



Annual and sustainability report 2021



Strukton
Rail

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About the report

This is Strukton Rail AB's (hereinafter Strukton) combined annual and sustainability report for 2021. The sustainability report has been prepared in accordance with the general recommendations of the Swedish Accounting Standards Board BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The sustainability report has been prepared in accordance with Global Reporting Initiative standards (2016) at the Core level of application and constitutes Strukton's third report prepared according to this regulatory framework. Strukton must respect the provisions in the Swedish Annual Accounts Act regarding sustainability reporting. The sustainability report addresses Strukton's important sustainability issues, risks, and how the company is working with these, and describes company policies. Strukton reports on its sustainability work in the company's annual and sustainability report.

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Letter from the Managing Director

Together, we have delivered a total of SEK 2,364 million worth of railway maintenance and project activities during the year. If anything, this shows our sustainability benefit – by contributing to a robust and punctual railway system, we are part of the green transition in Sweden.

In terms of earnings, 2021 has been a stable year with good order intake. We have achieved an operating profit of SEK 50 million for the financial year 2021. This is a result that we have every reason to be proud of, especially during a year marked by an ongoing pandemic with continued adjustments in most aspects of our business.

Working environment and safety

As a railway contractor, we live in a risky environment. Creating a safe and secure workplace is therefore always a top priority. However, despite well-developed systematic safety work, we have not quite reached our goal of reducing the number of accidents. In 2022, we will therefore continue to develop our approach with more focus on behaviour-based safety. Our principle, which always applies, is that "we work safely" or we do not work at all".

Our employees are our factor for success

Strukton's employees have once again done a fantastic job of finding new solutions to the challenges we face. It is our employees who create our projects. Being an attractive workplace for them and future colleagues is a key success factor for us. In the coming years, we need to remain focused on finding the right skills for our company, a challenge that we share with the entire sector.

Sustainable transport

An important part of the transition to sustainable transport is about improving the confidence in the railways so that more industries and operators dare to use rail transport for their goods and so that more passengers choose to take the train. Our work on railway maintenance and expansion plays a vital role in improving rail traffic punctuality.

New projects during the year

During the year, we have been entrusted with the start of four new major maintenance contracts: the West Coast Line South, the Öresund Bridge and the Southern and Western Main Line. We have also won a major project in Herrljunga bypass where we have been awarded a turnkey contract to increase track capacity and improve train traffic efficiency. For the coming year, we have a robust order book corresponding to SEK 4,200 million.

Diversity and inclusiveness in focus

That being said, I humbly note that we, as a company, have both challenges and opportunities that we must continue to work on. In 2021, we had a special focus on diversity and inclusiveness. I am pleased that the results of our employee survey have generally improved this year, but it has also been revealed that some of our employees have unfortunately experienced harassment in the workplace. That is absolutely unacceptable. We have focused on asserting our values in all parts of the organisation in order to make clear our position on zero tolerance of all forms of harassment. By working with the management in the coming years, we will ensure that our values are adhered to in everyday life.

Political and economic instability

Our operations are strongly influenced by political decisions. The state investigation into the renationalisation of the Swedish operation and maintenance market has created dark threatening clouds and have sparked an intense debate about railway contracts. In addition, the critical situation in the world has pushed the commodity prices up and has resulted in material shortages and long lead times, which, in all likelihood, will also affect our customers' ordering capacity.

Despite this, I am still hopeful of the future. Strukton has highly competent and committed employees who deliver value to satisfied customers every day. We are involved in creating the conditions for sustainable transport and have many new interesting projects in the pipeline.

Thank you to all of you who in many different ways contribute to our development! Together we develop a sustainable railway for a sustainable society.

- Johan Oscarsson

Managing Director of
Strukton Rail AB



The year in brief

2 364

MSEK

Revenue

50

MSEK

Operating profit

4 200

MSEK

Order book

953

Employees

4 366

km

**Maintained track
kilometres**

New Southern Main Line

Basic maintenance on the New Southern Main Line and on part of the New Western Main Line started in May.



Railway maintenance on the Öresund Bridge

Maintenance work in the previously awarded Öresund Bridge contract begins.

Herrljunga bypass, Western Main Line

The Swedish Transport Administration has awarded a turnkey contract to Strukton to increase the capacity and quality of the line in order to achieve more efficient rail traffic. The project continues until 2023.

JANUARY

West Coast Line South

Strukton is carrying out an extensive emergency rail replacement, ordered by the Swedish Transport Administration.

Rectifiers for the metro in South Korea

Strukton Kraft wins an order to supply controlled rectifiers for the power supply of the metro in Busan in South Korea.



Losing a contract in Skåne

Strukton lost the tender and thereby loses the maintenance contract for Malmö and south-east Skåne.



Track adjustment is carried out in Norway

Continued cooperation with our Norwegian company JPL Rail.

The Roslag line

Roslagsbanan; milestone reached for fully digitised invoice support within the Roslag line (Roslagsbanan).

Continued trust in Gothenburg

Västra Götaland Gothenburg. Strukton remains entrusted with performing the basic maintenance of railway facilities.



Jakobshyttan - Degerö

Extension of the double track along the Jakobshyttan - Degerö section. Strukton carries out track, signalling and telecommunications work as a subcontractor for PEAB, the end customer being the Swedish Transport Administration.

December

New construction

Akalla - Barkarby

New construction of the metro rail section Akalla - Barkarby. Strukton wins the contract for the new metro expansion.

19

Times around the Earth on electricity

Strukton's electric vehicles were driven a total of 770,000 km on duty during the year.

About Strukton

Strukton is a private railway contractor that is part of the Dutch Strukton Group. We design, build and maintain tracks and railway systems and through our operations we contribute to attractive and climate-smart rail traffic, a fossil-free society and achieving the global goals.

The infrastructure of the future

We ensure that tracks and facilities are of a good standard for meeting the needs of a growing population, both today and in the future. We upgrade track facilities, provide them with power, and offer technical and digital solutions for inspection and monitoring. We maintain track systems, proactively and over the long term. By enabling safe and punctual rail traffic for operators, passengers and purchasers of goods, Strukton contributes to societal benefit. Our main clients are the Swedish Transport Administration (Trafikverket) and the Traffic Administration in Stockholm (Trafikförvaltningen).

Our vision

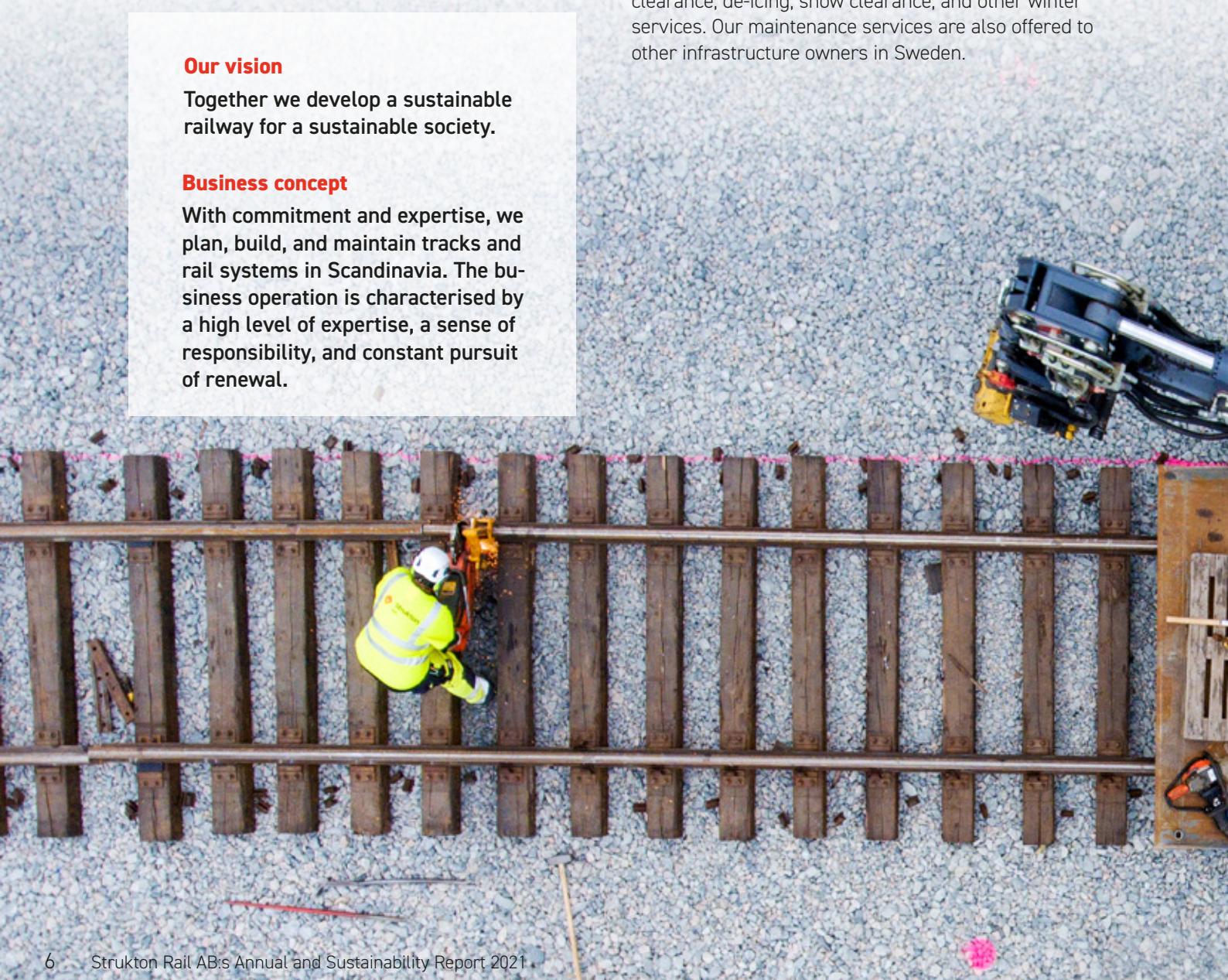
Together we develop a sustainable railway for a sustainable society.

Business concept

With commitment and expertise, we plan, build, and maintain tracks and rail systems in Scandinavia. The business operation is characterised by a high level of expertise, a sense of responsibility, and constant pursuit of renewal.

Operation and maintenance

Strukton is one of the main actors on the Swedish Transport Administration's tracks, especially in southern and central Sweden. On behalf of the Traffic Administration in Stockholm, we are responsible for operation, maintenance, development and planning of reinvestments in the Stockholm metro system, the Spårväg City tram line, the Lidingö line (Lidingöbanan), and the Roslag line (Roslagsbanan). The maintenance contracts run for between five and nine years. Strukton's operation and maintenance activities include services such as inspection, troubleshooting, component replacement, measurement, vegetation clearance, de-icing, snow clearance, and other winter services. Our maintenance services are also offered to other infrastructure owners in Sweden.



Investment projects

We carry out complete track, electricity, signalling and telecommunications projects, the so-called BEST undertakings. We work on project basis with new construction, maintenance works, upgrades, and improvements in standards in all railway engineering. Examples include track and sleeper replacement, points replacement, upgrading of signal systems and power supply facilities.

* BEST= Bana (Track), El (Electricity), Signal (Signalling) and Tele (Telecommunications)

Innovation and digital technology

Our ambition is to play a leading role in the digitalisation of railway maintenance in Sweden. Through our affiliation to the Strukton Group we already occupy a strong position in digital maintenance planning and the conditions required for proactive and cost-effective railway maintenance. Digitalisation and available data allow for preventive and long-term maintenance work. By monitoring, measuring, collecting and analysing data, we can decide when the track must be replaced or repaired on the basis of a lifecycle perspective. This enables us to take the right action at the right time. With technology, wear on the tracks can be detected before, for example, safety risks arise, but also it is possible to prevent unnecessary costs associated with excessively early interventions. Digital maintenance planning allows for more efficient scheduling, so we can make better use of our time on the tracks.

