



INTERIM REPORT JANUARY - JUNE 2020

IMPROVED EBIT MARGIN DURING THE SECOND QUARTER

APRIL–JUNE 2020

- Net sales amounted to MSEK 238.3 (247.3).
- EBIT amounted to MSEK 30.3 (24.0).
- EBIT margin amounted to 12.7% (9.7).
- Net income was MSEK 18.1 (18.4).
- Earnings per share, before and after dilution, amounted to SEK 1.81 (1.84).

JANUARY–JUNE 2020

- Net sales amounted to MSEK 486.6 (496.1).
- EBIT amounted to MSEK 49.1 (53.1).
- EBIT margin amounted to 10.1% (10.7).
- Net income was MSEK 32.6 (43.3).
- Earnings per share, before and after dilution, amounted to SEK 3.26 (4.33).

SIGNIFICANT EVENTS DURING THE QUARTER

- In April, GARO carried out an efficiency program resulting in the reduction of personnel in 18 positions, primarily comprising white-collar employees in Sweden and Poland, which charged EBIT for the second quarter with MSEK 2.3.
- In May, GARO signed an agreement for the acquisition of 70% of shares in EV Charge Partner Sweden AB, a company active in service and support for E-mobility. Possession and consolidation of the shares took place on June 1.

GARO Group key figures	Apr–Jun 2020	Apr–Jun 2019	%	Jan–Jun 2020	Jan–Jun 2019	%	R12 ¹	Jan–Dec 2019
Net sales, MSEK	238.3	247.3	-4	486.6	496.1	-2	997.0	1,006.5
EBITDA, MSEK	37.1	29.6	25	62.2	63.1	-1	133.9	134.9
EBITDA margin, %:	15.6	12.0	-	12.8	12.8	-	13.4	13.4
EBIT, MSEK	30.3	24.0	26	49.1	53.1	-8	108.6	112.6
EBIT margin, %	12.7	9.7	-	10.1	10.7	-	10.9	11.2
Net income, MSEK	18.1	18.4	-3	32.6	43.3	-25	75.1	85.7
Earnings per share ¹ , SEK	1.81	1.84	-3	3.26	4.33	-25	7.51	8.57
Cash flow from operating activities, MSEK	10.6	25.3		1.8	35.8		88.8	121.9
Investments, MSEK	17.3	8.5		26.4	15.1		45.4	33.4
Depreciation, MSEK	6.8	5.6		13.1	10.1		25.3	22.3
Equity ratio, %	56.2	46.9		56.2	46.9		56.2	52.2
Adjusted equity per share ² , SEK	37.2	30.3		37.2	30.3		37.2	34.3
Return on equity, %	22.3	33.1		22.3	33.1		22.3	26.8
Net debt (+) / net cash position (-), MSEK	70.7	110.3		70.7	110.3		70.7	45.6

For definitions of key figures, see page 18

GARO AB (publ) Corp. Reg. No. 556071-7772 is a company that develops, manufactures and markets innovative products and systems for the electrical installations market under its own brand. GARO's customer offering is to provide an overall responsibility in the product areas of Electrical distribution products, E-mobility, Project business & Temporary electric installations with a focus on electrical safety, user-friendliness and sustainability. GARO was founded in 1939, has its head office in Gnosjö and is today an international company with operations in six countries with around 400 employees. The company's production units in Sweden are located in Gnosjö and Värnamo, as well as in Szczecin, Poland. GARO's sales in 2019 amounted to MSEK 1,008. GARO is listed on Nasdaq Stockholm under the ticker name GARO.

CEO's comments on the quarter

IMPROVED EBIT MARGIN DURING THE SECOND QUARTER

Net sales for the second quarter amounted to MSEK 238, which was 4% lower compared with the year-earlier period. The sales trend in GARO Sweden was stable during the quarter in all product areas while GARO Other markets was lower due to the prevailing coronavirus pandemic. We have enjoyed healthy sales of recreational products used to control, measure and power marinas and camping sites as a result of an increase in people spending their vacations at home. We noted that our new cable cabinet in the Project business product area was well received, with deliveries starting in the first quarter of the year. We see clear synergies with the E-mobility product area here as the electric car chargers can be powered and controlled using this cable cabinet.

Sales in GARO Other markets were negatively impacted by the restrictive measures adopted to combat the spread of COVID-19. This mainly related to Ireland and the UK but also to some degree in Norway. Sales increased in Finland despite an extensive shutdown.

EBIT for the quarter improved to MSEK 30.3 (24.0) and the EBIT margin amounted to 12.7% (9.7). A positive product mix in E-mobility, lower selling expenses, higher production efficiency and general strict cost control were the key reasons for higher profitability.

E-MOBILITY

Sales of E-mobility products were healthy during the quarter in Sweden, mainly driven by high demand for wall boxes. In Norway, sales were lower at the beginning of the quarter but recovered by means of two important orders of DC chargers (fastchargers) near the end of the period. Interest for GARO's proprietary DC charger – GARO Althea – is substantial and client feedback is positive. The product is characterized by its user-friendliness, reliability and durability. The first deliveries will be made during the third quarter. Demand for charging infrastructure for private use, at work and apartment blocks remains high in all markets, and our newly released Twin wall box noted high demand during the second quarter.

Today, GARO E-mobility is a market-leading supplier with an in-house product range covering everything for charging electric cars. Our offering was strengthened during the quarter by acquiring 70% of EV Charge Partner Sweden AB. The company carries out service and support as well as the commissioning of charging infrastructure primarily for charging operators and power companies in Sweden and Poland.

UPDATE ON COVID-19 AHEAD OF THE THIRD QUARTER

The ongoing pandemic has had relatively limited impact on the demand for GARO's products in Sweden to date. However, the effects were relatively extensive in April and May in other markets that shut down to varying degrees. Nevertheless, sales in these markets have gradually increased in line with economies reopening toward the end of the quarter. At the time of writing, demand in Sweden remains healthy, while GARO Other markets is showing a gradual yet cautious recovery. To date, GARO has not applied for or received any financial support from the Swedish Agency for Economic and Regional Growth as a result of COVID-19.

