

Interim report January-September 2020

Positive quarter brought innovation for the future



Third quarter

- Consolidated net sales decreased by 6.5 per cent to SEK 94.5 million (101.0).
- Operating profit (EBIT) decreased by SEK 2.4 million to SEK 14.4 million (16.8).
- Earnings per share after dilution amounted to SEK 0.40 (0.50).

First nine months of the year

- Consolidated net sales increased by 10.3 per cent to SEK 305.7 million (277.1).
- Operating profit (EBIT) increased by SEK 15.6 million to SEK 46.1 million (30.5).
- Earnings per share after dilution amounted to SEK 1.36 (0.86).

Significant events in the third quarter

- Completion of MPV prior to test run and press viewing on 5 October 2020.
- Lower occupancy in Segment Construction Sweden compared with the corresponding period in the preceding year.
- Higher occupancy in Segment Transport Scandinavia compared with the corresponding period in the preceding year.

Financial summary

Amounts in SEK million, unless otherwise stated	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales	94.5	101.0	305.7	277.1	370.6
Operating profit/loss (EBIT)	14.4	16.8	46.1	30.5	32.0
Operating margin, %	15.3	16.6	15.1	11.0	8.6
Net profit/loss for the period	9.8	12.0	32.5	20.6	20.8
Equity/assets ratio, %	36.4	33.4	36.4	33.4	33.5
Earnings per share after dilution, SEK	0.40	0.50	1.36	0.86	0.87

For definitions, see page 30.

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

CEO's comments

During the third quarter, we had an operating profit (EBIT) of SEK 14.4 million and sales amounting to SEK 94.5 million, which gives an operating margin of 15.3 percent.

Sales during the quarter are slightly lower, 6.5 percent, compared with the previous year and operating profit is 14.0 percent lower. This, together with the record-breaking first half-year, we have had growth of 10.3 percent and an operating profit of SEK 46.1 million during the first nine months, which corresponds to an operating margin of 15.1 percent and an increase in operating profit of SEK 15.6 million.

A stable third quarter for the Group, despite having temporarily slightly lower volumes on the construction side than planned, both in Sweden and in the United Kingdom. The reason for the lower volumes is that some projects have been moved forward in time. For the transport side, where we were involved in many track replacements during the quarter, has shown a strong quarter.

I am delighted that during the quarter we completed our innovation, the MPV, a battery-powered maintenance machine. We are the first in the world with this type of machine with this battery capacity for the railway. We are at the forefront of development and I am convinced that these are the maintenance machines of the future. It is great that our innovative solutions contribute to making the already green railway even greener.

On the construction side in Sweden, we have been busy with preparatory work with cable lowering for upcoming track replacements. During the quarter, we carried out work on the following sections Borås - Varberg, Borås - Herrljunga, Bankeryd - Jönköping, Gävle - Åänge, and Laxå - Kil.

Construction Sweden has had good utilisation until July 2020. In August, we had a lower utilisation rate which then increased again in September, where we worked with cable management prior to the track replacements on the section between Fagersta - Ludvika. We have three machines working there and the project runs until the middle of November.

Continued work is underway with sales and utilisation of the machines for the remaining part of the autumn of 2020. For 2021, planning is currently underway together with Trafikverket in the framework agreement we have with them. The utilisation rate for 2021 is good as there is a lot of preparatory work to be carried out. This is an unusually good foresight for our operations on the construction side in Sweden.

Railcare and Trafikverket have entered into a letter of intent regarding the continued snow removal and snow melters. The previous contract expired in the spring of 2020 and while waiting for the new contract to be finalised and signed, this letter of intent applies. The letter of intent confirms that Trafikverket intends to sign an agreement that runs for two years and with the option of another three-years. The agreement will take effect on 15 November 2020, the number of machine units in the agreement is the same as previous agreements.

Segment Transport Scandinavia showed a strong third quarter. During the quarter, we had good utilisation during the summer and autumn's various track replacements. Borås - Hillared, Gävle, Avesta / Krylbo - Hedemora, Öxnered - Håkanstorp, Helsingborg - Teckomatorp, Bankeryd - Jönköping and these jobs continue until and the end of October.

During the quarter, we also transported iron ore for Kaunis Iron between Pitkäjärvi and Narvik which went according to plan.



On 12 June, we started running ore transports for LKAB, the project has now been extended to 31 December 2020. Between Svappavaara and Kiruna, we run two cycles per day with 3,500 tonnes of ore per cycle.

During the quarter, we have planned for the start of a project to keep contingency locomotives in Borlänge, where the customer is Trafikverket. The project started on 26 October 2020 and the contract is for three years and with two option years.

In the Construction Abroad segment, we had lower utilisation during the third quarter than we normally have during a third quarter. Sales and planning are in full swing for the rest of 2020 and 2021, new orders are continually being received.

During the quarter, we performed work for Network Rail for the routes of London North West, Scotland, London North East and Midlands, and London South East.

In Norway, we have received an order to rent a Railvac with operators starting 6 October 2020, the rental is for two weeks. In Finland, we have received an order for ballast exchange in switches for two weeks in October. The work will be carried out with our Finnish-adapted Railvac.

