2023 ANNUAL REPORT GARO

Contents

CHARGING THE FUTURE.

It is our responsibility to provide a smarter and more sustainable future with innovative complete solutions in electrical installations, power supply and destination charging, both today and tomorrow. We are equipped with the right tools to create positive change.

The future is ours to create.

This is GARO

Since the company was founded in 1939 in Gnosjö, Småland, GARO has developed, manufactured and marketed products characterized by high quality, smart functions and sustainable design. Today, GARO is a leading supplier of EV charging and electric installation material in Europe and is continuing to develop the products and solutions of the future through smart technology focusing on electrical safety, user-friendliness and sustainability. The Group has sales companies in seven countries: Sweden, Norway, Finland, Ireland, the UK, Poland and Germany. Of our three production units, two are located in Sweden: one in Gnosjö and one in Hillerstorp. The third unit is located in Szczecin in Poland. GARO's operations are divided into two business areas – GARO E-mobility and GARO Electrification.

478

EMPLOYEES IN THE GROUP

3

PRODUCTION FACILITIES

7

COUNTRIES IN EUROPE WITH ESTABLISHED COMPANIES

GARO E-MOBILITY

CLIMATE-SMART DESTINATION CHARGING FOR A GREENER FUTURE

The business area offers solutions in EV charging for all kinds of electric cars, plug-in hybrid cars and heavy vehicles.

GARO is a significant company in Europe and one of the leading manufacturers of electric car charging products in the Nordic region. With a broad product portfolio, the GARO E-mobility business area can offer all types of vehicle charging with related services – from wall boxes for single-family homes or tenant-owner associations, to charging stations for residential areas, companies, service stations and other public environments.

Read more on page 18.

GARO ELECTRIFICATION

COMPLETE SOLUTIONS THAT SUPPORT ELECTRIFICATION

The business area manufactures electric installation material and offers the market a broad range of products and services. With power supply, metering, control and temporary electric installations for industry, properties and construction sites, energy-efficient and sustainable complete solutions are created. The segment includes the Electrical distribution products, Project business and Temporary Power product areas.

Read more on page 24.

2023 in brief

GARO's net sales decreased by 1% during the year to MSEK 1,369.9 (1,390.5), with the GARO Electrification business area posting negative growth of 6% while the GARO E-mobility business area posted positive growth of 10%. GARO's EBIT amounted to MSEK 51.1 (152.8), corresponding to an EBIT margin of 3.7% (11.0).

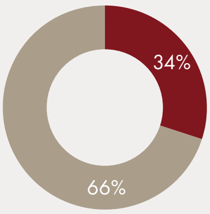
During the autumn, the former production facility in Poland was divested for MSEK 45, and a small industrial property in Gnosjö was divested for MSEK 12, which reduced interest-bearing net debt by MSEK 57. Total capital gains amounted to MSEK 18.

In addition, an action and efficiency program was implemented in the autumn, which mainly affected the GARO Electrification business area.

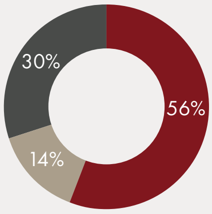
MSEK 1,370
NET SALES

3.7%
EBIT MARGIN

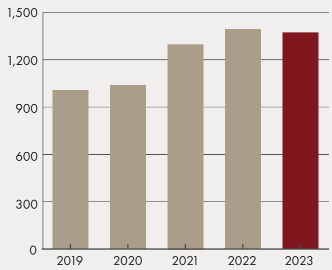
ALLOCATION OF NET SALES
per business area 2023



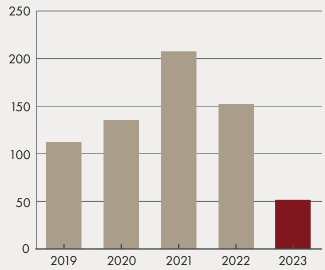
ALLOCATION OF NET SALES
by geographic area 2023



NET SALES



EBIT



KEY FIGURES

	2023	2022	2021	2020	2019
Net sales (MSEK)	1,369.9	1,390.5	1,295.8	1,039.8	1,008.1
Growth, %	-1	7	25	3	12
EBIT (MSEK)	51.1	152.8	207.2	136.2	112.6
EBIT margin, %	3.7	11.0	16.0	13.1	11.2
Net income (MSEK)	31.3	120.5	166.7	95.3	85.7
Earnings per share* (SEK)	0.63	2.41	3.33	1.91	1.71
Return on equity, %	5.1	20.7	34.0	24.7	26.8
Investments (MSEK)	108.2	120.1	45.3	45.3	33.4
Equity ratio, %	50.9	53.2	58.9	57.9	52.2
Net cash position (-) / net debt (+)	222.1	143.7	-9.4	11.3	45.6
Number of employees	478	521	498	412	421

* Earnings per share were not diluted, so earnings per share pertains to before and after dilution

For definitions of key figures, see Note G32 page 79.

THE NEXT GENERATION OF WALL BOXES REACHED THE MARKET

At the end of 2022, the new product platform, GARO Entity, was launched. At the beginning of the year, the first product in the series, GARO Entity Pro, reached the market, and deliveries of GARO Entity Compact commenced in the autumn. The new products with related services represent a complete offering of wall boxes for single-family homes, apartment blocks, commercial properties and public environments.

Safety and security were the focal points of the development of GARO Entity. The products have been stringently tested to ensure that they comply with current international directives, laws and standards and withstand the harsh Nordic climate. GARO has elected to third-party certify wall boxes with TÜV SÜD in Germany and thus has an approved unique built-in solution for electrical safety in the wall box. End users, customers and installation engineers can therefore be confident that the product delivers what it promises.

To meet demand for flexible and efficient solutions, GARO Entity Heat, an engine heater outlet, and GARO Entity Flex, a portable charging station, were also launched during the year. Since both GARO Entity Heat and GARO Entity Pro are based on the same platform, the facility owner can easily customize the units according to their needs. The GARO Entity Flex portable charging station is primarily designed for use at construction sites, events and other temporary locations.

Read more about destination charging in GARO Entity on page 20.

You can find all news at: **www.garo.se/sv/media**

NEW PRODUCTION AND LOGISTICS FACILITY IN POLAND INAUGURATED

GARO's new production and logistics facility in Szczecin, Poland, was completed by the end of June 2023. The facility, built in 2022–2023, extends over 15,000 square meters and represents a significant increase in capacity for the Group.

The expanded production capacity combined with efficient processes creates benefits for both business areas. However, the main focus is on GARO E-mobility, which is further strengthening its market position in the rapidly growing EV segment.

"By expanding our capacity, we also increase our ability to be flexible and responsive to market changes and rapid variations in demand," says Marek Samborski, Managing Director of GARO Polska Sp. z o.o.

KEY EVENTS IN 2023

- GARO began enhancing its efficiency and expanding production and premises in Sweden and relocated parts of operations to new premises in Hillerstorp. The move was complete in January 2023.
- As a natural step for GARO's continued growth in electric vehicle charging, a sales company was established in Germany, GARO E-mobility GmbH.
- Prime Minister Ulf Kristersson visited GARO to continue discussions on the green transition and the development of smart and future-proof charging infrastructure. A great opportunity for GARO to share its experience and expertise on electrification and safe EV charging.
- GARO's CEO attended the Swedish government's national climate meeting.
- There was record interest in GARO's products at Elfack, the Nordic region's largest energy and electrification fair.
- GARO signed a framework agreement with E.ON Drive Infrastructure (EDRI) covering products for public electric vehicle (EV) charging in Europe.
- GARO's LS4 and Twin+ charging stations were approved according to the Eichrecht standard and became available for sale on the German public charging market.

CEO's comments

A challenging year has passed with a cautious market pressing profitability and slowing growth. However, we have taken important steps to realize our vision for the future with a green transition and created the prerequisites to strengthen our position in Europe.

Reflecting on 2023, we can see that it was a challenging year for GARO. A number of external circumstances such as macroeconomic uncertainty, low housing construction and reduced willingness to invest in durable goods such as vehicles have led to weaker demand in both of GARO's business areas, particularly in Sweden.

In addition to these external circumstances, we were also impacted by delays in the development projects for our new product platform for destination charging. This resulted in the E-mobility business area only being able to offer a complete range to the market at the end of 2023. Naturally, this has impacted us.

As a result of these challenges, we exit 2023 with total net sales that declined 1% year-on-year, reaching MSEK 1,370 (1,390).

The GARO E-mobility business area grew by 10% in 2023, which is a weaker increase than expected. The GARO Electrification business area reported a 6% decline in sales during the year.

The lower sales level together with a weaker gross margin with higher expenses negatively impacted earnings, especially in the second half of 2023, as the organization is built for growth. As such, GARO has implemented two action and efficiency programs, one for each business area.

TWO STRONG BUSINESS AREAS THAT SUPPORT EACH OTHER

Our broad product range, with two strong business areas that support each other, has demonstrated GARO's ability to handle varying market conditions in different customer segments and geographical areas. Through a clear focus and dedicated employees across Europe, we have responded to the current market situation with a high degree of adaptability. At the same time, GARO has continued to invest for the future.

We are cautiously optimistic that 2024 will be the year in which the economy recovers, supported by a lower rate of inflation and interest rate cuts.

The green transition with the electrification of transportation and society at large is high up on most countries' and companies' agendas and will continue to drive the structural growth in these areas.

GLOBAL UNCERTAINTY AND A CAUTIOUS MARKET

The year commenced with continued global challenges regarding access to components and continued disruptions in the supply chain that date back as early as 2022. This impacted on our ability to deliver in the first half of the year. The situation gradually eased in the lead up to the summer and our delivery capacity to customers was quickly able to return to the desired level.

However, the previously long lead times led to several major contract customers building up stocks, which resulted in a reduction in order intake for GARO in the second half of the year.

GARO is to be part of the green transition through products and services developed with the sustainable society of the future in mind.

High inflation, rising interest rates, high energy prices and general economic uncertainty resulted in cautious demand from several customer groups. Consumer purchasing behavior and the willingness to invest of companies have hampered demand, particularly in the Swedish market.

In the GARO Electrification business area, we saw the market for new build housing fall drastically and the number of construction starts in Sweden has more than halved from the peak levels of 2021/2022. However, there is a pent-up need for more housing. According to the Swedish National Board of Housing, Building and Planning, there is a need for 67,000 additional homes per year until 2030 in Sweden alone.

The construction of commercial property remains stable and public building construction, industry and civil engineering and investments linked to the green transition and enhancing energy efficiency are expected to continue to grow at a healthy pace.

The market for electric vehicle charging infrastructure is driven by Europe's transition to a fossil-free fleet, but economic uncertainty has also currently hampered sales. The rigorous climate targets and various initiatives will drive investments in the years ahead. There are currently about 34,400 public charging stations in Sweden and the ambition is to expand this figure to 250,000 by 2030. To achieve this target, a substantial increase in the pace of expansion will be required moving forward.

FLEXIBILITY AND ADAPTED ORGANIZATION

The challenging market situation has placed requirements on flexibility, a high pace of change and the ability to adapt throughout GARO's organization. We have worked actively to adapt costs and focused on taking measures to reduce the effects of weaker demand.

GARO has implemented two action and efficiency programs to adapt the organization and costs to prevailing market conditions. The first program was carried out in autumn 2023 and mainly concerned the GARO Electrification business area. The second was initiated in January 2024, mainly involving the GARO E-mobility business area, and will take effect in the second quarter. Overall, this has resulted in a reduction of 95 employees in the GARO Group.

AN ACTIVE ROLE

Despite global uncertainty, there is no doubt that we are in the midst of a green transition to fossil-free transport, energy-efficient systems and services that contribute to reducing emissions.

Our aim is for GARO to play an active role in contributing to a more sustainable society. We do this by delivering products and services that promote sustainable lifestyles and are produced responsibly. Energy and intelligent systems are crucial for achieving the SDGs, and this benefits GARO given that our offering is synchronized with the current needs. We want to change and enhance the efficiency of the everyday lives of us and our customers.

We aim to integrate sustainability into all aspects of our business to minimize our own negative impact on the environment, while promoting socially and economically responsible behavior.

INVESTMENTS FOR THE FUTURE

We continued to develop our organization according to plan during the year. We have made our largest ever investments in our production and logistics facilities. We are building for the future and creating the conditions to strengthen our position in Europe.

In Sweden, we relocated from three sites to two to create more efficient production space and greater growth opportunities. In Poland, we constructed a new facility, in accordance with BREEAM (BRE Environmental Assessment Method). These strategic initiatives provide us with a significant increase in capacity, modern and adaptable flows and more efficient logistics. The investments are an important step in our long-term commitment, and with manufacturing in Europe, we remain committed to being a sustainable company.

ADVANCING OUR POSITION

Over the past five years, we have moved from a dedicated hardware manufacturing industry to a modern software development industry, where software technology and digital solutions are integrated into both products and production processes. The development of new products and solutions will always be a cornerstone of GARO's growth strategy. All development is carried out with the same emphasis on high quality and safety. This is our uncompromising focus. Advancing our position is the basis for our ability to adapt to market changes and create the conditions necessary to meet the demands and expectations of the future.

A good example of our change in position is the development of the GARO Entity wall boxes for electric cars and plug-in hybrid cars. With GARO Entity, we have marked the beginning of a new era in EV charging, not only for GARO but also for the entire industry.

GARO Entity is a platform that not only answers today's needs but is also positioned to meet the upcoming opportunities and challenges of EV charging. The products have undergone third-party testing and been certified to ensure that they comply with international charging standards. This allows us to proudly assert that GARO Entity is the safest wall box on the market, providing our customers with a safe and reliable solution for their charging needs while strengthening our brand.

Our commitment to long-term sustainability permeates everything we do, and we aim to build a strong foundation for future generations.

Our focus on high safety and product quality not only positions us as an industry leader, but also demonstrates our commitment to creating sustainable and innovative solutions for the growing EV charging market. With GARO Entity, we have not only launched a product line, but also defined the standard for what is expected in EV charging, and we look forward to continuing to be a reliable partner for our customers in this rapidly evolving sector.

GARO has also moved into heavy vehicle traffic and launched a charging station for trucks and construction vehicles. This sector is currently small with few vehicles produced but is expected to grow significantly in the future.

A CLEAR FOCUS MOVING FORWARD

In conclusion, GARO is confident about the future, with long-term driving forces that will benefit GARO and a considerable need for our products and services in all our markets.

We are clearly focused. We will return to our financial targets, achieving higher growth and higher margins. I would like to give my sincere thanks to all employees who are dedicated to delivering quality and safety to our customers every day. Your efforts and devotion is crucial for our success.

Business environment and trends

Electrification is creating opportunities for the green transition

There is no doubt that we need to transition to fossil-free energy sources – electricity produced from renewable energy sources such as solar, wind, hydro and nuclear – to reduce our climate impact. Large-scale electrification provides us with this opportunity and will determine the extent to which we can reduce the use of fossil fuels and thus limit negative climate impacts.

Electrifying sectors such as transport, heating and industry reduces greenhouse gas emissions. Electric cars, buses and trains have no direct exhaust emissions and also contribute to better air quality, reducing air pollution in urban areas.

Sustainable energy supply that promotes flexible, secure and resource-efficient electricity use requires a large amount of new electricity generation and a smart and secure expansion of the existing electricity network.

New technologies are expected to be significantly more economical than conventional energy generation in the decade ahead. Society needs to act so that the use, distribution and production of electricity are in sync. This requires a combination of policy measures, economic incentives, technological advances and increased awareness of the benefits of electrification. The transition is driving technological innovation and development. This is creating new business opportunities and jobs.

Energy consciousness – a new way of life

An increased focus on climate impact and societal transition is contributing to an ever-increasing awareness of one's own energy consumption and use. Energy consciousness is a key success factor in mitigating climate change and preserving natural resources that involves being conscious of what energy you use and how you use it in your daily life. Consumers today strive to reduce their energy use to minimize both their environmental impact and their costs. This means controlling the use of electricity, heat, transport and other energy sources based on availability and volatile energy prices. By adapting energy use and shifting energy-intensive activities to times when prices are lower, advantage can be taken of fluctuating energy prices and cost savings can be achieved. This in turn places demands on technologies, load balancing capabilities, grid availability and volatile energy prices.

Housing that is built today must both meet strict energy requirements and comply with several environmental and energy certifications compared with what has been the case only a few years ago. At the same time, renovations and new builds require more electrical installations than before, largely due to the digitalization of society.

Sustainable products – for the environment

An increased awareness of the environmental and social impacts of own consumption is evident among both businesses and individuals. A trend that has emerged in recent years is that more and more people are actively choosing products that have a low impact on the environment. As a natural consequence, consumers also consider it important that companies and brands take a long-term approach to the environment and sustainability.

For a product to have the smallest possible environmental footprint, it should be made from carefully selected materials, such as recycled plastic and aluminum. Having locally produced products with new modern technologies is also an important part of a sustainable process. This also applies to packaging, which should be designed to minimize material consumption. The fact that the products are then energy-efficient in use, and can be fully or partially reused and recycled, adds further value to the overall product value chain.

Certification of the product plays an important role in ensuring its environmental sustainability while helping consumers to make sustainable choices. This provides consumers with information on how sustainable a product is based on certain criteria.

Overall, we can see that there are increasing demands from both consumers and other stakeholders for transparency regarding companies' sustainability efforts. This applies to both environmental and social sustainability issues, including human rights, diversity and equality.

Electrical safety

As cities, communities, buildings, housing and cars become electrified and energy efficient, demands increase for electrical safety with a clear focus on human safety.

As everything becomes increasingly connected and energy is being produced, stored and transferred in entirely new ways between the devices in our homes, all the more people are realizing the importance of products that live up to strict safety requirements.

Improper construction and handling could lead to serious consequences for people, property, cars and society and it is therefore essential to ensure a reliable and safe electricity supply.

Electricity is essential for the functioning of our daily lives. To maintain a high level of electrical safety, there are laws, regulations and standards governing the use and management of electricity. These provisions are designed to prevent accidents and minimize risks. This awareness, together with a higher demand for products and services, leads to increasing and more stringent regulation both nationally and internationally. This is creating new opportunities and incentives for the market's responsible players.

Economic uncertainty and declining housing construction

The world has experienced a challenging couple of years. The current global situation with geopolitical conflicts, such as Russia's war of aggression against Ukraine, the conflict in the Middle East and the aftermath of the pandemic will have an impact for some years to come. It is difficult to assess the overall impact, but in the short term the financial uncertainty for consumers, businesses and society as a whole is high. Economic effects such as rising energy and food prices, high inflation and rising interest rates are creating a general sense of caution, resulting in a decline in purchasing power and falling demand.

Construction of single-family homes and apartments has declined significantly in the Nordic region as a result of economic uncertainty and weaker demand. Construction in the public sector, commercial enterprises and for industry remain healthy.

Business strategies

FUTURE OPPORTUNITIES ARE OUR DRIVING FORCE

GARO's ambition is to develop and strengthen its position as one of the leading suppliers in electric installation material and EV charging. With a focus on future generations, the company strives to continue developing sustainable products and complete solutions featuring a high level of innovation and quality. The goal is clear – to actively contribute to the transition to an electrified and fossil-free society.

For GARO, challenges are seen as opportunities, and the company's driving force is to continuously adapt and develop its product range to meet the changing needs of different markets. By having a high degree of influence throughout the entire value chain – from production to distribution and sales – GARO lays the foundation for a stable business with control over its processes.

The strategy is based on long-term business, innovative product development and strong expertise in materials and production.

The target is to offer unique complete solutions targeted at the electrical industry that actively contribute to the transition to renewable fuels and the electrification of society. We have a well thought-out strategy for achieving our set targets. The strategy is well supported by the employees, promotes the innovative development of safe and sustainable products and aids the development of the customers' business. At the same time, we will continually expand our capacity and further develop the markets that GARO operates in. Demand is driven by a rising need to enhance electrification and energy efficiency.

CORE VALUES

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

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

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

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

Strategic framework

The strategic framework with concrete focus areas and sustainability foundations is well established in the organization, which is a prerequisite for achieving the expected results.

VISION

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

BUSINESS CONCEPT

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

GOALS

Financial targets

Sustainability goals

STRATEGIES

1. Product development
2. Synergy effects
3. Close customer relationships
4. Production and supply
5. Market establishment
6. Employees

SUSTAINABILITY PILLARS

1. Climate
2. Circular economy
3. Ethics and responsible business

GARO's strategies

Product development

RELIABLE PRODUCTS FOR A SUSTAINABLE FUTURE

The Group's long history has been characterized by an ambition to deliver safe, smart products and solutions that contribute to simplifying the every-day lives of our customers. Safe, user-friendly and future-proof products with a modern design and a long service life are hallmarks of the total offering. Material choices, functionality and energy efficiency are three key words, in addition to sustainability, which are hallmarks of GARO's strategy for product development.

Continuous development of both existing and new products to ensure a market offering that meets current and future needs is therefore a fundamental part of GARO's strategy. GARO continuously challenges itself to develop the solutions that can most effectively contribute to a fossil-free society.

Developing products with a focus on longevity is achieved through intelligent choices of material, smart constructions, cloud-based platforms and sustainable design. GARO keeps up to date with new materials that offer high functionality without compromising safety, quality or durability. As GARO's products consist of several different materials, mainly metal and plastic, the product design is adapted so that the products can be easily dismantled for both repair and efficient recycling.

Synergy effects

BREADTH CREATES UNIQUENESS

GARO's breadth in electric installation material and electric car charging creates a unique offering in the market. The synergy effects that are naturally created between the various product areas create an overall portfolio that distinguishes GARO from most other suppliers.

Through flexible solutions – from power supply to operational charging stations and aftermarket – GARO creates advantages for both installation engineers and end users.

The synergy effects that come as a result of this also promote the product development of new innovative and cost-efficient products and solutions as well as the production process. As a result of this, adapting to new solutions, regulations and market requirements can take place quickly and cost-efficiently. This provides good control and flexibility.

Close customer relationships

DEVELOPING FUTURE BUSINESS TOGETHER

Developing every customer's future business is, and always has been, one of GARO's primary driving forces. The Group's expertise in its operational areas creates efficient and profitable ways to develop together with partners and customers. Investing in long-term relationships is crucial for promoting sustainable business. A strong presence in each relationship builds confidence and ensures that products and solutions are well adapted to customer needs over time. In parallel, this creates a positive and sustainable corporate culture.

By identifying and analyzing the market and focusing on end users, future business is generated in which continual business development strengthens and intensifies the rate of development in the Group.

Leveraging the innovative development of its offering, GARO strengthens its customers' future opportunities to bring about a more energy-efficient, simple, convenient and safe daily life. Our products and complete solutions are to drive business throughout the chain and support society's energy transition.

Production and supply

SUSTAINABLE PRODUCTION PROCESSES

Sustainable production processes are a prerequisite for maintaining a position as a competitive supplier in the market. Production processes provide the basis for efficient resource use, reduced environmental impact and respond to market demand for sustainable alternatives.

The company's ambition is to offer high capacity, extensive material and production expertise, long-term responsibility and well-balanced investments in areas such as technological development. GARO works to promote a safe working environment for its employees and to reduce its own environmental impact in its own production units.

A clear focus on high quality and rapid adaptability in terms of capacity, as well as an ability to effectively meet unique customer needs, is essential for creating value for customers. Understanding and meeting specific customer requirements is a key factor for success in different industries and markets.

Market establishment

FURTHER DEVELOPING OPERATIONS

Part of the Group's organic growth involves developing in existing markets and focusing on GARO's European business. A combination of healthy organic growth and well-balanced acquired growth creates the best prerequisites for the organization.

The Group will increase its presence in the European market either by establishing new market companies or through acquisitions. New market entries must be carried out consistently for sustainable expansion. Through strategic partnerships and agreements with companies in such areas as vehicle manufacturing and energy companies, GARO is also reaching out to European markets where its operations are not established.

There is the opportunity for growth and to expand the offering of existing product categories in several product areas in the countries in which GARO is established.

Continually adding more customer segments to the value chain creates new strategic business opportunities. The rate of development in the energy market and the fossil-free transportation segment is high and new customer segments arise through increased focus on electrification and energy efficiency enhancements. Partnerships and agreements with companies in new customer segments are continually entered into to establish optimal market presence.

Employees

ENGAGED EMPLOYEES AND SAFE WORKPLACES

High technological know-how combined with a strong safety culture is the foundation for continually being able to develop operations. The Group's employees are the core of our operations and with an open, genuine and friendly corporate culture, we ensure that every workplace is somewhere that everyone can enjoy. Having committed, motivated and satisfied employees who enjoy their work and are proud of what they accomplish every day is a prerequisite for the Group to be able to continue to deliver cutting-edge complete solutions. There is well-founded pride among all employees, which is reflected in everything we do.

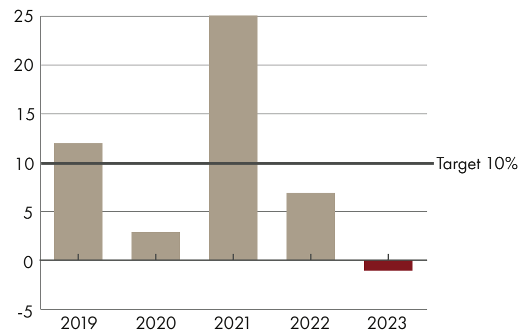
Financial targets and outcomes

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

SALES GROWTH

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

2023 results:
Net sales decreased in 2023 by MSEK 20 (-1%) to MSEK 1,369.9 (1,390.5). The GARO Electrification business area reported negative growth of 6% but the GARO E-mobility business area reported positive growth of 10%.



TARGETS

≥10%

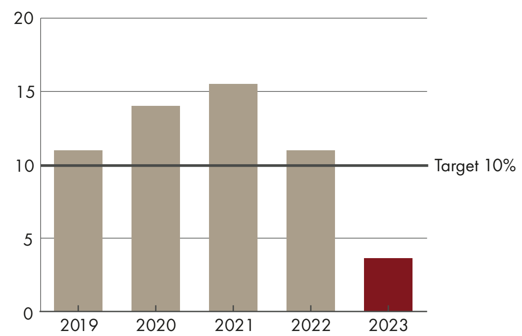
OUTCOMES GROWTH 2023

-1%

PROFITABILITY

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

2023 results:
GARO's EBIT amounted to MSEK 51.1 (152.8), corresponding to an EBIT margin of 3.7% (11) in 2023. The low EBIT was primarily due to lower sales volumes combined with an organization built for greater volume in GARO E-mobility.



TARGETS

≥10%

OUTCOME PROFITABILITY 2023

3.7%

RETURN

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

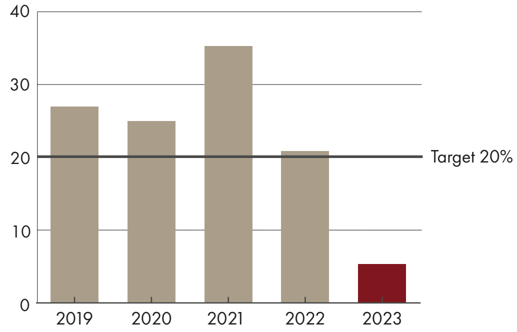
2023 results:
Return on equity in 2023 amounted to 5.1% (20.7). The lower return compared with previous years was due to lower earnings in relation to average equity.

TARGETS

≥20%

OUTCOME RETURN 2023

5.1%



EQUITY RATIO

Target:
The equity ratio will not be less than 30%.

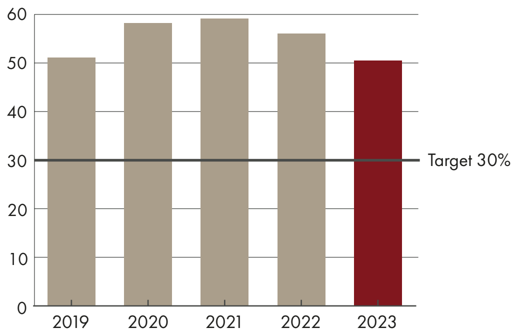
2023 results:
In 2023, the equity ratio declined to 50.9% (53.2) as a result of the Group raising new loans and utilizing overdraft facilities to a greater extent compared with 2022.

TARGETS

≥30%

OUTCOME EQUITY RATIO 2023

50.9%



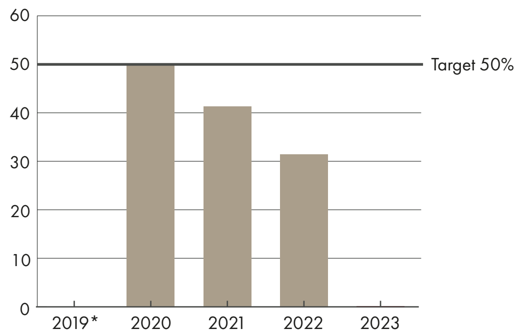
DIVIDEND POLICY

Target:
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.

