

TERMS AND CONDITIONS OF THE OFFERING

Share issue authorisation by the general meeting

The annual general meeting of Tecnotree authorised on 28 March 2012 the Board of Directors in accordance with the proposal of the Board of Directors to decide to issue and/or to convey a maximum of 22,500,000 new shares and/or the Company's treasury shares either against payment or for free. New shares may be issued and the Company's treasury shares may be conveyed to the Company's shareholders in proportion to their current shareholdings in the Company or waiving the shareholder's pre-emption right, through a directed share issue if the Company has a weighty financial reason to do so. The Board of Directors may also decide on a share issue without consideration to the Company itself. The Board of Directors is, within the authorisation, authorised to grant the special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which carry the right to receive, against payment, new shares of the Company or the Company's own shares held by the Company in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price. The Board of Directors shall decide on other terms and conditions related to the share issues and granting of the special rights. The said authorisations will be valid for one year from the decision of the annual general meeting.

In accordance with a proposal by the Board of Directors, an extraordinary general meeting convening on 28 May 2012 decided to authorise the Board of Directors to decide on a share issue, according to which shareholders will be entitled to subscribe for new shares in proportion to their current shareholdings in the Company. According to the authorisation, the reason for the share issue is to strengthen Tecnotree's balance sheet and improve the Company's liquidity.

The maximum number of new shares to be issued based on the authorisation is 40,000,000 shares.

This authorisation includes the right to decide on a secondary offering of shares that may remain unsubscribed, in a manner stipulated by the Board of Directors. The Board of Directors was authorised to decide upon the other conditions of the share issue.

The authorisation is valid until 28 March 2013. The authorisation does not invalidate the authorisation to decide on a share issue granted to the Board of Directors at the annual general meeting on 28 March 2012.

Board of Directors' resolution on the share issue

Based on the authorisations granted by the annual general meeting of shareholders held on 28 March 2012 and the extraordinary general meeting held on 28 May 2012, the Board of Directors resolved on a rights offering (the "Offering"), in which the Company will offer to its shareholders a maximum of 48,997,451 new shares in the Company (the "Offer Shares"), based on shareholders' pre-emptive subscription right and in accordance with the terms and conditions presented herein. The purpose of the Offering is to strengthen Tecnotree's balance sheet and its liquidity. The Offering shall be executed by using primarily the authorisation granted by the extraordinary general meeting held on 28 May 2012, and secondarily the authorisation granted by the annual general meeting held on 28 March 2012.

As a result of the Offering, the number of Tecnotree shares may rise from 73,630,977 to a maximum of 122,628,428 shares. The Offer Shares correspond to about 66.5 per cent of all the Company's shares immediately before the Offering and about 40.0 per cent of the Company shares after the Offering, assuming that the Offering is fully subscribed.

Subscription right

The Offer Shares will be offered to the Company's shareholders in proportion to their current shareholdings in the Company. The shareholders of the Company, who, on the record date of the Offering 31 May 2012 (the "Record Date"), are registered in the Company's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland"), or in respect of the nominee-registered shares, the shareholders on whose account the shares are registered in the shareholder register on the Record Date, will receive two (2) subscription rights in book-entry form entitling to subscribe for the Offer Shares for each one (1) share already owned (the "Subscription Right"). With three (3) Subscription Rights a shareholder is entitled to subscribe for one (1) Offer Share (the "Subscription Ratio"). It is not possible to subscribe for fractions of the Offer Shares, and the treasury shares of Tecnotree do not entitle to Subscription Rights.

The ISIN code for the Subscription Rights is FI4000043641 and the trading code TEM1VU0112. The Subscription Rights may be freely transferred. It is expected that the Subscription Rights will be subject to public trading on NASDAQ OMX Helsinki Ltd (the “Helsinki Stock Exchange”) from 5 June 2012 to 12 June 2012. If a Company share entitling to the Subscription Right is pledged or subject to some other restriction, the Subscription Right may not necessarily be used without the consent of the pledge-holder or other assignee.

