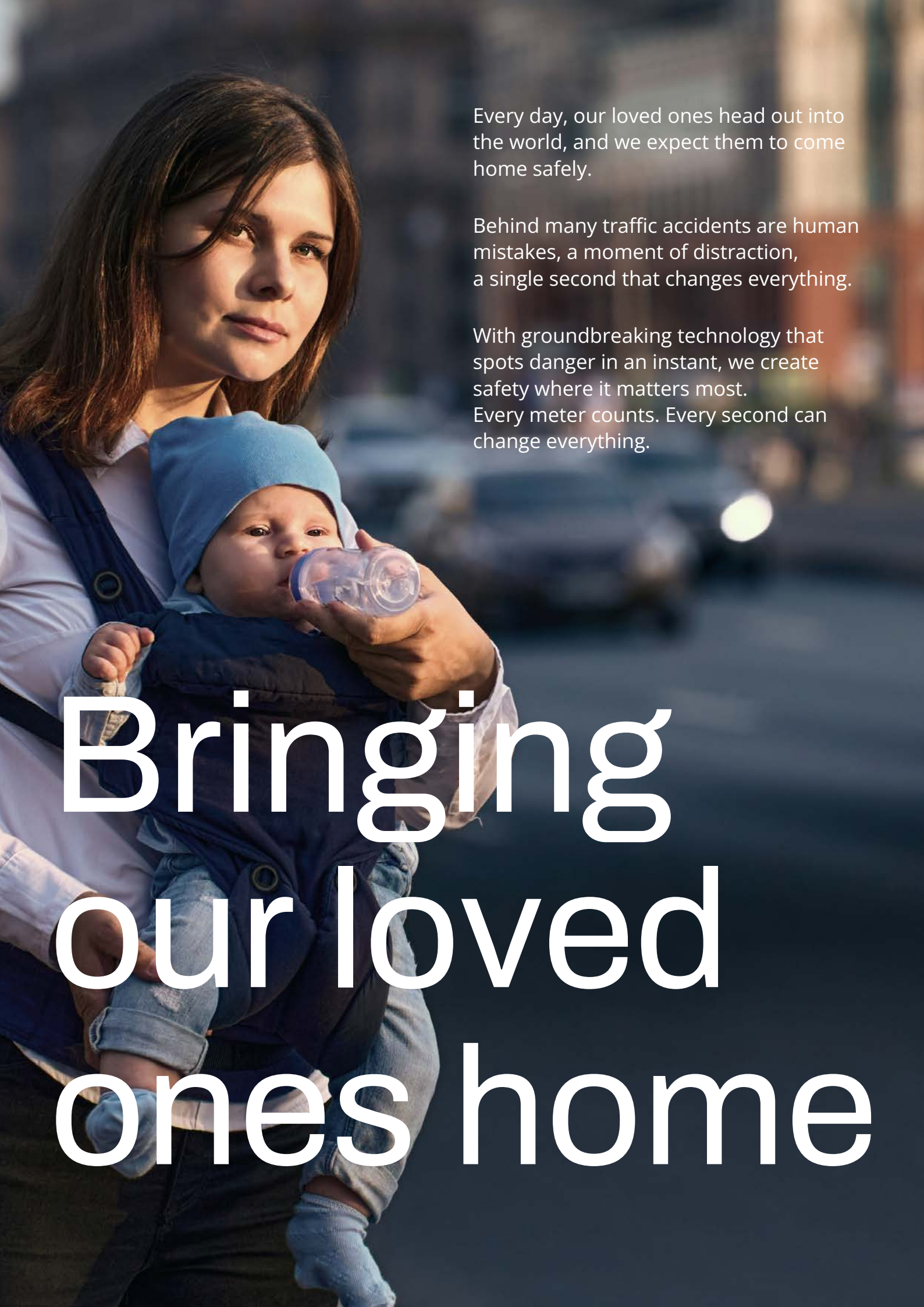


Annual report 2024



A woman with long brown hair is carrying a baby in a blue carrier. The baby is wearing a blue hat and is drinking from a clear plastic bottle. The woman is looking off to the side with a serious expression. The background is a blurred city street at dusk, with warm lights from buildings and cars.

Every day, our loved ones head out into the world, and we expect them to come home safely.

Behind many traffic accidents are human mistakes, a moment of distraction, a single second that changes everything.

With groundbreaking technology that spots danger in an instant, we create safety where it matters most. Every meter counts. Every second can change everything.

Bringing our loved ones home

Table of contents

TERRANET

This is Terranet	4
Terranet as an investment	5
The year in brief	6
How BlincVision works	7

STRATEGY & MARKET

CEO's statement	10
Business idea and strategy	12
Drivers of a safer traffic environment	14
Market overview	17
Meet our CEO	21

PEOPLE AND THE ENVIRONMENT

Sustainability	24
Core values and employees	26

PRODUCT DEVELOPMENT

Interview CTO	29
Technical development 2025	31

THE SHARE

	33
--	----

DIRECTORS' REPORT

	35
--	----

CORPORATE GOVERNANCE

Board and management	45
Corporate governance report	48

FINANCIAL REPORTS

Consolidated financial reports	53
Parent company financial reports	59
Notes	63
Certification	90
Auditor's report	91

Safe urban traffic for all

Our drive

To push the development of urban traffic safety forward with groundbreaking technology that saves lives and prevents accidents.

About Terranet

Terranet is a Swedish technology company operating in the field of active safety for vehicles. The company was founded in 2004 and has since 2018 focused on developing products for advanced driver assistance systems (ADAS) and autonomous vehicles. Today, Terranet is developing BlincVision – a collision avoidance system designed to prevent traffic accidents and improve road safety. The company is headquartered in Lund, with offices in Gothenburg and Stuttgart. Terranet has been listed on Nasdaq First North Premier Growth Market since 2017.



Investing in Terranet

1

Innovative and fast technology

Terranet is developing technology that goes beyond traditional anti-collision systems. Instead of analyzing entire image frames, we detect changes in individual pixels. Less data to process – more time to react. The result? A smarter solution that identifies danger before it even arises.

2

An industry in strong growth

More vehicles, growing cities, and increasingly complex traffic environments mean greater risks. At the same time, the need for fast and precise safety technology is growing – not only in traffic, but also in industries like manufacturing, agriculture, and defense. Terranet is at the forefront with a solution that sets a new standard for safety in a rapidly changing world.



3

A safer world

Traffic accidents are one of the greatest global challenges of our time. Every year, a large number of lives are lost and even more people are injured – many of them vulnerable road users. At the same time, the mobility sector is changing rapidly. New safety standards, autonomous vehicles, and smart cities are driving this development. Terranet meets these demands with technology that minimizes reaction times and protects those most at risk in traffic.

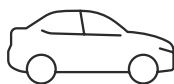
2024 BlincVision takes shape

from lab tests to
autonomous
braking and
partnerships



Successful prototype testing

Q1: The year began with lab tests focused on reaction time, object recognition, and performance in bright sunlight.



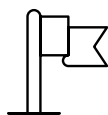
First integration in vehicle

Q2: The first system integration in a moving vehicle outdoors. BlincVision was successfully integrated with the NVIDIA Orin computing platform.



Strategic partnerships

Q2: We were selected for the accelerator program MobilityXlab. At the same time, the Vinnova-funded project VERDAS was underway, in collaboration with leading players in the automotive industry, focusing on advancing traffic safety.



First autonomous braking

Q3: A major milestone – the first complete autonomous braking, where the entire chain from object detection to emergency braking was verified.



Expanding the market

Q4: BlincVision's areas of application are expanding through a new collaboration agreement with a player in the mining industry.



Roadmap 2025

Q4: A clear product development plan sets the direction for 2025, with a focus on delivering an MVP and deepening customer dialogues around volume production.

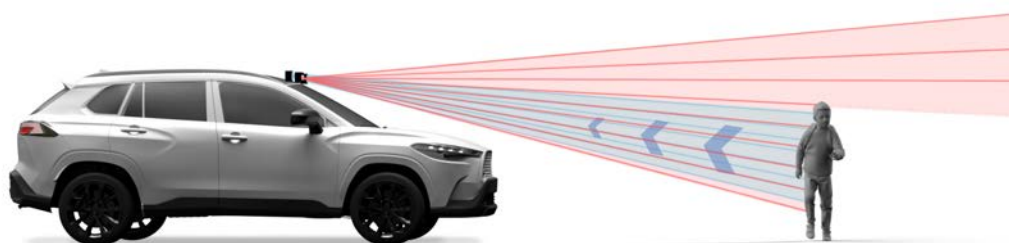
How BlincVision works

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?



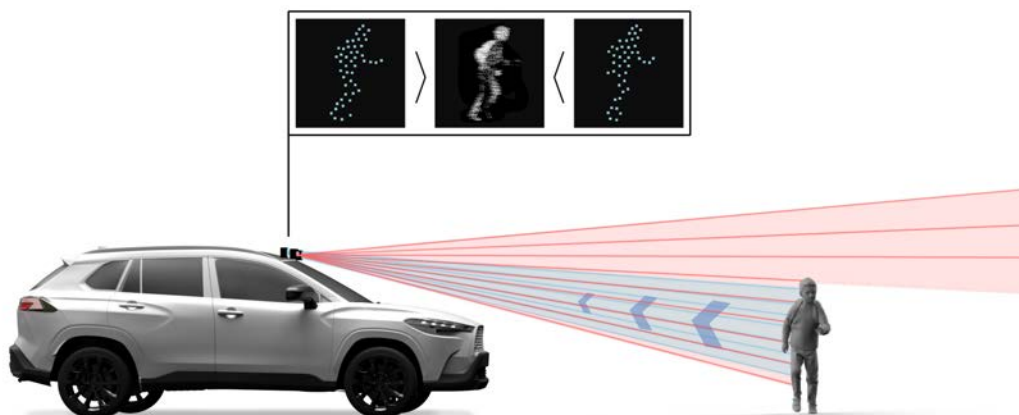
1. Risk detection

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.



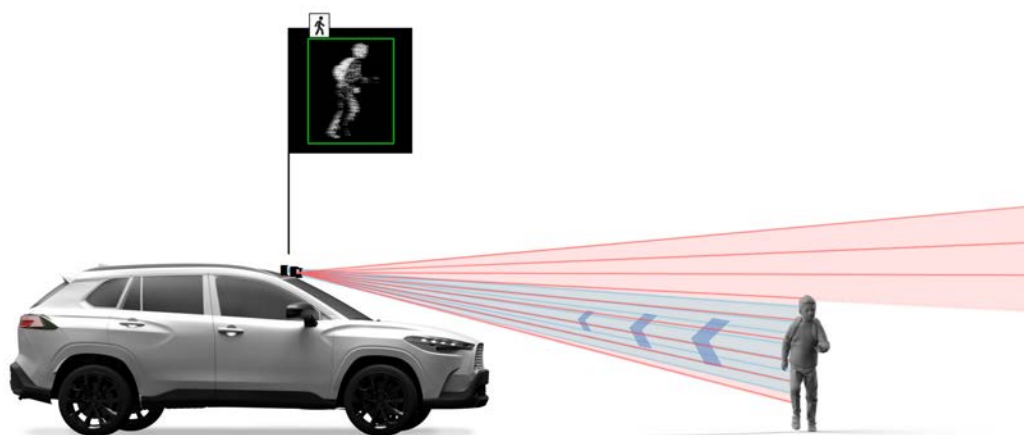
2. Reflections are captured

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.



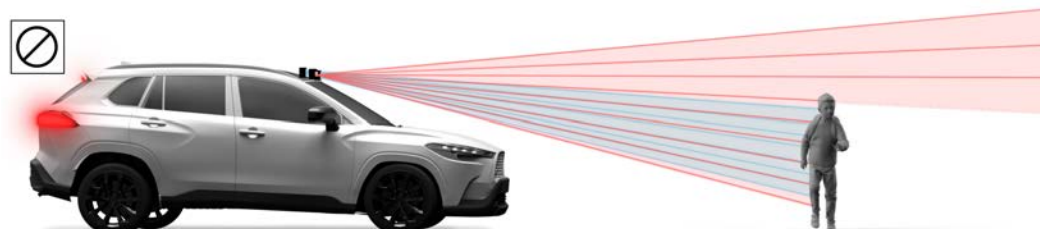
3. Mapping the environment

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

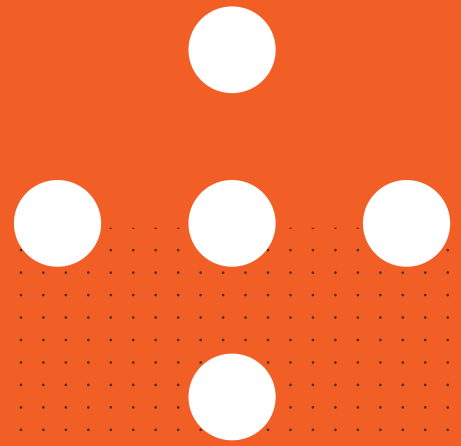
The AI-trained software model analyzes and classifies the image. It identifies objects such as pedestrians, cars, or cyclists. Speed and direction are registered at the same time.



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



”

BlinVision differentiates itself through its speed and precision. Bringing the technology from prototype to market now calls for a clear strategy.

Lars Lindell

CEO's statement

A portrait of Lars Lindell, CEO of BlincVision, standing against a dark background. He is wearing a dark suit jacket over a white shirt and glasses. He is smiling slightly and looking towards the camera.

In 2024, BlincVision took major steps forward.

The technology has progressed from concept to a working prototype, tested both in the lab and in real traffic environments. We signed partnership agreements within the automotive industry and, at the same time, broadened our market focus through a collaboration in the mining sector. The autonomous braking at AstaZero marked an important milestone, confirming the potential of our technology. Our ambitions for 2025 are high. We are investing additional resources in both product development and commercialization. As the new CEO, I see great strength in the technology. BlincVision is both faster and more precise than current systems – a difference that clearly sets us apart from others in the market.

Ambitious product development plan

By the end of 2025, BlincVision is expected to have progressed from prototype to a finished MVP (Minimum Viable Product). An MVP is the first version of a product that includes the most critical features to demonstrate the technology's strengths and test it in real-world environments.

For BlincVision, this means refining the system's core functions to enable even faster detection and greater precision, while also simplifying integration and improving adaptability. A more standardized and easy-to-install solution will make it easier for partners to test BlincVision in their vehicles and operations. This is a necessary step toward commercialization and future volume production.

The road to market

Commercializing a new technology in the automotive industry is a challenge. The industry places high demands on performance, safety, and the maturity of the company. Success requires a well-defined strategy that addresses both technical and commercial requirements.

Going forward, the focus is on establishing a clear path to revenue, where we evaluate different business models to reach the market as quickly as possible.

We are also reviewing which parts of the development should be driven internally and where partnerships can provide competitive advantages.

We are building a strong technological platform while creating a solid business structure. By working toward the necessary certifications, we are laying the groundwork to become an attractive company for both customers and investors.

Forward, together

I look forward to gaining a deep understanding of the company and building strong relationships with colleagues, the board, customers, partners, and shareholders. Together, we take the next step, drive development forward, and create something that is both long-term and value-generating for all stakeholders.

Lars Lindell
Chief Executive Officer
Lund, 25 April 2025

Business idea and Strategy

Terranet's business idea is to develop technological solutions for advanced driver assistance systems and autonomous vehicles.



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 foundation 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-specific adaptations, services, and upgrades.

BlincVision is a combined hardware and software solution with extremely 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
- **Micromobility:**
Motorcycles, e-scooters and other small electric vehicles
- **Defense industry:**
Autonomous ground vehicles and advanced safety systems
- **Industrial environments:**
Logistics, warehouse management and smart city solutions
- **Amusement parks:**
Safety systems for autonomous rides

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

Drivers of safer traffic environments

1.19
million
deaths

According to the World Health Organization (WHO), traffic accidents cause approximately 1.19 million deaths globally each year, and an additional 20 to 50 million people are injured. More than half of these deaths involve vulnerable road users such as pedestrians, cyclists, and motorcyclists. Traffic injuries are the leading cause of death among children and young adults aged 5 to 29. In addition, two-thirds of traffic deaths affect people between the ages of 18 and 59.*

Traffic accidents are one of the greatest global challenges to safety and public health.

*https://www.who.int/health-topics/road-safety#tab=tab_1



As early as the 1990s, Vision Zero was introduced in Sweden as a strategy to ensure that no one is seriously injured or killed in traffic. The idea behind Vision Zero is that roads and vehicles should be designed to match human capabilities—because human error will always be a factor. The strategy has been successful throughout Europe and is now gaining ground in major U.S. cities.

In Europe, Euro NCAP (European New Car Assessment Programme)—a collaboration between governments, consumer organizations, and research institutes—has played a key role in improving vehicle safety. Their tests and requirements have directly influenced the development of advanced driver assistance systems in new cars and helped raise industry standards. Terranet is involved in projects at the AstaZero test track that support Euro NCAP's development work, with a specific focus on vulnerable road users.

Technology and initiatives for a safer future

In 2020, the UN member states agreed to support and implement measures to improve global road safety. This marked the beginning of the “Decade of Action for Road Safety 2021–2030,” with the goal of reducing traffic deaths and injuries by at least 50% by 2030.** The World Health Organization (WHO) and the UN's regional commissions developed a global plan to back this effort. Statistics and global initiatives play a key role in pushing road safety forward.

