



Engineered Solutions for Clean Energy, Clean Air and Clean Water

Interim report January - March 2020*

First quarter of 2020

- Revenues for the first quarter amounted to 49,692 (35,039) KSEK
- EBITDA was -958 (-3,093) KSEK
- EBIT for the first quarter was -2,136 (-3,642) KSEK
- Earnings after tax amounted to -3,694 (-4,621) KSEK
- Earnings per share of SEK -0.01 (-0.03) SEK before and after dilution

Important events in the first quarter

- During January the subsidiary Saxlund International GmbH signed two contracts at a total value of 3.2 MEUR.
- Saxlund International Holding AB signed a contract with Komforts Group regarding service and aftermarket of Komforts' products and installations.
- The Group extended short-term loans of total 54,744 KSEK another 12 months with unchanged terms.
- On March 24th the subsidiary Saxlund International Ltd obtained an engineering order and Letter Of Intent (LOI) corresponding a contract value of approximately 1.4 MGBP (16.8 MSEK).
- Saxlund has been negatively affected by the pandemic outbreak of Covid-19 during the quarter.
- Saxlund has applied and received the governmental support programs in form of short-term work allowance in Sweden and in the UK.

Important events after the period

- On April 16th, the subsidiary Saxlund International GmbH, signed two contracts with Envirotherm GmbH with a contract value of appr. 1.2 MEUR.
- On May 5, the Administrative Court (Förvaltningsrätten) dismissed the appeal and Ljungby Energy's allocation decision to Saxlund remains firm. Total contract value amounts appr. KSEK 34,800.

Comments by Stefan Wallerman, Group CEO

Like almost all industries, Saxlund has to some extent been affected by the prevailing social situation that the Corona pandemic brings. However, the energy industry is less affected by the pandemic than several other industries, electricity and heat are still needed and the transition to a fossil-free society will continue. We anticipate that the public sector will continue to invest, both within the energy sector but also on the water treatment side. Saxlund is a well-known and respected name and is well positioned

* Please note that this is a translation for information purposes only – in case of any discrepancies between this version and the Swedish, the Swedish version shall prevail.

to continue to win business in these areas. Furthermore, service visits to energy plants will continue in Norway and Sweden as energy production is considered a critical business and therefore exempted from the travel bans related to the Corona eruption. Saxlund's assessment is that it is likely to be so also the case in Germany and the UK.

In the first quarter of 2020, Saxlund improved earnings at EBITDA level by KSEK 2,200 compared with 2019. The EBITDA-level was KSEK -958 (KSEK -3,093) for the first quarter. In comparison with the first quarter 2018 the EBITDA-level has improved with almost MSEK 13, which is very positive. For the first quarter of 2018, EBITDA was KSEK -14,100. Net sales were approximately KSEK 14,500 higher than 2019 and approximately KSEK 4,500 higher than 2018. The increase in sales compared with the corresponding quarter last year is mainly due to the project part of Saxlund's operations. Traditionally, the first quarter is a weaker quarter for service and aftermarket sales as most of our customers are in full operation and thus fewer service visits are made. The Corona pandemic during the month of March has had a negative impact on the company's earnings as a number of service visits have been cancelled as a result of the introduction of travel restrictions. The negative effect on earnings at EBITDA level linked to Corona is estimated at approximately KSEK -500 to -1,000 KSEK compared to whether the service visits could have been carried out. Based on how the year started, our assessment is that the quarter's earnings at EBITDA level entirely without Corona effects and other non-recurring effects would have been approximately KSEK 1,000 - 1,500 higher.

Order intake during the quarter has been satisfactory, amounting to approximately KSEK 50,000. We have also taken orders after the end of the quarter of approximately KSEK 13,000. At the beginning of May we received a positive message regarding the allocation decision to Ljungby Energy where the Administrative Court went on Ljungby's line and the allocation to Saxlund stands firm. We are still awaiting the signing of the contract. Together, all these deals add value to the order book of about KSEK 93,000, which is fantastic.

