

Interim Report Q2 2022

railcare



Railcare participated in the IAF Münster 2022 - the world's largest trade fair for railway machinery and maintenance technology. Among all the yellow machines, it was noted that the interest in battery power is high and that Railcare is at the forefront.

Interim Report January-June 2022

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

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

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 by another three years. The extended contract covers the period up to April 2025 and the order value is SEK 40 million per year.

Financial overview

Amounts in SEK million, unless otherwise stated	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Net sales	127.2	91.1	222.5	180.0	438.0
Operating profit/loss (EBIT)	13.0	-2.5	21.8	6.2	56.2
Operating margin, %	10.2	-2.7	9.8	3.4	12.8
Net profit/loss for the period	9.6	-3.0	15.6	3.2	40.5
Equity/assets ratio, %	39.3	36.7	39.3	36.7	39.6
Earnings per share after dilution, SEK	0.40	-0.12	0.65	0.13	1.68

For definitions, see page 26.

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

Financial summary – Railcare Group

Net sales

Net sales for the second quarter of 2022 increased by 39.7 percent to SEK 127.2 million, compared to SEK 91.1 million for the corresponding period last year. Net sales increased mainly in the Contracting Sweden and Transport Scandinavia segments. In Contracting Abroad, utilisation remained low.

+39.7 %

Net sales increased in Q2 compared to last year.

Net sales for the first six months of 2022 increased by 23.6 percent to SEK 222.5 million, compared to SEK 180.0 million for the corresponding period in the previous year. Contracting Sweden and Transport Scandinavia reported increased net sales, as did the Machines & Technology segment, where the first quarter of the year included two major deliveries of 22 timber trailers and machine parts for Loram.

Operating expenses

Operating expenses amounted to SEK 118.2 million in the second quarter 2022, up SEK 19.9 million or 20.3 percent compared to the second quarter 2021 when operating expenses amounted to SEK 98.3 million. The increase was driven by volume, and was primarily explained by higher costs for raw materials and supplies and increased personnel costs.

Operating expenses for the first half of the year were SEK 209.6 million, compared to operating expenses of SEK 181.0 million in the first half of 2021. Operating expenses for the year were affected by revenue recognition in relation to the delivery of machine parts to Loram and the sale of log wagons to BLS Rail, as well as an increase in the cost of raw materials, supplies and personnel related to volumes.

Operating profit

Operating profit (EBIT) for the second quarter 2022 increased significantly to SEK 13.0 million, compared to the second quarter in the previous year when profit amounted to SEK -2.5 million. The operating margin was 10.2 percent (-2.7). Operating profit was positively impacted by higher utilisation in Contracting Sweden and Transport Scandinavia.

SEK 13.0 million

Operating profit increased significantly in Q2 compared to last year.

Operating profit (EBIT) for the first half of the year was SEK 21.8 million, a significant increase compared to the corresponding period in the previous year, when operating profit totalled SEK 6.2 million. Operating profit (EBIT) mainly improved in Contracting Sweden.

Net profit/loss for the period

Profit for the second quarter of 2022 amounted to SEK 9.6 million (-3.0), which implies an increase of SEK 12.6 million compared to the corresponding period in 2021.

Net sales for the first six months of the year increased to SEK 15.6 million, compared to SEK 3.2 million for the corresponding period of the previous year.

Cash flow

Cash flow in the second quarter of the year generated an outflow of SEK 26.6 million, compared to an outflow of SEK 24.0 million in the corresponding quarter of the previous year. Cash flow for the period was mainly attributable to dividends paid to shareholders.

Cash flow from operating activities amounted to SEK -7.8 million (12.7). The decrease was largely due to changes in the rental agreements which determined that rental costs in the current year impacted operating activities. This can be compared to the previous year, in which the rental costs were recognized in financing activities.

Cash flow from investing activities in the second quarter of 2022 amounted to SEK -9.4 million (-12.8) and included investments in machines for proprietary production purposes and investments in the existing machine fleet.

Cash flow from financing activities totalled SEK -9.4 million (-23.8) in the second quarter. During the period, cash flow was positively impacted by new loans amounting to SEK 9.6 million. Repayment of lease liabilities was SEK 4.0 million lower than last year, attributable to a change in lease contracts, which means that the cost was recognized in operating activities this year, as opposed to the previous year, when it was recognized in financing activities.

Equity/Asset ratio

Railcare's financial targets state a minimum equity/assets ratio of 25 percent. At the end of the period, the equity/assets ratio was 39.3 percent, compared to 36.7 percent on 30 June 2021.

