



INTERIM REPORT APRIL–JUNE 2019

CONTINUED STRONG GROWTH IN E-MOBILITY

APRIL–JUNE 2019

- Net sales increased 15% to MSEK 246.7 (214.2).
- EBIT rose 5% to MSEK 24.0 (22.8).
- EBIT margin amounted to 9.7% (10.6).
- Net income was MSEK 18.4 (15.4).
- Earnings per share, before and after dilution, amounted to SEK 1.84 (1.54).

JANUARY–JUNE 2019

- Net sales increased 18% to MSEK 495.1 (421.2).
- EBIT rose 11% to MSEK 53.1 (47.9).
- Net income was MSEK 43.3 (34.5).
- Earnings per share, before and after dilution, amounted to SEK 4.33 (3.45).

SIGNIFICANT EVENTS DURING THE QUARTER

- Patrik Andersson assumed the position of CEO for the Group on May 15.
- Orvar Hurtig was appointed as Head of Product Area *E-mobility*.

GARO Group key figures	April–June 2019	April–June 2018	%	Jan–June 2019	Jan–June 2018	%	R12 ¹	2018
Net sales, MSEK	246.7	214.2	15	495.1	421.2	18	976.2	903.7
EBITDA, MSEK	29.6	26.5	12	63.1	55.3	14	136.7	128.8
EBITDA margin, %	12.0	12.4	-	12.8	13.2	-	14.0	14.3
EBIT, MSEK	24.0	22.8	5	53.1	47.9	11	119.0	113.8
EBIT margin, %	9.7	10.6	-	10.7	11.4	-	12.2	12.6
Net income, MSEK	18.4	15.4	20	43.3	34.5	25	91.5	82.7
Earnings per share ² , SEK	1.84	1.54	20	4.33	3.45	25	9.15	8.27
Cash flow from operating activities, MSEK	23.3	5.6	-	32.5	16.3	-	90.1	73.9
Investments, MSEK	7.8	5.4	-	14.4	13.5	-	23.5	22.7
Depreciation, MSEK	5.6	3.7	-	10.1	7.4	-	17.7	15.0
Equity ratio, %	46.9	47.1	-	46.9	47.1	-	46.9	52.4
Adjusted equity per share ² , SEK	30.3	25.0	-	30.3	25.0	-	29.6	29.6
Return on equity, %	33.1	37.1	-	33.1	37.1	-	33.1	30.1
Net debt (+) / net cash position (-), MSEK	102.3	92.9	-	102.3	92.9	-	102.3	45.7

1) Rolling 12 months, July 2018 – June 2019, 2) Before and after dilution

For definitions of key figures, see page 18

Disclosures according to IAS 34.16A are presented in the financial statements and their notes as well as other parts of the interim report.

GARO develops, manufactures and supplies innovative products and systems for the electrical installations market under its own brand. The company has operations in Sweden, Norway, Finland, Ireland and Poland, and the Group is organized in two business areas: GARO Sweden and GARO Other markets. GARO has a broad product assortment and is a market leader within several product areas. The Group had sales of MSEK 902 in 2018 and has appr 400 employees. Its head office is located in Gnosjö.

The business concept is "with a focus on innovation, sustainability and design, GARO provides profitable complete solutions for the electrical industry."

CEO's comments on the quarter

CONTINUED FAVORABLE PERFORMANCE

GARO continued to grow positively during the quarter, with sales growth of 15% to MSEK 246.7 (214.2) and 18% to MSEK 495.1 (421.2) for the first six months. Growth continues to be driven by robust expansion in *E-mobility* and also in our base *Electrical distribution products* while we are beginning to see signs of a slight slowdown in *Temporary electric installations*. During the quarter, growth in the Sweden business area was 13% and in Other markets 20%, while the corresponding figures for the six-month period were 15% and 22%, respectively.

EBIT for the quarter rose 5% to MSEK 24.0 (22.8), corresponding to an EBIT margin of 9.7% (10.6). In order to meet the rapidly growing demand within E-mobility, GARO made a number of investments during the quarter in the form of market activities and organizational reinforcements resulting in somewhat lower operating margins.

EBIT for the first six months rose 11% to MSEK 53.1 (47.9), corresponding to an EBIT margin of 10.7% (11.4). Adjusted for an item affecting comparability from the first quarter, EBIT was MSEK 56.2, corresponding to an EBIT margin of 11.4%, in line with the year-earlier period.

CONTINUED HIGH ACTIVITY IN E-MOBILITY

The *E-mobility* product area continues to demonstrate high activity and grew 62% during the second quarter. It is gratifying that growth was evenly distributed between Sweden and Other markets. The government has decided to reintroduce "Klimatklivet" and "Ladda-hemma" subsidies to support the construction of charging infrastructure for electric and chargeable hybrid cars. The programs, which are available for home- and semi-public chargers, opened up in the middle of July this year. We can see that interest in our products remains strong in all markets.

During the quarter, Orvar Hurtig was appointed as the new Head of Product Area *E-mobility*. Orvar most recently comes from Toyota Material Handling, where his role is Head of business area automation. With his background, Orvar Hurtig has the potential to further strengthen the division and continue our desired expansion within E-mobility for the Group in existing and new markets.

LAUNCHING NEW PRODUCTS

During the quarter, we launched two new products in the *Temporary electric installations product area* at the Elfack trade fair in Gothenburg: fan heaters and fans. With these launches, our product offering in the construction sector is complete. Both of these products are unique among their kind, since we used software to provide efficient energy use as a part of GARO's digitalization strategy.

