

A man with a beard and glasses, wearing a blue button-down shirt, is sitting at a wooden desk in a modern office. He is looking at a laptop screen and has his hands on the keyboard. On the desk, there are several documents, a pen, and a folder. The desk is positioned in front of a large window that offers a panoramic view of a city with various buildings and greenery. The lighting is bright and natural, suggesting daytime.

# Interim report January - March 2024

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.

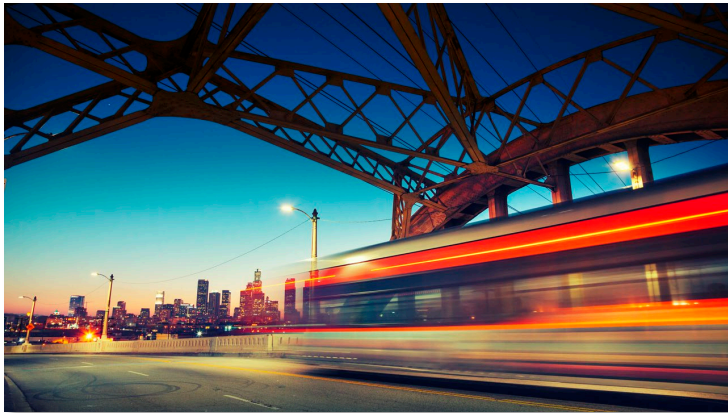
Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.

# Teleste Business Units



## Broadband Networks

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



## Public Safety and Mobility

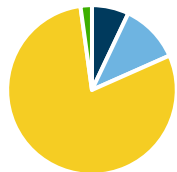
Products and solutions to the public transport operators, rolling stock manufacturers and to the public security sector.

# Our businesses and customers

## Broadband Networks



Geographic distribution of turnover



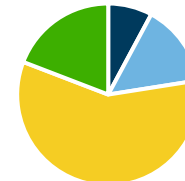
- Finland
- Other nordic countries
- Other Europe
- Other countries

Our customers serve  
**100 million**  
Internet-users

## Public Safety and Mobility



Geographic distribution of turnover



- Finland
- Other nordic countries
- Other Europe
- Other countries

In public transportation  
**1.5 billion**  
passengers using our technology  
annually

# Corporate responsibility



**Gold medal** in Ecovadis business sustainability rating



Reduction targets 2030 for **Scope 1**, **Scope 2** and **transportation** greenhouse gas emissions

**-100%** **-50%**  
**-20%**

Share of **EU taxonomy eligible business** (% of turnover)

**36 %**

**92%**

of our key suppliers are confirmed to operate in accordance with our sustainability principles

**86%**

of our suppliers completed our corporate responsibility survey in 2023

**Diversity target** <sup>1)</sup>  
for the Board of Directors

**40 %**



**Q1 2024 highlights**

Q1 2024 financial review

## Key Figures Q1 2024

**NET SALES DECREASED. ADJUSTED EBIT IMPROVED.  
CASH FLOW FROM OPERATIONS INCREASED.**

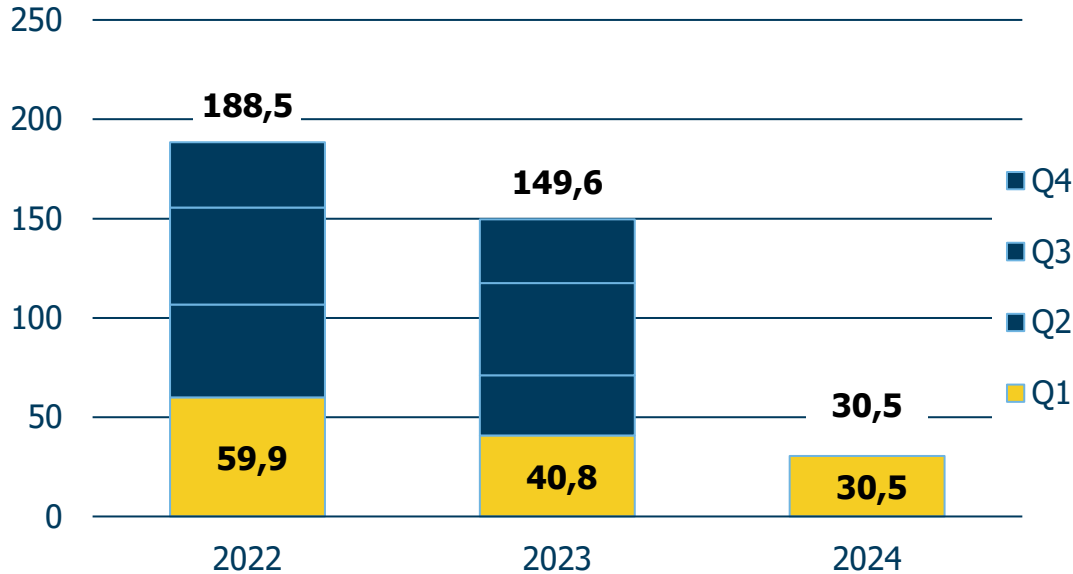
<b>EUR million</b>	<b>Q1 2024</b>	<b>Q1 2023</b>		<b>1-12 2023</b>
Net sales	36.6	45.3	-19 %	151.3
Adjusted EBITDA	3.1	2.9	+4 %	7.2
Adjusted EBIT	1.5	1.5	+6 %	1.2
EBIT	-0.4	1.2	>-100 %	-0.5
Cashflow from operations	7.3	2.0	>+100 %	10.8
Orders received	30.5	40.8	-25 %	149.6
Order book	124.3	127.6	-3 %	130.4

