

Annual report 2025

∴ terranet

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TERRANET

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Fast detection for increased safety

Our drive

To push the development of safety-critical environments, such as urban traffic, forward with new technology that saves lives and prevents accidents.

About Terranet

Terranet is a Swedish technology company developing sensor technology based on advanced camera systems. The company's solutions are aimed at areas where fast object detection is critical.

Terranet is headquartered in Lund, with offices in Gothenburg and Stuttgart. The company is listed on Nasdaq First North Premier Growth Market.



Investing in Terranet

1

Innovative and fast sensor technology

Terranet develops sensor technology that goes beyond traditional object detection systems. Instead of analysing entire image frames, it detects changes at the pixel level. Less data to process – more time to act. The result is a smarter solution that reacts instantly when something changes. The technology was initially developed for the automotive industry but has strong potential for use in many different environments.

2

Increasing safety demands in complex environments

The world is becoming more automated and connected. This requires systems that can detect and respond instantly to change. In environments where people work alongside technology, accidents have to be prevented. In mining, managing high-risk environments with poor visibility is critical, while in defence, early detection of threats is critical. These areas share the need for technology that reacts immediately – where every delay matters.



3

When reaction time makes a difference

In any environment, risks arise when something happens quickly and unexpectedly. Terranet's technology is designed for exactly these situations, to minimise the time between event and response. This creates the conditions to protect people, avoid accidents and handle critical moments, while also helping improve efficiency and reduce costs.

This makes the technology relevant across a range of areas where safety and automation demands are high.

2025

BlincVision MVP

launched for external evaluation



Towards MVP

Q1- Q2: Work to take BlincVision from prototype to MVP. Focus was on requirements, design and concept validation.



BlincVision MVP launched

Q2: BlincVision MVP was launched with integrated hardware and software, an improved laser scanner and a further developed AI model.



First evaluation agreement

Q3: An evaluation agreement was signed with an innovation partner within Swedish industry. BlincVision was then delivered as an MVP for external evaluation.



More evaluation agreements

Q4: Agreements were signed with an international industrial group, a US AI company, and players in autonomous vehicles and mining. The evaluations will show how the technology performs in different environments.



Patent approval

Q4: A Swedish patent was granted for a method that analyses motion using data from event cameras.

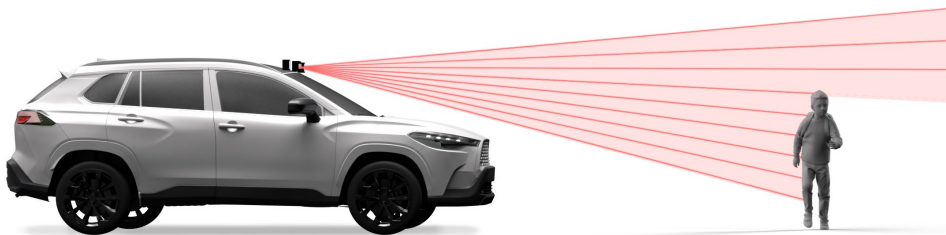


Roadmap 2026

Q4: A roadmap for 2026 sets the direction, focusing on the commercialisation of BlincVision, partnerships and aiming for industry agreements.

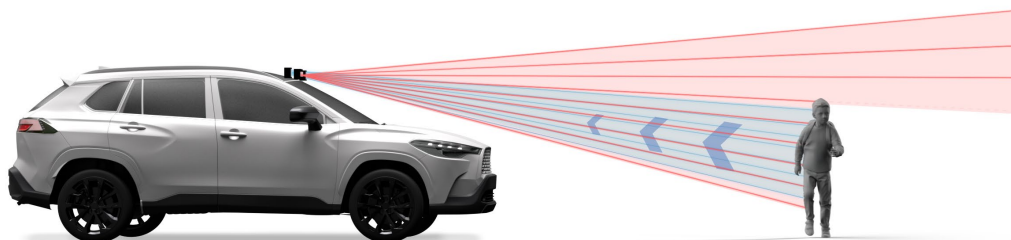
How BlincVision works

We use cutting-edge technology to quickly and efficiently detect risks in traffic. The system is based on event cameras, a laser scanner, software, and an AI model – working together to rapidly analyze situations and create a safer traffic environment. Curious about how the technology works?



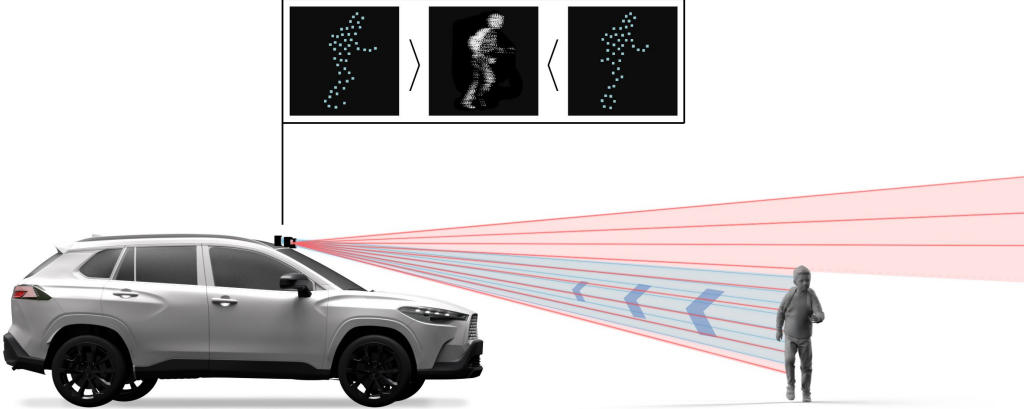
1. Risk detection

The area in front of the vehicle is scanned using laser beams at a wide angle. The technology is intentionally “short-sighted,” designed to identify objects within a 35-meter range. Quick decisions in this zone are crucial to avoid accidents.



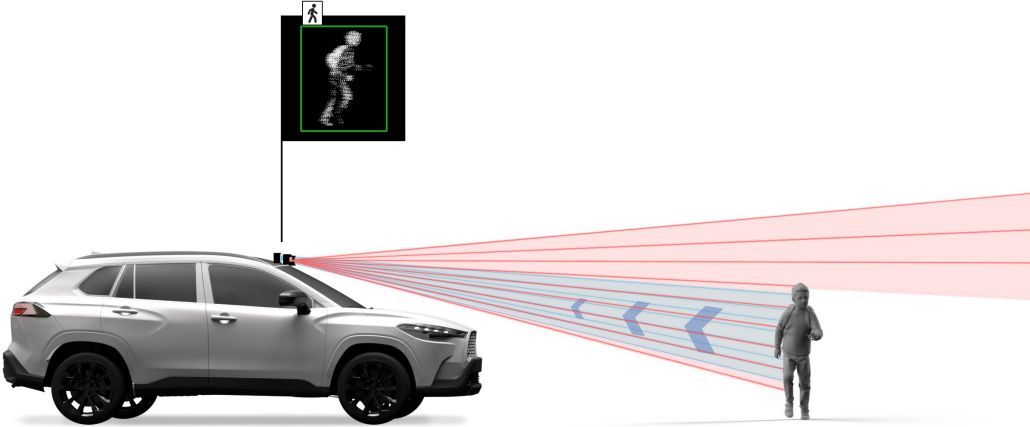
2. Reflections are captured

The pedestrian's reflections bounce back to two event cameras. These cameras detect changes in the environment at the pixel level, enabling fast and efficient data collection. By filtering out data beyond the laser's range, the system reduces data volume – which increases both speed and precision.



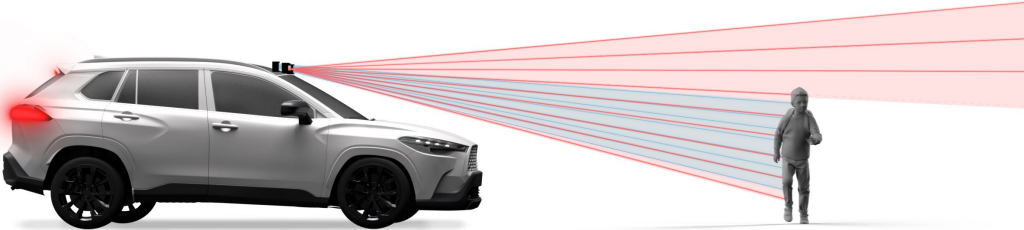
3. Mapping the environment

Data from both event cameras is then analyzed by the software. The system creates a shared view of the surroundings based on the input from both cameras.



4. Object classification

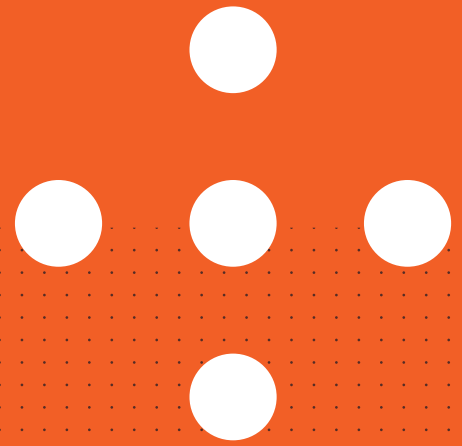
The AI-trained software model analyzes and classifies the image. It identifies objects such as pedestrians, cars, or cyclists. Speed and direction are registered at the same time.



5. Decision and action

Once the object has been classified and its speed and direction analyzed, the system makes a decision. If a risk of collision is detected, a braking signal is sent to activate the vehicle's brakes.

Strategy and Market



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BlincVision moved from prototype to MVP, opening the door for evaluations together with the industry.

Lars Lindell

CEO's statement



BlincVision is being developed with a clear purpose:
to improve safety and help save lives in traffic.

At the same time, there is a growing need for rapid detection in other areas where decisions must be made in a fraction of a second. With the launch of BlincVision MVP, the conditions are now in place for evaluations together with potential customers and partners. Our sensor technology is now also attracting interest beyond the automotive industry.

Technology that makes a difference

Technological development is ultimately about solving real-world challenges. As more systems become automated, the demand increases for technology that can perceive its surroundings and respond with minimal delay.

This need exists in many different situations. In urban traffic, vulnerable road users must be detected in time. In industrial environments, robots and autonomous systems need to quickly perceive changes in their surroundings. In defence contexts, the ability to respond rapidly to potential threats can be critical.

What these situations have in common is the need to quickly detect changes in the surroundings and make timely decisions.

The way forward

With BlincVision MVP in place, the focus during the year is on continuing to carry out evaluations together with potential customers and partners to demonstrate how the technology can be used in practice. Evaluations are ongoing both within the automotive industry and in other application areas where the need for rapid detection is significant. The outcome will then determine the direction of which initiatives are taken forward, for example

through agreements with industry partners.

A stronger patent portfolio

During the year, we have continued to strengthen the patent protection surrounding BlincVision. Additional patents have been granted, and we continue our efforts to build a more comprehensive patent protection around the technology. A strong patent portfolio is an important part of building long-term value in the company.

Moving forward, together

The pace within the company remains high, and the work continues in line with the communicated plan for the year. I would like to extend a sincere thank you to our employees for your commitment and contributions. I would also like to thank our partners, the Board of Directors and our shareholders, all of whom are an important part of our continued development. Together, we continue the work of developing BlincVision and creating long-term customer value.

Lars Lindell
Chief Executive Officer
Lund, April 22, 2026

Business idea and Strategy

Developing sensor technology based on advanced camera systems for the automotive industry and other markets where rapid detection is critical.



The fastest technology on the market – when every millisecond counts

The future of traffic safety depends on fast and precise object detection. With our own solution, BlincVision, we address the need for safer traffic environments and enable faster reaction times in critical situations. Through innovative technology, we protect vulnerable road users and create the conditions for safer and more efficient mobility solutions.

The technology is primarily developed for advanced driver assistance systems (ADAS) and autonomous vehicles but also holds strong potential in other areas where fast and reliable detection is essential. Our business model is based on licensing the technology to vehicle manufacturers (OEMs) and Tier 1 suppliers, along with revenue from customer adaptations, services, and upgrades.

BlinVision is a combined hardware and software solution with very low latency. The technology is scalable and can be applied across various industries and use cases, such as:

- > **Vehicles and mobility:**
Passenger cars, autonomous vehicles, trucks and buses
- > **Special vehicles:**
Agricultural machinery, construction equipment and mining vehicles
- > **Defense industry:**
Autonomous ground vehicles and advanced safety systems
- > **Industrial environments:**
Logistics, warehouse management, robots and autonomous systems

Through strategic partnerships and a strong patent portfolio, we create long-term competitiveness and position Terranet as a leading player in next-generation safety technology.

Roadmap 2026

In 2026, there will be an increased focus on the market and partnerships.

- Continued business development of BlincVision for automotive applications, with the goal of volume production
- Development of solutions for alternative use cases beyond the automotive industry through customer and partner collaborations
- Strengthened IP and patent protection



A global challenge – the path to safer traffic

1.19
million
deaths

Each year, approximately 1.19 million people lose their lives in traffic, and a further 20 to 50 million are injured, according to the World Health Organization (WHO).*

More than half of those killed in traffic are vulnerable road users, such as pedestrians, cyclists, and motorcyclists. Beyond the human suffering, this also results in significant costs to society through healthcare, rehabilitation, and lost productivity. In many countries, these costs account for around 3 percent of GDP.



Vision Zero was introduced in Sweden in the 1990s – a strategy with the goal that no one should be killed or seriously injured in traffic. It is based on the idea that human error always exists, and that roads, vehicles, and traffic systems must adapt to this. Vision Zero has had strong impact in Europe and is now gaining global traction.

In Europe, Euro NCAP (European New Car Assessment Programme) has played a key role in improving safety through clear tests and requirements. This has driven the development of advanced driver assistance systems in new cars and raised safety standards across the industry.

Terranet has taken part in Vinnova-funded projects at AstaZero, such as VERDAS and VERDAS 2, and is also involved in the ongoing VERDAS 3 project, with a focus on vulnerable road users.

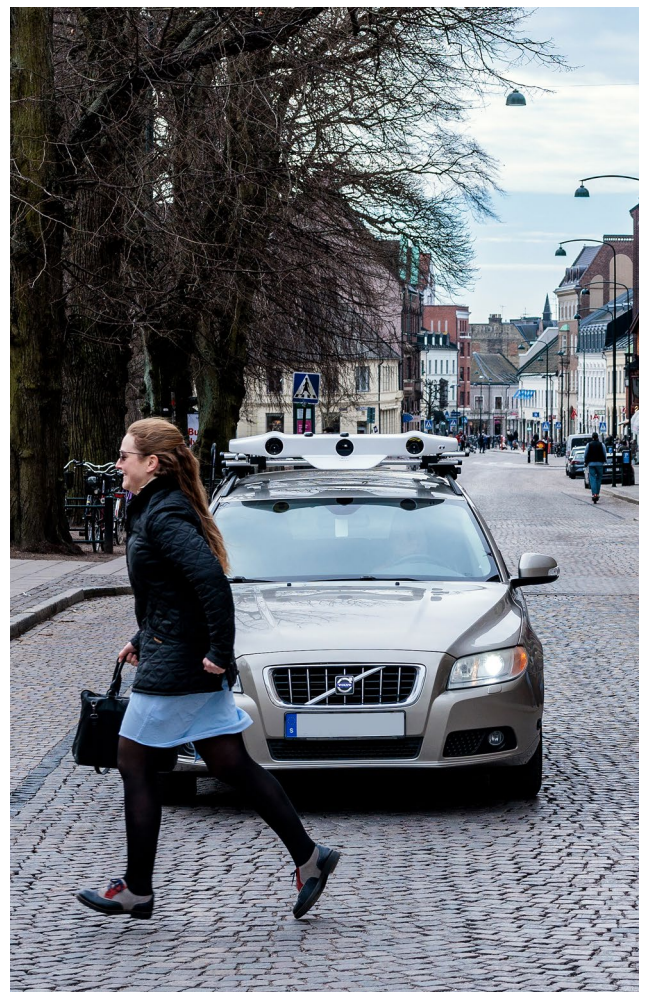


Technology and initiatives for a safer future

In 2020, UN member states agreed to support and take action to improve global road safety. This marked the start of the Decade of Action for Road Safety 2021–2030, with the goal of reducing road deaths and injuries by at least 50% by 2030.*

To reach these goals, not only initiatives and regulations are needed, but also technological breakthroughs. This is a key driver in the development of next-generation traffic safety systems.

BlinVision is designed to meet future safety challenges by detecting objects within milliseconds. Its speed and precision make it especially relevant for protecting vulnerable road users and handling complex traffic situations. This creates the potential to reduce both human suffering and the significant costs to society caused by traffic accidents.



* <https://www.who.int/teams/social-determinants-of-health/safety-and-mobility/decade-of-action-for-road-safety-2021-2030>



The human factor.
A moment of distraction is all it takes.

Part of an innovation ecosystem

Terranet is an active part of leading innovation networks and programmes within mobility, traffic safety and defence-related application. Through these collaborations and projects, the company contributes to innovation, advances its technology and strengthens dialogue with industry, academia and other stakeholders.

DRIVE:SWEDEN

A strategic innovation programme that develops digital and connected mobility solutions for a more sustainable transport system. The programme brings together more than 200 stakeholders from industry, academia and the public sector.

A PLATFORM FOR
DEFENSE INNOVATION
AMYNA
Powered by Ideon Science Park

An innovation platform within the defence and security sector, driven by Ideon Science Park. The programme supports companies seeking to establish themselves in Sweden's defence and security ecosystem.

