



HALF YEAR
FINANCIAL
REPORT
H1 2022

JANUARY 1 – JUNE 30, 2022

TELESTE

TELESTE CORPORATION HALF YEAR FINANCIAL REPORT 1 JANUARY TO 30 JUNE 2022

STRONG DEMAND CONTINUED, BUT THE RESULT DECLINED DUE TO COMPONENT SUPPLY SHORTAGES

April-June 2022

- Net sales amounted to EUR 38.4 (35.8) million, an increase of 7.2%
- The adjusted operating result was EUR 0.3 (1.1) million, a decrease of 70.2%
- The operating result was EUR 0.2 (1.1) million, a decrease of 83.0%
- Adjusted earnings per share were EUR -0.07 (0.04), a decrease of 261.5%
- Earnings per share were EUR -0.08 (0.04), a decrease of 279.6%
- Cash flow from operations was EUR 4.1 (9.6) million, a decrease of 57.2%
- Orders received totalled EUR 46.8 (43.9) million, an increase of 6.7%
- The order backlog at period-end totalled EUR 139.1 (84.2) million, an increase of 65.2%

January-June 2022

- Net sales amounted to EUR 76.3 (72.8) million, an increase of 4.8%
- The adjusted operating result was EUR 0.4 (2.6) million, a decrease of 83.3%
- The operating result was EUR 0.3 (5.8) million, a decrease of 95.0%
- Adjusted earnings per share were EUR -0.06 (0.07), a decrease of 186.0%
- Earnings per share were EUR -0.07 (0.25), a decrease of 128.8%
- Cash flow from operations was EUR -0.7 (12.2) million, a decrease of 105.3%
- Orders received totalled EUR 106.7 (79.9) million, an increase of 33.6%

Outlook for 2022

Teleste estimates that net sales in 2022 will reach the level of net sales of 2021 and that the adjusted operating result in 2022 will remain significantly below the adjusted operating result of 2021. Net sales in 2021 were EUR 144.0 million, and the adjusted operating result was EUR 5.5 million.

Worsened component shortage, increasing costs and strengthened USD exchange rate have a significant adverse effect on company's operations and results.

Comments by CEO Esa Harju:

"Orders received and net sales in the second quarter increased year-on-year, but the adjusted operating result was significantly lower than in the comparison period.

Our operating environment became even more challenging during the second quarter, especially due to the effects of the component crisis. Our delivery volumes and particularly the profitability of our operations have been affected by the longer delivery times of materials and components, the logistics problems in Asia, the increased uncertainty in the availability of components, delivery changes requested by customers, and the still-rising prices of components. We have managed to avoid production shutdowns partly through expensive broker purchases and by significantly increasing our buffer stocks. High inflation is also increasing all operating expenses.

Demand has remained strong in all of our operating areas in spite of the challenging operating environment.

Investments in broadband networks are continuing at a good level in Europe, and we received new orders from broadband network operators in several European countries in various product groups. We are working continuously to pass the increased material costs on to customer prices, but there is an inevitable delay before the effects of these efforts become evident. In North America, Teleste's next-generation amplifiers were successfully demonstrated at CableLabs DOCSIS @ 4.0 Extended Spectrum DOCSIS (ESD) technology event.

In video security and public transport information solutions, we received new orders especially from rolling stock manufacturers. Many public transport projects are fixed-price projects, as is typical of the industry, and as material costs increase, this weakens the profitability of the business. All new longer-term project agreements will include the option of adjusting prices when costs increase. We are also in negotiations concerning amendments to the pricing and terms of delivery of previously signed project agreements.

We lowered our financial guidance for the full year 2022 by issuing a release on 16 June with regard to net sales and, in particular, the adjusted operating result. We expect volatility to continue in the markets, and we do not expect the challenging supply chain situation to return to normal in the near future. We have launched a number of measures to improve profitability. The measures are focused particularly on improving delivery reliability and delivery volumes, passing rising material costs to customer prices timely and with determination, and adjusting project delivery costs and all fixed costs. The company has also launched a programme to sharpen its strategy and improve profitability. With these measures, we are laying the groundwork for the year 2023 and thereafter.

Our business has a strong foundation. In spite of the difficult operating environment, our order backlog and our focus on performance provide a robust foundation for future success.”