Employees

As of 30 June 2022, Railcare had 151 employees, compared to 139 on 30 June 2021. This represents an increase of 12 people, and primarily relates to locomotive drivers who were hired to meet the increased demand in Transport Scandinavia.

151 employees

The number of employees increased by 12 compared to the corresponding period in 2021.

Financial summary – Business segment

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

Contracting Sweden

Net sales in the Contracting Sweden segment in the second quarter of 2022 amounted to SEK 51.9 million (23.7), which was an increase of 118.8 percent compared with the corresponding period in the previous year. Last year's net sales were significantly lower than prior to the pandemic, and this year's net sales are in line with those of 2019-2020.

+118.8 %

An early start to the season and continued high demand in Q2 boosted net sales in Contracting Sweden.

Profit after financial items increased significantly compared to the preceding year and amounted to SEK 5.4 million (-7.1).

Contracting work started already in mid-March and the utilisation was high during the second quarter. Demand for preparatory work for future year's track replacements increased significantly compared to the previous year. For Railcare, this involves cable laying and reballasting railway yards and switches.

Utilisation in the relining operations progressed significantly and net sales more than doubled compared to the second quarter of the previous year. The demand for condition assessments, i.e. assessment of the condition of the culverts, and the execution of the culvert renovations have increased significantly.

Key performance indicators – Contracting Sweden

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2022	Apr-Jun 2021	Change, %	Jan-Jun 2022	Jan-Jun 2021	Change, %
Net sales	51,928	23,731	118.8	89,076	54,701	62.8
Profit/loss after financial items	5,431	-7,091	176.6	10,188	-5,606	281.7
Net margin, %	10.5	-29.9	40.3	11.4	-10.2	21.7

Contracting Abroad

Net sales in Contracting Abroad decreased by 49.3 percent in the first quarter of 2022, compared with the corresponding quarter in the preceding year and amounted to SEK 4.9 million (9.6).

Profit after financial items decreased to SEK -4.9 million (-2.3).

Utilisation in the first quarter remained low. Network Rail is undergoing a major reorganisation, which has had a negative impact on demand.

Railcare has signed a new 2-year framework agreement with Network Rail which, in addition to price adjustments, also makes it easier for customers to call off Railcare's machines.

New framework agreement

A new 2-year framework agreement with Network Rail will ease the call-off of Railcar's machines.

Key performance indicators – Contracting Abroad

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2022	Apr-Jun 2021	Change, %	Jan-Jun 2022	Jan-Jun 2021	Change, %
Net sales	4,855	9,572	-49.3	16,116	28,238	-42.9
Profit/loss after financial items	-4,869	-2,327	-109.3	-5,662	1,814	-412.1
Net margin, %	-100.3	-24.3	-76.0	-35.1	6.4	-41.6

Transport Scandinavia

Net sales in the Transport Scandinavia segment increased by 41.1 percent in the second quarter of 2022, compared with the corresponding quarter in the preceding year and amounted to SEK 73.1 million (51.8).

Profit after financial items improved to SEK 10.8 million (4.8).

The significantly higher sales and profit were explained by the new agreement with LKAB, which covers the period April-December 2022. During the second quarter, transports were carried out on two routes, Svappavaara-Kiruna and Svappavaara-Gällivare, in contrast to the previous year when transports were only carried out on one route. Iron ore transports for Kaunis Iron continued according to plan.

As expected, the volume of contract transports was lower in the second quarter of this year compared to last year due to fewer planned track replacements.

The utilisation of the locomotive workshop remains strong, and the work carried out to upgrade diesel locomotives for Infranord is progressing according to plan. In addition, on-board equipment is being installed and a Nordics adaptation is taking place on locomotives owned by Nordic Re-Finance.

+41.1 %

A new agreement with LKAB and continued good utilisation in the locomotive workshop contribute to increased sales in Transport Scandinavia.

Key performance indicators – Transport Scandinavia

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2022	Apr-Jun 2021	Change, %	Jan-Jun 2022	Jan-Jun 2021	Change, %
Net sales	73,130	51,846	41.1	116,507	100,168	16.3
Profit/loss after financial items	10,819	4,770	126.8	10,817	8,417	28.5
Net margin, %	14.8	9.2	5.6	9.3	8.4	0.9

Machines and Technology (previously Machine Sales)

Net sales in the Machines and Technology segment increased in the second quarter of 2022, compared to the corresponding quarter of last year and amounted to SEK 23.3 million (19.8).

Profit after financial items amounted to SEK 1.5 million (2.7).

There were no major machine deliveries in the quarter. The machines acquired from the Danish operations have been let internally to the Contracting Sweden segment.

The construction of a new, enhanced MPV is on schedule, and the machine is expected to be completed in the second half of 2023.

