



INTERIM REPORT JANUARY–JUNE 2021

CONTINUED STRONG GROWTH WITH A HIGH EBIT MARGIN

APRIL–JUNE 2021

- Net sales amounted to MSEK 341.2 (238.3).
- Growth was 43% (-4).
- EBIT amounted to MSEK 55.1 (30.3).
- EBIT margin amounted to 16.1% (12.7).
- Net income was MSEK 42.6 (18.1).
- Earnings per share¹ amounted to SEK 0.85 (0.36).

JANUARY–JUNE 2021

- Net sales amounted to MSEK 631.8 (486.6).
- Growth was 30% (-2).
- EBIT amounted to MSEK 101.0 (49.1).
- EBIT margin amounted to 16.0% (10.1).
- Net income was MSEK 80.9 (32.6).
- Earnings per share¹ amounted to SEK 1.62 (0.65).

EVENTS AFTER THE END OF THE QUARTER

- In July, Niklas Rönnäng was appointed CEO for GARO E-mobility AB. He will assume his role at GARO on January 1, 2022.

GARO Group key figures ²	Apr–Jun 2021	Apr–Jun 2020	+/- %	Jan–Jun 2021	Jan–Jun 2020	R12	Jan–Dec 2020
Net sales, MSEK	341.2	238.3	43	631.8	486.6	1,185.1	1,039.8
EBITDA, MSEK	63.9	37.1	72	117.7	62.2	218.6	163.2
EBITDA margin, %	18.7	15.6		18.6	12.8	18.4	15.7
EBIT, MSEK	55.1	30.3	82	101.0	49.1	188.0	136.2
EBIT margin, %	16.1	12.7		16.0	10.1	15.9	13.1
Net income, MSEK	42.6	18.1	135	80.9	32.6	143.4	95.3
Earnings per share ¹ , SEK	0.85	0.36	136	1.62	0.65	2.87	1.91
Cash flow from operating activities, MSEK	5.5	10.6		22.1	1.8	107.1	86.9
Investments, MSEK	15.1	17.2		23.4	26.3	42.3	45.3
Depreciation, MSEK	8.8	6.8		16.7	13.1	30.5	26.9
Equity ratio, %	57.7	56.2		57.7	56.2	57.7	57.9
Equity per share ¹ , SEK	9.30	7.45		9.30	7.45	9.30	8.61
Return on equity, %	34.3	22.3		34.3	22.3	34.3	24.7
Net debt (+) / net cash position (-), MSEK	66.8	70.7		66.8	70.7	66.8	11.3

¹ During the quarter, GARO completed a 5:1 share split. All share data has been recalculated with the new number of shares. For more information, see pages 4 and 12.

² For definitions of key figures, see page 19.

CEO's comments on the quarter

CONTINUED STRONG GROWTH WITH A HIGH EBIT MARGIN

GARO is developing positively. Net sales rose 43% and amounted to MSEK 341.2, with strong performances in the GARO Sweden and GARO International business areas. EBIT for the quarter rose 82% to MSEK 55.1 and the EBIT margin was 16.1%, mainly as a result of the substantial volume increase.

The organization has maintained a solutions-oriented perspective during the quarter, focusing on customers to complete our transactions and continue to create growth, despite facing challenges with components and materials supplies. This approach has allowed us to remain aggressive, with measures including increasing production capacity in Sweden and Poland, which has enabled us to maintain a healthy delivery capacity. We also continued to strengthen the organization in our newly-established company in the UK, in which we have noted improvements in sales and earnings.

I would also like to highlight the breadth of GARO's product and service offerings, which is a strength and a distinctive feature of GARO. Close collaboration between GARO's product development and the different product areas enables the Group to quickly meet market demands, which generates increased growth. Unique synergy effects between the product areas create opportunities and make it easy for our customers to obtain a complete solution from GARO where, for example, high sales volumes of wall boxes increase sales of installation materials, safety products and power supply components used for the installation of charging infrastructure.

PRODUCT AREAS

The E-mobility product area reported growth of 88% for the quarter. Sales in the business area were strong throughout the entire product portfolio, but particularly in AC chargers (home chargers and public chargers). In addition to the continued rapid growth in Sweden, noteworthy positive trends were posted in the UK, Ireland and Finland as well as in other European markets.

After the end of the quarter, Niklas Rönnäng was appointed CEO of GARO E-mobility AB to further strengthen the fast-growing E-mobility product area. The position also entails Group responsibility for the E-mobility product area. 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 this area.

The markets for the Electrical distribution products, Project business & Temporary Power product areas reported a strong recovery compared with the preceding year, during which a number of markets were essentially closed as a result of the pandemic. The Electrical distribution products and Project business product areas reported combined growth of a full 21%, which is assessed to be considerably stronger than the underlying market. Demand was high in all underlying product groups and a driving force for the strong performance in the new construction, renovation and energy efficiency solutions for existing property portfolios.

The Temporary Power product area posted a strong sales performance with growth of 134%. This was mainly driven by a large customer order in Sweden, but we also noted that several rental companies began to reinvest in new equipment.

COVID-19 AND MATERIALS SUPPLY

In the second quarter of 2021, the pandemic had no notable effect on the GARO Sweden business area. The GARO International business area reported a strong recovery, particularly compared with the same quarter last year, in which a number of markets were essentially closed. At the time of writing, demand in the market is healthy.