SAFER
VEHICLE AND TRAFFIC SAFETY CENTRE AT CHALMERS

EA collaboration platform for research and knowledge exchange in traffic safety. The aim is to contribute to Vision Zero and reduce the number of fatalities and serious injuries in traffic.


mobility**X**lab

A collaboration platform initiated by global mobility companies to accelerate innovation in future mobility and connectivity. Terranet is part of the MobilityXlab alumni network.



Projects

The VERDAS projects

Contributing to the future of traffic safety

Terranet has participated in the VERDAS and VERDAS 2 research projects and is now participating in VERDAS 3. The projects are carried out together with industry partners and are funded by Vinnova, with the aim of developing improved test methods for advanced driver assistance systems (ADAS). For Terranet, participation provides an opportunity to contribute to the development of future traffic safety while further developing the company's technology in close collaboration with industry.

The first project focused on accident scenarios involving pedestrians and has contributed to the basis for Euro NCAP's robustness tests, which will be introduced in 2026. The work showed that many real-world accident scenarios are not always captured in current test methods.

To better reflect real-world traffic, new test scenarios were developed based on real accident data, for example:

- pedestrians stepping out from between parked cars
- pedestrians appearing from behind other people
- pedestrians stepping out from behind traffic light poles

Scenarios that may seem simple, but which place high demands on the technology's ability to detect and interpret movements in complex traffic environments. VERDAS 2 built on this work and focused on cyclists, another vulnerable group in traffic.

The work now continues in VERDAS 3, where more types of accident scenarios are analysed – from car-to-car collisions to situations involving vulnerable road users. The results from VERDAS 2 and VERDAS 3 are intended to contribute to Euro NCAP's upcoming test protocols for 2029 and to the development of more reliable driver assistance systems.

NEUTECH

Next-generation sensor technology

Terranet is participating in NEUTECH, a Vinnova-funded pre-study linked to the Neuromorphic Sweden initiative. The project explores the use of neuromorphic technology, inspired by how the human nervous system registers and processes information.

Terranet's participation is based on the company's work with neuromorphic sensor technology in BlincVision, where sensors register changes in the environment rather than continuously capturing full image data. This means that the system only reacts when something actually happens, enabling very fast information processing and low latency.

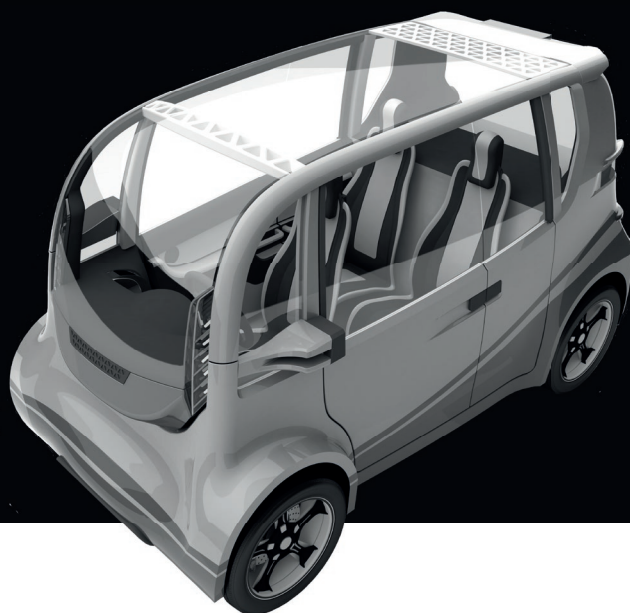


Market overview

The development of sensor-driven and automated systems is accelerating in line with technological advances in sensor technology, AI, and data processing. These technologies are being used in an increasing number of areas where fast decisions are crucial for both safety and efficiency.

Within mobility, this development is particularly clear in advanced driver assistance systems (ADAS) and autonomous driving, where vehicles increasingly rely on sensors and software to interpret their surroundings and respond to events in real time. In these systems, even very small delays can affect the ability to detect and manage risks, making fast response times a critical factor for safety.





Autonomous driving - new technology requires high levels of safety

Autonomous driving is developing rapidly alongside advances in sensor technology, AI and data processing. By combining information from multiple sensors, vehicles can analyse their surroundings and make decisions without direct human intervention. This development is driven by a growing need for safer and more efficient transport systems, where automated functions are gradually integrated into both passenger cars and commercial vehicles.

At the same time, high demands are placed on systems to operate reliably in complex traffic environments. Urban environments are particularly complex and unpredictable. Pedestrians, cyclists and vehicles move in close proximity, and situations can change rapidly. Pedestrians may step out from behind parked cars, and cyclists can emerge from blind spots at intersections.

To handle these situations, sensors and systems must be able to quickly detect and interpret changes in the surroundings. Fast and reliable decision-making is crucial for autonomous systems to contribute to a safer traffic environment.

A globally growing market

The development of autonomous systems is progressing rapidly and is supported by significant investments from both technology companies and vehicle manufacturers. In several parts of the world, different forms of automated mobility services are

already being tested and implemented, ranging from self-driving taxis to autonomous transport solutions within logistics and public transport.

The global market for autonomous vehicles is expected to grow significantly in the coming years. Several analyses indicate strong growth, driven by technological advancements, increased investments and a growing need for safer and more efficient transport systems.

This development is driven by several factors, including advances in sensor technology and artificial intelligence, increased investments in automated mobility, and a growing need for safer and more efficient transport systems.

Challenges for autonomous vehicles

Despite significant technological advancements, autonomous vehicles still face several challenges. For the technology to be deployed at scale, robust safety systems are required that can handle both predictable and unexpected situations in traffic. Unlike traditional vehicles, where responsibility largely rests with the driver, high demands are placed on manufacturers and technology providers to ensure that systems operate reliably across different traffic environments.

Another challenge is that regulations and standards are still evolving. For autonomous vehicles to be widely adopted, common safety requirements and clear regulatory frameworks are needed to enable safe and efficient integration into traffic systems.

Advanced driver assistance systems - a growing market

In 2023, the global market for advanced driver assistance systems (ADAS) amounted to approximately SEK 340 billion. The market is expected to grow at a compound annual growth rate of 17.2% and reach over SEK 1,400 billion by 2032.*

Sensor fusion in modern safety systems

Sensor fusion is a technology where information from multiple sensors, such as radar, lidar and cameras, is combined to provide vehicles with a more complete understanding of their surroundings. By integrating data from different sources, a synergy between sensors is created, where each technology contributes its strengths to enhance safety.

Leading players and regions

The ADAS market is driven by a global effort to improve road safety. Vehicle manufacturers and their suppliers jointly develop and implement advanced safety solutions that enhance vehicles' ability to identify and manage risks in traffic.

China, Europe and the United States are key regions in the development of ADAS technology.

Challenges for ADAS in complex traffic environments

In urban environments, ADAS faces significant challenges due to the high complexity and fast pace of traffic. To avoid accidents, systems must react within very short timeframes and quickly interpret unexpected events. In such situations, system reaction time becomes critical in identifying risks and taking action in time.

Pedestrians may suddenly step out from behind parked cars, and cyclists can emerge from blind spots at intersections. Urban environments therefore require technology that can respond quickly and reliably to protect both drivers and vulnerable road users.

Bad weather conditions such as darkness, rain, snow and fog can further limit sensor performance and make it more difficult to detect obstacles and interpret the surroundings. These challenges drive the development of new sensor technologies and safety systems that can detect and respond to risks faster and more reliably in complex traffic environments.

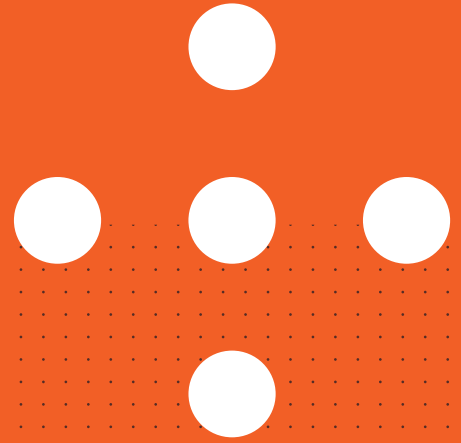
* S&P Global Mobility forecasts 88.3M auto sales in 2024 - Dec 14, 2023 ** S&P Global Mobility forecasts



Fast reaction
saves lives



People and the Environment



Sustainability

Terranet combines innovation, collaboration, and a strong focus on people to help create a safer and more sustainable future. Through our technology and initiatives, we support the UN's global goals and drive progress in traffic safety and sustainable transport.

Employees

Terranet operates in an innovation-driven market where key competencies are essential for success. Attracting and retaining the right people is crucial to delivering strong results. We aim to be an attractive employer where people feel good, enjoy their work, and have the opportunity to grow.

Our leadership is built on inclusion and respect for equal value. As part of our focus on well-being, all employees are offered voluntary annual health check-ups.



The UN's global goals



Goal 3

Good health and well-being

Millions of people are injured or killed in traffic accidents each year. Our technology improves road safety and protects vulnerable road users, contributing to the UN's goal of halving traffic-related deaths and injuries by 2030.



Goal 9

Industry, innovation, and infrastructure

Safe and efficient systems are essential for the society of the future. Our technology enables rapid responses in situations where time margins are small, contributing to increased safety and more efficient, uninterrupted flows.



Goal 11

Sustainable cities and communities

We develop technology that makes transportation systems safer and more sustainable. By protecting vulnerable road users and optimizing traffic flows, we contribute to safer, more resource-efficient cities.



Goal 17

Partnerships for the goals

Partnerships drive the development of safe and sustainable transportation systems as well as defence-related safety solutions. Through collaborations in MobilityXlab and the Vinnova project VERDAS, we develop new technology together with leading players. Our network is growing, and we strengthen our international presence by establishing global connections.

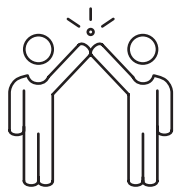
Core values and employees

Our core values reflect who we are and how we work together. They guide us in our daily work, in how we collaborate, make decisions, and engage with the world around us.



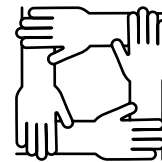
Pioneering

We strive for innovation that impacts tomorrow's road safety. We encourage creativity, share knowledge, and ensure that every team member contributes to our technological breakthroughs.



Trustworthy

Trust is built by the way we act and communicate. Being open, honest and reliable is essential to building that trust.



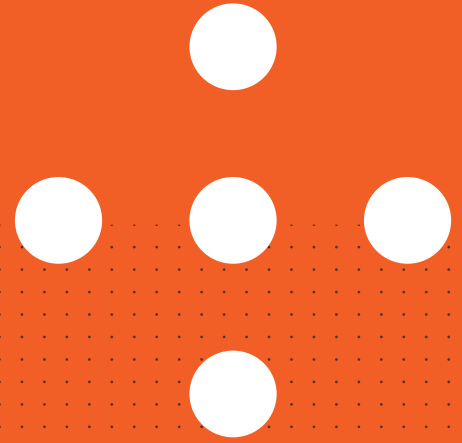
Collaborative

By embracing diversity and collaboration, we create solutions that shape the future. Everyone contributes and we welcome different perspectives in everything we do.



Together
Different strengths,
same goal.

Product development





Development of BlincVision

BlincVision today – compared to a year ago

At the beginning of 2025, BlincVision was a prototype. Through the MobilityXlab accelerator program, the system was tested in partners' vehicles. Feedback from these tests formed the basis for defining a future MVP. The insights from the tests helped strengthen the system's robustness and its ability to handle different weather conditions.

During the first half of the year, the system was further developed from an internal prototype into a solution that can be evaluated independently by external parties. A strong focus has been placed on making the solution more user-friendly and robust. The system has been equipped with a simplified user interface, prepared for integration into customer systems, and designed to handle demanding environments with vibrations, temperature changes, and

weather impact. The mounting has also been adapted to suit different types of vehicles, from passenger cars to vehicles used in more industrial environments.

The purpose of the MVP is to demonstrate BlincVision's core functions: to quickly identify objects and initiate emergency braking. The system can analyze a scene in under 10 milliseconds, identify objects in under 20 milliseconds, and initiate emergency braking in under 100 milliseconds, resulting in a significantly shorter reaction time compared to traditional systems.

The aim of this packaging is to make it easier for partners to test the technology in their own environments and to explore together how BlincVision can be used in real applications.

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The next step is to move from a broad technology concept to clearly defined applications together with partners.

Pierre Ekwall,
CTO, Terranet

Verification in real-world environments

An important part of the next phase is to allow customers and partners to test the technology in their own environments. By running the system and analyzing the data it generates, the technology can be evaluated in real use cases and provide a clearer picture of the value it can create.

In this way, the work can gradually move from a broad technology concept to more clearly defined applications. The next step is therefore to work together with one or more partners to identify a specific use case and develop solutions that meet their needs.

The automotive industry remains the primary area of use. At the same time, testing in different environments can help identify additional contexts where the technology can create value. Through the MVP version, BlincVision can also be tested by more parties and in more environments, providing

valuable feedback and contributing to a higher level of maturity in the technology.

Next steps together with partners

The next important step is to establish a partnership where the technology is further developed for a specific function. Together with a partner, the solution can be adapted to their needs and integrated into a concrete use case.

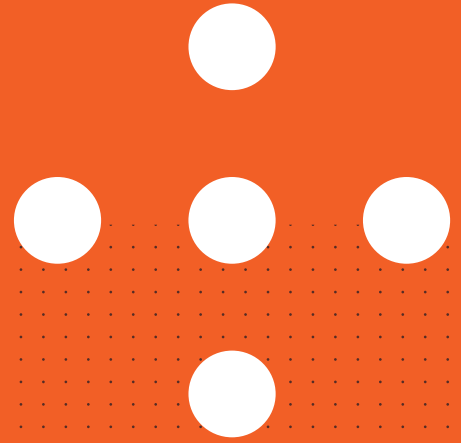
Such a collaboration also creates the conditions for more long-term work, where the technology continues to develop with a view toward future volume applications. When the technology is integrated into a partner's product, it becomes possible to see in detail how it is used in practice and what new functions it can contribute.

This also marks the beginning of the next phase in BlincVision's journey – from technology demonstration to commercial application.





The Share



The share

General information

Terranet's B share was listed on Nasdaq First North Premier on 30 May 2017 and is traded on Nasdaq First North Premier Growth Market. The stock symbol is TERRNT B and the ISIN code for the B share is SE0009806045.

As of 31 December 2025, Terranet's total market capitalization was SEK 160 million. Share capital amounted to SEK 22,379,162.38, divided into 1,061,330 A shares and 2,236,854,908 B shares. Each share has a quotient value of SEK 0.01. No shares are held by the company or its subsidiaries.

The share price at year-end was SEK 0.07 per share, compared with a share price of SEK 0.15 per share at the beginning of the year. The number of shareholders at the

end of the financial year was 11,797 (12,533).

Conversion of A shares into B shares may be carried out three times per year. To request such a conversion, shareholders must submit their request to the company's Board of Directors during the conversion periods in January, April, and October.

No dividend will be distributed for the year, as the Group is allocating its capital to development activities and market establishment. Any future dividends will depend on the company's profitability, future development, acquisition opportunities, and financial position.

Share capital development

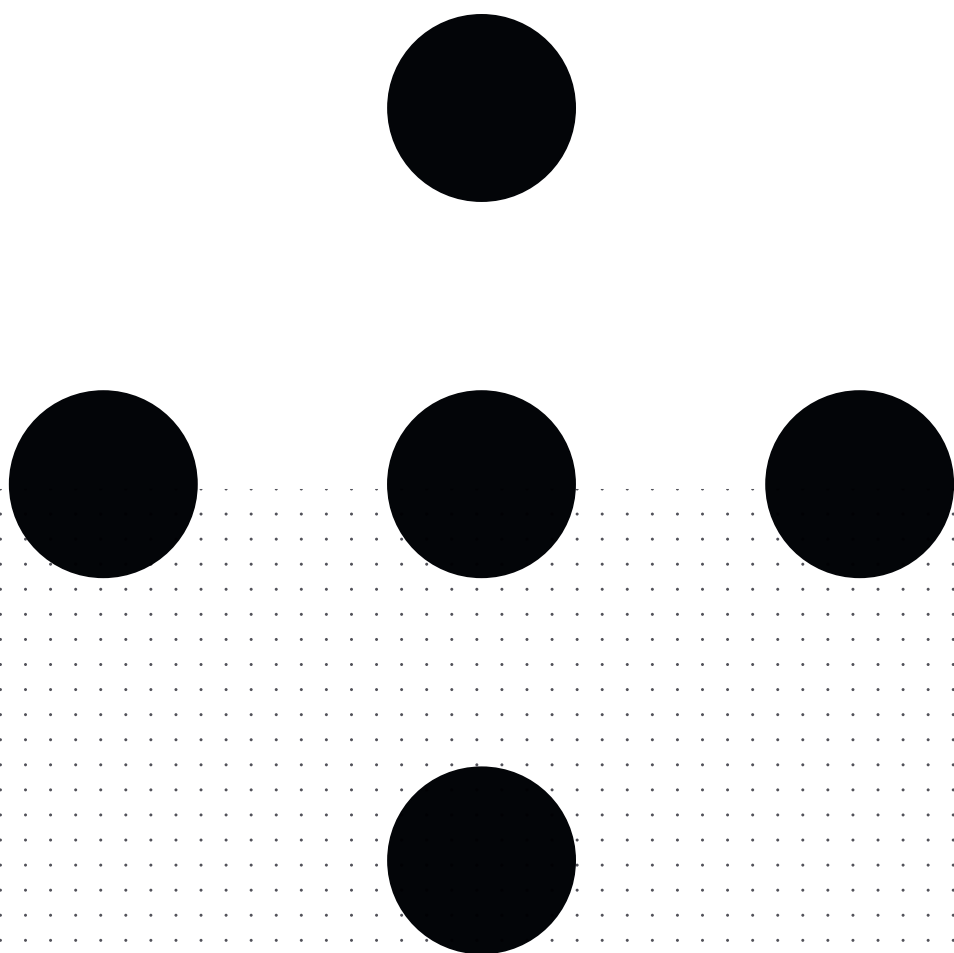
See note 24 for more information on share capital and events during 2025.

