



## INTERIM REPORT JANUARY - SEPTEMBER 2021

### STRONG GROWTH WITH A HIGH EBIT MARGIN AND GOOD CASH FLOW

#### JULY–SEPTEMBER 2021

- Net sales amounted to MSEK 293.9 (247.0).
- Growth was 19% (5).
- EBIT amounted to MSEK 48.5 (37.5).
- EBIT margin amounted to 16.5% (15.2).
- Net income was MSEK 39.4 (28.3).
- Earnings per share<sup>1</sup> amounted to SEK 0.79 (0.57).

#### JANUARY–SEPTEMBER 2021

- Net sales amounted to MSEK 925.7 (733.6).
- Growth was 26% (0).
- EBIT amounted to MSEK 149.5 (86.6).
- EBIT margin amounted to 16.2% (11.8).
- Net income was MSEK 120.3 (60.9).
- Earnings per share amounted to SEK 2.41 (1.22).

GARO Group key figures <sup>1</sup>	Jul-Sep 2021	Jul-Sep 2020	+/- %	Jan-Sep 2021	Jan-Sep 2020	R12	Jan-Dec 2020
Net sales, MSEK	293.9	247.0	19	925.7	733.6	1,232.0	1,039.8
EBITDA, MSEK	57.2	44.6	28	174.9	106.8	231.2	163.2
EBITDA margin, %	19.5	18.1		18.9	14.6	18.8	15.7
EBIT, MSEK	48.5	37.5	29	149.5	86.6	199.0	136.2
EBIT margin, %	16.5	15.2		16.2	11.8	16.2	13.1
Net income, MSEK	39.4	28.3	39	120.3	60.9	154.7	95.3
Earnings per share, SEK	0.79	0.57	39	2.41	1.22	3.09	1.91
Cash flow from operating activities, MSEK	51.9	2.4		74.0	4.3	156.7	86.9
Investments, MSEK	10.6	9.5		33.9	35.9	43.3	45.3
Depreciation, MSEK	8.7	7.1		25.4	20.2	32.1	26.9
Equity ratio, %	60.4	57.7		60.4	57.7	60.4	57.9
Equity per share, SEK	10.07	8.00		10.07	8.00	10.07	8.61
Return on equity, %	34.2	23.8		34.2	23.8	34.2	24.7
Net debt (+) / net cash position (-), MSEK	28.0	83.4		28.0	83.4	28.0	11.3

<sup>1)</sup> For definitions of key figures, see page 21.

# CEO's comments on the quarter

## STRONG GROWTH WITH A HIGH EBIT MARGIN AND GOOD CASH FLOW

The quarter was dominated by continued profitable growth with a substantial increase to our order intake for the E-mobility product area. However, sales of E-mobility products were limited due to a lack of mainly electronic components, which resulted in a record-breaking order book at the end of the third quarter. Net sales rose 19% in the third quarter and amounted to MSEK 294, with strong performances in the GARO Sweden and GARO International business areas, albeit at a varying extent between the different product areas. During the year, profitability has developed positively as a result of strong volume growth. EBIT for the quarter rose 29% to MSEK 48.5 and the EBIT margin was 16.5%, which is 1.3 percentage points high than the year-earlier period. Net sales for the January to September period increased by 26% and amounted to MSEK 926 (734).

During the quarter, we had a strong cash flow driven by a higher EBIT combined with a working capital requirement that has returned to a more normal level.

## SALES TREND

The E-mobility product area reported growth of 32% for the quarter with favorable growth throughout the entire product portfolio, but particularly in AC-charges (wall boxes and public chargers). The transition to electric vehicles in Europe is proceeding rapidly, which requires a considerable expansion in charging infrastructure. During the quarter, we posted strong growth in Sweden, the UK and Finland and export sales from GARO Sweden, while the sales trend in Norway was weak.

The markets for the Electrical distribution products, Project business and Temporary Power product areas continued to post strong growth compared with the year-earlier period. The Electrical distribution products and Project business product areas reported combined growth of 12%, which we assess to be stronger than the underlying market. Demand was high in all product groups and a driving factor for the strong performance in new construction, renovation, energy efficiency solutions and the expansion of charging infrastructure, for which GARO is able to offer products and solutions from all product areas.

## PRODUCT DEVELOPMENT

Product development has always been crucial for GARO's strong organic growth. In 2021, we have continued to develop new products with the aim of broadening our customer offering, which creates a comprehensive solution and makes our offering in E-mobility unique. We will be launching a number of new exciting and innovative products in 2022.

## MATERIALS SUPPLY

The uncertainty concerning the supply of components and materials that we experienced in the spring continued into the third quarter. GARO's organization has managed the challenge to remaining solution-oriented and focusing on the customer. We have successfully succeeded in acquiring material and have maintained satisfactory production and delivery capacity. Despite this, we have still not been able to meet market demand in E-mobility, mainly due to limited access to electronic components. In addition, we have continued our aggressive investment during the quarter to expand production capacity, mainly in E-mobility, to be ready for when the supply of materials begins to normalize. However, uncertainty concerning the supply of components remains.

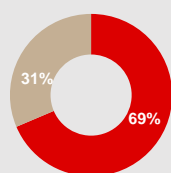
## MARKET CONDITIONS

The market for charging infrastructure is growing structurally with rising numbers of rechargeable vehicles, and we have noted 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. The trend in other markets served by GARO, aside from the pandemic, is expected to be similar. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in charging infrastructure.

**Patrik Andersson**

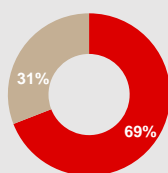
President and CEO

Allocation of net sales per business area, Jan–Sept 2021



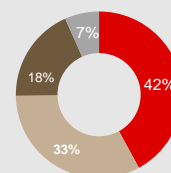
■ GARO Sweden  
■ GARO International

Allocation of EBIT by business area, Jan–Sept 2021



■ GARO Sweden  
■ GARO International

Allocation of net sales by product area, Jan–Sept 2021



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

## Group figures

### NET SALES

Net sales for the third quarter amounted to MSEK 293.9, a rise of 19% compared with the same quarter in 2020. Net sales for the period amounted to MSEK 925.7, corresponding to growth of 26%. The increased sales have taken place through organic growth.

