

Interim Report January - September 2023

A weak quarter with low profitability – action program launched

JULY–SEPTEMBER 2023

- Net sales amounted to MSEK 304.2 (317.0).
- Net sales declined 4% (+8).
- EBIT amounted to MSEK 5.3 (37.4).
- EBIT margin amounted to 1.7% (11.8).
- Net income was MSEK -9.4 (26.6).
- Earnings per share² amounted to SEK -0.19 (0.53).

JANUARY–SEPTEMBER 2023

- Net sales amounted to MSEK 1,060.4 (1,048.7).
- Net sales increased 1% (13).
- EBIT amounted to MSEK 51.2 (143.8).
- EBIT margin amounted to 4.8% (13.7).
- Net income was MSEK 31.3 (113.6).
- Earnings per share² amounted to SEK 0.63 (2.27).

SIGNIFICANT EVENTS DURING THE QUARTER

- Framework agreement signed with E.ON Drive Infrastructure covering products and solutions for public charging in Europe.
- GARO Entity Pro has completed approved third-party certification (Tüv Syd, Germany) pursuant to international charging standards.
- Several GARO E-mobility products are now approved according to Germany's Eichrecht calibration law and available for sale on the German market.
- In September, an action and efficiency program was launched leading to approximately 45 redundancies in the Group.

| GARO GROUP KEY FIGURES ¹⁾ | Jul–Sep 2023 | Jul–Sep 2022 | +/- % | Jan–Sep 2023 | Jan–Sep 2022 | R12 | Jan–Dec 2022 |
|---|-----------------|-----------------|----------|-----------------|-----------------|---------|-----------------|
| Net sales, MSEK | 304.2 | 317.0 | -4 | 1,060.4 | 1,048.7 | 1,402.2 | 1,390.5 |
| EBITDA, MSEK | 18.5 | 45.6 | -59 | 86.8 | 169.1 | 106.5 | 188.8 |
| EBITDA margin, % | 6.1 | 14.4 | | 8.2 | 16.1 | 7.6 | 13.6 |
| EBIT, MSEK | 5.3 | 37.4 | -86 | 51.2 | 143.8 | 60.1 | 152.8 |
| EBIT margin, % | 1.7 | 11.8 | | 4.8 | 13.7 | 4.3 | 11.0 |
| Net income, MSEK | -9.4 | 26.6 | -136 | 31.3 | 113.6 | 38.1 | 120.5 |
| Earnings per share ² , SEK | -0.19 | 0.53 | -136 | 0.63 | 2.27 | 0.76 | 2.41 |
| Cash flow from operating activities, MSEK | 40.9 | 31.8 | | -9.3 | 76.2 | 3.8 | 89.2 |
| Investments, MSEK | 14.1 | 21.3 | | 90.4 | 54.5 | 156.0 | 120.1 |
| Depreciation, MSEK | 13.2 | 8.2 | | 35.6 | 25.2 | 46.4 | 36.0 |
| Equity ratio, % | 49.4 | 61.4 | | 49.4 | 61.4 | 49.4 | 53.2 |
| Equity per share ² , SEK | 12.2 | 12.0 | | 12.2 | 12.0 | 12.2 | 12.3 |
| Return on equity, % | 6.3 | 28.9 | | 6.3 | 28.9 | 6.3 | 20.7 |
| Return on capital employed, % | 8.4 | 32.5 | | 8.4 | 32.5 | 8.4 | 22.1 |
| Net debt (+) / net cash position (-), MSEK | 293.4 | 44.6 | | 293.4 | 44.6 | 293.4 | 143.7 |
| Net debt (+) / net cash position (-) excl. IFRS16, MSEK | 219.9 | 7.8 | | 219.9 | 7.8 | 219.9 | 65.2 |

¹⁾ For definitions of key figures, see page 21

²⁾ Earnings per share were not diluted, so earnings per share pertains to before and after dilution.

CEO PATRIK ANDERSSON'S COMMENTS ON THE QUARTER

A weak quarter with low profitability – action program launched

The GARO Group posted overall sales of MSEK 304, which is a decline of MSEK 13 year-on-year. Sales in the GARO E-mobility business area reported modest growth of 3% while sales in GARO Electrification declined 7%.

The supply of components is currently healthy and predictable in both business areas, which means that we have returned to delivery times in line with our internal objectives. This was particularly noticeable in GARO E-mobility, which has previously suffered from delivery delays.

EBIT amounted to MSEK 5 compared with MSEK 37 for the year-earlier quarter. The change of sales organization in Norway that began in the second quarter led to additional non-recurring costs of MSEK 3 in the quarter and MSEK 5 for the January to September period. The weak SEK against the EUR has continued to negatively impact material purchases since large purchases are made in EUR.

Our new production and logistics facility in Poland is complete and production has been relocated. The facility is strategically located for the rapidly growing European market in the GARO E-mobility business area, providing a considerable increase in capacity while we safeguard such aspects as the environment and sustainability. However, the relocation during the quarter resulted in non-recurring costs and lower initial productivity. Material flows have now been finely tuned and production volumes gradually ramped up. The process of divesting the existing facility has begun and is expected to be completed in the fourth quarter. The building is assessed to have a market value of MSEK 45.

GARO E-MOBILITY

Net sales in the GARO E-mobility business area amounted to MSEK 94, compared with MSEK 92 in the year-earlier quarter, providing moderate growth of 3%.

The restrained growth in the business area was partly the result of the delayed start of deliveries of GARO Entity Compact. Deliveries of GARO Entity Compact took place in October. Some of our major contract customers have had high volumes of GARO's products in inventory since the summer. This is a result of our previous delivery problem and long lead times from GARO with customers needing to secure their delivery capacity to end customers. We believe that these inventory effects will essentially lessen at the end of the fourth quarter.

During the quarter, GARO signed a framework agreement with E.ON Drive Infrastructure (EDRI) for public charging products and solutions for several countries in Europe.

The delivery start of GARO Entity Compact in October signaled the completion of the development project of new platforms for destination charging in GARO Entity. It has been a comprehensive, technically challenging and costly development project for GARO with product launch delays.

Since the first deliveries in May, we have now completed a number of updates with the aim of improving and simplifying the functionality and installation of GARO Entity. Additional functionalities and integration with third parties are being added on a continual basis.

Even if this type of complex project is costly, we now have a complete product program of wall boxes based on a modern technical platform that is built from our proprietary hardware and software.

- GARO Entity Pro is designed for public and semi-public charging and third-party certification in accordance with European standards.
- GARO Entity Compact is mainly designed for home charging and is somewhat smaller than Entity Pro, but has all the necessary safety functions and functionalities.

The new product program provides us with healthy prerequisites for expanded service sales and enables us to adapt to the needs of tomorrow and future customer requirements.

GARO ELECTRIFICATION

Net sales in the GARO Electrification business area amounted to MSEK 209 (224) in the quarter, which is a year-on-year decline of 7% or MSEK 15, where a weaker economy with rising interest rates has subdued the market. Construction of new single-family homes and apartments has declined significantly in the Nordic region. At the same time, we believe that new builds in the public sector, commercial properties and for industry remain healthy. The current market situation is expected to continue for a few years, which will likely lead to weaker demand for new residential and large property projects. We noted continued good sales in the Project business product area during the quarter, a product area that comes in late in the construction cycle. Demand in Ireland remains healthy.

GARO's synergies between the business areas are strong, particularly faced with times of sluggish demand in certain product areas.

ACTION AND EFFICIENCY PROGRAM

In September, we initiated an efficiency program to adapt the organization following the relocation of the production and logistics facility. The efficiency program has resulted in 45 employees in the Group leaving their positions, of whom 29 were in production and 16 were white-collar employees. The measures mostly concerned the GARO Electrification business area. In addition, all contracted services and temporary positions were terminated. The efficiency program is expected to cut personnel expenses by MSEK 30 and also includes several measures to strengthen the gross margin. The program is expected to come into full effect at the end of the fourth quarter. In addition, we have continued to focus considerably on cost control within the entire Group.

FOURTH QUARTER OUTLOOK

We believe that GARO E-mobility will post strong growth in the fourth quarter both sequentially and year-on-year, while GARO Electrification is expected to grow sequentially but report negative year-on-year growth. Overall, the Group's net sales for the fourth quarter are expected to be in line with last year.