## Orders received Q1 2024

# Orders received decreased driven by Broadband Networks

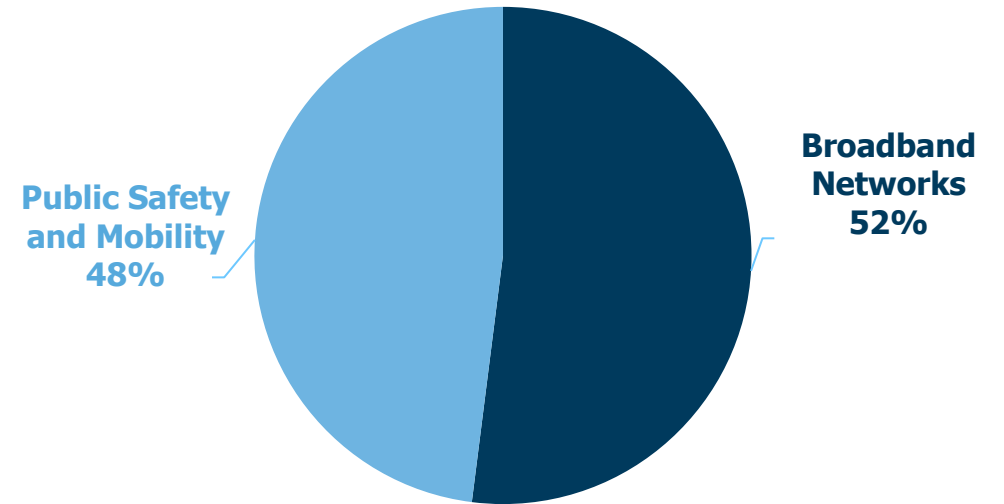
### Orders received

EUR million



- Broadband Networks orders decreased 49% year-on-year.
- Demand for HFC products decreased significantly in Europe. Demand for DAA products remained low and did not compensate for the decline in HFC access network products.
- Broadband Networks orders from North American customers were still moderate.

### Orders received by business, Q1 2024



- Public Safety and Mobility orders increased 52% year-on-year.
- The growth included follow-up orders related to the delivery of rolling stock projects.
- A sizable order was received from Poland in the maintenance business concerning the life cycle extension of a system.