Ownership structure

10 largest shareholders as of 31 December 2025.

Shareholder	Number of shares	A shares	B shares	Share of capital %	Share of Voting rights
Försäkringsbolaget Avanza Pension	329,142,033	0	329,142,033	14.71	14.71
Futur pension	158,279,430	0	158,279,430	7.07	7.07
Oliver Aleksov	100,634,674	0	100,634,674	4.50	4.50
Mario Pereira	99,549,996	0	99,549,996	4.45	4.45
Nordnet Pensionsförsäkring AB	90,681,241	0	90,681,241	4.05	4.05
Morten Skovsby Jensen	36,157,803	0	36,157,803	1.62	1.62
Kristofer Sandström	29,089,835	0	29,089,835	1.30	1.30
Kristian Mårtensson	27,791,140	0	27,791,140	1.24	1.24
Hanna Barsum	21,290,000	0	21,290,000	0.95	0.95
Mats Rosenberg	21,023,923	0	21,023,923	0.94	0.94
Other shareholders	1,324,276,163	1,061,330	1,323,214,833	59.71	59.71
Total number of shares	2,237,916,238	1,061,330	2,236,854,908	100	100

Directors' report



The Board of Directors and the CEO of Terranet AB (publ), corporate identity number 556707-2128, with its registered office in Lund, hereby submit the annual report and consolidated financial statements for the financial year 1 January – 31 December 2025.

Group structure

Terranet AB is the parent company of the Terranet Group and owns 100% of the subsidiaries Terranet Tech AB, TerraNet International AB and Terranet Tech GmbH. Terranet also has a company registered in the United States. The US company has not yet conducted any operations and had no total assets as of 31 December 2025.

The Group's operational activities are carried out in Terranet Tech AB, headquartered at Ideon Science Park in Lund, and in Terranet Tech GmbH, with offices in Stuttgart, Germany.

TerraNet International AB has not conducted any operations during the year.

Terranet AB has been listed on Nasdaq First North Premier Growth Market since May 2017.

Terranet has applied the Swedish Corporate Governance Code since July 2008. The corporate governance report is presented on pages 42–50.

Operations

Terranet is a Swedish technology company developing sensor technology based on advanced camera systems. The company's solutions target areas where rapid object identification is critical. Product development takes place in close partnership with leading players in software and hardware development, as well as with partners evaluating the company's BlincVision MVP.

BlincVision is a complete turnkey system consisting of three main components: a laser scanner, ultra-fast sensors and AI-based object identification. Together, these enable record-fast object detection, allowing vehicles and other applications to respond quickly, for example to avoid dangerous situations involving vulnerable road users. Terranet evaluates and tests different sensor technologies with requirements for ultra-fast response time and optimal integration into BlincVision.

Existing ADAS technologies on the market are primarily developed to prevent collisions between vehicles, while BlincVision is being developed to increase

safety for vulnerable road users in urban traffic.

BlincVision's speed and precision provide a significant advantage at short distances. This gives Terranet a unique position in the market, as the company, unlike existing ADAS systems, has the potential to help save more lives in urban environments.

BlincVision MVP is initially developed for the automotive industry (ADAS and AD) but is also used for customer evaluations in other areas. BlincVision may be further developed for use in, for example, industry, agriculture and defence, where the system's fast response time can provide a competitive advantage and increase customer value.

Business idea

Terranet's business idea is to develop ultra-fast sensor solutions for vehicles and other applications where response time is critical. The company's system, BlincVision, is aimed at vehicle manufacturers and their suppliers, as well as actors within transport and mobility services, and sectors such as defence, mining and agriculture. The purpose is to improve safety and competitiveness through rapid object detection and short response times.

The business model is based on licensing Terranet's solutions. In addition to licence revenues, sales may also generate income from NRE (Non-Recurring Engineering), product customisations, as well as service and upgrades.

Significant events during the year

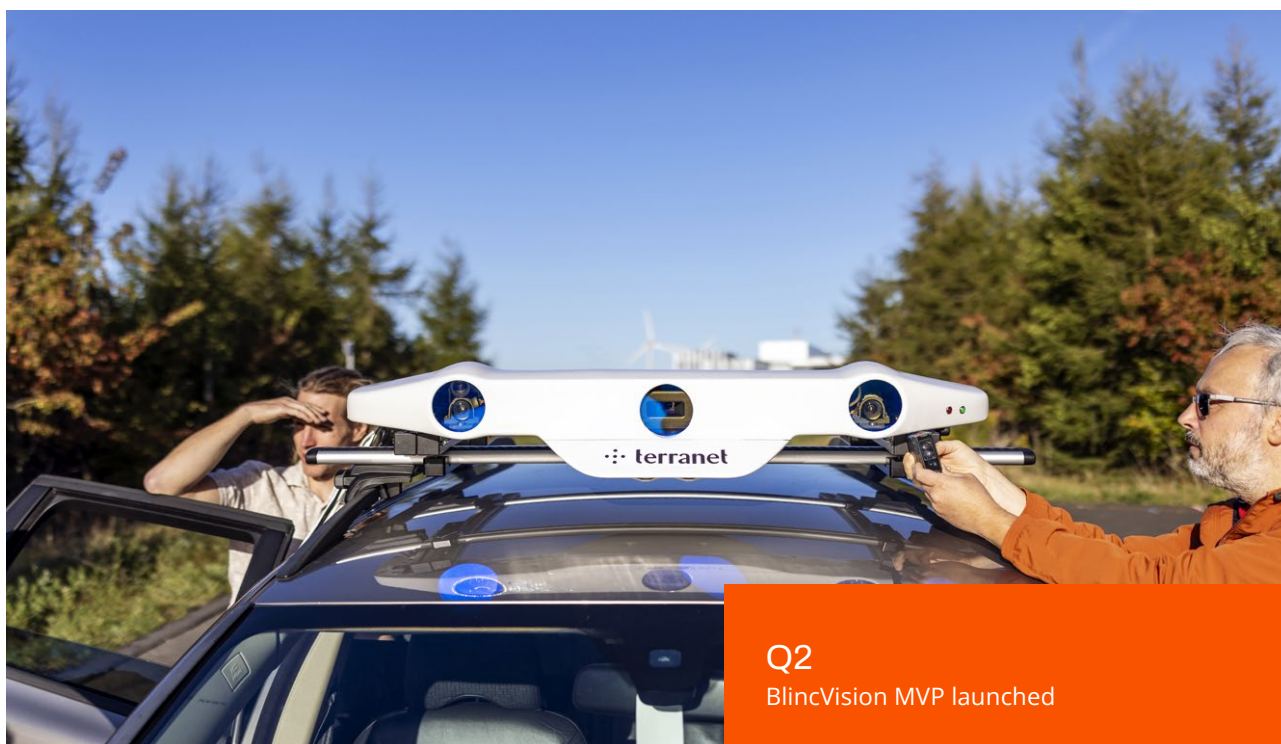
First quarter

> **New CEO**

In January, Lars Lindell was appointed as the new CEO of Terranet. Lars assumed his position in March.

> **VERDAS 2**

Terranet participates in the research project VERDAS 2, led by AstaZero and funded by Vinnova. The project aims to develop new test methods for more robust ADAS systems, with a focus on traffic scenarios involving vulnerable road users.



Q2

BlincVision MVP launched

Second quarter

> Rights issue

In April, the Board of Directors resolved to carry out a directed share issue of approximately SEK 25 million as well as a fully guaranteed rights issue of approximately SEK 15 million. The issue was completed in June with an oversubscribed rights issue.

> VERDAS

In June, the VERDAS research project was completed, led by RISE subsidiary AstaZero and carried out together with Terranet, If, Folksam, the Swedish Transport Administration, Volvo Cars, Toyota, Zenseact, Aptiv and Viscando. The project has been funded by Vinnova and aimed to develop new test methods for more robust ADAS systems, particularly in scenarios involving vulnerable road users. The work has been carried out in close dialogue with Euro NCAP.

> BlincVision MVP launched

BlincVision was launched as an MVP (Minimum Viable Product), a simplified version of the final product where core functionalities are in focus. The system is designed to identify pedestrians and perform braking in predefined traffic environments. The launch enables testing of the system with potential customers and partners and represents an important step towards the commercialisation of BlincVision.

Third quarter

> Exhibitions and trade shows

During the quarter, Terranet participated in the ADAS & Autonomous Vehicle Technology Expo USA in San Jose. The company also exhibited at Auto.AI Europe in Berlin, Europe's leading technical conference on artificial intelligence for autonomous vehicles. In addition, BlincVision was showcased at the Drive Sweden Forum in Gothenburg.

> Patents

The company expanded its patent portfolio with a new patent for a method of analysing motion using data from event cameras. Terranet maintains a clear focus on strengthening its patent protection within event-based cameras and real-time perception.

> Evaluation agreement

Terranet signed its first evaluation agreement with an innovation partner to Swedish industry. During the evaluation, BlincVision was tested by the partner in various traffic scenarios and under varying weather conditions. BlincVision MVP was delivered to the partner for evaluation at the end of September.

Fourth quarter

› **Additional evaluation agreements**

During the quarter, Terranet entered into additional evaluation agreements, including with an industrial group, a US-based AI company and companies within the mining industry. For Terranet, collaborations with parties outside the traditional automotive industry are an important step in broadening the use cases for BlincVision and demonstrating the technology's potential.

› **The way forward 2026**

On 17 October, the company presented its plan for 2026. The focus is on continued business development of BlincVision for automotive applications, development of solutions for new use cases, and strengthening IP and patent protection.

The plan includes a continued focus on evaluations where the technology and integration with vehicle systems can be further developed. The company also intends to explore how BlincVision's technology can be applied in additional areas where rapid detection makes a real difference. By broadening its use cases, Terranet opens the door to new collaborations and business opportunities.

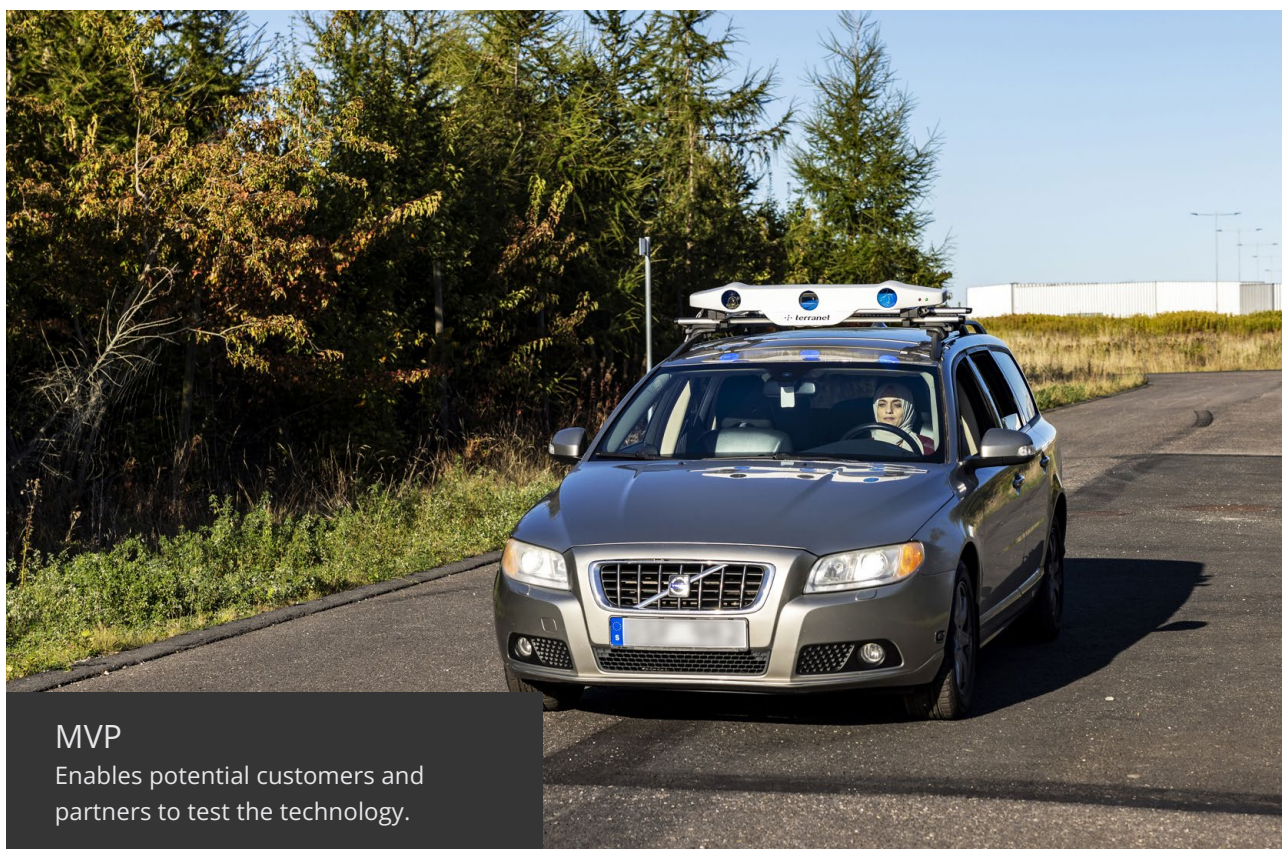
› **New financing**

On 4 November, the company announced that the Board of Directors had resolved to carry out both a directed share issue and a fully guaranteed rights issue. The directed share issue amounted to approximately SEK 26.8 million and the rights issue to approximately SEK 18.5 million. In total, the issues generated approximately SEK 40 million after issue costs. The company now assesses that there is sufficient liquidity to support operations throughout the coming financial year.

Significant events after the end of the year

› **First evaluation agreement within the defence industry**

In February, Terranet entered into its first evaluation agreement within the defence industry. The agreement relates to the evaluation of the company's sensor-based technology within a defence-related application area and marks Terranet's entry into a new vertical. In March, an additional agreement was signed with another player within the defence industry.



MVP

Enables potential customers and partners to test the technology.

Comments on operations, results and financial position

Results

The Group's operating income for 2025 amounted to TSEK 0 (283).

Total operating costs, including depreciation and write-downs, amounted to TSEK 48,279 (40,042) for the year. Total payroll expenses amounted to TSEK 23,189 (21,357). Other external costs amounted to TSEK 21,860 (17,245).

Profit/loss before tax amounted to TSEK -46,370 (-39,100). The difference is attributable to an increased level of activity during 2025, with focus on completing BlincVision MVP as well as a write-down of right-of-use assets in Germany.

Financial position

The Group's total assets amounted to TSEK 78,166 (52,880), distributed as follows: intangible assets of TSEK 30,648 (23,044), right-of-use assets of TSEK 5,119 (2,123), equipment of TSEK 345 (275), and long-term securities holdings of TSEK 1,857 (5,430), relating to investments in Summer Robotics Inc.

Cash and cash equivalents totaled TSEK 37,681 (18,541), and other current assets amounted to TSEK 2,356 (3,297). During the year, TSEK 7,394 (3,951) was capitalised in ongoing development projects, and TSEK 438 (482) was capitalised in patents.

The Group's loan liabilities amounted to TSEK 0 (8,118). During the second quarter of 2025, the loan was fully repaid and the company therefore has no loan liabilities.

Other current liabilities amounted to TSEK 10,823 (10,245) and consist of short-term lease liabilities of TSEK 1,312 (993), as well as trade payables and accrued expenses for vacation pay, social security contributions and interest.

Financing and liquidity

Liquidity in the Group as of 31 December 2025 amounted to TSEK 37,681 (18,541). Cash flow from operating activities for the year amounted to TSEK -38,264 (-37,175). Cash flow from investing activities amounted to TSEK -8,202 (-4,615) and mainly relates to capitalised development expenses.

Total cash flow from financing activities amounted to TSEK 65,613 (31,287). Financing activities include the following items: net proceeds from share issues of TSEK 77,038, amortisation of loans of TSEK 10,193, and amortisation of lease liabilities of TSEK 1,232. The distribution of cash flow from financing activities is presented in the consolidated cash flow statement.

The Company has a negative cash flow from operating activities and, should a need for capital arise, the plan is to carry out financing measures or a share issue to fund the Company. The Board works continuously with the Company's financing, and it is the Board's assessment that such measures can be carried out. For more information, see the section on risks and uncertainties.

Equity

The Group's equity, attributable to the parent company's shareholders, amounted to TSEK 59,326 (28,735) as of 31 December 2025 and TSEK 59,328 (71,701) for the parent company.

During the financial year, the number of shares increased by a total of 1,044,174,787 to 2,237,916,238. The distribution of the increase is presented in Note 24.

Equity per share amounted to SEK 0.02 (0.02) as of 31 December 2025.

Parent company

The parent company's operations consist of ownership management, financing and certain management functions. The parent company does not conduct any other operating activities and reference is therefore made to the information presented for the Group.

During the year, the parent company resolved to contribute TSEK 44,500 (32,000) in shareholder contributions to Terranet Tech AB. A corresponding write-down has been made on the shares in Terranet Tech AB.

