



INTERIM REPORT JANUARY-SEPTEMBER 2020

HIGH EBIT MARGIN FOR THE QUARTER

JULY-SEPTEMBER 2020

- Net sales amounted to MSEK 247.0 (235.2).
- EBIT amounted to MSEK 37.5 (23.6).
- EBIT margin amounted to 15.2% (10.0).
- Net income was MSEK 28.3 (17.9).
- Earnings per share¹ amounted to SEK 2.83 (1.79).

JANUARY-SEPTEMBER 2020

- Net sales amounted to MSEK 733.6 (730.3).
- EBIT amounted to MSEK 86.6 (76.8).
- EBIT margin amounted to 11.8% (10.5).
- Net income was MSEK 60.9 (61.2).
- Earnings per share¹ amounted to SEK 6.09 (6.12).

GARO Group key figures	Jul-Sep 2020	Jul-Sep 2019	%	Jan-Sep 2020	Jan-Sep 2019	%	R122	Jan-Dec 2019
Net sales, MSEK	247.0	235.2	5	733.6	730.3	0	1,011.4	1,008.1
EBITDA, MSEK	44.6	29.5	51	106.9	92.8	15	149.1	134.9
EBITDA margin, %	18.1	12.5	-	14.6	12.7	-	14.8	13.4
EBIT, MSEK	37.5	23.6	59	86.7	76.8	13	122.5	112.6
EBIT margin, %	15.2	10.0	-	11.8	10.5	-	12.1	11.2
Net income, MSEK	28.3	17.9	58	60.9	61.2	0	85.6	85.7
Earnings per share ¹ , SEK	2.83	1.79	58	6.09	6.12	0	8.56	8.57
Cash flow from operating activities, MSEK	2.4	17.7	-86	4.3	53.5	-92	74.0	121.9
Investments, MSEK	9.5	10.8	-12	35.9	25.2	42	44.2	33.4
Depreciation, MSEK	7.1	5.9	21	20.2	16.0	27	26.6	22.3
Equity ratio, %	57.7	50.6	-	57.7	50.6	-	57.7	52.2
Adjusted equity per share ² , SEK	40.0	32.0	25	40.0	32.0	25	40.0	34.3
Return on equity, %	23.8	29.3	-	23.8	29.3	-	23.8	26.8
Net debt (+) / net cash position (-), MSEK	83.4	104.6	-20	83.4	104.6	-20	83.4	45.6

¹ Earnings per share were not diluted, so earnings per share pertains to before and after dilution

² For definitions of key figures, see page 20

³ Where applicable, the difference compared with previously reported figures for 2019 is due to changed application/recognition of IFRS 16.

CEO's comments on the quarter

HIGH EBIT MARGIN FOR THE QUARTER

Net sales for the third quarter amounted to MSEK 247, which was 5% higher compared with the year-earlier period. Sales in the Sweden business area were slightly higher, driven by strong growth in the E-mobility product area, while the Other markets business area had healthy growth in all product areas.

We enjoyed healthy sales of recreational products in the Electrical distribution products product area during the summer months as a result of many people spending their vacations at home. The strong growth in the Other markets business area was primarily a result of the markets opening up after being closed, to varying degrees, for a couple of months in the second quarter.

The EBIT margin for the quarter improved, due primarily to a favorable price and product mix but also to an improved currency situation compared with 2019. This, combined with general strict cost control, was the key reason for a stronger margin. EBIT for the quarter improved to MSEK 37.5 (23.6) and the EBIT margin amounted to 15.2% (10.0).

Sales for the nine-month period were at the same level as in the preceding year, while EBIT increased. We have had a steady rate of production and a good delivery capacity.

ELECTRICAL DISTRIBUTION PRODUCTS, PROJECT BUSINESS & TEMPORARY POWER PRODUCT AREAS

Demand in construction-related product areas was somewhat lower during the third quarter. However, we have benefited from a high rate of renovation, resulting in increased sales of products including distribution cabinets and cable cabinets/meter cabinets. Energy efficiency measures in single-family homes and apartments also contributed to increased sales of products for smart homes. Products related to G-CTRL, a system that gives the owner full control over engine heaters and products to power marinas and camping sites, performed positively during the quarter.

E-MOBILITY PRODUCT AREA

Sales in the E-mobility product area was strong during the quarter, primarily in the GARO Sweden business area but also in the GARO Other markets business area. Sales in the GARO Sweden business area increased 45% and a total of 33% for the product area with high demand noted for the entire product area. Demand for the Twin wall box with double outlets, which launched during the first quarter this year, has been high. According to plan, we started delivering our proprietary DC charger GARO Althea during the quarter. Interest for the charger is substantial and client feedback is positive. The programs that were adopted during the latter half of 2019 to support the expansion of the charging infrastructure for electric cars and chargeable hybrid cars ("Klimatklivet" and "Ladda-hemma") have, to a certain extent, also had a favorable effect on demand.

On January 1, 2021, GARO will incorporate the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The purpose of the incorporation of GARO E-mobility is to sharpen focus. We will continue to strengthen the organization and intensify our development activities and thus further broaden and hone our customer offering in the growing market for charging infrastructure.

