

The Modvion logo is rendered in a blue, sans-serif font. The letters 'm', 'o', and 'o' are lowercase, while 'd', 'v', 'i', and 'o' are lowercase, and 'n' is lowercase. The 'd' and 'v' have a unique design with a vertical bar on their right side. The 'o's are solid circles. The 'i' has a dot. The 'o' at the end is a solid circle. The background of the entire page is a photograph of a large, white, cylindrical industrial structure, likely a wind turbine nacelle, with a view into its interior showing wooden paneling and mechanical components.

modvion

ANNUAL REPORT

JANUARY 1ST – DECEMBER 31ST 2024

MODVION AB
CRN 559068-2976

modvion

We're bringing to market the next generation of tall towers in engineered wood, nature's own carbon fibre.

– Otto Lundman, CEO, Modvion



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The Board of Directors and the Managing Director for Modvion AB hereby present their report on the company's performance during the financial year from 1 January 2024 to 31 December 2024. Unless otherwise stated, all amounts are stated in Swedish Krona (SEK).



MANAGEMENT REPORT

OPERATIONS

Modvion strives to accelerate the transition to renewable energy and renewable materials. The company is bringing to market the next generation of cost-effective, tall wind turbine towers made of laminated wood.

Modvion is a Swedish wood technology company that develops demanding designs in laminated wood, nature's carbon fibre, for large-scale applications. Wood-based structures ensure a radical

reduction of emissions by replacing emission-intensive materials such as steel and concrete. Modvion has developed modular wind turbine towers designed for the highest heights. The wind power industry wants to build taller, more powerful wind turbines to reach most effective winds that produce the most energy. Modvion's tower technology enables cost-effective tall towers that are easily transportable in modules.

In 2023 Modvion installed its first commercial tower for a 2 megawatt wind turbine outside Skara in Sweden. At 150 metre total height, with a hub height of 105 metres, it is the world's tallest wind turbine with a wooden tower and one of the world's tallest buildings in wood. The tower was sold to Varberg Energi in February 2024.

Modvion was founded in 2016 and currently has 36 employees. The company is owned by the founders, Vestas Ventures, EIC Fund, Almi Invest Greentech, Chalmers Ventures, and some 100 other shareholders.

The company has its headquarters in Gothenburg, Sweden.



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The past financial year marked a period of transformative growth and significant achievements for Modvion. The company reached critical milestones, deepened strategic partnerships, and gained global recognition for its innovative wind turbine tower technology.

A defining milestone was the commissioning and inauguration of the Wind of Change project, Modvion's first commercial wind turbine tower. The 2 megawatt turbine, handed over to Varberg Energi in February, has since been in ongoing commercial operation. This achievement signifies more than the culmination of a major project; it demonstrates the viability and scalability of wooden wind turbine towers in advancing renewable energy. The insights gained from Wind of Change are already forming the development of Generation 2.0 towers, set to redefine the industry standard for sustainable wind turbines.

In March the official inauguration of the Wind of Change project brought together influential leaders, including Varberg Energi's CEO Björn Sjöström, Vestas' CEO Henrik Andersen, Vice President Sustainability Lisa Ekstrand, and Member of the European Parliament Emma Wiesner, among others.

Building on this momentum, Modvion's partnership with Vestas has deepened. Modvion was once again highlighted in Vestas' Sustainability Report as a key contributor to their renewable energy initiatives. The sales team has grown to support the integration of wooden towers into

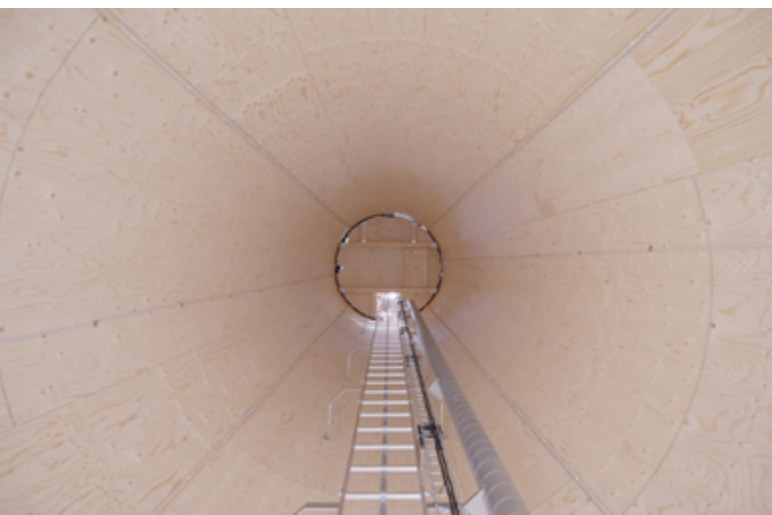


Vestas' product catalogue and expand discussions with other leading manufacturers. These developments reinforce Modvion's role in shaping the future of wind energy, with wooden towers at the forefront of this transformation.

