


# Interim Report Q1 2023

**railcare**

Railcare Group AB (publ)  
Corp. ID No.: 556730-7813



LKAB Malmtrafik has renewed its agreement with Railcare regarding the transport of iron ore for approximately SEK 40 million.

## INTERIM REPORT JANUARY-MARCH 2023

# High sales and improved margin

### FIRST QUARTER

- Consolidated net sales increased by 16.5 percent to SEK 111.0 million (95.3).
- Operating profit (EBIT) increased to SEK 13.1 million (8.8).
- Earnings per share before and after dilution amounted to SEK 0.36 (0.25).

### SIGNIFICANT EVENTS IN THE FIRST QUARTER

- LKAB Malmtrafik renewed its agreement with Railcare regarding the transport of iron ore for approximately SEK 40 million.
- The assignment regarding a further three standby locomotives in northern Sweden started on 1 January as planned.
- Railcare's Board of Directors adopted new targets. Railcare's updated financial targets are to achieve sales of SEK 800 million by 2027 and to maintain an operating margin of more than 10 percent.

### SIGNIFICANT EVENTS AFTER THE PERIOD

- As a result of a growing organisation and confidence in the future, Railcare has made changes to its Group Management. The new Group Management comprises Mattias Remahl, CEO; Lisa Borgs, the new CFO; Johan Hansén, head of transport operations and Jonny Granlund, head of contracting operations and Machines and Technology.

### FINANCIAL OVERVIEW

Amounts in SEK million, unless otherwise stated	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022
Net sales	111.0	95.3	497.0
Operating profit/loss (EBIT)	13.1	8.8	52.4
Operating margin, %	11.8	9.3	10.5
Net profit/loss for the period	8.7	6.0	36.8
Equity/assets ratio, %	42.9	40.2	41.2
Earnings per share before and after dilution, SEK	0.36	0.25	1.52

# Railcare is at the forefront of the industry's transition

Net sales in the first quarter were SEK 111.0 million (95.3) and operating profit was SEK 13.1 million (8.8). This corresponded to an operating margin of 11.8 percent.

“A quarter characterised by higher volumes in the transport operations and in Contracting Abroad, which contributed to an increased operating margin and the highest ever sales for a first quarter.”

## Contracting Sweden

The volume of contracting work in Sweden was slightly lower in the first quarter compared with 2022 due to cold weather and snowfall at the end of the quarter which delayed work until mid-April. For the same reason, snow removal for the Swedish Transport Administration continued until the end of March.

On 1 January the contracting operations were restructured so that all of their operators, in both Sweden and the UK, are now organised in the same company. The primary aim of the restructuring was to build an even stronger team of machine operators and to optimise resources in both operations.

## Contracting Abroad

Demand for contracting operations in the UK is increasing and capacity utilisation has risen year on year. The cost-saving measures implemented coupled with the higher sales contributed to a positive result for the segment during the first quarter.

## Transport Scandinavia

Transport Scandinavia reported significantly higher volumes compared to the first quarter of 2022. The contract regarding the four new standby locomotives



“The railway industry is facing a major transition driven by new environmental requirements and the introduction of a new signalling system.”

Mattias Remahl, CEO Railcare Group

covers a period of four years from 1 August 2022 and includes four new locations (Långsele, Boden, Vännäs and Kiruna), of which three started from January 2023. In the first quarter, the Swedish Transport Administration announced that it is exercising its option for the first standby locomotive in Borlänge and extending its original three-year contract for further two years, up to and including the end of October 2025. At the beginning of March we received the renewed confidence of LKAB to transport iron ore and the new contract runs for a year, but LKAB also has an option to extend the contract for a further year.

As a result of new environmental requirements and the introduction of a new signalling system, the Swedish fleet of locomotives will undergo major change in future years. The locomotive workshop in Långsele has built up a wealth of experience and has the necessary certification to carry out these services. Since Railcare has everything from its own workshop to locomotives and locomotive drivers within the Group, it fully understands its customers' needs and can offer a complete solution. The ongoing assignments for Infranord, Nordic Re-Finance and Beacon Rail are good examples of this and have contributed to record levels of capacity utilisation.

**“The target is to increase sales by 60 percent over the next five years, to SEK 800 million, and to maintain a margin of 10 percent.”**

#### **Machines and Technology**

Work is under way in the Machines and Technology segment to finish the enhanced generation of MPV with pantographs. The plan is to conduct a trial run of the machine in the second half of the year and begin full production next year.

#### **New financial targets**

In February, the Board of Directors of Railcare adopted new financial targets for the period up until the end of 2027. The target is to increase sales by 60 percent over the next five years, to SEK 800 million, and to maintain a margin of 10 percent.

The railway industry is facing a major transition driven by new environmental requirements and the introduction of a new signalling system. Thanks to our battery technology in the contracting operations, our offering in the locomotive workshop in Långsele and the switch to sustainable transport in our transport operations, we are already at the forefront of this transition.

#### **Mattias Remahl**

CEO

# Financial overview

## NET SALES

Net sales for the first quarter of 2023 increased by 16.5 percent to SEK 111.0 million, compared to SEK 95.3 million for the corresponding period last year. Net sales have been higher in the Transport Scandinavia, Contracting Sweden and Contracting Abroad segments. Sales in the Machines and Technology segment, however, were lower than in the corresponding quarter last year.