During the third quarter, the Machine Sales segment had full focus on completing the prototype of the MPV. It is now ready to be tested in the workshop in Skelleftehamn, Sweden, and then begin working in the spring of 2021. On 5 October 2020, we had the world premiere of the MPV, the world's largest battery-powered maintenance machine for the railway. The unveiling was carried out at the head office in Skelleftehamn, Sweden by Minister of Infrastructure Tomas Eneroth, Minister of Employment Eva Nordmark, and Västerbotten's Governor Helene Hellmark Knutsson. There is great interest in our latest innovation, the emission-free battery-powered Multi-Purpose Vehicle (MPV), around the world.

Trafikverket has announced major investments going forward in railway maintenance with a focus on planned maintenance, such as track and switch replacements, and ballast exchanges, ie work that is completely in line with what our machinery can offer. Trafikverket's national plan extends ten years ahead and the volumes for railway maintenance will increase further in the future. In addition, the Government has decided to allocate an extra SEK 700 million to Trafikverket for extended maintenance work due to Covid-19 and an additional investment of SEK 500 million annually between 2021–2023 for maintenance of state railways throughout the country^{1 2}.

We did not have any canceled work due to Covid-19, nor any other major disruptions for the company. The railway is a critical function that must be kept running to transport people and goods.

We have a stable order book and see a high demand in the market. Our customers show great investment plans for the railway for many years to come and governments in different countries are currently investing extra in railway maintenance to boost the economy during the pandemic, but also because the railway is a critical function that has made the railway a greater focus.

On 19 October, we announced that Mattias Remahl will become Railcare's new CFO and Vice President in a new combination position. Railcare is constantly evolving and it is pleasing that Mattias Remahl has chosen to be part of our team. Mattias has the experience we are looking for when it comes to Railcare's next CFO and Vice President. Ulf Marklund will remain as Managing Director of Railcare Machine after the handover has taken place to Mattias. I want to welcome Mattias to Railcare and I look forward to working together.

¹ <https://www.regeringen.se/pressmeddelanden/2020/05/storsatsning-pa-jarnvags--och-vagunderhall-i-hela-landet/>

² <https://www.regeringen.se/pressmeddelanden/2020/09/satsning-pa-okat-underhall-av-jarnvag/>

A record strong first half-year where we follow up with a stable and good third quarter. Production is going according to plan and we have high pressure in sales and marketing. We have a new product with our battery technology on the railway, which is unique and new for the railway industry¹.

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

Daniel Öholm
CEO

¹ <https://www.epirocgroup.com/se/media/corporate-press-releases/2020/20201005-epirocs-partner-railcare-lanserar-batteridrivnen-maskin-for-jarnvagsunderhall>

Financial summary – Railcare Group

Net sales

Net sales for the third quarter of 2020 decreased by 6.5 per cent to SEK 94.5 million, compared with SEK 101.0 million in the third quarter of 2019. The decrease in net sales is attributable to Segment Construction Sweden and Segment Construction Abroad, in which some projects were postponed by clients and was offset to some extent by the increase in Transport Scandinavia and Machine Sales.

Net sales for January-September 2020 increased by 10.3 per cent to SEK 305.7 million, compared with SEK 277.1 million in January-September 2019.

Operating expenses

Operating expenses in the third quarter of 2020 amounted to SEK 84.5 million, a decrease of SEK 2.2 million, or 2.5 per cent compared with the third quarter of 2019 when operating expenses amounted to SEK 86.7 million. The decrease in operating expenses is attributable to the lower utilisation of machines in Segment Construction Sweden and Segment Construction Abroad resulting, among other things, in lower subcontracting expenses.

Operating expenses for January-September 2020 amounted to SEK 267.8 million compared with January-September 2019 when operating expenses amounted to SEK 254.1 million.

Operating profit

Operating profit (EBIT) decreased by SEK 2.3 million to SEK 14.4 million in the third quarter of 2020, compared with the outcome of SEK 16.8 million for the corresponding period in 2019. The operating margin was 15.3 per cent (16.6). The lower operating profit is attributable to the decrease in net sales in Segment Construction Sweden and Segment Construction Abroad, which was offset to some extent by increased sales by Transport Scandinavia and Machine Sales.

Operating profit (EBIT) increased by SEK 15.6 million to SEK 46.1 million in January-September 2020, compared with the outcome of SEK 30.5 million for the corresponding period in 2019. The operating margin was 15.1 per cent (11.0).

Net profit/loss for the period

Profit for the third quarter of 2020 amounted to SEK 9.8 million (12.0), corresponding to a decline in earnings of SEK 2.2 million compared with the corresponding period in 2019.

Profit for January-September 2020 amounted to SEK 32.5 million (20.6), corresponding to an increase of SEK 11.9 million compared with the corresponding period in 2019.

The Swedish government decided to reduce employers' contributions for the period March to June 2020 to support companies during the ongoing COVID-19 pandemic. Railcare has used these funds, amounting to approximately SEK 2 million, to help healthcare and businesses, for example, in the geographical areas in which the Company operates.

Cash flow

Cash flow in the third quarter of the year amounted to an inflow of SEK 7.2 million, compared with an outflow of SEK 8.3 million in the third quarter of 2019.

Cash flow from operating activities amounted to SEK 29.1 million (17.0). The increase is mainly due to the company experiencing a large negative net change in working capital last year, with this year's net change being positive, mainly due to inventories having decreased compared with the preceding year.