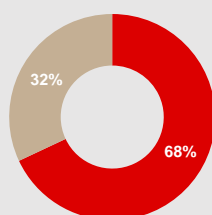
MARKET CONDITIONS

We assess that the core market conditions have essentially not changed aside from the pandemic, even though great uncertainty prevails in society in regard to the pandemic's long-term consequences on the economy. The market for E-mobility is growing structurally with rising numbers of rechargeable vehicles, and we see a continuing strong trend with further expansion of the charging infrastructure in all markets. Demand for construction-related products in Sweden combined with the important renovation sector is expected to remain stable. However, housing construction is expected to slow in line with a reduced number of construction starts. The trend in other markets served by GARO, aside from the pandemic, is expected to be similar. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in E-mobility.

Patrik Andersson

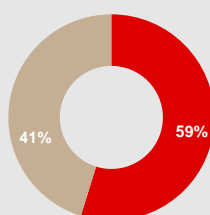
President and CEO

Allocation of net sales per business area, Jan–Jun 2020



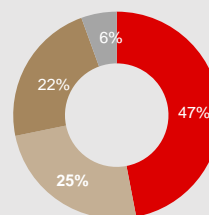
■ GARO Sweden
■ GARO Other markets

Allocation of EBIT by segment, Jan–Jun 2020



■ GARO Sweden
■ GARO Other markets

Allocation of net sales by product area, Jan–Jun 2020



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

Group figures

NET SALES

The Group's net sales for the second quarter of 2020 were nearly 4% lower compared to the year-earlier period, primarily due the effects of COVID-19 and the shutdown of economies, particularly in GARO Other markets.

Analysis of change in net sales	Apr-Jun 2020 (MSEK)	Apr-Jun 2020 (%)	Apr-Jun 2019 (MSEK)	Apr-Jun 2019 (%)
Year-earlier period	247.3	-	214.2	-
Organic growth	-8.4	-3.4	32.6	15
Acquisitions and structural changes	0.4	-	-	-
Exchange-rate effects	-1.0	-0.3	0.5	0
Current quarter	238.3	-3.7%	247.3	15%

The Group's net sales for the first half of 2020 were 2% lower compared with the corresponding period in 2019.

Analysis of change in net sales	Jan-Jun 2020 (MSEK)	Jan-Jun 2020 (%)	Jan-Jun 2019 (MSEK)	Jan-Jun 2019 (%)
Year-earlier period	496.1	-	421.2	-
Organic growth	-9.9	-2	72.9	17
Acquisitions and structural changes	0.4	-	-	-
Exchange-rate effects	0	0	2.0	1
Current period	486.6	-2%	496.1	18%

For definitions of key figures, see page 18

During the quarter, GARO Sweden reported growth of 4% driven by strong performance in E-mobility and solid performance in Electrical distribution products and Project business. The performance for Temporary electric installations remained negative.

GARO Other markets declined 16% during the quarter, primarily as result of the effects of the pandemic.

EBIT

EBIT for the quarter improved to MSEK 30.3 (24.0) and the EBIT margin amounted to 12.7% (9.7). EBIT was positively impacted by exchange-rate fluctuations of MSEK 5.9 (-1.2) during the quarter, as the SEK and NOK recovered markedly against the EUR, an important purchasing currency. Earnings were charged with MSEK 2.3 for expenses related to the completed efficiency program which affected 18 positions, primarily comprising white-collar employees in our Swedish and Polish operations. A positive product mix in E-mobility, lower selling expenses, higher production efficiency and good cost control in general are the main reasons for improved profitability.

NET INCOME

Net financial items amounted to MSEK -6.8 (-0.5) for the quarter, where positive movements in exchange rates with a strong recovery of the SEK and NOK against the EUR affected hedging negatively by MSEK 3.3 and negative currency effects on financial assets of MSEK 2.5.

Net income amounted to MSEK 18.1 (18.4) and earnings per share, before and after dilution, amounted to MSEK 1.81 (1.84). Tax was MSEK -5.5 (-5.0).

ACQUISITION OF EV CHARGE PARTNER SWEDEN AB

From June 1, 2020, GARO AB acquired 70% of shares in EV Charge Partner Sweden AB. EV Charge Partner is a company that carries out service and support as well as the commissioning of charging infrastructure primarily for charging operators and power companies in Sweden and Poland. In connection with the acquisition, GARO also received the right and obligation to acquire an additional 10% of the shares in EV Charge Partner during 2022. Additionally, GARO received the option to acquire – and Davids Elteknik an option to sell – the remainder of shares outstanding in EV Charge Partner after the close of 2025.

In 2019, company sales amounted to MSEK 9.2 with an EBIT of MSEK 0.8. EV Charge Partner employs eight people and is based in Gnosjö, Sweden. The purchase consideration for 70% of the shares of EV Charge Partner amounted

to MSEK 5.6. Operations for the company are run in rented premises nearby GARO, which have been transferred to GARO Fastigheter AB, in conjunction with the acquisition at a purchase consideration of MSEK 5.3.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the quarter amounted to MSEK 10.6 (25.3), which was primarily attributable to higher tied-up working capital than in the year-earlier period, mainly as a result of lower accounts payable. Cash flow from operating activities amounted to MSEK 1.8 (35.8) for the six-month period between January and June 2020 and MSEK 121.9 for the full-year of 2019.

Investments for the quarter, excluding investments in subsidiaries, amounted to MSEK 11.7 (8.5), of which MSEK 4.7 (3.8) pertained to product development. Property transferred in conjunction with the acquisition of EV Charge Partner is included in the amount of MSEK 5.3. The company has also invested in right-of-use assets (leases and rental contracts) amounting to MSEK 4.5 (33.7) during the quarter. Investments in right-of-use assets for the first half of 2020 amounted to MSEK 5.7 (34.4).