This year also saw the strengthening of relationships with existing partners, including RWE and Rabbalshede Kraft. Updated letters of intent have been signed, some targeting specific projects and tower quantities, demonstrating continued interest in building wind turbines with Modvion's innovative solutions.

Modvion's commitment to excellence was further validated by the achievement of receiving an ISO 9001 certification, a significant milestone reflecting a dedication to quality management and operational efficiency. This certification represents a key step in ensuring the reliability and scalability of company processes as they expand operations and embark on larger-scale projects.

The product development team has been at the heart of this year's progress. Following a technical review of a tower design for a 6MW+ turbine by Vestas, it was decided to move into designing Generation 2.0 towers, the first iteration slated for series production.





Modvion works on an ongoing basis with the patenting of developed technical solutions for wooden wind turbine towers including production methods and key components. A further six patents were approved during the year. This means that Modvion now has 15 approved patents and 20 patent applications.

On the global stage, Modvion's participation in the WindEnergy Hamburg conference allowed us to connect with key customers and gather valuable market insights. Analysis from the market shows growing demand for wooden towers, particularly in Germany, which has become a critical market due to its robust wind energy sector and favourable conditions for taller towers. This growth potential aligns perfectly with Modvion's strategic objectives and innovative solutions.

Financially, Modvion has strengthened its position with a 67 million SEK funding round, supported by loyal shareholders and a new strategic investor, CMPC. As one of the world's largest forestry companies, CMPC brings invaluable technical, strategic, and commercial expertise, further enhancing Modvion's capacity for global expansion. Additionally the year also brought substantial financial support for projects. In April, Modvion received a 20 million SEK grant from the Swedish Energy Agency, which will play a critical role in designing Modvion's Generation 2 wind turbine tower.

Modvion's story has been featured in prominent outlets, including CNN, the World Economic Forum, and major European publications such as Bild and Tagesspiegel. This widespread recog-

nition highlights the global relevance of Modvion's product and the increasing interest in wood technology.

In addition to these achievements, Modvion was honoured to join the prestigious EIC Scaling Club, an exclusive community of over 120 European deep-tech scale-ups. This recognition positions Modvion among the continent's leading innovators.





EXPECTED FUTURE DEVELOPMENT INCLUDING SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Going forward, commercial collaborations with both customers and suppliers, will continue to increase. The near term is more about players active in European markets, with an increased focus on markets such as Germany where the demand for tall towers is high. The long-term goal remains to bring Modvion towers to a global market with localised manufacturing facilities around the world.

The focus for 2025 will be on technology development, manufacturing development and securing the upcoming project installations. The result will be a product that is ready to be produced at scale for the largest onshore wind turbines.

A new issue is in the pipeline for 2025 as the company wishes to maintain a continued high rate of development and growth going into 2025–2026.

The value of, and future potential of the platform developed by the company, is validated by the successful new emissions made in 2022, 2023 and 2024.

“The long-term goal remains to bring Modvion towers to a global market with localised manufacturing facilities around the world.”

The company’s continued operations are considered assured for 2025 due to the new issue and received grants in 2024 as well as prudent cost control, but as the company wishes to maintain a continued high rate of development and growth also into 2026 a new issue of shares is planned for 2025. Considering the most recent events that have negatively influenced the financial markets and added uncertainty to the outcome of the planned new issue of shares, the company has a readiness to implement necessary savings. The board however assesses that success is feasible considering previously completed funding rounds. There is also much focus on funding opportunities through the EU, where previous applications received exceptional positive feedback.

FIVE-YEAR REVIEW

The amounts in the five-year review are stated in SEK thousands (KSEK), unless otherwise stated.

