



Press release

18 August 2022

Interim Report January-June 2022

Strong second quarter with high volumes in both the Contracting Sweden and Transport Scandinavia segments

Second quarter

- Consolidated net sales increased by 39.7 percent to SEK 127.2 million (91.1).
- Operating profit (EBIT) increased to SEK 13.0 million (-2.5).
- Earnings per share before and after dilution amounted to SEK 0.40 (-0.12).

First six months of the year

- Consolidated net sales increased by 23.6 percent to SEK 222.5 million (180.0).
- Operating profit (EBIT) increased to SEK 21.8 million (6.2).
- Earnings per share before and after dilution amounted to SEK 0.65 (0.13).

Significant events in the second quarter

- At the start of April, Railcare signed an agreement with LKAB regarding iron ore transport. The value of the agreement is approximately SEK 50 million and spans the period up to 31 December 2022.
- The Swedish Transport Administration exercised its option to extend its existing snow removal contract with Railcare by another three years. The extended contract covers the period up to April 2025 and the order value is SEK 40 million per year.

CEO's comments

Net sales in the second quarter were SEK 127.2 million (91.1) and operating profit was SEK 13.0 million (-2.5). This corresponded to an operating margin of 10.2 percent.

- *A strong second quarter where volumes more than doubled in the contracting business in Sweden and increased significantly in the transport business.*

The volumes in Contracting Sweden have more than doubled compared to the second quarter of the previous year. Contracting work started as early as March and occupancy has remained high since then. The work carried out mainly related to preparatory work such as cable handling and ballast replacement for future year's track replacements. In April, the Swedish Transport Administration exercised its option to extend its existing snow removal contract by another three years. The new contract covers the period up to April 2025 and the order value is SEK 40 million per year.

The relining operations, part of the Contracting Sweden segment, have doubled net sales compared to the previous year. The customer's growing needs and focus on water management have contributed to a significant increase in demand for culvert inspections and renovations.

The contracting operations in the UK continued to experience low volumes. A major reorganisation is currently underway within Network Rail, which had a negative impact on volumes in the second quarter. Railcare has signed a new 2-year framework agreement with Network Rail which spans the period up to the end of July 2024. Besides introducing price adjustments, the agreement makes it easier for the customer to call off Railcare's



machines. The new agreement, together with a general increase in demand for maintenance, will hopefully contribute to higher volumes going forward.

Transport Scandinavia reported significantly higher volumes compared to the second quarter of 2021. The larger volumes are explained by the new contract with LKAB, which, in the second quarter, included transports between Svappavaara-Kiruna and Svappavaara-Gällivare, in contrast to the second quarter of last year, when transport was only conducted on one of the routes. There have been fewer track replacements in the period, which translates into fewer contract transports compared to last year. In contrast, there has been more preparatory work for upcoming track replacements, which benefits the Contracting Sweden segment.

The locomotive workshop is operating at high capacity and the upgrade of two diesel locomotives for Infranord is proceeding on schedule. In addition, on-board equipment is being installed and a Nordics adaptation is taking place on locomotives owned by Nordic Re-Finance.

From 16 June 2022, a certified ECM, maintenance manager, will be required for all railway vehicles in service. Railcare has obtained certification for locomotives, wagons and track-bound machinery used in its own operations and also for performing maintenance on such machinery. This means that the Railcare Group has an overall control over the vehicles used in our operations, and furthermore, the locomotive workshop can offer its services to external customers under a recognised and certified system.

In the Machines and Technology segment, there were no major deliveries in the second quarter. The construction of a new, enhanced MPV is on schedule, and the machine is expected to be completed in the second half of 2023. At the end of May/beginning of June, Railcare participated in the world's largest trade fair for railway machinery and maintenance technology, IAF Münster 2022. With over 140 exhibitors from a total of 17 countries, IAF Münster provides a good picture of where the railway industry is heading. The interest in battery power is high and we can confirm that we are at the forefront in the development of the industry, and we want to continue to lead this development for an even more sustainable railway.

Mattias Remahl, CEO

This information is such that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, for publication on 18 August 2022 at 7:30 a.m. CEST.

For further information, please contact:

Mattias Remahl, CEO

Telephone: +46 (0)70-271 33 46

E-mail: mattias.remahl@railcare.se

Lisa Borgs, IR and Communication Manager

Telephone: +46 (0)70-622 50 01

E-mail: lisa.borgs@railcare.se

About Railcare Group

Rail specialist Railcare Group AB offers products and services that strengthen customer reliability, punctuality and profitability, mainly in the Nordic countries and the United Kingdom. The rail industry is growing and developing well, with increasing traffic volumes and extensive investment programs, along with a rapid development of cost-effective freight and passenger transport and increasing environmental awareness. Railcare has unique opportunities to deliver efficient solutions that contribute to the railways increasing their share of the total transport market. Railcare Group AB (publ)'s share is listed on the Nasdaq Stockholm Small Cap since April 2018. The Group has approximately 150 employees and annual sales amounting to approximately 400 MSEK. The Company's registered office is domiciled in Skellefteå, Sweden.