

Half year financial report January - June 2024

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TELESTE

A woman with long brown hair, wearing a bright blue raincoat and large black headphones, is looking at her smartphone. She is standing in front of a window, looking out towards the right. The background is slightly blurred, showing what appears to be an office or industrial setting.

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Teleste in brief

International technology group with an integrated product portfolio that makes it possible to build a networked and secure society while reducing negative impacts on the environment.

Our solutions

- enable ultra-fast broadband services
- secure safety in public places
- guide usage of public transport

Founded
1954

Leading
technology company
in its field

Net sales
151.3 M€
year 2023

Listed in
Nasdaq Helsinki
since
1999

Adjusted operating result
1.2 M€
year 2023

Headquarters in
Turku

750
employees

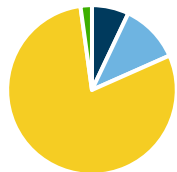


Our businesses and customers

Broadband Networks



Geographic distribution of turnover



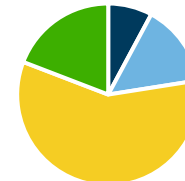
- Finland
- Other nordic countries
- Other Europe
- Other countries

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



H1 2024 highlights

H1 2024 financial review

Key Figures Q2 2024 and H1 2024

Adjusted EBIT decreased. Demand in the European cable market remains low, deliveries to North America increased.

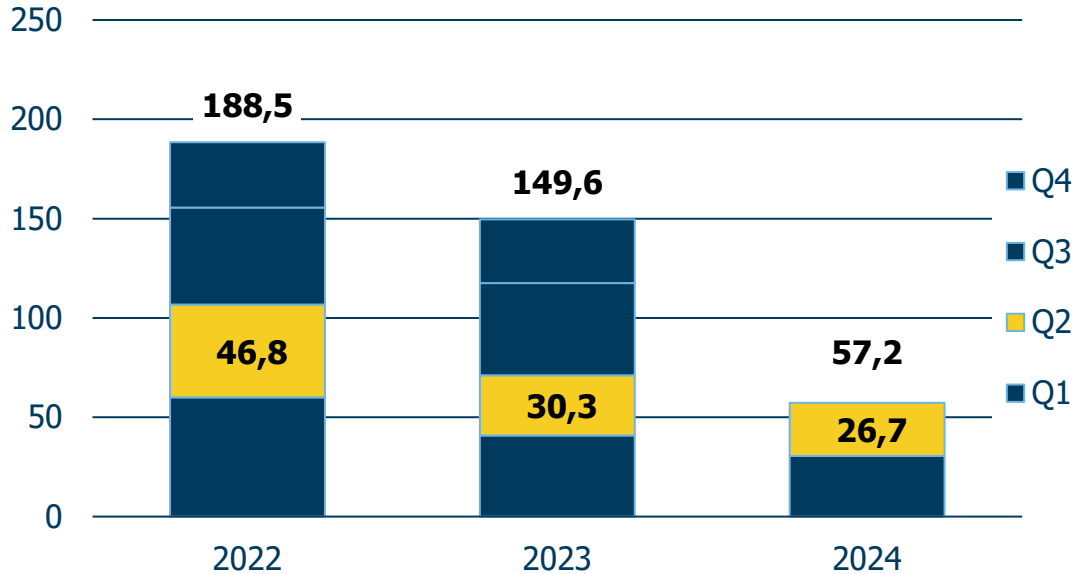
EUR million	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Net sales	29.5	40.1	66.1	85.4	151.3
Adjusted EBITDA	1.3	2.0	4.4	5.0	7.2
Adjusted EBIT	0.2	0.6	1.7	2.1	1.2
EBIT	-0.8	0.1	-1.1	1.4	-0.5
Cashflow from operations	-0.2	9.8	7.1	11.7	10.8
Orders received	26.7	30.3	57.2	71.1	149.6
Order book			117.1	117.8	125.9

Orders received Q2 2024

Orders received decreased

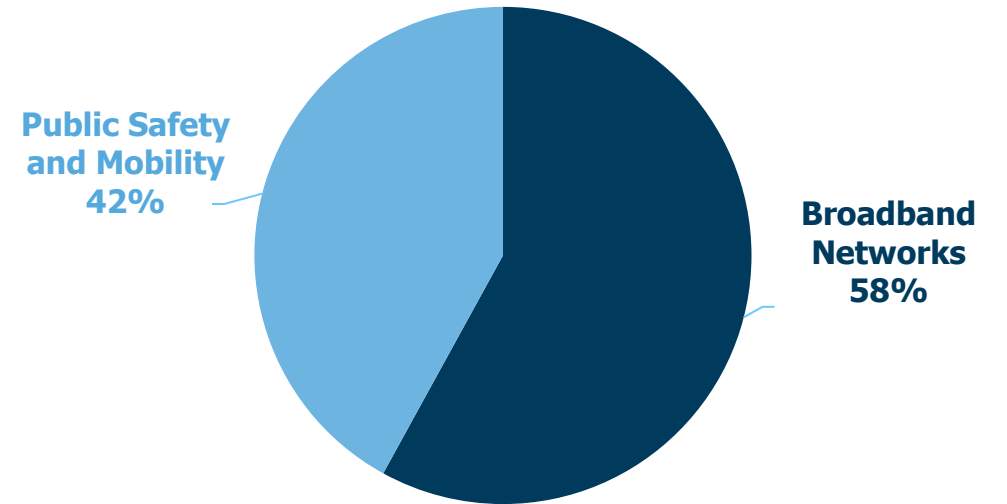
Orders received

EUR million



- Broadband Networks orders increased 4% year-on-year in Q2.
- Public Safety and Mobility orders decreased 31% year-on-year in Q2 due to typical volume fluctuation in project driven business.

