Annual Report 2025

Terranor Group

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This report is a translation of the Swedish original. In the event of any differences between this translation and the Swedish original, the Swedish version shall prevail.

This is Terranor

Terranor is one of the leading companies in road operations and maintenance in the Nordic region. The Company's business concept is to offer a wide range of qualified services in road operation and maintenance to ensure that roads remain accessible, safe and functional all year round.

The business covers both winter road operations and maintenance, with snow removal and friction, and summer maintenance, such as repairs and asphalt work. In addition, Terranor offers services in green area management, road safety and light infrastructure projects.

Terranor is the only major private company specialized in road operations and maintenance in the Nordic region, which provides competitive advantages in the tender procedures. Terranor currently operates in the Swedish, Finnish, and Danish markets, which are characterized by high stability, significant growth drivers, and high barriers to entry. The market for road infrastructure services is stable and generally supported by long-term structural trends.

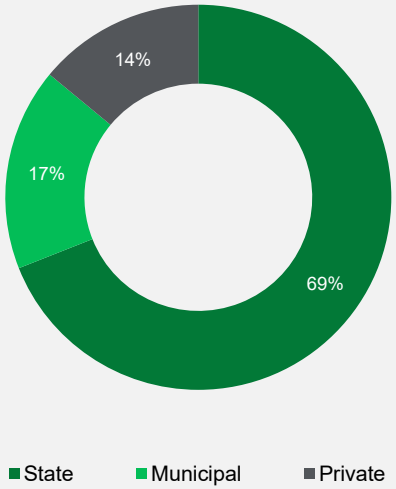
Terranor's markets

The market in which Terranor operates can be divided into two main areas: road operations and maintenance. Road operations entails keeping roads safe and open, while maintenance includes light infrastructure, and other adjacent areas such as green construction and standalone temporary road safety services. Terranor has implemented a strategy tailored to the conditions in each geographical market and local area, to better adapt to the specific market conditions in each country and region where it operates.

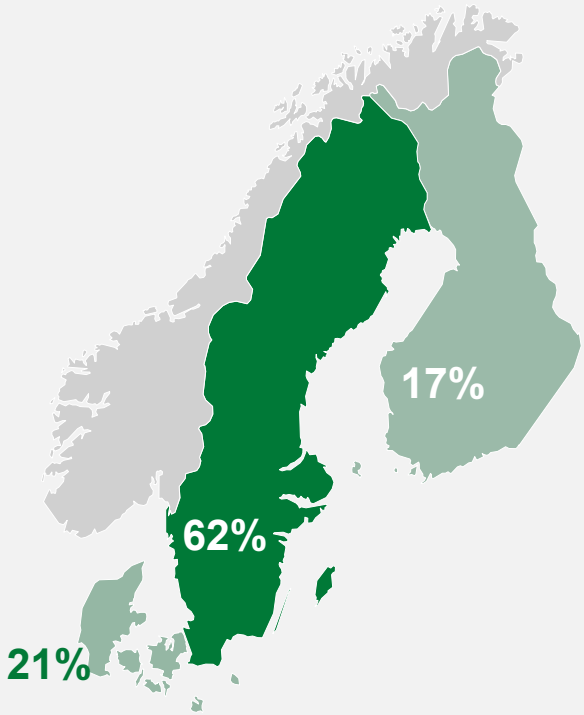
Terranor's customer base

Terranor's customers are found in both the public and private sectors, but the vast majority of Terranor's revenues comes from state and municipal entities. The Company works with long-term contracts, in general between four and eight years, which provide stable revenue streams with low risk and good visibility. Terranor's diligent tender strategy has contributed to a revenue growth rate, that by far surpasses the market focusing on profitable contract wins.

Revenue by customer group as per 2025



Revenue per country as per 2025



Annual Revenue (2025)
3 602 MSEK

Regional offices
27

Employees (2025)
682

Terranor Group AB (publ) was listed on Nasdaq First North Premier Growth Market on 30 June 2025

This year in brief

2025 was a milestone year for Terranor Group in several ways, highlighted by the listing of Terranor Group AB (publ) on Nasdaq First North Premier Growth Market on 30 June 2025. The offering in connection with the listing attracted strong interest from Swedish and international investors as well as the general public in Sweden and the offering was oversubscribed several times. The listing marks an important milestone in the Group's development and enables continued growth in a stable and socially critical market. The fact that Terranor Group was listed in 2025 is the result of a strong joint effort and together with all parts of the Group, we have built a solid foundation for this step. Since the listing, we have continued to increase our market share and develop Terranor Group as the leading player in road maintenance in the Nordic region.

Full year 2025

- Revenue growth amounted to 14 percent (14)
- Adjusted EBITA increased to 98.1 MSEK (89.5)
- Adjusted operating cash flow increased to 314.8 MSEK (149.9)
- Revenue increased to 3 602.6 MSEK (3 146.9)
- EBITA decreased to 25.7 MSEK (76.5)
- Operating profit (EBIT) decreased to 15.5 MSEK (65.9)
- Profit for the period decreased to -23.1 MSEK (62.1)
- Earnings per share amounted to -1.16 SEK (3.1)
- The Board of Directors proposes a dividend of SEK 1.50 (-) per share

Amounts in TSEK	2025	2024
Revenue	3 602 622	3 146 928
Revenue growth (%)	14%	14%
Items affecting comparability	72 384	13 001
Adjusted EBITA	98 087	89 500
Adjusted EBITA margin, %	3%	3%
Profit before tax	-5 592	47 256
Earnings per share before and after dilution (SEK)	-1.16	3.10
Adjusted operating cash flow	314 771	149 939
Net debt/LMT adj. EBITDA	-1.50x	-1.62x

Comment from the CEO

2025 was a milestone year for Terranor. We delivered continued growth, strengthened our underlying performance and successfully completed the listing on Nasdaq First North Premier Growth Market. At the same time, we continued to develop our operations in line with our strategy, demonstrating the resilience and scalability of our business model.

As a specialized player focused on road operations and maintenance, Terranor holds a unique position in the Nordic market. Our focus, combined with local presence and operational expertise, provides clear advantages in tender processes and supports long-term competitiveness.

During 2025, we continued to deliver in line with our financial targets. Revenue growth for the year amounted to 14 percent, exceeding our medium-term ambition of more than 8 percent, and confirming our ability to grow faster than the market. Profitability, measured as adjusted EBITA margin, remained stable at 3 percent. While this is below our medium-term target of above 5 percent, it reflects a year impacted by restructuring measures and IPO-related costs, while underlying performance developed positively. At the same time, we strengthened our cash generation significantly and ended the year with a strong, positive operational cash flow, while also maintaining a robust financial position, with leverage well below our target threshold. Overall, 2025 represents solid progress, with clear steps taken towards improved profitability and continued disciplined growth.

> **“Our strategy remains focused on organic growth, scaling our core road operations and maintenance business, while expanding into adjacent services and local markets”**

Sweden remains the foundation of Terranor’s business and continues to demonstrate the strength of our strategy. The operations delivered strong growth, solid underlying profitability and improved cash generation, confirming the quality of our contract portfolio and operational execution. In Finland, we have taken important steps to strengthen the business and address challenges in certain long-term contracts. During the year, we improved cost control, adjusted the organisation and initiated a more proactive and constructive dialogue with customers. We see that these measures are creating a more stable foundation for gradual improvement over time. Denmark delivered stable performance with good activity levels and solid execution. The completion of existing contracts and the transition to new ones position the business well for the future, and we expect the new contract portfolio to support improved performance going forward.

Terranor operates in a resilient market characterized by long-term contracts, stable demand and strong structural drivers such as increasing traffic volumes and a growing maintenance deficit. Our services are critical to society, ensuring safe and reliable transportation year-round for people, businesses and essential services. Our customer base consists of primarily state and municipal entities, reflecting the societal importance of our offering, providing high visibility and predictability in revenues, supported by contracts typically spanning four to eight years. With a focused, modern and solution-oriented approach, Terranor acts as a specialized partner to meet evolving customer needs. We are therefore well positioned to benefit from continued market growth and increasing demand for high-quality road maintenance services, while maintaining our ambition to be “first in mind” within road operations and maintenance in the Nordics.

Our strategy remains focused on organic growth, scaling our core road operations and maintenance business, while expanding into adjacent services and local markets.

With a locally rooted and data-driven tender approach, we continue to strengthen our competitiveness and market position across Sweden, Denmark and Finland.

We foster a strong culture of craftsmanship, competence and a proactive, solution-oriented mindset to meet evolving customer needs. Safety and employee satisfaction are key priorities, and solid performance in both areas reflects our ambition to be a responsible and attractive company and employer.

I would like to thank all our employees for their strong commitment and professionalism throughout the year. Their efforts are the foundation of Terranor’s continued development.

CEO Terranor Group
Michael Berglin

Investment case

Why invest in Terranor

Terranor Group is a highly specialized, Nordic-leading operations and maintenance (O&M) business built with one clear purpose: to keep the roads safe and open. Operating in a resilient addressable market exceeding SEK 70 billion, the Group benefits from stable, plannable revenues driven by long-term public road operations and maintenance contracts[1].

Road maintenance and traffic safety are expected to be increasingly prioritized in Sweden and Finland over the coming decade, supported by national infrastructure plans. In Sweden, approximately SEK 354 billion is allocated to the maintenance of state-owned roads, representing a significant share of planned infrastructure investments[2]. A substantial portion of these investments relates directly to Terranor's core business. In addition, increasing requirements on infrastructure resilience and redundancy, including in the context of national security and NATO accession, further support long-term demand for road maintenance services.

Terranor has delivered strong and consistent growth, with revenue increasing 14 percent in both 2024 and 2025 and a leading growth trajectory among industry peers over the past three years, demonstrating its ability to consistently gain market share. The business maintains a solid EBITA margin of ca. 3 percent with a clear path to its above 5 percent target. Supported by an entrepreneurial culture that fosters innovation and adaptability, focuses on enabling solutions as well as a committed and experienced management team and Board of Directors, Terranor is well positioned to deliver sustainable and profitable growth.

Specialized in road operation and maintenance with a locally rooted strategy

Terranor has chosen to implement a strategy tailored to the conditions in each geographical market and local area, to better adapt to the specific market conditions in each country and region where it operates. A locally rooted approach allows Terranor to build stronger relations with its customers, which are often state and municipal entities.

Business-focused and effective governance

Terranor has a structured approach to aligning vision, values, strategy and operational execution across the organization. This has been created through reporting, tracking, analysis, compliance and an integrated incentive system, as well as risk mitigation through a strict maintained reporting cadence.

Low overhead costs

Over the years, Terranor has strived to maintain low overheads in relation to revenue, which has contributed to a cost-efficient structure. Overhead costs mainly include central functions such as management, finance, HR and IT. Through decentralized management, Terranor has succeeded in keeping administrative costs at competitive levels.

Operational proficiency

Terranor has implemented structured frameworks and processes to ensure continuous competence development, knowledge transfer and operational proficiency throughout the organization. This includes internal and external trainings, incentive systems to foster entrepreneurial spirit and achieve financial targets, as well as a systematic and structured process for strategic tendering and successful execution of projects.

Data driven tender strategy

Terranor has a systematic and structured process to ensure country-specific strategic procurement and prevent commercial risk. By utilizing its database and data driven calculation for its country-specific tender strategy, Terranor can leverage its local expertise and knowledge, such as understanding the local road structure, weather conditions and regulatory requirements. Country-specific tender strategy allows Terranor to optimize its work by focusing on a specific geographical area, which can lead to better resource allocation, reduced costs and reduced travel time.

Key market drivers

Maintenance deficit

Increased traffic volumes

Increasing complexity

Focus on sustainability

Increased safety requirements

[1]Terranor's core addressable market for operation and maintenance, including temporary road safety services solutions in connection with road maintenance work and the construction and maintenance of municipal green areas of state, municipal, and private roads and light construction was estimated at approximately BSEK 76 for year 2024 in Sweden, Denmark and Finland. Source: EY-Parthenon Market Report 2024. [2]Swedish Government infrastructure framework 2026–2037; Swedish Parliament (Riksdag), 2024.

Business model and operations

Terranor's vision is to be" first in mind" as a competitive and sustainable provider of road operations and maintenance services in the Nordic region. The group is one of the leading providers of operation and maintenance services for road infrastructure in the Nordic region, with a focus on long-term sustainable organic growth and profitability. The vision emphasizes forward thinking, competence, community and entrepreneurship, and aims to create a high-quality and high-performing business in all Nordic countries.

Terranor's business concept is to provide a full range of high-quality road operations and maintenance services to ensure that the roads remain safe, accessible and functional all year round. The offering includes winter and summer road services, groundwork, green maintenance, road safety, road sweeping and drainage. By focusing on customer satisfaction and operational proficiency, Terranor strives to meet and exceed customer expectations and is the only major private company specialized in road operations and maintenance in the Nordic region.

The group operates in three countries: Sweden, Denmark and Finland and applies a locally adapted approach to reflect market conditions in each geography.

Road operations and maintenance ~ 90%	**Light construction** ~ 7%
Green construction and maintenance ~ 1%	**Temporary road safety services** ~ 2%

Service offering and operating model

Terranor offers a comprehensive portfolio of road operations and maintenance services, covering both ongoing maintenance and light infrastructure work. The group's core offering consists of road operations and maintenance contracts, which are complemented by additional services such as planning, light construction and adjacent services.

The operating model is based on a combination of own employees and subcontractors. This enables flexibility in resource allocation and allows the organization to adjust capacity in response to variations in workload and market conditions. The model supports efficient execution while limiting fixed cost exposure.

Through its local presence and operational setup, Terranor is able to leverage existing organization, equipment and supplier networks to deliver services efficiently and to expand its offering within existing contracts and local markets.

Customers

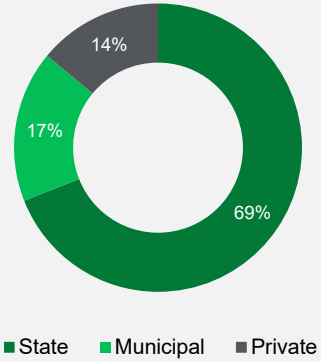
Terranor's customers are primarily state and municipal entities, which provide stable demand and a high degree of predictability in revenues, recurring demand and low cyclicality.

State customers include national transport authorities in Sweden, Denmark and Finland, responsible for the operation and maintenance of road networks. Municipal customers primarily relate to maintenance of municipal road networks and associated services. In addition, the Group serves private customers, including private roads and industrial areas.

In 2025, state contracts accounted for 69 percent of total revenue, municipal contracts for 14 percent and private customers for the remaining 14 percent.

The predominance of public sector customers, combined with recurring demand for road operations and maintenance, contributes to a stable underlying business.

Revenue per customer group as of 2025



Contract portfolio

Terranor operates a diversified contract portfolio and is not dependent on any single contract. The group works with long-term contracts, typically ranging from four to eight years, which provide visibility on future revenues.

The contracts generally include a combination of fixed payments and variable components depending on the nature and volume of services performed. In addition to base contract volumes, revenue is generated from additional services and extra work within existing contracts.

The contract lifecycle includes the establishment of operations followed by continuous delivery of road operations and maintenance services, supplemented by additional works over time. Through contract execution, the Group builds local presence and customer relationships, enabling further opportunities within the same geographical areas.

The combination of long-term contracts, recurring base volumes and additional services creates a diversified revenue model. Revenues are generated through fixed contract

payments as well as variable services and extra work performed within existing contracts.

This structure supports financial stability and provides opportunities to influence revenue and margins over time, while maintaining visibility through the underlying contract base.

Tender process

Terranor applies a structured and data-driven tender process designed to ensure competitiveness and manage risk.

The process begins with gathering relevant information about the contract, including local conditions, contract dynamics and potential additional revenue opportunities. This is followed by detailed cost estimation using internal and external data, supported by a database of comparable contracts.

A tactical analysis is then conducted to assess the competitive landscape and associated risks. Based on this analysis, pricing is determined to balance competitiveness with targeted profitability.

The tender process includes multiple internal review steps to ensure alignment with the group's strategy and risk framework before submission. The process is centrally coordinated to ensure consistency and quality.

Tender timelines typically range from two to seven months depending on contract size and complexity, and timing varies between geographical markets.

The structured approach of the tender process ensures that Terranor remains competitive and profitable in road operations and maintenance. The group believes that the main success factors for tendering are leveraging expertise on local areas and contract dynamics, data-driven strategies to secure successful tenders, established customers in the vicinity of the contracted road network and established supplier network in the vicinity of the contracted road network.

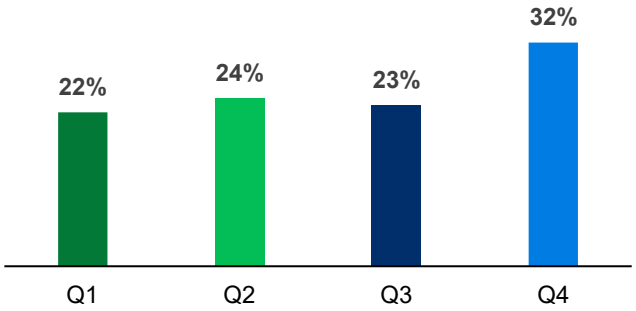
Seasonality

Terranor's operations are conducted throughout the year, but revenue and profitability vary between quarters due to the nature of contracts, weather conditions and the mix between base services and additional work. This is illustrated by the distribution of revenue and EBITA margin across quarters.

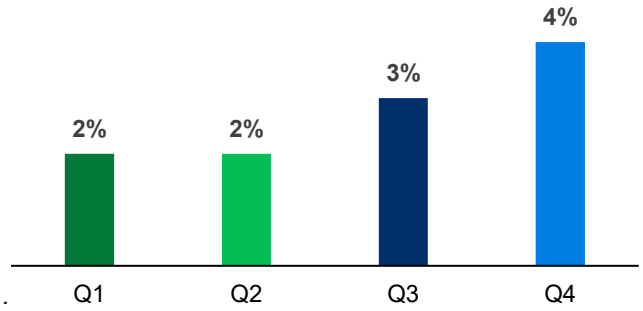
Most contracts start in the fourth quarter. The first quarter is primarily characterized by base contract volumes with limited variable and additional work, resulting in reduced opportunities to influence margins. At the same time, fixed payments provide stable income during this period.

During the summer season, the share of variable services increases, creating more opportunities to influence margins. The beginning of the third quarter is typically affected by the holiday period, which may result in slightly lower activity compared to the second quarter. Activity levels increase during the second half of the year, with higher volumes of additional work performed. This contributes to improved margins compared to earlier quarters.

Share of annual revenue, average per quarter[1]



Adjusted EBITA Margin[2], average per quarter[3]



[1] Referring to average share of annual revenue for respective quarter between 2023-2025. [2] Adj. EBITA in relation to revenue. [3] Referring to average EBITA margin for respective quarter between 2023-2025.

Market overview

Terranor's main business is road operations and maintenance as well as light construction, and together these segments are seen as Terranor's core business. The Group is active in Sweden, Denmark and Finland, and the main customer base consists of state and municipal entities, which also reflects the general customer base in the market. The contract structure differs by country.

Sweden

Sweden has an extensive road network, and the registered road network extends over a total of 636,000 kilometers. Of this road network, approximately 15 percent is state-owned, 7 percent are municipal roads and 78 percent are privately owned roads, calculated in terms of number of kilometers of road. The road network can thus be divided into public roads, which include both state and municipal roads, and private roads. Of the public roads, 70 percent are owned by the state and 30 percent by municipalities. The state-owned roads account for 15 percent of the total road network for which the state, through the Swedish Transport Administration (Sw. Trafikverket), is responsible; 20 percent of the state road network carries 80 percent of the traffic on state roads in Sweden. The municipal roads are managed by each municipality. Private roads are maintained by various actors, such as road associations, community associations and individual property owners.

The core addressable market for road operations and maintenance and light construction in Sweden is expected to grow at a CAGR of 7 percent between 2024 and 2029. This growth is driven by an CAGR in the market for road operations and maintenance in Sweden of 5 percent, and an CAGR of 8 percent in the market for light construction. In addition, the Swedish government aims to increase funding for O&M by 48% from 2026 onwards to address the maintenance deficit of 45SEKbn. Growth is primarily driven by both state and municipal spending and depends largely on the Swedish Transport Administration's increased budget.

As of 2025, there are a total of 109 state contracts for road operations and maintenance in Sweden, including contracts awarded with start dates from September 2025, of which Terranor holds 23, corresponding to 21 percent. These contracts extend over four years with the possibility of extension of up to two years. Approximately 20-25 percent of the contracts are tendered each year and cover both winter and summer.

Denmark

Denmark's registered road network covers approximately 100,000 kilometers, of which about 4 percent is state-owned, 71 percent are municipal roads and 25 percent are private roads. The significantly lower share of private roads in Denmark is driven by the fact that the registration of private roads in Denmark differs from Sweden and Finland. As in Sweden, Denmark's road network can be divided into public and private roads. Of the public roads, 5 percent are owned by the state and 95 percent by the municipalities. The Danish Road Directorate, which is the Danish equivalent of the Swedish Transport Administration, is responsible for the state-owned roads. The state network carries 48 percent of traffic and consists of roads connecting major urban centers and motorways. Municipal roads are managed by local authorities, while private roads are managed by private operators. The core addressable market for road operation and maintenance and light construction in Denmark is expected to have a CAGR of approximately 1 percent between 2024–2028, which is due to the Danish government's decision to shift focus to building new.