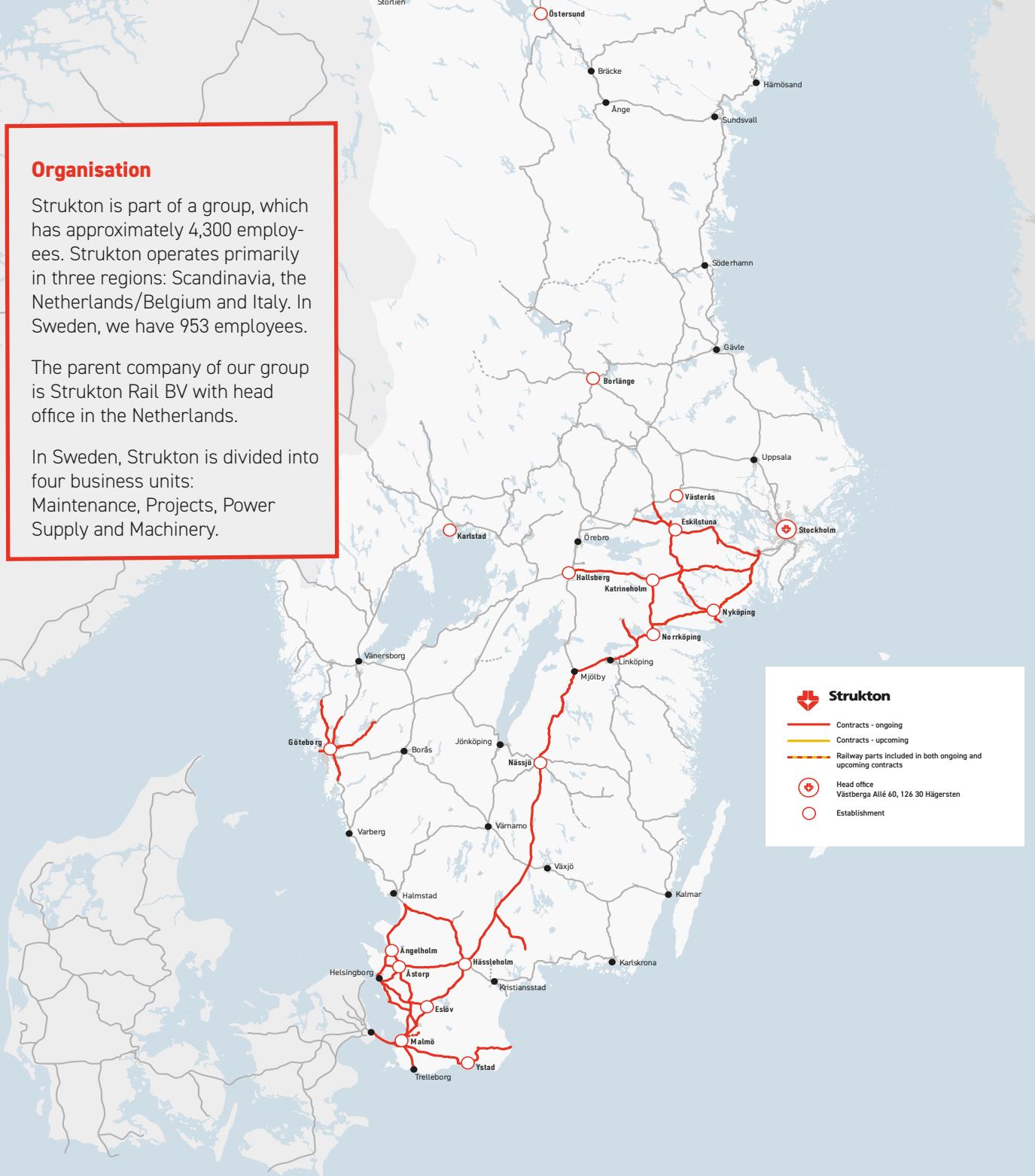


Organisation

Strukton is part of a group, which has approximately 4,300 employees. Strukton operates primarily in three regions: Scandinavia, the Netherlands/Belgium and Italy. In Sweden, we have 953 employees.

The parent company of our group is Strukton Rail BV with head office in the Netherlands.

In Sweden, Strukton is divided into four business units:
Maintenance, Projects, Power Supply and Machinery.



Strategy and governance

Structure is managed and governed through the company's strategic plan, which is based on the company's core values. We work according to our core values, "RÄLS", which is an acronym of the Swedish words for Respect, Honesty, Trust and Safety. The strategic plan comprises four strategic themes: Operative Efficiency, Commercial Efficiency, Corporate Social Responsibility and High-performance Organisation. On the basis of these four themes, the company management sets overarching annual targets for the entire company, which are followed up quarterly in a balanced scorecard.

Company policy and Code of Conduct

Two overarching policy documents constitute the basis for how we make decisions and how we conduct ourselves in everyday business activities. The company policy defines Strukton's basic principles and consists of vision, business concept, overarching objectives and values. We also have specific tools such as internal company policies, procedures and instructions, which are included in Strukton's management system. The Code of Conduct clarifies Strukton's values and provides guidance on how employees and others commissioned by Strukton are to act in different situations. Each manager is responsible for ensuring that employees undergo training in the Code of Conduct every four years and that business partners are informed about the Code.

Orderliness with 5S

Strukton applies the 5S method in its work, implementing constant improvements on all levels. In practice, 5S is a method for sorting, systematising, shining, standardising and creating procedures in order to attain and maintain an orderly approach. The method leads to time savings, greater efficiency and interaction as well as a safer working environment. 5S permeates the entire organisation and training is offered to all employees.

Certified management system

Strukton is certified to according to ISO standards for quality, environment, working environment and welding. For us, this certification is a proof that we are working systematically towards continuous improvement. In September, our certification body Qvalify carried out a comprehensive renewal audit. The result was successful and Strukton will receive a new ISO certificate in early 2022.



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The focus of our digitisation work in 2021 was to develop the necessary digital infrastructure Strukton requires. We have deployed a new integration platform and we have an efficient real-time data exchange in place between several of our own in-house systems and our customers' systems. In parallel, our new production system for maintenance has been configured and tested in practice. We at Asset Management who run this work are very excited that our employees will soon be able to experience the first results of digitalisation through a more digital and efficient workplace!

- Stephan Winkler, Business Relations Manager



Focus on corporate social responsibility

We work systematically and with a long-term perspective, focusing on eight prioritised sustainability areas where we have the greatest impact and opportunity to contribute, and which are of greatest importance to our stakeholders. Strukton is part of the societal structure because we contribute to smooth-running rail systems. We are proud to contribute to one of the least energy-intensive and most sustainable modes of transport available - the train.

Materiality analysis

Strukton works systematically with sustainability. In order to identify which sustainability issues we should focus on, we have carried out a materiality analysis. Views from our stakeholders and our impact on people, the environment and society determine which issues we prioritise in our sustainability work. The latest analysis was conducted in 2019 and resulted in the same eight priority sustainability areas as the previous analysis, in 2017.

Strukton's focus areas are: Anti-corruption, Safety, Work Environment and Health, Terms of Employment, Emissions from Transports, Financial Performance, Supplier Relations, and Gender Equality and Diversity. Three of these, Safety, Terms of Employment, and Gender Equality and Diversity, were given a slightly higher weight than before. The materiality analysis is kept up to date through in-depth stakeholder dialogue at 2-3-year intervals.

Continual stakeholder dialogue

We also maintain continual dialogue with our stakeholders through ordinary forms of communication and channels such as employee surveys, supplier dialogues and client surveys. The aim is to create an understanding of the needs of the outside world in relation to our business operation. This helps us identify and revise our sustainability challenges and opportunities. We have identified seven stakeholder groups as our key stakeholders. We did this through an internal process in which we examined which parties affect, or are affected by, Strukton's business operation.

Integrated and target-oriented work

Strukton's sustainability work is conducted in an integrated manner, i.e. sustainability is included in the strategy of all functions. Core values, corporate policy and code of conduct constitute overarching framework for sustainability work. The approach with targets, activities and follow-up is continuously being developed. The work is done on the basis of a multi-year plan with the overarching objective to improve Strukton's own sustainability performance and contribute further to a sustainable society. In order to measure the progress of the sustainability work, we have defined actions and targets for us to work towards.

Stakeholder group	Prioritised issues	Dialogue form
Owners	Safety, Financial performance, Personal development/in-service training	Board meetings
Clients	Anti-corruption, Transport emissions, Gender equality and diversity	Client value surveys, regular meetings, etc.
Public agencies	Safety, Anti-corruption, Work environment and health	Audits/inspections, training, etc.
Employees	Safety, Work environment and health, Terms of employment	Employee surveys, workplace meetings, etc.
Suppliers	Work environment and health, Safety, Terms of employment	Supplier meetings, audits, etc.
Trade unions	Work environment and health, Safety, Financial performance	Continual interaction, negotiations, etc.
Competitors	Safety, Terms of employment, Work environment and health	Sector organisations, party-representative bodies, etc.

Our shared responsibility

The sustainable development goals

In 2015, the world's countries adopted Agenda 2030 with 17 global sustainable development goals. All companies have an important role to play, and Strukton fully supports Agenda 2030. Through our mission, we have the opportunity to actively contribute to many of the goals. In this report, we have chosen to clarify how we contribute by highlighting the goal(s), which relate specifically to our prioritised sustainability areas.



Prioritised sustainability areas for Strukton

Financial performance



Strukton is a limited liability company, where the owners require profit. Sustainable profitability over time also gives us the opportunity to develop in our mission and contribute better to social benefit.



Gender equality and diversity

We want to be an attractive and diverse workplace, where everybody feels that they play a role and are treated equally. We operate in a male-dominated sector and work towards encouraging more women to join us and the railway sector.

Emissions from transports



Climate-impacting emissions from transports and service vehicles are our most significant direct environmental impact. We have a responsibility to reduce emissions and work towards fossil-free operation.



Safety

Construction, operation and maintenance of track and rail systems entails risks. Therefore, safe work environment and safe tracks are our top priority at Strukton.

Terms of employment



Good terms of employment are a basic prerequisite for recruiting and retaining employees. We are also responsible for ensuring that our suppliers and subcontractors offer good employment terms.



Work environment and health

Strukton is a service company, and the core of our business operation is the competence of our employees. Ensuring a good working environment and our future skills supply are critical success factors.

Supplier relations



Our suppliers and contractors are an important part of what Strukton delivers. Consequently, they must meet the same stringent requirements as those that apply to us in terms of quality, ethics, safety and responsibility for people and the environment.



Anti-corruption

Our business operation must give the best possible social benefit and our assignments are largely financed with taxpayers' money. With this comes a particular responsibility to ensure good business ethics.

Sustainable economy



For Strukton, a stable economy and long-term profitability over time are key aspects of a sustainable business operation. We work systematically to improve cost-effectiveness and attain a sustainable profit level.

Profitability and growth give us more opportunities to contribute to sustainable infrastructure and societal development. Our owners also require us to generate profit, both in the short and in the long term. Through a clear focus on business acumen, resource efficiency and good conditions for everyone working in our contracts, we work continually to improve our deliveries, with more satisfied clients as a result.

2021 - a good year

The year has seen a high rate of production in most of the operations without major production disruptions or any negative financial impact from the pandemic. Sales were up 5.5% compared to last year and amounted to SEK 2.4 billion. Although our order intake in project operations was slightly late in the beginning of the year, both project and maintenance operations managed to increase sales compared to the previous year. Operating profit amounted to SEK 50.3 million (69.6 million in 2020) and we achieved an operating margin of 2.1%, which was higher than budgeted. A number of projects and contracts are in the pipeline and we apply a cautious profit/loss transfer. Productivity has been higher than expected and travel costs have decreased as a result of the increase in the share of digital meetings. Procurement in our production has been more cost-effective and coordination within the Nordic region has been expanded.

In 2021, Strukton paid SEK 250 million in taxes (employer contributions, corporation tax and VAT).

Strong order intake

Strukton's order volume consists mainly of long operation and maintenance contracts, which provide solid basis for sustainable financial development. In 2021, the share of operations and maintenance activities was approximately 77% of sales (76% in 2020). Strukton was once again entrusted with the Swedish Transport Administration's basic maintenance for Västra Götaland Gothenburg, and three of our basic maintenance contracts were extended by utilising option years. At the end of the year, Strukton was awarded the project FUT (Future Expansion of the Metro) Akalla-Barkarby, a project that will run until 2025. The order book for projects increased by 45% compared to the previous year. The order book at year-end was SEK 4,193 million (4,660 million). 2020).

Continued focus on enhanced system support

An ongoing effort to streamline administration is to improve working methods where structure, processes and system support are important components. Our target-oriented work includes the goal "One Strukton", which permeates the entire business and has a bearing on our working methods. Greater digitisation is an important area where we have started the implementation of system support in production, which will continue in more contracts in the future. System support is also being developed together with the customer in order to achieve smoother invoicing and thus improved liquidity. Within the administration, we will expand the system support to facilitate reporting to our parent company and other stakeholders.

