

Interim Report Q3 2023

railcare

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



Railcare's locomotive workshop in Långsele experienced high volumes in the third quarter. The unit works with a wide range of projects, from engine conversion and maintenance of locomotives, to the installation of onboard systems. The latter is the result of the transition to the new ERTMS signalling system on the railways. Our electrician Robin Stattin has been having a very busy daily schedule.

INTERIM REPORT JANUARY-SEPTEMBER 2023

One of Railcare's strongest quarters ever

THIRD QUARTER

- Consolidated net sales increased by 8.7 percent to SEK 159.2 million (146.5).
- Operating profit (EBIT) increased to SEK 26.8 million (23.9).
- Earnings per share before and after dilution amounted to SEK 0.78 (0.74).

FIRST NINE MONTHS OF THE YEAR

- Consolidated net sales increased by 12.4 percent to SEK 414.9 million (369.0).
- Operating profit (EBIT) increased to SEK 54.8 million (45.7).
- Earnings per share before and after dilution amounted to SEK 1.56 (1.39).

SIGNIFICANT EVENTS IN THE THIRD QUARTER

- LKAB utilized its option to extend the transport agreement to encompass the full year 2024. The agreement is worth approximately SEK 70 million.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Railcare was awarded another five-year contract for standby locomotives worth a total of SEK 403 million, corresponding to SEK 80 million annually. The work will begin in 2025.

FINANCIAL SUMMARY

Amounts in SEK million, unless otherwise stated	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Net sales	159.2	146.5	414.9	369.0	497.0
Operating profit/loss (EBIT)	26.8	23.9	54.8	45.7	52.4
Operating margin, %	16.8	16.3	13.2	12.4	10.5
Profit for the period	18.9	17.9	37.6	33.5	36.8
Equity/assets ratio, %	42.8	41.6	42.8	41.6	41.2
Earnings per share before and after dilution, SEK	0.78	0.74	1.56	1.39	1.52

Record sales and strong operating profit

Net sales in the third quarter were SEK 159.2 million (146.5) and operating profit was SEK 26.8 million (23.9). This corresponded to an operating margin of 16.8 percent.

We are presenting one of the strongest quarters ever for the Group, with record sales and robust operating profit, despite challenging sector conditions and high inflation. Transport operations, the locomotive workshop in Långsele and the contracting operations in Sweden all made a significant contribution to the profit.

The strong profit in the third quarter shows that we have successfully managed a period of high inflation and the ongoing sector challenges. Capacity utilisation was high in the construction and lining operations in Sweden, although a higher proportion of groundworks in the lining operations had a negative impact on margins. The transportation operations carried out assignments on behalf of Kaunis Iron and LKAB according to plan.

Volumes for contract transports were down compared to the previous year, offset by index-linked increases for longer contracts. The locomotive workshop in Långsele experienced very high capacity utilisation and work completed included the upgrade and installation of onboard equipment in five Traxx locomotives on behalf of Beacon Rail in the quarter. Volumes in the UK contracting operations remain low, partly as a result of less maintenance being carried out during the summer months.

Increased focus on efficient maintenance resembles Formula 1 pit stop

There have also been some positive developments in the sector. The meeting with the Swedish Minister for Infrastructure Andreas Carlson in June led to the



“Transport operations, the locomotive workshop in Långsele and the contracting operations in Sweden all made a significant contribution to the profit.”

Mattias Remahl, CEO Railcare Group

government taking the step of instructing the Swedish Transport Administration to “present measures aimed at strengthening the completion of railway maintenance and the robustness, reliability and punctuality of rail traffic”. A report will be presented by February next year. The next step will be to ensure that the measures are implemented in practice.

During the meeting with the Minister for Infrastructure, I drew the comparison with a Formula 1 pit stop, saying that “all the wheels need to be replaced in one go”. What I meant is that maintenance needs to become much more efficient than is the case today. This means developing new machinery and methods, but also improving the planning of maintenance work. With Railcare’s efficient machines and methods, alongside our solutions-oriented working methods, we have the right tools for creating efficient railway maintenance systems. Due to the existing maintenance backlog being considerable, it will take some time to achieve the desired railway standard, but it is important that positive changes take place as quickly as possible. It is therefore pleasing to see that the volume of contracting work is increasing and that the Swedish Transport Administration is involving us in the planning of the work to be carried out.

“During the meeting with the Minister for Infrastructure, I drew the comparison with a Formula 1 pit stop, saying that “all the wheels need to be replaced in one go”.

What I meant is that maintenance needs to become much more efficient than is the case today.”

