Tecnotree

ANNUAL REPORT 2023

Tecnotree

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TECNOTREE IN 2023

Tecnotree

TECNOTREE IN SHORT

Tecnotree is the only full-stack 5G-ready digital business management solution provider for digital service providers, with AI/ML capabilities and multi-cloud extensibility. Tecnotree leads the way on the TM Forum Open API Conformance with 59 certified Open APIs including 9 real-world open APIs, a testament to the company's commitment to excellence, and continuously striving to deliver differentiated experiences and services to both CSPs and DSPs.

With over 40 years of deep domain knowledge, technical expertise, and proven delivery and transformation capability across the globe, the company's open-source Digital BSS Stack comprises the full range (order-to-cash) of business processes and subscription management for telecom and other digital services industries creating opportunities beyond connectivity. Tecnotree offerings also include Fintech and B2B2X multi-experience digital marketplace for its subscriber base through the Tecnotree Moments platform to empower digitally connected communities across gaming, health, education, OTT, and other vertical ecosystems.

In the end of 2022, Tecnotree acquired CognitiveScale (CS), an award-winning AIML platform that enables scalable enterprise AI development and deployment, to further enhance Tecnotree's AI-enabled total customer experience. The platform empowers trusted decision intelligence and provides highly personalized insights to more than 100 million customers in the United States across healthcare, commerce, insurance, realty, and fintech verticals. Tecnotree is also recognized as the 4th largest company globally in the AIML engineering patents portfolio.

70+ Countries with Product Deployments

1BN+ Subscribers

260+ Prebuilt Journeys (B2B/B2C/B2B2X)
Available across the Stack to Discover, Sign-up, Shortlist, Buy, Pay, Bill, Modify, Support, and Partner with Digitally Enabled Enterprises and Consumers

80+% Employees TM Forum Certified

90+ Service Providers

70% Low Code/ No Code configurable & SI ready

137 Granted Patents
in AI/ML Engagement ,Trust & Governance & Photo-AI capabilities

CEO'S REVIEW

PADMA RAVICHANDER,
CHIEF EXECUTIVE OFFICER

> “In 2023 Tecnotree experienced the highest-ever order intake at EUR 95.3 million.

TECNOTREE CELEBRATES RECORD PERFORMANCE

The company delivered record revenue at 78.4 M Euros, outperforming global market trends, with excellent demand for Tecnotree products. Tecnotree experienced the highest-ever order intake at 95.3 M Euros and secured 12 new logos including 3 Tier-1 operators in Scandinavia and North America regions, reflecting an increased demand for digital cloud offerings. The company also expanded investment in AIML competitiveness, contributing to 15.6% of the overall order intake.

Tecnotree celebrated 14 go-lives globally for some of the largest operator groups across various regions, delivering large-scale Digital BSS transformation for customers through the Tecnotree Digital Suite. Additionally, the company has invested EUR 13.8 (9.5) million in Product Engineering, with more than 50% of the investments targeted towards cloud, AIML and ecosystem monetisation for 5G on our digital stack.

STRATEGIC R&D INVESTMENTS AND MILESTONES

The company invested 18% (13%) of its revenue to R&D, focusing on Cloud, GenAI, AIML, 5G, and IoT, ensuring platform modularity, reliability, and scalability, with high degrees of automation, including self-healing, auto-scaling, and autopiloting capabilities. In 2023, the company obtained 20 patents, covering Genai and Augmented Intelligence, supporting emerging technologies, common frameworks, and methodologies for Gen AI, ML Ops, and Data Ops. These patents leverage Sensa Low-Code Tooling & Platform and Co-pilots embedded for FTTX and Mobile, as well as B2B2x Marketplace modules.

HIGHLIGHTS & ANALYST RECOGNITIONS

In 2023, Tecnotree garnered significant recognitions. Gartner acknowledged Tecnotree in their Market Guide for Customer Experience Management and Revenue Monetisation and Management, showcasing the company's capabilities in driving business outcomes. Notably, Tecnotree achieved the prestigious Diamond Badge for TM Forum Open API Conformance, solidifying its position as a leader in API implementation. Furthermore, Tecnotree emerged as the top vendor for official conformance and certification for TM Forum's Business Process Framework (eTOM). The company's excellence extended to global recognition, with Tecnotree being ranked among the top 4 major vendors globally for Autonomous AI and Autonomous Agents by Markets and Markets. Moreover, Tecnotree Moments clinched the award for the best Telecom Monetisation Platform from the Dubai Government, continuing to push the boundaries of innovation in the digital services.

DIVERSITY, INCLUSION AND SUSTAINABILITY

In 2023, Tecnotree received two prestigious awards - the 'Best Innovation in Information Technology' by CMO Asia and the 'Best Workplace Diversity Award' by UBS Forums, underscoring its commitment to excellence and diversity. Additionally, Tecnotree was recognized as a top-performing Mid-Cap company by the Nordic Diversity Index, further emphasizing its dedication to fostering an inclusive workplace culture that drives innovation and empowers every individual within the organization. Moreover, Tecnotree demonstrated its environmental responsibility by launching a carbon-neutral office space and green data center facility for all its cloud-hosted offerings. The data center operates entirely on solar energy and features air cooling systems that can contribute surplus power back to the grid. Tecnotree aims to extend this eco-friendly cloud offering across its digital stack to benefit customers and prospects.

TECNOTREE'S GROWTH STRATEGY

CLOUD DIGITAL BSS STACK

Tecnotree's is leveraging its Cloud Digital BSS Stack to drive increased revenue and market agility. This strategy entails expanding its cloud-based offerings to capture emerging market opportunities and accelerate revenue growth. By embracing a cloud-native architecture and forming strategic partnerships with hyperscalers, Tecnotree aims to enhance its reach and deliver an enriched customer experience through initiatives like Try & Buy on Cloud. Additionally, the company is committed to optimizing operational efficiency by streamlining time-to-market and order-to-cash cycles, exemplified by achieving full-stack go-live within three months for greenfield operations and executing complete cloud migration.

AI/ML, HEALTHCARE, FINTECH, OTT THE XAAS B2B2X ECOSYSTEM

Tecnotree is leveraging AI/ML, Healthcare, Fintech, OTT, and B2B2X Ecosystems to drive accelerated revenue monetization and unlock business value. The company is integrating AIML technologies across various sectors, including healthcare, fintech, OTT, and B2B2X, to enhance operational efficiency and deliver personalized customer experiences. By embedding trusted AI and GenAI capabilities, Tecnotree aims to harness AI-led efficiencies in service delivery and operations, thereby optimizing resource utilization and driving revenue growth. Additionally, the company is focused on capitalizing on emerging opportunities in IoT, telehealth, transportation, utilities, sports, entertainment, and education sectors to diversify revenue streams and capitalize on the evolving digital landscape. Furthermore, Tecnotree is committed to maximizing the monetization potential of 5G

HIGH GROWTH INDUSTRY

Demand Drivers

Prioritization of upgrades from legacy to Digital BSS by Telcom players, MVNOs, and private networks

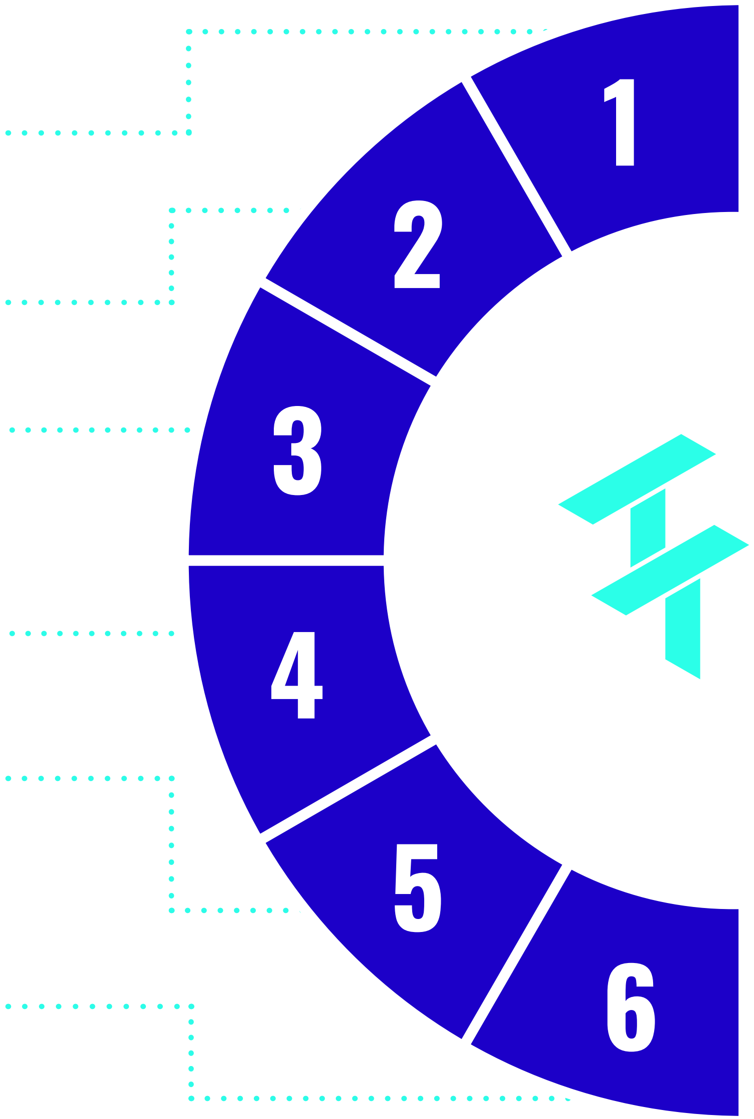
AIML enabled through 5G can help Telcos monetize beyond connectivity across B2b2x industries and verticals.

Increase in complexities in network ecosystem due to 5G & IoT

Increase in demand for Cloud Native Solutions & overall cost optimisation

Demand for innovative digital ecosystems (Digital Commerce)

Growing utilization of digital platforms for fintech-related services driving hyper-personalized ecosystem banking



networks, positioning itself as a key player in enabling innovative use cases and services that leverage the capabilities of next-generation networks.

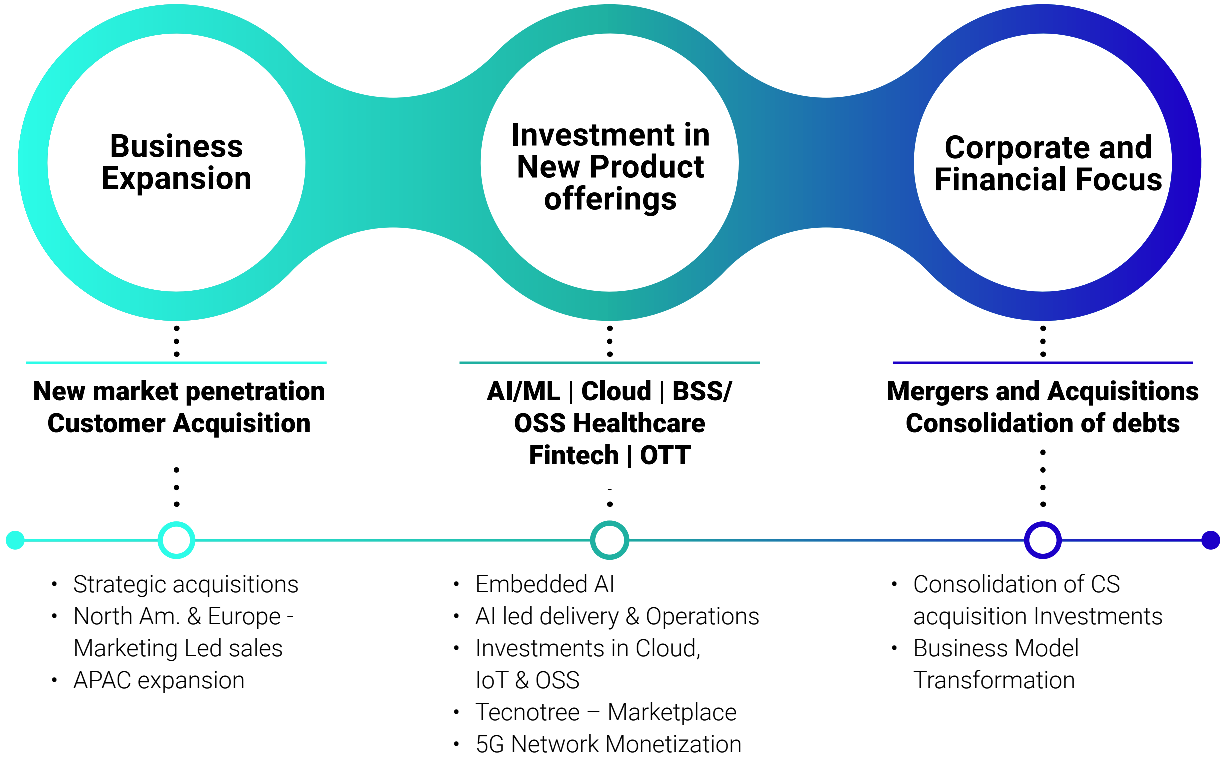
BUSINESS MODEL TRANSFORMATION

Tecnotree's business model transformation aims to achieve the fastest time to market, disruptive pricing, and increased recurring revenue through a transactional and SaaS-based business model driven by key performance indicators (KPIs). The company is focused on enabling ad revenue monetization on campaign channels for CSPs, providing them with a flexible and scalable platform subscription based on business KPIs. Additionally, Tecnotree is implementing a tiered SaaS model across all its product offerings, allowing customers to choose subscription levels that align with their specific needs and budget constraints. By adopting these innovative approaches to pricing and revenue generation, Tecnotree aims to enhance its competitiveness in the market and drive sustainable growth while delivering value-added services to its customers.

MARKET EXPANSION

Tecnotree is focussing on market expansion, particularly in developed markets such as North America and Europe, as well as new market penetration and customer acquisition initiatives. The company is implementing focused regional marketing-led sales efforts to target specific geographic areas and customer segments. With a focus on expanding its footprint in North America and Europe, Tecnotree aims to capitalize on the opportunities presented by these developed markets while mitigating foreign exchange risks. Additionally, the company is exploring opportunities for expansion

STRATEGIC INVESTMENT FOCUS AREAS



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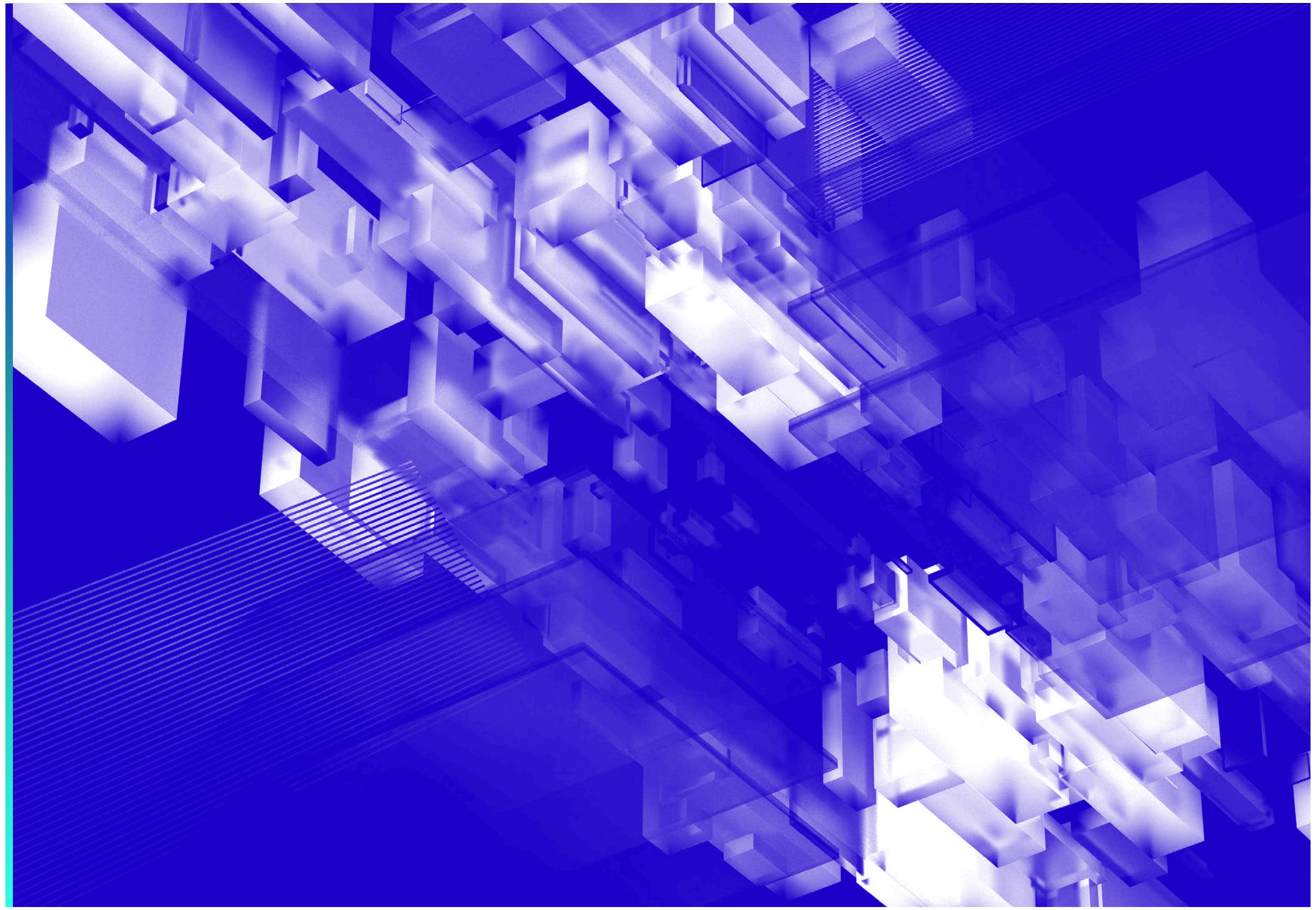
in the Asia-Pacific (APAC) region to tap into emerging market opportunities and broaden its global presence. Through these strategic initiatives, Tecnotree seeks to drive growth by expanding its customer base and increasing market share in key regions around the world.

CORPORATE AND FINANCIAL FOCUS

Tecnotree's corporate and financial focus is aimed at optimizing operational expenditure, mitigating foreign exchange (FX) risks, and bolstering financial resilience. The company adopts a 'Think Cash. Do Cash' approach to ensure a secure and strengthened financial health. This strategy involves leveraging digital marketing for investor relations to enhance transparency and communication with stakeholders. Additionally, Tecnotree employs treasury management techniques to minimize the impact of FX fluctuations. Automation plays a pivotal role in driving operational efficiencies, leading to cost optimization, and improved financial performance. By prioritizing OpEx control, FX risk mitigation, and cash management, Tecnotree aims to maintain a robust financial position and support its long-term growth objectives.

> "Tecnotree is focussing on market expansion, particularly in developed markets such as North America and Europe, as well as new market penetration and customer acquisition initiatives.



BUSINESS & OPERATING ENVIRONMENT

The core BSS market is forecasted to experience a steady annual growth of 2.1% from 2022 to 2027, according to Gartner's 2023 report. However, several barriers to growth exist within this evolving landscape. One significant barrier is the ongoing shift from IT transformation to digital transformation, driven by investments in 5G technology. While capital expenditure (Capex) spends for CSPs are stabilizing, there is a notable emphasis on KPI-driven business models aimed at maximizing profits. Furthermore, stagnant connectivity revenue and Average Revenue Per User (ARPU) pose challenges due to intense market competition, regulatory consolidation restrictions, and declining investments in core infrastructure.

On the other hand, certain factors serve as accelerators for growth in the BSS market. Product-led transformations are gaining momentum, driven by increased demand for cloud-native composable architectures, low-code/no-code functionality, and productized BSS components with open APIs. Additionally, the emergence of disruptive new business models, such as XaaS (Anything as a Service) and transaction-based models, is reshaping the market landscape. Moreover, revenue diversification strategies are gaining traction, with a focus on expanding into new areas such as marketplaces, ecosystems, Internet of Things (IoT), Artificial Intelligence and Machine Learning, and cloud services. These initiatives aim to tap into diverse verticals and bundling opportunities to capture a larger share of the market.

Tecnotree

FINANCIAL STATEMENTS 2023

BOARD OF DIRECTORS' REPORT

Key figures

	2023	2022
Net sales, MEUR	78.4	71.6
Net sales, change %	9.5	11.5
Operating result, MEUR	23.8	18.3
as % of net sales	30.4	25.6
Profit before taxes, MEUR	13.9	17.2
Result for the period, MEUR	11.2	11.6
Earnings per share, basic, EUR	0.04	0.04
Order book, MEUR	80.2	68.9
Operating cash flow, MEUR	6.2	6.0
Change in cash and cash equivalents, MEUR	4.8	-5.3
Cash and cash equivalents, MEUR	20.8	12.3
Equity ratio %	67.5	77.1
Debt to Equity ratio %	6.6	6.0
Personnel at the end of the period	883	857

Financial indicators

	2023	2022	2021	2020	2019
Return on equity (ROE), %	13.4	15.7	31.9	96.8	
Return on investment (ROI), %	16.9	23.1	48.3	87.3	105.4
Equity ratio, %	67.5	77.1	85.2	39.3	9.9
Debt/equity ratio (net gearing), %	-17.5	-9.3	-26.0	27.1	292.2
Investments, EUR million	15.9	10.8	5.9	3.6	3.4
% of net sales	20.3	15.1	9.2	6.9	7.1
Order book, EUR million	80.2	68.9	53.5	32.1	25.5
Personnel, average	869	794	703	637	554
Personnel at the end of the year	883	857	750	659	600

Tecnotree

BUSINESS DESCRIPTION

Tecnotree is a 5G-ready digital Business Support System (BSS) player with AI/ML capabilities and multi-cloud extensibility. It has over 40 years of deep domain expertise and it is amongst the first few companies to attain Platinum Badge in the world for Open API standards by TM Forum. It's agile and open-source Digital BSS Stack comprises of the full range (order-to-cash) of business processes and subscription management for telecommunication players and other digital services providers, creating opportunities beyond connectivity. Tecnotree also provides a Fintech solution and a B2B2X multi-experience digital marketplace to its subscriber base through the Tecnotree Moments platform to empower digitally connected communities across gaming, heath, education, OTT and other vertical ecosystems.

In 2024 and beyond, Tecnotree will continue to offer its digital products and services to expand its reach to help telecom operators globally in their digital transformation journeys. Tecnotree will focus on expanding its footprint within the current geographies and customers and it will also explore new markets in Europe, Oceanic and Asia Pacific and adjacent vertical market opportunities.

With Tecnotree Moments platform and its Fintech offerings, Tecnotree continues to hope to synergize new partnerships with digital service providers, eco-system players and internet of things (IOT) providers, to introduce new revenue models and API frameworks to take advantage of the 5G roll-outs world-wide and forge new frontiers to empower digitally connected communities in the sectors of Education, Health, E-commerce, Gaming, Sports and Entertainment.

Tecnotree plans to achieve this with its cloud enabled micro-services based interoperable products and digital platforms that will help its customers to create a "Digital Marketplace and Digital Communities" for their traditional offerings, and an additional ecosystem of partner products and services that fosters true business value and improved revenue models for stakeholders.

Tecnotree's cutting-edge products enable communication service providers to expand their footprint and transform their business into that of a digital service provider, thus helping expand and increase their value to their subscriber base.

Tecnotree's business is based on its product licenses, professional services for customization of its products, and maintenance and support services on its products to a global customer base and is planning on capturing subscription and transaction-based business through its B2B2X offerings. Tecnotree has an especially strong footprint in developing markets such as Latin America, Africa and the Middle East, serving more than 800 million subscribers worldwide and supporting more than 65 operators/CSPs worldwide.

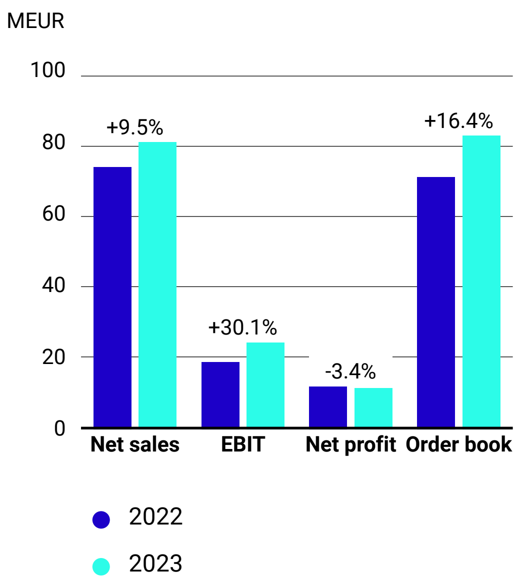
Tecnotree operates globally and has development and operational support centres in LATAM, Europe, Middle East, Africa, and Asia.

SALES AND NET SALES

Tecnotree's net sales in 2023 were EUR 78.4 (71.6) million being 9.5% higher compared to last year. Net sales from sale of third-party hardware and software were EUR 2.8 (4.7) million, own licenses EUR 17.4 (18.8) million, delivery EUR 29.6 (22.9) million and maintenance and management services EUR 28.6 (25.2) million.

The order book at the end of 2023 stood at EUR 80.2 (68.9) million.