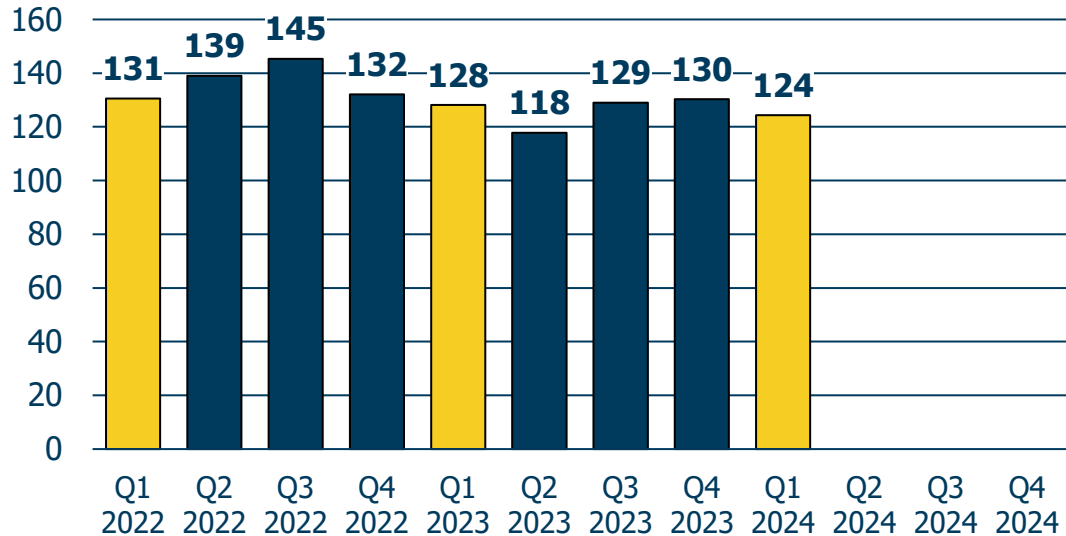


## Order book 31 March 2024

# Order book decreased in Broadband Networks

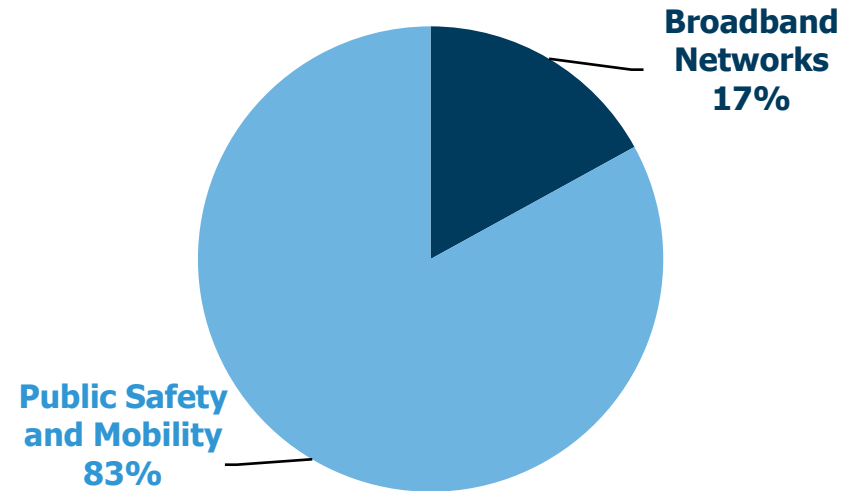
### Order book (end of the period)

EUR million



- Order backlog of the Group decreased 2.6% year-on-year.
- Approximately 41% of the deliveries in the order backlog are scheduled to take place during the 2024.

### Order book by business, 31 March 2024



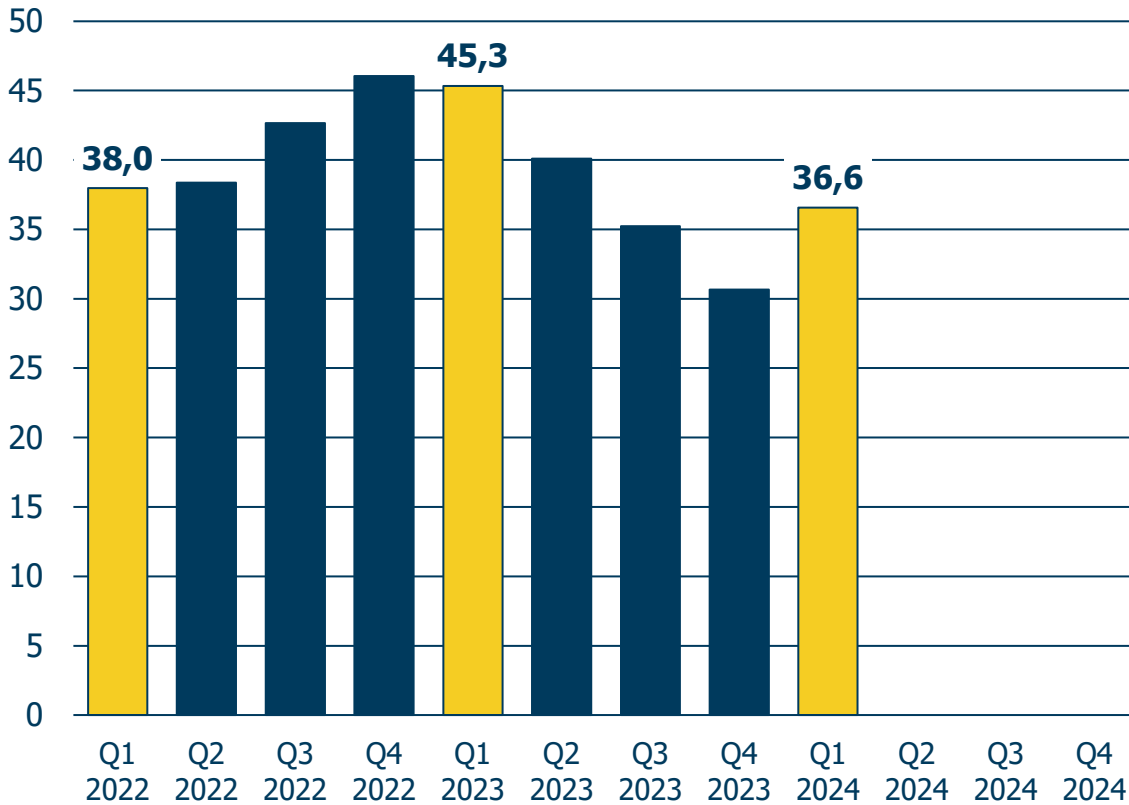
- Broadband Networks order book decreased 36%. The decrease was due to large deliveries of amplifier products and passive products in the European market and the weak accumulation of new orders in Q1.
- Public Safety and Mobility order book increased 9% due to growth in orders from Rolling Stock Manufacturers. Order book is scheduled over several years.