Group Operations April-June 2022

Key figures	4-6/2022	4-6/2021	Change
Net sales, EUR million	38.4	35.8	7.2%
Adjusted EBIT, EUR million ¹⁾	0.3	1.1	-70.2%
Adjusted EBIT, % ¹⁾	0.9%	3.2%	
EBIT, EUR million	0.2	1.1	-83.0%
EBIT, %	0.5%	3.2%	
Result for the period, EUR million	-1.5	0.8	-288.4%
Adjusted earnings per share, EUR ¹⁾	-0.07	0.04	-261.5%
Earnings per share, EUR	-0.08	0.04	-279.6%
Cash flow from operations, EUR million	4.1	9.6	-57.2%
Orders received, EUR million	46.8	43.9	6.7%
Order backlog, EUR million	139.1	84.2	65.2%

¹⁾ An alternative performance measure defined in the tables section of the report.

Orders received by the Group in the second quarter totalled EUR 46.8 (43.9) million, representing a year-on-year increase of 6.7%. Orders received increased for access network products. The order backlog grew by 65.2% to a record-high level of EUR 139.1 million. Net sales increased by 7.2% to EUR 38.4 (35.8) million. Net sales increased in public transport information solutions, video security solutions and access network products.

Material costs and expenses for manufacturing services came to EUR 20.0 (16.4) million, an increase of 22.2%. Personnel expenses amounted to EUR 11.4 (12.2) million, a decrease of 7.0%. The decrease in personnel expenses was attributable to performance-based bonuses, which were not paid for January-June 2022. Other operating expenses amounted to EUR 5.1 (4.6) million, an increase of 10.4%. Depreciation amounted to EUR 1.9 (1.8) million, an increase of 5.0%. The adjusted operating result decreased by 70.2% to EUR 0.3 (1.1) million, representing 0.9% (3.2%) of net sales. The operating result was EUR 0.2 (1.1) million, down by 83.0%. The operating result decreased due to higher material expenses and other operating expenses. Net financial income totalled EUR 0.1 (-0.1) million. Net tax items of EUR 1.7 million related to a tax reassessment decision received in Belgium weighed down on the result for the period. The company has petitioned for the tax reassessment decision to be rescinded. The settlement procedure concerning the appeal is expected to begin later this year. The result for the period came to EUR -1.5 (0.8) million. Adjusted earnings per share were EUR -0.07 (0.04) and earnings per share were EUR -0.08 (0.04).

Cash flow from operations was EUR 4.1 (9.6) million. Cash flow from operations declined due to the operating result. Cash flow from operations was exceptionally high in the comparison period due to working capital released from inventories and trade receivables, as well as advance payments invoiced for project

deliveries.

R&D expenses amounted to EUR 4.3 (3.6) million, representing 11.3% (10.1%) of consolidated net sales. Product development projects focused on distributed access architecture and next-generation amplifiers, including solutions designed for the US market, situational awareness and video security solutions, passenger information systems and customer-specific projects. Capitalised R&D expenses amounted to EUR 2.2 (1.2) million. Depreciation on capitalised R&D expenses was EUR 1.1 (0.9) million.

Group Operations, January-June 2022

Key figures	1-6/2022	1-6/2021	Change	1-12/2021
Net sales, EUR million	76.3	72.8	4.8%	144.0
Adjusted EBIT, EUR million ¹⁾	0.4	2.6	-83.3%	5.5
Adjusted EBIT, % ¹⁾	0.6%	3.6%		3.8%
EBIT, EUR million	0.3	5.8	-95.0%	8.7
EBIT, %	0.4%	8.0%		6.1%
Result for the period, EUR million	-1.4	4.5	-131.2%	6.9
Adjusted earnings per share, EUR ¹⁾	-0.06	0.07	-186.0%	0.21
Earnings per share, EUR	-0.07	0.25	-128.8%	0.39
Cash flow from operations, EUR million	-0.7	12.2	-105.3%	13.5
Net gearing, %	38.8%	13.9%		20.2%
Equity ratio, %	46.2%	51.0%		53.3%
Orders received, EUR million	106.7	79.9	33.6%	175.5
Order backlog, EUR million	139.1	84.2	65.2%	108.6
Personnel at period-end	897	884	1.5%	847

¹⁾ An alternative performance measure defined in the tables section of the report.

