

A woman with dark hair, wearing glasses and a light-colored blazer, is sitting at a wooden desk. She is smiling and talking on a white headset. Her right hand is near her ear, and her left hand is resting on the desk. In front of her is a laptop. The background is a blurred office or cafe setting with warm lighting.

Interim report

January – March 2023

Esa Harju, CEO
Juha Hyytiäinen, CFO

Disclaimer

This presentation has been prepared by the Company. The information on which it is based has not been independently verified by any other person.

This presentation is not intended to provide the basis of any investment decision and should not be considered as a recommendation by the Company or any other person to the recipients of the presentation. Each person should make his/her own independent assessment of the Company after making such investigations as he/she deems necessary. This presentation does not constitute an offer of or invitation to acquire any shares or other securities in the Company.

Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.



Q1 2023 highlights

Q1 2023 financial review

2023 objectives and the big picture



Key Figures Q1 2023

Good start for 2023, net sales and adjusted operating result increased.
Full-year outlook remains unchanged.

	Q1 2023	Q1 2022	
▪ Net sales	45.3 M€	38.0 M€	+19.4%
▪ Adjusted EBIT	1.5 M€	0.1 M€	
▪ EBIT	1.2 M€	0.1 M€	
▪ Adjusted earnings per share	0.14 €	0.01 €	
▪ Cashflow from operations	2.0 M€	-4.8 M€	
▪ Orders received	40.8 M€	59.9 M€	-31.9%
▪ Order book	127.6 M€	130.6 M€	-2.3%

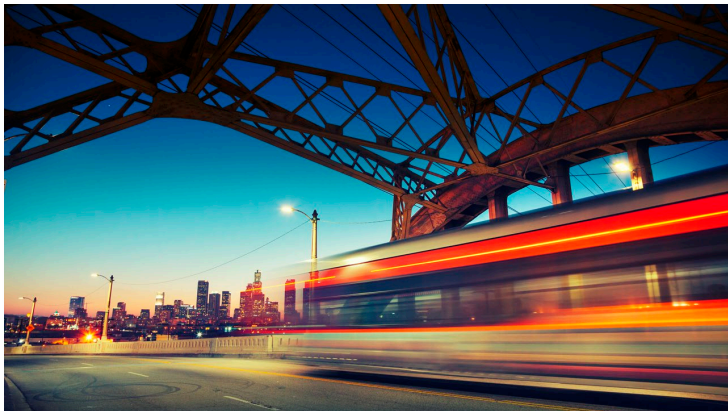
Additional information in financial reporting

Teleste adds orders received, order book and net sales for its two business units to the quarterly reporting starting from the beginning of 2023.



Broadband Networks

Products, solutions and advanced services for the broadband network operators.



Public Safety and Mobility

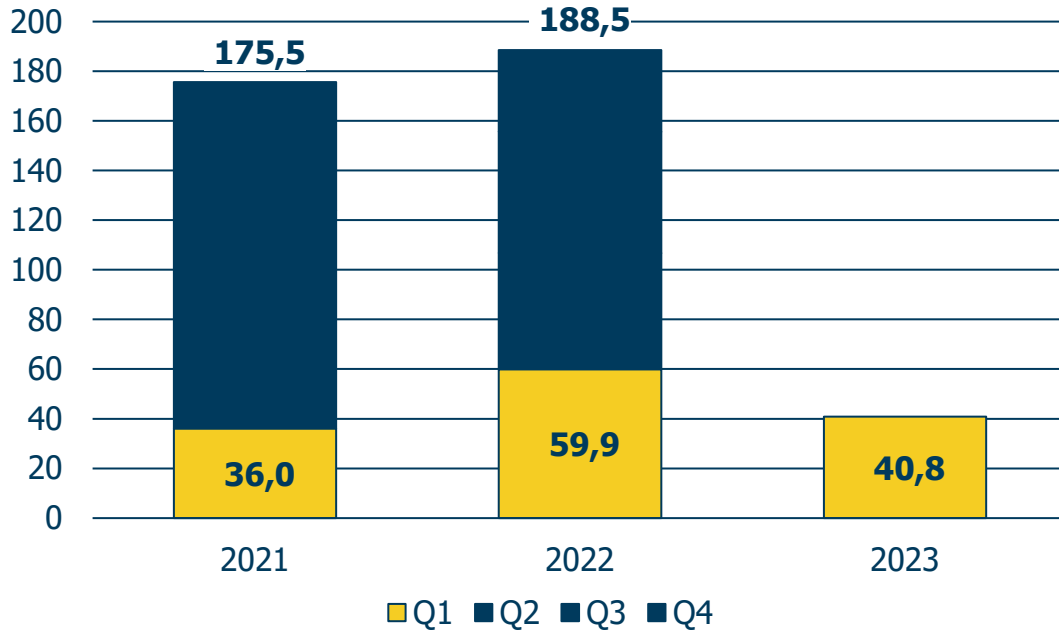
Products and solutions to the public transport operators, rolling stock manufacturers and to the public security sector.

