

Financial statements 2025

TELESTE



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IC 47	15:24	7	Vasa	Tammelfors, Seinäjoki	
IC 5A	16:24	7	Uusikaupunki	Tammelfors, Seinäjoki	
IC 177	17:03	7	Tammelfors	Tammelfors, Seinäjoki	
S	17:35	7	Lahis		
S 89	18:03	7	Jyväskylä	Tammelfors	
S	18:35	7	Lahis		
S	19:35	7	Lahis		

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IC 67	14:19
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Board of Director's Report 2025

1. OVERVIEW

Teleste is an international technology group whose products and solutions make it possible to build a networked and secure digital society. The company's solutions enable broadband and television services, secure safety in public places and support the smooth use of public transport.

The Company develops its business in line with its strategy within selected technology and market areas. This is implemented through the design and delivery of digital technology solutions that support customers' core business operations. The Company provides hardware and software products as well as value-added services. The development of these solutions requires significant investment in research and development across all areas of operation. The Company seeks to reduce the environmental impact of its operations.

In 2025, geopolitical and trade policy tensions continued to intensify, creating further uncertainty and change in the operating environment. Many international companies were required to rapidly adapt

their operating models in order to navigate frequently changing rules and decisions and to mitigate, for example, the financial and operational impacts of tariffs and exchange rate fluctuations. Tensions in Eastern Europe, the Arctic region, the Middle East, and the China–Taiwan region continued to be reflected in the macroeconomic environment.

Despite the changes in the operating environment, Teleste increased its net sales, particularly in the North American market, and significantly improved its profitability in both business segments. Due to agility in operating models, the trade-policy impacts related to tariffs remained limited, although the company was not entirely immune to the impacts of exchange rates. The company's cash flow remained consistently positive throughout the period.

Overall, the company continued to make steady progress during financial year 2025 towards its long-term strategic growth targets for 2030.

In the **Broadband Networks** business segment, the demand for broadband technology returned to growth in 2025, driven

by network infrastructure investments particularly in North America.

The company expanded its North American customer base to 20 operator customers, and the relative share of net sales represented by 'North America and the rest of the world' increased to 31% from the previous financial period's level of 16%. This trend is expected to continue in the coming years as the overall market grows. In order to improve its operating model and working capital requirements, the company started to ramp up factory production in Mexico in the latter half of 2025. Customer consolidation in the North American network market is driving changes in the operating environment. The Company actively monitors these developments, anticipates their effects and responds as needed.

In Europe, customer investments were at a moderate level in 2025 due to the higher interest rate levels in the early part of the year and general economic uncertainty. In the medium term, the demand for broadband services and the European network equipment market are expected to remain flat or grow moderately, due to competition among network operators to provide reliable high-speed broadband connections to households and companies. Teleste is the market leader in its industry in Europe, and the company intends to further increase its market share.

In the **Public Safety and Mobility** business segment, the market for public transport information and security systems continued to grow steadily in 2025. The company's customer base expanded amongst both rolling stock manufacturers and public transport operators. Growth was also achieved in the

maintenance and service business, which generated a stable revenue stream alongside new projects. Investments in software development, artificial intelligence and cyber security increased, and the trend is expected to continue in 2026.

Urban development, the increasing use of sustainable public transport solutions and the integration of digital systems into daily life provide a strong and long-term foundation for the growth of public transport information solutions. At the same time, ensuring the security of critical infrastructure with smart digital technology creates new growth opportunities in the market. The operating environment has developed in a more favorable and predictable direction, offering steady growth. Teleste's strong position supports solid business growth and sustainable development.

2. DESCRIPTION OF BUSINESS OPERATIONS

Teleste Corporation is a public limited company listed on the Helsinki Stock Exchange (Nasdaq Helsinki). The Group's registered office is in Turku. The company has a branch office in the Netherlands and subsidiaries in 11 countries outside Finland. Teleste Corporation is the parent company of its subsidiaries.

Over the years, the company's in-depth expertise has made it a leading international provider of broadband, security and information technologies and related services. The company's business operations are organized into two segments: **Broadband Networks** and **Public Safety and Mobility**.

The **Broadband Networks** segment focuses on subscriber network products for fixed telecommunications networks, with network operators forming its most significant customer group. Its customers also include companies that integrate broader solutions, as well as resellers that use Teleste's products as part of their turnkey deliveries. The main markets for the business are Europe, North America and South America. The unit develops, designs and manufactures a large part of its products in-house. Its R&D units are in Finland and Belgium. Manufacturing takes place at Teleste's own factory in Finland and at partners' factories in Asia and Mexico. The unit also offers comprehensive services for access network design, construction, maintenance and operation. The customer base for the services mainly consists of European communications operators.

The Broadband Networks unit has 12 offices and a number of retail and integration partners. Outside Europe, it has subsidiaries and offices in the United States and China.

The **Public Safety and Mobility** segment's customer base comprises rolling stock manufacturers and public sector organizations, such as public transport operators and authorities. The customer base also includes companies that integrate solutions into larger systems, using Teleste's products for their turnkey deliveries. The business typically consists of end-to-end projects that include development, delivery and maintenance phases.

The main market for the business is Europe, but it also operates in North America and the Middle East. The unit designs, develops and manufactures a large part of its products in-house. Its R&D units are in Finland and Poland. In-house manufacturing is mainly carried out in Finland. The product portfolio

also includes third-party products that complement Teleste's range of products. The unit also provides services for project planning, systems integration and deployment, as well as systems maintenance and modernization. The service customers include the unit's entire customer base.

The Public Safety and Mobility unit has 10 offices and several integration partners. Outside Europe, it has subsidiaries and offices in the United States.

3. NET SALES AND PROFITABILITY

The formulas for any alternative performance measures are presented in section 19 of the Report of the Board of Directors.

The net sales of the Group amounted to EUR 138.6 (132.5) million, representing a 4.6% increase, with growth in both segments. The net sales of the Broadband Networks segment totaled EUR 82.8 (78.2) million, representing an increase of EUR 4.6 million (5.8%). The growth was driven by increased volumes of intelligent amplifiers to the North American market, offsetting the strong European deliveries recorded in the first quarter of the comparison period. The net sales of the Public Safety and Mobility segment totaled EUR 55.9 (54.3) million, growing 1.6 million (2.9%) from the comparison period. Performance varied across business areas, which partly compensated each other.

In terms of the geographical distribution of net sales, the share of "North America and other countries" increased to 25.2% (15.2%), which was particularly due to significant growth in the North American market for the Broadband Networks segment, and the Public Safety and Mobility segment's strategic proj-

	1-12/2025	1-12/2024	Change %
Net Sales	138.6	132.5	4.6 %
Adjusted EBITDA	12.1	9.3	29.1 %
Adjusted EBIT	7.1	4.2	69.7 %
Orders received	138.2	124.9	10.7 %
Order backlog	114.5	115.0	-0.4 %
Average personnel	633	673	-5.9 %

ect deliveries to North America and Middle East. Finland accounted for 7.9% (8.7%) of net sales, the Other Nordic countries for 9.3% (9.2%), and Other Europe for 57.6% (66.9%).

The Group's adjusted EBITDA was EUR 12.1 (9.3) million, representing an increase of EUR 2.7 million, or 29.1%. The Group's adjusted EBITDA margin was 8.7% (7.0%), representing a year-on-year increase of 1.6 percentage points. Group's material and manufacturing costs were 46.3% (49.9%) of net sales. The improvement of 3.6 percentage points was due to different product and market mix, higher share of service and software revenue, savings in material expenses, and improvements in production efficiency. Personnel expenses increased by 10.8% and amounted to EUR 45.4 (41.0) million. In the comparison period, the Company's temporary layoffs reduced personnel expenses, while investments in the North American business increased during the reporting period.

The Group's EBITDA was EUR 11.8 (6.4) million, representing an increase of EUR 5.3 million. The adjusted items in the comparison period were related to restructuring costs and strategic development projects. The EBITDA margin was 8.5% (4.9%).

The Group's adjusted operating profit was EUR 7.1 (4.2) million, and the adjusted operating profit margin was 5.1% (3.2%).

Operating profit grew significantly and was EUR 6.8 (-5.4) million, representing 4.9%

(-4.1%) of net sales. The increase in operating profit was partly due to the EUR 2.9 million restructuring costs and the non-recurring R&D impairment of EUR 6.7 million reported as adjustment items in the comparison period.

The Group's net financial expenses were EUR -3.8 (-1.7) million, representing an increase of EUR 2.1 million. The increase was mainly due to unrealized foreign exchange losses of approximately EUR 0.9 million, realized foreign exchange losses of EUR 0.5 million, negative changes in foreign exchange and interest rate hedges amounting to EUR 0.4 million, the effective financial expense impact of refinancing arrangement fees and higher interest expenses totaling EUR 0.3 million. Additionally, in accordance with the company's hedge accounting policy, the fair value of USD currency hedges recognized in other comprehensive income increased by EUR 0.1 million during the period.

Direct taxes for the reporting period amounted to EUR -0.4 (1.0) million. Driven by strengthening profitability and an improved outlook, the Group companies have recognized previously unrecorded deferred tax assets of EUR 0.3 million in their financial results. The deferred tax in the comparison period was due to the reversal of the tax liability for the write-down of capitalised R&D expenses.

The Group result for the review period was EUR 2.6 (-6.1) million. **Earnings per share** was EUR 0.15 (-0.32).

4. INVESTMENT AND R&D

Investments by the Group totaled EUR 6.6 (6.3) million, representing 4.7% (4.8%) of net sales. Leases capitalized in accordance with IFRS 16 amounted to EUR 1.7 (1.8) million consisting primarily of lease renewals. Other investments in tangible and intangible assets were minor and totaled EUR 0.4 (0.3) million. A total of EUR 4.5 (4.3) million of the R&D expenses were capitalized during the reporting period. Depreciation on capitalized R&D expenses was EUR 2.0 (2.3) million.

R&D expenses amounted to EUR 15.8 (14.1) million, representing 11.4% (10.6%) of consolidated net sales. Product development projects in the Broadband Networks segment were focused on DOCSIS 4.0-compliant intelligent network technology, including telemetry and remote management software solutions targeted at the North American market. In the Public Safety and Mobility segment, product development projects were focused on public transport information systems and customer-specific product platforms.

5. PERSONNEL

The Group employed 633 (673) people on average in January-December 2025. At the end of December, the Group employed 630 (630) people, of whom 28% (31%) worked abroad. At the end of the financial period 2024, the Group employed 630 people. The company has specified the reporting of employees during 2025 and, therefore, the previously reported number of employees at the end of the financial period 2024, 619, has been

restated to correspond to the reporting practice applied in the current financial period.

During January-December, personnel expenses increased by 10.8% year-on-year to EUR 45.4 (41.0) million. During the comparison period, the company's temporary layoffs lowered the personnel expenses, while investments in the North American business increased during the reporting period.

To incentivize its personnel, the Company has a bonus program in place. The short-term compensation of senior management consists of base salary, fringe benefits, and an annual bonus, determined primarily based on the development of the Group's and business segments' revenue and profitability. In addition, the Company operates share-based incentive plans for its key employees.

6. FINANCING AND CAPITAL STRUCTURE

At the end of the period under review, the Group's interest-bearing debt stood at EUR 28.7 (34.2) million, with short-term loans from banks representing EUR 6.2 (8.2) million of that amount. Interest-bearing liabilities associated with leases capitalized in accordance with IFRS 16 amounted to EUR 4.2 (4.5) million, of which EUR 1.4 (1.4) million were short-term liabilities. The Group's cash and cash equivalents amounted to EUR 9.1 (8.8) million. At the end of December 2025, the amount of unused binding credit facilities was EUR 16.0 (14.0) million.

The Group's total assets at the end of the period under review stood at EUR 122.7 (121.2) million, and own equity amounted to

EUR 57.9 (54.8) million. The Group's equity ratio was 47.6% (45.4%) and the net gearing ratio was 33.9% (46.3%).

In the third quarter of 2024, the company signed a syndicated refinancing arrangement that includes a repayable loan, credit limits and a non-binding guarantee limit. All financing agreements include financial covenants regarding the minimum equity ratio, the maximum net debt to adjusted EBITDA ratio and the minimum liquidity. The company met all of its financial covenants. Enterprise mortgages totaling EUR 68.9 million are used as collateral for the financing agreements.

At the end of the review period, the company's financing agreements included:

- A EUR 26.0 million repayable loan maturing in August 2027, the principal of which was EUR 21.5 million on December 31, 2025. The loan is amortized four times a year in installments of EUR 0.8 million.
- A EUR 15.0 million binding Revolving Credit Facility (RCF) maturing in August 2027, of which EUR 3.0 million was in use on December 31, 2025.
- A EUR 4.0 million binding credit limit, valid until August 2027. On December 31, 2025, EUR 4.0 million of the credit limit was unused.
- A EUR 8.0 million non-binding bank guarantee limit
- The financing agreement includes two conditional one-year extension options, of which it was agreed that the first option would be used during the reporting period.

7. SEGMENT RESULT

In 2025, the company had two reportable business segments for financial reporting: Broadband Networks and Public Safety and Mobility. The Group's common functions are treated outside segment reporting.

The figures presented in this "Segment result" section for the reportable business segments are based on the figures reported to the company's management for the purpose of assessing the result and allocating resources. The segments' results are presented as Adjusted EBITDA and Adjusted EBIT. The adjusted EBITDA and adjusted EBIT figures do not take into account items affecting the comparability of the operational performance between reporting periods. Such items include, for instance, profit or loss from the divestiture or closing down of operations, profit or loss from the reorganization of operations, impairment losses, expenses related to significant strategic changes or other extraordinary income or expense related to the operations, amongst other things. More information on the Group's operating and reporting structure and the reconciliation of segment figures with Teleste Group's figures is provided in the notes to the consolidated financial statements under "Segment reporting".

BROADBAND NETWORKS

The net sales of the Broadband Networks segment totaled EUR 82.8 (78.2) million, representing a year-on-year increase of EUR 4.6 million (5.8%). Deliveries of 1.8 GHz DOCSIS 4.0-compliant intelligent amplifiers to North America increased significantly. The comparison period included significant deliveries to

the European market during the first quarter. The revenue share of "North America and other countries" increased to 31.1% (16.0%), primarily due to the increased delivery volumes to North America. Finland accounted for 9.3% (9.8%) of net sales, Other Nordic countries for 6.7% (9.8%), and Other Europe for 53.4% (64.4%).

The Broadband Networks segment's adjusted EBITDA was EUR 10.9 (8.9) million, representing an increase of EUR 2.0 million. The increase in EBITDA was driven by higher net sales, material and production costs savings, as well as improved product and market mix. The company has continued to accelerate its investments aimed at strengthening its market position in North America. In addition, in the comparison period, other expenses and personnel expenses were lower due to temporary cost-saving actions. The adjusted EBITDA margin was 13.2% (11.4%).

The adjusted operating profit of the Broadband Networks segment was EUR

8.3 (6.3) million, representing an increase of EUR 2.0 million. The adjusted operating profit margin was 10.1% (8.0%).

PUBLIC SAFETY AND MOBILITY

The net sales of the Public Safety and Mobility segment increased 2.9%, totaling EUR 55.9 (54.3) million. Performance varied among the different business areas within the segment. Deliveries to public transport operators have been particularly strong compared to the reference period. The Video security business developed favorably, particularly in North America and Middle East. Net sales in the Services business exceeded the level of the comparison period. The net sales from deliveries to the rolling stock manufacturers remained below the reference period, as customers postponed deliveries to a later schedule than initially anticipated.

The revenue share of "North America and other countries" increased to 16.6% (14.1%) due to larger project deliveries to strategic

customers, especially in video security. Finland accounted for 5.7% (6.1%) of net sales, the Other Nordic countries for 13.2% (8.3%), and Other Europe for 64.5% (71.6%). The decrease in Other Europe's contribution was primarily due to lower deliveries to train manufacturers according to normal project timing fluctuations.

Full-year profitability improved considerably in the Public Safety and Mobility -segment, due to lower material and production service costs, as well as a more favorable project mix compared to the comparison period. The increase in personnel expenses was offset by a decrease in other fixed costs. This was driven by successful recruitment efforts, which enabled some previously outsourced tasks to be handled in-house.

The adjusted operating profit was EUR 3.4 (2.0) million, representing an increase of EUR 1.4 million. The increase in profit was a result of the abovementioned profit levers as well as lower amortizations compared to the comparison period. The adjusted operating profit margin increased to 6.0% (3.7%).

Broadband Networks	1-12/2025	1-12/2024	Change %
Net Sales	82.8	78.2	5.8 %
Adjusted EBITDA	10.9	8.9	22.2 %
Adjusted EBIT	8.3	6.3	32.9 %
Orders received	82.5	74.8	10.3 %
Order backlog	24.8	25.0	-0.8 %
Public Safety and Mobility	1-12/2025	1-12/2024	Change %
Net Sales	55.9	54.3	2.9 %
Adjusted EBITDA	5.7	4.5	27.8 %
Adjusted EBIT	3.4	2.0	68.8 %
Orders received	55.6	50.1	11.1 %
Order backlog	89.7	90.0	-0.3 %

8. GROUP STRUCTURE

The parent company has a branch office in the Netherlands and subsidiaries in 11 countries outside Finland.

9. INTANGIBLE ASSETS

The company's intellectual property rights are safeguarded through the confidentiality of device designs and software source codes, their secure storage, as well as selected patents and patent applications. In the Broadband Networks business, the company follows a

North America-centric IPR strategy, as a result of which Teleste has received 32 patents for cable TV network devices and 9 applications are pending. The inventions relate to the features of smart network devices that enable automatic functions and the optimisation of energy consumption. In the Public Safety and Mobility business, the company follows an IPR strategy focused on public transport solutions, which has resulted in Teleste receiving 35 patents. Patents have been used to protect innovations concerning the transfer and management of video security data in public transport. The company also ensures that its products do not infringe on other intellectual property rights by keeping contracts up to date, providing staff training, and regularly monitoring competitors' patents. The company also has legal expenses insurance.

10. THE MOST SIGNIFICANT BUSINESS RISKS

Teleste's business is exposed to risks that may arise from changes in the business environment or the company's operational activities. The risk factors described below may have an adverse effect on the company's business operations or financial position. However, other risks that the company is currently not aware of, or which are currently not estimated to be significant, may also become significant in the future.

The Board of Directors reviews essential business risks and their management quarterly and whenever necessary. Risk management constitutes an integral part of the strategic and operational activities of the business areas. Risks are reported to the Audit Committee and the Board of Directors on a regular basis.

10.1. STRATEGIC RISKS

In 2025, the global geopolitical situation changed significantly, which has also made Teleste's operating environment more unpredictable.

Changes in the operating environment may have material impacts on the availability, prices and usability of various materials and components, or the global supply chains in a more general sense, for example. There may also be impacts on the growth or development of the company's various target markets.

The company must actively anticipate potential changes in the operating environment and markets and prepare for them through a variety of measures. Technological transitions, such as telecommunications operators' migration to next-generation technologies, may significantly change the competitive positions of the current suppliers and attract new competitors to the market. Intensifying competition may also lead to increased price pressure, which could impact the profitability of the business.

The right technology choices, product development investments, incorporating new technologies into the business and their timing are key to success. Product development involves calculated risks. If those risks materialize, the return on product development investments may diminish. Especially in the Broadband Networks business, product development decisions are often made without customer commitments, which is typical for the industry. This risk may be mitigated by attempting to negotiate customer commitments or shared risk-taking agreements.

New technology standards may include alternative technology variants for different features, which may increase product development investments and the associated

risk for technology providers. As commercial products enter the market, operators may change their technology choices from one standard variant to another. This could result in a scenario where not all product development investments align with the projected market size.

Strategic choices related to the new technology chosen by the company and, for example, the use of artificial intelligence, may prove incorrect, or their implementation may be too slow or insufficient in relation to the competitive situation, which may weaken the company's competitiveness in the long term.

Expanding business operations to new markets often involves risks. The company's expansion into the North American broadband market has progressed well, but if changes in the market were to occur, they could have an impact on the achievement of the company's longer-term strategic goals.

The largest key customers represent a significant share of the net sales of each customer segment. Potential changes in procurement strategy or supplier selection by customers may lead to a contraction of business volumes and weakening profitability.

Consolidation among customers or competitors may occur in the company's operating industries, which could alter the market dynamics and affect Teleste's competitive position and, consequently, its success in the market. Charter Communications and Cox Communications announced a merger in 2025. In connection with the merger, prior to the finalization of the transaction, the parties may optimize or postpone their investments, which may temporarily weaken the market. Consolidation among operators may also accelerate the need for corresponding moves among technology suppliers.

In addition to the level of market demand, the competitiveness of the company's product and service offering is a key factor with regard to growth and profitability. Failure to anticipate or respond to changes in customer requirements, competitors' offerings or changes in business models may lead to a deterioration of the company's competitiveness.

Economic cycles and, in particular, fluctuations in the level of investment activity among broadband network operators and public transport operators affect the demand for the company's products and services. Potentially changing inflation environments, interest rate levels and market subsidies by various governments may also affect the company's customers' financing, profitability, ability to make investments and, consequently, the demand for the company's products and services.

Negative impacts on the company's brand and reputation may affect its business and financial performance. Potential reputational damage could arise due to significant problems related to deliveries, products or service quality, or a cyber security incident, for example.

10.2. OPERATIONAL RISKS

The import tariffs imposed by the US administration starting from April 2025, along with other broader trade policy measures, occasionally changing customs regulations, potential counter-tariffs, export restrictions and other trade barriers may have an impact on the company's business and profitability. In addition, potential restrictions and tariffs on exports from the supplier countries in the company's subcontracting chain may complicate supply chains and affect the availability and price of materials. The company strives to prepare for various scenarios and mitigate the

impacts through proactive measures but, in an operating environment that is in a constant state of flux, it may not be possible to avoid or compensate for all impacts.

Globally growing investments in data centers and new technologies increase the demand for semiconductors. This may limit the availability of the components required by the company, as some of the components compete for the same production capacity. This can occasionally lead to uncertain or limited availability of materials and components, which may result in additional costs.

Customers' investment levels and order volumes vary significantly between different periods due to, for example, optimization of the customers' own inventories and transitions of technology generations. Predicting volume fluctuations and preparing for them is often difficult, which can lead to inaccurate assessments of the company's production capacity and its timely adjustment to meet customer demand at any given moment, taking into account the needs of different market areas.

Comprehensive system and project delivery pricing, planning and resourcing are partly based on estimates and therefore include risks during execution. Projects may be large in size and take place over several years, setting high demands for the project execution and management and involve technical, legal and financial risks. Some of the Public Safety and Mobility business unit's projects in the public transport segment are partially fixed-price projects or subject to limited price increases due to the nature of the industry, which means they may involve a margin risk when costs increase. Project delays may lead to contractual penalties or other sanctions.

Various technologies are used in Teleste's products and solutions, and the intellectual property rights associated with the application of these technologies can be interpreted in different ways by different parties. Such difficulties of interpretation may lead to investigations or court proceedings.

Customers have very demanding requirements for the performance of products, their durability in challenging conditions and their compatibility with other components of integrated systems. Regardless of careful planning and quality assurance, complex products and solutions may fail in the customer's operational environment and lead to repair obligations.

Several information systems are critical to the development, manufacture and supply of products to customers. The maintenance of information systems and deployment of new systems involve risks that may affect the ability to deliver products and services.

Competent employees with the necessary qualifications and skills play a key role in the achievement of the company's objectives. The development of personnel competence, employee engagement and recruitment involves risks that influence how competitiveness is maintained and developed.

Labor market actions may occasionally affect the company's ability to operate. Labor action in production or export logistics, for example, may interrupt deliveries to customers. Cost and personnel reductions implemented by the company from time to time can cause uncertainty amongst personnel and may lead to employee turnover, which complicates the company's operations.

The company strives to prepare for different scenarios and limit the impacts through proactive measures. However, in a constantly changing operating environment, it may not

be possible to anticipate, avoid or fully compensate for all impacts.

10.3. RISKS RELATED TO UNEXPECTED EVENTS AND SECURITY

Physical damage caused by accidents (such as fire), extreme weather events, natural disasters, terrorism or other exceptional circumstances may disrupt the availability of raw materials or components, or interrupt the company's own manufacturing operations.

A potential new pandemic or mutations could lead to new and more extensive restrictions and uncertainty in the global market economy, causing impacts which are difficult to predict.

Information systems may be subject to external cyber security threats. The company aims to protect itself against such threats by means of technical solutions and by increasing the security competence of the personnel. Increased geopolitical tensions have increased the likelihood of cyber attacks. Such attacks can cause local and global disruptions that have an adverse impact on the activities of the company or its customers or suppliers.

The company may also be targeted by illegal activities and attempted fraud, which could have a significant effect on the financial result. The Group strives to minimize these risks by continuing to develop good governance practices and increasing the security competence of its personnel.

Data leaks involving sensitive employee or customer data may lead to reputational damage or significant financial repercussions. A data leak could be caused by, for example, cyber crime, ransomware, data theft, fraud, misconduct or inadvertent mistakes by our employees.

10.4. FINANCIAL RISKS

As the company expands into new markets, currency risk may increase, particularly with regard to the US dollar. The risk is partly offset by raw material and component purchases denominated in the US dollar and the Chinese renminbi, as well as the geographical diversification of production. Exchange rate fluctuations may affect the company's net sales, product costs and profit. The most significant exposures are related to the US dollar and the Chinese renminbi relative to the euro. Short-term currency risks are managed by means of forward exchange contracts and options.

The risk of obsolete inventories may increase due to higher safety stock levels and occasional disruptions in the availability of materials. The increase in working capital may reduce the financial reserves available to the company. Problems with the availability of raw materials and components may complicate manufacturing operations and cause delays in deliveries, leading to increased working capital and a higher liquidity risk for the company.

Although the company's financial position is stable and its debt has decreased, the company may face the need to increase its debt financing for various reasons. It is difficult to predict the costs and availability of potential new debt financing in advance.

Potential changes in interest rates could have an effect on the company's financial expenses to the extent that interest-bearing liabilities have not been hedged.

The company may be exposed to risks related to its customers' liquidity and payment behavior, which may affect the company's cash flow or lead to credit losses. Significant changes in the financial or tax regulations of different countries, or changes in the interpretation of such regulations, may also have

an impact on Teleste's financial performance, liquidity or cash flow.

More detailed information on financial risks is published in the notes to the financial statements 2025.

11. LEGAL PROCEEDINGS AND JUDICIAL PROCEDURES

In 2023, Teleste's subsidiary in Germany has filed a claim for damages related to a project which the customer terminated without a valid reason in Teleste's opinion. The deliveries of the terminated project included passenger information systems to a group of local public transport operators. The claim proceedings are still ongoing. Teleste estimates that the legal proceedings will not have any significant financial impact on the Group's operations.

At the end of the period under review, there were no other legal proceedings or judicial procedures pending that would have had any essential significance to the Group's operations.

12. DECISIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Teleste Corporation, held on April 23, 2025, adopted the financial statements and consolidated financial statements for 2024 and the remuneration report of the company's governing bodies for the financial period 2024, and discharged the members of the Board of Directors and the CEO from liability for the financial period 2024. In accordance with the proposal of the Board of Directors, the AGM resolved that, based on the adopted balance sheet, a dividend of EUR 0.03 per share be paid for the financial

period that ended on December 31, 2024, for shares other than those held by the company. The dividend will be paid to shareholders registered on the record date of June 30, 2025, as a shareholder in the company's shareholders' register maintained by Euroclear Finland Ltd. The dividend payment date was July 7, 2025.

The AGM decided that the Board of Directors shall consist of six members. Timo Luukkainen, Jussi Himanen, Vesa Korpimies, Mirel Leino-Haltia, Anni Ronkainen and Kai Telanne were elected as members of Teleste Corporation's Board of Directors.

Teleste's AGM decided on the annual remunerations to be paid to the members of the Board of Directors as follows: EUR 66,000 per year to the Chairman and EUR 33,000 per year to each member. The annual remuneration of the Board member who acts as the Chairman of the Audit Committee shall be EUR 49,000 per year. Of the annual remuneration to be paid to the Board members, 40 % of the total gross remuneration amount will be used to purchase Teleste Corporation's shares for the Board members through trading on the regulated market organized by Nasdaq Helsinki Ltd, and the rest will be paid in cash. However, a separate meeting fee shall not be paid to the members of the Board of Directors nor the Chairman of the Audit Committee. A meeting fee of EUR 400 per meeting is to be paid to the members of the Board of Directors' committees for those committee meetings that they attend.

PricewaterhouseCoopers Oy, a firm of Authorized Public Accountants, was elected as the company's auditor. The audit firm has appointed Markku Launis, APA, as the auditor with principal responsibility. It was decided that the auditor's fees will be paid according to the invoice approved by the company.

BDO Oy, an Authorized Sustainability Audit Firm, was elected as the company's sustainability reporting assurance provider, and BDO Oy has appointed Mr. Vesa Vuorinen, APA, Authorized Sustainability Auditor, as the principally responsible sustainability auditor. It was decided to pay the sustainability reporting assurance provider's compensation against an invoice approved by the company.

The AGM decided to authorize the Board of Directors to decide on the purchase of the company's own shares in accordance with the proposal of the Board. According to the authorization, the Board of Directors may acquire 1,200,000 of the company's own shares otherwise than in proportion to the holdings of the shareholders with unrestricted equity through trading on the regulated market organized by Nasdaq Helsinki Ltd at the market price at the time of the purchase.

The share purchase authorization is valid for eighteen (18) months from the date of the resolution of the Annual General Meeting. The authorization overrides any previous authorizations to purchase the company's own shares.

The Annual General Meeting decided to authorize the Board of Directors to decide on issuing new shares and/or transferring the company's own shares held by the company and/or granting special rights referred to in Chapter 10, Section 1 of the Limited Liability Companies Act, in accordance with the Board's proposal.

The new shares may be issued and the company's own shares held by the company may be conveyed either against payment or for free. New shares may be issued and the company's own shares held by the company may be conveyed to the company's shareholders in proportion to their current share-

holdings in the company, or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so. The new shares may also be issued in a free share issue to the company itself.

Under the authorization, the Board of Directors has the right to decide on issuances of new shares and/or transferring the company's own shares held by the company, so that the maximum total number of shares issued and/or transferred is 2,000,000.

The total number of new shares to be subscribed for under the special rights granted by the company and the company's own shares held by the company to be transferred may not exceed 1,000,000 shares, which number is included in the above maximum number concerning new shares and the Group's own shares held by the company.

The authorizations are valid for eighteen (18) months from the resolution of the Annual General Meeting. The authorizations override any previous authorizations to decide on issuances of new shares and on granting stock option rights or other special rights entitling to shares.

13. THE PARENT COMPANY'S PROFIT PERFORMANCE AND FINANCIAL POSITION

During the reporting period, the parent company's net sales amounted to EUR 14,033 thousand, representing a decrease of 76.9% from the comparison period (2024: 60,636, 2023: 75,784). The decrease in net sales is due to the lower net sales of the Broadband Networks business segment and completed business transfers.

The parent company's operating result was EUR -435 thousand, representing -3.1% of net sales. The operating profit as a percentage of net sales decreased by 4.7 percentage points from the comparison period (2024: 1.6%, 958, 2023: -1,730). The operating result included the salaries and fees of an average of 29 persons, totaling EUR 3,171 thousand (2024: 12,535, 2023: 18,787).

The parent company's result was EUR 890 thousand (2024: 3,956, 2023: 139). Financial income amounted to EUR 3,093 thousand (2024: 5,550, 2023: 6,158) and financial expenses amounted to EUR 2,297 thousand (2024: 2,963, 2023: 4,197). In addition, the company received Group contributions of EUR 649 thousand (2024: 0, 2023: 0) and recognized tax expenses of EUR 129 thousand (2024: 0, 2023: 0).

The share capital at the end of the financial period 2025 was EUR 6,967 thousand, divided into 18,985,588 shares. The company has one series of shares. Each share carries one vote and equal rights to dividends. The shares are registered in the book-entry system maintained by Euroclear Finland Oy.

The parent company's equity at the end of the financial period was EUR 32,693 thousand (2024: 32,352, 2023: 28,396). Equity was strengthened by the positive result.

The parent company had bank loans of EUR 24,451 thousand (2024: 30,200, 2023: 33,024), with long-term loans representing EUR 18,251 thousand (2024: 22,000, 2023: 27,224) of the total. In the third quarter of 2024, the company signed a syndicated refinancing arrangement that includes a repayable loan, credit limits and a non-binding guarantee limit.

In connection with the 2024 loan facilities arrangement, the company repaid its old loans

and discontinued the related hedge accounting. In connection with this, the company's non-current loans decreased and, at the same time, the company had more revolving credit facilities, the withdrawn portion of which is treated as current loans. At the end of the financial period, the withdrawn portion amounted to EUR 3,000 thousand (5,000). The parent company's current liabilities included loans from subsidiaries amounting to EUR 26.7 million (2024: 19.7, 2023: EUR 16,0 million).

The return on equity was 2.7%, representing a decrease from the comparison period (2024: 12.2%, 2023: 0.5%). The equity ratio was 36.8% (2024: 36.2%, 2023: 30.9%).

14. SHARES AND CHANGES IN SHARE CAPITAL

On March 31, 2025, Teleste Corporation conveyed a total of 14,264 treasury shares without consideration to the key employees participating in Teleste's long-term share-based incentive program launched in 2022. The start of the performance periods and their key conditions were disclosed in stock exchange releases published on February 10, 2022.

The conveyance of the shares by means of a directed share issue without consideration is based on the terms and conditions of the program and the authorization granted to the Board of Directors by the Annual General Meeting held on April 11, 2024.

On June 26, 2025, Teleste Corporation transferred a total of 38,532 own shares held by the company without consideration to key personnel under the share-based incentive program launched in 2022. The launch of the program and its key terms were disclosed in stock exchange releases published on February 10, 2022 and February 9, 2024.

The transfer of shares through a directed share issue without consideration is based on

the terms of the program and the authorization granted to the Board of Directors by the Annual General Meeting held on April 23, 2025.

The proportion of shares transferred by the company during the financial period was 0.3% of the entire share capital. Based on the share-based incentive plans valid at the time of Teleste's financial statements, the maximum number of shares that may be transferred is 1,568,012, of which the CEO and the Management Group's share is a total of 811,958 shares.

On December 31, 2025, Tianta Oy was the largest single shareholder of Teleste with a holding of 25.2% (25.2%). According to Euroclear Finland Ltd, the number of Teleste shareholders at the end of the period under review was 4,880 (5,047). Foreign shareholders accounted for 0.9% (0.8%) of the shares, while nominee-registered holdings accounted for 2.4% (2.4%). The distribution of the company's shareholding based on the sector-specific classification confirmed by Statistics Finland, the distribution of shareholding by size category, shareholders directly or indirectly holding at least 5% of the company's shares, and the 10 largest shareholders are presented in the notes to the financial statements. The company is not aware of any shareholder agreements.

On December 31, 2025, the company's registered share capital stood at EUR 6,966,932.80, divided into 18,985,588 shares. The Group's parent company Teleste Corporation held 685,602 (738,398) treasury shares, representing 3.6% (3.9%) of all Teleste shares, on December 31, 2025.

Valid authorizations at the end of the review period on December 31, 2025:

- The Board of Directors may acquire 1,200,000 of the company's own shares otherwise than in proportion to the holdings of the shareholders with un-

restricted equity through trading on the regulated market organized by Nasdaq Helsinki at the market price of the time of the purchase.

- The Board of Directors may decide on issuing new shares and/or transferring the company's own shares held by the company, so that the maximum total number of shares issued and/or transferred is 2,000,000.

The total number of new shares to be subscribed for under the special rights granted by the company and the company's own shares held by the company to be transferred may not exceed 1,000,000 shares, which number is included in the above maximum number concerning new shares and the Group's own shares held by the company.

15. OWNERSHIP BY MANAGEMENT AND MEMBERS OF THE GOVERNING BODIES ON 31 DECEMBER 2025

On the balance sheet date, the CEO and members of the Board of Directors owned 227,099 (185,279) Teleste Corporation shares, corresponding to 1.2% (1.0%) of outstanding shares and votes. The CEO and the Board members did not have subscription rights based on stock options. On the financial statements date, members of the Leadership Team other than the CEO, or entities under their control, owned 52,993 (34,081) Teleste Corporation shares, corresponding to 0.2% (0.2%) of outstanding shares and votes. The combined shareholding of the members of the management and governing bodies amounts to 268,092 shares, corresponding to 1.5% (1.2%) of outstanding shares and votes.

Teleste Corporation complies with the Finnish Securities Market Act and the Finnish Corporate Governance Code. The Corporate Governance Statement is issued separately

from the Report of the Board of Directors, and it is available in full on the company's website under Investors. Since 1 March 2000, Teleste complies with the insider guidelines of the Stock Exchange in their valid form at any given time.

16. OPERATING ENVIRONMENT IN 2025

BROADBAND NETWORKS

Demand for broadband technology returned to growth in 2025. Growth has been driven by intensified competition among network operators to provide fast, reliable broadband connectivity to households and businesses using multiple access technologies, even as operators' own revenues have remained under pressure.

DOCSIS 4.0 –based intelligent access network technologies enable highly competitive internet services by combining fiber and cable technologies within the same network architecture. At the same time, the importance of software-driven intelligence, telemetry and remote management capabilities has increased significantly, supporting more reliable broadband services while reducing network build and maintenance costs.

Investments in DOCSIS 4.0 technology began in North America during 2024. In Europe, investments started during 2025 in parts of the market. The North American cable market is significantly larger than the European market.

In May 2025, Charter Communications and Cox Communications announced a proposed merger. Once completed, the transaction would create the largest fixed broadband and pay-TV operator in North America. The transaction is subject to customary regulatory approvals and is expected to close by mid-2026. The planned merger has temporarily impacted network investment activity by our customer (the

selling party) from the second half of 2025 onward, as pre-closing investments have been optimized during the process.

U.S. import tariffs and shifting trade policies continue to create uncertainty in the market. However, it is not expected to materially impact customers' investment plans or the longer-term growth of the North American network market.

Teleste's DOCSIS 4.0 technology delivery volumes increased significantly during 2025. North America's share of Teleste's revenue rose to 30% in 2025, and we expect this share to continue increasing in 2026. At year-end 2025, the Company served more than 20 network operator customers in North America. We initiated production ramp-up activities in Mexico during the third quarter of 2025, and the first products are expected to be manufactured at the Mexico facility during the first quarter of 2026.

PUBLIC SAFETY AND MOBILITY

Urbanization, the expansion of sustainable public transportation solutions, and the integration of digital systems into everyday life are creating a strong long-term growth foundation for passenger information solutions. At the same time, ensuring the security of critical infrastructure through intelligent digital technologies is opening up new growth opportunities in the market.

The operating environment has become more favorable and predictable, supporting steady growth. The business typically consists of end-to-end projects that include development, delivery and lifecycle support phases. Publicly funded projects are inherently cost-conscious, which places high requirements on suppliers in terms of efficiency and competitiveness.

The importance of real-time software solutions has continued to increase. Passenger information systems are becoming

more intelligent, and software capabilities have become a key differentiator.

Solutions and services aimed at improving the passenger experience are increasingly influencing customer decision-making. In parallel, lifecycle management of systems, ensuring cybersecurity, service and maintenance, and building long-term partnerships around these capabilities are becoming increasingly important parts of the business.

The market is seeing growing demand for intelligent, interoperable solutions that enhance the security of public and critical infrastructure. Alongside traditional video surveillance solutions, real-time mobile surveillance systems —both mobile and stationary —have emerged, together with integrated situational awareness platforms that enable unified management and analysis of video and other data streams.

During 2025, Teleste expanded its customer base across both rolling stock manufacturers and public transport operators. Service and maintenance business is generating an increasing stream of recurring revenue alongside new project deliveries. Investments in software development, artificial intelligence and cybersecurity increased, and this trend is expected to continue in 2026.

The markets for passenger information and security solutions in public transport and critical infrastructure offer attractive opportunities, and Teleste's strong position supports sustainable growth and continued development.

17. PROPOSAL OF THE BOARD OF DIRECTORS ON THE USE OF THE PROFIT SHOWN ON THE BALANCE SHEET

The Board of Directors proposes to the Annual General Meeting that a total dividend of up to EUR 0.08 (0.03) per outstanding share will

be distributed from the distributable funds for the financial year ended 31 December 2025. In addition, the Board proposes that the dividend will be paid in two instalments, the first during the third quarter of 2026 and the second at the latest during the first quarter of 2027.

18. OUTLOOK FOR THE YEAR 2026

Teleste estimates that Net sales for 2026 will be in the range of 140 to 160 million euros and adjusted Operating profit in the range of 7 to 10 million euros. Profit is expected to be weighted toward the second half of the year. Material changes in the operating environment, including geopolitical tensions, changes in trade policies, and the development of the US dollar exchange rate can create uncertainty for parts of the business.

19. EVENTS AFTER THE REVIEW PERIOD

On January 12, 2026, the Company announced the proposals of the Shareholders' Nomination Board to the Annual General Meeting. The Company's Board of Directors will convene the Annual General Meeting separately.

On January 20, 2026, the Company announced a four-year framework agreement with Infrabel, a Belgian state-owned company, for the delivery of station displays to the Belgian railways.

On January 29, 2026, the Company announced that it had signed a multi-year framework agreement with France's national railway operator (SNCF) for the delivery of station displays to the French railways.

20. KEY FIGURES 2021–2025

	IFRS 2025	IFRS 2024	IFRS 2023	IFRS 2022	IFRS 2021
Profit and loss account, balance sheet					
Net sales, Meur	138.6	132.5	151.3	165.0	144.0
Change %	4.6 %	-12.4 %	-8.3 %	14.6 %	-0.7 %
Sales outside Finland, %	92.1 %	91 %	91.0 %	92.5 %	90.1 %
Operating profit, Meur	6.8	-5.5	-0.5	-4.8	8.7
% of net sales	4.9 %	-4.2 %	-0.3 %	-2.9 %	6.1 %
Profit after financial items, Meur	3.0	-7.1	-2.4	-5.0	9.0
% of net sales	2.2 %	-5.3 %	-1.6 %	-3.0 %	6.3 %
Profit before taxes, Meur	3.0	-7.1	-2.4	-5.0	9.0
% of net sales	2.2 %	-5.3 %	-1.6 %	-3.0 %	6.3 %
Profit for the financial period, Meur	2.6	-6.1	-0.5	-5.9	6.9
% of net sales	1.9 %	-4.6 %	-0.3 %	-3.6 %	4.8 %
R&D expenditure, Meur	15.8	14.1	17.7	15.8	11.3
% of net sales	11.4 %	10.6 %	11.7 %	9.6 %	7.9 %
Gross investments, Meur	6.6	6.3	8.0	12.1	11.1
% of net sales	4.7 %	4.8 %	5.3 %	7.3 %	7.7 %
Interest bearing liabilities, Meur	28.7	34.2	37.8	50.4	28.0
Shareholders' equity, Meur	57.9	54.8	60.9	60.4	69.0
Total assets, Meur	122.7	121.2	134.7	152.3	135.2
Personnel and order book					
Average personnel	633	673	803	861	863
Order book at year-end, Meur	115	118	130.4	132.2	108.6
Orders received, Meur	138.2	124.9	149.6	188.5	175.5
Key metrics					
Return on equity, %	4.6 %	-10.5 %	-0.8 %	-9.1 %	10.5 %
Return on capital employed, %	7.1 %	-5.0 %	0.2 %	-3.5 %	10.2 %
Equity ratio, %	47.6 %	45.4 %	45.4 %	39.7 %	53.3 %
Net gearing, %	33.9 %	46.3 %	51.9 %	61.2 %	20.2 %
Earnings per share, euro	0.15	-0.32	0.00	-0.31	0.39
Earnings per share fully diluted, euro	0.15	-0.32	0.00	-0.31	0.39
Shareholders' equity per share, euro	3.17	3.00	3.34	3.31	3.79

	IFRS 2025	IFRS 2024	IFRS 2023	IFRS 2022	IFRS 2021
<u>Alternative performance measures (EUR thousand)</u>					
Adjusted operating profit	7,100	4,184	1,158	1,969	5,514
<u>Bridge calculation</u>					
EBIT	6,803	-5,375	-481	-4,838	8,714
Business reorganization costs	298	2,742	725	879	0
Other non-recurring item	0	0	0	0	-3,200
Impairment on R&D expenses	0	6,653	0	5,400	0
Strategic development projects	0	164	915	529	0
Adjusted EBIT	7,100	4,184	1,158	1,969	5,514
EBITDA	11,758	6,434	5,585	7,790	16,280
Business reorganization costs	298	2,742	725	879	0
Other non-recurring item	0	0	0	0	-3,200
Strategic development projects	0	164	915	529	0
Adjusted EBITDA	12,056	9,340	7,224	9,198	13,080

CALCULATION OF KEY FIGURES

Return on equity	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average for the period)}} \times 100$
Return on capital employed	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average for the period)}} \times 100$
Equity ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} \times 100$
Gearing	$\frac{\text{Interest bearing liabilities - cash in hand and in bank - interest bearing assets}}{\text{Shareholders' equity}} \times 100$
Earnings per share	$\frac{\text{Profit for the period attributable to equity holder of the parent}}{\text{Weighted average number of ordinary shares outstanding during the period}}$
Earnings per share, diluted	$\frac{\text{Profit for the period attributable to equity holder of the parent (diluted)}}{\text{Weighted average number (diluted) of ordinary shares outstanding during the period}}$

21. PER-SHARE PERFORMANCE MEASURES

Telesta share	2025	2024	2023	2022	2021
Highest price, euro	4.28	3.45	4.75	5.76	6.66
Lowest price, euro	2.47	2.07	2.55	3.13	4.47
Closing price, euro	3.76	2.64	2.70	3.54	5.24
Average price, euro	3.40	2.61	3.37	4.34	5.46
Price per earnings	24.7	-8.2	-603.1	-11.4	13.5
Market capitalization, Meur	71.4	50.1	51.3	67.2	99.5
Stock turnover, Meur	5.0	3.4	5.2	6.3	13.8
Turnover, number in millions	1.5	1.3	1.5	1.5	2.5
Turnover,% of share capital	7.8 %	6.8 %	8.1 %	7.7 %	13.3 %
Average number of shares	18,985,588	18,985,588	18,985,588	18,985,588	18,985,588
Number of shares at the year-end	18,985,588	18,985,588	18,985,588	18,985,588	18,985,588
Average number of shares, diluted w/o own shares	18,502,174	18,210,431	18,245,666	18,234,914	18,222,877
Number of shares at the year-end, diluted w/o own shares	18,749,986	17,814,709	18,249,218	18,238,418	18,225,619
Paid dividend, Meur	1.5	0.5*	0.0	0.0	2.6
Dividend per share, euro	0.08*	0.03*	0.00	0.00	0.14
Dividend per net result,%	52.6 %	neg	0.0 %	0.0 %	36.0 %
Effective dividend yield,%	2.9 %	1.1 %			2.7 %

* The Board's proposal to the AGM

Corporate Governance Statement 2025

This Corporate Governance Statement has been prepared pursuant to chapter 7, section 7 of the Finnish Securities Markets Act and the Finnish Corporate Governance Code 2025. The Corporate Governance Code is available on the Finnish Securities Market Association's website at cgfinland.fi/en. The Corporate Governance Statement is issued separately from the Report of the Board of Directors, and the provided data are based on the situation as at 31 December 2025.