During the quarter, we also launched a new cable and street light casing that will open up new markets in the *Electrical distribution products* and *Project business* product areas. The product is also used in power supplies in *E-mobility*. The launch of this casing should also be seen as a part of our work for a more sustainable society as the casing is manufactured in Magnelis® instead of hot galvanized sheet metal.

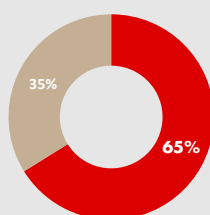
MARKET CONDITIONS

We see a strong trend for the *E-mobility* product area, with further expansion of the charging infrastructure in all markets. Demand for construction-related products in Sweden remains favorable but is expected to slow in 2019 in line with fewer construction starts. However, the important renovation sector has been deemed stable. The trend in other markets served by GARO is expected to remain favorable. All in all, GARO has a positive view of market conditions, mainly driven by the continued expansion of charging infrastructure.

Patrik Andersson

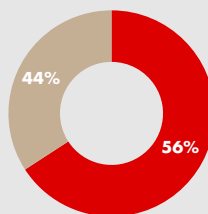
President and CEO

Allocation of net sales per segment, Jan–Jun 2019



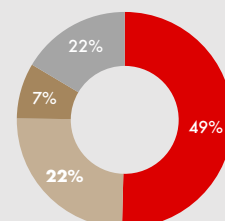
■ GARO Sweden
■ GARO Other markets

Allocation of EBIT per segment, Jan–Jun 2019



■ GARO Sweden
■ GARO Other markets

Allocation of net sales by product area, Jan–Jun 2019



■ Electrical distribution products
■ Project business
■ Temporary electric installation
■ E-mobility

Group figures

April–June 2019

NET SALES

The Group's net sales for the second quarter of 2019 increased 15% to MSEK 246.7 (214.2) as a result of organic growth.

Analysis of change in net sales	April–June 2019 (MSEK)	April–June 2019 (%)	April–June 2018 (MSEK)	April–June 2018 (%)
Year-earlier period	214.2	-	192.0	-
Organic growth	32.0	15%	17.8	9%
Acquisitions and structural changes	-	-	0.8	1%
Exchange-rate effects	0.5	0%	3.6	2%
Current period	246.7	15%	214.2	12%

The Group's net sales for the first half of 2019 increased 18% to MSEK 495.1 (421.2) as a result of organic growth.

Analysis of change in net sales	Jan–Jun 2019 (MSEK)	Jan–Jun 2019 (%)	Jan–Jun 2018 (MSEK)	Jan–Jun 2018 (%)
Year-earlier period	421.2	-	373.6	-
Organic growth	71.9	17%	41.8	11%
Acquisitions and structural changes	-	-	1.7	1%
Exchange-rate effects	2.0	1%	4.1	1%
Current period	495.1	18%	421.2	13%

For definitions of key figures, see page 18

During the quarter, the Sweden business area continued to report healthy growth of 13%, mainly driven by the *Electrical distribution products* and *E-mobility* product areas. Overall sales in construction-related product areas were favorable in the quarter while we started to see signs of a slight slowdown in *Temporary electric installations*.

The Other markets business area reported growth of 20% for the quarter and the performance in all product areas and countries was healthy.

EBIT

EBIT rose 5% to MSEK 24.0 (22.8) in the quarter, which yielded an EBIT margin of 9.7% (10.6). In order to meet the rapidly growing demand within E-mobility, GARO made a number of investments during the quarter in the form of market activities and organizational reinforcements resulting in somewhat lower operating margins.

EBIT for the first half of 2019 rose 11% to MSEK 53.1 (47.9). EBIT includes a reserve of MSEK 3.1 for the outgoing CEO. Adjusted for this comparative item, EBIT was MSEK 56.2, which yielded an EBIT margin of 11.4% (11.4).

NET INCOME

Net income for the second quarter amounted to MSEK 18.4 (15.4) and earnings per share, before and after dilution, amounted to MSEK 1.84 (1.54). Tax for the period was MSEK 5.0 (4.2) and the average effective tax rate for the Group was 20.4% (21.4).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the quarter amounted to MSEK 23.3 (5.6), which was attributable to stronger earnings in combination with a slight increase in working capital compared to the same period last year.

As of June 30, 2019, the Group's net debt was SEK 102.3 (92.9) million. Adjusted net debt amounted to SEK 67.9 M (92.9). The difference between these key ratios is the effect of IFRS16 Leasing.

Investments during the quarter amounted to MSEK 7.8 (5.4), of which MSEK 2.7 pertained to investments in product development.

LIQUIDITY AND FINANCIAL POSITION

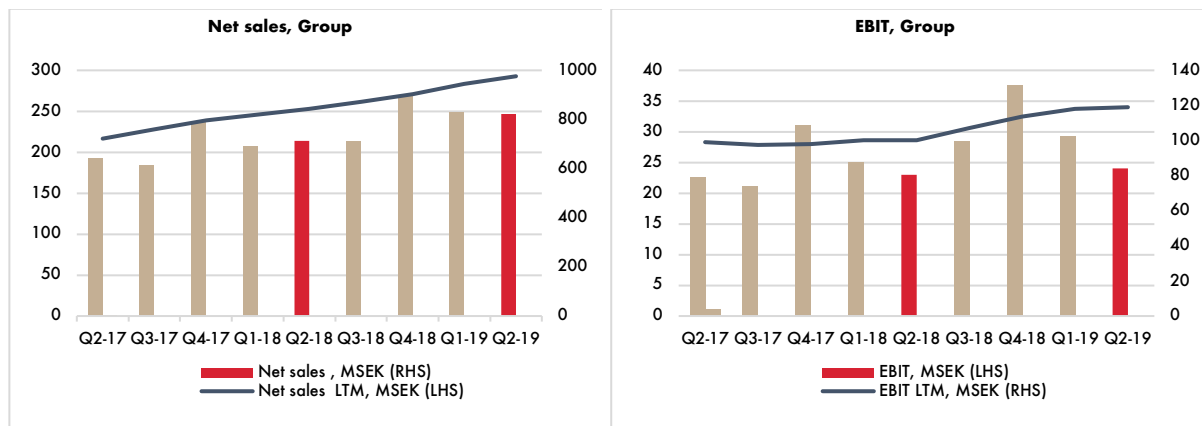
The Group's net debt at the end of the period amounted to MSEK 102.3 compared with MSEK 92.8 for the year-earlier period and MSEK 45.7 at the end of 2018.

Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 66.4 (88.2).

SIGNIFICANT EVENTS DURING THE QUARTER

- Patrik Andersson assumed the position of President and CEO of GARO on May 15.
- Orvar Hurtig was appointed as Head of Product Area *E-mobility*.

From the end of June 2019 until the publication of this report, no significant events or conditions have occurred, favorable or unfavorable, that would require further disclosures.



Income from customers specified by product area and segment

Product area	Sweden segment		Other markets segment	
	April-June 2019	April-June 2018	April-June 2019	April-June 2018
Electrical distribution products	70.8	60.3	54.5	47.6
Project business	46.0	48.3	9.9	9.6
Temporary electric installations	10.1	12.8	0.9	1.7
E-mobility	33.5	20.9	21.0	13.0
Total	160.4	142.3	86.3	71.9

Income from customers specified by product area and segment

Product area	Sweden segment		Other markets segment	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Electrical distribution products	133.5	116.4	108.6	93.5
Project business	90.0	93.7	19.3	18.4
Temporary electric installations	30.8	32.7	2.4	2.9
E-mobility	69.5	38.1	41.1	25.5
Total	323.8	280.9	171.4	140.3

Operations and segments

GARO divides its operations into two business areas: Sweden and Other markets. The Sweden business area comprises the Swedish companies, and the Other markets business area comprises the companies in Norway, Poland, Ireland and Finland.

GARO Sweden

NET SALES AND EARNINGS

Net sales for GARO Sweden increased 13% to MSEK 160.4 (142.3) during the second quarter of the year, mainly driven by strong growth in *Electrical distribution products* and *E-mobility*.

EBIT for the quarter was MSEK 14.8 (15.1) and the EBIT margin amounted to 9.2% (10.6). In order to meet the rapidly growing demand within E-mobility, GARO made a number of investments during the quarter in the form of market activities and organizational reinforcements resulting in somewhat lower operating margins.

PRODUCT AREAS

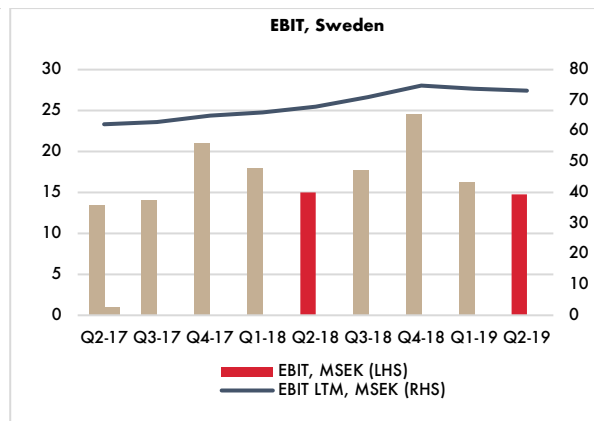
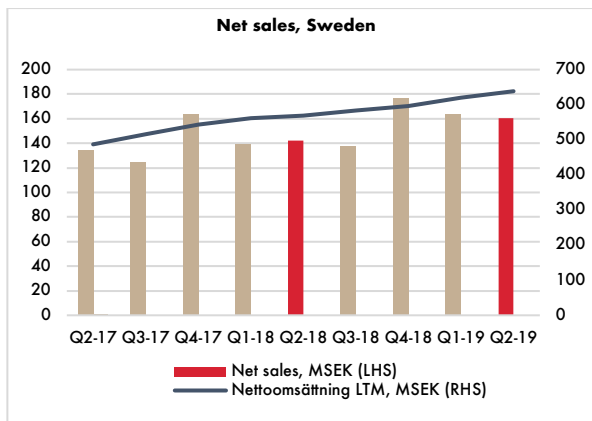
In the company's base area, *Electrical distribution products* GARO is continuing to capture market shares and reported growth of 17% for the quarter. The market for *Electrical distribution products*, in which GARO is represented among all major wholesalers, is estimated to have grown by nearly 3% during the quarter and just over 4% for the first six months.

The product area *Temporary electric installations* showed signs of the beginning of a slowdown during the second quarter compared with the year-earlier period. During the quarter, two new products were launched in connection with the Elfack trade fair in Gothenburg in the *Temporary electric installations* product area: fan heaters and fans. With these launches, our product offering in the construction sector is complete, paving the way for new business. Activity in the *Temporary electric installations* market has, for some time, displayed a higher degree of volatility in recent quarters.

The *E-mobility* product area reported continued strong sales growth throughout the entire product program in Sweden and led to growth of 60% for the second quarter. The Swedish government has decided to reintroduce "Klimatklivet" and "Ladda-hemma" subsidies to support the construction of charging infrastructure for electric and chargeable hybrid cars. The programs, which are available for homes and semi-public chargers, opened on July 15 this year.