By combining technological progress with global efforts, the foundation is laid for a safer and more reliable traffic environment. At Terranet, we see these goals as a driving force for innovation. BlincVision is designed to meet future safety challenges with fast and precise technology capable of identifying objects within milliseconds. Its speed and accuracy make it especially well-suited to protect vulnerable road users and handle complex traffic situations.



** <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.

Market overview

Terranet is a driving force in two of the automotive industry's fastest-growing and most innovative areas: autonomous driving (AD) and advanced driver assistance systems (ADAS). Growth is fueled by global urbanization, stricter safety regulations, and rising expectations for safer and more efficient transport solutions.

Autonomous driving

- new technology demands safety

The idea of self-driving vehicles has been discussed for decades as a vision of the future. But it's only now, with advances in AI, sensor technology, and data processing, that the market has truly gained momentum. Self-driving taxis are already on the streets of San Francisco, autonomous trucks are delivering goods in Texas, and delivery robots are navigating urban environments in China.



What is autonomous driving?

Self-driving vehicles combine advanced sensor technology, artificial intelligence, and powerful data processing to navigate without human input. They can interpret their surroundings, make split-second decisions, and handle complex traffic conditions.

For these vehicles to be widely adopted, they need safety systems that are robust and react quickly to unexpected situations.



A rapidly growing global market

Companies like Waymo and Cruise are leading the development of self-driving taxi services in the U.S. In Europe, Volvo and Mercedes-Benz have taken key roles in autonomous driving. Volvo has tested self-driving garbage trucks in urban areas to improve safety and working conditions, while Mercedes-Benz has launched “Drive Pilot,” one of the first systems approved for autonomous driving on public roads.

Asia is at the forefront with major investments in autonomous technology. South Korea is heavily investing in R&D and has positioned itself as a key player in the future of mobility. Singapore is known for its supportive regulations and has conducted extensive real-world testing of driverless vehicles. China, the world’s largest automotive market, is also pushing development forward with large-scale efforts in autonomous solutions for both passenger and freight transport.

The global market for autonomous vehicles is expanding rapidly and, according to Fortune Business Insights, is expected to grow from USD 1,921 billion in 2023 to USD 13,632 billion by 2030, with an annual growth rate of 32.3%.*

Future transport flows

Logistics and freight transport are driving the growth of autonomous vehicles. Self-driving trucks enable around-the-clock operation, helping to speed up deliveries and improve efficiency while reducing costs and human error. In addition to freight transport, there’s growing investment in delivery robots designed to simplify last-mile deliveries straight to customers’ doors. At the same time, autonomous taxi services and public transport are emerging as

key parts of tomorrow’s sustainable mobility. Integration with smart cities also plays a key role, where real-time data helps optimize traffic flow and reduce congestion.

Challenges for autonomous vehicles

Despite progress, self-driving vehicles have shown safety shortcomings, leading to accidents and traffic disruptions. For the technology to gain broad acceptance, it needs robust safety systems capable of handling both predictable and unexpected situations. Unlike traditional vehicles, where the driver is typically responsible, the full responsibility for autonomous vehicles falls on manufacturers and their technology partners.

Another major challenge is the lack of global regulations and standards. Broad adoption of autonomous vehicles will require shared safety requirements and legal frameworks to ensure safe and efficient integration into traffic systems.

From challenge to solution

BlinVision is built to meet today’s safety demands and is perfectly suited for a wide range of applications—robotaxis, delivery robots, autonomous trucks, public transport solutions, and smart cities. The solution can be integrated into various autonomous systems that require fast and reliable responses to their surroundings.

BlinVision does more than detect obstacles - it helps vehicles make quicker decisions, reducing the risk of accidents and contributing to smoother, safer traffic flow. It’s a solution well positioned to meet both current and future demands for safety and efficiency in autonomous vehicles.

Advanced Driver Assistance Systems - a growing market

In 2023, the global market for advanced driver assistance systems (ADAS) was valued at around SEK 340 billion. The market is expected to grow at an annual rate of 17.2% and exceed SEK 1,400 billion by 2032**

Data fusion – an ecosystem of safety systems

Data fusion is the technology that combines information from multiple sensors—such as radar, lidar, and cameras—to give vehicles a clearer and more detailed view of their surroundings. By bringing together data from different sources, an ecosystem is created where each sensor contributes its unique strengths to enhance safety and efficiency.

Terranet sees BlincVision as a key part of this ecosystem. Thanks to its speed and precision, the system can identify obstacles in real time, allowing other sensors to focus on providing historical context and deeper analysis. In this way, BlincVision not only strengthens individual functions but also raises the overall safety level of the vehicle.

Leading players and regions

The ADAS market is driven by a global push to improve road safety. Vehicle manufacturers and their top-tier suppliers are working together to develop and implement advanced safety solutions that enhance vehicles' ability to detect and respond to hazards - in both passenger and commercial vehicles.

On the global stage, China, Europe, and the U.S. are the leading growth regions:

U.S.: A pioneer in the development of advanced driver assistance systems (ADAS), where both tech companies and automakers play a central role. By combining data from sensors such as radar, lidar, and cameras, these systems enable faster and more reliable decision-making in traffic. Tech companies like Mobileye and Nvidia are leading this development, while automakers such as Ford, General Motors, and Tesla are integrating features like automatic emergency braking (AEB) and lane-keeping systems into their models.

EUROPE: Thanks to a strong automotive industry and strict safety regulations, Europe is a key region in the ADAS space. Companies like Volvo, BMW, and Mercedes-Benz are integrating advanced systems such as automatic emergency braking (AEB) and lane-keeping assistance into their vehicles to meet both regulatory requirements and consumer expectations.



What is ADAS?

ADAS, or Advanced Driver Assistance Systems, are smart technologies that help drivers navigate traffic more safely. Using sensors and advanced software, these systems can detect hazards, make real-time decisions, and step in to protect both the driver and vulnerable road users.



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

New EU regulations, such as the Vehicle General Safety Regulation, have played a key role in raising safety standards in new vehicles. These rules require that new car models be equipped with advanced systems, including Intelligent Speed Assistance (ISA), driver monitoring, and technology for detecting pedestrians and cyclists.*

Euro NCAP's safety protocols have also been crucial in making ADAS features standard in many new vehicles. These tests have set safety benchmarks and continue to drive innovation in driver assistance technology. With strict regulations and a strong tradition of innovation, European automakers are leading the development of ADAS technologies - delivering solutions tailored to both regional needs and global markets.

CHINA: As the world's largest automotive market, China is a driving force in ADAS technology. Strong government initiatives and a growing middle class are fueling demand for safer and more innovative vehicles. Investments in electrification, smart cities, and connected transport systems further strengthen China's position in the ADAS market.

Challenges for ADAS in urban environments

In urban settings, ADAS faces major challenges due to the high complexity and fast pace of traffic. To prevent accidents, the systems must react within milliseconds and quickly interpret unexpected events. Pedestrians may suddenly step out from behind parked cars, and cyclists can appear from blind spots at intersections. The city is an unpredictable environment that demands technology capable of responding quickly and reliably to protect both drivers and vulnerable road users. Adverse weather conditions—such as darkness, rain, snow, and fog - make the situation even more difficult by limiting sensor performance and making it harder to detect obstacles and vulnerable road users.

According to studies from NHTSA in the U.S., ADAS technologies are not yet fully reliable in complex traffic environments. Sensors may struggle to function properly in poor weather conditions, and software algorithms can make incorrect assessments. This affects the effectiveness of the systems and increases the risk of accidents. NHTSA therefore emphasizes the importance of continued development and thorough testing.**

To address the challenges of urban traffic environments, testing in realistic conditions is essential. At test tracks like AstaZero, simulations of urban scenarios are carried out with a focus on vulnerable road users. Terranet is involved in projects aimed at meeting the safety requirements of the future.

Paid ADAS upgrades – a growing trend

Advanced driver assistance features are in high demand among consumers planning to buy a new car. According to a report by AlixPartners, safety and connectivity features are especially sought after - particularly in China. ADAS is at the core of this development, with functions like adaptive cruise control and emergency braking. The report also highlights a growing openness to flexible payment models, such as subscriptions or pay-per-use, to access these advanced features.***

Terranet's role in the ADAS market

Statistics, global initiatives, and strong consumer demand are driving the development of ADAS technology forward.

BlinVision combines event cameras, a laser scanner, and AI-driven software to identify hazards in real time and improve traffic safety. With this technology, Terranet is helping to shape the next generation of driver assistance systems.

* New EU rules to improve road safety and enable fully driverless vehicles in the EU - European Commission

** <https://www.nhtsa.gov/sites/nhtsa.gov/files/2022-06/ADAS-L2-SGO-Report-June-2022.pdf>

*** <https://www.alixpartners.com/newsroom/ai-adass-surveys-release/>



Meet our CEO

Attentive and goal-oriented are just a few words that describe Lars Lindell, our new CEO. Here, he shares what inspired him to take on the role, the experience he brings with him, and his vision for Terranet's future.

Tell us briefly about your background

I was born and raised in Malmö, earned a Master of Science in Electrical Engineering from LTH, and hold an MBA from Cambridge. My career began at Ericsson, where I worked with mobile networks in several countries. After that, I held roles in finance in London and the Netherlands, as well as in the tech industry in Silicon Valley. Later, I became head of Ericsson's mobile modem unit in Japan.

When I returned to Sweden, I became CEO of Acconeer, where I spent ten years helping to build the company into a success within the automotive sector.

What made you say yes to the role as CEO of Terranet?

Several factors played a role. First of all, Terranet has a technology with strong potential to stand out in the industry, thanks to its unique strength – speed. The system also leverages AI, a technology that's more relevant than ever. The recruitment process also made a strong impression. The board showed real commitment and trust by investing time and effort, which I truly appreciated. Finally, it was a bonus that the company is based in the same region where I live, making it easier to be present at the office and connect more closely with colleagues.

What do you see as unique about Terranet?

What makes Terranet unique is the technology. Its speed is a clear strength that makes the solution easy for anyone to understand. The system focuses on identifying changes rather than processing entire data streams – a new approach in the industry, but one that has already proven successful in other contexts.

What strengths and experiences do you bring to Terranet?

I bring broad international experience and deep knowledge in sales and business models. A key question is always: What are we delivering, and how do we get paid for it?

With a background in selling products, software, and licenses, I can help find the right business model for Terranet. After ten years as CEO of a Swedish listed company and with a background in finance, I have a clear understanding of what it takes to build a business that attracts both the market and long-term partners.

How will you contribute to Terranet's future development?

First, I need to get to know the organization in depth – both its strengths and the areas where there's room for improvement. I'm reminded of Professor Balthazar, the classic cartoon character who always solved problems with creativity, without disrupting what was already working well. I believe in giving the team the freedom to reach clear results without micromanaging how they get there.

What work achievement are you most proud of?

It was when the five of us—young engineers from Ericsson—went to Japan to explore the market. At the time, mobile telephony was barely established, with less than 1% of the population owning a mobile phone. We saw the potential and managed to create business opportunities that led to rapid expansion. The newly launched operation grew from five to 500 employees. We delivered Japan's first digital mobile network—a deal worth one billion dollars. No international company had achieved that before. We were all under 30 when the journey began, and none of it was planned—but we seized the opportunity and made it happen. Being part of a leading multinational like Ericsson gave us the platform we needed to take that leap and succeed.

I'd also like to mention my previous employer, Acconeer, where I served as CEO for ten years. Two researchers had left the university to start a company, but at the time, the product was just an idea in a PowerPoint presentation. The board was looking for a CEO to take the product to market, and I saw the potential in building something from the ground up. Today, Acconeer has delivered three million sensors to various industries and generates annual revenues of SEK 50 million.

What qualities do you think are most important in a CEO?

I believe in consensus-based decisions because they create stronger commitment and engagement within the organization. A CEO needs to be attentive and foster a culture where decisions are made together. At the same time, once a decision is made, it's important to be clear and decisive in its implementa-

tion. A shared direction builds unity and momentum – everyone needs to be on board to achieve success.

A CEO should also lead by example – the same rules should apply to everyone. For me, fairness is essential and a foundation for good leadership.

What advice has had the greatest impact on your career?

"Always be honest." Honesty is a quality I value highly. In business communication, it's about presenting a fair and realistic picture rather than creating hype. Transparency builds trust – a key factor in attracting customers, partners, and investors.

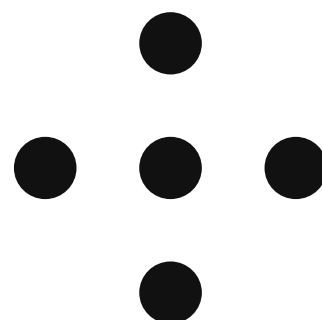
"You're only as good as your last job." Always finish in a way that reflects professionalism and work ethic. Finishing well matters – good relationships often open doors for the future.

How do you bring out the best in your team?

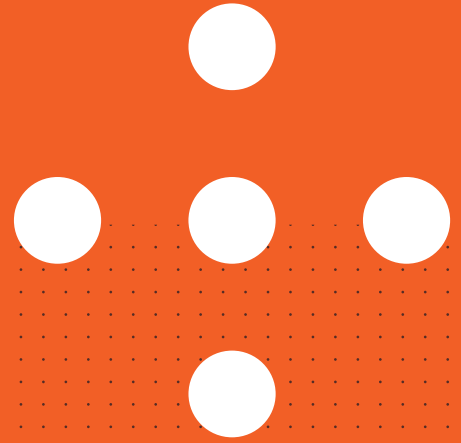
I take an objective-driven approach by setting clear goals together with my colleagues and then trusting their expertise to find the best way to reach them. I make sure they have the right conditions and offer support when needed. This creates an environment where freedom, responsibility, and development go hand in hand.

What is your long-term vision for Terranet?

Terranet operates in a market with great potential and strong growth. Everything that can become autonomous will eventually become so – whether it's vehicles on the ground, in the air, or at sea. There's no reason for humans to perform tasks that computers can handle both better and more safely. With its technology, Terranet is a key part of this transformation, where speed and precision are critical to the future of traffic safety.



People and the Environment



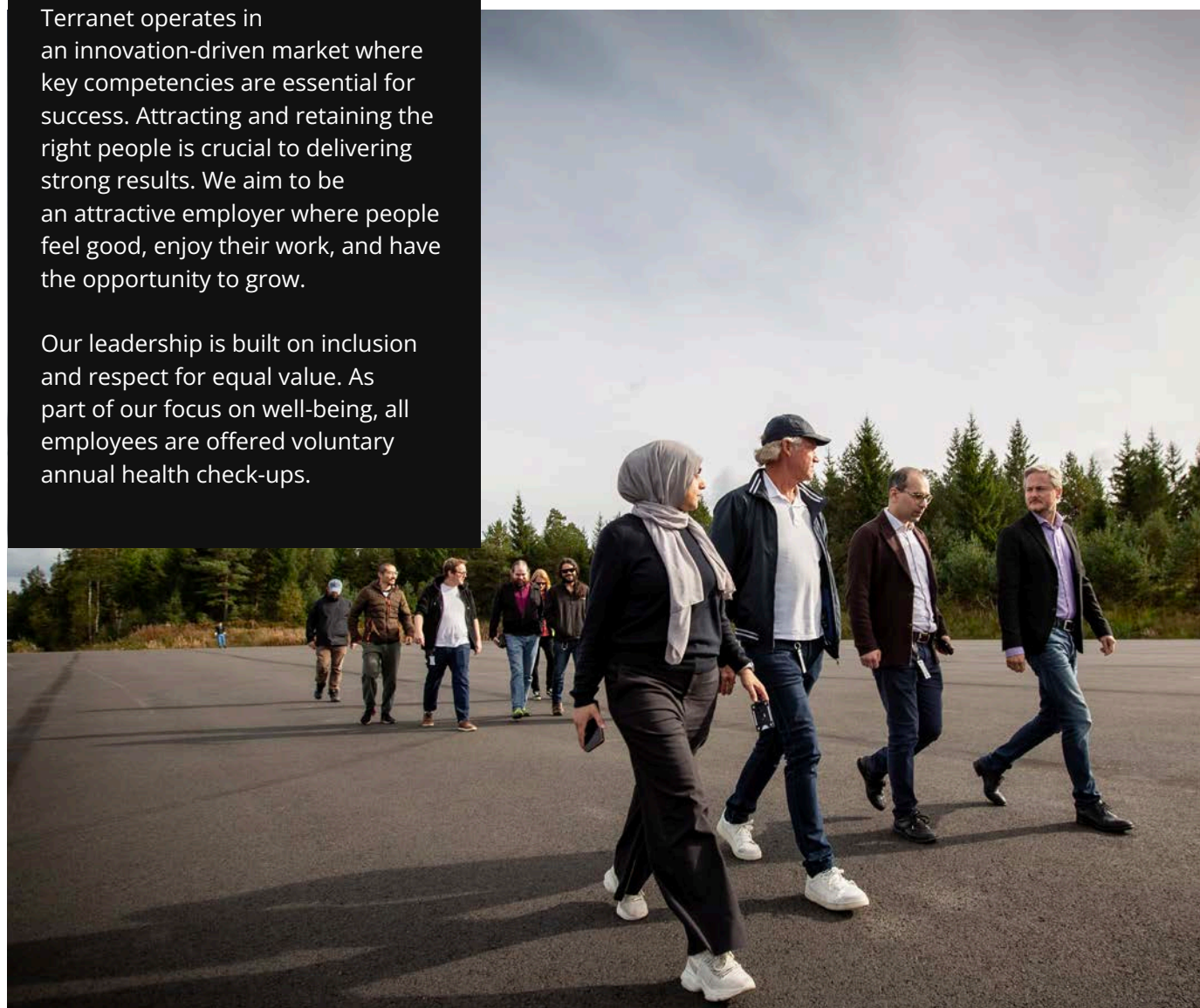
Sustainability

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 transportation systems are crucial for the cities of the future. Our technology protects vulnerable road users, reduces accidents, and optimizes traffic flows. It contributes to safer, more sustainable, and resource-efficient urban environments.