The higher sales in Transport Scandinavia can be explained by the new standby locomotives and the new assignment for LKAB beginning in March.

Capacity utilisation has been slightly lower in Contracting Sweden compared to the corresponding period last year because this year's cold weather has delayed the start of contracting work in contrast to last year when work began unusually early in mid-March. Although capacity utilisation has been lower, sales increased in the segment due to the organisational change regarding machine operators in the contracting operation. All operators are now part of Contracting Sweden and operators who are hired by Contracting Abroad increase sales in Contracting Sweden.

## OPERATING EXPENSES

Operating expenses in the first quarter of 2023 amounted to SEK 104.7 million, an increase of SEK 13.4 million, or 14.6 percent compared with the first quarter of 2022 when operating expenses amounted to SEK 91.3 million. The increase can be attributed to high inflation, major projects in the locomotive workshop in Långsele and higher personnel costs as a result of recruiting new locomotive drivers and machine operators.

## OPERATING PROFIT

Operating profit (EBIT) for the first quarter of 2023 increased to SEK 13.1 million compared with the first quarter last year, when profit was SEK 8.8 million. The operating margin increased year-on-year and amounted to 11.8 percent (9.3). Operating profit was positively affected by higher capacity utilisation in Transport Scandinavia and increased volumes and cost savings in Contracting Abroad.

## NET PROFIT/LOSS FOR THE PERIOD

Profit for the first quarter of 2023 amounted to SEK 8.7 million (6.0), corresponding to an increase of SEK 2.7 million compared to the equivalent period in 2022.

# SEK 111 m

The highest ever  
sales for a first  
quarter

## CASH FLOW

Cash flow during the first quarter of the year generated an outflow of SEK 5.5 million, which was on a par with the outflow of SEK 5.6 million in the corresponding quarter last year.

Cash flow from operating activities amounted to SEK 17.5 million (26.6). The decrease is primarily due to changes in working capital where, in the main, the change in operating liabilities had a negative impact on cash flow.

Cash flow from investing activities amounted to SEK -12.3 million (-21.8) in the first quarter of 2023, primarily relating to investments in the MPVe. The high level of investment in the corresponding quarter last year can be explained by the delivery of major machine parts for the MPVe in the first quarter.

Cash flow from financing activities totalled SEK -10.7 million (-10.4), which is in line with the corresponding quarter last year. No new loans were raised in the period.

### EQUITY/ASSETS RATIO

At the end of the period, the equity/assets ratio was 42.9 percent, compared to 40.2 percent on 31 March 2022.

### EMPLOYEES

As of 31 March 2023, Railcare had 164 employees, compared to 143 on 31 March 2022. This is an increase of 21 and mainly relates to the recruitment of locomotive drivers, partly for the assignments with additional standby locomotives which began on 1 January 2023. A number of new machine operators have also been recruited in 2023 to meet increased demand in the contracting operations.

### PARENT COMPANY

Railcare Group AB (publ), Corp. ID no. 556730-7813 is a Parent Company registered in Sweden with its registered office in Skellefteå. Railcare Group AB is listed on Nasdaq Stockholm Small Cap under the ticker RAIL.

The Parent Company's net sales for the first quarter of 2023 amounted to SEK 7.6 million (7.3) and consisted mainly of Group-wide services. Operating profit amounted to SEK 0.1 million (1.0).

### TARGETS

#### Financial targets

- Sales SEK 800 million
- EBIT margin 10 percent

Railcare's updated financial targets are to achieve sales of SEK 800 million by 2027 and to maintain an operating margin of more than 10 percent.

The company's aim is to be the leading specialist on the Scandinavian market for innovative solutions for railway contracting and transport.

#### Sustainability

- Reduce consumption of fossil fuel emissions from proprietary locomotives and machinery by 40 percent by 2025.

Railcare has set clear goals as part of its ongoing sustainability work. Railcare has concluded that the biggest difference can be achieved by reducing fossil fuel emissions from fuel used in the contracting and transport operations.

### Dividend

The company's dividend policy is to distribute 30-40 percent of profit after tax while maintaining an equity/assets ratio of 25 percent after dividends. The Board of Directors proposes that the 2023 Annual General Meeting approve a dividend of SEK 0.60 (0.60) per share, totalling SEK 14,474,500 (14,474,500), for the 2022 financial year.



## Contracting Sweden

Net sales in the Contracting Sweden segment in the first quarter of 2023 amounted to SEK 41.1 million (37.1), which is an increase of 10.7 percent on the corresponding period in the previous year. Profit after financial items decreased year-on-year and amounted to SEK 1.8 million (4.8).

Snow removal for the Swedish Transport Administration continued to plan and some parts of the assignment were extended to the end of March due to the cold weather. On the other hand, this has also meant that the start of contracting operations has been postponed to mid-April, one month later than last year. The cold weather has also had a negative impact on relining operations during the first quarter.

From January 1, all machine operators are organised in the same company and are part of Contracting Sweden. Leasing operators to Contracting Abroad increases turnover in Contracting Sweden, but affects the net margin negatively in the segment.