In Denmark, winter services and general maintenance are tendered separately, and approximately 25 percent of total state expenditure is attributable to winter contracts. There are a total of five state contracts, and as of 31 March 2025 Terranor held all of these contracts. In addition, Terranor has five state winter service contracts, representing 7 percent of the total number of state winter service contracts. The state contracts extend over a four-year period, with the possibility of a two-year extension. For the state contracts in the Danish market, it has been specified that a single operator may not hold all five summer state contracts. The new contracts entered into force on 1 January 2026.

Finland

In Finland, the registered road network covers 454,000 kilometers, of which 17 percent are state-owned roads, 6 percent municipal roads and 77 percent private roads. The road network in Finland can also be divided into public and private roads. Of the public roads, 75 percent are owned by the state and 25 percent by municipalities. Public roads form the national road network and are maintained by the Finnish Transport Infrastructure Agency (Fi. Väylävirasto) with maintenance carried out by regional ELY Centres. Municipal roads are maintained by local authorities, especially in urban areas, while private roads are managed by property owners or associations. It can be noted that a small part of the road network accounts for a large share of traffic and maintenance: 12 percent of the state road network carries 68 percent of the traffic and receives 32 percent of the budget allocations.

The Finnish road operations and maintenance market is expected to grow at a CAGR of around 3 percent until 2029. During the period 2024 to 2026, the Finnish state budget for maintenance and light construction is also expected to increase through temporarily decided debt financing, which in turn is expected to lead to an expansion of the core addressable market for this segment. Possible continued debt financing for the period 2027 onwards is not yet decided. Overall, the growth outlook for Finland is slightly lower than for Sweden. This is largely due to slower state investments from 2027 onwards.

Overall, there are 79 state contracts, of which Terranor holds 13, representing 16 percent. In Finland, state contracts extend over a five-year period, and generally these contracts are not renewed. Approximately 20 percent of all state contracts are renewed each year. In Finland, road operations and maintenance contracts include both winter and summer. About 60 percent of state expenditure on road operation and maintenance is related to winter services.

Strategy

1

Scale the core business – Road O&M contracts:

Terranor main focus is to be a Nordic leader in Road O&M and leading in profitability in Sweden, Finland, and Denmark.

2

Expand the core into local markets and adjacencies:

Terranor exploits adjacent markets by selectively entering new business areas, building upon stabilised core capabilities and established centers of excellence synergising with the core business, utilizing synergistic effects, EOS, stronger market penetration and resilient market presence.

3

Horizontal and vertical expansion, and diversification:

Terranor's core operations neighbor other service businesses. Expansion will focus on selective diversification and targeted enhancement of the customer offering, leveraging horizontal and vertical integration where there is a clear strategic and financial rationale.

Financial target

Category	Outcome FY 2024	Outcome FY 2025	Medium-term financial targets
GROWTH	**14%** Revenue growth	**14%** Revenue growth	**>8%** *Achieve an average annual revenue growth of at least 8% in the medium term*
PROFITABILITY	**3%** Adjusted EBITA margin	**3%** Adjusted EBITA margin	**>5%** *Reach an adjusted EBITA margin of more than 5% in the medium term*
DIVIDEND	-	**1.50 SEK***	**≥50%** *Target to distribute at least 50% of consolidated net income*

Category	Outcome 31 December 2024	Outcome 31 December 2025	Leverage target
LEVERAGE	**1.62x** ***Net debt / LTM adjusted EBITDA***	**1.50x**	**<2.5x** *Net debt / LTM adjusted EBITDA should not exceed 2.5*

*The Board of Directors proposes a dividend of 1.50 SEK per share for 2025

Owners and shares

Share

The share (ticker: TERNOR) has been listed on the Nasdaq First North Growth Market since 30 June 2025. During the year, share price growth was positive, rising by 42 percent. The closing price on the last trading day of the year was SEK 28.40, corresponding to a market capitalisation of SEK 586 million. The highest closing price of the year, SEK 32.80, was recorded on 6 October. The lowest closing price was recorded on 1 August and was SEK 18.78.

Share capital

Terranor Group only has ordinary shares. The registered share capital of Terranor Group AB (publ) of SEK 20 000 000 consists of 20 000 000 shares as of 31 December 2025. Terranor Group AB (publ) has only one class of shares where all shares have equal voting rights. The par value of shares is SEK 1.

Owners and ownership structure

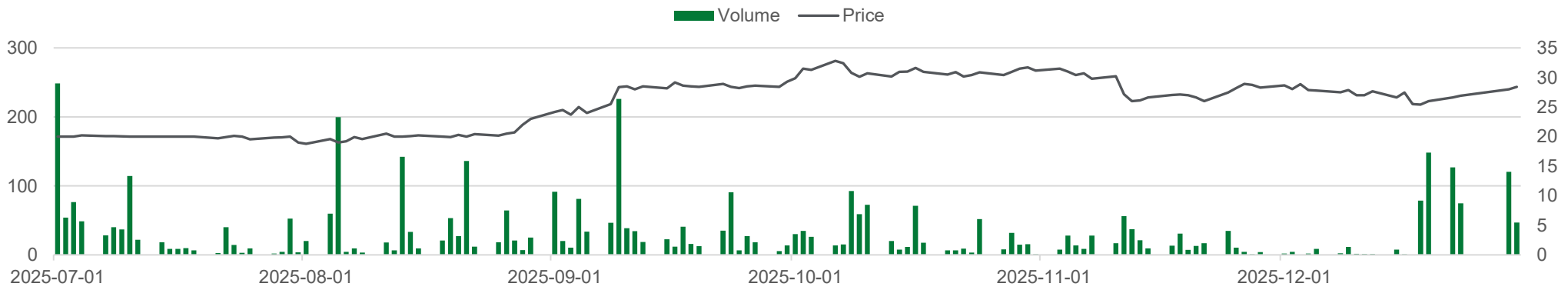
At the end of the period, there were around 1,048 known shareholders in the Company. The 10 largest shareholders controlled 73.76 percent of the capital and votes as of 31 December 2025. Foreign ownership amounts to around 81.93 percent of the outstanding shares.

Dividend policy

Terranor Group's objective is at least 50 percent of the Group's net profit shall be distributed as dividends. The dividend proposal shall take into account Terranor's long-term development potential, financial position and investment requirements. The Board of Directors proposes a dividend of SEK 1.50 (-) per share to the 2025 Annual General Meeting. The total dividend thus amounts to SEK 30 million (-) and will be paid out of retained earnings. The proposed record date is 27 May 2026 with payment date 1 June 2026.

No	Shareholder	Number of shares	% of votes/capital
1	Mutares	11 331 766	56,66%
2	Sten A Olssons Pensionsstiftelse	600 000	3,00%
3	Discover Capital GmbH	500 000	2,50%
4	Formica Capital AB	475 000	2,38%
5	Robin Laik	385 000	1,93%
6	Pensionsförsäkring	342 200	1,71%
7	BKS Capital AS	318 183	1,59%
8	Gerald Engström	300 000	1,50%
9	Carl Kistenmacher	269 646	1,35%
10	Nordnet Livsforsikring AS	229 718	1,15%
10 largest shareholders		**14 751 513**	**73,76%**
Other shareholders		5 248 487	26,24%
Total outstanding shares		**20 000 000**	**100%**

Share price chart



Corporate Governance Report

Terranor Group AB (publ) ("Terranor" or "the Company") is a Swedish public limited liability company listed on Nasdaq First North Premier Growth Market. Terranor applies the Swedish Corporate Governance Code (the "Code") and this report has been prepared in accordance with the Code and the Annual Accounts Act.

During the financial year 2025, no breaches of Nasdaq First North Premier Growth Market's Rulebook or the Swedish Securities Council's statements regarding good practice on the securities market have been reported or identified.

Governance Structure

Terranor's governance framework consists of the following governing bodies and functions:

- General Meeting
- Board of Directors
- Audit Committee
- Remuneration Committee
- Business Committee
- Group Management Team (Group CEO + Group CFO)
- External Auditor

Terranor's governance is further supported by a comprehensive set of policies and instructions, including:

Corporate Governance Policy, Rules of Procedure for the Board, Instructions for the CEO, Instructions for the Audit Committee, Instructions for the Remuneration Committee, Finance Policy, Risk Management Policy, Internal Control Policy, Code of Conduct, Sustainability Policy, Insider Policy, Information Policy, Diversity Policy and related steering documents.

General Meeting of Shareholders

The General Meeting is the Company's highest decision-making body. All shareholders registered in the share register who have notified the Company of their attendance within the prescribed time are entitled to participate and vote.

General meeting

Terranor Group AB (publ) was listed on Nasdaq First North Premier Growth Market on 30 June 2025. As the Company was incorporated and listed during 2025, no Annual General Meeting was held during the financial year. The first AGM of Terranor Group AB (publ) is scheduled for 25 May 2026 in Stockholm, Sweden.

The AGM 2026 will resolve on the following key matters:

- Adoption of annual accounts
- Allocation of profit and dividend
- Discharge from liability for Board members and the CEO
- Election and remuneration of the Board and auditor
- Amendments to the Articles of Association
- Other matters according to law or the Articles

Notices to AGMs/EGMs are issued in accordance with the Companies Act and the First North Rulebook, through a press release, publication in Post- och Inrikes Tidningar, and announcement in Svenska Dagbladet.

Articles of Association

The Articles of Association contain no provisions deviating from the Swedish Companies Act regarding the appointment or dismissal of Board members or the amendment of the Articles of Association. Board members are elected and may be dismissed by the general meeting in accordance with the Companies Act. Amendments to the Articles of Association require a resolution by the general meeting.

Qualified shareholders

Per 31 December 2025, the only qualifying shareholder is:

Shareholder	Number of shares	% of votes
Mutares Holding-39 GmbH (indirekt via Mutares SE & Co. KGaA)	11 331 766	56.66 %

Each share carries one (1) vote. There are no restrictions on the number of votes each shareholder may cast.

Nomination committee

The Nomination Committee has been appointed in accordance with the instructions adopted at Terranor Group's Extraordinary General Meeting on 18 June 2025.

The Nomination Committee is composed of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of 31 August 2025, and the Chairman of the Board. The member representing the largest shareholder serves as Chairman of the Nomination Committee, unless the committee unanimously decides otherwise.

The Committee prepares proposals for the AGM 2026 (25 May 2026) on:

- Chair of the AGM
- Members and Chairman of the Board
- Board remuneration
- Auditor and audit fees

The Committee is responsible for ensuring the Board has an appropriate composition regarding competence, experience, diversity, and independence.

Composition 2025/2026

Based on the ownership structure as of 31 August 2025, the Nomination Committee for AGM 2026 consists of:

Name	Representing	Role
Wolfgang Lichtenwalder	Mutares SE & Co. KGaA	Chairman
Björn Kristian Stadheim	BKS Capital AS	Member
Anders Gustafsson	Chairman of the Board	Member

Robin Laik has declined to participate in the Nomination Committee as a representative of his shareholding. Shareholders who wish to submit recommendations to the Nomination Committee may do so by contacting Terranor Group's Investor Relations at ir@terranor.se.

Board of Directors

Responsibilities and Work

The Board of Directors is the second-highest decision-making body of the Company after the general meeting. According to the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the management of the Company's affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits, and evaluating the operating management. The Board of Directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the Board of Directors appoints the CEO.

Members of the Board of Directors are normally appointed by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the members of the Board of Directors elected by the general meeting shall be not less than three and not more than ten members with no deputy members. According to the Code, the chairperson of the Board of Directors is to be elected by the general meeting and have a special responsibility for leading the work of the Board of Directors and for ensuring that the work of the Board of Directors is efficiently organised.

The Board of Directors applies written rules of procedure, which are revised annually and adopted at the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between the members of the Board of Directors and the CEO. At the inaugural board meeting, the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting.

The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairperson of the Board of Directors and the CEO continuously discuss the management of the Company.

Composition 2025

All five Board members were appointed at the Extraordinary General Meeting held on 7 April 2025, ahead of the listing of Terranor Group AB (publ) on Nasdaq First North Premier Growth Market on 30 June 2025.

Name	Role	Elected	Independent of Company	Independent of Major Shareholders
Anders Gustafsson	Chairman	2025	Yes	Yes
Håkan Broman	Member	2025	Yes	Yes
Åse Lagerqvist von Uthmann	Member	2025	Yes	Yes
Johannes Laumann	Member	2025	Yes	No
Carl Kistenmacher	Member	2025	Yes	No

Johannes Laumann (CIO at Mutares SE & Co. KGaA) and Carl Kistenmacher (Head of Nordics at Mutares Nordics AB) are not independent of major shareholders, as Mutares SE & Co. KGaA controls 56.66% of votes as per 31.12.2025. Three out of five members are independent of major shareholders.

Board Evaluation

Terranor Group AB (publ) was listed on Nasdaq First North Growth Market on 30 June 2025. As the Board of Directors was constituted in connection with the listing, it has not served a full financial year during 2025. In view of this, the Board determined that a formal board evaluation for the 2025 financial year was not appropriate. A structured evaluation of the Board's work, composition, and processes will be conducted for the full financial year 2026 and reported in the 2026 Annual Report.

Board Meetings 2025

During the year, the Board of Directors held ten board meetings. Attendance per member: Anders Gustafsson: 10/10, Håkan Broman: 10/10, Åse Lagerqvist von Uthmann: 10/10, Johannes Laumann 10/10, Carl Kistenmacher 10/10.

Audit Committee

The Audit Committee assists the Board in overseeing financial reporting, internal control, risk management, and the external audit. Specifically, the Audit Committee monitors the Company's financial reporting, monitors the efficiency of internal controls, internal auditing and risk management, keeps informed of the auditing of the annual report and consolidated accounts, reviews and monitors the impartiality and independence of the auditors, and assists in the preparation of proposals for the general meeting's resolution on election of auditor.

Composition 2025

Name	Role	Independent of Company	Independent of Major Shareholders
Åse Lagerqvist von Uthmann	Chair	Yes	Yes
Carl Kistenmacher	Member	Yes	No

Audit Committee Meetings 2025

Date	Focus
21 August 2025	Q2 Review
6 November 2025	Q3 Review & Year-End Planning
4 December 2025	Closed Session

The Audit Committee held three meetings. Attendance: Åse Lagerqvist von Uthmann: 3/3, Carl Kistenmacher: 3/3.

Business Committee

The Business Committee operates under the Board's general committee authorization pursuant to section 18.1 of the Rules of Procedure, which states that the Board may appoint committees to prepare issues to be discussed by the Board at their meetings and to discuss issues delegated to the committee by the Board. The Committee prepares and reviews matters of an operational and commercial nature prior to Board consideration, including oversight of major tenders, approves tenders above CEO level, and related commercial matters, and handles issues specifically delegated to it by the Board.

Composition 2025

Name	Role	Independent of Company	Independent of Major Shareholders
Anders Gustafsson	Chair	Yes	Yes
Håkan Broman	Member	Yes	Yes

Business Committee Meetings 2025

The Business Committee held one meeting during 2025. Attendance: Anders Gustafsson 1/1, Håkan Broman 1/1.

Date	Focus
October 2025	Tender review

Remuneration Committee

The Remuneration Committee prepares matters relating to remuneration principles, remuneration and other employment terms for the CEO and executive management. Specifically, the Committee prepares matters concerning:

- Remuneration principles for senior executives
- Salary and employment terms for the CEO and executive management
- Variable remuneration and incentive programmes
- Succession planning for key functions

Members must be independent of management.

Composition 2025

Name	Role	Independent of Company	Independent of Major Shareholders
Anders Gustafsson	Chair	Yes	Yes
Carl Kistenmacher	Member	Yes	No

Remuneration Committee Meetings 2025

Date	Focus
25 August 2025	Annual Review

The Remuneration Committee held one meeting. Attendance: Anders Gustafsson: 1/1, Carl Kistenmacher: 1/1.

Remuneration Guidelines

The Remuneration Committee adopts guidelines for remuneration of senior executives. Remuneration shall be market-based and consist of fixed salary, potential variable remuneration, pension, and other benefits. See note 8 for further information.

Board of Directors

Anders Gustafsson
Born 1972. Chairman of the Board since 2025.

Education
Master's degree (M.Sc.) in Business and Economics and an Executive MBA from Stockholm University.

Other current positions
CEO of NRC Group.

Previous positions (past five years)
President and Group CEO of Svevia.

Shareholding in the company
Anders Gustafsson holds 20,649 shares in the company (including related parties, related persons and any legal entity).

Independence
Independent in relation to the company, company management, and major shareholders.

Håkan Broman
Born 1962. Board member since 2025.

Education / Background
Master of Laws (LL.M.), Bachelor of Arts, and the Stanford Executive Program.

Other current positions
Chairman of Comfortgruppen; Board member of FM Mattsson and Nordic Guarantee; and Senior Advisor to FTI Consulting.

Previous positions (past five years)
Acting President and Group CEO of NCC AB and General Counsel of NCC AB.

Shareholding in the company
Håkan Broman holds no shares in the company.

Independence
Independent in relation to the company, company management, and major shareholders.

Åse Lagerqvist von Uthmann
Born 1969. Board member since 2025.

Education / Background
Bachelor's degree in Business Administration and Economics from Örebro University, and additional studies at Uppsala University and Bangkok University.

Other current positions
Board member of Stockholm Exergi AB, Stockholm Exergi Tunnlar AB, and Fortum Vindvärme AB.

Previous positions (past five years)
Senior Vice President and CFO at Swedish Space Corporation (SSC). Chairman of the Board of SSC Space Canada Corporation. Board member of Swedish Space Propulsion AB (Swedish Space Corporation), Svenska kraftnät, Statens servicecenter, SSC Space US Inc., SSC Space Chile S.A., SSC Space Australia Pty. Ltd., SSC Space UK Ltd., SSC Space Thailand, SSC Space Mexico, GlobalTrust Ltd, SSC International AB, and NEAT AB.

Shareholding in the company
Åse Lagerqvist von Uthmann holds 10,000 shares in the company (including related parties and any legal entity).

Independence
Independent in relation to the company company management, and major shareholders.

Johannes Laumann
Born 1983. Board member since 2025.

Education
Business Law & International Management at the University of Pforzheim and Copenhagen Business School.

Other current positions
Chief Investment Officer at Mutares SE & Co. KGaA.

Previous positions (past five years)
Supervisory Board member of Lapeyre (a portfolio company of Mutares SE & Co. KGaA).

Shareholding in the company
Johannes Laumann holds no shares in the company.

Independence
Independent in relation to the company and company management, but not in relation to major shareholders.

Carl Kistenmacher
Born 1978. Board member since 2025.

Education
M.Sc. in Engineering from the Royal Institute of Technology (KTH) in Stockholm. Master of Science in Investment & Finance from Queen Mary University of London.

Other current positions
Board member and Head of Nordics at Mutares Nordics AB and Cape Royale AB.

Previous positions (past five years)
Managing Director at EQT Partners AB. Chairman of the Board of NetClean Technologies AB, Safer Society Group Sweden AB, Griffeye Technologies AB, and Paliscope AB.

Shareholding in the company
Carl Kistenmacher holds 269,646 shares in the company.

Independence
Independent in relation to the company and company management, but not in relation to major shareholders.

Chief Executive Officer

The CEO is responsible for day-to-day operations in accordance with the Swedish Companies Act, the Board's Instructions for the CEO, the Articles of Association, and internal policies. The CEO ensures:

- Effective management of operations
- Accurate financial reporting
- Compliance with laws and internal governance
- Execution of the Board's decisions
- Continuous information to the Chairman of the Board

The CEO has delegated authority within defined monetary limits; larger or unusual matters require Board approval.

Michael Berglin
Born 1973. Chief Executive Officer since 2025; Chief Executive Officer of the former parent company of the Group, Terranor AB (publ), since 2024.

Education
Civil Engineering program at Borås University, and Upper Secondary School Engineer at Sven Eriksonsgymnasiet.

Other current appointments
Board member of GH Olofsson Bygg & Entreprenad AB.
Board member of Spikklubban Holding AB and Ellembe AB.

Previous positions (past five years)
President and CEO of Serneke Group AB, Executive Vice President of Serneke Group. Various board appointments within the Serneke group of companies.

Shareholding in the Company
Michael Berglin holds 75,000 shares in the Company

Group management team

The CEO is supported by the Group CFO, Inka Kontturi, born 1975, in post since 2025 (and CFO of former parent company Terranor AB (publ) since 2024).

Together they form the Group Management Team, responsible for:

- Operational and financial performance
- Budget and business planning
- Sustainability governance
- HR, talent development and culture
- Stakeholder and investor relations
- Implementation of group policies and governance

Management meets regularly to monitor business performance and prepare matters for the Board.

Inka Kontturi
Born 1975. Chief Financial Officer since 2025; Chief Financial Officer of the former parent company of the Group, Terranor AB (publ), since 2024.

Education
MBA, LUT University (Lappeenranta University of Technology).

Other current appointments
Inka Kontturi has no other current appointments.

Previous positions (past five years)
Finance Manager at Geobear Oy.

Shareholding in the Company
Inka Kontturi holds 41,707 shares in the Company.