It will be interesting to follow how Sweden will act on the issue of recycling phosphorus from sewage sludge. An investigation¹ has been done and presented to Minister Isabella Lövin, with similar measures to those implemented in Germany. If a similar law were adopted in Sweden, it would broaden the market for our solutions. Saxlund has during the spring alone signed contracts for about SEK 45,000, which is directly attributable to the German law on phosphorus recycling.

As mentioned earlier, Saxlund does not go impact free during the Corona pandemic. We are affected on both the project side and on service and aftermarket. In the short run, we see on the project side that investment decisions are pushed into the future and thus fewer projects are signed and for service, there are visitor and travel bans that have led to cancelled service visits. It has been too short of a time to see how our spare parts sales are affected. The crisis also has an impact on our liquidity and earnings. In some projects we are now unable to complete installation or delivery when the site for the project is closed. As a result, we have not fulfilled parts of the performance-linked payment plan and the degree of completion of the project does not increase and we cannot book profits according to our revenue recognition method.

In the longer term, we see that the sawmill industry², where Saxlund has many customers, will cut down on new investments. We also anticipate that the cement industry will reduce investments. One example is that Holcim, a returning customer to Saxlund, has paused all new investments as the demand for cement has dropped dramatically. Like many other companies, it is difficult to predict how the crisis will affect Saxlund. What is certain is that certain markets and industries that Saxlund intended to invest extra in will be halted and that we will need to adapt by changing focus.

¹ <https://www.regeringen.se/48e7cd/contentassets/3d68880d2e6942f3a1dcc158e46beb7/hallbar-slamhantering-sou-20203>

² <https://bioenergitidningen.se/opinion-debatt/coronakrisens-effekter-pa-bioenergibranschen>

Saxlund have had a positive development, despite that we have been effected by the Corona-pandemic, were our internal programs have shown a good result. We have many legs to stand on and some industries, such as water purification, will continue to invest. Spare parts will also be procured to ensure operation. At the same time, it is already mentioned that the crisis is an excellent opportunity to pursue and scale up the pace to reach a fossil-free society, which will benefit many industries in which Saxlund finds itself.

Market

Saxlund's vision

Saxlund's vision is to be a prominent player in building a sustainable and energy efficient society.

Business concept and business introduction

Saxlund contributes to clean energy, clean air and clean water. Saxlund is an environmental technology group that develops, produces, markets and supplies products and services for equipment and plants for environmentally friendly, efficient and resource-efficient energy use.

Saxlund works with bioenergy-based heating and cogeneration plants, pelletizing plants, biofuel management, sludge handling and other recycling industries, flue gas condensation and purification of flue gases. The company's customers are mainly in the electricity and power generation, the wood and forest industry, water and waste management and the recycling industry.

Saxlund's offer - environmentally friendly energy solutions

Saxlund's various companies together become a strong supplier of equipment throughout the whole supply chain, from fuel management to combustion and flue gas purification.

Saxlund develops and supplies complete biofuel-fired cogeneration plants, combustion plants and material management systems. Installations that convert biofuels into energy must meet strict technical, environmental and economic requirements. Saxlund has extensive expertise in the field of bioenergy and holds a number of patents in the design of systems.

As EU emission requirements are tightened, our customers demand our expertise for analysis and selection of the right technology solution to meet the requirements. We upgrade existing plants, deliver turnkey new plants, take care of service and maintenance, and ensure that there are necessary wear and spare parts for safe and secure operation. Customers are mainly in the power and district heating sector, the pellet industry and in sawmills, mining and process industry. The customers are mainly in the EU and the Baltic countries, but also in other parts of the world.

Saxlund Group

Development of business scope in 2020

This interim report is a compilation of Saxlund Group and the parent company Saxlund Group AB (publ) at each reporting date and comparison time.

Financial development for the first quarter of 2020

Earnings for the period of January – March 2020

Revenues amounted to 49,692 (35,039) KSEK, which is a significant increase compared to the corresponding period last year, corresponding to an increase of 42 percent. The increase is mostly driven by higher revenues in the German subsidiary but also an increase in revenues in the Swedish companies. The positive effect is to some part counteracted by lower revenues in the UK subsidiary.

