



Engineered Solutions for Clean Energy, Clean Air and Clean Water

Interim report January - September 2020*

- Saxlund Group carried out the new share issue which was oversubscribed and adds approximately 85 MSEK to the company
- Saxlund continues to win orders in sludge handling for phosphorus recovery

Third quarter of 2020

- Revenues for the third quarter amounted to 34,752 (53,530) KSEK
- EBITDA was -5,546 (-3,191) KSEK
- EBIT for the third quarter was -6,389 (-5,933) KSEK
- Earnings after tax amounted to -7,272 (-7,272) KSEK
- Earnings per share of SEK -0.02 (-0.02) SEK before and after dilution

First nine months 2020

- Revenues for the first nine months amounted to 127,338 (150,920) KSEK
- EBITDA was -9,604 (-11,815) KSEK
- EBIT for the first nine months was -12,511 (-15,660) KSEK
- Earnings after tax amounted to -16,203 (-18,824) KSEK
- Earnings per share of SEK -0.05 (-0.06) SEK before and after dilution

Important events in the third quarter

- On September 24, Saxlund Group AB held an Extraordinary General Meeting where a decision on a new share issue was made, which will provide the company with approximately 85.2 MSEK.
- On September 29, it was announced that Fredrik Nordling will take on the role as the company's CFO.
- 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 October 26, Saxlund Group AB's subsidiary, Saxlund International GmbH, signed a contract with a value of approximately 10.5 MSEK. Deliveries include Saxlund's self-developed sludge pump.
- Saxlund Groups AB's rights issue of a total of approximately SEK 85.2 million was oversubscribed.
- Saxlund Group AB has repaid all loans to the GIAB Group, Trention and Penser and is thus debt-free and cash and cash equivalents in the Group's has strengthened by approximately 16 MSEK.

* 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.

Comments by Stefan Wallerman, Group CEO

We are extremely happy and proud that our shareholders continue to believe in the company and would like to thank all shareholders which has chosen to participate in the new share issue held in October. The issue was oversubscribed by a strong support from our existing owners. About 94.5% subscribed with preferential rights. Furthermore, new owners showed interest in subscribing corresponding to about 18% and thus the issue was oversubscribed. Saxlund is after the issue basically debt free which makes us a stable partner to our customers in period of time when financial strength is more important than ever.

The quarter has been extremely affected by the Corona pandemic, which above all has led to the projects starting later or are performed at a slower rate. Invoicing and revenue are booked against work performed and the delays thus lead to significantly lower revenues. Revenues were approximately 19,000 KSEK lower compared to the third quarter of 2019, which can almost exclusively be explained by work in projects that has been postponed and not losses of business and consequently they remain in the order backlog and the revenue will be showed in coming periods instead. For example, we have ongoing contracts in the UK and Sweden for more than SEK 50 million, where 94 percent of revenues will be recognized in coming periods due to the work has not started off yet. The company's assessment is that with the current order book and under normal circumstances, sales would have been 20,000-25,000 KSEK higher, which would have had a positive effect on the result for the quarter.

Activity has increased among our customers and we were able to resume several negotiations during the quarter which earlier have been postponed due to the Corona pandemic. The company has had a discussion with a major player in the cement industry who will invest 150 MEUR over the next 24 months for renovations of existing facilities. This is driven by reducing the facilities' CO₂ emissions. We have also signed an LOI with Helvellyn for their second plant in the UK, out of 10 to 20 planned facilities. The company estimates that the good order situation will continue for the remaining part of the year and during the first quarter of 2021.

In Germany, we have had a fairly normal situation, which is supported by the fact that we have signed many strategically important deals in sludge handling for phosphorus recovery. In the last three months have further two deals have been signed to a total value of approximately 22,500 KSEK.

The Corona pandemic has affected energy use enormously already, total energy use has declined by about 5% compared to 2019, which can be read in World Energy Outlook 2020 (WEO 2020). Furthermore, energy produced from coal and other fossil fuels has decreased by almost 7%. However, renewable energy production has increased during the pandemic¹. In order to achieve the climate goals that have been set, investments are necessary and EU support package² of about 750 billion euro is focused on a renewable start-up after the pandemic. Furthermore, it can be read in WEO 2020 that energy from biomass³, in the scenarios presented, will come to increase.

We have seen a positive trend regarding inquiries and contract discussions from our customers in most industries and in our core markets in the UK, Germany, and the Nordic countries. However, there is a risk, that the spread of COVID-19, which has increased during the autumn, will lead to that local and global restrictions will introduced, which not are in favourable to the business climate.

