



FINANCIAL  
STATEMENT  
**2022**

JANUARY 1 – DECEMBER 31, 2022

**TELESTE**

**STRONG DEMAND FOR PRODUCTS CONTINUED, NET SALES INCREASED, ADJUSTED OPERATING RESULT DECLINED DUE TO HIGHER COSTS**

**January-December 2022**

- Net sales amounted to EUR 165.0 (144.0) million, an increase of 14.6%
- The adjusted operating result was EUR 2.0 (5.5) million, a decrease of 64.3%
- Operating result amounted to EUR -4.8 (8.7) million, including impairment of EUR 5.4 million recognised on capitalised R&D expenses and EUR 1.4 million in other adjustment items
- Adjusted earnings per share were EUR -0.01 (0.21).
- Earnings per share were EUR -0.31 (0.39)
- Cash flow from operations was EUR -7.8 (13.5) million
- Orders received totalled EUR 188.5 (175.5) million, an increase of 7.4%
- The order backlog at period-end totalled EUR 132.2 (108.6) million, an increase of 21.6%

The Board of Directors proposes to the AGM that no dividend be distributed on the basis of the balance sheet to be adopted for the financial period that ended on 31 December 2022. Based on the balance sheet for the financial period 2021, a dividend of EUR 0.14 per share was distributed per outstanding share.

**Fourth quarter of 2022**

- Net sales amounted to EUR 46.0 (38.9) million, an increase of 18.5%
- The adjusted operating result was EUR 0.4 (0.6) million, a decrease of 27.6%
- The operating result was EUR -0.3 (0.6) million.
- Adjusted earnings per share were EUR 0.02 (0.03), a decrease of 48.0%
- Earnings per share were EUR -0.01 (0.03)
- Cash flow from operations was EUR 2.5 (-1.8) million
- Orders received totalled EUR 32.9 (51.5) million, a decrease of 36.1%

**Outlook for 2023:**

Teleste estimates that net sales in 2023 will amount to EUR 150-175 million and that the adjusted operating result in 2023 will amount to EUR 2-5 million.

This guidance is subject to supply chain problems not becoming worse in 2023 than they are at present.

**Comments by CEO Esa Harju:**

"The year 2022 was a period of growth and renewal for Teleste. The year was characterised by several significant events in our external operating environment: the deterioration of the global geopolitical situation, war in Europe, the changing macroeconomic environment and rising inflation. Global supply chains were still severely disrupted throughout 2022, which affected the delivery times and costs of materials. We made progress in passing the higher costs on to selling prices, but the increase on costs had a negative impact on our profitability. We were able to maintain our delivery capability by accumulating buffer stocks of materials, which led to a significant increase in net working capital. For that reason, we increased our liquidity reserve in September by means of new financing agreements.

Net sales for the fourth quarter were the highest for the year, exceeding the comparison period by a clear margin. The adjusted operating result was lower than in the comparison period. Orders received during the fourth quarter were lower than in the comparison period, but orders received for the full year exceeded the previous year's level, and the order backlog at the end of the year was substantially higher than in the

previous year. Full-year 2022 net sales clearly exceeded the previous year's level but, as expected, the adjusted operating result was lower than in the previous year due to increased costs.

The net sales of access network products and services remained at a good level in Europe in the fourth quarter. Activity increased in the North American market, where our goal is to start deliveries of DOCSIS 4.0 amplifiers in the second half of 2023. The net sales of video security and public transport information systems reached a high level, as progress was made with several project deliveries.

We expect the instability of the operating environment to continue in 2023, with continued supply chain challenges particularly regarding electronics components and semiconductors. Passing the increased costs on to customer prices requires continuous measures in both of our businesses, and we will also continue to adapt all the company's costs during the year. In addition to maintaining delivery capability, we will continue determined measures to improve profitability and to optimise working capital. The company will also continue to execute its programme aimed at sharpening the strategy."

### Group Operations, October-December 2022

Key figures	10-12/2022	10-12/2021	Change
Net sales, EUR million	46.0	38.9	18.5%
Adjusted EBIT, EUR million <sup>1)</sup>	0.4	0.6	-27.6%
Adjusted EBIT, % <sup>1)</sup>	0.9%	1.6%	
EBIT, EUR million	-0.3	0.6	-148.5%
EBIT, %	-0.6%	1.6%	
Result for the period, EUR million	-0.3	0.6	-150.2%
Adjusted earnings per share, EUR <sup>1)</sup>	0.02	0.03	-48.0%
Earnings per share, EUR	-0.01	0.03	-140.5%
Cash flow from operations, EUR million	2.5	-1.8	
Orders received, EUR million	32.9	51.5	-36.1%
Order backlog, EUR million	132.2	108.6	21.6%

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

Orders received by the Group in the fourth quarter totalled EUR 32.9 (51.5) million, representing a decrease of 36.1% from the record level achieved in the comparison period. Orders received declined in access network products and in public transport information and video security solutions. The order backlog increased by 21.6% to EUR 132.2 (108.6) million. The order backlog grew in access network products and public transport information solutions.