Orders received Q1 2023

Decrease vs. the record high comparison period

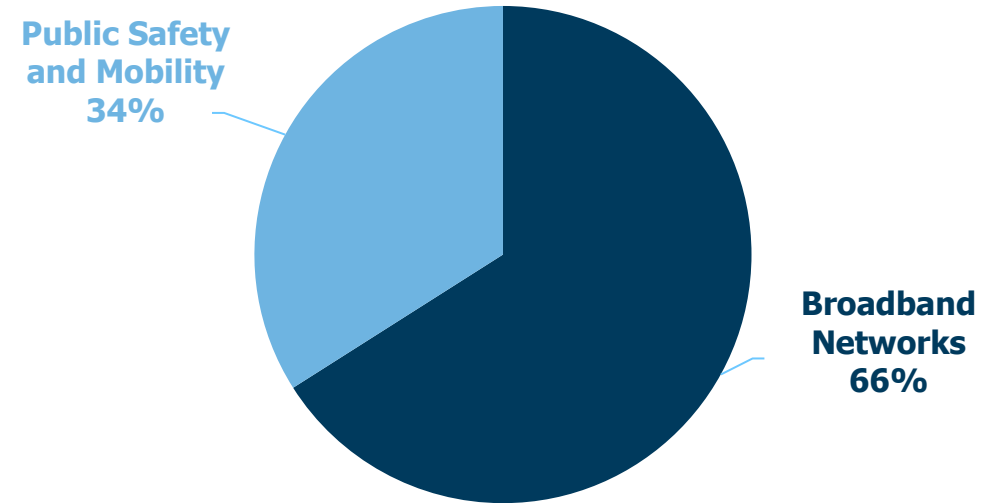
Orders received

EUR million



- Orders received had normal fluctuation in the project business. A system order for a major European train project took place during the comparison period.

Orders received by business units



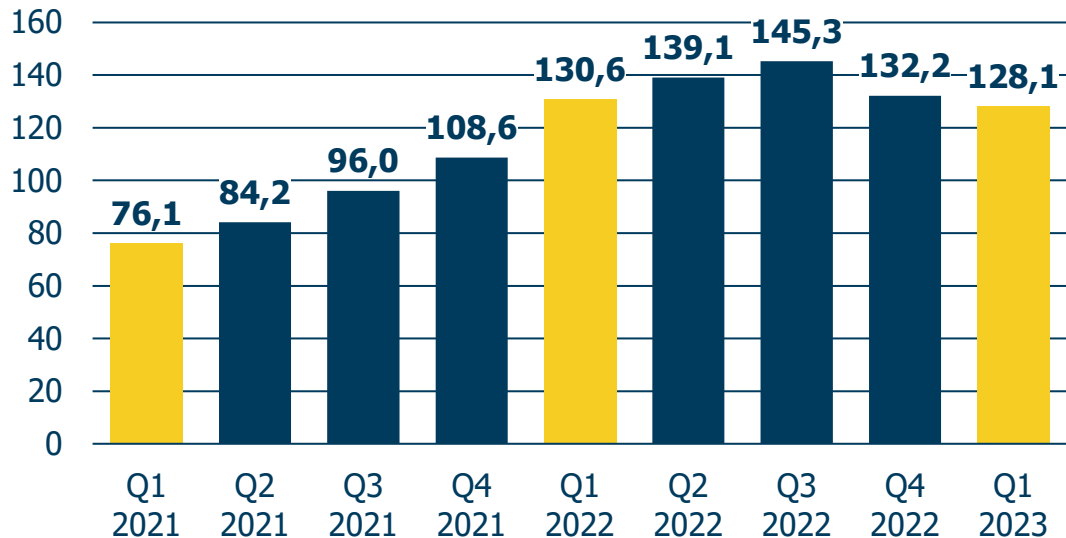
- Orders received by the Broadband Networks increased. Investments in DOCSIS 3.1 and HFC infrastructure continue in Europe and in particular upstream capacity investments of the network create demand for network equipment.
- Public Safety and Mobility – The decrease of orders received was due to normal fluctuation in the project business.

Order book Q1 2023

Normal fluctuation in the project business

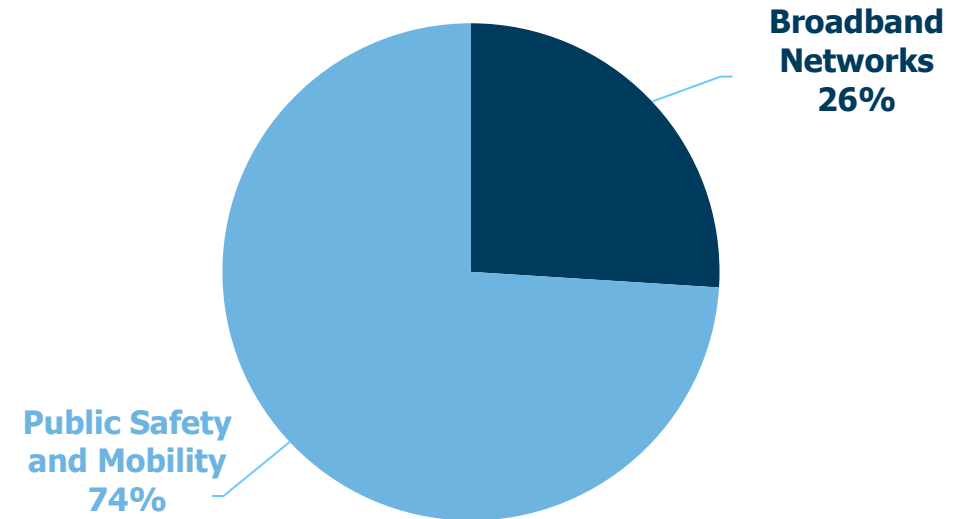
Order book (end of the period)