Orders received by business, H1 2024



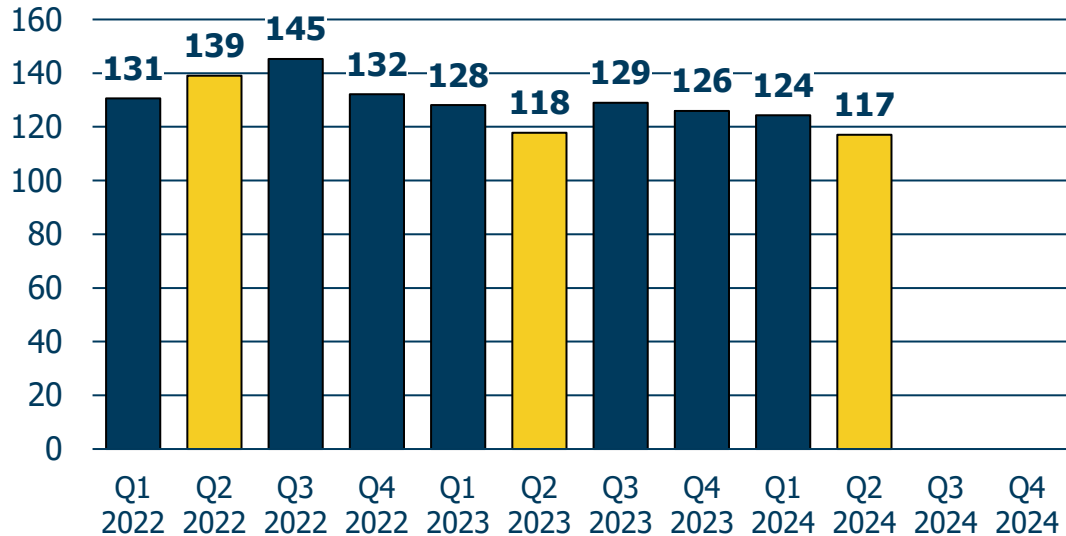
- Orders for D4.0 smart amplifiers grew significantly from North America.
- Demand on European cable market remained very low.

Order book 30 June 2024

Order book on par with comparison period

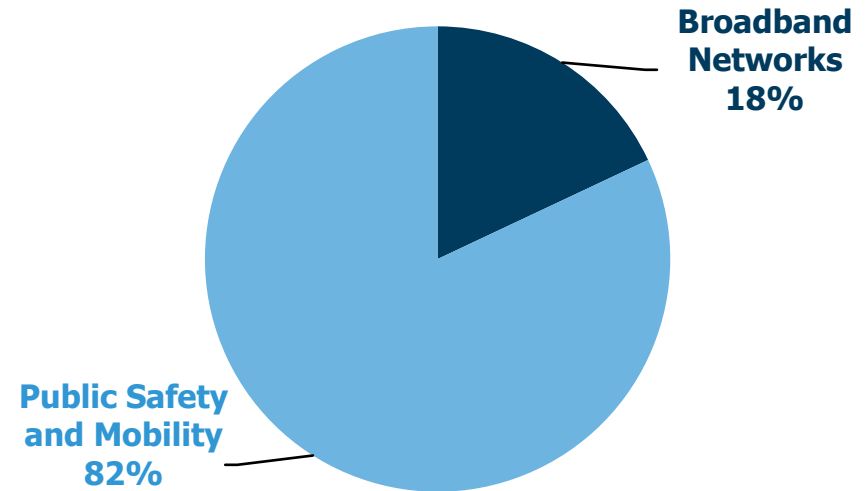
Order book (end of the period)

EUR million



- Order book at the end of the period remained at the same level with the end of the reference period.
- Approximately 37% of the deliveries in the order book are scheduled to take place during the 2024.