Operating profit amounted to KSEK -2,136 (-3,642), where the positive development is an effect of the cost savings and efficiency-enhancing measures initiated and implemented by the Group in 2019 and earlier.

Profit for the period amounted to KSEK -3,694 (-4,621), corresponding to SEK -0.01 (-0.03) per share before and after dilution.

Liquid funds and equity

Cash and cash equivalents as of March 31, 2020 amounted to KSEK 16,500 (17,238). Equity as of March 31, 2020 amounted to KSEK -18,099 (-2,545), corresponding to SEK -0.05 (-0.01) per share.

Tax

The Group has capitalized an amount of the loss carry-forwards which the Group currently considers able to take into account as deferred tax asset, based on the company's assessment of future taxable profit.

The Group has capitalized loss carry-forwards amounting to KSEK 3,249 which were capitalized during the fourth quarter of 2019. The company has established a model to determine how much of the accumulated losses can be considered. The company has updated the model as of March 31, 2020 and made the assessment that no further deficits can be capitalized during the first quarter. Outgoing deferred tax assets thus amounted to KSEK 3,249 as of March 31, 2020.

The model is used only to determine the value of the tax deficits during the planning horizon required under IAS 12, and does not constitute a profit forecast.

Segment reporting

The Saxlund Group conducts operations through companies in Sweden, Germany and the UK. The business is organized geographically and based on the division into market areas New construction and Aftermarket.

Parent Company Saxlund Group AB (publ)

Revenues in the Parent Company come from services provided to subsidiaries. Revenues is mainly from management fees to the subsidiaries. No management fees have been invoiced during the first quarter.

Financial development for the first quarter 2020

Earning for the period of January - March 2020

Revenues amounted to KSEK 0 (0). EBIT was KSEK -1,948 (-1,797), and earnings amounted to KSEK -2,691 (-2,530).

Liquid funds and equity

Cash and cash equivalents as of March 31, 2020 amounted to KSEK 10 (11). Equity as of March 31, 2020 amounted to KSEK 62,986 (72,850).

Additional information

The Group's composition

As of March 31, 2020, the Saxlund Group consists of the parent company Saxlund Group AB and three subsidiaries in Sweden, one subsidiary in Germany and one subsidiary in the UK. The Swedish operations are conducted in the company Saxlund Sweden AB. The German and English operations are conducted in the subsidiaries Saxlund International GmbH and Saxlund International Ltd.

Personnel and organisation

At the end of the period the number of employees was 73, of which 18 were employed in Sweden, 45 were employed in Germany and finally 10 were employed in the UK.

Risk and uncertainties

Saxlund's risks and uncertainties are described in the annual report for 2019 and in the prospectus that was prepared for the new share issue in 2018. In addition to these risks the company also has risks related to exchange rate fluctuations.

Estimates of the future and intangible fixed assets

Information in this interim report that relates to future conditions or circumstances, including information about future earnings, growth and other circumstances, as well as the effects and valuations of goodwill and other intangible fixed assets, is forward-looking information. Forward-looking information is subject to risks and uncertainties, as it relates to circumstances and is dependent on events that occur in the future. Future conditions may deviate significantly from what was expressed or implied in the forward-looking information due to many factors, which are largely outside the Group's control.

The Board's assessment of the company's capital situation

In connection with the ongoing work on consolidation of the Saxlund Group, the Board and management of the Group have made a strategic decision to focus in the short term on continued profitability improvement rather than growth.

In order to manage liquidity in 2019, new loans totalling KSEK 20,000 were received from Gabrielsson Invest AB. During the first quarter of 2020, both loans from Gabrielsson Invest AB and Trention AB were extended for another twelve months, with a new maturity date 30 June 2021.

As of March 31, 2020, the Group has liquid funds of KSEK 16,500. The Group's financial liabilities amounted to KSEK 67,322, of which KSEK 6,693 are loans with maturity within 12 months. In addition, lease commitments amount to KSEK 7,329, of which KSEK 1,468 constitutes a short-term lease liability. The net debt thus amounted to KSEK -50,822. Net debt for the corresponding period last year was KSEK -30,550.