The strong market recovery and growth has brought about certain challenges such as occasional component shortages. In the second quarter, GARO managed to successfully secure materials supplies, but uncertainty remains concerning access to raw materials and components.

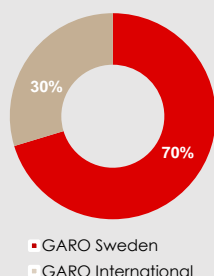
MARKET CONDITIONS

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 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.

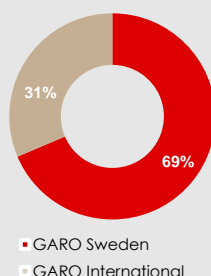
Patrik Andersson

President and CEO

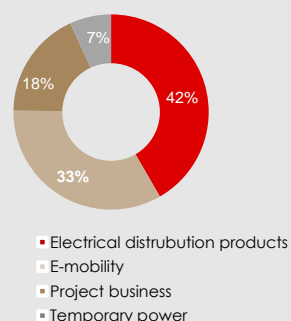
Allocation of net sales by business area, Jan-Jun 2021



Allocation of EBIT by business area, Jan-Jun 2021



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



Group figures

NET SALES

Net sales for the second quarter amounted to MSEK 341.2, a rise of 43% compared with the same quarter in 2020. Net sales for the first half of 2021 amounted to MSEK 631.8, corresponding to growth of 30%. The increase in net sales was mainly due to organic growth, which strengthened during the second quarter.

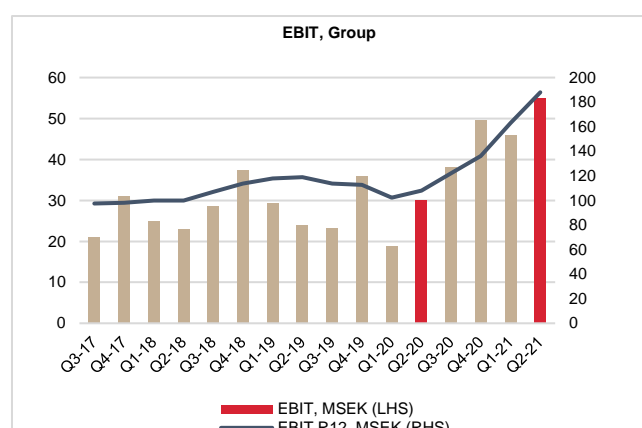
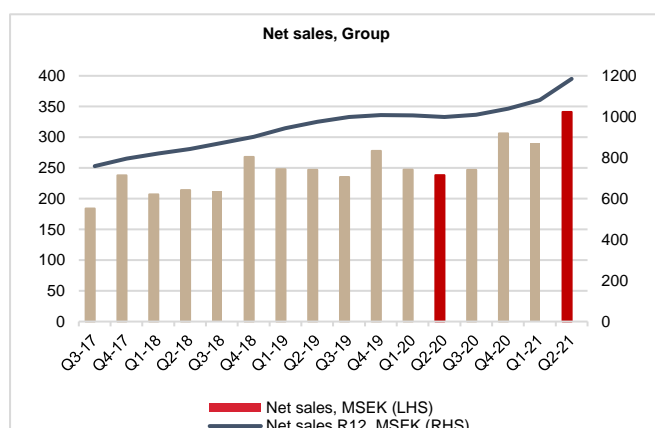
Analysis of change in net sales	Apr–Jun 2021 (MSEK)	Apr–Jun 2021 (%)	Jan–Jun 2021 (MSEK)	Jan–Jun 2021 (%)
Year-earlier period	238.3		486.6	
Organic growth	102.3	42.9	141.1	28.8
Acquisitions and structural changes	3.0	1.3	4.8	1.0
Exchange-rate effects	-2.4	-1.0	-0.7	0.0
Current period	341.2	43.2	631.8	29.8

For definitions of key figures, see page 19

EBIT

EBIT for the quarter improved to MSEK 55.1 (30.3) and the EBIT margin amounted to 16.1% (12.7). Currency effects in EBIT for the quarter amounted to MSEK 2.7 (5.9), a positive effect of a strong SEK against the EUR. High sales in the E-mobility and Electrical distribution products product areas has created economies of scale, which together with a favorable product mix, were the main reasons for the quarter's strong EBIT.

EBIT for the January to June period amounted to MSEK 101.0 (49.1) and the EBIT margin amounted to 16.0% (10.1). Currency effects in EBIT for the period amounted to MSEK 5.6 (-0.5).



NET INCOME

Net financial items amounted to MSEK -2.1 (-6.8) 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 (-3.3) for the quarter.

Net income amounted to MSEK 42.6 (18.1) for the quarter, and earnings per share amounted to MSEK 0.85 (0.36). The tax expense amounted to MSEK 10.5 (5.5) generating an average effective tax rate of 19.8% (23.3).

