

An innovative force



**ANNUAL REPORT
2020**

GARO

GARO Group in brief

GARO is a company that develops, manufactures and markets innovative products and systems for the electrical installations market under its own brand. GARO's customer offering is to provide products and complete solutions in the product areas of Electrical distribution products, E-mobility, Project business and Temporary Power with a focus on electrical safety, user-friendliness and sustainability. Operations are divided into two business areas: GARO Sweden and GARO International, previously GARO Sweden and GARO Other markets.

GARO was founded in 1939, has its head office in Gnosjö and is today an international Group with operations in six countries with around 400 employees. GARO's production units in Sweden are located in Gnosjö and Värnamo, as well as in Szczecin, Poland. GARO's sales in 2020 amounted to MSEK 1,040. GARO is listed on Nasdaq Stockholm under the ticker name GARO.

Annual report 2020

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Future-proof products

GARO is at the forefront when it comes to innovative electrical products and complete solutions that last for the long term. We offer solutions within four strong product areas that support society's energy transition. With high energy efficiency, electrical safety and user-friendliness, we make the difference to your everyday lives, for both installation engineers and end users.



ELECTRICAL DISTRIBUTION PRODUCTS

The Electrical distribution products product area offers approximately 3,500 products and complete solutions for fixed electrical installation within industry, newbuilds of housing, properties and for renovation projects. Anything from connectors to complete distribution cabinets containing media, control and metering, but also sockets for cars,

camping and marinas and safety switches for industry. All in all, our offering presents entirely new opportunities on the path toward a more sustainable future and in the development of smart properties that are characterized by high electrical safety and energy efficiency.



E-MOBILITY

GARO presented its first charging station back in 2008. Many years of developing engine heaters formed the basis of the early launch, and our range of charger products has expanded significantly since then. Today, GARO is the leading player of charging infrastructure in the Nordic region. With a broad product portfolio, E-mobility can offer all types of vehicle charging with accompanying services – from wall boxes for single-family homes, to charging stations for residential areas, companies, service stations and other public environments.



PROJECT BUSINESS

In the product area Project business, GARO offers complete, customized and installation-ready distribution cabinets. This mainly involves switchgear, cable cabinets, distribution units and apartment fuse boxes. Demand for ready-assembled products is high, which GARO is able to meet with reliability of supply and high quality. This has provided us with a market-leading position when it comes to complete solutions in low-voltage distribution.

TEMPORARY POWER

The Temporary Power product area manufactures products for temporary electricity, heating and lighting. The offering includes temporary distribution cabinets, workplace lighting, drying fans, fan heaters and accessories for use on construction sites or for events. The Temporary Power product area is also able to provide places for charging electric cars for temporary use.



GARO FUTURESMArt

Under the GARO Futuresmart™ concept, we strengthen our brand with innovative future-proof products. Products for which we ensure energy savings, digital control and simplicity of use. GARO Futuresmart™ guarantees our customers profitable and smart products, while we offer training and easily accessible support. Smart. Futuresmart.

A man with dark hair, wearing a grey overcoat over a dark suit and a patterned tie, is smiling and looking towards the camera. He is holding a grey charging cable and plugging it into the charging port of a dark-colored car. The background is a bright, snowy landscape.

”

CHARGING ELECTRIC CARS IS A FAST-GROWING AREA IN WHICH MAJOR OPPORTUNITIES ARE BEING CREATED. AS SUCH, OUR INVESTMENTS ON SUSTAINABILITY AND PRODUCT DEVELOPMENT WERE INTENSIFIED DURING THE YEAR.

PATRIK ANDERSSON, CEO

Growth and profitability in a different time

2020 was a different year, where the ongoing pandemic impacted the way people live and work across the world. The GARO Group quickly made changes to the operations for employees, transitioning collaborations with customers and suppliers to digital platforms. Coupled with continued healthy demand, particularly in GARO Sweden, this was a contributing factor to the relatively limited impact that the pandemic had on our operations. Sustainability efforts and product development have continued, and production capacity, particularly in E-mobility, was expanded. The product area reported growth of 24% and maintained its rapid pace of growth. All in all, the GARO Group can report growth and an improved EBIT for 2020. Sales for the full-year amounted to MSEK 1,040 (1,008) and EBIT to MSEK 136 (113).

OUR MARKETS

GARO Sweden and the Electrical distribution products area benefited from a high rate of renovation and investments in the energy efficiency of single-family homes and apartments during the year. The scope of new production of housing, renovation and extensions also had a positive impact. With products that promote energy efficiency, GARO is continuing to capture market shares, reporting growth of 5% in this respect. Our E-mobility product area has increased 33% as a result of a greater number of electric and hybrid vehicles, driving the expansion of charging infrastructure. Our broad product range and high delivery capacity were contributing factors to our success in this area.

On the other hand, the pandemic has had a more distinct impact on markets in the GARO International business area, which we noted mainly in the second quarter when many markets went into lockdown. Nevertheless, we succeeded in recovering our sales as the markets reopened, and GARO International reported sales on a similar level to the preceding year at the end of the year. We are now seeing a backlog in demand for products from all product areas in the business area. In 2021, we will continue investing in the UK, where we established sales companies at the end of 2019.

CONTINUED STRONG GROWTH IN E-MOBILITY

The E-mobility product area is our fastest growing product area, and its strong growth is expected to continue. GARO has strengthened its position in 2020 with the launch of a number of new products, the Twin wall box with double outlets and the fastcharger Althea. GARO also acquired the company EV Charge Partner AB, which performs service at charging stations. This means that we can now offer customers a complete solution of charger products and power supplies as well as services such as commissioning, service and support.

To create a clearer focus, intensify our development efforts and adopt a structure for rapid growth, the E-mobility product area was incorporated on January 1, 2021. The

procedure was similar to our previous incorporations of GARO Montage AB (Project business product area) in 2004 and GARO Elfex AB (Temporary Power product area) in 2007.

PRODUCT DEVELOPMENT FOR SUSTAINABILITY

GARO has a high rate of development when it comes to smart products that meet current and future needs. Sustainability is a natural and important aspect, in the same way as functionality, energy consumption and the choice of material. With strong product development encompassing all of our product areas, we are creating unique opportunities to develop sustainable products that satisfy the market. We have many examples of sustainable products that are manufactured with materials that have a minimal impact on the environment. Our cable cabinet for power supply and our fastcharger Althea are two examples.

THE FUTURE

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, I have a positive view of long-term market conditions, mainly driven by growth in charging infrastructure.



Patrik Andersson, CEO

2020 in brief

1040

MSEK IN NET SALES
(1,008)

95

MSEK IN NET INCOME
(86)

3%

IN GROWTH
(12%)

9.50 SEK

EARNINGS PER SHARE
(8.50)

13%

IN EBIT MARGIN
(11%)

58%

EQUITY RATIO
(52%)



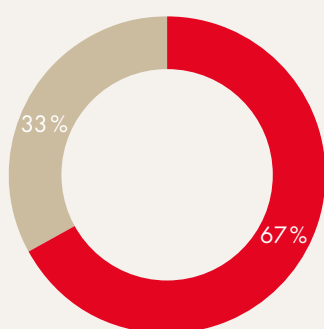
The electric car market is growing more rapidly than ever before, and GARO is breaking all of its previous sales records when it comes to wall boxes. In the last quarter, GARO sold 12,080 wall boxes, an increase of 86 %.



The fourth quarter was a record quarter for GARO with net sales increasing 10 % to MSEK 306.3.

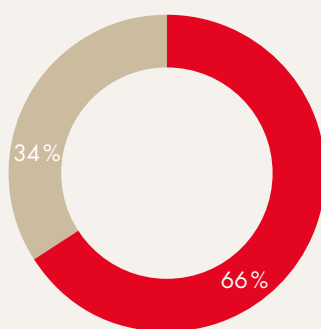


On the last trading day of the year, the share price closed at SEK 635. This means an increase of 107 % compared with the closing rate for 2019.



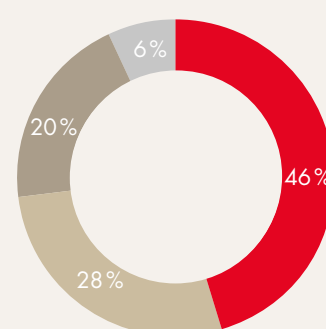
ALLOCATION OF NET SALES
per business area 2020

■ GARO Sweden
■ GARO International



ALLOCATION OF EBIT
per business area, adjusted for items
affecting comparability 2020

■ GARO Sweden
■ GARO International



ALLOCATION OF NET SALES
per product area 2020

■ Electrical distribution products
■ E-mobility
■ Project business
■ Temporary Power

	2020	2019	2018	2017	2016
Net sales (MSEK)	1,039.8	1,008.1	903.7	796.0	657.8
Growth, %	3	12	13	21	19
EBIT (MSEK)	136.2	112.6	113.8	98.1	73.8
EBIT margin, %	13.1	11.2	12.6	12.3	11.2
Net income (MSEK)	95.3	85.7	82.7	85.6	57.0
Earnings per share ¹ (SEK)	9.53	8.57	8.27	8.56	5.70*
Return on equity, %	24.7	26.8	30.1	38.3	32.4
Investments (MSEK)	45.3	33.4	22.7	51.4	12.8
Equity ratio, %	57.9	52.2	52.4	47.3	52.0
Net cash position (-) / net debt (+)	11.3	45.6	45.7	56.1	-17.3
Average number of employees	409	420	398	345	275

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

*) Earnings per share after stock dividend and share split (50:1) decided on January 12, 2016.

Key events in 2020

Q1



- GARO AB signed a framework agreement with a global player in the automotive industry for supplying charging infrastructure for the European market.
- GARO presented a new E-mobility range with the G-Cloud measurement collection service and the Twin wall box at eCarExpo in Stockholm.
- GARO launched the fastcharger Althea. The fastcharger is characterized by its user-friendliness, reliability and durability.
- GARO Finland exhibited at Elmässan in Jyväskylä, displaying a broad range in Electrical distribution products and E-mobility.
- Deliveries commenced of GARO's environmentally adapted cable cabinet that was launched in 2019. At the same time, the cable cabinet was launched in Norway and Finland. Synergies between our product areas was made apparent with the launch of a ready-assembled E-mobility cabinet which significantly simplifies major charger installations.

Q2



- GARO acquired 70% of the shares of the company EV Charge Partner Sweden AB. The company provides service, support and commissioning in charging infrastructure.
- Adjustments were made to adapt operations to protect the safety of our employees during the pandemic. Workplace adjustments, timetable adjustments and the move to working from home.
- GARO launched the Nova portable charging station for use at construction sites and events. Another example of how synergies between GARO's product areas are quickly able to meet market requirements.
- The Twin wall box, with double outlets, was delivered to the market, where it was received with great interest.
- GARO launched a program with the aim of making the organization more efficient.

Q3

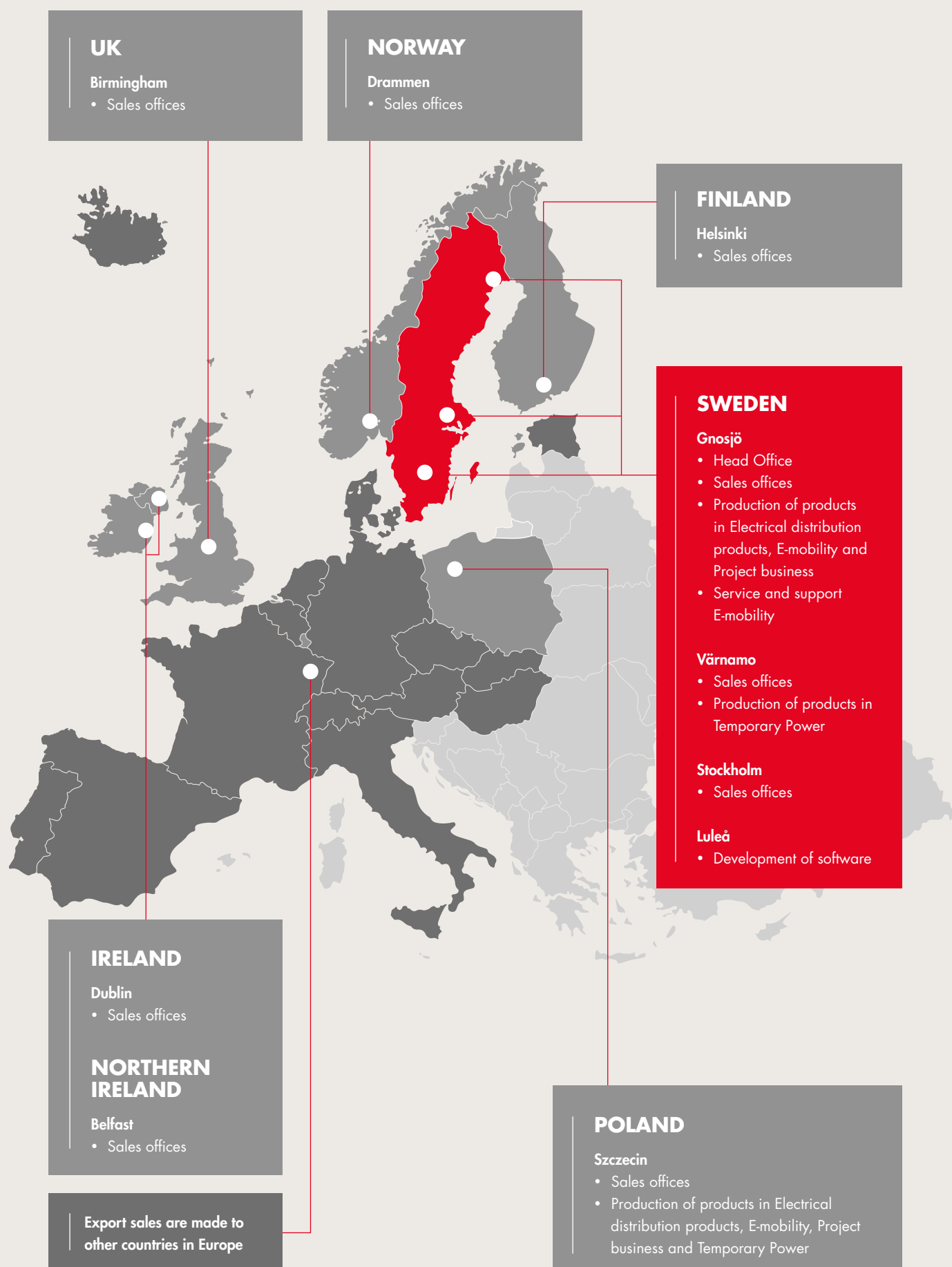


- The first installation of GARO's fastcharger Althea was carried out in Sweden. GARO is thus meeting the high demand for short-stop quick charging.
- On January 1, 2021, GARO announced an incorporation of the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The aim of the incorporation was to increase focus and broaden and strengthen GARO's customer offering in charging infrastructure.
- For the fifth year in a row, GARO Poland was nominated in the annual "Business Gazelles" ranking as one of the companies that has developed the most. GARO Poland was awarded "Business Supergazel 2019 by West Pomeranian Voivodeship".

Q4



- This year, GARO was also selected as a "Super company in Sweden". This means that we have lived up to Bisnode's high business requirements for the past four years.
- For the second year in a row, GARO was placed on the list of Sustainable Companies 2020. The ranking is compiled by Dagens Industri, Aktuell Hållbarhet and the Lund University School of Economics and Management.
- GARO launched its climate-smart ready-assembled cable cabinet for lighting and power distribution.
- GARO Poland was selected as "Leader of Electromobility 2020" at the Global e-Mobility Forum 2020 conference.



A market with growth potential

GARO is a market-leading supplier in electric installation material in the Nordic region. GARO develops and manufactures products and complete solutions that are attractive to the market under its own brand and within four product areas. Through innovative, long-standing experience and great expertise, products and services are continuously being offered that are characterized by their energy efficiency, smart control and sustainability.

ESTABLISHMENT IN EUROPE

Since the company was formed in Gnosjö in 1939, GARO has expanded and developed its business and established several international operations and various forms of collaboration. GARO's operations cover most of northern Europe for which Sweden comprises the largest market with 67% of the Group's net sales. In Norway, Finland, Ireland, Poland and the UK, GARO has subsidiaries with various distribution networks, while sales to other countries are conducted through various partners and international contracts.

Logistics are run effectively by the production units in Sweden and Poland that also currently provide excellent opportunities for the supply of skills. In the countries in which GARO is established with subsidiaries, we note growth potential within several product areas, something that is clearly evident in the UK where companies were opened at the end of 2019. In line with GARO's European breakthrough, opportunities are provided for establishing more operations or expanding partnerships in the future.

Net sales in GARO increased in 2020 by a total of 3%, with healthy growth in the GARO Sweden business area. The sales trend was primarily driven by E-mobility, our quickest growing product area, as well as in Electrical distribution products. E-mobility reported growth of 24% in 2020, with high demand across the entire product range.

ADAPTING TO THE MARKET

There are local differences in electrical standards, construction regulations and end use between countries to which we must adapt our offering. Through our long-term international presence, GARO has accumulated solid expertise in

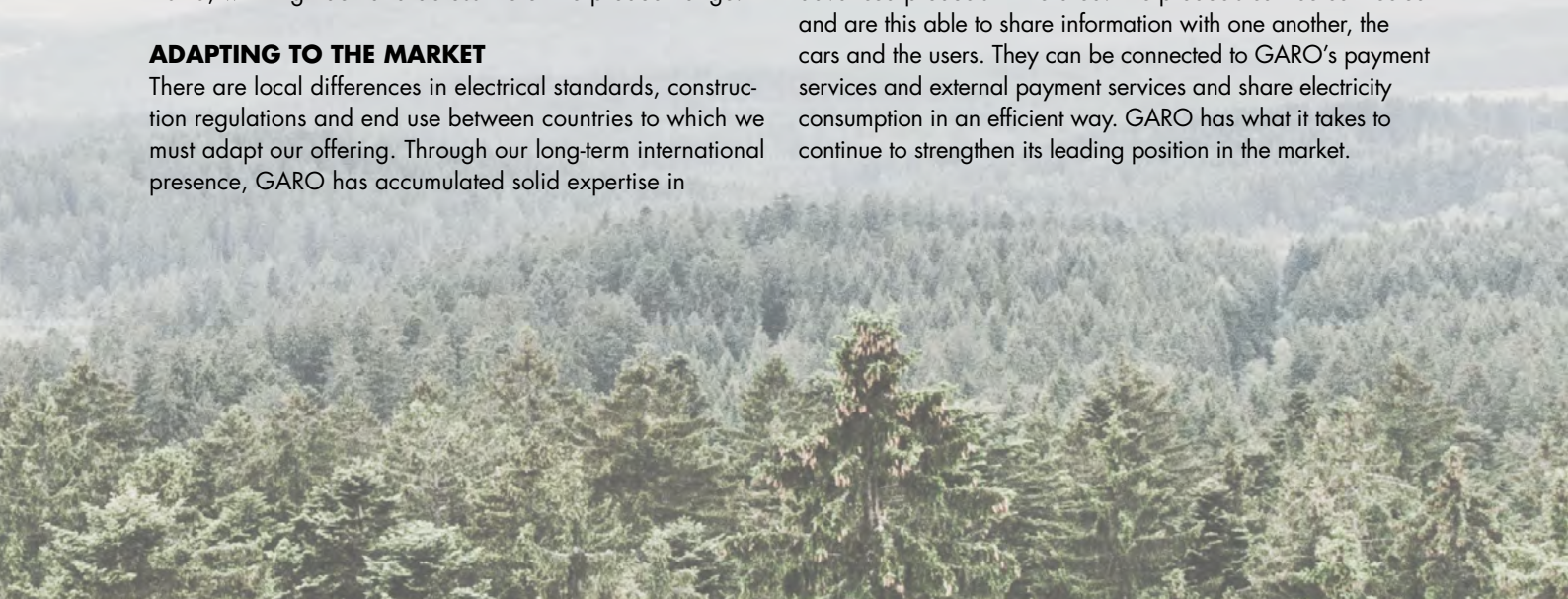
product adjustment according to the various demands and needs in Europe. A specifically adapted range is selected in each country that GARO introduces its products. Market efforts are run and organized locally to offer customers expertise, training and accessibility.

ELECTRIC CAR USERS DRIVING UP EXPECTATIONS

The trend is clear – the vehicle fleet is en route to change. The number of electric cars and chargeable hybrid cars on the roads is steadily increasing in the Nordic region and in Europe. Charging infrastructure must now quickly be expanded, not just along the roads but also where people reside, work and live their lives.

The strong growth in GARO's E-mobility product area is in line with this development. Green technology tax deductions of 50% of the labor and material costs for the installation of wall boxes also became available in Sweden from January 2021. Similar government initiatives exist in other countries and new strategies are constantly being developed in the European market to accelerate the expansion of charging infrastructure.

GARO, which has been a leading company in E-mobility since 2008, offers some of the market's most innovative and advanced products in the area. The products can be connected and are thus able to share information with one another, the cars and the users. They can be connected to GARO's payment services and external payment services and share electricity consumption in an efficient way. GARO has what it takes to continue to strengthen its leading position in the market.



CONTINUING HIGH RATE OF CONSTRUCTION AND RENOVATION

Construction, a fast pace of renovation and investments in the energy efficiency of single-family homes and apartments are driving forces for many of our product areas. The market is stable in both the Nordic region and Europe. In 2020, this has benefited GARO's sales of such items as cable cabinets, distribution cabinets and components. Choosing more sustainable material is a part of our strategy and GARO's traditional products are supplemented and upgraded with smart functions that are more energy-efficient. These products create new opportunities that were previously unavailable, providing the foundation for growth.

STRONG GROWTH AND HEALTHY DEVELOPMENT OPPORTUNITIES

GARO's essential strategy is maintaining organic growth, where innovative product development and market-adapted solutions are the key to success. With the acquisitions of new companies, focus is placed on supplementing our own operations with new product and service areas or expertise within specific areas for which development is rapidly taking place. One example of this is the acquisition of EV Charge Partner on June 1, 2020 that has strengthened our offering within charging infrastructure. GARO also maintains a strong interest in establishing itself in new geographical markets, with particular focus on Northern Europe.

Previous acquisitions include Emedius, that strengthened the Project business product area and Web El that develops electronics and software.

EV CHARGE PARTNER – A PART OF GARO

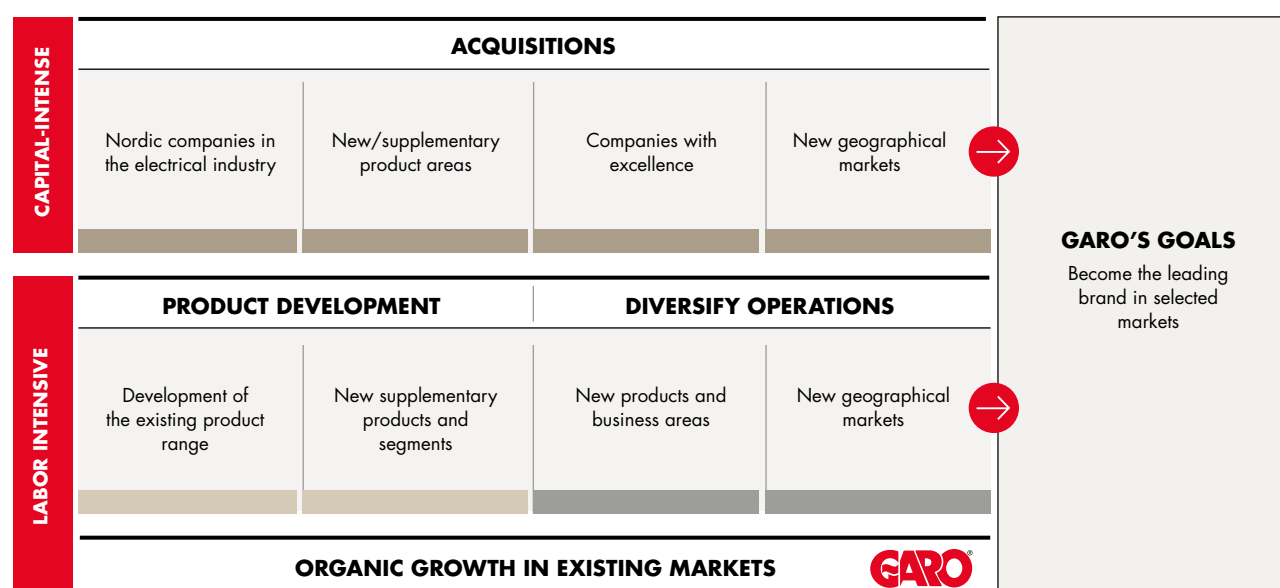
The company EV Charge Partner AB became a part of the GARO Group on June 1, 2020. The company carries out service and support as well as the commissioning of charging infrastructure. Service and support in the after-sales market is of great significance and will be decisive for major procurements and in quick charging, since customers not only demand a product, but also a long-term and well-functioning solution. With EV Charge Partner as part of GARO, we can offer our customers complete responsibility and commitment before, during and after the purchase – a supplier throughout the entire chain.

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.

Growth strategy

The basis of GARO's success is innovation, product development and organic growth, which is supplemented with a careful acquisition strategy in accordance with the growth matrix below.





GARO is an innovative force

At GARO, we have a strong drive to develop and improve the most complete, smart and responsible electrical installation solutions possible. This is where new ideas are nurtured and given scope to grow. For GARO, it is important to deliver products that are always easy to install, user-friendly on a day-to-day basis and profitable for our customers.

BRANDS WITH A LONG HISTORY

The entire installation industry is in transition toward a more sustainable approach. Major changes are creating exciting opportunities. With a focus on innovation, new technology and sustainability, GARO is involved in creating the foundation for a greener society. Our brand, with roots from 1939, has always been driven by innovation, an entrepreneurial spirit and collaboration, both within the Group and through strong traditions in the spirit of Gnosjö and Småland. Together, we create opportunities and do not forget the spirit of our origin – innovation.

CONCEPTS FOR FUTURE SUSTAINABILITY

GARO is a reliable supplier of quality products. Our path is always taken with closeness to our customers – listening to ideas, sharing our knowledge, offering training and being at hand with support. With the GARO Futuresmart™ concept, we are strengthening our brand by demonstrating our

innovative sustainable products that assure energy saving, modern design, intelligent control and user simplicity. Futuresmart ensures that GARO's products are easier, better and smarter – for everyone's security and for a sustainable future.

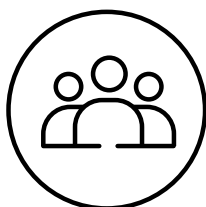
QUICKLY MEETING NEW REQUIREMENTS

While electrical safety and energy consumption are always top priorities for GARO, a major focus is also placed on user-friendliness, digital technology and modern design. Factors that are significant for the installation engineer and everyone who uses the products at work or in the home. With a central R&D department and in-house manufacturing, GARO has gathered unique expertise under a single roof. This provides synergy effects between the various product areas that entails that GARO is often quick and cost-efficient when it comes to finding new solutions for future requirements.



A strong team spirit

Our employees are innovative, skilled and driven by a curiosity to try new approaches. Our shared values are a consistent theme throughout the entire Group.



INNOVATION

We are an innovative force that develops opportunities our customers' future business. This makes us a dedicated, responsive and an active partner.

EXPERTISE

We are experts in what we do and value the knowledge that leads to our customers' development and profitability.

PRIDE

Our unique history, strong development and bright future have created our special "GARO culture." It gives us confidence and pride in everything we do.

LONG-TERM

Our focus is on developing reliable products for a sustainable future through strong commitment.

BUSINESS CONCEPT

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

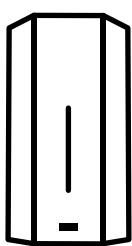
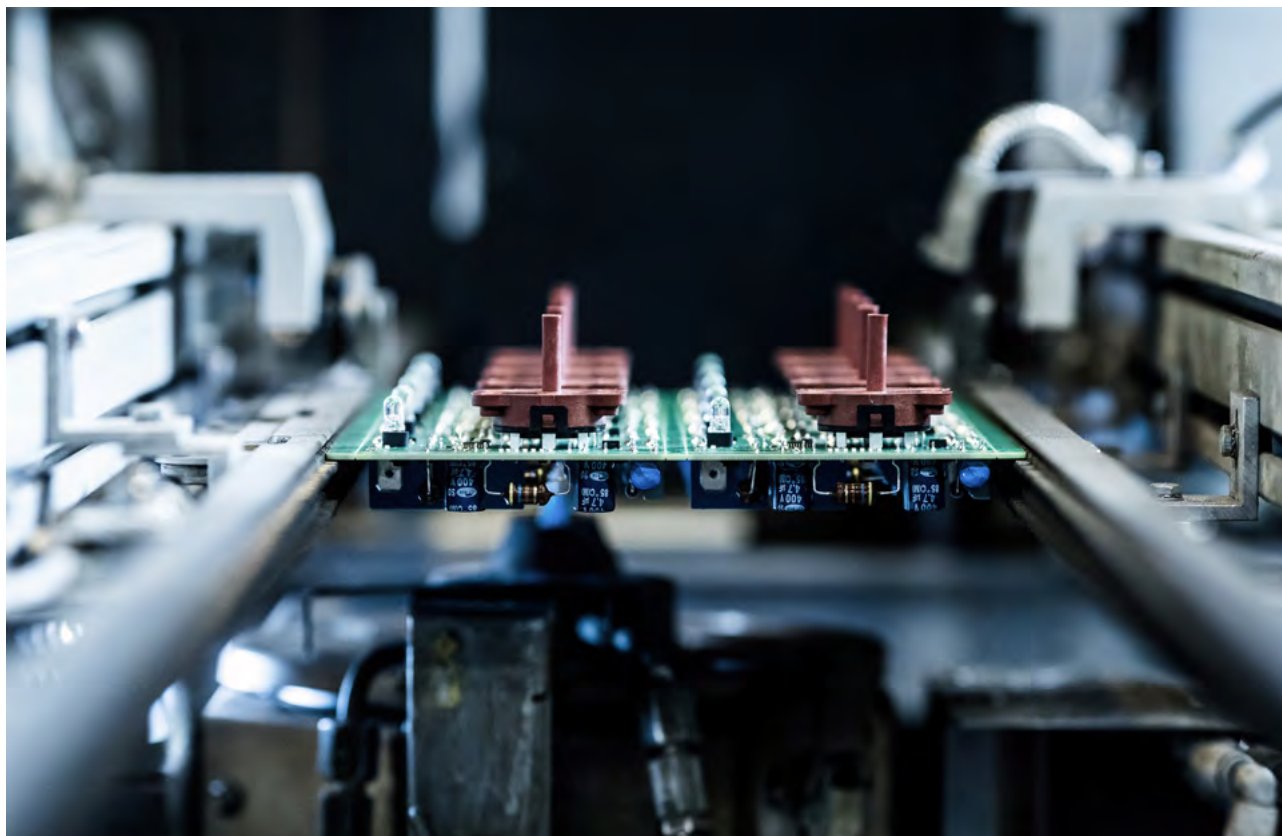
VISION

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

MISSION

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

Increased investments in product development



The choice of materials for the products is adapted according to robustness and the environmental aspect, as well as user-friendliness and appearance.

With a centralized department for all product development, GARO has established extensive knowledge in all of the Group's product areas. The synergy effects that come as a result of this promote the development of new innovative and cost-efficient products and solutions.

NEW ADVANCED TEST EQUIPMENT

GARO's product development comprises software development, digital solutions, electronics, mechanical and electrical design. In the past year, GARO has invested heavily in the development department with new facilities and investments in advanced test equipment. It is now possible to conduct several automated tests to ensure that the products that are developed maintain the highest quality. At the same time, the length of time it takes them to develop can be shortened.

COLLABORATION AND EXCHANGE OF KNOWLEDGE

Through close collaboration with customers and partners, the sales and marketing departments in the various countries are equipped with deep insight into the requirements of their respective markets. GARO's presence in Norway, which is one of the world-leading markets within electric car charging, provides significant insight and substantial knowledge. For the development of the products, focus is placed on them being able to weather the Nordic climate while being able to adapt to European requirements and regulations.

