

Year-end report 2019

A year of strong growth in sales and earnings.
A quarter with good growth, but lower margin.



Fourth quarter¹

- Consolidated net sales increased by 18.9 per cent to SEK 93.5 million (78.7).
- Operating profit (EBIT) decreased by SEK 0.7 million to SEK 1.5 million (2.2).
- Earnings per share after dilution amounted to SEK 0.01 (0.02).

Full-year 2019, January – December 2019¹

- Consolidated net sales increased by 37.2 per cent to SEK 370.6 million (270.1).
- Operating profit (EBIT) increased by SEK 30.5 million to SEK 32.0 million (1.5).
- Earnings per share after dilution amounted to SEK 0.87 (loss 0.06).
- The Board of Directors will propose that the Annual General Meeting approve a dividend of SEK 0.30 per share (0.00) for the 2019 financial year.

Significant events in the fourth quarter

- In the fourth quarter of 2019, Railcare Group AB (publ) signed an agreement to acquire the electricity company Elpro i Skellefteå AB with the total purchase consideration being SEK 4.1 million. The transaction was financed using Railcare's own funds and came into effect on 3 February 2020.

Financial summary²

Amounts in SEK million, unless otherwise stated	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Net sales	93.5	78.7	370.6	270.1
Operating profit/loss (EBIT)	1.5	2.2	32.0	1.5
Operating margin, %	1.6	2.8	8.6	0.6
Net profit/loss for the period	0.2	0.3	20.8	-1.4
Equity/assets ratio, %	33.5	32.3	33.5	32.3
Earnings per share after dilution, SEK	0.01	0.02	0.87	-0.06

For definitions, see page 30.

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

¹The Group applies IFRS 16 effective 1 January 2019, and all figures for 2019 are inclusive of this change. Comparison figures have not been recalculated. For disclosures regarding the effects of the introduction of IFRS 16, see Note 5.

²All key financial ratios and figures for 2019 have been calculated inclusive of the effects of introducing IFRS 16. For disclosures regarding the effects of the introduction of IFRS 16, see Note 5. The comparison figures for 2018 have not been recalculated to take IFRS 16 into account.

CEO's comments

During the fourth quarter, we had an operating profit (EBIT) of SEK 1.5 million and sales of SEK 94 million, giving an operating margin of 1.6 percent. Compared to the fourth quarter of last year, we report the growth of SEK 17 million, equivalating to 19 per cent. Profit is at the same level as in the fourth quarter of last year, but earnings were negatively affected by costs for repairs of locomotives and construction machinery along with a lower volume for regular transport operations.

2019 was a busy year of growth and results that create even better conditions for the future and the major railway initiatives announced in our home markets and around the world. During the year, sales increased by SEK 100 million, to SEK 370 million (270), equivalating to an increase of 37 percent. Operating profit (EBIT) increased by SEK 30.5 million to SEK 32 million (1.5).

We report good growth in the segments, Construction Sweden, Construction Abroad, and Machine Sales during the fourth quarter of 2019. The volume growth of 19 per cent for the Group is largely due to the delivery of the two generator wagons to Infranord in the Machine Sales segment.

Within the Construction Sweden segment, we have been busy with preliminary work required before the track replacements took place to 15 November 2019. From 15 November 2019 until 15 March 2020, we are fully engaged with snow removal in the agreement we have with The Swedish Transport Administration, Trafikverket. The lack of snow during the winter has meant that we have been on-call with our snow removal machines and we continue to be prepared for the winter to come. After the snow project, we will start again with the preliminary work for the upcoming replacements and we have received six call-offs in the Trafikverket Agreement which means we will have good utilisation until July 2020.

Going forward, we have exceptionally good prospects for our contracting operations in Sweden. Lining operations had a low volume during the quarter, which is normal for this time of year.

For Transport Scandinavia, sales fell slightly in the fourth quarter of 2019, and the segment showed a negative result. It has been a difficult quarter with lower volumes and extra costs for maintenance of locomotives and wagons, which subsequently meant that we had to hire extra locomotive to fulfill our agreements. We have delivered locomotive services and contract transport in the form of construction machinery and sleepers to contractor companies that carry out track replacements. Trafikverket, has many track replacements planned for 2020, which creates an increased demand for our services. The locomotive workshop had normal utilisation for the quarter. Most orders have been received, therefore it looks good for 2020.

The transport of iron ore to Kaunis Iron goes according to plan and we also ran some extra transports of iron ore during the quarter. This creates a good foundation and stability for the segment. The agreement with Kaunis Iron is five years and we have now passed the first year of the agreement.

In the Construction Abroad segment, we have, as usual, had good utilisation over the Christmas holidays as a lot of railway work is carried out during this weekend. We have had good utilisation during the quarter and sales and planning for 2020 are



ongoing. During the quarter we transported over another English-adapted Railvac, so now we have a total of five Railvacs in the UK. During the quarter, the segment was burdened with costs that can to some extent be considered non-recurring, which had a negative impact on earnings.

The decision to transport another Railvac to the UK is to meet the announced amount of jobs coming during CP6 and another four years ahead. Many call-offs have already been made to the framework agreement we have with Network Rail in 2020 and it is being filled continuously. The framework agreement is valid until 31 March 2020 and negotiations are ongoing for an extension.

In the Machine Sales segment, we have focused on building the five generator wagons ordered by Infranord. Delivery of two generator wagons took place as planned during the quarter. The remaining three generator wagons will be delivered during the first half of 2020. During the fourth quarter of 2019, Railcare signed an agreement to acquire the electricity company Elpro in Skellefteå AB and the total purchase price was SEK 4.1 million. The transaction was financed by own funds and came into effect on 3 February 2020. During the quarter, the company received an order from Norsk Jernbanedrift amounting to SEK 2.7 million regarding machine renovation within the Machine Sales segment. The work will be carried out during the first half of 2020.

We also have a full focus on the development and completion of the first prototype of our emission-free battery-powered Multi-Purpose Vehicle along with the sales of our products around the world.