### Key performance indicators – Contracting Sweden

Amounts in SEK 000, unless otherwise stated	Jan-Mar	Jan-Mar	Change, %
	2023	2022	
(A) Net sales	41,120	37,148	10.7
(B) Profit/loss after financial items	1,751	4,758	-63.2
(B / A) Net margin, %	4.3	12.8	-8.5

## Contracting Abroad

Net sales in Contracting Abroad increased by 17.6 percent in the first quarter of 2023, compared with the corresponding quarter in the preceding year and amounted to SEK 13.2 million (11.3). Profit after financial items improved to SEK 1.6 million (-0.8).

Demand for our services is increasing and capacity utilisation has increased year on year. The cost-saving measures implemented coupled with the higher sales contributed to a positive, improved result during the first quarter.

### Key performance indicators – Contracting Abroad

Amounts in SEK 000, unless otherwise stated	Jan-Mar	Jan-Mar	Change, %
	2023	2022	
(A) Net sales	13,239	11,261	17.6
(B) Profit/loss after financial items	1,592	-792	301.0
(B / A) Net margin, %	12.0	-7.0	19.0

## Transport Scandinavia

Net sales in the Transport Scandinavia segment increased by 57.6 percent in the first quarter of 2023, compared with the corresponding quarter in the preceding year and amounted to SEK 68.3 million (43.4). Profit after financial items improved to SEK 6.6 million (0.0). The higher sales can be explained by the new standby locomotives, higher capacity utilisation in the locomotive workshop and the fact that the new assignment for LKAB began in March whereas last year it did not begin until April. The new agreement with LKAB has an option to extend the agreement by a further year.

The contract regarding the four new standby locomotives covers a period of four years from 1 August 2022 and includes four new locations (Långsele, Boden, Vännäs and Kiruna) of which three started from January 2023. In the first quarter, the Swedish Transport Administration announced that it is exercising its option for the first standby locomotive in Borlänge and extending for further two years, up to and including the end of October 2025.

### Key performance indicators – Transport Scandinavia

Amounts in SEK 000, unless otherwise stated	Jan-Mar	Jan-Mar	Change, %
	2023	2022	
(A) Net sales	68,343	43,377	57.6
(B) Profit/loss after financial items	6,617	-1	453,338.4
(B / A) Net margin, %	9.7	0.0	9.7

## Machines and Technology

Net sales in the Machines and Technology segment decreased in the first quarter of 2023, compared to the corresponding quarter last year and amounted to SEK 18.0 million (22.2). Profit after financial items amounted to SEK 0.9 million (3.0).

No machine sales took place during the first quarter of 2023, unlike last year when machine parts were delivered to Loram and log wagons to BLS Rail.

The focus has been on completing the enhanced generation of MPV with pantographs. The plan is to conduct a trial run of the machine in the second half of the year and begin full production next year.

### Key performance indicators – Machines and Technology

Amounts in SEK 000, unless otherwise stated	Jan-Mar	Jan-Mar	Change, %
	2023	2022	
(A) Net sales	17,965	22,153	-18.9
(B) Profit/loss after financial items	923	2,983	-69.1
(B / A) Net margin, %	5.1	13.5	-8.4

The segments' net sales also include intra-Group sales between segments. See Note 3 for sales between segments.

# Shares

## SHAREHOLDER STRUCTURE

Ten largest shareholders 31 March 2023	Number of shares	Proportion of share capital and votes (%)
Norra Västerbotten Fastighets AB	7,121,395	29.5
TREAC Aktiebolag	2,390,000	9.9
Ålandsbanken AB	1,244,698	5.2
Försäkringsbolaget Avanza Pension	865,922	3.6
Bernt Larsson	750,987	3.1
HSBC Bank PLC	600,000	2.5
Mikael Gunnarsson	489,000	2.0
Nordnet Pensionsförsäkring AB	408,522	1.7
Torsten Germund Dahlquist	274,534	1.1
Harry Markku Sjöblom	268,697	1.1
<b>Ten largest shareholders</b>	<b>14,413,755</b>	<b>59.7</b>
Other shareholders	9,710,412	40.3
<b>Total</b>	<b>24,124,167</b>	<b>100.0</b>

## SIGNIFICANT RISKS AND UNCERTAINTIES

A description of significant risks and uncertainties can be found in Railcare's Annual Report for 2022, which can be downloaded at [www.railcare.se](http://www.railcare.se).

There have been no material changes to significant risks and uncertainties since the publication of the Annual Report.

## TRANSACTIONS WITH RELATED PARTIES

During the year, there were no significant changes to the Group or the Parent Company's relations or transactions with related parties, compared to the information provided in the 2022 Annual Report.

## EVENTS AFTER THE END OF THE PERIOD

As a result of a growing organisation and confidence in the future, Railcare is making changes to its Group Management. The new Group Management comprises Mattias Remahl, CEO; Lisa Borgs, the new CFO; Johan Hansén, head of transport operations and Jonny Granlund, head of contracting operations and Machines and Technology.