STRONG GROWTH IN E-MOBILITY

The rapid development in E-mobility and the expansion of a functioning charging infrastructure in Europe is a task that requires our collective focus. GARO collaborates with several different international organizations. Together with a leading vehicle manufacturer, GARO is involved in a project to drive development toward a fossil-free society.

INTERNET OF THINGS CREATING OPPORTUNITIES

With products connected to the cloud, it is possible to add functionalities such as remote control and online support. The advantage of electronic and software development is the opportunity to be able to continually upgrade GARO's products, during their entire lifespans. The challenge for the future is for all of the various products in the market to be able to communicate with each other. The end customer will reap the rewards of developed collaboration between companies and organizations and the standardization of systems.

USER-FRIENDLY AND SUSTAINABLE DESIGN

To ensure a unique, modern and sustainable product, GARO attaches great importance to design. The choice of materials for the products is adapted according to robustness and the environmental aspect, user-friendliness and appearance. Ergonomics has a great significance for the installation engineers and our own employees in production, at the same time as we want to offer the end user with the best possible solution.

QUALITY DOWN TO THE LAST DETAIL

Strong and long-term collaborations with leading manufacturers of components in Sweden and the rest of Europe is characteristic for all of the product areas. All components are specially adapted for our products, and each individual component is carefully safeguarded so that it lives up to GARO's high requirements for quality, functionality and sustainability. Prior to the market launch of our products, they are tested by independent European test institutes against applicable standards.



GARO maintains an active exchange of knowledge with a number of different organizations that promote the development toward a sustainable society and high electrical safety:

- **SEK.** Tasked by the government with establishing Swedish electrical standards.
- **EL.** Electricity supplier in Sweden.
- **SAFE.** International organization that develops a technical solution to meet the German Eichrecht standard, which regulates the way in which vehicle chargers communicate their measurements to end users.
- **OPEN CHARGE ALLIANCE.** Responsible for the Open Charge Point Protocol (OCPP), a standardized global protocol for communication between charging poles and charging operators.
- **HUBJECT.** An organization that regulates roaming for charging operators so that electric car drivers are able to charge their cars throughout Europe.

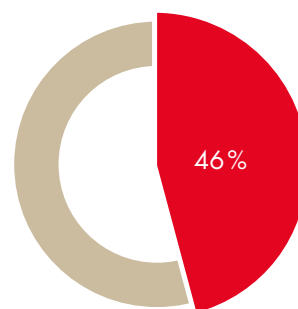
"WE CAN NOW CONDUCT SEVERAL AUTOMATED TESTS TO ENSURE THAT NEW PRODUCTS ALWAYS MAINTAIN THE HIGHEST QUALITY. THIS ALSO MEANS THAT THE LENGTH OF TIME IT TAKES THEM TO DEVELOP IS SHORTENED."

Daniel Emilsson, CTO GARO Group

Electrical distribution products – simplicity for the installation engineer and beneficial for customers



The product area Electrical distribution products is a basic foundation of GARO. Sales are driven by newbuilds, but also by renovations and extensions. By continuously developing technology and control, GARO is meeting the market's increasing interest in energy saving. Always with a focus on providing the electrical installer with the best prerequisites for being able to carry out their work in an easy, efficient and safe manner.



Electrical distribution products accounts for 46% of the Group's total net sales.

■ Electrical distribution products
■ Entire Group



” TODAY, WE ARE A MARKET LEADING COMPANY OF ELECTRICAL DISTRIBUTION PRODUCTS, RECOGNIZED FOR OUR USER-FRIENDLINESS AND THE DEVELOPMENT OF ENERGY-EFFICIENT SOLUTIONS.

Patrik Nilsson, Sales Manager Electrical distribution products Sweden



“OUR STRONG BRAND AND INNOVATIVE PRODUCT DEVELOPMENT HAS PROVIDED US WITH FAVORABLE CONDITIONS TO SUCCEED LOCALLY.

Patrick Karlsson, CEO GARO Finland

SMART AND USER-FRIENDLY PRODUCT RANGE

The product area Electrical distribution products offers about 3,500 electrical products and a great number of complete solutions with a focus on sustainability and energy efficiency. These include complete distribution cabinets containing media, control and metering, exterior facades or ground meter cabinets. Other products offered include connectors, standard components, smart engine heater outlets or electric posts for marinas and camping. GARO's smart functions are easy to program using your phone or via the internet.

NEW – LIGHTING AND DISTRIBUTION CABINETS

In the fourth quarter, GARO launched a new series of lighting and distribution cabinets using the climate-smart and corrosion-resistant material Magnelis®. This development has taken place in close collaboration with the product area Project business. The ready-assembled lighting and distribution cabinets are energy-efficient and simple and safe to install. This also creates business opportunities within a new customer group, which includes municipalities and energy companies.

IMPORTANT FOR HOUSING MANUFACTURERS

GARO has further strengthened its relationship with the market's housing manufacturers during the year. The complete offering of everything required for a quality-assured electrical installation for the home, together with reliable electric car charging, has led to GARO becoming the first choice for many housing manufacturers.

THE MARKET DEMANDS ENERGY OPTIMIZATION

Regardless of the market or industry, a great need persists for energy-efficient solutions that reduce energy consumption. Partly from a sustainability perspective, but also purely from a savings perspective. Expectations about being able to measure and control individual units, such as engine heaters, wall boxes or solar panels in the property, are steadily rising. In turn, this creates considerable demand for energy meters. Energy meters are also part of GARO's G-CTRL system, which is used to control and measure each individual guest's electricity consumption with, for example, camping or at a marina. All energy meters are MID certified, which means that the meters are approved for billing.

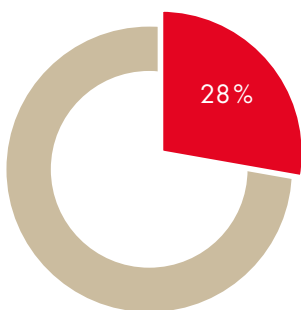
THE SIGNIFICANCE OF THE STAYCATION

The staycation trend this year, resulting in an increase in, for example, boat sales, created great demand for electrical and lighting poles for marinas and private jetties. We also saw an increase in demand within camping for GARO's electrical and lighting poles.



E-mobility in a leading position in vehicle charging

In the E-mobility product area, GARO is a significant company in northern Europe and the leading manufacturer of products for charging electric cars in Scandinavia. The explosion in sales of electric cars and chargeable hybrid cars in the past few years has increased the demand for E-mobility products. This has created new opportunities for GARO to further broaden our offering and consolidate our position as a complete supplier. Today, GARO offers a complete range of charger products together with a complete solution for power supply, software services and service and support.



E-mobility represents 28% of the Group's total net sales.

■ E-mobility
■ Entire Group



THE MARKET FOR CHARGING ELECTRIC CARS IS GROWING

There is no doubt that climate change has elevated sustainability high up on the agenda of people and companies across the world. The transport and installation industry is also in transition toward a more sustainable approach.

There are significant differences between the markets in E-mobility. Development has reached different levels, but all markets are rapidly growing and experiencing considerable demand for charging infrastructure. Norway and Sweden are on the forefront, Finland and Ireland are on their way,



” GARO IS NOT ONLY RECOGNIZED FOR SUSTAINABLE QUALITY PRODUCTS, BUT ALSO FOR ALWAYS GIVING QUALIFIED ADVICE AND BEING CLOSE AT HAND BEFORE, DURING AND AFTER TRANSACTIONS.

Magnus Hellström, Sales Director E-mobility

and Poland is investing heavily in quick charging. In the UK, the electric car fleet is expanding considerably, and there are now 250,000 rechargeable electric cars in circulation. In November, sales of new rechargeable cars exceeded sales of petrol-run cars in Sweden for the first time. Even if annual growth amounted to 82 %, rechargeable cars only make up 3 %* of Sweden's total passenger car fleet to date. In Norway, four of five new cars sold are rechargeable. With longer ranges and more reasonable prices, the automotive industry has ramped up the electrification of the vehicle fleet across the whole of Europe, even in markets that have previously experienced a degree of caution.

All car manufacturers are represented in the sale of rechargeable cars, often with several different models. Over twenty new rechargeable models were launched in 2020, and they will be joined by just as many new models in 2021. The explosion in sales of electric cars and chargeable hybrid cars in the past year also demonstrates that these vehicles are no longer the family's second car, but have assumed the role as the primary family car. The electric car revolution of the 2020s is undeniable and demonstrates a clear increase in the demand for charging stations.

In line with the increase of electrical operation within all transport sectors, the number of charging stations also needs to increase in the community. GARO is on the brink of strong growth with its E-mobility products, even in the heavy transport sector with buses, boats, wheeled loaders as well as forest and agriculture machinery. All of these sectors are transitioning toward electrical operation.

A HOLISTIC APPROACH MAKES GARO FLEXIBLE

E-mobility is GARO's product area that is developing most rapidly. E-mobility has a wide range of products for constructing charging infrastructure for electric cars, chargeable hybrid cars and heavy vehicles. With wallboxes, public charging poles, fastchargers and cable cabinets with load balancing, control and metering, our deliveries are afforded great flexibility. GARO has an entire range and software services that make us a leading company in the market.

Together with wholesalers, retailers, partners, and contract customers, GARO offers a future-proof, simple and sustainable charger installation. All products are developed with a focus on energy saving, smart digital control and user simplicity. GARO's ability to also offer service and support also provides great security.

NEW – FASTCHARGER ALTHEA

Investments in E-mobility have led to us being able to launch the fastcharger Althea in 2020. The fastcharger is characterized by its user-friendliness, reliability and durability and is connected for updates and troubleshooting. Althea is a strong addition to GARO's range, and makes us a more complete supplier of charging infrastructure.

NEW – TWIN WALLBOX FOR TWO CARS

The Twin wallbox was launched in spring 2020 and quickly received attention for being able to charge two cars at once. Since the launch, Twin has been delivered in large volumes to private individuals, companies and apartment blocks. Twin is a successful combination of GARO's previously well-tried products. At the end of 2020, GARO also launched the follow up Twin+, which is adapted for public environments enabling connection with operators' cloud services.



*Statistics from Power Circle



SINCE GARO LAUNCHED ITS FIRST ELECTRIC CAR CHARGER IN 2008, WE HAVE BEEN MARKET LEADERS IN THE NORDIC REGION WITHIN E-MOBILITY. OUR COMPLETE RANGE, INCLUDING SOFTWARE SERVICES, MAKES US A UNIQUE COMPANY IN TODAY'S MARKET. CUSTOMERS DESIRE ONE SUPPLIER, RATHER THAN SEVERAL DIFFERENT SUPPLIERS.

Jørn Karlsen, Sales Director International Business GARO E-mobility

G-CLOUD CREATING SMARTER PROPERTIES

The increased number of charging stations in apartment blocks is in turn driving the need for payment solutions connected to their usage. For this, GARO has developed the monitoring and collection service G-Cloud, that can be connected to one or several of GARO's charger products. G-Cloud pinpoints the energy consumption of every user, charger and period. The property owner can then receive fair payment through a specified addition to the rent. G-Cloud works just as well for workplaces and increased the attraction and value of properties.

E-MOBILITY CABINET PROVIDES A COMPLETE SOLUTION

GARO's ready-assembled E-mobility cabinet offers an installation friendly and cost-efficient total solution for charging installations. The new cable cabinet made from the climate-smart material Magnelis® is delivered complete with ready-configured software for cloud services. The cabinet, that can supply electricity to a large number of charging stations, is not only appreciated by the installation engineer, but can also lead to simplified future expansion.

STRENGTHENED AFTERMARKET

On June 1, 2020, the GARO Group acquired 70% of shares in the company EV Charge Partner Sweden AB. The company, that provides service and the commissioning of charging infrastructure, mainly with fastchargers and public chargers, has been collaborating with GARO for a long time. The market demands partners who can offer complete responsibility throughout the entire lifespan of the product or solution. As a result, the aftermarket is an important strategic aspect of the total offering. With EV Charge Partner as part of GARO, we can offer our customers complete responsibility and commitment before, during and after purchase.

GARO TAKING THE NEXT STEP WITH E-MOBILITY

To strengthen the position of the growing market for the charging of electric cars, GARO chose to incorporate the E-mobility product area. On January 1, 2021, operations were transferred to the new started, GARO AB wholly-owned subsidiary, GARO E-mobility AB. The aim was to further strengthen the organization, intensify focus, and in doing so, take advantage of the major opportunities that Europe offers in the product area.

INCREASED INTEREST FOR INTERNATIONALIZATION

GARO mainly supplies E-mobility products to the countries where GARO is established with its own companies. GARO maintains a strong position in E-mobility in the Nordic countries, and notes a positive development in the rest of Europe. Thanks to innovative product development, the products can easily be adapted to each country's specific regulations and requirements. This creates a quickness to the market.

ENERGY COMPANIES OPEN UP OPPORTUNITIES IN THE NORDIC REGION AND EUROPE

GARO's partnerships with E.ON, Fortum, OKQ8 and Vattenfall open up new strategic business opportunities. When charging infrastructure is expanded along the roads and service stations, our role as a supplier is strengthened through our strategic collaborations.

Equipped with our complete offering of products, services, solutions, and not least our expertise and many years of experience, we are a strong collaborative partner.

The rate of development in the energy market is high, and energy companies are becoming an increasingly important partner to the end user. Today, this entails differentiated rates or customized solutions. Tomorrow, this could entail offering a fixed-monthly rent and a consumption fee for a wallbox. Should this be the case, GARO will be available as a partner.

Our partnerships with companies such as E.ON, Fortum, Vattenfall and OKQ8 provide opportunities to introduce GARO's solutions to countries in which we are not yet operational. Energy countries are reputable and provide us with good references – strengthening GARO as a brand.

AGREEMENT WITH GLOBAL VEHICLE MANUFACTURER

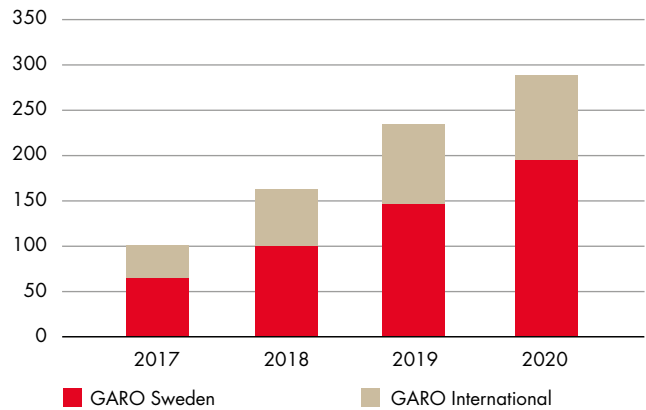
At the start of the year, GARO signed a framework agreement with a global vehicle manufacturer for supplying charging infrastructure for the European market. This close collaboration is creating a valuable link between vehicles and charging infrastructure already at the development stage.

DEEP INSIGHT A CORNERSTONE

In conjunction with the incorporation of the E-mobility product area, an organization was created to manage rapid growth and product development as well as, in particular, satisfy our customers. On all levels, the cornerstone for optimized sales is an in-depth knowledge of the varied requirements of the target groups. Using GARO's value chain, distribution travels via the customer and on to the market before finally reaching the end user. This is the case for all markets. All agreements with retailers, contract customers and partners are signed on a national or international level. To capture synergy effects within expertise, major customers and the flexibility to manage the rapid pace of growth,

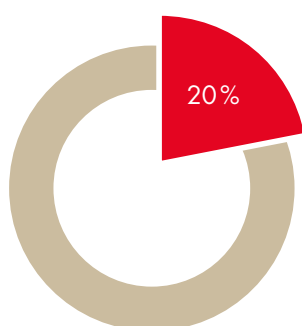
the organization is governed across country borders. This creates major opportunities for GARO to continue to be the leading company in E-mobility.

NET SALES IN E-MOBILITY (SEK)



Project business invested on climate-smart complete solutions

2020 was the year the Project business product area broke through with a climate-smart cable cabinet. The attention that the cable cabinet generated in Sweden has also opened the door for the business area GARO International. Interest is substantial, partly for the environment, but particularly because our ready-assembled cable cabinet solutions are so easy to install.



Project business represents 20% of the Group's total net sales.

■ Project business
■ Entire Group



SIMPLIFYING THINGS FOR THE INSTALLATION ENGINEER

In Sweden, the product area Project business is a market leading low-voltage supplier in sizes up to 2500 A. The complete product portfolio can power everything from a small apartment to a major industry. GARO's ready-assembled distribution cabinets, cable cabinets and switchgears are customer adapted based on a dialog with the installation engineer. These complete solutions, which have been prepared for simple assembly, achieve the best total cost for the least demanding effort. A QR scan provides instantaneous access to a wiring plan showing how the cabinet was constructed, together with a table of contents. This saves times for future applications, service and maintenance.

CLIMATE-SMART MATERIALS

GARO's cable cabinet made from the climate-smart, strong and corrosion-resistant material Magnelis® was launched in 2019. The cable cabinet is extremely resistant and can withstand outdoor environments faced with different climate conditions. It has several smart functions and is delivered ready-assembled for various purposes. Read more about Magnelis® under "Choice of materials for the environment" in the Sustainability Report.

SYNERGIES WITH E-MOBILITY AND ELECTRICAL DISTRIBUTION PRODUCTS

The new cable cabinet has several smart functions, creating major synergies with our Electrical distribution products and E-mobility product areas. For Electrical distribution products, customized cabinets are being constructed in Project business adapted for lighting and distribution. For E-mobility, Project business has specially-adapted contents in the cabinet for a ready-configured plug-in solution for installing charging stations in a system.

THE RIGHT TIME

The new cable cabinet is being released at precisely the right time. As E-mobility is rapidly growing, we can note a change in terms of construction for Project business, where traditional electrical rooms in properties are now being replaced by an outdoor cable cabinet in order to supply power. The solution provides the energy company with access to the cabinet without needing to enter the property, while it frees up room inside the premises.

For the Electrical distribution products product area, the new lighting and distribution cabinets entail interest from a broader target group.

INTEREST IN THE NORDIC MARKET

The cable cabinet has also seen an increase in demand from Norway, a country that is at the cutting edge when it comes to environmentally friendly choices. This is partly because GARO supplies cabinets that are ready to be connected to major charging installations or to distribute power, and partly because pre-installed cabinets are supplied ready for GARO Norway to make the final assembly of the contents based on their local requirements and regulations.



MORE EFFICIENT INVENTORY AND NEW IDEAS

Unlike previously, GARO is now assembling the cabinets from the ground up. Sections of the cabinets come from a local sheet-metal manufacturer in Gnosjö, allowing a more efficient inventory and providing a high delivery readiness. The new cabinets are also easier to produce and assemble the contents.

Project business has otherwise continued its efforts to save time for the installation engineer. D-type fusions, that were added to the products last year, are very popular. GARO has worked closely with installation engineers in 2020 to produce a smarter flush mounting kit for the more efficient assembly of cable cabinets inside apartment blocks. With quality standard components and smart assemble, GARO has recorded volume growth over the past few years.



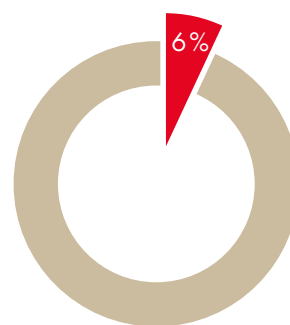
“WE ARE FURTHER REFINING GARO’S PRODUCTS TO PRODUCE COMPLETE SOLUTIONS GARO HAS A HIGH, SOLUTION-ORIENTED EXPERTISE THAT MEANS A LOT FOR OUR CUSTOMERS.

Eric Liljendahl, CEO GARO Montage

Temporary Power powers construction sites



Electricity supply, lighting and sometimes heating are required for a construction site or an event to function. These are often adverse environments that require wear-resistant products that must be easy to manage. With smart, safe and user-friendly products that have long lifespans, GARO is able to offer cost-efficient and sustainable alternatives compared with those that were previously vulnerable to wear and tear.



Temporary Power represents 6% of the Group's total net sales.

■ Temporary Power
■ Entire Group

COMPLETE SOLUTIONS FOR CONSTRUCTION AND EVENTS

The Temporary Power product area develops and manufactures products for temporary electricity distribution, lighting and heating for events or construction sites – from minor construction to the erection of commercial enterprises such as shopping centers and hotels. GARO's total offering together

with our experience and expertise makes us the first-hand choice for many in the construction and events industries. The products are delivered in line with the project's progress and are in place exactly when they are required.



OUR FOCUS IS ALWAYS ON THE INDIVIDUAL WHO WILL WORK, MANAGE, ASSEMBLE, CARRY OR MOVE OUR PRODUCTS.

Magnus Scott, CEO GARO Elflekt

NEW - TEMPORARY ELECTRIC CAR CHARGING

In June 2020, GARO launched the market's first charging station for temporary use at construction sites and events. The Nova charging station is a prime example of how GARO's product development and close collaboration between different product areas can rapidly meet market requirements in a cost-efficient manner.

Nova assumes an existing E-mobility solution, but rather than a fixed installation that requires an electrical installer, we have created a connection using a connector. This is also fitted with a stand that can be placed on uneven ground. Nova can charge two cars at the same time and enables every user to control and monitor their energy consumption. The charging station, that can be foiled with an optional design or brand profile, has awoken considerable interest from construction sites during its first year in the market. We also note considerable potential for Nova at trade fairs, concerts and events in the future.

THE CONSTRUCTION RETAILER HAS AN IMPORTANT ROLE

To reach out to the construction and rental industries, GARO is collaborating with construction retailers and wholesalers for the products in Temporary Power. We are increasing knowledge about GARO's offering through close collaborations and the exchange of knowledge with retailers and end customers. At the same time, these dialogs contribute positively to our own product development leading to continuous product improvements.

BREAKTHROUGH FOR DIGITAL SWITCHES

The large main fuse boxes have recently undergone a paradigm shift, as traditional current-limited load switches are being increasingly replaced by digital circuit breakers. GARO is at the cutting edge of this shift with a safe and innovative product that is managed more rationally. Thanks to electronic circuit breakers with flexible settings, our customers are able to limit variants, leading to the optimization of construction sites.

FOCUS ON THE WORK ENVIRONMENT

GARO is a proud supplier of quality products with a long lifespan, high energy efficiency and considerable user-friendliness. Even if both the outside sections and inside components are carefully produced to endure demanding



management, our focus is always on the individual who will work, carry, assemble or move our products.

The products are safety tested and ergonomically designed. Lighting is enjoyable to work with without glare or gleam, and our drying fans and fan heaters create a healthy working climate. All products are EMC certified and do not interfere with other electronic communication. All in all, this helps the construction industry increasingly abandon products with wear and tear in favor of GARO's durable products that can cope with being moved from one location to another.

PROUD SUPPLIER

In 2020, GARO acted as a supplier for a great number of major and attention-capturing projects. Among these, we have supplied a great number of distribution cabinets to Northvolt's gigantic battery factory in Skellefteå. The factory is as large as 40 soccer pitches. Northvolt's enterprise will generate approximately 2,500 jobs when the factory is complete in 2023. SCA in Obbola outside of Umeå also used GARO's products for the construction of its new factory, where its new kraft liner machines will produce paper for transport packaging, starting in 2023.

Growing cities challenge us

Major urban regions are expanding geographically and their inhabitants are increasing. Today, over half of the world's population live in cities, a number that is expected to increase to 60% by the year 2030. The cities of the world currently account for 75% of the world's energy consumption and almost 80% of global CO₂ emissions. As more electrical products are being produced, society is becoming increasingly dependent on electricity.

THE NEED FOR CHARGING INFRASTRUCTURE

Exhaust from fossil fuel-driven vehicles contribute to global warming and pollute the air, especially in urban areas. Regulatory restrictions for both CO₂ and nitrogen oxide emissions have pushed the automotive industry toward electrification. As a result, charging infrastructure must be expanded. In Norway and Sweden, who are at the forefront of the electric car development, we can already note a change in charging behavior. Users have learned to charge their vehicles a small amount at every stop while they have something to do or take a coffee break, and their parking priorities have switched from wanting to park close to the location to wishing to park in locations with a charger. It is at home, during the night, that their cars are fully charged.

GARO'S CONTRIBUTION

Our strong and active role in the development of charging infrastructure in the Nordic region is en route to expanding across Europe. We have a complete range of charger products for all types of environments and usage. Together with our cable cabinet that is ready-assembled for E-mobility, own design of software services and service and support, we are currently able to offer the market a secure complete supplier.





CHANGING CLIMATE CONDITIONS

We are faced with many challenges as a result of climate change. This is not only when there are storms, floods, winter cold, summer heat and thunder. Alarming reports on the climate are being published one after the other and researchers and politicians are in agreement that carbon emissions must be cut. To have a chance of achieving the goal of the Paris Agreement, we must create a global economy that is entirely disconnected from fossil fuel emissions and other greenhouse gases by 2050. This means we must do away with dependence on fossil fuels in transportation, industries, housing, food production, and so on.

GARO'S CONTRIBUTION

To a great degree, our products and product development promote reductions in fossil fuel-based and carbon emissions. Choosing more sustainable material and developing smart energy-efficient functions are parts of our strategy. GARO works actively on six of the UN Sustainable Development Goals (SDGs). How this work takes place can be read about in the Sustainability Report on page 39.



CONSTRUCTION SITES THAT ARE EVEN MORE ENVIRONMENTALLY ADAPTED

Adverse procurements and increasing cost and environmental awareness has led to the construction industry distancing itself from wear and tear products. Instead, sustainable equipment is being selected that can cope with adverse environments and can be moved from one workplace to another for many years to come. At the same time, the industry is searching for new solutions to reduce the currently high level of energy consumption at construction sites.

GARO'S CONTRIBUTION

Today, we manufacture a complete range of temporary distribution cabinets, lighting products, as well as heaters and dryers that are unique due to their energy efficiency, minimal maintenance, flexibility, impact resistance and long-term profitability. In 2020, we also launched our twin charging station Nova, that is easy to connect at temporary construction sites and events.

DEMAND FOR SUSTAINABLE PRODUCTS

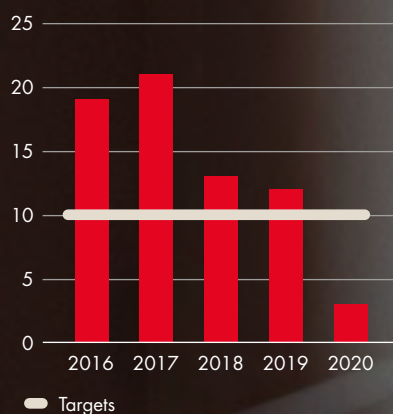
Environmental requirements are steadily increasing with our end customers. In particular, the products' material and contents are examined more rigorously in the procurements. Higher demands are made of service and support as the products become more complex.

GARO'S CONTRIBUTION

This year's launch of our own cable cabinet, made from the more durable material Magnelis® entails environmental benefits. We also note increased demand for our circuit breakers, that can easily be reset with one push of a button. As a producer, we have the opportunity to contribute by designing products with components that can easily be reused and recycled. We also want to increase the share of reused material. In addition, our connected products save traveling many unnecessary miles to perform service checks.

Financial targets

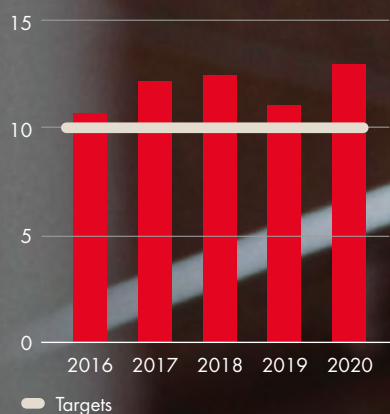
GARO's financial targets are based on the company's vision and business concept. The focus is on profitable growth and sustainable value creation, with positive and healthy finances. This will lead to long-term profitability that will enable the development of the operations and provide a healthy return for our shareholders.



≥10%

SALES GROWTH

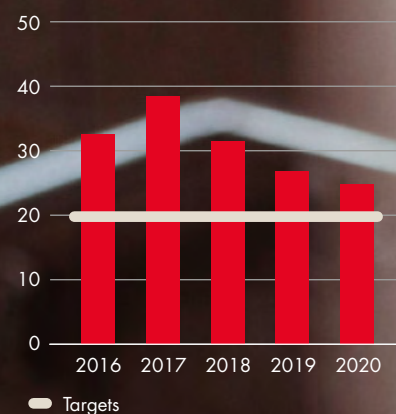
GARO's organic growth will amount to not less than 10% over a business cycle.



≥10%

PROFITABILITY

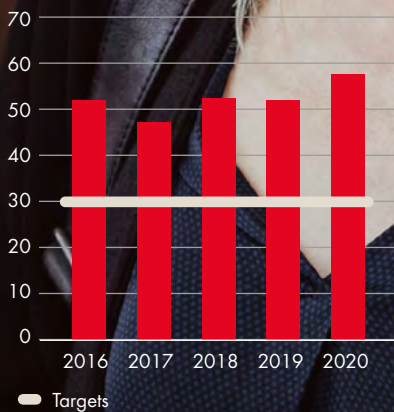
The EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.



≥20%

RETURN

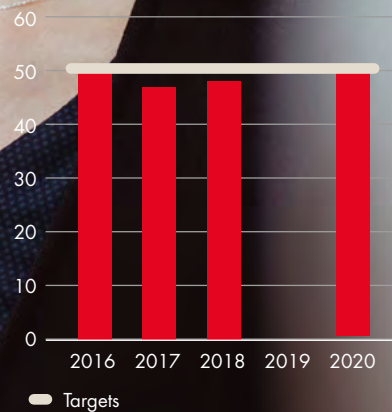
Return on equity will amount to not less than 20% over a business cycle.



$\geq 30\%$

EQUITY RATIO

The equity ratio will not be less than 30%.



$\approx 50\%$

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.

The GARO share

GARO's information disclosure to its shareholders and the remainder of the capital market aims to create a fair image of the operations' performance, minimize the risk of rumors being spread and of speculation, as well as contributing to increasing interest in the company's share. The ambition is to act quickly and correctly.

SHARE PRICE AND AVERAGE VOLUMES 2020

GARO's share has been listed on Nasdaq Stockholm since March 2016 and has been part of the Mid Cap segment since January 2, 2018. Shares are traded under the ticker name GARO. A total of 4.2 million GARO shares were traded in 2020. On the final trading day of the year, the share price closed at SEK 635 (307), an increase of 107% compared with the closing price on December 31, 2019. The average daily volume in 2020 amounted to 16,612 shares. GARO's market value on December 31, 2020 was MSEK 6,350.

CONVERTIBLES, WARRANTS, ETC.

GARO has no outstanding warrants, convertibles or other share-related financial instruments.

DIVIDEND

GARO's dividend policy is that the dividend shall amount to around 50% of the net profit after tax. The dividend proposal must take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements. The Board of Directors proposes a dividend of SEK 4.75 (0.00) for the 2020 fiscal year, corresponding to 50% of profit per share. To be precautionary, GARO paid no dividend for the 2019 fiscal year. With the dividend proposal for the 2020 fiscal year, GARO returns to its previously adopted dividend policy.