	2024	2023	2022	2021	2020
	Jan – Dec	Jan – Dec	Jan – Dec	Jan – Dec	Jan – Dec
Net revenue	18,083	126	34	0	42
Balance sheet total	85,638	81,076	144,377	77,106	18,596
Earnings after financial net	-66,939	-107,840	-39,709	-20,951	-5,163
Solidity %	84	76	85	68	13
Average number of employees	30	28	25	15	6

The net revenue deviates by more than 30% compared to previous years as the turnover consists of cost re-invoicing which is carried out on an irregular basis.

CHANGES IN EQUITY CAPITAL

	Share capital	Reserve for developm. costs	Free share prem. reserve	Profit or loss brought forward	Profit/Loss	Total
Amount at year start	518,699	2,228,422	237,349,605	-74,208,366	-107,107,431	61,780,929
<i>Earnings allocation according to AGM:</i>						
To be carried forward				-104,107,431	104,107,431	0
Reserve for development cost		-742,807		-742,807		0
New emission	314,234		76,896,884			77,211,118
Profit/Loss					-69,775,666	-69,775,666
Amount at year end	832,933	1,485,614	314,246,489	-117,572,990	-69,775,666	69,216,381

Refer to Note 14 for further information.

EARNINGS ALLOCATION

Funds to allocate:

Share premium reserve	314,246,489
Profit or loss brought forward	-177,572,989
Profit/Loss	-69,775,666
Total:	66,897,834

ALLOCATION PROPOSAL:

To be carried forward	66,897,834
Total:	66,897,834

The company's earnings and status are presented in the following income statement and balance sheet with notes.

SUMMARY OF FINANCIAL REPORTS

INCOME STATEMENT	1	2024 Jan – Dec	2023 Jan – Dec
Operating revenue			
Net revenue		18,082,707	126,420
Other operating revenue	2	6,982,257	15,347,702
Total operating revenue		25,064,964	15,474,122
Operating costs			
Other external costs		-52,671,171	-90,933,491
Staff costs	3	-30,787,968	-26,923,376
Depreciation and write-downs of tangible and intangible fixed assets		-2,325,890	-2,169,560
Other operating costs		-99,566	-874,893
Total operating costs		-85,884,595	-120,901,320
Operating profit/loss		-60,819,631	-105,427,198
Financial items			
Other interest income and similar profit items	4	1,739,652	1,730,065
Interest costs and similar result items		-10,660,265	-105,449
Total financial items		-8,920,613	1,624,616
Profit after financial items			
Balance sheet allocations			
Group contributions made		-35,422	-304,849
Total balance sheet allocations		-35,422	-304,849
Pre-tax profit		-69,775,666	-104,107,431
Taxes			
Taxation of Profit/Loss		0	0
Profit/Loss		-69,775,666	-104,107,431

SUMMARY OF FINANCIAL REPORTS

BALANCE SHEET	1	24-12-31	23-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Balanced expenses for development work	6	1,485,615	2,228,422
<i>Total intangible fixed assets</i>		1,485,615	2,228,422
<i>Tangible fixed assets</i>			
Machines and other technical facilities	7	13,848,493	14,876,501
Stock, tools and installations	8	575,452	603,233
Improvement expenses for other party's property	9	228,935	228,582
Total tangible fixed assets		14,652,880	15,708,316
<i>Financial assets</i>			
Shares in group company	10	25,000	25,000
Other long-term receivables	11	667,650	667,650
<i>Total financial assets</i>		692,650	692,650
Total fixed assets		16,831,145	18,629,388
Current assets			
<i>Stock, etc.</i>			
Raw materials, essential supplies		801,447	1,489,373
<i>Total stock, etc.</i>		801,447	1,489,373
<i>Short-term receivables</i>			
<i>Customer receivables</i>		0	168,750
Receivables in group company	12	55,048	3,509,991
Other receivables		1,568,699	1,468,829
Paid costs and accrued income	13	2,132,421	5,751,672
<i>Total short-term receivables</i>		3,756,168	10,899,242
<i>Cash and in-bank funds</i>			
Cash and in-bank funds		64,279,344	50,057,830
<i>Total cash and in-bank funds</i>		64,279,344	50,057,830
Total turnover assets		68,836,959	62,446,445
TOTAL ASSETS		85,668,104	81,075,833

