

## Interim report January-March 2021

Stable quarter with many orders ahead



### First quarter

- Consolidated net sales decreased by 16.1 per cent to SEK 88.9 million (106.0).
- Operating profit (EBIT) decreased to SEK 8.7 million (17.4).
- Earnings per share after dilution amounted to SEK 0.26 (0.54).

### Significant events in the first quarter

- During the quarter, Railcare signed numerous contracts for its transport operations ahead of the 2021 summer season, including locomotives for track replacements for Leonhard Weiss with an order value of SEK 28 million.

### Significant events after the period

- On 16 April, the Swedish government's infrastructure bill was published. The plan encompasses the years 2022–2033 with a total framework of SEK 876 billion.

### Financial summary

Amounts in SEK million, unless otherwise stated	Jan-Mar 2021	Jan-Mar 2020	full-year 2020
Net sales	88.9	106.0	401.3
Operating profit/loss (EBIT)	8.7	17.4	60.4
Operating margin, %	9.8	16.5	15.0
Net profit/loss for the period	6.2	12.8	43.8
Equity/assets ratio, %	39.5	36.2	37.4
Earnings per share after dilution, SEK	0.26	0.54	1.82

For definitions, see page 25.

*This report is also available in Swedish at [www.railcare.se](http://www.railcare.se).*

## CEO's comments

During the first quarter of 2021, we had an operating profit (EBIT) of SEK 8.7 million and a sales turnover of SEK 89 million, which gives an operating margin of 9.8 per cent. It was a stable quarter where the segments delivered according to plan. In comparison with the first quarter of the previous year, we have a 16 per cent lower volume and lower operating profit. In the same quarter last year, we had deliveries of machines in the Machine Sales segment and this year we had a somewhat later start on the construction side in Sweden. This, however, is offset by better results in the Construction Abroad and Transport Scandinavia segments.

We have had a good and stable start to 2021, long-term agreements, and many contracts have been signed, in all segments for 2021. We have signed agreements for the delivery of machine parts to Loram in North America and agreements for this year's track replacements both in terms of transport and construction operations.

It is a continuing unusual situation in which the world finds itself, where a third wave of the pandemic and new variants of the virus is spreading in Sweden and large parts of the world. New restrictions are being applied in many countries, however, the vaccination now underway means we can begin to see the light at the end of the tunnel to return to normal. In the UK, 35 million people have currently been vaccinated and it is estimated that the country will ease most restrictions on 21 June. The railway industry has so far not been financially affected by the pandemic, but the railway is a critical societal function where we who work in the industry have been extra flexible to find new solutions in the way we work.

On 16 April, the infrastructure budget was announced by the Swedish government. The plan covers the years 2022–2033 and the total framework amounts to SEK 876 billion<sup>1</sup>. It is the largest financial framework ever for the transport infrastructure. It is very pleasing for us companies in the railway industry and gives us a real boost for a long time to come.

On the Construction side, we have during the first quarter been busy with the snow removal for the contract we have with Trafikverket, which for the season applied until 15 March. A new contract with Trafikverket has been signed for snow removal for the coming years. The agreement is for two years with the possibility of an extension for a further three years. The agreement applied from 15 November 2020 and the contract amount is SEK 40.2 million per year. The number of machine units in the agreement is the same as in the previous contract.

This year we started the summer's construction work in early April, which is two weeks later than last year which was then extremely early. From April onwards, we worked with cable management before the track replacements. The first section was Laxå–Kil, Sweden, then follows several track replacements around the country.

Planning is currently underway for the utilisation of the machines for the work to be carried out in 2021 within the framework agreement we have with Trafikverket. The utilisation rate for 2021 is good as there is a lot of preparatory work to be carried out. It is unusually good foresight for our business on the construction side in Sweden.

The first quarter of the year was strong for the Transport Scandinavia segment with a growth of 26 per cent compared with the first quarter of the previous year and with an operating profit of SEK 3.6 million. During the quarter, we were busy transporting iron ore for both Kaunis Iron and LKAB, also five locomotives and ten locomotive drivers were involved in the snow removal project for Trafikverket until 15 March.

Sales of our transport services are now in full swing and ahead of the planned track replacement projects in 2021. Many contracts have been signed for the summer, for example, transport of macadam to NRC with an order value of SEK 3 million, a locomotive for the track replacements for Leonhard Weiss with an order value of SEK 28 million, a locomotive for track replacements for Infrakraft with an order value of SEK 7 million and more. During the quarter, we also



<sup>1</sup> <https://www.regeringen.se/pressmeddelanden/2021/04/storsta-ekonomiska-ramen-nagonsin-for-transportinfrastrukturatgarder/>

transported iron ore for Kaunis Iron and the transports went according to plan between Pitkäjärvi, Sweden, and Narvik, Norway. On 12 June 2020, we started transporting ore for LKAB Malmtrafik. The project has been extended until 31 August 2021. We transport one round per day with a total of 3200 tonnes of ore between Svappavaara and Kiruna, Sweden.

The Construction Abroad segment had approximately the same utilisation during the first quarter as the first quarter of the previous year, but with a better result than before. This is because we have made cost savings and found new ways of working. Sales and planning are progressing for 2021 and new orders are coming in continuously. During the quarter, work was carried out for Network Rail on all geographical routes.