Key figures,
Change %



Tecnotree

Nature of goods and services offered, MEUR

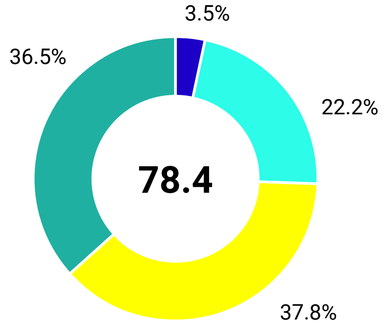
	2023	2022	2023, %	2022, %
Sale of third party hardware and software	2.8	4.7	3.5	6.6%
Own licenses	17.4	18.8	22.2	26.2%
Delivery	29.6	22.9	37.8	32.0%
Maintenance and management services	28.6	25.2	36.5	35.3%
Net sales total	**78.4**	**71.6**	**100%**	**100%**

Methods used to recognise revenue, MEUR

	2023	2022	2023, %	2022, %
Point in time				
Sale of third party hardware and software	2.8	4.7	3.5%	6.6%
Own licenses	17.4	18.8	22.2%	26.2%
Overtime				**0.0%**
Delivery	29.6	22.9	37.8%	32.0%
Maintenance and management services	28.6	25.2	36.5%	35.3%
Net sales total	**78.4**	**71.6**	**100%**	**100%**

Net Sales,

Nature of goods and services offered, MEUR



Sale of third party hardware and software	2.8	(4.7)
Own licenses	17.4	(18.8)
Delivery	29.6	(22.9)
Maintenance and management services	28.6	(25.2)
Net sales total	**78.4**	**(71.6)**

Tecnotree

RESULT ANALYSIS

The operating result for 2023 was EUR 23.8 (18.3) million and the result EUR 11.2 million (11.6). Earnings per share for the review period were EUR 0.04 (0.04).

Investment in Product Development during the 2023 was EUR 13.8 (9.5) million and amortizations on total capitalized development costs were EUR 2.0 (1.1) million.

Financial items without exchange rate differences in financial items for 2023 were EUR -0.2 (1.8) million. Exchange rate differences in the financial items in 2023 were EUR -9.7 (-2.9) million. It is important to examine Tecnotree's result without the impact of exchange rates.

Income statement, key figures, MEUR

	2023	2022
Net sales	78.4	71.6
Other operating income	0.2	0.1
Operating costs excluding one-time costs	-54.7	-53.3
Operating result	**23.8**	**18.3**
Financial items without foreign currency differences	-0.2	1.8
Exchange rates gains and losses	-9.7	-2.9
Income taxes	-2.8	-5.7
Result for the period	**11.2**	**11.6**

Financial income and expenses, MEUR

	2023	2022
Interest income	0.5	1.3
Exchange rate gains	5.6	1.8
Other financial income	-0.0	-0.0
Financial income total	**6.1**	**3.1**
Interest expenses	-0.6	-0.1
Exchange rate losses	-15.3	-4.7
Other financial expenses	-0.0	0.6
Financial expenses total	**-16.0**	**-4.2**
Financial income and expenses total	**-9.9**	**-1.1**

Taxes in income statement, MEUR

	2023	2022
Withholding taxes paid abroad	-2.9	-3.4
Change in withholding tax accrual	0.9	-0.4
Income taxes on the results of Group companies	-0.6	-1.3
Other items	-0.1.	-0.6
Taxes in income statement, Total	**-2.8**	**-5.7**

FINANCING, CASH FLOW AND BALANCE SHEET

Tecnotree's working capital increased during the review period by EUR 9.2 (Increased 10.3) million

Change in working capital, MEUR (increase - / decrease +)

	2023	2022
Current receivables, increase (-) / decrease (+)	-5.5	-11.8
Inventories, increase (-) / decrease (+)	0.0	0.0
Current liabilities, increase (+) / decrease (-)	-3.6	1.5
Total change in working capital	**-9.2**	**-10.3**

Project revenue is recognized in other receivables. When the agreement allows the customer to be invoiced, the receivables are regrouped in trade receivables.

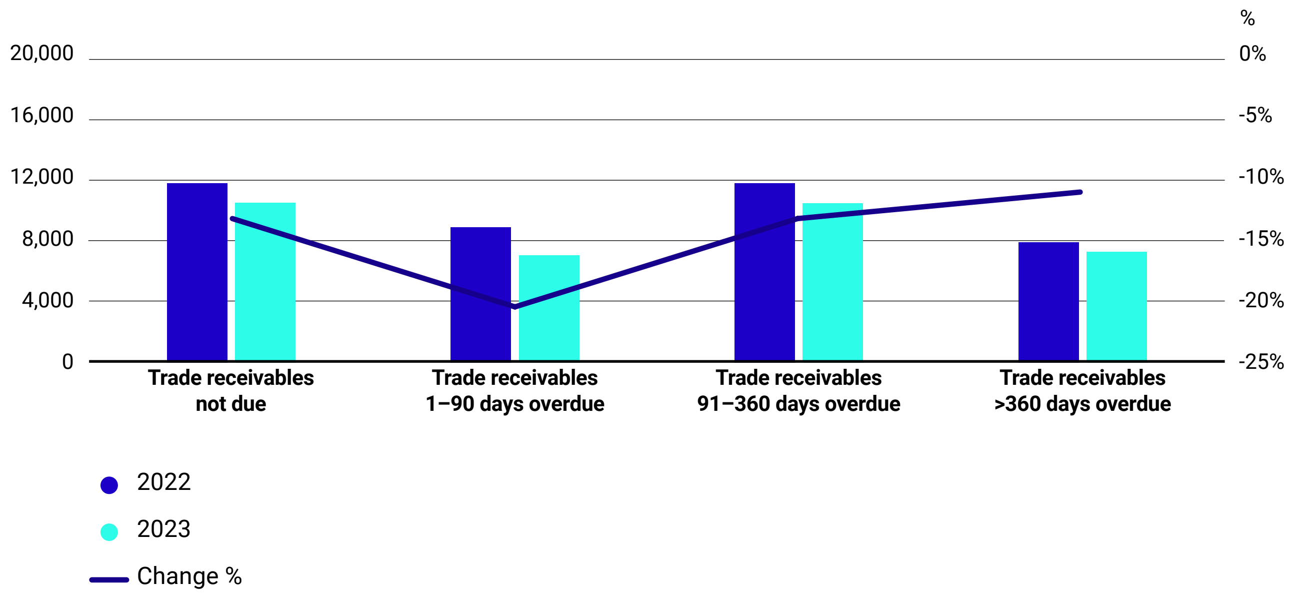
At the end of December 2023, Tecnotree's cash and cash equivalents totalled to EUR 20.8 (12.3) million. During the second half of the year Tecnotree raised EUR 21.1 million through CCD out of which EUR 9.0 million was used for R&D.

Interest-bearing liabilities were EUR 5.7 (4.8) million.

During the review period, total equity was affected by translation differences of negative EUR 7.3 (negative 1.9) million.

On 06 July 2023, Tecnotree extended the CCD subscription period until 13 July 2023. On 17 July 2023, the company successfully subscribed and allotted €43.1 million worth of CCDs. On 27 October 2023, a consortium led by Fitzroy Investments expressed interest in assuming Markku Wilenius's obligations for €20 million. Wilenius resigned from the board on 08 December 2023. The same day, Tecnotree announced that Fitzroy had finalized an agreement to acquire Wilenius's unpaid 200 CCDs and committed to paying €20 million by Q4-2025. By 22 February 2024, Tecnotree had collected a total of €23.1 million from the CCDs, covering all notes except the 200 subscribed by Wilenius.

Accounts receivable aging analysis,
EUR 1,000



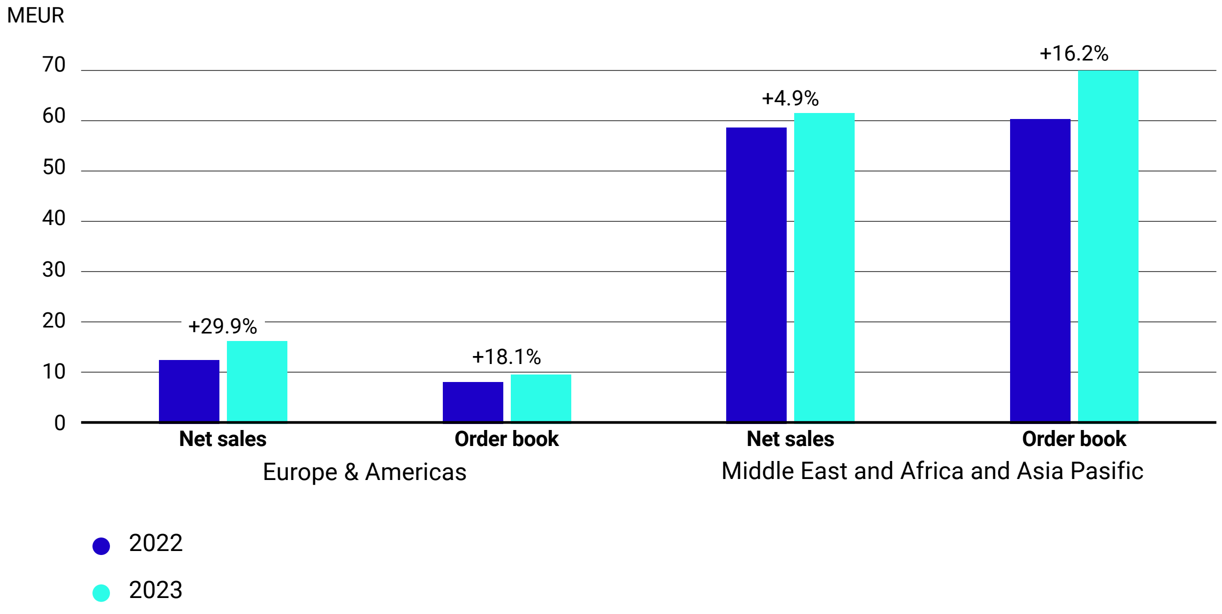
SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Europe & Americas (Europe and North, Central and South America) and MEA & APAC (the Middle East and Africa, Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's chief operating decision maker, as referred to in IFRS 8, is the Group's management board.

Net sales and the result for the operating segments are presented based on the location of customers. The result for the operating segments includes the costs that can be allocated to the segments, being costs of sales and marketing, customer service and delivery functions as well as product development. Costs for product management and administration, depreciations, taxes and financial items are not allocated to the segments.

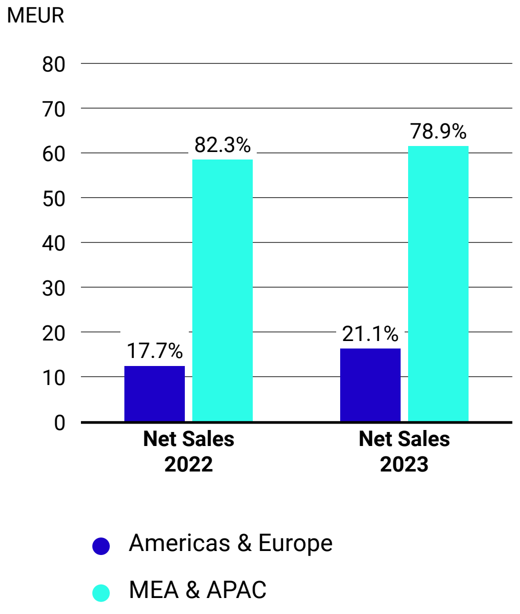
Revenue by and order book by segment,

Change %



Information about major customers,

% of the Group's net sales



GEOGRAPHICAL AREAS

Tecnotree Group operates in the following geographical areas: Europe & Americas (Europe and North, Central and South America) and MEA & APAC (the Middle East and Africa, Asia Pacific).

Europe & Americas

Net sales for the financial year increased by 30.4% from previous year being EUR 16.5 (12.7) million.

Order book at the end of the year increased by 18.8% from previous year and stood at EUR 9.8 (8.3) million.

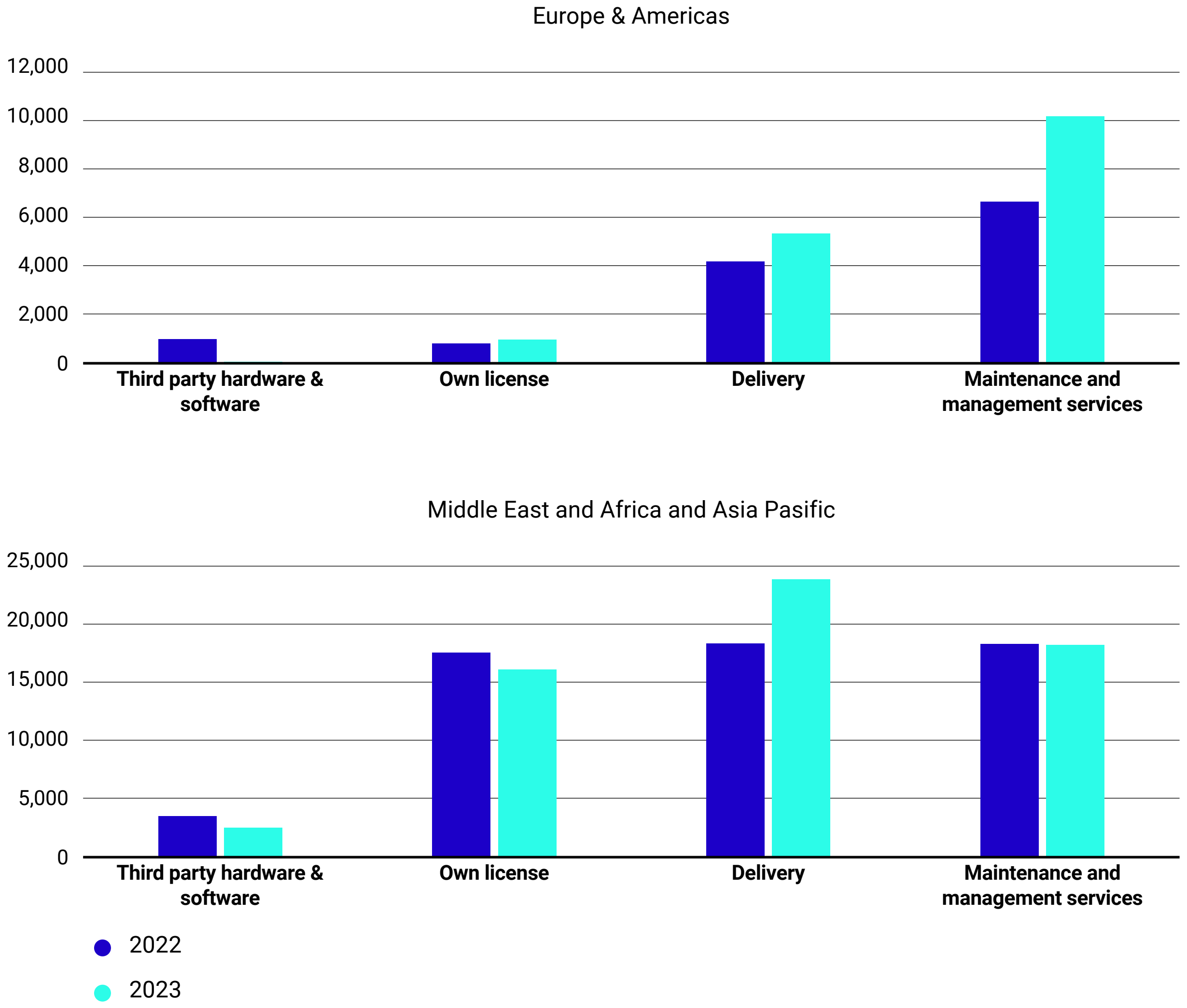
Middle East and Africa & Asia Pacific

Net sales for the financial year period increased by 5.0% from previous year being EUR 61.8 (58.9) million.

Order book at the end year increased by 16.1% from previous year and stood at EUR 70.2 (60.6) million.

Net sales per segment,

EUR 1,000



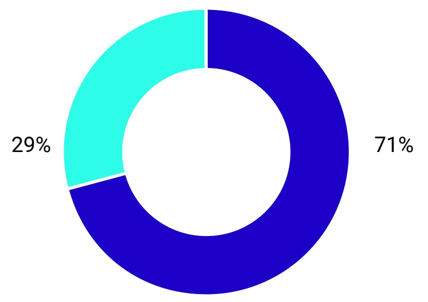
PERSONNEL

At the end of the year 2023, Tecnotree employed 883 (857) persons, of whom 40 (43) worked in Finland and 843 (814) globally. The company employed on average 869 (794) people during the year 2023.

Personnel

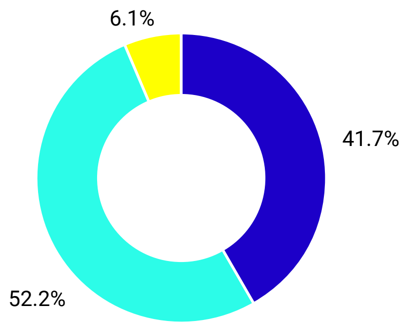
	2023	2022
Personnel, at end of period	883	857
Finland	40	43
Brazil	6	6
Argentina	39	37
India	734	638
United Arab Emirates	25	21
Other countries	39	112
Personnel, average	869	794
Salary expenses (MEUR)	-24,234	-24,749

Gender distribution



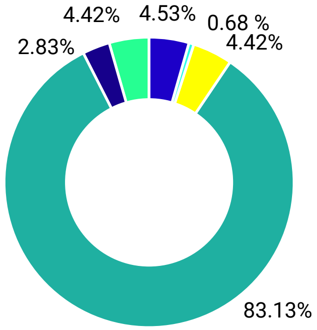
Male	627	(597)
Female	256	(260)
Total	**883**	**(857)**

Age distribution



	Employees	Ratio (%)
< 30 years	368	41.7%
30–50	461	52.2%
> 50 years	54	6.1%

Personnel by country



Finland	40	(43)
Brazil	6	(6)
Argentina	39	(37)
India	734	(638)
United Arab Emirates	25	(21)
Other countries	39	(112)

Tecnotree

SHARE AND PRICE ANALYSIS

At the end of the review period, the shareholders' equity of Tecnotree Group stood at EUR 86.5 (80.1) million and the share capital was EUR 1.3 million (1.3). The total number of shares was 318,956,206 and the company held 2,134,904 own shares. Equity per share was EUR 0.27 (0.25).

A total of 94,612,826 Tecnotree shares (EUR 191,609,929) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2023, representing 29.7% of the total number of shares.

The highest share price quoted in the review period was EUR 0.51 and the lowest EUR 0.27. The average quoted price was EUR 0.42 and the closing price on 31 December 2023 was EUR 0.34. The market capitalisation of the share stock at the end of the review period was EUR 108.4 million.

SHAREHOLDERS

Tecnotree has a single share series and all shares hold equal voting rights. Tecnotree's share is quoted on the NASDAQ OMX Helsinki Ltd. Tecnotree's trading code is TEM1V. 99.99 per cent of the company's shares are entered in the book entry securities system maintained by Euroclear Finland Ltd.

On 31 December 2023 Tecnotree had a total of 20,508 shareholders recorded in the book-entry securities system. The ten largest shareholders together owned approximately 59.9 per cent of the shares and voting rights.

On 31 December 2023, altogether 46.4 per cent of Tecnotree's shares were in foreign ownership or nominee registered shares.

On 31 December 2023, the total number of shares owned by the members of Tecnotree's Board of Directors and the CEO was 107,075,562 which includes the shares owned by these persons themselves, by close family members and by companies in which they hold a controlling interest. Altogether these represent 30.6 per cent of the total amount of shares and voting rights. On 31 December 2023 the total number of shares owned by the members of Tecnotree's Management Board was 2,137,001 excluding those owned by the CEO.

CURRENT AUTHORISATIONS

The Board of Directors has two valid mandates.

The Annual General Meeting held on 15 May 2019 authorized as follows

1. Authorization replacing the authorization granted by the Extraordinary General Meeting of Shareholders on 14 September 2017

The Board of Directors to decide to issue and/or convey a maximum of 900.000.000 new shares and/or the company's own shares either against payment or for free in one or several transactions. The authorization is valid for a period of five years from the date of the Annual General Meeting. This authorization will revoke the authorization granted by the Extraordinary General Meeting on 14 September 2017.

The Board of Directors has not exercised this authorization during the financial period 2023.

2. General authorization

The Board of Directors to decide to issue and/or convey a maximum of 100.000.000 new shares and/or the company's own shares either against payment or for free in one or several transactions. The authorization is valid for a period of five years from the date of the Annual General Meeting. This authorization revokes the authorization granted by the Annual General Meeting of Shareholders on 30 May 2018.

The Board of Directors has exercised this authorization on 31 October 2019 as follows:

- Tecnotree's Board of Directors resolved to issue without consideration 14.500.000 Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations under the LTI Plan.
- The Board of Directors of Tecnotree Corporation resolved to carry out a directed share issue of 12.500.000 shares to the company's CEO.
- The Board of Directors has exercised this authorization on 26 February 2021 as follows:
- Tecnotree's Board of Directors resolved to issue, without consideration, 8.000.000 Tecnotree shares to Tecnotree to be later used to fulfil the company's obligations under the LTI-2 Plan.

The Board of Directors has exercised this authorization on 11 August 2021 as follows:

- Tecnotree's Board of Directors resolved to issue without consideration 5,750,000 Tecnotree shares to Tecnotree to be used as a part of the implementation of the company's incentive programs.

The Board of Directors has not exercised this authorization during the financial period 2023.

NON-FINANCIAL INFORMATION (BOOKKEEPING ACT 3A)

This statement describes how Tecnotree manages environmental matters, respect for human rights, anti-corruption and bribery matters, and employee well-being in its business activities. This statement has been compiled in order to fulfil the reporting requirements on non-financial information as outlined in Chapter 3a, Sections 1–6 of the Finnish Accounting Act. Tecnotree continues to develop suitable non-financial indicators during the year 2024. Tecnotree's governance model has been described in Tecnotree Corporation's Corporate Governance Statement for 2023.

Responsible operating principles

Tecnotree adheres to all relevant laws and regulations in its operations, as well as to best practices in business, included in the company's guidelines. The company constantly develops its operations to correspond with the current operating environment and possible risks.

Risk management

The goal of Tecnotree's risk management is to offer the Board of Directors and Management Board reasonable certainty on the achievement of the company's strategic and operative objectives, reliability and accuracy of financial reporting as well as compliance with regulations and internal guidelines. Tecnotree's general annual assessments of external risks assessed by the Management Board define the biggest risks. These assessments are made by evaluating the probability and the impact of the different risks, and based on this, a risk map is comprised. Actions and persons in charge are defined for each significant risk. The Board approves the significant principles of risk management. The Management Board handles risks and risk management in its meetings on a regular basis. The CEO reports these to the Board of Directors.

Tecnotree's corporate governance is implemented through documented policies. The main policies are policy for making sales agreements, credit policy, cash management policy, policy for hedging against currency risks, policy for making purchase agreements and approval policy.

Currently, the company's most significant risks are related to the development of net sales, projects and their timing, trade receivables and changes in exchange rates.

In order to mitigate the risks related to sales, Tecnotree has uniform principles and practices in bid reviews. The subsidiaries and foreign offices of the parent company have issued guidelines and policies for their own specific purposes that are in line with the Group level policies. The company has defined its Code of Conduct.

The risks pertaining to the financial reporting are mitigated by the methods in financial reporting and control of the group. The Group companies utilize a common chart of accounts and IFRS principles as well as common systems with comprehensive database. The Group's financial management is responsible for managing foreign exchange, interest rate and liquidity risks and for taking out insurance against operational risks.

Due to the nature of Tecnotree's business, the company estimates its environmental impact to be relatively low. The company's Management Board is responsible for the management of environmental risks and takes proactive action to prevent them.

Together with HR, the company's Management Board administers and develops management and prevention of risks related to employee well-being, human rights and social responsibility. Tecnotree also enforces internal processes that are meant to minimize and transfer risks, should it not be possible to avoid them. The personnel's annual performance reviews are a key element in supporting employee well-being.

There are some malpractice and fraud risks related to personnel and external parties which the company does, however, estimate to be low. Tecnotree's personnel is encouraged to report any found or suspected violations either personally or anonymously, and all reported instances are investigated.

Information security

Tecnotree operates in an industry that is subject to particularly large number of risks related to information security and privacy. The management and staff of Tecnotree are committed to the company's information security policy that covers the principles of careful risk management, protection of intellectual property, and the processing of customer, vendor, partner and employee related information assets.

Environmental responsibility

Tecnotree follows the applicable environmental laws in its business operations and expects all its partners to equally do so. The company follows and develops business processes that support compliance with environmental laws, regulations and policies.

Due to the nature of Tecnotree's business, the company estimates its environmental impact to be relatively low. Tecnotree seeks to prevent environmental damage by, for example, reducing business travel by using electronic conferencing tools and other technologies, reducing electricity and water consumption, and reducing waste volumes with proper treatment of waste.

Employee well-being, human rights and social responsibility

Tecnotree has defined its Code of Conduct to be followed by each employee. The subsidiaries and foreign offices of the parent company have issued guidelines and policies for their own specific purposes that are in line with the Group level policies. Impacts related to staff and working conditions are managed and developed in accordance with Tecnotree's personnel policy.

