

A photograph of two women standing outdoors, looking at a map together. The woman on the left has long, curly dark hair and is wearing a maroon jacket over a white turtleneck. The woman on the right is wearing a brown hat, a yellow scarf, and a brown jacket. They are both smiling and appear to be in a travel setting. The background shows a building with a balcony and a window.

Half year financial report January - June 2023

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H1 2023 highlights

H1 2023 financial review

H2 2023 priorities,
Strategy 2024-2026

Key Figures Q2 and H1 2023

Net sales and adjusted operating result increased. Positive cash flow from the operations. Full-year outlook remains unchanged.

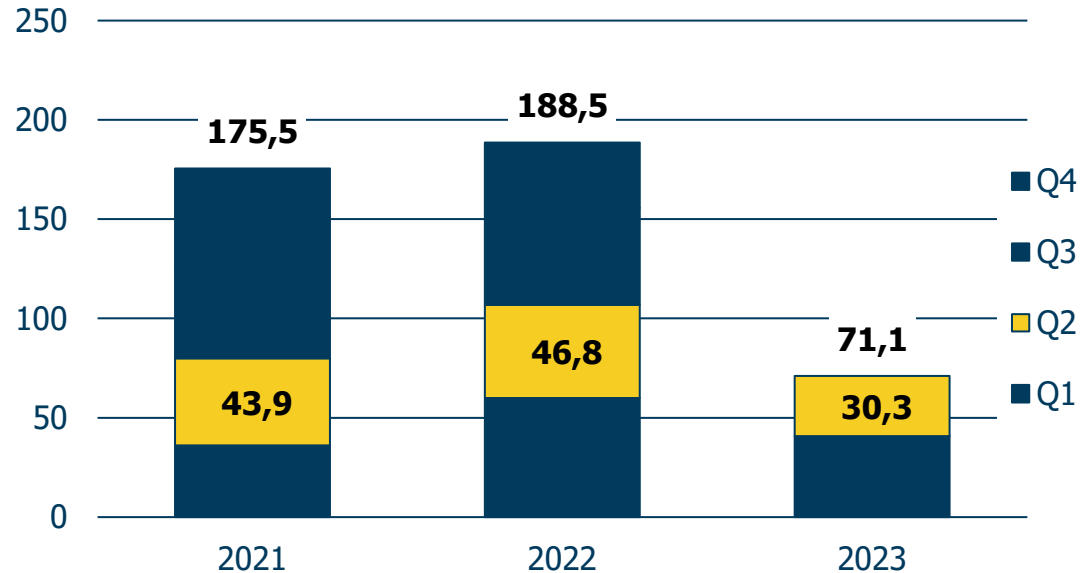
EUR million	Q2 2023	Q2 2022		H1 2023	H1 2022	
Net sales	40.1	38.4	+4.5 %	85.4	76.3	+12.0 %
Adjusted EBIT	0.6	0.3	+75.9 %	2.1	0.4	>100 %
EBIT	0.1	0.2	-42.1 %	1.4	0.3	>100 %
Cashflow from operations	9.8	4.1	>100 %	11.7	-0.7	
Orders received	30.3	46.8	-35.3 %	71.1	106.7	-33.4 %
Order book				117.8	139.1	-15.3 %

Orders received H1 2023

Decrease vs. the high comparison period

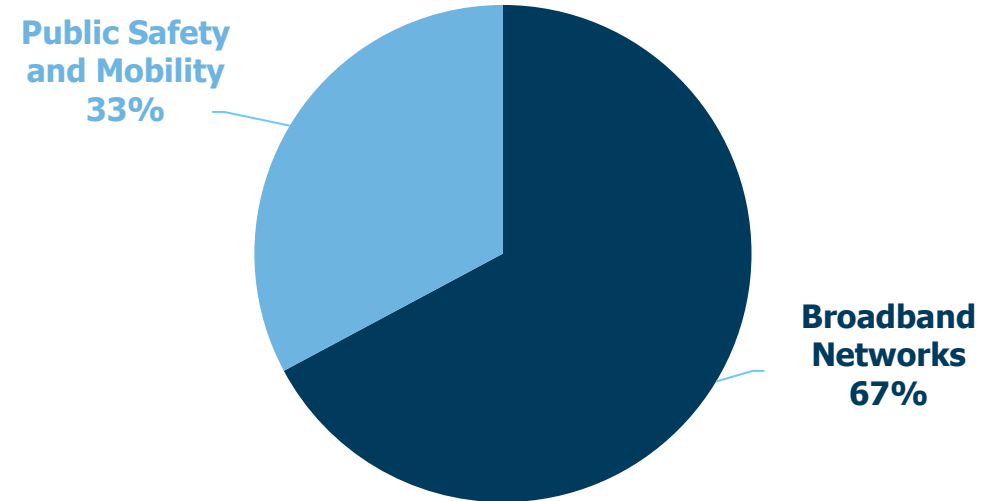
Orders received

EUR million



- Orders received were below the average level in H1 2023.
- In H1 2022 orders received were at record high level. Broadband Networks had received a very large order in the Benelux countries and Public Safety and Mobility had received a system order for a major European train project.