Orders received by the Group increased by 33.6% to EUR 106.7 (79.9) million. Orders received increased in access network products, public transport information solutions and video security solutions. Net sales increased by 4.8% to EUR 76.3 (72.8) million. Net sales increased in public transport information solutions and video security solutions.

Material costs and expenses for manufacturing services increased by 12.5% to EUR 38.6 (34.3) million. Personnel expenses amounted to EUR 23.6 (24.3) million, a decrease of 2.9%. Other operating expenses totalled EUR 10.5 (8.8) million, an increase of 19.2%. Depreciation amounted to EUR 3.6 (3.5) million, an increase of 4.0%. The adjusted operating result was EUR 0.4 (2.6) million, a decrease of 83.3%. The adjusted operating result represented 0.6% (3.6%) of net sales. The operating result was EUR 0.3 (5.8) million, or 0.4% (8.0%) of net sales. The operating result for the comparison period included non-recurring insurance compensation in the amount of EUR 3.2 million. Net financial income came to EUR 0.1 (0.1) million, and the Group's direct taxes amounted to EUR 1.8 (1.4) million. Net tax items of EUR 1.7 million related to a tax reassessment decision received in Belgium weighed down on the result for the period. The company has petitioned for the tax reassessment decision to be rescinded. The settlement procedure concerning the appeal is expected to begin later this year. The result for the period came to EUR -1.4 (4.5) million. Adjusted earnings per share were EUR -0.06 (0.07). Earnings per share were EUR -0.07 (0.25).

Cash flow from operations was EUR -0.7 (12.2) million. Cash flow from operations declined due to the operating result and changes in working capital. Net working capital increased by EUR 5.2 million due to forward-looking material purchases and trade receivables. In the comparison period, EUR 4.8 million in net working capital was released, and the cash flow from operations in the comparison period included non-recurring insurance compensation in the amount of EUR 3.2 million.

R&D expenses amounted to EUR 8.2 (7.1) million, representing 10.7% (9.8%) of consolidated net sales. Capitalised R&D expenses amounted to EUR 3.6 (2.4) million. Depreciation on capitalised R&D expenses was EUR 2.1 (1.9) million.

Personnel and organisation January-June 2022

The Group employed 867 (865) people on average during the period under review. At the end of the review period, the Group employed 897 (884) people, of whom 43% (45%) worked abroad. Approximately 3% (3%) of the Group's employees were working outside Europe.

Personnel expenses amounted to EUR 23.6 (24.3) million, a decrease of 2.9%. The decrease in personnel expenses was attributable to performance-based bonuses, which were not paid for January-June 2022.

Investments and product development January-June 2022

Investments by the Group totalled EUR 7.8 (4.8) million, representing 10.3% (6.7%) of net sales. Investments in product development amounted to EUR 3.6 (2.4) million, and other investments totalled EUR 4.3 (2.4) million. The other investments include EUR 1.9 million related to the expansion of the production facility in Littoinen, Finland, and new and extended lease agreements capitalised in accordance with IFRS 16, totalling EUR 1.4 million.

Product development projects focused on distributed access architecture and next-generation amplifiers (including solutions designed for the US market), situational awareness and video security solutions, public transport information solutions and customer-specific projects.

Financing and capital structure January-June 2022

The company signed new financing agreements on 29 March 2022. The new financing agreements include a bank loan of EUR 20.0 million and a binding credit facility of EUR 15.0 million. The bank loan of EUR 20.0 million will fall due in March 2026 and includes a one-year extension option. The loan will be amortised twice a year in instalments of EUR 1.25 million. The credit facility of EUR 15.0 million will run until the end of March 2025. The old financing agreements include a loan of EUR 3.75 million, which is amortised twice a year in instalments of EUR 0.75 million until August 2024.

At the end of the period under review, the amount of unused binding credit facilities was EUR 10.2 (20.0) million.

At the end of the period, the Group's interest-bearing debt stood at EUR 34.6 (31.2) million. The Group's equity ratio was 46.2% (51.0%), and the net gearing ratio was 38.8% (13.9%).

Key risks related to business operations

The most significant changes to the risks presented in the Report of the Board of Directors and the financial statements for 2021 are related to the worsening shortage of components and materials, the war started by Russia in Ukraine, the pandemic situation and shutdowns in China, general geopolitical instability and accelerating inflation.