At the end of December 2023 Tecnotree employed 883 (857) persons, of whom 40 (43) worked in Finland and 843 (814) elsewhere. The company employed on average 869 (794) people during the financial period.

Tecnotree's goal is to provide its employees a safe and healthy working environment that offers everyone the opportunity to develop. Tecnotree's senior management is committed to maintain employee well-being in all organization levels and locations. All the physical safety elements including occupational safety plans, emergency plans, etc. are based on local laws and practices in each country. Tecnotree does not tolerate employee harassment at any organization levels.

Tecnotree emphasises employee equality. Employees are not discriminated against based on their race, colour, age, gender, sexual orientation, religion, political affiliation, union membership, disability or ethnicity. In 2023, no human rights violations were detected.

Tecnotree seeks to make a contribution to the surrounding communities in all regions it operates. Other than pure financial benefit from business operations, Tecnotree seeks to contribute to the society by engaging different partners in collaboration, participating in discussion on economic and social issues, offering employment to students or other people in need of jobs, and by creating and participating in campaigns and activities that drive the development and vitality of the local business ecosystem.

Quality and customer satisfaction

Tecnotree's business is based on offering products, services and solutions to a large customer base. The company strives for the highest possible customer satisfaction, where the quality of products and services plays a key role. The goal is to provide agile, customer-oriented and high-quality services and to develop new competitive innovations. The quality of products and services is supported by a comprehensive quality management system. Quality is also bolstered by respecting customers, partners and employees in all interactions. Customer satisfaction is measured annually and the company audits its operations on a regular basis.

Anti-corruption and anti-bribery

Tecnotree's anti-corruption and anti-bribery methods are described in the company's Code of Conduct. All employees are required to familiarize themselves with the Code of Conduct. Tecnotree adheres to responsible business practices in all areas of its operations.

Tecnotree requires its employees to follow laws and regulations as well as generally accepted best practices and standards related to business ethics in all their actions. Employee representatives shall not receive gifts that influence business solutions or have significant monetary value. No nepotism in business decisions, corruption or bribery of any kind shall be tolerated. All of the company's business dealings are transparently performed and accurately reflected on Tecnotree's financial books and records. Tecnotree has a whistleblowing channel through which it is possible to report any suspicions of misconduct or policy violations for internal investigation within the company. In 2023, no cases of corruption or bribery were detected.

DISCLOSURE UNDER THE EU TAXONOMY REGULATION

In order to foster investments towards meeting the European Union's (EU) sustainability objectives in line with the European Green Deal and other initiatives, the EU Taxonomy Regulation (Regulation (EU) 2020/852) was introduced to establish a common classification system for environmentally sustainable economic activities. The EU Taxonomy is intended to help companies and investors identify environmentally sustainable economic activities per EU definitions and to make sustainable investment decisions. Environmentally sustainable economic activities are described as those which make a substantial contribution to at least one of the EU's climate and environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Companies that fall under the scope of the Corporate Sustainability Reporting Directive (CSRD) have to report in their annual reports to what extent their activities are covered by the EU Taxonomy (Taxonomy-eligibility) and comply with the criteria set in the Taxonomy delegated acts (Taxonomy-alignment) in the form of percentages of the financial year's turnover (turnover KPI), capital expenditure (CapEx KPI) and certain operating expenditure (OpEx KPI) as defined by the Disclosures Delegated Act (EU) 2021/2178. The EU Taxonomy is not a mandatory list for investors to invest in. It does not set mandatory requirements on environmental performance for companies or for financial products.

Assessment of compliance with Regulation (EU) 2020/852

In the first step of the assessment, Tecnotree's revenue generating activities, as described in the financial statements' Note 2 Revenue recognition, were compared to the activities listed in the Annexes of the Delegated Acts for economic activities accompanying the Taxonomy Regulation (EU) 2020/852. BBS sector telecommunication and software vendor services are currently not widely recognized in the current EU Taxonomy, as priority has been given to economic activities that are seen as the most critical in substantially contributing to the EU's sustainability objectives. Out of Tecnotree's revenue generating activities Delivery (configuration, installation, testing, etc. of software at the customers' IT environment) and Maintenance and management services (maintenance, availability monitoring, standard reporting, service request management etc.) were assessed to correspond with the activity description of the economic activity CCA 8.2 Computer programming, consultancy and related activities, thus revenue from these activities are recognized as taxonomy-eligible. Double counting of revenue has been avoided by once recognizing the revenue generated from the taxonomy-eligible activities as reported.

The activity CCA 8.2. is recognized as potentially contributing to Climate Change Adaptation if it is performed with the purpose of substantially reducing physical climate risks for the target of the activity – as Tecnotree's BBS sector activities do not concern climate matters, no revenue is recognized as taxonomy-aligned.

Tecnotree has not during the financial year purchased outputs from taxonomy-eligible or aligned economic activities that would have been recognized as capital or operating expenditures (CapEx or OpEx). Currently, Tecnotree has no CapEx plan that would aim to expand taxonomy-aligned economic activities or upgrade taxonomy-eligible activities within five years. Tecnotree continues to monitor regulatory developments within sustainability as the EU Taxonomy and other legislation is expected to develop and evolve over time.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,0	0 %																
Of which enabling		0,0																	
Of which transitional		0,0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Computer programming, consultancy and related activities	CCA 8.2	58,2	74 %	N/EL	EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		58,2	74 %																
A Turnover of Taxonomy-eligible activities (A.1+A.2)			74 %																
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		20,2	26 %																
TOTAL		**78,4**	**100 %**																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Propor-tion of turnover, year 2023 (4)	Climate Change Mitiga-tion (5)	Climate Change Adapta-tion (6)	Water (7)	Pollu-tion (8)	Circular Econo-my (9)	Biodiver-sity (10)	Climate Change Mitiga-tion (11)	Climate Change Adapta-tion (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiver-sity (16)	Mini-mum Safe-guards (17)	Proportion of Taxono-my-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transi-tional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environ-mentally sustainable activities (Taxono-my-aligned) (A.1)		0,0	0 %																
Of which enabling		0,0																	
Of which transitional		0,0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmen-tally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,0	0																
A Turnover of Taxonomy-eligible activities (A.1+A.2)		0,0	0 %																
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxon-omy-non-eligible activities		15,9	100 %																
TOTAL		**15,9**	**100 %**																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,0	0 %																
Of which enabling		0,0																	
Of which transitional		0,0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,0	0 %																
OpEx of Taxonomy-eligible activities (A.1+A.2)		0,0	0 %																
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		2,4	100 %																
TOTAL		**2,4**	**100 %**																

Accounting policy

This section describes the principes by which the numerators and denominators of the required KPIs were calculated.

Net sales

Taxonomy-eligible net sales (turnover) in the numerator includes the aggregated amount of net sales from products and services associated with its taxonomy-eligible economic activities. The denominator is the total net sales of Tecnotree as presented in the consolidated income statement.

Capital expenditure (CapEx)

Taxonomy-eligible CapEx includes only individually eligible capital expenditure related to activites deemed taxonomy-eligible. The denominator is the total amount of additions to intangible assets, property, plant and equipment, and right-of-use assets during the financial year as presented in the consolidated financial statements. Additions are considered before depreciation and amortization for the relevant financial year. Total additions are presented in the notes to consolidated financial statements in Note 10 Intangible assets, Note 11 Property, plant and equipment and Note 13 Right-of-use assets.'

Operating expenditure (OpEx)

In assessing its taxonomy-eligible operating expenses, Tecnotree includes in the numerator the estimated direct research and development expenses related to the products and services associated with its taxonomy-eligible economic activities, excluding depreciation, amortization and impairment costs.
The denominator consists of research and development expenses as presented in the consolidated income statement, excluding depreciation, amortization and impairment costs. The definition of operating expenses according to commission delegated act (EU) 2021/2178 includes also building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to servicing of assets of property, plant and equipment.

Tecnotree did not carry out, fund and had no exposure to nuclear energy or fossil gas related activities as specified by the Complementary Climate Delegated act (EU) 2022/1214.

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

RISKS AND SHORT-TERM UNCERTAINTY FACTORS

Tecnotree's risks and uncertainties in the near future relate to development of net sales, projects delivery timelines, trade receivables and to changes in foreign exchange rates.

Risks and uncertainty factors relating to business operations

Tecnotree focuses on R&D led, product-based solutions for Communication and Digital Service Providers in emerging markets. This involves risks, such as the time to develop new products, the timely market introduction of products, the competitive situations as well as the company's ability to respond to customer and market demand. The company has also noted the impact of inflation on its cost and is taking appropriate measures to mitigate the same.

Dependence on key customers

Tecnotree's largest customers are much bigger businesses than the company itself and the two largest customers accounted for 49% of net sales in 2023 (75%). The relationship between the company and its major customers is one of interdependence, which offers business opportunities but also poses risks. However these relationships have been existing for over 20 years.

Carrying out customer projects, profitability, forecasting

Certain commitments are associated with the project delivery and maintenance agreements made by the company, and unforeseen costs may arise in the future from these agreements. The company aims to limit these commitments with limitation of liability clauses in customer contracts. In addition, the company has a current global liability insurance to cover any liabilities that may materialize in connection with customer projects in accordance with the insurance agreement.

Carrying out projects involves risks. They are contained for example in projects that require new product development, where creating new product features may prove more difficult than anticipated. Another problem with project sales arises from variations in net sales and profit during the different quarters of the year. Forecasting these variations is often difficult.

Risks relating to international operations, receivables and developing markets

Project deliveries result in large accounts receivable. Most of Tecnotree's net sales come from developing countries and some of these contain political and economic challenges. There is the risk of a considerable delay in the payment of invoices in these countries and that Tecnotree will have to record credit losses. Regulation by the authorities of foreign payment transactions and international sanctions hamper operations in certain countries. Various regulations can change frequently and may be ambiguous. In many countries it is common practice to delay payment of invoices. For these reasons forecasting customer payments is often challenging and delays occur.

Foreign Currency Risk

Our operations span across regions where Euro is not readily available or where local currencies experience significant volatility or inflation. Given the nature of our international presence, we have adopted a conservative approach to manage our foreign currency exposure. A significant portion of our net sales is denominated in U.S. dollars, and the exchange rate fluctuations of the Indian Rupee have a notable impact on our net result due to the substantial costs associated with our large workforce in India and other expenses denominated in rupees.

To mitigate the risk associated with currency fluctuations, we have implemented a comprehensive foreign exchange risk management policy. This policy involves:

1. **Regular Assessment:** Conducting frequent evaluations of our currency exposure in each operating country, focusing on both transactional and translational risks.
2. **Diversification of Currency Holdings:** Maintaining a diversified portfolio of currency holdings to spread the risk associated with any single currency.
3. **Dynamic Adjustments:** Adjusting our hedging strategies in real-time based on changes in currency volatility and market forecasts.
4. **Liquidity Management:** Ensuring sufficient liquidity in various currencies to meet operational needs without relying heavily on local currency markets.

Further we will be actively pursuing entering into foreign exchange contracts to hedge a larger portion of our exposure in non- Euro currencies. This includes forward contracts, options, and swaps in currencies of countries where we have significant operations and where the currency is prone to volatility or inflation.

Intra-group receivables and liabilities can result in exchange rate differences in the consolidated income statement, as our Group companies usually have different functional currencies.

Interest Rate Risk
Our exposure to interest rate risk primarily arises from our cash reserves and borrowings. We invest our short-term interest-bearing investments in highly liquid and low-risk instruments, with a focus on diversification to mitigate the impact of interest rate fluctuations.

As of 31st December 2023, we had EUR 5.7 (4.8) million interest-bearing liabilities. Our borrowing strategy is designed to be flexible, allowing us to respond quickly to changes in interest rates and economic conditions in the countries where we operate. Our borrowings are in multiple currencies, including INR and USD, and any exchange rate fluctuations will affect us.

Taxation
Operating in developing markets often involves problems relating to taxation. Local tax legislation can change rapidly and may be subject to conflicting interpretations. It is possible for the tax authorities in different countries to demand taxation of the same revenue. Withholding taxes are often imposed on sales of systems and services and obtaining credit for this in the country receiving the revenue is not a clear case. In Finland Tecnotree has a large amount of tax-deductible costs from previous fiscal periods, which can be capitalized in taxation.

As a rule, Tecnotree applies the cost-plus method in its transfer pricing. This clarifies the taxable result recorded in different countries.

MANAGEMENT, AUDITORS AND CORPORATE GOVERNANCE
Tecnotree's Board of Directors comprised the following persons in 2023:

Neil Macleod, Chairman of the Board
Jyoti Desai, Vice Chairman of the Board
Conrad Neil Phoenix
Anders Fornander
Johan Hammarén
Markku Wilenius (until 7th Dec 2023)

Padma Ravichander is the CEO of the company.

At the end of 2023, the Tecnotree Group Management Board had eleven (11) members: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Marketing Officer (CMO) and Head of B2B2X, Chief Operating Officer (COO), Chief People Officer (CPO), Chief Technology Officer (CTO) & Head of SaaS, Vice President - Value Engineering, Vice President - Product Engineering, Chief Product Officer, SVP Operations and Chief Data and AI Officer. The CEO acts as the Chairman of the Management Group.

Tecnotree's auditor in the financial year 2023 was Tietotili Audit Oy, and the principal auditor was Urpo Salo, Authorised Public Accountant.

The Board of Directors has approved the Corporate Governance Statement of the Company for the year 2023.

According to the Articles of Association the 3–8 members of the Board of Directors are elected at the yearly Shareholders' meeting. The members are appointed for the period ending at the end of the following ordinary Shareholders' meeting. The Board of Directors appoints the CEO.

EVENTS AFTER THE END OF PERIOD
No material changes regarding the company's business or financial position have materialized after the end of the financial period.

PROSPECTS IN 2024

Tecnotree expects in 2024:
- Revenue to be higher by 2%-7% compared to 2023
- Operating profit (EBIT) to be higher by 7%-15% compared to 2023

The company will continue its focus on increasing licence revenue while is moving constantly evolving from Projects delivery Licence and Delivery mode into an Annual Recurring Revenue model. This will ensure that the company will have more predictable and stable quarter on quarter revenue. However, revenue will be impacted in the shorter term. Telecom industry growth is poised at 2.1% annually from 2022-2027 and Tecnotree has been growing above the market. Further given the uncertain global economic scenario, the Company expects 2%-7% growth in revenue compared to 2023.

In 2024, the company is expecting higher cost optimisation which will result in higher Operating profit of 7%-15% compared to 2023.

Foreign exchange rates are expected to remain at approximately current levels.

PROPOSAL CONCERNING THE RESULT
At the end of financial year 2023, the distributable equity of the Group's parent company is 41,943,244.43 euros. The Board of Directors proposes to the Annual General Meeting to be held on March 25, 2024, that no dividend will be paid for the financial year 2023, and the parent company's loss for the period, 6,529,392 euros, will be transferred in retained earnings in the shareholders' equity.

Tecnotree Corporation
Board of Directors

Tecnotree

KEY FIGURES

CONSOLIDATED INCOME STATEMENT

EUR million	2023	2022	2021	2020	2019
Net sales, MEUR	78.4	71.6	64.2	52.8	47.0
Net sales, change %	9.5	11.5	21.6	14.4	12.2
Operating result, MEUR	23.8	18.3	23.7	18.6	14.4
as % of net sales	30.4	25.6	36.9	35.3	30.6
Profit before taxes, MEUR	13.9	17.2	21.4	15.9	11.8
Result for the period, MEUR	11.2	11.6	18.3	13.6	7.7
Earnings per share, basic, EUR	0.0	0.0	0.1	0.1	0.0
Order book, MEUR	80.2	68.9	53.5	32.1	25.5
Cash flow after investments, MEUR	-0.6	-4.8	4	7	0.1
Change in cash and cash equivalents, MEUR	8.6	-5.3	9.5	4.7	-0.6
Cash and cash equivalents, MEUR	20.8	12.3	17.6	8	3.4
Equity ratio %	67.5	77.1	85.2	39.3	9.9
Net gearing %	-17.5	-9.3	-26	27.1	292.2
Personnel at the end of the period	883	857	750	659	600

[1] Adjusted operating result = operating result before one-time items
[2] Adjusted result for the period = result for the period without one-time items.

CONSOLIDATED BALANCE SHEET

EUR million	2023	2022	2021	2020	2019
Non-current assets	36.3	26.4	13.2	7.3	6.8
Current assets					
Inventories	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	71.1	65.2	48.7	35.3	27.6
Investments and cash equivalents	20.8	12.3	17.6	8.0	3.4
Shareholders' equity	86.5	80.1	67.7	19.9	3.6
Compulsory convertible debentures	21.1				
Liabilities					
Non-current liabilities'	3.7	5.5	2.7	18.8	21.8
Current liabilities	16.9	18.2	9.0	12.0	11.5
Balance sheet total	**128.2**	**103.8**	**79.4**	**50.6**	**36.8**

FINANCIAL INDICATORS

	2023	2022	2021	2020	2019
Earnings per share, EUR (basic)	0.04	0.04	0.06	0.05	0.03
Earnings per share, EUR (diluted)	0.04	0.04	0.06	0.05	0.03
Equity per share, EUR	0.27	0.25	0.21	0.01	0.01
Number of shares at the end of the period, 1,000 shares	318,956	318,956	318,956	247,628	247,628
Average number of shares, 1,000 shares	318,956	318,956	292,528	270,293	235,295
Number of own shares on 31 Dec, 1,000 shares	2,135	7,975	16,192	10,942	0
Share price, EUR					
Average	0.42	0.84	1.02	0.34	0.09
Lowest	0.27	0.41	0.51	0.11	0.05
Highest	0.51	1.52	1.71	0.90	0.24
Share price at the end of the period, EUR	0.34	0.62	1.47	0.70	0.17
Market value at the end of the period, EUR million	108.4	199.0	469.5	193.3	42.1
Share turnover, million shares	94.6	191.6	293.5	82.2	18.3
Share turnover, % of total number	29.7	60.1	92.0	29.9	7.4
Share turnover, EUR million	42.5	175.9	312.3	35.5	2.1
Dividend per share, EUR					
Dividend/result, %					
Effective dividend yield, %					
P/E ratio, %	9.7	17.1	23.5	13.9	5.2

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CALCULATION OF KEY INDICATORS

Indicator		Numerator	Denominator	
Return on equity (ROE), %	=	Resut for the period	Shareholders´ equity (average)	x 100
Return on investments (ROI), %	=	Results before taxes + financial expenses	Shareholders´ equity + interest- bearing financial liabilities (average)	x 100
Equity ratio, %	=	Shareholders´ equity	Balance sheet total - advances received	x 100
Earnings per share (EPS)	=	Profit attributable to equity holders of the parent company	Basic average number of shares	
Dividend per share	=	Dividend	Basic number of shares on the reporting date	
Dividend/Result, %	=	Dividend per share	Earnings per share (EPS)	x 100
Equity/Share	=	Equity attributable to equity holders of the parent company	Basic number of shares on the reporting date	
Debt/Equity ratio, % (net gearing)	=	Interest-bearing liabilities - cash and cash equivalents - interest-bearing assets	Shareholders´ equity	x 100
Market capitalization	=	Basic number of shares on the reporting date x	share price on the reporting date	
P/E ratio, %	=	Share price on the reporting date	Earnings per share (EPS)	
Effective dividend yield, %	=	Dividend per share	Share price on the reporting date	

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	2023	2022
Net sales	1, 2	**78,385**	**71,591**
Other operating income	6	192	68
Materials and services	3	-4,741	-7,066
Personnel expenses	4	-24,234	-23,749
Depreciation, amortisation and impairment losses	5	-3,867	-1,518
Other operating expenses	6	-21,889	-21,016
Operating profit		**23,845**	**18,311**
Financial income	7	6,077	3,112
Financial expenses	7	-15,992	-4,179
Result before taxes		**13,930**	**17,244**
Income taxes	8	-2,780	-5,676
Result for the period		**11,150**	**11,568**
Total earnings attributable to:			
Equity holders of the parent company		11,151	11,568
Non-controlling interest		-1	
Earnings per share attributable to the ordinary equity holders of the parent			
Earnings per share basic, eur	9	0.04	0.04
Earnings per share diluted, eur	9	0.04	0.04
Number of shares (1,000s of shares)		318,956	318,956
Result for the period		**11,150**	**11,568**

STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	2023	2022
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement items on net defined benefit liability	18		-31
Tax on items that will not be reclassified subsequently to profit or loss		71	58
Items that may be reclassified subsequently to profit or loss:			
Translation differences from foreign operations	19	-11,147	-3,038
Tax relating to translation differences		3,666	999
Other comprehensive income, net of tax		-7,410	-2,012
Total comprehensive income for the period		**3,740**	**9,556**
Comprehensive income for the period attributable to:			
Equity holders of the parent company		3,740	**9,556**
Non-controlling interest		-9	-9

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CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Intangible assets	9	33,478	23,588
Property, plant and equipment	10	389	445
Deferred tax assets	7	529	591
Non-current receivables	11	1,903	1,763
Total non-current assets		**36,299**	**26,387**
Current assets			
Trade and other receivables	13	69,161	60,745
Income tax receivables		1,954	4,407
Cash and cash equivalents		20,827	12,272
Total current assets		**91,943**	**77,424**
Assets total		**128,242**	**103,811**

EUR 1,000	Note	31.12.2023	31.12.2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,346	1,346
Share premium fund		847	847
Translation differences		-19,909	-12,617
Other reserves		29,652	29,742
Retained earnings		74,400	60,563
Equity attributable to equity holders of the parent	19	86,337	79,881
Non-controlling interest		181	190
Total shareholders' equity		**86,518**	**80,071**
Compulsory Convertible Debentures		21,100	
Non-current liabilities			
Non-current interest-bearing liabilities	15		2,366
Other non-current non interest-bearing liabilities	15	2,493	2,105
Pension obligations	18	1,203	1,033
Total non-current liabilities		**3,696**	**5,504**
Current liabilities			
Current interest-bearing liabilities	15	5,763	2,454
Trade payables, provisions and other liabilities	16	11,255	15,783
Total current liabilities		**16,928**	**18,236**
Equity and liabilities total		**128,242**	**103,811**

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CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Result for the period:	11,150	11,568
Adjustments to the result		
Depreciations	3,867	1,518
Financial income and expenses	9,915	1,067
Other adjustments	-1,111	3,900
Income taxes	2,780	5,676
Changes in working capital:		
Current receivables, increase (-) /decrease (+)	-5,525	-11,802
Current liabilities, increase (+) /decrease (-)	-3,644	1,512
Financial income and expenses	-7,730	-2,273
Income taxes paid	-3,483	-5,135
Net cash flow from operating activities	**6,221**	**6,030**
CASH FLOW FROM INVESTING ACTIVITIES		
UTILIZED FROM CCD	9,045	
Investments to tangible and intangible assets	-11,852	-10,784
Investments on third party software	-2,044	
Advance for Acquisition	-2,000	
Net cash flow from investing activities	**-6,851**	**-10,784**

EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM FINANCING ACTIVITIES		
Compulsory convertible debentures	21,100	
Utlilized for Investment activity	-9,045	
Sub Total	12,055	
Repayment of loans	-4,643	-247
Proceeds from share issues	5,496	123
Net cash flow from financing activities	**12,908**	**-124**
CHANGE IN CASH AND CASH EQUIVALENTS	12,278	-4,878
Cash and cash equivalents on 1 Jan	12,272	17,565
Change in foreign exchange rates	-3,722	-414
Cash and cash equivalents on 31 Dec	20,828	12,272

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
EUR 1,000	**Share capital**	**Share premium fund**	**Unrestricted equity reserve**	**Other reserves**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total shareholders' equity**
Shareholders' equity 1.1.2023	**1,346**	**847**	**27,590**	**2,152**	**-12,617**	**60,563**	**79,881**	**190**	**80,071**
Result for the period						11,151	11,151	-1	11,150
Other comprehensive income, net of tax					-7,292		-7,292		-7,292
Total comprehensive income for the period					-7,292	11,151	**3,859**	-1	**3,858**
Share based payments						2,338	2,338		2,338
Revaluation reserve				-67			-67		-67
Argentina hyperinflation						501	501		501
Other changes				-23		-153	-176	-8	-184
Total shareholders' equity 31.12.2023	**1,346**	**847**	**27,590**	**2,062**	**-19,909**	**74,400**	**86,336**	**181**	**86,518**
Shareholders' equity 1.1.2022	1,346	847	27,466	2,145	-10,671	46,330	67,470	199	67,669
Result for the period						11,568	11,568		11,568
Other comprehensive income, net of tax					-2,039	27	-2,012		-2,012
Total comprehensive income for the period					**-2,039**	**11,595**	**9,556**		**9,556**
Stock options exercised			123				123		123
Share based payments						1,879	1,879		1,879
Revaluation reserve				-4			-4		-4
Argentina hyperinflation						756	756		756
Other changes				11	93	3	107	-9	99
Total shareholders' equity 31.12.2022	**1,346**	**847**	**27,590**	**2,152**	**-12,617**	**60,563**	**79,881**	**190**	**80,071**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

Tecnotree is a global supplier of telecom IT solutions, providing products and services for charging, billing, customer care, and messaging and content services.