Saxlund places a great deal of focus on aftermarket and service work together with active processing the market for upcoming projects linked mainly to sludge handling and phosphorus recovery. At the

¹ <https://www.iea.org/reports/world-energy-outlook-2020>

² https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_sv

³ <https://www.iea.org/reports/world-energy-outlook-2020/outlook-for-fuel-supply#abstract>

same time, we continuously see over its cost base and implements appropriate savings, all to create a strong and stable position in the market.

This means that despite the uncertainty caused by the pandemic, we are standing strong for the future ahead of us, financially strengthened of the new share issue and of the great interest showed in the company. It is uncertain times, but the company has good prospects and there are many macroeconomic factors that suggest that the company is properly positioned for meeting the future.

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 third quarter of 2020

Earnings for the period of July - September 2020

Revenues amounted to 34,752 (55,530) 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 SEK -6,389 (-5,933) thousand, which is a decrease compared with the corresponding period last year, mainly explained by the fact that the company shows significantly lower sales. The costs have decreased significantly as a result of the cost savings and efficiency-enhancing measures that the group initiated and implemented in 2019 and earlier. Despite reduced costs for the quarter the company shows a poorer operating profit, as Covid-19 had a major impact on revenue for the quarter.

Profit for the period amounted to -7,272 (-7,272) KSEK, corresponding to SEK -0.02 (-0.02) per share before and after dilution.

Earning for the first nine months 2020

Net sales amounted to 127,338 (150,920) KSEK. The result at EBITDA level for the nine-month period amounted to -9,604 (-11,815) KSEK. Operating profit amounted to -12,511 (-15,660) KSEK, and profit for the period amounted to -16,203 (-18,824) KSEK, corresponding to SEK -0.05 (-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 nine months of 2019, which is a result of the cost-saving measures taken.

Liquid funds and equity

Cash and cash equivalents as of September 30, 2020 amounted to 14,114 (24,311) KSEK. Equity as of September 30, 2020 amounted to -32,079 (-15,742) KSEK, corresponding to SEK -0.09 (-0.05) 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 September 30, 2020 and made the assessment that no further deficits can be capitalized during the third quarter. Outgoing deferred tax assets thus amounted to KSEK 3,249 as of September 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. During the third quarter management fee has been invoiced with a total amount of 1,742 KSEK.

Financial development for the third quarter 2020

Earnings for the period of July - September 2020

Revenues amounted to 1,908 (-0.1) KSEK. EBIT was -521 (-1,996) KSEK, and earnings amounted to -1,318 (-3,269) KSEK.

Earnings for the first nine-month period 2020

Revenues amounted to 2,193 (0) KSEK. EBIT was -4,643 (-6,699) KSEK, and earnings amounted to -7,070 (-9,385) KSEK.

Liquid funds and equity

Cash and cash equivalents as of September 30, 2020 amounted to 47 (46) KSEK. Equity as of September 30, 2020 amounted to 58,607 (65,996) KSEK.

Additional information**The Group's composition**

As of September 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 17 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 over the past two years. 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 new share issue has been completed during October 2020 and was oversubscribed. The issue of approximately 85 MSEK will partly be used to repay outstanding loans and accrued interest, after the company is debt free, the remaining part will be used in the operational business and to further develop the business. The Board's assessment is that the new financing will give the company opportunities to continuously develop and grow in a market which has a very good expected market growth.

The financing means that the company after the completed issue will have very low financial costs and a strong ownership structure.

In 2019, the company raised new credits from Gabrielsson Invest of 20 MSEK and has during the third quarter of 2020 raised additional credits of SEK 3,000 thousand from Mind Finance AB (a company within the GIAB group).

The credits raised during the year of SEK 1,900 thousand were repaid during the quarter. All loans from the GIAB Group, Trention AB and Penser Bank AB have been repaid in full in connection with the completed new share issue after the end of the reporting period and in addition the Group's cash funds were strengthened by approximately SEK 16,000 thousand.

As of September 30, 2020, the Group has liquid funds of 14,114 KSEK. The Group's financial liabilities amounted to -71,420 KSEK, of which -64,421 KSEK are loans with maturity within 12 months. In addition, lease commitments amount to -6,600 KSEK, of which -1,501 KSEK constitutes a short-term lease liability. The net debt thus amounted to -57,306 KSEK. Net debt for the corresponding period last year was -31,931 KSEK.

The Group's current assets, excluding cash and cash equivalents, amounted to 115,497 KSEK and current liabilities, excluding short-term financial liabilities, amounted to 110,886 KSEK. Net working capital amounted to 4,610 KSEK.

