

Interim report January-June 2020

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.

PATRIK ANDERSSON, PRESIDENT AND CEO:

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.

GARO develops, manufactures and supplies innovative products and systems for the electrical installations market under its own brand. With a focus on user-friendliness, sustainability and design, GARO takes responsibility for the entire life cycle of its product areas within Electrical distribution products, Project business, Temporary electric installations and E-mobility.

At year-end, the Group had 420 employees with operations in Sweden, Norway, Finland, Ireland, Poland and Great Britain. Sales are divided into GARO Sweden and GARO Other markets. The head office is in Gnosjö, Sweden. Production units are located in Gnosjö and Värnamo, Sweden, and in Szczecin, Poland. GARO is listed on Nasdaq Stockholm, Mid Cap. The business concept is "with a focus on innovation, sustainability and design, GARO provides profitable complete solutions for the electrical industry."

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.

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This information is such information that GARO aktiebolag is obligated to publish in accordance with the Swedish Securities Market Act. The information was published by the above mentioned contact persons on August 27, 2020 at 7.30 am CEST

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