Green transport a pre-condition for a sustainable society

A well-functioning railway is critical to the transition to a sustainable society. Virtually all major green industrial establishments expected over the coming years will require green transport, and the volume of transport required is extensive.

Our current transport operations work closely with Kaunis Iron and LKAB. Both companies are focusing sharply on the green transition, and environmentally friendly railway transport is a pre-condition for reducing the environmental impact. Railcare also provides high delivery reliability that benefits these companies as well as other operators using the railway. The higher the delivery reliability, the more track timetables can be scheduled. This is particularly important when an increasing number of operators are sharing available railway capacity. Our expanding transport operations are a clear sign that customers value our flexibility and solutions-oriented working methods. The new contract with LKAB covers all of next year.

Strengthened market position

At the end of October, the Swedish Transport Administration announced the allocation of six new contingency locomotives to Railcare. The contract is the second largest in Railcare’s history. It improves profitability and the long-term viability of the entire Group, which means that I value this contract very highly.

The locomotive workshop in Långsele has grown sharply in recent years to become an in-demand provider of locomotive maintenance and upgrades, such as the installation of onboard systems and conversions of locomotives to improve environmental performance and extend lifespan. The services we offer in the locomotive workshop are necessary for the introduction of a new signalling system, and for achieving the Swedish Transport Administration’s environmental goal of zero railway emissions by 2040.

Our ambition is to continue to drive sector progress with our committed, responsible and solutions-oriented employees, who are our most important asset. I am proud of what we are achieving together!

Mattias Remahl
 CEO

Financial summary – Group

NET SALES

Net sales for the third quarter of 2023 increased by 8.7 percent to SEK 159.2 million, compared to SEK 146.5 million for the corresponding period last year. Contracting Sweden and Transport Scandinavia are the main contributors to the increase in sales.

Net sales in the first nine months of 2023 increased by 12.4 percent to SEK 414.9 million, compared to SEK 369.0 million for the corresponding period in the previous year. Transport Scandinavia and Contracting Sweden contributed to the increase with higher turnover in the locomotive workshop, the contract with four new stand-by locomotives and increased volume of contracting work. Sales in Machines and Technology, however, were down on last year as there were no major external sales in the year.

OPERATING EXPENSES

Operating expenses amounted to SEK 134.9 million in the third quarter of 2023, up SEK 11.0 million or 8.9 percent compared to the third quarter of 2022. The increase was mainly due to higher personnel costs attributable to salary increases, but particularly as a result of increased headcount required to meet growing demand.

Operating expenses for the first nine months of the year totalled SEK 373.2 million, compared to SEK 333.5 million for the corresponding period of the previous year. This represents an increase of 11.9 percent. Increased operating expenses were partly attributable to higher inflation, but were mainly due to increased volumes in the operations, such as the large projects underway in the locomotive workshop in Långsele, and the recruitment aimed at meeting growing demand for the Group's services.

OPERATING PROFIT

Operating profit (EBIT) for the third quarter of 2023 increased to SEK 26.7 million compared to the equivalent quarter in the previous year when profit amounted to SEK 23.9 million. The operating margin increased slightly to 16.8 percent (16.3). The improved operating profit was due to increased volumes only partly offset by high inflation and increased volume-related expenses.

Operating profit (EBIT) for the first nine months of 2023 increased to SEK 54.8 million, compared to SEK 45.7 million for the corresponding period of the previous year. The operating margin increased to 13.2 percent (12.4). Cost savings in Contracting Abroad and increased volumes are the main explanations.

16.8%

Operating margin in the third quarter

PROFIT FOR THE PERIOD

Profit for the third quarter of 2023 totalled SEK 18.9 million (17.9). In the first nine months of the year, net profit for the period increased to SEK 37.6 million (33.5).

CASH FLOW

Cash flow in the third quarter of the year contributed to an outflow of SEK 14.9 million, compared to an inflow of SEK 7.5 million in the corresponding quarter of the previous year. The substantial change was due to increased operating receivables as a result of more extensive and longer projects in the locomotive workshop in Långsele, and because of investments in the improved MPV which is currently in the process of being completed.

Cash flow during the first nine months of the year generated an outflow of SEK 29.9 million (24.7). Cash flow from investing activities amounted to SEK -41.6 million (-35.8), partly financed through new loans totalling SEK 10.5 million (23.2). The investments mainly relate to the further development of the battery-powered MPV.

EQUITY/ASSET RATIO

At the end of the period, the equity/assets ratio was 42.8 percent, compared to 41.6 percent on 30 September 2022.

