

Interim Report Q2 2023

railcare

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



Machine operators Kjell Dahlqvist (left) and Casper Larsson (right) during a contracting assignment in Västerås in May.

INTERIM REPORT JANUARY-JUNE 2023

Record sales and a main- tained margin

SECOND QUARTER

- Consolidated net sales increased by 13.7 percent to SEK 144.7 million (127.2).
- Operating profit (EBIT) increased to SEK 14.9 million (13.0).
- Earnings per share before and after dilution amounted to SEK 0.41 (0.40).

FIRST SIX MONTHS OF THE YEAR

- Consolidated net sales increased by 14.9 percent to SEK 255.7 million (222.5).
- Operating profit (EBIT) increased to SEK 28.0 million (21.8).
- Earnings per share before and after dilution amounted to SEK 0.77 (0.65).

SIGNIFICANT EVENTS IN THE SECOND QUARTER

- Railcare makes changes to its Group Management. The new Group Management comprises Mattias Remahl, CEO; Lisa Borgs, CFO and Business Area Managers Johan Hansén and Jonny Granlund.
- The AGM of Railcare Group AB took place on 4 May. The report from the AGM and documents are available at www.railcare.se/en.

FINANCIAL SUMMARY

Amounts in SEK million, unless otherwise stated	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales	144.7	127.2	255.7	222.5	497.0
Operating profit/loss (EBIT)	14.9	13.0	28.0	21.8	52.4
Operating margin, %	10.3	10.2	11.0	9.8	10.5
Net profit/loss for the period	10.0	9.6	18.7	15.6	36.8
Equity/assets ratio, %	40.3	39.3	40.3	39.3	41.2
Earnings per share before and after dilution, SEK	0.41	0.40	0.77	0.65	1.52

Strong second quarter, despite major challenges in the industry

Net sales in the second quarter were SEK 144.7 million (127.2) and operating profit was SEK 14.9 million (13.0). This corresponds to an operating margin of 10.3 percent.

“A strong second quarter with record sales and a maintained margin despite high inflation and tough industry conditions due to major problems with the introduction of the Swedish Transport Administration’s new MPK planning system.”

Track timetables announced at short notice

The railway industry is currently facing a challenging situation as a result of problems with the introduction of the Swedish Transport Administration’s new MPK planning system. Train operators and maintenance contractors alike are severely affected by track timetables being announced at very short notice, making planning more difficult and in some cases resulting in cancelled jobs and transport. This affects end customers such as major industrial corporations that rely on smoothly functioning railways.

Railcare was one of many companies the Swedish Minister for Infrastructure, Andreas Carlsson, invited to a meeting in mid-June to discuss the situation and what measures can be taken to improve it. Everyone at the meeting, including representatives from LKAB, SSAB, Volvo, Stora Enso and Holmen, agreed that the current situation is unacceptable.

In the short term, the planning system needs to be improved and the major shortcomings need to be addressed. In the long term, powerful measures are required to reduce the maintenance deficit on the railway, that has accumulated over the decades.



“In the long term, powerful measures are required to reduce the maintenance deficit on the railway, that has accumulated over the decades.”

Mattias Remahl, CEO Railcare Group

Despite the challenging situation facing the industry, Railcare has increased both its sales and profit during the second quarter thanks to the breadth of its operations and flexible working methods.

Contracting Sweden

Contracting Sweden increased its volumes compared to the second quarter last year, primarily due to the reorganisation at the beginning of the year, which led to all operators coming under Contracting Sweden whereas previously some of the workforce had been part of Contracting Abroad. The start of the contracting operations was postponed to mid-April due to the cold weather, one month later than last year. Despite the challenges created by MPK for short-term planning, capacity utilisation has been relatively high.

Net sales for relining operation, which is part of the Contracting Sweden segment, have increased year-on-year, but fewer culvert renovations and more ground work have had a negative impact on the margin.