The Group's parent company is Tecnotree Corporation, which is domiciled in Espoo, Finland, and its registered address is Tekniikantie 14, 02150 Espoo. Tecnotree Corporation is listed on the NASDAQ OMX Helsinki (TEM1V). A copy of the consolidated financial statements can be obtained on the Internet at www.investors.tecnotree.com.

The Board of Directors of Tecnotree Corporation has approved the publishing of these financial statements. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to make a decision to amend the financial statements.

Basis of preparation

Tecnotree's consolidated financial statements have been prepared in accordance with the international financial reporting standards (IFRS) adopted by the EU, applying the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2023 International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of the Act, refer to the standards and to their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

The consolidated financial statements are presented in EUR, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements are listed under section critical accounting estimates and judgements.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items:

- Financial instruments – fair value through profit or loss
- Financial instruments – fair value through other comprehensive income
- Net defined benefit liability
- Equity settled share-based payments

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition: Assessment of performance obligations, method of determination of percentage of completion

The Company's contracts with customers include promises to transfer multiple products and services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involve significant judgment.

In arrangements for sale of third-party hardware and software, own software licences, implementation services (referred to as 'delivery' in the financial statements) and related maintenance and managed services, by applying the revenue recognition criteria for each distinct performance obligation, the arrangements with customers generally meet the criteria for considering sale of licence, implementation and related support/maintenance services as distinct performance obligations.

For allocating the transaction price, the Company measures the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price,

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the Company uses the expected cost plus margin approach in estimating the standalone selling price.

For sale of third-party hardware and software the performance obligations are satisfied upon delivery to the customers.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer.

For software implementation services (delivery) the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from maintenance and managed services are recognised rateably over the term of the contract.

Impairment of financial assets

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

Post employment benefit liabilities

The present value of post-employment benefit obligations is determined on an actuarial basis using various assumptions, including the discount rate, inflation rate and mortality assumptions. Any changes in these assumptions will impact the carrying amount as well as the net pension cost/(income).

Share based payments

The share-based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- **Level 1** : Quoted prices in active markets for identical assets or liabilities
- **Level 2** : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** : Inputs for the asset or liability that are not based on observable market data

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

There are no joint arrangements or associated companies in the Group.

Non-controlling interests

Net result and total other comprehensive income for the period attributable to the owners of the parent and non-controlling interests is presented in the statement of comprehensive income. Net result attributable to non-controlling interests is presented within equity in the consolidated balance sheet separately from equity attributable to the owners of the parent. Non-controlling interests of accrued losses are recognised in the consolidated financial statements up to the maximum amount of their investment

Revenue recognition

In accordance with IFRS 15 Tecnotree recognizes revenue depicting the pattern of the transfer of the goods and services to customers in an amount that reflects the amount to which the entity expects to be entitled in exchange for those goods or services. This is done applying the following five-step method:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services. The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Progress towards completion is measured on the output method as it is a fair and reliable representation of the progress considering the nature of performance obligations. The management continuously monitors the appropriateness of the method used for determining percentage of completion throughout the term of the contracts. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

The incremental costs of obtaining a contract (i.e. costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them. Certain eligible, non-recurring costs (e.g. set-up or transition or transformation costs) that do not represent a separate performance obligation are recognized as an asset when such costs (a) relate directly to the contract; (b) generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future; and (c) are expected to be recovered. Such capitalized contract costs are amortized over the respective contract life on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

There are no goodwill assets in the Group as of 31 December 2023.

Foreign currency translation

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into EUR at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation differences.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the translation differences in consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation differences relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

The Argentinian peso is the functional currency of the company's subsidiary in Argentina. During 2018, the economic crisis led to the economy of Argentina to be classified as hyperinflationary. Because of this development, adoption of IAS 29 Financial Reporting in Hyperinflationary Economies applies that means from the beginning of the relevant reporting period financial statements of the Argentine subsidiary are to be restated into the current purchasing power that reflects a price index current at the end of the reporting period.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line.

There were no derivates held by the group as of 31 December 2023.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non- payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. The Group's financial assets measured at amortised cost comprise trade and other receivables and in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Based on the long-term partnerships with MTN Group and American Movil and the payments received, Tecnotree will treat these separately at the discretion of management and the above principles will not apply.

Fair value through other comprehensive income

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables are carried at invoiced amount, which is considered to be equal to the fair value due to the short-term nature of the Group's trade payables.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities.

Share-based payments

The Group offers share-based compensation plans for employees. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments as of the grant date, excluding the impact of any nonmarket vesting conditions. Non-market vesting conditions attached to the performance shares are included in assumptions about the number of shares that the employee will ultimately receive. The Group reviews the assumptions made on a regular basis and, where necessary, revises its estimates of the number of performance shares that are expected to be settled. Plans that apply tranched vesting are accounted for under the graded vesting model. Share-based compensation is recognized as an expense in the consolidated income statement over the relevant service periods.

Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

1. there is an identified asset;
2. the Group obtains substantially all the economic benefits from use of the asset; and
3. the Group has the right to direct use of the asset.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

1. leases of low value assets; and
2. leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the General Meeting.

Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated. If it is possible to obtain compensation for some of the obligation from a third party, the compensation is recognised as a separate asset, but only when it is virtually certain that the compensation will be received.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require settlement of a payment obligation and the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred taxation

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the goodwill which is permanently non-deductible or for the undistributed earnings of foreign subsidiaries to the extent it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates enacted by the balance sheet date or substantially enacted tax rates. Deferred tax liabilities are mainly recognised in full, but deferred tax assets are only recognised to the extent that it is probable that future taxable income will be available against which they can be utilised. The conditions for recognition of any deferred tax asset are evaluated at the end of each reporting period.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

Immaterial rights include obtained technology patents, trademarks, customer registers, and technology rights. These are entered in the balance sheet at cost and depreciated on a straight-line basis over their economic lifetime. The residual value and useful life of assets are reviewed for each financial statement and, if necessary, adjusted to indicate changes expected in the assets' economic benefits. The economic lifetime is generally 3 to 10 years.

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

1. it is technically feasible to develop the product for it to be sold
2. adequate resources are available to complete the development
3. there is an intention to complete and sell the product
4. the Group is able to sell the product
5. sale of the product will generate future economic benefits, and
6. expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the depreciation and amortisation line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

The useful life of capitalized development expenditure is 5 years, and they are amortized on a straight-line basis over this period from the start of commercial use. The intangible assets that are not yet ready for use are tested annually for impairment. The recoverable amount of these assets is based on estimated future cash flows from sales and/or use of the asset.

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and any impairment losses.

Certain parts of items of property, plant and equipment are accounted for as separate items. When such a part is replaced, the costs relating to the new part are capitalised. Other subsequent expenses are capitalised only if it is probable that they will increase the economic benefits that will flow to the Group. All other costs, such as normal repair and maintenance costs, are expensed as incurred.

Depreciation on assets under construction does not commence until they are complete and available for use. Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings and structures 25 years
- Machinery and equipment and furniture 3–5 years
- Computing hardware and equipment 3–5 years

The residual value of these assets and their useful lives are reassessed annually when the financial statements are prepared, and if necessary are adjusted accordingly to reflect any changes in the expectation of economic benefits expected.

Gains or losses on disposal of property, plant and equipment are recognised in the income statement.

New and amended standards and interpretations to be applied in future financial periods

New or amended standards and interpretations published by IASB, with effetive date 1.1.2024, have no material effect on the consolidated financial statements.

1. SEGMENT REPORTING

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Europe & Americas (Europe, North, Central and South America), MEA & APAC (Middle East and Africa & Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's ultimate chief operating decision maker, as referred to in IFRS 8, is the Group's management board.

Net sales and the result for the operating segments are presented based on the location of customers. The result for the operating segments includes the costs that can be allocated to the segments, being costs of sales and marketing, product management, customer service and delivery functions as well as product development. Costs for administration, depreciations, taxes and financial items are not allocated to the segments, as they can't be allocated to the segments on a reasonable basis. These costs are presented under Other costs in the below table.

Tecnotree does not allocate its assets to the operating segments for the reporting purposes.

Operating segments 2023

EUR 1,000	Americas & Europe	MEA & APAC	Other segments	Group total
Net sales (external)	16,548	61,837		**78,385**
Segment result	3,685	31,797		**35,482**
Non-allocated items			-11,637	**-11,637**
Operating result				**23,845**

Operating segments 2022

EUR 1,000	Americas & Europe	MEA & APAC	Other segments	Group total
Net sales (external)	12,693	58,894		**71,587**
Segment result	6,126	23,081		**29,207**
Non-allocated items			-10,896	**-10,896**
Operating result				**18,311**

Information about major customers

EUR 1,000		Net sales 2023	% of the Group's net sales	Net sales 2022	% of the Group's net sales
Customer 1, operating segment:	Americas & Europe	**8,723**	**11,1%**	10,366	14.5%
Customer 2, operating segment:	MEA & APAC	**29,712**	**37,9%**	43,233	60.4%

2. REVENUE RECOGNITION

EUR 1,000	2023	2022
Sale of third party hardware and software	2,759	4,712
The Group typically sells own software licenses to telecom operators and in some instances, it is combined with software and hardware of third parties. These are generally standard software and hardware and could be also independently purchased by the customer. Hence, sale of third-party hardware and software is a distinct goods and is generally considered as a separate performance obligation. Further, this is further reflected in the Group's contract with customers as well as third-party hardware and software providers. Revenue is recorded at a point in time when the control passes to the customer (which coincides with delivery)."		
Own licenses	17,409	18,751
The Group develops and sells software licenses to telecom operators globally and the revenue recognized from this is considered under 'own license' revenue. Example of some of these software licenses are as follows: • Digital Customer Lifecycle Manager • Digital Catalogue Manager • Digital Order Manager The licenses are available for use by the customers upon delivery which also has a separate mention in the customer contract and the delivery of which is accepted by customer by issuing a certificate / acceptance of delivery. Hence, it is a distinct good and generally considered as an independent performance obligation. Further, the Group assessed them to be 'right of use' contracts and not 'right to access' contracts. Revenue is recorded at a point in time when the control passes to the customer (which coincides with delivery).		
Delivery	29,591	22,886
The Group also offers services such as configuration, installation, testing, etc. of the software at the customers' IT environment. These services can be undertaken by the customer from any IT service provider as it is skill-based. The requirements are unique for each customer given the variety of their needs and the respective IT environment in which they operate. The Group uses a mature project management technique for delivery and identifies milestones for progress in delivery. Each contract has identified these milestones for delivery. Although, the cost primarily relates to manpower, the mix of people and the efforts are different for achieving each milestone. The Group concluded that the progress in the delivery projects is most appropriately understood from the achievement of the milestones. Revenue is recorded over the time of the delivery based on the milestones achieved (output method) which is also supported by the written confirmation / acceptance of delivery by the Customer.		
Maintenance and management services	28,625	25,242
"The Group provides maintenance and managed services to the customer irrespective of whether the license is purchased from the Group. These services are provided over a specific time-period and covers maintenance, availability monitoring, standard reporting, service request management, incident management, problem management, providing assistance in operations, etc. They are provided on a separate price basis and is an optional service which is taken by the customer at its discretion. They are distinct from others product and services offered by the Group and hence is considered a separate performance obligation. Revenue is recorded over time of delivery of service."		
Net sales total	**78,385**	**71,591**

Methods used to record revenue

EUR 1,000	2023	2022
Point in time		
Third party hardware & software	2,759	4,712
Own license	17,409	18,751
Overtime		
Delivery	29,591	22,886
Maintenance and management services	28,625	25,242
Net sales total	**78,385**	**71,591**

Recognition of revenue by operating segment

EUR 1,000	2023	2022
Europe and Americas		
Third party hardware & software	116	1,036
Own license	1,007	851
Delivery	5,330	4,190
Maintenance and management services	10,095	6,616
Net sales total	**16,548**	**12,693**
MEA & APAC		
Third party hardware & software	2,643	3,676
Own license	16,402	17,899
Delivery	24,261	18,695
Maintenance and management services	18,530	18,624
Net sales total	**61,837**	**58,894**

Contract balances

Payment terms are a matter of commercial decision of the Group with the customers. While the Group endeavors to ensure that the billing is in line with the fulfilment of performance obligation, it cannot always be achieved, which results in contract assets and liabilities. Below is a summary of the typical terms of payment against performance obligations.

Third party hardware & software

Invoiced at the time of delivery. Generally, no contract asset arises.

Own license

Generally, invoiced at the time of delivery. However, in some cases the invoicing may be with a lag. Contract asset in the form of unbilled revenue is recognized to the extent revenue is recognized on delivery of license for which the invoice has not been raised. Invoicing is linked to commercial discussions and negotiations with each customer. It is not uncommon for certain license revenue to be in unbilled revenue as at the reporting date. However, this does not dilute the customer's obligation for payment.

Delivery

Invoiced based on milestones agreed in the contract. However, in some cases the invoicing may be with a lag. Given the way the contracts are agreed with the customer, contract assets arise when the invoicing for the milestone achieved is not aligned with the completion of milestone, primarily because of commercial reasons. Advances from customers are presented as contract liabilities.

Maintenance and management services

Generally, invoiced in at regular intervals in advance as agreed with the customer. Contract assets results from revenue being recognized which is in excess of the invoices raised in a contract and vice versa for contract liabilities.

Contract balances

EUR 1,000	2023	2022
Contract assets		
1st January	12,797	10,009
Impairment of contract assets/ liabilities		
Transfers in the period from contract assets to trade receivables	-4,684	-7,555
Amounts included in contract liabilities that was recognised as revenue during the period	10,086	10,343
Total	**18,199**	**12,797**
Contract liabilities		
1st January	1,254	1,296
Amount recognised as revenue related to contract liabilities	-1,254	-1,296
Cash received in advance of performance and not recognised as revenue during the period		1,254
Total		**1,254**

Order backlog

As of December 31, 2023, the aggregate amount of the transaction price allocated to partially or wholly unsatisfied performance obligations arising from fixed contractual commitments amounted to EUR 80.2 million (EUR 68.9 million in 2022). These unsatisfied performance obligations will be recognized as revenue as follows:

	2023	2022
With in one year	48 %	70%
2–3 years	22 %	25%
Over 3 years	30 %	5%
Total	**100 %**	**100%**

3. MATERIALS AND SERVICES

EUR 1,000	2023	2022
Purchases during the period	-414	-1,055
External services	-4,327	-6,011
Materials and services total	**-4,741**	**-7,066**

4. PERSONNEL EXPENSES

EUR 1,000	2023	2022
Wages and salaries	-16,488	-17,483
Pension expenses, defined contribution plans	-633	-563
Pension expenses, defined benefit plans	-316	-225
Other employee benefits	-6,797	-5,477
Employee benefit expenses total *)	**-24,234**	**-23,749**

*) Includes 2,991 (3,508) thousand euros of share-based expensives. More information on share-based payments in note 21.

5. DEPRECIATIONS, AMORTISATIONS AND IMPAIRMENT LOSSES

EUR 1,000	2023	2022
Depreciations and amortisations by class of asset:		
Amortisation on development costs	-2,005	-1,037
Intangible assets	-1,656	-101
Right-of-use leases	-145	
Property, plant and equipment		
Machinery and equipment	-61	-135
Depreciations and amortisations loss total	**-3,867**	**-1,273**

6. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2023	2022
Other operating income		
Rental income		9
Other income items'	192	59
Other operating income total	**192**	**68**
Other operating expenses		
Subcontracting	-4,096	-2,801
Office management costs	-617	-359
Travel expenses	-3,951	-2,879
Impairment losses on receivables	269	-1,931
Agent fees	-234	-740
Rents	-1,746	-1,395
Professional services	-3,616	-4,642
Marketing	-1,811	-1,031
Other expenses	-6,088	-5,239
Other operating expenses total	**-21,889**	**-21,016**
Auditors' fees		
Audit Finland	-132	-327
Audit, other countries	-34	-41
Other services	-39	-52
Auditors' fees total	**-205**	**-419**

7. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2023	2022
Financial income		
Financial income from deposits	489	1,325
Forex exchange gains on loans and receivables	5,588	1,787
Financial income total	**6,077**	**3,112**
Financial expenses		
Interest expenses	-640	-88
Argentina hyperinflation	-451	-275
Other financial expenses		-22
Forex exchange losses on loans and receivables	-14,901	-3,794
Financial expenses total	**-15,992**	**-4,179**
Financial income and expenses total	**-9,915**	**-1,067**

The company accounted a gross exchange loss of EUR 15.3m mainly due to currency devaluation in Nigeria amounting to EUR 6.6m and EUR 3m on repatriation of receivables from Tecnotree Convergence (Middle East) FZ-LLC. The company also took on unrealised losses to the tune of EUR 2.93m from Nigeria and Argentina. The devaluation of the Naira from N440/USD to N980/USD represented a 123% devaluation of the company's receipts from that country.

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8. INCOME TAXES

EUR 1,000	2023	2022
Current taxes	-624	-1,341
Withholding taxes paid abroad	-2,866	-3,409
Change in withholding tax accrual	853	-373
Other direct taxes	-144	-553
Income taxes total	**-2,780**	**-5,676**

Reconciliation of effective tax rate

EUR 1,000	2023	2022
Profit before taxes	**13,930**	**17,244**
Income tax using Finnish tax rates	-2,786	-3,449
Effect of different tax rates applied to foreign subsidiaries	-177	-1,229
Non-deductible expenses and tax-free income	2,196	2,784
Withholding taxes	-2,013	-3,782
Taxes of prior periods		
Taxes in income statement	**-2,780**	**-5,676**

Deferred tax assets and liabilities

EUR 1,000	2023	2022
Capital allowances in the India subsidiary 1.1.	591	621
Recognised in income statement	-1	-4
Translation differences	-61	-26
Capital allowances in the India subsidiary 31.12.	**529**	**591**

Items for which the Group has not recognised a deferred tax asset

EUR 1,000	2023	2022
Deductible temporary difference for which no deferred asset has been recognised		
Tecnotree's product development costs not deducted in its taxation *	55,735	55,735
Other deductible temporary differences	6,157	9,875
Items for which the Group has not recognised a deferred tax asset because of the uncertainty about utilising them, total	**61,892**	**65,610**

*) Tecnotree Oyj has research and development costs not deducted in its taxation. The amount can be deducted over an indefinite period with amounts that the company may freely decide.

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9. EARNINGS PER SHARE

EUR 1,000	2023	2022
Basic earnings per share are calculated by dividing the profit attributable to the equity holders of the parent company and the weighted average number of ordinary shares outstanding during the year.		
Result attributable to equity holders (EUR 1,000)	11,150	11,568
Weighted average number of shares during the year, adjusted to reflect the share issue for the comparative period (1,000 shares)	318,956	318,956
Basic earnings per share (EUR/share)	0.04	0.04
Diluted earnings per share, diluted (EUR/share)	0.04	0.04

10. INTANGIBLE ASSETS

Intangible Assets 2023

EUR 1,000	Product development costs	Other intangible assets	Total
Acquisition cost 1 Jan	35,589	11,561	**47,150**
Exchange differences		-845	**-845**
Additions	13,834	7	**13,841**
Disposals			
Acquisition cost 31 Dec	**49,424**	**10,722**	**60,146**
Accumulated amortisations and impairment losses 1 Jan	-17,797	-5,765	**-23,562**
Exchange differences		830	**830**
Amortisation during period	-2,005	-1,931	**-3,936**
Accumulated amortisations and impairment losses 31 Dec	**-19,802**	**-6,865**	**-26,667**
Book value 31 Dec 2023	**29,622**	**3,857**	**33,478**

Intangible Assets 2022

EUR 1,000	Product development costs	Other intangible assets	Total
Acquisition cost 1 Jan	26,108	6,379	**32,487**
Exchange differences		65	**65**
Additions	9,481	5,455	**14,936**
Disposals		-338	**-338**
Acquisition cost 31 Dec	**35,589**	**11,561**	**47,150**
Accumulated amortisations and impairment losses 1 Jan	-16,724	-5,847	**-22,571**
Exchange differences		325	**325**
Amortisation during period	-1,073	-243	**-1,316**
Accumulated amortisations and impairment losses 31 Dec	**-17,797**	**-5,765**	**-23,562**
Book value 31 Dec 2022	**17,792**	**5,796**	**23,588**

Product development costs

EUR 1,000	2023	2022
Product development expenses incurred during the year, befofre capitalization of development costs	-15,508	-10,726
Capitalization of development costs	13,834	9,481
Product development expenses recognised in income statement total	**-1,674**	**-1,245**
Product development expenses in relation to net sales recognised in income statement	2.1%	1.7%
Product development expenses recognised in income statement in relation to total product development expenses	10.8%	11.6%
In addition to non-capitalized product development costs, the expense is recognized as depreciation on development costs	2,005	1,073

Research costs are charged to the income statement as incurred. Development costs for new products are capitalized when they meet the requirements of IAS 38 Intangible assets. They are amortized over the useful lives of the related products. At Tecnotree development costs are monitored on a project-by-project basis and management decides on the capitalization separately for each project. In order to qualify for capitalization the following criteria are to be met: the results of a project are of use to several customers, the contents, objectives and timetable of a project are documented and a profitability calculation is prepared. Capitalization of product development costs that fulfil IFRS criteria starts when following requirements are met: a product's functional requirements and the plans for product industrialization, testing and project are complete and have been approved as well as future economic benefits are expected from the product. The useful life of capitalized development expenditure is 5 years, and they are amortized on a straight-line basis over this period from the start of commercial use. The intangible assets that are not yet ready for use are tested annually for impairment. The recoverable amount of these assets is based on estimated future cash flows from sales and/or use of the asset.

Capitalized product development costs inlude EUR 24,979 (10,209) thousand such products that are not yet in commercial use, and therefore not amortized. These intangibles in progress are tested for impairment annually, and they are allocated to operating segments as follows: MEA & APAC EUR 20,550 (8,114) thousand and Americas & Europe EUR 4,428 (2,095) thousand. Based on the impairment tests performed, there is no need to recognize an impairment loss on intangibles in progress.

Pursuant to integration of all Company's products into the sensa stack its total R&D expenditure increased from 9.48m to 13.8m. A large part of this is represented by a transfer of resources from CognitiveScale to Tecnotree at the beginning of the year and the efforts made by that team to integrate Sensa to all our digital stack journeys. The order backlog increased from 68m in 2022 to 80.2 in 2023 and order intake increased from 85.7m to 95.35m, mainly driven by development and demonstration of AI ML use cases to our customers. The company took greater amortisation of its intangible assets in 2023 of EUR 2.0 million, compared to EUR 1.1 million of the previous year. The company conducts quarterly impairment testing of all its capital assets and believes that the current growth in orders for its new stack will along with successful user acceptance testing ensures the current amortisation are adequate.

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11. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment 2023

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	739	6,623	10,412	**17,773**
Translation differences			-358	**-358**
Additions			43	**43**
Disposals				
Acquisition cost 31 Dec	**739**	**6,623**	**10,097**	**17,458**
Accumulated depreciations and impairment losses 1 Jan	-739	-6,623	-9,967	**-17,328**
Translation differences			318	**318**
Accumulated depreciation on disposals				
Depreciation during period			-59	**-59**
Accumulated depreciations and impairment losses 31 Dec	**-739**	**-6,623**	**-9,967**	**-17,069**
Book value 31 Dec 2023			**130**	**389**

Property, Plant and Equipment 2022

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	739	6,623	10,412	**17,773**
Translation differences			-289	**-289**
Additions			261	**261**
Disposals			-30	**-30**
Acquisition cost 31 Dec	**739**	**6,623**	**10,412**	**17,773**
Accumulated depreciations and impairment losses 1 Jan	-739	-6,623	-10,131	**-17,328**
Translation differences			270	**270**
Accumulated depreciation on disposals				
Depreciation during period			-106	**-106**
Accumulated depreciations and impairment losses 31 Dec	**-739**	**-6,623**	**-9,967**	**-17,328**
Book value 31 Dec 2022			**445**	**445**

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12. NON-CURRENT RECEIVABLES

EUR 1,000	2023	2022
Rent guarantees	609	246
Security deposits for customer projects	676	759
Other non-current receivables	619	696
Non-current receivables total	**1,903**	**1,701**

13. LEASES

IFRS 16 standard requires a lessor to recognise future lease payments in its balance sheet assets and liabilities, unless the lease term is 12 months or less or the underlying asset value is less than 5.000 US dollars. Lease contract payments not recognised in the balance sheet are recognised as other operating expenses in the income statement on a straight-line basis over the lease term.

EUR 1,000	2023	2022
Right-of-use assets		
Book value 1.1.		120
Changes in lease agreements		-120
Depreciation during period		
Book value 31 Dec		
Minimum lease payments of the non-cancellable other operating leases		
Less than one year	754	302
Between one and five years	662	190
Total	**1,416**	**493**

The Group has leased office equipment and office facilities. The index, terms of renewal and other conditions in different agreements may vary. In 2023 EUR 1,724 (1,395) thousand was recognised as an expense in the income statement in respect of operating leases.

