

# Annual Report

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*Modvion AB*

*559068-2976*

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 2025 to 31 December 2025. Unless otherwise stated, all amounts are stated in Swedish Krona (SEK).

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## MANAGEMENT REPORT

### OPERATIONS

Modvion makes modular wind turbine towers using engineered wood. The company's tower product enables tall, cost-effective towers for onshore wind turbines that are easily transported in modules. By replacing emission-intensive materials such as steel and concrete, Modvion's solution significantly reduces carbon emissions and supports the transition to renewable energy.

Modvion specialises in technology development, product validation, certification, and building industrial partnerships with leading wind turbine manufacturers and suppliers. Currently, the company manufactures its products in-house at its R&D factory in Gothenburg, with plans underway to scale up production capacity as Modvion progresses towards serial manufacturing.

In 2023 Modvion installed its first commercial tower for a 2 megawatt wind turbine near Skara, Sweden. At a total height of 150 metres, it is currently the tallest wind turbine with a wooden tower globally. The tower was sold to Varberg Energi in February 2024.

The company was established in 2016 and is based in Gothenburg, Sweden, currently with 30 staff. Ownership is shared among the founders, Vestas Ventures, EIC Fund, Almi Invest Greentech, Chalmers Ventures, and more than 100 other shareholders.

### Significant events during the financial year

In 2025 Modvion streamlined operations while hitting major technical objectives, powering product innovation and industry partnerships.

During the year, Modvion achieved important technical milestones. A "Design Evaluation Conformity Statement (DECS)" was received from TÜV SÜD for the company's 6.4 megawatt tower design, validating the structural concept for the largest onshore wind turbines.

Product development activities advanced across multiple areas, with a strong emphasis on refining the tower product, reducing production cost and delivering greater value to the customer.

Notable progress included improved bonding methods and innovative tower configurations. The SIMWY research project, funded by BioInnovation and Vinnova, was completed during the year, further enhancing onsite bonding processes and strengthening our technical foundations.

Maria-Lina Hedlund was appointed CEO in May 2025. Having served as CFO since 2020, she brings experience from industrial and technology-driven companies, combining financial expertise with strategic and operational insight. Otto Lundman, the previous CEO remains at the company focusing on business development.

In response to evolving market dynamics and capital requirements, Modvion undertook a review and update of its business plan to reduce capital intensity whilst sustaining technological leadership. As part of this process, the company adjusted its organisational structure during the year, adopting a leaner approach. Despite these organisational changes, operations continued with a strong focus on core development activities.

Throughout the year, Modvion strengthened its relationships with turbine manufacturers and industry partners, making notable progress with major OEMs. Modvion reached key validation milestones with an OEM, confirming technical readiness for a prototype and commercial viability for scale-up. Advanced engagement continues with several global OEMs, with integration efforts prioritised towards partners most likely to achieve near-term commercialisation.

A major milestone was achieved in the second half of the year when Modvion was selected for Grant Agreement Preparation under the EU Innovation Fund for a 39 EUR million grant. The grant supports the establishment of a serial production facility for Modvion's wooden wind turbine towers and represents a significant validation of the company's technology and long-term industrial potential.

### **Expected future development, including significant risks and uncertainties**

Looking ahead, Modvion's focus is on progressing toward industrial readiness. Key priorities include continued refinement and validation of next-generation tower technology, advancing customer integrations with leading wind turbine manufacturers and preparation for serial production.

The signing of the Innovation Fund grant agreement is expected to provide momentum for the next phase of volume production. In parallel, Modvion is working to secure the counter-financing required to enable the establishment of a serial production facility. The company continues to engage with both existing owners and new investors to build a long-term financing structure aligned with its industrial ambitions.

In the years 2022, 2023 and 2024 the company successfully made several share issues. To achieve our ambitious plans additional financing is required.

During later years the capital market for companies like Modvion – production companies within the impact segment – has become more challenging and the investment process takes considerably longer.

In March 2026, the company completed an issuance of convertible debentures amounting to SEK 13 million. This financing strengthens the company's liquidity position in the short term; however, additional funding will be required to fully support the company's planned operations and continued development.

Management is actively pursuing additional financing alternatives and expects these efforts to continue during 2026. The financial statements have been prepared on a going concern basis, based on management's assessment that sufficient funding can be secured to support ongoing operations.