UPDATE ON COVID-19 AHEAD OF THE FOURTH QUARTER

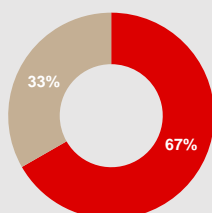
The ongoing pandemic has, to date, had a relatively limited effect on GARO in the Sweden business area. We saw a recovery in the end of the second quarter in line with the economies in Other markets business area opening up, which has continued during the third quarter. At the time of writing, demand in Sweden and in Other markets remains favorable, but we are seeing new increased restrictions, primarily within Other markets. 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 charging infrastructure 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. Housing construction has slowed down slightly from its peaks during the last few years but the production rate remains high and stable. 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 charging infrastructure.

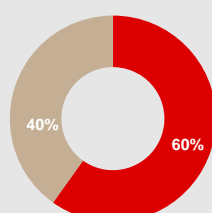
Patrik Andersson
President and CEO

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



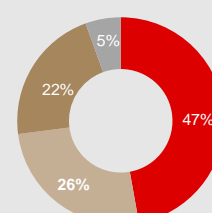
■ GARO Sweden
■ GARO Other markets

Allocation of EBIT by business area, Jan–Sept 2020



■ GARO Sweden
■ GARO Other markets

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



■ Electrical distribution projects
■ E-mobility
■ Project business
■ Temporary power

Group figures

NET SALES

The Group's net sales for the third quarter of 2020 were 5% higher compared to the year-earlier period, driven by strong growth in the E-mobility product area.

Analysis of change in net sales	Jul-Sep 2020 (MSEK)	Jul-Sep 2020 (%)	Jul-Sep 2019 (MSEK)	Jul-Sep 2019 (%)
Year-earlier period	235.5		212.7	
Organic growth	10.7	5.0	22.3	10
Acquisitions and structural changes	1.0	0	0	0
Exchange-rate effects	0.1	0	0.2	1
Current quarter	247.0	5%	235.2	11

The Group's net sales for the period from January to September 2020 were stable and in line with the year-earlier period.

Analysis of change in net sales	Jan-Sep 2020 (MSEK)	Jan-Sep 2020 (%)	Jan-Sep 2019 (MSEK)	Jan-Sep 2019 (%)
Year-earlier period	730.3		633.9	
Organic growth	1.5	0	96.4	15
Acquisitions and structural changes	1.5	0	0	0
Exchange-rate effects	0.3	0	0	0
Current period	733.6	0	730.3	15

For definitions of key figures, see page 20

During the quarter, the GARO Sweden business area reported growth of 3% as a result of strong performance in the E-mobility product area, though partially counteracted by lower sales in the Electrical distribution products, Project business and Temporary power product areas. The GARO Other markets business area increased 9% during the quarter with healthy growth in all product areas.

EBIT

EBIT for the quarter improved to MSEK 37.5 (23.6) and the EBIT margin amounted to 15.2% (10.0). A favorable price and product mix, primarily in the E-mobility product area, and beneficial currency effects contributed to this. The improved EBIT margin was also due to general strict cost control.

NET INCOME

Net financial items for the quarter amounted to MSEK -1.3 (-0.9). Net income amounted to MSEK 28.3 (17.9) and earnings per share amounted to MSEK 2.83 (1.79). Tax was MSEK -7.9 (-4.9).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the quarter amounted to MSEK 2.4 (17.7), which was primarily attributable to higher tied-up working capital than in the year-earlier period, mainly as a result of lower accounts payable and higher accounts receivable. As a safety measure during the pandemic, the company prioritized component supply and subsequently a larger inventory than normal.

Investments for the quarter amounted to MSEK 9.5 (10.8), of which MSEK 6.3 (2.6) pertained to product development. This includes property investments of MSEK 2.5 made by GARO in Gnosjö.

Investments for the January-September period, excluding acquisitions of subsidiaries, amounted to MSEK 30.2 (25.2). Property transferred in conjunction with the acquisition of EV Charge Partner Sweden 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 3.4 (1.8) during the quarter. Investments in right-of-use assets for the period amounted to MSEK 9.0 (35.5).

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt at the end of the period amounted to MSEK 83.4 compared with MSEK 104.6 for the year-earlier period and MSEK 45.6 at the end of 2019. The Group net debt excluding lease liabilities, meaning the effects of IFRS 16, amounted to MSEK 43.5 (63.8).

Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 89.1 (70.2) and the equity ratio was 57.7% (50.6).

