



# INTERIM REPORT JANUARY - MARCH 2021

## STRONG GROWTH AND HIGH MARGIN

### JANUARY - MARCH 2021

- Net sales amounted to MSEK 290.6 (248.3).
- Growth was 17% (0).
- EBIT amounted to MSEK 45.9 (18.8).
- EBIT margin amounted to 15.8% (7.6).
- Net income was MSEK 38.3 (14.6).
- Earnings per share<sup>1</sup> amounted to SEK 3.83 (1.46).

GARO Group key figures	Jan–Mar 2021	Jan–Mar 2020	+/- %	R12	Jan–Dec 2020
Net sales, MSEK	290.6	248.3	17	1,082.2	1,039.8
EBITDA, MSEK	53.8	25.1	114	191.8	163.2
EBITDA margin, %	18.5	10.1		17.7	15.7
EBIT, MSEK	45.9	18.8	144	163.3	136.2
EBIT margin, %	15.8	7.6		15.1	13.1
Net income, MSEK	38.3	14.6	163	119.1	95.3
Earnings per share <sup>1</sup> , SEK	3.83	1.46		11.91	9.53
Cash flow from operating activities, MSEK	16.6	-8.8		112.3	86.9
Investments, MSEK	8.3	9.1		44.6	45.3
Depreciation, MSEK	7.9	6.3		28.6	26.9
Equity ratio, %	59.3	56.4		59.3	57.9
Equity per share <sup>2</sup> , SEK	46.95	35.80		46.95	43.03
Return on equity, %	28.8	22.2		28.8	24.7
Net debt (+) / net cash position (-), MSEK	6.6	62.1		6.6	11.3

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

<sup>2</sup>) For definitions of key figures, see page 18.

<sup>3</sup>) Where applicable, the difference compared with previously reported figures for 2020 is due to changed application/recognition of IFRS 16.

# CEO's comments on the quarter

## STRONG GROWTH AND HIGH MARGIN

The first quarter of 2021 has been characterized by high activity. Net sales rose 17% and amounted to MSEK 290.6, driven by strong performance in the GARO Sweden business area and performance in line with the preceding year for the GARO International business area. Sales have remained strong in the E-mobility product area and overall there is favorable demand in the other product areas as a whole. EBIT for the quarter rose 144% to MSEK 45.9 and the EBIT margin was 15.8% (7.6), mainly as a result of the substantial volume increase and positive currency effects compared with the year-earlier period.

## E-MOBILITY PRODUCT AREA

The E-mobility product area reported growth of 62% for the first quarter. Sales in the GARO Sweden business area rose 108% and were strong in the entire product portfolio in Sweden and via contract customers in other European markets. Sales in GARO International declined 12%, mainly as a result of postponed deliveries of fastchargers due to the pandemic.

The number of new rechargeable vehicles in Sweden is continuing to increase rapidly, and as such, the need for charging infrastructure is also rising. Green technology tax deductions of 50% of the labor and material costs for the installation of wall boxes became available in Sweden from January 2021, which has also driven growth.

Being at the forefront of product innovation has always been the key to GARO's success. In E-mobility, we want to be able to offer customers the opportunity to charge their electric cars in different situations. For this reason, we launched the Castra camping post during the quarter, to charge electric cars and electrical sockets for people camping. The charging station Nova, which has previously been available is a charging station for temporary use at construction sites and events.

## THE PRODUCT AREAS ELECTRICAL DISTRIBUTION PRODUCTS, PROJECT BUSINESS AND TEMPORARY POWER

The markets for the product areas Electrical distribution products, Project business and Temporary Power continued to recover from the preceding year. The Electrical distribution products product area grew 4% during the quarter, driven by the GARO Sweden business area, which grew 8%. New construction and the renovation sectors remained favorable during the quarter, which has driven sales in all product groups in the Electrical distribution products product area. The cold winter has resulted in high sales of engine heaters. The Project business product area reported strong performance in the GARO International business area, driven by several customer projects in Ireland and the UK, while sales for Project business in the GARO Sweden business area declined. The Temporary Power product area increased overall by 20% as we noted in the GARO Sweden business area that a number of rental companies have begun to reinvest in equipment due to positive signs from the underlying market.

## COVID-19

The ongoing pandemic had a relatively limited impact on the GARO Sweden business area during the first quarter of 2021. For the GARO International business area, we saw a mix of recovery and continued negative impact depending on the country and product area. At the time of writing, demand in the market is generally healthy. GARO has not applied for or received any financial support from the Swedish Agency for Economic and Regional Growth as a result of COVID-19.

## MARKET CONDITIONS

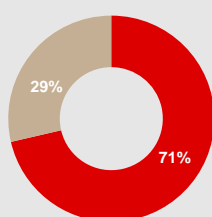
The strong market recovery has brought about certain challenges for GARO. Lack of component access is currently impacting the industry to various degrees. In the first quarter, GARO managed to secure supplies, but limited access to raw materials and components may impact our production.

In addition, we assess that the core market conditions have essentially not changed aside from the pandemic, even though great uncertainty prevails in society in regard to the pandemic's long-term consequences on the economy. The market for charging infrastructure is growing structurally with rising numbers of rechargeable vehicles, and we see a continuing strong trend with further expansion of the charging infrastructure in all markets. Demand for construction-related products in Sweden combined with the important renovation sector is expected to remain stable. Housing construction has slowed down slightly from its peaks during the last few years but the production rate remains high and stable. The trend in other markets served by GARO, aside from the pandemic, is expected to be similar. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in charging infrastructure.

