

Interim report January-June 2019

Strong sales growth during the second quarter



Second quarter¹

- Consolidated net sales increased by 45.4 per cent to SEK 91.2 million (62.7).
- Operating profit (EBIT) increased by SEK 4.5 million to SEK 3.4 million (loss 1.0).
- Earnings per share after dilution amounted to SEK 0.05 (loss 0.01).

First six months of the year¹

- Consolidated net sales increased by 36.3 per cent to SEK 176.1 million (129.2).
- Operating profit (EBIT) increased by SEK 9.8 million to SEK 13.8 million (4.0).
- Earnings per share after dilution amounted to SEK 0.36 (0.13).

Significant events in the second quarter

- The Annual General Meeting of Railcare Group AB (publ) was held on 8 May 2019.
- Railcare Group AB published its Annual Report for 2018.
- Network Rail has extended its current framework agreements with Railcare, with the extension being valid from 1 April 2019 to 31 March 2020.

Financial summary²

Amounts in SEK million, unless otherwise stated	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	full-year 2018
Net sales	91.2	62.7	176.1	129.2	270.1
Operating profit/loss (EBIT)	3.4	-1.0	13.8	4.0	1.5
Operating margin, %	3.7	-1.7	7.8	3.1	0.6
Net profit/loss for the period	1.1	-0.2	8.5	2.9	-1.4
Equity/assets ratio, %	29.9	32.4	29.9	32.4	32.3
Earnings per share after dilution, SEK	0.05	-0.01	0.36	0.13	-0.06

For definitions, see page 28.

This report is also available in Swedish at www.railcare.se.

¹ The Group applies IFRS 16 effective 1 January 2019, and all figures for 2019 are inclusive of this change. Comparison figures have not been recalculated. For disclosures regarding the effects of the introduction of IFRS 16, see Note 5.

² All key financial ratios and figures for 2019 have been calculated inclusive of the effects of introducing IFRS 16. For disclosures regarding the effects of the introduction of IFRS 16, see Note 5. The comparison figures for 2018 have not been recalculated to take IFRS 16 into account.

CEO's comments

In the second quarter, we have a turnover of SEK 91.2 million and a pre-tax profit (EBIT) of SEK 3.4 million, which gives a margin of 3.7 per cent. We achieved good sales for a quarter that is usually weak, therefore the result is satisfactory.

Compared to last year's second quarter, we have a higher volume and earnings. Volume growth of 45.4 per cent is largely due to increased volumes in Transport Scandinavia and the project to transport iron ore for Kaunis Iron as well as an increased utilisation in the UK and Construction Abroad.

Within the Construction Sweden segment, we have had full utilisation of the machines and staff for the framework contract we have with Trafikverket, and also from contracting companies such as Infrakraft and Leonhard Weiss for preparatory work for the upcoming track replacements. The largest projects have been on the routes Eskilstuna-Flen and Borås-Hillared. During the midsummer weekend, Trafikverket cancelled all railway work in Sweden, a decision that had a negative impact on Construction Sweden's results. During the quarter, the segment also had a fixed-price contract that did not perform as well as planned, due to unfavourable soil conditions, which also had a negative impact on earnings.

In the framework agreement signed with Trafikverket for 2019, we have received eight call-off orders for various track projects and for 2020 we have received four new call-off orders. The snow project for Trafikverket, is from mid-November to mid-March, meaning we have a full order book until July 2020.

Since May we also have two new Ballast Feeder wagons that we have built for the Swedish market which are now in production.

A good quarter for the Transport Scandinavia segment with increased growth and earnings. The transport of iron ore for Kaunis Iron goes according to plan and we have now transported over 500 shipments of ore. This creates a good foundation and stability for the segment. The agreement with Kaunis Iron is for five years. For other transport operations, it has been a normal utilisation for the quarter, including the track replacement between Eskilstuna-Flen where we have contracts for four locomotives. The project started at the end of June and continues until the end of August. During the second quarter, we carried out various types of transport for the track replacements projects with sleepers and track removal machines. At the locomotive workshop in Långsele, we have received orders for four-engine replacements for locomotives worth SEK 6 million, which provides good utilisation for that operation during the autumn. All in all, this means that compared with the previous year's second quarter, we have a growth of 50 per cent and a profit of SEK 1.9 million.

Within the Construction Abroad segment, we have increased the utilisation of the four Railvacs and the Ballast Feeder in the UK. CP6 started on 1 April, and the customer Network Rail is now planning in full to implement their scheduled maintenance for the next five-year period. The call-off orders we have received for our machines give us a full order book. In order to manage future production, we are now training six English operators to optimise production. These operators are hired as subcontractors.



In our Nordic neighboring countries, we have rented out a Railvac including operators from 24 April until November. In Denmark, we rent out locomotives as previously.

In the Machine Sales segment, we are busy in the workshop in Skelleftehamn building five generator wagons for the orders we received from Infranord, to build and deliver during 2019 and 2020. The workshop also includes the development and construction of the new innovation MPV, an emission-free battery-powered multi-purpose vehicle. A restructure will take place to get a clearer and more optimised export sales. Railcare Export AB will change its name to Railcare Machine AB, and the responsibility for the workshop in Skelleftehamn will be in this company.

Continued processing of the export market is ongoing and the company has a number of quotes around the world. The segment also includes customary aftermarket sales to North America.

A strong second quarter with good growth and profitability that is significantly better than the previous second quarter. The second quarter of the year is usually the most difficult for us to achieve a profit. A quarter where we worked hard with sales, production, innovation and with a view to the future to build the company further in the major railway initiatives that our customers implement.

With innovative solutions for the railways and with our staff as our primary resource, we are building the future Railcare.

Daniel Öholm
CEO

Financial summary – Railcare Group

Effective 1 January 2019, the Company applies IFRS 16 regarding the Group's leases and rental agreements, and all figures for 2019 are inclusive of this change. The conversion has had a marginal impact on both operating profit/loss and net profit/loss for the period. The equity/assets ratio has decreased by 2.8 percentage points due to total assets having increased. The effects of the introduction of IFRS 16 are described in Note 5.

Net sales

Net sales for the second quarter of 2019 increased by 45.4 per cent to SEK 91.2 million, compared with SEK 62.7 million in the second quarter of 2018. The increase in net sales mainly due to the *Transport Scandinavia* segment having secured the five-year assignment for Kaunis Iron in the autumn of 2018. The Company has also experienced higher utilisation of machines in the *Construction Abroad* and *Construction Sweden* segments, compared with the second quarter of 2018.