Railcare feels that there is high pressure in the rail industry. In 2019, we had good growth and we are seeing volume increases with our customers for many years to come. We have also experienced a great deal of interest from new customers, especially customers in new markets for machine sales.

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

Daniel Öholm
CEO

Financial summary – Railcare Group

Effective 1 January 2019, the Company applies IFRS 16 regarding the Group's leases, and all figures for 2019 are inclusive of this change. The conversion has had a marginal impact on both operating profit/loss and net profit/loss for the period. The equity/assets ratio has decreased by 3.4 percentage points due to total assets having increased. The effects of the introduction of IFRS 16 are described in Note 5.

Net sales

Net sales for the fourth quarter of 2019 increased by 18.9 per cent to SEK 93.5 million, compared with SEK 78.7 million in the fourth quarter of 2018. The increase in net sales is mainly due to increased utilisation in the Construction Sweden, Construction Abroad and Machine Sales segments. In these segments, two generator wagons have been delivered and additional preparations have been performed ahead of upcoming track replacements compared with the fourth quarter of 2018.

Net sales for full-year 2019 increased by 37.2 per cent to SEK 370.6 million compared with SEK 270.1 million for full-year 2018. The increase in net sales is mainly due to an increase in the Transport Scandinavia segment, where the transport assignment for Kaunis Iron commenced in August 2018, thereby affecting all of 2019 but only part of 2018. The increased sales also derive partly from Contracting Sweden, where demand has been high for preparatory work ahead of upcoming track replacements. The company also experienced increased sales in Construction Abroad, with the new budget period in the UK commencing in April 2019.

Operating expenses

Operating expenses in the fourth quarter of 2019 amounted to SEK 93.8 million, an increase of SEK 15.9 million, or 20.4 per cent compared with the fourth quarter of 2018 when operating expenses amounted to SEK 77.9 million. The increase in operating expenses is attributable to the higher utilisation within the company, which has affected expenses for subcontractors, among other things. The delivery of two generator wagons had an impact on expenses for the quarter. The introduction of IFRS 16 has led to a reduction in expenses for operating leases by SEK 6.6 million, included in *Other external costs*, an increase in *Depreciation and impairment of tangible and intangible assets* by SEK 6.3 million, attributable to depreciation in rights-of-use assets, and an increase in *Financial expenses* of SEK 0.3 million, attributable to interest expenses associated with lease liabilities.

Operating expenses for full-year 2019 amounted to SEK 348.0 million compared with full-year 2018 when operating expenses amounted to SEK 275.3 million. The increase in expenses is driven mainly by increased sales, requiring the company to engage additional subcontractors, use more materials and deploy, on average, a greater number of employees. The high level of sales has also resulted in employees working longer working hours, which has increased personnel costs.

Operating profit

Operating profit (EBIT) decreased by SEK 0.7 million to SEK 1.5 million in the fourth quarter of 2019, compared with SEK 2.2 million for the corresponding period in 2018. The operating margin amounted to 1.6 per cent (2.8) of which 0.3 percentage points were a positive effect of IFRS 16. Compared with the

corresponding quarter in 2018, the decrease in profit is mainly due to lower utilisation of machines and higher costs in the Transport Scandinavia segment, although this was partly offset by higher sales and profit in the Machine Sales segment.

Operating profit (EBIT) for full-year 2019 increased by SEK 30.5 million to SEK 32.0 million, compared with the outcome of SEK 1.5 million for full-year 2018. The operating margin increased from 0.6 per cent for full-year 2018 to 8.6 per cent for full-year 2019, of which 0.2 percentage points were a positive effect of IFRS 16. The improved profit is mainly attributable to the increased utilisation of machines in the Construction Abroad segment, driven by the new budget period in the UK and the increased utilisation of machines in the Transport Scandinavia segment resulting from the assignment for Kaunis Iron. The other segments have also contributed positively to the improvement in profit compared with full-year 2018.

Net profit/loss for the period

Profit for the fourth quarter of 2019 amounted to SEK 0.2 million (0.3), corresponding to decline of SEK 0.1 million.

Profit for full-year 2019 amounted to SEK 20.8 million (loss 1.4), corresponding to an increase in earnings of SEK 22.2 million.

Cash flow

Cash flow in the fourth quarter of the year amounted to an inflow of SEK 16.3 million (18.2).

Cash flow from operating activities amounted to an inflow of SEK 31.2 million (24.6), with a decrease in operating receivables having a considerable positive effect.

Cash flow from investing activities amounted to an outflow of SEK 5.9 million (10.8) in the fourth quarter of 2019 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 for the Swedish market.

Cash flow from financing activities amounted to an outflow of SEK 8.9 million (inflow 4.4). The Group did not raise any bank loans during the quarter, unlike the corresponding quarter in 2018 when loans of SEK 15.0 million were raised.

In the fourth quarter of the year, the introduction of IFRS 16 meant that cash flow from operating activities improved by SEK 6.3 million as a result of lease expenses being eliminated from operating profit and interest on the lease liability being added to interest paid. The corresponding amount for full-year 2019 amounts to SEK 24.1 million. In the fourth quarter of 2019, cash flow from financing activities was affected negatively by the amortisation of lease liabilities by SEK 6.3 million. The corresponding amount for full-year 2019 amounts to SEK 24.2 million.

Cash flow for full-year 2019 amounted to an outflow of SEK 2.4 million (11.7). The reduced outflow is mainly attributable to improved profit.

Cash flow from operating activities amounted to an inflow of SEK 72.0 million (28.0), mainly with improved operating profit of SEK 30.4 million and the

aforementioned effect of IFRS 16 having a positive effect. An increase in inventories has impacted cash flow negatively.

Cash flow from investing activities amounted to an outflow of SEK 27.8 million (28.3) and related mainly to the building of two Ballast Feeder vehicles and an MPV (Multi Purpose Vehicle) for the Company's own production operations.