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. 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.

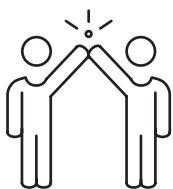
Core values and employees

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.



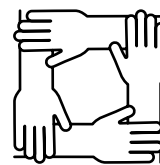
Pioneering

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.



Zahra Chemali
Software developer

Employed since: 2014

What makes you enjoy working here?

We're working with new technology that hasn't yet reached the market, which is both exciting and inspiring. It's fun to follow the product as it evolves. At the same time, we have an open and supportive culture where everyone helps each other. The close-knit atmosphere and lack of unnecessary hierarchies make it easy to enjoy being here.

How are creativity and innovation encouraged in your daily work?

We start the day with morning meetings where we review status updates and bring up new ideas. Good ideas are taken further and tested by a small group that later presents the results to the entire team. We also hold separate workshops where we discuss and develop new ideas together.

Mahan Haddad
Senior Engineering Lead

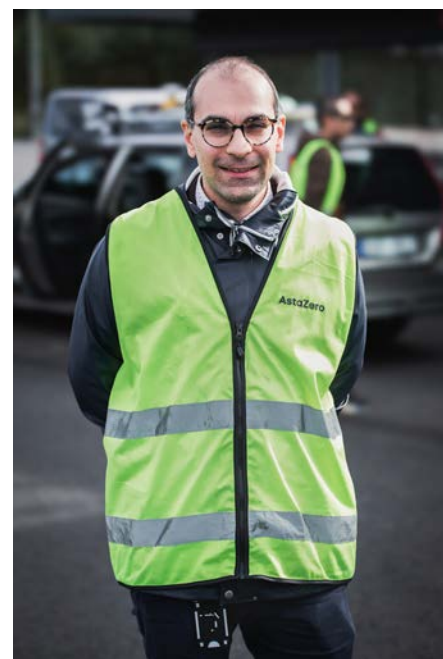
Employed since: 2023

What motivates you most in your role here?

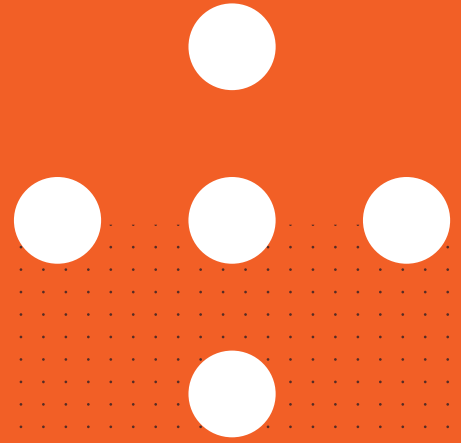
What motivates me the most is leadership and development. As a leader, I'm driven by creating the best possible conditions for the team to reach its full potential. Development means both supporting the growth of my colleagues and actively pushing our technology forward. Working with advanced and unique technologies that help shape the future of the automotive industry is a major driving force for me.

What would you say to someone considering joining the team?

Here, you become part of an innovative, close-knit team where you work side by side with experts in both hardware and software. You have the opportunity to drive product development forward and see tangible results from your work.



Product development



Reflections and forward-looking insights from the CTO

We let Pierre Ekwall reflect on the past year and share his thoughts on what's ahead.

What technical advancements have been most significant for the company in 2024?

Our first autonomous braking, carried out in September, has been the most significant milestone. It proved to both ourselves and the market that our concept works—from theory to practical solution. The fact that BlincVision now functions as a fully independent anti-collision system marks a crucial step in our development journey. In addition, the system's increased level of maturity shows that we're ready for expanded partnerships.

What has been most valuable in terms of learning for you and the team this year?

I took on the role at the end of 2023. On a personal level, this past year has given me the opportunity to dive deeper into both safety statistics for current systems on the market and to really understand, in detail, the complexity of the technology we're working with. Together as a team, we've deepened our knowledge of our unique technology - its potential and the challenges we face. It's fascinating to see how much we've accomplished over the year as a small team of experts. We've truly proven that it can be done.



”

What makes BlincVision unique is our focus on speed – reducing reaction time.

Pierre Ekwall

What makes BlincVision unique, and how does it differ from other solutions on the market?

What makes BlincVision unique is our focus on speed – reducing reaction time. With event-based cameras, the system responds instantly to changes, while traditional solutions operate in fixed time intervals. Existing systems work within predefined cycles and prioritize multiple parameters at once, which leads to compromises. Our solution is specifically optimized for speed – a critical factor in preventing accidents.

What are the biggest challenges Terranet is currently facing?

Our main technical challenge is taking BlincVision from a controlled environment to the complex conditions of the real world. We need to test the system in various settings and for different use cases to ensure performance in all situations.

On the commercial side, one of our key challenges is finding the right partners to bring the system to market – partners who see the full value of our technology, have a clear and relevant need, and are willing to invest both time and resources to integrate the solution into their vehicles and support us in developing it to a level that enables large-scale production.

How important are partnerships in driving technology development forward?

Close collaboration with partners gives us valuable insight into their needs, allowing us to adapt and optimize our technology. This helps us both refine the solution and create real value for our customers.

How does Terranet promote a culture of new ideas and innovation?

We have great trust in our team members. Everyone is encouraged to suggest technical solutions and test new ideas. When we evaluate something, we do it together – learning as a team. With a flat organization and a strong focus on collaboration, we’ve created an environment where innovation is a natural part of our work.

What inspires you in your role as Chief Technology Officer?

Being part of developing new technology that doesn’t yet exist is a strong driving force. Knowing that it will make an impact and save lives gives the work a deeper sense of purpose. It’s also inspiring to discover new applications for the technology. I value working closely with the team, where we create solutions together that truly make a difference.

What are you looking forward to in 2025?

I’m looking forward to reaching our next major milestone – completing our MVP. In 2025, our existing partnerships will also deepen, giving us the opportunity to see BlincVision used in real-world situations. Closer collaboration with partners will further contribute to the product’s maturity. It will be an exciting year where we take major steps forward – both in the development process and towards commercialization.

Technical development 2025

Our 2025 roadmap lays out a clear plan to accelerate the development of BlincVision and strengthen alignment both internally and externally.

Quarter 1:

Proof of Concept results through partner collaboration in MobilityXlab and initiation of the next customer project

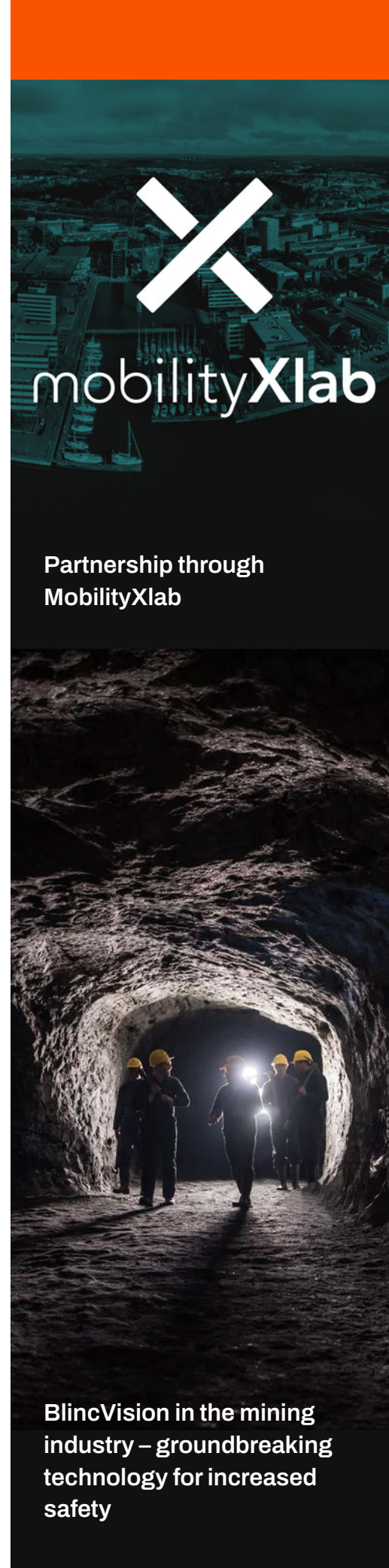
The partnership through MobilityXlab has been ongoing since last year. During the quarter, we focused heavily on evaluating the results from testing in the partner's test environment. This has led to improvements in both our PoC and the overall concept ahead of our upcoming MVP. Planning for additional tests is underway, based on the updates that have been made.

We have also made significant progress in our collaboration with an automotive player in the mining industry. During the quarter, we established guidelines, defined key requirements, and initiated the project. The initiative is now gaining momentum, with feasibility studies taking place in the second quarter, followed by testing in the second half of the year.

Quarter 2:

Further development of the existing prototype into an MVP (Minimum Viable Product)

An MVP is a simplified version of the final product, with a focus on core functionalities. This step is critical for the testing and evaluations planned for the second half of the year.



The further development of the existing prototype into an MVP focuses on the following areas:

- **Deliver core functionality**
Secure detection of pedestrians and the ability to brake in predefined traffic environments.
- **Create a robust and user-friendly solution**
The system must be designed for long-term use in vehicles, be weather-resistant, and deliver reliable performance.
- **Simplify installation and data handling**
The product should be easy to install and enable smooth data collection and analysis.

The goal is to ensure that the technology is robust and clearly demonstrates the potential of the final product.

Quarter 3-4:

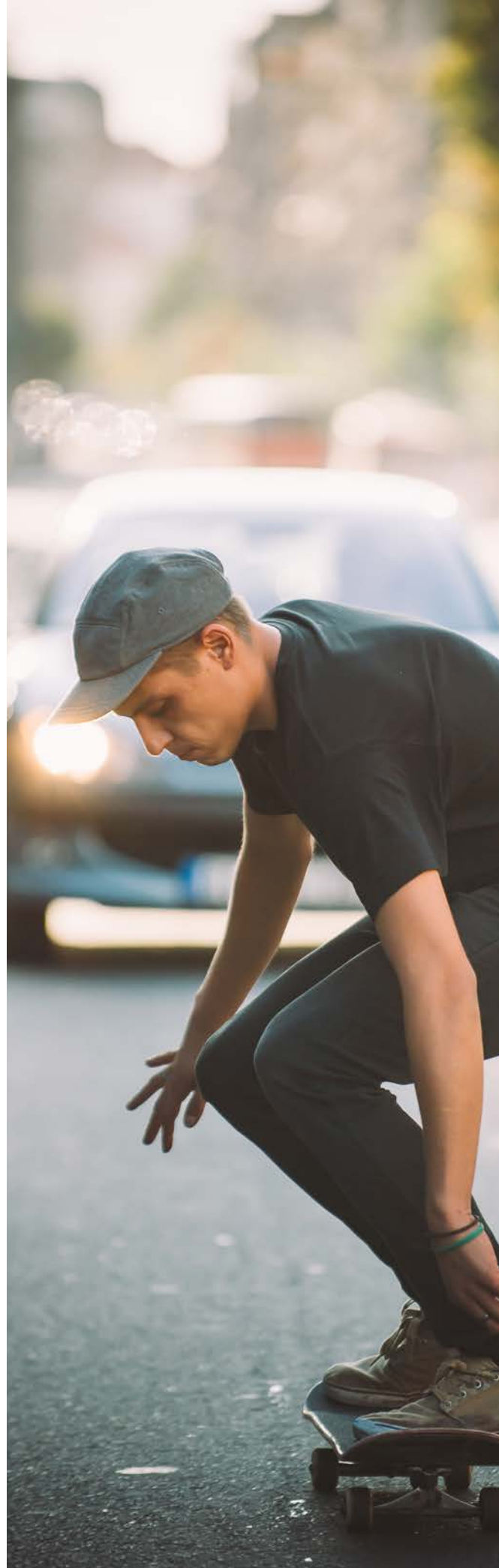
Verification of the MVP in customer vehicles and adjustments based on market requirements.

An agreement with a partner is signed, initiating an initial dialogue on volume production.

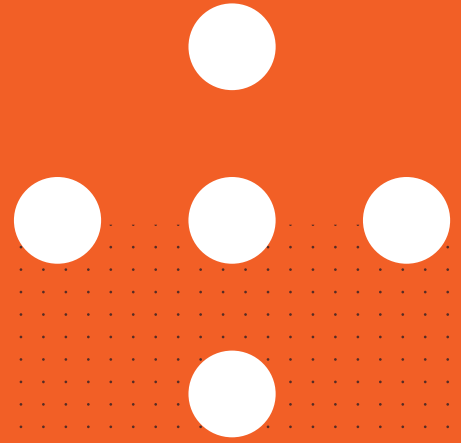
Verifying the MVP in customer vehicles is a crucial step where technology meets reality. Customer evaluation helps ensure and validate the system's performance under various conditions. This process provides valuable feedback that accelerates further development.

In the second half of 2025, BlincVision will be installed in partner vehicles for testing at one or more mining sites. The tests and data collection will clearly demonstrate BlincVision's ability to improve safety and reduce accidents in challenging mining environments. The collaboration opens new opportunities to broaden the technology's application areas, strengthening the product's commercial potential.

A fully developed MVP, expanded areas of use, and increased integration and testing in customer vehicles will, by the end of the year, provide the conditions needed to move toward partnership agreements and eventual volume production.



The Share



The share

General information

Terranet's B share was listed on Nasdaq First North Premier on 30 May 2017 and are 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 2024, Terranet's total market cap was SEK 177 million. Share capital amounted to SEK 11,937,414.51 divided into 1,083,063 A shares and 1,192,658,388 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 0.15 per share, compared with a share price of SEK 0.06 per share at the beginning of the year. The number of share- holders at the

close of the financial year was 12,533 (11,585).

A shares may be converted into B shares three times per year. To request such a conversion, shareholders must submit their request to the company's board 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 and market expansion. Any future dividends will depend on the company's profitability, future development, acquisition opportunities, and financial position.

Share capital development

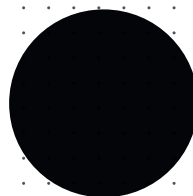
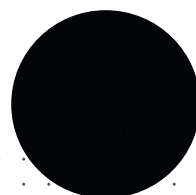
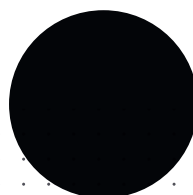
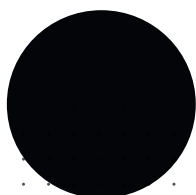
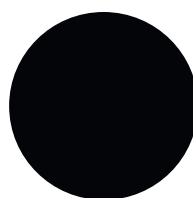
See note 24 for more information on share capital and events during 2024.

Ownership structure

10 largest shareholders as of 31 December 2024.

Shareholder	Number of shares	A shares	B shares	Share of capital %	Share of Voting rights
Maida Vale Capital AB	179,348,388	0	179,348,388	15.02	15.02
Oliver Aleksov	53,860,195	0	53,860,195	4.51	4.51
Mario Pereira	26,093,816	0	26,093,816	2.19	2.19
Hanna Barsum	21,281,272	0	21,281,272	1.78	1.78
Morten Skovsby Jensen	15,300,682	0	15,300,682	1.28	1.28
Maths Per Gustaf Hultbom	14,549,184	0	14,549,184	1.22	1.22
Kristofer Sandström	13,163,670	0	13,163,670	1.10	1.10
Mats Rosenberg	11,732,928	0	11,732,928	0.98	0.98
Knutsson Holdings AB	11,253,349	0	11,253,349	0.94	0,94
Skandinaviska Isoleringsprojekt - Skispab AB	10,099,503	0	10,099,503	0.85	0,85
Other shareholders	837,058,464	1,083,063	835,975,401	70.12	70.12
Total number of shares	1 193,741,451	1,083,063	1 192,658,388	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 2024.

Group structure

Terranet AB is the parent company of the Terranet Group and holds 100% ownership in the subsidiaries Terranet Tech AB, TerraNet International AB, and Terranet Tech GmbH. Terranet also has a registered company in the U.S. This U.S. entity has not yet conducted any operations and, as of 31 December 2024, had no balance sheet total.

The Group's operational activities are carried out by Terranet Tech AB, headquartered in the Ideon Science Park in Lund, and by Terranet Tech GmbH, which has an office in Stuttgart, Germany.

TerraNet International AB did not conduct any operations during the year.

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

The Corporate Governance Report can be found on pages 48–51.

Operations

The company is currently developing BlincVision, an anti-collision system designed to prevent traffic accidents between vehicles and vulnerable road users. Product development takes place in close partnership with leading players in software and hardware development as well as the automotive industry. BlincVision is based on sensor technology that uses four-dimensional image analysis to detect objects in traffic.