Diversity Policy
The Board of Directors has adopted a Diversity Policy applicable to Terranor Group and all its subsidiaries. The policy reflects Terranor's commitment to creating a workplace founded on diversity, inclusion, and equal opportunity, and is aligned with the Company's core values of performance, knowledge, collaboration, professionalism, and sustainability.

The policy applies to all individuals working at and for Terranor, covering internal interactions as well as external representation. All employees are entitled to the same opportunities regardless of gender, transgender identity or expression, ethnic origin, religion or other belief, disability, sexual orientation, social mobility, neurodiversity, or age. At Board and management level, the Nomination Committee is responsible for ensuring that the Board has an appropriate composition with regard to competence, experience, diversity, and independence.

As of 31 December 2025, women constitute 20 percent of the Board of Directors and 50 percent of the Group Management Team.Overall accountability for implementation and oversight of the Diversity Policy at Group level rests with the Group CFO.The policy is reviewed annually and any changes are communicated to all employees in a timely manner.

Dividend Policy
Terranor's objective is that at least 50 percent of the Group's net profit shall be distributed as dividends. The dividend proposal shall take into account Terranor's long-term development potential, financial position, and investment requirements.

The Board of Directors proposes a dividend of SEK 1.50 per share for FY2025, corresponding to a total dividend of SEK 30 million, to be resolved at the AGM on 25 May 2026. The proposed record date is 27 May 2026 with payment date 1 June 2026.

Risk management and internal control
Terranor's Board of Directors has overall responsibility for the internal control environment and for ensuring effective governance and complete and reliable financial reporting. The Board is also responsible for determining the Group's risk appetite, ensuring effective systems are in place, and evaluating risk management, policies and risk reporting. The Chief Executive Officer is responsible for ensuring that relevant internal control guidelines, including monitoring, are in place, and for annual reporting to the Audit Committee and the Board. The Group's Chief Financial Officer has operational responsibility for the internal control environment and financial reporting, and the Group's Head of Accounting has been appointed as Internal Control Coordinator (ICC).

Internal control is based on the COSO framework and is supplemented by the Group's governance documents, including rules of procedure, instructions and policies, as well as the Code of Conduct, which defines the company's ethical values.

The internal control system aims to ensure that operations are conducted efficiently, in accordance with laws and regulations, and that financial reporting is accurate and reliable. The Group-wide control (ELC) framework provides an overarching structure for the internal control environment and supports its components.

The Group's Risk Management System (RMS) consists of identification, assessment, management and reporting of risks and is integrated into business planning and monitoring. Risk management activities are carried out annually at both country and Group level. Identified risks are assessed based on probability and impact. A Group Risk Manager (GRM) coordinates the work, and risks related to financial reporting are analysed annually by the IKK.

Significant risks are managed through control activities that are continuously monitored by designated risk owners. Control activities within financial processes are documented and evaluated periodically, and aim to prevent, detect and correct errors in reporting. The company has also implemented IT General Controls (ITGCs) as a fundamental layer for the reliability of information systems.

The Board communicates its expectations via the Chief Executive Officer and the Chief Financial Officer, who appoint process owners and ensure adequate competence. All employees are responsible for reporting deficiencies in internal control.

Control activities, ITGCs and ELCs are evaluated annually and reported to the Audit Committee and the Board. Control activities linked to the most significant risks are monitored on an ongoing basis and reported continuously. Terranor applies the COSO framework to structure and continuously improve its internal control environment.

The internal control system includes:

1. **Control Environment**
   Governance documents, policies, ethical guidelines and organizational structure
2. **Risk Assessment**
   Annual enterprise risk management (ERM) processes at Group and country level, focusing on strategic, operational, financial, and compliance risks.
3. **Control Activities**
   Preventive and detective controls in key processes such as reporting, authorization, payments, procurement, and project execution.
4. **Information & Communication**
   Clear channels for internal and external financial information and reporting.
5. **Monitoring**
   Self-assessments, follow-up actions, reporting to the Audit Committee and Board, and external audit findings.

The Board holds overall responsibility; the Audit Committee monitors effectiveness, and the CFO has operational responsibility for financial reporting controls.

Internal audit
The Board annually evaluates the need for an internal audit function.

Given the Company's size, structure, and governance framework, combined with external audits and extensive process controls—the Board has assessed that a separate internal audit function is not currently required. The need is reviewed annually.

External auditor

Öhrlings PricewaterhouseCoopers AB (PwC) is the Company's external auditor, having served as auditor of the former parent company Terranor AB (publ) since 2019. PwC was elected as auditor of Terranor Group AB (publ) at the extraordinary general meeting on 7 april 2025 and re-elected until the end of the annual general meeting 2026. The auditor in charge is Fredrik Kroon, born 1985, Authorized Public Accountant and member of FAR (the professional institute for authorized public accountants). He has no other audit engagements that affect his independence as auditor of Terranor Group AB (publ). Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, SE-113 97 Stockholm.

PwC	2025 TSEK	2024 TSEK
Audit assignment	4 091	2 107
Other auditing activities	5 773	—
Tax consultations	105	—
Other services	521	—
Total	**10 490**	**2 107**

During 2025, extraordinary fees of TSEK 5 238 were invoiced, primarily relaed to additional reporting requirements and coordination in connection with the listing of Terranor Group AB (publ) on Nasdaq First North Premier Growth Market.

Sustainability

Terranor's business is built on maintaining safe, accessible, and functional roads across Sweden, Finland, and Denmark. Sustainability is integral to this mission, safe roads, responsible operations, and long-term value creation for public-sector clients and society at large.

Governance

The Board of Directors approves Terranor's Sustainability Policy, monitors sustainability risks and opportunities, and oversees compliance with applicable regulatory requirements. The Group Management Team is responsible for implementing sustainability in strategy and day-to-day operations, coordinating sustainability reporting, and ensuring compliance with the Code of Conduct and Supplier Code of Conduct.

The Board has adopted a Code of Conduct and a Supplier Code of Conduct that set out the ethical standards expected of employees, subcontractors, and business partners. A Whistleblowing Policy provides a confidential channel for reporting concerns. All governing documents are reviewed annually.

Environment

Terranor's operations, including winter road maintenance, fleet operations, and asphalt work, give rise to environmental impacts, primarily through fuel consumption, vehicle emissions, and the use of road materials. The Company continuously works to reduce its environmental footprint across operations in all three countries.

Terranor's public-sector clients increasingly require sustainable and green road solutions. The Company sees this as a long-term market driver and is developing its service offering accordingly, including in areas such as sustainable materials, charging infrastructure, and operational efficiency improvements.

Social — Health, Safety and People

Health and safety is Terranor's highest operational priority. Road maintenance is a high-risk working environment, and the Company operates with a vision of zero workplace accidents. Safety work is conducted systematically across all operations, with a focus on eliminating hazards, reducing risks, and raising awareness among employees, subcontractors, visitors, and suppliers.

Terranor maintains a systematic work environment management programme and collaborates with trade union partners through established forums and working groups. The Company has zero tolerance for discrimination and works actively to create an inclusive workplace where employees can thrive.

Attracting, developing, and retaining skilled employees is a key strategic priority. Terranor invests in competence development to secure the long-term capability of its workforce across Sweden, Finland, and Denmark. All employees are covered by statutory insurance for sickness, nemployment, work accidents, parental leave, and retirement.

Safety metrics FY2025

Metric	FY2025
Number of lost time injuries (LTI)	5
LTIFR 2025 (lost time injury frequency rate per million hours worked)	4.41

LTIFR = (Number of lost time injuries × 1,000,000) / Total hours worked. Covers all Group entities: Terranor AB (Sweden), Terranor A/S (Denmark), Terranor Oy (Finland), Terranor Norvia, and Verte.

Supply Chain and business ethics

Terranor works with a broad base of subcontractors and suppliers across the Nordic region. The Supplier Code of Conduct sets out requirements on environmental standards, labour conditions, human rights, and anti-corruption. Compliance is a condition of doing business with Terranor. The Code of Conduct governs ethical standards in all internal and external relationships. Employees and business partners are expected to uphold these standards when dealing with customers, subcontractors, and colleagues. Concerns can be reported via the confidential Whistleblowing channel established under the Whistleblowing Policy.

Regulatory Framework and Outlook

As a listed SME on Nasdaq First North Premier Growth Market, Terranor Group AB (publ) is not currently subject to mandatory reporting under the EU Corporate Sustainability Reporting Directive (CSRD). Following the EU Omnibus I simplification package approved by the European Parliament in December 2025, listed SMEs are no longer in automatic scope. Under the revised timeline, mandatory CSRD reporting for listed SMEs (Wave 3) is not expected to apply until financial year 2028, with first reports due in 2029, subject to the final adoption of the revised ESRS standards expected in 2026.

Notwithstanding the absence of a mandatory obligation, Terranor is committed to developing its sustainability reporting in line with investor expectations and the voluntary VSME standard. Preparations for more structured

sustainability disclosures are underway, including the completion of a double materiality analysis to identify and prioritise the sustainability topics most relevant to Terranor's business and stakeholders.

Governing Documents

The Board has adopted a comprehensive governance framework including: Corporate Governance Policy, Rules of Procedure for the Board, Instructions for the CEO, Instructions for Audit & Remuneration Committees, Finance Policy, Internal Control Policy, Risk Management Policy, Sustainability Policy, Code of Conduct, Supplier Code of Conduct, Information Policy, Insider Policy, and Whistleblowing Policy. All policies are reviewed and updated annually or when required by regulatory or operational changes.

Compliance with the Swedish Corporate Governance Code

Code Provision	Terranor's Approach	Deviation / Explanation
4.4 — Board independence from major shareholders	Two of five members (Laumann, Kistenmacher) are not independent of major shareholder Mutares (56.66%)	**Deviation —** The Company considers the current composition appropriate given the ownership structure and the relevant competence these members bring to the Board.
Other provisions	Terranor confirms that there are no other provisions that require explanation	-

Terranor's corporate governance ensures transparency, accountability, and strong internal control to support long-term value creation. Through clear roles, robust policies, active committees, and integrated sustainability governance, Terranor maintains a governance structure aligned with the expectations for a listed company on Nasdaq First North Premier Growth Market.

Solna, 21 April 2026

Board of Directors, Terranor Group AB (publ)

Auditor’s report on the Corporate Governance Statement

To the general meeting of the shareholders in Terranor Group AB (publ), corporate identity number 559525-3732

Engagement and responsibility
It is the board of directors who is responsible for the corporate governance statement for the year 2025 on pages 14-21 and that it has been prepared in accordance with the Annual Accounts Act

The scope of the audit
Our examination has been conducted in accordance with FAR’s standard Rev 16 *The auditor’s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Stockholm, 21 April 2026

Öhrlings PricewaterhouseCoopers AB

Fredrik Kroon

Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

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Director's report

The Board of Directors and the Chief Executive Officer of Terranor Group AB (publ), Corporate ID Number 559525-3732, hereby submit the following annual report and consolidated accounts for the 2025 financial year.

About Terranor

Terranor is one of the leading companies in road operations and maintenance in the Nordic region. The Company's business concept is to offer a wide range of qualified services in road operation and maintenance to ensure that roads remain accessible and functional all year round.

The business covers both winter road operations and maintenance, with snow removal and friction management, and summer maintenance, such as repairs and asphalt work. In addition, Terranor offers services in green area management, road safety and light infrastructure projects.

Terranor is the only major private company specialised in road operations and maintenance in the Nordic region, which provides competitive advantages in tender procedures. Terranor currently operates in the Swedish, Finnish and Danish markets, which are characterised by high stability, significant growth drivers, and high barriers to entry. The market for road infrastructure services is stable and generally supported by long-term structural trends.

Terranor's customers are found in both the public and private sectors, but the vast majority of Terranor's revenues comes from government and municipal clients. The Company works with long-term contracts, generally between four and eight years, which provide stable revenue streams with low risk and good visibility. During 2025, state clients accounted for 69 percent of revenue, municipal clients for 17 percent, and private sector clients for 14 percent. Sweden represented 62 percent of Group revenue, Denmark 21 percent, and Finland 17 percent.

Group Structure

As per 31 December 2025, 56% of Terranor Group AB (publ) was owned by Mutares Holding-39 GmbH, which is owned by the parent company Mutares SE & Co. KGaA. The Terranor Group consists of the parent company, Terranor Group AB (publ), and the following subsidiaries:

- Terranor AB (publ)
- Terranor Signa AB
- Terranor Infra AB
- Terranor Norvia AB
- NU Entreprenad AB
- Terranor Oy
- Terranor Verte Oy
- Terranor AS

Operations

Terranor concluded 2025 with strong full-year revenue growth of 14 percent, reaching 3,602.6 MSEK (3,146.9 MSEK), thereby exceeding the Group's medium-term growth target of more than 8 percent per year. The growth was driven primarily by increased operational activity in Sweden across both state and municipal contracts, complemented by higher levels of extra works and favourable winter conditions that extended the operating season. Full-year order intake amounted to 2,801 MSEK (1,680 MSEK), reflecting the competitiveness of Terranor's offering and supporting continued growth visibility.

Sweden remained the principal growth engine of the Group, delivering strong performance across state and municipal contracts. Excluding underperforming subsidiaries Norvia and Infra, Swedish operations demonstrated very strong underlying profitability, confirming the strength of the contract portfolio and operational execution. Corrective actions have been implemented in both Norvia and Infra.

In Finland, revenue for the full year increased by 9 percent, while profitability remained under pressure. Operations were affected by state contracts with high material-cost ratios and ceiling-price mechanisms, as well as reduced volumes of extra works compared to the prior year. The majority of the pressure relates to state contracts awarded during 2021–2023. These contracts run over five years and the effects are expected to materialise gradually over the period 2026–2028. During the year, the Company continued to restructure the Finnish operations, with a focus on reducing overhead and strengthening cost control.

In Denmark, 2025 developed according to plan. All five expiring state contracts were closed by year-end, with a strong joint focus on fulfilment of contractual commitments. Activity levels were high, although largely within contracted scope and with limited extra works, which affected margins. Four new state contracts and additional municipal contracts commenced in January 2026, positioning Denmark for gradual profitability improvement during 2026.

Multi-Year Overview

The table below presents a summary of key financial metrics for the Group over the last four financial years. Figures for 2022 and 2023 are sourced from the Historical Financial Information in the prospectus published in connection with the IPO in June 2025.

Amounts in TSEK	2025	2024	2023	2022
Net revenue	3 602 622	3 146 928	2 758 015	2 152 241
EBIT	15 481	65 936	62 518	77 694
Adjusted EBITA	98 087	89 500	83 963	96 993
Total assets	1 312 853	1 089 994	915 512	726 954
Average number of employees	652	548	453	387
Earnings per share (SEK)	-1.16	3.1	2.88	3.45

All amounts in MSEK unless otherwise stated. 2022 and 2023 figures are sourced from audited Historical Financial Information in the Offering Circular published June 2025. 2024 employee figure reflects average headcount per the Offering Circular; 2025 reflects average headcount. Earnings per share for 2022 and 2023 are not directly comparable due to the Group restructuring and IPO.

Revenue

Revenue totaled 3 602.6 MSEK (3 146.9 MSEK), an increase of 14 percent, which exceeds our annual growth target in the medium term. Growth was driven primarily by increased operational activity in connection with the state contracts and by higher levels of extra works across Sweden and Denmark. Favourable winter conditions prolonged the work season, allowing the teams to finalise extended scope of work.

Operating Profit and Operating Margin

Operating profit was 15.5 MSEK (65.9 MSEK) and operating margin amounted to 0% (2), due to higher non-recurring items related to the IPO process and lower profitability in specific subsidiaries.

Adjusted EBITA

Adjusted EBITA was 98.1 (89.5), reflecting an increase of 10 percent. The adj. EBITA margin was 3% (3), which is below our financial target of 5 % in the medium term. The group's adjusted EBITA is stable for the full year 2025. Items affecting comparability amounted to 72.4 MSEK (13.0), driven by restructuring costs and IPO-related costs.

Financial Income and Expenses

Financial income amounted to TSEK 199 (322), consisting entirely of interest income on financial assets measured at amortized cost. The decrease compared to the prior year is mainly attributable to lower interest-bearing receivable balances following repayments during the year. Financial expenses amounted to TSEK 21,272 (19,002), an increase of TSEK 2,270, or 12.0 percent. The increase is primarily driven by higher interest expenses on lease liabilities, which rose from TSEK 10,559 to TSEK 14,082, reflecting the continued expansion of the Group's lease portfolio in connection with business growth. This was partly offset by the financial guarantee fee from the principal owner, which amounted to TSEK 1,765 in 2024 and did not recur in 2025 following the completion of the IPO.

Profit Before Tax

Profit before tax amounted to TSEK –5,592 (47,256), a decrease of TSEK 52,848 compared to the prior year. The decrease is mainly attributable to items affecting comparability of TSEK 72,384 (13,001), consisting primarily of costs related to the listing of Terranor Group AB (publ) on Nasdaq First North Premier Growth Market and restructuring charges in Sweden and Finland.

Tax and profit of the year

For the full year 2025, profit was -23.1 MSEK (62.1). The decrease was mainly due to higher non-recurring items related to IPO process. There was also an increase in tax expense as deferred tax assets on losses carried forward were reversed in 2025. A deferred tax income was recognized on losses carried forward in the fourth quarter 2024, which has partly been reversed in the fourth quarter 2025.

Cash flow and financial position

Operating cash flow amounted to SEK 213.9 million (110.0), reflecting a continued improvement in liquidity management within the Group. Cash flow from investing activities amounted to SEK -6.5 million (-27.2), reflecting our strategy to maintain a low capital expenditure profile. For the full year 2025, cash flow from financing activities amounted to SEK -173.6 million (-67.8), which is primarily due to planned lease payments and a continued reduction in interest-bearing liabilities.

Leverage ratio, measured as Net debt divided by LTM Adjusted EBITDA, was -1.50x (-1.62) as per 31.12.2025, remaining stable and comfortably below the target of less than 2.5x. The improvement compared to last year was driven by stable underlying operating performance, lower net financial debt, and a solid contribution from working-capital optimisation during the fourth quarter. The Group's capital structure remains robust, providing financial flexibility to support ongoing operational initiatives and future investment needs.

Liquidity

The Group's primary source of liquidity is cash generated from operating activities. Cash flow from operating activities for the full year amounted to TSEK 213,859 (109,992), driven by solid earnings and improved working capital management across the Group. Net working capital decreased to TSEK 13,292 (85,553), reflecting strengthened cash management and favourable movements in contract assets and liabilities during the year. Cash and cash equivalents on 31 December 2025 amounted to TSEK 76,734 (45,292), an increase of TSEK 31,442 during the year.

Equity

Total equity on 31 December 2025 amounted to TSEK 188,384 (216,206), corresponding to an equity ratio of 14.4 percent (19.8). The decrease compared to the prior year is mainly attributable to the loss for the year of TSEK 23,130 and negative translation differences of TSEK 5,191, arising from the depreciation of the Danish krone and euro against the Swedish krona. These were partly offset by the effect of the common control transaction of TSEK 500 in connection with the establishment of Terranor Group AB (publ) as the new parent company of the Group. Share capital on 31 December 2025 amounts to TSEK 20,000, corresponding to 20,000,000 shares with a par value of SEK 1 per share, reflecting the new Group structure following the IPO completed on 30 June 2025.

Order Intake and Order Backlog

In 2025, order intake amounted to 2,801 MSEK (1,680), reflecting the competitiveness of our offering and supports continued growth and visibility going forward. Terranor's order backlog primarily comprises government and municipal contracts, typically spanning four to five years with options for extension, providing stable and predictable revenue streams with low risk and strong visibility.

Key Events During the Year

IPO on Nasdaq First North Premier

Terranor Group AB (publ) was listed on the Nasdaq First North Premier Growth Market on 30 June 2025, under the ticker TERNOR. The IPO represented a significant milestone for the Group, raising the public profile of Terranor and providing access to capital markets. Following the listing, senior executives and board members acquired shares in the Company. Significant management attention and resources were dedicated to the successful completion of the IPO during the year.

New board composition

During the year, Terranor Group strengthened its Board of Directors through the appointment of Anders Gustafsson as Chairman, together with Håkan Broman, Åse Lagerqvist von Uthmann, Johannes Laumann and Carl Kistenmacher. Carl Kistenmacher has also served as a board member of the former parent company, Terranor AB (publ), since 2025, adding further continuity and experience.

Contract Wins and Operational Highlights

During 2025, Terranor secured a significant volume of new contracts across all three markets, demonstrating the competitiveness of the Group's offering and supporting continued revenue growth visibility. Full-year order intake amounted to 2,801 MSEK (1,680 MSEK). Key contract wins and operational highlights during 2025 included:

- Q4 2025 – Sweden: Terranor was granted an option by the Swedish Transport Administration for road safety services in Southern Sweden, valued at MSEK 20, running until March 2027.
- Q4 2025 – Denmark: Terranor won a public tender with Tønder Municipality worth MSEK 270 over four years.
- Q4 2025 – Denmark: Terranor won a sweeping contract for Vejle Municipality worth MSEK 36 over four years.

Employees

At the end of the period, the Group had 682 (611) employees, of whom 139 are women and 543 are men. The Company's operations are based on successful tendering, effective site setup, and profitable contract execution. A structured framework is in place to ensure ongoing skill development and operational excellence throughout the organisation.