MPVe

The improved Multi Purpose Vehicle is made with a pantograph, which allows charging from the overhead line.

Key performance indicators – Machines and Technology

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2022	Apr-Jun 2021	Change, %	Jan-Jun 2022	Jan-Jun 2021	Change, %
Net sales	23,277	19,799	17.6	45,430	24,588	84.8
Profit/loss after financial items	1,541	2,682	-42.5	4,524	1,695	167.0
Net margin, %	6.6	13.5	-6.9	10.0	6.9	3.1

Parent Company

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

The Parent Company's net sales for the first half of 2022 amounted to SEK 22.3 million (18.0) and primarily comprised Group-wide services. Operating profit/loss amounted to SEK 0.0 million (-1.8). In the first six months of the previous year, the Parent Company's Profit/loss after financial items was positively impacted by a dividend of SEK 2.4 million from the Danish subsidiary.

RAIL

Ticker for Railcare Group AB's share, which has been traded on Nasdaq Stockholm since April 2018.

(ISIN SE0010441139)

Targets

Financial targets

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

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

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

Sustainability

- Reduce consumption of 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, up to the Company's required equity/assets ratio of 25 percent after dividends. The Annual General Meeting 2022 approved a dividend of SEK 0.60 (0.60) per share, totalling SEK 14,474,500 (14,474,500), for the 2021 financial year.

Events after the end of the period

No significant events, other than ordinary activities, have occurred since the end of the reporting period.

Annual General Meeting 2022

Railcare's Annual General Meeting 2022 was held on 4 May 2022 at 1:00 p.m. at the Company's premises in Skelleftehamn, Sweden. Resolutions included:

- Re-election of Board members Anders Westermark, Catharina Elmsäter-Svärd, Anna Weiner Jiffer, Ulf Marklund, Adam Ådin and Björn Östlund. Anders Westermark was elected as the new Chairman of the Board.
- Re-election of Ernst & Young Aktiebolag as Auditor until the end of the AGM 2022.
- Dividend payment of SEK 0.60 (0.60) per share, totalling SEK 14,474,500 (14,474,500), for the 2021 financial year.

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

Shareholder structure

Ten largest shareholders 30 June 2022	Number of shares	Proportion of share capital and votes (%)
Norra Västerbotten Fastighets AB	7,121,395	29.5
TREAC Aktiebolag	2,415,000	10.0
Ålandsbanken AB	1,226,762	5.1
Avanza Pension insurance company	813,979	3.4
Bernt Larsson	750,987	3.1
HSBC Bank PLC	600,000	2.5
Mikael Gunnarsson	451,780	1.9
Nordnet Pensionsförsäkring AB	375,960	1.6
Emil Burén	263,665	1.1
Torsten Germund Dahlquist	262,299	1.1
Ten largest shareholders	14,281,827	59.2
Other shareholders	9,842,340	40.8
Total	24,124,167	100.0

Source: Euroclear and Railcare

New Chairman of the Board

Anders Westermark was elected as the new Chairman of the Board at the Annual General Meeting on 4 May 2022.

4,142

Number of shareholders in Railcare Group AB as of 30 June 2022.

Source: Euroclear

Significant risks and uncertainties

A description of significant risks and uncertainties can be found in Railcare's Annual Report for 2021, 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.

Railcare continues to see no significant impact on its operations in light of the Russian invasion of Ukraine, although potential long-term consequences are difficult to predict.

Transactions with related parties

During the year, there were no significant changes to the Group or the Parent Company's relations or transactions with related parties, compared to the information provided in the 2021 Annual Report.

The Board's and CEO's assurances

The Board and CEO of Railcare Group AB hereby provide their assurance that the Interim Report provides a fair summary of the Parent Company's and the Group's operations, financial position and results of operations, and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Skelleftehamn, Sweden, 18 August 2022
Railcare Group AB (publ)

