

Remuneration report 2024

Introduction

This report describes how the guidelines for executive remuneration of GARO AB, adopted by the annual general meeting 2024, were implemented in 2024. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 7 (Employees and personnel costs) on pages 67-69 in the annual report 2024. Information on the work of the remuneration committee in 2024 is set out in the corporate governance report available on pages 109-113 in the annual report 2024.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 7 on pages 67-69 in the annual report 2024.

Key developments 2024

The CEO summarizes the company's overall performance in his statement on pages 6-9 in the annual report 2024.

The company's remuneration guidelines: scope, purpose and deviations

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 can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to clear performance related criteria in easy and transparent designs. The criteria can be financial, non-financial or be individualized, quantitative or qualitative objectives. The criteria shall be designed 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 can include among others sales and earnings based financial criteria.

The guidelines are found on pages 68-69 in the annual report 2024. During 2024, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.garogroup.se/en/corporate-governance under the section for the annual general meeting 2025. No remuneration has been reclaimed. In addition to the remuneration covered by the remuneration guidelines, the annual general meeting 2022 resolved to implement a long-term share-related incentive plan.

Table 1 – Total CEO remuneration in 2024 (KSEK)*

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration****
	Base salary**	Other benefits***	One-year variable	Multi-year variable				
Patrik Andersson (CEO)	2 362	114	0	0	N/A	640	3 116	100/0

* The table reports remuneration earned in 2022. Multi-year variable remuneration is reported if vested in 2022, as set out in column 3 of Table 3, despite that disbursement of any payments have not been made

** Including holiday pay, saved holidays and reduction of working hours

*** Company car benefit

**** Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

In 2022, GARO implemented a subscription warrant program for senior executives within the group, series 2022/2025. The purpose of the program is to, in an easy way, offer senior executives the opportunity to take part in the long-term increase in value that is related to GARO's joint goals and the strategic initiatives that shall be given priority within the group. The warrant program covers five (5) senior executives (including the CEO). The warrants were acquired by the participants in 2022 at an estimated market price. Shares can be subscribed for during the subscription period from and including 5 June 2025 up to and including 30 June 2025 at an initial subscription price of SEK 159.04. The CEO acquired 20,000 warrants of series 2022/2025 as part of the warrant program in 2022.

Application of performance criteria for short-term variable remuneration

The performance measures for the CEO's short-term variable cash remuneration, which may not amount to more than MSEK 2 per year, have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2022 have been taken into account. Also, the performance measures further contribute to alignment with sustainability as well as the company values.

Table 2 - Performance of the CEO in the reported financial year: short-term variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3
			a) Measured performance and b) actual award/ remuneration outcome
Patrik Andersson (CEO)	Operating income 2024	0%	a) MSEK 0 (0%) b) 0 MSEK 0

Application of performance criteria for multi-year variable remuneration

In addition to base salary and short-term variable cash remuneration, the CEO may receive an additional variable cash remuneration corresponding to a maximum of nine (9) monthly salaries. At the time of writing, there are no performance criteria regarding extra variable compensation for the CEO. Previous programs expired as of 2023.

Table 3 - Performance of the CEO in the reported financial year: multi-year variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3
			a) Measured performance and b) actual award/ remuneration outcome
Patrik Andersson (CEO)	N/A	N/A	N/A

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)

	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY 1 vs RFY-2	RFY vs RFY 1	RFY 2024
CEO remuneration	- 3 123 (-48,8%)**	278 (8,5)	-741 (-21%)	1 070 (38%)	-768 (-20%)	3 116
Consultancy fees to board members	100 (+20%)	-532 (-89%)	-68 (-100 %)	85 (3%)	33 (1%)	2 558
Group operating profit	23 600 (21%)	71 000 (520%)	-54 400 (-26%)	- 101 700 (-67%)	- 107 200 (-210%)	-56 100
Average remuneration on a full time equivalent basis of employees* of the parent company	40 (10,3%)	-10,5 (-2,4%***)	34,0 (6,6%)	4,95 (8%)	-6,5 (11%)	289,5

* Excluding members of the group executive management

** 2019 includes compensation during notice period and reservation for severance payment corresponding to 6 months

*** From the 1st of January 2021, employees within the product area E-mobility have been transferred to the subsidiary GARO E-mobility AB