Analysis of change in	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
net sales	2021 (MSEK)	2021 (%)	2021 (MSEK)	2021 (%)
Year-earlier period	247.0		733.6	
Organic growth	45.4	18.0	186.4	25.4
Acquisitions and structural changes	0	0	4.8	0.8
Exchange-rate effects	1.5	1.0	0.9	0.0
<b>Current period</b>	<b>293.9</b>	<b>19.0</b>	<b>925.7</b>	<b>26.2</b>

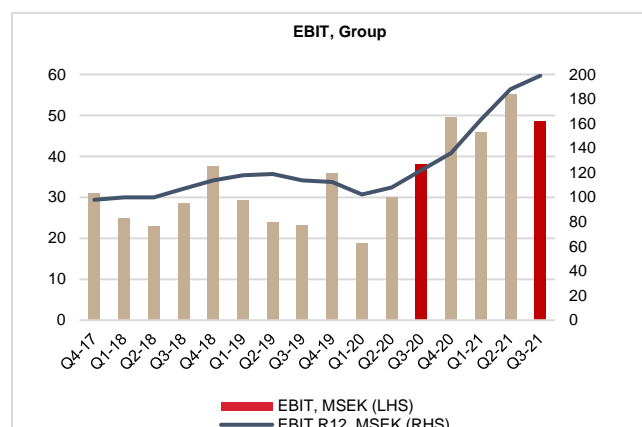
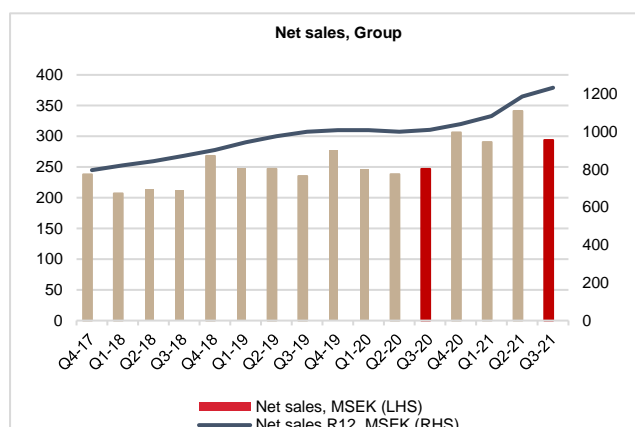
For definitions of key figures, see page 21

### EBIT

EBIT for the quarter improved to MSEK 48.5 (37.5) and the EBIT margin amounted to 16.5% (15.2). High sales primarily in the E-mobility and Electrical distribution products product areas have led to positive volume effects for the quarter compared with the year-earlier quarter. Together with efficient production and a beneficial product mix, this is mainly a result of the quarter's strong EBIT.

EBIT for the January to September period amounted to MSEK 149.5 (86.6) and the EBIT margin amounted to 16.2% (11.8).

Currency effects in EBIT amounted to MSEK -1.3 (2.7) for the quarter and MSEK 4.2 (2.0) for the January to September period.



### NET INCOME

Net financial items amounted to MSEK 0.5 (-1.3) for the quarter and included currency effects from loans and hedging in foreign currency. Currency effects attributable to revaluations in hedging amounted to MSEK 0.4 (1.3) for the quarter.

Net income amounted to MSEK 39.4 (28.3) for the quarter, and earnings per share amounted to MSEK 0.79 (0.57). The tax expense amounted to MSEK 9.6 (7.9) generating an average effective tax rate of 19.6% (21.8).

Net income for the period amounted to MSEK 120.3 (60.9) and earnings per share amounted to MSEK 2.41 (1.22). The tax expense amounted to MSEK 29.0 (17.2) generating an average effective tax rate of 19.4% (22.0).

### CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the quarter amounted to MSEK 51.9 (2.4). This was essentially due to a higher EBIT together with lower working capital compared with the year-earlier period. However, GARO retains high tied-up capital in component inventories as a result of tactical purchasing for materials supply. Cash flow from operating activities amounted to MSEK 74.0 (4.3) for the January to September period.

Investments for the quarter amounted to MSEK 10.6 (9.5), of which MSEK 4.9 (6.3) pertained to product development. Investments for the January to September period amounted to MSEK 33.9 (30.2 excluding acquisitions of companies), of which MSEK 17.9 (16.7) pertained to product development. The company has invested in net right-of-use assets (leases and rental contracts) amounting to MSEK 1.1 (3.4) during the quarter. Investments in right-of-use assets for the year have to date amounted to MSEK 4.2 (9.0).

## **LIQUIDITY AND FINANCIAL POSITION**

The Group's net debt at the end of the period amounted to MSEK 28.0 (83.4). The Group's net debt excluding lease liabilities, which is to say effects of IFRS 16, amounted to MSEK -9.0 (43.5). Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 147.1 (89.1) and the equity ratio was 60.4% (57.7).

## **THE GARO SHARE**

The 2021 Annual General Meeting resolved on a 5:1 share split, meaning that each existing share was replaced with five new shares of the same series. The share split was completed during the second quarter.

At the end of the period, the number of shares amounted to 50,000,000 (10,000,000). The average number of shares, adjusted for the split, amounted to 50,000,000 (10,000,000) for the third quarter and 50,000,000 (10,000,000) for the January to September period.

Figures pertaining to dividends and earnings per share for previous periods have been recalculated in the report based on the new number of shares.

## **EVENTS DURING THE QUARTER**

On July 1, Niklas Rönnäng was appointed CEO of GARO E-mobility AB. He will assume his role at GARO on January 1, 2022. Asides from the above, 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.

## **NOMINATION COMMITTEE APPOINTED**

The members appointed to the Nomination Committee until the 2022 Annual General Meeting are: Lars Kongstad, Mannheimer Swartling Advokatbyrå (legal firm) appointed by Lars Svensson, Fredrik Carlsson appointed by Svolder AB, Ulrik Grönvall appointed by Swedbank Robur Funds and Rickard Blomqvist in his capacity as Chairman of GARO AB. Lars Kongstad has been appointed Chairman of the Nomination Committee. Shareholders who wish to submit proposals to the Nomination Committee can send an e-mail to [valberedningen@garo.se](mailto:valberedningen@garo.se).

## **2022 ANNUAL GENERAL MEETING**

The 2022 Annual General Meeting will take place on Wednesday, May 11, 2022 in Gnosjö, Sweden. Please visit [www.garo.se](http://www.garo.se) for more information.

### INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND BUSINESS AREA (JUL-SEP)

Product area (MSEK)	GARO Sweden			GARO International			Total		
	Jul-Sep 2021	Jul-Sep 2020	growth, %	Jul-Sep 2021	Jul-Sep 2020	growth, %	Jul-Sep 2021	Jul-Sep 2020	growth, %
Electrical distribution products	65.8	65.1	1%	59.7	52.3	14%	125.6	117.4	7%
E-mobility	68.1	44.7	52%	22.3	23.6	-6%	90.5	68.3	32%
Project business	38.7	36.5	6%	19.5	11.2	75%	58.9	47.7	22%
Temporary Power	17.2	12.1	41%	1.1	1.4	-21%	18.2	13.5	36%
Currency effects							1.5	0.1	0%
<b>Total</b>	<b>189.8</b>	<b>158.4</b>	<b>20%</b>	<b>102.6</b>	<b>88.5</b>	<b>16%</b>	<b>293.9</b>	<b>247.0</b>	<b>19%</b>

### INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND BUSINESS AREA (JAN – SEPT)

Product area (MSEK)	GARO Sweden			GARO International			Total		
	Jan–Sep 2021	Jan–Sep 2020	growth, %	Jan–Sep 2021	Jan–Sep 2020	growth, %	Jan–Sep 2021	Jan–Sep 2020	growth, %
Electrical distribution products	214.8	197.5	9%	174.1	148.5	17%	388.9	346.0	12%
E-mobility	236.2	124.0	90%	66.7	65.0	3%	302.9	189.0	60%
Project business	125.7	131.3	-4%	45.6	26.7	71%	171.3	158.0	9%
Temporary Power	57.8	36.5	58%	3.9	4.0	-3%	61.7	40.5	52%
Currency effects							0.9	0.1	0%
<b>Total</b>	<b>634.5</b>	<b>489.3</b>	<b>30%</b>	<b>290.3</b>	<b>244.2</b>	<b>19%</b>	<b>925.7</b>	<b>733.6</b>	<b>26%</b>

### INCOME FROM CUSTOMERS BASED ON GEOGRAPHIC LOCATION (JUL-SEP)

Geographic location (MSEK)	GARO Sweden			GARO International			Total		
	Jul-Sep 2021	Jul-Sep 2020	growth, %	Jul-Sep 2021	Jul-Sep 2020	growth, %	Jul-Sep 2021	Jul-Sep 2020	growth, %
Sweden	175.3	155.3	13%	0	0		175.3	155.3	13%
Norway	0	0		38.1	43.2	-12%	38.1	43.2	-12%
Ireland	0	0		35.6	33.0	8%	35.6	33.0	8%
Finland	0	0		11.5	7.6	51%	11.5	7.6	51%
Other countries	14.5	3.1	368%	17.4	4.7	285%	31.9	7.8	309%
Currency effects							1.5	0.1	0%
<b>Total income from customers</b>	<b>189.8</b>	<b>158.4</b>	<b>20%</b>	<b>102.6</b>	<b>88.5</b>	<b>18%</b>	<b>293.9</b>	<b>733.6</b>	<b>19%</b>

### INCOME FROM CUSTOMERS BASED ON GEOGRAPHIC LOCATION (JAN–SEP)

Geographic location (MSEK)	GARO Sweden			GARO International			Total		
	Jan–Sep 2021	Jan–Sep 2020	growth, %	Jan–Sep 2021	Jan–Sep 2020	growth, %	Jan–Sep 2021	Jan–Sep 2020	growth, %
Sweden	587.5	477.6	23%	0	0		587.5	477.6	23%
Norway	0	0		119.8	126.2	-5%	119.8	126.2	-5%
Ireland	0	0		97.7	83.0	18%	97.7	83.0	18%
Finland	0	0		32.8	22.1	48%	32.8	22.1	48%
Other countries	47.0	11.7	302%	40.0	12.9	209%	87.0	24.6	253%
Currency effects							0.9	0.1	0%
<b>Total income from customers</b>	<b>634.5</b>	<b>489.3</b>	<b>30%</b>	<b>290.3</b>	<b>244.2</b>	<b>19%</b>	<b>925.7</b>	<b>733.6</b>	<b>26%</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 189.8 for the third quarter, compared with MSEK 158.4 for the same quarter last year. The business area reported growth in all product areas, where the highest growth of 52% was noted in the E-mobility product area, compared with last year.

EBIT for the quarter improved to MSEK 34.0 (23.0) and the EBIT margin amounted to 17.9% (14.5). The margin for the quarter improved as a result of increased sales volumes and a beneficial product mix, primarily in E-mobility in which GARO has reported high sales volumes in the more advanced home chargers.

The number of employees at the end of the period was 268 (235). Resources have primarily been strengthened within production and sales as well as service and support. In addition, GARO has contracted around 45 temporary personnel in production.

GARO Sweden		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	R12	Jan-Dec
Key figures		2021	2020	2021	2020		2020
Net sales	MSEK	189.8	158.4	634.5	489.3	843.2	698.0
Growth	%	20	3	30	2	25	5
EBIT	MSEK	34.0	23.0	103.3	51.9	141.6	90.2
EBIT margin	%	17.9	14.5	16.3	10.6	16.8	12.9
Investments	MSEK	6.3	9.2	27.5	33.6	36.0	42.1
Depreciation	MSEK	7.5	6.0	22.1	17.0	27.8	22.6
Number of employees		268	235	268	235	253	240

For definitions of key figures, see page 21

#### PRODUCT AREAS

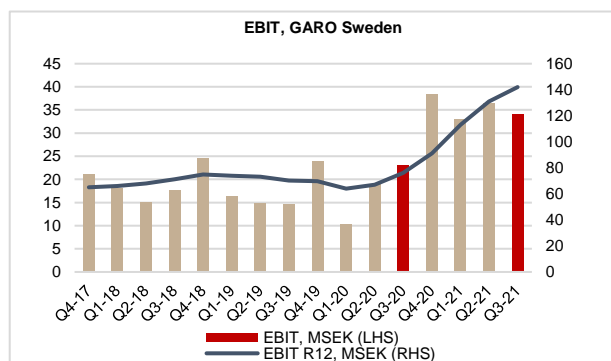
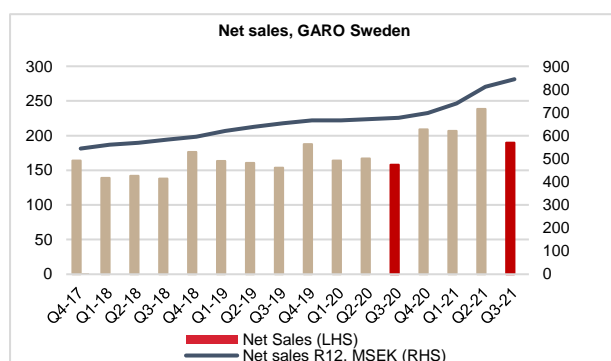
##### ELECTRICAL DISTRIBUTION PRODUCTS

Sales in the Electrical distribution products product area increased 1% during the quarter compared with the same quarter last year. The pace of new construction and the renovation sector has remained healthy during the quarter, while the underlying market as a whole is assessed to be unchanged compared with the year-earlier quarter. During the quarter, GARO's sales trend in the Electrical distribution products product area has varied depending on product group. For standard components, measuring products and recreational products, the trend has been healthy, while industrial products have reported somewhat weaker sales. All in all, the product area is assessed to have developed in line with the market.