Anders Westermark
Chairman

Catharina Elmsäter-Svärd
Board member

Anna Weiner Jiffer
Board member

Adam Ådin
Board member

Björn Östlund
Board member

Ulf Marklund
Board member
Deputy CEO

Mattias Remahl
CEO

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

Financial reports

Consolidated statement of comprehensive income in summary

Amounts in SEK 000	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Net sales	3	127,237	91,047	222,525	179,982	437,946
Capitalised work on own account		3,151	3,464	6,073	4,860	8,341
Other operating income		810	1,338	2,751	2,375	6,359
Total		131,197	95,848	231,348	187,218	452,646
Raw materials and consumables		-48,798	-33,720	-81,308	-54,058	-140,987
Other external costs		-19,115	-15,689	-34,489	-28,482	-62,858
Personnel costs		-39,516	-34,937	-72,213	-70,389	-138,950
Depreciation and impairment of property, plant and equipment and intangible assets		-10,720	-13,755	-20,455	-27,483	-52,096
Other operating expenses		-97	-225	-1,097	-606	-1,536
Total operating expenses		-118,245	-98,326	-209,561	-181,018	-396,426
Operating profit/loss (EBIT)		12,952	-2,478	21,787	6,199	56,219
Financial income		-	54	-	54	57
Financial expenses		-1,095	-1,044	-2,088	-2,132	-4,427
Net financial income/expense		-1,096	-990	-2,088	-2,077	-4,370
Share of profit after tax from associated companies reported according to the equity method		-	56	-	140	-182
Profit/loss before tax		11,856	-3,412	19,699	4,262	51,667
Income tax		-2,259	448	-4,065	-1,022	-11,152
Net profit/loss for the period		9,597	-2,963	15,634	3,241	40,514
Other comprehensive income:						
Items that may be reclassified to profit/loss for the period						
Exchange rate differences from the translation of foreign operations		273	-109	390	102	250
Other comprehensive income for the period, net of tax		273	-109	390	102	250
Total comprehensive income for the period		9,870	-3,072	16,024	3,343	40,764
Amounts in SEK		Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Profit/loss per share ¹		0.40	-0.12	0.65	0.13	1.68
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

¹ Due to no shares instruments in issue, there is no dilution effect.

Consolidated statement of financial position in summary

Amounts in SEK 000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
<u>Non-current assets</u>				
Intangible assets				
Capitalised development costs		671	1,399	967
Patents		232	312	263
Goodwill		7,336	7,283	7,293
Transportation licence		1,314	1,435	1,441
Total intangible assets		9,553	10,428	9,964
Property, plant and equipment				
	4			
Buildings and land		33,092	30,164	35,975
Locomotives and wagons		138,576	132,924	132,579
Mobile machinery		185,556	152,340	145,762
Vehicles		4,605	6,292	5,761
Equipment, tools, fixtures and fittings		6,579	6,543	6,092
Construction in progress		61,956	72,199	92,151
Total property, plant and equipment		430,364	400,461	418,319
Financial non-current assets				
Holdings reported according to the equity method		-	773	-
Deposits		-	658	-
Deferred tax assets		733	559	725
Other non-current receivables		3,954	3,954	3,954
Total financial non-current assets		4,687	5,943	4,679
Total non-current assets		444,604	416,832	432,962
<u>Current assets</u>				
Inventories				
Raw materials and consumables		15,998	13,654	14,414
Work in progress		11,962	12,078	13,555
Total inventories		27,959	25,733	27,968
Current receivables				
Accounts receivable		64,582	39,765	46,543
Current tax receivables		72	2,356	1,030
Other current receivables		5,568	2,354	1,597
Prepaid expenses and accrued income		17,937	10,495	9,306
Total current receivables		88,159	54,969	58,475
Cash and cash equivalents		6,625	3,684	38,560
Total current assets		122,743	84,386	125,003
TOTAL ASSETS		567,347	501,219	557,965

Consolidated statement of financial position in summary, cont.

Amounts in SEK 000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
EQUITY				
Share capital		9,891	9,891	9,891
Other capital provided		19,830	36,565	19,830
Reserves		1,921	1,382	1,530
Retained earnings (comprehensive income for the period included)		191,058	135,890	189,899
Total equity attributable to Parent Company shareholders		222,700	183,729	221,150
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		47,335	38,237	48,158
Liabilities to credit institutions		91,679	97,664	97,041
Lease liability		42,763	30,948	48,062
Total non-current liabilities		181,777	166,849	193,261
Current liabilities				
Lease liability		10,732	16,101	10,945
Liabilities to credit institutions		63,198	53,652	61,668
Overdraft facility		4,779	4,726	-
Accounts payable		46,496	37,762	26,057
Prepayments from customers		1,010	4,439	9,382
Current tax liabilities		1,461	283	356
Other liabilities		3,553	3,319	7,046
Accrued expenses and deferred income		31,641	30,359	28,101
Total current liabilities		162,870	150,641	143,554
TOTAL EQUITY AND LIABILITIES		567,347	501,219	557,965