Measurable targets and outcome

Long-term sustainable profit level, measured as operating margin

Target 2022 Target 2021 Outcome 2021 Outcome 2020

1.0 %	1.8 %	2.1 %	3.1 %
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Strukton as a workplace



Our employees and their competencies are the core of the business operation. A healthy work environment and skills development are important success factors in ensuring that they enjoy working with us and remain with the company.

With high levels of skills and competence, modern technology and great responsibility, our employees help Strukton's clients achieve their objectives of punctual, safe and climate-smart transport every day.

Our responsibility

A good supply of skills and a good work environment for all employees are important aspects of our business operation. Our most fundamental responsibility as an employer in the railway sector is to ensure the safety of those who work on the tracks (read more about safe work environment on page 19). This year, too, the pandemic has meant extra focus on health, and Strukton has followed the guidelines issued by the Public Health Agency of Sweden to protect employees and minimise the spread of infection in society. At the same time, we have focused on maintaining ongoing projects and very few work activities have needed to be stopped because of the pandemic.

Clear societal benefit in times of continued turmoil

Strukton has a clear role, when important societal functions like railways must continue to function despite external influences. Since 2020, a crisis team at Strukton has been monitoring the development of the pandemic and is responsible for the necessary information to employees and stakeholders.

Skills development and authorisation

Strukton implemented a knowledge portal, which was fully commissioned in 2021. The portal is used by our employees and provides easy access to skills development through courses and training. Completed trainings are registered and employees can access their certificates. This gives us more efficient management and checks of authorisations, and pushes forward our work on skills development.

A new leadership development programme is being developed and the first part, Strukton Leadership Introduction, was put in place during the year and was conducted in December. The purpose is to give all participants a good company introduction with a special focus on how to apply our values in their leadership.

Measurable targets and outcome

High-Performance Organisation (HiPO Index)

Target 2022 Target 2021 Outcome 2021 Outcome 2020

67	63	64	60
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Employee survey

Good response rate in employee survey

Strukton conducts an annual employee survey according to the HiPO (High Performance Organisation) method. HiPO is a tool for development and participation in the workplace, and measures the motivation and commitment of our employees. We are proud to have an upward trend with improved earnings for fourth year in a row. However, the survey has revealed that employees have experienced violations during the year. We take this very seriously and have made strong efforts to address it. Read more in the diversity and inclusiveness section below. The index for 2021 is 64, with a response rate of 79%. The result for 2020 was 60 with a response rate of 87%. The target for the coming years is 67.

Result

2020

2021

60 64

Diversity and inclusiveness

Strukton wants to be a role model in the work with diversity and inclusion. We operate in a male-dominated sector and we are therefore actively trying to attract more women to the railway sector. We also work with inclusiveness in our business operation. All employees at Strukton are covered by collective agreements and we conduct annual salary surveys to ensure equal pay. We also work actively to ensure that everyone in the company has the same career opportunities regardless of gender or other background.

It has emerged from our employee survey that violations do occur. This is a serious matter so a long-term diversity strategy has been developed and activities have been carried out during 2021. A plan has been adopted for additional activities to be implemented in 2022 onwards. In May, a letter from the CEO was sent to all employees with a promise that diversity and inclusiveness are given the highest priority in the company and that major strategic work has begun to achieve Strukton's goals. Since then, management

seminars and workplace meetings have been held throughout the company on how to counteract bullying, discrimination and harassment. Reported violations are always investigated by internal or external specialist expertise.

In 2021, 5 women and 6 men were part of the management team.

Age distribution

	Employees	Management
Under 30 years	17 %	0 %
30-49 years	49 %	36 %
Above 50 years	34 %	64 %

Data from 2021-12-31.

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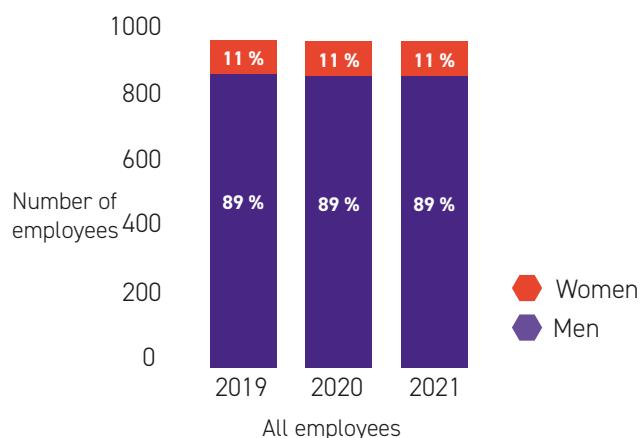
Through our work with value-driven leadership and our new diversity and inclusiveness strategy, we would like to ensure that our values truly live in everyday life. We stand up for human rights and strive to be a proud inclusive workplace, free from discrimination and harassment.

- Jenny Lundmark, HR Manager





Gender distribution



Gender distribution for all employment positions at any time during the respective calendar year.

In 2021, the total number of employees was 953, of whom 607 skilled workers and 346 administrative staff and management.

Major need for recruitment

Strukton sees that there is still need for recruitment and, like all operators, must work actively to secure the supply of skilled labour. There is high demand for skilled personnel throughout the sector. To meet this demand, we have changed the recruitment process and are now hiring more employees through our own recruitment. During the year, 140 people were recruited at Strukton. Together with other operators in the sector and the Swedish Construction Federation, Strukton is pursuing an initiative to ensure that the country's railway education at upper secondary and tertiary level is designed equally. Working groups with representatives from the trade unions and the construction companies have been set up to lobby for decisions from the authorities. We have initiated an improvement of our onboarding process driven by our new employees, and have also launched centralised traineeship coordination to give our trainees and summer workers equal reception and time with us.



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 **SRS**

Safe work environment



Railway work is always associated with certain risks. Consequently, a safe work environment for everyone working on or near the railway tracks is always a top priority in our business operation.

Preventive safety work

Together with Strukton's safety policy, laws and regulations set the frameworks for the safety work. Before each project starts, work must be prepared, risks must be assessed and work environment plans must be drawn up. Work environment checks are carried out in the form of safety rounds and workplace checks. In 2021, Strukton carried out a large number of site checks and 14 audits in ongoing projects.

In order to prevent accidents, it is crucial that everyone working on the track installations has sufficient knowledge and a high level of safety awareness. Everyone working in the track environment, both our own staff and suppliers, must undergo safety training. In 2021, we expanded the range of courses with interactive digital training in order to increase the knowledge about improving workplace safety. During the year, we have also taken further steps to involve employees early in the risk process and become even better at identifying and preventing risks.

Local awareness crucial in track environment

When work takes place in the track environment, the railway signalling system is used to protect the entire workplace. Local awareness is needed so that employees can identify where there are risks and know about the nature of the safety system for every specific workplace. Infrastructure managers are responsible for ensuring that local information about the facility is made available. As contractors, we are responsible for ensuring that the employees participating in the work are given the right information.

Clear alcohol and drug policy

Strukton takes the issues of drugs and alcohol in the workplace very seriously. We have a random sampling program where at least 20% of our employees are tested annually by an external company during workplace visits. All employees at Strukton, hired personnel and subcontractors are included in the sampling and we act when an employee needs support from the occupational health care service or cannot hold a security service for health reasons.



Follow-up and active improvement work

During regular workplace inspections, we follow up safety work, both in Strukton's own operation and at suppliers. Procedures and processes to prevent risks that can cause injury are inspected extra carefully. However, even minor deviations, which in the long run could lead to risks, are followed up in documentation, training and safety management, for example. If a project receives more than three comments during the follow-up period, action must be taken even in case of minor deviations. In 2022, Strukton will continue to work with behavioural-based safety in order to further increase its attention to safety issues.

Reporting to organisation

Despite high ambitions and careful work, anyone can make a mistake. For us, mistakes also mean an opportunity to develop and become better. Monthly reporting around quality, environment, work environment and safety keeps the organisation informed on current status and incidents that have occurred. The follow-up also enables sharing of experiences and active improvement work through the year. The monthly report includes performance figures for near-accidents, work environment accidents and undesirable incidents, with particular focus on the five most serious incidents in traffic and electrical safety, which have occurred in the past month. This includes collisions, derailments and other deviations.

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Strukton has dedicated employees who care about safety, production and results. Those who work in the track environment know what is required and have cutting-edge expertise. At the end of the day, this can be seen in the project and in the quality of the work, but, of course, it also results in fewer accidents and incidents.

- Tove Ek, Site Manager



Measurable targets and outcome

Safe and healthy work environment
(LTAR (Lost Time Accident Rate) = number of work-related accidents resulting in sick leave per million hours worked)

Target 2022	Target 2021	Outcome 2021	Outcome 2020
4	4	7.0	5,8

Prioritised work environment risks during maintenance work on tracks:

- Accidents relating to traffic and electrical safety
- Vibration injuries, ergonomic injuries
- Heavy lifting and crushing injuries
- Slipping and tripping accidents



Strukton's systematic work for health and safety at the workplace

- Strukton has an occupational health and safety management system that is certified according to ISO 45001. Nonconformities and incidents are registered in our FOA database and handled accordingly.
- Risk assessments are carried out in conjunction with changes, in work environment plans, and before all work in track environments. Incidents are documented in the FOA system and investigated accordingly.
- All employees are covered by occupational health services.
- Workers are involved in matters relating to health and safety at work in the work environment committee, MB group. Locally through APT.
- In order to address the risks involved in the work, all staff receive appropriate and relevant training. Staff with roles within rail traffic safety are trained for their specific assignment.
- Employee health is promoted through health care benefits.
- To minimise risks, competency requirements are placed on both our own and hired staff. Work in the track environment is governed by an extensive framework. Work environment checks are carried out in the form of safety rounds.



Work safely or not at all

Our safety platform compiles ten key principles that we follow every day. The overarching motto is that everyone should get home safely – passengers, train crew and everyone who works on the tracks. Everyone working in the track environment, both our own staff and suppliers, must undergo safety training. Subcontractors must have a designated safety officer in place before they can carry out work for us.

- 1. Work safely or not at all**
- 2. We teach new colleagues to work safely**
- 3. We work proactively**
- 4. We plan our work well**
- 5. We have an orderly workplace**
- 6. We check and follow up**
- 7. We audit our partners**
- 8. Everyone has the right to stop a task**
- 9. We follow up in order to learn**
- 10. We collaborate within the sector**

Procurement and supplier relations



Our ambition is long-term, stable supplier relations and we impose the same high requirements on our suppliers as we do on ourselves in terms of quality, safety and responsibility for people and the environment.

Suppliers and subcontractors are an important part of Strukton's operation and undertakings. In 2021, we had a total purchasing volume of SEK 1.7 billion, where the majority of the purchases consisted of materials, hired resources and subcontractors.

Improved procurement process

All our suppliers must undergo a qualification process in order to be approved. The requirements vary depending on whether the supplier is delivering materials or services and whether or not the supplier operates in a track environment. Our customers place clear demands on us to secure the supply chain. 100% of our category A suppliers have an approved supplier rating.

In 2021, a web-based interactive safety training, Safe Construction Training, became mandatory for all companies that are members of the Swedish Construction Federation. Therefore, we also place this requirement on our suppliers who work in track environments.

Sustainability aspects in the supply chain

The risks that can arise in our supply chain are primarily related to safety, work environment and terms of employment at our hired resources and subcontractors. Regarding the environmental impact of materials, most of what is used in our contracts is purchased directly from our largest client (Swedish Transport Administration Logistics), and it is thus secured from a sustainability perspective.

Requirements and assessment of suppliers

In order to be approved in our supplier assessment, we review the supplier's:



- Procedures for ensuring quality, safety, environmental responsibility, health and safety at work and respect for human rights
- Finances
- Collective agreements
- Certificates
- Insurance certificates

Measurable targets and outcome

All category A suppliers must have undergone supplier assessment

Target 2022 Target 2021 Outcome 2021 Outcome 2020

100 %	100 %	100 %	96 %
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Target:

Increase the volume from our contract suppliers

Ambition: Volume transfer to our contract suppliers in order to increase contractual fidelity and reduce the number of suppliers. In 2021, we had 268 contract suppliers who together accounted for 78% of the purchase volume.

Share of purchases from contract suppliers

2020

2021

71%

78%

Anti-corruption



Strukton stands for good business ethics and takes a clear stand against all forms of bribery and corruption. Our clients, partners, suppliers and other stakeholders must have confidence in the way we work.

Strukton's good reputation is vital for our long-term success. Although our activities are largely regulated by law and must comply with many stringent requirements, it is important that we work preventively against corruption. Corruption in all its forms undermines trust in society and damages both societal and economic development. Therefore, we need to collaborate with our clients and other stakeholders in the anti-corruption work, and ensure a high level of awareness of the risks and challenges involved.