Cash flow from investing activities amounted to an outflow of SEK 17.0 million (5.1) in the third quarter of 2020 and mainly involved the building of an MPV (Multi Purpose Vehicle) for the Company's own production purposes and investments in existing machinery. In the preceding year, investments mainly involved two Ballast Feeder wagons and the aforementioned MPV.

Cash flow from financing activities amounted to an outflow of SEK 4.8 million (20.2). During the quarter, the Group raised a bank loan of SEK 8 million to finance ongoing investments in its machinery.

Cash flow in the period January-September amounted to an outflow of SEK 5.7 million compared with an outflow of SEK 18.7 million in the corresponding period last year. The decreased outflow is mainly an effect of the improved operating profit, during a period in which extensive investments were made.

Equity/assets ratio

According to Railcare's financial targets, the equity/assets ratio should amount to at least 25 per cent. The equity/assets ratio at the end of the period was 36.4 per cent, compared with 33.5 per cent on 31 December 2019.

Employees

The number of employees in Railcare as of 30 September 2020 was 139, compared with 138 on 30 September 2019.

Financial summary – business segments

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

Construction Sweden

Net sales within Segment Construction Sweden decreased by 37.4 per cent in the third quarter of 2020, compared with the corresponding period in the preceding year, and amounted to SEK 29.9 million (47.7). The loss after financial items decreased compared with the previous year and amounted to SEK 0.1 million (profit 9.1).

During the quarter, the segment experienced lower utilisation of machines for preparatory work ahead of track replacements compared with the preceding year due to some projects being postponed until 2021. This resulted in lower sales, as well as lower profit. The utilisation of machines in the lining operations has been low.

Net sales decreased by 8.3 per cent in January-September 2020 compared with the corresponding period last year and amounted to SEK 118.8 million (129.5). Profit after financial items decreased compared with the preceding year and amounted to SEK 11.1 million (17.9).

Key financial ratios and figures – Construction Sweden

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %
Net sales	29,866	47,699	-37.4	118,768	129,502	-8.3
Profit/loss after financial items	-79	9,128	-100.9	11,098	17,863	-37.9
Net margin, %	-0.3	19.1	-19.4	9.3	13.8	-4.5

Construction Abroad

Net sales within Segment Construction Abroad decreased by 31.4 per cent in the third quarter of 2020, compared with the corresponding period in the preceding year, and amounted to SEK 10.6 million (15.5). The loss after financial items amounted to SEK 0.4 million (profit 0.5).

During the quarter, the segment experienced lower utilisation of machines compared with the preceding year due to some projects being postponed. This resulted in lower sales, as well as lower profit.

Net sales decreased by 8.1 per cent in January-September 2020 compared with the corresponding period last year and amounted to SEK 46.3 million (50.4). Profit after financial items increased compared with the previous year and amounted to SEK 2.1 million (1.8).

Key financial ratios and figures – Construction Abroad

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %
Net sales	10,613	15,479	-31.4	46,309	50,367	-8.1
Profit/loss after financial items	-420	471	-189.2	2,134	1,810	17.9
Net margin, %	-4.0	3.0	-7.0	4.6	3.6	1.0

Transport Scandinavia

Net sales within the Transport Scandinavia segment increased by 25.8 per cent in the third quarter of 2020, compared with the corresponding quarter last year and amounted to SEK 56.7 million (45.1). Profit after financial items amounted to SEK 11.8 million (4.6). The higher sales were mainly attributable to the increased utilisation of machines in the regular transport operations. All parts of the segment have, however, contributed to the increase in sales as well as the higher profit. Repair and maintenance costs were lower compared with the preceding year.

Net sales increased by 11.1 per cent in the period January-September 2020 compared with the corresponding period last year and amounted to SEK 137.1 million (123.4). Profit after financial items increased compared with the previous year and amounted to SEK 18.8 million (7.1).

Key financial ratios and figures – Transport Scandinavia

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %
Net sales	56,728	45,088	25.8	137,066	123,379	11.1
Profit/loss after financial items	11,772	4,638	153.8	18,829	7,110	164.8
Net margin, %	20.8	10.3	10.5	13.7	5.8	7.9

Machine Sales

In Segment Machine Sales, net sales for the third quarter of 2020 amounted to SEK 7.1 million (0.8). Profit after financial items amounted to SEK 1.4 million (loss 0.2).

The increased sales and improved profit are attributable to internal machine rentals and internal workshop services, alongside sales of spare parts to the aftermarket.

The innovative emissions-free, battery-powered MPV (Multi Purpose Vehicle) was shown to the press in early October 2020. Development and design have progressed during the quarter and will continue with the objective of having the machine in operation by the spring of 2021. The MPV is being reported under Construction in progress until ready for use.

Net sales increased during the period January-September 2020 and amounted to SEK 42.1 million (3.1). Profit after financial items increased and amounted to SEK 9.4 million (loss 0.9). During the first quarter, three generator wagons ordered by Infranord were delivered and recognised as income.

Key financial ratios and figures – Machine Sales

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2020	Jul-Sep 2019	Change, %	Jan-Sep 2020	Jan-Sep 2019	Change, %
Net sales	7,101	790	798.9	42,101	3,117	1,250.7
Profit/loss after financial items	1,416	-183	873.8	9,378	-899	1,143.2
Net margin, %	19.9	-23.2	43.1	22.3	-28.8	51.1

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 period January-September 2020 amounted to SEK 24.0 million (19.8) and consisted mainly of Group common services. Operating profit amounted to SEK 1.3 million (0.2). The Parent Company's profit after financial items was affected positively by a dividend of SEK 4.3 million from our Danish subsidiary.

