



## INTERIM REPORT JANUARY - MARCH 2020

### STABLE SALES IN A CHALLENGING TIME

#### JANUARY–MARCH 2020

- Net sales amounted to MSEK 248.3 (248.4).
- EBIT amounted to MSEK 18.8 (29.2).
- EBIT margin amounted to 7.6% (11.7).
- Negative currency effects of MSEK -6.5 (-0.6) were charged to EBIT.
- Net income was MSEK 14.6 (24.8).
- Earnings per share, before and after dilution, amounted to SEK 1.46 (2.48).

#### SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In February, an in-house fastcharger, GARO Fast Charger, was launched.
- In February, a framework agreement with a global player in the automotive industry was signed for supplying charging infrastructure for the European market.
- In April, GARO has carried out an efficiency program resulting in the reduction of personnel in 18 positions, primarily comprising white-collar employees in Sweden and Poland.
- In April, the Board of Directors withdrew the previously communicated proposal concerning dividends as a precautionary measure.
- On May 15, GARO press released that it has signed an agreement for the acquisition of 70% of shares in EV Charge Partner Sweden AB, a company active within service and support of E-mobility infrastructure.

GARO Group key figures	Jan–Mar 2020	Jan–Mar 2019	%	R121	Jan–Dec 2019
Net sales, MSEK	248.3	248.4	0	1,007.0	1,008.1
EBITDA, MSEK	25.1	33.6	-25	117.9	134.9
EBITDA margin, %	10.1	13.5		11.7	13.4
EBIT, MSEK	18.8	29.2	-36	102.2	112.6
EBIT margin, %	7.6	11.7		10.2	11.2
Net income, MSEK	14.6	24.8	-41	75.5	85.7
Earnings per share <sup>1</sup> , SEK	1.46	2.48	-41	7.55	8.57
Cash flow from operating activities, MSEK	-8.8	9.2	Neg	105.5	121.9
Investments, MSEK	9.1	6.6	38	37.1	33.4
Depreciation, MSEK	6.3	4.4	43	15.7	22.3
Equity ratio, %	56.4	54.4		56.4	52.2
Adjusted equity per share <sup>2</sup> , SEK	35.8	32.3	-	37.8	34.3
Return on equity, %	22.2	29.6	-	22.2	26.8
Net debt (+) / net cash position (-), MSEK	54.5	49.7	-	50.4	45.6

For definitions of key figures, see page 18

## CEO's comments on the quarter

### STABLE SALES IN A CHALLENGING TIME

Net sales for the first quarter amounted to MSEK 248, which was in line with the year-earlier period. The sales trend was stable in both Sweden and Other markets segments. The market for Electrical distribution products remained healthy in Sweden during the first quarter and GARO reported growth in the product areas of Electrical distribution products and Project business. Sales in Norway decreased primarily as a result of the restrictive measures that were put in place at the end of the quarter to combat the spread of coronavirus, while sales in Finland and the UK increased somewhat.

EBIT for the quarter declined to MSEK 18.8 (29.2) and the EBIT margin amounted to 7.6% (11.7). EBIT was negatively impacted by movements in exchange rates of MSEK -6.5 (-0.6) toward the end of the quarter, as the SEK and NOK fell markedly against the EUR, an important purchasing currency. EBIT was also affected by underlying lower volumes at the beginning of the quarter as well as continued market investments in the UK.

To streamline the organization, we launched an efficiency program during the quarter which resulted in a personnel reduction of 18 positions in April, of which the majority are white-collar employees in Sweden and Poland.

### E-MOBILITY

Demand for our E-mobility products was weaker than expected for the beginning of the quarter, particularly in Norway, but recovered in March and remained in line with the long-term growth trend. The positive sales trend in E-mobility continued in April and the beginning of May. GARO's investments in the area led us to being able to launch an in-house developed fastcharger – GARO Fast Charger. The product is characterized by its user-friendliness, reliability and durability. We also launched the GARO Twin wallbox during the quarter, which can charge two cars at the same time. Today, GARO E-mobility is a market-leading supplier with an in-house product range covering everything to do with the charging of electric cars. Demand for charging infrastructure for private use, at work and apartment blocks remains high, and our wallbox is an especially sought-after product.

It is pleasing that in February, we signed a framework agreement with a global player in the automotive industry for supplying charging infrastructure for the European market. This shows that we are in a position to take home large procurement contracts on a European level. Close collaboration with the automotive industry is strategically important to us, both as a sales channel and for future product development.

A few days ago, we signed an agreement for the acquisition of 70% of EV Charge PartnerSweden 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.

### SECOND QUARTER UPDATE

The ongoing corona pandemic has, to date, had a relatively limited effect on GARO's demand in Sweden. The Group's future risks are deemed to be mainly related to lower demand in the markets that have extensively restricted activity in the economy due to the effects of COVID-19, which has happened in Norway and Ireland. The longer that the situation continues, the more will it impact the Group's sales and earnings during the second quarter.

At the time of writing, demand in Sweden remained stable whilst the development in Other markets is slowing down. We have currently a healthy rate of production in both Poland and Sweden. GARO has a strong balance sheet with a high equity ratio, low net debt and good liquidity.

### MARKET CONDITIONS

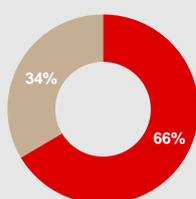
We assess that the core market conditions have essentially not changed aside from the pandemic, even though great uncertainty prevails in society in regard to the pandemic's long-term consequences on the economy.