EUR million



- The decrease in the order book was due to typical fluctuation in orders received in the project business and an increase in delivery volume.
- The order book of Broadband Networks was boosted by large orders of amplifier and passive products in the Benelux countries.

Order book by business units



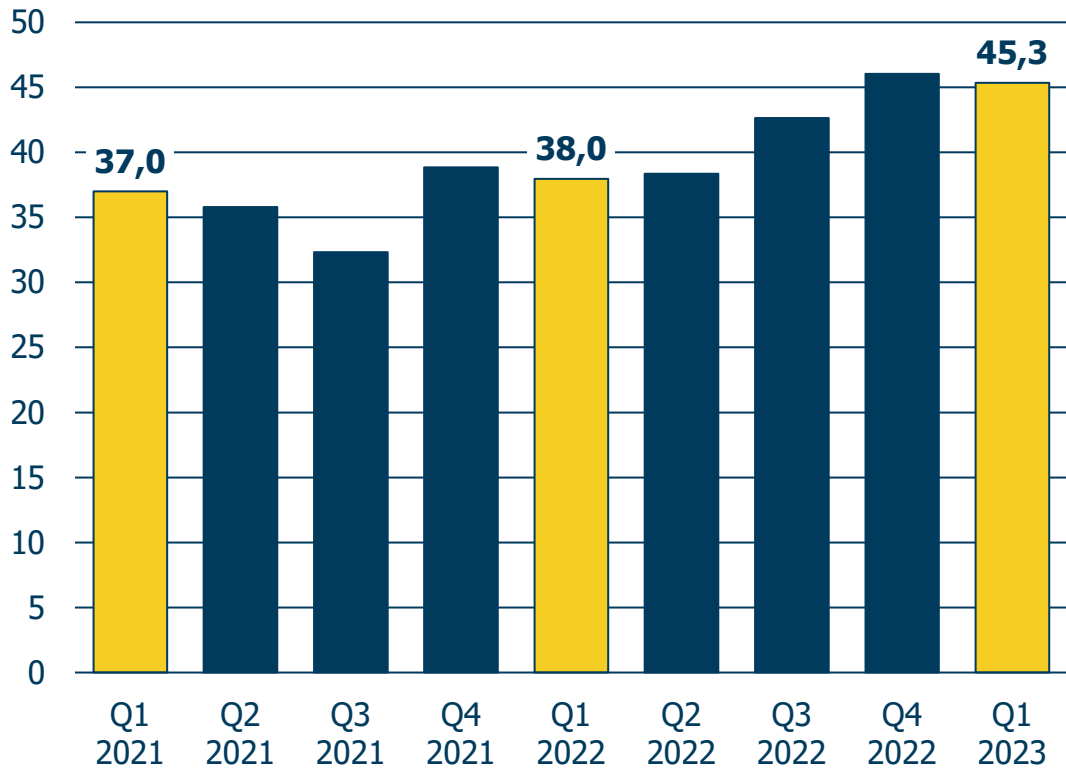
- The order book of Broadband Networks includes large orders of amplifier and passive products in the Benelux countries.
- Orders from American customers for DOCSIS 4.0 capable amplifiers also increased the order book.
- About 59% of the deliveries of the order book are scheduled for the financial period of 2023.

Net Sales Q1 2023

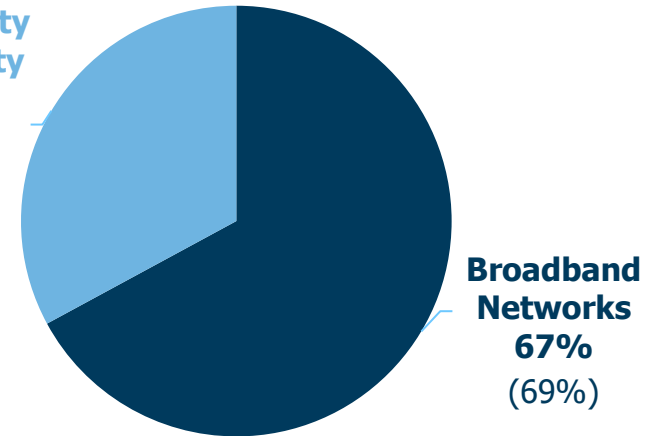
Net sales increased in both business units

Net sales

EUR million



Public Safety and Mobility
33%
(31%)