Net sales for the first half of 2019 increased by 36.3 per cent to SEK 176.1 million, compared with SEK 129.2 million in the first half of 2018.

Operating expenses

Operating expenses in the second quarter of 2019 amounted to SEK 91.5 million, an increase of SEK 25.4 million, or 38.4 per cent, compared with the second quarter of 2018 when operating expenses amounted to SEK 66.1 million. The increase in operating expenses is partly due to the five-year transport assignment for Kaunis Iron, with its associated expenses, having been secured in the autumn of 2018. That is, the corresponding expenses were not included in the second quarter of 2018 and, in part, that the *Contracting Sweden* segment hired subcontractors to a greater extent. The introduction of IFRS 16 has led to a reduction in expenses for operating leases by SEK 6.4 million, included in *Other external costs*, an increase in *Depreciation and impairment of tangible and intangible assets* by SEK 6.2 million, attributable to depreciation in rights-of-use assets, and an increase in *Financial expenses* of SEK 0.2 million, attributable to interest expenses associated with lease liabilities.

Operating expenses in the first half of 2019 amounted to SEK 167.4 million compared with the first half of 2018 when operating expenses amounted to SEK 128.6 million.

Operating profit

Operating profit (EBIT) increased by SEK 4.4 million to SEK 3.4 million in the second quarter of 2019, compared with a loss of SEK 1.0 million for the corresponding period in 2018. The operating margin amounted to 3.7 per cent (negative 1.7) of which 0.2 percentage points were a positive effect of IFRS 16. The increase in profit is mainly due to the *Construction Abroad* and *Transport Scandinavia* segments having experienced higher sales, which has contributed to improved profit. Within the *Construction Sweden* segment, cancelled track work over the midsummer weekend, and a fixed-price assignment that progressed worse than planned due to unfavourable ground conditions, resulted in a lower margin compared with the corresponding quarter in 2018.

Operating profit (EBIT) increased by SEK 9.8 million to SEK 13.8 million in the first half of 2019, compared with the outcome of SEK 4.0 million for the corresponding period in 2018. The operating margin increased from 3.1 per cent in the first half of 2018 to 7.8 per cent, of which 0.2 percentage points were a positive effect of IFRS 16.

Taxes

Reported tax for the second quarter of 2019 amounted to SEK -0.9 million (2.2).

Reported tax for the first half of 2019 amounted to SEK -2.4 million (1.6)

Net profit/loss for the period

Profit for the second quarter of 2019 amounted to SEK 1.1 million (loss 0.2), corresponding to an increase of SEK 1.3 million.

Profit for the first half of 2019 amounted to SEK 8.5 million (2.9), corresponding to an increase of SEK 5.6 million.

Cash flow

Cash flow in the second quarter of the year amounted to an outflow of SEK 17.8 million, compared with an outflow of SEK 26.1 million in the corresponding period in the preceding year. The reduced outflow is mainly due to improved profit and the decision not to pay any dividend for the 2018 financial year.

The Group's investments in non-current assets during the quarter amounted to SEK 8.2 million (6.5) and related mainly to the building of two Ballast Feeder vehicles for the Company's own production operations. In the preceding year, investments were primarily made in existing machines.

As in the corresponding quarter in 2018, the Group did not raise any bank loans during the quarter.

The introduction of IFRS 16 has meant that cash flow from operating activities has improved by SEK 6.0 million as a result of lease expenses being eliminated from operating profit/loss and interest on the lease liability being added to interest paid. Cash flow from financing activities has been negatively affected by the amortisation of lease liabilities by SEK 6.0 million.

Cash flow in the first half of the year amounted to an outflow of SEK 10.4 million, compared with an outflow of SEK 28.7 million in the corresponding period in the preceding year. The reduced outflow is mainly attributable to improved profit, new borrowings and cancelled dividends.

Equity/assets ratio

According to Railcare's financial targets, the equity/assets ratio should amount to at least 25 per cent. At the end of the period, the equity/assets ratio was 29.9 per cent (32.7 per cent excluding the effects of IFRS 16), compared with 32.3 per cent on 31 December 2018.

Employees

The number of employees in Railcare as of 30 June 2019 was 132, compared with 125 on 30 June 2018. The increase is mainly attributable to the transport assignment for Kaunis Iron.

Financial summary – business segments

The segment's net sales also include internal sales between the segments.

Construction Sweden

Net sales within the *Construction Sweden* segment increased by 14.0 percent in the second quarter of 2019, compared with the corresponding period last year and amounted to SEK 41.5 million (36.4). Profit after financial items decreased compared with the preceding year and amounted to SEK 2.7 million (7.4). The decrease in profit is mainly due to cancelled track work over the midsummer weekend, as well as a fixed-price assignment progressing worse than planned due to unfavourable ground conditions.

During the quarter, the segment experienced a high level of occupancy, including cable management assignments ahead of upcoming track replacements.

Net sales increased by 6.8 per cent over the first half of the year, compared with the corresponding period in the preceding year and amounted to SEK 81.8 million (76.6). Profit after financial items decreased compared with the preceding year and amounted to SEK 8.7 million (17.6).

Key financial ratios and figures – Construction Sweden

Amounts in SEK thousands, unless otherwise stated	Apr–Jun 2019	Apr–Jun 2018	Change	Jan–Jun 2019	Jan–Jun 2018	Change
Net sales	41,500	36,398	5,102	81,803	76,583	5,220
Profit/loss after financial items	2,689	7,371	-4,682	8,735	17,553	-8,818
Net margin, %	6.5	20.3	-13.8	10.7	22.9	-12.2

Construction Abroad

Net sales within the *Construction Sweden* segment increased by 80.7 percent in the second quarter of 2019, compared with the corresponding quarter last year and amounted to SEK 18.0 million (10.0). Profit after financial items amounted to SEK 0.5 million (loss 5.5). The increase in net sales and profit are due to increased utilisation in the UK operations.

Net sales increased by 47.1 per cent over the first half of the year, compared with the corresponding period in the preceding year and amounted to SEK 34.9 million (23.7). Profit after financial items increased compared with the preceding year and amounted to SEK 1.3 million (loss 7.2).