Other information

EMPLOYEES

As of 30 September 2023, the Railcare Group had 170 employees, compared to 156 on 30 September 2022. This is an increase of 14 and mainly relates to the recruitment of locomotive drivers, partly for the assignments with standby locomotives which began in autumn 2022. 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.

Parent Company net sales for the third quarter of 2023 amounted to SEK 12.7 million (7.3) and consisted mainly of Group-wide services. Operating profit amounted to SEK 1.2 million (1.2). The shares in the Danish subsidiary were impaired by SEK 4.2 million in the third quarter. The impairment largely corresponded to the dividend paid by the subsidiary in the second quarter of the year. In overall terms, this means there was no material impact on Parent Company profit for the first nine months of the year.

TARGET

Financial targets

- Sales SEK 800 million
- Operating 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 fossil fuel emissions from proprietary locomotives and machinery by 40% 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 2023 Annual General Meeting approved a dividend of SEK 0.60 (0.60) per share, totalling SEK 14,474,500 (14,474,500), for the 2022 financial year.

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.

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

EVENTS AFTER THE END OF THE PERIOD

In October, Railcare was awarded contracts for standby locomotives in six locations, of which five are new. The contracts are for five years with a total order value of SEK 403 million, corresponding to just over SEK 80 million per annum. The first assignment starts on 1 January 2025 and the last on 1 January 2026. The contract also includes an option for a further 1 + 1 years, corresponding to a value of SEK 161 million if the option is exercised.

Financial summary – Business segments

Contracting Sweden

Net sales in the Contracting Sweden segment in the third quarter of 2023 amounted to SEK 57.8 million (48.8), an increase of 18.5 percent on the corresponding period in the previous year. Profit after financial items decreased compared with the preceding year and amounted to SEK 5.7 million (6.4).

The volume of construction work increased, with work carried out on parts of Skelleftebanan, Uppsala-Sala, Tillberga-Gärderbruk, as well as the Gällivare-Råtsi stretch of Malmbanan in the third quarter.

The lining operations have experienced good capacity utilisation, but the proportion of groundworks was higher compared to the corresponding period of the previous year, with a negative impact on sales and margins.

Key performance indicators – Contracting Sweden

Amounts in SEK 000, unless otherwise stated	Jul-Sep 2023	Jul-Sep 2022	Change, %	Jan-Sep 2023	Jan-Sep 2022	Change, %
Net sales	57,786	48,767	18.5	157,392	137,843	14.2
Profit/loss after financial items	5,677	6,367	-10.8	11,984	16,556	-27.6
Net margin, %	9.8	13.1	-3.2	7.6	12.0	-4.4

Contracting Abroad

Net sales in Contracting Abroad decreased by 43.7 percent in the third quarter of 2023 year-on-year, amounting to SEK 5.7 million (10.1). Profit after financial items decreased to SEK -1.5 million (-0.1).

The low volumes are due to seasonally lower volumes in the summer, but also because we are now coming to the end of the sixth control period, CP6, for our customer Network Rail. Only limited new assignments have been scheduled for the end of the period and the focus has shifted towards preparing for the new control period which starts in April 2024.

Key performance indicators – Contracting Abroad

Amounts in SEK 000, unless otherwise stated	Jul-Sep 2023	Jul-Sep 2022	Change, %	Jan-Sep 2023	Jan-Sep 2022	Change, %
Net sales	5,700	10,133	-43.7	24,022	26,248	-8.5
Profit/loss after financial items	-1,460	-110	-1,225.0	-847	-5,772	85.3
Net margin, %	-25.6	-1.1	-24.5	-3.5	-22.0	18.4

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

Transport Scandinavia

Net sales in the Transport Scandinavia segment increased by 11.2 percent in the third quarter of 2023 year-on-year, amounting to SEK 97.5 million (87.7). Profit after financial items increased to SEK 18.0 million (13.5).

Sales in the transport operations were in line with the previous year. The assignments for LKAB and Kauris Iron are proceeding according to plan, which also applies to the stand-by locomotives under the contract with the Swedish Transport Administration. The final three stand-by locomotives have been operational since

the beginning of the year, offsetting fewer contracting transports this year compared to the previous year.

The increase in sales and earnings is explained in its entirety by high volumes in the locomotive workshop in Långsele. In the third quarter, onboard equipment was installed in five Traxx locomotives on behalf of Beacon Rails.