Net sales grew by 18.5% to EUR 46.0 (38.9) million. Net sales increased in access network products, public transport information solutions and video security solutions.

Expenses for material and manufacturing services increased by 35.4% to EUR 25.6 (18.9) million. The factors contributing to the increase in material expenses included the sales volume, higher purchasing prices, subcontracting and the appreciation of the US dollar. Personnel expenses increased by 10.0% to EUR 13.3 (12.1) million. The increase was due to higher wages and social security costs. Other operating expenses increased by 7.4% to EUR 5.9 (5.5) million. Other operating expenses were increased by business premises costs, machinery and equipment costs and business travel. Depreciation and amortisation decreased by 25.3% to EUR 1.6 (2.1) million. The adjusted operating result decreased by 27.6% to EUR 0.4 (0.6) million, representing 0.9% (1.6%) of net sales. Increased material costs, personnel expenses and other operating expenses had a negative effect on the adjusted operating result. Increases to the selling prices of Teleste's products have a delayed compensating effect for the negative impact of increased costs. The operating result was EUR -0.3 (0.6) million. The operating result was reduced by the above-mentioned factors as well as restructuring costs and strategic development project expenses totalling EUR 0.7 million. Net financial items were EUR -0.4 (0.1) million. The Group's income taxes amounted to EUR +0.4 (-0.2) million due to deferred tax assets. Adjusted earnings per share were EUR 0.02 (0.03), representing a decrease of 48.0%, and earnings per share were EUR -0.01 (0.03).

Cash flow from operations was EUR 2.5 (-1.8) million. Cash flow increased while net working capital decreased.

R&D expenses amounted to EUR 4.1 (3.7) million, representing 8.9% (9.7%) 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. Capitalised R&D expenses amounted to EUR 1.1 (1.8) million. Depreciation on capitalised R&D expenses was EUR 0.8 (1.1) million.

## Group Operations, January-December 2022

Key figures	1-12/2022	1-12/2021	Change
Net sales, EUR million	165.0	144.0	14.6%
Adjusted EBIT, EUR million <sup>1)</sup>	2.0	5.5	-64.3%
Adjusted EBIT, % <sup>1)</sup>	1.2%	3.8%	
EBIT, EUR million	-4.8	8.7	-155.5%
EBIT, %	-2.9%	6.1%	
Result for the period, EUR million	-5.9	6.9	-184.9%
Adjusted earnings per share, EUR <sup>1)</sup>	-0.01	0.21	-105.0%
Earnings per share, EUR	-0.31	0.39	-179.9%
Cash flow from operations, EUR million	-7.8	13.5	-158.1%
Net gearing, %	61.2%	20.2%	
Equity ratio, %	39.7%	53.3%	
Orders received, EUR million	188.5	175.5	7.4%
Order backlog, EUR million	132.2	108.6	21.6%
Personnel at period-end	844	847	-0.3%

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

Orders received by the Group grew by 7.4% and amounted to EUR 188.5 (175.5) million. Orders increased in access network products as well as public transport information solutions and video security solutions. Net sales increased by 14.6% to EUR 165.0 (144.0) million.

Expenses for material and manufacturing services increased by 30.1% to EUR 88.0 (67.7) million. The factors contributing to the increase in material expenses included the sales volume, higher purchasing prices, subcontracting and the appreciation of the US dollar. Personnel expenses increased by 3.6% to EUR 48.5 (46.8) million. The increase was due to higher wages and social security costs. Depreciation decreased by 4.5% to EUR 7.2 (7.6) million. Other operating expenses increased by 15.0% to EUR 21.2 (18.4) million. Other operating expenses were increased by the general inflationary development, machinery and equipment costs, marketing activities, information system and IT infrastructure costs, and business travel. Adjusted operating result decreased by 64.3% to EUR 2.0 (5.5) million, representing 1.2% (3.8%) of net sales. Higher material costs, personnel expenses and other operating expenses had a negative effect on the adjusted operating result and the operating result. Increases to the selling prices of Teleste's products have a delayed compensating effect for the negative impact of increased costs.

In the third quarter, the company recognised impairment of EUR 5.4 million in R&D expenses capitalised on the balance sheet. The impairment concerned two areas of R&D. The operating result including impairment was EUR -4.8 (8.7) million. The operating result was reduced by the above-mentioned factors and impairment as well as restructuring costs and strategic development project expenses totalling EUR 1.4 million. The operating result for the comparison period included non-recurring insurance compensation in the amount of EUR 3.2 million, which was reported as an adjustment item.