Core values and Code of Conduct

Our values and our Code of Conduct guide us in the ways we conduct our business activities and act towards each other, our clients, suppliers and competitors. The core values constitute Strukton's set values, while the Code of Conduct is a living document that is continuously updated based on current legislation and is a standing item on the agenda at our workplace meetings.

The Board of Directors and the managers have ultimate responsibility for compliance with the Code of Conduct, but it is of the utmost importance that everyone in the organisation know and understand it and apply it in their daily work.

Extract from the Code of Conduct

Bribery and corruption

We refuse to offer, give or receive bribes or improper payment, or participate in any form of corrupt activity, neither directly nor through third parties.

Human rights

We respect and protect human rights. It is of the utmost importance that all concerned parties act in accordance with the accepted norms laid down by national and international authorities as well as UN norms.

Irregularities

Our employees are encouraged to report any suspicions of bribery, corruption or any other incidents that violate our Code of Conduct or core values. The first step is to report to one's immediate manager, and then to the HR department or the company lawyer.

Zero tolerance for corruption

Our Code of Conduct defines our position and our rules on bribery and corruption.

Our employees and suppliers are not allowed to offer or accept gifts, rewards or other benefits.

Training for all employees

All employees complete an e-training in the Code of Conduct, which includes a section on anti-corruption. Refresher training every four years.

All managers in Strukton have been trained in how we work to prevent bribery and corruption, and on the risks in each business area.

Whistle-blower function

If you suspect that there are irregularities in Strukton's operation, you can make an anonymous report via a whistle-blower function. The notification is received and handled by Previa, which acts as an external representative for Strukton.

No cases were submitted to the whistle-blower function in 2021 and we have no ongoing cases since earlier.

Environment and climate



We work systematically to reduce our environmental impact and strive for long-term sustainable use of natural resources. Our major environmental issues concern climate-impacting emissions from transport, energy use and management of waste and chemicals.

Our systematic environmental work shall be characterised by circular approach and reduced environmental impact. We apply the precautionary principle in all decisions that can impact people or the environment. The work is carried out within the framework of our ISO 14001-certified environmental management system. We have procedures in place to impose environmental requirements on all subcontractors, to ensure that they are complied with and that spot checks are made. All employees undergo a mandatory web-based environmental training to learn about their own role in the environmental work.

Compliance with environmental legislation

To ensure that we comply with the applicable environmental legislation, we use a web-based law monitoring system. Compliance with legislation is checked annually. Strukton was not served any environmental sanction fees or injunctions in 2021. Strukton's activities are not subject to any permit or notification requirements.

New environmental policy and environmental map

In 2021, a new environmental policy was adopted in order to better meet the ever-increasing demands from clients and other stakeholders. Strukton's ambition is to use materials and production methods as widely as possible for the sustainable use of natural resources. Our organisation is characterised by personal environmental commitment among our employees. Our most important environmental issues, with which we work systematically, are chemicals, waste and CO₂ emissions from vehicles and transport. In the process of updating environmental aspects, an environmental map was developed, in which Strukton's environment and climate impact were inventoried based on the entire value chain.

“

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Strukton saw the possibility of creating a sustainable and circular business by reusing components from the X2000 trains, which would otherwise be discarded. After renovation, the components could be resold to the Swedish Transport Administration and its Norwegian counterpart Bane Nor. This gave the Swedish Transport Administration and Bane Nor access to critical spare parts at a third of the price. The components are used to extend the service life of the power supply converters in converter substations that supply the train line with power.

- Ulf Urbanek, Site Manager "Power"



Higher ambition – fossil-free vehicle fleet by 2030

Since 2019, Strukton has been a member of the Fossil Free Sweden initiative, and is covered by the roadmap for the construction sector. It entails a commitment to contribute, through concrete climate action, to enable achievement of the Paris Agreement and the 1.5-degree target. In our own business operation, we focus on reducing the climate impact of vehicles and transport, as well as on efficient energy use. In 2021, we adopted a new goal of having a fossil-free fleet by 2030 and decided to develop a strategy to meet the challenges this entails.

Challenges

The lack of fast charging stations, both at our establishments and in the railway facility, is a challenge. Solving it requires strategic collaboration with external actors. We have made a request to the Swedish Transport Administration for the possibility of charging vehicles at their facilities. Access to charging would benefit all actors in the sector. It is difficult to find electric production vehicles that can handle the distances needed in order to be used in rural areas. It can also be difficult to meet the agreed response times, considering that an electric car cannot always be fully charged. The availability of railway machinery powered with electricity is very limited and currently extremely expensive. Sweden's entire charging infrastructure is a challenge, as there is currently a shortage of public fast chargers. It is also difficult for us to install fast chargers as we do not own our properties and the networks are often not dimensioned for the energy required.

Systematic climate work

We are converting the passenger car fleet and expanding the charging capacity of our facilities. In 2021, we installed 42 new charging posts out of a total 178. Since 2017, Strukton has been working continuously to reduce CO2 emissions from its car fleet by 10% per year. The goal was not achieved in 2021, probably due to the pandemic, which changed our travel habits. Our travel policy advocates trains as a means of transport, but at the end of 2021 when the Public Health Agency lifted the restrictions, driving alone in cars was selected to a greater extent to prevent infection, thereby resulting in increased emissions. However, air travel has continued to decline compared to 2020, in line with the Travel Policy, which includes stricter requirements allowing domestic flights only in exceptional cases (482 domestic flights in 2021 compared to 645 domestic flights in 2020). We continue our work on reducing emissions by continuing to follow our travel policy and our efforts to implement more electric cars and use more HVO. In 2021, approximately 154,000 kWh was used on the job, which is enough for 77,000 fossil-free miles - nearly 19 times around the Earth on electricity.

Environmental adaptation of work vehicles

Work machinery and rolling stock carry out much of the work on the track, posing a significant environmental risk in the event of diesel or hydraulic oil leakage. During the year, we had a reported hydraulic oil leakage that could be decontaminated, and was classified as discharge of less serious nature.

The fuel consumption of work machinery is difficult to influence. However, through our continual investment programme for machines, we are gradually improving performance in terms of work environment, environment and safety. In 2021, another lift-rail vehicle was

Emissions from transports

Emissions from transports

In 2021, our total CO2 emissions were 2,044,183 kg CO2, which means an increase. Per employee, we increased by 67 kg, or 3%, which means that we have not reached this year's target. The increase is probably pandemic-related and due to increased travel when the Public Health Agency's restrictions were lifted.

2018	2019	2020	2021
2 936 kg CO ₂ per employee	2 342 kg CO ₂ per employee	2045 kg CO ₂ per employee	2112 kg CO ₂ per employee
Total emissions 2 727 943 kg CO ₂	Total emissions 2 217 834 kg CO ₂	Total emissions 1 940 435 kg CO ₂	Total emissions 2 044 183 kg CO ₂

¹⁾Conversion factors: diesel 2,72 kg CO₂, petrol 2,36 kg CO₂



acquired. It meets environmental class Euro 6, which is part of complying with our customers' increasing environmental requirements. In 2021, two more new rail vehicles were ordered, which will be delivered in the spring of 2022.

New energy mapping

In accordance with the Act on Energy Mapping in Large Companies, a new energy survey was conducted by certified energy surveyors during the year. The survey confirmed that the essential environmental aspects of Strukton's business operation are fuel and thus carbon dioxide emissions. Strukton does not own any properties, but leases approximately 70 operational premises, approximately 45,000 square metres, throughout Sweden. Heating, water and electricity are usually included in the rent.

Improved waste management

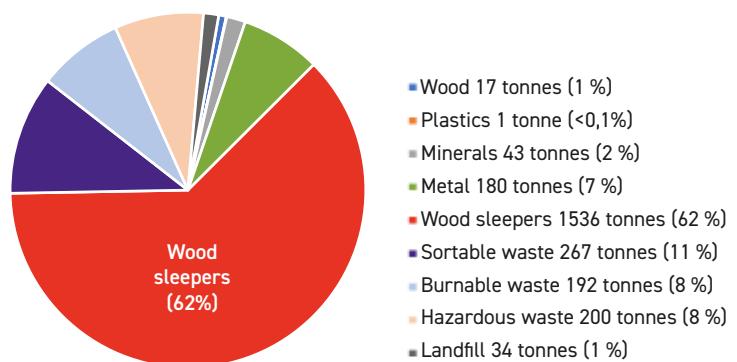
The waste generated in Strukton's business operation is primarily construction and demolition materials from our worksites. In order to comply with the increasingly stringent legal requirements and to ensure control over all generated waste, we collaborate closely with a nationally procured partner. In addition to waste collection, they help with training and sorting guides, as well as statutory reporting to the Swedish Environmental Protection Agency regarding, for example, hazardous waste. The hazardous waste consists mainly of wood sleepers and chemicals. The total amount of waste in 2021 was approximately 2471 tonnes, of which approximately 200 tonnes was hazardous waste and 34 tonnes went to landfill. We follow up volumes in four different waste categories as detailed in the table below.

Waste categories

Burnable waste	1729 tonnes	21 %
Recyclable	508 tonnes	70 %
Landfill	34 tonnes	1 %
Hazardous waste	200 tonnes	8 %
Total	2471	100 %

Data from 2021-12-31.

Distribution of material types



The diagram above shows the distribution of material types such as plastic and minerals. The vast majority of metal waste is resold for recycling. The presentation of the graph uses the same classification as in the previous year.

New procedure for fewer and less hazardous chemicals

The chemicals that are handled in our business activities are mainly maintenance chemicals such as lubricants and marking paints, but also small quantities of construction chemicals such as cement. Our clients have strict environmental and work environment requirements regarding the chemicals we may use. In 2020, we equipped ourselves with better procedures for how to choose materials and chemical products in our projects. In 2021, we carried out extensive work on the risk assessment and quality assurance of 500 products, which has resulted in the phasing out of 30 products. All our chemical products are registered in a web-based chemicals system, which is also accessible via a telephone app. This gives all employees and subcontractors direct access to safety data sheets and risk assessments for each product via both computers and telephones. The previous annual target to reduce the number of chemicals by 40% has been partially achieved. An important factor in streamlining and quality assurance of the chemicals work is to cooperate better with the Swedish Transport Administration's chemicals system. Extended digitalisation has the potential to lead to both increased quality and resource savings for all stakeholders. In 2021, we reported to the Swedish Chemicals Agency the import of 85 tonnes of chemicals in the form of welding material. This is in accordance with the requirements of the Swedish Environmental Code.

Measurable targets and outcome

Annual reduction of carbon dioxide emissions from production vehicles and company cars in relation to number of employees

Target 2022	Target 2021	Outcome 2021	Outcome 2020
-10 %	-10 %	3 %	-13 %

Risk management

Like all companies, Strukton is exposed to both external and internal factors, which contributes to uncertainty about whether we will be able to achieve our goals. Active risk management is an important and natural part of our corporate governance.

Our surroundings, in and outside Sweden, remain characterised by increased concern. We at Strukton see a continued need for good preparedness for external safety risks. The ongoing pandemic poses a risk to us, which is difficult to assess, because it can result in high sick leave rate and material shortages affecting our delivery.

Protecting information and facilities against possible threats is more urgent than in the past. We are constantly upgrading our risk awareness regarding, for example, new forms of fraud. So far, the railway system has been spared from more serious incidents, but emergency preparedness is part of our systematic safety work to minimise risks and prevent accidents.

We are constantly reviewing our risk management work, with the aim of simplifying and improving, but also of meeting increased external requirements.

Risk process

Risk management is a learning process that will contribute to our strategic work and help us attain our goals and make justified decisions. We continue to develop our risk management process with the ambition to continue to have an aggregated risk profile, clearly linked to the company's overarching objectives. The sustainability perspective is an integral part of Strukton's risk management where risks are assessed and managed on ongoing basis within the framework of Strukton's certified ISO 31000 management system.

ISO 31000 - Strukton's risk management

We identify and analyse risks and opportunities based on the principles and processes of the ISO 31000 Guidance Standard for Risk Management. We use the following working methods as basis:



Strukton's risk process



Risk overview

Strukton's overarching risk compilation comprises a total of 34 risks, which are evaluated on the basis of the probability of the undesirable events occurring and the consequences if the event should occur. 9 out of 34 risks are identified as significant "red" risks. Environmental risks are managed within the framework of Strukton's ISO 14001 environmental management system.