MARKET CONDITIONS

The market for charging infrastructure is growing structurally with rising numbers of rechargeable vehicles, and we see a continuing strong trend with further expansion of the charging infrastructure in the European market. In Sweden, but also in the rest of the Nordic region, the construction of housing has declined considerably and new production of single-family homes and apartments is expected to be weak for several quarters moving forward. On the other hand, demand for other commercial and public construction, combined with renovation requirements and energy efficiency enhancements, remains relatively favorable. All in all, we have a positive view of long-term market conditions, mainly driven by growth in charging infrastructure and its requirements for power supply.

Patrik Andersson

President and CEO

Earnings

NET SALES

Net sales for the third quarter amounted to MSEK 304.0 (317.0), down 4% year-on-year. Sales in the GARO E-mobility business area reported modest growth of 3% while sales in GARO Electrification declined 7%. Net sales for the January to September 2023 period amounted to MSEK 1,060.4 (1,048.7) corresponding to growth of 1% compared with the year-earlier period.

| CHANGE IN NET SALES | Jul-Sep 2023 (MSEK) | Jul-Sep 2023 (%) | Jan-Sep 2023 (MSEK) | Jan-Sep 2023 (%) |
|-------------------------------------|------------------------|---------------------|------------------------|---------------------|
| Year-earlier period | 317.0 | | 1,048.7 | |
| Organic growth | -14.7 | -4 | 10.0 | 1 |
| Acquisitions and structural changes | 0 | | 0 | |
| Exchange-rate effects | 1.9 | 0 | 1.7 | |
| Current quarter | 304.2 | -4 | 1,060.4 | 1 |

For definitions of key figures, see page 21

EBIT

EBIT for the quarter declined to MSEK 5.3 (37.4) and the EBIT margin amounted to 1.7% (11.8). Weaker sales and a gross margin with higher purchase prices, lower productivity together with an organization build for growth are the main reasons behind the low EBIT. During the quarter, GARO relocated its production in Poland to the new facility, which initially lead to lower productivity and non-recurring costs. The change of the sales organization in Norway is continuing and has resulted in non-recurring costs in the quarter of MSEK 3 and for the January to September period a total of MSEK 5. The new sales organization in Norway will provide GARO with greater breadth in the Norwegian market. In addition, this will also lead to improved logistics with a greater share of sales at the wholesaler stage.

Negative currency effects impacted EBIT for the quarter by MSEK 0.6 compared with a negative effect of MSEK 3.1 in the preceding year.

Price increases were implemented in various product areas and markets during the quarter.

EBIT for the January to September period amounted to MSEK 51.2 (143.8) providing an EBIT margin of 4.8% (13.7). Negative currency effects in EBIT for the January to September period amounted to MSEK 14.8 compared with a negative effect of MSEK 11.5 in the preceding year.

NET INCOME

Net financial items amounted to MSEK -13 (-2.9) for the quarter and included currency effects from loans and hedging. Net interest income for the quarter amounted to MSEK -3.9 (-2.4). Currency effects attributable to revaluations in hedging amounted to MSEK -

1.8 (1.0) and for revaluations of financial assets amounted to MSEK -6.2 (-2.2).

Net income amounted to MSEK -9.4 (26.6) for the quarter, and earnings per share amounted to MSEK -0.19 (0.53). The tax expense amounted to MSEK 1.6 (7.9).

Net income for the January to September period amounted to MSEK 31.3 (113.6) and earnings per share amounted to MSEK 0.63 (2.27). The tax expense for the January to September period amounted to MSEK 13.8 (29.1) providing an average effective tax rate of 30.5% (20.4).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the quarter amounted to MSEK 40.9 (31.8). The year-on-year improvement for the quarter was mainly attributable to a lower result and change in accounts receivable and accounts payable. Capital tied up in component inventories remains high.

Cash flow from operating activities amounted to MSEK -9.3 (+76.2) for the January to September 2023 period. During the period, the first dividend payment of MSEK 20.0 (70.0) was distributed to shareholders. The second dividend payment of MSEK 20 will be paid in November.

Investments for the quarter amounted to MSEK 14.1 (21.3), of which MSEK 5.6 (6.7) pertained to product development. Investments for the January to September 2023 period amounted to MSEK 90.4 (54.5), of which MSEK 23.6 (22.7) pertained to product development. The total investment of the new production facility in Poland amounts to MSEK 101.

To date this year, right-of-use assets (leases and rental contracts) declined net by MSEK 7.2 (increase: 1.6).

LIQUIDITY AND FINANCIAL POSITION

The Group's net debt at the end of the period amounted to MSEK 293.4 (44.6). The Group's net debt excluding lease liabilities¹, which is to say effects of IFRS 16, amounted to MSEK 219.9 (7.8). Available liquidity in the Group, including unutilized overdraft facilities, amounted to MSEK 108.5 (142.7) and the equity ratio was 49.4% (61.4).

THE GARO SHARE

At the end of the period, the number of shares amounted to 50,000,000 (50,000,000). The average number of shares amounted to 50,000,000 (50,000,000) for the third quarter of 2023. On September 30, 2023, the share price closed at SEK 38.10 (98.15).

EVENTS AFTER THE END OF THE QUARTER

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.

The members appointed to the Nomination Committee until the 2024 Annual General Meeting are: Niklas Bogefors appointed by Lars Svensson, Johan Ståhl appointed by Svolder AB, Jan Andersson appointed by Swedbank Robur Funds and Rickard Blomqvist in his capacity as Chairman of GARO AB. Niklas Bogefors has been appointed as Chairman of the Nomination Committee.

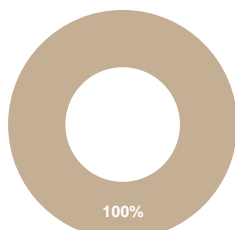
ANNUAL GENERAL MEETING

The 2024 Annual General Meeting will take place on Wednesday, May 14, 2024 in Hillerstorp, Sweden. Please visit www.garo.se for more information.

¹ For definitions of key figures, see page 21

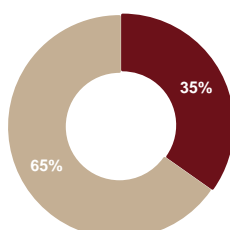
ALLOCATION OF NET SALES
Allocation of EBIT by business area, Jan–Sep 2023

■ GARO E-mobility ■ GARO Electrification



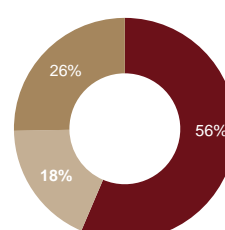
ALLOCATION OF EBIT
PER BUSINESS AREA, JAN-SEP 2023

■ GARO E-mobility ■ GARO Electrification

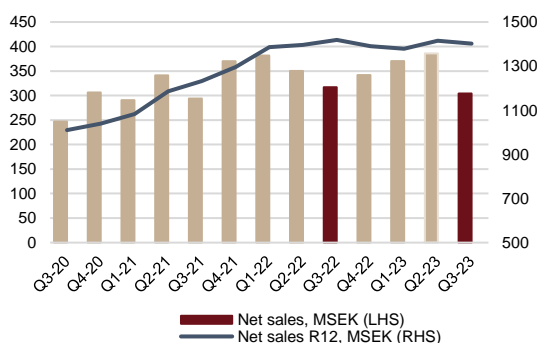


ALLOCATION OF NET SALES
BY GEOGRAPHIC AREA, JAN-SEP 2023

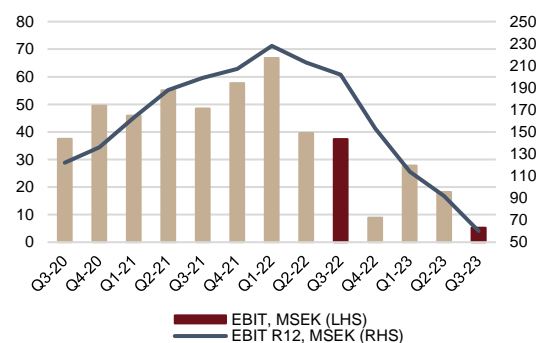
■ Sweden ■ Nordic region excl. Sweden ■ Europe excl. Nordic



NET SALES, GROUP



EBIT, GROUP



GARO's business areas

GARO divides its operations into two business areas: GARO E-mobility and GARO Electrification. GARO E-mobility consists of the E-mobility product area and GARO Electrification consists of the three product areas of Electrical distribution products, Project business & Temporary Power.