2023 results:
The Board proposes no dividend for the 2023 fiscal year in light of completed investments and the Group's general consolidation requirements.

TARGETS

≈50%



* As a precautionary measure, no dividend was paid for 2019 due to the ongoing COVID-19 situation.

GARO E-mobility

BUSINESS SPECIALIZATION

GARO supplies the market with destination charging for electric cars, chargeable hybrid cars and heavy electrically-driven vehicle traffic. With one of the market's greatest offerings of wall boxes, public charging poles, fastchargers, cable cabinets for power supply, load balancing, programming, metering and software service, GARO is meeting the market's needs and simplifying life for customers. Our complete and unique total offering of products and services makes GARO a complete supplier in the segment.

Together with partners, wholesalers, retailers, electrical installers and contract customers, GARO offers the market charging stations that are innovative, sustainable and easy to install and use.

All products that reach the market meet market requirements for safety and energy consumption and are developed with a focus on digital control. The products can be connected and are able to share information with one another, the car and the user. They can also be connected to GARO's own and external cloud and payment services and share electricity consumption in an efficient way. The Group's offering also includes aftermarket services and support, increasing GARO's market competitiveness while providing support for customers. By offering a complete solution that is installation- and user-friendly as well as being cost-efficient for customers, we boost loyalty to GARO as a supplier.

DESTINATION CHARGING IN THE HOME

GARO develops and suppliers wall boxes that are tailored for private houses, whether they be single-family homes or apartment blocks. The Group's long history in electric car charging is characterized by the ambition and desire to promote safe, smart solutions that simplify daily life for users. All solutions for the home can advantageously be combined with the Group's user-friendly services that make home charging cost-efficient, simple, flexible and future-proof.

DESTINATION CHARGING AT PUBLIC ENVIRONMENTS AND WORKPLACES

GARO has been strategically investing on developing a broad offering in public charging infrastructure for various types of public environments and workplaces. This has always been characterized by flexible solutions with a considerable focus on safety that can easily be combined with smart services. Our broad offering enables considerable opportunities for various types of operations and to offer both charging to electric and hybrid vehicle owners while clearly demonstrating that we take active responsibility for the environment.

QUICK CHARGING ON THE ROAD

The products in GARO's quick charging range are advantageously placed along roads where motorists have requirements and expectations for quick electricity charging. GARO offers numerous variants of fastchargers all of which are OCPP compatible* and come with intelligent identification solutions enabling the user to quickly and easily begin charging.

DESTINATION CHARGING HEAVY TRAFFIC

Demand for sustainable transport in goods distribution is increasing, successively contributing to reducing climate impact in the transportation sector. By offering wall boxes with a capacity adapted to heavier, electric vehicles, GARO is part of the development of future fossil-free transport and is creating opportunities for increased charging infrastructure for heavy traffic in Europe.

BUSINESS OBJECTIVES

GARO's business objective is to further strengthen its market-leading position in the Nordic region and strengthen our position in Europe. The number of markets is expanding gradually through the establishment of own market companies or alternatively through other well-established sales channels.

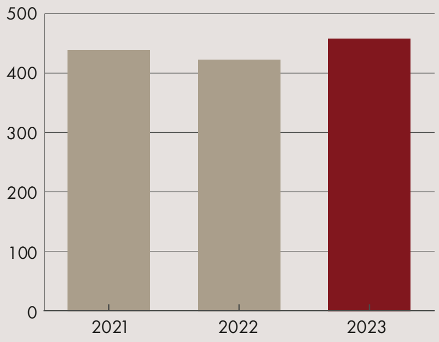
462	197	10%	34%
MSEK IN SALES	EMPLOYEES IN THE BUSINESS AREA	GROWTH	PROPORTION OF SALES

* Open Charge Point Protocol - a communication standard used to enable communication between EV chargers and other systems.

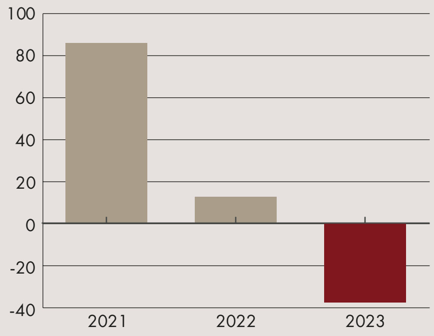
FIGURES FOR 2023

Net sales in GARO E-mobility amounted to MSEK 462 (422), where sales in the Nordic region (excl. Sweden) increased by approximately 108% year-on-year, mainly as a result of increased sales to Key Account customers. EBIT was MSEK -37.2 (13.1) and the EBIT margin amounted to -8.1% (3.1). During the year, the business area incurred non-recurring costs of about MSEK 10, which together with maintaining investments in the organization and market, resulted in lower profitability in 2023.

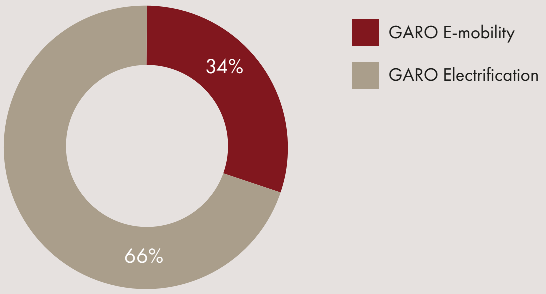
NET SALES (MSEK)



EBIT (MSEK)



NET SALES
Share of the Group



A driving force in the transition to be fossil free

THE RAPID EXPANSION OF CHARGING INFRASTRUCTURE IS CRUCIAL

GARO is a leading player in E-mobility and, through its products and services, can actively contribute to increasing the pace of the global transition to a fossil-free vehicle fleet. Working to reduce climate impact by switching to fossil-free energy sources is a common goal for European countries. From 2035, only zero-emission vehicles will be able to be sold in Europe, which will lead to a steady increase in the share of electric vehicles over time.

This will naturally drive the need for the rapid expansion of charging infrastructure through products for EV charging at home, in public and at workplaces. There are currently about 34,400 public charging stations in Sweden. The ambition is to have 250,000 public charging stations by 2030. To achieve this target, a substantial increase in the pace of expansion will be required in the coming years.

GARO ENTITY PRO – UNIQUE IN THE MARKET

Market conditions were tough for many players last year. The market for home chargers was somewhat subdued due to the economy and high interest rates with households cautious to invest. This negatively impacted GARO's sales. The number of newly registered passenger cars in the EU increased by 14% year-on-year. Electric and chargeable hybrid cars accounted for about 23% of these in 2023, which is an increase of about 0.5% from 2022. The number of electric cars only amounted to about 3% of the total number of cars on the roads.

The demand for charging stations for larger projects with more advanced systems, in locations such as commercial properties, public places and tenant-owner associations, remained high in 2023. This was the main driver of growth in the business area. GARO's total offering can be efficiently adapted to both large and small facilities. Our unique and complete product and service offering – from power supply to complete facilities for EV charging – enables the company to efficiently meet market needs. We are establishing shared synergies through a close collaboration with the GARO Electrification business area that is tangible to the development of the sustainable society of the future.

The new GARO Entity Pro electric vehicle charger was well received by the market. It comes with all of the built-in protection and is the only wall box in the market that is third-party tested and certified in accordance with the international charging standards, therefore making it a unique safety solution. This guarantees secure installation and use allowing both the installation engineer and customer to feel safe.

A well-designed infrastructure in destination charging is absolutely crucial for making it easy to own an electric car, and something that leads to an increased demand for EVs.

GARO AT THE FOREFRONT OF MEETING THE NEW REQUIREMENTS

In 2023, there were more than 10 million plug-in cars registered in Europe. This figure is expected to amount to 41 million by 2030, which would represent almost a 4-fold increase.

The market was impacted during the year by a decision by the European Council ahead of the adoption of the AFIR, which includes detailed regulations for all member states and will begin to apply in 2024. The regulation sets the foundations for a cohesive network of public charging stations for both passenger cars and trucks throughout the EU. This is crucial for players within the transportation and construction sectors to transition their vehicle fleets.

The Regulation outlines compulsory national minimum targets for the expansion of infrastructure when it comes to alternative fuels. The Regulation means that charging stations must be present every 60 km for cars and every 120 km for trucks along the Trans-European Transport Network's core network. This also places requirements on the operators of the charging stations. It is to be easy for customers to pay and receive price information clearly and transparently.

This is an initiative that GARO welcomes as it creates new opportunities for the company. GARO is at the forefront of meeting the more stringent requirements for payment solutions and the possibility of communication between charger and car. This is also a requirement of the AFIR.

THIRD-PARTY CERTIFICATION WITH TÜV SÜD

GARO's clear ambition is to create safe and cost-efficient products and solutions for EV charging. Through a clear focus on the development of smart and future-proof products and complete solutions, everyday life is streamlined and simplified for the end user.

At the end of 2022, the new product platform, GARO Entity, which is built on a technical platform, was launched. Destination chargers reached the market for commercial properties, apartment blocks, companies and public places in the spring and the home market in the third quarter. With GARO Entity, the company is demonstrating that we have listened to the market's needs for safety and simplicity.

Destination chargers are third-party tested and certified with TÜV SÜD in Germany according to international charging standards. 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. With this certification, GARO Entity is unique in the market for this type of product. This provides security for both installation engineers and end users and confirms that the product is of high quality, which, combined with its long life, makes it a cost-efficient choice.

The certification shows that GARO as a company takes overall responsibility for the products it offers to the market, both in terms of the product and its installation.

To further strengthen the company's position in destination charging for heavy traffic, in 2023 GARO developed additional product variants of the 43kW AC charger launched at the end of 2022 to meet the requirements and needs of new customer categories. GARO has therefore laid the foundation for a flexible, safe and cost-efficient product offering for heavy traffic.

A well-designed infrastructure in destination charging is absolutely crucial for making it easy to own an electric car.

Niklas Rönnäng, Business Area Manager GARO E-mobility

NEW COMPANY IN GERMANY

Germany has previously been a market that GARO has reached through contractual customers and resellers, but the company now wants a higher market presence of its own. Germany is the country in Europe with the most number of electric cars, over 1 million, which requires a substantial increase in the pace of expansion rate for charging stations to meet the need for both home and public EV charging. As a natural step for GARO's continued growth in GARO E-mobility, a new market company was established in Germany, GARO E-mobility GmbH. The German company commenced operations at the end of 2023.

The German market requires public charging stations to comply with the Eichrecht regulations. During the past year, GARO ensured that the majority of its products meet these requirements. Through the development of existing public charging stations with additionally completed testing processes, the products were approved in accordance with the Eichrecht standard in 2023.

LONG-TERM STRONG DEVELOPMENT

In the first half of the year, the supply of materials remained a major challenge for GARO, while the company had a large backlog of orders. Long delivery times, which were a clear negative effect of the external factors of recent years, impacted GARO. In line with improved access to material supply, disruptions in the supply chain essentially ceased, easing the situ ation in the spring and summer. The effect was that production volume could gradually increase for all product cate gories and GARO could return to normal delivery times through a stable and efficient production rate.

The lower growth towards the end of the year was a result of a cautious market, primarily in Sweden. The private market was significantly cooler as a result of the macroeconomic situation with higher interest rates and a weak economy, which impacted consumers purchasing behavior and companies' willingness to invest.

The delivery start of the GARO Entity Compact in October, following delivery delays in the development project, marked the end of the project of the new destination charging platform. GARO will continue to develop future functionalities to meet market expectations and maintain GARO Entity's uniqueness in the market.

The market for charging infrastructure is growing structurally with rising numbers of rechargeable vehicles, and we see a continuing strong, long-term trend with further expansion of the charging infrastructure in the European market. We see lower growth in the short term, primarily for macroeconomic reasons, particularly in the Swedish market.

Serneke chooses GARO as new city district emerges

The vehicle fleet is changing, with the number of rechargeable vehicles on the increase and the era of internal combustion engines being phased out. This leads to a strong demand for expanded charging infrastructure, not just along the roads but also where people reside, work and live their lives. When the GARO Entity product program was launched in 2022, it represented the start of a new era of wall boxes and services that can be adapted for use in private single-family homes, apartment blocks, commercial properties and for public environments. For Serneke Bostad's extensive project, GARO has met the need for both electric car charging for the residents in the area and temporary electricity supply during the construction project.

The new district of Karlastaden district is emerging at Lindholmen in Gothenburg, Sweden. It will ultimately consist of eight blocks with stores, hotels, offices and about 2,000 homes, as well as Karlatornet, the Nordic region's highest building at 73 storys.

As always when working with electricity and high output, safety is always the highest priority for safe and secure charging. With the GARO Entity Pro wall box, residents can charge safely around the clock.

Jakob von Bahr, Project Sales, GARO E-mobility

PART OF THE GREEN TRANSITION

A secure and stable supply of electricity is a prerequisite for the efficient operation of the extensive construction project. Through Ahlsell, GARO has delivered different types of building cabinets and under one of the blocks, residents and visitors with electric cars and plug-in hybrid cars can now charge their cars with wall boxes from GARO.

Thanks to the open interface of the GARO Entity Pro wall box, the customer is never locked into a single supplier and has full freedom to choose the preferred operator. In the project collaboration with Serneke, commissioning and service is handled by the operator Voltiva, a trusty partner of GARO.

At Voltiva, we believe that the most important features of the wall box are that it is safe for both the customer and the installation engineer, and that it is future-proof for the property owner.

Rhebecca Borgvall, Sales Account Manager at Voltiva

For Serneke Bostad, the initiator and co-owner of the Karlastaden project, sustainability, security and future-proof technology were important in choosing the right wall box. GARO Entity Pro ensures climate-smart, safe and future-proof charging for residents and visitors in the new block, while making the construction and investment part of the green transition.

GARO Electrification

BUSINESS SPECIALIZATION

GARO's core expertise is to develop and produce innovative products and complete solutions for the electrical installations market. The total offering is characterized by a distinct focus on quality, safety, sustainability and energy enhancements.

By continually investing in technology and control, GARO is meeting the market's increased interest in energy saving. The objective is always to provide the electrical installer with the best prerequisites for being able to carry out their work in an easy, efficient and safe manner and providing the end user with a safe and simple solution.

With GARO's total range in GARO Electrification, the Group's offering primarily directed to electrical installers, property owners, construction companies, housing manufacturers and rental companies in the construction sector. Sales channels are adapted based on the market and sales are primarily conducted through wholesalers, retailers and contract customers.

Sales in GARO Electrification are driven by new construction, renovation and adaptation to the electrified society. An example of this is major commercial buildings such as housing, workplaces, shopping centers and hotels as well as various forms of industrial operations. There are many synergy effects for GARO E-mobility since the business area's products often comprise the basic prerequisite for the power supply of facilities for electric car charging.

PRODUCT AREA ELECTRICAL DISTRIBUTION PRODUCTS

The product range consists of electrical distribution products for the professional market. The total offering consists of about 3,500 electrical products and complete solutions for fixed electrical installation within new builds of housing and properties, various types of renovation projects and different forms of industrial operations. The product range includes complete distribution cabinets containing media, control and metering, exterior facades and ground meter cabinets. Standard components, connectors, smart engine heater outlets and electric posts for camping and marinas are also part of the offering. The range is characterized by high product quality, high electrical safety and energy efficiency that have an overall positive effect in the trend toward a more climate-smart future.

PROJECT BUSINESS PRODUCT AREA

The complete product portfolio can power everything from a small apartment to large-scale, complex industry. GARO's ready-assembled distribution cabinets, cable cabinets and switchgears are customer adapted based on close collaboration with the electrical installer or the designer. These complete solutions, which have all been prepared for easy assembly, offer a low total cost and minimal effort.

TEMPORARY POWER PRODUCT AREA

The Temporary Power product area produces products for temporary electricity, heating and lighting. These include temporary distribution cabinets, workplace lighting, drying fans and fan heaters for use on construction sites or for events. The product area offers products with high energy efficiency, a high level of safety and user-friendliness and that are ergonomically designed to meet the need of a good work environment.

BUSINESS OBJECTIVES

GARO Electrification is to be a leading player in the markets in which the Group has chosen to operate. A broad product portfolio in electric installation material is strengthening the segment at the same time as GARO E-mobility's product offering in electric car charging in Europe is being added to. As a complete and safe supplier, we are fortifying and strengthening our leading position through continual product development and adapting to new and existing markets.

908
MSEK IN SALES

281
EMPLOYEES IN THE BUSINESS AREA

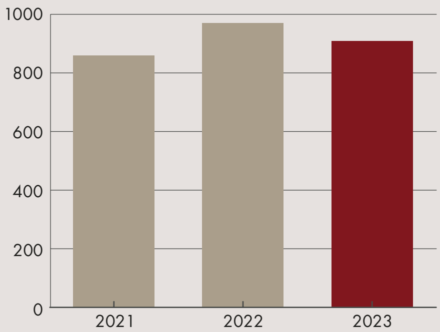
-6%
GROWTH

10%
GROWTH IN EUROPE (EXCL. THE NORDIC REGION)

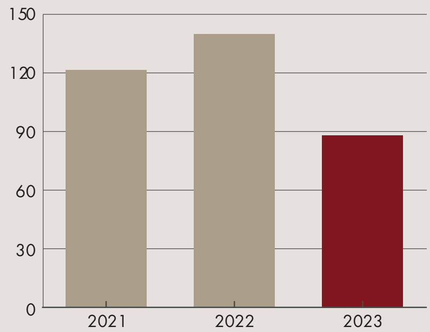
FIGURES FOR 2023

The GARO Electrification business area reported a favorable trend at the start of the year, which then slowed and resulted in net sales amounting to MSEK 908 compared with MSEK 969 in the preceding year. Negative growth was noted in the product areas of Electrical distribution products and Temporary Power, while Project business reported growth of 3%. Growth in GARO's sales companies in Europe (excl. the Nordic region) amounted to 10%. EBIT amounted to MSEK 88.3 (139.6) and the EBIT margin amounted to 9.7% (14.4). Capital gains from property sales, amounting to MSEK 18, positively impacted EBIT.

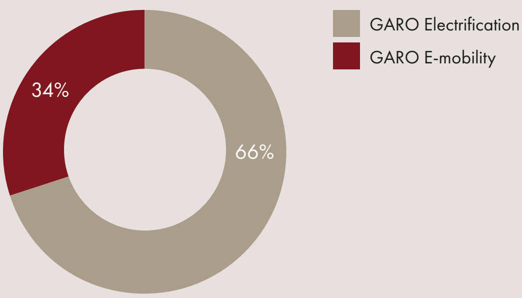
NET SALES (MSEK)



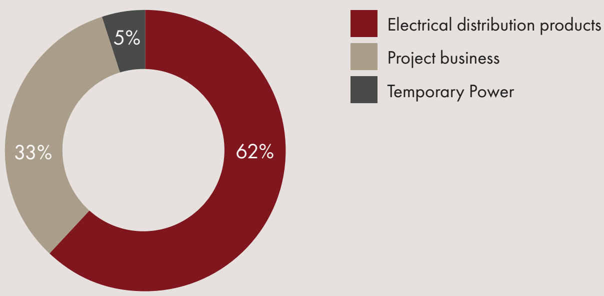
EBIT (MSEK)



NET SALES
Share of the Group



NET SALES
Per product area



Electrification, energy enhancements

ELECTRIFYING SOCIETY

There is now no doubt that society is being electrified. It can clearly be seen that the electrification of society is intensifying. The availability of sustainable energy and the high energy prices that characterized 2022 created new approaches, opportunities and challenges. Electrification is now on everyone's agenda The interest in energy-saving investments has increased sharply, as has the demand for GARO's traditional products such as standard components and fuse boxes, but especially switches, which are often installed together with energy-saving products.

STRENGTHENED POSITION DESPITE DECLINING MARKET

The construction of new single-family homes and apartments declined significantly in the Nordic region during the year as a result of the current economic situation in Europe with recession and high interest rates. The current market situation is expected to lead to weaker demand, primarily in Sweden, for new residential and large property projects. In 2023, about 60,000 homes were completed, while the forecast for 2024 and 2025 is significantly lower as a result of the sharp downturn in the number of new constructions in 2023. However, there is a huge pent-up demand for housing, created by the housing shortage in many countries. In Sweden alone, the Swedish National Board of Housing, Building and Planning estimates that the need for new construction is about 67,000 homes per year until 2030. With each year in which less homes than that figure are constructed, pent-up demand and pressure for new construction to gather pace increases.

Although the underlying market has declined compared with the previous year, GARO has further strengthened its position in the market by increasing its market shares.

The company believes that new construction in the public sector, commercial properties, industry and infrastructure, where most of the business area's products are used, is and will continue to be favorable in the years ahead. GARO sees the green transition, the electrification of society and demands for energy efficiency in general as positive driving forces for several product areas. As the electrification of society is intensifying, as is market interest and demand for products and solutions that help enhance efficiency and reduce our carbon footprint. Housing that is built today must both meet strict energy requirements and comply with several environmental and energy certifications compared with what has been the case only a few years ago. At the same time, renovations and new builds require more electrical installations than before, largely due to the digitalization of society and the increased share of locally produced electricity using solar panels.

The majority of GARO's offering is developed to enable and accelerate the transition to a more sustainable and climate-smart society. The Group will use its innovative development of products and solutions to actively be involved in designing the future sustainable way of living.

GARO's Temporary Power product area is the first in the construction chain for this and has experienced a declining trend during the year as a result. Other product areas that come in later in the process have posted stable development.

In Sweden, GARO has a strong market position in the business area. In the markets where GARO has market companies, there are many opportunities for growth by broadening the offering and growing with existing products and systems within the Group. This is a priority initiative moving forward.

TOGETHER, WE CREATE A WHOLE

Together with GARO E-mobility, the three product areas included in GARO Electrification create significant synergy effects.

Electrification is on everyone's agenda – benefiting GARO Electrification.

Daniel Emilsson, Business Area Manager, GARO Electrification

Large complex projects need products and services in most of these areas. Synergy effects create stable ground for GARO, particularly in times of sluggish demand in certain product areas. The expansion in E-mobility is driving demand for products in both Electrical distribution products and Project business, which creates a unique opportunity for GARO to offer customers attractive complete solutions. This is a major competitive advantage over other comparable players in the market.

In May, the company presented the new products GARO Entity Heat, an engine heater, and GARO Entity Flex, a portable EV charger. Both are based on the same platform as the wall box for EV charging and provide flexible and expandable options for the end user.

DIGITALIZED INDUSTRY

A fourth generation of industrial revolution has evolved over the past decade. This entails that more processes are digitalized and have and connected through the Internet of things (IoT), automation and machine learning. Increased access to real-time data to optimize production flows and enhance the efficiency of maintenance work is in focus. This creates a more holistic perspective with improved cooperation between physical and digital production. More industrial operations are choosing to invest in digitalized solutions and this trend is expected to become increasingly stronger in the coming years. The trend is driving demand in product categories such as security and measurement products in the Electrical distribution products and Project business product areas

EFFICIENCY ENHANCED AND NEWLY ESTABLISHED PRODUCTION AND LOGISTICS FACILITY

In 2022, GARO commenced the expansion of operations in the business area in Sweden by relocating a significant part of the operations from three facilities to a new facility in Hillerstorp. The aim is to establish efficiency, in part in production with space efficiency and organization and in part for logistics flows with cost-efficient and rapid deliveries, and capacity for growth. The relocation was completed in the first quarter of 2023 and includes production, storage and office space.

POSITIVE SYNERGIES WITH EV CHARGING

The declining new construction market during the year negatively impacted the business area. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in charging infrastructure and its requirements for power supply. There is a considerable underlying need for new housing and the long-term assessment is that the market will gain new momentum in line with the impact of the anticipated interest-rate reductions on the real economy. In addition, the market for road and transport infrastructure development is growing, contributing to a strong demand for temporary electricity for construction sites.

Following the relocation of operations, an efficiency program was completed during the second half of the year to adapt the organization to new conditions.

A clear focus for increased growth in the business area is further development of the offering in markets that have existing market companies. At the same time, the business area will grow with products that create synergies with EV charging in new markets where GARO E-mobility is now establishing itself.

Sustainability strategy and targets

GARO's sustainability efforts are based on three pillars, each of which is part of the strategic framework: Climate, Circular economy and Ethical and responsible business. This strategy is the foundation that allows GARO to respond to regulatory requirements, meet growing market expectations and pursue growth and return for investors, while focusing on strengthening GARO's social capital by attracting, encouraging and retaining employees.

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. GARO's overall climate target is to become climate neutral by 2040 and develop into a circular company.

GARO works toward the UN Sustainable Development Goals (SDGs). From the 17 SDGs, the Group has selected four that we believe we can create the greatest value and make the most difference.

As different areas of materiality have varying degrees of impact, which may also change over time, GARO adapts measures, action plans and resources on a step-by-step basis. Reporting and monitoring of KPIs involves broad collaboration and continuous dialog to ensure responsible and effective measurement of progress towards the SDGs.

Climate

→ ACHIEVE CLIMATE NEUTRALITY

GARO aims to be climate neutral throughout the value chain by 2040. This is in accordance with the Paris Agreement whose goal is to limit global warming to 1.5°C.

TARGET:

- Emissions related to the operations in GARO's own premises are to only come from fossil-free sources for electricity and heating production by 2025.
- All electricity in the Group's facilities is to come from fossil-free sources by 2025.

OUTCOME:

- 690 tons CO_2e emissions (Scope 1 and 2).
- 81% of electricity from fossil-free sources in own operations.

Read more on page 30.

7 AFFORDABLE AND CLEAN ENERGY · 11 SUSTAINABLE CITIES AND COMMUNITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

Circular economy

→ SUCCEED IN ACHIEVING THE CIRCULAR COMPANY

GARO strives to ensure that its products are climate-smart, recyclable and reusable, thereby optimizing the conditions for GARO to become a circular company. This requires GARO to continue to develop products and services where materials and natural resources are used throughout the entire life cycle. This transition not only reduces climate impact but also offers financial benefits such as cost savings and strengthens GARO's position in an increasingly sustainability-driven market.

TARGET:

- Achieve a recycling level of over 98% by 2025.

OUTCOME:

- The recovery rate amounted to 87%.

Read more on page 33.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ethics and responsible business

→ BE AN EMPLOYER RECOMMENDED BY RESIDENTS, EMPLOYEES, CUSTOMERS AND INVESTORS

GARO believes that sustainability is the key to a successful and ethical corporate culture. GARO values and promotes an environment of ethical and responsible behavior at both the individual and corporate level and complies with international standards and conventions such as the UN SDGs.

TARGET:

- Zero serious workplace accidents and a downward trend for minor workplace accidents.
- To strive for equality in all occupational groups in the company.
- To strive for equality among senior executives.

OUTCOME:

- 24 serious workplace accidents and 58 minor workplace accidents.
- The percentage of women during the year was 41%.
- The percentage of women in senior executive positions amounted to 18%.

Read more on page 36.

Climate

Achieve climate neutrality

Climate change is a global matter that threatens to result in serious consequences for our planet. GARO's overall aim is to be climate neutral throughout the value chain by 2040. GARO wants to be an enabler that contributes to the UN 2030 Agenda, the European Green Deal, Fit for 55 and the goals of the Paris Agreement.

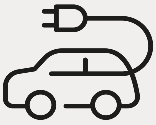
The challenges of achieving climate neutrality and the SDGs are significant, but GARO's ambition and objective is to develop the necessary solutions together with suppliers and partners.

GARO's products and services are integrated throughout the low voltage sector, which contributes to and enables efficient energy use with low climate impact.

FOSSIL-FREE ENERGY IN OWN OPERATIONS

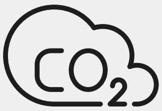
81%

COMPANY CARS RUNNING ON ELECTRICITY FROM 2025



100%

GREENHOUSE GAS EMISSIONS



690 tons

EMISSION INTENSITY[1]

4.9 tons

KEY FIGURES

	Goal	2023	2022	2021	2020	2019
CO_2e emissions (tons).	Climate neutrality (Scope 1, 2, 3) by 2040	690[2]	250	279	246	229
Percentage of electricity from fossil-free sources in own operations.	All electricity in the Group's facilities is to come from fossil-free sources by 2025.	81	92	-	-	-
Energy consumption electricity and heat (MWh)		3,777	3,140	3,321	3,058	2,939
Water consumption		7,838	4,274	-	-	-

1. Emission intensity is measured as a company's carbon dioxide equivalents (CO_2e) in relation to the portfolio company's revenue. The emission intensity figures (annual CO_2e in tons/company's annual revenue in USD million) are primarily intended to allow for relevant comparisons regardless of the size of the companies

2. Scope 1 and 2 in 2023.
The increase for 2023 temporarily includes two production sites in Poland, the former being divested in the fourth quarter, and owned and leased vehicles, which were not reported in previous years.