Risk areas	Significant "red" risks	Action
Financial risks	Financial reporting Fraud Creditworthiness	Sustainable economy, pp 12-13 Risk management, pp 30-31 Risk management, pp 30-31
Market and external risks	Corruption Political decisions Pandemics/epidemics	Anti-corruption, pp 26 Letter from the Managing Director, page 3 Strukton as a workplace, pp 14-17
Operational risks	Lose licence and safety certificates A+B Processes Work environment/Traffic safety	Safe work environment, pp 19-23 Om Strukton, pp 6-9 Safe work environment, pp 19-23

Financial report 2021





Mia

Annual Report for the 2021 Financial Year

The Board of Directors and the Managing Director hereby present the following annual report.

Innehåll

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Unless stated otherwise, all figures are shown in SEK thousand. Figures in parentheses refer to the previous year (2020).

Administration report

Information about the business operation

The Board of Directors and the Managing Director of Strukton Rail AB hereby present the Annual and Sustainability Report for the 2021 financial year. The company was formed on 12 May 1999. The registered office of the company is in Stockholm municipality and, since 2015, the head office of Strukton Rail has been in Västberga, south of Stockholm. The company is a wholly owned subsidiary of Strukton Railinfra AB (556634-6747), which in turn is owned by Strukton Rail BV Netherlands.

Strukton Rail AB is a private contractor with a focus on track and railway systems. The company's main clients are the Swedish Transport Administration and the Traffic Administration in Stockholm. The total number of employees in the financial year was 953 (949).

Strukton Rail AB's wholly owned subsidiary RBS ban och signal AB corporate ID no. 559048-4167 was sold at the end of the year. The remaining 30% of the shares in JPL Rail AS were acquired in December. Strukton Rail AB now owns 100% of the Norwegian company.

Five year summary (SEK thousand)

	2021	2020	2019	2018	2017
Net sales	2,363,715	2,242,475	2,521,099	2,302,870	2,440,598
EBIT	50,285	69,616	125,116	133,843	-40,068
Income after financial items	42,564	-60,305	23,433	-136,077	-42,784
Total assets	1,130,744	1,092,761	1,124,645	1,078,271	1,067,666
Number of employees	953	949	947	929	904
Equity ratio (%)	21.8	21.4	13.1	8.0	18.1
Return on equity (%)	17.3	neg	15.9	neg	neg
Cash flow from operating activities	9,122	-22,573	6,027	98,957	33,524

Performance indicators are defined in Note 1.

Market

The market for railway contracts shows continued growth in the coming years. The ongoing expansion of the Stockholm metro, the construction of West Link in Gothenburg and the East Link are all examples of this.

The Swedish Transport Administration has now been given a new assignment to investigate the state responsibility, which may increase, and how the authority should be able to operate certain railway maintenance under its own auspices. This continues to create uncertainty about the future for us and other railway contractors with regard to the available market. In a previous investigation, it has been proposed that the Swedish Transport Administration should take over the operation of eight basic contracts at the facility managed by the Swedish Transport Administration. The purpose for this is to strengthen its competencies in railway maintenance and to develop new methods. We do not believe that this will develop the railway; on the contrary, it would make market operators more cautious with the necessary investments and development work. We believe in a functioning competitive market to promote innovation and efficiency.

Strukton welcomes the fact that our clients are moving away from simply procuring contracts based on the lowest price. Using quality parameters and previous experience in the evaluation will lead to higher plant quality and more railway for the money in the long term.

We can also see a clear adaptation among customers in taking clearer account of the life cycle perspective of the railway facilities. This way, the entire maintenance requirement is secured in the long term and places great demands on proactivity, digitisation, monitoring and analytical ability. Strukton is well positioned in this shift thanks to our international presence in e.g. the Netherlands where we have extensive experience in Asset Management and utilisation of digital aids.

The business operation and significant events

Strukton is responsible for the basic maintenance of 11 of the Swedish Transport Administration's contracts. For the Public Transport Administration in Stockholm, Strukton handles the maintenance of the Stockholm metro system, the Roslag (Roslagsbanan) line, the Lidingö line (Lidingöbanan), and Spårväg City. In 2021, the maintenance of the Öresund Bridge started. This is a new client for Strukton, which comes with a six-year contract. New contracts for the Swedish Transport Administration that started during the year included West Coast Line South and the maintenance of the western Southern Main Line (VSSB) Southern Main Line 1, which we had earlier, started a new maintenance period in the spring. The maintenance of Stockholm South was completed in September. At the beginning of the year, Strukton worked on an emergency rail replacement on West Coast Line South. It involved extensive work, which was delivered with very good results. The maintenance work was conducted effectively despite the COVID-19 pandemic. The continual external and internal dialogue on resource allocation and planning has contributed greatly, as well as the work to squeeze our costs, not least through competitive procurement.

In the Project business unit, Strukton has completed contracts for, among other things, the Swedish Transport Administration, the Public Transport Administration and Skanska. The Helenelund-Sollentuna project began in the autumn and major production efforts have been carried out, including sleeper installation. The Järna-Hallsberg reinforcement line has been in full production in 2021, which will continue in 2022. For the Public Transport Administration, the EST project on the Roslag Line (Roslagsbanan) between Täby Kyrkby-Kragstalund has been in full production during the year. The project was completed and finally inspected in December. For the Swedish Transport Administration, the Sandhem-Nässjö project for speed-increasing measures was in full production and the last connection was completed, increasing the speed on the entire section to 160 km/h. On the West Main Line, Strukton completed the Adjustment Project, largely work on signals but also earthwork. The Ängelholm-Maria double-track expansion project resulted in a total shutdown in the autumn and intensive work together with Skanska. The project is expected to be completed in 2023.

The work of the Power Supply business unit on the expansion of Alingsås converter substation phase 1 (design and planning of the contract) continued throughout the year due to changed conditions from the Swedish Transport Administration. According to the schedule, the work on phase 2, execution, can begin after the summer of 2022. In Norway, Power Supply has delivered two mobile switching units to BaneNor, one of which is located in Hokksund and one is stored for backup in Alnabru in Oslo.

Considerable changes in equity

Strukton Rail AB's equity value increased by SEK 9.2 million.

Incoming orders, order book

During the year, Strukton was once again awarded the Swedish Transport Administration's basic maintenance in Västra Götaland, Gothenburg. Five more years of trust. Two option years were utilised on the Southern Main line 2, parts 1 and 2, as well as also on Svealandsbanan.

On the project side, the order intake has been dominated by bypass track Herrljunga West, which will allow faster trains to pass slower freight trains, a project that is expected to continue in the period 2021-2023. Furthermore, Strukton will carry out track, signalling and telecommunications work as a subcontractor for PEAB on the Jakobs-hyttan-Degerön section, where double-track expansion will take place. At the end of 2021, Strukton was awarded the Akalla-Barkarby FUT (Future Extension of the Metro) project, which entails the construction of approximately four kilometres of double-track extension where Strukton is responsible for the tracks, earthworks, conductor rails etc.

During the year, the Power Supply unit received a new order from the Swedish Transport Administration, Olskroken auxiliary power switchgear, in Gothenburg. The year was successful for the Power Supply unit's aftermarket activities. One deal worth mentioning is the procurement from SJ of older electronics from rebuilt X2000 locomotives, which were then resold to the Swedish Transport Administration and BaneNor as the frequency converter in X2000 and older converter substations are based on the same platform. The deal is not that big but is interesting considering that it is in line with our sustainability work, where we contribute to reusing older electronics. The Power Supply unit has also received an order for controlled rectifiers for the metro in Busan, South Korea. This order is the first stage of the replacement of rectifiers delivered in the 1990s (ABB as it was then).

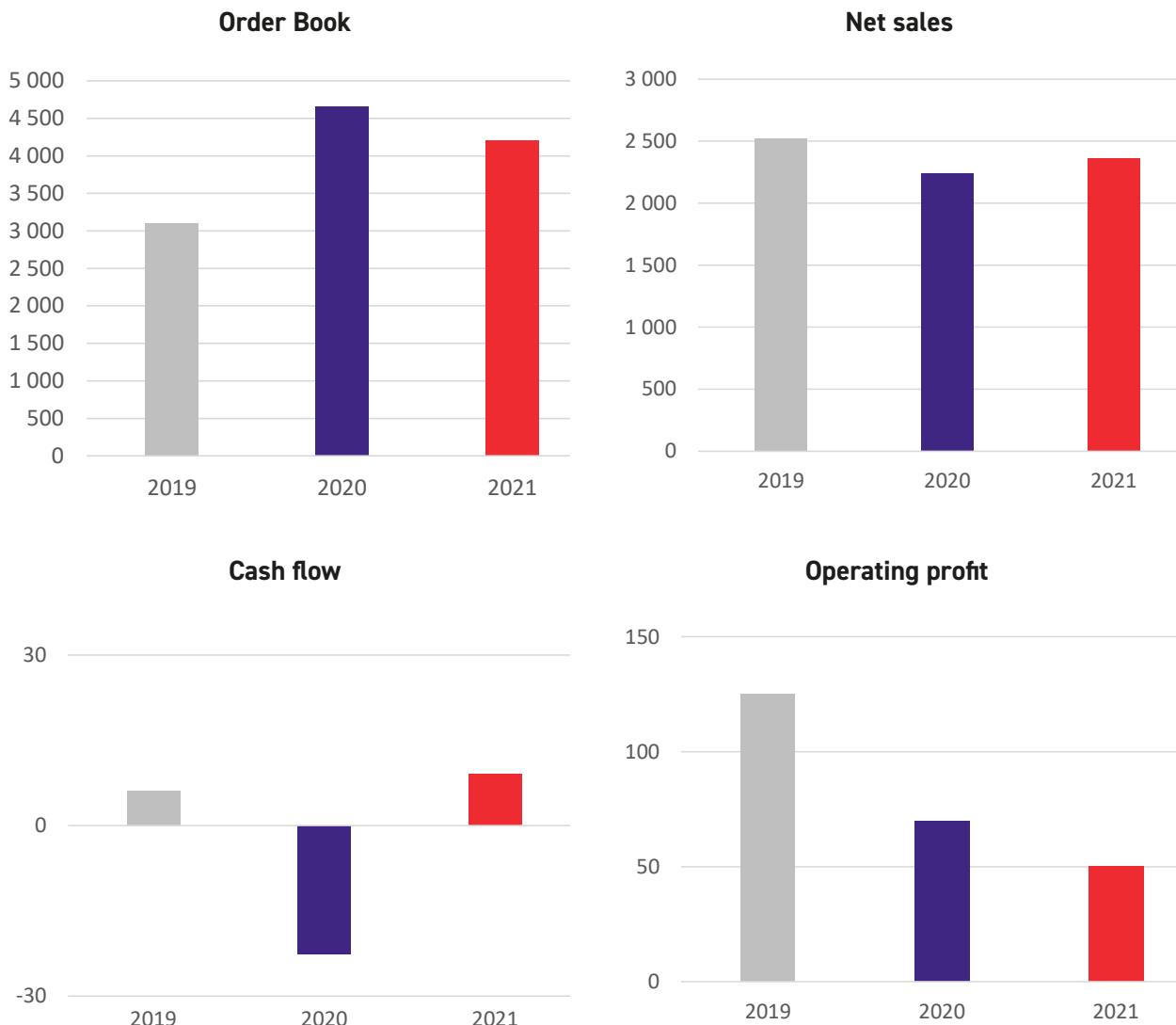
The order book at the end of the year amounts to SEK 4.2 (4.7) billion, which is a decrease of 11%. The order book in the business area of the Project unit has increased by 45% during the year. Within the Maintenance business area, several maintenance projects have started but the order book has not fully compensated the produced volume.

Sales, profit, cash flow

Net sales increased by 5.5% compared to last year and totalled 2,364 (2,242). Approximately 77% of sales involved operation and maintenance activities, the majority on commission from the Traffic Administration and the Swedish Transport Administration. Sales have increased in both the Projects and Maintenance business areas. The increase is mainly related to operations in Skåne, where the double-track expansion is underway in Ängelholm and, as well as to Strukton's maintenance operation expansion, both through the West Coast Line South and the maintenance of the Öresund Bridge.

The operating profit amounted to 50.3 (69.6) and the operating margin was 2.1% (3.1%). The profit is lower than in the previous year, mainly due to lower earnings in newly started projects and maintenance. Incoming orders also arrived in our project operations a little later this year, which led to some overcapacity in both resources and machine pools. Despite this, utilisation of staff resources has been better than expected given certain cases of illness due to COVID-19. Pension costs increased considerably in 2021 as in January Strukton froze the pension liability on its own accord. On the positive side, the work to streamline administration has resulted in a reduction in our costs within the so-called overhead functions.