GARO E-mobility

NET SALES

Net sales in the GARO E-mobility business area amounted to MSEK 94,6, compared with MSEK 92,2 in the year-earlier quarter, providing growth of 3%.

On September 1, sales of the GARO Entity Compact wall box commenced. The wall box is primarily designed for charging at single-family homes. Unfortunately, disruptions in production have postponed deliveries, which is part of the reason for the modest growth in the quarter. In October, deliveries of GARO Entity Compact gradually commenced. Material supplies are otherwise healthy and predictable, which has resulted in GARO generally returning to normal delivery times. The previous long lead times has led to some customers accumulating larger inventories, leading to GARO reporting a temporary decline in order intake during the quarter.

Demand for public charging is the primary factor driving growth in the business area and GARO's sales to contract customers are increasing steadily and now comprise a larger year-on-year share of total sales. In parallel, DC charging sales almost doubled during the quarter, albeit from low volumes. Year-on-year sales in Sweden were lower while sales in Nordic region and other markets in Europe posted year-on-year growth of 70% and 60% respectively.

EARNINGS

EBIT for the quarter amounted to MSEK -15.3 (0.4) providing an EBIT margin of -16.2% (0.4). Low sales, a weaker gross margin and an organization that is built for growth are the main reasons behind the negative earnings. During the quarter, GARO also commenced campaign activities for wall boxes (GLB) built on previous platforms where sales are taking place at significantly lower margins. The negative currency effect in EBIT amounted to MSEK 1, which is in line with the year-on-year quarter.

The number of employees at the end of the period was 212 (212). During the quarter, GARO reduced the number of employees in production by a total of 15 positions in the facilities in Sweden and Poland as a result of an efficiency program. The program also enhances the efficiency of production flows.

GARO ENTITY

The delivery start of GARO Entity Compact in October signaled the completion of the development project of new platforms for destination charging, and the project is therefore complete. Since deliveries commenced in May, GARO has received relevant and valuable feedback from installation engineers and users; opinions that have generated a number of improvements that GARO has implemented through continual updates of software and apps.

A new version of the GARO Connect app was released in mid November, further simplifying the installation process for installation engineers and the management of continual operations for facility owners. The new version also came with new functionalities such as automatic controls for hourly rate and scheduling functions.

To meet market expectations, continual maintenance and the development of future functionalities is required. As such, GARO will face continual development expenditure and technological challenges moving forward, just as many other industry players. Moreover, the market for the business area is in a state of constant change with ever increasing regulatory requirements and the need for functionalities, which suits the GARO Entity platform. In the home charging market, which is currently price sensitive, high sales volumes in a broader market are required to achieve economies of scale and improve profitability. This is especially the case for GARO with our product program in large parts directed to the premium segment.

GARO E-MOBILITY'S OPERATIONS

During the quarter, GARO signed a framework agreement with E.ON Drive Infrastructure (EDRI). EDRI is a charge point operator that combines its electricity network development with the construction and operation of public charging infrastructure for electric cars and commercial vehicles in the expansion of charging infrastructure. The agreement covers the sales of products in public charging for countries in Europe and runs until 2027 with an extension option. EDRI's choice of GARO as a supplier confirms that our products

| GARO E-MOBILITY KEY FIGURES | | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 | R12 | Jan-Dec 2022 |
|-----------------------------|------|-----------------|-----------------|-----------------|-----------------|-------|-----------------|
| Net sales | MSEK | 94.6 | 92.1 | 369.0 | 341.5 | 449.3 | 421.8 |
| Growth | % | 3 | 1 | 8 | 13 | -5 | -3 |
| EBIT | MSEK | -15.3 | 0.4 | -4.2 | 34.0 | -25.1 | 13.1 |
| EBIT margin | % | -16.2 | 0.4 | -1.0 | 9.9 | -5.6 | 3.1 |
| Investments | MSEK | 13.8 | 19.4 | 84.6 | 52.2 | 126.2 | 93.8 |
| Depreciation | MSEK | 6.7 | 2.9 | 15.8 | 8.7 | 18.6 | 11.5 |
| Number of employees | | 212 | 212 | 212 | 212 | 216 | 213 |

For definitions of key figures, see page 21

maintain a high level of quality and safety, that we have good delivery capacity and have established operations with support and aftermarket.

GARO Entity Pro was third-party certified according to the international charging standards of Tüv Syd in Germany. This ensures that the product is quality assured and that it adheres to current directives, laws and standards in accordance with the stringent testing carried out during product development.

During the quarter, several products were also approved in accordance with the Eichrecht calibration law and are now available for sale for public charging in Germany. This represents a milestone for GARO since the German market requires public charging stations to comply with the Eichrecht regulations.

Lars Frieg was recruited as CEO for GARO's newly established market company in Germany. Lars's most recent position was at Elli, part of the Volkswagen Group, which is a supplier of energy and charging infrastructure solutions.

THE MARKET

The transition to a fossil-free society benefits GARO in light of the clear ambition in Europe to transition to fossil-free transportation is clear. The strong demand for electric and chargeable hybrid cars is driving the need for the rapid expansion of charging infrastructure in Europe through products for electric car charging at home, in public and at workplaces. There are currently about 30,000 public charging stations in Sweden. The target is to reach 250,000 by 2030, which will require a substantial increase in the pace of expansion. In 2022, there were more than 3 million rechargeable cars in Europe. This figure is expected to amount to 41 million by 2030, which would represent almost a 14-fold increase. Electric and chargeable hybrid cars accounted for 35% of the number of newly registered cars in Europe in 2022. However, the number of electric cars only amounted to about 1% of the total number of cars on the roads. This can be compared with Norway, the country that is at the forefront in the transition to more fossil-free vehicles and where electric cars accounted for 15.5% of the total number of cars during the same period. The country with the highest total number of electric cars is currently Germany, with over 1 million, while Norway, the Netherlands, Denmark and Sweden have the highest numbers of electric cars in terms of percent of total number of cars.

The market for home chargers is somewhat subdued due to the economy and high interest rates, and new car registrations by private

individuals are down on last year. The demand for charging stations for larger projects in locations such as commercial properties, public places and tenant-owner associations is high. However, ambitious SDGs are requiring the vehicle fleet to transition to becoming fossil free.

According to the agreement reached between the EU member states and the European Parliament in autumn 2022, all new cars sold in the EU will be zero-emission vehicles by 2035.

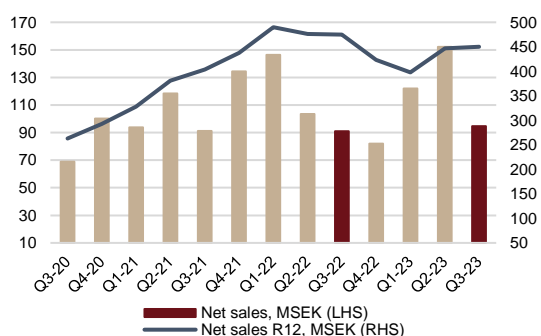
The market was impacted during the quarter by a decision by the European Council to adopt a regulation with clear guidelines for all member countries. The regulation sets the foundations for a cohesive network of public charging stations both for cars and for trucks throughout the EU, which is necessary for players in the transportation and construction sectors to transition their vehicle fleets. The regulation outlines compulsory national minimum targets for the expansion of infrastructure for alternative fuels. The directive means that charging stations must be present every 60 kilometers for cars and every 120 kilometers for trucks along the Trans-European Transport Network's core network. The agreement also places requirements on the operators of the charging stations. It is to be easy for customers to pay and receive price information in a clear and transparent manner.

Legislation in Sweden requires properties with more than ten parking places to have 20% of the places prepared for charging infrastructure and at least one parking place is to be equipped for electric car charging. When it comes to charging infrastructure at home, Norway and Sweden offer a widely-distributed charging infrastructure.