At the end of February, the company decided to suspend deliveries to Russia and Belarus. While the direct impacts of the war in Ukraine on Teleste's business have thus far been limited, the war will have a significant impact on the availability of certain materials, logistics costs and the delivery times of materials. The pandemic situation in China may lead to further closures of component manufacturers' factories and cargo ports. In addition, the elevated geopolitical tensions between China and Taiwan may lead to new supply chain disruptions. Accelerating inflation increases operating costs across the board.

Shortages of materials and components caused delays in deliveries and additional expenses during the first half of the year. The problems associated with the availability of materials are expected to remain significant, leading to delivery risks in spite of the forward-looking purchasing of materials for the company's inventory. Disruptions in the availability of materials and higher purchasing prices have increased inventories and the risk of write-downs of inventories. The increase in working capital has reduced the financial reserves available to the company. The rise in purchasing prices is expected to continue during the rest of the year. The duration of the problems associated with the availability of materials is very difficult to estimate.

Some project deliveries involve delays in deliveries, which may lead to contractual penalties or credit losses. The company negotiates the effects of contractual terms concerning delays in project deliveries separately for each project.

Teleste's Belgian subsidiary has received a tax reassessment decision for the tax year 2019, and the company has appealed the decision. The company has recognised the tax effect of the tax reassessment decision, totalling EUR 1.7 million, in its result for the second quarter. If the appeal is not approved, the tax reassessment decision would lead to a tax payment of EUR 2.1 million, which would affect the company's cash flow at the time of payment.

The Board of Directors annually reviews essential business risks and their management. 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.

Aside from the tax reassessment decision issued in Belgium, there were no other legal proceedings or judicial procedures pending during the period under review that would have had any essential significance for the Group's operations.

Group structure

The parent company has a branch office in the Netherlands and subsidiaries in 14 countries outside Finland. Teleste Information Solutions Oy acquired the Italian technology company Ermetris S.r.l. in January. Ermetris strengthens Teleste's position as a supplier in the Italian market.

Shares and changes in share capital

Pursuant to the authorisation issued by the Annual General Meeting, Teleste Corporation's Board of Directors decided, on 9 March 2022, on a directed share issue without consideration, relating to the reward payment for the performance period 2019-2021 of Teleste Group's share-based incentive plan 2018. In the share issue, 10,512 Teleste Corporation shares held by the company were conveyed without consideration to the key employees participating in the share-based incentive plan, in accordance with the terms and conditions of the plan on 18 March 2022.

On 30 June 2022, Tianta Oy was the largest single shareholder, with a holding of 25.1% (25.0%).

In the period under review, the lowest price of the company's share was EUR 3.75 (4.47) and the highest price was EUR 5.76 (6.66). The closing price on 30 June 2022 was EUR 3.80 (6.22). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,387 (5,744). Foreign and nominee-registered holdings accounted for 4.4% (4.3%) of the share capital. The value of Teleste shares traded on Nasdaq Helsinki from 1 January to 30 June 2022 was EUR 4.2 (9.8) million. In the period under review, 0.9 (1.8) million Teleste shares were traded on the stock exchange.

At the end of June, the Group held 757,682 (768,194) of its own shares, all held by the parent company Teleste Corporation. At the end of the review period, the Group's holding of the total number of shares amounted to 4.0% (4.0%).

On 30 June 2022, the company's registered share capital stood at EUR 6,966,932.80, divided into 18,985,588 shares.

Valid authorisations at the end of the review period:

- 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.

- These authorisations are valid until 5 October 2023.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 6 April 2022 adopted the financial statements and consolidated financial statements for 2021 and discharged the members of the Board of Directors and the CEO from liability for the financial period 2021. In accordance with the proposal of the Board of Directors, the AGM resolved that, based on the adopted balance sheet, a dividend of EUR 0.14 per share be paid for the financial period that ended on 31 December 2021 for shares other than those held by the Company. The dividend record date was 8 April 2022, and the dividend was paid out on 19 April 2022.

The AGM decided that the Board of Directors shall consist of six members. Jussi Himanen, Vesa Korpimies, Mirel Leino-Haltia, Timo Luukkainen, Heikki Mäkijärvi and Kai Telanne were elected as members of Teleste Corporation's Board of Directors. In its organisational meeting held after the AGM on 6 April 2022, the Board of Directors elected Timo Luukkainen as its Chairman. Mirel Leino-Haltia was elected Chair of the Audit Committee, with Jussi Himanen and Vesa Korpimies as members.

