



Engineered Solutions for Clean Energy, Clean Air and Clean Water

Interim report January - June 2020*

- Saxlund has increased the order book by a value over SEK 100 million since the outbreak of the Corona pandemic
- Saxlund has secured financing for a total of SEK 105 million
- Continued improved results compared with the previous year

Second quarter of 2020

- Revenues for the second quarter amounted to 42,894 (62,351) KSEK
- EBITDA was -3,100 (-6,085) KSEK
- EBIT for the second quarter was -3,986 (-5,531) KSEK
- Earnings after tax amounted to -5,237 (-6,932) KSEK
- Earnings per share of SEK -0.02 (-0.04) SEK before and after dilution

First half-year of 2020

- Revenues for the first half-year amounted to 92,587 (97,390) KSEK
- EBITDA was -4,058 (-8,624) KSEK
- EBIT for the first half-year was -6,121 (-9,727) KSEK
- Earnings after tax amounted to -8,931 (-11,552) KSEK
- Earnings per share of SEK -0.03 (-0.06) SEK before and after dilution

Important events in the second quarter

- Saxlund International Holding AB signed a contract with Ljungby Energi in accordance with the previously announced allocation, with a contract value of SEK 34.7 million.
- During the past quarter, Saxlund Group has filled the order book with contracts with a total value of approximately KSEK 80,000, despite the Corona pandemic.
- Mats Gabrielsson and Linus Johansson were elected as board members at the company's annual general meeting on June 4.
- 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 July 1, Saxlund Groups AB's subsidiaries, Saxlund International GmbH and Saxlund International Ltd, signed two separate contracts totalling 8.5 MSEK. Deliveries consist of material handling equipment and upgrading of previously delivered equipment.
- Saxlund Groups AB's subsidiary, Saxlund International Ltd, signed a contract for approximately 5

* 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.

MSEK on July 16. The deliveries mainly consist of three pieces of Saxlund's self-developed push floors.

- Saxlund Group secures new capital of in total 105 MSEK via a new share issue of 85 MSEK and a credit agreement of 20 MSEK
- Anna Eskhult takes on the role of acting CFO of Saxlund Group AB
- Saxlund Groups AB's subsidiary, Saxlund International GmbH, signed a contract on August 24 with a value of approximately 12.5 MSEK. The deliveries mainly consist of Saxlund's self-developed pumps for sludge handling with associated service contracts.

Comments by Stefan Wallerman, Group CEO

It is very positive and gratifying that Saxlund has signed a financing agreement with the company's largest owner Gabriellsson Invest AB and Trention AB to implement a capitalization of the company of a total of 105 MSEK. The financing agreement includes a new share issue of 85 MSEK and a credit- and guarantee agreement of 20 MSEK. This agreement gives Saxlund very good conditions to continue the journey towards profitability. The current situation will increase the pace of green investments and the growth in the markets where Saxlund is operational looks positive. The capital injection will give the company opportunities to grow and take additional market shares in the long term.

We are grateful for the trust our main owner shows us through this agreement, which will not only mean a positive capital injection but also that the company will be virtually debt-free after the issue is completed, together with a strong ownership structure.

In the current situation, we are proud to continue to gain the trust of our customers. Since the outbreak of the Corona pandemic, Saxlund has increased its order book by approximately 100,000 KSEK. We foresee continuous investments in the energy sector and the water treatment side. We have also resumed discussions with customers about new projects in the cement industry. Thus, the assessment is that order intake will continue to be good during the autumn.

Saxlund started the year positively, but the result during the second quarter was negatively affected by the Corona pandemic. However, we have seen a somewhat positive trend at the end of the quarter, which is pleasing.

The main reason why the result was negatively affected is that many projects have been paused as workplaces have been closed due to restrictions linked to the pandemic. We have had the greatest impact in the UK, where the whole country was quarantined. At the same time, the pandemic has meant that customers have postponed investment decisions and certain contract negotiations have been suspended. Despite this, Saxlund has improved its result for the quarter compared with the same period in 2019.