GARO Sweden		April–June	April–June	Jan–June	Jan–June		
Key figures		2019	2018	2019	2018	R12	2018
Net sales	MSEK	160.4	142.3	323.8	280.9	638.4	595.5
Growth	%	13	7	15	10	12	10
EBIT	MSEK	14.8	15.1	31.1	32.7	73.2	74.8
EBIT margin	%	9.2	10.6	9.6	11.6	11.5	12.5
Investments	MSEK	6.4	4.2	12.0	7.5	19.3	15.3
Depreciation	MSEK	4.5	2.7	8.0	5.5	13.6	11.0
Number of employees		233	235	233	235	235	234

For definitions of key figures, see page 18



GARO Other markets

NET SALES AND EARNINGS

Net sales for the quarter for GARO Other markets increased 20% to MSEK 86.3 (71.9), with strong volume growth in both *E-mobility* and construction-related product areas overall. All countries where GARO is represented reported a favorable performance.

EBIT was MSEK 9.2 (7.7) and the EBIT margin amounted to 10.7% (10.7) in the second quarter.

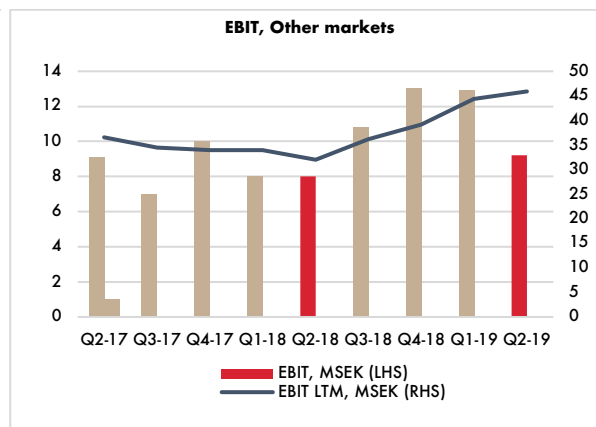
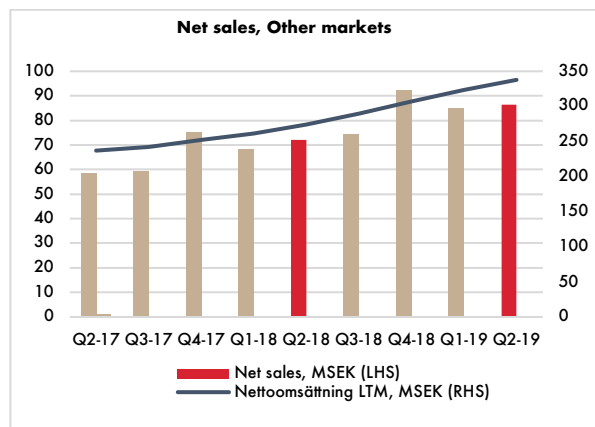
PRODUCT AREAS

The major product area in construction-related product areas *Electrical distribution products* continued to demonstrate stable growth, while overall sales in *Project business* and *Temporary electric installations* were slightly lower.

The *E-mobility* product area reported continued strong sales growth throughout the entire business area of Other markets, albeit from relatively low volumes, excluding Norway. The company has great confidence in the fact that sales of charging infrastructure have picked up in all countries.

GARO Other markets		April–June	April–June	Jan–June	Jan–June		
Key figures		2019	2018	2019	2018	R12	2018
Net sales	MSEK	86.3	71.9	171.4	140.3	337.8	306.7
Growth	%	20	23	22	19	23	22
EBIT	MSEK	9.2	7.7	22.1	15.3	45.9	39.1
EBIT margin	%	10.6	10.7	12.9	10.9	13.6	12.7
Investments	MSEK	1.4	1.2	2.4	6.0	4.2	7.4
Depreciation	MSEK	1.1	1.0	2.0	1.9	4.1	4.0
Number of employees	No.	183	163	183	163	175	168

For definitions of key figures, see page 18



Sustainability

GARO deliberately strives to reduce its climate impact, for example through electric or hybrid company cars, using fuel with a smaller environmental impact and through streamlining internal transportation and delivery. Different sustainability aspects are an integrated part of the company's daily operations. During 2019, work will continue to reduce the company's own climate impact.

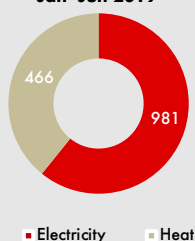
During the second quarter of 2019, products were launched in two different product areas, with a focus on sustainability throughout the entire life cycle:

- New cable and street light casings that are part of GARO's sustainability work. The casing is unique on the market, as it is manufactured out of Magnelis® instead of hot galvanized sheet metal. Magnelis® is a material with very good anti-corrosion properties but that also does not release any toxic metals into the ground, which galvanized sheet metal will do over time.
- A fan and fan heater. Both of these products are unique among their kind, since we used software to provide efficient energy use as a part of GARO's digitalization strategy.

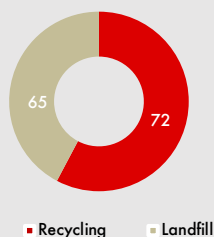
GARO moved into newer, larger premises in Norway during the quarter. As part of the company's sustainability work, the property will be equipped with solar panels to make GARO Norway's energy use self-sustaining during certain parts of the year. The intention is for the solar facility to support the property's charging stations as well.

For more information about GARO's goals for a more sustainable environment, refer to our 2018 Annual Report, pages 34-39.

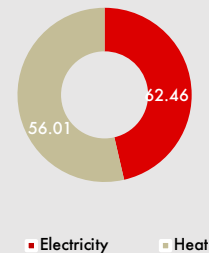
**Energy consumption (MWh)
Group
Jan-Jun 2019**



**Waste (Ton), Group
Jan-Jun 2019**



**Energy consumption (Ton CO₂)
emissions
Jan-Jun 2019**



Parent Company figures

The Parent Company's operations encompass a significant part of the Swedish operations and Group Management, as well as certain Group-wide functions and the Group's finance function.