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

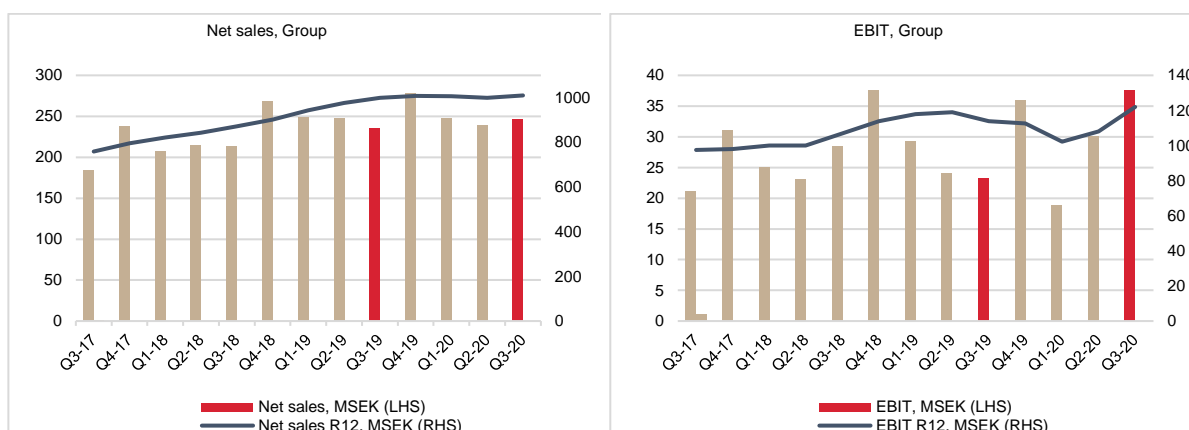
From the end of September 2020 until the publication of this report, no significant events or conditions have occurred, favorable or unfavorable, that would require further disclosures.

NOMINATION COMMITTEE APPOINTED

The members appointed to the Nomination Committee until the 2021 Annual General Meeting are: Lars Kongstad, Mannheimer Swartling Advokatbyrå (legal firm) appointed by Lars Svensson, Fredrik Carsson appointed by Svolder AB, Jan Särilvik appointed by Nordea Investment Funds and Stefan Jonsson in his capacity as Chairman of the Board of GARO AB. Lars Kongstad has been appointed Chairman of the Nomination Committee. Shareholders who wish to submit proposals to the Nomination Committee can send an e-mail to valberedningen@garo.se by March 17, 2021 at the latest.

2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting will take place on Wednesday, May 5 in Gnosjö. Please visit www.garo.se for more information.



INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND BUSINESS AREA

Product area	GARO Sweden		GARO Other markets		Total	
	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019
Electrical distribution products	65.1	69.4	52.3	51.4	117.4	120.8
Project business	36.5	40.1	11.2	8.4	47.7	48.5
Temporary power	12.1	13.3	1.4	1.0	13.5	14.3
E-mobility	44.7	30.9	23.6	20.6	68.3	51.5
Total	158.4	153.7	88.5	81.4	246.9	235.1

Product area	GARO Sweden		GARO Other markets		Total	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Electrical distribution products	197.5	202.8	148.5	160.0	346.0	362.8
Project business	131.3	130.1	26.7	27.7	158.0	157.8
Temporary power	36.5	44.1	4.0	3.5	40.5	47.6
E-mobility	124.0	100.4	65.0	61.6	189.0	162.0
Total	489.3	477.4	244.2	252.8	733.5	730.2

INCOME FROM CUSTOMERS BASED ON GEOGRAPHIC LOCATION

Geographic location	GARO Sweden		GARO Other markets		Total	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Sweden	477.5	462.7	0	0	477.5	462.7
Norway	0	0	126.2	137.2	126.2	137.2
Ireland	0	0	83.0	88.8	83.0	88.8
Finland	0	0	22.1	17.9	22.1	17.9
Other countries	11.7	14.7	12.9	8.9	24.6	23.6
Total income from customers	489.3	477.4	244.2	252.8	733.5	730.2

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 158.4 for the third quarter, compared with MSEK 153.7 for the year-earlier period. Growth was driven by the E-mobility product area and partially counteracted by lower sales in other product areas.

EBIT for the quarter improved to MSEK 23.0 (14.9) and the EBIT margin amounted to 14.5% (9.7). The margin improved primarily due to a favorable price and product mix and general strict cost control.

PRODUCT AREAS

Sales in GARO's Electrical distribution products product area were slightly lower compared with the year-earlier period. During the quarter, construction activity has been cautious and the market as a whole is estimated to have decreased by 2% during the period. However, a higher rate of renovations and investments in energy efficiency was favorable for demand in several of GARO's electrical distribution products.

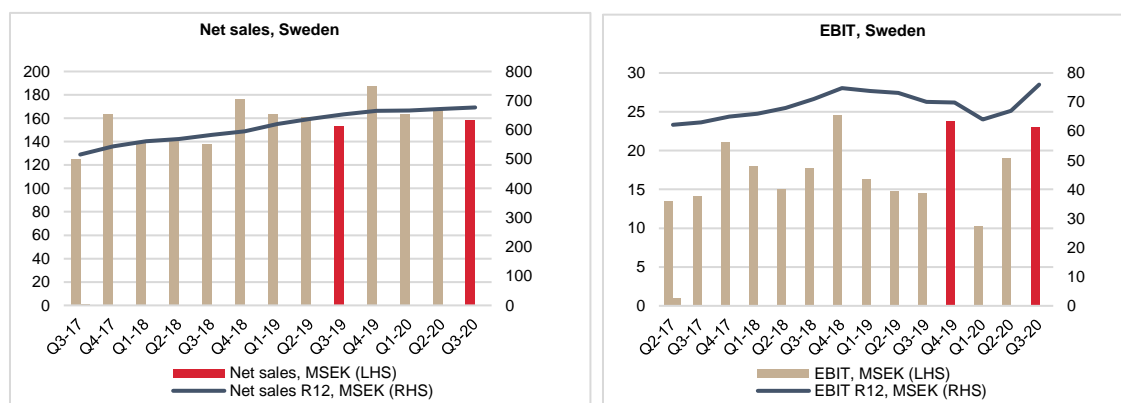
Net sales in the Project business product area decreased 9% compared with year-earlier period as a result of lower construction activity. However, GARO sees a continued high demand for customer-tailored distribution cabinets, cable cabinets and switchgears.

