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Electrifying the future.

GARO is actively engaged in driving the energy transition forward. The company develops, manufactures and markets products and systems in electricity distribution and charging infrastructure and has its roots in Gnosjö, Småland. Since 1939, the company has developed a broad range with a clear focus on safe and efficient energy supply, always in close collaboration with installation engineers and end users.

This is GARO

Complete solutions that support electrification

GARO develops, markets and sells electrical components and complete solutions for safe and efficient electricity distribution. The range encompasses approximately 3,300 products and includes everything from solutions from temporary electricity supply to fixed installations such as switchgears, distribution cabinets and charging stations.

The obvious choice for installers

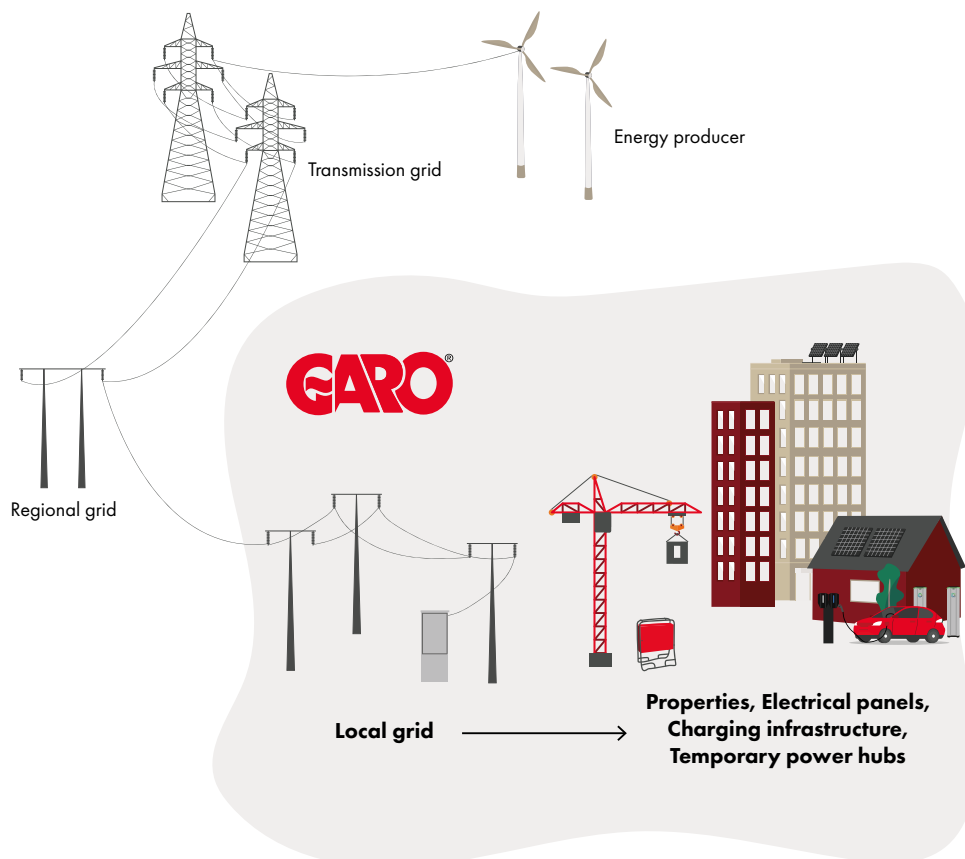
GARO is a well-known brand among installers. With its proximity to customers, a strong service and aftermarket organization combined with its product offering, the company has a distinct competitive edge in the market. Within the Group, distribution takes place through a well-established network of wholesalers, dealers and through direct sales.

Low voltage solutions

GARO's products distribute electricity from local grids to all kinds of properties and are used for housing, street environments, construction sites and parking facilities – always with a focus on efficient operations and high safety.

Safe EV charging

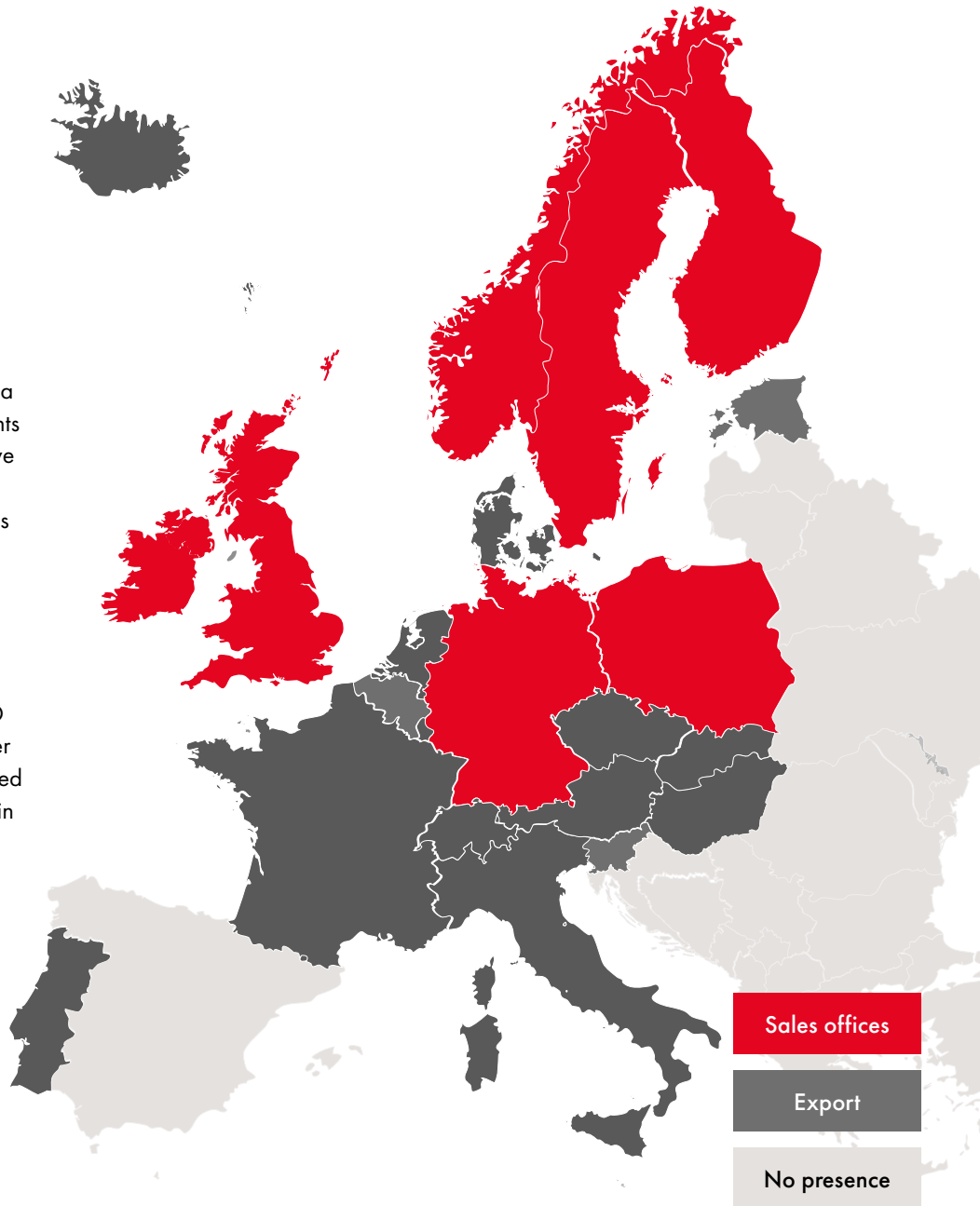
For public and private EV charging, GARO offers a broad selection of solutions, delivering wall boxes and charging stations for housing and workplaces as well as commercial, industrial and public environments. Products that are crucial for a safe and simple charging experience for the end user.



Huge potential for the European market

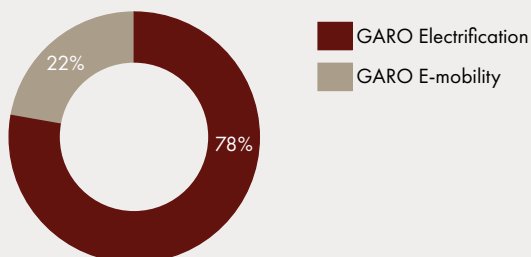
Europe is becoming electrified at a rapid pace. With major investments in energy efficiency and expansive charging infrastructure, GARO's offering is well-timed. Megatrends are also driving a considerable underlying demand for the company's components.

GARO's two business areas (GARO Electrification and GARO E-mobility) have sales in a number of European countries and reported strong growth in 2025, primarily in Ireland and the UK.



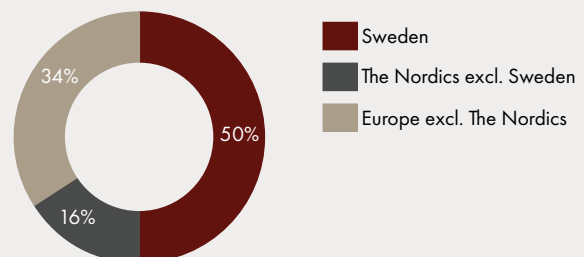
ALLOCATION OF NET SALES

per business area 2025



ALLOCATION OF NET SALES

by geographic area 2025



GARO as an investment

A strong foundation – toward clarity and profitability

GARO has a solid foundation with the GARO Electrification business area, but GARO E-mobility has experienced challenges in recent years. A comprehensive analysis was performed and actions initiated to bring about a sustainable and profitable development. In parallel, initiatives are being carried out over the next few years, focusing on value creation and realizing GARO's growth potential in the energy transition.

Challenges and strategy moving forward

AREAS	CHALLENGE	STRATEGY
MARKET	<ul style="list-style-type: none"> • Low housing construction in the Nordic region • Establish a long-term market presence in E-mobility 	<ul style="list-style-type: none"> • Continued expansion in growth markets (UK, Ireland) • Improved user experience, customization, support and service in GARO E-mobility • Streamlined range and increased investments in destination charging
PROFITABILITY	<ul style="list-style-type: none"> • Pressure on margins in certain E-mobility segments • Low sales volumes 	<ul style="list-style-type: none"> • Prioritizing high-margin products • Cost adjustments and more efficient production/purchasing • Expanded market presence
ORGANIZATION	<ul style="list-style-type: none"> • Decentralized business areas • Internal processes 	<ul style="list-style-type: none"> • Identify and realize synergies between the business areas for strengthened collaboration • Common processes and investments in a market-oriented and results-focused corporate culture • New management structure • Introduction of a new Enterprise system



Why invest in GARO?

1. A WELL-KNOWN BRAND AMONG INSTALLERS

GARO is well established in the industry as a result of its long history, extensive experience and close relationships with installers. Its high brand recognition and high product quality lead to repeat business.

2. STABLE BASE BUSINESS – ELECTRIC INSTALLATION MATERIAL IS NEEDED IN SOCIETY

GARO's products are a necessary part of electric infrastructure and demand is stable even when the economy is in weaker periods. The GARO Electrification business area delivers profitability and constitutes a safe foundation for GARO's future growth.

3. CLEAR PLAN TO TURN AROUND THE COMPANY'S PERFORMANCE

Going forward, the company will focus on profitability, prioritizing high-margin products and enhancing the efficiency of the organization. The new structure provides better governance and the conditions for scalability in line with the growth of the operations in Europe.

4. FAVORABLE MARKET TRENDS DRIVE LONG-TERM POTENTIAL

Electrification and energy enhancement increase the need for electric installation material and charger solutions. GARO holds a position at the core of these trends and has high growth potential going forward.

5. STRENGTHENED SYNERGIES BETWEEN BUSINESS AREAS

GARO offers a comprehensive range of electrical installation products and EV charging solutions, which together provide a highly competitive offering. The synergy effects that are naturally created between the various product areas distinguish GARO from the majority of players in the market. GARO adds value for both installers and end customers by providing a comprehensive offering, from power supply to operational charging stations including aftermarket support.

2025 in brief

In 2025, focus was directed to the core business in GARO Electrification. Several investments were made to strengthen the organization's resources and create a stable foundation for future growth. The GARO E-mobility business area experienced a challenging year and a comprehensive analysis was initiated to turn the trend and achieve profitability. Efforts were also made in optimizing inventory and strengthening our market position. In addition, investments in software development were completed to create a more user-friendly and easily administered platform for GARO Entity.

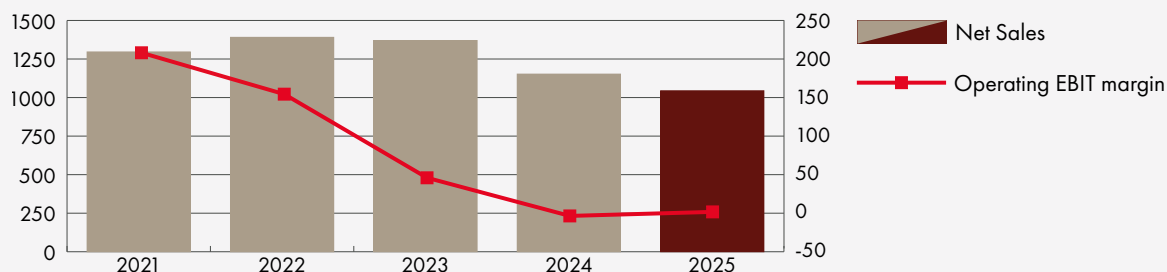
MSEK 1,044

Net sales

-0.1%

Operating EBIT margin

NET SALES AND EBIT



KEY FIGURES

	2025	2024	2023	2022	2021
Net sales (MSEK)	1,043.5	1,152	1,369.9	1,390.5	1,295.8
Growth (%)	-9	-16	-1	7	25
EBIT (MSEK)	-8.1	-55.6	51.1	152.8	207.2
EBIT margin (%)	-0.8	-4.8	3.7	11.0	16.0
Operating EBIT (MSEK)	-1.1	-7.2	42.9	152.8	207.2
Operating EBIT margin (%)	-0.1	-0.6	3.1	11.0	16.0
Net income (MSEK)	-17.5	-60.1	31.3	120.5	166.7
Earnings per share* (SEK)	-0.35	-1.20	0.63	2.41	3.33
Return on equity (%)	-3.2	-10.3	5.1	20.7	34.0
Investments (MSEK)	11.6	19.6	108.2	120.1	45.3
Equity ratio (%)	52.7	50.0	50.9	53.2	58.9
Net cash position (-) / net debt (+)	239.8	285.1	222.1	143.7	-9.4
Number of employees	375	406	478	521	498

* 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 77.



Events during the year

Long-term deliveries for major infrastructure projects

GARO has supplied BALL lamps for the E4 Stockholm Bypass, one of Sweden's largest infrastructure projects and one of the world's longest city tunnels. Over the many years of the project, GARO has continually supplied the worksites with over 3,500 BALL model construction site lamps. These are the most energy-efficient LED lamps in the market with long life cycles that ensure a sound work environment in demanding tunnel operations. The scope of the delivery demonstrates GARO's strong position in temporary power and how our products help ensure safety at workplaces with complex infrastructure projects.

New key roles strengthen Team GARO

Group Management was expanded with new senior roles during the year. These included Joe Ree, who in his role as COO in the latter half of the year took over as Interim President and CEO as well as Paul Fox (CTO). The aim is to intensify GARO's international business focus and raise our operational tempo. The change also aims to promote technological advances and our long-term work on building up culture and skills within the Group. The additions are a central aspect of evolving Team GARO and mark a clear step in enhancing the competitiveness of the organization and supporting the company's growth and profitability targets.



A complete and future-proof complete solution

When Onepark took over operations of TORP Sandefjord Airport in Norway, it saw a need to establish modern and safe charging infrastructure. The requirements were clear: a quick, reliable and experienced supplier that was able to offer a secure complete solution. Together with its joint installation partners, GARO was chosen and with its large range was able to deliver both wall boxes and cable cabinets, a combination that ensures secure and stable power supply. A total of 240 charging stations were installed, and the decision to choose GARO Entity was based on the high level of security, flexibility and smart load balancing. The ability to easily integrate with existing systems was also a critical factor, making the solution well suited to future needs.

CEO's comments

Toward clarity and a more cohesive GARO going forward

After working at GARO for more than 30 years, I can look back on a year characterized by significant organizational changes, a strong team spirit, widespread commitment, and a more united company that brings the Group's business areas and markets closer together.

GARO's 2025 was a year characterized by global uncertainty, which led to a decline in demand and challenging conditions.

GARO's sales declined 9% during the year and totaled MSEK 1,044 (1,152). However, operating EBIT improved to MSEK -1.1 (-7.2), which was an important step in the right direction, but we see a continued need to strengthen profitability.

STABLE GARO ELECTRIFICATION

GARO Electrification, which constitutes 78% of operations, reported a relatively stable year. We captured market shares in Ireland and the UK and strengthened our position in Sweden with strategically important transactions. Sales declined 4% to MSEK 819 (851) as the result of low housing construction in the Nordic



region. Sales for the rest of Europe business area increased 12%.

The operating EBIT margin for the business area totaled 8.6%, but less non-recurring effects the margin was almost 10%, which is in line with our financial targets.

We are optimistic about the business area's future and the opportunities that the energy transition will present going forward. To meet this trend, we are consciously investing in continued product development and more product launches. In parallel, investments are being made for more structured and active customer cultivation, with an increased market footprint and deeper customer relationships. More systematic efforts into gaining insight mean that customer needs are increasingly reflected in both product development and continuous improvements.

GARO E-MOBILITY TAKING NEW ACTION

GARO E-mobility has had a challenging year. The business area reported sales of MSEK 225 (301) with an operating EBIT margin of -31.9% (-30.5). The home charging market continued its volume-driven trend whereby price is often prioritized over performance and function.

For this reason, at the end of the year we designed a product range that is more easy to navigate and we have invested heavily in software development to improve the customer experience throughout the chain. With these measures, we are determined to regain market shares.

Investments in public charging have also intensified in parallel with rebuilding confidence in our home market. We are now working intensely to adapt our products to forthcoming EU directives and are focusing specifically on our solutions for destination charging. For us, this is not just a matter of compliance, but is entirely in line with our responsibility to provide the market with safe products that are sustainable and future-proof in the long term. The next step is to increase volumes through expansion in both existing and new markets.

STRENGTHENED FINANCIAL POSITION

In 2025, important efforts were made to strengthen our financial and operational position. We improved our cash flow by reducing tied-up capital in our inventories and by streamlining our range and prioritizing products with stable demand and clear customer benefit. A strong cash flow and increased control over working capital resulted in the termination of our covenants with the bank on June 30 and in July we repaid MEUR 2.5

of the overdraft facility. We released about MSEK 50 from inventories, and cash flow from operating activities amounted to MSEK 57.9 (-35.8). Overall, this led to lower net debt and an equity ratio of 52.7%.

WELL POSITIONED FOR THE NEXT STEP

During the year, we also made important organizational changes to strengthen synergies between the business areas. Product development, purchases, production and sales are now working more closely together, thus creating a more cohesive chain from development to customer.

In 2026, we will continue to build on this work with a new sales organization, lower inventory levels, an easier to navigate portfolio and intensified focus on support and aftermarket. A new ERP system was also launched that will lead to more streamlined business flows, more efficient processes as well as shorter lead times and quicker deliveries.

HUGE POTENTIAL GOING FORWARD

Many forecasts indicate healthy growth in Sweden, Ireland and the UK over the next two years. The potential of electrification remains strong. The need for charging infrastructure and efficient energy solutions will continue to grow. Owing to its strengthened structure, a clear offering and scalable capacity, GARO is well equipped for when the market is ready.

At the same time, there is continued uncertainty in the business environment, with a complex and rapidly changing geopolitical climate. This could impact the future outlook, both by amplifying and delaying market developments.

With this backdrop, GARO enters 2026 with balanced optimism and strong faith in the continued development of the organization. For this, our employees are crucial. The commitment and professionalism that they have displayed throughout the year have been vital to our success.

GARO's path is clear. We will be a trusted European company in electrification and continually strengthen our position while we create long-term value for our customers, shareholders and society. As Interim President and CEO, I am looking forward to leading the company until our new President is appointed, with the aim of handing over a stronger GARO.

Joe Ree

Interim President and CEO
March 2026, Gnosjö

Targets and outcomes

GARO's financial targets are based on the company's vision and business concept. Our focus is placed on profitable growth and financial stability.