The parent company's net sales for the year amounted to SEK 4.7 million (5.2). Operating profit/loss amounted to SEK -5.7 million (-8.2). Cash and cash equivalents amounted to SEK 36.6 million (17.8) at year-end and equity to SEK 94.2 million (71.7).

Significant risks and uncertainties

Business and operational risks

Product and technology development

Terranet's business idea is to develop technical solutions for advanced driver assistance systems and autonomous vehicles. During 2025, Terranet has launched and delivered an MVP of BlincVision for external evaluation with partners within the automotive industry, including integrated hardware and software, an improved laser scanner and a further developed AI model.

There is a risk that the MVP cannot be sufficiently scaled into a pre-production prototype or commercialised within the planned timeframe or cost framework, that integration into vehicle systems proves more complex than anticipated, or that system performance in customer environments does not meet the requirements set by OEMs, Tier 1 suppliers or regulatory standards. The transition from internal development to initial commercialisation also entails new risks related to validation across a broader range of environments and applications. If planned tests and evaluations during 2026 do not result in deeper collaborations and commercial agreements, the company's ability to generate revenue may be delayed.

Furthermore, product development will continue to be a high-priority area for Terranet in the coming years. During 2026, in addition to continued business development of BlincVision for automotive applications with the aim of volume production, the company intends to focus on developing solutions for applications beyond the automotive sector. The technology used by the company is largely new, which means that Terranet needs to develop significant parts of the product itself and can only to a limited extent rely on existing solutions on the market. There is a risk that the company will not succeed in its product development, that its continued product development will not result in sufficiently competitive products, or that its products cannot be adapted to a commercial environment, which could have a material adverse effect on the company's operations and its ability to generate revenue.

Terranet assesses that the likelihood of the above risks materialising, in whole or in part, is moderate. Should these risks materialise, they could potentially have a significant impact on the company.

High technological development and competition

The market for advanced driver assistance systems and autonomous vehicles is characterised by a high pace of

innovation and intensified competition. For the company to be able to gain market share and enable integration of its products with larger OEMs, it is important that the company effectively anticipates technological developments, market demand and other market trends in order to develop and adapt its products accordingly. To remain competitive, the company must also continuously enhance and improve the functionality and performance of its products.

There is a risk that the company's current or future assumptions regarding technological development, market demand and other market trends are or become incorrect or misleading. Technical choices, for example regarding sensor configuration and AI architecture, may prove to be less competitive at commercial scale. Furthermore, there is a risk that the company's competitors are more successful in adapting their products to prevailing market trends or make more accurate assumptions about technological developments.

Terranet assesses that the likelihood of the above risks materialising, in whole or in part, is moderate. Should these risks materialise, they could potentially have a significant impact on the company.

Potential defects in the company's developed products

The company's operations involve risks associated with product liability. The delivery of BlincVision MVP to external parties during 2025 means that product liability issues may arise earlier in the process and across a wider range of environments. If specifications for installation, integration or use are insufficient, or if underlying algorithms and sensor systems exhibit errors or safety deficiencies, Terranet may need to take corrective actions, incur costs for field updates, fulfil warranty obligations or face claims for damages. This could negatively affect the company's reputation and customer trust, lead to lost business opportunities and delay commercialization.

Terranet assesses that the likelihood of the above risks, in whole or in part, materializing is moderate. Should these risks materialize, they could potentially have a significant impact on the company.

Partners

During 2025, the company entered into, among other things, a new evaluation agreement that strengthens BlincVision's position within the autonomous vehicle industry, as well as additional agreements with, among others, an international industrial group, creating a strategic broadening of the technology's use cases beyond the automotive sector. The company's future

development is to a large extent dependent on its ability to establish partnerships for development and validation, as well as for market activities and commercialization.

There is a risk that the company may not succeed in identifying suitable future collaboration partners and/or entering into collaboration agreements on terms favourable to the company. There are also no guarantees that the company's existing and/or future collaboration partners will fully meet, or will continue to meet, the quality requirements set by the company, as well as by relevant authorities and regulations. Furthermore, there is a risk that existing collaborations may be terminated, or that their terms may change in a way that is unfavourable to the company, which could have a material adverse effect on the company's ability to conduct its operations. The materialization of the above risks could result in delayed commercialization and delays or interruptions in the company's operations, leading to unforeseen costs as well as limited or no revenues. If existing and future collaborations cannot be established or maintained, the group's commercialization may be negatively affected.

Terranet assesses that the likelihood of the above risks, in whole or in part, materializing is low. Should these risks materialize, they could potentially have a significant impact on the company.

Suppliers

Terranet is dependent on external suppliers for critical components such as semiconductors, sensors and electronic systems. Limited access to qualified suppliers, as well as disruptions in the supply chain, may negatively affect the company's product development, production and delivery capabilities. Certain components may also be subject to export controls, regulatory restrictions or supplier-specific usage terms, which may mean that they cannot be used in certain application areas or industries. This may limit the company's market opportunities or require adjustments to products and supplier choices. To mitigate these risks, the company works with supplier evaluations, alternative suppliers for critical components, long-term agreements, and continuous monitoring of quality, delivery precision and regulatory compliance.

The company assesses that the likelihood of risks related to suppliers materializing is moderate. Should these risks materialize, they could potentially have a significant impact on the company.

Limited resources

Terranet is a smaller company with limited resources and a limited operating history. Following the delivery and evaluations of BlincVision MVP during the end of 2025

and the beginning of 2026, the company intends to place particular focus during 2026 on the commercialization of BlincVision. Through evaluations testing the system in different environments and applications, the technology will be further developed and the integration with vehicle systems deepened. At the same time, the company plans to focus on developing solutions for use cases beyond automotive applications, as well as strengthening its technical protection through new patents.

In light of the company's market position, financial situation and limited resources, it is necessary for the company to continuously make decisions regarding priorities and limitations in its operations. There is a risk that the focus the company chooses going forward may prove to be incorrect, in the sense that focusing on another technology, market, method or area of business could have been more profitable or generated revenue more quickly. There is also a risk that the company's capacity and expertise may not be sufficient to maintain an optimal number of parallel development tracks, particularly as the number of external evaluations of existing technology is expected to increase during 2026.

An incorrect focus and/or misallocation of the company's resources could make it more difficult and delay the company's path to profitability and the establishment of a sustainable market position, which could negatively affect the company's financial position and results.

Terranet assesses that the likelihood of the above risks, in whole or in part, materializing is low. Should these risks materialize, they could potentially have a moderate impact on the company.

Financing and liquidity risk

Despite several important advances during 2025, Terranet remains in a development phase where revenues do not cover costs. During Q2 2025, a rights issue and two directed share issues were carried out, together raising approximately MSEK 40. During Q4 2025, an additional rights issue and a directed share issue were carried out, raising a further approximately MSEK 40. In light of the technical progress achieved, there is a possibility that the company may enter into agreements that fully or partially finance future operations. The company assesses that it has sufficient liquidity to support its operations throughout the financial year 2026.

There is a risk that additional capital may be required in the future to finance evaluations, commercialization, regulatory adaptation and market introduction. At each financing occasion, the general market con-

ditions and financial climate are of importance, and there is a risk that the company may not be able to raise additional capital on acceptable terms when needed. If capital cannot be raised in a timely manner and on acceptable terms, the company may need to postpone, scale down or discontinue development projects, which could negatively affect timelines and revenue prospects.

Terranet assesses that the likelihood of the above risks, in whole or in part, materializing is low. Should these risks materialize, they could potentially have a significant impact on the company.

Legal and regulatory risks

Risks related to licensing agreements

One of the sensor technologies evaluated for BlincVision's functionality is partly based on patents related to the Voxelflow™ technology. Since 2019 (renegotiated in 2020), Terranet has had a licence agreement with the inventor Gerhard Dirk Smits under which the company licenses patents for high-resolution image analysis for optical scanning and calibration using laser technology in order to identify moving objects in hazardous traffic situations.

The licence applies to the automotive and transport market, is exclusive, global and without time limitation. From any revenues attributable to commercialisation or sublicensing of the patents, Gerhard Dirk Smits shall, to the extent that the patents are used, receive compensation amounting to low single-digit royalties. There is a risk that investments related to licensed patents do not achieve the intended technical or commercial outcome, that the terms of the licence agreement are interpreted differently between the parties, or that competing solutions reduce the value of the licence.

There is also a risk that the licence agreement is renegotiated to terms less favourable to the company or is terminated entirely. The company's product development is only to a limited extent dependent on the licence for the commercialisation of BlincVision.

Terranet assesses that the likelihood of the above risks materialising, in whole or in part, is moderate. Should the risks materialise, this could potentially have a limited impact on the company.

Risks related to patents and intellectual property rights

As of 31 December 2025, the company's intangible assets amounted to approximately SEK 31 million, of which

patents and trademarks accounted for approximately SEK 2 million and capitalised development expenditure amounted to approximately SEK 28 million. During 2025, Terranet received approval for Swedish patents relating to a method for analysing motion based on event camera data, as well as a method for improved input to AI-generated models.

These new patents strengthen the company's IP portfolio and mark an important step in the development of BlincVision. Furthermore, the Swedish patents provide a solid foundation for corresponding international patent applications. However, the outcome of ongoing and planned patent applications in Europe, the United States and China is uncertain, and it may take time before the company achieves adequate international protection.

There is a risk that the company cannot maintain or renew existing or future patents, or that innovations developed by the company may not obtain sufficient protection. Furthermore, there is a risk that the company infringes, or is alleged to infringe, third-party intellectual property rights. If the company's competitors develop new technologies or innovations, there is also a risk that the company's intellectual property rights are replaced or circumvented. If the company is unable to maintain adequate protection for its intellectual property rights in the future, or if the company is alleged to infringe third-party intellectual property rights, this could have a material impact on the company's operations, profitability and financial position.

Terranet assesses that the likelihood of the above risks materialising, in whole or in part, is moderate. Should these risks materialise, they could potentially have a moderate impact on the company.

Risks related to regulatory approvals and compliance

Road Safety, both in traffic and in other environments where Terranet's sensor solution may be used, is a priority for decision-makers and authorities, both nationally and internationally. Regulatory development within areas such as vehicle safety is continuously evolving, while requirements from the EU, Euro NCAP and NHTSA are regularly updated. There is a risk that the company's products and sensor systems may not meet the requirements of relevant authorities, or that the company's products and/or technology may not meet the recommendations of industry organizations, which could result in intended customers being unable to enter into agreements regarding the company's manufacturing licenses. In connection with the external evaluation of the company's MVP, there is a risk that the company may not

obtain the necessary certifications, as additional verification, documentation and certification efforts are considered necessary before integration into series production can take place. Stricter standards, longer processes or changes in test protocols may result in more resource-intensive regulatory compliance, delayed market introduction or increased costs for the company.

Terranet assesses that the likelihood of the above risks, in whole or in part, materializing is moderate. Should these risks materialize, they could potentially have a significant impact on the company.

Expected future development

During the coming year, Terranet plans to, through the MVP evaluations that are continuously being carried out, take the step towards establishing commercial partnerships. The focus will increasingly be on business and product development in close collaboration with the market, in order to validate offerings and business models.

As such partnerships develop, there are opportunities for initial revenues, for example through NRE (one-off revenues from customer-funded development work) or sales of validation systems. At the same time, the company is expected to continue investing in organization, structure and commercial capacity to enable a long-term and sustainable establishment in the market.

PROPOSED APPROPRIATION OF PROFITS

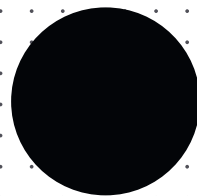
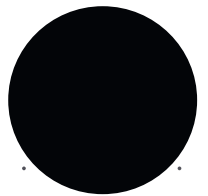
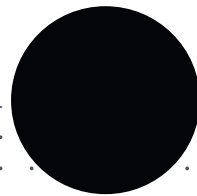
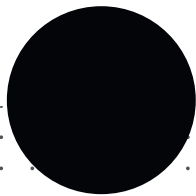
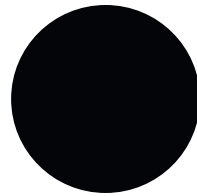
The parent company

The Annual General Meeting has the following funds (SEK) at its disposal

Share premium reserve	550,698,299.05
Profit carried forward	-424,337,376.14
Annual profit/loss	-54,540,773.81
The board proposes that the profits be disposed such that the amount is carried forward	71,820,149.05

For information regarding the parent company's and the Group's results and financial position in other respects, reference is made to the following financial statements. All amounts are stated in thousands of Swedish kronor (TSEK) unless otherwise indicated.

Corporate governance



Board of Directors



**TORGNY
HELLSTRÖM**
Chairman of the Board

Year elected
2023

Born
1958

Education
Master of Laws from Stockholm University.

Other significant assignments
Chairman of the Board of Precise Biometrics AB, Drupps Group AB, as well as board member of Frenda AB.

Previous assignments
Chairman of the Board of Starbreeze AB, DDM Holding AG, and MagComp AB. Board member of True Heading AB and Seapilot AB. CEO and executive positions at Anoto, VP at Ericsson, and executive roles at IBM.

Holdings in Terranet
3,457,423 B shares

**Attendance/
number of board meetings**
23/23

Committee work
Audit Committee, Financing Committee, and Remuneration Committee

**Independent of the company
and its management**
Yes

**Independent of the company, its
management, and major share-
holder**
Yes



**ANDERS
BLOM**
Board member

Year elected
2022

Born
1969

Education
A Master of Science in Business Administration and Economics from Uppsala University

Other significant assignments
Chairman of the Board of Peptonic Medical AB (publ) and Rosland Nordic AB, as well as board member of Alzinova AB (publ).

Previous assignments
Partner and CEO of the venture capital company Nexttobe AB, board member of Wonderboo Holding AB, and Executive Vice President and Chief Financial Officer at Oasmia Pharmaceutical AB.

Holdings in Terranet
5,292,785 B shares

**Attendance/
number of board meetings**
23/23

Committee work
Audit Committee and Financing Committee

**Independent of the company
and its management**
Yes

**Independent of the company, its
management, and major share-
holder**
Yes



**MAGNUS
EDMAN**
Board member

Year elected
2022

Born
1967

Education
Diploma in Electrical Engineering from Bergslagens Gymnasieskola

Other significant assignments
Founder and CEO of Prevas Development AB, and board member of KEBNI AB (publ) and ASTGW AB.

Previous assignments
Co-founder of Aims AB, which is now part of KEBNI AB (publ).

Holdings in Terranet
1,269,840 B shares

**Attendance/
number of board meetings**
22/23

Utskottsarbete
Remuneration Committee

**Independent of the company
and its management**
Yes

**Independent of the company, its
management, and major share-
holder**
Yes

Board of Directors



MATS FÄGERHAG

Board member

Year elected

2024

Born

1961

Education

Master of Science in Mechanical Engineering from Lund University (LTH)

Other significant assignments

Chairman of the Board at Aliaro AB, and board member of Systemite AB, CarlixKlippan AB, MedicSolution AB, and Chalmers Industriteknik. Advisor to several companies through his own company.

Previous assignments

Executive positions at Saab Automobile, General Motors Europe, Volvo Cars, and Geely Automotive.

Holdings in Terranet

0 shares

Attendance/ number of board meetings

21/23

Committee work

No

Independent of the company and its management

Yes

Independent of the company, its management, and major shareholders

Yes



UWE BRANDENBURG

Board member

Year elected

2025

Born

1966

Education

Bachelor's degree in Electrical Engineering and Telecommunications from the University of Applied Sciences Konstanz.

Other significant assignments

Chief Technology Officer and Senior Vice President, Automotive and Manufacturing Industry at DXC Technology.

Previous assignments

ADAS CTO and Global Head of Engineering at Valeo, Global Head of Camera and Radar Development at Continental, and ADAS Engineering Director Europe at Autoliv.

Holdings in Terranet

0 shares

Attendance/ number of board meetings

15/16

Committee work

No

Independent of the company and its management

Yes

Independent of the company, its management, and major shareholders

Yes

Management



**LARS
LINDELL**
CEO

Born: 1963

Employed: 2025

Education:

MSc in Electrical Engineering from Lund University (LTH) and MBA from Cambridge.

Previous positions:

Over 30 years of experience in technology, telecom, and finance. Previously CEO of Acconeer, Head of Sales at Ericsson, Country Manager for ST-Ericsson Japan, and Analyst at global investment bank Salomon Smith Barney (now part of Citibank).

Shareholding in the company:

2,539,680 B shares



**DAN
WAHRENBORG**
CFO

Född: 1969

Employed: 2023

Education:

Master of Science in Business and Economics from Lund University

Previous positions:

Over 10 years of experience as CFO in listed companies; Anoto Group, LifeAssays and MultiQ International. Most recently, CFO of Asperiq Group.

Shareholding in the company:

2,888,864 B shares



**PIERRE
EKWALL**
CTO

Born: 1979

Employed: 2023

Education:

Degree in Electrical Engineering from the University of Borås, complemented by advanced studies in Business Administration at IHM Business School in Gothenburg.

Previous positions:

Over 25 years of experience in the automotive industry, primarily within AD/ADAS, electrification, and Infotainment. More than 16 years in managerial roles across product development, sales, and business development. Most recently served as Vehicle Line Manager at Einride.

Shareholding in the company:

1,388,872 B shares

Management



**JONAS
RENANDER**
CCO

Born: 1975

Employed: 2024

Education:

"Microcomputer Design" at Chalmers University in Gothenburg

Previous positions:

Over 25 years of experience in technical development, project management, sales, and business development. Consultant for Volvo Trucks, SAAB Automotive, Volvo Cars, and CEVT. Most recently in business development at GlobalLogic.