DATA PER SHARE

Data per share	2020	2019	2018	2017	2016
Adjusted EPS, SEK	9.53	8.57	8.27	8.56	6.68
Earnings per share, SEK	9.53	8.57	8.27	8.56	5.70
Cash flow from operating activities per share, SEK	8.69	12.19	7.39	5.15	4.84
Equity per share, SEK	43.0	34.3	29.6	25.3	19.4
Average number of shares (thousands)	10,000	10,000	10,000	10,000	10,000
Number of shares at the end of the period (thousands)	10,000	10,000	10,000	10,000	10,000

THE 10 LARGEST SHAREHOLDERS AT DECEMBER 31, 2020 (FROM EUROCLEAR)

Shareholder	Number of shares	Share capital, %	Votes, %
Svensson, Lars	3,568,345	35.7	35.7
Svolder Aktiebolag	973,042	9.7	9.7
Swedbank Robur Funds	796,792	8.0	8.0
Nordea Investment Funds	684,049	6.8	6.8
Stefan Jonsson Invest AB	485,085	4.9	4.9
SEB Investment Management	396,876	4.0	4.0
Spiltan Fonder AB	321,767	3.2	3.2
Third Swedish National Pension Fund	250,000	2.5	2.5
Carnegie Bank, Denmark branch	198,032	2.0	2.0
SEB AB, Luxembourg branch	153,007	1.5	1.5
Total, largest shareholders	7,825,995	78.3	78.3
Total, other shareholders	2,174,005	21.7	21.7
Total number of shares	10,000,000	100.0	100.0

SIZE CLASSES OF OWNERSHIP STRUCTURE AT DECEMBER 31, 2020 (FROM EUROCLEAR)

HOLDING	Number of shareholders	Number of shares	Share capital, %	Votes, %
1-500	8431	423,243	4.2	4.2
501-1000	156	118,344	1.2	1.2
1001-5000	112	243,807	2.4	2.4
5001-10000	19	138,192	1.4	1.4
10001-15000	7	88,586	0.9	0.9
15001-20000	8	137,502	1.4	1.4
20001-	41	8,850,326	88.5	88.5
Total	8,774	10,000,000	100.0	100.0

SHARE PRICE DEVELOPMENT FROM THE INTRODUCTION TO THE STOCK MARKET, MARCH 16, 2016–DECEMBER 31, 2020 (SOURCE EUROCLEAR)

SEK ■ GARO ■ OMX Stockholm PI





Sustainability Report

Sustainability is a central part of GARO's business concept.

With a focus on innovation, sustainability and design, GARO provides solutions for the electrical industry. This is our business concept. In practice, it means that ever since the company was founded in 1939, GARO has gradually developed its operations to build up a company that brings a positive force, energy-smart products and healthy working people – to future generations. For us, sustainable enterprise is a natural way of working and, as one of the leading companies in our industry, we want to assume clear responsibility.

OVERALL RESPONSIBILITY

GARO's business is divided into four product areas:
 – Electrical distribution products, E-mobility, Project business and Temporary Power – for which we ourselves are responsible for product development and manufacturing. We purchase components from suppliers – primarily European – to manufacture products and complete solutions for the electrical installations market. We also purchase raw materials; mainly steel, plastic, copper and corrugated cardboard.

Production takes place in Sweden, in Gnosjö and Värnamo, as well as in Szczecin, Poland. In recent years, we have also started to develop the software that makes our products energy-efficient and smarter to control.

FOR ALL OUR MARKETS

Sales are divided between the business areas GARO Sweden and GARO International. We have subsidiaries in Sweden, Norway, Finland, Ireland, Poland and the UK. GARO's products are primarily sold through electrical wholesalers to electrical installers, industries, hire companies and construction companies. Sales take place mainly in Europe, where Sweden is the largest market with a sales volume of 66%. The head office is in Gnosjö, Sweden. We endeavor to be a leading player in terms of responsible business. We work with a long-term and systematic approach to reduce our climate impact, products and decisions on the environment, society and people all along the value chain.

The UN Sustainable Development Goals (SDGs) are a key feature of GARO's sustainability agenda.

To ensure that our sustainability activities truly create value, a materiality analysis linked to the SDGs was conducted.

The GARO Group works toward all 17 of the SDGs that were established in 2015. We have selected six SDGs where we can create value and make the biggest difference. The table below provides an overview of GARO's ability to have a positive impact through its sustainability activities. The headings "Sustainability issues in focus" and "Sustainability control" later in this report describe how risks are managed, the action taken and how GARO controls this work.



UN SDGs		Targets	GARO's impact
7	Affordable and clean energy	7.1 Modern energy services	GARO offers products and solutions that contribute to renewable electricity production and a more energy-efficient society.
8	Decent work and economic growth	8.8 Protect labor rights and promote safe and secure working environments for all workers	As an employer, GARO is responsible for its employees having decent and fair working conditions, the opportunity for education and a safe work environment. GARO also contributes to improved working conditions in its choice of suppliers.
11	Sustainable cities and communities	11.2 Provide access to sustainable transport systems for all	GARO's safe and robust charging solutions contribute to a sustainable and energy-efficient vehicle fleet.
12	Responsible consumption and production	12.2 Achieve the sustainable management and efficient use of natural resources	As a producer, GARO contributes to a more circular society by designing products so that the components can be more easily reused and recycled. We have increased, and are continuing to gradually increase, the proportion of reused materials in production.
13	Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	Through GARO's energy-efficient products, which can replace fossil alternatives and systematic climate work, we reduce society's overall impact on climate change.
16	Peace, justice and strong institutions	16.5 Substantially reduce corruption and bribery in all their forms	In our capacity as a player that regularly conducts business and agreements, risks arise for abuse of power for personal gain. Read about how GARO works with anti-corruption in the section on Sustainability control.

Target for bringing about a fossil-free society



GARO plays an active role in the rapid development of the charging infrastructure. With a broad vehicle charger offering, GARO contributes to an improved infrastructure for electric vehicles and the launch of the new fastcharger completes the range. GARO's connected products also allow for remote connections for updates and troubleshooting, which minimizes travel for servicing and reduces impact on the environment.



The company's sustainability goals form the basis of the Group's everyday work and ensure that we meet stakeholder expectations. GARO has signed up to the Fossil Free Sweden initiative in which the government has specified a number of challenges on the path to meeting this goal. GARO completed two of the challenges in 2020: the company car challenge and the solar challenge. Decision-making material for completing the transport challenge by 2027 is now being prepared. Work on these challenges focuses on GARO's Swedish operations and will also encompass GARO's other markets wherever possible.

TRANSPORT CHALLENGE

By 2027 all of GARO's transports will be fossil-free according to the conditions set by Fossil Free Sweden. Fuel providing an emissions reduction of 70% compared with fossil alternatives is required for transports to be considered fossil-free.

OUTCOME/STATUS

The goal has been adopted. A status analysis is being carried out that will form the basis of future measures.

COMPANY CAR CHALLENGE

As of 2020, GARO only permit contracts for rechargeable company cars that receive a bonus in Sweden's bonus malus system.

OUTCOME/STATUS

✔ **The goal has been achieved.** The fossil company cars have successively been replaced and our new company car policy has been implemented.

SOLAR CHALLENGE

Requires installation of solar panels and own production of solar energy by 2020.

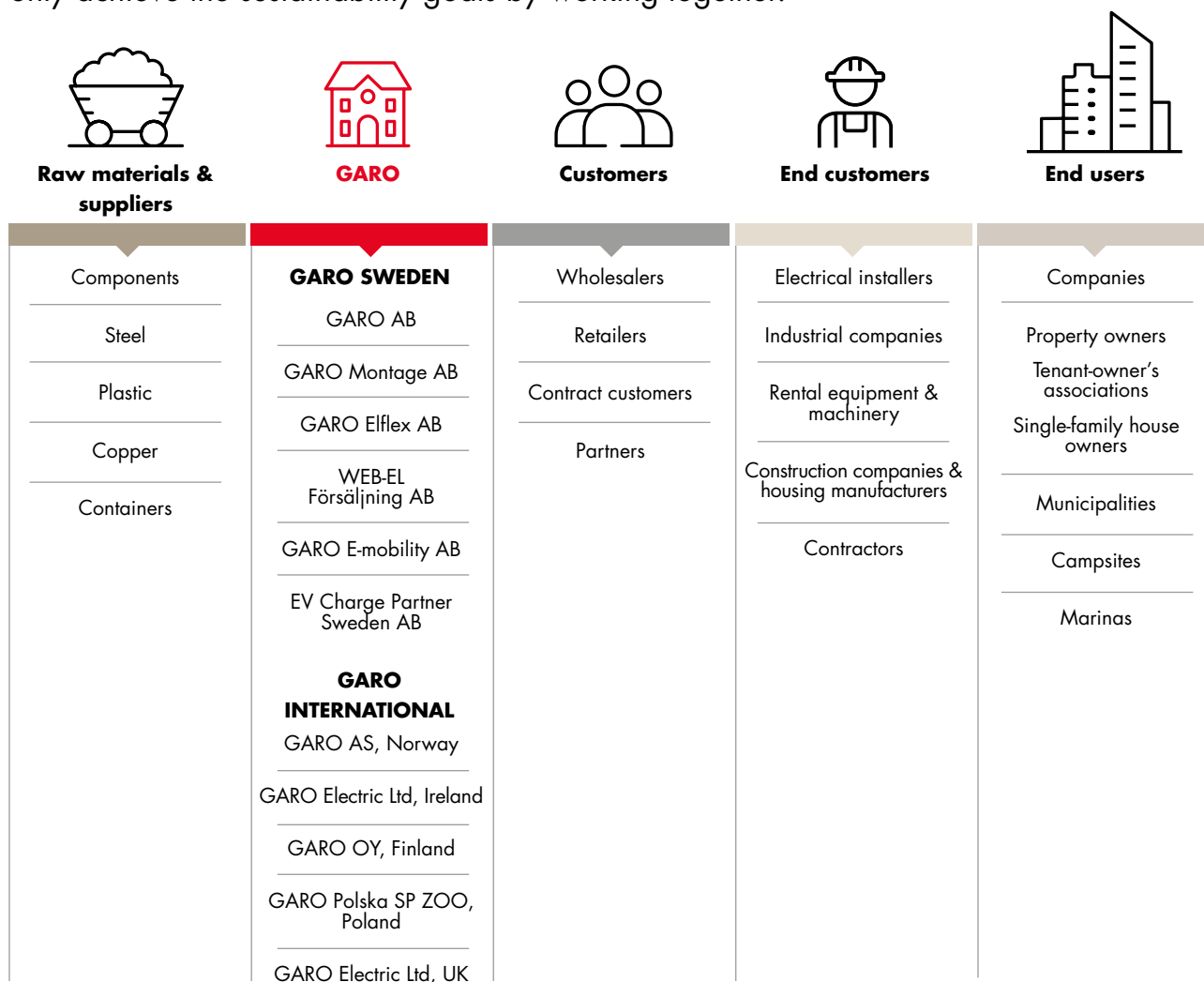
OUTCOME/STATUS

✔ **The goal has been achieved.** GARO has installed solar panel facilities at its production facilities in Sweden and Poland. Additional installations at our solar panel facilities are under evaluation.



GARO in the value chain

GARO is responsible for the environmental impact that the Group creates. This responsibility is shared by all employees, suppliers and other partners. We can only achieve the sustainability goals by working together.



RELIABLE SUPPLIERS

Strategically important suppliers are audited and monitored based on quality and sustainability factors. In addition, GARO has customized a tool jointly with its suppliers to develop toward a more sustainable work method. A new law on conflict minerals will take effect in the EU from 2021, and a status analysis and collection of data have been initiated to prepare the right procedures to ensure regulatory compliance.

GARO has made a deliberate choice, as far as possible, to primarily use suppliers from Europe. This reduces transport needs and risks of human rights violations, as well as generating improved possibilities for supplier developments. Further surveys of the supply chain are conducted continuously to ensure a reliable and efficient supply of

components and materials. A new Code of Conduct for suppliers was drawn up in 2019, to ensure that their values correspond with GARO's.

GARO IS AWARE

Energy efficiency and a circular economy are high on the agenda throughout the GARO Group. We want to practice what we preach in our own properties as well as in product development and production, and set high sustainability requirements for ourselves. One example is using spare parts in product manufacturing to increase product lives and reduce the use of materials and resources. Another is digitally connected products that can detect and rectify errors remotely and minimize the need for unnecessary travel for serving.



KNOWLEDGEABLE CUSTOMERS

GARO applies a targeted approach to providing the market with high-quality, eco-friendly products. It is highly important to provide wholesalers and retailers, through which most of our sales are made, with know-how and the right training about our products. Our customer collaborations are developed and stimulated through close relationships. We also provide wholesalers and retailers with marketing materials and digital platforms that promote sales. Customer surveys are carried out every year to help identify improvements in our partnerships.

END CUSTOMER DEMANDS

End customers make demands of customers who make demands of GARO. Procurement processes govern in many cases. Environment-related requirements from end

customers are steadily increasing, particularly regarding the materials and substances in the products. Higher demands are made of training, service and support as the products become more complex. GARO is far advanced to meet market demands in both of these areas.

END USER NEEDS

End user needs govern demand for products. GARO's contact with end users takes the form of in person sales, through installation engineers and communication in various media channels. To build a strong brand, we need to make sure that the products meet the end users' expectations in terms of user-friendliness, quality, sustainability and energy efficiency.

WE LISTEN TO OUR STAKEHOLDERS

GARO always endeavors to meet stakeholder expectations, and we have in-depth understanding of the issues that each stakeholder group prioritizes. We do this through recurring contacts with the owners, customers,

through employee talks and supplier contacts. In the table below, we present the prioritized sustainability issues among our most important stakeholder groups.

Stakeholder group	Most important issues
Customers	<ul style="list-style-type: none"> • Product safety and secure installations • Sustainable material choices • Anti-corruption
Employees	<ul style="list-style-type: none"> • Health and safety • Anti-discrimination • Equality
Shareholders	<ul style="list-style-type: none"> • Environmental and social issues in the supply chain • Climate impact • Anti-corruption
Suppliers	<ul style="list-style-type: none"> • Quality and delivery capacity • Anti-corruption

We ensure our sustainability activities

Clear control of sustainability work and continuous follow-up ensures that the right activities are performed based on established approaches. Personnel responsibilities are allocated according to a link with the issue, and the responsible employees ensure that steering documents are revised every year. GARO's operations in Sweden, Poland and Norway have ISO 9001 quality management

and 14001 environmental management certification. Ireland is certified in accordance with ISO 9001. This provides security for our customers and a guarantee that we meet applicable regulations and requirements. These certifications also means that we are subject to impartial audits of our management system, procedures and processes every year.

CONTROL TABLE

Important sustainability issues	Control/Policy	Activities in 2020	Follow-up	Results	Responsibility
Anti-corruption	Anti-corruption policy (internal) Code of Conduct – GARO Group ¹	Training of employees exposed to risk	Incident-reporting system and whistleblower system ²	No incidents occurred in 2020	Chairman CFO
Energy and climate	Operational policy ³ with guidelines for energy and climate. ISO 14001:2015 Certified environmental management system. Goal of fossil-free transports and climate-smart company cars.	Expansion of solar cells New goals formulated	Follow-up of result indicators. See the section on energy and climate.	See section on Energy-smart operations on page 43	Quality and Sustainability Manager
Other environmental issues	Operational policy ³ with guidelines for environment. ISO 14001:2015 Certified environmental management system.	Change to halogen-free Electrical distribution products. Reduced use of printed material through digitalization.	Follow-up of environmental goals and activities established in the environmental management system.	See section on Sustainable products in a circular economy on page 43	Quality and Sustainability Manager
Discrimination and equality	Equality policy Equality plan Whistleblower policy	Information in the event of new recruitments and continuous information for existing personnel	Follow-up of result indicators. Whistleblower system ⁴	No cases of discrimination were reported.	Chairman Quality and Sustainability Manager
Human rights (social conditions)	Purchasing policy Procedures for supplier assessment Suppliers signing the Code of Conduct for suppliers	New procedures for supplier assessment introduced. New supplier follow-up system.	Recurring audits of strategic suppliers and suppliers with the greatest risks.	No identified deviations.	Purchasing & Logistics Director Quality and Sustainability Manager
Health and safety	Operational policy ³ with guidelines for work and safety issues. Alcohol and drug policy Fire safety policy (internal)	Training of personnel in occupational health and safety issues such as CPR and ergonomics.	Incident reporting system. Follow-up of result indicators.	See section on health and safety on page 50.	HR Director Quality and Sustainability Manager
Product safety	Third-party quality assurance of products. ISO 9001:2015 certification Operational policy ³ with guidelines for quality issues.	Product development in respect of product safety. Standardization for product safety.	Incident reporting system.	No incidents occurred in 2020	Product managers Quality and Sustainability Manager

¹ Reference Code of Conduct corporate.garo.se/en/about-garo/code-of-conduct

² Reference whistleblower system <http://www.garo.se/en/about-garo/whistleblowing-policy>

³ Reference Operational policy corporate.garo.se/en/about-garo

⁴ Reference Operational policy corporate.garo.se/en/about-garo/code-of-conduct

ENERGY-SMART OPERATIONS

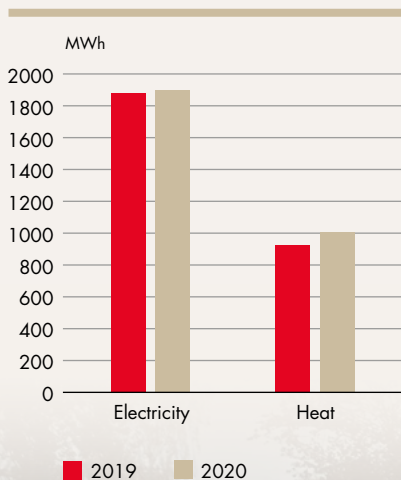
In addition to GARO's market offering of energy-smart products, the operations are developed to be as climate-smart as possible. We will achieve this by increasing the proportion of renewable energy, producing our own solar energy and continuously enhancing the efficiency of our facilities. Both facilities in Gnosjö have been converted from natural gas to biogas produced by food waste and drainage sludge. This has led to approximately 90% lower climate emissions from heating and a reduction of about 25% in the operations' total climate emissions. Further, one of the facilities in Gnosjö and the facility in the Polish city of

Szczecin have been equipped with solar panels that supply solar electricity corresponding to approximately 10% of GARO's total electricity needs.

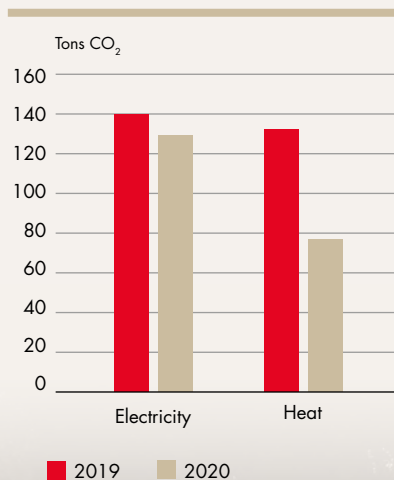
In total, GARO increased its total energy consumption by 3% in 2020, compared with 2019. The main reason for this was the expanded production.

By accepting the transport challenge (see page 38), GARO has established the goal of only using fuels that provide an emission reduction of 70% compared with the fossil alternative no later than 2027.

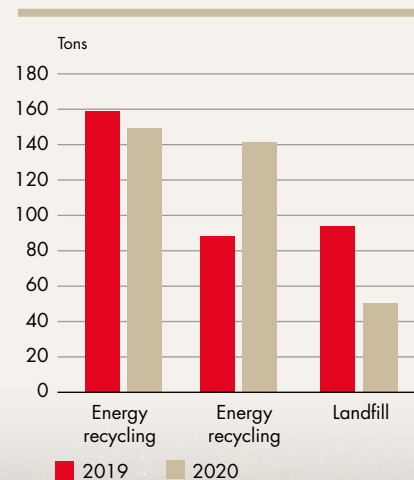
ENERGY CONSUMPTION GARO GROUP



CLIMATE IMPACT GARO GROUP



WASTE RECYCLING GARO GROUP



SUSTAINABLE PRODUCTS IN A CIRCULAR ECONOMY

In addition to the statutory CE mark, several of GARO's products are certified by a third party. This involves an independent party both testing and certifying the products in accordance with quality requirements. The entire value chain is taken into account during the design phase of product development. More recycling and reuse reduces not only the risks connected with transports and raw materials

shortages, but also leads to reduced costs, lower emissions and a better work environment. Products that can be repaired using replaceable components extend service life, reduce waste and generate better finances for GARO and its end users. The new Waste Ordinance that entered into force on August 1, 2020 had already been implemented by the Group.



INNOVATIVE

Choice of materials for the environment

GARO focuses intently on the choice of material in new product development. The aim is to develop new, highly functional products with good cost efficiency, while minimizing impact on the environment during both manufacturing and use. The materials used are audited and tested. Sustainability requirements are high across the value chain as are the demands for end user expectations regarding product lives and quality.

CLIMATE-SMART MAGNELIS®

In 2019, GARO was the first to market with the launch of a cable cabinet featuring an enclosure of the more environmentally friendly metal coating Magnelis®. This material provides GARO's outdoor products with superior self-healing properties and strong resistance to corrosion in adverse environments when compared with equivalent hot galvanized coatings. Manufacturing of Magnelis® also means a reduction in harmful emissions compared with hot galvanized materials. Zinc is released every time it is exposed to rain, which also negatively affects the pH level of our watercourses. Magnelis makes no deposits. GARO now uses Magnelis® in its new fastcharger, ground meter cabinet and the new cable cabinet.

RECYCLED PLASTIC

All products contain some plastic and this is where GARO uses climate-smart or recycled plastic granule as far as possible.

"We manufacture such products as the base of our engine warmer post from recycled plastic. While it is true that recycled plastic increases the wear and tear on our plastic tools, we can still see clear value in it that both we and our customers appreciate," explains Robert Nydén, Product Manager at GARO Electrical distribution products.

GARO injection molds most plastic details to the products itself, minimizing transportation. Transportation between the manufacturing facilities in Sweden and Poland are controlled so that the trucks are filled as far as possible in both directions.

ENVIRONMENTALLY COMPATIBLE PACKAGING

The way packaging is carried out has also been changed to save the environment. GARO's products are now packed using paper honeycomb instead of cellular plastic. Cartons and boxes that were previously color-printed on both the inside and the outside are now only printed on the outside.

GARO'S CLIMATE SMART CHOICES

- Corrosion-resistant Magnelis®, instead of hot galvanized materials.
- Recyclable aluminum with a long service life.
- Recycled plastic in certain products.
- Halogen-free cable instead of PVC.
- Honeycomb instead of cellular plastic.
- One-side printing on packaging. ■





FOSSIL-FREE VISION

Bridging the Gap for zero emissions

With operations in both Gnosjö and Värnamo, GARO sees itself as an important company in Jönköping county. Together with other responsible companies, GARO participates in the local project "Bridging the Gap" which works to have zero emissions in the county's transportation system. The vision is to be an energy-plus country that is easy to live, reside and work in with energy efficient and fossil-free travel.

” COLLABORATION IS NEEDED TO MAKE IMPORTANT ADVANCES IN SUSTAINABILITY. YOU ARE NOT STRONG ENOUGH IF YOU ACT ALONE.

Magnus Suksee, Quality and Sustainability Manager at GARO.

GREATER AWARENESS ABOUT SUSTAINABLE TRANSPORTATION

"The project was positive for GARO. It has raised awareness among employees and contributed to full focus on making our business travel as fossil-free as possible. We can also note rising demand for sustainable transportation from our customers. It provides value not only in the form of higher sustainability but also generates competitive advantages. As part of our efforts, GARO also joined the company car challenge and the transport challenge* under Fossil Free Sweden," explains Magnus Suksee. ■

*more about this on page 38.

LIFE CYCLE ANALYSES

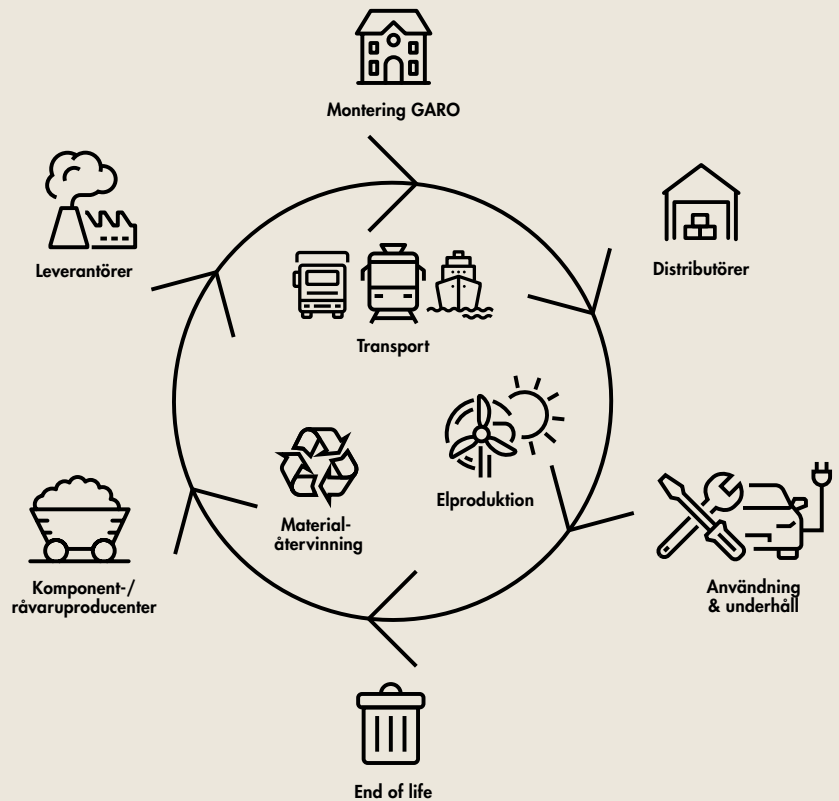
Life cycles analyses for our products

GARO has implemented its own process for conducting life cycle analyses (LCAs) in order to assess and report our products' total environmental impact. It will enable the company to chart the available resource flows for products, and more easily identify what can be done to reduce the products' environmental impact.

CHARGING STATION LS4 IS THE PILOT PRODUCT

GARO has noted an increase in customer demand for reporting an inventory of components that includes the contents of all materials and their environmental impact.

A consultant specializing in life cycle analysis was engaged to prepare an in-house reliable analysis method that can be applied to selected products. The LS4 charging station was chosen as the pilot product since it is a product strongly connected to sustainable cities through its reduced climate impact.



OWN METHOD

Work on the LS4 life cycle analysis was carried out in autumn 2020. The process includes formulating targets, mapping flows and net system flows, quantifying their environmental impact and interpreting results. For LS4, it involves about 100 components from about 30 suppliers where the environmental impact and energy consumption of the contents of each material are analyzed, as well as the handling of expired products. The methods and results of the life cycle analysis for LS4 will be presented in the second quarter of 2021. They will then be used to analyze other products. ■

“A LIFE CYCLE ANALYSIS FOLLOWS THE ENVIRONMENTAL IMPACT OF A PRODUCT THROUGHOUT ITS LIFE CYCLE – FROM EXTRACTING THE NATURAL RESOURCES UNTIL THE PRODUCT IS NO LONGER USED AND MUST BE DISPOSED.”

Magnus Suksee, Quality - Sustainability Manager GARO



Employees are our core

GARO shoulders complete responsibility for sustainability by always focusing on people. Major importance is attached to social sustainability in the company's work on providing the market with products that contribute to the sustainable development of society that are both economically and environmentally sustainable. Employees are a key part of GARO's operations.

SOCIAL SUSTAINABILITY RESPONSIBILITY

Around us, we see many skilled employees who endeavor to go the extra mile that makes a difference – not only to our financial results but to everyone who is directly or indirectly impacted by our operations. To this end, a pleasant work environment is offered in which employees can avoid any injuries and stay healthy. It is a given for GARO to offer everyone the same opportunities for development and support for retaining their motivation, staying working at the company for longer and serving as good ambassadors. This creates a secure and strong base for successfully recruiting more employees and building strong relationships with satisfied customers.

PROTECTING THE GARO SPIRIT

There is an open, friendly and genuine GARO spirit in our corporate culture. We endeavor to have close management relations, with a high level of accessibility for discussions or quick feedback. Employee surveys and performance reviews in the entire Group provide a useful view of what leads to employee satisfaction and what needs to be improved.

NEW 2020

Digital boarding

With the ambition of creating a healthy organization that welcomes, cares for and respects employees, GARO has created its own on-and-off boarding system. Systematized procedures for recruitment, introduction and ending employment are used to ensure that everyone receives an equally warm welcome and that employees leaving the company are treated respectfully and securely.

NANOLEARNING SHOWS THE WAY

With the benefits of digital “nanolearning” – short and small learning modules at more frequent intervals – GARO saw the opportunity to leverage this concept to give new employees a welcoming and thorough introduction. An internal structure for preboarding, onboarding and offboarding has been created using digital training and nanolearning and integrated into the operating system. In addition to making boarding simpler, saving time and processing all new employment processes in the same way, it also presents GARO as a professional and attractive company with a strong digital outlook.

THE PROCESS IN BRIEF

New employees are sent short, friendly and informative e-mails to make them feel welcome and comfortable before their first day. This is continued without forgetting anything or anyone.

PREBOARDING

We look forward to your arrival and provide general information about GARO concerning our history, our values and our position in the market. Practical details about day-to-day work and what will happen during your first day are also included.

ONBOARDING

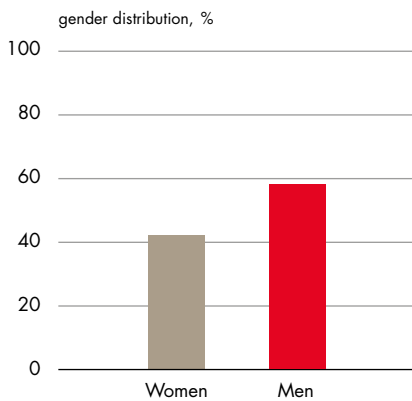
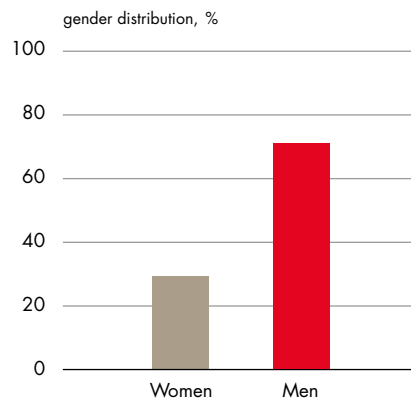
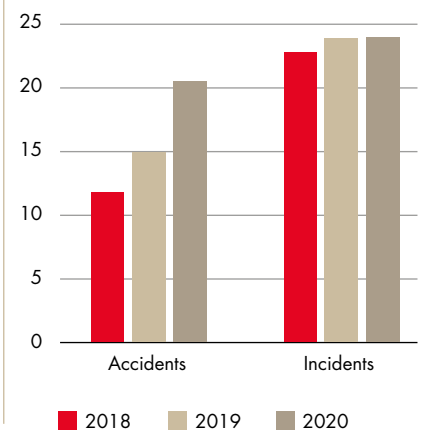
Employees are provided with a deeper introduction of GARO in which information is shared and distributed to the employee gradually during their first days at work. This information contains more information about GARO as a company, our IT policy, Code of Conduct and whistleblower policy as well as GARO’s expectations of the employee.

OFFBOARDING

Comprises more of a checklist to help the manager professionally and correctly thank the employee and subsequently ensure that all digital equipment and personal data are deleted according to legislation.

GARO’s new boarding system was introduced to its Swedish companies in November 2020. We hope to implement it in our companies in other countries after it has been evaluated and fine-tuned. ■



GROUP EMPLOYEES**GROUP MANAGEMENT****INCIDENTS AND ACCIDENTS****INDIVIDUAL PERFORMANCE**

An important aspect of being an attractive employer with low staff turnover is offering opportunities for development and career choices. Since GARO is flexible in terms of manufacturing, we are able to exchange experience of different skills between the various product units in Sweden and Poland. GARO employees possess generous opportunities to further develop within the organization. Each year, employees are invited to an individual career appraisal, which comprises long and short-term plans in terms of work assignments, skills development or training. There are a number of different examples of employees who during their time at GARO, have alternated between assembly and sales or trained themselves to be designers, buyers or product engineers.

FUTURE RECRUITMENT

GARO has loyal and committed personnel in all operational countries. Ten, 20, 30 and 40-year anniversaries are celebrated each year.