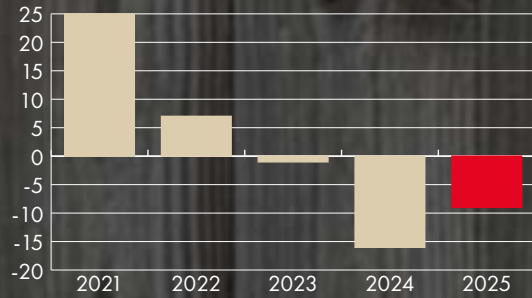
Sales growth

TARGET

≥10%

OUTCOME 2025:

-9%



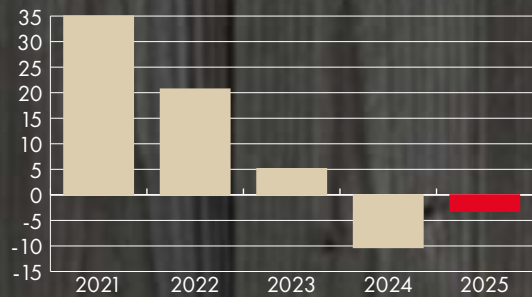
Return

TARGET

≥20%

OUTCOME 2025:

-3.2%



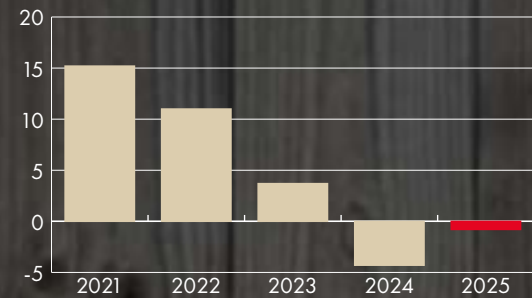
Profitability

TARGET

≥10%

OUTCOME 2025:

-0.8%



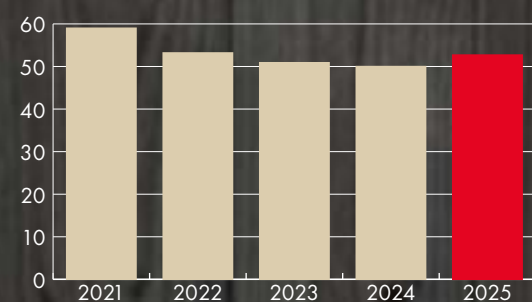
Equity ratio

TARGET

≥30%

OUTCOME 2025:

52.7%



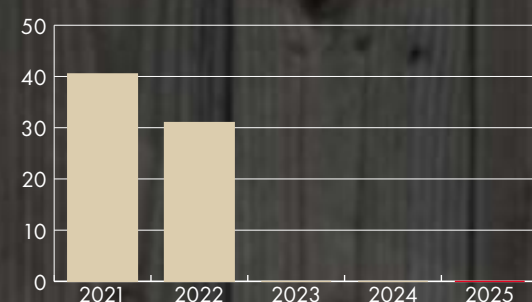
Dividend policy

TARGET

≈50%

OUTCOME 2025:

0%



GARO's offering

GARO offers products and solutions in electrical installations and charging infrastructure that are safe and easy to install, always with a focus on the needs of the installation engineers and end users.

The company delivers complete solutions in electricity and E-mobility and is active in four product areas.

- **Electrical distribution products** – A range consisting of over 2,000 electrical products and complete solutions for fixed electrical installations in housing, commercial buildings and industrial environments.
- **Project business** – Distribution cabinets, cable cabinets and switchgears that are tailored for customers in close collaboration with installation engineers or designers. The products are used to power everything from a small apartment to large-scale complex industry.
- **Temporary Power** – Solutions for temporary electricity and lighting at worksites, events and other environments where electricity is necessary for a limited time.
- **E-mobility** – A range encompassing charging solutions for housing, workplaces and public environments. GARO is also one of few players in the market that offers charging stations for heavy vehicle fleets.

Quality and electrical safety as a foundation

GARO always maintains a clear focus on user-friendliness, quality, electrical safety and energy efficiency. For product development, our target is for installers to be able to carry out quick, safe and error free installations that last for many years and under all weather conditions. At the same time, we ensure that the end user is able to use the products in a safe and intuitive manner, and that they perceive the products to be aesthetically pleasing and well integrated in the home environment.



Electrical distribution products

52%

Electrical components and complete solutions for fixed electrical installation.



Project business

22%

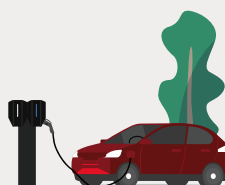
Complete, customized and installation-ready cable cabinets, distribution cabinets and switchgears.



Temporary Power

4%

Solutions for temporary electric installations and lighting.



E-mobility

22%

Charging stations, accessories and services for housing, workplaces and public environments.

Customers and distribution channels

Products are always installed by a professional and are widely used in private, commercial, public and industrial environments. The sales structure differs between markets and is designed to meet local needs and established distribution channels.

Sales

In the Nordic region, GARO's products are distributed primarily through leading wholesalers and dealers. In European markets, sales take place more directly to installers. The operations also include sales to contract customers.

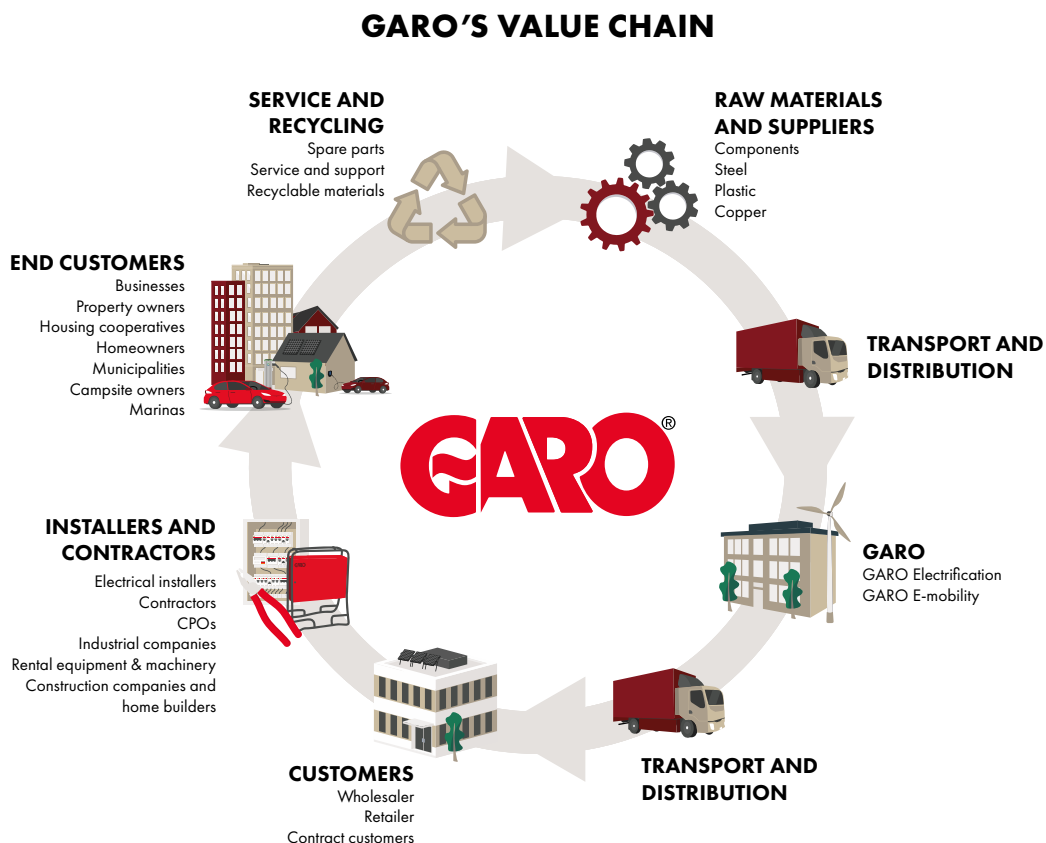
Market drivers and ways of working vary in each country and GARO is continually working to optimize sales and distribution channels in light of prevailing market conditions.

Installation engineers

The installation of GARO's products is performed by installers and construction contractors, which can mean everything from service firms, large contractors and OEMs.

End users

GARO's products can be found in all kinds of properties and are therefore targeted toward a diverse group of end customers. The products can be found in single-family homes and tenant-owner associations, within industry and logistics, in municipalities and other public operations and in retail, campsites and marinas.



GARO in the market

GARO's products are carving out a position in the growing European market for electrification, where investments in electricity grids, buildings and transportation are driving long-term growth.

GARO operates at the core of Europe's electrification, with a strong position in the Nordic region and a growing presence in several European markets. The company is active in four distinct product areas, which all play a central role in the transition to a more sustainable energy system.

The market is characterized by rapid technological advances and increased requirements for energy

efficiency, safety and smart control. At the same time, investments in electricity grids, buildings and the transportation sector are providing many opportunities for growth throughout Europe. With broad expertise, strong customer relationships and a well established presence in the Nordic region, GARO is well equipped to take the next step in its European expansion.



Megatrends:

Several trends are driving the need for electrical infrastructure in the future

The EU is predicting a sharp increase in electricity use in the future in line with the electrification of construction sites, heating, vehicles, data centers and industry. GARO is well positioned to meet the increased demand resulting from these changes in society.

The European Commission's impact analysis ahead of the 2040 climate targets shows that demand for electricity could double by 2040. Demand for electric components and complete solutions for power supply

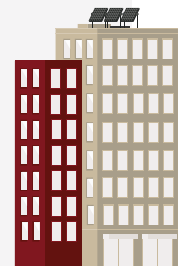
are driven by several underlying trends and investments. Since GARO operates in Europe, the development of geographic markets is continually evaluated to understand how changes impact operations.

INVESTMENTS IN ELECTRICITY GRIDS AND INFRASTRUCTURE

Many electricity grids in Europe are outdated and were designed for a time of lower electricity use and when energy largely came from fossil sources. The climate transition is now driving an increased need for electricity across society. The future is pointing to more integrated system solutions, where construction sites, residential areas, industries, harbors and logistic hubs require increased electricity capacity both in the short and long term. To meet this development, many European countries will need to upgrade both their electricity grids and electrical infrastructure in the years ahead. Forthcoming investments will lead to a considerable need for low-voltage components in Europe in the future.

RENOVATION BACKLOG IN EUROPE

Europe has an extensive renovation backlog. Only 27% of buildings in the EU meet current energy efficiency requirements and there are considerable delays to renovation projects. The EU is therefore making efforts to encourage every member state to establish a national renovation plan for more energy-efficient buildings. In practice, these investments involve high and rising demand for reliable electric components and complete solutions in power supply over the next few years.



CHARGING INFRASTRUCTURE

Sweden and the EU's expansion of public charging infrastructure is taking place rapidly, particularly for the heavy vehicle fleet including trucks and busses. The expansion is driven in part by EU directives. One of the EU's targets is for fastchargers to be present every 60 kilometers along the Trans-European Transport Network at the end of 2026. High demand is thus expected for charging solutions for heavy vehicles in the years ahead. To meet this rising demand, GARO worked during the year to streamline the range and thereby make sales more scalable.



GARO Electrification business area

Strong growth in Europe

The GARO Electrification business area constitutes the core of the company's offering and accounts for most of its revenue. Sales here are driven by new construction, renovation and adaptation to the electrified society.

FOCUS AREAS

Demand is growing in line with the expansion of the electricity grid, the modernization of buildings and the integration of new technology in homes, industry and public environments. The business area's focus moving forward will be on strengthening operations through product quality, cost-efficient production and the development of solutions for future electricity use. At the same time, production is continuing to be enhanced with a focus on profitable segments with strong margins and high volumes. With rising sales in the UK and Ireland, GARO is consolidating its position as a leading player in electricity distribution in northern Europe, and there are many growth opportunities for the business area given the prevailing market conditions.

PERFORMANCE OF THE BUSINESS AREA IN 2025

The performance of the business area is strongly linked to the trend in the construction industry, which was weak in Europe in 2025. However, the company has seen excellent growth in Ireland and the UK. The strong performance in Ireland was reflected by major investments in data centers, which is driving construction in the country and positively impacting investment cycles. The challenging market situation meant that total growth for the business area amounted to -4%. During the year, GARO Electrification worked actively on product development to further strengthen its position for the future and prepare for several important product releases in 2026.

818.9
MSEK in sales

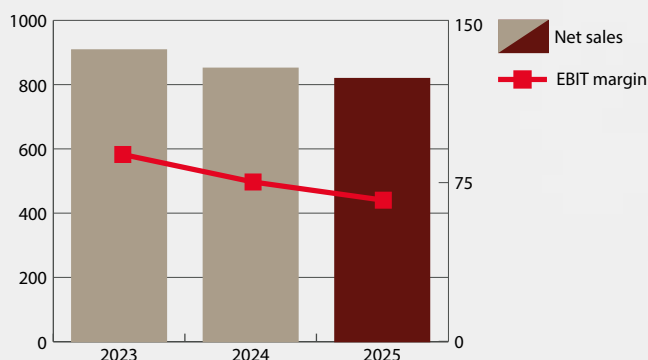
-4%
Growth

12%
Growth in Europe (excl. the Nordic region)

EARNINGS

	2025
Net sales (MSEK)	818.9
Growth (%)	-4
EBIT (MSEK)	66.7
EBIT margin (%)	8.1
Operating EBIT (MSEK)	70.6
Operating EBIT margin (%)	8.6
Number of employees	260

NET SALES AND EBIT

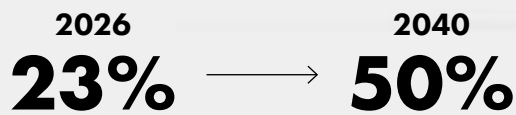


MARKET SIZE AND POTENTIAL

The low voltage market in the Nordic region and Europe is complex and difficult to quantify since it ranges from more simple components to advanced system solutions. As a benchmark for the market's size and potential, there are approximately 300 million electricity meters in Europe, a large number of which are to be replaced. At the same time, the EU assesses that distribution grids will require about EUR 730 billion in investments by 2040, indicating a long-standing need for upgrades.

COMPETITORS

GARO has a broad low-voltage offering and competes with both global players with broad ranges and strong national niche players specializing in individual products. GARO set itself apart through its proximity to installers, customer adaptation and short lead times. This has made us particularly successful in the Nordic markets and the UK and Ireland.



The EU is expecting that electricity in the final energy consumption will need to double by 2040 for it to achieve the energy transition.
 Source: European Commission



GARO E-mobility business area

Considerable opportunities in destination charging

GARO E-mobility is a key growth area for GARO and a central part of the energy transition. The market is developing rapidly, particularly in destination charging.

FOCUS AREAS

Following a period of fierce competition in home charging, the strategic focus on profitable and long-term growth in destination charging is being strengthened, while the home market remains a significant part of the company's market footprint. Segments where quality, safety and long lifespans are crucial were assigned specific priority. The focus going forward will be on strengthening our market presence and developing more customer-oriented operations with an updated channel strategy, continued software development and improved support and service functions. An in-depth analysis of the business area and the need for additional measures to be taken to achieve long-term profitability will continue in 2026.

PERFORMANCE OF THE BUSINESS AREA IN 2025

The business area's sales did not meet expectations in 2025. As part of strengthening the market and customer orientation, and improving profitability, inventories were released and the product range optimized, which has resulted in a positive cash flow for the business area. Investments in public charging have intensified and the product segment is considered to hold a strong position for future growth, both technologically and in terms of pricing. The software for the GARO Entity platform has been further developed to enable quicker programming for installation engineers and improve the user experience for end users.

224.6
MSEK in sales

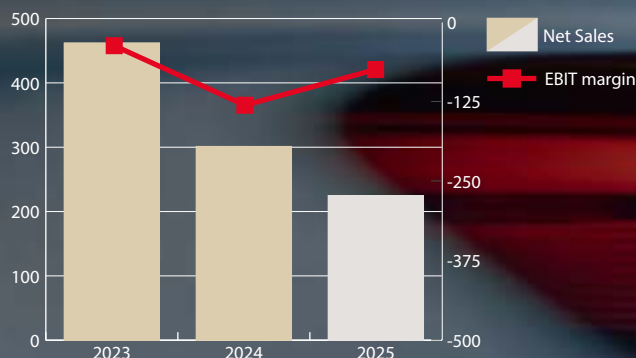
-25%
Growth

22%
Proportion of sales

EARNINGS

	2025
Net sales (MSEK)	224.6
Growth (%)	-25
EBIT (MSEK)	-74.7
EBIT margin (%)	-33.3
Operating EBIT (MSEK)	-71.6
Operating EBIT margin (%)	-31.9
Number of employees	113

NET SALES AND EBIT



MARKET SIZE AND POTENTIAL

The electrification of the transportation sector is resulting in rapid growth in Europe, which is now the world's fastest growing market for charging stations and EVs. In 2024, a milestone of one million public charging stations in Europe was reached and the EU's new requirements for the availability of fast charging for cars and heavy vehicles is expected to continue to drive the expansion. At the same time, the International Energy Agency, an organization that works to ensure access to clean, safe and sustainable energy, predicts that the number of electric vehicles is expected to increase fourfold worldwide from 2024 to 2030. This provides a clear indication of the market size for charging stations in the future. Competition has increased substantially in recent years, which has resulted in price pressure and a transition to a more value-based offering.

COMPETITORS

The market consist of large international competitors, which results in strong price pressure. At GARO, size is viewed as a strength for future expansion. The capacity is in place to scale up production in line with market needs and increasing requirements that the EU regulations are placing on operations, customer experience and data management.

410,000

According to the EU Commission, new public charging stations need to be installed annually until 2030 to achieve the EU's CO2 target for the transportation sector.

Source: European Commission

Vision, business concept and strategies

Vision

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

Business concept

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

Strategies

PRODUCT DEVELOPMENT

Focus on profitable growth through products that simplify customer's everyday lives and meet energy efficiency and safety requirements.

SYNERGY EFFECTS

Synergies between GARO's product areas are creating a unique whole and enhancing the company's competitiveness.

CLOSE CUSTOMER RELATIONSHIPS

Close dialog with installation engineer, wholesalers and partners for rapid feedback and high customer satisfaction.

PRODUCTION AND SUPPLY

Own manufacturing in Sweden and Poland provides control over quality, costs and delivery times.

FURTHER DEVELOPING OPERATIONS

Focus on growth in northern Europe, particularly the UK and Ireland, where GARO has strong momentum.

ENGAGED EMPLOYEES AND SAFE WORKPLACES

A culture of accountability, commitment and collaboration.

Operations and employees

GARO creates growth and competitiveness through shared processes from production to sales. Looking ahead, operations will focus on strengthened profitability through further cost control, strict prioritization and clear governance.



375 employees in the Group

GARO's employees are experts in their fields, from product development and production to sales and customer support. Together, they contribute to creating solutions that make a difference for installation engineers and end users every day.

Product development

Development takes place in close proximity to the market, with a focus on safety, user-friendliness and energy efficiency. Efforts are conducted cross-functionally from concept to finished products with rapid decision-making paths and fact-based prioritization.

Production

The company's production units are located in Gnosjö and Hillerstorp in Sweden and in Szczecin in Poland. The combination of local production and a European presence provides flexibility, short lead times and high quality.

Sales

Sales take place primarily through leading wholesalers and dealers and through direct sales. Proximity to installations and customer availability are key starting points for operations.

Sustainability at GARO

GARO's sustainability work is based on well-established international principles including the UN Global Compact, the ILO Core Conventions and the UN Guiding Principles on Business and Human Rights.

The reporting encompasses the entire Group, meaning all companies in which GARO has operational responsibility. These efforts are conducted in accordance with the Swedish Annual Accounts Act and the EU Taxonomy Regulation. For GARO, sustainability is not a separate focal area, but rather an integrated aspect of our business strategy. Combining business value with responsibility creates the prerequisites for long-term financial success. The Group's efforts are focused on both reducing environmental impact and positively contributing to society. A more resource-efficient and sustainable offering also strengthens competitiveness and creates opportunities in new markets.

In 2026, GARO will continue to build further on its long-term sustainability strategy for 2030, with a focus on the climate, circular economy and responsible business. The aim is to accelerate the transition to sustainable

products and supply chains, enhancing both competitiveness and the ability for customers to achieve their own climate targets.

An important aspect of this work is to establish a portfolio of environmental product declarations (EPDs) for priority products. This makes GARO better equipped in public procurements that increasingly involve requirements for transparency regarding the climate impact of products, while providing customers with clear decision-making data.

The Group is also continuing to develop a supplier structure with a growing share of volumes produced using fossil-free energy. This not only contributes to reducing the carbon footprint but also provides long-term cost savings and more reliable access to sustainable materials.

In parallel, product traceability is enhanced, making it possible for both the Group and the customers to track the contents throughout





the value chain. This increases quality and safety while creating confidence in the market. Our collaboration with the academic world is being intensified through research and student projects. This will enable a more rapid development of sustainable products and circular business models – a force that creates value for GARO, our customers and society as a whole.

From strategy to action

Important steps were taken in 2025 to make the sustainability strategy more concrete and closely tied to the operations. Work primarily involved improving data collection, partnerships and compliance. The sustainability department played a central role in this by developing Group processes for a Declaration of Conformity (DoC) and commenced broad documentation of the supply chain in Byggvarubedömningen (BVB). More products

have also been registered in the European Chemicals Agency (ECHA) and the SCIP database, which gathers information about goods containing substances of very high concern. This increases transparency concerning materials and substances with particular impacts. These initiatives improve our ability to meet customer requirements, provide increased clarity in the market and create a stable foundation for achieving the Group's targets for 2026.

Sustainability reporting is based on broad and reliable data. Data is collected from the entire Group through ERP, IT and financial systems and through external tools for monitoring energy, waste and water consumption. To provide an accurate overview of both impact and progress, this data is complemented with life cycle and climate analyses as well as internal investigations.

GARO's sustainability performance via EcoVadis

Since 2019, GARO has used EcoVadis as an important tool for measuring and developing the Group's sustainability performance. In 2025, we achieved a total score of 65/100, which resulted in a bronze medal. The results reflect our work in areas such as the environment, working conditions, ethics and sustainable purchasing.

During the year, EcoVadis insights were integrated into both supplier dialogs and the materiality assessment to more clearly identify areas for development and drive

65 / 100

points by EcoVadis

improvements. Combined with the internal action plan, this contributes to strengthening improvements over time. By using EcoVadis as guidance, the Group is able to not only improve its sustainability performance but also enhance its competitiveness and market relevance for customers with high sustainability requirements.