Key financial ratios and figures – Construction Abroad

Amounts in SEK thousands, unless otherwise stated	Apr–Jun 2019	Apr–Jun 2018	Change	Jan–Jun 2019	Jan–Jun 2018	Change
Net sales	18,042	9,986	8,056	34,888	23,711	11,177
Profit/loss after financial items	532	-5,504	6,036	1,339	-7,154	8,493
Net margin, %	2.9	-55.1	58.1	3.8	-30.2	34.0

Transport Scandinavia

Net sales within the *Transport Scandinavia* segment increased by 50.3 percent in the second quarter of 2019, compared with the corresponding quarter last year and amounted to SEK 39.3 million (26.1). Profit after financial items amounted to SEK 0.1 million (loss 7.1).

The segments volumes have increased through the transport assignment for Kaunis Iron. During the quarter, a number of locomotives were occupied with track replacement projects. In addition, the Company conducted a number of construction transport projects and had a normal level of utilisation in its workshops.

Sales excluding the Kaunis Iron project amounted to SEK 20.5 million (26.1). The decrease in sales is mainly due to the fact that track replacement projects, in which the company rents out locomotives and personnel, commenced later in 2019 compared with 2018.

Net sales increased by 55.4 per cent over the first half of the year, compared with the corresponding period in the preceding year and amounted to SEK 78.3 million (50.4). Profit after financial items increased compared with the preceding year and amounted to SEK 2.5 million (loss 3.8).

Key financial ratios and figures – Transport Scandinavia

Amounts in SEK thousands, unless otherwise stated	Apr–Jun 2019	Apr–Jun 2018	Change	Jan–Jun 2019	Jan–Jun 2018	Change
Net sales	39,280	26,138	13,142	78,290	50,381	27,909
Profit/loss after financial items	50	-1,854	1,904	2,472	-3,787	6,259
Net margin, %	0.1	-7.1	7.2	3.2	-7.5	10.7

Machine Sales

Net sales in *Machine Sales* segment for the second quarter of 2019 amounted to SEK 1.1 million (1.5). The loss after financial items amounted to SEK 0.4 million (0.4).

Within the segment, construction is in progress of five generator wagons ordered by Infranord, for delivery in 2019 and 2020. In addition, development and building is in progress of the innovative MPV (Multi-Purpose Vehicle) – an emission-free battery-powered unit with several areas of application. The MPV is being reported under Construction in progress until ready for use.

During the year first half of the year, net sales amounted to SEK 2.3 million (3.9). The loss after financial items amounted to SEK 0.7 million (0.8).

Key financial ratios and figures – Machine Sales

Amounts in SEK thousands, unless otherwise stated	Apr–Jun 2019	Apr–Jun 2018	Change	Jan–Jun 2019	Jan–Jun 2018	Change
Net sales	1,078	1,533	-455	2,327	3,876	-1,549
Profit/loss after financial items	-376	-362	-14	-716	-753	37
Net margin, %	-34.9	-23.6	-11.3	-30.8	-19.4	-11.3

Parent Company

Railcare Group AB (publ), Reg. No. 556730–7813 is a Parent Company registered in Sweden and domiciled 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 half of 2019 amounted to SEK 13.6 million (13.0) and consisted mainly of Group common services. The operating loss amounted to SEK 1.0 million (4.5). During the first quarter of 2018, the Company incurred expenses of SEK 2.3 million related to the change of listing.

Financial targets

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

Railcare's objective is to achieve these goals in the medium term. The Company strives to be the leading specialist company in the Scandinavian market for innovative solutions for railway construction and transport.

For exports of Railcare's services and machine sales in the international market, Railcare's objective is to achieve positive growth and to constantly develop as an innovative specialist company. For its shareholders, Railcare shall be an energetic and profitable company. Profitability should be better than the average in the railway industry.

Dividend

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

The 2019 Annual General Meeting approved a dividend of SEK 0.00 (0.15) per share, totalling SEK 0 (3,285,292), for the 2018 financial year.

Innovation & Design

Railcare *Innovation & Design* is the Group's department for technological development and innovation. The objective is to be at the forefront of innovation in the railway industry and the development of new machines and methods is a prioritised part of Railcare's operations.

Events after the period

No significant events, outside of the company's ordinary operations, occurred following the balance sheet date.

RAIL

Ticker for Railcare Group AB's share traded on Nasdaq Stockholm since 3 April 2018.

(ISIN SE0010441139)

Annual General Meeting 2019

Railcare's Annual General Meeting 2019 was held on 8 May at 1:00 p.m. and resolved among other things:

- to re-elect Board members Catharina Elmsäter-Svärd, Ulf Marklund, Anna Weiner Jiffer, Adam Ådin and Anders Westermark. The Meeting also resolved to newly elect Björn Östlund. Catharina Elmsäter-Svärd was re-elected as Chairman of the Board,
- Ernst & Young Aktiebolag was re-elected as auditor until the end of the Annual General Meeting to be held during the subsequent financial year and
- that no dividend would be paid for the 2018 financial year.

The Annual Report and other documents are available on Railcare's website, www.railcare.se.

Shareholder structure

Ten largest shareholders 30 June 2019	Number of shares	Proportion of share capital and votes (%)
Norra Västerbottens Fastighets AB	2,521,335	11.0
Marklund family* through companies	2,433,905	10.6
TREAC Aktiebolag	2,415,000	10.5
Dahlqvist family through companies	2,002,155	8.7
Ålandsbanken AB	986,760	4.3
BNY Mellon NA, W9	970,327	4.2
NTC IEDP AIF Clients S Non Treaty 30 % Account	866,285	3.8
Avanza Pension insurance company	569,279	2.5
Bernt Larsson	556,773	2.4
RBC Investor Services Bank S.A., W8IMY	497,588	2.1
Ten largest shareholders	13,819,407	60.1
Other shareholders	9,193,649	39.9
Total	23,013,056	100.0

* No single individual holds shares corresponding to more than 10 percent of the votes.

Sources: Euroclear and Railcare

3,374

Number of shareholders in Railcare Group AB as per 30 June 2019, according to Euroclear.

Significant risks and uncertainties

A description of significant risks and uncertainties available in Railcare's 2018 Annual Report, which be downloaded at www.railcare.se

There has been no material change in significant risks and uncertainties since the publication of the Annual Report.

One of Railcare's home markets is the UK. The country's imminent withdrawal from the EU, Brexit, may affect Railcare's operations primarily because it will be more administratively burdensome to have foreign staff in the country and to import and export machines. In Railcare's assessment, demand for the Group's services will persist and, once new administrative routines are in place, the UK's

exit from the EU will not have a significant impact on the Group's operations, earnings and financial position.