In Denmark, the machine rental of locomotives and the Railvac are continuing as normal. The locomotive is rented to Contec and the Danish Railvac has been rented to Sweden during the quarter.

The Machine sales segment during the quarter continued with the construction of a Ballast Feeder that will be used in our own business for hire in Sweden or abroad. Construction of the machine parts to be delivered to Loram is also underway, as well as the fine-tuning of the first prototype of the MPV. The MPV will be tested in the workshop area in Skelleftehamn, Sweden, and will then begin working during the first half of 2021.

We have received an order from Loram worth SEK 18 million for machine parts, namely power packs, of which two machine parts will be delivered to North America during the second quarter of 2021 along with an order to be delivered to Brazil with delivery during the fourth quarter of 2021. Furthermore, the managing of after-sales service is ongoing, primarily for Loram, as well as sales and marketing around the world.

We have had a good start to 2021, there are many orders in the order portfolio going forward, both for 2021, and for the long-term contracts, we have signed in many of our companies. In Sweden, the government has introduced historically high investments in railways and infrastructure for a long time to come. In many countries, major maintenance efforts are required on the railway and there is a great interest in our innovative solutions, not least for our latest innovation the battery vehicle for machines on the railway. We can see a light at the end of the tunnel with the vaccination continuing so that we can return to a more normal situation. Our growth and expansion journey for the company continues.

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

**Daniel Öholm**  
CEO

## Financial summary – Railcare Group

### Net sales

Net sales for the first quarter of 2021 decreased by 16.1 per cent to SEK 88.9 million, compared with SEK 106.0 million for the corresponding quarter last year. Net sales have been lower in Segment Construction Sweden and Segment Machine Sales, which was to some extent offset by higher utilisation of machines in Segment Transport Scandinavia and Segment Construction Abroad.

Last year, Construction Sweden experienced a brief transition period from snow projects to construction projects, which made a positive contribution last year. This year, the transition has been normal.

The reduced net sales in Segment Machine Sales are explained by last year's sales of three generator wagons to Infranord.

### Operating expenses

Operating expenses in the first quarter of 2021 amounted to SEK 82.7 million, a decrease of SEK 7.1 million, or 8.0 per cent compared with the first quarter of 2020 when operating expenses amounted to SEK 89.8 million. The decrease is mainly explained by lower maintenance and travel costs, which were to some extent offset by higher personnel costs. Last year's operating expenses were affected by the recognition of income from the sale of three generator wagons to Infranord.

### Operating profit

Operating profit (EBIT) for the first quarter of 2021 decreased to SEK 8.7 million compared with the first quarter last year, when profit was SEK 17.4 million. The operating margin was 9.8 per cent (16.5). The lower operating profit is mainly explained by last year's sales by Segment Machine Sales of generator wagons to Infranord, combined with an amended snow removal agreement and lower utilisation of machines in Segment Construction Sweden at the end of the quarter.

### Net profit/loss for the period

Profit for the first quarter of 2021 amounted to SEK 6.2 million (12.8), corresponding to a decline in earnings of SEK 6.6 million compared with the corresponding period in 2020.

### Cash flow

Cash flow in the first quarter of the year amounted to an inflow of SEK 2.6 million, compared with an outflow of SEK 8.6 million in the corresponding period last year.

Cash flow from operating activities amounted to SEK 28.7 million (8.0). The increase compared with last year is mainly due to a decline in accounts receivable, which was to some extent offset by weaker operating profit. The first quarter of 2020 was negatively affected by increased accounts receivable in connection with the sale of generator wagons to Infranord.

Cash flow from investing activities amounted to an outflow of SEK 9.7 million (12.8) in the first quarter of 2021 and mainly involved investments in machines for the Company's own production purposes and investments in existing machinery. The investment level has been slightly lower during the first quarter of 2021

compared with the corresponding period last year. In the first quarter of 2020, Elpro was acquired, giving rise to an outflow of SEK 2.6 million.

Cash flow from financing activities was an outflow of SEK 16.4 million (3.8). Amortisations of loans and lease liabilities were SEK 2.3 million higher than last year and, unlike last year, no new loans were raised in the first quarter of 2021.

#### **Equity/assets ratio**

According to Railcare's financial targets, the equity/assets ratio should amount to at least 25 per cent. At the end of the period, the equity/assets ratio was 39.5 per cent, compared with 36.2 per cent on 31 March 2020.

#### **Employees**

As of 31 March 2021, the number of employees in Railcare was 144, compared with 135 on 31 March 2020.

## Financial summary – business segments

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

### Construction Sweden

Net sales in Segment Construction Sweden in the first quarter of 2021 amounted to SEK 31.0 million (42.0), which is a decrease of 26.2 per cent compared with the corresponding period last year.

Profit after financial items decreased compared with the preceding year and amounted to SEK 1.5 million (8.5).

Under the new agreement with the Swedish Transport Administration, snow removal contracting continued until 15 March. This summer's contracting work began in early April, two weeks later than last year's early start.

In the lining operations, the utilisation of machines was low, as is normal for the season.