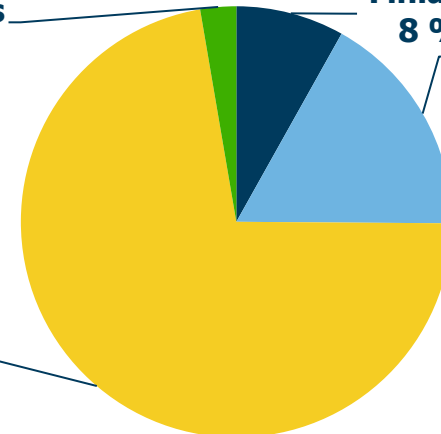


Other countries
3%

Finland
8%

Other Nordic countries
17%

Rest of Europe
72%

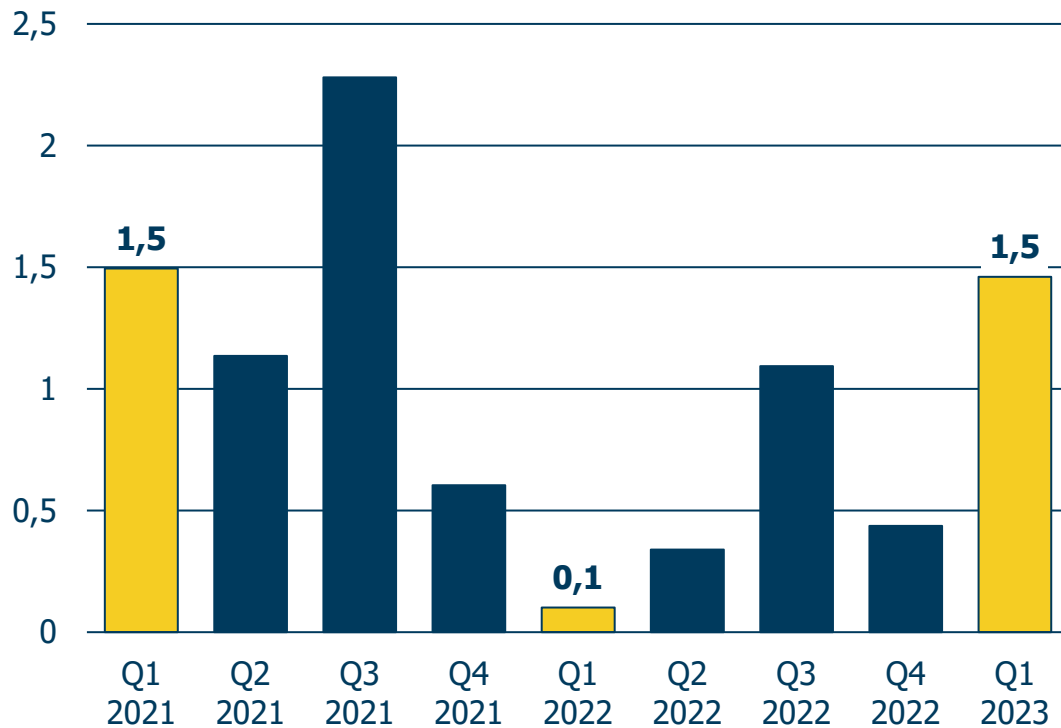


Adjusted operating result Q1 2023

Operating result increased significantly

Adjusted operating result

EUR million



- Adjusted operating result and operating result increased especially due to the growth in net sales.
- Besides sales volumes, the factors contributing to the increase in material expenses included higher purchasing prices and subcontracting. Products with lower gross margins were emphasised in the sales-mix during the review period.
- Increases to the selling prices of Teleste's products have a delayed compensating effect for the negative impact of increased costs, but a review by product category indicates a recovery of gross margins.
- Personnel expenses increased by 5.7%.
- Other operating expenses decreased by 2.5%.
- Depreciation and amortisation decreased by 17.9%.



Guidance for the fiscal year 2023

(unchanged)

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.



Q1 2023 highlights

Q1 2023 financial review

2023 objectives and the big picture

Teleste Group, Q1 2023

Net sales and adjusted operating result increased. Positive tax decision in Belgium.

EUR million	1-3 2023	1-3 2022	Change	1-12 2022
Orders received	40.8	59.9	-31.9%	188.5
Order book	127.6	130.6	-2.3%	132.2
Net sales	45.3	38.0	+19.4%	165.0
Adjusted EBIT	1.5	0.1	+1.4 M€	2.0
Adjusted EBIT, %	3.2 %	0.3 %		1.2 %
EBIT	1.2	0.1	+1.1 M€	-4.8
EBIT, %	2.7 %	0.3 %		-2.9 %
Adjusted earnings per share, €	0.14	0.01	+0.13 €	-0.01
Earnings per share, €	0.13	0.01	+0.12 €	-0.31
Cash flow from operations	2.0	-4.8	+6.8 M€	-7.8