It was decided that the annual remuneration of the members of the Board of Directors will remain unchanged: EUR 66,000 per year for the chairman and EUR 33,000 per year for each member. The annual remuneration of the Board member who acts as the Chair of the Audit Committee is to 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 a regulated market organised 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 to the Chair of the Audit Committee. The members of the Board's Audit Committee are paid a meeting fee of EUR 400 for the meetings of the Audit Committee they attend.

The AGM decided to choose one auditor for Teleste Corporation. The audit firm PricewaterhouseCoopers Oy was chosen as the company's auditor. The audit firm appointed Markku Launis, APA, as the auditor in charge. It was decided that the auditor's fees will be paid according to the invoice approved by the Company.

The AGM approved the company's Remuneration Report for 2021.

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 regulated market organised by Nasdaq Helsinki Ltd at the market price of the time of the purchase.

The AGM 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 decided on by the AGM are valid for eighteen (18) months from the resolution of the AGM. 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 in 2022

The demand for broadband services by broadband network operators continues to grow. Broadband traffic has increased sharply during the COVID-19 pandemic due to the growth of teleworking and online education and the higher consumption of streaming services. It is presumed that part of the growth created by the pandemic will remain a permanent phenomenon, which will maintain network investments when the restrictions imposed due to the pandemic are lifted. European cable operators have been able to respond competitively to the increasing demand by investing in DOCSIS 3.1 standard-compliant 1.2 GHz frequency range network upgrades during the past few years. Investments in HFC network infrastructure are continuing.

We expect next-generation access network upgrades to expand in Europe in 2022. DOCSIS 3.1-compliant distributed architecture product ranges and the integration and testing activities by the most advanced operators have progressed to a point where network upgrades can increasingly be implemented using these solutions.

The cable network industry has also created a roadmap pertaining to the next-generation DOCSIS 4.0 standard. This next generation of technology will enable households to access broadband connections with speeds up to 10 gigabytes using existing coaxial cabling. DOCSIS 4.0 enables the competitiveness of the cable network infrastructure compared to optical fibre for years to come. We presume that North American operators, in particular, will invest heavily when DOCSIS 4.0 products enter the market starting from 2023, while European operators will partially switch to fibre investments to maintain their lead over other fixed network competitors.

Product development projects for Teleste's 1.8 GHz DOCSIS 4.0-compliant network products are under way. The deployment of passive products can begin in 2022, with the readiness to start amplifier upgrades to follow thereafter in 2023.

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

Public transport operators and other authorities must ensure 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. The intelligence of video security solutions is increasing, and demand has emerged in the market for comprehensive situational awareness systems that include management of other sensor-level data flows in addition to video images, and automated operating processes in exceptional situations.

The development of the market for public transport information systems was adversely affected in 2021 not only by the pandemic but also by the global problems associated with the availability of components and materials. However, the market is expected to return to growth in 2022, provided that growth is not restricted by issues related to the availability of components and materials. 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. Improving project management and operational efficiency in business is essential. Component availability problems and the pricing terms of new agreements will require special attention in 2022.

Outlook for 2022

Teleste estimates that net sales in 2022 will reach the level of net sales of 2021 and that the adjusted operating result in 2022 will remain significantly below the adjusted operating result of 2021. Net sales in 2021 were EUR 144.0 million, and the adjusted operating result was EUR 5.5 million.

Worsened component shortage, increasing costs and strengthened USD exchange rate have a significant adverse effect on company's operations and results.

10 August 2022

Teleste Corporation
Board of Directors

Esa Harju
President and CEO

This half year financial 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 report applying the same accounting principles, as those described in detail in the consolidated financial statements except for the adoption of new standards and amendments effective as of January 1, 2022. The data stated in this report is unaudited.