Net income for the period amounted to MSEK 80.9 (32.6) and earnings per share amounted to MSEK 1.62 (0.65). The tax expense amounted to MSEK 19.3 (9.3) generating an average effective tax rate of 19.3% (22.2).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the quarter amounted to MSEK 5.5 (10.6). A higher EBIT was counteracted by higher tied-up working capital compared with the year-earlier period. The increase in tied-up capital was primarily a result of the increase in capital tied up in component inventories and accounts receivable; which resulted from strategic purchases for materials supply purposes and higher sales during the quarter. Cash flow from operating activities amounted to MSEK 22.1 (1.8) for the six-month period between January and June 2021 and MSEK 86.9 for the full-year of 2020. During the quarter, dividends of MSEK 47.5 (0) have been distributed to shareholders. The proposed dividend for 2019 was withdrawn as a precautionary measure related to COVID-19.

Investments for the quarter amounted to MSEK 15.1 (11.5), of which MSEK 6.0 (4.7) pertained to product development. To date this year, the company has invested in right-of-use assets (leases and rental contracts) amounting to MSEK 2.9 (4.5). Investments in right-of-use assets for the period amounted to MSEK 4.6 (5.7).

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt at the end of the period amounted to MSEK 66.8 (70.7). The Group's net debt excluding lease liabilities, which is to say effects of IFRS 16, amounted to MSEK 28.5 (31.1). Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 106.6 (102.9) and the equity ratio was 57.7% (56.2).

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 second quarter and 50,000,000 (10,000,000) for the six-month 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 AFTER THE END OF THE QUARTER

In July, Niklas Rönning was appointed CEO for GARO E-mobility AB. He will assume his role at GARO on January 1, 2022. Besides 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.

INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND BUSINESS AREA (APRIL–JUNE)

Product area	GARO Sweden			GARO International			Total		
	Apr–Jun 2021	Apr–Jun 2020	growth, %	Apr–Jun 2021	Apr–Jun 2020	growth, %	Apr–Jun 2021	Apr–Jun 2020	growth, %
Electrical distribution products	79.2	67.9	17%	64.2	45.0	43%	143.4	112.9	27%
E-mobility	94.1	44.0	114%	25.4	19.6	30%	119.5	63.6	88%
Project business	43.7	45.7	-4%	14.1	7.2	96%	57.8	52.9	9%
Temporary Power	21.5	8.9	142%	1.4	1.0	40%	22.9	9.8	134%
Total	238.5	166.5	43%	105.1	72.7	45%	343.6	239.2	44%

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

Product area	GARO Sweden			GARO International			Total		
	Jan–Jun 2021	Jan–Jun 2020	growth, %	Jan–Jun 2021	Jan–Jun 2020	growth, %	Jan–Jun 2021	Jan–Jun 2020	growth, %
Electrical distribution products	149.1	132.4	13%	114.5	96.2	19%	263.6	228.6	15%
E-mobility	168.1	79.3	112%	44.3	41.4	7%	212.4	120.7	76%
Project business	87.0	94.8	-8%	26.1	15.5	68%	113.1	110.3	3%
Temporary Power	40.7	24.4	67%	2.8	2.6	8%	43.5	27.0	61%
Total	444.9	330.9	34%	187.7	155.7	21%	632.6	486.6	30%

INCOME FROM CUSTOMERS BASED ON GEOGRAPHIC LOCATION (JAN–JUN)

Geographic location	GARO Sweden			GARO International			Total		
	Jan–Jun 2021	Jan–Jun 2020	growth, %	Jan–Jun 2021	Jan–Jun 2020	growth, %	Jan–Jun 2021	Jan–Jun 2020	growth, %
Sweden	412.6	322.3	28%	0	0		412.6	322.3	28%
Norway	0	0		81.8	82.9	-1%	81.8	82.9	-1%
Ireland	0	0		63.1	50.0	26%	63.1	50.0	26%
Finland	0	0		21.5	14.4	49%	21.5	14.4	49%
Other countries	32.3	8.6	280%	21.3	8.4	154%	53.6	16.9	217%
Total income from customers	444.9	330.9	34%	187.7	155.7	21%	632.6	486.6	30%

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 238.5 for the second quarter, compared with MSEK 166.5 for the same quarter last year. The business area reported growth in all product areas except for the Project business, with a total growth of 43% compared with last year.

EBIT for the quarter improved to MSEK 36.5 (18.6) and the EBIT margin amounted to 15.3% (11.2). The margin improved primarily as a result of increased sales volumes and a favorable product mix.

The number of employees at the end of the period was 261 (240). Resources have primarily been strengthened within production and sales as well as service and support. In addition, GARO has contracted around 50 temporary personnel in production.

PRODUCT AREAS

Sales in the Electrical distribution products product area increased 17% during the quarter compared with the same quarter last year. The rate of new construction and the pace of the renovation sector have remained favorable during the quarter, which has driven sales in the product area. The underlying market as a whole is assessed to be unchanged compared with 2020, which indicates that GARO has captured market shares in the Electrical distribution products product area. An increased sales volume has been noted in all underlying product groups.