Contracting Abroad

Volumes for contracting operations in the UK have been higher compared to the same period in the previous year. Sales in 2022 were positively affected by

“Volumes for Transport Scandinavia are higher than for the second quarter of 2022, mainly due to the locomotive workshop in Långsele, which is enjoying continued strong growth, and the four standby locomotives in the contract with the Swedish Transport Administration.”

hiring out personnel internally to Contracting Sweden. Following the reorganisation, no such hiring out of personnel took place this year. The improved result can mainly be attributed to cost savings.

Transport Scandinavia

Volumes for Transport Scandinavia are higher than for the second quarter of 2022, mainly due to the locomotive workshop in Långsele, which is enjoying continued strong growth, and the four standby locomotives in the new contract with the Swedish Transport Administration. The planned increase in rounds of transportation for LKAB has taken longer than expected due to delays in deliveries of locomotives and the volumes were not achieved until the beginning of the third quarter.

The locomotive workshop is upgrading TB locomotives for Infranord. The work has taken a long time due to delayed deliveries of the on-board equipment and is expected to continue until the end of the year. In parallel, the workshop is installing on-board equipment on Traxx locomotives for Beacon Rail. Railcare is leasing these locomotives for its transport assignment for LKAB.

Machines and Technology

In the Machines and Technology segment, work on construction of the improved MPV is proceeding to plan. The machine is expected to be complete and a trial run conducted in the latter half of 2023.

I am impressed and proud of the dedication shown by our employees at this challenging time. The hallmark of our strong corporate culture is that we are flexible, agile and solution-oriented – and once again this has proven to be our greatest asset.

Mattias Remahl

CEO

Financial summary

NET SALES

Net sales for the second quarter of 2023 increased by 13.7 percent to SEK 144.7 million, compared to SEK 127.2 million for the corresponding period last year. Contracting Sweden and Transport Scandinavia are the main contributors to the increase in sales.

Net sales for the first half of 2023 increased by 14.9 percent to SEK 255.7 million, compared to SEK 222.5 million for the corresponding period in the previous year. Transport Scandinavia is the main driver of the increase with higher sales in the locomotive workshop and the contract for four new standby locomotives. Sales in the Machines and Technology segment, however, have been lower than last year as there have been no major external sales during the first half of the year.

OPERATING EXPENSES

Operating expenses amounted to SEK 133.6 million in the second quarter of 2023, up SEK 15.3 million or 13.0 percent compared to the second quarter of 2022.

Operating expenses for the first six months of the year totalled SEK 238.3 million, compared to SEK 209.6 million for the corresponding period of the previous year. This corresponds to an increase of 13.7 percent.

Increased operating expenses are partly related to high inflation, but they can primarily be attributed to higher volumes in the operations, such as the major projects in progress in the locomotive workshop in Långsele and the new recruitment to meet increased demand for the Group's services.

OPERATING PROFIT

Operating profit (EBIT) for the second quarter of 2023 increased to SEK 14.9 million compared to the equivalent quarter in the previous year when profit amounted to SEK 13.0 million. The operating margin was largely unchanged at 10.3 percent (10.2). The improved operating profit is due to increased volumes.

Operating profit (EBIT) for the first six months of 2023 increased to SEK 28.0 million, compared to SEK 21.8 million for the corresponding period of the previous year. The operating margin increased to 11.0 percent (9.8). Cost savings in Contracting Abroad and increased volumes are the main explanations.

NET PROFIT/LOSS FOR THE PERIOD

Profit for the second quarter of 2023 totalled SEK 10.0 million (9.6). In the first half of the year, net profit for the period increased to SEK 18.7 million (15.6).

+13.7%

Increase in net sales during the second quarter compared to the corresponding period last year

CASH FLOW

Cash flow in the second quarter of the year generated an outflow of SEK 9.5 million, compared to SEK 26.6 million in the corresponding quarter of the previous year. The large change is the change in working capital.

Events with a significant effect on cash flow during the second quarter, apart from operating activities, comprise a shareholder dividend of SEK 14.5 million (14.5).