STATEMENT OF COMPREHENSIVE
INCOME (tEUR)

	4-6/2022	4-6/2021	Change %	1-12/2021
Net Sales	38,358	35,782	7.2 %	143,966
Other operating income	186	365	-49.2 %	5,209
Materials and services	-20,013	-16,384	22.2 %	-67,672
Personnel expenses	-11,371	-12,233	-7.0 %	-46,825
Depreciation	-1,852	-1,764	5.0 %	-7,566
Other operating expenses	-5,115	-4,632	10.4 %	-18,399
Operating profit	193	1,135	-83.0 %	8,714
Financial income	428	243	75.9 %	1,091
Financial expenses	-368	-295	24.9 %	-767
Profit after financial items	252	1,083	-76.7 %	9,037
Profit before taxes	252	1,083	-76.7 %	9,037
Taxes	-1,755	-286	514.3 %	-2,107
Net profit	-1,503	798	-288.4 %	6,930
Attributable to:				
Equity holders of the parent	-1,444	804	-279.7 %	7,089
Non-controlling interests	-58	-6	n/a	-159
	-1,503	798	-288.4 %	6,930
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in euro per share)				
Basic	-0.08	0.04	-279.6 %	0.39
Diluted	-0.08	0.04	-279.7 %	0.39
Total comprehensive income for the period (tEUR)				
Net profit	-1,503	798	-288.4 %	6,930
Possible items with future net profit effect				
Translation differences	-425	225	-289.0 %	620
Cash flow hedges	672	0	n/a	1
Total comprehensive income for the period	-1,255	1,022	-222.8 %	7,552
Attributable to:				
Equity holders of the parent	-1,206	1,032	-216.8 %	7,691
Non-controlling interests	-50	-10	n/a	-140
	-1,255	1,022	-222.8 %	7,552
Statement of comprehensive income	1-6/2022	1-6/2021	Change %	1-12/2021
Net Sales	76,321	72,792	4.8 %	143,966
Other operating income	279	3,955	-92.9 %	5,209
Materials and services	-38,563	-34,289	12.5 %	-67,672
Personnel expenses	-23,604	-24,321	-2.9 %	-46,825

Depreciation	-3,644	-3,503	4.0 %	-7,566
Other operating expenses	-10,497	-8,804	19.2 %	-18,399
Operating profit	293	5,830	-95.0 %	8,714
Financial income	624	559	11.6 %	1,091
Financial expenses	-536	-493	8.9 %	-767
Profit after financial items	381	5,897	-93.5 %	9,037
Profit before taxes	381	5,897	-93.5 %	9,037
Taxes	-1,779	-1,423	25.1 %	-2,107
Net profit	-1,398	4,474	-131.2 %	6,930
Attributable to:				
Equity holders of the parent	-1,316	4,560	-128.9 %	7,089
Non-controlling interests	-82	-86	n/a	-159
	-1,398	4,474	-131.2 %	6,930

Earnings per share for result of the year attributable to the equity holders of the parent
(expressed in euro per share)

Basic	-0.07	0.25	-128.8 %	0.39
Diluted	-0.07	0.25	-128.8 %	0.39

Total comprehensive income for the period
(tEUR)

Net profit	-1,398	4,474	-131.2 %	6,930
Possible items with future net profit effect				
Translation differences	-492	415	-218.5 %	620
Cash flow hedges	929	0	n/a	1
Total comprehensive income for the period	-961	4,889	-119.7 %	7,552
Attributable to:				
Equity holders of the parent	-891	4,966	-117.9 %	7,691
Non-controlling interests	-70	-76	n/a	-140
	-961	4,889	-119.7 %	7,552

STATEMENT OF FINANCIAL POSITION
(tEUR)

	30.6.2022	30.6.2021	Change %	31.12.2021
Non-current assets				
Intangible assets	15,705	13,178	19.2 %	14,047
Goodwill	30,802	30,642	0.5 %	30,707
Property, plant, equipment	13,722	10,145	35.3 %	11,284
Other non-current financial assets	458	749	-38.9 %	458
Deferred tax asset	2,716	1,797	51.2 %	1,700
	63,403	56,511	12.2 %	58,195
Current assets				
Inventories	35,983	25,720	39.9 %	29,177
Trade and other receivables	37,703	30,090	25.3 %	33,493
Tax Receivable, income tax	350	350	-0.1 %	259
Cash and cash equivalents	9,137	21,987	-58.4 %	14,100
	83,174	78,147	6.4 %	77,029
Total assets	146,577	134,658	8.9 %	135,224