TELESTE'S GOVERNING BODIES

The governing bodies responsible for the governance and operations of Teleste Corporation (hereafter 'Teleste') are the General

Meeting, the Board of Directors, the Audit Committee and Personnel and Remuneration Committee of the Board of Directors, the CEO and the Leadership Team led by him.

Annual General Meeting, Board of Directors
Teleste's General Meeting is the highest decision-making body of the company. The AGM convenes at least once a year. According to the Articles of Association, the Annual General Meeting (AGM) must be held by the end of June each year.

The General Meeting decides on matters as required in the provisions of the Limited Liability Companies Act. The matters decided by the AGM include adoption of the financial statements, allocation of profit shown by the

Audit	Annual General Meeting
	Shareholder's Nomination Board
Internal audit	Board of Directors
	Audit Committee
	Personnel and Remuneration Committee
	President and CEO
	Management Group

balance sheet, discharge of the Board of Directors and the CEO from liability, and election of the Board members and the auditor. In addition, the responsibilities of the General Meeting include making amendments to the Articles of Association and deciding on share issues, granting of entitlements to options and other special rights, procurement and redeeming of the company's own shares, and reduction of share capital. Teleste's General Meeting shall be convened by the Board of Directors.

Shareholders' Nomination Board

Teleste's Annual General Meeting of 2020 established a Shareholders' Nomination Board for the company and approved the Rules of Procedure of the Nomination Board. The responsibility of the Nomination Board is annually to prepare proposals on the election and remuneration of the members of the Board of Directors to the Annual General Meeting and ensure that the Board of Directors and its members have sufficient competence and experience to meet the needs of Teleste.

The Nomination Board consists of three members who represent the company's three largest shareholders, calculated on the basis of the votes conferred by all the shares in Teleste on 30 August preceding the next Annual General Meeting. Its term continues until a new nomination board is elected.

Teleste's three largest shareholders registered in the company's register of shareholders maintained by Euroclear Finland Oy on 30 August 2025 were Tianta Oy, Mandatum Life Insurance Company Limited and Ilmarinen Mutual Pension Insurance Company.

Prior to the Annual General Meeting

2026, the composition of the Nomination Board was as follows:

- Timo Luukkainen (m), appointed by Tianta Oy
- Patrick Lapveteläinen (m), appointed by Mandatum Life Insurance Company Limited
- Esko Torsti (m), appointed by Ilmarinen Mutual Pension Insurance Company

Timo Luukkainen has served as the Chair of the Nomination Board. The Nomination Board met three (3) times in 2025, and the members participated in all of the meetings.

According to its rules of procedure, the Nomination Board is responsible for a) preparing and presenting a proposal on the number of Board members to the AGM, b) preparing and presenting a proposal on the Board members to the AGM and advising the company's Board in respect of the composition of the Audit Committee, c) preparing and presenting a proposal on the remuneration of the Board members, and d) looking for candidates for new Board members.

On 12 January 2026, the Nomination Board published and submitted to Teleste's Board of Directors its proposal for the composition and remuneration of Teleste's Board of Directors, which was published as a stock exchange release. The proposals of the Nomination Board are included in the notice of the Annual General Meeting.

The Nomination Board's report on its work and its rules of procedure are available in full on Teleste's website. <https://www.teleste.com/shareholders-nomination-board/>

Board of Directors

Rules of Procedure

It is the responsibility of Teleste's Board of Directors to manage the company in accordance with the law, statutory regulations, Articles of Association and decisions taken by the General Meeting. The operating procedures and main duties of the Board of Directors are specified in the Board's Rules of Procedure.

According to the Rules of Procedure approved by the Board of Directors on 18 September 2018 and amended on 18 December 2019, 10 February 2021 and 13 August 2025, the Board of Directors represents all the shareholders and always acts in the best interests of the company and its shareholders. The objective of the Board of Directors is to guide the company's business in such a manner that it provides the company's shareholders with the best possible return in the long run. The Board of Directors regularly monitors the achievement of the company's financial and strategic targets as well as the development of the company in accordance with the long-term goals. The Board of Directors provides the company management with external opinions and support. The Board is also responsible for ensuring that accounting, economic governance and risk management in the company are appropriately organized. In addition, as applicable, the Board of Directors is responsible for matters related to the preparation of the shareholders' meeting and the implementation of its decisions.

The Board of Directors considers matters that have a significant and long-lasting effect on the company and defines the powers of the Chief Executive Office (CEO). When considered necessary, the Board of Directors establishes committees to support its work. The Board of Directors decides on the mem-

bers, chairpersons and rules of procedure of the committees.

The rules of procedure of the Board of Directors are available in full on Teleste's website at <https://www.teleste.com/rules-of-procedure-for-the-board/>

Members of the Board of Directors

According to the Articles of Association, the Annual General Meeting elects a minimum of three and maximum of eight Board members each year. The Annual General Meeting (AGM) decides on the number of Board members and their election. The Board elects a Chair of the Board from among its members. A person designated by the Board of Directors acts as the secretary of the Board.

The term of office of Board members is one year, lasting until the close of the Annual General Meeting following the election. The number of terms of a Board member is not limited.

The Annual General Meeting held on 23 April 2025 elected the six persons specified below to Teleste's Board of Directors. Timo Luukkainen was elected as Chair on 23 April 2025 by the members of the Board.

The members of the Board are not employed by the company, and on the basis of as-

essment in accordance with the issued Finnish recommendations, they are independent of the company. The Board members are independent of the company's significant shareholders, except for the following Board members:

- Timo Luukkainen – Chair of the Board of Tianta Oy from 6 April 2018. Tianta Oy is a significant shareholder of Teleste.
- Vesa Korpimies – CEO and Board member of Tianta Oy. Tianta Oy is a significant shareholder of Teleste.

On 31 December 2025, Board members and their controlled entities held shares in Teleste Corporation and other companies included in the Teleste Group as follows:

Himananen, Jussi	23,128 shares
Korpimies, Vesa	25,000 shares
Leino-Haltia, Mirel	29,475 shares
Luukkainen, Timo	60,985 shares
Ronkainen, Anni	8,813 shares
Telanne, Kai	46,191 shares

In 2025, Teleste's Board of Directors held 16 meetings. The Board members attended the meetings as follows:

Himananen, Jussi	16/16 (100 %)
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Korpimies, Vesa	16/16 (100 %)
Leino-Haltia, Mirel	16/16 (100 %)
Luukkainen, Timo	16/16 (100 %)
Ronkainen, Anni	16/16 (100 %)
Telanne, Kai	16/16 (100 %)

In addition to the Board members, meetings of the Board were attended by the CEO, the CFO and the secretary to the Board, as well as other persons who were specifically invited as necessary.

Principles concerning the diversity of the Board of Directors

Teleste has established principles concerning the diversity of the Board of Directors, taking into account the extent of the company's business and the needs related to its phase of development.

It is in the interests of Teleste and its shareholders that Teleste's Board of Directors is composed of people with different educational and professional backgrounds and international experience, and that Board members have complementary expertise and knowledge in different topics, such as Teleste's field of business and the related technologies, risk management and international sales and marketing. Teleste's objective is

Member	Position	Gender	Date of birth	Education	Principal occupation	Member since
Luukkainen, Timo	Chair	Male	1954	M.Sc. (Econ.), M.Sc. (Eng.), MBA	Board professional	2016
Himananen, Jussi	Member	Male	1972	M.Sc. (Eng.)	WithSecure Oyj, VP Strategy and M&A	2019
Korpimies, Vesa	Member	Male	1962	M.Sc. (Econ.)	EM Group Oy, CEO	2019
Leino-Haltia, Mirel	Member	Female	1971	D.Sc. (Econ.), CFA	Professor of Practice, Board professional	2020
Ronkainen, Anni	Member	Female	1966	M.Sc. (Econ.)	Board professional	2024
Telanne, Kai	Member	Male	1964	M.Sc. (Econ.)	Alma Media Corporation, CEO	2008

that the share of the less represented gender in the Board of Directors is at least 40%.

The Annual General Meeting held on 23 April 2025 elected six members to the Board of Directors. All Board members have a degree in technology or business. The aforementioned factors and characteristics relevant to diversity were represented in the Board of Directors in 2025. Many of the Board members have extensive experience in international business and have been, or currently are, members of the management or board of listed and unlisted companies. The share of the less represented gender on the Board of Directors was 33.3%.

Audit Committee

Teleste's Board of Directors has established an Audit Committee to prepare matters concerning the company's financial reporting and supervision. The Audit Committee assists the Board of Directors by preparing the matters that fall within the responsibilities of the Audit Committee. The Audit Committee shall convene at least four times a year, in accordance with a schedule confirmed by the chairperson of the Audit Committee.

The majority of the members of the Audit Committee must be independent of the company, and at least one member must be independent of the company's significant shareholders. The Audit Committee members must have sufficient expertise and experience considering the responsibilities of the committee and obligatory auditing-related duties. At least one Audit Committee member must have expertise in accounting or auditing.

The Audit Committee consists of a minimum of three Board members, each of whom fulfills the requirements on independence and understanding of financial information

as well as any other requirements specified in Finnish law and regulations concerning Finnish listed companies.

In addition to the committee members, the participants in Audit Committee meetings include the company's CEO, CFO and the secretary to the Audit Committee. The auditor participates in the meetings as appropriate. The Audit Committee may invite other experts or representatives of the operative management to attend its meetings as necessary. Any Board member may attend Audit Committee meetings at their discretion. The minutes and materials of the Audit Committee are available to all Board members.

The chairperson of the audit committee presents the committee's most important observations, its recommendations and a summary of audit committee meetings to the Board of Directors.

The Board of Directors that convened after Teleste's AGM on 23 April 2025 decided on the following Audit Committee composition: Mirel Leino-Haltia (Chair), Jussi Himanen and Vesa Korpimies.

In 2025, the Audit Committee held 8 meetings. The members attended the meetings as follows:

Leino-Haltia, Mirel 8/8 (100 %), Chair
Himanen, Jussi 8/8 (100 %), member
Korpimies, Vesa 8/8 (100 %), member

The rules of procedure of the Audit Committee are available in their entirety on Teleste's website at <https://www.teleste.com/rules-of-procedure-for-the-audit-committee/>

Personnel and Remuneration Committee

Teleste's Board of Directors has established a Personnel and Remuneration Committee to assist the Board in matters related to personnel and remuneration. The Chair of the Personnel and Remuneration Committee is responsible for convening the committee. The Personnel and Remuneration Committee meets at least three times per year.

The Board of Directors elects the Chair of the Personnel and Remuneration Committee and other members from among its members annually at its organizational meeting after the Annual General Meeting. The minimum number of members of the Personnel and Remuneration Committee is three. The majority of the members of the Personnel and Remuneration Committee must be independent of the company. In addition to the members, the meetings are attended by Teleste's CEO and Senior Vice President, People and Culture (except for topics that concern them). The secretary of the Board of Directors serves as the secretary of the Personnel and Remuneration Committee. In addition, if it so wishes, the Personnel and Remuneration Committee may invite other members of the company's operational management to its meetings.

The Personnel and Remuneration Committee may, if necessary, use external advisors to carry out its duties and obtain information from internal and external parties. The Personnel and Remuneration Committee may also allow other necessary persons to participate in its meetings as needed.

All members of the Board may attend meetings of the Personnel and Remuneration Committee meetings at their discretion. The Chair of the Personnel and Remuneration Committee regularly presents a summary of the matters addressed by the Commit-

tee and its recommendations to the Board of Directors. The minutes and materials of the Personnel and Remuneration Committee are made available to all Board members in accordance with the company's policy.

On 23 April 2025, the Board of Directors decided on the composition of the Personnel and Remuneration Committee as follows: Kai Telanne (Chair), Timo Luukkainen, Anni Ronkainen.

The Personnel and Remuneration Committee met 5 times in 2025. The members attended the meetings as follows:

Telanne, Kai 5/5 (100 %), Chair
Luukkainen, Timo 3/5 (60 %), member
Ronkainen, Anni 5/5 (100 %), member

The purpose of the Personnel and Remuneration Committee is to promote the development and allocation of the company's strategically important capabilities and personnel resources and to generate relevant information on the current status, diversity and future objectives regarding the personnel for the Board of Directors.

The rules of procedure of the Personnel and Remuneration Committee are available in full on Teleste's website at <https://www.teleste.com/corporate-governance/personnel-and-remuneration-committee/>

President and CEO

The company's CEO is in charge of the Group's business operations and corporate governance in accordance with the Limited Liability Companies Act, Teleste's Articles of Association and the instructions and regulations issued by the Board.

The detailed terms of employment of the CEO are specified in a separate contract ap-

proved by the Board of Directors. The CEO is not a member of Teleste's Board of Directors. Esa Harju, born 1967, M.Sc. (Eng.), has been the company's CEO effective from 1 January 2022. The CEO is assisted by the Leadership Team. The company's Board of Directors decides on the salary, remuneration and other benefits received by the CEO.

Leadership Team

On 31 December 2025, the Group's Leadership Team consisted of eight members including the CEO, to whom the members of the Leadership Team report. The members of the Leadership Team are directors of Teleste's business units and Group functions. The subsidiaries operate as part of the business units. Teleste's Leadership Team is chaired by the CEO who reports to the Board of Directors. The Leadership Team

has no authority under law or the Articles of Association. In 2025, Teleste's Leadership Team consisted of the following members:

The Leadership Team handles the main issues related to managing the company, such as matters related to the operational control of the businesses, strategy, budgets, investments, financial and other reporting, and potential restructuring measures. As a rule, the Leadership Team meets once a month and at other times when necessary.

The Board of Directors decides on the incentive and remuneration systems of the members of the Leadership Team on the basis of the CEO's proposal.

On 31 December 2025, Leadership Team members and their controlled entities held shares in Teleste's and other companies included in the Teleste Group as follows:

Harju, Esa	33,507 shares
Andersson, Ulf	12,000 shares
Järvenpää, Pasi	8,638 shares
Kallas, Linda	12,450 shares
Kerkelä-Hiltunen, Mervi	5,250 shares
Korolainen, Esa	9,450 shares
Sand, Valerian	1,750 shares
Vanne, Tuomas	3,455 shares

Auditing, revisions and remuneration of the auditor

The term of office of Teleste's auditor expires at the closing of the first Annual General Meeting following the election.

On 23 April 2025, Teleste's Annual General Meeting elected the audit firm PricewaterhouseCoopers Oy (PwC) as the company's auditor. The audit firm appointed Markku Lounis, APA, as the auditor in charge.

In addition to their statutory duties, the auditors report their observations to Teleste's Board of Directors and Audit Committee and attend at least one Board meeting each year.

In 2025, Teleste Group's auditing expenses totaled EUR 270,810, with PwC accounting for EUR 222,470 of that total and other audit firms for EUR 48,340. The Group's audit firm, PwC, has provided Teleste Group companies other additional services for the total amount of EUR 106,442.

Insider management

Teleste complies with the Market Abuse Regulation (EU) 596/2014 (MAR) and the insider guidelines of Nasdaq Helsinki Oy in their valid form at any given time. The company also has its own insider guidelines, which have been approved by the company's Board of Directors.

Teleste maintains project-specific and event-specific insider lists as necessary. Project-specific insider lists include the persons who work for Teleste under an employment contract or other agreement and receive insider information concerning an individual project, as well as any other persons to whom Teleste discloses insider information concerning an individual project. 'Project' refers to an identifiable arrangement or set of procedures which is being prepared at Teleste in strict confidence and which, when disclosed, could materially affect the value of Teleste's financial instrument. The CEO evaluates each case to determine whether a set of procedures or an arrangement is considered as a project.

Persons discharging managerial responsibilities at Teleste with the obligation to notify are the Board members, the CEO, the CFO, the SVP in charge of the Broadband Networks

Member	Gender	Date of birth	Education	Position	Tasks and areas of responsibility
Harju, Esa	1967	Male	M.Sc. (Eng.)	President and CEO	Is in charge of the Group's business operations and corporate governance in accordance with the Limited Liability Companies Act, Teleste's Articles of Association and the instructions and regulations issued by the Board
Andersson, Ulf	1970	Male	B.Sc. (Eng.) MBA	Executive Vice President	Area of responsibility: Broadband Networks business
Järvenpää, Pasi	1967	Male	M.Sc. (Eng.)	Senior Vice President, Research and Development	Area of responsibility: Teleste's research and development
Kallas, Linda	1980	Female	M.Sc. (Eng.)	Senior Vice President, Strategy, Communications & Sustainability	Area of responsibility: Teleste's strategy, marketing and communications, as well as sustainability matters
Kerkelä-Hiltunen, Mervi	1975	Female	M.Sc. (Econ.)	CFO	Area of responsibility: finance and IT
Korolainen, Esa	1980	Male	M.Sc. (Eng.)	Senior Vice President, Operations, Logistics & Sourcing	Area of responsibility: Teleste's operations, logistics and sourcing
Sand, Valerian	1984	Male	M.Sc. (Econ.)	Executive Vice President	Area of responsibility: Public Safety and Mobility business
Vanne, Tuomas	1979	Male	M.Sc. (Military Science)	Senior Vice President, People and Culture	Areas of responsibility: human resources management and competence development

business unit and the SVP in charge of the Public Safety and Mobility business unit. They and persons closely associated with them shall notify Teleste and the Finnish Financial Supervisory Authority of any transactions they conduct in Teleste's financial instruments, which Teleste discloses in the form of separate stock exchange releases. It is recommended for persons discharging managerial responsibilities at Teleste to time their trading activities involving financial instruments issued by Teleste in such a manner that as accurate as possible information affecting the value of the share is available in the market.

The persons discharging managerial responsibilities at Teleste are not permitted, on their own account or on behalf of others, directly or indirectly, to trade in financial instruments issued by Teleste during the "closed window" period, that is, for thirty (30) days prior to the publication of an interim report and financial statement release. Teleste has expanded the closed window to also apply to persons participating in the preparation of interim reports and/or financial statement releases and persons who, due to the nature of their responsibilities, have access to the content of the reports prior to their publication. Such persons are subject to the same closed window of thirty (30) days.

Teleste's insider administration supervises compliance with the insider guidelines and maintains insider lists as well as a list of persons discharging managerial responsibilities and persons closely associated with them. Teleste's Senior Legal Counsel is in charge of insider issues.

Teleste has a whistleblowing channel that provides Teleste's employees and third parties with the opportunity to report concerns of potential misconduct in Teleste's business

operations or other functions related to the company. The whistleblowing channel can also be used for reporting suspected violations of the rules and regulations concerning the financial markets.

Related party transactions, internal control, risk management and internal auditing

Related party transactions

Teleste assesses and monitors related party transactions in accordance with the Finnish Corporate Governance Code and Teleste's internal guidelines. Teleste strives to ensure that any conflicts of interest are taken into account in the decision-making process. The main rule is that all related party transactions always relate to Teleste's normal business, are in line with the company's purpose and are conducted on normal commercial terms. The Board of Directors decides on related party transactions that are not conducted in the ordinary course of business or are not implemented under arm's-length terms.

Teleste's legal department is responsible for the identification of related parties and maintains up-to-date records of related parties for the purpose of identifying related party transactions. Information on related party transactions is provided in the notes of the financial statements.

Internal control

Teleste's internal control is designed to support the implementation of the strategy and to ensure the achievement of the specified goals, compliance with the regulations as well as the reliability and accuracy of financial reporting. Internal control is based on Teleste's values and corporate culture, as well as Group- and operational-level structures

and processes that support each other. The management of the Group and the business units are responsible for internal control as part of their normal managerial duties, while the Board evaluates and monitors the effectiveness of internal control. In each of the two business units, the management of the business unit, supported by Teleste's centralized business controller function, is responsible for compliance with the principles of internal control on all levels of the units.

Risk management

Teleste's risk management policy defines the objective of risk management as the achievement of strategic objectives. The principles and objectives of the Group's risk management are subject to approval by Teleste's Board of Directors. Risk management aims to ensure the achievement of business goals, so that any material risks affecting business operations and posing a threat to the achievement of goals are identified and continuously monitored and evaluated. The company has risk management methods in place to prevent the materialization of risks. In addition, insurance is used to cover financial risks and other risks that are reasonably insurable. Regular, cost-efficient evaluation and management of risks are emphasized in Teleste's risk management policy. Risk management supports the business operations and generates added value that promotes decision-making and goal-setting by the management in charge of business operations. Monthly reporting constitutes part of the internal control and risk management system. In particular, it is used for the monitoring of the development of orders received, order backlog, deliveries, net sales, profitability, trade receivables, working capital and cash

flow and, consequently, the development of Teleste Group's performance. The Board of Directors reviews essential business risks and their management quarterly and whenever necessary. Risk management constitutes an integral part of the strategic and operational activities of the business units and Group functions. Risks are reported to the Board on a regular basis.

Teleste's risk management system covers the following risk categories: strategic risks, operational risks, financial risks and hazard risks. For each identified risk, the Leadership Team confirms a risk owner who is responsible for risk assessment, selecting the risk management strategy, planning risk management actions and assigning responsibilities for them, and risk monitoring.

Internal auditing

Internal auditing includes evaluating the efficiency of processes related to risk management, supervision, management, administration and selected functions, as well as making proposals for their improvement. Internal auditing functions under the authority of the Board's Audit Committee. The CEO or a director appointed by the CEO is responsible for the implementation of the auditing, and the expertise of bodies external to the auditing unit is used where needed. In addition, internal auditing may carry out special tasks assigned by the Audit Committee. Internal auditing covers all the organizational levels. Internal auditing also coordinates priorities together with the external auditor.

Key features of the internal control and risk management systems related to the financial reporting process

The internal control and risk management of the financial reporting process are based on the general principles of internal control and risk management described above as well as the auditor's recommendations concerning best practices related to reporting processes and the control environment. The CFO is responsible for the systems of internal control and risk management related to the financial reporting process.

The internal control of the financial reporting process is established by describing the reporting process and specifying the control points on the basis of a risk assessment. The controls cover the entire reporting process from accounting by subsidiaries to monthly, quarterly and annual reporting. Controls are built into reporting systems, or controls may involve balancing, inspections carried out by the management, or specified procedures or policies. The CFO is responsible for ensuring that there is a designated person responsible for the implementation and efficiency of each control. The Group Accounting Manual specifies the standards for financial reporting. Financial reports to be published are reviewed by the Leadership Team, the Audit Committee and the Board of Directors prior to their publication.

The auditor elected by Teleste's Annual General Meeting audits the consolidated financial statements and parent company financial statements and reviews the stock exchange releases issued on interim reports and the financial statements. The Group's largest subsidiaries conduct a local audit.

Sustainability Report

Corporate responsibility is an important part of the company's operations and the product and service offering. The company's products and services promote safety, security, environmentally friendly and efficient public transport as well as energy-efficient digital communications solutions.

The company's management has assessed the materiality of different aspects of corporate responsibility with respect to the company's stakeholders and business operations. By taking all facets of corporate responsibility into consideration, the company wants to ensure that its responsibility-related measures enable a sustainable future for the generations to come. At the same time, the company responds to the expectations of customers, investors and other stakeholders, and ensures its position as an attractive employer.

The Corporate Sustainability Reporting Directive (CSRD) is the European Union's regulatory framework created to improve and standardize corporate sustainability reporting. It entered into effect starting from the financial period 2024. In March 2025, Teleste Corporation published its first sustainability report in accordance with European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD) and in compliance with the provisions of chapter 7 of the Finnish Accounting Act, on the financial period 2024.

The Omnibus package, which was under consideration by the EU at the time of publication of the financial statements, includes amendments to several directives, including

the Corporate Sustainability Reporting Directive (CSRD). The company will monitor legislative developments, assess their impacts and make decisions regarding the form of its sustainability and taxonomy reporting once the changes have been confirmed.

In addition to sustainability reporting, the impact of the company's sustainability efforts has been monitored by means of the international EcoVadis sustainability assessment for several years now. Teleste has achieved a Gold Medal in the assessment, which is only awarded to the top 5% of the audited companies. In the EcoVadis assessment, companies are benchmarked against other companies, which means that maintaining the Gold Medal rating requires continuous development and progress. In 2024, the company made a commitment to the Science Based Targets initiative (SBTi) to achieve a clear path towards the emissions targets stipulated by the Paris Agreement. The process of obtaining approval for Teleste's SBTi targets is under way. In 2023, the company also made a commitment to the UN Sustainable Development Goals and the UN Global Compact, which is based on the SDGs and is the world's largest corporate responsibility initiative. Together, EcoVadis, the UN Global Compact and the EU's reporting obligations support the continuous development of sustainability efforts.

In the next section, we present our sustainability report for the financial period 2025, as in the previous year. The report contains verified information on the company's material sustainability themes.

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1. General Disclosures ESRS 2

General disclosures, including information provided under the Application Requirements of topical ESRS listed in ESRS 2 Appendix C.

BASIS FOR PREPARATION

GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT (BP-1)

Teleste Corporation and its subsidiaries form a group ("Teleste", "the Group", "the company") consisting of two business segments: Broadband Networks and Public Safety and Mobility. The business segments have been incorporated as subsidiaries that are 100% owned by Teleste Corporation. The parent company also has Group functions that support the operations of the business units by providing various administrative and other services.

The sustainability report has been prepared on a consolidated basis. The scope of the report is consistent with the scope of the consolidated financial statements of Teleste Corporation. The report has been prepared in accordance with the provisions of chapter 7 of the Finnish Accounting Act. The report describes the impacts, risks and opportunities related to Teleste's own operations and value chain. The value chain is described in more detail in the section "Strategy, business

model and value chain" (SBM-1). No material information has been omitted from the sustainability report on the basis of the information corresponding to intellectual property, know-how or the results of innovation.¹

The reported sustainability aspects and indicators are based on Teleste's double materiality assessment, which was first conducted in the financial year 2024 and subsequently updated during the financial year 2025. The material reporting requirements from the perspective of the company's operations, products and stakeholders have been selected on the basis of the materiality assessment. The material impacts, risks and opportunities and aspects to be reported, which were determined on the basis of the double materiality assessment, were approved by the company's Board of Directors on 4 November 2025. This consolidated sustainability report is Teleste's second sustainability report in accordance with the ESRS.²

The reporting period is consistent with the financial reporting period. For this report, the financial year is 1 January 2025-31 December 2025.³ The materiality assessment and its results are discussed in more detail in the section "Description of the processes

to identify and assess material impacts, risks and opportunities" (IRO-1).

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES (BP-2)

During the period under review, there were no circumstances exceptional for the business that would have had a significant effect on the content of the company's sustainability reporting.⁴

Time horizons

The time horizons defined in the ESRS are, as a rule, used in the report. Short-term refers to the reporting period, medium-term refers to the period from the end of the reporting period up to five years, and long-term refers to a time horizon of more than five years. Teleste deviates from these definitions in the climate risk assessment and resilience analysis, for which the time horizons were defined as follows: in the short-term time horizon, the risk was estimated to be realized by 2026, in the medium-term time horizon by 2030, and in the long-term time horizon by 2050. For climate risks, the decision was made to keep the time horizons consistent with the time horizons used in Teleste's climate targets.⁵

The report includes all ESRS standards identified as material in the double materiality assessment: ESRS 2, E1, E5, S1 and G1. Transitional provisions have been applied on a standard-specific basis for data points that are subject to transitional provisions. Transitional provisions have been applied in the following sections:

- ESRS 2 :SBM-1 40 b,c and SBM-3 48e
- ESRS E1; E1-9
- ESRS E5: E5-6
- ESRS S1: S1-11, S1-15⁶

Value chain estimation, sources of estimation and outcome uncertainty

Teleste's reporting mainly includes metrics related to the company's own operations. However, the company's emissions calculation and related metrics in section E1 and the share of recycled aluminum in Teleste's products in section 2 also contain information related to the value chain. As is typical, the scope 3 emission category, which describes the emissions of the value chain, includes estimates in particular. Supplier-specific emissions data and factors have been used in the calculation of transport emissions whenever they are available, thus aiming for the most

¹ ESRS2, BP-1, 5 a, b, b(i), c, d, e

² ESRS 2, BP-1, 3, 5a

³ ESRS2, BP-1, 3, 5a

⁴ ESRS2, BP-2, 6

⁵ ESRS 2, BP-2, 9a, b

⁶ ESRS2, BP-2, 17

accurate possible calculation result. The company partly utilizes obtained emissions data and calculations based on metric ton-kilometers, which include assumptions and uncertainties. These are described in section E1 in the paragraph "Metrics and targets (E1-4)". There are also uncertainties associated with determining the proportion of recycled aluminum, and these are described in more detail in section E5 in the paragraph "Resources inflows, including resource use (E5-4)". Teleste aims to continuously improve the accuracy and reliability of the data.⁷ The company has not reported any quantitative metrics or monetary amounts that are subject to a high level of measurement uncertainty.⁸

Changes in preparation or presentation of sustainability information

Two new material sustainability risks were identified in the double materiality assessment. The risks are related to cyber security and the topic of corruption and bribery. These risks are reported in the section "Business conduct" (ESRS G1). Teleste's scope 1 emissions calculations have been updated to include fuel consumption data, which was missing from the previous calculations. This affects the figures presented in section E1 of the report in paragraphs "Energy consumption and mix" (E1-5) and "Gross Scopes 1, 2, 3 and Total GHG emissions" (E1-6). The scope 1 calculations have also been supplemented with regard to refrigerants, which is also reflected in a minor change in the outcomes related to the company's emission reduction targets in the section "Metrics and targets" (E1-4). The changes to the comparison data have not been verified.

Reporting errors in prior periods

A minor correction has been made to the weight of secondary reused or recycled components, secondary intermediary products and secondary materials (kg and %) presented in Table 15 in section E5-4 for the financial year 2024. This is due to the recycling rate applied for packaging material in the NET business, which was reported as 80% in 2024, when the actual share of recycled packaging material was 21%. However, the correction did not have a significant effect on the percentage of secondary reused or recycled components, secondary intermediary products and secondary materials presented in Table 15. The changes to the comparison data have not been verified.⁹

GOVERNANCE

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-1)

The following six persons were re-elected as members of the Board of Directors at the Annual General Meeting on 23 April 2025: Timo Luukkainen, Jussi Himanen, Vesa Korpimies, Mirel Leino-Haltia, Anni Ronkainen and Kai Telanne¹⁰.

The members of the Board of Directors are not employees of the company. Of the members of the Board of Directors, 100% are independent of the company, when assessed according to the Finnish recommendations. Of the members of the Board of Directors, 66% are independent of the company's significant shareholders. The gender distribution of the Board of Directors (ratio of female to male members) was 0.5.¹¹

The Board of Directors that convened after Teleste's AGM on 23 April 2025 decided on the following Audit Committee composition: Mirel Leino-Haltia (Chair), Jussi Himanen and Vesa Korpimies. Effective from 23 April 2025, the Personnel and Remuneration Committee has consisted of Kai Telanne (Chair), Timo Luukkainen and Anni Ronkainen.

On 31 December 2025, the Group's Leadership Team consisted of eight members including the CEO, to whom the members of the Leadership Team report. Esa Harju, Ulf Andersson, Pasi Järvenpää, Linda Kallas, Meri Kerkelä-Hiltunen, Esa Korolainen, Valerian Sand and Tuomas Vanne were members of the Leadership Team for the entire financial year. All members of the Leadership Team, with the exception of the CEO, are employed by the company. The gender distribution of the Leadership Team (ratio of female to male members) was 0.33.¹²

The governance bodies responsible for the administration and operations of Teleste Corporation are the Annual General Meeting, the Board of Directors and the CEO, assisted by the Shareholders' Nomination Board, the Board of Directors' Audit Committee and Personnel and Remuneration Committee, and the Leadership Team, which is led by the CEO. The governance policies are defined in the rules of procedure of each governance body.¹³

Sustainability-related topics are addressed in accordance with Teleste's sustainability management model. Traditionally, sustainability efforts have been focused on the management of risks and impacts. Following the double materiality assessment, opportunities will also be incorporated into the process. In 2025, the assessment of sustainability-re-

lated risks and opportunities was integrated more closely into the Group-level process for managing risks and opportunities.¹⁴

Teleste's sustainability management model:

Board of Directors

Teleste's Board of Directors is the highest decision-making body in strategic matters related to sustainability. The Board of Directors confirms the material sustainability themes and approves the key policies and strategy, as well as the company's double materiality assessment and sustainability report.¹⁵

The Audit Committee of the Board of Directors is responsible for monitoring and evaluating the company's sustainability reporting. The Personnel and Remuneration Committee discusses and prepares matters related to the remuneration of the company's management (CEO and Leadership Team), including sustainability-related targets as part of the management's remuneration. The Board of Directors and the Leadership Team have access to the expertise of sustainability experts employed by the company.¹⁶

CEO and Leadership Team

The CEO is responsible for the Group's implementation of the sustainability targets confirmed by the Board of Directors. The CEO reports to the Board of Directors on material sustainability-related impacts, risks and opportunities. The CEO and the Group's Leadership Team addresses the Group's sustainability-related impacts, risks and opportunities, oversees the company's sustainability efforts and provides the necessary resources for sustainability efforts. The Senior

⁷ ESRS 2, BP-2, 10
⁸ ESRS 2, BP-2, 11
⁹ ESRS 2, BP-2 14 a,b

¹⁰ ESRS 2, GOV-1, 22 a
¹¹ ESRS 2, GOV-1, 21 a, b, d, e
¹² ESRS 2, GOV-1, 22 a

¹³ ESRS 2, GOV-1, 22, AR 3,
 ESRS 2, GOV-1, 22 b
¹⁴ ESRS 2, GOV-1, 22 c, ciii

¹⁵ ESRS 2, GOV-1, 22 c
¹⁶ ESRS 2, GOV-1, 22 c, 23 a

Vice President, Strategy, Communications & Sustainability is a member of the Leadership Team and is in charge of the company's sustainability efforts and the sustainability and quality team. Progress towards sustainability targets is monitored by both the Leadership Team and the sustainability steering group.¹⁷

Sustainability steering group

The sustainability steering group acts as a preparatory body for the decision-making of the Leadership Team. It includes representatives from the Leadership Team and the sustainability and quality team, as well as the Senior Legal Counsel.¹⁸

Sustainability and quality team

The sustainability and quality team coordinates Teleste's sustainability efforts. The team works together with a network comprised of representatives of various functions and business units. The business units and Group functions are responsible for the implementation of sustainability efforts and ensuring that the company meets all of its commitments.¹⁹

The material impacts, risks and opportunities being focused on the themes of climate and circular economy has been taken into account in the allocation of resources to sustainability functions. Actions and expertise related to own workforce and social responsibility have been concentrated in the HR department. Governance-related expertise is concentrated in the legal department. The HR department maintains a competence matrix, which is presented to the executive management on a regular basis. Competence related to sustainability is addressed, based on the executive management's report, as

part of operational processes related to competence, which are also subject to approval by the governance bodies.²⁰

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-2)

Sustainability topics, including actions and targets related to the minimization of impacts, are addressed by several different functions in accordance with the sustainability management model. Teleste's environmental and climate targets are an integral part of the company's ISO14001-certified environmental management system, the targets of which are monitored by the Leadership Team in annual management reviews.

As a rule, the sustainability steering group meets monthly. The steering group addresses current measures and targets related to both sustainability and quality, and sets guidelines for practical sustainability efforts.

Sustainability matters, including targets, impacts, risks and opportunities, are regular items on the Leadership Team's agenda.

The due diligence process involves many different functions. The process is not addressed as a separate set of measures — instead, the different parts of the process are addressed as necessary as part of the measures taken by each function.

The sustainability steering group acts as a preparatory body for the administrative, management and supervisory bodies in sustainability matters. Targets and actions related to social responsibility are primarily addressed as part of HR matters. In connection with

the double materiality assessment, information was provided to the administrative and supervisory bodies on both the assessment process itself and the material impacts, risks and opportunities identified on the basis of the process. In accordance with their roles, the executive management presents sustainability-related matters to the Audit Committee, which issues its recommendations before approval by the Board of Directors. Sustainability matters are on the agenda of the Board of Directors at least annually.

Although sustainability has already been on the agenda of the management and the sustainability steering group previously, the company deemed it necessary to clarify the management model. A clearer description of the sustainability management model was created in 2024. The management model describes the responsibilities and division of duties of different organizations and working groups with regard to sustainability matters. Top management, i.e. the Board of Directors, approves the most important sustainability targets and the sustainability report.

In 2025, sustainability — especially changes in EU legislation and the double materiality assessment — were also on the agenda of the Board of Directors and the Audit Committee. Measures related to structuring the company's sustainability efforts are continuing, and the goal is to embed sustainability even more systematically into the company's existing operating practices and guidelines. This is supported by the company's organizational structure, where sustainability and quality are part of the same organization at the Group level.

Teleste's previous sustainability impact assessment process was based on a mate-

riality assessment that is simpler than the double materiality assessment, and the sustainability priorities have been defined on the basis of the double materiality assessment. Sustainability, including ethical operating practices, has been taken into account in the background work for the strategy. The sustainability steering group participates in determining sustainability targets and priorities.

The management of sustainability-related risks and opportunities was integrated into the Group-level risk and opportunity management process in connection with the development of the risk and opportunity process. The Group-level risk and opportunity management process provides inputs for the strategy process.

In the Leadership Team, the Senior Vice President, Strategy, Communications & Sustainability is in charge of sustainability. In accordance with her role, she brings the sustainability perspective to the Leadership Team's work.

The following sustainability-related topics, among others, were addressed in the meetings of the Leadership Team during the financial year 2025:

- Updates to Group policies
- Employee well-being and development
- Occupational safety
- Sustainability reporting
- Double materiality assessment process and its outcomes
- Environmental and climate targets, SBTi commitment²¹

¹⁷ ESRS 2, GOV-1, 22 c, cii, 22 d

¹⁸ ESRS 2, GOV-1, 22 c, ci,ii

¹⁹ ESRS 2, GOV-1, 22 c

²⁰ ESRS 2, GOV-1, 23, 23a, b

²¹ ESRS2, GOV-2, 26 a-c

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES (GOV-3)

Teleste has two types of incentive schemes in place: a long-term incentive scheme and a short-term incentive scheme. The metrics of both schemes consist of both financial and operational metrics. The targets established for the Leadership Team’s variable remuneration components include a sustainability-related metric. The company uses the results of the external EcoVadis sustainability assessment as a metric. The assessment takes into account climate- and human rights-related matters, for example. The metric assesses the sustainability and social responsibility of companies based on four key themes: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

From the EcoVadis rating used as a metric, it is not possible to separately distinguish Teleste’s performance relating to the company’s climate targets. The EcoVadis assessment process helps Teleste manage ESG risk and compliance, achieve its sustainability targets and make a broad impact by steering the improvement of the sustainability performance of the company and its value chain.²²

The conditions of Teleste’s incentive schemes concerning the variable remuneration component for the company’s personnel, including the management, are approved by the Board of Directors. Sustainability-related metrics have not been incorporated into the remuneration of the company’s Board of Directors or other governance bodies. The company’s Remuneration Policy and related guidelines do not include a separate requirement for the company’s personnel (including

the Leadership Team) or the administrative, management and supervisory bodies regarding the integration of sustainability metrics in the company’s various incentive schemes.²³

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING (GOV-5)

Teleste has a robust risk management policy and process for the Group. The sustainability-related risks identified as material in the double materiality assessment and the management of sustainability risks were integrated into Teleste Group’s risk management process in 2025. Sustainability-related

risk management and the development of internal control processes will continue in the coming years.

Risk management is an integral part of decision-making, management and day-to-day operations in Teleste’s business units and Group functions (OLS, R&D, IT, finance and control, HR, legal). Risk management is applied at the strategic, operational, business program and project levels. Sustainability-related risk management has been integrated into the Group’s approach.

Risk owners determine the risk management method as part of risk assessment. The risk management methods are as follows:

- Risk avoidance, which is aimed at the elimination of the risk or the company’s withdrawal from, or non-participation in, the risk. This also includes the avoidance of actions that could cause the risk in question.
- Risk mitigation, which is aimed at optimizing or mitigating the risk. Risk mitigation means reducing the severity or probability of loss.
- Risk sharing, which is aimed at transferring, externalizing or insuring against the risk.
- Risk acceptance or retention, which means accepting the loss or benefit arising from the realization of the risk.

STATEMENT ON DUE DILIGENCE (GOV-4)

CORE ELEMENTS OF DUE DILIGENCE	Paragraphs in the report	Brief description
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-1, description of governance model, ESRS E1 MDR-P policies, ESRS E5 MDR-P policies, ESRS G1 MDR-P policies, ESRS S1 MDR-P policies	Description of the governance model concerning sustainability matters Policies related to sustainability matters
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2: SBM-2 Stakeholders and stakeholder engagement. ESRS 2: SBM-3 materiality assessment	Stakeholder engagement and the involvement of stakeholders in the assessment of material impacts, risks and opportunities
Identifying and assessing adverse impacts	ESRS 2 SBM-3: materiality assessment ESRS 2 IRO-1: material impacts	Identification of adverse impacts as part of the materiality assessment Description of material impacts
Taking actions to address those adverse impacts	ESRS E1 MDR-A actions ESRS E5 MDR-A actions ESRS G1 MDR-A actions ESRS S1 MDR-A actions	Topic and impact-specific descriptions for the prevention of material adverse impacts
Tracking and communicating the effectiveness of these efforts	ESRS E1 MDR-T targets ESRS E5 MDR-T targets ESRS G1 MDR-T targets ESRS S1 MDR-T targets	Impact-specific targets and metrics for tracking the effectiveness of actions

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²² ESRS 2, GOV-3, 29a-e ja E1, E1.GOV-3, 13

²³ ESRS 2, GOV-3, 29a-e ja E1, E1.GOV-3, 13

²⁴ ESRS 2, GOV-4, 30.32

When the chosen risk management method is risk mitigation or risk sharing, the risk owner designates a person responsible for the risk management actions. The owner of the risk management actions plans the appropriate measures to achieve an acceptable balance between the impact of the potential risk and business objectives. The risk owner must integrate the risk management measures into the relevant business processes and evaluate the effectiveness of the actions in question.

Teleste's risk management policy and process also apply to sustainability risks. The owner of risk management actions is responsible for the implementation and monitoring of the risk management actions.

The Chief Financial Officer (CFO) is responsible for preparing risk reviews and reporting key risks to Teleste's Audit Committee and Teleste's Board of Directors twice a year, in accordance with the annual schedule of the Audit Committee and the Board of Directors. Sustainability risks are included in risk reviews.²⁵

STRATEGY

STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)

Teleste is an international technology group that offers an integrated product and service portfolio that makes it possible to build a networked and secure society. Teleste's sustainability efforts are closely integrated into the business model and the goal of supporting a sustainable society. The key elements are focused on reducing environmental impacts, improving safety, sustainable supply chains, employee well-being and transparent report-

ing. Teleste participates in the EcoVadis sustainability assessment annually. In 2025, the company was awarded a Gold Medal in the assessment. This places the company in the top 5% of companies assessed during the preceding 12 months. EcoVadis is a globally recognized provider of sustainability ratings. It assesses companies in four key categories: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The company is also committed to the UN Global Compact corporate sustainability initiative and to setting science-based climate targets.

