

JANUARY 1-SEPTEMBER 30, 2018



Building a SMART, SAFE, SMOOTH future. TELESTE CORPORATION INTERIM REPORT 1.1 – 30.9.2018

#### NET SALES AND RESULT INCREASED

### July-September 2018

- Net sales amounted to EUR 59.4 (56.2) million, an increase of 5.6%
- Operating result stood at EUR 3.2 (1.2) million, an increase of 156.6%
- Undiluted earnings per share were EUR 0.13 (0.04) per share, an increase of 233.7%
- Orders received totalled EUR 56.2 (58.0) million, a decrease of 3.2%
- Cash flow from operations was EUR 4.2 (-1.4) million

#### January-September 2018

- Net sales amounted to EUR 183.8 (175.9) million, an increase of 4.5%

- Operating result stood at EUR 7.5 (-7.8) million: the operating result for the reference period included the goodwill impairment and restructuring provision for the services business in Germany, totalling EUR 9.3 million

- Undiluted earnings per share were EUR 0.29 (-0.49)
- Orders received totalled EUR 183.0 (196.2) million, a decrease of 6.7%
- Cash flow from operations was EUR 10.4 (12.9) million, a decrease of 19.6%

#### Outlook for 2018

Teleste expects the company's net sales to increase in 2018 compared with 2017 (EUR 234.6 million). Operating result is expected to be clearly positive. However, due to the ongoing investments, it will not yet reach the record level of 2016 (EUR 15.6 million).

#### Comments by CEO Jukka Rinnevaara:

"Net sales and operating result increased in the third quarter year-on-year. Net sales improved in Network Services. Both business areas succeeded in improving their operating result. Orders received decreased year-on-year, but our order backlog stayed at a clearly higher level than a year ago.

Orders received by Video and Broadband Solutions decreased clearly in access network products yearon-year, with two considerably large DOCSIS 3.1 network update projects approaching their final stages. We estimate that many operators are already planning distributed access architecture solutions with which they can increase their network capacity even more cost-efficiently. The transition to the new technology and distributed access architecture will decrease operators' network investments this year, but it will enable growth in upcoming years. Interoperability testing of Teleste's new access network products complying with distributed access architecture is ongoing with a number of operators and other vendors. The interoperability of our products with the cable network central system is also an important requirement for progress in the US market. The order backlog for video security and passenger information solutions has clearly increased compared with the end of the reference period. A large Canadian public transport operator chose Teleste for its pilot project on a passenger information solution, which we expect to result in a new important customer relationship. After the third quarter, we won an important agreement on the delivery of a situation awareness system. The strategic new initiative and an order book reaching long into the future provide a good basis for growth and the establishment of customer relationships in the upcoming years. In the third quarter, net sales increased in video security and information systems year-on-year, which also improved the operating result. Throughout the rest of the year, we will particularly focus on ensuring our delivery capacity for video security and information systems, developing distributed access architecture technology and expertise and winning new clients in the North American market.

Net sales of Network Services improved clearly year-on-year in Germany and England. In Germany, net sales were increased by deliveries for a large project and the service rates implemented according to the new frame agreement signed with our main customer. Operating result improved as a result of increased net sales and project deliveries, among others. The productivity of services business in Germany will be further promoted by improving the processes and organisation."

# Group Operations July-September 2018

Key figures (EUR million)	7-9/2018	7-9/2017	Change
Orders received	56.2	58.0	-3.2%
Net sales	59.4	56.2	5.6%
EBIT	3.2	1.2	156.6%
EBIT of net sales, %	5.4%	2.2%	
Result for the period	2.3	0.7	227.9%
Earnings per share, EUR	0.13	0.04	233.7%
Cash flow from operations	4.2	-1.4	

Orders received by the Group in the third quarter totalled EUR 56.2 (58.0) million, a decrease of 3.2% year-on-year. Orders received decreased in access network products of Video and Broadband Solutions. Order backlog totalled EUR 56.6 (47.2) million, an increase of 19.8% compared with the end of the reference period. Order backlog increased in passenger information solutions of Video and Broadband Solutions and decreased in access network products.

Net sales increased by 5.6% to EUR 59.4 (56.2) million. Net sales improved in Network Services. Operating result increased by 156.6% year-on-year to EUR 3.2 (1.2) million, representing 5.4% (2.2%) of net sales. Operating result increased in both business areas. Personnel expenses amounted to EUR 14.7 (15.2) million and were down by 2.9% year-on-year. Expenses for material and manufacturing services increased by 4.2% to EUR 32.6 (31.3) million. Other operating expenses were on par with the reference period, amounting to EUR 7.8 (7.8) million. Net financial expenses were EUR 0.2 (0.2) million. Undiluted earnings per share amounted to EUR 0.13 (0.04), an increase of 233.7% year-on-year.

Cash flow from operations was EUR 4.2 (-1.4) million. Cash flow from operations increased as a result of changes in operational performance and working capital.