Shareholder's equity and liabilities

Share capital	6,967	6,967	0.0 %	6,967
Other equity	58,648	58,802	-0.3 %	61,843
Owners of the parent company	65,615	65,769	-0.2 %	68,809
Non-controlling interests	110	244	-54.8 %	180
EQUITY	65,725	66,013	-0.4 %	68,990
Non-current liabilities				
Deferred tax liability	2,480	1,790	38.5 %	1,988
Non-current liabilities, interest-bearing	28,647	25,092	14.2 %	6,856
Non-current interest-free liabilities	190	781	-75.7 %	737
Non-current provisions	400	392	1.9 %	370
	31,716	28,055	13.0 %	9,951
Current liabilities				
Current interest-bearing liabilities	5,989	6,061	-1.2 %	21,193
Trade Payables and Other Liabilities	35,149	27,567	27.5 %	27,415
Advances received	4,191	5,289	-20.7 %	5,844
Tax liability, income tax	728	661	10.2 %	868
Current provisions	3,078	1,012	204.0 %	962
	49,136	40,590	21.1 %	56,283
Total shareholder's equity and liabilities	146,577	134,658	8.9 %	135,224

CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-6/2022	1-6/2021	Change %	1-12/2021
Cash flows from operating activities				
Profit for the period	-1,398	4,474	-131.2 %	6,930
Adjustments to cash flow from operating activities	658	4,495	-85.4 %	7,567
Other finance items	854	-145	-687.4 %	164
Paid interest and other finance expenses	-209	-882	-76.3 %	-300
Received interests and dividend payments	61	4,298	-98.6 %	76
Paid Taxes	-621	0	n/a	-935
Cash flow from operating activities	-654	12,241	-105.3 %	13,502
Cash flow from investing activities				
Purchase of tangible and intangible assets	-5,714	-2,643	116.2 %	-6,988
Proceeds from sales of PPE	31	39	-21.7 %	85
Divestment of subsidiaries, net of cash acquired	0	-3,749	-100.0 %	-3,749
Acquisition of subsidiaries, net of cash acquired	-889	0	0.0 %	0
Purchase of investments	0	0	n/a	-142
Net cash used in investing activities	-6,573	-6,353	n/a	-10,795
Cash flow from financing activities				
Proceeds from borrowings	25,042	0	n/a	0
Payments of borrowings	-19,337	-750	2478.3 %	-4,500
Payment of leasing liabilities	-1,015	-1,067	-4.9 %	-2,120
Dividends paid	-2,552	-2,330	9.5 %	-2,321
Net cash used in financing activities	2,139	-4,147	n/a	-8,942
Change in cash				
Cash in the beginning	14,100	20,225	-30.3 %	20,224
Effect of currency changes	127	22	485.4 %	109
Change	-5,089	1,741	-392.3 %	-6,234
Cash at the end	9,137	21,987	-58.4 %	14,100

KEY FIGURES

	1-6/2022	1-6/2021	Change %	1-12/2021
Operating profit	293	5,830	-95.0 %	8,714
Earnings per share, EUR	-0.07	0.25	-128.8 %	0.39

Earnings per share fully diluted, EUR	-0.07	0.25	-128.8 %	0.39
Shareholders' equity per share, EUR	3.46	3.48	-0.4 %	3.79
Return on equity	-4.2 %	13.9 %	-129.9 %	10.5 %
Return on investment	1.7 %	13.3 %	-87.4 %	10.2 %
Equity ratio	46.2 %	51.0 %	-9.5 %	53.3 %
Net gearing	38.8 %	13.9 %	179.2 %	20.2 %
Investments, tEUR	7,840	4,847	61.8 %	11,063
Investments % of net sales	10.3 %	6.7 %	54.3 %	7.7 %
Order backlog, tEUR	139,054	84,196	65.2 %	108,635
Personnel, average	867	865	0.3 %	863
Number of shares (thousands) including own shares	18,986	18,986	0.0 %	18,986
Highest share price, EUR	5.76	6.66	-13.5 %	6.66
Lowest share price, EUR	3.75	4.47	-16.1 %	4.47
Average share price, EUR	4.85	5.46	-11.2 %	5.46
Turnover, in million shares	0.9	1.8	-52.2 %	2.5
Turnover, in MEUR	4.2	9.8	-57.6 %	13.8

ALTERNATIVE PERFORMANCE MEASURES

	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Adjusted operating profit	339	1,135	-70.2 %	439	2,630	-83.3 %	5,514
Adjusted earning per share, EUR	-0.07	0.04	-261.5 %	-0.06	0.07	-186.0 %	0.21