Terranor ensures ethical behaviour, fair working conditions, and compliance through its Code of Conduct, which includes guidelines on business ethics, human rights, anti-corruption, health and safety, environmental responsibility, and prohibitions against discrimination and harassment. Annual salary surveys ensure fair remuneration, and the Group complies with relevant labour laws. No person under the age of 16 is employed, and subcontractors must have union agreements or approval in accordance with applicable requirements. During projects, everyone at construction sites wears ID06 and is registered electronically.

Seasonal Effects

Terranor is subject to significant seasonal variation due to weather conditions. Revenue and earnings in the first quarter are normally weaker than in the remainder of the year, reflecting the lower level of summer maintenance activity during winter months. The fourth quarter and first quarter together represent the peak demand period for winter road operations. Favourable winter conditions during 2025 extended the operating season in certain markets, enabling the completion of additional scope of works and positively impacting revenue in the second half of the year.

The Terranor Share

Terranor Group AB (publ) was listed on the Nasdaq First North Premier Growth Market on 30 June 2025. The share is traded under the ticker symbol TERNOR. Terranor's Certified Adviser is DNB Carnegie Investment Bank AB.

The closing price of the Terranor share on the last trading day of the period was SEK 28.40. The average number of outstanding shares during 2025 since the listing amounted to 20,000,000 (0). At year-end, the total number of shares outstanding was 20,000,000.

Earnings per share before and after dilution for the full year 2025 amounted to SEK -1.16 (3.10), calculated on the basis of 20,000,000 shares. The Board of Directors proposes a dividend of SEK 1.50 per share for the 2025 financial year.

Corporate Governance

Terranor Group AB (publ) is a Swedish public limited liability company listed on Nasdaq First North Premier Growth Market. Corporate governance at Terranor is based on applicable Swedish legislation, including the Swedish Companies Act (Aktiebolagslagen 2005:551), the Nasdaq First North Premier Growth Market Rulebook, and the Company's Articles of Association.

The Corporate Governance Report is presented separately in this Annual Report. Reference is made to that report for a full description of the Company's governance structure, including the roles and responsibilities of the Board of Directors, the Chief Executive Officer, and any Board committees.

Risks and Uncertainties

Terranor's results, financial position, and cash flow are affected by both external changes and the Group's own actions. The purpose of risk management is to identify and analyse the risks the Company faces and, as far as possible, to prevent and limit any potential negative effects.

Macroeconomic and External Risks

Terranor's operations are influenced by macroeconomic factors such as economic downturns, inflation, and political uncertainty, which can reduce demand and affect revenues. Material costs and external disruptions also impact profitability and operations. Terranor relies on a strong supply chain; delays or price increases in materials and logistics pose risks to project execution and cost structure. Weather and seasonal variations significantly influence operational planning and financial performance.

Regulatory and Compliance Risks

Operating in Sweden, Denmark, and Finland, Terranor must comply with various regulations. Misapplication can result in legal disputes, fines, and lost contracts. Regulatory changes can impact competitiveness and operational costs. Terranor faces tax risks across jurisdictions, including surcharges, transfer pricing issues, and tax audits. Contractual obligations carry potential legal risks, with failure to meet terms leading to disputes and contract terminations.

Financial Risks

Through its operations, Terranor is exposed to various types of financial risks: credit risk, market risks (interest rate risk, currency risk, and other price risk), as well as liquidity risk and refinancing risk. These risks may adversely affect Terranor's financial stability and long-term growth prospects.

Finland – Ceiling Price Risk

In Finland, Terranor continues to face material ceiling price risk in several long-term state contracts. The contract period is five years and Terranor currently has affected contracts that expire between 2026 and 2029, with the majority of contracts expiring in 2027 and 2028. Contracts include pricing mechanisms with a ceiling that, due to various conditions and mechanisms, will fluctuate over the contract period. If costs still exceed the specific ceiling at the time of contract expiration, the excess must be reimbursed by Terranor.

As cost inflation and higher prices have persisted, several contracts have already significantly surpassed the approved ceiling price level. If Terranor cannot compensate for this, it represents a significant financial risk, as further cost increases could negatively impact revenue recognition and profitability, and potentially eradicate the equity of Terranor Oy. Terranor has several mitigating actions ongoing, including a legal claim towards clients regarding demands for additional compensation that substantially supersedes the risk mentioned above.

The recognition of these contracts has been carried out in accordance with the Group's accounting principles, which outline the estimates and assumptions impacting the reported revenue amounts. Due to the complexity of these contracts, there is potential for varying interpretations, which may affect the timing and measurement of revenue recognition.

Finland – Legal Dispute

Terranor Finland is involved in an ongoing legal dispute related to the interpretation and execution of contractual terms, primarily concerning how ceiling prices should be calculated, for example in the case of unforeseen events such as the war in Ukraine. While the dispute remains unresolved, it has the potential to introduce financial and operational uncertainty depending on the final outcome.

Together, the ceiling price exposure and the pending legal dispute represent significant risk factors for the Finnish operations and the potential range of impact remains broad, reflecting uncertainties tied to future cost developments, the resolution of the pending dispute, and potential changes in the interpretation of contract terms. Terranor continues to scope this exposure through scenario modelling, sensitivity analyses, and ongoing contract-level reviews to capture both short-term and multi-year downside risks. Management continues to monitor the situation closely and has taken steps to strengthen internal processes, improve contract governance, and ensure compliance with regulatory and contractual frameworks.

As clarity emerges, the Group will reassess the magnitude and duration of the exposure and will reflect any required adjustments in subsequent reporting periods in accordance with the established accounting principles.

Profitability Pressure and Restructuring Risks

The Group has experienced declining profitability among certain subsidiaries in Sweden. This trend may continue if restructuring efforts do not yield expected results. Finland and Terranor Norvia AB in Sweden are undergoing restructuring. These changes aim to reduce overhead and improve profitability but may involve transitional inefficiencies or reputational impact.

Environmental Impact

Sustainability

Terranor Group AB (publ) does not prepare a separate sustainability report. Reference is instead made to the parent company Mutares SE & Co. KGaA's sustainability report, which is available at https://ir.mutares.com/en/publications.

Terranor promotes an inclusive and safe workplace founded on honesty, respect, trust, and progress. The Company aims for long-term environmental sustainability by complying with laws and regulations, taking preventive measures, and making ongoing improvements. Terranor's supplier policy sets sustainability and ethics requirements within the supply chain.

Expected Future Developments

Terranor enters 2026 with strong momentum in its core business, a solid order backlog, and improved cash flow. The actions taken during 2025, both operationally and structurally, support continued development in line with the Group's strategy.

In Sweden, the strong underlying performance of Terranor AB is expected to continue, supported by the existing contract portfolio and further market share gains. Restructuring measures in Norvia and Infra are expected to contribute to improved profitability as the programmes advance.

In Finland, the short-term outlook remains challenging. The effects of underperforming state contracts are expected to materialise gradually over 2026–2028. Restructuring initiatives implemented during 2025 are aimed at creating the conditions for improved profitability in the longer term.

In Denmark, four new state contracts and additional municipal contracts commenced in January 2026. Under the new contractual framework, profitability is expected to gradually improve during 2026 as activity increases. The first quarter is traditionally a period of lower activity.

Demand for safe and sustainable roads remains strong across the Group's markets. Terranor's specialisation in road operations and maintenance, combined with disciplined execution and high-quality delivery, continues to support a strong competitive position and underpins the Board's confidence in the Group's medium-term prospects.

The Parent Company

The parent company, Terranor Group AB (publ), does not conduct any business operations of its own. Its sole purpose is to own and manage the subsidiaries within the Group. The parent company was incorporated on 26 March 2025.

For the period March–December 2025, the parent company reported a loss of SEK 3,351 thousand (0). Other operating expenses of SEK 4,221 thousand relate to group management and administrative costs. Total assets amounted to SEK 158,297 thousand at 31 December 2025, of which shares in subsidiaries represented SEK 156,480 thousand. Total equity amounted to SEK 153,629 thousand, comprising share capital of SEK 20,000 thousand and a share premium reserve of SEK 136,980 thousand.

Events After the Reporting Date

The following significant events occurred after 31 December 2025 and up to the date of this report:

- 16 January 2026: Terranor AB won a contract for road maintenance and traffic flow improvements in Stockholm, valued at MSEK 33.
- 29 January 2026: Terranor AB won an operations and maintenance contract from the Swedish Transport Administration (Trafikverket) regarding Skellefteå Södra, valued at MSEK 224.
- 30 January 2026: Terranor AB won two municipality contracts in Helsingborg valued at MSEK 105 in total.
- 3 February 2026: Terranor AB won a collaboration agreement in two phases for operations and maintenance in Sundsvall, with an estimated total value of MSEK 540 over six years.
- 17 February 2026: Terranor Oy won an operations and maintenance contract in Kemi, Finland, valued at MSEK 195.
- 24 February 2026: Terranor AB won an operations and maintenance contract in Vännäs, valued at MSEK 167.
- 7 March 2026: Terranor AB won an operations and maintenance contract in Malmö, valued at MSEK 227.
- 25 March 2026: Terranor Oy won an operations and maintenance contract in Ii, valued at MSEK 83.
- 25 March 2026: The principal shareholder, Mutares SE & Co. KGaA, sold 2,074,700 shares, representing 10.4% of the share capital of Terranor Group.
- 27 March 2026: Terranor AB won an operations and maintenance contract in Norrköping, valued at MSEK 52.
- 8 April 2026: Terranor AB won an operations and maintenance contract in Väsby, valued at MSEK 272.
- 16 April 2026: Terranor AB won two contracts worth SEK 36 million for road adjacent water, drainage, and ventilation systems.
- 16 April 2026: Terranor AB won an operations and maintenance contract in South-Eastern Värmland, valued at MSEK 214.
- 17 April 2026: Terranor AB was awarded a two-year option Gothenburg valued at MSEK 175.

The ongoing conflict in the Middle East has led to rising and volatile energy prices, which may have a potential effect on overall economic development. Terranor is closely monitoring developments in order to manage and limit any potential negative effects on its operations.

Appropriation of Profit

Proposed Appropriation of Profit or Loss

The Board of Directors proposes that the Annual General Meeting resolve on the following appropriation of the parent company's disposable profit and non-restricted reserves:

The following amounts in SEK are at the disposal of the Annual General Meeting:	
Share premium reserve	136 980 000
Profit brought forward	0
Loss for the year	-3 350 965
Total available	**133 629 035**

The Board of Directors proposes the following appropriation:	
Dividend, 20,000,000 shares at 1.50 SEK per share	30 000 000
Carried forward	103 629 035
Total available	**133 629 035**

The Board of Directors is of the opinion that the proposed dividend is well-founded having regard to the requirements which the nature, scope and risks of the business place on the size of the Company's equity, and the Company's need to strengthen its balance sheet, liquidity and financial position in general (Chapter 17, Section 3, paragraph 2 of the Swedish Companies Act 2005:551). The proposed record date is 27 May 2026 with payment date 1 June 2026.

The Board of Directors certify that this Directors' Report and the annual report and consolidated accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Group's and the parent company's financial position and results of operations, and that the Directors' Report gives a true and fair overview of the development of the Group's and parent company's business, financial position and results of operations and describes the principal risks and uncertainties to which the Group and parent company are exposed.

Board of Directors, Terranor Group, Stockholm, 21 April 2026

Financial statements

Consolidated income statement of profit or loss

Amounts in TSEK	Note	2025	2024
Revenue	4.5	3 602 622	3 146 928
Other operating income	6	7 461	5 965
Raw materials and consumables		-2 528 206	-2 259 514
Personnel expenses	8	-627 788	-517 531
Depreciation, amortization and impairment		-161 180	-126 007
Other operating expenses	9	-277 428	-183 904
Operating profit (EBIT)		**15 481**	**65 936**
Financial income	10	199	322
Financial expenses	11	-21 272	-19 002
Profit before tax		**-5 592**	**47 256**
Income tax expense	12	-17 539	14 797
Profit for the year		**-23 130**	**62 053**
The profit for the period is attributable in its entirety to the shareholders of the parent company.			
Earnings per share	13		
Basic and diluted earnings per ordnary share (SEK)		-1.16	3.10

Consolidated statement of comprehensive Income

Amounts in TSEK	Note	2025	2024
Profit for the year		-23 130	62 053
Other comprehensive income			
Items that will be reclassified to profit or loss (net of tax)			
Exchange differences, foreign operations			
Translation difference		-5 191	2 819
Total other comprehensive income for the year, net of tax		**-5 191**	**2 819**
Comprehensive income for the year, net of tax		**-28 321**	**64 872**

The comprehensive income for the period is attributable in its entirety to the shareholders of the parent company.

Consolidated balance sheet

Amounts in TSEK	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Goodwill	14	18 626	18 626
Other intangible assets	15	18 827	30 539
Property, plant and equipment	16	105 441	117 538
Right-of-use assets	17	393 552	288 166
Deferred tax assets	12	11 711	20 620
Other non-current financial assets	18	4 167	12 278
Total non-current assets		**552 324**	**487 768**
Current assets			
Inventories	21	30 613	21 380
Trade receivables	19	407 068	369 393
Current tax receivables		20 444	9 375
Other current receivables	22	225 672	156 786
Cash and cash equivalents	23	76 734	45 292
Total current assets		**760 530**	**602 226**
TOTAL ASSETS		**1 312 853**	**1 089 994**

Amounts in TSEK		2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity	24		
Share capital		20 000	50
Other contributed capital		47 900	67 400
Reserves		4 986	10 177
Retained earnings including profit for the period		115 498	138 578
Equity attributable to shareholders of the parent company		**188 384**	**216 206**
Total equity		**188 384**	**216 206**
Non-current liabilities			
Liabilities to credit institutions		15 561	20 685
Lease liabilities		270 589	189 302
Deferred tax liabilities	12	10 855	6 383
Provisions	26	7 020	5 494
Total non-current liabilities		**304 025**	**221 863**
Current liabilities			
Liabilities to credit institutions		32 801	61 544
Accounts payable		338 560	232 328
Income tax payable		5 806	21 953
Lease liabilities		131 024	105 668
Other current liabilities		273 018	211 280
Accrued expenses and prepaid income	27	38 482	18 399
Provisions		754	754
Total current liabilities		**820 444**	**651 925**
TOTAL EQUITY AND LIABILITIES		**1 312 853**	**1 089 994**

Consolidated statement of cash flow

Amounts in TSEK	Note	2025	2024
Operating activities			
Operating profit (EBIT)		15 481	65 936
Adjustment for items not included in the cash flow	28	178 553	113 881
Interest received		199	322
Interest paid		-7 190	-8 443
Income tax paid		-29 146	-12 564
Cash flow from operating activities before changes in working capital		**157 897**	**159 132**
Cash flow from changes in working capital			
Changes in inventories		-9 932	5 354
Changes in operating receivables		-45 184	39 117
Changes in operating payables		111 077	-93 611
Changes in working capital		**55 961**	**-49 140**
Cash flow from operating activities		**213 858**	**109 992**

Amounts in TSEK		2025	2024
Investing activities			
Purchase of property, plant and equipment		-17 359	-27 501
Sales of property, plant and equipment		10 824	5 316
Acquisition of subsidiaries		-	-5 000
Cash flow from investing activities		**-6 535**	**-27 185**
Financing activities	28		
New loans		2 444	18 228
Repayment of borrowings		-6 301	-5 049
Change in revolving liabilities		-29 153	21 856
Payment of principal portion of lease liabilities		-127 011	-92 247
Payment of interest for the lease liabilities		-14 082	-10 559
New share issue		500	-
Cash flow from financing activities		**-173 603**	**-67 771**
Cash flow for the year		33 720	15 035
Cash and cash equivalents at the beginning of the year		45 292	29 334
Exchange differences		-2 278	924
Cash and cash equivalents at the end of the year		**76 734**	**45 292**

A minor adjustment has been made on how translation differences are presented in the cash flow. The comparative figures have been restated, but the effect is deemed to be immaterial.

Consolidated statement of changes in equity

	Equity attributable to shareholders of the parent company				
Amounts in TSEK	**Share capital**	**Other contributed capital**	**Reserves**	**Retained earnings incl. profit for the period**	**Total equity**
Opening equity 2024-01-01	**50**	**67 400**	**7 359**	**76 525**	**151 334**
Profit for the year				62 053	62 053
Other comprehensive income for the year	-	-	2 819	-	2 819
Total comprehensive income for the year			**2 819**	**62 053**	**64 872**
Transactions with the Group's owners					
	-	-	-	-	-
Closing equity 2024-12-31	**-**	**-**	**10 177**	**138 578**	**216 206**
Opening equity 2025-01-01	**50**	**67 400**	**10 177**	**138 578**	**216 206**
Effect of common control transaction	19 950	-19 500		50	500
Profit for the year				-23 130	-23 130
Other comprehensive income for the year			-5 191		-5 191
Total comprehensive income for the year			**-5 191**	**-23 130**	**-28 321**
Transactions with the Group's owners					
Closing equity 2025-12-31	**20 000**	**47 900**	**4 986**	**115 498**	**188 384**

Income statement, parent company

Amounts in TSEK	Note	2025
Revenue		-
Other operating expenses		-4 221
Operating profit		**-4 221**
Financial income		-
Financial expenses		-
Profit before tax		**-4 221**
Income tax expense		869
Profit for the year		**-3 351**

Amounts in TSEK	Note	2025
Amounts in TSEK		
Profit for the year		**-3 351**
Comprehensive income for the year, net of tax		**-3 351**

Balance sheet, parent company

Amounts in TSEK	Note	2025-12-31
ASSETS		
Non-current assets		
Shares in subsidiaries	20	156 480
Deferred tax asset	12	869
Total non-current assets		157 349
Current assets		
Prepaid expenses and accrued income	22	674
Cash and cash equivalents	23	275
Total current assets		**949**
TOTAL ASSETS		**158 297**

Amounts in TSEK	Note	2025-12-31
EQUITY AND LIABILITIES		
Equity	**24**	
Restricted equity		
Share capital		20 000
Total restricted equity		**20 000**
Non-restricted equity		
Premium fund		136 980
Retained earnings including profit for the period		-3 351
Total non-restricted equity		**133 629**
Total equity		**153 629**
Current liabilities		
Accounts payable		221
Other current liabilities		4 000
Accrued costs and prepaid income	27	447
Total current liabilities		**4 668**
TOTAL EQUITY AND LIABILITIES		**158 297**

Statement of changes in equity, parent company

	Restricted equity	Non-restricted equity		
Amounts in TSEK	**Share capital**	**Premium fund**	**Retained earnings including profit for the period**	**Total equity**
Opening equity 2025-03-28	**500**	**-**	**-**	**500**
Contribution-in-kind	19 500	136 980		156 480
Profit for the year			-3 351	-3 351
Other comprehensive income for the year				
Total comprehensive income for the year			**-3 351**	**-3 351**
Closing equity 2025-12-31	**20 000**	**136 980**	**-3 351**	**153 629**

Statement of cash flow, parent company

Amounts in TSEK	**Note**	**2025**
Operating activities		
Operating profit (EBIT)		-4 221
Adjustment for items not included in the cash flow	28	-226
Interest received		-
Interest paid		-
Income tax paid		-
Cash flow from operating activities before changes in working capital		**-4 447**
Cash flow from changes in working capital		
Changes in operating payables		221
Changes in working capital		**221**
Cash flow from operating activities		**-4 226**

Amounts in TSEK	**Note**	**2025**
Investing activities		
Acquisition of subsidiaries		-
Cash flow from investing activities		**-**
Financing activities	28	
New loans		4 000
Repayment of borrowings		500
Cash flow from financing activities		**4 500**
Cash flow for the period		**275**
Cash and cash equivalents at the beginning of the period		-
Exchange differences		-
Cash and cash equivalents at the end of the period		**275**

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Notes

Note 1. General

These financial statements include the Swedish company Terranor Group AB (publ), registration number 559525-3732, as the parent company of the Group with its subsidiaries.

The Group is engaged in contracting activities for the provision of operation and maintenance services in the fields of traffic, land, construction and civil engineering and related activities.

Terranor Group AB (publ) is a public limited liability company registered and domiciled in Stockholm, Sweden. The address of the registered office is Björnstigen 85, SE-170 73 Solna, Sweden.

These financial statements were approved by the Board of Directors and dated on 21 April 2026.

Note 2. Accounting principles

Basis of preparation of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the Group applies the Swedish Annual Accounts Act (1995:1554) and RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Corporate Reporting Board.

The financial statements have been prepared on a going concern basis. Assets and liabilities are valued on a historical cost basis. All amounts are stated in thousands of Swedish kronor ("TSEK") unless otherwise stated.

The accounting principles applied are consistent with those used in previous financial statements.

New or amended standards after 2025

A number of new and amended accounting standards are not yet effective and have not been early adopted in the preparation of the financial statements. The Group intends to comply with these new and amended standards when they become effective.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB published the new standard IFRS 18 Presentation and disclosures in financial statements, which will replace IAS 1 Presentation of financial statements. IFRS 18 is effective from 1 January 2027 (subject to endorsement by the EU) and will be applied retrospectively to both annual and interim financial statements.