SUMMARY OF FINANCIAL REPORTS

BALANCE SHEET	1	24-12-31	23-12-31
EQUITY CAPITAL AND LIABILITIES			
Equity capital			
<i>Restricted equity capital</i>			
Share capital		832,934	518,699
Reserve for development costs		1,485,615	2,228,422
<i>Total restricted equity capital</i>		2,318,549	2,747,121
<i>Non-restricted equity capital</i>			
Free share premium reserve	14	314,246,489	237,349,605
Profit or loss brought forward		-117,572,989	-74,208,365
Profit/Loss		-69,775,666	-104,107,431
<i>Total non-restricted equity capital</i>		66,897,834	59,033,809
Total equity capital		69,216,383	61,780,930
Short-term liabilities			
Work in progress on behalf of other party	15	0	5,926,000
Accounts payable		5,752,642	6,975,604
Current tax liabilities		835,495	637,247
Other liabilities		2,010,912	1,848,012
Accrued expenses and deferred income	16	7,852,672	3,908,040
Total short-term liabilities		16,451,721	19,294,903
TOTAL EQUITY CAPITAL AND LIABILITIES		85,668,104	81,075,833

NOTES

NOTE 1: GENERAL INFORMATION

Accounting and valuation principles

General accounting principles

The annual report has been compiled in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's annual report and consolidated accounts guidelines.

Valuation principles

Assets, provisions and liabilities have been valued based on the acquisition value unless otherwise stated below.

Intangible assets

Research and development costs

Costs for research, i.e. a planned and systematic search for new scientific or technical knowledge and insight, are reported as costs when they arise.

The activation model is applied when reporting development costs. This means that costs incurred during development phases are reported as assets when all the following conditions are met:

- It is technically feasible to complete the intangible fixed asset so that it can be used or sold.
- The intention is to complete the intangible fixed asset and to use or sell it.
- Conditions exist to use or sell the intangible fixed asset.
- The intangible fixed asset will generate probable future financial benefits.
- Requisite and adequate technical, financial and other resources are available to conclude the development phase and to use or sell the intangible asset.
- The costs attributable to the intangible fixed asset can be reliably calculated.

The company defines the development phase for an intangible asset as having begun when an overall project plan for the development work has been drawn up and approved by Modvion's management team.

Other intangible fixed assets

Intangible fixed assets are recorded at their acquisition value decreased by the planned accumulated depreciation and any write-downs. Depreciation takes place linearly during the estimated period of use. The depreciation period below is used.

Type	Period of use
Balanced development costs	5
Leaseholds	16

Balanced development costs are considered put into use during the same period that products using the asset start to generate revenue.

Tangible fixed assets

Depreciation is conducted on a linear basis during the expected period of use, taking into account significant residual value. The period of use below is used.

Type	Period of use
Improvement expenses for other party's property	5–8
Machines	5–20
Inventories	5–20

Additional expenses

Additional expenses that meet the asset criterion are included in the asset's reported value. Expenses for ongoing maintenance and repairs are reported as costs when they arise.

Write-downs - tangible and intangible fixed assets as well as shares in group companies and receivables from group companies

Any indication that an asset's value is lower than its reported value is tested at every balance sheet date. The asset's recoverable amount is calculated if such an indication exists.

The recoverable amount is the higher of the amount that could be obtained by selling the asset and the asset's value in use. When calculating the value in use, the present value is calculated of the future cash flows that the asset is expected to give rise to in ongoing operations and when it is sold or scrapped. The discount rate used is before tax and reflects market assessments of the time value of money and the risks associated with the asset. A previous write-down is reversed only if the reasons used to calculate the recovery value at the time of the latest write-down have changed.

Foreign currencies

Monetary assets in foreign currencies are converted according to the prevailing exchange rate on the balance sheet date. Non-monetary assets are not converted but reported at the exchange rate at the time of acquisition.

Exchange rate gains and losses on monetary assets are reported in the income statement for the years they arise. Exchange rate differences arising on operating receivables and operating liabilities are reported in the operating profit/loss and exchange rate differences on financial receivables and liabilities are reported with financial items.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with the Swedish Accounting Standards Board's accounting guidelines (financial instruments valued based on acquisition value).

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value decreased by accumulated write-downs. In addition to the purchase price, the acquisition value also includes expenses that are directly attributable to the acquisition.

Stock

The stock is valued at the lowest acquisition value and net sales value on the balance sheet day.

Leasing

The company reports all financial leasing agreements according to the rules in place for operational leasing agreements. This means that the leasing fee is expensed linearly over the period of the lease.