Key figures (EUR million)	1-9/2018	1-9/2017	Change, %	1-12/2017
Orders received	183.0	196.2	-6.7%	262.9
Net sales	183.8	175.9	+4.5%	234.6
EBIT	7.5	-7.8		-7.5
EBIT, %	4.1%	-4.4%		-3.2%
Result for the period	5.2	-8.9		-9.1
Earnings per share, EUR	0.29	-0.49		-0.50
Cash flow from operations	10.4	12.9	-19.6%	19.3
Net gearing, %	9.3%	24.6%		16.8%
Equity ratio, %	52.5%	47.7%		48.3%
Personnel at period-end	1,353	1,468	-7.9%	1,446

# Group Operations January–September 2018

Orders received by the Group decreased by 6.7% to EUR 183.0 (196.2) million. Orders received decreased in Video and Broadband Solutions. Net sales increased by 4.5% to EUR 183.8 (175.9) million. Net sales improved in Network Services.

Operating result was EUR 7.5 (-7.8) million, representing 4.1% (-4.4%) of net sales. Operating result for the reference period was burdened by the goodwill impairment of EUR 7.7 million related to the services business in Germany as well as the restructuring provision of EUR 1.6 million. Personnel expenses amounted to EUR 48.1 (51.6) million, down by 6.9%. Expenses for material and manufacturing services increased by 4.8% to EUR 101.7 (97.0) million. Other operating expenses decreased by 4.0% to EUR 23.4 (24.4) million. Net financial expenses were EUR 0.6 (0.7) million, down by 22.0%. Taxes for the Group amounted to EUR 1.7 (0.4) million. Effective tax rate was 24.9%. Undiluted earnings per share were EUR 0.29 (-0.49).

Cash flow from operations was EUR 10.4 (12.9) million. Cash flow from operations increased as a result of changes in operational performance and working capital.

Video and Broadband Solutions July–September 2018	
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Key figures (EUR 1,000)	7-9/2018	7-9/2017	Change
Orders received	29,032	36,264	-19.9%
Net sales	32,191	34,469	-6.6%
EBIT	2,737	1,534	+78.4%
EBIT, %	8.5%	4.5%	

Orders received totalled EUR 29.0 (36.3) million, a decrease of 19.9% on the reference period. Orders received decreased in access network products. Order backlog totalled EUR 56.6 (47.2) million, an increase of 19.8% compared with the end of the reference period. Order backlog increased in passenger information solutions and decreased in access network products. EUR 20.9 million of the order backlog are associated with deliveries in 2018, EUR 18.6 million with deliveries in 2019 and the rest with deliveries after 2019. Net sales decreased by 6.6% to EUR 32.2 (34.5) million. Net sales decreased in access network products solutions. Operating result increased by 78.4% to EUR 2.7 (1.5) million, representing 8.5% (4.5%) of net sales. Operating result improved as a result of increased net sales in video security and information solutions.

R&D expenses in the business area amounted to EUR 3.5 (3.0) million, representing 10.7% (8.7%) of net sales. Product development projects focused on distributed access architecture (including solutions designed for the US market), situation awareness and video security solutions, passenger information systems and customer-specific projects. Capitalised R&D expenses amounted to EUR 1.1 (0.6) million. Depreciation on R&D expenses was EUR 0.5 (0.3) million.

#### Video and Broadband Solutions January–September 2018

Key figures (EUR 1,000)	1-9/2018	1-9/2017	Change	1-12/2017
Orders received	101,165	126,935	-20.3%	170,359
Net sales	101,986	106,654	-4.4%	142,082
EBIT	5,796	4,408	+31.5%	4,888
EBIT, %	5.7%	4.1%		3.4%

Orders received decreased by 20.3% to EUR 101.2 (126.9) million. Orders received decreased both in access network products and in video security and information systems. Net sales decreased by 4.4% to EUR 102.0 (106.7) million. Net sales decreased in access network products but increased in video security and information systems. Operating result increased by 31.5% to EUR 5.8 (4.4) million, representing 5.7% (4.1%) of net sales. Operating result was improved by the net sales of video security and information systems, which increased year-on-year.

R&D expenses amounted to EUR 9.2 (8.9) million, representing 9.0% (8.3%) of net sales. Product development projects focused on distributed access architecture, network products complying with the DOCSIS 3.1 standard (including solutions designed for the US market), situation awareness and video security solutions as well as passenger information systems and customer-specific projects. Capitalised R&D expenses amounted to EUR 3.6 (2.4) million and depreciation on capitalised R&D expenses to EUR 1.7 (1.1) million.

## Network Services July-September 2018

Key figures (EUR 1,000)	7-9/2018	7-9/2017	Change
Orders received	27,179	21,779	+24.8%
Net sales	27,179	21,779	+24.8%
EBIT	460	-288	
EBIT, %	1.7%	-1.3%	

Net sales for the third quarter amounted to EUR 27.2 (21.8) million, an increase of 24.8% year-on-year. Net sales increased in Germany and England. In Germany, net sales were increased by deliveries for a large project and the service rates implemented according to the new frame agreement signed with our

main customer. Operating result improved by EUR 0.7 million year-on-year and turned profitable, being EUR 0.5 million. Operating result represented 1.7% (-1.3%) of net sales.

