



# INTERIM REPORT Q1 2024

JANUARY 1–MARCH 31, 2024

**TELESTE**

## TELESTE CORPORATION INTERIM REPORT 1 JANUARY TO 31 MARCH 2024

### TELESTE CORPORATION: NET SALES DECREASED, ADJUSTED OPERATING RESULT IMPROVED. CASH FLOW FROM OPERATIONS INCREASED.

*Unless otherwise specified, the figures in brackets refer to the year-on-year comparison period.*

#### January–March 2024 in brief

- Net sales decreased by 19.3%, amounting to EUR 36.6 (45.3) million
- Adjusted EBITDA increased by 4.3%, amounting to EUR 3.1 (2.9) million
- Adjusted operating result increased by 6.0%, amounting to EUR 1.5 (1.5) million
- Operating result decreased to EUR -0.4 (1.2) million
- Adjusted earnings per share were EUR 0.08 (0.14)
- Earnings per share decreased to EUR -0.02 (0.13)
- Cash flow from operations increased to EUR 7.3 (2.0) million
- Orders received decreased by 25.2% to EUR 30.5 (40.8) million
- The order book decreased by 2.6% and amounted to EUR 124.3 (127.6) million
- Teleste's 1.8GHz DOCSIS 4.0-compliant smart amplifiers became the first in the industry to progress to the field deployment stage in North America.

#### Outlook for 2024 (unchanged)

Teleste estimates that net sales in 2024 will amount to EUR 140–165 million and that the adjusted operating result in 2024 will be EUR 3–6 million.

#### Segment reporting

As the company announced on 25 April 2024, Teleste reports its key financial figures according to a new segment structure starting from the first interim report of 2024. The operating segments are Broadband Networks and Public Safety and Mobility. The Group's reported segments correspond to the Group's operating segments. The Group's common functions are treated outside segment reporting.

## Key figures

EUR million	1–3/2024	1–3/2023	Change	1–12/2023
Net sales	36.6	45.3	-19.3%	151.3
Adjusted EBITDA <sup>1)</sup>	3.1	2.9	4.3%	7.2
Adjusted EBIT <sup>1)</sup>	1.5	1.5	6.0%	1.2
Adjusted EBIT, % <sup>1)</sup>	4.2%	3.2%	-	0.8%
EBIT	-0.4	1.2	>-100.0%	-0.5
EBIT, %	-1.0%	2.7%	-	-0.3%
Net result for the period	-0.5	2.2	>-100.0%	-0.5
Adjusted earnings per share, EUR <sup>1)</sup>	0.08	0.14	-41.9%	0.09
Earnings per share, EUR	-0.02	0.13	>-100.0%	0.00
Cash flow from operations	7.3	2.0	>100.0%	10.8
Orders received	30.5	40.8	-25.2%	149.6
Order book	124.3	127.6	-2.6%	130.4
Net gearing, %	42.5%	58.4%	-	51.7%
Equity ratio, %	47.4%	41.6%	-	45.4%
Personnel at period-end	703	842	-16.5%	750

<sup>1)</sup> An alternative performance measure defined in the tables section of the report.

### Comments by President & CEO Esa Harju:



“The first quarter of fiscal year 2024 was two-fold. Our turnover decreased from the comparison period, but relative profitability improved and cash flow from operations was strong. We also achieved important progress in implementing our strategy. However, the outlook for the whole year is still overshadowed by market uncertainty, and we expect the second quarter to be difficult.

Orders received and turnover decreased in the **Broadband Networks** business unit, due to very low demand in the European market. However, relative profitability improved due to an increase in gross margin and cost saving measures. The European market is expected to remain uncertain during 2024. Demand is expected to improve at the earliest in the second half of the year. As the first supplier in the industry, our 1.8GHz ICON smart amplifiers, designed for the North American market, have now reached general availability status and the first field deployments to our customers have started. Four North American operators have confirmed

smart amplifier orders to Teleste and deliveries will gradually begin to affect our turnover during the current year, however, so that the North American share of the entire Broadband Networks business volume is still small in 2024.

Orders received grew in the **Public Safety and Mobility** business unit. However, turnover was below the comparison period. One reason for this was the political industrial action in Finland, which closed our factory for several days and made deliveries difficult. Another reason was the slower than expected progress of one significant video surveillance project. Adjusted operating profit increased as gross margin rose significantly higher compared to the comparison period.

We continued several measures to improve profitability and to prioritize our operations. Cost savings are targeted at all company's operations. The change negotiations started in Finland on 9.1.2024 led to several dismissals or part-time employment.

As we announced in a stock exchange release on 25.4.2024, we have changed and updated our reporting practices. These changes increase the transparency of investor communication. The clarification of the company's group structure and the reorganization of business units under their own legal companies are proceeding according to plan.

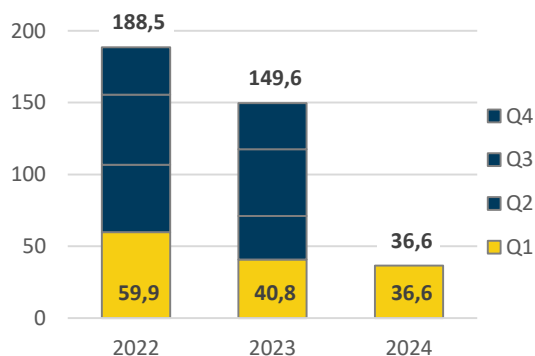
We have steadily increased our focus on corporate social responsibility. As evidence of this, we achieved a gold medal in EcoVadis' corporate responsibility assessment in February.