## SKELLEFTEHAMN, SWEDEN, 3 MAY 2023

Railcare Group AB (publ)  
*Board of Directors*

*This report has not been subject to review by the company's auditors.*

**ANNUAL GENERAL MEETING 2023**  
**Railcare's Annual General Meeting 2023 will take place on Thursday, 4 May 11.00 a.m. CEST at the company's premises at Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden. The Annual Report and other documents are available on Railcare's website, [www.railcare.se](http://www.railcare.se).**



## Consolidated Statement of Comprehensive Income in summary

Amounts in SEK 000	Note	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022
Net sales	3	111,009	95,288	497,035
Capitalised work on own account		4,245	2,922	12,130
Other operating income		2,561	1,941	3,104
<b>Total</b>		<b>117,816</b>	<b>100,151</b>	<b>512,269</b>
Raw materials and consumables		-42,161	-32,519	-193,141
Other external costs		-15,301	-15,374	-75,762
Personnel costs		-35,687	-32,697	-146,341
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-10,543	-9,735	-42,811
Other operating expenses		-997	-1,000	-1,849
<b>Total operating expenses</b>		<b>-104,689</b>	<b>-91,324</b>	<b>-459,904</b>
<b>Operating profit/loss (EBIT)</b>		<b>13,126</b>	<b>8,827</b>	<b>52,365</b>
<b>Net financial income/expense</b>		<b>-2,168</b>	<b>-993</b>	<b>-5,457</b>
<b>Profit/loss before tax</b>		<b>10,958</b>	<b>7,834</b>	<b>46,907</b>
Income tax		-2,258	-1,806	-10,125
<b>Net profit/loss for the period</b>		<b>8,701</b>	<b>6,028</b>	<b>36,783</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit/loss for the period</b>				
Exchange rate differences from the translation of foreign operations		100	117	637
<b>Other comprehensive income for the period, net of tax</b>		<b>100</b>	<b>117</b>	<b>637</b>
<b>Total comprehensive income for the period</b>		<b>8,801</b>	<b>6,145</b>	<b>37,420</b>
Earnings per share*		0.36	0.25	1.52
Average number of shares		24,124,167	24,124,167	24,124,167
Number of shares outstanding on the reporting date		24,124,167	24,124,167	24,124,167

\* Since there are no potential shares, there is no dilution effect.

## Consolidated Statement of Financial Position in summary

Amounts in SEK 000	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>				
Intangible assets		8,246	9,747	8,212
Property, plant and equipment	4	441,253	431,133	438,123
Financial non-current assets		4,647	4,704	4,635
<b>Total non-current assets</b>		<b>454,145</b>	<b>445,584</b>	<b>450,970</b>
<b>Inventories</b>		<b>32,665</b>	<b>27,572</b>	<b>32,245</b>
Accounts receivable		45,523	41,166	40,936
Other current receivables		30,549	17,373	36,746
<b>Total current receivables</b>		<b>76,072</b>	<b>58,540</b>	<b>77,682</b>
Cash and cash equivalents		26,605	33,036	31,976
<b>Total current assets</b>		<b>135,342</b>	<b>119,148</b>	<b>141,903</b>
<b>TOTAL ASSETS</b>		<b>589,487</b>	<b>564,732</b>	<b>592,873</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>252,896</b>	<b>227,297</b>	<b>244,095</b>
Deferred tax liabilities and other provisions		54,753	47,093	54,756
Non-current liabilities to credit institutions		34,624	91,982	100,833
Non-current lease liabilities		40,211	45,191	42,646
<b>Total non-current liabilities</b>		<b>129,588</b>	<b>184,265</b>	<b>198,235</b>
Current liabilities to credit institutions		122,720	59,439	63,927
Current lease liabilities		10,470	10,895	10,658
Accounts payable		28,484	43,121	34,359
Other current liabilities		45,329	39,715	41,599
<b>Total current liabilities</b>		<b>207,003</b>	<b>153,170</b>	<b>150,543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>589,487</b>	<b>564,732</b>	<b>592,873</b>

## Consolidated Statement of Changes in Equity

Amounts in SEK 000	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
Equity, opening balance		244,095	221,150	221,150
Comprehensive income for the period		8,801	6,145	37,420
Dividend		-	-	-14,475
<b>Equity, closing balance</b>		<b>252,896</b>	<b>227,297</b>	<b>244,095</b>

The Group's equity is attributable in its entirety to Parent Company shareholders.

## Consolidated Cash Flow Statement in summary

Amounts in SEK 000	Note	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022
<b>Cash flow from operating activities</b>				
Operating profit		13,126	8,827	52,365
Adjustment for non-cash items		9,686	9,458	42,894
Interest paid		-2,069	-993	-5,478
Interest received		37	-	21
Income tax paid		-939	-2,300	-2,024
<b>Cash flow from operating activities before changes in working capital</b>		<b>19,841</b>	<b>14,992</b>	<b>87,778</b>
<b>Cash flow from changes in working capital</b>				
Increase/decrease in inventories		-438	372	-4,693
Increase/decrease in operating receivables		1,754	-305	-20,098
Increase/decrease in operating liabilities		-3,631	11,546	4,410
<b>Total changes in working capital</b>		<b>-2,315</b>	<b>11,613</b>	<b>-20,381</b>
<b>Cash flow from operating activities</b>		<b>17,526</b>	<b>26,605</b>	<b>67,397</b>
<b>Cash flow from investing activities</b>				
Investments in intangible assets		-156	-	-164
Investments in property, plant and equipment		-13,388	-21,787	-53,109
Divestment of property, plant and equipment		1,240	37	109
<b>Cash flow from investing activities</b>		<b>-12,304</b>	<b>-21,750</b>	<b>-53,164</b>