Order book by business, 30 June 2024



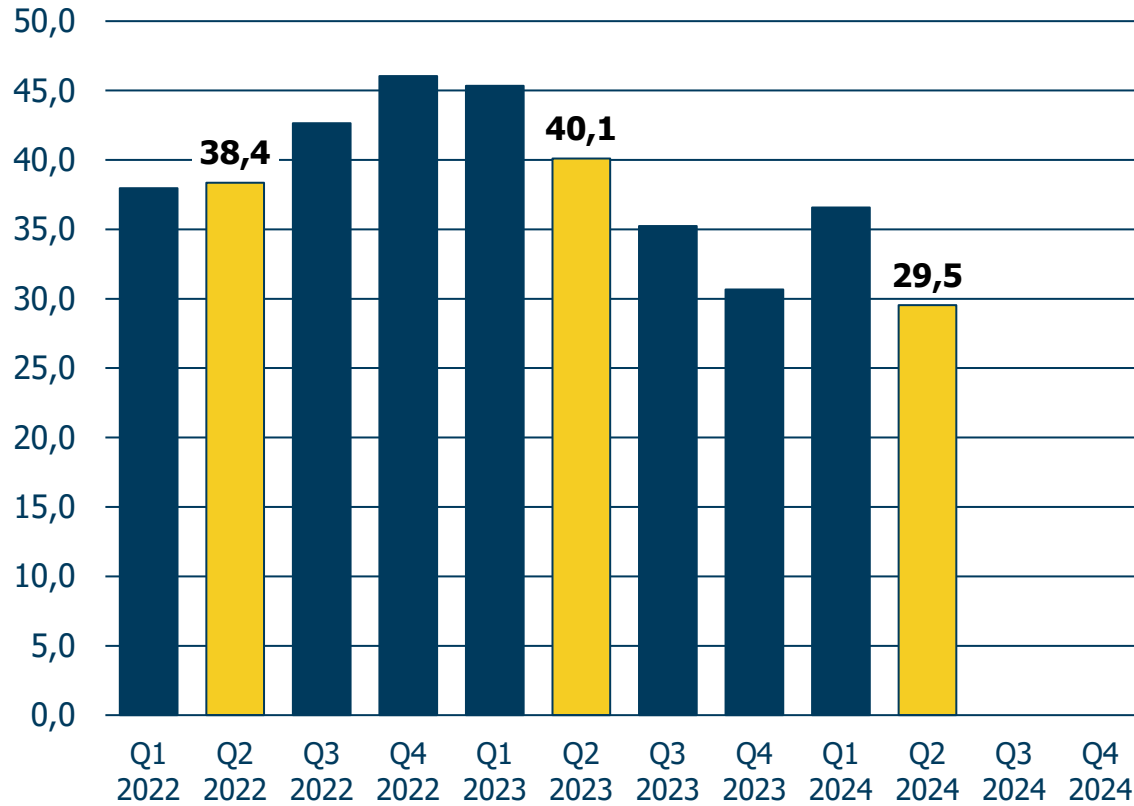
- Broadband Networks order book decreased 12% year-on-year. The decrease was due to weak accumulation of new orders in Europe in H1 2024.
- Public Safety and Mobility order book increased 2% due to growth in orders from Rolling Stock Manufacturers. Order book is scheduled over several years.

Net Sales Q2 2024

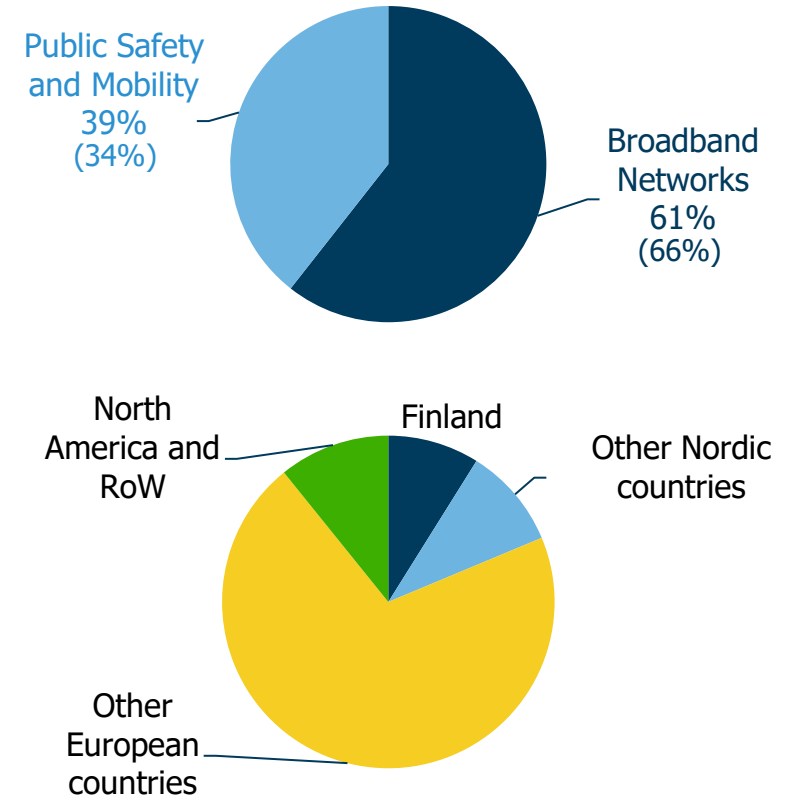
Net sales decreased due to low demand in Europe