Transactions with related parties

During the year, no significant changes have occurred, for the Group or the Parent Company, in their relations or transactions with related parties, compared with what is described in the 2018 Annual Report.

Attestation by the Board of Directors and CEO

The Board of Directors and CEO of Railcare Group AB certify that the six-month report provides a true and fair overview of the operations, position and results of the Parent Company and the Group and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Skelleftehamn, 23 August 2019

Railcare Group AB (publ)

Catharina Elmsäter-Svärd
Chairman of the Board

Ulf Marklund
Board member, Deputy CEO

Anna Weiner Jiffer
Board member

Adam Ådin
Board member

Anders Westermark
Board member

Björn Östlund
Board member

Daniel Öholm
CEO

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

FINANCIAL REPORTS

CONSOLIDATED SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Note	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Full-year 2018
Net sales	3	91,161	62,680	176,056	129,165	270,147
Capitalised work for own account		3,176	2,105	4,282	2,447	5,453
Other operating income		600	288	850	921	1,204
Total		94,937	65,073	181,188	132,533	276,804
Raw materials and consumables		-34,494	-15,152	-58,292	-31,121	-70,532
Other external costs		-11,058	-16,712	-22,780	-32,693	-71,272
Personnel costs		-33,051	-27,999	-61,048	-52,320	-108,443
Depreciation and impairment of tangible and intangible assets		-12,553	-5,989	-24,536	-11,995	-24,096
Other operating expenses		-368	-261	-763	-440	-918
Total operating expenses		-91,524	-66,113	-167,419	-128,569	-275,261
Operating profit/loss (EBIT)		3,413	-1,040	13,769	3,964	1,543
Financial income		5	1	5	24	29
Financial expenses		-1,453	-1,384	-2,941	-2,743	-5,363
Net financial items		-1,448	-1,383	-2,936	-2,719	-5,334
Share of profit after tax from associated companies reported according to the equity method		52	36	112	104	184
Profit/loss before tax		2,017	-2,387	10,945	1,349	-3,607
Income tax		-899	2,228	-2,424	1,556	2,188
Net profit/loss for the period		1,118	-159	8,521	2,905	-1,419
Other comprehensive income:						
<i>Items that may be reclassified to the profit/loss for the period</i>						
Exchange rate differences from the translation of foreign operations		62	4	407	784	425
Other comprehensive income for the period, net after tax		62	4	407	784	425
Total comprehensive income for the period		1,180	-155	8,928	3,689	-994

Amounts in SEK		Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Full-year 2018
Earnings per share before dilution		0.05	-0.01	0.37	0.13	-0.06
Earnings per share after dilution		0.05	-0.01	0.36	0.13	-0.06
Average number of shares		23,013,056	21,901,945	23,013,056	21,901,945	22,032,843
Number of shares outstanding on the balance sheet date		23,013,056	21,901,945	23,013,056	21,901,945	23,013,056

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development costs		2,242	2,848	2,502
Patent		338	445	501
Goodwill		3,879	3,845	3,796
Transportation licence		615	752	684
Total intangible assets		7,074	7,890	7,483
Tangible assets				
	4			
Buildings and land		27,221	5,997	5,534
Locomotives and wagons		127,608	112,792	111,773
Mobile machinery		155,049	146,492	161,517
Vehicles		8,635	8,524	10,299
Equipment, tools, fixtures and fittings		5,643	5,137	5,385
Construction in progress		48,287	34,535	31,586
Total tangible assets		372,443	313,477	326,094
Financial non-current assets				
Holdings reported according to the equity method		514	515	595
Deposits		658	-	658
Other non-current receivables		3,954	-	3,954
Total financial non-current assets		5,126	515	5,207
Total non-current assets		384,643	321,882	338,784
Current assets				
Inventories				
Raw materials and consumables		10,965	17,696	10,349
Work in progress		2,372	-	-
Total inventories		13,337	17,696	10,349
Current receivables				
Accounts receivable		48,547	46,023	20,172
Current tax receivables		819	4,987	1,329
Other current receivables		5,166	6,824	8,271
Prepaid expenses and accrued income		8,116	7,462	10,184
Total current receivables		62,648	65,296	39,956
Cash and cash equivalents		13,784	7,291	24,081
Total current assets		89,769	90,283	74,386
TOTAL ASSETS		474,412	412,165	413,170

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION, cont.

Amounts in SEK thousands	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
EQUITY				
Share capital		9,435	8,980	9,435
Other capital provided		32,178	27,994	32,178
Reserves		1,721	1,673	1,314
Retained earnings (comprehensive income for the period included)		98,349	94,999	90,677
Total equity attributable to Parent Company shareholders		141,683	133,646	133,604
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		23,106	25,553	23,464
Convertible loans		4,673	8,909	4,563
Liabilities to credit institutions		118,135	127,479	127,135
Lease liability *		25,295	14,250	14,856
Total non-current liabilities		171,209	176,191	170,018
Current liabilities				
Lease liability *		32,488	5,334	5,742
Liabilities to credit institutions		50,476	43,271	48,171
Bank overdraft facility		2,953	539	-
Accounts payable		31,406	22,393	26,551
Prepayments from customers		9,218	-	-
Current tax liabilities		2,009	1,543	1,135
Other liabilities		7,147	6,520	4,462
Accrued expenses and deferred income		25,823	22,728	23,487
Total current liabilities		161,520	102,328	109,548
TOTAL EQUITY AND LIABILITIES		474,412	412,165	413,170

*) Comparative figures for 2018 relate to Liability financial leasing agreements, in accordance with the former accounting principle.