# Net Sales Q1 2024

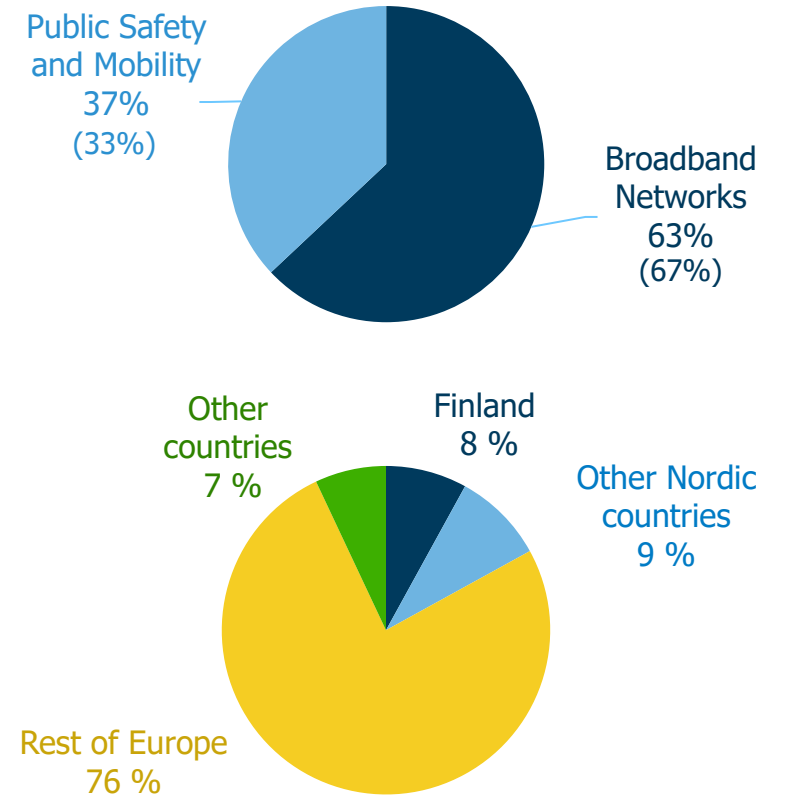
## Net sales decreased Y-o-Y, but increased Q-o-Q.

### Net sales

EUR million



### Net sales, Q1 2024

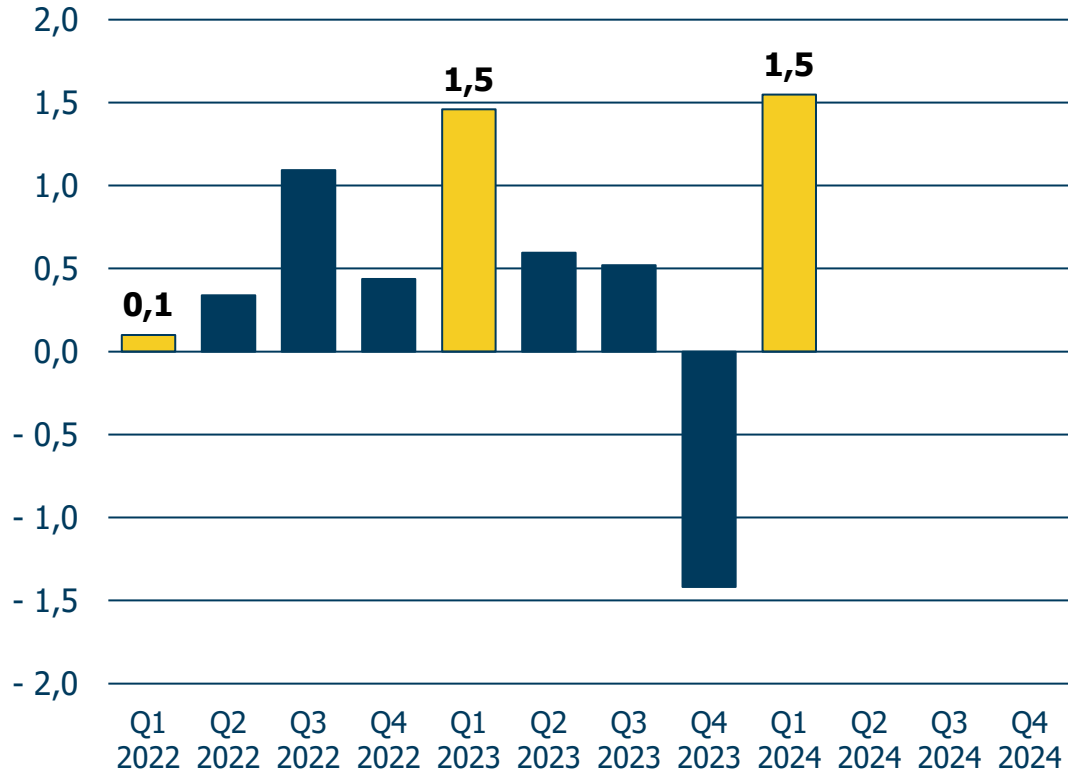


## Adjusted operating result Q1 2024

# Adjusted operating result improved

### Adjusted operating result

EUR million



- Adjusted operating result increased by 6% year-on-year and increased significantly quarter-on-quarter.
- Gross margin continued to improve, increase +4,5 ppt year-on-year.
- Personnel expenses decreased by 8% year-on-year due to lower headcount and temporary lay-offs.
- Other operating expenses decreased by 5% year-on-year.
- Depreciation and amortisation increased by 3% year-on-year.
- Actions are ongoing to further reduce operating expenses and improve profitability.