BRIDGE OF CALCULATION

Operating profit	193	1,135	-83.0 %	293	5,830	-95.0 %	8,714
Strategic development projects	146	0	n/a	146	0	n/a	0
Other non-recurring items	0	0	n/a	0	-3,200	-100.0 %	-3,200
Adjusted operating profit	339	1,135	-70.2 %	439	2,630	-83.3 %	5,514
Net profit/loss to equity holder	-1,444	804	-279.7 %	-1,316	4,560	-128.9 %	7,089
Outstanding shares during the quarter	18,221	18,217	0.0 %	18,224	18,215	0.1 %	18,216
Earnings per share, basic	-0.08	0.04	-279.6 %	-0.07	0.25	-128.8 %	0.39
Net profit/loss to equity holder	-1,444	804	-279.7 %	-1,316	4,560	-128.9 %	7,089
Strategic development projects	146	0	n/a	146	0	n/a	0
Other non-recurring items	0	0	n/a	0	-3,200	-100.0 %	-3,200
Outstanding shares during the quarter	18,221	18,217	0.0 %	18,224	18,215	0.1 %	18,216
Adjusted	-0.07	0.04	-261.5 %	-0.06	0.07	-186.0 %	0.21

earnings per
share, EUR

Treasury shares

	Number of shares	% of shares	% of votes
Possession of company's own shares 30.6.2022	757,682	3.99 %	3.99 %

Contingent liabilities and pledged assets
(tEUR)

	30.6.2022	30.6.2021	Change %	31.12.2021
Leasing and rent liabilities	922	927	-0.5 %	951
Derivative instruments (tEUR)				
Value of underlying forward contracts	25,502	20,317	25.5 %	18,128
Market value of forward contracts	932	211	342.6 %	360
Interest rate swap	15,000	0	n/a	0
Market value of interest swap	309	0	n/a	0

Net sales by category

	1-6/2022	1-6/2021	Change %	1-12/2021
Goods	64,773	60,740	6.6 %	120,220
Service	11,548	12,052	-4.2 %	23,746
Total	76,321	72,792	4.8 %	143,966

Order backlog, tEUR

	30.6.2022	30.6.2021	Change %	31.12.2021
	139,054	84,196	65.2 %	108,635

Information per quarter
(tEUR)

	4-6/22	1-3/22	10-12/21	7-9/21	4-6/21	7/2021- 6/2022
Orders received	46,804	59,936	51,480	44,137	43,861	202,357
Net sales	38,358	37,964	38,858	32,316	35,782	147,495
EBIT	193	100	603	2,280	1,135	3,176
EBIT%	0.5 %	0.3 %	1.6 %	7.1 %	3.2 %	2.2 %

Consolidated statement of changes in equity, 1000 euros

Attributable to equity holders of the parent (tEUR)

	A	B	C	D	E	F	G	H	I
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									
Shareholder's equity 1.1.2022	6,967	1,504	-1,392	58,588	3,140	2	68,809	180	68,990
Net result				-1,316			-1,316	-82	-1,398
Other comprehensive items for the period			-236	-268		929	425	12	437
Dividend				-2,552			-2,552		-2,552

Equity-settled share-based payments				248			248		248
Shareholder's equity 30.6.2022	6,967	1,504	-1,628	54,701	3,140	931	65,615	110	65,725
Shareholder's equity 1.1.2021	6,967	1,504	-1,557	52,716	3,140	0	62,770	319	63,090
Net result				4,560			4,560	-86	4,474
Other comprehensive items for the period			83	323			406	9	415
Dividend				-2,186			-2,186		-2,186
Equity-settled share-based payments				220			220		220
Shareholder's equity 30.6.2021	6,967	1,504	-1,474	55,633	3,140	0	65,770	243	66,013

CALCULATION OF KEY FIGURES

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

ALTERNATIVE PERFORMANCE MEASURES

Effective from the beginning of 2019. Teleste has started to report non-IFRS alternative performance measures. The calculation of the alternative performance measures does not take into account income or expense items affecting comparability that are non-recurring or infrequently occurring and not part of the ordinary course of business. The purpose of presenting the alternative performance measures is to improve comparability, and they do not replace the performance measures and key figures presented in accordance with IFRS. The alternative performance measures reported by the Group are adjusted operating result and adjusted earnings per share. Adjusted operating result and adjusted earnings per share exclude material items affecting comparability that are not part of the ordinary course of business. The adjusted items are recognised in the income statement within the corresponding income or expense group.

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