The impairment related to first-generation distributed access architecture software and products, as well as software and customer-specific solutions in rolling stock on-board systems. The deployment of the first-generation distributed access architecture products in cable broadband operators' networks has been delayed compared to earlier assumptions, and the latest view is that the market for first-generation products is estimated to remain limited due to a significant proportion of demand shifting to second-generation

products. At the same time, the size of the market for second-generation products and the DOCSIS 4.0 market is expected to grow. Teleste's strategy remains entirely unchanged with regard to distributed access architecture and DOCSIS 4.0. In addition, Teleste will redesign the software platform underpinning the information systems developed for rolling stock manufacturers, and the company will aim for a significantly higher level of productisation in software systems. Due to these changes, the previous R&D investments will not be taken advantage of to the originally envisioned extent. The rolling stock information systems market is expected to continue to grow, and Teleste's strategy will remain entirely unchanged with regard to rolling stock manufacturers.

Net financial items were EUR -0.1 (0.3) million. The Group's taxes were EUR 0.9 (2.1) million. The result for the financial period came to EUR -5.9 (6.9) million. Adjusted earnings per share were EUR -0.01 (0.21) and earnings per share were EUR -0.31 (0.39).

Cash flow from operations was EUR -7.8 (13.5) million. Cash flow from operations was reduced by the operating result and the increase of working capital, which was due to the growth of net sales and inventories.

R&D expenses amounted to EUR 15.8 (14.4) million, representing 9.6% (10.0%) of consolidated net sales. At the beginning of the financial period, the company specified the definition of R&D expenses used in reporting. The new definition does not have an impact on profit or loss, but it provides a better illustration of the total amount of R&D expenses. The figures for the comparison period have been adjusted to reflect the new definition. Capitalised R&D expenses amounted to EUR 5.8 (5.7) million. Depreciation on capitalised R&D expenses was EUR 4.1 (4.1) million.

### **Personnel and organisation January-December 2022**

The Group employed 861 (863) people on average during the period under review. At the end of the review period, the Group employed 844 (847) people, of whom 43% (45%) worked abroad. Approximately 3% (3%) of the Group's employees were working outside Europe.

Personnel expenses amounted to EUR 48.5 (46.8) million, representing a year-on-year increase of 3.6%. Personnel expenses were increased by higher wages.

### **Investments and product development January-December 2022**

Investments by the Group totalled EUR 12.1 (11.1) million, representing 7.3% (7.7%) of net sales. Of the investments, EUR 5.8 (5.7) million was related to product development. Leases capitalised in accordance with IFRS 16 amounted to EUR 2.3 (3.5) million, while other investments in tangible and intangible assets came to EUR 4.0 (1.9) million. The investments in tangible and intangible assets include the expansion of the production facility in Littoinen, Finland. 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. The product development function also evaluated alternative components to address shortages in materials.

### **Financing and capital structure January-December 2022**

The company refinanced its maturing financing facilities in March. The new financing agreements include a bank loan of EUR 20.0 million and a committed 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.

As a consequence of the global component shortage, inventory levels have increased significantly and tie up an exceptionally large amount of working capital. The company increased its liquidity reserve by signing financing agreements totalling EUR 15.0 million in September. The agreements are in effect until March 2024.



The old financing agreements include a loan that is amortised twice a year in instalments of EUR 0.75 million until August 2024. At the end of the review period, the remaining loan principal was EUR 3.0 million.

At the end of the period under review, the amount of unused binding credit facilities was EUR 7.3 (10.0) million. The Group's cash and cash equivalents were EUR 13.4 (14.1) million.

At the end of the period under review, the Group's interest-bearing debt stood at EUR 50.4 (28.0) million, with short-term loans from banks representing EUR 4.2 (19.5) million of that amount. Interest-bearing liabilities associated with leases capitalised in accordance with IFRS 16 amounted to EUR 5.7 (5.4) million. The Group's equity ratio was 39.7% (53.3%) and net gearing ratio 61.2% (20.2%).

## **The most significant business risks**

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

The Board of Directors reviews essential business risks and their management on quarterly basis and always when needed. 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.

### **Strategic risks**

Economic cycles and, in particular, fluctuations in the level of investment activity among broadband network operators and public transport operators affect the demand for Teleste's products and services. High inflation and rising interest rates also affect Teleste's customers' financing, profitability, ability to make investments and, consequently, the demand for Teleste's products and services.

The company must strive to anticipate changes in the market and react to them. Periods of technological transformation, such as data communications operators migrating to next-generation technologies in access networks, may significantly change the competitive positions of the current suppliers and attract new competitors to the market. Increasing competition may also lead to intensifying price competition, which may affect the profitability of the business.

Correct technology choices, product development investments and their timing are vital to success. Product development involves calculated risks and should they materialise, the value of the product development investments can decrease.

Expanding business operations to new markets is demanding and involves risks. The Group's investments in growth in the North American market will not necessarily lead to the desired results.

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

Consolidation is possible in the company's operating industries among both customers and suppliers, which may weaken Teleste's competitive position.

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

### **Operational risks**

Shortages of materials and components have caused delivery delays and additional costs over the past two financial periods, reducing company's profitability. 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. The duration of the problems associated with the availability of materials is difficult to estimate, but it is expected that the impacts will continue in 2023. High inventory levels may lead to the impairment of raw materials and components.