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 2020 Annual General Meeting approved a dividend of SEK 0.30 (0) per share, totalling SEK 7,237,250 (0), for the 2019 financial year.

Innovation & Design

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

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 partnered with mining equipment company Epiroc in developing the world's largest battery-powered rail vehicle, with Railcare presenting the MPV on 5 October 2020. The inauguration in Skelleftehamn was attended by Sweden's Minister for Infrastructure, Tomas Eneroth, the Minister for Employment, Eva Nordmark and the County Governor of Västerbotten, Helene Hellmark Knutsson.

Railcare and the Swedish Transport Administration have entered into a letter of intent regarding continued snow removal with snowmelters. The previous contract expired in the spring of 2020 and, while awaiting the finalisation and signing of the new contract, this letter of intent applies. The letter of intent states that the Swedish Transport Administration intends to sign an agreement with a two-year duration and the option for a three-year extension. The agreement will take effect on 15 November 2020, with the agreement including the same number of machine units as previous agreements.

2021 Annual General Meeting

Railcare's 2021 Annual General Meeting will take place on Wednesday, 5 May 2021 at 13:00 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.

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. Railcare's 2021 Annual General Meeting will take place on 5 May 2021 at Railcare's headquarters in Skelleftehamn, Sweden.

Shareholder structure

Ten largest shareholders 30 September 2020	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	1,174,337	4.9
Norrlandsfonden	1,111,111	4.6
BNY Mellon NA, W9	801,446	3.3
NTC IEDP AIF Clients S Non Treaty 30 % Account	622,537	2.6
Bernt Larsson	557,444	2.3
Avanza Pension insurance company	553,004	2.3
Ten largest shareholders	14,192,274	58.9
Other shareholders	9,931,893	41.1
Total	24,124,167	100.0

4,434

Number of shareholders in
Railcare Group AB
as per 30 September 2020.

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 2019 Annual Report, which be downloaded at www.railcare.se

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

Railcare is monitoring closely the developing events surrounding the corona virus and COVID-19. The Group currently perceives no change in demand for its services and products, and expects no significant impact on the Group's operations, financial results or position. Railcare follows the recommendations of the Public Health Agency of Sweden and the Ministry for Foreign Affairs.

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 2019 Annual Report.

Attestation by the Board of Directors and CEO

The Board of Directors and CEO of Railcare Group AB certify that the interim report for January-September 2020 provides a true and fair overview of the operations, position and results of the Parent Company and the Group and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Skelleftehamn, 5 November 2020
Railcare Group AB (publ)

Catharina Elmsäter-Svärd
Chairman of the Board

Ulf Marklund
Board member, Deputy CEO

Anna Weiner Jiffer
Board member

Adam Ådin
Board member

Anders Westermark
Board member

Björn Östlund
Board member

Daniel Öholm
CEO

Review report

Railcare Group AB (publ) Reg. No. 556730–7813

To the Board of Directors of Railcare Group AB (publ)

Introduction

We have reviewed the condensed interim report for Railcare Group AB (publ) as of 30 September 2020 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Skellefteå, Sweden, 5 November 2020

Ernst & Young AB

Fredrik Lundgren

Authorised Public Accountant

FINANCIAL REPORTS

CONSOLIDATED SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales	3	94,477	101,017	305,717	277,073	370,610
Capitalised work for own account		3,466	2,290	4,870	6,572	7,548
Other operating income		1,020	147	3,375	997	1,775
Total		98,962	103,454	313,962	284,642	379,933
Raw materials and consumables		-27,532	-33,726	-90,036	-92,018	-129,593
Other external costs		-14,391	-12,183	-44,934	-34,963	-47,142
Personnel costs		-28,969	-28,139	-91,878	-89,187	-120,357
Depreciation and impairment of tangible and intangible assets		-13,403	-12,460	-39,661	-36,996	-49,654
Other operating expenses		-225	-189	-1,323	-952	-1,210
Total operating expenses		-84,520	-86,697	-267,833	-254,116	-347,956
Operating profit/loss (EBIT)		14,442	16,757	46,130	30,526	31,977
Financial income		-	2	2	7	6
Financial expenses		-1,206	-1,451	-3,611	-4,392	-5,763
Net financial items		-1,207	-1,449	-3,610	-4,385	-5,757
Share of profit after tax from associated companies reported according to the equity method		92	51	180	163	284
Profit/loss before tax		13,327	15,359	42,700	26,304	26,504
Income tax		-3,567	-3,328	-10,158	-5,752	-5,744
Net profit/loss for the period		9,761	12,031	32,542	20,552	20,760
Other comprehensive income:						
<i>Items that may be reclassified to the profit/loss for the period</i>						
Exchange rate differences from the translation of foreign operations		71	321	35	728	355
Other comprehensive income for the period, net after tax		71	321	35	728	355
Total comprehensive income for the period		9,832	12,352	32,577	21,280	21,115
Amounts in SEK						
Earnings per share before dilution*		0.40	0.52	1.36	0.89	0.90
Earnings per share after dilution*		0.40	0.50	1.36	0.86	0.87
Average number of shares		24,124,167	23,013,056	24,006,568	23,013,056	23,013,056
Number of shares outstanding on the balance sheet date		24,124,167	23,013,056	24,124,167	23,013,056	23,013,056