Net sales

EUR million



Net sales, 1-6 2024

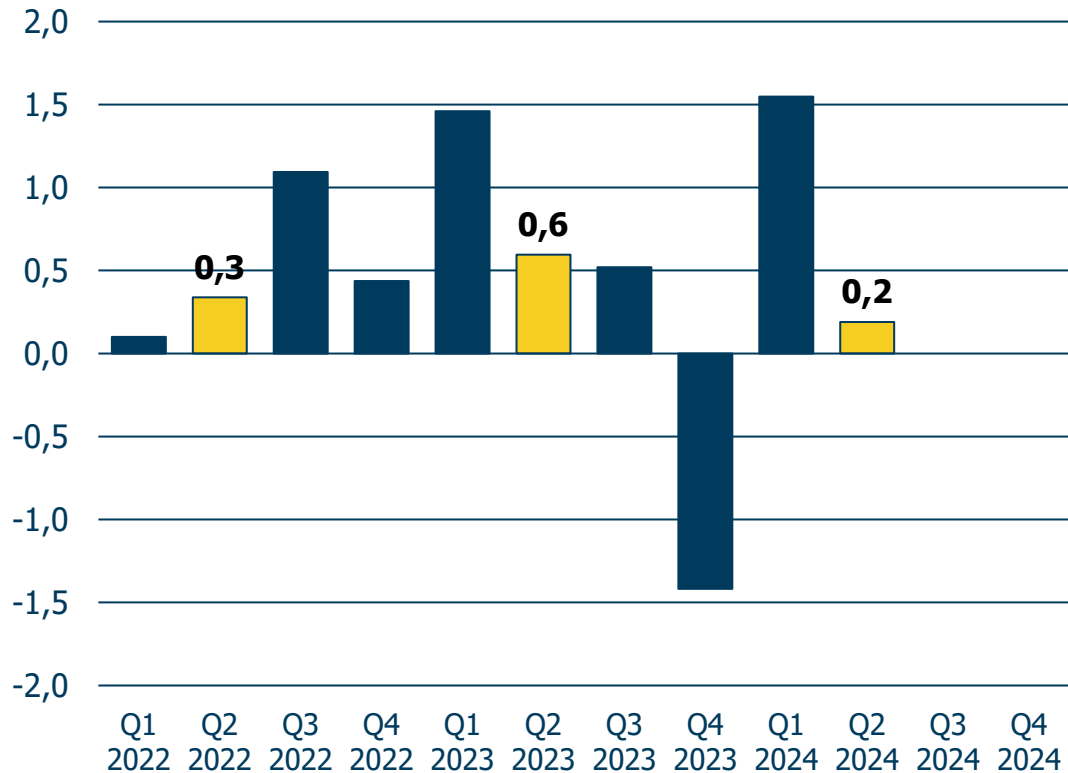


Adjusted operating result Q2 2024

Adjusted EBIT decreased due to decline in net sales

Adjusted EBIT

EUR million



Adjusted EBIT decreased due to a significant decline in net sales. Cost saving measures were not sufficient to fully compensate for the 26% decline in net sales

- Gross margin continued to improve, increase of +3,0 ppt year-on-year.
- Personnel expenses decreased by 17% year-on-year due to lower headcount.
- Other operating expenses decreased by 22% year-on-year.
- Depreciation and amortisation decreased by 22% year-on-year.

Actions are ongoing to further reduce operating expenses and improve profitability.



Guidance for the fiscal year 2024 (specified)

Teleste estimates that the net sales in 2024 will amount to EUR 140-150 million and that the adjusted operating result in 2024 will be EUR 3-6 million euros.

Previously, the company estimated 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.



H1 2024 highlights

H1 2024 financial review

Net sales and profitability decreased following low demand on European cable market.

EUR million	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Net sales	29.5	40.1	66.1	85.4	151.3
Adjusted EBITDA	1.3	2.0	4.4	5.0	7.2
<i>Adjusted EBITDA, %</i>	<i>4.4%</i>	<i>5.1%</i>	<i>6.6%</i>	<i>5.8%</i>	<i>4.8%</i>
Adjusted EBIT	0.2	0.6	1.7	2.1	1.2
<i>Adjusted EBIT, %</i>	<i>0.6 %</i>	<i>1.5 %</i>	<i>2.6 %</i>	<i>2.4 %</i>	<i>0.8%</i>
EBIT	-0.8	0.1	-1.1	1.4	-0.5
<i>EBIT, %</i>	<i>-2.6 %</i>	<i>0.3 %</i>	<i>-1.7 %</i>	<i>1.6 %</i>	<i>-0.3%</i>
Result for the period	-1.1	-0.3	-1.6	2.0	-0.5
Adjusted earnings per share, EUR	-0.01	0.02	0.07	0.16	0.09
Earnings per share, EUR	-0.06	-0.01	-0.08	0.12	0.00
Cash flow from operations	-0.2	9.8	7.1	11.7	10.8
Orders received	26.7	30.3	57.2	71.1	149.6
Order book			117.1	117.8	125.9
Personnel at period-end			688	811	750