Shareholding in the company:

555,555 B shares



**ANNA-KARIN
ÅBERG**
CMO

Born: 1972

Employed: 2024

Education:

Bachelor's degree in Media and Communication Science from Jönköping University.

Previous positions:

Over 25 years of experience in communication and marketing within the technology industry, including ten years at a publicly listed company. Has held both strategic and operational responsibility for communication and marketing in areas such as digital signage and automation. Previous employers include MultiQ AB, Vertiseit AB, and APOCCA/Vaasa Automation.

Shareholding in the company:

0 shares

Corporate governance report

Introduction

Terranet AB is a Swedish public limited company with its registered office in Lund. The company has been listed on Nasdaq First North Premier Growth Market since 2017. Terranet AB is the parent company of the Terranet group. Operations are carried out in its subsidiaries, as described in the directors' report. The company develops technologies for advanced driver assistance systems and autonomous vehicles. Terranet follows the Swedish Corporate Governance Code ("the Code") or explains any deviations in its corporate governance report.

Governance structure

The basis for corporate governance at Terranet is the company's guidelines and applicable laws and regulations.

Internal governing documents include:

- Instructions for the CEO
- Rules of procedure for the board of directors
- Nomination committee instructions
- Articles of association
- Internal company policies and guidelines

External regulations include:

- The Swedish Companies Act
- The Annual Reports Act
- The EU Market Abuse Regulation
- Nasdaq's rulebook
- The Swedish Corporate Governance Code

To ensure the owners' influence on the company, its governance, control and management are distributed between the General Meeting, the nomination committee, the board of directors, the CEO and company management, as well as auditors, in accordance with the frameworks above. The nomination committee instructions and the articles of association are available on the company's website www.terranel.se.

Shares and shareholders

The company's share capital shall amount to no less than SEK 14,000,000 and no more than SEK 56,000,000, divided into no less than 1,400,000,000 shares and no more than 5,600,000,000 shares.

Shares are issued in two classes, A and B. Each class A

share carries two votes and each class B share one vote at the general meeting.

The ten largest shareholders together accounted for 40.8% of the total number of votes as of 31 December 2025. Avanza Pension was the largest shareholder, holding 14.71% of the votes, and was also the only shareholder with voting power exceeding one tenth of the total number of votes.

More information is available at www.terranel.se and under "The Share" in the annual report.

Articles of association

The articles of association contain no restrictions regarding how many votes each shareholder may cast at a general meeting.

According to the articles of association, the board of directors shall consist of no fewer than three and no more than eight members, with no more than two deputy members. The board members are elected annually at the annual general meeting for the period until the next annual general meeting has been held. No other specific rules apply for appointment or dismissal of board members. The articles contain no specific provisions on amendments.

General meeting

Shareholders exercise their influence through the general meeting, the company's highest decision-making body.

The Annual General Meeting (AGM) shall be held within six months of the financial year-end and take place where the board has its registered office or in Stockholm. Extraordinary general meetings may be convened.

At the AGM, shareholders adopt the income statement and balance sheet, decide on profit or loss allocation and discharge of liability, and elect and decide remuneration for the board of directors and auditor.

Notice of the AGM, and extraordinary general meetings addressing amendments to the articles, shall be issued no earlier than six and no later than four weeks before the meeting. Other extraordinary meetings: six to two weeks before.

Notice is published in Post- och Inrikes Tidningar and on

the company's website. An announcement is also made in Svenska Dagbladet (SvD).

To participate in a general meeting, a shareholder must be entered in a printout or other record of the share register on the date specified in the Swedish Companies Act, and must notify the company, including the number of advisors (no more than two), by the date stated in the notice of the meeting.

Related meeting materials are available on the company's website www.terranel.se.

Shareholders who wish to have a matter considered at a general meeting must submit a written request to the board of directors. The request must normally be received by the board of directors no later than seven weeks before the general meeting.

Annual General Meeting 2025

On 23 May, 2025, Terranel AB held its Annual General Meeting (AGM). In addition to the standard items on the agenda, the following resolutions were adopted:

- The board of directors and the CEO were granted discharge from liability.
- The income statement and balance sheet, as well as the consolidated income statement and consolidated balance sheet, were adopted.
- Remuneration to the board of directors and the chairman of the board was approved.
- Ernst & Young AB was appointed as audit firm, with Martin Henriksson as auditor in charge.
- It was decided to amend the limits for share capital and the number of shares in the articles of association.
- The board of directors was authorised to resolve on new issues of class B shares, warrants and/or convertibles within the limits of the articles of association.
- Anders Blom, Magnus Edman and Mats Fägerhag were re-elected as board members. Uwe Brandenburg was elected as a new board member. Torgny Hellström was elected chairman of the board.

For further details on resolutions passed at the 2025 Annual General Meeting, please visit the company's website: www.terranel.se.

The AGM 2026 will be held on 20 May 2026. Participation rights are stated in the notice.

Nomination Committee

The task of the nomination committee is to prepare proposals for the general meeting regarding board members, the chairman of the board and the auditor, as well as their remuneration. The nomination committee also proposes the chairman of the general meeting and assesses the independence of board members in relation to the company.

Instructions for the nomination committee were adopted at the Annual General Meeting (AGM) 2021. The nomination committee, which is appointed until a new nomination committee has been appointed, shall consist of four members, appointed as follows: Before the end of the third quarter of the financial year, the chairman of the board shall contact the three largest shareholders in the company, who then each appoint one member. If any of the largest shareholders declines to appoint a member, the chairman of the board shall invite the next largest shareholder to appoint a member. The work of the nomination committee shall follow the Swedish Corporate Governance Code.

The company is not subject to requirements on a diversity policy. However, the nomination committee aims to achieve a balanced gender distribution and a broad and diverse composition of the board, as stated in section 4.1 of the Swedish Corporate Governance Code. The nomination committee's statement includes a reasoned proposal and a description of how the work has been carried out.

More information is available at www.terranel.se. The nomination committee for the AGM 2026 consists of:

- Mario Pereira, chairman of the nomination committee, own holding
- Morten Skovsby Jensen, own holding
- Kristian Mårtensson, own holding
- Torgny Hellström, chairman of the board of Terranel AB

The board of directors

The board of directors is responsible for the company's organisation and management of its affairs. The board ensures that the organisation is appropriate and that the business is conducted in accordance with the articles of association, the Swedish Companies Act and other applicable laws and regulations.

The board's duties include setting the company's overall goals and strategy, and ensuring follow-up and control of operations, financial reporting, management and the risks associated with the business. The chairman of the board is elected by the Annual General Meeting (AGM). The chairman is responsible for organising and leading the board's work and ensuring that board members receive relevant information about the company.

The board has adopted rules of procedure, which are reviewed and updated if needed at the first board meeting after the AGM.

In addition to the statutory meeting, the board shall meet at least six times per year.

The board's work is evaluated continuously during the year by the chairman through individual meetings with each board member. The work is also evaluated by the nomination committee. During 2025, the board's work focused on the company's strategy, financing and product development. The board held a total of twenty-three meetings. Torgny Hellström and Anders Blom attended all meetings. Magnus Edman attended twenty-two meetings, Mats Fägerhag twenty-one and Uwe Brandenburg fifteen. Nils Wollny and Tarek Shoeb attended six meetings each.

Information about the board members is presented in detail in the annual report under the section "Board of directors".

CEO and company management

The CEO is responsible for the day-to-day operations and management of the company. The division of responsibilities between the board of directors and the CEO, as well as responsibility for financial reporting, is set out in written instructions for the CEO. The CEO reports on the company's operations and financial position to the board at regular and additional board meetings. Between meetings, the chairman of the board is kept informed by the CEO. The board continuously evaluates the CEO's work.

Information about the company's management is presented in detail in the annual report under the section "Management".

Remuneration to the board and company management

The board of directors has established a remuneration committee. Matters relating to remuneration to the CEO and company management are prepared by the

remuneration committee for approval by the board.

The remuneration committee held one meeting during 2025 and consisted of Torgny Hellström (chairman), Tarek Shoeb and Magnus Edman.

The nomination committee prepares proposals to the general meeting regarding remuneration to the board of directors. The general meeting decides on the remuneration to the board members.

Information on remuneration to the board of directors and company management is presented in note 10 in the annual report.

Audit

The nomination committee proposes the auditor and auditor's fees to the general meeting. The general meeting decides on the election of auditor and remuneration.

According to the articles of association, the Annual General Meeting (AGM) shall appoint no fewer than one and no more than two auditors, with or without deputy auditors.

The auditor reviews the board of directors' and the CEO's management, the annual report and the company's nine-month report. The board and the auditor meet when needed. The auditor reports to the general meeting in the auditor's report.

Information on auditor's fees is presented in note 8 in the annual report.

Här är en balanserad version (inte för kort, inte för lång) – nära svensk text:

Audit committee

The audit committee was established in 2023 following a decision at the statutory board meeting in connection with the Annual General Meeting (AGM).

The audit committee supports the board in its responsibilities regarding audit, internal control and financial reporting. It also assists the nomination committee in preparing proposals for the election of auditor and, where applicable, procurement of audit services, monitors the auditor's independence, establishes guidelines for non-audit services and keeps informed about the auditor oversight authority's quality reviews.

During 2025, the committee focused on financial reporting (interim reports), valuation of investments and

internal control. The committee held three meetings during the year. The audit committee meets the company's auditor at least twice per year. Since the AGM 2025, the audit committee has consisted of Torgny Hellström and Anders Blom (chairman).

Financing committee

The board of directors has established a financing committee to review the company's financial position and prepare proposals to secure its financing.

The committee held no minuted meetings during 2025. However, its members had regular contact and discussions regarding the company's financing.

Since the Annual General Meeting (AGM) 2025, the financing committee has consisted of Anders Blom (chairman) and Torgny Hellström.

Internal control

The board of directors is responsible for ensuring that the company's operations are conducted with effective internal control. The board monitors that the company's systems and policies forming the basis for internal control are followed. The purpose of internal control is to ensure that financial reporting is accurate and complies with applicable laws, standards and requirements for listed companies.

The board's division of responsibilities, together with the CEO instructions, forms the basis for managing

and controlling the company's risks. The company's policies, including the information and insider policy and the IT policy, further support effective internal control. Roles and responsibilities within the company are clearly defined.

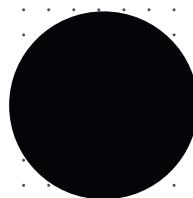
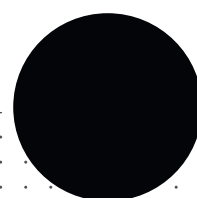
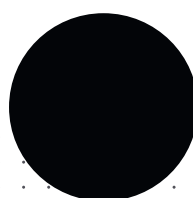
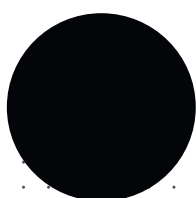
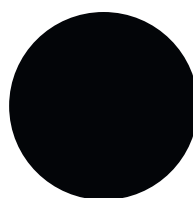
Management reports regularly to the board on risks, and the board may request additional information. Risk assessments are carried out continuously by management and the board, including financial reporting and the valuation of assets and liabilities. The board reviews all interim reports and the annual report well in advance of publication. A description of the company's risks is provided in the directors' report.

The board's overall assessment is that internal control is effective, that communication between management and the board works well, and that the risk of errors in financial reporting is low given the company's size and complexity. The board therefore considers that there is no need for a separate internal audit function.

Lund, 17 April 2026
The Board of Directors



Financial reports



Consolidated income statement

Amounts in TSEK	Note	2025	2024
Other operating revenue	6	0	283
Work in progress for own account	15	7,394	3,951
Operating expenses			
Other external expenses	7, 8, 9	-21,860	-17,245
Staff costs	10	-23,189	-21,357
Depreciation and write-offs of tangible and intangible fixed assets	15, 16, 17, 18	-3,199	-1,435
Other operating costs		-31	-5
Operating profit/loss		-40,885	-35,808
Financial items			
Write-down of Long-term securities	20	3,573	0
Financial income	11	53	510
Financial expenses	12	-1,965	-3,802
		-5,485	-3,292
Profit/loss before tax		-46,370	-39,100
Tax on profit/loss for year	13	-37	-23
Profit/loss for the year attributable to the parent company's shareholders		-46,407	-39,123
Profit/loss for the period attributable to the parent company's shareholders in SEK	14		
Before dilution		-0.02	-0.04
After dilution		-0.02	-0.04

Consolidated report on comprehensive income

Amounts in TSEK	Note	2025	2024
Annual profit/loss		-46,407	-39,123
Other comprehensive income			
Items that could be reclassified to income statement:			
Translation differences		-40	-16
Total other comprehensive income, net after tax		-40	-16
Comprehensive income for the year attributable to the parent company's shareholders		-46,447	-39,139



Consolidated statement of financial position

Amounts in TSEK	Note	2025-12-31	2024-12-31
ASSETS			
Tangible fixed assets			
Intangible fixed assets			
Capitalised development costs	15	28,226	20,833
Patents	16	2,422	2,211
Property, plant and equipment			
Right of use assets	17	5,119	2,123
Equipment, machinery and computers	18	345	275
Financial assets			
Long-term securities	20	1,857	5,430
Other long-term receivables		160	170
Total fixed assets		38,129	31,042
Current assets			
Other receivables	21	1,547	1,802
Prepaid expenses and accrued revenue	22	809	1,495
Cash and cash equivalents	23	37,681	18,541
		40,037	21,838
TOTAL ASSETS		78,166	52,880

Consolidated statement of financial position

Amounts in TSEK	Note	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	24	22,379	11,937
Other contributed capital	24	550,698	484,101
Translation differences		-63	-23
Profit/loss carried forward		-467,281	-428,157
Comprehensive income for the year		-46,407	-39,123
Equity attributable to the parent company's shareholders		59,326	28,735
Long-term liabilities			
Lease liabilities		5,514	1,404
Other long-term liabilities	27	2,503	4,378
		8,017	5,782
Current liabilities			
Loans payable	25	0	8,118
Lease liabilities		1,312	993
Accounts payable		1,069	1,122
Other liabilities	27	2,815	2,844
Accrued expenses and prepaid income	28	5,627	5,286
		10,823	18,363
TOTAL EQUITY AND LIABILITIES		78,166	52,880

Consolidated cash flow changes in equity

Amounts in TSEK

	Attributable to the parent company's shareholders				Total equity
	Share capital	Translation reserve	Other contributed capital	Profit/loss carried forward including profit/loss for the year	
Equity on 1 January 2024	7,551	-7	449,362	-428,157	28,749
Annual profit/loss				-39,123	-39,123
Other comprehensive income		-16			-16
Comprehensive income for the year		-16		-39,123	-39,139
Other Changes in equity					
New cash issue	4,386		35,424		39,810
Issue costs			-685		-685
Equity on 31 December 2024	11,937	-23	484,100	-467,279	28,735
Equity on 1 January 2025	11,937	-23	484,100	-467,279	28,735
Annual profit/loss				-46,407	-46,407
Other comprehensive income		-40			-40
Comprehensive income for the year		-40		-46,407	-46,447
Other Changes in equity					
New cash issue	10,243		73,429		83,672
Non-cash issue	199		1,553		1,752
Issue costs			-8,384		-8,384
Rounding difference			0	-2	-2
Equity on 31 December 2025	22,379	-63	550,698	-513,688	59,326

Consolidated cash flow statement

Amounts in TSEK	Note	2025	2024
Cash flow from operations			
Operating profit/loss		-40,885	-35,808
Adjustments for items not included in the cash flow:			
Depreciation and write-offs	15, 16, 17, 18	3,199	1,435
Other non-cash items		412	409
Interest received		7	510
Interest paid		-1,765	-4,282
Income tax paid		-37	-61
Cash flow from operations before changes in working capital		-39,069	-37,797
Changes in working capital			
Changes in operating receivables		568	-342
Change in operating liabilities		237	964
Cash flow from operations		-38,264	-37,175
Investing activities			
Capitalisation of development costs	15	-7,394	-3,951
Patent fees	16	-438	-482
Paid deposits	18	-371	-182
Cash flow from investing activities		-8,202	-4,615
Financing activities			
	26		
New share issue		83,670	39,810
Issue costs		-6,632	-685
Repaid loans	25	-10,193	-6,879
Amortisation of lease liabilities	9	-1,232	-959
Cash flow from financing activities		65,613	31,287
Cash flow for the year		19,147	-10,503
Cash and cash equivalents on January 1		18,541	29,006
Translation differences in cash & cash equivalents		-7	38
Cash and cash equivalents on December 31		37,681	18,541
	23		

Parent company income statement

Amounts in TSEK	Note	2025	2024
Net sales	6	4,693	5,208
Other operating income	6	3	0
Operating expenses			
Other external expenses	7, 8	-4,881	-6,630
Personnel expenses		-5,504	-6,749
Other operating expenses		0	-5
Operating profit/loss		-5,689	-8,176
Profit/loss from financial items			
Write-down of Other long-term securities	20	-3,573	0
Depreciation of shares in group companies	19	-44,500	-32,000
Interest revenue and similar profit and loss items	11	52	509
Interest expenses and similar profit and loss items	12	-831	-2,951
		-48,852	-34,442
Profit/loss before tax		-54,541	-42,618
Tax on profit/loss for year	13	0	0
Annual profit/loss		-54,541	-42,618