In the technology and product business, client-specific and integrated deliveries of solutions create favourable conditions for growth, even if the involved resource allocation and technical implementation pose a challenge and therefore also involve risks. End-to-end deliveries of systems and projects may be large in size and take place over several years, setting high demands for the project quotation calculation and management and, consequently, involve risks.

Various technologies are used in Teleste's products and solutions, and the intellectual property rights associated with the application of these technologies can be interpreted in different ways by different parties. Such difficulties of interpretation may lead to 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 quality assurance, complex products and solutions may fail in the customer's operational environment and lead to expensive repair obligations.

High inflation, rising interest rates and supply chain disruptions have weakened the global economic outlook, presenting risks to the company's operations and profitability. Teleste aims to mitigate these risks through more dynamic pricing and contract models, and by taking continuous measures to improve productivity and reduce costs. Many competitors in the provision of access network technologies come from the United States, which is why the exchange rate of the euro against the US dollar has an effect on Teleste's competitiveness.

Some of the company's projects in the public transport segment are fixed-price projects due to the nature of the industry, which means they involve a margin risk when costs increase. Some project deliveries also 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.

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

Competent employees with the necessary qualifications and skills play a key role in the achievement of Teleste's objectives. The development of personnel competence, employee engagement and recruitment involves risks that influence how competitiveness is maintained and developed. Instability in the labour market may have a negative impact on the company's competitiveness, and labour action in export logistics, for example, may interrupt deliveries to customers.

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

#### Risks related to unexpected events and security

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

The ongoing COVID-19 pandemic continues to present risks to Teleste's supply chains. Disruptions in the supply chains of electronic components and raw materials may continue to have a negative effect on Teleste's delivery capability. A potential new pandemic or mutations could lead to new and more extensive restrictions.

Information systems may also be exposed to external cyber security threats, and we strive to protect ourselves from these threats through technical solutions and by increasing the security competence of our personnel. Increased geopolitical tensions, such as those related to the war in Ukraine, have increased the

likelihood of cyber attacks. Such attacks can cause local and global digital disruptions that have an adverse impact on the activities of Teleste or its customers or suppliers.

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

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

Customs levies imposed by different countries and changes or restrictions on exports or imports may have a negative effect on the supply chains of raw materials and components and the profitability of products.

Teleste decided to suspend deliveries to Russia and Belarus immediately after the start of Russia's war of aggression. While the direct impacts of the war in Ukraine on Teleste's business have been limited, the war does have a significant impact on the availability of certain raw materials, logistics costs and the delivery times of materials.

#### Financial risks

Disruptions in the availability of materials and higher purchasing prices have significantly increased inventories and the risk of write-downs of inventories. The increase in working capital has reduced the financial reserves available to the company. Problems with the availability of raw materials and components may continue to complicate manufacturing operations and cause delays in deliveries, leading to increased working capital and a higher liquidity risk for the company.

Rising interest rates affect Teleste's financial expenses to the extent that interest-bearing liabilities have not been hedged.

Part of Teleste's net sales and a significant proportion of raw material and component purchases are denominated in currencies other than the euro. Significant exchange rate fluctuations expose Teleste to currency risks. In particular, the development of the exchange rates of the US dollar and the Chinese renminbi against the euro influences product costs and result. The company hedges against short-term currency exposure by means of forward exchange contracts and options.

Teleste is exposed to risks related to its customers' liquidity and payment behaviour, which may affect Teleste's cash flow or lead to credit losses. Significant changes in the financial or tax regulations of different countries, or changes in the interpretation of such regulations, may also have an impact on Teleste's financial performance, liquidity or cash flow.

More detailed information on financial risks is published in the notes to the financial statements 2022.

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.

#### Legal proceedings and judicial procedures

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 31 December 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 3.13 (4.47) and the highest price was EUR 5.76 (6.66). The closing price on 31 December 2022 was EUR 3.54 (5.24). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,410 (5,481). Foreign shareholders accounted for 1.3% (1.3%) of the shares, while nominee-registered holdings accounted for 3.0% (3.0%). The value of Teleste's shares traded on Nasdaq Helsinki from 1 January to 31 December 2022 was EUR 6.3 (13.8) million. During the period under review, 1.5 (2.5) million Teleste shares were traded on the stock exchange. Teleste's share is quoted in the technology section of Nasdaq Helsinki.

On 31 December 2022, 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 31 December 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 2023**

The demand for broadband services and the global market for network equipment are expected to continue to grow due to increased remote work, digital services and the growing consumption of streaming services that require increasing network capacity and faster connections. Network 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. These investments are expected to continue in 2023.

Next-generation DOCSIS 4.0-compliant technologies will enable subscribers to access broadband connections with speeds up to 10 gigabytes using existing coaxial cabling. DOCSIS 4.0 technology enables the competitiveness of the cable network infrastructure compared to optical fibre for many years to come. Network operators in North America, in particular, will make substantial investments in new DOCSIS 4.0 technology. In Europe, the investments are expected to begin in 2024 or later, with some operators simultaneously investing partially in fibre networks 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 ongoing. The deliveries of passive products have begun, and amplifiers will be launched in the market in the second half of 2023.