In the second quarter of 2020, Saxlund improved its result at EBITDA level by approximately 3,000 KSEK compared with 2019. At the same time, sales decreased by approximately 19,500 KSEK compared with 2019. EBITDA amounted to -3,100 KSEK (-6,085) KSEK during the second quarter. Compared with the corresponding period in 2018, the EBITDA level has improved by almost 6,000 KSEK. Despite reduced sales, Saxlund shows a better result for the quarter than last year, which is very positive. As previously mentioned, the pandemic has had the greatest impact in the UK, where sales fell by almost 60 percent compared with last year. Without effects from the pandemic, the assessment is that the positive results trend from the last quarter of 2019 would have continued.

Fixed costs continued to decrease during the quarter compared with both 2019 and 2018. In comparison with 2018, Saxlund has reduced costs by 34,000 KSEK on an annual basis. This shows that the cost-saving programs we have implemented over the past 24 months have been successful. Saxlund continues to work hard to optimize our fixed costs, which in the current situation is of utmost importance.

The European Parliament has decided on a support package¹ of about 750 billion Euros. The program, which is launched together with the support package, advocates investments with a clear environmental focus. In Sweden, it is considered that the economic recovery from the pandemic should consist of

¹ https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_sv

investments in green energy types and that the pace towards a fossil-free society should increase. The Restructuring Commission, which was started by the Stockholm Chamber of Commerce, has released a report with certain measures for how Sweden can restart the economy where the focus is on green conversion ¹. Our assessment is that these proposed and decided measures will have a positive effect on Saxlund.

Furthermore, the rate of new investment will increase in Germany, driven by the law on phosphorus recovery. The adjustment according to the new law must be made no later than 2023 and thus we expect that it will bring new business opportunities during the autumn and also during 2021.

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. I also believe that the new financing agreement gives the company the potential to continue its journey towards growth and profitability and take new market shares in all industries in which we are active.

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.

¹ <https://www.dn.se/ekonomi/maria-wetterstrand-en-gron-omstallning-skapar-manga-jobb/>

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 second quarter of 2020

Earnings for the period of April - June 2020

Revenues amounted to 42,894 (62,351) KSEK, which is a decrease compared to the corresponding period last year. The decrease is mainly linked to the effects the company had from the ongoing Covid-19 pandemic. The effects come from projects and aftermarket work in all countries that have been postponed due to the current situation. However, it is almost exclusively about postponed service work and projects and not losses of business.

Operating profit amounted to -3,986 (-5,531) KSEK, which is an improvement compared with the corresponding period last year, despite the company showing lower sales. Costs decreased significantly as an effect of the cost savings and efficiency-enhancing measures that the Group initiated and implemented in 2019 and earlier. The improved operating profit is thus an effect of the reduced costs for the period.

Profit for the period amounted to -5,237 (-6,932) KSEK, corresponding to SEK -0.02 (-0.04) per share before and after dilution.

Earning for the first half-year 2020

Net sales amounted to 92,587 (97,390) KSEK. The result at EBITDA level for the six-month period amounted to -4,058 (-8,624) KSEK. Operating profit amounted to -6,121 (-9,727) KSEK, and profit for the period amounted to -8,931 (-11,552) KSEK, corresponding to SEK -0.03 (-0.06) per share before and after dilution. The decrease in net sales has mainly been caused by aftermarket work and projects being postponed as a result of the Covid-19 pandemic. However, both operating profit and profit for the period have improved compared with the first half of 2019, which is a result of the cost-saving measures taken.

Liquid funds and equity

Cash and cash equivalents as of June 30, 2020 amounted to 10,093 (15,830) KSEK. Equity as of June 30, 2020 amounted to -24,958 (-9,343) KSEK, corresponding to SEK -0.08 (-0.03) 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 June 30, 2020 and made the assessment that no further deficits can be capitalized during the second quarter. Outgoing deferred tax assets thus amounted to KSEK 3,249 as of June 30, 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 second quarter.