The new standard introduces three areas of new requirements aimed at increasing the comparability, transparency and usefulness of financial statements. The first area introduces new requirements for the structure of the consolidated statement of profit or loss in the Group, through the introduction of categories and requires companies to present two new defined subtotals ("Operating profit" and "Profit before financing and income taxes"). The second area introduces new disclosure requirements for certain key performance indicators used by the company in its external financial communications, known as management-defined performance measures ("MPM"). The third area introduced by IFRS 18 aims to provide companies with enhanced guidance on aggregating and disaggregating information in financial statements and notes. The standard also provides guidance on how companies can determine whether information about an item should be included in the primary financial statements or in the notes. As a result of the implementation of IFRS 18, there will also be amendments to other standards, such as IAS 7 Statement of Cash Flows, IAS 34 Interim Financial Reporting and IAS 33 Earnings per Share.

Terranor has started a preliminary assessment of the effects of IFRS 18 in 2025. The implementation of IFRS 18 will require a change in the structure of the consolidated statement of profit or loss and an assessment of the grouping of items in the financial statements and notes. The presentation of the cash flow statement will also be affected by the implementation of IFRS 18. Furthermore, the introduction of IFRS 18 will entail the identification of MPMs relevant to the Group and the compilation of disclosures regarding these in the notes.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB published amendments to IFRS 9 and IFRS 7 on the classification and measurement of financial instruments. The amendments clarify, inter alia, the timing of derecognition of financial liabilities and additional guidance for electronic payments. The amendments also clarify the assessment of the nature of contractual cash flows of financial assets with special terms and conditions, including those related to sustainability-linked contracts. The amendments, subject to EU endorsement, will apply for periods beginning on or after 1 January 2026 with retrospective application by adjusting the opening balance of retained earnings.

Terranor will start assessing the impact of the amendments to IFRS 9 and IFRS 7 in 2025. The amendments may affect the timing of derecognition of financial liabilities. Otherwise, no new or amended standards are expected to have a material impact on the consolidated financial statements.

Consolidation of subsidiaries

Subsidiaries include all companies over which Terranor has a controlling interest. Subsidiaries included in these financial statements are disclosed in Note 20 Group companies. The consolidation prepared by Terranor Group AB (publ) is a continuation of the consolidation previously presented by Terranor AB (publ).

Acquisitions under common control

Terranor Oy was acquired from mutares Holding-39 GmbH in November 2022. This constituted a transaction under common control as both Terranor AB (publ) and mutares

Holding-39 GmbH are controlled by Mutares SE & Co. KGaA at the time of the acquisition. Transactions under common control are currently not covered by any IFRS standard, which means that an appropriate accounting principle must be applied in accordance with IAS 8. An applicable and accepted method for this type of transaction is to use previous book values (predecessor basis), which is the method that Terranor has chosen to apply. The financial information relating to Terranor Oy has been included in these consolidated financial statements based on the financial information relating to Terranor Oy as included in the consolidated financial statements of Mutares SE & Co. KGaA. Furthermore, a retrospective method has been applied, which means that Terranor Oy is included in all periods covered by these consolidated financial statements even though the legal ownership of Terranor Oy was transferred to Terranor AB (publ) only in November 2022.

Business combinations

The Group's business combinations, accounted for using the acquisition method, are disclosed in Note 31 Business combinations.

Currency

Functional and presentation currency

Items included in the financial statements of each company in the Group are measured using the functional currency of the company, which for the Group is the local currency of the country in which each company has its principal place of business. The functional currency of the parent company is Swedish kronor, which is the presentation currency of the Group.

Transactions in foreign currency

Exchange differences arising on the translation of foreign currency transactions into the functional currency are recognized in the consolidated statement of profit or loss. Exchange gains and losses on operating receivables and liabilities are recognized in operating profit, with exchange gains recognized as other operating income and exchange losses recognized as other operating expenses, while exchange gains and losses on other receivables and liabilities are recognized as financial items, with exchange gains/losses on receivables recognized as financial income and exchange losses/losses on liabilities recognized as financial expenses.

Translation of foreign subsidiaries

Assets and liabilities of foreign operations are translated from the functional currency of the foreign operation into the Group's presentation currency, Swedish kronor, at the European Central Bank exchange rate prevailing at the reporting date. Income and expenses of a foreign operation are translated into Swedish kronor at the European Central Bank's average exchange rate, which is an approximation of the exchange rates prevailing at the respective transaction dates. Translation differences arising from the translation of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity.

Revenue from contracts with customers

The Group's revenue from contracts with customers derives mainly from operation and maintenance contracts for roads and other specified areas, as well as related services in the form of light road works, temporary road safety measures and the construction and maintenance of green areas. The Group's customers are state and municipal entities and private operators.

The Group's contracts typically extend over several years and mainly involve delivering an integrated end-to-end solution to the customer where Terranor's obligation can be both to stand ready to perform an unspecified number of services when needed and at an indefinite time (unspecified services), and to perform a number of specified services a specified number of times each month/year (specified services). The services are normally negotiated at a combined level within the contract, where the scope of the services is interdependent, as such, the Group normally identifies a single performance obligation.

The performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits provided by Terranor's services as Terranor performs them, and Terranor's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognizes revenue as Terranor satisfies its performance obligation. Terranor uses an input method based on the contract price (transaction price) on the basis of costs incurred in the project in relation to total costs to fulfill the performance obligation. Where the unavoidable costs of meeting the contractual performance obligation exceed the expected economic benefits, the existing contractual obligation is recognized as a provision. No significant provisions for onerous contracts have been recognized.

The Group's contracts with customers include variable consideration, such as penalties, bonuses, index adjustments and other variable consideration. Terranor makes estimates when determining the transaction price for variable consideration. When estimating the variable consideration, either the expected value or the most likely amount is used as the method. For each type of variable consideration, the method that Terranor believes better predicts the variable consideration amount is applied.

The Group's contracts with customers are normally subject to contractual modifications. A contract modification is identified either as an extension of an existing contract or as a new contract. Contract modifications that are managed within the existing contract are combined with the existing package of services that make up the overall performance obligation agreed with the customer. In cases where contract modifications relate to additional services that do not have a natural link to the original contract, the contract modification is accounted for as a new contract, provided that both the scope and price of the additional services increase by their respective stand-alone selling price.

The Group has certain short-term contracts that typically has a contract duration of less than 12 months. For these contracts, revenue is recognized at the amount that Terranor is entitled to invoice, as the Group is entitled to compensation from a customer at an amount that directly corresponds to the value to the customer of Terranor's performance achieved to date.

Contract assets

A contract asset is initially recognized for revenue arising from Terranor's contracts with customers when the receipt of consideration is conditional on the successful completion of a

contracted work element. Upon completion of the work element and customer approval, the amount recognized as a contract asset is reclassified to trade receivables.

Contract liabilities

A contract liability is recognized when consideration from contracts with customers has been invoiced but revenue has not yet been earned.

Employee benefits

Defined contribution pension plans

Terranor's pension obligations are covered by defined contribution plans. The Group's obligations relating to contributions to defined contribution plans are recognized as an expense in the consolidated statement of profit or loss as they are earned by the employees' services to the Group during the period.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is considered to have an indefinite useful life and is therefore tested for impairment at least annually.

Intangible assets

Intangible assets of the Group consist of customer relationships and other intangible assets. The Group's intangible assets have a finite useful life and are measured at cost less accumulated amortization and any accumulated impairment losses. Depreciations of intangible assets are recognized as Depreciation, amortization and impairment in the income statement.

Amortization principles/amortization

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The useful lives applied are:

Customer relations	6-10 years

The Group performs an impairment test when there is an indication that the intangible assets are impaired.

Property, plant and equipment

The Group's property, plant and equipment comprises buildings and land, machinery and other technical equipment, furniture and office equipment and construction in progress. Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation principles

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The useful lives applied are:

Buildings and land	50 years
Machinery and other technical installations	2-10 years
Furniture and office equipment	3-10 years

The Group performs an impairment test when there is an indication that an item of property, plant and equipment is impaired.

Provisions

A provision is recognized in the balance sheet when a legal or informal commitment exists due to an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably.

Leasing contracts

At the commencement date of a lease, the Group recognizes a lease liability equal to the present value of fixed lease payments to be made during the lease term. The lease term is determined as the non-cancellable period together with periods to extend or terminate the lease if the Group is reasonably certain to exercise those options. The cost of variable lease payments is recognized in Other operating expenses or Raw materials and consumables. Right-of-use assets are measured at cost less accumulated depreciation and any impairment losses, and adjusted for remeasurements of the lease liability. The cost of right-of-use assets includes the initial value recognized for the related lease liability, initial direct costs, and any prepayments made on or before the commencement date of the lease, net of any incentives received.

Terranor's leased assets consist primarily of premises, vehicles and machinery and other technical equipment. Terranor's leases typically contain options to extend the lease term beyond the expiry of the non-cancellable lease term and some leases run until further notice, with Terranor evaluating whether or not the Group is reasonably certain to exercise the option. See Note 3 Significant estimates and judgments for the judgments made by management regarding extension options in the Group's leases.

Application of practical expedients

Terranor applies the practical expedients for short-term leases and for leases where the underlying asset is of low value. Short-term leases are defined as leases with a maximum initial lease term of 12 months after taking into account any options to extend the lease. Leases where the underlying asset is of low value are defined by the Group as leases where the underlying asset could be purchased for a maximum of SEK 50 000. Expenses for these leases are recognized on a straight-line basis over the lease term within Other operating expenses or Raw materials and consumables.

Inventories

Inventories consist of sand and salt. Inventories are valued at the lower of cost and net realizable value. The Group determines cost using the first-in, first-out (FIFO) method.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The recognized cash flows includes only transactions that involve cash payments and disbursements.

Financial instruments

Classification and measurement

The Group's financial instruments are measured at amortized cost.

Allowance for expected credit losses

The Group's financial assets measured at amortized cost and contract assets are subject to impairment for expected credit losses. The simplified approach is applied for trade receivables and contract assets, and for cash and cash equivalents the general approach (three-step impairment

method) is applied. In the event that the provision for expected credit losses is not deemed immaterial, a loss allowance is recognized. Financial assets and contract assets are measured in the balance sheet at the net of the gross amount and the loss allowance. Changes in the loss allowance are recognized in other operating expenses, except for any loss allowance for cash and cash equivalents, which is recognized in financial items. See Note 25 Financial risks for further information.

Parent company accounting principles
The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Reporting Board recommendation RFR 2 Accounting rules for legal entities. RFR 2 requires that the parent company, in the annual report for the legal entity, use all EU adopted IFRSs and interpretations as far as possible within the framework of the Swedish Company Accounts Act and with due regard for the relationship between accounting and taxes. The recommendation states which exceptions and additions must be made to the IFRSs.

Changed accounting principles.

This is the first financial year of the parent company. New or amended IFRSs including interpretations that have been adopted by IASB but not yet applicable are not expected to have any material effect on parent company accounting.

Differences between the Group's and parent company's accounting principles

The Group's accounting principles are described above. The primary differences in the accounting principles applied by the Group and the parent company are described below.

Classification and presentation

The parent company's income statement and balance sheet are presented according to the structure in the Swedish Company Accounts Act. The departure from IAS 1 Presentation of financial statements, which is used in structuring the consolidated financial reports, is foremost in the presentation of equity.

Shares in subsidiaries

Participations in subsidiaries are recognized in the parent company according to the acquisition value method. This means that acquisition costs are included in the reported value of the holding in the subsidiary. In Group accounting acquisition costs that refer to the subsidiary are recognized directly in profit/loss as they occur.

Financial instruments

The parent company applies the exception rule regarding IFRS 9 Financial instruments according to RFR 2, which means that all financial instruments are recognized according to a method based on the acquisition value according to the Swedish Company Accounts Act.

Group contributions

Group contributions are recognized as appropriations whether or not the Group contribution has been given or received.

Untaxed reserves

Untaxed reserves are recognized including deferred tax in the balance sheet. Changes in untaxed reserves are recognized as appropriations in the income statement.

Leases

The parent company applies the exception rule regarding IFRS 16 Leases in accordance with RFR 2. As a lessee leasing fees are expensed linearly over the leasing period.

Note 3. Significant estimates and judgements

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the recognized amounts of assets, liabilities, income and expenses, and related disclosures. In the process of applying the Group's accounting policies, management makes various judgments, which can significantly affect the amounts recognized in the financial statements. The uncertainties in estimates and assumptions about the future at the end of the reporting period could result in a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following summarizes the Group's significant estimates, including assumptions about the future, and judgments that Terranor believes have the most significant effect on the amounts recognized in the financial statements. The section is divided into Judgments made by management in applying Terranor's accounting policies and Sources of uncertainty in estimates and assumptions.

Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Changes in estimates and assumptions are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Judgments made by management in applying Terranor's accounting policies
In the process of applying the Group's accounting policies, management has made the following judgments, which are considered to have the most significant effect on the amounts recognized in the financial statements.

Measurement of lease liabilities
IFRS 16 has a material impact on Terranor's financial statements. In calculating the lease liability, the company's management has made a number of estimates and assumptions that, if they had been made in a different way, would have affected the size of the lease liability. The size of the lease liability is primarily affected by assumptions regarding the determination of lease terms. Terranor's leases normally contain options to extend the lease term after the expiry of the non-cancellable lease term and some leases run until further notice. Terranor has determined lease terms based on experience and analyzed relevant facts and circumstances that create economic incentives to exercise extension options. These options are analyzed annually and will be included in the lease liability as soon as it is

reasonably certain that they will be exercised. See Note 17 Leases for further information.

Sources of uncertainty in estimates and assumptions
The assumptions about the future and other sources of estimation uncertainty that exist at the reporting date and have a significant risk of resulting in a material adjustment to assets and liabilities within the next financial year are described below. Assumptions and estimates have been based on information available at the time these financial statements were prepared. Assumptions and estimates about future developments may change, based on changes in the market or other circumstances that arise that are not within the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue recognition – measuring progress towards complete satisfaction of a performance obligation
The Group recognizes revenue from contracts with customers where the performance obligation is satisfied over time, starting from the contract price (transaction price) on the basis of the costs incurred in the project in relation to the total costs to satisfy the performance obligation (input method). This requires that the transaction price of the project and the costs incurred can be reliably calculated. To do so, well-functioning systems for costing, forecasting procedures and project monitoring are needed. Forecasting the final outcome of the project is a critical estimate that is essential for revenue recognition during the project. Forecasts are evaluated regularly during the life of each project and adjusted as necessary. If management assesses that there is a risk that the final revenue of a project may differ significantly from the recognized revenue over time for the same project, management applies constrained estimates of the project's revenue to avoid the possibility of a significant reversal of revenue at the end of the project. Similarly, management continuously monitors the risk of potential onerous contracts to ensure that the necessary provisions are made.

Revenue recognition – estimation of variable consideration
The Group's contracts with customers include variable consideration, such as penalties, bonuses, index adjustments and other variable consideration. Management makes estimates when determining the transaction price of variable consideration. When estimating variable consideration, either the expected value or the most likely amount method is used. The method applied for different types of variable consideration is the one that Terranor considers to better predict the variable consideration amount. The variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal of cumulative recognized income will not occur when the uncertainty associated with the variable consideration ceases.

Provisions – recognition of onerous contracts in the Group's customer projects
Recognition of onerous projects is a significant estimate and judgment that is continuously monitored by the Group but does not amount to material amounts in the periods presented. The reliability of the Group's estimate and judgment is based on, inter alia, compliance with Terranor's project management systems and the necessary knowledge of project management.

An onerous contract is considered onerous if Terranor's unavoidable costs of meeting its obligations under the contract exceed the economic benefits expected to be derived from it. If the Group has a customer contract that is onerous, the entire loss is recognized immediately in profit or loss, regardless of whether the project is ongoing and the Group's performance obligations are unfulfilled or partially unfulfilled, and the existing obligation is recognized and measured as a provision.

Deferred taxes – recognition of deferred tax assets
Deferred tax assets are recognized for unutilized tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Management has made a significant judgment in determining the amount of deferred tax assets that can be recognized, based on the expected timing and level of future taxable profits, together with future tax planning strategies. In 2024, a deferred tax asset related to previously unrecognized tax losses in Sweden was recognized, as these were assessed to qualify for recognition based on the budgeted and forecasted future financial performance.

The Group has tax loss carryforwards amounting to TSEK 3 473 (2024: TSEK 0) for which no deferred tax asset is recognized. The unrecognized tax loss carryforwards relate to subsidiaries that are not expected to generate taxable income in the foreseeable future and are not subject to expiration. Further details on income taxes are provided in Note 12.

Note 4. Operating segments

Terranor works in a decentralized model where each country is a separate component that is monitored separately, thus the Group's segments comprise the three countries; Sweden, Finland and Denmark, which is where the Group conducts its operations. No aggregations of segments have therefore been relevant. The chief operating decision maker (CODM), which in Terranor is the Group's CEO, reviews and allocates resources based on the performance measure adjusted EBITA. This performance measure is also the segment measure for the Group.

2025-01-01 - 2025-12-31	Sweden	Finland	Denmark	Total segment	Group functions	Eliminations	Group total
Revenue from external customers	2 231 102	628 375	743 145	3 602 622	-	-	3 602 622
Inter-segment revenue	-	2 616	-	2 616	-	-2 616	-
Total revenue	**2 231 102**	**630 991**	**743 145**	**3 605 237**	**-**	**-2 616**	**3 602 622**
Other operating income	13 773	89	-	13 862	-	-6 401	7 461
Raw materials and consumables	-1 605 356	-509 895	-412 955	-2 528 206	-	-	-2 528 206
Personnel expenses	-339 213	-73 594	-214 981	-627 788	-	-	-627 788
Depreciation and impairment of items of property, plant and equipment and right-of-use assets	-83 766	-20 813	-46 380	-150 958	-	-	-150 958
Others operating expenses	-188 560	-31 610	-62 007	-282 177	-4 221	8 970	-277 428
EBITA	**27 980**	**-4 831**	**6 822**	**29 971**	**-4 221**	**-48**	**25 703**
Items affecting comparability*	61 862	6 148	2 577	70 587	1 796	-	72 384
Adjusted EBITA	**89 842**	**1 316**	**9 400**	**100 559**	**-2 425**	**-48**	**98 087**
1. Specification of items affecting comparability							
Restructuring costs and other items affecting comparability	61 862	6 148	2 577	70 587	1 796	0	72 384
Total items affecting comparability	**61 862**	**6 148**	**2 577**	**70 587**	**1 796**	**-**	**72 384**

2024-01-01 - 2024-12-31	Sweden	Finland	Denmark	Total segment	Group functions	Eliminations	Group total
Revenue from external customers	1 832 013	577 012	737 902	3 146 928	-	-	3 146 928
Inter-segment revenue	-	1 113	-	1 113	-	-1 113	-
Total revenue	**1 832 013**	**578 125**	**737 902**	**3 148 041**	**-**	**-1 113**	**3 146 928**
Other operating income	10 048	-	617	10 665	-	-4 700	5 965
Raw materials and consumables	-1 389 806	-474 613	-395 095	-2 259 514	-	-	-2 259 514
Personnel expenses	-241 235	-56 318	-219 979	-517 531	-	-	-517 531
Depreciation and impairment of items of property, plant and equipment and right-of-use assets	-58 559	-13 643	-43 242	-115 445	-	-	-115 445
Others operating expenses	-96 461	-31 500	-61 758	-189 720	-	5 816	-183 904
EBITA	**56 000**	**2 050**	**18 445**	**76 496**	**-**	**3**	**76 499**
Items affecting comparability*	9 322	2 169	1 510	13 001	-	-	13 001
Adjusted EBITA	**65 322**	**4 220**	**19 955**	**89 497**	**-**	**3**	**89 500**
1. Specification of items affecting comparability							
Restructuring costs and other items affecting comparability	9 322	2 169	1 510	13 001	-	-	13 001
Total items affecting comparability	**9 322**	**2 169**	**1 510**	**13 001**	**-**	**-**	**13 001**

Eliminations consist of purchases and sales between group companies.

Group total	2025	2024
Adjusted EBITA	98 087	89 500
Amortization of intangible assets	-10 222	-10 563
Items affecting comparability	-72 384	-13 001
Financial income	199	322
Financial expenses	-21 272	-19 002
Profit before tax	**-5 592**	**47 256**

Terranor has some major customers who individually account for more than 10 percent of revenue. These customers are the Swedish Transport Administration, the Danish Road Directorate and the Finnish Transport Infrastructure Agency. The total revenue from the Swedish Transport Administration amounts to TSEK 1,578,865 (TSEK 1,280,806). The total revenue from the Danish Road Directorate amounts to TSEK 375,946 (TSEK 427,194). The total revenue from the Finnish Transport Infrastructure Agency amounts to TSEK 542,777 (TSEK 514,314). Revenue from the three customers is reported within the respective segment/country.

External revenues are based on the location of customers and are shown in the tables above. The carrying amounts of non-current assets are based on the location of the assets. Non-current assets as shown in the table below include intangible assets (including goodwill, property, plant and equipment and right-of-use assets

	2025	2024
Data per country of operations	**Non-current assets**	**Non-current assets**
Sweden	326 713	265 028
Finland	48 777	76 203
Denmark	123 503	113 639
In total	**498 993**	**454 870**

All transactions between segments are conducted on an arm's length basis.