Key performance indicators – Transport Scandinavia

Amounts in SEK 000, unless otherwise stated	Jul-Sep 2023	Jul-Sep 2022	Change, %	Jan-Sep 2023	Jan-Sep 2022	Change, %
Net sales	97,472	87,664	11.2	248,289	204,171	21.6
Profit/loss after financial items	17,962	13,537	32.7	33,286	24,355	36.7
Net margin, %	18.4	15.4	2.9	13.4	11.9	1.5

Machines and Technology

Net sales in the Machines and Technology segment increased slightly in the third quarter of 2023 compared to the corresponding quarter of last year, and amounted to SEK 24.1 million (23.6). Profit after financial items was lower than the equivalent quarter in the preceding year and amounted to SEK 0.6 million (2.6).

There were no external machine sales in the third quarter.

Work to complete the enhanced generation of MPV with pantographs is under way and the plan is still to conduct a trial run at the end of the year, before the machine goes into full production next year.

Key performance indicators – Machines and Technology

Amounts in SEK 000, unless otherwise stated	Jul-Sep 2023	Jul-Sep 2022	Change, %	Jan-Sep 2023	Jan-Sep 2022	Change, %
Net sales	24,094	23,565	2.2	60,321	68,996	-12.6
Profit/loss after financial items	611	2,583	-76.4	3,005	7,107	-57.7
Net margin, %	2.5	11.0	-8.3	5.0	10.3	-5.4

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

Shares

Ten largest shareholders 30 September 2023	No. of shares	Proportion of share capital and votes (%)
Nornan Invest AB	7,121,395	29.5
TREAC Aktiebolag	2,390,000	9.9
Ålandsbanken AB	1,276,858	5.3
Försäkringsbolaget Avanza Pension	878,579	3.6
Bernt Larsson	750,987	3.1
HSBC Bank PLC	599,906	2.5
Mikael Gunnarsson	489,000	2.0
Nordnet Pensionsförsäkring AB	392,149	1.6
Torsten Germund Dahlquist	282,559	1.2
Harry Markku Sjöblom	274,870	1.1
Ten largest shareholders	14,456,303	59.9
Other shareholders	9,667,864	40.1
Total	24,124,167	100.0

Source: Euroclear

TRANSACTIONS WITH RELATED PARTIES

At the 2023 AGM, Andreas Lantto was elected a new Board member of Railcare Group AB. Andreas is a part-owner and Board member of Nordkonsult i Luleå AB, which supplies technical consultancy services to the Railcare Group. Andreas is also a Board member of FINAB – Försäljning i Norr AB, which leases two office spaces to Railcare T AB. All transactions are based on normal, generally accepted commercial terms.

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

4,305

Number of shareholders
in Railcare Group AB as of
30 September 2023



ANNUAL GENERAL MEETING 2024

Railcare's Annual General Meeting 2024 will take place on Wednesday, 8 May 11.00 a.m. CET 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.

NOMINATION COMMITTEE FOR RAILCARE GROUP AB'S ANNUAL GENERAL MEETING 2024

In consultation with the largest shareholders, the Chairman of the Board of Railcare Group AB has established a Nomination Committee in preparation for the Annual General Meeting 2024. The Nomination Committee comprises Anders Westermark, Chairman of the Board, Lina Ådin, appointed by TREAC AB, and Jonas Holmqvist, appointed by Nornan Invest AB. The Nomination Committee appointed Lina Ådin as Chairman.

Combined, the members of the Nomination Committee represent 39.4 percent of the total number of shares and votes in the Company (as of 30 September 2023).

The Nomination Committee is tasked with submitting a proposal to the Annual General Meeting regarding the Chairman of the Board and other members of the Board of Directors, and regarding fees and other compensation to each of the Board members for their Board assignments. The Nomination Committee shall also submit a proposal regarding the election and remuneration of auditors. In addition, the Nomination Committee shall submit a proposal regarding the process for appointing a Nomination Committee in preparation for the Annual General Meeting 2025.

Shareholders wishing to submit proposals to the Nomination Committee may do so by sending an e-mail to ir@railcare.se.