In 2024, the main goal of the Broadband Networks business is to grow the business in North America. This will compensate for the continued uncertainty in the European market. In the Public Safety and Mobility business, we will increase our strategic focus on train manufacturers and public transport business. At the same time, we will continue to streamline our operational activities.”

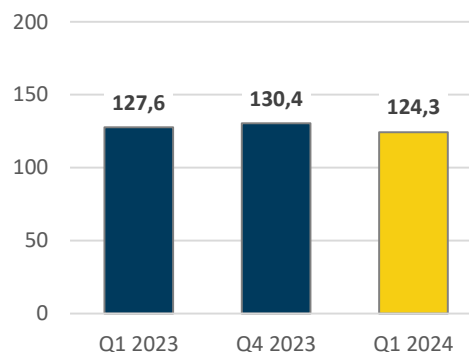


## Key figures

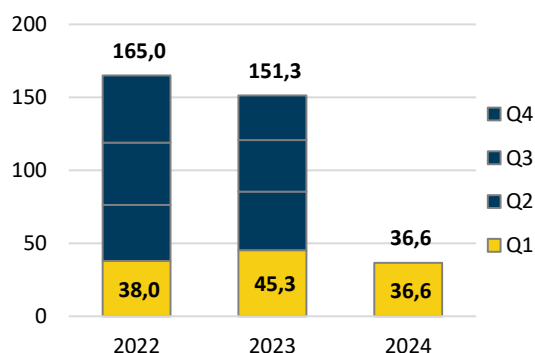
Orders received, EUR million



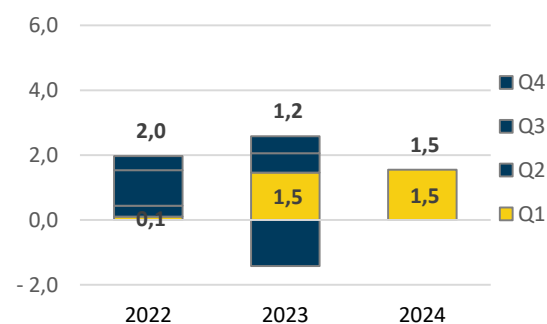
Order book (period-end), EUR million



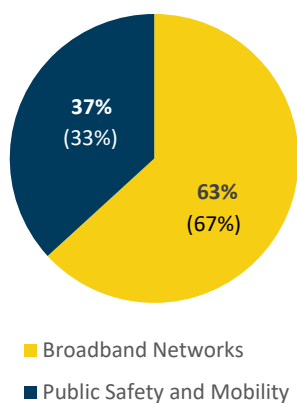
Net sales, EUR million



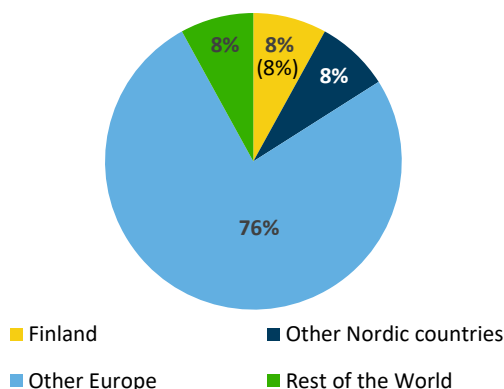
Adjusted operating result, EUR million



Net sales by business  
Q1 2024 (Q1 2023)



Net sales by market area  
Q1 2024 (Q1 2023)



## Net sales

EUR million	1–3/2024	1–3/2023	Change	1–12/2023
Broadband Networks	23.1	30.4	-24.0%	92.5
Public Safety and Mobility	13.4	14.9	-9.9%	58.9
<b>Total</b>	<b>36.6</b>	<b>45.3</b>	<b>-19.3%</b>	<b>151.3</b>

The net sales of the **Group** decreased by 19.3% in January–March, amounting to EUR 36.6 (45.3) million. Net sales decreased in both business units. Of the net sales, Finland accounted for 7.8% (8.1%), other Nordic countries for 8.6% (17.0%), the rest of Europe for 75.7% (72.2%) and other countries for 7.8% (2.7%).

The net sales of the **Broadband Networks** business unit decreased by 24.0% in January–March, amounting to EUR 23.1 (30.4) million. The demand for HFC access network products decreased significantly in Europe. Deliveries of 1.8 GHz DOCSIS 4.0-compliant smart amplifiers to North America began, but they did not compensate for the decline in the European market. Distributed access architecture products were delivered particularly to the Benelux countries. The net sales of the services business in England decreased year-on-year. The comparison period included EUR 1.3 million in deliveries in the services business in Switzerland, which was subsequently divested.

The net sales of the **Public Safety and Mobility** business unit decreased by 9.9% in January–March, amounting to EUR 13.4 (14.9) million. The decrease in net sales was partly attributable to the political strikes in Finland, which led to the closure of the production plant for several days and complicated deliveries. Deliveries to video security and public transport operator customers decreased due to normal fluctuation in the project business.