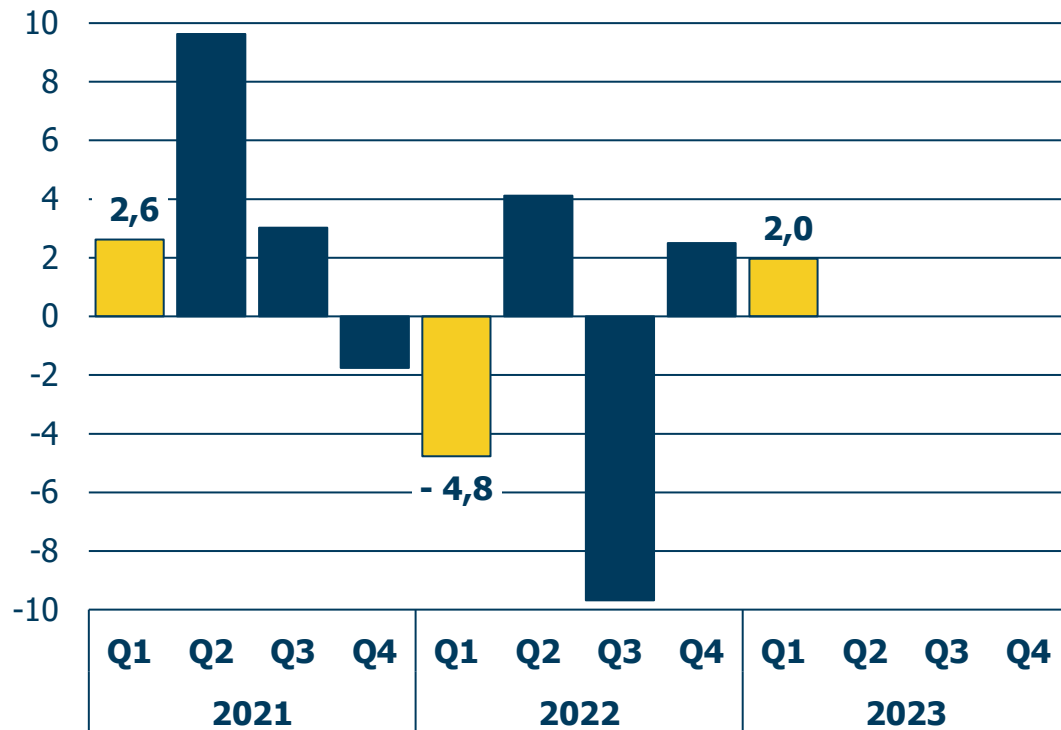
- Orders received fluctuation during the 1st quarter which is typical in the project business. Order book at par with comparison period.
- Strong sales increase both in Broadband Networks and Public Safety and Mobility businesses.
- Adjusted EBIT and EBIT increased especially due to growth in net sales.
- Besides sales volumes, the increase in material expenses included higher purchasing prices and subcontracting. Products with lower gross margins were emphasised in the sales-mix during the review period.
- The Belgian tax reassessment decision issued in 2022 was overturned in accordance with Teleste's request, which resulted in a positive impact of EUR 1.7 million on income taxes in the income statement. Positive impact also on the result for the reporting period and earnings per share (0,09 €).