Cash flow from operating activities was MSEK 9.1 (-22.5). The net flow of acquisitions and disposals of non-current assets amounted to SEK -27.0 (-33.6) million. Cash and cash equivalents at year-end amounted to MSEK 94.5 (119.1). Strukton has an approved overdraft facility of MSEK 75 (75). Other performance figures are shown in the five year summary.



Significant risk factors

Strukton Rail is exposed to operational, client and external risks, as well as financial risks. Since Strukton works primarily with state and municipal clients, there are also market and political risks. Decisions beyond our control can have major consequences for Strukton's ability to act. Within railway contracts, safety is of the utmost importance, safety and the work environment being linked to major regulatory compliance risks.

The greatest risks are mainly within the operational activities, occurring through the contracting process from the procurement phase to completion. There are significant risks in resource planning, procurement of subcontractors, attracting and retaining employees as well as in efficiency in production planning and governance. The management system in Strukton includes processes for managing risks within operational activities. Efforts to improve risk management and analysis continue on an ongoing basis.

Strukton applies the percentage of completion method, which means that the profit is recognised based on the stage of completion of the contract and the final cost forecast. This requires reliable forecasts and detailed follow-up. Forecasts are continually followed up monthly according to the established process, to ensure correct valuations and to minimise risks and fluctuations when reporting profit/loss. Contract expertise linked to the financial side is an area that is always important; training takes place continuously and constitute part of the improvement work in order to make it possible for Strukton to attain its long-term growth objectives.

Financial risks such as currency exchange risks, credit risks, and liquidity risks are relatively limited. Strukton is exposed to currency risks to only a minor extent, because most purchases are made in Swedish kronor. In a sector with clear seasonal variation, there is always a liquidity risk, i.e. the inflow of cash does not match expenses. Strukton limits this risk through regular liquidity planning, but the opportunities for rapid invoicing and liquidity are limited by our clients' contract requirements. The credit risk is small, as the main clients are the Swedish Transport Administration and the Traffic Administration in Stockholm.

Strukton is insured against risks relating to property, disruption and liability caused by the business activity. In conjunction with Strukton Rail's sustainability work, a more comprehensive risk analysis has been drawn up, and is presented on pages 30-31.

Expected future developments and significant risk factors

Similarly to previous years, Strukton has identified the three areas: Politics, Pandemic and Climate as the single most important risk factors for the company's objectives.

In addition, the tragic war in Ukraine has also emerged as a risk and is something whose consequences we are continually monitoring. So far, we have not noticed any direct impact concerning access to spare parts. However, we, just like the remainder of the society, are affected financially by the high raw material and energy prices, e.g. fuel costs have increased considerably.

If the government realises the plans for reregulating parts of the railway maintenance market, the conditions change radically for us, and it might be necessary to change the company's focus and operation. For us, but generally also in the sector, this creates major uncertainty and contributes, among other things, to difficulties when recruiting staff for the railway sector, which is already suffering from lack of resources.

The pandemic continues to affect us as contractors in different ways. Among suwpplies, we see great uncertainty concerning material and component shortages. This often leads to difficulties in obtaining binding offers from our suppliers. On the client side, we are affected by uncertainty about our customers' ability to place orders. Projects and tenders that require frequent meetings, such as projects with the procurement form Cooperation High, also suffer delays as a result. We notice that our clients place increasing demands on us contractors to meet environmental criteria in procurements and projects. Strukton takes a positive view of this. Climate change places great demands on us, our clients, suppliers and the market in general to contribute with new climate-smart investments as well as new methods of working.

In view of the above, active and systematic risk management is of key importance in our corporate governance. Despite significant risks, Strukton remains confident about the future. The grounds for this optimistic view are stable economy, solid business activity, strong order book and, externally, greater focus on sustainable travel in which railways are crucial.

Draft profit appropriation

The Board of Directors proposes that the available profits (SEK):

Draft profit appropriation	
profit brought forward	216,920,119
net profit/loss for the year	9,244,490
	226,164,609

be allocated so that the following amount is transferred to a new account

226,164,609

The company's profit/loss and position in other financial aspects are shown in the following income statement and balance sheet, and in the cash flow analysis with notes.

Sustainability report

Strukton is subject to the provisions in the Swedish Annual Accounts Act regarding the preparation of a sustainability report. The company has chosen to prepare its sustainability report integrated in this annual report. To identify its significant sustainability areas, the company has carried out a materiality analysis. The area of human rights is integrated in many of the significant sustainability areas that Strukton has identified, but is not presented as a separate section in the materiality analysis, as the issue is integrated in many parts of the business activities. Respect for human rights in Strukton's business operation concerns requirements placed on suppliers and contractors, but it also includes carrying out active safety work in the assignments, covering Strukton employees, contractors, partners, clients, and the general public. Strukton's active work on gender equality and diversity is also part of the work on respect for human rights. Strukton's Board of Directors is responsible for sustainability reporting. The sustainability report in accordance with the Swedish Annual Accounts Act is presented on the following pages:

Sustainability area	Pages
Business model	6-9
Material sustainability issues	10-11
Personnel	14-18
Social responsibility	14-25
Anti-corruption	26
Respect for human rights	26
Environment	27-29
Risk management	30-31

Income statement (SEK thousands)

	Note	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Operating income			
Net sales	2, 3, 4	2,363,715	2,242,475
Other operating income		1,584	11,474
Total operating income		2,365,299	2,253,950
Operating expenses			
Materials and subcontractor expenses		-1,142,240	-992,311
Other external expenses	5, 6	-202,654	-255,716
Personnel expenses	7	-948,920	-912,585
Depreciation and write-downs of property, plant and equipment and intangible fixed assets	8, 10, 11	-21,200	-23,722
Total operating expenses		-2,315,014	-2,184,334
Earnings before financial items and income tax (EBIT)		50,285	69,616
Financial items			
Result from participations in associated companies	13	-13	-12
Interest income and currency exchange gains	14	4,448	6,749
Interest expenses and currency exchange losses	15	-12,156	-19,352
Impairment of shares in subsidiaries		0	-117,307
		-7,721	-129,921
Income after financial items		42,564	-60,305
Year-end appropriations	16	-30,617	0
Income before tax		11,947	-60,305
Tax on profit for the year	17	-2,703	-11,030
Net income		9,244	-71,335

Balance Sheet (SEK thousands)

	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Accumulated expenditure for development works	8	2,900	2,404
Intangible fixed assets in progress	9	3,339	1,458
		6,239	3,862
<i>Tangible assets</i>			
Equipment, tools and installations	10, 18	15,914	11,706
Machinery and other technical equipment	11	66,008	71,742
Construction in progress and advance payments	12	9,791	6,599
		91,713	90,047
<i>Financial assets</i>			
Participations in group companies	19, 20	131,827	132,785
Participations in associated companies	21	0	59
		131,827	132,844
Total non-current assets		229,779	226,753
Current assets			
<i>Current receivables</i>			
Trade receivables		407,738	390,797
Receivables in group companies		199,336	184,737
Current tax assets		4,227	0
Other receivables		6,003	5,544
Income accrued but not invoiced		148,651	120,845
Prepaid expenses and accrued income	22	40,449	44,925
		806,404	746,848
<i>Cash and cash equivalents</i>	23	94,561	119,161
Total current assets		900,965	866,009
TOTAL ASSETS		1,130,744	1,092,762

Balance Sheet (SEK thousands)

	Note	31/12/2021	31/12/2020
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Equity	24, 25		
Restricted equity			
Share capital		100	100
Reserve fund		20	20
		120	120
Non-restricted equity			
Retained profit or loss		216,920	288,256
Net income		9,244	-71,335
		226,164	216,921
Total equity		226,284	217,041
Untaxed reserves	26	25,115	20,741
Provisions	27		
Provisions for pensions and similar obligations		284,984	278,728
Other provisions	28	29,010	65,992
Total provisions		313,994	344,720
Non-current liabilities	29		
Other liabilities		0	8,722
Total non-current liabilities		0	8,722
Current liabilities			
Trade payables		150,142	185,279
Liabilities to group companies		98,043	59,331
Current tax liabilities		0	331
Other liabilities		23,151	23,428
Invoiced but not accrued revenue		101,557	45,744
Accrued expenses and prepaid income	30	192,458	187,425
Total current liabilities		565,351	501,538
TOTAL EQUITY, PROVISIONS AND LIABILITIES		1,130,744	1,092,762

Report of Changes in shareholder's Equity (SEK thousands)

	Share capital	Reserve fund	Non-restricted equity	Total equity
January 1, 2020	100	20	130,788	130,908
Shareholders' contribution received			157,468	157,468
Net income			-71,336	-71,336
December 31, 2020	100	20	216,920	217,040
January 1, 2021	100	20	216,920	217,040
Net income			9,244	9,244
December 31, 2021	100	20	226,165	226,285

Cash flow analysis (SEK thousands)

		01/01/2021	01/01/2020
	Note	- 31/12/2021	- 31/12/2020
Operating activities			
Earnings before financial items and income tax (EBIT)		50,285	69,616
Adjustments for items not included in the cash flow etc.	31	-35,204	-13,717
Interest received		2,874	3,938
Interest paid		-10,388	-20,465
Income tax paid		-7,261	-961
Cash flow from operating activities before changes in operating capital		306	38,411
Cash flow from changes in operating capital			
Changes in group receivables		-14,599	-67,464
Changes in trade receivables		-16,941	5,465
Changes in current receivables		-23,790	-46,478
Changes in trade payables		-35,137	47,019
Changes in group liabilities		38,712	3,897
Changes in current liabilities		60,571	-3,423
Cash flow from operating activities		9,122	-22,573
Investing activities			
Investments in intangible assets		-3,523	-2,314
Investments in tangible assets		-34,693	-1,059
Sale of tangible assets		13,400	0
Investment in subsidiaries		-3,092	-6,317
Sale of financial assets		2,908	0
Cash flow from investing activities		-25,000	-9,690
Financing activities			
Loans		-8,722	0
Cash flow from financing activities		-8,722	0
Cash flow for the year		-24,600	-32,263
Cash and cash equivalents			
Opening cash and cash equivalents		119,161	151,424
Closing cash and cash equivalents		94,561	119,161



Notes

Note 1 Accounting and valuation principles

General information

Strukton Rail AB's annual report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board General Guidelines BFNAR 2012:1: Annual and Consolidated Accounting (K3).

The accounting principles remain unchanged as compared to the previous year.

Consolidated accounts have not been prepared, in accordance with the exemption provision in Chapter 7, section 2 of the Swedish Annual Accounts Act. The company is a wholly owned subsidiary of Strukton Railinfra AB, Corporate ID number 556634-6747 with registered office in Stockholm. Strukton Railinfra AB is part of a group in which Strukton Groep N.V. Corporate ID number 30004006, with registered office in Utrecht, the Netherlands, prepares consolidated financial statements for the largest group.

Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Intangible assets

Intangible assets in Strukton Rail AB consist of development costs for business systems.

Tangible assets

Tangible assets are carried at cost after deductions for accumulated amortisation and impairments.

Financial assets

Financial assets in Strukton Rail AB comprise participations in group companies and, where relevant, in associated companies.

Impairment testing of financial assets

At each balance sheet date, Strukton Rail AB assesses whether there is any indication of a need for impairment in any of the financial assets. Impairment occurs if the decrease in value is deemed to be permanent. The need for impairment is tested individually for shares and participations and other individual financial assets that are significant. Examples of indications of a need for impairment are negative financial circumstances or unfavourable changes in sector terms in companies in which Strukton Rail AB has invested in shares. Impairment of assets valued at accrued cost of acquisition are calculated as the difference between the asset's carrying amount and the present value of the company management's best estimate of the future cash flows, discounted with the asset's original effective interest rate. If shares are impaired, the impairment amount is determined as the difference between the carrying amount and the highest of the fair value, less selling costs, and the present value of future cash flows.

Financial instruments

Strukton Rail has no financial instruments.

Additional expenses

Additional expenses that meet the asset criteria are included in the carrying value of the asset. Expenses for continual maintenance and repairs are reported as costs when they are incurred.

Depreciation

Depreciation is done on a straight-line basis over the estimated useful life of the asset, because this reflects the expected consumption of the asset's future financial benefits. Depreciation is recognised as a cost in the income statement.

Useful life

Machinery	10-15 years
Equipment, tools and fixtures	5 years
Technical installations	10 years

Operational leasing agreements

Leasing fees according to operational leasing agreements, including increased initial rental fee but excluding expenses for services such as insurance and maintenance, are recognised as costs on a straight-line basis over the leasing period. All leasing agreements are reported as operational leasing agreements.