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14. TRADE AND OTHER CURRENT RECEIVABLES

EUR 1,000	2023	2022
Trade receivables	32,883	37,818
Contract assets	18,199	12,797
Sales receivables total	**51,082**	**50,614**
Current prepaid expenses and accrued income	11,728	9,617
Other current receivables	6,351	513
Trade and other receivables total	**69,161**	**60,745**
Tax receivables	1,954	4,407

Contract assets arises largely from sale of own licenses and delivery projects for which the revenue is recognized but not invoiced as invoicing is also linked with commercial discussions & negotiations with each customer and hence, the revenue recognized and amount of invoice shall not necessarily be equal.

A large part of the trade receivables are from one of the major customers, which are disclosed in note 1 and under Credit risk in note 19. Impairment recorded during the financial period on trade receivables and contract assets were 146 (-1,931) thousand euros.

Current prepaid expenses and accrued income includes receivable amounting to EUR 10.6m related to sale of business assets. Tecnotree liquidated Tecnotree Convergence (Middle East) FZ-LLC during the financial year 2023. The company had receivables of EUR 15.6 million at the time of liquidation which was made contractually payable to Tecnotree as consideration for the sale, subject to receipt of payment from Tecnotree Convergence (Middle East) FZ-LLC's end customers. Tecnotree was able to recover EUR 2 million from this transaction, however also realised exchange losses of EUR 3 million. The company at this time expects to receive the remaining recevable in Euro terms based on contractual indemnification provided to Tecnotree Convergence (Middle East) FZ-LLC. We intend to recover the entire consideration within calendar year 2024. Relying on contractual indemnification, the company at this time sees no requirement to provide for any further exchange losses.

Other receivables includes a sum of EUR 3m paid to certain vendors who have been providing software support to the company. This advance has been paid for ramping up of their production capabilities and will be adjusted against future invoices. Company has made a payment of EUR 2m for acquiring the IP rights of some of the products of a third party company. These IP rights have been transferred to the company in January 2024. These IPs are in current use with our customers, we have future orders on these and hence special care was taken to protect these IPs.

15. EQUITY

Changes in equity

EUR 1,000	Number of outstanding shares 000s	Share capital	Share premium fund	Unrestricted equity reserve	Other reserves	Translation differences	Total
31.12.2021	318,956	1,346	847	27,466	2,145	-10,671	**21,133**
Changes				124	7	-1,946	**-1,815**
31.12.2022	318,956	1,346	847	27,590	2,152	-12,617	**19,318**
Changes					-90	-7 292	**-7,382**
31.12.2023	318,956	1,346	847	27,590	2,062	-19,909	**11,936**

Parent Company has one class of shares. Each share entitles the holder to one vote at general meetings. The number of shares at the end of the financial year is 318,956,206 (318,956,206), out of which the company holds 2 134 904 shares (7,975,260).

Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Number of shares 000s	2023	2022
1.1.	318,956	318,956
Issuing of new shares to company itself		
Directed share issue		
31.12.	**318,956**	**318,956**

Descriptions of funds in shareholders' equity

Share premius fund

In those cases where rights were granted during the period when the old Companies Act (29 Sept 1978/734) was in force, the payments received for otioin-based share subscriptions, less transaction costs, have been made recorded in the shre capital and share premium fund in accordance with the terms of the arrangement.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes either investments of equity nature and subscription prices for shares to the extent that it is specifically decided not to be credited to the share capital. The payments received for share subscriptions based on the options granted after the entry into force (1 Sept 2006) of the new Limited Liability Companies Act (21 July 2006/624) are fully recognised in the reserve for invested unrestricted equity.

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Other reserves

Other reserves contain the difference between fair value and exercise price of the new shares issued in 2009 and reserve fund of Argentina.

Translation differences

Translation differences include exchange gains and losses arising from the translation of the financial statements of foreign subsidiaries.

Dividend and treatment of the result

In 2023 no dividend was paid for the financial year that ended on 31 December 2022. Instead, based on the decision of the Annual General Meeting, the parent company's loss for the period of EUR 308 thousand was transferred to the retained earnings account.

16. INTEREST-BEARING LIABILITIES

EUR 1,000	2023	2022
Interest-bearing liabilities, non-current		2,366
Interest-bearing liabilities, current	5,673	2,454
Interest-bearing liabilities total	**5,673**	**4,820**

17. TRADE PAYABLES AND OTHER LIABILITIES

EUR 1,000	2023	2022
Non-current liabilities to others		
Non-current convertible bonds	21,100	
Non-current non-interest bearing liabilities		
Tax reserve	192	222
Other long-term employee benefits	3,287	1,834
Other long-term liabilities	212	1,069
Non-current non-interest bearing liabilities, total	**3,690**	**3,126**

EUR 1,000	2023	2022
Trade payables, provisions and other liabilities		
Trade payables	4,548	5,360
Accrued liabilities and deferred income	4,494	6,877
Other liabilities	2,206	3,538
Income tax liability	7	7
Trade payables, provisions and other liabilities total	**11,255**	**15,782**

Accrued liabilities and deferred income		
Accrued personnel expenses	696	3,072
Withholding tax provision		853
Other accrued liabilities related to customer projects	2,325	332
Other accrued liabilities	1,473	2,621
Total	**4,494**	**6,877**

Previously the Company had a policy of deducting WHT as an expense on accrual of revenue. This was specifically due to the fact that large portions of our revenue came from very few customers and countries which deducted WHT and the Company was unable to utilise these tax assets due to high tax reserves in Finland. This was primarily enabled through broadening of the customer base. In the future years, the company also expects to be able to utlise these tax assets against profits accrued in its Indian subsidiary. However, a key risk to this treatment is the ability to be able to assign the appropriate contracts in the next year.

18. PENSION OBLIGATIONS

The Group has one defined benefit pension plan in India, including the whole personnel of the Indian subsidiary. The pension plan constitute the obligatory pension and termination benefits for the employees, and the amount of the plan benefit is based on final salary and number of years in service.

EUR 1,000	2023	2022
Defined benefit liability in the balance sheet:		
Present value of funded obligations	1,203	1,033
Fair value of plan assets (-)		
Net liability (+) / net asset (-) in the balance sheet	**1,203**	**1,033**
Reconciliation of the changes in balance sheet		
Net liability (+) / net asset (-) in the balance sheet in the beginning of the period	1,034	1,004
Pension expense recognised in profit and loss	219	184
Remeasurement items recognised in other comprehensive income	49	41
Translation differences	-100	-195
Net liability (+) / net asset (-) in the balance sheet at the end of the period	**1,203**	**1,034**
Defined benefit expense in profit and loss		
Current service cost	151	129
Interest income (-) and expense (+), net	68	56
Pension expense recognised in profit and loss (note 5)	**219**	**185**

EUR 1,000	2023	2022
Change in the defined benefit obligation:		
Defined benefit obligation in the beginning of the period	1,034	1,004
Current service cost	151	129
Interest cost	68	56
Remeasurement items:		
Gains (-) / losses (+) arising from changes in demographical assumptions		
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	12	-43
Gains (-) / losses (+) arising from experience adjustments	37	84
Translation differences	-42	-45
Benefits paid (-)	-57	-150
Defined benefit obligation at the end of the period	**1,204**	**1,034**
Change in plan assets:		
Plan assets in the beginning of the period	1	3
Interest income		
Remeasurement items:		
Return on plan assets excluding amounts included in interest income (+/-)		
Translation differences		
Payments from the plan:		149
Benefits paid (-)	**-57**	**-150**

EUR 1,000	2023	2022
Actuarial assumptions at the reporting date	**%**	**%**
Discount rate	7.3	7.5
Future salary increases, first year	12.0	12.0
Future salary increases, thereafter	8.0	8.0

Assumed normal retirement age is 60 years in India. The turnover of the employees is assumed to decline evenly in line with the growing age, being 1% for over 55 year olds and 15% for under 30 year olds. Assumptions concerning mortality are made in accordance with the actuary's instructions and they are based on statistics and experience.

There is no information available on plan assets because they are commonly invested by the insurance company.

Sensitivy analysis

The sensitivity analysed below is calculated all other factors remaining unchanged.

2023

Change in discount rate, percentage points	+1%	-1%
Impact on the defined benefit obligation, EUR 1,000	-59	73
Change in future salary increases, percentage points	+1%	-1%
Impact on the defined benefit obligation, EUR 1,000	52	-46

2022

Change in discount rate, percentage points	+1%	-1%
Impact on the defined benefit obligation, EUR 1,000	-46	56
Change in future salary increases, percentage points	+1%	-1%
Impact on the defined benefit obligation, EUR 1,000	41	-37

19. FINANCIAL RISK MANAGEMENT

Financial risk management principles

The task of financial risk management is to identify, manage and track the major financial risks in the Group's business and business environment to enable the Group to achieve its strategic and financial goals in the best possible way. The responsibilities of the Board of Directors include ensuring that the Group has adequate internal monitoring system in place. Group's policy for hedging against risks is approved by the Board of Directors and the Group's CFO is responsible for implementing it in practice. The objective of the Group's financial risk management is to minimise the effects of volatility for recognised major market risks on the Group's result and balance sheet. Tecnotree Group does not apply hedge accounting as defined under IFRS 9.

Financial risk management organisation

The financial risk management process is supported by the Management Board, who handles risks and risk management in its meetings on a regular basis. CEO reports the major risks to the Board of Directors. The Group's financial management is responsible for managing foreign exchange, interest rate and liquidity risks according to the guidelines set by the Board.

Capital management

Tecnotree's objective for capital management is to ensure cash sufficiency and support Group's growth targets. Additionally, with capital management the Group is ensuring the operational precondition in capital markets during all conditions irrespective of industry's market volatility. The key ratio in monitoring the development of Group's capital structure is equity ratio, which is calculated by dividing equity with total balance sheet less advances reveiced.

Components of equity ratio

EUR 1,000	2023	2022
Equity at the end of period	86,518	80,071
Balance sheet total	128,242	103,810
Advances received		
Total balance sheet less advances reveiced	**128,242**	**103,810**
Equity ratio	**67.5%**	**77.1%**

Liquidity risk

The Group seeks to constantly assess and monitor the amount of liquid funds to ensure the sufficient amount of funding needed to finance the business.

On the reporting date, the Group's cash and cash equivalents were EUR 20,827 (12,272) thousand.

Credit risk

Credit risk arises from the potential failure of counterparty to meet its contractual payment obligations. The amount of risk depends on the creditworthiness of the counterparty. The amount of credit risk inherent to financial instruments is the carrying value of the financial assets, which was EUR 55,614 (51,791) thousand at the reporting date. The financial assets are specified in note 20. The most significant separate item of credit risk is the trade receivables.

The credit quality of customers is regularly monitored by the finance department together with sales management, using data on payment history and reports from external sources. Credit rating checks are made on new customers before confirming an offer. The procedure for granting of credit for new customers or customers from countries with high risk rating requires always the acceptance of Group CFO. Tecnotree has not arranged financing for customers with third parties.

Tecnotree's largest customers are much bigger businesses than the Group itself. The relationship between the Group and its major customers is one of interdependence, which poses a potential risk but also offers significant new business opportunities. The two largest customers accounted for 51% of net sales in 2023 (2022: 75%) and for 40% of the trade receivables at the end of 2023 (2022: 58%). Parent companies of these customers are large listed companies. In addition, the customers of Tecnotree are mainly in developing markets, with consequences such as currency transfer regulations and limitations, exchange rate fluctuations and other politic and financial challenges.

The credit quality of financial institutions is monitored by the finance department. The parent company's counterparties are restricted to financial institutions with legal entities in Finland specified in the Group's cash management policy. The subsidiary in India has its own finance function and their counterparties are also restricted in the Group's cash management policy. The amount of cash reserves in other subsidiaries is minimized.

Project deliveries result in large accounts receivable. Most of Tecnotree's net sales comes from developing countries and some of these contain political and economic challenges. There is the risk of a considerable delay in the payment of invoices in these countries and that Tecnotree will have to record credit losses. The payment record of customers and the situation concerning trade receivables are actively monitored and credit rating checks are made on new customers before confirming an offer. The above analysis of trade receivables by age shows net trade receivables, thus after recognition of impairment losses.

Analysis of trade receivables by age and impairment losses recognized

EUR 1,000	2023	Impair-ment loss provisions	%	2022	Impair-ment loss provisions	%
Trade receivables not due	10,568			11,835		
Trade receivables 1–90 days overdue	7,073	49	1%	8,940	35	0%
Trade receivables 91–360 days overdue	10,505	758	7%	11,846	855	7%
Trade receivables more than 360 days overdue	7,316	1,772	24%	7,928	1,842	23%
Total	**35,463**	**2,580**	**7 %**	**40,549**	**2,731**	**7%**

Change in impairment loss provisions

EUR 1,000	Impair-ment loss provisions 1.1.2023	Realised provisions	Cancelled provisions	New provisions	Impair-ment loss provisions 31.1.2023	Change in provision
MEA & APAC	2,731		292		2,439	-292
Europe & Americas				141	141	141
Total	**2,731**		**292**	**141**	**2,580**	**-151**

Market risk

Currency risk

The financial risk to which the Group is exposed in its operations is mainly currency risk. Changes in exchange rates create risks especially in receivables and order backlog. Tecnotree Group's reporting and presentation currency is Euro, but significant part of Group's revenue is in US dollars. The Group's open translation risk comes from the investments in foreign subsidiaries in India (Rupees, INR), Brazil (Real, BRL), Argentina (Peso, ARS), Malaysia (Ringgit, MYR), The United Arab Emirates (Dirham, AED), The United States (Dollar, USD) and Nigeria (Naira, NGN).

Transaction risk

The Group's open currency position comprises foreign currency denominated, sales related balance sheet items, cash and cash equivalents balance, currency denominated order backlog and binding currency denominated purchase and sales contracts.

In the policy for approval of sales contracts, it is required that only the Euros or the US dollar can be used as the sales currency. There shall not be any clauses tying the payments into any other currencies. Sales offices, when selling within their own country, use their own local currency. If any other currencies than Euro, US dollar or sales offices' local currency are used in sales contracts, it requires a prior written approval from the group CFO.

In 2023, 17% of external invoicing was in Euros, 58% in US dollars, 15% in Nigerian Nairas, 9% in other currencies.

The Argentinian peso is the functional currency of the company's subsidiary in Argentina. During 2018, the economic crisis led to the economy of Argentina to be classified as hyperinflationary. Because of this development, adoption of IAS 29 Financial Reporting in Hyperinflationary Economies applies that means from the beginning of the relevant reporting period financial statements of the Argentine subsidiary are to be restated into the current purchasing power that reflects a price index current at the end of the reporting period. Hyperinflation adjustment impact on profit was negative EUR 451 thousand in the consolidated financial statements 2023.

Sensitivity analysis for market risks

The functional currency of the parent company is Euro. Financial assets and liabilities nominated in USD currency are presented in the table below. Figures are translated to Euros at the year-end exchange rate.

EUR 1,000	2023	2022
Trade and other receivables	25 192	18 636
Other receivables related to projects	12 227	3 481
Cash and cash equivalents	201	494
Trade and other payables	-2 060	-328
Total net assets	**35 560**	**22 283**

In the sensitivity analysis below, the effect of weakening and strengthening of USD against EUR is presented with all other factors remaining unchanged. The analysed change in the exchange rate represents a possible volatility of the currency during a 12-month period. Fluctuation in exchange rates has no direct effect on equity as the Group does not apply hedge accounting.

EUR 1,000		2023		2022
Change in percentage, USD	-10%	-10%	-10%	10%
Effect on the result after taxes	**-3 124**	**3 928**	**-1 899**	**2 321**

Translation risk

On the reporting date, the open translation risk for the Indian subgroup was EUR 14,558 (14,558) thousand. This net investment is not hedged. The sensitivity for translation risk was analyzed by determining the effects of 10 percent strengthening and wakening of the INR exchange rate against EUR, all other factors remaining unchanged.

EUR 1,000		2023		2022
Change in percentage	-10 %	10 %	-10 %	10 %
Effect on the result after taxes	-1 496	1 828	-228	-279
Effect on equity	**-73**	**89**	**-546**	**667**

On the reporting date, the open translation risk position for the Indian subsidiary was 16,456 (14,558), Brazilian subsidiary EUR -782 (-744) thousand, Malaysian subsidiary EUR 63 (51) thousand, Nigeria subsidiary EUR 9,023 (5,285) thousand, the United Arab Emirates subsidiary EUR 1,576 (0) thousand, the Untited States subsidiaries EUR -1,938 (-24) thousandand and for the Argentina subsidiary EUR 258 (1,004) thousand. The change in translation difference in equity caused by fluctuations in exchange rates for these subsidiaries was negative EUR -7,292 (-1,946) thousand.

Intererst rate risk

The Group's interest rate risk management focuses on the optimal management of liquid funds in sense of profitability and safety and interest rate risk management of bank loans. At the end of the financial period, the company had interest-bearing loan of EUR 5,673 (4,820) thousand.

Price risk

Tecnotree Group does not own any equity or other financial instruments with values tied to other market prices than interest or currency rates.

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20. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

2023	Financial assets/ liabilities at fair value through income statement	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets					
Non-current receivables		1,903		1,903	1,903
Current financial assets					
Trade and other receivables		32,883		32,883	32,883
Cash and cash equivalents		20,827		20,827	20,827
Carrying amount by category		**55,614**		**55,614**	**55,614**
Non-current financial liabilities					
Non-current interest-bearing liabilities					
Current financial liabilities					
Current interest-bearing liabilities	5,673			5,673	5,673
Trade and other payables			4,548	4,548	4,548
Carrying amount by category	**5,673**		**4,548**	**10,221**	**10,221**

2022	Financial assets/ liabilities at fair value through income statement	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets					
Non-current receivables		1,701		1,701	1,701
Current financial assets					
Trade and other receivables		37,818		37,818	37,818
Cash and cash equivalents		12,272		12,272	12,272
Carrying amount by category		**51,791**		**51,791**	**51,791**
Non-current financial liabilities					
Non-current interest-bearing liabilities	2,366			2,366	2,366
Current financial liabilities					
Current interest-bearing liabilities	2,454			2,454	2,454
Trade and other payables			5,360	5,360	5,360
Carrying amount by category	**4,820**		**5,360**	**10,179**	**10,179**

Fair value hierarchy

Items measured at fair value or for which fair value is disclosed in the financial statements, are categorised using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy includes the levels 1–3. Level 1: Quoted prices in active markets for identical assets or liabilities. Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: Inputs for the asset or liability that are not based on observable market data.

21. SHARE-BASED PAYMENTS

Tecnotree has employee incentive program for year 2021–2024 designed to align the participants' focus with Tecnotree's growth strategy and long-term success. The LTI Plan includes Restricted Share Units (RSUs) giving a contractual right to receive shares over the next 3-year period as per an equated semi-annual vesting schedule.

Further, Tecnotree has a stock option program 2021 for the key personnel of the Group. The stock options are marked with four different symbols, all of which have a release criterion based on a different market value.

Share based incentives during the period 1.1.2023–31.12.2023

INCENTIVE PROGRAM 2021–2024

Instrument	4th installment	5th installment	6th installment	Total
Initial amount, pcs				
Initial allocation date	26.2.2021	26.2.2021	26.2.2021	
Vesting date	28.2.2023	31.8.2023	29.2.2024	
Maximum contractual life, yrs	2.0	2.5	3.0	
Remaining contractual life, yrs	0.2	0.7	1.2	
Number of persons at the end of reporting year	132	132	132	
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	
Changes during period	**4th installment**	**5th installment**	**6th installment**	**Total**
1.1.2023				
Outstanding in the beginning of the period	1,397,282	1,397,282	1,397,282	**4,191,846**
Changes during period				**0**
Granted	0	57,500	144,890	**202,390**
Forfeited	109,997	127,998	110,756	**348,751**
Exercised	1,287,285	1,326,784	0	**2,614,069**
31.12.2022				**0**
Exercised at the end of the period	0	0	0	**0**
Outstanding at the end of the period	0	0	1,431,416	**1,431,416**

OPTION PLAN 2021

Instrument	2021 A	2021 B	2021 C	2021 D	Total
Initial amount, pcs	5,750,000	8,050,000	5,750,000	3,450,000	**23,000,000**
Initial allocation date	9.7.2021	9.7.2021	9.7.2021	9.7.2021	
Vesting date	1.9.2021	31.12.2026	31.12.2026	31.12.2026	
Maximum contractual life, yrs	0.15	*	*	*	
Remaining contractual life, yrs	0.00	*	*	*	
Number of persons at the end of reporting year	0.00	44	44	44	**44**
Payment method	Share	Share	Share	Share	

Changes during period	2021 A	2021 B	2021 C	2021 D	Total
1.1.2023					
Outstanding in the beginning of the period	4,076,350	7,824,250	5,588,750	3,353,250	**20,842,600**
Changes during period					
Granted	0	0	0	0	**0**
Forfeited	0	787,500	562,500	337,500	**1,687,500**
Exercised	0	0	0	0	**0**
Expired	0	0	0	0	**0**
31.12.2023					
Exercised at the end of the period	1,624,900	0	0	0	**1,624,900**
Outstanding at the end of the period	4,076,350	7,036,750	5,026,250	3,015,750	**19,155,100**

* The Share subscription period for stock options will not commence, if the following Vesting Criteria have not been achieved:
- stock option 2021B; the market value of the Company is at least 500 M€,
- stock option 2021C; the market value of the Company is at least 750 M€, and
- stock option 2021D; the market value of the Company is at least 1,000 M€.

If a Vesting Criterion is fulfilled and confirmed by the Board of Directors, the relevant Share subscription period will commence on the first day of the month following the fulfillment of the Vesting Criterion.

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. No new share-based incentive programs were granted during the financial year.

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION DURING PERIOD	
Expenses for the financial year, share-based payments, equity-settled, EUR	2,991,025

Share based incentives during the period 1.1.2022–31.12.2022

INCENTIVE PROGRAM 2020–2022

Instrument	5th installment	6th installment
Initial amount, pcs	14,500,000	
Initial allocation date	24.1.2020	24.1.2020
Vesting date	28.2.2022	31.8.2022
Maximum contractual life, yrs	2.1	2.6
Remaining contractual life, yrs	0.2	0.7
Number of persons at the end of reporting year	49	49
Payment method	Cash & Equity	Cash & Equity

Changes during period	5th installment	6th installment	Total
1.1.2022			
Outstanding in the beginning of the period	2,302,360	2,302,360	**4,604,720**
Changes during period			
Granted	72,463	72,462	**144,925**
Forfeited	16,666	108,332	**124,998**
Exercised	2,358,157	2,266,491	**4,624,648**
31.12.2022			
Exercised at the end of the period	0	0	**0**
Outstanding at the end of the period	0	0	**0**

INCENTIVE PROGRAM 2021–2024

Instrument	2nd installment	3rd installment	4th installment	5th installment	6th installment
Initial amount, pcs			8,000,000		
Initial allocation date	26.2.2021	26.2.2021	26.2.2021	26.2.2021	26.2.2021
Vesting date	28.2.2022	31.8.2022	28.2.2023	31.8.2023	29.2.2024
Maximum contractual life, yrs	0.0	0.0	2.0	2.5	3.0
Remaining contractual life, yrs	0.0	0.0	0.2	0.7	1.2
Number of persons at the end of reporting year	0.0	0.0	132	132	132
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity

Changes during period	2nd installment	3rd installment	4th installment	5th installment	6th installment	Total
1.1.2022						
Outstanding in the beginning of the period	1,234,802	1,230,601	1,230,601	1,230,597	1,230,597	**0**
Changes during period						**0**
Granted	21,892	140,018	262,021	262,025	262,025	**947,981**
Forfeited	19,840	80,950	95,340	95,340	95,340	**386,810**
Exercised	1,236,854	1,289,669	0	0	0	**2,526,523**
31.12.2022						**0**
Exercised at the end of the period	0	0	0	0	0	**0**
Outstanding at the end of the period	0	0	1,397,282	1,397,282	1,397,282	**4,191,846**

OPTION PLAN 2021

Instrument	2021 A	2021 B	2021 C	2021 D	Total
Initial amount, pcs	5,750,000	8,050,000	5,750,000	3,450,000	**23,000,000**
Initial allocation date	9.7.2021	9.7.2021	9.7.2021	9.7.2021	
Vesting date	1.9.2021	31.12.2026	31.12.2026	31.12.2026	
Maximum contractual life, yrs	0.15	*	*	*	
Remaining contractual life, yrs	0.00	*	*	*	
Number of persons at the end of reporting year	0.00	44	44	44	**44**
Payment method	Share	Share	Share	Share	

Changes during period	2021 A	2021 B	2021 C	2021 D	Total
1.1.2022					
Outstanding in the beginning of the period	4,126,250	7,981,750	5,701,250	3,420,750	**0**
Changes during period					
Granted	0	0	0	0	**0**
Forfeited	0	157,500	112,500	67,500	**337,500**
Exercised	49,900	0	0	0	**49,900**
Expired	0	0	0	0	
31.12.2022					
Exercised at the end of the period	1,624,900	0	0	0	**1,624,900**
Outstanding at the end of the period	4,076,350	7,824,250	5,588,750	3,353,250	**20,842,600**

* The Share subscription period for stock options will not commence, if the following Vesting Criteria have not been achieved:
- stock option 2021B; the market value of the Company is at least 500 M€,
- stock option 2021C; the market value of the Company is at least 750 M€, and
- stock option 2021D; the market value of the Company is at least 1,000 M€.