Component availability problems - especially with regard to semiconductors - may continue to hinder the development of the broadband networks market, but we expect the growth of the market to continue, particularly in North America. Cost inflation will require Teleste to continue to regularly increase sales prices to protect profitability.

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 growing business in video security and public transport information systems in the coming years.

Public transport operators and the public authorities 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 market for public transport information systems is estimated to have turned to growth again during 2022 after the pandemic, although the availability of components and materials has continued to limit growth. We expect steady market growth in both information systems and security systems in the coming years. 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 and improving operational efficiency will continue to be high priorities.

## **Outlook for 2023**

Teleste estimates that net sales in 2023 will amount to EUR 150-175 million and that the adjusted operating result in 2023 will amount to EUR 2-5 million.

This guidance is subject to supply chain problems not becoming worse in 2023 than they are at present.

8 February 2023

Teleste Corporation  
Board of Directors

Esa Harju  
President and CEO

Teleste's Annual Report for 2022, which includes the audited financial statements, will be published no later than week 11 2023. The Company will issue a statement of its corporate governance as a separate report, which will be published together with the Annual Report, and will be simultaneously available on the Company's web site.

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. The data stated in this report is audited.

STATEMENT OF COMPREHENSIVE INCOME,  
1000 euros

	10-12/2022	10-12/2021	Change %
Net sales	46,042	38,858	18.5 %
Other operating income	75	390	-80.9 %
Raw material and consumables used	-25,567	-18,885	35.4 %
Employee benefits expense	-13,345	-12,130	10.0 %
Depreciations	-1,592	-2,130	-25.3 %
Impairment	0	0	n/a
Other operating expenses	-5,906	-5,500	7.4 %
Operating profit	-292	603	-148.5 %
Financial income	364	266	36.9 %
Financial expenses	-726	-118	513.0 %
Profit before taxes	-654	751	-187.2 %
Taxes	361	-166	-316.9 %
Net Profit	-293	584	-150.2 %
Profit attributable to:			
Owners of the parent company	-256	630	-140.6 %
Non-controlling interests	-38	-46	-17.6 %
	-293	584	-150.2 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	-0.01	0.03	-140.6 %
Diluted (expressed in euro per share)	-0.01	0.03	-140.5 %
Total comprehensive income for the period, 1000 euros			
Net profit	-293	584	-150.2 %
Items that may be reclassified subsequently to profit or loss			
Translation differences	86	516	-83.4 %
Fair value reserve	-1,527	1	-116346.2 %
Total comprehensive income for the period	-1,734	1,101	-257.5 %
Total comprehensive income attributable to:			
Owners of the parent company	-1,697	1,143	-248.5 %
Non-controlling interests	-38	-42	-9.6 %
	-1,734	1,101	-257.5 %

STATEMENT OF COMPREHENSIVE INCOME,  
1000 euros

	1-12/2022	1-12/2021	Change %
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Net sales	165,009	143,966	14.6 %
Other operating income	538	5,209	-89.7 %
Raw material and consumables used	-88,070	-67,672	30.1 %
Employee benefits expense	-48,522	-46,825	3.6 %
Depreciation	-7,228	-7,566	-4.5 %
Impairment	-5,400	0	n/a
Other operating expenses	-21,166	-18,399	15.0 %
Operating profit	-4,838	8,714	-155.5 %
Financial income	1,360	1,091	24.7 %
Financial expenses	-1,507	-767	96.4 %
Profit before taxes	-4,985	9,037	-155.2 %
Taxes	-898	-2,107	-57.4 %
Net Profit	-5,883	6,930	-184.9 %
Profit attributable to:			
Owners of the parent company	-5,669	7,089	-180.0 %
Non-controlling interests	-213	-159	34.1 %
	-5,883	6,930	-184.9 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	-0.31	0.39	-179.9 %
Diluted (expressed in euro per share)	-0.31	0.39	-179.9 %
Total comprehensive income for the period (tEUR)			
Net profit	-5,883	6,930	-184.9 %
Items that may be reclassified to profit or loss:			
Translation differences	-953	620	-253.7%
Fair value reserve	150	1	11310.7 %
Total comprehensive income for the period	-6,686	7,552	-188.5 %
Total comprehensive income attributable to:			
Owners of the parent company	-6,486	7,691	-184.3 %
Non-controlling interests	-200	-140	43.2 %
	-6,686	7,552	-188.5 %

#### STATEMENT OF FINANCIAL POSITION, 1000 euros

Non-current assets	31.12.2022	31.12.2021	Change %
Other intangible assets	10,548	14,047	-24.9 %
Goodwill	30,581	30,707	-0.4 %
Property, plant and equipment	13,733	11,284	21.7 %
Other non-current financial assets	348	458	-24.1 %
Deferred tax assets	3,437	1,700	102.1 %
Total	58,646	58,195	0.8 %
Current assets			
Inventories	38,706	29,177	32.7 %
Trade and other receivables	41,194	33,493	23.0 %
Income tax receivables	393	259	52.0 %
Cash	13,405	14,100	-4.9 %