# Network Services January–September 2018

Key figures (EUR 1,000)	1-9/2018	1-9/2017	Change	1-12/2017
Orders received	81,840	69,234	18.2%	92,507
Net sales	81,840	69,234	18.2%	92,507
EBIT	1,692	-12,211		-12,437
EBIT, %	2.1%	-17.6%		-13.4%

Net sales grew by 18.2% year-on-year, amounting to EUR 81.8 (69.2) million. Net sales increased in Germany as a result of deliveries for a large project and the implementation of service rates according to the new frame agreement signed with our main customer. Operating result stood at EUR 1.7 (-12.2) million. Operating result for the reference period was burdened by the goodwill impairment of EUR 7.7 million related to the services business in Germany as well as the restructuring provision of EUR 1.6 million.

# Personnel and organisation January–September 2018

In the period under review, the average number of people employed by the Group was 1,404 (1–9/2017: 1,506; 1–9/2016: 1,515). Of these, 708 (766) were employed by Video and Broadband Solutions and 696 (740) by Network Services. At the end of the period under review, the Group employed 1,353 people (2017: 1,468; 2016: 1,505). Of these, 677 (753) were employed by Video and Broadband Solutions and 676 (715) by Network Services. At the end of the review period, 66% (2017: 65%; 2016: 66%) of the employees were stationed abroad. Approximately 2% of the Group's employees were working outside Europe.

Personnel expenses amounted to EUR 48.1 million (2017: EUR 51.6 million; 2016: EUR 53.4 million). The decrease in personnel expenses was due to a lower number of employees year-on-year.

### Investments and product development January–September 2018

Investments by the Group totalled EUR 5.0 (4.0) million, representing 2.7% (2.3%) of net sales. Investments in product development amounted to EUR 3.6 (2.4) million. Of the investments, EUR 0.1 (0.4) million were carried out under financial lease arrangements.

Product development projects focused on distributed access architecture, network products complying with the DOCSIS 3.1 standard (including solutions designed for the US market), situation awareness and video security solutions as well as passenger information systems and customer-specific projects.

#### Financing and capital structure January–September 2018

Cash flow from operations was EUR 10.4 (12.9) million. In the reference period, cash flow from operations was improved by the introduction of the supplier financing programme.

Teleste Corporation has credit and loan facilities with a combined total value of EUR 50.0 million. The EUR 20.0 million credit facility will run until the end of August 2020 and involves a 1+1-year extension option. The five-year loan facility of EUR 30.0 million will mature in August 2022. The loan is repaid in annual instalments of EUR 3.0 million. At the end of the period under review, the amount of unused binding credit facilities was EUR 20.0 (20.0) million. On 30 September 2018, the Group's interest-bearing debt stood at EUR 27.8 (33.6) million.

The Group's equity ratio was 52.5% (47.7%) and net gearing ratio 9.3% (24.6%).

# Key risks faced by the business areas

Founded in 1954, Teleste is a technology and services company consisting of two business areas: Video and Broadband Solutions and Network Services. With Europe as the main market and business area, the company is also expanding its business outside Europe. Teleste's customers include cable operators, public transport operators, train manufacturers and specified organisations in the public sector.

In Video and Broadband Solutions, customer-specific and integrated deliveries of solutions create favourable conditions for growth. On the other hand, the allocation of resources to the deliveries and the technical implementation are demanding tasks, which is why there are also risks involved. Our operator customers' network investments vary according to the development of technology, customers' need to upgrade and their financial structure. End-to-end deliveries of video security and information solution systems may be large in size, setting high demands for the project quotation calculation and management and, consequently, involving risks. Increased competition created by the new service providers may undermine the cable operators' ability to invest. Correct technological choices, product development and their timing are vital to our success. Various technologies are used in our 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 costly 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 guality assurance, complex products may fail in the customer's network and lead to expensive repair obligations. The consequences of natural phenomena or accidents, such as fire, may reduce the availability of components in the order-delivery chain of the electronics industry or suspend our own manufacturing operations. Many competitors in the business area come from the USA, which is why the exchange rate of the euro against the US dollar has an effect on our competitiveness. The development of the exchange rates of the US dollar and the Chinese renminbi against the euro influences our product costs. The company hedges against short-term currency exposure by means of forward exchange contracts.

Net sales of Network Services come mainly from a small number of large European customers. Therefore, a significant change in the demand for our services by any one of them is reflected in the actual deliveries and profitability. The improvement of customer satisfaction and productivity requires efficient service process management, as well as innovative process, product and logistics solutions to ensure the quality and cost-efficiency of services. The smooth functioning of cable networks requires efficient technical management of the networks and suitable equipment solutions in accordance with contractual obligations. This, in turn, requires continuous and goal-directed development of the skills and knowledge of our personnel and subcontractors. In addition, the sufficiency and usage rates of our personnel and subcontractor network influence the company's delivery capacity and profitability. Subcontractors' costs may increase faster than it is possible for Teleste to increase the prices of its services to its own customers. In larger projects with overall responsibility, tender calculation and project management are complex tasks that involve risks. Severe weather conditions may affect our ability to deliver services.