If a Vesting Criterion is fulfilled and confirmed by the Board of Directors, the relevant Share subscription period will commence on the first day of the month following the fulfillment of the Vesting Criterion.

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. No new share-based incentive programs were granted during the financial year.

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION DURING PERIOD	
Expenses for the financial year, share-based payments, equity-settled, EUR	3,507,521

22. CONTINGENT LIABILITIES

EUR 1,000	2023	2022
On own behalf		
Pledged deposits	1,642	1,133
Total	**1,642**	**1,133**
Other contingent liabilities		
Litigation*	2,521	2,072
Total	**2,521**	**2,072**

*Contingent liability on litigation is related to an employee redundancy in Argentina.

Minimum lease payments of the non-cancellable operating leases are as follows:		
Less than one year	754	302
Between one and five years	662	190
Total	**1,416**	**492**

The Group has leased office equipment, office facilities and cars. The leases typically run for one to three years and normally they include an option to continue the lease agreement after the original ending date. The index, terms of renewal and other conditions in different agreements may vary.

There have been 4 cases filed against the company. Three of them are labour disputes initiated by ex employees of Tecnotree. The cases have been filed before the labour courts in Cameroon, Argentina and Finland respectively. The total claim amount in these cases are approximately EUR 2.5 million.

The vendor dispute is approximately EUR 15 thousand. The company is confident of defending its rights based on legal advises received.

The company is confident of getting a favourable decision in the cases and therefore no provision has been made in the books.

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23. RELATED PARTY TRANSACTIONS

The Group's related parties include the subsidiaries, the members of the Board of Directors and the Management Board, the CEO and the close family members of the preceding persons, as well as those entities in which these people have control. According to the Finnish Securities Markets Act, a controlled entity is an entity in which a shareholder, a member or another person exercises the control referred to in the Act. The company considers the management to include members of the Board of Directors, the CEO and the other members of the Management Board.

The company considers the management to include members of the Boars of Directors, the CEO and the other members of the management Board.

The pension benefits of the CEO and members of Board of Directors are determined by the Finnish Employees Pensions Act (TyEl). The obligatory pension expenses for the CEO were EUR 0 (0) thousand and for the members of the Board of Directors totally EUR 5 (6) thousand. CEO or the other members of the Management Board and the Board of Directors have no additional pension arrangements.

The period of notice of the CEO's contract is 6 months from the time of resignation and from 36 months' period of notice from the company, at the company's discretion. Salary is paid for the period of notice and, in the case of notice given by the company compensation equal to 36 months' salary will be paid. The company can terminate the contract of the CEO with immediate effect, without a separate compensation, if the CEO has materially breached his CEO contract, convicted guilty to a crime or otherwise caused substantial damage to the company.

Compensation to management

EUR 1,000	2023	2022
Salaries and fees, Padma Ravichander, CEO*	1,100	970
Salaries and fees, other members of the management board	2,054	1,794

*The CEO was allotted 0.89 million Tecnotree shares in 2023 (2.39 million shares 2022). The market value based on the dates of delivery was EUR 0.42 million 2023 (2.09 million euros in 2022).

Board members:		
Neil Macleod, Chairman of the Board 24.9.2018-	210	221
Jyoti Desai, Vice Chairman of the Board 24.9.2018-	120	128
Conrad Neil Phoenix 24.9.2018 -	70	75
Anders Fornander 5.9.2019 -	70	75
Johan Hammarén 19.4.2023-	65	
Markku Wilenius 10.9.2020-7.12.2023	49	75
Board fees total	**584**	**574**

The relationships between the Group's parent company and subsidiaries on 31.12.2023:

Company name	Nature of company activities	Domicile	Group's ownership %	Group's share of voting rights %
Tecnotree Oyj (parent)	Operative parent company	Finland		
Tecnotree Services Oy	Dormant company	Finland	100.00	100.00
Tecnotree Ltd	Dormant company	Ireland	100.00	100.00
Tecnotree Sistemas de Telecommunicacao Ltda	Sales company	Brazil	100.00	100.00
Tecnotree Argentina SRL *	Sales company	Argentina	100.00	100.00
Tecnotree (M) Sdn Bhd	Sales company	Malaysia	100.00	100.00
Tecnotree Nigeria Ltd	Sales company	Nigeria	100.00	100.00
Tecnotree France SARL	Sales company	France	100.00	100.00
Tecnotree Technologies	Holding company	The united States of America	100.00	100.00
Tecnotree LLC	Service and sale company	The united States of America	100.00	100.00
Tecnotree Software Enterprises DMCC	Sales company	United Arab Emir-ates	100,00	100,00
Lifetree Cyberworks Pvt. Ltd	Holding company	India	100.00	100.00
Tecnotree Convergence Ltd	Product development, delivery and management company	India	99.83	99.83
Lifetree Convergence Pty Ltd	Dormant company	South-Africa	99.83	99.83
Lifetree Convergence (Nigeria) Ltd	Dormant company	Nigeria	94.84	94.84
Tecnotree GmbH	Dormant company	Germany	100.00	100.00
Lifetree Rwanda Limited	Sales company	Rwanda	99.83	99.83

The parent company has branch offices in the United Arab Emirates, Peru and Ecuador.

24. EVENTS AFTER THE END OF PERIOD

No material changes regarding the company's business or financial position have materialized after the end of the financial period.

Tecnotree

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

EUR 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
Net sales	1	53,056	54,135
Materials and services	2	-3,854	-5,257
Personnel expenses	3	-11,993	-11,511
Depreciation, amortisation and impairment losses	4	77	-19
Other operating income and expenses	5	-38,334	-41,890
Operating result		**1,146**	**4,542**
Financial income and expenses	6	-6,547	-2,009
Result before appropriations and taxes		-5,401	2,533
Income taxes	7	-1,128	-2,841
Result for the financial year		**-6,529**	**-308**

Tecnotree

BALANCE SHEET

EUR 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
ASSETS			
Non-current assets			
Tangible assets	8	215	138
Non-current receivables	10	755	746
Shares in Group companies	9	8,714	8,734
Total non-current assets		**9,684**	**9,618**
Current assets			
Current receivables	10	69,697	60,537
Cash and cash equivalents	10	5,377	2,346
Total current assets		**75,073**	**62,883**
Total assets		**84,708**	**72,500**

EUR 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	11		
Share capital		1,346	1,346
Share premium fund		847	847
Unrestricted equity reserve		27,590	27,590
Retained earnings		20,883	21,120
Result for the financial year		-6,529	-308
Total shareholders' equity		**44,135**	**50,594**
Non-current convertible bonds	12	**21 000**	
Liabilities			
Non-current liabilities	12	1,168	693
Current liabilities	12	18,453	21,214
Total liabilities		**19,622**	**21,906**
Total shaerholders' equity and liabilities		**84,757**	**72,500**

Tecnotree

CASH FLOW STATEMENT

EUR 1,000	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Result before extraordinary items	-5,401	2,533
Adjustments to the result		
Depreciations	-77	19
Financial income and expenses	12,096	2,009
Other adjustments	118	935
Changes in working capital:		
Current receivables, increase (-) /decrease (+)	-18,361	-10,573
Current liabilities, increase (+) /decrease (-)	4,724	6,691
Financial income and expenses	-10,263	-2,009
Income taxes paid	-1,981	-2,469
Net cash flow from operating activities	**-19,145**	**-2,864**
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on non-current tangible and intangible assets		-87
Net cash flow from investing activities		**-87**
Cash flow from financing activities		
Compulsary Convertible Debentures	21,100	
Repayment of debt	-945	
Lending	2,021	
Proceeds from share issue		123
Net cash flow from financing activities	**22,176**	**123**
Change in cash and cash equivalents	**3,031**	**-2,828**
Cash and cash equivalents on 1.1.	2,346	5,174
Cash and cash equivalents on 31.12.	5,377	2,346

Tecnotree

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY ACCOUNTING PRINCIPLES

The financial statements of the parent company, Tecnotree Corporation, have been prepared in accordance with the provisions of the Finnish Accounting Standards (FAS).

The preparation of the financial statements requires management, in compliance with the regulations in force and good accounting practice, to make estimates and assumptions that affect the measurement and timing of the reported information. Actual results may differ from these estimates.

Transactions denominated in foreign currencies and derivatives

Business transactions in foreign currencies are recorded at the rates of exchange prevailing on the transaction date. Receivables and payables on the balance sheet date are valued at the exchange rates prevailing on that date. Exchange gains and losses related to business operations are treated as adjustments to other operating income and operating expenses. Exchange gains and losses related to financing operations are entered under financial income and expenses.

Derivatives are measured at fair value. Open currency derivatives, including interest components, are valued at the balance sheet date. Derivative changes in fair value are immediately recognised in financial income or expenses in the statement of income.

Net sales

The parent company revenue recognition principles have been adjusted to comply with the principles applied in the Group. The group revenue recognition principles are presented in the section "Accounting principles for consolidated financials statements"

Receivables

Receivables are valued to acquisition cost or to a lower probable value

Pension plans

Statutory pension and supplementary pension obligations in Finland are covered through payments to pension insurance organisations. Expenses related to pension arrangements are recognized in the income statement in the period on the accrual basis.

Leasing

Leasing payments are treated as rentals.

Research and development expenses

Research and development expenses are expensed as incurred.

Valuation of non-current assets

Non-current assets have been capitalised at the acquisition cost. Planned depreciation and amortization is calculated on a straight-line basis over the useful life of the fixed assets. The periods for planned depreciation and amortization are as follows:

- Intangible rights 3–10 years
- Other long-term expenditure 5 years
- Buildings and structures 25 years
- Machinery and equipment 3–5 years
- Computing hardware and software 3–5 years

1. NET SALES

Net sales by market area

EUR 1,000	2023	2022
Europe, Middle East and Africa	45,928	48,044
Asia Pacific	2,825	651
Americas	4,302	5,440
Net sales total	**53,056**	**54,135**

Net sales by type of income

EUR 1,000	2023	2022
Revenue from maintenance and support	10,161	8,865
Revenue from goods and services, external sales	26,153	13,820
Revenue from goods and services, intra-group sales	17,852	30,308
Currency exchange gains and losses related to external sales	-111	1,142
Net sales total	**54,056**	**54,135**

Order book

EUR 1,000	2023	2022
Order book for maintenance and support	9,570	9,672
Order book for goods and services	49,999	32,415
Order book total	**59,569**	**42,087**

2. MATERIALS AND SERVICES

EUR 1,000	2023	2022
Purchases during financial year	-128	-895
External services	-3,726	-4,362
Materials and services total	**-3,854**	**-5,257**

3. PERSONNEL EXPENSES

Personnel expenses

EUR 1,000	2023	2022
Wages and salaries	-8,910	-9,365
Pension expenses	-607	-539
Other personnel expenses	-2,476	-1,607
Personnel expenses total	**-11,993**	**-11,511**

Average number of employees during the financial year

EUR 1,000	2023	2022
Management and administration	6	8
Other personnel	35	34
Total average number of employees	**41**	**42**

Salaries, fees, remunerations and pensions to the management

EUR 1,000	Salaries, fees, remunerations 2023	Salaries, fees, remunerations 2022	Obligatory pension expenses 2023	Obligatory pension expenses 2022
Padma Ravichander, CEO as from 18 April 2016*	1,100	970		
*The CEO was allotted 0.89 million Tecnotree shares in 2023 (2.39 million shares 2022). The market value based on the dates of delivery was EUR 0.42 million 2023 (2.09 million euros in 2022).				
Members of the Board of Directors:				
Neil Macleod, Chairman of the Board 24.9.2018-	210	221		
Jyoti Desai, Vice Chairman of the Board 24.9.2018-	120	128		
Conrad Neil Phoenix 24.9.2018-	70	75		
Anders Fornander 5.9.2019-	70	75		
Johan Hammarén 19.4.2023-	65		2	
Markku Wilenius 10.9.2020-7.2.2023	49	75	3	6
Board fees total	**584**	**574**	**5**	**6**

The pension benefits of the members of Board of Directors are determined by the Finnish Employees Pensions Act (Tyel). The members of Board of Directors have no additional pension arrangements.

The CEO has a CEO contract, which is made according to Finnish law. The CEO is responsible for tax and other compulsory payments.

The 2023 Annual General Meeting decided that approximately 45 percent of the board's remuneration will be paid in Tecnotree shares and approximately 55 percent in cash.

Share-based incentive scheme

Tecnotree group has an employee incentive program 2021-2024 designed to align the participants' focus with Tecnotree's growth strategy and long-term success. The LTI plans includes Restricted Share Units (RSUs) giving a contractual right to receive shares over the next 3 year period as per an equated semi-annual vesting schedule. In addition, the Group has a stock option program 2021 for the key personnel of the Group. The stock options are marked with four different symbols, all of which have a release criterion based on a different market value.

Tecnotree

4. DEPRECIATIONS AND AMORTISATIONS

EUR 1,000	2023	2022
Machinery and equipment	77	-19
Depreciations and amortisations according to plan total	**77**	**-19**

5. OTHER OPERATING INCOME AND EXPENSES

Other operating income

EUR 1,000	2023	2022
Other operating income	4	51
Other operating income total	**4**	**51**

Other operating expenses

EUR 1,000	2023	2022
Subcontracting	-2,898	-1,763
Office management costs	-1,712	-2,671
Equipment and software	-2,208	-1,583
Travel expenses	-1,303	-942
Agent fees	-234	-740
Impairment losses on receivables		-25
Rents	-459	-346
Professional services	-4,148	-3,879
Marketing	-1,755	-1,003
Other operating expenses to Group companies	-21,296	-19,904
Other operating expenses total	**-36,013**	**-32,857**

Auditors' fees

EUR 1,000	2023	2022
Auditors fees	-132	-327
Auditors' fees total	**-132**	**-327**

6. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2023	2022
Financial income		
Gain from sale of subsidiary shares	5,548	
Foreign exchange gains	1,044	1,555
Financial income total	**6,592**	**1,555**
Financial expenses		
Interest expenses	-39	
Other financial expenses	-44	-3
Foreign exchange losses	-13,056	-3,560
Financial expenses total	**-13,139**	**-3,564**
Financial income and expenses total	**-6,547**	**-2,009**

The company accounted a gross exchange loss of EUR 15.3m mainly due to currency devaluation in Nigeria amounting to EUR 6.6m and EUR 3m on repatriation of receivables from Tecnotree Convergence (Middle East) FZ-LLC. The devaluation of the Naira from N440/USD to N980/USD represented a 123% devaluation of the company's receipts from that country.

7. INCOME TAXES

EUR 1,000	2023	2022
Income taxes from business operations	-10	-11
Withholding taxes paid abroad	-1 971	-2,458
Change in withholding tax accrual	853	-373
Income taxes total	**-1 128**	**-2,841**

The company has not deducted research and development costs amounting to EUR 55,735 (55,735) thousand in its taxation. The amount can be deducted over an indefinite period with amounts that the company may freely decide. Other deductible temporary differences amount to EUR 6,157 (9,875) thousand. No deferred tax assets have been recognised on these capitalisations because of the uncertainty about utilising them.

8. INTANGIBLE AND TANGIBLE ASSETS

Intangible assets

EUR 1,000	2023	2022
Acquisition cost 1.1	6,146	6,146
Additions		
Acquisition cost 31.12.	**6,146**	**6,146**
Accumulated amortisation 1.1.	-6,146	-6,146
Amortisation during the period		
Accumulated amortisation 31.12.	**-6,146**	**-6,146**
Book value 31.12.		

Tangible assets

EUR 1,000	2023	2022
Acquisition cost 1.1	5,597	5,510
Additions	2	87
Acquisition cost 31.12.	**5,599**	**5,597**
Accumulated amortisation 1.1.	-5,459	-5,440
Amortisation during the period	75	-19
Accumulated amortisation 31.12.	**-5,384**	**-5,459**
Book value 31.12.	**215**	**138**

Tecnotree

9. INVESTMENTS

Investments in group companies

EUR 1,000	2023	2022
Acquisition cost 1.1.	8,734	8,734
Additions		
Disposals	-20	
Book value 31.12.	**8,734**	**8,734**

Shares in subsidiaries held by the parent company

Name of the subsidiary	Domicile	Parent company ownership, %	Carrying value EUR 1,000
Tecnotree Ltd.	County Clare, Ireland	100.00	
Tecnotree Sistemas de Telecommunicacao Ltda	Sao Paulo, Brazil	100.00	902
Tecnotree (M) Sdn Bhd	Kuala Lumpur, Malaysia	100.00	106
Tecnotree France SARL	Paris, France	100.00	1
Tecnotree Services Oy	Espoo, Finland	100.00	8
Tecnotree Argentina SRL	Cordoba, Argentina	100.00	257
Lifetree Cyberworks Pvt. Ltd	Bangalore, India	100.00	1,189
Tecnotree Convergence Ltd	Bangalore, India	46.08	6,229
Tecnotree Nigeria Limited	Lagos, Nigeria	99.99	23
Tecnotree Software Enterprises DMCC	United Arab Emirates	100.00	0
Tecnotree LLC	United States of America	100.00	
Tecnotree Technologies Inc.	United States of America	100.00	
Total			**8 714**

Tecnotree

10. RECEIVABLES

Current receivables

EUR 1,000	2023	2022
Current external receivables		
Trade receivables total	21,220	17,721
Contract assets	12,309	4,424
Current prepaid expenses and accrued income	10,611	3,119
Other current receivables	4	4
Current external receivables total	**44,144**	**25,268**
Current receivables from the Group companies:		
Trade receivables	19,391	34,798
Other receivables	6,113	471
Total	**25,503**	**35,269**
Current receivables total	**69,647**	**60,537**
Major items included in prepaid expenses and accrued income:		
Advance payments to vendors	6,785	3,029
Other prepaid expenses and accrued income		
Total	**6,785**	**3,029**

Non-current receivables

EUR 1,000	2023	2022
Rent guarantees	79	67
Pledged cash deposits	676	678
Non-current receivables total	**755**	**746**

Cash and cash equivalents

Cash in hand and at bank	5,377	2,346
Cash and cash equivalents total	**5,377**	**2,346**

Current prepaid expenses and accrued income includes receivable amounting to EUR 10.6m related to sale of business assets. Tecnotree liquidated Tecnotree Convergence (Middle East) FZ-LLC during the financial year 2023. The company had receivables of EUR 15.6 million at the time of liquidation which was made contractually payable to Tecnotree as consideration for the sale, subject to receipt of payment from Tecnotree Convergence (Middle East) FZ-LLC's end customers. Tecnotree was able to recover EUR 2 million from this transaction, however also realised exchange losses of EUR 3 million. The company at this time expects to receive the remaining recevable in Euro terms based on contractual indemnification provided to Tecnotree Convergence (Middle East) FZ-LLC. We intend to recover the entire consideration within calendar year 2024. Relying on contractual indemnification, the company at this time sees no requirement to provide for any further exchange losses.

11. SHAREHOLDERS' EQUITY

EUR 1,000	2023	2022
Share capital	1,346	1,346
Share premium fund	847	847
Restricted equity total	**2,193**	**2,193**
Invested unrestricted equity reserve 1.1.	27,590	27,466
Share issue		123
Invested unrestricted equity reserve 31.12.	**27,590**	**27,590**
Retained earnings 1 Jan	20,811	20,993
Result for the period	-6,529	-308
Other items booked directly to retained earnings	72	126
Unrestricted equity total	**14,354**	**20,811**
Total shareholders' equity	**44,136**	**50,594**

In 2023 no dividend was paid for the financial year that ended on 31 December 2022, and based on the decision of the Annual General Meeting, the parent company's loss for the period of EUR 308 thousand was placed in retained earnings.

12. LIABILITIES

EUR 1,000	2023	2022
Non-current convertible bonds	**21,000**	
Non-current liabilities		
Termination benefits	1,068	693
Non-current liabilities total	**1,068**	**693**
Current liabilities, interest-bearing	919	
Current liabilities		
Trade payables	3,219	2,252
Accrued liabilities and deferred income	4,104	5,527
Other liabilities	662	463
Total	**7,986**	**8,242**
Liabilities from Group companies:		
Trade payables	9,400	12,971
Total	**9,400**	**12,971**
Current liabilities total	**17,385**	**21,214**

EUR 1,000	2023	2022
Major items included in accrued liabilities and deferred income		
Other accrued personnel expenses	696	3,072
Withholding tax accrual		853
Other accruals related to customer contracts	2,325	332
Other accrued liabilities and deferred income	1,083	1,270
Total	**4,104**	**5,527**

Previously the Company had a policy of deducting WHT as an expense on accrual of revenue. This was specifically due to the fact that large portions of our revenue came from very few customers and countries which deducted WHT and the Company was unable to utilise these tax assets due to high tax reserves in Finland. This was primarily enabled through broadening of the customer base. In the future years, the company also expects to be able to utlise these tax assets against profits accrued in its Indian subsidiary. However, a key risk to this treatment is the ability to be able to assign the appropriate contracts in the next year.

13. CONTINGENT LIABILITIES

EUR 1,000	2023	2022
With due date in the next financial year	**230**	115
With due date within next 1-5 years	140	
Total	370	115
Total contingent liabilities	**370**	**115**

14. EVENTS AFTER THE END OF PERIOD

No material changes regarding the company's business or financial position have materialized after the end of the financial period.

Tecnotree

Signatures of the financial statements and the report of the Board of Directors

1 March 2024

Padma Ravichander
CEO

Neil Macleod
Chairman of the Board

Anders Fornander

Jyoti Desai
Vice Chairman of the Board

Conrad Neil Phoenix

Johan Hammarén

The Auditor's note
A report on the audit performed has been issued today. Helsinki, 1 March 2024. Tietotili Audit Oy, Authorised Public Accountants

Urpo Salo
AuthorisedPublic Accountant, KHT

AUDITOR'S REPORT

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

AUDITOR'S REPORT

To the Annual General Meeting of Tecnotree Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tecnotree Corporation (business identity code 1651577-0) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU,

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6 to the consolidated financial statements.

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are

Key Audit Matters

Revenue recognition principles, valuation of receivables and intangible assets (Accounting principles and notes 2, 10, 14, 19 and 20 for the consolidated financial statements)

The key audit matter	How the matter was addressed in the audit
— Appropriate revenue recognition requires accurate and timely measurement of different stages of each project to ensure correct revenue recognition	— Substantive testing measures on the material concerning turnover. Review of the Group's processes concerning sales and project monitoring. Revenue recognition principles were assessed regarding applicable IFRS principles
— Significant amount of the Group's turnover accrues from countries which are developing and politically unstable. The two largest customers accounted for 40% of the turnover for year 2023 and 51% of the total amount of sales receivables at the end of the financial period	— We have carried out procedures concerning accuracy of the revenue recognition and correctness of the revenue accrual. We have reviewed the Group's process concerning evaluation and monitoring of the sales receivables. We have analysed the estimates and expectations of the Group concerning credit loss recognition
— The Group's other intangible assets accounted for 26% of the Group's assets and 92% of the Group's long-term assets	— We analysed the correctness of the valuation in the balance sheet and consistency and nature of the costs recognized in the amount. We have analysed the consistency in relation to applicable IFRS principles
— The Group's trade receivables and other assets comprise 55% of the total assets of the Group. These assets involve a valuation risk	— We analysed the Group's estimates and expectations concerning measurement of credit losses and related available historical information of the Group concerning previous years. We have evalued the consistency of the sales receivables

also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting for the financial period ended 31.12.2019.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors and the Annual Report prior to the date of this auditor's report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we 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.

Helsinki, 1 March 2024

Tietotili Audit Oy,
Authorised Public Accountants

Urpo Salo
Authorised Public Accountant, KHT

Tecnotree

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

NEIL MACLEOD, BORN 1971

Chairman of the Board, 15.5.2019–
Member of the Board, 24.9.2018–
Tecnotree shares as on 31.12.2023: 447,934,
holding of interest parties as on 31.12.2023: 61,493,000
Main occupation: Director, Fitzroy Investments Limited
Education: HND, Engineering Systems (Napier University), Diploma in Agriculture and Farm Business (Royal Agricultural College) and M.Sc. Property Development and Planning Law (Southbank University)

JYOTI DESAI, BORN 1957

Vice Chairman of the Board, 15.5.2019–
Member of the Board, 24.9.2018–
Tecnotree shares as on 31.12.2023: 255,962
Main occupation: Senior Managing Partner at Digalance Digital Consultants Limited
Education: B.Com., B.A. and BA honours (psychology), University of South Africa

CONRAD NEIL PHOENIX, BORN 1944

Member of the Board, 24.9.2018–
Tecnotree shares as on 31.12.2023: 149,311, holding of interest parties as on 31.12.2023: 61,493,000
Main occupation: Director of Harvy Rix Investment Company Limited.
Education: MBE, FRICS

ANDERS FORNANDER, BORN 1957

Member of the Board, 5.9.2019–
Tecnotree shares as on 31.12.2023: 149,311
Main occupation: CEO Software Culture GmbH
Education: M.Sc. Computer Science LiTH Sweden and M.Sc. Management of Technology MIT USA

JOHAN HAMMARÉN, BORN 1969

Member of the Board, 19.4.2023–
Tecnotree shares as on 31.12.2023: 88,204, holding of interest parties as on 31.12.2023: 11,581,258
Main occupation: Managing Director, Oy Hammarén & Co Ab
Education: Helsinki University, Faculty of Law, LL.M.