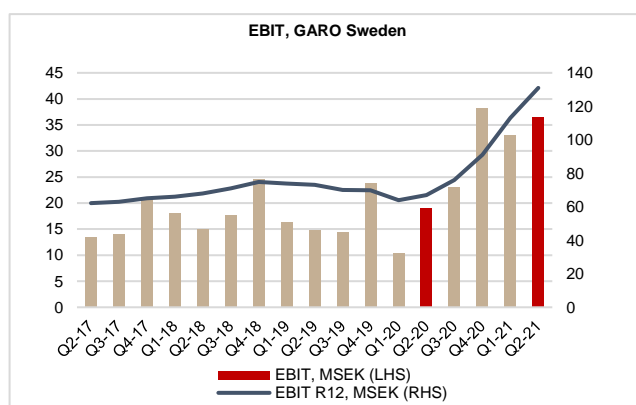
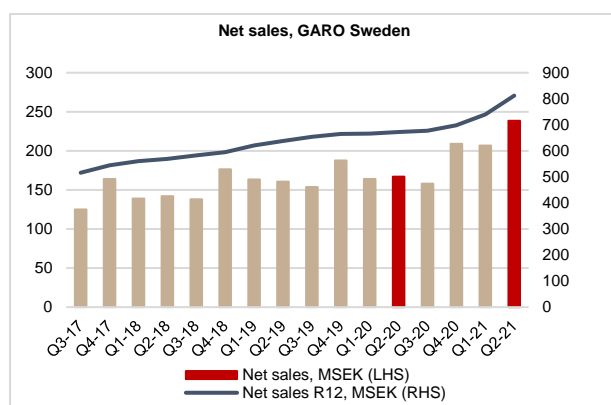
Net sales in the Project business product area decreased 4% compared with the same quarter in 2020 since the market for complete solutions remained cautious during the quarter. However, GARO sees a continued high demand for customer-tailored distribution cabinets, cable cabinets and switchgears.

Sales in the Temporary Power product area increased 142%. 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 7.

GARO Sweden		Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	R12	Jan–Dec
Key figures		2021	2020	2021	2020		2020
Net sales	MSEK	238.5	166.5	444.7	330.9	811.8	698.0
Growth	%	43	4	34	2	21	5
EBIT	MSEK	36.5	18.6	69.3	28.9	130.6	90.2
EBIT margin	%	15.3	11.2	15.6	8.7	16.1	12.9
Investments	MSEK	13.5	17.0	21.3	24.5	38.9	42.1
Depreciation	MSEK	7.7	5.7	14.6	11.0	26.3	22.6
Number of employees		261	240	261	240	245	240

For definitions of key figures, see page 19



GARO INTERNATIONAL

NET SALES AND EARNINGS

Net sales in the GARO International business area increased 44% compared with the same quarter in 2020 and amounted to MSEK 105.1 (72.7) for the quarter. Growth was strong in all 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 Ireland, Finland and in the UK, where GARO's investments began to yield results.

The production facility in Poland has maintained a healthy utilization rate for the quarter, creating economies of scale as a result of higher volumes.

EBIT for the quarter amounted to MSEK 18.6 (11.7) and the EBIT margin amounted to 17.7% (16.1).

The number of employees at the end of the period was 191 (168). Resources have primarily been strengthened within production in Poland and within sales in the UK.

PRODUCT AREAS

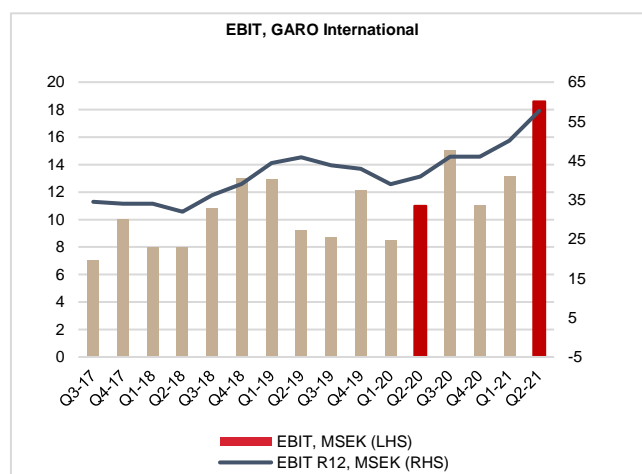
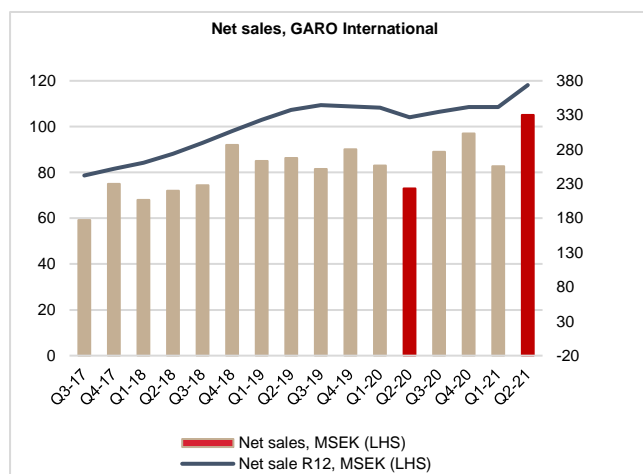
Sales in the product areas Electrical distribution products and Project business noted growth of 43% and 96% respectively as a result of market recoveries and several deliveries made to housing projects. Temporary Power reported growth of 40%, mainly as a result of rental companies once again starting to invest in products for renting.