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

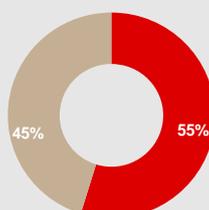
President and CEO

Allocation of net sales by segment, Jan–Mar 2020



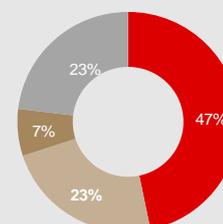
■ GARO Sweden  
■ GARO Other markets

Allocation of EBIT by segment, Jan–Mar 2020



■ GARO Sweden  
■ GARO Other markets

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



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

## Group figures

### NET SALES

The Group's net sales for the first quarter of 2020 were largely unchanged compared to the year-earlier period.

Analysis of change in net sales	Jan-Mar 2020 (MSEK)	Jan-Mar 2020 (%)	Jan-Mar 2019 (MSEK)	Jan-Mar 2019 (%)
Year-earlier period	248.4	-	207.0	-
Organic growth	-1.1	-	39.9	19
Acquisitions and structural changes	-	-	-	-
Exchange-rate effects	1.0	-	1.5	1
<b>Current period</b>	<b>248.3</b>	<b>0%</b>	<b>248.4</b>	<b>20%</b>

For definitions of key figures, see page 18

During the quarter, the Sweden business area reported minor growth as a result of strong performance in Electrical distribution products and Project business. E-mobility remained in line with the year-earlier period while Temporary electric installations fell.

The Other markets business area reported negative growth of -2% for the quarter, with Electrical distribution products and Project business declining compared with the year-earlier period.

### EBIT

EBIT for the quarter declined compared with the preceding year to MSEK 18.8 (29.2), corresponding to an EBIT margin of 7.6% (11.2). EBIT was affected by negative currency effects of MSEK -6.5 (-0.6) as a result of weaker SEK- and NOK- rates to the EURO towards the end of the quarter. The EUR is an important purchasing currency. The group's currency situation has improved after the end of the quarter following a strengthened SEK/EUR rate.

Expenses remained at the same level as in the latter part of 2019. Development expenditure for the first quarter amounted to MSEK 0.4 (0.7) quarter and was immediately expensed. Development has taken place mainly in E-mobility.

### NET INCOME

Net financial items amounted to MSEK -0.5 (1.4) for the quarter and included currency effects from loans and dividends from subsidiaries in foreign currency.

Net income amounted to MSEK 14.6 (24.8) and earnings per share, before and after dilution, amounted to MSEK 1.46 (2.48). Tax amounted to MSEK 3.8 (5.7). The Group's operations in Poland are conducted in a tax-exempt Special Economic Zone where unutilized tax benefits can be utilized until 2026.

### CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the quarter amounted to MSEK -8.8 (9.2), which was attributable to growth in EBITDA and somewhat higher tied-up working capital than in the year-earlier period. Cash flow from operating activities for the full-year 2019 amounted to MSEK 121.9. Investments for the quarter amounted to MSEK 9.1 (6.6), of which MSEK 5.7 (2.4) pertained to product development.

### LIQUIDITY AND FINANCIAL POSITION

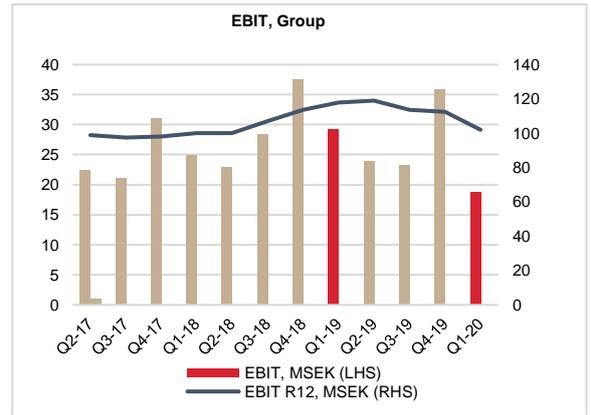
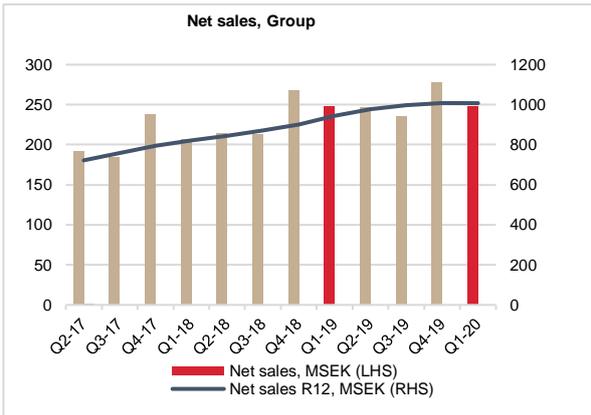
The Group's net debt at the end of the period amounted to MSEK 54.5 compared with MSEK 49.7 for the year-earlier period and MSEK 45.6 at the end of 2019. The Group's net debt excluding the effects of IFRS 16 amounted to MSEK 14.9.

Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 107.2 (91.6) and the equity ratio was 56.4% (54.4).

### SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE QUARTER

- In February, an in-house fastcharger, GARO Fast Charger, was launched.
- In February, a framework agreement with a global player in the automotive industry was signed for supplying charging infrastructure for the European market.
- In April, GARO has carried out an efficiency program resulting in the reduction of personnel in 18 services, primarily comprising white-collar employees in Sweden and Poland.
- In April, the Board of Directors withdrew the previously communicated proposal concerning dividends as a precautionary measure.
- On May 15, GARO press released that it has signed an agreement for the acquisition of 70% of the shares in EV Charge Partner Sweden AB, a company active within service and support of E-Mobility infrastructure.

From the end of March 2020 until the publication of this report, no significant events or conditions have occurred, except for what has been stated above, favorable or unfavorable, that would require further disclosures.



### Income from customers specified by product area and segment

Product area	Sweden segment		Other markets segment		Total	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Electrical distribution products	64.3	62.6	51.2	54.1	115.5	116.8
Project business	49.1	44.0	8.3	9.3	57.4	53.4
Temporary electric installations	15.4	20.7	1.7	1.5	17.1	22.2
E-mobility	35.6	36.1	21.7	20.1	57.3	56.0
<b>Total</b>	<b>164.4</b>	<b>163.4</b>	<b>82.9</b>	<b>85.0</b>	<b>247.3</b>	<b>248.4</b>

### Total income from customers based on geographic location

Geographic location	Sweden segment		Other markets segment		Total	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Sweden	160.6	159.8	-	-	160.6	159.8
Norway	-	-	41.7	46.0	41.7	46.0
Ireland	-	-	30.3	30.3	30.3	30.3
Finland	-	-	6.7	6.3	6.7	6.3
Other countries	3.8	3.6	4.2	2.0	8.0	5.6
<b>Total income from customers</b>	<b>164.4</b>	<b>163.4</b>	<b>82.9</b>	<b>85.0</b>	<b>247.3</b>	<b>248.4</b>

## Operations and segments

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

### GARO Sweden

#### NET SALES AND EARNINGS

Net sales in GARO Sweden amounted to MSEK 164.4 (163.4) for the first quarter, which was comparable to the same year-earlier period. The company has balanced sales in general with a stronger performance in Project business and continued weak trend in Temporary electric installations.

EBIT for the quarter declined to MSEK 10.3 (16.3) and the EBIT margin amounted to 6.3% (10.0). This was partly due to a substantial weakening of the SEK against the EUR during the last month of the quarter and partly as a result of an altered product mix.

#### PRODUCT AREAS

In GARO's base area Electrical distribution products, growth was 3% for the quarter. Construction activity for the period has been strong despite the market situation that emerged toward the latter part of the quarter. The market in its entirety is estimated to have grown by 5% during the period.

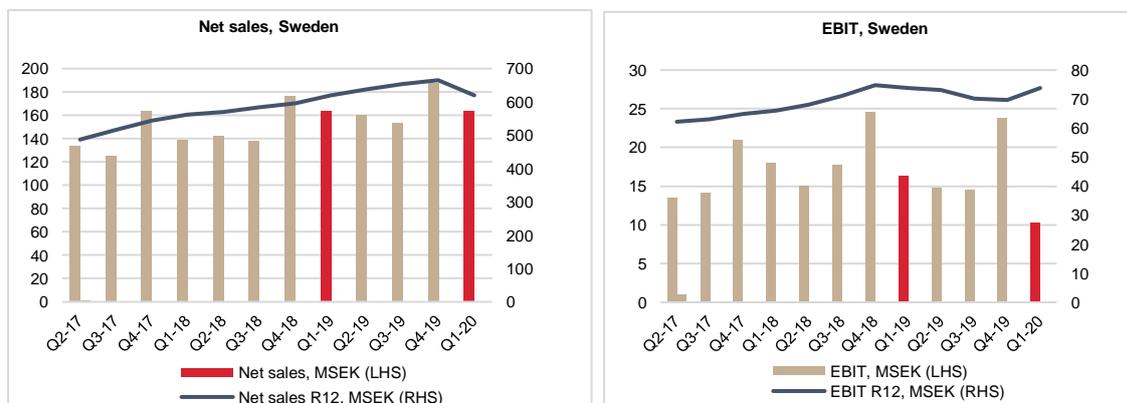
The Project business product area experienced a quarter of high activity with growth of 12%. GARO sees a continued high demand for customer-tailored distribution cabinets, cable cabinets and switchgears.

The Temporary electric installations product area declined by 25% during the quarter. The sales trend in the product area has been weak for some time faced with a challenging market situation.

Sales in the E-mobility product area were slow in the beginning of the quarter but achieved growth of 46% in March.

GARO Sweden		Jan-Mar	Jan-Mar	R12	Jan-Dec
Key figures		2020	2019		2019
Net sales	MSEK	164.4	163.4	620.3	665.2
Growth	%	1	18	11	11
EBIT	MSEK	10.3	16.3	73.8	69.8
EBIT margin	%	6.3	10.0	11.9	10.5
Investments	MSEK	7.5	5.6	29.2	26.1
Depreciation	MSEK	5.2	3.5	11.5	18.1
Number of employees		238	240	237	237

For definitions of key figures, see page 18



## GARO Other markets

### NET SALES AND EARNINGS

Net sales in GARO Other markets declined 2% for the quarter to MSEK 82.9 (85.0). The company experienced a decline in sales in Electrical distribution products and Project business and growth in E-mobility.