Cash flow during the first half of 2023 generated an outflow of SEK 14.9 million (32.2).

Cash flow from investing activities amounted to SEK -24.7 million (-31.1) during the first half of 2023, which was financed through new loans totalling SEK 10.5 million (9.6). The investments mainly relate to the further development of the battery-powered MPV.

EQUITY/ASSETS RATIO

At the end of the period, the equity/assets ratio was 40.3 percent, compared to 39.3 percent on 30 June 2022.

EMPLOYEES

As of 30 June 2023, the Railcare Group had 169 employees, compared to 151 on 30 June 2022. This is an increase of 18 and mainly relates to the recruitment of locomotive drivers, partly for the assignments with standby locomotives which began in autumn 2022. A number of new machine operators have also been recruited in 2023 to meet increased demand in the contracting operations.

PARENT COMPANY

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

The Parent Company's net sales for the second quarter of 2023 amounted to SEK 13.3 million (15.0) and mainly comprised Group-wide services. Operating profit amounted to SEK -1 million (-1.0).

TARGETS

Financial targets

- Sales SEK 800 million
- Operating margin 10 percent

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

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

Sustainability

- Reduce fossil fuel emissions from proprietary locomotives and machinery by 40% by 2025.

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

Dividend

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

The new leased Effishunter locomotives, with improved environmental performance and an on-board system adapted for the new ERTMS signalling system.



Contracting Sweden

Net sales in the Contracting Sweden segment in the second quarter of 2023 amounted to SEK 58.5 million (51.9), which is an increase of 12.6 percent on the corresponding period in the previous year. Profit after financial items decreased compared with the preceding year and amounted to SEK 4.6 million (5.4).

As of 1 January, all machine operators come under the same company and are part of Contracting Sweden. The hiring out of operators to Contracting Abroad increases sales in Contracting Sweden, but has a negative impact on the segment's net margin.

Contracting operations in 2023 began in mid-April, one month later than the previous year due to the cold weather. The major problems with the introduction of the Swedish Transport Administration's new MPK planning system have resulted in less notice of track times, which has presented a challenge to our planning and the execution of maintenance work. Despite these challenges, the volume has been relatively high.

Key performance indicators – Contracting Sweden

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2023	Apr-Jun 2022	Change, %	Jan-Jun 2023	Jan-Jun 2022	Change, %
Net sales	58,486	51,928	12.6	99,606	89,076	11.8
Profit/loss after financial items	4,555	5,431	-16.1	6,306	10,188	-38.1
Net margin, %	7.8	10.5	-2.7	6.3	11.4	-5.1

Contracting Abroad

Net sales in the Contracting Abroad segment increased by 4.7 percent in the second quarter of 2023 compared with the corresponding quarter in the preceding year and amounted to SEK 5.1 million (4.9). Profit/loss after financial items improved to SEK -1.0 million (-4.9).

Volumes are usually lower during the summer half of the year as less maintenance work is scheduled for this period. The improved result can mainly be attributed to cost savings.

Key performance indicators – Contracting Abroad

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2023	Apr-Jun 2022	Change, %	Jan-Jun 2023	Jan-Jun 2022	Change, %
Net sales	5,083	4,855	4.7	18,322	16,116	13.7
Profit/loss after financial items	-979	-4,869	79.9	613	-5,662	110.8
Net margin, %	-19.3	-100.3	81.0	3.3	-35.1	38.4

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

Transport Scandinavia

Net sales in the Transport Scandinavia segment increased by 12.8 percent in the second quarter of 2023 compared with the corresponding quarter in the preceding year and amounted to SEK 82.5 million (73.1). Profit after financial items decreased to SEK 8.7 million (10.8).

The higher sales can be explained by continued strong growth in the locomotive workshop in Långsele and the contract for four new standby locomotives. The increase in the number of rounds of transportation for LKAB has taken longer due to delayed locomotive deliveries, but the planned level was reached at the beginning of the third quarter.