*) 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	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development costs		2,046	2,357	2,471
Patent		317	367	377
Goodwill		7,322	3,928	3,554
Transportation licence		445	581	547
Total intangible assets		10,129	7,233	6,949
Tangible assets				
	4			
Buildings and land		34,622	25,534	30,790
Locomotives and wagons		139,535	123,111	129,169
Mobile machinery		159,177	152,180	165,405
Vehicles		6,472	8,066	7,604
Equipment, tools, fixtures and fittings		6,084	6,126	5,545
Construction in progress		58,475	50,622	31,912
Total tangible assets		404,365	365,639	370,425
Financial non-current assets				
Holdings reported according to the equity method		665	566	686
Deposits		658	658	658
Deferred tax assets		108	-	97
Other non-current receivables		3,954	3,954	3,954
Total financial non-current assets		5,385	5,178	5,395
Total non-current assets		419,879	378,050	382,769
Current assets				
Inventories				
Raw materials and consumables		12,057	11,500	11,805
Work in progress		5,282	11,329	10,765
Total inventories		17,339	22,829	22,570
Current receivables				
Accounts receivable		42,407	40,255	15,928
Current tax receivables		-	-	1,750
Other current receivables		219	4,461	6,775
Prepaid expenses and accrued income		8,646	9,946	7,362
Total current receivables		51,271	54,662	31,815
Cash and cash equivalents		16,507	5,710	22,012
Total current assets		85,117	83,201	76,397
TOTAL ASSETS		504,996	461,251	459,166

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION, cont.

Amounts in SEK thousands	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
EQUITY				
Share capital		9,891	9,435	9,435
Other capital provided		36,565	32,178	32,178
Reserves		1,704	2,042	1,669
Retained earnings (comprehensive income for the period included)		135,892	110,380	110,589
Total equity attributable to Parent Company shareholders		184,052	154,035	153,871
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		27,557	23,427	27,670
Convertible loans		-	4,727	-
Liabilities to credit institutions		107,974	112,175	106,979
Lease liability		38,377	21,504	24,712
Total non-current liabilities		173,909	161,833	159,361
Current liabilities				
Lease liability		27,555	29,694	31,567
Liabilities to credit institutions		54,617	45,802	50,162
Convertible loans		-	-	4,782
Accounts payable		22,970	26,475	24,537
Prepayments from customers		1,043	9,218	4,162
Current tax liabilities		7,595	3,452	931
Other liabilities		4,749	4,824	4,475
Accrued expenses and deferred income		28,507	25,918	25,318
Total current liabilities		147,035	145,383	145,934
TOTAL EQUITY AND LIABILITIES		504,996	461,251	459,166

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Note	Share capital	Other capital provided	Reserves	Retained earnings (incl. comprehensive income for the period)	Total equity
Opening balance as per 1 January 2019		9,435	32,178	1,314	90,677	133,604
Adjustment on transition to IFRS 16		-	-	-	-849	-849
Net profit/loss for the period		-	-	-	20,552	20,552
Other comprehensive income		-	-	728	-	728
Total comprehensive income		-	-	728	20,552	21,280
Closing balance as per 30 September 2019		9,435	32,178	2,042	110,380	154,035
Opening balance as per 1 January 2020		9,435	32,178	1,669	110,589	153,870
Profit for the year		-	-	-	32,542	32,542
Other comprehensive income		-	-	35	-	35
Total comprehensive income				35	32,542	32,577
Transactions with shareholders						
Conversion of debenture		456	4,387	-	-	4,843
Dividend		-	-	-	-7,237	-7,237
Closing balance as per 30 September 2020		9,891	36,565	1,704	135,892	184,052

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	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Cash flow from operating activities						
Operating profit/loss		14,442	16,757	46,130	30,526	31,977
Adjustment for non-cash items		13,559	12,106	38,230	37,191	50,993
Interest paid		-1,207	-1,396	-3,574	-4,228	-5,544
Interest received		-	2	-	7	6
Income tax paid		-1,171	-781	-2,268	-2,002	-2,041
Cash flow from operating activities before changes in working capital		25,623	26,688	78,518	61,494	75,391
Cash flow from changes in working capital						
Increase/decrease in inventories		1,118	-9,492	5,032	-12,503	-12,244
Increase/decrease in operating receivables		5,305	6,767	-20,636	-20,131	5,017
Increase/decrease in operating liabilities		-2,950	-6,991	-2,597	11,940	3,798
Total changes in working capital		3,473	-9,716	-18,201	-20,694	-3,429
Cash flow from operating activities		29,096	16,972	60,317	40,800	71,962
Cash flow from investment activities						
Investments in intangible assets		-	-288	-187	-377	-704
Investments in tangible assets		-17,044	-4,847	-41,701	-21,776	-27,732
Acquisitions of subsidiaries, net effect on cash and cash equivalents	5	-	-	-2,617	-	-
Dividends from associated companies		-	-	200	193	193
Divestment of tangible assets		-	70	2,150	70	420
Cash flow from investment activities		-17,044	-5,065	-42,155	-21,890	-27,823
Cash flow from financing activities						
Loans raised		8,000	-	24,020	6,030	6,030
Net change in bank overdraft facility		-	-2,953	-	-	-
Amortisation of loans		-12,849	-17,241	-40,603	-43,608	-52,546
Dividends paid		-	-	-7,237	-	-
Cash flow from financing activities		-4,849	-20,194	-23,820	-37,578	-46,516
Cash flow for the period		7,203	-8,287	-5,658	-18,668	-2,377
Cash and cash equivalents at the beginning of the period		9,270	13,784	22,012	24,081	24,081
Exchange rate difference in cash and cash equivalents		34	213	153	297	308
Cash and cash equivalents at the end of the period		16,507	5,710	16,507	5,710	22,012