Sales in the product area Temporary power has been weak for some time but finished strong at the end of the quarter.

Sales in the E-mobility product area remain strong and growth for the quarter was 45% compared with the year-earlier period. Demand was strong for the entire product range.

GARO Sweden		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	R12	Jan-Dec
Key figures		2020	2019	2020	2019		2019
Net sales	MSEK	158.4	153.7	489.3	477.5	677.0	665.2
Growth	%	3	8	2	14	4	10
EBIT	MSEK	23.0	14.9	51.9	46.0	75.7	69.8
EBIT margin	%	14.5	9.7	10.6	9.6	11.2	10.5
Investments	MSEK	9.2	8.5	33.6	20.6	41.6	28.4
Depreciation	MSEK	6.0	4.8	17.0	12.9	22.3	18.1
Number of employees		235	239	239	239	238	237

For definitions of key figures, see page 20



GARO Other markets

NET SALES AND EARNINGS

Net sales in the GARO Other markets business area rose 9% to MSEK 88.5 (81.5) for the quarter, with higher sales in all product areas. The growth was primarily due to a recovery from the second quarter in line with markets opening up.

Sales increased in Ireland and Finland during the quarter. Our sales in Norway were on a par with the preceding year while a slight decrease was noted in Poland. The product facility in Poland has maintained a healthy rate for the quarter.

EBIT for the quarter improved to MSEK 14.5 (8.7) and the EBIT margin amounted to 16.4% (10.7). This was largely due to a favorable price and product mix and good production efficiency in Poland.

PRODUCT AREAS

Sales in all product areas made a clear recovery from the second quarter, in line with markets opening up after the restrictive measures adopted to combat the spread of COVID-19.

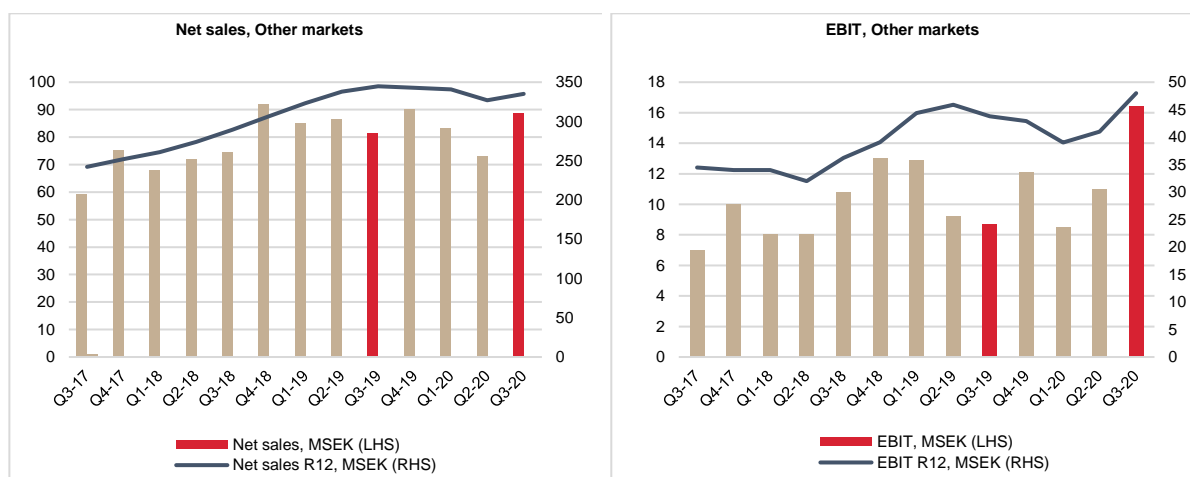
Sales in the Electrical distribution products and Temporary power product areas increased slightly in the third quarter while the Project product area reported a sharp sales increase of 33%.

The E-mobility product area increased 15% during the quarter as a result of an increase in deliveries of DC chargers.

GARO continues to have great confidence in the fact that sales of products for charging infrastructure have picked up in all markets. There is a widespread need for charging infrastructure in both the home and in the workplace. Interest in public charging facilities is also increasing.