## **Guidance for the fiscal year 2024** (unchanged)

Teleste estimates that the net sales in 2024 will amount to EUR 140-165 million and that the adjusted operating result in 2024 will be EUR 3-6 million euros.



Q1 2024 highlights

**Q1 2024 financial review**

## Teleste Group, Q1 2024

# Net sales decreased. Adjusted EBIT improved. Strong cashflow.

EUR million	1-3 2024	1-3 2023	Change	1-12 2023
Net sales	36.6	45.3	-19.3%	151.3
Adjusted EBITDA	3.1	2.9	+4.3%	7.2
Adjusted EBIT	1.5	1.5	+6.0%	1.2
<i>Adjusted EBIT, %</i>	<i>4.2%</i>	<i>3.2%</i>	-	<i>0.8%</i>
EBIT	-0.4	1.2	>-100.0%	-0.5
<i>EBIT, %</i>	<i>-1.0%</i>	<i>2.7%</i>	-	<i>-0.3%</i>
Result for the period	-0.5	2.2	>-100.0%	-0.5
Adjusted earnings per share, EUR	0.08	0.14	-41.9%	0.09
Earnings per share, EUR	-0.02	0.13	>-100.0%	0.00
Cash flow from operations	7.3	2.0	>+100.0%	10.8
Orders received	30.5	40.8	-25.2%	149.6
Order book	124.3	127.6	-2.6%	130.4
Personnel at period-end	703	842	-16.5%	750

## Operating segments, Q1 2024

# Net sales decreased; profitability improved in both segments

<b>Broadband Networks</b> EUR million	<b>1-3</b> <b>2024</b>	<b>1-3</b> <b>2023</b>	<b>Change</b>	<b>1-12</b> <b>2023</b>
Net sales	23.1	30.4	-24.0%	92.5
Adjusted EBITDA	3.4	3.4	-0.2%	8.9
Adjusted EBIT	2.5	2.7	-4.2%	6.0
<i>Adjusted EBIT, %</i>	<i>11.0%</i>	<i>8.7%</i>		<i>6.5%</i>
Orders received	15.9	31.2	-49.0%	88.3
Order book	21.1	33.2	-36.3%	28.4

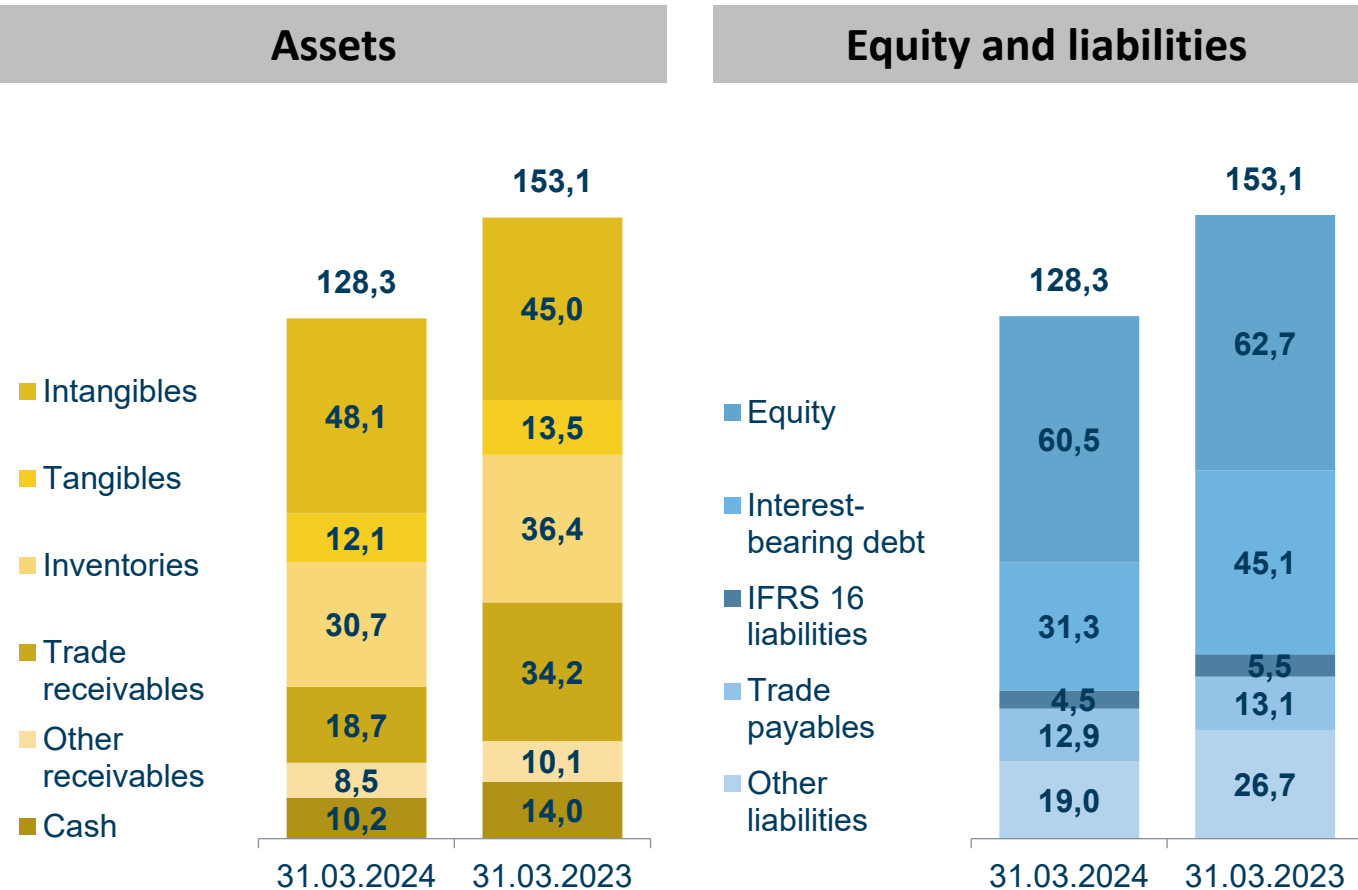
- Demand in the European market remains low. Net sales at a good level due to deliveries delayed from Q4 2023.
- Gross margin up 3.4 percentage points year-on-year.
- Cost savings had a positive impact on adjusted EBITDA and adjusted EBIT.