PARENT COMPANY SUMMARY INCOME STATEMENT

Amounts in SEK thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales		6,782	6,210	23,999	19,810	27,620
Other operating income		67	9	127	38	44
Total operating income		6,849	6,219	24,126	19,848	27,664
Operating expenses						
Raw materials and consumables		-	-	-3,299	-1,149	-2,748
Other external costs		-3,346	-2,631	-10,979	-10,072	-14,130
Personnel costs		-2,786	-2,348	-8,568	-8,389	-11,683
Depreciation and impairment of tangible and intangible assets		-38	-53	-119	-148	-197
Other operating expenses		-12	51	-42	-77	-77
Total operating expenses		-6,181	-4,981	-23,007	-19,835	-28,835
Profit from participations in associated companies and jointly controlled companies		-	-	200	193	193
Operating profit/loss		668	1,238	1,318	206	-978
Profit from financial items						
Profit from participations in Group companies		-	4,296	4,346	4,296	4,296
Other interest income and similar profit/loss items		-	136	72	556	778
Interest expenses and similar profit/loss items		-13	-119	-54	-299	-392
Total profit/loss from financial items		-13	4,313	4,364	4,553	4,682
Profit/loss after financial items		655	5,551	5,683	4,759	3,704
Appropriations		-	-	-	-	2,300
Tax on net profit/loss for the period		-199	-287	-525	-90	-384
Net profit/loss for the period		456	5,264	5,158	4,669	5,620

PARENT COMPANY SUMMARY BALANCE SHEET

Amounts in SEK thousands	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Intangible assets				
Patents		317	367	377
Total intangible assets		317	367	377
Tangible assets				
Buildings		4,057	-	-
Equipment, tools, fixtures and fittings		327	188	168
Total tangible assets		4,384	188	168
Financial non-current assets				
Participations in Group companies		38,336	34,236	34,236
Participations in associated companies		204	204	204
Deferred tax assets		-	204	-
Total financial non-current assets		38,540	34,644	34,440
Total non-current assets		43,241	35,199	34,985
Current assets				
Current receivables				
Receivables from Group companies		175	6,500	23,348
Current tax receivables		-	459	337
Other receivables		-	-	183
Prepaid expenses and accrued income		1,285	3,048	1,021
Total current receivables		1,460	10,007	24,889
Cash and bank balances		3,606	3,985	5,099
Total current assets		5,066	13,992	29,988
TOTAL ASSETS		48,308	49,191	64,973

PARENT COMPANY SUMMARY BALANCE SHEET, cont.

Amounts in SEK thousands	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		9,891	9,435	9,435
Total restricted equity		9,891	9,435	9,435
Non-restricted equity				
Share premium reserve		23,024	18,638	18,638
Retained earnings		4,140	5,757	5,757
Net profit/loss for the period		5,158	4,669	5,620
Total non-restricted equity		32,322	29,064	30,015
Total equity		42,213	38,499	39,450
Provisions				
Deferred tax liabilities		-	-	47
Total provisions		-	-	47
Non-current liabilities				
Convertible loans		-	4,727	-
Total non-current liabilities		-	4,727	-
Current liabilities				
Convertible loans		-	-	4,782
Accounts payable		1,923	531	1,005
Current tax liabilities		220	-	-
Liabilities to Group companies		397	2,727	16,911
Other liabilities		967	837	555
Accrued expenses and deferred income		2,588	1,870	2,223
Total current liabilities		6,095	5,965	25,476
TOTAL EQUITY AND LIABILITIES		48,308	49,191	64,973

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 2019 Annual Report.

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

Note 3 Segment information

Description of the segments and their principal activities:

Railcare's Group Management, comprising the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the IR and Communications Manager, is the highest executive decision-making body in the Railcare Group and assesses the Group's financial position and earnings and makes strategic decisions. Company management has determined the operating segments based on the data processed by Group Management and used as a basis for allocating resources and assessing earnings.