**Patrik Andersson**

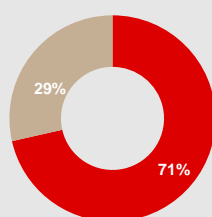
President and CEO

Allocation of net sales by business area, Jan-Mar 2021



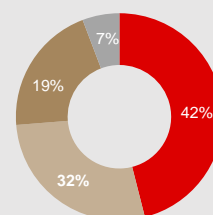
■ GARO Sweden  
■ GARO International

Allocation of EBIT by business area, Jan-Mar 2021



■ GARO Sweden  
■ GARO International

Allocation of net sales by product area, Jan-Mar 2021



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

# Group figures

## NET SALES

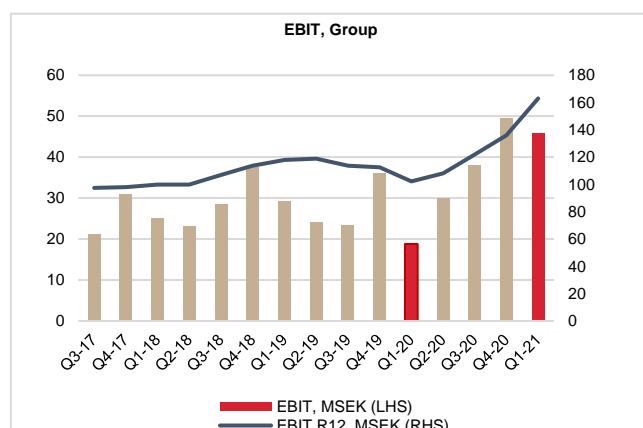
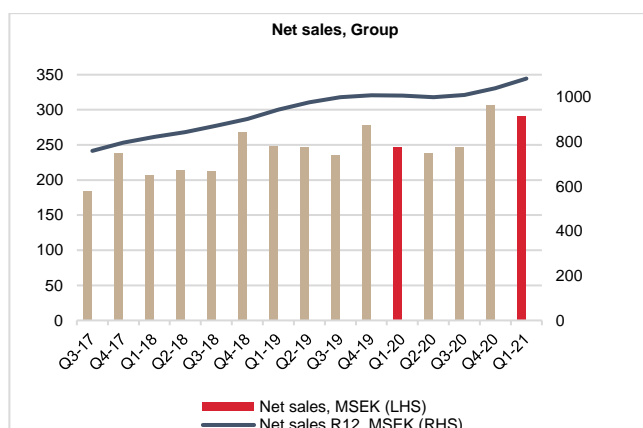
The Group's net sales for the first quarter of 2021 amounted MSEK 290.6, 17% higher compared to the year-earlier period, driven by strong growth in all product areas except for Project business.

Analysis of change in net sales	Jan-Mar 2021 (MSEK)	Jan-Mar 2021 (%)
Year-earlier period	248.3	
Organic growth	38.2	15.5
Acquisitions and structural changes	2.4	1.0
Exchange-rate effects	1.7	0.5
<b>Current quarter</b>	<b>290.6</b>	<b>17.0</b>

For definitions of key figures, see page 18

## EBIT

EBIT for the quarter improved to MSEK 45.9 (18.8) and the EBIT margin amounted to 15.8% (7.6). Currency effects in EBIT for the quarter amounted to MSEK 2.9 (-6.5). High sales in the E-mobility and Electrical distribution products product areas has led to economies of scale, which together with a favorable product mix were the main reasons for the quarter's healthy results. General strict cost control also contributed to an improved EBIT margin.



## NET INCOME

Net financial items amounted to MSEK 1.3 (-0.5) for the quarter and included currency effects from loans and hedging in foreign currency. Currency effects attributable to revaluations in hedging amounted to MSEK 2.4 (2.4) for the quarter.

Net income amounted to MSEK 38.3 (14.6) and earnings per share amounted to MSEK 3.83 (1.46). The tax expense amounted to MSEK 8.9 (3.8).

## CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the quarter amounted to MSEK 16.6 (-8.8), which was primarily attributable to higher EBIT compared with the year-earlier period.

Investments for the quarter amounted to MSEK 8.3 (9.1), of which MSEK 7.0 (5.7) pertained to product development.

To date this year, the company has invested in right-of-use assets (leases and rental contracts) amounting to MSEK 1.6 (0.7).

## LIQUIDITY AND FINANCIAL POSITION

The Group's net debt at the end of the period amounted to MSEK 6.6 (62.1) compared with MSEK 11.3 at the end of 2020. The Group's net cash excluding lease liabilities, which is to say effects of IFRS 16, amounted to MSEK 32.4 (24.3)

Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 168.0 (107.2) and the equity ratio was 59.3% (56.4).

## EVENTS AFTER THE END OF THE QUARTER

- 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.
- The Board of Directors proposed on April 29 that the Annual General Meeting held on May 5, 2021 resolve on a 5:1 share split.

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

## INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND BUSINESS AREA

Product area	GARO Sweden			GARO International			Total		
	Jan-Mar 2021	Jan-Mar 2020	growth, %	Jan-Mar 2021	Jan-Mar 2020	growth, %	Jan-Mar 2021	Jan-Mar 2020	growth, %
Electrical distribution products	69.6	64.3	8%	50.4	51.2	-2%	120.0	115.5	4%
E-mobility	74.1	35.6	108%	19.0	21.7	-12%	93.1	57.3	62%
Project business	43.3	49.1	-12%	12.0	8.3	45%	55.3	57.4	-4%
Temporary Power	19.2	15.4	25%	1.3	1.7	-24%	20.5	17.1	20%
<b>Total</b>	<b>206.2</b>	<b>164.4</b>	<b>25%</b>	<b>82.7</b>	<b>82.9</b>	<b>0%</b>	<b>288.9</b>	<b>247.3</b>	<b>17%</b>

## INCOME FROM CUSTOMERS BASED ON GEOGRAPHIC LOCATION

Geographic location	GARO Sweden			GARO International			Total		
	Jan-Mar 2021	Jan-Mar 2020	growth, %	Jan-Mar 2021	Jan-Mar 2020	growth, %	Jan-Mar 2021	Jan-Mar 2020	growth, %
Sweden	191.8	160.6	19%	0	0	0	192.4	160.6	20%
Norway	0	0	0	35.6	41.7	-15%	35.6	41.7	-15%
Ireland	0	0	0	28.5	30.3	-6%	28.5	30.3	-6%
Finland	0	0	0	9.4	6.7	40%	9.4	6.7	40%
Other countries	14.4	3.8	311%	9.2	4.2	119%	23.0	8.0	187%
<b>Total income from customers</b>	<b>206.2</b>	<b>164.4</b>	<b>25%</b>	<b>82.7</b>	<b>82.9</b>	<b>0%</b>	<b>288.9</b>	<b>247.3</b>	<b>17%</b>

# Business areas

GARO divides its operations into two business areas: GARO Sweden and GARO International (previously GARO Sweden and GARO Other markets). GARO Sweden comprises the Swedish companies including Group external exports from Sweden, and GARO International comprises the companies in Norway, Finland, Ireland, Poland and the UK.

## GARO SWEDEN

### NET SALES AND EARNINGS

Net sales in GARO Sweden amounted to MSEK 206.2 for the first quarter, compared with MSEK 164.4 for the year-earlier period. The business area reported growth in all product areas except for the Project business, with a total growth of 25% compared with the year-earlier period.

EBIT for the quarter improved to MSEK 32.8 (10.3) and the EBIT margin amounted to 15.9% (6.3). The margin improved primarily as a result of increased sales volumes, a favorable product mix and general strict cost control.