BlincVision is a complete turnkey system consisting of three main components: a laser scanner, ultra-fast sensors, and AI-based object detection. Together, they enable record-fast identification of objects and give the vehicle the ability to act to prevent dangerous situations for vulnerable road users. Terranet continuously tests and evaluates different sensor technologies with the requirement that they must offer ultra-fast response times and be optimally integrable into BlincVision.

Existing ADAS technologies on the market are primarily developed to protect motorists from colliding with each other, while BlincVision is being

developed to ensure the safety of all vulnerable road users in urban traffic. BlincVision's speed and precision offer a major advantage at short distances in traffic. This gives Terranet a unique position in the market, as the company—unlike existing ADAS systems—has the potential to save more lives in urban environments.

Business idea

Terranet's business idea is to develop technical solutions for advanced driver assistance systems and autonomous vehicles. These solutions are primarily aimed at vehicle manufacturers, suppliers, and other stakeholders within the transport and mobility sectors. The goal is to save the lives of vulnerable road users. Terranet's solutions address the rapidly growing global market for driver assistance systems. The business model is based on licensing Terranet's solutions to OEMs (Original Equipment Manufacturers) and Tier 1 suppliers, who deliver components to OEMs in the automotive industry. In addition to license revenue, sales may also generate income through customer-specific adaptations of the product, as well as through service and upgrades.

Significant events during the year

First quarter

- **Successful prototype demo in lab**

During the first months of the year, product development focused on the prototype demonstration in a lab environment, which was successfully completed in March.
- **Strengthened organization**

Work to further develop the organization continued. Mats Fägerhag's involvement as both a consultant and board member has significantly strengthened the company in terms of expertise and network. The management team was also reinforced with the addition of a business developer, who joined in the second quarter. The ambition is to continue recruiting key competencies to the development team.
- **Additional funding secured**

In January, a directed share issue of approximately SEK 10 million was carried out, strengthening the company's liquidity.



Second quarter

- › **Focus on BlincVision – no further investments in holoride GmbH**

On 22 April, Terranet announced that the company will no longer invest in holoride GmbH. Instead, all resources are being directed toward the development of BlincVision in preparation for future commercial launch. Due to a prolonged financing process, holoride GmbH has entered an insolvency situation. As of 31 December 2023, the value of the holding was written down to SEK 0.
- › **MobilityXlab**

Among more than 100 applicants, Terranet was selected to join MobilityXlab's accelerator program, where the company collaborates with leading car manufacturers and major suppliers in the automotive industry. The program aims to introduce new innovations and gives Terranet a unique opportunity to carry out Proof of Concept projects together with one or more potential partners within the program.
- › **Prototype demo in vehicle**

Initial system integration in the vehicle was completed, and the first outdoor prototype tests

of BlincVision in a moving vehicle were successfully carried out. The integration work included sensor placement, adaptation of vehicle communication, and optimization of the system for use in a dynamic environment.

- › **Warrants T07B exercised at approximately 95%**

A total of approximately 95 percent of the outstanding warrants of series T07B were exercised, corresponding to the subscription of 173,029,725 B shares at a subscription price of SEK 0.073 per B share. Through this, Terranet received approximately SEK 12.6 million before issue costs.

Third quarter

- › **Autonomous braking executed at AstaZero test track**

BlincVision now functions as an independent driver assistance system, marking a strategic milestone in its development. The autonomous braking carried out at AstaZero was the first time the system completed the full chain: from object detection and classification to collision risk assessment and initiation of emergency braking to bring the vehicle to a stop.

› **Customer project –**

MobilityXlab accelerator program underway

During the third quarter, the company began its participation in the MobilityXlab accelerator program, providing a unique opportunity to develop a Proof of Concept with a global car manufacturer or major supplier. Preparatory activities were carried out together with the partner, laying the foundation for upcoming integration and testing.

Fourth quarter

› **Agreement with mining industry player**

Terranet entered into a collaboration agreement with a vehicle manufacturer in the mining industry. The partnership is part of the company's strategy to expand the technology into new application areas and strengthen BlincVision's commercial potential.

› **Product development plan for 2025**

Terranet presented an updated product development plan focused on advancing the BlincVision prototype into an MVP (Minimum Viable Product). With an MVP that customers can test in their own vehicles, the company is laying the groundwork for moving toward volume production.

› **TO8 exercised at 88 percent**

At the end of the quarter, the company was provided with approximately SEK 17.2 million before issue costs through the exercise of warrants of series TO8B. The strong outcome reflects the shareholders' confidence in the company and its future development.

Significant events after the end of the year

› **New CEO appointed**

In early January, Magnus Andersson stepped down as CEO of the company. Terranet's Board of Directors appointed Lars Lindell as the new CEO. Lars brings over 30 years of international experience in leading technology companies within the automotive and telecom industries. He assumed the role on 10 March 2025. Until then, the company's CFO, Dan Wahrenberg, served as acting CEO.

› **Share issues**

On April 16, the company announced that the Board of Directors had resolved on a directed issue of units totaling SEK 8.8 million to two investors, a directed issue of units totaling SEK 16.2 million to a group of investors including members of the management team and Board of Directors, as well as a fully guaranteed rights issue of units totaling SEK 15 million. The first directed issue of SEK 8.8 million falls within the authorization granted by the 2024 Annual General Meeting, while the second directed issue and the rights issue will be subject to resolutions by the 2025 Annual General Meeting. The unit issues also include warrants of series TO9, which, if fully exercised, could bring in an additional SEK 15 million.

Notice of Annual General Meeting

On April 16, the Company issued a notice to the Annual General Meeting. In addition to the usual resolutions, the AGM will also decide on an adjustment to the limits for share capital in the Articles of Association, a directed issue of units amounting to SEK 16,2 million, and a rights issue of units amounting to SEK 15 million.

MVP

Enables customers to test BlincVision in their own vehicles.

Comments on operations, results and financial position

Results

The Group's revenue for 2024 amounted to TSEK 283 (834) and consisted of grants from Vinnova.

Total operating costs, including depreciation and write-downs, amounted to TSEK 40,042 (39,234) for the year. Total payroll expenses amounted to TSEK 21,357 (18,195). Other external costs amounted to TSEK 17,248 (18,668).

Profit/loss before tax amounted to TSEK -39,100 (-73,116). The significant difference compared to the previous year is due to the write-down of the holding in holoride GmbH that was carried out in connection with the 2023 year-end closing.

Financial position

As of December 31, 2024, the Group's total assets amounted to TSEK 52,880 (60,227), distributed as follows: intangible assets of TSEK 23,044 (18,835), right-of-use assets of TSEK 2,123 (3,095), equipment of TSEK 275 (331), and long-term securities holdings of TSEK 5,430 (5,430), relating to investments in Summer Robotics Inc. Other long-term receivables amounted to TSEK 170 (164).

Cash and cash equivalents totaled TSEK 18,541 (29,006), and other current assets amounted to TSEK 3,297 (3,366). During the year, TSEK 3,951 (2,564) was capitalized in ongoing development projects, and TSEK 482 (75) was capitalized in patents.

The Group's loan liabilities amounted to TSEK 8,118 (15,538), entirely related to the loan raised in connection with the acquisition of shares of holoride GmbH. The loan was renegotiated in 2024 and is due for repayment at the end of June 2025. Other current liabilities amounted to TSEK 10,245 (13,542), including short-term lease liabilities of TSEK 993 (958) 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 2024 amounted to TSEK 18,541 (29,006). Cash flow from operating activities for the year amounted to TSEK -37,175 (-34,109); the change in cash flow is primarily attributable to an increase in interest paid during 2024. Cash flow from investing activities amounted to TSEK -4,615 (-3,119), mainly related to

capitalized development expenses. Total cash flow from financing activities amounted to TSEK 31,287 (39,518). Financing activities include the following items: net proceeds from share issues of TSEK 39,125, amortization of loans of TSEK 6,879, and amortization of lease liabilities of TSEK 959. The distribution of cash flow from financing activities can be found in the consolidated cash flow statement.

The Company has a negative cash flow from operating activities and, as announced in the Company's year-end report, will require additional financing during the second quarter. The Board has therefore resolved to carry out a directed issue of units amounting to approximately SEK 8.8 million, within the mandate granted by the 2024 Annual General Meeting, and has convened the Annual General Meeting for 23 May. In addition to the usual resolutions, the AGM will also resolve on an additional directed issue of units of approximately SEK 16.2 million and a rights issue of units of approximately SEK 15 million. The unit issues also include warrants of series TO9, which, if fully exercised, could raise an additional SEK 15 million. With the proceeds from the two directed issues, the rights issue, and full exercise of the warrants (TO9), the Company will have sufficient liquidity to maintain operations into the beginning of the second quarter of 2026. The company has historically seen a high exercise rate in its warrant programs, most recently with TO8, where 88% of all outstanding TO8 warrants were exercised. The Board works continuously with the Company's financing, and it is the Board's assessment that it will remain possible to secure continued operations. For more information, see the section on risks and uncertainties.

During the year, the parent company resolved to contribute TSEK 32,000 (25,800) in shareholder contributions to Terranet Tech AB. A corresponding write-down has been made on the shares in Terranet Tech AB.

Equity

The Group's equity, which is attributable to the parent company's shareholders, amounted to TSEK 28,735 (28,749) on 31 December 2024 and TSEK 71,701 (75,194) for the parent company.

During the financial year, the number of shares increased by a total of 438,595,582 to 1,193,741,451. The distribution of the share increase is reported in Note 24. Equity per share amounted to SEK 0.02 (0.04) as of 31 December 2024.

Significant risks and uncertainties

Business and operational risks

Product and technology development

Terranet's operations are based on continuous technological development and refinement. In 2024, Terranet has continued its product development towards a finished pre-production prototype, which is planned to be tested in vehicles in the form of a Minimal Viable Product (MVP) during 2025. Product development will continue to be a high-priority area for Terranet in the coming years.

The technology used by the Company is largely new, which means that Terranet must develop large parts of the product in-house and can only to a limited extent rely on existing solutions available on the market. There is therefore a risk that the Company will not successfully complete its product development, or that its continued development efforts will not result in a sufficiently competitive product. It is also not possible to predict in advance the exact time and cost aspects of the development work. As such, there is a risk that planned product development may prove more time-consuming or costly than the Company has previously assumed, or that the Company's products cannot be adapted to a commercial environment. This could have a material negative effect on the Company's operations, ability to generate revenue, and ultimately its financial results. Furthermore, there is a risk that the Company or its partners fail to successfully carry out the necessary tests during the development process, which may delay the commercialization of the Company's pre-production prototype or, in the worst case, prevent it entirely.

There is also a risk that the planned product development becomes more time- or cost-intensive than initially anticipated, or that the Company's products cannot be adapted to a commercial environment, which could have a material negative impact on the Company's operations, financial position, or results.

Rapid technical development and competition

Terranet operates in a market characterized by rapid technological change and strong growth. In this environment, the Company must effectively anticipate developments in technology, market demand, and other trends, and continuously develop and adapt its products accordingly. There is a risk that the Company's current or future assumptions regarding technological development, market demand, and other trends may prove to be inaccurate or misleading. Furthermore, there is a risk

that the Company's competitors may be more effective in adapting their products to prevailing market trends or in making more accurate assumptions about future developments.

The potential for error in the company's products

The Company's operations involve risks related to product liability. In the future, Terranet's products and components may be integrated into various applications and products—primarily intended for vehicle manufacturers and their suppliers, but also for other players in the transport and mobility sectors. If any of these applications or products are found to be technically defective, or if the Company's products fail to meet promised specifications, the Company may be required to participate in or implement corrective measures or be held liable under different warranty obligations. Any defects or safety issues in the Company's products could also lead to liability and claims for damages. This, in turn, could result in significant costs and damage to the Company's reputation. As a consequence, the Company risks losing existing and potential customers, which could negatively affect Terranet's reputation, operations, financial position and/or results.

Partners

Terranet has important collaborations in areas such as development, manufacturing, marketing, and business development, which form a key part of the Company's current operations as well as its future commercialization efforts. Should any of these collaborations be terminated or altered on terms that are unfavourable to the Company, it could have a material negative impact on the Company's ability to conduct its operations.

In addition to the partners mentioned above, the Company is also likely to remain dependent on future collaborations related to development, manufacturing, marketing, and sales. There is a risk that the Company may not succeed in finding future partners and/or entering into collaboration agreements on terms favourable to the Company.

Furthermore, there is no guarantee that the Company's partners will fully meet, or be able to meet, the quality requirements set by the Company or relevant authorities. Should any of these risks materialize, it could negatively affect the Company's operations—through delayed commercialization, operational delays or interruptions, unforeseen costs, and potentially limited or lost revenues. If existing or future collaborations cannot be established or maintained, the Group's commercialization may be negatively affected.

Terranet achieves commercial success through development and sales in collaboration with partners. If existing or future partnerships cannot be established or maintained, the Group's commercialization opportunities may be negatively affected.

Limited resources

Terranet is a small company with limited resources and history, particularly when it comes to the development of the sensor technology required for the product development of BlincVision. In order for the Company to successfully establish a long-term market position, it is essential that resources are allocated in a way that is optimal for the Company. The Company prioritizes the development and evaluation of various sensor technologies that meet the requirements for rapid response time and can be optimally integrated into the BlincVision product. There is therefore a risk that the Company may allocate too many resources to certain technologies when it might have been more profitable to prioritize other sensor technologies. Due to the Company's limited resources, such choices and prioritizations must be made, which carries the risk of resulting in organizational and/or financial challenges. This, in turn, may negatively affect the Company's financial position and results.

Financing and liquidity risk

The Company has a negative cash flow from operating activities and will require additional capital contributions until positive cash flows are achieved. Through the directed issues and the fully guaranteed rights issue during the second quarter of 2025, as well as the full exercise of the warrants (TO9), see also page 39 under the section "Financing and liquidity", the Company will receive funds sufficient to ensure operations at least through the beginning of the second quarter of 2026.

At each individual financing event, the general market conditions and financial climate play a significant role, and there is a risk that the Company may not be able to raise additional capital on acceptable terms when needed. Terranet manages this risk through careful liquidity planning and forward-looking capital raising strategies.

Capital may be raised in different ways, and the Board continues to work actively to secure financing for the Company's ongoing operations. It is the Board's assessment that it will remain possible to finance the Company. However, if the Company is unsuccessful in securing the necessary capital, there may be a material uncertainty regarding the Company's ability to continue as a going concern.

Exchange rate risk

External factors such as inflation, currency, and interest rate changes can impact operating costs, selling prices, and share valuation. A weakening or strengthening of the Swedish krona against other currencies may affect Terranet's reported assets, liabilities, revenues, and earnings.

The Company may be affected by changes in exchange rates as it conducts operations in Germany. As of the publication of this annual report, the Company does not have a policy in place for hedging currency exposure.

On the cost side, the Company has transactions primarily in EUR and USD, the majority of which are related to its operations in Germany. Depending on how the Company's costs are distributed across different currencies, changes in exchange rates may affect the Company's results.

Legal and regulatory risks

Risks related to licensing agreements

One of the sensor technologies being evaluated for BlincVision's functionality is partly based on a series of patents for the VoxelFlow™ technology. In September 2019, Terranet entered into a license agreement with the inventor Gerhard Dirk Smits, under which Terranet licenses patents for high-resolution image analysis for optical scanning and calibration using lasers, aimed at identifying moving objects in hazardous traffic situations.

The license agreement with Dirk Smits was renegotiated in 2020. The license applies to the vehicle and transportation market, is exclusive and global, and is not limited in time. For any revenues generated through commercialization or sublicensing of the technology, Gerhard Dirk Smits is entitled to receive low single-digit royalties.

There is a risk that the Company's investments in VoxelFlow™ may not yield the expected technical or commercial results, or that the Company may no longer have access to Gerhard Dirk Smits' know-how if he becomes unavailable to support the development. Should any of these events occur, it could have a material negative impact on the Company's commercialization opportunities, thereby affecting its operations and financial position.

Risks related to patents and intellectual property rights

As of 31 December 2024, the Company's intangible assets amounted to SEK 23.0 million, of which patents and trademarks accounted for SEK 2.2 million and capitalized development expenses for SEK 20.8 million.

There is a risk that the Company may be unable to maintain or renew these rights, or that other innovations developed by the Company in the future may not receive adequate protection.

Furthermore, there is a risk that the Company may infringe, or be accused of infringing, on third-party intellectual property rights. If competitors develop new technologies or innovations, there is also a risk that the Company's intellectual property rights could be replaced or circumvented.

If the Company in the future fails to maintain adequate protection for its intellectual property rights, or is accused of infringement, it could have a material impact on the Company's operations and financial position.

Risks related to regulatory approvals and compliance

Road safety is a priority issue for decision-makers and authorities. Authorities such as NHTSA and organizations such as Euro NCAP are introducing recommendations with the aim of increasing vehicle safety. Furthermore, in July 2022, the European Commission introduced a new regulation, the Vehicle General Safety Regulation, containing requirements for improvements in vehicle safety.