Cash flow from financing activities amounted to an outflow of SEK 46.5 million (11.4). During the year, loans were amortised in the amount of SEK 52.5 million (28.4), of which SEK 24.2 million is attributable to the effect of IFRS 16 described above, relating to the amortisation of lease liabilities. During 2019, the Group raised SEK 6.0 million (20.2) in bank loans. Dividends paid during the year amounted to SEK 0 million (3.3).

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 33.5 per cent (36.9 per cent excluding IFRS 16), compared with 32.3 per cent on 31 December 2018.

Employees

The number of employees in Railcare as of 31 December 2019 was 130, compared with 131 on 31 December 2018.

Financial summary – business segments

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

Construction Sweden

Net sales within the Construction Sweden segment increased by 11.2 per cent in the fourth quarter of 2019, compared with the corresponding period in the preceding year, and amounted to SEK 41.6 million (37.4). Profit after financial items increased compared with the preceding year and amounted to SEK 4.0 million (3.6). The improvement in profit is primarily an effect of the increased sales.

During the quarter, the segment experienced a good level of utilisation, including cable management and ballast replacement ahead of upcoming track replacements, as well as work connected with the snow removal agreement with the Swedish Transport Administration, Trafikverket. In the lining operations, the utilisation of machines was lower than in the corresponding quarter in the preceding year, which had a negative impact on earnings.

Net sales increased by 18.4 per cent over full-year 2019, compared with full-year 2018 and amounted to SEK 171.1 million (144.5). Profit after financial items increased somewhat compared with the previous year and amounted to SEK 21.8 million (21.7). The high level of business over the year led to increased deployment, mainly of subcontractors, but also of employees, resulting in increased costs in relation to sales compared with 2018. The relatively low level of business in the Lining operations in 2019 had somewhat of a negative impact on profit.

Key financial ratios and figures – Construction Sweden

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2019	Oct-Dec 2018	Change	full-year 2019	full-year 2018	Change
Net sales	41,602	37,411	4,191	171,104	144,473	26,631
Profit/loss after financial items	3,978	3,602	376	21,841	21,697	144
Net margin, %	9.6	9.6	-0.1	12.8	15.0	-2.3

Construction Abroad

Net sales within the Construction Abroad segment increased by 21.6 per cent in the fourth quarter of 2019, compared with the corresponding quarter in the preceding year and amounted to SEK 17.6 million (14.4). The loss after financial items amounted to SEK 2.9 million (2.3). The increase in net sales is due to increased utilisation of machines in the UK. During the quarter, the segment was burdened with expenses that can be considered non-recurring to some extent. These include the expense of transporting a Railvac and a Spoil Handling System from Sweden to the UK, as well as expenses for training operators and higher than usual expenses for repairs.

Net sales increased by 36.9 per cent over full-year 2019, compared with full-year 2018 and amounted to SEK 67.9 million (49.6). The loss after financial items increased compared with the preceding year and amounted to SEK 1.1 million (12.9). The increased sales and improved profit are mainly explained by the new budget period CP6 commencing in April 2019, enabling more work to be carried out than in 2018.

Key financial ratios and figures – Construction Abroad

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2019	Oct-Dec 2018	Change	full-year 2019	full-year 2018	Change
Net sales	17,565	14,440	3,125	67,932	49,631	18,301
Profit/loss after financial items	-2,894	-2,344	-550	-1,084	-12,851	11,767
Net margin, %	-16.5	-16.2	-0.2	-1.6	-25.9	24.3

Transport Scandinavia

Net sales within the Transport Scandinavia segment decreased by 3.3 per cent in the fourth quarter of 2019, compared with the corresponding quarter in the preceding year and amounted to SEK 34.6 million (35.8). The loss after financial items amounted to SEK 1.7 million (profit 1.9). Trafikverket required fewer transport services than usual in October, which affected certain parts of the segment negatively. The lower sales, combined with expenses for a track switching accident, resulted in weaker earnings.

Net sales increased by 38.6 per cent over full-year 2019, compared with full-year 2018 and amounted to SEK 158.0 million (114.1). Profit after financial items increased compared with the preceding year and amounted to SEK 5.4 million (loss 4.1). The higher sales derive primarily from the transport assignment for Kaunis Iron. The improvement in profit is primarily an effect of the increased sales, since expenses have not increased to the same extent.

Key financial ratios and figures – Transport Scandinavia

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2019	Oct-Dec 2018	Change	full-year 2019	full-year 2018	Change
Net sales	34,644	35,822	-1,178	158,027	114,057	43,970
Profit/loss after financial items	-1,717	1,944	-3,661	5,393	-4,124	9,517
Net margin, %	-5.0	5.4	-10.4	3.4	-3.6	7.0

Machine Sales

In the Machine Sales segment, net sales for the fourth quarter of 2019 amounted to SEK 15.8 million (1.5). Profit after financial items amounted to SEK 1.6 million (loss 0.3).

During the quarter, two generator wagons ordered by Infranord were delivered and recognised as income. The three remaining generator wagons ordered by Infranord are currently being built and are scheduled for delivery in the first half of 2020. The development and building of the innovative MPV (Multi-Purpose Vehicle) are in progress – an emissions-free battery-powered unit with several areas of application. The MPV is being reported under Construction in progress until ready for use.

During full-year 2019, net sales amounted to SEK 19.0 million (7.4). Profit after financial items amounted to SEK 0.7 million (loss 1.0). The increase in sales and improved profit is mainly attributable to the delivery of the two generator wagons ordered by Infranord.

In the fourth quarter of 2019, Railcare Group AB (publ) signed an agreement to acquire the electricity company Elpro i Skellefteå AB with the total purchase consideration being SEK 4.1 million. The transaction was financed using Railcare's own funds and came into effect on 3 February 2020.