### THE PRODUCT AREAS ELECTRICAL DISTRIBUTION PRODUCTS, PROJECT BUSINESS AND TEMPORARY POWER

Sales in the Electrical distribution products product area increased 8% during the quarter compared with the year-earlier period. New construction and the renovation sectors have remained favorable during the quarter, which has driven sales in the Electrical distribution products product area. The cold winter has also resulted in favorable sales of engine heaters. The underlying market as a whole is assessed to be unchanged during the first quarter compared with the preceding year, which indicates that GARO has captured market shares in the Electrical distribution products product area, where an increased sales volume was recorded in all product groups.

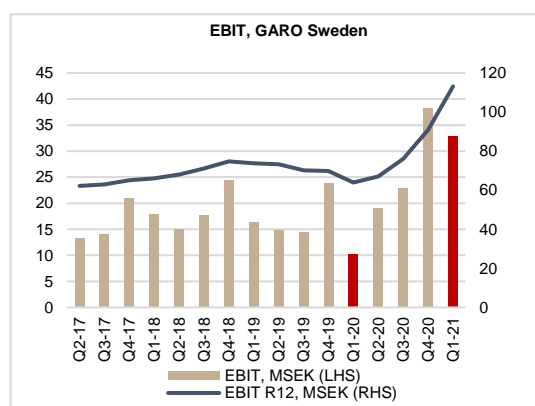
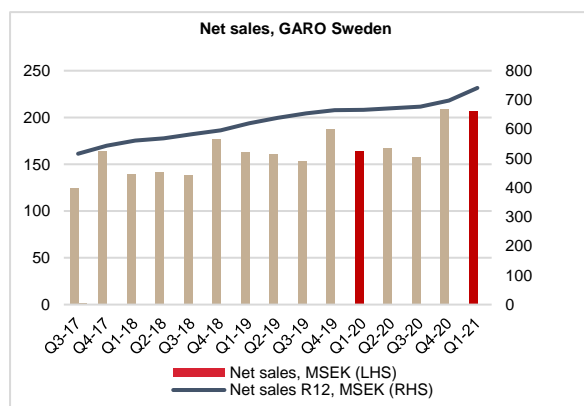
Net sales in the Project business product area decreased 12% compared with the year-earlier period since the market has continued to be more cautious during the quarter. However, GARO sees a continued high demand for customer-tailored distribution cabinets, cable cabinets and switchgears.

Sales in the Temporary Power product area increased 25%, albeit from low volumes, in which GARO noted that more rental companies are now beginning to invest in these kinds of products as a result of positive signs from the underlying market.

For detailed information about the E-mobility product area, see page 7.

GARO Sweden		Jan-Mar	Jan-Mar	R12	Jan-Dec
Key figures		2021	2020		2020
Net sales	MSEK	206.2	164.4	739.9	698.0
Growth	%	25	1	11	5
EBIT	MSEK	32.8	10.3	112.7	90.2
EBIT margin	%	15.9	6.3	15.2	12.9
Investments	MSEK	7.7	7.5	42.3	42.1
Depreciation	MSEK	6.9	5.2	24.3	22.6
Number of employees		244	238	240	240

For definitions of key figures, see page 18



## GARO INTERNATIONAL

### NET SALES AND EARNINGS

Net sales in the GARO International business area were unchanged compared with the year-earlier period and amounted to MSEK 82.7 (82.9) for the quarter with lower sales in the Electrical distribution products, E-mobility and Temporary Power product areas. The Project business product area reported growth during the period as a result of major customer projects.

During the quarter, sales increased in Finland and the UK compared with the year-earlier period, with GARO's increased investments in the UK beginning to take full effect, considering the effects of COVID-19. Sales in Ireland and Norway declined slightly as a result of the continued restrictions to combat the spread of COVID-19.

The product facility in Poland has maintained a generally healthy rate for the quarter.

EBIT for the quarter amounted to MSEK 13.1 (8.5) and the EBIT margin amounted to 15.8% (10.3).

### PRODUCT AREAS

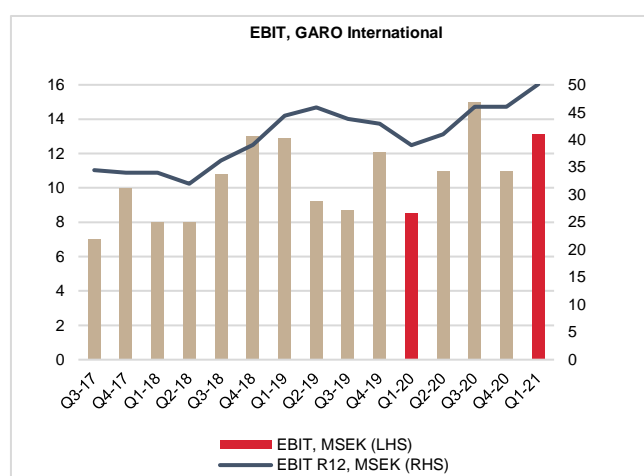
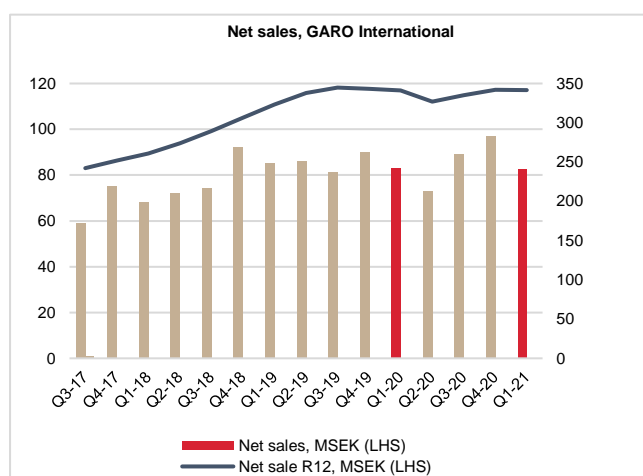
Sales in the product areas Electrical distribution products and E-mobility were 2% and 12% lower respectively during the quarter, while the Project business product area recorded growth of 45% as a result of larger and more complex customer projects. The new restrictive measures implemented again to combat the spread of COVID-19 restricted GARO's sales in the business area during the quarter.

Many of GARO's wholesalers have now chosen to offer GARO's products as part of their standard range, which enables quick delivery given an increase in demand.

For detailed information about the E-mobility product area, see page 7.