Orders received by business units, 1-6 2023



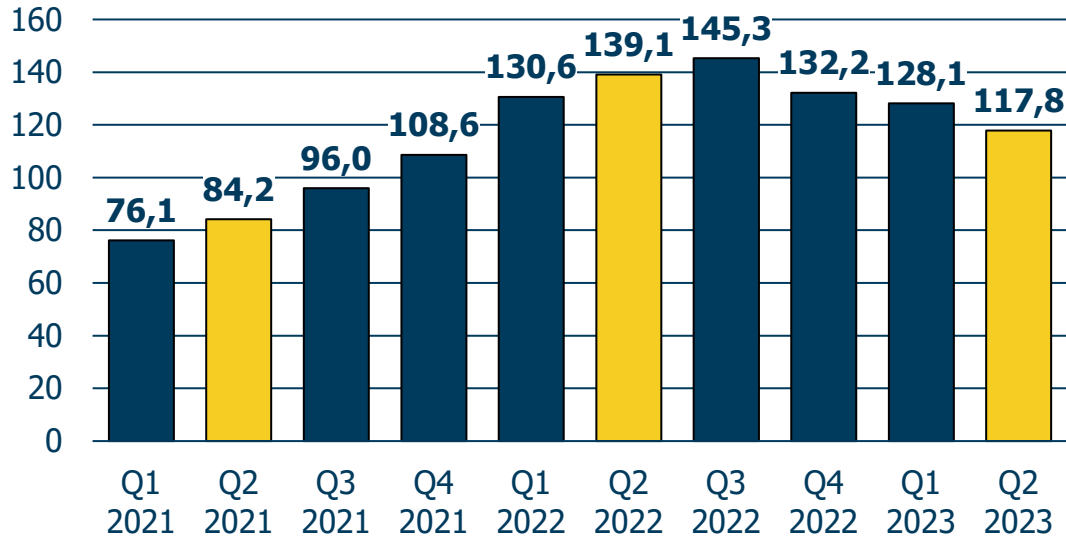
- Broadband Networks orders included DOCSIS 4.0 smart amplifiers for the North American market as well as DOCSIS 3.1 technology for the European market.
- Public Safety and Mobility orders were below the record level in H1 2022.

Order book 30 June 2023

Order book decreasing following the modest orders received

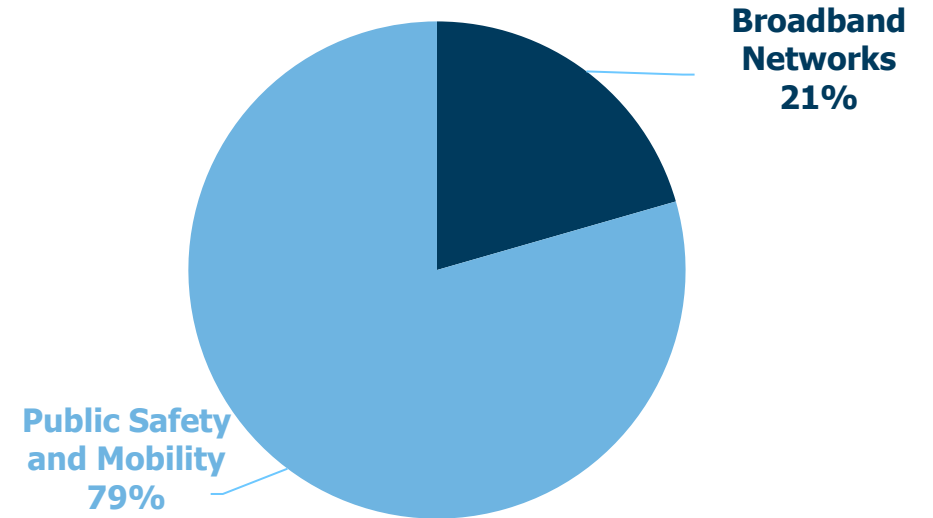
Order book (end of the period)

EUR million



- The decrease in the order backlog was partly due to deliveries of projects won by the Public Safety and Mobility business unit before 2023 and Broadband Network operator customers reducing their own inventories.
- Approximately 33% of the deliveries in the order book are scheduled to take place during the 2023 financial period.