The company's main products include broadband network solutions and public transport and security solutions, such as passenger information systems and video security solutions, as well as related installation and maintenance services. Teleste's key markets are Europe and North America, and its main customer groups include telecommunications operators, public security operators, and transport and infrastructure companies. At the end of the reporting period, Teleste had 654 employees. The company had 475 employees in Finland, 158 in other European countries and 21 outside Europe.²⁶

Teleste Corporation's net sales in 2025 amounted to EUR 138.6 million. The company's primary sector is the electronics and electronic equipment sector.²⁷

The company has no activities related to the production of nuclear power or fossil energy, chemicals production, controversial weapons or tobacco products.²⁸

Teleste has no separate product-specific, service-specific or customer segment-specific sustainability targets. All sustainability targets apply to the entire Group.²⁹

Business model and value chain

Teleste is an international technology company that offers products and services related to broadband networks, video security and passenger information solutions. The company's value chain covers activities from the upstream value chain to the downstream value chain and includes both the company's own operations and key supplier and customer relationships.

In the upstream value chain, Teleste purchases components, parts and services from suppliers. These include electronic components and transport, among other things. The company works closely with its suppliers to ensure product quality, availability and sustainable operating practices.

Teleste's own operations cover product development, the procurement of components, manufacturing, testing and deliveries to customers. Manufacturing takes place mainly in Finland, where the products are assembled and tested. These activities play a key role in the company's value creation and ensuring customer satisfaction.

The downstream value chain includes product delivery, installation, after-sales services, maintenance and product end-of-life management. Teleste also offers installation and maintenance services to its customers.

Customers benefit from Teleste's innovative and reliable solutions that improve the performance and reliability of telecommunications networks, the smoothness of public transport and the security of society. Investors expect stable financial performance and dividend distribution. Other stakeholders value Teleste's responsible business and commitment to sustainability. Teleste controls a significant part of its value

chain internally, which improves efficiency and customer satisfaction.

The double materiality assessment covered the impacts, risks and opportunities of the entire value chain and business operations. The impacts, risks or opportunities related to Teleste's own operations were not disaggregated by business unit. The identified material impacts, risks and opportunities are mainly related to Teleste's entire business. The impacts related to the in-use energy consumption of products are particularly evident in the downstream value chain.³⁰

INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)

Teleste engages in regular interaction with key stakeholders and develops its operations based on stakeholder feedback. The views of stakeholders were utilized in the materiality assessment carried out in 2024, on the basis of which Teleste confirmed the sustainability themes that are material to the company's operations. The themes constitute the focal points of Teleste's sustainability efforts. The materiality assessment is discussed in more detail in the section *Material sustainability-related impacts, risks and opportunities*.

The purpose of stakeholder engagement is to communicate Teleste's strategy, business, targets, products and services to stakeholders and, at the same time, obtain information about the stakeholders' thoughts and wishes concerning Teleste's operations. The feedback is reviewed as part of the normal work of the Leadership Team, and the company aims to take stakeholder perspectives into account as quickly as possible in day-to-day operations. Perspectives

²⁵ ESR2, GOV-5, 36 a-e

²⁶ ESR2, SMB-1, 40, 40 a, ai,ii,iii, 40g

²⁷ ESR2, SMB-1, 40b

²⁸ ESR2, SMB-2, 40d

²⁹ ESR2, SBM-1, 40e,f

³⁰ ESR2, SBM-1, 42 a-c, ESR2, AR 14, AR15

that lead to larger, strategy-level changes are used as inputs in the strategy process.

Teleste's most significant stakeholders are customers, shareholders and investors, suppliers and the company's personnel. The perspectives and wishes of stakeholders are surveyed in various ways. With regard to investors and shareholders, the most important communication channels are external investor reporting, the separate investor pages on the company's website, the Annual General Meeting and various investor meetings. With the exception of public reports, all of the aforementioned communication channels are bi-directional. They provide stakeholder representatives with the opportunity to express their opinions and ask questions. Some of the aforementioned communication channels also serve as communication channels for customers. Information on customer wishes, ideas and requirements is obtained through various events and customer meetings.

The opinions of the personnel are listened to as part of day-to-day operations and supervisory work. The annual Success and Growth Discussions also provide a good opportunity to take the employees' opinions into consideration. Teleste also conducts regular pulse surveys among the personnel. The employees also have the opportunity to comment on the assessment of risks and opportunities.

Cooperation with suppliers mainly takes place in supplier meetings. Information is obtained from suppliers on, for example, new solutions that the product development and procurement organization can use in the design of existing and new products and the procurement of related materials.

Based on the stakeholder interviews and surveys conducted as part of the materiality assessment process, Teleste's most significant environmental impacts are related to energy consumption and the energy efficiency of products. The recyclability of materials was also highlighted as a key issue. With regard to social responsibility, the well-being of Teleste's employees was considered important and material also from the perspective of attracting and retaining talent. The positive impacts of the community from a broader perspective include, for example, improving remote work opportunities and supporting public transport and security. With regard to governance practices, the Nordic management style was highlighted as a positive aspect. The recent improvement in the Supplier Code of Conduct was recognized as a positive development. Information security was also mentioned, and improving documentation was highlighted as a development area.³¹

Among the stakeholders, the importance of sustainability has been highlighted by customers in particular. To respond to this wish, Teleste has developed its sustainability-related practices and sought to integrate sustainability into the processes of all organizations. The materiality analysis provided Teleste with good tools for developing its sustainability efforts. The company aims to integrate sustainability even more closely into its strategy. The company expects that increasing sustainability measures to change the stakeholder's sustainability perception of Teleste in the medium term.

Teleste's sustainability management model is described in more detail in the paragraph "The role of the administrative,

management and supervisory bodies (GOV-1)". The views of stakeholders are highlighted in accordance with the management model and as described above, as part of the normal work of the Leadership Team. The views of the company's key stakeholders were surveyed as part of the double materiality assessment carried out in 2024. The key perspectives obtained from stakeholders served as inputs for the strategy work.³²

MATERIAL SUSTAINABILITY-RELATED IMPACTS, RISKS AND OPPORTUNITIES (SBM-3)

Material sustainability-related impacts, risks and opportunities have been determined by means of a double materiality assessment. The aim was to identify and assess the impacts, risks and opportunities that may be of relevance to the implementation of the company's strategy in the short and long term, while simultaneously identifying and assessing the impacts of the company's business activities on society and the environment. Teleste's first double materiality assessment was carried out in 2024. The assessment was updated in 2025.

The most material impacts, risks and opportunities are described in the tables below for each ESRS standard. They are also discussed under each individual topic-specific standard. This report focuses on the topics covered by the ESRS. When the double materiality assessment was updated in 2025, information security was identified as a new material sustainability risk. Information security is an entity-specific topic that is addressed in section ESRS G1, Governance and corporate culture.³³

³¹ ESRS2, SMB-2, 45a, ai-v, 45b

³² ESRS2, 45a-d

³³ ESRS2, SMB-2, 48h

Table 1: Material impacts on the environment and society

Topic	Impact on the environment or society	Positive/ Negative	More detailed description of the impact	Actual/ potential	Position in the value chain
Climate change (E1)					
Climate change mitigation	Greenhouse gas emissions	Negative	Teleste's own operations and the entire value chain generate GHG emissions.	Actual	Entire value chain
Climate change adaptation	New environmentally friendly technologies	Positive	Energy-efficient solutions and products, as well as new innovative technologies, enable more sustainable and low-carbon infrastructure and the green transition.	Actual	Own operations
Climate change mitigation	Reducing the carbon footprint of products by means of energy-efficient solutions	Positive	A significant part of the carbon footprint of Teleste's products is caused by the in-use energy consumption of the products. Energy-efficient solutions significantly reduce the carbon footprint.	Actual	Customers
Climate change mitigation	Promoting and implementing sustainable practices throughout the value chain	Positive	By challenging the entire value chain to participate in the reduction of emissions and the adoption of sustainable practices, Teleste has the opportunity to have a positive impact.	Actual	Entire value chain
Climate change mitigation	Emissions caused by travel	Positive	Teleste enables reliable network solutions that reduce the need for travel and make public transport smoother and more attractive.	Actual	Customers and end-users
Energy	Reducing the life-cycle energy consumption of products.	Positive	A significant part of the carbon footprint of Teleste's products is caused by the in-use energy consumption of the products. Energy-efficient solutions significantly reduce Teleste's carbon footprint.	Actual	Own operations, customers
Energy	Energy consumption and the origin of energy in Teleste's own operations and logistics	Negative	Energy consumption has many negative environmental impacts, such as emissions arising from energy production. The source and production method of the energy used have a significant effect on the amount of emissions.	Actual	Own operations, supply chain

³⁴ ESR2, SBM-3, 48a, c

Circular economy (E5)					
Resources inflows, including resource use	Environmental impact of raw material consumption in production activities	Negative	Use of raw materials with a significant environmental impact in production activities.	Actual	Own operations
Resources inflows, including resource use	Use of recycled materials in production activities	Positive	Aluminum is a significant raw material in Teleste's products, and the use of recycled aluminum reduces environmental impacts and promotes the circular economy.	Actual	Own operations
Resource outflows related to products and services	Promoting the circular economy by producing easily recyclable and repairable products.	Positive	The products are designed to be repairable and easy to dismantle, which improves recyclability and extends the life-cycle of the products.	Actual	Own operations
Waste	Products with long lifespans reduce adverse environmental impacts.	Positive	Equipment that is designed to be modular enables software updates and repairability, extending the product lifespan and reducing waste.	Actual	Customers
Waste	Amount of waste produced	Negative	Teleste's operations mainly generate recyclable waste.	Actual	Own operations
Own workforce (S1)					
Working conditions	Minimum and equal pay	Positive	Employee well-being is improved by Teleste's focus on adequate and equal pay, as well as training and skills development in all operating countries	Potential	Own operations
Working conditions	The Nordic management model improves work-life balance	Positive	The flexibility enabled by Teleste as an employer – such as flexible working hours, opportunities for remote work, parental leave and childcare opportunities – improve the work-life balance. These measures also enable long careers and high job satisfaction.	Actual	Own operations
Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Negative	Diversity, equality and inclusion of employees and Board members, the proportion of women among the workforce	Actual	Own operations
Governance Business conduct (G1)					
Corporate culture	Code of Conduct and whistleblowing channel	Positive	A strong corporate culture encourages ethical business	Actual	Own operations
Protection of whistleblowers	Society's economic and public interests	Positive	The effective protection of whistleblowers improves the prevention and detection of misconduct that has an adverse impact on the public interest, and improves opportunities to address misconduct	Actual	Koko arvoketju

The negative impacts related to climate change and the circular economy described above are related to carbon dioxide emissions and the consumption of materials. They are typical of the manufacturing industry. The positive impacts related to climate change and the circular economy, in turn, are directly linked to Teleste's operations and strategy. With regard to Teleste's own workforce, the positive impacts and the identified negative impact are related to Teleste's operating model and strategy. The positive impacts related to governance are related to Teleste's operating model and strategy. All of the impacts identified as material have been assessed over the medium term.

The identified material impacts are mainly related to Teleste's own operations and operating model. However, the impacts related to climate change and the circular economy also include impacts related to the value chain, such as emissions caused by the in-use energy consumption of products, and energy-efficient products. The governance-related impacts extend not only to Teleste's own operations but also to the value chain through business relationships.³⁵

The company's most material risks and opportunities were also determined on the basis of the materiality assessment. The material risks and opportunities are described in the tables below for each ESRs standard. All of the opportunities identified as significant in the double materiality assessment are linked to climate change, while the identified material risks relate to climate change, circular economy, own workforce and governance.

Table 2 Material sustainability risks

Topic	Description of the risk	Impact on business and the value chain	Time horizon (Short-term → 2026, Medium-term → 2030, Long-term → 2050)	Position in the value chain
Climate change E1				
Transition risks				
Climate change adaptation	Societal uncertainty caused by climate change	Geopolitical threats may lead to significant availability issues. Certain sanctions may affect the export business. Changes in international trade agreements may weaken Teleste's competitiveness.	all time horizons	Entire value chain
Climate change mitigation	Increasing regulation	Changes in international trade agreements may weaken Teleste's competitiveness. New regulations can increase raw material prices and cause temporary availability problems.	all time horizons	Own operations
Climate change adaptation	Component availability problems or suppliers discontinuing their production activities entirely	The product business accounts for a large proportion of Teleste's net sales. Consequently, Teleste's products are vulnerable to component availability challenges. A change in a component may require new type approval. Component availability challenges may also reduce profitability if materials need to be purchased in a currency other than that used in the company's manufacturing and accounting functions.	all time horizons	Supply chain
Climate change mitigation	Impacts of climate change on the technology transition.	Climate change creates uncertainties regarding the speed of the technology transition, making it more difficult to predict.	medium-long	Own operations, customers
Climate change adaptation	Uncertainty in customers' business operations due to climate-related reasons	Some of the company's significant customers are located in at-risk regions from the perspective of climate change. The impact of the risk is directly proportional to the size of the customer account.	medium-long	Customers

³⁵ ESRs2, 48cii-iv

The risks identified as material in relation to climate change were analyzed in more detail in the resilience analysis. In connection with this, the risks were grouped into larger sets to improve understandability. The results of the resilience analysis are described in more detail in section E1 Climate change. With regard to many risks, the impacts on Teleste's business and the measures to prepare for the risk are quite similar in practice.³⁶

All impacts identified as material are estimated to occur over a period of 1–5 years.³⁷ The time horizon of the risks is described in table 2.

Table 3 describes the physical and transition opportunities related to climate change. No material opportunities were identified under the other ESRS topics.

Physical risks					
Climate change adaptation	Power and telecommunications outages caused by extreme weather phenomena	Power and telecommunications outages interrupt production and disrupt the work of the rest of the organization. They can also result in machine breakdowns and small amounts of material waste.	all time horizons	Own operations	
Climate change adaptation	Heat waves and a permanent rise in temperatures	Increased need for cooling in production, processes and operating premises. Product manufacturing requires stable conditions. Increased heat resistance/cooling needs for products.	all time horizons	Own operations	
Energy	Increasing energy consumption due to changing weather conditions	Increased need for cooling or heating in production, processes and operating premises. Product manufacturing requires stable conditions. Increased heat resistance/cooling needs for products.	medium-long	Own operations and supply chain	
Circular economy E5					
Resources inflows, including resource use	Loss of key employees due to deterioration of work-life balance	Due to the lack of investment opportunities, there is a high risk that the work-life balance will deteriorate and Teleste will lose key employees.	Medium-term	Supply chain	
Own workforce S1					
Working conditions	Loss of key employees due to deterioration of work-life balance	Due to the lack of investment opportunities, there is a high risk that the work-life balance will deteriorate and Teleste will lose key employees.	Medium-term	Own operations	
Governance Business conduct (G1)					
Corruption and bribery	Corruption or bribery in Teleste's supply chain or own operations	If Teleste or one of its suppliers were to be linked with an allegation of corruption or bribery, this could lead to the termination of the business relationship with some customers.	Medium-term	Own operations and supply chain	
Cyber security	Cyber attack	A successful cyber attack could lead to internal or external data leaks or business disruptions.	Medium-term	Own operations and customers	

³⁶ ESRS2, SBM-3, 48a

³⁷ ESRS2, SBM-3, 48ciii

The material sustainability impacts and risks are largely taken into account in the company's sustainability efforts, the background factors of the strategy, the business model and decision-making. Teleste's sustainability efforts are the subject of continuous development and, in the future, the company will pay increasing attention to the management of sustainability-related opportunities in particular. Teleste has no significant sustainability-related risks that would currently affect the next annual financial reporting.

Sustainability-related risks and opportunities are taken into account in the Group-level risk and opportunity management process. Teleste's strategy and business model are adapted as necessary to mitigate risks and take advantage of opportunities. The risk and opportunity management process provides inputs for strategy work.

The resilience of the strategy and business model with regard to the climate-related risks described above has been analyzed in connection with the climate resilience analysis. The results of the analysis are described in table 8 "Resilience analysis". Based on the analysis, Teleste's strategic measures, technological innovation capacity, strong in-house product development, manufacturing expertise and cooperation with suppliers increase resilience to risks caused by climate change. The company has not carried out a detailed analysis with regard to other risks, impacts and opportunities. The company did not identify any separate significant financial effects related to material risks and opportunities during the reporting period. The company has not prepared any financial forecasts in which the impact of an individual risk would

Table 3 Material opportunities

Topic	Description of the opportunity	Impact on business and the value chain	Type of opportunity	Position in the value chain
Climate change (E1)				
Climate change adaptation	Business opportunities created by changes caused by extreme weather phenomena	For example, replacing equipment damaged by storms, more maintenance or remote maintenance services, energy-efficient equipment. Equipment for extreme weather conditions.	Physical	Own operations
Climate change mitigation	Business opportunities related to climate change mitigation	Tighter legislation may increase business opportunities, especially in public transport and smart network solutions.	Transition	Own operations
Climate change mitigation	The emergence of entirely new business areas in the transition towards a more climate-resilient future	The green transition may create unexpected needs to develop new products or applications that are supported by Teleste's technology and innovation expertise.	Transition	Entire value chain

be significant in the next reporting period.³⁹

The double materiality assessment was reviewed and updated in 2025. Teleste's external stakeholders were not engaged in the process of updating the assessment, as stakeholders were previously engaged in the process when conducting the 2024 assessment, and there had been no significant changes in operations.

Slight changes were made to impacts, risks and opportunities in the review. With regard to the impacts, the changes were not significant. Instead, they were corrections to the impact descriptions. The number of impacts remained unchanged. Two new risks were added to the list of material risks. The risks are related to cyber security and the topic of corruption and bribery. These topics are reported in section ESRS G1 Governance and corporate culture. Changes were also made to material opportunities. Compared to the previous reporting period, the number of opportunities decreased from five to three.

The results of the 2025 double materiality assessment have been reviewed and approved in accordance with Teleste's sustainability management model.⁴⁰

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

Teleste has an established and regularly repeated Group-wide risk management process, which is supplemented by an ESRS-compliant double materiality assessment. A double materiality assessment of sustainability has been utilized in assessing the themes and impacts that guide Teleste's sustainability efforts.

In 2024, Teleste conducted a materiality assessment in accordance with the ESRS, based on which the key impacts, risks and

opportunities related to the company's business were assessed, particularly from the perspective of sustainability. The aim was to identify and assess the impacts, risks and opportunities that may be of relevance to the implementation of the company's strategy in the short and long term, while simultaneously identifying and assessing the impacts of the company's business activities on society and the environment. The company's previous risk management process was primarily focused on identifying and assessing risks, threats and opportunities that are relevant to the implementation of the company's strategy or maintaining the company's value. The double materiality assessment adds to the established risk management process the company's impacts on society and the environment, as well as the risks and opportunities associated with them.⁴¹

The process of determining material impacts began with a background analysis. The purpose was to generate a long list of

³⁸ ESRS2, SMB-3, 48a

⁴¹ ESRS2, IRO-1, 53a

³⁹ ESRS2, SMB-3, 48b, d, f

⁴⁰ ESRS2, SBM-3, 48g

potential impacts on people and the environment in Teleste's context. The background analysis took into account Teleste's business objectives, values, impacts relevant to the industry and reporting requirements. The long list of impacts included a total of 125 impacts that were grouped into 21 ESG themes (short list) to facilitate the determination of materiality.

The next step was to decide which stakeholders to include in the assessment. In the materiality assessment, the most significant stakeholders were defined as suppliers, customers, shareholders and investors, as well as the company's own personnel. As the company's Board of Directors also includes shareholders, the Board of Directors represented the perspective of investors and shareholders in the materiality assessment.

Priorities were assigned to the impacts on people and the environment on a scale of 1–5 by both stakeholder representatives and Teleste's personnel. This score represented the significance of each impact. The overall score for impact materiality also consisted of scope (on a scale of 1–5), irremediability (on a scale of 1–5) and likelihood (on a scale of 0–1, where 1=100%).

Impact materiality was assessed on the basis of the total of the four scores or high significance. For the total score, the materiality threshold was defined as 3. Impacts with a significance score of 4 or higher were also defined as material.

In connection with the assessment of material impacts, the aim was to take impacts on people and the environment into account as broadly as possible by engaging different stakeholders in the assessment.

In the background analysis behind the long list of impacts, efforts were made to take the entire industry's impacts into consideration. The value chain perspective was taken into account by engaging both suppliers and customers in the process. The stakeholder perspective was taken into account by interviewing representatives of external stakeholders. The company's own personnel also participated extensively in the materiality assessment. Representatives of external stakeholders assessed the materiality of the impacts. External experts were used in the materiality assessment.

Impact materiality was assessed on the basis of the significance, scope, irremediability and likelihood of the impacts. For negative impacts, the assessment also took into account the irremediable character of the impact: if the total score for an impact did not exceed the materiality threshold but its irremediable character was assessed as high, it was identified as a material impact. The impacts were divided into actual and potential impacts. For potential impacts, the likelihood of the impact was also determined. No particular functions or business relationships with an elevated risk of adverse impacts were separately identified or taken into account in connection with the process. All of the actual and potential impacts that exceed the materiality threshold are material.⁴²

The assessment of material risks and opportunities also began with the preparation of a long list of potential sustainability-related risks and opportunities. The list was prepared on the basis of Teleste's risk analysis and supplemented by opportunities and other risks in a workshop. The list includ-

ed a total of 150 risks and opportunities, covering all 10 ESRS standards and certain company-specific topics.

The scale and likelihood of the risks and opportunities were assessed by project managers. The assessment included the following perspectives: scale: Impact on the company's development, financial position, financial performance, cash flows, access to financing or capital costs in the short, medium or long term. The scale was estimated in millions of euros. Likelihood: How likely is it that the risk or opportunity will materialize. Likelihood was assessed on a scale of 0–1, where 1=100% likelihood of materialization.

The analysis of risks and opportunities was based on the same background material as the assessment of impacts. For example, with regard to climate risks, the link between impacts and risks and opportunities is clear.

A risk or opportunity was considered material if its scale exceeded EUR 1.35 million or if the total impact and likelihood score was 1 or higher (on a scale of 0–3).

The materiality assessment focused particularly on assessing sustainability-related risks. Drawing the line between sustainability-related risks and other risks was challenging in some respects. When the risks were analyzed in more detail, it became apparent that it was difficult to justify the link between climate change and changes in exchange rates, which were defined as a material risk, for example. In connection with the reporting on the year 2024, it was also observed that the link between the impacts and the risks and opportunities should be taken into consideration in more detail in connection with the double materiality assessment.

As the double materiality assessment on which the sustainability reporting is based was carried out as a separate process, its results are not fully comparable with the company's previous materiality or risk assessments. The company considers sustainability-related risks to be of equal value to other risks. However, with regard to the reporting on 2024, the low comparability of the results of different analyses did not make it possible to apply the same process to taking all of the company's risks into account in financial and sustainability reporting. This was taken into consideration in the development of the risk and opportunity assessment process in 2025. In accordance with the current practice, sustainability-related risks and opportunities are assessed and addressed as part of the Group-level process for managing risks and opportunities.⁴³

The material impacts, risks and opportunities were analyzed in a workshop led by an external expert. Members of Teleste's materiality assessment project team participated in the workshop. The project team also included members of Teleste's Leadership Team. The materiality thresholds were defined in the workshop. The final report on the materiality assessment and the material aspects of sustainability were also approved by the company's Board of Directors.⁴⁴

The risks and opportunities identified as material in the double materiality assessment are included in the Group's register of risks and opportunities. The sustainability-related risks and opportunities identified as part of the Group-level risk and impact management process serve as inputs to the double materiality assessment process.⁴⁵

⁴² ESRS2, IRO-1, 53b, bi-iv

⁴⁵ ESRS2, IRO-1, 53e

⁴³ ESRS2, IRO-1, 53c, ci-iii

⁴⁴ ESRS2, IRO-1, 53d

The company considers its sustainability-related risks to be equal in value to other risks, and takes sustainability-related risks and opportunities into account as part of the process for assessing risks and opportunities.⁴⁶

The materiality assessment is based on a background analysis. The background analysis took into account Teleste's business objectives, values, impacts relevant to the industry and reporting requirements. The background material for the assessment of risks and opportunities also included a climate risk analysis, among other things.⁴⁷

Based on the significant (material) impacts, Teleste identified the reporting requirements that its sustainability report should cover. The topic-specific reporting standards relevant to Teleste are as follows:

1. ESRS E1, climate change
2. ESRS E5, resource use and circular economy
3. ESRS S1, own workforce
4. ESRS G1, governance and corporate culture

Teleste's sustainability strategy and targets are also described in accordance with ESRS 2.

The aspects to be reported on were defined as part of the double materiality assessment project. The ESRS requirements were taken into account in determining the material impacts, risks and opportunities. The standards to be reported on were determined on the basis of the aspects identified in the double materiality assessment.⁴⁸

The background analysis for the materiality assessment process aimed to comprehen-

sively take into account the potential impacts, risks and opportunities in Teleste's context. Aspects related to pollution, water and marine resources, and biodiversity and ecosystems were also represented in the materiality assessment's short list covering 21 ESG themes, based on which the representatives of stakeholders determined Teleste's most material themes. Impacts, risks and opportunities related to environmental pollution, water use and wastewater in the context of Teleste's own operations are managed as part of the Group's environmental management system.

Teleste has assessed, at a high level, the actual and potential impacts on biodiversity and ecosystems in the vicinity of its sites by applying the Key Biodiversity Areas criteria. No separate assessment has been conducted for the value chain. According to the Key Biodiversity Areas criteria, Teleste's sites are not located in or near biodiversity-sensitive areas. Teleste's production facilities or offices are not subject to environmental permits. With regard to the production facilities or other sites, the company has not identified any need to implement mitigating measures related to biodiversity.

Aside from the materiality assessment, no separate consultations of stakeholders or affected communities have been organized.⁴⁹

Description of the processes to identify and assess material climate-related impacts, risks and opportunities (E1.IRO-1)

Teleste has identified and assessed climate change-related impacts, risks and opportunities in its materiality assessment. Climate change and its effects were identified as a material impact. The materiality assessment

is discussed in more detail at the beginning of this section.⁵⁰

Teleste had previously identified and assessed climate change-related risks and opportunities in a climate risk analysis conducted in 2023. In connection with the climate risk analysis, Teleste sought to systematically identify potential risks and business opportunities related to climate change. Of these, the potential risks and business opportunities that are the most significant to the company's operations were identified. These identified risks and opportunities served as input for the 2024 double materiality assessment, in which risks were also considered more broadly from the perspective of stakeholder relations. The assessment covered the identification of physical and transition risks related to climate change, as well as an assessment of the magnitude and likelihood of each risk.

The company utilized the TCFD recommendations and IPCC scenarios in the assessment of the climate risk exposure of its assets and operations. The assessment covered the most significant sites and operations.⁵¹ Two scenarios were used in the risk assessment: the first scenario assumes that global temperatures will rise by 1.5–2°C, and the second scenario assumes that global temperatures will rise by more than 4°C by 2100 (based on RCP 2.6 and IPCC 2022 SSP1-2.6 and RCP 8.5 and IPCC 2022 SSP5-8.5).

In the scenario that is based on a temperature rise of less than 2°C, the assumptions are that the demand for GHG emission-reducing products and services will grow and regulation will increase, requiring the development of the transparency of the chain of production, for example. Also in this scenario, carbon tariffs,

the EU's Carbon Border Adjustment Mechanism (CBAM) and other regulations related to carbon pricing and emissions trading are projected to have an impact on the business environment. In the under 2°C scenario, the worst physical risks would be avoided and exposure to the adverse impacts of these risks is lower in Northern Europe than elsewhere. Nevertheless, the scenario would entail an increase in physical risks, such as storms, tornadoes, floods and forest fires. However, the number of geographical regions where living and working conditions become impossible or productivity falls significantly due to the temperature is low in the under 2°C scenario.

In the over 4°C scenario, it is assumed that the business environment will become more unpredictable or unstable. With regard to technologies, adaptation is expected to require investments and the development of products and services that promote adaptation. Market risks and availability problems for basic commodities and raw materials are possible. In addition, in this scenario, the loss of peace and free movement is possible, as are waves of climate refugees. Physical risks would increase and potentially cause not only direct harm to assets and people, but also indirect losses due to factors such as disruptions in logistics and procurement, interruptions in business operations, repair costs and costs arising from adaptation. On some continents, the changes could lead to loss of life, health or productivity.⁵²

The 1.5–2°C scenario is particularly useful in the identification and assessment of transition risks, while the over 4°C scenario provides a better foundation with regard to physical risks.⁵³

⁴⁶ ESRS2, IRO-1, 53f

⁴⁷ ESRS2, IRO-1, 53g

⁴⁸ ESRS2, IRO-1.59

⁴⁹ ESRS2, IRO-1, Lisäys C,

E2 (11), E3 (8) ja E4 (17-19)

⁵⁰ E1, E1.IRO-1 20a, AR9

⁵¹ E1, E1.IRO-1 AR 11c

⁵² E1, E1.IRO-1 AR 13c

⁵³ E1, E1.IRO-1 AR 11d

The assessment took into account the potential physical and transition impacts of climate change in Teleste’s markets, as well as impacts on suppliers and customers in the value chain close to Teleste. The location of Teleste’s production facilities was taken into consideration in the scenario analysis, particularly with regard to the likely impacts of physical climate risks. The analysis also took into account the geographical location of significant customers and suppliers in order to assess the risk posed by a potential sea level rise, for example.⁵⁴

Risks were identified in the short, medium and long term. The climate risk assessment covers an assessment of the threats posed by climate change to Teleste’s assets and business operations in the short, medium and long term.⁵⁵ The time horizon was defined as follows: in the short-term time horizon, the risk was estimated to be realized by 2026, in the medium-term time horizon by 2030, and in the long-term time horizon by 2050.⁵⁶ The same principles were also applied in the identification of transition risks and the assessment of exposure.⁵⁷

The assessment of physical risks and hazards covers extreme weather phenomena, sea level rise and long-term impacts of climate change. In the short term, the hazards posed by the sudden impacts of weather phenomena, such as floods and storms, were taken into account. In the long term, the assessment focused on permanent changes and hazards, such as sea level rise and a permanent rise in temperatures. With regard to transition risks, the impacts

of tightening regulation on the company’s competitiveness have been taken into account, for example. Scenario-based analysis provides a foundation for risk prioritization and the planning of adaptation strategies.⁵⁸ The use of scenarios ensures that the assessment covers the risks in potential serious developments, which supports strategic decision-making and the planning of adaptation measures.⁵⁹ Experts from different parts of the organization were engaged in the risk assessment. Consequently, Teleste is of the view that the scenarios applied cover the company’s likely risks and uncertainties.⁶⁰ Climate risks are part of the risk assessment process managed by the CFO. The climate scenarios used are not in conflict with the critical climate-related assumptions used in the financial statements.⁶¹

The analysis of climate risks and opportunities assessed the impacts on business operations caused by hazards, transition events or physical risks related to climate change. Impacts on strategy and business operations were examined in more detail in connection with the resilience analysis. Climate risks and their management are discussed in more detail in section E1 Climate change, in the table “Resilience analysis”.⁶²

Teleste’s business supports the green transition because, among other things, it promotes the use of public transport and provides energy-efficient network solutions. The company has not identified assets or business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral econo-

my. Some of Teleste’s business activities promote the environmental objectives related to climate change mitigation and adaptation as defined in the EU Taxonomy. These business activities are described in more detail in the following section: Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).⁶³

⁵⁴ E1, E1.IRO-1 20b, E1.IRO-1 20c

⁵⁵ E1, E1.IRO1 AR 11a,
E1.IRO-1 AR 12a

⁵⁶ E1, E1.IRO-1 AR 11b

⁵⁷ E1, E1.IRO-1 a

⁵⁸ E1, E1.IRO-1 21,
E1.IRO-1 21

⁵⁹ E1, E1.IRO-1 AR 11d,

E1.IRO-1 AR 12c

⁶⁰ E1, E1.IRO-1 AR 13b

⁶¹ E1, E1.IRO-1 AR 15

⁶² E1, E1.SBM-3 19c

⁶³ E1, E1.IRO-1 AR 12d

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT (IRO-2)

The table contains all the standards defined as material: ESRS 2, E1, E5, S1 and G1.

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Cross-cutting standards -ESRS2 "General disclosures"

Standard section	Disclosure requirement	Section in the report
BP-1	General basis for preparation of sustainability statements	General basis for preparation of the sustainability statement (BP-1)
BP-2	Disclosures in relation to specific circumstances	Disclosures in relation to specific circumstances (BP-2)
GOV-1	The role of the administrative, management and supervisory bodies	The role of the administrative, management and supervisory bodies (GOV-1)
GOV-2	Information provided to and sustainability topics addressed by the undertaking's administrative, management and supervisory bodies	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)
GOV-3	Integration of sustainability-related performance in incentive schemes	Integration of sustainability-related performance in incentive schemes (GOV-3)
GOV-4	Statement on due diligence	Statement on due diligence (GOV-4)
GOV-5	Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting (GOV-5)
SBM-1	Strategy, business model and value chain	Strategy, business model and value chain (SBM-1)
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders (SBM-2)
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material sustainability-related impacts, risks and opportunities (SBM-3)
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Disclosure requirements in ESRS covered by the undertaking's sustainability statement (IRO-2)

Environmental information – ESRS E1 Climate change

Standard section	Disclosure requirement	Section in the report
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	Integration of sustainability-related performance in incentive schemes (GOV-3)
E1-1	Transition plan for climate change mitigation	Transition plan (E1-1)
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Risks related to climate change adaptation and their management
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Material impacts, risks and opportunities and their interaction with strategy and business model (E1 SBM-3)
E1-2	Policies related to climate change mitigation and adaptation	Policies (E1-2)
E1-3	Actions and resources in relation to climate change policies	Measures (E1-3)
E1-4	Targets related to climate change mitigation and adaptation	Metrics and targets (E1-4)
E1-5	Energy consumption and mix	Energy consumption and mix (E1-5)
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

ESRS E5 “Resource use and circular economy”

Standard section	Disclosure requirement	Section in the report
ESRS2, IRO	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Identification and assessment of material impacts, risks and opportunities (E5.IRO-1)
E5-1	Policies related to resource use and circular economy	Policies (E5-1)
E5-2	Actions and resources related to resource use and circular economy	Measures (E5-2)
E5-3	Targets related to resource use and circular economy	Metrics and targets (E5-3)
E5-4	Resource inflows	Resources inflows, including resource use (E5-4)
E5-5	Resource outflows	Outflows related to products and services (E5-5)

Social information - ESRS S1 "Own workforce"

Standard section	Disclosure requirement	Section in the report
ESRS 2, SBM-2	Interests and views of stakeholders	Interests and views of stakeholders (ESRS 2, SBM-2)
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2, SBM-3)
S1-1	Policies related to own workforce	Policies related to own workforce (S1-1)
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Processes for engaging with own workers and workers' representatives about impacts (S1-2)
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)
S1-6	Characteristics of the undertaking's employees	Characteristics of the undertaking's employees (S1-6)
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Characteristics of non-employee workers in the undertaking's own workforce (S1-7)
S1-9	Diversity metrics	Diversity metrics (S1-9)
S1-10	Adequate wages	Adequate wages (S1-10)
S1-13	Training and skills development metrics	Training and skills development metrics (S1-13)
S1-16	Remuneration metrics (pay gap and total remuneration)	Remuneration metrics (pay gap and total remuneration) (S1-16)
S1-17	Incidents, complaints and severe human rights impacts	Incidents, complaints and severe human rights impacts (S1-17)

Governance information – ESRS G1 "Business conduct"

Standard section	Disclosure requirement	Section in the report
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	The role of the administrative, management and supervisory bodies (ESRS 2, GOV-1)
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2, IRO-1)
G1-1	Corporate culture and business conduct policies and corporate culture	The role of the administrative, management and supervisory bodies (ESRS 2, GOV-1)
G1-3	Prevention and detection of corruption and bribery	Prevention and detection of corruption and bribery (G1-3)
G1-4	Prevention and detection of corruption and bribery	Prevention and detection of corruption and bribery (G1-3)
Entity-specific disclosure	Information security	Information security

The table below includes the data points that derive from other EU legislation, as listed in ESRS 2 Appendix B. It shows which data points can be found in our report and the location of the information in the report.

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location in the report or Not material
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	x		x		The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			x		The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2 GOV-4 Statement on due diligence paragraph 30	x				Statement on due diligence (GOV-4)
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	x	x	x		N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	x		x		N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	x		x		N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			x		N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				x	Not material
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		x	x		Not material
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	x				Energy consumption and mix (E1-5)
ESRS E1-5 Energy consumption and mix paragraph 37	x				Energy consumption and mix (E1-5)
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	x				Energy consumption and mix (E1-5)
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44		x	x		Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location in the report or Not material
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	x	x	x		Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)
ESRS E1-7 GHG removals and carbon credits paragraph 56				x	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66				x	Not material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		x			
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (d)		x			Not material
ESRS E1-9 Breakdown of the carrying value of the company's real estate assets by energy-efficiency classes paragraph 67 (c)		x			Not material
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69				x	Not material
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	x				Not material
ESRS E3-1 Water and marine resources paragraph 9	x				Not material
ESRS E3-1 Dedicated policy paragraph 13	x				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	x				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	x				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	x				Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	x				Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	x				Not material

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location in the report or Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	x				Not material
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	x				Not material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	x				Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	x				Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	x				Outflows related to products and services (E5-5)
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	x				Outflows related to products and services (E5-5)
ESRS 2 – SBM-3 – S1 Risk of incidents of forced labor paragraph 14 (f)	x				Not material
ESRS 2 – SBM-3 – S1 Risk of incidents of child labor paragraph 14 (g)	x				Not material
ESRS S1-1 Human rights policy commitments paragraph 20	x				Policies related to own workforce (S1-1)
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21				x	Policies related to own workforce (S1-1)
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	x				Policies related to own workforce (S1-1)
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	x				Policies related to own workforce (S1-1)
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	x				Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	x			x	Not material

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location in the report or Not material
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	x				Not material
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	x		x		Remuneration metrics (pay gap and total remuneration) (S1-16)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	x				Remuneration metrics (pay gap and total remuneration) (S1-16)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	x				Incidents, complaints and severe human rights impacts (S1-17)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	x		x		Incidents, complaints and severe human rights impacts (S1-17)
ESRS2 – SBM-3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	x				Not material
ESRS S2-1 Human rights policy commitments paragraph 17	x				Not material
ESRS S2-1 Policies related to value chain workers paragraph 18	x				Not material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	x		x		Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			x		Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	x				Not material
ESRS S3-1 Human rights policy commitments paragraph 16	x				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	x		x		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	x				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	x				Not material

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location in the report or Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	x		x		Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	x				Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10	x				Business conduct policies and corporate culture (G1-1) (MDR-P, MDR-A)
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	x				Business conduct policies and corporate culture (G1-1) (MDR-P, MDR-A)
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	x		x		Incidents of corruption or bribery (G1-4)
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	x				Incidents of corruption or bribery (G1-4)

2. Environmental Information

EU TAXONOMY

DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

The taxonomy is a classification system for the financial market based on Regulation (EU) 2020/852, valid from the beginning of 2022, listing economic activities that are sustainable with respect to the climate and the environment. The goal of the taxonomy is to reorient capital flows towards sustainable investments so that the EU can achieve the ambitious emission reduction targets it has set for itself. The taxonomy defines six key environmental objectives against which the company's various business activities are assessed. The environmental objectives are: (1) climate change mitigation, (2) climate change adaptation, (3) the sustainable use and protection of water and marine resources, (4) the transition to a circular economy, (5) pollution prevention and control, and (6) the protection and restoration of biodiversity and ecosystems.

The technical screening criteria determine whether a given economic activity contributes substantially to the achievement of the environmental objectives in question, in which case the activity can be classified as sustainable. In addition to considering the fulfillment of the technical screening

criteria, it is necessary to ensure that the activity in question does no significant harm to any of the other five environmental objectives and that the activity is aligned with the UN Guiding Principles on Business and Human Rights and the OECD guidelines. The reporting obligation includes reporting the percentage share of taxonomy-eligible and taxonomy-aligned turnover, capital expenditure (CapEx) or operating expenditure (OpEx).

Taxonomy-eligible activities

Teleste's business is partly within the scope of the EU Taxonomy Regulation, i.e. taxonomy-eligible. Screening criteria concerning climate change mitigation or the transition to a circular economy can be applied to Teleste's activities. The taxonomy items 6.14 "Infrastructure for rail transport" and 6.15 "Infrastructure enabling low-carbon road transport and public transport", which are related to climate change mitigation and long-distance passenger rail transport, can be applied to the business activities of the Public Safety and Mobility unit. Among the criteria that concern contributing to the transition to a circular economy, item 4.1 Provision of IT/OT data-driven solutions. Under the information and communication section can be applied to part of the business activities of Teleste's Broadband Networks unit.

The company has no activities related to the production of nuclear power or fossil energy, chemicals production, controversial weapons or tobacco products.⁶⁴

Taxonomy reporting

For the financial year 2025, Teleste reports taxonomy-eligible and taxonomy-aligned business activities in relation to all six environmental objectives. Proportions of turnover, capital expenditure and operating expenditure are reported for the business activities.

Screening process for taxonomy-eligible and taxonomy-aligned activities

Teleste has assessed its taxonomy eligibility and taxonomy alignment for the financial year 2025. The process included the identification of taxonomy-eligible activities, the assessment of the technical screening criteria and Do No Significant Harm criteria for each environmental objective for all relevant activities, and the assessment of the minimum social safeguards at the company level.

The taxonomy-eligible and taxonomy-aligned share of turnover was assessed for each of the company's businesses.

Teleste has already previously reported taxonomy-aligned business activities that contribute to climate change mitigation. Teleste's taxonomy-aligned activities within the scope of categories 6.14 and 6.15 include, among other things, the company's public transport information solutions for rail transport and video security solutions for public transport applications. For these functions, only exter-

nal sales are included in the reported turnover. In addition, part of the business activities of Teleste's Broadband Networks segment is taxonomy-eligible according to category 4.1 of the criteria concerning contribution to the transition to a circular economy. These activities include maintenance and repair activities and remote network monitoring solutions, among other activities.

Reporting principles

Turnover

Teleste applies the same IFRS accounting principles as in the consolidated financial statements when calculating the turnover KPI. The total turnover used in calculating the KPI corresponds to the net sales figure presented in the consolidated financial statements. The accounting principles concerning net sales are presented in note 2.2 to the consolidated financial statements.

The taxonomy-eligible and taxonomy-aligned share of turnover was assessed for each of the company's businesses. Only external sales are included in the reported turnover.

Capital expenditure and operating expenditure

The share of capital expenditure and the share of operating expenditure related to economic activities that are considered to be environmentally sustainable are reported at the company level on a cost center basis, avoiding double counting under and between the KPIs. Examples of such activities include research and development projects.

⁶⁴ ERS2, SBM-2 40d

Table 4 Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Financial year 2025		2025		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)		Code (2)	Turnover (3)	Proportion of Turnover, year 2025 (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 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		ME	%	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)																				
Public transport information solutions for rail transport	CCM 6.14	48.6	35 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	37 %	E		
Video security solutions for public transport applications	CCM 6.15	5.1	4 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2 %	E		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		53.7	39 %	100 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	Y	39 %			
Of which Enabling		53.7	39 %	100 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	Y	39 %	E		
Of which Transitional		-	0 %	0 %													0 %		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Provision of IT/OT data-driven solutions	CE 4.1	1.9	1 %														1 %			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.9	1 %	0 %	0 %	0 %	0 %	0 %	0 %								1 %			
Total (A.1+A.2)		55.6	40 %	100 %	0 %	0 %	0 %	0 %	0 %								40 %			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		83.1	60 %																	
Total		138.6	100 %																	

Table 5 Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Financial year 2025	2025		Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2025 (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 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		ME	%	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 CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Public transport information solutions for rail transport	CCM 6.14	0.8	12 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	23 %	E	
Video security solutions for public transport applications	CCA 6.15	0.0	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3 %	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.8	12 %	100 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	Y	25 %		
Of which Enabling		0.8	12 %	100 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	Y	25 %	E	
Of which Transitional		0.0	0 %	0 %													0 %		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								0 %		
Total (A.1+A.2)		0.8	12 %	100 %	0 %	0 %	0 %	0 %	0 %								25 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		5.8	88 %																
Total A+B		6.6	100 %																

Table 6 Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Financial year 2025	2025		Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2025 (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) OpEx, year 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		ME	%	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)																			
Sourcing of and maintenance costs of taxonomy-aligned commodities	CCM 6.14	6.7	42 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	39 %	E	
R&D costs for rail transport (6.14) and public transport (6.15)	CCA 6.15	1.1	7 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	9 %	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		7.9	49 %	100 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	Y	48 %		
Of which Enabling		7.9	49 %	100 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	Y	48 %	E	
Of which Transitional		0.0	0 %	0 %													0 %		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								0 %		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		7.9	49 %	100 %	0 %	0 %	0 %	0 %	0 %								48 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		8.0	51 %																
TOTAL		15.9	100 %																

TABLE 7 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

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

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

65

⁶⁵ ESR2, SBM-2, 40d i-iv

CLIMATE CHANGE ESRS E1

RISKS RELATED TO CLIMATE CHANGE ADAPTATION AND THEIR MANAGEMENT

Table 8 Resilience analysis ⁶⁶

Risk	Time horizon	Impact on Teleste's business*	Measures and link to strategy	Resilience
Transition risks				
Societal uncertainty caused by climate change	all time horizons	Geopolitical threats may lead to significant availability issues. Certain sanctions may affect the export business. Changes in international trade agreements may weaken Teleste's competitiveness.	<ul style="list-style-type: none"> - Aim to be present in all markets. Teleste's GoWest strategy aims to strengthen the company's position also in the United States. - Geographical diversification of the supplier base <ul style="list-style-type: none"> - Finding alternative components for high-volume products - Also investigating alternative countries of manufacture. 	A broader customer base and supplier base reduces risk across all time horizons. Resilience is at a moderate level.
Increasing regulation	all time horizons	Changes in international trade agreements may weaken Teleste's competitiveness. New regulations can increase raw material prices and cause temporary availability problems.	<ul style="list-style-type: none"> - The cornerstones of Teleste's culture vision are innovation, joy and respect. Technological innovation capacity and strong in-house product development and manufacturing expertise help to respond to the challenges arising from changing regulation. - Good supplier relationships, product development cooperation and the selection of responsible suppliers promote preparedness - Surveying alternative suppliers in regions that support the purpose of the regulations 	Technological innovation capacity, strong in-house product development, manufacturing expertise and cooperation with suppliers increase resilience across all time horizons.
Component availability problems or suppliers discontinuing their production activities entirely	all time horizons	The product business accounts for a large proportion of Teleste's net sales. Consequently, Teleste's products are vulnerable to component availability challenges. A change in a component may require new type approval. Component availability challenges may also reduce profitability if materials need to be purchased in a currency other than that used in the company's manufacturing and accounting functions.	<ul style="list-style-type: none"> -The risk has been comprehensively taken into account in the procurement strategy and guidelines. - Geographical diversification of the supplier base and suppliers' buffer stocks <ul style="list-style-type: none"> - Alternative suppliers - Alternative components for high-volume products. - In addition to long-term supplier relationships, cooperation with reliable independent distributors. - Own buffer stocks enable product manufacture in spite of short-term availability challenges <ul style="list-style-type: none"> - In-house product design and in-house production increase agility with regard to component changes and facilitate inventory management 	The measures and existing operating practices reduce risk. Teleste is resilient to short-term availability challenges. In general, resilience is at a moderate level.