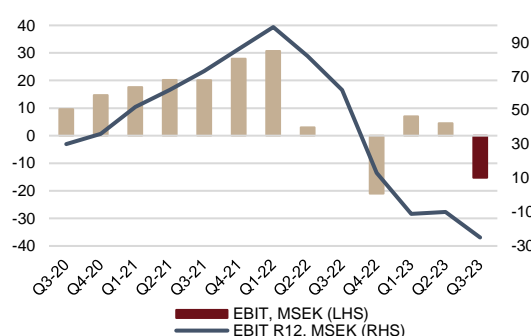
GARO'S SYNERGY EFFECTS

GARO currently has a very broad and strong product portfolio, which is a prerequisite for success in this rapidly growing industry. Together with the GARO Electrification business area, GARO E-mobility offers a complete solution from power supply to electric car charging. GARO E-mobility has a positive impact on sales of components in GARO Electrification and the Electrical distribution products product area as well as cable cabinets and energy supply in the Project business product area. This synergy effect between the business areas is a great advantage for customers and creates growth.

NET SALES, GARO E-MOBILITY



EBIT, GARO E-MOBILITY



GARO Electrification

NET SALES

Net sales amounted to MSEK 209.6 for the third quarter, compared with MSEK 224.9 for the year-earlier quarter, a decline of 7% attributable to the Electrical distribution products and Temporary Power product areas.

Sales for the Electrical distribution products product area declined MSEK 7 compared to the year-earlier quarter. Not surprisingly, demand for products related to the new construction of single-family homes and apartments is down sharply, particularly in Sweden and Norway. In parallel, there is good demand for products related to industry and the energy efficiency of buildings. Overall, sales of standard components such as security products and products for energy measurements and distribution cabinets have been positive. These products are used in new production and renovation as well as for energy efficiency enhancements of premises.

The market connected to the green transition is also assessed to be favorable, which is driving sales in several product groups.

The Project business product area, which is late in the construction cycle, continued to show good sales with growth of 3% compared to the year-earlier quarter. GARO is seeing continued healthy demand with a high delivery capacity combined with larger and more complex customer projects, a development that benefits GARO. However, the decline in new construction in general will impact sales in the product area moving forward.

Sales in the Temporary Power product area have slowed. Sales in this product area are primarily to customers in Sweden and it is now notable that several rental companies are cautious about investing in this type of product.

EARNINGS

EBIT for the quarter amounted to MSEK 20.6 (37.0) providing an EBIT margin of 9.8% (16.5). The lower EBIT is due to lower sales combined with a weaker gross margin, a result of lower productivity and higher purchase prices.

Due to price hikes on incoming materials and components, GARO aims to adjust prices for customers correspondingly, even though a delay impacted the margin during in the quarter.

The number of employees at the end of the period was 307 (308). An efficiency program was initiated during the quarter in part due to the completed relocation of the new production and logistics facility in Hillerstorp but also as a method to meet lower sales volumes of product used in new construction.

As a result of the program, the business area has reduced its number of employees by about 40, made up of both white-collar employees and employees under collective agreements, which will impact the fourth quarter. In addition, we have continued to focus considerably on cost control.

THE MARKET

The number of construction starts for single-family homes and apartments has declined substantially in Sweden and in most of the Nordic countries, and the forecast shows that this continue to impact the production rate of housing for the next few years. Continued demand for new construction in the public sector, commercial properties and for industry has been noted in parallel with a need for renovation and energy efficiency enhancements for existing properties. The market connected to energy efficiency enhancements and the green transition is assessed to be stable. However, these volumes will not fully compensate for lower volumes in new construction in the short term.

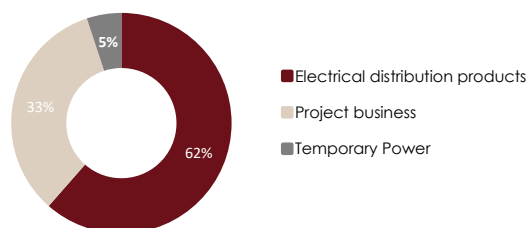
In the markets where GARO is active, there is a need for new housing and the long-term assessment is that the market will gain new momentum in the coming years when the financial situation has stabilized. In addition, the market for road and transport infrastructure development is growing, contributing to a strong demand for temporary electricity for construction sites.

ELECTRICAL DISTRIBUTION PRODUCTS, PROJECT BUSINESS, TEMPORARY POWER

During the quarter, sales commenced in Sweden and Finland of the new engine heater outlet GARO Entity Heat, which is built from the same platform as wall boxes. Deliveries commenced during the end of the quarter and are expected to lead to positive synergy effects between the business areas.

Synergy effects between business areas becomes especially important when faced with times of sluggish sales in certain areas. GARO's breadth of products and solutions are beneficial for customers and end users as the company is able to offer a complete solution with anything from power supply to connectable charging stations for EV charging

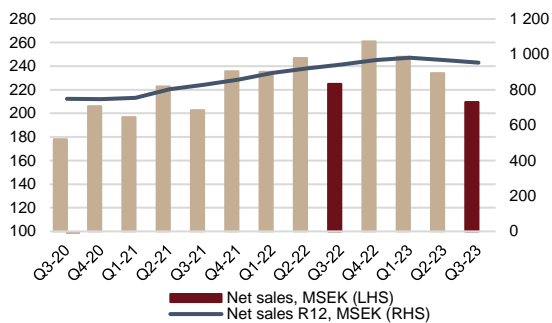
ALLOCATION OF NET SALES PER PRODUCT AREA January-September 2023



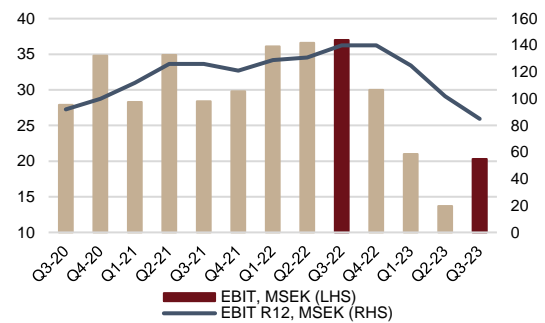
| GARO ELECTRIFICATION KEY FIGURES | | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 | R12 | Jan-Dec 2022 |
|----------------------------------|------|--------------|--------------|--------------|--------------|-------|--------------|
| Net sales | MSEK | 209.6 | 224.9 | 691.4 | 707.2 | 952.9 | 968.7 |
| Growth | % | -7 | 11 | -2 | 13 | 1 | 13 |
| EBIT | MSEK | 20.6 | 37.0 | 55.4 | 109.8 | 85.3 | 139.7 |
| EBIT margin | % | 9.8 | 16.5 | 8.0 | 15.6 | 8.9 | 14.4 |
| Investments | MSEK | 0.3 | 1.9 | 5.8 | 2.3 | 29.8 | 26.3 |
| Depreciation | MSEK | 6.5 | 5.3 | 19.8 | 16.5 | 27.8 | 24.5 |
| Number of employees | | 307 | 308 | 308 | 308 | 316 | 308 |

For definitions of key figures, see page 21

NET SALES, GARO ELECTRIFICATION



EBIT, GARO ELECTRIFICATION



Product development with a focus on safety

GARO is continually developing its customer offering in both of its business areas: GARO E-mobility and GARO Electrification. To ensure that the customer offering remains at the forefront and expands with smart products, considerable resources are invested in product development, primarily in destination charging.

Development is a basic prerequisite for continued expansion. In 2023, considerable focus is placed on further developing GARO Entity with new functions and services. GARO has a long history in the manufacturing of products for electrical installations and in focusing on the safety of these products. The trend we see now is for increased safety requirements from different players in the market, while regulations are becoming increasingly stringent for all types of electrical products.

GARO does not compromise when it comes to safety and the company delivers products and solutions that comply with laws and standards.



Sustainability

SUSTAINABILITY AT GARO

The Group bases its framework of GARO's sustainability work on two cornerstones: how proprietary operations are structured, and how the products contribute to the transition to an electrified society. GARO's operations are to be conducted in a sustainable manner in which all employees are to be offered safe and comfortable workplaces. The products and services that GARO provides create the preconditions for and enable the growth of a fossil-free society. Sustainability issues are a natural part of the Group's strategy which is characterized by operations with a long-term path that will help guide and structure sustainability activities at all levels of the company.

DURING THE QUARTER

In June, GARO's President and CEO Patrik Andersson participated in a national climate meeting hosted by the Swedish government. A forum convened on several occasions in 2023 with selected representatives from business, civil society, interest groups and

academia to gather expertise and to discuss challenges and opportunities for achieving the global SDGs.

During the quarter, one of GARO's longest-serving employees retired after 50 years. Committed, safe and healthy employees are important and a source of pride for the company.