Order book by business units, 30 June 2023



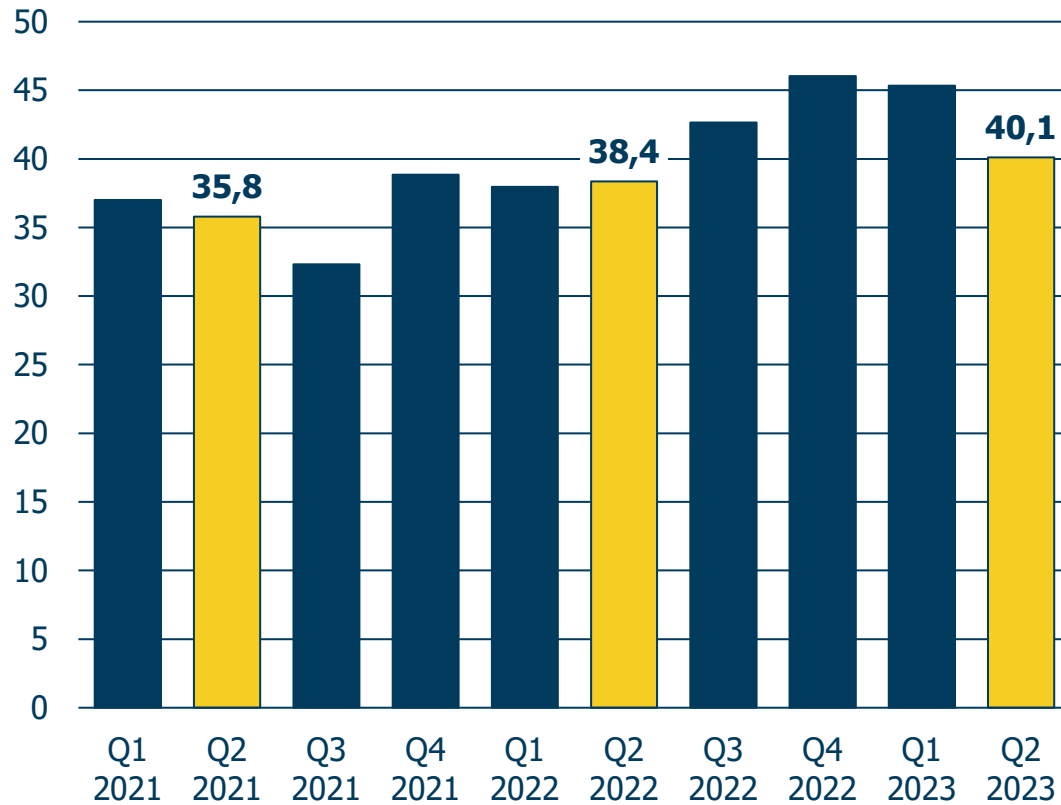
- The order book of Broadband Networks includes American customers' DOCSIS 4.0 capable amplifiers and large orders in the Benelux countries.
- Deliveries of large Public Safety and Mobility orders received last year have commenced gradually, reducing the open order book.

Net Sales Q2 2023

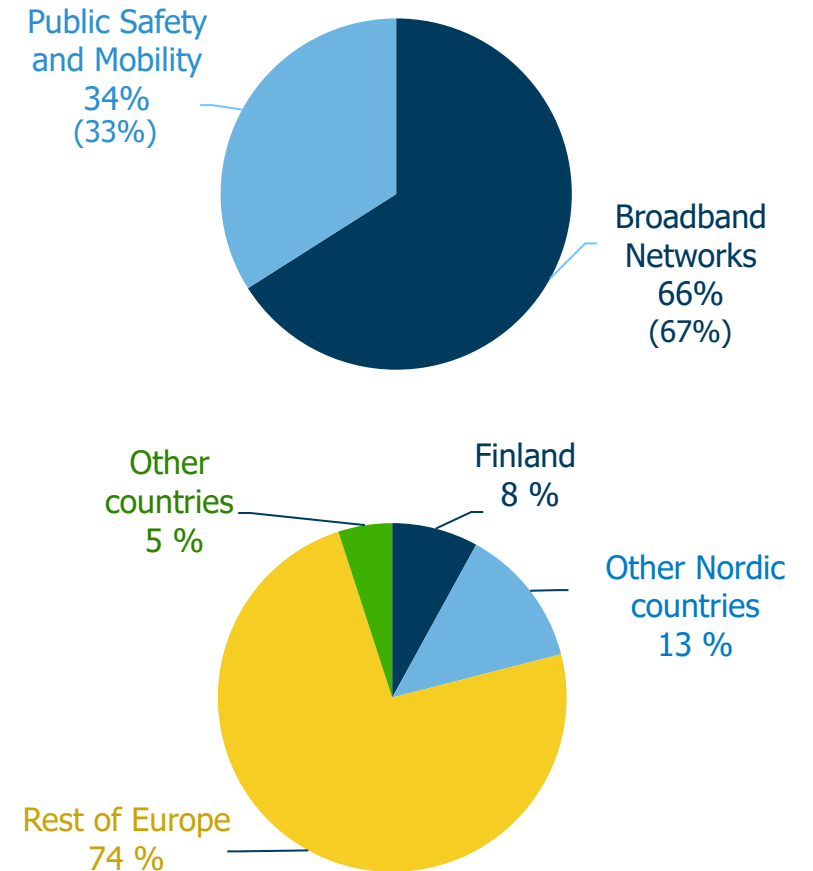
Net sales increased slightly Year-on-Year