The locomotive workshop in Långsele has enjoyed continued high capacity utilisation and strong growth. The assignment for Infranord to upgrade TB locomotives has taken a long time due to delayed deliveries of the on-board equipment. The work is expected to be complete by the end of the year.

On-board equipment is also being installed on Traxx locomotives for Beacon Rail. These are the locomotives Railcare is leasing for its transportation assignment for LKAB.

Key performance indicators – Transport Scandinavia

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2023	Apr-Jun 2022	Change, %	Jan-Jun 2023	Jan-Jun 2022	Change, %
Net sales	82,473	73,130	12.8	150,817	116,507	29.4
Profit/loss after financial items	8,706	10,819	-19.5	15,324	10,817	41.7
Net margin, %	10.6	14.8	-4.3	10.2	9.3	0.9

Machines and Technology

Net sales in the Machines and Technology segment decreased in the second quarter of 2023 compared to the corresponding quarter last year and amounted to SEK 18.3 million (23.3). Profit after financial items was in line with the equivalent quarter in the preceding year and amounted to SEK 1.5 million (1.5).

There were no external machine sales in the second quarter.

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



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

Key performance indicators – Machines and Technology

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2023	Apr-Jun 2022	Change, %	Jan-Jun 2023	Jan-Jun 2022	Change, %
Net sales	18,262	23,277	-21.5	36,227	45,430	-20.3
Profit/loss after financial items	1,472	1,541	-4.5	2,394	4,524	-47.1
Net margin, %	8.1	6.6	1.5	6.6	10.0	-3.4

Shares

SHAREHOLDER STRUCTURE

Ten largest shareholders 30 June 2023	Number of shares	Proportion of share capital and votes (%)
Nornan Invest AB*	7,121,395	29.5
TREAC Aktiebolag	2,390,000	9.9
Ålandsbanken AB	1,272,108	5.3
Försäkringsbolaget Avanza Pension	850,374	3.5
Bernt Larsson	750,987	3.1
HSBC Bank PLC	599,906	2.5
Mikael Gunnarsson	489,000	2.0
Nordnet Pensionsförsäkring AB	394,355	1.6
Torsten Germund Dahlquist	279,154	1.2
Harry Markku Sjöblom	268,697	1.1
Ten largest shareholders	14,415,976	59.8
Other shareholders	9,708,191	40.2
Total	24,124,167	100.0

* Former shareholder Norra Västerbotten Fastighets AB has been dissolved via a merger with the Parent Company Nornan Invest AB, which has taken over all of the company's shares in Railcare Group AB, making it the largest shareholder.

SIGNIFICANT RISKS AND UNCERTAINTIES

A description of significant risks and uncertainties can be found in Railcare's Annual Report for 2022, which can be downloaded at www.railcare.se. There have been no material changes to significant risks and uncertainties since the publication of the Annual Report.

TRANSACTIONS WITH RELATED PARTIES

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

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

EVENTS AFTER THE END OF THE PERIOD

There were no significant events after the end of the period.

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 review 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, 17 August 2023

Railcare Group AB (publ)