Total	93,699	77,029	21.6 %
Total assets	152,345	135,224	12.7 %
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	6,967	6,967	0.0 %
Share premium	1,504	1,504	0.0 %
Translation differences	-1,850	-1,392	32.9 %
Invested non restricted equity	3,140	3,140	0.0 %
Other reserves	152	2	8396.5 %
Retained profits	50,458	58,588	-13.9 %
Non-controlling interests	-20	180	-110.9 %
Total	60,352	68,990	-12.5 %
Non-current liabilities			
Interest-bearing liabilities	44,317	6,856	546.4 %
Other liabilities	92	737	-87.6 %
Deferred tax liabilities	1,968	1,988	-1.0 %
Provisions	424	370	14.6 %
Total	46,801	9,951	370.3 %
Current liabilities			
Trade and other liabilities	35,388	33,260	6.4 %
Current tax payable	578	868	-33.4 %
Provisions	3,189	962	231.4 %
Interest-bearing liabilities	6,038	21,193	-71.5 %
Total	45,192	56,283	-19.7 %
Total liabilities	91,993	66,234	38.9 %
Equity and liabilities total	152,345	135,224	12.7 %

CONSOLIDATED CASH FLOW STATEMENT,  
1000 euros

	1.1.-31.12. 2022	1.1.-31.12. 2021	Change %
Cash flows from operating activities			
Profit for the period	-5,883	6,930	-184.9 %
Adjustments for cash flow from operating activities	-679	7,567	-109.0 %
Other finance items	303	164	84.5 %
Paid interests and other financial expenses	-682	-300	127.6 %
Received interests and dividends	157	76	105.8 %
Paid taxes	-1,054	-935	12.8 %
Cash flow from operating activities	-7,839	13,502	-158.1 %
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-3,039	-1,299	134.0 %
Proceeds from sales of PPE	75	85	-11.1 %
Purchases of intangible assets	-5,917	-5,689	4.0 %
Purchase of investments	-145	-142	2.2 %
Disposal of discontinued operation, net of cash disposed of	0	-3,749	-100.0 %
Acquisition of subsidiaries, net of cash acquired	-889	0	n/a



Net cash used in investing activities	-9,916	-10,795	-8.1 %
Cash flow from financing activities			
Proceeds from borrowings	42,908	0	n/a
Payments of borrowings	-21,348	-4,500	374.4 %
Payment of finance lease liabilities	-2,031	-2,120	-4.2 %
Dividends paid	-2,552	-2,321	9.9 %
Net cash used in financing activities	16,977	-8,942	-289.9 %
Change in cash			
Cash and cash equivalents 1.1.	14,100	20,224	-30.3 %
Effect of currency changes	84	109	-23.1 %
Cash and cash equivalents 31.12.	13,405	14,100	-4.9 %

#### Consolidated statement of changes in equity, 1000 euros

Attributable to equity holders of the parent (tEUR)

A	Share capital								
B	Share premium								
C	Translation differences								
D	Retained earnings								
E	Invested free capital								
F	Other funds								
G	Total								
H	Share of non-controlling interest								
I	Total equity								
	A	B	C	D	E	F	G	H	I
Equity 1.1.2022	6,967	1,504	-1,393	58,590	3,140	2	68,810	180	68,990
Net Profit				-5,669			-5,669	213	-5,883
Other items in comprehensive income for the period			-458	-509		150	-817	13	-804
Dividends				-2,552			-2,552		-2,552
Equity-settled share-based payments				600			600		600
Capital investment by non-controlling interests				0			0		0
Equity 31.12.2022	6,967	1,504	-1,850	50,460	3,140	151	60,372	-20	60,352
	A	B	C	D	E	F	G	H	I
Equity 1.1.2021	6,967	1,504	-1,558	52,716	3,140	0	62,771	319	63,090
Net Profit				7,089			7,089	159	6,930
Other items in comprehensive income for the period			165	436		1	602	19	622
Dividends				-2,186			-2,186	0	-2,186
Equity-settled share-based payments				534			534		534

Capital investment by non-controlling interests				0			0	0	0
Equity 31.12.2021	6,967	1,504	-1,393	58,590	3,140	2	68,810	180	68,990

Geographical segments 2022, 1000 euros	Finland	Nordic countries	Other Europe	Others	Total
Sales by origin	12,409	20,800	119,484	12,316	165,009
Assets	47,158	290	6,512	1,249	55,209
Capital expenditure for the period	10,084	378	1,572	57	12,091

Geographical segments 2021, 1000 euros	Finland	Nordic countries	Other Europe	Others	Total
Sales by origin	14,312	17,426	101,631	10,597	143,966
Assets	53,041	102	3,225	127	56,495
Capital expenditure for the period	9,133	148	1,766	8	11,056