GARO is continually strengthening its ambitions, knowledge and internal and external collaboration for sustainable products. With guidance from the GRI standards below, GARO is making preparations to report its environmental impact in the coming years.

- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standards (ESRS)
- The EU Taxonomy

Work has also commenced for Environmental Product Declarations (EPDs) in line with Eco-Passport and ISO 14067 for GARO Entity.

For more information about GARO's goals for a more sustainable future, refer to our 2022 Annual Report, pages 36–51.

Parent Company figures

The Parent Company's operations encompass the Electrical distribution products product area, development department, Group Management, certain Group-wide functions and the Group's finance function. Since January 1, 2023, certain customer transactions with associated production in GARO Electrification were internally transferred from the Parent Company to other companies in the Group. This impacted comparative figures in terms of both external and internal sales.

Net sales for the Parent Company in the third quarter amounted to MSEK 78.6 (111.9). Sales to other Group companies amounted to MSEK 11.7 (35.8). EBIT for the quarter amounted to MSEK 16.1 (18.9). Parent Company sales for the January to September 2023 period amounted to MSEK 268.1 (364.6). Parent Company sales to other Group companies for the January to September period amounted to MSEK 47.2 (114.6). EBIT amounted to MSEK 30.4 (61.8).

GARO's financial targets

| <p>SALES GROWTH Organic growth will amount to not less than 10% over a business cycle.</p> <p>TARGET ≥10%</p> | <table border="1"> <thead> <tr> <th>Year</th> <th>Growth, %</th> <th>Target, %</th> </tr> </thead> <tbody> <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>3</td> <td>10</td> </tr> <tr> <td>2021</td> <td>25</td> <td>10</td> </tr> <tr> <td>2022</td> <td>7</td> <td>10</td> </tr> <tr> <td>R12</td> <td>-2</td> <td>10</td> </tr> </tbody> </table> | Year | Growth, % | Target, % | 2018 | 12 | 10 | 2019 | 11 | 10 | 2020 | 3 | 10 | 2021 | 25 | 10 | 2022 | 7 | 10 | R12 | -2 | 10 |
|--|--|-----------|---------------------|-----------|------|----|----|------|----|----|------|----|----|------|----|----|------|----|----|-----|----|----|
| Year | Growth, % | Target, % | | | | | | | | | | | | | | | | | | | | |
| 2018 | 12 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2019 | 11 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2020 | 3 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2021 | 25 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2022 | 7 | 10 | | | | | | | | | | | | | | | | | | | | |
| R12 | -2 | 10 | | | | | | | | | | | | | | | | | | | | |
| <p>PROFITABILITY The EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.</p> <p>TARGET ≥10%</p> | <table border="1"> <thead> <tr> <th>Year</th> <th>EBIT margin, %</th> <th>Target, %</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>13</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>2021</td> <td>16</td> <td>10</td> </tr> <tr> <td>2022</td> <td>11</td> <td>10</td> </tr> <tr> <td>R12</td> <td>4</td> <td>10</td> </tr> </tbody> </table> | Year | EBIT margin, % | Target, % | 2018 | 13 | 10 | 2019 | 11 | 10 | 2020 | 13 | 10 | 2021 | 16 | 10 | 2022 | 11 | 10 | R12 | 4 | 10 |
| Year | EBIT margin, % | Target, % | | | | | | | | | | | | | | | | | | | | |
| 2018 | 13 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2019 | 11 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2020 | 13 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2021 | 16 | 10 | | | | | | | | | | | | | | | | | | | | |
| 2022 | 11 | 10 | | | | | | | | | | | | | | | | | | | | |
| R12 | 4 | 10 | | | | | | | | | | | | | | | | | | | | |
| <p>RETURN Return on equity will amount to not less than 20% over a business cycle.</p> <p>TARGET ≥20%</p> | <table border="1"> <thead> <tr> <th>Year</th> <th>Return on equity, %</th> <th>Target, %</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>32</td> <td>20</td> </tr> <tr> <td>2019</td> <td>27</td> <td>20</td> </tr> <tr> <td>2020</td> <td>25</td> <td>20</td> </tr> <tr> <td>2021</td> <td>34</td> <td>20</td> </tr> <tr> <td>2022</td> <td>20</td> <td>20</td> </tr> <tr> <td>R12</td> <td>8</td> <td>20</td> </tr> </tbody> </table> | Year | Return on equity, % | Target, % | 2018 | 32 | 20 | 2019 | 27 | 20 | 2020 | 25 | 20 | 2021 | 34 | 20 | 2022 | 20 | 20 | R12 | 8 | 20 |
| Year | Return on equity, % | Target, % | | | | | | | | | | | | | | | | | | | | |
| 2018 | 32 | 20 | | | | | | | | | | | | | | | | | | | | |
| 2019 | 27 | 20 | | | | | | | | | | | | | | | | | | | | |
| 2020 | 25 | 20 | | | | | | | | | | | | | | | | | | | | |
| 2021 | 34 | 20 | | | | | | | | | | | | | | | | | | | | |
| 2022 | 20 | 20 | | | | | | | | | | | | | | | | | | | | |
| R12 | 8 | 20 | | | | | | | | | | | | | | | | | | | | |
| <p>EQUITY RATIO The equity ratio will not be less than 30%.</p> <p>TARGET ≥30%</p> | <table border="1"> <thead> <tr> <th>Year</th> <th>Equity ratio, %</th> <th>Target, %</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>52</td> <td>30</td> </tr> <tr> <td>2019</td> <td>51</td> <td>30</td> </tr> <tr> <td>2020</td> <td>58</td> <td>30</td> </tr> <tr> <td>2021</td> <td>60</td> <td>30</td> </tr> <tr> <td>2022</td> <td>53</td> <td>30</td> </tr> <tr> <td>R12</td> <td>48</td> <td>30</td> </tr> </tbody> </table> | Year | Equity ratio, % | Target, % | 2018 | 52 | 30 | 2019 | 51 | 30 | 2020 | 58 | 30 | 2021 | 60 | 30 | 2022 | 53 | 30 | R12 | 48 | 30 |
| Year | Equity ratio, % | Target, % | | | | | | | | | | | | | | | | | | | | |
| 2018 | 52 | 30 | | | | | | | | | | | | | | | | | | | | |
| 2019 | 51 | 30 | | | | | | | | | | | | | | | | | | | | |
| 2020 | 58 | 30 | | | | | | | | | | | | | | | | | | | | |
| 2021 | 60 | 30 | | | | | | | | | | | | | | | | | | | | |
| 2022 | 53 | 30 | | | | | | | | | | | | | | | | | | | | |
| R12 | 48 | 30 | | | | | | | | | | | | | | | | | | | | |
| <p>DIVIDEND POLICY GARO's dividend will amount to approximately 50% of the Group's net earnings after tax. The dividend proposal must take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements.</p> <p>TARGET ≥50%</p> | <table border="1"> <thead> <tr> <th>Year</th> <th>Dividend, %</th> <th>Policy, %</th> </tr> </thead> <tbody> <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> <tr> <td>2021</td> <td>42</td> <td>50</td> </tr> <tr> <td>2022</td> <td>32</td> <td>50</td> </tr> </tbody> </table> | Year | Dividend, % | Policy, % | 2018 | 48 | 50 | 2019 | 48 | 50 | 2020 | 50 | 50 | 2021 | 42 | 50 | 2022 | 32 | 50 | | | |
| Year | Dividend, % | Policy, % | | | | | | | | | | | | | | | | | | | | |
| 2018 | 48 | 50 | | | | | | | | | | | | | | | | | | | | |
| 2019 | 48 | 50 | | | | | | | | | | | | | | | | | | | | |
| 2020 | 50 | 50 | | | | | | | | | | | | | | | | | | | | |
| 2021 | 42 | 50 | | | | | | | | | | | | | | | | | | | | |
| 2022 | 32 | 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 Electrification and GARO E-mobility. GARO has a broad product assortment and is a market leader within several product areas.

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

SEASONAL VARIATIONS

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

RISKS AND UNCERTAINTIES

GARO's risks and uncertainties are described in Note 3 on pages 70–72 of the 2022 Annual Report. The Annual Report is available at www.garogroup.se. At the time of writing, the situations in Ukraine and Gaza are not assessed to have any notable impact for the Group and its operations.

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. For definitions, see page 21.