Good employment conditions make GARO a reputable employer. To attract and retain employees from coming generations, we need to be able to offer challenges and personal development, even from an international perspective. To arouse an early interest in our operations, we collaborate with the local high schools' electricity programs, which offer internships with a good change of employment. We also collaborate with colleges and universities in Sweden and Poland. In addition, GARO takes part in trade fairs. External consultants are hired for specialized services.

SAFE, HEALTHY ENVIRONMENT

GARO's production environment is clean, bright and without noise, and designed with safety in focus. The workplaces in production and in our offices are ergonomically designed, with the possibility for individual adaptation. This involves an integrated work environment within health and safety where inspection rounds are conducted in all producing units two times per year in accordance with legal requirements. A system for the reporting and follow-up of health and safety issues is to ensure good health for our employees. The staff are trained regularly in relevant health and safety measures, such as CPR, fire evacuation and ergonomics.

Employees are offered wellness contribution and company healthcare, in which individual health profiles are compiled. The results show very satisfied personnel and generally low sickness absence with very low long-term sickness absence, despite an intense tempo and strong growth.

The goal is for a consistently low sickness absence, regardless of work tasks and country.

DIVERSITY AND EQUALITY

Ethnic and cultural diversity and an even age and gender distribution are factors that contribute to GARO's successful corporate culture. We aspire for an equal organization and as such, to have more women in leading positions. GARO's



equality policy describes how all employees, in particular, persons in leading positions are to behave to eliminate discrimination. All new employees are provided with a review of the policy and we ensure compliance with the policy at every performance review. The opportunity to anonymously report any irregularities is possible by using the whistleblower system.

OUR POLICIES IN BRIEF

All of GARO's operations, partners and suppliers – regardless of where in the world they operate – must have a shared view of the principles to be observed.

- GARO supports, respects and guarantees the protection of internationally accepted human rights.
- GARO offers employees the right to form and join organizations they choose themselves, and to negotiate collective agreements.
- Child labor must never occur within the operations or at any partner.
- GARO has zero tolerance towards discrimination, violence or harassment irrespective of gender, sexual orientation, ethnicity, religion or other religious beliefs, disability or age.
- GARO has zero tolerance toward all forms of corruption, bribery or unethical business methods. All employees are responsible for identifying, complying with and respecting local laws, regulations, and rules in the countries where the company operates and does business.

SOCIAL COMMITMENT

GARO is committed to the community

It is naturally important for GARO to take social responsibility, both at an overall level and a local one in the locations where the company operates. Our role as an employer means we have an important function that creates opportunities and develop close collaboration with the business sector so that we can contribute together for positive development. Sponsorship projects are carefully selected. GARO wants to support operations that promote health and other benefits as well as those that contribute to positive development, and is happy to support local schools and their student activities. This is an excellent way of forming links with future employees.



CHILDREN AND YOUNG ADULTS A PRIORITY

GARO sponsors sports clubs and recreational activities in our local areas. Activities aimed at children and young adults are a priority, with the desire that they be provided a valuable leisure and social community.

HEALTH AND MEDICAL DEVELOPMENT

GARO's social commitment also travels further afield. This can involve grants to foster a more sustainable lifestyle, drive medical science or spread happiness to children who are ill. A new sponsorship policy was drawn up for the GARO Group in 2020 to simplify selecting sponsorship projects. ■

"FOR US, SPONSORSHIPS ARE A WAY OF TAKING SOCIAL RESPONSIBILITY, AND PROVIDE US WITH AN OPPORTUNITY TO TAKE PART IN PEOPLE'S EVERYDAY LIVES IN A POSITIVE WAY."

Cathrine Andersson, Marketing Manager GARO





We work to minimize risks

SUSTAINABILITY RISKS

A large amount of resources and material are used in GARO's value chain – metal, plastic, corrugated cardboard and energy. We are aware that the extraction of resources and the production of components are related to risks, in terms of human rights and work conditions, as well as environmental problems, such as pollution, emissions of greenhouse gases and impact on the ecosystem. Following the risk analysis that was conducted in autumn 2018, and which is regularly followed-up on, we assess that GARO's greatest sustainability risks are:

- Quality problems
- Environment and climate impact from transports
- Inadequate working conditions on the supplier level
- Corruption

The analysis showed that none of the sustainability risks were so significant that they comprised a risk to the Group's earnings. Our guidelines, procedures and codes of conduct ensure a lower risk exposure. The Group's general risk analysis can be found in Note 3, page 72 of the Board of Directors' Report.

Our greatest risks in terms of personnel and social conditions in our operations primarily comprise psychosocial risks in the form of stress and exhaustion, or repetitive strain injuries from assembly work. These risks are assessed as medium.

We can note that we have no significant risks of corruption or human rights violations among our first-line suppliers, mainly because we primarily work with European suppliers, with good procedures and processes for sustainability work. Despite this, human rights violations still occur several steps down in the supplier chain as a result of potential conflict minerals in electronic components. Unfortunately, this risk occurs throughout the electronic industry, as the traceability of the minerals' origins is difficult to follow. We are continuing with efforts to minimize the risks of conflict minerals in our products.

AWARD

GARO once again listed as a sustainable company

In 2020 and for the second year in a row, GARO was placed on the list of Sustainable Companies in the capital goods sector that was compiled by Dagens Industri, Aktuell Hållbarhet and Lund University School of Economics and Management. This is a testament to our sustainability work.

ANALYSIS OF SUSTAINABILITY EFFORTS

The Sustainable Companies ranking is a survey, based on company reports and websites, to see how well companies are adapting their ongoing sustainability work. To gain points in the ranking, a company must have a sustainability strategy, a link between the sustainability work and the UN SDGs, and integration of the SDGs into the company's business model. The company must also demonstrate how its operations promote the UN SDGs, both positively and negatively. The operations must also be surveyed as regards risks associated with the SDGs. ■



Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of GARO AB (publ), corporate identity number 556051-7772

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 36 - 53 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A statutory sustainability statement has been prepared.

Jönköping 6 April 2021

Ernst & Young AB

JOAKIM FALCK

Authorized Public Accountant



Board of Directors' Report for the Group

The Board of Directors and the President and CEO of GARO AB (publ), Corporate Registration Number 556051-7772, hereby submit the Annual Report and consolidated financial statements for the 2020 fiscal year. All amounts are stated in MSEK unless specified otherwise. Amounts in parentheses pertain to the preceding year.

OPERATIONS

GARO is a Group that develops, manufactures and markets innovative products and turnkey solutions for the electrical installations market under its own brand. GARO was founded in 1939 in Gnosjö in Småland, Sweden, and over its more than 80-year history has established strong customer relationships and a highly developed supplier network that, combined with proprietary production and sales units, form a platform for delivering innovative, complete solutions.

GARO's main customer group is electrical wholesalers, although the company also has good relationships with end customers that comprise electrical installers, original equipment manufacturers (OEMs) and industrial companies. The company has operations in Sweden, Norway, Finland, Ireland, the UK and Poland. The Group is organized in two business areas: GARO Sweden and GARO International (previously GARO Other markets before a change of name prior to the 2021 fiscal year).

The GARO share has been listed on Nasdaq Stockholm since March 16, 2016.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In February, the GARO Althea fastcharger (fastcharger) was launched. 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. Also in April, the Board of Directors withdrew the previously communicated proposal concerning dividends as a precautionary measure as a result of the ongoing COVID-19 pandemic.

On June 1, GARO AB acquired 70% of the shares in EV Charge Partner Sweden AB, a company active in service and support for the E-mobility product area.

GARO reported organic growth of 3% in 2020 compared with the preceding year. During the year, the GARO Sweden business area recorded growth of 5%, while growth in the E-mobility product area amounted to 33% compared with 2019.

The Electrical distribution products and Project business

product areas remained essentially on the same levels as 2019 while the Temporary Power product area declined compared with 2019. For the GARO International business area, operations experienced a challenging situation in 2020 due to the ongoing pandemic. Somewhat lower sales at the beginning of 2020 recovered from the second half of 2020, in line with markets opening up after the restrictive measures previously adopted to combat the spread of COVID-19. However, all product areas within the GARO International business area, apart from the Electrical distribution products area, recorded growth in 2020 compared with 2019. GARO Poland's sales and production continued to increase in line with rising volumes, where an increase in production efficiency has been achieved.

EVENTS AFTER THE END OF THE FINANCIAL PERIOD

On January 1, 2021, GARO completed an incorporation of the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The purpose of the incorporation is to sharpen focus, intensify our development activities and further broaden and strengthen our offering to the market.

SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, GARO AB has chosen to prepare the statutory Sustainability Report as a separate report from the Annual Report. The Sustainability Report was submitted to the auditors at the same time as the Annual Report. The Sustainability Report is presented on pages 36-53 of this document.

NET SALES AND EARNINGS

Net sales increased 3% to MSEK 1,039.8 (1,008.1). Underlying demand, primarily in E-mobility, was strong during the year. EBIT amounted to MSEK 136.2 (112.6), corresponding to an EBIT margin of 13.1% (11.2%).

EBIT was positively impacted by higher sales volumes primarily in the E-mobility product area and a favorable product mix. Expenses in relation to net sales were somewhat lower compared with the preceding year, primarily as a result of strict

Multi-year summary

SUMMARY OF THE GROUP'S FINANCIAL PERFORMANCE

MSEK	2020	2019	2018	2017	2016
Net sales	1,039.8	1,008.1	903.7	796.0	657.8
EBITDA	163.2	134.9	128.8	110.3	84.8
EBIT	136.2	112.6	113.8	98.1	73.8
EBIT margin %	13.1	11.2	12.6	12.3	11.2
Total assets	743.3	657.4	565.8	533.9	374.0
Equity ratio %	57.9	52.2	52.4	47.3	52.0
Return on equity %	24.7	26.8	30.1	38.3	32.4
Average number of employees	409	420	398	345	275

cost control and lower market activity as a result of the ongoing pandemic. Net financial items for the Group amounted to MSEK -13.1 (-2.5), where movements in exchange rates of the SEK against the EUR and NOK resulted in revaluations of hedging by MSEK -3.9, but also led to currency effects on financial assets amounting to MSEK -7.0.

The Group's income after financial items amounted to MSEK 123.1 (110.1). The tax expense for the period amounted to MSEK 27.7 (24.4), corresponding to a tax rate of 22.5% (22.2). The Group's operations in Poland are conducted in a tax-exempt Special Economic Zone where unutilized tax benefits can be utilized until 2026. Profit after tax was MSEK 95.3 (85.7).

INVESTMENTS

GARO invests continuously in the maintenance of production units and production equipment. The Group's investments in tangible assets amounted to MSEK 15.0 (16.0), excluding acquisitions of subsidiaries of MSEK 5.7 (2.4). Investments in properties amounted to MSEK 7.8 (0). GARO also invests in product development and investments in intangible assets for the year totaled MSEK 24.6 (15.0).

The company has invested in right-of-use assets (leases and rental contracts) amounting to MSEK 9.8 (39.5) during the year. Depreciation/amortization for the year amounted to MSEK 26.9 (22.4), of which depreciation of tangible assets was MSEK 22.5 (19.6).

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow from operating activities amounted to MSEK 86.9 (121.9), despite a higher EBIT due to the higher tied-up working capital and tax payments in 2020 compared with 2019. GARO repaid MSEK 1.5 (4.7) net of previously raised loans in 2020. Cash flow for the year amounted to MSEK 28.9 (31.9).

Cash and cash equivalents including unutilized overdraft facilities on December 31, 2020 amounted to MSEK 166.7 (128.7). Net debt on December 31, 2020 amounted to MSEK 11.3 (45.7). The adjusted net debt amounted to negative MSEK -26.8 (positive: 3.7). The difference between these performance

measures is due to the effects of IFRS 16 Leases.

The Group's equity on December 31, 2020 amounted to MSEK 430.3 (343.0). The 2020 dividend amounted to MSEK 0.0 (40.0). Refer also to Note 3.2.

EMPLOYEES

The number of full-time employees in the Group on December 31, 2020 was 412 (421). The average number of full-time employees in 2020 was 409 (420). The number of employees in the Group's foreign companies on December 31, 2020 amounted to 172 (182), corresponding to 42% (43) of the total number of employees. The percentage of women among employees during the year was 43% (45). For more information about employees, see Note 8.

PERFORMANCE AND EARNINGS OF GARO SWEDEN SEGMENT

Net sales increased 5% to MSEK 698.0 (665.1). Underlying demand was strong for the E-mobility product area. Net sales for the three other product areas were at the same levels as for 2019, except for Temporary Power that declined 16%. GARO assesses that the companies have captured market shares in many product areas during the year. EBIT amounted to MSEK 90.2 (69.8), corresponding to an EBIT margin of 12.9% (10.5). A favorable product mix and good cost control are the primary reasons behind the improved EBIT.

PERFORMANCE AND EARNINGS OF GARO INTERNATIONAL SEGMENT

Net sales in the GARO International business area remained on a similar level as 2019 and amounted to MSEK 342.4 (343.0). During the year, GARO International experienced a challenging situation in light of the ongoing pandemic. Sales began to recover from the second half of 2020, in line with markets opening up after the restrictive measures previously adopted to combat the spread of COVID-19. However, all product areas, except for Electrical distribution products, reported growth in 2020 compared with 2019.

EBIT amounted to MSEK 46.0 (42.9), corresponding to an EBIT margin of 13.4% (12.5). General strict cost control and limitations to market activities are the main reasons for the increased EBIT.

PRODUCT DEVELOPMENT

GARO's aim is to be at the forefront of developments in environmentally friendly and energy-efficient electrical products and complete solutions. GARO has in-house product development, that continuously works together with other departments on developing new and improving existing products and solutions in all product areas. GARO also works close to its customers to gain inspiration and better understand customer needs in the market. GARO has 15 full-time employees who work on product development. Refer also to Note 2.8.

ENVIRONMENTAL IMPACT

GARO conducts its business activities in accordance with the legal requirements regarding environmental impact. The company believes that it is at the forefront of developments in energy-efficient and environmentally friendly products and solutions that reduce electricity consumption. All products are subject to an environment assessment by Byggarubedömningen (a non-profit financial unit that evaluates and provides information about goods assessed from a sustainability perspective). The Group's facilities have environmentally friendly production processes that meet local environmental legislation and also hold ISO 14001 certification.

The production facilities in Sweden and Poland conduct reportable operations and the local authority is the supervisory authority. No other companies in the Group conduct licensable or reportable operations.

RISKS AND UNCERTAINTIES

The Group's material risks and uncertainty factors include business risks related to customers and suppliers, such as component supply and price risks for supplies. Added to this are financial risks as a result of changes in currency rates and interest rate levels. A report on the Group's material financial and business risks is provided in Note 3.

FINANCIAL TARGETS AND MARKET CONDITIONS

The GARO Group's financial targets are as follows:

- GARO's organic growth will amount to not less than 10% over a business cycle.
- The EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.
- Return on equity will amount to not less than 20% over a business cycle.
- The equity ratio will not be less than 30%.
- 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.

Net sales for full-year 2020 increased 3.1% (11.6) to MSEK 1,039.8 (1,008.1), where the E-mobility product area underwent a strong expansion and EBIT amounted to MSEK 136.2 (112.6). The comparative figures for 2019 include non-recurring costs of MSEK 1.8 related to the outgoing CEO.

In general, GARO assesses 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 GARO sees 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.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The General Meeting resolves on guidelines for determining salary and other remuneration for the CEO and other senior executives. The guidelines resolved by the 2020 Annual General Meeting mainly entailed the following:

These guidelines encompass those individuals who, during the period of validity of the guidelines, are members of Group Management and other managers who report directly to the CEO and Board members who are employed by the company, referred to below as "senior executives." The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2020 AGM. These guidelines do not apply to any remuneration resolved or approved by the general meeting.

If a Board member provides services to the company that are not part of the Board assignment, remuneration paid is market-based, taking into account the nature and work required for the assignment. Such remuneration shall be determined by the Board (or the general meeting if according to law). Board members who are employed by the company do not receive special remuneration for their assignment(s) on the Board of the company or Group companies.

Employments governed by rules other than Swedish may be duly adjusted for compliance with mandatory rules or established local practice, taking into account the overall purpose of these guidelines to the extent possible.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY
In brief, the company's business strategy is, with a focus on innovation, sustainability and design, to provide profitable complete solutions for the electrical industry. For further information about the company's business strategy, visit <http://www.garo.se/en/about-garo/our-business-idea>. A prerequisite for the successful

implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. Variable cash remuneration to the CEO is not to exceed MSEK 2 per year and does not comprise pensionable salary. Variable cash remuneration for other senior executives may amount to not more than 30% of fixed annual cash salary. The variable cash remuneration is to be linked to clear, target-based criteria in simple and transparent structures. The criteria can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development. These criteria currently include sales and earnings-based financial objectives.

The which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable cash remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

For the CEO, pension benefits, including health insurance, shall be premium defined. The pension premiums for premium defined pension shall amount to not more than 30% of the pension qualifying salary. For other executives, pension benefits including health insurance shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30% of the pension qualifying salary.

Other benefits for senior executives, such as company cars, computers, mobile phones, additional health insurance or occupational health services, may be awarded to the extent that this is deemed market practice for senior executives in equivalent positions in the market in which the company operates. Such benefits may total a maximum of 15% of the fixed annual cash salary.

TERMINATION OF EMPLOYMENT

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other executives. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board's basis for decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

In 2020, the Board established a Remuneration Committee comprising some of the members of the Board. The Remuneration Committee assists the Board with proposals in remuneration-related matters. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Board shall also monitor and evaluate programs for variable remuneration to executive management and the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board's handling of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

DEROGATION FROM THE GUIDELINES

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

PROPOSED GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2021

The Remuneration Committee's proposed guidelines for remuneration of senior executives to the 2021 Annual General Meeting are identical to those to the 2020 Annual General Meeting.

INFORMATION ON REMUNERATION RESOLVED BUT NOT YET DUE

Information on remuneration previously resolved but not yet due is presented in Note 8 in the 2020 Annual Report.

CORPORATE GOVERNANCE REPORT

Governance of the company is conducted through the annual general meeting, by the Board of Directors and the CEO in accordance with the Swedish Companies Act and the Articles of Association, and the Nasdaq Stockholm's Rule Book for Issuers, including the Swedish Corporate Governance Code. The work of the Board of GARO AB is governed by the rules of procedure established annually by the statutory Board meeting.

A total of ten Board meetings were held in 2020. In 2020, the Board also established a Remuneration Committee comprising some of the members of the Board. The Remuneration Committee assists the Board with proposals in remuneration-related matters and held two meetings during the year.

GARO has also had an Audit Committee in place since 2019 comprising some of the members of the Board. The Audit Committee held six meetings during the year. Further information about the Board's work, corporate governance, the Group's systems for internal control and risk management can be found in the Corporate Governance Report on pages 116-120.

THE SHARE AND SHAREHOLDERS

The total number of shares on the balance-sheet date amounted to 10,000,000 with a quotient value of SEK 2. Each share provides entitlement to one vote at the Annual General Meeting. There are no limitations to the transferability of the GARO shares (post-sale purchase rights). There are also no limitations on how many votes each shareholder may cast at general meetings. The company is not aware of any agreements between shareholders that could entail limitations to the right to transfer shares.

On the balance-sheet date, there was one shareholder who owns and controls more than 10% of the number of votes for all of the shares in the company. That shareholder is Lars Svensson who controls 35.7% through his own holdings. More information about the GARO shares and ownership structure can be found on pages 34-35.

APPOINTMENT AND DISMISSAL OF BOARD MEMBERS

The Articles of Association do not contain any special provisions regarding the appointment and dismissal of Board members.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 5, at 5:00 p.m., through postal voting with the support of the temporary legislation that applies in 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2020	2019
Operating income			
Net sales	2,5,6	1,039.8	1,008.1
Other operating income	7	8.0	2.8
Total operating income		1,047.8	1,010.9
Raw materials and consumables		-528.8	-518.3
Other external expenses	9,10	-123.7	-132.7
Personnel expenses	8	-232.3	-225.0
Disposal of fixed assets	13,14,15	-26.9	-22.3
Total operating expenses		-911.6	-898.3
EBIT		136.2	112.6
Financial income	11	0.4	3.4
Financial expenses	11	-13.5	-5.9
Financial items	11	-13.1	-2.5
Profit before tax		123.1	110.1
Income tax	12	-27.7	-24.4
Net income for the year		95.3	85.7
Other comprehensive income			
Items that may be reclassified to the net income for the year			
Translation differences		-7.7	1.2
Other comprehensive income for the year, net after tax		-7.7	1.2

Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company.

Total comprehensive income for the year	87.6	86.9
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EARNINGS PER SHARE

	2020	2019
Earnings per share, before and after dilution, SEK	9.53	8.57
Average number of shares (thousands)	10,000	10,000
Number of shares outstanding (thousands)	10,000	10,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
FIXED ASSETS			
Capitalized development expenditure	13	13.0	10.7
Development projects in progress	13	35.1	17.1
Goodwill	14	45.5	39.6
Lands and buildings	15	67.4	65.1
Plant and machinery	15	1.8	2.4
Equipment, tools, fixtures and fittings	15	26.4	29.8
Construction in progress and advance payments for tangible assets	15	6.3	6.9
Right-of-use asset	10	38.5	41.9
Deferred tax assets	23	6.2	8.1
TOTAL FIXED ASSETS		240.2	221.6
CURRENT ASSETS			
Raw materials and consumables		104.4	93.4
Finished goods and goods for resale		73.5	74.5
Products in progress		4.6	2.5
Current receivables			
Accounts receivable	17, 18	238.6	212.8
Other current receivables	17	4.5	3.5
Prepaid expenses		8.1	8.3
Cash and cash equivalents	17, 19	69.4	40.8
TOTAL CURRENT ASSETS		503.1	435.8
TOTAL ASSETS		743.3	657.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

MSEK	Note	Dec 31, 2020	Dec 31, 2019
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY			
Share capital	20, 27	20.0	20.0
Reserves		2.9	2.6
Retained earnings (including net income for the year)		407.4	320.4
TOTAL EQUITY		430.3	343.0
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions	17, 21	30.3	31.7
Lease liability	21	28.2	33.8
Other provisions	21	3.7	2.2
Deferred tax liabilities	23	0.5	1.1
TOTAL LONG-TERM LIABILITIES		62.7	68.8
SHORT-TERM LIABILITIES			
Liabilities to credit institutions	17, 21	4.9	5.1
Accounts payable	17	123.9	118.2
Overdraft facilities	17, 21	7.4	7.7
Current tax liabilities		7.1	15.7
Other short-term liabilities	17	28.6	25.3
Lease liability	21	9.9	8.1
Accrued expenses	24	68.4	65.5
TOTAL SHORT-TERM LIABILITIES		250.3	245.6
TOTAL LIABILITIES		313.0	314.5
TOTAL EQUITY AND LIABILITIES		743.3	657.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Note	Share capital	Reserves	Retained earnings	Total	Total equity
Opening balance at January 1, 2019		20.0	3.6	272.6	296.2	296.2
Net income for the year		0	0	85.7	85.7	85.7
Other comprehensive income for the year		0	1.2	0	1.2	1.2
Total comprehensive income		0	1.2	85.7	86.9	383.1
Dividend according to Annual General Meeting resolution		0	0	-40.0	-40.0	-40.0
Dividend, minority shares in subsidiaries		0	0	-0.3	-0.3	-0.3
Change in value, liability, put option	17	0	0	0.2	0.2	0.2
Total contributions from and value transfers to shareholders, recognized directly in equity		0	0	-40.1	-40.1	-40.1
Closing balance at December 31, 2019		20.0	4.8	318.2	343.0	343.0
Opening balance at January 1, 2020		20.0	4.8	318.2	343.0	343.0
Net income for the year		0	0	95.3	95.3	95.3
Other comprehensive income for the year		0	-7.7	0	-7.7	-7.7
Total comprehensive income		0	-7.7	95.3	87.6	87.6
Dividend according to Annual General Meeting resolution		0	0	0	0	0
Dividend to minority shareholders in subsidiaries		0	0	0	0	0
Currency effects		0	0	-0.3	-0.3	-0.3
Total contributions from and value transfers to shareholders, recognized directly in equity		0	0	-0.3	-0.3	-0.3
Closing balance at December 31, 2020		20.0	-2.9	413.2	430.3	430.3

The entire "reserves" column is attributable to currency translation differences pertaining to currency in the translation of foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	Note	2020	2019
Cash flow from operating activities			
EBIT		136.2	112.6
Adjustment for non-cash items			
Depreciation/amortization		26.9	22.4
Other		6.7	1.1
Net interest income and similar items	11	0.4	3.4
Net interest expenses and similar items	11	-13.5	-5.9
Income tax paid	12	-36.9	-25.9
Cash flow from operating activities before change in working capital		119.8	107.7
Change in inventories		-12.0	-8.6
Change in accounts receivable		-25.8	5.9
Change in other current receivables		-0.8	-0.7
Change in accounts payable		5.7	14.8
Change in other current operating liabilities		0.0	2.8
Total change in working capital		-32.9	14.2
Cash flow from operating activities		86.9	121.9
Cash flow from investing activities			
Investments in intangible assets	14	-24.6	-15.0
Acquisition of subsidiaries	17, 26	-5.7	-2.4
Investments in tangible assets	15	-15.0	-16.0
Assets sold		0	1.3
Cash flow from investing activities		-45.3	-32.1
Cash flow from financing activities			
Loans raised/change in liability call option	17, 26	0	0
Amortization of loans/changes in overdraft facilities		-1.9	-9.6
Amortization of lease liability		-10.8	-8.0
Dividend paid		0	-40.3
Cash flow from financing activities		-12.7	-57.9
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		28.9	31.9
Currency effect in cash and cash equivalents		-0.3	0.5
Cash and cash equivalents at beginning of the year		40.8	8.4
Cash and cash equivalents at end of the year	19	69.4	40.8



Notes

NOTE 1. GENERAL INFORMATION

GARO Aktiebolag (publ) (the "Parent Company") and its subsidiaries (jointly referred to below as the "Group") develop, manufacture and market electrical installation materials. The single largest market is Sweden, which represents 58 % (64) of the Group's volumes. Export sales are primarily conducted through the company's own subsidiaries in Norway, Finland, Poland, Ireland, Northern Ireland and UK.

The Parent Company is a limited liability company registered in Sweden with its registered office in Gnosjö. The address of the office is Södergatan 26, Box 203, SE-335 33 Gnosjö, Sweden. The GARO share has been listed on Nasdaq Stockholm since March 16, 2016.

All amounts are stated in millions of Swedish kronor (MSEK), unless otherwise stated.

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

2.1 BASIS FOR PREPARING THE FINANCIAL STATEMENTS

The Annual Report was prepared based on the assumption of continuing as a going concern. Assets and liabilities are measured at their historical cost. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act (1995:1554) and the recommendations and statements of the Swedish Financial Reporting Board in RFR 1 (Supplementary Accounting Rules for Corporate Groups). Preparing financial statements in accordance with IFRS requires a number of important estimates for accounting purposes. Accordingly, management is required to make certain assessments when applying the Group's accounting policies. The areas involving a high degree of assessment, that are complex or are such areas in which assumptions and estimates are of significant importance to the consolidated financial statements are described in Note 4.

2.1.1 CLASSIFICATION

ASSETS

Fixed assets only consist of the amount that was expected to be recovered after more than 12 months calculated from the balance-sheet date. Current assets only consist of the amount that was expected to be recovered within 12 months calculated from the balance-sheet date.

LIABILITIES

Long-term liabilities

Long-term liabilities and provisions only consist of the amount that is expected to be paid after more than 12 months calculated from the balance-sheet date.

Short-term liabilities

Short-term liabilities consist of the amount that is expected to be paid within their normal operational cycle, liabilities that are held mainly for trade, liabilities that will be settled within 12 months after the reporting period or liabilities for which GARO does not have the unconditional right to postpone the settlement of within 12 months after the reporting period.

All other liabilities are classified as long-term liabilities.

2.1.2 CASH-FLOW STATEMENT AND CASH AND CASH EQUIVALENTS

The cash-flow statement is prepared in accordance with the indirect method. The recognized cash flow only consists of transactions that entail payments or receipts.

Cash and cash equivalents comprise cash and bank balances and current financial investments with a maturity of less than three months that can easily be converted at a known amount and which are only exposed to an immaterial risk of fluctuations in value.

Cash and cash equivalents only consisted of, for both 2020 and 2019, cash and bank balances.

2.1.3 CHANGES TO ACCOUNTING POLICIES AND DISCLOSURES

Company management's assessments of relevant amendments and interpretation of existing standards applied from January 1, 2020 are presented below. Other amendments did not have any material effect on the consolidated financial statements.

2.1.4 ISSUED NEW STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED BY THE GROUP

A number of new standards and interpretations come into effect for fiscal years beginning on or after January 1, 2021 and were not applied when preparing these financial statements. No new or amended standards or IFRIC interpretations published by the IASB are not expected to have any material effect on the consolidated financial statements.

2.2 CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 FUNDAMENTAL ACCOUNTING POLICIES SUBSIDIARIES

Subsidiaries are all companies over which the Group exercises control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its holding in the company (the investee) and has the ability to affect returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date on which control was transferred to the Group. They are excluded from the consolidated financial statements from the date on which the control ceases.

NOTE 2, CONT.

The purchase method is used to recognize the Group's business combinations. The purchase consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group assumes from previous owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all liabilities that result from an agreement covering a contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. For each acquisition, that is, on an acquisition-by-acquisition basis, the Group determines whether non-controlling interest in the acquired company is to be measured at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets. No non-controlling interest is recognized if the Group has a future commitment, a call/put option, to acquire a non-controlling interest. Instead, the financial liability is measured at fair value with subsequent changes in value recognized in profit or loss. Acquisition-related costs are expensed as they arise.

Goodwill is initially measured as the amount by which the total purchase consideration and any fair value of non-controlling interests on the acquisition date exceeds the value of identifiable acquired net assets. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit or loss.

For more information about subsidiaries, see Note 10 on page 106.

ELIMINATION OF TRANSACTIONS BETWEEN GROUP COMPANIES

Intra-Group transactions, balance sheet items and income and expenses for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognized in assets are also eliminated.

The accounting policies for subsidiaries were changed as appropriate to guarantee consistent application of the Group's policies.

2.3 SEGMENT REPORTING

Segments are recognized in a manner that corresponds to the internal reporting to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the performance of the segments. For the Group, this function has been identified as the CEO. The Group's segments are made up of GARO Sweden and GARO International.

2.4 TRANSLATION OF FOREIGN CURRENCIES

FUNCTIONAL AND PRESENTATION CURRENCY

The various units in the Group use the local currency as their functional currency since the local currency has been defined as in the currency used in the primary economical environment where each unit primarily conducts business activities. Swedish kronor (SEK), which is the Parent Company's functional currency

and the Group's presentation currency, is utilized in the consolidated financial statements.

TRANSACTIONS AND BALANCE SHEET ITEMS

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate prevailing on the transaction date. Exchange-rate gains and losses resulting from settlement of such transactions are recognized in EBIT in profit or loss. Monetary assets and liabilities in foreign currency are translated at the closing rate and exchange-rate gains and losses arising on such translation are recognized in net financial items in profit or loss.

TRANSLATION OF FOREIGN GROUP COMPANIES

The earnings and financial position of all Group companies that have a functional currency that differs from the presentation currency are translated to the Group's reporting currency. Assets and liabilities for each of the balance sheets are translated from the functional currency of the foreign operation to the Group's presentation currency, SEK, at the exchange rate prevailing on the balance-sheet date. Income and expenses for each of the income statements are translated to SEK at the average exchange rates in effect at the time of each transaction. Translation differences arising from the translation of foreign operations are recognized in other comprehensive income.

Goodwill and adjustments of fair value that arise from the acquisition of a foreign operation are treated as assets and liabilities of this operation and translated to the closing rate.