Teleste's strategy involves risks and uncertainties: new business opportunities may fail to be identified or successfully exploited. The business areas must take into account market movements, such as consolidations among our customers and competitors. Periods of technological transition, such as operators migrating to distributed access architecture, may significantly change the competitive positions of the current suppliers and attract new competitors to the market. Intensified competition may decrease the prices of products and solutions faster than we are able to reduce our products' manufacturing and delivery costs.

Various information systems are critical to the development, manufacture and supply of products to our customers. The maintenance of information systems and deployment of new systems involve risks that may affect our ability to deliver products and services. Information systems may also be exposed to external threats and we need to protect them. Recruiting and maintaining skilled personnel requires encouragement, development and recruitment efforts, which can fail.

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 Board on a regular basis.

On 23 December 2016, a competitor of Teleste filed two complaints against Teleste Limited, demanding damages from the company for the infringement of two patents. Teleste has denied the patent infringements. The litigation is still pending. According to the assessment by Teleste's management, the results of these litigations are not expected to have a material effect on Teleste's financial position.

# Group structure

The parent company has branch offices in Australia and the Netherlands and subsidiaries in 14 countries outside Finland.

# Shares and changes in share capital

On 30 September 2018, Tianta Oy was the largest single shareholder with a holding of 23.2%.

In the period under review, the lowest company share price was EUR 6.28 (7.15) and the highest was EUR 7.58 (9.62). Closing price on 30 September 2018 stood at EUR 6.90 (7.53). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,491 (5,741). Foreign and nominee-registered holdings accounted for 7.0% (6.6%) of the holdings. The value of Teleste's shares traded on the Nasdaq Helsinki from 1 January to 30 September 2018 was EUR 9.7 (13.4) million. In the period under review, 1.4 (1.6) million Teleste shares were traded on the stock exchange.

On 5 April 2018, Teleste Corporation's Board of Directors decided on a directed share issue without consideration, relating to the payment of the reward for the 2015–2017 performance period of Teleste Group's share-based incentive plan 2015. In the share issue, a total of 42,771 Teleste Corporation shares in the possession of Teleste Corporation were conveyed without consideration to key persons included in the share-based incentive plan, in accordance with the terms of the plan. On 30 September 2018, the Group held 821,182 (863,953) 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 4.3% (4.6%).

On 30 September 2018, 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 own shares of the company otherwise than in proportion to the holdings of the shareholders with unrestricted equity through trading on the regulated market organised by Nasdag 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 subscribe for under the special rights granted by the Company and 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 2019.

## Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 5 April 2018 adopted the financial statements and consolidated financial statements for 2017 and discharged the Board of Directors and the CEO from liability for the financial period 2017. The AGM confirmed the dividend of EUR 0.10 per share as proposed by the Board. The dividend was paid on 16 April 2018 on shares other than own shares held by the Company.

The AGM decided that the Board of Directors shall consist of six members. Pertti Ervi, Jannica Fagerholm, Timo Miettinen, Timo Luukkainen and Kai Telanne were re-elected as members of Teleste Corporation's Board of Directors, and Heikki Mäkijärvi was elected as a new Board member. Pertti Ervi was elected Chair of the Board in the organising meeting held after the AGM. The Board of Directors decided to establish an audit committee. Jannica Fagerholm was elected Chair of the Audit Committee, and Pertti Ervi and Kai Telanne were elected as members.

The AGM decided to elect one auditor for Teleste Corporation. Audit firm KPMG Oy Ab was chosen as the company's auditor. The auditor has appointed Petri Kettunen, APA, as the auditor in charge.

The Annual General Meeting decided to authorise the Board of Directors to decide on the purchase of the company's own shares. According to the authorisation, the Board of Directors may acquire 1,200,000

own shares of the company 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 of the time of the purchase. This authorisation is valid for 18 months from the date of the AGM's decision. 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. 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 subscribe for under the special rights granted by the Company and 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 18 months from the date of the AGM's decision. 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.

# Outlook for 2018

The business objective of Video and Broadband Solutions is to maintain its strong market position in Europe and to strengthen this market position in selected new markets outside Europe. In particular, investments in the North American market will continue in 2018.

Network capacity will continue to grow, with operators responding to consumers' new and expanding broadband and video service needs. Teleste's entire access network product portfolio has been renewed in accordance with the DOCSIS 3.1 standard, and our offering allows cable operators to increase their network capacity competitively. In 2018, two network upgrade projects will be completed that are significant on the European scale. Operators will launch new upgrade projects. However, there is uncertainty associated with the timing of these projects, as operators are already planning next-generation distributed access architecture solutions. We expect that new investment projects that are based on distributed access architecture will be launched in Europe and, in particular, North America in 2018 and 2019. The change in access network technology also has an effect on suppliers' competitive position. Teleste continues investing in distributed access architecture technology and access network products that are suitable for new markets. In addition, the target of the subsidiary established in the US is to promote the sales of broadband network products to the cable network operators in North America. The objective of these investments is the long-term increase in sales. We estimate that net sales from access network products in 2018 will remain below the level of 2017.