Foreign currency

Foreign currency items

Monetary items in foreign currency are translated at the exchange rate in effect on the balance sheet date. Non-monetary items are not translated, and are instead recognised at the exchange rate in effect at the time of acquisition.

Exchange rate differences that arise in adjustment or translation of monetary items are recognised in the income statement in the financial year in which they arise.

Employee benefits

In the company, there are both defined-benefit and premium-based pension plans. Strukton is currently covered by collective bargaining agreements on ITP occupational pensions for white-collar employees and SAF-LO pensions for blue-collar workers.

Defined-benefit pensions

For white-collar employees with ITP 2 pensions, retirement pension with obligatory credit insurance is reported as a liability.

In addition, there is a commitment (pension liability) from the time when parts of the company were covered by the municipal pension plan.

These liabilities are reported under "Provisions for pensions and similar obligations". The pension liability with PRI was frozen as of 31/12/2020. Nowadays, premiums are paid monthly.

Premium-based pensions

For blue-collar workers and white-collar employees with ITP 1 pensions, premium-based pensions apply, with payments to pension insurance schemes according to the respective collective bargaining agreement. No pension liability arises here.

Tax

Tax on the profit/loss for the year as shown in the income statement comprises current tax and deferred tax. Current tax is income tax for the current financial year that relates to the year's taxable profit, and income tax from previous financial years that has not yet been reported. Deferred tax is income tax on taxable profit relating to future financial years as a result of earlier transactions or events.

Deferred tax liability is recognised for all taxable temporary differences, but deferred tax attributable to untaxed reserves is not reported separately because untaxed reserves are reported as a separate item on the balance sheet. Deferred tax assets are recognised for deductible temporary differences and to enable the utilisation of tax-loss carry forwards in the future. The valuation is based on how the recognised value of a corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax regulations that are adopted before the balance sheet date, and have not been given present value.

Deferred tax assets have been valued to a maximum of the amount that will probably be recovered based on current and future taxable profit. The valuation is reviewed on every balance sheet date.

Provisions

A provision is recognised in the balance sheet when the company has a legal or informal obligation as a result of a past event, and when it is probable that an outflow of resources will be required to settle the obligation and when it is possible to make a reliable assessment of the amount. On the first reporting occasion, provisions are valued at an amount that corresponds to the best estimate of the payment required to settle the obligation on the balance sheet date. The provisions are reviewed on every balance sheet date.

Contingent liabilities

A contingent liability is a possible obligation resulting from events that have occurred, and whose occurrence is only confirmed if one or more uncertain future events that are not completely within the company's control occur or do not occur; or when there is an existing obligation that is not reported as a liability or provision because it is not likely that an outflow of resources will be required to settle the obligation or because it cannot be estimated with sufficient reliability.

Revenue

Revenue is reported as the fair value received or that the company will receive for its own account, after deductions for value added tax, discounts or similar deductions. Revenue is recognised only if it is probable that the economic benefits will fall to the company. In cases of uncertainty, a bad-debt loss is reported under costs in the income statement.

For investment projects and operation and maintenance contracts, the company applies the percentage of completion method. Revenues in the contract are recognised in line with the stage of completion, measured as the expenses paid in the project in relation to the estimated costs for the entire project. One requirement for this principle is that the project can be forecast in a reliable way. If there is uncertainty about this, revenues are recognised to cover expenses paid. On the balance sheet, the difference between accrued revenue and invoicing is recognised as a current asset, and accrued revenue that is not invoiced is reported as a current liability.

A possible loss in both operation and maintenance contracts and investment projects is reported as soon as it becomes known. A possible loss is reported as a cost. Costs for tenders are not capitalised.

Leasing of machinery is reported on a straight-line basis over the leasing period.

Dividends

A dividend is recognised when the Board of Directors has decided that a dividend will be paid.

Year-end appropriations

Changes in untaxed reserves are reported as year-end appropriations in the income statement.

Group contributions are recognised as year-end appropriations.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are reported at acquisition cost after deduction for any impairments. The acquisition value includes the price paid for the shares and acquisition costs. Any contribution of capital are added to the acquisition value when they are made. Dividends from subsidiaries are recognised as revenue.

Equity

Equity is divided into restricted and non-restricted equity, in accordance with the division in the Swedish Annual Accounts Act.

Untaxed reserves

Untaxed reserves are reported as a gross amount in the balance sheet, including the deferred tax liability attributable to the reserves.

Performance indicator definitions

Net sales

Main revenue from the operation, invoiced costs, revenue from other activities and revenue corrections.

EBIT

Profit after depreciation and amortisation, but before financial items.

Income after financial items

Profit after financial revenue and expenses but before year-end appropriations and taxes.

Total assets

The company's total assets.

Equity ratio (%)

Adjusted equity (equity and untaxed reserves, with deduction for deferred tax) as a percentage of total assets.

Return on equity (%)

Profit after financial items as a percentage of adjusted equity (equity and untaxed reserves, with deduction for deferred tax).

Note 2 Net sales according to business unit and geographical markets

	2021	2020
Net sales are distributed by business unit as follows:		
Operation and maintenance contract	1,825	1,710
Investment projects	539	532
	2,364	2,242

Of the total net sales, 99% (99%) occurred in Sweden.

Note 3 Accounting estimates and assumptions

Estimates and assumptions are reviewed on a regular basis, and are based on historical experience and other factors, including expectations regarding future events. The actual outcome may deviate from the assumptions made earlier.

The percentage of completion method is based on final-stage forecasts for the projects. This means there is always an uncertainty in assessing future forecasts. In order to increase reliability and control, the forecasts are regularly updated and assessed.

In the event of disputes with suppliers and clients, a plausibility assessment has been carried out based on the information that is known and considered in the accounts.

Guarantee commitments apply for certain performed services, so any future guarantee expenses have been estimated.

Trade receivables are recognised as the amount that is expected to be paid, after deduction for individually assessed possible credit losses. Every individual project is assessed individually, and reservations are made if there is a need for impairment.

Note 4 Transactions with related parties

The share of the year's procurement and sales relating to group companies are showed below.

	2021	2020
Procurement	6.34%	2.40 %
Sales	1.02 %	1.65 %

Management fee costs amounts to SEK 5,782 thousand (SEK 10,150 thousand) and management fee revenue fees amount to SEK 5,700 thousand (SEK 0 thousand).

Note 5 Operational leasing agreement

Leasing costs for the year regarding leasing agreements of vehicles and premises, amount to SEK 72,383 thousand (SEK 66,632 thousand).

	2021	2020
Future minimum leasing fees, regarding leasing agreements that cannot be terminated, are due for payment		
Within one year	67,000	65,794
Later than one year but within five years	111,364	79,585
After five years	10,287	15,234
	188,651	160,614

The future leasing fees are based on agreements for vehicles and premises. We estimate that the 2020 values have been updated to be comparable to 2021 and now also include premises and all car-related agreements.

Note 6 Fees to auditors

	2021	2020
PwC		
Auditing	-2,002	-1,697
Tax advice	-94	-78
Other services	-153	-42
	-2,249	-1,818

The auditing item includes quality assurance services and advice services or other representation resulting from observations regarding such an audit or implementation of other work tasks.

Note 7 Employees and personnel expenses

	2021	2020
Average number of employees		
Women	104	104
Men	849	845
	953	949
Wages, salaries and other payments		
Board of Directors and Managing Director	-2,406	-2,036
Other employees	-637,906	-627,436
	-640,312	-629,472
Social costs		
Pension costs for the Board of Directors and Managing Director	-994	-193
Pension costs for other employees	-77,671	-67,257
Social security costs provided for by law and agreements	-214,861	-207,891
	-293,526	-275,341
Total salaries, remuneration, social expenses and pension costs	-933,838	-904,813

Gender distribution among senior executives

Number of women on the board	1	1
Number of men on the board	3	3
Number of women among other senior executives	5	3
Number of men among other senior executives	6	8

Agreement on severance pay

A mutual notice period of six months is agreed and applies in the event of termination at the Managing Director's request as well as in the event of termination at the request of Strukton Rail AB.

Note 8 Expenditure for development works

	31/12/2021	31/12/2020
Opening acquisition value	22,819	21,833
Reclassifications	1,641	986
Closing accumulated acquisition value	24,461	22,819
Opening depreciation	-20,415	-19,327
Depreciation for the year	-1,146	-1,088
Closing accumulated depreciation	-21,561	-20,415
Closing book value	2,900	2,404

Note 9 Intangible assets in progress

	31/12/2021	31/12/2020
Opening acquisition value	1,458	130
Acquisitions	3,523	2,314
Reclassifications	-1,641	-986
Closing book value	3,339	1,458

Note 10 Equipment, tools and installations

	31/12/2021	31/12/2020
Opening acquisition value	36,856	36,903
Acquisitions	213	2,859
Sales/disposals	0	-2,906
Reclassifications	8,914	0
Closing accumulated acquisition value	45,983	36,856
Opening depreciation	-25,150	-23,802
Sales/disposals	0	2,906
Depreciation for the year	-4,920	-4,254
Closing accumulated depreciation	-30,070	-25,150
Closing book value	15,914	11,706

Note 11 Machinery and other technical equipment

	31/12/2021	31/12/2020
Opening acquisition value	232,801	254,012
Sales/disposals	-15,491	-30,714
Reclassifications	22,375	9,503
Closing accumulated acquisition value	239,684	232,801
Opening depreciation	-161,059	-168,999
Sales/disposals	2,519	26,317
Depreciation for the year	-15,136	-18,377
Closing accumulated depreciation	-173,676	-161,059
Closing book value	66,008	71,742

Note 12 Construction in progress and advance payments

	31/12/2021	31/12/2020
Opening acquisition value	6,599	3,661
Acquisitions	34,481	12,442
Reclassifications	-31,289	-9,503
Closing accumulated acquisition value	9,791	6,599
Closing book value	9,791	6,599

Note 13 Result from participations in associated companies

	2021	2020
Profit/loss from Bergproduktion i Sverige HB	-13	-12
	-13	-12

Bergproduktion i Sverige HB was deregistered at the Swedish Companies Registration Office in 2021.

Note 14 Interest income and similar items

	2021	2020
Interest income from group companies	2,552	2,070
Other interest income	1,508	1,868
Currency exchange gains	388	2,811
	4,448	6,749

Note 15 Interest expenses and similar items

	2021	2020
Interest expenses to group companies	0	-4,127
Other interest expenses	-538	-2,245
Currency exchange losses	-595	-3,026
Profit/loss from sales of group companies	-1,186	0
Financial expense pensions	-9,837	-9,953
	-12,156	-19,352

Note 16 Year-end appropriations

	2021	2020
Allocation to accrual fund	-4,374	0
Group contributions, received	-26,243	0
	-30,617	0

Note 17 Current and deferred tax

	2021	2020
Tax on profit for the year		
Current tax for the year	-2,703	-11,030
Total recognised tax	-2,703	-11,030
Reconciliation of effective tax		
	Amount	Amount
Income before tax	11 947	-60 305
Tax according to current tax rate	20,60%	-2 461
Non-deductible expenses		-338
Non-taxable income		97
Reported effective tax	22,62%	-2 703
	-18,29%	-11 030

Note 18 Governmental contribution

In 2021, no governmental contributions were received for development work.

In 2020, contributions were received for investment costs in charging posts at Strukton's workplaces (SEK 524 thousand).

Note 19 Participations in group companies

	31/12/2021	31/12/2020
Opening acquisition value	340,505	243,269
Acquisitions	3,092	0
Sales	-1,250	0
Reclassification	0	11,944
Shareholder contribution	-2,800	85,292
Closing accumulated acquisition value	339,547	340,505
Opening impairments	-207,721	-90,414
Impairment for the year	0	-117,307
Closing accumulated impairment losses	-207,721	-207,721
Closing book value	131,827	132,785

At the end of the year, the remaining 30% of the shares were acquired in JPL Rail AS.

RBS Ban och Signal AB was sold during the year.

Note 20 Specification of participations in group companies

Name	Share of capital %	Share of voting rights %	Number of shares	Book value
Strukton Rail A/S	100	100	500	116 790
JPL Rail AS	100	100	108 000	15 037
				131 827

	Registered office	Corporate ID no.
Strukton Rail A/S	Denmark	20286547
JPL Rail AS	Norway	998,086,221

At the end of the year the remaining 30% of the shares in JPL Rail AS has been acquired. During the year RBS Ban och Signal AB has been sold.