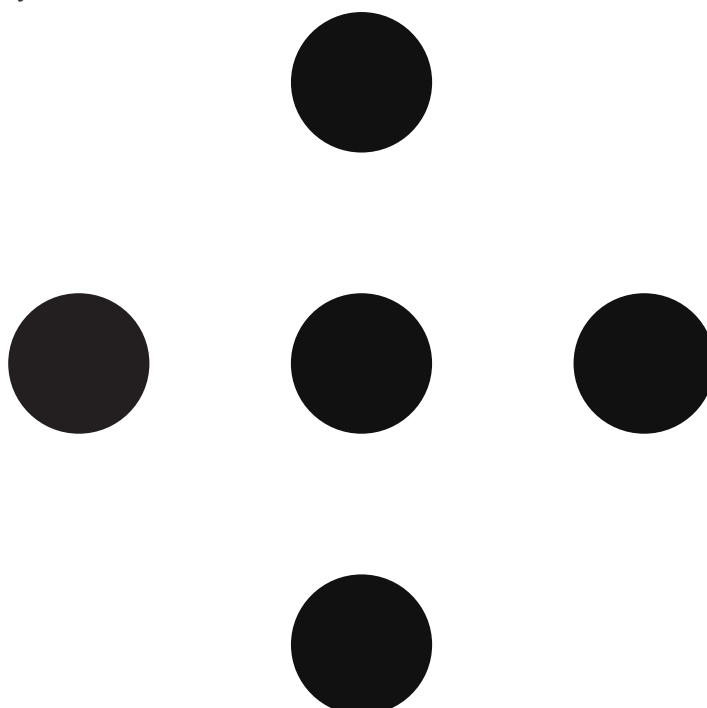
There is a risk that the Company's products and safety systems will fail to meet the requirements of relevant authorities or that the products and/or technology will not comply with the recommendations of such organizations. This may result in OEMs or Tier 1 suppliers not being able to enter into agreements for the Company's manufacturing licenses.

There is also a risk that relevant authorities impose additional or more stringent requirements on product safety, or that the Company's compliance activities are insufficient or become more resource-intensive than expected, which may lead to delays, increased costs, and delayed or lost revenues for the Company.

Expected future developments

Terranet is expected to further intensify its technology development in the coming years, with the aim of launching products to end customers together with its partners, thereby generating volume-based licensing revenue.

This progression toward commercialization will, in addition to continued technological development, involve investments in the Company's organization and structure as well as in sales and marketing expansion.



PROPOSED APPROPRIATION OF PROFITS

The parent company

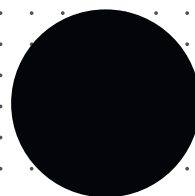
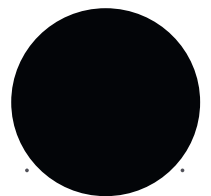
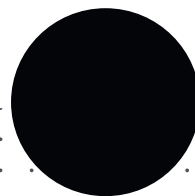
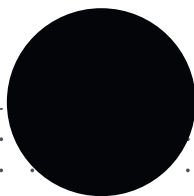
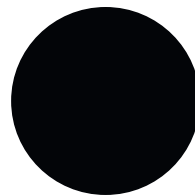
The Annual General Meeting has the following funds (SEK) at its disposal

Share premium reserve	484 101 416,05
Profit carried forward	-381 718 933,50
Annual profit/loss	-42 618 442,00
The board proposes that the profits be disposed such that the amount is carried forward	59 764 040,55

For information on the parent company's and the Group's results and position in general, reference is made to subsequent financial reports. All amounts are given in thousands of Swedish kronor (TSEK) unless otherwise stated.



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 at Swipp AB, Precise Biometrics AB, Drupps Group AB, and Maximum Entertainment AB, as well as Board member of Frenda AB.

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

Holdings in Terranet
1 303 029 B shares

**Attendance/
number of board meetings**
20/20

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 at Peptonic Medical AB (publ) and Board member of Rosland Nordic AB, Wonderboo Holding AB (publ), and Alzinova AB (publ).

Previous assignments
Partner and CEO at the venture capital firm Nexttobe AB, and Executive Vice President and CFO at Oasmia Pharmaceutical AB.

Holdings in Terranet
4 270 530 B shares

**Attendance/
number of board meetings**
20/20

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
0 shares. 1,000,000 share options from the incentive program 2022/2025:2.

**Attendance/
number of board meetings**
20/20

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

17/20

Committee work

None

Independent of the company and its management

Yes

Independent of the company, its management, and major shareholders

Yes



NILS WOLLNY

Board member

Year elected

2022

Born

1981

Education

Degree in Foreign Trade and International Management from the University of Applied Sciences Hamburg

Other significant assignments

CEO of holoride technologies GmbH

Previous assignments

Positions within the Audi Group

Holdings in Terranet

0 shares

Attendance/

number of board meetings

19/20

Committee work

None

Independent of the company and its management

Yes

Independent of the company, its management, and major shareholders

Yes



TAREK SHOEB

Board member

Year elected

2022

Born

1969

Education

B.A. from the American University in Cairo, Egypt, and M.B.A. from Harvard Business School

Other significant assignments

Board member of Peptonic Medical AB

Previous assignments

Positions at Goldman Sachs (London), One Equity Partners (New York), Cerberus (London), and the commodities company Vitol (London)

Holdings in Terranet

0 shares

Attendance/

number of board meetings

18/20

Committee work

Financing Committee and Remuneration Committee

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:

-



**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:

500 000 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:

1 000 000 B shares



**JONAS
RENANDER**
CCO

Born: 1975

Employed: 2024

Utbildning:

"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:

-

Corporate governance report

Introduction

Terranet AB is a Swedish public limited company with its head 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. Operating activities occur in its subsidiaries, which are described in the directors' report. The company develops technologies for advanced driver assistance systems and for autonomous vehicles. Terranet follows the Swedish Corporate Governance Code (the "Code") or reports any deviation from the Code in its corporate governance report.

Governance structure

The basis for corporate governance at Terranet is regulated by the company's own guidelines and policy documents, as well as by applicable laws and regulations.

The internal governing documents consist, among others, of:

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

The external regulation consists, among others, of:

- The Swedish Companies Act
- The Annual Reports Act
- The EU Market Abuse Regulation
- Nasdaq's rules
- 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 and CEO and company management, as well as auditors in accordance with the rules above. The nomination committee instructions and the articles of association may be found on the company's website www.terranel.se.

Shares and Shareholders

The company's share capital shall be a minimum of SEK 3,300,000 and a maximum of SEK 13,200,000 in a minimum of 330,000,000 shares and a maximum of

1,320,000,000 shares. The shares have been issued in two series, series A and series B. A class A share carries two votes and a class B share one vote at the General Meeting.

The ten largest shareholders together accounted for 29.9% of the votes as of 31 December 2024. Maida Vale Capital AB was the largest shareholder, with 15.02% of the votes, and was also the only shareholder exceeding one-tenth of the total votes. Further details regarding the ownership structure can be found on the company's website, www.terranel.se, and under the section "The Share" in the annual report.

Articles of association

The articles of association place no limit on the number of votes each shareholder may give at a General Meeting.

According to the articles of association, the board shall consist of a minimum of three and a maximum of eight members with a maximum of two deputies and these shall be elected annually by the Annual General Meeting for the period until the next Annual General Meeting is held. Otherwise, there are no special provisions that regulate the appointment and removal of board members.

The articles of association contain no special provisions on amendments to the articles of association.

General meeting

The shareholders exercise their influence on the company through the General Meeting, which is the highest decision-making body for the company's governance.

The Annual General Meeting shall be held within six months after the end of the financial year. The General Meeting shall be held in the city where the board is based or in the City of Stockholm. Extraordinary General Meetings may be convened in addition to the Annual General Meeting.

At the Annual General Meeting, the shareholders decide on adoption of the income statement and balance sheet, allocation of the company's profit and loss and the board and CEO's discharge from liability towards the company. The Annual General Meeting also decides on the election and remuneration of the company's board and auditor.

Notice of the Annual General Meeting or an Extra-

ordinary General Meeting dealing with amendments to the Articles of Association shall be issued no earlier than six weeks and no later than four weeks before the meeting. Notices for other Extraordinary General Meetings shall be issued no earlier than six weeks and no later than two weeks before the meeting.

Notice of the General Meeting shall be made through an announcement in Post- och Inrikes Tidningar (the Official Swedish Gazette) and by making the notice available on the company's website. At the same time, the company shall announce in the nationwide daily newspaper SvD (Svenska Dagbladet) that the notice has been issued.

To participate in a General Meeting, shareholders must be recorded in a printout or other representation of the share register on the date specified in the Swedish Companies Act, and notify the company of their participation along with the number of assistants (a maximum of two) by the date indicated in the notice of the meeting. Relevant meeting documentation will be made available on the company's website, www.terranel.se.

Shareholders who wish to have a matter addressed at the General Meeting are required to submit a written request to the Board of Directors. Such a request should normally be received by the Board no later than seven weeks before the General Meeting.

Annual General Meeting 2024

On May 21, 2024, Terranel AB held its Annual General Meeting (AGM). In addition to the standard agenda items according to the Articles of Association, the following resolutions were made:

- The board and CEO were granted freedom from liability towards the company.
- It was decided to adopt the income statement, the balance sheet, the consolidated income statement and the consolidated balance sheet
- Remuneration to the members and chair of the board was determined.
- Ernst & Young AB was elected as auditors, with Martin Henriksson as the chief auditor.
- It was decided to amend the limits for share capital and the number of shares in the articles of association.
- The board was authorised to decide on new issues of class B shares, warrants and/or

convertibles within the limits of the articles

- Anders Blom, Magnus Edman, Mats Fägerhag, Tarek Shueb, and Nils Wollny were re-elected as board members. Torgny Hellström was elected Chairman of the Board.

For further details on resolutions passed at the 2024 Annual General Meeting, please visit the company's website: www.terranel.se.

The 2025 Annual General Meeting will be held on May 22, 2025. The right to participate in the meeting will be specified in the notice convening the meeting.

Nomination Committee

The task of the Nomination Committee is to prepare proposals for the general meeting regarding the members and Chair of the Board and the auditor, as well as their remuneration. The Nomination Committee also proposes the Chair of the General Meeting and assesses the independence of Board members in relation to the company.

Instructions for the work of the Nomination Committee were adopted at the Annual General Meeting 2021. The Nomination Committee, which is appointed until a new nomination committee is appointed, shall consist of four members who are appointed as follows: Before the end of the third quarter of the financial year, the Chair of the Board contacts the three largest shareholders in the company, each of whom then appoints one member of the Nomination Committee. If any of the largest shareholders declines to appoint a member, the Chair of the Board will then invite the next largest shareholder to appoint a member. According to its instructions, the work of the Nomination Committee must follow the Swedish Corporate Governance Code.

The company is not subject to by the diversity policy requirement, but the work of the Nomination Committee aims to achieve an even gender balance, breadth and diversity in the composition of the Board, in accordance with point 4.1 of the Swedish Corporate Governance Code. The Nomination Committee's statement includes the reasoning behind its proposals and a report on how its work has been conducted.

More information about the instructions for the Nomination Committee may be found on the company's website www.terranel.se

The Nomination Committee ahead of the 2025 Annual General Meeting consists of:

- Julian Aleksov, Chairman of the Nomination Committee, appointed by Maida Vale Capital AB
- Michael Knutsson, appointed by Knutsson Holdings AB
- Torgny Hellström, Chairman of the Board of Terranet AB

The Board

The Board is responsible for the company's organisation and the management of its affairs. It ensures that the company's structure is appropriate and that operations are conducted in accordance with the Articles of Association, the Swedish Companies Act, and other applicable laws and regulations. The Board's responsibilities include setting the company's overall goals and strategy, ensuring follow-up and control of operations, financial reporting and management, as well as overseeing the risks associated with the company's activities.

The Chair of the Board is elected by the General Meeting and is responsible for organising and leading the work of the Board, as well as ensuring that members receive the knowledge and information they need to carry out their duties effectively.

The Board follows a formal work procedure, which is reviewed and adjusted as needed at the first meeting following the Annual General Meeting. In addition to the statutory meeting, the Board shall hold at least six ordinary meetings each year.

The Chair of the Board conducts ongoing evaluations of the Board's work through individual conversations with each member. The work of the Board is also evaluated by the Nomination Committee through individual discussions with the Chair and the members.

In 2024, the Board has focused primarily on the company's strategy, financing, and product development.

Detailed information about the Board members can be found in the Annual Report under the section "The Board of Directors

CEO and company management

The CEO is responsible for ongoing operation of the company's affairs and the day-to-day activities. The distribution of the work between the Board and CEO, as well as responsibility for financial reporting, are determined in written instructions to the CEO.

The CEO informs the Board about the company's activities and financial position during ordinary and extraordinary board meetings. Between meetings, board members are kept continually updated by the CEO. The Board evaluates the CEO's work on an ongoing basis.

Company management is presented in detail in the annual report under the heading "Management".

Remuneration to the Board and company management

The Board has established a Remuneration Committee. Questions and decisions regarding remuneration to the CEO and company management are prepared by the Remuneration Committee for approval by the Board. The Remuneration Committee has met on one occasion during 2024 and consisted of Board members Torgny Hellström (Chair), Tarek Shoeb, and Magnus Edman.

The Nomination Committee prepares proposals to the General Meeting regarding remuneration to the members of the Board. The General Meeting decides on remuneration to the Board members.

At the 2022 Annual General Meeting, it was decided to introduce share-based remuneration programmes in the form of warrant programmes 2022/2025:1 and 2022/2025:2. Details of these programmes are available under the heading "Warrants" in the Annual Report and on the company's website www.terranet.se.

Information about remuneration to the Board and company management can be found in Note 10 of the Annual Report.

Audit Committee

The Audit Committee was established in 2023 following a resolution at the statutory meeting held in connection with the Annual General Meeting.

The purpose of the Audit Committee is to support the Board in fulfilling its responsibilities related to audit, internal control, and financial reporting. The committee is also tasked with assisting the Nomination Com-

mittee in preparing proposals for the election of the auditor, and, where applicable, in the procurement of audit services. In addition, it monitors the auditor's independence, prepares guidelines for services other than auditing provided by the auditor, and stays informed about the Swedish Inspectorate of Auditors' quality control of the auditor. In 2024, the committee primarily focused on financial reporting (interim reports), valuation matters related to investments, and internal control. The committee held seven meetings during the year. The Audit Committee must meet with the company's auditor at least twice per calendar year. Since the 2024 Annual General Meeting, the Audit Committee has consisted of Board members Torgny Hellström and Anders Blom (Chair of the Committee).

Financing Committee

The Board has established a Financing Committee with the purpose of continuously reviewing the company's financial position and preparing proposals to secure the company's financing. The committee did not hold any formally minuted meetings during 2024; however, its members have maintained regular contact and held discussions regarding the company's financing throughout the year. Since the 2024 Annual General Meeting, the Financing Committee has consisted of Board members Anders Blom (Chair of the Committee), Torgny Hellström, and Tarek Shoeb.

Internal control

The Board is responsible for ensuring that the company's activities are conducted in accordance with good internal control. The Board keeps itself informed on an ongoing basis to ensure that the company's systems and procedures that support effective internal control are being followed. The purpose of internal

control is, among other things, to ensure that financial reporting is accurate and complies with applicable laws, standards, and other requirements for listed companies.

The Board's division of responsibilities, together with the instructions to the CEO, forms the foundation for governance and risk management within the company. The company's governing documents – including the Information Policy, IT Policy, and Insider Policy – further support effective internal control. The internal distribution of roles is clearly defined, outlining areas of responsibility and authority.

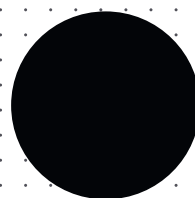
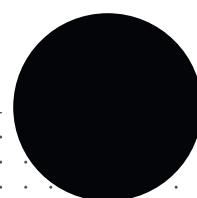
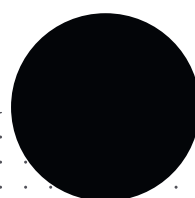
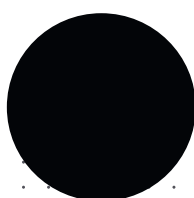
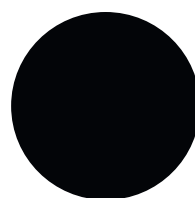
Company management regularly reports its assessment of risks to the Board, which has the opportunity to request supplementary information. Risk assessments are made continuously between management and the Board and include financial reporting, such as the valuation of assets and liabilities. The Board reviews and provides feedback on all interim reports and the annual report well in advance of publication. A review of the company's risks is presented in the Directors' report in the Annual Report.

It is the Board's overall assessment that the company's internal control is effective, that communication between management and the Board functions well, and that the risk of material misstatements in financial reporting is low due to the company's limited size and complexity. The Board therefore sees no need for a separate internal audit function within the company.