Net sales for the Parent Company in the second quarter amounted to MSEK 142.5 (120.5), up 18%. Of this amount, MSEK 45.6 (39.6) comprised internal sales to other Group companies.

EBIT during the quarter amounted to MSEK 9.7 (11.8).

About GARO

GARO develops, manufactures and supplies innovative products and systems for the electrical installations market under its own brand. The company has operations in Sweden, Norway, Finland, Ireland and Poland, and the Group is organized in two business areas: GARO Sweden and GARO Other markets. GARO has a broad product assortment and is a market leader within several product areas. The Group has appr. 400 employees and its head office is located in Gnosjö. The share is listed on Nasdaq Stockholm.

BUSINESS CONCEPT

With a focus on innovation, sustainability and design, GARO provides profitable complete solutions for the electrical industry.

VISION

Determined to meet tomorrow's opportunities, we are constantly evolving to be the leading innovator in our product areas.

MISSION

Through knowledge, innovation and commitment, our common desire is to develop complete solutions that are future-proof.

FINANCIAL TARGETS

- Sales growth: Organic growth will amount to not less than 10% per year.
- Profitability: The EBIT margin for the Group will amount to not less than 10% of net sales per year.
- Return: Return on equity will amount to not less than 20%.
- Equity ratio: The equity ratio will be not less than 30%.
- Dividend policy: The dividend will amount to approximately 50% of the Group's net earnings after tax. The dividend proposal must take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements.

VALUES

- Innovative: We are an innovative force that develops opportunities and business for our customers. This makes us a dedicated, responsive and active partner.
- Pride: Our unique history, strong development and bright future, have created our special "GARO culture." It gives us confidence and pride in everything we do.
- Expertise: We are experts in what we do and value the knowledge that leads to our clients' development and profitability.

Overview

NATURE OF OPERATIONS

GARO develops, manufactures and supplies innovative products and systems for the electrical installations market under its own brand. The company has operations in Sweden, Norway, Finland, Ireland and Poland, and the Group is organized in two business areas: GARO Sweden and GARO Other markets. GARO has a broad product assortment and is a market leader within several product areas.

The business concept is *"with a focus on innovation, sustainability and design, GARO provides profitable complete solutions for the electrical industry."*

SEASONAL VARIATIONS

GARO's operations are, to a certain degree, subject to season variations. GARO's sales are generally stable from one quarter to the next, but can fluctuate monthly within the quarter. Sales can be somewhat lower during the vacation months (July–August) and from December to January. During periods of high production, GARO is normally tied up in working capital. Cash and cash equivalents is freed from working capital after the busy season, when the finished products have been installed in customers' facilities and invoices have been paid.

RISKS AND UNCERTAINTIES

GARO's risks and uncertainties are described in Note 3 on pages 57–60 of the 2018 Annual Report. The Annual Report is available at www.garo.se. IFRS 16 Leases applies from January 1, 2019 with a modified retrospective approach. The company believes that this new application of IFRS 16 entails some changes that affect the company's risks and uncertainties compared with how they were described in the 2018 Annual Report. Aside from these, no other changes have affected the company's view of risks and uncertainties.

ALTERNATIVE PERFORMANCE MEASURES

In this interim report, GARO presents certain financial measures that are not defined by IFRS, known as alternative performance measures. The Group believes that these measures provide valuable supplementary information to investors since they enable evaluations of the company's earnings and financial position. These financial measures are not always comparable with the measures used by other companies since not all companies calculated them in the same way. Investors should view these financial measures as a supplement rather than a replacement of financial reporting in accordance with IFRS.

RELATED-PARTY TRANSACTIONS

Related-party transactions took place to the same extent as previously, and the same principles were applied as those described in the 2018 Annual Report.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34, 16A are presented in the financial statements and their notes in the interim information on pages 1–23, which constitute an integrated part of this financial statement.

The Parent Company's interim report was prepared in accordance with Chapter 9 of the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

GARO AB applies the same accounting policies as in the most recent Annual Report, except that GARO AB from January 1, 2019 applies IFRS 16, which requires that assets and liabilities attributable to all leases, with some exceptions, are recognized in the balance sheet.

The implementation of IFRS 16 means that almost all leases are recognized in the lessee's balance sheet, since there is no longer any distinction made between operating and finance leases. According to the new standard, an asset (the right to use a leased asset) and a financial liability regarding the obligation to pay lease payments are reported. Short-term leases and low-value assets are exempt.