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

Construction Sweden

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

Construction Abroad

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

Transport Scandinavia

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

Machine Sales

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

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

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

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

Income

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

	Jul-Sep 2020			Jul-Sep 2019		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	29,866	2,279	27,587	47,699	3,205	44,493
Construction Abroad	10,613	2,039	8,574	15,479	2,345	13,135
Transport Scandinavia	56,728	1,097	55,631	45,088	2,882	42,206
Machine Sales	7,101	4,790	2,311	790	-	790
Group common	6,782	6,409	373	6,210	5,817	393
Total	111,091	16,615	94,477	115,266	14,249	101,017

	Jan-Sep 2020			Jan-Sep 2019			full-year 2019		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	118,768	9,815	108,953	129,502	10,127	119,374	171,104	16,988	154,113
Construction Abroad	46,309	6,994	39,315	50,367	7,243	43,125	67,932	9,183	58,749
Transport Scandinavia	137,066	9,284	127,781	123,379	12,103	111,276	158,027	16,793	141,232
Machine Sales	42,101	13,571	28,530	3,117	1,027	2,090	18,956	4,040	14,916
Group common	23,999	22,861	1,138	19,810	18,603	1,207	27,620	26,020	1,600
Total	368,242	62,525	305,717	326,175	49,102	277,073	443,639	73,025	370,610

Profit/loss after financial items

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Construction Sweden	-79	9,128	11,098	17,863	21,841
Construction Abroad	-420	471	2,134	1,810	-1,084
Transport Scandinavia	11,772	4,638	18,829	7,110	5,393
Machine Sales	1,416	-183	9,378	-899	686
Group common	546	1,254	1,081	257	-616
Total	13,235	15,308	42,520	26,141	26,220

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

Profit/loss after financial items	13,235	15,308	42,520	26,141	26,220
Share of profit after tax from associated companies reported according to the equity method	92	51	180	163	284
Profit/loss before tax	13,327	15,359	42,700	26,304	26,504

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.

Segment	Income from services		Sales of goods		Leasing		Total	
	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019
Construction Sweden	27,587	44,493	-	-	-	-	27,587	44,493
Construction Abroad	8,365	13,097	-	-	209	38	8,574	13,135
Transport Scandinavia	50,863	36,840	1,281	1,052	3,487	4,315	55,631	42,207
Machine Sales	185	-	2,126	790	-	-	2,311	790
Group common	373	393	-	-	-	-	373	393
Total	87,374	94,823	3,407	1,842	3,696	4,353	94,477	101,017

Segment	Income from services		Sales of goods		Leasing		Total	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Construction Sweden	108,953	119,374	-	-	-	-	108,953	119,374
Construction Abroad	38,819	42,887	-	-	496	238	39,315	43,125
Transport Scandinavia	113,904	93,232	3,636	5,817	10,241	12,227	127,781	111,276
Machine Sales	4,498	86	24,032	2,004	-	-	28,530	2,090
Group common	1,138	1,207	-	-	-	-	1,138	1,207
Total	267,312	256,786	27,669	7,821	10,737	12,465	305,717	277,073

Note 4 Non-current assets

	Buildings and land	Locomotives and wagons	Mobile machinery	Vehicles	Equipment, tools, fixtures and fittings	Construction in progress	Total
Closing balance as per 31 December 2019	30,790	129,169	165,405	7,604	5,545	31,912	370,425
Of which, right-of-use assets	24,482	25,983	2,456	7,514	52	-	60,487
30 Sep 2019							
Opening balance as per 1 January 2019	5,534	111,773	161,517	10,299	5,385	31,586	326,094
Adjustment on transition to IFRS 16	15,946	27,223	-	-	66	-	43,235
Exchange rate differences	146	174	205	13	69	-	607
Purchases/activated expenses for the year	9,388	1,335	110	366	1,403	20,685	33,287
Reclassifications	-	1,649	209	-209	-	-1,649	-
Disposals and scrappings	-	-	-624	-622	-30	-	-1,276
Depreciation	-5,480	-19,043	-9,237	-1,780	-767	-	-36,307
Closing balance as per 30 Sep 2019	25,534	123,111	152,180	8,066	6,126	50,622	365,639
Of which, right-of-use assets	20,148	24,445	2,525	7,949	70	-	55,137
30 Sep 2020							
Opening balance as per 1 January 2020	30,790	129,169	165,405	7,604	5,545	31,912	370,425
Exchange rate differences	-78	41	52	-5	8	-	18
Purchases/activated expenses for the year	9,712	26,266	-	747	629	35,520	72,874
Reclassifications	-	5,082	3,667	-	717	-8,957	509
Disposals and scrappings	-	-522	-	-	-50	-	-572
Depreciation	-5,802	-20,500	-9,947	-1,873	-765	-	-38,888
Closing balance as per 30 Sep 2020	34,622	139,535	159,177	6,472	6,084	58,475	404,365
Of which, right-of-use assets	24,404	36,675	2,247	6,430	56	-	69,812

Note 5 Business combinations

Railcare Group AB has acquired 100 per cent of the shares in Elpro i Skellefteå AB, control of the acquired company being transferred on 3 February 2020. Elpro is an electricity company employing five electricians who are also skilled in circuit design. Elpro offers services including electrical maintenance and installation for companies, design and installation of machines, as well as programming of new or rebuilt machines. The Company's customers are private individuals, property owners, companies and industries.

The goodwill arising from the acquisition is attributable to Elpro's future profitability and the synergies expected from merging Elpro's operations with those of the Group. The goodwill arising from the acquisition is not expected to be tax deductible.