CSRD and reporting

GARO will be subject to the EU requirements for sustainability reporting in accordance with the CSRD from 2028, which will include reporting for the 2027 fiscal year. During the year, the Group delivered complete Taxonomy reporting and developed processes to also include such areas as circularity and environmental product declarations (EPDs). The materiality assessment continues to provide guidance in our efforts in identifying new regulations and customer requirements, including PFAS and EPD in public procurement. This facilitates clear and relevant reporting that meets both regulatory and stakeholder expectations.

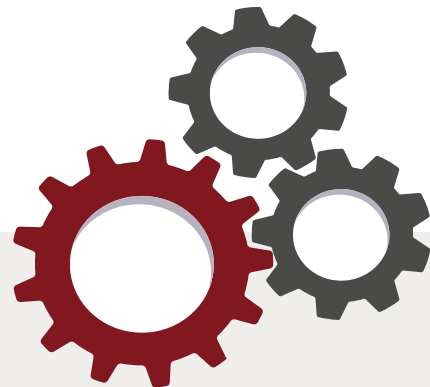
Double materiality for a balanced assessment

GARO continues to work with the double materiality process in line with previous years. At the same time, the work is updated to meet new regulatory requirements and market trends. The process is built on systematic identification and prioritization of material matters based on stakeholder dialog, internal analysis and

external factors. This year's work was also strengthened with a clear focus on circularity and environmental product declarations, in line with the EU's increased emphasis on competitiveness and sustainability.

GARO combines two perspectives in its materiality assessment:

- Financial materiality – how sustainability factors impact the business operations. This includes new business opportunities through EPD-driven procurements, cost savings through fossil-free energy and risk minimization through increased traceability.
- Impact materiality – how the operations impact the environment and society. The effects of climate and energy, choices of materials and transparency in supply chains are continuously analyzed.



MATERIALITY PROCESS

GARO's materiality process follows a five-step model to identify and prioritize the sustainability matters that are most significant for operations and the Group's stakeholders:

1. Mapping	2. Prioritizing	3. Validation	4. Integration	5. Follow-up
Information is continually gathered from internal and external sources to provide a complete picture of the impact in the value chain.	The Group's sustainability matters are assessed based on environment, social and financial impacts as well as their importance for value creation.	The results are discussed with stakeholders and approved by the Board for strategical and legal anchoring.	Priority matters are implemented in the strategy and operational initiatives to create actual impact.	The assessments are revised annually to measure progress and adapt efforts to new trends and regulations.



Strategy, governance and setting targets

Strategic focus areas

For GARO, sustainability is an integrated part of the business. Sustainability efforts are based on three strategic areas: climate, circular economy and responsible business. The strategy aims to respond to the market's growing expectations throughout the value chain, which increases opportunities for growth. The strategy needs to address managing risks, a dynamic political environment and attractiveness as an employer.

Targets and ambitions

The Group's targets are to achieve climate neutrality by 2040 and gradually evolve into a circular company. Products and services are being improved to enable the transition to a sustainable society while safe work environments help retain and attract employees. These efforts are based on the UN SDGs and six areas have been selected to be prioritized to create the greatest value. Measures and resources are adjusted over time,

while monitoring and reporting take place through broad collaboration and continual dialog.

Governance and responsibility

GARO's governance model for sustainability is set out in the Group's sustainability policy. The model enables systematic follow-ups of how sustainability goals are achieved and documentation of progress and results. By taking into account ecological, social and regulatory requirements as well as efficient use of resources, we ensure that measures and initiatives are aligned with the strategy. This structured and proactive method makes it possible for the Group to continually develop its sustainability efforts and adapt initiatives to changed conditions.

Currently, GARO does not have a specific incentive scheme linked to sustainability goals for the management team.



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 strategy, codes of conduct and policies.

Certifications

GARO has ISO 9001 and 14001 certification, which ensures that the management systems comply with regulations and are audited regularly. The allocation of responsibilities is based on specific areas for the implementation of operational sustainability efforts. Operations in Ireland and the UK are certified in accordance with ISO 9001 and undergo annual checks to ensure compliance with internal regulations.

Governing documents

Policies, guidelines and action plans are implemented into GARO's operations. The Group's sustainability policy, together with the following governing documents, forms that basis for the business decision and other commitments with the aim of guiding employees and partners.

- Sustainability policy
- GARO Code of Conduct
- Supplier Code of Conduct
- Anti-corruption policy
- Business travel policy
- Biodiversity Statement
- Modern Slavery Statement
- Anti-discrimination and harassment policy
- Policy and action plan combating child labor
- Policy for a circular economy
- Diversity and inclusion policy
- Policy and action plan combating forced labor
- Policy for human rights
- Sustainable procurement policy
- Policy for export control and sanction compliance
- Whistleblower policy

Climate

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 2025:

- 457 tons CO₂e emissions.
- 69% of electricity from fossil-free sources in own operations.



457 tons
GHG emissions¹

4.3 tons
Emissions intensity²



69%
Fossil-free energy
in own operations

KPIS

	Target	2025	2024	2023	2022	2021
CO ₂ e emissions (tons).	Climate neutrality (Scope 1, 2, 3) by 2040	457 ¹	858 ³	690	250	279
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.	69	75	81	92	-
Energy consumption electricity and heat (MWh)		3519	3649	3,777	3,140	3,321
Water consumption (m ³)		1706	5651	7,838	4,274	-
Emissions intensity ² (tons CO ₂ /MUSD)		4.3 ²	7.95	5.4	1.92	2.3

1. Scope 1 and 2 reporting The sharp decline compared with 2024 is due to the biogas agreement in Sweden for district heating and substantially reduced fuel volumes in the service car fleet. These changes are permanent in nature.

2. Emissions intensity is measured as a company’s carbon dioxide equivalents (CO₂e) in relation to the portfolio company’s revenue. The emissions intensity figures (annual CO₂e in tons/company’s annual revenue in USD million) are primarily intended to allow for relevant comparisons regardless of the size of the companies

3. In 2024, natural gas was used for heating in Sweden due to a change in agreement, which is why emission levels were high compared with other years.

Climate-neutral value chain

Climate change is one of the most encompassing challenges of our time and requires global initiatives. GARO has a long-term target of achieve climate neutrality throughout the value chain by 2040. The Group wants to take an active role in the transition and contribute to the UN 2030 Agenda, the European Green Deal, Fit for 55 and the goals of the Paris Agreement. To achieve this, we need to continually develop technology and ways of working, and together with our suppliers and partners, GARO needs to drive the development of solutions that enable a climate-neutral future.

GARO's role in the energy system of the future

Through innovative and product development, GARO enables both individuals and companies to actively participate in the transition to a sustainable energy system. Companies providing electricity distribution solutions play a key role in this transition, which is outlined in the EU Taxonomy.

Upgraded electrical infrastructure and new installations, increasingly based on solar and wind power, create the conditions for EV charging and electrified buildings and communities. The future is pointing to more integrated system solutions, where residential areas, industries, harbors and logistic hubs require increased electricity capacity both in the short and long term.

The drivers behind this development include:

- Climate transition – transition from fossil fuels to renewable energy, with battery storage for flexible power supply.
- Energy efficiency – increased use of heating and cooling systems such as pumps to reduce energy consumption.
- Population densification – growing electricity needs in densely populated areas.
- Electrification – comprehensive transition in the transport and energy sector, with the need for local electricity distribution.



Products, services and systems for sustainable energy and transportation systems

The Group's role has been strengthened in electrification, with guidance from financial performance measures. Innovation, product development and collaboration with customers and suppliers drives the development of a sustainable and decentralized energy and transport system.

GARO's solutions for low voltage distribution, EV charging and energy storage are in line with the CSRD, the EU Taxonomy and the UN framework that supports the electrification of society. The energy system of the future will prioritize flexibility and circularity, where renewable energy, batteries and digital governance systems will balance supply and demand, driven by

lower costs for renewable energy, improved batteries and the phase-out of fossil fuels.

KEY EVENTS IN 2025

- The GARO Entity platform has now been EPD verified, and the EPD for GARO Entity Pro is strengthening business opportunities with an increasing number of sustainability-driven customers.
- Continued progress toward a fossil-free supply chain. 22% of GARO's suppliers are now using fossil-free energy (18% in 2024), with the aim of achieving 100%.
- Completed follow ups of EPD preparations with over 20 suppliers to further integrate sustainability into product design and development processes.
- Established a plan for climate neutrality by 2040, which awaits Board approval in 2026.

Competitive advantage with fossil-free energy

GARO is actively working to ensure that all components and services are manufactured using fossil-free energy. This is key for reducing the carbon footprint, driving the transition in the value chain and meeting increased requirements from customers and society. With over 20 supplier dialogs completed in 2025, we have strengthened our competitiveness and taken important steps toward an entirely fossil-free value chain, a transition that is both sustainable and financial beneficial.

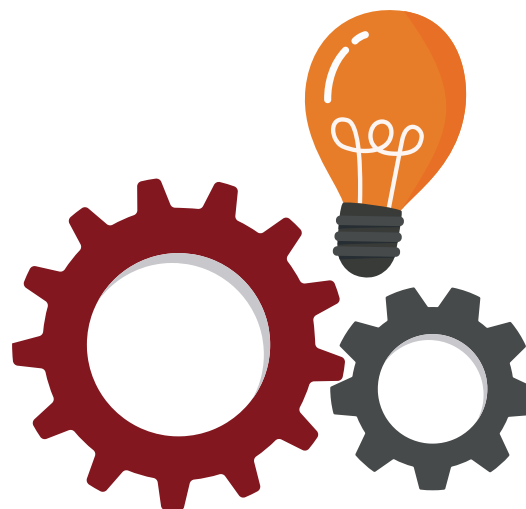
Collaboration as a driving force for innovation

Networking comprises a key component of GARO's innovation efforts. Through partnerships with universities, research networks and students, new knowledge and skills are being developed in areas such as sustainable value chains and electrification. These partnerships contribute to strengthening the Group's ability to drive sustainable development and the long-term transition.

PARTNERSHIPS IN 2025

During the year, GARO further developed its academic partnerships with a climate focus prioritizing on supplier monitoring in three areas: EPDs, digital product passports and fossil-free process energy. The following initiatives were also implemented:

- The ongoing research partnerships with Örebro University and Jönköping University are proceeding according to plan, with the aim of generating results and applications in 2026.
- Under the framework of the partnership with Jönköping University (JIBS, JTH) and Chalmers University of Technology, internships and degree projects have been carried out with a focus on fossil-free energy, EPD processes and supply chain screening.
- Over 50 international masters students presented their ideas for the design of GARO's business plan in 2026.





Circular economy

Within GARO, the transition is continuing toward a circular economy whereby resources are used more efficiently and sustainably. The awareness of circularity has increased throughout the organization and become a natural part of both product development and purchasing and production. These developments are both driven by changing market expectations and by new regulations such as the EU Taxonomy and the CSRD, which clarify the need for more specific measures and measurable results.

In 2025, GARO strengthened preparations for EPD-verified products, worked toward its target of

achieving over 90% recycled materials in packaging in Sweden and introduced recycled plastic in enclosures for safety switches, which is aligned with the target adopted in 2024. These initiatives contribute to reducing the need for newly produced raw materials and gradually increasing the share of circular materials in the operations.

By combining the Group's overall corporate objectives with environmental responsibility, GARO is creating the prerequisites for long-term sustainability, a reduced climate impact and future-proof operations in line with our vision of a circular company.

TARGET:

- A recycling level of over 98% by 2025.

OUTCOME 2025:

- The recovery rate amounted to 85%.



85%

Recycling level

15%

Landfill¹

-1%

Decreased recycling level¹

-40%

Waste reduction¹

1. With 2019 as the base year

GARO focuses on the circular economy in the following areas:

1. MATERIAL CHOICES

GARO places high requirements on its choice of materials to ensure quality, traceability and sustainability. The focal areas are materials with a low carbon footprint, long life spans and a high degree of recyclability.

2. MODULARITY AND REPAIRABILITY

Products are developed so that they can be upgraded and repaired rather than replaced. Replaceable components extend lifecycles, reduce waste and strengthen the circular business model.

3. COLLABORATION FOR THE CIRCULAR ECONOMY

GARO collaborates with industry players, universities and authorities to drive innovation and development in sustainable electrification and circular solutions.

4. MATERIAL WASTE AND RECYCLING

The target is for no waste to go to landfill. GARO complies with the EU's waste hierarchy with a focus on minimizing, recycling and reusing resources in the first instance.

MARKET INSIGHTS

During the year, a clear shift was noted toward increased sustainability requirements in all markets. Major procurements in the UK are setting increasingly strict requirements for ethical sourcing, carbon reporting, EPD-verified products and transparency in the supply chain. In Sweden, interest for Byggarubedömningen and EPDs have grown substantially, driven by general demand from both public and private players. This has further strengthened market demand for documented sustainability performance.

There has also been an increased focus from partners on sustainability-related self assessments, based on the

key themes of circularity, climate targets and transparency in the supply chain. These developments confirm GARO's strategic focus on circular design, lifecycle documentation and climate adapted operations, factors that represent clear competitive advantages for the future.

At the same time, investor interest in GARO's sustainability performance has risen. Morningstar Sustainability, a global provider of ESG risk assessments and sustainability analyses, has reviewed the disclosures according to the EU Taxonomy during the year. This strengthens the credibility of reporting and increases visibility for progress among global sustainability analysts.

PRODUCTS

- The Life Cycle Assessment (LCA) of GARO Entity Pro has been verified according to the applicable ISO standards. The assessment encompasses the entire life cycle of the product, including end-of-life recyclability.
- The new cable cabinet for lighting and distribution has a casing with the metal coating Magnelis®, which reduces hazardous emissions from manufacturing by 80% compared with traditional zinc. The material has a self-healing surface and is C5-certified for the highest level of corrosion protection.
- The product enclosures for gray circuit breakers are manufactured by 100% recycled materials at the production plant in Gnosjö. This reduces the consumption of resources and contributes to a more circular product design.

SUPPLIERS

- External audits of strategic suppliers have taken place with a focus on EPD preparedness, the transition to fossil-free energy, material contents and purchases that meet GARO's key sustainability requirements.
- More products have been included in Byggvarubedömningen, strengthening GARO's position and sales in the Swedish market.

PACKAGING

- All cartons used in Sweden are now manufactured from 100% recycled material. The number of suppliers has been reduced and logistics optimized to further reduce environmental impact.

KEY EVENTS IN 2025

- Our efforts with sustainable purchases have developed in line with our sustainable purchases policy. The requirements linked to chemical and material legislation such as the REACH Regulation, the RoHS Directive, the POPs Regulation, the CMRT and the EMRT impose strict requirements on both GARO and the supply chain.
- In 2025, GARO encouraged suppliers to increase access to life cycle data, both for support in customer dialogs and in efforts with environmental product declarations. This work was also adapted to forthcoming EU regulations, including the Ecodesign for Sustainable Products Regulation, which introduces and establishes a framework for the digital product passport. The aim is to improve the sustainability of the products from a life cycle perspective, such as in terms of life span, recyclability, energy efficiency and material content.
- GARO has continued to develop internal ways of working to increase the traceability of products and materials. This is key for such aspects as the Declaration of Conformity, which is a project application for sustainable and transparent value chains that is taking place in partnership with Örebro University.

KPI WASTE

	Target	2025	2024	2023	2022	2021
Recycling level (%)	A recycling level of over 98% by 2025.	85	87	87	82	84
Recycling		152	133	139	229	250
Energy recovery		21	79	95	116	117
Landfill		31	32	95	50	46
Total amount		204	244	329	395	413

Responsible business

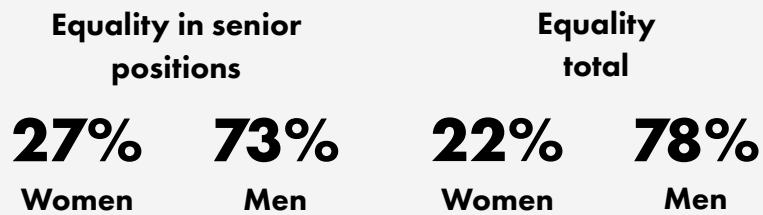
The aim is to be an employer recommended by residents, employees, customers and investors Acting responsibly and ethically is a fundamental prerequisite for long-term success and a natural element of daily work.

TARGET:

- 0 workplace accidents.
- To strive for equality in all occupational groups in the company.
- To strive for equality among senior executives.

OUTCOME 2025:

- 18 accidents and 87 incidents.
- The percentage of women during the year was 22%.
- The percentage of women in senior executive positions amounted to 27%.



KPIS

	Target	2025	2024	2023	2022	2021
Number of employees		375	412	478	521	498
Number of workplace accidents	0 workplace accidents	18	20	24	26	18
Proportion of women in the organization (%)	To strive for equality in all occupational groups in the company.	22	39	41	42	-
Proportion of women in senior positions (%)*	To strive for equality among senior executives	27	25	19	16	-

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



Developing and strengthening processes in governance, compliance and employee engagement continued in 2025. Particular emphasis was placed on creating a safe, healthy and attractive workplace where all employees feel included, respected and encouraged to contribute their ideas. This open culture promotes innovation, accountability and transparency, which enables a rapid adaption to changes while maintaining stable and sustainable development.

KEY EVENTS IN 2025

- During the year, policies were implemented for export checks and sanction compliance as well as a policy for internal corruption risks. Work that contributes to promoting ethical business conduct and strengthening internal checks.
- A shared set of core values for the Group was developed and launched.
- A People & Culture strategy has been designed to support and enable the implementation of GARO's overall business strategy.

SICK LEAVE 2025

TARGET: 2%

RESULT

- Short-term absence, production workers: 3.08% (3.31)
- Short-term absence, salaried employees: 1.15% (1.43)
- Long-term absence, production workers: 2.70% (2.93)
- Long-term absence, salaried employees: 2.20% (2.83)



Team GARO

GARO's new core values that form the basis of the company culture are engaged, proactive, reliable and creative. These values create clarity in decision-making and setting priorities, attract the right employees and customers and strengthen Group cohesion. By living by these values, we build confidence, promote long-term success and set the framework for both leadership and employeeship.

Inclusion and diversity

All employees are welcome at GARO, regardless of gender, ethnicity, sexual orientation or disability. A diversity of backgrounds, experience and perspectives, together with a balanced distribution of age and gender, leads to a successful and inclusive corporate culture. The Group works continually to achieve an equal workforce and increase the proportion of women in managerial roles.

Personal development and skills supply

For GARO, it is crucial to be able to make the right recruitments and retain the right skills. Clear career paths within the Group can attract new talent and further develop existing skills. The opportunity for employees to work in different units, business areas and countries provides us with valuable experience and new perspectives, which strengthens the operations and contributes to continual improvement and development.

Health, safety and wellbeing

GARO strives for safe and secure workplaces with zero tolerance towards harassment and discrimination and a sound balance between work and free time. The production environments are clean, light and free of noise, with a strong focus on the safety of employees. GARO offers regular health checkups for all employees, including CPR training, fire safety and ergonomics, as well as support for wellbeing through a fitness subsidy and occupational healthcare.

Stakeholder dialog

For GARO, stakeholder dialog is a key part of our sustainability efforts. Through regular contact, the company gains valuable insight into the matters that are most relevant and where the greatest positive impact can be created. Dialog takes place on a day-to-day basis through various channels and through more structured interviews with experts and players that are impacted by or have significant impact on operations. Stakeholder input form the foundation for the sustainability strategy and for how targets and results are communicated.

The table below presents the issues that stakeholders have highlighted as the most significant and how dialog is conducted around them.

Stakeholder	Dialog	Topics
Customers	Businesses Contracts	Product documentation Export control Environmental Product Declarations (EPD) Position against modern slavery
Employees	Employee dialog Surveys Crisis and preparedness	Work environment Safety Expertise Internal risk analysis against corruption
Suppliers	Surveys Business dialog Contracts Target follow-ups EPD and ESPR dialogs	Long-term approach Performance Minimizing risk Corruption Fossil-free process energy Code of Conduct
Investors/analysts	Financial statements Personnel meetings	Return Long-term approach Sustainability matters
Management	Sustainability strategy Product compliance	Management by objectives Focus areas Resources
Shareholders	Annual General Meeting Personnel meetings Management talks	Return Long-term approach Minimizing risk
Authorities	Surveys Visits	Law and legal compliance Skills supply Green transition
Universities and colleges	Research projects Degree project Internships and project work	Energy transition Electric systems Product development
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

The Board of Directors is responsible for the statutory sustainability report for the year 2025 on pages 24-39 and 101-107, and that it is prepared in accordance with the Annual Accounts Act in accordance with the old version in force before 1 July 2024.

The scope of the audit

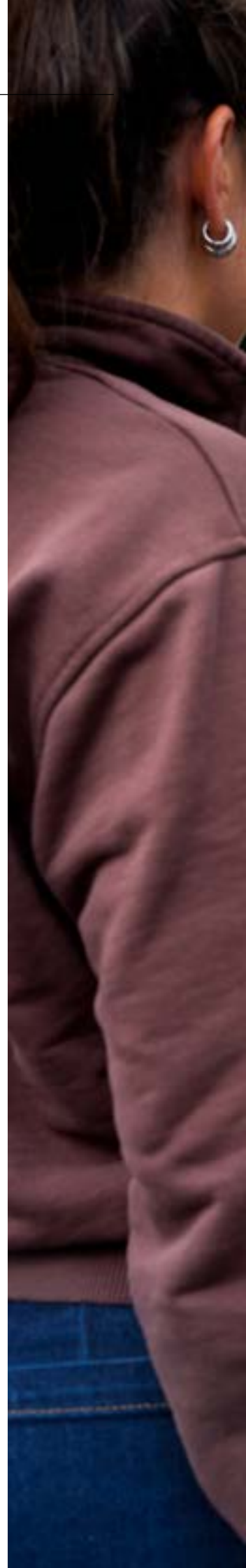
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance 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.