The Group's current assets, excluding cash and cash equivalents, amounted to KSEK 91,985 and current liabilities, excluding short-term financial liabilities, amounted to KSEK 79,145. Net working capital amounted to KSEK 12,841.

As of March 31, 2020, current interest-bearing liabilities amount to KSEK 5,225.

Like most companies in Sweden and the world, Saxlund will be adversely affected by the ongoing Corona pandemic. At present, it is not possible to predict how big the effects will be, but already at this stage new investment initiatives are declining and that ongoing projects will be postponed. Depending on how long restrictions in society related to the pandemic will continue and how great the financial consequences will be, the capital situation within the Saxlund Group may be affected.

However, it is currently the Board's assessment that the Group, with agreed credit and guarantee frameworks and existing working capital, has enough level of liquidity to meet the current scope of operations in 2020. The company has an ongoing dialogue with the lender and the principal owner to ensure that the company in any given situation, can secure the necessary credit space for contract guarantees and ongoing working capital requirements

Related party transactions for the period of January - March 2020

As of March 31, 2020, Saxlund has loans from related parties for a total of KSEK 54,769, of which loans from Trention amounted to a total of KSEK 24,769 and loans from Gabrielsson Invest AB (GIAB) and Mind Finance amounted to KSEK 30,000. Mind Finance AB is a fully owned subsidiary to Gabrielsson Invest AB.

The loans from Trention expire on June 30, 2021, at an interest rate of 4 percent per annum, and the loans from the GIAB group expire on June 30, 2021 and runs with an annual interest rate of 4 percent.

Accrued interest for the above-mentioned loans for the period January - March was KSEK 742, which was expensed during the quarter. Under the agreement, interest is to be paid in connection with the maturity of the loans. Total accrued interest for loans from Trention AB and Gabrielsson Invest AB as of March 31, 2020 amounted to KSEK 3,190.

Invoice purchases via Mind Finance AB have taken place during the period. Customer invoices totalling KSEK 938, were sold to Mind Finance AB, with a deduction of 5% = KSEK 47 during the period. Outstanding balance as of March 31, 2020 amounted to KSEK 938.

Invoice purchases were also made via Calamus AB during the quarter. Customer invoices of KSEK 2,047 were sold with a deduction of 5% = KSEK 102 during the period. As of March 31, 2020, there was no outstanding balance.

Saxlund Group-share

Saxlund Group-share is listed on Nasdaq OMX First North. As of March 31, 2020, the number of registered shares was 332,763,678 shares. As of March 31, 2020, the Group's registered share capital amounted to SEK 49,013,356 and the share price was SEK 0.39 per share, which meant a market value of approximately KSEK 129,778.

Board of Directors

The Board of Directors in Saxlund Group AB (publ) consists of Chairman of the Board, Kenneth Eriksson and the Directors Alexander Leppänen and William Heigard. Stefan Wallerman is the Group's CEO.

Important events after the period

- On April 16th, the subsidiary Saxlund International GmbH, signed two contracts with Envirotherm GmbH with a contract value of appr. 1,2 MEUR.
- On May 5, the Administrative Court rejected the review and Ljungby Energy's allocation decision to Saxlund remains firm. Total contract value amounts appr. KSEK 34,800.

Audit

This report has not been subject to special review by the Company's auditor.

Financial calendar

Annual report 2019	week 20, 2020
Annual General Meeting 2020	June 4, 2020
Interim report January – June 2020	August 26, 2020
Interim report January – September 2020	November 4, 2020
Earnings report and report for the fourth quarter 2020	February 17, 2020

Financial reports, press releases, and other information are available from the date of publication on Saxlund's website www.saxlund.se.

The Board of Directors and the CEO certify that the report gives a true and fair view of the operations, position, and results of the Group and Parent Company and describes principal risks and uncertainties facing Saxlund and its group companies..