Net sales

EUR million



Net sales, 1-6 2023

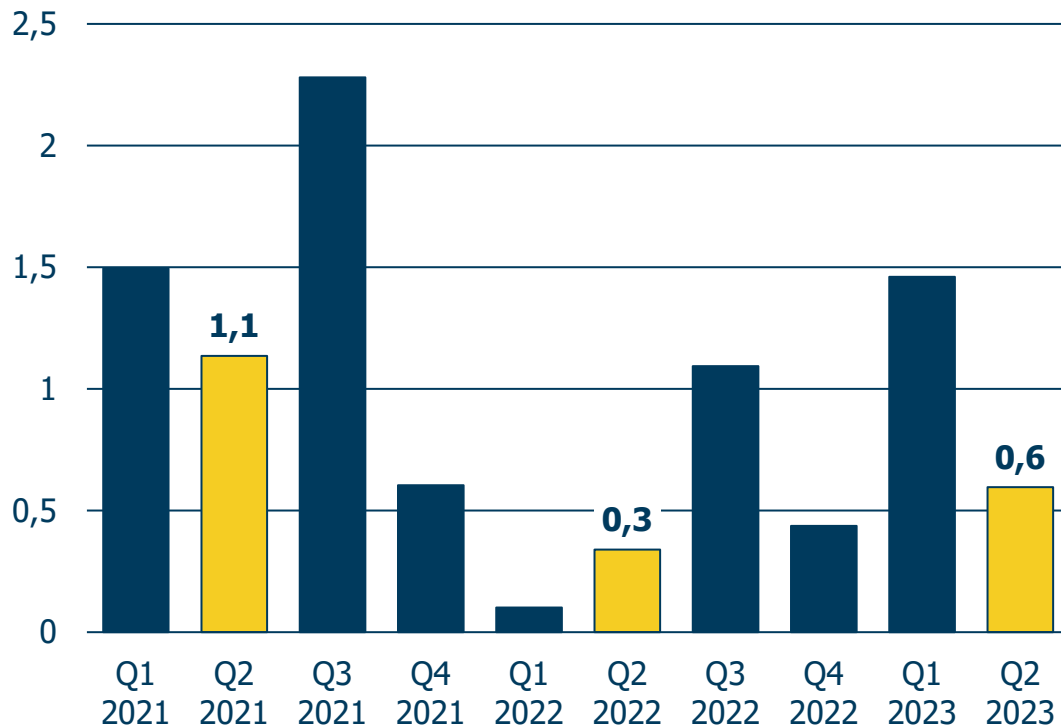


Adjusted operating result Q2 2023

Adjusted operating result increased Year-on-Year

Adjusted operating result

EUR million



- Adjusted operating result increased Year-on-Year. Net sales growth and gross margin improvement increased the gross profit, but operating expenses were increasing at the same time.
- Operating expenses were partly increased due to strategic development projects and restructuring activities, which were categorized as adjusted items.
- Personnel expenses increased by 11.6%.
- Other operating expenses increased by 14.5%.
- Depreciation and amortisation decreased by 22.7%.



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.

10 August financial report: *"We maintain our full-year 2023 financial guidance. However, we expect the second half of the year to be more difficult than the first half. "*



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Teleste Group, Q2 2023

Net sales and adjusted EBIT increased. Strong cash flow.