### Key financial ratios and figures – Construction Sweden

Amounts in SEK thousands, unless otherwise stated	Jan-Mar 2021	Jan-Mar 2020	Change, %
Net sales	30,970	41,984	-26.2
Profit/loss after financial items	1,485	8,525	-82.6
Net margin, %	4.8	20.3	-15.5

### Construction Abroad

Net sales in Segment Construction Abroad increased by 7.1 per cent in the first quarter of 2021, compared with the corresponding quarter in the preceding year and amounted to SEK 18.7 million (17.4).

Profit after financial items improved to SEK 4.1 million (0.8).

During the quarter, the utilisation of machines in the segment was on a par with last year. Cost savings and improved working methods explain the improvement in profit.

### Key financial ratios and figures – Construction Abroad

Amounts in SEK thousands, unless otherwise stated	Jan-Mar 2021	Jan-Mar 2020	Change, %
Net sales	18,666	17,431	7.1
Profit/loss after financial items	4,141	837	394.6
Net margin, %	22.2	4.8	17.4

## Transport Scandinavia

Net sales within Segment Transport Scandinavia increased by 39.9 per cent in the first quarter of 2021, compared with the corresponding quarter in the preceding year and amounted to SEK 48.3 million (34.5).

Profit after financial items improved to SEK 3.6 million (1.2).

The improvement in growth and earnings is mainly explained by transports for LKAB that were not performed in the corresponding quarter last year. The agreement with LKAB has been extended until the end of August 2021.

Iron ore transports for Kaunis Iron have continued according to plan.

### Key financial ratios and figures – Transport Scandinavia

Amounts in SEK thousands, unless otherwise stated	Jan-Mar 2021	Jan-Mar 2020	Change, %
Net sales	48,322	34,545	39.9
Profit/loss after financial items	3,647	1,248	192.1
Net margin, %	7.5	3.6	3.9

## Machine Sales

Net sales in Segment Transport Scandinavia decreased in the first quarter of 2021, compared with the corresponding quarter last year and amounted to SEK 4.8 million (26.5).

The loss after financial items amounted to SEK 1.0 million (5.0).

Unlike last year, no machines were sold in the first quarter of 2021. The operations focused on the construction of a Ballast Feeder for proprietary operations and of machine parts, so-called power packs, that will be delivered to Loram in the second quarter this year.

### Key financial ratios and figures – Machine Sales

Amounts in SEK thousands, unless otherwise stated	Jan-Mar 2021	Jan-Mar 2020	Change, %
Net sales	4,789	26,508	-81.9
Profit/loss after financial items	-987	5,008	-119.7
Net margin, %	-20.6	18.9	-39.5

## Parent Company

Railcare Group AB (publ), Reg. No. 556730–7813 is a Parent Company registered in Sweden and domiciled in Skellefteå. Railcare Group AB is listed on Nasdaq Stockholm Small Cap under the ticker RAIL.

The Parent Company's net sales for the first quarter of 2021 amounted to SEK 7.1 million (6.3) and consisted mainly of Group common services. The operating loss amounted to SEK 0.6 million (0.5). The Parent Company's profit after financial items was affected positively by a dividend of SEK 2.4 million (0.0) from the subsidiary in Denmark.

## Financial targets

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

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

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

## Dividend

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

The Board of Directors intends to propose that the 2021 Annual General Meeting approve a dividend of SEK 0.60 (0.30) per share, totalling SEK 14,474,500 (7,237,250), for the 2020 financial year.

## RAIL

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

(ISIN SE0010441139)



## Events after the period

Railcare has secured an order from Loram, valued at SEK 6 million, for machine parts, so-called powerpacks, for a Railvac in Brazil to be delivered in November 2021.

On 16 April, the Swedish government's infrastructure bill was published. The plan encompasses the years 2022–2033 with a total framework of SEK 876 billion<sup>1</sup>.

## 2021 Annual General Meeting

Railcare's 2021 Annual General Meeting will take place on Wednesday, 5 May 2021 at 1:00 p.m. at the Company's premises at Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

*The Annual Report and other documents are available on Railcare's website, [www.railcare.se](http://www.railcare.se).*

## Nomination Committee in preparation for Railcare Group AB's 2021 Annual General Meeting

In consultation with the largest shareholders, the Chairman of the Board of Railcare Group AB has established a Nomination Committee in preparation for the 2021 Annual General Meeting. The Nomination Committee comprises Åke Elveros, appointed by Norra Västerbotten Fastighets AB, Lina Ådin, appointed by TREAC AB, and Kjell Lindskog, appointed by the Marklund and Dahlqvist family. The Nomination Committee has appointed Åke Elveros as its chairman. Combined, the members of the Nomination Committee represent 38.9 per cent of the total number of shares and votes in the company (as of 30 September 2020).

The Nomination Committee is tasked with submitting a proposal to the Annual General Meeting regarding the Chairman of the Board and other members of the Board of Directors, and regarding fees and other compensation to each of the Board members for their Board assignments. The Nomination Committee shall also submit a proposal regarding the election and remuneration of auditors. In addition, the Nomination Committee shall submit a proposal regarding the process for appointing a Nomination Committee in preparation for the 2022 Annual General Meeting.

Shareholders wishing to submit proposals to the Nomination Committee may do so by sending an e-mail to [ir@railcare.se](mailto:ir@railcare.se).