Skelleftehamn, Sweden, 09 November 2023

Railcare Group AB (publ)

Anders Westermark
Chairman of the Board

Andreas Lantto
Board member

Catharina Elmsäter-Svärd
Board member

Ulf Marklund
Board member

Björn Östlund
Board member

Mattias Remahl
CEO

Linn Andersson
Board member

Auditor's Report

Railcare Group AB (publ) Corp. ID no. 556730-7813
To the Board of Directors of Railcare Group AB (publ)

INTRODUCTION

We have reviewed the condensed interim report for Railcare Group AB (publ) as of 30 September 2023 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on

Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Skellefteå, Sweden 9 November 2023
Ernst & Young AB

Micael Engström
Authorised Public Accountant

Consolidated Statement of Comprehensive Income in summary

Amounts in SEK 000	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Net sales	3	159,209	146,497	414,907	369,021	497,035
Capitalised work on own account		2,042	1,218	9,516	7,291	12,130
Other operating income		434	169	3,535	2,920	3,104
Total		161,685	147,884	427,958	379,233	512,269
Raw materials and consumables		-57,882	-56,402	-154,177	-137,710	-193,141
Other external costs		-22,405	-21,868	-60,445	-56,356	-75,762
Personnel costs		-42,558	-33,782	-123,741	-105,994	-146,341
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-11,226	-11,661	-32,577	-32,116	-42,811
Other operating expenses		-867	-246	-2,264	-1,343	-1,849
Total operating expenses		-134,937	-123,959	-373,204	-333,520	-459,904
Operating profit/loss (EBIT)		26,748	23,926	54,754	45,713	52,365
Net financial income/expense		-2,833	-1,489	-7,236	-3,577	-5,457
Profit/loss before tax		23,915	22,437	47,517	42,136	46,907
Income tax		-5,055	-4,550	-9,962	-8,615	-10,125
Profit for the period		18,859	17,886	37,555	33,520	36,783
Other comprehensive income						
Items that may be reclassified to profit/loss for the period						
Exchange rate differences from the translation of foreign operations		6	128	159	518	637
Other comprehensive income for the period, net of tax		6	128	159	518	637
Total comprehensive income for the period		18,865	18,014	37,714	34,038	37,420
Earnings per share*		0.78	0.74	1.56	1.39	1.52
Average number of shares		24,124,167	24,124,167	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	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	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Intangible assets		9,501	8,289	8,212
Property, plant and equipment	4	449,327	425,361	438,123
Financial non-current assets		5,272	4,686	4,635
Total non-current assets		464,100	438,337	450,970
Inventories		32,225	31,916	32,245
Accounts receivable		79,704	72,400	40,936
Other current receivables		46,680	22,106	36,746
Total current receivables		126,383	94,507	77,682
Cash and cash equivalents		2,363	14,156	31,976
Total current assets		160,971	140,580	141,903
TOTAL ASSETS		625,071	578,916	592,873
EQUITY AND LIABILITIES				
Equity		267,334	240,715	244,095
Deferred tax liabilities and other provisions		54,750	47,258	54,756
Non-current liabilities to credit institutions		76,428	101,114	100,833
Non-current lease liabilities		36,893	40,127	42,646
Total non-current liabilities		168,072	188,498	198,235
Current liabilities to credit institutions		84,145	60,521	63,927
Current lease liabilities		10,962	10,537	10,658
Accounts payable		39,195	36,947	34,359
Other current liabilities		55,363	41,698	41,599
Total current liabilities		189,665	149,703	150,543
TOTAL EQUITY AND LIABILITIES		625,071	578,916	592,873

Consolidated Statement of Changes in Equity in summary

Amounts in SEK 000	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity, opening balance		244,095	221,150	221,150
Comprehensive income for the period		37,714	34,038	37,420
Dividend		-14,475	-14,475	-14,475
Equity, closing balance		267,335	240,715	244,095

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

Consolidated Statement of Cash Flows in summary

Amounts in SEK 000	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Cash flow from operating activities						
Operating profit		26,736	23,926	54,754	45,713	52,365
Adjustment for non-cash items		12,309	11,688	33,066	32,180	42,894
Interest paid		-2,707	-1,495	-6,930	-3,583	-5,478
Interest received		21	6	86	6	21
Income tax paid		-689	-578	-2,383	-3,499	-2,024
Cash flow from operating activities before changes in working capital		35,670	33,547	78,593	70,817	87,778
Cash flow from changes in working capital						
Increase/decrease in inventories		-1,605	-4,220	-16	-4,235	-4,693
Increase/decrease in operating receivables		-15,621	-6,234	-48,409	-36,821	-20,098
Increase/decrease in operating liabilities		-11,870	-9,676	10,555	2,422	4,410
Total changes in working capital		-29,096	-20,130	-37,870	-38,634	-20,381
Cash flow from operating activities		6,574	13,417	40,723	32,183	67,397
Cash flow from investing activities						
Investments in intangible assets		-680	-	-1,490	-	-164
Investments in property, plant and equipment		-14,636	-4,666	-39,728	-35,880	-53,109
Investments in other financial non-current assets		-1,557	-	-1,557	-	-
Divestment of property, plant and equipment		-	-	1,210	109	109
Cash flow from investing activities		-16,873	-4,666	-41,565	-35,771	-53,164