Operating segments Q2 2024

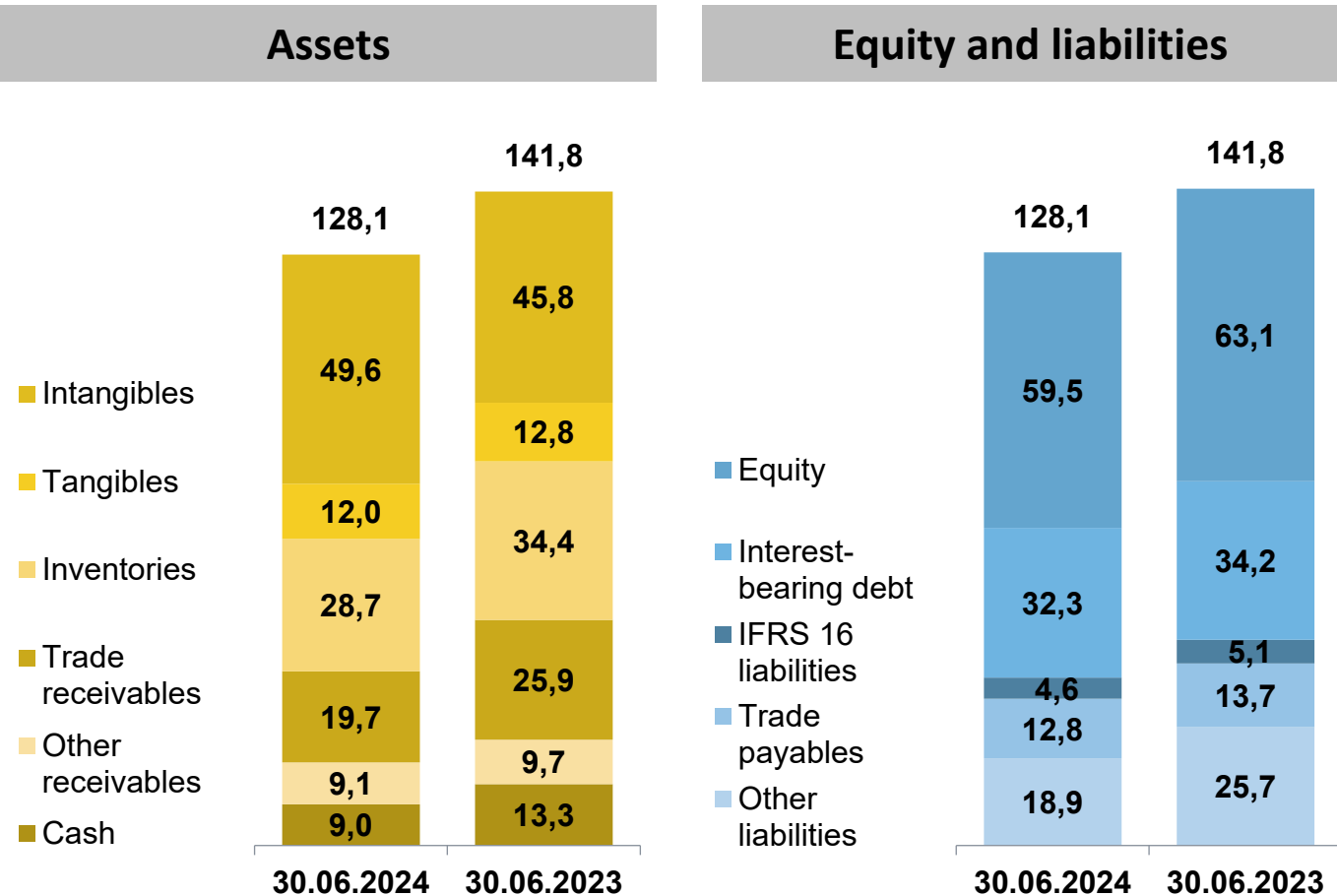
Net sales and profitability decreased in Broadband Networks

Broadband Networks	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Net sales, MEUR	17.0	25.6	40.1	56.0	92.5
Adjusted EBITDA, MEUR	1.5	2.7	4.8	6.1	8.9
<i>Adjusted EBITDA, %</i>	<i>8.7%</i>	<i>10.6%</i>	<i>12.1%</i>	<i>10.9%</i>	<i>9.6%</i>
Adjusted EBIT, MEUR	1.0	2.0	3.5	4.7	6.0
<i>Adjusted EBIT, %</i>	<i>5.8%</i>	<i>7.9%</i>	<i>8.8%</i>	<i>8.4%</i>	<i>6.5%</i>
Orders received, MEUR	17.3	16.6	33.2	47.7	88.3
Order book, MEUR			21.4	24.2	28.4

Public Safety and Mobility	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Net sales, MEUR	12.6	14.5	26.0	29.4	58.9
Adjusted EBITDA, MEUR	0.8	0.8	1.7	1.5	2.8
<i>Adjusted EBITDA, %</i>	<i>6.5%</i>	<i>5.5%</i>	<i>6.7%</i>	<i>5.1%</i>	<i>4.7%</i>
Adjusted EBIT, MEUR	0.2	0.1	0.4	0.0	-0.4
<i>Adjusted EBIT, %</i>	<i>1.6%</i>	<i>0.4%</i>	<i>1.6%</i>	<i>0.0%</i>	<i>-0.7%</i>
Orders received, MEUR	9.5	13.7	24.1	23.3	61.2
Order book, MEUR			95.6	93.6	97.5