Sales in Norway declined by 9% for the quarter while sales in other countries increased by 7% altogether. Sales from GARO's newly opened subsidiary in the UK are underway and in line with set goals. The factory in Poland has maintained a healthy rate of production for the quarter.

EBIT for the quarter declined to MSEK 8.5 (12.9) and the EBIT margin amounted to 10.3% (15.1). This was largely due to a substantial weakening of the NOK against the EUR during the last month of the quarter and costs related to establishing operations in the UK.

### PRODUCT AREAS

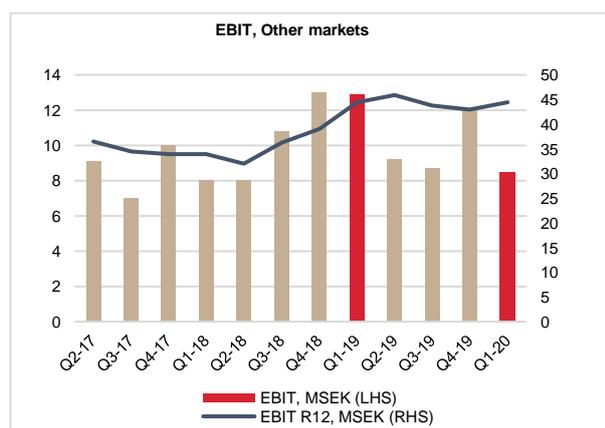
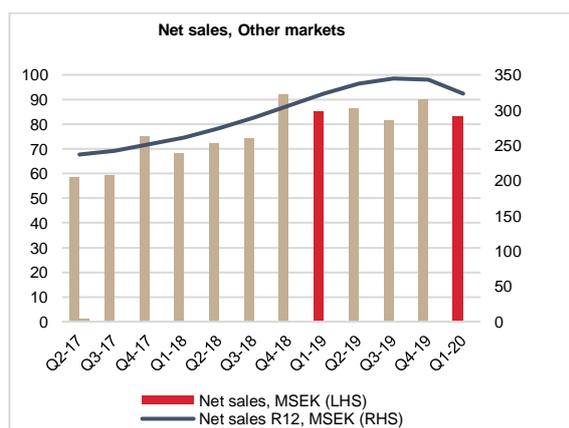
The market in Norway performed positively in general until the governmental authorities set measures to reduce the spread of the coronavirus in society. Thereafter, market activity reduced significantly. A similar situation has occurred in the other markets.

Sales in the Electrical distribution products product area declined by 5% in the first quarter, Project business reported a decline in sales of 11% while Temporary electric installations was in line with the year-earlier period.

E-mobility reported growth of 8% for the quarter. Growth in Norway continued to be relatively weak primarily as result of fewer deliveries of fastchargers compared with the year-earlier period. In Norway, GARO has a larger amount of sales of DC chargers (fastchargers), 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 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		Jan-Mar	Jan-Mar		Jan-Dec
Key figures		2020	2019	R12	2019
Net sales	MSEK	82.9	85.0	323.3	343.0
Growth	%	-2	24	24	12
EBIT	MSEK	8.5	12.9	44.4	42.9
EBIT margin	%	10.3	15.1	13.7	12.5
Investments	MSEK	1.6	1.0	5.7	5.0
Depreciation	MSEK	1.1	0.9	3.0	4.2
Number of employees	No.	176	184	180	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.

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



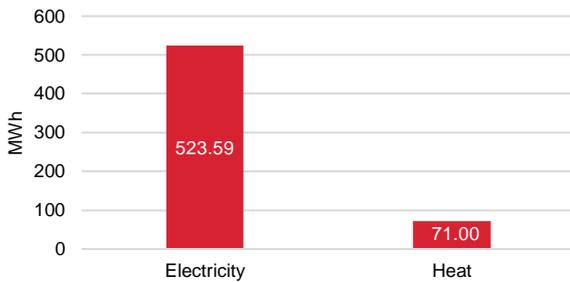
During the first quarter of 2020, GARO focused in particular on UN Sustainable Development Goal number 12 – “Responsible consumption and production” – with a focus on digitalization. This has been asserted by, among other things:

- GARO continually strives to be at the leading edge when it comes to digital solutions to increase the accessibility of information, thereby indirectly minimizing climate impact by reducing such things as printed material. We affix QR-codes to more of our end products to make product manuals and instruction films available digitally.
- Our end customers can use several of our products with various app solutions, providing an energy-efficient usage of our products while also providing increased flexibility for our end-users.
- Using new tools in information technology making it possible to conduct meetings remotely, and as a result reducing environmental impact.

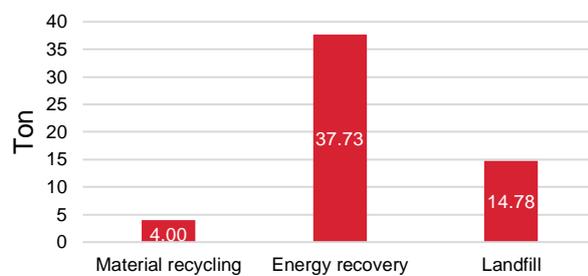
GARO also strives to reduce its climate impact, for example, through electric or hybrid company cars, using fuel with a lower environmental impact and through streamlining internal transportation and delivery. Different sustainability aspects are an integrated part of the company’s daily operations. Activities to continue to reduce the company’s own climate impact have continued in 2019.