Amounts in SEK thousands

Purchase consideration on date of acquisition, 3 February 2020

Cash and cash equivalents	4,100
Total purchase consideration	4,100

Carrying amounts of identifiable acquired assets and liabilities in Elpro i Skellefteå AB as of the date of acquisition:

Cash and cash equivalents	1,483
Tangible assets	53
Rights-of-use assets in lease agreements (vehicles)	143
Inventories	364
Accounts receivable and other receivables	1,582
Lease liabilities	-104
Accounts payable and other liabilities	-3,175
Total identifiable net assets	346

Goodwill	3,754
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Impact on cash flow:

Amounts in SEK thousands

Cash outflow for acquiring subsidiaries, cash purchase consideration	-4,100
Less acquired cash balances	1,483
Net outflow of cash and cash equivalents – investment activities	-2,617

KEY FINANCIAL RATIOS AND FIGURES, RAILCARE GROUP SUMMARY

Amounts in SEK thousands, unless otherwise stated	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	full-year 2019
Net sales	94,477	101,017	305,717	277,073	370,610
Sales growth, %	-6.5	45.4	10.3	36.3	37.2
Operating profit/loss (EBIT)	14,442	16,757	46,130	30,526	31,977
Operating margin, %	15.3	16.8	15.1	11.0	8.6
Net profit/loss for the period	9,761	12,031	32,542	20,552	20,760
Net financial items	-1,207	-1,449	-3,610	-4,385	-5,757
Total assets	504,996	461,251	504,996	461,251	459,166
Equity/assets ratio, %	36.4	33.4	36.4	33.4	33.5
Key financial ratios and figures per share, SEK					
Earnings per share before dilution	0.40	0.52	1.36	0.89	0.90
Earnings per share after dilution	0.40	0.50	1.36	0.86	0.87
Equity per share	7.63	6.69	7.63	6.69	6.69
Dividend per share, SEK	-	-	0.30	-	-

QUARTERLY DATA¹, RAILCARE GROUP SUMMARY

Amounts in SEK million	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Net sales	94.5	105.3	106.0	93.5	101.0	91.2	84.9	78.7	62.3
Capitalised work for own account	3.5	0.7	0.7	1.0	2.3	3.2	1.1	1.2	1.8
Other operating income	1.0	1.7	0.6	0.8	0.1	0.6	0.3	0.2	0.1
Total	99.0	107.8	107.2	95.3	103.5	94.9	86.3	80.1	64.1
Raw materials and consumables	-27.5	-31.1	-31.4	-37.6	-33.7	-34.5	-23.8	-22.7	-16.7
Other external costs	-14.4	-15.3	-15.3	-12.2	-12.2	-11.1	-11.7	-19.7	-18.9
Personnel costs	-29.0	-33.2	-29.7	-31.2	-28.1	-33.1	-28.0	-29.2	-26.9
Depreciation and impairment of tangible assets	-13.4	-13.5	-12.7	-12.7	-12.5	-12.6	-12.0	-6.1	-6.0
Other operating expenses	-0.2	-0.5	-0.6	-0.3	-0.2	-0.4	-0.4	-0.3	-0.2
Total operating expenses	-84.5	-93.5	-89.8	-93.8	-86.7	-91.5	-75.9	-77.9	-68.7
Operating profit/loss (EBIT)	14.4	14.3	17.4	1.5	16.8	3.4	10.4	2.2	-4.6
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	-1.2	-1.2	-1.2	-1.4	-1.5	-1.5	-1.5	-1.4	-1.3
Net financial items	-1.2	-1.2	-1.2	-1.4	-1.5	-1.5	-1.5	-1.4	-1.3
Share of profit after tax from associated companies reported according to the equity method	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Profit/loss before tax	13.3	13.1	16.3	0.2	15.4	2.0	8.9	0.9	-5.9
Taxes	-3.6	-3.1	-3.5	0.0	-3.3	-0.9	-1.5	-0.6	1.2
Net profit/loss for the period	9.8	9.9	12.8	0.2	12.0	1.1	7.4	0.3	-4.7
Equity/assets ratio, %	36.4	35.4	36.2	33.5	33.4	29.9	30.4	32.3	31.6

¹Quarterly data for 2019 and onwards include the effects of the introduction of IFRS 16. The comparison figures for previous years have not been recalculated.

DEFINITIONS

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

National Plan

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

Railvac

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

Press releases in the third quarter of 2020

- **20 August** – Interim report January-June 2020

Financial calendar

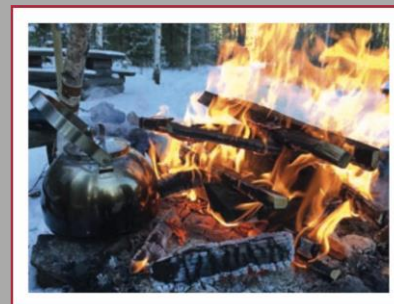
- The year-end report for 2020 will be published on 18 February 2021.
- The interim report for January-March 2021 will be published on 4 May 2021.
- The 2021 Annual General Meeting will take place on 5 May 2021 at Railcare's headquarters in Skelleftehamn, Sweden.
- The interim report for January-June 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 Skelleftehamn, Sweden.

RAILCARE GROUP AB (publ)

Näsuddsvägen 10, SE-932 21 Skelleftehamn, Sweden
Tel. +46 (0)910-43 88 00
www.railcare.se



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.

For further information, please contact:

Daniel Öholm, CEO

Telephone: +46 (0)70-528 01 83
E-mail: daniel.oholm@railcare.se

Sofie Däversjö, IR and Communications Manager

Telephone: +46 (0)72-528 00 09
E-mail: sofie.daversjo@railcare.se

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 5 November, 2020 at 7:30 a.m. CET.

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.