Amounts in SEK 000	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Cash flow from financing activities						
Loans raised		-	13,685	10,525	23,239	32,398
Net change in overdraft facility		4,235	-4,779	4,235	-	-
Amortisation of loans		-5,428	-6,928	-19,338	-20,313	-26,346
Amortisation of lease liabilities		-3,422	-3,261	-9,966	-9,580	-12,790
Dividend paid		-	-	-14,475	-14,475	-14,475
Cash flow from financing activities		-4,615	-1,283	-29,019	-21,129	-21,213
Cash flow for the period		-14,914	7,468	-29,861	-24,717	-6,980
Opening cash and cash equivalents		17,336	6,625	31,976	38,559	38,560
Exchange rate difference in cash and cash equivalents		-59	64	248	314	397
Closing cash and cash equivalents		2,363	14,156	2,363	14,156	31,976

Parent Company Income Statement in summary

Amounts in SEK 000	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Net sales		12,747	7,293	33,589	29,599	36,745
Other operating income		5	3	149	19	19
Total operating income		12,753	7,296	33,738	29,617	36,764
Raw materials and consumables		-2,346	-1	-8,156	-7,692	-7,699
Other external costs		-3,805	-3,723	-12,691	-12,187	-16,703
Personnel costs		-5,230	-2,253	-12,128	-8,169	-11,430
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-143	-100	-388	-300	-409
Other operating expenses		-13	-13	-17	-25	-32
Total operating expenses		-11,536	-6,090	-33,380	-28,373	-36,273
Operating profit		1,216	1,206	358	1,244	491
Profit/loss from financial items		-4,235	-4,469	498	-4,389	-4,389
Profit/loss after financial items		-3,018	-3,263	856	-3,145	-3,899
Appropriations		-	-	-	-	9,300
Tax on net profit/loss for the period		-372	-229	-229	-271	-2,089
Profit for the period		-3,390	-3,492	627	-3,417	3,312

Parent Company balance sheet in summary

Amounts in SEK 000	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Intangible assets		294	217	237
Property, plant and equipment		5,622	4,323	4,783
Financial non-current assets		29,739	33,930	33,939
Total non-current assets		35,655	38,470	38,959
Receivables from Group companies		115,860	95,918	94,161
Other current receivables		2,078	1,449	1,899
Total current receivables		117,938	97,367	96,060
Cash and cash equivalent		-	8,220	26,419
Total current assets		117,938	105,587	122,479
TOTAL ASSETS		153,593	144,057	161,438
EQUITY AND LIABILITIES				
Restricted equity		9,891	9,891	9,891
Non-restricted equity		15,727	22,846	29,575
Total equity		25,618	32,737	39,466
Provisions		72	40	49
Current liabilities to Group companies		115,427	107,361	115,831
Other current liabilities		12,476	3,920	6,092
Total current liabilities		127,903	111,281	121,923
TOTAL EQUITY AND LIABILITIES		153,593	144,057	161,438

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.

	Jul-Sep 2023			Jul-Sep 2022		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Contracting Sweden	57,786	3,709	54,076	48,767	1,374	47,393
Contracting Abroad	5,700	-	5,700	10,133	261	9,871
Transport Scandinavia	97,472	1,800	95,672	87,664	1,443	86,222
Machines and Technology	24,094	20,462	3,632	23,565	20,893	2,672
Group-wide	12,747	12,618	129	7,293	6,954	338
Total	197,798	38,590	159,209	177,422	30,925	146,497

	Jan-Sep 2023			Jan-Sep 2022			Full-year 2022		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Contracting Sweden	157,392	15,759	141,632	137,843	6,086	131,757	186,211	9,479	176,732
Contracting Abroad	24,022	-	24,022	26,248	2,375	23,873	35,870	2,748	33,123
Transport Scandinavia	248,289	11,720	236,569	204,171	10,691	193,481	279,294	16,256	263,038
Machines and Technology	60,321	48,040	12,280	68,996	50,138	18,858	88,120	65,216	22,904
Group-wide	33,589	33,186	403	29,582	28,529	1,053	36,745	35,507	1,238
Total	523,612	108,705	414,907	466,840	97,818	369,022	626,241	129,206	497,035

Profit/loss after financial items

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

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Contracting Sweden	5,677	6,367	11,984	16,556	21,306
Contracting Abroad	-1,460	-110	-847	-5,772	-9,080
Transport Scandinavia	17,962	13,537	33,286	24,355	28,051
Machines and Technology	611	2,583	3,005	7,107	7,570
Group-wide	1,126	60	90	-110	-940
Total	23,915	22,437	47,517	42,136	46,907