The Subscription Rights to which a shareholder is entitled to may not be received nor the Subscription Right used before the shareholder’s right has been registered in the book-entry securities system. The holder of Company shares which are registered in the joint book-entry account may apply for the right to be registered in the book-entry securities system and to receive the Subscription Rights also after the Record Date but before the end of the Subscription Period. If a shareholder’s right is not registered in the book-entry securities system by the end of the Subscription Period, the Subscription Rights will expire.

Participation of certain shareholders in the Offering

The Company has received subscription undertakings from certain of its current shareholders, based on which the said shareholders have agreed to subscribe for a total of 23.6 per cent of the Offer Shares (the “Subscription Undertaking”). The providers of subscription undertaking include, inter alia, Lars Hammarén, the members of the Board of Directors and the Management Board of Tecnotree, the Orange Company (Smartum Oy) and the investment funds managed by Quorum Fund Management Company (Special Investment Fund Systematica and Garp Fund).

Right to subscribe for the unsubscribed Offer Shares without the Subscription Rights

The Board of Directors of the Company will decide on the offering of the Offer Shares that may remain unsubscribed in a secondary subscription to shareholders and/or other investors who, during the Subscription Period, submitted a subscription order for the Offer Shares without the Subscription Rights, and/or to investors solicited by the Manager. See below section “*Subscription of the Offer Shares and allocation without the Subscription Rights*”.

Subscription Price

The Subscription Price of the Offer Shares is EUR 0.12 per Offer Share.

The Subscription Price will be credited to the reserve for invested unrestricted equity of Tecnotree. The Subscription Price has been set to include a normal pre-emptive subscription-right issue discount, the size of which in the Offering is about 57.1 per cent based on the closing price of the Company shares on the Helsinki Stock Exchange on the trading day preceding the Offering decision by the Board of Directors.

Subscription Period

The Subscription Period will begin on 5 June 2012 9:00 am and end on 19 June 2012 5:00 pm. Subscription locations will accept subscription orders during their opening hours.

Subscription locations, account operators and custodians may require their customers to submit subscription orders on a certain day prior to the start of public trading on the Subscription Rights or before the Subscription Period ends.

Subscription location

The subscription location is FIM Bank Ltd, Pohjoisesplanadi 33 A, 00100 Helsinki. Contact information: FIM Customer Service, asiakaspalvelu@fim.com, tel. +358 9 6134 6250.

Subscription orders will also be accepted by account operators and custodians which have made an agreement with FIM to accept subscriptions.

Use of the Subscription Rights

A shareholder may participate in the Offering by subscribing for the Offer Shares through the Subscription Rights in his/her book-entry account and by paying the Subscription Price. In order to participate in the Offering, a shareholder must make a subscription order following the instructions given by his/her own account operator or asset manager. If a shareholder does

not receive subscription instructions from his/her account operator or asset manager, he/she must contact FIM Bank Ltd ("FIM"). Euroclear Finland book-entry securities account customers must submit their subscription order at the FIM office.

The holders of Subscription Rights purchased on the Helsinki Stock Exchange shall submit their subscription order following the instructions given by their account operator or asset manager.

Such shareholders and other investors participating in the Offering whose Company shares or the Subscription Rights are registered in the name of the nominee must submit their subscription order following the instructions given by their nominee.

Subscription orders must be submitted separately for each book-entry account.

Deficient or incorrect subscription orders may be rejected. If the subscription payment is not paid in accordance with these terms and conditions, or the payment is insufficient, the subscription order may be rejected. In such a situation, any subscription payment already made will be refunded to the subscriber. No interest will be paid on refunded payments.

All subscriptions made are binding and cannot be changed or cancelled, except as stated in the section below entitled "*Cancellation of subscriptions in certain circumstances*".

Unused Subscription Rights will expire at the end of the Subscription Period on 19 June 2012 5:00 pm.