Financial development for the second quarter 2020***Earnings for the period of April – June 2020***

Revenues amounted to 0 (0) KSEK. EBIT was -2,175 (-2,905) KSEK, and earnings amounted to -3,061 (-3,585) KSEK.

Earnings for the first half-year 2020

Revenues amounted to 0 (0) KSEK. EBIT was -4,122 (-4,702) KSEK, and earnings amounted to -5,752 (-6,115) KSEK.

Liquid funds and equity

Cash and cash equivalents as of June 30, 2020 amounted to 132 (124) KSEK. Equity as of June 30, 2020 amounted to 59,925 (69,265) KSEK.

Additional information***The Group's composition***

As of June 30, 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 74, of which 18 were employed in Sweden, 46 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. 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

Saxlund has for a long period had a strained financial position linked to the restructuring and market adjustment the company has carried out during the last twenty-four months. To ensure the expected growth that the company sees in the future, a financing agreement comprising a new share issue of 85 MSEK and a credit facility agreement of 20 MSEK have been reached. The Board's assessment is that the new financing will give the company opportunities to continuously develop and grow in a market that has a very good expected market growth.

The financing means that the company after the completed issue will have very low net interest expenses and a strong ownership structure.

In 2019, the company raised new credits from Gabrielsson Invest of 20 MSEK and during the first half-year of 2020 additional credits of 1,900 KSEK from Mind Finance AB (a company within the GIAB group).

The loan from Penser Bank AB of 5,000 KSEK was extended by another 6 months during the second quarter.

As of June 30, 2020, the Group has liquid funds of 10,093 KSEK. The Group's financial liabilities amounted to 70,777 KSEK, of which 8,602 KSEK are loans with maturity within 12 months. In addition, lease commitments amount to 6,966 KSEK, of which 1,477 KSEK constitutes a short-term lease liability. The net debt thus amounted to -60,684 KSEK. Net debt for the corresponding period last year was -35,188 KSEK.

The Group's current assets, excluding cash and cash equivalents, amounted to 107,327 KSEK and current liabilities, excluding short-term financial liabilities, amounted to 92,603 KSEK. Net working capital amounted to 14,724 KSEK.

As of June 30, 2020, current interest-bearing liabilities amount to 7,150 KSEK.

During the second quarter, Saxlund was affected by the ongoing Corona pandemic in terms of postponed and paused projects and aftermarket work. Revenues and liquidity were thus negatively affected during the period; however, the hope is that as the countries of Europe gradually reopen, postponed aftermarket work and projects should be resumed.

It is still too early to predict how large the effects for Saxlund will be, given the socio-economic uncertainty created by the pandemic, but that the pace of investment has fallen and that business has been postponed can already be confirmed. However, the company is seeing the beginning of a positive trend where the activity of the company's customers has to some extent been resumed, but depending on how long restrictions in society will continue and how large the global economic consequences will be, Saxlund Group's financial position may be affected. The financing agreement described above secures the company's capital situation and gives the company the conditions to handle any effects of the pandemic.

It is currently the Board's assessment that the Group, with the current financing agreement and existing working capital, has a sufficient level of liquidity to cope with the current scope of operations in 2020 and beyond. The company has an ongoing dialogue with creditors and the main owner to ensure that the company, in any given situation, can ensure the necessary credit space for contract guarantees and ongoing working capital needs.

Related party transactions for the period of April – June 2020

As of June 30, 2020, Saxlund has loans from related parties for a total of KSEK 56,669, of which loans from Trention amounted to a total of 24,769 KSEK and loans from Gabrielsson Invest AB (GIAB) and Mind Finance amounted to 31,900 KSEK. 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 30,000 KSEK of 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 April - June was KSEK 881, 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 June 30, 2020 amounted to 4,071 KSEK.

Saxlund Group-share

Saxlund Group-share is listed on Nasdaq OMX First North. As of June 30, 2020, the number of registered shares was 332,763,678 shares. As of June 30, 2020, the Group's registered share capital amounted to SEK 49,013,356 and the share price was SEK 0.45 per share, which meant a market value of approximately KSEK 149,744.