Key financial ratios and figures – Machine Sales

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2019	Oct-Dec 2018	Change	full-year 2019	full-year 2018	Change
Net sales	15,839	1,508	14,331	18,956	7,429	11,527
Profit/loss after financial items	1,585	-321	1,906	686	-993	1,679
Net margin, %	10.0	-21.3	31.3	3.6	-13.4	17.0

Parent Company

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

The Parent Company's net sales for full-year 2019 amounted to SEK 27.6 million (23.2) and consisted mainly of Group common services. The operating loss amounted to SEK 1.0 million (7.2). The preceding year was burdened by expenses for the change of listing.

RAIL

Ticker for Railcare Group AB's share traded on Nasdaq Stockholm since 3 April 2018.

(ISIN SE0010441139)

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 2020 Annual General Meeting approve 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.

Events after the period

On 3 February, the acquisition of electricity company Elpro i Skellefteå AB was completed, with the acquired operations being consolidated as of the same date. Elpro i Skellefteå AB will be part of the Machine Sales segment. See further details in Note 6.

After the end of the reporting period, Norrlandsfonden has requested conversion of the second half of its convertible debenture. The convertible debenture was originally for an amount of SEK 10 million, with SEK 5 million thus having been converted into 1,111,111 shares at the agreed price of SEK 4.50 per share. The share increase was registered with the Swedish Companies Registration Office on 30 January 2020. The number of shares and votes in Railcare Group AB (publ) has therefore changed, amounting to 24,124,167 shares and votes as of the last trading day in January.

No significant events, outside of the company's ordinary operations, occurred following the balance sheet date.

Annual General Meeting 2020

Railcare's Annual General Meeting 2020 will take place on Wednesday 6 May 2020 at 1:00 p.m. at the Company's premises at Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

The Annual Report is expected to be available on Railcare's website, www.railcare.se, no later than three weeks prior to the Annual General Meeting.

Nomination Committee in preparation for Railcare Group AB's Annual General Meeting 2020

In consultation with the largest shareholders, the Chairman of the Board of Railcare Group AB has established a Nomination Committee in preparation for the Annual General Meeting in 2020. The Nomination Committee comprises Åke Elveros, appointed by Norra Västerbotten Fastighets AB, Per-Martin Holmgren, 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 40.8 per cent of the total number of shares and votes in the company (as of 30 September 2019).

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 Annual General Meeting in 2021.

Shareholders wishing to submit proposals to the Nomination Committee may do so by sending an e-mail to ir@railcare.se.

Shareholder structure

Ten largest shareholders 31 December 2019	Number of shares	Proportion of share capital and votes (%)
Norra Västerbotten Fastighets AB	2,521,335	11.0
Marklund family* through companies	2,433,905	10.6
TREAC Aktiebolag	2,415,000	10.5
Dahlqvist family through companies	2,002,155	8.7
Ålandsbanken AB	1,095,965	4.7
BNY Mellon NA, W9	806,796	3.5
NTC IEDP AIF Clients S Non Treaty 30 % Account	741,569	3.2
Bernt Larsson	557,264	2.4
Avanza Pension insurance company	543,466	2.4
RBC Investor Services Bank S.A., W8IMY	401,808	1.7
Ten largest shareholders	13,519,236	58.7
Other shareholders	9,493,793	41.3
Total	23,013,056	100.0

4,553

Number of shareholders
in Railcare Group AB
as per 31 December 2019.
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 2018 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.

One of Railcare's home markets is the UK. The UK withdrew from the EU on 31 January. 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 2018 Annual Report.

Skelleftehamn, 20 February 2020
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	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Net sales	3	93,537	78,674	370,610	270,147
Capitalised work for own account		976	1,246	7,548	5,453
Other operating income		778	207	1,775	1,204
Total		95,291	80,127	379,933	276,804
Raw materials and consumables		-37,575	-22,703	-129,593	-70,532
Other external costs		-12,179	-19,669	-47,142	-71,272
Personnel costs		-31,170	-29,203	-120,357	-108,443
Depreciation and impairment of tangible and intangible assets		-12,658	-6,116	-49,654	-24,096
Other operating expenses		-258	-254	-1,210	-918
Total operating expenses		-93,840	-77,945	-347,956	-275,261
Operating profit/loss (EBIT)		1,451	2,182	31,977	1,543
Financial income		-	-	6	29
Financial expenses		-1,372	-1,356	-5,763	-5,363
Net financial items		-1,372	-1,356	-5,757	-5,334
Share of profit after tax from associated companies reported according to the equity method		121	105	284	184
Profit/loss before tax		200	931	26,504	-3,607
Income tax		8	-587	-5,744	2,188
Net profit/loss for the period		208	344	20,760	-1,419
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		-373	-94	355	425
Other comprehensive income for the period, net after tax		-373	-94	355	425
Total comprehensive income for the period		-165	250	21,115	-994

Amounts in SEK	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Earnings per share before dilution	0.01	0.02	0.90	-0.06
Earnings per share after dilution	0.01	0.02	0.87	-0.06
Average number of shares	23,013,056	22,421,269	23,013,056	22,032,843
Number of shares outstanding on the balance sheet date	23,013,056	23,013,056	23,013,056	23,013,056

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs		2,471	2,502
Patent		377	501
Goodwill		3,554	3,796
Transportation licence		547	684
Total intangible assets		6,949	7,483
Tangible assets			
	4		
Buildings and land		30,790	5,534
Locomotives and wagons		129,169	111,773
Mobile machinery		165,405	161,517
Vehicles		7,604	10,299
Equipment, tools, fixtures and fittings		5,545	5,385
Construction in progress		31,912	31,586
Total tangible assets		370,425	326,094
Financial non-current assets			
Holdings reported according to the equity method		686	595
Deposits		658	658
Deferred tax assets		97	-
Other non-current receivables		3,954	3,954
Total financial non-current assets		5,395	5,207
Total non-current assets		382,769	338,784
Current assets			
Inventories			
Raw materials and consumables		11,805	10,349
Work in progress		10,765	-
Total inventories		22,570	10,349
Current receivables			
Accounts receivable		15,928	20,172
Current tax receivables		1,750	1,329
Other current receivables		6,775	8,271
Prepaid expenses and accrued income		7,362	10,184
Total current receivables		31,815	39,956
Cash and cash equivalents		22,012	24,081
Total current assets		76,397	74,386
TOTAL ASSETS		459,166	413,170

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION, cont.