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Note	Share capital	Other capital provided	Reserves	Retained earnings (comprehensive income for the period included)	Total equity
Opening balance as per 1 January 2018		8,980	27,994	889	95,380	133,243
Net profit/loss for the period		-	-	-	2,905	2,905
Other comprehensive income		-	-	784	-	784
Total comprehensive income		-	-	784	2,905	3,689
Transactions with shareholders						
Dividend		-	-	-	-3,285	-
Closing balance as per 30 June 2018		8,980	27,994	1,673	94,999	133,646
Opening balance as per 1 January 2019		9,435	32,178	1,314	90,677	133,604
Adjustment on transition to IFRS 16	5	-	-	-	-849	-849
Net profit/loss for the period		-	-	-	8,521	8,521
Other comprehensive income		-	-	407	-	407
Total comprehensive income		-	-	407	7,672	8,079
Closing balance as per 30 June 2019		9,435	32,178	1,721	98,349	141,683

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

CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

Amounts in SEK thousands	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Cash flow from operating activities						
Operating profit/loss		3,413	-1,040	13,769	3,964	1,543
Adjustment for non-cash items		12,953	6,085	25,085	12,556	24,112
Interest paid		-1,399	-1,274	-2,832	-2,524	-4,951
Interest received		5	1	5	24	29
Income tax paid		-631	-883	-1,221	-2,572	-639
		14,341	2,889	34,806	11,448	20,094
Cash flow from operating activities before changes in working capital						
Cash flow from changes in working capital						
Increase/decrease in inventories		-2,098	-1,798	-3,011	-1,246	1,446
Increase/decrease in operating receivables		-21,987	-20,472	-26,898	-15,957	1,624
Increase/decrease in operating liabilities		11,859	9,796	18,931	1,880	4,875
Total changes in working capital		-12,226	-12,474	-10,978	-15,323	7,945
		2,115	-9,585	23,828	-3,875	28,039
Cash flow from operating activities						
Cash flow from investment activities						
Investments in intangible assets		-87	-80	-89	-83	-226
Investments in tangible assets		-8,192	-6,462	-16,929	-10,733	-27,671
Investments in other financial non-current assets		-	-	-	-	-658
Dividends from associated companies		193	133	193	133	133
Divestment of tangible assets		-	-	-	-	112
Cash flow from investment activities		-8,086	-6,409	-16,825	-10,683	-28,310
Cash flow from financing activities						
Loans raised		-	-	6,030	-	20,220
Net change in bank overdraft facility		2,953	539	2,953	539	-
Amortisation of loans and lease liability		-14,805	-7,381	-26,367	-11,355	-28,354
Dividends paid		-	-3,285	-	-3,285	-3,285
Cash flow from financing activities		-11,852	-10,127	-17,384	-14,101	-11,419
Cash flow for the period						
Cash and cash equivalents at the beginning of the period		31,807	33,332	24,081	35,656	35,656
Exchange rate difference in cash and cash equivalents		-200	80	84	294	115
Cash and cash equivalents at the end of the period		13,784	7,291	13,784	7,291	24,081

PARENT COMPANY SUMMARY INCOME STATEMENT

Amounts in SEK thousands	Note	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Full-year 2018
Net sales		7,389	7,172	13,600	13,042	23,191
Other operating income		9	22	29	31	32
Total operating income		7,398	7,194	13,629	13,073	23,223
Operating expenses						
Raw materials and consumables		-1,149	-2,155	-1,149	-3,029	-3,180
Other external costs		-3,824	-4,051	-7,441	-9,064	-16,688
Personnel costs		-3,267	-3,075	-6,041	-5,507	-10,400
Depreciation and impairment of tangible and intangible assets		-45	-67	-95	-135	-271
Other operating expenses		-124	-10	-128	-15	-36
Total operating expenses		-8,409	-9,358	-14,854	-17,750	-30,575
Profit from participations in associated companies and jointly controlled companies		193	133	193	133	133
Operating loss		-818	-2,031	-1,032	-4,544	-7,219
Profit from financial items						
Profit from participations in Group companies		-	-	-	-	2,491
Other interest income and similar profit/loss items		186	108	420	235	593
Interest expenses and similar profit/loss items		-100	-173	-180	-381	-721
Total profit/loss from financial items		86	-65	240	-146	2,363
Profit/loss after financial items		-732	-2,096	-792	-4,690	-4,856
Appropriations		-	-	-	-	4,900
Tax on net profit/loss for the period		193	476	197	1,031	481
Net profit/loss for the period		-539	-1,620	-595	-3,659	525

PARENT COMPANY SUMMARY BALANCE SHEET

Amounts in SEK thousands	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS				
Intangible assets				
Patents		338	445	501
Total intangible assets		338	445	501
Tangible assets				
Equipment, tools, fixtures and fittings		208	227	179
Total tangible assets		208	227	179
Financial non-current assets				
Participations in Group companies		34,236	34,236	34,236
Participations in associated companies		204	204	204
Deferred tax assets		491	743	294
Total financial non-current assets		34,931	35,183	34,734
Total non-current assets		35,477	35,855	35,414
Current assets				
Current receivables				
Accounts receivable		-	33	7
Receivables from Group companies		4,217	2,330	25,346
Current tax receivables		355	2,713	183
Other receivables		1	61	2
Prepaid expenses and accrued income		3,121	794	1,053
Total current receivables		7,694	5,931	26,591
Cash and bank balances		2	1	738
Total current assets		7,696	5,932	27,329
TOTAL ASSETS		43,173	41,787	62,743

PARENT COMPANY SUMMARY BALANCE SHEET, cont.

Amounts in SEK thousands	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		9,435	8,980	9,435
Total restricted equity		9,435	8,980	9,435
Non-restricted equity				
Share premium reserve		18,638	14,453	18,638
Retained earnings		5,757	5,232	5,232
Net profit/loss for the period		-595	-3,659	525
Total non-restricted equity		23,800	16,026	24,395
Total equity		33,235	25,006	33,830
Non-current liabilities				
Convertible loans		4,673	8,909	4,563
Total non-current liabilities		4,673	8,909	4,563
Current liabilities				
Accounts payable		1,513	2,822	1,301
Bank overdraft facility		638	2,185	-
Liabilities to Group companies		326	-	20,527
Other liabilities		593	518	323
Accrued expenses and deferred income		2,195	2,347	2,199
Total current liabilities		5,265	7,872	24,350
TOTAL EQUITY AND LIABILITIES		43,173	41,787	62,743

NOTES

Note 1 General information

Railcare Group AB (publ) ("Railcare"), Reg. No. 556730–7813 is a Parent Company registered in Sweden and domiciled in Skellefteå, with the address Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

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

Note 2 Basis for preparation of statements

Railcare's consolidated accounts for have been prepared in accordance with the Annual Accounts Act, recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board, 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 RFR 2 *Accounting for legal entities* from the Swedish Financial Reporting Board, The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act. Effective 1 January 2018, the Parent Company also applies IFRS 9 and IFRS 15 as specified in RFR 2.