## Profitability

EUR 1,000	1–3/2024	1–3/2023	Change	1–12/2023
Adjusted EBITDA				
Broadband Networks	3,364	3,371	-0,2 %	8,902
Public Safety and Mobility	914	708	29,2 %	2,763
<b>Segments total</b>	<b>4,279</b>	<b>4 079</b>	<b>4,9 %</b>	<b>11,665</b>
Non-allocated operations	-1,222	-1,147	6,6 %	-4,441
<b>Adjusted EBITDA, Group</b>	<b>3,056</b>	<b>2,932</b>	<b>4,3 %</b>	<b>7,224</b>
Adjustment items	-1,320	-215	514,3 %	-1,640
<b>EBITDA</b>	<b>1,737</b>	<b>2,717</b>	<b>-36,1 %</b>	<b>5,584</b>

EUR 1,000	1–3/2024	1–3/2023	Change	1–12/2023
Adjusted EBIT				
Broadband Networks	2,546	2,659	-4.2%	5,989
Public Safety and Mobility	224	-51	n/a	-389
<b>Segments total</b>	<b>2,770</b>	<b>2,607</b>	<b>6.3%</b>	<b>5,600</b>
Non-allocated operations	-1,222	-1,147	6.6%	-4,441
<b>Adjusted EBIT, Group</b>	<b>1,548</b>	<b>1,460</b>	<b>6.0%</b>	<b>1,158</b>
Adjustment items	-1,899	-215	784.1%	-1,640
<b>EBIT</b>	<b>-351</b>	<b>1,245</b>	<b>-128.2%</b>	<b>-481</b>

The Group's expenses for material and manufacturing services decreased by 26.0% to EUR 18.1 (24.5) million. Material expenses were reduced by lower sales volumes and net sales being derived more from products and software with higher gross margins. Personnel expenses decreased by 8.3% to EUR 11.9 (12.9) million. The decrease was due to a reduction in the number of personnel and temporary layoffs, which continued to be implemented in Finland during the first quarter. Depreciation increased by 2.5% to EUR 1.5 (1.5) million. Other operating expenses decreased by 5.3% to EUR 5.0 (5.2) million. The Group's adjusted EBIT increased by 6.0% in January–March to EUR 1.5 (1.5) million, representing 4.2% (3.2%) of net sales. The Group's EBIT decreased due to non-recurring operational restructuring and amounted to EUR -0.4 (1.2) million, representing -1.0% (2.7%) of net sales. The reported adjustment items for the period included expenses of EUR 1.3 million arising from operational restructuring in Finland and other countries, and impairment of EUR 0.6 million allocated to capitalized development expenses of video security software.

The adjusted EBIT of the Broadband Networks business unit decreased by 4.2% and amounted to EUR 2.5 (2.7) million. The adjusted EBIT decreased due to the significant decline in net sales, in spite of the gross margin increasing and personnel expenses decreasing year-on-year.

The adjusted EBIT of the Public Safety and Mobility business unit increased to EUR 0.2 (-0.1) million. The adjusted EBIT increased due to the gross margin rising to a substantially higher level than in the comparison period. Impairment of EUR 0.6 million allocated to video security software was reported as an adjustment item. The impairment was due to the expected decline in the demand for older software versions and systems operated by customers proceeding to the maintenance phase earlier than expected. In the future, Teleste will focus increasingly on solutions integrated with rolling stock on-board systems and the public transport operator segment.

The Group's net expenses from financial items amounted to EUR 0.2 (0.3) million. Direct taxes for the reporting period amounted to EUR 0.0 (+1.3) million. The direct taxes in the comparison period included the reversal of tax provisions recognised in the 2023 financial year and associated deferred tax assets, totalling EUR 1.7 million, due to the cancellation of a tax reassessment decision concerning the Group's Belgian subsidiary. The Group's net result for the review period was EUR -0.5 (2.2) million. Adjusted earnings per share were EUR 0.08 (0.14) and earnings per share were EUR -0.02 (0.13).

## Cash flow and financial position

### Cash flow

Cash flow from operations was EUR 7.3 (2.0) million in January–March 2024. Cash flow from operating activities was improved by a decrease in working capital.

### Financial position

At the end of the period under review, the Group's interest-bearing debt stood at EUR 35.8 (50.6) million, with short-term loans from banks representing EUR 14.3 (15.0) million of that amount. Interest-bearing liabilities associated with leases capitalised in accordance with IFRS 16 amounted to EUR 4.5 (5.5) million, of which EUR 1.5 (1.8) million were short-term liabilities. The Group's cash and cash equivalents were EUR 10.2 (14.0) million. At the end of March 2024, the amount of unused binding credit facilities was EUR 14.4 (4.9) million.

The Group's total assets at the end of the period under review stood at EUR 128.3 (153.1) million, and equity amounted to EUR 60.5 (62.7) million. The Group's equity ratio was 47.4% (41.6%) and the net gearing ratio was 42.5% (58.4%).

All financing agreements include financial covenants regarding the minimum equity ratio, the maximum net debt to adjusted EBITDA ratio and the minimum liquidity. Enterprise mortgages totalling EUR 50 million are used as collateral for the financing agreements.

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

- A EUR 6.0 million repayable loan maturing in August 2024, the principal of which was EUR 0.75 million on 31 March 2024. The loan is amortised twice a year in instalments of EUR 0.75 million.
- A EUR 20.0 million repayable loan maturing in March 2026, the principal of which was EUR 15.0 million on 31 March 2024. The loan is amortised twice a year in instalments of EUR 1.25 million.
- A EUR 3.5 million repayable loan maturing in March 2025, the principal of which was EUR 3.5 million on 31 March 2024. The loan is amortised quarterly in instalments of EUR 0.3 million starting from June 2024.
- A EUR 7.5 million repayable loan maturing in March 2025, the principal of which was EUR 7.5 million on 31 March 2024. The loan is amortised quarterly in instalments of EUR 0.3 million starting from June 2024.
- A committed credit facility of EUR 4.0 million valid until March 2025, of which EUR 4.0 million was unused on 31 March 2024.
- A committed credit facility of EUR 15.0 million valid until March 2025, of which EUR 10.4 million was unused on 31 March 2024.