However, the Board of Directors assesses that there are good prospects for success, taking into account the company's previous financing rounds and the positive feedback received in connection with the application to the EU's IFCALL programme, which enables grant funding of up to 39 EUR million for the construction of the company's first volume production facility.

FIVE-YEAR REVIEW

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

	<b>Jan-Dec 2025</b>	<b>Jan-Dec 2024</b>	<b>Jan-Dec 2023</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Net revenue	58	18,083	126	34	0
Balance sheet total	31,015	85,668	81,076	144,377	77,106
Earnings after financial net	-51,021	-66,939	-107,840	-39,709	-20,951
Solidity %	59	81	76	85	68
Average number of employees	33	30	28	25	15

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

	<b>Share capital</b>	<b>Reserve for development costs</b>	<b>Free share premium reserve</b>	<b>Profit or loss brought forward</b>	<b>Profit/Loss</b>
Amount at year start	832,933	1,485,615	314,246,489	-177,572,990	-69,775,666
<i>Earnings allocation according to AGM:</i>					
To be carried forward				-69,775,666	69,775,666
Reserve for development costs		-1,485,615		1,485,615	
New emission	5,806				
Profit/Loss					-51,038,246
<b>Amount at year end</b>	<b>838,739</b>	<b>0</b>	<b>314,246,489</b>	<b>-245,863,041</b>	<b>-51,038,246</b>
					<b>Total</b>
Amount at year start					<b>69,216,381</b>
<i>Earnings allocation according to AGM:</i>					
To be carried forward					0
Reserve for development costs					0
New emission					<b>5,806</b>
Profit/Loss					<b>-51,038,246</b>
<b>Amount at year end</b>					<b>18,183,941</b>

EARNINGS ALLOCATION

*Funds to allocate:*

Share premium reserve	314,246,489
Profit or loss brought forward	-245,863,040
Profit/Loss	-51,038,246
<i>Total:</i>	<i>17,345,203</i>

*Allocation proposal:*

To be carried forward	17,345,203
<i>Total:</i>	<i>17,345,203</i>

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

## INCOME STATEMENT

1

01/01/2025  
31/12/2025

01/01/2024  
31/12/2024

### Operating revenue

Net revenue		58,304	18,082,707
Other operating revenue	2	8,267,607	6,982,257
<b>Total operating revenue</b>		<b>8,325,911</b>	<b>25,064,964</b>

### Operating costs

Other external costs		-27,835,798	-52,671,171
Staff costs	3	-28,467,563	-30,787,968
Depreciation and write-downs of tangible and intangible fixed assets		-3,154,963	-2,325,890
Other operating costs		-282,361	-99,566
<b>Total operating costs</b>		<b>-59,740,685</b>	<b>-85,884,595</b>

### Operating profit/loss

**-51,414,774**      **-60,819,631**

### Financial items

Other interest income and similar profit items	4	439,861	1,739,652
Interest costs and similar result items	5	-46,454	-10,660,265
<b>Total financial items</b>		<b>393,407</b>	<b>-8,920,613</b>

### Profits after financial items

**-51,021,367**      **-69,740,244**

### Balance sheet allocations

Group contributions made		-16,879	-35,422
<b>Total balance sheet allocations</b>		<b>-16,879</b>	<b>-35,422</b>

### Pre-tax profit

**-51,038,246**      **-69,775,666**

### Taxes

Taxation on Profit/Loss	6	0	0
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### Net result

**-51,038,246**      **-69,775,666**

## BALANCE SHEET

1

31/12/2025

31/12/2024

### Assets

#### Fixed assets

##### Intangible fixed assets

Balance expenses for development work	7	0	1,485,615
<i>Total intangible fixed assets</i>		0	1,485,615

##### Tangible fixed assets

Machines and other technical facilities	8	12,435,817	13,848,493
Stock, tools and installations	9	418,044	575,452
Improvement expenses for other party's property	10	205,437	228,935
<i>Total tangible fixed assets</i>		13,059,298	14,652,880

#### Financial assets

Shares in group company	11	25,000	25,000
Other long-term receivables	12	667,650	667,650
<i>Total financial assets</i>		692,650	692,650