Balance sheet, EUR million

Net trade working capital and interest-bearing debt decreased year-on-year



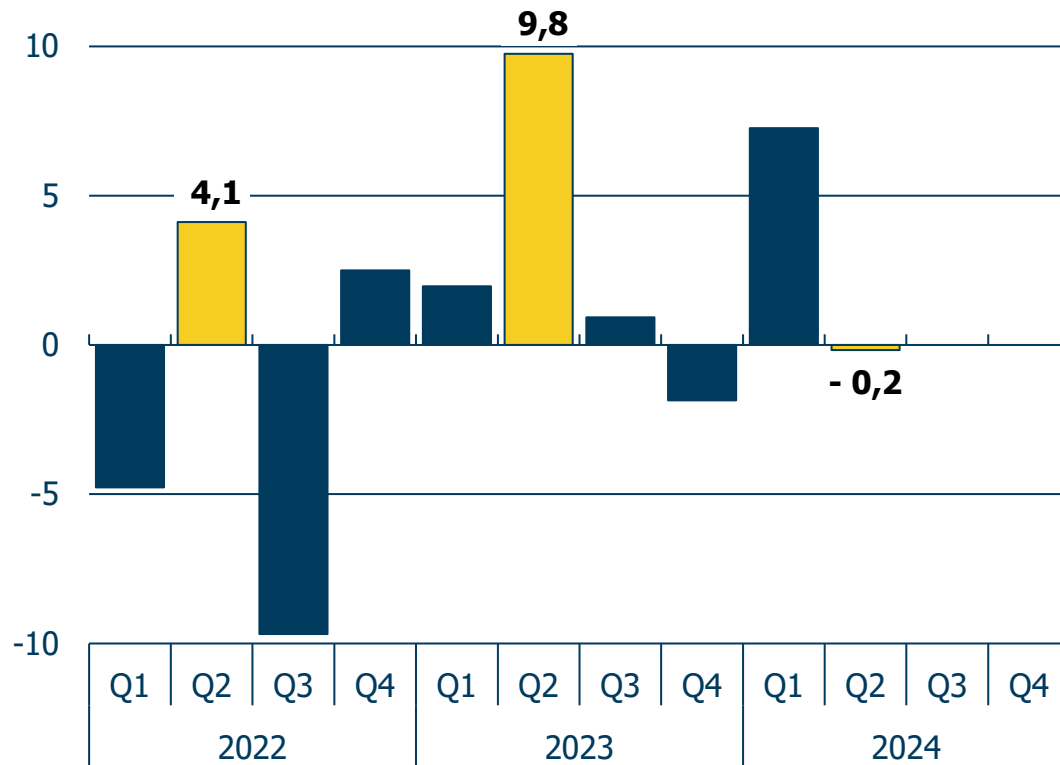
- Net Trade Working Capital released EUR 11.0 million year-on-year.
- Days in Inventory Outstanding (rolling 3mth) still at very high level above 190 days due to excessive buffer stocks of materials for Broadband Networks DAA products.
- Interest bearing debt decreased EUR 2.5 million year-on-year.
- Cash and unused credit facilities were EUR 21.8 million 30 June 2024.