Products, services and systems enabling the new flexible, decentralized and sustainable energy and transportation system

GARO designs and manufactures products and complete solutions for electricity distribution and EV charging with a focus on safety, governance and metering as well as sustainability.

GARO – A LINK IN THE ENERGY CHAIN

GARO's product development and ability to be innovative enables people to contribute to the transition and companies and sectors to invest in the ongoing sustainability transition. The fact that operations that manufacture products for the distribution of electricity play an important role in the transition is a factor that is particularly highlighted in the EU taxonomy. This concerns the upgrade of existing electricity distribution, use and new establishment, which is increasingly supplied via solar and wind power. Electricity distribution then enables the charging of electric vehicles and the transition to 100% electrified properties and societies. The trend demonstrates that the future will include more complex and entire system solutions since residential areas, logistics hubs, industries, harbors and cities' electricity use will increase both in the short and long term with the following driving factors:

- Climate transition – when fuel will be phased out to the benefit of solar and wind power combined with batteries to relocate electricity and power in time, when and where it is required.
- Energy efficiency – transition to cooling and heat pumps.
- Population densification – demand for electricity and power increases.
- The electrification of the entire transport and energy sector and more local electricity distribution.

KEY EVENTS IN 2023

- The wall boxes of the new GARO Entity technical platform reach the market, offering smarter EV charging in part through the Price Adaptive Charging (PAC) function. The function enables provides the opportunity to charge when the price of electricity is lower, which occurs when the burden on the electricity grid is low.
- Focus on heavy vehicles and construction transport by expanding the product offering.

Fossil-free energy only

GARO's ambition is to use only fossil-free energy in its own operations and throughout the value chain. GARO believes that direct and indirect operational emissions from premises in terms of electricity and heating will be zero tons by 2025. The company also focuses on reducing emissions from suppliers and partners in logistics, commuting and business travel.

GARO sees opportunities in reducing the company's operational emissions by 2030 by:

- increasing the share of fossil-free energy for heating and cooling by, when possible, phasing out gas to the benefit of energy, cost and emission reducing heat pumps.
- increasing solar electricity production with lower electricity costs, reduced transmission costs and more efficient use of energy as a positive consequence.
- increasing the use of electric vehicles for business travel, work vehicles and logistics transport, reducing the company's dependence on fuel and further reducing GARO's climate emissions.

KEY EVENTS IN 2023

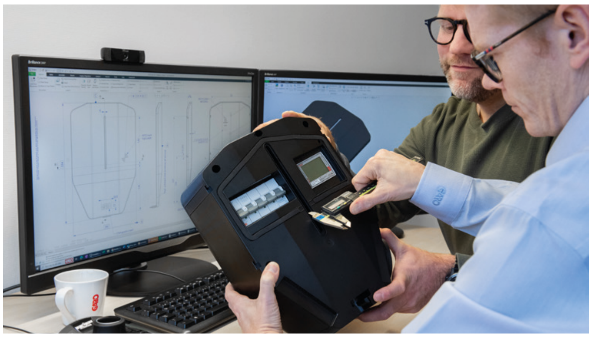
- As of 2023, 100% of official vehicles are ordered with electric power, which reduces GARO's climate impact and provides financial benefits through lower fuel costs.
- New production and logistics facility in Poland inaugurated The facility has a clear focus on sustainability, and factors such as the exclusion of gas heating contribute to reducing climate emissions.
- More than 100 employees have been trained in the rapid development of the new sustainable energy system, its benefits and the role of GARO.

Fossil-free emissions from the supply chain

GARO's efforts focus on encouraging the use of fossil-free energy in suppliers' operations. In order to reduce emissions in the logistics chain and promote the transition to electric freight transport, collaboration with suppliers, logistics and transport operators, as well as stakeholders in the deployment of charging infrastructure, is required.

KEY EVENTS IN 2023

- In 2023, GARO intensified the degree of its influence on supplier sustainability performance. The target is for suppliers and partners to use 100% climate neutral energy in their production processes by 2025 for all components and services delivered to GARO.
- GARO has consolidated its own production and logistics facilities in Sweden from three to two in order to improve logistics and reduce emissions.



Collaborations

It is naturally important for GARO to take social responsibility, both at an overall level and a local one in the locations where the Group operates. GARO can contribute to reducing emissions alone and in collaboration with other players with new knowledge and an established exchange of frontier research.

PROJECT DIALOGS IN 2023:

- University, research and student dialog.
- During the year, bachelor and master's theses on sustainability from six different universities were supported. Particular focus was placed on a case study exploring how industry, including GARO, can contribute to the new flexible electricity system and the financial benefits this can create.
- Together with researchers at RISE, dialog was initiated on collaboration to integrate more climate-smart materials in GARO's products, with a particular focus on wood materials.
- GARO has participated in the "SuperEffekt" project led by Blekinge Institute of Technology. The project focused on exploring the combination of solar energy, batteries, hydrogen and artificial intelligence (AI).

Circular economy

Succeed in achieving the circular company

At GARO, awareness of the circular economy is steadily increasing, reflecting not only a general industry trend but also influenced by changes in global financial, political and societal spheres. GARO is aware that all materials used have an impact, and that there is a need to quantify and assess its degree of impact in order to find new alternative materials.

Faced with a time of more stringent requirements and regulatory commitments, such as the EU taxonomy and CSRD, GARO is aware that action and transformation is required to ensure that products, operations and the company develop in a sustainable way. These driving requirements affect GARO's strategic direction and its ability to lead the transition to a circular company.

At the same time, investors, customers and wholesalers are becoming increasingly aware of and demanding a higher share of circular materials, such as recycled plastics, in products and processes, as well as opportunities for return. This increased awareness and demand is something that GARO is actively embracing and responding to. By reducing the use of raw materials and increasing the use of recycled materials, GARO also facilitates the path to climate neutrality, reduced impact on biodiversity, reduced water use, minimized pollution risks and inefficient land use.

GARO's strategy includes an action plan for sustainable products and services that spans the short, medium and long term and supports the company's overall corporate objectives and key results. Through a circular economy, a more sustainable and future-proof business can be achieved in line with the demands and expectations of our time.

RECYCLING LEVEL	INCREASED RECYCLING LEVEL	WASTE DECREASE	LANDFILL
87%	**+5%**	**-21%**	**-62%**
	WITH 2019 AS THE BASE YEAR	WITH 2019 AS THE BASE YEAR	WITH 2019 AS THE BASE YEAR

GARO focuses on the circular economy in the following areas:

MATERIAL CHOICES

Nature provides us with raw materials for products, directly or through subcontractors. GARO sets requirements and evaluates all material purchases. The Group's suppliers are mainly located in Europe, which limits the risk of non-compliance with the Group's Code of Conduct.

All suppliers with whom GARO enters into strategic partnerships are continually assessed to ensure that they meet the Group's quality and sustainability requirements. GARO works together with suppliers to develop and achieve a sustainable working method through cooperation and dialog.

Market requirements regarding the choice of materials, certification and/or standards are rising at the same or faster pace than legislation requires, particular in the EU. One area is legislation and the use of conflict materials, such as tin, tungsten, tantalum and gold that are used in a variety of everyday products.

Efficient material choices: GARO strives to systematically minimize material use while maintaining resistance and quality and meeting increased safety and sustainability requirements.

Low carbon footprint: GARO prioritizes materials with low carbon footprints. This includes using local materials and materials produced with renewable energy.

Sustainability over the life cycle: GARO's target is to assess the environmental and social impact of the material throughout its life cycle, from raw material extraction to disposal. This helps to identify the most sustainable materials.

Sustainable materials: The choice of sustainable and long-lasting materials reduces the overall environmental impact of the product over time.

Recyclable and reusable materials: Materials that can be easily recycled or reused are prioritized.

COLLABORATION FOR THE CIRCULAR ECONOMY

GARO works with industry peers, universities, NGOs and authorities to promote circular economy principles and drive sustainability developments with a focus on electrification.

MATERIAL WASTE AND RECYCLING

GARO's objective is that no waste goes to landfill and the Group operates based on the EU waste hierarchy, which mainly involves minimizing and reusing resources. When this is not possible, waste is recycled and, in a last case scenario, waste goes to landfill.

MODULARITY AND REPARABILITY

Modularity and reparability is an important area for GARO in the development of products and represents a significant strength for the overall sustainable business model. Through identified sustainability aspects, products are developed with a focus on their entire life cycle. These aspects include, for example, ensuring that GARO allows, as far as possible, for upgrades to be made without having to replace entire units. The fact that certain modules or components can be replaced separately promotes a circular economy that contributes to a lower environmental impact by reducing waste.

KEY EVENTS IN 2023

- In 2023, efforts began on evaluating system suppliers to ensure that the use of materials for GARO's products is in line with set sustainability targets and the requirements of the EU taxonomy. This strategic action aims to strengthen internal understanding and the conditions for achieving a circular economy.
- During the year, the review of choices of materials continued and needs were identified. This concerned prioritizing the materials that we use in our product portfolio to an even greater extent. These efforts will continue for many years and could have a direct impact on the choice of materials, suppliers, circular flows, packaging and waste management.
- New, more climate-smart packaging was gradually implemented during the year. This is applied to all new packaging and will also be applied to the existing range in 2024.
- During the year, GARO continued its dialog with companies that offer cable and electronics recycling. The aim of this was to increase the conditions for recycling materials for new products.
- GARO has implemented a proactive strategy to diversify its EU-based subcontractors with a focus on sustainability standards. This includes careful consideration of supplier certifications and recyclability, reducing the risk of problematic origins.

When GARO develops products, the objective is for them to offer high functionality and be energy- and cost-efficient while having the least possible environmental impact throughout their life cycle. The operations have a life cycle perspective integrated in all product development projects and include the entire GARO value chain, from the choice of materials to reparation and recycling.

KEY FIGURES

	Goal	2023	2022	2021	2020	2019
Waste recycling rate (%)	Achieve a recycling level of over 98% by 2025.	87	82	84	85	72

Ethics and responsible business

GARO is to be an employer recommended by residents, employees, customers and investors

It is important for GARO to be part of the society it operates in. Conducting responsible and ethical business is fundamental for operations, the brand and its long-term success.

Maintaining consideration for employees who we see as the key to the Group's continued development and success is just as meaningful. By placing people in the focus and offering favorable personal development opportunities and safe workplaces, GARO gains access to motivated employees who thrive at work.

When combined with an open corporate culture that promotes innovation and new thinking, the result is an engaged workforce that contributes to a dynamic and innovative organization that can more rapidly adapt to change and meet the challenges of the future. This forms the basis of positive and stable operational development.

EQUALITY WOMEN/MEN IN SENIOR POSITIONS

19% WOMEN

81% MEN

EQUALITY WOMEN/MEN TOTAL

41% WOMEN

59% MEN

ACCIDENTS AND INCIDENTS

24 ACCIDENTS

58 INCIDENTS

KEY EVENTS IN 2023

- The continuous monitoring of employee well-being through engagement surveys is an important part of the development of the working environment within the Group. This has begun to be implemented Group-wide and will be fully integrated in 2024.
- More than 100 employees from the GARO Electrification business area have undergone training in rapid societal development and opportunities within the new sustainable energy system.
- Intensified sustainability work that ensures coordination, management and monitoring of environmental and social aspects.
- GARO achieved a high ranking in the EcoVadis sustainability assessment, demonstrating its strong commitment to sustainability and responsibility. This ranking provides GARO with valuable insights for further improvements in its sustainability efforts. EcoVadis is a global leader in sustainability ratings, focusing on environmental concerns, fair labor practices, ethics and sustainable sourcing, and following international standards such as GRI, UN Global Compact and ISO 26000.

KEY FIGURES

	Goal	2023	2022	2021	2020	2019
Number of employees		478	521	498	412	421
Number of serious workplace accidents	Zero serious workplace accidents and a downward trend for minor workplace accidents.	24	26	18	21	15
Proportion of women in the organization (%)	To strive for equality in all occupational groups in the company.	41	42	-	-	-
Proportion of women in senior positions (%)*	To strive for equality among senior executives.	19	16	-	-	-

* Senior positions includes members of Group Management and the Board of Directors.

OPENNESS, FRIENDLINESS AND PRIDE

Openness, friendliness and pride are the foundations of GARO's corporate culture and the GARO spirit that has been created by its employees. An active and close leadership is a prerequisite for success, and every employee must, regardless of position, be treated with respect. GARO's strong corporate culture creates motivation, commitment, pride and belonging. Each employee acting as a good ambassador for the Group not only strengthens the brand and corporate culture, but also contributes to the continued development of operations and maintaining strong relationships with the company's stakeholders. GARO strives to be a workplace where people can grow, develop and forge careers internally.

SAFE, HEALTHY ENVIRONMENT

GARO is to offer safe and secure workplaces characterized by good working conditions, zero tolerance towards discrimination and a sound balance between work and free time. The Group's production environments are clean, light and without noise, and the safety of employees is always in focus. The goal is for equally low sick leave, regardless of work tasks and country. Workplace accidents must be as close to 0 as possible.

DIVERSITY AND EQUALITY

Everyone is welcome at GARO, regardless of gender, ethnicity, sexual orientation or disability. There is considerable value in having cultural diversity with even age and gender distribution throughout operations. This creates a successful corporate culture. GARO always strives to achieve an even employee composition and to have more women in senior positions.

HUMAN RIGHTS

The GARO Group supports the protection of internationally recognized human rights and works proactively to avoid contributing to human rights violations. Employees should respect the rights of the individual while demonstrating good faith and mutual respect in their dealings with colleagues. Products must not contain conflict materials (tin, tantalum, tungsten and gold) that are originated from high-risk and conflict-affected areas.

PERSONAL DEVELOPMENT AND RECRUITMENT

GARO is to have an attractive workplace in which its employees feel acknowledged and are offered developing and challenging work tasks, regardless of where in the Group they find themselves. Attracting and retaining expertise is an important aspect of GARO's strategy, and creating the conditions for employees to forge a career in the Group attracts external expertise as well as ensuring that the expertise already present in the Group is maintained. All employees are to be given the same opportunities for development, training and promotion in their respective areas of activity. There is a wide range of various positions in the Group that creates favorable opportunities for employees to develop internally. Flexibility between different units, business areas, countries and within the Group in general has led to new insight and supplementary skills positively impacting GARO's operations.

RESPONSIBLE PURCHASING

Through collaboration with carefully selected suppliers, who like GARO have high sustainability goals, it is ensured that each supplier is involved in and contributes to GARO's strategic sustainability efforts.

SOCIETAL DEVELOPMENT

GARO is committed to the local community in which it operates and, through local involvement, aims to create an attractive and prosperous community primarily from a developmental, economic, social and cultural perspective.

Sustainability at GARO

BUSINESS OPPORTUNITIES THROUGH SUSTAINABILITY

GARO sees sustainability as a key path to meeting ecological and social needs while creating the best prerequisites for financial success. Our business strategy, with sustainability as an integrated feature, creates opportunities for positive societal impact and enables new business opportunities.

GARO sees the financial benefits of prioritizing sustainability in the company's processes and decisions such as improved use of resources and optimizing material intensity. Life cycle assessments help GARO to ensure material selection and enable reduced energy costs. These insights create financial value and are essential for GARO to reduce its climate impact.

In addition to reducing its impact on the climate and financial opportunities, GARO focuses on building its social capital. By investing in a sustainable work environment that promotes a work-life balance and supports social responsibility initiatives, GARO increases employee motivation. This results in a more engaged and productive work environment that benefits both employees and the company as a whole.

GARO's commitment to sustainability has also attracted the interest of students who want to become involved in companies with a strong sustainability agenda. Through various partnerships with GARO, they have the opportunity to apply their knowledge and help create a more sustainable society.

Integrating sustainability into the business strategy lays the foundation for a gradual reduction of GARO's environmental impact while creating a stable foundation for sustainable growth and future success.

EXPANDED SUSTAINABILITY EFFORTS

During the year, GARO has taken several measures to strengthen its work on assessing significant consequences, risks and opportunities in resource use and the circular economy.

GARO has enhanced the internal process by integrating the Framework for Strategic Sustainable Development (FSSD) into the strategic sustainability process. This framework has provided the Group with a clear structure and governance to assess and prioritize the material aspects.

The process involves reviewing the production and logistics facilities and business operations to identify actual and potential effects, risks and opportunities.

A particular focus is placed on analyzing and understanding resource flows and waste management.

At the same time, collaboration with students from different universities and disciplines has been expanded to provide these efforts with new knowledge and perspectives.

GARO's investment in a new production and logistics facility in Poland, in which the company is guided by BREEAM, has been an important part of promoting the circular company and the sustainable use of resources.

In parallel, several new policies have been adopted to further support these efforts, with the policy for sustainable purchasing being a clear example.

GARO'S SUSTAINABILITY REPORT

The Sustainability Report for 2023 includes GARO Group companies for which GARO AB has operational control, which are those companies in which GARO has a majority shareholding.

GARO's sustainability efforts are based on the scientifically developed framework for strategic sustainable development. The framework facilitates GARO's strategic and methodical efforts with the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS), the EU taxonomy and the forthcoming Corporate Sustainability Due Diligence Directive (CSDDD).

GARO's sustainability efforts are guided by international standards, conventions and frameworks such as the UN Universal Declaration of Human Rights (UDHR), the Children's Rights and Business Principles, the Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises, the Fundamental Conventions developed by the International Labor Organization (ILO), the Fair Labor Association and the UN Global Compact and Ethical Trading Initiative (ETI). GARO reports its sustainability efforts in accordance with the Swedish Annual Accounts Act and reports in accordance with the taxonomy regulation.

In order to provide a comprehensive overview of the Group's sustainability impacts, strategies, plans and practices, the most material aspects for operations and its stakeholders have been included in the report.

Data for the reporting was collected from each company in the Group through BI reports, IT and financial systems and external support systems for such things as energy consumption. In addition, internal databases such as life cycle assessments and other analyses, including climate analyses, have been prepared by the sustainability department. At the same time, GARO is required to include all target areas and dimensions of sustainability within the company. The CSRD identifies several key areas that require special attention, resources and targets to meet sustainability requirements.

Sustainability governance

GARO governs its sustainability work with a clear objective and ambition to continually evolve. Sustainability is integrated and embedded in the GARO Group's strategy and decision-making processes. The sustainability governance structure ensures that regular follow-ups of compliance with the sustainability goals are carried out and that progress and results are actively reported to meet the growing needs for materials and energy with a focus on ecological, social, regulatory and compliance requirements. This ensures that GARO's actions and initiatives are in line with the set sustainability goals and commitments in the sustainability strategy.

This focused and proactive approach allows GARO to continuously improve its sustainability efforts and adapt to the dynamic conditions in the field of sustainability.

The ultimate responsibility for GARO's sustainability work lies with the Board of Directors, while the CEO and Group Management have overall responsibility. Those responsible for sustainability lead efforts through target, strategy and action plans as well as operational governance and accountability and related steering documents. Governance is formalized in the GARO's Sustainability Policy.

Currently, GARO does not have a specific incentive scheme linked to sustainability goals for the management team. GARO is evaluating and considering the introduction of such incentives to further strengthen commitment to the sustainability goals and ensure a more focused sustainability strategy within the company.

CERTIFICATIONS

The majority of GARO Group companies have ISO 9001 and 14001 certification, which ensures that quality and environmental management systems are regularly evaluated and comply with applicable regulations. The allocation of responsibilities is based on specific areas for the implementation of operational sustainability efforts. Operations in Ireland and the UK hold ISO 9001 certification and undergo similar annual evaluations to ensure compliance with relevant regulations.

POLICIES AND GUIDELINES

GARO has a clear and integrated policy for sustainability that permeates the company's business decisions and operations. The policy is based on GARO's commitment to reducing the company's environmental impact and promoting sustainability. It guides GARO's employees and partners in the set sustainability initiatives. GARO's policies, codes of conduct, guidelines and associated action plans are well implemented as guidance for employees, corporate culture and social responsibility.

Quality and environmental management system
ISO 9001:2015
ISO 14001:2015

Code of Conduct
GARO Code of Conduct
GARO Supplier Code of Conduct

GOVERNANCE MODEL

The Board of Directors
Ultimate responsibility for the company's sustainability efforts

Group Management
Overall responsibility for the company's sustainability efforts

Head of Sustainability
Operational responsibility for the company's sustainability efforts on a Group level.

Operations
Operational responsibility for implementing action plans and monitoring KPIs in the area of responsibility.

Employees
Follow and work based on sustainability frameworks, codes of conduct and policies.

Stakeholder dialog

For GARO, it is a given to consider stakeholders and their expectations in the design of our sustainability efforts. Their input is significant for our efforts to maintain a relevant and material nature. Through transparent processes and active collaboration, GARO strives to create a sustainability strategy that benefits all parties involved. GARO's operations, products and services are engaging, which facilitates dialog with various stakeholders.

Stakeholder dialogs are regularly conducts and form an important part in understanding society, the continuous changes that impact GARO and GARO's effect, both today and tomorrow, on society, people and cultures where the Group operates. Sustainability work, the materiality analysis and sustainability goals are designed so that they are in line with the insight that stakeholder dialogs provide based on this data and other relevant information.

Dialog with various stakeholder groups take place in various contexts depending on the stakeholder. For example, natural points of contact, customer and employee surveys, major product launches and personal meetings.

The Group has seen rising interest in sustainability from customers, clients, analysts, banks, funds, universities, authorities and employees. Dialog is conducted on such topics as the EU taxonomy, related new future legislation, climate and energy, product analyses and talent supply. GARO has also taken the initiative to carry out research and development projects into future flexible electric systems.

The table below describes the Group's most important stakeholders and their prioritized sustainability matters.

Stakeholder	**Dialog**	**Topics**
Customers	Surveys Business dialog Contracts	Safe products Sustainable products Business relationships Minimizing risk
Employees	Employee dialog Surveys	Work environment Safety Expertise
Suppliers	Surveys Business dialog Contracts	Long-term approach Performance Minimizing risk Corruption
Investors/analysts	Financial statements Personnel meetings	Return Long-term approach Sustainability matters
Management	Sustainability strategy	Management by objectives Focus areas Resources
Shareholders	Annual General Meeting Personnel meetings Management talks	Return Long-term approach Minimizing risk
Authorities	Surveys Visits Lobbying	Law and legal compliance Skills supply Infrastructure Green transition
Universities and colleges	Research projects Degree project	Energy transition Electric systems
Local community	Local cooperation Stakeholder group engagement	School collaborations Sponsorship

Auditor’s report on the statutory sustainability statement

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

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2023 on pages 28–43 and 102–107 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINIONS

A statutory sustainability statement has been prepared.

Jönköping, April 9, 2024
Ernst & Young AB

Joakim Falck
Authorized Public Accountant

The GARO share

Through regular information disclosure to shareholders and the remainder of the capital market, GARO has the ambition of efficiently and correctly creating a fair image of the operations' performance, minimizing the risk of rumors being spread and increasing interest in the share and the company. The aim is to maintain continual dialog with the Group's various stakeholders.

SHARE PRICE AND AVERAGE VOLUMES 2023

GARO's share has been listed on Nasdaq Stockholm since March 2016 and has been part of the Mid Cap segment since January 2, 2018. Shares are traded under the ticker name GARO.

A total of 24.5 million GARO shares were traded in 2023. The average daily volume during the year amounted to 97,017 shares (55,244). On the final trading day of the year, the share price closed at SEK 44 (109), a decline of 60% compared with the closing price on December 31, 2022.

At the end of the period, the number of shares amounted to 50,000,000 (50,000,000).

GARO's market value on December 31, 2023 was MSEK 2,176 (5,430).

WARRANTS

In conjunction with the 2022 AGM, a directed share issue of 200,000 warrants for senior executives was resolved. The program has a three-year term and is expected to contribute to achieving GARO's long-term business plan, strategy and financial targets. In the second quarter of 2022, 42,500 warrants were subscribed. The subscription of shares using the warrants can take place in June 2025. Oversubscription may not take place.

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

DIVIDEND

GARO's dividend policy is that the dividend shall amount to around 50% of the net profit after tax. The dividend must take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements. The Board proposes that no dividend be paid for the 2023 fiscal year in light of completed investments and the Group's general consolidation requirements.

DATA PER SHARE (ADJUSTED FOR THE SPLIT)

Data per share	2023	2022	2021	2020	2018
Earnings per share (SEK)	0.63	2.41	3.33	1.91	1.71
Cash flow from operating activities per share, SEK		1.78	2.43	1.74	2.43
Equity per share, SEK	12.17	12.28	11.03	8.60	6.86
Average number of shares (thousands)	50,000	50,000	50,000	50,000	50,000
Number of shares at the end of the period (thousands)	50,000	50,000	50,000	50,000	50,000

THE 10 LARGEST SHAREHOLDERS AT DECEMBER 31, 2023 (FROM EUROCLEAR)

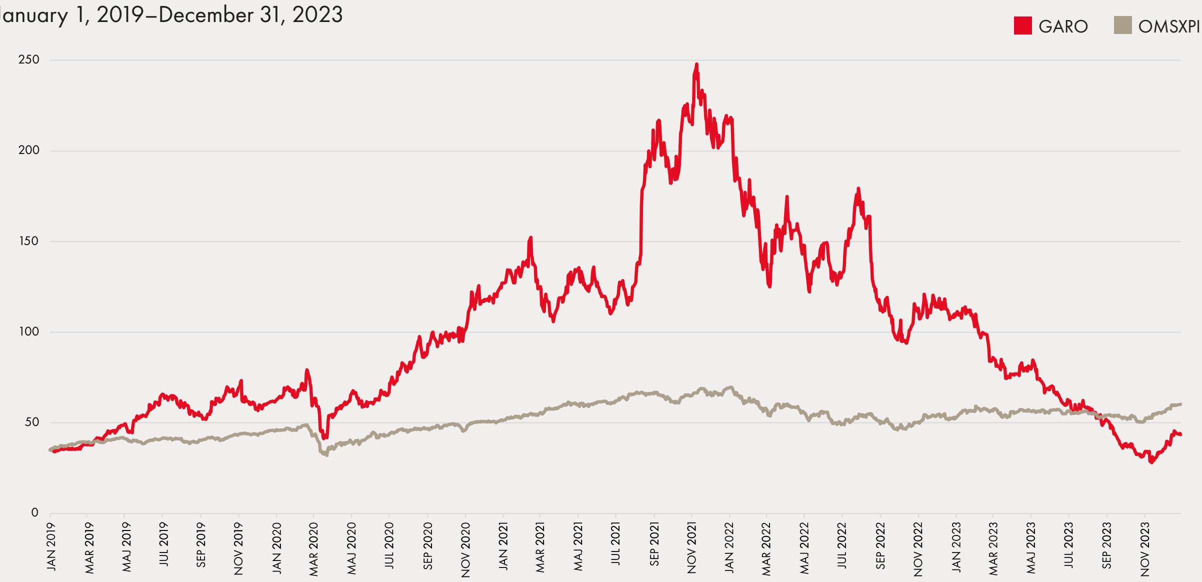
Shareholders	Number of shares	Share capital, %	Votes, %
Svensson, Lars	17,841,725	35.7	35.7
Svolder Aktiebolag	6,180,000	12.4	12.4
Nordea Investment Funds	2,440,067	4.9	4.9
Spiltan Fonder AB	2,412,662	4.8	4.8
Stefan Jonsson Invest AB	1,580,425	3.2	3.2
Volador	1,500,000	3.0	3.0
Third Swedish National Pension Fund	1,300,000	2.6	2.6
SEB Investment Management	1,282,314	2.6	2.6
Lannebo Fonder	1,128,698	2.3	2.3
State Street Bank and Trust CO, W9	1,042,329	2.1	2.1
Total, largest shareholders	**36,708,220**	**73.6**	**73.6**
Total, other shareholders	**13,291,780**	**26.4**	**26.4**
Total number of shares	**50,000,000**	**100.0**	**100.0**

SIZE CLASSES OF OWNERSHIP STRUCTURE AT DECEMBER 31, 2023 (FROM EUROCLEAR)

Holding	Number of share-holders	Number of shares	Share capital, %	Votes, %
1–500	15,037	1,564,805	3.1	3.1
501–1000	1,140	895,638	1.8	1.8
1001–5000	930	2,026,745	4.1	4.1
5001–10000	104	794,068	1.6	1.6
10001–15000	33	409,767	0.8	0.8
15001–20000	19	338,093	0.7	0.7
20001–	83	43,970,884	87.9	87.9
Total	**17,346**	**50,000,000**	**100.0**	**100.0**

SHARE PRICE DEVELOPMENT FOR THE PAST FIVE YEARS

January 1, 2019–December 31, 2023



Board of Directors' Report

The Board of Directors and the President and CEO of GARO AB (publ) hereby submit the Annual Report and consolidated financial statements for the 2023 fiscal year. All amounts are stated in MSEK and amounts in parentheses pertain to the preceding year. References to notes are either for the Group (G) or the Parent Company (PC).