Implementing IFRS 16 has entailed a change in the Group's accounting policies, which are applied using the modified retrospective approach. This means that the opening balance has been restated at January 1, 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amount in MSEK</i>	April–June 2019	April–June 2018	Jan–Jun 2019	Jan–Jun 2018	R12	Jan–Dec 2018
Operating income						
Net sales	246.7	214.2	495.1	421.2	976.2	903.7
Other operating income	2.1	1.1	3.4	2.7	4.9	2.7
Total operating income	248.8	215.3	498.6	423.9	981.1	906.4
Operating expenses						
Raw materials and consumables	-124.3	-108.5	-249.7	-211.9	-494.9	-457.1
Other external expenses	-34.8	-26.5	-66.6	-52.6	-130.2	-116.1
Personnel expenses	-60.1	-53.7	-119.0	-104.0	-219.3	-204.4
Depreciation/amortization of tangible and intangible assets	-5.6	-3.7	-10.1	-7.4	-17.7	-15.0
Other operating expenses	-	-	-	-	-	-
EBIT	24.0	22.8	53.1	47.9	119.0	113.8
Result from financial items						
Net financial income/expenses	-0.5	-3.2	0.9	-4.1	-3.1	-8.1
Profit before tax	23.5	19.6	54.1	43.9	116.0	105.7
Income tax	-5.0	-4.2	-10.8	-9.3	-24.5	-23.0
Net income	18.4	15.4	43.3	34.5	91.5	82.7
Other comprehensive income:						
Items that may be reclassified to the income statement						
Translation differences	3.0	2.7	3.0	2.7	1.1	1.5
Other comprehensive income, net	3.0	2.7	3.0	2.7	1.1	1.5
Total comprehensive income for the year	21.4	18.1	46.3	37.2	92.6	84.2
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company						
Key ratios per share						
Average number of shares	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Earnings per share, before and after dilution, SEK	1.84	1.54	4.33	3.45	9.15	8.27

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amount in MSEK</i>	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS			
Fixed assets			
Intangible assets	60.4	52.9	55.1
Tangible assets	145.7	101.3	100.3
Financial assets	9.2	9.6	10.3
Total fixed assets	215.3	163.8	165.7
Current assets			
Inventories	189.6	151.2	161.8
Accounts receivable	220.4	189.6	218.7
Other current receivables	13.0	17.4	11.1
Cash and cash equivalents	7.1	8.3	8.4
Total current assets	430.1	366.5	400.1
TOTAL ASSETS	645.5	530.2	565.8
EQUITY AND LIABILITIES			
Share capital	20.0	20.0	20.0
Other reserves	6.6	4.9	3.6
Other equity including net income for the period	275.9	224.7	272.6
Total equity	302.5	249.6	296.2
Long-term liabilities			
Liabilities to credit institutions	67.9	38.8	36.4
Other provisions	1.6	1.6	1.5
Deferred tax liabilities	2.0	4.6	2.0
Total long-term liabilities	71.4	45.0	39.9
Short-term liabilities			
Liabilities to credit institutions	41.5	62.3	17.7
Accounts payable	118.5	80.8	103.4
Other short-term liabilities	111.5	92.5	108.6
Total short-term liabilities	271.5	235.7	229.7
TOTAL EQUITY AND LIABILITIES	645.5	530.2	565.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders in the Parent Company <i>Amount in MSEK</i>	Share capital	Reserves	Retained results	Total equity
Equity at January 1, 2018	20.0	2.1	230.6	252.7
Net income for the period			82.7	82.7
Other comprehensive income for the period		1.5		1.5
Dividend to shareholders			-40.4	-40.4
Change in value, liability, put option			-0.3	-0.3
Closing equity, December 31, 2018	20.0	3.6	272.6	296.2
Equity at January 1, 2019	20.0	3.6	272.6	296.2
Net income for the period			43.3	43.3
Other comprehensive income for the period		3.0		3.0
Dividend to shareholders			-40.0	-40.0
Change in value, liability, put option			0.0	0.0
Closing equity, June 30, 2019	20.0	6.6	275.9	302.5

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

<i>Amount in MSEK</i>	April–June 2019	April–June 2018	Jan–Jun 2019	Jan–Jun 2018	R12	Jan–Dec 2018
Operating activities						
Cash flow from operating activities before changes in working capital	25.2	21.0	49.2	38.7	110.5	99.9
Cash flow from changes in working capital	-1.9	-15.4	-16.7	-22.4	-20.4	-26.0
Cash flow from operating activities	23.3	5.6	32.5	16.3	90.1	73.9
Investing activities						
Investments in intangible assets	-3.8	-3.1	-6.1	-4.3	-11.0	-9.3
Acquisition of subsidiaries	-	-	-	-	-	-
Investments in tangible assets	-4.7	-2.3	-9.0	-9.2	-13.8	-13.9
Disposal of tangible assets	0.7	0.3	0.7	0.6	1.3	1.3
Cash flow from investing activities	-7.8	-5.1	-14.4	-12.9	-23.5	-21.9
Financing activities						
Net borrowing/amortization of loans	23.9	27.9	20.0	16.9	-28.3	-31.5
Dividend paid to shareholders	-40.0	-40.4	-40.0	-40.4	-40.0	-40.4
Cash flow from financing activities	-16.1	-12.5	-20.0	-23.6	-68.3	-71.9
Cash flow for the period	-0.7	-12.0	-1.9	-20.2	-1.6	-19.9
Currency effect in cash and cash equivalents	-0.6	0.2	0.6	0.3	0.4	0.1
Cash and cash equivalents, start of the period	8.4	20.1	8.4	28.2	8.3	28.2
Cash and cash equivalents, end of the period	7.1	8.3	7.1	8.3	7.1	8.4

CONDENSED PARENT COMPANY INCOME STATEMENT

<i>Amount in MSEK</i>	April–June 2019	April–June 2018	Jan–Jun 2019	Jan–Jun 2018	Jan–Dec 2018
Operating income					
Net sales	142.5	120.5	291.4	237.7	528.6
Other operating income	4.1	3.2	7.4	5.4	10.7
Total income	146.5	123.7	298.9	243.1	539.3
Operating expenses					
Raw materials and consumables	-90.8	-74.7	-186.0	-146.6	-331.4
Other external expenses	-16.8	-15.0	-33.1	-27.2	-52.0
Personnel expenses	-28.1	-19.6	-58.6	-42.2	-95.4
Depreciation/amortization of tangible and intangible assets	-2.3	-2.4	-4.6	-4.9	-9.9
Other operating expenses	1.3	-	2.6	-	5.9
EBIT	9.7	11.8	19.2	22.1	56.5
Result from financial items					
Profit from participations in Group companies	-	18.0	-	18.0	30.3
Net interest income and similar items	1.2	0.5	2.3	1.7	2.5
Net interest expenses and similar items	-1.1	-2.7	-	-4.4	-8.3
Profit before tax	9.9	27.6	21.5	37.4	80.9
Appropriations	-	-	-	-	13.0
Income tax	-2.2	-2.1	-4.4	-4.3	-15.5
Net income	7.7	25.5	17.1	33.1	78.4

The Parent Company does not have any items recognized as other comprehensive income which is why total comprehensive income corresponds to net income.