Cash flow from operating activities

Positive cash flow from operations continued

Cash flow from operating activities

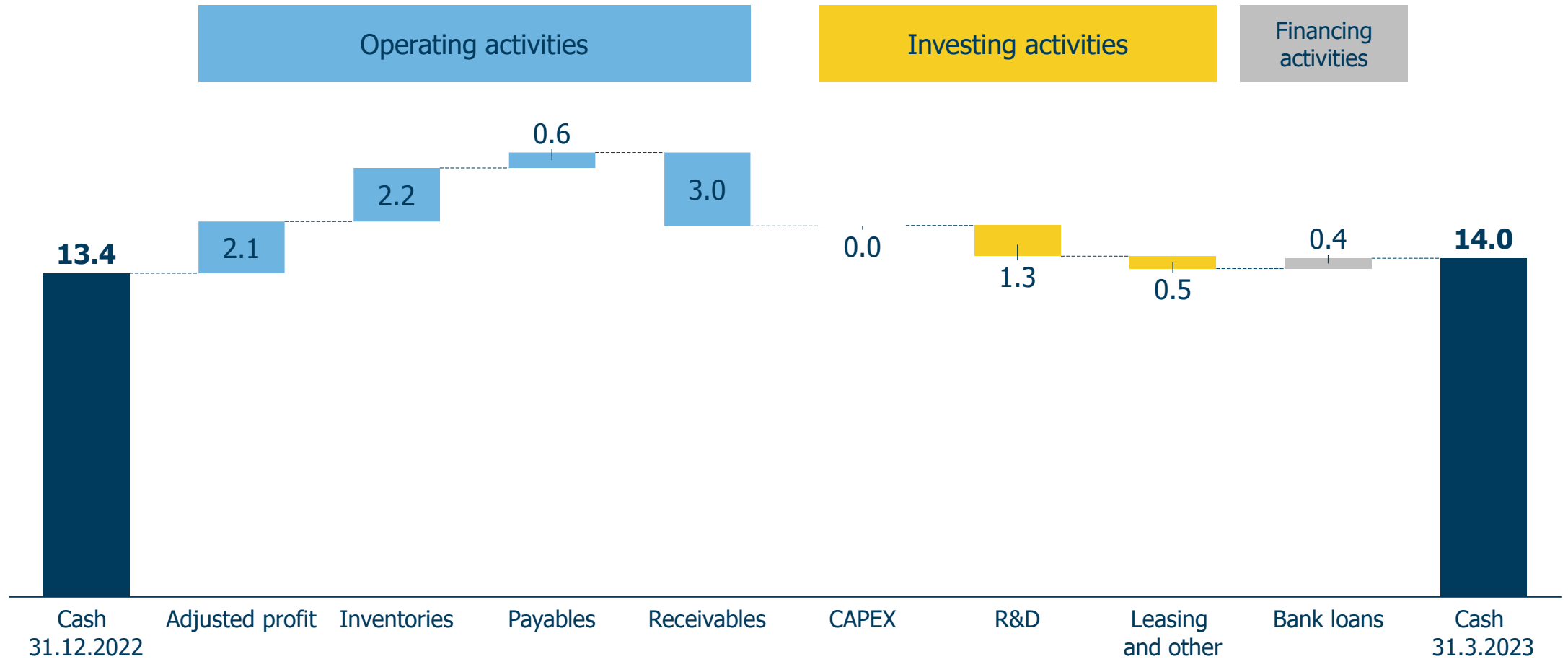
EUR million



- Cash flow from operating activities was improved by the positive development of operating result and decrease in working capital.
- Growing inventory levels turned to declining trend at the year-end. High buffer stocks of chipsets for 1st generation Distributed Access Architecture products. Biggest buffer stocks expected to reduce gradually to normal level by end of the year.
- Accounts receivables and working capital increased during the first quarter resulting from increased net sales. Negotiations to shorten customers' payment terms progressing slowly targeting to win-win result for Teleste and the customer.