Note 5. Revenue

Presented below is the Group's revenue, which represents the Group's revenue from contracts with customers. The Group breaks down its revenue by type of customer, in addition to segments (by country), which corresponds to how the Group tracks the revenue.

2025-01-01 - 2025-12-31	Sweden	Finland	Denmark	Group total
Type of customer				
State authorities	1 578 865	542 777	375 946	2 497 589
Municipalities	347 164	56 427	196 241	599 833
Private customers	305 071	29 171	170 957	505 199
Revenue from contracts with customer	**2 231 102**	**628 375**	**743 145**	**3 602 622**

2024-01-01 - 2024-12-31	Sweden	Finland	Denmark	Group total
Type of customer				
State authorities	1 280 806	514 314	427 194	2 222 313
Municipalities	287 275	34 238	128 487	449 999
Private customers	263 933	28 461	182 222	474 615
Revenue from contracts with customer	**1 832 013**	**577 012**	**737 902**	**3 146 928**

Contract balances	2025-12-31	2024-12-31
Trade receivables	407 068	369 393
Contract assets	193 763	143 817
Contract liabilities	132 346	81 046

Contract assets	2025-12-31	2024-12-31
Worked-up revenues from ongoing contracts	3 437 848	3 086 445
Invoicing for ongoing contracts	-3 244 085	-2 949 504
Total	**193 763**	**136 941**

Contract liabilities	2025-12-31	2024-12-31
Advance invoicing for ongoing contracts	3 080 920	2 467 722
Worked-up revenues from advance-invoiced contracts	-2 948 574	-2 386 677
Total	**132 346**	**81 046**

Contract assets comprise advance payments in the Group's ongoing contracts with customers, to which the company's right to consideration is conditional on continued performance in accordance with the contract. When the company's right to payment becomes unconditional, the asset is recognized as a trade receivable. Contract liabilities comprise advance payments received from customers and amounts invoiced to customers in the Group's contracts with customers where revenue has not yet been recognized.

Contract assets are recognized in Other non-current financial assets and Other current receivables and contract liabilities in Other current liabilities in the consolidated statement of financial position. See also note 22 Other current receivables for information.

Invoiced unearned income as of the closing date or earlier is considered to have been earned in all material respects during the following year.

The table below shows the aggregate amount of revenue that the Group expects to recognize in future periods for contracts that contain unsatisfied or partially unsatisfied performance obligations. The amounts represent the Group's best estimate of the order book at the reporting date, based on existing agreed rights and obligations in the customer contracts. These orders may be subject to future contractual modifications, which may affect both the amount and timing of revenue recognition.

Unsatisfied (or partially unsatisfied) performance obligations as of the end of the reporting period:	**2025-12-31**	**2024-12-31**
Expected revenue recognition within 1 year	2 101 182	2 248 852
Expected revenue recognition after 1 year	3 341 359	2 880 514
	5 442 542	**5 129 366**

The remaining performance obligations that are expected to be recognized as revenue in more than one year relate to the Group's contracts with customers that are generally satisfied over a period of four to six years. The above disclosure is not provided for the Group's contracts with customers that have an initial expected term of one year or less, where revenue is recognized at the amount that the Group is entitled to invoice, when the Group is entitled to consideration from a customer in an amount that directly corresponds to the value to the customer of the Group's performance achieved to date.

Note 6. Other operating income

	Group		**Parent company**
	2025-12-31	**2024-12-31**	**2025-12-31**
Gain on sales of tangible assets	4 263	4 545	-
Insurance compensation	2 317	755	-
Other	881	665	-
	7 461	**5 965**	**-**

Note 7. Audit fees

	Group		**Parent company**
PwC	**2025**	**2024**	**2025**
Audit assignment	-4 091	-2 107	-1 182
Other auditing activities	-5 773	-	-300
Tax consultations	-105	-	-
Other services	-521	-	-
Total	**-10 490**	**-2 107**	**-1 482**

	Group		**Parent company**
Other audit firms	**2025**	**2024**	**2025**
Audit assignment	-396	-166	-
Other auditing activities	-232	-	-
Tax consultations	-	-	-
Other services	-	-	-
Total	**-628**	**-166**	**-**
Total audit fees	**-11 118**	**-2 273**	**-**

Audit assignment refers to the work of the auditor for the statutory audit and audit activities to various types of quality assurance services. Other services are those that are not part of an audit assignment or tax advice.

The audit assignment amounts to 4 091 TSEK, of which 2 585 relates to PwC Sverige. Other auditing services amounts to 5 773 TSEK, of which 5 432 TSEK relates to PwC Sverige. Tax consultations amount to 105 TSEK, of which 105 TSEK relates to PwC Sverige. Other services amounts to 521 TSEK, of which 521 TSEK relates to PwC Sverige.

The audit assignment for the parent entity amounts to 1 182 TSEK, of which 1 182 TSEK relates to PwC Sverige. Other auditing services for the parent entity amounts to 300 TSEK, of which 300 TSEK relates to PwC Sverige.

Note 8. Employees and personnel expenses

	2025		
Average number of employees	**Average number of employees**	**Women (percentage)**	**Men (percentage)**
Sweden	340	21%	79%
Finland	82	35%	65%
Denmark	230	13%	87%
Total in the Group	**652**	**20%**	**80%**

	2025		
Gender distribution, Board of Directors and executive management	**Average number of employees**	**Women (percentage)**	**Men (percentage)**
Board of Directors	5	20%	80%
Chief Executive Officer and other senior executives	2	50%	50%
Total in the Group	**7**	**29%**	**71%**

	2024		
Average number of employees	**Average number of employees**	**Women (percentage)**	**Men (percentage)**
Sweden	237	19%	74%
Finland	63	31%	69%
Denmark	248	13%	88%
Total in the Group	**548**	**17%**	**83%**

	2024		
Gender distribution, Board of Directors and executive management	**Average number of employees**	**Women (percentage)**	**Men (percentage)**
Board of Directors	3	-	100%
Chief Executive Officer and other senior executives	2	50%	50%
Total in the Group	**5**	**22%**	**78%**

Personnel expenses	**2025**	**2024**
Board of Directors and other senior executives		
Salaries and other remuneration	-17 966	-9 940
Social security contributions	-4 936	-1 640
Pension costs	-1 327	-2 006
Total	**-24 229**	**-13 586**
Other employees		
Salaries and other remuneration	-460 277	-408 570
Social security contributions	-78 883	-57 304
Pension costs	-50 786	-22 535
Total	**-589 946**	**-488 409**
Total Group	**-614 175**	**-501 995**

2025	**Base salary, board fee**	**Variable remun-eration**	**Pension cost**	**Other remun-eration**	**Total**
Chairman of the Board					
Anders Gustafsson	417	-	-	-	417
Board member					
Håkan Broman	208	-	-	-	208
Åse Lagerqvist von Uthmann	250	-	-	-	250
Johannes Laumann	-	-	-	-	-
Carl Kistenmacher	-	-	-	-	-
Chief Executive Officer					
Michael Berglin**	3 518	7 606	911	121	12 156
Other senior executives (1)	1 992	3 596	416	259	6 262
Total	**6 385**	**11 202**	**1 327**	**380**	**19 293**

2024	Base salary, board fee	Variable remun-eration	Pension cost	Other remun-eration	Total
Chairman of the Board					
Anders Gustafsson*	-	-	-	-	-
David Margula*					
Board member	**-**	**-**	**-**	**-**	**-**
Andreas Leion Ahlberg	-	-	-	-	-
Per Sjöblom	-	-	-	-	-
Michael Berglin					
Chief Executive Officer	**-**	**-**	**-**	**-**	**-**
Michael Berglin**	751	-	225	5	981
Other senior executives (1)	1 111	-	193	153	1 458
Total	**1 862**	**-**	**418**	**158**	**2 439**

* David Margula held the role of Chief Executive Officer for the period before Michael Berglin became Chief Executive Officer. David Margula subsequently served as Chairman of the Board until 23 April 2025. The company has not paid salary or board fees to David Margula.

** The remuneration to Michael Berglin relates to the time when he took over as CEO on 28 November 2024.

The parent company has no employees.

Remuneration and conditions for senior executives
Remuneration to the CEO and other senior executives consists of base salary, variable remuneration, pension benefits and other benefits such as car benefit. Other senior executives refer to the persons who, together with the CEO, make up the group management.

The CEO is entitled to a fixed salary of SEK 325,000 per month and may be entitled to variable remuneration in the form of a discretionary annual bonus. Furthermore, the CEO is entitled to an individual occupational pension insurance where the premium can amount to a total of 30 percent of the pensionable salary, which corresponds to the monthly salary and vacation pay (12.2 percent of the monthly salary). Both Terranor and the CEO shall observe a notice period of six months. For other senior executives, the period of notice is three months if the notice is given by the Group and three months if the other senior executives choose to terminate their employment. The pension benefit for other senior executives is 17.4 percent of pensionable salary.

Upon listing of the Company's shares on Nasdaq First North Premier Growth Market, the CEO, the CFO and other key individuals of the Group's subsidiaries are entitled to a cash bonus under an exit bonus agreement.

Severance payments
The CEO is entitled to severance pay equivalent to six fixed monthly salaries if the employment is terminated by Terranor for reasons other than if they are comparable to reasons that would entitle Terranor to dismiss an employee without warning. Other senior executives are entitled to severance pay equivalent to 12 months' salary under certain conditions.

Note 9. Other operating expenses

	Group		Parent Company
	2025	**2024**	**2025**
Expected credit loss	-205	-	-
Loss on sales of tangible assets	-42	-	-
Short term lease expense	-95 108	-67 245	-
Administrative costs	-42 327	-34 747	-
Other	-139 746	-81 912	-4 221
	-277 428	**-183 904**	**-4 221**

Note 10. Financial income

	Group		Parent Company
	2025	**2024**	**2025**
Financial assets at amortized cost			
Interest income other financial assets	199	313	-
Interest income trade receivables	-	9	-
Total interest income according to the effective interest rate method	199	**322**	-
Total financial income	**199**	**322**	**-**

Note 11. Financial expenses

	Group		Parent Company
	2025	2024	2025
For liabilities held at amortized cost			
Interest expenses on liabilities to credit institutions	-3 461	-3 514	-
Interest expenses on other financial liabilities	-3 729	-3 164	-
Total interest expenses at effective interest rate method	-7 190	**-6 678**	-
Other financial expenses:			
Financial guarantee fee from owner	-	-1 765	-
Interest expense on lease liabilities	-14 082	-10 559	-
Total interest expenses at effective interest rate method	**-14 082**	**-12 324**	**-**
Total financial expenses	**-21 272**	**-19 002**	-

Note 12. Taxes

	Group		Parent Company
Current income tax	**2025**	**2024**	**2025**
Current income tax on profit for the year	-4 249	-13 772	-
Adjustment of prior years current tax	-	-	-
Total current tax	**-4 249**	**-13 772**	-
Deferred tax			
Deferred tax on temporary differences	-8 416	7 637	-
Deferred tax on losses carried forward	-4 873	20 932	869
Total deferred tax	**-13 289**	**28 569**	**869**
Tax income/expense in the P&L	**-17 539**	**14 797**	**869**

	Group		Parent Company
Reconciliation of effective tax rate	**2025**	**2024**	**2025**
Profit before tax	**-5 592**	**47 256**	**-4 221**
Tax according to tax rate of the parent company (20,6%)	1 152	-9 735	869
Tax effect of:			
Non deductible expenses (-)	-3 573	-2 811	
Non taxable income (+)	10	2 169	
Losses incurred for which no deferred tax asset has been recognized	-1 427	-	
Reversal of previously recognized deferred tax asset on losses	-1 068	-	
Effect of foreign tax rates	39	-47	
Previously unrecognized tax assets related to loss carryforwards	-	20 932	
Other	-12 672	4 288	
Taxes recognized	**-17 539**	**14 797**	**869**
Effective tax rate	-314%	31%	-21%

Disclosures on deferred tax assets and deferred tax liabilities.

The following tables specify the tax effect of the temporary differences.

Deferred tax assets	**Other Temporary differences**	**Losses carried forward**	**Total**
Opening book value 2025-01-01	**-**	**20 620**	**20 620**
Recognized:			
In the profit or loss	2 772	-4 873	-2 101
Exchange rate differences on translation of foreign operations	-66	39	-27
Closing book value on 2025-12-31	**2 706**	**15 786**	**18 492**
Set off tax			**-6 781**
Net deferred tax asset			**11 711**

Deferred tax assets	Losses carried forward	Total
Opening book value 2024-01-01	**-**	**-**
Recognized:		
In the profit or loss	20 932	20 932
Exchange rate differences on translation of foreign operations	-312	-312
Closing book value on 2024-12-31	**20 620**	**20 620**

Deferred tax liabilities	Other Temporary differences	Untaxes reserves	Intangible assets	Total
Opening book value 2025-01-01	-	3 425	2 958	6 383
Recognized:				
In the profit or loss	8 773	1 508	906	11 187
Exchange rate differences on translation of foreign operations	20		45	65
Closing book value on 2025-12-31	**8 793**	**4 933**	**3 909**	**17 635**

Set off tax	**-6 781**
Net deferred tax liabilities	**10 855**

Deferred tax liabilities	Untaxes reserves	Intangible assets	Total
Opening book value 2024-01-01	**4 395**	**9 721**	**14 116**
Recognized:			
In the profit or loss	-970	-6 667	-7 637
Exchange rate differences on translation of foreign operations	-	-96	-96
Closing book value on 2024-12-31	**3 425**	**2 958**	**6 383**

There are tax loss carryforwards for which deferred tax assets have not been recognized in the balance sheet amounting to TSEK 3 473 (0 TSEK 2024). TSEK 12 105 has an expiration date in 2034. Deferred tax assets have not been recognized for these items as it is not probable that the Group will utilize them for offsetting against future taxable profits within the next few years.

Deferred tax assets parent company	Losses carried forward	Total
Opening book value 2025-01-01	**0**	**0**
Recognized:		
In the profit or loss	869	869
Closing book value on 2025-12-31	**869**	**869**

Note 13. Earnings per share

Basic and diluted earnings per share (SEK)	2025	2024
Profit for the year attributable to equity holders of the parent (SEK)	-23 130 304	62 053 398
Average number of ordinary shares outstanding	20 000 000	20 000 000
Basic and diluted earningsper share (SEK)	**-1.16**	**3.10**

* Earnings per share (EPS) has been calculated based on 20 000 000 shares, corresponding to the number of shares in the parent company Terranor Group AB (publ). The same number of shares has been applied for the comparable periods to ensure consistency.

The Group does not hold any potentially dilutive ordinary shares.

Note 14. Goodwill

Accumulated acquisition values	Goodwill
As of 31 december 2023	**-**
Business combination	18 626
As of 31 december 2024	**18 626**
As of 31 december 2025	**18 626**

Accumulated impairments	
As of 31 december 2023	-
As of 31 december 2024	-
As of 31 december 2025	-

Closing carrying amount at 31 december 2023	**-**
Closing carrying amount at 31 december 2024	**18 626**
Closing carrying amount at 31 december 2025	**18 626**

Impairment testing
The Group's goodwill of TSEK 18,626 has arisen in connection with Terranor AB (publ)'s acquisition of Terranor Norvia AB and NU Entreprenad AB on 2 July 2024 (see note 31 for more information).

Impairment testing is performed annually or more frequently if there are indications that goodwill has decreased in value. The impairment test is carried out by discounting the future pre-tax cash flows of the cash-generating units. The projected cash flows are based on Group management's best estimates, derived from the subsidiaries' most recent budgets and forecasts. The forecast period used in the calculation amounts to four years. Cash flows beyond the forecast period are calculated using an assumed long-term growth rate of 2% per annum.

Goodwill is tested for impairment at the lowest levels where there are separate identifiable cash flows (cash-generating units), which for the Group's goodwill is Terranor Norvia AB and NU Entreprenad AB.

Important variables when calculating recoverable amount

Forecast period	**4 years**
Long-term growth	2%
WACC	10,7%

Sensitivity analysis
A sensitivity analysis shows the the recoverable amount of goodwill exceeds its carrying amount even if the long-term growth rate were to be one percentage point lower, forecast EBIT were 5% lower, and the discount rate were one percentage point higher. All of these adverse changes may occur simultaneously without the recoverable amount falling below the carrying amount.

Note 15. Intangible assets

Accumulated acquisition values	**Customer relations**
As of 31 december 2023	**68 327**
Exchange rate differences	1 952
Reclassification	-
As of 31 december 2024	**70 279**
Exchange rate differences	-3 969
As of 31 december 2025	**66 310**
Accumulated amortizations	
As of 31 december 2023	**-28 237**
Amortization	-10 563
Exchange rate differences	-940
As of 31 december 2024	**-39 740**
Amortization	-10 221
Exchange rate differences	2 478
As of 31 december 2025	**-47 483**
Closing amount 31 december 2023	**40 090**
Closing amount 31 december 2024	**30 539**
Closing amount 31 december 2025	**18 827**

Note 16. Property, plant and equipment

Accumulated acquisition costs	Land and buildings	Mach-inery	Equip-ment	Ongoing new construct-ion	Total property, plant and equipment
As of 31 december 2023	**9 769**	**102 271**	**9 274**	**195**	**121 509**
Acquisitions for the year	1 516	26 035	-	-50	27 501
Acquired through business combination	-	41 163	-	-	41 163
Sales/disposals	-	-409	-	-	-409
Exchange rate differences	185	711	71	-	967
As of 31 december 2024	**11 470**	**169 771**	**9 344**	**145**	**190 731**
Acquisitions for the year	719	17 359	2 098	74	20 250
Sales/disposals	-	-15 358	-	-	-15 358
Exchange rate differences	-1 004	-1 481	-	-	-2 485
As of 31 december 2025	**11 185**	**170 292**	**11 442**	**219**	**193 138**
Accumulated depreciation					
As of 31 december 2023	**-2 669**	**-43 945**	**-6 073**	**-**	**-52 687**
Depreciation for the year	-1 627	-14 943	-3 144	-	-19 714
Reclassifications	-	-1 219	1 219	-	-
Exchange rate differences	-22	-699	-71	-	-792
As of 31 december 2024	**-4 318**	**-60 806**	**-8 069**	**-**	**-73 193**
Depreciation for the year	-1 927	-20 049	-59	-	-22 035
Reclassifications	-	5 861	-	-	5 861
Exchange rate differences	704	965	-	-	1 669
As of 31 december 2025	**-5 541**	**-74 029**	**-8 128**	**-**	**-87 698**
Closing book value as of 31 December 2024	**7 152**	**108 964**	**1 276**	**145**	**117 538**
Closing book value as of 31 December 2025	**5 644**	**96 263**	**3 314**	**219**	**105 441**

Note 17. Lease agreements

Terranor's significant lease agreements mainly comprise contracts relating to premises, vehicles, machinery and other technical installations. The table below presents the Group's closing balances for right-of-use assets and lease liabilities.

Right of use assets	**2025-12-31**	**2024-12-31**
Premises	39 880	42 022
Vehicles	250 775	181 510
Machinery and other technical installations	102 897	64 634
Total	**393 552**	**288 166**

	2025-12-31	**2024-12-31**
Additions to right of use assets during the year	**211 699**	**168 926**
Lease liabilities	**2025-12-31**	**2024-12-31**
Non-current	270 589	189 302
Current	131 024	105 668
Total	**401 613**	**294 970**

The amounts recognized in the consolidated statement of profit and loss during the year relating to leasing activities are presented below:

	2025	**2024**
Depreciation of right-of-use assets	-128 504	-94 640
Of which premises	-21 372	-18 390
Of which vehicles	-77 120	-59 963
Of which machinery and other technical installations	-30 012	-16 286
Interest expense on lease liabilities	-14 082	-10 559
Expensed for short-term lease agreements	-40 707	-32 018
Total	**-183 293**	**-137 217**
Total cash flow from leasing activities	**-181 800**	**-139 101**

Expenses for variable lease payments and for leases of low-value underlying assets amount to insignificant amounts during the period.

Terranor recognizes a cash outflow attributable to leases amounting to TSEK 181 800 (2024: TSEK 139 101). See note 25 Financial risks for a maturity analysis of the Group's lease liabilities.

Note 18. Non-current financial assets

Accumulated acquisition values	Deposits	Contract assets	Contract costs	Total
As of 31 december 2023	**2 829**	**402**	**3 131**	**6 362**
Acquisitions for the year	266	6 473	978	7 717
Exchange rate differences	90		99	189
As of 31 december 2024	**3 185**	**6 875**	**4 208**	**14 268**
Acquisitions for the year	362		55	417
Repayments / disposals	-890	-6 875	-	-7 765
Exchange rate differences	-172		-236	-408
As of 31 december 2025	**2 485**	**-**	**4 027**	**6 512**

Accumulated depreciation	Deposits	Contract assets	Contract costs	Total
As of 31 december 2023			**-875**	-875
Depreciation for the year			-1 091	-1 091
Exchange rate differences			-24	-24
As of 31 december 2024			**-1 990**	**-1 990**
Depreciation for the year			-476	-476
Exchange rate differences			121	121
As of 31 december 2025			**-2 345**	**-2 345**

Closing book value as of 31 December 2024	**3 185**	**6 875**	**2 218**	**12 278**
Closing book value as of 31 December 2025	**2 485**	**-**	**1 682**	**4 167**

Note 19. Financial instruments

Measurement of financial assets and liabilities as of 2025-12-31

	Financial instruments measured at amortized cost	
Financial assets	**Group**	**Parent company**
Other non-current financial assets	2 314	-
Trade receivables	407 068	-
Cash and cash equivalents	76 734	275
Total	**486 116**	**275**
Financial liabilities		
Liabilities to credit institutions	48 362	-
Trade payables	338 560	221
Liabilities to group companies	-	4 000
Other current liabilities	273 018	-
Total	**659 940**	**4 221**

Measurement of financial assets and liabilities as of 2024-12-31

	Financial instruments measured at amortized cost	
Financial assets	**Group**	**Parent company**
Other non-current financial assets	3 082	-
Trade receivables	369 393	-
Cash and cash equivalents	45 292	-
Total	**417 766**	**-**
Financial liabilities		
Liabilities to credit institutions	82 229	-
Trade payables	232 328	-
Other current liabilities	3 314	-
Total	**317 871**	**-**

The Group's interest-bearing liabilities carry floating interest rates, and the carrying amount is considered to be a good approximation of the fair value.