The company will start refinancing negotiations in the second quarter for the financing agreements maturing in March 2025.



## Orders received and order book

### Orders received

EUR million	1–3/2024	1–3/2023	Change	1–12/2023
Broadband Networks	15.9	31.2	-49.0%	88.3
Public Safety and Mobility	14.6	9.7	51.5%	61.2
<b>Total</b>	<b>30.5</b>	<b>40.8</b>	<b>-25.2%</b>	<b>149.6</b>

Orders received by the **Group** amounted to EUR 30.5 (40.8) million in January–March 2024, representing a year-on-year decrease of 25.2%.

Orders received by the **Broadband Networks** business unit totalled EUR 15.9 (31.2) million, representing a year-on-year decrease of 49.0%. The demand for HFC access network products decreased significantly in Europe. The value of the demand for distributed access architecture products remained low and did not compensate for the decline in the demand for conventional HFC access network products. Orders from North American customers remained low for the time being. Orders in the services business in England also decreased year-on-year. The comparison period included EUR 1.3 million in orders in the services business in Switzerland, which was subsequently divested.

Orders received by the **Public Safety and Mobility** business unit totalled EUR 14.6 (9.7) million, representing a year-on-year increase of 51.5%. The growth was mainly due to normal fluctuation in the project business. The orders received included more follow-up orders related to the delivery stage of rolling stock projects than in the comparison period. Orders received in the first quarter were also increased by a significant order received from Poland in the maintenance business concerning the life cycle extension of a system.

### Order book

EUR million	31 Mar 2024	31 Mar 2023	Change	31 Dec 2023
Broadband Networks	21.1	33.2	-36.3%	28.4
Public Safety and Mobility	103.2	94.4	9.3%	102.0
<b>Total</b>	<b>124.3</b>	<b>127.6</b>	<b>-2.6%</b>	<b>130.4</b>

The order book of the **Group** amounted to EUR 124.3 (127.6) million at the end of the period, representing a year-on-year decrease of 2.6%. Approximately 41% of the deliveries in the order book are scheduled to take place during the 2024 financial period.

The order book of the **Broadband Networks** business unit totalled EUR 21.1 (33.2) million, representing a year-on-year decrease of 36.3%. The decrease in the order book was due to large deliveries of amplifier products and passive products in the European market and the weak accumulation of new orders in the first quarter for both HFC access network products and passive products.

The order book of the **Public Safety and Mobility** business unit totalled EUR 103.2 (94.4) million, representing a year-on-year increase of 9.3%. The order book was increased by substantial growth in orders received from rolling stock manufacturers. The increase was attributable to the growth of delivery volumes and also partly

due to normal fluctuation in the project business. The order books for video security and public transport operator customers decreased significantly due to the low accumulation of new orders.

## Investments, research and product development

Investments by the Group totalled EUR 1.4 (1.6) million, representing 3.9% (3.6%) of net sales. Leases capitalised in accordance with IFRS 16 amounted to EUR 0.2 (0.4) million, while other investments in tangible and intangible assets came to EUR 0.0 (0.0) million. A total of EUR 1.2 (1.3) million of R&D expenses were capitalised during the period under review. Depreciation on capitalised R&D expenses was EUR 0.8 (0.7) million.

R&D expenses amounted to EUR 4.0 (4.3) million, representing 11.0% (9.5%) of consolidated net sales. Product development projects focused on next-generation distributed access architecture solutions and DOCSIS 4.0-compliant amplifiers (including products designed for the US market), situational awareness and video security solutions, passenger information systems and customer-specific projects.

## Personnel

The Group employed 709 (840) people on average in January–March 2024. At the end of March, the Group employed 703 (842) people, of whom 34% (42%) worked abroad. Approximately 2% (3%) of the Group's employees were working outside Europe.

Personnel expenses decreased by 8.3% year-on-year to EUR 11.9 (12.9) million. Personnel expenses were decreased by the reduction of the number of personnel and the temporary layoffs implemented during the first quarter. 24 employment contracts were terminated due to redundancies during the reporting period. The annual salary and social security contribution costs of the terminated employment contracts amount to EUR 1.2 million.

## Group structure

The parent company has a branch office in the Netherlands and subsidiaries in 13 countries outside Finland.

## Shares and share capital

On 31 March 2024, Tianta Oy was the largest single shareholder of Teleste with a holding of 25.2% (25.1%). According to Euroclear Finland Ltd, the number of Teleste shareholders at the end of the period under review was 5,326 (5,577). Foreign shareholders accounted for 0.9% (1.1%) of the shares, while nominee-registered holdings accounted for 2.7% (2.9%).

On 31 March 2024, 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 738,398 (747,026) treasury shares, representing 3.9% (3.9%) of all Teleste shares, on 31 March 2024.

In January–March 2024, the share turnover of Teleste on Nasdaq Helsinki was 0.4 (0.5) million shares and EUR 1.0 (1.9) million. The volume-weighted average price of the share was EUR 2.78 (3.99), the lowest share price of the review period was EUR 2.50 (3.33) and the highest EUR 3.32 (4.75). The closing price of the Teleste share on 31 March 2024 was EUR 3.18 (3.55) and market capitalisation was EUR 60.4 (67.4) million.