Stockholm May 13, 2020

Kenneth Eriksson
Chairman of the Board

William Heigard
Board member

Alexander Leppänen
Board member

Stefan Wallerman
Group CEO

Condensed consolidated income statement and statement of total income for the Group (KSEK)

	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenues		49,692	35,039	198,896
Other revenues	3	167	1,913	3,938
Total operating revenues		49,859	36,952	202,834
Operating expenses				
Cost of sales, personnel expenses and other operating expenses		-50,817	-40,045	-214,287
Depreciation and amortization of intangible and tangible assets	4	-1,178	-549	-4,652
Total operating expenses		-51,995	-40,594	-218,939
Operating profit/loss		-2,136	-3,642	-16,105
Financial items				
Financial income		0	53	181
Financial expense		-872	-953	-5,505
Profit/loss before tax		-3,008	-4,542	-21,429
Tax on the period's result	5	-686	-79	2,974
Profit/Loss for the period		-3,694	-4,621	-18,455
Earnings per share before dilution		-0.01	-0.03	-0.06
Earnings per share after dilution		-0.01	-0.03	-0.06
Average number of shares, thousands		332,763	255,972	309,135
Number of shares end of period, thousands*)		332,763	332,763	332,763
STATEMENT OF TOTAL INCOME				
Other total income				
Other total income items that may be reclassified to net income				
Exchange rate differences from the translation of foreign operations		1,350	22	646
Total income for the period attributable to Parent Company shareholders		-2,344	-4,599	-17,809

*) New share issue the was completed during the fourth quarter 2019 was registered at Bolagsverket January 7, 2019.

Condensed consolidated balance sheets (KSEK)

ASSETS		Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
	Note			
Goodwill	4	17,663	17,663	17,663
Other intangible assets	4	620	1,542	740
Property, plant and equipment	6	5,505	4,936	5,194
Access right value assets	6	7,107	12,020	6,758
Financial assets	5	3,590	2,414	3,349
Total non-current assets		34,485	38,574	33,704
Inventories and contract assets		54,638	102,127	37,329
Other receivables	7	37,347	51,069	37,825
Cash and cash equivalents		16,500	17,238	31,586
Total current assets		108,485	170,434	106,740
TOTAL ASSETS		142,970	209,008	140,444
EQUITY AND LIABILITIES		Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Total equity		-18,099	-2,545	-15,755
Provisions		14,602	12,922	13,963
Long-term interest-bearing loans	7	54,769	38,113	-
Lease liabilities	6, 7	5,861	7,800	5,335
Total long-term liabilities		60,630	45,913	5,335
Short-term interest-bearing loans	6, 7	5,225	9,675	59,994
Lease liabilities	6, 7	1,468	4,220	1,550
Contract liabilities		41,453	107,282	31,148
Account payables		23,775	17,782	22,142
Other liabilities	7	13,916	17,979	22,067
Total current liabilities		85,837	152,718	136,901
TOTAL EQUITY AND LIABILITIES		142,970	209,008	140,444

Condensed consolidated changes in equity (KSEK)

2019	Share capital	Other capital contributed	Retained earnings	Currency translations	Total equity
Opening equity Jan 1, 2019	71,160	147,064	-216,490	320	2,054
Earnings for the period Jan-Dec 2019	-	-	-18,455	-	-18,455
Other total income	-	-	-	646	646
<i>Total income</i>	-	-	-18,455	646	-17,809
Reduction of share capital	-68,800	68,800	-	-	0
New share issue (completed)	30,717	-30,717	-	-	0
Bonus issue	15,737	-15,737	-	-	0
<i>Total transactions with shareholders as owner:</i>	-22,147	22,147	0	0	0
Closing equity Dec 31, 2019	49,013	169,210	-234,944	966	-15,755

2020	Share capital	Other capital contributed	Retained earnings	Currency translations	Total equity
Opening equity Jan 1, 2020	49,013	169,210	-234,944	966	-15,755
Earnings for the period Jan-Mar 2020	-	-	-3,694	-	-3,694
Other total income	-	-	-	1,350	1,350
<i>Total income</i>	-	-	-3,694	1,350	-18,099
New share issue	-	-	-	-	-
Bonus issue	-	-	-	-	-
<i>Total transactions with shareholders as owner:</i>	-	-	-	-	-
Closing equity Mar 31, 2020	49,013	169,210	-238,638	2,316	-18,099

Condensed consolidated cash flow statements (KSEK)

