



FINANCIAL
STATEMENT
2020



JANUARY 1-DECEMBER 31, 2020

TELESTE

TELESTE CORPORATION FINANCIAL STATEMENT RELEASE 11 FEBRUARY 2021

TELESTE CORPORATION'S FINANCIAL STATEMENT RELEASE 1 JANUARY TO 31 DECEMBER 2020 : NET SALES AND ADJUSTED OPERATING RESULT DECREASED DUE TO THE TECHNOLOGICAL TRANSFORMATION OF ACCESS NETWORKS AND THE COVID-19 PANDEMIC, ORDER BACKLOG AT A GOOD LEVEL

The income statement figures presented in this financial statement review only include continuing operations, unless otherwise provided. The figures in the balance sheet and the cash flow statement include both continuing and discontinued operations.

Fourth quarter of 2020, continuing operations

- Net sales amounted to EUR 39.2 (41.6) million, a decrease of 5.7%
- Adjusted operating result stood at EUR 1.3 (1.8) million, a decrease of 27.5%
- Operating result amounted to EUR 1.3 (2.1) million, a decrease of 39.7%
- Earnings per share were EUR 0.05 (0.10), a decrease of 49.4%
- Earnings per share including discontinued operations amounted to EUR 0.14 (0.05), an increase of 155.6%
- Cash flow from operations, including discontinued operations, was EUR 4.6 (7.9) million, a decrease of 41.2%
- Orders received totalled EUR 43.2 (47.2) million, a decrease of 8.6%
- Order backlog at period-end totalled EUR 77.1 (73.2) million, an increase of 5.3%

January-December 2020, continuing operations

- Net sales amounted to EUR 145.0 (165.3) million, a decrease of 12.3%
- Adjusted operating result stood at EUR 5.1 (8.8) million, a decrease of 42.6%
- Operating result stood at EUR 4.5 (1.9) million, an increase of 138.9%
- Earnings per share were EUR 0.16 (-0.00)
- Earnings per share including discontinued operations amounted to EUR -0.43 (-0.07)
- Cash flow from operations including discontinued operations was EUR 13.1 (4.1) million, an increase of 222.2%
- Orders received totalled EUR 148.8 (167.5) million, a decrease of 11.1%

The Board of Directors proposes a dividend of EUR 0.12 (0.10) per outstanding share.

Outlook for 2021

Teleste estimates that the net sales of the continuing operations in 2021 will reach or exceed the level of 2020 and that the adjusted operating result will exceed the adjusted operating result of 2020. The net sales of the continuing operations in 2020 were EUR 145.0 million, and the adjusted operating result was EUR 5.1 million.

However, the COVID-19 pandemic continues to cause uncertainty among Teleste's customers and in the company's own operations in the 2021 financial period.

Comments by CEO Jukka Rinnevaara:

"The net sales and operating result for Q4 decreased year-on-year. Orders received increased from the previous quarter but decreased from the reference period. The order backlog at the end of the year was at a higher level than a year ago. The key themes of the past quarter were the management of the impacts of the still continuing COVID-19 pandemic and managing the operations under exceptional circumstances, the continued technological transformation of cable access networks and finalising the divestment project pertaining to the services business in Germany.

Orders received by Video and Broadband Solutions decreased in video security and information solutions from the reference period of the fourth quarter, mainly due to the delay in the order decisions by the rail traffic segment customers. In respect of the access network products, orders were at the level of the reference period, but the deployments of distributed access architecture have been delayed as we have previously predicted. Customers' delays were also still affected by the COVID-19 pandemic continuing in force in our key target market areas. The order backlog for passenger information solutions for the current year is at a good level, but the COVID-19 pandemic may delay deliveries especially during the first half of the year. Net sales decreased year-on-year in access network products due to the COVID-19 pandemic and as operators prepared for next-generation access network solutions (distributed access architecture and DOCSIS 4.0). As a result of the decrease in net sales, the operating result of Video and Broadband Solutions decreased year-on-year. During the pandemic, our operator customers have been focused on maintaining the operation of the critical network infrastructure and postponed non-vital network investments. The decline in the demand for access network products affects the entire industry, and we estimate that we have maintained our strong market position in the European market during these exceptional times. As the net sales of HFC products declined, we had to continue to pursue cost savings in various functions. Despite cost savings, we have systematically continued our key product development projects. The growth we pursued in the Northern American market with the distributed access architecture solutions has been delayed due to the pandemic. We still believe in substantial growth possibilities in the selected strategic areas.

The net sales of the continuing operations of Network Services was at the level of the reference year, and profitability continued at a good level during the last quarter of the year. Profitability was at a good level especially in England, Switzerland and Finland. The profitability development was affected by focusing the service range to high-added-value services supporting our product range, and correspondingly scaling down lower-margin project services. During the quarter, the divestment of Cableway companies to Cirstet Deutschland GmbH was concluded as planned in Germany. The relative share of the services business in our operations has reduced as a result of the Cableway divestment and the services supplement our product range both functionally and in respect of the supply. Therefore, we have deemed it appropriate to combine the services business as part of our technology and product business, and we will report the Group operations as one segment as of the beginning of 2021."