## Governance

### Company management

At the end of March 2023, Teleste's management team included Esa Harju, President and CEO; Juha Hyytiäinen, CFO; Pasi Järvenpää, Senior Vice President, Research and Development; Linda Kallas, Senior Vice President, Group Strategy; Hanno Narjus, Senior Vice President, Broadband Networks; Markus Mattila, Senior Vice President, Operations, Logistics & Sourcing; Valerian Sand, Senior Vice President, Public Safety and Mobility; and Tuomas Vanne, Senior Vice President, People and Competence.

### Authorisations

Valid authorisations at the end of the review period on 31 March 2024:

- 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 organised 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.

## Near-term risks and uncertainties

Teleste is exposed to risks that may be due to the company's operational activities or changes in the business environment. The most significant risks are described in the Report of the Board of Directors and the financial statements for 2023. 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. This interim report mainly describes the most significant changes to the risks presented in the Report of the Board of Directors and financial statements for 2023. 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 and whenever necessary.

## Legal proceedings and judicial procedures

Teleste's subsidiary in Germany has filed a claim for damages related to a project which the customer has 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. 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.

## Events after the end of the review period

### Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 11 April 2024 adopted the financial statements and consolidated financial statements for 2023 and the company's remuneration report for 2023 and discharged the members of the Board of Directors and the CEO from liability for the financial period 2023. In accordance with the proposal of the Board of Directors, the AGM resolved that, based on the adopted balance sheet, no dividend be paid for the financial period that ended on 31 December 2023.

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.

It was resolved that the annual remuneration to be paid to the members of the Board of Directors is 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 per cent 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 organised by Nasdaq Helsinki Ltd, and the rest will be paid in cash. No separate meeting fee will be paid to the members of the Board of Directors or the chairmen of the Board of Directors' committees. 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 Authorised 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. PricewaterhouseCoopers Oy was also elected as the sustainability reporting assurer, and it will be paid compensation for the task against an invoice approved by the company.

The AGM decided to authorise 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 authorisation, 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 organised by Nasdaq Helsinki Ltd at the market price at the time of the purchase.

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

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

## Operating environment

### Broadband Networks

The demand for broadband services and the global market for network equipment are expected to continue to grow in the longer term due to increased remote work, digital services and the growing consumption of streaming services that require increasing network capacity and faster connections. Data communications operators that provide broadband services have been able to respond competitively to the increasing demand in their cable-based network infrastructure by investing in DOCSIS 3.1-compliant 1.2 GHz network upgrades during the past few years. The weakened macroeconomic situation, cost-saving measures by operators and the optimisation of inventory levels have led to a decrease in market demand since 2023. The uncertainty of market demand is expected to continue in 2024 as part of the transition to next-generation cable-based or fibre-based products.

Next-generation 1.8 GHz DOCSIS 4.0-compliant technologies provide subscribers with access to broadband connections with speeds of up to 10 gigabits using existing coaxial cabling. This enables the competitiveness of the cable network infrastructure alongside optical fibre for years to come. Data communications operators in



North America, in particular, are expected to invest strongly in new DOCSIS 4.0 technology starting from late 2024, and the market is expected to turn to growth at that time. In Europe, the investments are expected to begin later, with the market not returning to growth until 2026, and the size of the market is projected to be significantly smaller than in North America.

Product development projects for Teleste's 1.8 GHz DOCSIS 4.0-compliant access network products have progressed to commercial delivery phase. Deliveries of smart amplifiers to North America have begun during the first calendar quarter of 2024. This is expected to have a gradual positive impact on net sales during 2024 and 2025. The relative share of the company's net sales derived from North America is expected to grow to a significant level by 2026.

### **Public Safety and Mobility**

Growing urban environments and their safety, the increase of environmentally sustainable public transport services, and the increasing popularity of smart digital systems for a smoother life provide a foundation for steadily growing business in public transport information and security systems in the coming years.

Public transport operators make investments in their information and security systems to ensure the smooth operation of services and infrastructure as well as the safety of people. Public transport information systems are continuously developing to be increasingly smart and real-time. Smart technology in video security solutions is also increasing, including real-time mobile video security systems and comprehensive situational awareness systems that include not only video but also the management and analysis of other data flows. The investments are largely driven by public funding and projects based on public funding, in which project prices are fixed or linked to cost indices.

The market for public transport information systems turned to growth again in 2023 after the pandemic. We expect moderate and steady market growth in both information systems and security systems in the coming years. Teleste's strategic focus will be on information solutions for rolling stock systems and public transport in particular. Ensuring competitiveness requires Teleste to continuously make R&D investments in new intelligent solutions, and the share of software systems in these solutions will continue to grow. Increasing sales prices to the extent allowed by agreements, professional project management, improving overall profitability and ensuring operational efficiency will continue to be high priorities.

### **Financial information in 2024**

Teleste Corporation will publish financial information in 2024 as follows:

14 August 2024	Half year financial report January-June 2024
6 November 2024	Interim report January-September 2024

## Results event

Teleste will organise a results event for analysts, investors and the media in Finnish on 3 May 2024 at 9:30 a.m. Finnish time. The event will feature presentations by the CEO Esa Harju and CFO Juha Hyytiäinen. Registration for the results event will be according to separately provided instructions.

Turku, 2 May 2024

Teleste Corporation  
Board of Directors

### For further information, please contact:

**Esa Harju**  
President and CEO

**Juha Hyytiäinen**  
CFO

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### Teleste in brief

Teleste's technologies and products are used to build a networked society. Our solutions bring high-speed broadband and television services to homes, secure your safety in public places and guide you in the use of public transport. With solid industry experience and a drive to innovate, we are a leading international company in broadband, security and information technologies and related services. We work in close cooperation with our customers, both virtually and through our worldwide sales network. In 2023, Teleste's net sales reached EUR 151.3 million and on average it had approximately 800 employees. Teleste is listed on Nasdaq Helsinki. For more information, please visit our website [www.teleste.com](http://www.teleste.com).