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt at the end of the period amounted to MSEK 70.7 compared with MSEK 110.3 for the year-earlier period and MSEK 45.6 at the end of 2019. The Group net debt excluding effects of IFRS 16 amounted to MSEK 31.1.

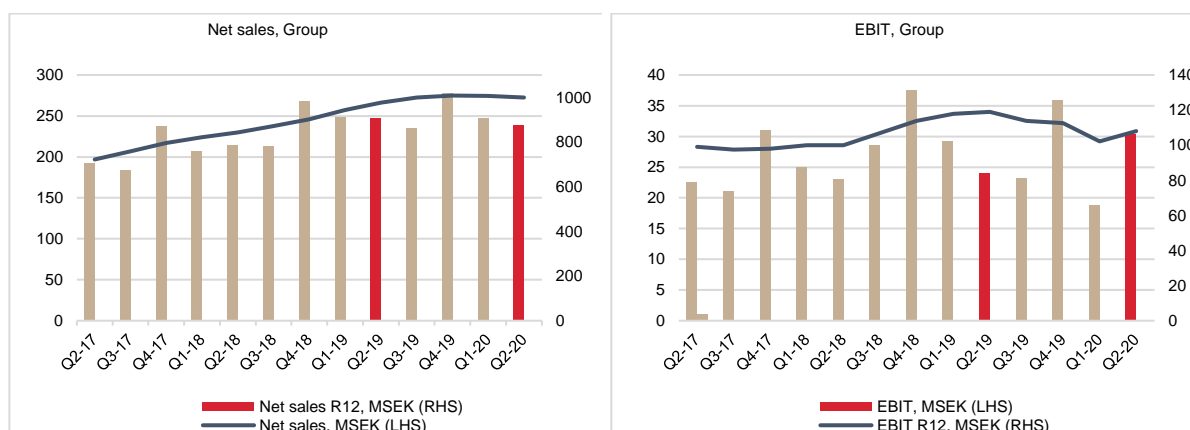
Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 102.9 (66.4) and the equity ratio was 56.2% (46.9).

In April, the Board of Directors withdrew the previously communicated proposal concerning dividends as a precautionary measure before the Annual General Meeting, which is the primary explanation for the Group's improved net debt and equity ratio compared with the year-earlier period.

SIGNIFICANT EVENTS DURING THE END OF THE QUARTER

- In April, GARO carried out an efficiency program resulting in the reduction of personnel in 18 positions, primarily comprising white-collar employees in Sweden and Poland, which charged EBIT for the second quarter with MSEK 2.3.
- In May, GARO signed an agreement for the acquisition of 70% of shares in EV Charge Partner Sweden AB, a company active in service and support for E-mobility. Possession and consolidation of the shares took place on June 1.

From the end of June 2020 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 BUSINESS AREA

Product area	GARO Sweden		GARO Other markets		Total	
	April–Jun 2020	Apr–Jun 2019	Apr–Jun 2020	Apr–Jun 2019	Apr–Jun 2020	April–June 2019
Electrical distribution products	67.9	70.8	45.0	54.5	112.9	125.3
Project business	45.7	45.5	7.2	9.9	52.9	55.4
Temporary electric installations	8.9	10.1	0.9	0.9	9.8	11.0
E-mobility	44.0	33.5	19.6	21.0	63.6	54.5
Total	166.5	159.9	72.7	86.3	239.2	246.2

Product area	GARO Sweden		GARO Other markets		Total	
	Jan–Jun 2020	Jan–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Jun 2020	Jan–Jun 2019
Electrical distribution products	132.4	133.5	96.2	108.6	228.6	242.1
Project business	94.8	90.0	15.5	19.3	110.3	109.3
Temporary electric installations	24.4	30.8	2.6	2.4	27.0	33.2
E-mobility	79.3	69.5	41.4	41.0	120.7	110.5
Total	330.9	323.8	155.7	171.3	486.6	495.1

INCOME FROM CUSTOMERS BASED ON GEOGRAPHIC LOCATION

Geographic location	GARO Sweden		GARO Other markets		Total	
	Jan–Jun 2020	Jan–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jan–Jun 2020	Jan–Jun 2019
Sweden	322.3	315.3	0	0	322.3	315.3
Norway	0	0	82.9	93.5	82.9	93.5
Ireland	0	0	50.0	60.6	50.0	60.6
Finland	0	0	14.4	11.3	14.4	11.3
Other countries	8.6	8.5	8.4	5.9	17.0	14.4
Total income from customers	330.9	323.8	155.7	171.3	486.6	495.1

Operations and business areas

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

GARO Sweden

NET SALES AND EARNINGS

Net sales in GARO Sweden amounted to MSEK 166.5 for the second quarter, compared with MSEK 160.4 for the year-earlier period. The company has generally balanced sales with a continued strong performance in E-mobility.

EBIT for the quarter improved to MSEK 18.6 (14.8) and the EBIT margin amounted to 11.2% (9.2). This is largely due to the recovery of the SEK against the EUR, a favorable product mix and lower selling expenses. Earnings were charged with MSEK 2.3 for expenses related to the completed efficiency program.

PRODUCT AREAS

In GARO's Electrical distribution products product area, sales were slightly lower compared with the year-earlier period. During the quarter, construction activity has been somewhat cautious in light of the prevailing pandemic and the market as a whole is estimated to have remained stable during the period.