Note 21 Participations in associated companies and jointly controlled entities

	31/12/2021	31/12/2020
Opening acquisition value	59	5,698
Sales	-45	0
Reclassifications	0	-5,628
The share's result	-13	-12
Closing accumulated acquisition value	0	59
Closing book value	0	59

During the year, Bergproduktion i Sverige HB was deregistered at the Swedish Companies Registration Office.

Note 22 Prepaid expenses and accrued income

	31/12/2021	31/12/2020
Prepaid rents	10,017	10,559
Other prepaid costs	25,320	30,217
Prepaid insurance premium premiums	5,112	4,150
	40,449	44,925

Note 23 Overdraft facility

	31/12/2021	31/12/2020
Approved overdraft facility amounts to	75,000	75,000
	75,000	75,000

At year-end, SEK 68.7 million of the cash and bank balance is in blocked accounts with DanskeBank relating to guarantees.

Note 24 Share capital

The share capital consists of 1,000 class A shares with a nominal value of SEK 100.

Note 25 Proposed allocation of the company's profit or loss

	31/12/2021
The Board of Directors proposes that the profits:	
profit brought forward	216,920
profit for the year	9,244
	226,165
will be carried forward	226,165

Note 26 Untaxed reserves

	31/12/2021	31/12/2020
Accumulated accelerated depreciation	20,741	20,741
Accrual fund	4,374	0
	25,115	20,741

Note 27 Provisions for pensions and similar obligations

	31/12/2021	31/12/2020
Provisions according to Pension Obligations Vesting Act		
FPG/PRI pensions	284,984	278,728
	284,984	278,728

Note 28 Other provisions

	31/12/2021	31/12/2020
Guarantee commitments	2,707	3,176
Provisions for bad-debt contracts	26,303	62,815
	29,010	65,992

Guarantee commitments

The company provides guarantees on certain performed services, and undertakes to repair or replace parts whose performance is inadequate. A provision of SEK 2,707 thousand (SEK 3,176 thousand) has been reported on the balance sheet date for expected guarantee claims, based on previous experiences of the level for repairs and replacement parts.

Note 29 Borrowing

	31/12/2021	31/12/2020
Maturity dates		
Liabilities to credit institutions 1-5 years	0	8,722
	0	8,722

Note 30 Accrued expenses and prepaid income

	31/12/2021	31/12/2020
Holiday liability including social security charges	63,314	64,600
Accrued salaries	14,149	13,836
Shortened working hours, including social security charges	14,070	14,221
Overtime liability, including social security charges	8,838	9,968
Expected penalties	1,164	1,378
Production-related expenses	45,275	30,797
Administrative expenses	29,872	36,894
Social security charges	15,775	15,731
	192,458	187,425

Note 31 Adjustments for items not included in the cash flow

	31/12/2021	31/12/2020
Depreciations	21,200	23,722
Capital loss/gain	0	-9,845
Changes of participations in associated companies	13	12
Provisions for pensions	6,256	19,975
Provisions for bad-debt contracts	-36,512	-16,366
External long-term loans	0	-2,833
Group contributions	-26,243	0
Shareholders' contribution received	0	157,468
Shareholders' contribution paid	0	-85,293
Result from sales of fixed assets	-429	0
Result from sales of Group companies	1,186	0
Other provisions	-469	0
Unrealized currency exchange differences	-206	-215
Loans from group companies	0	-100,342
	-35,204	-13,717

Note 32 Pledged assets

	31/12/2021	31/12/2020
For own provisions and liabilities		
Chattel mortgages as collateral, Danske Bank	400,000	400,000
Chattel mortgages as collateral, PRI	50,000	50,000
	450,000	450,000
Liabilities to credit institutions		
Bank guarantees, Atradius	7,871	7,845
Bank guarantees, Danske Bank	189,083	212,079
Bank guarantees, NordicGuarantee	2,106	3,316
	199,060	223,240

Note 33 Contingent liabilities

	31/12/2021	31/12/2020
Contingencies		
PRI and KPA pension guarantees	5,700	5,575
	5,700	5,575

Note 34 Events after the balance sheet date

When the non-profit association PRI decided on changes in the calculation bases for old-age pensions in the ITP2 scheme, the company's pension liability with PRI increased by SEK 44.3 million excluding special payroll tax (SEK 10.8 million) as of 1 January 2022.

In March 2022, the company received a shareholder contribution of SEK 73 million.

An investment of SEK 89 million was made in March 2022 regarding 9 machines from the group company Strukton Rail Equipment B.V.

The Income statement and balance sheet will be submitted to the Annual General Meeting for approval.

Stockholm 2022-/

Tjark Arno de Vries
Chair

Mark de Haas

Trond Blomberg
Employee Representative

Madelien Orveland
Employee Representative

Johan Oscarsson
CEO

Our audit report was submitted 2022/

Öhrlings Pricewaterhouse Coopers AB

Helena Ehrenborg
Authorised Public Accountant



Auditor's report

Unofficial translation

To the general meeting of the shareholders of Strukton Rail AB, corporate identity number 556571-9449

Report on the annual accounts

Opinions

We have audited the annual accounts of Strukton Rail AB for the year 2021.

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 Strukton Rail AB 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 statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Strukton Rail AB.

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 Strukton Rail AB 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.

Other information

According to Note 1, consolidated accounts in accordance with the exception in Chapter 7, Section 2 of the Annual Accounts Act, have not been prepared. The company is a wholly owned subsidiary of Strukton Railinfra AB, corporate identity number 556634-6747 with its registered office in Stockholm. Strukton Railinfra AB is part of a group where Strukton Groep N.V. org no. 30004006, headquartered in Utrecht, the Netherlands, the ultimate group that prepares consolidated financial statements. At the time of submitting our auditor's report there is however no consolidated financial statement prepared by the parent company. It is our assessment that the Board should therefore prepare consolidated accounts. This circumstance does not affect our opinion of the true and fair view of the company's reported results and position, which means that we undertake to submit the above unmodified statement on the company's annual report. As appears from our report on other requirements according to laws and other statutes, we have, however, found that the current situation gives rise to a remark.

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 2-31. The Board of Directors are responsible for this other information.

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



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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. 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 that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual 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.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Strukton Rail AB 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 Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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



Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company'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 financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 25 May 2022

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorized Public Accountant



This is a literal translation of the Swedish original report

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Strukton Rail AB, corporate identity number 556571-9449.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 (the financial year) on pages 2-31 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Stockholm 25 May 2022

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorized Public Accountant

GRI-index

This is the GRI Content Index that helps you navigate in the report. More information about GRI can be found at www.globalreporting.org.

DISCLOSURE	DESCRIPTION	COMMENT	PAGE	DISCLOSURE	DESCRIPTION	COMMENT	PAGE
	GRI 102 (2016) General disclosures				Governance		
	GRI 101 (2016) Foundation			102-18	Presentation of the organisation's corporate governance		6-11
	Organisational profile				Communication and stakeholders		
102-1	Name of the organisation	Strukton Rail AB	2	102-40	Stakeholder groups with which the organisation is in contact		10
102-2	Business model, main brands, products and/or services		6-9	102-41	Share of employees covered by collective bargaining agreements	100%	
102-3	Location of the organisation's head office	Stockholm, Västberga		102-42	Description of stakeholder identification and selection		10
102-4	(Countries in which the organisation operates) Location of the organisation's activity/activities		8	102-43	Approach to stakeholder engagement		10
102-5	Ownership structure and corporate form		8	102-44	Key areas and issues raised in the stakeholder dialogue		10
102-6	Markets in which the organisation operates		8		Accounting procedures		
102-7	Size of the reporting organisation		4, 8	102-45	Entities included in the organization's financial statements	This report covers Strukton Rail AB	
102-8	Information on employees and other workers, divided into employment form, employment terms, region and gender		14-16	102-46	Process for defining the report content and boundaries		10
102-9	Description of the organisation and its supply chain		24-25	102-47	Presentation of all major topics identified		11
102-10	Significant changes to the organisation and its supply chain during the report period	No significant changes have been made		102-48	Explanation of the effect of changes to information disclosed in previous financial statements and the reasons for such changes	No significant changes have been made.	
102-11	Description of whether and how the organisation adheres to the precautionary principle		27-29	102-49	Significant changes made in the financial statements since the previous financial period	No significant changes have occurred since the last report	
102-12	Externally developed financial, environmental and social declarations, principles or other initiatives which the organisation has adopted or supports	ISO 9001, ISO 3834-2 ISO 14001, ISO 45001 and Fossil-free Sweden		102-50	Accounting period	01/01/2021 - 31/12/2021	
102-13	Significant membership in organisations and/or national/international lobby organisations	Swedish Construction Federation		102-51	Date of publication of the latest report	02/07/2021	
	Strategy			102-52	Reporting cycle	Annually	
102-14	Statement from senior decision-maker		3	102-53	Contact point for questions regarding the report and its content		2
	Ethics and integrity			102-54	Presentation of reporting in accordance with GRI Standard accounting levels		2
102-16	Description of the organisation's values, ethical principles and code of conduct		8	102-55	GRI Index		66-67
				102-56	Statement of external assurance		
						The report is not externally confirmed	

DISCLOSURE	DESCRIPTION	COMMENT	PAGE
Topic-specific information			
GRI 200 Economic impact			
201 (2016)	Financial performance		
Management			
103-1	Explanation of the material topic and its boundaries	12-13	
103-2	Management of the issue	12-13	
103-3	Evaluation of the management approach	12-13	
Information			
201-1	Distributed economic value	12	
205 (2016)	Anti-corruption		
Management			
103-1	Explanation of the material topic and its boundaries	26	
103-2	Management of the issue	26	
103-3	Evaluation of the management approach	26	
Information			
205-2	Communication and training on anti-corruption policies and procedures	26	
205-3	Corruption incidents and actions taken	No cases	
GRI 300 Environment			
305 (2016)	Discharge		
Management			
103-1	Explanation of the material topic and its boundaries	10, 27-29	
103-2	Management of the issue	10, 27-29	
103-3	Evaluation of the management approach	27-29	
Information			
305-1	Direct greenhouse gas emissions (Scope 1)	Limited to emissions from production vehicles and company cars (leased cars)	26-29
305-5	Reduction of emissions	Limited to emissions from production vehicles and company cars (leased cars)	28
306 (2020)	Avfall		
Management			
103-1	Explanation of the material topic and its boundaries	27-29	
103-2	Management of the issue	27-29	
103-3	Evaluation of the management approach	27-29	
306-1	Waste management and significant impacts from business waste	During this accounting period, Strukton has no consolidated data of the impact of the operation's waste	
306-2	Waste management control	29	
Information			
306-3	Waste generated	29	
306-4	Sortable waste	29	
306-5	Residual waste	29	

DISCLOSURE	DESCRIPTION	COMMENT	PAGE
GRI 400 Social impact			
403 (2018)	Working environment, health and safety		
Management			
103-1	Explanation of the material topic and its boundaries	19-23	
103-2	Management of the issue	19-23	
103-3	Evaluation of the management approach	19-23	
403-1	Occupational health and safety management systems	Strukton has a health and safety management systems; and safety that is certified pursuant to ISO 45001. Deviations and incidents are recorded in our FOA database and managed afterwards	9, 22
403-2	Hazard identification, risk assessment and investigation of incidents		19-23, 30
403-3	Occupational health services		19-23
403-4	Involving, consulting and communicating with workers on health and safety at work		19-23
403-5	Training on occupational health and safety		19-23
403-6	Promoting workers' health		22
403-7	Preventing and limiting work environment impacts directly related to business relationships		24
Information			
403-8	Workers subject to an occupational health and safety management system	100 %	
403-9	Industrial injury		19-21
404 (2016)	Competence development		
Management			
103-1	Explanation of the material topic and its boundaries		14-17
103-2	Management of the issue		14-17
103-3	Evaluation of the management approach		14-17
Information			
404-3	Percentage of employees who continuously receive performance and competence evaluation	Takes place via employee calls, all of them.	
405 (2016)	Diversity and equality		
Management			
103-1	Explanation of the material topic and its boundaries		14-17
103-2	Management of the issue		14-17
103-3	Evaluation of the management approach		14-17
Information			
405-1	Gender and age distribution (and any division into other diversity criteria) in the board, management and among other things employee categories		17
406 (2016)	Non-discrimination		
Management			
103-1	Explanation of the material topic and its boundaries		17
103-2	Management of the issue		17
103-3	Evaluation of the management approach		17
Information			
406-1	Incidents of discrimination and corrective actions taken.		17



Strukton

Rail

Strukton Rail AB

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