⁶⁶ E1, E1.SBM-3 18, E1.SBM-3 19c

Impacts of climate change on the technology transition.	medium-long	Climate change creates uncertainties regarding the speed of the technology transition, making it more difficult to predict.	In accordance with the strategy, the aim is to remain in the market with competitive products and to monitor market developments closely.	Strategic measures increase resilience in the medium and long term, but climate change creates uncertainty.
Uncertainty in customers' business operations due to climate-related reasons	medium-long	Some of the company's significant customers are located in at-risk regions from the perspective of climate change. The impact of the risk is directly proportional to the size of the customer account.	We aim to have a presence in all markets. Teleste's GoWest strategy aims to strengthen the company's position also in the United States.	Strategic measures increase resilience across all time horizons.
Physical risks				
Power and telecommunications outages caused by extreme weather phenomena	all time horizons	Power and telecommunications outages interrupt production and disrupt the work of the rest of the organization. They can also result in machine breakdowns and small amounts of material waste.	The risk has been taken into account as part of risk assessments concerning the company's own properties and technical aspects. Suppliers have their own contingency plans.	Contingency plans concerning technical building systems support preparedness, but disruptions are still possible.
Heat waves and a permanent rise in temperatures	all time horizons	Increased need for cooling in production, processes and operating premises. Product manufacturing requires stable conditions. Increased heat resistance/cooling needs for products.	<ul style="list-style-type: none"> - Surveys and risk assessments of technical building systems - Measures related to supplier management and suppliers' own contingency plans - The products are designed to withstand challenging conditions 	The measures increase resilience.

*transition risks have been assessed in a 1.5°C scenario, physical risks have been assessed in a 4°C warming scenario

DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Teleste has identified and assessed climate change-related impacts, risks and opportunities in the double materiality assessment. Climate change and its effects were identified as a material impact. A description of the processes to identify and assess material impacts, risks and opportunities is provided in the section "Impact, risk and opportunity management" in the paragraph "Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)".⁶⁷

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (E1 SBM-3)

Teleste conducted a resilience analysis in 2024, in which the resilience of the company's business was assessed in relation to the climate risks identified in 2023. The resilience analysis takes into account Teleste's own operations and the impacts of climate change on suppliers and customers. The analysis does not include impacts further out in the upstream or downstream value chain. Consequently, risks related to the procurement of raw materials required in the production of components were not examined, for example. All of the physical risks and transition risks identified as material were reviewed in the resilience analysis. To improve understandability, the risks were grouped, and the most significant of these groups are presented in this report. The results are described in table 8 Resilience analysis.⁶⁸

A critical assumption made in the assessment is that the transition to a lower-carbon and more climate-resilient economy will lead to increased regulation and a more unstable business environment. Another assumption is that the need for, and significance of, energy-efficient solutions and stable network connections will grow. The uncertainties in the resilience analysis include changes in regulation and markets, the speed of technological development, the unpredictability of the impacts of climate change, and supply chain vulnerabilities.⁶⁹

With regard to many risks, the impacts on Teleste's business and the measures to prepare for the risk were quite similar in practice. The resilience analysis was carried out in cooperation with the organization's various experts to ensure a diverse and comprehensive view. Estimates of the financial effects of the risks, as determined in connection with the climate risk and materiality assessment, were utilized in the analysis. The process began with the identification of the potential impacts of each risk on Teleste's business in different time horizons (based on RCP 2.6 and IPCC 2022 SSP1-2.6 and RCP 8.5 and IPCC 2022 SSP5-8.5).⁷⁰ In the resilience analysis, the same time horizons were applied as in the climate risk assessment.⁷¹

The next step was to describe the company's preparatory measures for managing the impacts of the risk and the effect of the preparations in the event of the risk materializing were assessed. That was followed by an assessment of the extent to which Teleste's business model and strategy take at-risk assets and business activities into account. Based on this, Teleste's resilience

to the risks in question was assessed. The company's mitigation measures were taken into account in analyzing resilience. Risks and resilience are described in the table Resilience analysis. Teleste's strategy takes into account the prevailing megatrends, such as climate change, which supports adaptation to changes.⁷²

TRANSITION PLAN (E1-1)

Teleste has not yet prepared a separate transition plan. The plan will be drawn up and approved in 2027 at the latest.⁷³

POLICIES (E1-2)

Teleste's environmental policy is focused on reducing the company's environmental footprint and promoting positive environmental impacts. In its policy, the company commits to reducing the consumption of resources, the generation of waste and GHG emissions. The key focus areas include product design, energy consumption and the reduction of GHG emissions, the sourcing of materials, waste management and increasing employee awareness.

The company has identified that its largest climate impacts arise in the value chain and the use of the products manufactured by the company. In the double materiality assessment, the identified impacts related to climate and energy included the GHG emissions arising from the company's own operations and the entire value chain. In addition, energy consumption related to the company's own operations and logistics was identified as an impact that is related to the generation of emissions. In its environmental policy, Teleste is committed to the

continuous improvement of its operations and processes in order to reduce energy consumption and emissions. The company uses renewable energy at its factories to the extent that it is possible. These principles support the reduction of negative impacts related to energy consumption and the adoption of renewable energy.

In order to manage its emissions, Teleste calculates emissions annually in accordance with the GHG Protocol. Remote work and remote maintenance are favored in order to reduce work-related travel and emissions from maintenance-related traffic. Good production planning and the optimization and consolidation of deliveries to the extent that it is possible aims to reduce emissions arising from transport. Land and sea transport are favored over air transport, and solutions based on renewable fuels are used where possible. Together, all of these policies support the reduction of emissions and, consequently, the mitigation of climate change.

Reducing the carbon footprint of products by means of energy-efficient solutions was identified as an impact in the materiality analysis. Approximately 90% of Teleste's carbon footprint is caused by emissions generated during the use of products. Use-phase emissions are determined on the basis of the products' energy consumption, average service life and location-based emission factors for electricity. Product energy consumption therefore has a significant impact on the carbon footprint.

Product design aims to reduce the products' energy consumption and improve their energy efficiency. Policies related to product design are aimed at not only reducing neg-

⁶⁷ E1, E1.IRO-1 20a, AR9

⁶⁸ E1, E1.SBM-3 19a

⁶⁹ E1, E1.SBM-3 AR 7a, AR 8a

⁷⁰ E1, E1.SBM-3 19b

⁷¹ E1, E1.SBM-3 AR7b

⁷² E1, E1.SBM-3 19b, E1.SBM-3 AR8b

⁷³ E1, E1-1 17

ative emission impacts but also increasing positive impacts by introducing energy-efficient devices to the market. Energy-efficient solutions and products, as well as new innovative technologies, enable more sustainable and low-carbon infrastructure and the green transition, which supports climate change adaptation. They also mitigate climate change by reducing the carbon footprint of both customers and the company itself.

Policies concerning product design are described in more detail in the report section Resource use and circular economy (ESRS E5). One of the objectives of product design is to develop the reliability of products, for example. Reliable data communications connections reduce the need for travel, while up-to-date passenger information increases the attractiveness of public transport, for instance.

These mitigate emissions, but they simultaneously support climate change adaptation. Product development also aims at designing products for maintenance, and the company opts for remote maintenance when possible. In the materiality assessment, the reputational benefit and competitive advantage of leadership with regard to climate change was identified as an opportunity, and product development innovations support this.⁷⁴

Sustainability risks have been integrated into the company's broader risk management process, which is guided by Teleste's risk management policy. The same policies are also applied to the climate risks identified as material. The process is described in more detail in the section "Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)". Pol-

icies related to component risk are described in the section "Policies (E5-1)".

The policies apply to all of the company's employees, subcontractors and stakeholders at all of Teleste's operating locations globally. The policy is publicly available on the company's website. The policy applies to product design, energy consumption, materials procurement, waste management and the company's value chain, including transport and distribution. No separate exceptions are mentioned. The aim of the environmental policy is to address the most significant environmental impacts, particularly those that arise in the company's value chain and the use of products. Teleste's management is responsible for the realization of the principles laid down in the environmental policy. The Leadership Team monitors compliance with the policy, sets environmental targets and regularly monitors progress. Teleste complies with the environmental principles of the UN Global Compact initiative and ensures that its operations comply with environmental legislation and regulations.⁷⁵

The policy also takes into account the views of key stakeholders through the materiality assessment. The company ensures that its environmental targets and practices are aligned with stakeholder expectations and global sustainability trends. In addition, Teleste's Supplier Code of Conduct aims to engage the company's suppliers' commitment to monitoring their GHG emissions and setting emission reduction targets that support the Paris Agreement. This supports the promotion and implementation of sustainable practices throughout the value chain.⁷⁶

MEASURES (E1-3)

Teleste's measures for managing the climate-related risks identified in the double materiality assessment are described at the beginning of section E1, in Table 8 "Resilience analysis".

In the NET service business in Finland, Teleste's focus moving forward will be on network operation and design. As a result, the company has phased out the vehicles related to the business in question. This has a positive impact on the company's scope 1 emissions. Key measures to reduce scope 2 emissions include reducing energy consumption and switching to renewable energy sources where possible. During the reporting period, Teleste purchased zero-emission electricity for its offices in Littoinen and Tampere in Finland, as well as in Hanover in Germany and Birmingham in the United Kingdom. Roof renovation was carried out at the manufacturing plant in Littoinen in 2023, which makes it possible to install solar panels on the roof in the future. In addition, various energy-saving and energy efficiency measures were successfully continued in Littoinen. The energy-saving measures helped to reduce district heating consumption by approximately 6% when compared to 2024, although it should be noted that the winter in Finland was mild. Electricity consumption decreased by approximately 2%. The outcome was influenced by the high utilization rate of charging points for electric cars. In addition, the factory operated on three shifts for part of the year under review, which was not the case in 2024. The measures taken reduced the emissions of the Littoinen site by 17 tCO₂eq, as the electricity consumed was 100% CO₂-free.

To reduce scope 3 emissions arising from transportation, Teleste favors sea and land transport over air freight. In addition, the company strives to reduce transportation-related emissions by consolidating shipments and using renewable fuels in transport operations where possible. With regard to road freight, the use of biofuel was expanded to include not only domestic transport but also part of international transport. In the latter part of the reporting period, SMF (sustainable marine fuel) was also introduced in deliveries to the United States. In addition, Teleste has increased the use of partial SAF (sustainable aviation fuel). Combined, these measures reduced transport emissions by 25 tCO₂eq (the effect of SMF has not been taken into account).

The measures are planned to be implemented in the medium term so that the targets set for 2026 and 2030 can be achieved. The outcomes for 2025 in relation to the targets are shown in the table Emission reduction targets.⁷⁷ During the reporting period, the company increased the accuracy of its emissions calculations and improved their coverage. Comprehensive emissions data was also calculated for the base year 2022 and the year 2024. In addition, as a measure related to the mitigation of emissions, Teleste has worked on science-based emission reduction targets.

Product design aims to reduce the energy consumption of products and improve their energy efficiency. The company favors recycled materials in its procurement activities, which not only promotes the circular economy but also reduces the climate impact of procurement. The use of recycled aluminum is discussed in more detail in section ESRS E5,

⁷⁴ E1, E1-2 24, 25 b, MDR-P

⁷⁷ E1, E1-4 34f, MDR-A

⁷⁵ E1, E1-2 24, MDR-P

⁷⁶ E1, E1-2 24 MDR-P

paragraph "Metrics and targets (E5-3)" and the company's use of materials in a broader sense is discussed in paragraph "Resource inflows, including resource use (E5-4)". All of the measures related to the climate and the reduction of emissions support the company's strategic goal of being an ESG leader in its industry. The company actively monitors the global situation, legislative developments and megatrends in sustainability in order to also manage the other key opportunities identified in the materiality assessment.⁷⁸

As part of the ISO 14001-compliant environmental management system, the company carries out annual assessments of environmental aspects and environmental risks and continuously develops its operations based on them, among other things. Energy-saving at properties and improving energy efficiency, the procurement of renewable energy, using renewable fuels in logistics and other measures aimed at reducing emissions reduce the climate impacts caused by the company's operations.⁷⁹ The company has included the management of climate action as part of its business, and the expenses have therefore not been disaggregated from other expenses. Consequently, the magnitude of separate financial resources allocated to individual measures is not significant. Teleste considers that the current resources are sufficient to implement the planned measures in the short term. The action plan for the reporting period did not require separate operating or capital expenditure classified as significant. The company has not planned to increase the operating or capital expenditure related to the measures for the next reporting period. The company has also not created a medium-

or long-term capital investment plan related to climate and energy measures.⁸⁰

Teleste's key decarbonization levers include the use of renewable energy, reducing the emissions of the logistics chain, the circular economy and sustainable use of materials, taking energy efficiency into account in product design, employee training and promoting the environmental awareness of employees.⁸¹ In addition, the company is working on a calculation of the impacts of its measures on emissions as part of setting science-based climate targets. Engaging supplier and customer commitment to setting science-based climate targets has been identified as one significant lever in connection with this. The calculation will serve as the basis for the company's transition plan.⁸²

The resources and investments allocated to the measures must be proportionate to the size of the business and the financial situation. The allocation of resources is also influenced by the customers' willingness to pay, which determines how much investment can be allocated to sustainable and emission-reducing measures. Without sufficient financial resources and market support, it is challenging to achieve long-term environmental targets, but the company is committed to ensuring that climate change mitigation is part of its sustainable business model.⁸³ As not all of Teleste's business activities are taxonomy-eligible, the indicators presented in the taxonomy tables at the beginning of section 2 "Environmental information" only apply to taxonomy-eligible business activities. The same principles have been applied in compiling the figures, but they are not consistent due to the different scope of assessment.⁸⁴

METRICS AND TARGETS (E1-4)

Table 9 Emission reduction targets ⁸⁵

Metric	2022 base year	2024 outcome	2025 outcome	2026 Target	2030 Target
Scope 1 emissions [tCO ₂ eq]	308	126	170	-40 % 185	-100 % 0
Scope 2 emissions (market-based) [tCO ₂ eq]	915	568	327	-20 % 732	-50 % 458
Scope 3: Emissions from transport [tCO ₂ eq/metric ton transported]	0.541	0.563	0.673	-10 % 0.487	-20 % 0.433

Concepts scope 1-3: The Greenhouse Gas Protocol

Progress towards targets

Reducing scope 1 emissions from the 2022 level

Direct scope 1 emissions were close to the 2024 level, and the company has maintained its the short-term target level. Fuel consumption in the service business was lower than previously, which means that most of these emissions consist of refrigerant refills.

Reduction of scope 2 emissions (market-based) from the 2022 level

Indirect emissions arising from purchased energy decreased from the 2022 level, and the short-term target was also achieved with regard to scope 2 emissions. The outcome is partly influenced by the boundary applied to the target. The target only covers sites with 10 or more workers.

Reducing scope 3 transport emissions, relative to metric tons transported, from the 2022 level

Transport emissions relative to metric tons transported increased slightly from the previous level. In sea shipping, the continued situation in the Red Sea extended transport times and increased the total mileage and fuel consumption of sea shipping. In addition, for reasons related to risk management and with regard to deliveries to the United States, Teleste had to rely on air freight more than planned in order to adhere to customer schedules.⁸⁶

The climate-related sustainability targets set by Teleste are to reduce scope 1 emissions by 40% by 2026 and by 100% by 2030 from a 2022 base year. The scope 2 (market-based) emission reduction target is 20% by 2026 and 50% by 2030. These targets are absolute reduction targets and

⁷⁸ E1, E1-3 28, MDR-A

⁷⁹ E1, MDR-A 68d

⁸⁰ E1, E1-3 29c ja AR22, MDR-A 69

⁸¹ E1, E1-3 29a

⁸² E1, E1-4 34f

⁸³ E1, E1-3 AR21

⁸⁴ E1, E1-3 29ci-iii,16c

⁸⁵ E1, E1-4 32, MDR-T

⁸⁶ E1, E1-4 34f

are presented in Table 9 Emission reduction targets. In addition, for scope 3 transport-related emissions, the target is to reduce emissions in relation to metric tons transported by 10% by 2026 and by 20% by 2030. This target is relative and expressed in terms of transport-related emissions relative to the mass transported. The unit is tCO₂eq per metric ton transported. With regard to the opportunities identified as material in the double materiality assessment, the company has a strategic target of being an ESG leader in its industry, but no separate metrics have been defined for this target. The company also has not set any metrics or official targets concerning the energy consumption or efficiency of products. The company has not set official sustainability targets for managing the climate-related risks presented in Table 8 "Resilience analysis".

Teleste's science-based emission reduction targets were approved at a meeting of the Leadership Team in January 2026. The targets have yet to be validated by the SBTi. For this reason, the targets have not yet been published, and they do not influence the reporting or target setting for 2025. The company did not deem it appropriate to make changes to its existing targets before the targets are officially approved by the SBTi.

The assumption behind the company's emission reduction targets is that improving energy efficiency and switching to renewable energy and fuels are key means of reducing scope 1 and 2 emissions. For this reason, the monitoring of emissions from Teleste's own operations (scope 1 and 2) is considered to be an illustrative metric for the management of emissions from the company's own oper-

ations. With regard to scope 3 emissions, the assumption behind the relative emission reduction target for transport operations is that the optimization of the logistics chain, the deployment of low-emission transport solutions and the use of alternative fuels are effective ways of reducing transport-related emissions. Consequently, transport-related emissions in relation to metric tons transported is considered to be an illustrative metric for the climate impacts of logistics.⁸⁷

The environmental targets are set on the basis of the key environmental aspects and the results of the materiality assessment. The materiality assessment also takes into account the views of stakeholders, such as customers, but stakeholders have not been involved in setting the targets. After identifying the environmental impact, the available data for describing the impact was determined. This was followed by defining a suitable metric and a target level for it. Development is monitored continuously and the results are reviewed regularly by the Leadership Team.⁸⁸ The targets are stated in the environmental policy and the operating principles defined in the policy support the achievement of the targets.⁸⁹ In 2023, Teleste's emissions calculation was expanded to cover the most significant scope 3 emissions for 2022. At the time, this served as the basis for updating the emission reduction targets. When the targets were revised, the base year was also updated. The GHG Protocol and the IPCC's publications based on climate science were also utilized in defining the targets. The Paris Agreement and the related goals were also among the background factors in setting the targets. The company's

climate targets support the EU's 2050 climate neutrality target, the Fit for 55 package and national emission reduction targets. In terms of their ambition, the current scope 1 and 2 targets are aligned with the 1.5°C goal of the Paris Agreement but, in terms of coverage, the current targets do not meet the SBTi criteria. The targets promote the transition to a low-carbon economy, particularly through the target of reducing logistics emissions. Teleste is committed to setting science-based emission reduction targets by October 2026.⁹⁰

The scope 1 and 2 emission reduction targets set by the company cover its operations in Finland and those locations abroad where the number of internal employees is 10 or higher. The scope 1 reduction target takes into account the fuel consumption of company-owned vehicles used in the service business, as well as refrigerant leaks. This means that the target does not include full benefit cars provided to personnel, for example. The emission reduction target concerning scope 3 transport operations covers transports departing from and arriving in Finland, as well as also transports arriving at and departing from the warehouse in Belgium. The transported products are under Teleste's ownership and consist of P&I products purchased from subcontractors and contract manufacturers.⁹¹

Teleste improved the coverage of emissions calculations during 2025, and emissions in accordance with the ESRS for the base year 2022 and for 2024 and 2025 are presented in the table "GHG emissions by emission class and category" in section E1-6. The calculation of emissions in accordance with the ESRS includes all scope 1 and scope

2 emissions, as well as the scope 3 emission classes identified as material, which account for over 95% of total emissions. The calculation is carried out annually in accordance with the GHG Protocol.

The calculation boundary and assumptions in accordance with Teleste's reduction targets are not fully consistent with the requirements of the ESRS. Consequently, there are two different scope 1 and 2 figures in the report. The transport emission data used in calculating the outcome for the emission reduction target for scope 3 transport also deviates slightly from the figures presented in Table 12 "GHG emissions by emission class and category". However, the target related to transport covers more than 95% of total transport emissions. The scope 2 emission reduction target covers more than 90% of scope 2 emissions calculated in accordance with the ESRS, and the coverage for scope 1 is nearly 70%. Consistency has been taken into account in the setting of science-based emission reduction targets, and the boundary will be adjusted to align with the ESRS and the SBTi criteria starting from 2026.⁹²

Teleste assesses the suitability of the base year in connection with the calculation and, in accordance with the GHG Protocol, updates the base year if the operations change significantly. The 2022 base year for the target covers the activities included in the target.⁹³ The metrics have not been verified by an external party other than the company's sustainability reporting assurance provider.⁹⁴ No changes have been made to the basis of preparation of the metrics illustrating the targets during the specified time horizon. However, for scope 1, the figures disclosed

⁸⁷ E1, E1-4 33, MDR-T, MDR-M

⁸⁸ E1, E1-4 33, MDR-T 80f, 80h,

⁸⁹ E1, E1-4 33, MDR-T 80a

⁹⁰ E1, E1-4 33, E1-4 32 MDR-T 80f

⁹¹ E1, E1-4 33, MDR-T 80c

⁹² E1, E1-4 34b

⁹³ E1, E1-4 AR 25a

⁹⁴ E1, E1 MDR-M 77b

⁹⁵ E1, E1-4 32 MDR-T 80i

in the previous reporting period have been supplemented with regard to refrigerants.⁹⁵ Climate scenarios were also utilized as background material in setting science-based emission reduction targets. That was not the case for the current targets. However, different potential developments have been examined in connection with the climate risk assessment and resilience analysis.⁹⁶

For scope 2 emissions, for sites for which consumption data on heating is not available, the emissions have been estimated on the basis of the number of personnel. As is typical, estimates and generalisations have also been made in the calculation of scope 3 emissions in particular. Supplier-specific emissions data and factors have been used in the calculation of emissions whenever they are available, thus aiming for the most accurate possible calculation result. The aim is to continuously improve the accuracy of the data. Category 4 "Upstream transportation" includes supplier-specific emission data to the extent such data is available. Otherwise, the calculation is based on metric ton kilometers. The utilization rate of transport equipment is not taken into account in category 9.⁹⁷

ENERGY CONSUMPTION AND MIX (E1-5)

The energy consumption figures include the fuel consumption of vehicles under the company's control, including vehicles used by employees who have a full benefit car, as well as energy consumption related to electricity and heating from all of Teleste's sites. The reported energy consumption figures are therefore consistent with the scope 1 and 2 emission figures presented in the paragraph "Gross Scopes 1, 2, 3 and Total GHG emis-

Table 10 Total energy consumption ⁹⁸

Energy consumption and mix	Year 2024	Year 2025
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	804	712
Fuel consumption from natural gas (MWh)	120	117
Fuel consumption from other fossil sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	1,181	805
Total fossil energy consumption (MWh)	2,105	1,634
Share of fossil sources in total energy consumption (%)	28 %	23 %
Consumption from nuclear sources (MWh)	2,017	2,155
Share of consumption from nuclear sources in total energy consumption (%)	26 %	30 %
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	3,517	2,497
Consumption of self-generated non-fuel renewable energy (MWh)	0.5	2
Total renewable energy consumption (MWh)	3,518	2,499
Share of renewable sources in total energy consumption (%)	46 %	35 %
Total energy consumption (MWh)	7,655	7,095

Table 11 Energy intensity per net sales ⁹⁹

Energy intensity per net sales	2024	2025	Change between 2024 and 2025
Total energy consumption from activities in high climate impact sectors per net sales from activities in high climate impact sectors MWh/MEUR	71	64	-10 %

⁹⁶ E1, E1-4 34e, 16a, MDR-T

⁹⁹ E1, E1-5 40-41

⁹⁷ E1, E1-4 32

⁹⁸ E1, E1-5 37, 37a, b, AR34

sions (E1-6)". These calculations differ from Teleste's emission reduction targets presented in paragraph "Metrics and targets (E1-4)" in the sense that they also include very small sites. For the smallest sites, consumption data has been estimated on the basis of the number of personnel. For units where the source of energy is unknown, it is assumed that 60% of the energy is from fossil sources and 40% is from renewable sources. However, this assumption only applies to a very small proportion of energy consumption, as more than 95% of the energy purchased comes from known sources. If the form of heating is not known, the assumption is that it is district heating. The roof of the Forssa site is equipped with solar panels. The energy generated by the solar panels is used for Teleste's functions. The figures presented in the previous reporting period have been restated to include the fuel consumption of cars, which was missing from the previous year's calculations. This also affects the 2024 energy intensity figure, which is presented in Table 11 "Energy intensity per net sales".

Teleste's NET business segment focuses on the manufacture of electronic components, which is classified by the European Union as a high climate impact sector. Energy intensity has been calculated by dividing the total energy consumption of the sites representing the NET business (5,312 MWh) by the net sales of the business segment in question, which is based on the Broadband Networks segment's net sales as presented in section "Segment reporting" in the notes to the consolidated financial statements 2025. The net sales figure is consistent with IFRS reporting. Properties and the energy

Table 12 GHG emissions by emission class and category¹⁰⁰

	Retrospective				Milestones and target years			
	Base year 2022	2024	2025	Change between 2024 and 2025	2025	2030	(2050)	Annual % target / base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO ₂ eq)	531	257	325	-26 %		yes		
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)								
Scope 2 GHG emissions								
Gross location-based scope 2 GHG emissions (tCO ₂ eq)	1,203	903	595	-34 %				
Gross market-based scope 2 GHG emissions (tCO ₂ eq)	985	600	435	-28 %		yes		
Significant scope 3 GHG emissions								
Total Gross indirect (scope 3) GHG emissions (tCO ₂ eq)								
1 Purchased goods and services	13,818	7,529	9,199	22 %				
2 Capital goods	11	18	40	122 %				
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	227	185	156	-16 %				
4 Upstream transportation and distribution	1,903	1,351	1,649	22 %				
5 Waste generated in operations	41	12	13	8 %				
6 Business travel	737	688	730	6 %				
7 Employee commuting	1,061	964	553	-43 %				
8 Upstream leased assets								
9 Downstream transportation	92	75	196	161 %				
10 Processing of sold products								
11 Use of sold products	103,812	102,949	99,806	-3 %				
12 End-of-life treatment of sold products	112	62	60	-3 %				
13 Downstream leased assets								
14 Franchises								
15 Investments								
Total GHG emissions								
Total GHG emissions (location-based) (tCO ₂ eq)	123,546	114,992	113,322	-1 %				
Total GHG emissions (market-based) (tCO ₂ eq)	123,328	114,689	113,162	-1 %				

¹⁰⁰ EE1, E1-6 44, 50, AR 41, AR 46d, 48, 49a, b, 51, 52, AR46g, AR 46j

consumption of vehicles have been taken into account in energy consumption.

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS (E1-6)

Teleste uses the GHG Protocol as the basis for calculating emissions. Teleste has defined the organizational boundaries using an approach that is based on operational control. In the calculation of emissions, Teleste has used the most accurate data available, and emission factors that are as descriptive as possible. Scope 1 emissions are based on fuel consumption data and, for refrigerants, refrigerant refills as invoiced in connection with maintenance. The calculation of refrigerant emissions is based on the global warming potential (GWP) values published by the IPCC, which are based on the IPCC's AR5 report. The fuel classifications of Statistics Finland and DEFRA (UK Department for Environment, Food and Rural Affairs) have been used in the calculation of fuel emissions data.

Scope 2 emissions have been calculated primarily on the basis of measured consumption data, but there are also units for which accurate consumption data is not available. For those units, estimates based on the size and number of personnel of the units have been used. These scope 2 emissions figures also include smaller units that are not within the boundary used for the company's emissions target. Their consumption has also been estimated based on the best available data, as mentioned above. Supplier-specific emission factors have been used in the calculation of market-based scope 2 emissions to the extent that they have been available. Emissions have been calculated as carbon

dioxide equivalents so that other significant greenhouse gases are taken into account in addition to carbon dioxide. Where necessary, location-based emission factors have been used. The sources used in the calculation of location-based emissions are the reports and databases of the EEA (European Energy Agency), IRENA (International Renewable Energy Agency) and Our World in Data. Part of the location-based emission factors are CO₂ emission factors, for which the other GHG emissions (CH₄ and N₂O) have been calculated separately using DEFRA factors. Part of the factors used are CO₂-equivalent factors, which means that they also take into account the climate impacts of other GHGs.

Teleste's scope 3 emissions cover all emissions categories that are material to the company. The calculation includes categories 1, 2, 4, 5, 6, 7, 9, 11 and 12. Emission categories 8, 10, 13, 14 and 15 have been excluded from the calculations on the following grounds:

- Category 8 "Upstream leased assets" is included in scope 1 and 2 calculations
- Category 10 "Processing of sold products" - Teleste only delivers finished products.
- Category 13 "Downstream leased assets" - no such assets have been identified
- Category 14 "Franchises" - no franchising activities
- Category 15 "Investments" - no investments

As is typical, estimates have also been used, particularly in calculating scope 3 emis-

sions. Category 1 emissions have been calculated mainly on a material and mass basis, based on primary data from the ERP system. Estimates have been utilized with regard to material breakdowns. The emission factors applied by the company include, among others, DEFRA's material-specific factors and life-cycle emission data published in several industry studies and by international institutions. Emissions from services have been calculated using a spend-based method, with EXIOBASE factors primarily utilized in the calculation. The same procedure has also been applied with regard to category 2 "Capital goods", where the calculation is carried out either on a material- and mass-based method or a spend-based method, depending on the capital goods purchased.

Category 3 includes indirect emissions related to the company's fuel and energy consumption reported in scopes 1 and 2, i.e. well-to-tank (WTT) emissions from production and processing, as well as electricity transmission and distribution losses. Fingrid's data on electricity network losses and DEFRA's emission factors, among other sources, have been utilized in the calculations.

Category 4 "Upstream transportation" includes supplier-specific emission data to the extent such data is available. Otherwise, the calculation is based on metric ton kilometers. The calculation is carried out according to the well-to-wheel (WTW) principle using DEFRA factors.

Emissions from the treatment of waste generated by Teleste's own operations are partially obtained as complete emissions reports from the partner responsible for waste management. The emissions are partly

calculated on the basis of the waste data obtained and the waste treatment method, using factors from DEFRA and the United States Environmental Protection Agency (EPA). Measurement-based waste data is available for the Littoinen, Forssa and Tampere sites in Finland, representing a significant majority of the waste generated. The waste volumes for other sites are very low and have been estimated on the basis of the number of personnel. The waste data used in the calculation of emissions is therefore consistent with the waste figures reported in section E5-6. Wastewater emissions have been calculated on the assumption that the amount of wastewater generated is equal to the amount of water consumed. Water consumption data is only available for the largest sites in Finland. The wastewater amounts for other sites have been estimated on the basis of the number of personnel.

Data concerning air travel in category 6 "Business travel" has been collected from Teleste's travel booking system, and DEFRA factors have been used in the calculation. Emissions generated by business travel by employees other than those working in Finland have been extrapolated on the basis of the number of senior salaried employees. The company takes the RF (radiative forcing) impact into account in the calculations so that the climate impacts that occur in the upper atmosphere are also taken into account. In addition, Teleste utilizes data on reimbursed kilometres in the calculations, again applying DEFRA factors and WTW principles.

For 2022 and 2024, the emissions from employee commuting in category 7 are based on an estimate that covers Teleste's personnel

in Finland. The emissions have been extrapolated on the basis of the number of personnel to also cover Teleste's units outside Finland. The emission data for 2025 is based on a commuting survey conducted among the personnel during the reporting year. DEFRA factors are used as emission factors in the calculation, and the company calculates emissions in accordance with the WTW principle.

In category 9, the calculation is carried out using the WTW principle in accordance with the metric ton-kilometer method, utilizing DEFRA factors. The utilization rate of transport equipment is not taken into account in the calculation. Average distances have been applied to make the calculation clearer.

Emissions from the use of sold products in category 11 constitute the company's most significant source of emissions. Emissions have been calculated by product category based on the number of products sold during the reporting year, their average annual energy consumption and their estimated service life. The products of Teleste's NET business are assumed to be in continuous use, while the products of the PSM business are assumed to be in use most of the day, almost every day of the year. In the calculations, the lifetime of products is assumed to be 10 years as a rule, but a lifetime as long as 20 years has been applied in several product categories. The national emission factors for electricity in the most significant target countries have been used as emission factors.

In calculating the emissions for category 12 "End-of-life treatment of sold products", Teleste has utilized technical product data to estimate the amounts of materials used. As Teleste's products are designed to be easy to

dismantle, it is assumed that the materials are primarily directed to recycling after use. Emission factors from DEFRA and the EPA have been primarily used in the calculation.¹⁰¹

The electricity purchased by Teleste for its sites located in Tampere in Finland, Hannover in Germany and Birmingham in the United Kingdom has been certified as 100% renewable with guarantees of origin. The electricity used at the Littoinen site is certified 100% CO₂-free electricity. Energy with guarantees of origin accounts for 50%¹⁰² of the total consumption of purchased energy. The following have been taken into account as biogenic emissions: emissions from biomass used in the production of district heating, which amounted to 13 tCO₂eq in 2025, and, for Finland, the biogenic emissions arising from the diesel distribution obligation for vehicles in scope 1, which amounted to 0.49 tCO₂eq in 2025. No biogenic emissions are reported for purchased electricity. According to the assumption made by the company, if the origin of renewable electricity is unknown, the electricity in question is not considered to originate from biomass. The assumption is based on the fact that biomass is typically not the dominant energy source in electricity production. It has not been possible to account for biogenic emissions generated in the value chain due to the available data and emission factors.¹⁰³

The company only reports scope 1, scope 2 and scope 3 emissions from the consolidated accounting group (the parent and subsidiaries), as the company does not have investees, such as associates, joint ventures or other units that are not fully consolidated. In the scope 3 calculation, data is also

Table 13 GHG intensity per net revenue¹⁰⁷

GHG intensity per net revenue	2024	2025	% change between 2024 and 2025
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/MEUR)	868	817	-6 %
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/MEUR)	866	816	-6 %

collected from the value chain. Of the emissions caused by upstream transport, 82% are based on primary data obtained from transport companies. Of the emissions caused by waste generated in operations, the proportion of emissions based on primary data obtained from waste management partners is 7%. For category 12 "End-of-life treatment of sold products", the proportion is 5%. In total, 1% of scope 3 emissions were based on primary data obtained from suppliers or other value chain partners in 2025.¹⁰⁴ There are no significant differences between the reporting periods of Teleste and its value chain participants.¹⁰⁵ There have been no changes in the definition of the company and its upstream and downstream value chain that would affect the comparability of GHG emissions between the current and previous reporting period. Teleste observed that the scope 1 calculation reported for 2024 was missing part of refrigerants and part of fuels, such as the fuel consumption of vehicles used under an unlimited car benefit. The calculation has been updated accordingly in this report, also with regard to 2022 and 2024.¹⁰⁶

Table 13 "GHG intensity per net revenue shows Teleste's GHG intensity, both loca-

tion-based and market-based. The GHG intensity has been calculated by dividing Teleste's location-based total emissions, 113,322 tCO₂eq, and market-based total emissions, 113,162 tCO₂eq, by the net sales shown in the consolidated financial statements for 2025. The net sales figure is consistent with IFRS reporting.¹⁰⁸

RESOURCE USE AND CIRCULAR ECONOMY ESRS E5

IDENTIFICATION AND ASSESSMENT OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (E5.IRO-1)

Teleste recognizes that understanding environmental and social impacts is key to promoting sustainable and profitable growth. In the double materiality assessment, one material risk and five material impacts related to resource use and circular economy were identified. The materiality assessment is discussed in more detail in the following paragraph: Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1).¹⁰⁹

¹⁰¹ E1, E1-6 AR 39, AR 46h

¹⁰² E1, E1-6 AR 45d

¹⁰³ E1, E1-6 AR 45e, AR 46j

¹⁰⁴ E1, E1-6 AR 46g

¹⁰⁵ E1, E1-6 50,

¹⁰⁶ E1, E1-6 47,

¹⁰⁷ E1, E1-6 53,

¹⁰⁸ E1, E1-6 AR 53,

¹⁰⁹ E5, E5 IRO-1 11a,b

POLICIES (E5-1)

The purpose of Teleste's environmental policy is to define operating principles for minimizing negative environmental impacts and increasing positive environmental impacts. The policy is approved at the Leadership Team level, and it applies to all of Teleste's employees, contractors and stakeholders at all Teleste sites, and it is publicly available.¹¹⁰ Teleste trains its employees to ensure that everyone is familiar with the policy and understands their responsibility for putting it into action.¹¹¹

Teleste is committed to supporting sustainable development and adheres to the principles of the UN Global Compact corporate responsibility initiative. The company is committed to sustainable procurement and production practices that reduce environmental impacts and promote the circular economy. Aside from GHG emissions, Teleste's most important environmental aspects are resource use and waste generation. The operating principles defined in Teleste's environmental policy cover all key areas, which are product design, energy consumption, GHG emissions, materials management and waste management.

The company improves resource efficiency and promotes the circular economy by continuously extending the life-cycle of its products by developing their reliability, durability and serviceability.¹¹² In addition, the company strives to continuously increase the use of recycled materials in its products and packaging. Teleste procures materials from ethical and responsible sources. The guidelines for sustainable sourcing and the Supplier Code of Conduct support a sustainable supply chain. The aim of the Supplier Code of Conduct is to

set standards for the industry, and it includes requirements for the supply chain in the areas of human rights, decent work, health, safety, ethics and the environment.¹¹³

Teleste actively seeks opportunities to promote the circular economy in its operations. The company uses resources efficiently and reduces the amount of waste generated. Sales and manufacturing forecasting reduces the amount of rejected material. All waste generated in operations is sorted appropriately, and the target is to increase the recycling rate of waste to 80% by 2030. The disposal of waste is avoided.¹¹⁴ The cardboard, plastic and metals used in products and packaging are recyclable. Teleste also favors recycled materials in its procurement. The target is to increase the share of recycled aluminum in products to 96% by 2030.¹¹⁵ The targets have also been defined in the policy and they are presented in more detail in section E5, paragraph "Metrics and targets (E5.3)".¹¹⁶

The policy also takes into account the views of key stakeholders through the materiality assessment. The company ensures that its environmental targets and practices are aligned with stakeholder expectations and global sustainability trends.¹¹⁷

In order to manage the component availability risk, which is identified as a material risk in the materiality assessment, the company has defined a policy that covers a careful evaluation process for new supplier selection, continuous monitoring and classification of supplier performance, and comprehensive contractual arrangements. In addition, the company conducts regular business reviews with key suppliers to ensure the quality of cooperation and reacts quickly to any devia-

tions. The company also actively monitors the life-cycle of components, the financial solidity of key suppliers and changes in their ownership structure, and keeps abreast of industry news and regulatory changes, which ensures proactive and sustainable risk management.¹¹⁸

MEASURES (E5-2)

The scope of application of the key measures covers the entire product life-cycle, from product design and materials procurement to disposal, with the aim of promoting sustainable resource use and the principles of a circular economy. Impacts related to product development identified in the double materiality assessment include promoting the circular economy by producing easily recyclable and repairable products, and reducing adverse environmental impacts through products with long life-cycles. To promote these impacts, Teleste conducts an environmental review of all new product families to assess the choices of materials, serviceability and upgradability, for example. This is an established practice and part of the company's product development process. Extending the life-cycle of products and choosing environmentally friendly materials can significantly reduce adverse environmental impacts and promote the circular economy. In addition, the serviceability and repairability of products reduce unnecessary consumption of resources and emissions caused by new production.

Key actions from a procurement perspective include increasing the use of recycled materials, favoring recyclable packaging, reducing the use of water and resources in the supply chain, and requiring suppliers to comply with strict environmental require-

ments.¹¹⁹ To reduce the environmental impacts of procurement, the company requires its suppliers to comply with environmental standards through audits, assessments and surveys. Potential deficiencies are addressed by drawing up a plan for remedy together with the supplier. These actions ensure compliance with requirements concerning the climate, the use of natural resources and the treatment of waste, provide structured solutions to address identified deficiencies, and promote sustainable improvements in the supply chain.¹²⁰

In order to manage the environmental impact of raw material consumption and the impact of the recycling rate of materials, the company allocated increased resources to sustainable procurement, as planned. The supplier sustainability survey was also repeated, as planned, during the reporting period. The survey is planned to be carried out at two-year intervals. The previous survey was carried out in 2023. The survey provides the company with more detailed information resource use among its suppliers. The company also aims to influence potential shortcomings and the progress of remedies in connection with supplier business reviews, for example. The measures taken during the reporting period do not directly contribute to the target of increasing the share of recycled aluminum in Teleste's products.

Waste generation is one of the impacts identified in the double materiality assessment. All waste generated in Teleste's operations is sorted carefully and the aim is to minimize the amount of waste in all operations. The disposal of waste is avoided. To reduce this impact, the company organizes

¹¹⁰ E5, E5-1 14, MDR-P 65a

¹¹¹ E5, E5-1 14, MDR-P 65f

¹¹² E5, E5-3 24a

¹¹³ E5, E5-1 14, 15b

¹¹⁴ E5, E5-1 14, MDR-P 65b, 65d

¹¹⁵ E5, E5-1 15a

¹¹⁶ E5, E5-1 15a

¹¹⁷ E5, E5-1 14, MDR-P 65c, 65e

¹¹⁸ E5, E5-1 14, MDR-P 65a

¹¹⁹ E5, E5-2 19,

¹²⁰ E5, E5-2 19 MDR-A 68d

sorting training for the personnel whenever necessary. The most recent sorting training was held in 2023. In addition, as part of orientation training, new employees complete an online course on the subject of the environment, which covers the content of Teleste's environmental policy, so that everyone understands their responsibilities with regard to environmental protection. Teleste is a member of a producer responsibility organization for electrical and electronic equipment and packaging materials, which ensures that the recycling and appropriate treatment of these materials is carried out in accordance with applicable legal requirements.¹²¹

In the materiality assessment, component supply disruptions due to geopolitical threats were identified as a material risk from the perspective of resources and the circular economy. To manage component availability risk, the company conducts supplier risk assessments. In addition, an established process for new supplier evaluation and selection is applied. The product life-cycle is evaluated in regular reviews focused on the life-cycle of active

products. The availability of any critical materials used in the products is also examined in connection with the review. Teleste regularly seeks alternative components to manage country risk. The measures support the policies related to these impacts and risks.¹²²

The company has included the management of resource use and circular economy as part of its business, and the expenses have therefore not been disaggregated from other expenses. Consequently, the magnitude of separate financial resources allocated to individual measures is not significant. Teleste considers that the current resources are sufficient to implement the planned measures in the short term. The action plan for the reporting period did not require separate operating or capital expenditure classified as significant. The company has not planned to increase the operating or capital expenditure related to the measures for the next reporting period. The company has also not created a medium- or long-term capital investment plan related to resource use and circular economy measures.¹²³

METRICS AND TARGETS (E5-3)

Table 14 Other environmental targets

Metric	2021 Base year	2024 Outcome	2025 Outcome	2025 Target	2030 Target
Share of recycled aluminum in products manufactured in-house [%]	92 %	86 %	85 %	94 %	96 %
Waste recycling rate [%]	60 %	77 %	79 %	75 %	80 %

¹²¹ E5, E5-2 19, MDR-A 68a-d

¹²² E5, E5 MDR-T 81b, MDR-A 68,

¹²³ E5, E5-2 19 MDR-A 69b,c

¹²⁴ E5, E5-3 23, MDR-T 80j

¹²⁵ E5, E5-3 23, MDR-T 80bd

¹²⁶ E5, E5-3 23, MDR-T 80f,
E5-4 28, MDR-M 77,

¹²⁷ E5, E5-3 23, MDR-T 80a

¹²⁸ E5, E5-3 23, MDR-T 80b

¹²⁹ E5, E5-3 24 a-f, E5-3 25

Progress towards targets

Increasing the share of recycled aluminum in Teleste's products

The share of recycled aluminum in Teleste's products was close to the 2024 level. The company continues to work with suppliers to ensure greater transparency and assurance of the use of recycled aluminum.