##### PROJECT BUSINESS AND TEMPORARY POWER

Net sales in the Project business product area increased 6% compared with the same quarter in 2020, where the market for complete solutions began to recover after a couple of cautious quarters. GARO sees a continued high demand for customer-tailored distribution cabinets, cable cabinets and switchgears.

Sales in the Temporary Power product area increased 41%. The growth was primarily driven by one customer who invested heavily, but it is notable that several rental companies are now reinvesting in this type of product. For information about the E-mobility product area, see page 8.



## GARO INTERNATIONAL

### NET SALES AND EARNINGS

Net sales in the GARO International business area increased 16% compared with the same quarter in 2020 and amounted to MSEK 102.6 (88.5) for the quarter. Growth was strong in the Electrical distribution products and Project business product areas with the market demonstrating a strong recovery from the year-earlier period, in which a number of markets were closed as a result of the pandemic.

Of particular note was GARO's strong growth in the Electrical distribution products and Project business product areas in Ireland, Finland and in the UK. The trend in the E-mobility product area in Norway has been weaker during the past quarters, mainly due to the market's increased maturity in home charging.

The production facility in Poland has maintained a satisfactory rate for the quarter despite limited access to electronic components.

EBIT for the quarter amounted to MSEK 14.5 (14.5) and the EBIT margin amounted to 14.2% (16.4). During the quarter, EBIT was impacted by costs for market activities in Ireland and the UK as well as strengthening resources in Poland where GARO has expanded production and is training personnel for a higher production rate.

The number of employees at the end of the period was 199 (168). Resources have primarily been strengthened within production in Poland and within sales in the UK.

GARO International		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	R12	Jan-Dec
Key figures		2021	2020	2021	2020		2020
Net sales	MSEK	102.6	88.5	290.3	244.2	388.5	342.4
Growth	%	16	9	19	-3	16	0
EBIT	MSEK	14.5	14.5	46.2	34.7	57.4	46.0
EBIT margin	%	14.2	16.4	15.9	14.2	14.8	13.4
Investments	MSEK	4.3	0.3	6.4	2.3	7.3	3.2
Depreciation	MSEK	1.2	1.1	3.3	3.2	4.4	4.4
Number of employees		199	168	199	168	185	172

For definitions of key figures, see page 21

### PRODUCT AREAS

#### ELECTRICAL DISTRIBUTION PRODUCTS AND PROJECT BUSINESS

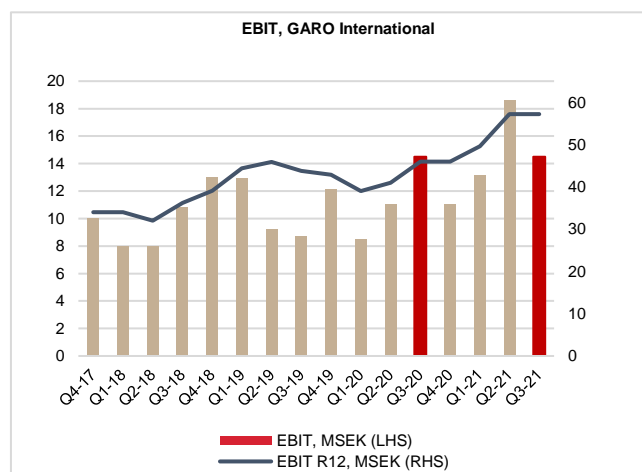
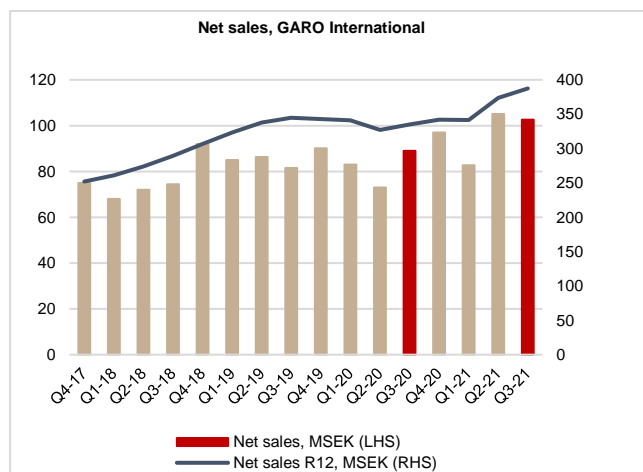
Sales in the product areas Electrical distribution products and Project business noted growth of 14% and 75% respectively as a result of continued market recoveries and several deliveries made to housing projects.

More wholesalers are choosing to offer GARO's products as part of their standard range, which enables quick delivery and high accessibility.

#### TEMPORARY POWER

Temporary Power reported sales for the quarter that were essentially unchanged compared to the year-earlier period.

For detailed information about the E-mobility product area, see page 8.



## Product area GARO E-mobility

On January 1, 2021, GARO incorporated the E-mobility product area by transferring Swedish operations to the wholly-owned company GARO E-mobility AB. The aim of the incorporation of the product area is to sharpen market focus.

During the quarter, Niklas Rönnäng was appointed CEO of GARO E-mobility AB, with the position also including Group responsibility for the product area, to further strengthen the fast-growing E-mobility product area. Niklas's most recent position was as Sales Director for NIBE Energy Systems. Niklas's knowledge and experience from the energy industry and growth companies provide him with the right qualities and prerequisites to continue to lead GARO's growth in E-mobility. Niklas will assume his role at GARO on January 1, 2022.

Sales in the E-mobility product area amounted to MSEK 90.5 (68.3) for the quarter, an increase of 32% compared with the same quarter last year. Sales were limited by supply chain challenges, particularly in electronic components. Despite this, GARO has maintained a high delivery capacity, particularly for wall boxes, albeit insufficient. During the quarter, GARO noted a substantial increase to its order intake in E-mobility products and the order book has never before been as large as at the end of September.