Breakdown of income

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	
	Jul-Sep 2023	Jul-Sep 2022	Jul-Sep 2023	Jul-Sep 2022	Jul-Sep 2023	Jul-Sep 2022	Jul-Sep 2023	Jul-Sep 2022
Contracting Sweden	54,068	47,393	8	-	-	-	54,076	47,393
Contracting Abroad	5,700	9,859	-	12	-	-	5,700	9,871
Transport Scandinavia	92,166	83,250	1,262	1,265	2,244	1,706	95,672	86,222
Machines and Technology	1,412	912	2,220	1,760	-	-	3,632	2,672
Group-wide	129	338	-	-	-	-	129	338
	153,475	141,753	3,490	3,038	2,244	1,706	159,209	146,497

Segment	Income from services		Sales of goods		Leasing		Total	
	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
Contracting Sweden	141,604	131,757	28	-	-	-	141,632	131,575
Contracting Abroad	24,022	23,837	-	36	-	-	24,022	23,873
Transport Scandinavia	222,857	183,584	3,692	3,303	10,020	6,593	236,569	193,481
Machines and Technology	4,880	3,708	7,400	15,150	-	-	12,280	18,858
Group-wide	403	1,052	-	-	-	-	403	1,052
	393,766	343,939	11,120	18,489	10,020	6,593	414,907	369,021

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
As of 30 Sep 2022							
Opening carrying amount	35,975	132,579	145,762	5,761	6,092	92,151	418,319
Exchange rate differences	18	13	30	4	75	-	141
Purchases/capitalised expenses for the year	668	-	1,059	805	1,090	33,715	37,337
Reclassifications	-	13,043	46,820	-	-	-59,578	286
Disposals and scrappings	-	-61	-	-241	-32	-	-334
Amortisation	-5,301	-10,532	-11,561	-2,073	-920	-	-30,387
Closing carrying amount 30 Sep 2022	31,360	135,042	182,110	4,255	6,305	66,289	425,361
Of which right-of-use assets	21,099	25,390	1,740	4,189	-	-	52,418
As of 30 Sep 2023							
Opening carrying amount	35,170	134,772	179,959	3,996	5,445	78,779	438,123
Exchange rate differences	38	-	-	7	-	-	45
Purchases/capitalised expenses for the year	3,849	295	4,431	1,840	1,129	35,374	46,919
Reclassifications	-	5,132	14,577	-	-	-22,620	-2,911
Disposals and scrappings	-	-297	-	-2	-339	-	-638
Amortisation	-5,896	-10,944	-12,506	-1,855	-1,011	-	-32,211
Closing carrying amount 30 Sep 2023	33,162	128,959	186,462	3,986	5,224	91,534	449,327
Of which right-of-use assets	21,986	22,051	1,539	3,945	-	-	49,522

Key performance indicators, Railcare Group in summary

Amounts in SEK 000, unless otherwise stated	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Net sales	159,209	146,497	414,907	369,021	497,035
Sales growth, %	8.7	16.1	12.4	20.5	13.5
Operating profit/loss (EBIT)	26,748	23,926	54,754	45,713	52,365
Operating margin, %	16.8	16.3	13.2	12.4	10.5
Profit for the period	18,859	17,886	37,555	33,520	36,783
Net financial income/expense	-2,833	-1,489	-7,236	-3,577	-5,457
Total assets	625,071	578,916	625,071	578,916	592,873
Equity/assets ratio, %	42.8	41.6	42.8	41.6	41.2
Key performance indicators per share, SEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Earnings per share before and after dilution	0.78	0.74	1.56	1.39	1.52
Equity per share	11.08	9.98	11.08	9.98	10.12
Dividend, SEK per share	-	-	0.6	0.6	0.6