GROUP STRUCTURE

GARO AB (publ) is the Parent Company of the Group with 12 directly and indirectly wholly owned subsidiaries as described in Note PC10.

Through its two business areas (BA) GARO E-mobility and GARO Electrification, as well as the Group's segments, the Group supplies products and complete solutions with a focus on electrical safety, user-friendliness and sustainability.

INFORMATION ABOUT THE OPERATIONS

GARO develops, manufactures and markets innovative products and turnkey solutions for the electrical installations market under its own brand. The GARO E-mobility business area includes the product area (PA) E-mobility, while the GARO Electrification business area comprises the Electrical distribution products, Project business & Temporary Power product areas. GARO has strong customer relationships and a highly developed supplier network that, combined with proprietary production and sales units, form a platform for delivering innovative, complete solutions.

GARO's largest customer group is electrical wholesalers. In addition, GARO has good relationships with end customers that comprise electrical installers, original equipment manufacturers (OEMs), industrial companies, tenant-owner associations and private individuals. The company has operations in Sweden, Norway, Finland, Ireland, the UK, Germany and Poland.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In 2023, GARO completed the construction of its new production and logistics facility in Poland and operations were moved to the new facility. The existing facility was divested. For more information, see Note G30.

In GARO E-mobility, the GARO Entity development project was completed. GARO Entity Pro obtained approved third-party certification (TÜV SÜD, Germany) pursuant to international charging standards. Several GARO E-mobility products were also approved in accordance with Eichrecht standard.

In the third quarter, an action and efficiency program was initiated to return to previous margins and profitability.

The war in Ukraine has primarily impacted GARO with higher purchasing prices, while the conflict in the Middle East is assessed as not having impacted GARO's operations.

EMPLOYEES

The number of full-time employees in the Group on December 31, 2023 was 478 (521). The average number of full-time employees in 2023 was 521 (521). The number of employees in the Group's foreign companies on December 31, 2023 amounted to 211 (226), corresponding to 44% (43) of the total number of employees. The percentage of women during the year was 41% (42). The number of full-time employees in the Parent Company on December 31, 2023 was 89 (123), of whom 34% were women (36).

For more information about employees, see Note G7 page 67.

REMUNERATION OF SENIOR EXECUTIVES

Information about the remuneration of senior executives can be found in Note G7 on page 67.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

These guidelines are described in Note G7 on page 67.

ENVIRONMENTAL IMPACT

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

The production facilities in Sweden and Poland conduct reportable operations with the local authority as the supervisory authority. The Gårö 1:377 property is in risk class 2 according to the county administrative board's Method for Inventories of Contaminated Sites (MIFO) inventory. The Parent Company has no orders under the Swedish Environmental Code. The Parent Company has ISO 14001 environmental certification.

No other companies in the Group conduct licensable or reportable operations.

SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, the company has chosen to prepare the statutory Sustainability Report as a separate report from the Annual Report. The Sustainability Report was submitted to the auditors at the same time as the Annual Report. The Sustainability Report is presented on pages 28–43 and 102–107.

SHARE

The total number of shares on the balance-sheet date amounted to 50,000,000 with a quotient value of SEK 0.40. Each share provides entitlement to one vote at the Annual General Meeting. There are no limitations to the transferability of the GARO shares (post-sale purchase rights). There are also no limitations on how many votes each shareholder may cast at general meetings.

The company is not aware of any agreements between shareholders that could entail limitations to the right to transfer shares.

The Parent Company's share capital amounted to MSEK 20 on December 31, 2023.

OWNERSHIP STRUCTURE

On the balance-sheet date, there were two shareholders who own and control more than 10% of the number of votes for all of the shares in the company. These shareholders are Lars Svensson, who, through own holdings, controls 35.7% and Svolder AB, who, through own holdings, controls 12.4%. More information about the GARO shares and ownership structure can be found on pages 44–45.

FINANCIAL TARGETS

The GARO Group's financial targets are as follows:

- GARO's organic growth will amount to not less than 10% over a business cycle.
- GARO's EBIT margin for the Group will amount to not less than 10% of net sales over a business cycle.
- Return on equity will amount to not less than 20% over a business cycle.
- The equity ratio will not be less than 30%.
- GARO's dividend will amount to approximately 50% of the Group's net earnings after tax. The dividend proposal must take into account GARO's long-term dividend potential and the Group's general investment and consolidation requirements.

MARKET CONDITIONS

The market for charging infrastructure is growing structurally with rising numbers of rechargeable vehicles, and GARO sees a long-term continuing strong trend with further expansion of the charging infrastructure in the European market. However, we note lower growth in the short term, primarily for macroeconomic reasons, particularly in the Swedish market. Housing construction in Sweden, but also in the other Nordic countries, has declined significantly and production of new single-family homes and apartments is expected to be weak for several quarters ahead. On the other hand, demand for other commercial and public construction, combined with renovation requirements and energy efficiency, is expected to favorable. All in all, GARO has a positive view of long-term market conditions, mainly driven by growth in charging infrastructure and its requirements for power supply.

PARENT COMPANY

The Parent Company's operations encompass a significant part of the Swedish operations and Group Management, and also certain Group-wide functions and the Group's finance function. 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.

SUMMARY OF THE GROUP'S FINANCIAL PERFORMANCE

MSEK	2023	2022	2021	2020	2019
Net sales	1,369.9	1,390.5	1,295.8	1,039.8	1,008.1
EBITDA	99.6	188.8	243.0	163.2	134.9
EBIT	51.1	152.8	207.2	136.2	112.6
EBIT margin %	3.7	11.0	16.0	13.1	11.2
Dividend per share, SEK	0.00	0.80	1.40	0.95	0.00
Dividend, MSEK	0.0	40.0	70.0	47.5	0.0
Total assets	1,198.6	1,153.5	936.9	743.3	657.4
Equity ratio %	50.9	53.2	58.9	57.9	52.2
Return on capital employed, %	7.9	22.1	39.2	32.2	30.4
Return on equity, %	5.1	20.7	34.0	24.7	26.8
Average number of employees	521	521	460	409	420

For definitions of key figures, see Note G32 pages 79–80.

The Parent Company's net sales amounted to MSEK 354.8 (498.4). EBIT amounted to MSEK 40.4 (78.6), corresponding to an EBIT margin of 11.4% (15.8). Net income was MSEK 19.3 (95.1). The Parent Company issues Group contributions of MSEK 26.6 (received Group contributions of MSEK 28.5).

RISKS AND UNCERTAINTIES

The Group's material risks and uncertainty factors include business risks related to customers and suppliers, such as the impact of the economic climate, competition risk, product development, and component supply, etc.

In addition, there are financial risks, including currency risks, interest-rate risks, credit risks and liquidity risk. A report on the Group's material financial risks is provided in Note G3.

A) IMPACT OF ECONOMIC CLIMATE AND OTHER MACRO ECONOMIC FACTORS

GARO conducts most of its operations in Sweden, Poland, Norway, Ireland and the UK, which is why the general economic climate and business conditions in these countries affect GARO's operations and earnings. A lower level of new housing and commercial construction and conversion and lower investments in the industry could entail that demand for GARO's products and services declines, which would have a negative impact on GARO's operations, financial position and earnings.

B) COMPETITION AND PRICE PRESSURE

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

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

C) PRODUCT DEVELOPMENT

GARO's aim is to be at the forefront of developments in both environmentally friendly, affordable and energy-efficient electrical products and complete solutions. GARO's earning and competitiveness are partially dependent on its ability to develop and sell new, innovative products and solutions. Accordingly, a key element of GARO's strategy is to develop and market new products in the areas that GARO believes are important for continued growth. Close cooperation with customers is also a major focal point in order to provide inspiration and to better understand customer needs in the market.

GARO has an in-house product development department that continuously works on developing new and improving existing products and solutions. There is a risk that expenses for a product development project exceed budget and that forecast sales volumes and/or sales margins are not achieved, which could have a negative impact on GARO's operations, financial position and earnings. GARO has 18 full-time employees who work on product development. Refer also to Note G2.8.

D) IT

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

CORPORATE GOVERNANCE

Governance of the company is conducted through the annual general meeting, by the Board of Directors and the CEO in accordance with the Swedish Companies Act and the Articles of

Association, and the Nasdaq Stockholm's Rule Book for Issuers, including the Swedish Corporate Governance Code. The work of the Board of GARO AB is governed by the rules of procedure adopted annually by the statutory Board meeting.

Further information about the Board's work, corporate governance, the Group's systems for internal control and risk management can be found in the Corporate Governance Report on pages 109–114.

THE BOARD'S WORK

After the general meeting, the Board of Directors is the company's decision-making body. The overall task of the Board is to decide on the direction of the company's business, the company's resources and capital structure and the company's organization and administration of the company's affairs. The Board's general undertakings also include continuously assessing the company's financial position and approving the company's business plan. The general undertaking involves the Board deciding on overall matters, for example, the company's strategy, acquisitions, major investments, divestments, the submission of the annual report and interim reports, the appointment and dismissal of the CEO, etc. The Board follows the written rules of procedure that are adopted every year at the statutory Board meeting. The rules of procedure stipulate the Board's responsibilities, quorum, and the division of responsibilities between the Board and the CEO, etc. The Board meets following a predetermined annual plan. Additional meetings can be held if events of exceptional importance occur. The Chairman of the Board and the CEO are in continuous contact about the administration of the company between these meetings. The division of duties between the Board and the CEO is regulated in the Board's rules of procedure and in instructions for the CEO. The CEO is responsible for carrying out the business plan and the ongoing administration of the company's affairs as well as the daily operations of the company. This means that the CEO has the right to make decisions in the matters that can be deemed to fall within the framework of the ongoing administration of the company. The CEO may also take action without the Board's authorization for matters of an unusual nature or of exceptional importance, given the scope and nature of the company's operations, for which waiting for a decision by the Board would cause major disruption to the company's operations. The instructions for the CEO also regulates the CEO's responsibility to report to the Board. A total of 11 Board meetings were held in 2023. The Remuneration Committee assists the Board with proposals in remuneration-related matters and held two meeting in 2023. GARO also has an Audit Committee that held four meetings in 2023.

In 2023, the GARO Board comprised seven members elected by the Annual General Meeting in June 2023, plus two employee representatives. The Chairman of the Board does not participate in the operational management of the company.

APPOINTMENT AND DISMISSAL OF BOARD MEMBERS

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

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting will be held on May 14, at 5:00 p.m., in the company's premises in Hillerstorp. Please visit www.garogroup.se for more information.

PROPOSED APPROPRIATION OF PROFIT

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

(SEK)	
Opening retained earnings	318,642,561
Provisions to fund for own work, development expenditure	-29,486,543
Net income for the year	31,313,907
Total	**320,469,925**

The Board of Directors proposes that no dividend be paid for 2023 and that profit be carried forward.

Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2023	2022
Operating income			
Net sales	2, 5, 6	1,369.9	1,390.5
Other operating income	8	21.7	1.4
Total operating income		**1,391.6**	**1,391.9**
Capitalized production costs		2.8	5.4
Raw materials and consumables		-760.8	-727.4
Other external expenses	9, 10	-193.0	-174.3
Personnel expenses	7	-326.4	-306.8
Other operating expenses		-14.6	0
Disposal of fixed assets	13, 14, 15	-48.5	-36.0
Total operating expenses		**-1,340.5**	**-1,239.1**
EBIT		**51.1**	**152.8**
Financial income	11, 18	10.9	3.3
Financial expenses	11, 19	-14.2	-2.7
Financial items		**-3.3**	**0.6**
Profit before tax		**47.8**	**153.4**
Tax on net income for the year	12	-16.5	-32.9
Net income for the year		**31.3**	**120.5**
Other comprehensive income			
Items that may be reclassified to the net income for the year			
Translation differences		4.1	10.6
Other comprehensive income for the year, net after tax		**4.1**	**10.6**
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company.			
Total comprehensive income for the year		**35.4**	**131.1**

EARNINGS PER SHARE

	2023	2022
Earnings per share, before and after dilution, SEK	0.63	2.41
Average number of shares (thousands)	50,000	50,000
Number of shares outstanding (thousands)	50,000	50,000

COMMENTS ON THE INCOME STATEMENT

NET SALES

The Group's target is to achieve growth of not less than 10% over a business cycle. GARO's net sales decreased by MSEK 20.6 (1%) during the year and amounted to MSEK 1,369.9 (1,390.5). GARO's net sales outside Sweden amounted to MSEK 594.0 (550.2), up MSEK 43.8 (8%). Foreign net sales thus accounted for 43% (40) of total net sales.

EBIT

The Group's target is for the EBIT margin to amount to not less than 10% of net sales over a business cycle. GARO's EBIT amounted to MSEK 51.1 (152.8), corresponding to an EBIT margin of 3.7% (11.0). An EBIT margin that was just under the target was noted for GARO Electrification, while GARO E-mobility reported negative EBIT that was due to a lower gross margin and an organization designed for higher volumes. Negative currency effects in EBIT for the full-year 2023 amounted to MSEK -14.6 (-17.9). Earnings in 2023 were charged with non-recurring items of MSEK 9.8 (15.0) due to impairment of inventories, but also included non-recurring revenue of MSEK 18 (0) from capital gains from the sale of industrial properties. For more information, see Note G30.

INCOME AFTER FINANCIAL ITEMS

Income after financial items amounted to MSEK 47.8 (153.4), corresponding to a profit margin of 3.5% (11.0). Net financial items amounted to MSEK -3.3 (0.6) for the Group and included currency effects from loans and hedging in foreign currency.

TAX

The tax expense amounted to MSEK 16.5 (32.9), corresponding to a tax rate of 34.5% (21.4). The higher tax rate for the year was mainly due to non-deductible expenses in Poland. Profit after tax was MSEK 31.3 (120.5).

PERFORMANCE AND EARNINGS PER SEGMENT

	GARO Electrification	GARO Electrification	GARO E-mobility	GARO E-mobility
Segment information	**2023**	**2022**	**2023**	**2022**
Net sales (MSEK)	907.9	968.7	462.0	421.8
EBIT (MSEK)	88.3	139.7	-37.2	13.1
EBIT margin, %	9.7	14.4	-8.1	3.1
Depreciation, MSEK	26.2	24.5	22.3	11.5
Number of employees	281	308	197	213

GARO ELECTRIFICATION

Net sales for the GARO Electrification business area for the year amounted to MSEK 907.9 (968.7), resulting in negative growth of 6%. The negative trend for the product areas of Electrical distribution products and Temporary Power was 6% and 37%, respectively. Not surprisingly, demand for products related to the new construction of single-family homes and apartments declined sharply during the year, particularly in Sweden, but also in Norway. The Project business product area, which is late in the construction cycle, increased its sales 3% during the year. GARO noted healthy demand in several products related to energy efficiency and digitalization, demonstrating the importance of a broad product range.

EBIT amounted to MSEK 88.3 (139.7), corresponding to an EBIT margin of 9.7% (14.4). Non-recurring items strengthened EBIT by MSEK 18 million attributable to property sales. Negative currency effects in EBIT amounted to MSEK -5.8 (-11.9) as the SEK weakened against the EUR.

GARO E-MOBILITY

Net sales for the GARO E-mobility business area for the year amounted to MSEK 462 (421.8), resulting in growth of 9% compared with 2022. Underlying demand in the E-mobility product area was healthy during the year, but slowed in the fourth quarter of 2023. Demand for public charging is the primary factor driving growth, albeit at a slower pace than at the start of 2023. GARO's sales to contract customers are increasing steadily.

EBIT amounted to MSEK -37.2 (13.1), corresponding to an EBIT margin of -8.1% (3.1). The segment also incurred non-recurring costs of MSEK 9.8 (15.0) in 2023 as a result of the impairment of inventories. EBIT included currency effects of MSEK -8.7 (-6.1).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	2023-12-31	Dec 31, 2022
ASSETS			
Fixed assets			
Capitalized development expenditure	13	62.0	17.1
Product development projects in progress	13	38.4	65.1
Goodwill	13	45.5	45.5
Lands and buildings	15	157.8	84.3
Plant and machinery	15	20.4	2.6
Equipment, tools, fixtures and fittings	15	32.4	33.0
Construction in progress and advance payments for tangible assets	15	3.4	69.8
Right-of-use assets	10	71.2	79.7
Deferred tax assets	25	4.2	4.1
Total fixed assets		**435.3**	**401.2**
Current assets			
Raw materials and consumables	16	255.2	213.4
Finished goods and goods for resale	16	137.6	126.6
Products in progress	16	2.4	4.9
Current receivables			
Accounts receivable	17, 20	252.6	321.1
Other current receivables	17	46.4	43.7
Prepaid expenses		19.1	13.1
Cash and cash equivalents	17, 21	50.0	29.5
Total current assets		**763.3**	**752.3**
Total assets		**1,198.6**	**1,153.5**

COMMENTS ON THE BALANCE SHEET

TOTAL ASSETS

GARO's total assets increased MSEK 45.1 (4%) during the year from MSEK 1,153.5 last year to MSEK 1,198.6. GARO invested MSEK 54 in the new production facility in Poland during the year, which was completed in July 2023. In parallel, GARO divested the former production facility in Poland and a small industrial property in Gnosjö. All in all, this generated a total capital gain of MSEK 18, which is recognized under other income in profit or loss. For more information, see Note G30.

WORKING CAPITAL

Working capital increased MSEK 39.7 (11%) during the year from MSEK 363.7 last year to MSEK 403.4. In relation to net sales, working capital increased from 26.2% to 29.4%. GARO has paid a deposit with a supplier for materials that have not yet been called off. The amount was MSEK 39.1, of which MSEK 19.1 was paid in 2023, and is recognized under other current receivables in the balance sheet.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

MSEK	Note	2023-12-31	Dec 31, 2022
Equity attributable to shareholders of the Parent Company			
Share capital	22, 28	20.0	20.0
Reserves		13.8	9.7
Other contributed capital		1.5	1.5
Retained earnings (including net income for the year)		574.2	582.9
Total equity		**609.5**	**614.1**
Liabilities			
Long-term liabilities			
Liabilities to credit institutions	17, 23	22.2	36.6
Lease liability	23	56.1	62.4
Other provisions	24	7.0	9.0
Deferred tax liabilities	25	0	0
Total long-term liabilities		**85.3**	**108.0**
Short-term liabilities			
Liabilities to credit institutions	17, 23	80.0	52.0
Accounts payable	17	183.3	187.4
Overdraft facilities	17, 23	97.6	6.1
Current tax liabilities		0	21.0
Other short-term liabilities	17	32.7	50.6
Lease liability	23	16.2	16.1
Accrued expenses	26	94.0	98.2
Total short-term liabilities		**503.8**	**431.4**
Total liabilities		**589.1**	**539.4**
Total equity and liabilities		**1,198.6**	**1,153.5**

COMMENTS ON THE BALANCE SHEET

EQUITY RATIO

The Group's equity amounted to MSEK 609.5 (614.1). The equity ratio amounted to 50.9% (53.2) at year-end.

RETURN

GARO's return target is that the long-term return on equity will amount to not less than 20%. Return on equity in 2023 amounted to 5.1% (20.7). The decrease was due to lower earnings. Return on capital employed amounted to 7.9% (22.1), which was also due to lower earnings compared with 2022.

The 2023 dividend amounted to MSEK 40.0 (70.0). Refer also to Note G3.2.

FINANCIAL POSITION

The Group's net debt, defined as interest-bearing liabilities less cash and cash equivalents and current investments, increased MSEK 78.4 during the year from MSEK 143.7 to MSEK 222.1 in net debt. Net debt excluding leases (IFRS 16) amounted to MSEK 149.8 (65.2).

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities amounted to MSEK 272.1 (173.1) at the end of the fiscal year. Credit agreements for the construction in Poland were recognized under short-term liabilities to credit institutions. In February 2024, the construction loan was concluded and refinanced with a long-term property loan totaling MEUR 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Note	Share capital	Reserves*	Other contributed capital	Retained earnings	Total equity
Opening balance at January 1, 2022		**20.0**	**-0.9**	**0**	**532.4**	**551.5**
Net income for the year			-	-	120.5	120.5
Other comprehensive income for the year			10.6	-	-	10.6
Total comprehensive income		**-**	**10.6**	**-**	**120.5**	**131.1**
Warrant liquidity received				1.5		1.5
Dividend according to Annual General Meeting resolution		-	-	-	-70.0	-70.0
Total contributions from and value transfers to shareholders, recognized directly in equity		**-**	**-**	**-**	**-70.0**	**-68.5**
Closing balance at December 31, 2022		**20.0**	**9.7**	**1.5**	**582.9**	**614.1**
Opening balance at January 1, 2023		**20.0**	**9.7**	**1.5**	**582.9**	**614.1**
Net income for the year		-		-	31.3	31.3
Other comprehensive income for the year		-	4.1	-	-	4.1
Total comprehensive income		**-**	**4.1**	**-**	**31.3**	**35.4**
Dividend according to Annual General Meeting resolution		-	-	-	-40.0	-40.0
Total contributions from and value transfers to shareholders, recognized directly in equity		**-**	**-**	**-**	**-40.0**	**-40.0**
Closing balance at December 31, 2023		**20.0**	**13.8**	**1.5**	**574.2**	**609.5**

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

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	Note	2023	2022
Cash flow from operating activities			
EBIT		51.1	152.8
Adjustment for non-cash items			
Depreciation		48.5	36.0
Other	8	-16.9	3.8
Interest received and similar items	11, 18	10.5	3.3
Interest paid and similar items	11, 19	-13.8	-2.6
Income tax paid	12	-36.9	-33.4
Cash flow from operating activities before changes in working capital		**42.5**	**159.9**
Change in inventories		-43.2	-102.8
Change in accounts receivable		68.1	14.8
Change in other current receivables		-7.3	-35.9
Change in accounts payable		-7.8	21.0
Change in other current operating liabilities		-26.7	32.2
Total change in working capital		**-16.9**	**-70.7**
Cash flow from operating activities		**25.6**	**89.2**
Cash flow from investing activities			
Investments in intangible assets	14	-34.8	-30.8
Acquisition of subsidiaries	17, 28	0	-0.9
Investments in tangible assets	15	-73.4	-89.3
Assets sold	30	57.2	1.9
Cash flow from investing activities		**-51.0**	**-119.1**
Cash flow from financing activities			
Borrowings	17, 28	12.7	63.6
Amortization of loans	23	-4.3	-4.3
Changes in overdraft facilities	23	91.5	-1.2
Amortization of lease liability	23	-14.9	-12.0
Warrant liquidity received		0	1.5
Dividend paid		-40.0	-70.0
Cash flow from financing activities		**45.0**	**-22.4**
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		19.6	-52.3
Currency effect in cash and cash equivalents		0.9	0.2
Cash and cash equivalents at beginning of the year		29.5	81.6
Cash and cash equivalents at end of the year	**21**	**50.0**	**29.5**

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to MSEK 25.6 (89.2) and the decline was due to lower EBIT for the year. GARO also paid a deposit in 2023 with a supplier for ordered materials that have not yet been called off. The deposit amounted to MSEK 39.1 at year-end. The net change in utilization of the overdraft facility in 2023 amounts to MSEK 91.5. Total capital gains from the sales of industry properties amounted to MSEK 18 and the proceeds received of MSEK 57.2 reduced interest-bearing net debt. Cash flow for the year amounted to MSEK 19.6 (-52.3).

Cash and cash equivalents including unutilized overdraft facilities on December 31, 2023 amounted to MSEK 163.9 (179.5).

INVESTMENTS

The Group's investments in tangible assets amounted to MSEK 73.4 (89.3), of which investments in properties and land amounted to MSEK 38.0 (78.5). GARO continuously invests in product development, and investments in intangible assets for the year totaled MSEK 34.8 (30.8), mainly related to the new charging platform GARO Entity.

Right-of-use assets (leases and rental contracts) reduced net by MSEK 8.5 (42.7) during the full-year. Depreciation/amortization for the year amounted to MSEK 48.5 (36.0), of which depreciation of tangible assets was MSEK 15.7 (24.0).

Notes

NOTE 1. GENERAL INFORMATION

GARO Aktiebolag (publ) (the "Parent Company") and its subsidiaries (jointly referred to below as the "Group") develop, manufacture and market electrical installation materials. The single largest market is Sweden, which represents 57% (60) of the Group's volumes. Export sales are conducted primarily from GARO E-mobility and through the company's own subsidiaries in Norway, Finland, Poland, Ireland and the UK.

The Parent Company is a limited liability company registered in Sweden with its registered office in Gnosjö. The address of the office is Södergatan 26, Box 203, SE-335 33 Gnosjö, Sweden.

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

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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

2.1 BASIS FOR PREPARING THE FINANCIAL STATEMENTS

The Annual Report was prepared based on the assumption of continuing as a going concern. Assets and liabilities (except derivative) are measured at their historical cost. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act (1995:1554) and the recommendations and statements of the Swedish Financial Reporting Board in RFR 1 (Supplementary Accounting Rules for Corporate Groups).

2.1.1 CASH-FLOW STATEMENT AND CASH AND CASH EQUIVALENTS

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

2.1.2 CHANGES TO ACCOUNTING POLICIES AND DISCLOSURES

New and changed IFRS that entered force for 2023 have not had any material impact on the consolidated financial statements.

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

A number of new standards and interpretations come into effect for fiscal years beginning on or after January 1, 2024 and were not applied when preparing these financial statements. No new or amended standards or IFRIC interpretations published by the IASB are not expected to have any material effect on the consolidated financial statements.

2.2 CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 FUNDAMENTAL ACCOUNTING POLICIES

SUBSIDIARIES

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

For more information about subsidiaries, see Note PC10 on page 90.

2.3 SEGMENT REPORTING

Segments (GARO's business areas, BA) are recognized in a manner that corresponds to the internal reporting to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the performance of the segments. For the Group, this function has been identified as the CEO of the Parent Company. The Group's segments (BA) are made up of GARO Electrification and GARO E-mobility. For more information, see Note G5.

2.4 TRANSLATION OF FOREIGN CURRENCIES

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

CONTINUED NOTE 2

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

2.5 REVENUE FROM CONTRACTS WITH CUSTOMERS

Goods are sold in both of the Group's segments (BA): GARO E-mobility, which consists of the E-mobility product area and GARO Electrification, which consists of the three product areas of Electrical distribution products, Project business and Temporary Power. The Group's income essentially comprises standard products to other companies. The Group has both separate contracts and framework agreements with its customers.

CONTRACTS AND FRAMEWORK AGREEMENTS
For framework agreements, a contract with a customer is not deemed to arise until the customer places an order based on the terms of the framework agreement since it is first at this point in time that enforceable rights and obligations for the Group and the customer arise. Income from framework agreements and contracts with customers are recognized when the control of the goods or services is passed to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The time from order to delivery of the goods is normally short. Each separate product in the order is considered to comprise a separate performance obligation.

The transaction price of each customer contract usually comprises a fixed amount. If the transaction price includes variable amounts, the Group estimates the variable share of the amount that the customer will be entitled to, and includes this in the transaction price, taking into account any restrictions for uncertain amounts. Income from sales of standard products is recognized at the point in time when control of the asset is passed to the customer, usually when the equipment is delivered to the customer. The normal credit period is 30 to 90 days after delivery. The Group believes that control is passed when delivery is completed in accordance with the delivery terms, which coincides with when the risks and rewards are passed to the customer.

VOLUME DISCOUNTS
Customer framework agreements have volume discounts based on the number of products purchased. The Group applies either the most likely amount method or the expected value method to estimate the variable remuneration in a contract. The choice of method for each individual contract is the model that best predicts the estimated variable remuneration according to the volume thresholds stipulated in the contract. The most likely amount method is used for the contracts with only one volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements for restrictive estimates of variable remuneration in order to determine the amount of the variable remuneration.