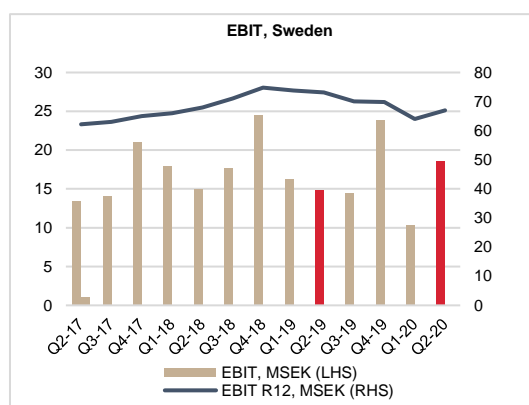
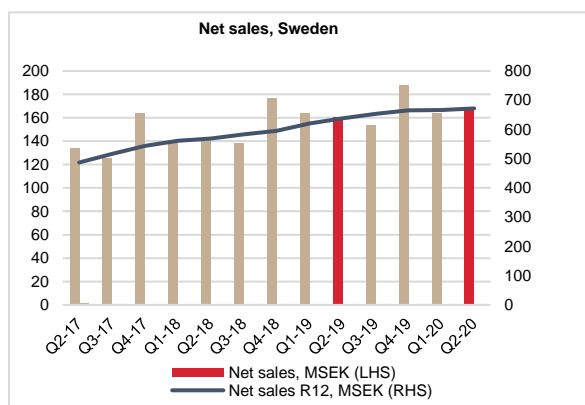
The Project business product area experienced a quarter with activity at the same levels as the year-earlier period and GARO sees a continued high demand for customer-tailored distribution cabinets, cable cabinets and switchgears.

The sales trend in the product area Temporary electric installations has been weak for some time due to a cautious market.

Sales in the E-mobility product area remain strong and growth for the quarter was 31% compared with the year-earlier period.

GARO Sweden		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun		Jan-Dec
Key figures		2020	2019	2019	2019	R12	2019
Net sales	MSEK	166.5	160.4	330.9	323.8	672.3	665.2
Growth	%	4	13	2	15	5	11
EBIT	MSEK	18.6	14.8	28.9	31.1	67.6	69.8
EBIT margin	%	11.2	9.2	8.7	9.6	10.1	10.5
Investments	MSEK	17.0	7.1	24.5	12.7	40.9	28.4
Depreciation	MSEK	5.7	4.5	11.0	8.0	21.1	18.1
Number of employees		240	233	240	233	239	237

For definitions of key figures, see page 18



GARO Other markets

NET SALES AND EARNINGS

Net sales in GARO Other markets declined 16% for the quarter to MSEK 72.7 (86.3) with reduced sales in all product areas.

Sales in Norway and in Ireland declined for the quarter while sales in other countries rose. The product facility in Poland has maintained a healthy rate of production for the quarter.

EBIT for the quarter improved to MSEK 11.7 (9.2) and the EBIT margin amounted to 16.1% (10.6). This was largely due to a substantial recovery of the NOK against the EUR during the quarter, an improved product and price mix in Norway and improved production efficiency in Poland.

PRODUCT AREAS

Sales in GARO Other markets were negatively impacted in April and May by the restrictive measures adopted to combat the spread of COVID-19. Sales have cautiously recovered in June, particularly in Ireland and Norway, in line with the reopening of society. A similar situation has occurred in other countries.

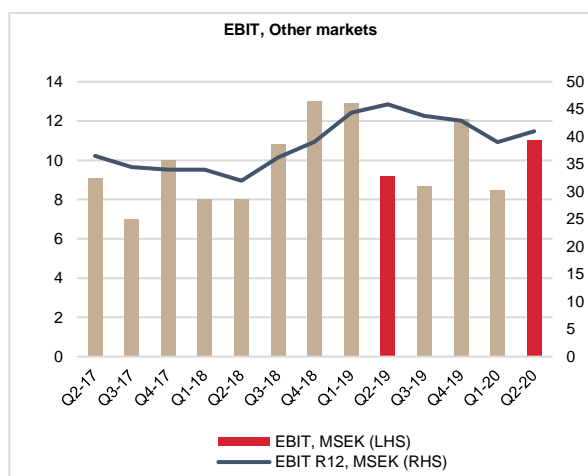
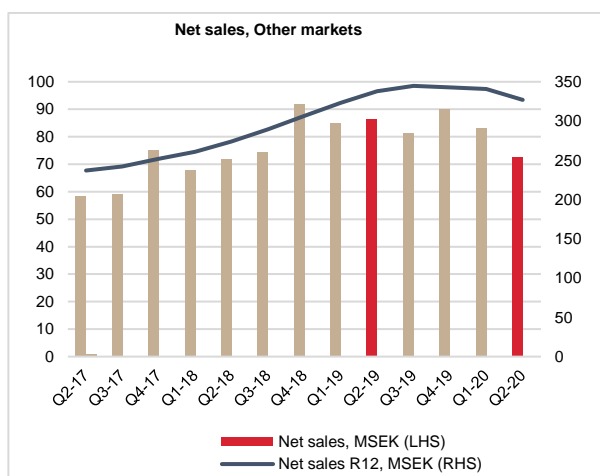
Sales in the Electrical distribution products product area declined by 17% in the second quarter, Project business reported a decline in sales of 27% while Temporary electric installations was in line with the year-earlier period.

E-mobility declined by 7% during the quarter. Demand in Norway was low during April and May but recovered by means of two important orders of DC chargers (fastchargers) near the end of the period. In Norway, GARO has a larger amount of sales of DC chargers, as a relatively large portion of sales occur through large procurements, meaning that the time of the order can impact sales in individual quarters.

The company continues to have great confidence in the fact that sales of products for charging infrastructure have picked up in all countries, and the demand for E-mobility charging in the home, at work and in public is high in all markets.

GARO Other markets		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun		Jan-Dec
Key figures		2020	2019	2019	2019	R12	2019
Net sales	MSEK	72.7	86.3	155.6	171.4	327.2	343.0
Growth	%	-16	20	-9	22	-3	12
EBIT	MSEK	11.7	9.2	20.2	22.1	41.0	42.9
EBIT margin	%	16.1	10.6	13.0	12.9	12.5	12.5
Investments	MSEK	0.3	1.4	1.9	2.4	4.5	5.0
Depreciation	MSEK	1.1	1.1	2.2	2.0	4.3	4.2
Number of employees		168	183	168	183	177	184

For definitions of key figures, see page 18



Sustainability

The goal of GARO's strategic sustainability work is to be the leader in its area of operation for responsible business. One of our core values is "a long-term approach," which for GARO entails developing safe and innovative products and solutions for a sustainable future with a large amount of dedication.