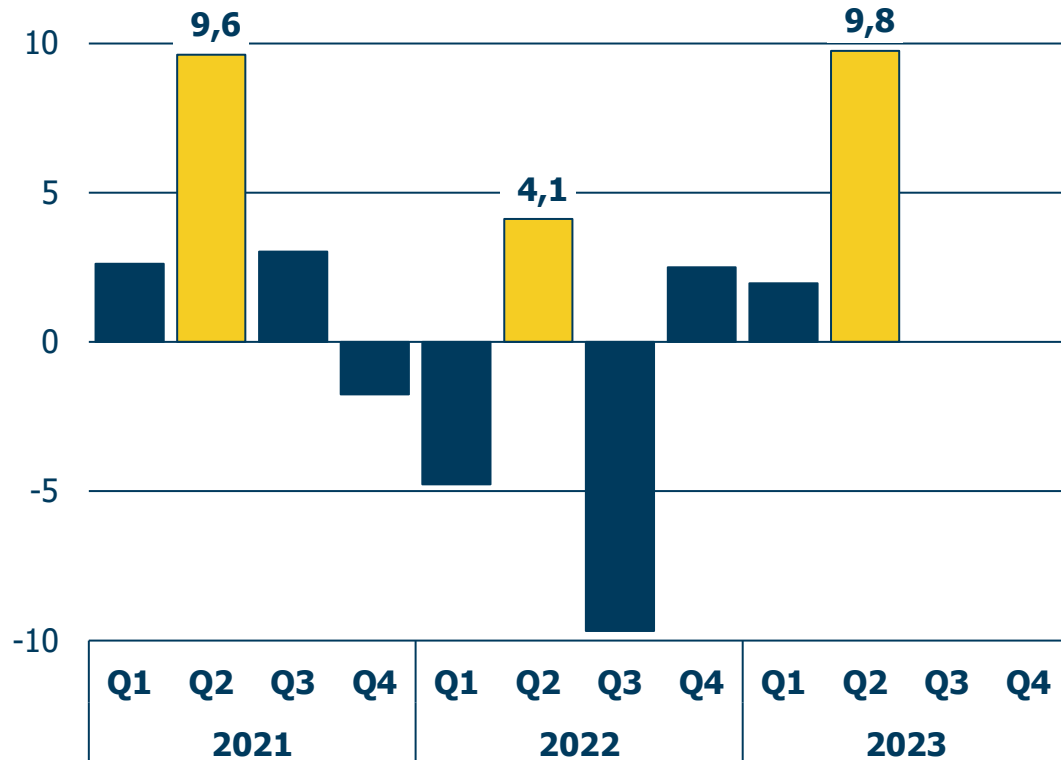
EUR million	4-6 2023	4-6 2022	Change	1-6 2023	1-6 2022	Change	1-12 2022
Orders received	30,3	46,8	-35,3 %	71,1	106,7	-33,4 %	188,5
Order book				117,8	139,1	-15,3 %	132,2
Net sales	40,1	38,4	4,5 %	85,4	76,3	12,0 %	165,0
Adjusted EBIT	0,6	0,3	75,9 %	2,1	0,4	>100 %	2,0
Adjusted EBIT, %	1,5 %	0,9 %	-	2,4 %	0,6 %	-	1,2 %
EBIT	0,1	0,2	-42,1 %	1,4	0,3	>100 %	-4,8
EBIT, %	0,3 %	0,5 %	-	1,6 %	0,4 %	-	-2,9 %
Result for the period	-0,3	-1,5	n/a	2,0	-1,4	n/a	-5,9
Adjusted earnings per share, EUR	0,02	-0,07	n/a	0,16	-0,06	n/a	-0,01
Earnings per share, EUR	-0,01	-0,08	n/a	0,12	-0,07	n/a	-0,31
Cash flow from operations	9,8	4,1	>100 %	11,7	-0,7	n/a	-7,8

Cash flow from operations

Strong cash flow in Q2 2023

Cash flow from operations

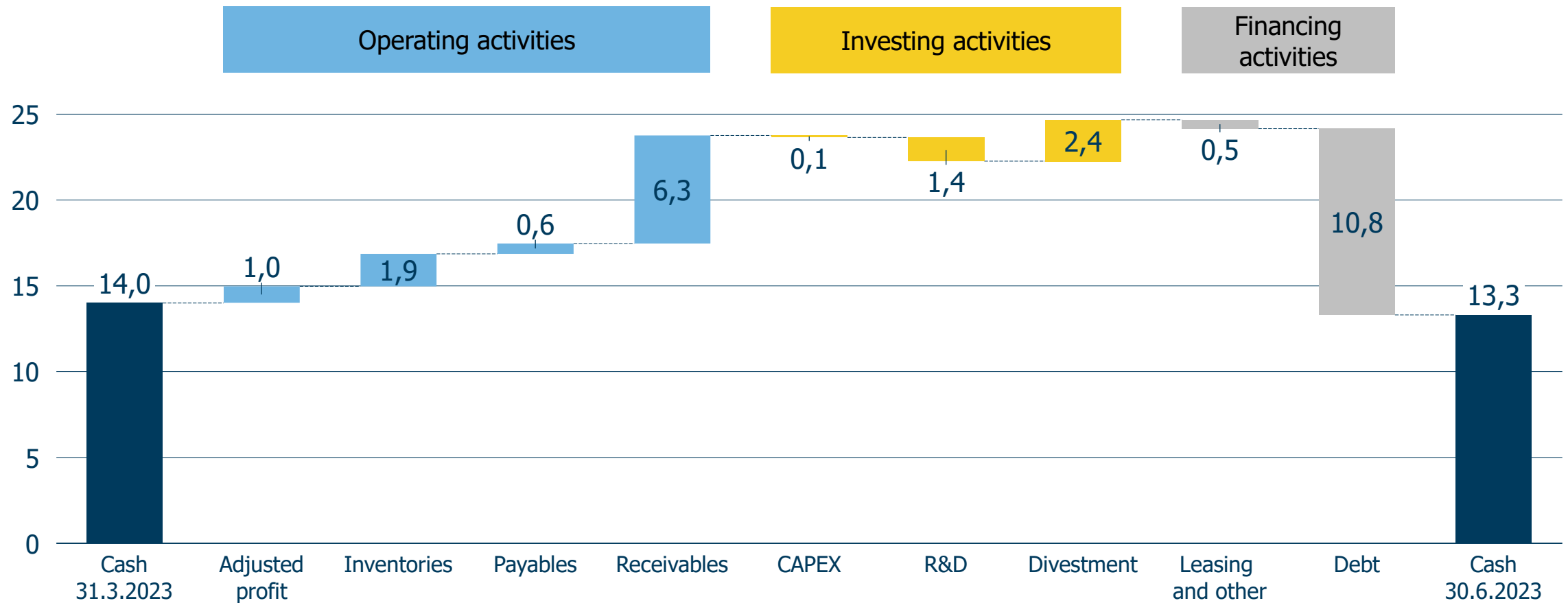
EUR million



- Cash flow from operating activities was improved by a decrease in working capital.
- In particular, working capital was released due to a decrease in sales receivables and inventories.