Opinion

A statutory sustainability statement has been prepared.

Jönköping 14 April 2026
Ernst & Young AB

Carolina Timén
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 2025

GARO's share has been listed on Nasdaq Stockholm since March 2016 and has been part of the Small Cap segment since January 2, 2025, where it is traded under the ticker name GARO.

A total of 7.5 million GARO shares were traded in 2025. The average daily volume during the year amounted to 30,126 shares (84,828). On the final trading day of the year, the share price closed at SEK 17.12 (23.10), a decline of 26% compared with the closing price on December 31, 2024. 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, 2025 was MSEK 856 (1,155).

WARRANTS

The 2022 warrant program of 200,000 warrants expired in June 2025 without subscription for any shares.

In conjunction with the 2025 AGM, a resolution was passed to carry out two directed share issues of a total of 900,000

warrants for senior executives. The program has a three-year term and is expected to contribute to achieving GARO's long-term business plan, strategy and financial targets. A net 225,000 warrants were subscribed for in 2025, which means that other contributed share capital was paid in the amount of MSEK 1.5, including the difference of 500,000 warrants subscribed for by the CEO but subsequently repurchased by GARO. The subscription of shares using the warrants can take place in June 2028. 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 of Directors proposes that no dividend be paid for the 2025 fiscal year in light of the Group's earnings and dividend policy.



DATA PER SHARE (ADJUSTED FOR THE SPLIT)

Data per share	2025	2024	2023	2022	2021
Earnings per share (SEK)	-0.35	-1.20	0.63	2.41	3.33
Cash flow from operating activities per share (SEK)	1.16	-0.72	0.51	1.78	2.43
Equity per share (SEK)	10.59	11.11	12.17	12.28	11.03
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, 2025 (FROM EUROCLEAR)

Shareholders	Number of shares	Share capital, %	Votes, %
Svensson, Lars ¹	17,841,725	35.7	35.7
Svolder Aktiebolag	6,459,233	12.9	12.9
Volador AB	2,920,000	5.8	5.8
Nordea Funds	2,156,591	4.3	4.3
Spiltan Fonder AB	2,091,847	4.2	4.2
Försäkringsbolaget Avanza Pension	1,569,444	3.1	3.1
Nordnet Pensionsförsäkring AB	1,268,318	2.5	2.5
JCE Asset Management AB	861,656	1.7	1.7
Third Swedish National Pension Fund	734,479	1.5	1.5
BFCM P/C BFCM Sweden Retail LT	732,000	1.5	1.5
Total, largest shareholders	30,176,060	73.2	73.2
Total, other shareholders	19,823,940	26.8	26.8
Total number of shares	50,000,000	100.0	100.0

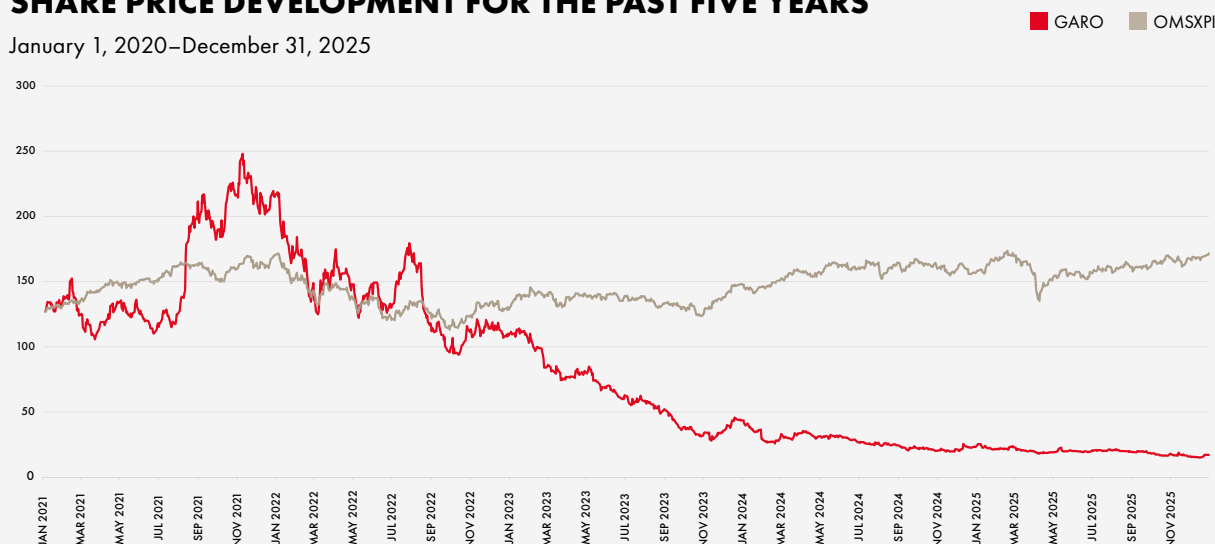
¹Administered by the estate of Lars Svensson

SIZE CLASSES OF OWNERSHIP STRUCTURE AT DECEMBER 31, 2025 (FROM EUROCLEAR)

Holding	Number of shareholders	Number of shares	Share capital, %	Votes, %
1–500	9,882	1,090,171	2.1	2.1
501–1000	908	719,233	1.4	1.4
1,001–5,000	961	2,179,738	4.4	4.4
5,001–10,000	157	1,174,209	2.4	2.4
10,001–15,000	39	494,260	1.0	1.0
15,001–20,000	33	586,488	1.2	1.2
20,001–	93	43,755,901	87.5	87.5
Total	12,073	50,000,000	100.0	100.0

SHARE PRICE DEVELOPMENT FOR THE PAST FIVE YEARS

January 1, 2020–December 31, 2025



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 2025 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 or indirectly wholly owned subsidiaries as described in Note PC10.

Through its two business areas (BA) GARO Electrification and GARO E-mobility, 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 Electrification business area comprises the product areas (PA) of Electrical distribution products, Project business and Temporary Power, while GARO E-mobility area includes the E-mobility product area. 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

The overall market for the GARO Electrification business area varied during the year. While Sweden experienced a significant downturn, other markets managed to exceed expectations. Several new electrical components were launched in the UK and Ireland during the year, and GARO increased sales and improved profitability in these two countries by leveraging a broader product range. The E-mobility market has remained complex and challenging in 2025. The macroeconomic situation has created uncertainty among investors and many projects are being postponed. In GARO E-mobility, the LS4 platform remained a stable and popular product, particularly

in the export markets in which public charging is growing.

Later in the year, the technology of the GARO Entity platform was strengthened and a new installer interface will be launched in early 2026.

Group Management was changed during the year and the operational pace accelerated. Responsibilities have been more clearly defined, and shared priorities and concrete action plans per business area and country have been set.

In January, Jonas Klarén took up his position as the new President and CEO, but later in the autumn decided to leave GARO for new challenges. Tobias Byfeldt was recruited in December as the new President and CEO, and will take up his role in spring 2026. Joe Ree, CEO of GARO Electric in Ireland, was appointed Interim President and CEO until Tobias takes up his position.

The current macroeconomic situation and geopolitical turmoil are leading to uncertainty that is making it difficult to predict how demand and the cost base will be impacted. Neither the conflict in the Middle East nor the tariffs announced by the US are, at the time of writing, expected to have a noticeable impact on GARO, which does not do business in these countries.

EMPLOYEES

The number of full-time employees in the Group on December 31, 2025 was 373 (406). The average number of full-time employees in 2025 was 384 (415). The number of employees in the Group's foreign companies on December 31, 2025 amounted to 175 (184), corresponding to 47% (45) of the total number of employees. The percentage of women during the year was 34% (39). The number of full-time employees in the Parent Company on December 31, 2025 was 72 (81), of whom 29% were women (30). For more information about employees, see Note G7 page 65.

REMUNERATION OF SENIOR EXECUTIVES

Information about the remuneration of senior executives can be found in Note G7 on page 66.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

These guidelines are described in Note G7 on page 68.

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 efficient and climate-smart products and solutions that help to reduce electricity consumption. All products are assessed by Byggvarubedömningen, which is a non-profit financial association that evaluates and provides information about products based on an environmental perspective. The Group's facilities have 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 24–41 and 101–107.

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, 2025.

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 12.9%. More information about the GARO shares and ownership structure can be found on pages 42–43.

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.

KEY INTANGIBLE RESOURCES

GARO's business model is largely based on key intangible resources – resources without physical form that create value and are fundamental to the company. A central asset is the GARO culture developed since 1939, characterized by an entrepreneurial spirit, innovation and focus on sustainable solutions. GARO is also dependent on specialist skills and technical know-how, which enables the development of innovative products and systems in electrical installation and E-mobility. In addition, the GARO brand, associated with electrical safety and user-friendliness, is an important intangible asset that enhances customer confidence and the company's market position.

Together, these resources lead to differentiation, customer value and long-term competitiveness and are thus integral to how the company creates value.

MARKET CONDITIONS

The market was weak in 2025 but the long-term driving forces in electrification and the energy transition are continuing.

GARO is also seeing clear signs that several of our main markets could be strengthened in 2026.

GARO can see a stable foundation in demand for products and solutions for electrification, temporary power and energy efficiency. Developments in society are continuing to be driven by investments in infrastructure, public charging, the energy transition and the renovation of the existing building stock. GARO's broad portfolio in the GARO Electrification business area, coupled with the public charging offering provides a stable foundation for future growth when the market gradually rebounds.

SUMMARY OF THE GROUP'S FINANCIAL PERFORMANCE

MSEK	2025	2024	2023	2022	2021
Net sales	1,043.5	1,152.0	1,369.9	1,390.5	1,295.8
EBITDA	45.7	0.6	99.6	188.8	243.0
EBIT	-8.1	-55.6	51.1	152.8	207.2
EBIT margin %	-0.8	-4.8	3.7	11.0	16.0
Dividend per share, SEK	0.0	0.0	0.0	0.80	1.40
Dividend, MSEK	0.0	0.0	0.0	40.0	70.0
Total assets	1,005.0	1,112.1	1,198.6	1,153.5	936.9
Equity ratio %	52.7	50.0	50.9	53.2	58.9
Return on capital employed, %	-1.0	-6.6	6.1	19.9	37.8
Return on equity, %	-3.2	-10.2	5.1	20.7	34.0
Average number of employees	384	415	521	521	460

For definitions of key figures, see Note G32 pages 77-78.

PARENT COMPANY

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

The Parent Company's net sales amounted to MSEK 302.0 (323.5). EBIT amounted to MSEK 23.7 (34.4), corresponding to an EBIT margin of 7.8% (10.6). Net income was MSEK -14.6 (-56.8). The Parent Company issues Group contributions of MSEK 70.5 (122.6).

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 the Nordic region, 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 climate-smart, 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 108–113.

THE BOARD'S WORK

After the general meeting, the Board of Directors is the company's decision-making body. In 2025, the GARO Board comprised six members, plus two workers' representatives. The Chairman of the Board does not participate in the operational management of the company.

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 regulate the CEO's responsibility to report to the Board. A total of 11 Board meetings were held in 2025. The Remuneration Committee assists the Board with proposals in remuneration-related matters and held two meetings in 2025. GARO also has an Audit Committee that held six meetings in 2025.

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 2026 Annual General Meeting will be held on May 13, 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)	
Retained earnings	286,906,121
Net income for the year	-14,603,075
Total	272,303,046

The Board of Directors proposes that no dividend be paid for 2025 and that profit be carried forward.

Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2025	2024
Operating income			
Net sales	2, 5, 6	1,043.5	1,152.0
Other operating income	8	2.5	0.7
Total operating income		1,046.0	1,152.7
Capitalized production costs		0.7	3.1
Raw materials and consumables		-565.3	-673.6
Other external expenses	9, 10	-160.0	-177.8
Personnel expenses	7	-275.2	-298.7
Other operating expenses		-0.5	-5.1
Disposal of fixed assets	13, 14, 15	-53.8	-56.2
Total operating expenses		-1,054.1	-1,208.3
EBIT		-8.1	-55.6
Financial income	11, 18	4.3	7.1
Financial expenses	11, 19	-18.1	-18.4
Financial items		-13.8	-11.3
Loss before tax		-21.9	-66.9
Tax on net income for the year	12	4.4	6.8
Net income for the year		-17.5	-60.1
Other comprehensive income			
Items that may be reclassified to the net income for the year			
Translation differences		-10.1	6.1
Other comprehensive income for the year, net after tax		-10.1	6.1
Net income and total comprehensive income for the year is attributable to shareholders of the Parent Company.			
Total comprehensive income for the year		-27.6	-54.0

EARNINGS PER SHARE

	2025	2024
Earnings per share, before and after dilution, SEK	-0.35	-1.20
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 108.5 (9%) during the year and amounted to MSEK 1,043.5 (1,152.0). GARO's net sales outside Sweden amounted to MSEK 512.0 (542.2), down MSEK 30.2 (6%). Foreign net sales thus accounted for 49% (47) of total net sales, where sales also declined in Sweden compared with 2024.

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 -8.1 (-55.6), corresponding to an EBIT margin of -0.8% (-4.8). EBIT was charged MSEK 7 in costs for outgoing employees. Furthermore, the implementation of a new ERP system is continuing, which has had a negative impact of MSEK 6.7 on net income for the year.

Obsolete inventory of MSEK 10.9 was scrapped during the year, most of which had been written down in prior years, which is why the effect on net income for the year was MSEK 3.8. In 2024, GARO completed a write-down of MSEK 48.4 related to the previous generation of wall boxes as well as remaining development expenditure for an older, outgoing DC range.

INCOME AFTER FINANCIAL ITEMS

Income after financial items amounted to MSEK -21.9 (-66.9), corresponding to a profit margin of -2.1% (-5.8). Net financial items amounted to MSEK -13.9 (-11.3) for the Group and included currency effects from loans and hedging in foreign currency.

TAX

Tax revenue amounted to MSEK 4.4 (6.8). Loss after tax was MSEK -17.5 (-60.1).

PERFORMANCE AND EARNINGS PER SEGMENT

	GARO Electrification	GARO Electrification	GARO E-mobility	GARO E-mobility
Segment information	2025	2024	2025	2024
Net sales (MSEK)	818.9	851.3	224.6	300.7
EBIT (MSEK)	66.7	75.3	-74.7	-130.9
EBIT margin (%)	8.1	8.8	-33.3	-43.5
Depreciation (MSEK)	24.8	25.5	29.1	30.7
Number of employees	260	281	113	125

GARO ELECTRIFICATION

Net sales for the GARO Electrification business area for the year amounted to MSEK 818.9 (851.3), resulting in negative growth of 4%. The Electrical distribution products area reported sales in line with last year, while the Project business and Temporary Power product areas saw a 12% and 9% decline in sales, respectively. Not surprisingly, demand for products related to the new construction of single-family homes and apartments was at lower levels in both Sweden and the Nordic region during the year. The market for the new construction of single-family homes and apartments in Sweden is now assessed to be at its lowest level. In Ireland, GARO strengthened its position as a result of continued expansive construction in the country, with increased project activities generating attractive business opportunities.

EBIT amounted to MSEK 66.7 (75.3), corresponding to an EBIT margin of 8.1% (8.8). EBIT was charged MSEK 3.9 in costs for outgoing employees (MSEK 9.1 in inventory write-

downs). Furthermore, the implementation of a new ERP system is continuing, which has had a negative impact of MSEK 6.7 on EBIT (4.3).

GARO E-MOBILITY

While the market for plug-in vehicles in Sweden was stable in 2025 and showed growth in several European markets, the trend in GARO's own sales did not meet expectations. Net sales for the GARO E-mobility business area for the year amounted to MSEK 224.6 (300.7), down 25% compared with 2024. EBIT amounted to MSEK -74.7 (-130.9), corresponding to an EBIT margin of -33.3% (-43.5). EBIT was charged MSEK 3.1 in costs for outgoing employees. EBIT in 2024 was charged with non-recurring costs of MSEK 39.3 as a result of the impairment of inventories related to the previous generation of chargers and continuing development expenditure for an older, outgoing DC-range.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	Dec 31, 2025	Dec 31, 2024
ASSETS			
Fixed assets			
Capitalized development expenditure	13	58.2	72.9
Product development projects in progress	13	4.7	8.5
Goodwill	14	45.5	45.5
Lands and buildings	15	147.8	153.6
Plant and machinery	15	14.5	18.8
Equipment, tools, fixtures and fittings	15	24.1	28.8
Construction in progress and advance payments for tangible assets	15	9.0	4.4
Right-of-use asset	10	46.9	61.1
Deferred tax assets	25	31.2	20.9
Other non-current receivables		0.3	0.3
Total fixed assets		382.2	414.8
Current assets			
Raw materials and consumables	16	206.4	235.6
Finished goods and goods for resale	16	106.9	139.9
Products in progress	16	1.4	0.6
Current receivables			
Accounts receivable	17, 20	211.5	232.2
Other current receivables	17	61.5	50.5
Prepaid expenses		18.1	17.1
Cash and cash equivalents	17, 21	17.0	16.5
Total current assets		622.8	692.4
Assets for sale		0	4.9
Total assets		1,005.0	1,112.1

COMMENTS ON THE BALANCE SHEET

TOTAL ASSETS

GARO's total assets declined MSEK 107.1 (-10%) during the year from MSEK 1,112.1 last year to MSEK 1,005.0. During the year, GARO reduced its inventory values by MSEK 61.4, excluding the currency effects. Accounts receivable and accounts payable were also lower compared with last year, which was an effect of lower net sales in 2025.

WORKING CAPITAL

Working capital declined MSEK 36.8 (9%) during the year from MSEK 430.4 last year to MSEK 393.6. In relation to net sales, working capital increased from 37.4% to 37.7%. GARO has paid a deposit with a supplier for materials that have not yet been called off. The amount, which is in EUR, totaled MSEK 42.3 at year-end and is recognized under other current receivables in the balance sheet. No additional deposit was paid during the year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

MSEK	Note	Dec 31, 2025	Dec 31, 2024
Equity attributable to shareholders of the Parent Company			
Share capital	22, 28	20.0	20.0
Reserves		9.8	19.9
Other contributed capital		3.0	1.5
Retained earnings (including net income for the year)		496.6	514.1
Total equity		529.4	555.5
Liabilities			
Long-term liabilities			
Liabilities to credit institutions	17, 23	14.5	68.9
Lease liability	23	33.5	46.0
Other provisions	24	6.3	8.6
Deferred tax liabilities	25	0.3	0
Total long-term liabilities		54.6	123.5
Short-term liabilities			
Liabilities to credit institutions	17, 23	50.7	3.0
Accounts payable	17	110.8	127.2
Overdraft facilities	17, 23	143.0	163.6
Other short-term liabilities	17	31.6	34.5
Lease liability	23	15.1	16.6
Accrued expenses	26	69.8	84.8
Total short-term liabilities		421.0	429.7
Total liabilities		475.6	553.2
Liabilities directly attributable to sales		0	3.4
Total equity and liabilities		1,005.0	1,112.1

COMMENTS ON THE BALANCE SHEET

EQUITY RATIO

The Group's equity amounted to MSEK 529.4 (555.5). The equity ratio amounted to 52.7% (50.0) 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 2025 amounted to -3.2% (-10.3). The improved return was due to improved earnings. Return on capital employed amounted to -1.0% (-6.6), which was also due to better earnings compared with 2024.

The 2025 dividend amounted to MSEK 0 (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, declined MSEK 45.3 during the year from MSEK 285.1 to MSEK 239.8 in net debt. Net debt excluding leases (IFRS 16) amounted to MSEK 191.2 (222.4).

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities amounted to MSEK 256.8 (301.5) at the end of the fiscal year. On the balance-sheet date in December 2025, GARO's loan in Poland was classified as a short-term liability. The loan agreement was subsequently extended, which means that it is now deemed to be a long-term liability.