Current assets and liabilities

The Group has no financial assets or liabilities that have been offset in the accounts or are subject to a legally binding netting agreement. The maximum credit risk of the assets is the net amount of the carrying amounts in the tables above. The Group has not obtained any pledged assets for the net financial assets.

Note 20. Shares in subsidiaries

Parent company	2025-12-31	2024-12-31
Opening acquisition value	-	-
Acquisitions for the year	156 480	-
Closing acquisition value	**156 480**	**-**

			Capital share / voting share	
Company	**Registration number**	**Domicile**	**2025-12-31**	**2024-12-31***
Terranor AB (publ)	559185-9029	Sweden	100%	100%
Indirect subsidiaries:				
Terranor Infra AB	559434-5588	Sweden	100%	100%
Terranor Norvia AB	556824-8677	Sweden	100%	100%
NU Entreprenad AB	559161-3822	Sweden	100%	100%
Terranor Signa AB	559443-3897	Sweden	100%	100%
Terranor A/S	40598081	Denmark	100%	100%
Terranor Oy	3007636-4	Finland	100%	100%
Terranor Verte Oy	3345618-6	Finland	100%	100%

See note 31 for business combinations.

* As per 2024-12-31, Terranor AB (publ) was the parent of the group.

Note 21. Inventories

	Group		Parent company
	2025-12-31	**2024-12-31**	**2025-12-31**
Raw materials and consumables	30 613	21 380	-
Carrying amount	**30 613**	**21 380**	**-**

The inventory consists mainly of salt and sand used in road maintenance work.

Note 22. Other current receivables

	Group		Parent company
	2025-12-31	**2024-12-31**	**2025-12-31**
Contract assets - current	193 763	136 941	
Prepaid expenses	29 191	16 972	673
Other current receivables	2 718	2 873	
Carrying amount	**225 672**	**156 786**	**673**

Note 23. Cash and cash equivalents

	Group		Parent company
	2025-12-31	**2024-12-31**	**2025-12-31**
Bank deposits	76 734	45 292	275
Carrying amount	**76 734**	**45 292**	**275**

Of the Group's bank balances, restricted bank balances as of 31 December 2025 consist of TSEK 214 (as of 31 December 2024: 227 TSEK).

Note 24. Equity

Share capital

The registered share capital of Terranor Group AB (publ) of SEK 20 000 000 consists of 20 000 000 shares as of 31 December 2025. Terranor Group AB (publ) has only one class of shares where all shares have equal voting rights. The par value of shares is SEK 1.

Holders of ordinary shares are entitled to dividends, which are declared in arrears, and shareholding entitles them to one vote per share at general meetings. All shares have equal rights to the remaining net assets of Terranor. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company itself or its subsidiaries.

Other contributed capital

Other contributed capital consists of capital contributed by Terranor's owners in the form of shareholder contributions that took place in 2020.

In the transaction in November 2022 when Terranor Oy was acquired from Mutares Holding-39 GmbH no consideration was paid. The carrying amount of the net assets of Terranor Oy of MSEK 187.1 was therefore recognized as a shareholder contribution in Terranor AB (publ). Since, as described in note 2, Terranor Oy is consolidated on a retrospective basis, the

shareholder contribution received is eliminated in the consolidated financial statements as the net assets are already included in the consolidated balance sheet.

In connection with Terranor Group AB (publ) becoming the new parent company of the Group in June 2025, a portion of other contributed capital was reclassified as share capital.

Reserves

The Group's reserve relates entirely to a translation reserve, which includes all exchange differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a functional currency other that the currency in which the Group's financial statements are presented. The Group presents its financial statements in Swedish kronor. Accumulated translation differences are recognized in profit or loss on disposal of the foreign operation.

Translation reserve	2025	2024
Opening book value	10 177	7 359
Change for the year	-5 191	2 819
Closing book value	**4 986**	**10 177**

Note 25. Financial risks

The Group's profit or loss, financial position and cash flow are affected both by changes in the external environment and by the Group's own actions. Risk management work aims to clarify and analyse the risks that the Company faces and, as far as possible, to prevent and limit any negative effects.

The Group's activities expose it to various types of financial risk: credit risk, market risk (interest rate risk, currency risk and other price risk), liquidity risk and refinancing risk. The Board of Directors has overall responsibility for the Group's risk management, including financial risks. Risk management involves identifying, assessing and evaluating the risks faced by the Group. Priority is given to those risks that, based on an overall assessment of potential impact, probability and consequence, are deemed to have the most negative effect on the Group. The Group's overall objectives for financial risks are set out in the Group's Financial Policy.

Credit risk

Credit risk is the risk that the Group's counterparty to a financial instrument will fail to fulfill its obligation and cause the Group to incur a financial loss. The Group's credit risk arises primarily from receivables from customers and from the investment of cash and cash equivalents. At each reporting date, the Group evaluates the credit risk of existing exposures, taking into account forward-looking factors.

The financial assets for which the Group has made provisions for expected credit losses are shown below. In addition to the assets listed below, the Group also monitors the need for provisions for other financial instruments. Where the amounts are not deemed to be immaterial, a provision for expected credit losses is also made for these financial instruments.

Credit risk in trade receivables and contract assets.

The Group's credit risk is mainly in accounts receivable and contract assets, and Terranor's objective is to continuously monitor this credit risk. The Group's customers are mainly government agencies and municipalities. The Group has established guidelines to ensure that services are provided to customers with appropriate credit backgrounds. Payment terms are normally a maximum of 30 days. Historical credit losses are insignificant in relation to the Group's revenue.

Provision for expected credit losses, trade receivables and contract assets (simplified approach)

Expected credit losses are provided for the remaining term, which is expected to be less than one year for all receivables. The Company uses a rating-based approach to calculate expected credit losses based on probability of default, expected loss and exposure at default. The Company has defined default as when payment of the receivable is 90 days or more past due, or if other factors indicate that default exists. Where an external credit rating is not available for the counterparty, the Group applies an estimated rating for a group of similar counterparties with a similar risk profile. For credit-impaired assets and receivables and for receivables amounting to significant amounts, an individual assessment is made taking into account historical, current and forward-looking information. For non-credit impaired receivables and receivables that do not amount to material amounts, a collective assessment is made. The Company writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have ceased.

Ageing analysis of accounts receivable	2025-12-31	2024-12-31
Gross amount		
Trade receivables not yet due	374 314	341 468
Overdue accounts receivable:		
-30 days	28 109	23 191
31-60 days	290	1 448
61-90 days	2 108	938
91-120 days	338	330
>120 days	1 909	2 019
Total gross amount	**407 068**	**369 393**
Provision for expected credit losses		-
Accounts receivable	**407 068**	**369 393**

The credit quality of receivables that are not more than 90 days past due is considered to be good, based on historically low levels of bad debts and taking into account forward-looking factors. The Group does not have any written-off receivables that are still under recovery action.

The credit quality of the Group's contract assets is considered to be good and provision for expected credit losses is only recognized unless the amount is considered immaterial. At the relevant year-end, no provision was recognized for the contract assets.

Cash and cash equivalents

The Group's credit risk also arises from the investment of cash and cash equivalents and surplus liquidity. Terranor's objective is to continuously monitor credit risk attributable to investments. The Group's cash and cash equivalents are primarily held in bank accounts with the Group's main Nordic banks, in accordance with the Group's finance policy, where creditworthiness is taken into account.

Provision for expected credit losses, Cash and cash equivalents and other receivables (general approach)

Impairment for expected credit losses on cash and cash equivalents and other receivables is made according to the general approach (3 stages). Impairment is recognized when the amounts are not deemed insignificant. A rating-based method, see the section above titled Provision for expected credit losses, trade receivables and contract assets (simplified approach). All assets and receivables are in stage 1, meaning there has been no significant increase in credit risk since initial recognition.

Credit risk exposure and credit risk concentration

The Group's credit risk exposure consists of trade receivables, contract assets, other receivables and cash and cash equivalents. The Group's cash and cash equivalents of TSEK 76 734 (TSEK 31,201) are invested in banks with a minimum rating of A-, and TSEK 0 (TSEK 14,091) are invested in banks with no rating or a lower rating.

There is some concentration risk, even though the Nordic companies have different main banks. The Group's accounts receivable consist mainly of government agencies and municipalities. Terranor has some major customers that individually account for more than 10 percent of accounts receivable and contract assets. These customers are the Swedish Transport Administration, the Danish Road Directorate and the Finnish Transport Infrastructure Agency. Together, these customers account for approximately 53 percent (62 percent) of the Group's accounts receivable and contract assets, which total TSEK 317,246 (TSEK 320,169) (gross amount). See also Note 4 Operating segments for information on revenue from these customers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. According to IFRS, market risks are divided into three types: currency risk, interest rate risk and other price risks. The market risks affecting the Group are mainly interest rate risks and currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The objective is not to be exposed to future fluctuations in interest rates that affect the Group's cash flow and earnings to a greater extent than Terranor can manage. A significant factor that affects interest rate risk is the fixed interest period. The Group is mainly exposed to interest rate risk related to lease financing. The Group is financed at floating interest rates, in overdraft facilities and leasing.

Given the interest-bearing financial assets and liabilities (including leases) on the reporting date, an increase/decrease in interest rates of 0,5 percentage points on the reporting date has an impact on net interest income before tax of TSEK -1 752 (TSEK -1 560).

The table below specifies the terms and repayment dates of each interest-bearing liability:

				Carrying amount	
	Currency	Maturity	Interest rate	2025-12-31	2024-12-31
Liabilities to credit institutions (SEB)	SEK	2026-12-18	Floating	-	30 598
Liabilities to credit institutions (Svea)	SEK	2026-10-25	Floating	14 701	16 307
Liabilities to credit institutions (Andelskassen)	DKK	2026-06-30	Floating	18 099	14 638
Liabilities to credit institutions (OP Bank)	EUR	On request (1 month notice)	Floating	442	-
Liabilities to credit institutions (other)	SEK	2031	Floating	15 118	20 685
Total				**48 360**	**82 229**

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks are primarily found in the translation of foreign operations' assets and liabilities into the parent company's functional currency, known as translation exposure. Operations in each country are mainly conducted in the companies' functional currency. However, the Group has some purchases in foreign currency, mainly for the purchase of salt. The currency exposure of the Group's financial instruments is therefore extremely limited. Translation exposure on consolidation of foreign net investments arises for the Danish and Finnish subsidiaries. The Group does not hedge any

currency exposure. The Group's currency exposure for income and expenses is presented below:

Currency exposure (% of the respective profit or loss item)	2025 Operating income	2025 Operating expenses	2024 Operating income	2024 Operating expenses
DKK	21%	21%	23%	24%
EUR	18%	18%	18%	19%

Below is the currency risk exposure at the end of the reporting period (TSEK):	2025-12-31		2024-12-31	
	DKK	EUR	DKK	EUR
Accounts receivable	107 156	29 001	86 410	38 599
Contract assets	57 785	28 501	63 730	17 451
Cash and cash equivalents	-	53 597	-	31 200
Accounts payable	63 215	77 468	46 531	64 809
Other current liabilities	45 192	49 364	49 572	31 845

Given the currency exposure on the reporting date, an increase/decrease in EUR to SEK and DKK to SEK of 6% has an impact on net income before tax of TSEK -2 448 (TSEK -2 678).

Commodity risk

The Group has some exposure to input raw materials, salt and sand. The exposure is not hedged.

Liquidity risk and refinancing risk

Liquidity risk is the risk that a company will encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash or another financial asset. The Group manages liquidity risk through continuous monitoring of operations, where the Group continuously forecasts future cash flows based on different scenarios to ensure sufficient liquidity. Liquidity risk is also managed through available unutilized credit facilities.

Refinancing risk is the risk that financing for acquisitions or development cannot be maintained, extended, expanded, refinanced or that such financing can only be provided on terms that are unfavourable to the company. The need for refinancing is regularly reviewed by the company and the Board of Directors to ensure financing of the company's expansion and investments. The objective is to ensure that the Group has continuous access to external borrowing without the cost of borrowing increasing significantly. Refinancing risk is reduced by starting the refinancing process in a structured manner and in good time by securing various sources of financing. For larger credit facilities, the process is started at least 6-9 months before maturity. The Group has decentralized financing where financing is obtained in each subsidiary/country within the framework of the Group's finance policy. At present, the Group's projects are largely financed through leases entered into in connection with the respective projects, within the framework of the leasing agreements entered into with the Group's main banks.

Below are the credit agreements/frameworks that Terranor has entered into, including framework agreements on available lease financing:

Credit facilities	Amount 2025-12-31	Utilized 2024-12-31
Overdraft facility (SEB)	125 000	-
Overdraft facility (Svea)	16 850	14 701
Overdraft facility (Andelskassen)	43 466	18 099
Overdraft facility (OP Bank)	7 034	442
Framework leasing agreement	273 000	208 154
Total	**465 350**	**241 396**

Credit facilities	Amount 2025-12-31	Utilized 2024-12-31
Overdraft facility (SEB)	**85 000**	**30 598**
Overdraft facility (Svea)	16 850	16 307
Overdraft facility (Andelskassen)	30 730	14 608
Overdraft facility (OP Bank)	7 229	-
Framework leasing agreement	298 900	232 868
Total	**438 709**	**294 381**

The Group has covenants in its financing in Sweden and Denmark. Under the terms of the financing, the Group is obliged to fulfil financial loan covenants regarding the equity ratio in the legal entities in Denmark and Sweden and regarding the ratio between EBIT and revenue in the legal entity in Sweden.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rates have been calculated using the interest rate prevailing at the reporting date. Liabilities have been included in the earliest period in which repayment may be required.

	2025-12-31			
Maturity analysis	**<1 year**	**1-5 years**	**>5 years**	**In total**
Liabilities to credit institutions	35 218	14 675	2 930	52 823
Lease liabilities	140 803	265 380	30 037	436 220
Trade payables	338 560	-	-	338 560
Other current liabilities	273 018	-	-	273 018
Total	**787 599**	**280 055**	**32 967**	**1 100 621**

	2024-12-31			
Maturity analysis	**<1 year**	**1-5 years**	**>5 years**	**In total**
Liabilities to credit institutions	64 953	15 366	9 416	89 735
Lease liabilities	116 035	194 607	5 138	315 780
Trade payables	232 328	-	-	232 328
Other current liabilities	211 523	-	-	211 523
Total	**624 840**	**209 973**	**14 553**	**849 366**

Capital management

The Group's capital structure objectives are to ensure the Group's ability to continue its operations and generate returns for shareholders, but also to maintain an optimal capital structure to keep the cost of capital down. The Group's capital management aims, among other things, to ensure that the financial covenants linked to the financing are met. For the Group, non-compliance with the covenants can lead to the financier demanding repayment of the financing and can therefore have a negative impact on the capital structure. The Group has not breached any covenants as of the reporting date.

The Group's financial target is that net debt in relation to adjusted EBITDA on a rolling twelve-month basis should be less than 2.5. The outcome during the year is 1.50 (1.62).

The Group is not subject to any external capital requirements other than covenants.

Note 26. Provisions

Long-term provisions	**Provision for guarantees**	**Provision for onerous contracts**	**Other provisions**	**Total**
As of 31 december 2023	**92**	**2 393**	**2 541**	**5 026**
Additional provisions	-	1 048	4 570	5 618
Utilized during the year	-92	-	-5 139	-5 231
Exchange rate differences	-	-	82	82
As of 31 december 2024	**-**	**3 441**	**2 053**	**5 494**
Additional provisions	-	3 825	-	3 825
Utilized during the year		-333	-2 124	-2 457
Exchange rate differences		87	71	158
Per 31 december 2025	**-**	**7 020**	**0**	**7 020**

Total other non-current liabilities and long-term provisions as of 31 December 2024	**5 494**
Total other non-current liabilities and long-term provisions as of 31 December 2025	**7 020**

Current provisions	**Provision for guarantees**	**Total**
As of 31 december 2023	**-**	**-**
Additional provisions	754	754
Utilized during the year	-	-
Exchange rate differences	-	-
As of 31 december 2024	**754**	**754**
Additional provisions	-	-
Utilized during the year	-	-
Exchange rate differences	-	-
Per 31 december 2025	**754**	**754**

Note 27. Accrued expenses and prepaid income

	2025-12-31	**2024-12-31**
Accrued personnel expenses	12 000	12 084
Other accrued expenses	8 252	-
Prepaid income	18 230	6 315
Carrying amount	**38 482**	**18 399**

Note 28. Cash flow statement

Adjustment for items not included in the cash flow	2025	2024
Adjustments to the operating profit		
Depreciation and amortization	161 180	126 007
Gains/losses on sale of property, plant and equipment	-4 221	-4 545
Change in project assets and liabilites	20 068	-7 581
Other items	1 526	-
Total	**178 553**	**113 881**

Parent company

Adjustment for items not included in the cash flow	2025
Adjustments to the operating profit	
Other items	-226
Total	**-226**

Cash and cash equivalents consist of cash and bank balances.

Change in liabilities related to financing activities

			Changes not affecting cash flow		
	2025-01-01	Cash flows from financing activities	Currency effects	New and amended leases	2025-12-31
Liabilities to credit institutions	82 229	-32 922	-947	-	48 360
Lease liabilities	294 970	-127 011	8 882	224 772	401 613
Other non-current liabilities	865	-89	-	-	776
Total liabilities related to financing activities	**378 064**	**-160 022**	**7 935**	**224 772**	**450 749**

			Changes not affecting cash flow			
	2024-01-01	Cash flows from financing activities	Currency effects	Business combina-tions	New and amended leases	2024-12-31
Liabilities to credit institutions	22 732	35 035	649	23 814	-	82 230
Lease liabilities	218 192	-92 247	99	-	168 926	294 970
Other non-current liabilities	-	1		864	-	865
Total liabilities related to financing activities	**240 923**	**-57 211**	**748**	**24 678**	**168 926**	**378 064**

Note 29. Pledged assets and contingent liabilities

Assets pledged for own liabilities to credit institutions	2025-12-31	2024-12-31
Commercial mortgages	125 000	148 595
Assets subject to retention of title	17 493	28 727
Total	**142 493**	**177 323**

The Group has no contingent liabilities.

Note 30. Transactions with related parties

A list of the Group's subsidiaries, which are also the companies related to the parent company, is given in note 20 Shares in subsidiaries. All transactions between Terranor Group AB (publ) and its subsidiaries have been eliminated in the financial statements.

For information on the remuneration to executive management, see note 8 Employees and personnel expenses. No loans or collateral have been provided to members of the Board of Directors, the CEO, or other senior management during the financial year.

The Group has purchased services from Mutares SE & Co. KGaA in the form of management fees and other advisory services. Mutares SE & Co. KGaA has also provided interest-bearing shareholder loans and the Group has also, for some time, lent money to Mutares SE & Co. KGaA at interest. Furthermore, dividends have been paid to Mutares SE & Co KGaA.

Mutares SE & Co. KGaA	2025	2024
Purchase of goods/services	8 968	-14 647
Interest income	-	313
Interest expense	-	-1 765
Liability at the reporting date	-	3 243

Note 31. Business combinations

Acquisition in 2024

On 2 July 2024, Terranor AB (publ) acquired 100 percent of the shares and votes in Wilda Transport och Entreprenad AB, later renamed Terranor Norvia AB and Nu Entreprenad AB in the same acquisition agreement. The acquired companies are active in the transportation of building materials, minor construction work and road safety services in Sweden. Through the acquisition, the Group will strengthen its position as a leading company in the operation and maintenance of public roads in Sweden.

Net assets acquired at the time of acquisition	**Fair value**
Property, plant and equipment	41 163
Right-of-use assets	29 279
Trader and other receivables	12 495
Interest-bearing liabilities to credit institutions	-17 268
Lease liabilities	-29 279
Trade and other payables	-50 016
Identified net assets	**-13 626**
Goodwill	18 626
Total consideration	**5 000**
The consideration consists of:	
Cash	5 000
Total consideration	**5 000**

In connection with the acquisition, goodwill of TSEK 18,626 arose, representing the difference between the consideration transferred and the fair value of the net assets acquired. The goodwill primarily relates to the expected positive future prospects of the acquired business. The goodwill is not expected to be tax-deductible.