The accounting principles applied are in line with those described in Railcare Group's 2018 Annual Report, with the exception that Railcare applies IFRS 16 to leases in Railcare Group effective 1 January 2019. The implementation of the standard entails a certain effect on them financial reports. For disclosures on the effects of the transition to IFRS 16, reference is made to Note 5. Accounting principles in accordance with IFRS 16 follow below.

The Parent Company, Railcare Group AB, has chosen not to apply IFRS 16 Leases but has, effective 1 January 2019, applied the points stated in RFR 2 (IFRS 16 Leases, p. 2-12).

Accounting principle applied with regard to leases effective 1 January 2019

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

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

Assets and liabilities arising from leasing agreements are initially recognised at present value. As this is the first financial year in accordance with IFRS 16, the lease debt consists of the discounted future cash flows from the date of transition to IFRS 16, while all rights-of-use assets were recalculated as if the standard had been applied from the starting dates of the contracts. This means that the rights-of-use assets are reported as if the standard had been applied since the start date, although discounted by Railcare Group's marginal borrowing rate on the initial date of application.

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

- fixed fees
- variable lease fees, determined by an index

The lease payments are discounted at the marginal loan rate.

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

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

Leases of short maturity (briefer than 12 months) and leases of lesser value are expensed on a straight-line basis in the Income Statement.

Options to extend or terminate agreements

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

Comparison data included in this interim report have not been restated in accordance with IFRS 16, and leases are, instead, reported as described in the 2018 Annual Report.

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

Note 3 Segment information

Description of the segments and their principal activities:

Railcare's Group Management, comprising the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the IR and Communications Manager, is the highest executive decision-making body in the Railcare Group and assesses 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 and used as a basis for allocating resources and assessing earnings.

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

Construction Sweden

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

Construction Abroad

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

Transport Scandinavia

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

Machine Sales

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

The Group common item is used for reconciliation purposes and includes Group Management and other Group common services.

Although the Machine Sales segment does not meet the quantitative limits required for segments for which information is to be disclosed in accordance with IFRS 8, company management has determined that this segment should nonetheless be reported as it is monitored closely by Group Management as a possible area of growth and is expected to contribute significantly to consolidated income in the future.

Group Management primarily uses profit after financial items in assessing consolidated earnings.

Income

Sales between segments are conducted on market terms. Income from external customers reported to Group Management is valued in the same way as in the Consolidated statement of comprehensive income.

	Apr-Jun 2019			Apr-Jun 2018		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	41,500	3,808	37,693	36,398	3,803	32,595
Construction Abroad	18,042	2,440	15,602	9,986	3,155	6,830
Transport Scandinavia	39,280	2,560	36,720	26,138	4,099	22,039
Machine Sales	1,078	352	726	1,533	726	807
Group common	7,387	6,968	419	7,172	6,763	409
Total	107,287	16,126	91,161	81,227	18,547	62,680

	Jan-Jun 2019			Jan-Jun 2018			Jan-Dec 2018		
	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
Construction Sweden	81,803	6,922	74,881	76,583	7,273	69,310	144,473	14,665	129,807
Construction Abroad	34,888	4,898	29,990	23,711	5,715	17,996	49,631	10,431	39,200
Transport Scandinavia	78,290	9,221	69,069	50,381	10,665	39,716	114,057	17,873	96,184
Machine Sales	2,327	1,027	1,300	3,876	2,531	1,345	7,429	4,064	3,365
Group common	13,600	12,786	814	13,042	12,245	797	23,191	21,600	1,591
Total	210,908	34,853	176,055	167,594	38,429	129,165	338,781	68,634	270,147

Profit/loss after financial items

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Construction Sweden	2,689	7,371	8,735	17,553	21,697
Construction Abroad	532	-5,504	1,339	-7,154	-12,851
Transport Scandinavia	50	-1,854	2,472	-3,787	-4,124
Machine Sales	-376	-362	-716	-753	-993
Group common	-930	-2,074	-997	-4,614	-7,520
Total	1,965	-2,423	10,833	1,245	-3,791

Profit/loss after financial items for the Group's operating segments are reconciled against consolidated profit/loss before tax in accordance with the following:

Profit/loss after financial items	1,965	-2,423	10,833	1,245	-3,791
Share of profit after tax from associated companies reported according to the equity method	52	36	112	104	184
Profit/loss before tax	2,017	-2,387	10,945	1,349	-3,607

The Group's customers are both private and public players in the railway industry and vary according to area of operations. The Group's customers are largely recurring, and its customer relationships are long term. Most of the Group's income derives from the three segments Construction Sweden, Construction Abroad and Transport Scandinavia.

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

Segment	Income from services		Sales of goods		Leasing		Total	
	Apr-Jun 2019	Apr-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Apr-Jun 2019	Apr-Jun 2018
Construction Sweden	37,694	32,595	-	-	-	-	37,694	32,595
Construction Abroad	15,402	6,259	-	-	200	571	15,602	6,830
Transport Scandinavia	30,715	17,166	1,885	910	4,120	3,963	36,720	22,039
Machine Sales	86	-	640	807	-	-	726	807
Group common	419	409	-	-	-	-	419	409
Total	84,316	56,429	2,525	1,717	4,320	4,534	91,161	62,680

Segment	Income from services		Sales of goods		Leasing		Total	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Construction Sweden	74,883	69,310	-	-	-	-	74,883	69,310
Construction Abroad	29,790	17,425	-	-	200	571	29,990	17,996
Transport Scandinavia	56,392	28,782	4,765	3,077	7,912	7,857	69,069	39,716
Machine Sales	86	-	1,214	1,345	-	-	1,300	1,345
Group common	814	797	-	-	-	-	814	797
Total	161,965	116,314	5,979	4,422	8,112	8,428	176,056	129,165

Note 4 Right-of-use assets

As per 30 June 2019, the Balance Sheet includes rights-of-use assets in accordance with the below:

	Balance per 30 June 2019	Of which, right-of-use assets
Buildings and land	27,221	21,786
Locomotives and wagons	127,608	28,653
Mobile machinery	155,049	2,595
Vehicles	8,635	8,492
Equipment, tools, fixtures and fittings	5,643	89