STRUCTURAL CHANGES (divestment of long-term investment)

GARO had a small property in Gnosjö for sale in 2025. The property has a carrying amount of MSEK 4.9 with corresponding borrowing on the property of MSEK 3.4. In light of the prevailing market conditions, it has proven difficult to sell the property in the municipality at the desired price. As such, GARO has decided to take the property off the market and wait for a more favorable property market.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Note	Share capital	Reserves*	Other contribut- ed capital	Retained earnings	Total equity
Opening balance at January 1, 2024		20.0	13.8	1.5	574.2	609.5
Net income for the year		-	-	-	-60.1	-60.1
Other comprehensive income for the year		-	6.1	-	-	6.1
Total comprehensive income		-	6.1	-	-60.1	-54.0
Closing balance at December 31, 2024		20.0	19.9	1.5	514.1	555.5
Opening balance at January 1, 2025		20.0	19.9	1.5	514.1	555.5
Net income for the year		-	-	-	-17.5	-17.5
Other comprehensive income for the year		-	-10.1	-	-	-10.1
Total comprehensive income		-	-10.1	-	-17.5	-27.6
Warrant liquidity received		-	-	1.5	-	1.5
Total contributions from and value transfers to shareholders, recognized directly in equity		-	-	1.5	-	1.5
Closing balance at December 31, 2025		20.0	9.8	3.0	496.6	529.4

*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	2025	2024
Cash flow from operating activities			
EBIT		-8.1	-55.6
Adjustment for non-cash items			
Depreciation		53.8	56.2
Other	8, 16	-2.2	47.4
Interest received and similar items	11, 18	2.4	7.1
Interest paid and similar items	11, 19	-13.4	-18.4
Income tax paid	12	-11.6	-8.1
Cash flow from operating activities before changes in working capital		20.9	28.6
Change in inventories		47.9	-12.8
Change in accounts receivable		14.7	23.7
Change in other current receivables		0.7	-4.2
Change in accounts payable		-12.8	-60.5
Change in other current operating liabilities		-13.5	-10.6
Total change in working capital		37.0	-64.4
Cash flow from operating activities		57.9	-35.8
Cash flow from investing activities			
Investments in intangible assets	14	-4.4	-8.5
Acquisition of subsidiaries	17, 28	0	0
Investments in tangible assets	15	-7.2	-11.1
Assets sold	30	0	2.5
Cash flow from investing activities		-11.6	-17.1
Cash flow from financing activities			
Borrowings	17, 28	0	0
Amortization of loans	23	-6.1	-27.9
Changes in overdraft facilities	23	-23.4	63.5
Amortization of lease liability	23	-16.9	-17.5
Warrant liquidity received		1.5	0
Cash flow from financing activities		-44.9	18.1
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		1.4	-34.8
Currency effect in cash and cash equivalents		-0.9	1.3
Cash and cash equivalents at beginning of the year		16.5	50.0
Cash and cash equivalents at end of the year	21	17.0	16.5

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to MSEK 57.9 (-35.8), and the main reason for the improved cash flow was releasing capital from inventories. GARO has a deposit to a supplier for materials ordered but not yet called off. The deposit, which is denominated in EUR, amounted to MSEK 42.3 at the end of the period.

The net change in utilization of the overdraft facility in 2025 amounts to MSEK -23.4. MEUR 2.5 of the available overdraft facility was repaid in July 2025, which was the effect of cash flow improving over time. Cash flow for the year amounted to MSEK 1.4 (-34.8).

Cash and cash equivalents including unutilized overdraft facilities on December 31, 2025 amounted to MSEK 74.7 (91.0).

INVESTMENTS

The Group's investments in tangible assets amounted to MSEK 7.2 (11.1). GARO continuously invests in product development, and investments in intangible assets for the year totaled MSEK 4.4 (8.6), mainly related to the further development of the functionality for GARO Entity.

Right-of-use assets (leases and rental contracts) reduced net by MSEK 14.0 (-9.8) during the full-year. Depreciation/amortization for the year amounted to MSEK 53.8 (56.2), of which depreciation of tangible assets was MSEK 14.4 (33.3).



Notes

Group

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 51% (53) 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, Germany 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 IFRS® Accounting Standards as adopted by the EU, the Swedish Annual Accounts Act (1995:1554) and the recommendations and statements of the Swedish Corporate 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 or changed IFRS that entered force for 2025 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

The International Accounting Standards Board (IASB) published a new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements, effective January 1, 2027, although the standard has not yet been endorsed by the EU. The standard does not affect the recognition or measurement of items in the financial statements but rather the presentation and disclosure. An analysis of the impact of the IFRS 18 on the Group is being conducted.

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 88.

2.3 SEGMENT REPORTING

Segments (GAROs 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.

NOTE 2, CONT.

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 economic 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.

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 & Temporary Power. 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.

NOTE 2, CONT.

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.

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 2025, the amount allocated for guarantee obligations was MSEK 5.9 (8.2).

2.14 CURRENT AND DEFERRED TAX

For the 2025 fiscal year, the Group presented a negative result and thus GARO has accumulated unutilized tax loss carryforwards. Future use of these loss carryforwards depends on taxable surpluses (see Note 4). The tax expense was 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 zloty (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 60% and 70% of expected cash flows (primarily purchases of inventories) in EUR for the next six-month period. Outstanding forward contracts amounted to MEUR 0 (1.5) on the balance-sheet date. As a

result of high inventory values and lower purchase forecasts for the future, the Group has temporarily deviated from the current currency policy. 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 expose 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 expose 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 2025 and 2024, the Group's liabilities to credit institutions were denominated in SEK, EUR and PLN, with fixed-interest periods of one to two years. 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, working conditions, 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.

NOTE 3, CONT.

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.

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.

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 63 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 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, 2025	<1 year	1–5 years	>5 years	Total
Liabilities to credit institutions	50.7	14.5	0	65.2
Lease liability	15.1	35.3	0	50.4
Accounts payable	110.8	0	0	110.8
Future interest-rate payments	7.5	15.2	0	22.7
Overdraft facilities	143.0	-	-	143.0
Total	327.1	65.0	0	392.1

At December 31, 2024	<1 year	1–5 years	>5 years	Total
Liabilities to credit institutions	3.0	26.7	45.6	75.3
Lease liability	16.6	46.0	0	62.6
Accounts payable	127.2	-	-	127.2
Future interest-rate payments	9.8	27.5	-	37.3
Overdraft facilities	163.6	-	-	163.6
Total	320.2	100.2	45.6	466.0

Of the MSEK 327.1 stated for 2025 in the "less than 1 year" interval, the Group intends to repay MSEK 140.4 (135.6) in the first quarter of 2026.

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 2025 (MSEK)	Impact on equity 2025 (MSEK)	Impact on earnings 2024 (MSEK)	Impact on equity 2024 (MSEK)
Change in sales prices, 1%	+/- 10.4	+/- 8.2	+/- 11.2	+/- 8.6
Change in volume, 1%	+/- 1.8	+/- 1.5	+/- 2.2	+/- 1.7
Change in purchase prices, 1%	+/- 5.6	+/- 4.5	+/- 7.0	+/- 5.3
Change in payroll costs, 1%	+/- 2.0	+/- 1.6	+/- 3.0	+/- 2.2
EUR strengthened against SEK, 1%	+/- 3.7	+/- 2.9	+/- 4.6	+/- 3.4

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.

MEUR 2.5 of the available overdraft facility was repaid in July 2025, which was the effect of cash flow improving over time. In connection with this, GARO's covenants with the bank ended as of June 30, 2025.

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 2025 as a result of increased capital requirements.

The Group has an equity ratio of 52.7% (50.0), in which the equity ratio is defined as recognized equity as a percentage of total assets.

Equity ratio	2025	2024
Equity	529.4	555.5
Total assets	1,005.0	1,112.1
Equity ratio (%)	52.7	50.0

At December 31, 2025, the Group had net debt of MSEK 239.8 MSEK (285.1). The debt/equity ratio is defined as net loan liabilities divided by recognized equity.

Debt/equity ratio	2025	2024
Total borrowing (Note G23)	256.8	301.6
Less: cash and cash equivalents (Note G18)	-17.0	-16.5
Net debt	239.8	285.1
Total equity	529.4	555.5
Debt/equity ratio, %	45.3	51.3

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)
- Deferred tax assets/liabilities (Note 25)

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 2025, the amount allocated for guarantee obligations was MSEK 5.9 (8.2).

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, 2025 amounted to MSEK 1.0 (1.2). For more information, see Note G20.

DEFERRED TAX

MOST IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

Deferred tax assets/liabilities are recognized for temporary differences between carrying amounts of assets and liabilities, and the tax value and unutilized capitalized loss carryforwards. Deferred tax assets are recognized based on

NOTE 4, CONT.

management's estimates of future taxable profits in various tax jurisdictions. Actual outcomes may differ from the estimates due to changes in the business climate, ownership structure and tax legislation.

VALUATION OF INVENTORIES**MOST IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES**

Inventory is a significant item in the consolidated balance sheet, which amounted to MSEK 314.7 (376.1) net as of December 31, 2025. When determining the value of the inventory, the risk of obsolescence is taken into account. In 2025, the obsolescence reserve changed by MSEK -7.1 (43.7).

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, 2025, lease liabilities amounted to MSEK 48.6 (62.6). 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 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 & 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		GARO E-mobility		Elimination		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Sales								
Total net sales, external	1,033.5	1,095.5	382.4	517.6	-372.4	-461.1	1,043.5	1,152.0
Total net sales, internal	-214.6	-244.3	-157.8	-216.9	372.4	461.1	-	-
Other operating income	2.5	0.2	0	0	0	0	2.5	0.2
Other operating gains	0	0.5	0	0	0	0	0	0.5
External net sales	818.9	852.0	224.6	300.7	0	0	1,046.0	1,152.7
Capitalized production costs	0.7	3.1	0	0	-	-	0.7	3.1
Raw materials and consumables	-428.7	-468.5	-130.8	-205.1	-	-	-565.3	-673.6
Other external expenses	-91.3	-69.2	-68.7	-108.6	-	-	-160.0	-177.8
Personnel expenses	-205.9	-216.4	-69.2	-82.3	-	-	-275.2	-298.7
Disposal of fixed assets	-24.8	-25.5	-29.0	-30.7	-	-	-53.8	-56.2
Other operating expenses	0	0	0	-5.1	-	-	-0.5	-5.1
EBIT	66.7	75.5	-74.8	-131.1	-	-	-8.1	-55.6
Net financial items	-	-	-	-	-	-	-13.9	-11.3
Tax expense for the year	-	-	-	-	-	-	4.4	6.8
Net income for the year	-	-	-	-	-	-	-17.5	-60.1
Other disclosures								
Fixed assets	320.9	300.5	61.3	118.2	-	-	382.2	418.7
Other assets	416.6	407.2	206.2	286.2	-	-	622.8	693.4
Total assets	737.5	707.7	267.5	404.4	-	-	1,005.0	1,112.1
Short-term liabilities	384.4	381.8	36.6	47.9	-	-	421.0	429.7
Long-term liabilities	52.3	93.0	2.3	33.9	-	-	54.6	126.9
Total liabilities	436.7	474.8	38.9	81.8	-	-	475.6	556.6
Investments	6.6	7.9	5.0	11.7	-	-	11.6	19.6
Depreciation	24.8	25.5	29.0	30.7	-	-	53.8	56.2

	Income from external customers specified the customers' geographical location		Fixed assets	
	2025	2024	2025	2024
Sweden	531.5	616.1	222.5	241.7
Norway	121.8	129.5	0.7	0.9
Ireland	241.5	234.1	28.2	34.2
Finland	42.7	51.1	0	0
UK	62.1	68.4	1.8	2.4
Austria	11.7	15.9	0	0
Poland	8.4	13.0	128.6	139.5
Belgium	7.2	10.4	0	0
Other countries	16.6	13.5	0	0
Total	1,043.5	1,152.0	381.8	418.7

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 2025, total net sales for each of these customers amounted to MSEK 161.9 (209.9) and MSEK 152.6 (200.3) respectively, a total of MSEK 314.5 (410.2), comprising 30% (36) 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 2025	GARO Electrification 2024	GARO E-mobility 2025	GARO E-mobility 2024	Total 2025	Total 2024
Electrical distribution products	552.7	550.0		-	552.7	550.0
E-mobility	-	-	224.6	300.7	224.6	300.7
Project business	228.0	259.6		-	228.0	259.6
Temporary Power	38.2	41.7		-	38.2	41.7
Total income from customers	818.9	851.3	224.6	300.7	1,043.5	1,152.0

INCOME FROM CUSTOMERS SPECIFIED BY GEOGRAPHIC LOCATION

Geographic location	GARO Electrification 2025	GARO Electrification 2024	GARO E-mobility 2025	GARO E-mobility 2024	Total 2025	Total 2024
Sweden	434.3	498.1	97.2	118.0	531.5	616.1
Norway	93.3	90.6	28.5	38.9	121.8	129.5
Ireland	223.8	209.7	17.8	24.4	241.5	234.1
UK	49.2	32.7	12.8	35.7	62.1	68.4
Finland	15.2	17.1	27.6	34.0	42.7	51.1
Austria	0	0	11.7	15.9	11.7	15.9
Poland	0.6	2.5	7.8	10.6	8.4	13.0
Belgium	0	0	7.2	10.4	7.2	10.4
Other countries	2.5	0.6	14.1	12.8	16.6	13.5
Total income from customers	818.9	851.3	224.6	300.7	1,043.5	1,152.0

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.

	2025	2024
Board, CEO and other senior executives*		
Salaries and other remuneration	15.7	12.0
Social security contributions	4.5	3.8
Pension costs – defined-contribution plans	3.4	2.6
Total Board, CEO and other senior executives	23.6	18.4
Other employees		
Salaries and other remuneration	179.8	204.8
Social security contributions	46.7	52.6
Pension costs – defined-contribution plans	12.1	14.1
Total other employees	238.6	271.5
Total personnel expenses	262.2	289.5

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

	2025			2024		
	Average no. of employees	of whom, men	of whom, women	Average no. of employees	of whom, men	of whom, women
Sweden	206	158	48	221	152	69
Norway	21	19	2	23	20	3
Finland	7	5	2	9	7	2
Ireland	40	32	8	39	30	9
UK	16	12	4	17	14	3
Germany	3	3	0	3	2	1
Poland	91	23	68	103	29	74
Group total	384	252	132	415	254	161

GENDER DISTRIBUTION OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES IN THE GROUP

	2025		2024	
	No. on balance-sheet date	of whom, women	No. on balance-sheet date	of whom, women
Board members	8	2	8	3
CEO and other senior executives	7	1	5	1
Group total	15	3	13	4

REMUNERATION OF SENIOR EXECUTIVES 2025

	Basic salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Rickard Blomqvist, Chairman until May 14, 2025	0.3	-	-	-	-	0.3
Rickard Blomqvist, Board member, from May 15, 2025	0.3	-	-	-	-	0.3
Axel Barnekow Widmark, Chairman, from May 15, 2025	0.5	-	-	-	-	0.5
Kristine Lindberg, Board member, from May 15, 2025	0.2	-	-	-	-	0.2
Susanna Hilleskog, Board member until May 14, 2025	0.1	-	-	-	-	0.1
Mari Kadowaki Johansson, Board member until May 14, 2025	0.1	-	-	-	-	0.1
Jonas Lohtander, employee representative	-	-	-	-	-	-
My Bäck, employee representative	-	-	-	-	-	-
Johan Paulsson, Board member	0.3	-	-	-	-	0.3
Lars Kongstad, Board member	0.4	-	-	-	-	0.4
Martin Ahltén, Board member	0.3	-	-	-	-	0.3
Patrik Andersson, President and CEO until January 17, 2025	0.1	-	-	-	-	0.1
Jonas Klarén, President and CEO from January 18, 2025	3.1	-	0.1	0.9	-	4.1
Other senior executives (6)	8.7	0.8	0.4	2.5	-	12.4
Group	13.9	0.8	0.5	3.4	-	19.1

REMUNERATION OF SENIOR EXECUTIVES 2024

	Basic salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Rickard Blomqvist, Chairman	0.8	-	-	-	-	0.8
Susanna Hilleskog, Board member	0.3	-	-	-	-	0.3
Lars-Åke Rydh, Board member until May 14, 2024	0.1	-	-	-	-	0.1
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	0.3	-	-	-	-	0.3
Martin Ahltén, Board member	0.4	-	-	-	-	0.4
Patrik Andersson, President and CEO	2.4	-	0.2	0.7	-	3.3
Other senior executives (4)	6.5	-	0.4	1.9	-	8.8
Group	11.4	-	0.6	2.6	-	14.6

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 period of notice of 12 months applies between the company and the CEO if the company terminates employment, and six months if the CEO terminates employment. Severance pay corresponding to nine monthly salaries applies to the outgoing CEO. A period of notice of three to six months applies be-

tween 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

There is no remuneration of senior executives that has not yet been paid out.

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 Board proposes that the 2026 AGM resolve on the following guidelines for remuneration of senior

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executives. Compared with the current guidelines, the proposal mainly involves certain editorial adjustments.

- 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 2026 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 provide 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 2026 AGM resolve on a long-term incentive program through the issue and transfer of warrants to the CEO.] [The 2025

AGM resolved on a long-term incentive program through the issue and transfer of warrants to key individuals in the Group.]

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 promoting 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

The Board has established a Remuneration Committee. The Committee’s duties include preparing the Board’s decisions on guidelines for remuneration of senior executives. 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 Remuneration Committee 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.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2026

Guidelines for remuneration of senior executives for the 2026 fiscal year are essentially the same as the guidelines applied in 2025.

NOTE 8. OTHER OPERATING INCOME

	2025	2024
Capital gains from the sale of tangible assets (Note 30)	0	0.5
Other	2.5	0.2
Total other operating income	2.5	0.7

NOTE 9. REMUNERATION OF AUDITORS

	2025	2024
Ernst & Young		
– Audit assignment	2.3	2.1
– Auditing activities in addition to audit assignment	0.6	0.8
- Tax matters	0.1	0.1
Total	3.0	3.0
Grant Thornton		
– Audit assignment	0.4	0.5
Total	0.4	0.5

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:

2025 fiscal year	Right-of-use assets				Lease liability
	Property	Vehicles	Machinery	Total	
Opening carrying amount	49.2	10.2	1.7	61.1	62.6
Additional right-of-use assets and lease liabilities	0	2.8	0	2.8	2.8
Disposals	0	-0.2	0	-0.2	-0.2
Depreciation of right-of-use assets	-10.1	-5.0	-0.7	-15.8	0
Add-back of depreciation due to disposals	0	0	0	0	0
Exchange-rate differences	-0.9	-0.1	0	-1.0	1.7
Interest expenses on lease liabilities	0	0	0	0	-1.4
Lease payments	0	0	0	0	-16.9
Closing carrying amount	38.2	7.7	1.0	46.9	48.6

2024 fiscal year	Right-of-use assets				Lease liability
	Property	Vehicles	Machinery	Total	
Opening carrying amount	59.9	10.3	1.0	71.2	72.3
Additional right-of-use assets and lease liabilities	0	4.9	1.4	6.3	6.3
Disposals	0	-4.3	0	-4.3	-4.3
Depreciation of right-of-use assets	-10.2	-5.5	-0.8	-16.5	0
Add-back of depreciation due to disposals	0	4.3	0	4.3	4.3
Exchange-rate differences	-0.5	0.5	0.1	0.1	3.1
Interest expenses on lease liabilities	0	0	0	0	-1.6
Lease payments	0	0	0	0	-17.5
Closing carrying amount	49.2	10.2	1.7	61.1	62.6

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

	2025	2024
Depreciation of right-of-use assets	-15.8	-16.5
Interest expenses on lease liabilities	-1.4	-1.6
Expenses for short-term leases	-1.1	-1.6
Expenses for low-value assets	0	0
Total expenses attributable to lease operations	-18.3	-19.7

The Group recognizes a cash outflow attributable to leases amounting to MSEK 16.9 (17.5) for the 2025 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

	2025	2024
Financial income		
Assets and liabilities measured at fair value through profit or loss:		
Net gain derivatives	0	0
Total financial income for items measured at fair value through profit or loss	0	0
Assets and liabilities measured at amortized cost:		
Interest income	0.5	1.1
Interest income other financial income	1.8	1.8
Total interest income according to effective interest method	2.3	2.9
Exchange-rate differences – income, financial items	2.0	4.2
Total		
Total financial income	4.3	7.1
Financial expenses		
Assets and liabilities measured at fair value through profit or loss:		
Net loss derivatives	0	0
Total financial expenses for items measured at fair value through profit or loss	0	0
Assets and liabilities measured at amortized cost:		
Interest expenses loans	-12.0	-15.6
Interest expenses, lease liability	-1.4	-1.6
Interest expenses, other financial liabilities	0	-1.2
Total interest expenses according to effective interest method	-13.4	-18.4
Exchange-rate differences – expenses, financial items	-4.7	0
Total		0
Total financial expenses	-18.1	-18.4

NOTE 12. INCOME TAX

	2025	2024
Recognized tax		
Current tax on net income for the year	-5.5	-10.2
Change in deferred tax (Note 25)	9.9	17.0
Total tax on net income for the year	4.4	6.8

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:

	2025	2024
Profit/loss before tax	-21.9	-66.9
Income tax calculated according to tax rate in Sweden (20.6%)	4.6	13.8
Effect of foreign tax rates	1.9	2.0
Tax effects of:		
– Non-deductible expenses	-1.3	-7.2
– Non-taxable income	0.5	0.6
– Utilization of loss carryforwards, non-deferred tax	0	0
– Tax attributable to prior years' recognized earnings	0	0
– Deficit	-1.4	-1.7
– Other	0	-0.6
Tax expense	4.4	6.8
Effective tax rate, %	20.0	10.0

NOTE 13. OTHER INTANGIBLE ASSETS

	Capitalized development expenditure	Development projects in progress	Total
At January 1, 2024			
Cost	123.8	38.4	162.2
Accumulated amortization and impairment	-61.8	0	-61.8
Carrying amount	62.0	38.4	100.4
2024 fiscal year			
Opening carrying amount	62.0	38.4	100.4
Capitalized expenses	0	8.5	8.5
Currency effects	0.2	0	0.2
Reclassifications/internal transfers	37.9	-38.4	-0.5
Divestments and disposals	-14.6	0	-14.6
Dissolution of amortization due to divestments/currency effects	10.3	0	10.3
Amortization	-22.9	0	-22.9
Closing carrying amount	72.9	8.5	81.4
At December 31, 2024			
Cost	147.3	8.5	155.8
Accumulated amortization and impairment	-74.4	-	-74.4
Carrying amount	72.9	8.5	81.4
2025 fiscal year			
Opening carrying amount	72.9	8.5	81.4
Capitalized expenses	0	4.4	4.4
Currency effects	-0.1	0	-0.1
Reclassifications/internal transfers	8.4	-8.2	0.2
Divestments and disposals	-5.4	0	-5.4
Dissolution of amortization due to divestments/currency effects	5.4	0	5.4
Amortization	-23.0	0	-23.0
Closing carrying amount	58.2	4.7	62.9
At December 31, 2025			
Cost	150.2	4.7	154.9
Accumulated amortization and impairment	-92.0	0	-92.0
Carrying amount	58.2	4.7	62.9

NOTE 14. GOODWILL

	Goodwill
At January 1, 2024	
Cost	48.7
Accumulated impairment	-3.2
Carrying amount	45.5
2024 fiscal year	
Opening carrying amount	45.5
Closing carrying amount	45.5
At December 31, 2024	
Cost	48.7
Accumulated impairment	-3.2
Carrying amount	45.5
2025 fiscal year	
Opening carrying amount	45.5
Closing carrying amount	45.5
At December 31, 2025	
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 depending on product area amounts to 5-25% for next year's forecast.