Amounts in SEK thousands	Note	31 Dec 2019	31 Dec 2018
EQUITY			
Share capital		9,435	9,435
Other capital provided		32,178	32,178
Reserves		1,669	1,314
Retained earnings (comprehensive income for the period included)		110,589	90,677
Total equity attributable to Parent Company shareholders		153,871	133,604
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		27,670	23,464
Convertible loans		-	4,563
Liabilities to credit institutions		106,979	127,135
Lease liability *		24,712	14,856
Total non-current liabilities		159,361	170,018
Current liabilities			
Lease liability *		31,567	5,742
Liabilities to credit institutions		50,162	48,171
Convertible loans		4,782	-
Accounts payable		24,537	26,551
Prepayments from customers		4,162	-
Current tax liabilities		931	1,135
Other liabilities		4,475	4,462
Accrued expenses and deferred income		25,318	23,487
Total current liabilities		145,934	109,548
TOTAL EQUITY AND LIABILITIES		459,166	413,170

*) Comparative figures for 2018 relate to Liability financial leasing agreements, in accordance with the former accounting principle.

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Note	Share capital	Other capital provided	Reserves	Retained earnings (comprehensive income for the period included)	Total equity
Opening balance as per 1 January 2018		8,980	27,994	889	95,380	133,243
Net profit/loss for the period		-	-	-	-1,419	-1,419
Other comprehensive income		-	-	425	-	425
Total comprehensive income		-	-	425	-1,419	-994
Transactions with shareholders						
Conversion of debenture		456	4,184	-	-	4,640
Dividend		-	-	-	-3,285	-3,285
Closing balance as per 31 December 2018		9,435	32,178	1,314	90,667	133,604
Opening balance as per 1 January 2019		9,435	32,178	1,314	90,677	133,604
Adjustment on transition to IFRS 16	5	-	-	-	-849	-849
Net profit/loss for the period		-	-	-	20,760	20,760
Other comprehensive income		-	-	355	-	355
Total comprehensive income		-	-	355	19,911	20,266
Closing balance as per 31 December 2019		9,435	32,178	1,669	110,589	153,871

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	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Cash flow from operating activities					
Operating profit/loss		1,451	2,182	31,977	1,543
Adjustment for non-cash items		13,802	3,990	50,993	24,112
Interest paid		-1,316	-1,272	-5,544	-4,951
Interest received		-1	0	6	29
Income tax paid		-39	2,892	-2,041	-639
Cash flow from operating activities before changes in working capital		13,897	7,792	75,391	20,094
Cash flow from changes in working capital					
Increase/decrease in inventories		259	1,650	-12,244	1,446
Increase/decrease in operating receivables		25,148	10,277	5,017	1,624
Increase/decrease in operating liabilities		-8,142	4,836	3,798	4,875
Total changes in working capital		17,265	16,763	-3,429	7,945
Cash flow from operating activities		31,162	24,555	71,962	28,039
Cash flow from investment activities					
Investments in intangible assets		-327	-99	-704	-226
Investments in tangible assets		-5,956	-10,710	-27,732	-27,671
Investments in other financial non-current assets		-	-	-	-658
Dividends from associated companies		-	-	193	133
Divestment of tangible assets		350	-	420	112
Cash flow from investment activities		-5,933	-10,809	-27,823	-28,310
Cash flow from financing activities					
Loans raised		-	15,000	6,030	20,220
Net change in bank overdraft facility		-	-2,440	-	-
Amortisation of loans and lease liability		-8,938	-8,131	-52,546	-28,354
Dividends paid		-	-	-	-3,285
Cash flow from financing activities		-8,938	4,429	-46,516	-11,419
Cash flow for the period		16,291	18,175	-2,377	-11,690
Cash and cash equivalents at the beginning of the period		5,710	5,997	24,081	35,656
Exchange rate difference in cash and cash equivalents		11	-91	308	115
Cash and cash equivalents at the end of the period		22,012	24,081	22,012	24,081

PARENT COMPANY SUMMARY INCOME STATEMENT

Amounts in SEK thousands	Note	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Net sales		7,810	5,135	27,620	23,191
Other operating income		6	1	44	32
Total operating income		7,816	5,136	27,664	23,223
Operating expenses					
Raw materials and consumables		-1,599	-141	-2,748	-3,180
Other external costs		-4,058	-4,326	-14,130	-16,688
Personnel costs		-3,294	-2,683	-11,683	-10,400
Depreciation and impairment of tangible and intangible assets		-49	-68	-197	-271
Other operating expenses		-	-11	-77	-36
Total operating expenses		-9,000	-7,229	-28,835	-30,575
Profit from participations in associated companies and jointly controlled companies		-	-	193	133
Operating loss		-1,184	-2,093	-978	-7,219
Profit from financial items					
Profit from participations in Group companies		-	2,491	4,296	2,491
Other interest income and similar profit/loss items		222	209	778	593
Interest expenses and similar profit/loss items		-93	-153	-392	-721
Total profit/loss from financial items		129	2,547	4,682	2,363
Profit/loss after financial items		-1,055	454	3,704	-4,856
Appropriations		2,300	4,900	2,300	4,900
Tax on net profit/loss for the period		-294	-664	-384	481
Net profit/loss for the period		951	4,690	5,620	525

PARENT COMPANY SUMMARY BALANCE SHEET

Amounts in SEK thousands	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Intangible assets			
Patents		377	501
Total intangible assets		377	501
Tangible assets			
Equipment, tools, fixtures and fittings		168	179
Total tangible assets		168	179
Financial non-current assets			
Participations in Group companies		34,236	34,236
Participations in associated companies		204	204
Deferred tax assets		-	294
Total financial non-current assets		34,440	34,734
Total non-current assets		34,985	35,414
Current assets			
Current receivables			
Accounts receivable		-	7
Receivables from Group companies		23,348	25,346
Current tax receivables		337	183
Other receivables		183	2
Prepaid expenses and accrued income		1,021	1,053
Total current receivables		24,889	26,591
Cash and bank balances		5,099	738
Total current assets		29,988	27,329
TOTAL ASSETS		64,973	62,743

PARENT COMPANY SUMMARY BALANCE SHEET, cont.