Increasing the waste recycling rate

The waste recycling rate has increased slightly from the 2024 level, exceeding the short-term target set by the company.¹²⁴

The company's target is to increase the recycling rate for waste generated in its own operations to 75% by 2025 and to 80% by 2030. Another target is to increase the share of recycled aluminum in Teleste's products to 94% by 2025 and to 96% by 2030. The company does not have official sustainability targets concerning the management of other impacts, risks or opportunities identified as material in the double materiality assessment.¹²⁵

Teleste sets environmental targets on the basis of the most important environmental aspects and the results of the materiality assessment. The materiality assessment also takes into account the views of stakeholders, such as customers, but stakeholders have not been involved in setting the targets themselves. After identifying the environmental impact, the available data for describing the impact was determined. This was followed by defining a suitable metric and a target level for it. The Leadership Team monitors the results regularly.

Most of the waste generated by Teleste's operations is recyclable. Based on this, it is assumed that the waste recycling rate is a descriptive metric for the environmental impacts of waste. With regard to recycled aluminum, the assumption behind the metric is that aluminum has a significant environmental impact, and that this impact can be reduced by favoring the use of recycled aluminum. The share of recycled aluminum is therefore assumed to effectively reflect the environmental impact of the materials used in products.¹²⁶

The targets are stated in the environmental policy and the operating principles defined in the policy support the achievement of the targets.¹²⁷ Both of the sustainability targets set are absolute.¹²⁸ The targets reduce the use of virgin raw materials and promote the continued circulation of materials. Thus, they support the principles of a circular economy, which aims to maximize the recycling and reuse of materials. Increasing the recycling rate of waste reduces the incineration and disposal of waste, which reduces the burden on the environment. In addition, the use of recycled aluminum in products reduces the need for mining and promotes adherence to the waste hierarchy. Both of the targets support increasing the use of recycled materials. The target related to aluminum supports it directly in the company's own operations, while the target to increase the recycling rate of waste supports it in the future by promoting the availability of recycled materials. Both of the sustainability targets belong to level 3 "recycling" of the waste hierarchy.¹²⁹ The targets are not required by legislation, but they sup-

port, for example, the realization of the EU’s recycling requirements for corporate waste. The company has not applied science-based frameworks, such as Science-Based Targets for Nature (SBTN), in setting the targets. Instead, the targets are based on scientific sources and expert recommendations, such as publications by the Ellen MacArthur Foundation. The target for the share of recycled aluminum is based on industry best practices and market requirements, where the regulatory framework, such as the effects of the CBAM Regulation on aluminum, is also one factor to consider.¹³⁰

The waste recycling rate is monitored at the company’s Finnish sites in Littoinen, Forsa and Tampere. Other sites do not generate significant amounts of waste. The target of increasing the waste recycling rate covers waste generated by the operations of these units. It therefore includes not only waste generated in production but also waste generated in the office. The methods and assumptions concerning the calculation of recycled aluminum are described in paragraph “Resource inflows, including resource use (E5-4)”. The target of increasing the share of recycled aluminum in Teleste’s products covers products both in the NET and the PSM business.¹³¹ No changes have been made to the basis for preparation of the metrics over the specified time horizon.¹³² The metrics have not been verified by an external party other than the company’s sustainability reporting assurance provider.¹³³ The target of increasing the waste recycling rate is related to waste generated in the company’s operations and, thus, resource outflows. The target of increasing the share of recycled aluminum

is related to purchased materials and, thus, resource inflows.

The company also monitors the number of suppliers who have made a commitment to the Supplier Code of Conduct, but no formal target has been set for this. The assumption behind the metric is that the more suppliers commit to sustainable practices, the more sustainable the company’s supply chain becomes. Another assumption is that suppliers also require their subcontractors to comply with ethical principles. In 2025, 96% of the company’s key suppliers have confirmed that they comply with Teleste’s Supplier Code of Conduct. The company has also not set an official target or metric regarding the procurement of renewable raw materials.¹³⁴

RESOURCES INFLOWS, INCLUDING RESOURCE USE (E5-4)

Material flows consist of finished products (amplifiers, workstations, servers and related products, tools, adapters, circuit boards, auxiliary materials) and raw materials used in production (semiconductor and passive components, mechanical parts, modules, packaging materials and electromechanical parts). The upstream value chain for their production mainly involves the following materials: metals (aluminium, copper, zinc, steel, brass, nickel), plastics, composites and other technical materials (glass fibre and resins, ceramics, quartz glass), chemical materials and solders and other materials (silicon, tools and adapters). Fixed assets used in the company’s own operations include measuring devices, circuit analysers, circuit board cleaning equipment and various jigs. Water is not used in the manufacture of the company’s own products. In

Table 15 Information on materials used in the manufacture of products during the reporting period ¹³⁶

	2024	2025
The overall total weight of products and technical and biological materials used during the reporting period (kg)	The overall total weight was 962,625 kg, including technical materials 858,136 kg and biological materials (packaging materials, pallets) 104,489 kg.	The overall total weight was 1,021,526 kg, including technical materials 948,520 kg and biological materials (packaging materials, pallets) 73,006 kg
Percentage of biological materials (%)	11 %	7 %
Weight of secondary reused or recycled components, secondary intermediary products and secondary materials, in absolute value (kg)	208,713 kg	443,487 kg
Weight of secondary reused or recycled components, secondary intermediary products and secondary materials, in percentage (%)	22 %	43 %

the upstream value chain, water is used in the production of raw materials, for example in connection with the production processes of circuit boards and components. The company does have precise visibility to the fixed assets used in the upstream value chain.¹³⁵

The material weights of the components received in 2025 are obtained from ERP and product management systems. The predefined weight of each component is recorded in the system, which enables the calculation of the total weight of received components based on the quantities received during the year. In the design phase, material weights are verified either by direct measurements or by using information provided by the manufacturers, and they are recorded in the system. Components are classified into main categories and the material composition of each main category is documented.

The recycling rate of aluminum is based on data received from suppliers, on the basis of which the overall recycling rate has been calculated as 85%. The proportion of recycled aluminum used in the products is determined according to data reported by the suppliers.

For the NET business, the recycling rate applied for packaging material is 21%, which is based on the part number-specific information provided by the supplier. For pallets, purchased pallets are taken into account. For the NET business, pallets purchased in Finland and Belgium have been taken into account, and they are all 100% secondary use pallets at the time of purchase. Pallets received in connection with materials orders are reused in connection with customer deliveries. For orders of materials in the PSM business, recycled Euro pallets are used, in addition to which glass is delivered in wooden crates that are

¹³⁰ E5, E5-3 27

¹³¹ E5, E5-3 23, MDR-T 80c; E5, E5-2 19, MDR-M

¹³² E5, E5-3 23, MDR-T 80i

¹³³ E5, E5 MDR-M 77b

¹³⁴ E5, E5-3 24,

¹³⁵ E5, E5-4 30,

¹³⁶ E5, E5-4 31a-c

not recycled. Euro pallets are 100% secondary use pallets when purchased. Customer deliveries are made partly using customer-specific pallets, which are purchased new, and partly using pallets received in connection with materials orders. Compared to the 2024 report, the weight of secondary reused or recycled components, secondary intermediary products and secondary materials shown in the table has been restated to correspond to the actual weight and recycling rate.

In the calculation of the total weight of materials, a distinction is made between technical and biological materials. All of the purchased products used in manufacturing are therefore included in technical materials. Technical materials include other materials except packaging materials (cardboard packaging) and wooden pallets, which are included in biological materials.¹³⁷

For biological materials, the purchased pallets comply with the ISPM 15 standard. There is no certification system in place for packaging materials. Bio-based packaging is used according to the cascading principle so that its primary purpose is to package products. Once packaging is handed over to a customer, the materials are assumed to be directed to appropriate recycling. Wooden pallets usually circulate several times before they are taken out of use.¹³⁸

Mass is calculated on the basis of the amount of incoming raw materials. The quantities of incoming materials are obtained directly from the ERP system, which ensures that double counting does not occur. A separate assessment has been made regarding pallets, as their weight and quantity are not directly monitored through the ERP system.¹³⁹

OUTFLOWS RELATED TO PRODUCTS AND SERVICES (E5-5)

The most important products and materials that are outflows of the company's production process

Key products from the perspective of the use of materials in the NET business are telecom network products, such as broadband amplifiers and optical nodes. In the PSM business, the key products are displays in rail passenger cars and at stations, as well as other infotainment products installed on train, tram and metro systems. The products manufactured by Teleste are electronic devices consisting mainly of circuit boards containing electronic components, display panels, internal cables, power supplies, software, housings and other mechanical structures. Teleste's environmental policy sets the following targets for product design, for example:

- The target is to extend the product life-cycle by improving the reliability, durability and serviceability of products.
- Modular solutions support backward compatibility in product upgrades, thereby preventing unnecessary scrapping from customer systems.
- Ease of dismantling and recyclability are taken into account in the early stages of design.

A checklist of adverse impacts is used in product creation projects. Teleste's end products cannot be remanufactured. They are designed to be dismantled as easily as possible into mono-materials. The devices are highly modular and support software updates that extend the product life-cycle. All

Table 16 Mean-Time-Between-Failures (MTBF) and mean target value for PSM product categories

Product category	Calculated MTBF value	Mean target MTBF
Display products	155,000 h	120,000 h
Audio system products	450,000 h	200,000 h
Other infotainment products	200,000 h	80,000 h

of the products are intended for professional use, which involves high requirements concerning quality and functionality. Maximizing the life-cycle of products is given significant attention in product design. There are hardly any side streams in the manufacture of the products. Teleste's products are manufactured to order, which means that the end products do not generate scrap material. All products go into production use, or are used as reserve equipment, by the customer.¹⁴⁰

The expected durability of the products in relation to the industry average for each product group

The NET business manufactures telecom network products. For most of the products, the normal operating environment is an outdoor environment, which means that the temperature conditions in different geographical areas have a significant impact on the expected lifespan. No information is available on the average durability of products in the industry. At Teleste, the theoretical lifespan of PSM products is calculated using standard methods used in the electronics industry.

In the PSM business, especially for electronics products used in public transport, the MTBF (Mean-Time-Between-Failures) value is typically calculated according to the environ-

mental conditions and operating hours of the customer project. Target values are typically also set for the products by the customer. As information is not generally available on the average durability of products in the industry, the average target values can be used as a benchmark. The table 16 shows the calculated MTBF values (as averages) and the average target values for the PSM product categories.¹⁴¹

Repairability of products

Part of the product creation process is an environmental review that takes the repairability of the product into consideration. Both businesses have their own versions of the checklist. Teleste's products have their own maintenance and spare parts service, which is available for at least seven years after official notification that the product will no longer be manufactured. The products are primarily designed to be openable, the parts are interchangeable, the products are highly modular and the software is upgradable. The target of serviceability is also documented in Teleste's environmental policy. There is no established classification system for the repairability of public transport and telecom equipment intended for professional use.

¹³⁷ E5, E5-4 32,

¹³⁸ E5, E5-4, 31b

¹³⁹ E5, E5-4 AR25

¹⁴⁰ E5, E5-5 35,

¹⁴¹ E5, E5-5 36a

For repairable products in the PSM business, proactive maintenance measures are specified as needed, if necessary for ensuring the life-cycle of the product. Calculated on a mass basis, 50% of the products of Teleste's NET and PSM businesses were designed to be repairable.¹⁴²

Quantities of recyclable materials in products

In the NET business, amplifiers and optical nodes with die-cast housings are products that are relevant in terms of the manufactured quantities and mass. The housings are primarily made of recycled aluminum. In the PSM business, the thin metal housings of displays and other infotainment products used on trains and at stations are relevant

products in terms of the manufactured quantities and mass. The thin metal used in the housings is partly made from recycled material. Correspondingly, the recyclable materials in the products mentioned above include all mechanical metal parts, cables and PCB materials. As a rule, the components of the products can be separated into mono-materials.

At the customer's request, PSM products are subject to a recyclability analysis, in which the amount of recyclable materials is determined by means of calculation. The calculation can be performed according to different standards (ISO 22628, ISO 21106, UNI-LCA-001). The calculation takes into account different material categories in accordance with the standards and generally all

electronic components (circuit boards and display panels) are classified under electronics. For example, the recyclability figures extracted from the recyclability analysis of one TFT display product and one infotainment product according to different standards are provided in table 17. PSM products are similar electronic devices, so the example products can be considered to be representative of the entire PSM product portfolio.

The proportions of recyclable materials of products in the NET business in the calendar year 2025 have been calculated in accordance with the IEC/TR 62635 standard. Product examples representing high-volume products are provided in table 18.

The products of the NET business are similar electronic devices, so the example products can be considered to be representative of the entire NET product portfolio.¹⁴³

Waste streams

The waste generated by Teleste's operations is primarily non-hazardous waste. Very small amounts of hazardous waste are generated, and they are primarily recyclable.¹⁴⁴ The most significant proportion of the waste generated consists of packaging materials that are recycled. In addition, waste types typical of the industry, such as various types of metal, cable, electrical and electronic waste, are generated to some extent.¹⁴⁵

Most of the waste generated by Teleste's operations is cardboard and paperboard. In addition, clean untreated wood, which practically means pallets, and plastic make up the majority of packaging waste. Other materials

present in waste include combustible waste that ends up in energy waste, aluminum and steel waste, electrical and electronic waste, cable waste, and recyclable paper and confidential paper waste.

The hazardous waste generated by the company's operations mainly consists of organic solid waste and aerosol waste.¹⁴⁶ The company's operations do not generate any radioactive waste.¹⁴⁷ At the company's sites in Littoinen, Forssa and Tampere, waste volumes are obtained from the waste management partners, which means that they are based on measurements. For the other units, waste volumes have been estimated on the basis of the best available data. The units for which waste volumes have been estimated are relatively small offices, which means that they do not generate significant amounts of waste. The waste volumes of small sites were estimated on the basis of the number of personnel. In the calculation, it was assumed that these sites generate small amounts of energy fraction and, in addition, waste fractions classified as recycled waste. The estimated data accounts for less than 5% of the total waste volume. Waste is monitored in the company's own waste accounting. The waste data in the tables covers the entire organization's waste, and the boundary therefore differs from the boundary applied in Teleste's sustainability target concerning the waste recycling rate.¹⁴⁸

Table 17 Proportions of recyclable materials of products in the PSM business, calculated according to different standards

PSM business	ISO 22628	ISO 21106	UNI-LCA-001
TFT display product	97.6 %	93.3 %	67.9 %
Infotainment product	98.8 %	86.3 %	87.4 %

Table 18 Proportions of recyclable materials of products in the NET business, calculated in accordance with the IEC/TR 62635 standard

NET business	IEC/TR 62635
Network product 1 Amplifier ICON3000	88.0 %
Network product 2 RF passive product 3TP-8	86.0 %
Network product 3 Property amplifier CX3-D	82.0 %

¹⁴² E5, E5-5 36b

¹⁴³ E5, E5-5 36c

¹⁴⁴ E5, E5-5 38,

¹⁴⁵ E5, E5-5 38a

¹⁴⁶ E5, E5-5 38b

¹⁴⁷ E5, E5-5 39,

¹⁴⁸ E5, E5-5 40

Table 19 Waste diverted from disposal, by recovery type, in metric tons (t)¹⁴⁹

	2024	2025
Hazardous waste		
Preparation for reuse	0 t	0 t
Recycling	0.07 t	0.08 t
Other recovery operations	0.01 t	0.01 t
Radioactive waste	0 t	0 t
Total	0.08 t	0.09 t
Non-hazardous waste		
Preparation for reuse	5 t	0 t
Recycling	77 t	97 t
Other recovery operations	25 t	30 t
Total	107 t	128 t

Table 20 Waste directed to disposal, by waste treatment type, in metric tons (t)¹⁵⁰

	2024	2025
Hazardous waste		
Incineration (without energy recovery)	0 t	0 t
Landfill	0 t	0 t
Other disposal operations	0 t	0 t
Total	0 t	0 t
Non-hazardous waste		
Incineration (without energy recovery)	0 t	0 t
Landfill	0 t	0 t
Other disposal operations	0 t	0 t
Total	0 t	0 t

Table 21 Summary¹⁵¹

	2024	2025
Total amount of waste in metric tons	107 t	128 t
Total amount of hazardous waste in metric tons	0.08 t	0.09 t
Total amount of non-recycled waste in metric tons	25 t	30 t
Percentage of non-recycled waste	23 %	24 %

¹⁴⁹ E5, E5-5 37bi-iii

¹⁵⁰ E5, E5-5 37ci-iii

¹⁵¹ E5, E5-5 37a, 37d, 39

3. Social Information

OWN WORKFORCE S1

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (ESRS 2, SBM-3)

The impacts, risks and opportunities related to the company's own workforce (value chain: own operations) concern working conditions, equal treatment and equal opportunities. The policies, measures, metrics and targets presented in this section apply to all of the company's own personnel. Teleste has not identified any groups among its own personnel that would be particularly vulnerable to negative impacts.

- Teleste's adheres to the principle of paying its personnel wages in accordance with the law and the applicable collective agreement. In addition, the company's compensation processes ensure equal pay for equal work, taking country-specific differences into account. Teleste is committed to promoting adequate and equal pay, as well as training and skills development, in all of its operating countries, thereby improving the well-being of its employees. The compa-

ny monitors the wage development and wage level of its personnel, using human resources management processes to ensure that the minimum salary levels are exceeded in the various countries. In addition, Teleste's personnel mainly work in countries that have strict labor legislation and active supervision by the authorities. Some countries also have collective agreements in force, which, together with labor legislation, ensure employees' rights concerning pay. Teleste measures the ratio of the CEO's pay to the average pay of the employees and has set a target for it. The company also uses human resources management processes to ensure that these principles are complied with, and the company reacts to them as necessary.¹⁵²

- The company adheres to management principles that support work-life balance. Teleste offers its employees flexible working time arrangements, such as flexible working hours, remote work opportunities, parental leave and childcare opportunities, which helps to achieve a balance between work and private life. Teleste measures the employees' satisfaction with management through

personnel surveys and develops its supervisors by means of coaching and training. Working time arrangements comply with country-specific labor legislation and any potentially applicable collective agreements, which help to ensure flexibility. In addition, Teleste's personnel-related operating procedures and policies aim to enable the reconciliation of work and free time. The corporate culture is measured in a personnel survey, and targets have been set for it. Management is also measured in the personnel survey, but no numerical target has been set for it.¹⁵³

- Teleste invests in the well-being of its employees in many different ways, ensuring good working conditions and health-related support measures. These support measures include, for example, comprehensive occupational health care and insurance policies that take country-specific differences into account. The company also supports the maintenance and development of mental and physical well-being by providing employee benefits that support this. A performance and development review is held annually with each employee, and well-being is

one of the topics addressed. Corrective measures are established with regard to well-being as necessary. Teleste measures well-being and engagement, and clear targets have been set for these.¹⁵⁴

- The company's principles include equality and diversity. These topics are addressed in personnel training, including orientation training for new employees. The company's operating procedures and policies support the realization of these principles in recruitment and the monitoring of pay equality, for example. This creates an inclusive work community and improves the employer image. The company has also set a diversity target for the composition of the Board of Directors, the achievement of which is monitored.

As part of annually updated strategy, a human resources strategy is also drawn up, and it takes the company's personnel into consideration. The human resources strategy is the responsibility of the Senior Vice President, People and Culture, who is part of the Leadership Team. The company's business model and changes thereto take the personnel and human rights into account. The Senior Vice

¹⁵² ESRS 2, SBM-3,

¹⁵³ ESRS 2, SBM-3,

¹⁵⁴ ESRS 2, SBM-3,

President, People and Culture, is responsible for ensuring that these matters are taken into consideration as part of the development of the business model.¹⁵⁵

Teleste's sustainability with regard to its own workforce is guided by the local legislation, collective agreements, the company's values, the human resources strategy and the company's personnel-related policies and operating procedures. Teleste's Code of Conduct is the highest-level policy guiding these matters. Teleste's operations are also guided by the Leadership Principles and the Culture Vision. These principles apply to everyone working at Teleste, regardless of the form of employment.

Teleste's various forms of employment include employees and non-employees, such as self-employed people and temporary agency workers. These workers can be either full-time or part-time, and the relationship may be either valid indefinitely or fixed-term.¹⁵⁶

Teleste complies with local labor legislation and any collective agreements, which mitigates negative impacts and promotes positive impacts on Teleste's employees. In addition, 100% of the company's personnel are registered in the human resources management system, which reduces the risk of legal non-compliance with regard to the terms of employment or wages. Teleste regularly collects feedback from its personnel and, at the same time, surveys development ideas that could have a positive impact on the personnel.¹⁵⁷

Teleste requires equal treatment in the company. In addition, the company's recruitment process is designed to support equal treatment.¹⁵⁸

Teleste does not perceive any negative impacts on its own workforce caused by climate change mitigation measures, and the company does not conduct business in regions with a significant risk of child labor or forced labor.¹⁵⁹

All of the company's employees complete Code of Conduct training as part of the orientation training process. This aims to ensure that Teleste's employees understand the key principles that guide sustainability.¹⁶⁰ Of Teleste's employees, 93.2% had completed training on the Code of Conduct by the end of 2025.

For certain business reasons, the company may need to adapt its operations in a way that may have temporary or permanent negative impacts on employees.¹⁶¹

POLICIES RELATED TO OWN WORKFORCE (S1-1)

Teleste has comprehensive process instructions related to its personnel, with the aim of being a responsible and fair employer in addition to promoting the company's business operations. Teleste complies with local labor legislation and any applicable collective agreements that are intended to mitigate negative impacts on Teleste's employees and enable ethical operations in various areas of operation.¹⁶²

Teleste is committed to the following standards, which are recorded in the Teleste Global Human Resources Policy:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

In its Code of Conduct, Teleste commits to respecting the UN Guiding Principles on Business and Human Rights in all of its operations.¹⁶³ In addition, in its human resources management, the company is committed to promoting and complying with principles such as international human rights standards, non-discrimination and equality. The principles are also aimed at promoting Teleste's business operations in a broad sense. Teleste has prepared a comprehensive set of policies and operating procedures, the main principles of which are described at the beginning of each document. The content of the documents corresponds to various human rights principles and promotes the employees' well-being and opportunities for development at work.

The significance and rights of the company's own workforce is emphasized in recruitment, human resources management and cooperation with employees. Supervisors play a key role in the implementation of these policies and operating procedures. They receive regular training and are supported by online training activities related to human re-

sources management processes, operating procedures and the content of policies. Supervisors are also supported by specialists in the company's People & Culture team. The People & Culture team also conducts audits of the company's personnel information system with the aim of detecting any shortcomings.¹⁶⁴

The key policies related to human resources management that cover all of the company's own workforce are as follows: Teleste Code of Conduct, Teleste Group Human Resources Policy, Whistleblowing Guideline, Risk Management Policy, and Teleste Group Global Compensation and Benefits Policy.¹⁶⁵

Teleste complies with the Teleste Group Health and Safety Policy, and any incidents related to occupational accidents are reported and corrective measures are taken based on them.¹⁶⁶

Teleste engages in diverse dialogue with its employees. The company conducts a personnel survey twice a year and consults employees via the Employee Sounding Board forum. Teleste also engages in statutory employer-employee cooperation in countries in which the employees are unionized. Employees can provide feedback anonymously, for example, through the personnel survey or Teleste's whistleblowing channel. Teleste's MyPulse process (personnel survey) and the Employee Sounding Board forum can be used to submit suggestions for improvement. The key topic area addressed are the matters specified in the IRO: employee well-being, equality and non-discrimination, pay-related issues and matters related to management and culture.

Teleste has designed its personnel-related processes and operating practices in such a way that human rights are realized.

¹⁵⁵ S1, SBM-2, 12
¹⁵⁶ S1, SBM-3, 14a
¹⁵⁷ S1, SBM-3, 14b ja 14c

¹⁵⁸ S1, SBM-3, 14d
¹⁵⁹ S1, SBM-3, 14e, 14f
¹⁶⁰ S1, SBM-3, 15,

¹⁶¹ S1, SBM-3, 16,
¹⁶² S1, S1-1, 19,
¹⁶³ S1, S1-1, 21,

¹⁶⁴ S1, S1-1, 20, 20a ja 22,
¹⁶⁵ S1, S1-1, 19,
¹⁶⁶ S1, S1-1.23,

The People & Culture team conducts regular audits of personnel information systems and processes to ensure that they operate correctly. These operating practices are documented in operating procedures and policies, which are the subject of training for supervisors, for example. Teleste's personnel are also provided with extensive opportunities to report deviations.¹⁶⁷

Teleste treats all employees with respect, fairness and equality. The company does not tolerate any form of racism or discrimination. The company's principle is that no one should be discriminated against due to age, origin, nationality, language, religion, conviction or opinion, political activity, trade union activity, family relationships, health status, disability, sexual orientation or other reason.¹⁶⁸ Diversity and inclusion are the foundation of Teleste's way of working and thinking. Teleste's way of working means respecting all people and oneself. When they join the company, all Teleste employees complete onboarding training that covers diversity and inclusion, among other topics.¹⁶⁹ Through various policies, operating procedures and processes, Teleste is comprehensively committed to ensuring that employees are not subject to negative impacts.¹⁷⁰

Teleste has drawn up operating procedures titled "Equal and Fair Treatment SOP" and "Diversity & Inclusion SOP" to prevent discriminatory behavior and harassment in the company. The operating procedures also address the treatment of persons in vulnerable situations. In addition, the Recruitment SOP emphasizes a clear recruitment process that ensures equal opportunities for candidates to be employed at Teleste regardless of their background. These topics are covered

in orientation training and supervisor training, for example. The personnel also have the opportunity to raise concerns through various channels (including the whistleblowing channel and the personnel survey).¹⁷¹

Teleste adheres to the Teleste Group Health and Safety Policy. Any incidents related to occupational accidents are reported and corrective measures are taken based on them. The company also has in place processes that promote occupational safety, such as safety inspections and risk assessments, which are mentioned in the policy.¹⁷²

Teleste engages in diverse dialogue with its employees. The company conducts a personnel survey twice a year and consults employees via the Employee Sounding Board forum. Teleste also engages in statutory employer-employee cooperation in countries in which the employees are unionized. Employees can provide feedback anonymously, for example, through the personnel survey or Teleste's whistleblowing channel. Teleste's MyPulse process (personnel survey) and the Employee Sounding Board forum can be used to submit suggestions for improvement.¹⁷³

PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS (S1-2)

Teleste's personnel is one of the company's most important assets. For this reason, Teleste has created a comprehensive system for decision-making, cooperation and communication between the company and its personnel. For example, the employee representative forum (Johtajisto) provides an opportunity for employee representatives to participate in decision-making with the company's manage-

ment. These forums discuss topics such as management, culture, well-being, equality and pay (ESRS2 S1-IRO1)¹⁷⁴. Teleste regularly collects feedback from its personnel and, at the same time, surveys development ideas that could have a positive impact on the personnel. Employee representatives are also met with on a regular basis through the following forums, among others: legally stipulated employer-employee cooperation (Finland), Employee Sounding Board (global), Johtajisto employee representative forum (global). Cooperation is carried out on a regular basis in accordance with an annual meeting planning calendar. Cooperation with employee representatives is carried out by the People & Culture department, and the company's Senior Vice President, People and Culture, participates in the cooperation, as does the CEO from time to time. In selecting the representatives for the Employee Sounding Board, the aim is for the forum to have as diverse a group of participants as possible. The members of other forums are selected by the personnel. The rate of engagement is assessed by means of the response rate of the personnel survey. Separate targets have been set for the response rate as part of the annual report.¹⁷⁵

Teleste's personnel are not organized according to the European Works Council (EWC), Societas Europaea (SE) Works Council or Societas Cooperativa Europaea (SCE) Works Council models.¹⁷⁶

Teleste measures the impact of its measures through the personnel survey process. The personnel survey is conducted using a system acquired for that purpose, which ensures the anonymity of the participants. Summaries of the survey results are published

for the personnel, and the summaries also specify measures to be taken. The personnel survey measures the following topics: 1) corporate culture, 2) leadership, 3) well-being and commitment. Employees also have the opportunity to give open feedback in the survey. The surveys are processed on a team-specific basis, at the Leadership Team level and with employee representatives. Teleste also monitors the development of sickness-related absences and the occupational accident frequency, and implements development measures based on them. An annual performance and development review is held with all Teleste employees to evaluate the planned and implemented measures. The company also addresses the personnel survey, myPulse results, the development of sickness-related absences and occupational accident statistics in various employee forums (including statutory employer-employee cooperation and the Johtajisto employee representative forum).¹⁷⁷

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS (S1-3)

Teleste complies with the principles set out in the Teleste Group Human Resources Policy, such as respect for human rights and equal treatment. Any shortcomings are addressed and corrective measures are decided on in meetings of the Leadership Team. Teleste's employees have many opportunities to raise concerns and communicate them to the company's management. These instruments include personnel surveys, the shop steward system, the Johtajisto employee representative forum and the Employee Sounding Board. Employees can raise concerns by con-

¹⁵⁵ S1, SBM-2, 12

¹⁶⁸ S1, S1-1, 24a, b

¹⁶⁹ S1, S1-1, 24c, d

¹⁷⁰ S1, S1-4, 38b

¹⁷¹ S1, S1-1, 24a-d

¹⁷² S1, S1-1.23,

¹⁷³ S1, S1-1, 20b, c, 21,

¹⁷⁴ S1, S1-2, 27,

¹⁷⁵ S1, S1-2, 27a-c, e, 28,

¹⁷⁶ S1, S1-2, 27d, S1,

¹⁷⁷ S1, S1-4, 38d, 39, S1, S1-2, 27e

tacting the company's People & Culture team or employee representatives. They can also use the whistleblowing channel. Employees can raise concerns through supervisors or employee representatives or by giving feedback in connection with personnel surveys, for example. The results of the personnel survey and the action plans drawn up on the basis of the results are submitted to the People & Culture team for analysis. They are used to prepare a summary that is presented to the Leadership Team for decision-making.¹⁷⁸

The personnel survey response rate among Teleste's employees is fairly high, which is indicative of trust in this feedback channel.¹⁷⁹

Reported concerns are only handled by the People & Culture team, which strives to protect the whistleblower's identity to the greatest possible extent in investigating the matter. Employees can also choose to use the anonymous whistleblowing channel.¹⁸⁰

TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS (S1-4)

Through various policies, operating procedures and processes, Teleste is comprehensively committed to ensuring that employees are not subject to negative impacts due to working for the company.¹⁸¹

The key priorities of Teleste's human resources strategy are: 1) competence development, 2) good leadership, 3) a positive employee experience and 4) high-quality human resources management processes. Developing these areas is believed to increase

employee well-being and promote business growth. Measures that increase well-being help reduce the risk of losing key resources due to a deterioration of work-life balance.

Teleste's comprehensive occupational health care, comprehensive benefits that promote well-being at work and flexible working time arrangements improve well-being at work. In addition, the company's Nordic management style has been recognized as respecting the well-being of employees. Cooperation with employee representatives in various forums (Employee Sounding Board, statutory employer-employee cooperation forum, Johtajisto employee representative forum) and the Wellbeing and Engagement SOP, for their part, ensure that the well-being of the personnel is looked after.¹⁸² Key projects have included training on Teleste's leadership principles and improving the corporate culture. Due to cost-saving measures, limited progress has been made on these. The performance and development review process supports dialogue between the employee and the supervisor.¹⁸³

In 2025, to mitigate the identified negative impacts and promote the positive impacts, Teleste has offered its employees leadership and supervisor training, organized personnel surveys, carried out compensation reviews and invested in wellbeing at work, and the company will continue these measures in 2026.¹⁸⁴

Teleste measures the impact of its measures through the personnel survey process. The personnel survey measures the following topics: 1) corporate culture, 2) leadership, 3) well-being and commitment. Employees also have the opportunity to give open feedback in the survey. In 2025, in addition to an extensive MyPulse survey for all of the personnel,

the company also conducted a more concise eNPS survey. The surveys are processed on a team-specific basis, at the Leadership Team level and with employee representatives. Teleste also monitors the development of sickness-related absences and the occupational accident frequency, and implements development measures based on them. An annual performance and development review is held with all Teleste employees to evaluate the planned and implemented measures. The company also addresses the results of the personnel survey, the development of sickness-related absences and occupational accident statistics in various employee forums (including statutory employer-employee cooperation and the Johtajisto employee representative forum).¹⁸⁵

The company does not perceive any negative impacts on the personnel from the green transition, such as the closure of a manufacturing plant due to emissions-related reasons.¹⁸⁶

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES (S1-5)

Teleste's key targets related to its own workforce are the engagement rate, improving the health rate and developing the corporate culture. Employee representatives have not been directly involved in setting the targets, but the company engages in active dialogue with them about the status of the targets and plans corrective measures. The status of these targets is discussed in Teleste's cooperation forums (statutory employer-employee cooperation, Employee Sounding Board and the Johtajisto employee representative forum). The achievement of the targets and related measures are discussed in various employee forums. In addition, the results of the personnel survey are discussed extensively in cooperation forums.¹⁸⁷

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Table 22 Targets related to own workforce

Metric	2025 outcome	2025 target	2030 target
Employee turnover during the financial period	11 %	<15 %	<15 %
Engagement			
Personnel survey response rate	64 %	80 %	80 %
Corporate culture			
Average score of the personnel survey section on corporate culture, scale 1-10	6.1	7.5	8.0
Well-being			
Reversed absence rate ¹⁸⁸	98.2 %	98.0 %	98.0 %
Remuneration			
Pay ratio: CEO/average employee salary	6:1	7:1	7:1

¹⁷⁸ S1, S1-3, 32a-e

¹⁷⁹ S1, S1-3, 33,

¹⁸⁰ S1, S1-3, 33

¹⁸¹ S1, S1-4, 38b

¹⁸² S1, S1-4, 40a

¹⁸³ S1, S1-4, 38c

¹⁸⁴ S1, S1-4, 38a

¹⁸⁵ S1, S1-4, 38d, 39,

¹⁸⁶ S1, S1-4, 40a-b, 41, 43, AR43,

¹⁸⁷ S1, S1-5, 47 a-c

¹⁸⁸ Käännteiseen poissaoloprosenttiin lasketaan mukaan sairaudet, työperäiset tapaturmat ja mahdolliset kuolemantapaukset. Laskennan perustana on poissaolopäivät.

¹⁸⁹ S1, S1-5, 46

CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES (S1-6)

Key figures on the personnel are reported on the basis of data obtained from the personnel information system. The company's People & Culture team, the local HR unit and supervisors are responsible for keeping the information up-to-date. The key figures are reported in person-years at the end of the reporting period (31 December 2025) and as averages for the year. A person-year (FTE) describes an employee's work input relative to full-time hours. It is calculated by comparing an employee's contractual working hours with the company's normal full-time working hours. The figures include the entire Teleste Group's internal employees, but they do not include external workers or persons on long absences entered in the HR system. Employee turnover is calculated by comparing the number of employees who left the company during the year with the average number of person-years. Employee turnover covers all reasons for the termination of employment, and it is calculated by comparing the total FTE figure for employment relationships

terminated during the reporting period with the FTE figure for the average number of employees during the reporting period. The monthly and annual averages are calculated by distributing the employees' working hours evenly over each calendar day during the period in question. The figures on remuneration are based on employees in an active employment relationship on 31 December 2025. The reported figures are consistent with the logic applied in the company's financial reporting.¹⁹⁰ The metrics related to the company's own workforce have not been verified by an external party other than the company's sustainability reporting assurance provider.¹⁹¹ Teleste's Group Leadership Team constitutes the senior executive management.¹⁹²

The targets related to own workforce apply only to Teleste's own personnel. Stakeholder representatives have not been involved in setting the targets. In setting the targets, efforts have been made to take account of the international policies and standards that are mentioned in the company's global human resources policy.¹⁹³

Table 23 Number of employees at the end of the reporting period ¹⁹⁴

Gender	Number of employees (head count)		Number of employees (FTE)		Average number of employees (FTE)	
	2024	2025	2024	2025	2024	2025
Male	470	486	461.4	472.5	501.5	473.7
Female	162	167	158.2	157.5	171.3	159.4
Total employees	632	653	619.6	630.0	672.8	633.1

Table 24 Number of employees in countries where the company has at least 50 employees representing at least 10% of its total number of employees ¹⁹⁵

Country	Number of employees (FTE)		Average number of employees (FTE)	
	2024	2025	2024	2025
Finland	443.6	457.1	460.0	458.6

Table 25 Number of employees by contract type (FTE) ¹⁹⁶

	Female		Male		Total	
	2024	2025	2024	2025	2024	2025
Number of employees (FTE)	158.2	157.5	461.4	472.5	619.6	630.0
Number of permanent employees (FTE)	154.2	150.6	449.2	454.0	603.4	604.6
Number of temporary employees (FTE)	4.0	6.9	10.9	13.8	14.9	20.7
Number of non-guaranteed hours employees (FTE)	0.0	0.0	1.3	4.7	1.3	4.7
Number of full-time employees (FTE)	150.0	144.0	449.0	452.0	559.0	596.0
Number of part-time employees (FTE)	8.2	13.5	12.4	20.5	20.6	34.0

Table 26 Employee turnover ¹⁹⁷

	2024	2025
Number of terminated employment relationships	148	68
Employee turnover rate	21 %	10.6 %

¹⁹⁰ S1, S1-6, 50d, e, f

¹⁹⁴ S1, MRD-M 77b

¹⁹² S1-9, AR 71,

¹⁹³ S1-5, MDR-T 46.80f

¹⁹⁴ S1, S1-6, 50a, AR 57,

¹⁹⁵ S1, S1-6, 50a, AR 57,

¹⁹⁶ S1, S1-6, 50b

¹⁹⁷ S1, S1-6, 50c, AR 59

CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE (S1-7)

The reporting on the external workforce is based on the personnel information system, and the figures are presented in person-years.¹⁹⁸ The key figures for the external workforce are reported in person-years at the end of the reporting period (31 December 2025) and as averages for the year. The external workforce includes employees who have a valid labor supply agreement with Teleste, including self-employed persons and temporary agency workers. Self-employed persons and temporary agency workers have not been disaggregated in the system with regard to the external workforce.¹⁹⁹

Table 27 Non-employee workers ²⁰⁰

	2024	2025
Number of non-employee workers (FTE)	103.0	172.9
Average number of non-employee workers (FTE)	113.0	167.2

Diversity metrics (S1-9)

Table 28 Diversity metrics ²⁰¹

	Number of employees (FTE)		Number of employees (%)	
	2024	2025	2024	2025
Top management	8.0	8.0	1.3 %	1.3 %
Female	2.0	2.0	0.3 %	0.3 %
Male	6.0	6.0	1.0 %	1.0 %
Under 30 years old	45.8	49.8	7.4 %	7.9 %
30–50 years old	314.3	314.8	50.7 %	50.0 %
Over 50 years old	259	265.4	41.9 %	42.1 %

INTERESTS AND VIEWS OF STAKEHOLDERS (ESRS 2, SBM-2)

The material impacts, key risks and opportunities concerning the company's own workforce have been identified in the double materiality assessment. The company's own personnel participated in the materiality assessment process. The engagement of the company's own personnel and other stakeholders in the materiality assessment process is described in more detail in the following paragraph: Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1). More information on taking the interests and views of stakeholders into account is provided in the following paragraph: Interests and views of stakeholders (SBM-2).

ADEQUATE WAGES (S1-10)

Teleste monitors the compensation development of employees in different countries by acquiring market data and using it in preparing compensation increase plans for each financial period. Teleste also complies with the provisions of collective agreements with regard to increases in wages. The company's target is to pay its employees a living wage/adequate pay in each market.²⁰² The company monitors the salary development and adequate pay of all employees on an annual basis, and the analysis covers all (100%) of the company's employees. In 2025, all (100%) of the company's employees were paid adequate wages in accordance with the applicable benchmarks. Teleste calibrates the criteria of its short-term bonus scheme annually to reflect market practices. The company's Merit Increase process ensures that the employees' base salary is reviewed annually based on predefined criteria. The global People & Culture team is responsible for monitoring compensation and remuneration trends. Teleste monitors gender pay equality by extracting annual reports from the personnel information system, in which the salary data of all of the company's personnel is stored.²⁰³

TRAINING AND SKILLS DEVELOPMENT METRICS (S1-13)

Teleste develops its personnel through training and coaching activities that increase personal skills and team capabilities. However, during the reporting period, the amount of training activities was low due to cost savings and personnel reductions. In general, the topics of coaching and training activities in previous years have been related to leadership and the development of corporate culture. Projects have also been carried out to develop employee well-being, for example. Diversity has been emphasized in guidance concerning recruitment.²⁰⁴

The company's performance and career development reviews consist of development discussions held with all employees and bonus discussions held with employees who are within the scope of bonus earning opportunities. The figures for employees who participated in performance and career development reviews in 2024 have been updated in this report to include not only development discussions but also bonus discussions held in the company.

Table 29 Performance and career development reviews and training ²⁰⁵

	Female		Male		Total	
	2024	2025	2024	2025	2024	2025
Employees that participated in performance and career development reviews (%)	60 %	79 %	40 %	83 %	55 %	82 %
Average number of training hours per employee	0.9	4.0	0.4	5.0	0.5	4.7

¹⁹⁸ S1, S1-7, 55b,

¹⁹⁹ S1, S1-7, 55bii, 55c, 57,

²⁰⁰ S1, S1-7, 55a, AR 61,

²⁰¹ S1, S1-9, 66a,b

²⁰² S1, S1-10, 69,

²⁰³ S1, S1-16, 97c

²⁰⁴ S1, S1-S13, 83a,b

²⁰⁵ S1, S1-13, 83 a,b, AR 77.78

REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION) (S1-16)

The total monthly salary of employees who were in an employment relationship with the company on 31 December 2025 was used to determine the pay gap. The pay gap was calculated by deducting the average gross monthly salary of women from the average gross monthly salary of men, and dividing that figure by the average monthly salary of men. The figure obtained was then converted into a percentage figure. The total remuneration ratio was calculated by dividing the salary of the highest paid individual in the company by the average annual total remuneration for all employees. The average annual total remuneration of employees was calculated by dividing the total personnel expenses for the reporting year by the average number of personnel during the year.

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS (S1-17)

There were no serious human rights incidents in the company during the reporting period.²⁰⁸

Table 30 Gender pay gap ²⁰⁶

	Pay gap %	
	2024	2025
Blue-collar workers	6.2 %	8.8 %
White-collar workers	22.4 %	21.9 %
Total	30.6 %	31.5 %

Table 31 Total remuneration ratio ²⁰⁷

	2024	2025
Total remuneration ratio	6:1	6:1

Table 32 Incidents and complaints ²⁰⁹

	Total	
	2024	2025
Incidents of discrimination, including harassment	0	0
Complaints filed through channels for own workforce to raise concerns	0	0
Complaints received by the National Contact Points for OECD Multinational Enterprises	0	0
Fines, penalties and compensation for damages	0	0

²⁰⁶ S1, S1-16, 97a, AR 98-100,

²⁰⁹ S1, S1-17, 103 a-c

²⁰⁷ S1, S1-16, 97b, AR 101,

²⁰⁸ S1, S1-17, 104a

4. Governance Information

BUSINESS CONDUCT ESRS G1

GOVERNANCE

The role of the administrative, management and supervisory bodies (ESRS 2, GOV-1)

Teleste's Board of Directors confirms the company's ethical values and policies and monitors their implementation. Teleste's Ethics & Compliance function is responsible for ensuring that the company respects and complies with all applicable national and international laws and regulations, as well as the company's policies and guidelines. The Ethics & Compliance function prepares an annual compliance and ethics review. The Ethics & Compliance function also reports on key matters related to compliance and ethics to the Audit Committee of the Board of Directors, whose tasks include monitoring compliance with the policies and principles confirmed by the Board of Directors and evaluating compliance processes concerning laws and regulations.

Internal auditing includes evaluating the efficiency of processes related to risk management, supervision, management, administration and selected functions, as well as making proposals for their improvement. Internal auditing functions under the authority of the Board's Audit Committee.

Internal supervision is based on Teleste's values and corporate culture, as well as

Group- and operational-level structures and processes that support each other. In each of the two business units, the management of the business unit, supported by Teleste's centralized business controller function, is responsible for compliance with the principles of internal control on all levels of the units.²¹⁰

The candidates for the Board of Directors are chosen in co-operation between the Chairman of the Board and the major shareholders of the company. In addition to the required experience and areas of expertise, the guidelines on the diversity of the Board are taken into account when choosing candidates. The Audit Committee members must have sufficient expertise and experience considering the responsibilities of the committee. The CEO or a director appointed by the CEO is responsible for the implementation of internal auditing, and the expertise of external parties is utilized as necessary. The management of the Group and the business units are responsible for internal control as part of their normal managerial duties, while the Board evaluates and monitors the effectiveness of internal control.