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<sup>1</sup> <https://www.regeringen.se/pressmeddelanden/2021/04/storsta-ekonomiska-ramen-nagonsin-for-transportinfrastrukturatgarder/>

## Shareholder structure

Ten largest shareholders 31 March 2021	Number of shares	Proportion of share capital and votes (%)
Norra Västerbotten Fastighets AB	2,521,335	10.5
Marklund family* through companies	2,433,905	10.1
TREAC Aktiebolag	2,415,000	10.0
Dahlqvist family through companies	2,002,155	8.3
Ålandsbanken AB	1,220,293	5.0
Norrlandsfonden	864,560	3.6
Avanza Pension insurance company	840,653	3.5
Bernt Larsson	650,039	2.7
Nordnet Pensionsförsäkring AB	406,491	1.7
BNY Mellon NA, W9	358,938	1.5
<b>Ten largest shareholders</b>	<b>13,713,369</b>	<b>56.9</b>
Other shareholders	10,410,798	43.1
<b>Total</b>	<b>24,124,167</b>	<b>100.0</b>

# 4,311

Number of shareholders in  
Railcare Group AB  
as per 31 March 2021.

Source: Euroclear

\* No single individual holds shares corresponding to more than 10 per cent of the votes.

Sources: Euroclear and Railcare

## Significant risks and uncertainties

A description of significant risks and uncertainties available in Railcare's 2020 Annual Report, which be downloaded at [www.railcare.se](http://www.railcare.se)

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

One of Railcare's home markets is the UK. The UK withdrew from the EU on 31 January 2020. Railcare maintains its previous assessment that the UK's withdrawal from the EU, will affect the Company's operations primarily because it will be more administratively burdensome to have foreign staff in the country and to import and export machines. In Railcare's assessment, demand for the Group's services will persist and, once new administrative routines are in place, the UK's exit from the EU will not have a significant impact on the Group's operations, earnings and financial position.

## Transactions with related parties

During the year, no significant changes have occurred, for the Group or the Parent Company, in their relations or transactions with related parties, compared with what is described in the 2020 Annual Report.

Skelleftehamn, 4 May 2021

Railcare Group AB (publ)

*Board of Directors*

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

# FINANCIAL REPORTS

## CONSOLIDATED SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Note	Jan-Mar 2021	Jan-Mar 2020	full-year 2020
Net sales	3	88,936	105,952	401,301
Capitalised work for own account		1,396	661	16,217
Other operating income		1,038	609	3,603
<b>Total</b>		<b>91,369</b>	<b>107,222</b>	<b>421,120</b>
Raw materials and consumables		-20,337	-31,405	-121,740
Other external costs		-12,810	-15,300	-58,868
Personnel costs		-35,452	-29,746	-124,575
Depreciation and impairment of tangible and intangible assets		-13,712	-12,699	-53,266
Other operating expenses		-381	-638	-2,285
<b>Total operating expenses</b>		<b>-82,692</b>	<b>-89,788</b>	<b>-360,733</b>
<b>Operating profit/loss (EBIT)</b>		<b>8,677</b>	<b>17,434</b>	<b>60,386</b>
Financial income		-	1	2
Financial expenses		-1,087	-1,180	-4,820
<b>Net financial items</b>		<b>-1,087</b>	<b>-1,179</b>	<b>-4,818</b>
Share of profit after tax from associated companies reported according to the equity method		84	54	347
<b>Profit/loss before tax</b>		<b>7,674</b>	<b>16,309</b>	<b>55,915</b>
Income tax		-1,470	-3,475	-12,139
<b>Net profit/loss for the period</b>		<b>6,204</b>	<b>12,834</b>	<b>43,776</b>
<b>Other comprehensive income:</b> <i>Items that may be reclassified to the profit/loss for the period</i>				
Exchange rate differences from the translation of foreign operations		211	711	-389
<b>Other comprehensive income for the period, net after tax</b>		<b>211</b>	<b>711</b>	<b>-389</b>
<b>Total comprehensive income for the period</b>		<b>6,415</b>	<b>13,545</b>	<b>43,387</b>
<b>Amounts in SEK</b>		<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>full-year 2020</b>
Earnings per share before dilution*		0.26	0.54	1.82
Earnings per share after dilution*		0.26	0.54	1.82
Average number of shares		24,124,167	23,770,077	24,036,128
Number of shares outstanding on the balance sheet date		24,124,167	24,124,167	24,124,167

\*) In January 2020, the last part of the outstanding convertible bond was converted. Accordingly, there is no longer any potential dilution effect.

**CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION**

Amounts in SEK thousands	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Capitalised development costs		1,614	2,358	1,830
Patents		326	357	299
Goodwill		7,294	7,371	7,274
Transportation licence		1,254	513	685
<b>Total intangible assets</b>		<b>10,488</b>	<b>10,599</b>	<b>10,088</b>
<b>Tangible assets</b>				
	<b>4</b>			
Buildings and land		32,046	30,332	33,257
Locomotives and wagons		129,040	122,905	135,316
Mobile machinery		152,289	162,848	155,562
Vehicles		6,438	7,802	6,521
Equipment, tools, fixtures and fittings		6,882	5,478	5,898
Construction in progress		74,037	40,597	66,907
<b>Total tangible assets</b>		<b>400,733</b>	<b>369,963</b>	<b>403,461</b>
<b>Financial non-current assets</b>				
Holdings reported according to the equity method		917	739	832
Deposits		658	658	658
Deferred tax assets		546	115	925
Other non-current receivables		3,954	3,954	3,954
<b>Total financial non-current assets</b>		<b>6,075</b>	<b>5,467</b>	<b>6,369</b>
<b>Total non-current assets</b>		<b>417,296</b>	<b>386,029</b>	<b>419,918</b>
<b>Current assets</b>				
<b>Inventories</b>				
Raw materials and consumables		12,749	12,069	11,865
Work in progress		8,732	7,315	7,659
<b>Total inventories</b>		<b>21,481</b>	<b>19,384</b>	<b>19,524</b>
<b>Current receivables</b>				
Accounts receivable		28,408	46,379	44,905
Current tax receivables		1,039	115	655
Other current receivables		970	3,331	1,809
Prepaid expenses and accrued income		12,810	7,019	9,792
<b>Total current receivables</b>		<b>43,228</b>	<b>56,844</b>	<b>57,161</b>
Cash and cash equivalents		27,766	13,727	24,785
<b>Total current assets</b>		<b>92,475</b>	<b>89,954</b>	<b>101,470</b>
<b>TOTAL ASSETS</b>		<b>509,771</b>	<b>475,983</b>	<b>521,388</b>

**CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION, cont.**

Amounts in SEK thousands	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>EQUITY</b>				
Share capital		9,891	9,891	9,891
Other capital provided		36,565	36,565	36,565
Reserves		1,491	2,380	1,280
Retained earnings (comprehensive income for the period included)		153,329	123,421	147,126
<b>Total equity attributable to Parent Company shareholders</b>		<b>201,276</b>	<b>172,257</b>	<b>194,862</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities		38,223	27,692	38,170
Liabilities to credit institutions		102,137	109,408	107,659
Lease liability		33,321	23,218	33,654
<b>Total non-current liabilities</b>		<b>173,681</b>	<b>160,318</b>	<b>179,483</b>
<b>Current liabilities</b>				
Lease liability		20,382	27,298	26,045
Liabilities to credit institutions		56,114	50,777	59,494
Accounts payable		21,773	26,181	25,139
Prepayments from customers		3,499	2,949	5,848
Current tax liabilities		132	2,717	861
Other liabilities		3,241	6,288	2,680
Accrued expenses and deferred income		29,672	27,200	26,977
<b>Total current liabilities</b>		<b>134,814</b>	<b>143,408</b>	<b>147,044</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>509,771</b>	<b>475,983</b>	<b>521,388</b>

**CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY**

Amounts in SEK thousands	Note	Share capital	Other capital provided	Reserves	Retained earnings (incl. profit for the period)	Total equity
<b>Opening balance as per 1 January 2020</b>		9,435	32,178	1,669	110,589	153,870
Net profit/loss for the period		-	-	-	12,834	12,834
Other comprehensive income		-	-	711	-	711
<b>Total comprehensive income</b>		-	-	711	12,834	13,545
<b>Transactions with shareholders</b>						
Conversion of debenture		456	4,387	-	-	4,843
<b>Closing balance as per 31 March 2020</b>		9,891	36,565	2,380	123,421	172,257
<b>Opening balance as per 1 January 2021</b>		9,891	36,565	1,280	147,126	194,862
Profit for the year		-	-	-	6,204	6,204
Other comprehensive income		-	-	211	-	211
<b>Total comprehensive income</b>		-	-	211	6,204	6,415
<b>Closing balance as per 31 March 2021</b>		9,891	36,565	1,491	153,329	201,276

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

**CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS**

Amounts in SEK thousands	Note	Jan-Mar 2021	Jan-Mar 2020	full-year 2020
<b>Cash flow from operating activities</b>				
Operating profit/loss		8,677	17,434	60,386
Adjustment for non-cash items		13,712	12,601	51,835
Interest paid		-1,087	-1,162	-4,784
Interest received		-	1	2
Income tax paid		-2,102	-537	-1,756
<b>Cash flow from operating activities before changes in working capital</b>		<b>19,200</b>	<b>28,337</b>	<b>105,683</b>
<b>Cash flow from changes in working capital</b>				
Increase/decrease in inventories		-1,991	3,550	2,788
Increase/decrease in operating receivables		14,896	-25,126	-26,136
Increase/decrease in operating liabilities		-3,378	1,275	516
<b>Total changes in working capital</b>		<b>9,527</b>	<b>-20,301</b>	<b>-22,832</b>
<b>Cash flow from operating activities</b>		<b>28,727</b>	<b>8,036</b>	<b>82,851</b>
<b>Cash flow from investment activities</b>				
Investments in intangible assets		-648	-72	-462
Investments in tangible assets		-9,005	-10,257	-53,410
Acquisitions of subsidiaries, net effect on cash and cash equivalents		-	-2,617	-2,617
Dividends from associated companies		-	-	200
Divestment of tangible assets		-	148	2,150
<b>Cash flow from investment activities</b>		<b>-9,653</b>	<b>-12,798</b>	<b>-54,139</b>
<b>Cash flow from financing activities</b>				
Loans raised		-	10,320	34,020
Amortisation of loans		-8,902	-7,194	-24,006
Amortisation of lease liabilities		-7,536	-6,965	-28,600
Dividends paid		-	-	-7,237
<b>Cash flow from financing activities</b>		<b>-16,438</b>	<b>-3,839</b>	<b>-25,823</b>
<b>Cash flow for the period</b>		<b>2,636</b>	<b>-8,601</b>	<b>2,889</b>
Cash and cash equivalents at the beginning of the period		24,785	22,012	22,012
Exchange rate difference in cash and cash equivalents		345	316	-116
<b>Cash and cash equivalents at the end of the period</b>		<b>27,766</b>	<b>13,727</b>	<b>24,785</b>