As of September 30, 2020, current interest-bearing liabilities amount to 62,919 KSEK.

During the third quarter, Saxlund was affected by the ongoing Corona pandemic in the form of postponed and paused projects and aftermarket work. The income and liquidity thus have negatively affected during the period. The positive trend seen at the end of the second quarter has decreased again during the third quarter, as the spread of infection has increased during the beginning of the autumn, which has led to reintroduced restrictions in large parts of Europe, however, Saxlund has not yet experienced that business has been suspended but more in the form of postponed aftermarket work and projects that have been postponed or temporarily stopped.

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. With the increased spread of infection around the world and Europe, it is currently difficult to predict when the postponed work can be fully resumed, which creates an uncertainty about how large the forward-looking impact for the company may be. Depending on how long restrictions in society will continue and how large the global economic consequences will be, the Saxlund Group's financial position may be affected, however, the company is confident that the need for the company's products is largely on the market. The completed new share issue together with the financing agreement signed during the quarter secures the company's capital situation and gives the company good 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 July - September 2020

As of September 30, 2020, Saxlund has loans from related parties for a total of KSEK 57,669, 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 32,900 KSEK. Mind Finance AB is a fully owned subsidiary of 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 between 4 and 8 percent. With the completion of the issue, these loans have been redeemed

prematurely and at the time of publication of this interim report, there are no remaining liabilities to related parties.

Accrued interest for the above-mentioned loans for the period July - September was 868 KSEK, 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 September 30, 2020 amounted to 4,939 KSEK.

Saxlund Group-share

Saxlund Group-share is listed on Nasdaq OMX First North. As of September 30, 2020, the number of registered shares was 332,763,678 shares. As of September 30, 2020, the Group's registered share capital amounted to SEK 49,013,356 and the share price was SEK 0.44 per share, which meant a market value of approximately KSEK 146,083.

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 October 26, Saxlund Group AB's subsidiary, Saxlund International GmbH, signed a contract with a value of approximately 10.5 MSEK. Deliveries include Saxlund's self-developed sludge pump.
- Saxlund Groups AB's rights issue of a total of approximately SEK 85.2 million was oversubscribed.
- Saxlund Group AB has repaid all loans to the GIAB Group, Trention and Penser and is thus debt-free and cash and cash equivalents in the Group's has strengthened by approximately 16 MSEK

Audit

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

Financial calendar

Earnings report and report for the fourth quarter 2020

February 17, 2020

Interim report January – March 2021

April 29, 2021

Annual report 2020

week 14, 2021

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 November 3, 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	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenues		34,752	53,530	127,338	150,920	198,896
Other revenues	3	847	2,409	2,709	4,469	3,938
Total operating revenues		35,598	55,939	130,047	155,689	202,834
Operating expenses						
Cost of sales, personnel expenses and other operating expenses		-41,144	-59,129	-139,352	-167,504	-214,287
Depreciation and amortization of intangible and tangible assets	4	-843	-2,742	-2,906	-3,845	-4,652
Total operating expenses		-41,988	-61,871	-142,558	-171,349	-218,939
Operating profit/loss		-6,389	-5,933	-12,511	-15,660	-16,105
Financial items						
Financial income		0	6	0	105	181
Financial expense		-1,029	-1,773	-3,361	-4,003	-5,505
Profit/loss before tax		-7,418	-7,700	-15,872	-15,660	-21,429
Tax on the period's result	5	147	428	-331	734	2,974
Profit/Loss for the period		-7,272	-7,272	-16,203	-18,824	-18,455
Earnings per share before dilution		-0.02	-0.02	-0.05	-0.06	-0.06
Earnings per share after dilution		-0.02	-0.02	-0.05	-0.06	-0.06
Average number of shares, thousands		332,763	332,763	332,763	302,047	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		151	1,141	-121	1,296	646
Total income for the period attributable to Parent Company shareholders		-7,121	-6,131	-16,324	-17,528	-17,809

*) New share issue the was completed during the fourth quarter 2019 was registered at Bolagsverket January 7, 2019. The new share issue completed in October 2020 was at the date for the interim report not yet registered.