Parent company statement of comprehensive income

Amounts in TSEK	Note	2025	2024
Annual profit/loss		-54,541	-42,618
Other comprehensive income		0	0
Comprehensive income for the year		-54,541	-42,618

Parent company balance sheet

Amounts in TSEK	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in group companies	19	57,011	57,011
Other long-term securities	20	1,857	5,430
Total non-current assets		58,868	62,441
Current assets			
Current receivables			
Receivables from group companies		277	436
Other receivables	21	333	352
Prepaid expenses and accrued revenue	22	298	577
		908	1,365
Cash and bank	23	36,628	17,815
Total current assets		37,536	19,180
TOTAL ASSETS		96,404	81,621
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	22,379	11,937
		22,379	11,937
Non-restricted equity			
Share premium reserve	24	550,698	484,101
Retained earnings		-424,337	-381,719
Profit/loss for the year		-54,541	-42,618
		71,820	59,764
Total equity		94,199	71,701
Current liabilities			
Loans payable	25	0	8,118
Accounts payable		935	208
Liabilities to group companies		94	94
Other current liabilities		182	302
Accrued expenses and prepaid income	28	994	1,198
		2,205	9,920
TOTAL EQUITY AND LIABILITIES		96,404	81,621

Parent company statement of changes in equity

Amounts in TSEK

	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium reserve	Profit/loss carried forward	Profit/loss for the year	
Equity on 1 January 2024	7,551	449,362	-314,995	-66,724	75,194
Appropriation of profit/loss for previous year			-66,724	66,724	0
Profit/loss for the year				-42,618	-42,618
Other comprehensive income			0		0
Comprehensive income for the year			0	-42,618	-42,618
Other Changes in equity					
New cash issue	4,386	35,424			39,810
Issue costs		-685			-685
Equity on 31 December 2024	11,937	484,100	-381,718	-42,618	71,701
Equity on 1 January 2025	11,937	484,100	-381,718	-42,618	71,701
Appropriation of profit/loss for previous year			-42,618	42,618	0
Profit/loss for the year				-54,541	-54,541
Other comprehensive income			0		0
Comprehensive income for the year			0	-54,541	-54,541
Other Changes in equity					
New cash issue	10,243	73,429			83,672
Set-off issue	199	1,553			1,752
Issue costs		-8,384	0		-8,384
Rounding difference			-1		-1
Equity on 31 December 2025	22,379	550,698	-424,337	-54,541	94,199

Parent company cash flow

Amounts in TSEK	Note	2025	2024
Cash flow from operations			
Operating profit/loss		-5,689	-8,176
Adjustments for items not included in the cash flow:			
Other non-cash items		0	0
Interest received		6	509
Interest paid		-631	-3,492
Cash flow from operations before changes in working capital		-6,314	-11,159
Changes in working capital			
Changes in operating receivables		503	-1,134
Change in operating liabilities		404	1,593
Cash flow from operations		-5,407	-10,700
Investing activities			
Paid shareholder contributions	19	-44,500	-32,000
Cash flow from investing activities		-44,500	-32,000
Financing activities			
New share issue		83,670	39,810
Issue costs		-6,632	-684
Repaid loans	25	-8,318	-6,879
Cash flow from financing activities		68,720	32,247
Cash flow for the year		18,813	-10,453
Cash and cash equivalents on January 1		17,815	28,268
Cash and cash equivalents on December 31	23	36,628	17,815

Notes

Note 1 – General information

Terranet AB (publ), corporate identity number 556707-2128, is a public limited company registered in Sweden with its registered office in Lund. The address of the head office is Mobilvägen 10, 223 62 Lund.

The Group's operations consist of developing software for advanced driver assistance systems (ADAS) and autonomous vehicles.

Operations are conducted in the wholly owned subsidiary Terranet Tech AB (556666-9916). The parent company does not conduct any operations of its own. The Group also includes the currently dormant company TerraNet International AB (556759-6662) and the group company Terranet Tech GmbH.

Terranet has also registered a company in the United States as preparation for international expansion. The company in the United States has not yet conducted any operations and, as of 31 December 2025, had no balance sheet total.

Amounts in the notes are stated in TSEK unless otherwise indicated.

Note 2 – Significant accounting principles

The consolidated financial statements for Terranet AB (publ.) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations from the IFRS Interpretations Committee (IFRIC).

Furthermore, the group applies the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendations RFR 1 "Supplementary accounting rules for groups". New and amended standards and improvements that entered into force in 2025 had no significant impact on the group's financial reports for the financial year.

The consolidated financial statements are given in Swedish kronor (TSEK) and refer to the period 1 January – 31 December for income statement-related items and 31 December for balance sheet-related items. Assets and liabilities are reported in accordance with the acquisition cost method unless otherwise indicated. Significant accounting principles applied in the preparation of the financial statements are described below. The accounting principles applied by the parent company are described at the end of this section.

The preparation of the financial statements in accordance with IFRS requires the management team to make assessments and estimates and to make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and costs. The actual outcome may differ from these estimates and assessments. The estimates and assumptions are reviewed regularly. Any changes in estimates are reported in the period in which the change occurs if the change only affects this period, or in the period in which the change occurs and future periods if the change affects the current period and future periods. Any assessments made by the management team in applying the principles of IFRS that have a significant impact on the financial statements and any estimates that may lead to significant adjustments in the following financial year's financial statements are described in more detail in Note 3.

New and changed standards and interpretations not yet in force

The new and amended standards and interpretations that have been issued but that enter into force for financial years beginning after 1 January 2025 have not yet been applied by the group.

The company is monitoring the development of the new accounting standard IFRS 18, which enters into force for financial years beginning on 1 January 2027. The standard is expected to affect the presentation of the group's income statement and certain disclosure requirements, but is currently not expected to affect the group's results or financial position. The company has not yet completed its analysis of the full effects of the standard.

It is management's assessment that other amended standards and interpretations, when applied for the first time, will not have any material impact on the group's financial statements.

Consolidated financial statement

The consolidated financial statements include the parent company Terranet AB (publ) and the companies for which the parent company directly or indirectly has control (subsidiaries). Control refers to the right to directly or indirectly determine the strategies employed by a company in order to obtain economic benefits. In assessing whether control exists, shareholder agreements and any voting rights that can be used or converted without delay must be taken into account. Control is typically deemed to exist if the parent company directly or indirectly holds shares that represent more than 50% of the voting rights.

Subsidiaries are included in the consolidated financial statements from the date of acquisition and are excluded from the consolidated financial statements as of the date on which control ceases.

The group's result and components of other comprehensive income are attributable in their entirety to the parent company's shareholders. All intra-group transactions, balances and unrealised gains and losses related to intra-group transactions have been eliminated in the preparation of the consolidated financial statements.

Segment reporting

Revenue is reported for the group as a whole, i.e. as one operating segment, since control, follow-up and decisions are made for each individual project and for the business as a whole. Within the group, the company's board has been identified as the chief operating decision-maker.

Revenue

Government grants

Government grants are recognised as other revenue when the grant's performance-related conditions are met. In cases where the grant is received before the performance-related conditions have been met, the grant is reported as a liability in the balance sheet. Government grants are valued at the fair value of the consideration received or receivable.

Lease agreements

Terranet recognises its leases in accordance with IFRS 16, which means that essentially all leases are recognised in the Statement of Financial Position.

Upon commencement of a lease, the present value of the lease liability is calculated, which determines the value of the right-of-use asset that is recognised. When discounting the lease liability for rental premises, the company's incremental borrowing rate of 10% has been applied. For vehicles, the rate implicit in the agreement has been used as the discount rate. For right-of-use assets, the term of each respective agreement has been used to determine the depreciation period applied.

Leases where the underlying asset is of low value are recognised in the income statement on a straight-line basis over the term of the lease.

Foreign currency

The consolidated financial statements have been prepared in Swedish kronor, which is the parent company's functional

currency and reporting currency. Transactions in foreign currency are translated into Swedish kronor at the rate of exchange on the date of the transaction. Receivables and liabilities in foreign currency are translated at the closing exchange rate. Foreign exchange gains and losses on operating receivables and liabilities are recognised in operating profit as other operating revenue or other operating costs. Gains and losses on financial receivables and liabilities are recognised as financial items. Foreign exchange rate differences are recognised in the income statement in the period in which they arise.

Employee benefits

Short-term employee benefits

Remuneration paid to employees in the form of salaries, bonuses, paid vacation, paid sick leave and pensions is recognised as the service is rendered (usually monthly).

Pensions

The group's pension plans are defined contribution plans. Under a defined contribution plan, the group pays fixed contributions into a separate legal entity. The group has no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The group's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Share-based payments

The group receives share-based payments in the form of warrants. These have been valued at fair value at grant date and the group has received corresponding compensation. The compensation is reported in Other contributed capital as received option premiums.

Taxes

Income taxes amount to the total of current tax and deferred tax.

Current tax

Current tax is calculated on the taxable profit for the period and adjustments of current tax for previous periods. Taxable profit differs from the reported profit in the income statement as it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The group's current tax liability is calculated according to the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base used for calculating taxable profit. Deferred tax is recognised in accordance with the balance sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences, and deferred tax assets are recognised in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilised against future taxable profits. Deferred tax liabilities and deferred tax assets are not recognised if the temporary difference is attributable to goodwill or if it arises as a consequence of a transaction which constitutes the initial recognition of an asset or liability (which is not a business combination) and which, at the date of the transaction, neither affects accounting profit nor taxable profit.

Deferred tax is calculated using the tax rates that are expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and when

the group intends to settle the tax on a net amount.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in the income statement, except when the tax is attributable to transactions recognised in other comprehensive income or directly in equity. In such cases, the tax must also be recognised in other comprehensive income or directly in equity. Current and deferred tax that arises in connection with business combinations is recognised in the acquisition analysis.

Tangible fixed assets

Computers and equipment are recognised at acquisition cost less accumulated depreciation and any impairment losses. The acquisition cost consists of the purchase price, as well as costs directly attributable to bringing the asset to the location and condition necessary for it to be used in accordance with its intended purpose.

Depreciation is expensed such that the asset's value, less estimated residual value at the end of its useful life, is depreciated on a straight-line basis over its estimated useful life, which is estimated at:

Computers and equipment 3 years

Estimated useful lives, residual values and depreciation methods are reviewed at least at the end of each reporting period, and the effects of any changes in estimates are recognised prospectively.

Right-of-use assets primarily consist of leases for premises. All right-of-use assets are depreciated over the term of the lease.

The carrying amount of a tangible fixed asset is removed from the statement of financial position on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal of an asset consists of the difference between any net proceeds from disposal and its carrying amount and is recognised in the period in which the asset is removed from the statement of financial position.

Intangible Assets

Intangible assets with finite useful lives that have been acquired separately or developed internally are recognised at acquisition cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over the asset's estimated useful life. Estimated useful lives and amortisation methods are reviewed at least at the end of each reporting period, and the effects of any changes in estimates are recognised prospectively.

Internally generated intangible assets

The development work for internally generated intangible assets is divided into a research phase and a development phase. All costs attributable to the Group's research phase are recognised as expenses when they arise. Costs for the development of an asset are recognised as an asset if the following conditions are met:

- it is possible to use or sell the intangible asset;
- it is probable that the intangible asset will generate future economic benefits;
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and

- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

If it is not possible to recognise any internally generated intangible asset, development costs are recognised as an expense in the period in which they arise.

Amortisation begins upon completion of the development of the technology, which is deemed to be completed when the technology is included in offers to end users under a commercialised contract and its economic benefits begin to be realised via licensing agreements or other remuneration.

Amortisation of intangible assets is expensed such that the value of the asset is reduced by the estimated residual value at the end of its useful life. The useful lives of intangible assets are estimated at:

Patents	10 years
Capitalised development costs	5 years

Disposals and derecognition

An intangible asset is removed from the statement of financial position upon disposal or when no future economic benefits are expected from the use or disposal of the asset. The gain or loss arising when an intangible asset is removed from the statement of financial position, consisting of the difference between the consideration received and the asset's carrying amount, is recognised in the income statement when the asset is removed from the statement of financial position.

Impairment of tangible fixed assets and intangible assets

Assets that have an indefinite useful life and intangible assets where amortisation has not yet commenced are tested for impairment at least annually and whenever there is an indication of impairment. Assets that are depreciated or amortised are tested for impairment whenever events or changes in conditions indicate that the carrying amount may not be recoverable.

An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is determined to be less than its carrying amount, the carrying amount of the asset is written down to the recoverable amount. An impairment loss is recognised immediately in the income statement.

Previously recognised impairment losses are reversed if the recoverable amount is deemed to exceed the carrying amount. However, a reversal of impairment is not recognised in excess of the amount that would have been the carrying amount if no impairment had been recognised in prior periods.

Financial instruments

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes a party to the contractual terms of the instrument. A receivable is recognised when the company has performed and a contractual

obligation arises for the counterparty to pay, even if an invoice has not yet been issued. Accounts receivable are recognised in the statement of financial position when an invoice has been issued. A liability is recognised when the counterparty has performed and a contractual obligation arises to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the company loses control over them. The same applies to part of a financial asset.

A financial liability is derecognised from the statement of financial position when the obligation in the contract is discharged or otherwise extinguished. The same applies to part of a financial liability. No financial assets and liabilities are offset in the statement of financial position, as the conditions for offsetting are not met. Purchases and sales of financial assets are recognised on the trade date. The trade date is the date on which the company undertakes to acquire or dispose of the asset.

Classification and measurement

Financial assets are classified on the basis of the business model in which the asset is managed and the characteristics of its cash flows. If a financial asset is held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount, the asset is measured at amortised cost. This business model is categorised as "hold to collect".

If a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount, the asset is recognised at fair value through other comprehensive income. This business model is categorised as "hold to collect and sell".

All other business models, where the purpose is trading or where the cash flow characteristics exclude other business models, are measured at fair value through profit or loss. This business model is categorised as "other".

Terranet applies two different business models. For cash and cash equivalents, trade receivables and other short-term receivables, the company's business model is "hold to collect", which means that the assets are measured at amortised cost. Other long-term securities consist of the holding in Summer Robotics (see Note 20), where Terranet's business model is "other", which means that the holding is measured at fair value through profit or loss.

Unlisted equity instruments are measured at fair value within Level 3 of the fair value hierarchy. This means that several significant inputs are not based on observable market data.

Financial assets measured at amortised cost are initially recognised at fair value, including transaction costs. After initial recognition, the assets are measured at amortised cost, see below.

Financial liabilities are classified as follows:

Financial liabilities

- Amortised cost
- Fair value through profit or loss

The Group has no liabilities valued at fair value.

Financial liabilities measured at amortised cost are initially recognised at fair value, including transaction costs. After initial recognition, the liabilities are measured at amortised cost, see below.

The fair value of financial instruments

For all financial assets and liabilities, the carrying amount is considered a reasonable approximation of fair value, unless otherwise stated in the notes below.

Amortised cost

Amortised cost is defined as the amount at which the asset or liability is initially recognised, less principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the amount at maturity, and less any impairment losses.

The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of the financial instrument to the initial carrying amount of the financial asset or financial liability.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and presented on a net basis in the balance sheet when there is a legally enforceable right to offset and an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and other short-term highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value. To qualify as cash and cash equivalents, the maturity must not exceed three months from the date of acquisition. Cash and bank balances are classified as "loans and receivables" and are measured at amortised cost. Due to their nature as demand deposits, amortised cost corresponds to nominal amount.

Trade receivables and other receivables

Trade receivables and other receivables are classified as "loans and receivables" and are measured at amortised cost. As the expected maturity is short, they are recognised at nominal amount without discounting. Allowances are made for doubtful receivables. Impairment losses on trade receivables are recognised in operating expenses.

Lease liabilities

The Group's lease liabilities are valued and reported at amortised cost.

Accounts payable and other current liabilities

Accounts payable and other current liabilities are classified as "other financial liabilities" and are measured at amortised cost. As the expected maturity is short, they are recognised at nominal amount without discounting.

Loans payable

Loans payable are valued and reported at amortised cost.

Derivative instruments

The Group does not hold any derivative instruments.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Cash flow reporting

Cash and cash equivalents consist of cash on hand, bank balances and, where applicable, other short-term investments with a maturity of three months or less and subject to insignificant risk of value changes. The statement of cash flows is prepared using the indirect method. Reported cash flows include only transactions that involve cash receipts or payments.

Accounting principles for the parent company

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that the parent company applies all IFRS as adopted by the EU as far as possible within the framework of the Annual Accounts Act and the Safeguarding of Pension Obligations Act, taking into account the relationship between accounting and taxation.

Amendments to RFR 2 that entered into force in 2025 have not had any material impact on the parent company's financial statements. Differences between the parent company's and the Group's accounting principles are described below:

Classification and presentation

The parent company's income statement and balance sheet are prepared in accordance with the formats prescribed by the Annual Accounts Act. The main differences compared with IAS 1 Presentation of Financial Statements, which is applied in the preparation of the Group's financial statements, relate to financial income and expenses, non-current assets and equity.

Subsidiaries

Investments in subsidiaries are recognised at cost in the parent company's financial statements. Shareholder contributions are recognised as an increase in the carrying amount of the investment. Investments in subsidiaries are tested annually for impairment.

Financial instruments

The parent company does not apply IFRS 9 Financial Instruments. Instead, a cost-based approach is applied in accordance with the Annual Accounts Act.

Amendments to RFR 2 not yet in force

Management assesses that amendments to RFR 2 that have not yet entered into force are not expected to have a material impact on the parent company's financial statements when applied for the first time.