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, William Heigard, Linus Johansson and Mats Gabrielsson. Stefan Wallerman is the Group's CEO. Linus Johansson and Mats Gabrielsson were elected as Board members at the Annual General Meeting, June 4th.

Important events after the period

- On July 1, Saxlund Groups AB's subsidiaries, Saxlund International GmbH and Saxlund International Ltd, signed two separate contracts totalling 8.5 MSEK. Deliveries consist of material handling equipment and upgrading of previously delivered equipment.
- Saxlund Groups AB's subsidiary, Saxlund International Ltd, signed a contract for approximately 5 MSEK on July 16. The deliveries mainly consist of three pieces of Saxlund's self-developed push floors.
- Saxlund Group secures new capital of in total 105 MSEK via a new share issue of 85 MSEK and a credit agreement of 20 MSEK 20
- Anna Eskhult takes on the role of acting CFO of Saxlund Group AB
- Saxlund Groups AB's subsidiary, Saxlund International GmbH, signed a contract on August 24 with a value of approximately 12.5 MSEK. The deliveries mainly consist of Saxlund's self-developed pumps for sludge handling with associated service contracts.

Audit

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

Financial calendar

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 August 25, 2020

Kenneth Eriksson
Chairman of the Board

William Heigard
Board member

Alexander Leppänen
Board member

Linus Johansson
Board member

Mats Gabrielsson
Board member

Stefan Wallerman
Group CEO

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

	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenues		42,894	62,351	92,587	97,390	198,896
Other revenues	3	1,696	447	1,862	2,361	3,938
Total operating revenues		44,590	62,798	94,449	99,750	202,834
Operating expenses						
Cost of sales, personnel expenses and other operating expenses		-47,690	-68,329	-98,507	-108,374	-214,287
Depreciation and amortization of intangible and tangible assets	4	-886	-554	-2,063	-1,103	-4,652
Total operating expenses		-48,576	-68,883	-100,571	-109,477	-218,939
Operating profit/loss		-3,986	-6,085	-6,121	-9,727	-16,105
Financial items						
Financial income		0	46	0	99	181
Financial expense		-1,461	-1,277	-2,333	-2,230	-5,505
Profit/loss before tax		-5,447	-7,317	-8,454	-11,858	-21,429
Tax on the period's result	5	210	385	-477	306	2,974
Profit/Loss for the period		-5,237	-6,932	-8,931	-11,552	-18,455
Earnings per share before dilution		-0.02	-0.04	-0.03	-0.06	-0.06
Earnings per share after dilution		-0.02	-0.04	-0.03	-0.06	-0.06
Average number of shares, thousands		332,763	332,763	332,763	288,883	309,135
Number of shares end of period, thousands*)		332,763	332,763	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		-1,623	133	-273	155	646
Total income for the period attributable to Parent Company shareholders		-6,860	-6,799	-9,204	11,397	-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				
	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Goodwill	4	17,663	17,663	17,663
Other intangible assets	4	524	1,407	740
Property, plant and equipment	6	4,858	5,268	5,194
Access right value assets	6	6,719	11,236	6,758
Financial assets	5	3,385	119	3,349
Total non-current assets		33,149	35,693	33,704
Inventories and contract assets		58,741	90,079	37,329
Other receivables	7	48,586	38,529	37,825
Cash and cash equivalents		10,093	15,830	31,586
Total current assets		117,420	144,436	106,740
TOTAL ASSETS		150,569	180,128	140,444
EQUITY AND LIABILITIES				
		Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Total equity		-24,958	-9,343	-15,755
Provisions		12,147	18,527	13,963
Long-term interest-bearing loans	7	56,661	37,831	-
Lease liabilities	6, 7	5,488	6,780	5,335
Total long-term liabilities		62,149	44,611	5,335
Short-term interest-bearing loans	6, 7	7,150	13,187	59,994
Lease liabilities	6, 7	1,477	4,456	1,550
Contract liabilities		36,962	72,215	31,148
Account payables		18,453	24,901	22,142
Other liabilities	7	37,189	11,575	22,067
Total current liabilities		101,231	126,334	136,901
TOTAL EQUITY AND LIABILITIES		150,569	180,128	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-Jun 2020	-	-	-8,931	-	-8,931
Other total income	-	-	-	-273	-273
<i>Total income</i>	-	-	-8,931	-273	-24,958
New share issue	-	-	-	-	-
Bonus issue	-	-	-	-	-
<i>Total transactions with shareholders as owner:</i>	-	-	-	-	-
Closing equity Jun 30, 2020	49,013	169,210	-243,875	693	-24,958