UN SDGs

GARO has chosen the following 6 of the UN's 17 Sustainable Development Goals to work on for long-term sustainable development.



We always endeavor to be a leading player, in terms of responsible business, in all of our operating areas. We work daily with a long-term and systematic approach to improve the impact of our activities, products and decisions on the environment, society and people in the value chain.

SUSTAINABLE MATERIAL

Choice of materials is an area that GARO focuses on in developing new products. Choice of materials that are sustainable in all aspects and can cope with the climate where the products are installed and the existing installation conditions.

GARO's new DC charger Althea and the new cable cabinet series, both of which were launched under the proprietary brand, have therefore been manufactured using the Magnelis® material. The material is strong and corrosion resistant, with properties significantly superior to galvanized steel, and is as such a more environmentally friendly alternative.

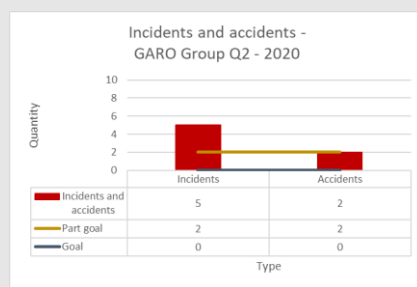
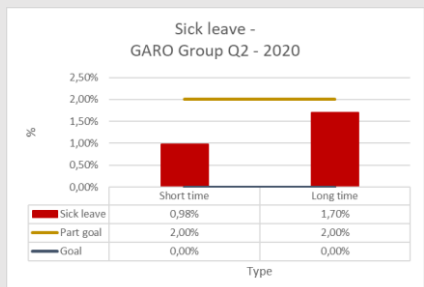
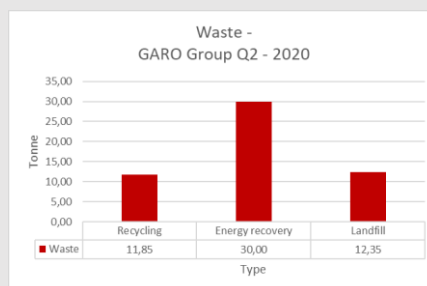
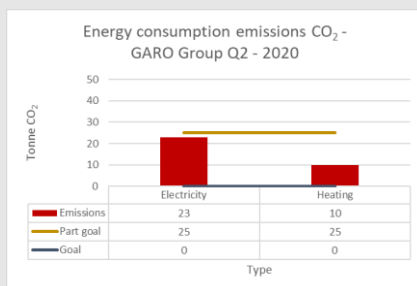
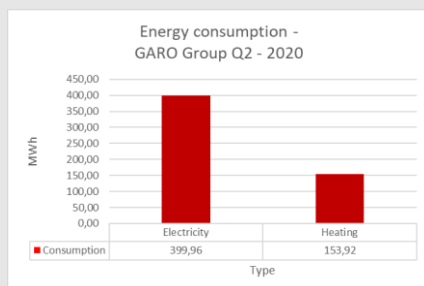
The mechanical construction of both products is locally produced across the entire flow of the value chain, from sheet metal working to assembly. Even the exterior plastic covering of the DC charger Althea is locally produced.

FOSIL FREE SOCIETY

Our active role in the development of charging infrastructure by offering a broad range of vehicle chargers for various environments has promoted expanded infrastructure for electric vehicles. Althea is part of this electrification.

To minimize service trips to charging stations installed with DC chargers, and therefore reduce environmental impact, it is possible to connect to the charger remotely for updates and troubleshooting.

For more information about GARO's goals for a more sustainable environment, refer to our 2019 Annual Report, pages 36-42.



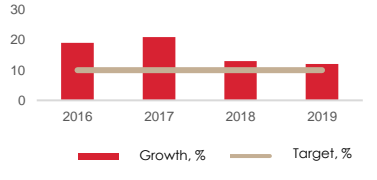

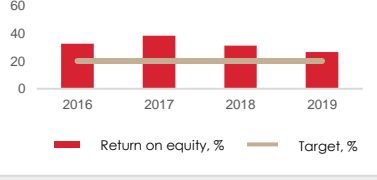
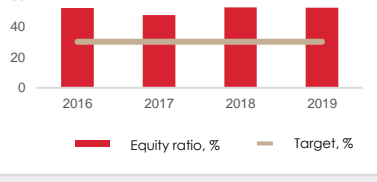
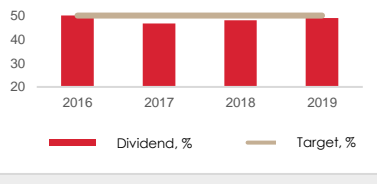
Parent Company figures

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 148.5 (142.5), up 4%. Of this amount, MSEK 44.0 (45.6) comprised internal sales to other Group companies.

EBIT for the quarter amounted to MSEK 14.1 (9.7).