#### Total fixed assets

13,751,948

16,831,145

#### Current assets

##### Stock, etc.

Raw materials, essential supplies		453,121	801,447
<i>Total stock, etc.</i>		453,121	801,447

##### Short-term receivables

Receivables in group company		0	55,048
Other receivables		1,789,348	1,568,699
Paid costs and accrued income	13	1,632,379	2,132,421
<i>Total short-term receivables</i>		3,421,727	3,756,167

##### Cash and in-bank funds

Cash and in-bank funds		13,388,009	64,279,344
<i>Total cash and in-bank funds</i>		13,388,009	64,279,344

#### Total turnover assets

17,262,857

68,836,959

#### TOTAL ASSETS

31,014,805

85,668,104

		31/12/2025	31/12/2024
<b>EQUITY CAPITAL AND LIABILITIES</b>			
<b>Equity capital</b>			
Restricted equity capital			
Share capital		838,740	832,934
Reserve for development costs		0	1,485,615
<i>Total restricted equity capital</i>		<i>838,740</i>	<i>2,318,549</i>
<i>Non-restricted equity capital</i>			
Free share premium reserve	14	314,246,489	314,246,489
Profit or loss brought forward		-245,863,040	-177,572,989
Profit/Loss		-51,038,246	-69,775,666
<i>Total non-restricted equity capital</i>		<i>17,345,203</i>	<i>66,897,834</i>
<b>Total equity capital</b>		<b>18,183,943</b>	<b>69,216,383</b>
<b>Short-term liabilities</b>			
Accounts payable		2,927,069	5,752,642
Liabilities to group companies		16,879	0
Current tax liabilities		904,699	835,495
Other liabilities		1,871,974	2,010,912
Accrued expenses and deferred income	15	7,110,241	7,852,672
<b>Total short-term liabilities</b>		<b>12,830,862</b>	<b>16,451,721</b>
<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>		<b>31,014,805</b>	<b>85,668,104</b>

## 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 (K3).

##### **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.

<b>Type</b>	<b>Period of use</b>
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.

<b>Type</b>	<b>Period of use</b>
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	2025	2024
Received state funding	8,264,107	6,827,126
Exchange rate gains for turnover assets	0	155,131
Other operating revenues	3,500	0
	<b>8,267,607</b>	<b>6,982,257</b>

Note 3 Average number of employees	2025	2024
Average number of employees	33	30

Note 4 Interest income and cost and similar items related to group companies	2025	2024
Interest income from group companies	710	9 875
<i>Total:</i>	<i>710</i>	<i>9,875</i>

Note 5 Financial items	2025	2024
Interest income	439 861	1 739 652
Interest expense	-46 454	-10 660 264

#### Note 6 Accumulated taxable loss carry-forwards

Calculated accumulated tax loss carry-forwards on the balance sheet date: SEK 291 933 426. Potential deferred tax claim for this loss amounts to SEK 60 138 286 (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 7	Balanced development costs	31/12/2025	31/12/2024
	Opening balance acquisition values	3,714,036	3,714,036
	Closing balance acquisition values	3,714,036	3,714,036
	Opening balance depreciation	-2,228,421	-1,485,614
	<i>Changes in depreciation</i>		
	Annual depreciation	-742,807	-742,807
	Closing balance depreciation	-2,971,228	-2,228,421
	<i>Changes in amortization</i>		
	Annual amortization	-742,808	0
	Closing balance amortization	-742,808	0
	<b>Reported value</b>	<b>0</b>	<b>1,485,615</b>
Note 8	Machines and other technical facilities	31/12/2025	31/12/2024
	Opening balance acquisition values	16,753,909	16,388,622
	<i>Changes in acquisition values</i>		
	Purchases	44,266	365,287
	Closing balance acquisition values	16,798,175	16,753,909
	Opening balance depreciation	-2,905,417	-1,512,121
	<i>Changes in depreciation</i>		
	Annual depreciation	-1,456,943	-1,393,296
	Closing balance depreciation	-4,362,360	-2,905,417
	<b>Reported value</b>	<b>12,435,815</b>	<b>13,848,492</b>
Note 9	Inventories, tools and installations	31/12/2025	31/12/2024
	Opening balance acquisition values	1,039,085	922,810
	<i>Changes in acquisition values</i>		
	Purchases	0	116,275
	Closing balance acquisition values	1,039,085	1,039,085
	Opening balance depreciation	-463,635	-319,578
	<i>Changes in depreciation</i>		
	Annual depreciation	-157,407	-144,057
	Closing balance depreciation	-621,042	-463,635
	<b>Reported value</b>	<b>418,043</b>	<b>575,450</b>