GARO Other markets		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep		Jan-Dec
Key figures		2020	2019	2020	2019	R12	2019
Net sales	MSEK	88.5	81.5	244.2	252.8	334.3	343.0
Growth	%	9	13	-3	18	-3	12
EBIT	MSEK	14.5	8.7	34.7	30.8	46.8	42.9
EBIT margin	%	16.4	10.7	14.2	12.2	14.0	12.5
Investments	MSEK	0.3	2.3	2.3	4.6	2.6	5.0
Depreciation	MSEK	1.1	1.1	3.2	3.1	4.3	4.2
Number of employees		168	179	168	179	174	184

For definitions of key figures, see page 20



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 that we, with great commitment and dedication, develop safe and innovative products and solutions for a sustainable future.

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 minimize the negative impact of our activities, products and decisions on the environment, society and people.

ENERGY EFFICIENCY FOR THE CLIMATE

Energy efficiency is essential for meeting the future's climate goals. That is why we continuously invest significant resources in developing smart energy-efficient products and services for companies and private individuals. Through our digital control and energy efficiency solutions, we ensure that tomorrow's smart society will have access to more energy without increasing energy production.

OUR COMMITMENT TO SOCIETY

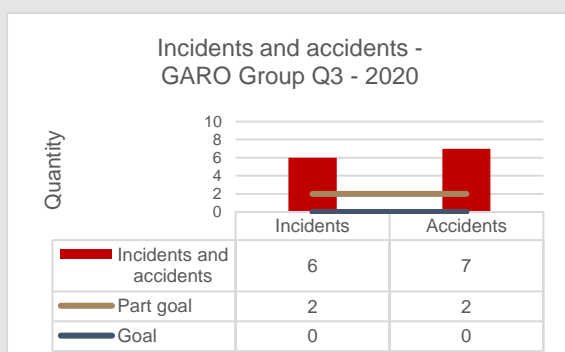
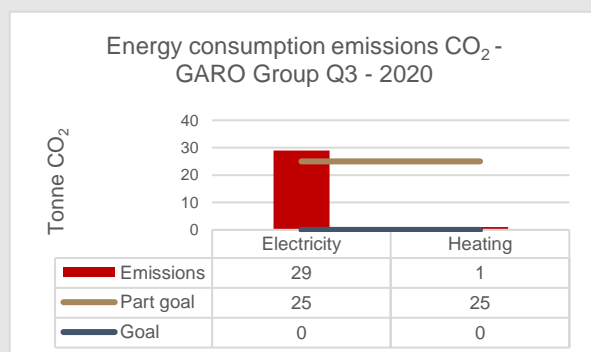
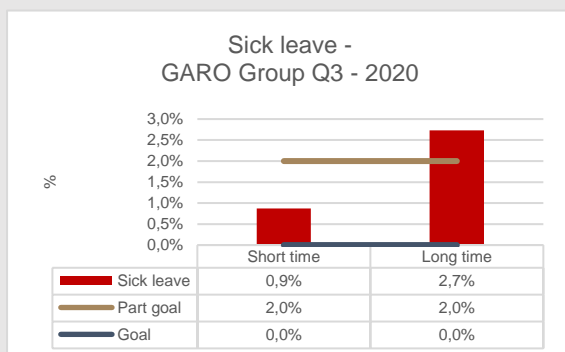
It is naturally important for us to take social responsibility, both at an overall national level and a local one in the countries where we operate. We have a significant function as an employer and close collaboration with the business sector so that together we contribute to a positive development. Supporting sports, primarily for children and young people, to support physical activity and health is of major importance for us.

We also support national charities that seek to advance medical research and provide hope and joy for seriously ill children.

SIGNIFICANT SUSTAINABILITY EVENTS DURING THE QUARTER

- A new policy was implemented stating that all company cars in Sweden are to be hybrid or electric cars.
- Life cycle analysis for E-mobility products is ongoing.
- The new waste management law that entered into force on August 1 in Sweden had already been implemented by the Group.

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



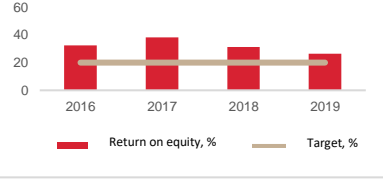
Parent Company figures

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 third quarter amounted to MSEK 140.7 (133.8), up 5%. Of this amount, MSEK 35.9 (40.7) comprised internal sales to other Group companies.

EBIT for the quarter amounted to MSEK 19.3 (11.8).

GARO's financial targets

<p>Sales growth Organic growth will amount to not less than 10% over a business cycle.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Growth, %</th> <th>Target, %</th> </tr> </thead> <tbody> <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>11</td> <td>10</td> </tr> </tbody> </table>	Year	Growth, %	Target, %	2016	18	10	2017	20	10	2018	12	10	2019	11	10
Year	Growth, %	Target, %														
2016	18	10														
2017	20	10														
2018	12	10														
2019	11	10														
<p>Profitability EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.</p>	 <table border="1"> <thead> <tr> <th>Year</th> <th>Operating margin, %</th> <th>Target, %</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>12</td> <td>10</td> </tr> <tr> <td>2019</td> <td>11</td> <td>10</td> </tr> </tbody> </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 border="1"> <thead> <tr> <th>Year</th> <th>Return on equity, %</th> <th>Target, %</th> </tr> </thead> <tbody> <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> </tbody> </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 border="1"> <thead> <tr> <th>Year</th> <th>Equity ratio, %</th> <th>Target, %</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	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 border="1"> <thead> <tr> <th>Year</th> <th>Dividend, %</th> <th>Target, %</th> </tr> </thead> <tbody> <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> </tbody> </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. 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. Board member 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 was reviewed by the company's auditors, refer to page 12.