Proposed amendments to RFR 2 not yet in force

Management assesses that proposed amendments to RFR 2 that have not yet entered into force are not expected to have a material impact on the parent company's financial statements when applied for the first time.

Note 3 – Important estimates and judgements

Key sources of estimation uncertainty

Below are the main assumptions about the future and other important sources of uncertainty in estimates at the balance sheet date, which may entail a significant risk of material adjustments in the reported values of assets and liabilities in subsequent financial years.

Capitalised development costs

The capitalised development costs consist of payroll, including social security contributions for the company's own employees and costs for contracted software development consultants in the company's product development work. Product development of BlincVision occurs through the development of software and hardware.

The assessment is that there is significant potential for future licensing revenues and cash flows based on the Group's product development. The carrying amount of capitalised costs amounts to TSEK 28,226 (20,833).

Tax loss carryforwards

The Group holds accumulated tax loss carryforwards for which no deferred tax asset has yet been recognised, as revenue generation to date has been limited. At the time the Group's revenues can be established with greater certainty, deferred tax assets relating to tax loss carryforwards will be recognised and will have a positive effect on profit or loss and equity. Tax loss carryforwards amount to TSEK 563,327 (513,860).

If the Group is able to recognise a deferred tax asset for the entire loss carryforward, profit or loss and equity would increase by TSEK 116,045 (105,855). There is no maturity date that limits the utilisation of the tax loss carryforwards.

Long-term securities

The Group's long-term securities are measured at fair value, TSEK 1,857 (5,430), in the consolidated statement of financial position. These unlisted holdings are measured at fair value in Level 3, which means that several significant inputs are not based on observable market data. Incomplete and/or incorrect assumptions may affect the valuation of these holdings.

Important judgements in applying the Group's accounting policies

The following sections describe the most important judgements, in addition to those that include estimates (see above), that management has made in applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Liquidity and financing

The Group's financial statements have been prepared on a going concern basis.

Despite several important milestones during 2025, Terranet remains in a development phase where revenues do not yet cover costs. During Q2 2025, a rights issue and two directed share issues were carried out, raising approximately SEK 40 million. During Q4 2025, an additional rights issue and a directed share issue were completed, raising a further approximately SEK 40 million.

The company assesses that it has sufficient cash and cash equivalents to support operations throughout the financial year 2026.

There is a risk that additional capital may be required in the future to finance evaluations, commercialisation, regulatory adaptation and market introduction. At each capital raising, general market conditions and the financial climate are of importance, and there is a risk that the company may not be able to obtain additional capital on acceptable terms when needed.

If capital cannot be obtained in time and on acceptable terms, the company may need to delay, reduce or discontinue development projects, which could negatively impact timelines and revenue prospects.

If the company is not successful in future capital raising, there may be a material uncertainty regarding the company's ability to continue as a going concern.

Internally generated intangible assets

The Group's accounting policy for capitalisation of internally generated intangible assets is described in Note 2 above. When applying this policy, management must make important judgements to ensure the correct distinction between capitalisation and expensing.

Note 4 – Financial risk management and financial instruments

The Group is exposed to various types of financial risks through its operations, such as market risks, liquidity risks and credit risks. Market risks consist of currency risk, which is currently limited. The Board of Directors is ultimately responsible for exposure, management and monitoring of the Group's financial risks.

Market risks

Currency risks

Currency risk refers to the risk that fair value or future cash flows will fluctuate due to changes in exchange rates. Exposure to currency risks primarily arises from payment flows in foreign currency (transaction exposure).

The Group has transaction exposure from contracted payment flows in foreign currency. The table below lists exposure in each currency.

Currency exposure	2025		2024	
	Operating income	Operating costs	Operating income	Operating costs
USD	-	3%	0%	3%
EUR	-	9%	0%	13%
SEK	-	88%	100%	84%
	-	100%	100%	100%

As shown in the table above, the Group's transaction exposure primarily consists of USD and EUR. A 5% stronger USD would have an impact on profit/loss after tax of approximately SEK -120 thousand (-112), and a 5% stronger EUR would have an impact on profit/loss after tax of approximately SEK -223 thousand (-239).

The net carrying amount of the Group's monetary assets and liabilities subject to translation into SEK at the balance sheet date amounts to (expressed in SEK) (liabilities are indicated by a minus sign).

Currency	2025-12-31	2024-12-31
EURO	31	229
USD	-972	-1,056

Translation exposure

Translation exposure refers to the risk that the value of the Group's net investments in foreign currency will be negatively affected by changes in exchange rates. The Group consolidates net assets in SEK at the balance sheet date. This risk is referred to as translation exposure and is not hedged in accordance with the Group's finance policy.

The table below shows the translation exposure for net investments in foreign currency. The amounts below are expressed in local currency.

Currency	2025-12-31	2024-12-31
TEURO	63	59

Interest rate risks

Interest rate risk refers to the risk that fair value or future cash flows will fluctuate due to changes in market interest rates. The Group's previous loan liability carried a fixed interest rate of 1.25% for each commenced 30-day period. The loan liability has been fully repaid during 2025.

The interest rate for lease liabilities relating to rental agreements, in accordance with IFRS 16, is estimated at 10%, which is considered to correspond to the Group's incremental borrowing rate.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group will be unable to meet its payment obligations as they fall due. Liquidity risk is managed through careful liquidity planning.

Financing risk refers to the risk that cash and cash equivalents are not available and that financing can only be obtained in part, not at all, or at an increased cost. The Group finances its operations primarily through capital injections via share issues and warrants. Financing risk is a significant risk in relation to the Group's continued product and market development. Financing risk is managed through a focus on market establishment and continuous dialogue with shareholders regarding future capital needs. To date, the Group has been successful in raising capital and, through its listing on First North, has gained access to a broader investor base.

The maturity profile of contractual payment commitments related to the Group's financial liabilities is presented in the

tables below. The amounts in these tables are not discounted values and may also include interest payments, which means that these amounts cannot be reconciled with the amounts reported in the balance sheets. The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Amounts in foreign currency have been translated into SEK at the balance sheet date rate. Liabilities are included in the period when repayment can be required at the earliest.

The Group's loan agreements do not contain any specific terms that could result in payment being required significantly earlier than indicated in the tables.

The maturities of the Group's financial liabilities are presented below.

2025-12-31

	Within 3 months	3-12 months	1-2 year	3-5 year	Over 5 years	Total
Lease liabilities	470	1,409	3,759	2,695	0	8,333
Accounts payable	1,069	0	0	0	0	1,069
Other current liabilities	1,846	0	0	0	0	1,846
Total	3,385	1,409	3,759	2,695	0	11,248

The Board of Directors works actively and continuously with the company's financing, including the management of the above loan liabilities.

2024-12-31

	Within 3 months	3-12 months	1-2 year	3-5 year	Over 5 years	Total
Loans payable	636	8,318	0	0	0	8,954
Lease liabilities	303	856	532	1,064	0	2,755
Accounts payable	1,122	0	0	0	0	1,122
Other current liabilities	1,795	0	0	0	0	1,795
Total	3,856	9,174	532	1,064	0	14,626

Credit and counterparty risk

Credit risk refers to the risk that the counterparty in a transaction causes the Group a loss by not fulfilling its contractual obligations. The Group's exposure to credit risk is primarily attributable to cash and cash equivalents. No credit losses have occurred in 2024 and 2025.

Credit risk arises when the Group's excess liquidity is placed in bank accounts. Credit risk is limited by only placing funds with counterparties with a very good rating.

The Group is exposed to a limited number of counterparties through its receivables and bank balances. Credit risk is considered to be limited as the counterparties are deemed to have good creditworthiness.

The Group's maximum exposure to credit risk is deemed to correspond to the carrying amounts of all financial assets, as shown in the table below.

	The Group	
	2025-12-31	2024-12-31
Other long-term receivables	160	170
Other current receivables	0	242
Cash and cash equivalents	37,681	18,541
Maximum exposure to credit risk	37,841	18,953

Categorisation of financial instruments

The carrying amounts of financial assets and financial liabilities, by measurement category in accordance with IFRS 9, are presented in the table below.

	The Group	
	2025-12-31	2024-12-31
Financial assets are valued at amortised cost		
Other long-term receivables	160	170
Other receivables	0	242
Cash and cash equivalents	37,681	18,541
Total Financial assets are valued at amortised cost	37,841	18,953

	The Group	
	2025-12-31	2024-12-31
Financial assets are valued at fair value via the balance sheet		
Long-term securities	1,857	5,430
Total Financial assets valued at fair value	1,857	5,430

The holding in Summer Robotics Inc. is measured at fair value (Level 3) in accordance with the measurement categories in IFRS 9. This means that fair value is determined based on valuation models where significant inputs are based on unobservable data.

During the third quarter, Summer Robotics Inc. announced that it had completed a new financing round. As Terranet did not participate in this financing round, the carrying amount of the holding has been adjusted to reflect the Group's ownership and the valuation at which the new investors acquired their shares.

An impairment of SEK 3,573 thousand has been recognised.

	The Group	
	2025-12-31	2024-12-31
Financial liabilities valued at amortised cost		
Lease liabilities	6,826	2,397
Loans payable	0	8,118
Accounts payable	1,069	1,122
Other financial liabilities	1,846	1,795
Total Financial liabilities are valued at amortised cost	9,741	13,432

The Group has no liabilities measured at fair value through profit or loss. No reclassifications between the valuation categories above have occurred during the period. For financial assets and liabilities, the carrying amounts reported above are considered a reasonable approximation of fair value.

Note 5 – Capital management

The Group defines capital as equity. The Group's objective in managing capital is to ensure the Group is able to continue its operations, support growth and generate reasonable returns to shareholders and benefits for other stakeholders.

The Group is currently in a development phase related to new technology and is primarily financed through new share issues. The Group is not subject to any externally imposed capital requirements.

The Group does not currently have a dividend policy, and no dividend is expected in the coming years as the Group uses its capital for development and market establishment. Changes in the Group's capital are presented in the consolidated statement of changes in equity.

Note 6 – Revenue

Revenue is reported for the Group as a whole, i.e. as one operating segment, as management, monitoring and decision-making are carried out for each individual project and for the business as a whole.

	The group		The parent company	
	2025	2024	2025	2024
Other operating revenue				
Grants from Vinnova	0	283	0	0
Exchange rate differences	0	0	3	0
Summa	0	283	3	0

The Parent Company's revenue consists entirely of invoiced management fees to Group companies.

Information on geographic markets	Revenue from external customers		Tangible fixed assets	
	2025	2024	2025-12-31	2024-12-31
Sweden	0	0	37,969	30,872
Germany	0	0	160	170
	0	0	38,129	31,042

Information on intra-group purchases and sales	The parent company	
	2025	2024
Purchases	0.0%	0.0%
Sales	100.0%	0%
	100.0%	0%

Note 7 – Other external expenses

	The group		The parent company	
	2025	2024	2025	2024
Cost of premises	784	925	35	4
Consumable equipment, software and consumables	2,447	1,232	26	4
Sales and marketing costs	950	3,057	542	2,274
Extra hired staff	1,857	2,479	0	0
Consulting costs	10,123	5,102	421	1,275
Other	5,699	4,450	3,857	3,073
Total	21,860	17,245	4,881	6,630

Note 8 – Audit fees and expenses

	Koncernen		Moderföretaget	
	2025	2024	2025	2024
EY				
Audit services	338	345	159	200
Audit-related services	135	85	95	85
Other assignments	0	0	0	0
Total	472	430	254	285

Audit services refer to the auditor's fees for the statutory audit. The work includes the audit of the annual financial statements and accounting, the administration of the Board of Directors

and the CEO, as well as fees for audit-related advice provided in connection with the audit assignment.

Note 9 – Leasing

The Group is a lessee under lease agreements for office premises and one vehicle. The lease for office premises in Sweden runs until 31 January 2030. The lease agreement in Germany runs until December 2028. As the Group no longer uses the premises in Germany, the right-of-use asset has been impaired by SEK 1,204 thousand during the year and

is therefore recognised at SEK 0. For office leases, the Group's estimated incremental borrowing rate of 10% has been used when discounting the lease liability.

A maturity analysis of leasing liabilities is presented in Note 4.

Amounts reported in the income statement	The group	
	2025	2024
Depreciation of right of use assets	-2,673	-971
Interest costs for lease liabilities	-687	-256
Total	-3,360	-1,227

On 31 December 2025, the group has obligations attributable to short-term lease agreements of TSEK 0 (37).

Cash flow	The Group	
	2025	2024
Amortisation of lease liabilities	-1,232	-959
Interest on lease liabilities	-687	-256
Total cash flow	-1,919	-1,215

See Note 17 for specification of right-of-use assets.



Note 10 – Number of employees, salaries, other remuneration and social costs

Average number of employees	2025		2024	
	Number employees	Of which number of men	Number employees	Of which number of men
The parent company				
Sweden	2	2	2	2
Total in the parent company	2	2	2	2
Subsidiaries				
Sweden	13	11	12	11
Germany	1	0	2	1
Total in subsidiaries	14	11	14	12
Total in the Group	16	13	16	14

Distribution of senior executives on closing day	The Group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Women:				
Board members	0	0	0	0
Other persons in company leadership incl. CEO	1	0	0	0
Men:				
Board members	5	6	6	6
Other persons in company leadership incl. CEO	4	3	1	1
Total	10	9	7	7

Salaries, other remuneration, etc.	2025		2024	
	Salaries and other remuneration	Soc costs (of which pensions costs)	Salaries and other remuneration	Soc costs (of which pensions costs)
The parent company	4,771	2,045	4,764	2,495
		(729)		(1,053)
Subsidiaries	10,984	4,984	9,492	4,387
		(1,533)		(1,320)
Total for group	15,755	7,029	14,256	6,882
		(2,262)		(2,373)

Salaries and remuneration distributed between board members, etc. and employees	2025		2024	
	Board and CEO CEO (of which bonuses and similar)	Other employees	Board and CEO CEO (of which bonuses and similar)	Other employees
The parent company	2,876	1,895	3,280	1,484
	(-)		(-)	
Subsidiaries	0	10,984	0	9,492
	(0)		(0)	
Total for group	2,876	12,879	3,280	10,976

Of the group's pension costs, TSEK 386 (657) relates to the Board and the CEO.

Pensions

The retirement age for the Chief Executive Officer (CEO) is 67. The CEO receives a pension equivalent to 25% of the fixed monthly salary. Members of the Board of Directors do not receive any pension benefits from the Company. For other senior executives, the retirement age is also 67. The Company pays pension premiums for other employees in accordance with its applicable pension policy at any given time.

The Group's total cost for defined contribution pension plans amounts to TSEK 2,262 (2,373) TSEK. The Parent Company's total cost for defined contribution pension plans amounts to TSEK 729 (1,053).

Remuneration to senior executives

2025	Base salary/ Fees	Variable remuneration	Other benefits	Other benefits	Total
Torgny Hellström, Chairman of the Board	578	0	0	0	578
Anders Blom, Board member	288	0	0	0	288
Tarek Shoeb, Board member	79	0	0	0	79
Nils Wollny, Board member	0	0	0	0	0
Magnus Edman, Board member	210	0	0	0	210
Mats Fägerhag, Board member	181	0	0	0	181
Uwe Brandenburg, Board member	112	0	0	0	112
Lars Lindell, CEO	1,422	0	5	384	1,811
Other senior executives (4)	5,807	795	5	863	7,470
Total	8,678	795	10	1 247	10,730

Nils Wollny waived compensation during 2025.

No severance payments have been made in 2025. The agreement governing the relationship between the company and the CEO does not include any severance terms. The CEO's employment continues with a mutual notice period of six months.

2024	Base salary/ Fees	Variable remuneration	Other benefits	Pensions-cost	Total
Torgny Hällström, Chairman of the Board	484	0	0	0	484
Anders Blom, Board member	237	0	0	0	237
Tarek Shoeb, Board member	176	0	0	0	176
Nils Wollny, Board member	0	0	0	0	0
Magnus Edman, Board member	176	0	0	0	176
Mats Fägerhag, Board member	153	0	0	0	153
Göran Jansson, Board member	47	0	0	0	47
Magnus Andersson, CEO	1 811	100	95	657	2 663
Other senior executives (3)	3,732	877	1	793	5,403
Total	6,817	977	96	1,450	9,340

Warrant Program

There were no warrants outstanding as of 31 December 2025.

Note 11 – Financial income

	The Group		The parent company	
	2025	2024	2025	2024
Interest revenue	53	510	52	509
Total financial revenue	53	510	52	509

Note 12 – Financial costs

	The group		The parent company	
	2025	2024	2025	2024
Interest expenses	1,278	3,546	831	2,951
Interest costs, lease liabilities	687	256	0	0
Total financial costs	1,965	3,802	831	2,951

Note 13 – Taxes

	The group		The parent company	
	2025	2024	2025	2024
Current tax on profit for the year	-37	-23	0	0
Deferred tax	0	0	0	0
Total reported tax	-37	-23	0	0

Income tax in Sweden is calculated at 20.6% (20.6%) on the taxable profit/loss for the year. Below is a reconciliation between reported profit and loss and the year's reported tax:

Reconciliation of the reported tax for the year	The group		The parent company	
	2025	2024	2025	2024
Profit/loss before tax	-46,370	-39,100	-54,541	-42,618
Total reported tax for the year				
Tax calculated according to Swedish tax rate of 20.6% (20.6%)	9,552	8,055	11,235	8,779
Effect from other tax rates in other countries	-21	3	0	0
Tax effect of non-deductible write-offs	-736	0	-9,903	-6,592
Tax effect of other non-deductible costs	-369	-57	-9	-25
Tax effect of other non-taxable revenues	0	24	0	0
Tax effect of tax loss carryforwards for which deferred tax assets are not reported	-8,463	-8,048	-1,323	-2,162
Total reported tax for the year	-37	-23	0	0

No tax is reported in other comprehensive income or directly in equity.