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

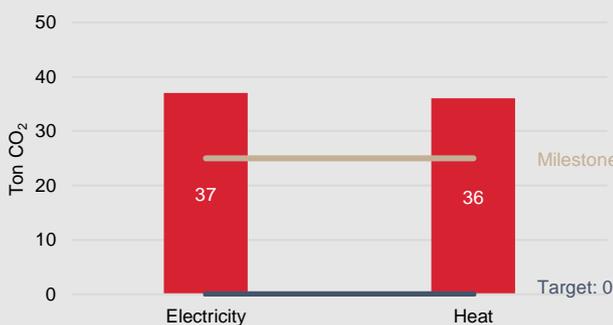
Energy consumption  
Q1 - 2020



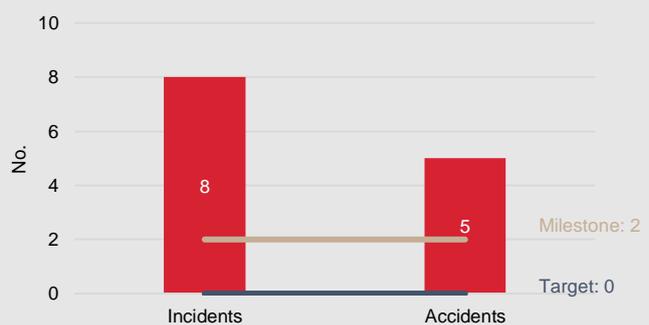
Waste  
Q1 - 2020



Energy consumption emissions, CO<sub>2</sub>  
Q1 - 2020



Incidents and accidents  
Q1 - 2020



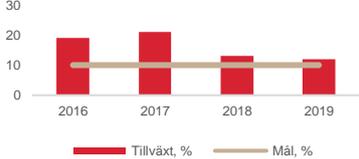
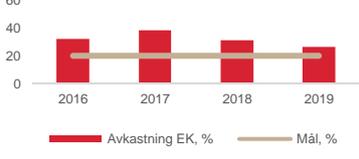
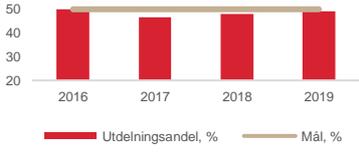
## Parent Company figures

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 first quarter amounted to MSEK 147.0 (149.0), down 1%. Of this amount, MSEK 46.4 (50.8) comprised internal sales to other Group companies.

EBIT for the quarter amounted to MSEK 5.9 (9.4).

## GARO's financial targets

<p><b>Sales growth</b> Organic growth will amount to not less than 10% per year.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Tillväxt, %</th> <th>Mål, %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>19</td> <td>10</td> </tr> <tr> <td>2017</td> <td>21</td> <td>10</td> </tr> <tr> <td>2018</td> <td>13</td> <td>10</td> </tr> <tr> <td>2019</td> <td>12</td> <td>10</td> </tr> </tbody> </table>	Year	Tillväxt, %	Mål, %	2016	19	10	2017	21	10	2018	13	10	2019	12	10
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2016	19	10														
2017	21	10														
2018	13	10														
2019	12	10														
<p><b>Profitability</b> The EBIT margin for the Group will amount to not less than 10% of net sales per year.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Rörelsemarginal, %</th> <th>Mål, %</th> </tr> </thead> <tbody> <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>13</td> <td>10</td> </tr> <tr> <td>2019</td> <td>11</td> <td>10</td> </tr> </tbody> </table>	Year	Rörelsemarginal, %	Mål, %	2016	11	10	2017	12	10	2018	13	10	2019	11	10
Year	Rörelsemarginal, %	Mål, %														
2016	11	10														
2017	12	10														
2018	13	10														
2019	11	10														
<p><b>Return</b> Return on equity will amount to not less than 20%.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Avkastning EK, %</th> <th>Mål, %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>30</td> <td>20</td> </tr> <tr> <td>2017</td> <td>40</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> </tbody> </table>	Year	Avkastning EK, %	Mål, %	2016	30	20	2017	40	20	2018	30	20	2019	25	20
Year	Avkastning EK, %	Mål, %														
2016	30	20														
2017	40	20														
2018	30	20														
2019	25	20														
<p><b>Equity ratio</b> The equity ratio will not be less than 30%.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Soliditet, %</th> <th>Mål, %</th> </tr> </thead> <tbody> <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> </tbody> </table>	Year	Soliditet, %	Mål, %	2016	50	30	2017	45	30	2018	50	30	2019	50	30
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2016	50	30														
2017	45	30														
2018	50	30														
2019	50	30														
<p><b>Dividend policy</b> 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.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Utdelningsandel, %</th> <th>Mål, %</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>48</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> </tbody> </table>	Year	Utdelningsandel, %	Mål, %	2016	48	50	2017	45	50	2018	48	50	2019	48	50
Year	Utdelningsandel, %	Mål, %														
2016	48	50														
2017	45	50														
2018	48	50														
2019	48	50														

# 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, the UK 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 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 63-65 of the 2019 Annual Report. The Annual Report is available at [www.garo.se](http://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 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.