Amounts in SEK 000	Note	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022
<b>Cash flow from financing activities</b>				
Loans raised		-	-	32,398
Amortisation of loans		-7,551	-7,287	-26,346
Amortisation of lease liabilities		-3,138	-3,134	-12,790
Dividend paid		-	-	-14,475
<b>Cash flow from financing activities</b>		<b>-10,689</b>	<b>-10,421</b>	<b>-21,213</b>
<b>Cash flow for the period</b>		<b>-5,467</b>	<b>-5,566</b>	<b>-6,980</b>
Cash and cash equivalents at the beginning of the period		31,976	38,559	38,560
Exchange rate difference in cash and cash equivalents		96	43	397
<b>Cash and cash equivalents at the end of the period</b>		<b>26,605</b>	<b>33,036</b>	<b>31,976</b>

## Parent Company Income Statement in summary

Amounts in SEK 000	Note	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022
Net sales		7,554	7,328	36,745
Other operating income		124	11	19
<b>Total operating income</b>		<b>7,678</b>	<b>7,339</b>	<b>36,764</b>
Raw materials and consumables		-52	-35	-7,699
Other external costs		-4,156	-3,678	-16,703
Personnel costs		-3,229	-2,532	-11,430
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-103	-99	-409
Other operating expenses		-2	-6	-32
<b>Total operating expenses</b>		<b>-7,543</b>	<b>-6,350</b>	<b>-36,273</b>
<b>Operating profit</b>		<b>135</b>	<b>989</b>	<b>491</b>
Profit/loss from financial items		-	-6	-4,389
<b>Profit/loss after financial items</b>		<b>-3,898</b>	<b>24,487</b>	
Appropriations		-	-	9,300
Tax on profit/loss for the year		-28	-222	-2,089
<b>Profit/loss for the year</b>		<b>107</b>	<b>760</b>	<b>3,312</b>

## Parent Company Balance Sheet in summary

Amounts in SEK 000	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>				
Intangible assets		236	248	237
Property, plant and equipment		5,787	4,493	4,783
Financial non-current assets		33,939	38,340	33,939
<b>Total non-current assets</b>		<b>39,962</b>	<b>43,081</b>	<b>38,959</b>
Receivables from Group companies		104,237	75,614	94,161
Other current receivables		1,540	1,277	1,899
<b>Total current receivables</b>		<b>105,777</b>	<b>76,891</b>	<b>96,060</b>
Cash and cash equivalent		12,603	22,550	26,419
<b>Total current assets</b>		<b>118,380</b>	<b>99,441</b>	<b>122,479</b>
<b>TOTAL ASSETS</b>		<b>158,343</b>	<b>142,522</b>	<b>161,438</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		9,891	9,891	9,891
Non-restricted equity		29,683	41,497	29,575
<b>Total equity</b>		<b>39,573</b>	<b>51,388</b>	<b>39,466</b>
<b>Provisions</b>		<b>56</b>	<b>-</b>	<b>49</b>
Current liabilities to Group companies		112,940	87,071	115,831
Other current liabilities		5,774	4,064	6,092
<b>Total current liabilities</b>		<b>118,714</b>	<b>91,134</b>	<b>121,923</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>158,343</b>	<b>142,522</b>	<b>161,438</b>

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

**NOTE 1 GENERAL INFORMATION**

Railcare Group AB (publ), ("Railcare"), Corp. ID no. 556730-7813 is a limited company registered in Sweden and domiciled in Skellefteå, with the address Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden. Railcare Group AB is the Parent Company of the Group.

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

**NOTE 2 BASIS FOR PREPARATION OF STATEMENTS**

Railcare's consolidated financial statements have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

The accounts of the Parent Company have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Interim Report for the Parent Company has been prepared in accordance with the Annual Accounts Act.

The accounting principles applied are consistent with those described in the Railcare Group's Annual Report for 2022. New or revised IFRS that have come into effect in 2023 do not have a material impact on the consolidated financial statements.

The fair value of financial assets and liabilities is estimated to correspond to their book value.

**NOTE 3 SEGMENT INFORMATION**

Description of segments and principal activities: Railcare's Group Management is the highest executive decision-making body in the Railcare Group and evaluates the Group's financial position and earnings and makes strategic decisions. Company management has determined the

operating segments based on the data processed by Group Management, which is used as a basis for allocating resources and evaluating results of operations.

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

**Contracting Sweden**

Railway contracting work involving machinery and personnel, and renovation of fibre-glass-lined culverts beneath railways, roads and industrial areas in Sweden.

**Contracting Abroad**

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

**Transport Scandinavia**

Specialist transport involving locomotives, wagons and personnel in Scandinavia, as well as internal and external repair and upgrading services for locomotives and wagons performed in workshops.