Condensed consolidated balance sheets (KSEK)

ASSETS		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
	Note			
Goodwill	4	17,662	17,663	17,663
Other intangible assets	4	466	920	740
Property, plant and equipment	6	4,730	4,930	5,194
Access right value assets	6	6,332	7,370	6,758
Financial assets	5	3,390	100	3,349
Total non-current assets		32,580	30,983	33,704
Inventories and contract assets		68,423	40,459	37,329
Other receivables	7	47,073	32,966	37,825
Cash and cash equivalents		14,114	24,311	31,586
Total current assets		129,610	97,736	106,740
TOTAL ASSETS		162,190	128,719	140,444
EQUITY AND LIABILITIES		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Total equity		-32,079	-15,472	-15,755
Provisions		11,963	17,116	13,963
Long-term interest-bearing loans	7	1,901	531	-
Lease liabilities	6, 7	5,098	5,824	5,335
Total long-term liabilities		6,999	6,355	5,335
Short-term interest-bearing loans	6, 7	62,919	55,711	59,994
Lease liabilities	6, 7	1,502	1,650	1,550
Contract liabilities		50,271	27,103	31,148
Account payables		16,230	23,855	22,142
Other liabilities	7	44,385	12,401	22,067
Total current liabilities		175,307	120,720	136,901
TOTAL EQUITY AND LIABILITIES		162,190	128,719	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-Sep 2020	-	-	-16,203	-	-16,203
Other total income	-	-	-	-121	-121
<i>Total income</i>	-	-	-16,203	-121	-16,234
New share issue	-	-	-	-	-
Bonus issue	-	-	-	-	-
<i>Total transactions with shareholders as owner:</i>	-	-	-	-	-
Closing equity Sep 30, 2020	49,013	169,210	-251,147	845	-32,079

Condensed consolidated cash flow statements (KSEK)

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Profit/Loss after financial items	-7,418	-7,700	-15,872	-19,558	-21,429
Cash flow from operating activities before changes in working capital	-6,955	-7,263	-16,779	-12,464	-18,320
Cash flow from operating activities	3,158	2,690	-21,593	12,554	16,990
Cash flow from investing activities	114	-63	-368	-1,028	-1,308
Cash flow from financing activities	643	5,224	4,541	-9,135	-5,383
Cash flow for the period	3,914	7,851	-17,420	2,391	10,300
Cash and cash equivalents at beginning of period	1,093	15,830	31,586	21,290	21,290
FX differences in cash and cash equivalents	106	630	-53	630	-4
Cash and cash equivalents at end of period	14,114	24,311	14,114	24,311	31,586

Condensed Parent Company income statement (KSEK)

	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenues		0	-95	0	0	3,548
Other revenues		1,908	3	2,193	1,055	1,063
Total revenues		1,908	-92	2,193	1,055	4,611
Operating expenses						
Other external expenses		-1,248	-534	-3,792	-3,731	-5,741
Personnel expenses		-1,181	-1,020	-3,044	-4,023	-5,157
Operation profit /loss		-521	-1,996	-4,643	-6,699	-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		-797	-1,273	-2,427	-2,842	-3 416
Profit /loss after financial items		-1,318	-3,269	-7,070	-9,385	-9,703
Tax on profit for the period	6	-	-	-	-	-
Profit /loss for the period		-1,318	-3,269	-7,070	-9,385	-9,703

Condensed Parent Company balance sheet (KSEK)

ASSETS			Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
	Note				
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			2,771	687	4,265
Receivables from group companies			34,511	31,023	32,882
Cash and cash equivalents			47	46	21
Total current assets			38,329	31,756	37,168
TOTAL ASSETS			127,329	121,756	127,168
EQUITY AND LIABILITIES			Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Total equity			58,607	65,996	65,677
Provisions			-	-	-
Long-term interest-bearing loans			-	531	-
Total long-term liabilities			-	531	-
Short-term interest-bearing loans			57,919	50,711	54,994
Liabilities to group companies			0	0	0
Other liabilities			10,803	4,518	6,497
Total current liabilities			68,722	55,229	61,491
TOTAL EQUITY AND LIABILITIES			127,329	121,756	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.