The members of Teleste's Ethics & Compliance function are appointed by the CEO. In 2025, the committee consisted of the company's directors responsible for legal, financial and human resources matters. In addition, the Group CEO attended all meetings.²¹¹

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2, IRO-1)

Teleste has identified and assessed business conduct-related impacts, risks and opportunities in the double materiality assessment conducted in 2025. Corporate culture and whistleblower protection, and their impacts, were already identified as material in the double materiality assessment carried out in 2024. Two new risks related to business conduct were identified when the double materiality assessment was updated in 2025: the risk related to corruption and bribery, and information security risk. The topic of corruption and bribery is included in sustainability matters in accordance with the ESRS. Information security is a material sustainability theme for Teleste that is not covered by the ESRS and is reported on a voluntary basis. The materiality assessment is discussed in more detail in the following paragraph: Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1).²¹²

Business conduct policies and corporate culture (G1-1) (MDR-P, MDR-A)

The sustainability of Teleste's business conduct is guided by Teleste's Code of Con-

duct, which the company has further specified in its internal policies and guidelines. In accordance with these, the company is committed to complying with all applicable national and international laws and regulations and requires its suppliers and business partners to do the same. Teleste's Code of Conduct summarizes the principles of sustainable business conduct, such as honest and transparent business, anti-corruption, product quality and safety, human rights, the environment and whistleblowing. Teleste has been a member of the UN Global Compact network since 2023, and Teleste is committed to its policies and goals, which are aimed at sustainable development from the perspectives of the economy, human well-being and the environment.²¹³

Teleste's governance structure supports sustainable business and a culture of doing the right thing at all levels. Responsibility for sustainable business conduct thus extends from the company's Board of Directors down to every employee. The members of Teleste's Leadership Team and the persons reporting to the members of the Leadership Team are responsible for ensuring that the company's policies are communicated appropriately and that their content is complied with. The company strives to ensure adherence to the culture of doing the right thing by providing training and online courses for the personnel, among

²¹⁰ G1, GOV-1, 5a

²¹¹ G1, GOV-1, 5b

²¹² G1, G1-IRO-1, 6

²¹³ G1, G1-1, 7

other things.²¹⁴ All of Teleste's personnel are required to complete online training on the Code of Conduct at the start of their employment and whenever the content is updated²¹⁵. In addition, Teleste aims to organize training especially for those individuals in the purchasing and sales organizations, for example, who are at the greatest risk of encountering situations involving corruption and bribery²¹⁶.

Together with its personnel, Teleste has defined the company's target culture, which is referred to as the Culture Vision. The personnel participate in various training activities concerning the corporate culture. Teleste's Leadership Team reviews the state of the company's corporate culture twice a year, in connection with addressing the other results of the personnel survey. In addition, the company's Board of Directors reviews the results of the personnel survey annually. The reviews focus on the development of the different components of Teleste's corporate culture and the necessary measures that may be initiated as necessary. As a technology company, Teleste considers innovation and job satisfaction to be particularly important, which is why resources in the human resources management function are allocated to analyzing these matters. Twice a year, the People & Culture team publishes an internal report that is aimed at the personnel and discusses the development of the corporate culture. Teleste's management aims to incorporate the key components of the corporate culture in its other communications, and the People & Culture team plans training activities aimed at promoting the corporate culture. Teleste's personnel have the opportunity to foster and develop the corporate culture by responding

to the personnel survey and giving feedback on the current situation.²¹⁷

Teleste's employees and other stakeholders are encouraged to raise concerns about potential misconduct in Teleste's business or other functions related to the company. Teleste's employees can always contact their supervisor or a member of Teleste's Leadership Team in case of suspected misconduct. In addition, the whistleblowing channel ensures that whistleblowers can raise concerns anonymously. The whistleblowing channel is available to the company's employees and external stakeholders on Teleste's website.²¹⁸

The company is committed to investigating all whistleblower reports that are made in good faith and protecting the privacy of the whistleblower. The whistleblower is not at risk of losing their job and will not face any other consequences if they report a genuine suspicion. In potential criminal cases, the whistleblower's identity may need to be disclosed in connection with legal proceedings.²¹⁹

Teleste's Ethics & Compliance function investigates suspected misconduct reported by business units or Group functions. The Ethics & Compliance function reports significant suspicions of misconduct or violations to the Audit Committee of the Board of Directors. Only the members of the whistleblowing team, who are designated by the Ethics & Compliance and have received training from the company's legal department, have access to reports received through the whistleblowing channel. Their actions are logged and all of their actions are confidential. The whistleblowing team may request other persons to participate in the investigation process if that is necessary for investigating the matter.

Such persons only have access to information that is relevant to the investigation and are also subject to confidentiality. Persons who are the subject of the suspected misconduct or who have connections to the case never participate in the investigation. Depending on the case, the results of the investigation process are reported to the company's CEO or the Chairman of the Audit Committee, and they decide on what actions will be taken to remedy the situation. The whistleblower is also informed of the results of the investigation, taking into account, however, the protection of the privacy of the persons who are the subject of the report and other matters related to confidentiality.²²⁰

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY (G1-3)

Teleste is committed to the UN Global Compact initiative and has confirmed its principles and approach towards corruption and bribery in the company's Code of Conduct. In addition to complying with the Code of Conduct, each employee of the company is required to adhere to the anti-corruption policy approved by the company's Board of Directors. The

anti-corruption policy includes the prohibition of corruption and bribery, as well as anti-corruption principles regarding gifts, hospitality and the avoidance of conflicts of interest. The content of the anti-corruption policy is also communicated to Teleste's customers, suppliers and other stakeholders. Suspected incidents of corruption and bribery are investigated and the results are reported in accordance with the policies described above in the section "Business conduct policies and corporate culture".²²¹

In 2025, Teleste updated its Code of Conduct and the related online training. The online training on the Code of Conduct covers 100% of the activities that are at the highest risk of exposure to corruption and bribery. In addition, the members of Teleste's Leadership Team have received training on the content of the anti-corruption policy by the policy owner. The members of Teleste's Leadership Team and the persons reporting to the members of the Leadership Team are responsible for ensuring that the company's policies, including the anti-corruption policy, are communicated appropriately and that their content is complied with.²²²

Table 33 Online training on the prevention of corruption and bribery ²²³

	2025
Percentage of all personnel who have completed online training on the Code of Conduct	93 %

The table does not include a comparison figure, as the reporting of the metric began in 2025.

²¹⁴ G1, G1-1, 7,
²¹⁵ G1, G1-1, 10g
²¹⁶ G1, G1-1, 10h

²¹⁷ G1, G1-1, 9, AR 1,
²¹⁸ G1, G1-1, 10a
²¹⁹ G1, G1-1, 10c, e

²²⁰ G1, G1-1, 10c, e
²²¹ G1, G1-3, 18 a-c, AR5-AR6,
²²² G1, G1-3, 20, 21 a-c, AR4,

²²³ G1, G1-3, AR8

INCIDENTS OF CORRUPTION OR BRIBERY (G1-4)

There were no confirmed incidents of corruption or bribery in 2025. For this reason, it has not been necessary to implement measures to address violations of anti-corruption and anti-bribery procedures and norms.²²⁴

METRICS AND TARGETS (MDR-T)

The target of Teleste's culture development effort is to build a consistent and strong organizational culture for the company. The company is of the view that a strong culture will promote employee engagement, enhance well-being at work and encourage innovation. Ultimately, the company believes that strong culture that is present in all of the work it does will also be reflected in customer relationships by strengthening them and leading to even stronger performance.²²⁵

The realization of the corporate culture is measured every six months as part of the company's personnel survey, and a sustainability target has been set for it. The target related to corporate culture is described in more detail in the section "Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities" (S1-5). The company assesses the effectiveness of the online training on the Code of Conduct on the basis of the completion rate of the training. The target was for all of the company's personnel to complete the new online training course on the Code of Conduct in 2025. The company does not have metrics or official sustainability targets concerning the management of other

governance-related impacts, risks or opportunities identified as material in the materiality assessment.²²⁶

INFORMATION SECURITY

Teleste respects privacy and is committed to protecting the privacy, confidentiality and information security of both the company's and its stakeholders' data. In connection with the double materiality assessment carried out in 2025, information security and, in particular, the risk of a cyber attack were identified as a new material theme. A successful cyber attack could lead to internal or external data leaks or business disruptions.

Information security is an entity-specific sustainability theme, but the assessment of the related impacts, risks and opportunities has been carried out as part of the company's double materiality assessment, which is described in more detail in the section "Impact, risk and opportunity management".

Policies

Information security has been extensively taken into account in Teleste's policies and operating guidelines. Information security and data protection are an integral part of Teleste's Code of Conduct and security policy. The company also has separate information security instructions. Information security requirements have also been incorporated into Teleste's Supplier Code of Conduct. The security policy, information security guidelines and Supplier Code of Conduct are approved at the Leadership Team level. Teleste's Code of Conduct is approved by Teleste's Board of Directors.

The key objective of the security policy is to enable the appropriate protection of Teleste's and customers' assets. The policy covers the following areas of security:

1. security management and administration,
2. the safety of the personnel,
3. physical security and the security of facilities, and
4. information and cyber security.

The security policy and the security management system cover all Teleste Group companies and all countries in which Teleste operates.

The information security guidelines include Teleste's official instructions, procedures and requirements, the purpose of which is to enable the appropriate protection of data and information systems. The guidelines establish a framework for the secure and appropriate use of data and IT resources and allocate responsibilities to the right parties. The guidelines also take into account data integrity and data classification perspectives.

Teleste's Code of Conduct contains the main principles concerning information security. The Supplier Code of Conduct imposes information security-related requirements on suppliers.

Measures

Teleste has processes, practices, software and hardware in place to ensure the secure, appropriate and correct handling of confidential information and personal data. The company has an effective cyber security system that protects information systems and

networks from information security threats.

In the fall of 2025, the company started a certification process for its ISO 27001-compliant information security system. ISO 27001 is an internationally recognized information security standard that provides a systematic approach to information security management. A team of experts has been assembled for the development project of the certified system, consisting of representatives from both of Teleste's business units, the information management function and the quality and sustainability team. The information security system will be integrated into Teleste's existing processes and certified quality management system.

Teleste's personnel are provided with regular training on matters related to information security and data protection. Online training courses on information security and cyber security are mandatory for all employees.

Security, including information security, is part of Teleste's Group-level risk management system.

Metrics and targets

Teleste started a certification process for its ISO 27001-compliant information security system in the latter part of 2025. Teleste's target is to achieve certification for its ISO 27001-compliant information security management system during 2026. More detailed Group-level targets and metrics related to information security will be established as part of the development project related to the certification of the system.²²⁷

²²⁴ G1, G1-4, 22, 24 a

²²⁵ G1, G1-1, 7, MDR-T

²²⁶ G1, G1-1, 7, MDR-T

²²⁷ ESR5 1, ESR51-1.11

Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF INCOME

1,000 €	Note	1.1.-31.12.2025	1.1.-31.12.2024*	Change, %
Net sales	1	138,643	132,524	4.62 %
Other operating income	2	1,033	607	70.16 %
Material and services	14	-64,202	-66,094	-2.86 %
Employee benefits expense	3	-45,415	-40,981	10.82 %
Depreciation and amortisation	4	-4,955	-5,157	-3.90 %
Impairment	4	0	-6,653	-100.00 %
Other operating expenses	5	-18,301	-19,622	-6.73 %
Operating profit		6,803	-5,375	n/a
Financial income	6	931	991	-6.03 %
Financial expenses	7	-4,692	-2,682	74.93 %
Profit before taxes		3,042	-7,066	n/a
Income tax expense	8	-438	1,013	-143.19 %
Profit for the financial period		2,604	-6,053	
Profit attributable to:	9			
Owners of the parent company		2,780	-5,853	
Non-controlling interests		-176	-200	
		2,604	-6,053	
Earnings per share for profit of the year attributable to the equity holders of the parent	9			
Basic (expressed in € per share)		0.15	-0.32	
Diluted (expressed in € per share)		0.15	-0.32	
Total comprehensive income for the period (tEUR)				
Net profit		2,604	-6,053	
Other items in other comprehensive income				
Items that may be reclassified to profit or loss:				
Translation differences		410	-65	
Fair value reserve		115	-383	
Related tax		-23	77	
Other items in other comprehensive income including tax total		502	-372	
Total comprehensive income for the period		3,106	-6,424	
Total comprehensive income attributable to:				
Owners of the parent company		3,246	-6,189	
Non Non-controlling interests		-140	-235	
		3,106	-6,424	

*Foreign exchange differences from 2024 have been reclassified to correspond to accounting principles used in 2025

STATEMENT OF FINANCIAL POSITION

1,000 €	Note	31.12.2025	31.12.2024	Change, %
Assets				
Non-current assets				
Intangible assets	10	11,274	8,839	27.54 %
Goodwill	10	30,118	30,082	0.12 %
Property, plant and equipment	11	10,127	11,516	-12.06 %
Available-for-sale investments	12	27	27	0.00 %
Other non-current receivables	12	10	116	-91.15 %
Deferred tax assets	13	3,110	3,163	-1.65 %
		54,666	53,742	1.72 %
Current assets				
Inventories	14	26,914	24,896	8.11 %
Trade and other receivables	15	30,867	32,703	-5.61 %
Tax receivables	21	1,174	1,019	15.19 %
Cash and cash equivalents	16	9,064	8,808	2.90 %
		68,019	67,426	0.88 %
Total Assets		122,685	121,168	1.25 %
Equity and Liabilities				
Equity attributable to equity holders of the parent				
Share capital	17	6,967	6,967	0.00 %
Share premium	17	1,504	1,504	0.00 %
Translation differences		-2,181	-2,329	-6.36 %
Fair value reserve and other reserves		3,192	3,100	2.98 %
Retained earnings		48,422	46,234	4.73 %
Owners of the parent company		57,905	55,476	4.38 %
Non-controlling interests		0	-669	-100.00 %
Equity total		57,905	54,808	5.65 %
Non-current liabilities				
Interest-bearing liabilities	18	20,912	24,653	-15.17 %
Other liabilities	20	35	35	0.00 %
Deferred tax liabilities	13	26	50	-47.80 %
Provisions	19	794	560	41.87 %
		21,767	25,297	-13.95 %
Current liabilities				
Trade and other payables	20	33,646	29,934	12.40 %
Current tax payable	21	72	139	-48.59 %
Provisions	19	1,534	1,433	7.10 %
Interest-bearing liabilities	18	7,762	9,558	-18.79 %
		43,013	41,063	4.75 %
Total Liabilities		64,780	66,361	-2.38 %
Total Equity and Liabilities		122,685	121,168	1.25 %

CONSOLIDATED CASH FLOW STATEMENT

1,000 €	Note	1.1.–31.12.2025	1.1.–31.12.2024
Cash flows from operating activities			
Profit for the period		2,604	-6,053
Adjustments to cash flows from operating activities	23	13,643	21,398
Paid interests and other financial expenses		-2,043	-2,130
Other financial items		-838	-201
Received interests and dividends		209	204
Paid taxes		-701	-788
Net cash from operating activities		12,875	12,431
Cash flows from investing activities			
Purchases of tangible assets		-330	-314
Proceeds from sales of PPE		882	91
Purchases of intangible assets		-4,535	-4,329
Purchase of investments		0	0
Acquisition of subsidiaries, net of cash acquired		-270	0
Net cash used in investing activities		-4,253	-4,551
Cash flow from financing activities			
Proceeds from borrowings		0	37,387
Payments of borrowings		-5,749	-40,823
Payment of finance lease liabilities		-1,902	-1,933
Dividends paid		-549	0
Net cash used in financing activities		-8,200	-5,369
Change in cash			
Cash and cash equivalents 1.1.		8,808	6,228
Effect of currency changes		-166	71
Cash and cash equivalents 31.12.		9,064	8,808

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

1,000 €	Share capital	Share premium	Translation differences	Retained earnings	Invested non-restricted equity	Other reserves	Total	Non controlling interest	Total equity
At 1 January 2024	6,967	1,504	-2,154	51,591	3,140	266	61,315	-433	60,882
Net profit				-5,853			-5,853	-200	-6,053
Other items in comprehensive income for the period			-175	145		-306	-336	-35	-372
Total comprehensive income	0	0	-175	-5,708	0	-306	-6,189	-235	-6,424
Dividends				0			0		0
Equity-settled share-based payments				350			350		350
	0	0	0	350	0	0	350	0	350
At 31 December 2024	6,967	1,504	-2,329	46,234	3,140	-40	55,476	-669	54,808
At 1 January 2025	6,967	1,504	-2,329	46,234	3,140	-40	55,476	-669	54,808
Net profit				2,780			2,780	-176	2,604
Other items in comprehensive income for the period			148	225		92	466	36	502
Total comprehensive income	0	0	148	3,006	0	92	3,246	-140	3106
Dividends				-549			-549		-549
Equity-settled share-based payments				808			808		808
Acquisition of minority interests				-1,076			-1,076	809	-268
	0	0	0	-818	0	0	-818	809	-9
At 31 December 2025	6,967	1,504	-2,181	48,422	3,140	52	57,905	0	57,905

Notes to the Consolidated Financial Statements

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Teleste Corporation (the "Company") is a Finnish public limited liability company organised under the laws of Finland and domiciled in Turku in Finland. Its registered address is Telestenkatu 1, 20660 Littoinen. Founded in 1954 Teleste is a technology company running business activities, with a focus on the product solutions for video service platforms and video surveillance applications for broadband subscriber networks, as well as comprehensive service solutions, such as network construction, renewal and maintenance, maintenance and design services. The parent company of Teleste Group, Teleste Corporation, has permanent establishment in Netherlands and a subsidiaries in twelve countries outside Finland. Teleste Corporation has been listed on the Helsinki Stock Exchange since 1999. A copy of the consolidated financial statements can be obtained either from Teleste's website www.teleste.com or from the parent company's head office, the address of which is mentioned above.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) in force as at 31 December 2025. International financial reporting standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements also include additional information in accordance with the Finnish accounting and company legislation.

The Finnish version of the financial statements are prepared and published in such a way that they meet the requirements of the ESEF RTS. ESEF financial statements are published in XHTML format in accordance with ESEF RTS. The ESEF financial statements have been certified by an audit company PricewaterhouseCoopers.

Teleste Group has changed its consolidated financial statement preparation principles in 2025. The effects of external exchange rates not under hedge accounting are recorded in financial items, regardless of which

item the exchange rate difference originates from. The figures for the financial year 2024 have been adjusted to correspond to the preparation principles of 2025. Otherwise, the consolidated financial statements have been prepared according to the same principles as in 2024. The IFRS standards or their amendments that came into effect in 2025 have not had an impact on the company's financial statements for 2025.

BASIS OF PREPARATION

The consolidated financial statements are presented in thousands of euro (TEUR) and have been prepared under the historical cost convention, unless otherwise stated in the accounting principles.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the contents of the financial statements as well as use judgement when applying accounting principles. The estimates and assumptions are based on the management's current best knowledge reflecting historical experience and other reasonable assumptions. Actual results

may differ from these estimates. Accounting estimates mainly relate to activated development costs, goodwill, obsolete inventories, credit losses, deferred taxes and warranty provisions. The chapter "Accounting policies requiring management's judgement and key sources of estimation uncertainty" discusses judgements made by management and those financial statement items on which judgements have a significant effect.

SUBSIDIARIES

Subsidiaries include all such companies (including structured entities) in which the group has control. The group has control over a company when it is exposed to or has rights to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company's activities. Subsidiaries are consolidated in the group's financial statements in full from the date the group obtains control. Consolidation is terminated when control ceases.

ASSOCIATES

At the end of the reporting period the Group had no investments in associates.

JOINT VENTURES

At the end of the reporting period the Group had no joint ventures

PRINCIPLES OF CONSOLIDATION

Acquisitions of companies are accounted for by using the purchase method. All inter-company income and expenses, receivables, liabilities and unrealised profits arising from intercompany transactions, as well as distribution of profits within the Group are eliminated as part of the consolidation process. The allocation of the profit for the period attributable to equity holders of the parent company and non-controlling interest is presented on the face of the income statement and the non-controlling interest is also disclosed in the statement of comprehensive income. Non-controlling interests are disclosed separately under consolidated total equity.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. At Teleste Corporation, the Board of Directors of the parent company acts as the chief operating decision maker.

FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The functional currency of the parent company is euro and the consolidated financial statements are presented in euro. The functional currency is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. In preparing the consolidated financial statements income statements and cash flows of those foreign subsidiaries whose functional and presentation currency

are not the euro, are translated into euro at the average exchange rate during the financial period. Their balance sheets are translated at the closing rate at the balance sheet date.

All translation differences arising from consolidation of foreign shareholdings are recognised as a separate item in the comprehensive income. If an interest in a foreign entity is disposed of all, or part of, that entity, related cumulative translation differences deferred in equity are recognised in the income statement as part of the gain or loss on sale.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At the end of the accounting period, foreign currency monetary balances are translated at the closing rate at the balance sheet date. Non-monetary items stated at fair value in a foreign currency are translated at foreign exchange rates ruling at the dates the fair value was determined. Other non-monetary items are translated using the exchange rate at the date of the transaction. Gains and losses resulting from transactions in foreign currencies and translation of monetary items are recognised in the income statement. Foreign exchange gains and losses on trade payables are adjusted to re operating expenses. Other foreign exchange gains and losses are presented as financial income and expenses.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at historical cost less cumulative depreciation and any impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property,

plant and equipment. Interest costs which are directly attributable to the acquisition, construction or manufacturing of an asset that meets the determined criteria, in which case they are capitalized as part of the cost of that asset. Ordinary maintenance, repairs and renewals are expensed during the financial period in which they are incurred. In Teleste there are no such significant inspection or maintenance costs that should be capitalised. The Group recognises in the carrying amount of an item of property, plant and equipment the subsequent costs when that cost is incurred if it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost of the item can be measured reliably. Such renewals and repairs are depreciated on a systematic basis over the remaining useful life of the related asset. Gains and losses on sales and disposals are calculated as a difference between the received proceeds and the carrying amount and are included in other operating income and expenses, respectively.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Expected useful lives and residual values of non-current assets are reassessed at each balance sheet date and where they differ from previous estimates, depreciation periods are changed accordingly. The estimated useful lives are as follows:

- Buildings 25–33 years
- Machinery and equipment 3–5 years
- Computers 0–3 years
- Software 3 years
- Land is not depreciated.

LEASES

Teleste has applied IFRS 16 Leases from 1 January 2019.

GROUP AS LESSEE

Assets leased by Teleste that are not subject to exception available in IFRS 16 are recognized in the balance sheet at the inception of the lease as a non-current asset and a lease liability. The property, plant and equipment is amortized over the lease term and any impairment losses are recognized. Lease liabilities are included in the Group's current and non-current financial liabilities. Lease costs arising from leases are divided into interest expense and lease repayment. Repayment of a lease liability is recognized in the cash flow statement in the cash flow from financing activities.

Lease terms are negotiated on case by case basis and are subject of wide variety of terms. Lease agreements do not contain any other covenants besides the lease subjects security interest.

Teleste applies the exception available allowed by the standard for short-term leases and leases of low value assets.

INTANGIBLE ASSETS

An intangible asset is recognised only when it is probable that future economic benefits that are attributable to the asset will flow to the Group and if the cost of the asset can be measured reliably. All other expenditure is expensed as incurred.

Goodwill

Goodwill represents the Group's share of the difference between the acquisition cost and the fair value of identifiable assets, liabilities, and contingent liabilities acquired, as mea-

sured at the acquisition date. Goodwill is allocated to the cash-generating units that benefit from the acquisition. Goodwill is measured at original cost less any accumulated impairment losses. Goodwill (and other intangible assets with indefinite useful lives) are not amortized but are assessed annually for possible impairment through impairment tests.

Research and development costs

Research and development costs are expensed as they are incurred, except for certain development costs, which are capitalised when IFRS criteria are met. Significant future product platforms for which the potential demand and future cash flows can be estimated with sufficient degree of accuracy have been capitalised as intangible assets. Amortisation of such capitalised development projects is commenced after the completion of the subprojects related to the product platform concerned. They are amortised on a systematic basis over their expected useful life, which is from three to five years.

Other intangible assets

Other intangible assets of the Group mainly consist of intangible assets created from business acquisitions.

Those intangible assets which have estimated useful lives are depreciated on a straight-line basis over their known or estimated useful lives. The estimated useful lives are as follows:

- Customer relationships 2-4 years
- Trademarks 5-10 years
- Technology 3-5 years

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset (or disposal group) is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. It is measured at the lower of carrying amount and fair value less costs to sell. Such assets and associated liabilities are presented separately in the balance sheet. Assets held for sale are not depreciated (or amortised) after the classification as held for sale.

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The result of discontinued operations is presented separately on the face of the consolidated income statement.

IMPAIRMENT

The carrying amounts of assets are assessed for potential impairment at each balance sheet date and whenever there is any indication that an asset may be impaired. For the purposes of assessing impairment, assets are grouped at the cash generating unit level, which is the lowest level for which there are separately identifiable, mainly independent, cash inflows and outflows. Goodwill, unfinished intangible assets and intangible assets with indefinite useful lives, if any, are in all cases tested annually. All goodwill items of the Group have been allocated to cash generating units. If there is an indication of an impairment, the Group estimates the recoverable amount of the asset or cash generating unit. When the recoverable amount of the asset or cash generating unit is lower than the carrying amount, the difference is immediately recognised as

an impairment loss in the income statement. If the impairment loss is to be allocated for a cash-generating unit, it is allocated first by writing down any goodwill and then on pro rata basis to other assets of the unit.

The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or value in use. Teleste has applied value in use in its calculations in which case the estimated future net cash flows expected to be derived from the asset or cash generating unit are discounted to their present value. Expenditures to improve assets' performance, investments or future restructurings are excluded from the cash flow estimates.

An impairment loss relating to property, plant and equipment and other intangible assets excluding goodwill is reversed if there is an indication that the impairment loss may no longer exist and there has been a positive change in the estimates used to determine the recoverable amount of an asset or cash generating unit. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. However, an impairment loss in respect of goodwill is never reversed.

INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is assigned by using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all direct

costs incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

FINANCIAL ASSETS AND LIABILITIES

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Financial assets are classified according to the assets and the assets' contractual cash flow characteristics as follows:

- assets measured at amortised cost
- assets measured at fair value through other comprehensive income and
- assets measured at fair value through income statement.

The classification is made on the basis of the objective of the contractual cash flows of the investment or by applying the fair value option at the time of the original acquisition.

Purchases and sales of financial assets are recognised on the transaction date, which is the date on which the Group commits to purchasing or selling the financial instrument. At initial recognition, the Group measures financial assets at fair value. If the asset is not an asset measured at fair value through income statement, transaction costs caused directly by the asset are added to or deducted from the asset. Transaction costs are included in the original carrying amount of financial assets in the case of items not measured at fair value through income statement. Financial assets measured at fair value through income statement are recognised on the balance sheet at initial recognition, and transaction costs are recognised through income statement.

Financial assets measured at amortised cost

Financial assets measured at amortised cost include financial assets that according to the business model are to be held until maturity in order to collect contractual cash flows. The cash flows of these items consist fully of capital and interest related to the remaining capital.

After initial measurement, the value of these financial assets is measured at amortised cost using the effective interest rate method less any impairment. The Group recognises the loss allowance on expected credit loss for an asset measured at amortised cost. Expected credit losses are presented under the income statement item impairment of financial assets. Losses due to impairment are taken to the income statement.

The Group's financial assets measured at amortised cost include trade receivables and other receivables that are non-derivative financial assets. The carrying amount of current trade and other receivables is considered to equal their fair value. Trade and other receivables are presented on the balance sheet as current assets if they are expected to be realised within 12 months of the end of the reporting period.

For trade receivables, the so-called simplified approach according to IFRS 9 is used to estimate expected credit losses, whereby credit losses are recognized for the entire duration of the receivable. Impairments are based on the expected credit loss model. To determine expected credit losses, trade receivables are grouped by age category. Trade receivables do not contain a significant financing component. Credit losses recognized as expenses in the income statement are included in other operating expenses. Expected credit losses are assessed based

on historical data on previous credit losses and an estimate of future outlooks.

Financial assets measured at fair value through other comprehensive income

The Group's financial assets measured at fair value through other comprehensive income consist of investments in non listed shares.

Profit or loss on items measured at fair value through other comprehensive income is recognised in other comprehensive income. Changes in fair value are not reclassified through profit and loss. Dividends are presented in profit and loss.

Financial assets measured at fair value through profit or loss

Other financial assets are measured at fair value through profit or loss. Financial assets held for trading purposes have mainly been acquired to obtain a gain in the short or long term, and they are shown in non-current or current financial assets. The Group's financial assets measured at fair value through profit or loss consist of shares and derivatives where hedge accounting is not applied.

Gains and losses arising from a change in fair value, realised or unrealised, are recognised through profit or loss. If investments do not have quoted prices, the Group applies different methods of valuation to them. Unquoted shares are valued at the lower of acquisition cost and probable transfer price.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits in banks, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Items classified as cash

and cash equivalents have a maturity of no more than three months from the date of acquisition. Overdraft accounts are included in either short-term or long-term financial liabilities according to their maturity.

Recognition of final credit loss

Group uses the IFRS 9 simplified for expected credit loss related to trade receivables. In the simplified approach, the recognised amount of credit losses covers all the credit losses expected during the validity period.

Credit losses are determined using a provision matrix in which trade receivables are grouped based on their aging.

Credit loss raters are based on payment profiles from 48 months before 31 December 2020 and any final credit losses during that period. Calculated credit loss rates are adjusted to take into account the current situation. All trade receivables overdue 360 days or more are recognized as credit loss. Financial assets are written off the balance sheet as final credit losses.

Derecognition of financial assets

Financial assets are derecognised from the balance sheet when the Group's contractual right to the cash flows has expired or has been transferred to another party, or when the risks and rewards of ownership have to a significant degree been transferred outside the Group.

Financial liabilities

Financial liabilities have been classified according to IFRS 9 into the following categories:

- financial liabilities measured at amortised cost
- financial liabilities measured at fair value through income statement.

Financial liabilities are initially recognised at fair value. Excluding financial liabilities measured at fair value through profit or loss, financial liabilities are later measured at amortised cost using the effective interest rate method. Transaction costs are included in the initial carrying amount of financial liabilities measured at amortised cost. Transaction costs related to financial liabilities measured at fair value through profit or loss are recognised as expense.

The Group's financial liabilities consist of leasing and bank loan liabilities.

On the Group balance sheet, financial liabilities may be included in both non-current and current liabilities. Financial liabilities are classified as current if they mature in less than 12 months and the Group does not have an unconditional right to defer payment for at least 12 months from the end of the reporting period.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the liability has ceased to exist, that is, an obligation specified in the contract has been fulfilled or cancelled, or it has expired.

Treasury shares

Teleste Corporation's own shares acquired by the Group, including directly attributable costs, are presented as a deduction from total equity in the consolidated financial statements. Purchases or subsequent sales of treasury shares are presented as changes in equity.

Dividends

The dividend proposed by the Board of Directors is not recognised until approved by a general meeting of shareholders.

Provisions

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, a reliable estimate can be made of the amount of the obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money on the amount of a provision is material, a provision is discounted. Provisions can arise from warranties, onerous contracts and restructurings. A warranty provision is recognised when the underlying products are sold. The provision is based on historical warranty data and an estimate. A reimbursement from a third party related to a provision is recognised as a receivable only when the reimbursement is virtually certain.

A provision for restructuring is recognised when the Group has a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly to those it concerns. The plan identifies at least the following: the business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented. Future operating costs are not provided for.

Revenue recognition and net sales

Revenue is recognised at a point in time or over time. The performance obligations is typically satisfied when goods are delivered and services are performed. Revenue from

the sale of goods is recognised in the income statement when all significant risks and rewards of ownership have been transferred to the buyer, which normally takes place when a commodity is delivered. Revenue from services is recognised when the service has been performed. Typical payment term to customer is 30 to 90 days from invoicing data. Payment term over 12 months doesn't exist. Teleste is granting normal warranteis in this business for it's products. Defects in Teleste products caused by design, bad material or manufacturing are repaired or replaced by new products. There is no sale with a right of return. Costs of obtaining customer contract are capitalized when they exist. Revenue recognition process does not include any substantive discretionary items.

Revenue from contract assets is recognised by applying the cost-to-cost method of accounting as the measurement basis. Revenue and profits are recognised after considering the ratio of cumulative costs incurred to estimated total costs to complete each contract (the stage of completion). Recognition of profit requires the outcome of a construction contract be estimated reliably. If this is not the case, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs are expensed in the period in which they are incurred. In the event that the Group can be held as the main contractor of a construction contract, various product expenses including raw materials and labour costs will be accounted for in the calculation of the stage of completion. Possible changes in the expected total expenses of a construction contract are expensed as incurred. The expected loss is charged to the income statement immediately.

If costs incurred together with recognised profits exceed the amount billed, the difference is included in the balance sheet item "trade and other receivables". When costs incurred together with recognised profits are lower than the amount billed, the difference is shown under "trade and other payables".

Net sales include revenue from services rendered and goods sold, adjusted for discounts granted, sales-related taxes and effects of the translation differences.

Other operating income

Other operating income comprises income not generated from primary activities, such as gains from disposal of assets.

Government grants

Government grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised by deducting the grant from the carrying amount of the asset.

Employee benefits

Pension arrangements

Pension plans are classified as either defined contribution plans or defined benefit plans. The plans the Group has currently are classified as defined contribution plans. Contributions to defined contribution pension plans are recognised as an expense in the income statement in the year to which they relate. The statutory pension plans of Finnish subsidiaries in the Group are funded through pension insurance. Subsidiaries outside Finland have various pension schemes in accordance with local requirements and practices.

Share-based payments

Groups long term incentive plans share-based payments are measured at their fair values using the Monte Carlo pricing model at the grant date and are recognised as an employee expense during the vesting period with a corresponding increase in equity.

Operating profit

Operating profit is not defined under IAS 1 Presentation of Financial Statements. In Teleste it is defined as a net amount that is comprised of the following items:

net sales

- + other operating income
- raw material and consumables used adjusted for changes in inventories of finished goods and work in progress
- employee benefits expense
- depreciation and amortisation expense and impairment losses
- other operating expense
- = operating profit / loss

All other items not mentioned above are presented under the operating profit. Exchange rate differences relating to sales and purchases are treated as adjustments to these items. All other exchange rate differences are included in financial income and expenses.

Borrowing costs

Borrowing costs are generally expensed in the period in which they are incurred, except if they are directly attributable to the construction of an asset that meets the determined criteria, in which case they are capitalized as part of the cost of that asset.

Interest and dividend income

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to the dividend has established.

Derivative instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at the end of each reporting period. The accounting for changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item it hedges.

If hedge accounting is not applied to the derivative, changes in fair value through profit or loss are recognized in the income statement to adjust the corresponding expense item.

At the inception of the hedge, the financial relationships between the hedging instruments and the hedged items and whether changes in the cash flows of the hedging instruments are expected to offset the changes in the cash flows of the hedged items, are documented. In addition, the objectives of risk management and the strategies according to which hedging measures are taken are documented.

When a non-financial asset (such as inventories) is subsequently recognized as a hedged item, both the unrecognized hedge gains and losses and the time or forward points not recognized in profit or loss are included in the asset's original acquisition cost. These amounts are finally recognized in profit or loss when the hedged item affects profit or loss.

When a hedging instrument expires or the instrument is sold or terminated, or when the hedge no longer meets the criteria for

hedge accounting, the gain or loss currently recognized in equity and the unrecognized hedging expense remain in equity until the expected transaction takes place and as a result, a non-financial asset, such as inventories, is recognized. If the forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in equity and the hedging costs are transferred immediately to profit or loss.

Income taxes

The income taxes in the consolidated income statement consist of current tax and the change in the deferred tax assets and liabilities. Current tax includes taxes of the Group companies calculated on the taxable profit for the period determined in accordance with local tax rules, as well as the tax adjustments related to previous years. Deferred tax relating to items charged or credited directly to comprehensive income is itself charged or credited directly to comprehensive income and equity.

Deferred tax assets and liabilities are provided in the consolidated financial statements using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The main temporary differences arise from the treatment of development costs, the depreciation difference on property, plant and equipment and effects of consolidation and eliminations. Deferred taxes are not provided for impairment of goodwill, which is not deductible for tax purposes, nor for undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are recognised

at their full amounts in the balance sheet, and deferred tax assets are recognised at estimated realisable amounts. The enacted or substantially enacted tax rate at the balance sheet date is used as the tax rate.

Accounting policies requiring management's judgement and key sources of estimation uncertainty

Management's assessment of capitalized development expenditures, goodwill, obsolete inventory, credit losses, deferred taxes, and warranty provisions is based on accepted accounting models and case-specific judgment. Case-specific judgment has utilized the best available information at the time of preparing the financial statements.

The cash flow-based value in use of goodwill is determined as part of a cash-generating unit by calculating the estimated future discounted net cash flows from the cash-generating unit. The budget and long-term plans approved by management form the basis for the forecasted cash flows. The key uncertainties in the value-in-use calculations are the forecasts used. Detailed information on goodwill testing is provided in Note 10.

Inventory valuation using the FIFO method at the lower of cost or net realizable value is based on either specific consumption-based accounting or, alternatively, age-based accounting which can also reflect management's view of market conditions. The uncertainties primarily relate to changes in the market conditions of products, as the potential market for individual products is often limited. The inventory provision is presented in Note 14.

Expected credit losses are assessed based on historical data on past credit losses and an assessment of future prospects. The uncertainties relate to customers' payment

behavior and financial situation. Historically, the Group has not experienced significant credit losses, and a portion of trade receivables are secured by credit insurance or receivables financing. The breakdown of the credit loss provision for trade receivables is presented in Note 15.

In terms of deferred taxes, management's judgment is mainly applied to the recognition of deferred tax assets from tax losses. The recognition of deferred tax assets considers the respective company's forecasts, history, potential changes in cost structure, the amount of accrued losses, and their expiration period. Tax loss carryforwards recognized as deferred tax assets are presented in Note 13.

The Group's warranty provision is based on the average warranty period granted for its products and historical experience with defective products. The amounts of the warranty provision are disclosed in Note 19.

By the time of the disclosure of the consolidated financial statements, Teleste has not received any information on significant uncertainties or key future assumptions regarding the estimates as of the balance sheet date that would pose a significant risk of material changes in the carrying amounts of assets and liabilities within the next period.

Adoption of new and amended standards and interpretations applicable in future financial years

Teleste has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

The Group has not adopted the published new accounting standards, changes to accounting standards, and interpretations that are not mandatory for the financial years ending on December 31, 2025.

Teleste has started investigations into the effects of IFRS 18, which will be applied starting in 2027, on the presentation of the company's financial statements. Although the adoption of the standard is likely to have a significant impact on the presentation of the financial statements, according to the investigation, the standard will not have a material effect on the key figures reported by the company, such as operating profit, net result for the financial year, or operational cash flow.

Regarding other changes, the Group does not expect the standards, changes, or interpretations that will come into force in future financial years to have a significant impact on the entity in the current or future financial years, nor on foreseeable future transactions.

Segment Reporting

Teleste reports its key financial figures starting from January 1, 2024, according to the new segment structure. The operational segments are Broadband Networks and Public Safety and Mobility. The group's reportable segments correspond to the group's operational segments. The group's shared functions are treated outside of segment reporting.

These presented segments are based on the group's internal organizational structure and internal financial reporting.

BUSINESS SEGMENTS

The **Broadband Networks** segment focuses on subscriber network products for fixed telecommunications networks, with the most significant customer base consisting of telecommunications operators. Customers can also include companies integrating larger entities and resellers that utilize Teleste's products in their overall deliveries.

The unit's main market area is Europe, but growth is particularly sought in North America. The unit develops, designs, and manufactures a large portion of its products in-house. Its R&D units operate in Finland and Belgium, and own production mainly takes

place in Finland. The product range also includes products developed by third parties that complement Teleste's offerings.

The most significant customer base for the **Public Safety and Mobility** segment consists of train manufacturers and public sector organizations, such as public transport operators and authorities. The customer base also includes companies and integrators integrating larger entities that utilize Teleste's solutions in their overall deliveries.

The unit's main market area is Europe, but it also operates in North America and the Middle East. The unit designs, develops, and manufactures a large portion of its products in-house. Its R&D units operate in Finland and Poland, with own production mainly taking place in Finland. The product portfolio also includes products developed by third parties that complement Teleste's offerings.

ITEMS NOT ALLOCATED TO SEGMENTS

Items not allocated to segments include items related to group management, items treated as adjustments, and post-operating profit items of the group.

SEGMENT REPORTING

Since the sales between segments are minimal, the reported figures of the segments are the group's external figures from which internal transactions are eliminated.

The Board uses the adjusted operating result to evaluate the results of the reportable segments. The assets and liabilities of the segments are not reported separately.

OPERATING SEGMENTS

	1-12/2025	1-12/2024	Change %
Broadband Networks			
Orders received	82,537	74,807	10.3 %
Net sales	82,752	78,191	5.8 %
Adjusted EBITDA	10,916	8,932	22.2 %
Adjusted EBITDA %	13.2 %	11.4 %	15.5 %
Amort./deprc. allocated to segment	2,593	2,668	-2.8 %
Adjusted operating profit	8,323	6,264	32.9 %
Adjusted operating profit %	10.1 %	8.0 %	25.5 %
Public Security & Mobility			
Orders received	55,632	50,054	11.1 %
Net sales	55,891	54,333	2.9 %
Adjusted EBITDA	5,719	4,476	27.8 %
Adjusted EBITDA %	10.2 %	8.2 %	24.2 %
Amort./deprc. allocated to segment	2,362	2,488	-5.0 %
Adjusted operating profit	3,356	1,989	68.8 %
Adjusted operating profit %	6.0 %	3.7 %	64.1 %
Group reconciliation			
Adjusted operating profit from segments	11,679	8,253	41.5 %
Non-allocated items	-4,579	-4,069	n/a
Adjusted operating profit	7,100	4,184	69.7 %
Adjustment items	-298	-9,559	n/a
Operating profit	6,802	-5,375	n/a
Finance items	-3,761	-1,691	122.4 %
Profit before taxes	3,042	-7,066	n/a

*The foreign exchange differences for the financial year 2024 have been adjusted to conform to the accounting treatment of the financial year 2025.

In the calculation of alternative performance measures, items affecting the comparability of the operational performance of the reporting periods are not taken into account, such as profits or losses resulting from the sale or termination of business activities,

profits or losses resulting from restructuring operations, impairment losses, costs related to significant strategic changes, or other exceptional revenues or costs not part of the operational business.

The adjustments for the fiscal year 2025 consist of the following items:

Strategic development projects	0
Business reorganization	298
Impairment of development costs	0
Total	298

The adjustments for the fiscal year 2024 consist of the following items:

Strategic development projects	164
Business reorganization	2,742
Impairment of development costs	6,653
Total	9,559

Net Sales

1. NET SALES

GEOGRAPHICAL DIVISION

Group operates in four geographical areas:

- Finland
- Other Nordic countries
- Other Europe
- Others (North America, Asia and Other countries)

GEOGRAPHICAL DIVISION

2025	1,000 €	Finland	Nordic, countries	Other Europe	Others	Total
Sales by origin		10,884	12,879	79,915	34,965	138,643
Assets		48,996	150	2,347	62	51,556
Capital expenditure		5,287	89	857	348	6,581

2024	1,000 €	Finland	Nordic, countries	Other Europe	Others	Total
Sales by origin		11,535	12,162	88,689	20,138	132,524
Assets		47,447	200	2,848	84	50,579
Capital expenditure		5,444	109	737	21	6,311

The geographical division of sales are shown based on customer location. Assets and investments are presented by geographical location of assets.

Major customers

The company had no major customer concentrations in 2025.

REVENUE FROM CONTRACTS WITH CUSTOMERS

	2025	2024
Revenue from contracts with customers	138,643	132,524
All revenue streams are generated from contracts with customers		
Receivables, which are included in "trade and other receivables" Note 15	20,942	24,367
Net assets from contracts (+assets - liabilities)		
Contract assets (+)	5,340	4,843
Contract liabilities (-)	-2,003	-1,146
Total	3,337	3,697
Timing of the revenue recognition		
Timing of the revenue recognition, at point in time	127,082	123,120
Timing of revenue recognition, over the time	11,561	9,405
Total	138,643	132,524
Revenue by category		
Goods	124,867	118,147
Services	13,776	14,377
Total	138,643	132,524

ORDER BACKLOG

Timing of order backlog	2026	Later	Total
Order backlog end of 2025	69,833	44,680	114,513

Timing of order backlog	2025	Later	Total
Order backlog end of 2024	66,958	48,025	114,983

The order backlog at 31 December 2024 has been updated; the 2024 financial statements reported it as 118,263

2. OTHER OPERATING INCOME

1,000 €	2025	2024
Government grants related to development costs	444	369
Gain on disposals of investments	374	0
Other income	215	238
Total	1,033	607

3. EMPLOYEE BENEFITS EXPENSE

1,000 €	2025	2024
Wages and salaries	-39,673	-37,013
Pension expenses	0	0
Defined contribution plans	-5,392	-5,094
Other social security contributions	-2,161	-2,189
Activated R&D salaries and social costs	2,644	3,680
Equity-settled share-based transactions	-834	-365
Total	-45,415	-40,981

Information on the remuneration of the Group management is presented in the note Related party transactions.