A repayment obligation is recognized for the expected future volume discounts (meaning the amount that is not included in the transaction price).

Disclosures on material estimates and assumptions related to estimates of variable purchase considerations and volume discounts are provided in Note G23.

2.6 LEASES

GARO applies the practical expedient in IFRS 16 regarding short-term leases and low-value leases. Expenses arising in connection with these leases are recognized straight-line over the lease term as operating expenses on the "other external expenses" line in profit or loss. The Group does not apply IFRS 16 to low-value assets (short-term leases). When a lease is signed, the Group determines whether it is a lease or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.6.1 LEASE LIABILITIES

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

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

2.6.2 RIGHT-OF-USE ASSETS

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

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

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

2.7 INTANGIBLE ASSETS

CAPITALIZED DEVELOPMENT EXPENDITURE

Capitalized development expenditure pertains to the development of new products. The cost of an internally generated intangible asset is the total of cost arising as of the date when it is technically and economically possible to value the intangible asset and when cost can be calculated reliably.

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

Studies and other development expenditure that do not satisfy the above criteria are not considered to comprise an intangible asset and are expensed as incurred.

GOODWILL

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

Goodwill is tested for impairment every year or more often if events or changes in circumstances indicate a potential decline in value.

2.8 TANGIBLE ASSETS

Tangible assets are recognized at their cost less accumulated depreciation according to plan and any impairment. Costs for repairs and maintenance are expensed when they arise.

Depreciation periods:

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

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

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets such as goodwill and product development projects in progress are not amortized but are tested annually for impairment. An impairment loss is recognized at the amount whereby the carrying amount of the asset exceeds the recoverable amount. In impairment testing, assets are grouped at the lowest level for which there are separate identifiable cash flows (cash-generating units).

2.10 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

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

2.10.1 IMPAIRMENT OF FINANCIAL ASSETS

The Group's impairment model is based on expected credit losses and considers forward-looking information. A loss allowance is made when there is exposure to credit risk, usually on initial recognition of an asset or receivable. The simplified approach is applied to accounts receivable and contract assets and is based on past losses combined with forward-looking factors.

For other items encompassed by expected credit losses, a three-stage impairment model is applied. A loss allowance is recognized initially and on the balance-sheet date for the next 12 months or for a shorter period of time depending on the lifetime (stage 1). The Group's assets have been deemed to be in stage 1, meaning that credit risk has not significantly increased.

2.10.2 CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

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

2.11 INVENTORIES

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

CONTINUED NOTE 2

2.12 SHARE CAPITAL

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

2.13 PROVISIONS

For the Group's guarantee obligation, the probability of an outflow of resources being required on settlement is calculated as a total for the entire provision. In 2023, the amount allocated for guarantee obligations was MSEK 6.5 (8.6).

2.14 CURRENT AND DEFERRED TAX

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

Deferred tax is recognized, in accordance with the balance sheet method, on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements.

2.15 REMUNERATION OF EMPLOYEES

PENSION OBLIGATIONS

The Group has both defined-benefit and defined-contribution pension plans. The defined-benefit plans comprise ITP 2 plans.

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

In parts of the Group, there are salaried employees in Sweden who are part of the ITP 2 plan. The defined-benefit pension commitments in the ITP 2 plan for old-age pensions and family pensions are covered through insurance with Alecta.

VARIABLE REMUNERATION

The Group recognizes a liability and an expense for variable remuneration based on net income for the year before tax.

NOTE 3. RISKS AND UNCERTAINTIES

3.1 RISKS AND UNCERTAINTIES

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

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

A CURRENCY RISK

The Group operates internationally and is exposed to currency risks from various currency exposures, primarily in euro (EUR), Norwegian kroner (NOK) and Polish złoty (PLN). Currency risk arises through future business transactions, recognized assets and liabilities and net investments in foreign operations.

Currency risk arises when future business transactions are expressed in a currency that is not the unit's functional currency. Exposure to currency risk arises when purchasing or selling products and services in a different currency than the local currency of each individual subsidiary (transaction exposure) and when translating the balance sheets and income statements of the subsidiaries in foreign currencies to SEK (translation exposure). The Group's operations give rise to significant cash flows in foreign currencies.

The Group mostly purchases goods in EUR. In order to manage currency risk and outflows in EUR, the Group has decided to also have sales in EUR where possible. Currency risk from future business transactions is managed by the Group making use of forward contracts when it is not possible to match the outflow of a currency to the inflow. The Group's risk management policy is to financially hedge between 70% and 80% of expected cash flows (primarily purchases of inventories) in EUR for the next six-month period. Outstanding forward contracts amounted to MEUR 6.5 (7.2) on the balance-sheet date. Currency effects of changes in derivatives are recognized in net financial items in profit or loss.

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

B INTEREST-RATE RISK

The Group's interest-rate risk arises through long-term borrowings. Borrowings raised at variable interest rates exposes the Group to interest-rate risk in respect of cash flow, which is partly neutralized by cash assets subject to variable interest rates. Borrowings raised at fixed interest rates exposes the Group to interest-rate risk in respect of fair value. The Group's policy is to have its borrowings at fixed interest rates. The CFO must approve any deviations. In 2023 and 2022, the Group's liabilities to credit institutions at fixed interest rates were denominated in SEK, EUR and PLN. The Group's overdraft facilities bear variable interest rates.

C CREDIT RISK

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

The financial assets encompassed by the loss allowance according to the general approach comprise cash and cash equivalents. GARO applied a rating-based approach combined with other known information and forward-looking factors for assessing expected credit losses.

The Group has defined default as when payment of a receivable is 90 or more days past due, or if other factors indicate that payment will be suspended. If the amounts are not deemed to be insignificant, a loss allowance is also recognized for these financial instruments. The Group has currently made the assessment that there are no credit losses on cash and cash equivalents.

No credit limits were exceeded during the reporting period and management does not expect any losses due to non-payment from these counterparties. For more information, see Note G17.

D SUSTAINABILITY RISKS

Climate change

Extreme weather conditions such as hurricanes, floods and extreme heat or cold comprise risks of damage to property and increase the risk of damage to the environment in the form of spills, unplanned emissions and leaks. This also creates the risk of interruptions to production and delivery capacity. Damage can be reduced through risk analysis, prevention and preparedness in areas with high identified risk. All of the facilities that GARO owns and leases have insurance coverage.

Supplier sustainability efforts

The suppliers could damage GARO's reputation if they do not comply with internationally agreed principles on human rights, labor, environmental protection, ethical business conduct and social responsibility or if they violate national legislation in these areas. GARO evaluates suppliers against internationally agreed principles, quality requirements and delivery capacity. GARO's assessment is that the Group would not be seriously affected by the non-compliance of an individual supplier.

Conflict minerals

There is a risk that some components provided by GARO could contain minerals that can be traced to conflict zones. Conflict minerals support armed conflict. GARO works actively to minimize risks through dialog.

GARO's Supplier Code of Conduct must be signed by all suppliers whom there is a partnership.

Environmental transportation

Disruptions in the distribution chain could negatively affect customers and increased freight volumes result in higher carbon and particulate emissions. The distribution channels are continuously monitored. Procedures are in place for monitoring, effective use and possible action.

Own manufacturing

Good practices in the production process are sought in terms of quality, occupational health and safety, external environment and fire protection. GARO monitors compliance and the status of policies and certifications in these areas through both internal and external audits. A high level of continuous improvement supports the production process and safety.

Employees

Future success depends largely on the ability to recruit, retain and develop qualified executives and other key staff. Lack of excellence or leadership skills results in poorer product and business development.

Anti-corruption

Corruption could result in high costs and litigation and generally reduce trust in GARO. Group employees undergo training in anti-corruption. Business partners sign an anti-corruption clause as part of the partnership agreement. Good business principles make for stable operations and build confidence with employees, customers and authorities. An ethical and trustworthy image creates competitive advantages.

E LIQUIDITY RISK

The Group's policy is to have a liquidity reserve of at least MSEK 40 of total cash and cash equivalents available including overdraft facilities. Cash flow forecasts are prepared by the Group's operating companies and aggregated by the finance function. The finance function closely monitors rolling forecasts for the Group's liquidity reserve so as to ensure that the Group has sufficient cash funds to meet the needs of the operating activities.

In February 2024, the Parent Company entered into an agreement with the bank on covenants linked to working capital in relation to sales.

Surplus liquidity in the Group's operating companies, exceeding the portion required for managing working capital requirements, is primarily to be used to pay off outstanding loans. The table on page 62 shows the Group's financial liabilities that will be settled in a net amount, specified by the time from the balance-sheet date remaining until the contractual

CONTINUED NOTE 3.

due date. The amounts presented in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months correspond to the carrying amounts since the discount effect is not material.

MATURITY STRUCTURE

At December 31, 2023	<1 year	1–5 years	>5 years	Total
Liabilities to credit institutions	79.0	23.2	-	102.2
Lease liability	16.2	50.8	5.3	72.3
Derivative instruments	-	-	-	-
Accounts payable	183.3			183.3
Future interest-rate payments	7.0	20.0	-	27.0
Overdraft facilities	97.6	-	-	97.6
Total	**383.1**	**94.0**	**5.3**	**482.4**

At December 31, 2022	<1 year	1–5 years	>5 years	Total
Liabilities to credit institutions	56.0	36.2	12.5	104.7
Lease liability	16.6	50.8	13.6	81.0
Derivative instruments	-	-	-	-
Accounts payable	187.4	-	-	187.4
Future interest-rate payments	4.8	20.0	-	24.8
Overdraft facilities	6.1	-	-	6.1
Total	**270.9**	**107.0**	**26.1**	**404.0**

Of the MSEK 383.1 stated for 2023 in the "less than 1 year" interval, the Group intends to repay MSEK 192.4 (196.4) in the first quarter of 2024.

Loans for construction in Poland amounting to approximately MSEK 78 had not yet been renegotiated to a fixed loan as of December 31, 2023 and are recognized as liabilities to credit institutions of over one year. Management continuously monitors the Group's potential additional borrowing or refinancing requirements for meeting future commitments under the current operations and business plan.

SENSITIVITY ANALYSIS

The Group's net debt is low and a 1% change in the market interest rate would have a limited effect on income after financial items.

Sensitivity analysis	Impact on earnings 2023 (MSEK)	Impact on equity 2023 (MSEK)	Impact on earnings 2022 (MSEK)	Impact on equity 2022 (MSEK)
Change in sales prices, 1%	+/-13.7	+/-10.3	+/-13.9	+/-11.0
Change in volume, 1%	+/-3.7	+/-2.8	+/-5.6	+/-4.5
Change in purchase prices, 1%	+/-8.5	+/-6.4	+/-7.3	+/-5.8
Change in payroll costs, 1%	+3.3	-2.4	+3.0	-2.4
EUR strengthened against SEK, 1%	+/-5.5	+/-4.2	-4.7	-3.5

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

3.2 MANAGEMENT OF CAPITAL STRUCTURE

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

Company management continuously monitors the need to refinance external borrowing with the target of renegotiating the Group's credit facilities no less than 12 months before their due date. To maintain or adjust its capital structure, the Group can alter the dividend paid to shareholders, repay capital to shareholders, raise new loans, issue new shares or sell assets to reduce liabilities. In February 2024, GARO entered into an agreement with the bank on special loan covenants linked to working capital in relation to sales.

Capital in the Group is assessed based on the debt/equity ratio, in the same way as other companies in the industry. This performance measure is calculated as net debt divided by equity. The Group's debt/equity ratio fell below the set targets during 2023 as a result of increased capital requirements.

The Group has an equity ratio of 50.9% (53.2), in which the equity ratio is defined as recognized equity as a percentage of total assets.

Equity ratio	2023	2022
Equity	609.5	614.1
Total assets	1,198.6	1,153.5
Equity ratio, %	**50.9**	**53.2**

At December 31, 2023, the Group had net debt of MSEK 222.1 (143.7). The debt/equity ratio is defined as net loan liabilities divided by recognized equity.

Debt/equity ratio	2023	2022
Total borrowing (Note G20)	272.1	173.2
Less: cash and cash equivalents (Note G18)	-50.0	-29.5
Net debt	222.1	143.7
Total equity	609.5	614.1
Debt/equity ratio, %	**36.4**	**23.4**

NOTE 4. SIGNIFICANT JUDGMENTS IN APPLYING THE ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and related notes and disclosures of contingent liabilities.

Uncertainty about these assumptions and estimates may lead to significant adjustments to the carrying amounts of the assets and liabilities affected in future financial statements as the outcome may differ from the estimates and judgments made. Changes in estimates are recognized prospectively.

Management also makes judgments in the application of the Group's accounting policies.

JUDGEMENTS

In applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the carrying amounts in the financial statements:

- Determination of lease periods in contracts with extension options
- Determination of capitalized development expenditure
- Ongoing disputes and other legal obligations
- Determination of volume bonus (customer bonus)

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other sources of estimation uncertainty at the balance-sheet date that have a significant risk of causing a material adjustment to assets and liabilities within the next fiscal year are described below. Assumptions and estimates have been based on available information when the financial statements were prepared. The conditions and assumptions about future developments may change, based on changes in the market or other circumstances that arise that are not within the Group's control. Such changes are taken into account in the assumptions when they occur.

- Impairment of goodwill
- Provision for expected credit losses (Note G20)
- Future guarantee commitments (Note G2.13 and Note G24)
- Calculation of obsolescence in inventories (Note G16)

Note 14 demonstrates the assumptions made in connection with impairment testing of goodwill.

GUARANTEE COMMITMENTS

MOST IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

The Group uses estimates and judgments to determine the amount of guarantee provisions. This includes judgements of price adjustments based on the latest available information on contract negotiations that could have a retroactive impact on prices for products and services already ordered or delivered.

JUDGMENTS MADE IN THE APPLICATION OF THE GROUP'S ACCOUNTING POLICIES

For the Group's guarantee obligation, the probability of an outflow of resources being required on settlement is calculated as a total for the entire provision. In 2023, the amount allocated for guarantee obligations was MSEK 6.5 (8.6).

IMPAIRMENT OF ACCOUNTS RECEIVABLE

MOST IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

The Group monitors the financial stability of customers, the areas in which they operate and historical credit losses. This is combined with expectations about future economic conditions to calculate expected credit losses. The outcome of credit losses may be higher or lower than expected and therefore regular reviews are required to ensure that the provision is updated if necessary. Total impairment of expected credit losses as of December 31, 2023 amounted to MSEK 1.5 (1.4). For more information, see Note G20.

VALUATION OF INVENTORIES

MOST IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

Inventory is a significant item in the consolidated balance sheet, which amounted to MSEK 395.2 (344.9) net as of December 31, 2023. When determining the value of the inventory, the risk of obsolescence is taken into account.

JUDGMENTS MADE IN THE APPLICATION OF THE GROUP'S ACCOUNTING POLICIES

GARO's obsolescence assessment takes into account the turnover rate of individual items and estimated future sales volumes. The size of the obsolescence reserve is thus sensitive to changes in estimated future sales volumes

LEASES

MOST IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

There is uncertainty in estimates related to possible future changes in the business, which may affect the actual lease term of a lease contract. As of December 31, 2023, lease liabilities amounted to MSEK 72.3 (78.5). For more information, see Note G10 "Leases".

JUDGMENTS MADE IN THE APPLICATION OF THE GROUP'S ACCOUNTING POLICIES

Determining the lease term and the incremental borrowing rate are assessments that affect the measurement of the financial lease liability and the right-of-use asset. The most significant assessments in determining the lease liability and the right-of-use asset are related to establishing the lease terms. The majority of

NOTE 4, CONT.

the Group's leases are rental agreements for property. When the lease term is determined, consideration is given to all facts and circumstances that create an economic incentive to exercise the extension option or not exercise the option to terminate a lease.

NOTE 5. SEGMENT INFORMATION

Operations are reported divided into two segments (business areas, BA) GARO E-mobility and GARO Electrification. This corresponds to the internal reporting and monitoring provided to each Business Area Manager and to the chief operating decision maker (CEO). Each segment (BA) is conducted under local responsibility with a Business Area Manager for each segment. The chief operating decision maker is the function that is responsible for allocating resources and assessing earnings (EBIT). For the Group, this function has been identified as the CEO. Company management has established the segments (BA) based on the information used by the Business Area Managers and the CEO. The CEO assesses the business areas of the operations based on product area and by taking in account which business model is applied.

The operations in the GARO Electrification segment (BA) comprise the Electrical distribution products, Project business and Temporary Power product areas. Aside from trading operations, in-house manufacturing takes place at three facilities within the business area. The GARO E-mobility segment (BA) includes only the E-mobility product area. In addition to trading operations, it also includes in-house production at two facilities. Mutual overhead costs are shared in the segments (BA) and based on distribution in accordance with the arm's length principle.

The CEO assesses the results of the segments (BA) primarily based on the metrics of sales, growth and EBIT (operating profit).

INCOME

Sales between segments (BA) take place based on market terms.

Segment information	GARO Electrification 2023	GARO Electrification 2022	GARO E-mobility 2023	GARO E-mobility 2022	Elimination 2023	Elimination 2022	Total 2023	Total 2022
Sales								
Total net sales, external	1,192.5	1,307.4	743.9	652.9	-566.6	-570.1	1,369.9	1,390.5
Total net sales, internal	-284.7	-339.0	-281.9	-231.1	566.6	570.1	-	-
Other operating income	3.7	1.4	0	0	0	0	3.7	1.4
Other operating gains	18.0	0	0	0	0	0	18.0	0
External net sales	**929.6**	**969.8**	**462.0**	**421.8**	**0**	**0**	**1,391.6**	**1391.9**
Capitalized production costs	2.8	5.4	-	-	-	-	2.8	5.4
Raw materials and consumables	-492.0	-515.2	-268.8	-212.2	-	-	760.8	-727.4
Other external expenses	-77.7	-72.7	-115.3	-101.7	-	-	-193.0	-174.4
Personnel expenses	-233.6	-223.1	-92.8	-83.5	-	-	-326.4	-306.7
Disposal of fixed assets	-26.2	-24.5	-22.3	-11.5	-	-	-48.5	-36.0
Other operating expenses	-14.6	0					-14.6	
EBIT	**88.3**	**139.7**	**-37.2**	**13.1**	**-**	**-**	**51.1**	**152.8**
Net financial items	-	-	-	-	-	-	-3.3	0.6
Tax expense for the year	-	-	-	-	-	-	-16.5	-32.9
Net income for the year		**-**		**-**	**-**	**-**	**31.3**	**120.5**
Other disclosures								
Fixed assets	226.5	238.8	208.8	162.2	-	-	435.3	401.0
Other assets	422.7	492.7	340.6	259.8	-	-	763.3	752.5
Total assets	**649.2**	**731.5**	**549.4**	**422.0**	**-**	**-**	**1,198.6**	**1,153.5**
Short-term liabilities	390.4	338.7	113.4	92.7	-	-	503.8	431.4
Long-term liabilities	79.3	94.7	4.9	13.3	-	-	85.3	108.0
Total liabilities	**469.7**	**433.4**	**118.3**	**106.0**	**-**	**-**	**589.1**	**539.4**
Investments	11.3	26.3	96.9	93.8	-	-	108.2	120.1
Depreciation	26.2	24.5	22.3	11.5	-	-	48.5	36.0

	Income from external customers specified the customers' geographical location 2023	Income from external customers specified the customers' geographical location 2022	Fixed assets 2023	Fixed assets 2022
Sweden	775.9	840.3	241.6	250.6
Norway	141.9	139.9	1.3	1.9
Ireland	221.6	184.9	50.8	37.4
Finland	53.0	58.5	0.1	0.2
UK	67.0	69.9	2.7	2.8
Denmark	50.7	5.0	-	-
Other countries	59.8	90.6	138.8	104.2
Currency effects	-	1.4	-	-
Total	**1,369.9**	**1,390.5**	**435.3**	**397.1**

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

The Group has income from two external customers that each exceed 10% of net sales at the end of each period. In 2023, total net sales for these customers amounted to MSEK 214.2 (272.4) and MSEK 213.1 (267.0) respectively, a total of MSEK 427.3 (539.4), comprising 31% (39) of total net sales. This income is attributable to both segments GARO Electrification and GARO E-mobility.

NOTE 6. INCOME FROM CONTRACTS WITH CUSTOMERS

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

INCOME FROM CUSTOMERS SPECIFIED BY PRODUCT AREA AND SEGMENT (BA):

Product area	GARO Electrification 2023	GARO Electrification 2022	GARO E-mobility 2023	GARO E-mobility 2022	Total 2023	Total 2022
Electrical distribution products	565.1	604.6	-	-	565.1	604.6
E-mobility	-	-	462.0	422.1	462.0	422.1
Project business	295.7	287.2	-	-	295.7	287.2
Temporary Power	47.1	75.2	-	-	47.1	75.2
Currency	-	1.7	-	-0.3	-	1.4
Total income from customers	**907.9**	**968.7**	**462.0**	**421.8**	**1,369.9**	**1,390.5**

INCOME FROM CUSTOMERS SPECIFIED BY GEOGRAPHIC LOCATION

Geographic location	GARO Electrification 2023	GARO Electrification 2022	GARO E-mobility 2023	GARO E-mobility 2022	Total 2023	Total 2022
Sweden	559.7	616.4	216.2	223.9	775.9	840.3
Norway	103.4	121.7	38.5	18.2	141.9	139.9
Ireland	188.5	166.3	33.1	18.6	221.6	184.9
UK	31.3	31.1	35.7	38.8	67.0	69.9
Finland	21.0	23.4	32.0	35.1	53.0	58.5
Denmark	0	0	50.7	5.0	50.7	5.0
Other countries	4.0	8.1	55.8	82.5	59.8	90.6
Currency	-	1.7	-	-0.3	-	1.4
Total income from customers	**907.9**	**968.7**	**462.0**	**421.8**	**1,369.9**	**1,390.5**

PERFORMANCE OBLIGATIONS

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

For further information about performance obligation, see Note G2.5 Income from contracts with customers.

CONTRACT BALANCES

No contract assets or contract liabilities in the form of accrued or deferred income occur within the Group. Instead, revenue recognition takes place in conjunction with delivery and complete performance which is also when the invoice is issued. The Group's contract balances are comprised of accounts receivable. For more information, see Note G2 Summary of important accounting policies.

REPAYMENT OBLIGATIONS

Within the Group, customer contracts exist in which the customer is contractually entitled to volume discounts based on realized sales volumes. This volume discount is classified as repayment obligation and is continuously regulated during the year. For more information on repayment obligations, see Note G23 Accrued expenses and deferred income.

NOTE 7. REMUNERATION OF EMPLOYEES, ETC.

	2023	2022
Board, CEO and other senior executives*		
Salaries and other remuneration	14.1	12.8
Social security contributions	4.4	4.1
Pension costs – defined-contribution plans	3.2	2.6
Total Board, CEO and other senior executives	**21.7**	**19.5**
Other employees		
Salaries and other remuneration	224.7	207.8
Social security contributions	57.7	52.2
Pension costs – defined-contribution plans	13.9	12.7
Total other employees	**296.3**	**272.7**
Total personnel expenses	**318.0**	**292.2**

*GARO had new Group Management as per January 1, 2022.

PENSIONS

According to a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP plans financed through insurance with Alecta, this is a defined-benefit multi-employer plan. The company did not have access to information during the period that would allow it to recognize its proportionate share of the plan's obligations, plan assets and expenses, which meant that it was not possible to recognize this as a defined-benefit plan. The ITP2 pension plan that is secured through insurance in Alecta is therefore recognized as a defined-contribution plan. The premium for the defined-benefit old-age pensions and family pensions are calculated individually and depend on factors including salaries, previously earned pensions and expected remaining period of service. Fees for the next reporting period for ITP 2 pension plans that are signed with Alecta ITP2 are expected to amount to an insignificant amount for the Group.

AVERAGE NUMBER OF EMPLOYEES, SPECIFIED BY COUNTRY

	2023			2022		
	Average no. of employees	**of whom, men**	**of whom, women**	**Average no. of employees**	**of whom, men**	**of whom, women**
Sweden	300	198	102	292	201	91
Norway	23	21	2	23	22	1
Finland	9	7	2	7	5	2
Ireland	39	32	7	37	30	7
UK	17	15	2	13	11	2
Poland	133	36	97	149	32	117
Group total	**521**	**309**	**212**	**521**	**301**	**220**

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

	2023		2022	
	No. on balance-sheet date	**of whom, women**	**No. on balance-sheet date**	**of whom, women**
Board members	9	3	8	2
CEO and other senior executives	5	1	5	1
Group total	**14**	**4**	**13**	**3**

NOTE 7, CONT.

REMUNERATION OF SENIOR EXECUTIVES 2023

	Basic salary/ Board fees	Variable remunera-tion	Other benefits	Pension costs	Other remunera-tion	Total
Rickard Blomqvist, Board Chairman*	0.8	-	-	-	-	0.8
Susanna Hilleskog, Board member	0.3	-	-	-	-	0.3
Lars-Åke Rydh, Board member	0.4	-	-	-	-	0.4
Mari Kadowaki Johansson, Board member	0.3	-	-	-	-	0.3
Jonas Lohtander, employee representative	-	-	-	-	-	-
My Bäck, employee representative	-	-	-	-	-	-
Johan Paulsson, Board member	0.3	-	-	-	-	0.3
Lars Kongstad, Board member from May 12, 2023	0.2	-	-	-	-	0.2
Ulf Hedlundh, Board member until May 11, 2023	0.1	-	-	-	-	0.1
Martin Ahltén, Board member	0.4	-	-	-	-	0.4
Patrik Andersson, President and CEO	2.1	0.7	0.1	0.7	-	3.6
Other senior executives (4)	6.1	1.9	0.4	2.5	-	10.8
Group	**11.0**	**2.6**	**0.5**	**3.2**	**-**	**17.3**

REMUNERATION OF SENIOR EXECUTIVES 2022

	Basic salary/ Board fees	Variable remunera-tion	Other benefits	Pension costs	Other remunera-tion	Total
Rickard Blomqvist, Chairman	0.8	-	-	-	-	0.8
Susanna Hilleskog, Board member	0.3	-	-	-	-	0.3
Lars-Åke Rydh, Board member	0.4	-	-	-	-	0.4
Mari Kadowaki Johansson, Board member	0.3	-	-	-	-	0.3
Jonas Lohtander, employee representative	-	-	-	-	-	-
Johan Paulsson, Board member	0.3	-	-	-	-	0.3
Ulf Hedlundh, Board member	0.3	-	-	-	-	0.3
Martin Ahltén, Board member	0.3	-	-	-	-	0.3
Patrik Andersson, President and CEO	2.4	0.2	0.1	0.7	-	3.4
Other senior executives (4)	6.5	0.5	0.4	1.9	-	9.3
Group*	**11.6**	**0.7**	**0.5**	**2.6**	**-**	**15.4**

*GARO had new Group Management as per January 1, 2022.

PENSIONS

DEFINED-CONTRIBUTION PENSIONS

The retirement age for the CEO is 65. The premium is not more than 30% of pensionable salary.

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

SEVERANCE PAY

A mutual period of notice of six months applies to the company and the CEO. In the event of termination of employment by the company, senior executives also receive severance pay of nine monthly salaries. Severance pay is not deducted from other forms of income. No severance pay is paid if the CEO terminates employment.

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

INFORMATION ON REMUNERATION RESOLVED BUT NOT YET DUE

Variable remuneration of senior executives partly refers to variable remuneration that has not yet been paid. Payment will take place in 2024.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The General Meeting resolves on guidelines for determining salary and other remuneration for the CEO and other senior executives. The current guidelines resolved by the 2022 Annual General Meeting mainly entail the following:

- These guidelines encompass those individuals who, during the period of validity of the guidelines, are members of

Group Management and other managers who report directly to the CEO and Board members who are employed by the company, referred to below as "senior executives." The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2022 AGM. These guidelines do not apply to any remuneration resolved or approved by the general meeting.

- If a Board member provides services to the company that are not part of the Board assignment, remuneration paid is market-based, taking into account the nature and work required for the assignment. Such remuneration shall be determined by the Board (or the general meeting if according to law). Board members who are employed by the company do not receive special remuneration for their assignment(s) on the Board of the company or Group companies.
- Employments governed by rules other than Swedish may be duly adjusted for compliance with mandatory rules or established local practice, taking into account the overall purpose of these guidelines to the extent possible.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

In brief, the company's business strategy is, with a focus on innovation, sustainability and design, to provides profitable complete solutions for the electrical industry. For further information about the company's business strategy, visit https://www.garogroup.se/en/our-mission. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

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

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The Board has proposed that the 2022 AGM resolve on a long-term incentive program through the issue and transfer of warrants to, inter alia, senior executives.