The improvement of safety in city environments, the increase of public transport services, and the increasing popularity of smart systems for a smoother life provide a foundation for new business opportunities. Demand for video security solutions for public spaces continues worldwide, but competition in the industry has increased considerably and price erosion in the traditional video security equipment market continues. Video security solutions are becoming increasingly smart, including pattern recognition and artificial intelligence. Furthermore, a need is arising in the market for more comprehensive situation awareness systems that include management of other sensor-level data flows in addition to video image. New innovations and solutions are also changing the public transport passenger information solution business. Supply of real-time information for passengers is essential for safe and flexible public transport. It is necessary to improve the productivity and cost-efficiency of traditional business. The improvement of competitiveness requires R&D investments in new intelligent solutions. Although the orders received in 2017 for video security and information solutions increased, a significant portion of the deliveries is scheduled for the coming years. We estimate that net sales for 2018 will increase clearly from the previous year.

As to Network Services, our business objective is to further develop operational efficiency and increase the share of those services that provide our customers with higher added value. The negotiations to renew an important three-year frame agreement with a German customer were concluded and the new agreement was signed at the beginning of May. The new agreement will have a significant effect on the profitability of our services business. We estimate that net sales for 2018 will increase from the previous year.

Teleste expects the company's net sales to increase in 2018 compared with 2017 (EUR 234.6 million). Operating result is expected to be clearly positive. However, due to the ongoing investments, it will not yet reach the record level of 2016 (EUR 15.6 million).

7 November 2018

Teleste Corporation Board of Directors Jukka Rinnevaara President and CEO 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, 2018. The data stated in this report is unaudited.

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	7-9/2018	7-9/2017	Change %	1-12/2017
Net Sales	59,370	56,248	5.6 %	234,589
Other operating income	288	500	-42.4 %	1,531
Materials and services	-32,584	-31,275	4.2 %	-127,673
Personnel expenses	-14,741	-15,182	-2.9 %	-69,406
Depreciation	-1,342	-1,295	3.6 %	-5,263
Impairment on goodwill	0	0	n/a	-7,705
Other operating expenses	-7,794	-7,751	0.6 %	-33,623
Operating profit	3,197	1,246	156.6 %	-7,549
Financial income	117	208	-43.8 %	537
Financial expenses	-294	-454	-35.3 %	-1,458
Profit after financial items	3,020	1,000	202.1 %	-8,470
Profit before taxes	3,020	1,000	202.1 %	-8,470
Taxes	-718	-299	140.6 %	-675
Net profit	2,302	702	227.9 %	-9,145
Attributable to:				
Equity holders of the parent company	2,342	702	233.6 %	-9,106
Non-controlling interests	-40	0	n/a	-40
	2,302	702	227.9 %	-9,145
Earnings per share for result of the year attribu	utable to the equi	ty holders of th	ne parent	
(expressed in € per share) Basic	0.13	0.04		
	0.13	0.04	233.7 % 232.8 %	-0.50 -0.50
Diluted	0.13	0.04	232.0 %	-0.50
Total comprehensive income for the period (tEl	•			
Net profit	2,302	702	227.9 %	-9,145
Possible items with future net profit effect				
Translation differences	224	-216	-203.5 %	-423
Fair value reserve	18	-11	-260.4 %	58
Total comprehensive income for the period	2,543	475	435.4 %	-9,511
Attributable to:				
Equity holders of the parent	2,579	475	443.0 %	-9,432
Non-controlling interests	-36	0	n/a	-78
	2,543	475	435.4 %	-9,511

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	1-9/2018	1-9/2017	Change %	1-12/2017
Net Sales	183,827	175,888	4.5 %	234,589
Other operating income	1,346	1,058	27.2 %	1,531
Materials and services	-101,682	-97,047	4.8 %	-127,673
Personnel expenses	-48,075	-51,634	-6.9 %	-69,406
Depreciation	-4,483	-3,950	13.5 %	-5,263
Impairment on goodwill	0	-7,705	-100 %	-7,705
Other operating expenses	-23,445	-24,413	-4.0 %	-33,623
Operating profit	7,488	-7,803	-196.0 %	-7,549
Financial income and expenses	270	414	-34.7 %	537
Financial expenses	-827	-1,127	-26.6 %	-1,458
Profit after financial items	6,931	-8,516	-181.4 %	-8,470
Profit before taxes	6,931	-8,516	-181.4 %	-8,470
Taxes	-1,725	-417	314.0 %	-675
Net profit	5,206	-8,933	-158.3 %	-9,145
Attributable to:				
Equity holders of the parent	5,316	-8,933	-159.5 %	-9,106
Non-controlling interests	-110	0	n/a	-40
	5,206	-8,933	-158.3 %	-9,145
Earnings per share for result of the year attri (expressed in € per share)	ibutable to the equ	ity holders of th	e parent	
Basic	0.29	-0.49	-159.5 %	-0.50
Diluted	0.29	-0.49	-159.6 %	-0.50
Total comprehensive income for the period (t	EUR)			
Net profit	, 5,206	-8,933	-158.3 %	-9,145
Possible items with future net profit effect Translation differences	-116	-233	-50.1 %	-423
Fair value reserve	-110	41	-77.9 %	-425
Total comprehensive income for the period	5,099	-9,125	-155.9 %	-9,511
	J,077	-7,125	- 7 70	۱۱ <i>د<sub>ا</sub>د-</i>
Attributable to:				
Equity holders of the parent	5,189	-9,125	-156.9 %	-9,432
Non-controlling interests	-91	0	n/a	-78
	5,099	-9,125	-155.9 %	-9,511