The average number of employees during the financial year	633	673
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4. DEPRECIATION, AMORTISATION AND IMPAIRMENT

1,000 €	2025	2024
Depreciation and amortisation by asset type:		
Tangible assets		
Buildings	-377	-398
Machinery and equipment	-525	-508
Other tangible assets	-8	-4
Total	-910	-910
Intangible assets		
Capitalised development expenses	-2,044	-2,120
Other intangible assets	-57	-159
Total	-2,101	-2,279
Right-of-use assets		
Land and water, right-of-use	-33	-33
Buildings and structures, right-of-use	-1,065	-1,095
Machinery and equipment, right-of-use	-846	-839
Total	-1,944	-1,967
Total Depreciation and amortisation	-4,955	-5,157
Amortisations by asset		
Intangible assets		
Capitalised development expenses	0	-6,653
Amortisations total	0	-6,653

In 2024 the Group made two impairment entries on research and development expenses.

A €6.1 million impairment was recorded in the Broadband Networks business due to instability in the adoption of technology variants in the cable market and slower-than-ex-

pected growth in the decentralized network architecture market.

Additionally, the Public Safety and Mobility business recorded an impairment of €0.6 million in research and development expenses.

5. OTHER OPERATING EXPENSES

1000 €	2025	2024
Rental expenses	-1,671	-2,219
External services	-7,131	-6,604
Other variable costs	-1,675	-1,268
Travel and IT costs	-3,547	-3,010
Capitalized development costs	1,891	612
R&D costs	-910	-1,049
Other expenses	-5,258	-6,083
Total	-18,301	-19,622

R&D costs are included also in employee benefits expense, travel and IT costs and other costs.

Audit expenses

1,000 €	2025	2024
Auditing assignments	-222	-147
Assignments referred to in section 1, subsection 1, On the assurance of sustainability reporting	-77	0
Point 2 of the Auditing Act	-29	-18
Tax consultancy	0	-7
Other assignments	-9	-8
Total	-329	-180

PricewaterhouseCoopers Oy has been assigned as auditor of Teleste group.

Fees for assurance of sustainability reporting

Fees for assurance of sustainability reporting	-9	0
Total	-9	0

Other auditors

Auditing assignments	-48	-64
Other assignments	-9	-15
Total	-58	-80

6. FINANCIAL INCOME AND EXPENSES

1,000 €	2025	2024
Interest income	208	204
Other financial income	33	357
Foreign exchange gain	689	430
Dividend income	1	1
Total	931	991

7. FINANCIAL EXPENSES

1,000 €	2025	2024
Interest expenses	-1,907	-2,019
Foreign exchange loss	-1,976	-340
Interest from lease liabilities	-139	-102
Other financial expenses	-670	-220
Total	-4,692	-2,682

Losses/gains from forward exchange contracts under hedge accounting are included in operating profit. Losses/gains from forward exchange contracts not under hedge accounting are reported under financial items. Losses/gains from forward exchange contracts for 2024 have been adjusted to correspond to the exchange rate accounting principles for the financial year 2025. As a result, the exchange rate losses for the financial year 2024 increased by 150 thousand euros, and on the other hand, the costs of materials and services decreased by the same amount.

8. INCOME TAXES

1,000 €	2025	2024
Current tax expense	-252	-286
Taxes based on the taxable income of the current year	-180	99
Tax for previous accounting periods	-6	1,200
Change in deferred tax liabilities and tax assets	-438	1,013
Total	-438	1,013

Reconciliation of the tax expense, EUR, -438 thousand, calculated using the Teleste Group's domestic corporation 20.0 % tax rate.

1,000 €	2025	2024
Profit before tax	3,042	-7,066
Income tax using the domestic corporation tax rate 20 %	-608	1,413
Effect of tax rates in foreign jurisdictions	19	37
Non-taxable income	20	34
Non-deductible expenses	-77	-174
Loss for the period, for which no deferred tax asset is recognized	-21	-396
Tax losses not previously recognised	408	0
Taxes from previous year	-180	99
Income tax income/expense reported in the consolidated income statement	-438	1,013

9. EARNINGS PER SHARE

The basic earnings per share is calculated as follows:

Profit for the year attributable to equity holders of the parent	
Weighted average number of ordinary shares outstanding during the financial year	

The diluted earnings per share is calculated as follows:

Profit for the year attributable to equity holders of the parent (diluted)	
Weighted average number of ordinary shares outstanding during the financial year (diluted)	

The number of ordinary shares outstanding excludes the treasury shares.
The changes in the number of the shares are presented in the note 17 Capital and reserves.

2025	
Profit for the year attributable to equity holders of the parent, (1 000 €)	2,780
Weighted average number of ordinary shares outstanding during the financial year (1 000)	18,282
Basic earnings per share (€)	0.15
Weighted average number of ordinary shares outstanding during the financial year (1000)	18,282
Effect of share options on issue (1000)	221
Weighted average number of ordinary shares outstanding during the financial year (diluted) (1 000)	18,502
Diluted earnings per share (€)	0.15

2024	
Profit for the year attributable to equity holders of the parent, (1 000 €)	-5,853
Weighted average number of ordinary shares outstanding during the financial year (1 000)	18,246
Basic earnings per share (€)	-0.32
Weighted average number of ordinary shares outstanding during the financial year (1000)	18,246
Effect of share options on issue (1000)	-35
Weighted average number of ordinary shares outstanding during the financial year (diluted) (1 000)	18,210
Diluted earnings per share (€)	-0.32

Share-based Incentives program granted by the Group has a dilutive effect.

10. INTANGIBLE ASSETS

1,000 €	Development costs	Immaterial rights	Other intangible assets	Goodwill	Total
Cost 1.1.2025	46,071	1,655	8,288	30,082	86,095
Translation differences	17	30	-44	36	39
Additions	4,535	0	0	0	4,535
Business Acquisitions	0	0	0	0	0
Disposals	0	0	0	0	0
Business Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Cost 31.12.2025	50,623	1,685	8,244	30,118	90,670
Cumulative amortisation and impairment 1.1.2025	-37,359	-1,647	-8,237	0	-47,243
Translation differences	-17	-30	47	0	0
Amortisation from acquisitions	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation	-2,044	-7	-49	0	-2,101
Impairments	0	0	0	0	0
Cumulative amortisation and impairment 31.12.2025	-39,419	-1,685	-8,239	0	-49,343
Carrying amount 1.1.2025	8,712	8	50	30,082	38,852
Carrying amount 31.12.2025	11,204	0	5	30,118	41,327

Intangible assets consists of:

- Assets owned by the group	41,327
- Leased right of use assets	65
	41,392

1,000 €	Development costs	Immaterial rights	Other intangible assets	Goodwill	Total
Cost 1.1.2024	41,752	1,668	8,227	30,107	81,753
Translation differences	19	-12	70	-25	53
Additions	4,330	0	-2	0	4,329
Business Acquisitions	0	0	0	0	0
Disposals	0	-1	-7	0	-8
Business Disposals	0	0	0	0	0
Reclassifications	-30	0	0	0	-30
Cost 31.12.2024	46,071	1,655	8,288	30,082	86,096
Cumulative amortisation and impairment 1.1.2024	-28,567	-1,623	-8,048	0	-38,238
Translation differences	-19	12	-73	0	-81
Amortisation from acquisitions	0	0	0	0	0
Disposals	0	0	7	0	7
Amortisation	-2,120	-35	-124	0	-2,279
Impairments	-6,653	0	0	0	-6,653
Cumulative amortisation and impairment 31.12.2024	-37,359	-1,647	-8,237	0	-47,244
Carrying amount 1.1.2024	13,185	44	179	30,107	43,515
Carrying amount 31.12.2024	8,712	8	50	30,082	38,852

Intangible assets consists of:

- Assets owned by the group	38,852
- Leased right of use assets	69
	38,921

Teleste Corporation has begun reporting two separate segments as of January 1, 2024. The reportable segments have been defined as Broadband Networks and Public Safety and Mobility business areas. The reportable segments will also constitute cash-generating units from the beginning of 2024.

Group has received grants of 0,4 million euros in Finland for development costs in year 2025 (0,4 million euros in year 2024). Of these grants, 0,0 million euros (0,0 million euros in year 2024) has been booked as deduction of activated development costs. Development grants have clause which states that may be retracted if the conditions on which the grants have been permitted, have changed.

For the purposes of impairment testing goodwill items of the Group have been allocated to the segments, each of which represents a separate cash-generating unit. The aggregate goodwill amount totalled 30.1 million euro at 31 December 2025 (30.1 million euro at 31 December 2024). Goodwill has been allocated to the following cash-generating unit:

	million euros
Broadband Networks	16.8
Public Safety and Mobility	13.3

In goodwill impairment testing, the recoverable amount of cash-generating units is defined based on the value in use. The cash flow forecasts used in the testing are based on the strategies and business plans approved by the management. The calculations have been prepared for 5 years.

KEY ASSUMPTIONS

Forecasted Revenue Growth

The cash flow forecast for the first year is based on the 2026 budget according to the business plan. From 2027 onwards, cash flows are based on the long-term financial plan consistent with the strategy for the years 2027 and 2028. The revenue growth forecast for 2029 and 2030 is based on a conservative management estimate.

The average revenue growth used in the calculations is 22.7% for Broadband Networks and 7% for Public Safety and Mobility. Management's views on cash flows and growth estimates contain uncertainties as industry changes are difficult to predict.

Terminal Growth

The terminal value of the cash-generating unit in impairment calculations has been calculated with a terminal value growth rate of 1.5%.

Discount Rate

The discount rate used in the calculations is 8.8%.

The table below shows the recoverable amount of each cash-generating unit exceeding book value.

Impairment test	2025	2024
Meur		
Broadband Networks	73.9	14.3
Public Safety and Mobility	26.0	20.2

The following tables show the key assumptions per unit and the percentage point change in the discount rate, resulting in the recoverable amount being equal to the carrying amount of the net assets of the cash-generating unit.

Revenue growth, change (percentage points)	2025	2024
Broadband Networks	-10.9 %	-8.6 %
Public Safety and Mobility	- 11.3 %	-13.6 %

Terminal rate, change (percentage points)	2025	2024
Broadband Networks	-68.7 %	-3.5 %
Public Safety and Mobility	-9.1 %	-6.3 %

Discount rate change (percentage points)	2025	2024
Broadband Networks	14.5 %	2.3 %
Public Safety and Mobility	5.7 %	4.2 %

11. PROPERTY, PLANT AND EQUIPMENT

1,000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1.1.2025	56	11,442	7,197	1,221	0	19,916
Translation differences	0	-20	-77	-1	0	-98
Additions	0	75	278	13	0	366
Divestments	0	-684	0	0	0	-684
Disposals	0	-15	-458	-8	0	-480
Reclassification	0	0	0	0	0	0
Cost 31.12.2025	56	10,798	6,940	1,226	0	19,020
Cumulative depreciation and impairment 1.1.2025	-2	-5,493	-6,134	-1,093	0	-12,722
Translation differences	0	6	73	2	0	81
Cumulative amortisation from divestments	0	208	0	0	0	208
Cumulative amortisation on disposals and reclassifications	0	0	366	8	0	373
Depreciations	0	-377	-525	-8	0	-911
Cumulative depreciation and impairment 31.12.2025	-2	-5,657	-6,220	-1,092	0	-12,971
Carrying amount 1.1.2025	54	5,949	1,063	128	0	7,194
Carrying amount 31.12.2025	54	5,142	719	134	0	6,049

Property, Plant and Equipment consists of:

Assets owned by the group	6,049
Leased right of use assets	4,078
	10,127

1,000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1.1.2024	56	11,384	7,102	1,273	0	19,815
Translation differences	0	34	64	3	0	101
Additions	0	24	284	0	0	308
Disposals	0	0	-283	-28	0	-311
Reclassifications	0	0	30	-27	0	3
Cost 31.12.2024	56	11,442	7,197	1,221	0	19,916
Cumulative depreciation and impairment 1.1.2024	-2	-5,073	-5,730	-1,112	0	-11,917
Translation differences	0	-23	-57	-1	0	-82
Cumulative amortisation on disposals and reclassifications	0	0	162	25	0	186
Depreciations	0	-397	-508	-4	0	-909
Cumulative depreciation and impairment 31.12.2024	-2	-5,493	-6,134	-1,093	0	-12,722
Carrying amount 1.1.2024	54	6,312	1,371	161	0	7,898
Carrying amount 31.12.2024	54	5,949	1,063	128	0	7,194

Property, Plant and Equipment Consists of:

Assets owned by the group	7,194
Assets group has right to use as a lessee	4,321
	11,516

RIGHT-OF-USE ASSETS

Righ-of-use assets according to IFRS 16

1,000 €	Intangible assets, right-of-use	Land and water, right-of-use	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Total
Cost 1.1.2025	266	1,285	7,618	7,634	16,803
Translation differences	-14	0	-16	5	-26
Additions	0	0	1,148	532	1,680
Business Disposal	0	0	0	0	0
Disposals	0	0	-5,177	-3,892	-9,069
Reclassification	0	0	0	0	0
Cost 31.12.2025	252	1,285	3,573	4,279	9,389
Cumulative depreciations and impairment 1.1.2025	-198	-171	-6,471	-5,574	-12,413
Translation differences	11	0	13	-1	23
Depreciation on disposals and reclassifications	0	0	5,143	3,945	9,088
Depreciations	0	-33	-1,065	-846	-1,944
Impairments	0	0	0	0	0
Cumulative depreciations and impairment 31.12.2025	-187	-204	-2,379	-2,476	-5,246
Carrying amount 1.1.2025	69	1,114	1,147	2,060	4,390
Carrying amount 31.12.2025	65	1,081	1,194	1,803	4,143
	Intangible assets, right-of-use			Property, Plant & Equipment, right-of-use	Total
	65			4,078	4,143

Disposals in acquisition costs and accumulated depreciation include contracts that ended in previous financial years.

1,000 €	Intangible assets, right-of-use	Land and water, right-of-use	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Total
Cost 1.1.2024	256	1,285	7,077	6,449	15,067
Translation differences	11	0	43	-2	52
Additions	0	0	498	1,176	1,675
Business Disposal	0	0	0	0	0
Disposals	0	0	0	-17	-17
Reclassification	0	0	0	27	27
Cost 31.12.2024	266	1,285	7,618	7,634	16,803
Cumulative depreciations and impairment 1.1.2024	-190	-138	-5,333	-4,749	-10,410
Translation differences	-8	0	-43	-2	-53
Depreciation on disposals and reclassifications	0	0	0	16	16
Depreciations	0	-33	-1,095	-839	-1,967
Impairments	0	0	0	0	0
Cumulative depreciations and impairment 31.12.2024	-198	-171	-6,471	-5,574	-12,413
Carrying amount 1.1.2024	66	1,147	1,744	1,700	4,657
Carrying amount 31.12.2024	69	1,114	1,147	2,060	4,390
	Intangible assets, right-of-use			Property, Plant & Equipment, right-of-use	Total
	69			4,321	4,390

12. OTHER FINANCIAL ASSETS

1,000 €	Available for sale investments	Investments designated as at FVTOCI	Total
Cost 1.1.2025	27	0	27
Translation differences	0	0	0
Additions	0	0	0
Reclassification	0	0	0
Business Disposals	0	0	0
Disposals	0	0	0
Cost 31.12.2025	27	0	27
Carrying amount 1.1.2025	27	0	27
Carrying amount 31.12.2025	27	0	27

1,000 €	Available for sale investments	Investments designated as at FVTOCI	Total
Cost 1.1.2024	27	337	364
Translation differences	0	0	0
Additions	0	0	0
Reclassification	0	0	0
Business Disposals	0	0	0
Disposals	0	-337	-337
Cost 31.12.2024	27	0	27
Carrying amount 1.1.2024	27	337	364
Carrying amount 31.12.2024	27	0	27

13. DEFERRED TAX ASSETS AND LIABILITIES

1,000 €	1.1.2025	Result	Other comprehensive income (FVTOCI)	Others	31.12.2025
Movements in temporary differences during 2025					
Deferred tax assets					
Effects of consolidation and eliminations	79	-9			70
Unused tax losses	3,569	158			3,727
Provisions	363	67			430
Hedging instruments	11		-11		0
Other Items	589	380			969
Total	4,610	597	-11	0	5,195
Offsets deferred tax liabilities according to netting rules	-1,447				-2,085
Deferred tax assets total	3,163				3,110
Deferred tax liabilities					
Capitalisation of intangible assets	-1,281	-620			-1,901
Fair value adjustments to intangible and tangible assets	-28	12			-17
Cumulative depreciation difference	-79	14			-65
Hedging instruments	-57	32	-12		-37
Other items	-51	-40			-90
Total	-1,497	-602	-12	0	-2,111
Change total		-5	-23	0	
Offsets deferred tax assets according to netting rules	1,447				2,085
Deferred tax liabilities total	-50				-26

1,000 €	1.1.2024	Result	Other comprehensive income (FVTOCI)	Others	31.12.2024
Movements in temporary differences during 2024					
Deferred tax assets					
Effects of consolidation and eliminations	100	-22			79
Unused tax losses	3,716	-147			3,569
Provisions	169	194			363
Hedging instruments	70	-26	-33		11
Other Items	294	232		62	589
Total	4,349	231	-33	62	4,610
Offsets deferred tax liabilities according to netting rules	-2,476				-1,447
Deferred tax assets total	1,873				3,163
Deferred tax liabilities					
Capitalisation of intangible assets	-2,285	1,003			-1,281
Fair value adjustments to intangible and tangible assets	-54	26			-28
Cumulative depreciation difference	-82	3			-79
Hedging instruments	-109	-57	109		-57
Other items	-44	-6			-51
Total	-2,575	969	109	0	-1,497
Change total		1,200	77	62	
Offsets deferred tax assets according to netting rules	2,476				1,447
Deferred tax liabilities total	-99				-50

At 31 December 2025 the Group had unused tax losses in subsidiaries amounting 17,716 thousand euro (31 Dec. 2024: 18,274 thousand euro). A tax credit of 3,727 thousand euros has been recorded for the loss (31.12.2024 3,840 thousand euros).

In addition, the Group had 2,630 thousand euros (31 Dec. 2024: 5,114 thousand euros) of tax losses for which no deferred tax asset has been recognized. These losses do

14. INVENTORIES

1,000 €	2025	2024
Raw materials and consumables	17,991	16,927
Work in progress	2,635	1,868
Finished goods	6,288	6,101
Total	26,914	24,896

The valuation of inventories to their net realizable value is at the end of the financial year, a total of 8,326 thousand euros provision (9,057 thousand euros in 2024). In the accounting period, the provision was reduced by 731 thousand euros, by with the book value of the inventory was recorded to match its net realizable value.

Losses/gains from forward exchange contracts for 2024 have been adjusted to

15. TRADE AND OTHER CURRENT RECEIVABLES

1,000 €	2025	2024
Trade receivables	20,942	24,367
Accrued income and prepayments	2,395	1,863
Other receivables	2,191	1,630
Assets based on customer contracts	5,340	4,843
Total	30,867	32,703

not expire. The use of tax losses has been evaluated by Group management, based on the results of previous years, improvements made to cost structures, and new contracts.

No deferred tax liability has been booked for the undistributed profits of the foreign subsidiaries amounting to 8,053 thousand euro at 31 Dec. 2025 (31 Dec. 2024: 9,329 thousand euro). This is because the realization of this tax liability is unlikely in the near future.

correspond to the exchange rate accounting principles for the financial year 2025. As a result, the exchange rate losses for the financial year 2024 increased by 150 thousand euros, and on the other hand, the costs of materials and services decreased by the same amount.

The company's restricted equity on 31 December 2025 consisted of the following funds: Share capital EUR 6,967 thousand and share premium fund EUR 1,504 thousand.

16. CASH AND CASH EQUIVALENTS

1,000 €	2025	2024
Cash at bank and in hand and call deposits	9,064	8,808
Total	9,064	8,808
Cash and cash equivalents in the statement of cash flows	9,064	8,808

17. CAPITAL AND RESERVES

1,000 €	Number of shares, 1,000	Number of own shares, 1,000	Number of shares, total 1,000
1.1.2025	18,248	738	18,986
Change in own shares	53	-53	0
31.12.2025	18,300	686	18,986

The number of Teleste Oyj shares on 31 December 2025 was 18,985,588 (18,985,588 on 31 December 2024). All issued shares have been fully paid.

The General Meeting of Teleste Oyj held on 23 April 2025 decided to authorise the Board of Directors to decide on the acquisition of the company's own shares in accordance with the Board of Directors' proposal. On the basis of the authorisation, the Board of Directors may acquire up to 1,200,000 of the company's own shares in proportion to the shares not owned by the shareholders with the company's free equity capital at the market price of the shares at the time of acquisition in trading on a regulated market organised by NASDAQ OMX Helsinki Oy.

The General Meeting resolved to authorize the Board of Directors to decide on the issuance of new shares and/or the transfer of the company's own shares held by the company and/or the issuance of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in accordance with the

Board's proposal. Under the special rights issued by the company, the total number of new shares to be subscribed for and own shares to be transferred may not exceed 1,000,000 shares in total, which is included in the above-mentioned maximum amount concerning new shares and own shares held by the company.

At the end Of December 2025, the Group held 685,602 of its own shares.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Dividends

The Board of Directors intends to propose to the Annual General Meeting to be held on 22 April 2026 to distribute dividend of 0.08 eur per share for the financial year 2025. Dividend of 0.03 eur per share was distributed for the financial year 2024.

Share-Based Incentive Programme 2022

On February 9, 2022, Teleste's Board of Directors decided to establish a new long-term share-based incentive programme to be offered to key personnel of the company ("LTI 2022"). The aim of LTI 2022 is to align the interests of key personnel with those of Teleste's shareholders by creating a long-term share ownership interest in the company, thereby increasing the company's value over the long term. The scheme also supports a performance-based culture, encourages key personnel to commit to the company, and offers competitive compensation for excellent performance.

LTI 2022 consists of three programs starting annually, with the following main elements: investing in Teleste shares as a prerequisite for participation, a fixed number of additional shares awarded after a three-year waiting period based on the above-mentioned share investment, and a performance-based share reward program with a three-year performance period. Additionally, as part of LTI 2022, a retention share reward program was established to be used for compensation in situations deemed necessary by the Board, for example, to retain key personnel, attract new key personnel, or other special situations decided by the Board.

The fixed matching share plan based on share investment includes the participant's investment in Teleste shares and the awarding of additional shares as a long-term share incentive reward. After a three-year waiting period, the key personnel will receive one additional share free of charge for every two shares invested.

The performance matching plan includes a three-year earning period. Any share rewards will be granted if the performance criteria set by the Board are achieved. The performance

criteria applied to the performance-based share reward program in the programs starting in 2022, 2023, and 2024 are the total shareholder return (TSR) and the company's cumulative adjusted operating profit (EBIT). Participation in the program by individual key personnel requires the aforementioned investment in Teleste shares.

Under the 2022–2024 program, which ended in April 2025, the gross number of shares awarded was 14,663 shares and 0 performance-based additional shares. A total net amount of 14,264 shares was transferred to eligible key personnel in a directed share issue on March 31, 2025.

Under the 2023–2025 matching share plan, the gross amount of share rewards to be paid is a total of 21,660 shares, and for the performance-based share reward program a maximum of 292,656 shares. The Board approved 34 key personnel as eligible participants in the programs starting in 2023. At the end of 2025, a total of 27 key personnel have been approved as eligible participants in the program.

Under the 2024–2026 matching share plan, the gross amount of share rewards to be paid is a total of 24,850 shares, and for the performance-based share reward program a maximum of 438,921 shares. The Board approved 38 key personnel as eligible participants in the programs starting in 2024. At the end of 2025, a total of 34 key personnel have been approved as eligible participants in the program.

The company's management approved 45 key personnel as eligible to participate in the 2024–2026 retention program.

On June 25, 2025, Teleste Corporation transferred a total of 38,532 own shares held by the company free of charge in a di-

rected share issue to key personnel under the 2024–2026 retention share reward program.

At the end of 2025, a total of 1 key personnel have been approved as eligible participants in the program. The remaining gross number of share rewards to be paid under the 2024–2026 retention program is 10,000 shares.

Share-Based Incentive Programme 2025

On February 10, 2025, Teleste's Board of Directors decided to establish a new long-term share-based incentive programme ("LTI 2025") to be offered to the company's key personnel.

The aim of the LTI 2025 program is to align the objectives and interests of key personnel with those of Teleste's shareholders through long-term share ownership, thereby increasing the company's value over the long term and promoting a performance-driven culture at Teleste. The intention is also to commit key personnel to the company and provide them with competitive, performance-based compensation.

LTI 2025 consists of three annually commencing programs with the following main elements: investing in Teleste shares as a prerequisite for participation, a fixed number of additional shares granted after a three-year waiting period based on the aforementioned share investment, and a performance-based share reward program with a three-year performance period. In addition, as part of LTI 2025, a retention share reward program was established, intended to be used in situations deemed necessary by the Board of Directors and the CEO, such as retaining key personnel, attracting new key personnel, or other special circumstances.

The matching share plan based on share investment includes the participant's investment in Teleste shares and the granting of

additional shares as long-term share incentive compensation in return for the share investment. After a three-year waiting period, key personnel receive an additional share free of charge for each share they have invested.

The performance matching plan includes a three-year earning period. Possible share rewards will be granted if the performance criteria set by the Board of Directors are met. The performance criteria applied to the performance-based share reward program in the programs commencing in 2025, 2026, and 2027 are the total shareholder return (TSR) and the company's cumulative earnings per share (EPS). Participation in the program by an individual key personnel requires the aforementioned investment in Teleste shares.

The total gross number of share rewards to be paid under the matching share plan for 2025–2027 is 92,169 shares, and under the performance-based share reward program is up to 657,756 shares. The Board of Directors approved 38 key personnel as eligible to participate in the programs commencing in 2025. At the end of 2025, a total of 36 key personnel have been approved as eligible to participate in the program.

The company's management approved 2 key personnel as eligible to participate in the retention program commencing in 2025–2027. At the end of 2025, a total of 1 key personnel have been approved as eligible to participate in the program. The gross number of share rewards to be paid under the retention program for 2025–2027 is 30,000 shares.

Long Term Incentive Programme 2022 and 2025

During the 2025 financial year, Teleste Corporation's Board of Directors made decisions regarding share-based incentive schemes

in 2022 and 2025. Under these programs, three-year earning periods starting annually have been launched. The share-based incentive programs valid during the 2025 financial year covered the earning periods 2023–2025, 2024–2026, and 2025–2027.

Each earning period requires an investment in Teleste shares for the duration of the three-year earning period.

In the LTI 2022 program, after the earning period, a key employee will receive one (1) additional share free of charge for every two (2)

shares invested in the program. In addition, the programs offer the opportunity to earn performance-based additional shares as a reward based on the total shareholder return (TSR) of Teleste’s share and the company’s operating profit during the program period.

In the LTI 2025 program, after the earning period, a key employee will receive one (1) additional share free of charge for each share invested in the program. In addition, the programs offer the opportunity to earn performance-based additional shares as a reward based on the total

shareholder return (TSR) of Teleste’s share and the company’s cumulative earnings per share (EPS) during the program period.

A potential share-based reward is paid at the end of the program, partly in shares and partly in cash.

The cash portion of the reward is intended to cover the taxes and tax-like payments arising from the reward for the individual.

Continued employment throughout the program period is a prerequisite for receiving the reward.

If the employment ends during the program, the individual will generally lose the right to the reward.

During the financial year, fixed additional shares earned under the 2022–2024 program and shares according to the commitment program were paid.

No performance-based shares were earned under the 2022–2024 earning period.

The main terms and conditions of the programs are presented in the table below.

31.12.2025	Long Term Incentive Plan 2022 (LTI 2022)			Long Term Incentive Plan 2025 (LTI 2025)	Restricted share plan			Total/Weighted average
	Vesting period 2022–2024	Vesting period 2023–2025	Vesting period 2024–2026	Vesting period 2025–2027	Vesting period 2022–2024	Vesting period 2024–2026	Vesting period 2025–2027	
Maximum number of shares *	363,350	363,350	552,825	799,750	50,000	100,000	50,000	2,279,275
Initial allocation date	1.7.2022	1.7.2023	1.7.2024	2.7.2025	10.2.2022	9.2.2024	10.11.2025	
Estimated vesting date	31.3.2025	31.3.2026	31.3.2027	31.3.2028	31.3.2025	31.3.2027	31.3.2027	
Maximum contractual life, yrs	2.8	2.8	2.7	2.7	3.1	3.1	1.4	2.7
Remaining contractual life, yrs	0.0	0.2	1.2	2.2	0.0	1.2	1.2	1.5
Total number of beneficiaries at the end of the reporting year	0	27	34	36	0	1	1	44
Settlement method	Shares and cash (net settlement)	Shares and cash (net settlement)	Shares and cash (net settlement)	Shares and cash (net settlement)	Shares and cash (net settlement)	Shares and cash (net settlement)	Shares and cash (net settlement)	

* The amounts are presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Changes during the period 2025	Vesting period 2022–2024	Vesting period 2023–2025	Vesting period 2024–2026	Vesting period 2025–2027	Vesting period 2022–2024	Vesting period 2024–2026	Vesting period 2025–2027	Total/Weighted average
1.1.								
Outstanding at the beginning of the reporting period	261,263	314,316	474,387	0	9,000	66,000	0	1,124,965
Changes during the period								
Granted	0	0	0	749,925	0	0	30,000	779,925
Forfeited	246,600	0	10,616	0	0	0	0	257,216
Exercised	14,663	0	0	0	9,000	56,000	0	79,663
31.12.								
Outstanding at the end of the period	0	314,316	463,771	749,925	0	10,000	30,000	1,568,012

Valuation parameters for instruments granted during period are presented in the table below. The fair value of share based incentives has been determined at grant date, when the participants confirmed their participation. Market condition, in this case

Total Shareholder Return will be taken into account when determining the fair value at grant and it will not be changed during the plan. The fair value of the cost estimate will only be changed as far as non-market and service condition are concerned.

Inputs to fair value determination

Share price at grant, EUR	2.96 €
Effect of the market condition in the fair value	-52 %
Expected annual dividend yield, %	1 %
Expected volatility *	39 %
Effect of an ownership requirement in fair value, €	-5 %
Fair value per share of the equity-settled portion, EUR	2.96 €

* Expected volatility was determined by calculating the historical volatility of the Group's share using monthly observations over corresponding maturity

Effect of Share-based Incentives on the result and financial position during year 2025, 1,000 €

Expenses for the financial year, share-based payments	834
Expenses for the financial year, share-based payments, equity-settled	825
Liabilities arising from share-based payments 31 December 2025	7
Estimated tax effect on share based payments 31 December 2025	1,824

Effect of Share-based Incentives on the result and financial position during year 2024, 1,000 €

Expenses for the financial year, share-based payments	365
Expenses for the financial year, share-based payments, equity-settled	366
Liabilities arising from share-based payments 31 December 2024	1
Estimated tax effect on share based payments 31 December 2024	350

18. INTEREST-BEARING LIABILITIES

1,000 €	2025		2024	
Non-current				
Loans from financial institutions	18,063		21,503	
Lease liabilities	2,850		3,150	
Total	20,912		24,653	
Current				
Loans from financial institutions	6,200		8,200	
Lease liabilities, current portion	1,392		1,358	
Other liabilities	170		0	
Total	7,762		9,558	
Reconciliation of interest bearing liabilities				
	Cash	Loans	Lease liabilities	Total
1.1.2025	8,808	29,703	4,508	25,403
Cash flows	422	-5,749	-1,902	-8,073
Arrangement fees		309		309
New lease agreements			1,680	1,680
Exchange rate differences	-166		-2	164
Sale of Business				0
Other changes		170	-43	127
31.12.2025	9,064	24,433	4,241	19,610

The currency mix of the Group long-term interest-bearing liabilities was as follows:

1,000 €	31.12.2025	31.12.2024
EUR	20,736	24,557
Other	176	96
Total	20,912	24,653

Group long-term interest-bearing liabilities - interest rates are as follows:

Bank loans	4.6 %	5.9 %
Lease liabilities	3.3 %	2.2 %

The currency mix of the Group short-term interest-bearing liabilities:

1,000 €		
EUR	7,309	9,379
Other	452	179
Total	7,762	9,558

Group short-term interest-bearing liabilities - interest rates are as follows:

Bank loans	4.3 %	6.3 %
Lease liabilities	3.3 %	2.2 %

Fair values of loans do not deviate from accounting values on relevant level, due to interests being close to market rates.

Right-of-use liabilities of the Group are payable as follows:

1,000 €	31.12.2025	31.12.2024
Less than one year	1,453	1,254
Between one and five years	1,802	2,243
More than five years	986	1,011
Total lease liabilities	4,241	4,508
Cash flow effect from leases		
Costs not included in lease liability		
Costs not included in lease liability	-18	-25
Leasing costs from minor items	385	-432
Costs not included in lease liability	366	-457
Cash flow effect from leases		
Costs not included in lease liability	366	-457
Costs included in lease liability	-1,902	-1,933
Cash flow effect from leases	-1,535	-2,391

19. PROVISIONS

1,000 €	Warranty provision	Tax provision	Other provisions	Total
1.1.2025	1,322	0	671	1,992
Provisions made during the year	471	0	-135	336
31.12.2025	1,793	0	535	2,328
1,000 €			2025	2024
Non-current			794	560
Current			1,534	1,433
Total			2,328	1,992

20. TRADE AND OTHER CURRENT LIABILITIES

1,000 €	2025	2024
Current		
Trade payables	15,065	13,527
Advances received	996	364
Other liabilities	1,612	1,128
Accrued employee expenses	8,741	5,992
Interest liabilities	88	209
Derivatives	0	55
Contract liabilities	2,003	1,146
Other accrued liabilities	5,139	7,512
Total	33,646	29,934
Non current		
Other liabilities	35	35

Warranty provisions

The Group provides an average 30-month warranty for certain products. If defects are detected during the warranty period, products will be repaired at the Group's expense, or the customer will be given a corresponding new product. The amount of the warranty provision is based on past experience with defective products and an estimate of related expenses.

Other provisions

Other provisions include provisions for project revenue losses, pension provisions, and other provisions of minor value.

21. INCOME TAX PAYABLE FOR THE PERIOD

At the end of the accounting year, a tax receivable of EUR 1 174 thousand and a tax liability of EUR 72 thousand were recorded in respect of the income of the accounting year (as of December 31, 2024, the tax receivable was EUR 1 019 thousand and the tax liability was EUR 139 thousand).

22. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Derivative instruments

Teleste uses currency forward contracts to hedge against transaction risks in foreign currencies.

The company applies hedge accounting to USD-denominated forecasted purchases. Changes in the fair values of instruments used for USD hedges are recorded through other comprehensive income. More information is provided in the Financial Risk Descriptions section of the notes. At the closing date, the fair value of currency hedges subject to hedge

accounting was approximately EUR 38 thousand (EUR -54 thousand), consisting entirely of the time value of derivatives.

Changes in the fair values of other currency forward contracts used for hedging purposes are fully recognized in the income statement. The fair value of these currency forwards was EUR 19 thousand in 2025 (EUR 29 thousand) and has been recorded in financial items. Teleste's currency forwards are all Level 2.

Equity instruments and shares, measured at fair value through other comprehensive income

Equity instruments and shares, measured at fair value through other comprehensive income, consist of shares in unlisted companies and are classified as Level 3. The company's balance sheet includes insignificant investments in unlisted shares, which are valued at cost or at a lower value based on management's estimated fair value. The fair value of these investments has not been reliably determinable, and the estimate varies significantly, or the probabilities of different estimates within a range cannot be reasonably determined, making it difficult to use the fair value for measurement.

Trade payables and other liabilities or receivables

For trade payables and other receivables, except those based on derivative instruments, equals their fair value as the discounting is not significant, considering the short maturity of these items.

Carrying amounts of financial assets and liabilities
by measurement categories

2025 Balance item	Note	Assets and liabilities at fair value through income statement	Investments designated as at fair value through other comprehensive income (FVTOCI)	Assets and liabilities measured at amortized cost	Carrying amount by balance sheet item	Fair Value
Non current financial assets						
Other financial assets	12	27			27	27
Current financial assets						
Trade and other receivables	15			20,942	20,942	20,942
Derivative contracts	24	19	38		56	56
Interest rate hedging instruments	24	106	23		130	130
Carrying amount by category		152	61	20,942	21,154	21,154
Non-current financial liabilities						
Interest-bearing liabilities	18			20,912	20,912	20,912
Current financial liabilities						
Interest-bearing liabilities	18			7,762	7,762	7,762
Derivative contracts	24				0	0
Interest rate Swaps	24				0	0
Trade and other payables	20			15,065	15,065	15,065
Other current liabilities	20			88	88	88
Carrying amount by category		0	0	43,827	43,827	43,827

2024 Balance item	Note	Assets and liabilities at fair value through income statement	Investments designated as at fair value through other comprehensive income (FVTOCI)	Assets and liabilities measured at amortized cost	Carrying amount by balance sheet item	Fair Value
Non current financial assets						
Other financial assets	12	27			27	27
Current financial assets						
Trade and other receivables	15			24,367	24,367	24,367
Derivative contracts	24	29			29	29
Interest rate hedging instruments	24	257			257	257
Carrying amount by category		314	0	24,367	24,681	24,681
Non-current financial liabilities						
Interest-bearing liabilities	18			24,653	24,653	24,653
Current financial liabilities						
Interest-bearing liabilities	18			9,558	9,558	9,558
Derivative contracts	24		55		55	55
Interest rate Swaps	24				0	0
Trade and other payables	20			13,527	13,527	13,527
Other current liabilities	20			209	209	209
Carrying amount by category		0	55	47,948	48,003	48,003

Financial Risk Management

The objective of the Group's financial risk management is to identify, evaluate and hedge financial risks to reduce the impacts of price fluctuations in financial markets and of other factors on earnings, balance sheet and cash flows as well as to guarantee cost-efficient funding for the Group at all times.

The Board has approved financial risk management guidelines and the allocation of responsibilities defined in the Group risk management policy and related operating policies

covering specific areas. The Board oversees the Group's risk management framework. The Group's administration is responsible for the coordination and control of the Group's total financial risk position and external hedging transactions with banks in the name of the parent company. Teleste is risk averse in its treasury activities. The identification of the exposure is a common task of the business units and the Group administration.

MARKET RISK

Market risk includes three types of risk: currency risk, price risk and fair value interest rate risk. Fluctuations of foreign exchange rates, market prices or market interest rates may cause a change in the value of a financial instrument. These changes may have an effect on the consolidated earnings, balance sheet and cash flows.

CURRENCY RISK

TRANSACTION RISK

Foreign exchange exposures of the Group's units arise from receivables and accounts payables denominated in foreign currency, sales and purchase contracts and from forecast sales and purchases. Major part of the Group's sales is in Euro. The most significant non-euro sales currencies are US dollar (19 per cent), UK pound sterling (6 per cent), PLN (8 per cent), and Swedish and Norwegian crowns (3 per cent). Significant part of expenses, 55 per cent, arise in Euro, in US dollar 36 per cent and in CNY 8 per cent. The hedging decisions are based on the expected net cash flow for the following six months.

Sensitivity to market risks

	2025	2024
	Profit or Loss	Profit or Loss
Sensitivity to market risks arising from financial instruments as required by IFRS 7		
+10 % change in EUR/USD exchange rate	+2	+113
+10 % change in EUR/CNY exchange rate	+36	+50
+10 % change in EUR/GBP exchange rate	+0	+23
+10 % change in EUR/PLN exchange rate	+21	+24

Assets and liabilities in foreign currency translated to euro at closing rate

	2025						2024					
	USD	CNY	SEK	NOK	GBP	PLN	USD	CNY	SEK	NOK	GBP	PLN
Current assets	4,829	766	1,315	1,261	4,143	7,048	6,990	791	1,627	1,440	5,309	7,810
Current liabilities	6,670	941	921	744	1,871	3,640	8,957	1,065	1,133	889	1,296	3,986

The figures include unconsolidated balances of individual companies.

Cash flow hedges at 31 Dec 2025

Currency position, 1 000 €

Currency	Exposure	Hedge	Net	Hedge Instrument	Hedge%
USD	2,553	2,533	20	Forward exchange contract and forward option	99 %
CNY	1,351	991	360	Forward exchange contract and forward option	73 %
GBP	275	271	4	Forward exchange contract and forward option	99 %
PLN	1,059	853	206	Forward exchange contract and forward option	81 %
NOK	279	223	56	Forward exchange contract and forward option	80 %
SEK	236	164	72	Forward exchange contract and forward option	70 %

Hedging funds, 1 000 €

	Cash flow hedge reserve	Base value of options	Spot share of forward exchange contracts	Cash flow reserves total
1 January 2025	-41	0	0	-41
Cost of hedging recognised in OCI	92		23	115
Change in deferred tax liabilities	8			8
Change in deferred tax liabilities	-27		-5	-31
31 December 2025	32	0	19	51

In principle Teleste hedges forecast and probable cash flows. The Group uses forward exchange contracts and forward options.

According to the Group's currency risk management policy all material currency risks are hedged at least six months ahead and the Group's transaction position shall at all times be hedged 70-100 % by currency. The level of hedges is monitored on a monthly basis.

At the year-end 2025 the fair value of currency derivatives amounted to 13.5 million

euro (31. Dec 2024: 10.7 million euro).

The Group has decided to apply hedge accounting to derivatives in USD-denominated purchases. The objective of hedge accounting is to eliminate the effect of changes in USD exchange rates on the Group's purchases in accordance with the Group's Currency and Interest rate Risk Policy.

The hedging is considered a cash flow hedge and the hedge covers the share of USD purchases made in accordance with the

Cash flow hedges at 31 Dec 2024

Currency position, 1 000 €

Currency	Exposure	Hedge	Net	Hedge Instrument	Hedge%
USD	5,746	4,620	1,126	Forward exchange contract and forward option	80 %
CNY	2,291	1,793	498	Forward exchange contract and forward option	78 %
GBP	-84	145	-229	Forward exchange contract and forward option	-171 %
PLN	1,123	884	239	Forward exchange contract and forward option	79 %
NOK	290	251	39	Forward exchange contract and forward option	87 %
SEK	487	393	94	Forward exchange contract and forward option	81 %

Hedging funds, 1 000 €

	Cash flow hedge reserve	Base value of options	Spot share of forward exchange contracts	Cash flow reserves total
1 January 2024	-172	0	437	264
Cost of hedging recognised in OCI	163		0	163
Hedging costs transferred to profit or loss			-546	-546
Change in deferred tax assets	-33			-33
Change in deferred tax liabilities			109	109
31 December 2024	-42	0	0	-41

Group's policy, the so called layered approach.

In hedging relationships, only the spot portion of forward contracts is defined as a hedging instrument. The spot portion is determined based on the relevant spot market rates. The difference between the contractual forward rate and the spot market rate is defined as forward points. It is discounted if it is material.

Changes in the interest rate portion of the forward exchange contracts and the time

value of options related to the hedged item are recorded in the hedging expense reserve.

No items related to forward exchange contracts and options were transferred from the cash flow hedge fund to profit or loss during the financial year.

	2025	2024
Profit/loss reported in operating profit not included in hedge accounting	0	343

The effectiveness of the hedge is determined at the inception of the hedging relationship. Forward-looking performance evaluations are performed on a regular basis to ensure that there is an economic relationship between the hedged item and the hedging instrument. Credit risk has no material effect on the value of the hedging instrument. The hedged item and the hedging instruments have the same nominal value. A change in the USD exchange rate has the same but opposite effect on the value, so the hedging ratio is always 1:1.

Inefficiency may arise if the timing or amount of the anticipated purchase changes materially.

Hedge accounting has significantly reduced the impact of USD exchange rate fluctuations on the company's 2024 and 2025 financial year results.

Currency risk is also managed through, among others, operational planning, pricing and offer terms. Repricing interval varies between 3 and 24 months.

TRANSLATION RISK

Since the Group's currency risk exposure regarding net investments in foreign operations is relatively low, the equity position, i.e. differences in the calculatory euro values of these amounts (translation risk) is not actively hedged. At 31 December 2025 the total non-euro-denominated equity of the Group's foreign subsidiaries amounted to 4.2 million euro (31 Dec. 2024: 5.5 million euro).

INTEREST RATE RISK

Teleste's interest rate risk mainly comprises cash flow interest rate risk that arises from the interest-bearing liabilities. The Group can have floating or fixed interest loans and use interest swap contracts to achieve financial objectives. At the end of the reporting period 24.5 (30.2) million euros have short-term interest as a reference rate with the interest period less than one year. At the end of 2025, the loans have been hedged with an interest rate swap agreement up to EUR 20.5 (8.8) million euros.

The company has two interest rate swap agreements, of which one is subject to hedge accounting.

All Group loans are denominated in Euro. In 2025, the average interest rate of the loan portfolio was 4.54 per cent. All right-of-use agreements are fixed-rate. The Group does not hedge the risk position resulting from the fair value interest rate risk as the position is small. The average balances of the variable rate loans realized during the period have been used in calculating the sensitivity analysis required by IFRS 7. At the closing date 31 December 2025, the effect on variable rate interest-bearing liabilities on profit before taxes would have been +/- 245 thousand euro had the interest rate increased or decreased by 1 percentage point.