Information per quarter, 1000 euro	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	1-12/2022	1-12/2021
Order intake	32,907	48,880	46,804	59,936	51,480	188,527	175,519
Net sales	46,042	42,646	38,358	37,964	38,858	165,009	143,966
EBIT	-292	-4,839	193	100	603	-4,838	8,714
EBIT %	-0.6 %	-11.3 %	0.5 %	0.3 %	1.6 %	-2.9 %	6.1 %

Net sales by category, 1000 euro	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	1-12/2022	1-12/2021
Goods	39,657	36,642	33,145	32,206	32,651	141,650	120,220
Service	6,385	6,004	5,212	5,758	6,207	23,360	23,746
Total	46,042	42,646	38,358	37,964	38,858	165,009	143,966

#### Order backlog

Thousand euro	12/22	9/22	6/22	3/22	12/21
Order backlog end of period	132,157	145,287	139,054	130,607	108,639

Commitments and contingencies, 1000 euros	2022	2021	Change %
Lease liabilities	981	951	3.2 %
Value of underlying forward contracts	27,011	18,128	49.0 %
Market value of forward contracts	-708	360	-296.3 %
Interest rate swap	13,750	0	n/a
Market value of interest swap	869	0	n/a
Guarantees	3,511	5,450	-35.6 %

The number of employees broken down by following categories 31.12.	2022	2021	Change %
Research and development	195	197	-1.2 %
Production and material management	459	450	1.9 %

Sales and marketing	98	105	-6.2 %
Administration	92	95	-2.5 %
Total	844	847	-0.3 %

Key figures, IFRS	2022	2021	2020	2019	2018
Profit and loss account, balance sheet					
Net sales, Meur	165.0	144.0	145.0	235.5	250.3
Change %	14.6 %	-0.7 %	-38.4 %	-5.9 %	6.7 %
Sales outside Finland, %	92.5 %	90.1 %	92.8 %	93.3 %	93.9 %
Operating profit, Meur	-4.8	8.7	4.5	0.8	9.7
% of net sales	-2.9 %	6.1 %	3.1 %	0.3 %	3.9 %
Profit after financial items, Meur	-5.0	9.0	3.7	0.4	9.1
% of net sales	-3.0 %	6.3 %	2.5 %	0.2 %	3.6 %
Profit before taxes, Meur	-5.0	9.0	3.7	0.4	9.1
% of net sales	-3.0 %	6.3 %	2.5 %	0.2 %	3.6 %
Profit for the financial period, Meur	-5.9	6.9	-8.0	-1.7	6.8
% of net sales	-3.6 %	4.8 %	-5.5 %	-0.7 %	2.7 %
R&D expenditure, Meur	15.8	11.3	10.8	13.5	12.5
% of net sales	9.6 %	7.9 %	7.4 %	5.7 %	5.0 %
Gross investments, Meur	12.1	11.1	6.6	13.0	7.0
% of net sales	7.3 %	7.7 %	4.5 %	5.5 %	2.8 %
Interest bearing liabilities, Meur	50.4	28.0	31.0	33.0	26.8
Shareholder's equity, Meur	60.4	69.0	63.1	72.8	77.2
Total assets, Meur	152.3	135.2	133.0	149.6	159.0

Personnel and orders					
Average personnel	861	863	856	1,363	1,393
Order backlog at year end, Meur	132.2	108.6	77.1	73.2	71.0
Orders received, Meur	188.5	175.5	148.8	237.6	264.0

Key metrics					
Return on equity, %	-9.1 %	10.5 %	-11.8 %	-2.2 %	9.2 %
Return on capital employed, %	-3.5 %	10.2 %	-4.5 %	1.6 %	9.3 %
Equity ratio, %	39.7 %	53.3 %	48.8 %	49.5 %	51.7 %
Net gearing, %	61.2 %	20.2 %	17.0 %	34.1 %	5.9 %
Earnings per share, euro	-0.31	0.39	-0.43	-0.07	0.38
Earnings per share fully diluted, euro	-0.31	0.39	-0.43	-0.07	0.38
Shareholders equity per share, euro	3.31	3.79	3.46	4.00	4.25

#### ALTERNATIVE PERFORMANCE MEASURES

Adjusted operating profit	1,969	5,514	5,066	8,832	9,721
Adjusted earnings per share, EUR	-0.01	0.21	-0.06	0.31	0.38

BRIDGE OF CALCULATION	2022	2021	2020	2019	2018
Operating profit, continued operations	-4,838	8,714	4,516	1,890	9,721