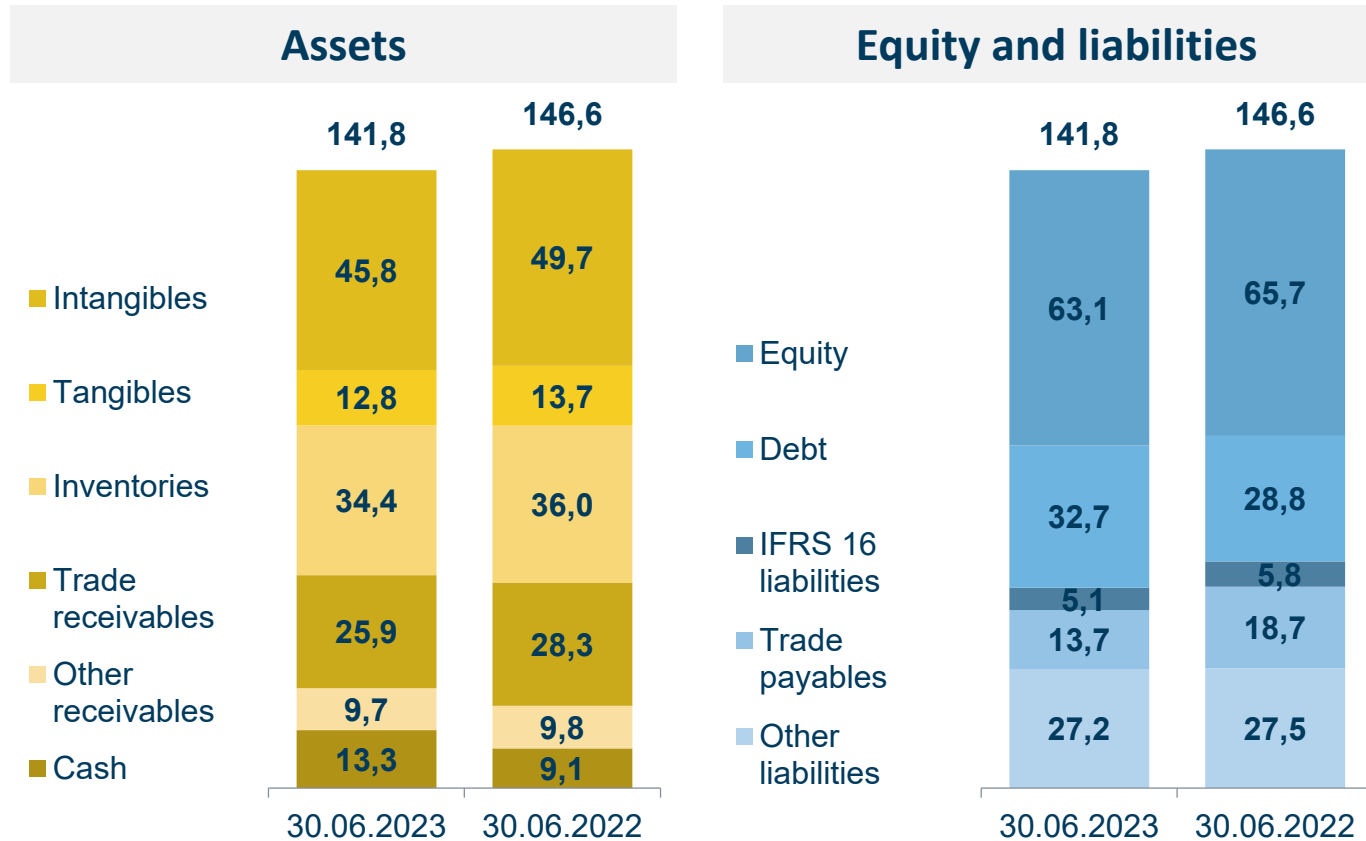
Cash flow Q2 2023

Net working capital released. Divestment in Switzerland.