In the GARO Electrification segment, the assumed EBITDA margins amount to a total of 8-11% for the next few years, which is slightly below the Group's financial targets and is due to the current market situation both in the Nordic region and the rest of Europe. The long-term forecast is a stronger margin as an effect of higher sales volumes over time. In the GARO E-mobility segment, the assumed EBITDA margins amount to a total of 0-5% for the next few years, which was due to lower volumes combined with high fixed costs. An in-depth analysis of E-mobility and the need for measures to achieve profitability is being conducted. The long-term forecast is a stronger margin as an effect of higher sales volumes combined with other actions. 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 amortization.

Goodwill is tested for impairment every year or more often if there is an indication of impairment. This year's test took place against the 2025 outcome. A discount rate before tax (WACC) of 13.1% was used for GARO E-mobility, with the test not indicating any impairment requirement. However, surplus values declined compared with last year. A discount rate before tax (WACC) of 11.2% was used for GARO Electrification. A number of sensitivity analyses have been performed where the sustained growth rate was set at 1 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. Accordingly, the test did not reveal any impairment requirement.

Goodwill per segment	Dec 31, 2025	Dec 31, 2024
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, 2024					
Cost	199.3	44.2	116.3	3.4	363.2
Accumulated depreciation	-41.5	-23.8	-83.9	0	-149.2
Carrying amount	157.8	20.4	32.4	3.4	214.0
2024 fiscal year					
Opening carrying amount	157.8	20.4	32.4	3.4	214.0
Exchange-rate differences	6.8	1.0	1.2	0	9.0
Purchases	0	0	2.4	8.7	11.1
Reclassifications/internal transfers	0	4.3	3.4	-7.7	0
Divestments and disposals	-2.2	-3.6	-4.1	0	-9.9
Depreciation	-4.1	-3.5	-9.1	0	-16.7
Resolution of depreciation due to divestments/currency effects	0.3	0.2	2.6	0	3.1
Exchange-rate differences, depre- ciation	-0.1	0	0	0	-0.1
Closing carrying amount	158.5	18.8	28.8	4.4	210.5
At December 31, 2024					
Cost	203.8	45.9	119.2	4.4	373.3
Accumulated depreciation	-45.3	-27.1	-90.4	-	-162.8
Carrying amount	158.5	18.8	28.8	4.4	210.5
2025 fiscal year					
Opening carrying amount	158.5	18.8	28.8	4.4	210.5
Exchange-rate differences	-7.1	-1.0	-2.5	0	-10.6
Purchases	0	0	0	7.1	7.1
Reclassifications/internal transfers	0.4		4.1	-2.5	2.0
Divestments and disposals		-13.5	-11.5	0	-25.0
Depreciation	-3.9	-3.5	-7.0	0	-14.4
Resolution of depreciation due to divestments/currency effects	0	13.5	10.9	0	24.4
Exchange-rate differences, depre- ciation	-0.1	0.2	1.3	0	1.4
Closing carrying amount	147.8	14.5	24.1	9.0	195.4
At December 31, 2025					
Cost	197.1	31.4	109.3	9.0	346.8
Accumulated depreciation	-49.3	-16.9	-85.2	0	-151.4
Carrying amount	147.8	14.5	24.1	9.0	195.4

NOTE 16. INVENTORIES

	2025	2024
Raw materials and consumables	206.4	235.6
Finished goods and goods for resale	91.0	121.3
Products in progress	1.4	0.6
Goods in transit	15.9	18.6
Total	314.7	376.1

Costs for raw materials and consumables in profit or loss amounted to MSEK 565.3 (673.6).

Total impairment of inventories amounted to MSEK 49.3 (51.6). Impairment occurs when the technical functionality of an individual item has been discontinued.

NOTE 17. FINANCIAL INSTRUMENTS

Measurement of financial assets at Dec 31, 2025	Carrying amount	Fair value
Financial assets measured at amortized cost		
Accounts receivable	211.5	211.5
Other current receivables	61.5	61.5
Cash and cash equivalents	17.0	17.0
Total	290.0	290.0

Measurement of financial assets at Dec 31, 2024	Carrying amount	Fair value
Financial assets measured at amortized cost		
Accounts receivable	232.2	232.2
Other current receivables	50.5	50.5
Cash and cash equivalents	16.5	16.5
Total	300.2	300.2

Measurement of financial liabilities at Dec 31, 2025	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Liabilities to credit institutions	208.2	208.2
Lease liability	48.6	48.6
Accounts payable	110.8	110.8
Volume discounts to customers	29.4	29.4
Other short-term liabilities	40.4	40.4
Total	437.4	437.4

Measurement of financial liabilities at Dec 31, 2024	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Liabilities to credit institutions	238.9	238.9
Lease liability	62.2	62.2
Accounts payable	127.2	127.2
Volume discounts to customers	31.8	31.8
Other short-term liabilities	53.0	53.0
Total	513.1	513.1

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 occasionally has derivatives that are measured at fair value through profit or loss. When relevant, 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

	2025	2024
Exchange-rate differences	1.9	4.2
Other interest income	0.5	1.1
Other	2.0	1.8
Total	4.4	7.1

NOTE 19. NET INTEREST EXPENSES AND SIMILAR ITEMS

	2025	2024
Interest expenses, lease liabilities	-1.4	-1.6
Other interest expenses	-12.0	-15.6
Exchange-rate differences	0	0
Other	-4.8	-1.2
Total	-18.2	-18.4

NOTE 20. ACCOUNTS RECEIVABLE

	Dec 31, 2025	Dec 31, 2024
Accounts receivable	212.5	233.4
Loss allowance	-1.0	-1.2
Accounts receivable – net	211.5	232.2

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:

Group	2025		2024	
	Gross	Impairment	Gross	Impairment
Not past due accounts receivable	171.9	-	196.3	-
Past due accounts receivable 0–30 days	35.3	-	33.7	-
Past due accounts receivable 31–60 days	3.5	-	0.9	-
Past due accounts receivable 61–90 days	0.8	-	0.6	-
Past due accounts receivable >91 days	1.0	-1.0	1.9	-1.2
Total	212.5	-1.0	233.4	-1.2

At December 31, 2025, accounts receivable of MSEK 39.6 (35.9) 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.

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.

Change in loss allowance, simplified approach

Group	2025	2024
Opening reserve	-1.2	-1.5
Acquisition of subsidiaries	-	-
Confirmed losses	-	-
Reversed unutilized reserves	0.2	0.3
Reserves for the year	-	-
Translation differences	-	-
Closing reserves	-1.0	-1.2
Reserved amount in the balance sheet for expected credit losses	-1.0	-1.2

NOTE 21. CASH AND CASH EQUIVALENTS

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

	2025	2024
Bank balances	17.0	16.5
Total	17.0	16.5

NOTE 22. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital at December 31, 2025 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 2025 AGM, a resolution was passed to carry out two directed share issues of a total of 900,000 warrants for senior executives. A net 225,000 warrants were subscribed for in 2025, which means that other contributed share capital was paid in the amount of MSEK 1.5, including the difference of 500,000 warrants subscribed for by the CEO but subsequently repurchased by GARO. 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 13, 2026 that the Board would propose that no dividend be paid for the 2025 fiscal year. (0)

NOTE 23. BORROWINGS

	2025	2024
Long-term		
Liabilities to credit institutions	14.5	72.3
Lease liability	33.5	46.0
Total long-term borrowings	48.0	118.3
Short-term		
Overdraft facilities	143.0	163.6
Liabilities to credit institutions	50.7	3.0
Lease liability	15.1	16.6
Total short-term borrowings	208.8	183.2
Total borrowings Group	256.8	301.5

TOTAL CHANGE IN LIABILITIES

	2025	2024
At the start of the year	301.5	272.2
Borrowings	0	0
Amortization of loans	-6.1	-27.9
Changes in overdraft facilities	-23.4	63.5
Net change in leases entered into	-16.9	-9.7
Currency effects	1.7	3.4
Total borrowings at the end of the year	256.8	301.5

LIABILITIES TO CREDIT INSTITUTIONS

The Group's borrowings are in SEK, EUR and PLN. The Group's borrowings comprise loans from SEB. On the balance-sheet date in December 2025, GARO's loan in Poland was classified as a short-term liability. The loan agreement was subsequently extended, which means that it is now deemed to be a long-term liability. Other existing bank loans have a tenor until 2029. The total average interest is 3.3% per year (4.4). MEUR 2.5 of the available overdraft facility was repaid in July 2025, which was the effect of cash flow improving over time.

OVERDRAFT FACILITIES

The Group has overdraft facilities totaling MSEK 200.7, which can be utilized in both SEK and EUR, and which are renegotiated annually.

NOTE 24. OTHER PROVISIONS

	2025	2024
Opening balance	8.6	7.0
Provision for deferred tax	0	1.6
Amounts used	-0.4	0
Unutilized amounts that were reversed during the year	-1.9	0
Opening balance	6.3	8.6

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 5.9 (8.2) and are recognized under provisions. No provisions are made for future operating losses.

NOTE 25. DEFERRED TAX ASSETS AND TAX LIABILITIES

	2025	2024
Deferred tax assets		
Buildings, land and land improvements	0.1	0
Deficit	27.2	17.2
Lease liability	10.0	12.9
Other (Note G11)	3.6	3.5
Total	40.9	33.6
Deferred tax liabilities		
Buildings, land and land improvements	-0.3	-0.1
Right-of-use assets	-9.7	-12.6
Total	-9.7	-12.7
Deferred tax assets – net	30.9	20.9

NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

	2025	2024
Accrued salary liabilities	18.4	19.4
Accrued social security contributions	8.3	9.7
Volume discounts to customers	29.4	31.8
Other items	13.7	23.9
Total	69.8	84.8

NOTE 27. PLEDGED ASSETS

	2025	2024
For liabilities to credit institutions		
Property mortgages	145.5	147.3
Chattel mortgages	114.0	114.0
Total	259.5	261.3

NOTE 28. SHARE DATA

	2025	2024
Earnings per share (adjusted for the split)		
Earnings per share, before and after dilution, SEK	-0.35	-1.20
Equity per share, before and after dilution, SEK	10.59	11.11
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 2025 and 2024 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

GARO had a small property in Gnosjö for sale in 2025. The property has a carrying amount of MSEK 4.9 with corresponding borrowing on the property of MSEK 3.4. In light of the prevailing market conditions, it has proven difficult to sell the property in the municipality at the desired price. As such, GARO has decided to take the property off the market and wait for a more favorable property market.

In 2024, GARO divested a small property in Gnosjö for MSEK 2.5 with a carrying amount of MSEK 2.0, and corresponding borrowing on the property of MSEK 2.0.

NOTE 31. EVENTS AFTER THE END OF THE FISCAL YEAR

The current macroeconomic situation and geopolitical turmoil are leading to uncertainty that is making it difficult to predict how demand and the cost base will be impacted. Neither the conflict in the Middle East or the tariffs announced by the US are, at the time of writing, are expected to have a noticeable impact on GARO, which does not do business in these countries.

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 follows:

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:

NUMBER OF EMPLOYEES: The number of employees in the Group including contracted staff but excluding persons dismissed and exempted from work.

ORGANIC GROWTH

	2025	2024
Preceding year sales	1,152.0	1,369.9
Organic growth	-104.7	-225.0
Acquisitions and structural changes	0	0
Exchange-rate effects	-3.8	7.1
Current period	1,043.5	1,152.0

EBITDA

	2025	2024
Income after depreciation/amortization	-8.1	-55.6
Depreciation/amortization for the year	53.8	56.2
EBITDA	45.7	0.6

WORKING CAPITAL

	2025	2024
Current assets	622.8	692.4
Less cash and cash equivalents	-17.0	-16.5
Less short-term non-interest-bearing liabilities	-212.2	-246.5
Working capital on balance-sheet date	393.6	429.4
Working capital in relation to total assets (%)	39.2	38.6

NET DEBT

	2025	2024
Non-current interest-bearing liabilities	14.5	72.3
Short-term interest-bearing liabilities	193.7	166.6
Lease liability according to the IFRS 16 definition	48.6	62.6
Less cash and cash equivalents	-17.0	-16.5
Net debt (-net cash)	239.8	285.1
Net debt in relation to total assets (%)	23.9	25.6

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT

MSEK	Note	2025	2024
Operating income			
Net sales	2, 3	302.0	323.5
Other operating income	4	59.0	84.6
Total		361.0	408.1
Operating expenses			
Raw materials and consumables		-187.6	-206.8
Other external expenses	6	-73.8	-82.9
Personnel expenses	5	-71.8	-78.8
Depreciation/amortization of tangible and intangible assets	11, 12	-4.1	-5.2
Total operating expenses		-337.3	-373.7
EBIT		23.7	34.4
Profit/loss from participations in Group companies	22	18.5	1.8
Net interest income and similar items	8	16.7	22.6
Net interest expenses and similar items	8	-12.0	-10.3
Total profit from financial items		23.2	14.1
Profit before tax		46.9	48.5
Appropriations	23	-70.5	-122.6
Tax on net income for the year	9	9.0	17.3
Net income for the year		-14.6	-56.8

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 lower demand during the year.

Net sales amounted to MSEK 302.0 (323.5). Internal sales to other Group companies amounted to MSEK 40.6 (46.9). Other operating income primarily comprised internally sold services to other Swedish companies in the Group.

EBIT

EBIT amounted to MSEK 23.7 (34.4), corresponding to an EBIT margin of 7.8% (10.6).

Slightly lower sales for the year and costs for ongoing ERP

projects, under which GARO is updating its ERP system, were the main reasons for the lower EBIT for 2025. Excluding costs for ongoing ERP projects, expenses in relation to net sales were somewhat higher compared with last year. This was due to sales and marketing activities during the year.

INCOME AFTER FINANCIAL ITEMS

Income after financial items amounted to MSEK 46.9 (48.5), corresponding to a profit margin of 15.5% (15.0). Net financial items amounted to MSEK 23.2 (14.1). The Parent Company is responsible for and manages the Group's cash pool and financial structure.

TAX

Tax revenue amounted to MSEK 9.0 (17.3). Loss after tax was MSEK -14.6 (-56.8).

SUMMARY OF THE PARENT COMPANY’S FINANCIAL PERFORMANCE

MSEK	2025	2024	2023	2022	2021
Net sales	302.0	323.5	354.8	498.4	481.7
EBITDA	27.8	39.6	47.2	89.7	76.0
EBIT	23.7	34.4	40.4	78.6	63.4
EBIT margin, %	7.8	10.6	11.4	15.8	13.2
Total assets	643.6	688.0	638.6	630.9	608.6
Equity ratio, %	46.3	45.2	53.8	61.6	59.5
Return on equity, %	-4.9	-18.2	5.2	24.2	27.1
Average number of employees	71	86	97	123	120



PARENT COMPANY BALANCE SHEET

MSEK	Note	Dec 31, 2025	Dec 31, 2024
Assets			
Fixed assets			
Intangible assets			
Capitalized development expenditure	11	1.3	2.7
Development projects in progress	11	2.0	0.3
Total intangible assets		3.3	3.0
Tangible assets			
Lands and buildings	12	8.8	10.1
Plant and machinery	12	0.3	0.3
Equipment, tools, fixtures and fittings	12	2.5	3.8
Construction in progress and advance payments for tangible assets	12	8.8	4.4
Total tangible assets		20.4	18.6
Financial assets			
Participations in Group companies	10	101.2	102.6
Receivables from Group companies		61.9	76.8
Deferred tax assets		26.1	17.1
Total financial assets		189.2	196.5
Total fixed assets		212.9	218.1
Current assets			
Inventories			
Raw materials and consumables		10.6	8.0
Products in progress		0.4	0
Finished goods and goods for resale		14.3	18.0
Total inventories		25.3	26.0
Current receivables			
Accounts receivable	13, 14	64.4	67.9
Receivables from Group companies		325.3	372.6
Other current receivables		12.1	4.1
Prepaid expenses and accrued income		5.1	3.4
Total current receivables		406.9	448.0
Cash and cash equivalents	14, 15, 18	0	0
Total current assets		432.2	474.0
Total assets		645.1	692.1

COMMENTS ON THE BALANCE SHEET

TOTAL ASSETS

GARO AB's total assets decreased MSEK 47.0 (6.7%) during the year from MSEK 692.1 last year to MSEK 645.1, which was mainly due to a change in receivables and liabilities from subsidiaries in the Group. In 2025, participations in subsidiaries were impaired by MSEK 1.4 (1.4).

WORKING CAPITAL

Working capital declined MSEK 32.5 (12%) during the year from MSEK 271.5 last year to MSEK 239.0. In relation to net sales, working capital declined from 83.9% to 79.1%.

RETURN

Return on equity amounted to -4.9% (-18.2), with the Parent Company paying MSEK 70.5 in Group contributions (122.6) in 2025.

PARENT COMPANY BALANCE SHEET, CONT.

MSEK	Note	Dec 31, 2025	Dec 31, 2024
Equity and liabilities			
Equity			
Restricted equity			
Share capital	16	20.0	20.0
Fund for internal development expenses		3.2	2.2
Statutory reserve		2.6	2.6
Total restricted equity		25.8	24.8
Non-restricted equity			
Retained earnings		287.0	343.3
Net income for the year		-14.6	-56.8
Total non-restricted equity		272.4	286.5
Total equity		298.2	311.3
LIABILITIES			
Provisions			
Other provisions		1.0	1.0
Provision for deferred tax	17	0	0.1
Total provisions		1.0	1.1
Long-term liabilities			
Other liabilities to credit institutions	18	9.7	14.5
Total long-term liabilities		9.7	14.5
Short-term liabilities			
Liabilities to credit institutions	14, 18	143.1	162.7
Accounts payable		27.1	26.8
Liabilities to Group companies		141.7	145.5
Current tax liabilities		0	0
Other short-term liabilities		6.9	9.5
Accrued expenses and deferred income	19	17.5	20.7
Total short-term liabilities		336.2	365.2
Total liabilities		346.9	379.7
Total liabilities and equity		645.1	692.1

COMMENTS ON THE BALANCE SHEET

EQUITY RATIO

Equity on December 31, 2025 amounted to MSEK 298.2 (311.3). The 2025 dividend amounted to MSEK 0 (0).

The equity ratio amounted to 46.2% (45.0) at year-end.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities amounted to MSEK 152.9 (177.2) at the end of the fiscal year. MEUR 2.5 of the available overdraft

facility was repaid in July 2025, which was the effect of cash flow improving over time. GARO AB's net debt, defined as interest-bearing liabilities less cash and cash equivalents and current investments, amounted to MSEK 152.9 (177.2) since the company lent capital within the Group during the year.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

MSEK	Note	Restricted equity			Non-restricted equity		Total
		Share capital	Statutory reserve	Fund for internal development expenses	Other contributed capital	Retained earnings incl. net income for the year	
Opening balance at January 1, 2024		20.0	2.6	29.5	1.5	314.5	368.1
Net income for the year and comprehensive income 2024		0	0	0		-56.8	-56.8
Total comprehensive income		0	0	0		-56.8	-56.8
Change in fund for internal development expenses		0	0	-27.3		27.3	0
Dividend according to Annual General Meeting resolution		0	0	0		0	0
Total contributions from and value transfers to shareholders, recognized directly in equity		0	0	0		0	0
Closing balance at December 31, 2024		20.0	2.6	2.2	1.5	285.0	311.3
Opening balance at January 1, 2025		20.0	2.6	2.2	1.5	285.0	311.3
Net income for the year and comprehensive income 2025						-14.6	-14.6
Total comprehensive income						-14.6	-14.6
Change in fund for internal development expenses			0	1.0		-1.0	0
Warrant liquidity received					1.5		1.5
Dividend according to Annual General Meeting resolution		0	0	0	0	0	0
Total contributions from and value transfers to shareholders, recognized directly in equity		0	0	0	1.5	0	1.5
Closing balance at December 31, 2025		20.0	2.6	3.2	3.0	269.4	298.2

PARENT COMPANY CASH-FLOW STATEMENT

MSEK	Note	2025	2024
Cash flow from operating activities			
EBIT		23.7	34.4
Adjustment for non-cash items			
Depreciation	11, 12	4.1	5.2
Other		-3.4	0
Dividends received	22	19.9	3.2
Interest received and similar items	8	16.7	22.6
Interest paid and similar items	8	-6.8	-10.3
Income tax paid	9	-6.1	0.2
Cash flow from operating activities before changes in working capital		48.1	55.3
Change in inventories		0.7	4.8
Change in accounts receivable	13	3.5	2.3
Change in other current receivables		-12.3	1.1
Change in intra-Group accounts receivable and accounts payable		43.5	16.9
Change in accounts payable		0.3	-8.2
Change in other current operating liabilities		0.8	-14.3
Total change in working capital		36.5	2.6
Cash flow from operating activities		84.6	69.8
Cash flow from investing activities			
Investments in intangible assets	11	-1.8	-0.7
Investments in tangible assets	12	-4.6	-4.6
Assets sold	12	0	28.3
Investments in subsidiaries		0	-20.0
Acquisition of other financial assets		14.9	0
Cash flow from investing activities		8.5	3.0
Cash flow from financing activities			
Amortization of loans		-4.9	-4.6
Changes in overdraft facilities		-19.2	
Borrowings		0	66.3
Group contributions paid/received	23	-70.5	-122.6
Dividend paid		0	0
Warrant liquidity received		1.5	
Cash flow from financing activities		-93.1	-60.9
Decrease/increase in cash and cash equivalents			
Net cash flow for the year		0	0
Cash and cash equivalents at beginning of the year		0	0
Cash and cash equivalents at end of the year		0	0

INVESTMENTS

GARO AB's investments in tangible assets amounted to MSEK 4.6 (4.6). Investments in intangible assets for the year amounted to MSEK 1.8 (0.7). Parts of the Group's development department is found in the Parent Company, and the company makes regular investments in product development.