Cash flow from operations

Strong cash flow in H1 2024

Cash flow from operations

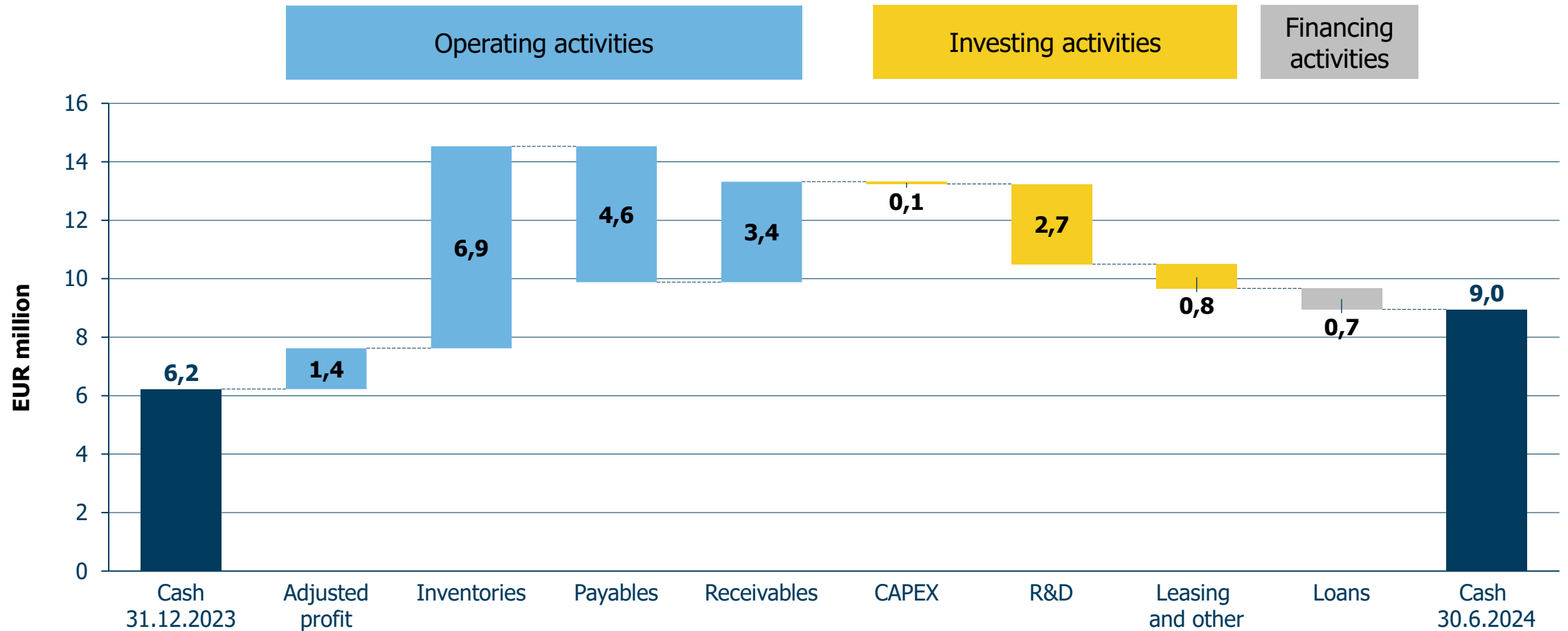
EUR million



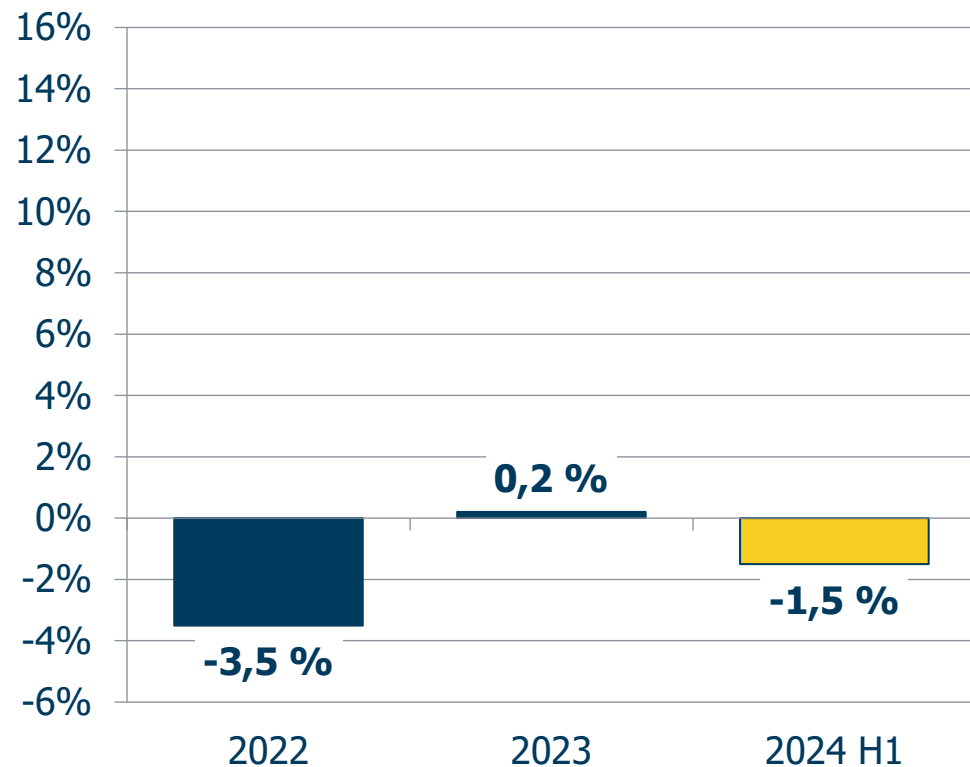
- Q2 2024 cash flow slightly negative due to net loss.
- Trade working capital was released in inventories.
- Inventories are still high especially for distributed access architecture products.

Cash flow H1 2024

Working capital released. Interest bearing debt reduced.



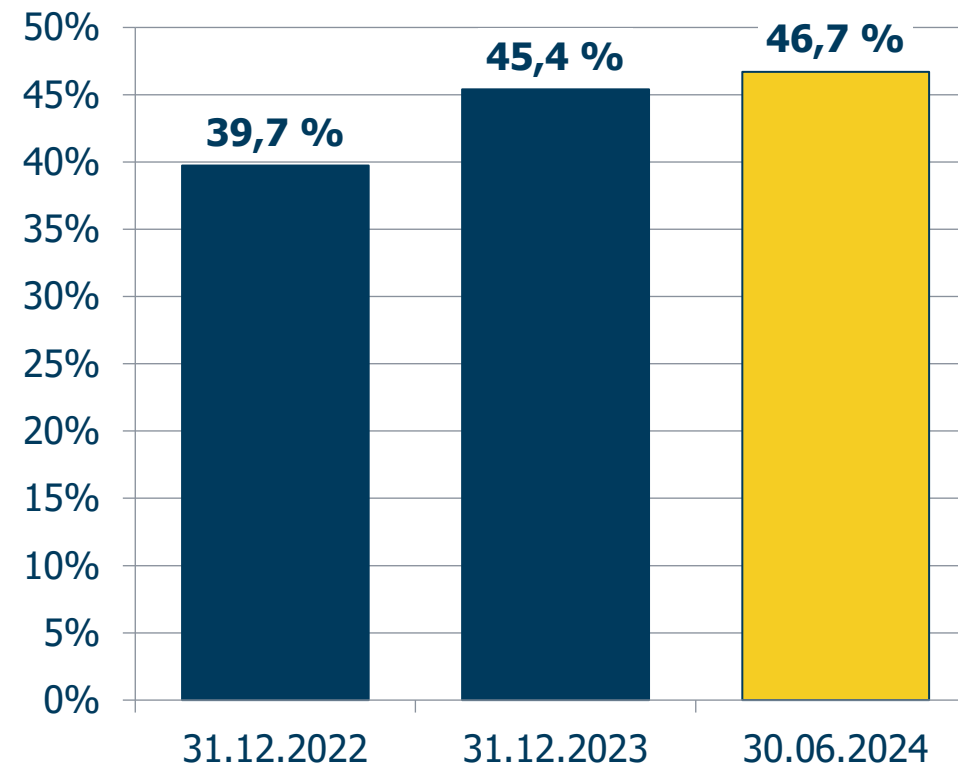
Return on capital employed



- Negative return on capital employed was due to low operational profitability and restructuring costs resulting from cost saving programs.