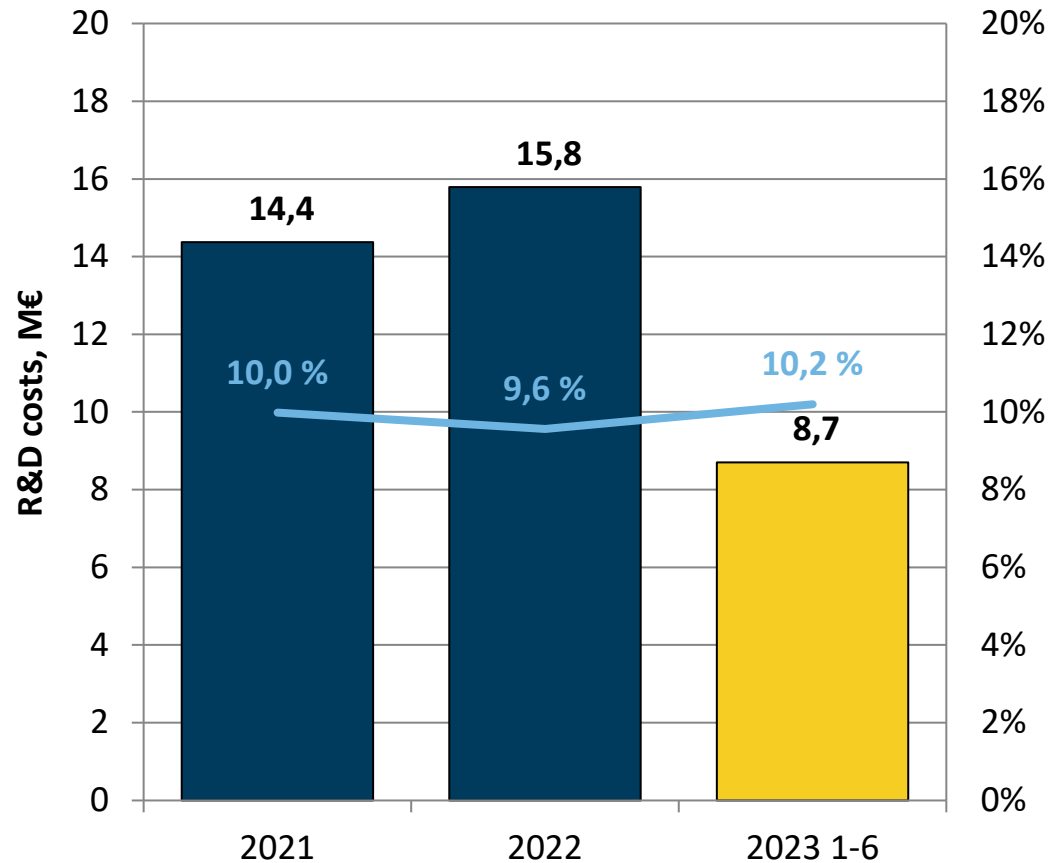
Balance sheet, EUR million

Working capital decreased but still ties up financial resources



- Growing inventory levels turned to declining trend at the year-end. Buffer stocks of chipsets for 1st generation Distributed Access Architecture products are still at high level. Biggest buffer stocks expected to reduce gradually to normal level by end of the year.
- Negotiations to shorten customers' payment terms progressing slowly targeting to win-win result for Teleste and the customer.
- Net debt at par with comparison period.
- Available cash and liquid assets EUR 28.8 million at the end of H1 2023.

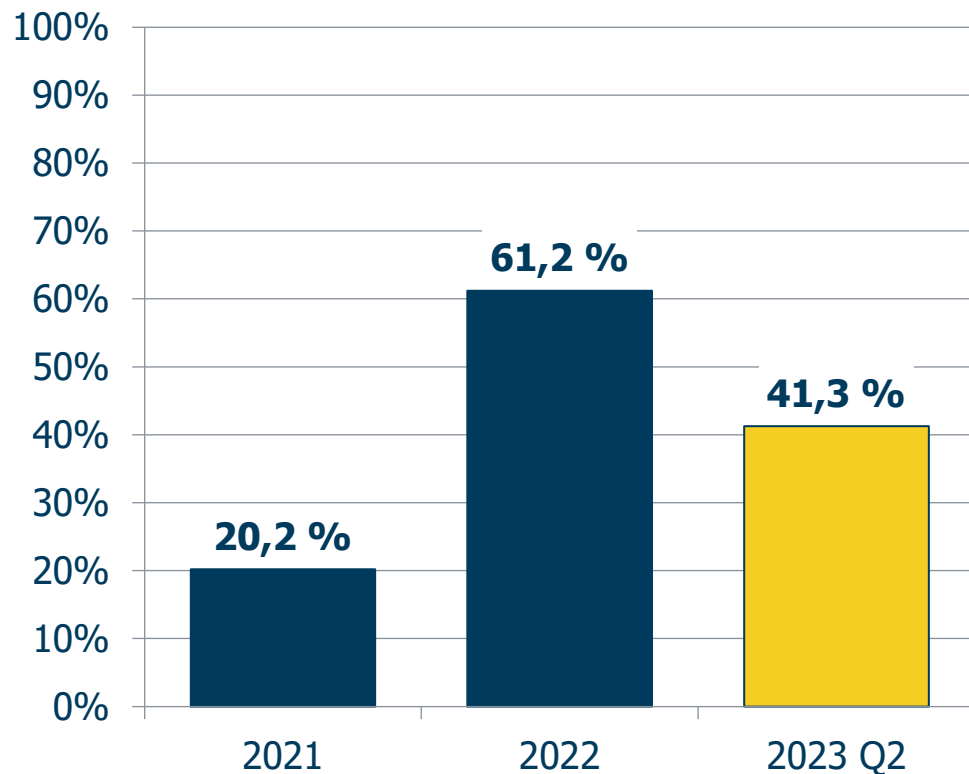
R&D activities continued according to the planned roadmaps



- R&D expenses amounted to EUR 8.7 (8.2) million. Representing 10.2% (10.7%) 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.
- In addition, the product development function evaluated alternative components to address shortages in component supply.