VARIABLE CASH REMUNERATION

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

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

PENSION BENEFITS

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

OTHER BENEFITS

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

TERMINATION OF EMPLOYMENT

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

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

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

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

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

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2024

Guidelines for remuneration of senior executives for the 2024 fiscal year are unchanged with the exception of the strategic initiative which was temporary and expired for 2024.

NOTE 8. OTHER OPERATING INCOME

	2023	2022
Capital gains from the sale of tangible assets	18.0	0
Other	3.7	1.4
Total other operating income	**21.7**	**1.4**

NOTE 9. REMUNERATION OF AUDITORS

	2023	2022
Ernst & Young		
– Audit assignment	2.0	1.7
– Auditing activities in addition to audit assignment	0.5	0.5
Total	**2.5**	**2.2**
Grant Thornton		
– Audit assignment	0.2	0.1
Total	**0.2**	**0.1**

NOTE 10. LEASES

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

	Right-of-use assets				
2023 fiscal year	**Property**	**Vehicles**	**Machinery**	**Total**	**Lease liability**
Opening carrying amount	72.0	7.5	0.2	79.7	78.5
Additional right-of-use assets and lease liabilities	-	7.6	1.1	8.7	8.7
Depreciation of right-of-use assets	-10.7	-4.8	-0.3	-15.8	-
Exchange-rate differences	-1.4	-	-	-1.4	1.7
Interest expenses on lease liabilities	-	-	-	-	-1.7
Lease payments	-	-	-	-	-14.9
Closing carrying amount	**59.9**	**10.3**	**1.0**	**71.2**	**72.3**

	Right-of-use assets				
2022 fiscal year	**Property**	**Vehicles**	**Machinery**	**Total**	**Lease liability**
Opening carrying amount	30.1	6.0	0.5	36.6	35.8
Additional right-of-use assets and lease liabilities	47.6	5.7	-	53.3	53.3
Depreciation of right-of-use assets	-6.6	-4.2	-0.3	-11.1	-
Exchange-rate differences	0.9	-	-	0.9	0.9
Interest expenses on lease liabilities	-	-	-	-	0.5
Lease payments	-	-	-	-	-12.0
Closing carrying amount	**72.0**	**7.5**	**0.2**	**79.7**	**78.5**

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

	2023	**2022**
Depreciation of right-of-use assets	-15.8	-11.1
Interest expenses on lease liabilities	-1.7	-0.6
Expenses for short-term leases	-0.6	-0.3
Expenses for low-value assets	-	-
Total expenses attributable to lease operations	**-18.1**	**-12.0**

The Group recognizes a cash outflow attributable to leases amounting to MSEK 14.9 (12.0) for the 2023 fiscal year. See Note 3 for the maturity structure of the Group's lease liabilities.

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

NOTE 11. FINANCIAL INCOME AND EXPENSES

Financial income	2023	2022
Assets and liabilities measured at fair value through profit or loss;		
Net gain derivatives	0	0.6
Total financial income for items measured at fair value through profit or loss	**0**	**0.6**
Assets and liabilities measured at amortized cost;		
Interest income	1.0	0.8
Interest income other financial income	9.6	1.9
Total interest income according to effective interest method	**10.6**	**2.7**
Exchange-rate differences – income, financial items	0.3	-
Total	**0.3**	**-**
Total financial income	**10.9**	**3.3**

Financial expenses	2023	2022
Assets and liabilities measured at fair value through profit or loss:		
Net loss derivatives	-1.1	-
Total financial expenses for items measured at fair value through profit or loss	**-1.1**	**-**
Assets and liabilities measured at amortized cost;		
Interest expenses loans	-11.1	-1.7
Interest expenses, lease liability	-1.7	-0.6
Interest expenses, other financial liabilities	-0.3	-0.3
Total interest expenses according to effective interest method	**-13.1**	**-2.6**
Exchange-rate differences – expenses, financial items	-	-0.1
Total	**-**	**-0.1**
Total financial expenses	**-14.2**	**-2.7**

NOTE 12. INCOME TAX

	2023	2022
Recognized tax		
Current tax on net income for the year	-16.4	-33.2
Change in deferred tax (Note 22)	-0.1	0.3
Total tax on net income for the year	**-16.5**	**-32.9**

The Group has operations in a tax-exempt Special Economic Zone in Poland, but only some parts of the Polish operations are covered by these tax-exemptions.

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

	2023	2022
Profit before tax	**47.8**	**153.4**
Income tax calculated according to tax rate in Sweden (20.6%)	-9.8	-31.6
Effect of foreign tax rates	1.4	0.8
Tax effects of:		
– Non-deductible expenses	-7.0	-3.5
– Non-taxable income	2.9	1.6
– Utilization of loss carryforwards, non-deferred tax	0	0.6
– Tax attributable to prior years' recognized earnings	-1.9	0.6
- Deficit	-2.3	0
– Other	0.4	-1.4
Tax expense	**-16.5**	**-32.9**
Effective tax rate, %	**34.5**	**21.5**

NOTE 13. OTHER INTANGIBLE ASSETS

	Capitalized development expenditure	Development projects in progress	Total
At January 1, 2022			
Cost	62.1	34.5	96.6
Accumulated amortization and impairment	-34.0	-	-34.0
Carrying amount	**28.1**	**34.5**	**62.6**
2022 fiscal year			
Opening carrying amount	28.1	34.5	62.6
Capitalized expenses	-	30.8	30.8
Reclassifications/internal transfers	0.2	-0.2	-
Divestments and disposals	-	-	-
Depreciation	-11.2	-	-11.2
Closing carrying amount	**17.1**	**65.1**	**82.2**
At December 31, 2022			
Cost	62.3	65.1	127.4
Accumulated amortization and impairment	-45.2	-	-45.2
Carrying amount	**17.1**	**65.1**	**82.2**
2023 fiscal year			
Opening carrying amount	17.1	65.1	82.2
Capitalized expenses	-	34.8	34.8
Currency effects	0.1	-0.1	0
Reclassifications/internal transfers	61.4	-61.4	-
Divestments and disposals	-	-	-
Depreciation	-16.6		-16.6
Closing carrying amount	**62.0**	**38.4**	**100.4**
At December 31, 2023			
Cost	123.8	38.4	162.2
Accumulated amortization and impairment	-61.8	-	-61.8
Carrying amount	**62.0**	**38.4**	**100.4**

NOTE 14. GOODWILL

	Goodwill
At January 1, 2022	
Cost	48.7
Accumulated impairment	-3.2
Carrying amount	**45.5**
2022 fiscal year	
Opening carrying amount	45.5
Closing carrying amount	**45.5**
At December 31, 2022	
Cost	48.7
Accumulated impairment	-3.2
Carrying amount	**45.5**
2023 fiscal year	
Opening carrying amount	45.5
Closing carrying amount	**45.5**
At December 31, 2023	
Cost	48.7
Accumulated impairment	-3.2
Carrying amount	**45.5**

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

In the GARO E-mobility and GARO Electrification segments (BA), the assumed EBIT margins amount to a total of 10% for the next few years, which is in line with the Group's financial targets. The long-term forecast is a stronger margin as an effect of higher sales volumes over time. The growth and margin assumptions are based on outcomes of prior years and management's expectations of market trends in each business area. Investment amounts are based on forecasts and are subsequently sustained at levels corresponding to depreciation.

Goodwill is tested for impairment every year or more often if required. A discount rate before tax (WACC) of 14.4% and 12.3% was used in this year's test for GARO E-mobility and GARO Electrification, respectively. The test did not reveal any impairment requirement. A number of sensitivity analyses have been performed where the sustained growth rate was set at 0 percentage points, the EBIT margin declines by 2 percentage points or the discount rate increases by 2%. None of these analyses indicated any impairment requirement.

Goodwill per segment	Dec 31, 2023	Dec 31, 2022
GARO Electrification segment	39.6	39.6
GARO E-mobility segment	5.9	5.9
Total	**45.5**	**45.5**

NOTE 15. TANGIBLE ASSETS

	Lands and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
At January 1, 2022					
Cost	109.8	23.4	102.5	4.4	240.1
Accumulated depreciation	-42.2	-21.8	-68.6	-	-132.6
Carrying amount	**67.6**	**1.6**	**33.9**	**4.4**	**107.5**
2022 fiscal year					
Opening carrying amount	67.6	1.6	33.9	4.4	107.5
Exchange-rate differences	3.4	0.3	2.7	2.9	9.3
Purchases	16.5	-	2.9	69.9	89.3
Reclassifications/internal transfers	-	1.2	6.3	-7.5	0
Divestments and disposals	-	-	-1.9	-	-1.9
Depreciation	-2.8	-0.5	-9.6	-	-12.9
Exchange-rate differences, depreciation	-0.4	-	-1.3	-	-1.7
Closing carrying amount	**84.3**	**2.6**	**33.0**	**69.8**	**189.7**
At December 31, 2022					
Cost	130.2	25.0	111.2	69.8	336.2
Accumulated depreciation	-45.9	-22.4	-78.2	-	-146.5
Carrying amount	**84.3**	**2.6**	**33.0**	**69.8**	**189.7**
2023 fiscal year					
Opening carrying amount	84.3	2.6	33.0	69.8	189.7
Exchange-rate differences	3.4	0.5	0.1	4.2	8.2
Purchases	3.6	-	2.5	67.5	73.6
Reclassifications/internal transfers	109.5	21.4	7.2	-138.1	0
Divestments and disposals	-47.1	-2.7	-4.7	-	-54.5
Depreciation	-4.4	-1.8	-9.5	-	-15.7
Resolution of depreciation due to divestments/currency effects	8.8	0.6	4.0	-	13.4
Exchange-rate differences, depreciation	-0.3	-0.2	-0.2	-	-0.7
Closing carrying amount	**157.8**	**20.4**	**32.4**	**3.4**	**214.0**
At December 31, 2023					
Cost	199.3	44.2	116.3	3.4	363.2
Accumulated amortization	-41.5	-23.8	-83.9	-	-149.2
Carrying amount	**157.8**	**20.4**	**32.4**	**3.4**	**214.0**

NOTE 16. INVENTORIES

	2023	2022
Raw materials and consumables	255.2	213.4
Finished goods and goods for resale	137.6	126.6
Products in progress	2.4	4.9
Total	**395.2**	**344.9**

Costs for raw materials and consumables in profit or loss amounted to MSEK 760.8 (727.4).

Impairment was recognized at a total of MSEK 33.4 (23.9). Impairment occurs when the technical functionality of an individual item has been discontinued. MSEK 5 (9) was set aside in 2023 in an obsolescence reserve due to the replacement of the technical platform in GARO E-mobility.

NOTE 17. FINANCIAL INSTRUMENTS

Measurement of financial assets at Dec 31, 2023	Carrying amount	Fair value
Financial assets measured at amortized cost		
Accounts receivable	252.6	252.6
Other current receivables	46.4	46.4
Cash and cash equivalents	50.0	50.0
Financial assets measured at fair value through profit or loss		
Total	**349.0**	**349.0**

Measurement of financial assets at Dec 31, 2022	Carrying amount	Fair value
Financial assets measured at amortized cost		
Accounts receivable	321.1	321.1
Other current receivables	43.7	43.7
Cash and cash equivalents	29.5	29.5
Financial assets measured at fair value through profit or loss		
Derivative instruments	1.0	1.0
Total	**395.3**	**395.3**

Measurement of financial liabilities at Dec 31, 2023	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Liabilities to credit institutions	199.8	199.8
Lease liability	72.3	72.3
Accounts payable	183.3	183.3
Volume discounts to customers	34.5	34.5
Other short-term liabilities	44.0	44.0
Financial liabilities measured at fair value through profit or loss		
Option debt	-	-
Total	**533.9**	**533.9**

Measurement of financial liabilities at Dec 31, 2022	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Liabilities to credit institutions	94.7	94.7
Lease liability	78.5	78.5
Accounts payable	187.4	187.4
Volume discounts to customers	47.6	47.6
Other short-term liabilities	50.6	50.6
Financial liabilities measured at fair value through profit or loss		
Option debt	1.6	1.6
Total	**460.4**	**460.4**

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

Measurement of fair value

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

The different levels are defined according to below:

Level 1 – Quoted prices (non-adjusted) in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (quoted prices) or indirectly (derived from quoted prices)
Level 3 – Inputs for the asset or liability that are not based on observable market data (Unobservable inputs)

NOTE 18. NET INTEREST INCOME AND SIMILAR ITEMS

	2023	2022
Exchange-rate differences	1.4	0.7
Other interest income	9.1	0.6
Other	0.4	2.0
Total	**10.9**	**3.3**

NOTE 19. NET INTEREST EXPENSES AND SIMILAR ITEMS

	2023	2022
Interest expenses, lease liabilities	-1.7	-0.6
Other interest expenses	-11.1	-1.7
Exchange-rate differences	-1.0	-0.1
Other	-0.4	-0.3
Total	**-14.2**	**-2.7**

NOTE 20. ACCOUNTS RECEIVABLE

	Dec 31, 2023	Dec 31, 2022
Accounts receivable	254.1	322.5
Loss allowance	-1.5	-1.4
Accounts receivable – net	**252.6**	**321.1**

The fair value of accounts receivable corresponds to their carrying amount since the discount effect is not material. The age analysis of these accounts receivable was as follows:

	2023		2022	
Group	**Gross**	**Impairment**	**Gross**	**Impairment**
Not past due accounts receivable	211.3	-	263.8	-
Past due accounts receivable 0–30 days	38.2	-	44.7	-
Past due accounts receivable 31–60 days	1.4	-	7.9	-
Past due accounts receivable 61–90 days	0.7	-	4.2	-
Past due accounts receivable >91 days	2.5	-1.5	1.9	-1.4
Total	**254.1**	**-1.5**	**322.5**	**-1.4**

At December 31, 2023, accounts receivable of MSEK 41.3 (58.7) had fallen due for payment but no material impairment requirement was deemed to exist for the Group. The past due receivables pertain to customers who have not shown any payment difficulties to date.

Change in loss allowance, simplified approach

Group	2023	2022
Opening reserve	-1.4	-1.2
Acquisition of subsidiaries	-	-
Confirmed losses	-	-
Reversed unutilized reserves	-	-
Reserves for the year	-0.1	-0.2
Translation differences	-	-
Closing reserves	**-1.5**	**-1.4**
Reserved amount in the balance sheet for expected credit losses	**-1.5**	**-1.4**

Expected credit losses primarily comprise accounts receivable for which the Group applies the simplified approach for recognizing expected credit losses, see Note G2.10.1 Impairment of financial assets.

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

NOTE 21 CASH AND CASH EQUIVALENTS

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

	2023	2022
Bank balances	50.0	29.5
Total	**50.0**	**29.5**

NOTE 22. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital at December 31, 2023 comprised 50,000,000 shares with a quotient value of SEK 0.40 per share. Each share carries one vote per share. All shares that have been issued by Parent Company are fully paid.

In conjunction with the 2022 AGM, a directed share issue of 200,000 warrants for senior executives was resolved. In 2022, 42,500 warrants were subscribed for, which means that other contributed share capital was paid in the amount of MSEK 1.4. These warrants were deducted and paid for on market terms. The value of the warrants was determined using a warrant valuation model (Black & Scholes). Warrants are classified as share-based payment.

DIVIDEND

It was resolved at the Annual General Meeting on May 14, 2024 that the Board would propose that no dividend be paid for the 2023 fiscal year.

At the Annual General Meeting on May 11, 2023, the Board proposed a dividend of SEK 0.80 per share (1.40) for the 2022 fiscal year.

NOTE 23. BORROWINGS

	2023	2022
Long-term		
Liabilities to credit institutions	22.2	36.6
Lease liability	56.1	62.4
Total long-term borrowings	**78.3**	**99.0**
Short-term		
Overdraft facilities	97.6	6.1
Liabilities to credit institutions	80.0	52.0
Lease liability	16.2	16.1
Total short-term borrowings	**193.8**	**74.2**
Total borrowings Group	**272.2**	**173.2**

TOTAL CHANGE IN LIABILITIES

	2023	2022
At the start of the year	**173.2**	**72.2**
Borrowings	23.9	63.6
Amortization of loans	-15.5	-4.3
Changes in overdraft facilities	91.5	-1.2
Net change in leases entered into	-6.3	42.7
Currency effects	5.4	0.2
Total borrowings at the end of the year	**272.2**	**173.2**

LIABILITIES TO CREDIT INSTITUTIONS

The Group's borrowings are in SEK, EUR and PLN. The Group's borrowings comprise loans from SEB. For the building in Poland, the Group has raised an overdraft facility similar to a Swedish construction loan, which will be converted in the first quarter of 2024 to a fixed loan with a maturity of 1–3 years. A new loan of MEUR 1.4 was raised in 2022 to purchase adjacent properties in Ireland. Existing bank loans have a tenor until 2029. The total average interest is 5.90% per year (3.42). In February, the Group entered into an agreement with the bank on covenants linked to working capital in relation to sales.

OVERDRAFT FACILITIES

The Group has granted overdraft facilities of MSEK 40 (40) and MEUR 14 (13) that are renegotiated every year.

NOTE 24. OTHER PROVISIONS

	2023	2022
Opening balance	9.0	6.3
Amounts used	0.5	2.7
Unutilized amounts that have been reversed	-2.5	-
Opening balance	**7.0**	**9.0**

The Group recognizes a provision when there is a legal obligation or an informal obligation due to previous practice.

Estimated guarantee reserves for product guarantees are recognized when the products are sold. Reserves are based on expected contractual obligations and determined based on historical statistics regarding action expenses, etc. Guarantee reserves amount to MSEK 6.5 (6.5) and are recognized under provisions. No provisions are made for future operating losses.

NOTE 25. DEFERRED TAX ASSETS AND TAX LIABILITIES

	2023	2022
Deferred tax assets		
Lease liability	14.9	16.4
Other (Note G11)	3.9	4.2
Total	**18.8**	**20.6**
Deferred tax liabilities		
Buildings, land and land improvements	-0.2	-0.4
Right-of-use assets	-14.7	-16.1
Total	**-14.9**	**-16.5**
Deferred tax assets – net	**3.9**	**4.1**

NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

	2023	2022
Accrued salary liabilities	24.2	21.1
Accrued social security contributions	10.4	8.3
Volume discounts to customers	34.5	47.6
Accrued interest expenses	-	-
Other items	24.9	21.2
Total	**94.0**	**98.2**

NOTE 27. PLEDGED ASSETS

	2023	2022
For liabilities to credit institutions		
Property mortgages	231.2	166.9
Chattel mortgages	81.0	81.0
Assets with ownership reservation	6.0	6.0
Guarantees for leases	-	-
Total	**318.2**	**253.9**

NOTE 28. SHARE DATA

Earnings per share (adjusted for the split)	2023	2022
Earnings per share, before and after dilution, SEK	0.63	2.41
Equity, before and after dilution, SEK	12.19	12.28
Average number of shares, thousands	50,000	50,000
Number of shares outstanding, thousands	50,000	50,000

NOTE 29. RELATED PARTIES

There were no related party transactions in 2023 and 2022 except for the payment of fees to the Board of Directors and the remuneration of senior executives as well as transactions between Group companies.

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

NOTE 30. DIVESTMENT OF LONG-TERM INVESTMENT

In 2023, GARO also divested a production facility in Poland for MSEK 45. The facility had a carrying amount of MSEK 28.9 with corresponding borrowings of MSEK 11.2. A small industrial property in Gnosjö was also divested for MSEK 12, with a carrying amount totaling MSEK 10.

The total capital gains for both properties amounted to MSEK 18. See Note G8. The divestment was fully managed in the GARO Electrification business area.

NOTE 31. EVENTS AFTER THE END OF THE FISCAL YEAR

On January 30, GARO announced that an action and efficiency program had been initiated resulting in the reduction of about 50 employees in the Group, primarily in the GARO E-mobility business area.

Furthermore, 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.

NOTE 32. KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

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

PERFORMANCE MEASURES

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

EBIT: Earnings before interest and tax

MARGIN MEASURES

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

CAPITAL STRUCTURE

NET DEBT: Interest-bearing liabilities minus assets including cash and cash equivalents.

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

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

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

TOTAL ASSETS: The total of all assets or the total of all liabilities plus equity.

RETURN MEASURES

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

CAPITAL EMPLOYED: Total assets less short-term liabilities adjusted for cash and bank balances.

RETURN ON CAPITAL EMPLOYED: EBIT for the past 12 months divided by capital employed.

PER SHARE

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

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

ALTERNATIVE PERFORMANCE MEASURES (NON-DEFINED BY IFRS)

The Group uses certain performance measures that are not defined in the rules for financial reporting that the Group 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: The Group's growth strategy includes an important financial target of growing organically by 10% per year seen over a business cycle, which is why management has chosen to follow organic growth, which is defined as organic growth with adjustments for currency effects from operations in currencies other than SEK.

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

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

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

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

ORGANIC GROWTH

	2023	2022
Preceding year sales	1,390.5	1,295.8
Organic growth	-20.6	93.4
Acquisitions and structural changes	0	0
Exchange-rate effects	0	1.3
Current period	1,369.9	1,390.5

EBITDA

	2023	2022
Income after depreciation/amortization	51.1	152.8
Depreciation/amortization for the year	48.5	36.0
EBITDA	99.6	188.8

WORKING CAPITAL

	2023	2022
Current assets	763.3	752.1
Less cash and cash equivalents	-50.0	-29.5
Less short-term non-interest-bearing liabilities	-310.0	-357.3
Excl. liabilities attributable to additional purchase considerations	0	-1.6
Working capital on balance-sheet date	**403.3**	**363.7**
Working capital in relation to total assets (%)	**33.6**	**31.5**

NET DEBT

	2023	2022
Non-current interest-bearing liabilities	22.2	36.6
Short-term interest-bearing liabilities	177.6	58.1
Lease liability according to the IFRS 16 definition	72.3	78.5
Less cash and cash equivalents	-50.0	-29.5
Net debt (-net cash)	**222.1**	**143.7**
Net debt in relation to total assets (%)	**18.5**	**12.5**

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT

MSEK	Note	2023	2022
Operating income			
Net sales	2, 3	354.8	498.4
Other operating gains		2.0	0
Other operating income	4	88.8	65.1
Total		**445.6**	**563.5**
Operating expenses			
Raw materials and consumables		-231.4	-310.1
Other external expenses	6	-79.3	-61.6
Personnel expenses	5	-87.7	-102.1
Depreciation/amortization of tangible and intangible assets	11, 12	-6.8	-11.1
Total operating expenses		**-405.2**	**-484.9**
EBIT		**40.4**	**78.6**
Profit from participations in Group companies	22	-1.4	2.8
Net interest income and similar items	8	18.2	10.4
Net interest expenses and similar items	8	-5.9	-0.8
Total profit from financial items		**11.1**	**12.4**
Profit before tax		**51.5**	**91.0**
Appropriations	23	-26.6	28.5
Tax on net income for the year	9	-5.6	-24.4
Net income for the year		**19.3**	**95.1**

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

COMMENTS ON THE INCOME STATEMENT

NET SALES

The Parent Company's operations encompass Group Management, Group-wide functions and the Swedish part of the Electrical distribution products product area, which noted declining demand during the year.

Net sales amounted to MSEK 354.8 (498.4). Internal sales to other Group companies amounted to MSEK 60.3 (159.0). Other operating income primarily comprised internally sold services to other Swedish companies in the Group. 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.

EBIT

EBIT amounted to MSEK 40.4 (78.6), corresponding to an EBIT margin of 11.4% (15.8).

A declining sales volume in the second half of 2023 and a lower gross margin had a negative effect on EBIT. Expenses in relation to net sales were somewhat higher compared with the preceding year when the company initiated a ERP project that was charged to earnings.

INCOME AFTER FINANCIAL ITEMS

Income after financial items amounted to MSEK 51.5 (91.0), corresponding to a profit margin of 14.5% (18.3). Net financial items amounted to MSEK 11.1 (12.4). The Parent Company is responsible for and manages the Group's cash pool and financial structure.

GARO AB's interest-bearing liabilities amounted to MSEK 115.5 (25.8) at year-end.

TAX

The tax expense amounted to MSEK 5.6 (24.4), corresponding to a tax rate of 22.5% (20.4). Profit after tax was MSEK 19.3 (95.1).

SUMMARY OF THE PARENT COMPANY'S FINANCIAL PERFORMANCE

MSEK	2023	2022	2021	2020	2019
Net sales	354.8	498.4	481.7	622.0	586.6
EBITDA	47.2	89.7	76.0	81.3	58.3
EBIT	40.4	78.6	63.4	69.0	48.4
EBIT margin, %	11.4	15.8	13.2	11.1	8.3
Total assets	683.6	630.9	608.6	546.5	451.3
Equity ratio, %	53.8	61.6	59.5	57.0	53.8
Return on equity, %	5.2	24.2	27.1	24.8	26.8
Average number of employees	97	123	120	143	137

PARENT COMPANY BALANCE SHEET

MSEK	Note	2023-12-31	Dec 31, 2022
Assets			
Fixed assets			
Intangible assets			
Capitalized development expenditure	11	2.8	4.3
Development projects in progress	11	28.2	4.0
Total intangible assets		**31.0**	**8.3**
Tangible assets			
Lands and buildings	12	11.3	22.7
Plant and machinery	12	0.4	0.5
Equipment, tools, fixtures and fittings	12	5.8	8.8
Construction in progress and advance payments for tangible assets	12	1.4	1.8
Total tangible assets		**18.9**	**33.8**
Financial assets			
Participations in Group companies	10	84.0	80.3
Receivables from Group companies		166.9	75.8
Total financial assets		**250.9**	**156.1**
Total fixed assets		**300.8**	**198.2**
Current assets			
Inventories			
Raw materials and consumables		14.1	37.9
Products in progress		0.1	0
Finished goods and goods for resale		16.6	16.7
Total inventories		**30.8**	**54.6**
Current receivables			
Accounts receivable	13, 14	70.2	89.3
Receivables from Group companies		277.3	276.7
Other current receivables		0	1.1
Prepaid expenses and accrued income		4.5	5.1
Total current receivables		**352.0**	**372.2**
Cash and cash equivalents	14, 15, 18	0	5.9
Total current assets		**382.8**	**432.7**
Total assets		**683.6**	**630.9**

COMMENTS ON THE BALANCE SHEET

TOTAL ASSETS

GARO AB's total assets increased MSEK 52.7 (8%) during the year from MSEK 630.9 last year to MSEK 683.6, which was the result of higher receivables and liabilities from subsidiaries in the Group. In 2023, participations in subsidiaries were written down by MSEK 1.4 (1.4). In parallel, the company invested MSEK 4.6 in the establishment of sales companies in Germany.

WORKING CAPITAL

Working capital declined MSEK 123.7 (59%) during the year from MSEK 210.9 last year to MSEK 87.2. In relation to net sales, working capital fell from 42% to 25%.

RETURN

Return on equity amounted to 5.2% (24.5).

PARENT COMPANY BALANCE SHEET, CONT.

MSEK	Note	2023-12-31	Dec 31, 2022
Equity and liabilities			
Equity			
Restricted equity			
Share capital	16	20.0	20.0
Fund for internal development expenses		29.5	6.1
Statutory reserve		2.6	2.6
Total restricted equity		**52.1**	**28.7**
Non-restricted equity			
Retained earnings		296.7	265.0
Net income for the year		19.3	95.1
Total non-restricted equity		**316.0**	**360.1**
Total equity		**368.1**	**388.8**
LIABILITIES			
Provisions			
Other provisions		1.0	2.8
Provision for deferred tax	17	0.2	0.6
Total provisions		**1.2**	**3.4**
Long-term liabilities			
Other liabilities to credit institutions	18	18.7	22.8
Total long-term liabilities		**18.7**	**22.8**
Short-term liabilities			
Liabilities to credit institutions	14, 18	96.8	3.0
Accounts payable		35.0	59.4
Liabilities to Group companies		123.4	84.9
Current tax liabilities		5.1	13.8
Other short-term liabilities		7.4	23.9
Accrued expenses and deferred income	19	27.9	30.9
Total short-term liabilities		**295.6**	**215.9**
Total liabilities		**315.5**	**242.1**
Total liabilities and equity		**683.6**	**630.9**

COMMENTS ON THE BALANCE SHEET

EQUITY RATIO

Equity on December 31, 2023 amounted to MSEK 368.1 (388.8). The 2023 dividend amounted to MSEK 40.0 (70.0).