GARO International		Jan-Mar	Jan-Mar	R12	Jan-Dec
Key figures		2021	2020		2020
Net sales	MSEK	82.7	82.9	342.1	342.4
Growth	%	0	-2	0	0
EBIT	MSEK	13.1	8.5	50.5	46.0
EBIT margin	%	15.8	10.3	14.8	13.4
Investments	MSEK	0.6	1.6	2.2	3.2
Depreciation	MSEK	1.0	1.1	4.3	4.4
Number of employees	employees	180	176	172	172

For definitions of key figures, see page 18



# Product area GARO E-mobility

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

## GARO SWEDEN

Sales in the E-mobility product area amounted MSEK 74.1 (35.6), an increase of 108% compared with the year-earlier period. Demand was strong for the entire product range. The number of new rechargeable vehicles in Sweden continues to increase rapidly, and as such, the need for charging infrastructure is also increasing. During the first quarter, 28,000 new rechargeable vehicles were registered, which is an increase of 73% compared with the year-earlier period. The number of public charging stations in February 2021 amounted over 12,200, compared with about 9,800 at the end of 2020 (elbilsstatistik.se). It is mainly private households and workplaces that are currently driving the market for charging infrastructure.

Green technology tax deductions of 50% of the labor and material costs for the installation of wall boxes became available in Sweden from January 2021, which has further driven growth.

GARO's contract customers such as energy companies and automotive companies established in Europe performed well during the quarter and more deliveries have been made under previously signed framework agreements.

## GARO INTERNATIONAL

Sales growth in rechargeable cars has continued to increase rapidly and there is a great demand for charging infrastructure for private use, public use and at work. However, sales in the E-mobility product area declined 12% during the quarter, partly as a result of postponed deliveries of fastchargers in Norway due to the effect of restrictions in the wake of the pandemic. Sales in Finland, Ireland and the UK performed well, albeit from low levels, mainly driven by charging for private households and workplaces. Many of the wholesalers have now chosen to offer GARO's products as part of their standard range, which increases the accessibility of products and enables quick delivery.

In 2021, GARO will continue investing in the UK, where a subsidiary with sales personnel was established at the end of 2019.

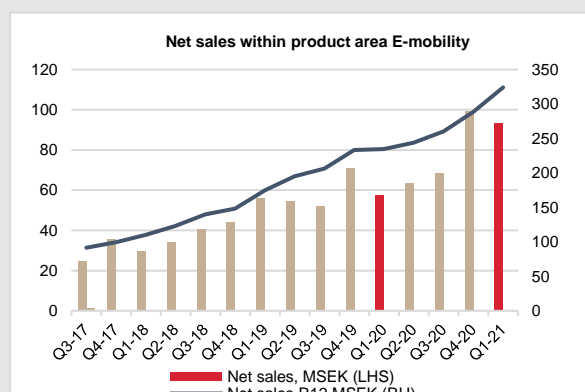
## UNIQUE PRODUCT OFFERING

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.

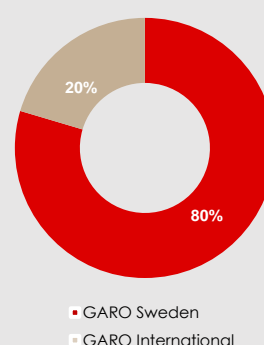
During the quarter, GARO launched the Castra product that can charge electric cars and electrical sockets for people camping using the same installation. With a growing camping trend, GARO has noted a rapid increase in customers with electric vehicles who require secure charging. With Castra, GARO has a unique opportunity to quickly meet demand with a charging product that is specially designed for camping.

To meet demand at workplaces, the Nova electric car charging station was introduced to the market some time ago. Nova is a charging station for temporary charging and is also deemed to have great potential for trade fairs, concerts and events in the future.

The strong growth in the E-mobility product area has also benefited sales of components in the Electrical distribution products product area as well as cable cabinets and energy supply in the Project business product area. The synergy effect between GARO's various product areas could be clearly seen in the sales trend during the quarter.



**Allocation of net sales in E-mobility by business area, Jan-Mar 2021**



# Sustainability

The goal of GARO's strategic sustainability work is to be the leader in its area of operation for responsible business. GARO works daily with a long-term and systematic approach to minimize the negative impact that our activities, products and decisions have on the environment, society and people.

## UN SDGS

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



We always endeavor to be a leading player, in terms of responsible business, in all of our operating areas.

## CHOICE OF MATERIALS FOR THE ENVIRONMENT

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

## FOSSIL-FREE VISION

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 local projects that work 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. As part of our efforts, GARO has the goal that 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.

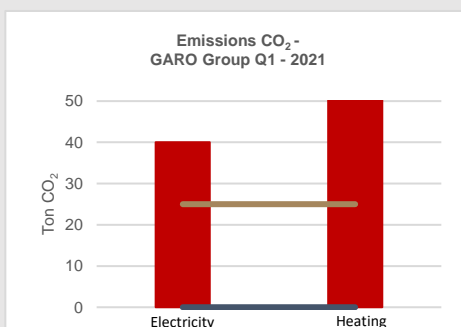
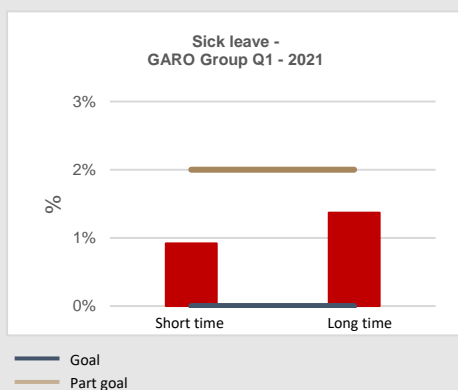
## COLLABORATION WITH SUPPLIERS

Strategically important suppliers are audited and monitored based on quality and sustainability factors. A new law on conflict minerals will take effect in the EU from 2021, and GARO has commenced a status analysis and started to collect data 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 also the risk of human rights violations.

## GARO'S EMPLOYEES

Our corporate culture is based on an open, friendly and genuine GARO spirit, which results in 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. 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 and serving as good ambassadors.

For more information about GARO's goals for a more sustainable environment, refer to our 2020 Annual Report, pages 36-53.