Cost item caused by a crime	0	0	0	6,942	0
Business reorganization	879	0	550	0	0
Other non-recurring item	0	-3,200	0	0	0
Impairment of development costs	5,400	0	0	0	0
Strategic development projects	529	0	0	0	0
Adjusted operating profit, continued operations	1,969	5,514	5,066	8,832	9,721
Net profit/loss to equity holder	-5,669	7,089	-7,827	-1,327	6,975
Outstanding shares during the quarter	18,226	18,216	18,204	18,181	18,122
Earnings per share, basic	-0.31	0.39	-0.43	-0.07	0.38
Operating profit	-5,669	7,089	-7,827	-1,327	6,975
Cost item caused by a crime	0	0	0	6,942	0
Business reorganization	879	0	550	0	0
Business disposals	0	0	6,106	0	0
Other non-recurring item	0	-3,200	0	0	0
Impairment of development costs	5,400	0	0	0	0
Strategic development projects	529	0	0	0	0
Change in deferred assets	-1,332	0	0	0	0
Outstanding shares during the quarter	18,226	18,216	18,204	18,181	18,122
Earnings per share, basic	-0.01	0.21	-0.06	0.31	0.38
Teleste share					
Highest price, euro	5.76	6.66	5.78	6.80	7.58
Lowest price, euro	3.13	4.47	3.51	5.04	5.12
Closing price, euro	3.54	5.24	4.49	5.34	5.26
Average price, euro	4.34	5.46	4.40	5.72	6.72
Price per earnings	-11.4	13.5	-10.4	-73.2	13.8
Market capitalization, Meur	67.2	99.5	85.2	101.4	99.9
Stock turnover, Meur	6.3	13.8	13.8	9.2	13.3
Turnover, number in millions	1.5	2.5	3.1	1.6	2.0
Turnover, % of share capital	7.7 %	13.3 %	16.5 %	8.5 %	10.4 %
Average number of shares	18,985,588	18,985,588	18,985,588	18,985,588	18,985,588
Number of shares at the year-end	18,985,588	18,985,588	18,985,588	18,985,588	18,985,588
Average number of shares, diluted w/o own shares	18,234,914	18,222,877	18,220,370	18,181,177	18,168,088
Number of shares at the year-end, diluted w/o own shares	18,227,906	18,217,394	18,218,503	18,207,708	18,155,300
Paid dividend, Meur	0.0	2.6	2.2	1.8	3.6
Dividend per share, euro	0.00*	0.14	0.12	0.10	0.20
Dividend per net result, %	0.0 %	36.0 %	neg.	neg.	53.1 %
Effective dividend yield, %		2.7 %	2.7 %	1.9 %	3.8 %

\* The Board's proposal to the AGM

Treasury shares	Number of shares	% of shares	% of votes
Teleste companies own shares 31.12.2022	757,682	3.99 %	3.99 %

Major shareholders 31.12.2022	Number of shares	% of share capital
Tianta Oy	4,768,298	25.12
Mandatum Life Insurance Company Limited	1,683,900	8.87
Ilmarinen Mutual Pension Insurance Company	899,475	4.74
Kaleva Mutual Insurance Company	824,641	4.34
Mariatorp Oy	775,000	4.08
Wipunen Varainhallinta Oy	775,000	4.08
Teleste Oyj	757,682	3.99
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
Ingman Finance Oy Ab	235,000	1.24

Shareholders by sector	Number of shareholders	% of Owners	Number of shares	% of shares
Households	5,104	94.34	4,839,855	25.49
Public sector institutions	3	0.06	1,920,625	10.12
Financial and insurance institutions	18	0.33	3,337,303	17.58
Corporations	232	4.29	8,611,846	45.36
Non-profit institutions	22	0.41	38,073	0.20
Foreign and nominee registered owners	31	0.57	237,886	1.25
Total	5,410	100.00	18,985,588	100.00
Of which nominee registered	10	0.18	567,536	2.99

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,654	30.57	85,809	0.45
101 - 500	2,141	39.57	562,619	2.96
501 – 1,000	704	13.01	569,615	3.0
1,001 – 5,000	711	13.14	1,560,242	8.22
5,001 – 10,000	95	1.76	673,390	3.55
10,001 – 50,000	78	1.44	1,669,813	8.80
50,001 – 100,000	7	0.13	450,247	2.37
100,001 – 500,000	12	0.22	2,408,707	12.69
500,001 -	8	0.15	11,005,146	57.97
Total	5,410	100.00	18,985,588	100.00
of which nominee registered	10	0.18	567,536	2.99

## CALCULATION OF KEY FIGURES

Return on equity:	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average)}} \times 100$
Return on capital employed:	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average)}} \times 100$
Equity ratio:	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} \times 100$
Gearing:	$\frac{\text{Interest bearing liabilities - cash in hand and in bank - interest bearing assets}}{\text{Shareholders' equity}} \times 100$
Earnings per share:	$\frac{\text{Profit for the period attributable to equity holder of the parent}}{\text{Weighted average number of ordinary shares outstanding during the period}}$
Earnings per share, diluted:	$\frac{\text{Profit for the period attributable to equity holder of the parent (diluted)}}{\text{Average number of shares - own shares + number of options at the period-end}}$
Equity per share:	$\frac{\text{Shareholders' equity}}{\text{Number of shares - number of own shares at year-end}}$
Price per earnings (P/E):	$\frac{\text{Share price at year-end}}{\text{Earnings per share}}$
Effective dividend yield:	$\frac{\text{Dividend per share}}{\text{Trading price at the end of the period}}$

## 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 recognised in the income statement within the corresponding income or expense group.

## ADDITIONAL INFORMATION:

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