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Profit/Loss after financial items	-3,007	-4,542	-21,429
Cash flow from operating activities before changes in working capital	-1,659	-4,338	-18,320
Cash flow from operating activities	-14,703	14,223	16,990
Cash flow from investing activities	-1,319	-686	-1,308
Cash flow from financing activities	444	-17,589	-5,383
Cash flow for the period	-15,579	-4,052	10,300
Cash and cash equivalents at beginning of period	31,586	21,290	21,290
FX differences in cash and cash equivalents	493	-	-4
Cash and cash equivalents at end of period	16,500	17,238	31,586

Condensed Parent Company income statement (KSEK)

	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenues		0	-	3,548
Other revenues		0	1,052	1,063
Total revenues		0	1,052	4,611
Operating expenses				
Other external expenses		-597	-1,460	-5,741
Personnel expenses		-1,351	-1,389	-5,157
Operation profit /loss		-1,948	-1,797	-6,287
Financial items				
Profit from shares in group companies	9	-	-	-
Other interest income and similar profit/loss items		-	-	-
Other interest expense and similar profit/loss items		-743	-733	-3 416
Profit /loss after financial items		-2,691	-2,530	-9,703
Tax on profit for the period	6	-	-	-
Profit /loss for the period		-2,691	-2,530	-9,703

Condensed Parent Company balance sheet (KSEK)

ASSETS	Note	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Intangible assets		0	0	0
Tangible assets		0	0	0
Shares in Group companies		90,000	90,000	90,000
Total non-current assets		90,000	90,000	90,000
Short-term assets		626	904	4,265
Receivables from group companies		35,349	28,122	32,882
Cash and cash equivalents		10	11	21
Total current assets		35,985	29,037	37,168
TOTAL ASSETS		125,985	119,037	127,168
EQUITY AND LIABILITES		2020-03-31	2019-03-31	2019-12-31
Total equity		62,986	72,850	65,677
Provisions		-	-	-
Long-term interest-bearing loans		54,769	38,113	-
Total long-term liabilities		54,769	-	-
Short-term interest-bearing loans		225	4,675	54,994
Liabilities to group companies		0	0	0
Other liabilities		8,006	3,399	6,497
Total current liabilities		8,231	8,074	61,491
TOTAL EQUITY AND LIABILITIES		125,985	119,037	127,168

NOTES

Note 1 ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). This consolidated report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and IAS 34 Interim Financial Reporting. The accounts for the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting standards applied for the Group and the Parent Company are the same as those applied in preparation of the most recent annual report.

Information in accordance with IAS34 is provided both in notes and elsewhere in the interim report.

New or updated accounting principles

No new or updated accounting principles that came into force on 1 January 2020 are deemed to have a material effect on the Group's financial reports or transactions.

The Group applies IFRS 16 from January 1, 2019 and the implementation of the standard means that almost all leasing contracts are recognized in the lessee's balance sheet since no further distinction is made between operational and financial leasing agreements. Under the new standard, a non-current asset (the right to use a leased asset) and a financial liability (long and short-term) relating to the obligation to pay leasing fees must be recognized in the balance sheet.

In the report on comprehensive income, depreciation and interest expenses are reported instead of costs for operating leases, which have been reported in their entirety in operating profit. IFRS 16 affects cash flow insofar as leasing payments affect cash flow from operating activities (for example, interest and leasing contracts for which the underlying asset has a lower value and short-term leasing agreements), and cash flow from financing operations (repayment of the lease debt). The Group has chosen to apply the exemption and not report short-term leasing and leasing contracts for which the underlying asset has a lower value as part of the rights of use and the lease liability in the balance sheet. Payments attributable to these leasing agreements will instead be reported as an expense on a straight-line basis over the lease period. The remaining lease commitments are essentially premises such as office and production premises.

The Group applies the simplified transition method, which means that utility rights are valued at an amount corresponding to the lease liability as of January 1, 2019 (adjusted for prepaid and accrued leasing fees). The transition to IFRS 16 has no impact on equity for the Group.

As in the previous standard IAS 17 Leasing agreement, the rules in IFRS 16 need not be applied to legal entities within the framework of RFR 2. The parent company Saxlund Group AB has therefore chosen to apply IFRS 16 within the framework of RFR 2.