Lund, 25 April 2025
The Board of Directors



Financial reports



Consolidated income statement

Amounts in TSEK	Note	2024	2023
Other operating revenue	6	283	834
Work in progress for own account	15	3,951	2,564
Operating expenses			
Other external expenses	7, 8, 9	-17,245	-18,668
Staff costs	10	-21,357	-18,195
Depreciation and write-offs of tangible and intangible fixed assets	15, 16, 17, 18	-1,435	-2,331
Other operating costs		-5	-130
Operating profit/loss		-35,808	-35,926
Financial items			
Write-down of Long-term securities	20	0	-32 658
Financial income	11	510	600
Financial expenses	12	-3,802	-5,132
		-3,292	-37,190
Profit/loss before tax		-39,100	-73,116
Tax on profit/loss for year	13	-23	-37
Profit/loss for the year attributable to the parent company's shareholders		-39,123	-73,153
Profit/loss for the period attributable to the parent company's shareholders in SEK	14		
Before dilution		-0.04	-0.15
After dilution		-0.04	-0.15

Consolidated report on comprehensive income

Amounts in TSEK	Note	2024	2023
Annual profit/loss		-39,123	-73,153
Other comprehensive income		0	0
Items that could be reclassified to income statement:			
Translation differences		-16	-7
Total other comprehensive income, net after tax		-16	-7
Comprehensive income for the year attributable to the parent company's shareholders		-39,139	-73,160



Consolidated statement of financial position

Amounts in TSEK	Note	2024-12-31	2023-12-31
ASSETS			
Tangible fixed assets			
Intangible fixed assets			
Capitalised development costs	15	20,833	16,881
Patents	16	2,211	1,954
Property, plant and equipment			
Right of use assets	17	2,123	3,095
Equipment, machinery and computers	18	275	331
Financial assets			
Long-term securities	20	5,430	5,430
Other long-term receivables		170	164
Total fixed assets		31,042	27,855
Current assets			
Other receivables	21	1 802	874
Prepaid expenses and accrued revenue	22	1,495	2,492
Cash and cash equivalents	23	18,541	29,006
		21,838	32,372
TOTAL ASSETS		52,880	60,227

Consolidated statement of financial position

Amounts in TSEK	Note	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	24	11,937	7,551
Other contributed capital	24	484,101	449,362
Translation differences		-23	-7
Profit/loss carried forward		-428,157	-355,004
Comprehensive income for the year		-39,123	-73,153
Equity attributable to the parent company's shareholders		28,735	28,749
Long-term liabilities			
Lease liabilities		1,404	2,398
Other long-term liabilities	27	4 378	0
		5,782	2,398
Current liabilities			
Loans payable	25	8,118	15,538
Lease liabilities		993	958
Accounts payable		1,122	1,178
Tax liabilities		0	38
Other liabilities	27	2,844	7,229
Accrued expenses and prepaid income	28	5,286	4,139
		18,363	29,080
TOTAL EQUITY AND LIABILITIES		52,880	60,227

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 2023	3,263	0	400,124	-355,005	48,382
Annual profit/loss				-73,153	-73,153
Other comprehensive income		-7			-7
Comprehensive income for the year		-7		-73,153	-73,160
Other Changes in equity					
New cash issue	4 174		58,639		62,813
Received option premiums	114		1,931		2,045
Issue costs			-11 331		-11 331
Equity on 31 December 2023	7,551	-7	449,362	-428,157	28,749
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	484,101	-467,280	28,735

Consolidated cash flow statement

Amounts in TSEK	Note	2024	2023
Cash flow from operations			
Operating profit/loss		-35,808	-35,926
Adjustments for items not included in the cash flow:			
Depreciation and write-offs	15, 16, 17, 18	1,435	2,331
Other non-cash items		409	451
Interest received		510	600
Interest paid		-4,282	-2,444
Income tax paid		-61	0
Cash flow from operations before changes in working capital		-37,797	-34,988
Changes in working capital			
Changes in operating receivables		-342	-665
Change in operating liabilities		964	-1,544
Cash flow from operations		-37,175	-34,109
Investing activities			
Capitalisation of development costs	15	-3,951	-2,564
Patent fees	16	-482	-75
Acquisition of tangible assets	18	-182	-310
Paid deposits		0	-170
Cash flow from investing activities		-4,615	-3,119
Financing activities	26		
New share issue		39,810	62,813
Issue costs		-685	-9,286
Loans taken	27	0	6,318
Repaid loans	25	-6,879	-19,479
Amortisation of lease liabilities	9	-959	-848
Cash flow from financing activities		31,287	39,518
Cash flow for the year		-10,503	2,290
Cash and cash equivalents on January 1		29,006	26,715
Translation differences in cash & cash equivalents		38	1
Cash and cash equivalents on December 31	23	18,541	29,006

Parent company income statement

Amounts in TSEK	Note	2024	2023
Other operating revenue	6	5 208	0
Operating expenses			
Other external expenses	7, 8	-6,630	-3,207
Personnel expenses		-6,749	0
Other operating expenses		-5	0
Operating profit/loss		-8,176	-3,207
Profit/loss from financial items			
Write-down of Other long-term securities	20	0	-33 545
Depreciation of shares in group companies	19	-32,000	-25,800
Interest revenue and similar profit and loss items	11	509	509
Interest expenses and similar profit and loss items	12	-2,951	-4,681
		-34,442	-63,517
Profit/loss before tax		-42,618	-66,724
Tax on profit/loss for year	13	0	0
Annual profit/loss		-42,618	-66,724

Parent company statement of comprehensive income

Amounts in TSEK	Note	2024	2023
Annual profit/loss		-42,618	-66,724
Other comprehensive income		0	0
Comprehensive income for the year		-42,618	-66,724

Parent company balance sheet

Amounts in TSEK	Note	2024-12-31	2023-12-31
ASSETS			
Tangible fixed assets			
Financial assets			
Shares in group companies	19	57,011	57,011
Other long-term securities	20	5,430	5,430
Total fixed assets		62,441	62,441
Current assets			
Short-term receivables			
Receivables from group companies		436	0
Other receivables	21	352	8
Prepaid expenses and accrued revenue	22	577	223
		1 365	231
Cash on hand	23	17,815	28,268
Total current assets		19,180	28,499
TOTAL ASSETS		81,621	90,940
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	11,937	7,551
		11,937	7,551
Non-restricted equity			
Share premium reserve	24	484,101	449,362
Profit/loss carried forward		-381,719	-314,995
Profit/loss for the year		-42,618	-66,724
		59,764	67,643
Total equity		71,701	75,194
Current liabilities			
Loans payable	25	8,118	15,538
Accounts payable		208	7
Liabilities to group companies		94	94
Other current liabilities		302	0
Accrued expenses and prepaid income	28	1 198	107
		9,920	15,746
TOTAL EQUITY AND LIABILITIES		81,621	90,940

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 2023	3,263	400,124	-279,077	-35,919	88,391
Appropriation of profit/loss for previous year			-35,919	35,919	0
Profit/loss for the year				-66,724	-66,724
Other comprehensive income			0		0
Comprehensive income for the year			0	-66,724	-66,724
Other Changes in equity					
New cash issue	4,174	58,639			62,813
Received option premiums	114	1,931			2,045
Issue costs		-11,331			-11,331
Equity on 31 December 2023	7,551	449,362	-314,995	-66,724	75,194
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	484,101	-381,719	-42,618	71,701

Parent company cash flow

Amounts in TSEK	Note	2024	2023
Cash flow from operations			
Operating profit/loss		-8,176	-3,207
Adjustments for items not included in the cash flow:			
Other non-cash items		0	0
Interest received		509	509
Interest paid		-3,492	-2,092
Cash flow from operations before changes in working capital		-11,159	-4,790
Changes in working capital			
Changes in operating receivables		-1,134	-25
Change in operating liabilities		1,593	48
Cash flow from operations		-10,700	-4,767
Investing activities			
Paid shareholder contributions	19	-32,000	-25,800
Cash flow from investing activities		-32,000	-25,800
Financing activities			
New share issue		39,810	62,813
Issue costs		-684	-9,286
Repaid loans	25	-6,879	-19,479
Cash flow from financing activities		32,247	34,048
Cash flow for the year		-10,453	3,481
Cash and cash equivalents on January 1		28,268	24,787
Cash and cash equivalents on December 31	23	17,815	28,268

Notes

Note 1 – General information

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

The group's activities consist of the development of 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 its own operations. The currently dormant company Terranet International AB (556759-6662) is also a part of the group, as well as the group company Terranet Tech GmbH.

Terranet also has a registered company in the USA in preparation for a planned international expansion. The company in the USA has not yet conducted operations and as of 31 December 2024 had no balance sheet total to report. In the notes, amounts are stated in TSEK unless otherwise stated.

Note 2 – Significant accounting principles

The consolidated financial statements for Terranet AB (publ.) have been established 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 Swedish Financial Reporting Board's recommendations RFR 1 "Supplementary accounting rules for groups".

The new and amended standards and improvements that entered into force in 2024 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 senior 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 senior 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

From 1 January 2027, IFRS 18 Presentation and Disclosure in Financial Statements will enter into force. The new standard will replace IAS 1 Presentation of Financial Statements. The purpose of IFRS 18 is to improve the way companies present their financial statements, with a particular focus on the income statement and the statement of cash flows. The new standard also introduces disclosure requirements for management-

defined performance measures and the nature of expenses, among other things. IFRS 18 has not yet been adopted by the EU. No other new or amended accounting standards and interpretations that have been published and will enter into force in 2025 or later are expected to have a material impact on the Group's financial statements.

Consolidated financial statement

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

Subsidiaries are included in the consolidated accounts from the date of acquisition and are excluded from the consolidated accounts as of the date on which the controlling influence ceases.

The group's results and components of other comprehensive income are attributable in their entirety to the parent company's owners. 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

Revenues are reported as the total for the entire group, that is as an operating segment where control, follow-up and decisions are taken for each individual project and for the entire operation 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 asset received or receivable.

Lease agreements

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

Upon conclusion of a lease agreement, the current 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 marginal 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. Lease agreements with terms shorter than 12 months and lease agreements where the leased 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 rate. Foreign

exchange gains and losses on operating receivables and liabilities are recognised under operating revenue 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 during the period in which they arise.

Remuneration to employees

Short-term remuneration to employees

Remuneration paid to employees as salary, bonuses, vacation pay, sick pay and pensions are recognised in line with the time of accrual (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 fund 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 the time of payment 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 the current tax and deferred tax.

Current tax

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

Deferred tax

Deferred tax is reported on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax value used for calculating taxable profit/loss. Deferred tax is reported according to the so-called 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 likely that the amounts can be utilised against future taxable surpluses. Deferred tax liabilities and 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 first recognition of an asset or liability (which is not a business acquisition) and which, at the date of the transaction, neither affects the recognised or the taxable result.

Deferred tax is calculated using the tax rates that are expected to apply for the period when the asset is realised or the tax liability is settled based on the tax rates (and tax laws) that have been decided or announced on closing day.

Deferred tax assets and tax liabilities are offset as they relate to income taxes charged by the same authority and when the Group intends to settle the tax at a net amount.

Current and deferred tax for the period

Current and deferred tax is reported as an expense or income in the income statement, except when the tax is attributable to transactions in other comprehensive income or directly against equity. In such cases, the tax must also be reported in other comprehensive income or directly against equity. For current and deferred tax that arises when reporting business acquisitions, the tax effect must be reported in the acquisition estimate.

Tangible fixed assets

Computers and equipment are reported at acquisition cost less accumulated depreciation and any write-offs. The acquisition cost consists of the purchase price, expenses directly attributable to putting the acquisition in place and bringing it to usable condition in accordance with the purpose of the acquisition.

Depreciation is expensed such that the asset's value is decreased according to the estimated residual value at the end of the asset's useful life, amortised 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 reconsidered at the end of each accounting period. The effects of any changes in assessments are reported prospectively.

In accordance with IFRS 16 Leasing, starting in 2019, the Group reports right of use assets in the statement of financial position. Right of use assets primarily consist of leases for premises. All right-of-use assets are written off throughout the term of the agreements.

The carrying amount of a tangible fixed asset is removed from the Statement of financial position on disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset. The gain or loss arising from the sale or disposal of an asset consists of the difference between any net income on disposal of the asset 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 determinable useful lives that have been acquired separately or developed internally are reported at acquisition cost less cumulative depreciation and any accumulated write-offs. Depreciation is done on a straight-line basis over the asset's estimated useful life. Estimated useful lives and depreciation methods are reconsidered at the end of each accounting period. The effects of any changes in assessments are reported prospectively.

Internally generated intangible assets

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

- it is technically feasible to complete the intangible asset so that it can be used or sold;
- it is the company's intention to complete the intangible asset and use or sell it;
- it is possible to use or sell the intangible fixed asset;
- the intangible asset will likely generate future economic benefits;

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

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

Depreciation begins with the completion of the technological development phase, which is deemed to be completed when the technology is included in offers to end users based on a commercialised contract and its financial benefits begin to be realised via a licensing agreement or other remuneration.

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

Patents	10 years
Capitalised development costs	5 years

Sales and disposals

An intangible asset is removed from the statement of financial position upon sale or disposal or when no future economic benefit is expected from the use or sale/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 net disposal proceeds 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 depreciation has not yet been initiated, are tested for impairment at least annually with regard to any need for impairment and when 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 must be immediately recognised in the income statement.

Previously recognised impairments are reversed if the recoverable amount is deemed to exceed the carrying amount. However, impairment is not reversed to an amount greater than what the carrying amount would have been if no impairment had been recognised in previous periods.

Financial instruments

Recognition in and removal from the statement of financial position

A financial asset or liability is included in the report of the company's financial position at the time that the company becomes a party to the contractual terms associated with the

instrument. A receivable is recognised when the company has performed a service and a contractual obligation arises for the counterparty to pay, even if the invoice has not yet been sent. Accounts receivable are reported in the statement of financial position when the invoice has been sent. Liabilities are recognised when the counterparty has performed a service and a contractual obligation arises to pay, even if the invoice has not yet been received. Accounts payable are recognised when an invoice has been received. A financial asset is removed from the statement of financial position once the entitlements in the agreement are realised, mature or the company loses control over them. The same applies to part of a financial asset.

A financial liability is removed from the statement of financial position once the obligation in the agreement is fulfilled or otherwise terminated. 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 offset are not met. Acquisition and sale of financial assets are recognised on the date of the transaction. The date of the transaction 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 flow. If a financial asset is held as part of a business model in which the goal is to obtain contractual cash flows and the agreed terms for the financial asset give rise to cash flows at certain times that only consist of payments of principal and interest on the outstanding principal amount, the asset is reported at accrued acquisition value. This business model is categorised as "hold to collect", which equates to valuation at accumulated acquisition cost.

If a financial asset is held as part of a business model in which the objectives can be achieved both by obtaining contractual cash flows and selling financial assets, and the agreed terms for the financial asset give rise to cash flows at certain times that only consist of payments of principal and interest on the outstanding principal amount, the asset is recognised at fair value via other comprehensive income. This business model is categorised as "hold to collect and sell".

All other business models, where the purpose is speculation, holdings for trading or where the character of the cash flow excludes other business models are measured at fair value via the income statement. This business model is categorised as "other".

Terranet applies two different business models. For cash and cash equivalents, accounts receivable and other current receivables, the company applies the "hold to collect" business model, which means that the asset is reported at amortised cost. Other long-term securities consist of the holding in holoxide GmbH and Summer Robotics (see also Note 20), where Terranet applies the business model "other", which means that the holding is reported at fair value via the income statement. Unlisted securities are valued at fair value in Level 3 of the valuation hierarchy. This means that several significant inputs are not based on observable market information.

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

Financial liabilities are classified as described below:

Financial liabilities

- Amortised cost
- Fair value via the income statement

The Group has no liabilities valued at fair value.

Financial liabilities that are valued at amortised cost are initially reported at fair value, including transaction costs. After the first reporting occasion, the liabilities are valued and recognised at amortised cost, see below.

The fair value of financial instruments

For all financial assets and liabilities, the carrying amount is deemed to be a suitable approximation of its fair value, unless otherwise stated in the notes in this report.

Accumulated acquisition cost

Amortised cost refers to the amount at which the asset or liability was initially recognised with deductions for amortisations, additions or deductions for accumulated accruals according to the effective interest method of the initial difference between the amount received/paid and amount to be paid/received on the maturity date, less write-offs.

The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected term, results in the initially recognised value of the financial asset or financial liability.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and recognised at a net amount in the balance sheet when there is a legal right to offset, and when the intention is to settle the items at a net amount or to simultaneously realise the asset and settle the debt.

Cash and cash equivalents

Cash and cash equivalents includes cash and bank balances as well as other liquid investments that can easily be converted into cash and are not exposed to the risk of significant changes in value. In order to be classified under cash and cash equivalents, the maturity date may not exceed three months from the date of acquisition. Cash and bank balances are categorised as "Loans and advances and accounts receivables" which entails valuation at amortised cost. Due to the fact that bank funds are payable on demand, amortised cost corresponds to the nominal amount.

Accounts receivables and other receivables

Accounts receivables and other receivables are categorised as "Loans and advances and accounts receivables" which entails valuation at amortised cost. The anticipated term of accounts receivable and other current receivables is short, and the value is, therefore, reported at a nominal amount without discounting. Deductions are made for receivables that are assessed to be doubtful. Impairment losses on accounts receivables are reported in operating costs.

Lease liabilities

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

Accounts payable and other current liabilities

Accounts payables and other short-term liabilities are categorised as "Other financial liabilities" which entails valuation at amortised cost. However, the expected maturity of accounts payables and other short-term liabilities is short, which is why the liability is recognised at nominal value 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 an existing obligation (legal or informal) as a result of an event that has occurred, where it is likely that an outflow of resources is required to settle the obligation and the amount can be reliably estimated.

Accounting for cash flows

Cash and cash equivalents consist of available cash, bank balances and, if applicable, other liquid investments with a maturity of 3 months or less that are only subject to insignificant value fluctuations. The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in proceeds or payments.