The equity ratio amounted to 53.8% (61.6) at year-end.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities amounted to MSEK 115.5 (25.8) at the end of the fiscal year. GARO AB's net debt, defined as interest-bearing liabilities less cash and cash equivalents and current investments, amounted to MSEK 115.5 (19.9) since the company lent capital within the Group during the year.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Restricted equity				Non-restricted equity	
MSEK	**Note**	**Share capital**	**Statu-tory reserve**	**Fund for internal develop-ment expenses**	**Other contributed capital**	**Retained earnings incl. net income for the year**	**Total**
Opening balance at January 1, 2022		**20.0**	**2.6**	**40.5**	**0**	**299.1**	**362.2**
Net income for the year and comprehen-sive income 2022		0	0	0		95.1	95.1
Total comprehensive income		**0**	**0**	**0**		**95.1**	**95.1**
Change in fund for internal development expenses		0	0	-34.4		34.4	0
Warrant liquidity received					1.5		1.5
Dividend according to Annual General Meeting resolution		0	0	0		-70.0	-70.0
Total contributions from and value transfers to shareholders, recog-nized directly in equity		**0**	**0**	**0**		**-70.0**	**-68.5**
Closing balance at December 31, 2022		**20.0**	**2.6**	**6.1**	**1.5**	**358.6**	**388.8**
Opening balance at January 1, 2023		**20.0**	**2.6**	**6.1**	**1.5**	**358.6**	**388.8**
Net income for the year and comprehen-sive income 2023		0	0	0		19.3	19.3
Total comprehensive income		**0**	**0**	**0**		**19.3**	**19.3**
Change in fund for internal development expenses		0	0	23.4		-23.4	0
Dividend according to Annual General Meeting resolution		0	0	0		-40.0	-40.0
Total contributions from and value transfers to shareholders, recog-nized directly in equity		**0**	**0**	**0**		**-40.0**	**-40.0**
Closing balance at December 31, 2023		**20.0**	**2.6**	**29.5**	**1.5**	**314.5**	**368.1**

PARENT COMPANY CASH-FLOW STATEMENT

MSEK	Note	2023	2022
Cash flow from operating activities			
EBIT		40.4	78.6
Adjustment for non-cash items			
Depreciation/amortization	11, 12	6.8	11.1
Other		1.5	1.1
Dividends received	22	0	4.2
Interest received and similar items	8	18.3	10.4
Interest paid and similar items	8	-5.9	-0.8
Income tax paid	9	-13.8	-19.6
Cash flow from operating activities before changes in working capital		**47.3**	**85.0**
Change in inventories		23.8	-13.8
Change in accounts receivable	13	19.1	-5.4
Change in other current receivables		1.7	-0.8
Change in intra-Group accounts receivable and accounts payable		37.8	-142.0
Change in accounts payable		-24.4	8.0
Change in other current operating liabilities		-25.5	14.3
Total change in working capital		**32.5**	**-139.7**
Cash flow from operating activities		**79.8**	**-54.7**
Cash flow from investing activities			
Investments in intangible assets	11	-25.4	-28.3
Investments in tangible assets	12	-0.4	-2.7
Assets sold	12	13.2	64.2
Investments in subsidiaries		-5.1	-0.9
Acquisition of other financial assets		-91.1	-15.9
Cash flow from investing activities		**-108.8**	**16.4**
Cash flow from financing activities			
Borrowings		89.7	12.8
Warrant liquidity received		0	1.5
Group contributions paid/received	23	-26.6	28.5
Dividend paid		-40.0	-70.0
Cash flow from financing activities		**23.1**	**-27.2**
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		-5.9	-65.5
Cash and cash equivalents at beginning of the year		5.9	71.4
Cash and cash equivalents at end of the year		**0**	**5.9**

INVESTMENTS

GARO AB's investments in tangible assets amounted to MSEK 0.4 (2.7). The Group's development department is found in the Parent Company, and the company makes regular investments in product development. Investments in intangible assets for the year amounted to MSEK 25.4 (28.3). Completed projects were sold internally in the Group for a value of MSEK 1.2 (64.2) during the year.

CASH FLOW

Cash flow from operating activities amounted to MSEK 79.8 (-54.7). A lower EBIT was offset by lower tied-up working capital compared with 2022, which was due to internal transactions with subsidiaries.

Dividends to shareholders during the year amounted to MSEK 40 (70). Cash flow for the year amounted to MSEK -5.9 (-65.5).

Notes

NOTE 1. GENERAL INFORMATION

GARO Aktiebolag (the "Parent Company") develops and markets electrical installation materials. The Parent Company's operations also encompass Group Management as well as certain Group-wide functions and the Group's finance function.

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

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

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

The Annual Report for GARO Aktiebolag (the "Parent Company") was prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases in which the Parent Company applies different accounting policies than the Group's accounting policies as described in Note G2 of the consolidated financial statements, this is specified below.

The Annual Report was prepared following the cost method.

RFR 2 stipulates that the Parent Company is to apply all IFRSs and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act with consideration of the relationship between accounting and taxation. Preparing financial statements in accordance with RFR 2 requires the use of a number of important estimates for accounting purposes. Management is also required to make certain assessments when applying the Parent Company's accounting policies. The areas involving a high degree of assessment, which are complex or are such areas in which assumptions and estimates are of significant importance to the Annual Report, are described in Note G4 of the consolidated financial statements.

Through its operations, the Parent Company is exposed to a variety of different financial risks: market risk (including currency risk, interest-rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential unfavorable effects on the Group's financial earnings. For more information about financial risks, see Note G3 in the consolidated financial statements.

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

PRESENTATION FORMATS

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

PARTICIPATIONS IN SUBSIDIARIES

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

FINANCIAL INSTRUMENTS

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

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

DERIVATIVE INSTRUMENTS

Derivative instruments are recognized in the balance sheet on the contract date and measured at fair value, both initially and when subsequently remeasured. Derivative instruments are not used for hedge accounting. Changes in fair value are subsequently immediately recognized in profit or loss.

APPROPRIATIONS AND UNTAXED RESERVES

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

LEASES

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

NOTE 3. ALLOCATION OF NET SALES

	2023	2022
Nordic region	334.1	496.1
Europe excl. Nordic region	20.7	2.3
Total	**354.8**	**498.4**

NOTE 4. OTHER OPERATING INCOME

	2023	2022
Rental income	0	0
Capitalized own work	2.8	5.4
Lease of personnel and administrative service	81.3	55.3
Other	4.7	4.4
Total	**88.8**	**65.1**

NOTE 5. REMUNERATION OF EMPLOYEES, ETC.

	2023		2022	
Salaries and other remuneration	**Salaries and other remuneration (of which, bonus)**	**Social security expenses (of which, pension costs)**	**Salaries and other remuneration (of which, bonus)**	**Social security expenses (of which, pension costs)**
Board members, CEOs and other senior executives	9.2 (1.5)	4.0 (1.6)	10.1 (0.5)	4.8 (2.1)
Other employees	48.7 (0)	23.9 (5.0)	53.7 (0.2)	26.0 (5.0)
Total	**57.9 (1.5)**	**27.9 (6.6)**	**63.8 (0.7)**	**30.8 (7.1)**

AVERAGE NUMBER OF EMPLOYEES

	2023			2022		
	Average no. of employees	**Of whom, women**	**%**	**Average no. of employees**	**Of whom, women**	**%**
Sweden	97	32	33%	123	45	37%
Total	**97**	**32**	**33%**	**123**	**45**	**37%**

GENDER DISTRIBUTION OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2023		2022	
	No. on balance-sheet date	**Of whom, women**	**No. on balance-sheet date**	**Of whom, women**
Board members	9	3	8	2
CEO and other senior executives	5	1	5	1
Total	**14**	**4**	**13**	**3**

Remuneration of senior executives is described in note G7 in the consolidated financial statements and on pages 67–68.

NOTE 6. REMUNERATION OF AUDITORS

	2023	2022
Ernst & Young		
– Audit assignment	1.0	0.7
– Other auditing activities	0.3	0.4
Total	**1.3**	**1.1**

NOTE 7. OPERATING LEASES

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

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

Future minimum lease payments	2023	2022
Within 1 year	8.7	8.9
Between 1 and 5 years	27.8	26.3
More than 5 years	11.1	17.1
Total	**47.6**	**52.3**

Expensed lease payments for the period amounted to MSEK 9.6 (5.1). A new lease was signed for premises in Hillerstorp in 2022.

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

Financial income	2023	2022
Assets and liabilities measured at fair value through profit or loss;		
Net gain derivatives	0	0.6
Total financial income for items measured at fair value through profit or loss	**0**	**0.6**
Assets and liabilities measured at amortized cost;		
Interest income from accounts receivable	-	-
Interest income other financial income	18.2	4.4
Total interest income according to effective interest method	**18.2**	**4.4**
Exchange-rate differences – income, financial items	0	5.4
Total	**0**	**5.4**
Total financial income	**18.2**	**10.4**

Financial expenses	2023	2022
Assets and liabilities measured at fair value through profit or loss;		
Net loss derivatives	-1.1	-
Total financial expenses for items measured at fair value through profit or loss	**-1.1**	**-**
Assets and liabilities measured at amortized cost;		
Interest expenses loans	-4.5	-0.8
Interest expenses, other financial liabilities	-0.3	-
Total interest expenses according to effective interest method	**-4.8**	**-0.8**
Exchange-rate differences – expenses, financial items	-	-
Total	**-**	**-**
Total financial expenses	**-5.9**	**-0.8**

NOTE 9. TAX ON NET INCOME FOR THE YEAR

	2023	2022
Recognized tax in profit or loss		
Current tax on net income for the year	-6.0	-24.5
Changes in deferred tax (Note PC17)	0.4	0.1
Total recognized tax	**-5.6**	**-24.4**

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

	2023	2022
Profit before tax	**24.9**	**119.5**
Income tax calculated according to tax rate in Sweden (20.6%)	-5.1	-24.6
Tax effects of:		
Non-taxable dividends	0	0.9
Non-deductible expenses	-0.5	-0.7
Previously unrecognized deferred tax	-	-
Total recognized tax	**-5.6**	**-24.4**
Effective tax rate, %	**22.6**	**20.4**

NOTE 10. HOLDINGS AND INVESTMENTS IN SUBSIDIARIES

	2023	2022
Opening cost	80.3	80.8
Investments in subsidiaries	5.1	0.9
Impairment of shares in subsidiaries	-1.4	-1.4
Closing accumulated cost	**84.0**	**80.3**
Closing carrying amount	**84.0**	**80.3**

In 2023, GARO invested MSEK 4.6 in the establishment of sales companies in Germany.

Shares in WEB-EL försäljning AB were written down by MSEK 1.4 (1.4).

Name	Corp. Reg. No.	Registered of- fice and country of registration and operation	Num- ber of shares	Share of common shares directly owned by Parent C ompany (%)	Share of com mon shares owned by non-controlling interest (%)	Carrying amount 2023	Carrying amount 2022
GARO Electric Irl. Ltd	67083	Dublin, Ireland	10,000	100	0	4.7	4.7
GARO Electric Ltd	12057804	Birmingham, UK	1	100	0	0	0
GARO Elflex AB	556717-1003	Gnosjö, Sweden	1,000	100	0	2.5	2.5
GARO Montage AB	556658-9544	Gnosjö, Sweden	1,000	100	0	1.8	1.8
GARO AS	935722713	Drammen, Norway	800	100	0	0.7	0.7
WEB-EL Försäljning AB	556658-1079	Luleå, Sweden	1,000	100	0	27.3	28.7
GARO Polska SP ZOO	8513133236	Szczecin, Poland	200	100	0	5.2	5.2
GARO Fastigheter AB	559180-6426	Gnosjö, Sweden	100,000	100	0	1.6	1.6
GARO E-mobility AB	559272-1871	Gnosjö, Sweden	200,000	100	0	20.0	20.0
GARO Finland OY	2191528-5	Espoo, Finland	100	100	0	7.2	7.2
GARO E-mobility GmbH	DE361378181	Munich, Germany	400,000	100	0	4.6	0
EV Charge Partner Sweden AB	556980-5384	Gnosjö, Sweden	1,000	80	20	8.4	7.9
Total						**84.0**	**80.3**

NOTE 11. INTANGIBLE ASSETS

	Capitalized development expenditure	Development projects in progress	Goodwill	Total
At January 1, 2022				
Cost	31.2	34.4	1.9	67.5
Accumulated amortization	-22.1	-	-1.9	-24.0
Carrying amount	**9.1**	**34.4**	**-**	**43.5**
2022 fiscal year				
Opening carrying amount	9.1	34.4	-	43.5
Purchases/capitalized expenses	-	28.3	-	28.3
Reclassifications/internal sales	0.2	-58.7	-	-58.5
Divestments and disposals	-	-	-	-
Impairment	-	-	-	-
Depreciation	-5.0	-	-	-5.0
Closing carrying amount	**4.3**	**4.0**	**-**	**8.3**
At December 31, 2022				
Cost	31.4	4.0	1.9	37.3
Accumulated amortization	-27.1	-	-1.9	-29.0
Carrying amount	**4.3**	**4.0**	**-**	**8.3**
2023 fiscal year				
Opening carrying amount	4.3	4.0	-	8.3
Purchases/capitalized expenses	-	25.4	-	25.4
Reclassifications/internal sales	-	-1.2	-	-1.2
Divestments and disposals	-	-	-	-
Impairment	-	-	-	-
Depreciation	-1.5	-	-	-1.5
Closing carrying amount	**2.8**	**28.2**	**-**	**31.0**
At December 31, 2023				
Cost	31.4	28.2	1.9	61.5
Accumulated amortization	-28.6	-	-1.9	-30.5
Carrying amount	**2.8**	**28.2**	**-**	**31.0**

NOTE 12. TANGIBLE ASSETS

	Lands and build-ings	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress and advance payments for tangible assets	Total
At January 1, 2022					
Cost	70.4	20.3	53.4	1.4	145.5
Accumulated amortization	-46.1	-20.1	-40.9	-	-107.1
Carrying amount	**24.3**	**0.2**	**12.5**	**1.4**	**38.4**
2022 fiscal year					
Opening carrying amount	24.3	0.2	12.5	1.4	38.4
Purchases	-	-	-	2.7	2.7
Reclassifications/internal transfers	-	0.5	0.6	-2.3	-1.2
Divestments and disposals	-	-	-0.3	-	-0.3
Depreciation	-1.6	-0.2	-4.3	-	-6.1
Resolution of depreciation due to divestments/disposals/internal transfers	-	-	0.3	-	0.3
Closing carrying amount	**22.7**	**0.5**	**8.8**	**1.8**	**33.8**
At December 31, 2022					
Cost	70.4	20.8	53.4	1.8	146.4
Accumulated amortization	-47.7	-20.3	-44.6	-	-112.6
Carrying amount	**22.7**	**0.5**	**8.8**	**1.8**	**33.8**
2023 fiscal year					
Opening carrying amount	22.7	0.5	8.8	1.8	33.8
Purchases	-	-	0.7	0.4	1.1
Reclassifications/internal transfers	-	-	-0.5	-0.8	-1.3
Divestments and disposals	-12.2	-	-	-	-12.2
Depreciation	-1.6	-0.1	-3.6	-	-5.3
Resolution of depreciation due to divestments/disposals/internal transfers	2.4	-	0.4	-	2.8
Closing carrying amount	**11.3**	**0.4**	**5.8**	**1.4**	**18.9**
At December 31, 2023					
Cost	58.2	20.8	53.0	1.4	133.4
Accumulated amortization	-46.9	-20.4	-47.2	-	-114.5
Carrying amount	**11.3**	**0.4**	**5.8**	**1.4**	**18.9**

NOTE 13. ACCOUNTS RECEIVABLE

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

	2023	2022
Accounts receivable	71.0	90.1
Less: provision for doubtful receivables	-0.8	-0.8
Accounts receivable – net	**70.2**	**89.3**

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

At December 31, 2023, accounts receivable of MSEK 5.7 (11.7) had fallen due for payment but no impairment requirement was deemed to exist. The past due receivables pertain to customers who have not shown any payment difficulties to date. The age analysis of these accounts receivable was as follows:

	2023	2022
Within 1–30 days	5.7	10.5
Between 31 and 60 days	0	1.2
More than 61 days	0	0
Total past due accounts receivable	**5.7**	**11.7**

Change in loss allowance, simplified approach

	2023	2022
Opening reserve	-0.8	-0.8
Confirmed losses	-	-
Reversed unutilized reserves	-	-
Reserves for the year	-	-
Closing reserves	**-0.8**	**-0.8**
Reserved amount in the balance sheet for expected credit losses	**-0.8**	**-0.8**

Expected credit losses primarily comprise accounts receivable for which the Group applies the simplified approach for recognizing expected credit losses, see Note G2.10.1 Impairment of financial assets.

NOTE 14. FINANCIAL INSTRUMENTS

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

MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT DEC 31, 2023

2023 fiscal year	Financial assets measured at cost	Financial liabilities measured at cost	Total carrying amount
Accounts receivable	70.2	-	70.2
Receivables from Group companies	277.3	-	277.3
Other current receivables	4.5	-	4.5
Cash and cash equivalents	0	-	0
Total	**352.0**	**-**	**352.0**
Financial liabilities			
Accounts payable	-	35.0	35.0
Liabilities to Group companies	-	123.4	123.4
Derivative instruments	-	-	-
Other short-term liabilities	-	14.9	14.9
Total	**-**	**173.3**	**173.3**

MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT DEC 31, 2022

2022 fiscal year	Financial assets measured at cost	Financial liabilities measured at cost	Total carrying amount
Accounts receivable	89.3	-	89.3
Receivables from Group companies	276.7	-	276.7
Other current receivables	5.1	-	5.1
Cash and cash equivalents	5.9	-	5.9
Total	**377.0**	**-**	**377.0**
Financial liabilities			
Accounts payable	-	59.4	59.4
Liabilities to Group companies	-	84.9	84.9
Derivative instruments	-	-	-
Other short-term liabilities	-	23.9	23.9
Total	**-**	**168.2**	**168.2**

NOTE 15. CASH AND CASH EQUIVALENTS

	2023	2022
Bank balances	0	5.9
Total	**0**	**5.9**

NOTE 16. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital at December 31, 2023 comprised 50,000,000 shares with a quotient value of SEK 0.40 per share. Each share carries one vote per share. All shares that have been issued by Parent Company are fully paid.

In conjunction with the 2022 AGM, a directed share issue of 200,000 warrants for senior executives was resolved. For more information, see Note G19.

NOTE 17. PROVISION FOR DEFERRED TAX

Deferred tax assets and liabilities are distributed as follows:

	2023	2022
Deferred tax assets		
– deferred tax assets attributable to temporary differences in derivative instruments	-	-
Deferred tax liabilities		
– deferred tax liabilities attributable to temporary differences in buildings and land improvements	-0.2	-0.4
– deferred tax liabilities attributable to temporary differences in derivative instruments	0	-0.2
Deferred tax liabilities (net)	**-0.2**	**-0.6**

NOTE 18. BORROWINGS

	2023	2022
Long-term		
Liabilities to credit institutions	18.7	22.8
Total long-term borrowings	**18.7**	**22.8**
Short-term		
Liabilities to credit institutions	3.0	3.0
Utilized overdraft facilities	93.8	0
Total short-term borrowings	**96.8**	**3.0**
Total borrowings Parent Company	**115.5**	**25.8**

LIABILITIES TO CREDIT INSTITUTIONS

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

The bank loans have a tenor until 2027 and 2029, and bear average interest for 2023 of 4.6% per year (2.0). As of December 31, 2023, MSEK 93.8 (0) of the overdraft facility had been utilized.

In February 2024, the Parent Company entered into an agreement with the bank on special conditions linked to working capital in relation to sales.

OVERDRAFT FACILITIES

The Parent Company has granted overdraft facilities of MSEK 40 (40) and MEUR 14 (13) that are extended every year.

NOTE 19. ACCRUED EXPENSES AND DEFERRED INCOME

	2023	2022
Accrued payroll costs	10.5	10.3
Accrued social security contributions	4.4	5.1
Bonuses to customers	8.4	11.3
Other items	4.6	4.2
Total	**27.9**	**30.9**

NOTE 20. PLEDGED ASSETS

	2023	2022
Property mortgages	26.0	35.2
Chattel mortgages	66.0	66.0
Total	**92.0**	**101.2**

Assets pledged for liabilities to credit institutions.

NOTE 21. CONTINGENT LIABILITIES

	2023	2022
Other contingent liabilities for the benefit of subsidiaries	16.1	21.6
Total	**16.1**	**21.6**

NOTE 22. PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

	2023	2022
Dividends	0	4.2
Impairment	-1.4	-1.4
Total	**-1.4**	**7.2**

NOTE 23. APPROPRIATIONS

	2023	2022
Difference between recognized depreciation/amortization and depreciation/amortization according to plan	-	-
Group contributions received	8.0	28.5
Group contributions made	-34.6	0
Total	**-26.6**	**28.5**

NOTE 24. RELATED PARTIES

The following transactions took place with related parties:

PURCHASES AND SALES TO SUBSIDIARIES
17% (32) of the Parent Company's sales comprise sales to Group companies, and 57% (31) of the Parent Company's purchases comprise purchases from Group companies.

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

There were no related party transactions in 2023 and 2022 except for the payment of fees to the Board of Directors and the remuneration of senior executives.

NOTE 25. EVENTS AFTER THE END OF THE FISCAL YEAR

On January 30, GARO announced that an action and efficiency program had been initiated resulting in the reduction of about 50 employees in the Group, primarily in the GARO E-mobility business area.

The war in Ukraine and the situation in Gaza are not currently assessed to have any notable impact for the company and its operations.

NOTE 26. PROPOSED APPROPRIATION OF PROFIT

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

Opening retained earnings	318,642,561
Provisions to fund for own work, development expenditure	-29,486,543
Net income for the year	31,313,907
Total	**320,469,925**

The Board of Directors proposes that no dividend be paid for 2023 and that profit be carried forward.

Signing of the Annual Report

The consolidated income statement and balance sheet will be presented to the Annual General Meeting for approval on May 14, 2024.

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

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

Gnosjö, April 2, 2024

RICKARD BLOMQVIST
Chairman

SUSANNA HILLESKOG
Board member

MARTIN ALTHÉN
Board member

JOHAN PAULSSON
Board member

LARS KONGSTAD
Board member

LARS ÅKE RYDH
Board member

MARI-KATHARINA KADOWAKI
Board member

MY BÄCK
Employee representative

JONAS LOHTANDER
Employee representative

PATRIK ANDERSSON
CEO

Our audit report was submitted on April 9, 2024
Ernst & Young AB

JOAKIM FALCK
Authorized Public Accountant

Audit report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of GARO AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 46–101 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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

BASIS FOR OPINIONS

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

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

KEY AUDIT MATTERS

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

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

OBSOLESCENCE IN INVENTORIES

Description	How our audit addressed this key audit matter
It appears from the group's reporting of the financial standing as at 31-12-2023 that the reported value of the inventory amounts to MSEK 395,2. In the industries in which the group operates, the product development rate and innovation driving force are high. This means that business management and the board of directors must evaluate and assess on an ongoing basis how the company's products should be priced taking into account market demand. The innovation driving force in combination with the size of the inventory and the fact that the management and the board of directors make appraisals and assessments of the obsolescence of the inventory, means that obsolescence is assessed as being a specifically significant area of our audit. Note 2.11, note 4 and note 16 describe, among other things, the evaluation and risks associated with inventories.	In our audit, we have reviewed the assessment of obsolescence of all units including through follow-up of inertia with the information about inventory movements from the statement of the inventory, as well as taking into account technical developments and the risk of redundancies inn relation to estimated future sales of discontinued items. We have also checked whether the use of the obsolescence model is consistent over the years and assessed assumptions made in the obsolescence model. The assumptions are made at different levels of the group and include both decision-makers in individual companies and the group management team. In addition, our audit has included a review of the management protocol and discussions with the company management on the development of new products. We have reviewed the information obtained in the financial statement.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–45 and 102–107. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ADMINISTRATION AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Garo AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company,

or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for GARO AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of GARO AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Box 2224, 550 02 Jönköping, was appointed auditor of GARO AB by the general meeting of the shareholders on the 11 May 2023 and has been the company's auditor since the 4 May 2017.

Jönköping den 9 april 2024
Ernst & Young AB

Joakim Falck
Authorized Public Accountant

EU Taxonomy Regulation

GARO's REPORTING

The 2023 sustainability reporting encompasses the companies in the Group in which GARO has operational controls, meaning where GARO AB has a majority holding.

The primary target group of the reporting is investors and shareholders. The most relevant parts for the operations and its stakeholders have been included in the Sustainability Report in order to provide an overall view of the Group's impact, strategies and work methods in the area of sustainability. All data for the reporting has been collected from each company via BI reports and IT and accounting systems. Data has then been compiled to calculate aggregated figures for the Group. Sustainability activities and their results are used in GARO's operations to meet the ecological and social necessities resulting from growing material and energy needs and to assign resources of talented people, which is beneficial for the Group. The Head of Sustainability is responsible for quality assurance of the data in the Sustainability Report.

BACKGROUND INFORMATION

The EU taxonomy is a new EU Regulation that came into effect in 2020 and was applied with certain restrictions from January 1, 2022, to later be expanded in 2023. The taxonomy includes the EU Action Plan on Sustainable Finance 2018 and the EU Green Deal. The aim is to illustrate the proportion of a company's turnover, capital expenditure and operating expenditure for products or services that make a significant contribution to the taxonomy's six environmental objectives.

1. Climate Change Mitigation
2. Climate Change Adaptation
3. Water and marine resources
4. Circular economy
5. Pollution
6. Biodiversity

GARO's economic activities have been assessed at an overall level based on whether our operations make a substantial contribution to one or more of the identified environmental objectives, while also doing no significant harm (DNSH). For 2023, the proportion is reported for all environmental objectives 1-6, compared with 2022 when only environmental objectives 1-2 were reported. These technical screening criteria are laid down through secondary legislation known as delegated acts.

The taxonomy is part of the EU Green Deal that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases by 2050, where the environment and the health of European citizens are protected, and where economic growth is achieved by the most efficient and sustainable use of natural resources.

The taxonomy is to protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. These efforts are in line with the UN Agenda 2030 and the Paris Climate Agreement with the aim of limiting global warming to well below 2°C, and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Global warming is driven by higher greenhouse gas emissions, of which the transport and energy sector account for a high share.

REPORTING POLICIES

Description of the disclosures to be provided together with the key performance indicators The taxonomy reporting encompasses the companies over which the Group has control, meaning that the company is a majority shareholder. Under the taxonomy, non-financial undertakings are to disclose information and report according to the taxonomy based on the three key performance indicators (KPIs) of sales (turnover), capital expenditure (CapEx) and operating expenditure (OpEx).

The Group's economic activities have been assessed and verified based on the EU Nomenclature of Economic Activities (NACE), which in the first instance shows whether or not an activity is taxonomy-eligible. In stage 2, GARO's activities have been assessed as to whether they are taxonomy-aligned based on the technical screening criteria.

Turnover

Turnover includes the products and services that are taxonomy-eligible. The products groups have been assessed at product group level since their performance and purpose differ. All companies have reported Group-external turnover in order to eliminate double counting. Accordingly, the Group's turnover has been determined in the same was as for the financial reporting, refer also to the information in Note G6.

CapEx

CapEx comprises tangible and intangible assets, business combinations and leases (see Note G10, 13, 14, 15). The taxonomy-eligible tangible and intangible assets refer to investments directly attributable to the production and development of the associated products.

In accordance with the precautionary principle, the Group has decided not to include other taxonomy-eligible investments such as office buildings, IT security and vehicles regardless of their performance.

For classifying business combinations, the guiding factors were the purpose of the investment and the companies' current operations. For the sake of simplification, leases were classified based on the specification of sales by each company.

GARO works actively with plans aimed at expanding the company's economic activities and upgrading taxonomy-eligible activities so that they are taxonomy-aligned.

OpEx

OpEx comprises non-capitalized costs that relate to research and development, building renovation measures, maintenance and repair, machinery and equipment. Research and development were classified in the same manner as the classification of tangible and intangible assets.

TAXONOMY-ELIGIBLE ACTIVITIES

The Group's economic activities have been assessed and verified based on the EU Nomenclature of Economic Activities (NACE), which illustrates how taxonomy-eligible the Group is. No NACE adjustments have been made in 2023 for GARO companies and are the same as in 2022. GARO's taxonomy-eligible activities subsequently have been assessed as to whether they are taxonomy-aligned based on the technical screening criteria, see A1 in tables 1, 2 and 3.