Amounts in SEK thousands	Note	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		9,435	9,435
Total restricted equity		9,435	9,435
Non-restricted equity			
Share premium reserve		19,635	18,638
Retained earnings		4,760	5,232
Net profit/loss for the period		5,620	525
Total non-restricted equity		30,015	24,395
Total equity		39,450	33,830
Provisions			
Deferred tax liabilities		47	-
Total provisions		47	-
Non-current liabilities			
Convertible loans		-	4,563
Total non-current liabilities		-	4,563
Current liabilities			
Convertible loans		4,782	-
Accounts payable		1,005	1,301
Liabilities to Group companies		16,911	20,527
Other liabilities		555	323
Accrued expenses and deferred income		2,223	2,199
Total current liabilities		25,476	24,350
TOTAL EQUITY AND LIABILITIES		64,973	62,743

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. Disclosures in parentheses pertain to the comparison 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. Effective 1 January 2018, the Parent Company also applies IFRS 9 and IFRS 15 as specified in RFR 2.

The accounting principles applied are in line with those described in Railcare Group's 2018 Annual Report, with the exception that Railcare applies IFRS 16 to leases in Railcare Group effective 1 January 2019. The implementation of the standard entails a certain effect on them financial reports. For disclosures on the effects of the transition to IFRS 16, reference is made to Note 5. Accounting principles in accordance with IFRS 16 follow below.

The Parent Company, Railcare Group AB, has chosen not to apply IFRS 16 Leases but has, effective 1 January 2019, applied the points stated in RFR 2 (IFRS 16 Leases, p. 2-12).

Accounting principle applied with regard to leases effective 1 January 2019

Railcare Group's leases predominantly involve locomotives, cars, machinery and premises. Leases are normally signed for fixed periods of one to eight years, although extension options are available, as described below. The terms are negotiated separately for each contract and include a large number of different contract terms.

From the date on which the leased assets are placed at the disposal of the Group, leases are reported as rights-of-use assets with corresponding liabilities. Each lease payment is divided between an amortisation of the liability and a financial expense. The financial expenses are to be distributed over the lease period so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised for the period concerned. The right-of-use asset is depreciated on a straight-line basis across the useful life of the asset or the length of the lease, whichever is shorter.

Assets and liabilities arising from leasing agreements are initially recognised at present value. As this is the first financial year in accordance with IFRS 16, the lease debt consists of the discounted future cash flows from the date of transition to IFRS 16, while all rights-of-use assets were recalculated as if the standard had been applied from the starting dates of the contracts. This means that the rights-of-use assets are reported as if the standard had been applied since the start date, although discounted by Railcare Group's marginal borrowing rate on the initial date of application.

The lease liabilities include the present value of the following lease payments:

- fixed fees
- variable lease fees, determined by an index

The lease payments are discounted at the marginal loan rate.

The right-of-use assets are valued at cost and include the following:

- the initial valuation of the lease liability
- payments made at or before the time at which the lease assets were made available to the lessee

Leases of short maturity (briefer than 12 months) and leases of lesser value are expensed on a straight-line basis in the Income Statement.

Options to extend or terminate agreements

Options to extend or terminate contracts are included in the asset and the liability where it is reasonably certain that they will be used. Extension options are taken into account based on a model for agreement extensions based on the probability that agreement will be extended. Extension options are mainly included in agreements associated with premises and, in certain agreements regarding locomotives.

Comparison data included in this interim report have not been restated in accordance with IFRS 16, and leases are, instead, reported as described in the 2018 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 Deputy CEO (Chief Executive Officer), 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.

	Oct-Dec 2019			Oct-Dec 2018		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	41,602	6,861	34,741	37,411	3,317	34,094
Construction Abroad	17,565	1,940	15,625	14,440	1,978	12,462
Transport Scandinavia	34,644	4,691	29,953	35,819	4,847	30,972
Machine Sales	15,839	3,013	12,826	1,508	761	747
Group common	7,810	7,417	393	5,135	4,737	398
Total	117,460	23,923	93,537	94,313	15,640	78,674

	Jan-Dec 2019			Jan-Dec 2018		
	Segment income	Sales between segments	Income from external customers	Segment income	Sales between segments	Income from external customers
Construction Sweden	171,104	16,988	154,113	144,473	14,665	129,807
Construction Abroad	67,932	9,183	58,749	49,631	10,431	39,200
Transport Scandinavia	158,027	16,793	141,232	114,057	17,873	96,184
Machine Sales	18,956	4,040	14,916	7,429	4,064	3,365
Group common	27,620	26,020	1,600	23,191	21,600	1,591
Total	443,639	73,025	370,610	338,781	68,634	270,147

Profit/loss after financial items

	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Construction Sweden	3,978	3,602	21,841	21,697
Construction Abroad	-2,894	-2,344	-1,084	-12,851
Transport Scandinavia	-1,717	1,944	5,393	-4,124
Machine Sales	1,585	-321	686	-993
Group common	-873	-2,055	-616	-7,520
Total	79	826	26,220	-3,791
Profit/loss after financial items	79	826	26,220	-3,791
Share of profit after tax from associated companies reported according to the equity method	121	105	284	184
Profit/loss before tax	200	931	26,504	-3,607

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. Most of the Group's income derives from the three segments Construction Sweden, Construction Abroad and Transport Scandinavia.