<b>Public Safety and Mobility</b> EUR million	<b>1-3</b> <b>2024</b>	<b>1-3</b> <b>2023</b>	<b>Change</b>	<b>1-12</b> <b>2023</b>
Net sales	13.4	14.9	-9.9%	58.9
Adjusted EBITDA	0.9	0.7	+29.2%	2.8
Adjusted EBIT	0.2	-0.1	n/a	-0.4
<i>Adjusted EBIT, %</i>	<i>1.7%</i>	<i>-0.3%</i>		<i>-0.7%</i>
Orders received	14.6	9.7	+51.5%	61.2
Order book	103.2	94.4	+9.3%	102.0

- Net sales of video security systems decreased. Political strikes in Finland also had a negative impact on deliveries and turnover.
- Gross margin increased by 8.5 percentage points year-on-year as old low-margin projects came to an end and deliveries became more focused on software content.

# Balance sheet, EUR million

## Working capital and debt decreased



- Working capital released EUR 21.0 million year-on-year.
- Days in Inventory Outstanding (rolling 3mth) still at high level above 150 days due to excessive buffer stocks of materials for Broadband Networks DAA products.
- Interest bearing debt decreased EUR 14.8 million year-on-year.
- Cash and unused credit facilities EUR 24.6 million 31 March 2024.