Note 10 Improvement expenses for other party's property	31/12/2025	31/12/2024
Opening balance acquisition values	355,669	309,586
<i>Changes in acquisition values</i>		
Purchases	0	46,083
Disposal of assets	31,500	0
Closing balance acquisition values	387,169	355,669
Opening balance depreciation	-126,734	-81,004
<i>Changes in depreciation</i>		
Annual depreciation	-54,998	-45,730
Closing balance depreciation	-181,732	-126,734
<b>Reported value</b>	<b>205,437</b>	<b>228,935</b>

Note 11 Shares in group company	31/12/2025	31/12/2024
Opening balance acquisition values	25,000	25,000
Closing balance acquisition values	25,000	25,000
<b>Reported value</b>	<b>25,000</b>	<b>25,000</b>

Subsidiary	Org.nr	Domiciled
Modvion SPV1 AB	559311-4746	Gothenburg

Share capital	25,000	25,000
Net result	0	0
Ownership (%)	100	100

Note 12 Submitted deposits	31/12/2025	31/12/2024
Opening balance acquisition values	667,650	667,650
Closing balance acquisition values	<b>667,650</b>	<b>667,650</b>

Note 13 pre-paid costs and accrued income	31/12/2025	31/12/2024
Pre-paid costs	1,632,372	2,132,421
<b>Total paid costs and accrued income</b>	<b>1,632,372</b>	<b>2,132,421</b>

#### Note 14 Equity

During the year, the exercise of warrants increased equity by SEK 5,806 (7,697). No additional issue of shares or convertible instruments was carried out during the year (66,604,175).

At the Annual General Meetings held in 2022, 2024 and 2025, resolutions were passed to issue warrants in order to enable the continued granting of qualified employee stock options. The company has four programmes for qualified employee stock options. Under all programmes, one warrant entitles the holder to subscribe for one share.

The 2020 programme comprised a total of 112,529 warrants, which could be exercised during the period from 1 January 2021 to 1 January 2027. All 112,529 warrants were exercised during 2024 and 2025, and none remain outstanding.

The 2021 programme comprises a total of 6,360 warrants, which may be exercised during the period from 1 January 2022 to 1 January 2028. The 2022 programme comprises a total of 100,000 warrants, which may be exercised during the period from 1 January 2023 to 1 January 2029. The 2023 programme comprises a total of 100,800 warrants, which may be exercised during the period from 1 January 2023 to 1 January 2029. The 2025 programme comprises a total of 250,000 warrants, which may be exercised during the period from 1 June 2025 to 1 January 2032.

The programmes for the years 2021–2025 were not fully allocated as of 31 December 2025.

Note 15	Accrued expenses and deferred income	31/12/2025	31/12/2024
	Accrued costs	3,413,783	5,021,267
	Allocated public investments	3,696,458	2,831,405
	<b>Total accrued costs and prepaid income</b>	<b>7,110,241</b>	<b>7,852,672</b>

#### Note 16 Important events after the close of the financial year

In March 2026, the company completed an issuance of convertible debentures amounting to SEK 13 million. This financing strengthens the company's liquidity position in the short term; however, additional funding will be required in order to fully support the company's planned operations and continued development.

Management is actively pursuing further financing alternatives and expects these efforts to continue during 2026. The financial statements have been prepared on a going concern basis, based on management's assessment that sufficient funding can be secured to support ongoing operations.

However, the Board of Directors assesses that there are good prospects for success, taking into account the company's previous financing rounds and the positive feedback received in connection with the application to the EU's IFCALL programme, which enables grant funding of up to 39 EUR million for the construction of the company's first production facility.

This annual report was finalized 2026-04-16

## *SIGNATURES*

Gothenburg, date in line with digital signature

Maria-Lina Hedlund CEO

Kent Sander

John Todd O'Neill

David Olivegren

Christina Aabo

Olle Bergström

Alexander Helling

Our audit report was submitted

BDO Göteborg AB

Filip Laurin  
Authorised auditor in charge