Quarterly data, Railcare Group in summary

Amounts in SEK million	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales	159.2	144.7	111.0	128.0	146.5	127.2	95.3	131.8	126.2
Capitalised work on own account	2.0	3.2	4.2	4.8	1.2	3.2	2.9	1.6	1.9
Other operating income	0.4	0.5	2.6	0.2	0.2	0.8	1.9	2.8	1.2
Total	161.7	148.5	117.8	133.0	147.9	131.2	100.2	136.1	129.3
Raw materials and consumables	-57.9	-54.1	-42.2	-55.4	-56.4	-48.8	-32.5	-47.0	-39.9
Other external costs	-22.4	-22.7	-15.3	-19.4	-21.9	-19.1	-15.4	-17.7	-16.7
Personnel costs	-42.6	-45.5	-35.7	-40.3	-33.8	-39.5	-32.7	-35.2	-33.4
Depreciation and impairment of property, plant and equipment	-11.2	-10.8	-10.5	-10.7	-11.7	-10.7	-9.7	-11.0	-13.7
Other operating expenses	-0.9	-0.4	-1.0	-0.5	-0.2	-0.1	-1.0	-0.6	-0.3
Total operating expenses	-134.9	-133.6	-104.7	-126.4	-124.0	-118.2	-91.3	-111.4	-104.0
Operating profit/loss (EBIT)	26.7	14.9	13.1	6.7	23.9	13.0	8.8	24.7	25.3
Net financial income/expense	-2.8	-2.2	-2.2	-1.9	-1.5	-1.1	-1.0	-1.2	-1.1
Share of profit after tax from associated companies*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	0.0
Profit/loss before tax	23.9	12.6	11.0	4.8	22.4	11.9	7.8	23.2	24.2
Tax	-5.1	-2.6	-2.3	-1.5	-4.6	-2.3	-1.8	-4.9	-5.2
Profit for the period	18.9	10.0	8.7	3.3	17.9	9.6	6.0	18.2	19.1
Equity/Asset ratio	42.8	40.3	42.9	41.2	41.6	39.3	40.2	39.6	37.5

* 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

CP6/CP7	Control Periods are the five-year periods Network Rail applies for the financial and other planning of the UK's railway infrastructure. Control Period 6 extends to 31 March 2024. Control Period 7 starts on 1 April 2024.	ONBOARD EQUIPMENT	The equipment required onboard locomotives to enable them to communicate with the relevant railway signalling system.
CULVERT INSPECTIONS	Assessment and documentation of the condition and potential maintenance need for culverts, mainly under railways and roads.	PANTOGRAPH	The trailing contact that transfers power from the overhead lines above the railway track to the electric vehicles and machines operating on the railways.
ENGINE CONVERSION	Engine replacement where older diesel motors are replaced with new modern diesel motors that meet current environmental standards, reduce operating costs and improve accessibility.	RAILVAC	Railcare's machines that are able to perform various types of track maintenance on the railways using vacuum technology.
ERTMS	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.	STAGE V ENGINES	Engines that meet the standard for emissions class stage V. Classification for industrial vehicles that regulates permitted emissions.
ETCS	The on-board system locomotives will need to have installed when the new ERTMS signalling system is implemented on Sweden's railways.	STANDBY LOCOMOTIVES	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.
EXTENDING THE SERVICE LIFE	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.	TRACK TIMETABLES	Time slots allocated by the Swedish Transport Administration for maintenance relating to carrying out work on the relevant tracks. During these periods, the tracks cannot be used for regular rail traffic.
IMPROVED MPV	The new machine has the same functionality as the MPV, but is also equipped with a pantograph. This enables batteries to charge directly from overhead lines.		
MPV	Railcare's newest maintenance machine, Multi Purpose Vehicle, which is battery powered. Equipped with its own power source, vacuum pumps, hydraulics and operator cabs.		

PRESS RELEASES IN THE THIRD QUARTER

- 17 Aug** Interim Report January-June 2023
- 29 Sep** LKAB Malmtrafik extended its agreement with Railcare regarding the transport of iron ore for approximately SEK 70 million

FINANCIAL CALENDAR 2024

- 15 Feb** Year-end Report 2023
- 7 May** Interim Report January-March 2024
- 8 May** 2024 Annual General Meeting
- 15 Aug** Interim Report January-June 2024
- 7 Nov** Interim Report
January-September 2024
- 20 Feb
(2025)** Year-end Report 2024

FOR FURTHER INFORMATION, PLEASE CONTACT

Mattias Remahl, CEO

Telephone: +46 (0)70-271 33 46
Email: mattias.remahl@railcare.se

Lisa Borgs, CFO and IR Manager

Telephone: +46 (0)70-622 50 01
Email: lisa.borgs@railcare.se

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 9 November 2023 at 07:30 a.m. CET.

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

RAILCARE GROUP AB

Visiting address: Näsuddsvägen 10
Postal address: Box 34
SE-932 21 Skelleftehamn, Sweden

Tel no: +46 (0)910-43 88 00
Email: info@railcare.se

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 170 employees and annual sales of approximately SEK 500 million. The company's registered office is located in Skellefteå, Sweden.