OTHER MEMBERS OF THE BOARD OF DIRECTORS IN 2023:

MARKKU WILENIUS, BORN 1961

Member of the Board, 10.9.2020–7.12.2023

MANAGEMENT BOARD

PADMA RAVICHANDER,

BORN 1959

CEO

Shareholding in Tecnotree on 31 December 2023: 32,910,582

Education: Computer Science and IT (Dip), Concordia University, Graduate of Executive Management School Stanford University

SAVITHA NK,

BORN 1973

Chief People Officer

Shareholding in Tecnotree on 31 December 2023: 27,830

Education: Master's degree in Human Resources

HITESH MORAR,

BORN 1977

Chief Product Officer

Shareholding in Tecnotree on 31 December 2023: 50,000

Education: Bachelor's degree in Electrical Engineering & Master of Science degree

INDIRESH VIVEKANANDA,

BORN 1965

CFO

Shareholding in Tecnotree on 31 December 2023: 222,734

Education: Chartered accountant

BISWAJIT DEVA SHARMA,

BORN 19XX

Chief Technology Officer (CTO) & Head of SaaS

Shareholding in Tecnotree on 31 December 2023: 323,018

Education: Bachelor's degree in Computer Science & Engineering and Master's degree in Management

PANKAJ VAISH,

BORN 1964

SVP Operations

Shareholding in Tecnotree on 31 December 2023: -Nil-

Education: Bachelor's degree in Electrical & Electronics Engineering with a post-graduation degree in MBA.

LEENA KOSKELAINEN,

BORN 1965

Chief Operating Officer (COO)

Shareholding in Tecnotree on 31 December 2023: 522,888

Education: Diploma in Business Information

SUBRAMANIAN RAMASESHAN,

BORN 1970

Vice President, Value Engineering

Shareholding in Tecnotree on 31 December 2023: 321,720

Education: M. Sc (computer Science)

MATT SANCHEZ,

BORN 1977

Chief Data and AI Officer

Shareholding in Tecnotree on 31 December 2023: -Nil-

Education: Bachelor of Science, Computer Science, University of Texas at Austin

PRIANCA RAVICHANDER,

Born 1990

Chief Marketing Officer and Head of B2B2X

Shareholding in Tecnotree on 31 December 2023: 565,311

Education: MSc Urban Data Management from Erasmus University, Rotterdam BALLB (Hons) NALSAR University of Law

ANURAG ASTHANA,

BORN 1970

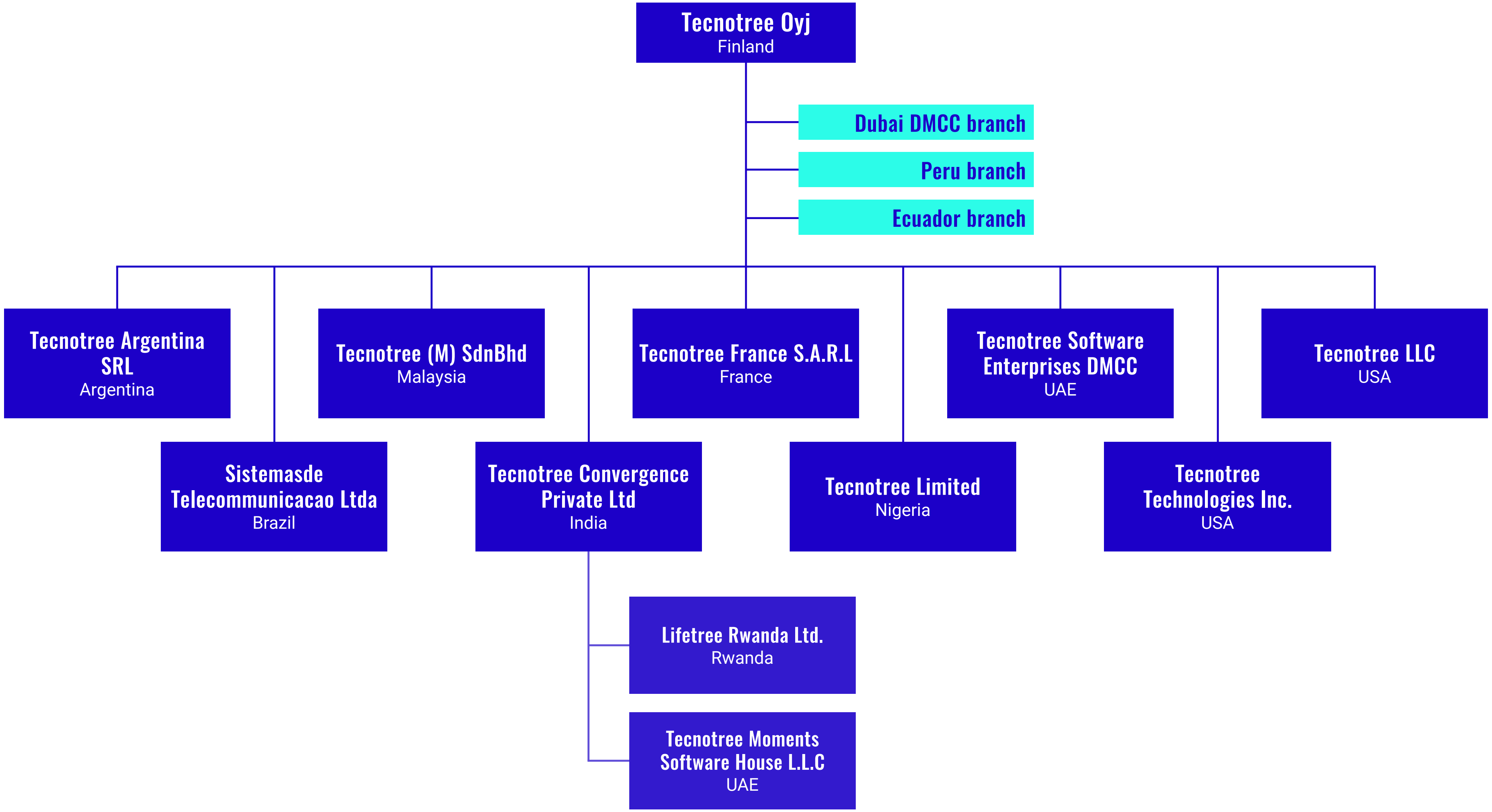
Vice President, Product Engineering

Shareholding in Tecnotree on 31 December 2023: 103,500

Education: Bachelor's Degree in Computer Science & Engineering and a Master of Science in Telecommunications.

CORPORATE GOVERNANCE STATEMENT

Tecnotree Corporate Structure 2023



INTRODUCTION

Tecnotree Corporation ("Tecnotree" or "Company") is a Finnish Public Limited Company. The responsibilities and obligations of the corporate management are based on the Finnish legislation. The Company complies in its decision-making and governance in accordance with the Finnish Companies Act, the Finnish Corporate Governance Code 2020 published by the Securities Market Association, the regulations for public companies, the Articles of Association of Tecnotree, the rules set for the Board of Directors of the Company (the "Board") and its Committees, as well as the rules and regulations of Nasdaq OMX Helsinki. Tecnotree Group comprises of Tecnotree Corporation and its subsidiaries. The company is registered and domiciled in Espoo, Finland.

The Finnish Corporate Governance Code is available at https://cgfinland.fi/en/corporate-governance-code/.

This Corporate Governance Statement can be found at Tecnotree' s website https://investors.tecnotree.com/ and in Tecnotree's Annual Report for 2023.

Description of the composition and operations of the meeting of shareholders, Board and Board committees and other controlling bodies

Meeting of Shareholders

Annual General Meeting

Annual General Meeting of Shareholders is the highest decision-making body of Tecnotree. The responsibilities of the Annual General Meeting are defined in the Finnish Companies Act and the Articles of Association of the Company. The Annual General Meeting is held annually on a date designated by the Company's Board of Directors. The most important responsibilities include amending the Articles of Association (if required), approving the financial statements, the report of the Board of Directors and the Auditor's Report, deciding on the dividend to be paid, discharging the Board members and the CEO from liability, appointing Board members and auditors and deciding on their remuneration.

In 2023, the Annual General Meeting was held on 19th April 2023. The Annual General Meeting confirmed the financial statements and the consolidated financial statements for the financial year 2022 and unanimously discharged the Board of Directors and the CEO from liability for the year 2022. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend is paid for the financial year 2022, and that the parent company's loss for the financial year, EUR 308,052.50be transferred to the retained earnings account.

Board of Directors

Formation and term of office of the Board of Directors

The operations of Tecnotree are managed under the direction of the Board, within the framework set by the Finnish Companies Act and Tecnotree's Articles of Association as well as any complementary rules of procedure as defined by the Board, such as the Corporate Governance Guidelines and the charters of the Board's committees, if any.

The Board of Directors is responsible for the appropriate organisation of the Company's administration, business operations, accounting and financial controlling.

Furthermore, the Board is responsible for promoting the interests of the Company and all its shareholders by pursuing a business policy that in the long-term ensures the best possible return on capital invested in the Company.

Tecnotree's Board of Directors consists of a minimum of 3 (Three) and a maximum of 8 (Eight) members, as outlined in the Articles of Association. The Annual General Meeting elects the Board and confirms the number of Board members. The Board of Directors elects the Chairman and Vice Chairman among its members for a term of one (1) year at a time. The term of office of Board members expires at the end of the first Annual General Meeting following election.

Description of the operations of the Board of Directors and the main contents of its charter

Tecnotree's Board of Directors is responsible for the Company's corporate governance and for the proper organisation of its operations. The members of Tecnotree's Board have no special duties related to being a member of the Board other than those designated by law. Board members are also members of Board Committees.

To support its work, Tecnotree's Board of Directors has confirmed a charter that defines the Board's duties and work methods, as well as meeting and decision-making procedures. In accordance with the charter, the Board deals with and makes decisions on matters that are financially, operationally or fundamentally significant to the Group.

According to the elementary tasks listed in the charter, the Board shall among others:

- decide upon the group strategy and approve the business strategy
- approve the values of the Company and its subsidiaries

- approve the annual business plan and supervise its implementation
- decide upon the central organization structure and management system of the Company
- discuss and approve the accounts and interim reports
- define the dividend policy of the Company and make a proposal to the Annual General Meeting as to the amount of dividend paid
- appoint the Managing Director of the Company and the Deputy Managing Director, decide upon their remuneration and employment terms
- decide on the appointment of the members of the Company's management group and their remuneration
- decide on the remuneration systems of the Company's CEO and CFO and the principles of the remuneration systems for other personnel
- decide on strategically or economically important investments and the acquisitions and divestments of companies or similar arrangements
- approve the significant principles of risk management
- decide upon the capital structure of the Company
- confirm the principles of internal control
- annually assess its activities and working methods
- be responsible for the other duties assigned to it under the Finnish Companies Act or other regulation
- establish an audit, a remuneration, nomination committee, Investment Committee, Strategy Committee or another committee.

The Board evaluates its operations and working methods once a year through self-assessment. The charter of the Board of Directors is available at https://investors.tecnotree.com/

The principles of Board diversity

In proposing and deciding the number of the members and the composition of the Board, the diversity of the Board, the requirements of the Company's operations and the development phase of the Company shall be taken into account, with the aim of ensuring an efficient management of the Board tasks. The persons elected as members of the Board shall have the competence required in this duty and the possibility to devote sufficient time to attend to their duties. When preparing its proposal concerning the composition of the Board, the Board shall consider the age, gender, education and experience of the members to ensure the diversity of the Board.

The objective of the Company is that expertise from various industries and markets, varied professional and educational backgrounds, a balanced age distribution as well as both sexes are all diversely represented in the Board.

Monitoring of the principles of Board diversity in 2022

At the beginning of the year the Board comprised of five (5) directors, which consisted of one (1) female member and four (4) male members. At the Annual General Meeting held on 19th April 2023, all the directors were re-appointed. At the Annual General Meeting held on 19th April 2023, Mr. Johan Hammarén was elected as a new Board member of the Company.

The experience of the Board members is versatile and diverse. The age of the Board members is between 51 and 78 years. In the current situation of the Company, continuity is deemed important, but the Board will strive to improve diversity further.

Composition of the Board & Its Independence

The Annual General Meeting of 19th April 2023 confirmed that the Board of Directors will consist of six (6) members, and the Board members were elected for a period of office expiring at the end of the next Annual General Meeting following the election. The Annual General Meeting re-elected as Board Members Mr. Neil Macleod, Ms. Jyoti Desai, Mr. Anders Fornander, Mr. Conrad Neil Phoenix and Mr. Markku Wilenius. Markku Wilenius resigned from the post of Member of the Board on 07 December 2023.

Independence

As per the Corporate Governance Code, majority of Board Members must be independent of the company. In addition to that at least two (2) members of mentioned majority must be independent of the company and its significant shareholders.

Tecnotree's Board of Directors have assessed the Board members' independence of the Company and shareholders in compliance with the Finnish Corporate Governance Code. Based on the assessment, three (3) Board members are independent of the Company and of significant shareholders and two (2) Board members are independent of the Company but non-independent of the significant shareholders.

Members of the Board

Neil Macleod, b. 1971, HND, Engineering Systems (Napier University), Diploma in Agriculture and Farm Business (Royal Agricultural College) ja M.Sc. Property Development and Planning Law (Southbank University)

- Chairman of the Board, 15.5.2019-
- Member of the Board, 24.9.2018-
- Main duty: Director, Fitzroy Investments Limited

- Tecnotree shares as on 31.12.2023: 447,934, holding of interest parties as on 31.12.2023: 61,493,000
- Independent of Tecnotree and non-independent of its significant shareholders.

Jyoti Desai, b. 1957, BA (Hons), B Com Economics and Law, CAIB (SA), Financial Services qualification

- Vice Chairman of the Board, 15.5.2019-
- Member of the Board, 24.9.2018-
- Main duty: Entrepreneur and consultant
- Tecnotree shares as on 31.12.2023: 255,962
- Independent of Tecnotree and its significant shareholders.

Conrad Neil Phoenix, b. 1944, MBE, FRICS

- Member of the Board, 24.9.2018-
- Main duty: Director of Harvy Rix Investment Company Limited
- Tecnotree shares as on 31.12.2023: 149,311, holding of interest parties as on 31.12.2023: 61,493,000
- Independent of Tecnotree and non-independent of its significant shareholders.

Anders Fornander, b. 1957, M.Sc. Computer Science LiTH Sweden and M.Sc. Management of Technology MIT USA

- Member of the Board, 5.9.2019-
- Main duty: CEO Software Culture GmbH
- Tecnotree shares as on 31.12.2023: 149,311
- Independent of Tecnotree and its significant shareholders

Johan Hammarén b. 1969, Degree in Law from the University of Helsinki and a Degree in Economics from Hanken School of Economics, Helsinki

- Member of the Board, 19.04.2023 –
- Main duty: CEO of Oy Hammarén & Co Ab
- Tecnotree shares as on 31.12.2023: 88,204, holding of interest parties as on 31.12.2023: 11,581,258
- Independent of Tecnotree and its significant shareholders

Markku Wilenius
Member of the Board, 10.9.2020-07.12.2023

- Main duty: Professor of Futures Studies at the Turku School of Economics Tecnotree shares as on 31.12.2022: 3,816,463
- Independent of Tecnotree and its significant shareholders

The Annual General Meeting 2023 decided the following annual remuneration for the Board members:

- Chairman: EUR 210,000
- Vice Chairman: EUR 120,000
- Other Board members: EUR 70,000.

It was decided to pay approximately 45 per cent of the annual remuneration in Tecnotree's shares and approximately 55 per cent in cash.

Cash remuneration paid to the Chairman and members of the Board of Directors from 1 January 2023 to 31 December 2023 totaled EUR 309,770. As part of the remuneration, the Board members received in total 767,615, Tecnotree's shares (EUR equivalent 277,186) during the period of 01 January 2023 to 31 December 2023.

Member of the Board	Attendance	Board member remuneration, EUR	Board member remuneration, in shares EUR	Total Board member remuneration, EUR
Neil Macleod, Chairman	18/18	115,500	95,425	210,925
Jyoti Desai, Vice Chairman	17/18	66,000	54,528	120,528
Conrad Neil Phoenix	12/18	38,500	31,800	70,308
Anders Fornander	15/18	38,500	31,800	70,308
Johan Hammarén	13/14	17,325	31,808	49,133
Markku Wilenius	13/18	33,945	31,800	65,753
Total	**75/104**	**309,770**	**277,186**	**586,955**

Tecnotree' s Board of Directors convened eighteen (18) times in 2023.

Board attendance to meetings and remuneration 2023 is as follows:

Board Committees

In the Annual General Meeting of the Company held on 19th April 2023, the Company decided to establish the below committees:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Strategy Committee
- Investment Committee

Audit Committee

The Audit Committee's duty is to assist the Company's Board in ensuring that the Company has sufficient internal control system encompassing all of its operations in a manner required by legislation, valid regulations and a good management and administration system. In addition, the Committee assists the Board in ensuring that the monitoring of the Company's accounting and asset management have been organized in an appropriate manner. It is also the Audit Committee's duty to monitor the activities of internal auditing.

The main duties of the Audit Committee are as follows:

- Monitor the financial position of the Company
- Supervise the financial reporting process and risk management process
- Ensure the proper functioning of the corporate governance of the Company
- Evaluate the use and presentation of alternative performance measures
- Approve the operating instructions for internal audit
- Handle the plans and report of the internal audit function
- Evaluate the processes aimed at ensuring compliance with laws and regulations
- Communicate with the auditor in addition to the duties required by regulation
- Monitor the Company's funding and tax position
- Monitor the significant financial, funding, and tax risks
- Monitor the processes and risks relating to IT security
- Handle the Company's corporate governance statement and non-financial report
- Work with the CEO and CFO of the Company, and further direct the CEO and CFO in relation to taking any necessary steps as felt appropriate by the Committee; and
- Pass resolutions and monitor any special issues allocated by the Board and falling within the competence of the Committee (such as issues relating to the Company's procedures and/or specific risks).

At the end of the financial year, the Audit Committee comprised of three (3) members of the Board: **Johan Hammaren** (Chairman), **Jyoti Desai** and **Neil Macleod**. The Audit Committee convened five (5) times during the year.

Committee members	Attendance
Johan Hammaren	5/5
Jyoti Desai	5/5
Neil Macleod	5/5
Conrad Neil Phoenix (ex-member)	2/2

Remuneration Committee

The Remuneration Committee shall prepare matters pertaining to the appointment and remuneration of the CEO and other executives of the Company as well as remuneration principles observed by the Company and make recommendations to the Board in these matters.

The main duties of the Remuneration Committee are as follows:

- Develop the remuneration policy and remuneration report for the Company's management team
- Present the remuneration policy and the remuneration report at the general meeting of the Company and respond to questions related thereto
- Preparation of the appointment of core management and the rest of the management team, along with successor planning
- Prepare and assess the remuneration of the CEO and the rest of the management of the Company
- Plan matters pertaining to the remuneration of other personnel and the development of the organization.
- Work with the CEO and CFO of the Company, and further direct the CEO and CFO in relation to taking any necessary steps as felt appropriate by the Committee; and
- Pass resolutions and monitor any special issues allocated by the Board and falling within the competence of the Committee (such as issues relating to the Company's procedures and/or specific risks).

At the end of the financial year the Remuneration Committee comprised of three (3) members of the Board – Jyoti Desai (Chairman), Anders Fornander and Neil Macleod. The Remuneration Committee convened three (3) times during the year.

Committee members	Attendance
Neil Macleod	3/3
Anders Fornander	3/3
Neil Macleod	3/3

Nomination Committee

The Nomination Committee assists the Board in the preparations of the matters pertaining to the appointment and remuneration of members of the Board and makes recommendations to the Board in these matters.

The main duties of the Nomination Committee are as follows:

- Prepare a proposal to be presented to the general meeting of the Company regarding the composition of the Board (including information on the number of candidates and their profiles)
- Prepare a proposal to be presented to the general meeting concerning the remuneration of the Board in accordance with the remuneration policy prepared by the Remuneration Committee
- Present the proposal to the shareholders at the general meeting
- Prepare the Board of Directors' diversity principles
- Prepare plans regarding succession planning for the members of the Board
- Evaluate the processes aimed at ensuring compliance with laws and regulations
- Work with the CEO and CFO of the Company, and further direct the CEO and CFO in relation to taking any necessary steps as felt appropriate by the Committee; and
- Pass resolutions and monitor any special issues allocated by the Board and falling within the competence of the Committee (such as issues relating to the Company's procedures and/or specific risks).

At the end of the financial year the Nomination Committee comprised of (4) four members of the Board: Jyoti Desai (Chairman), Neil Macleod, Johan Hammaren and Conrad Neil Phoenixas the members of the Nomination Committee. The Nomination Committee meeting was convened one (1) time during the year 2023.

Committee members	Attendance
Jyoti Desai	1/1
Neil Macleod	1/1
Conrad Neil Phoenix	1/1

Strategy Committee

The Strategy Committee shall prepare matters pertaining to key strategic choices of the Company and make recommendations to the Board in such matters.

The main duties of the Strategy Committee are as follows:

- Reviewing significant strategic initiatives proposed by Management and making recommendations to the Board regarding the same
- Reviewing the Tecnotree product strategy and roadmaps planned and providing the necessary advice on competitive positioning of products and technologies;
- Attending from time-to-time customer meetings and events as needed to support Management in explaining Tecnotree's strategy
- Work with the CEO and CFO of the Company, and further direct the CEO and CFO in relation to taking any necessary steps as felt appropriate by the Committee; and
- Pass resolutions and monitor any special issues allocated by the Board and falling within the competence of the Committee (such as issues relating to the Company's procedures and/or specific risks).

At the end of the financial year the Strategy Committee comprised of three (3) members of the Board: Markku Wilenius* (Chairman), Anders Fornander and Jyoti Desaias the members of the committee. The Strategy committee did not convene during the year.

**Markku Wilenius resigned from the Board of Directors of Tecnotree and the subsequent Committees on 07 December 2023.*

Investment Committee

The objective of the Investment Committee is to discuss, evaluate and to decide on the investment option(s) received, or to be received, by the Company and determine its feasibility and impact on the long-term goals, vision and requirements of the Company, and to update the Board of Directors of the Company of the decision made by the Committee regarding the said investment option(s).

The main duties of the Investment Committee are as follows:

- Discuss matters and issues solely pertaining to the investment option(s) received, or to be received, by the Company;
- Prepare reports and other relevant documents for recording the developments in the matters pertaining to the investment option(s) received by the Company;
- Work independently from the broader Board in evaluating, preparing and making decisions and informing to the Board regarding the investment option(s) which meet the diligence and eligibility criteria, as determined by the Committee;
- Work with the CFO and Legal Counsel who are supporting the Committee, and further direct the CFO and Legal Counsel in relation to taking any necessary steps as felt appropriate by the Committee; and
- Perform any and all other activities as required to fulfil its objectives under this Charter.

At the end of the financial year, the Strategy Committee comprised of three (3) members of the Board: Anders Fornander (Chairman), Jyoti Desai and Johan Hammaren as the members of the committee. The Investment committee convened once during the year.

The CEO

The Chief Executive Officer is responsible for managing and developing the Company's operations as defined in the Finnish Companies Act and, in the guidelines, and instructions issued by the Board of Directors. The CEO may undertake actions that are unusual or far-reaching in view of the scope and quality of the Company's operations only if authorized by the Board of Directors.

The CEO ensures that the Company's accounting complies with legislation and that its assets are managed reliably. The CEO is also responsible for investor relations, corporate communication, long-term strategic and financial planning, as well as major operative decisions and the supervision of their implementation. The CEO prepares matters to be handled at Board meetings and reports to the Board.

The Chief Executive Officer of the Companyd has been **Mrs. Padma Ravichander** since 09 May 2016.

Management Board

Management Boards main duty is to assist CEO The main duty of the Management Board is to assist the CEO in operative management, monitor and develop business activities according to strategy and targets, create group level policies, support risk management procedures, follow coherent human resources policy and remuneration as well as manage stakeholder relations. The Management Board convenes at least once a month.

At the end of 2023, the Tecnotree Group Management Board had eleven (11) members: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Marketing Officer (CMO) and Head of B2B2X, Chief Operating Officer (COO), Chief People Officer (CPO), Chief Technology Officer (CTO) & Head of SaaS, Vice President - Value Engineering, Vice President - Product Engineering, Chief Product Officer, SVP Operations and Chief Data and AI Officer. The CEO acts as the Chairman of the Management Group.