**Machines and Technology**

Technological development, construction and sales of new machines, and the further development and conversion of existing machines to a national and international market.

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

**Income**

Sales between segments are conducted on market terms. Income from external customers reported to Group Management is valued in line with the consolidated statement of comprehensive income. The Group's customers are private and public sector operators in the railway industry and vary according to the area of operation. The Group's customers are largely repeat customers based on long-term relationships.

	Jan-Mar 2023			Jan-Mar 2022		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Contracting Sweden	41,120	8,255	32,865	37,148	1,999	35,149
Contracting Abroad	13,239	0	13,239	11,261	736	10,525
Transport Scandinavia	68,343	8,028	60,315	43,377	6,900	36,477
Machines and Technology	17,965	13,504	4,460	22,153	9,360	12,793
Group-wide	7,554	7,425	129	7,328	6,983	345
<b>Total</b>	<b>148,222</b>	<b>37,212</b>	<b>111,009</b>	<b>121,267</b>	<b>25,979</b>	<b>95,288</b>

**Profit/loss after financial items**

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

	Jan-Mar 2023	Jan-Mar 2022
Contracting Sweden	1,751	4,758
Contracting Abroad	1,592	-792
Transport Scandinavia	6,617	-1
Machines and Technology	923	2,975
Group-wide	74	895
<b>Total</b>	<b>10,958</b>	<b>7,834</b>

**Other profit/loss information**

Sales comprise the income groups Income from services, Sales of goods and Leasing. A breakdown of income is provided below.

Segment	Income from services		Sales of goods		Leasing		Total	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	2023	2022	2023	2022	2023	2022	2023	2022
Contracting Sweden	32,844	35,149	21	-	-	-	32,865	35,149
Contracting Abroad	13,239	10,501	-	24	-	-	13,239	10,525
Transport Scandinavia	53,961	33,083	1,496	743	4,859	2,650	60,315	36,477
Machines and Technology	2,617	1,725	1,844	11,068	-	-	4,460	12,793
Group-wide	129	345	-	-	-	-	129	345
	<b>102,790</b>	<b>80,803</b>	<b>3,360</b>	<b>11,835</b>	<b>4,859</b>	<b>2,651</b>	<b>111,009</b>	<b>95,288</b>

**NOTE 4 PROPERTY, PLANT AND EQUIPMENT**

	Buildings and land	Locomotives and wagons	Mobile machinery	Vehicles	Equipment, tools, fixtures and fittings	Construction in progress and advances for property, plant and equipment	Total
<b>As of 31 March 2022</b>							
Opening carrying amount	35,975	132,579	145,762	5,761	6,092	92,151	418,319
Exchange rate differences	1	14	31	-	12	-	59
Purchases/capitalised expenses for the year	47	-	-	173	91	21,688	21,999
Reclassifications	-	4,835	39,734	-	-	-44,213	356
Disposals and scrappings	-	-61	-	-	-32	-	-93
Amortisation	-1,737	-3,434	-3,329	-696	-312	-	-9,508
<b>Closing carrying amount 31 March 2022</b>	<b>34,286</b>	<b>133,933</b>	<b>182,198</b>	<b>5,239</b>	<b>5,851</b>	<b>69,626</b>	<b>431,133</b>
<b>Of which right-of-use assets</b>	<b>23,815</b>	<b>27,060</b>	<b>1,865</b>	<b>5,160</b>	<b>-</b>	<b>-</b>	<b>57,900</b>
<b>As of 31 March 2023</b>							
Opening carrying amount	35,170	134,772	179,959	3,996	5,445	78,779	438,123
Exchange rate differences	12	-	-	2	-	-	15
Purchases/capitalised expenses for the year	740	-	3,241	499	881	11,509	16,870
Reclassifications	-	5,132	-	-	-	-7,830	-2,698
Disposals and scrappings	-	-297	-	-	-339	-	-636
Amortisation	-1,824	-3,674	-3,978	-630	-315	-	-10,421
<b>Closing carrying amount 31 March 2023</b>	<b>34,099</b>	<b>135,933</b>	<b>179,223</b>	<b>3,866</b>	<b>5,672</b>	<b>82,459</b>	<b>441,253</b>
<b>Of which right-of-use assets</b>	<b>23,107</b>	<b>23,721</b>	<b>1,631</b>	<b>3,813</b>	<b>-</b>	<b>-</b>	<b>52,272</b>

## Key performance indicators, Railcare Group in summary

Amounts in SEK 000, unless otherwise stated	Jan-Mar 2023	Jan-Mar 2022	Full-year 2022
Net sales	111,009	95,288	497,035
Sales growth, %	16.5	7.1	13.5
Operating profit/loss (EBIT)	13,126	8,827	52,365
Operating margin, %	11.8	9.3	10.5
Net profit/loss for the period	8,701	6,028	36,783
Net financial income/expense	-2,168	-993	-5,457
Total assets	589,487	564,732	592,873
Equity/assets ratio, %	42.9	40.2	41.2
<b>Key performance indicators per share, SEK</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Full-year</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Earnings per share before and after dilution	0.36	0.25	1.52
Equity per share	10.48	9.42	10.12
Dividend, SEK per share	-	-	0.6



