

Railcare Group AB (publ) acquires 40 per cent of the shares in AC Finance AB and enters into a loan financing and locomotive leasing agreement

Railcare Group AB (publ) has entered into an agreement to acquire 4,000 shares, corresponding to 40 per cent of the shares, in the newly started locomotive leasing company AC Finance AB. The purchase price amounts to SEK 400,000. In connection with the acquisition, Railcare enters into a loan agreement together with the existing owners of AC Finance AB regarding shareholder loans of up to SEK 50,000,000. Shareholder loans shall be contributed in proportion to the shareholding of AC Finance AB, thus Railcare has committed to contributing up to SEK 20,000,000 in shareholder loans. In connection with the acquisition, Railcare also enters into a lease agreement to rent nine locomotives from AC Finance AB for five years. Completion of the transaction requires the approval of an extraordinary general meeting of Railcare.

- For Railcare, part ownership in AC Finance AB is a strategic investment. Initially to ensure access to more environmentally friendly locomotives in a challenging market. In the longer term, our opportunities to obtain new assignments increase. The industry is transitioning towards a smaller climate footprint, while transport is expected to increase by 50 per cent by 2040. This means that access to locomotives with the right performance is necessary for the transition and for creating good business opportunities, says Mattias Remahl, President and CEO of Railcare Group AB.

Background

AC Finance AB (“**AC**”) was formed in 2022 with the purpose of acquiring newly manufactured locomotives and subsequently leasing them to commercial operators, including Railcare. Nornan Invest AB (“**Nornan**”) is the selling majority shareholder in AC and also a lender to AC under the same loan agreement as Railcare. Nornan owns shares corresponding to 29.52 per cent of the capital and votes in Railcare Group AB and is thus the largest shareholder in Railcare.

Based on the above, the overall transaction, comprising of the acquisition agreement, the loan agreement and the lease agreement, is such a related party transaction that needs to be approved by the general meeting of Railcare. Notice to the Extraordinary General Meeting for approval of the transaction will be published shortly through a separate press release.

The Acquisition Agreement

AC is a company established to acquire locomotives for the purpose of leasing them to commercial operators. Railcare has entered into an agreement to acquire 4,000 shares, corresponding to 40 per cent, in AC. The purchase price amounts to SEK 400,000. The existing shareholders in AC selling shares to Railcare are Nornan and Actinvest AB, which will hold shares in AC correspond to 30 per cent each after the acquisition.

The acquisition agreement is subject to, that Railcare holds an extraordinary general meeting, at which the shareholders of Railcare vote in favor of Railcare’s acquisition of the shares in AC with the required majority, and that AC secures external financing for the acquisition of the locomotives. In connection with the share transfer, the sellers have provided customary guarantees regarding the shares.

- AC Finance has been proactive in investing in the brand new Effishunter locomotives, which have higher environmental performance and are equipped with the new ETCS on-board system. An important investment for the future, both for Railcare and for other players in the industry, says Mattias Remahl.

The Loan Agreement

AC has invested in 14 newly manufactured locomotives of the Effishunter 1000 model, which will be delivered in 2024 and 2025. The investment amounts to approximately SEK 480,000,000. AC is financed by bank financing, equity and shareholder loans. The loans from Railcare to AC in accordance with the loan agreement are provided to meet AC's need for capital to finance the purchase of locomotives and to ensure that the required external bank financing can be obtained. Pursuant to the loan agreement, Railcare undertakes to contribute up to SEK 20,000,000. In total, the shareholders of AC undertake to contribute up to SEK 50,000,000 in shareholder loans on essentially the following terms.

- The shareholder loans are provided in relation to the shareholding of each shareholder in AC.
- AC has the right to call for a shareholder loan as the need for capital arise.
- The principal amount bears interest at a rate equal to AC's average interest cost on the loans to the financing bank from time to time.
- The parties annually agree on the repayments and the repayments shall be made quarterly no later than 30 days after the end of each calendar quarter unless the Lenders agree otherwise.

The lease agreement

Railcare has previously, through a press release on 25 October 2023, announced that Railcare has been awarded additional agreements for standby locomotives with the Swedish Transport Administration (Sw: *Trafikverket*) for a period of five years and with a total order value of SEK 403,000,000.

Effishunter 1000, the locomotive model in which AC has invested, fulfils the requirements set by the Swedish Transport Administration in the agreements and Railcare has in connection with the transaction entered into an agreement to lease nine locomotives on essentially the following terms.

- The lease period is five years from the date of access to each locomotive, which means that the lease period is different for the different locomotives.
- At the end of the initial rental period, Railcare has the right to extend the agreement by 1+1 years. For time thereafter, the rental period shall be automatically extended by one year at a time.
- The rent is market-based, and Railcare bears the currency and interest rate risk.

Skelleftehamn, June 2024

Railcare Group AB

THE BOARD

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About Railcare Group

The railway specialist Railcare offers innovative products and services for the railway; for example, railway maintenance with self-developed machines, a locomotive workshop, special transport and machine sales projects. Our market is mainly in Scandinavia and the United Kingdom. The railway industry is in a positive development with increasing traffic volumes, extensive investment programs, developing cost-effective freight and passenger transport, and rising environmental awareness. Railcare delivers both sustainable and efficient solutions that contribute to the railway, so it can be used for the maximum number of years to come. The shares of Railcare Group AB (publ) are listed on the Small Cap list of the Nasdaq Stockholm exchange. The Group has approximately 170 employees and annual sales of approximately SEK 550 million. The company's headquarters are in Skellefteå.

This information is information that Railcare Group AB 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, at 2024-06-28 09:05 CEST.