Anders Westermark
Chairman of the Board

Andreas Lantto
Board member

Catharina Elmsäter-Svärd
Board member

Ulf Marklund
Board member

Björn Östlund
Board member

Mattias Remahl
CEO

Linn Andersson
Board member

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

Consolidated Statement of Comprehensive Income in summary

Amounts in SEK 000	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales	3	144,689	127,237	255,698	222,525	497,035
Capitalised work on own account		3,229	3,151	7,474	6,037	12,130
Other operating income		539	810	3,101	2,751	3,104
Total		148,457	131,197	266,273	231,348	512,269
Raw materials and consumables		-54,134	-48,798	-96,295	-81,308	-193,141
Other external costs		-22,739	-19,115	-38,040	-34,489	-75,762
Personnel costs		-45,496	-39,516	-81,183	-72,213	-146,341
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-10,796	-10,720	-21,340	-20,455	-42,811
Other operating expenses		-400	-97	-1,398	-1,097	-1,849
Total operating expenses		-133,566	-118,245	-238,255	-209,561	-459,904
Operating profit/loss (EBIT)		14,891	12,952	28,018	21,787	52,365
Net financial income/expense		-2,247	-1,096	-4,415	-2,088	-5,457
Profit/loss before tax		12,644	11,856	23,603	19,699	46,907
Income tax		-2,649	-2,259	-4,907	-4,065	-10,125
Net profit/loss for the period		9,995	9,597	18,696	15,634	36,783
Other comprehensive income						
Items that may be reclassified to profit/loss for the period						
Exchange rate differences from the translation of foreign operations		53	273	153	390	637
Other comprehensive income for the period, net of tax		53	273	153	390	637
Total comprehensive income for the period		10,048	9,870	18,849	16,024	37,420
Earnings per share*		0.41	0.40	0.77	0.65	1.52
Average number of shares		24,124,167	24,124,167	24,124,167	24,124,167	24,124,167
Number of shares outstanding on the reporting date		24,124,167	24,124,167	24,124,167	24,124,167	24,124,167

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

Consolidated Statement of Financial Position in summary

Amounts in SEK 000	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Intangible assets		8,943	9,553	8,212
Property, plant and equipment	4	444,247	430,364	438,123
Financial non-current assets		4,695	4,687	4,635
Total non-current assets		457,885	444,604	450,970
Inventories		30,619	27,959	32,245
Accounts receivable		73,018	64,582	40,936
Other current receivables		37,899	23,577	36,746
Total current receivables		110,917	88,159	77,682
Cash and cash equivalents		17,336	6,625	31,976
Total current assets		158,872	122,743	141,903
TOTAL ASSETS		616,757	567,347	592,873
EQUITY AND LIABILITIES				
Equity		248,469	222,700	244,095
Deferred tax liabilities and other provisions		54,750	47,335	54,756
Non-current liabilities to credit institutions		77,469	91,679	100,833
Non-current lease liabilities		38,729	42,763	42,646
Total non-current liabilities		170,948	181,777	198,235
Current liabilities to credit institutions		84,162	63,198	63,927
Current lease liabilities		10,889	10,732	10,658
Accounts payable		46,943	46,496	34,359
Other current liabilities		55,345	42,444	41,599
Total current liabilities		197,340	162,870	150,543
TOTAL EQUITY AND LIABILITIES		616,757	567,347	592,873

Consolidated Statement of Changes in Equity in summary

Amounts in SEK 000	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
Equity, opening balance		244,095	221,150	221,150
Comprehensive income for the period		18,849	16,024	37,420
Dividend		-14,475	-14,475	-14,475
Equity, closing balance		248,469	222,701	244,095

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

Consolidated Cash Flow Statement in summary

Amounts in SEK 000	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Cash flow from operating activities						
Operating profit		14,891	12,960	28,018	21,787	52,365
Adjustment for non-cash items		11,071	11,034	20,757	20,492	42,894
Interest paid		-2,154	-1,095	-4,223	-2,088	-5,478
Interest received		28	-	65	-	21
Income tax paid		-755	-621	-1,694	-2,921	-2,024
Cash flow from operating activities before changes in working capital		23,081	22,278	42,923	37,270	87,778
Cash flow from changes in working capital						
Increase/decrease in inventories		2,027	-387	1,589	-15	-4,693
Increase/decrease in operating receivables		-34,542	-30,282	-32,788	-30,587	-20,098
Increase/decrease in operating liabilities		26,056	552	22,425	12,098	4,410
Total changes in working capital		-6,459	-30,117	-8,774	-18,504	-20,381
Cash flow from operating activities		16,622	-7,839	34,149	18,766	67,397
Cash flow from investing activities						
Investments in intangible assets		-654	-	-810	-	-164
Investments in property, plant and equipment		-11,704	-9,427	-25,092	-31,214	-53,109
Divestment of property, plant and equipment		-30	72	1,210	109	109
Cash flow from investing activities		-12,388	-9,355	-24,692	-31,105	-53,164