CASH FLOW

Cash flow from operating activities amounted to MSEK 84.6 (69.8). The reason for the difference was a lower working capital requirement compared with 2024 that was attributable to internal transactions with the subsidiaries. GARO AB paid a Group contribution of MSEK 70.5 (122.6) in 2025.

Dividends to shareholders during the year amounted to MSEK 0 (0). Cash flow for the year amounted to MSEK 0 (0).

Notes

Parent Company

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 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 the Swedish Corporate Reporting Board's recommendation RFR 2 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.

The Parent Company's operations are exposed to a variety of different financial risks: market risk, currency risk, interest-rate risk, credit risk and liquidity risk. The Parent Company's risk management policy includes a focus on such aspects as 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 in the sections below.

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

	2025	2024
Nordic region	291.3	310.6
Europe excl. Nordic region	10.7	12.9
Total	302.0	323.5

NOTE 4. OTHER OPERATING INCOME

	2025	2024
Capitalized own work	0.7	3.1
Lease of personnel and administrative service	56.6	81.3
Other	1.7	0.2
Total	59.0	84.6

NOTE 5. REMUNERATION OF EMPLOYEES, ETC.

	2025		2024	
	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	8.6 (0)	4.4 (1.7)	7.9 (0)	4.1 (1.6)
Other employees	46.8 (0)	23.2 (5.5)	43.6 (0)	21.3 (4.7)
Total	55.4 (0)	27.6 (7.2)	51.5 (0)	25.4 (6.3)

AVERAGE NUMBER OF EMPLOYEES

	2025			2024		
	Average no. of employees	Of whom, women	%	Average no. of employees	Of whom, women	%
Sweden	71	21	30%	86	24	28%
Total	71	21	30%	86	24	28%

GENDER DISTRIBUTION OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2025		2024	
	No. on balance-sheet date	Of whom, women	No. on balance-sheet date	Of whom, women
Board members	8	2	8	3
CEO and other senior executives	3	1	5	1
Total	11	3	13	4

Remuneration of senior executives is described in note G7 in the consolidated financial statements and on pages 65–68.

NOTE 6. REMUNERATION OF AUDITORS

	2025	2024
Ernst & Young		
– Audit assignment	1.2	1.0
– Auditing activities in addition to audit assignment	0.3	0.6
- Tax assignments	0.1	0.1
Total	1.6	1.7

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	2025	2024
Within 1 year	8.3	8.8
Between 1 and 5 years	25.7	27.2
More than 5 years	0	5.0
Total	34.0	41.0

Expensed lease payments for the period amounted to MSEK 9.9 (10.6).

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

Financial income	2025	2024
Assets and liabilities measured at fair value through profit or loss:		
Net gain derivatives	0	0
Total financial income for items measured at fair value through profit or loss	0	0
Assets and liabilities measured at amortized cost:		
Interest income from accounts receivable	0.3	0
Interest income other financial income	16.4	22.6
Total interest income according to effective interest method	16.7	22.6
Exchange-rate differences – income, financial items	0	0
Total	0	0
Total financial income	16.7	22.6

Financial expenses	2025	2024
Assets and liabilities measured at fair value through profit or loss:		
Net loss derivatives	0	0
Total financial expenses for items measured at fair value through profit or loss	0	0
Assets and liabilities measured at amortized cost:		
Interest expenses loans	-6.6	-9.7
Interest expenses, other financial liabilities	-0.1	-0.6
Total interest expenses according to effective interest method	-6.7	-10.3
Exchange-rate differences – expenses, financial items	-5.3	0
Total	0	0
Total financial expenses	-12.0	-10.3

NOTE 9. TAX ON NET INCOME FOR THE YEAR

	2025	2024
Recognized tax in profit or loss		
Current tax on net income for the year	0	0
Changes in deferred tax (Note PC17)	9.0	17.3
Total recognized tax	9.0	17.3

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:

	2025	2024
Profit before tax	-23.6	-74.1
Income tax calculated according to tax rate in Sweden (20.6%)	4.8	15.3
Tax effects of:		
Non-taxable dividends	4.1	0.7
Non-deductible expenses	-0.5	-0.9
Non-recognized expenses	0.6	2.2
Total recognized tax	9.0	17.3
Effective tax rate (%)	n/a	n/a

NOTE 10. HOLDINGS AND INVESTMENTS IN SUBSIDIARIES

	2025	2024
Opening cost	102.6	84.0
Investments in subsidiaries	0	20.0
Impairment of shares in subsidiaries	-1.4	-1.4
Closing accumulated cost	101.2	102.6
Closing carrying amount	101.2	102.6

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

In 2024, the company paid a shareholder contribution of MSEK 20.0 to the wholly owned subsidiary GARO E-mobility AB.

Name	Corp. Reg. No.	Registered office and country of registration and operation	No. of shares	Share of common shares directly owned by Parent Company (%)	Share of common shares owned by non-controlling interest (%)	Carrying amount 2025	Carrying amount 2024
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 Efflex 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	24.5	25.9
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	40.0	40.0
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	4.6
EV Charge Partner Sweden AB	556980-5384	Gnosjö, Sweden	1,000	80	20	8.4	8.4
Total						101.2	102.6

NOTE 11. INTANGIBLE ASSETS

	Capitalized development expenditure	Development projects in progress	Goodwill	Total
At January 1, 2024				
Cost	31.4	28.2	1.9	61.5
Accumulated amortization	-28.6	0	-1.9	-30.5
Carrying amount	2.8	28.2	0	31.0
2024 fiscal year				
Opening carrying amount	2.8	28.2	0	31.0
Divestments and disposals	-	-	-	-
Purchases/capitalized expenses	0	8.1	0	8.1
Reclassifications/internal sales	0	-34.5	0	-34.5
Amortization	-0.1	-1.5	0	-1.6
Closing carrying amount	2.7	0.3	0	3.0
At December 31, 2024				
Cost	31.4	1.8	1.9	35.1
Accumulated amortization	-28.7	-1.5	-1.9	-32.1
Carrying amount	2.7	0.3	0	3.0
2025 fiscal year				
Opening carrying amount	2.7	0.3	0	3.0
Purchases/capitalized expenses	0	1.7	0	1.7
Reclassifications/internal sales	-	-	-	-
Divestments and disposals	-5.4	0	0	-5.4
Resolution of amortization due to divestments	5.4	0	0	5.4
Amortization	-1.4	0	0	-1.4
Closing carrying amount	1.3	2.0	0	3.3
At December 31, 2025				
Cost	26.0	3.5	1.9	31.4
Accumulated amortization	-24.7	-1.5	-1.9	-28.1
Carrying amount	1.3	2.0	0	3.3

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, 2024					
Cost	58.2	20.8	53.0	1.4	133.4
Accumulated depreciation	-46.9	-20.4	-47.2	0	-114.5
Carrying amount	11.3	0.4	5.8	1.4	18.9
2024 fiscal year					
Opening carrying amount	11.3	0.4	5.8	1.4	18.9
Purchases	0	0	0	4.6	4.6
Reclassifications/internal transfers	0	0	1.1	-1.6	-0.5
Divestments and disposals	0	0	-1.9	0	-1.9
Depreciation	-1.2	-0.1	-2.3	0	-3.6
Resolution of depreciation due to divestments/disposals/internal transfers	0	0	1.1	0	1.1
Closing carrying amount	10.1	0.3	3.8	4.4	18.6
At December 31, 2024					
Cost	58.2	20.8	52.2	4.4	135.6
Accumulated depreciation	-48.1	-20.5	-48.4	-	-117.0
Carrying amount	10.1	0.3	3.8	4.4	18.6
2025 fiscal year					
Opening carrying amount	10.1	0.3	3.8	4.4	18.6
Purchases	0	0	0	4.5	4.5
Reclassifications/internal transfers	0	0	0.1	-0.1	0
Divestments and disposals	0	-13.4	-7.5	0	-20.9
Depreciation	-1.3	0	-1.4	0	-2.7
Resolution of depreciation due to divestments/disposals/internal transfers	0	13.4	7.5	0	20.9
Closing carrying amount	8.8	0.3	2.5	8.8	20.4
At December 31, 2025					
Cost	58.1	7.4	44.8	8.8	119.1
Accumulated depreciation	-49.3	-7.1	-42.3	0	-98.7
Carrying amount	8.8	0.3	2.5	8.8	20.4

NOTE 13. ACCOUNTS RECEIVABLE

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

	2025	2024
Accounts receivable	65.2	68.7
Loss allowance	-0.8	-0.8
Accounts receivable – net	64.4	67.9

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

At December 31, 2025, accounts receivable of MSEK 10.1 (7.5) 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:

	2025	2024
Within 1–30 days	9.4	6.7
Between 31 and 60 days	0	0
More than 61 days	0.7	0.8
Total past due accounts receivable	10.1	7.5

Change in loss allowance, simplified approach

	2025	2024
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, 2025

2025 fiscal year	Financial assets measured at cost	Financial liabilities measured at cost	Total carrying amount
Accounts receivable	64.4	-	64.4
Receivables from Group companies	325.3	-	325.3
Other current receivables	15.7	-	15.7
Cash and cash equivalents	0	-	0
Total	405.4	-	405.4
Financial liabilities			
Accounts payable		27.1	27.1
Liabilities to Group companies		141.7	141.7
Derivative instruments		-	-
Other short-term liabilities		5.3	5.3
Total		174.1	174.1

MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT DEC 31, 2024

2024 fiscal year	Financial assets measured at cost	Financial liabilities measured at cost	Total carrying amount
Accounts receivable	67.9	-	67.9
Receivables from Group companies	372.6	-	372.6
Other current receivables	3.4	-	3.4
Cash and cash equivalents	0	-	0
Total	443.9	-	443.9
Financial liabilities			
Accounts payable	-	26.8	26.8
Liabilities to Group companies	-	145.5	145.5
Derivative instruments	-	-	-
Other short-term liabilities	-	1.3	1.3
Total	-	173.6	173.6

NOTE 15. CASH AND BANK BALANCES

	2025	2024
Bank balances	0	0
Total	0	0

NOTE 16. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital at December 31, 2025 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 2025 AGM, a resolution was passed to carry out two directed share issues of a total of 900,000 warrants for senior executives. For more information, see Note G22.

NOTE 17. PROVISION FOR DEFERRED TAX

Deferred tax assets and liabilities are distributed as follows:

	2025	2024
Deferred tax assets		
– Deferred tax assets attributable to temporary differences in buildings and land improvements	0.1	-
– deferred tax assets attributable to temporary differences in loss carry-forwards	26.0	17.1
Deferred tax liabilities		
– deferred tax liabilities attributable to temporary differences in buildings and land improvements	0	-0.1
– deferred tax liabilities attributable to temporary differences in derivative instruments	0	0
Deferred tax assets (net)	26.1	17.0

NOTE 18. BORROWINGS

	2025	2024
Long-term		
Liabilities to credit institutions	9.7	14.5
Total long-term borrowings	9.7	14.5
Short-term		
Liabilities to credit institutions	3.0	3.0
Utilized overdraft facilities	140.1	159.7
Total short-term borrowings	143.1	162.7
Total borrowings Parent Company	152.8	177.2

LIABILITIES TO CREDIT INSTITUTIONS

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

The bank loans have a tenor until 2027 and 2029, and bear average interest for 2025 of 3.0% per year (4.6). As of December 31, 2025, MSEK 140.1 (159.7) of the overdraft facility had been utilized.

MEUR 2.5 of the available overdraft facility was repaid in July 2025, which was the effect of cash flow improving over time. In connection with this, GARO's covenants with the bank ended as of June 30, 2025.

OVERDRAFT FACILITIES

The Parent Company has granted overdraft facilities of MSEK 190 that are extended every year.

NOTE 19. ACCRUED EXPENSES AND DEFERRED INCOME

	2025	2024
Accrued payroll costs	6.3	8.3
Accrued social security contributions	3.4	4.1
Volume discount to customers	4.9	5.5
Other items	2.9	2.8
Total	17.5	20.7

NOTE 20. PLEDGED ASSETS

	2025	2024
Property mortgages	26.0	26.0
Chattel mortgages	66.0	66.0
Total	92.0	92.0

Assets pledged for liabilities to credit institutions

NOTE 21. CONTINGENT LIABILITIES

	2025	2024
Guarantee commitments for the benefit of subsidiaries	53.4	60.4
Total	53.4	60.4

NOTE 22. PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

	2025	2024
Dividends	19.9	3.2
Impairment	-1.4	-1.4
Total	18.5	1.8

NOTE 23. APPROPRIATIONS

	2025	2024
Group contributions received	0	7.4
Group contributions made	-70.5	-130.0
Total	-70.5	-122.6

NOTE 24. RELATED PARTIES

The following transactions took place with related parties:

PURCHASES AND SALES TO SUBSIDIARIES

13% (14) of the Parent Company's sales comprise sales to Group companies, and 59% (66) 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. There were no related party transactions in 2025 and 2024 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

The current macroeconomic situation and geopolitical turmoil are leading to uncertainty that is making it difficult to predict how demand and the cost base will be impacted. Neither the conflict in the Middle East nor the tariffs announced by the US are, at the time of writing, are expected to have a noticeable impact on GARO, which does not do business in these countries.

NOTE 26. PROPOSED APPROPRIATION OF PROFIT

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

Retained earnings	286,906,121
Net income for the year	-14,603,075
Total	272,303,046

The Board of Directors proposes that no dividend be paid for 2025 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 13, 2026.

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.

The content of the Annual Report was completed on April 2, 2026. The Annual Report was signed by all on April 8, 2026.

AXEL BARNEKOW WIDMARK
Chairman

KRISTINE LINDBERG
Board member

MARTIN ALTHÉN
Board member

JOHAN PAULSSON
Board member

LARS KONGSTAD
Board member

RICKARD BLOMQVIST
Board member

MY BÄCK
Employee representative

JONAS LOHTANDER
Employee representative

JOSEPH REE
CEO

Our audit report was submitted on April 14, 2026
Ernst & Young AB

CAROLINA TIMÉN
Authorized Public Accountant

Auditor's 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 2025. The annual accounts and consolidated accounts of the company are included on pages 44-95 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 2025 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 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, 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

The Group's report on financial position as of 31/12/2025 shows that the carrying amount of inventories amounts to MSEK 315. In the industries in which the Group operates, the product development rate and innovation driving force are high. This means that the management and the Board of Directors must evaluate and assess on an ongoing basis how the company's products should be valued taking into account market demand. The high rate of production development, combined with the size of the inventory, and the fact that the management and the Board of Directors make estimates and assessments of the obsolescence of the inventory, means that obsolescence is assessed as being a particularly important area in our audit. Note 2.11, note 4 and note 16 describe, among other things, valuation and risks associated with inventories.

How our audit addressed this key audit matter

In our audit, we have reviewed the assessment of obsolescence in 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 in 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 board minutes and discussions with management on the development of new products. We have reviewed the information provided in the financial statement.

VALUATION OF GOODWILL AND SHARES IN GROUP COMPANIES

Description

As of 31/12/2025 the carrying amount of goodwill amounts to MSEK 46 in the Group's financial position, which corresponds to 5% of total assets. Participations in Group companies are reported in the parent company's balance sheet at MSEK 101, which corresponds to 16% of total assets. GARO examines annually, and if there is an indication of a decline in value, that the carrying amount does not exceed the estimated recoverable value. The recoverable value is determined for each cash-generating unit through a present value calculation of future cash flows. Future cash flows are based on management's business plans and forecasts and include a number of assumptions including earnings development, growth, investment needs and discount rates. For shares in Group companies, the recoverable value is determined as the higher of fair value and value in use.

Changed assessments of the assumptions made by management for calculating the recoverable value and the assumptions applied by the company are therefore of great importance for the assessment of whether there is a need for impairment. We have therefore assessed that the recognition of goodwill and participations in Group companies are a particularly important area in the audit. A description of the impairment test is given in Note 14 and Note 4.

How our audit addressed this key audit matter

In our audit, we have evaluated and tested the company's process for establishing impairment tests, including by evaluating previous years' accuracy in forecasts and assumptions. With the help of our valuation specialists, we have tested the chosen discount rate and assumptions about long-term growth, and reviewed the company's model and method for conducting impairment tests. The company's sensitivity analysis has been evaluated. We have reviewed the additional information provided in the annual report.

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 1-43 and 101-117. 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 Accounting Standards 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.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 2025 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 2025.

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 14 May 2025 and has been the company's auditor since the 4 May 2017.

Jönköping 14 April, 2026
Ernst & Young AB

Carolina Timén
Authorized Public Accountant



EU Taxonomy Regulation

GARO's 2025 Taxonomy report encompasses all of the companies in the Group in which GARO AB has operational control, meaning where the Group has a majority holding.

The primary target audience for the reporting is investors, shareholders and other financial stakeholders. The report is also used as an internal governance and monitoring tool to ensure transparency and business strategy alignment with the EU Taxonomy Regulation and future CSRD and ESRS requirements.

The Taxonomy report has been structured to focus on the most relevant parts for GARO's operations and its stakeholders in order to provide a cohesive and comparable view of the Group's impact, strategies and work methods in the area of sustainability. The report encompasses both the ecological and social dimensions of GARO's impacts, including resource efficiency, energy consumption and long-term supply of expertise.

DATA COLLECTION AND QUALITY ASSURANCE

All data in the Taxonomy report has been collected from each company through BI reports, IT and financial systems and supplementary manual controls to ensure data quality, traceability and consistency over time. The Celsia support system was selected in 2025 to ensure compliance with the EU Taxonomy and ESRS requirements. Sustainability activities are to support GARO in managing the increasing material and energy needs, climate risks and skills supply. This is essential for the Group's long-term competitiveness. The Head of Sustainability has the overall responsibility for the quality assurance and preparation of the reporting, in close cooperation with the finance and business development functions.

BACKGROUND INFORMATION

The EU Taxonomy is a regulation on a classification system that was introduced in 2020 and is successively being applied from January 1, 2022. The regulations have since been gradually extended to cover all six defined environmental objectives as of 2023. The Taxonomy is a key element of the EU Action Plan on Sustainable Finance 2018 and the EU Green Deal, which aim to direct capital flows towards sustainable investments and increase transparency on companies' contribution to the green transition.

The Taxonomy requires companies to report the proportion of their turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with economic activities that make a substantial contribution to one or more of the six environmental objectives, while doing no significant harm (DNSH) to any other objective.

The six EU environmental objectives under the taxonomy are:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

GARO'S TAXONOMY REPORTING 2025

Similar to last year, GARO's economic activities have been assessed in relation to all six environmental objectives according to the applicable delegated acts and technical screening criteria. The assessment is based on the extended reporting obligation that was introduced in 2023 and the methodology established in previous years' reports.

The Taxonomy category 3.20 – Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution – continued to be applied to a significant part of GARO's operations in 2025. This provides continuity and comparability over time and reflects the activity's actual contribution to sustainable electricity distribution systems.

The technical screening criteria (TSC) are set out in secondary legislation through Delegated Acts and are used to determine whether an activity meets the requirements for making a substantial contribution and determining DNSH.

GARO'S CONTRIBUTION TO SUSTAINABLE SOCIETY

GARO's operations are directly associated with several of the environmental objectives in the Taxonomy, primarily through products and solutions that enable electrification and energy efficiency. The Group develops and manufactures charging infrastructure for electric vehicles, energy-efficient distribution cabinets and electricity distribution systems and other products for the electrified society.

The application of taxonomy categories 3.20, 3.6 (Manufacture of other low carbon technologies) and 3.5 (Manufacture of energy efficiency equipment for building) provides a comprehensive and more accurate overview of GARO's contribution to the transition. At the same time, efforts were intensified to ensure that the entire value chain, from suppliers to end-customers, adheres to the EU Taxonomy's DNSH criteria and social minimum safeguards.