2.5. REVENUE FROM CONTRACTS WITH CUSTOMERS

In order for companies within the Group to recognize income from contracts with customers, each customer contract is analyzed in accordance with the five-step model in the respective company as described below:

STEP 1: Identify an agreement between two or more parties that creates enforceable rights and obligations.

STEP 2: Identify the performance obligations in the contract.

STEP 3: Determine the transaction price, meaning the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services. The transaction price is to be adjusted for variable consideration, for example, discounts.

STEP 4: Allocate the transaction price to the performance obligations.

STEP 5: Recognize income when (or as) the entity satisfies a performance obligation, meaning when control is passed to the customer. This takes place either at a point in time or over time if one of the criteria in the standard is met.

The Group's income comprises the sale of goods in the product areas of Electrical distribution products, E-mobility, Project business and Temporary Power.

Goods are sold in both the Group's GARO Sweden segment and GARO International segment. Sales essentially comprise standard products to other companies. The Group has both

separate contracts and framework agreements with its customers. For framework agreements, a contract with a customer is not deemed to arise until the customer places an order based on the terms of the framework agreement since it is first at this point in time that enforceable rights and obligations for the Group and the customer arise. The time from order to delivery of the goods is normally short. Each separate product in the order is considered to comprise a separate performance obligation.

The transaction price of each customer contract usually comprises a fixed amount. If the transaction price includes variable amounts (some customer framework agreements have volume discounts based on the number of products purchases), the Group estimates the amount that it will be entitled to and includes in the transaction price, taking into account any restrictions for uncertain amounts. Income is recognized at a point in time since the criteria for control being passed over time is not always met. The Group believes that control is passed when delivery is completed in accordance with the delivery terms, which coincides with when the risks and rewards are passed to the customer.

2.5.1 PRICING WITHIN THE GROUP

The pricing of transactions, such as purchases and sales of goods and services, between Group companies is based on market principles.

2.6 FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income on bank balances and receivables, interest expenses on loans, dividend income, exchange-rate differences and other financial income and expenses.

2.7 LEASES

From January 1, 2019, leases are recognized in accordance with IFRS 16 Leases, which means that the lessee recognizes right-of-use assets and lease liabilities in the balance sheet.

GARO applies the practical expedient in IFRS 16 regarding short-term leases and low-value leases. Expenses arising in connection with these leases are recognized straight-line over the lease term as operating expenses in profit or loss. GARO does not apply IFRS 16 to intangible assets. Non-lease components are expensed and not recognized as part of the right-of-use asset or lease liability.

When a lease is signed, the Group determines whether it is a lease or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.7.1 LEASE LIABILITIES

Lease liabilities are initially measured at the present value of the lease payments not paid on the commencement date. These lease liabilities are recognized separately from other liabilities in the balance sheet.

At the commencement date of a lease, GARO determines the lease term as the non-cancelable period plus periods covered

by an extension option or termination option if exercise of these options by the Group is reasonably certain. The majority of GARO's leases contain extension or termination options. When determining the lease term, GARO considers strategic plans, the importance of the underlying asset for GARO's operations, and contract-specific conditions, such as expenses associated with terminating the lease.

Lease payments include fixed payments (less any incentive in connection with signing the lease), variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee. Lease payments also include the exercise price under an option to purchase the underlying asset or penalties to be paid on early termination if exercise of these options by the Group is reasonably certain. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period to which they relate.

Lease payments are discounted at the implicit interest rate if the rate can be readily determined, otherwise at the incremental borrowing rate of the lease. After the commencement date of a lease, the lease liability increases to reflect the interest expenses, is reduced by paid lease payments and remeasured due to lease modifications, changes to the lease term, changes in lease payments or changes in the assessment of whether to purchase the underlying asset.

2.7.2 RIGHT-OF-USE ASSETS

GARO recognizes right-of-use assets in the balance sheet on the commencement date of the lease. Right-of-use assets are recognized separately from other liabilities in the balance sheet.

Right-of-use assets are recognized at cost less accumulated depreciation and any impairment, and adjusted for remeasurement of the lease liability. The cost includes the initial value recognized for the attributable lease liability, initial direct costs, any lease payments made at or before the commencement date less any lease incentives received, and an estimate of costs to restore the asset.

Provided that GARO is not reasonably certain that it will take over ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated straight-line over the shorter of the term and the useful life.

2.8 INTANGIBLE ASSETS

CAPITALIZED DEVELOPMENT EXPENDITURE

Capitalized development expenditure pertains to the development of new products. Development expenses are recognized according to the activation model as intangible assets provided the following criteria is met:

- it is technically and commercially feasible to prepare the asset
- the intention and conditions exist to sell or use the asset
- it is probable that the asset will generate future economic benefits or lead to cost savings
- expenditure can be calculated in a satisfactory manner
- a Board approved RoI (return on investment) exists for the asset

NOTE 2, CONT.

The cost of an internally developed intangible asset is the total of expenditure arising as of the date when the intangible asset first satisfies the above capitalization criteria.

Amortization commences when the asset starts to be used. The period of use is assessed on the basis of the period during which the anticipated benefits are expected to accrue to the company. The period of use is deemed to be a maximum of seven years and straight-line amortization takes place over this period. Capitalized development expenditure for assets that have not started to be used is recognized on the line "Development projects in progress" in the balance sheet.

Studies and other development expenditure that do not satisfy the above criteria are not considered to comprise an intangible asset and are expensed as incurred. Development expenditure that has previously been expensed is not recognized as an asset in subsequent periods.

GOODWILL

Goodwill arises on acquisitions of subsidiaries and pertains to the amount at which the purchase consideration exceeds GARO's share of the fair value of the identifiable assets, liabilities, contingent liabilities in the acquired company and the fair value of the non-controlling interest in the acquired company. For impairment testing, goodwill acquired in a business combination is distributed between cash-generating units or groups of cash-generating units that are expected to benefit from synergies of the acquisition. Each unit or group of units to which goodwill has been distributed corresponds to the lowest level in the Group in which this goodwill is monitored in the internal governance of the company. Goodwill is monitored at company level.

Goodwill is tested for impairment every year or more often if events or changes in circumstances indicate a potential decline in value. The carrying amount of goodwill is compared with its recoverable amount, which is the highest of the value in use and the fair value less selling expenses.

2.9 TANGIBLE ASSETS

Tangible assets are recognized at their cost less accumulated depreciation according to plan and any impairment. The cost includes the purchase price and all costs necessary to bring the asset to working condition for its intended use. Costs for improving the performance of the tangible assets in excess of its original level, increase the value of the asset and are recognized in the balance sheet as part of the original investment. Costs for repairs and maintenance are expensed when they arise.

Depreciation takes place systematically over the expected useful lives of the assets and commenced after the asset has started to be used. Land is not depreciated.

Depreciation periods

Buildings, permanent equipment, service facilities, etc., in buildings and land improvements	5–25 years
Plant and machinery	10–20 years
Equipment, tools, fixtures and fittings	3–10 years

The assets' residual value and useful lives are tested at the end of each reporting period and adjusted if necessary. The asset's carrying amount is immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on the sale of tangible assets are determined by comparing the sales proceeds to the carrying amount and are recognized in other operating income or other operating expenses in profit or loss.

2.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life, such as goodwill or intangible assets not ready for use, are not amortized but are tested annually for impairment. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount whereby the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. In impairment testing, assets are grouped at the lowest level for which there are separate identifiable cash flows (cash-generating units). For assets other than financial assets that were previously impaired, a test for reversal is performed every balance-sheet date. Previous impairment of goodwill is not reversed.

2.11 FINANCIAL INSTRUMENTS

Financial instruments are every form of contract that gives rise to a financial asset in a company and a financial liability or an equity instrument in another company. Financial instruments are classified on initial recognition based on factors including the purpose for which the instrument was acquired and is held. This classification determines the measurement of the instruments.

2.11.1 RECOGNITION AND DERECOGNITION

A financial asset or a financial liability is recognized in the balance sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are recognized in the balance sheet when an invoice has been sent and the company's right to receive compensation is unconditional. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognized once the invoice has been received.

A financial asset and a financial liability are offset against each other and the net amount is recognized in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items by a net amount or to simultaneously realize the asset and settle the liability. A financial asset is derecognized from the balance sheet when the rights in the contract have been realized, expire or the company loses control of them. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished. The same applies to portions of a financial asset or financial liability.

Gains and losses from derecognition from the balance sheet and modifications are recognized in profit or loss to the extent that hedge accounting is not applied.

2.11.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Debt instruments: classification of financial assets that are debt instruments is based on the Group's business model for holding the asset and the characteristics of the contractual cash flows of the asset. The instruments are classified as:

- Amortized cost
- Fair value through profit or loss
- Fair value through other comprehensive income

Financial assets classified at amortized cost are initially measured at fair value plus transaction costs. After initial recognition, the assets are measured at amortized cost less loss allowance for expected credit losses. Assets classified at amortized cost are held according to the business model of collecting the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets comprise accounts receivable, cash and cash equivalents, other current receivables and derivative instruments. All of these are classified at amortized cost except for derivative instruments which are classified at fair value (value hierarchy, level 2) through profit or loss. The Group does not apply hedge accounting.

2.11.3 IMPAIRMENT OF FINANCIAL ASSETS

The Group's impairment model is based on expected credit losses and considers forward-looking information. A loss allowance is made when there is exposure to credit risk, usually on initial recognition of an asset or receivable. Under the simplified approach, a loss allowance is recognized for full lifetime expected credit losses. The simplified approach is applied to accounts receivable and contract assets and is based on past losses combined with forward-looking factors. For other items encompassed by expected credit losses, a three-stage impairment model is applied. A loss allowance is recognized initially and on the balance-sheet date for the next 12 months or for a shorter period of time depending on the lifetime (stage 1). The Group's assets have been deemed to be in stage 1, meaning that credit risk has not significantly increased.

Other receivables and assets are impaired according to a rating-based method through external credit ratings. Expected credit losses are measured at the total of probability of default, loss given default and exposure at default. Credit-impaired assets and receivables are individually assessed, taking into consideration past, current and forward-looking information. Measurement of expected credit losses also considers any collateral and other credit enhancement in the form of guarantees.

2.11.4 CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

Financial liabilities are classified at amortized cost except for derivatives. Financial liabilities measured at amortized cost are

initially measured at fair value including transaction costs. After initial recognition, the liabilities are measured at amortized cost according to the effective interest method.

The majority of the Group financial liabilities (liabilities to credit institutions, accounts payable, overdraft facilities and other short-term liabilities) are classified at amortized cost. Derivative instruments are classified at fair value through profit or loss. The Group does not apply hedge accounting.

2.12 INVENTORIES

Inventories are recognized at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Cost for own semi-finished and finished goods comprise direct manufacturing expenses and a reasonable portion of indirect manufacturing expenses.

2.13 SHARE CAPITAL

Common shares are classified as equity. Transaction costs that can be directly attributed to new share or options issues are recognized in net amounts after tax in equity as a deduction from the issue proceeds.

2.14 PROVISIONS

Provisions are recognized when the Group has a legal or an informal obligation due to previous events, it is probable that an outflow of resources will be required to regulate the obligation and the amount has been calculated in a reliable manner. Provisions for restructuring include expenses for terminating leases and severance pay.

Estimated guarantee reserves for product guarantees are recognized when the products are sold. Reserves are based on expected contractual obligations and determined based on historical statistics regarding action expenses, etc. Guarantee reserves amount to MSEK 3.5 (1.5) and are recognized under provisions. The provision for this is not material. No provisions are made for future operating losses.

If there are similar commitments, the probability of an outflow of resources being required on settlement is calculated as a total for the entire group of these commitments. A provision is recognized even if the probability of an outflow for a special item in this group of commitments is minor.

Provisions are valued at the present value of the amount that is expected to be required to settle the obligation. In so doing, a discounted interest rate before tax is applied that reflects the current market assessment of the value of money over time and the risks associated with the provision. The increase in the provision that is due to the passing of time is recognized as interest expenses.

2.15 CURRENT AND DEFERRED TAX

Tax expense for the period includes current and deferred tax. The current tax expense is calculated on the basis of the tax regulations that have been decided or essentially decided on the balance-sheet date in those countries where the Parent Company and its subsidiaries are active and generate taxable income.

NOTE 2, CONT.

Deferred tax is recognized, in accordance with the balance sheet method, on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated applying tax rates that have been decided or announced on the balance-sheet date and that are expected to apply when the particular deferred tax asset is realized or the deferred tax liability has been settled.

Deferred tax assets on loss carryforwards are recognized insofar as it is probable that future taxable surpluses will be available to offset them against.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities, when deferred tax assets and liabilities relate to income taxes levied by the same tax authority, on either the same or different taxable entities, and where there is an intention to settle on a net basis.

2.16 REMUNERATION OF EMPLOYEES

PENSION OBLIGATIONS

The Group has both defined-benefit and defined-contribution pension plans. The defined-benefit plans comprise ITP 2 plans (see below for a more detailed description). Defined-contribution plans are plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if the legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

For defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no other payment obligations once these contributions have been paid. The contributions are recognized as personnel expenses when they fall due for payment. Prepaid contributions are recognized as an asset insofar as a cash repayment or a decrease in future payments could accrue to the Group.

In parts of the Group, there are salaried employees in Sweden who are part of the ITP 2 plan. The defined-benefit pension commitments in the ITP 2 plan for old-age pensions and family pensions are covered through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP plans financed through insurance with Alecta, this is a defined-benefit multi-employer plan. The company did not have access to information during the period that would allow it to recognize its proportionate share of the plan's obligations, plan assets and expenses, which meant that it was not possible to recognize this as a defined-benefit plan. The ITP 2 pension plan that is secured through insurance in Alecta is therefore recognized as a defined-contribution plan. The premium for the defined-benefit old-age pensions and family pensions are calculated individually and depend on factors including salaries, previously earned pensions and expected remaining period of service. Fees for the next reporting period for ITP 2 pension plans that are signed with Alecta are expected to amount MSEK

3.7 (2020: 3.2) The Group's share of the total contributions to the plans and the Group's share of the total number of active members in the plan amount to 0.001 % and 0.014 % respectively (2019: 0.02 % and 0.014 % respectively).

The collective consolidation level is comprised of the market value of Alecta's shares in percent of insurance undertakings calculated in accordance with Alecta's actuarial methods and assumptions, which do not agree with IAS 19. The collective consolidation level is normally allowed to vary between 125 % and 175 %. With the aim of strengthening the consolidation level if it is assessed to be too low, one measure can be to raise the contracted subscription price and expand existing benefits. If the consolidation level exceeds 150 %, premium reductions can be introduced. At the end of 2020, Alecta's surplus in the form of the collective consolidation level was 148 % (2019: 148 %).

VARIABLE REMUNERATION

The Group recognizes a liability and an expense for variable remuneration based on net income for the year before tax. The Group recognizes a provision when there is a legal obligation or an informal obligation due to previous practice.

NOTE 3. RISKS AND UNCERTAINTIES

3.1 RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to a variety of different financial risks: market risk (including currency risk, interest-rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential unfavorable effects on the Group's financial earnings. The Group uses derivative instruments to financially hedge certain risk exposure. However, the Group does not apply hedge accounting.

The Group's central finance function conducts risk management activities, following policies adopted by the Board. The finance function identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The finance function prepares written policies for overall risk management and for specific areas, such as currency risk, interest-rate risk, credit risk, use of derivative instruments and financial instruments that are not derivatives, and investments of excess liquidity.

A MARKET RISK

(i) Impact of economic climate and other macro economic factors Since GARO conducts most of its operations in Sweden, Poland, Norway, Ireland and Northern Ireland, the general economic climate and business conditions in these countries have a considerable effect on GARO's operations and earnings. The global economic climate, negative changes in the European economy, particularly in the Nordic region, and the rest of the world, plus a lower level of new housing and commercial construction and conversion and lower investments in the industry could entail that demand for GARO's products and services

declines, which would have a negative impact on GARO's operations, financial position and earnings.

(ii) Competition and price pressure

GARO competes with players in all product areas and in all geographic markets and GARO must therefore meet end customer needs and demand better than its competitors. If GARO is not sufficiently successful in meeting this competition from both existing and new players, it could have a negative impact on GARO's operations, financial position and earnings.

Price pressure is a natural element of competitive markets. There is a risk that GARO's competitors develop their product range and that end customers thus increasingly prefer products that compete with GARO's current and future range, which could have a negative impact on GARO's operations, financial position and earnings.

(iii) Product development

GARO's earning and competitiveness are partially dependent on its ability to develop and sell new, innovative products and solutions. Accordingly, a key element of GARO's strategy is to develop and market new products in the areas that GARO believes are important for continued growth and for safeguarding its market shares. A central component of GARO's strategy has been and remains controlling the entire value chain from product development and product assembly to delivery to the customer. There is a risk that expenses for a product development project exceed budget and that forecast sales volumes and/or sales margins are not achieved, which could have a negative impact on GARO's operations, financial position and earnings.

(iv) IT

GARO's ability to effectively and securely manage sales and other business-critical operations depends on the reliability, functionality, maintenance, operation and continued development of GARO's IT systems, including the company's website. Such system can be disrupted by, for example, software errors, computer viruses, hacking, sabotage and physical damage. IT systems are used in the Group to purchase, sell and deliver products, invoice customers, manage orders and inventories and for accounting and financial reporting. There is a risk that IT disruptions or other problems with the IT systems could have a negative impact on GARO's operations, financial position and earnings due to their length, scope and level of severity.

(v) Currency risk

The Group operates internationally and is exposed to currency risks from various currency exposures, primarily in euro (EUR), Norwegian kroner (NOK) and Polish złoty (PLN). Currency risk arises through future business transactions, recognized assets and liabilities and net investments in foreign operations. Currency risk arises when future business transactions are expressed in a currency that is not the unit's functional currency. The Group mostly purchases goods in EUR. In order to manage currency

risk and outflows in EUR, the Group has decided to also have sales in EUR where possible.

Currency risk from future business transactions is managed by the Group making use of forward contracts when it is not possible to match the outflow of a currency to the inflow.

The Group's risk management policy is to financially hedge between 70% and 80% of expected cash flows (primarily purchases of inventories) in EUR for the next six-month period. Outstanding forward contracts amounted to MEUR 6.7 (4.75) on the balance-sheet date. Currency effects of changes in derivatives are recognized in net financial items in profit or loss.

The Group has a number of holdings in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from net assets in the Group's foreign operations is mainly managed by borrowings in the Parent Company in the relevant foreign currencies. Hedge accounting is not applied for these transactions.

(vi) Interest-rate risk

The Group's interest-rate risk arises through long-term borrowings. Borrowings raised at variable interest rates exposes the Group to interest-rate risk in respect of cash flow, which is partly neutralized by cash assets subject to variable interest rates. Borrowings raised at fixed interest rates exposes the Group to interest-rate risk in respect of fair value. The Group's policy is to have its borrowings at fixed interest rates. The CFO must approve any deviations. In 2020 and 2019, the Group's liabilities to credit institutions at fixed interest rates were denominated in SEK, EUR and PLN. The Group's overdraft facilities bear variable interest rates.

B CREDIT RISK

Credit risk is managed at Group level, except for credit risk attributable to outstanding accounts receivable. Each Group company is responsible for monitoring and analyzing credit risk for each new customer before standard payment and delivery terms are offered. Credit risk arises on the basis of cash and cash equivalents, accounts receivable, derivative instruments and balances with banks and financial institutions, including outstanding receivables and contracted transactions. Only banks and financial institutions that have received a minimum A credit rating from independent rating agencies are accepted. If a wholesaler has been rated by an independent agency, this rating is then used. If no independent credit rating is available, a risk assessment of the customer's credit worthiness is performed that takes into account financial position, previous experience and other factors. Individual risk limits are established based on internal and external credit ratings in accordance with the limits set by the Board. The use of credit limits is regularly monitored.

The financial assets encompassed by the loss allowance according to the general approach comprise cash and cash equivalents. GARO applied a rating-based approach combined with other known information and forward-looking factors for assessing expected credit losses. The Group has defined default as when payment of a receivable is 90 or more days past due,

NOTE 3, CONT.

or if other factors indicate that payment will be suspended. If the amounts are not deemed to be insignificant, a loss allowance is also recognized for these financial instruments. The Group has currently made the assessment that there are no credit losses on cash and cash equivalents.

No credit limits were exceeded during the reporting period and management does not expect any losses due to non-payment from these counterparties. For more information, see Note 18.

C LIQUIDITY RISK

The Group's policy is to have a liquidity reserve of at least MSEK 40. Cash flow forecasts are prepared by the Group's operating companies and aggregated by the finance function. The finance function closely monitors rolling forecasts for the Group's liquidity reserve so as to ensure that the Group has sufficient cash funds to meet the needs of the operating activities while retaining sufficient scope in contracted unutilized credit facilities so that the Group does not breach loan limits or conditions (where applicable) of any of the Group's loan facilities. Such forecasts take into account the Group's plans for repayments, meeting loan conditions, meeting internal balance-sheet-based performance measures and, where applicable, external supervisory and statutory requirements, such as currency restrictions.

The Group does not have any specific loan conditions (covenants) with external borrowers.

Surplus liquidity in the Group's operating companies, exceeding the portion required for managing working capital requirements, is primarily to be used to pay off outstanding loans. Surplus liquidity can then be invested in investments approved by the finance function that meet the scope for above forecasts and the liquidity reserves.

The table on the right shows the Group's financial liabilities that will be settled in a net amount, specified by the time from the balance-sheet date remaining until the contractual due date. The amounts presented in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months correspond to the carrying amounts since the discount effect is not material.

MATURITY STRUCTURE

At December 31, 2020	< 1 year	1-5 years	> 5 years	Total
Liabilities to credit institutions	7.1	21.7	6.5	35.3
Lease liability	10.4	20.6	11.4	42.4
Derivative instruments				
Accounts payable	124.0	0	0	124.0
Overdraft facilities	7.4	0	0	7.4
Total	148.9	42.3	17.9	209.1

At December 31, 2019	< 1 year	1-5 years	> 5 years	Total
Liabilities to credit institutions	5.3	27.7	4.4	37.4
Lease liability	8.1	18.4	16.9	43.4
Derivative instruments	0	0	0	0
Accounts payable	118.2	0	0	118.3
Overdraft facilities	7.7	0	0	7.7
Total	139.3	46.1	21.3	206.7

Of the MSEK 148.9 stated for 2020 in the "less than 1 year" interval, the company intends to repay MSEK 128.4 in the first quarter of 2021 (109.2).

There are currently not deemed to be any additional borrowing or refinancing requirements for meeting future commitments under the current operations and business plan.

D SENSITIVITY ANALYSIS

Material factors that impact the Group's earnings are presented below. The analysis is based on the values at the end of the year and all other factors remaining unchanged.

The Group's net debt is low and a 1 % change in the market interest rate would not have any appreciable effect on income after financial items.

The Group has significant currency exposure to EUR, relating to the company's purchases of goods in Europe. The company also conducts significant sales of goods in EUR.

Sensitivity analysis	Impact on earnings 2020	Impact on equity 2020	Impact on earnings 2019	Impact on equity 2019
Change in sales prices, +/- 1 %	MSEK +/- 10.4	MSEK +/- 8.1	MSEK +/- 10.1	MSEK +/- 7.9
Change in purchase volume, 1 %	MSEK 4.2	MSEK 3.3	MSEK 3.8	MSEK 3.0
Change in purchase prices, 1 %	MSEK 4.2	MSEK 3.3	MSEK 3.8	MSEK 3.0
Change in payroll costs, 1 %	MSEK 2.7	MSEK 2.1	MSEK 2.2	MSEK 1.7
EUR strengthened against SEK, 1 %	MSEK 3.2	MSEK 2.5	MSEK 3.4	MSEK 2.7

3.2 MANAGEMENT OF CAPITAL STRUCTURE

The Group's objective concerning the capital structure is to safeguard the Group's ability to continue its operations, so that it can continue to generate a return to shareholders and value for other stakeholders and maintain an optimal capital structure in order to minimize the cost of capital. One of GARO's financial targets is to reach an equity ratio no less than 30%.

Company management continuously monitors the need to refinance external borrowing with the target of renegotiating the Group's credit facilities no less than 12 months before their due date. To maintain or adjust its capital structure, the Group can alter the dividend paid to shareholders, repay capital to shareholders, raise new loans, issue new shares or sell assets to reduce liabilities. GARO has no bank covenants.

The Group assesses capital based on the debt/equity ratio, in the same way as other companies in the industry. This performance measure is calculated as net debt divided by equity. The company's debt/equity ratio has been in line with set targets during 2020, taking account of growth targets and, as a result, increased capital requirements.

The Group has an equity ratio of 57.9% (52.2), in which the equity ratio is defined as recognized equity as a percentage of total assets.

Equity ratio	Dec 31, 2020	Dec 31, 2019
Group		
Equity	430.3	343.0
Total assets	743.3	657.4
Equity ratio %	57.9%	52.2%

NOTE 4. SIGNIFICANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The preparation of financial statements and the application of various accounting standards requires that company management make assessments and use estimates and assumptions that affected the amounts recognized in the consolidated financial statements. These estimates, assessments and related assumptions are based not only on experience but also other factors including expectations regarding future events.

The actual outcome may deviate from assessments made. Management's estimates and assessments could impact the income statement, balance sheet and supplementary disclosures provided in the financial statements. Accordingly, changes to estimates and assessments could lead to changes in the financial reporting. Changes in estimates and assessments are recognized in the period in which the change is made and in future periods if they are affected.

Estimates and assessments were made regarding capitalized development expenditure, calculating inventory obsolescence, testing goodwill for impairment, the risk of losses on accounts receivable, valuations of deferred tax assets, future guarantee commitments, ongoing disputes and other legal obligations as well as recognition of right-of-use assets, see below. These estimates and assessments are not deemed to have any material impact on the income statement or balance sheet in the event of errors in such estimates and assessments.

LEASES

IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

GARO applies IFRS 16 Leases from January 1, 2019. Lease liabilities attributable to long-term leases that were previously classified as operating leases under IAS 17 are measured at the present value of the remaining lease payments, discounted by using the incremental borrowing rate. GARO initially recognizes a right-of-use asset as an asset at an amount corresponding to the lease liability. Determining the lease term and the incremental borrowing rate are assessments that affect the measurement of the financial lease liability and the right-of-use asset.

On December 31, 2020, the debt/equity ratio amounted to 2.7% (13.4), in which the debt/equity ratio is defined as net loan liabilities divided by recognized equity.

Debt/equity ratio	Dec 31, 2020	Dec 31, 2019
Total borrowing (Note 21)	80.7	86.4
Less: cash and cash equivalents (Note 19)	-69.4	-40.8
Net debt	11.3	45.6
Total equity	430.3	343.0
Debt/equity ratio, %	2.7%	13.4%

ESTIMATES AND ASSESSMENTS

The most significant assessments in determining the financial lease liability and the right-of-use asset are related to establishing the lease terms. The majority of GARO's leases contain options to either extend or terminate the lease. When the lease term is determined, GARO considers all facts and circumstances that create an economic incentive to exercise the extension option or not exercise the option to terminate a lease. Examples of factors that were considered are: strategic plans, the importance of the underlying asset for GARO's operations and/or expenses associated with not extending or terminating the lease.

NOTE 5. SEGMENT INFORMATION

Segment reporting is prepared in accordance with IFRS 8. Operating segments are recognized in a manner that corresponds to the internal reporting to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the CEO. Company management has established the segments based on the information used by the CEO. The CEO assesses the operation based on a geographic/legal perspective and by taking in account which business model is applied. Two operating segments have been identified in the Group: GARO Sweden and GARO International. These agree with the internal reporting.

Operations in the GARO Sweden segment are comprised of region Sweden and are organized into six legal units. Aside from trading operations, in-house manufacturing takes place at three facilities in Sweden. The GARO International segment includes the legal entities in Norway, Ireland, the UK, Finland and Poland. Poland, aside from trading operations, also conducts in-house production. Each segment is conducted under local responsibility. Mutual overhead costs are shared in the segment and based on distribution in accordance with the arm's length principle.

The CEO assesses the results of the segments primarily based on the EBIT measure (operating profit).

INCOME

Sales between segments take place based on market terms.

Income from external partners reported to the CEO is measured in the same way as in profit or loss.

INCOME

	GARO Sweden		GARO International		Elimination		Total	
Segment information	2020	2019	2020	2019	2020	2019	2020	2019
Sales								
Total net sales	882.6	863.8	570.2	561.9	-413.0	-417.5	1,039.8	1,008.1
Internal net sales	-185.2	-198.6	-227.8	-218.9	413.0	417.5	0	0
External net sales	697.4	665.2	342.4	343.0			1039.8	1008.1
EBIT	90.2	69.8	46.0	42.9	0	0	136.2	112.6
Financial income	-	-	-	-	-	-	0.4	3.4
Financial expenses	-	-	-	-	-	-	-13.5	-5.9
Tax expense for the year	-	-	-	-	-	-	-27.8	-24.4
Net income for the year	-	-	-	-	-	-	95.3	85.7
Other disclosures								
Fixed assets	242.8	180.5	98.4	98.4	-101.0	-57.6	240.2	221.6
Other assets	480.7	408.6	225.7	219.0	-203.3	-191.8	503.1	435.8
Total assets	723.4	589.1	327.7	317.7	-307.8	-249.4	743.3	657.4
Short-term liabilities	299.1	271.3	154.5	166.2	-203.3	-191.8	250.3	245.6
Long-term liabilities	22.2	38.4	40.5	56.0	0	-25.6	62.7	68.8
Total liabilities	334.6	322.0	222.7	209.8	-244.3	-217.4	313.0	314.4
Investments	42.1	26.1	3.2	5.0	-	-	45.3	31.1
Depreciation/amortization	22.4	18.2	4.4	4.2	-	-	26.9	22.4

NOTE 5, CONT.

	Income from external customers specified the customers' geographical location		Fixed assets	
	2020	2019	2020	2019
Sweden	678.0	646.2	181.1	163.1
Norway	173.4	187.4	2.6	3.8
Ireland	114.0	117.8	16.9	9.4
Finland	31.1	26.6	0.2	0.0
Other countries	43.3	29.9	39.4	45.3
Total	1039.8	1008.1	240.2	221.6

The Group's assets exclude financial assets, deferred tax assets and assets related to post-employment remuneration. Assets are distributed based on where the subsidiaries are located geographically.

The Group has income from two external customers that each exceed 10% of net sales at the end of each period. In 2020, total net sales for these customers amounted to MSEK 204.9 and MSEK 240.1 respectively, a total of MSEK 445, comprising 42.8% of total net sales. This income is attributable to the GARO Sweden segment.



NOTE 6. INCOME FROM CONTRACTS WITH CUSTOMERS

Income arises when companies in the Group satisfies a performance obligation by delivering a promised good and control of the asset passes to the customer. This usually takes place on delivery in accordance with the applicable delivery terms. Amounts before elimination of any foreign exchange gains/losses.

INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND SEGMENT:

Product area	GARO Sweden 2020	GARO Sweden 2019	GARO International 2020	GARO International 2019	Total 2020	Total 2019
Electrical distribution products	275.3	276.8	203.4	213.6	478.8	490.4
E-mobility	193.9	145.6	94.2	87.4	288.1	232.9
Project business	174.1	177.2	39.1	36.9	213.2	214.1
Temporary Power	54.7	65.5	5.6	5.1	60.3	70.7
Total income from customers	698.0	665.2	342.4	343.0	1040.4	1008.1

GEOGRAPHIC LOCATION OF CUSTOMERS

Geographic location	GARO Sweden 2020	GARO Sweden 2019	GARO International 2020	GARO International 2019	Total 2020	Total 2019
Sweden	678.6	646.4	0	0	678.6	646.4
Norway	0	0	173.4	187.4	173.4	187.4
Poland	0	0	8.9	9.2	8.9	9.2
Ireland	0	0	114.0	117.8	114.0	117.8
Finland	0	0	31.1	26.6	31.1	26.6
Other countries	19.4	18.8	15.0	2.0	34.4	20.7
Total income from customers	698.0	665.2	342.4	343.0	1,040.4	1,008.1

Income	GARO Sweden 2020	GARO Sweden 2019	GARO International 2020	GARO International 2019
External auditors	698.0	665.2	342.4	343.0
Income between segments	185.1	125.5	22.8	0
Adjustments and eliminations regarding inter-segment sales	-185.1	-125.5	-22.8	0
Total income from contracts with customers	698.0	665.2	342.4	343.0

PERFORMANCE OBLIGATION

The Group's sales of goods to companies take place by invoice, normally with terms of payment 30-60 days. The Group's performance obligations that form part of the contract with customers have an original expected term of a maximum of one year. For framework agreements, a contract is not deemed to arise until the customer places an order based on the terms of the framework agreement. The Group's performance obligations that form part of the contract with customers have an original expected term of a maximum of one year. The Group has no contracts with a maturity exceeding one year where disclosures of unfulfilled performance obligations are required and has as such utilized the exemption rule in IFRS 15.