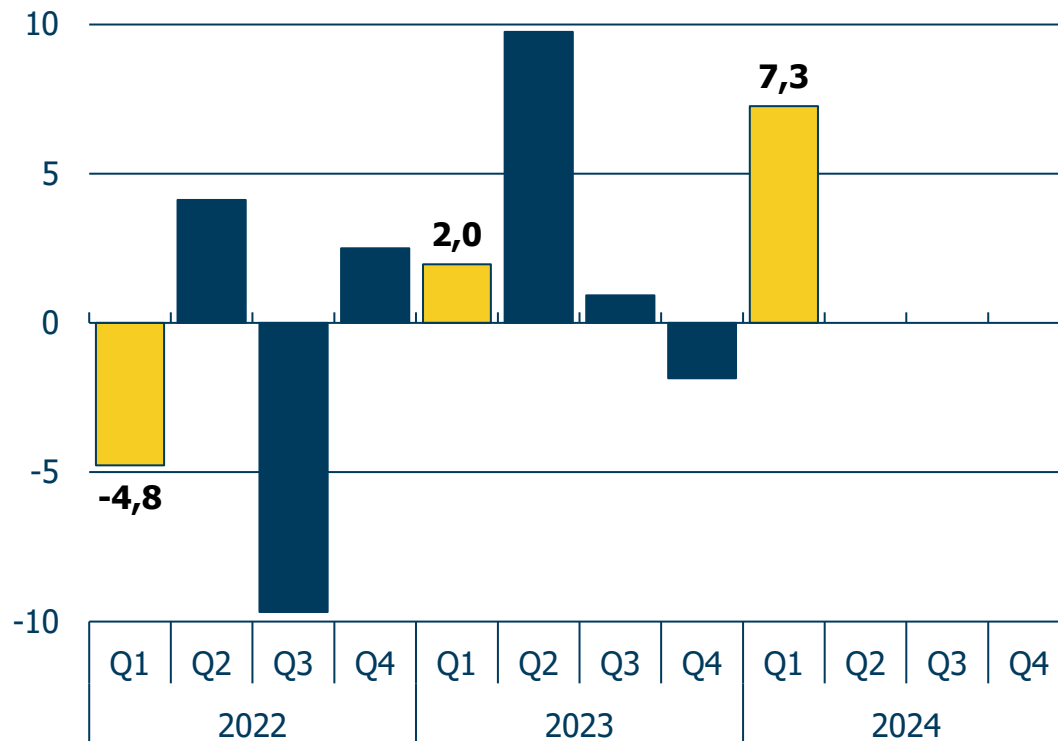


# Cash flow from operations

## Strong cash flow in Q1 2024

### Cash flow from operations

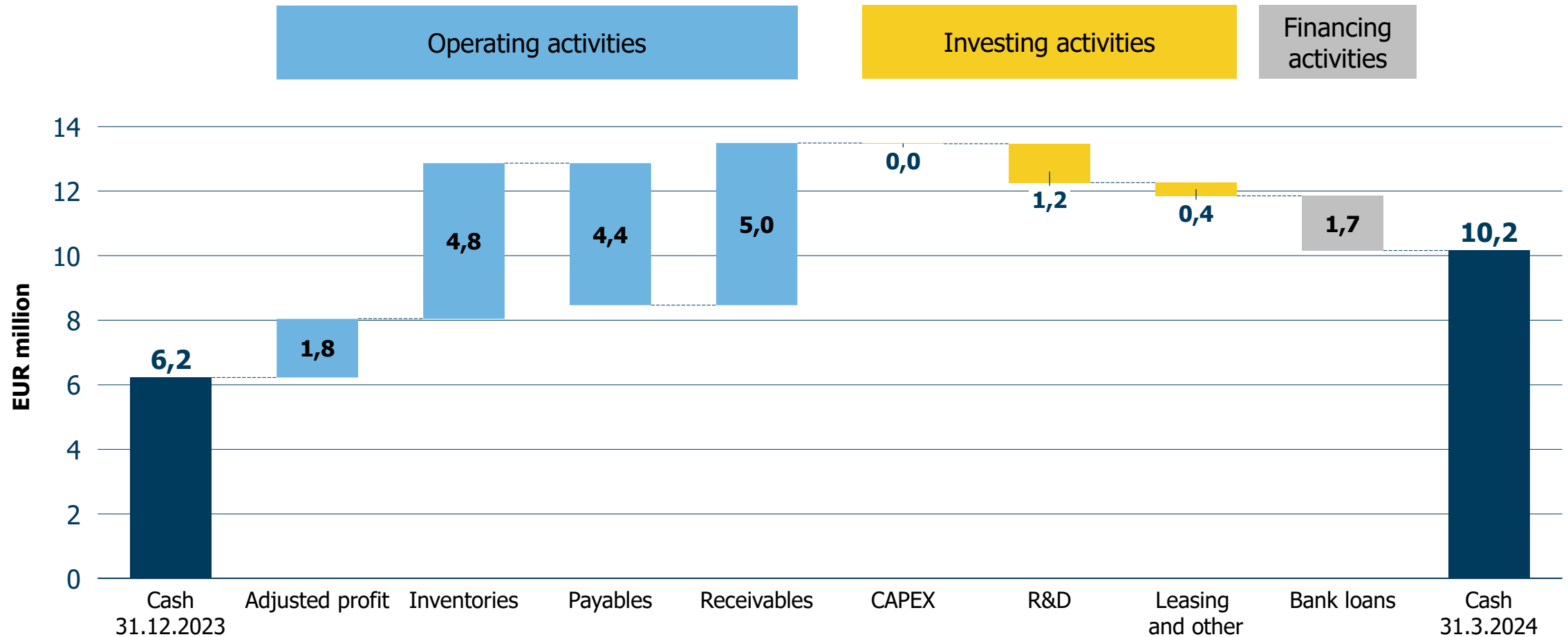
EUR million



- Q1 2024 cash flow from operating activities increased due to reduction of net working capital.
- Working capital was released in inventories and trade receivables.
- Inventories are still high especially for distributed access architecture products.