At the same time, GARO is intensifying its efforts to ensure that the entire value chain, from suppliers to end-customers,

adheres to sustainable principles in line with the EU DNSH criteria and social responsibility requirements. This work is expected to be further enhanced in 2026, with a greater focus on life cycle assessments (LCA) and environmental product declarations (EPD), which will be increasingly prominent in market and reporting requirements.

REPORTING PRINCIPLES

SCOPE AND KPIS

The Taxonomy reporting includes companies in which GARO has control. Non-financial undertakings are to report three KPIs under the EU Taxonomy: **turnover, capital expenditure (CapEx) and operating expenditure (OpEx)**.

CLASSIFICATION AND ASSESSMENT

GARO's activities have been analyzed according to the EU classification methodology:

1. **Eligible** – Taxonomy-eligible economic activity.
2. **Aligned** – Activities meeting the technical screening criteria.

TURNOVER

Turnover includes Taxonomy-eligible product groups and services and is assessed at product group level. All companies report external turnover in order to avoid double counting. Turnover is determined according to the financial reporting (see Note G6).

CAPITAL EXPENDITURE (CAPEX)

CapEx includes investments in tangible and intangible assets directly associated with Taxonomy-eligible product (see Notes G10, 13, 14, 15). Other investments, such as office buildings and IT security, are excluded in accordance with the precautionary principle. Business combinations are assessed based on the purpose of the investment and the acquired companies' activities. Leases are classified based on the distribution of turnover.

OPERATING EXPENDITURE (OPEX)

OpEx includes non-capitalized costs that relate to research and development, building renovation measures, maintenance and repair, machinery and equipment. The classification follows the same principles as for fixed assets.

DEVELOPMENT AND FUTURE ADJUSTMENTS

GARO is pursuing a long-term aim to increase the proportion of Taxonomy-eligible and Taxonomy-aligned activities. The work is taking place in stages and with a focus on business value, data quality and regulatory compliance.

GARO ELECTRIFICATION

The majority of the products in the GARO Electrification business area are Taxonomy-eligible. Large parts of the activity

are already classified under category 3.5 – Manufacture of energy efficiency equipment for buildings, including:

- Presence and daylight control systems for lighting systems, for example, KNX and astrour.
- Energy-efficient systems for property automation and equipment for operations such as energy meters and engine heaters with user, time and temperature controls.
- Zone thermostat and solutions for smart surveillance of electric loads and cooling requirements including consumer units, combination units and switchboards.

EXPANDED TAXONOMY CLASSIFICATION 2025

The application of Taxonomy category 3.20 continues to have a significant impact on GARO's Taxonomy figures and includes

- Electricity distribution: switchgears, consumer units, combination switchboards, meter boards and switchboards.
- Control and infrastructure: KNX control and cable cabinets.

This classification enhances transparency and clarifies GARO's contribution to energy-efficient electricity distribution in line with the EU's climate targets.

TAXONOMY-NON-ELIGIBLE ACTIVITIES IN GARO ELECTRIFICATION

Some activities in the business area are not eligible under the Taxonomy and are reported in **column B of Tables 1, 2 and 3**. These activities have the following NACE:

- **46.6** – Wholesale of other machinery, equipment and supplies
- **46.691** – Wholesale of measuring and precision instruments
- **46.434** – Wholesale of electrical equipment

GARO E-MOBILITY

GARO E-mobility applied Taxonomy category 3.20 in 2025. The classification reflects the Group's contribution to the electrification of the transportation sector through charging stations and related infrastructure and results in a higher proportion of Taxonomy-aligned activities compared with the previous application of categories 3.5 and 3.6.

KPIS

	Proportion of taxonomy-eligible economic activities		Proportion of not taxonomy-eligible economic activities	
	2025	2024	2025	2024
Turnover	82%	82%	18%	18%
CapEx	100%	100%	0%	0%
OpEx	98%	98%	2%	2%



TABLE 1: PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2025

GARO GROUP	Year		Substantial Contribution Criteria**							DNSH criteria (Do No Significant Harm)**							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, 2024 (18)		Category enabling activity (19)		Category transitional activity (20)	
	Code* (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	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)	%	E	T			
	MSEK	%		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T				
				N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							
A. Taxonomy-eligible activities																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	112	11%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	12%	E					
Manufacture of energy efficiency equipment for buildings	CCM 3.5, 3.6	534	51%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	34%	E					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		647	62%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	46%	E					
Of which enabling		647	62%													46%						
Of which transitional		0	0%													0%						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	177	17%	N	N	N/EL	N/EL	N/EL	N/EL						Y	33%	E					
Manufacture of energy efficiency equipment for buildings	CCM 3.5, 3.6	2	0%													0%	E					
Construction of new buildings	CCM 7.1	35	3%	N	N	N/EL	N/EL	N/EL	N/EL						Y	3%	E					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		214	20%													36%						
Total (A.1+A.2)		861	82%													82%						
B. Taxonomy-non-eligible activities																						
Turnover of Taxonomy-non-eligible activities (B)		184	18%													18%						
Total (A+B)		1,045	100%													100%						

82% of GARO Group is Taxonomy-eligible (A), of which the Taxonomy-aligned proportion is 62% (A1). Accordingly, GARO Group 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 turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	62%	62%+20%=82%
CCA		
WTR		
CE		
PPC		
BIO		

TABLE 2: PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2025

	Year		Substantial Contribution Criteria**							DNSH criteria (Do No Significant Harm)**							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2024 (18)		Category enabling activity (19)	Category transitional activity (20)
	Code* (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	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)	%	E	T	
GARO GROUP		MSEK	%	Y/N	Y/N	Y/N	Y/N	Y/N	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, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	0	0%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	51%	E			
Manufacture of other low carbon technologies	CCM 3.6, 3.5			Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y			E		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	9%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	CCM 3.20	6	50%	N	N	N/EL	N/EL	N/EL	N/EL						Y	49%	E			
Manufacture of energy efficiency equipment for buildings	CCM 3.6, 3.5			N	N	N/EL	N/EL	N/EL	N/EL						Y	0%	E			
Construction of new buildings	CCM 7.1	0	0.0%	N	N	N/EL	N/EL	N/EL	N/EL						Y	0%	E			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6	50%													49%				
Total (A.1+A.2)		6	50%													58%				
B. Taxonomy-non-eligible activities																				
CapEx of Taxonomy-non-eligible activities (B)		6	50%																0%	
Total (A+B)		12	100%													100%				

50% of GARO Group’s CapEx is Taxonomy-eligible (A), of which the Taxonomy-aligned proportion is 0% (A1). Accordingly, GARO Group 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	0%	50%=50%
CCA		
WTR		
CE		
PPC		
BIO		

TABLE 3: PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2025

GARO GROUP	Year		Substantial Contribution Criteria **							DNSH criteria (Do No Significant Harm) **							Category (transitional activity (20) or enabling activity (19))		
	Code * (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	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, 2024 (18)	E	T
	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 N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	%			
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	23	41%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	21%	E		
Manufacture of other low carbon technologies	CCM 3.5, 3.6			Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y		E		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		23	41%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	21%	E		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	25	43%	N	N	N/EL	N/EL	N/EL	N/EL						Y	73%	E		
Manufacture of other low carbon technologies	CCM 3.5, 3.6			N	N	N/EL	N/EL	N/EL	N/EL						Y		E		
Construction of new buildings	CCM 7.1	2	3%	N	N	N/EL	N/EL	N/EL	N/EL						Y	4%	E		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		26	46%													77%			
Total (A.1+A.2)		50	86%													98%			
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		8	14%														2%		
Total (A+B)		58	100%														100%		

86% of GARO Group’s OpEx is Taxonomy-eligible (A). Only a small proportion is Taxonomy-aligned, 41% (A.1). Accordingly, GARO Group 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 OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	41%	41+46=86%
CCA		
WTR		
CE		
PPC		
BIO		

Climate change adaptation

Climate change is affecting an increasing number of industries, and GARO is faced with the need to progressively strengthen its understanding and ability to adapt to new conditions. This work is in its early stages, and our focus since 2022 has been to identify where climate change could have the most impact on the operations and what actions are commercially feasible to prioritize.

For the first time, an average global temperature increase of more than 1.5°C was measured in 2024. This development increases the likelihood of tougher regulatory measures since the market and society have not been successful in reducing emissions at the rate needed to achieve the goals of the Paris Agreement. This means that companies' ability to adapt to a more climate-regulated business landscape may become more important.

Making informed decisions requires a continuous analysis of risks and opportunities associated with climate change, based on four key areas:

1. Environmental – impact on availability of raw materials, production conditions and energy consumption.
2. Social – work environment, recruitment and supply of skills.
3. Economic – costs for materials, energy and logistics.
4. Political – increased regulatory requirements and instruments in sustainability.

The analyses are based on the production facilities in Sweden (Gnosjö, Hillerstorp) and Poland (Szczecin), but it will also be increasingly important to include the supply chain and product use.

TRANSITION RISKS AND REGULATORY REQUIREMENTS

The EU's sustainability regulatory framework is evolving rapidly, and affects both business models and investments. Going forward, we need to deepen our understanding of:

- CSRD and ESRS – increased requirements for climate reporting and collecting data.
- EU Taxonomy – impact on classification of activities and financial reporting.
- Material and energy efficiency requirements – requirements that could affect product development and supply chains.

Increased regulation presents both challenges and opportunities. It is probable that additional policy instruments will be introduced as climate targets become increasingly difficult to achieve, which may involve both increased demands on businesses and accelerated demand for sustainable products and solutions.

PRIORITY ACTIONS

Given limited resources, GARO must ensure that the right actions are prioritized. It primarily involves:

- Further developing products and solutions that contribute to energy efficiency and electrification.
- Mapping the conditions in production and the supply chain to identify potential vulnerabilities.
- Developing internal processes to follow regulatory changes and ensure we are ready for new requirements.

RELATION TO THE CSRD, EU TAXONOMY AND SWEDISH ANNUAL ACCOUNTS ACT

GARO is subject to transitional provisions in the Sweden Annual Accounts Act (SFS 1995:1554) regarding sustainability reporting in accordance with the EU Corporate Sustainability Reporting Directive (CSRD). Under the current provisions, the requirements apply for the first time for fiscal years starting on or after January 1, 2027, which for GARO means reporting for the 2027 fiscal year with publication in 2028.

The EU Taxonomy is a directly applicable EU Regulation that requires disclosures on the proportion of activities that are aligned with the Taxonomy criteria. For companies subject to the CSRD, these disclosures will be integrated into sustainability reporting in the future in accordance with the European Sustainability Reporting Standards (ESRS). In 2025, the European Commission presented a proposal called the Omnibus package to simplify the regulations on sustainability reporting. The proposal includes changes to the companies that are subject to the reporting requirements, with one criterion that the company must have more than 1,000 employees. GARO has fewer than 1,000 employees and therefore, depending on the final outcome of the legislative process, may be subject to a lesser extent or potentially even not at all, to parts of the future reporting requirements.

In light of this, GARO is following developments of the regulatory framework. For the 2025 fiscal year, EU Taxonomy-related disclosures are presented in the Board of Directors' Report in accordance with the applicable regulatory framework and in line with the company's previous reporting.

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 2025 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.corporate-governanceboard.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 2025. Nor has GARO breached Nasdaq Stockholm’s Rulebook for Issuers or good practice on the stock market.

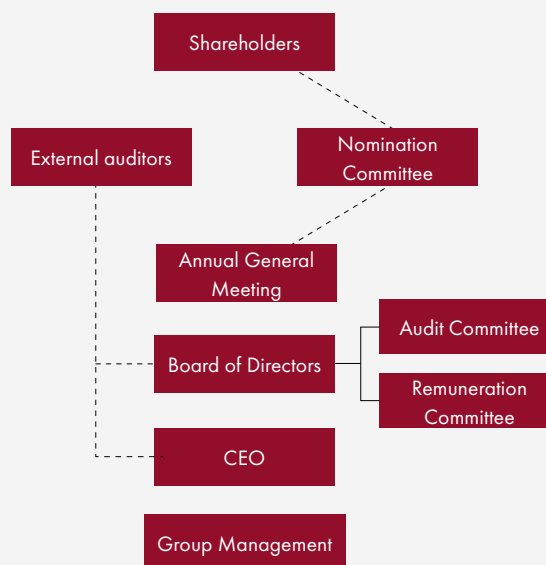
SHAREHOLDERS AND GENERAL MEETING

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 12,073 shareholders (14,302) at year-end. The largest single shareholder is Lars Svensson whose total ownership amounted to 35.7%. The largest shareholder last year was Lars Svensson (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 42–43 and to Note G22 in this Annual Report.



The illustration above provides a general description of corporate governance in GARO.

2025 ANNUAL GENERAL MEETING

At GARO’s Annual General Meeting on May 14, 2025, Rickard Blomqvist, Lars Kongstad, Martin Althén and Johan Paulsson were re-elected as Board members, and Kristine Lindberg and Axel Barnekow Widmark were elected as new Board members. Axel Barnekow Widmark was elected Chairman of the Board. The AGM resolved that Board fees would be unchanged and paid in a total amount of SEK 2,225,000, of which SEK 725,000 to the Chairman and SEK 300,000 to each of the other elected Board members who are not employed in the Group. 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 no dividend would be paid for the 2024 fiscal year.

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 2025 Annual General Meeting, with Carolina Timén as Auditor in Charge. The auditor from Ernst & Young participated in parts of the Audit Committee's meetings in 2025 and reported on the observations from the 2025 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 14, 2025, six Board members were elected, one woman and five men. IF Metall and Unionen also elected an employee representative each to be included in the Board. No represen-

BOARD OF DIRECTORS

AGM-elected Board	Elected	Born	Remuneration	Remuneration Audit Committee	Fee Remuneration Committee	No. of shares/ votes	Independent in relation to the shareholders	Independent in relation to the company	No. meetings attended
Axel Barnekow Widmark, Chairman	2025	1977	725,000	50,000	50,000	24,000	Yes	Yes	8/8
Rickard Blomqvist, Board member	2015	1971	300,000	50,000	25,000	2,971,750	No	Yes	11/11
Johan Paulsson, member	2021	1963	300,000	0	0	20,000	Yes	Yes	11/11
Lars Kongstad, member	2023	1963	300,000	100,000	0	90,000	Yes	Yes	11/11
Martin Althén, member	2021	1968	300,000	0	0	10,000	Yes	Yes	10/11
Kristine Lindberg, Board member	2025	1974	300,000	0	25,000	2,100	Yes	Yes	8/8
Jonas Lohtander, employee representative	2019	1974	0	0	0	453	Yes	No	11/11
My Bäck, employee representative	2023	1990	0	0	0	25	Yes	No	11/11
Total			2,225,000	200,000	100,000	3,118,328			

NOMINATION COMMITTEE FOR THE 2026 ANNUAL GENERAL MEETING

Nomination Committee member	Represents	Holdings/votes
Niklas Bogefors, Chairman	Lars Svensson	35.7%
Tomas Risbecker	Svalder AB	12.9%
Lars Kongstad	Volador AB	6.0%
Axel Barnekow Widmark (co-opted as Chairman of GARO)	Chairman	0%

tative 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 2025 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 2025 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.

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. Seven 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 2025 and the Chairman reported the results to the Board and the Nomination Committee.

In 2025, the Board held 10 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 six members 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 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 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 six members 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 109 presents the fees that are payable to the elected Board members for the period 2024–2025.

CEO AND GROUP MANAGEMENT

GARO's President and CEO and the 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. In addition to the CEO, Group Management consists of GARO's CFO, Chief HR Officer, CTO GARO Group, COO GARO Group and Country Manager Sweden.

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% 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 2025 AGM, a directed share issue of 900,000 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 2025, 225,000 warrants were subscribed. The subscription of shares using the warrants can take place in June 2028. 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 six months if employment is terminated by the company, and six months if employment is terminated by the employee. In addition, six months' severance pay has been agreed. 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. None of the other senior executives are entitled to receive 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 36-38 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 58, 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 14, 2026.

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 2025 on pages 108-113 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

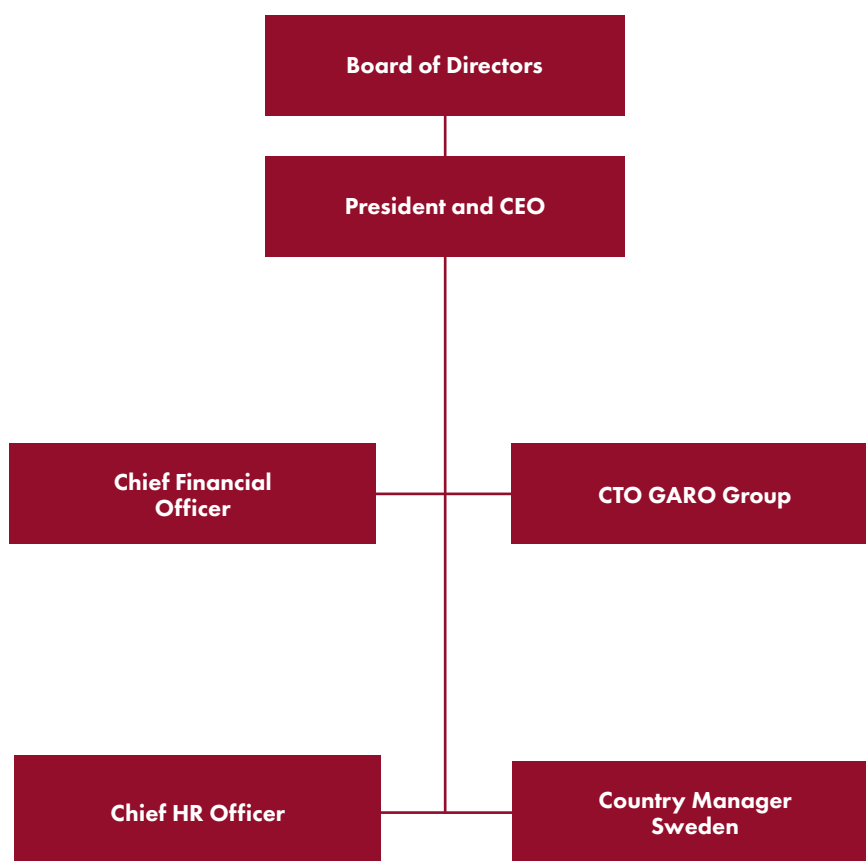
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Jönköping 14 April 2026
Ernst & Young AB

Carolina Timén
Authorized Public Accountant

Organization and structure

The GARO Group's Board of Directors comprises a total of eight people, including two employee representatives, under the management of Axel Barnekow Widmark, 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, the President and CEO leads Group Management, which comprises four people per April 2026. Group Management comprises the functions according to the organizational chart below.





Board of Directors

At January 1, 2026



AXEL BARNEKOW WIDMARK

Chairman since 2025

Born: 1977

Education and professional experience: Master of Science in Engineering Physics from the Royal Institute of Technology (KTH). Selected positions include: Reserve Officer in the Swedish Navy, various executive roles within ABB, and Executive Vice President of Service & Installation at NKT A/S.

Other ongoing assignments: -

Shareholdings: 24,000



RICKARD BLOMQVIST

Member since 2015

Chairman of the Board 2021-2025

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: 2,971,750 (privately and via company)



KRISTINE LINDBERG

Member since 2025

Born: 1974

Education and professional experience: Master of Science in Chemical Engineering from Lund Institute of Technology, along with studies in Economics at Lund University. Has held several senior positions at Swedish global industrial companies such as Nord-Lock Group and Alfa Laval. Currently CEO of Beijer Electronics AB.

Other ongoing assignments: -

Shareholdings: 2,100



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, and Volador AB. Vice Chairman of Malmö FF. Board member of Bergendahl & Son AB, Doxa AB och Aeternum Capital AS

Shareholdings: 90,000



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: 10,000



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:

Shareholdings: 20,000



MY BÄCK

Employee representative since 2023

Born: 1990

Education and professional experience: CNC education. Has worked at GARO since 2019.

Other ongoing assignments:

Shareholdings: 25



JONAS LOHTANDER

Employee representative since 2019

Born: 1974

Education and professional experience: 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: 453

Group Management

Per April 2, 2026



JOE REE

Interim President and CEO and Business Area Manager GARO

E-mobility.

Employed since 1989

Born: 1962

Education and professional experience: Chartered Accountant FCA and B Comerc degree, University College Dublin, Ireland. Various senior positions in EY Ireland and at GARO.

Other ongoing assignments: -

Shareholdings: -

Warrants: 100,000



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: 1,869

Warrants: 25,000



DANIEL EMILSSON

Business Area Manager GARO Electrification and Country Manager Sweden

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



PAUL FOX

CTO GARO Group

Employed since 1990

Born: 1967

Education and professional experience: Electricity supply board trainee, C&G Electrical engineering (DIT), BA management (IMI), Sales Director GARO Ireland, Managing Director GARO UK since 2020.

Other ongoing assignments: -

Shareholdings: -

Warrants: 100,000



KARIN WIGERT

Interim Chief HR Officer

Employed since 2025

Born: 1963

Education and professional experience: M.Sc in Electrical Engineering at Chalmers University of Technology, 20+ years in senior management roles at ABB mainly within Operational Excellence, IT and Human Resources. Self-employed in organizational development since 2016

Other ongoing assignments: -

Shareholdings: -

Warrants: -