Net gearing

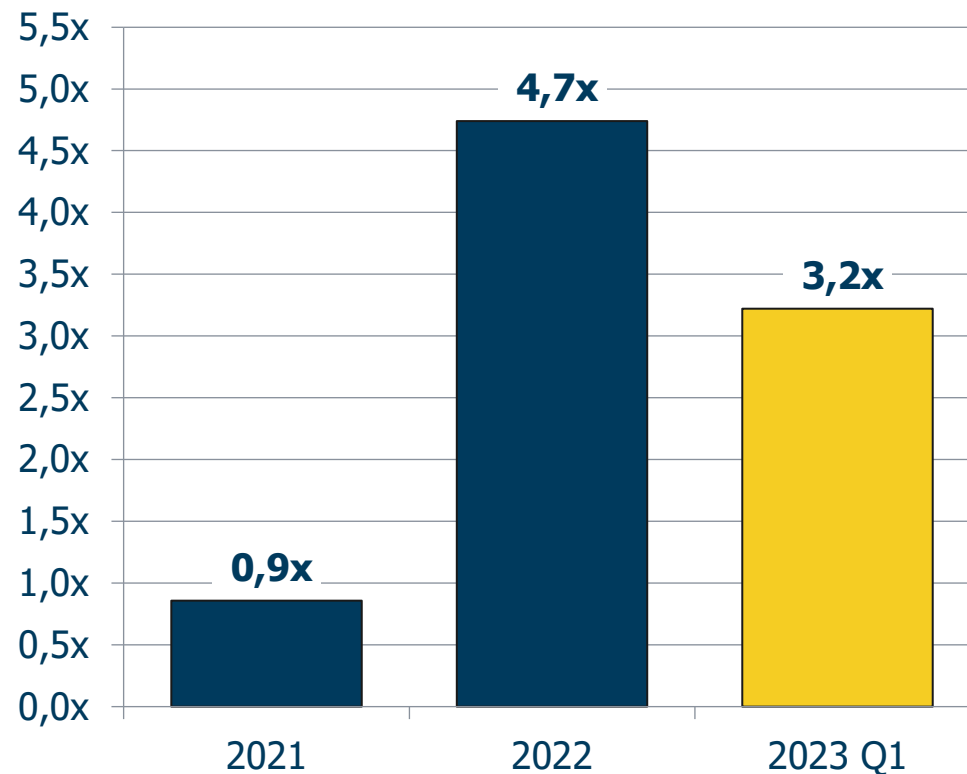
At the end of the reporting period



- Net gearing decreased during the second quarter.

Net debt / EBITDA

Last twelve months



- Net debt decreased resulting from released net working capital.

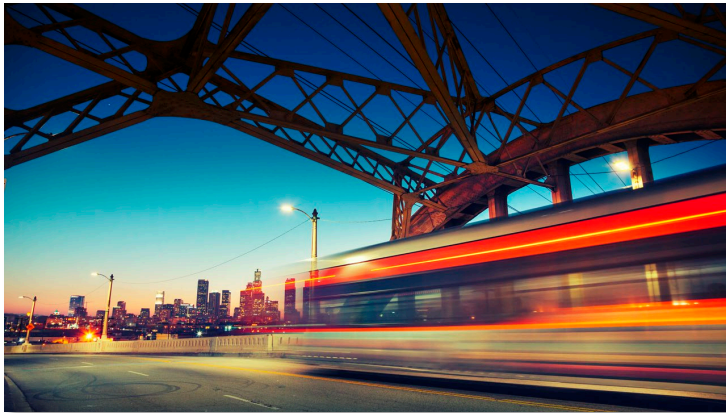


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2H 2023 priorities



Broadband Networks

- GoWest ICON products' lead customer approvals
- GoWest volume delivery capability ramp-up
- GoWest customer base expansion
- Maximizing our market share and revenue in Europe
- UK service business profitability

Public Safety and Mobility

- Implementation of multiple parallel and important customer projects within agreed schedule and planned budgets
- Maximizing revenue & delivery volumes (OLS)
- Gross margin improvement (Sales, R&D, Sourcing)
- Looking after our largest customers
- Further finetuning of our processes and operations

General

- Profitability optimization & cost savings
- Optimization of working capital
- Positive cash flow
- Supply chain management and sourcing
- Group legal structure clarification