CONDENSED PARENT COMPANY BALANCE SHEET

<i>Amount in MSEK</i>	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS			
Intangible assets	21.0	12.5	15.6
Tangible assets	51.5	49.4	49.6
Participations in Group companies	43.7	43.7	43.7
Other financial assets	26.2	25.4	24.1
Total fixed assets	142.4	131.0	133.0
Current assets			
Inventories	66.8	61.2	55.4
Accounts receivable	97.8	83.1	101.1
Other receivables	86.7	90.1	96.1
Cash and bank balances	-	-	-
Total current assets	251.3	234.5	252.7
TOTAL ASSETS	393.7	365.5	385.7
EQUITY AND LIABILITIES			
Share capital	20.0	20.0	20.0
Fund for internal development expenses	13.6	1.8	8.2
Statutory reserve	2.6	2.6	2.6
Non-restricted equity including net income for the period	158.5	147.9	186.8
Total equity	194.7	172.3	217.6
Untaxed reserves	0.9	7.9	0.9
Provisions	2.8	3.3	2.8
Long-term liabilities			
Liabilities to credit institutions	18.8	21.9	20.4
Total long-term liabilities	18.8	21.9	20.4
Short-term liabilities			
Short-term interest-bearing liabilities	31.2	53.8	11.1
Short-term non-interest-bearing liabilities	145.3	106.3	132.9
Total short-term liabilities	176.5	160.1	144.0
TOTAL EQUITY AND LIABILITIES	393.7	365.5	385.7

SALES AND EBIT BY SEGMENT

	Sweden		Other markets		Elimination		Group	
Segment information	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Sales								
Total net sales	209.4	186.1	136.1	110.2	-98.8	-82.1	246.7	214.2
Internal net sales	-49.0	-43.8	-49.7	-38.3	98.8	82.1	-	-
External net sales	160.4	142.3	86.3	71.9	-	-	246.7	214.2
EBIT	14.8	15.6	9.2	7.7	-	-	24.0	22.8
Net financial income/expenses	-	-	-	-	-	-	-0.5	-3.2
Tax expense for the year	-	-	-	-	-	-	-5.0	-4.2
Net income for the year	-	-	-	-	-	-	18.4	15.4

GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		April-June 2019	April-June 2018	Jan-Jun 2019	Jan-Jun 2018	R12 2018	Full- year 2018	Full- year 2017	Full- year 2016	Full- year 2015
Net sales	MSEK	246.7	241.2	495.1	421.2	976.2	902.3	796.0	657.8	554.1
Growth	%	15	12	18	13	16	13	21	19	25
EBITDA	MSEK	29.6	26.5	63.2	55.3	136.7	128.8	110.3	84.8	74.3
EBITDA margin	%	12.0	12.4	12.8	13.1	14	14.3	13.9	12.9	13.4
EBIT	MSEK	24.0	22.8	53.1	47.9	119	113.8	98.1	73.8	62.4
EBIT margin	%	9.7	10.6	10.7	11.4	12.2	12.6	12.3	11.2	11.3
Earnings per share, before and after dilution	SEK	1.84	1.54	4.33	3.45	9.15	8.27	n/a	n/a	n/a
Equity per share	SEK	30.3	25.0	30.3	25.0	32.3	29.6	25.3	19.4	-
Return on equity*	%	33.1	37.1	33.1	37.1	33.1	30.1	38.3	32.4	31.3
Investments	MSEK	7.8	5.4	14.4	13.5	23.5	21.9	51.4	12.8	13.8
Amortization/depreciation	MSEK	5.6	3.7	10.1	7.4	17.7	15.0	12.2	11.0	11.9
Equity ratio	%	46.9	47.1	46.9	47.1	46.9	52.4	47.3	52.0	49.8
Net debt	MSEK	102.3	92.9	102.3	92.9	102.3	45.7	56.1	-17.3	-0.4
Net debt/EBITDA*	multiple	0.7	0.8	0.7	0.8	0.8	0.4	0.5	-0.2	0.0
Number of employees		416	398	416	398	410	402	376	274	254

For definitions of key figures, see page 18

KEY FIGURES AFFECTED BY IFRS 16

		April-June 2019	Adj. for effects of IFRS 16	Pro forma Apr-Jun 2019	April-June 2018	Jan-Jun 2019	Adj. for effects of IFRS 16	Pro forma Jan-Jun 2019	Jan-Jun 2018
EBITDA	MSEK	29.6	-1.2	28.4	26.5	63.2	-3.3	59.9	55.3
EBITDA margin	%	12.0	-0.4	11.6	12.4	12.8	-0.7	12.1	13.2
EBIT	MSEK	24.0	-	24.0	22.8	53.1	-0.1	53.0	47.9
Net debt	MSEK	102.3	-41.8	60.5	92.9				
Equity ratio	%	46.9	+3.2	50.1	47.1				