Transaction costs related to the acquisition amounted to TSEK 906. These costs were recognized as an expense in the statement of profit or loss under other operating expenses.

Impact of the acquisition on consolidated cash flow	
Cash part of the consideration	5 000
Net cash outflow	**5 000**

During the six months leading up to 31 December 2024, the acquired companies contributed TSEK 39,794 to the Group's revenue and TSEK -5 856 to the Group's profit after tax. If the acquisition had taken place at the beginning of the financial year, Terranor estimates that the acquired companies would have contributed TSEK 83,168 to the Group's revenue and TSEK -26,432 to the Group's profit after tax.

Note 32. Events after the reporting date

In January 2026, Terranor AB won a contract for road maintenance in Stockholm worth MSEK 33 over two years, a public tender with Skellefteå Municipality worth MSEK 224 over four years and two municipality contracts in Helsingborg worth MSEK 105 over three years. In February 2026, Terranor AB won a collaboration agreement in two phases for road maintenance in Sundsvall with an estimated value of MSEK 540 over six years and a public tender contract in Vännäs, Sweden, worth SEK 167 million over four years. In February 2026, Terranor Oy won a public tender contract in Kemi, Finland, worth MSEK 195 over four years. In March 2026, Terranor AB won a public tender contract in Malmö worth MSEK 227 over four years, Terranor Oy won a public tender contract in Ii worth MSEK 83, and Terranor AB won a public tender contract in Norrköping worth MSEK 52 over four years. In March 2026, the principal shareholder, Mutares SE & Co. KGaA, sold 2,074,700 shares, representing 10.4% of the share capital of Terranor Group. In April 2026, Terranor AB won an operation and maintenance contract in Väsby worth MSEK 272, Terranor AB won two contracts SEK 36 million for road adjacent water, drainage, and ventilation systems over two years, Terranor AB won an operation and maintenance contract in South-East Värmland worth MSEK 214 over four years and Terranor AB was awarded a two-year option Gothenburg valued at MSEK 175.

The ongoing conflict in the Middle East has led to rising and volatile energy prices, which may have a potential effect on overall economic development. Terranor is closely monitoring developments in order to manage and limit any potential negative effects on its operations.

Note 33. Distribution of profits

The following amounts in SEK are at the disposal of the Annual General Meeting;	
Share premium reserve	136 980 000
Profit brought forward	-
Loss for the year	-3 350 965
Total	**133 629 035**
The Board of Directors propose the following appropriation of disposable profit and non-restricted reserves;	
Dividend, 20 000 000 shares at SEK 1,5 per share	30 000 000
Carried forward	103 629 035
Total	**133 629 035**

Signatures

The Board of Directors and the Chief Executive Officer hereby certify that the consolidated and annual reports have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, and give a true and fair view of the financial position and results of the Group and the Parent Company. The management report for the Group and the Parent Company provides a fair review of the Group's and the Parent Company's operations, financial position and results, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group. The Annual Report and the Consolidated Financial Statements were approved for issue by the Board of Directors on 21 April 2026. The Group's income statement and balance sheet and the Parent Company's income statement and balance sheet will be subject to adoption at the Annual General Meeting on 25 May 2026.

Stockholm, 21 April 2026
Terranor Group AB (publ)

Anders Gustafsson
Chairman of the Board

Håkan Broman
Board member

Åse Lagerqvist von Uthmann
Board member

Johannes Laumann
Board member

Michael Berglin
CEO

Carl Kistenmacher
Board member

Our audit report was submitted on 21 April 2026

Öhrlings PricewaterhouseCoopers AB
Fredrik Kroon
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Terranor Group AB (publ), corporate identity number 559525-3732

Report on the annual accounts and consolidated accounts

Opinions

We have performed an audit of the annual accounts and consolidated accounts of Terranor Group AB (publ) for year 2025. The annual accounts and consolidated accounts of the company are included on pages 24-60 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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.

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 1-13 and 64-69. 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, and the Annual Accounts Act. 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 and group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 Terranor Group AB (publ) for year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company and 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.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 21 April 2026

Öhrlings PricewaterhouseCoopers AB

Fredrik Kroon

Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Definitions

Alternative performance measure	Definition	Reason for use of measure
Revenue growth	Revenue for the period compared to revenue for the comparative period.	Used to show the change in revenue between periods
EBITDA	Operating profit (EBIT) after reversal of depreciation, amortization and impairment losses on tangible and intangible assets and right-of-use assets.	Used to measure operating profitability excluding depreciation, amortization and impairment. Complementary to assessing the operating performance of the business.
EBITDA margin (%)	EBITDA as a percentage of revenue.	Used to measure the development of the profitability ratio from operating activities excluding depreciation, amortization and impairment.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Used to measure the profitability of operating activities (excluding depreciation, amortization and impairment) without the impact of items affecting comparability between periods. Complementary to assessing the adjusted operating profit of the business.
Adjusted EBITDA margin (%)	Adjusted EBITDA as a percentage of revenue	Used to measure the development of the profitability ratio from operating activities excluding depreciation, amortization and impairment losses without the impact of items affecting comparability between periods.
EBITA	Operating profit (EBIT) after reversal of amortization and impairment of intangible assets related to business combinations.	Used to measure operating profitability excluding amortization and impairment of acquisition-related intangible assets. Complementary to assessing the operating performance of the business
EBITA margin (%)	EBITA as a percentage of revenue.	Used to measure the development of the profitability ratio from operating activities excluding amortization and impairment losses from acquisition-related intangible assets.
Adjusted EBITA	EBITA adjusted for items affecting comparability.	Used to measure profitability from operating activities, excluding amortization and impairment of acquisition-related intangible assets without the impact of items affecting comparability between periods. Complementary to assessing the adjusted operating profit of the business.
Adjusted EBITA margin (%)	Adjusted EBITA as a percentage of revenue.	Used to measure the development of the profitability ratio from operating activities, excluding amortization and impairment losses from acquisition-related intangible assets, without the impact of items affecting comparability between periods.
Operating profit (EBIT)	Profit for the period after adding back tax on profit for the period and financial expenses and deducting financial income.	Used to measure operational profitability.
Operating margin (%)	Operating profit as a percentage of revenue.	Used to show the operational profitability ratio.
Adjusted EBIT	EBIT adjusted for items affecting comparability.	Used to measure operating profitability without the impact of items affecting comparability between periods.
Adjusted EBIT margin (%)	Adjusted EBIT as a percentage of revenue.	Used to show the operating profitability ratio without the impact of items affecting comparability between periods.
Items affecting comparability	Refers to events that are material in nature and considered important to specify because they are considered to affect comparability between periods.	Used to provide users of the financial statements with an understanding of the Company's performance between periods without the impact of items considered to affect comparability between periods.
Net cash (+)/Net debt (–)	Refers to non-current and current liabilities to credit institutions, non-current other interest-bearing liabilities, non-current and current lease liabilities less cash and cash equivalents.	Used to monitor the evolution of debt and the size of refinancing needs. As cash can be used to pay off debt at short notice, net debt is used as a measure of total debt financing.
Net debt/adjusted EBITDA ratio, rolling twelve months	Net debt divided by adjusted EBITDA rolling twelve months.	Used to demonstrate the Group's ability to repay its financial liabilities related to its operating activities.

Working capital	Consists of current assets excluding current tax receivables (included in other current receivables) and cash and cash equivalents, less current liabilities excluding current tax liabilities, current liabilities to credit institutions, current lease liabilities, and current provisions.	Used to measure the current financial status of the Group.
Working capital / revenue rolling twelve months (%)	Working capital as a percentage of revenue rolling 12 months.	Used to show the Group's working capital over time.
Investment in tangible and intangible assets	Expenditure on acquisitions and investments in the Group's tangible and intangible assets.	Used as a measure of the Group's historical capital expenditure and used as an input to calculate Adjusted operating cash flow and Cash generation.
Adjusted operating cash flow	Adjusted EBITDA less investments in tangible and intangible assets adjusted for changes in inventories, accounts receivable, other current receivables (excluding current tax receivables), accounts payable, other current liabilities, and accrued expenses and prepaid income.	Used to show the underlying cash flow generated from the adjusted operating activities.
Cash generation (%)	Adjusted operating cash flow in relation to adjusted EBITDA.	Used to indicate the ratio of operating profitability from the business without the impact of items affecting comparability between periods, converted to cash flow.
Capital employed	Total assets excluding goodwill and other intangible assets related to operating activities, less non-interest-bearing liabilities and deferred tax liabilities. Non-interest-bearing liabilities comprise other non-current liabilities, current tax liabilities, other current liabilities, accrued expenses and prepaid income and provisions.	Used as a measure to show the Group's capital tied up in operations used to generate revenue.
Average capital employed	Average capital employed refers to the average of the capital employed for the current quarter and the capital employed for the previous four quarters.	Used to understand the Group's return on capital employed, taking into account an average of capital employed.
Return on capital employed (%)	Adjusted EBITA as a percentage of average capital employed.	Used to understand how well the company uses its capital to generate returns.
Average equity	Average equity refers to the average of closing equity for the current quarter and closing equity for the previous four quarters.	Used to understand the Group's return on equity, taking into account an average of equity.
Return on equity (%)	Profit for the period as a percentage of average equity.	Used to measure how effectively shareholders' invested capital is generating returns.
Net debt/equity ratio (%)	Represents net debt as a percentage of equity.	Used to show the relationship between debt and equity.
Order intake	Value of projects obtained, excluding changes in existing projects during the current period.	Order intake provides an indication of revenue development in the short to medium term.

APM

Alternative performance measures	Unit	2025	2024
Revenue growth (%)	%	14%	14%
EBITDA	TSEK	176 661	191 944
EBITDA margin (%)	%	5%	6%
Adjusted EBITDA	TSEK	249 045	204 945
Adjusted EBITDA margin (%)	%	7%	7%
EBITA	TSEK	25 703	76 499
EBITA margin (%)	%	1%	2%
Adjusted EBITA	TSEK	98 087	89 500
Adjusted EBITA margin (%)	%	3%	3%
EBIT	TSEK	15 481	65 936
EBIT margin (%)	%	0%	2%
Adjusted EBIT	TSEK	87 865	78 937
Adjusted EBIT margin (%)	%	2%	3%
Items affecting comparability (IAC)	TSEK	72 384	13 001
Net cash/ Net debt	TSEK	-373 240	-331 907
Net debt/LTM adjusted EBITDA	x	-1,50x	-1,62x
Net working capital	TSEK	13 292	85 553
Net working capital/LTM revenue %	%	0%	3%
Capital expenditures	TSEK	-6 535	-22 186
Adjusted operating cash flow	TSEK	314 771	149 939
Cash conversion (%)	%	126%	73%
Capital employed	TSEK	939 466	776 566
Return on capital employed (%)	%	12%	14%
Return on equity (%)	%	-12%	37%
Net debt/Equity (%)	%	-198%	-154%
Order intake	TSEK	2 800 731	1 680 029

APM Reconciliation

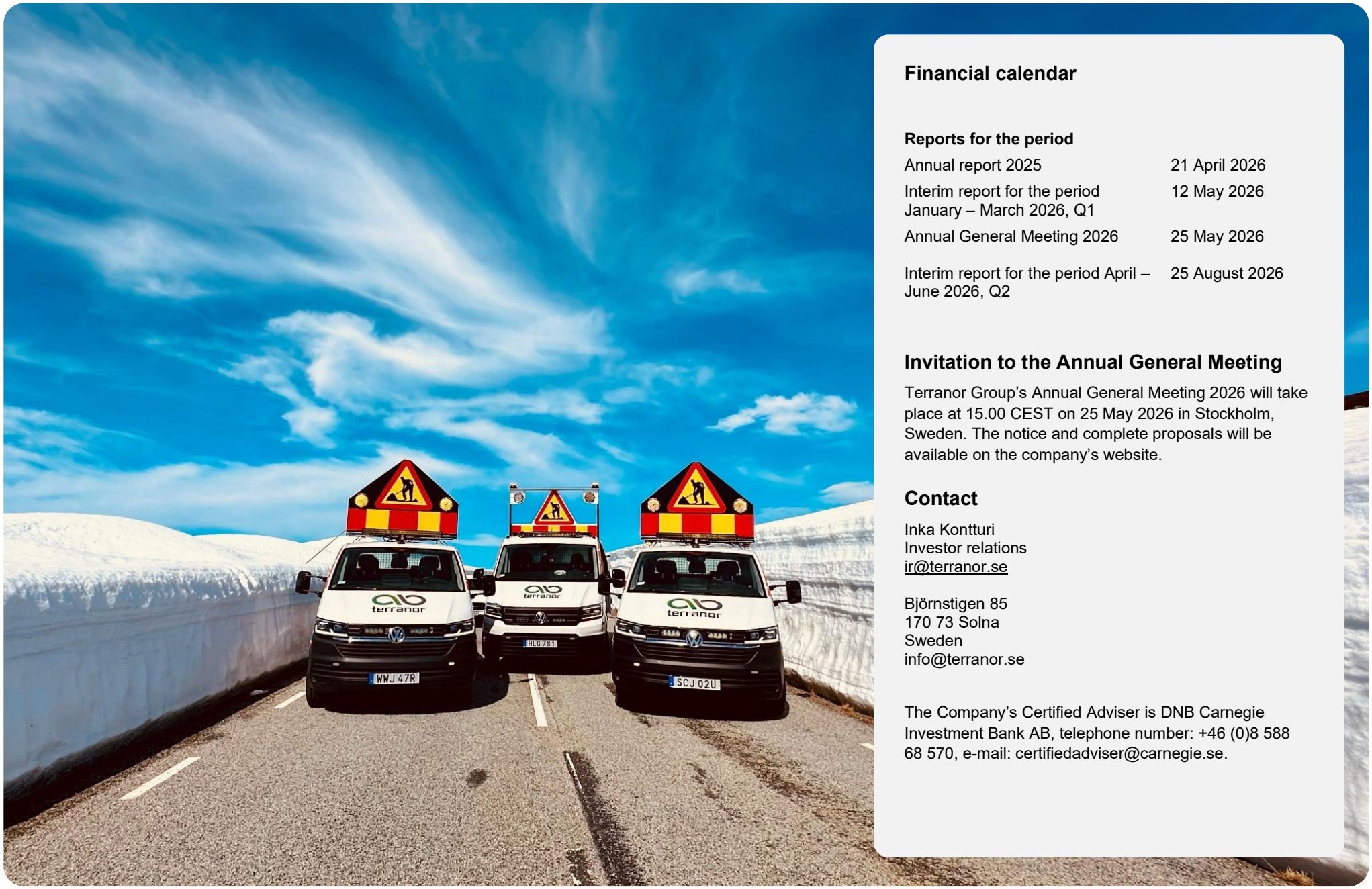
Reconciliation of APMs	Unit	2025	2024
Revenue growth (%)			
Revenue current period	TSEK	3 602 622	3 146 928
Revenue last period	TSEK	3 146 928	2 758 015
Revenue growth (%)	**%**	14%	14%
EBITDA			
Operating profit (EBIT)	TSEK	15 481	65 936
Depreciation & amortiziation related to intangible assets, tangible assets and right-of-use assets	TSEK	161 180	126 007
EBITDA	**TSEK**	**176 661**	**191 944**
EBITDA margin, %			
EBITDA	TSEK	176 661	191 944
Revenue	TSEK	3 602 622	3 146 928
EBITDA margin, %	%	5%	6%
Adjusted EBITDA			
EBITDA	TSEK	176 661	191 944
Items affecting comparability	TSEK	72 384	13 001
Adjusted EBITDA	**TSEK**	**249 045**	**204 945**
Adjusted EBITDA margin, %			
Adjusted EBITDA	TSEK	249 045	204 945
Revenue	TSEK	3 602 622	3 146 928
Adjusted EBITDA margin, %	**%**	**7%**	**7%**
EBITA			
Operating profit (EBIT)	TSEK	15 481	65 936
Amoritization of intangible assets	TSEK	10 222	10 563
EBITA	**TSEK**	**25 703**	**76 499**
EBITA margin, %			
EBITA	TSEK	25 703	76 499
Revenue	TSEK	3 602 622	3 146 928
EBITA margin, %	**%**	**1%**	**2%**

Reconciliation of APMs	Unit	2025	2024
Adjusted EBITA			
EBITA	TSEK	25 703	76 499
Items affecting comparability	TSEK	72 384	13 001
Adjusted EBITA	**TSEK**	**98 087**	**89 500**
Adjusted EBITA margin, %			
Adjusted EBITA	TSEK	98 087	89 500
Revenue	TSEK	3 602 622	3 146 928
Adjusted EBITA margin, %	**%**	**3%**	**3%**
EBIT			
Profit for the period	TSEK	-23 130	62 053
Income taxes	TSEK	17 539	-14 797
Finance cost	TSEK	21 272	19 002
Finance income	TSEK	-199	-322
EBIT	**TSEK**	**15 481**	**65 936**
EBIT margin, %			
EBIT	TSEK	15 481	65 936
Revenue	TSEK	3 602 622	3 146 928
EBIT margin, %	**%**	**0%**	**2%**
Adjusted EBIT			
EBIT	TSEK	15 481	65 936
Items affecting comparability	TSEK	72 384	13 001
Adjusted EBIT	**TSEK**	**87 865**	**78 937**
Adjusted EBIT margin, %			
Adjusted EBIT	TSEK	87 865	78 937
Revenue	TSEK	3 602 622	3 146 928
Adjusted EBIT margin, %	**%**	**2%**	**3%**

APM Reconciliation

Reconciliation of APMs	Unit	2025	2024
Items affecting comparability			
Restructuring costs and one-off expenses	TSEK	72 384	13 001
Items affecting comparability	**TSEK**	**72 384**	**13 001**
Net cash (+)/ Net debt (-)			
Non-current liabilities to credit institutions	TSEK	15 561	20 685
Current liabilities to credit institutions	TSEK	32 801	61 544
Non-current Lease liabilities	TSEK	270 589	189 302
Current Lease liabilities	TSEK	131 024	105 668
Less: Cash and cash equivalents	TSEK	-76 734	-45 292
Net cash (+)/ Net debt (-)	**TSEK**	**-373 240**	**-331 907**
Net debt/LTM Adjusted EBITDA			
Net debt	TSEK	-373 240	-331 907
LTM Adjusted EBITDA	TSEK	249 045	204 945
Net debt/LTM Adjusted EBITDA	**x**	**-1,50x**	**-1,62x**
Net working capital			
Current assets	TSEK	760 530	602 226
Less: Cash and cash equivalents	TSEK	-76 734	-45 292
Less: Income tax receivable	TSEK	-20 444	-9 375
Current liabilities	TSEK	-820 444	-651 925
Less: Income tax payable	TSEK	5 806	21 953
Less: Current liabilities to credit institutions	TSEK	32 801	61 544
Less: Current lease liabilities	TSEK	131 024	105 668
Less: Current provisions	TSEK	754	754
Net working capital	**TSEK**	**13 292**	**85 553**
Net working capital/LTM revenue %			
Net working capital	TSEK	13 292	85 553
LTM revenue	TSEK	3 602 622	3 146 928
Net working capital/LTM revenue %	**%**	**0%**	**3%**

Items affecting comparability	Unit	2025	2024
Capital expenditures			
Investments in property, plant and equipment	TSEK	-6 535	-22 185
Investments in intangible assets	TSEK	-	-
Capital expenditures	**TSEK**	**-6 535**	**-22 185**
Adjusted operating cash flow			
Adjusted EBITDA	TSEK	249 045	204 945
Investments in property, plant and equipment	TSEK	-6 535	-22 185
Investments in intangible assets	TSEK	-	-
Changes in net working capital	TSEK	72 261	-32 820
Adjusted operating cash flow	**TSEK**	**314 771**	**149 939**
Cash conversion %			
Adjusted operating cash flow	TSEK	314 771	149 939
Adjusted EBITDA	TSEK	249 045	204 945
Cash conversion %	**%**	**126%**	**73%**
Capital employed			
Total assets	TSEK	1 312 853	1 089 994
Less: Goodwill	TSEK	-18 626	-18 626
Less: Other intangible assets	TSEK	-18 827	-30 539
Less: Non-interest bearing liabilities	TSEK	-325 080	-257 880
Less: Deferred tax liabilities	TSEK	-10 855	-6 383
Capital employed	**TSEK**	**939 466**	**776 566**
Return on capital employed			
Adjusted EBITA	TSEK	98 087	89 500
Average capital employed	TSEK	789 788	656 284
Return on capital employed	**%**	**12%**	**14%**
Return on equity, %			
Profit for the period	TSEK	-23 130	62 053
Average equity	TSEK	198 210	168 426
Return on equity, %	**%**	**-12%**	**37%**
Net debt/Equity			
Net debt	TSEK	-373 240	-331 907
Equity	TSEK	188 384	216 206
Net debt/Equity, %	**%**	**-198%**	**-154%**



Financial calendar

Reports for the period

Annual report 2025	21 April 2026
Interim report for the period January – March 2026, Q1	12 May 2026
Annual General Meeting 2026	25 May 2026
Interim report for the period April – June 2026, Q2	25 August 2026

Invitation to the Annual General Meeting

Terranor Group's Annual General Meeting 2026 will take place at 15.00 CEST on 25 May 2026 in Stockholm, Sweden. The notice and complete proposals will be available on the company's website.

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