Accounting principles for the parent company

The parent company applies the Swedish Annual Accounts Act (ÅRL) and Swedish Financial Reporting Board's recommendations RFR 2 "Accounting for Legal Entities". With the application of RFR 2, the parent company applies, as far as possible, all EU-approved International Financial Reporting Standards (IFRS) within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and takes into account the relationship between accounting and taxation. The changes to RFR 2 that entered into force in 2024 had no significant impact on the parent company's financial reports for the financial year. The differences between the accounting principles applied by the parent company and the Group are described below:

Classification and presentation

The parent company's income statement and balance sheet are presented in accordance with the schedules of the Swedish Annual Accounts Act. The difference compared to IAS 1 The presentation of financial statements that is applied in the preparation of the Group's financial statements mainly refers to the presentation of financial income and costs, intangible fixed assets and equity.

Subsidiaries

Shares in subsidiaries are recognised at the acquisition cost in the parent company's financial reports. Shareholder contributions are recognised as an increase in the carrying amount of the shares. Valuation of shares in subsidiaries is done annually.

Financial instruments

The parent company does not apply IFRS 9 Financial Instruments: Accounting and valuation. The parent company applies a method based on acquisition cost in accordance with the Swedish Annual Accounts Act.

Note 3 – Important estimates and assessments

Important sources of uncertainty in estimates

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 significant adjustments in the reported values of assets and liabilities in subsequent financial years.

Capitalised development costs

The capitalised development fees consist of payroll, including social costs 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, partly based on the company's VoxelFlow license and partly based on the development of hardware.

The assessment is that there is great potential for future licensing revenues and cash flows based on the Group's product development. The carrying amount of capitalised costs amounts to SEK 20,833 thousand (16,881).

Tax loss carryforwards

The Group holds accumulated tax loss carryforwards for which no deferred tax asset has yet been reported, as revenue generation to date has been limited. At the time the Group's revenues are able to be confirmed with greater certainty, deferred tax assets relating to tax loss carryforwards will be recognised and will have a positive effect on results and equity. Tax loss carryforwards amount to SEK 513,860 thousand (474,105).

If the Group is able to report a deferred tax asset for the entire loss carryforward, profit and equity would increase by TSEK 105,855 (97,666). There is no maturity date that limits the utilisation of the tax loss carryforwards.

Long-term securities

The group's long-term securities are reported at fair value, TSEK 5,430, in the group's consolidated statement of financial position. These unlisted holdings are valued at fair value in Level 3, which means that several material inputs are not based on observable market information. Faulty and/or inaccurate assumptions can affect the valuation of these holdings.

Important assessments when applying the Group's accounting principles

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

Liquidity and financing

The Group's financial reports have been prepared in accordance with the going concern principle.

The company's ability to continue operations over the next twelve months is conditional on a successful capital acquisition. Capital acquisition can take place in different ways, and the board is continuously working to ensure the funding needed to continue operations. It is the board's assessment that this will be possible to achieve. In the event that the company is not successful in its upcoming capital acquisition, 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 principles with regard to the capitalisation of internally generated intangible assets are described in Note 2 above. When applying these accounting principles, senior management must make important assessments to ensure that the correct distinction is made between capitalisation and expense recognition.

Note 4 – Financial risk management and financial instruments

The Group is exposed to various types of financial risks and uncertainties through its operations, such as market risks, liquidity risks and credit risks. Market risks consist of currency risk, which is currently limited. It is ultimately the company's Board that is responsible for exposure, management and follow-up 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's transaction exposure arises due to future payment flows in foreign currency. The table below lists exposure in each currency.

	2024		2023	
Currency exposure	Operating income	Operating costs	Operating income	Operating costs
USD	0%	3%	0%	3%
EUR	0%	13%	0%	37%
SEK	100%	84%	100%	60%
	100%	100%	100%	100%

As shown in the table above, the Group's transaction exposure primarily consists of USD and EUR. A 5% increase in the value of USD would have an effect on profit/loss after tax of approximately SEK -112 thousand (-59) and a 5% increase in the value of EUR would have an effect on profit/loss after tax of approximately SEK -239 thousand (-673).

The net book value of the Group's monetary assets and liabilities subject to translation into SEK on the balance sheet date amounts to; (expressed in TSEK) (debts are indicated by a minus sign).

Currency	2024-12-31	2023-12-31
EURO	229	1,021
USD	-1,056	0

Translation exposure

Translation exposure entails a 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 its net assets in SEK on 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 in local currency.

Currency	2024-12-31	2023-12-31
TEURO	59	53

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 has taken loans at a fixed interest rate of 1.25% (0.6) for each commenced 30-day period. With the application of IFRS 16, the interest on lease liabilities, which relates to lease contracts, is estimated to amount to 10%, which is estimated 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 financial 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 unavailable and that financing can only be obtained in part, not at all or at an elevated cost. Currently, Terranet's operations are mainly financed through capital injections via share issues and warrants. During the 2020 and 2021 financial years, the Group also financed its operations through bridge financing for a limited period; the group also took loans to finance the investment in holotide GmbH. Financing risk is a significant risk in relation to the Group's continued product development and market development activities. Financing risk is managed through market establishment and continuous engagement with shareholders regarding future capital needs. To date, the Group has been successful in its efforts to raise capital and is now listed on First North, which enables the company to access an even wider circle of investors.

The maturity profile of contractual payment commitments related to the Group's financial liabilities, excluding derivatives, is presented in the tables below. The amounts in these tables are not discounted values and also include interest payments where relevant, 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 to SEK at the closing day rate. Liabilities are included in the period when repayment can be claimed at the earliest.

The Group's loan agreements contain no special conditions that could mean payment would fall due significantly earlier than the dates shown in the tables.

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

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

The board works actively to manage the company's financing, which also involves the handling of outstanding loan debts. The financial planning for the next year includes a reduction of outstanding loans.

2023-12-31

	Within 3 months	3-12 months	1-2 year	3-5 year	Over 5 years	Total
Loans payable	0	16,245	0	0	0	16,245
Lease liabilities	304	911	1,160	1,595	0	3,970
Accounts payable	1,178	0	0	0	0	1,178
Other current liabilities	3,609	0	0	0	0	3,609
Total	5,091	17,156	1,160	1,595	0	25,002

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 can primarily be attributed to other receivables and cash and cash equivalents. No credit losses have occurred in 2023 and 2024.

Credit risks arise when the Group's excess liquidity is placed in bank accounts. Credit risk is reduced by only dealing with counterparties with a very good rating.

The Group is exposed to a few counterparties through its receivables and bank balances. The credit risk is deemed to be low as the counterparties are considered to have a good ability to pay.

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

	The Group	
	2024-12-31	2023-12-31
Other long-term receivables	170	164
Other current receivables	242	440
Cash and cash equivalents	18,541	29,006
Maximum exposure to credit risk	18,953	29,610

Categorisation of financial instruments

The book value of financial assets and financial liabilities, broken down by valuation category in accordance with IFRS 9, is shown in the table below.

	The Group	
	2024-12-31	2023-12-31
Financial assets are valued at amortised cost		
Other long-term receivables	170	164
Other receivables	242	440
Cash and cash equivalents	18,541	29,006
Total Financial assets are valued at amortised cost	18,953	29,610

	The Group	
	2024-12-31	2023-12-31
Financial assets are valued at fair value via the balance sheet		
Long-term securities	5,430	5,430
Total Financial assets valued at fair value	5,430	5,430

The group's long-term securities consist of holdings in holotide GmbH and Summer Robotics, which are described in Note 20. The holding in Summer Robotics Inc. is valued at fair value (Level 3) in accordance with the valuation categories in IFRS 9. This means that fair value is determined based on valuation models where significant inputs are based on unobservable data. The valuation of the company's holdings in Summer

Robotics is essentially based on discounted future cash flows (the DCF model and revenue multiples). The valuation of the holdings in Summer Robotics for the financial year has had no impact on the income statement. During 2023, the holding in holotide GmbH was written down in full to SEK 0, corresponding to the assessed fair value.

	The Group	
	2024-12-31	2023-12-31
Financial liabilities valued at amortised cost		
Lease liabilities	2,397	3,356
Loans payable	8,118	15,538
Accounts payable	1,122	1,178
Other financial liabilities	1,795	3,609
Total Financial liabilities are valued at amortised cost	13,432	23,681

The group has no liabilities valued at fair value in the income statement.

No reclassifications of the valuation categories above have occurred during the period.

For financial assets and liabilities, the carrying amount given above is considered a reasonable approximation of fair value.

Note 5 – Capital management

The group defines capital as equity. The group's goal in managing capital is to ensure the Group is able to continue to conduct and expand its operations and generate reasonable returns to shareholders and benefits to other stakeholders.

The group is currently in a development phase with new technology and capital raised primarily 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 it is deemed that no dividend will be relevant in the next few years as the group uses its capital for development and market establishment. Changes in the group's capital are given in the consolidated statement of changes in equity.

Note 6 – Revenue

Revenues are reported as the total for the entire group, that is as an operating segment where control, follow-up and decisions are made for each individual project and for the entire operation as a whole.

	The group		The parent company	
	2024	2023	2024	2023
Other operating revenue				
Grants from Vinnova	283	834	0	0
Summa	283	834	0	0

Revenue from development cooperation is recognised as revenue as the work is completed, i.e. over time.

Information on geographic markets	Revenue from external customers		Tangible fixed assets	
	2024	2023	2024-12-31	2023-12-31
Sweden	0	0	30,872	27,691
Germany	0	0	170	164
	0	0	31,042	27,855

Information on intra-group purchases and sales	The parent company	
	2024	2023
Purchases	0.0%	0.0%
Sales	100.0%	0%
	100.0%	0%

Note 7 – Other external expenses

	The group		The parent company	
	2024	2023	2024	2023
Cost of premises	925	638	4	0
Consumable equipment, software and consumables	1,232	1,387	4	0
Sales and marketing costs	3,057	3,393	2,274	377
Extra hired staff	2,479	3,005	0	0
Consulting costs	5,102	3,556	1,275	2,451
Other	4,450	6,689	3,073	379
Total	17,245	18,668	6,630	3,207

Note 8 – Audit fees and expenses

	Koncernen		Moderföretaget	
	2024	2023	2024	2023
Deloitte AB				
Audit assignment	0	93	0	0
Auditing activities beyond the scope of the audit assignment	0	0	0	0
EY				
Audit assignment	345	573	200	363
Auditing activities beyond the scope of the audit assignment	85	177	85	177
Total	430	750	285	540

Auditing assignment refers to the auditor's fees for the statutory audit. The assignment includes the audit of the annual financial statements and bookkeeping, the management by the Board of Directors and the CEO, as well as fees for advice

and other assistance provided in connection with the audit assignment.

Note 9 – Leasing

The Group is a lessee under lease agreements for office premises and one vehicle. In Sweden, the lease for office premises was renegotiated, and the new agreement will take effect on 1 February 2025 with a term of six years. The undiscounted cash flows from the new lease amount to SEK 8.4 million. The lease agreement in Germany runs until December 2028.

For office leases, the Group's estimated incremental borrowing rate of 10% has been used when discounting the lease liability.

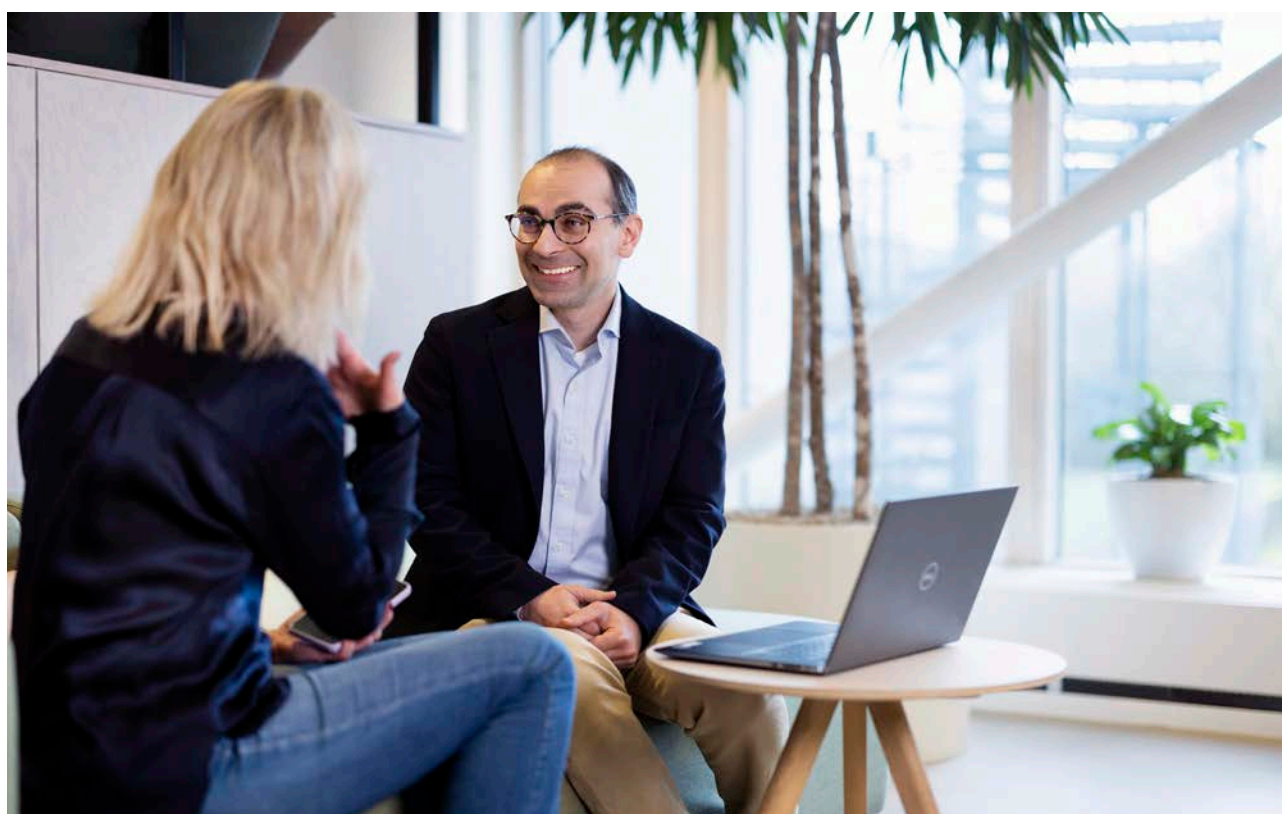
A maturity analysis of leasing liabilities is presented in Note 4.

Amounts reported in the income statement	The group	
	2024	2023
Depreciation of right of use assets	-971	-939
Interest costs for lease liabilities	-256	-330
Costs attributable to lease agreements of low value	-0	-20
Total	-1,227	-1,289

On 31 December 2024, the group has obligations attributable to short-term lease agreements of TSEK 37 (37).

Cash flow	The Group	
	2024	2023
Amortisation of lease liabilities	-959	-848
Interest costs lease liabilities	-256	-330
Short-term lease agreements and leasing agreements with low value	0	-20
Total cash flow	-1,215	-1,198

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



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

	2024		2023	
	Number employees	Of which number of men	Number employees	Of which number of men
Average number of employees				
The parent company				
Sweden	2	2	0	0
Total in the parent company	2	2	0	0
Subsidiaries				
Sweden	12	11	12	11
Germany	2	1	2	1
Total in subsidiaries	14	12	14	12
Total in the Group	16	14	14	12

Distribution of senior executives on closing day	The Group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Women:				
Board members	0	0	0	0
Other persons in company leadership incl. CEO	0	0	0	0
Men:				
Board members	6	6	6	6
Other persons in company leadership incl. CEO	3	3	1	1
Total	9	9	7	7

Salaries, other remuneration, etc.	2024		2023	
	Salaries and other remuneration	Soc costs (of which pensions costs)	Salaries and other remuneration	Soc costs (of which pensions costs)
The parent company	4,764	2,495	0	0
		(1,053)		(1)
Subsidiaries	9,492	4,387	13,331	3,927
		(1,320)		(1,627)
Total for group	14,256	6,882	13,331	3,927
		(2,373)		(1,627)

Salaries and remuneration distributed between board members, etc. and employees	2024		2023	
	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	3,280	1,484	0	0
	(-)		(-)	
Subsidiaries	0	9,492	3,116	10,215
	(0)		(207)	
Total for group	3,280	10,976	3,116	10,215

Of the group's pension costs, TSEK 657 (677) relates to the Board and the CEO.

Pensions

The retirement age for the Chief Executive Officer (CEO) is 65. 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 65. 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 2,373 (1,627) TSEK.

The Parent Company's total cost for defined contribution pension plans amounts to TSEK 1,053 (0).

Remuneration to senior executives

2024	Base salary/ Fees	Variable remuneration	Other benefits	Other benefits	Total
Torgny Hellström, 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				153
Göran Jansson, Board member	47	0	0	0	47
Magnus Andersson, CEO	1,811	100	95	657	2,664
Other senior executives (3)	3,732	877	1	793	5,403
Total	6,817	977	96	1 451	9,340

Nils Wollny waived compensation during 2024.

No severance payments have been made in 2024. 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.