Amounts in SEK 000	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Loans raised		10,525	9,554	10,525	9,554	32,398
Net change in overdraft facility		-	4,779	-	4,779	-
Amortisation of loans		-6,359	-6,098	-13,910	-13,385	-26,346
Amortisation of lease liabilities		-3,406	-3,185	-6,544	-6,319	-12,790
Dividend paid		-14,475	-14,475	-14,475	-14,475	-14,475
Cash flow from financing activities		-13,715	-9,425	-24,404	-19,846	-21,213
Cash flow for the period		-9,481	-26,618	-14,947	-32,184	-6,980
Cash and cash equivalents at the beginning of the period		26,605	27,766	31,976	38,559	38,560
Exchange rate difference in cash and cash equivalents		211	207	307	250	397
Cash and cash equivalents at the end of the period		17,336	6,625	17,336	6,625	31,976

Parent Company Income Statement in summary

Amounts in SEK 000	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales		13,288	14,978	20,842	22,306	36,745
Other operating income		20	5	143	15	19
Total operating income		13,307	14,983	20,985	22,321	36,764
Raw materials and consumables		-5,759	-7,656	-5,811	-7,691	-7,699
Other external costs		-4,729	-4,786	-8,885	-8,464	-16,703
Personnel costs		-3,669	-3,384	-6,898	-5,916	-11,430
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-142	-100	-246	-200	-409
Other operating expenses		-2	-7	-4	-12	-32
Total operating expenses		-14,301	-15,933	-21,844	-22,283	-36,273
Operating profit		-994	-951	-858	38	491
Profit/loss from financial items		4,732	86	4,732	79	-4,389
Profit/loss after financial items		3,739	-865	3,874	117	-3,899
Appropriations		-	-	-	-	9,300
Tax on net profit/loss for the period		171	180	143	-42	-2,089
Net profit/loss for the period		3,910	-684	4,017	75	3,312

Parent Company Balance Sheet in summary

Amounts in SEK 000	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Intangible assets		264	232	237
Property, plant and equipment		5,749	4,408	4,783
Financial non-current assets		33,939	38,337	33,939
Total non-current assets		39,952	42,977	38,959
Receivables from Group companies		111,463	86,911	94,161
Other current receivables		2,327	2,134	1,899
Total current receivables		113,790	89,045	96,060
Cash and cash equivalent		15,686	-	26,419
Total current assets		129,476	89,045	122,479
TOTAL ASSETS		169,428	132,023	161,438
EQUITY AND LIABILITIES				
Restricted equity		9,891	9,891	9,891
Non-restricted equity		19,118	26,338	29,575
Total equity		29,009	36,229	39,466
Provisions		62	31	49
Current liabilities to Group companies		129,572	82,428	115,831
Other current liabilities		10,785	13,336	6,092
Total current liabilities		140,357	95,764	121,923
TOTAL EQUITY AND LIABILITIES		169,428	132,023	161,438

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

NOTE 1 GENERAL INFORMATION

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

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

NOTE 2 BASIS FOR PREPARATION OF STATEMENTS

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

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

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

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

NOTE 3 SEGMENT INFORMATION

Description of segments and principal activities: Railcare's Group Management is the highest executive decision-making body in the Railcare Group and evaluates the Group's financial position and earnings and makes strategic decisions. Company management has determined the operating segments based on the data processed by Group Management, which is used as a basis for allocating resources and evaluating results of operations.