Condensed consolidated cash flow statements (KSEK)

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Profit/Loss after financial items	-5,447	-7,316	-8,454	-11,858	-21,429
Cash flow from operating activities before changes in working capital	-8,165	863	-9,824	-5,201	-18,320
Cash flow from operating activities	-10,047	-4,359	-24,750	9,864	16,990
Cash flow from investing activities	838	-279	-482	-965	-1,308
Cash flow from financing activities	3,455	3,230	3,898	-14,359	-5,383
Cash flow for the period	-5,755	-1,408	-21,334	-5,460	10,300
Cash and cash equivalents at beginning of period	16,500	17,238	31,586	21,290	21,290
FX differences in cash and cash equivalents	-652	-	-159	-	-4
Cash and cash equivalents at end of period	10,093	15,830	10,093	15,830	31,586

Condensed Parent Company income statement (KSEK)

	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenues		0	95	0	95	3,548
Other revenues		285	-	285	1,052	1,063
Total revenues		285	95	285	1,147	4,611
Operating expenses						
Other external expenses		-1,267	-1,737	-1,863	-3,197	-5,741
Personnel expenses		-1,193	-1,263	-2,544	-2,652	-5,157
Operation profit /loss		-2,175	-2,905	-4,122	-4,702	-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		-886	-680	-1,630	-1,413	-3 416
Profit /loss after financial items		-3,061	-3,585	-5,752	-6,115	-9,703
Tax on profit for the period	6	-	-	-	-	-
Profit /loss for the period		-3,061	-3,585	-5,752	-6,115	-9,703

Condensed Parent Company balance sheet (KSEK)

ASSETS				
	Note	Jun 30, 2020	Jun 30, 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		965	1,146	4,265
Receivables from group companies		35,944	27,913	32,882
Cash and cash equivalents		132	124	21
Total current assets		37,041	29,183	37,168
TOTAL ASSETS		127,041	119,183	127,168
EQUITY AND LIABILITIES				
		Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Total equity		59,925	69,265	65,677
Provisions		-	-	-
Long-term interest-bearing loans		54,769	37,831	-
Total long-term liabilities		54,769	-	-
Short-term interest-bearing loans		2,150	8,187	54,994
Liabilities to group companies		0	0	0
Other liabilities		10,197	3,900	6,497
Total current liabilities		12,347	12,087	61,491
TOTAL EQUITY AND LIABILITIES		127,041	119,183	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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Group-wide functions					
Revenues	4,254	95	7,837	95	16,264
EBIT	-2,770	-4,039	-5,604	-6,535	-9,741
Total assets	224,402	213,572	224,402	213,572	228,112
Business operations Sweden					
-Revenues - new constructions	1,026	2,152	7,321	10,043	21,579
-Revenues - aftermarket	4,424	6,517	7,584	8,711	17,275
Total revenues Sweden	5,450	8,669	8,998	18,754	38,413
EBIT	371	-1,320	-670	-2,378	-9,217
Total assets	56,677	41,671	56,677	41,671	60,731
Business operations UK					
-Revenues - new constructions	1,471	6,544	2,922	14,519	43,635
-Revenues - aftermarket	2,933	3,831	6,076	5,562	11,455
Total revenues UK	4,404	10,375	8,998	20,081	55,091
EBIT	-746	-39	-1,704	318	1,501
Total assets	15,455	25,981	14,205	25,981	21,903
Business operations Germany					
-Revenues - new constructions	25,252	33,622	51,705	38,525	68,966
-Revenues - aftermarket	7,789	9,590	16,979	19,935	36,503
Total revenues Germany	33,041	43,211	68,684	58,460	105,499
EBIT	-885	-687	1,840	-1,132	1,167
Total assets	91,723	107,415	91,723	107,415	68,473
Group eliminations					
Revenues	-4,254	-	-7,837	-	-16,370
EBIT	44	-	16	-	185
Total assets	-237,688	-208,511	-237,688	-208,511	-238,776
GROUP					
Revenues	42,894	62,351	92,587	97,390	198,896
EBIT	-3,986	-6,085	-6,121	-9,727	-16,105
Total assets	150,569	180,128	150,569	180,128	140,444