This interim report has been compiled in compliance with IAS 34, as it is accepted within EU, using the recognition and valuation principles with those used in the Annual Report. Teleste has prepared this interim report applying the same accounting principles as those described in detail in its the consolidated financial statements except for the adoption of new standards and amendments effective as of January 1, 2024. Audit principles can be found from the latest annual report. The data stated in this report is unaudited.

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	1-3/2024	1-3/2023	Change %	1-12/2023
Net Sales	36,574	45,341	-19.3 %	151,349
Other operating income	133	82	62.8 %	961
Materials and services	-18,142	-24,522	-26.0 %	-77,304
Personnel expenses	-11,856	-12,935	-8.3 %	-47,479
Depreciation and amortization	-1,508	-1,471	2.5 %	-6,066
Impairment	-579	0	n/a	0
Other operating expenses	-4,972	-5,249	-5.3 %	-21,943
Operating profit	-351	1,245	-128.2 %	-481
Financial income	259	216	20.2 %	946
Financial expenses	-448	-547	-18.1 %	-2,881
Profit after financial items	-540	914	-159.1 %	-2,416
Profit before taxes	-540	914	-159.1 %	-2,416
Taxes	15	1,328	-98.9 %	1,911
Net profit	-525	2,242	-123.4 %	-505
Attributable to:				
Equity holders of the parent	-425	2,321	-118.3 %	-82
Non-controlling interests	-100	-79	n/a	-423
	-525	2,242	-123.4 %	-505
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in euro per share)				
Basic	-0.02	0.13	-118.3 %	0.00
Diluted	-0.02	0.13	-118.3 %	0.00
Total comprehensive income for the period (tEUR)				
Net profit	-525	2,242	-123.4 %	-505
Possible items with future net profit effect				
Translation differences	-144	-219	-34.3 %	471
Cash flow hedges	125	201	-37.8 %	114
Total comprehensive income for the period	-543	2,225	-124.4 %	81
Attributable to:				
Equity holders of the parent	-433	2,303	-118.8 %	494
Non-controlling interests	-110	-78	n/a	-414
	-543	2,225	-124.4 %	81

## STATEMENT OF FINANCIAL POSITION (tEUR)

	31.3.2024	31.3.2023	Change %	31.12.2023
Non-current assets				
Intangible assets	13,242	11,074	19.6 %	13,474
Goodwill	29,985	30,432	-1.5 %	30,107
Property, plant, equipment	12,063	13,469	-10.4 %	12,488
Other non-current financial assets	364	348	4.6 %	364
Other non-current receivables	118	0	n/a	119
Deferred tax asset	4,376	3,106	40.9 %	4,349
	60,148	58,430	2.9 %	60,900
Current assets				
Inventories	30,673	36,440	-15.8 %	35,618
Trade and other receivables	26,903	43,871	-38.7 %	31,513
Tax Receivable, income tax	372	347	7.0 %	444
Cash and cash equivalents	10,157	14,005	-27.5 %	6,228
	68,105	94,663	-28.1 %	73,802
Total assets	128,253	153,093	-16.2 %	134,702
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	54,057	55,844	-3.2 %	54,348
Owners of the parent company	61,024	62,811	-2.8 %	61,315
Non-controlling interests	-544	-97	457.7 %	-433
EQUITY	60,480	62,714	-3.6 %	60,882
Non-current liabilities				
Deferred tax liability	2,542	2,082	22.1 %	2,575
Non-current liabilities, interest-bearing	15,552	33,608	-53.7 %	30,460
Non-current interest-free liabilities	10	79	-86.8 %	91
Non-current provisions	464	388	19.8 %	310
	18,569	36,157	-48.6 %	33,435
Current liabilities				
Current interest-bearing liabilities	20,294	16,996	19.4 %	7,338
Trade Payables and Other Liabilities	26,942	33,343	-19.2 %	31,389
Advances received	638	2,484	-74.3 %	675
Tax liability, income tax	307	432	-28.8 %	188
Current provisions	1,023	968	5.7 %	796
	49,204	54,222	-9.3 %	40,385
Total shareholder's equity and liabilities	128,253	153,093	-16.2 %	134,702

**CONSOLIDATED CASH FLOW STATEMENT (tEUR)**

	1-3/2024	1-3/2023	Change %	1-12/2023
Cash flows from operating activities				
Profit for the period	-525	2,242	-123.4 %	-505
Adjustments to cash flow from operating activities	8,218	443	1755.7 %	13,638
Other finance items	0	-4	-100.0 %	-318
Paid interest and other finance expenses	-392	-367	6.9 %	-1,595
Received interests and dividend payments	40	76	-48.0 %	290
Paid Taxes	-79	-426	-81.5 %	-723
Cash flow from operating activities	7,262	1,965	269.6 %	10,787
Cash flow from investing activities				
Purchase of tangible and intangible assets	-1,267	-1,281	-1.1 %	-6,842
Proceeds from sales of PPE	41	21	101.0 %	28
Divestment of subsidiaries, net of cash acquired	0	0	n/a	2,407
Purchase of investments	0	0	n/a	0
Net cash used in investing activities	-1,225	-1,261	n/a	-4,407
Cash flow from financing activities				
Proceeds from borrowings	307	2,426	-87.4 %	0
Payments of borrowings	-2,000	-2,000	0.0 %	-11,633
Payment of leasing liabilities	-415	-514	-19.4 %	-1,920
Dividends paid	0	0	n/a	0
Net cash used in financing activities	-2,108	-89	n/a	-13,552
Change in cash				
Cash in the beginning	6,228	13,405	-53.5 %	13,405
Effect of currency changes	1	-16	-104.4 %	-5
Change	3,929	616	538.1 %	-7,173
Cash at the end	10,157	14,005	-27.5 %	6,228