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	
	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Construction Sweden	34,739	34,094	0	0	0	0	34,739	34,094
Construction Abroad	15,624	12,149	0	0	0	314	15,624	12,462
Transport Scandinavia	25,332	25,171	1,538	1,588	3,084	4,214	29,954	30,973
Machine Sales	899	0	11,927	747	0	0	12,826	747
Group common	393	398	0	0	0	0	393	398
Total	76,987	71,812	13,465	2,335	3,084	4,528	93,536	78,674

Segment	Income from services		Sales of goods		Leasing		Total	
	full-year 2019	full-year 2018	full-year 2019	full-year 2018	full-year 2019	full-year 2018	full-year 2019	full-year 2018
Construction Sweden	154,113	129,807	0	0	0	0	154,113	129,807
Construction Abroad	58,511	37,682	0	0	238	1,517	58,749	39,199
Transport Scandinavia	118,566	74,276	7,355	5,815	15,311	16,093	141,232	96,184
Machine Sales	877	0	14,039	3,365	0	0	14,916	3,365
Group common	1,600	1,591	0	0	0	0	1,600	1,591
Total	333,667	243,356	21,394	9,180	15,549	17,610	370,610	270,146

Note 4 Right-of-use assets

As per 31 December 2019, the Balance Sheet includes rights-of-use assets in accordance with the below:

	Balance per 31 Dec 2019	Of which, right-of-use assets
Buildings and land	30,790	24,482
Locomotives and wagons	129,169	25,983
Mobile machinery	165,405	2,456
Vehicles	7,604	7,514
Equipment, tools, fixtures and fittings	5,545	52

Note 5 Effects of transition to IFRS 16 Leases

This note explains the effects on the Railcare Group's financial reports of the application of IFRS 16 Leases. Railcare applies the simplified transition method but electing to recalculate all right-of-use assets as if the standard had been applied from starting dates of the agreements. This means that the rights-of-use assets are reported as if the standard had been applied since the start date, although discounted by Railcare Group's marginal borrowing rate on the initial date of application, while the leasing liability consists of the discounted future cash flows from the transition to IFRS 16, which has had a minor impact on equity in the opening balance as per 1 January 2019. Comparison figures have not been recalculated. Contracts previously reported as financial leases have not been revalued, but are reported, in accordance with the previously applied accounting principles, as part of the lease liability and the right-of-use assets in connection with the transition to IFRS 16. Leases with short maturities (less than 12 months) and leases for which the underlying asset is of lower value (less than USD 5,000) will continue to be expensed on a straight-line basis over the term of the lease.

Effects of IFRS 16 on the Group's key financial ratios

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2019 incl. IFRS 16	Oct-Dec 2019 excl. IFRS 16	full-year 2019 incl. IFRS 16	full-year 2019 excl. IFRS 16
Operating profit/loss (EBIT)	1,451	1,210	31,977	31,117
Operating margin, %	1.6	1.3	8.6	8.4
Net profit/loss for the period	208	248	20,760	20,900
Net financial items	-1,372	-1,082	-5,757	-4,724
Total assets	459,166	418,910	459,166	418,910
Equity/assets ratio, %	33.5	36.9	33.5	36.9
Key financial ratios and figures per share, SEK				
Earnings per share before dilution*	0.01	0.01	0.90	0.91
Earnings per share after dilution*	0.01	0.01	0.87	0.88
Equity per share	6.69	6.72	6.69	6.72

Effects of IFRS 16 on the consolidated statement of comprehensive income

Consolidated summary Income Statement, Amounts in SEK thousands	Oct-Dec 2019 incl. IFRS 16	Oct-Dec 2019 effect of IFRS 16	Oct-Dec 2019 excl. IFRS 16	full-year 2019 incl. IFRS 16	full-year 2019 effect of IFRS 16	full-year 2019 excl. IFRS 16
Operating income	95,291	-	95,291	379,933	-	379,933
Operating expenses excl. amortisation and depreciation	-81,182	6,589	-87,771	-298,302	25,094	-323,396
Depreciation	-12,658	-6,348	-6,310	-49,654	-24,234	-25,420
Operating loss	1,451	241	1,210	31,977	860	31,117
Net financial items	-1,372	-290	-1,082	-5,757	-1,033	-4,724
Share of profit after tax from associated companies reported according to the equity method	121	-	121	284	-	284
Profit/loss before tax	200	-49	249	26,504	-173	26,677
Taxes	8	9	-1	-5,744	33	-5,777
Net profit/loss for the period	208	-40	248	20,760	-140	20,900

Effects of IFRS 16 on the consolidated statement of financial position

Consolidated Summary Balance Sheet, Amounts in SEK thousands	31 Dec 2019			CB	OB/CB analysis	OB
	31 Dec 2019 incl. IFRS 16	effect of IFRS 16	31 Dec 2019 excl. IFRS 16	31 Dec 2018	IFRS 16 effect	1 Jan 2019
ASSETS						
Intangible assets	6,949	-	6,949	7,483	-	7,483
Tangible assets	370,425	43,724	326,701	326,094	43,235	369,329
Financial non-current assets	5,395	-	5,395	5,207	-	5,207
Current assets	76,397	-3,468	79,865	74,386	-3,864	70,522
Total assets	459,166	40,256	418,910	413,170	39,371	452,541
EQUITY AND LIABILITIES						
Equity	153,871	-672	154,543	133,604	-849	132,755
Non-current liabilities	159,361	20,302	139,059	170,018	21,000	191,018
Current liabilities	145,934	20,626	125,308	109,548	19,220	128,768
Total equity and liabilities	459,166	40,256	418,910	413,170	39,371	452,541

Effects of IFRS 16 on the consolidated cash flow statement

The transition to IFRS 16 has had an effect on cash flow for the fourth quarter of 2019 since the amortisation of the lease liability is reported as part of the financing activities rather than being included in the operating activities. This means that cash flow from operating activities for the fourth quarter of 2019 is approximately SEK 6.3 million higher, while cash flow from financing activities is approximately SEK 6.3 million lower than if the previous accounting principles had been applied.