Equity ratio

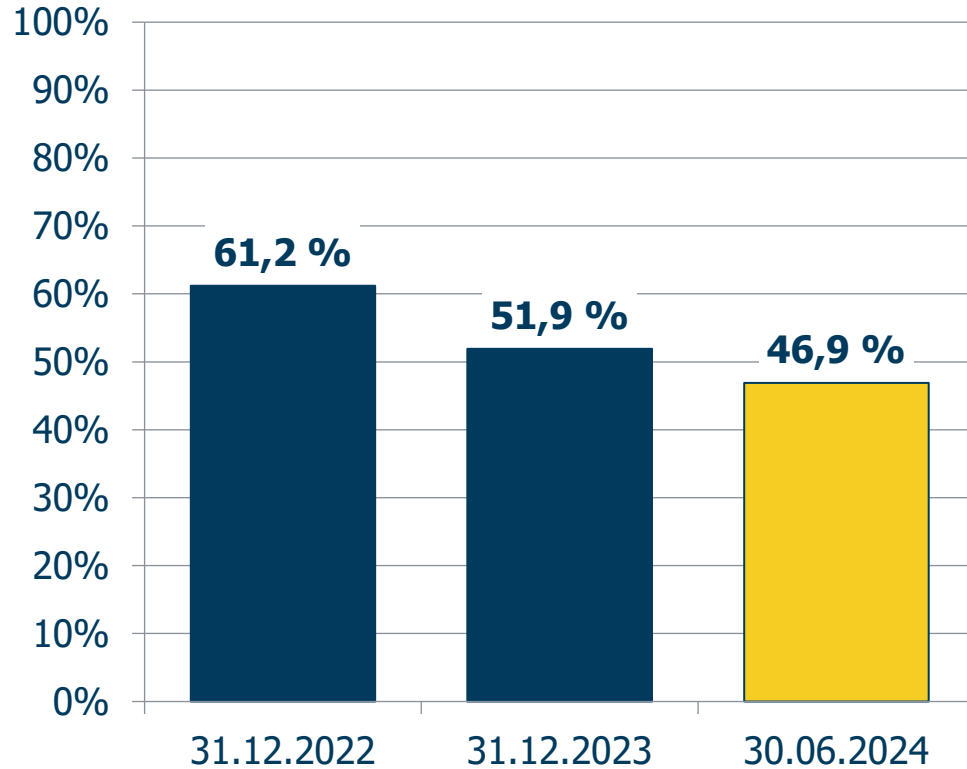
At the end of the period



- The equity ratio has increased since the end of 2022.

Net gearing

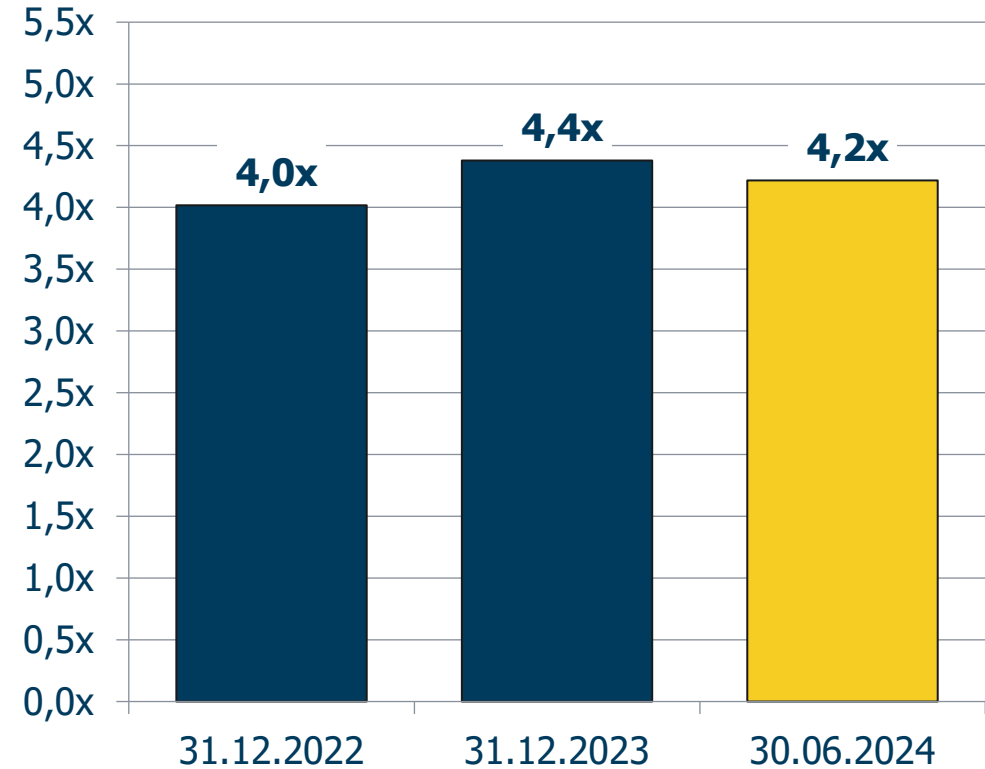
At the end of the reporting period



- Net gearing decreased slightly in H1 2024 driven by reduction of interest-bearing debt.

Net debt / adjEBITDA

Last twelve months



- Debt to adjEBITDA ratio has slightly reduced in H1 2024 due reduction of interest-bearing debt despite the decline of LTM adjEBITDA.