STATEMENT OF FINANCIAL POSITION (tEUR)	30/09/2018	30/09/2017	Change %	31/12/2017
Non-current assets				
Intangible assets	10,800	8,633	25.1 %	9,469
Goodwill	30,646	29,482	3.9 %	30,814
Tangible assets	8,675	9,871	-12.1 %	9,637
Deferred tax asset	2,421	2,955	-18.1 %	2,061
Available-for-sale investments	499	693	-28.0 %	693
	53,041	51,635	2.7 %	52,674
Current assets				
Inventories	33,995	34,036	-0.1 %	33,689
Trade and other receivables	46,023	47,427	-3.0 %	45,520
Tax receivable, income tax	404	361	12.0 %	362
Cash and cash equivalents	20,705	16,145 97,969	28.2 % 3.2 %	21,230 100,801
	101,126	77,707	5.2 %	100,601
Total assets	154,167	149,603	3.1 %	153,475
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	68,017	63,978	6.3 %	63,755
Owners of the parent company	74,984	70,944	5.7 %	70,722
Non-controlling interests	539	0	n/a	630
Equity	75,523	70,944	6.5 %	71,352
Non-current liabilities				
Deferred tax liability	1,538	1,405	9.4 %	1,429
Non-current liabilities, interest-bearing	23,063	31,667	-27.2 %	28,394
Non-current interest-free liabilities	1,127	94	1096.8 %	1,159
Non-current provisions	633	855	-25.9 %	619
	26,361	34,022	-22.5 %	31,601
Current liabilities	4 710	1 0 7 7	1 4 4 4 04	4 0 5 3
Current interest-bearing liabilities	4,710 45,566	1,927	144.4 %	4,853
Trade Payables and Other Liabilities Tax liability, income tax	45,500 1,231	40,624 1,280	12.2 % -3.8 %	43,763 719
Current provisions	776	805	-3.6 %	1,186
	52,283	44,637	17.1 %	50,522
	,	,		
Total shareholder's equity and liabilities	154,167	149,603	3.1 %	153,475
CONSOLIDATED CASH FLOW				
STATEMENT (tEUR)	1-9/2018	1-9/2017	Change %	1-12/2017
Cash flows from operating activities	5 205	0.000		0.4.45
Profit for the period	5,206	-8,933	-158.3 %	-9,145
Adjustments Interest and other financial expenses	7,034	12,784	-45.0 %	16,087
and incomes	-827	-713	15.9 %	-921
Paid taxes	-1,515	-1,718	-11.8 %	-1,765
Change in working capital	469	, 11,479	-95.9 %	14,998
Cash flow from operating activities	10,368	12,899	-19.6 %	19,254