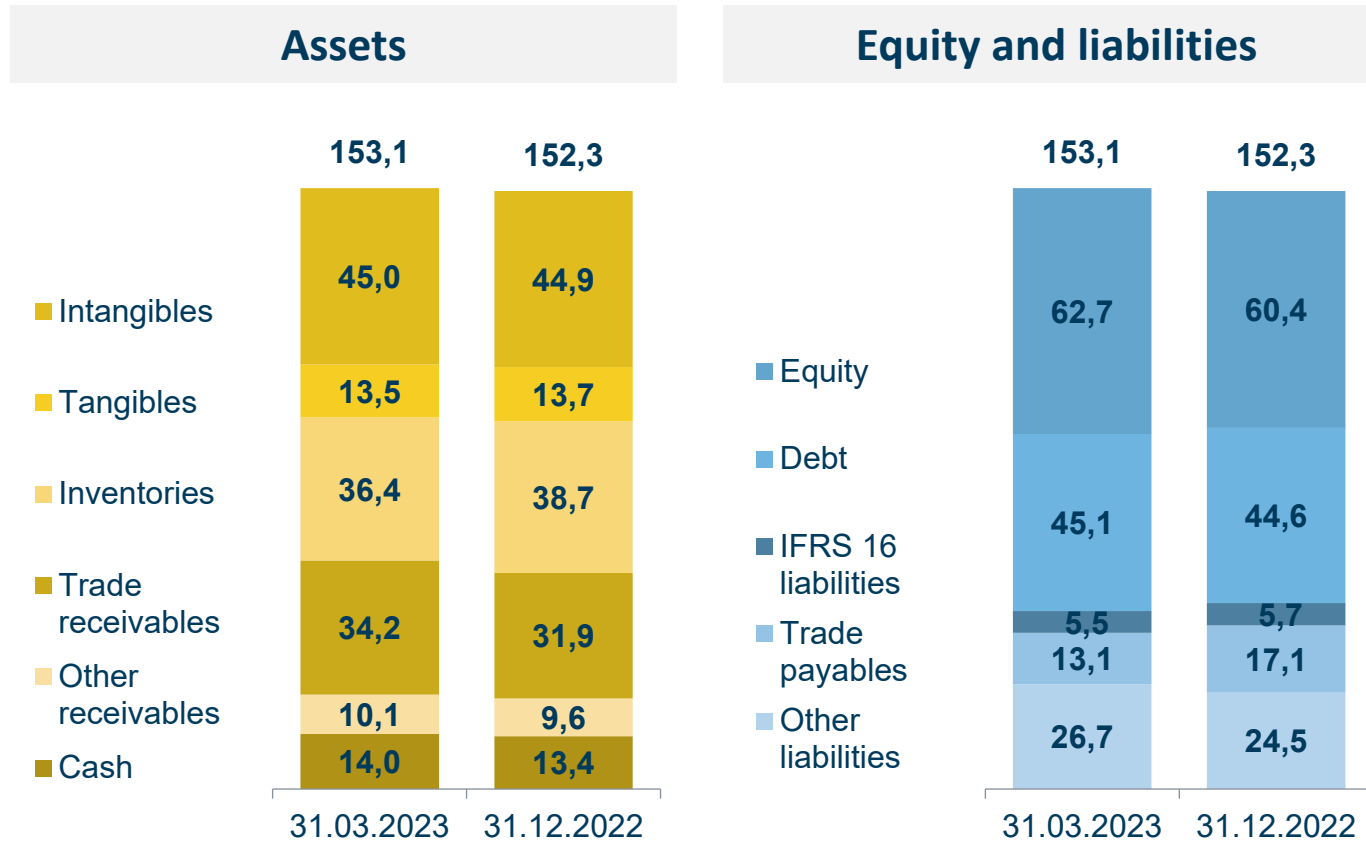
Cash flow Q1 2023

Positive cash flow from operations



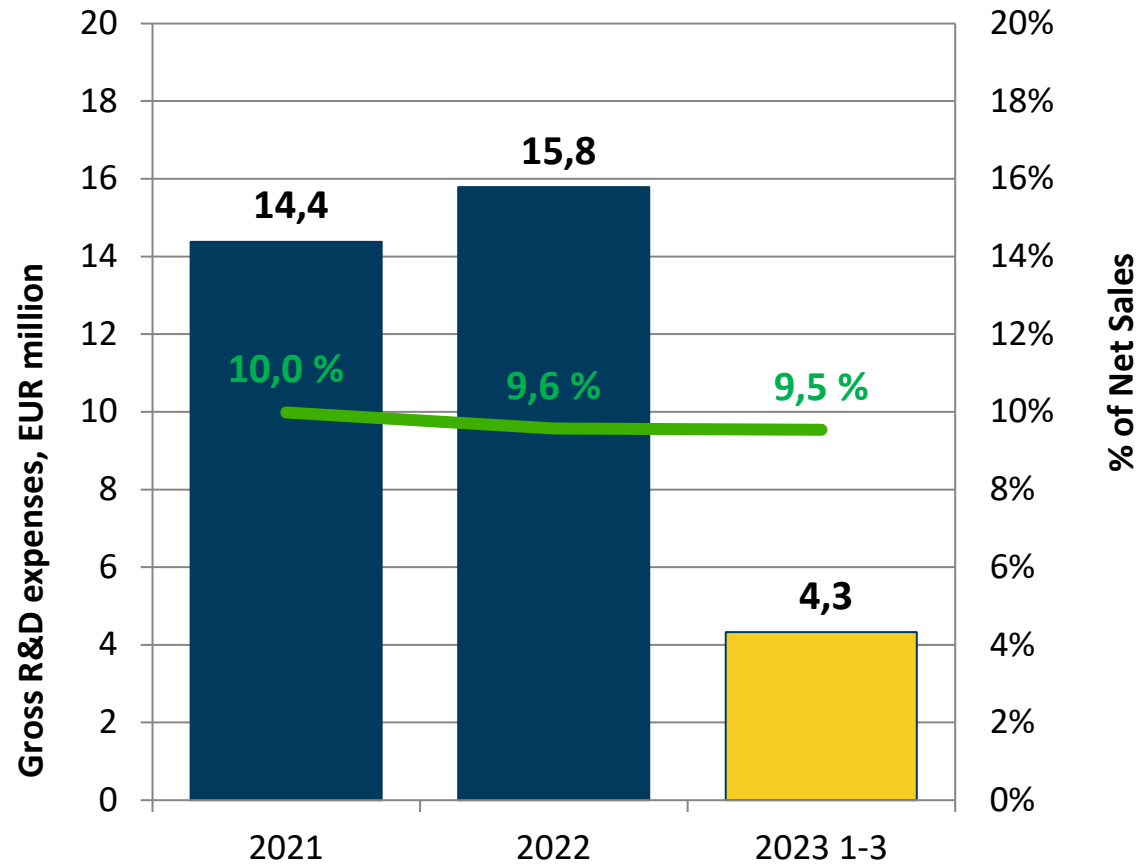
Balance sheet, EUR million

Working capital continues to tie up financial resources



- The growth in inventories has turned down at the turn of the year. The largest buffer stocks are expected to gradually return to normal levels by the end of the year.
- During the first quarter trade receivables increased due to the growth in net sales.
- Product development projects continued as planned.
- Available liquid assets EUR 18.9 million at the end of Q1 2023.