Note 2 SEGMENT REPORTING

Saxlund Group conducts its operation in Sweden, Germany and the UK. The business is organized geographically and based on the division into market areas New constructions and Aftermarket respectively.

Since management and measurement of financial results take place on a geographical basis and market areas, segment reporting is divided into three geographical segments and one segment regarding the overall administration for the entire group, ie. the parent company Saxlund Group AB and Saxlund International Holding AB. Segment Sweden includes Saxlund Sweden AB and Saxlund International AB while Segment Germany and the UK respectively consists of Saxlund International GmbH and Saxlund International Ltd. On the one hand, each geographical segment is also divided into market segments in terms of net sales.

KSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Group-wide functions			
Revenues	3,583	-	16,264
EBIT	-2,834	-2,496	-9,741
Total assets	218,661	213,531	228,112
Business operations Sweden			
-Revenues - new constructions	6,295	7,891	21,579
-Revenues - aftermarket	3,160	2,194	17,275
Total revenues Sweden	9,455	10,085	38,413
EBIT	-1,041	-1,057	-9,217
Total assets	51,878	41,562	60,731
Business operations UK			
-Revenues - new constructions	1,451	7,975	43,635
-Revenues - aftermarket	3,143	1,731	11,455
Total revenues UK	4,594	9,706	55,091
EBIT	-957	357	1,501
Total assets	15,389	27,139	21,903
Business operations Germany			
-Revenues - new constructions	26,453	4,903	68,966
-Revenues - aftermarket	9,190	10,345	36,503
Total revenues Germany	35,643	15,248	105,499
EBIT	2,725	-446	1,167
Total assets	88,337	134,200	68,473
Group eliminations			
Revenues	-3,583	-	-,16,370
EBIT	-28	-	185
Total assets	-231,296	-207,425	-238,776
GROUP			
Revenues	49,682	35,039	198,896
EBIT	-2,136	-3,462	-16,105
Total assets	142,970	209,008	140,444

Not 3 OTHER OPERATING INCOME

Other operating income for the first quarter amounted to 167 KSEK and was mainly related to exchange rate gains.

Not 4 GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's goodwill, which at 31 March 2020 amounted to SEK 17,633 (17,633), was entirely attributable to the company's segments in Germany and the UK.

The company conducted an impairment test of Goodwill at the end of December 31, 2019. The recoverable amount for cash-generating units, which consist of the geographical segments UK and Germany, has been determined based on calculations of value in use. The value in use for each cash-generating unit has been determined by a cash flow valuation. Management has forecasted cash flows for a period of 5 years where the first year is based on the established budget and thereafter with an estimated growth rate for sales and earnings. Last year's cash flow has been calculated with perpetual growth corresponding to inflation. In the calculation, both historical outcomes and estimates of future business have been used as the basis.

The Company's assessment is that no significant events have occurred during the quarter that give cause to a new impairment test; thus, the Group's goodwill remains unchanged during the quarter.

Not 5 TAX

This year's estimated tax expense for the period January-March 2020 and comparative figures for the same period last year are distributed as follows:

Tax unit	Jan-Mar 2020	Jan-Mar 2019
Sweden	-20	-
UK	168	237
Germany	-835	-1,443
Total estimated tax expense	-686	-1,206

The Group capitalizes the part of the loss carry-forwards which the company as per the end of the period can consider based on the company's assessment of future taxable profit. In the fourth quarter of 2019, the Group estimated that KSEK 3,249 could be capitalized. For the Swedish companies, a model has been established to determine how much of the accumulated loss carry-forwards can be considered. Calculations for the first quarter of 2020 have shown that nothing further of the accumulated deficit deductions can be utilized as of March 31, 2020.

Not 6 LEASING

The Group applies IFRS 16 from January 1, 2019 and the implementation of the standard means that almost all leasing contracts are recognized in the lessee's balance sheet since no further distinction is made between operational and financial leasing agreements. Under the new standard, a non-current asset (the right to use a leased asset) and a financial liability (long and short-term) relating to the obligation to pay leasing fees must be recognized in the balance sheet.