## PARENT COMPANY SUMMARY INCOME STATEMENT

Amounts in SEK thousands	Note	Jan-Mar 2021	Jan-Mar 2020	full-year 2020
Net sales		7,063	6,262	30,189
Other operating income		12	56	127
<b>Total operating income</b>		<b>7,075</b>	<b>6,317</b>	<b>30,316</b>
<b>Operating expenses</b>				
Raw materials and consumables		-25	-86	-3,300
Other external costs		-3,242	-2,909	-14,168
Personnel costs		-4,291	-2,774	-11,937
Depreciation and impairment of tangible and intangible assets		-97	-40	-163
Other operating expenses		-	-8	-80
<b>Total operating expenses</b>		<b>-7,654</b>	<b>-5,818</b>	<b>-29,648</b>
<b>Profit from participations in associated companies and jointly controlled companies</b>		<b>-</b>	<b>-</b>	<b>200</b>
<b>Operating profit/loss</b>		<b>-579</b>	<b>500</b>	<b>868</b>
<b>Profit from financial items</b>				
Profit from participations in Group companies		2,404	-	4,346
Other interest income and similar profit/loss items		-	72	73
Interest expenses and similar profit/loss items		-	-36	-53
<b>Total profit/loss from financial items</b>		<b>2,404</b>	<b>36</b>	<b>4,366</b>
<b>Profit/loss after financial items</b>		<b>1,825</b>	<b>536</b>	<b>5,234</b>
Appropriations		-	-	70
Tax on net profit/loss for the period		96	-111	-547
<b>Net profit/loss for the period</b>		<b>1,920</b>	<b>425</b>	<b>4,757</b>



## PARENT COMPANY SUMMARY BALANCE SHEET

Amounts in SEK thousands	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>				
<b>Intangible assets</b>				
Patent		326	357	299
<b>Total intangible assets</b>		<b>326</b>	<b>357</b>	<b>299</b>
<b>Tangible assets</b>				
Buildings		4,250	1,103	4,304
Equipment, tools, fixtures and fittings		319	196	344
<b>Total tangible assets</b>		<b>4,569</b>	<b>1,299</b>	<b>4,648</b>
<b>Financial non-current assets</b>				
Participations in Group companies		38,336	38,336	38,336
Participations in associated companies		204	204	204
<b>Total financial non-current assets</b>		<b>38,540</b>	<b>38,540</b>	<b>38,540</b>
<b>Total non-current assets</b>		<b>43,435</b>	<b>40,196</b>	<b>43,487</b>
<b>Current assets</b>				
<b>Current receivables</b>				
Receivables from Group companies		-	191	10,070
Other receivables		3	-	33
Prepaid expenses and accrued income		1,151	1,140	828
<b>Total current receivables</b>		<b>1,154</b>	<b>1,331</b>	<b>10,931</b>
Cash and bank balances		4,581	7,270	1,789
<b>Total current assets</b>		<b>5,735</b>	<b>8,601</b>	<b>12,720</b>
<b>TOTAL ASSETS</b>		<b>49,170</b>	<b>48,796</b>	<b>56,207</b>

**PARENT COMPANY SUMMARY BALANCE SHEET, cont.**

Amounts in SEK thousands	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		9,891	9,891	9,891
<b>Total restricted equity</b>		<b>9,891</b>	<b>9,891</b>	<b>9,891</b>
<b>Non-restricted equity</b>				
Share premium reserve		23,024	23,024	23,024
Retained earnings		8,897	11,377	4,140
Net profit/loss for the period		1,920	425	4,757
<b>Total non-restricted equity</b>		<b>33,841</b>	<b>34,826</b>	<b>31,921</b>
<b>Total equity</b>		<b>43,732</b>	<b>44,717</b>	<b>41,812</b>
<b>Current liabilities</b>				
Accounts payable		1,257	1,062	966
Current tax liabilities		298	13	498
Liabilities to Group companies		283	395	10,028
Other liabilities		699	340	622
Accrued expenses and deferred income		2,900	2,269	2,281
<b>Total current liabilities</b>		<b>5,438</b>	<b>4,079</b>	<b>14,395</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49,170</b>	<b>48,796</b>	<b>56,207</b>

## NOTES

### Note 1 General information

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

Unless otherwise stated, all amounts are given in SEK thousands. Figures in parentheses refer to the corresponding period in the preceding year.

### Note 2 Basis for preparation of statements

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

The accounts of the Parent Company have been prepared in accordance with the Annual Accounts Act and RFR 2 *Accounting for legal entities* from the Swedish Financial Reporting Board, The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act.

The accounting principles applied are consistent with those described in the Railcare Group's 2020 Annual Report.