Consolidated statement of changes in equity in summary

Amounts in SEK 000	Note	Share capital	Other capital provided	Reserves	Retained earnings (incl. profit for the period)	Total equity
Opening balance as of 1 January 2021		9,891	36,565	1,280	147,126	194,862
Net profit/loss for the period		-	-	-	3,241	3,241
Other comprehensive income		-	-	102	-	102
Total comprehensive income		-	-	102	3,241	3,343
Transactions with shareholders						
Dividend		-	-	-	-14,475	-14,475
Closing balance as of 30 June 2021		9,891	36,565	1,382	135,890	183,729
Opening balance as of 1 January 2022		9,891	19,830	1,530	189,899	221,150
Net profit/loss for the period		-	-	-	15,634	15,634
Other comprehensive income		-	-	390	-	390
Total comprehensive income		-	-	390	15,634	16,024
Transactions with shareholders						
Dividend		-	-	-	-14,475	-14,475
Closing balance as of 30 June 2022		9,891	19,830	1,921	191,058	222,700

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

Consolidated cash flow statement in summary

Amounts in SEK 000	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Cash flow from operating activities						
Operating profit		12,960	-2,478	21,787	6,199	56,219
Adjustment for non-cash items		11,034	13,772	20,492	27,484	49,371
Interest paid		-1,095	-1,045	-2,088	-2,132	-4,427
Interest received		-	54	-	54	57
Income tax paid		-621	-719	-2,921	-2,821	-1,782
Cash flow from operating activities before changes in working capital		22,278	9,584	37,270	28,784	99,438
Cash flow from changes in working capital						
Increase/decrease in inventories		-387	-4,254	-15	-6,245	-8,597
Increase/decrease in operating receivables		-30,282	-10,525	-30,587	4,371	502
Increase/decrease in operating liabilities		552	17,869	12,098	14,491	8,894
Total changes in working capital		-30,117	3,090	-18,504	12,617	799
Cash flow from operating activities		-7,839	12,674	18,766	41,401	100,237
Cash flow from investing activities						
Investments in intangible assets		-	-225	-	-873	-957
Investments in property, plant and equipment		-9,427	-12,786	-31,214	-21,791	-42,220
Dividends from associated companies		-	200	-	200	200
Divestment of associated companies		-	-	-	-	450
Divestment of property, plant and equipment		72	-	109	-	3,645
Cash flow from investing activities		-9,355	-12,811	-31,105	-22,464	-38,882
Cash flow from financing activities						
Loans raised		9,554	-	9,554	-	19,200
Net change in overdraft facility		4,779	4,726	4,779	4,726	-
Amortisation of loans		-6,098	-6,935	-13,385	-15,837	-27,645
Amortisation of lease liabilities		-3,185	-7,164	-6,319	-14,700	-24,982
Dividend paid		-14,475	-14,475	-14,475	-14,475	-14,475
Cash flow from financing activities		-9,425	-23,848	-19,846	-40,286	-47,902
Cash flow for the period		-26,618	-23,985	-32,184	-21,349	13,453
Cash and cash equivalents at the beginning of the period		33,036	27,766	38,559	24,785	24,785
Exchange rate difference in cash and cash equivalents		207	-97	250	248	321
Cash and cash equivalents at the end of the period		6,625	3,684	6,625	3,684	38,559

Parent company income statement in summary

Amounts in SEK 000	Note	Apr– Jun 2022	Apr–Jun 2021	Jan– Jun 2022	Jan– Jun 2021	Full-year 2021
Net sales		14,978	10,962	22,306	18,025	35,447
Other operating income		5	176	15	188	240
Total operating income		14,983	11,139	22,321	18,213	35,687
Operating expenses						
Raw materials and consumables		-7,656	-3,899	-7,691	-3,924	-3,939
Other external costs		-4,786	-3,224	-8,464	-6,466	-12,871
Personnel costs		-3,384	-5,283	-5,916	-9,574	-17,733
Depreciation and impairment of property, plant and equipment and intangible assets		-100	-103	-200	-200	-396
Other operating expenses		-7	-12	-12	-12	-28
Total operating expenses		-15,933	-12,521	-22,283	-20,176	-34,967
Profit from participations in associated companies and jointly controlled companies		-	200	-	200	446
Operating profit		-951	-1,183	38	-1,762	1,166
Profit/loss from financial items						
Profit from participations in Group companies		116	-	116	2,404	23,404
Other interest income and similar profit/loss items		7	-	8	-	-
Interest expenses and similar profit/loss items		-37	-22	-44	-22	-83
Total profit/loss from financial items		86	-22	79	2,382	23,321
Profit/loss after financial items		-865	-1,205	117	619	24,487
Appropriations		-	-	-	-	-1,200
Tax on net profit/loss for the period		180	278	-42	373	3
Net profit/loss for the period		-684	-927	75	993	23,291