Note 5 Effects of transition to IFRS 16 Leases

This note explains the effects on the Railcare Group's financial reports of the application of IFRS 16 Leases. Railcare applies the simplified transition method but electing to recalculate all right-of-use assets as if the standard had been applied from starting dates of the agreements. This means that the right-of-use assets are reported as if the standard had been applied since the opening date, but discounted at the Group's marginal borrowing rate on the initial date of application, while the leasing liability consists of the discounted future cash flows from the transition to IFRS 16, which has had a minor impact on equity in the opening balance as per 1 January 2019. Comparison figures have not been recalculated. Contracts previously reported as financial leases have not been revalued, but are reported, in accordance with the previously applied accounting principles, as part of the lease liability and the right-of-use assets in connection with the transition to IFRS 16. Leases with short maturities (less than 12 months) and leases for which the underlying asset is of lower value (less than USD 5,000) will continue to be expensed on a straight-line basis over the term of the lease

Effects of IFRS 16 on the Group's key financial ratios

Amounts in SEK thousands, unless otherwise stated	Apr-Jun 2019 incl. IFRS 16	Apr-Jun 2019 excl. IFRS 16	Jan-Jun 2019 incl. IFRS 16	Jan-Jun 2019 excl. IFRS 16
Operating profit/loss (EBIT)	3,413	3,217	13,769	13,366
Operating margin, %	3.7	3.5	7.8	7.6
Net profit/loss for the period	1,118	1,141	8,521	8,598
Net financial items	-1,448	-1,223	-2,936	-2,438
Total assets	474,412	435,330	474,412	435,330
Equity/assets ratio, %	29.9	32.7	29.9	32.7
Key financial ratios and figures per share, SEK				
Earnings per share before dilution*	0.05	0.05	0.37	0.37
Earnings per share after dilution*	0.05	0.05	0.36	0.36
Equity per share	6.16	6.18	6.16	6.18

Effects of IFRS 16 on the consolidated statement of comprehensive income

Consolidated summary Income Statement, Amounts in SEK thousands	Apr-Jun 2019 incl. IFRS 16 IFRS 16	Apr-Jun 2019 effect of IFRS 16	Apr-Jun 2019 excl. IFRS 16 IFRS 16	Jan-Jun 2019 incl. IFRS 16	Jan-Jun 2019 effect of IFRS 16	Jan-Jun 2019 excl. IFRS 16
Operating income	94,937	-	94,937	181,188	-	181,188
Operating expenses excl. amortisation and depreciation	-78,971	6,354	-85,325	-142,883	12,118	-155,001
Depreciation	-12,553	-6,158	-6,395	-24,536	-11,715	-12,821
Operating loss	3,413	196	3,217	13,769	403	13,366
Net financial items	-1,448	-225	-1,223	-2,936	-498	-2,438
Share of profit after tax from associated companies reported according to the equity method	52	-	52	112	-	112
Profit/loss before tax	2,017	-29	2,046	10,945	-95	11,040
Taxes	-899	6	-905	-2,424	18	-2,442
Net profit/loss for the period	1,118	-23	1,141	8,521	-77	8,598

Effects of IFRS 16 on the consolidated statement of financial position

Consolidated Summary Balance Sheet, Amounts in SEK thousands	30 Jun 2019 incl. IFRS 16	30 Jun 2019 effect of IFRS 16	30 Jun 2019 excl. IFRS 16	UB 31 Dec 2018	IB / UB analysis IFRS 16 effect	IB 1 Jan 2019
ASSETS						
Intangible assets	7,074	-	7,074	7,483	-	7,483
Tangible assets	372,443	42,680	329,763	326,094	43,235	369,329
Financial non-current assets	5,126	-	5,126	5,207	-	5,207
Current assets	89,769	-3,598	93,367	74,386	-3,864	70,522
Total assets	474,412	39,082	435,330	413,170	39,371	452,541
EQUITY AND LIABILITIES						
Equity	141,683	-609	142,292	133,604	-849	132,755
Non-current liabilities	171,209	20,514	150,695	170,018	21,000	191,018
Current liabilities	161,520	19,177	142,343	109,548	19,220	128,768
Total equity and liabilities	474,412	39,082	435,330	413,170	39,371	452,541

Effects of IFRS 16 on the consolidated cash flow statement

The transition to IFRS 16 has had an effect on cash flow for the second quarter of 2019 since the amortisation of the lease liability is reported as part of the financing activities rather than being included in the operating activities. This means that cash flow from operating activities for the second quarter of 2019 is approximately SEK 6.0 million higher, while cash flow from financing activities is approximately SEK 6.0 million lower than if the previous accounting principles had been applied.

For the first half of 2019, cash flow from operating activities was approximately SEK 11.5 million higher, while cash flow from financing activities was approximately SEK 11.5 million lower than if the previous accounting principles had been applied.

For information reconciling the lease liability with the commitment for operational leases reported in the Annual Report and further disclosures regarding the transition to IFRS 16, see the 2018 Annual Report.

KEY FINANCIAL RATIOS AND FIGURES, RAILCARE GROUP SUMMARY¹

Amounts in SEK thousands, unless otherwise stated	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Full-year 2018
Net sales	91,161	62,680	176,056	129,165	270,147
Sales growth, %	45.4	7.5	36.3	-2.8	-7.7
Operating profit/loss (EBIT)	3,413	-1,040	13,769	3,964	1,543
Operating margin, %	3.7	-1.7	7.8	3.1	0.6
Net profit/loss for the period	1,118	-159	8,521	2,905	-1,419
Net financial items	-1,448	-1,383	-2,936	-2,719	-5,334
Total assets	474,412	412,165	474,412	412,165	413,170
Equity/assets ratio, %	29.9	32.4	29.9	32.4	32.3
Key financial ratios and figures per share, SEK					
Earnings per share before dilution	0.05	-0.01	0.37	0.13	-0.06
Earnings per share after dilution	0.05	-0.01	0.36	0.13	-0.06
Equity per share	6.16	6.10	6.16	6.10	5.81
Dividend per share, SEK	-	-	-	-	-

¹ All key financial ratios for 2019 have been calculated inclusive of the effects of introducing IFRS 16. For disclosures regarding the effect of the introduction of IFRS 16, see Note 5. The comparison figures for 2018 have not been recalculated.