Management team members, responsibilities and period of membership

Padma Ravichander: b. 1959, Computer Science and IT (Dip), Concordia University, Montreal Canada, Graduate of Executive Management School Stanford University, California, USA

- Main duty: Chief Executive Officer, 9.5.2016-
- Tecnotree shares as on 31.12.2023: 32,910,582

Indiresh Vivekananda, b. 1965, Chartered Accountant

- Main duty; Group Chief Financial Officer, CFO, 03.10.2022-
- Tecnotree shares as on 31.12.2023: - 222,734

Prianca Ravichander, b. 1990, MSc Urban Data Management from Erasmus University, Rotterdam B.A.,LLB (Hons.) NALSAR University of Law, Hyderabad

- Main duty: Chief Marketing Officer and Head of B2B2X
- Tecnotree shares 31 Dec 2023: 565,311

Leena Koskelainen, s. 1965, Diploma in Business Information

- Main duty: Chief Operating Officer (COO), 1.2.2018-
- Tecnotree shares as on 31.12.2023: 522,888; holding of interest parties as on 31.12.2023: 522,888

Savitha NK, b. 1973, Master's degree in Human Resources

- Main duty: Chief People Officer, 19.07.2021-
- Tecnotree shares as on 31.12.2023: 27,830

Biswajit Deva Sharma, b.1981, Bachelor's degree in Computer Science & Engineering and Master's degree in Management

- Main duty: Chief Technology Officer (CTO) & Head of SaaS, 10.2.2023-
- Tecnotree shares as on 31.12.2023: 323,018

Subramanian Ramaseshan b. 1970, M. Sc (computer Science)

- Main duty: Vice President, Value Engineering, Value Engineering 1.12.2020-
- Tecnotree shares as on 31.12.2023: 321,720

Anurag Asthana, b. 1970, Bachelor's Degree in Computer Science & Engineering and a Master of Science in Telecommunications

- Main duty: Vice President, Product Engineering, 17.1.2022-
- Tecnotree shares as on 31.12.2023: 103,500

Hitesh Morar, b. 1977, Bachelor's Degree in Computer Science & Engineering and a Master of Science in Telecommunications

- Main duty: Chief Product Officer, 01.03.2023-
- Tecnotree shares as on 31.12.2023: 50,000

Pankaj Vaish, b. 1964, Bachelor's degree in Electrical & Electronics Engineering with a post-graduation degree in MBA.

- Main duty: SVP Operations, 09.12.2022-
- Tecnotree shares as on 31.12.2023: -Nil-

Matt Sanchez, b. 1977, Bachelor of Science, Computer Science, University of Texas at Austin

- Main duty: Chief Data and AI Officer, 01.01.2023-
- Tecnotree shares as on 31.12.2023: -Nil-

Description of the main features of the internal control and risk management systems pertaining to the financial reporting process

Company's general objectives for internal control and risk management

The objective of the internal control and reporting methods is to ensure that the Company's operations are efficient, information is reliable and official regulations and internal operating principles are followed. The Group's Management is responsible for performing and guiding the internal control.

The task of risk management is to identify, manage and track the major risks in the Company's business and business environment to enable the Company to achieve its strategic and financial goals in the best possible way. The Company's Management Board is responsible for risk management.

Control activities

The Company mainly uses a common finance system for its financial reporting, and the information in this system for the different companies can also be viewed at head office. Similarly, where necessary the parent company accounts can also be examined at the other offices. Group reporting is performed using a separate system on a monthly basis. Actual figures are compared to the budget, and at the highest level also to the previous forecast. Major deviations are cleared up.

The main control activities include preparing up-to-date forecasts, analyzing deviations in actual data versus forecast and previous periods, performing transaction and process level controls and internal audits. The Company does not have an own internal audit function.

Annual budgets are being prepared and detailed targets are set based on the strategic plans in October-December. A preliminary budget proposal is presented to the Board of Directors in November and the final budget is drawn up based on the feedback received, and this is examined at the Board meeting in December. It also includes plans of action. These are then used as the basis for defining individual targets for each person.

The operating result forecast is updated and presented at the Board meeting. Monthly reporting shows the latest forecast for the period that has ended, the actual figure and the forecast for the following period.

Forecasts for sales, revenues to be recognized and cash flow are examined on a monthly basis or more often, if needed, region by region in telephone conferences. The forecasts are graded in different categories according to their probability, and this information is used by the Management Board to decide on the forecast to be presented to the Board. The Company has also a cash monitoring system in place with weekly assessment reporting.

The Company's financial management together with the relevant levels of management aims at ensuring the correctness in the monthly reporting. Line organization is responsible for budgets and forecasts. The role of the Group's financial management is to collect these plans according to accepted timetables and to control their reliability. Substantial deviations and eventual errors with corrective actions are reported to the Board of Directors.

The Group's financial department performs controls pertaining to the correctness of external and internal reporting. Due to the nature of business a lot of emphasis is put into controlling revenue recognition and receivables.

Risk management

Tecnotree's general annual assessments of external risks assessed by the Management Board define the biggest risks. These assessments are made by evaluating the probability and the impact of the different risks and based on that a risk map is comprised. Actions and a person in charge are defined for each significant risk. The most significant risks have been described in the Board of Directors' Report. The Board approves the significant principles of risk management.

Corporate governance is implemented through documented policies. The main policies are the policy for making sales agreements, credit policy, cash management policy, policy for hedging against currency risks, policy for making purchase agreements and approval policy.

A major part of Tecnotree's risks is related to sales. These risks can be mitigated by reviewing offers systematically. Tecnotree has uniform principles and practices in bid reviews.

The subsidiaries and foreign offices of the parent company have issued guidelines and policies for their own specific purposes that are in line with the Group level policies. The company has defined its Code of Conduct.

The company's financial management is responsible for managing foreign exchange, interest rate and liquidity risks and for taking out insurance against operational risks.

The Management Board of the company handles risks and risk management in its meetings on a regular basis. The CEO reports these to the Board of Directors.

The risks pertaining to financial reporting are mitigated by the methods in financial reporting and control of the Group. The majority of the sales transactions are at the parent company level. The companies have a common chart of accounts and IFRS principles applied, common systems with comprehensive database, centralized treasury and financing, and an easy-to-access archive for contracts and policies.

Related party transactions

Tecnotree monitors and assesses any transactions with its related parties and ensures that potential conflicts of interest are appropriately considered in the Company's decision-making. The Company maintains a list of its related parties. The Company is responsible for determining and identifying the parties and transactions included in related party transactions.

Certain related party transactions are published as required by the stock exchange rules.

In 2023, Tecnotree did not have any material related party transactions that would not be in line with its regular business operations or market conditions.

Insider issues

Tecnotree Group complies with the currently valid insider dealing regulations and the Nasdaq Helsinki Guidelines for Insiders. The Group also has its own Insider Guidelines complementing Nasdaq Helsinki Guidelines for Insiders and it is updated when necessary. The Insider Guidelines are available on the Company's website.

The person in charge of insider issues (insider issues officer) and insider register manager in Tecnotree is the CFO. The duties of the insider issues officer include internal communication and training and the monitoring of insider issues. The insider issue officer is also responsible for managing the closed periods and ensuring that executives and their related parties meet their obligations related to the notification and publication of related party transactions.

Tecnotree has opted to maintain a separate list of permanent insiders who, on the basis of their position or duties, have permanent access to all inside information concerning the company. Tecnotree has defined the following persons as permanent insiders:

- members of the Tecnotree Board of Directors;
- the CEO; and
- the Secretary of the Board of Directors.

A project-specific insider list is maintained of all insider projects in line with the stock exchange's Guidelines for Insiders.

In accordance with the applicable legislation, persons in managerial positions in Tecnotree Corporation (the Board of Directors, the CEO and the Management Board) and their related parties report any transactions conducted on their own account to the Company and to the Finnish Financial Supervisory Authority within three (3) business days of the completion of such transactions. According to the Company's Insider Guidelines, executives shall, however, notify the transactions on the following working day. The Company publishes a stock exchange release of the transactions of the executives and their related parties in accordance with the applicable legislation.

Tecnotree executives shall schedule their transactions with Tecnotree's financial instruments to avoid the transactions undermining confidence in the securities market. Tecnotree executives shall not trade in Tecnotree's financial instruments during the period starting thirty (30) days before the publication of each financial statements bulletin, half year financial report or three or nine-month financial report and ending on the day following the publication of such data. The closed period also covers the persons participating in the preparation, drafting and publication of Tecnotree's financial reports.

Auditing of accounts

The principal purpose of auditing is to verify that the financial statements provide correct and sufficient information on the Company's result and financial position. In addition, the auditor verifies the legality of the Company's administration.

The auditor is appointed annually in the Annual General Meeting for a term ending at the end of the following Annual General Meeting. A proposal of the auditor made by the Board of Directors or any shareholder holding at least 10% of the voting rights shall be published in the invitation to the Annual General Meeting, provided that the candidate has given his or her consent to be appointed and that the Company has been informed of the proposal sufficiently early for it to be included in the invitation. If the auditor candidate is not known by the Board of Directors at the time of submitting the invitation, the name of the candidate who has been presented in this manner shall be published separately.

The fees of the auditor and any remuneration for services not related to the audit for the financial period shall be published in the Annual Report.

The Annual General Meeting 2023 re-appointed the auditing firm Tietotili Audit Oy as the auditors of the company till the end of the first Annual General Meeting following the election. In 2023, the auditor was paid EUR 195,511 for the audit services.

Communication

In its disclosure policy the Company complies with Finnish and European Union legislation and with the instructions and regulations of Nasdaq Helsinki Ltd, the Financial Supervisory Authority and the European Securities and Markets Authority (ESMA) and the provisions of the Finnish Corporate Governance for Finnish listed companies as well as other rules concerning listed companies.

The central principles Tecnotree follows in its communication are openness, integrity, consistency, and clarity. It is the Company's objective to give all stakeholder groups correct and up-to-date information about the company's operations in a balanced and timely manner.

Tecnotree Corporation
The Board of Directors

Tecnotree

REMUNERATION REPORT

REMUNERATION REPORT

1. INTRODUCTION

Tecnotree Corporation ("**Tecnotree**" or "**the Company**") remuneration report for 2023 (the "**Report**") has been prepared on the basis of the Finnish Corporate Governance Code 2020 (the "**Corporate Governance Code**"). In this Report, Tecnotree presents to the members of the Company's Board of Directors and the Chief Executive Officer ("**CEO**") the salaries, fees and other financial benefits paid and earned during the financial year 2023. In addition, the Report describes the remuneration decision-making process and key principles of remuneration at Tecnotree.

Remuneration principles 2023

Tecnotree aims to provide a level of remuneration that motivates, encourages, attracts and retains employees of the highest calibre. To maximize the effectiveness of remuneration within Tecnotree, careful consideration is taken to ensure that the remuneration elements drive the business strategy of the Company and its long-term financial interests. The Remuneration Committee is fully aware of its responsibility in ensuring that remuneration supports and drives the Company's strategic priorities and growth plan.

Tecnotree's 2023 Remuneration Report follows the remuneration policy of the Company published on 19 August 2020 ("**Remuneration Policy**"), which was discussed and approved by an advisory decision of the shareholders at the Annual General Meeting held on 10 September 2020.

In accordance with the Remuneration Policy, Tecnotree follows the following principles in its remuneration:

- competitive remuneration in order to acquire and retain key resources.
- The variable compensation system in Tecnotree, and its subsidiaries is designed to promote competitiveness and the Company's long-term financial success and to contribute to a positive development of owner value. Compensation plans are based on pre-determined and measurable performance and result criteria aimed to maximize the performance of the employee.

Through the remuneration principles, Tecnotree seeks to support the convergence of the interests of shareholders, the Tecnotree Group and its personnel. The purpose of the remuneration is also to support the long-term financial success of the Tecnotree Group and the commitment of Tecnotree's personnel to the Company.

Fair, competitive and encouraging remuneration of Tecnotree's management and personnel is the subject of continuous development and evaluation in the Company. The Board of Directors and the Remuneration Committee regularly monitor and assess the compliance, performance and outcome of the remuneration model in place and, if needed, suggest amendments to the same. In connection with these evaluations, the Remuneration Committee may make recommendations to engage external experts to assess, among other things, the level of requirements for different work tasks and their impact on remuneration.

Tecnotree has employee incentive program 2021–2024 designed to align the participants' focus with Tecnotree's growth strategy and long-term success. The LTI Plan includes Restricted Share Units (RSUs) giving a contractual right to receive shares over the next 3-year period as per an equated semi-annual vesting schedule. Further, Tecnotree has a stock option program for the key personnel of the Group. The stock options are marked with four different symbols, all of which have a release criterion based on a different market value.

Deviation from the Remuneration Policy

During the financial year 2023, the Remuneration Policy was followed for the remuneration of the Board of Directors and the CEO, and there were no deviations from the same.

Remuneration and business development 2019–2023

On the next page is a description of how the remuneration paid to the members of Tecnotree's Board of Directors and the CEO has developed proportionally during the previous five (5) financial years, as compared to the development of the average remuneration of Tecnotree Group employees and the financial development of Tecnotree Group during the same period.

	2019	2020	2021	2022	2023
Board fees (1,000 EUR)	215	195	274	574	584
CEO remuneration (1,000 EUR)	431	2.584	2.112	3.060	3.217
Average employee Salaries and Wages (1,000 EUR)	29	29	31	29	28
Revenue (MEUR)	47.0	52.8	64.2	71.6	78.4
Operating Profit (MEUR)	14.4	18.6	23.7	18.3	23.8

2. BOARD REMUNERATION FOR THE FINANCIAL YEAR 2023

The General Meeting of Tecnotree decides the remuneration payable to the Board of Directors. On April 15, 2023, Tecnotree's Annual General Meeting (AGM) passed a resolution in relation to the remuneration payable to the Chairman, Vice Chairman and the Board of Directors, briefly provided below as follows:

- Chairman of the Board – EUR 210,000
- Vice Chairman of the Board – EUR 120,000
- Members of the Board – EUR 70,000

The general meeting decided that approximately 45 per cent of the remuneration be paid in Tecnotree's shares and approximately 55 per cent be paid in cash.

No options or other share-based payments have been granted to Board members for their work on the Board.

Travel expenses incurred for Board meetings are reimbursed in accordance with the company's travel policy.

Remuneration paid to the members of the Board of Directors during the financial year 1.1.2023.–31.12.2023:

Board member	Total Remuneration, EUR
Neil Macleod	210,000
Jyoti Desai	120,000
Conrad Neil Phoenix	70,000
Anders Fornander	70,000
Johan Hammarén 19.4.2023-	48,825
Markku Wilenius 10.9.2020-7.12.2023	65,445
TOTAL	**584,270**

3. REMUNERATION OF THE CEO FOR THE FINANCIAL YEAR 2023

The Board of Directors of Tecnotree adopt and evaluate the principles and elements of the remuneration for the CEO on an annual basis. The remuneration of the CEO follows the Company's Remuneration Policy in force. All changes in the CEO's salary and remuneration are subject to the approval of the Board of Directors.

The CEO of the Company is Padma Ravichander. The remuneration of the CEO consists of fixed remuneration, variable remuneration consisting of long-term and short-term incentive, pension, transportation allowance, housing benefit, employee wellness benefits, employee insurance benefits, fringe benefits, bonuses and other financial benefits. The objective is to have a good balance of rewarding elements, and to guarantee a market competitive level of fixed remuneration supported with short- and long-term incentive schemes aimed at driving Company performance and providing an appropriate reward.

The CEO is eligible for benefits laid down in the Remuneration Policy or as may be amended and approved by the Board and shareholders from time to time.

Total earned fixed pay for the CEO during period 1 January 2023 to December 2023 was EUR 1.10 million (0.97). and the value of performance bonus was EUR 2.12 million (2.09) (including 0.89 million shares (2.09). Cost accounted against the shares was EUR 0.55 million (0.92) and market value based on the dates of delivery was EUR 0.43 million (2.09).

Reimbursements are made to the CEO in accordance with the company's travel policy and other practices.

Fees to be paid in the financial year 2024 based on the financial year 2023

The CEO was part of annual bonus program for the financial year 2023, based on which the performance bonus will be paid in 2024. The targets of the performance bonus to be paid to the CEO on the basis of the financial year 2023 were based on net sales, net sales cash inflow, EBIT, new logos and customer satisfaction.

SHARE & SHAREHOLDERS

Tecnotree

TECNOTREE IN 2023

FINANCIAL STATEMENTS 2023

CORPORATE GOVERNANCE

REMUNERATION REPORT

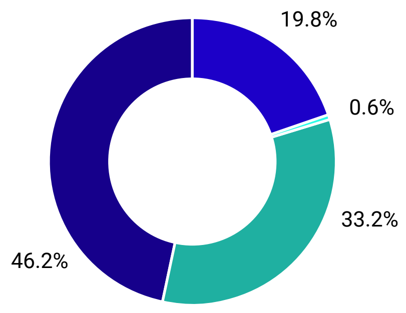
SHARE & SHAREHOLDERS

SHARE INFORMATION AND SHAREHOLDERS

Tecnotree has a single share series and all shares hold equal voting rights. Tecnotree's share is quoted on the NASDAQ OMX Helsinki Ltd. Tecnotree's trading code is TEM1V. 99.99 per cent of the company's shares are entered in the book entry securities system maintained by Euroclear Finland Ltd.

The total number of shares in the end of 2023 was 318,956,206 and the company held 2,134,904 own shares.

Ownership structure by sector



●	Companies	19.8%
●	Finance houses and insurance companies	0.6%
●	Non-profit making assosiations	0.0%
●	Households and private persons	33.2%
●	Foreign holders	46.4%
●	Joint account	0.0%

Ownership structure by sector

	Number of shares	%
Companies	63,054,594	19.8%
Finance houses and insurance companies	2,004,044	0.6%
Non-profit making assosiations	17,924	0.0%
Households and private persons	105,984,140	33.2%
Foreign holders	147,857,904	46.4%
Joint account	37,600	0.0%
Total number of shares	**318,956,206**	**100.0%**

Largest shareholders

The company´s ten largest shareholders	No. of shares	% of shares and voting rights
FITZROY INVESTMENTS LIMITED	61,493,000	19.3%
EUROCLEAR BANK SA/NV	34,948,250	11.0%
RAVICHANDER PADMA	31,910,582	10.3%
JOENSUUN KAUPPA JA KONE OY	23,226,085	7.3%
OY HAMMARÉN & CO AB	11,581,258	3.6%
TECNOTREE OYJ	7,311,203	2.3%
NIEMINEN JORMA JUHANI	6,342,245	2.0%
CITIBANK EUROPE PLC	5,250,300	1.7%
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	4,000,000	1.3%
THE ORANGE COMPANY OY	3,900,000	1.2%
Total number of shares	**189,962,923**	**59.9%**

Tecnotree

A total of 94,612,826 Tecnotree shares (EUR 191,609,929) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2023, representing 29.7% of the total number of shares.

The highest share price quoted in the review period was EUR 0.51 and the lowest EUR 0.27. The average quoted price was EUR 0.42 and the closing price on 31 December 2023 was EUR 0.34. The market capitalisation of the share stock at the end of the review period was EUR 108.4 million.

According to §14 of Tecnotree's Articles of Association, a shareholder who holds 331/3 per cent or more of the total number of shares or 50 per cent of the voting rights of the company is obliged, at the request of other shareholders, to redeem their shares and the securities entitling to them under the conditions set out in more detail in §14 of the Articles of Association.

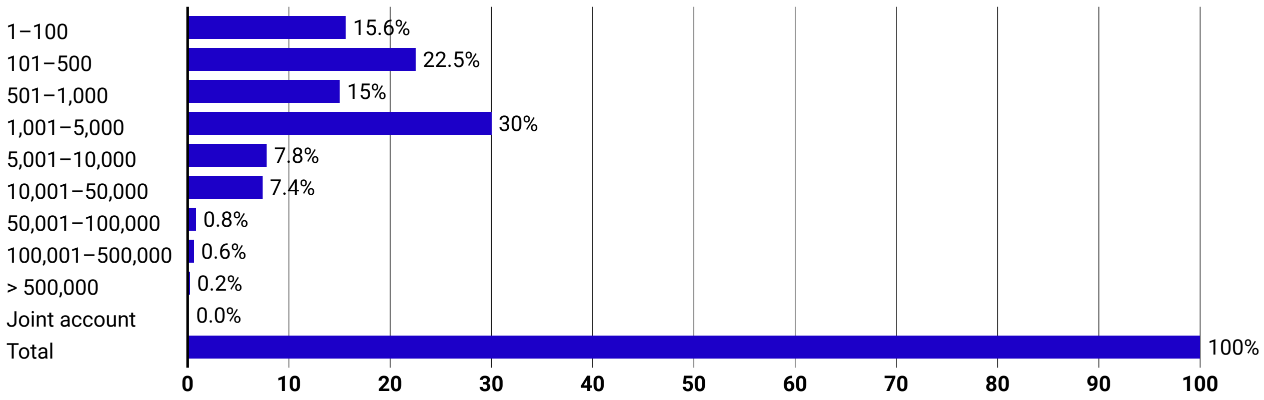
On 31 December 2023 Tecnotree had a total of 20,508 shareholders recorded in the book-entry securities system.

The ten largest shareholders together owned approximately 59.9 per cent of the shares and voting rights.

On 31 December 2023, altogether 46.4 per cent of Tecnotree's shares were in foreign ownership or nominee registered shares.

Ownership of shares

Number of shares	Number of shareholders	%	Total number of shares	%
1–100	3,209	15.6%	1	10.0 %
101–500	4,616	22.5%	1	10.0 %
501–1,000	3,084	15.0%	1	10.0 %
1,001–5,000	6,150	30.0%	1	10.0 %
5,001–10,000	1,601	7.8%	1	10.0 %
10,001–50,000	1,525	7.4%	1	10.0 %
50,001–100,000	154	0.8%	1	10.0 %
100,001–500,000	132	0.6 %	1	10.0 %
> 500,000	37	0.2%	1	10.0 %
On the joint account		0.0%	1	10.0 %
Total	**20 508**	**100,0 %**	**10**	**100.0 %**



FINANCIAL CALENDAR FOR 2024

FINANCIAL REPORTS IN 2024

Tecnotree's financial reports in 2024 will be released as follows:

- Financial report 2023 (unaudited): Thursday, 22 February 2024
- Interim report 1–3/2024: Friday, 26 April 2024
- Half year report 1–6/2024: Friday, 9 August 2024
- Interim report 1–9/2024: Friday, 25 October 2024

Tecnotree will publish 1–3/2024 and 1–9/2024 financial reports as summary versions including interim balance sheet and events during the period.

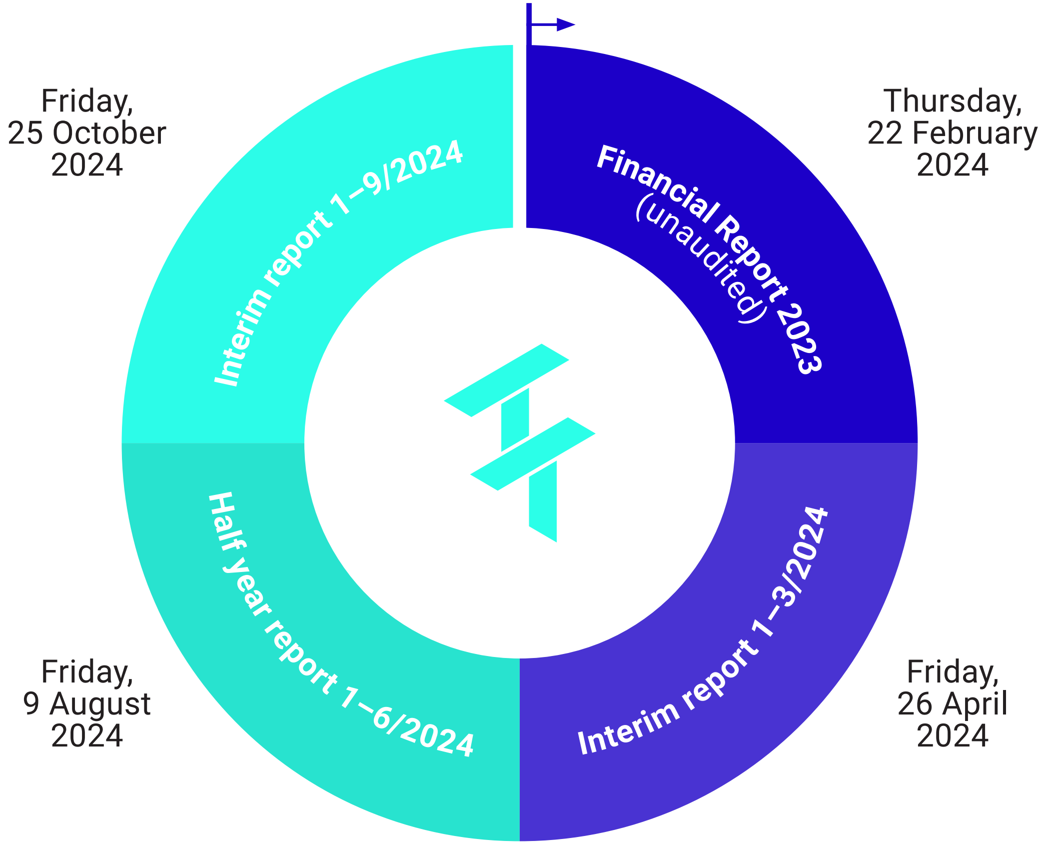
The company applies 30 days quiet period before the publication date of the financial statement and interim reports. During that time, the company does not discuss its financial position or the development of its business operations with representatives of the capital markets or the media.

Tecnotree publishes financial information in English and Finnish. All releases are posted in full on Tecnotree's website https://investors.tecnotree.com/

Tecnotree will publish its annual report 2023 on Friday, 1 March 2024.

ANNUAL GENERAL MEETING

Tecnotree's Annual General Meeting 2024 is planned to be held on Monday, 25 March 2024.



Tecnotree

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