Parent company balance sheet in summary

Amounts in SEK 000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Intangible assets				
Patents		232	312	263
Total intangible assets		232	312	263
Property, plant and equipment				
Buildings		3,981	4,196	4,088
Equipment, tools, fixtures and fittings		428	294	435
Total property, plant and equipment		4,408	4,489	4,524
Financial non-current assets				
Participations in Group companies		38,336	38,336	38,336
Participations in associated companies		-	204	-
Deferred tax receivables		-	-	3
Total financial non-current assets		38,337	38,540	38,340
Total non-current assets		42,977	43,341	43,127
Current assets				
Current receivables				
Accounts receivable		41	13	13
Receivables from Group companies		86,911	400	67,649
Current tax receivables		47	83	-
Other receivables		1	2	1
Prepaid expenses and accrued income		2,046	1,305	1,297
Total current receivables		89,045	1,802	68,959
Cash and cash equivalent		-	-	30,802
Total current assets		89,045	1,802	99,761
TOTAL ASSETS		132,023	45,143	142,888

Parent company balance sheet in summary, cont.

Amounts in SEK 000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		9,891	9,891	9,891
Total restricted equity		9,891	9,891	9,891
Non-restricted equity				
Share premium reserve		17,446	17,446	17,446
Retained earnings		8,816	-	-
Net profit/loss for the period		75	993	23,291
Total non-restricted equity		26,338	18,439	40,737
Total equity		36,229	28,330	50,628
Current liabilities				
Accounts payable		4,825	2,163	1,960
Overdraft facility		4,779	9,804	-
Current tax liabilities		-	-	649
Liabilities to Group companies		82,428	18	86,264
Other liabilities		852	1,150	720
Accrued expenses and deferred income		2,880	3,678	2,668
Total current liabilities		95,764	16,813	92,260
TOTAL EQUITY AND LIABILITIES		132,023	45,143	142,888

Note

Note 1 General information

Railcare Group AB (publ) ("Railcare"), Corp. ID no. 556730–7813 is a Parent Company registered in Sweden with its registered office in Skellefteå, at the address Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

Unless otherwise stated, all amounts are given in SEK thousands (SEK 000). Figures in brackets refer to the corresponding period in the previous 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 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 2021.

The fair value of financial assets and liabilities is estimated to correspond to 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 and 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 culvert renovation of fibreglass-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

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

Machines and Technology

Technology development, construction, selling new machines and expansion and re-development 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 operators in the railway industry and vary according to area of operations. The Group's customers are largely repeat customers based on long-term relationships.

	Apr-Jun 2022			Apr-Jun 2021		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Contracting Sweden	51,928	2,713	49,215	23,731	3,451	20,280
Contracting Abroad	4,854	1,377	3,477	9,572	1,385	8,187
Transport Scandinavia	73,130	2,348	70,782	51,846	1,548	50,298
Machines and Technology	23,277	19,885	3,392	19,799	7,907	11,891
Group-wide	14,972	14,602	370	10,962	10,572	391
Total	168,162	40,925	127,237	115,910	24,864	91,047

	Jan-Jun 2022			Jan-Jun 2021			Full-year 2021		
	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	89,076	4,712	84,364	54,701	6,368	48,333	130,556	15,720	114,836
Contracting Abroad	16,116	2,114	14,002	28,238	3,614	24,624	47,954	5,657	42,296
Transport Scandinavia	116,507	9,248	107,259	100,168	8,288	91,880	273,888	14,280	259,608
Machines and Technology	45,430	29,245	16,185	24,588	10,188	14,400	37,197	17,790	19,407
Group-wide	22,289	21,574	715	18,025	17,280	745	35,447	33,648	1,798
Total	289,418	66,893	222,525	225,720	45,738	179,982	525,041	87,096	437,946

Profit/loss after financial items

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

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Contracting Sweden	5,431	-7,091	10,188	-5,606	7,575
Contracting Abroad	-4,869	-2,327	-5,662	1,814	3,797
Transport Scandinavia	10,819	4,770	10,817	8,417	39,472
Machines and Technology	1,541	2,682	4,524	1,695	763
Group-wide	-1,065	-1,502	-170	-2,197	242
Total	11,856	-3,468	19,699	4,122	51,849

Profit/loss after financial items for the Group's operating segments is reconciled with Group profit/loss before tax as follows:

Profit/loss after financial items	11,856	-3,468	19,699	4,122	51,849
Share of profit after tax from associated companies reported according to the equity method	-	56	-	140	-182
Profit/loss before tax	11,856	-3,412	19,699	4,262	51,667