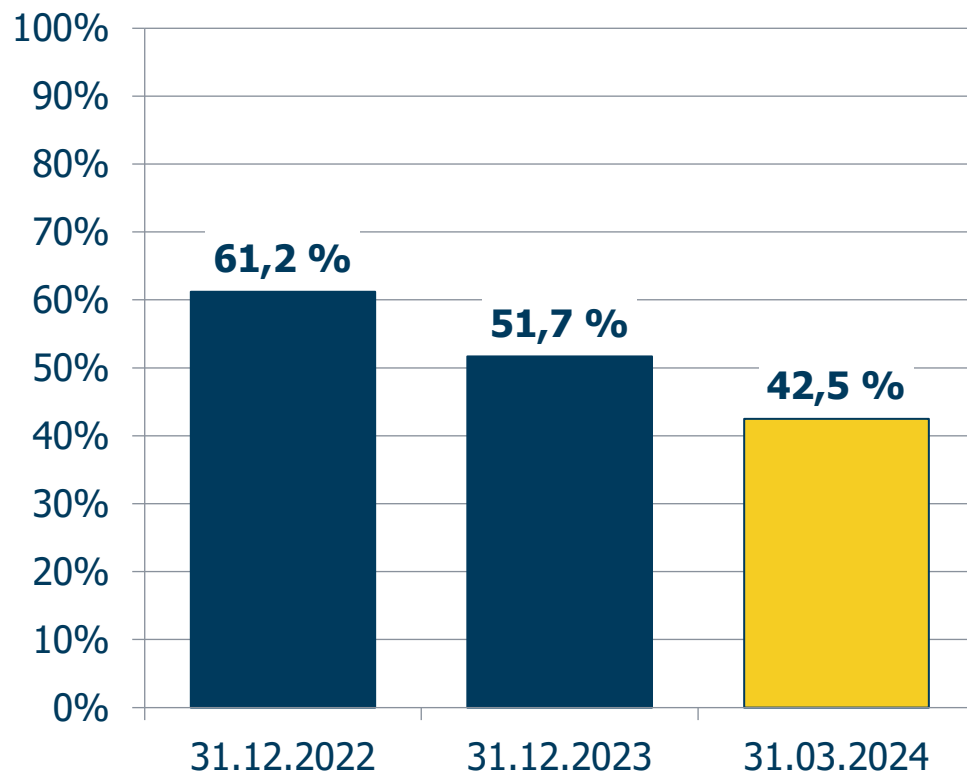
## Cash flow Q1 2024

# Working capital released. Interest bearing debt reduced.



## Net gearing

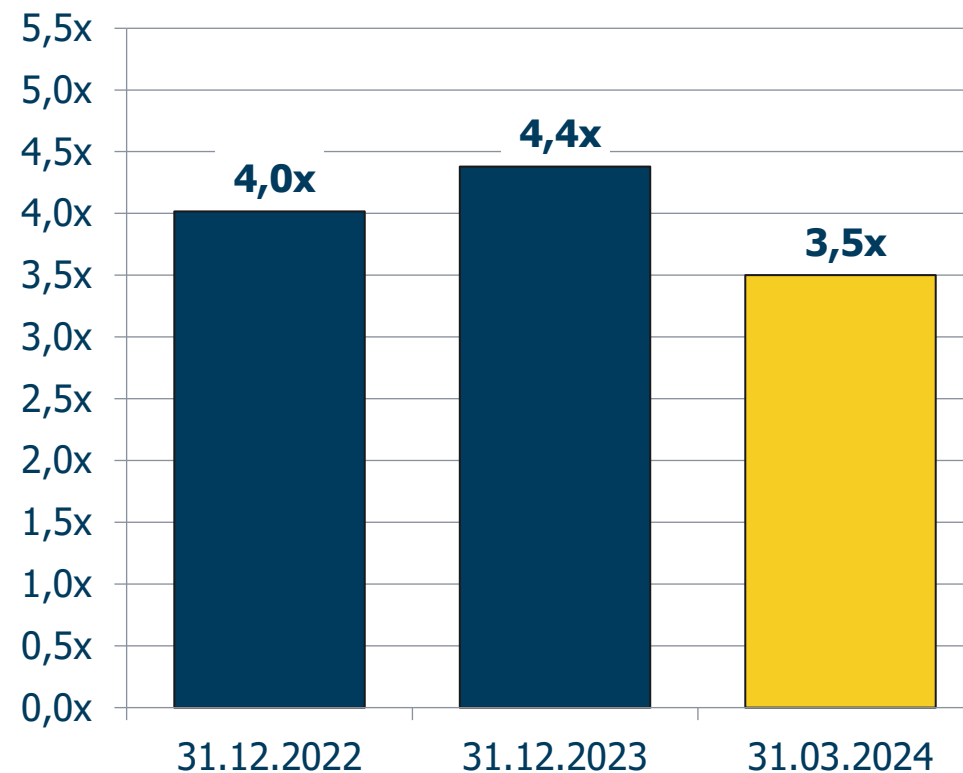
At the end of the reporting period



- Net gearing decreased slightly in Q1 2024 driven by reduction of interest-bearing debt.

## Net debt / adjEBITDA

Last twelve months



- The debt ratio to adjEBITDA reduced in Q1 2024 driven by reduction of interest-bearing debt.