Not 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	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Group-wide functions					
Revenues	2,577	2,770	10,415	2,865	16,264
EBIT	-835	-3,339	-6,440	-9,874	-9,741
Total assets	220,469	216,007	220,469	216,007	228,112
Business operations Sweden					
-Revenues - new constructions	673	4,236	7,994	14,279	21,579
-Revenues - aftermarket	3,375	3,646	10,959	12,357	17,275
Total revenues Sweden	4,047	7,882	18,953	26,636	38,413
EBIT	-3,654	-2,155	-4,324	-4,533	-9,217
Total assets	47,593	49,362	47,593	49,362	60,731
Business operations UK					
-Revenues - new constructions	82	18,645	3,745	33,164	43,635
-Revenues - aftermarket	3,468	1,542	9,544	7,105	11,455
Total revenues UK	4,291	20,187	13,289	40,269	55,091
EBIT	-1,414	815	-3,118	1,133	1,501
Total assets	11,842	33,519	11,842	33,519	21,903
Business operations Germany					
-Revenues - new constructions	16,478	16,841	68,182	55,366	68,966
-Revenues - aftermarket	9,936	8,815	26,914	28,649	36,503
Total revenues Germany	26,413	25,556	95,097	84,016	105,499
EBIT	-529	-1,392	1,311	-2,524	1,167
Total assets	110,877	53,161	110,877	53,161	68,473
Group eliminations					
Revenues	-2,577	-2,865	-10,415	-2,865	-16,370
EBIT	44	138	60	138	185
Total assets	-228,591	-223,330	-228,591	-223,330	-238,776
GROUP					
Revenues	34,752	53,530	127,338	150,920	198,896
EBIT	-6,389	-5,933	-12,511	-15,660	-16,105
Total assets	162,190	128,719	162,190	128,719	140,444

Not 3 OTHER OPERATING INCOME

Other operating income for the third quarter amounted to 847 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 September 30, 2020 amounted to SEK 17,633 (17,633), was entirely attributable to the company's segments in Germany and the UK. The company has carried out an impairment test of Goodwill as of the end of the third quarter, 30 September 2020. 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 generator unit has been determined by a cash flow valuation. Management has forecast cash flows for a period covering 5 years where the first year is based on the preliminary budget and thereafter with an estimated growth rate for sales and earnings. The last year's cash flow has been calculated with perpetual growth corresponding to inflation. In the calculation, both historical outcomes and assessments of future business have been used as a basis.

After the impairment test has been performed, the company's assessment is that there is no need for impairment of goodwill.

Not 5 TAX

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

Tax unit	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Sweden	-2	-22	-28	-22	2,042
UK	-4	-30	162	-30	1,135
Germany	153	445	-464	786	-203
Total estimated tax expense	147	393	-330	734	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 third quarter of 2020 have shown that nothing further of the accumulated deficit deductions can be utilized as of September 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 September 30, 2020, to 6,332 KSEK, which is included in the Group's balance sheet as of September 30, 2020 as Access right value assets in Non-current assets. The corresponding lease liability amounted a total of 6,600 KSEK distributed over as Long-term lease liability of 5,098 KSEK and other current liabilities of 1,502 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 55 KSEK.

A group adjustment in the income statement in accordance with IFRS 16 has meant that operating expenses have decreased by 432 KSEK for the period July - September 2020. For the first nine months the operating expenses have decreased with 1,474 KSEK. Depreciation has increased by -387 KSEK and interest expense have increased by -66 KSEK and tax expenses increased by -3 KSEK, in the third quarter of 2020. For the first nine month the

interest expenses have increased with -201 KSEK and the tax expenses with -28 KSEK. The total effect in the P&L statement of the Group for the third quarter amounted to -25 KSEK and for the first nine month to -169 KSEK.

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

Not 7 FINANCIAL INSTRUMENTS

KSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Loan receivables and accounts receivable			
Contract assets	55,504	36,451	33,901
Current assets	47,073	33,423	37,824
Cash and cash equivalents	14,114	23,855	31,586
Financial assets	116,690	93,728	103,312
Financial liabilities			
Long-term interest-bearing liabilities	1,901	531	-
Long-term lease liabilities	5,098	5,824	5,335
Short-term interest-bearing liabilities	62,919	55,711	59,994
Accounts payable	16,230	23,855	22,142
Other liabilities including contract liabilities	96,158	41,154	24,765
Financial liabilities	182,306	127,075	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 third quarter of 2020, the Group's leasing commitment is included in accordance with IFRS 16 with 6,600 KSEK, of which 5,098 KSEK is included in the item other non-current liabilities and 1,502 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	250	-	-
Loan Trention	24,769	-	-
Loan GIAB-gruppen	32,900	-	-
Loan Penser bank	5,000	-	-
Loan HSBC	-	1,901	-
Leasing liability	1,502	3,743	1,355
Total financial liabilities	64,421	5,644	1,355

As per September 30, 2020 the Group has loans of in total 64,421 KSEK that falls due within the coming twelve months period. Out of these loans, 62,669 KSEK has been repaid after the end of the reporting 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 has conducted an impairment test of Shares and participations in Group companies as of September 30, 2020. 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 September 30, 2020.

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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