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

	Income from services		Sales of goods		Leasing		Total	
	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021
Contracting Sweden	49,215	20,280	-	-	-	-	49,215	20,280
Contracting Abroad	3,477	7,964	-	18	-	205	3,477	8,187
Transport Scandinavia	67,250	44,371	1,295	2,979	2,237	2,945	70,782	50,294
Machines and Technology	1,071	1,392	2,321	10,499	-	-	3,392	11,891
Group-wide	370	395	-	-	-	-	370	395
Total	121,383	74,402	3,616	13,496	2,237	3,149	127,237	91,047

	Income from services		Sales of goods		Leasing		Total	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Contracting Sweden	84,364	48,333	-	-	-	-	84,364	48,333
Contracting Abroad	13,978	24,194	24	22	-	409	14,002	24,624
Transport Scandinavia	100,334	81,904	2,038	3,868	4,888	6,108	107,259	91,880
Machines and Technology	2,796	1,824	13,389	12,576	-	-	16,185	14,400
Group-wide	714	745	-	-	-	-	714	745
Total	202,186	157,000	15,451	16,466	4,888	6,516	222,525	179,982

Note 4 Non-current assets

	Buildings and land	Locomotives and wagons	Mobile machinery	Vehicles	Equipment, tools, fixtures and fittings	Construction in progress	Total
30/06/2021							
Opening carrying amount	33,257	135,316	155,562	6,521	5,898	66,907	403,461
Exchange rate differences	67	22	30	1	15	-	135
Purchases/capitalised expenses for the year	856	1,219	3,362	1,593	204	20,337	27,571
Reclassifications	-	10,661	-	-	1,058	-11,682	36
Disposals and scrappings	-	-	-	-429	-8	-3,362	-3,800
Depreciation	-4,017	-14,294	-6,614	-1,394	-623	-	-26,942
Closing carrying amount 30/06/2021	30,164	132,924	152,340	6,292	6,543	72,199	400,461
Of which, right-of-use assets	19,864	22,294	2,052	6,259	-	-	50,470
30/06/2022							
Opening carrying amount	35,975	132,579	145,762	5,761	6,092	92,151	418,319
Exchange rate differences	19	13	30	4	49	-	115
Purchases/capitalised expenses for the year	587	-	474	455	1,080	29,644	32,240
Reclassifications	-	13,043	46,820	-	-	-59,840	24
Disposals and scrappings	-	-61	-	-241	-32	-	-334
Depreciation	-3,488	-6,998	-7,531	-1,374	-610	-	-20,000
Closing carrying amount 30/06/2022	33,092	138,576	185,556	4,605	6,580	61,956	430,364
Of which, right-of-use assets	22,722	26,225	1,803	4,533	-	-	55,283

Key performance indicators, Railcare Group in summary

Amounts in SEK 000, unless otherwise stated	Apr– Jun 2022	Apr–Jun 2021	Jan– Jun 2022	Jan– Jun 2021	Full-year 2021
Net sales	127,237	91,047	222,525	179,982	437,946
Sales growth, %	39.7	-13.5	23.6	-14.8	9.1
Operating profit/loss (EBIT)	12,952	-2,478	21,787	6,199	56,219
Operating margin, %	10.2	-2.7	9.8	3.4	12.8
Net profit/loss for the period	9,597	-2,963	15,634	3,241	40,514
Net financial income/expense	-1,096	-990	-2,088	-2,077	-4,370
Total assets	567,347	501,219	567,347	501,219	557,965
Equity/assets ratio, %	39.3	36.7	39.3	36.7	39.6
Key performance indicators per share, SEK					
Earnings per share before and after dilution	0.40	-0.12	0.65	0.13	1.68
Equity per share	9.23	7.62	9.23	7.62	9.17
Dividend per share, SEK	0.6	0.6	0.6	0.6	0.6