GARO's financial targets

<p>Sales growth Organic growth will amount to not less than 10% over a business cycle.</p>	 <table><tr><th>Year</th><th>Growth, %</th><th>Target, %</th></tr><tr><td>2016</td><td>18</td><td>10</td></tr><tr><td>2017</td><td>20</td><td>10</td></tr><tr><td>2018</td><td>12</td><td>10</td></tr><tr><td>2019</td><td>10</td><td>10</td></tr></table>	Year	Growth, %	Target, %	2016	18	10	2017	20	10	2018	12	10	2019	10	10
Year	Growth, %	Target, %														
2016	18	10														
2017	20	10														
2018	12	10														
2019	10	10														
<p>Profitability EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.</p>	 <table><tr><th>Year</th><th>Operating margin, %</th><th>Target, %</th></tr><tr><td>2016</td><td>11</td><td>10</td></tr><tr><td>2017</td><td>12</td><td>10</td></tr><tr><td>2018</td><td>12</td><td>10</td></tr><tr><td>2019</td><td>11</td><td>10</td></tr></table>	Year	Operating margin, %	Target, %	2016	11	10	2017	12	10	2018	12	10	2019	11	10
Year	Operating margin, %	Target, %														
2016	11	10														
2017	12	10														
2018	12	10														
2019	11	10														
<p>Return Return on equity will amount to not less than 20% over a business cycle.</p>	 <table><tr><th>Year</th><th>Return on equity, %</th><th>Target, %</th></tr><tr><td>2016</td><td>30</td><td>20</td></tr><tr><td>2017</td><td>35</td><td>20</td></tr><tr><td>2018</td><td>30</td><td>20</td></tr><tr><td>2019</td><td>25</td><td>20</td></tr></table>	Year	Return on equity, %	Target, %	2016	30	20	2017	35	20	2018	30	20	2019	25	20
Year	Return on equity, %	Target, %														
2016	30	20														
2017	35	20														
2018	30	20														
2019	25	20														
<p>Equity ratio The equity ratio will not be less than 30%.</p>	 <table><tr><th>Year</th><th>Equity ratio, %</th><th>Target, %</th></tr><tr><td>2016</td><td>50</td><td>30</td></tr><tr><td>2017</td><td>45</td><td>30</td></tr><tr><td>2018</td><td>50</td><td>30</td></tr><tr><td>2019</td><td>50</td><td>30</td></tr></table>	Year	Equity ratio, %	Target, %	2016	50	30	2017	45	30	2018	50	30	2019	50	30
Year	Equity ratio, %	Target, %														
2016	50	30														
2017	45	30														
2018	50	30														
2019	50	30														
<p>Dividend policy GARO's 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.</p>	 <table><tr><th>Year</th><th>Dividend, %</th><th>Target, %</th></tr><tr><td>2016</td><td>50</td><td>50</td></tr><tr><td>2017</td><td>45</td><td>50</td></tr><tr><td>2018</td><td>48</td><td>50</td></tr><tr><td>2019</td><td>48</td><td>50</td></tr></table>	Year	Dividend, %	Target, %	2016	50	50	2017	45	50	2018	48	50	2019	48	50
Year	Dividend, %	Target, %														
2016	50	50														
2017	45	50														
2018	48	50														
2019	48	50														

Overview

NATURE OF OPERATIONS

GARO develops, manufactures and markets innovative products and systems for the electrical installations market under its own brand. The company has operations in Sweden, Norway, Finland, Ireland, Poland and the UK. 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.

GARO's business concept is to, with a focus on innovation, sustainability and design, provide profitable complete solutions for the electrical industry.

SEASONAL VARIATIONS

GARO's operations are, to a certain degree, subject to seasonal 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 are 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 62-65 of the 2019 Annual Report. The Annual Report is available at www.garo.se. 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 2019 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 2019 Annual Report.

In connection with the acquisition of EV Charge Partner Sweden, an analysis of a conflict of interest was conducted since David Jonsson, who owned 100% of the shares in the selling company Davids Elteknik AB, is a related party to GARO's Chairman Stefan Jonsson. Rickard Blomqvist managed the acquisition process together with GARO's management, and Stefan Jonsson did not participate in the Board decision to carry out the acquisition. GARO believes that the transaction was completed on market terms.

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 1–20, 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, whereby 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.

AUDIT REVISION

This interim report has not been reviewed by the company's auditors.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	R12	Jan–Dec 2019
Amount in MSEK						
Operating income						
Net sales	238.3	247.3	486.6	496.1	997.0	1006.5
Other operating income	2.7	1.5	4.9	2.5	6.8	4.4
Total operating income	241.0	248.8	491.5	498.6	1003.8	1010.9
Operating expenses						
Raw materials and consumables	-115.7	-124.3	-250.3	-249.7	-518.8	-518.3
Other external expenses	-27.0	-34.8	-58.4	-66.6	-124.5	-132.7
Personnel expenses	-61.2	-60.1	-120.5	-119.0	-226.5	-225.0
Depreciation/amortization of tangible and intangible assets	-6.8	-5.6	-13.1	-10.1	-25.4	-22.3
Other operating expenses	0	0	0	0	0	0
EBIT	30.3	24.0	49.1	53.1	108.6	112.6
Result from financial items						
Net financial income/expenses	-6.8	-0.5	-7.3	0.9	-10.7	-2.5
Profit before tax	23.6	23.5	41.9	54.1	98.0	110.2
Income tax	-5.5	-5.0	-9.3	-10.8	-22.9	-24.4
Net income	18.1	18.4	32.6	43.3	75.1	85.7
Other comprehensive income:						
Items that may be reclassified to the income statement						
Translation differences	-4.4	2.2	-3.2	3.0	-4.9	1.2
Other comprehensive income, net	-4.4	2.2	-3.2	3.0	-4.9	1.2
Total comprehensive income for the year	13.7	20.7	29.4	46.3	70.2	86.9
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	1.81	1.84	3.24	4.33	7.51	8.57