For further information about performance obligation, see Note 2.5 Income from contracts with customers.

CONTRACT BALANCES

No contract assets in the form of accrued or deferred income occur within the Group. Instead, revenue recognition takes place in conjunction with delivery and complete performance which is also when the invoice is issued. The Group's contract balances are comprised of accounts receivable. For more information, see Note 2 Summary of important accounting policies.

REPAYMENT OBLIGATION

Within the Group, customer contracts exist in which the customer is contractually entitled to volume discounts based on realized sales volumes. This volume discount is classified as repayment obligation and is continuously regulated during the year. For more information repayment obligation, see Note 24 Accrued expenses and deferred income.

NOTE 7. OTHER OPERATING INCOME

	2020	2019
Capitalized own work, product development	6.6	2.6
Other	1.4	0.2
Total	8.0	2.8

NOTE 8. REMUNERATION OF EMPLOYEES, ETC.

	2020	2019
Board, CEO and other senior executives		
Salaries and other remuneration	19.6	17.3
Social security contributions	4.3	4.0
Pension costs – defined-contribution plans	3.6	2.5
Total Board, CEO and other senior executives	27.5	23.8
Other employees		
Salaries and other remuneration	141.9	136.5
Social security contributions	37.8	39.1
Pension costs – defined-contribution plans	9.1	11.1
Total other employees	188.8	186.7
Total personnel expenses	216.3	210.5

AVERAGE NUMBER OF EMPLOYEES, SPECIFIED BY COUNTRY

	2020			2019		
	Average no. of employees	of whom, men	of whom, women	Average no. of employees	of whom, men	of whom, women
Sweden	238	158	80	237	157	80
Norway	21	19	2	18	17	1
Finland	5	4	1	5	4	1
Ireland	23	16	7	22	17	5
UK	6	5	1	0	0	0
Poland	116	29	87	138	37	100
Group total	409	231	178	420	232	187

GENDER DISTRIBUTION IN THE GROUP (INCL. SUBSIDIARIES) OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2020		2019	
	No. on balance-sheet date	of whom, men	No. on balance-sheet date	of whom, men
Board members	7	5	7	5
CEO and other senior executives	10	8	9	7
Group total	17	14	15	13

REMUNERATION OF SENIOR EXECUTIVES 2020

	Basic salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Stefan Jonsson, Board Chairman	0.5	0	0	0	0	0.5
Per Holmstedt, Board member until May 19, 2020	0.1	0	0	0	0	0.1
Susanna Hilleskog, Board member	0.2	0	0	0	0	0.2
Lars-Åke Rydh, Board member	0.3	0	0	0	0	0.3
Mari Kadowaki Johansson, Board member	0.2	0	0	0	0	0.2
Jonas Lohtander, employee representative	0	0	0	0	0	0
Rickard Blomqvist, Board member*	0.3	0	0	0	0	0.3
Ulf Hedlundh, Board member from May 19, 2020	0.1	0	0	0	0	0.1
Patrik Andersson, President and CEO	2.4	0.3	0.1	0.6	0	3.4
Other senior executives (5)	6.5	1.5	0.2	1.7	0	9.9
Total	10.6	1.8	0.3	2.3	0	15.0
Subsidiaries						
Other senior executives (5)	6.0	0.6	0.2	1.3	0	8.1
Group	16.6	2.4	0.5	3.6	0	23.1

*Board member Rickard Blomqvist also received a consultant's fee of MSEK 0.6 (0.5) during the year via companies, see Note 28.

REMUNERATION OF SENIOR EXECUTIVES 2019

	Basic salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Stefan Jonsson, Board Chairman	0.5	0	0	0	0	0.5
Lars Svensson, Board member until May 15, 2019	0.1	0	0	0	0	0.1
Per Holmstedt, Board member	0.2	0	0	0	0	0.2
Susanna Hilleskog, Board member	0.2	0	0	0	0	0.2
Lars-Åke Rydh, Board member	0.2	0	0	0	0	0.2
Mari Kadowaki Johansson, Board member from May 15, 2019	0.1	0	0	0	0	0.1
Jonas Lohtander, employee representative from May 15, 2019	0	0	0	0	0	0
Rickard Blomqvist, Board member*	0.3	0	0	0	0	0.3
Carl-Johan Dalin, President and CEO until February 18, 2019	0.4	0	0	0.2	3.3 **	3.9
Patrik Andersson, President and CEO from February 18, 2019	1.8	0.1	0.1	0.5	0	2.5
Other senior executives (4)	4.0	0.5	0.3	1.2	1.0	7.0
Total	7.8	0.6	0.4	1.9	4.3	15.0
Subsidiaries						
Other senior executives (2)	3.4	1.0	0	0.6	0	5.0
Group	11.2	1.6	0.4	2.5	4.3	20.0

** The amount includes remuneration during the period of notice and a provision for the severance pay of six months' salary.

PENSIONS

DEFINED-CONTRIBUTION PENSIONS

The retirement age for the CEO is 65. The premium is 30% of pensionable salary.

The retirement age for other senior executives is 65. The pension premium follows applicable collective agreements. The pension premium for premium defined pension shall amount to not more than 30% of the pension qualifying salary.

SEVERANCE PAY

A mutual period of notice of six months applies to the company and the CEO. In the event of termination of employment by the company, senior executives also receive severance pay of nine

monthly salaries. Severance pay is not deducted from other forms of income. No severance pay is paid if the CEO terminates employment.

A period of notice of three to six months applies between the company and other senior executives if employment is terminated by the employee, and six to 12 months if employment is terminated by the company.

A provision of six months' salary was made in 2019 as severance pay for the former CEO for payment in 2020.

Variable remuneration of senior executives refers in its entirety to variable remuneration that has not yet been paid. Payment will take place in 2021.

NOTE 9. REMUNERATION OF AUDITORS

EY	2020	2019
Ernst & Young		
– Audit assignment	1.5	1.3
– Auditing activities in addition to audit assignment	0.3	0.2
Total	1.8	1.5
Grant Thornton		
– Audit assignment	0.1	0.1
Total	0.1	0.1

NOTE 10. LEASES

GARO divides its leases into three classes of right-of-use assets: Properties, vehicles and machinery. The closing balances of the right-of-use assets and lease liabilities as well as changes during the year are presented in the table below:

2020 fiscal year	Right-of-use assets				Lease liability
	Property	Vehicles	Machinery	Total	
Opening carrying amount	40.4	1.5	0	41.9	41.9
Additional right-of-use assets and lease liabilities	4.7	5.1	0	9.8	9.8
Depreciation of right-of-use assets	-7.1	-2.8	0	-9.9	0
Exchange-rate differences	-3.3	0	0	-3.3	-3.3
Interest expenses on lease liabilities	0	0	0	0	0.4
Lease payments	0	0	0	0	-10.8
Closing carrying amount	34.7	3.8	0	38.5	38.0

2019 fiscal year	Right-of-use assets				Lease liability
	Property	Vehicles	Machinery	Total	
Opening carrying amount	6.2	3.6	0.3	10.1	10.1
Additional right-of-use assets and lease liabilities	39.5	0	0	39.5	39.5
Depreciation of right-of-use assets	-5.3	-2.1	-0.3	-7.7	0
Exchange-rate differences	0	0	0	0	0
Interest expenses on lease liabilities	0	0	0	0	0.3
Lease payments	0	0	0	0	-8.0
Closing carrying amount	40.4	1.5	0	41.9	41.9

The amounts attributable to lease operations recognized in profit or loss during the year are presented below:

	2020	2019
Depreciation of right-of-use assets	-9.9	-7.7
Interest expenses on lease liabilities	-0.4	-0.3
Expenses for short-term leases	-1.9	-1.7
Expenses for low-value assets	0	0
Total expenses attributable to lease operations	-12.2	-9.7

GARO recognizes a cash outflow attributable to leases amounting to MSEK 10.8 (10.0) for the 2020 fiscal year. See Note 3 for the maturity structure of the Group's lease liabilities.

The Group leases office equipment, cars and office premises under non-cancelable operating leases. The lease terms vary between three and five years. Only leases for office premises are longer than five years. Most leases can be extended at the end of the lease term for a market-based fee.

NOTE 11. FINANCIAL INCOME AND EXPENSES

Financial income	2020	2019
Assets and liabilities mandatorily measured at fair value through profit or loss		
Net gain derivatives	0	1.6
Total financial income for items measured at fair value through profit or loss	0	1.6
Assets and liabilities measured at amortized cost;		
Interest income	0.1	0
Interest income other financial income	0	0
Total interest income according to effective interest method	0.1	0
Exchange-rate differences – income, financial items	0.3	1.8
Total	0.3	1.8
Total financial income	0.4	3.4

Financial expenses	2020	2019
Assets and liabilities mandatorily measured at fair value through profit or loss		
Net loss derivatives	-1.5	-0.2
Total financial expenses for items measured at fair value through profit or loss	-1.5	-0.2
Assets and liabilities measured at amortized cost;		
Interest expenses loans	-1.2	-1.2
Interest expenses, lease liability	-0.4	-0.3
Interest expenses, other financial liabilities	-3.0	-2.7
Total interest expenses according to effective interest method	-4.6	-4.2
Exchange-rate differences – expenses, financial items	-7.4	-1.5
Total	-12.0	-5.7
Total financial expenses	-13.5	-5.9

NOTE 12. INCOME TAX

	2020	2019
Recognized tax		
Current tax on net income for the year	-27.0	-23.0
Changed in deferred tax (Note 23)	-0.7	-1.4
Total income tax	-27.7	-24.4

The Group has operations in a tax-exempt Special Economic Zone in Poland. Only parts of the Polish operations are encompassed by these tax breaks. On December 31, 2020, unutilized tax advantages amounted to approximately MSEK 4.7 (8.1) for use until 2026. Deferred tax assets were taken into account in the reporting.

Income tax on profit before tax differs from the theoretical amount that would have arisen from the use of the tax rate in Sweden for the profit of consolidated companies, as follows:

	2020	2019
Profit before tax	123.1	110.1
Income tax calculated according to tax rate in Sweden (21.4%)	-26.3	-23.6
Effect of foreign tax rates	-0.7	-0.4
Tax effects of:		
– Non-deductible expenses	-0.7	-0.3
– Tax attributable to prior years' recognized earnings	0	-0.1
Tax expense	-27.7	-24.4
Effective tax rate, %	22.5	22.2

NOTE 13. OTHER INTANGIBLE ASSETS

	Capitalized development expenditure	Development projects in progress	Total
At January 1, 2019			
Cost	29.7	10.3	40.0
Accumulated amortization and impairment	-24.5	0	-24.5
Carrying amount	5.2	10.3	15.5
2019 fiscal year			
Opening carrying amount	5.2	10.3	15.5
Capitalized expenses	-0.9	16.0	15.0
Reclassifications	9.2	-9.2	0
Divestments and disposals	0	0	0
Depreciation/amortization	-2.8	0	-2.8
Closing carrying amount	10.7	17.1	27.8
At December 31, 2019			
Cost	37.9	17.1	40.0
Accumulated amortization and impairment	-27.2	0	-27.2
Carrying amount	10.7	17.1	27.8
2020 fiscal year			
Opening carrying amount	10.7	17.1	27.8
Capitalized expenses	0	24.6	24.6
Reclassifications	6.6	-6.6	0
Divestments and disposals	-8.9	0	-8.9
Depreciation/amortization	-4.3	0	-4.3
Resolution of depreciation/amortization due to divestments and disposals	8.9	0	8.9
Closing carrying amount	13.0	35.1	48.1
At December 31, 2020			
Cost	35.6	35.1	70.5
Accumulated amortization and impairment	-22.6	0	-22.6
Carrying amount	13.0	35.1	48.1

NOTE 14. GOODWILL

	Goodwill
At January 1, 2019	
Cost	42.8
Accumulated impairment	-3.2
Carrying amount	39.6
2019 fiscal year	
Opening carrying amount	0
Acquisition of subsidiaries	0
Divestments and disposals	0
Translation differences	0
Impairment	0
Closing carrying amount	39.6
At December 31, 2019	
Cost	42.8
Accumulated impairment	-3.2
Carrying amount	39.6
2020 fiscal year	
Opening carrying amount	39.6
Acquisition of subsidiaries	5.9
Divestments and disposals	0
Translation differences	0
Impairment	0
Closing carrying amount	45.5
At December 31, 2020	
Cost	48.7
Accumulated impairment	-3.2
Carrying amount	45.5

Goodwill is distributed between the Group's cash-generating units, which comprise the segments. The assessment of recoverable amount includes assumptions regarding growth, earnings trend and investments, including investments in working capital. Assumed growth amounts to approximately 10%, depending on product area, for next year's forecast and is sustained at 2%.

The assumed EBIT margins amount to 8.1% for the next year, and then a forecast lost sales volume in certain product groups without offsetting by increasing prices, combined with high competition in other product groups, resulted in an EBIT margin of a minimum of 6.8%. The growth and margin assumptions are based on outcomes of prior years and management's expectations of market trends. Investment amounts are based on forecasts and are subsequently sustained at levels corresponding to depreciation.

Goodwill is tested for impairment every year. A discount rate (WACC) of 11.1% was used in this year's test. The test did not reveal any impairment requirement. A number of sensitivity analyses have been performed where the sustained growth rate was set at 0 percentage points, the EBIT margin declines by 2 percentage points or the discount rate increases by 2%. None of these analyses indicated any impairment requirement.

Goodwill per segment	Dec 31, 2020	Dec 31, 2019
Segment GARO Sweden	45.5	39.6
Segment GARO International	0	0
Total	45.5	39.6

NOTE 15. TANGIBLE ASSETS

	Lands and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
At January 1, 2019					
Cost	111.5	33.6	102.2	3.4	250.7
Accumulated depreciation	-44.6	-30.6	-75.1	0	-150.3
Carrying amount	66.9	3.0	27.1	3.4	100.4
2019 fiscal year					
Opening carrying amount	66.9	3.0	27.1	3.4	100.4
Exchange-rate differences	0.9	0	0.2	0	1.1
Purchases	0	0	4.7	11.3	16.0
Reclassifications	0	0.2	7.6	-7.8	0
Divestments and disposals	0	0	-1.4	0	-1.4
Depreciation	-2.7	-0.8	-8.4	0	-11.9
Closing carrying amount	65.1	2.4	29.8	6.9	104.2
At December 31, 2019					
Cost	112.4	33.8	113.3	6.9	266.4
Accumulated depreciation	-47.3	-31.4	-83.5	0	-162.2
Carrying amount	65.1	2.4	29.8	6.9	104.2
2020 fiscal year					
Opening carrying amount	65.1	2.4	29.8	6.9	104.2
Exchange-rate differences	-3.0	0	-1.7	0	-4.7
Purchases	7.9	0	2.2	4.8	14.9
Reclassifications	0.7	0	4.8	-5.5	0
Divestments and disposals	0	-11.0	-32.6	0	-43.6
Depreciation	-3.3	-0.6	-8.7	0	-12.6
Resolution of depreciation/amortization due to divestments and disposals	0	11.0	32.6	0	43.6
Closing carrying amount	67.4	1.8	26.4	6.3	101.9
At December 31, 2020					
Cost	107.1	22.8	85.7	6.3	221.9
Accumulated depreciation	-39.7	-21.0	-59.3	0	-120.0
Carrying amount	67.4	1.8	26.4	6.3	101.9

NOTE 16. INVENTORIES

	2020	2019
Raw materials and consumables	104.4	93.4
Finished goods and goods for resale	73.5	74.5
Products in progress	4.6	2.5
Total	182.5	170.4

Impairment was recognized at a total of MSEK 10.9 (8.8).

NOTE 17. FINANCIAL INSTRUMENTS

Measurement of financial assets at Dec 31, 2020	Carrying amount	Fair value
Financial assets measured at amortized cost		
Accounts receivable	238.6	238.6
Other current receivables	4.5	4.5
Cash and cash equivalents	69.4	69.4
Financial assets measured at fair value through profit or loss		
Derivative instruments	0	0
Total	312.5	312.5

Measurement of financial assets at Dec 31, 2019	Carrying amount	Fair value
Financial assets measured at amortized cost		
Accounts receivable	212.8	212.8
Other current receivables	3.5	3.5
Cash and cash equivalents	40.8	40.8
Financial assets measured at fair value through profit or loss		
Derivative instruments	0	0
Total	257.1	257.1

Measurement of financial liabilities at Dec 31, 2020	Carrying amount	Fair value
Financial assets measured at amortized cost		
Liabilities to credit institutions	42.6	42.6
Lease liability	38.1	38.1
Accounts payable	123.9	123.9
Other short-term liabilities	26.2	26.2
Financial liabilities measured at fair value through profit or loss		
Derivative instruments	0	0
Option debt	2.4	2.4
Total	233.2	233.2

Measurement of financial liabilities at Dec 31, 2019	Carrying amount	Fair value
Financial assets measured at amortized cost		
Liabilities to credit institutions	44.5	44.5
Lease liability	41.9	41.9
Accounts payable	118.2	118.2
Other short-term liabilities	25.3	25.3
Financial liabilities measured at fair value through profit or loss		
Derivative instruments	0	0
Total	229.9	229.9

For the purpose of disclosure, a fair value is estimated for interest-bearing liabilities by discounting future cash flow by the principal amount and discounting interest at the current market interest rate. For current receivables and liabilities, the carrying amount is deemed to comprise a reasonable estimate of the fair value.

Measurement of fair value

The Group has derivative that are measured at fair value through profit or loss. Derivative instruments are included in the row Other short-term liabilities in the balance sheet and measured at fair value according to Level 2. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The different levels are defined according to below:

Level 1 – Quoted prices (non-adjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (quoted prices) or indirectly (derived from quoted prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (Unobservable inputs)

NOTE 18. ACCOUNTS RECEIVABLE

	Dec 31, 2020	Dec 31, 2019
Accounts receivable	239.3	213.3
Loss allowance	-0.7	-0.5
Accounts receivable – net	238.6	212.8

The fair value of accounts receivable corresponds to their carrying amount since the discount effect is not material.

The age analysis of these accounts receivable was as follows:

Group	2020			2019		
	Gross	Impairment	Percentage of loss	Gross	Impairment	Percentage of loss
Not past due accounts receivable	206.1	0	0	174.6	0	0
Past due accounts receivable 0-30 days	29.6	0	0	34.4	0	0
Past due accounts receivable 31-60 days	2.7	0	0	3.0	0	0
Past due accounts receivable 61-90 days	0.4	0	0	-0.1	0	0
Past due accounts receivable > 91 days	0.5	-0.7	0	1.4	-0.5	0
Total	239.3	-0.7	0	213.3	-0.5	0

At December 31, 2020, accounts receivable of MSEK 33.2 (38.7) had fallen due for payment but no material impairment requirement was deemed to exist for the Group. The past due receivables pertain to a number of customers who have not shown any payment difficulties to date.

Change in loss allowance, simplified approach

Group	2020	2019
Opening reserve	-0.5	0
Acquisition of subsidiaries	0	0
Confirmed losses	0	0
Reversed unutilized reserves	0	0
Reserves for the year	-0.2	-0.5
Translation differences	0	0
Closing reserves	-0.7	-0.5
Reserved amount in the balance sheet for expected credit losses	-0.7	-0.5

Expected credit losses primarily comprise accounts receivable for which the Group applies the simplified approach for recognizing expected credit losses, see Note 2.11.3 Impairment of financial assets.

Realized losses for the past five years amount to an average of approximately 0.1 % of each year's net sales.

NOTE 19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, both in the balance sheet and the statement of cash flows, comprise the following:

	Dec 31, 2020	Dec 31, 2019
Bank balances	69.4	40.8
Total	69.4	40.8

NOTE 20. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital at December 31, 2020 comprised 10,000,000 shares with a quotient value of SEK 2 per share. Each share carries one vote per share. All shares that have been issued by Parent Company are fully paid.

DIVIDEND

Dividends paid in 2019 amounted to MSEK 40.00 (40.0), corresponding to SEK 4.00 per share (4.00).

It was resolved at the Annual General Meeting on May 19, 2020 that no dividend would be paid for the 2019 fiscal year. At the annual general meeting on May 5, 2021, the Board will propose a dividend of SEK 4.75 per share for the 2020 fiscal year.

NOTE 21. BORROWINGS

	Dec 31, 2020	Dec 31, 2019
Long-term		
Liabilities to credit institutions	30.3	31.7
Financial lease liability	28.2	33.8
Total long-term borrowings	58.5	65.5
Short-term		
Overdraft facilities	7.4	7.7
Liabilities to credit institutions	4.9	5.0
Financial lease liability	9.9	8.2
Total short-term borrowings	22.2	20.9
Total borrowings Group	80.7	86.4

LIABILITIES TO CREDIT INSTITUTIONS

The Group's borrowings are in SEK, EUR and PLN. The Group's borrowings comprise loans from SEB.

These bank loans fall due for payment in 2027 and bear average interest of 1.4 % per year (1.3).

The Group does not have any specific loan conditions (covenants) with external borrowers.

OVERDRAFT FACILITIES

The Group has granted overdraft facilities of MSEK 96.2 (95.8) in the currencies of SEK, EUR and PLN that are renegotiated every year.

NOTE 22. OTHER PROVISIONS

	Dec 31, 2020	Dec 31, 2019
Opening balance	2.2	1.5
Amounts used	1.5	0.7
Unutilized amounts that have been reversed	0	0
Opening balance	3.7	2.2

NOTE 23. DEFERRED TAX ASSETS AND TAX LIABILITIES

	Dec 31, 2020	Dec 31, 2019
Deferred tax assets		
Lease liability	7.9	9.0
Other (Note 12)	6.2	8.1
Total	14.1	17.1
Deferred tax liabilities		
Machinery and equipment	-0.6	-1.1
Right-of-use assets	-7.8	-9.0
Total	-8.4	-10.1
Deferred tax assets - net	5.7	7.0

NOTE 24. ACCRUED EXPENSES AND DEFERRED INCOME

	Dec 31, 2020	Dec 31, 2019
Accrued salary liabilities	20.6	19.9
Accrued social security contributions	9.9	8.9
Bonuses to customers	19.8	22.8
Accrued interest expenses	0	0
Other items	18.1	13.9
Total	68.4	65.5

NOTE 25. PLEDGED ASSETS

	Dec 31, 2020	Dec 31, 2019
For liabilities to credit institutions		
Property mortgages	71.7	69.2
Chattel mortgages	81.0	81.0
Assets with ownership reservation	6.0	6.0
Guarantees for leases	0	0.5
Total	158.7	156.7

NOTE 26. BUSINESS COMBINATIONS

In June, 2020, GARO acquired 70% of shares in EV Charge Partner Sweden AB. EV Charge Partner is a company that carries out service and support as well as the commissioning of charging infrastructure primarily for charging operators and power companies in Sweden and Poland. In 2019, company sales amounted to MSEK 9.2 with EBIT of MSEK 0.8. EV Charge Partner employs eight people and is based in Gnosjö, Sweden. The purchase consideration for the acquisition amounted to MSEK 5.6 that was paid in cash. The acquired unit contributed net sales of MSEK 3.1 with net income of MSEK -0.3. The acquired unit was consolidated on June 1, 2020. The transaction costs amounted to MSEK 1.3.

If the acquired unit had been consolidated for the full-year, net sales would have amounted to MSEK 7.1 and net income for the year to MSEK 0.1.

With the acquisition, Group goodwill increased MSEK 5.9. Goodwill is attributable to synergies with existing operations within the Group. The goodwill value is not tax-deductible.

PRELIMINARY ACQUISITION CALCULATION EV CHARGE PARTNER SWEDEN AB

Company's acquired assets at the time of acquisition	Fair value in the Group
Intangible assets	0
Other assets	0.1
Inventories	1.3
Other current assets	1.8
Cash and cash equivalents	0.2
Untaxed reserves	-0.5
Other liabilities	-1.5
Net identifiable assets/liabilities	1.4
Consolidated goodwill	5.9
Cash purchase consideration	-5.6

GARO normally applies an acquisition structure with a base purchase consideration and a potential additional option. Together with the acquisition of EV Charge Partner, GARO received the right and obligation to acquire an additional 10% of the shares in EV Charge Partner during 2022. Additionally, GARO received the option to acquire – and Davids Elteknik an option to sell – the remainder of shares outstanding in EV Charge Partner after the close of 2025. The amount of MSEK 2.4 is recognized as a liability in GARO AB. The recognized amount is an estimate of the remaining purchase consideration that is dependent on the financial outcomes of EV Charge Partner Sweden AB during the contract period.

NOT 27. SHARE DATA

Earnings per share	2020	2019
Earnings per share, before and after dilution, SEK	9.53	8.57
Equity, before and after dilution, SEK	43.0	34.3
Average number of shares, thousands	10,000	10,000
Number of shares outstanding, thousands	10,000	10,000

NOTE 28. RELATED PARTIES

Purchases of goods and services	2020	2019
Purchase of services		
Consulting services from Board member (Ekonomerna i Sverige AB)	0.6	0.5
Operations and services purchased from parties related to the Chairman of the Board	0.7	2.2
Electrical installation services purchased from parties related to the Chairman of the Board	0.1	0.8
Total	1.4	3.5

The above transactions took place with related parties. The services were purchased on normal commercial terms and conditions. On the balance-sheet date, no liabilities had been recognized against the related-party purchases described above.

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

NOTE 29. EVENTS AFTER THE END OF THE FISCAL YEAR

On January 1, 2021, GARO completed an incorporation of the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The purpose of the incorporation is to sharpen focus, intensify our development activities and further broaden and strengthen our offering to the market.

NOTE 30. KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

The performance measures in this Annual 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.

PERFORMANCE MEASURES

NET SALES the total of sales proceeds for goods and services, less discounts provided, VAT and other tax.

EBIT Earnings before interest and tax.

MARGIN MEASURES

EBIT MARGIN EBIT as a percentage of net sales for the period.

CAPITAL STRUCTURE

NET DEBT Interest-bearing liabilities, lease liabilities according to IFRS 16 less assets including cash and cash equivalents.

NET DEBT/EQUITY RATIO Net debt as a percentage of equity.

INTEREST COVERAGE RATIO Profit after financial income as a percentage of financial expenses.

EQUITY RATIO Equity including non-controlling interest divided by total assets.

TOTAL ASSETS The total on the assets side, or the total on the liabilities side plus equity.

RETURN MEASURES

RETURN ON EQUITY Net income for the year divided by average equity.

PER SHARE

EARNINGS PER SHARE Earnings for the period divided by average number of shares outstanding during the period.

AVERAGE NUMBER OF SHARES, 1,000S The average number of shares during the period in 1,000s.

ALTERNATIVE PERFORMANCE MEASURES (NON-DEFINED BY IFRS)

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: GARO's growth strategy includes an important financial target of growing organically by 10% per year seen over a business cycle, which is why management has chosen to follow organic growth, which is defined as organic growth with adjustments for currency effects from operations in currencies other than SEK.

EBITDA: With the aim of better illustrating underlying operational development, management has chosen to follow EBITDA, defined as EBIT before depreciation and amortization. Key performance indicators are defined as below:

EBITDA MARGIN, % EBITDA as a percentage of net sales for the period.

WORKING CAPITAL: Working capital comprises a major part of the value of GARO's balance sheet. With the aim of optimizing GARO's cash generation, management is focusing on the development of working capital as it is defined below.

NET DEBT: Net debt is defined by how large financial borrowings are in GARO in absolute terms less cash and cash equivalents. Key performance indicators are defined as below:

NOTE 30, CONT.

ORGANIC GROWTH

	2020	2019
Preceding year sales	1,008.1	903.7
Organic growth	28.5	106.0
acquisitions and structural changes	3.8	0
Exchange-rate effects	-0.6	-1.6
Current period	1,039.8	1,008.1

EBITDA

	2020	2019
Income after depreciation/amortization	136.2	112.6
depreciation/amortization for the year	27.0	22.3
EBITDA	163.2	134.9

WORKING CAPITAL

	2020	2019
Current assets	503.1	435.8
Less cash and cash equivalents	-69.4	-40.8
Less short-term non-interest-bearing liabilities	-228.1	-224.7
excl. liabilities attributable to additional purchase considerations	-2.4	0
Working capital on balance-sheet date	203.4	170.3
Working capital in relation to total assets (%)	27.4	25.9

NET DEBT

	2020	2019
Long-term interest-bearing liabilities	30.3	31.7
Short-term interest-bearing liabilities	12.3	12.8
Lease liability according to the IFRS 16 definition	38.1	41.9
Less cash and cash equivalents	-69.4	-40.8
Net debt	11.3	45.6
Net debt in relation to total assets (%)	1.5	6.9



Board of Directors' Report for the Parent Company

The Board of Directors and the President and CEO of GARO AB (publ), Corporate Registration Number 556051-7772, hereby submit the Annual Report for the 2020 fiscal year.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

The Parent Company's share capital amounted to MSEK 20 on December 31, 2020. There were 10,000,000 common shares on that date.

The company has been listed on Nasdaq Stockholm since March 16, 2016.

The total number of shares on the balance-sheet date amounted to 10,000,000 with a quotient value of SEK 2. Each share provides entitlement to one vote at the Annual General Meeting. There are no limitations to the transferability of the GARO shares (post-sale purchase rights). There are also no limitations on how many votes each shareholder may cast at general meetings. The company is not aware of any agreements between shareholders that could entail limitations to the right to transfer shares.

On the balance-sheet date, there was one shareholder who owns and controls more than 10% of the number of votes for all of the shares in the company. That shareholder is Lars Svensson who controls 35.7% of the capital and votes in the company through his own holdings. More information about the GARO shares and ownership structure can be found on pages 34-35.

APPOINTMENT AND DISMISSAL OF BOARD MEMBERS

The Articles of Association do not contain any special provisions regarding the appointment and dismissal of Board members.

OPERATIONS

GARO develops, manufactures and supplies innovative products and complete solutions for the electrical installations market under its own brand. GARO was founded in 1939 in Gnosjö in Småland, Sweden, and over its more than 80-year history has established strong customer relationships and a highly developed supplier network that, combined with proprietary production and sales units, form a platform for delivering innovative, complete solutions.

The Parent Company's operations encompass a significant part of the Swedish operations and Group Management, and also certain Group-wide functions and the Group's finance function. The Parent Company's inventory function also serves to a certain extent as the central warehouse for the other

Swedish operations. In addition, the Parent Company conducts significant manufacturing and sales to other Group companies.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In February, the Althea fastcharger (fastcharger) was launched. 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. Also in April, the Board of Directors withdrew the previously communicated proposal concerning dividends as a precautionary measure. On June 1, GARO AB acquired 70% of the shares in EV Charge Partner Sweden AB, a company active in service and support for E-mobility.

EVENTS AFTER THE END OF THE FINANCIAL PERIOD

On January 1, 2021, GARO completed an incorporation of the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The purpose of the incorporation is to sharpen focus, intensify our development activities and to further broaden and strengthen our offering to the market.

SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, GARO AB has chosen to prepare the statutory Sustainability Report as a separate report from the Annual Report. The Sustainability Report was submitted to the auditors at the same time as the Annual Report. The Sustainability Report is presented on pages 36-53 of this printed document.

NET SALES AND EARNINGS

Net sales increased 6% to MSEK 622.0 (586.6). Underlying demand was strong during the year, particularly in the E-mobility product area.

EBIT amounted to MSEK 69.0 (48.4), corresponding to an EBIT margin of 11.1% (8.3). EBIT is a result of a beneficial product mix combined with strict cost control.

INVESTMENTS

The Parent Company invests continuously in the maintenance of the production unit and production equipment. The Parent Company's investments in tangible assets amounted to MSEK 3.2 (10.3), excluding acquisitions of subsidiaries of MSEK 5.7 (2.4). GARO also invests in product development and investments in intangible assets for the year totaled MSEK 24.6 (16.1). Depreciation/amortization for the year amounted to MSEK 12.1 (9.9), of which depreciation of tangible assets was MSEK 7.8 (7.5).

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow from operating activities amounted to MSEK 97.3 (101.7). Cash flow for the year amounted to MSEK 33.9 (30.1).

Cash and cash equivalents including unutilized overdraft facilities on December 31, 2020 amounted to MSEK 161.2 (118.1). Net cash on December 31, 2020 amounted to MSEK 47.0 (9.6).

Multi-year summary

SUMMARY OF THE PARENT COMPANY'S FINANCIAL PERFORMANCE

MSEK	2020	2019	2018	2017	2016
Net sales	622.0	586.6	528.6	428.9	357.3
EBITDA	81.3	58.3	66.4	45.2	24.6
EBIT	69.0	48.4	56.5	36.5	16.3
EBIT margin, %	11.1	8.3	10.7	8.5	4.6
Total assets	546.5	451.3	385.7	356.2	254.1
Equity ratio, %	56.0	53.8	56.4	52.0	61.5
Return on equity, %	24.8	26.8	36.0	32.9	27.6
Average number of employees	143	137	132	122	119

The Parent Company's equity on December 31, 2020 amounted to MSEK 311.4 (242.8). The 2020 dividend was MSEK 0 (40.0).

EMPLOYEES

The number of full-time employees in the Parent Company on December 31, 2020 was 150 (138). The average number of full-time employees in 2020 was 143 (137). The percentage of women during the year was 39% (39). For more information about employees, see Note 5.

PRODUCT DEVELOPMENT

GARO's aim is to be at the forefront of developments in environmentally friendly and energy-efficient electrical products and complete solutions. The company has an in-house product development department that works together with other departments on continuously developing new and improving existing products and solutions in all product areas. GARO also works close to its customers to gain inspiration and better understand customer needs in the market. GARO has 12 full-time employees who work on product development. Refer also to Note 2.8 in the consolidated financial statements.

ENVIRONMENTAL IMPACT

The Parent Company conducts reportable operations and the municipality is the supervisory authority. The Gärö 1:377 property is in risk class 2 according to the county administrative board's Method for Inventories of Contaminated Sites (MIFO) inventory. The company has no orders under the Swedish Environmental Code. The Parent Company has ISO 14001 environmental certification.

RISKS AND UNCERTAINTIES

A description of potential risks and their management is provided in note 3 of the consolidated financial statements.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

These guidelines are described in the Board of Directors' Report for the Group.

PROPOSED APPROPRIATION OF PROFIT

The Group's retained earnings in accordance with the consolidated balance sheet amounted to MSEK 407.4 (320.4).

The following profit is at the disposal of the Annual General Meeting:

(SEK)	
Opening retained earnings	202,114,511
Provisions to fund for own work, development expenditure	-17,840,710
Net income for the year	68,647,789
Total	252,921,590

The Board of Directors proposes that profit be appropriated as follows:

– to be distributed to shareholders at SEK 4.75 per share	47,500,000
– to be carried forward	205,421,590
Total	252,921,590

THE BOARD'S STATEMENT ON THE PROPOSED DIVIDENDS

The Board believes that the proposed dividend will not prevent the company from fulfilling its obligations in the short or long term, nor from making necessary investments. The proposed dividend can thus be justified with respect to the provisions of Chapter 17, Section 3, paragraphs two and three of the Swedish Companies Act.

The company's equity ratio is satisfactory since the operations continue to be conducted profitably. It is deemed that the company's liquidity can also be maintained at a satisfactory level.

Parent Company Annual Report

PARENT COMPANY INCOME STATEMENT

MSEK	Note	2020	2019
Operating income			
Net sales	2.3	622.0	586.6
Other operating income	4	19.4	14.0
Total		641.4	600.6
Operating expenses			
Raw materials and consumables		-383.3	-372.4
Other external expenses	6	-68.0	-67.2
Personnel expenses	5	-113.0	-107.8
Depreciation/amortization of tangible and intangible assets	11, 12	-12.3	-9.9
Other operating expenses		4.2	5.1
Total operating expenses		-572.4	-552.2
EBIT		69.0	48.4
Profit from participations in Group companies	22	13.3	18.5
Net interest income and similar items	8	2.0	3.1
Net interest expenses and similar items	8	-7.2	-1.7
Total profit from financial items		8.1	19.9
Profit before tax		77.1	68.3
Appropriations	23	6.0	9.9
Tax on net income for the year	9	-14.5	-13.0
Net income for the year		68.6	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 for the year.

PARENT COMPANY BALANCE SHEET

MSEK	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
FIXED ASSETS			
Intangible assets			
Capitalized development expenditure	11	14.3	12.1
Development projects in progress	11	35.1	17.0
Total intangible assets	11	49.4	29.1
Tangible assets			
Lands and buildings	12	24.5	26.1
Plant and machinery	12	0.6	1.1
Equipment, tools, fixtures and fittings	12	16.0	17.7
Construction in progress and advance payments for tangible assets	12	6.0	6.8
Total tangible assets	12	47.1	51.7
Financial assets			
Participations in Group companies	10	79.3	46.1
Receivables from Group companies		30.6	25.6
Total financial assets		109.9	71.7
TOTAL FIXED ASSETS		206.4	152.5
CURRENT ASSETS			
Inventories			
Raw materials and consumables		47.0	39.9
Products in progress		0.1	0.1
Finished goods and goods for resale		19.7	21.0
Total inventories		66.8	61.0
Current receivables			
Accounts receivable	13, 14	119.1	97.3
Receivables from Group companies		86.2	106.6
Other current receivables		0.6	0.1
Prepaid expenses and accrued income		3.4	3.7
Total current receivables		209.3	207.7
Cash and bank balances	14, 15	64.0	30.1
TOTAL CURRENT ASSETS		340.1	298.8
Total assets		546.5	451.3

PARENT COMPANY BALANCE SHEET

MSEK	Note	Dec 31, 2020	Dec 31, 2019
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	16	20.0	20.0
Fund for internal development expenses		35.9	18.1
Statutory reserve		2.6	2.6
Total restricted equity		58.5	40.7
Non-restricted equity			
Retained earnings		184.3	136.9
Net income for the year		68.6	65.2
Total non-restricted equity		252.9	202.1
TOTAL EQUITY		311.4	242.8
Untaxed reserves	24	0	0
LIABILITIES			
Provisions			
Other provisions		3.5	2.0
Provision for deferred tax	17	0.7	1.2
Total provisions		4.2	3.2
Long-term liabilities			
Other liabilities to credit institutions	18	13.7	17.1
Total long-term liabilities		13.7	17.1
Short-term liabilities			
Liabilities to credit institutions	14, 18	3.3	3.4
Accounts payable		58.7	56.2
Overdraft facilities	14, 18	0	0
Liabilities to Group companies		107.5	73.0
Current tax liabilities		1.6	11.1
Other short-term liabilities		9.8	8.3
Accrued expenses and deferred income	19	36.2	36.2
Total short-term liabilities		217.1	188.2
TOTAL LIABILITIES		235.0	208.5
Total liabilities and equity		546.5	451.3

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Statutory reserve	Restricted equity Fund for internal development ex- penses	Non-restricted equity Retained earnings incl. net income for the year	Total
MSEK						
Opening balance at January 1, 2019		20.0	2.6	8.2	186.8	217.6
Net income for the year and comprehensive income 2019		0	0	0	65.2	65.2
Total comprehensive income		0	0	0	65.2	65.2
Change in fund for internal development expenses		0	0	9.9	-9.9	0
Dividend according to Annual General Meeting resolution		0	0	0	-40.0	-40.0
Total contributions from and value transfers to shareholders, recognized directly in equity		0	0	0	-40.0	-40.0
Closing balance at December 31, 2019		20.0	2.6	18.1	202.1	242.8
Opening balance at January 1, 2020		20.0	2.6	18.1	202.1	242.8
Net income for the year and comprehensive income 2020		0	0	0	68.6	68.6
Total comprehensive income		0	0	0	68.6	68.6
Change in fund for internal development expenses		0	0	17.8	-17.8	0
Dividend according to Annual General Meeting resolution		0	0	0	0	0
Total contributions from and value transfers to shareholders, recognized directly in equity		0	0	0	0	0
Closing balance at December 31, 2020		20.0	2.6	35.9	252.9	311.4

PARENT COMPANY CASH-FLOW STATEMENT

MSEK	Note	2020	2019
Cash flow from operating activities			
EBIT		69.0	48.4
Adjustment for non-cash items			
Depreciation/amortization	11, 12	12.3	9.9
Other		0.9	0.7
Dividends received	22	13.3	18.5
Net interest income and similar items	8	2.0	3.1
Net interest expenses and similar items	8	-7.2	-1.7
Income tax paid	9	-24.5	-13.4
Cash flow from operating activities before change in working capital		65.8	65.5
Change in inventories		-5.8	-5.6
Change in accounts receivable	13	-1.5	-11.5
Change in other current receivables		0.3	1.2
Change in accounts payable		0.8	38.9
Change in other current operating liabilities		37.6	13.2
Total change in working capital		31.5	36.2
Cash flow from operating activities		97.3	101.7
Cash flow from investing activities			
Investments in intangible assets	11	-24.6	-16.1
Investments in tangible assets	12	-3.2	-10.3
Assets sold	12	0	0.7
Investments in subsidiaries		-33.2	-2.4
Acquisition of other financial assets		-5.0	-1.5
Cash flow from investing activities		-66.0	-29.6
Cash flow from financing activities			
Amortization of loans		-3.4	-11.0
Group contributions paid/received	23	6.0	9.0
Dividend paid		0	-40.0
Cash flow from financing activities		2.6	-42.0
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		33.9	30.1
Cash and cash equivalents at beginning of the year		30.1	0
Cash and cash equivalents at end of the year		64.0	30.1

Notes

NOTE 1. GENERAL INFORMATION

GARO Aktiebolag (the "Parent Company") develops, manufactures and markets electrical installation materials. The single largest market is Sweden, which represents 64% (74) of the Parent Company's volumes. Export sales are primarily conducted to the company's own subsidiaries in Norway, Finland, Poland, Ireland, Northern Ireland and UK.

The Parent Company is a limited liability company registered in Sweden with its registered office in Gnosjö. The address of the office is Södergatan 26, Box 203, SE-335 33 Gnosjö, Sweden. The GARO share has been listed on Nasdaq Stockholm since March 16, 2016.

All amounts are stated in millions of Swedish kronor (MSEK), unless otherwise stated.

NOTE 2. SUMMARY OF PARENT COMPANY'S IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied in the preparation of this Annual Report are described below. These policies were applied consistently for all years presented, unless otherwise stated.

The Annual Report for GARO Aktiebolag (the "Parent Company") was prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases in which the Parent Company applies different accounting policies than the Group's accounting policies as described in Note 2 of the consolidated financial statements, this is specified below.

The Annual Report was prepared following the cost method.

RFR 2 stipulates that the Parent Company is to apply all IFRSs and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act with consideration of the relationship between accounting and taxation. Preparing financial statements in accordance with RFR 2 requires the use of a number of important estimates for accounting purposes. Management is also required to make certain assessments when applying the Parent Company's accounting policies. The areas involving a high degree of assessment, that are complex or are such areas in which assumptions and estimates are of significant importance to the Annual Report are described in Note 4 of the consolidated financial statements.

Through its operations, the Parent Company is exposed to a variety of different financial risks: market risk (including currency risk, interest-rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential unfavorable effects on the Group's financial earnings. For more information about financial risks, see Note 3 in the consolidated financial statements.

The Parent Company applies different accounting policies than the Group in the cases described below.

PRESENTATION FORMATS

Income statements and balance sheets follow the presentation format of the Annual Accounts Act. The statement of changes in equity follows the Group's presentation format but is to contain the components stipulated in the Annual Accounts Act. There are also differences in the names of items compared with the consol-

idated financial statements, primarily regarding financial income and expenses and equity.

PARTICIPATIONS IN SUBSIDIARIES

Participations in subsidiaries are recognized at cost less any impairment. Cost includes acquisition-related expenses. The recoverable amount is calculated when there is an indication that participations in subsidiaries have declined in value. If this amount is lower than the carrying amount, impairment is recognized. Impairment is recognized in the item "Profit from participations in Group companies."

FINANCIAL INSTRUMENTS

Due to the relationship between accounting and taxation, the rules on financial instruments stated in IFRS 9 are not applied in the Parent Company as a legal entity and instead the Parent Company applied the cost method in accordance with the Swedish Annual Accounts Act. Accordingly, in the Parent Company financial assets are measured at cost and financial current assets according to the lowest value principle, by applying impairment of expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market value. Derivative instruments with negative fair value are recognized as a liability at the negative fair value with changes in value through profit or loss.

The Parent Company applies the exemption of not measuring financial guarantees for subsidiaries, associated companies and joint ventures in accordance with IFRS 9 rules. Instead it applies the measurement principles stated in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

DERIVATIVE INSTRUMENTS

Derivative instruments are recognized in the balance sheet on the contract date and measured at fair value, both initially and when subsequently remeasured. Derivative instruments are not used for hedge accounting. Changes in fair value are subsequently immediately recognized in profit or loss. Outstanding forward contracts amounted to MEUR 6.7 (4.75) on the balance-sheet date.

APPROPRIATIONS AND UNTAXED RESERVES

Excess depreciation, tax allocation reserves and Group contributions are recognized as appropriations. Outstanding reserves for excess depreciation and tax allocation reserves are recognized as untaxed reserves.

LEASES

The rules on accounting for leases under IFRS 16 are not applied in the Parent Company. This means that lease payments are recognized as an expense straight-line over the lease term, and that right-of-use assets and lease liabilities are not included in the Parent Company's balance sheet. However, a lease is identified in accordance with IFRS 16, meaning that a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOT 3. ALLOCATION OF NET SALES

	2020	2019
Nordic region	603.2	568.4
Europe excl. Nordic region	18.8	18.2
Total	622.0	586.6

NOTE 4. OTHER OPERATING INCOME

	2020	2019
Rental income	3.0	0
Capitalized own work	6.6	3.0
Lease of personnel and administrative service	9.3	10.0
Other	0.5	0.9
Total	19.4	14.0

NOTE 5. REMUNERATION OF EMPLOYEES, ETC.

Salaries and other remuneration	2020		2019	
	Salaries and other remuneration (of which, bonus payments)	Social security expenses (of which, pension costs)	Salaries and other remuneration (of which, bonus payments)	Social security expenses (of which, pension costs)
Board members, CEOs and other senior executives	8.5 (0.8)	4.2 (1.7)	11.9 (0.6)	5.5 (1.9)
Other employees	61.7 (0.4)	27.6 (5.7)	53.6 (0.3)	26.7 (6.2)
Total	70.2 (1.2)	31.8 (7.4)	65.5 (0.9)	32.2 (8.1)

AVERAGE NUMBER OF EMPLOYEES, SPECIFIED BY COUNTRY

	2020		2019	
	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	143	92	137	84
Total	143	92	137	84

GENDER DISTRIBUTION OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2020		2019	
	No. on balance-sheet date	Of whom, men	No. on balance-sheet date	Of whom, men
Board members	7	5	7	5
CEO and other senior executives	6	5	6	5
Total	13	5	13	5

Remuneration of senior executives: Information is provided in Note 8 of the consolidated financial statements.

NOTE 6. REMUNERATION OF AUDITORS

	2020	2019
Ernst & Young		
– Audit assignment	0.7	0.8
– Other auditing activities	0.2	0
PwC		
– Tax advice	0.6	0.4
Total	1.5	1.1

NOTE 7. OPERATING LEASES

The Parent Company leases machinery, cars and warehouse premises. The lease terms vary between three and five years. Most leases can be extended at the end of the lease term for a market-based fee.

The Parent Company's future lease payments for non-cancelable leases are presented below.

Future minimum lease payments	2020	2019
Within 1 year	3.1	2.4
Between 1 and 5 years	4.2	1.2
More than 5 years	0	0
TOTAL	7.3	3.6

Expensed lease payments for the period amounted to MSEK 3.8 (3.7).

NOTE 8. NET INTEREST INCOME AND SIMILAR ITEMS AND INTEREST EXPENSES AND SIMILAR ITEMS

Financial income	2020	2019
Assets and liabilities mandatorily measured at fair value through profit or loss		
Net gain derivatives	0	0
Total financial income for items measured at fair value through profit or loss	0	0
Assets and liabilities measured at amortized cost;		
Interest income from accounts receivable	0	0
Interest income other financial income	1.9	1.9
Total interest income according to effective interest method	1.9	1.9
Exchange-rate differences – income, financial items	0.1	1.2
Total	0.1	1.2
Total financial income	2.0	3.1

Financial expenses	2020	2019
Assets and liabilities mandatorily measured at fair value through profit or loss		
Net loss derivatives	-1.5	0
Total financial expenses for items measured at fair value through profit or loss	-1.5	0
Assets and liabilities measured at amortized cost;		
Interest expenses loans	-0.7	-0.5
Interest expenses, other financial liabilities		
Total interest expenses according to effective interest method	-0.7	-0.5
Exchange-rate differences – expenses, financial items	-5.0	-1.2
Total	-5.0	-1.2
Total financial expenses	-7.2	-1.7

NOTE 9. TAX ON NET INCOME FOR THE YEAR

	2020	2019
Recognized tax in profit or loss		
Current tax on net income for the year	-15.5	-13.2
Changes in deferred tax (Note 17)	1.0	0.2
Total recognized tax	-14.5	-13.0

Income tax on profit before tax differs from the theoretical amount that would have arisen from the use of the tax rate for the Swedish Parent Company, as follows:

	2020	2019
Profit before tax	82.8	78.2
Income tax calculated according to tax rate in Sweden (21.4%)	-17.7	-16.7
Tax effects of:		
Non-taxable dividends	2.9	4.5
Non-deductible expenses	-0.2	-0.7
– Deferred tax attributable to prior years	0.5	0
Tax effect of standard interest on tax allocation reserve	0	-0.1
Total recognized tax	14.5	-15.5
Effective tax rate, %	18.8	19.1

NOTE 10. HOLDINGS AND INVESTMENTS IN SUBSIDIARIES

	Dec 31, 2020	Dec 31, 2019
Opening cost	46.1	43.7
Acquisitions	33.2	2.4
Closing accumulated cost	79.3	46.1
Closing carrying amount	79.3	46.1

Name	Corp. Reg. No.	Registered office and country of registration and operation	Number of shares	Share of common shares directly owned by Parent Company (%)	Share of common shares owned by non-controlling interest (%)	Carrying amount Dec 31, 2020	Carrying amount Dec 31, 2019
GARO Electric Irl. Ltd	67083	Dublin, Ireland	10,000	100	0	4.7	4.7
GARO Electric Ltd	12057804	Birmingham, UK	1	100	0	0	0
GARO Elflex AB	556717-1003	Gnosjö, Sweden	1,000	100	0	2.5	2.5
GARO Montage AB	556658-9544	Gnosjö, Sweden	1,000	100	0	1.8	1.8
GARO AS	935722713	Drammen, Norway	800	100	0	0.7	0.7
WEB-EL Försäljning AB	556658-1079	Luleå, Sweden	1,000	100	0	30.1	30.1
GARO Polska SP ZOO	8513133236	Szczecin, Poland	200	100	0	5.2	5.2
GARO Fastigheter AB	559180-6426	Gnosjö, Sweden	100,000	100	0	0.1	0
GARO E-mobility AB	559272-1871	Gnosjö, Sweden	200,000	100	0	20.0	0
GARO Finland OY	2191528-5	Espoo, Finland	100	100	0	7.2	1.1
EV Charge Partner i Sverige AB	556980-5384	Gnosjö, Sweden	1,000	70	30	7.0	0
Total						79.3	46.1

NOTE 11. INTANGIBLE ASSETS

	Capitalized development expenditure	Development projects in progress	Goodwill	Total
At January 1, 2019				
Cost	28.8	10.1	1.9	40.8
Accumulated amortization	-23.3	0	-1.9	-25.2
Carrying amount	5.5	10.1	0	15.6
2019 fiscal year				
Opening carrying amount	5.5	10.1	0	15.6
Purchases/capitalized expenses	0	16.1	0	16.1
Reclassifications	9.2	-9.2	0	0
Divestments and disposals	0	0	0	0
Impairment	0	0	0	0
Amortization	-2.6	0	0	-2.6
Closing carrying amount	12.1	17.0	0	29.1
At December 31, 2019				
Cost	38.0	17.0	1.9	56.9
Accumulated amortization	-25.9	0	-1.9	-27.8
Carrying amount	12.1	17.0	0	29.1
2020 fiscal year				
Opening carrying amount	12.1	17.0	0	29.1
Purchases/capitalized expenses	0	24.6	0	24.6
Reclassifications	6.5	-6.5	0	0
Divestments and disposals	-8.9	0	0	-8.9
Impairment	0	0	0	0
Amortization	-4.3	0	0	-4.3
Closing carrying amount	14.3	35.1	0	49.4
At December 31, 2020				
Cost	35.6	35.1	1.9	72.6
Accumulated amortization	-21.3	0	-1.9	-23.2
Carrying amount	14.3	35.1	0	49.4

NOTE 12. TANGIBLE ASSETS

	Lands and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress and advance payments for tangible assets	Total
At January 1, 2019					
Cost	69.0	31.2	76.1	3.3	179.6
Accumulated depreciation	-41.2	-26.9	-59.2	0	-130.0
Carrying amount	27.8	1.6	16.9	3.3	49.6
2019 fiscal year					
Opening carrying amount	27.8	1.6	16.9	3.3	49.6
Purchases	0	0	0	10.3	10.3
Reclassifications	0	0	6.8	-6.8	0
Divestments and disposals	0	0	-0.7	0	-0.7
Depreciation	-1.7	-0.5	-5.3	0	-7.5
Closing carrying amount	26.1	1.1	17.7	6.8	51.7
At December 31, 2019					
Cost	69.0	31.2	82.2	6.8	189.2
Accumulated depreciation	-42.9	-30.1	-64.5	0	-137.5
Carrying amount	26.1	1.1	17.7	6.8	51.7
2020 fiscal year					
Opening carrying amount	26.1	1.1	17.7	6.8	51.7
Purchases	0	0	0	3.2	3.2
Reclassifications	0	0	4.0	-4.0	0
Divestments and disposals	0	-10.9	-31.6	0	-42.5
Depreciation	-1.6	-0.5	-5.7	0	-7.8
Resolution of depreciation/amortization due to divestments and disposals	0	10.9	31.6	0	42.5
Closing carrying amount	24.5	0.6	16.0	6.0	47.1
At December 31, 2020					
Cost	69.0	20.3	54.1	6.0	149.4
Accumulated depreciation	-44.5	-19.7	-38.1	0	-102.3
Carrying amount	24.5	0.6	16.0	6.0	47.1

NOTE 13. ACCOUNTS RECEIVABLE

The carrying amounts, per currency, for the Parent Company's accounts receivable are as follows:

	Dec 31, 2020	Dec 31, 2019
Accounts receivable	119.1	97.3
Less: provision for doubtful receivables	0	0
Accounts receivable – net	119.1	97.3

The fair value of accounts receivable corresponds to their carrying amount since the discount effect is not material.

At December 31, 2020, accounts receivable of MSEK 13.7 (12.4) had fallen due for payment but no impairment requirement was deemed to exist. The past due receivables pertain to a number of customers who have not shown any payment difficulties to date.

The age analysis of these accounts receivable was as follows:

	Dec 31, 2020	Dec 31, 2019
Within 1-30 days	13.3	11.7
Between 31 and 60 days	0.4	0
More than 61 days	0	0.7
Total past due accounts receivable	13.7	12.4

NOTE 14. FINANCIAL INSTRUMENTS

The table below presents the Parent Company's financial assets and liabilities classified based on cost. For current receivables and liabilities, the carrying amount is deemed to comprise a reasonable estimate of the fair value, and these amounts are presented in the table below.

Measurement of financial assets and liabilities at Dec 31, 2020.

2020 fiscal year	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total carrying amount
Accounts receivable	119.1	0	119.1
Receivables from Group companies	86.2	0	86.2
Other current receivables	0.6	0	0.6
Cash and cash equivalents	64.0	0	64.0
Total	269.9	0	269.9
Financial liabilities			
Accounts payable	0	58.7	58.7
Liabilities to Group companies	0	107.5	107.5
Derivative instruments	0	0	0
Other short-term liabilities	0	9.8	9.8
Total	0	176.0	176.0

Measurement of financial assets and liabilities at Dec 31, 2019.

2019 fiscal year	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total carrying amount
Accounts receivable	97.3	0	97.3
Receivables from Group companies	106.6	0	106.6
Other current receivables	0.1	0	0.1
Cash and cash equivalents	30.1	0	30.1
Total	234.1	0	234.1
Financial liabilities			
Accounts payable	0	56.2	56.2
Liabilities to Group companies	0	73.0	39.4
Derivative instruments	0	0	0
Other short-term liabilities	0	8.3	41.9
Total	0	137.5	137.5

In 2019, GARO AB acquired a minority share of 5 % in GARO Elflex AB for MSEK 2.4. The liability to the minority shareholder GARO Elflex AB was thus settled.

NOTE 15. CASH AND CASH EQUIVALENTS

	Dec 31, 2020	Dec 31, 2019
Bank balances	64.0	30.1
Total	64.0	30.1

NOTE 16. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital at December 31, 2020 comprised 10,000,000 shares with a quotient value of SEK 2 per share. Each share carries one vote per share. All shares that have been issued by Parent Company are fully paid.

NOTE 17. PROVISION FOR DEFERRED TAX

Deferred tax assets and liabilities are distributed as follows:

	Dec 31, 2020	Dec 31, 2019
Deferred tax assets		
– deferred tax assets attributable to temporary differences in derivative instruments	-0.5	0
Deferred tax liabilities	0	0
– deferred tax liabilities attributable to temporary differences in buildings and land improvements	0.7	1.1
Deferred tax liabilities (net)	0.2	1.1

NOTE 18. BORROWINGS

	Dec 31, 2020	Dec 31, 2019
Long-term		
Liabilities to credit institutions	13.7	17.1
Total long-term borrowings	13.7	17.1
Short-term		
Liabilities to credit institutions	3.3	3.4
Total short-term borrowings	3.3	3.4
Total borrowings Parent Company	17.0	20.5

LIABILITIES TO CREDIT INSTITUTIONS

The Parent Company's borrowings are in SEK and EUR. The Parent Company's borrowings comprise loans from SEB.

These bank loans fall due for payment in 2027 and bear average interest of 1.4 % per year (1.3). MSEK 3.2 of the loan will be paid after five years. The Parent Company does not have any specific loan conditions (covenants) with external borrowers.

OVERDRAFT FACILITIES

The Parent Company has granted overdraft facilities of MSEK 88.8 (88.6) that are renegotiated every year.

NOTE 19. ACCRUED EXPENSES AND DEFERRED INCOME

	Dec 31, 2020	Dec 31, 2019
Accrued payroll costs	13.8	11.0
Accrued social security contributions	5.5	4.7
Bonuses to customers	10.1	12.9
Other items	6.8	7.6
Total	36.2	36.2

NOTE 20. PLEDGED ASSETS

	Dec 31, 2020	Dec 31, 2019
Property mortgages	35.2	35.2
Chattel mortgages	66.0	66.0
Total	101.2	101.2

Assets pledged for liabilities to credit institutions

NOTE 21. CONTINGENT LIABILITIES

	Dec 31, 2020	Dec 31, 2019
Other contingent liabilities for the benefit of subsidiaries	21.6	21.6
Total	21.6	21.6

NOTE 22. PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

	2020	2019
Dividends	13.3	18.5
Impairment	0	0
Total	13.3	18.5

NOTE 23. APPROPRIATIONS

	2020	2019
Difference between recognized depreciation/amortization and depreciation/amortization according to plan	0.8	0.9
Change in tax allocation reserve	0	0
Group contributions received, net	6.0	9.0
Total	6.8	9.9

NOTE 24. UNTAXED RESERVES

	Dec 31, 2020	Dec 31, 2019
Accumulated difference between recognized depreciation/amortization and depreciation/amortization according to plan	0	0
Tax allocation reserve	0	0
Total	0	0

NOTE 25. RELATED PARTIES

The following transactions took place with related parties:

PURCHASES AND SALES TO SUBSIDIARIES

46 % (37) of the Parent Company's sales comprise sales to Group companies, and 45 % (34) of the Parent Company's purchases comprise purchases from Group companies.

Sales to subsidiaries comprise goods. Purchases from subsidiaries comprise goods. Services are sold to subsidiaries on the basis of normal commercial terms and conditions.

	2020	2019
Purchase of services		
Consulting services from Board member (Ekonomerna i Sverige AB)	0.6	0.5
Operations and services purchased from parties related to the Chairman of the Board	0.7	0.8
Electrical installation services purchased from parties related to the Chairman of the Board	0.1	2.2
Total	1.4	3.5

The services described above were purchased on normal commercial terms and conditions. On the balance-sheet date, no liabilities had been recognized against the related-party purchases described above.

NOTE 26. EVENTS AFTER THE END OF THE FISCAL YEAR

On January 1, 2021, GARO completed an incorporation of the E-mobility product area by transferring operations to the wholly-owned subsidiary GARO E-mobility AB. The purpose of the incorporation is to sharpen focus, intensify our development activities to further broaden and strengthen our offering to the market.

NOTE 27. PROPOSED APPROPRIATION OF PROFIT

The Group's retained earnings in accordance with the consolidated balance sheet amounted to MSEK 320.4 (272.6).

The following profit is at the disposal of the Annual General Meeting: (SEK)

Opening retained earnings	202,114,511
Provisions to fund for own work, development expenditure	-17,840,710
Net income for the year	68,647,789
Total	252,921,590

The Board of Directors proposes that profit be appropriated as follows:

– to be distributed to shareholders at SEK 4.75 per share	47,500,000
– to be carried forward	205,421,590
Total	252,921,590

THE BOARD'S STATEMENT ON THE PROPOSED DIVIDENDS

The Board believes that the proposed dividend will not prevent the company from fulfilling its obligations in the short or long term, nor from making necessary investments. The proposed dividend can thus be justified with respect to the provisions of Chapter 17, Section 3, paragraphs two and three of the Swedish Companies Act.

The company's equity ratio is satisfactory since the operations continue to be conducted profitably. It is deemed that the company's liquidity can also be maintained at a satisfactory level.

Signing of the Annual Report

The consolidated income statement and balance sheet will be presented to the Annual General Meeting for approval on May 5, 2021.