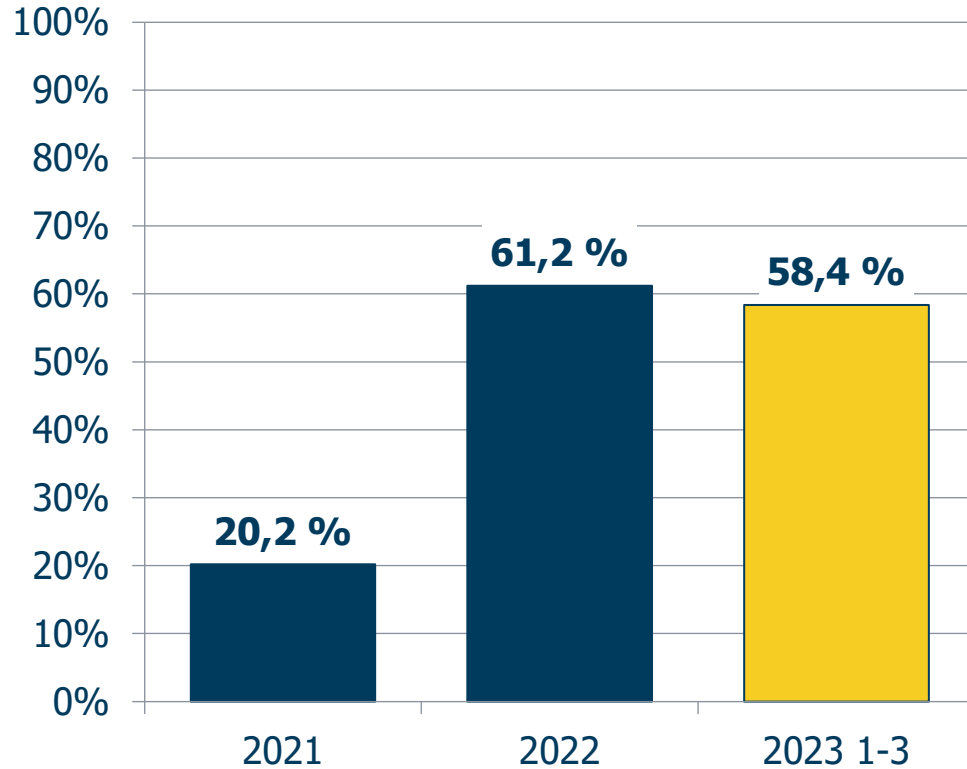
R&D activities continued according to the planned roadmaps



- R&D expenses amounted to EUR 4.3 (3.8) million. Representing 9.5% (10.1%) of consolidated net sales.
- Product development projects focused on next-generation distributed access architecture solutions and DOCSIS 4.0 -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 component supply.

Net gearing

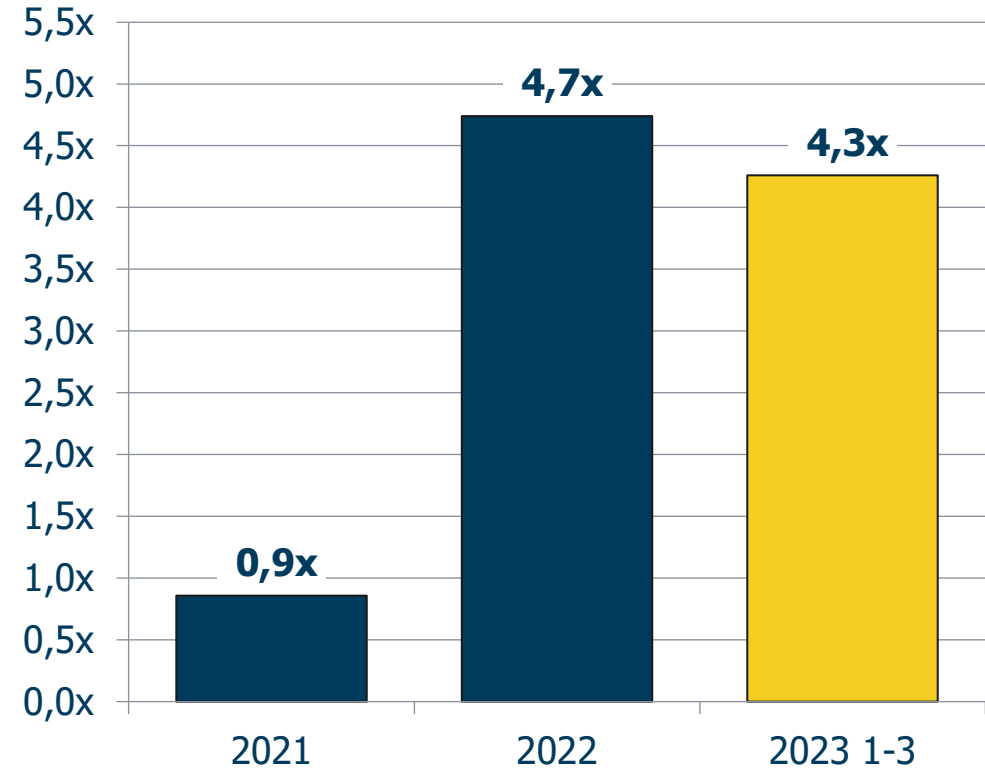
31 March 2023



- Net gearing reduced below level of 60%.

Net debt / EBITDA

Last twelve months



- Increased EBITDA reduced the leverage ratio despite the slight increase of interest-bearing net debt.



Q1 2023 highlights

Q1 2023 financial review

2023 objectives and the big picture

Key measures and objectives in 2023



Grow our business in next generation broadband network technologies



GoWest – Penetrate the US market



Become market leader for public transport information and security solutions



Maintain solid position with selected public authorities' security solutions



Provide high value-add service for network operators and public transport industry



Drive lean operations and quality by passionate professionals

Broadband Networks

- GoWest: 2–3 new network operator customers, starting volume deliveries, key resourcing.
- Maximizing our market share in Europe.
- DAA business development.

Public Safety and Mobility

- Implementation of multiple parallel customer projects within planned budget.
- Gross margin improvement (Sales, R&D, Sourcing).
- Looking after our largest customers.
- Finetuning of our processes and operations.

General

- Profitability.
- Optimization of working capital.
- Positive cash flow.
- Supply chain management and delivery capability.