For full-year 2019, cash flow from operating activities was approximately SEK 24.1 million higher, while cash flow from financing activities was approximately SEK 24.1 million lower than if the previous accounting principles had been applied.

For information reconciling the lease liability with the commitment for operational leases reported in the Annual Report and further disclosures regarding the transition to IFRS 16, see the 2018 Annual Report.

Note 6 Events after the end of the reporting period

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 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 at acquisition date 3 February 2020

Cash and cash equivalents	4,100
Purchase consideration	4,100

Carrying amounts (preliminary fair values) 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

KEY FINANCIAL RATIOS AND FIGURES, RAILCARE GROUP SUMMARY¹

Amounts in SEK thousands, unless otherwise stated	Oct-Dec 2019	Oct-Dec 2018	full-year 2019	full-year 2018
Net sales	93,537	78,674	370,610	270,147
Sales growth, %	18.9	-9.4	37.2	-7.7
Operating profit/loss (EBIT)	1,451	2,182	31,977	1,543
Operating margin, %	1.6	2.8	8.6	0.6
Net profit/loss for the period	208	344	20,760	-1,419
Net financial items	-1,372	-1,356	-5,757	-5,334
Total assets	459,166	413,170	459,166	413,170
Equity/assets ratio, %	33.5	32.3	33.5	32.3
Key financial ratios and figures per share, SEK				
Earnings per share before dilution	0.01	0.02	0.90	-0.06
Earnings per share after dilution	0.01	0.02	0.87	-0.06
Equity per share	6.69	5.81	6.69	5.81
Dividend per share, SEK	-	-	-	-

¹ All key financial ratios for 2019 have been calculated inclusive of the effects of introducing IFRS 16. For disclosures regarding the effect of the introduction of IFRS 16, see Note 5. The comparison figures for 2018 have not been recalculated.

QUARTERLY DATA¹, RAILCARE GROUP SUMMARY

Amounts in SEK million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales	93.5	101.0	91.2	84.9	78.7	62.3	62.7	66.5	86.9
Capitalised work for own account	1.0	2.3	3.2	1.1	1.2	1.8	2.1	0.3	0.0
Other operating income	0.8	0.1	0.6	0.3	0.2	0.1	0.3	0.6	1.5
Total	95.3	103.5	94.9	86.3	80.1	64.1	65.1	67.5	88.4
Raw materials and consumables	-37.6	-33.7	-34.5	-23.8	-22.7	-16.7	-15.2	-16.0	-35.6
Other external costs	-12.2	-12.2	-11.1	-11.7	-19.7	-18.9	-16.7	-16.0	-14.9
Personnel costs	-31.2	-28.1	-33.1	-28.0	-29.2	-26.9	-28.0	-24.3	-23.6
Depreciation and impairment of tangible assets	-12.7	-12.5	-12.6	-12.0	-6.1	-6.0	-6.0	-6.0	-5.8
Other operating expenses	-0.3	-0.2	-0.4	-0.4	-0.3	-0.2	-0.3	-0.2	-1.0
Total operating expenses	-93.8	-86.7	-91.5	-75.9	-77.9	-68.7	-66.1	-62.5	-81.0
Operating profit/loss (EBIT)	1.5	16.8	3.4	10.4	2.2	-4.6	-1.0	5.0	7.4
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	-1.4	-1.5	-1.5	-1.5	-1.4	-1.3	-1.4	-1.4	-0.8
Net financial items	-1.4	-1.5	-1.5	-1.5	-1.4	-1.3	-1.4	-1.3	-0.8
Share of profit after tax from associated companies reported according to the equity method	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1
Profit/loss before tax	0.2	15.4	2.0	8.9	0.9	-5.9	-2.4	3.7	6.8
Taxes	0.0	-3.3	-0.9	-1.5	-0.6	1.2	2.2	-0.7	-2.0
Net profit/loss for the period	0.2	12.0	1.1	7.4	0.3	-4.7	-0.2	3.1	4.8
Equity/assets ratio, %	33.5	33.4	29.9	30.4	32.3	31.6	32.4	33.1	31.7

¹Quarterly data for 2019 include the effects of the introduction of IFRS 16. Comparison figures 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

Multi-Purpose Vehicle – a versatile working vehicle in railmaintenance. During 2019 and 2020, Railcare will develop a battery-powered version of an MPV.

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 fourth quarter of 2019

- **27 November** – Railcare Group AB (publ) acquires the electricity company Elpro i Skellefteå AB for SEK 4.1 million, strengthening its expertise in electric vehicles
- **11 November** – Interim report January-September 2019
- **17 October** – Nomination Committee in preparation for Railcare Group AB's Annual General Meeting 2020

Financial calendar

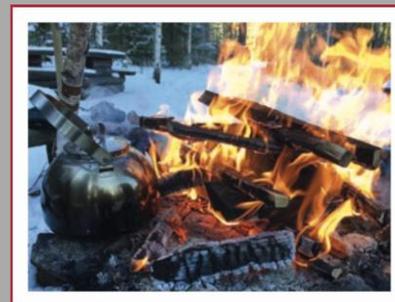
- The interim report for January-March 2020 will be published on 5 May 2020.
- The 2020 Annual General Meeting will take place on 6 May 2020 at Railcare's headquarters in Skelleftehamn, Sweden.
- The interim report for January-June 2020 will be published on 20 August 2020.
- The interim report for January-September 2020 will be published on 5 November 2020.
- The year-end report for 2020 will be published on 18 February 2021.

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 130 employees and annual sales of approximately SEK 400 million. The Company's registered office is located in Skelleftehamn, 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.

www.railcare.se

In December, Railcare launched the English version of its new website. For further information, see www.railcare.se/en/.

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This information is such that Railcare Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, for publication on 20 February 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.