Subscription of the Offer Shares without the Subscription Rights and allocation

Subscription of the Offer Shares by a shareholder and/or other investor without the Subscription Rights will take place by submitting a subscription order and at the same time paying the Subscription Price following the instructions given by the account operator, asset manager or, in the case of nominee-registered investors, by the nominee. A subscription order may also be submitted at the subscription locations stated above. If a shareholder and/or other investor does not receive subscription instructions from his/her account operator, asset manager or nominee, or if the subscription order cannot be returned to the shareholder's account operator, asset manager or nominee, it may be submitted to FIM Customer Service. If several subscription orders are submitted to a certain book-entry account, they will be combined into a single order related to that account. A shareholder's and/or investor's account operator, asset manager or nominee, or FIM if the subscription order is submitted to it, must receive the order and payment no later than 19 June 2012 or earlier, following the instructions given by the account operator, asset manager or nominee.

If not all the Offer Shares have been subscribed based on the Subscription Rights, Tecnotree's Board of Directors will decide on the allocation of the Offer Shares subscribed without the Subscription Rights as follows:

- a) Firstly, to those who have also subscribed for Offer Shares based on Subscription Rights. If the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined with respect to each book-entry account in relation to the number of the Subscription Rights used for subscription of the Offer Shares and, if this is not possible, by drawing lots;
- b) Secondly, to those who have only subscribed for Offer Shares without Subscription Rights. If the subscribers in question oversubscribe the Offering, their allocation will be determined with respect to each book-entry account in relation to the number of the Offer Shares to which they have subscribed for and, if this is not possible, by drawing lots; and
- c) Thirdly, to investors solicited by the Manager. The subscription period for the investors solicited by the Manager ends on 26 June 2012.

Tecnotree will confirm the acceptance or rejection of the Offer Share subscriptions without the Subscription Rights to all investors who have submitted a subscription order for the Offer Shares without the Subscription Rights.

If the Offer Shares subscribed without the Subscription Rights are not allocated to the extent stated in the subscription order, the Subscription Price paid for unreceived Offer Shares will be refunded by approximately during the week beginning 2 July 2012. No interest will be paid on refunded payments.

Acceptance of and payment for subscriptions

Tecnotree's Board of Directors will accept all subscriptions made based on the Subscription Rights and in accordance with these terms and conditions of the Offering and applicable laws and regulations on approximately 28 June 2012. The Board

will also accept subscriptions made without the Subscription Rights based on the allocation principles presented in the section above “*Share subscription without the Subscription Rights and allocation*”, as well as subscriptions made in accordance with these terms and conditions of the Offering and applicable laws and regulations.

Tecnotree will publish the final result of the Offering in a stock exchange release, which is expected to be released on 29 June 2012.

The Subscription Price for the Offer Shares in the Offering shall be paid in full when submitting the subscription order, following the instructions given by the subscription location, account operator or asset manager.

A subscription will be deemed to be complete only after the subscription form has been received by the subscription location, account operator or asset manager concerned, and the Subscription Price has been paid in full.

The Subscription Price may also be paid by settling a receivable which the subscriber has at the Company based on a loan agreement as confirmed by the Company’s bookkeeping.

The Board of Directors is entitled to cancel the Offering in certain situations, see section “*Right to cancel the Offering*” below.

Subscription cancellation in certain circumstances

If the Prospectus related to the Offering is revised based on the Securities Markets Act after the Finnish Financial Supervisory Authority has approved the Prospectus and before trading in interim shares corresponding to the Offer Shares begins, as a result of a deficiency or error that may have a significant impact on investors, investors who have subscribed for the Offer Shares before the revision was announced will be entitled to cancel their subscription within two (2) banking days of the announcement of the revision, or a longer period if so stipulated by the Finnish Financial Supervisory Authority, but no more than four (4) banking days. The Company will provide information about measures concerning any cancellation of subscription through a stock exchange release at the same time as any supplement to the Prospectus is announced. If subscription is cancelled, the party that has received the subscription order will refund without interest the Subscription Price to the bank account designated by the investor on subscription. If the subscription has been made using the Subscription Rights, the Subscription Rights will be re-registered in the book-entry account of the shareholder within approximately three (3) banking days of the notice of cancellation being announced. If the shareholder has already sold or otherwise reassigned his/her Subscription Rights, the sale or transfer cannot be cancelled.