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

### Note 3 Segment information

#### Description of the segments and their principal activities:

Railcare's Group Management is the highest executive decision-making body in the Railcare Group and assesses the Group's financial position and earnings and makes strategic decisions. Company management has determined the operating segments based on the data processed by Group Management and used as a basis for allocating resources and assessing earnings.

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

#### Construction Sweden

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

#### Construction Abroad

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

#### Transport Scandinavia

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

#### Machine Sales

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

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

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

#### Income

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

	Jan-Mar 2021			Jan-Mar 2020		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	30,970	2,917	28,053	41,984	3,126	38,858
Construction Abroad	18,666	2,228	16,438	17,431	2,116	15,315
Transport Scandinavia	48,322	6,740	41,582	34,545	6,577	27,968
Machine Sales	4,789	2,281	2,508	26,508	3,058	23,451
Group common	7,063	6,708	355	6,194	5,834	360
<b>Total</b>	<b>109,810</b>	<b>20,874</b>	<b>88,936</b>	<b>126,662</b>	<b>20,710</b>	<b>105,952</b>

*Profit/loss after financial items*

	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>
Construction Sweden	1,485	8,525
Construction Abroad	4,141	837
Transport Scandinavia	3,647	1,248
Machine Sales	-987	5,008
Group common	-696	637
<b>Total</b>	<b>7,590</b>	<b>16,255</b>
Profit/loss after financial items	7,590	16,255
Share of profit after tax from associated companies reported according to the equity method	84	54
<b>Profit/loss before tax</b>	<b>7,674</b>	<b>16,309</b>

The Group's customers are both private and public players in the railway industry and vary according to area of operations. The Group's customers are largely recurring, and its customer relationships are long term.

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

<b>Segment</b>	<b>Income from services</b>		<b>Sales of goods</b>		<b>Leasing</b>		<b>Total</b>	
	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>
Construction Sweden	28,053	38,858	-	-	-	-	28,053	38,858
Construction Abroad	16,229	15,243	4	-	204	73	16,438	15,315
Transport Scandinavia	37,529	23,041	890	1,274	3,163	3,653	41,582	27,968
Machine Sales	432	3,358	2,076	20,093	-	-	2,508	23,451
Group common	355	360	-	-	-	-	355	360
<b>Total</b>	<b>82,598</b>	<b>80,860</b>	<b>2,970</b>	<b>21,367</b>	<b>3,367</b>	<b>3,725</b>	<b>88,936</b>	<b>105,952</b>

**Note 4 Non-current assets**

	Buildings and land	Locomoti ves and wagons	Mobile machinery	Vehicles	Equipment, tools, fixtures and fittings	Construction in progress	Total
<b>31 March 2020</b>							
Opening carrying amount	30,790	129,169	165,405	7,604	5,545	31,912	370,425
Exchange rate differences	21	183	234	2	73	-	512
Purchases/activated expenses for the year	1,464	-	-	2,039	159	9,105	12,767
Reclassifications	-	-	510	-	-	-420	90
Disposals and scrappings	-	-	2	-1,321	-50	-	-1,369
Depreciation	-1,943	-6,446	-3,303	-520	-248	-	-12,462
<b>Closing balance as per 31 March 2020</b>	<b>30,332</b>	<b>122,905</b>	<b>162,848</b>	<b>7,802</b>	<b>5,478</b>	<b>40,597</b>	<b>369,963</b>
Of which, right-of-use assets	22,970	21,655	2,386	7,737	92	-	54,839
<b>31 March 2021</b>							
Opening carrying amount	33,257	135,316	155,562	6,521	5,898	66,907	403,461
Exchange rate differences	89	48	64	2	28	-	230
Purchases/activated expenses for the year	851	57	-	842	204	8,749	10,703
Reclassifications	-	595	-	-	1,058	-1,618	34
Disposals and scrappings	-	-	-	-251	-	-	-251
Depreciation	-2,151	-6,975	-3,336	-676	-305	-	-13,445
<b>Closing balance as per 31 March 2021</b>	<b>32,046</b>	<b>129,040</b>	<b>152,289</b>	<b>6,438</b>	<b>6,882</b>	<b>74,037</b>	<b>400,733</b>
Of which, right-of-use assets	21,682	27,111	2,115	6,402	10	-	57,320

**KEY FINANCIAL RATIOS AND FIGURES, RAILCARE GROUP SUMMARY**

<b>Amounts in SEK thousands, unless otherwise stated</b>	<b>Jan-Mar 2021</b>	<b>Jan-Mar 2020</b>	<b>full-year 2020</b>
Net sales	88,936	105,952	401,301
Sales growth, %	-16.1	24.8	8.3
Operating profit/loss (EBIT)	8,677	17,434	60,386
Operating margin, %	9.8	16.5	15.0
Net profit/loss for the period	6,204	12,834	43,776
Net financial items	-1,087	-1,179	-4,818
Total assets	509,771	475,983	521,388
Equity/assets ratio, %	39.5	36.2	37.4
<b>Key financial ratios and figures per share, SEK</b>			
Earnings per share before dilution	0.26	0.54	1.82
Earnings per share after dilution	0.26	0.54	1.82
Equity per share	8.34	7.14	8.08
Dividend per share, SEK	-	-	0.3