Revisors granskningsrapport

GARO AB (publ), org.nr 556051-7772

INLEDNING

Vi har utfört en översiktlig granskning av den finansiella delårsinformationen i sammandrag (delårsrapporten) för GARO AB (publ) per 30 september 2020 och den niomånadersperiod som slutade per detta datum. Det är styrelsen och verkställande direktören som har ansvaret för att upprätta och presentera denna delårsrapport i enlighet med IAS 34 och årsredovisningslagen. Vårt ansvar är att uttala en slutsats om denna delårsrapport grundad på vår översiktliga granskning.

DEN ÖVERSIKTLIGA GRANSKNINGENS INRIKTNING OCH OMFATTNING

Vi har utfört vår översiktliga granskning i enlighet med International Standard on Review Engagements ISRE 2410 Översiktlig granskning av finansiell delårsinformation utförd av företagets valda revisor. En översiktlig granskning består av att göra förfrågningar, i första hand till personer som är ansvariga för finansiella frågor och redovisningsfrågor, att utföra analytisk granskning och att vidta andra översiktliga granskningsåtgärder. En översiktlig granskning har en annan inriktning och en betydligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i övrigt har.

De granskningsåtgärder som vidtas vid en översiktlig granskning gör det inte möjligt för oss att skaffa oss en sådan säkerhet att vi blir medvetna om alla viktiga omständigheter som skulle kunna ha blivit identifierade om en revision utförts. Den uttalade slutsatsen grundad på en översiktlig granskning har därför inte den säkerhet som en uttalad slutsats grundad på en revision har.

SLUTSATS

Grundat på vår översiktliga granskning har det inte kommit fram några omständigheter som ger oss anledning att anse att delårsrapporten inte, i allt väsentligt, är upprättad för koncernens del i enlighet med IAS 34 och årsredovisningslagen samt för moderbolagets del i enlighet med årsredovisningslagen.

Jönköping den 18 november 2020

Ernst & Young AB

Joakim Falck

Auktoriserad revisor

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	R12	Jan-Dec 2019
Amount in MSEK						
Operating income						
Net sales	247.0	235.2	733.6	730.3	1,011.4	1,008.1
Other operating income	1.3	1.2	6.1	4.7	4.3	2.8
Total operating income	248.3	236.4	739.7	735.0	1,015.7	1,010.9
Operating expenses						
Raw materials and consumables	-128.8	-128.6	-379.1	-378.4	-519.0	-518.3
Other external expenses	-25.9	-29.5	-84.4	-96.1	-120.9	-132.7
Personnel expenses	-49.0	-48.7	-169.4	-167.7	-226.7	-225.0
Depreciation/amortization of tangible and intangible assets	-7.1	-5.9	-20.2	-16.0	-26.6	-22.3
Other operating expenses	0	0	0	0	0	0
EBIT	37.5	23.6	86.6	76.8	122.5	112.6
Result from financial items						
Net financial income/expenses	-1.3	-0.9	-8.5	0.1	-11.1	-2.5
Profit before tax	36.2	22.8	78.1	76.9	111.4	110.1
Income tax	-7.9	-4.9	-17.2	-15.7	-25.9	-24.4
Net income	28.3	17.9	60.9	61.2	85.5	85.7
Other comprehensive income:						
Items that may be reclassified to the income statement						
Translation differences	-0.6	-0.3	-3.7	2.7	-5.2	1.2
Other comprehensive income, net	-0.6	-0.3	-3.7	2.7	-5.2	1.2
Total comprehensive income for the year	27.7	17.6	57.2	63.9	80.3	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	2.83	1.79	6.09	6.12	8.55	8.57

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amount in MSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Fixed assets			
Intangible assets	86.5	61.9	67.4
Tangible assets	146.5	149.1	146.1
Financial assets	6.6	9.0	8.1
Total fixed assets	239.7	220.0	221.6
Current assets			
Inventories	185.6	166.4	170.4
Accounts receivable	256.6	228.2	213.4
Other current receivables	7.7	10.3	11.2
Cash and cash equivalents	4.5	7.5	40.8
Total current assets	454.3	412.4	435.8
TOTAL ASSETS	694.0	632.3	657.4
EQUITY AND LIABILITIES			
Share capital	20.0	20.0	20.0
Other reserves	3.0	5.2	2.6
Other equity including net income for the period	377.2	294.6	320.4
Total equity	400.2	319.8	343.0
Long-term liabilities			
Liabilities to credit institutions	31.9	33.2	31.7
Lease liabilities	29.9	32.3	33.8
Other provisions	2.2	1.7	2.2
Deferred tax liabilities	0.8	1.9	1.1
Total long-term liabilities	64.8	69.1	68.8
Short-term liabilities			
Liabilities to credit institutions	16.1	38.1	12.8
Lease liabilities	10.0	8.5	8.1
Accounts payable	100.2	89.9	118.3
Other short-term liabilities	102.7	106.8	106.4
Total short-term liabilities	229.0	243.3	245.6
TOTAL EQUITY AND LIABILITIES	694.0	632.3	657.4

Where applicable, the difference compared with previously reported figures for 2019 is due to changed application/recognition of IFRS 16.