RELATED-PARTY TRANSACTIONS

Related-party transactions take place in accordance with the principles described in the 2022 Annual Report. No related-party transactions have taken place to date in 2023 or for the full-year 2022.

ACCOUNTING POLICIES

GARO applies the International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act (1995:1554) and the recommendations and statements of the Swedish Financial Reporting Board in RFR 1. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34, 16A are presented in the financial statements and their notes in the interim information on pages 1–19, which constitute an integrated part of this financial statement. In addition, disclosures according to IAS 34.16A are presented in the financial statements and their notes as well as other parts of the interim report.

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 10, 2023

GARO AB

The Board of Directors

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, 2023 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 10, 2023

Ernst & Young AB

Joakim Falck
Authorized Public Accountant

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 | R12 | Jan-Dec 2022 |
|---|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
| Amount in MSEK | | | | | | |
| Operating income | | | | | | |
| Net sales | 304.2 | 317.0 | 1,060.4 | 1,048.7 | 1,402.2 | 1,390.5 |
| Other operating income | 1.7 | 0.3 | 2.7 | 1.3 | 2.8 | 1.4 |
| Total operating income | 305.9 | 317.3 | 1,063.1 | 1,050.0 | 1,405.0 | 1,391.9 |
| Operating expenses | | | | | | |
| Capitalized production costs | 0.4 | 1.0 | 2.5 | 4.0 | 3.9 | 5.4 |
| Raw materials and consumables | -170.2 | -169.5 | -594.4 | -544.9 | -776.9 | -727.4 |
| Other external expenses | -46.3 | -38.4 | -140.1 | -116.2 | -197.7 | -174.3 |
| Personnel expenses | -71.3 | -64.8 | -244.3 | -223.2 | -327.9 | -306.8 |
| Depreciation/amortization of tangible and intangible assets | -13.2 | -8.2 | -35.6 | -25.2 | -46.4 | -36.0 |
| EBIT | 5.3 | 37.4 | 51.2 | 143.8 | 60.0 | 152.8 |
| Result from financial items | | | | | | |
| Net financial income/expenses | -13.0 | -2.9 | -6.2 | -1.1 | -4.2 | 0.6 |
| Profit before tax | -7.8 | 34.5 | 45.0 | 142.7 | 55.8 | 153.4 |
| Income tax | -1.6 | -7.9 | -13.8 | -29.1 | -17.7 | -32.9 |
| Net income | -9.4 | 26.6 | 31.3 | 113.6 | 38.1 | 120.5 |
| Other comprehensive income: | | | | | | |
| Items that may be reclassified to the income statement | | | | | | |
| Translation differences | -7.7 | 4.6 | 4.9 | 5.0 | 9.0 | 10.6 |
| Other comprehensive income, net | -7.7 | 4.6 | 4.9 | 5.0 | 9.0 | 10.6 |
| Total comprehensive income for the period | -17.1 | 31.2 | 36.1 | 118.6 | 47.1 | 131.1 |
| Net income and total comprehensive income for the period is attributable to shareholders of the Parent Company. | | | | | | |
| Key ratios per share | | | | | | |
| Average number of shares | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |
| Earnings per share, before and after dilution, SEK | -0.19 | 0.53 | 0.63 | 2.27 | 0.76 | 2.41 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Amount in MSEK | Sep 30, 2023 | Sep 30, 2022 | Dec 31, 2022 |
|--|----------------|--------------|----------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | 139.7 | 123.4 | 127.7 |
| Tangible assets | 298.3 | 167.2 | 269.4 |
| Financial assets | 5.4 | 4.2 | 4.1 |
| Total fixed assets | 443.4 | 294.9 | 401.2 |
| Current assets | | | |
| Inventories | 396.6 | 319.7 | 344.9 |
| Accounts receivable | 292.1 | 299.3 | 321.1 |
| Other current receivables | 64.7 | 27.3 | 56.8 |
| Cash and cash equivalents | 10.7 | 38.7 | 29.5 |
| Total current assets | 764.1 | 685.0 | 752.3 |
| Assets for sale | 27.9 | 0 | 0 |
| TOTAL ASSETS | 1,235.4 | 979.9 | 1,153.5 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 20.0 | 20.0 | 20.0 |
| Other reserves | 14.6 | 4.1 | 9.7 |
| Other contributed capital | 1.5 | 1.5 | 1.5 |
| Other equity including net income for the period | 574.1 | 576.0 | 582.9 |
| Total equity | 610.2 | 601.6 | 614.1 |
| Long-term liabilities | | | |
| Liabilities to credit institutions | 42.3 | 22.0 | 36.6 |
| Lease liabilities | 57.9 | 26.5 | 62.4 |
| Other provisions | 7.8 | 8.6 | 9.0 |
| Deferred tax liabilities | 0 | 0.1 | 0 |
| Total long-term liabilities | 108.0 | 57.2 | 108.0 |
| Short-term liabilities | | | |
| Liabilities to credit institutions | 177.1 | 24.5 | 58.1 |
| Lease liabilities | 15.6 | 10.4 | 16.1 |
| Accounts payable | 176.8 | 146.3 | 187.4 |
| Other short-term liabilities | 136.5 | 139.9 | 169.8 |
| Total short-term liabilities | 506.0 | 321.1 | 431.4 |
| Liabilities directly attributable to assets for sale | 11.2 | 0 | 0 |
| TOTAL EQUITY AND LIABILITIES | 1,235.4 | 979.9 | 1,153.5 |

Changes to the company's structure (divestment of long-term investment)

In January 2022, GARO began the construction of a new production and logistics facility in Poland that is strategically located for the rapidly growing European market in the GARO E-mobility business area. The new facility was completed and commenced operations in July 2023, enabling a considerable increase in capacity while we safeguard aspects as the environment and sustainability.

In the third quarter, GARO began the process of divesting the previous production and logistics facility in Poland. The facility has a carrying amount of MSEK 27.9 with corresponding borrowings of MSEK 11.2. The building is assessed to have a market value corresponding to MSEK 45. It is GARO's ambition to carry out a divestment in the fourth quarter of 2023.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Equity attributable to shareholders in the Parent Company Amount in MSEK | Share capital | Reserves | Other contributed capital | Retained earnings | Total equity |
|--|----------------------|-----------------|----------------------------------|--------------------------|---------------------|
| Equity at January 1, 2022 | 20.0 | -0.9 | 0 | 532.4 | 551.5 |
| Net income for the period | | | | 113.6 | 113.6 |
| Other comprehensive income for the period | | 5.0 | | 0 | 5.0 |
| Warrant liquidity received | | | 1.5 | | 1.5 |
| Dividend paid to shareholders | | | | -70.0 | -70.0 |
| Closing equity, September 30, 2022 | 20.0 | 4.1 | 1.5 | 576.0 | 601.6 |
| Equity at January 1, 2023 | 20.0 | 9.7 | 1.5 | 582.9 | 614.1 |
| Net income for the period | | | | 31.2 | 31.2 |
| Other comprehensive income for the period | | 4.9 | | 0 | 4.9 |
| Dividend paid to shareholders | | | | -40.0 | -40.0 |
| Currency effects | | | | 0 | 0 |
| Closing equity, September 30, 2023 | 20.0 | 14.6 | 1.5 | 574.1 | 610.2 |