Not 3 OTHER OPERATING INCOME

Other operating income for the second quarter amounted to 1,659 KSEK. The item mainly referred to grants linked to short-term work support during the Covid-19 pandemic and to certain exchange rate gains..

Not 4 GOODWILL AND OTHER INTANGIBLE ASSETS

The Group's goodwill, which at June 30, 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 April -June 2020 and comparative figures for the same period last year are distributed as follows:

Tax unit	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Sweden	-6	-	-26	-	2,042
UK	-2	-	166	-	1,135
Germany	218	420	-617	341	-203
Total estimated tax expense	210	420	-477	341	2,947

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 June 30, 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 June 30, 2020, to 6,719 KSEK, which is included in the Group's balance sheet as of June 30, 2020 as Access right value assets in Non-current assets. The corresponding lease liability amounted a total of 6,966 KSEK distributed over as Long-term lease liability of 5,488 KSEK and other current liabilities of 1,477 KSEK, relating to the part of the commitment that falls due within 12 months. In other current liabilities, deferred tax has also been included with 53 KSEK.

A group adjustment in the income statement in accordance with IFRS 16 has meant that operating expenses have decreased by 431 KSEK for the period April - June 2020. For the first half-year the operating expenses have decreased with 1,042 KSEK. Depreciation has increased by -388 KSEK and interest expense have increased by -69 KSEK and tax expenses increased by -6 KSEK, in the second quarter of 2020. For the first half-year the interest expenses have increased with 135 KSEK and the tax expenses with -25 KSEK. The total effect in the P&L statement of the Group for the second quarter amounted to -30 KSEK and for the first half-year to -144 KSEK.

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

Not 7 FINANCIAL INSTRUMENTS

KSEK	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Loan receivables and accounts receivable			
Contract assets	54,648	83,812	33,901
Current assets	48,856	38,526	37,824
Cash and cash equivalents	10,093	15,830	31,586
Financial assets	113,327	138,169	103,312
Financial liabilities			
Long-term interest-bearing liabilities	56,661	37,831	-
Long-term lease liabilities	5,488	6,780	5,335
Short-term interest-bearing liabilities	7,150	13,187	59,994
Accounts payable	18,453	24,901	22,142
Other liabilities including contract liabilities	75,627	88,246	24,765
Financial liabilities	163,380	170,944	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 second quarter of 2020, the Group's leasing commitment is included in accordance with IFRS 16 with 6,966 KSEK, of which 5,488 KSEK is included in the item other non-current liabilities and 1,477 KSEK 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	1,900	30,000	-
Loan Penser bank	5,000	-	-
Leasing liability	1,477	4,168	1,385
Total financial liabilities	8,602	58,937	1,385

As per June 30, 2020 the Group has loans of in total 8,602 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.

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 second 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

Stefan Wallerman
Group CEO
stefan.wallerman@saxlund.se
Phone: 070-306 37 00

*Saxlund Group AB (publ) is listed on NASDAQ OMX First North, Erik Penser Bank is Certified Adviser.
Phone: +46 8-463 83 00, Email: certifiedadviser@penser.se.*

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Address

Saxlund Group AB (publ)
Fannys väg 3
13154 Nacka

Org nr. 556556-8325

Web: www.saxlund.se