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		1.2		1.2
Dividend to shareholders			-40.0	-40.0
Dividend to minority shareholders in subsidiaries			-0.3	-0.3
Currency effects			0.2	0.2
Closing equity, December 31, 2019	20.0	4.8	318.2	343.0
Equity at January 1, 2020	20.0	4.8	318.2	343.0
Net income for the period			60.9	60.9
Other comprehensive income for the period				
Currency effects		-1.8	-1.9	-3.7
Closing equity, September 30, 2020	20.0	3.0	377.2	400.2

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	R12	Jan-Dec 2019
Operating activities						
Cash flow from operating activities						
before changes in working capital	30.3	28.9	70.8	78.1	100.4	107.7
Cash flow from changes in working capital	-27.9	-11.2	-66.5	-24.6	-29.2	14.2
Cash flow from operating activities	2.4	17.7	4.3	53.5	71.2	121.9
Investing activities						
Investments in intangible assets	-6.3	-2.6	-16.7	-8.7	-22.6	-15.0
Acquisition of subsidiaries	0	0	-5.7	0	-8.1	-2.4
Investments in tangible assets	-3.2	-8.2	-13.5	-16.5	-13.5	-16.0
Disposal of tangible assets	0	0	0	0	0.7	1.3
Cash flow from investing activities	-9.5	-10.8	-35.9	-25.2	-43.5	-32.1
Financing activities						
Net borrowing/amortization of loans	-0.4	-3.6	3.4	16.5	-22.4	-9.6
Amortization of lease liability	-3.0	-2.4	-8.0	-5.7	-8.0	-8.0
Dividend paid to shareholders	0	-0.3	0	-40.3	0	-40.3
Cash flow from financing activities	-3.4	-6.3	-4.6	-29.5	-30.4	-57.9
Cash flow for the period	-10.5	0.6	-36.2	-1.2	-2.7	31.9
Currency effect in cash and cash equivalents	0.1	-0.2	-0.1	0.2	-0.3	0.5
Cash and cash equivalents, start of the period	14.9	7.0	40.8	8.4	7.5	8.4
Cash and cash equivalents, end of the period	4.5	7.4	4.5	7.4	4.5	40.8

Where applicable, the difference compared with previously reported figures for 2019 is due to changed application/recognition of IFRS 16.

CONDENSED PARENT COMPANY INCOME STATEMENT

Amount in MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating income					
Net sales	140.7	133.8	431.2	424.0	586.6
Other operating income	4.2	3.0	14.9	11.7	14.0
Total income	144.9	136.8	446.1	435.7	600.6
Operating expenses					
Raw materials and consumables	-86.3	-86.9	-271.9	-272.9	-372.4
Other external expenses	-13.7	-13.9	-45.1	-47.0	-67.2
Personnel expenses	-23.4	-23.0	-83.7	-81.7	-107.8
Depreciation/amortization of tangible and intangible assets	-3.3	-2.5	-9.1	-7.0	-9.9
Other operating expenses	1.0	1.3	3.0	3.9	5.2
EBIT	19.2	11.8	39.3	31.0	48.4
Result from financial items					
Profit from participations in Group companies	0	5.7	0	5.7	18.5
Net interest income and similar items	0.4	0.6	1.4	2.9	3.1
Net interest expenses and similar items	-0.3	-0.1	-3.5	-0.1	-1.7
Profit before tax	19.3	18.0	37.1	39.5	68.4
Appropriations	0	0	0	0	9.9
Income tax	-4.3	-2.5	-8.1	-7.0	-13.1
Net income	15.0	15.5	29.0	32.5	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	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Intangible assets	42.6	22.7	29.1
Tangible assets	48.9	54.6	51.8
Participations in Group companies	53.2	43.7	46.1
Other financial assets	27.5	26.2	25.6
Total fixed assets	172.1	147.2	152.6
Current assets			
Inventories	73.5	53.2	61.0
Accounts receivable	119.8	101.3	97.3
Other receivables	97.5	115.1	110.2
Cash and bank balances	0	0	30.1
Total current assets	290.8	269.6	298.7
TOTAL ASSETS	463.0	416.8	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	231.1	173.9	202.1
Total equity	271.8	210.1	242.8
Untaxed reserves	0	0.9	0.0
Provisions	3.2	2.8	3.1
Long-term liabilities			
Liabilities to credit institutions	14.6	18.0	17.1
Total long-term liabilities	14.6	18.0	17.1
Short-term liabilities			
Short-term interest-bearing liabilities	7.1	28.2	3.4
Short-term non-interest-bearing liabilities	166.3	156.8	184.9
Total short-term liabilities	173.4	185.0	188.3
TOTAL EQUITY AND LIABILITIES	463.0	416.8	451.3