Cash flow from investing activities				
Purchases of property, plant and				
equipment (PPE)	-1,096	-1,732	-36.7 %	-1,975
Proceeds from sales of PPE	181	11	1545.5 %	210
Purchases of intangible assets	-3,639	-2,271	60.2 %	-3,123
Purchase of investments	-71	0	n/a	0
Proceeds from sale of investments Acquisition of subsidiaries, net of cash	1,160	0	n/a	0
acquired	0 -3,465	0 -3,992	n/a -13.2 %	-996
Net cash used in investing activities	-2,405	-2,772	-15.2 %	-5,884
Cash flow from financing activities	4,087	4 000	2.2 %	4 000
Proceeds from borrowings Payments of borrowings	-9,152	4,000 -1,016	2.2 % 800.8 %	4,000 -1,138
	-9,132	-1,018 -479	16.7 %	-1,130
Payment of leasing liabilities			-59.9 %	
Dividends paid Capital investment by non-controlling	-1,816	-4,530	-27.7 %	-4,530
interests	0	0	n/a	708
Net cash used in financing activities	-7,441	-2,025	267.4 %	-1,598
	,	,		,
Change in cash				
Cash in the beginning	21,230	9,496	123.6 %	9,496
Change in cash during period	-538	6,882	-107.8 %	11,772
Effect of currency changes	13	-233	-105.6 %	-38
Cash at the end	20,705	16,145	28.2 %	21,230
KEY FIGURES	1-9/2018	1-9/2017	Change %	1-12/2017
Earnings per share, EUR	0.29	<b>1-9/2017</b> -0.49	-159.5 %	-0.50
			-159.5 % -159.6 %	
Earnings per share, EUR	0.29	-0.49	-159.5 %	-0.50
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR	0.29 0.29 4.16	-0.49 -0.49 3.91	-159.5 % -159.6 % 6.2 %	-0.50 -0.50 3.94
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity	0.29 0.29 4.16 9.4 %	-0.49 -0.49 3.91 -15.1 %	-159.5 % -159.6 % 6.2 % -162.5 %	-0.50 -0.50 3.94 -11.7 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed	0.29 0.29 4.16 9.4 % 9.6 %	-0.49 -0.49 3.91 -15.1 % -9.1 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 %	-0.50 -0.50 3.94 -11.7 % -6.6 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio	0.29 0.29 4.16 9.4 % 9.6 % 52.5 %	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed	0.29 0.29 4.16 9.4 % 9.6 %	-0.49 -0.49 3.91 -15.1 % -9.1 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 %	-0.50 -0.50 3.94 -11.7 % -6.6 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 %	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 %	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 %	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 %	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 %
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands)	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands) including own shares	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562 1,404 18,986	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211 1,506 18,986	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 % -6.8 % 0.0 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383 1,492 18,986
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands) including own shares Highest share price, EUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562 1,404 18,986 7.58	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211 1,506 18,986 9.62	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 % -6.8 % 0.0 % -21.2 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383 1,492 18,986 9.62
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands) including own shares Highest share price, EUR Lowest share price, EUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562 1,404 18,986 7.58 6.28	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211 1,506 18,986 9.62 7.15	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 % -6.8 % 0.0 % -21.2 % -12.2 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383 1,492 18,986 9.62 6.51
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands) including own shares Highest share price, EUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562 1,404 18,986 7.58	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211 1,506 18,986 9.62	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 % -6.8 % 0.0 % -21.2 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383 1,492 18,986 9.62
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands) including own shares Highest share price, EUR Lowest share price, EUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562 1,404 18,986 7.58 6.28 7.06	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211 1,506 18,986 9.62 7.15 8.44	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 % -6.8 % 0.0 % -21.2 % -12.2 % -16.3 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383 1,492 18,986 9.62 6.51 8.19
Earnings per share, EUR Earnings per share fully diluted, EUR Shareholders' equity per share, EUR Return on equity Return on capital employed Equity ratio Gearing Investments, tEUR Investments % of net sales Order backlog, tEUR Personnel, average Number of shares (thousands) including own shares Highest share price, EUR Lowest share price, EUR	0.29 0.29 4.16 9.4 % 9.6 % 52.5 % 9.3 % 4,982 2.7 % 56,562 1,404 18,986 7.58 6.28	-0.49 -0.49 3.91 -15.1 % -9.1 % 47.7 % 24.6 % 4,003 2.3 % 47,211 1,506 18,986 9.62 7.15	-159.5 % -159.6 % 6.2 % -162.5 % -204.8 % 9.9 % -62.0 % 24.5 % 19.1 % 19.8 % -6.8 % 0.0 % -21.2 % -12.2 %	-0.50 -0.50 3.94 -11.7 % -6.6 % 48.3 % 16.8 % 7,482 3.2 % 57,383 1,492 18,986 9.62 6.51

Treasury shares

	Number of shares		% of shares	% of votes
			51101 65	VOLES
Possession of company's own shares 30.9.2018	821,182		4.33 %	4.33 %
Contingent liabilities and pledged assets (tEUR)				
Leasing and rent liabilities	7,261	7,592	-4.4 %	8,355
Derivative instruments (tEUR)				
Value of underlying forward contracts	19,788	22,210	-10.9 %	23,169
Market value of forward contracts	-231	-463	-50.1 %	-204
Interest rate swap	10,000	10,000	0.0 %	10,000
Market value of interest swap	-69	-94	-26.6 %	-78

Taxes are computed on the basis of the tax on the profit for the period.

OPERATING SEGMEN	TS (tEUR)		1-9/2018	1-9/2017	Change %	1-12/2017
Video and Broadband S Orders received	olutions		101,165	126,935	-20.3 %	170,359
Net sales			101,986	106,654	-4.4 %	142,082
EBIT			5,796	4,408	31.5 %	4,888
EBIT%			5.7 %	4.1 %		3.4 %
Network Services						
Orders received			81,840	69,234	18.2 %	92,507
Net sales			81,840	69,234	18.2 %	92,507
EBIT			1,692	-12,211	-113.9 %	-12,437
EBIT%			2.1 %	-17.6 %		-13.4 %
Total						
Orders received			183,006	196,169	-6.7 %	262,866
Net sales			183,827	175,888	4.5 %	234,589
EBIT			7,488	-7,803	-196.0 %	-7,549
EBIT%			4.1 %	-4.4 %		-3.2 %
Financial items		fara	-557	-713	-22.0 %	-921
Operating segment taxes	s net pront de	rore	6,931	-8,516	-181.4 %	-8,470
Information per quarter (tEUR)	7-9/18	4-6/18	1-3/18	10-12/17	7-9/17	10/2017- 9/2018

Video and Broadband S	Solutions					
Orders received	29,032	32,189	39,945	43,424	36,264	144,589
Net sales	32,191	37,199	32,596	35,429	34,469	137,415

EBIT	2,737	2,642	417	480	1,534	6,275
EBIT %	8.5 %	7.1 %	1.3 %	1.4 %	4.5 %	4.6 %
Network Services						
Orders received	27,179	27,963	26,698	23,273	21,779	105,113
Net sales	27,179	27,963	26,698	23,273	21,779	105,113
EBIT	460	828	404	-226	-288	1,466
EBIT %	1.7 %	3.0 %	1.5 %	-1.0 %	-1.3 %	1.4 %
Total						
Orders received	56,211	60,152	66,643	66,697	58,044	249,703
Net sales	59,370	65,163	59,294	58,702	56,248	242,529
EBIT	3,197	3,470	821	254	1,246	7,742
EBIT %	5.4 %	5.3 %	1.4 %	0.4 %	2.2 %	3.2 %