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

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

GARO International		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	R12	Jan-Dec
Key figures		2021	2020	2021	2020		2020
Net sales	MSEK	105.1	72.7	187.7	155.6	374.5	342.4
Growth	%	44	-16	21	-9	14	0
EBIT	MSEK	18.6	11.7	31.7	20.2	57.4	46.0
EBIT margin	%	17.7	16.1	16.9	13.0	15.3	13.4
Investments	MSEK	1.5	0.3	2.1	1.9	3.4	3.2
Depreciation	MSEK	1.1	1.1	2.1	2.2	4.3	4.4
Number of employees		191	168	191	168	178	172

For definitions of key figures, see page 19.



Product area GARO E-mobility

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

After the end of the quarter, Niklas Rönnäng was appointed CEO of GARO E-mobility AB to further strengthen the fast-growing E-mobility product area. The position also entails Group responsibility for the 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 lead GARO's continued growth in E-mobility. Niklas will assume his role at GARO on January 1, 2022.

GARO SWEDEN

Sales in the E-mobility product area amounted MSEK 94.1 (44.0), an increase of 114% compared with the same quarter last year. Demand was high throughout the entire product range and particularly high for AC chargers. 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 second quarter, 30,000 new rechargeable vehicles were registered, an increase of 89% compared with the same quarter last year. The number of public charging stations in June 2021 amounted to over 13,300 (elbilsstatistik.se). 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 demand from and 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 also performed well during the first half of the year 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. Sales in the E-mobility product area increased 30% during the quarter, driven by strong growth in Finland, Ireland and the UK. A 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. 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.

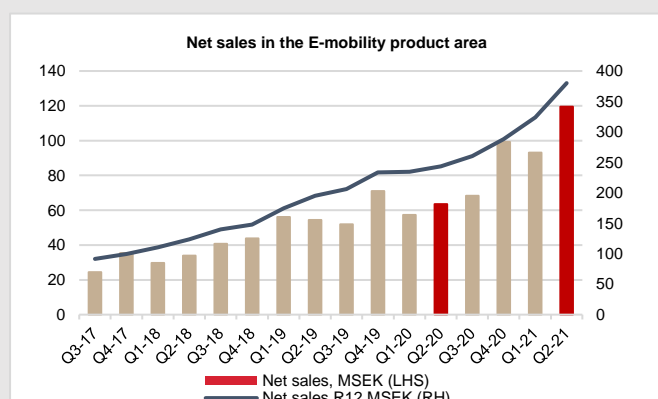
GARO has continued to invest in the UK during the year, where a subsidiary with sales personnel was established at the end of 2019. GARO is experiencing strong interest for the company's products and services in this market that is reporting rapid growth, particularly in charging infrastructure.

PRODUCT OFFERING AND SYNERGY EFFECTS

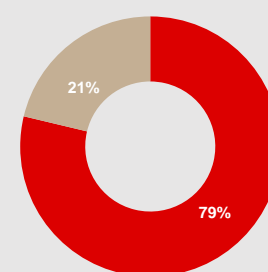
GARO, which has been a leading company in E-mobility since 2008, offers a broad product portfolio containing everything from wall boxes for the home and workplace to public charging poles and fastchargers, as well as service and support. GARO sells some of the market's most innovative and advanced products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

During the quarter, GARO launched the Atle product, a fastcharger with an output power of 24kW, which enables efficient charging in environments that place high demands on quality and functions. The Atle fastcharger has been in particular demand both in the UK and Norway.

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 quarter.



Allocation of net sales in E-mobility by business area, Jan–Jun 2021



■ GARO Sweden ■ GARO International

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.

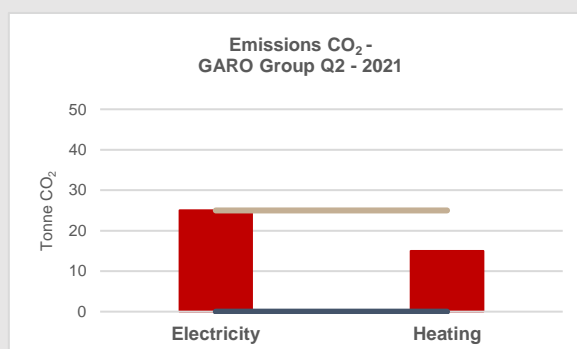
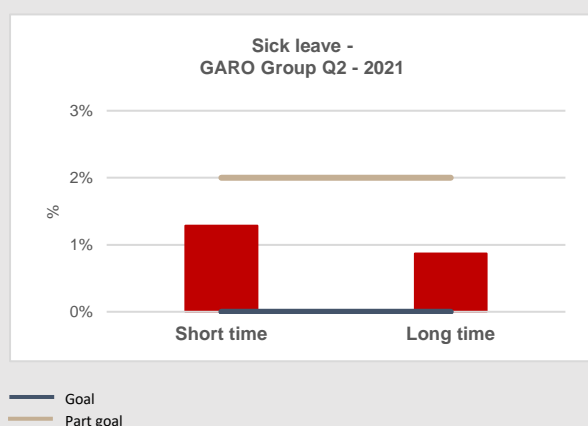
COLLABORATION WITH SUPPLIERS

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.

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 second quarter amounted to MSEK 123.5 (148.5). Of this amount, MSEK 34.7 (44.0) comprised internal sales to other Group companies. EBIT for the quarter amounted to MSEK 15.4 (14.1).