QUARTERLY DATA¹, RAILCARE GROUP SUMMARY

Amounts in SEK million	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net sales	91.2	84.9	78.7	62.3	62.7	66.5	86.9	72.9	58.3
Capitalised work for own account	3.2	1.1	1.2	1.8	2.1	0.3	0.0	0.6	0.8
Other operating income	0.6	0.3	0.2	0.1	0.3	0.6	1.5	0.1	0.1
Total	94.9	86.3	80.1	64.1	65.1	67.5	88.4	73.5	59.2
Raw materials and consumables	-34.5	-23.8	-22.7	-16.7	-15.2	-16.0	-35.6	-21.8	-22.2
Other external costs	-11.1	-11.7	-19.7	-18.9	-16.7	-16.0	-14.9	-16.2	-16.3
Personnel costs	-33.1	-28.0	-29.2	-26.9	-28.0	-24.3	-23.6	-21.1	-23.9
Depreciation and impairment of tangible assets	-12.6	-12.0	-6.1	-6.0	-6.0	-6.0	-5.8	-5.8	-5.9
Other operating expenses	-0.4	-0.4	-0.3	-0.2	-0.3	-0.2	-1.0	-1.7	-0.1
Total operating expenses	-91.5	-75.9	-77.9	-68.7	-66.1	-62.5	-81.0	-66.5	-68.4
Operating profit/loss (EBIT)	3.4	10.4	2.2	-4.6	-1.0	5.0	7.4	7.0	-9.2
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	-1.5	-1.5	-1.4	-1.3	-1.4	-1.4	-0.8	-1.7	-1.2
Net financial items	-1.5	-1.5	-1.4	-1.3	-1.4	-1.3	-0.8	-1.7	-1.2
Share of profit after tax from associated companies reported according to the equity method	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.1
Profit/loss before tax	2.0	8.9	0.9	-5.9	-2.4	3.7	6.8	5.4	-10.4
Taxes	-0.9	-1.5	-0.6	1.2	2.2	-0.7	-2.0	-1.1	2.3
Net profit/loss for the period	1.1	7.4	0.3	-4.7	-0.2	3.1	4.8	4.2	-8.0
Equity/assets ratio, %	29.9	30.4	32.3	31.6	32.4	33.1	31.7	29.6	30.3

¹Quarterly data for 2019 include the effects of the introduction of IFRS 16. Comparison figures have not been recalculated.

DEFINITIONS

General	All amounts in tables are in SEK thousands unless otherwise stated. All values in parentheses are comparative figures for the corresponding period in the preceding year unless otherwise stated. Amounts in tables and other summaries have been rounded off individually. Accordingly, minor rounding differences can be found in totals.	
Alternative key financial ratios and figures	This interim report refers to a number of financial measures not defined in accordance with IFRS, so-called alternative key financial ratios and figures. These key financial ratios and figures are used by Railcare to monitor and analyse the financial outcome of the Group's operations and its financial position. These alternative key financial ratios and figures are intended to supplement, not replace, the financial measures presented in accordance with IFRS. See definitions and further information below.	
Key financial ratios and figures	Definition/calculation	Purpose
Operating profit/loss (EBIT)	Calculated as net profit/loss for the period before tax, participations in the earnings of associated companies and financial items.	This key financial ratio shows the Company's profit/loss generated by operating activities.
Net financial items	Net financial items are calculated as financial income less financial expenses.	This key financial figure shows the net amount resulting from the Company's financial activities.
Net margin	The net margin is calculated as income after financial items divided by net sales.	This key financial figure shows how much of the Company's earnings remain after all of its expenses, except for corporation tax, have been deducted.
Total assets	Calculated as the total of the Company's assets at the end of the period.	
Equity per share, SEK	Calculated as equity divided by the number of shares outstanding at the end of the period.	This key financial figure shows the Company's net worth per share.
Sales growth, %	Calculated as the difference between net sales for the period and net sales for the preceding period, divided by net sales for the preceding period.	This key financial figure shows the Company's growth and its historical trend, contributing to an understanding of the Company's development.
Operating margin, %	Calculated as operating income divided by net sales.	This key financial figure shows how much of the Company's profit/loss is generated by its operating activities.
Equity/assets ratio, %	Calculated as equity divided by total assets.	This key financial ratio shows the Company's financial position and its long-term ability to pay.
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 over the period.	This key financial figure shows the Company's earnings per share, regardless of any dilution effect from convertibles outstanding.
Earnings per share after dilution, SEK	To calculate 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 the net profit is adjusted to eliminate interest expenses less the tax effect. Convertible debentures do not give rise to a dilution effect when the interest	This key financial figure shows the Company's earnings per share, regardless of any dilution effect from convertibles outstanding.

per share that may be received on conversion exceeds earnings per share before dilution.
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GLOSSARY

CP6

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

MPV

Multi-Purpose Vehicle – a versatile working vehicle in rail maintenance. During 2019, Railcare will develop a battery-powered version of an MPV.

National Plan

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

Railvac

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

Press releases in the second quarter of 2019

- **8 May** – Report from the annual general meeting of Railcare Group AB (publ)
- **7 May** – Interim report January-March 2019
- **10 April** – Railcare Group AB published its Annual Report for 2018
- **2 April** – Notice of the Annual General Meeting in Railcare Group AB (publ)
- **1 April** – Railcare extends framework agreement with Network Rail

Financial calendar

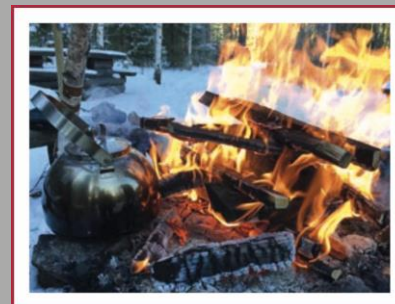
- The interim report for January-September 2019 will be published on 7 November 2019.
- The year-end report for 2019 will be published on 20 February 2020.

About Railcare Group

Railway Specialist Railcare Group AB offers products and services that enhance customers' reliability, punctuality and profitability, primarily in the Nordic region and the UK. The railway industry is in a period of positive development, with increasing traffic volumes and extensive investment programmes, as well as rapid development of cost-efficient freight and passenger transport and increasing environmental awareness. Railcare has unique opportunities to deliver effective solutions that help the railways increase their share of the total transport market. The shares of Railcare Group AB (publ) have been listed on the Small Cap list of the Nasdaq Stockholm exchange since April 2018. The Group has some 130 employees and annual sales of approximately SEK 300 million. The Company's registered office is located in Skelleftehamn, Sweden.

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Railvac in 3D

Please feel free to download the *Railcare 25* app to your mobile device from the App Store or Google Play. Follow the instructions in the app and point the search box towards the above image.

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This information is such that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted, under the auspices of the above contact persons, for publication on 23 August 2019 at 7:30 a.m. CEST.

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