OPERATING SEGMENTS (tEUR)	1-3/2024	1-3/2023	Change %	1-12/2023
Broadband Networks				
Orders received	15,901	31,151	-49.0 %	88,348
Net sales	23,130	30,428	-24.0 %	92,455
Adjusted EBITDA	3,364	3,371	-0.2 %	8,902
Adjusted EBITDA %	14.5 %	11.1 %	31.3 %	9.6 %
Adjusted operating profit	2,546	2,659	-4.2 %	5,989
Adjusted operating profit %	11.0 %	8.7 %	26.0 %	6.5 %
Public Security & Mobility				
Orders received	14,628	9,656	51.5 %	61,208
Net sales	13,444	14,913	-9.9 %	58,894
Adjusted EBITDA	914	708	29.2 %	2,763
Adjusted EBITDA %	6.8 %	4.7 %	43.3 %	4.7 %
Adjusted operating profit	224	-51	n/a	-389
Adjusted operating profit %	1.7 %	-0.3 %	n/a	0.7 %
Group reconciliation				
Adjusted operating profit from segments	2,770	2,607	6.2 %	5,600
Non-allocated items	-1,222	-1,147	n/a	-4,441
Adjusted operating profit	1,548	1,460	6.0 %	1,158
Adjustment items	-1,899	-215	n/a	-1,640
Operating profit	-351	1,245	-128.2 %	-481
Finance items	-189	-331	-43.0 %	-1,935
Profit before taxes	-540	914	-159.1 %	-2,416

Information per quarter (tEUR)	1-3/24	10-12/23	7-9/23	4-6/23	1-3/23	4/2023-3/2024
Orders received						
Broadband Networks	15,901	16,969	23,648	16,580	31,151	73,098
Public Security & Mobility	14,628	15,090	22,769	13,693	9,656	66,180
Total	30,529	32,059	46,417	30,273	40,807	139,278
Net sales						
Broadband Networks	23,130	15,384	21,068	25,576	30,428	85,158
Public Security & Mobility	13,444	15,283	14,170	14,527	14,913	57,424
Total	36,574	30,667	35,238	40,103	45,341	142,582
Adjusted operating profit						
Broadband Networks	2,546	306	1,004	2,020	2,659	5,876
Public Security & Mobility	224	-578	174	65	-51	-114
Non-allocated items	-1,222	-1,146	-658	-1,490	-1,147	-4,517
Total	1,548	-1,418	520	596	1,460	1,246
Operating profit						
Adjusted operating profit	1,548	-1,418	520	596	1,460	1,246
Adjustment items	-1,899	-911	-30	-484	-215	-3,324
Total	-351	-2,329	491	112	1,245	-2,078

Net sales by category	1-3/2024	1-3/2023	Change %	1-12/2023
Goods	32,845	39,089	-16.0 %	131,150
Service	3,729	6,252	-40.4 %	20,199
Total	36,574	45,341	-19.3 %	151,349

#### KEY FIGURES

	1-3/2024	1-3/2023	Change %	1-12/2023
Operating profit	-351	1,245	-128.2 %	-481
Earnings per share, EUR	-0.02	0.13	-118.3 %	0,00
Earnings per share fully diluted, EUR	-0.02	0.13	-118.3 %	0,00
Shareholders' equity per share, EUR	3.32	3.44	-3.6 %	3.34
Return on equity	-3.5 %	14.6 %	-123.7 %	-0.8 %
Return on investment	-0.4 %	5.1 %	-107.8 %	0.2 %
Equity ratio	47.4 %	41.6 %	13.8 %	45.4 %
Net gearing	42.5 %	58.4 %	-27.2 %	51.9 %
Investments, tEUR	1,430	1,635	-12.5 %	7,966
Investments % of net sales	3.9 %	3.6 %	8.4 %	5.3 %
Order book, tEUR	124,319	127,623	-2.6 %	130,364
Personnel, average	709	840	-15.5 %	803
Number of shares (thousands) including own shares	18,986	18,986	0.0 %	18,986
Highest share price, EUR	3.32	4.75	-30.1 %	4.75
Lowest share price, EUR	2.50	3.33	-24.9 %	2.55
Average share price, EUR	2.78	3.99	-30.4 %	2.70
Turnover, in million shares	0.4	0.5	-25.6 %	1.5
Turnover, in MEUR	1.0	1.9	-48.3 %	5.2

Impairment by category (tEUR)	1-3/2024	1-3/2023	Change %	1-12/2023
Impairment of development costs	-579	0	n/a	0
Impairments total	-579	0	n/a	0

Inventories (tEUR)	1-3/2024	1-3/2023	Change %	1-12/2023
Inventory at purchase value	39,122	44,481	-12.0 %	43,436
Provision for net realization value	-8,448	-8,041	5.1 %	-7,818
Inventory total	30,673	36,440	-15.8 %	35,618

Treasury shares	Number of shares	% of shares	% of votes
Possession of company's own shares 31.3.2024	738,398	3.89 %	3.89 %

Contingent liabilities and pledged assets (tEUR)	31.3.2024	31.3.2023	Change %	31.12.2023
Leasing and rent liabilities	806	1,037	-22.2 %	840

Derivative instruments (tEUR)				
Value of underlying forward contracts	11,378	17,578	-35.3 %	14,442
Market value of forward contracts	1	-366	-100.3 %	-274
Interest rate swap	30,000	32,500	-7.7 %	31,250
Market value of interest swap	522	798	-34.5 %	478

## ALTERNATIVE PERFORMANCE MEASURES

Teleste Oyj uses and publishes alternative performance measures to describe the operational development of the business and to improve comparability between reporting periods. Alternative performance measures are reported in addition to IFRS-based key figures.