Benefits for employees

Post-employment benefit plans are classified as either a defined contribution or defined benefit plan. All subscribed pension plans in the company are currently defined contribution plans.

The fees for defined contribution plans are reported as a cost. Unpaid fees are reported as liabilities.

Compensation in the event of termination

Compensation in the event of termination, to the extent that the compensation does not entail any future financial benefits for the company, are only reported as a liability and a cost when the company has a legal or informal obligation to either

- a) terminate the employment of an employee or a group of employees before the notice period of termination of employment, or
- b) provide termination benefits by encouraging voluntary redundancy.

Income taxes

The company's tax consists of current tax and deferred tax. Current tax is income tax (company tax and coupon tax) for the current financial year which refers to the year's taxable profit and the part of the previous financial year's income tax that has not yet been reported.

Deferred tax is income tax for taxable income for future financial years as a result of previous transactions or events. The deferred tax is calculated on temporary differences that arise between reported and tax values of assets and liabilities. Deferred tax claims for loss carry-forwards or other tax deductions are reported to the extent that it is likely that the deduction will be able to be used to meet surpluses in future tax years. The deferred tax liability on untaxed reserves forms part of the untaxed reserves and is therefore not reported separately.

Revenues

The flow of financial benefits that the company has received or will receive for its own account is reported as income. Revenues are valued at the fair value of what has been received or will be received, less discounts.

Public investments

Public investments are valued at the fair value of the asset that the company received or will receive.

Grants from the state with no link to a future performance are reported as income when the conditions for the grant are met. Public investments linked to requirements for future performance are reported as revenue as the performance obligations are fulfilled.

Service assignments and contract agreements

The company calculates service assignments at a fixed price when assignments are considered completed. Ongoing assignments are valued in the balance sheet for directly incurred expenses with additional costs for attributable indirect expenses with deductions for invoiced partial payments. If incurred expenses exceed invoiced partial payments, the net value is reported in the Work in progress on behalf of other party asset item. If invoiced partial payments exceed incurred expenses, the net value is reported as short-term debt in the Work in progress on behalf of other party item.

Other information

Other operating revenues

Other operating revenues are primarily attributable to public investments (see note 2).

Group relations

The company is the parent company but does not draw up consolidated accounts, with reference to the Swedish Annual Accounts Act (ÅRL 7:3).

NOTE 2: OTHER OPERATING REVENUES

	2024	2023
Received state funding	6,827,126	1,270,000
Received EU funding	0	13,238,323
Exchange rate gains for turnover assets	155,131	799,770
Sick pay	0	27,603
Other operating revenues	0	12,006
	698,257	15,347,702

NOTE 3: AVERAGE NUMBER OF EMPLOYEES

	2024	2023
Average number of employees	30	28

NOTE 4: INTEREST COSTS, INTEREST INCOME AND SIMILAR PROFIT ITEMS CONCERNING GROUP COMPANY

	2024	2023
Interest income from group company	9,875	70,757
<i>Total:</i>	9,875	70,757

NOTE 5: ACCUMULATED TAXABLE LOSS CARRY-FORWARD

Calculated accumulated tax loss carry-forwards on the balance sheet date: SEK 245,685,663. Potential deferred tax claim for this loss amounts to SEK 50,611,246 (20,6%).

The Board of Directors does not consider it necessary to book a deferred tax claim for tax losses as there is uncertainty regarding when the company will be able to utilise it.

NOTE 6: BALANCED DEVELOPMENT COSTS

	2024-12-31	2023-12-31
Opening balance acquisition values	3,714,036	3,714,036
Closing balance acquisition values	3,714,036	3,714,036
Opening balance depreciation	-1,485,614	-742,807
Changes in depreciation		
Annual depreciation	-742,807	-742,807
Closing balance depreciation	-2,228,421	-1,485,614
Reported value	1,485,615	2,228,422

NOTE 7: MACHINES AND OTHER TECHNICAL FACILITIES

	2024-12-31	2023-12-31
Opening balance acquisition values	16,388,622	13,394,624
<i>Changes in acquisition values</i>		
Purchases	365,287	0
Reclassifications, etc.	0	2,993,998
Closing balance acquisition values	16,753,909	16,388,622
Opening balance depreciation	-1,512,121	-275,804
<i>Changes in depreciation</i>		
Annual depreciation	1,393,296	-1,236,317
Closing balance depreciation	-2,905,417	-1,512,121
Reported value	13,848,492	14,876,501