Registration of shares in book-entry accounts and trade in the Offer Shares

After carrying out the subscription, interim shares corresponding to the Offer Shares subscribed using the Subscription Rights (ISIN code: FI4000043658, trading code TEM1VN0112) (the “Interim Shares”) are registered in the subscriber’s book-entry securities account. Trading in the Interim Shares will begin on the Helsinki Stock Exchange on 20 June 2012 as their own special share class on the first trading day after the end of the Subscription Period.

The Company’s shares are subject to public trade on the Helsinki Stock Exchange’s official list under the category “Technology” (trading code TEM1V, ISIN code: FI0009010227). The Interim Shares will be combined with the Company’s existing share class once the Offer Shares have been registered with the Trade Register. Such combination is expected to take place on or about 29 June 2012, and it is expected that the trading in the Offer Shares shall commence on or about 29 June 2012.

Shareholders’ rights

The Offer Shares will entitle their holders to dividends and other shareholder’s rights after the Offer Shares have been registered with the Trade Register on or about 29 June 2012. As of their registration, the Offer Shares will entitle to the same rights as the Company’s other shares. Each Offer Share entitles to one vote at the Company’s general meeting of shareholders. For further information about shareholder’s rights, see the section “*Company shares and shareholder’s rights*” in the Securities Note.

Right to cancel the Offering

The Board of Directors may cancel the Offering before or after the end of the Subscription Period if the combined amount of subscriptions in the Offering is less than EUR 5.0 million or due to the market situation, the Company’s financial position or a fundamental change in the Company’s business operations. If the Board of Directors decides to cancel the Offering, the

Company will announce the decision and give further instructions for subscribers in a stock exchange release. In connection with cancellation of the Offering the Subscription Price will be refunded to the subscribers by approximately during the week beginning 2 July 2012. No interest will be paid on refunded payments.

Holders of option rights

According to the terms and conditions of option rights approved at the Company's annual general meeting on 19 March 2009, if, prior to share subscription, the Company decides on a share issue against payment or on issuing new option rights or other special rights, the holders of option rights will have the same or equal right as shareholders. Equality will be ensured as decided by the Board of Directors, so that the number of shares available for subscription, the share prices or both will be changed. In order to ensure equality between the holders of option rights and shareholders, the Board of Directors will on or about 28 June 2012 decide on changing the number of shares available for subscription through 2009 option rights and/or their subscription price as a result of the Offering. Changes to option rights following the Offering will enter into force once they are registered with the Trade Register. The Company's option rights do not give entitlement to participate in the Offering. The total number of shares subscribed by holders of option rights will be rounded down to the nearest full share in connection with the share subscription, and the overall subscription price will be calculated using the rounded-down number of shares, rounding to the nearest cent. See also the section "*Shares and share capital – Stock option programs*" in the Registration Document.

Payments and costs

No capital transfer tax or service charge will be payable on subscription to the Offer Shares. Account operators may levy a charge based on their price lists for the maintenance of a book-entry securities account and the keeping of shares. The subscriber will take care of any bank transfer charges in connection with subscription payments.

Information

Documents referred to in Chapter 5 Section 21 of the Companies Act are available at the Company's website, www.tecnotree.com/rightsoffering.

Applicable law and resolution of disputes

The Offering is subject to the Finnish law. Any disputes arising from the Offering will be resolved by a competent Finnish court.

Other matters

The Company's Board of Directors will decide on other matters concerning the issuance of Offer Shares, the Offering and on the practical measures that they require. Further information about matters concerning subscription of the Offer Shares is available in the section "*Instructions for share subscribers*" in the Securities Note.