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amount in MSEK	Jun 30, 2020	Jun 30, 2019	Dec 30, 2019
ASSETS			
Fixed assets			
Intangible assets	82.2	60.4	67.4
Tangible assets	146.1	145.7	146.1
Financial assets	7.1	9.2	8.1
Total fixed assets	235.4	215.3	221.6
Current assets			
Inventories	181.2	189.6	170.4
Accounts receivable	211.4	220.4	213.4
Other current receivables	19.6	13.0	11.2
Cash and cash equivalents	14.9	7.1	40.8
Total current assets	427.1	430.1	435.8
TOTAL ASSETS	662.5	645.5	657.4
EQUITY AND LIABILITIES			
Share capital	20.0	20.0	20.0
Other reserves	2.9	6.6	2.6
Other equity including net income for the period	349.4	275.9	320.4
Total equity	372.3	302.5	343.0
Long-term liabilities			
Liabilities to credit institutions	33.2	34.6	31.7
Lease liabilities	30.9	33.3	33.8
Other provisions	2.2	1.6	2.2
Deferred tax liabilities	0.4	2.0	1.1
Total long-term liabilities	66.7	71.4	68.8
Short-term liabilities			
Liabilities to credit institutions	12.8	41.5	12.8
Lease liabilities	8.7	8.0	8.1
Accounts payable	100.2	118.5	118.3
Other short-term liabilities	101.8	103.5	106.4
Total short-term liabilities	223.5	271.5	245.6
TOTAL EQUITY AND LIABILITIES	662.5	645.5	657.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders in the Parent Company Amount in MSEK	Share capital	Reserves	Retained earnings	Total equity
Equity at January 1, 2019	20.0	3.6	272.6	296.2
Net income for the period			85.7	85.7
Other comprehensive income for the period		-1.0		-1.0
Acquisition of subsidiaries			2.4	2.4
Dividend to shareholders			-40.3	-40.3
Closing equity, December 31, 2019	20.0	2.6	320.4	343.0
Equity at January 1, 2020	20.0	2.6	320.4	343.0
Net income for the period			32.6	32.6
Other comprehensive income for the period		0.3	-3.6	-3.3
Closing equity, June 30, 2020	20.0	2.9	349.4	372.3

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	R12	Jan–Dec 2019
Amount in MSEK						
Operating activities						
Cash flow from operating activities						
before changes in working capital	28.3	25.2	40.4	49.2	98.9	107.7
Cash flow from changes in working capital	-17.7	0.1	-38.6	-13.4	-10.1	14.2
Cash flow from operating activities	10.6	25.3	1.8	35.8	88.8	121.9
Investing activities						
Investments in intangible assets	-4.7	-3.8	-10.4	-6.1	-19.3	-15.0
Acquisition of subsidiaries	-5.7	-	-5.7	-	-8.1	-2.4
Investments in tangible assets	-6.8	-4.7	-10.2	-9.0	-18.5	-16.0
Disposal of tangible assets	0	0.7	0	0.7	0.6	1.3
Cash flow from investing activities	-17.2	-7.8	-26.3	-14.4	-45.3	-32.1
Financing activities						
Net borrowing/amortization of loans	4.9	23.9	3.8	20.0	-25.7	-9.6
Amortization of lease liability	-2.6	-2.0	-4.9	-3.3	-8.9	-8.0
Dividend paid to shareholders	0	-40.0	0	-40.0	-0.4	-40.3
Cash flow from financing activities	2.3	-18.1	-1.1	-23.3	-35.1	-57.9
Cash flow for the period	-4.3	-0.6	-25.6	-1.9	8.5	31.9
Currency effect in cash and cash equivalents	-0.4	0.5	-0.3	0.6	-0.6	0.5
Cash and cash equivalents, start of the period	19.6	7.2	40.8	8.4	7.1	8.4
Cash and cash equivalents, end of the period	14.9	7.1	14.9	7.1	14.9	40.8

CONDENSED PARENT COMPANY INCOME STATEMENT

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Amount in MSEK					
Operating income					
Net sales	148.5	142.4	290.5	290.1	586.6
Other operating income	5.6	4.1	10.7	8.7	14.0
Total income	154.2	146.5	301.2	298.8	600.6
Operating expenses					
Raw materials and consumables	-90.7	-90.8	-185.6	-186.0	-372.4
Other external expenses	-15.5	-16.8	-31.4	-33.1	-67.2
Personnel expenses	-31.9	-28.1	-60.3	-58.6	-107.8
Depreciation/amortization of tangible and intangible assets	-3.0	-2.3	-5.8	-4.6	-9.9
Other operating expenses	1.0	1.3	1.9	2.6	5.2
EBIT	14.1	9.7	20.0	19.2	48.4
Result from financial items					
Profit from participations in Group companies	0	0	0	0	18.5
Net interest income and similar items	0.2	1.2	1.0	2.3	3.1
Net interest expenses and similar items	-3.8	-1.1	-3.2	-	-1.7
Profit before tax	10.5	9.9	17.8	21.5	68.4
Appropriations	0	0	0	0	9.9
Income tax	-2.8	-2.2	-3.8	-4.4	-13.1
Net income	7.7	7.7	14.0	17.1	65.2

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

Amount in MSEK	Jun 30, 2020	Jun 30, 2019	Dec 30, 2019
ASSETS			
Intangible assets	37.6	21.0	29.1
Tangible assets	50.8	51.5	51.8
Participations in Group companies	53.2	43.7	46.1
Other financial assets	25.7	26.2	25.6
Total fixed assets	167.2	142.4	152.6
Current assets			
Inventories	68.3	66.8	61.0
Accounts receivable	98.9	97.8	97.3
Other receivables	99.6	86.7	110.2
Cash and bank balances	10.2	-	30.1
Total current assets	277.0	251.3	298.7
TOTAL ASSETS	444.2	393.7	451.3
EQUITY AND LIABILITIES			
Share capital	20.0	20.0	20.0
Fund for internal development expenses	18.1	13.6	18.1
Statutory reserve	2.6	2.6	2.6
Non-restricted equity including net income for the period	216.1	158.5	202.1
Total equity	256.8	194.7	242.8
Untaxed reserves	0.0	0.9	0.0
Provisions	3.0	2.8	3.1
Long-term liabilities			
Liabilities to credit institutions	15.4	18.8	17.1
Total long-term liabilities	15.4	18.8	17.1
Short-term liabilities			
Short-term interest-bearing liabilities	3.4	31.2	3.4
Short-term non-interest-bearing liabilities	165.7	145.3	184.9
Total short-term liabilities	169.0	176.5	188.3
TOTAL EQUITY AND LIABILITIES	444.2	393.7	451.3