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 alternative performance measures reported by Teleste Oyj are adjusted operating result and adjusted earnings per share. The adjusted items are recognized in the income statement within the corresponding income or expense group.

ALTERNATIVE PERFORMANCE MEASURES (tEUR)	1-3/2024	1-3/2023	Change %	1-12/2023
Adjusted operating profit	1,548	1,460	6.0 %	1,158
Adjusted earning per share, EUR	0.08	0.14	-41.9 %	0.09
BRIDGE OF CALCULATION				
Operating profit	-351	1,245	-128.2 %	-481
Business reorganization	1,320	27	4,789.5 %	725
Strategic development projects	0	188	-100.0 %	915
Impairment of development costs	579	0	n/a	0
Adjusted operating profit	1,548	1,460	6.0 %	1,158
Net profit/loss to equity holder	-425	2,321	-118.3 %	-82
Outstanding shares during the quarter, weighted average	18,241	18,231	0.1 %	18,237
Earnings per share, basic (EUR)	-0.02	0.13	-118.3 %	0.00
Net profit/loss to equity holder	-425	2,321	-118.3 %	-82
Business reorganization	1,320	27	4,789.5 %	725
Strategic development projects	0	188	-100.0 %	915
Impairment of development costs	579	0	n/a	0
Change in deferred assets	0	0	n/a	0
Outstanding shares during the quarter, weighted average	18,241	18,231	0.1 %	18,237
Adjusted earnings per share, EUR	0.08	0.14	-41.9 %	0.09

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (tEUR)

Attributable to equity holders of the parent

A	Share capital
B	Share premium
C	Translation differences
D	Retained earnings
E	Invested free capital
F	Other funds
G	Owners of the parent company
H	Non-controlling interests
I	Total equity

	A	B	C	D	E	F	G	H	I
Shareholder's equity									
1.1.2024	6,967	1,504	-2,154	51,591	3,140	266	61,315	-433	60,882
Net result	0	0	0	-425	0	0	-425	-100	-525
Other comprehensive items for the period	0	0	-202	69		125	-8	-10	-19
Dividend	0	0	0	0	0	0	0	0	0
Equity-settled share-based payments	0	0	0	141	0	0	141	0	141
Shareholder's equity 31.3.2024	6,967	1,504	-2,356	51,377	3,140	391	61,024	-544	60,480
	A	B	C	D	E	F	G	H	I
Shareholder's equity									
1.1.2023	6,967	1,504	-1,850	50,460	3,140	151	60,372	-20	60,353
Net result	0	0	0	2,321	0	0	2,321	-79	2,242
Other comprehensive items for the period	0	0	-223	3		201	-19	1	-17
Dividend	0	0	0	0		0	0	0	0
Equity-settled share-based payments	0	0	0	137	0	0	137	0	137
Shareholder's equity 31.3.2023	6,967	1,504	-2,073	52,920	3,140	353	62,812	-97	62,714

## CALCULATION OF KEY FIGURES

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

### Major shareholders, as sorted by number of shares - March 31, 2024

	Number of shares	% of shares
Tianta Oy	4,788,298	25.2
Mandatum Life Insurance Company Limited	1,679,900	8.8
Ilmarinen Mutual Pension Insurance Company	899,475	4.7
Kaleva Mutual Insurance Company	824,641	4.3
Wipunen Varainhallinta Oy	800,000	4.2
Mariatorp Oy	800,000	4.2
Teleste Oyj	738,398	3.9
Varma Mutual Pension Insurance Company	521,150	2.7
The State Pension Fund	500,000	2.6
Ingman Finance Oy Ab	235,000	1.2

### Shareholders by sector March 31, 2024

	Nbr. of shareholders	% of Owners	Shares	% of shares
Households	5,037	94.6	5,017,396	26.4
Public sector institutions	3	0.1	1,920,625	10.1
Financial and insurance institutions	17	0.3	3,211,456	16.9
Corporations	222	4.2	8,624,601	45.4
Non-profit institutions	20	0.4	36,968	0.2
Foreign	27	0.5	174,542	0.9
Total	5,326	100.0	18,985,588	100.0
Of which nominee registered	10	0.2	507,153	2.7



Major shareholders by distribution of shares March 31, 2024

Number of shares	Nbr. of shareholders	% of shareholders	Nbr. of shares	% of shares
1-100	1,638	30.8	82,576	0.4
101-500	2,079	39.0	547,650	2.9
501-1,000	678	12.7	551,593	2.9
1,001-5,000	722	13.6	1,552,552	8.2
5,001-10,000	101	1.9	720,743	3.8
10,001-50,000	81	1.5	1,729,135	9.1
50,001-100,000	10	0.2	696,990	3.7
100,001-500,000	9	0.2	2,052,487	10.8
500,001-& above	8	0.2	11,051,862	58.2
Total	5,326	100.0	18,985,588	100.0
of which nominee registered	10	0.2	507,153	2.7





## TELESTE CORPORATION

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