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

Contracting Sweden

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

Contracting Abroad

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

Transport Scandinavia

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

Machines and Technology

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

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

Income

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

	Apr-Jun 2023			Apr-Jun 2022					
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers			
Contracting Sweden	58,486	3,795	54,691	51,928	2,713	49,215			
Contracting Abroad	5,083	0	5,083	4,854	1,377	3,477			
Transport Scandinavia	82,473	1,892	80,581	73,130	2,348	70,782			
Machines and Technology	18,262	14,074	4,188	23,277	19,885	3,392			
Group-wide	13,288	13,142	145	14,972	14,602	370			
Total	177,592	32,903	144,689	168,162	40,925	127,237			

	Jan-Jun 2023			Jan-Jun 2022			Full-year 2022		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Contracting Sweden	99,606	12,050	87,556	89,076	4,712	84,364	186,211	9,479	176,732
Contracting Abroad	18,322	0	18,322	16,116	2,114	14,002	35,870	2,748	33,123
Transport Scandinavia	150,817	9,920	140,897	116,507	9,248	107,259	279,294	16,256	263,038
Machines and Technology	36,227	27,578	8,648	45,430	29,245	16,185	88,120	65,216	22,904
Group-wide	20,842	20,567	274	22,289	21,574	715	36,745	35,507	1,238
Total	325,814	70,116	255,698	289,418	66,893	222,525	626,241	129,206	497,035

Profit/loss after financial items

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

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Contracting Sweden	4,556	5,431	6,307	10,188	21,306
Contracting Abroad	-979	-4,869	613	-5,662	-9,080
Transport Scandinavia	8,706	10,819	15,324	10,817	28,051
Machines and Technology	1,472	1,541	2,394	4,524	7,570
Group-wide	-1,110	-1,065	-1,036	-170	-940
Total	12,644	11,856	23,602	4,122	46,907

Other profit/loss information

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

Segment	Income from services		Sales of goods		Leasing		Total	
	Apr-Jun 2023	Apr-Jun 2022	Apr-Jun 2023	Apr-Jun 2022	Apr-Jun 2023	Apr-Jun 2022	Apr-Jun 2023	Apr-Jun 2022
Contracting Sweden	54,691	49,215	-	-	-	-	54,691	49,215
Contracting Abroad	5,083	3,477	-	-	-	-	5,083	3,477
Transport Scandinavia	76,751	67,250	934	1,295	2,896	2,237	80,581	70,782
Machines and Technology	852	1,071	3,336	2,321	-	-	4,188	3,392
Group-wide	145	370	-	-	-	-	145	370
	137,523	121,383	4,270	3,616	2,896	2,237	144,689	127,237

Segment	Income from services		Sales of goods		Leasing		Total	
	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
Contracting Sweden	87,536	84,364	21	-	-	-	87,556	84,364
Contracting Abroad	18,322	13,978	-	24	-	-	18,322	14,002
Transport Scandinavia	130,712	100,334	2,429	2,038	7,755	4,888	140,897	107,259
Machines and Technology	3,468	2,796	5,180	13,389	-	-	8,648	16,185
Group-wide	274	714	-	-	-	-	274	714
	240,313	202,186	7,630	15,451	7,755	4,889	255,698	222,525

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Locomotives and wagons	Mobile machinery	Vehicles	Equipment, tools, fixtures and fittings	Construction in progress and advances for property, plant and equipment	Total
As of 30 Jun 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	586	-	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 June 2022	33,092	138,576	185,555	4,605	6,579	61,956	430,364
Of which right-of-use assets	22,722	26,225	1,803	4,533	-	-	55,283
As of 30 Jun 2023							
Opening carrying amount	35,170	134,772	179,959	3,996	5,445	78,779	438,123
Exchange rate differences	56	-	-	10	-	-	65
Purchases/capitalised expenses for the year	3,078	-	4,079	750	1,021	21,675	30,603
Reclassifications	-	5,132	20,827	-	-	-28,870	-2,911
Disposals and scrappings	-	-297	-	-2	-339	-	-638
Depreciation	-3,812	-7,301	-7,994	-1,227	-662	-	-20,995
Closing carrying amount 30 June 2023	34,493	132,307	196,872	3,527	5,464	71,584	444,247
Of which right-of-use assets	23,352	22,886	1,585	3,480	-	-	51,304