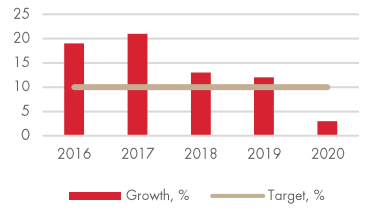
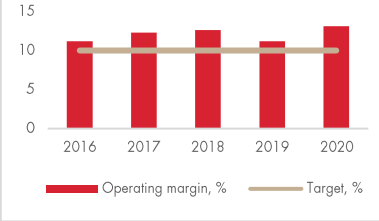
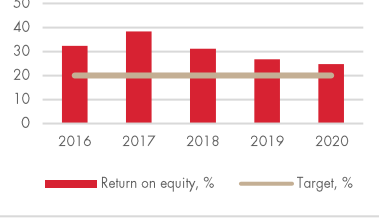
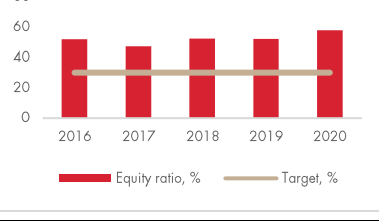
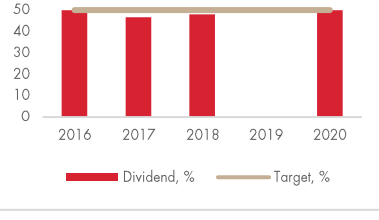


# Parent Company figures

On January 1, 2021, GARO completed an incorporation of the E-mobility product area by transferring the product area's operations from GARO AB to the wholly-owned subsidiary GARO E-mobility AB. The Parent Company's operations encompass the Electrical distribution products product area and the development department, Group Management, as well as certain Group-wide functions and the Group's finance function.

Net sales for the Parent Company in the first quarter amounted to MSEK 119.5 (147.0). Of this amount, MSEK 38.5 (46.4) comprised internal sales to other Group companies. EBIT for the quarter amounted to MSEK 13.2 (5.9).

## GARO's financial targets

<p><b>Sales growth</b></p> <p>Organic growth will amount to not less than 10% over a business cycle.</p>	 <table><tr><th>Year</th><th>Growth, %</th><th>Target, %</th></tr><tr><td>2016</td><td>18</td><td>10</td></tr><tr><td>2017</td><td>21</td><td>10</td></tr><tr><td>2018</td><td>13</td><td>10</td></tr><tr><td>2019</td><td>12</td><td>10</td></tr><tr><td>2020</td><td>3</td><td>10</td></tr></table>	Year	Growth, %	Target, %	2016	18	10	2017	21	10	2018	13	10	2019	12	10	2020	3	10
Year	Growth, %	Target, %																	
2016	18	10																	
2017	21	10																	
2018	13	10																	
2019	12	10																	
2020	3	10																	
<p><b>Profitability</b></p> <p>EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.</p>	 <table><tr><th>Year</th><th>Operating margin, %</th><th>Target, %</th></tr><tr><td>2016</td><td>11</td><td>10</td></tr><tr><td>2017</td><td>12</td><td>10</td></tr><tr><td>2018</td><td>12</td><td>10</td></tr><tr><td>2019</td><td>11</td><td>10</td></tr><tr><td>2020</td><td>13</td><td>10</td></tr></table>	Year	Operating margin, %	Target, %	2016	11	10	2017	12	10	2018	12	10	2019	11	10	2020	13	10
Year	Operating margin, %	Target, %																	
2016	11	10																	
2017	12	10																	
2018	12	10																	
2019	11	10																	
2020	13	10																	
<p><b>Return</b></p> <p>Return on equity will amount to not less than 20% over a business cycle.</p>	 <table><tr><th>Year</th><th>Return on equity, %</th><th>Target, %</th></tr><tr><td>2016</td><td>32</td><td>20</td></tr><tr><td>2017</td><td>38</td><td>20</td></tr><tr><td>2018</td><td>30</td><td>20</td></tr><tr><td>2019</td><td>25</td><td>20</td></tr><tr><td>2020</td><td>25</td><td>20</td></tr></table>	Year	Return on equity, %	Target, %	2016	32	20	2017	38	20	2018	30	20	2019	25	20	2020	25	20
Year	Return on equity, %	Target, %																	
2016	32	20																	
2017	38	20																	
2018	30	20																	
2019	25	20																	
2020	25	20																	
<p><b>Equity ratio</b></p> <p>The equity ratio will not be less than 30%.</p>	 <table><tr><th>Year</th><th>Equity ratio, %</th><th>Target, %</th></tr><tr><td>2016</td><td>50</td><td>30</td></tr><tr><td>2017</td><td>45</td><td>30</td></tr><tr><td>2018</td><td>50</td><td>30</td></tr><tr><td>2019</td><td>50</td><td>30</td></tr><tr><td>2020</td><td>55</td><td>30</td></tr></table>	Year	Equity ratio, %	Target, %	2016	50	30	2017	45	30	2018	50	30	2019	50	30	2020	55	30
Year	Equity ratio, %	Target, %																	
2016	50	30																	
2017	45	30																	
2018	50	30																	
2019	50	30																	
2020	55	30																	
<p><b>Dividend policy</b></p> <p>GARO's dividend will amount to approximately 50% of the Group's net earnings after tax.</p> <p>The dividend proposal must take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements.</p>	 <table><tr><th>Year</th><th>Dividend, %</th><th>Target, %</th></tr><tr><td>2016</td><td>48</td><td>50</td></tr><tr><td>2017</td><td>45</td><td>50</td></tr><tr><td>2018</td><td>48</td><td>50</td></tr><tr><td>2019</td><td>48</td><td>50</td></tr><tr><td>2020</td><td>48</td><td>50</td></tr></table>	Year	Dividend, %	Target, %	2016	48	50	2017	45	50	2018	48	50	2019	48	50	2020	48	50
Year	Dividend, %	Target, %																	
2016	48	50																	
2017	45	50																	
2018	48	50																	
2019	48	50																	
2020	48	50																	

# Overview

## NATURE OF OPERATIONS

GARO develops, manufactures and markets innovative products and systems for the electrical installations market under its own brand. The company has operations in Sweden, Norway, Finland, Ireland, Poland and the UK. The Group is organized in two business areas: GARO Sweden and GARO International. GARO has a broad product assortment and is a market leader within several product areas.

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

## ITEMS AFFECTING COMPARABILITY

On January 1, 2021, GARO sold the E-mobility product area to the wholly-owned subsidiary GARO E-mobility AB, which means that the Parent Company's operations from January 1, 2021 comprise the Electrical distribution products product area, Group Management, as well as certain Group-wide functions and the Group's finance function.