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

| | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 | R12 | Jan-Dec 2022 |
|---|---------------------|---------------------|---------------------|---------------------|---------------|---------------------|
| Amount in MSEK | | | | | | |
| Operating activities | | | | | | |
| Cash flow from operating activities before changes in working capital | -21.5 | 44.2 | 33.6 | 147.7 | 41.9 | 159.9 |
| Cash flow from changes in working capital | 62.4 | -12.4 | -42.9 | -71.5 | -38.1 | -70.7 |
| Cash flow from operating activities | 40.9 | 31.8 | -9.3 | 76.2 | 3.8 | 89.2 |
| Investing activities | | | | | | |
| Investments in intangible assets | -5.6 | -6.7 | -23.6 | -22.7 | -31.7 | -30.8 |
| Acquisition of subsidiaries | 0 | 0 | -1.1 | -0.9 | -1.1 | -0.9 |
| Investments in tangible assets | -8.5 | -14.6 | -66.7 | -30.9 | -125.1 | -89.3 |
| Disposal of tangible assets | 0 | 0 | 0 | 0 | 1.9 | 1.9 |
| Cash flow from investing activities | -14.1 | -21.3 | -91.4 | -54.5 | -156.0 | -119.1 |
| Financing activities | | | | | | |
| Net borrowing/amortization of loans | -27.4 | 12.7 | 111.8 | 11.5 | 158.4 | 58.1 |
| Amortization of lease liability | -2.1 | -2.7 | -10.6 | -8.3 | -14.3 | -12.0 |
| Warrant liquidity received | 0 | 0 | 0 | 1.5 | 0 | 1.5 |
| Dividend paid to shareholders | 0 | 0 | -20.0 | -70.0 | -20.0 | -70.0 |
| Cash flow from financing activities | -29.5 | -10.0 | 81.2 | -65.3 | 124.1 | -22.4 |
| Cash flow for the period | -2.7 | 20.5 | -19.5 | -43.6 | -28.1 | -52.3 |
| Currency effect in cash and cash equivalents | -0.4 | -0.7 | 0.7 | 0.7 | 0.1 | 0.2 |
| Cash and cash equivalents, start of the period | 13.8 | 18.9 | 29.5 | 81.6 | 38.7 | 81.6 |
| Cash and cash equivalents, end of the period | 10.7 | 38.7 | 10.7 | 38.7 | 10.7 | 29.5 |

CONDENSED PARENT COMPANY INCOME STATEMENT

| | Jul-Sep 2023 | Jul-Sep 2022 | Jan-Sep 2023 | Jan-Sep 2022 | Jan-Dec 2022 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount in MSEK | | | | | |
| Operating income | | | | | |
| Net sales | 78.6 | 111.9 | 268.1 | 364.6 | 498.4 |
| Other operating income | 21.4 | 15.4 | 61.0 | 48.0 | 65.1 |
| Total income | 100.0 | 127.3 | 329.1 | 412.6 | 563.5 |
| Operating expenses | | | | | |
| Raw materials and consumables | -49.9 | -71.4 | -178.8 | -227.1 | -310.1 |
| Other external expenses | -14.0 | -13.7 | -49.6 | -42.0 | -61.6 |
| Personnel expenses | -18.3 | -21.1 | -65.1 | -74.6 | -102.1 |
| Depreciation/amortization of tangible and intangible assets | -1.7 | -2.2 | -5.2 | -7.1 | -11.1 |
| EBIT | 16.1 | 18.9 | 30.4 | 61.8 | 78.6 |
| Result from financial items | | | | | |
| Profit from participations in Group companies | -0.3 | 0 | -1.1 | 0 | 2.8 |
| Net interest income and similar items | 5.6 | 1.5 | 12.4 | 6.5 | 10.4 |
| Net interest expenses and similar items | -5.0 | 0 | -1.7 | 0 | -0.8 |
| Profit before tax | 16.4 | 20.4 | 40.0 | 68.3 | 91.0 |
| Appropriations | 0 | 0 | 0 | 0 | 28.5 |
| Income tax | -3.7 | -4.2 | -8.4 | -14.0 | -24.4 |
| Net income | 12.7 | 16.2 | 31.6 | 54.3 | 95.1 |

The Parent Company does not have any items recognized as other comprehensive income which is why comprehensive income corresponds to net income. Since January 1, 2023, certain customer transactions with associated production in GARO Electrification were internally transferred from the Parent Company to other companies in the Group. This impacted comparative figures in terms of both external and internal sales.

CONDENSED PARENT COMPANY BALANCE SHEET

| Amount in MSEK | Sep 30, 2023 | Sep 30, 2022 | Dec 31, 2022 |
|---|--------------|--------------|--------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | 30.1 | 63.5 | 8.3 |
| Tangible assets | 30.3 | 35.5 | 33.8 |
| Participations in Group companies | 80.8 | 80.6 | 80.3 |
| Other financial assets | 176.4 | 62.8 | 75.8 |
| Total fixed assets | 317.6 | 242.4 | 198.2 |
| Current assets | | | |
| Inventories | 30.9 | 48.8 | 54.6 |
| Accounts receivable | 74.3 | 77.4 | 89.3 |
| Other receivables | 264.9 | 124.4 | 282.9 |
| Cash and bank balances | 0 | 33.0 | 5.9 |
| Total current assets | 370.1 | 283.6 | 432.7 |
| TOTAL ASSETS | 687.7 | 526.0 | 630.9 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 20.0 | 20.0 | 20.0 |
| Fund for internal development expenses | 23.1 | 40.5 | 6.1 |
| Statutory reserve | 2.6 | 2.6 | 2.6 |
| Non-restricted equity including net income for the period | 334.7 | 283.4 | 360.1 |
| Total equity | 380.4 | 347.9 | 388.8 |
| Provisions | 2.4 | 2.9 | 3.4 |
| Long-term liabilities | | | |
| Liabilities to credit institutions | 40.2 | 8.4 | 22.8 |
| Total long-term liabilities | 40.2 | 8.4 | 22.8 |
| Short-term liabilities | | | |
| Short-term interest-bearing liabilities | 98.4 | 2.6 | 3.0 |
| Short-term non-interest-bearing liabilities | 166.3 | 164.2 | 212.9 |
| Total short-term liabilities | 264.7 | 166.8 | 215.9 |
| TOTAL EQUITY AND LIABILITIES | 687.7 | 526.0 | 630.9 |

SALES AND EBIT BY BUSINESS AREA

| | GARO Electrification | | GARO E-mobility | | Elimination | | Group | |
|---|----------------------|--------------|-----------------|-------------|-------------|------------|--------------|--------------|
| Business area information | Q3 2023 | Q3 2022 | Q3 2023 | Q3 2022 | Q3 2023 | Q3 2022 | Q3 2023 | Q3 2022 |
| Income | | | | | | | | |
| Total external income | 268.4 | 300.5 | 160.7 | 140.7 | -125.0 | -124.3 | 304.2 | 317.0 |
| Total internal income | -58.9 | -75.6 | -66.1 | -48.7 | 125.0 | 124.3 | 0 | 0 |
| Income from contracts with customers | 209.6 | 224.9 | 94.6 | 92.1 | 0 | 0 | 304.2 | 317.0 |
| EBIT | 20.6 | 37.0 | -15.3 | 0.4 | 0 | 0 | 5.3 | 37.4 |
| Net financial income/expenses | | | | | | | -13.0 | -2.9 |
| Tax expense for the year | | | | | | | -1.6 | -7.9 |
| Net income for the year | | | | | | | -9.4 | 26.6 |

REVENUE PER CUSTOMER'S GEOGRAPHIC LOCATION (JUL-SEP)

| Business Area | GARO Electrification | | | GARO E-mobility | | | Total | | |
|----------------------------|----------------------|-----------------|-----------|-----------------|-----------------|-----------|-----------------|-----------------|-----------|
| | Jul-Sep 2023 | Jul-Sep 2022 | growth, % | Jul-Sep 2023 | Jul-Sep 2022 | growth, % | Jul-Sep 2023 | Jul-Sep 2022 | growth, % |
| Sweden | 121.2 | 137.2 | -12 | 40.3 | 58.3 | -31 | 161.5 | 195.5 | -17 |
| Nordic region excl. Sweden | 30.8 | 36.3 | -15 | 23.2 | 13.6 | 70 | 54.0 | 49.9 | 8 |
| Europe excl. Nordic region | 56.5 | 50.2 | 12 | 30.3 | 18.8 | 61 | 86.8 | 69.0 | 26 |
| Currency effects | 1.1 | 1.2 | | 0.8 | 1.4 | | 1.9 | 2.6 | |
| Total | 209.6 | 224.9 | -7 | 94.6 | 92.1 | 3 | 304.2 | 317.0 | -4 |

REVENUE PER CUSTOMER'S GEOGRAPHIC LOCATION (JAN-SEP)

| Business Area | GARO Electrification | | | GARO E-mobility | | | Total | | |
|----------------------------|----------------------|-----------------|-----------|-----------------|-----------------|-----------|-----------------|-----------------|-----------|
| | Jan-Sep 2023 | Jan-Sep 2022 | growth, % | Jan-Sep 2023 | Jan-Sep 2022 | growth, % | Jan-Sep 2023 | Jan-Sep 2022 | growth, % |
| Sweden | 425.4 | 449.0 | -5 | 172.0 | 194.3 | -11 | 597.4 | 643.3 | -7 |
| Nordic region excl. Sweden | 92.6 | 106.7 | -13 | 101.0 | 42.0 | 140 | 193.6 | 148.7 | 30 |
| Europe excl. Nordic region | 172.6 | 149.6 | 15 | 95.1 | 104.2 | -9 | 267.7 | 253.8 | 5 |
| Currency effects | 0.8 | 1.9 | | 0.9 | 1.0 | | 1.7 | 1.0 | |
| Total | 691.4 | 707.2 | 2 | 369.0 | 341.5 | 8 | 1,060.4 | 1,048.7 | 1 |