For definitions of key figures, see page 18

QUARTERLY FIGURES

Consolidated income statement	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Amount in MSEK</i>	2019	2019	2018	2018	2018	2018	2017	2017	2017	2017
Net sales	246.7	248.4	268.4	212.7	214.2	207.0	238.3	184.1	192.0	181.6
Operating expenses	-222.8	-219.2	-230.9	-184.2	-191.4	-181.9	-207.4	-163.0	-169.5	-158.0
EBIT	24.0	29.2	37.5	28.5	22.8	25.1	30.9	21.1	22.5	23.6
Net financial income/expenses	-0.5	1.4	-1.3	-2.8	-3.2	-0.8	-1.6	-0.3	-0.2	-0.1
Profit before tax	23.5	30.6	36.2	25.7	19.6	24.3	29.3	20.8	22.3	23.5
Tax	-5.0	-5.7	-10.7	-3.0	-4.2	-5.2	-3.3	2.4	-4.4	-5.0
Net income	18.4	24.8	25.5	22.7	15.4	19.1	26.0	23.2	17.9	18.5

Net sales per segment	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Amount in MSEK</i>	2019	2019	2018	2018	2018	2018	2017	2017	2017	2017
GARO Sweden	160.4	163.4	176.4	138.3	142.3	138.6	163.5	124.9	133.5	121.8
GARO Other markets	86.3	85.0	92.0	74.4	71.9	68.4	74.8	59.2	58.5	59.8
Total Group	246.7	248.4	268.4	212.7	214.2	207.0	238.3	184.1	192.0	181.6

EBIT per segment	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Amount in MSEK</i>	2019	2019	2018	2018	2018	2018	2017	2017	2017	2017
GARO Sweden	14.8	16.3	24.5	17.7	15.1	17.5	20.8	14.1	13.4	16.2
GARO Other markets	9.2	12.9	13.0	10.8	7.7	7.6	10.1	7.0	9.1	7.4
Total Group	24.0	29.2	37.5	28.5	22.8	25.1	30.9	21.1	22.5	23.6

Key figures, alternative performance measures and definitions

The performance measures in this report take into account the nature of the operations and are deemed to provide relevant information to shareholders and other stakeholders and also enable comparability with other companies.

Organic growth: organic growth with adjustments for currency effects from operations in currencies other than SEK.

EBITDA: Earnings before interest, taxes, depreciation and amortization

EBITDA margin, %: EBITDA as a percentage of net sales for the period

EBIT: Earnings before interest and tax

EBIT margin, %: EBIT as a percentage of net sales for the period

Earnings per share, before and after dilution, SEK: Net income for the period divided by the number of shares at the end of the period

Equity per share, SEK: Equity divided by the number of shares at the end of the period

Return on equity, %: Net income for the past 12 months divided by average equity

Equity ratio, %: Equity as a percentage of total assets

Net debt: Interest-bearing liabilities, leasing liabilities in accordance with IFRS 16 minus assets including cash and cash equivalents

Net debt/EBITDA, multiple: Net debt at the end of the period as a percentage of EBITDA for the past 12 months

R12: A summary of the outcome of the past 12 months

Alternative performance measures

GARO uses certain performance measures that are not defined in the rules for financial reporting that GARO applies. The goal of these performance measures is to create better understanding of how the operations are performing. It must be stressed that these alternative performance measures, as defined, are not entirely comparable with performance measures of the same name used by other companies.

Organic growth: organic growth with adjustments for currency effects from operations in currencies other than SEK.

EBITDA: Earnings before interest, taxes, depreciation and amortization

EBITDA margin, %: EBITDA as a percentage of net sales for the period

R12: A summary of the outcome of the past 12 months

Net debt: Interest-bearing liabilities minus assets including cash and cash equivalents

Economic information

INVITATION TO PRESENTATION FOR THE PRESS AND ANALYSTS

On August 22, 9:30 a.m., the President and CEO Patrik Andersson and CFO Helena Claesson will present the report for the second quarter and respond to questions in a teleconference.

Telephone number:

Sweden: 010 884 80 16

International: +44 20 3936 2999

Code: 414711

The presentation used during this teleconference can be downloaded at www.garo.se under Investor Relations. A recording of the teleconference will be available on the company's website afterwards.

FOR MORE INFORMATION, PLEASE CONTACT:

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Helena Claesson, CFO: +46 70 676 07 50

Malin Rylander Thordén, IR Director: +46 76 894 95 96

FINANCIAL CALENDAR

Coming report occasions:

Third quarter of 2019:

November 7, 2019

Year-end report

February 18, 2020

First quarter of 2020

May 19, 2020

2019 Annual General Meeting

May 19, 2020

FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking and the actual outcome may be significantly different. In addition to the specifically mentioned factors, other factors may have a material impact on the actual outcome. Such factors include, but are not limited to, the general economic climate, exchange-rate fluctuations and changes in interest rates, political developments, the impact of competing products and the prices of such products, difficulties associated with product development and commercialization, technical problems, interruptions to the access to raw materials and credit losses attributable to major customers.

ASSURANCE BY THE BOARD AND CEO

The CEO and Board assure that this interim report provides a fair review of the Group's and Parent Company's operations, financial position and earnings, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Gnosjö, August 22, 2019

GARO AB (publ), (Corp. ID. No. 556051-7772)

Stefan Jonsson
Chairman

Rickard Blomqvist
Board member

Susanna Hilleskog
Board member

Per Holmstedt
Board member

Mari-Katharina Kadowaki
Board member

Lars-Åke Rydh
Board member

Jonas Lothander
Board member
Employee representative

Patrik Andersson
President and CEO

This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was published by the abovementioned contact persons on August 22, 2019, at 7:30 CEST.