GARO's financial targets

<p>Sales growth</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>2</td><td>10</td></tr><tr><td>R12</td><td>19</td><td>10</td></tr></table>	Year	Growth, %	Goal, %	2017	21	10	2018	13	10	2019	12	10	2020	2	10	R12	19	10
Year	Growth, %	Goal, %																	
2017	21	10																	
2018	13	10																	
2019	12	10																	
2020	2	10																	
R12	19	10																	
<p>Profitability</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>Return</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>25</td><td>20</td></tr><tr><td>2020</td><td>22</td><td>20</td></tr><tr><td>R12</td><td>35</td><td>20</td></tr></table>	Year	Return on Equity, %	Goal, %	2017	38	20	2018	30	20	2019	25	20	2020	22	20	R12	35	20
Year	Return on Equity, %	Goal, %																	
2017	38	20																	
2018	30	20																	
2019	25	20																	
2020	22	20																	
R12	35	20																	
<p>Equity ratio</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>50</td><td>30</td></tr><tr><td>2020</td><td>58</td><td>30</td></tr><tr><td>R12</td><td>58</td><td>30</td></tr></table>	Year	Equity ratio, %	Goal, %	2017	48	30	2018	52	30	2019	50	30	2020	58	30	R12	58	30
Year	Equity ratio, %	Goal, %																	
2017	48	30																	
2018	52	30																	
2019	50	30																	
2020	58	30																	
R12	58	30																	
<p>Dividend policy</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>48</td><td>50</td></tr><tr><td>2018</td><td>48</td><td>50</td></tr><tr><td>2019</td><td>1</td><td>50</td></tr><tr><td>2020</td><td>50</td><td>50</td></tr></table>	Year	Dividend, %	Goal, %	2016	50	50	2017	48	50	2018	48	50	2019	1	50	2020	50	50
Year	Dividend, %	Goal, %																	
2016	50	50																	
2017	48	50																	
2018	48	50																	
2019	1	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. 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 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 1–20, 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 report has not been reviewed by the company's auditors.

ASSURANCE BY THE BOARD AND CEO

The CEO and Board assure that this interim report provides a fair review of the Group's and Parent Company's operations, financial position and earnings, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Gnosjö, August 12, 2021

GARO AB (publ), (Corp. ID. No. 556051-7772)

Rickard Blomqvist	Johan Paulsson	Susanna Hilleskog	Ulf Hedlundh	Martin Ahltén
Chairman	Board member	Board member	Board member	Board member

Mari-Katharina Kadowaki	Lars-Åke Rydh	Jonas Lohtander	Patrik Andersson
Board member	Board member	Employee representative	President and CEO

This information is such information that GARO aktiebolag is obligated to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was published by the abovementioned contact persons on August 12, 2021, at 8:30 a.m. CEST.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	R12	Jan–Dec 2020
Amount in MSEK						
Operating income						
Net sales	341.2	238.3	631.8	486.6	1,185.1	1,039.8
Other operating income	1.0	2.7	2.2	4.9	5.2	8.0
Total operating income	342.2	241.0	634.0	491.5	1,190.3	1,047.8
Operating expenses						
Raw materials and consumables	-166.1	-115.7	-309.9	-250.3	-588.4	-528.8
Other external expenses	-40.4	-27.0	-73.5	-58.4	-138.7	-123.7
Personnel expenses	-71.9	-61.2	-132.9	-120.5	-244.6	-232.2
Depreciation/amortization of tangible and intangible assets	-8.8	-6.8	-16.7	-13.1	-30.5	-26.9
Other operating expenses	0	0	0	0	0	0
EBIT	55.1	30.3	101.0	49.1	188.0	136.2
Result from financial items						
Net financial income/expenses	-2.1	-6.8	-0.7	-7.3	-6.7	-13.1
Profit before tax	53.0	23.6	100.2	41.9	181.2	123.1
Income tax	-10.5	-5.5	-19.3	-9.3	-37.8	-27.7
Net income	42.6	18.1	80.9	32.6	143.4	95.3
Other comprehensive income:						
Items that may be reclassified to the income statement						
Translation differences	0.4	-4.4	1.4	-3.2	-3.3	-7.7
Other comprehensive income, net	0.4	-4.4	1.4	-3.2	3.3	-7.7
Total comprehensive income for the year	43.0	13.7	82.2	29.4	140.1	87.6
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company.						
Key ratios per share¹						
Average number of shares	50,000,000	10,000,000	50,000,000	10,000,000	50,000,000	10,000,000
Earnings per share, before and after dilution, SEK	0.85	0.36	1.62	0.65	2.87	1.91