Period in which repricing occurs	Within 1 year	1 year –5 years	over 5 years	Total
Financial instruments with floating interest rate 1000€				
Financial liabilities				
Loan from financial institutions	24,451			24,451

CREDIT RISK

The Group's accounts receivables are dispersed to a number of customers worldwide. Thus the primary responsibility for commercial credit risks lies with the Group's geographical areas. Commercial credit risks are managed in accordance with the Group's credit policy and are reduced for example with collaterals. Some accounts receivables

are covered by a credit insurance. Credit risks are approved and monitored by the Group management team.

The credit risk related to financial instruments, i.e. counterparty risk is managed in the Group administration. Counterparty risk realises if a counterparty is unable to meet its obligations. In order to minimise counterparty risks, Teleste seeks to limit the counterpar-

ties, such as banks and other financial institutions, to those which have good credit rating. Liquid funds are invested in liquid instruments with low credit risk, e.g. in short-term bank deposits and commercial papers.

All receivables are without collaterals. There are no significant concentrations of risk with respect to the receivables of the Group.

Analysis of trade receivables by age, 1 000 €	2025				2024			
	Gross	Provision%	Impairment loss	Net	Gross	Provision%	Impairment loss	Net
Not overdue	16,828	0.1 %	-9	16,819	19,188	0.1 %	-24	19,164
1-30 days	3,032	0.5 %	-15	3,017	2,993	0.2 %	-7	2,985
31-60 days	763	0.9 %	-7	757	776	0.4 %	-3	773
61-90 days	188	1.4 %	-3	185	665	0.7 %	-4	661
91-120 days	105	2.2 %	-2	103	242	0.9 %	-2	240
121-360 days	72	14.3 %	-10	62	567	4.3 %	-24	543
Over 360 days	81	100.0 %	-81	0	35	100.0 %	-35	0
Total	21,069		-128	20,942	24,469		-101	24,367
Balance sheet book values	21,069		-128	20,942	24,469		-101	24,367

Customer specific provisions are shown in group over 360 days overdue.

The maximum exposure to credit risk at the reporting date was:	2025	2024
Trade receivables and other receivables	20,942	24,469

LIQUIDITY RISK

Liquidity risk is monitored through Group's cash flow forecasts. The Group seeks to reduce liquidity risk through sufficient cash reserves and credit facility arrangements as well as with balanced maturity profile of loans. Efficient cash and liquidity management also reduces liquidity risk. At the year-end 2025 the Group's cash reserves totaled 9.1 (8.8) million euros and its interest-bearing net debt 28.7 (34.2) million euros. The Group administration raises the Group's interest-bearing

debt centrally. At 31 December 2025 Teleste had committed and available credit facilities as well as other agreed and undrawn loans amounting to 16.0 (14.0) million euros.

During the third quarter in 2024, the company entered into a syndicated refinancing arrangement consisting of a term loan, credit limits and a non-binding guarantee limit. Teleste Corporation has credit limits and credit agreements with a total value of EUR 53.0 (53.0) million. All financing agreements include financial covenants regarding the lever-

age ratio, net debt and adjusted EBITDA, as well as a minimum liquidity level. The financing agreements are secured by corporate mortgages totaling EUR 68.9 million, pledges of subsidiary shares totaling EUR 32.0 million and pledges of internal bonds totaling EUR 39.3 million. The financing agreement includes a conditional two one-year extension option. During the third quarter of 2025, the company agreed to utilise the first option.

CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to secure the continuity of the business and to make investments possible with optimal capital structure. The capital structure of the Group is reviewed by the Board of Directors on a regular basis.

As of 31 December 2025, the contractual maturity of interest-bearing liabilities was as follows:

1,000 €	2026	2027-2030	Over 5 years
Loans from financial institutions	7,152	18,786	
Trade payables	15,065		
Lease liabilities	1,453	1,802	986
Others	170		

Loans from financial institutions mature in 2026-2027.

As of 31 December 2024, the contractual maturity of interest-bearing liabilities was as follows:

1,000 €	2025	2026-2029	Over 5 years
Loans from financial institutions	9,943	23,018	
Trade payables	13,527		
Lease liabilities	1,254	2,243	1,011
Others			

23. ADJUSTMENTS TO CASH FLOWS FROM OPERATING ACTIVITIES

1,000 €	2025	2024
Adjustments to operating cash flow		
Adjustments		
Depreciation and amortisation	4,955	11,809
Employee benefits	808	350
Gain/loss on sale of fixed assets	-356	11
Gain/loss on sale of shares	0	0
Change in provisions	336	888
Other income and expenses not related to payment	0	0
Financial income and expenses	3,782	1,423
Dividend income	1	1
Taxes	438	-1,013
Total	9,964	13,469
Change in net working capital		
Change in trade receivables and other receivables	1,796	-713
Change in inventories	-805	10,754
Change in trade payables and other payables	2,688	-2,113
Total	3,679	7,928
Cash flow adjustment from operating activities	13,643	21,397

24. COMMITMENTS AND CONTINGENCIES

1,000 €	2025	2024
Rental and leasing liabilities		
Lease liabilities	935	585
Currency derivatives		
Volume of the underlying forward contracts	13,494	10,683
Market value of the forward contracts	56	-26
Volume of interest rate hedges	20,450	8,750
Market value of interest rate hedges	130	257
Guarantees provided		
Bank guarantees	3,257	2,908
General pledge commitments	68,900	68,900
Corporate mortgages	68,900	68,900
Subsidiary shares	32,044	32,044
	173,101	172,753
Other liabilities		
VAT adjustment liability for real estate investments	484	565

25. RELATED PARTY TRANSACTIONS

The party is considered to be Teleste's related party if the party can exercise control over or otherwise significantly influence a Teleste Group company's finance and business decision making process. Teleste's related parties are the following:

- The companies which are part of the Teleste Group (group companies);
- The associated enterprises and joint ventures of a company which part of the Teleste Group;
- The members and deputy board members, the CEO and the deputy CEO, and the members of the official management groups of Teleste Oyj and the companies mentioned above, as well as their closest family members;
- A Teleste Oyj shareholder who holds at least 20 % of the vote share of the total number of votes held by shareholders, or who can otherwise significantly influence Teleste Oyj financial and business decision making process, the group companies and subsidiaries of such a shareholder, and the members and deputy board members, the CEO and the deputy CEO, and the members of the official management groups, and the closest family members of above-mentioned individuals, of group companies and subsidiaries belonging to such a shareholder;

The key personnel managing a company mentioned above, including their closest family members; and

A company owned by any individual mentioned above, where persons can, together or separately with another abovementioned individual, exercise control over or otherwise significantly influence the company's finance and business decision making process.

In addition to the parties mentioned above, Teleste Oyj can include other key personnel belonging to the management of a company which is a part of the Teleste Group (such as country managers) and their close family members to the list of related parties to ensure transparency.

Companies owned by the Group and parent company	Group holding, %	Group voting, %
Parent company Teleste Oyj, Turku, Finland		
Teleste Norge AS, Porsgrun, Norway	100 %	100 %
Teleste Network Services Ltd., Fareham, England	100 %	100 %
Teleste Systems GmbH, Hannover, Germany	100 %	100 %
Kaavisio Oy, Turku, Finland	100 %	100 %
Teleste Information Solutions Sp. Z o.o., Warsaw, Poland	100 %	100 %
Teleste Information Solutions Oy, Forssa, Finland	100 %	100 %
Teleste Networks Sp. Z o.o., Wroclaw, Poland	100 %	100 %
Teleste Belgium SA, Bryssel, Belgium	100 %	100 %
Teleste d.o.o., Ljutomer, Slovenia	100 %	100 %
Teleste Electronics (SIP) Co., Ltd., Shuzhou, China	100 %	100 %
Teleste France SAS, Pariisi, France	100 %	100 %
Teleste GmbH, Hildesheim, Germany	100 %	100 %
Teleste Networks LLC, New Jersey, USA	100 %	100 %
Teleste LLC, New Jersey, USA	100 %	100 %
Teleste Ltd., Chesham, England	100 %	100 %
Teleste Sweden AB, Stockholm, Sweden	100 %	100 %
Teleste Networks AB, Stockholm, Sweden	100 %	100 %
Teleste US, Inc., Dover DE, USA	100 %	100 %
Teleste Video Networks Sp. Z o.o., Krakow, Poland	100 %	100 %
Teleste Information Solutions s.r.l., Gorizia, Italy	100 %	100 %
Teleste Security Solutions Oy, Littoinen, Finland	100 %	100 %
Teleste Networks Oy, Littoinen, Finland	100 %	100 %

During the 2025 financial year, the company acquired the remaining 20% ownership stake in Teleste Networks LLC (formerly Teleste Intercept LLC) from the minority shareholder, and now owns 100% of the company.

Employee benefits of the management 1,000 €	2025	2024
CEO		
Salaries and other short-term benefits	315	299
Share-based benefits	12	5
Long-term benefits	78	74
Total	404	379

In 2025, Teleste's CEO was granted 0 stock options (0 in 2024). The parent company's management held 1.2% of the parent company's shares or 227,099 shares, at the closing date (1.0%, or 185,279 shares, as of December 31, 2024) .

Transactions with key management personnel Board of directors and CEO compensations 1,000 €	2025	2024
Timo Luukkainen, Chairman of the Board	67	66
Mirel Leino-Haltia, Member of the Board, Chairman of the audit Committee	49	49
Vesa Korpimies, Member of the Board, Member of the audit Committee	36	37
Jussi Himanen, Member of the Board, Member of the audit Committee	36	37
Kai Telanne, Member of the Board	35	33
Anni Ronkainen, Member of the Board	35	35
Esa Harju, CEO	404	379
Total	662	636
Other management team compensations		
Salaries, compensations and other short-term employee benefits	1,315	1,347
Share based payments	30	15
Long-term employee benefits	98	168
Total	1,443	1,530

No loans have been granted to the CEO and members of the board of directors, and no guarantees or liability commitments have been given on their behalf in 2025 or 2024.

26. SUBSEQUENT EVENTS

The group management does not have any information that will affect the 2025's financial statement after the financial statements' preparation date.

Financial Statements of Parent Company

INCOME STATEMENT OF PARENT COMPANY

1,000 €	Note	2025	2024
Net sales	1	14,033	60,636
Change in inventories of finished goods		0	-3,191
Other operating income	2	2,092	4,304
Material and services	3	-7,516	-33,528
Personnel expenses	4	-3,733	-15,198
Depreciation and amortisation	5	-7	-446
Other operating expenses	6	-5,304	-11,619
Operating profit		-435	958
Financial income and expenses	7	796	2,587
Profit before extraordinary items		361	3,545
Appropriations			
Accumulated depreciations	8	8	411
Group Contribution	8	649	0
Income taxes			
Direct taxes	9	-129	0
Profit for the financial period		890	3,956

BALANCE SHEET 31.12.2025

1,000 €	Note	2025	2024
Non-current assets			
Intangible assets	10	0	7
Property, plant and equipment	10	0	0
Long-term receivables	11	37,054	34,753
Investments	12	32,063	32,170
		69,117	66,930
Current assets			
Trade and other receivables	13	13,679	17,089
Cash and cash equivalents	14	5,997	5,237
		19,677	22,326
Total assets		88,794	89,256
Shareholder's equity			
Share capital	15	6,967	6,967
Share premium	15	1,503	1,503
Invested non-restricted equity	15	3,704	3,704
Retained earnings	15	19,628	16,221
Profit for the financial period	15	890	3,956
		32,693	32,352
Appropriations	16	0	8
Provisions	17	28	172
Liabilities			
Long-term liabilities	18	18,251	22,000
Short-term liabilities	19	37,822	34,725
		56,073	56,725
Total equity and liabilities		88,794	89,256

CASH FLOW STATEMENT

1,000 €	2025	2024
Cash flow from operations		
Profit before extraordinary items	361	3,545
Adjustments		
Depreciations according plan	7	446
Profit/loss from sale of investments	0	0
Financial income and expenses	-796	-2,553
Cashflow before changes in working capital	-427	1,439
Changes in working capital		
Increase (-) /decrease(+) in trade and other receivables	-2,774	-8,025
Increase (-) / decrease (+) in inventories	0	7,589
Increase (+) / decrease (-) in trade payables	-4,911	3,726
Change in provisions	-143	-137
Loans granted	0	0
Cashflow before financial items and taxes	-8,255	4,592
Paid interests	-1,995	-2,797
Interests and dividends received	2,838	2,468
Income taxes paid	-42	-48
Cash flow from operations	-7,454	4,214
Cash flow from investing activities		
Investments in intangible and tangible assets	0	0
Investments in subsidiary shares	66	-5,395
Disposal of shares in subsidiaries	0	0
Loans granted	0	-2,242
Proceeds from borrowings	4,406	1,171
Change group cashpool	0	104
Investment in other financial assets	0	0
Cash flow from investing activities	4,471	-6,362
Cash flow from financing activities		
Proceeds from borrowings	0	38,000
Payments of borrowings	-5,749	-42,116
Change group cashpool	10,041	7,327
Paid dividends and other profit distribution	-549	0
Cash flow from financing activities	3,743	3,210
Change in liquid funds	760	1,062
Liquid funds 1.1	5,237	4,175
Effects of exchange rate fluctuations on cash held	0	0
Liquid funds 31.12	5,997	5,237

NOTES TO TELESTE OYJ PROFIT & LOSS AND BALANCE SHEET 31.12.2025

1. NET SALES

1,000 €	2025	2024
Net sales by market area		
Finland	4,076	10,008
Nordic countries	261	4,983
Other Europe	5,914	33,135
Others	3,783	12,510
Total	14,033	60,636

2. OTHER OPERATING INCOME

R&D subvention and others	364	349
Intra-group income	1,725	3,919
Other	4	37
Total	2,092	4,304

3. MATERIAL AND SERVICES

Purchases	-7,516	-28,255
Change in inventories	0	-4,495
Purchased services	0	-778
Total	-7,516	-33,528

4. PERSONNEL EXPENSES

1,000 €	2025	2024
Wages and salaries	-3,171	-12,535
Pension costs	-535	-2,276
Other personnel costs	-28	-387
Total	-3,733	-15,198

Remuneration to Board members and Managing Directors

1,000 €	2025	2024
Chief Executive Officer (CEO)		
Salaries, fees and other short-term employee benefits	315	299
Share-based payments	12	5
Long-term benefits	78	74
Total	404	379
Timo Luukkainen, Chairman of the Board	67	66
Mirel Leino-Haltia, Chair of the Audit Committee	49	49
Vesa Korpimies, Member of the Board, Member of the Audit Committee	36	37
Jussi Himanen, Member of the Board, Member of the Audit Committee	36	37
Kai Telanne, Member of the Board	35	33
Anni Ronkainen, Member of the Board	35	35
Esa Harju, CEO	404	379
Total	662	636
Cash loans, securities or contingent liabilities were not granted to the CEO or to the members of the Board of Directors.		
Year-end personnel	28	28
Average personnel	29	241
Personnel by function at the year-end		
Research and Development	0	0
Production and Material Management	0	0
Sales and marketing	3	3
Administration	16	14
Information Technology	9	11
Total	28	28

The company participated in two business transfers during the 2024 financial year, in which the operative business was transferred to Group subsidiaries, including the majority of the personnel.

5. DEPRECIATION ACCORDING TO PLAN

1,000 €	2025	2024
Buildings	0	-298
Machinery and equipment	0	-114
Other intangible rights	-7	-35
Total	-7	-446

6. OTHER OPERATING EXPENSES

1,000 €	2025	2024
Office and property costs	-34	-740
Travel expenses	-224	-549
Sales and marketing	-57	-174
IT costs	-1,832	-2,220
Other expenses	-3,158	-7,935
Total	-5,304	-11,619
Audit expenses		
Fees for statutory audit	-96	-82
Assignments referred in 1 §, 1 subsection, point 2 of Auditing Act		
Assurance on sustainability reporting	-77	0
Other engagements referred to in the above provision	-29	-18
Tax consultancy	0	-7
Other assignments	0	-8
Total	-202	-115
Fees of the sustainability assurance provider		
Fees for assurance on sustainability reporting	-9	0
Total	-9	0

7. FINANCIAL INCOME AND EXPENSES

1,000 €	2025	2024
Interest income	195	200
Interest income from Group companies	2,075	1,400
Interest expenses	-1,599	-1,906
Interest expenses to Group companies	-397	-496
Impairment of investments	-41	-173
Currency differences	823	149
Other financial income and expenses	-260	-388
Dividend income from Group companies	0	3,801
Dividend income	1	0
Total	796	2,587

8. APPROPRIATIONS AND DEFERRED TAX ASSETS AND LIABILITIES IN THE PARENT COMPANY

1,000 €	2025	2024
Change in accumulated depreciation difference		
Buildings	0	298
Machines and equipment	0	114
Intangible assets	8	0
Total	8	411
Group contribution	649	0
Total	657	411

9. INCOME TAXES

Direct taxes	-2	0
Taxes from previous years	-127	0
Total	-129	0

The company has tax-confirmed losses and losses for the current financial year total of 6,630 thousand euros, of which no tax receivables have been recorded.

10. TANGIBLE AND INTANGIBLE ASSETS

1,000 €	Intangible assets	Buildings	Machinery and equipment	Total tangible fixed assets
Acquisition cost 1.1.2025	8,500	0	0	8,500
Increases	0	0	0	0
Transfer between items	-8,500	0	0	-8,500
Acquisition cost 31.12.2025	0	0	0	0
Accumulated depreciation 1.1.2025	-8,492	0	0	-8,492
Disposals	8,500	0	0	8,500
Depreciation	-7	0	0	-7
Accumulated depreciation 31.12.2025	0	0	0	0
Book value 31.12.2025	0	0	0	0

The reductions in acquisition costs and accumulated depreciation reported during the financial year relate to adjustments accumulated over several periods.

Acquisition cost 1.1.2024	8,500	12,572	9,736	22,308
Increases	0	0	0	0
Transfer between items	0	-12,572	-9,736	-22,308
Acquisition cost 31.12.2024	8,500	0	0	0
Accumulated depreciation 1.1.2024	-8,457	-7,093	-9,346	-16,438
Disposals	0	7,390	9,459	0
Depreciation	-35	-298	-114	-411
Accumulated depreciation 31.12.2024	-8,492	0	0	0
Book value 31.12.2024	7	0	0	0

11. LONG TERM RECEIVABLES

1,000 €	2025	2024
Subordinated loan from group company	2,000	2,000
Other long term receivables from group companies	35,054	32,753
Other long term receivables	0	0
Total	37,054	34,753

12. INVESTMENTS

Parent company	Shares in group companies	Shares other	Other Investments	Total
Acquisition cost 1.1.	35,152	19	0	35,170
Increase	0	0	0	0
Disposal	0	0	0	0
Liquidation	-107	0	0	-107
Acquisition cost 31.12.	35,045	19	0	35,064
Accumulated depreciation 1.1.	-3,000	0	0	-3,000
Disposal	0	0	0	0
Impairment	0	0	0	0
Accumulated depreciation 31.12.	-3,000	0	0	-3,000
Book value 31.12.2025	32,044	19	0	32,063

13. CURRENT ASSETS

1,000 €	2025	2024
Accounts receivables	556	1,916
Accounts receivables from Group companies	8,512	4,253
Other receivables from Group companies	2,955	8,928
Other receivables	329	207
Accrued income	846	855
Accrued income Group companies	482	930
Total	13,679	17,089

14. LIQUID FUNDS

Cash and cash equivalents	5,997	5,237
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15. CHANGES IN SHAREHOLDERS' EQUITY

1,000 €	2025	2024
Share capital 1.1.	6,967	6,967
New entries		
Share capital 31.12.	6,967	6,967
Share premium fund 1.1.	1,503	1,503
Share premium		
Share premium fund 31.12.	1,503	1,503
Invested non-restricted equity 1.1.	3,704	3,704
From new entries		
Acquisitions and disposals of own shares		
Share issue		
Invested non-restricted equity 31.12.	3,704	3,704
Retained earnings 1.1.	20,177	16,221
Dividends	-549	0
Retained earnings 31.12.	19,628	16,221
Profit for the financial period	890	3,956
Accumulated profit 31.12.	20,518	20,177
Total	32,693	32,352
Invested non-restricted equity 31.12.2025	3,704	3,704
Accumulated profit 31.12.	20,518	20,177
Company's distributable equity 31.12.	24,222	23,882

Company's registered share capital consists of one serie and is divided into 18,985,588 shares at 1 vote each.

16. APPROPRIATIONS

1,000 €	2025	2024
Appropriations in the company consists of cumulative accelated depreciations	0	8

17. OBLIGATORY PROVISIONS

1,000 €	2025	2024
Fair value of negative hedging instruments (Accounting Act, Section 5:2)	28	172
Total	28	172

18. LONG TERM LIABILITIES

1,000 €	2025	2024
Loans from banks	18,251	22,000
Loans maturing in more than five years	0	0

19. SHORT TERM LIABILITIES

1,000 €	2025	2024
Loans from banks	6,200	8,200
Advances received	14	93
Accounts payables	471	383
Accounts payables from Group companies	949	3,269
Other current liabilities	1,259	63
Other current liabilities from Group companies	26,685	19,719
Accrued liabilities – holiday pay accrual	425	421
Other accrued liabilities	1,818	2,576
Total	37,822	34,725

20. CONTINGENT LIABILITIES AND PLEDGED ASSETS

1,000 €	2025	2024
Leasing liabilities		
For next year	152	606
For later years	179	880
Total	331	1,486
Rental liabilities		
Less than one year	16	83
Between one and five years	0	173
More than five years	0	1,238
Total	16	1,494
Liabilities on own behalf		
Bank guarantees	377	377
Guarantees given on behalf of subsidiaries	3,475	2,532
General pledge commitments	68,900	68,900
Shares of subsidiaries	32,044	32,044
Internal loans	39,276	43,681
Total	144,071	147,534

Excluding bank guarantees, the collateral provided relates to the company's bank loan, the outstanding amount of which totalled EUR 24,451 thousand on 31 December 2025.

Other commitments		
Business Finland grant, unverified	698	618

21. CURRENCY DERIVATES

1,000 €	2025	2024
Value of underlying forward contracts	13,494	10,683
Market value of forward contracts	56	-29
Interest rate swap	20,450	8,750
Market value of interest rate swap	130	257

Derivatives are presented in accordance with Chapter 5, Section 2 of the Finnish Accounting Act.

22. COMPANIES OWNED BY THE GROUP AND PARENT COMPANY

	Group holding share %	Parent company share %
Teleste Norge AS, Porsgrun, Norway	100 %	0 %
Flomatik Network Services Ltd., Fareham, UK	100 %	0 %
Teleste Systems GmbH, Hannover, Germany	100 %	0 %
Kaavisio Oy, Turku, Finland	100 %	100 %
Teleste Information Solutions Sp. Zoo, Warsaw Poland	100 %	0 %
Teleste Information Solutions Oy, Forssa, Finland	100 %	100 %
Teleste Networks s.p.zoo,Wroclaw, Poland	100 %	0 %
Teleste Belgium SA, Bryssel, Belgium	100 %	0 %
Teleste d.o.o., Ljutomer, Slovenia	100 %	0 %
Teleste Electronics (SIP), Co., Ltd, Shuzhou, China	100 %	0 %
Teleste France SAS, Paris, France	100 %	0 %
Teleste GmbH, Hildesheim, Germany	100 %	0 %
Teleste Networks LLC, Dover DE, USA	100 %	0 %
Teleste LLC, New Jersey, USA	100 %	0 %
Teleste Ltd, Chesham, UK	100 %	0 %
Teleste Sweden AB, Stockholm, Sweden	100 %	0 %
Teleste Networks AB, Stockholm, Sweden	100 %	0 %
Teleste US, Inc, Dover DE, USA	100 %	0 %
Teleste Video Networks Sp zoo, Krakov, Poland	100 %	0 %
Teleste Information Solutions s.r.l., Italy	100 %	0 %
Teleste Networks Oy, Littoinen, Finland	100 %	100 %
Teleste Security Solutions Oy, Littoinen, Finland	100 %	0 %

23. OWN SHARES

	Number of shares	Percentage of shares and votes
Teleste Oyj owns own shares 31.12.2025	685,602	3.61 %

24. SHARES AND OWNERS

Management interest	Number of shares	Percentage of shares	Percentage of votes, %
CEO and Board Members	227,099	1.20 %	1.20 %

Major shareholders 31.12.2025	Shares	%
Tianta Oy	4,788,298	25.22 %
Mandatum Life Insurance Company Limited	1,675,716	8.83 %
Ilmarinen Mutual Pension Insurance Company	899,475	4.74 %
Kaleva Mutual Insurance Company	824,641	4.34 %
Mariatorp Oy	800,000	4.21 %
Wipunen Varainhallinta Oy	800,000	4.21 %
Teleste Corporation	685,602	3.61 %
Varma Mutual Pension Insurance Company	521,150	2.74 %
The State Pension Fund	500,000	2.63 %
Ingman Finance Oy Ab	235,000	1.24 %
Total (10)	11,729,882	61.78 %

Sector Dispersion	Shareholders	%	Shares	%
Households	4,632	94.92 %	5,180,525	27.29 %
Public sector institutions	3	0.06 %	1,920,625	10.12 %
Financial and insurance institutions	17	0.35 %	3,194,072	16.82 %
Corporations	184	3.77 %	8,492,755	44.73 %
Non-profit institutions	18	0.37 %	35,947	0.19 %
Foreign	26	0.53 %	161,664	0.85 %
Total	4,880	100.00 %	18,985,588	100.00 %
of which nominee registered	9	0.18 %	464,976	2.45 %

Holding Dispersion	Shareholders	%	Shares	%
1-100	1,579	32.36 %	75,988	0.40 %
101-500	1,834	37.58 %	481,855	2.54 %
501-1,000	616	12.62 %	498,977	2.63 %
1,001-5,000	635	13.01 %	1,397,346	7.36 %
5,001-10,000	101	2.07 %	697,288	3.67 %
10,001-50,000	84	1.72 %	1,801,407	9.49 %
50,001-100,000	13	0.27 %	950,943	5.01 %
100,001-500,000	10	0.21 %	2,086,902	10.99 %
500,001-	8	0.16 %	10,994,882	57.91 %
Total	4,880	100.00 %	18,985,588	100.00 %
of which nominee registered	9	0.18 %	464,976	2.45 %

25. RELATED PARTY TRANSACTIONS

Loans between Group companies have been granted under normal commercial terms. More detailed information on related party transactions is disclosed in the notes to the consolidated financial statements.

Accounting Principles of Teleste Corporation

ACCOUNTING PRINCIPLES OF TELESTE CORPORATION

Teleste Corporation is the parent company of the Teleste Group. Business ID of Teleste Corporation is 1102267-8 with registered office in Turku. The company registered address is Telestenkatu 1 20660 Littoinen.

COMPARABILITY

During the 2024 financial year, the company completed two intra group business transfers through which its operational business—including properties, production, and most personnel—was transferred to subsidiaries of the group.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. At the end of the accounting period, unsettled foreign currency balances are translated into the accounting currency at the closing rate on the balance sheet date. Foreign exchange gains and losses on trade accounts receivable and payable are adjusted to revenues and operating expenses, respectively. Other foreign exchange gains and losses are recorded as financial income and expenses.

DERIVATIVES

The company has currency forward exchange agreements. Exchange agreements are de-

signed to eliminate the effect of currency exposures on the company performance and financial standing. The interest swap agreements are taken for specific long term floating interest loans to eliminate the interest risk.

Derivative contracts are presented in accordance with AA 5:2§, so that the negative fair values of the hedges outside the IFRS hedge calculation are recorded as an expense and as a mandatory provision. The hedges within the scope of hedge accounting are presented as off-balance sheet liabilities in the notes. More extensive notes are presented in the Group consolidated financial statement.

Company's corporate hedging policy is to cover all material currency risks at least six months ahead. The effect on company performance of the exchange rate agreements is recorded on their exercise day.

VALUATION OF FIXED ASSETS

The balance sheet values for fixed assets are stated as historical cost, less the accumulated depreciation and amortisation. Depreciation and amortisation is calculated on straight-line basis over the expected useful lives of the assets. Estimated useful lives for various assets are:

Intangible assets.....	3 years
Goodwill.....	8 years
Other capitalised expenditure.....	3 years
Buildings.....	25 to 33 years

Machinery.....	3 to 5 years
Computers.....	0 to 3 years

Write-downs on permanent impairment of the assets are recorded when it becomes evident that the carrying amount is not recoverable. Companies acquired or established during the financial period are included in the subsidiary shares as of date of acquisition or formation. Companies disposed of in the financial period have been included in the subsidiary shares up to the date of disposal. Long-term investments and receivables include financial assets, which are intended to be held for over one year.

LEASED ASSETS

Purchases made under operating leases and capital leases are entered into income statement as renting expenses.

CASH

Cash and cash equivalents include cash in hand and in bank.

REVENUE RECOGNITION

Revenue is adjusted for discounts, indirect taxes associated with sales, and exchange differences from the conversion of foreign-currency trade receivables. Revenue is recognized when the service or product is delivered.

From the beginning of the 2025 financial year, the company has reported administra-

tive service charges as part of revenue (previously included in other operating income). Due to the 2024 business transfers, the company's operations primarily consist of administrative functions.

RESEARCH AND DEVELOPMENT

R&D expenses are recorded as revenue expenditure.

RECOGNITION OF GRANTS RECEIVED

Grants received are recognized as other operating income to the extent that the related project generates eligible costs in accordance with the grant decision and terms. The company also considers any required self-financing share. Grant-related repayment liabilities are disclosed in the notes under contingent liabilities.

PENSION ARRANGEMENTS

The statutory pension liabilities of Finnish companies are funded through pension insurance.

INCOME TAXES

Income tax includes tax on profit for the current financial period and the accrual adjustment for the preceding financial period.

TREASURY SHARES

Treasury shares acquired by the Group are not included in balance. Use of own shares are recognised in invested non-restricted equity since 3 April 2007.

Proposal for the Distribution of Earnings

Teleste Corporation's distributable equity on the date of the financial statements amounted to EUR 24,222,319.72.

The board of directors intends to propose to the annual general meeting to be held on April 22, 2026, that dividend of 0.08 EUR per share to be distributed for the year 2025.

Signatories to the Annual Report and the Financial Statements in the year 2025.

Statements by the Board of Directors and the CEO

The financial statements, prepared in accordance with the international financial reporting standards (IFRS) adopted in the European Union, provide a true and fair view of the assets, liabilities, financial position, and profit or loss of both Teleste Corporation and the entities included in its consolidated financial statements. The annual report provides an accurate description of the business development and performance of Teleste Corporation and the entities included in its consolidated financial statements, as well as a description of the most significant risks and uncertainties and other aspects of the company's state. The sustainability report included in the annual report has been prepared in accordance with the reporting standards referred to in Chapter 7 of the Accounting Act and Article 8 of the Taxonomy Regulation.

26 March 2026

Timo Luukkainen
COB

Jussi Himanen

Vesa Korpimies

Mirel Leino-Haltia

Kai Telanne

Anni Ronkainen

Esa Harju
CEO

The Auditors Note

Our auditor's report has been issued today.

26 March 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Auditor's Report

To the Annual General Meeting of Teleste Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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 IFRS Accounting Standards 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 to the Audit Committee.

What we have audited

We have audited the financial statements of Teleste Oyj (business identity code 1102267-8) for the year ended 31 December 2025. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

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

Independence

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.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group compa-

nies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 5 to the Financial Statements.

OUR AUDIT APPROACH

Overview

Materiality

- Overall group materiality: EUR 1 380 000, which represents approximately 1 % of net sales

Audit Scope

- Our audit procedures covered all countries and group locations significant to the Group, with emphasis on the most prominent locations in Finland and USA.

Key Audit matters

- Valuation of goodwill
- Valuation of inventory
- Capitalization of R&D costs

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered

where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality EUR 1,380,000 (previous year EUR 1,300,000)

How we determined it Approximately 1 % of net sales

Rationale for the materiality benchmark applied The group's profitability has been volatile during the last years due to revised strategy, strategy related divestments and investments in product development. Therefore, we chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is commonly measured by users and is a generally accepted benchmark. We chose 1.0% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Teleste Group, the accounting processes and controls, and the industry in which the group operates.

Our audit procedures covered all significant components of the group. The audit of the consolidated financial statements was focused on the most significant locations in Finland, where we performed an audit based on the size of the companies and the characteristics of the risks. Additionally, we performed audit of one or more financial statement line items in USA. In other group companies we have performed analytical audit procedures to mitigate the risk of material misstatements in the consolidated 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.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF GOODWILL	
<p><i>Refer to accounting principles for the consolidated financial statements and to note 10 in the consolidated financial statements.</i></p> <p>Goodwill is one of the most significant balance sheet items and amounted to EUR 30,1 million at the balance sheet date. The determination and whether an impairment charge is required involves significant management judgement, including identifying on which cash generating unit level the goodwill is tested and estimating the future performance of the business and the discount rate applied to these future cash flows.</p> <p>Due to materiality and judgment associated we have considered valuation of goodwill as key audit matter in the audit of the Group.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the goodwill impairment analysis through the following procedures:</p> <p>We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of calculation.</p> <p>We evaluated the process by which the future cash flow forecasts are drawn up, including comparing them to the latest Board approved targets and long-term plans.</p> <p>We tested the key underlying assumptions for the cash flow forecasts, including sales and profitability forecasts, discount rate used and the implied growth rates beyond the forecasted period.</p> <p>We compared the current year actual results included in the prior year impairment model to consider whether forecasts included assumptions that, with hindsight, had been optimistic.</p> <p>We tested whether the sensitivity analysis performed by the management around key assumptions of the cash flow forecast are appropriate by considering the likelihood of the movements of these key assumptions.</p>

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF INVENTORY	
<p><i>Refer to accounting principles for the consolidated financial statements and to note 14 in the consolidated financial statements.</i></p> <p>Inventory is one of the most significant balance sheet items and amounted to EUR 26,9 million at the balance sheet date. Inventories are valued at the lower of cost or net realisable value. Costs are measured with FIFO method. Net realisable value is the estimated selling price in the ordinary course of business, less sales cost and costs needed to finish the production of the goods.</p> <p>The cost of inventories includes all direct costs incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include share of overheads based on normal operating capacity.</p> <p>Impairment due to obsolescence is considered when assessing the valuation of inventories. Obsolescence provision is based on the best estimate at the balance sheet date and required judgement from management.</p> <p>Valuation of inventory is a key audit matter due to the size of the balance and because inventory valuation includes management judgement.</p>	<p>We assessed the compliance of the groups accounting policies in comparison to IAS 2 – Inventories and performed control testing and test of details to valuation and existence of the inventories.</p> <p>We tested a sample of inventory items to third party purchase invoices. We also tested management’s calculations on the absorption of relative share of indirect production overheads.</p> <p>We attended stock takings in selected inventory locations to obtain audit evidence regarding existence and condition of the inventory. During the stock takes we assessed the appropriateness of the stock takes and performed independent test counts.</p> <p>We compared the value of selected finished goods inventory items to the sales prices.</p> <p>We assessed the principles related to the determination of the obsolescence provision and the adequacy of the obsolescence provisions recorded.</p>

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
CAPITALIZATION OF R&D COSTS	
<p><i>Refer to accounting principles for the consolidated financial statements and to note 10 in the consolidated financial statements.</i></p> <p>Groups’s capitalized development amounted to EUR 11,2 million in the financial statements.</p> <p>Capitalization of R&D costs requires use of judgment as capitalization requires estimating technical and economic feasibility of the product developed. In addition, there is judgement involved in assessing recoverability of capitalized R&D costs as future cash flows generated by these intangible assets needs to be estimated.</p> <p>Due to materiality and judgment associated with capitalization of R&D costs, we have considered capitalization of R&D as key audit matter in the audit of the Group.</p>	<p>We assessed appropriateness of the company’s R&D capitalization policy in comparison to IAS 38 – Intangible Assets.</p> <p>We evaluated the design and appropriateness of the process relating to R&D capitalization.</p> <p>We assessed whether capitalization criteria for R&D projects are met. We tested a sample of invoices and personnel related costs capitalized during the year.</p> <p>We evaluated the relevant assumptions used in the impairment testing of intangible assets, focusing on the reasonableness of the forecasted economic information.</p>
<p>We have no key audit matters to report with respect to our audit of the parent company financial statements.</p>	
<p>There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.</p>	

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 IFRS Accounting Standards 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 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 a 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 to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

Appointment

We were first appointed as auditors by the annual general meeting on 7 April 2025. Our appointment represents a total period of uninterrupted engagement of 5 years.

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.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 26 March 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Independent Auditor's Report on the ESEF Financial Statements of Teleste Oyj

To management of Teleste Oyj

We have performed a reasonable assurance engagement on the financial statements 743700CJRQRU0007GN59-2025-12-31-0-fi.zip of Teleste Oyj (business identity code 1102267-8) that have been prepared in accordance with the Commission's regulatory technical standard for the financial year 1.1.-31.12.2025.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the company's report of the Board of Directors and financial statements (the ESEF financial statements) in such a way that they comply with the requirements of the Commission's regulatory technical standard. This responsibility includes:

- preparing the ESEF financial statements in XHTML format in accordance with Article 3 of the Commission's regulatory technical standard
- tagging the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF

financial statements with iXBRL tags in accordance with Article 4 of the Commission's regulatory technical standard and

- ensuring the consistency between the ESEF financial statements and the audited financial statements.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of the Commission's regulatory technical standard.

AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

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

The auditor applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to, in accordance with Chapter 7, Section 8 of the Securities Markets Act, provide assurance on the financial statements that have been prepared in accordance with the Commission's regulatory technical standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).

The engagement includes procedures to obtain evidence on:

- whether the primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature, timing and extent of the selected procedures depend on the auditor's judgment. This includes an assessment of the risk of a material deviation due to fraud or error from the requirements of the Commission's regulatory technical standard.

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

OPINION

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of Teleste 743700CJRQRU0007GN59-2025-12-31-0-fi.zip for the financial year 1.1.-31.12.2025 have been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our opinion on the audit of the consolidated financial statements of Teleste Oyj for the financial year 1.1.-31.12.2025 has been expressed in our auditor's report dated 26.3.2026. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki, 26 March 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Assurance Report on the Sustainability Report

To the Annual General Meeting of Teleste Oyj

We have performed a limited assurance engagement on the group sustainability report of Teleste Oyj (business identity code 1102267-8) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period 1.1. – 31.12.2025.

OPINION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS), and
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Teleste Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of requirements for the tagging of sustainability information in the ESEF regulation or other European Union legislation.

BASIS FOR OPINION

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorized Group Sustainability Auditor section of our report.

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

AUTHORIZED GROUP SUSTAINABILITY AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

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 engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director of Teleste Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified,
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, and for
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

INHERENT LIMITATIONS IN THE PREPARATION OF A SUSTAINABILITY REPORT

Preparing the consolidated sustainability report requires the company to perform a materiality assessment to identify the relevant reportable matters. This process involves significant management judgement and choices. Sustainability reporting is also inherently characterised using estimates and assumptions as well as measurement and evaluation uncertainties.

In particular, the determination of greenhouse gas emissions involves inherent uncertainty, as the scientific information used to establish emission factors and to combine emissions from different gases is incomplete.

In addition, when reporting forward looking information in accordance with the ESRS standards, management is required to make assumptions about possible future events, disclose any planned actions related to such events, and prepare the forward looking information based on those assumptions. The actual outcomes will likely differ, as forecasted events often do not unfold as expected.

RESPONSIBILITIES OF THE AUTHORIZED GROUP SUSTAINABILITY AUDITOR

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000

(Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance 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.
- Design and perform assurance procedures responsive to those risks to obtain 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.

DESCRIPTION OF THE PROCEDURES THAT HAVE BEEN PERFORMED

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We interviewed the company's management and the persons responsible at group level for collecting and reporting the information included in the consolidated sustainability report, in order to obtain an understanding of the key processes, controls and information systems related to the collection and consolidation of sustainability data.
- We reviewed the company's internal guidelines and policies relevant to the information presented in the consolidated sustainability report.
- We reviewed, to the extent applicable, the background documentation and materials prepared by the company and assessed whether they support the information included in the consolidated sustainability report.
- We conducted a site visit at a selected location.
- We assessed whether the consolidated sustainability report, in all material respects, meets the ESRS requirements related to material sustainability matters.
- Regarding EU Taxonomy disclosures, we obtained an understanding of the process by which the company has identified taxonomy eligible and taxonomy aligned economic activities, and we assessed the compliance of the related disclosures with the applicable regulations.

Helsinki, 26 March 2026

BDO Oy

Authorized sustainability audit firm

Vesa Vuorinen

KRT Authorized sustainability auditor

Shares and Shareholders

INVESTOR RELATIONS

CFO, Ms. Mervi Kerkele-Hiltunen is in charge of investor relations. In addition to the CFO, the top management of the company is committed to serving various participants of the capital market.

OBJECTIVES AND PRINCIPLES OF COMMUNICATION

Our communication aims at providing all the market participants with equally correct and relevant information, which supports the value formation of the company share. The principles guiding Teleste's disclosure policy include up-to-dateness, truthfulness and simultaneity.

Teleste adheres to the EU and Finnish legislation, the rules and guidelines of NASDAQ Helsinki Ltd as well as the regulations and guidelines of The European Securities and Markets Authority (ESMA) and the Financial Supervisory Authority.

In accordance with the Finnish Securities Markets Act, EU regulations, Stock Exchange rules and the regulations and guidelines issued by ESMA and the Financial Supervisory Authority, Teleste publishes information on its financial position on a regular basis in its Interim and Half-Year Reports, Financial Statements Bulletin and Financial Statements.

As per the Market Abuse Regulation, MAR, Teleste shall publish the inside information concerning the company as soon as possible, or delay such disclosure in accordance with the MAR provided, that the following criteria are met:

- Immediate disclosure is likely to prejudice the legitimate interests of Teleste;
- delay of disclosure is not likely to mislead the public; and
- Teleste is able to ensure the confidentiality of that information.

Additionally, Teleste will regularly publish investor news and press releases of news in relation to its business and to orders received that are deemed to interest the company's stakeholders, but do not fulfil the criteria for a stock exchange release.

CONTACT INFORMATION

Esa Harju, President and CEO
Hannele Ahlroos, Investor Relations and Press Office
Email: investor.relations@teleste.com

SHARE BASICS

Teleste Corporation is listed on the Nasdaq Helsinki Oy in the Technology sector and in small cap segment.

Facts about the share:

Listed on	30.3.1999
ISIN code	FI0009007728
Trading code	TLT1V
Reuter's ticker symbol	TLT1V.HE
Bloomberg ticker symbol	TLT1VFH
12 months high	4.28
12 months low	2.47
All-time high (7.9.2000)	39.00
All-time low (12.12.2008)	1.90

FINANCIAL INFORMATION

Financial releases in 2026

- Interim report January–March 8.5.2026
- Half year financial report January–June 14.8.2026
- Interim report January–September 6.11.2026

Teleste hosts a webcast for investors, analysts and media in connection with the publication of its financial results.

Silent period

Silent period begins 30 calendar days before the publishing of the Interim Reports, Half Year Financial Report, and Financial Statement Release and lasts until the publishing of the releases mentioned. During silent periods, Teleste's spokespersons refrain from discussing and commenting on issues related to the company's financial performance or meeting with capital market representatives.

CHANGES IN SHAREHOLDERS' CONTACT INFORMATION

The company shares are included in the book-entry securities system. The shareholder register is maintained by Euroclear Finland Oy.

Shareholders should notify the particular register holding their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

ANNUAL GENERAL MEETING

Teleste Corporation's Annual General Meeting (AGM) will be held on 22 April 2026 commencing at 4 p.m., in Helsinki Expo and Convention Centre, 2nd floor, meeting room 208, address: Rautatietäisänkatu 3, Helsinki.

Registration and distribution of voting tickets begin at 3 p.m. Shareholders registered on the list of shareholders with Euroclear Finland Oy on 10 April 2026 are entitled to participate in the Annual General Meeting. A shareholder who wants to participate in the meeting shall register no later than 13 April 2026 at 4 p.m. EEST.

More information

www.teleste.com/AGM

or by e-mail

investor.relations@teleste.com

DIVIDEND POLICY

Teleste wishes to be an attractive investee corporation in which the investment's increase in value and the dividend yield form a competitive combination. The annual proposal for the dividend is validated by the Board in consideration of profitability, financial situation and needs for investment necessitated by profitable growth.

Dividend history, eur

2020	2021	2022	2023	2024	2025
0.12	0.14	0.0	0.0	0.03	0.08*

* Proposal by the Board

Proposal for Distribution of Dividend 2026

The Board of Directors proposes to the General Meeting that a dividend of EUR 0,08 per share be paid based on the adopted balance sheet for the financial year that ended on 31 December 2025 for shares other than those held by the Company. The Board of Directors proposes that the dividend be paid in two instalments.

For proposals by the Board for the General Meeting and other additional information about the AGM is available at Teleste's website:

www.teleste.com/AGM

Minutes of the Annual General Meeting will be available at Teleste's website no later than 6 May 2026.

TELESTE CORPORATION

Postal address:

P.o. Box 323, 20101 Turku, Finland

Headquarter Visiting Address:

Telestenkatu 1, 20660 Littoinen, Finland

Business ID: 1102267-8

www.teleste.com