**QUARTERLY DATA, RAILCARE GROUP SUMMARY**

Amounts in SEK million	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	88.9	95.6	94.5	105.3	106.0	93.5	101.0	91.2	84.9
Capitalised work for own account	1.4	11.3	3.5	0.7	0.7	1.0	2.3	3.2	1.1
Other operating income	1.0	0.2	1.0	1.7	0.6	0.8	0.1	0.6	0.3
<b>Total</b>	<b>91.4</b>	<b>107.2</b>	<b>99.0</b>	<b>107.8</b>	<b>107.2</b>	<b>95.3</b>	<b>103.5</b>	<b>94.9</b>	<b>86.3</b>
Raw materials and consumables	-20.3	-31.7	-27.5	-31.1	-31.4	-37.6	-33.7	-34.5	-23.8
Other external costs	-12.8	-13.9	-14.4	-15.3	-15.3	-12.2	-12.2	-11.1	-11.7
Personnel costs	-35.5	-32.7	-29.0	-33.2	-29.7	-31.2	-28.1	-33.1	-28.0
Depreciation and impairment of tangible assets	-13.7	-13.6	-13.4	-13.5	-12.7	-12.7	-12.5	-12.6	-12.0
Other operating expenses	-0.4	-1.0	-0.2	-0.5	-0.6	-0.3	-0.2	-0.4	-0.4
<b>Total operating expenses</b>	<b>-82.7</b>	<b>-92.9</b>	<b>-84.5</b>	<b>-93.5</b>	<b>-89.8</b>	<b>-93.8</b>	<b>-86.7</b>	<b>-91.5</b>	<b>-75.9</b>
<b>Operating profit/loss (EBIT)</b>	<b>8.7</b>	<b>14.3</b>	<b>14.4</b>	<b>14.3</b>	<b>17.4</b>	<b>1.5</b>	<b>16.8</b>	<b>3.4</b>	<b>10.4</b>
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	-1.1	-1.2	-1.2	-1.2	-1.2	-1.4	-1.5	-1.5	-1.5
<b>Net financial items</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.4</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-1.5</b>
Share of profit after tax from associated companies reported according to the equity method	0.1	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1
<b>Profit/loss before tax</b>	<b>7.7</b>	<b>13.2</b>	<b>13.3</b>	<b>13.1</b>	<b>16.3</b>	<b>0.2</b>	<b>15.4</b>	<b>2.0</b>	<b>8.9</b>
Taxes	-1.5	-2.0	-3.6	-3.1	-3.5	0.0	-3.3	-0.9	-1.5
<b>Net profit/loss for the period</b>	<b>6.2</b>	<b>11.2</b>	<b>9.8</b>	<b>9.9</b>	<b>12.8</b>	<b>0.2</b>	<b>12.0</b>	<b>1.1</b>	<b>7.4</b>
Equity/assets ratio, %	39.5	37.4	36.4	35.4	36.2	33.5	33.4	29.9	30.4



## DEFINITIONS

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

## GLOSSARY

### **CP6**

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

### **MPV**

Railcare is developing a new generation of battery-powered Multi Purpose Vehicle, MPV. An MPV is a versatile working vehicle in rail maintenance. The vehicle is now at the testing stage and the tests will be conducted from the head office in Skelleftehamn. If the tests progress as planned, the vehicle will go into production in the spring of 2021.

### **Infrastructure Bill**

On 16 April 2021, the Swedish government's infrastructure bill was issued. The plan encompasses the years 2022–2033 with a total framework of SEK 876 billion<sup>1</sup>.

### **Railvac**

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

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<sup>1</sup><https://www.regeringen.se/pressmeddelanden/2021/04/storsta-ekonomiska-ramen-nagonsin-for-transportinfrastrukturatgarder/>

## Press releases in the first quarter of 2021

- **31 March** – Notice of the Annual General Meeting in Railcare Group AB (publ)
- **10 March** – Nomination Committee’s proposal to the Board of Directors in preparation for the 2021 Annual General Meeting
- **18 February** – Year-end report 2020
- **11 January** – Railcare has signed a two-year snow removal contract with the Swedish Transport Administration for SEK 40.2 million annually

## Financial calendar

- The 2021 Annual General Meeting will take place on 5 May 2021 at Railcare’s headquarters in Skelleftehamn, Sweden.
- The interim report for January–June 2021 will be published on 19 August 2021.
- The interim report for January–September 2021 will be published on 5 November 2021.
- The year-end report for 2021 will be published on 17 February 2022.

## About Railcare Group

Railway Specialist Railcare Group AB offers products and services that enhance customers’ reliability, punctuality and profitability, primarily in the Nordic region and the UK. The railway industry is in a period of positive development, with increasing traffic volumes and extensive investment programmes, as well as rapid development of cost-efficient freight and passenger transport and increasing environmental awareness. Railcare has unique opportunities to deliver effective solutions that help the railways increase their share of the total transport market. The shares of Railcare Group AB (publ) have been listed on the Small Cap list of the Nasdaq Stockholm exchange since April 2018. The Group has some 140 employees and annual sales of approximately SEK 400 million. The Company’s registered office is located in Skellefteå, Sweden.

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### Railvac in 3D

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

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*This information is such that Railcare Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, for publication on 4 May 2021 at 7:30 a.m. CEST.*

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