## Quarterly data, Railcare Group in summary

Amounts in SEK million	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales	111.0	128.0	146.5	127.2	95.3	131.8	126.2	91.0	88.9
Capitalised work on own account	4.2	4.8	1.2	3.2	2.9	1.6	1.9	3.5	1.4
Other operating income	2.6	0.2	0.2	0.8	1.9	2.8	1.2	1.3	1.0
<b>Total</b>	<b>117.8</b>	<b>133.0</b>	<b>147.9</b>	<b>131.2</b>	<b>100.2</b>	<b>136.1</b>	<b>129.3</b>	<b>95.8</b>	<b>91.4</b>
Raw materials and consumables	-42.2	-55.4	-56.4	-48.8	-32.5	-47.0	-39.9	-33.7	-20.3
Other external costs	-15.3	-19.4	-21.9	-19.1	-15.4	-17.7	-16.7	-15.7	-12.8
Personnel costs	-35.7	-40.3	-33.8	-39.5	-32.7	-35.2	-33.4	-34.9	-35.5
Depreciation and impairment of property, plant and equipment	-10.5	-10.7	-11.7	-10.7	-9.7	-11.0	-13.7	-13.8	-13.7
Other operating expenses	-1.0	-0.5	-0.2	-0.1	-1.0	-0.6	-0.3	-0.2	-0.4
<b>Total operating expenses</b>	<b>-104.7</b>	<b>-126.4</b>	<b>-124.0</b>	<b>-118.2</b>	<b>-91.3</b>	<b>-111.4</b>	<b>-104.0</b>	<b>-98.3</b>	<b>-82.7</b>
<b>Operating profit/loss (EBIT)</b>	<b>13.1</b>	<b>6.7</b>	<b>23.9</b>	<b>13.0</b>	<b>8.8</b>	<b>24.7</b>	<b>25.3</b>	<b>-2.5</b>	<b>8.7</b>
Net financial income/expense	-2.2	-1.9	-1.5	-1.1	-1.0	-1.2	-1.1	-1.0	-1.1
Share of profit after tax from associated companies*	0.0	0.0	0.0	0.0	0.0	-0.4	0.0	0.1	0.1
<b>Profit/loss before tax</b>	<b>11.0</b>	<b>4.8</b>	<b>22.4</b>	<b>11.9</b>	<b>7.8</b>	<b>23.2</b>	<b>24.2</b>	<b>-3.4</b>	<b>7.7</b>
Tax	-2.3	-1.5	-4.6	-2.3	-1.8	-4.9	-5.2	0.4	-1.5
<b>Net profit/loss for the period</b>	<b>8.7</b>	<b>3.3</b>	<b>17.9</b>	<b>9.6</b>	<b>6.0</b>	<b>18.2</b>	<b>19.1</b>	<b>-3.0</b>	<b>6.2</b>
<b>Equity/assets ratio</b>	<b>42.9</b>	<b>41.2</b>	<b>41.6</b>	<b>39.3</b>	<b>40.2</b>	<b>39.6</b>	<b>37.5</b>	<b>36.7</b>	<b>39.5</b>

\* Reported according to the equity method

# Definitions

## GENERAL

All amounts in the tables are in SEK 000 unless otherwise stated. All values in brackets are comparative figures for the corresponding period in the preceding year unless otherwise stated. Amounts in tables and other summaries have been rounded individually. Accordingly, minor rounding differences may be found in totals.

## ALTERNATIVE PERFORMANCE MEASURES

This Interim Report refers to a number of financial measures not defined in accordance with IFRS, known as alternative performance measures. Railcare uses these performance measures to monitor and analyse the financial outcome of the Group's operations and its financial position. These alternative performance measures are intended to supplement, not replace, the financial measures presented in accordance with IFRS. See definitions and further information below.

FINANCIAL PERFORMANCE MEASURES	DEFINITION/CALCULATION	PURPOSE
Operating profit/loss (EBIT)	Calculated as net profit/loss for the period before tax, profit from holdings in associated companies and financial items.	This performance measure illustrates the company's profit/loss generated by operating activities.
Net financial income/expense	Net financial items are calculated as financial income less financial expenses.	This performance measure illustrates the net amount from the company's financial activities.
Net margin	The net margin is calculated as income after financial items divided by net sales.	This performance measure illustrates how much of the company's earnings remain after all expenses, excluding corporation tax, have been deducted.
Total assets	Calculated as the total of the company's assets at the end of the period.	
Equity per share, SEK	Calculated as equity divided by the number of shares outstanding at the end of the period.	This performance measure illustrates the company's net worth per share.