# **Consolidated statement of changes in equity,1000 euros** Attributable to equity holders of the parent (tFUR)

Attributable to equit A B C D E F G H	Share capit Share prem Translation Retained e Invested fr Other fund Total Share of no Total equit	al nium differend arnings ee capita s on-contro	ces I	est					
	A	B	С	D	Е	F	G	Н	I
Shareholder's equity 1.1.2018	6,967	1,504	-1,404	60,606	3,140	-78	70,735	630	71,365
Restatement & new standards Total comprehensive income for the				166			166		166
period Paid dividend Equity-settled share-				5,316 -1,816			5,316 -1,816	-110	5,206 -1,816
based payments				655			655		655
Translation differences Cash flow hedges Shareholder's equity			-82	0		9	-82 9	19	-63 9
30.9.2018	6,967	1,504	-1,486	64,927	3,140	-69	74,984	539	75,523
Shareholder's equity 1.1.2017 Total comprehensive income for the	6,967	1,504	-978	73,922	3,140	-135	84,420	0	84,420
period Paid dividend			-233	-8,933 -4,530	0	41	-9,125 -4,530		-9,125 -4,530
Equity-settled share- based payments				182			182		182
Shareholder's equity 30.9.2017	6,967	1,504	-1,211	60,641	3,140	-94	70,947	0	70,944

# 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
	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 
	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

# New Standards

Teleste has adopted IFRS 15 Revenue from Contracts with Customers as of January 1, 2018. The cumulative effect of the new standard was recorded in the opening balance and it increased the equity with 73 thousand euro. All changes was allocated to VBS segment.

Disaggregation of revenue Net sales by segment	7-9/18	4-6/18	1-3/18	10-12/17	7-9/17	4-6/17	1-3/17
VBS	32,191	37,199	32,596	35,429	34,469	36,782	35,403
NS	27,179	27,963	26,698	23,273	21,779	21,924	25,531
Total	59,370	65,162	59,294	58,702	56,248	58,706	60,934
Net sales by category							
Goods	31,499	35,480	31,394	33,123	33,080	35,275	32,745
Service	27,871	29,682	27,900	25,579	23,168	23,431	28,189
Total	59,370	65,162	59,294	58,702	56,248	58,706	60,934

# Order backlog

Teleste is reporting order backlog for the VBS segment. The value of order backlog is open orders to be delivered in the future. At June 30, 2018 about 64.1 % of the order backlog will be delivered during the

next 12 months. Teleste has not restated the order backlog for year 2017 as the effect IFRS 15 is not material.

Thousand euro	7-9/18	4-6/18	1-3/18	10-12/17	7-9/17	4-6/17	1-3/17
VBS order backlog end of period	56,652	59,721	64,918	57,383	47,211	45,416	39,643

Teleste on has adopted IFRS 9 Financial Instruments as of January 1, 2018. The cumulative effect of the new standard was recorded in the opening balance and it increased the equity with 22 thousand euro. The main effect of IFRS 9 concerns timing of expected credit losses.

Teleste has adopted amendment of IFRS 2 Share based payments as of January 1, 2018.

Major shareholders, as sorted by number of shares - September 30, 2018	Number of shares	% of shares
Tianta Oy	4,409,712	23.23
Mandatum Life Insurance Company Limited	1,679,200	8.84
Ilmarinen Mutual Pension Insurance Company	899,475	4.74
Kaleva Mutual Insurance Company	824,641	4.34
Teleste Oyj	821,182	4.33
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
Wipunen varainhallinta Oy	300,000	1.58
Mariatorp Oy	300,000	1.58
OP-Finland Small Firms Fund	280,737	1.48

Major shareholders by sectors September 30, 2018	Number of shareholders	% of Owners	Shares	% of shares
Households	5,129	93.41	4,539,142	23.91
Public sector institutions	4	0.07	1,930,725	10.17
Financial and insurance institutions	26	0.47	5,044,441	26.57
Corporations	264	4.81	7,306,036	38.48
Non-profit institutions	26	0.47	65,185	0.34
Foreign	42	0.76	100,059	0.53
Total	5,491	100.00	18,985,588	100.00
Of which nominee registered	9	0.16	1,233,138	6.50

Major shareholders by distribution of shares September 30, 2018	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	1,462	26.63	87,779	0.46
101-500	2,359	42.96	632,451	3.33
501-1,000	745	13.57	599,113	3.16
1,001-5,000	730	13.29	1,594,814	8.40
5,001-10,000	93	1.69	659,111	3.47
10,001-50,000	72	1.31	1,462,770	7.70
50,001-100,000	8	0.15	600,249	3.16
100,001-500,000	14	0.25	2,995,267	15.78
500,001-& above	8	0.15	10,354,034	54.54
Total	5,491	100.00	18,985,588	100.00
of which nominee registered	9	0.16	1,233,138	6.50

# **TELESTE CORPORATION**

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