SALES AND EBIT BY BUSINESS AREA

	GARO Sweden		GARO Other markets		Elimination		Group	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
Business area information	2020	2019	2020	2019	2020	2019	2020	2019
Sales								
Total net sales	212.5	209.4	130.2	136.1	-103.4	98.8	239.3	246.7
Internal net sales	-45.9	-49.0	-57.5	-49.7	103.4	-98.8	0	
External net sales	166.5	160.4	72.7	86.3	0	-	239.3	246.7
EBIT	18.6	14.8	11.7	9.2		-	30.3	24.0
Net financial income/expenses							-6.8	-0.5
Tax expense for the year							-5.5	-5.0
Net income for the year							18.1	18.4

GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun					
		2020	2019	2020	2019	R12	2019	2018	2017	2016
Net sales	MSEK	238.3	247.3	486.6	496.1	997.0	1006.5	903.7	796.0	657.8
Growth	%	-4	15	-2	17	2	12	13	21	19
EBITDA	MSEK	37.1	29.6	62.2	63.2	133.9	135.0	128.8	110.3	84.8
EBITDA margin	%	15.6	12.0	12.8	12.8	13.4	13.4	14.3	13.9	12.9
EBIT	MSEK	30.3	24.0	49.1	53.1	108.6	112.6	113.8	98.1	73.8
EBIT margin	%	12.7	9.7	10.1	10.7	10.9	11.2	12.6	12.3	11.2
Earnings per share, before and after dilution	SEK	1.81	1.84	3.26	4.33	7.51	8.57	8.27	n/a	n/a
Equity per share	SEK	37.2	30.3	37.2	30.3	37.2	34.3	29.6	25.3	19.4
Return on equity*	%	22.3	33.1	22.3	33.1	22.3	26.8	31.2	38.3	32.4
Investments	MSEK	17.3	8.5	26.4	15.1	45.4	33.4	22.7	51.4	12.8
Depreciation	MSEK	6.8	5.6	13.1	10.1	25.3	22.3	15.0	12.2	11.0
Equity ratio	%	56.2	46.9	56.2	46.9	56.2	52.2	52.4	47.3	52.0
Net debt	MSEK	70.7	110.3	70.7	110.3	70.7	45.6	45.7	56.1	-17.3
Net debt/EBITDA* multiple		0.5	0.7	0.5	0.7	0.5	0.3	0.4	0.5	-0.2
Number of employees		408	416	408	416	415	421	402	376	274

For definitions of key figures, see page 18

QUARTERLY FIGURES

Consolidated income statement	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2020	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017	2017
Net sales	238.3	248.3	274.9	235.5	247.3	248.8	268.4	212.7	214.2	207.0	238.3	184.1
Operating expenses	-208.0	-229.5	-239.0	-211.9	-223.3	-219.6	-230.9	-184.2	-191.4	-181.9	-207.4	-163.0
EBIT	30.3	18.8	35.9	23.6	24.0	29.2	37.5	28.5	22.8	25.1	30.9	21.1
Net financial income/expenses	-6.8	-0.5	-2.5	-0.8	-0.5	1.4	-1.3	-2.8	-3.2	-0.8	-1.6	-0.3
Profit before tax	23.6	18.3	33.3	22.8	23.5	30.6	36.2	25.7	19.6	24.3	29.3	20.8
Tax	-5.5	-3.8	-8.7	-4.9	-5.0	-5.7	-10.7	-3.0	-4.2	-5.2	-3.3	2.4
Net income	18.1	14.6	24.6	17.9	18.4	24.8	25.5	22.7	15.4	19.1	26.0	23.2

Net sales per business area	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2020	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017	2017
GARO Sweden	166.5	164.4	187.7	153.7	160.4	163.4	176.4	138.3	142.3	138.6	163.5	124.9
GARO Other markets	72.7	82.9	90.1	81.5	86.3	85.0	92.0	74.4	71.9	68.4	74.8	59.2
Total Group	239.3	247.3	277.8	235.2	246.7	248.4	268.4	212.7	214.2	207.0	238.3	184.1

EBIT per business area	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2020	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017	2017
GARO Sweden	18.6	10.3	23.8	14.9	14.8	16.3	24.5	17.7	15.1	17.5	20.8	14.1
GARO Other markets	11.7	8.5	12.1	8.7	9.2	12.9	13.0	10.8	7.7	7.6	10.1	7.0
Total Group	30.3	18.8	35.9	23.6	24.0	29.2	37.5	28.5	22.8	25.1	30.9	21.1

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.

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

Adjusted equity per share, SEK: Total of recognized equity +78.6% of the company's untaxed reserves

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, lease liabilities according to IFRS 16 less 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

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

Economic information

INVITATION TO PRESENTATION FOR THE PRESS AND ANALYSTS

On August 27, 2020, at 9:30 a.m., the President and CEO Patrik Andersson and CFO Helena Claesson will present the report and respond to questions in a teleconference.

Telephone number:

Sweden: +46 10 884 80 16

International: +44 20 3936 2999

Code: 944797

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:

Patrik Andersson, President and CEO: +46 76 148 44 44

Helena Claesson, CFO: +46 70 361 07 50

FINANCIAL CALENDAR

Interim Report January - September 2020 November 18, 2020

Year-end report 2020 February 12, 2021

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.

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

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 27, 2020

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

Stefan Jonsson	Rickard Blomqvist	Susanna Hilleskog	Ulf Hedlundh
Chairman	Board member	Board member	Board member

Mari-Katharina Kadowaki	Lars-Åke Rydh	Jonas Lohtander	Patrik Andersson
Board member	Board member	Employee representative	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 27, 2020, at 7:30 a.m. CEST.