Key performance indicators, Railcare Group in summary

Amounts in SEK 000, unless otherwise stated	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales	144,689	127,237	255,698	222,525	497,035
Sales growth, %	13.7	39.7	14.9	23.6	13.5
Operating profit/loss (EBIT)	14,891	12,952	28,018	21,787	52,365
Operating margin, %	10.3	10.2	11.0	9.8	10.5
Net profit/loss for the period	9,995	9,597	18,696	15,634	36,783
Net financial income/expense	-2,247	-1,096	-4,415	-2,088	-5,457
Total assets	616,757	567,347	616,757	567,347	592,873
Equity/assets ratio, %	40.3	39.3	40.3	39.3	41.2
Key performance indicators per share, SEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Earnings per share before and after dilution	0.41	0.40	0.77	0.65	1.52
Equity per share	10.30	9.23	10.30	9.23	10.12
Dividend, SEK per share	0.6	0.6	0.6	0.6	0.6

Quarterly data, Railcare Group in summary

Amounts in SEK million	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Net sales	144.7	111.0	128.0	146.5	127.2	95.3	131.8	126.2	91.0
Capitalised work on own account	3.2	4.2	4.8	1.2	3.2	2.9	1.6	1.9	3.5
Other operating income	0.5	2.6	0.2	0.2	0.8	1.9	2.8	1.2	1.3
Total	148.5	117.8	133.0	147.9	131.2	100.2	136.1	129.3	95.8
Raw materials and consumables	-54.1	-42.2	-55.4	-56.4	-48.8	-32.5	-47.0	-39.9	-33.7
Other external costs	-22.7	-15.3	-19.4	-21.9	-19.1	-15.4	-17.7	-16.7	-15.7
Personnel costs	-45.5	-35.7	-40.3	-33.8	-39.5	-32.7	-35.2	-33.4	-34.9
Depreciation and impairment of property, plant and equipment	-10.8	-10.5	-10.7	-11.7	-10.7	-9.7	-11.0	-13.7	-13.8
Other operating expenses	-0.4	-1.0	-0.5	-0.2	-0.1	-1.0	-0.6	-0.3	-0.2
Total operating expenses	-133.6	-104.7	-126.4	-124.0	-118.2	-91.3	-111.4	-104.0	-98.3
Operating profit/loss (EBIT)	14.9	13.1	6.7	23.9	13.0	8.8	24.7	25.3	-2.5
Net financial income/expense	-2.2	-2.2	-1.9	-1.5	-1.1	-1.0	-1.2	-1.1	-1.0
Share of profit after tax from associated companies*	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	0.0	0.1
Profit/loss before tax	12.6	11.0	4.8	22.4	11.9	7.8	23.2	24.2	-3.4
Tax	-2.6	-2.3	-1.5	-4.6	-2.3	-1.8	-4.9	-5.2	0.4
Net profit/loss for the period	10.0	8.7	3.3	17.9	9.6	6.0	18.2	19.1	-3.0
Equity/assets ratio	40.3	42.9	41.2	41.6	39.3	40.2	39.6	37.5	36.7

* Reported according to the equity method

Definitions

GENERAL

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

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

Glossary

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

PRESS RELEASES IN THE SECOND QUARTER

- 19 June** Five new locomotives for growing transport operations
- 4 May** Report from the Annual General Meeting of Railcare Group AB (publ)
- 3 May** Interim Report Jan-Mar 2023
- 24 April** Railcare makes changes to Group Management
- 13 April** Railcare Group AB (publ) publishes its annual report for 2022 in Swedish

FINANCIAL CALENDAR

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

FOR FURTHER INFORMATION, PLEASE CONTACT

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This is information that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was submitted to the market, through the agency of these contacts, for publication on 17 August 2023 at 07:30 a.m. CEST.

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

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ABOUT RAILCARE

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

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