¹⁾ During the quarter, GARO completed a 5:1 share split. All share data has been recalculated with the new number of shares. For more information, see pages 4 and 12.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amount in MSEK	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS			
Fixed assets			
Intangible assets	101.3	82.2	93.6
Tangible assets	145.8	146.1	140.4
Financial assets	4.4	7.1	6.2
Total fixed assets	251.5	235.4	240.2
Current assets			
Inventories	205.8	181.2	182.5
Accounts receivable	316.9	211.4	238.6
Other current receivables	20.0	19.6	12.6
Cash and cash equivalents	11.7	14.9	69.4
Total current assets	554.4	427.1	503.1
TOTAL ASSETS	805.9	662.5	743.3
EQUITY AND LIABILITIES			
Share capital	20.0	20.0	20.0
Other reserves	2.9	2.9	2.9
Other equity including net income for the period	442.1	349.4	407.4
Total equity	465.0	372.3	430.3
Long-term liabilities			
Liabilities to credit institutions	27.7	33.2	30.3
Lease liabilities	28.2	30.9	28.2
Other provisions	5.2	2.2	3.7
Deferred tax liabilities	0.4	0.4	0.5
Total long-term liabilities	61.5	66.7	62.7
Short-term liabilities			
Liabilities to credit institutions	12.5	12.8	12.3
Lease liabilities	10.0	8.7	9.9
Accounts payable	136.0	100.2	124.0
Other short-term liabilities	120.9	101.8	104.1
Total short-term liabilities	279.4	223.5	250.3
TOTAL EQUITY AND LIABILITIES	805.9	662.5	743.3

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
Closing equity, December 31, 2020	20.0	-2.9	413.2	430.3
Equity at January 1, 2021	20.0	-2.9	413.2	430.3
Net income for the period			80.9	80.9
Other comprehensive income for the period		1.4	0	1.4
Dividend to shareholders			-47.5	-47.5
Currency effects			-0.1	-0.1
Closing equity, June 30, 2021	20.0	-1.5	446.5	465.0

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	R12	Jan–Dec 2020
Amount in MSEK						
Operating activities						
Cash flow from operating activities						
before changes in working capital	53.5	28.3	100.4	40.4	179.7	119.8
Cash flow from changes in working capital	-48.0	-17.7	-78.3	-38.6	-72.6	-32.9
Cash flow from operating activities	5.5	10.6	22.1	1.8	107.1	86.9
Investing activities						
Investments in intangible assets	-6.0	-4.7	-13.0	-10.4	-27.3	-24.6
Acquisition of subsidiaries	0	-5.7	0	-5.7	0	-5.7
Investments in tangible assets	-9.1	-6.8	-10.4	-10.2	-15.1	-15.0
Disposal of tangible assets	0	0	0	0	0	0
Cash flow from investing activities	-15.1	-17.2	-23.4	-26.3	-42.4	-45.3
Financing activities						
Net borrowing/amortization of loans	3.2	4.9	-3.3	3.8	-9.0	-1.9
Amortization of lease liability	-3.0	-2.6	-5.8	-4.9	-11.5	-10.8
Dividend paid to shareholders	-47.5	0	-47.5	0	-47.5	0
Cash flow from financing activities	-47.3	2.3	-56.6	-1.1	-68.0	-12.7
Cash flow for the period	-56.9	-4.3	-57.9	-25.6	-3.2	28.9
Currency effect in cash and cash equivalents	-0.3	-0.4	0.2	-0.3	0	-0.3
Cash and cash equivalents, start of the period	68.9	19.6	69.4	40.8	14.9	40.8
Cash and cash equivalents, end of the period	11.7	14.9	11.7	14.9	11.7	69.4

CONDENSED PARENT COMPANY INCOME STATEMENT*

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Amount in MSEK					
Operating income					
Net sales	123.5	148.5	219.0	290.5	622.0
Other operating income	1.3	5.6	2.8	10.7	19.4
Total income	124.8	154.2	221.8	301.2	641.4
Operating expenses					
Raw materials and consumables	-67.5	-90.7	-136.0	-185.6	-383.3
Other external expenses	-14.5	-15.5	-5.8	-31.4	-68.0
Personnel expenses	-26.1	-31.9	-48.8	-60.3	-113.0
Depreciation/amortization of tangible and intangible assets	-2.8	-3.0	-5.5	-5.8	-12.3
Other operating expenses	1.4	1.0	2.8	1.9	4.2
EBIT	15.4	14.1	28.6	20.0	69.0
Result from financial items					
Profit from participations in Group companies	0	0	0	0	13.3
Net interest income and similar items	-0.1	0.2	1.4	1.0	2.0
Net interest expenses and similar items	-0.5	-3.8	0.7	-3.2	-7.2
Profit before tax	14.8	10.5	30.7	17.8	77.1
Appropriations	0	0	0	0	6.0
Income tax	-3.1	-2.8	-5.8	-3.8	-14.5
Net income	11.7	7.7	24.9	14.0	68.6

*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	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS			
Fixed assets			
Intangible assets	34.1	37.6	49.4
Tangible assets	45.4	50.8	47.1
Participations in Group companies	79.3	53.2	79.3
Other financial assets	57.9	25.7	30.6
Total fixed assets	216.7	167.2	206.4
Current assets			
Inventories	36.1	68.3	66.8
Accounts receivable	80.6	98.9	119.1
Other receivables	121.2	99.6	90.2
Cash and bank balances	5.1	10.2	64.0
Total current assets	243.0	277.0	340.1
TOTAL ASSETS	459.7	444.2	546.5
EQUITY AND LIABILITIES			
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	230.3	216.1	252.9
Total equity	288.8	256.8	311.4
Untaxed reserves	0	0	0
Provisions	1.3	3.0	4.2
Long-term liabilities			
Liabilities to credit institutions	12.0	15.4	13.7
Total long-term liabilities	12.0	15.4	13.7
Short-term liabilities			
Short-term interest-bearing liabilities	3.3	3.4	3.3
Short-term non-interest-bearing liabilities	154.3	165.7	213.8
Total short-term liabilities	157.6	169.0	217.1
TOTAL EQUITY AND LIABILITIES	459.7	444.2	546.5