FINANCIAL PERFORMANCE MEASURES	DEFINITION/CALCULATION	PURPOSE
Sales growth, %	Calculated as the difference between net sales for the period and net sales for the preceding period, divided by net sales for the preceding period.	This performance measure illustrates the company's growth and historical performance, contributing to an understanding of the company's development.
Operating margin, %	Calculated as operating profit divided by net sales.	This performance measure illustrates how much of the company's profit/loss is generated by its operating activities.
Equity/assets ratio, %	Calculated as equity divided by total assets.	This performance measure illustrates the company's financial position and long-term solvency.
Dividend per share, SEK	Dividend per share approved by a General Meeting at which the Annual Report for the specified financial year is adopted.	
Earnings per share before dilution, SEK	Calculated as profit/loss attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding in the period.	This performance measure illustrates the company's earnings per share, excluding any dilution effect from outstanding convertibles.
Earnings per share after dilution, SEK	When calculating earnings per share after dilution, the weighted average number of shares outstanding is adjusted for the dilution effect of all potential shares. The Parent Company has a category of potential common shares with a dilution effect: convertible debentures. The convertible debentures are assumed to have been converted into shares and net profit is adjusted to eliminate interest expenses less tax effect. Convertible debentures do not give rise to a dilution effect when the interest per share that may be received upon conversion exceeds earnings per share before dilution.	This performance measure illustrates the company's earnings per share, excluding any dilution effect from outstanding convertibles.

# Glossary

<b>CULVERT INSPECTIONS</b>	Assessment and documentation of the condition and potential maintenance need for culverts, mainly under railways and roads.	<b>POWER PACK</b>	The power supply system in a Railvac, comprising a motor, vacuum pump and hydraulics.
<b>ERTMS</b>	A new signalling system for Sweden's entire rail network. It is replacing an old system, simplifies traffic management and maintenance, and in the long term it will facilitate traffic between different countries.	<b>RAILVAC</b>	Maintenance contracts with Railvac-machines that are able to perform various types of track maintenance on the railways using vacuum technology.
<b>ETCS</b>	The on-board system locomotives will need to have installed when the new ERTMS signalling system is implemented on Sweden's railways.	<b>STAGE V ENGINES</b>	Engines that meet the standard for emissions class stage V. Classification for industrial vehicles that regulates permitted emissions.
<b>EXTENDING THE SERVICE LIFE</b>	Worn-out locomotives are upgraded with better engines, new signalling systems and a modernised working environment with the aim of better meeting future environmental requirements and technical standards.	<b>STANDBY LOCOMOTIVES</b>	A clearance locomotive with personnel that is available around the clock 365 days of the year to urgently clear or remove vehicles involved in incidents or breakdowns on the railway. The aim is to quickly get the track open for traffic again.
<b>INFRASTRUCTURE MANAGER</b>	The organisation or company responsible for constructing, managing and maintaining railway infrastructure, including traffic management, traffic control and signalling. The largest infrastructure manager in Sweden is the Swedish Transport Administration.		
<b>MPV</b>	Railcare's newest maintenance machine, Multi Purpose Vehicle, which is battery powered. The machine is equipped with its own power source, vacuum pumps, hydraulics and operator cabs, which allows it to be used as a complement to Railcare's railway vacuum cleaner and snowmelter, and to function as a towing vehicle for macadam wagons, for example, during track work.		
<b>NORDIC ADAPTATION</b>	A number of modifications carried out on locomotives so that they can operate in Sweden. Examples include fitting snow ploughs and installing on-board systems.		
<b>PANTOGRAPH</b>	The trailing contact that transfers power from the overhead lines above the railway track to the electric vehicles and machines operating on the railways.		

## PRESS RELEASES IN THE FIRST QUARTER OF 2023

- 31 March** Notice to attend the Annual General Meeting of Railcare Group
- 9 March** Railcare delivers a complete solution for Beacon Rail
- 2 March** LKAB Malmtrafik extends its contract with Railcare regarding the transport of iron ore, worth approximately SEK 40 million
- 1 March** The Swedish Transport Administration extends contract for a standby locomotive in Borlänge, worth approximately SEK 15 million
- 16 Feb** Railcare publishes Year-end Report and adopts new financial targets
- 12 Jan** Railcare makes organisational changes within the contracting business

## FINANCIAL CALENDAR

- The Annual General Meeting will take place on 4 May 2023 at Railcare's head office in Skelleftehamn, Sweden.
- The Interim Report for January–June 2023 will be published on 17 August 2023.

- The Interim Report for January–September 2023 will be published on 9 November 2023.
- The Year-end Report for 2023 will be published on 15 February 2024.

## FOR FURTHER INFORMATION, PLEASE CONTACT

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This is information that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. This information was submitted to the market, through the agency of these contacts, for publication on 3 May 2023 at 07:30 a.m. CEST.

For further information, see [www.railcare.se](http://www.railcare.se) or [www.railcare.se/en/](http://www.railcare.se/en/)

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## ABOUT RAILCARE

The railway specialist Railcare offers innovative products and services for the railway; for example, railway maintenance with self-developed machines, a locomotive workshop, project and specialist transport, and machine sales. Our market is mainly in Scandinavia and the United Kingdom. The railway industry is undergoing positive development with increasing traffic volumes, extensive investment programmes, the development of cost-effective freight and passenger transport, and rising environmental awareness. Railcare delivers both sustainable and efficient solutions that contribute to the railway, so it can be used for the maximum number of years to come.

The shares of Railcare Group AB (publ) are listed on the Small Cap list of the Nasdaq Stockholm exchange. The Group has some 160 employees and annual sales of approximately SEK 500 million. The Company's registered office is located in Skellefteå, Sweden.