## 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.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amount in MSEK</i>	Jan-Mar 2020	Jan-Mar 2019	R12	Jan-Dec 2019
<b>Operating income</b>				
Net sales	248.3	248.4	1,007.0	1,008.1
Other operating income	2.2	1.3	4.7	2.8
<b>Total operating income</b>	<b>250.5</b>	<b>249.7</b>	<b>1,011.7</b>	<b>1,010.9</b>
<b>Operating expenses</b>				
Raw materials and consumables	-134.7	-125.4	-527.5	-518.3
Other external expenses	-31.5	-31.7	-132.4	-132.7
Personnel expenses	-59.2	-59.0	-225.3	-225.0
Depreciation/amortization of tangible and intangible assets	-6.3	-4.4	-24.2	-22.3
Other operating expenses	-	-	-	-
<b>EBIT</b>	<b>18.8</b>	<b>29.2</b>	<b>102.2</b>	<b>112.6</b>
<b>Result from financial items</b>				
Net financial income/expenses	-0.5	1.4	-4.4	-2.5
<b>Profit before tax</b>	<b>18.3</b>	<b>30.6</b>	<b>97.9</b>	<b>110.2</b>
Income tax	-3.8	-5.7	-22.4	-24.4
<b>Net income</b>	<b>14.6</b>	<b>24.8</b>	<b>75.5</b>	<b>85.7</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified to the income statement</b>				
Translation differences	-0.8	1.5	0.2	1.2
<b>Other comprehensive income, net</b>	<b>-0.8</b>	<b>1.5</b>	<b>0.2</b>	<b>1.2</b>
<b>Total comprehensive income for the year</b>	<b>13.8</b>	<b>26.3</b>	<b>75.7</b>	<b>86.9</b>
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company				
<b>Key ratios per share</b>				
Average number of shares	10,000,000	10,000,000	10,000,000	10,000,000
Earnings per share, before and after dilution, SEK	1.46	2.48	7.55	8.57

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amount in MSEK</i>	<b>Mar 31, 2020</b>	<b>Mar 31, 2019</b>	<b>Dec 30, 2019</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	72.1	57.0	67.4
Tangible assets	142.3	112.0	146.1
Financial assets	7.9	10.0	8.1
<b>Total fixed assets</b>	<b>222.3</b>	<b>179.0</b>	<b>221.6</b>
<b>Current assets</b>			
Inventories	166.3	178.1	170.4
Accounts receivable	215.3	216.1	213.4
Other current receivables	11.0	12.5	11.2
Cash and cash equivalents	19.6	7.2	40.8
<b>Total current assets</b>	<b>412.2</b>	<b>413.9</b>	<b>435.8</b>
<b>TOTAL ASSETS</b>	<b>634.5</b>	<b>592.9</b>	<b>657.4</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	20.0	20.0
Other reserves	4.3	5.1	2.6
Other equity including net income for the period	333.7	297.4	320.4
<b>Total equity</b>	<b>358.0</b>	<b>322.5</b>	<b>343.0</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	64.2	38.8	65.5
Other provisions	2.2	1.6	2.2
Deferred tax liabilities	1.6	2.0	1.1
<b>Total long-term liabilities</b>	<b>68.0</b>	<b>42.4</b>	<b>68.8</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	9.8	13.0	12.8
Accounts payable	106.5	104.4	118.3
Other short-term liabilities	92.2	110.6	114.5
<b>Total short-term liabilities</b>	<b>208.5</b>	<b>228.0</b>	<b>245.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>634.5</b>	<b>592.9</b>	<b>657.4</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>Equity attributable to shareholders in the Parent Company</b> <i>Amount in MSEK</i>	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Equity at January 1, 2019</b>	<b>20.0</b>	<b>3.6</b>	<b>272.6</b>	<b>296.2</b>
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
<b>Closing equity, December 31, 2019</b>	<b>20.0</b>	<b>2.6</b>	<b>320.4</b>	<b>343.0</b>
<b>Equity at January 1, 2020</b>	<b>20.0</b>	<b>2.6</b>	<b>320.4</b>	<b>343.0</b>
Net income for the period			14.6	14.6
Other comprehensive income for the period		1.7	-1.3	0.4
<b>Closing equity, March 31, 2020</b>	<b>20.0</b>	<b>4.3</b>	<b>333.7</b>	<b>358.0</b>

## CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

<i>Amount in MSEK</i>	<b>Jan-Mar 2020</b>	<b>Jan-Mar 2019</b>	<b>R12</b>	<b>Jan-Dec 2019</b>
<b>Operating activities</b>				
Cash flow from operating activities before changes in working capital	12.1	24.0	95.8	107.7
Cash flow from changes in working capital	-20.9	-14.8	9.7	14.2
<b>Cash flow from operating activities</b>	<b>-8.8</b>	<b>9.2</b>	<b>105.5</b>	<b>121.9</b>
<b>Investing activities</b>				
Investments in intangible assets	-5.7	-2.4	-18.3	-15.0
Acquisition of subsidiaries	-	-	-2.4	-2.4
Investments in tangible assets	-3.4	-4.2	-16.4	-16.0
Disposal of tangible assets	-	-	1.3	1.3
<b>Cash flow from investing activities</b>	<b>-9.1</b>	<b>-6.6</b>	<b>-35.8</b>	<b>-32.1</b>
<b>Financing activities</b>				
Net borrowing/amortization of loans	-1.1	-3.9	-6.8	-9.6
Amortization of lease liability	-2.3	-	-10.3	-8.0
Dividend paid to shareholders	-	-	-40.4	-40.3
<b>Cash flow from financing activities</b>	<b>-3.4</b>	<b>-3.9</b>	<b>-57.5</b>	<b>-57.9</b>
<b>Cash flow for the period</b>	<b>-21.3</b>	<b>-1.3</b>	<b>12.2</b>	<b>31.9</b>
Currency effect in cash and cash equivalents	0.1	0.1	0.1	0.5
Cash and cash equivalents, start of the period	40.8	8.4	7.2	8.4
<b>Cash and cash equivalents, end of the period</b>	<b>19.6</b>	<b>7.2</b>	<b>19.5</b>	<b>40.8</b>