2023	Base salary/ Fees	Variable remuneration	Other benefits	Pensions-cost	Total
Göran Janson, Chairman of the Board for part of the year	194	0	0	0	194
Torgny Hällström, Chairman of the Board for part of the year	299	0	0	0	299
Anders Blom, Board member	181	0	0	0	181
Tarek Shoeb, Board member	148	0	0	0	148
Karolina Bjurehed, Board member	36	0	0	0	36
Nils Wollny, Board member	0	0	0	0	0
Magnus Edman, Board member	150	0	0	0	150
Magnus Andersson, CEO for part of the year	1 680	207	220	677	2 784
Other senior executives (3)	2,092	0	0	148	2,240
Total	4,780	207	220	825	6,032

Warrant Program

For information regarding the Board of Directors' and executive management's holdings of warrants, see Note 24.

Note 11 – Financial income

	The Group		The parent company	
	2024	2023	2024	2023
Interest revenue	510	600	509	509
Total financial revenue	510	600	509	509

Note 12 – Financial costs

	The group		The parent company	
	2024	2023	2024	2023
Interest expenses	3,546	4,802	2,951	4,681
Interest costs, lease liabilities	256	330	0	0
Total financial costs	3,802	5,132	2,951	4,681

Note 13 – Taxes

	The group		The parent company	
	2024	2023	2024	2023
Aktuell skatt på årets resultat	-23	-37	0	0
Uppskjuten skatt	0	0	0	0
Total reported tax	-23	-37	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:

	The group		The parent company	
Reconciliation of the reported tax for the year	2024	2023	2024	2023
Profit/loss before tax	-39,100	-73,116	-42,618	-66,724
Total reported tax for the year				
Tax calculated according to Swedish tax rate of 20.6% (20.6%)	8,055	15,062	8,779	13,745
Effect from other tax rates in other countries	3	15	0	0
Tax effect of non-deductible write-offs	0	-6,729	-6,592	-12,225
Tax effect of other non-deductible costs	-57	-53	-25	0
Tax effect of other non-taxable revenues	24	19	0	0
Tax effect of tax loss carryforwards for which deferred tax assets are not reported	-8,048	-8,351	-2,162	-1,520
Total reported tax for the year	-23	-37	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 513,860 (474,105) as of 31 December 2024.

There is no expiry date that limiting the utilisation of the tax loss carryforwards. However, no deferred tax asset related to these tax losses has been recognised, as there are no convincing indications that sufficient taxable profits will be generated.

Note 14 – Earnings per share

Undiluted EPS

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

	The group	
	2024	2023
Profit/loss for the year attributable to the parent company's shareholders	-39,123	-73,153
Weighted average number of ordinary shares before dilution, number of shares	985,061,999	493,404,984
Undiluted EPS, SEK	-0.04	-0.15

Diluted earnings per share

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

	The group	
	2024	2023
Profit/loss for the year attributable to the parent company's shareholders	-39,123	-73,153
Weighted average number of ordinary shares before dilution, number of shares	985,061,999	493,404,984
Effect of potential ordinary shares with regard to options	0	0
Weighted average number of ordinary shares after dilution, number of shares	985,061,999	493,404,984
Diluted EPS, SEK	-0.04	-0.15

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



Note 15 – Capitalised development costs

	The group	
	2024-12-31	2023-12-31
Opening acquisition value	65,824	63,260
Capitalised costs for the year	3,952	2,564
Closing amortised cost	69,776	65,824
Opening depreciation	-3,685	-3,685
Depreciation for the year	0	0
Closing accumulated depreciation	-3,685	-3,685
Opening write-offs	-45,259	-44,436
Write-offs for the year	0	0
Closing accumulated write-offs	-45,259	-45,259
Closing carrying amount	20,883	16,881

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. The development of BlincVision is carried out partly based on the VoxelFlow patent and partly through hardware development.

Depreciation is initiated when a product is ready for commercial sale. No depreciation of capitalised development costs was initiated during 2024.

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 2024, no impairment need has been identified.

Notes 16 – Patents

	The group	
	2024-12-31	2023-12-31
Opening acquisition value	7,552	7,477
Acquisitions for the year	483	75
Closing amortised cost	8,035	7,552
Opening depreciation	-2,154	-1,927
Depreciation for the year	-226	-227
Closing accumulated depreciation	-2,380	-2,154
Opening write-offs	-3,444	-3,395
Write-offs for the year	0	-49
Closing accumulated write-offs	-3,444	-3,444
Closing carrying amount	2,211	1,954

Costs for pending patent applications are capitalised on an ongoing basis. At the time a patent is granted, a 10-year amortisation period begins.



Note 17 – Right of use assets

	The group	
Buildings	2024-12-31	2023-12-31
Acquisition cost		
Opening acquisition costs	4,854	4,691
Additional right-of-use assets	0	163
Closing amortised cost	4,854	4,854
Accumulated depreciation		
Opening depreciation	-1,884	-1,034
Depreciation for the year	-883	-850
Closing accumulated depreciation	-2,767	-1,884
Booked value	2,087	2,970

	The group	
Vehicles	2024-12-31	2023-12-31
Acquisition cost		
Opening acquisition costs	236	236
Closing amortised cost	236	236
Accumulated depreciation		
Opening depreciation	-111	-23
Depreciation for the year	-88	-88
Closing accumulated depreciation	-199	-111
Booked value	37	125

Note 18 – Equipment, machinery and computers

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition cost	973	663	0	0
Acquisitions for the year	182	310	0	0
Closing amortised cost	1 155	973	0	0
Opening depreciation	-642	-348	0	0
Depreciation for the year	-238	-294	0	0
Closing accumulated depreciation	-880	-642	0	0
Closing carrying amount	275	331	0	0



Note 19 – Shares in group companies

	The parent company	
	2024-12-31	2023-12-31
Opening acquisition cost	474,230	448,430
Shareholder contributions	32,000	25,800
Closing acquisition costs	506,230	474,230
Opening write-offs	-417,219	-391,419
Write-offs for the year	-32,000	-25,800
Closing accumulated depreciation	-449,219	-417,219
Closing carrying amount	57,011	57,011

Company, corporate identification number	Registered office	2024-12-31	2023-12-31	2024-12-31	2023-12-31
		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 a registered company in the USA in preparation for a planned international expansion. The company in the USA has not yet conducted operations and as of 31 December 2024 had no balance sheet total to report.

Note 20 – Long-term securities

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening carrying amount	5,430	38,088	5,430	38,975
Impairments for the financial year	0	-32,658	0	-33,545
Closing carrying amount	5,430	5,430	5,430	5,430

Long-term securities holdings as of 31 December 2024 consist of Terranet's investment in the VR/AR technology company holoride GmbH, as well as in Summer Robotics Inc. The investment in holoride GmbH is a joint investment with Audi, Schell Attractions (game developer), and two actors from Asia.

Terranet's investment in holoride GmbH's new share issue in April 2021 corresponded to MEUR 3.2. The ownership stake corresponds to 10.4% of the total number of shares and votes. The intention with the investment in holoride GmbH was to give the company broader access to large segments of the global automotive industry and open the door to a new business segment for the company's BlincVision technology within Infotainment.

After the end of 2023, holoride GmbH, not being in a position to fulfil its financial obligations, filed for insolvency with the

German authorities, and a preliminary insolvency process was initiated. Terranet's management and Board of Directors thus made the assessment that the value of the company's assets in holoride GmbH is small, which is why a write-down of the value was made in 2023 by SEK 32,658 thousand in the Group and by SEK 33,545 thousand in the Parent Company down to SEK 0 thousand. As of 31 December 2024, the insolvency process of holoride GmbH has not been fully concluded.

In addition, long-term securities holdings include an investment made in 2022 of TSEK 5,430 attributable to convertible loans issued to Summer Robotics, which were converted to shares in November 2022 with an ownership stake corresponding to 1.7% of the total number of shares.

Note 21 – Other receivables

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
VAT receivables	870	412	0	0
Other items	932	462	352	8
Total	1 802	874	352	8

Note 22 – Prepaid expenses and accrued revenue

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Prepaid rents	391	278	0	0
Prepaid licensing fees	412	825	0	0
Accrued income	0	211	0	0
Other items	692	1,178	577	223
Total	1,495	2,492	577	223

Note 23 – Cash and cash equivalents

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Bank balances	18,541	29,006	17,815	28,268
Total	18,541	29,006	17,815	28,268

Note 24 – Equity

Share capital and Other contributed capital	Number of ordinary shares	Share capital (TSEK)	Other contributed capital (TSEK)
As of 01 January 2023	326,289,403	3,263	400,124
New issue through exercise of TO 5B	8,655,357	87	3,722
Received option premiums	-	-	1,073
As of 31 December 2023	755,145,869	7,551	449,362
Rights issue	142,857,138	1,429	8,571
Share issue through exercise of TO 7B	173,029,725	1,730	10,901
New issue through exercise of TO 8B	122,708,719	1,227	15,952
Issue expenses, total	0	0	-685
As of 31 December 2024	1,193,741,451	11,937	484,101

As of 31 December 2024, the registered share capital consisted of 1,193,741,451 ordinary shares with a quotient value of SEK 0.01/share. Of these, 1,083,063 are Class A shares and 1,192,658,388 Class B shares, all of which are fully paid. No shares are held by the company itself or its subsidiaries.

Warrants**Warrant programme 2022/2025: 1**

At the Annual General Meeting in 2022, it was resolved to implement an incentive program 2022/2025:1 through the issuance of warrants to the Company, with subsequent transfer to employees within the Company and the Group.

A total of 9,850,000 warrants of series 2022/2025:1 were issued to the Company for onward transfer to employees. Each warrant entitles the holder to subscribe for one new Class B share during the period from 1 October 2025 to 31 October 2025, or earlier as set out in the terms and conditions of the warrants, at a subscription price of SEK 2.50. The CEO was offered to acquire up to 2,500,000 warrants; other members of management, up to a maximum of three people, were each offered to acquire up to 1,250,000 warrants; and other employees, up to twelve individuals, were each offered to acquire up to 300,000 warrants.

The warrants were acquired at market value, which was determined by an external valuation institute at SEK 0.12 per warrant.

The then CEO, Magnus Andersson, acquired 100% of his eligible share, i.e., 2,500,000 warrants at a price of SEK 0.17 per warrant. The difference in acquisition prices within the program was due to the external valuation being performed at the time of each respective acquisition.

In addition, 315,000 warrants in the 2022/2025:1 series were acquired by individuals in non-executive positions. In total, the Company received SEK 613 thousand from the program during 2022.

Warrant program 2022/2025:2

At the Annual General Meeting in 2022, it was resolved, in accordance with the proposal from shareholder Maida Vale Capital AB, to implement an incentive program 2022/2025:2 through the issuance of warrants to the Company, with subsequent transfer to the Company's board members.

A total of 5,000,000 warrants were issued to the Company for onward transfer to board members. Each warrant entitles the holder to subscribe for one new Class B share during the period from 1 May 2025 to 31 May 2025, or earlier as set out in the terms and conditions of the warrants, at a subscription price of SEK 1.75.

The Company's board members, excluding Anders Blom, consisted of five individuals, each of whom was offered to acquire up to 1,000,000 warrants. The warrants were acquired at market value, which was determined by an external valuation institute at SEK 0.16 per warrant.

Magnus Edman and Göran Janson acquired 100% of their eligible share, and Karolina Bjurehed acquired 87.5%. Anders Blom was not included in the program as he represents the shareholder Maida Vale Capital AB, which submitted the proposal to the Annual General Meeting.

In total, the Company received SEK 460 thousand from the program during 2022.

Directed issue of units

On 12 January 2024, the Company announced that the Board of Directors had resolved to carry out a directed issue of units amounting to approximately SEK 10 million to a number of pre-identified investors, including existing shareholders. A total of 71,428,569 units were issued, each consisting of two (2) Class B shares and one (1) warrant of series TO8. The subscription price per unit was SEK 0.14, corresponding to SEK 0.07 per share.

The subscription price was determined through negotiations with the investors and corresponded to a discount of approximately 9.23% compared to the volume-weighted average price of the Company's share on Nasdaq First North Premier Growth Market during the period from 27 December 2023 to 10 January 2024. The Board of Directors assessed the price to be in line with market conditions.

The directed issue was resolved in two parts. The first part was resolved based on the authorization from the Annual General Meeting held on 10 May 2023, corresponding to approximately SEK 7.75 million (the "First Issue"). The second part was resolved by the Board of Directors subject to subsequent approval by a General Meeting, corresponding to approximately SEK 2.25 million (the "Second Issue").

The right to subscribe for units in the Second Issue was granted to the shareholder Maida Vale Capital AB (a company partially controlled by Board member Anders Blom). The Second Issue was approved at the Extraordinary General Meeting on 31 January, and the Company received approximately SEK 10 million in total.

Warrant program TO 7B

The warrants of series TO 7B were issued in connection with the rights issue in 2023, where one unit consisted of one Class B share, one warrant of series TO 6B, and one warrant of series TO 7B. The subscription period for exercising the TO 7B warrants ran from 20 May 2024 to 3 June 2024. The subscription price per Class B share upon exercise of the TO 7B warrants was set at SEK 0.073. A total of 173,029,725 TO 7B warrants were exercised for subscription of 173,029,725 Class B shares, corresponding to approximately 95 percent of the outstanding TO 7B warrants. Through the exercise of TO 7B warrants, Terranet received approximately SEK 12.6 million before issue expenses.

Warrant program TO 8B

The warrants were transferred free of charge to all shareholders of the Company, as partial compensation for the dilution resulting from the directed share issue in January 2024. The subscription period for exercising the TO 8B warrants ran from 18 to 29 November 2024. The subscription price per Class B share upon exercise of the TO 8B warrants, according to the terms, was SEK 0.14. A total of 122,708,719 TO 8B warrants were exercised for subscription of 122,708,719 Class B shares, corresponding to approximately 88 percent of the outstanding TO 8B warrants. Through the exercise of TO 8B warrants, Terranet received approximately SEK 17.2 million before issue expenses.

Other contributed capital

Other contributed capital consists of capital contributed by the Company's owners, such as share premiums from share issues less issue expenses, received option premiums, and the equity component of issued convertible debt.

Note 25 – Loans payable

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Other liabilities	8,118	15,538	8,118	15,538
Total	8,118	15,538	8,118	15,538

Repayment of the loan liability amounted to SEK 6,879 thousand (19,479) during the year. The loan is due for payment on 30 June 2025.

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 2023	0	4,040	32,428	36,468
Items affecting cash flow				
Assumption of loans	6,318	0	0	6,318
Repaid loans	0	-848	-19,479	-20,327
Interest paid	0	0	-2,092	-2,092
Transaction costs	0	0	-1,602	-1,602
Other non-cash items				
Leasing agreements entered and remeasured		164		164
Accrued interest	98	0	3,220	3,318
Discount effect	0	0	3,063	3,063
As of 31 December 2023	6,416	3,356	15,538	25,310
Items affecting cash flow				
Interest paid	-525	0	-2,966	-3,491
Repaid loans	0	-959	-6,879	-7,838
Transaction costs	0	0	-400	-400
Other non-cash items				
Accrued interest	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

Note 27 – Other liabilities

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Deferral of payment of social security contributions	6,477	6,318	0	0
Other items	745	911	302	0
Total	7,222	7,229	302	0
<i>Of which long-term portion</i>	<i>4,378</i>	<i>0</i>	<i>0</i>	<i>0</i>

Note 28 – Accrued expenses and prepaid income

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Accrued salaries	0	1,527	0	0
Accrued vacation pay	940	790	223	0
Accrued bonus	1,489	0	395	0
Accrued social costs	257	214	70	0
Accrued special payroll tax	785	315	213	0
Accrued licence fee	1,056	1,084	0	0
Other items	759	209	297	107
Total	5,286	4,139	1,198	107

Note 29 – Deposit collateral and contingent liabilities

	The group		The parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
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 to the company, have been eliminated on consolidation and disclosures regarding these transactions are therefore not submitted in this note. Disclosures regarding transactions between the Group and other related parties are detailed 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.

	The group		The parent company	
	2024	2023	2024	2023
Prevas Development AB	808	808	0	0
Management without employee status	1,974	1,974	0	0
Total	2,782	2,782	0	0

Remuneration for management above refers to the company's procurement of services that are usually performed by key people in senior positions. A During the 2023 financial year, such a service was purchased for the former CFO, and external services related to the CCO were procured during the year.

There are no liabilities or receivables attributable to purchases or sales to 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 2023 and 2024.

At the Annual General Meeting on May 22nd 2025, no dividend will be proposed.

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

Share premium reserve	484,101,416
Profit/loss carried forward	-381,718,934
Profit/loss for the year	-42,618,442
	59,764,041
The Board proposes that carried forward	59,764,042

Note 32 – Approval of financial reports

The annual report and consolidated financial statements have been approved for release by the Board of Directors on 30 April 2024. The consolidated income statement and statement of financial position as well as the parent company's income statement and balance sheet will be raised for approval at the Annual General Meeting on 21 May 2024.

The Board of Directors and 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 administration 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 uncertainty factors the company faces.

The Board of Directors and 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 administration 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 uncertainty factors the group's companies face.

Lund, April 25, 2025

Torgny Hellström
Board Chair

Anders Blom
Board member

Mats Fägerhag
Board member

Magnus Edman
Board member

Nils Wollny
Board member

Tarek Shoeb
Board member

Lars Lindell
CEO

Our audit report has been submitted on April 25, 2025
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) except for the corporate governance statement on pages 44-51 for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 35-90 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 2024 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 2024 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 44-51. 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.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent

of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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 dependent 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 1-34. 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 2024 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 44-51 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 our digital signing
Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