## SEASONAL VARIATIONS

GARO's operations are, to a certain degree, subject to seasonal variations. GARO's sales are generally stable from one quarter to the next, but can fluctuate monthly within the quarter. Sales can be somewhat lower during the vacation months (July–August) and from December to January. During periods of high production, GARO is normally tied up in working capital. Cash and cash equivalents are freed from working capital after the busy season, when the finished products have been installed in customers' facilities and invoices have been paid.

## RISKS AND UNCERTAINTIES

GARO's risks and uncertainties are described in Note 3 on pages 72–76 of the 2020 Annual Report. The Annual Report is available at [www.garo.se](http://www.garo.se). Aside from these, no other changes have affected the company's view of risks and uncertainties.

## ALTERNATIVE PERFORMANCE MEASURES

In this interim report, GARO presents certain financial measures that are not defined by IFRS, known as alternative performance measures. The Group believes that these measures provide valuable supplementary information to investors since they enable evaluations of the company's earnings and financial position. These financial measures are not always comparable with the measures used by other companies since not all companies calculated them in the same way. Investors should view these financial measures as a supplement rather than a replacement of financial reporting in accordance with IFRS.

## RELATED-PARTY TRANSACTIONS

Related-party transactions took place to the same extent as previously, and the same principles were applied as those described in the 2020 Annual Report.

## ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34, 16A are presented in the financial statements and their notes in the interim information on pages 1–19, which constitute an integrated part of this financial statement.

The Parent Company's interim report was prepared in accordance with Chapter 9 of the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

GARO AB applies the same accounting policies as in the most recent Annual Report.

Gnosjö, May 5, 2021

GARO AB (publ)

The Board of Directors

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

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Jan-Mar 2021	Jan-Mar 2020	R12	Jan-Dec 2020
Amount in MSEK				
<b>Operating income</b>				
Net sales	290.6	248.3	1,082.2	1,039.8
Other operating income	1.2	2.2	6.9	8.0
<b>Total operating income</b>	<b>291.8</b>	<b>250.5</b>	<b>1,089.1</b>	<b>1,047.8</b>
<b>Operating expenses</b>				
Raw materials and consumables	-143.8	-134.7	-538.0	-528.8
Other external expenses	-33.1	-31.5	-125.3	-123.7
Personnel expenses	-61.0	-59.2	-234.0	-232.2
Depreciation/amortization of tangible and intangible assets	-7.9	-6.3	-28.6	-26.9
Other operating expenses	0	0	0	0
<b>EBIT</b>	<b>45.9</b>	<b>18.8</b>	<b>163.3</b>	<b>136.2</b>
<b>Result from financial items</b>				
Net financial income/expenses	1.3	-0.5	-11.3	-13.1
<b>Profit before tax</b>	<b>47.2</b>	<b>18.3</b>	<b>152.0</b>	<b>123.1</b>
Income tax	-8.9	-3.8	-32.9	-27.7
<b>Net income</b>	<b>38.3</b>	<b>14.6</b>	<b>119.1</b>	<b>95.3</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified to the income statement</b>				
Translation differences	0.9	-0.8	-8.1	-7.7
<b>Other comprehensive income, net</b>	<b>0.9</b>	<b>-0.8</b>	<b>-8.1</b>	<b>-7.7</b>
<b>Total comprehensive income for the year</b>	<b>39.2</b>	<b>13.8</b>	<b>111.0</b>	<b>87.6</b>
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company.				
<b>Key ratios per share</b>				
Average number of shares	10,000,000	10,000,000	10,000,000	10,000,000
<b>Earnings per share, before and after dilution, SEK</b>	<b>3.83</b>	<b>1.46</b>	<b>11.91</b>	<b>9.53</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amount in MSEK	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
<b>ASSETS</b>			
Fixed assets			
Intangible assets	97.9	72.1	93.6
Tangible assets	140.0	142.3	140.4
Financial assets	5.1	7.9	6.2
<b>Total fixed assets</b>	<b>243.0</b>	<b>222.3</b>	<b>240.2</b>
Current assets			
Inventories	195.7	166.3	182.5
Accounts receivable	268.1	215.3	238.6
Other current receivables	16.6	11.0	12.6
Cash and cash equivalents	68.9	19.6	69.4
<b>Total current assets</b>	<b>549.3</b>	<b>412.2</b>	<b>503.1</b>
<b>TOTAL ASSETS</b>	<b>792.3</b>	<b>634.5</b>	<b>743.3</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	20.0	20.0
Other reserves	2.9	4.3	2.9
Other equity including net income for the period	446.6	333.7	407.4
<b>Total equity</b>	<b>469.5</b>	<b>358.0</b>	<b>430.3</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	23.9	34.1	30.3
Lease liabilities	28.8	30.1	28.2
Other provisions	3.7	2.2	3.7
Deferred tax liabilities	0.6	1.6	0.5
<b>Total long-term liabilities</b>	<b>57.0</b>	<b>68.0</b>	<b>62.7</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	12.6	9.8	12.3
Lease liabilities	10.3	7.7	9.9
Accounts payable	127.5	106.5	124.0
Other short-term liabilities	115.4	84.5	104.1
<b>Total short-term liabilities</b>	<b>265.8</b>	<b>208.5</b>	<b>250.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>792.3</b>	<b>634.5</b>	<b>743.3</b>

Where applicable, the difference compared with previously reported figures for 2020 is due to changed application/recognition of IFRS 16.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders in the Parent Company Amount in MSEK	Share capital	Reserves	Retained earnings	Total equity
Equity at January 1, 2020	20.0	4.8	318.2	343.0
Net income for the period			95.3	95.3
Other comprehensive income for the period		-7.7	0	-7.7
Dividend to shareholders			0	0
Currency effects			-0.3	-0.3
<b>Closing equity, December 31, 2020</b>	<b>20.0</b>	<b>-2.9</b>	<b>413.2</b>	<b>430.3</b>
<b>Equity at January 1, 2021</b>	<b>20.0</b>	<b>-2.9</b>	<b>413.2</b>	<b>430.3</b>
Net income for the period			38.3	38.3
Other comprehensive income for the period		0.9	0	0.9
Currency effects				
<b>Closing equity, March 31, 2021</b>	<b>20.0</b>	<b>-2.0</b>	<b>451.5</b>	<b>469.5</b>

## CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

	Jan-Mar 2021	Jan-Mar 2020	R12	Jan-Dec 2020
Amount in MSEK				
<b>Operating activities</b>				
Cash flow from operating activities before changes in working capital	46.9	12.1	154.6	119.8
Cash flow from changes in working capital	-30.3	-20.9	-42.3	-32.9
<b>Cash flow from operating activities</b>	<b>16.6</b>	<b>-8.8</b>	<b>112.3</b>	<b>86.9</b>
<b>Investing activities</b>				
Investments in intangible assets	-7.0	-5.7	-26.0	-24.6
Acquisition of subsidiaries	0	0	-5.7	-5.7
Investments in tangible assets	-1.3	-3.4	-12.9	-15.0
Disposal of tangible assets	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-8.3</b>	<b>-9.1</b>	<b>-44.6</b>	<b>-45.3</b>
<b>Financing activities</b>				
Net borrowing/amortization of loans	-6.5	-1.1	-7.3	-1.9
Amortization of lease liability	-2.8	-2.3	-11.1	-10.8
Dividend paid to shareholders	0	0	0	0
<b>Cash flow from financing activities</b>	<b>-9.3</b>	<b>-3.4</b>	<b>-18.4</b>	<b>-12.7</b>
<b>Cash flow for the period</b>	<b>-1.0</b>	<b>-21.3</b>	<b>49.3</b>	<b>28.9</b>
Currency effect in cash and cash equivalents	0.5	0.1	0	-0.3
Cash and cash equivalents, start of the period	69.4	40.8	19.6	40.8
<b>Cash and cash equivalents, end of the period</b>	<b>68.9</b>	<b>19.6</b>	<b>68.9</b>	<b>69.4</b>

Where applicable, the difference compared with previously reported figures for 2020 is due to changed application/recognition of IFRS 16.

**CONDENSED PARENT COMPANY INCOME STATEMENT\***

	Jan-Mar	Jan-Mar	Jan-Dec
Amount in MSEK	2021	2020	2020
Operating income			
Net sales	118.0	141.9	622.0
Other operating income	1.5	5.1	19.4
<b>Total income</b>	<b>119.5</b>	<b>147.0</b>	<b>641.4</b>
<b>Operating expenses</b>			
Raw materials and consumables	-68.5	-94.9	-383.3
Other external expenses	-13.8	-15.9	-68.0
Personnel expenses	-22.7	-28.4	-113.0
Depreciation/amortization of tangible and intangible assets	-2.7	-2.8	-12.3
Other operating expenses	1.4	0.9	4.2
<b>EBIT</b>	<b>13.2</b>	<b>5.9</b>	<b>69.0</b>
<b>Result from financial items</b>			
Profit from participations in Group companies	0	0	13.3
Net interest income and similar items	1.5	0.8	2.0
Net interest expenses and similar items	1.3	0.6	-7.2
<b>Profit before tax</b>	<b>15.9</b>	<b>7.3</b>	<b>77.1</b>
Appropriations	0	0	6.0
Income tax	-2.8	-1.0	-14.5
<b>Net income</b>	<b>13.2</b>	<b>6.3</b>	<b>68.6</b>

\*On January 1, 2021, GARO AB divested the E-mobility product area to the wholly-owned subsidiary GARO E-mobility AB.

The Parent Company does not have any items recognized as other comprehensive income which is why total comprehensive income corresponds to net income.

**CONDENSED PARENT COMPANY BALANCE SHEET\***

Amount in MSEK	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	29.9	33.9	49.4
Tangible assets	40.7	51.6	47.1
Participations in Group companies	79.3	46.1	79.3
Other financial assets	59.1	25.5	30.6
<b>Total fixed assets</b>	<b>209.6</b>	<b>157.1</b>	<b>206.4</b>
<b>Current assets</b>			
Inventories	36.5	58.8	66.8
Accounts receivable	74.1	94.7	119.1
Other receivables	115.2	106.1	90.2
Cash and bank balances	62.9	9.9	64.0
<b>Total current assets</b>	<b>288.7</b>	<b>269.4</b>	<b>340.1</b>
<b>TOTAL ASSETS</b>	<b>498.3</b>	<b>426.5</b>	<b>546.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital</b>	20.0	20.0	20.0
Fund for internal development expenses	35.9	18.1	35.9
Statutory reserve	2.6	2.6	2.6
Non-restricted equity including net income for the period	266.1	208.3	252.9
<b>Total equity</b>	<b>324.6</b>	<b>249.0</b>	<b>311.4</b>
<b>Untaxed reserves</b>	0	0	0
<b>Provisions</b>	1.2	3.2	4.2
<b>Long-term liabilities</b>			
Liabilities to credit institutions	7.9	19.7	13.7
<b>Total long-term liabilities</b>	<b>7.9</b>	<b>19.7</b>	<b>13.7</b>
<b>Short-term liabilities</b>			
Short-term interest-bearing liabilities	2.3	0	3.3
Short-term non-interest-bearing liabilities	162.3	154.6	213.8
<b>Total short-term liabilities</b>	<b>172.5</b>	<b>154.6</b>	<b>217.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>498.3</b>	<b>426.5</b>	<b>546.5</b>

\*On January 1, 2021, GARO AB divested the E-mobility product area to the wholly-owned subsidiary GARO E-mobility AB.

## SALES AND EBIT BY BUSINESS AREA

	GARO Sweden		GARO International		Elimination		Group	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
Business area information	2021	2020	2021	2020	2021	2020	2021	2020
<b>Sales</b>								
Total net sales	262.2	213.1	148.3	140.6	-121.6	-106.5	288.9	247.3
Internal net sales	-56.0	-48.7	-65.6	-57.7	121.6	106.5	0	0
<b>External net sales</b>	<b>206.2</b>	<b>164.4</b>	<b>82.7</b>	<b>82.9</b>	<b>0</b>	<b>0</b>	<b>288.9</b>	<b>247.3</b>
<b>EBIT</b>	<b>32.8</b>	<b>10.3</b>	<b>13.1</b>	<b>8.5</b>	<b>0</b>	<b>0</b>	<b>45.9</b>	<b>18.8</b>
Net financial income/expenses							1.3	-0.5
Tax expense for the year							-8.9	-3.8
<b>Net income for the year</b>							<b>38.3</b>	<b>14.6</b>

## GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		Jan-Mar	Jan-Mar					
		2021	2020	R12	2020	2019	2018	2017
Net sales	MSEK	290.6	248.3	1,082.8	1,039.8	1,008.1	903.7	796.0
Growth	%	17	0	8	3	12	13	21
EBITDA	MSEK	53.8	25.1	191.8	163.2	134.9	128.8	110.3
EBITDA margin	%	18.5	10.2	17.7	15.7	13.4	14.3	13.9
EBIT	MSEK	45.9	18.8	163.3	136.2	112.6	113.8	98.1
EBIT margin	%	15.8	7.6	15.1	13.1	11.2	12.6	12.3
Earnings per share, before and after dilution	SEK	3.83	1.46	11.91	9.53	8.57	8.27	n/a
Equity per share	SEK	46.95	35.80	46.95	43.03	34.30	29.62	25.27
Return on equity*	%	28.8	22.2	28.8	24.7	26.8	31.2	38.3
Investments	MSEK	8.3	9.1	44.6	45.3	33.4	22.7	51.4
Depreciation	MSEK	7.9	6.3	28.6	26.9	22.3	15.0	12.2
Equity ratio	%	59.3	56.4	59.3	57.9	52.2	52.4	47.3
Net debt	MSEK	6.6	62.1	6.6	11.3	45.6	45.7	56.1
Net debt/EBITDA*	multiplier	0	0.4	0	0.1	0.3	0.4	0.5
Number of employees		424	414	412	412	421	402	376

\*For definitions of key figures, see page 18



## QUARTERLY FIGURES

<b>Consolidated income statement</b>	<b>Q4</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
Amount in MSEK	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
Net sales	290.6	306.3	247.0	238.3	248.3	277.8	235.2	246.7	248.4	268.4	212.7	214.2
Operating expenses	-244.7	-256.8	-209.5	-208.0	-229.5	-242.0	-211.5	-222.8	-219.2	-230.9	-184.2	-191.4
<b>EBIT</b>	<b>45.9</b>	<b>49.5</b>	<b>37.5</b>	<b>30.3</b>	<b>18.8</b>	<b>35.9</b>	<b>23.6</b>	<b>24.0</b>	<b>29.2</b>	<b>37.5</b>	<b>28.5</b>	<b>22.8</b>
Net financial income/expenses	1.3	-4.6	-1.3	-6.8	-0.5	-2.5	-0.8	-0.5	1.4	-1.3	-2.8	-3.2
<b>Profit before tax</b>	<b>47.2</b>	<b>45.0</b>	<b>36.3</b>	<b>23.6</b>	<b>18.3</b>	<b>33.3</b>	<b>22.8</b>	<b>23.5</b>	<b>30.6</b>	<b>36.2</b>	<b>25.7</b>	<b>19.6</b>
Tax	-8.9	-10.5	-7.9	-5.5	-3.8	-8.7	-4.9	-5.0	-5.7	-10.7	-3.0	-4.2
<b>Net income</b>	<b>38.3</b>	<b>34.4</b>	<b>28.3</b>	<b>18.1</b>	<b>14.6</b>	<b>24.6</b>	<b>17.9</b>	<b>18.4</b>	<b>24.8</b>	<b>25.5</b>	<b>22.7</b>	<b>15.4</b>

<b>Net sales per business area</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
Amount in MSEK	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
GARO Sweden	206.2	208.7	158.4	166.5	164.4	187.7	153.7	160.4	163.4	176.4	138.3	142.3
GARO International	82.7	98.2	88.5	72.7	82.9	90.1	81.5	86.3	85.0	92.0	74.4	71.9
<b>Total Group</b>	<b>288.9</b>	<b>306.9</b>	<b>246.9</b>	<b>239.3</b>	<b>247.3</b>	<b>277.8</b>	<b>235.2</b>	<b>246.7</b>	<b>248.4</b>	<b>268.4</b>	<b>212.7</b>	<b>214.2</b>

<b>EBIT per business area</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
Amount in MSEK	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
GARO Sweden	32.8	38.3	23.0	18.6	10.3	23.8	14.9	14.8	16.3	24.5	17.7	15.1
GARO International	13.1	11.2	14.5	11.7	8.5	12.1	8.7	9.2	12.9	13.0	10.8	7.7
<b>Total Group</b>	<b>45.9</b>	<b>49.5</b>	<b>37.5</b>	<b>30.3</b>	<b>18.8</b>	<b>35.9</b>	<b>23.6</b>	<b>24.0</b>	<b>29.2</b>	<b>37.5</b>	<b>28.5</b>	<b>22.8</b>

# Key figures, alternative performance measures and definitions

The performance measures in this report take into account the nature of the operations and are deemed to provide relevant information to shareholders and other stakeholders and also enable comparability with other companies.

**EBIT:** Earnings before interest and tax

**EBIT margin, %:** EBIT as a percentage of net sales for the period

**Earnings per share, before and after dilution, SEK:** Net income for the period divided by the number of shares at the end of the period

**Equity per share, SEK:** Equity divided by the number of shares at the end of the period

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

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

**Net debt:** Interest-bearing liabilities, lease liabilities according to IFRS 16 less assets including cash and cash equivalents

**Net debt/EBITDA, multiple:** Net debt at the end of the period as a percentage of EBITDA for the past 12 months

## Alternative performance measures

GARO uses certain performance measures that are not defined in the rules for financial reporting that GARO applies. The goal of these performance measures is to create better understanding of how the operations are performing. It must be stressed that these alternative performance measures, as defined, are not entirely comparable with performance measures of the same name used by other companies.

**Organic growth:** Organic growth with adjustments for currency effects from operations in currencies other than SEK.

**EBITDA:** Earnings before interest, taxes, depreciation and amortization

**EBITDA margin, %:** EBITDA as a percentage of net sales for the period

**R12:** A summary of the outcome of the past 12 months

# Economic information

## INVITATION TO PRESENTATION FOR THE PRESS AND ANALYSTS

On May 5, 2021 at 3:00 p.m., the President and CEO Patrik Andersson and CFO Helena Claesson will present the report and respond to questions in a teleconference.

Telephone number:

Sweden: 0108 848 016

International: +44 203 936 2999

Code: 351 515

The presentation used during this teleconference can be downloaded at [www.garo.se](http://www.garo.se) under Investor Relations. A recording of the teleconference will be available on the company's website afterwards.

## FOR MORE INFORMATION, PLEASE CONTACT:

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

Helena Claesson, CFO: +46 70 676 07 50

## FINANCIAL CALENDAR

Interim report April - June 2021	August 12, 2021
Interim report July - September 2021	November 11, 2021
Year-end report 2021	February 23, 2022

## FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking and the actual outcome may be significantly different. In addition to the specifically mentioned factors, other factors may have a material impact on the actual outcome. Such factors include, but are not limited to, the general economic climate, exchange-rate fluctuations and changes in interest rates, political developments, the impact of competing products and the prices of such products, difficulties associated with product development and commercialization, technical problems, interruptions to the access to raw materials and credit losses attributable to major customers.

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

This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation. The information was published by the abovementioned contact persons on May 5, 2021, at 2:00 p.m.