GARO GROUP MULTI-YEAR OVERVIEW AND KEY FIGURES*

| | | Jul–Sep 2023 | Jul–Sep 2022 | Jan–Sep 2023 | Jan–Sep 2022 | R12 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------|-----------------|-----------------|-----------------|-----------------|---------|---------|---------|---------|---------|-------|
| Net sales | MSEK | 304.2 | 317.0 | 1,060.4 | 1,048.7 | 1,402.2 | 1,390.5 | 1,295.8 | 1,039.8 | 1,008.1 | 903.7 |
| Growth | % | -4 | 8 | 1 | 13 | -1 | 7 | 25 | 3 | 12 | 13 |
| EBITDA | MSEK | 18.5 | 45.6 | 86.8 | 169.1 | 106.5 | 188.8 | 243.0 | 163.2 | 134.9 | 128.8 |
| EBITDA margin | % | 6.1 | 14.4 | 8.2 | 16.1 | 7.6 | 13.6 | 18.8 | 15.7 | 13.4 | 14.3 |
| EBIT | MSEK | 5.3 | 37.4 | 51.2 | 143.8 | 60.1 | 152.8 | 207.2 | 136.2 | 112.6 | 113.8 |
| EBIT margin | % | 1.7 | 11.8 | 4.8 | 13.7 | 4.3 | 11.0 | 16.0 | 13.1 | 11.2 | 12.6 |
| Earnings per share, before and after dilution | SEK | -0.19 | 0.53 | 0.63 | 2.27 | 0.76 | 2.41 | 3.33 | 1.91 | 1.71 | 1.65 |
| Equity per share | SEK | 12.2 | 12.03 | 12.2 | 12.03 | 12.2 | 12.28 | 11.03 | 8.61 | 6.86 | 5.92 |
| Dividend per share | SEK | n/a | n/a | n/a | n/a | n/a | 0.80 | 1.40 | 0.95 | 0 | 0.80 |
| Dividend | MSEK | n/a | n/a | n/a | n/a | n/a | 40.0 | 70.0 | 47.5 | 0 | 40.0 |
| Closing rate, share | SEK | 38.10 | 98.15 | 38.10 | 98.15 | 38.10 | 108.6 | 216.0 | 127.0 | 61.4 | 34.7 |
| Return on equity | % | 6.3 | 28.9 | 6.3 | 28.9 | 6.3 | 20.7 | 34.0 | 24.7 | 26.8 | 31.2 |
| Return on capital employed | % | 8.4 | 32.5 | 8.4 | 32.5 | 8.4 | 22.1 | 39.2 | 32.2 | 30.4 | 34.7 |
| Investments | MSEK | 14.1 | 21.3 | 90.4 | 54.5 | 156.9 | 120.1 | 45.3 | 45.3 | 33.4 | 22.7 |
| Depreciation | MSEK | 13.2 | 8.2 | 35.6 | 25.2 | 46.4 | 36.0 | 35.8 | 26.9 | 22.3 | 15.0 |
| Equity ratio | % | 49.4 | 61.4 | 49.4 | 61.4 | 49.4 | 53.2 | 58.9 | 57.9 | 52.2 | 52.4 |
| Net debt | MSEK | 293.4 | 44.6 | 293.4 | 44.6 | 293.4 | 143.7 | -9.4 | 11.3 | 45.6 | 45.7 |
| Net debt/EBITDA | multiple | 2.8 | 0.2 | 2.8 | 0.2 | 2.8 | 0.8 | 0.0 | 0.1 | 0.3 | 0.4 |
| Number of employees | | 519 | 520 | 520 | 520 | 532 | 521 | 498 | 412 | 421 | 402 |

*For definitions of key figures, see page 20

QUARTERLY FIGURES

| Consolidated income statement Amount in MSEK | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net sales | 304.2 | 386.0 | 370.3 | 341.8 | 317.0 | 350.2 | 381.6 | 370.1 | 293.9 | 341.2 | 290.6 | 306.3 |
| Operating expenses | -298.0 | -367.8 | -342.5 | -332.9 | -279.6 | -310.6 | -314.7 | -312.4 | -245.4 | -286.1 | -244.7 | -256.8 |
| EBIT | 5.3 | 18.2 | 27.8 | 8.9 | 37.4 | 39.6 | 66.8 | 57.7 | 48.5 | 55.1 | 45.9 | 49.5 |
| Net financial income/expenses | -13.0 | 7.2 | -0.4 | 2.1 | -2.9 | 1.8 | -0.1 | 1.4 | 0.5 | -2.1 | 1.3 | -4.6 |
| Profit before tax | -7.8 | 25.4 | 27.4 | 11.0 | 34.5 | 41.4 | 66.7 | 59.1 | 49.0 | 53.0 | 47.2 | 45.0 |
| Tax | -1.6 | -5.4 | -6.7 | -4.0 | -7.9 | -8.1 | -13.0 | -12.7 | -9.6 | -10.5 | -8.9 | -10.5 |
| Net income | -9.4 | 20.0 | 20.7 | 7.0 | 26.6 | 33.3 | 53.7 | 46.4 | 39.4 | 42.6 | 38.3 | 34.4 |
| Net sales per business area Amount in MSEK | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
| GARO E-mobility | 94.6 | 152.1 | 122.2 | 80.6 | 92.1 | 103.3 | 146.4 | 134.4 | 91.2 | 118.4 | 93.8 | 100.2 |
| GARO Electrification | 209.6 | 233.9 | 248.1 | 261.2 | 224.9 | 246.9 | 235.2 | 235.7 | 202.7 | 222.8 | 196.8 | 206.1 |
| Total Group | 304.2 | 386.0 | 370.3 | 341.8 | 317.0 | 350.2 | 381.6 | 370.1 | 293.9 | 341.2 | 290.6 | 306.3 |
| EBIT per business area Amount in MSEK | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
| GARO E-mobility | -15.3 | 4.5 | 6.6 | -20.9 | 0.4 | 3.0 | 30.7 | 27.9 | 20.1 | 20.2 | 17.6 | 14.7 |
| GARO Electrification | 20.6 | 13.7 | 21.2 | 29.8 | 37.0 | 36.6 | 36.1 | 29.8 | 28.4 | 34.9 | 28.3 | 34.8 |
| Total Group | 5.3 | 18.2 | 27.8 | 8.9 | 37.4 | 39.6 | 66.8 | 57.7 | 48.5 | 55.1 | 45.9 | 49.5 |

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

Return on capital employed, %: EBIT for the past 12 months divided by capital employed.

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

Capital employed, SEK: Total assets less short-term liabilities adjusted for cash and bank balances

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

Net debt excluding IFRS16: Interest-bearing liabilities excluding lease liabilities in accordance with 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 10, 2023, 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 numbers:

Sweden: +46 8 5051 0031

Europe: +41 58 310 50 00

Code: **42 80 96 05**

The presentation used during this teleconference can be downloaded at www.garogroup.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 2023 | February 21, 2024 |
| First quarter of 2024 | May 14, 2024 |
| Second quarter of 2024 | August 16, 2024 |
| Third quarter of 2024 | November 15, 2024 |

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.

GARO IN BRIEF

GARO develops and manufactures innovative products and solutions within electricity and E-mobility. GARO targets both professionals and end users. GARO's brand is your guarantee for electrical safety, user-friendliness and sustainability. GARO was founded in 1939 in Gnosjö, in Småland, in southern Sweden where our distinct entrepreneurial spirit originates from and where our head office remains. There is not much else that is similar from that time. Today, GARO is an international Group with approximately 500 employees and operations in six countries. The foundation of GARO's work is all of the knowledge and experience that the Group has collected since 1939 until today.

This information is such information that GARO AB is obligated to publish in accordance with the EU Market Abuse Regulation. The information was published by the abovementioned contact persons on November 10, 2023, at 8:30 a.m. CET.