Quarterly data, Railcare Group summary

Amounts in SEK million	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales	127.2	95.3	131.8	126.2	91.0	88.9	95.6	94.5	105.3
Capitalised work on own account	3.2	2.9	1.6	1.9	3.5	1.4	11.3	3.5	0.7
Other operating income	0.8	1.9	2.8	1.2	1.3	1.0	0.2	1.0	1.7
Total	131.2	100.2	136.1	129.3	95.8	91.4	107.2	99.0	107.8
Raw materials and consumables	-48.8	-32.5	-47.0	-39.9	-33.7	-20.3	-31.7	-27.5	-31.1
Other external costs	-19.1	-15.4	-17.7	-16.7	-15.7	-12.8	-13.9	-14.4	-15.3
Personnel costs	-39.5	-32.7	-35.2	-33.4	-34.9	-35.5	-32.7	-29.0	-33.2
Depreciation and impairment of property, plant and equipment	-10.7	-9.7	-11.0	-13.7	-13.8	-13.7	-13.6	-13.4	-13.5
Other operating expenses	-0.1	-1.0	-0.6	-0.3	-0.2	-0.4	-1.0	-0.2	-0.5
Total operating expenses	-118.2	-91.3	-111.4	-104.0	-98.3	-82.7	-92.9	-84.5	-93.5
Operating profit/loss (EBIT)	13.0	8.8	24.7	25.3	-2.5	8.7	14.3	14.4	14.3
Financial income	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Financial expenses	-1.1	-1.0	-1.2	-1.1	-1.0	-1.1	-1.2	-1.2	-1.2
Net financial income/expense	-1.1	-1.0	-1.2	-1.1	-1.0	-1.1	-1.2	-1.2	-1.2
Share of profit after tax from associated companies reported according to the equity method	0.0	0.0	-0.4	0.0	0.1	0.1	0.2	0.1	0.0
Profit/loss before tax	11.9	7.8	23.2	24.2	-3.4	7.7	13.2	13.3	13.1
Tax	-2.3	-1.8	-4.9	-5.2	0.4	-1.5	-2.0	-3.6	-3.1
Net profit/loss for the period	9.6	6.0	18.2	19.1	-3.0	6.2	11.2	9.8	9.9
Equity/assets ratio, %	39.3	40.2	39.6	37.5	36.7	39.5	37.4	36.4	35.4

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 can be found in totals.	
Alternative key performance indicators	This Interim Report refers to a number of financial measures not defined in accordance with IFRS, known as alternative key performance indicators. Railcare uses these key performance indicators to monitor and analyse the financial outcome of the Group's operations and its financial position. These alternative key performance indicators are intended to supplement, not replace, the financial measures presented in accordance with IFRS. See definitions and further information below.	
Key performance indicators	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 performance indicator 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 key performance indicator illustrates 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 performance indicator 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 key performance indicator illustrates 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 performance indicator illustrates the Company's growth and historical performance, contributing to an understanding of the Company's development.
Operating margin, %	Calculated as operating income divided by net sales.	This key performance indicator 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 key performance indicator illustrates the Company's financial position and long-term payment ability.
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 key performance indicator illustrates the Company's earnings per share, excluding any dilution effect from outstanding convertibles.

<p>Earnings per share after dilution, SEK</p>	<p>To calculate earnings per share after dilution, the weighted average number of outstanding shares 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.</p>	<p>This key performance indicator illustrates the Company's earnings per share, excluding any dilution effect from outstanding convertibles.</p>
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Glossary

Reballasting

Replacement of the top layer of the rail embankment in which the sleepers are set.

ECM

Entity in Charge of Maintenance is a term used to describe the organisation or company responsible for the maintenance of a railway vehicle. From 16 June 2022, a certified ECM will be required for all railway vehicles in service. The Railcare Group has two certified companies.

MPVe

Railcare's newest maintenance machine, Multi Purpose Vehicle, which is battery powered. The machine is equipped with its own power source, vacuum pumps, hydraulics and operator cabs, which allows it to be used as a complement to Railcare's railway vacuum cleaner and snow melter, and to function as a towing vehicle for macadam wagons during track works.

Railvac

Railcare's machine for maintenance contracts that are able to perform various types of track maintenance on the railways using vacuum technology.

Culvert inspections

Inspection and documentation of the condition and potential maintenance need for culverts under railways and roads.

Press releases in the second quarter 2022

- **27 May** – Railcare’s battery-powered maintenance machine arrives in Münster
- **9 May** – Railcare Group hosts Capital Markets Day
- **4 May** – Notice convening the Annual General Meeting in Railcare Group AB (publ)
- **3 May** - Interim Report January-March 2022
- **22 April** - Swedish Transport Administration extends snow removal contract with Railcare by three years
- **13 April** - Railcare Group AB (publ) publishes its annual report for 2021
- **5 April** - Railcare signs renewed agreement for iron ore transports for LKAB Malmtrafik amounting to approximately SEK 50 million

Financial calendar

- **3 November 2022** - Interim Report January-September 2022 is published
- **16 February 2023** - Year-end Report 2022 is published

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This information is such as 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 18 August 2022 at 07:30 a.m. CEST.

About Railcare Group

The railway specialist Railcare offers innovative products and services for the railway; for example, railway maintenance with self-developed machines, a locomotive workshop, special transport and machine sales projects. Our market is mainly in Scandinavia and the United Kingdom. The railway industry is in a positive development with increasing traffic volumes, extensive investment programs, developing 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 150 employees and annual sales of approximately SEK 440 million. The company's registered office is located in Skellefteå, Sweden.

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