Taxonomy-eligible products and services are presented in the bullet point list below. The KPIs related to turnover, CapEx and OpEx attributable to these companies are included in column A, see tables 1, 2 and 3.

- Other research and experimental development on natural sciences and engineering (72190)
- Manufacture of electricity distribution and control apparatus (27120)
- Electrical installation (43210)
- Manufacture of instruments and appliances for measuring, testing and navigation (26510)
- Renting and operating of own or leased other premises (68203)
- Manufacture of other electrical equipment (27900)

TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

Economic activities that are taxonomy-non-eligible, such as "Wholesale of electrical equipment" (46434) "Wholesale of measuring and precision instruments" (46691) and "Wholesale of other machinery, equipment and supplies" (46.6) are examples of activities that comprise "Proportion of not taxonomy-eligible economic activities." The KPIs related to turnover, CapEx and OpEx attributable to these companies and activities are included in column B, see tables 1, 2 and 3.

A general description of both of the Group's business areas is provided below.

GARO ELECTRIFICATION

The majority of GARO Electrification products are taxonomy-eligible. Some examples are products for construction of new buildings, such as consumer units and combination units, switchboards and energy systems and energy meters, which are deemed to be enabling activities under the technical screening criteria of the Taxonomy Regulation, Code 3.5 Manufacture of energy efficiency equipment for buildings. The following clarifications apply to our products:

- Presence and daylight control systems for lighting systems, which include such GARO products as KNX and astrour.
- Energy-efficient systems for property automation and equipment for operations for apartment buildings and properties, which includes the product groups of energy meters, engine heaters that are user, time and temperature-controlled.
- Zone thermostat and appliances for smart surveillance of the largest electric loads or cooling requirements in buildings and sensor equipment, which includes the GARO products of consumer units, combination units and switchboards.

The business area has taxonomy-non-eligible economic activities, which are reported in column B in tables 1, 2 and 3. These are activities that have the following NACE: 46.6 (Wholesale of other machinery, equipment and supplies), 46.691 "Wholesale of measuring and precision instruments" and 46.434 "Wholesale of electrical equipment."

GARO E-MOBILITY

The majority of GARO E-mobility's products and services that comprise EV charging stations are taxonomy-eligible under activity code 3.6 "Manufacture of other low carbon technologies." The technical screening criteria for activity 3.6 specifies that the economic activity is for the manufacture of technologies that are aimed at and demonstrate substantial life cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market. Life cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU96 or, alternatively, ISO 14067:201897 or ISO 14064-1:201898. Quantified life cycle GHG emission savings are verified by an independent third party.

GARO E-mobility has performed a life cycle assessment of the LS4 charging station but does not currently have the data to meet the taxonomy's strict requirements for being considered to be taxonomy-aligned.

KPIS

	Proportion of taxonomy-eligible economic activities		Proportion of not taxonomy-eligible economic activities	
	2023	2022	2023	2022
Turnover	83%	69%	17%	31%
CapEx	76%	91%	24%	9%
OpEx	97%	98%	3%	2%

TABLE 1: PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023.

	Year			Substantial Contribution Criteria**						DNSH criteria (Do No Significant Harm)**									
GARO	Code* (2)	Turnover (3)	Proportion of turnover, 2023 (4)	**Environmental objective 1** Climate Change Mitigation (5)	**Environmental objective 2** Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	173	13	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	8	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**173**	**13**														**8**		
Of which enabling		173	13																
Of which transitional		173																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	992	67	N	N	N/EL	N/EL	N/EL	N/EL								57	E	
Construction of new buildings	CCM 7.1	44	3	N	N	N/EL	N/EL	N/EL	N/EL								5		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**966**	**71**														**62**		
Total (A.1+A.2)		**1,369**	**83**														**69**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		230	17														31		
Total (A+B)		**1,369**	**100**														**100**		

83% of GARO is taxonomy eligible (A). Only a small proportion is taxonomy-aligned, 13% (A.1). Accordingly GARO reported under both A.1 and A.2.

*The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
CCM: Climate Change Mitigation
**Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

	Proportion of CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	13%	13%+71%=83%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

TABLE 2: PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2023.

	Year			Substantial Contribution Criteria**						DNSH criteria (Do No Significant Harm)**									
GARO	Code* (2)	Turnover (3)	Proportion of CapEx, 2023 (4)	**Environmental objective 1** Climate Change Mitigation (5)	**Environmental objective 2** Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	8	6	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**8**	**6**														**10**		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	010	70	N	N	N/EL	N/EL	N/EL	N/EL								73	E	
Construction of new buildings	CCM 7.1	1	0.4	N	N	N/EL	N/EL	N/EL	N/EL								8		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**102**	**70**														**81**		
Total (A.1+A.2)		**110**	**76**														**91**		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible economic activities (B)		35	24														9		
Total (A+B)		**145**	**100**														**100**		

76% of GARO is taxonomy eligible (A). Only a small proportion is taxonomy-aligned, 6% (A.1). Accordingly GARO reported under both A.1 and A.2.

*The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
CCM: Climate Change Mitigation
**Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

	Proportion of CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	6%	6%+70%=76%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

TABLE 3: PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023.

	Year			Substantial Contribution Criteria**						DNSH criteria (Do No Significant Harm)**									
GARO	Code* (2)	Turnover (3)	Proportion of OpEx, 2023 (4)	**Environmental objective 1** Climate Change Mitigation (5)	**Environmental objective 2** Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	5	9.5	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5**	**9.5**														**6**		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	42	82	N	N	N/EL	N/EL	N/EL	N/EL							Y	74	E	
Construction of new buildings	CCM 7.1	3	5	N	N	N/EL	N/EL	N/EL	N/EL							Y	8		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**45**	**87**														**93**		
Total (A.1+A.2)		**50**	**97**														**98**		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible economic activities (B)		2	3														2		
Total (A+B)		**51**	**100**														**100**		

97% of GARO is taxonomy eligible (A). Only a small proportion is taxonomy-aligned, 9.5% (A.1). Accordingly GARO reported under both A.1 and A.2.

*The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
CCM: Climate Change Mitigation
**Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

	Proportion of CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	9.5%	9.5%+87%=97%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

Climate Change Adaptation

CLIMATE CHANGE ADAPTATION

GARO works continuously with risk and vulnerability analyses to systematically assess the potential effects and risks of climate change on the Group's operations and vulnerabilities linked to climate change based on four perspectives: Environmental, Social, Economic and Political, focusing on the production facilities in Sweden (Gnosjö and Hillerstorp) and in Poland (Szczecin). This involves GARO assessing the impacts of climate change on natural systems, employee well-being, economic impacts and policy challenges and opportunities as well as identifying mitigation measures for the Group's operations.

By using general climate projections and adapting them to local conditions and guidelines, including EU taxonomy requirements and regional adaptation strategies, GARO has identified key areas.

Environmental

The effects of climate change on natural systems, including changes in temperature, precipitation, sea levels and extreme weather. This includes risks for water resources, biodiversity and ecosystem services.

Social

The effects of climate change on GARO's employees, including the potential for transfers and lack of supply, and effects on the social system.

Economic

The costs of climate change assumptions, including costs for carrying out mitigation and adaption measures, both the potential economic effects of climate change and the changes to productivity and land ownership.

Political

Challenges and opportunities related to climate change, including the potential for conflict or cooperation between different countries and regions.

GARO's identified risks and opportunities in the short and medium term are:

Transition risks

These transition risks can affect GARO's operations and require continuous monitoring, evaluation and strategic actions to proactively manage the impacts of climate change and related risks.

- Changes in abrupt and unpredictable climate patterns that exceed expectations and render current adaptation measures ineffective.
- Potential losses in productivity or resource scarcity due to unpredictable climate change affecting the availability of raw materials and energy.
- Significantly tightened regulations and policies related to climate change that may result in higher costs for adaptation measures and compliance.
- Difficulties in adapting sites to changing environmental conditions, which could impact production capacity and efficiency.
- Potential impact on GARO's market position if customer preferences and demands for sustainable products and production methods change faster than GARO's ability to adapt.

Physical risks

- In terms of wind, water and land-based damages, GARO sees no direct system-risking and decisive effect of climate change where GARO currently has, or plans to have, production.

Opportunities

- To reduce the effects of future heatwaves at the production facilities, the number of trees may be maintained and, where possible, increased. Trees have an especially cooling effect.
- Improved understanding, developed processes and streamlining of the implications of climate change, starting with own operations. Systematically assess risk and vulnerability based on four different perspectives: Environment, Social, Economic and Political, increase resource efficiency and access to capital.
- The consequences of torrential rain can never be completely prevented by increasing capacity in the pipe network. In most cases it would be impossible in practice and also expensive. The key for creating an area that can withstand rain is, instead, to find areas that can be flooded without leading to any serious consequences, and for everyone to assume their responsibility. Physical barriers can be used to prevent water from reaching areas at risk. Certain roads could, in cooperation with the relevant municipality, be set aside as drain lines without jeopardizing important transportation. Another method is to allow water to accumulate by leading it to areas where its can remain for a period time without doing any harm, such as green areas.


Finland
Sweden
Poland
En nytänkande kraft
GARO

Corporate governance report

GARO AB (publ) is a Swedish public limited liability company and is therefore regulated in part by Swedish legislation, primarily through the Swedish Companies Act, in part by Nasdaq Stockholm's Rulebook for Issuers that requires the application of the Swedish Corporate Governance Code (the "Code"). GARO has its registered office in Gnosjö Municipality, Jönköping County, has applied the Code since 2016 and provides the Corporate Governance Report for the 2023 fiscal year here. The Corporate Governance Report has been audited by the company's auditors.

Guidelines on the Code are available on the website for the Swedish Corporate Governance Board (www.corporategovernanceboard.se). The Code is based on the principle of "comply or explain", which means that companies that apply the Code can deviate from individual rules, but then provide an explanation for the deviation. GARO made no such deviations in 2023. Nor has GARO breached Nasdaq Stockholm's Rulebook for Issuers or good practice on the stock market.

SHAREHOLDERS AND GENERAL MEETING

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

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

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

There were 17,346 shareholders (18,672) at year-end. The largest single shareholder is Lars Svensson whose total ownership amounted to 35.7% (35.7). For more information on the ownership structure, share capital, share price development, etc., refer to the section on the GARO share on pages 44–45 and to Note G22 in this Annual Report.

2023 ANNUAL GENERAL MEETING

At GARO's Annual General Meeting on May 11, 2023, Lars Kongstad was elected as a new Board member and Rickard Blomqvist, Susanna Hilleskog, Lars-Åke Rydh, Mari-Katharina Jonsson Kadowaki, Martin Althén and Johan Paulsson were re-elected. Rickard Blomqvist was re-elected Chairman. Board fees were decided to be paid in a total amount of SEK 2,525,000, of which SEK 725,000 was to the Chairman and SEK 300,000 to each of the other elected Board members who are not employed in the Group. This entailed an increase of Board fees by 85,000 SEK, 3%, compared with 2022. Furthermore, the AGM resolved that fees to members of the Audit Committee remain unchanged and consist of SEK 100,000 to the Chairman and SEK 50,000 to each of the other members of the Audit Committee. For members of the Remuneration Committee, unchanged fees of SEK 50,000 to the Chairman and SEK 25,000 to each of the other members of the Remuneration Committee were also decided upon. In accordance with the Board's proposal, the AGM resolved that a dividend of SEK 0.80 would be paid for the 2022 fiscal year.

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

NOMINATION COMMITTEE

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

The Annual General Meeting on May 4, 2017 resolved that the Nomination Committee shall be comprised of representatives of the three largest shareholders in terms of votes as indicated by the share register kept by Euroclear Sweden on August 31 of every year, together with the Chairman of the Board, who shall also convene the first meeting of the Nomination Committee. The member representing the largest shareholder by votes shall be appointed the Chairman of the committee. If, before two months prior to the Annual General Meeting, one or more of the shareholders that appointed members to the Nomination Committee are no longer among the three largest shareholders by votes, members appointed by these shareholders shall relinquish their seats on the committee and shareholders that have joined the three largest shareholders by votes shall have the right to appoint one representative each. If a member leaves the Nomination Committee before its work is complete and the Nomination Committee finds it desirable for a replacement to be appointed, such a replacement shall be obtained from the same shareholder or, if this shareholder is no longer among the largest shareholders by votes, from a shareholder who is next in line in terms of holdings. The composition of the Nomination Committee prior to each AGM shall be published no later than six months before the AGM. No compensation shall be payable to the members of the Nomination Committee. Any necessary overhead costs for the Nomination Committee's work shall be covered by the company. The Nomination Committee's mandate period continues until the following Nomination Committee's composition has been published. The Nomination Committee's independence according to the "Code" is considered to be fulfilled.

EXTERNAL AUDITORS

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

Ernst & Young AB were reelected auditors at the 2023 Annual General Meeting, with Joakim Falck as Auditor in Charge. The auditor from Ernst & Young participated in parts of the Audit Committee's meetings in 2023 and reported on the observations from the 2023 audit. The audit of the Group's companies is coordinated by Ernst & Young. The Ernst & Young network audit the Group's companies, except those in Poland, Germany, the UK and Ireland.

BOARD OF DIRECTORS

COMPOSITION AND INDEPENDENCE

According to the Articles of Association, GARO's Board of Directors shall consist of at least three and at most seven elected members. At the Annual General Meeting on May 11, 2023, seven Board members were elected, two women and five men. IF Metall and Unionen also elected an employee represen-

BOARD OF DIRECTORS

AGM-elected Board	Elected	Born	Remuneration	Remuneration Audit Committee	Remuneration Remuneration Committee	Number of shares/ votes	Independent in relation to the share-holders	Independent in relation to the company	No. meetings attended
Rickard Blomqvist, Chairman	2015	1971	725,000	50,000	50,000	2,235,750	No	Yes	11/11
Susanna Hilleskog, member	2018	1963	300,000	0	25,000	0	Yes	Yes	10/11
Johan Paulsson, member	2021	1963	300,000	0	0	0	Yes	Yes	11/11
Lars Kongstad, member	2023	1963	300,000	0		30,000	Yes	Yes	6/6
Martin Althén, member	2021	1968	300,000	50,000	0	20,000	Yes	Yes	10/11
Mari-Katharina Jonsson Kadowaki, member	2019	1964	300,000	0	25,000	1,001	Yes	Yes	11/11
Lars-Åke Rydh, member	2018	1953	300,000	100,000	0	25,000	Yes	Yes	11/11
Jonas Lohtander, employee representative	2019	1974	0	0	0	184	Yes	No	11/11
My Bäck, employee representative	2023	1990	0	0	0	16	Yes	No	6/6
Total			**2,525,000**	**200,000**	**100,000**	**2,311,951**			

NOMINATION COMMITTEE FOR THE 2024 ANNUAL GENERAL MEETING

Nomination Committee member	Represents	Holdings/votes
Niklas Bogefors, Chairman	Lars Svensson	35.7%
Johan Ståhl	Svolder AB	12.4%
Emma Englén	Spiltan Fonder	4.8%
Rickard Blomqvist	Chairman	4.5%

tative each to be included in the Board. No representative of company management is on the Board. The President and CEO participates in Board meetings to present reports. Other officers in GARO participate in the Board's meetings as presenters in particular matters. The company's CFO serves as the Board's secretary.

In the Nomination Committee's reasoned statement ahead of the 2023 AGM, the Nomination Committee stated that the Board applied rule 4.1 of the Code as its diversity policy in preparing its proposals on Board members. The aim of the policy is for the Board to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members are collectively to exhibit diversity and breadth of qualifications, experience and background, and the company is to strive for gender balance on the Board. The 2023 AGM resolved to appoint Board members in accordance with the Nomination Committee's proposals, which resulted in the current Board. The Nomination Committee established when it prepared its proposals that the gender balance in the proposed Board was not satisfactory. However, the Nomination Committee believed that continuity on the Board was of greater importance.

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

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

For further information concerning the Board members, refer to the section concerning the Board of Directors on page 116–117 of this Annual Report.

RESPONSIBILITY AND WORK

The work of the Board of Directors is regulated by the Swedish Companies Act and the Articles of Association. The work of the Board of Directors is also regulated by the written rules of procedure that the Board adopts annually. The rules of procedure regulate, among other things, the division of responsibility between the Board, the Chairman of the Board and the CEO, as well as the decision procedure in the Board, the Board's meeting plan and the Board's work on accounting and audit-related issues and financial reporting. The Board of Directors has also established terms of reference for the CEO and adopted other special policy documents.

The Board of Directors is responsible for the Group's organization and management of its affairs, setting the Group's overall objectives, development and follow-up of the overall strategies, decisions on major acquisitions, divestments and investments, decisions on capital placement and loans in accordance with the finance policy, continuous follow-up of operations, establishment of interim and year-end reports and the continuous evaluation of the CEO and other members of Group Management. The Board is also responsible for ensuring the quality of the financial reporting, including systems for monitoring and internal control of GARO's financial statements and position. The Board shall also ensure that GARO's external information provisioning is marked by openness and is correct, relevant and clear. At the Board meetings, the following items are recurring on the agenda: business status, future prospects and economic and financial reporting.

The Chairman of the Board monitors GARO's operations through continuous contacts with the CEO. The Chairman organizes and leads the Board's work and is responsible for other Board members receiving satisfactory information and decision data. The Chairman is also responsible for the Board continuously updating and deepening its knowledge of GARO and otherwise receiving the training required for the Board work to be able to be conducted effectively. It is also the Chairman who is responsible for ensuring that the Board annually evaluates its work. An evaluation of the Board was performed in 2023 and the Chairman reported the results to the Board and the Nomination Committee.

In 2023, the Board held ten ordinary Board meetings and one statutory meeting. The Board meetings have been devoted to financial follow-up of the business, strategic issues, budget discussions, investment decisions, adoption of policies and instructions and external economic information. Attendance at the Board meetings is presented in the table above.

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

BOARD COMMITTEES

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

The Board of Directors works according to set instructions for issues that are incumbent on the Audit Committee and Remuneration Committee.

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

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

REMUNERATION OF THE BOARD

Remuneration of elected Board members is chosen by the Annual General Meeting according to a proposal from the Nomination Committee. The table on page 110 presents the fees that are payable to the elected Board members for the period 2022–2023.

CEO AND GROUP MANAGEMENT

GARO's President and CEO as well as the Business Area Manager and CEO of GARO E-mobility AB are responsible for leading and developing operating activities pursuant to the guidelines and instructions issued by the Board. The scope is comprised of written terms of reference for the CEO that are approved annually by the Board.

The CEO leads the work of Group Management, which is responsible for overall business development. Besides the CEO, Group Management consisted of GARO's CFO, CTO, Purchasing & Logistics Director and the Business Area Manager of GARO E-mobility.

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

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

GUIDELINES FOR REMUNERATION

According to the Swedish Companies Act, the General Meeting will resolve on guidelines for remuneration of the CEO and other senior executives. The following guidelines were approved by the Annual General Meeting in May 2022 and apply until further notice.

GARO is to offer remuneration levels and employment conditions that are deemed to be reasonable to recruit and retain a management team that is highly skilled and with the right capacity for achieving established targets. The overall principle for salaries and other remuneration of GARO senior executives is to be market-based.

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

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

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

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

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

INCENTIVE PROGRAM

In conjunction with the 2022 AGM, a directed share issue of 200,000 warrants for senior executives was resolved. The program has a three-year term and is expected to contribute to achieving GARO's long-term business plan, strategy and financial targets. In 2022, 42,500 warrants were subscribed. The subscription of shares using the warrants can take place in June 2025. Oversubscription may not take place.

The Board believed it to be to the company's and the shareholders' advantage that, in this way, the participants were provided with a personal ownership commitment in the company.

PERIOD OF NOTICE AND SEVERANCE PAY

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

EXTERNAL AUDIT

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

INTERNAL AUDIT

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

DIVERSITY

With regard to diversity, refer to the company's Sustainability Report on pages 28–43 and 102–107 in this Annual Report.

INTERNAL CONTROL

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

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

CONTROL ENVIRONMENT

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

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

RISK ASSESSMENT

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

The Board deals with the outcome of the company's processes for risk assessment and risk management, in order to ensure that these cover all significant areas, and establishes, when appropriate, any necessary measures to be implemented. In addition to assessing the risks in the financial reporting, the Board and management work continuously to identify and manage significant risks affecting GARO's business from an operational and financial perspective. Read more about the risks on page 60, Note G3 in this Annual Report.

CONTROL ACTIVITIES

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

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

INFORMATION AND COMMUNICATION

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

FOLLOW-UP, EVALUATION AND REPORTING

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

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

Gnosjö, April 9, 2024

The Board of Directors

Auditor's report on the corporate governance statement

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

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 109–113 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINIONS

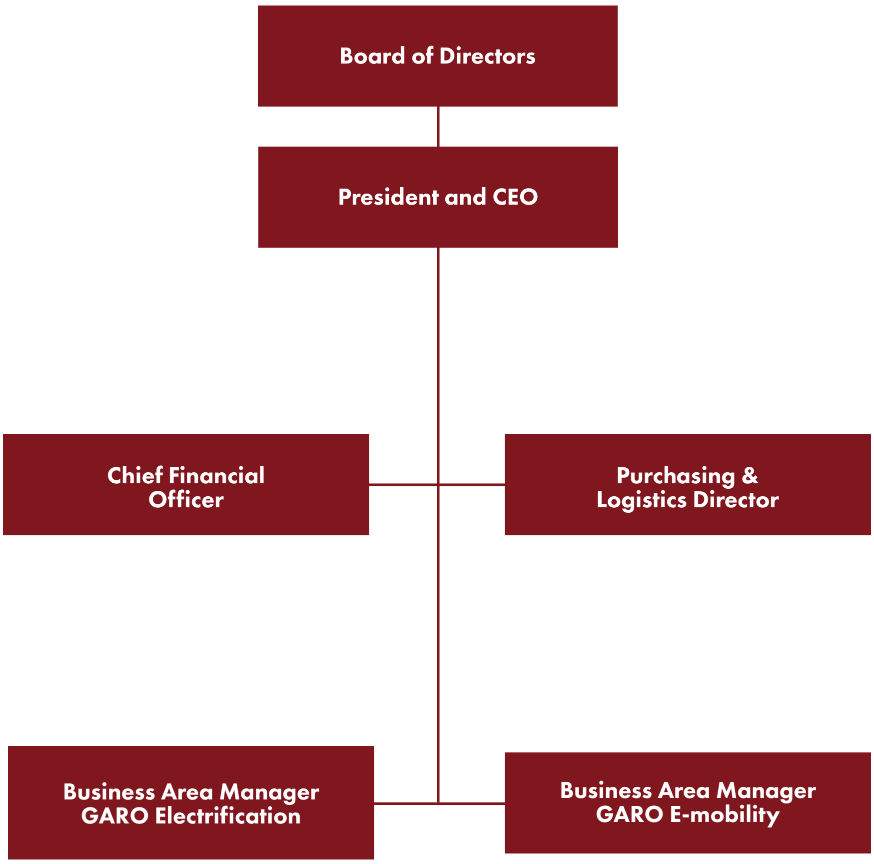
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance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

Jönköping, April 9, 2024
Ernst & Young AB

Joakim Falck
Authorized Public Accountant

Organization and structure

The GARO Group's Board of Directors comprises a total of nine people, including two employee representatives, under the management of Rickard Blomqvist, Chairman of the Board. Operations are divided into two business areas: GARO Electrification, which consists of the three product areas of Electrical distribution products, Project business & Temporary Power, and GARO E-mobility, which includes the E-mobility product area. Following the Board's guidelines, President and CEO Patrik Andersson leads Group Management, which comprises five people. Group Management comprises the functions according to the organizational chart below.



Board of Directors

At January 1, 2024

RICKARD BLOMQVIST

Chairman since 2021 and member since 2015

Born: 1971

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

Other ongoing assignments: Board member of Volador AB, Volador Business Development AB, Ekonomerna Holding Sverige AB, Ekonomerna Family Office AB and Sleeping world AB.

Shareholdings: 2,235,750 (privately and via company)

SUSANNA HILLESKOG

Member since 2018

Born: 1963

Education and professional experience:
Master of Economics, Lund University. Several senior positions at Akzo Nobel and the Trelleborg Group, and previously a Board member of companies such as ProfilGruppen AB (publ), Lammhults Design Group AB (publ), Holmbergs Safety AB and BIM Kemi AB.

Other ongoing assignments: CEO of Lammhults Design Group AB (publ) and Board member of SIB Solutions AB

Shareholdings: –

LARS-ÅKE RYDH

Member since 2018

Born: 1953

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

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

Shareholdings: 25,000

MARI-KATHARINA KADOWAKI

Member since 2019

Born: 1964

Education and professional experience:
M.Sc. in Engineering from Linköping University. Long operational experience of the electricity and manufacturing industry, including as site manager within the Electrolux Group and CEO of the Swedish part of the battery manufacturer Saft for 17 years. Currently CEO of ProfilGruppen.

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

Shareholdings: 1,001

MARTIN ALTHÉN

Member since 2021

Born: 1968

Education and professional experience:
M.Sc. in Industrial Economics, Linköping University. Has held several senior positions in Husqvarna Group, AstraZeneca,
PA Consulting and Deloitte.

Other ongoing assignments: President Securitas Digital, Group CIO of Securitas AB and CEO of Securitas Intelligent Services AB since 2016

Shareholdings: 20,000

JOHAN PAULSSON

Member since 2021

Born: 1963

Education and professional experience:
M.Sc. in Electrical Engineering. Extensive experience through previous positions as COO and Head of R&D at Ericsson Mobile Platforms AB. Currently CTO of Axis Communications AB.

Other ongoing assignments: Board member of Acconeer AB.

Shareholdings: –

LARS KONGSTAD

Member since 2023

Born: 1963

Education and professional experience:
Master of Laws, Lund University. Former co-owner and lawyer at Mannheimer Swartling Advokatbyrå AB. Currently Senior Advisor/Board member.

Other ongoing assignments: Chairman of the Board of MFF Event AB, Fotbollsstadion i Malmö Fastighets AB, MFF Kliniken AB, Volador AB and Vice Chairman of Malmö FF.

Shareholdings: 30,000

Group Management

At January 1, 2024

JONAS LOHTANDER

Employee representative
since 2019
Born: 1974

Education and professional experience:
Electrician program. Has worked at GARO since 2012.

Other ongoing assignments:
Chairman of GARO's workshop association, activity group and Board member of IF Metall avd 40.

Shareholdings: 184

PATRIK ANDERSSON

President and CEO
Employed since 2007
Born: 1978

Education and professional experience:
Electrician program. Former western and southern regional sales manager for Eldon Group.

Other ongoing assignments:
Chairman of the Electrical Material Suppliers' Association and El- och Belysningsföretagen i Sverige AB.

Shareholdings: 204,200

Warrants: 20,000

HELENA CLAESSON

CFO
Employed since 2019
Born: 1969

Education and professional experience:
B.Sc. in Economics, Jönköping University, Business Management, IFL Stockholm University. Former CEO at Sensys Gatso Sweden AB and CFO at Sensys Traffic AB.

Other ongoing assignments: –

Shareholdings: 550

Warrants: 5,000

MY BÄCK

Employee representative
since March 2023
Born: 1990

Education and professional experience:
CNC education. Has worked at GARO since 2019.

Other ongoing assignments: Club Chairman GARO Unionen club

Shareholdings: 16

DANIEL EMILSSON

Business Area Manager GARO Electrification
Employed since 2007
Born: 1975

Education and professional experience:
Electrical and telecom upper-secondary program. M.Sc. in Engineering Physics, Entrepreneur Program 40 credits at University of Gothenburg School of Business, Economics and Law. Various senior positions in development and sales and President of the telecom company Comhat AB in Ödsmål, Sweden.

Other ongoing assignments: Chairman of Kjellbergs Golv & Textil AB

Shareholdings: 5,000

Warrants: 0

HÅKAN DAVIDSSON

Supply Chain Director
Employed since 2018
Born: 1968

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

Other ongoing assignments: –

Shareholdings: –

Warrants: 5,000

NIKLAS RÖNNÄNG

Business Area Manager E-Mobility, and CEO GARO E-mobility AB
Employed since 2022
Born: 1970

Education and professional experience:
Technical college graduate and business administration. Previous served as Sales Director for NIBE AB for eight years. Prior to this, 16 years at SCA Packaging, serving as Sales and Development Director for the final eight years.

Other ongoing assignments: –

Shareholdings: 5,050

Warrants: 12,500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