### GARO SWEDEN

Sales in the E-mobility product area amounted MSEK 68.1 (44.7), an increase of 52% compared with the same quarter last year. Demand was high throughout the entire product range, but particularly high for AC chargers (wall boxes and public chargers). The number of new rechargeable vehicles in Sweden continues to increase rapidly, and as such, the need for charging infrastructure is also increasing. In September, rechargeable vehicles accounted for 52% of new car sales in Sweden and over 60% of these were electric cars. During the third quarter, 24,900 new rechargeable vehicles were registered, an increase of 79% compared with the same quarter last year. The number of public charging stations amounted to over 13,900 in September 2021, up 30% in the last 12 months (source: Power Circle and ELIS – Elbilen i Sverige). It is mainly the need from private households and workplaces that is 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 has noted strong sales to wholesalers in Sweden, who offer the company's products in stores and on digital platforms.

GARO's contract customers such as energy companies and automotive companies established in Europe continued to perform well during the quarter and more deliveries have been made under previously signed framework agreements. Group-external exports grew by over 300%.

### GARO INTERNATIONAL

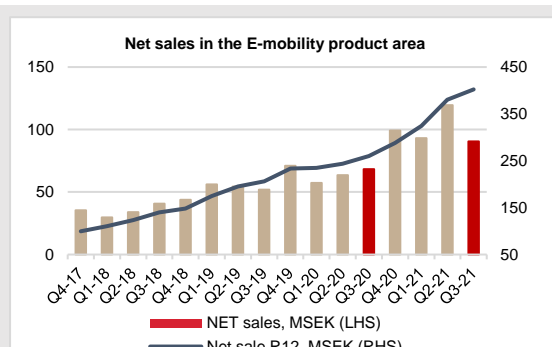
Sales growth in rechargeable cars has continued to increase rapidly and there is a great demand for charging infrastructure for private use, public use and at work. Sales in the E-mobility product area recorded strong growth in the UK, Ireland and Finland during the quarter compared with the year-earlier period. Growing demand for electric car charging for private households and workplaces has been the main factor that has driven growth in these markets, albeit from low levels. The trend in Norway has been weaker due to increased maturity primarily in home charging. GARO is therefore developing a local sales process in the Norwegian market to better adapt to customer requirements for complete solutions. The need for commercial installations will lead to profitable and long-term business that suits GARO's broad product and service offering. All in all, sales during the quarter declined 6% and amounted to MSEK 22.3 (23.6).

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. GARO has continued to invest in the UK during the year. GARO is experiencing strong interest for the company's products and services in this market that is reporting rapid growth, particularly in charging infrastructure.

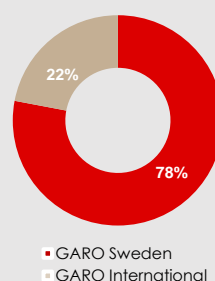
### PRODUCT OFFERING AND SYNERGY EFFECTS

GARO, which has been a leading company in the Nordic region in E-mobility since 2008, offers a broad product portfolio containing everything from wall boxes for the home and workplace to public charging poles and fastchargers, as well as service and support. GARO offers some of the market's most innovative and advanced products in the area.

The strong growth in the E-mobility product area has 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 year.



**Allocation of net sales in E-mobility by business area, Jan–Sep 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.

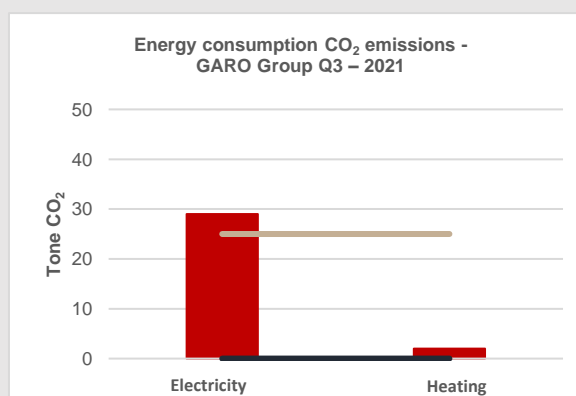
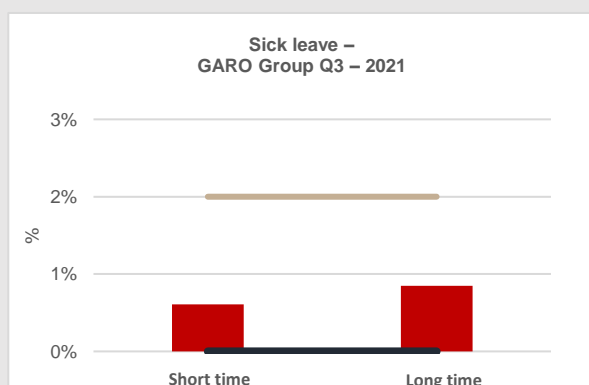
## GARO'S EMPLOYEES

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 in the Group and serving as good ambassadors.

## OBJECTIVES

In terms of energy consumption and CO<sub>2</sub> emissions, GARO has not achieved its target, which is presented in the diagram below. This is due to increased production volumes in Poland as a result of higher sales. GARO has installed a 70 kW solar cell facility on an office and production property in Poland to minimize CO<sub>2</sub> emissions. However, the facility is not sufficient to cover our entire energy demand, and GARO is working to complement the existing solution with alternative energy sources to reach this established target.

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



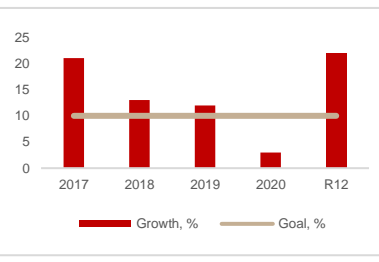
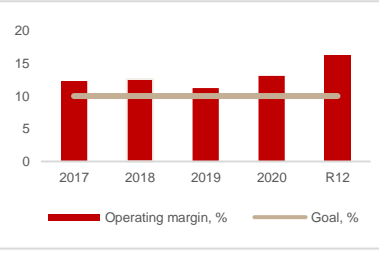
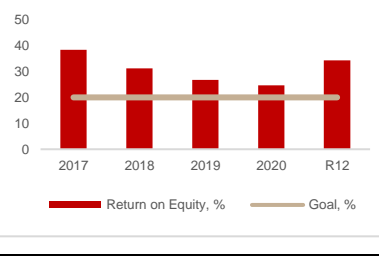
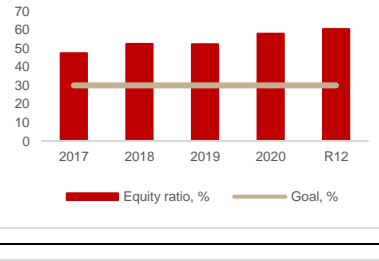
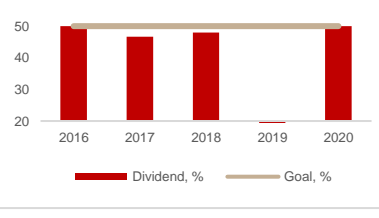
— Goal  
— Part goal

## 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 third quarter amounted to MSEK 105.4 (140.7). Of this amount, MSEK 40.4 (35.9) comprised internal sales to other Group companies. EBIT for the quarter amounted to MSEK 15.0 (19.2).