NOTE 8: INVENTORIES, TOOLS AND INSTALLATIONS

	2024-12-31	2023-12-31
Opening balance acquisition values	922,810	800,362
<i>Change in acquisition values</i>		
Purchases	116,275	122,448
Closing balance acquisition values	1,039,085	922,810
Opening balance depreciation		
<i>Changes in depreciation</i>		
Annual depreciation	-144,057	-133,758
Closing balance depreciation	-463,635	-319,578
Reported value	575,450	603,232

NOTE 9: IMPROVEMENT EXPENSES FOR OTHER PARTY'S PROPERTY

	2024-12-31	2023-12-31
Opening balance acquisition values	309,586	268,286
<i>Changes in acquisition values</i>		
Purchases	46,083	41,300
Closing balance acquisition values	355,669	309,586
Opening balance depreciation		
<i>Changes in depreciation</i>		
Annual depreciation	-45,730	-36,978
Closing balance depreciation	-126,734	-81,004
Reported value	228,935	228,582

NOTE 10: SHARES IN GROUP COMPANY

	2024-12-31	2023-12-31
Opening balance acquisition values	25,000	25,000
Closing balance acquisition values	25,000	25,000
Reported value	25,000	25,000

Subsidiary
Modvion SPV1 AB
Share of capital

Org.no.
559311-4746

Domiciled
Gothenburg

100

100

NOTE 11: SUBMITTED DEPOSITS

	2024-12-31	2023-12-31
Opening balance acquisition values	667,650	667,650
Closing balance acquisitions values	667,650	667,650

NOTE 12: LONG-TERM RECEIVABLES IN GROUP COMPANY

	2024-12-31	2023-12-31
Opening balance acquisition values	0	3,533,458
Loans granted	0	281,387
Amortisation received	0	-304,854
Reclassification to short-term loan	0	-3,509,991
Closing balance acquisition values	0	0

NOTE 13: PAID COSTS AND ACCRUED INCOME

	2024-12-31	2023-12-31
Paid costs	2,132,421	1,687,235
Accrued income	0	4,064,437
Total paid costs and accrued income	2,132,421	5,751,672

NOTE 14: EQUITY

The company raised capital SEK 66,604,175 (SEK 43,000,049) in the form of a new issue of shares in line with the mandate provided by the AGM 2023-06-27. Subscription of shares during the year from the warrant program has increased equity by SEK 7,697. During the year the convertibles issued in 2022 and 2023 have been converted to shares according to the terms and conditions. The interest on the convertible debenture, SEK 10,599,246, has thus increased the equity.

A decision was made at the shareholders general meeting in 2022 and 2024 to issue warrants to enable continued distribution of qualified staff options. The company offers four programs for qualified staff options. A warrant gives everyone the right to subscribe for a share. The 2020 program includes a total of 112,529 warrants that can be subscribed for between 01/01/2021 and 01/01/2027. Of these 64,142 have been subscribed and 48,387 remain and can be utilized up to 2027-01-01. The 2021 program includes a total of 6,360 warrants that can be subscribed for between 01/01/2022 and 01/01/2028. The 2022/2023 program includes a total of 200,800 warrants that can be subscribed for between 01/01/2023 and 01/01/2029. The 2021–2023 programs are not yet fully allocated as of 31/12/2024.

NOTE 15: WORK IN PROGRESS ON BEHALF OF OTHER PARTY

	2024-12-31	2023-12-31
Invoiced amount	0	16,245,000
Activated incurred expenses	0	-10,319,000
Total	0	5,926,000

NOTE 16: ACCRUED EXPENSES AND DEFERRED INCOME

	2024-12-31	2023-12-31
Accrued costs	5,021,267	3,908,040
Allocated public investments	2,831,405	0
Total accrued costs and prepaid income	7,852,672	3,908,040

SIGNATURES

Gothenburg, date in line with digital signature



Otto Lundman
CEO



John Todd O'Neill



Christina Aabo



Alexander Helling



Kent Sander



David Olivegren



Olle Bergström

Our audit report was submitted

BDO Göteborg AB

Filip Laurin
Authorised auditor in charge



modvion

MODVION AB

Address: Transportgatan 39, 422 46 Gothenburg, Sweden. Email: info@modvion.com Web: modvion.com