The group's accumulated unutilised tax loss carryforwards amounted to TSEK 563,327 (513,860) as of 31 December 2025.

There is no expiry date that limiting the utilisation of the tax loss carryforwards. However, no deferred tax asset is recognised in respect of these tax losses, as there are no convincing factors indicating that sufficient taxable profits will be generated in the near term.

Note 14 – Earnings per share

Earnings per share

The following earnings and weighted average number of common shares have been used in the calculation of basic earnings per share:

	The group	
	2025	2024
Profit/loss for the year attributable to the parent company's shareholders	-46,407	-39,123
Weighted average number of common shares before dilution	1,908,229,324	985,061,999
Basic earnings per share, SEK	-0.02	-0.04

Diluted earnings per share

The following earnings and weighted average number of common shares have been used in the calculation of diluted earnings per share.

	The group	
	2025	2024
Profit/loss for the year attributable to the parent company's shareholders	-46,407	-39,123
Weighted average number of ordinary shares before dilution, number of shares	1,908,229,324	985,061,999
Effect of potential ordinary shares with regard to options	0	0
Weighted average number of common shares after dilution, number of shares	1,908,229,324	985,061,999
Diluted earnings per share, SEK	-0.02	-0.04

For information on changes in the number of outstanding shares, see Note 24 Equity.



Note 15 – Capitalised development costs

	The group	
	2025-12-31	2024-12-31
Opening acquisition value	69,776	65,824
Capitalised costs for the year	7,394	3,952
Closing amortised cost	77,170	69,776
Opening depreciation	-3,685	-3,685
Depreciation for the year	0	0
Closing accumulated depreciation	-3,685	-3,685
Opening write-offs	-45,259	-45,259
Write-offs for the year	0	0
Closing accumulated write-offs	-45,259	-45,259
Closing carrying amount	28,226	20,833

The capitalised development costs consist of salary expenses including social security contributions for in-house personnel, as well as costs for contracted development consultants involved in the company's product development. Product development of BlincVision includes both software and hardware development.

Depreciation is initiated when a product is ready for commercial sale. No depreciation of capitalised development costs was initiated during 2025.

Impairment testing for capitalised development expenditure where depreciation has not been initiated

Impairment testing of capitalised development costs is carried out annually within the Group, or whenever there is an indication of impairment.

In assessing any potential need for impairment, the recoverable amount is calculated based on the value in use of the technology or products to which the capitalised development costs relate. The value in use is determined based on estimated future cash flows expected to be generated by the technology. If the carrying amount exceeds the value in use, an impairment loss is recognised.

As of 31 December 2025, no impairment need has been identified.

Notes 16 – Patents

	The group	
	2025-12-31	2024-12-31
Opening acquisition value	8,035	7,552
Acquisitions for the year	438	483
Closing amortised cost	8,473	8,035
Opening depreciation	-2,380	-2,154
Depreciation for the year	-226	-226
Closing accumulated depreciation	-2,606	-2,380
Opening write-offs	-3,444	-3,444
Write-offs for the year	0	0
Closing accumulated write-offs	-3,444	-3,444
Closing carrying amount	2,422	2,211

Costs for ongoing patent applications are capitalised. When a patent is granted, amortisation begins over 10 years



Note 17 – Right of use assets

Premises	The group	
	2025-12-31	2024-12-31
Acquisition cost		
Opening acquisition costs	4,854	4,854
Additions of right-of-use assets and remeasurement of lease contracts	5,661	0
Closing acquisition cost	10,515	4,854
Accumulated depreciation		
Opening depreciation	-2,767	-1,884
Depreciation for the year	-1,425	-883
Closing accumulated depreciation	-4,192	-2,767
Accumulated impairment losses		
Opening accumulated impairment losses	0	0
Impairment losses for the year	-1,204	0
Closing accumulated impairment losses	-1,204	0
Carrying amount	5,119	2,087

Vehicles	The group	
	2025-12-31	2024-12-31
Acquisition cost		
Opening acquisition costs	236	236
Additions of right-of-use assets	0	0
Closing amortised cost	236	236
Accumulated depreciation		
Opening depreciation	-199	-111
Depreciation for the year	-37	-88
Closing accumulated depreciation	-236	-199
Booked value	0	37

Note 18 – Equipment, machinery and computers

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Opening acquisition cost	1,155	973	0	0
Acquisitions for the year	371	182	0	0
Closing amortised cost	1,526	1,155	0	0
Opening depreciation	-880	-642	0	0
Depreciation for the year	-301	-238	0	0
Closing accumulated depreciation	-1,181	-880	0	0
Closing carrying amount	345	275	0	0



Note 19 – Shares in group companies

	The parent company	
	2025-12-31	2024-12-31
Opening acquisition cost	506,230	474,230
Shareholder contributions	44,500	32,000
Closing acquisition costs	550,730	506,230
Opening write-offs	-449,219	-417,219
Write-offs for the year	-44,500	-32,000
Closing accumulated depreciation	-493,719	-449,219
Closing carrying amount	57,011	57,011

Company, corporate identification number	Registered office	2025-12-31	2024-12-31	2025-12-31	2024-12-31
		Capital share %*	Capital share %*	Booked value	Booked value
Terranet Tech AB (556666-9916)	Lund	100%	100%	56,633	56,633
TerraNet International AB (556759-6662)	Lund	100%	100%	100	100
Terranet Tech GmbH (HRB 787805)	Stuttgart, Germany	100%	100%	278	278
Terranet California Inc.	San José, USA	100%	100%	0	0

* Also share of voting rights.

Terranet has incorporated a company in the United States in preparation for an international expansion. The company in the United States has not yet conducted any operations and had no balance sheet total as of 31 December 2025.

Note 20 – Long-term securities

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Opening carrying amount	5,430	5,430	5,430	5,430
Impairments for the financial year	-3,573	0	-3,573	0
Closing carrying amount	1,857	5,430	1,857	5,430

Long-term securities holdings consist of an investment made in 2022 of TSEK 5,430 attributable to a convertible loan issued to Summer Robotics, which was converted into shares in November 2022, corresponding to an ownership stake of 1.7% of the total number of shares.

Summer Robotics Inc announced during the third quarter that it had completed a new financing round. As Terranet did not participate in this financing round, the carrying amount of the holding has been adjusted to reflect the company's ownership and the valuation at which the new investors acquired their shares. A write-down of the holding of TSEK 3,573 has been made.

Note 21 – Other receivables

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
VAT receivable	836	870	0	0
Other items	711	932	333	352
Total	1,547	1,802	333	352

Note 22 – Prepaid expenses and accrued revenue

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Prepaid rents	400	391	0	0
Prepaid licensing fees	0	412	0	0
Accrued income	46	0	46	0
Other items	363	692	252	577
Total	809	1,495	298	577

Note 23 – Cash and cash equivalents

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Bank balances	37,681	18,541	36,628	17,815
Total	37,681	18,541	36,628	17,815

Note 24 – Equity

Share capital and Other contributed capital	Number of ordinary shares	Share capital (TSEK)	Other contributed capital (TSEK)
As of 1 January 2024	755,145,869	7,551	449,362
Share issue for cash	142,857,138	1,429	8,571
Share issue through exercise of TO 7B	173,029,725	1,730	10,901
Share issue through exercise of TO 8B	122,708,719	1,227	15,952
Share issue costs, total	0	0	-685
As of 31 December 2024	1,193,741,451	11,937	484,100
Share issue for cash	1,024,220,403	10,242	73,427
Share issue by set-off	19,941,288	200	1,553
Share issue through exercise of TO 9B	13,096	0	2
Share issue costs, total	0	0	-8,384
As of 31 December 2025	2,237,916,238	22,379	550,698

As of 31 December 2025, the registered share capital comprised 2,237,916,238 ordinary shares with a quota value of SEK 0.01 per share. Of these, 1,061,330 are Class A shares and 2,236,854,908 are Class B shares, all of which are fully paid. No shares are held

Directed issue of units

On 16 April 2025, the company announced that the Board of Directors had resolved to carry out a directed issue of units of approximately SEK 25 million to a number of pre-agreed investors, including existing shareholders. In total, 8,417,507 units were issued, consisting of thirty-three (33) Class B shares and five (5) warrants of series TO9 B. The subscription price per unit amounted to SEK 2.97, corresponding to SEK 0.09 per share.

The subscription price in the Directed Issue was determined based on the volume-weighted average price of the company's share on Nasdaq First North Premier Growth Market during the period 7–11 April 2025 and corresponded to a premium of approximately 4.0%.

The Directed Issue was carried out in two steps, where the first part was resolved based on the authorisation from the Annual General Meeting held on 22 May 2024, amounting to approximately SEK 8.8 million (the "First Directed Issue").

The second part was resolved by the Board of Directors and approved by the general meeting on 23 May and amounted to approximately SEK 16.2 million (the "Second Directed Issue").

The right to subscribe for units in the Directed Issues was granted to members of the Board of Directors and management, certain existing shareholders and external investors. In total, the company raised SEK 25 million through the two directed issues.

Rights issue of units

In order to compensate shareholders who did not participate in the directed issues, the Annual General Meeting resolved to approve the Board of Directors' proposal to carry out a rights issue of a maximum of 13,880,714 units. The rights issue, which was fully subscribed, provided the company with approximately SEK 15 million before deduction of issue costs.

One unit in the rights issue consisted of twelve (12) Class B shares and three (3) warrants of series TO9 B. The warrants were issued free of charge. Shareholders who were registered on the record date of 29 April 2025 received one (1) unit right for each (1) existing Class B share, and eighty-six (86) unit rights entitled the holder to subscribe for one (1) unit. The subscription price in the rights issue was SEK 1.08 per unit, corresponding to SEK 0.09 per Class B share, which corresponded to the subscription price in the directed issues.

Participants in the directed issues did not receive any unit rights in the rights issue for the units subscribed for in the directed issues. The subscription period ran from 27 May 2025 to 11 June 2025.

Set-off issue

At the beginning of the third quarter, an additional 19,941,288 Class B shares were issued as compensation to the guarantors in the rights issue, Hunter Capital AB and Scaninvest Ltd. Following the set-off issue, the total number of shares amounts to 1,658,029,038.

Directed share issue and rights issue

On 4 November 2025, the company announced that the Board of Directors had resolved to carry out both a directed share issue and a rights issue.

The directed share issue

The directed share issue amounted to approximately SEK 26.8 million and was subscribed for by a number of pre-agreed investors, including existing shareholders.

The subscription price in the directed issue was determined through an accelerated bookbuilding process and amounted to SEK 0.078 per share. In total, 343,012,814 Class B shares were issued.

Rights issue

The company also announced that the Board of Directors had resolved to carry out a fully guaranteed rights issue amounting to approximately SEK 18.5 million. The subscription price in the rights issue was set at the same price as in the directed issue, i.e. SEK 0.078 per share. In total, 236,861,290 Class B shares were issued.

In total, the company raised approximately SEK 39.7 million after issue costs from the two issues.

Warrant programme TO9 B

In connection with the unit issues during the second quarter of 2025, warrants of series TO9 B were issued. Each warrant of series TO9 B entitled the holder to subscribe for one (1) new Class B share in the company. One (1) warrant of series TO9 B entitled the holder to subscribe for one (1) Class B share in the company at a subscription price of SEK 0.18 (corresponding to 200% of the subscription price per Class B share in the directed issues and the rights issue).

Subscription for Class B shares based on warrants of series TO9 B took place during the period from 1 December 2025 to 15 December 2025. As the market price of the company's shares during the subscription period was significantly below the subscription price, only 13,096 Class B shares were subscribed for.

Other contributed capital

Other contributed capital consists of capital contributed by the company's owners, such as share premiums on share issues less issue costs, received option premiums and the equity component of issued convertible loans.

Note 25 – Loans payable

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Other liabilities	0	8,118	0	8,118
Total	0	8,118	0	8,118

The loan liability of SEK 8.0 million, together with accrued interest, has been fully repaid during the year.

Note 26 – Reconciliation of liabilities arising from financing activities

The table below presents the changes for the year in the Group's liabilities linked to the financing of operations. The table includes long-term and short-term liabilities.

	Convertible loans	Lease liabilities	Other loans payable	Total
Opening balance 2024	6,416	3,356	15,538	25,310
Items affecting cash flow				
Repaid loans	0	-959	-6,879	-7,838
Interest paid	-525	0	-2,966	-3,491
Transaction costs	0	0	-400	-400
Non-cash items				
Interest expense	586	0	1,918	2,504
Discount effect	0	0	907	907
As of 31 December 2024	6,477	2,397	8,118	16,992
Items affecting cash flow				
Repaid loans	-1,875	-1,232	-8,318	-11,425
Non-cash items				
Leasing agreements entered into and remeasured	0	5,661	0	5,661
Discount effect	0	0	200	200
As of 31 December 2025	4,602	6,826	0	11,428

Note 27 – Other liabilities

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Deferral of payment of social security contributions	4,602	6,477	0	0
Other items	716	745	182	302
Total	5,318	7,222	182	302
<i>Of which long-term portion</i>	<i>2,503</i>	<i>4,378</i>	<i>0</i>	<i>0</i>

Note 28 – Accrued expenses and prepaid income

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Accrued salaries	459	0	0	0
Accrued vacation pay	1,104	940	130	223
Accrued bonus	1,274	1,489	414	395
Accrued social costs	295	257	41	70
Accrued special payroll tax	649	785	352	213
Accrued licence fee	972	1,056	0	0
Other items	874	759	57	297
Total	5,627	5,286	994	1,198

Note 29 – Deposit collateral and contingent liabilities

	The group		The parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Deposit collateral	None	None	None	None
Contingent liabilities	None	None	None	None

Note 30 – Transactions with related parties

Transactions between the company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are therefore not included in this note. Transactions between the Group and other related parties are shown below.

Purchase of services

Magnus Edman, board member of Terranet AB, is CEO of Prevas Development AB. During the year, Prevas Development invoiced Terranet for the development of a prototype for BlincVision. Mats Fägerhag, board member, owns Fägerhag Consulting AB and has invoiced for consulting services in addition to his board work.

	The group		The parent company	
	2025	2024	2025	2024
Prevas Development AB	113	196	0	0
Fagerhag Consulting AB	46	0	0	0
Management without employee status	2,221	1,083	0	0
Total	2,380	1,279	0	0

Remuneration The remuneration above for management relates to the company's purchase of services that are typically performed by key individuals in senior positions. During the financial year, such a service corresponding to a full-time position was purchased.

There are no liabilities or receivables arising from purchases or sales with related parties, nor are there any outstanding loans.

Remuneration to senior executives

Information on remuneration to senior executives is presented in note 10.

Note 31 – Dividends and appropriation of profits

No dividend was paid in 2024 and 2025.

No dividend will be proposed at the Annual General Meeting on 20 May 2026.

The Annual General Meeting has the following funds (SEK) at its disposal

Share premium reserve	550,698,299
Profit/loss carried forward	-424,337,376
Profit/loss for the year	-54 540 774
	71,820,149
The Board proposes that the retained earnings be carried forward	71,820,149

Note 32 – Approval of financial reports

The annual report and consolidated financial statements have been approved for release by the Board of Directors on 24 April 2026. The consolidated income statement and statement of financial position, as well as the parent company's income statement and balance sheet will be submitted for approval at the Annual General Meeting on 20 May 2026.

The Board of Directors and the CEO hereby certify that the annual report has been prepared in accordance with the Annual Accounts Act and RFR 2 "Accounting for legal entities" and provides a true and fair view of the company's financial position and results, and that the management report provides a true and fair overview of the company's financial position

and results and that the management report provides a fair overview of the development of the company's operations, position and results as well as a description of significant risks and uncertainties faced by the company.

The Board of Directors and the CEO hereby certify 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 results, and that the management report for the Group provides a true and fair overview of the development of the group's operations, financial position and results as well as a description of significant risks and uncertainties faced by the companies within the Group.

This annual report was approved on April 17, 2026

Lund, on the date indicated by each signatory's electronic signature

Torgny Hellström
Board Chair

Anders Blom
Board member

Mats Fägerhag
Board member

Magnus Edman
Board member

Uwe Brandenburg
Board member

Lars Lindell
CEO

Our audit report has been submitted on April 22, 2026
Ernst & Young Aktiebolag

Martin Henriksson
Authorized Auditor



Auditor's report

To the general meeting of the shareholders of Terranet AB (publ), corporate identity number 556707-2128

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Terranet AB (publ) for the year 2025, with the exception of the corporate governance statement on pages 42-50. The annual accounts and consolidated accounts of the company are included on pages 33-89 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. Our opinions do not cover the corporate governance statement on pages 42-50. 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 income statement and statement of financial position for the group.

Material uncertainty regarding the going concern assumption

We would like to draw attention to the information provided in the Board of Directors' Report on page 41 under the section Financing and liquidity risk, which states that the Group's continued operations are de-

pendent on new financing to ensure continued operations. Should the measures that the Board of Directors plans to implement not be implemented, there is a significant uncertainty regarding the company's ability to continue as a going concern. Our opinion is not modified in this regard.

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 1-32. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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.

Report on other legal and regulatory requirements

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 Terranet 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 corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 42-50 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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.

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

Malmö as per date of our digital signature
Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