The Group leasing agreement consists mainly of the Group's leasing agreements regarding offices and other premises. Other leases are with a leasing period of 12 months or less and leasing agreements where the underlying asset has a low value have not been included in the item.

The Group's leasing agreements amounted to KSEK 6,758 as of January 1, and as of March 31, 2020, to KSEK 7,107, which is included in the Group's balance sheet as of March 31, 2020 as Access right value assets in Non-current assets. The corresponding lease liability amounted a total of KSEK 7,329 distributed over as Long-term lease liability of KSEK 5,861 and other current liabilities of KSEK 1,468, relating to the part of the commitment that falls due within 12 months. In other current liabilities, deferred tax has also been included with KSEK 47.

A group adjustment in the income statement in accordance with IFRS 16 has meant that operating expenses have decreased by KSEK 611 for the period January - March 2020. Depreciation has increased by KSEK -639 and interest expense have increased by KSEK -66 and tax expenses increased by KSEK -20, in the first quarter of 2020. The total effect in the P&L statement of the Group amounted to KSEK -114.

The Group's lease commitments, which are reported in the balance sheet, consist essentially of rent of premises.

Not 7 FINANCIAL INSTRUMENTS

KSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Loan receivables and accounts receivable			
Contract assets	51,040	97,592	33,901
Current assets	37,347	51,069	37,824
Cash and cash equivalents	16,500	17,238	31,586
Financial assets	104,887	165,900	103,312
Financial liabilities			
Long-term interest-bearing liabilities	54,769	38,113	-
Long-term lease liabilities	5,861	7,800	5,335
Short-term interest-bearing liabilities	5,225	9,675	59,994
Accounts payable	23,775	17,782	22,142
Other liabilities including contract liabilities	56,837	125,260	24,765
Financial liabilities	146,467	198,630	142,236

Saxlund Group holds no financial instrument measured and reported at fair value. For all financial assets and liabilities the reported value as above is considered a reasonable approximation of fair value.

In financial instruments as of the end of the first quarter of 2020, the Group's leasing commitment is included in accordance with IFRS 16 with KSEK 7,329, of which KSEK 5,861 is included in the item other non-current liabilities and KSEK 1,467 relates to current liabilities and is included in other liabilities.

Summary of loans, KSEK	Due within 1 year	Due within 1-5 years	Due later than 5 years
Loan Almi	225	-	-
Loan Trention	-	24,769	-
Loan GIAB-gruppen	-	30,000	-
Loan Penser bank	5,000	-	-
Leasing liability	1,468	4,252	1,385
Total financial liabilities	6,693	59,021	1,385

As per March 31, 2020 the Group has loans of in total KSEK 6,692 KSEK that falls due within the coming twelve months period.

Out of the total liability to Trention AB, MSEK 17,8 refers to the loan that was issued in connection with Saxlund Group AB's acquisition of all share in Saxlund International Holding AB, in 2016. As security for the loan, Trention has secured a deposit in the shares of Saxlund International Holding AB.

During the first quarter, the loans to Trention and the GIAB-group were renegotiated, where all loans were extended with unchanged terms for another twelve months.

Not 8 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

The Company conducted an impairment test of Shares and participations in Group companies as of December 31, 2019. The recoverable amount for cash-generated units, which consist of Sweden, UK and Germany, has been determined based on calculations of value in use.

The value in use for each cash-generating unit has been determined by the cash flow valuation by the DCF method. The result of the impairment test showed that there was no impairment requirement as of December 31, 2019.

No significant events that led to a new impairment test have taken place during the first quarter of 2020 and thus no new impairment testing has been carried out.

The assessment of whether there is a need for impairment must be made at least annually.

Not 9 PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

In connection with the acquisition of Saxlund International Holding AB on August 31, 2016, all shares in Saxlund International Holding AB were pledged as collateral for Saxlund Group AB's debt to Trention AB of KSEK 17,769.

DEFINITIONS

Earnings per share

Profit for the period divided by the average number of shares outstanding during the period. The average number of shares includes shares in a new share issue.

Equity per share

Profit for the period divided by the average number of shares outstanding by the end of the period.

Questions may be directed to

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