*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	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
Business area information	2021	2020	2021	2020	2021	2020	2021	2020
Sales								
Total net sales	292.7	212.4	178.4	130.2	-127.5	-103.4	343.6	239.2
Internal net sales	-54.2	-45.9	-73.3	-57.5	127.5	103.4	0	0
External net sales	238.5	166.5	105.1	72.7	0	0	343.6	239.2
EBIT	36.5	18.6	18.6	11.7	0	0	55.1	30.3
Net financial income/expenses							-2.1	-6.8
Tax expense for the year							-10.5	-5.5
Net income for the year							42.6	18.1

GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES

		Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun					
		2021	2020	2021	2020	R12	2020	2019	2018	2017
Net sales	MSEK	341.2	238.3	631.8	486.6	1,185.1	1,039.8	1,008.1	903.7	796.0
Growth	%	43	-4	30	-2	19	3	12	13	21
EBITDA	MSEK	63.9	37.1	117.7	62.2	218.6	163.2	134.9	128.8	110.3
EBITDA margin	%	18.7	15.6	18.6	12.8	18.4	15.7	13.4	14.3	13.9
EBIT	MSEK	55.1	30.3	101.0	49.1	188.0	136.2	112.6	113.8	98.1
EBIT margin	%	16.1	12.7	16.0	10.1	15.9	13.1	11.2	12.6	12.3
Earnings per share, before and after dilution ¹	SEK	0.85	0.36	1.62	0.65	2.87	1.91	1.71	1.65	n/a
Equity per share ¹	SEK	9.30	7.45	9.30	7.45	9.30	8.61	6.86	5.92	5.05
Return on equity*	%	34.3	22.3	34.3	22.3	34.3	24.7	26.8	31.2	38.3
Investments	MSEK	15.1	17.3	23.4	26.3	42.3	45.3	33.4	22.7	51.4
Depreciation	MSEK	8.8	6.8	16.7	13.1	30.5	26.9	22.3	15.0	12.2
Equity ratio	%	57.7	56.2	57.7	56.2	57.7	57.9	52.2	52.4	47.3
Net debt ²	MSEK	66.8	70.7	66.8	70.7	66.8	11.3	45.6	45.7	56.1
Net debt/EBITDA*	multiple	0.3	0.5	0.3	0.5	0.3	0.1	0.3	0.4	0.5
Number of employees		452	408	452	408	423	412	421	402	376

*For definitions of key figures, see page 19

¹⁾ During the quarter, GARO completed a 5:1 share split. All share data has been recalculated with the new number of shares. For more information, see pages 4 and 12.

²⁾ Net debt includes lease liabilities in accordance with IFRS 16.

QUARTERLY FIGURES

Consolidated income statement	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2021	2021	2020	2020	2020	2020	2019	2019	2019	2019	2018	2018
Net sales	341.2	290.6	306.3	247.0	238.3	248.3	277.8	235.2	246.7	248.4	268.4	212.7
Operating expenses	-286.1	-244.7	-256.8	-209.5	-208.0	-229.5	-242.0	-211.5	-222.8	-219.2	-230.9	-184.2
EBIT	55.1	45.9	49.5	37.5	30.3	18.8	35.9	23.6	24.0	29.2	37.5	28.5
Net financial income/expenses	-2.1	1.3	-4.6	-1.3	-6.8	-0.5	-2.5	-0.8	-0.5	1.4	-1.3	-2.8
Profit before tax	53.0	47.2	45.0	36.3	23.6	18.3	33.3	22.8	23.5	30.6	36.2	25.7
Tax	-10.5	-8.9	-10.5	-7.9	-5.5	-3.8	-8.7	-4.9	-5.0	-5.7	-10.7	-3.0
Net income	42.6	38.3	34.4	28.3	18.1	14.6	24.6	17.9	18.4	24.8	25.5	22.7

Net sales per business area	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2021	2021	2020	2020	2020	2020	2019	2019	2019	2019	2018	2018
GARO Sweden	238.5	206.2	208.7	158.4	166.5	164.4	187.7	153.7	160.4	163.4	176.4	138.3
GARO International	105.1	82.7	98.2	88.5	72.7	82.9	90.1	81.5	86.3	85.0	92.0	74.4
Total Group	343.6	288.9	306.9	246.9	239.3	247.3	277.8	235.2	246.7	248.4	268.4	212.7

EBIT per business area	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2021	2021	2020	2020	2020	2020	2019	2019	2019	2019	2018	2018
GARO Sweden	36.5	32.8	38.3	23.0	18.6	10.3	23.8	14.9	14.8	16.3	24.5	17.7
GARO International	18.6	13.1	11.2	14.5	11.7	8.5	12.1	8.7	9.2	12.9	13.0	10.8
Total Group	55.1	45.9	49.5	37.5	30.3	18.8	35.9	23.6	24.0	29.2	37.5	28.5

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 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 August 12, 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: 827 789

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

FOR MORE INFORMATION, PLEASE CONTACT:

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

Helena Claesson, CFO: +46 70 676 07 50

FINANCIAL CALENDAR

Interim report July – September 2021 November 11, 2021

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.