The Board and CEO assure that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report was prepared in accordance with generally accepted accounting policies and provides a true

and fair view of the Parent Company's financial position and earnings. The Board of Directors' Report for the Group and the Parent Company provides a fair review of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Gnosjö, April 6, 2021

STEFAN JONSSON
Chairman

SUSANNA HILLESKOG
Board member

RICKARD BLOMQVIST
Board member

ULF HEDLUNDH
Board member

MARI-KATHARINA
JONSSON KADOWAKI
Board member

LARS ÅKE RYDH
Board member

JONAS LOHTANDER
Employee representative

PATRIK ANDERSSON
CEO

**Our audit report was submitted on April 6, 2021
Ernst & Young AB**

JOAKIM FALCK
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of GARO AB (publ), corporate identity number 556051-7772

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of GARO AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 56 - 112 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

OBSOLESCENCE IN INVENTORIES

Description	How our audit addressed this key audit matter
It appears from the group's reporting of the financial standing as at 31-12-2020 that the reported value of the inventory amounts to MSEK 182,5. In the industries in which the group operates, the product development rate and innovation driving force are high. This means that business management and the board of directors must evaluate and assess on an ongoing basis how the company's products should be priced taking into account market demand. The innovation driving force in combination with the size of the inventory and the fact that the management and the board of directors make appraisals and assessments of the obsolescence of the inventory, means that obsolescence is assessed as being a specifically significant area of our audit.	In our audit, we have reviewed the assessment of obsolescence of all units including through follow-up of inertia with the information about inventory movements from the statement of the inventory. We have also checked whether the use of the obsolescence model is consistent over the years and assessed assumptions made in the obsolescence model. The assumptions are made at different levels of the group and include both decision-makers in individual companies and the group management team. In addition, our audit has included a review of the management protocol and discussions with the company management on the development of new products. We have reviewed the information obtained in the financial statement.
Notes 2.12, 3.1 a (ii) and (iii) and note 4 describe, among other things, the evaluation and risks associated with inventories.	

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2 – 55. The remuneration report for the financial year 2020 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of GARO AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing

Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 2224, 550 02 Jönköping, was appointed auditor of GARO AB by the general meeting of the shareholders on the 19 May 2020 and has been the company's auditor since the 4 May 2017.

Jönköping 6 April, 2021

Ernst & Young AB

JOAKIM FALCK

Authorized Public Accountant

Corporate governance report

GARO AB (publ) is a Swedish public limited liability company with its registered office in Gnosjö Municipality, Jönköping County, Sweden. The GARO share has been listed on Nasdaq Stockholm since March 16, 2016. GARO applies the Swedish Corporate Governance Code ("the Code") and provides the Corporate Governance Report for the 2020 fiscal year here. The Corporate Governance Report has been audited by the company's auditors.

Guidelines on the Code are available on the website for the Swedish Corporate Governance Board (www.corporategovernanceboard.se). The Code is based on the principle of "comply or explain", which means that companies that apply the Code can deviate from individual rules, but then provide an explanation for the deviation. GARO made no such deviations in 2020.

SHAREHOLDERS AND GENERAL MEETING

The shareholders' right to decide on GARO's affairs is exercised at the Annual General Meeting (or if applicable, the Extraordinary General Meeting), which is GARO's highest decision-making body. The Annual General Meeting (AGM) is held in Gnosjö, Malmö or Stockholm every calendar year before the end of June. An Extraordinary General Meeting is held when necessary.

The General Meeting passes resolutions on a number of matters, including the adoption of the income statement and balance sheet, appropriation of GARO's profit or loss, discharge from liability to the company for the members of the Board and the CEO, the composition of the Nomination Committee, election of the Board members (including the Chairman of the Board) and the auditor, remuneration of Board members and auditors, guidelines for the remuneration of senior executives and any changes to the Articles of Association.

The company's Articles of Association contain no limitations regarding how many votes each shareholder can exercise at a General Meeting. The company's Articles of Association contain no provisions regarding appointment or dismissal of Board members or amendments to the Articles.

There were 8,774 shareholders (6,063) at year-end. The largest single shareholder is Lars Svensson whose total ownership amounted to 35.7% (35.7). For more information on the ownership structure, share capital, share price development, etc., please refer to the section on the GARO share on pages 34-35 and to Note 20 in this Annual Report.

The illustration below provides a general description of corporate governance in GARO.



ANNUAL GENERAL MEETING 2020

At GARO's Annual General Meeting on May 19, 2020, Stefan Jonsson was re-elected as Chairman of the Board, Susanna Hilleskog, Lars-Åke Rydh, Rickard Blomqvist, Per Holmstedt and Mari-Katharina Jonsson Kadowaki were re-elected as Board members, and Ulf Hedlundh was elected a new Board member. IF Metall's Jonas Lohtander was hereby elected as employee representative. Per Holmstedt had declined re-election. Board fees were decided to be paid in a total amount of SEK 1,520,000, of which SEK 470,000 was to the Chairman and SEK 210,000 to each of the other elected Board members who are not employed in the Group. As such, there was no change to the Board fees compared with 2019. Further, the AGM resolved that fees to members of the Audit Committee are to consist of SEK 80,000 to the Chairman and SEK 40,000 to each of the other members of the Audit Committee. No fees for committee work were payable in 2019. In accordance with the Board's proposal, the AGM resolved that no dividend would be paid for 2019. The AGM also adopted guidelines for the remuneration of senior executives and the Board's proposal for changes to the Articles of Association.

NOMINATION COMMITTEE

GARO's Annual General Meeting passes resolutions regarding procedures for the appointment and work of the Nomination Committee. The Nomination Committee's task comprises the preparation and compilation of proposals on the election of Board members, the Chairman of the Board, the Chairman of the General Meeting, and auditors, as well as proposals regarding fees to the Board members, members of any Board committees and the auditor.

The Annual General Meeting on May 4, 2017 resolved that the Nomination Committee shall be comprised of representatives of the three largest shareholders in terms of votes as indicated by the share register kept by Euroclear Sweden on August 31 of every year, together with the Chairman of the Board, who shall also

convene the first meeting of the Nomination Committee. The member representing the largest shareholder by votes shall be appointed the Chairman of the committee. If, before two months prior to the Annual General Meeting, one or more of the shareholders that appointed members to the Nomination Committee are no longer among the three largest shareholders by votes, members appointed by these shareholders shall relinquish their seats on the committee and shareholders that have joined the three largest shareholders by votes shall have the right to appoint one representative each. If a member leaves the Nomination Committee before its work is complete and the Nomination Committee finds it desirable for a replacement to be appointed, such a replacement shall be obtained from the same shareholder or, if this shareholder is no longer among the largest shareholders by votes, from a shareholder who is next in line in terms of holdings. The composition of the Nomination Committee prior to each AGM shall be published no later than six months before the AGM. No compensation shall be payable to the members of the Nomination Committee. Any necessary overhead costs for the Nomination Committee's work shall be covered by the company. The Nomination Committee's mandate period continues until the following Nomination Committee's composition has been published. The Nomination Committee's independence according to the "Code" is considered to be fulfilled.

EXTERNAL AUDITORS

The company's auditor, elected at the Annual General Meeting, examines GARO's annual report and consolidated financial statements, the Board's and CEO's administration, the Board's proposed appropriation of profit or loss for the year, and the annual reports of subsidiaries, and submits an audit report.

Ernst & Young AB were reelected auditors at the 2020 Annual General Meeting, with Joakim Falck as Auditor in Charge. The auditor from Ernst & Young took part in the Audit Committee's meeting and participated in the Board meeting in February 2021 and then reported on the observations from the 2020 audit. The audit of the Group's companies is coordinated by Ernst & Young. All of the Group's companies, except that in Poland, are audited by the Ernst & Young network.

BOARD OF DIRECTORS

COMPOSITION AND INDEPENDENCE

According to the Articles of Association, GARO's Board of Directors shall consist of at least three and at most seven members. At the Annual General Meeting on May 19, 2020, six Board members were elected, two women and four men. IF Metall hereby elected an employee representative to be included in the Board. No representative of company management is on the Board. The President and CEO participates in Board meetings to present reports. Other officers in GARO participate in the Board's meetings as presenters in particular matters. The company's CFO serves as the Board's secretary.

In the Nomination Committee's reasoned statement ahead of the 2020 AGM, the Nomination Committee stated that the Board applied rule 4.1 of the Code as its diversity policy in preparing its proposals on Board members. The aim of the policy is for the Board to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members are collectively to exhibit diversity and breadth of qualifications, experience and background, and the company is to strive for gender balance on the Board. The 2020 AGM resolved

BOARD OF DIRECTORS

AGM-elected Board	Elected	Born	Remuneration	Remuneration Audit committee	Remuneration Remuneration committee	Number of shares/votes	Independent in relation to the shareholders	Independent in relation to the company	No. meetings attended
Stefan Jonsson, Chairman	1997	1953	470,000	40,000	0	485,085	Yes	No	11/11
Susanna Hilleskog, member	2018	1963	210,000			0	Yes	Yes	11/11
Rickard Blomqvist, member	2015	1971	210,000	80,000		124,500	No	Yes	11/11
Ulf Hedlundh, member	2020	1960	210,000			0	No	Yes	5/5
Mari-Katharina Jonsson Kadowaki, member	2019	1964	210,000		0	0	Yes	Yes	11/11
Jonas Lohtander, employee representative	2019	1974	0			27	Yes	No	11/11
Lars-Åke Rydh, member	2018	1953	210,000	40,000	0	7,500	Yes	Yes	11/11
TOTAL			1,520,000	160,000	0	617,112			

NOMINATION COMMITTEE FOR THE 2021 ANNUAL GENERAL MEETING

Nomination Committee member	Represents	Holdings/votes
Lars Kongstad, Chairman	Lars Svensson	35.7%
Fredrik Carlsson	Svolder AB	9.7%
Jan Särilvik	Nordea Investment Funds	6.8%
Stefan Jonsson	Chairman	4.8%

to appoint Board members in accordance with the Nomination Committee's proposals, which resulted in the current Board. The Nomination Committee established when it prepared its proposals that the gender balance in the proposed Board was not satisfactory. However, the Nomination Committee believed that continuity on the Board was, at the time, of greater importance.

In accordance with the Code, a majority of the elected Board members shall be independent in relation to the company and its management. To determine if a Board member is independent, a collective assessment shall be made of all circumstances that can give cause to question the member's independence in relation to GARO or company management, such as if the Board member was recently employed in GARO or a related company. At least two of the Board members who are independent in relation to the company and company management shall also be independent in relation to the company's major shareholders. To assess this independence, the scope of the member's direct or indirect relationships to major shareholders shall be taken into account. In the Code, major shareholders refers to shareholders who directly or indirectly control 10% or more of the shares or votes in the company.

The Nomination Committee's assessment of the Board members' independence in relation to the company, its management and major shareholders is presented in the section "Board, Group Management and auditor." All Board members, except Stefan Jonsson, are deemed to be independent in relation to the company and its management. Four of them are also independent in relation to the company's major shareholders. GARO thereby meets the Code's requirements on independence.

For further information concerning the Board members, refer to the section concerning the Board of Directors on pages 124-125 of this Annual Report.

RESPONSIBILITY AND WORK

The work of the Board of Directors is regulated by the Swedish Companies Act and the Articles of Association. The work of the Board of Directors is also regulated by the written rules of procedure that the Board adopts annually. The rules of procedure regulate, among other things, the division of responsibility between the Board, the Chairman of the Board and the CEO, as well as the decision procedure in the Board, the Board's meeting plan and the Board's work on accounting and audit-related issues and financial reporting. The Board of Directors has also established terms of reference for the CEO and adopted other special policy documents. The Board of Directors is responsible for the Group's organization and management of its affairs, setting the Group's overall objectives, development and follow-up of the overall strategies, decisions on major acquisitions, divestments and investments, decisions on capital placement and loans in accordance with the finance policy, continuous follow-up of operations, establishment of interim and year-end reports and the continuous evaluation of the CEO and other members of Group Management. The Board is also responsible for ensuring the quality of the financial reporting, including systems for monitoring and internal control of GARO's financial statements and position. The Board shall also ensure that GARO's external information provisioning is marked by openness and is correct, relevant and clear. At the Board meetings, the following items are

recurring on the agenda: business status, future prospects and economic and financial reporting.

The Chairman of the Board monitors GARO's operations through continuous contacts with the CEO. The Chairman organizes and leads the Board's work and is thereby responsible for other Board members receiving satisfactory information and decision data. The Chairman is also responsible for the Board continuously updating and deepening its knowledge of GARO and otherwise receiving the training required for the Board work to be able to be conducted effectively. It is also the Chairman who is responsible for ensuring that the Board annually evaluates its work. An evaluation of the Board was performed in 2020 and the Chairman reported the results to the Board and the Nomination Committee.

In 2020, the Board held six ordinary Board meetings and four Board meetings in addition to the statutory meeting. The Board meetings have been devoted to financial follow-up of the business, strategic issues, budget discussions, investment decisions, adoption of policies and instructions and external economic information. Attendance at the Board meetings is presented in the table above.

The Board meetings are prepared by the CEO and CFO. The CEO provides the members with written reports and documentation at least five work days before the respective meeting. Continuously during the year, the Board members received monthly reports, which shed light on the Group's financial and operational development. These reports were prepared jointly by the CEO and CFO.

BOARD COMMITTEES

According to the Code and the Swedish Companies Act, the Board shall establish a remuneration committee and an audit committee from within its ranks. The CEO participates in the work incumbent on the remuneration committee and audit committee only as the presenter.

The Board of Directors works according to set instructions for issues that are incumbent on the audit committee and remuneration committee.

AUDIT COMMITTEE

Three of the seven members of the Board comprise the Audit Committee, which performs the duties incumbent on the Audit Committee. The CFO participates in the work incumbent on the Audit Committee only as the presenter.

The main duties of the Audit Committee are to monitor GARO's and the Group's financial reporting, the effectiveness of its internal controls, internal audit and risk management, and keep informed on the audit of the annual report and consolidated financial statements, examine and monitor the auditor's impartiality and independence and thereby pay particular attention to whether or not the auditor provides the company services other than audit services. The Audit Committee shall also assist the Nomination Committee with regard to the election of auditors. The Audit Committee is in continuous contact with the company's auditor with the aim of creating a continuous exchange of opinions and information between the company and the auditor in audit matters. During the year, the committee held two meetings with the company's auditor. At these meetings, all members were present.

REMUNERATION COMMITTEE

Three of the seven members of the Board comprise the remuneration committee, which performs the duties incumbent on the remuneration committee. The remuneration committee has an advisory and a preparatory function for decision matters before discussion and decision by the company's Board. The remuneration committee works according to a formal work plan that has been adopted by the Board. The main duties of the remuneration committee are to prepare the Board's decisions in matters that concern remuneration principles, remuneration and other terms of employment for company management, to monitor and evaluate programs for variable remuneration of company management and to monitor and evaluate the application of the guidelines for remuneration to senior executives that the AGM approved and applicable remuneration structures and levels in the company. During the year, the committee held two meetings. At these meetings, all members were present.

REMUNERATION OF THE BOARD

Remuneration of elected Board members is chosen by the Annual General Meeting according to a proposal from the Nomination Committee. The table on page 83 presents the fees that are payable to the elected Board members for the period 2020-2021.

CEO AND GROUP MANAGEMENT

GARO's President and CEO is responsible for leading and developing operating activities pursuant to the guidelines and instructions issued by the Board. The scope is comprised of written terms of reference for the CEO that are approved annually by the Board.

The CEO leads the work of Group Management, which is responsible for overall business development. Besides the CEO, Group management consists of GARO's CFO, CTO, Purchasing & Logistics Director and the presidents of GARO Norway A/S and GARO Electric Irl Ltd.

Group Management has meetings once a month to follow up operations, discuss matters affecting the Group and draft proposals for strategic plans and budgets, which the CEO presents to the Board for decision.

The CEO ensures that the Board receives such factual and relevant information as is required for the Board to be able to make well-supported decisions. The CEO monitors that GARO's targets, policies and strategic plans set by the Board are complied with and is responsible for informing the Board of GARO's development between the Board's meetings.

GUIDELINES FOR REMUNERATION

According to the Swedish Companies Act, the General Meeting will resolve on guidelines for remuneration of the CEO and other senior executives. The following guidelines were approved by the Annual General Meeting on May 19, 2020.

GARO is to offer remuneration levels and employment conditions that are deemed to be reasonable to recruit and retain a management team that is highly skilled and with the right capacity for achieving established targets. The overall principle for salaries and other remuneration of GARO senior executives is to be market-based. Senior executives are to receive a fixed salary. Variable cash remuneration can be paid in addition to fixed salary as a

reward for clearly defined, target-related performance in the context of a simple and transparent structure. Variable salary for the CEO is not to exceed MSEK 2 (2), including social security contributions, per year and does not comprise pensionable salary. Variable remuneration for other members of senior management is not to exceed 30 percent of fixed salary.

Share-price-related incentive schemes are resolved on by the General Meeting and are not encompassed by these guidelines.

Non-monetary benefits for Group Management, such as company cars, computers, mobile phones, additional health insurance or occupational health services, may be awarded to the extent that this is deemed market practice for senior executives in equivalent positions in the market in which the company operates. The total value of these benefits may total a small percentage of total remuneration.

Senior executives are encompassed by the ITP plan applicable at any time or a defined-contribution occupational pension plan that does not exceed 30% of pensionable salary. Alternatively, senior executives residing outside Sweden or who are foreign citizens and receive their main pension from a country outside Sweden can be offered different pension solutions that are reasonable in the relevant country.

Salary for notice periods and severance pay for members of senior management is not to exceed a total of 24 monthly salaries for the CEO and 12 monthly salaries for other members.

The Board is entitled to deviate from these guidelines if this is justified by special circumstances in individual cases, provided that this is subsequently reported and reasoning provided. For further information regarding salaries and remuneration, see Note 8.

PERIOD OF NOTICE AND SEVERANCE PAY

In the termination of the CEO's employment contract, there is a period of notice of nine months, regardless of which party terminates the employment. In the event of the termination of the employment contract by GARO, the CEO also has a right to severance pay equivalent to six monthly salaries. For other senior executives, there is a period of notice of six to 12 months in the event of termination of the employment contract by GARO. Upon resignation by the employee, there is a period of notice of three to six months. In addition to the CEO, the senior executives are not entitled to severance pay.

EXTERNAL AUDIT

The Annual General Meeting elects an external audit for one year at a time. The auditor examines the annual report and accounts and the Board's and CEO's management, and works according to an audit plan that is established in consultation with the Board. In connection with the audit, the auditor reports his or her observations to Group Management for reconciliation, and then to the Board. The Audit Committee meets the auditor at least once a year when the auditor reports his or her observations directly to the Committee without the presence of GARO's CEO or CFO. The auditor lastly participates in the Annual General Meeting where he or she briefly presents the audit work and the recommendation in the audit report.

INTERNAL AUDIT

GARO has well-developed governance and internal control systems. The Board of Directors follows up on the management's assessment of the internal controls. In light of the above, the Board chose not to establish a separate internal audit.

DIVERSITY

With regard to diversity, refer to the company's Sustainability Report on pages 36-53 in this Annual Report.

INTERNAL CONTROL

The Board's and CEO's responsibility for internal control is regulated in the Swedish Companies Act. The Board's responsibility is also regulated in the Code and the Annual Accounts Act, which also contain requirements on annual external information disclosures regarding how the internal control is organized insofar as it pertains to financial reporting.

The aim of the internal control is in part to ensure that GARO's objectives are achieved in terms of suitable and effective operations, reliable reporting and compliance to applicable laws and ordinances. Internal control regarding financial reporting intends to provide reasonable certainty regarding the reliability of the external financial reporting and that the external financial reporting is prepared in accordance with law and applicable accounting standards.

CONTROL ENVIRONMENT

The Board of Directors bears the overall responsibility for internal control of the financial reporting. With the aim of creating and maintaining a functioning control environment, the Board has established a number of basic documents of significance to the financial reporting. This particularly concerns the Board's rules of procedure and terms of reference to the CEO. The Board ensures that established principles for financial reporting and internal control are complied with. The responsibility for maintaining an effective control environment and the daily work with internal control regarding the financial reporting is delegated to the CEO. The CEO regularly reports to the Board based on established procedures.

The internal control structure is also based on a management system based on GARO's organization with clear financial roles, areas of responsibility and delegation of powers. Operational decisions are made at the company or business area level while decisions on strategy, overall financial issues, acquisitions and major investments are made by GARO's Board and Group Management. The steering documents concerning accounting and financial reporting constitute the most significant parts of the control environment when it comes to financial reporting. These documents are continuously updated in the event of changes of e.g. accounting standards and legislation.

RISK ASSESSMENT

With regard to financial risk assessment, the risk that errors may be made when reporting the company's financial position and results is considered the primary risk. To minimize this risk, control documents have been established pertaining to accounting, procedures for annual accounts and follow-up of reported annual accounts. A Group-wide system for reporting annual

accounts has also been introduced. The Board deals with the outcome of the company's processes for risk assessment and risk management, in order to ensure that these cover all significant areas, and establishes, when appropriate, any necessary measures to be implemented. In addition to assessing the risks in the financial reporting, the Board and management work continuously to identify and manage significant risks affecting GARO's business from an operational and financial perspective. Read more about the risks on page 72, Note 3 in this Annual Report.

CONTROL ACTIVITIES

The risks that have been identified regarding the financial reporting are handled through GARO's control activities, such as authorization controls in IT systems and approval controls.

The control structure consists of clear roles in the organization that enables an effective division of responsibilities of specific control activities that aim to discover or prevent the risk of errors in the reporting on time. The continuous analysis done of the financial reporting together with the analysis done at the Group level is very important to ensure that financial reporting does not contain any material misstatements. The Group's controller organization plays an important role in this internal control process, which is responsible for ensuring that financial reporting from each unit is correct, complete and delivered in a timely manner.

INFORMATION AND COMMUNICATION

The Group has information and communication channels that aim to promote completeness and accuracy in the financial reporting. Policies, guidelines and internal instructions regarding the financial reporting are available in electronic form over GARO's intranet and on the company's website. Regular updates and messages regarding changes of accounting policies, reporting requirements or other information disclosures are made available and known to the concerned employees.

FOLLOW-UP, EVALUATION AND REPORTING

The CEO is responsible for the internal control being organized and followed up according to the guidelines that the Board has established. The CEO is also responsible for ensuring independent objective audits are done with the aim of systematically evaluating and proposing improvements of the Group's processes for governance, internal control and risk management. Financial governance and control are carried out by local accounting functions and the Group accounting function. GARO's management conducts a monthly earnings follow-up with an analysis of deviations from budget, forecast and previous years and all monthly closings are discussed with the management of the respective segments. The Board of Directors is sent monthly financial statements and the financial reporting is followed up at every Board meeting. Prior to publication of the annual report, the Board and management go through the financial reporting.

The Corporate Governance Report has been audited by the company's auditor.

Gnosjö, April 6, 2021
The Board of Directors

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of
GARO AB (publ), corporate identity number
556051-7772

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 117 – 121 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

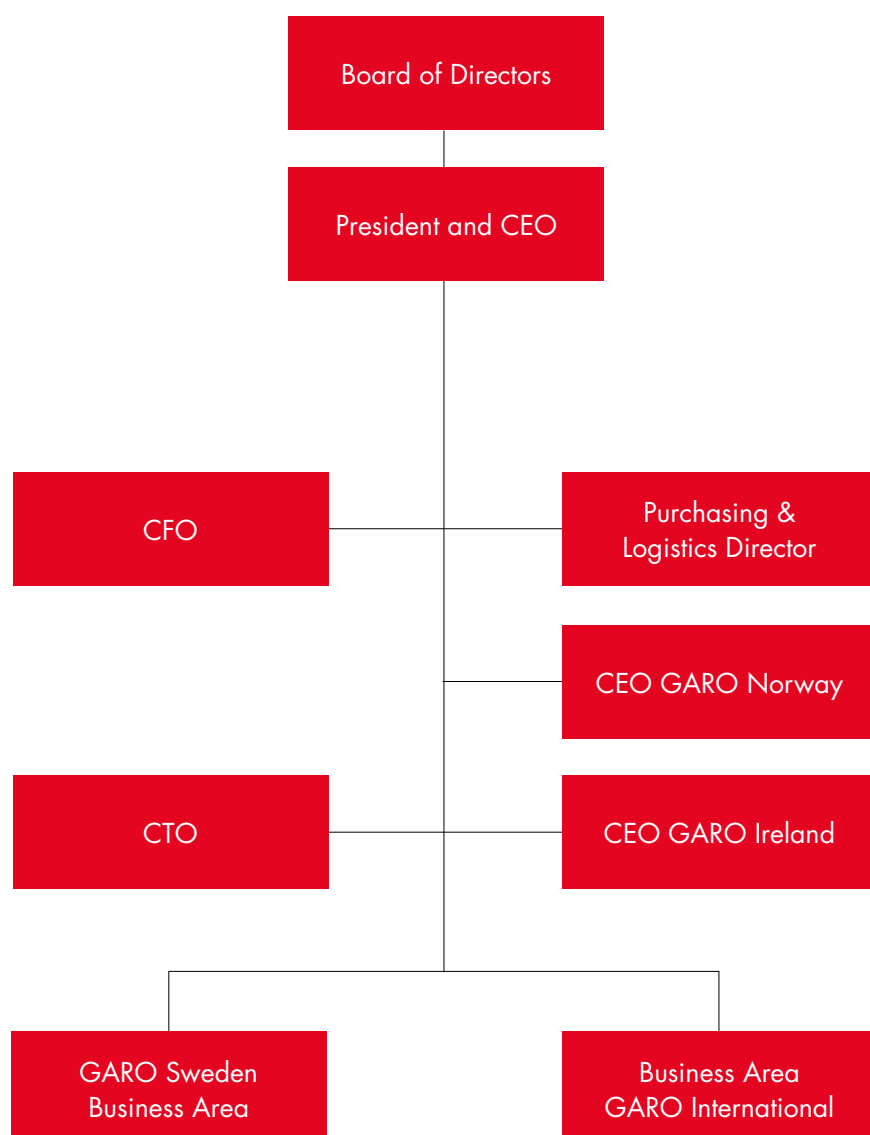
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Jönköping 6 April 2021
Ernst & Young AB

JOAKIM FALCK
Authorized Public Accountant

Organization and structure

The GARO Group's Board of Directors comprises a total of seven people under the management of Stefan Jonsson, Chairman of the Board. President and CEO Patrik Andersson leads Group Management (comprising six people), following the Board's guidelines. The operations are divided into two business areas: GARO Sweden and GARO International. The GARO Sweden business area comprises the Swedish companies, while the GARO International business area comprises the companies in Norway, Poland, Ireland, Northern Ireland and Finland. Group Management comprises the functions according to the organizational chart below.





Board of Directors



STEFAN JONSSON

CHAIRMAN AND MEMBER OF THE BOARD SINCE 1996
BORN: 1953

Education and professional experience: Mechanical Engineer. Training in company management with IFL, Sigtuna. Previously Vice President of Pallco AB. Division Head at Skandinaviska Aluminiumprofiler AB (SAPA). President and CEO Garo AB 1996-2017
Other ongoing assignments: Chairman of AGES Industri AB, Chairman of Hörle Wire Group AB, Chairman of AXJO Plastic AB. Member of the Board of Fiber Fenix economic association.
Shareholdings: 485,085 (via company)



RICKARD BLOMQVIST

MEMBER SINCE 2015
BORN: 1971

Education and professional experience: MSc and BSc in Business and Economics, Halmstad University. CEO of Volador AB. Former CFO of the AkkaFRAKT Group, Business Development Manager at Hilding Anders International AB, and CFO of Hedson Technologies International AB (publ).

Other ongoing assignments: Board member of Volador AB, Volador Business Development AB, Ekonomerna Holding Sverige AB and Ekonomerna Family Office AB and Ekonomerna Family Office AB.
Shareholdings: 124,500 (privately and via company)



LARS-ÅKE RYDH

MEMBER SINCE 2018
BORN: 1953

Education and professional experience: Master of Engineering, Institute of Technology at Linköping University. Former President and CEO of Nefab AB and Board Chairman of OEM International AB (publ).

Other ongoing assignments: Chairman of Danfo AB, Chiffonjén AB, Prototypen AB, Schuchardt Maskin AB and Kooperativet Olja. Board member of Nolato AB, Nefab AB, Söderbergsföretagen AB, Spectria Fond AB and Östrand & Hansen AB.

Shareholdings: 7,500



SUSANNA HILLESKOG

MEMBER SINCE 2018
BORN: 1963

Education and professional experience: Master of Economics, Lund University. Several senior positions at Akzo Nobel and the Trelleborg Group, and previously a Board member of ProfilGruppen AB (publ).

Other ongoing assignments: CEO of Trelleborg Wheel Systems Nordic AB and Board member of BIM Kemi AB, Lamhults Design Group AB, Holmbergs First Holding AB and Gullberg & Jansson AB.

Shareholdings: –



ULF HEDLUNDH

MEMBER SINCE 2020
BORN: 1960

Education and professional experience: Master of Economics, Stockholm School of Economics. CEO of Svolder AB (publ). CEO of Investment AB Helikon. Senior positions in the Alfred Berg Group.

Other ongoing assignments: –
Shareholdings: –



JONAS LOHTANDER

EMPLOYEE REPRESENTATIVE SINCE 2019
BORN: 1974

Education and professional experience: Trained electrician. Has worked at GARO since 2012.
Other ongoing assignments: Safety representative, Chairman of GARO's workshop association at IF Metall.
Shareholdings: 27



MARI-KATHARINA KADOWAKI

MEMBER SINCE 2019
BORN: 1964

Education and professional experience: MSc from Linköping University. Long operational experience of the electricity and manufacturing industry, including as site manager within the Electrolux Group and today as CEO of the Swedish part of the battery manufacturer Saft.

Other ongoing assignments: Vice Chairman of Teknikarbetsgivarna in Sweden and the Association of Swedish Engineering Industries (Teknikföretagen) in Sweden.
Shareholdings: –

Group Management

At January 1, 2020



PATRIK ANDERSSON

PRESIDENT AND CEO
EMPLOYED SINCE 2007
BORN: 1978

Education and professional experience: Electrician program. Former western and southern regional sales manager for Eldon Group.
Other ongoing assignments: Chairman of El- och Belysningsföretagen i Sverige AB.
Shareholdings: 40,840



HELENA CLAESSION

CFO AT GARO,
EMPLOYED SINCE 2019
BORN: 1969

Education and professional experience: Bachelor of Science in Economics, Jönköping University, Business Management, IFL Stockholm University. Former CEO at Sensys Gatso Sweden AB and CFO at Sensys Traffic AB.
Other ongoing assignments: –
Shareholdings: –



DANIEL EMILSSON

CTO,
EMPLOYED SINCE 2007
BORN: 1975

Education and professional experience: Electrical and telecom upper-secondary program. MS in Engineering Physics, Entrepreneur Program 40 credits at University of Gothenburg School of Business, Economics and Law. Various senior positions in development and sales and President of the telecom company Comhat AB in Ödsmål, Sweden.
Other ongoing assignments: Chairman of Kjellbergs Golv & Textil AB
Shareholdings: 10,000



HÅKAN DAVIDSSON

PURCHASING & LOGISTICS
DIRECTOR,
EMPLOYED SINCE 2018
BORN: 1968

Education and professional experience: Technical college graduate and business administration. Former CEO of STEELO AB (Lagercrantz Group), joint owner and Site Manager MSA Sordin (part of MSA Group), Production Engineering Manager and Head of Operations in the Aearo Peltor Group, as well as sales of business platforms at 20 Hundra AB.
Other ongoing assignments: –
Shareholdings: –



JOE REE

CEO OF GARO ELECTRIC
IRL LTD IRELAND
EMPLOYED SINCE 1989
CEO SINCE 1997
BORN: 1962

Education and professional experience: Bachelor of Commerce, University College Dublin. Financial Director of GARO Electric Irl Ltd. Auditor and Audit Group Supervisor at Ernst and Young, Trainee at Ryan O'Dwyer and Co.
Other ongoing assignments: Member of the Board of ARK Platform. Auditor and secretary for Aoibheann's Pink Tie.
Shareholdings: –



JAN LARSGAARD

CEO OF GARO A/S, NORWAY
EMPLOYED SINCE 1987
CEO SINCE 1997
BORN: 1965

Education and professional experience: Economics marketing, three-year program. Sales officer at GARO A/S.
Other ongoing assignments: –
Shareholdings: 25,000