**CONDENSED PARENT COMPANY INCOME STATEMENT**

<i>Amount in MSEK</i>	<b>Jan–Mar 2020</b>	<b>Jan–Mar 2019</b>	<b>Jan–Dec 2019</b>
<b>Operating income</b>			
Net sales	141.9	149.0	586.6
Other operating income	5.1	3.4	14.0
<b>Total income</b>	<b>147.0</b>	<b>152.4</b>	<b>600.6</b>
<b>Operating expenses</b>			
Raw materials and consumables	-94.9	-95.2	-372.4
Other external expenses	-15.9	-16.2	-67.2
Personnel expenses	-28.4	-30.6	-107.8
Depreciation/amortization of tangible and intangible assets	-2.8	-2.2	-9.9
Other operating expenses	0.9	1.2	5.2
<b>EBIT</b>	<b>5.9</b>	<b>9.4</b>	<b>48.4</b>
<b>Result from financial items</b>			
Profit from participations in Group companies	-	-	18.5
Net interest income and similar items	0.8	1.1	3.1
Net interest expenses and similar items	0.6	1.1	-1.7
<b>Profit before tax</b>	<b>7.3</b>	<b>11.6</b>	<b>68.4</b>
Appropriations	-	-	9.9
Income tax	-1.0	-2.2	-13.1
<b>Net income</b>	<b>6.3</b>	<b>9.4</b>	<b>65.2</b>

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>	<b>Mar 31, 2020</b>	<b>Mar 31, 2019</b>	<b>Dec 30, 2019</b>
<b>ASSETS</b>			
Intangible assets	33.9	17.5	29.1
Tangible assets	51.6	50.8	51.8
Participations in Group companies	46.1	43.7	46.1
Other financial assets	25.5	23.7	25.6
<b>Total fixed assets</b>	<b>157.1</b>	<b>135.7</b>	<b>152.6</b>
<b>Current assets</b>			
Inventories	58.8	61.7	61.0
Accounts receivable	94.7	98.6	97.3
Other receivables	106.1	94.9	110.2
Cash and bank balances	9.9	-	30.1
<b>Total current assets</b>	<b>269.4</b>	<b>255.2</b>	<b>298.7</b>
<b>TOTAL ASSETS</b>	<b>426.5</b>	<b>390.9</b>	<b>451.3</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	20.0	20.0
Fund for internal development expenses	18.1	8.2	18.1
Statutory reserve	2.6	2.6	2.6
Non-restricted equity including net income for the period	208.3	196.2	202.1
<b>Total equity</b>	<b>249.0</b>	<b>227.0</b>	<b>242.8</b>
<b>Untaxed reserves</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0</b>
<b>Provisions</b>	<b>3.2</b>	<b>2.8</b>	<b>3.1</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	19.7	23.0	17.1
<b>Total long-term liabilities</b>	<b>19.7</b>	<b>23.0</b>	<b>17.1</b>
<b>Short-term liabilities</b>			
Short-term interest-bearing liabilities	-	4.2	3.4
Short-term non-interest-bearing liabilities	154.6	133.0	184.9
<b>Total short-term liabilities</b>	<b>154.6</b>	<b>137.2</b>	<b>188.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>426.5</b>	<b>390.9</b>	<b>451.3</b>

## SALES AND EBIT BY SEGMENT

Segment information	Sweden		Other markets		Elimination		Group	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
<b>Sales</b>								
Total net sales	213.1	218.5	140.6	143.1	-106.5	-113.3	247.3	248.4
Internal net sales	-48.7	-55.1	-57.7	-58.1	106.5	113.3	-	
<b>External net sales</b>	<b>164.4</b>	<b>163.4</b>	<b>82.9</b>	<b>85.0</b>	-	-	<b>247.3</b>	<b>248.4</b>
<b>EBIT</b>	<b>10.3</b>	<b>16.3</b>	<b>8.5</b>	<b>12.9</b>	-	-	<b>18.8</b>	<b>29.2</b>
Net financial income/expenses	-	-	-	-	-	-	-0.5	1.4
Tax expense for the year	-	-	-	-	-	-	-3.8	-5.7
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.6</b>	<b>24.8</b>

## GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		Jan-Mar	Jan-Mar	R12	2019	2018	2017	2016
		2020	2019					
Net sales	MSEK	248.3	248.4	1007.0	1008.1	903.7	796.0	657.8
Growth	%	0	20	7	12	13	21	19
EBITDA	MSEK	25.1	33.6	117.9	135.0	128.8	110.3	84.8
EBITDA margin	%	10.2	13.5	11.7	13.4	14.3	13.9	12.9
EBIT	MSEK	18.8	29.2	102.2	112.6	113.8	98.1	73.8
EBIT margin	%	7.6	11.7	10.2	11.2	12.6	12.3	11.2
Earnings per share, before and after dilution	SEK	1.46	2.48	7.55	8.57	8.27	n/a	n/a
Equity per share	SEK	35.8	32.3	37.8	34.3	29.6	25.3	19.4
Return on equity*	%	22.2	29.6	22.2	26.8	31.2	38.3	32.4
Investments	MSEK	9.1	6.6	37.1	33.4	22.7	51.4	12.8
Depreciation	MSEK	6.3	4.4	15.7	22.3	15.0	12.2	11.0
Equity ratio	%	56.4	54.4	56.4	52.2	52.4	47.3	52.0
Net debt	MSEK	54.5	49.7	50.4	45.6	45.7	56.1	-17.3
Net debt/EBITDA*	multiple	0.4	0.4	0.4	0.3	0.4	0.5	-0.2
Number of employees		414	424	417	421	402	376	274

For definitions of key figures, see page 18

## QUARTERLY FIGURES

<b>Consolidated income statement</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
<i>Amount in MSEK</i>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
Net sales	248.3	277.8	<b>235.2</b>	246.7	248.4	268.4	212.7	214.2	207.0	238.3	184.1
Operating expenses	-229.5	-242.0	<b>-211.5</b>	-222.8	-219.2	-230.9	-184.2	-191.4	-181.9	-207.4	-163.0
EBIT	<b>18.8</b>	<b>35.9</b>	<b>23.6</b>	<b>24.0</b>	<b>29.2</b>	<b>37.5</b>	<b>28.5</b>	<b>22.8</b>	<b>25.1</b>	<b>30.9</b>	<b>21.1</b>
Net financial income/expenses	-0.5	-2.5	<b>-0.8</b>	-0.5	1.4	-1.3	-2.8	-3.2	-0.8	-1.6	-0.3
Profit before tax	<b>18.3</b>	<b>33.3</b>	<b>22.8</b>	<b>23.5</b>	<b>30.6</b>	<b>36.2</b>	<b>25.7</b>	<b>19.6</b>	<b>24.3</b>	<b>29.3</b>	<b>20.8</b>
Tax	-3.8	-8.7	<b>-4.9</b>	-5.0	-5.7	-10.7	-3.0	-4.2	-5.2	-3.3	2.4
<b>Net income</b>	<b>14.6</b>	<b>24.6</b>	<b>17.9</b>	<b>18.4</b>	<b>24.8</b>	<b>25.5</b>	<b>22.7</b>	<b>15.4</b>	<b>19.1</b>	<b>26.0</b>	<b>23.2</b>
<b>Net sales per segment</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
<i>Amount in MSEK</i>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
GARO Sweden	164.4	187.7	<b>153.7</b>	160.4	163.4	176.4	138.3	142.3	138.6	163.5	124.9
GARO Other markets	82.9	90.1	<b>81.5</b>	86.3	85.0	92.0	74.4	71.9	68.4	74.8	59.2
<b>Total Group</b>	<b>247.3</b>	<b>277.8</b>	<b>235.2</b>	<b>246.7</b>	<b>248.4</b>	<b>268.4</b>	<b>212.7</b>	<b>214.2</b>	<b>207.0</b>	<b>238.3</b>	<b>184.1</b>
<b>EBIT per segment</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
<i>Amount in MSEK</i>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
GARO Sweden	10.3	23.8	<b>14.9</b>	14.8	16.3	24.5	17.7	15.1	17.5	20.8	14.1
GARO Other markets	8.5	12.1	<b>8.7</b>	9.2	12.9	13.0	10.8	7.7	7.6	10.1	7.0
<b>Total Group</b>	<b>18.8</b>	<b>35.9</b>	<b>23.6</b>	<b>24.0</b>	<b>29.2</b>	<b>37.5</b>	<b>28.5</b>	<b>22.8</b>	<b>25.1</b>	<b>30.9</b>	<b>21.1</b>

## 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 May 19, 2020 at 3:00 p.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: 010 884 80 16

International: +44 20 3936 2999

Code: 06 45 90

The presentation used during this teleconference can be downloaded at [www.garo.se](http://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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Malin Rylander Thordén, IR Director: +46 76 894 95 96

**FINANCIAL CALENDAR**

Second quarter of 2020:

August 27, 2020

Third quarter of 2020:

November 18, 2020

Fourth quarter of 2021

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.

**2020 ANNUAL GENERAL MEETING**

The Annual General Meeting will take place on Tuesday, May 19, 2020 at 5.00 p.m. at Gnosjö Kunskapscenter on Fritidsvägen 4 in Gnosjö. As a precautionary measure to reduce the risk of spreading the novel coronavirus, the company has decided that no food or drink will be served at the Annual General Meeting and that the CEO will not hold his customary presentation. Limitations will also be followed in terms of the number of people present who are not shareholders. In light of the directions from the authorities, the company wishes to request all shareholders to consider the possibility of taking advantage of the opportunity to vote via proxy instead of physically attending the AGM. The company is closely monitoring developments and will if necessary update the information on the website about what measures are to be taken. More information about the AGM is available on the company's website [www.garo.se](http://www.garo.se).

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, May 19, 2020

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 Lohtander  
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. The information was published by the abovementioned contact persons on May 19, 2020, at 2:30 p.m.*