SALES AND EBIT BY BUSINESS AREA

Business area information	GARO Sweden		GARO Other markets		Elimination		Group	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Sales								
Total net sales	196.3	196.2	141.4	129.8	-90.7	-90.8	246.9	235.2
Internal net sales	-37.8	-42.5	-52.8	-48.4	90.7	90.8	0	0
External net sales	158.4	153.7	88.5	81.5	0	0	246.9	235.2
EBIT	23.0	14.9	14.5	8.7	0	0	37.5	23.6
Net financial income/expenses							-1.3	-0.9
Tax expense for the year							-7.9	-4.9
Net income for the year							28.3	17.9

GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	R12	2019	2018	2017	2016
Net sales	MSEK	247.0	235.2	733.6	730.3	1,001.4	1,008.1	903.7	796.0	657.8
Growth	%	5	11	0	15	1	12	13	21	19
EBITDA	MSEK	44.6	29.5	106.9	92.8	149.1	134.9	128.8	110.3	84.8
EBITDA margin	%	18.1	12.5	14.6	12.7	14.8	13.4	14.3	13.9	12.9
EBIT	MSEK	37.5	23.6	86.7	76.8	122.5	112.6	113.8	98.1	73.8
EBIT margin	%	15.2	10.0	11.8	10.5	12.1	11.2	12.6	12.3	11.2
Earnings per share, before and after dilution	SEK	2.83	1.79	6.09	6.12	8.55	8.57	8.27	n/a	n/a
Equity per share	SEK	40.0	31.98	40.0	31.98	40.0	34.3	29.6	25.3	19.4
Return on equity*	%	23.8	29.3	23.8	29.3	23.8	26.8	31.2	38.3	32.4
Investments	MSEK	9.5	10.8	35.9	25.2	44.2	33.4	22.7	51.4	12.8
Depreciation	MSEK	7.1	5.9	20.2	16.0	26.6	22.3	15.0	12.2	11.0
Equity ratio	%	57.7	50.6	57.7	50.6	57.7	52.2	52.4	47.3	52.0
Net debt	MSEK	83.4	104.6	83.4	104.6	83.4	45.6	45.7	56.1	-17.3
	multipl e									
Net debt/EBITDA*		0.6	0.7	0.6	0.7	0.6	0.3	0.4	0.5	-0.2
Number of employees		403	418	403	418	412	421	402	376	274

*For definitions of key figures, see page 19

QUARTERLY FIGURES

Consolidated income statement	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2020	2020	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017
Net sales	247.0	238.3	248.3	277.8	235.2	246.7	248.4	268.4	212.7	214.2	207.0	238.3
Operating expenses	-209.5	-208.0	-229.5	-242.0	-211.5	-222.8	-219.2	-230.9	-184.2	-191.4	-181.9	-207.4
EBIT	37.5	30.3	18.8	35.9	23.6	24.0	29.2	37.5	28.5	22.8	25.1	30.9
Net financial income/expenses	-1.3	-6.8	-0.5	-2.5	-0.8	-0.5	1.4	-1.3	-2.8	-3.2	-0.8	-1.6
Profit before tax	36.3	23.6	18.3	33.3	22.8	23.5	30.6	36.2	25.7	19.6	24.3	29.3
Tax	-7.9	-5.5	-3.8	-8.7	-4.9	-5.0	-5.7	-10.7	-3.0	-4.2	-5.2	-3.3
Net income	28.3	18.1	14.6	24.6	17.9	18.4	24.8	25.5	22.7	15.4	19.1	26.0
Net sales per business area	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2020	2020	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017
GARO Sweden	158.4	166.5	164.4	187.7	153.7	160.4	163.4	176.4	138.3	142.3	138.6	163.5
GARO Other markets	88.5	72.7	82.9	90.1	81.5	86.3	85.0	92.0	74.4	71.9	68.4	74.8
Total Group	246.9	239.3	247.3	277.8	235.2	246.7	248.4	268.4	212.7	214.2	207.0	238.3
EBIT per business area	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2020	2020	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017
GARO Sweden	23.0	18.6	10.3	23.8	14.9	14.8	16.3	24.5	17.7	15.1	17.5	20.8
GARO Other markets	14.5	11.7	8.5	12.1	8.7	9.2	12.9	13.0	10.8	7.7	7.6	10.1
Total Group	37.5	30.3	18.8	35.9	23.6	24.0	29.2	37.5	28.5	22.8	25.1	30.9

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: Total of recognized equity +78.6% of the company's untaxed reserves

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

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

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

Net debt: Interest-bearing liabilities, 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 November 18, 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: 0200 123 717

International: +44 20 3936 2999

Code: 075444

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 70 676 07 50

FINANCIAL CALENDAR

Year-end report 2020	February 12, 2021
Interim report January - March 2021	May 5, 2021
2021 Annual General Meeting	May 5, 2021
Interim report April - June 2021	August 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, November 18 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. The information was published by the abovementioned contact persons on November 18, 2020, at 7:30 a.m. CET.