## 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>Goal, %</th></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><tr><td>R12</td><td>22</td><td>10</td></tr></table>	Year	Growth, %	Goal, %	2017	21	10	2018	13	10	2019	12	10	2020	3	10	R12	22	10
Year	Growth, %	Goal, %																	
2017	21	10																	
2018	13	10																	
2019	12	10																	
2020	3	10																	
R12	22	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>Goal, %</th></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><tr><td>R12</td><td>16</td><td>10</td></tr></table>	Year	Operating margin, %	Goal, %	2017	12	10	2018	12	10	2019	11	10	2020	13	10	R12	16	10
Year	Operating margin, %	Goal, %																	
2017	12	10																	
2018	12	10																	
2019	11	10																	
2020	13	10																	
R12	16	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>Goal, %</th></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>26</td><td>20</td></tr><tr><td>2020</td><td>24</td><td>20</td></tr><tr><td>R12</td><td>34</td><td>20</td></tr></table>	Year	Return on Equity, %	Goal, %	2017	38	20	2018	30	20	2019	26	20	2020	24	20	R12	34	20
Year	Return on Equity, %	Goal, %																	
2017	38	20																	
2018	30	20																	
2019	26	20																	
2020	24	20																	
R12	34	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>Goal, %</th></tr><tr><td>2017</td><td>48</td><td>30</td></tr><tr><td>2018</td><td>52</td><td>30</td></tr><tr><td>2019</td><td>52</td><td>30</td></tr><tr><td>2020</td><td>58</td><td>30</td></tr><tr><td>R12</td><td>60</td><td>30</td></tr></table>	Year	Equity ratio, %	Goal, %	2017	48	30	2018	52	30	2019	52	30	2020	58	30	R12	60	30
Year	Equity ratio, %	Goal, %																	
2017	48	30																	
2018	52	30																	
2019	52	30																	
2020	58	30																	
R12	60	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>Goal, %</th></tr><tr><td>2016</td><td>50</td><td>50</td></tr><tr><td>2017</td><td>46</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>50</td><td>50</td></tr></table>	Year	Dividend, %	Goal, %	2016	50	50	2017	46	50	2018	48	50	2019	48	50	2020	50	50
Year	Dividend, %	Goal, %																	
2016	50	50																	
2017	46	50																	
2018	48	50																	
2019	48	50																	
2020	50	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, development department, 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 limited extent as the previous year, 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 1–20, which constitute an integrated part of this financial statement.

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

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

## AUDITORS' STATEMENT

This interim report was reviewed by the company's auditors, refer to page 13.

Gnosjö, November 11 2021

GARO AB (publ)

The Board of Directors

This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation. The information was published by the abovementioned contact persons on November 11, 2021, at 8:30 a.m. CET.



# Review report

GARO AB (publ), corporate identity number 556051-7772

## INTRODUCTION

We have reviewed the condensed interim report for GARO AB (publ) as at September 30, 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Jönköping, November 11, 2021

Ernst & Young AB

Joakim Falck

Authorized Public Accountant

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R12	Jan-Dec 2020
Amount in MSEK						
<b>Operating income</b>						
Net sales	293.9	247.0	925.7	733.6	1,232.0	1,039.8
Other operating income	0.7	1.3	2.9	6.1	4.7	8.0
<b>Total operating income</b>	<b>294.6</b>	<b>248.3</b>	<b>928.6</b>	<b>739.7</b>	<b>1,236.7</b>	<b>1,047.8</b>
<b>Operating expenses</b>						
Raw materials and consumables	-151.1	-128.8	-461.0	-379.1	-610.7	-528.8
Other external expenses	-28.1	-25.9	-101.6	-84.4	-141.0	-123.7
Personnel expenses	-58.2	-49.0	-191.1	-169.4	-253.9	-232.2
Depreciation/amortization of tangible and intangible assets	-8.7	-7.1	-25.4	-20.2	-32.1	-26.9
Other operating expenses	0	0	0	0	0	0
<b>EBIT</b>	<b>48.5</b>	<b>37.5</b>	<b>149.5</b>	<b>86.6</b>	<b>199.0</b>	<b>136.2</b>
<b>Result from financial items</b>						
Net financial income/expenses	0.5	-1.3	-0.2	-8.5	-4.8	-13.1
<b>Profit before tax</b>	<b>49.0</b>	<b>36.2</b>	<b>149.3</b>	<b>78.1</b>	<b>194.2</b>	<b>123.1</b>
Income tax	-9.6	-7.9	-29.0	-17.2	-39.5	-27.7
<b>Net income</b>	<b>39.4</b>	<b>28.3</b>	<b>120.3</b>	<b>60.9</b>	<b>154.7</b>	<b>95.3</b>
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified to the income statement</b>						
Translation differences	-0.7	-0.6	0.6	-3.7	-3.4	-7.7
<b>Other comprehensive income, net</b>	<b>-0.7</b>	<b>-0.6</b>	<b>0.6</b>	<b>-3.7</b>	<b>-3.4</b>	<b>-7.7</b>
<b>Total comprehensive income for the year</b>	<b>38.7</b>	<b>27.7</b>	<b>120.9</b>	<b>57.2</b>	<b>151.3</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	50,000,000	10,000,000	50,000,000	10,000,000	50,000,000	10,000,000
<b>Earnings per share, before and after dilution, SEK</b>	<b>0.79</b>	<b>0.57</b>	<b>2.41</b>	<b>1.22</b>	<b>3.09</b>	<b>1.91</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amount in MSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	103.6	86.5	93.6
Tangible assets	146.3	146.5	140.4
Financial assets	3.6	6.6	6.2
<b>Total fixed assets</b>	<b>253.5</b>	<b>239.7</b>	<b>240.2</b>
<b>Current assets</b>			
Inventories	219.7	185.6	182.5
Accounts receivable	292.6	256.6	238.6
Other current receivables	21.3	7.7	12.6
Cash and cash equivalents	46.4	4.5	69.4
<b>Total current assets</b>	<b>580.0</b>	<b>454.3</b>	<b>503.1</b>
<b>TOTAL ASSETS</b>	<b>833.5</b>	<b>694.0</b>	<b>743.3</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	20.0	20.0	20.0
Other reserves	2.9	3.0	2.9
Other equity including net income for the period	480.8	377.2	407.4
<b>Total equity</b>	<b>503.7</b>	<b>400.2</b>	<b>430.3</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	26.1	31.9	30.3
Lease liabilities	27.1	29.9	28.2
Other provisions	5.2	2.2	3.7
Deferred tax liabilities	0.5	0.8	0.5
<b>Total long-term liabilities</b>	<b>58.8</b>	<b>64.8</b>	<b>62.7</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	11.3	16.1	12.3
Lease liabilities	9.9	10.0	9.9
Accounts payable	127.6	100.2	124.0
Other short-term liabilities	122.1	102.7	104.1
<b>Total short-term liabilities</b>	<b>271.0</b>	<b>229.0</b>	<b>250.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>833.5</b>	<b>694.0</b>	<b>743.3</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders in the Parent Company Amount in MSEK	Share capital	Reserves	Retained earnings	Total equity
<b>Equity at January 1, 2020</b>	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			120.3	120.3
Other comprehensive income for the period		0.6	0	0.6
Dividend to shareholders			-47.5	-47.5
Currency effects				0
<b>Closing equity, September 30, 2021</b>	<b>20.0</b>	<b>-2.3</b>	<b>486.0</b>	<b>503.7</b>

# CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R12	Jan-Dec 2020
Amount in MSEK						
<b>Operating activities</b>						
Cash flow from operating activities						
before changes in working capital	47.0	30.3	147.4	70.8	196.5	119.8
Cash flow from changes in working capital	4.9	-27.9	-73.4	-66.5	-39.8	-32.9
<b>Cash flow from operating activities</b>	<b>51.9</b>	<b>2.4</b>	<b>74.0</b>	<b>4.3</b>	<b>156.7</b>	<b>86.9</b>
<b>Investing activities</b>						
Investments in intangible assets	-4.9	-6.3	-17.9	-16.7	-25.8	-24.6
Acquisition of subsidiaries	0	0	0	-5.7	0	-5.7
Investments in tangible assets	-5.7	-3.2	-16.0	-13.5	-17.5	-15.0
Disposal of tangible assets	0	0	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-10.6</b>	<b>-9.5</b>	<b>-33.9</b>	<b>-35.9</b>	<b>-43.3</b>	<b>-45.3</b>
<b>Financing activities</b>						
Net borrowing/amortization of loans	-3.7	-0.4	-6.9	3.4	-12.3	-1.9
Amortization of lease liability	-2.9	-3.0	-8.8	-8.0	-11.5	-10.8
Dividend paid to shareholders	0	0	-47.5	0	-47.5	0
<b>Cash flow from financing activities</b>	<b>-6.6</b>	<b>-3.4</b>	<b>-63.2</b>	<b>-4.6</b>	<b>-71.3</b>	<b>-12.7</b>
<b>Cash flow for the period</b>	<b>34.7</b>	<b>-10.5</b>	<b>-23.2</b>	<b>-36.2</b>	<b>42.1</b>	<b>28.9</b>
Currency effect in cash and cash equivalents	0	0.1	0.2	-0.1	-0.1	-0.3
Cash and cash equivalents, start of the period	11.7	14.9	69.4	40.8	4.4	40.8
<b>Cash and cash equivalents, end of the period</b>	<b>46.4</b>	<b>4.5</b>	<b>46.4</b>	<b>4.5</b>	<b>46.4</b>	<b>69.4</b>



**CONDENSED PARENT COMPANY INCOME STATEMENT\***

	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Amount in MSEK	2021	2020	2021	2020	2020
<b>Operating income</b>					
Net sales	105.4	140.7	347.4	431.2	622.0
Other operating income	1.1	4.2	3.9	14.9	19.4
<b>Total income</b>	<b>106.5</b>	<b>144.9</b>	<b>351.3</b>	<b>446.1</b>	<b>641.4</b>
<b>Operating expenses</b>					
Raw materials and consumables	-59.1	-86.3	-195.1	-271.9	-383.3
Other external expenses	-11.2	-13.7	-39.8	-45.1	-68.0
Personnel expenses	-20.0	-23.4	-68.7	-83.7	-113.0
Depreciation/amortization of tangible and intangible assets	-2.6	-3.3	-8.1	-9.1	-12.3
Other operating expenses	1.4	1.0	4.2	3.0	4.2
<b>EBIT</b>	<b>15.0</b>	<b>19.2</b>	<b>43.6</b>	<b>39.3</b>	<b>69.0</b>
<b>Result from financial items</b>					
Profit from participations in Group companies	0	0	0	0	13.3
Net interest income and similar items	1.4	0.4	2.8	1.4	2.0
Net interest expenses and similar items	-0.4	-0.3	0.3	-3.5	-7.2
<b>Profit before tax</b>	<b>16.0</b>	<b>19.3</b>	<b>46.7</b>	<b>37.1</b>	<b>77.1</b>
Appropriations	0	0	0	0	6.0
Income tax	-3.2	-4.3	-9.1	-8.1	-14.5
<b>Net income</b>	<b>12.8</b>	<b>15.0</b>	<b>37.7</b>	<b>29.0</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	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	37.8	42.6	49.4
Tangible assets	45.1	48.9	47.1
Participations in Group companies	79.3	53.2	79.3
Other financial assets	61.7	27.5	30.6
<b>Total fixed assets</b>	<b>223.9</b>	<b>172.1</b>	<b>206.4</b>
<b>Current assets</b>			
Inventories	35.3	73.5	66.8
Accounts receivable	75.8	119.8	119.1
Other receivables	90.0	97.5	90.2
Cash and bank balances	34.7	0	64.0
<b>Total current assets</b>	<b>235.8</b>	<b>290.8</b>	<b>340.1</b>
<b>TOTAL ASSETS</b>	<b>459.7</b>	<b>463.0</b>	<b>546.5</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	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	243.1	231.1	252.9
<b>Total equity</b>	<b>301.6</b>	<b>271.8</b>	<b>311.4</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Provisions</b>	<b>1.2</b>	<b>3.2</b>	<b>4.2</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	11.0	14.6	13.7
<b>Total long-term liabilities</b>	<b>11.0</b>	<b>14.6</b>	<b>13.7</b>
<b>Short-term liabilities</b>			
Short-term interest-bearing liabilities	2.6	7.1	3.3
Short-term non-interest-bearing liabilities	143.3	166.3	213.8
<b>Total short-term liabilities</b>	<b>145.9</b>	<b>173.4</b>	<b>217.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>459.7</b>	<b>463.0</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	
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
Business area information	2021	2020	2021	2020	2021	2020	2021	2020
<b>Sales</b>								
Total net sales	240.0	196.3	168.6	141.4	-116.3	-90.7	292.4	246.9
Internal net sales	-50.2	-37.8	-66.1	-52.8	116.3	90.7	0	0
<b>External net sales</b>	<b>189.8</b>	<b>158.4</b>	<b>102.6</b>	<b>88.5</b>	<b>0</b>	<b>0</b>	<b>292.4</b>	<b>246.9</b>
<b>EBIT</b>	<b>34.0</b>	<b>23.0</b>	<b>14.5</b>	<b>14.5</b>	<b>0</b>	<b>0</b>	<b>48.5</b>	<b>37.5</b>
Net financial income/expenses							0.5	-1.3
Tax expense for the year							-9.6	-7.9
<b>Net income for the year</b>							<b>39.4</b>	<b>28.3</b>

## GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep					
		2021	2020	2021	2020	R12	2020	2019	2018	2017
Net sales	MSEK	293.9	247.0	925.7	733.6	1232.0	1039.8	1008.1	903.7	796.0
Growth	%	19	5	26	0	22	3	12	13	21
EBITDA	MSEK	57.2	44.6	174.9	106.8	231.2	163.2	134.9	128.8	110.3
EBITDA margin	%	19.5	18.1	18.9	14.6	18.8	15.7	13.4	14.3	13.9
EBIT	MSEK	48.5	37.5	149.5	86.6	199.0	136.2	112.6	113.8	98.1
EBIT margin	%	16.5	15.2	16.2	11.8	16.2	13.1	11.2	12.6	12.3
Earnings per share, before and after dilution <sup>1</sup>	SEK	0.79	0.57	2.41	1.22	3.09	1.91	1.71	1.65	n/a
Equity per share <sup>1</sup>	SEK	10.07	8.00	10.07	8.00	10.07	8.61	6.86	5.92	5.05
Return on equity*	%	34.2	23.8	34.2	23.8	34.2	24.7	26.8	31.2	38.3
Investments	MSEK	10.6	9.5	33.9	35.9	43.3	45.3	33.4	22.7	51.4
Depreciation	MSEK	8.7	7.1	25.4	20.2	32.1	26.9	22.3	15.0	12.2
Equity ratio	%	60.4	57.7	60.4	57.7	60.4	57.9	52.2	52.4	47.3
Net debt <sup>2</sup>	MSEK	28.0	83.4	28.0	83.4	28.0	11.3	45.6	45.7	56.1
Net debt/EBITDA*	multipl e	0.1	0.6	0.1	0.6	0.1	0.1	0.3	0.4	0.5
Number of employees		467	403	467	403	439	412	421	402	376

\*For definitions of key figures, see page 21

<sup>1)</sup> In the second quarter of 2021, GARO completed a 5:1 share split. All share data has been recalculated with the new number of shares. For more information, see page 4.

<sup>2)</sup> Net debt includes lease liabilities in accordance with IFRS 16.

## QUARTERLY FIGURES

<b>Consolidated income statement</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>	<b>Q1</b>	<b>Q4</b>
Amount in MSEK	<b>2021</b>	<b>2021</b>	<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>
Net sales	293.9	341.2	290.6	306.3	247.0	238.3	248.3	277.8	235.2	246.7	248.4	268.4
Operating expenses	-245.4	-286.1	-244.7	-256.8	-209.5	-208.0	-229.5	-242.0	-211.5	-222.8	-219.2	-230.9
<b>EBIT</b>	<b>48.5</b>	<b>55.1</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>
Net financial income/expenses	0.5	-2.1	1.3	-4.6	-1.3	-6.8	-0.5	-2.5	-0.8	-0.5	1.4	-1.3
<b>Profit before tax</b>	<b>49.0</b>	<b>53.0</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>
Tax	-9.6	-10.5	-8.9	-10.5	-7.9	-5.5	-3.8	-8.7	-4.9	-5.0	-5.7	-10.7
<b>Net income</b>	<b>39.4</b>	<b>42.6</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>Net sales per business area</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>	<b>Q1</b>	<b>Q4</b>
Amount in MSEK	<b>2021</b>	<b>2021</b>	<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>
GARO Sweden	189.8	238.5	206.2	208.7	158.4	166.5	164.4	187.7	153.7	160.4	163.4	176.4
GARO International	102.6	105.1	82.7	98.2	88.5	72.7	82.9	90.1	81.5	86.3	85.0	92.0
<b>Total Group</b>	<b>292.4</b>	<b>343.6</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>EBIT per business area</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>	<b>Q1</b>	<b>Q4</b>
Amount in MSEK	<b>2021</b>	<b>2021</b>	<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>
GARO Sweden	34.0	36.5	32.8	38.3	23.0	18.6	10.3	23.8	14.9	14.8	16.3	24.5
GARO International	14.5	18.6	13.1	11.2	14.5	11.7	8.5	12.1	8.7	9.2	12.9	13.0
<b>Total Group</b>	<b>48.5</b>	<b>55.1</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>

## 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.

In the second quarter of 2021, GARO completed a 5:1 share split. All share data has been recalculated with the new number of shares. For more information, see page 4.

**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 average 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

**Number of employees:** The number of employees at the end of the period

# Economic information

## INVITATION TO PRESENTATION FOR THE PRESS AND ANALYSTS

On November 11, 2021, at 9:30 a.m., the President and CEO Patrik Andersson and CFO Helena Claesson will present the report and respond to questions in a teleconference.

Telephone number:

Sweden: +46 10 884 80 16

International: +44 203 936 2999

Code: 455987

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

Year-end report 2021 February 23, 2022

First quarter of 2022 May 11, 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.