The year 2020 was exceptional. The coronavirus and its preventive measures created considerable and unpredictable challenges globally, which also had an impact on Teleste's business conditions. Therefore, I wish to thank our personnel for flexibility and perseverance both regarding the way of working changes required by the pandemic, health-related precautions and cost savings. The past year also brought along positive development. We proceeded with our key product development projects and the development of our operations uncompromisingly and in a determined manner. By flexibly adjusting to the exceptional circumstances, we got through 2020 reasonably and were able to continue with our R&D in order to be even more competitive when the market picks up. The strategic priorities in the current year include the development of the next-generation access architecture offering, the increase in the sales in the North American market as well as the growth of the public transport's and the authorities' video security and information solutions. The continuation of the pandemic causes uncertainty in forecasting the current year. However, we estimate that we have good prospects for returning to the path of profitable growth."

Group Operations October-December 2020, continuing operations

Key figures	10-12/2020	10-12/2019	Change
Net sales, EUR million	39.2	41.6	-5.7%
Adjusted EBIT, EUR million ¹⁾	1.3	1.8	-27.5%
Adjusted EBIT, % ¹⁾	3.3%	4.2%	
EBIT, EUR million	1.3	2.1	-39.7%
EBIT, %	3.3%	5.1%	
Result for the period	0.9	1.6	-44.8%

Result for the period, EUR million ²⁾	2.4	0.7	+247.8%
Earnings per share, EUR	0.05	0.10	-49.4%
Earnings per share, EUR ²⁾	0.14	0.05	+155.6%
Cash flow from operations, EUR million ²⁾	4.6	7.9	-41.2%
Orders received, EUR million	43.2	47.2	-8.6%

¹⁾ An alternative performance measure defined in the tables section of the report.

²⁾ Including discontinued operations

Orders received by the Group in the fourth quarter totalled EUR 43.2 (47.2) million, a decrease of 8.6% on the reference period the previous year. Orders decreased in the passenger information solutions of Video and Broadband Solutions. Net sales decreased by 5.7% to EUR 39.2 (41.6) million. Net sales decreased in Video and Broadband Solutions.

Expenses for material and production services decreased by 5.3% to EUR 19.9 (21.0) million. Personnel expenses decreased by 1.0% to EUR 12.0 (12.2) million. Other operating expenses decreased by 8.7% to EUR 4.7 (5.2) million. Depreciation and amortisation increased by 13.7% to EUR 2.0 (1.7) million. The adjusted operating result decreased by 27.5% to EUR 1.3 (1.8) million, representing 3.3% (4.2%) of net sales. Operating result decreased by 39.7% to EUR 1.3 (2.1) million, representing 3.3% (5.1%) of net sales. Net financial expenses were EUR 0.4 (0.3) million. Taxes were EUR 0.0 (0.2) million. Earnings per share was EUR 0.05 (0.10) decreasing by 49.3% and earnings per share including discontinued operations amounted to EUR 0.14 (0.05) increasing by 155.6%. Cash flow from operations, including discontinued operations, was EUR 4.6 (7.9) million, a decrease of 41.2% due to changes in net working capital.

Group Operations January-December 2020, continuing operations

Key figures	1-12/2020	1-12/2019	Change
Net sales, EUR million	145.0	165.3	-12.3%
Adjusted EBIT, EUR million ¹⁾	5.1	8.8	-42.6%
Adjusted EBIT, % ¹⁾	3.5%	5.3%	
Adjusted EBIT, EUR million ³⁾	4.5	1.9	+138.9%
EBIT, %	3.1%	1.1%	
Result for the period, EUR million	2.8	-0.3	
Result for the period, EUR million ²⁾	-8.0	-1.7	
Earnings per share, EUR	0.16	-0.00	
Earnings per share, EUR ²⁾	-0.43	-0.07	
Cash flow from operations, EUR million ^{2) 3)}	13.1	4.1	222.2%
Net gearing, % ²⁾	17.0%	34.1%	
Equity ratio, % ²⁾	48.8%	49.5%	
Orders received, EUR million	148.8	167.5	-11.1%
Order backlog, EUR million	77.1	73.2	+5.3%
Personnel at period-end	858	867	-1.1%

¹⁾ An alternative performance measure defined in the tables section of the report.

²⁾ Including discontinued operations

³⁾ The figures of 2019 include a provision totalling EUR 6.9 million recognised in relation to the loss of assets due to a crime committed against a foreign subsidiary and the handling of the case.

Orders received by the Group decreased by 11.1% to EUR 148.8 (167.5) million. Orders decreased in both business areas. The order backlog increased by 5.3% compared to the end of the reference period and totalled EUR 77.1 (73.2) million at the end of the financial period. Net sales decreased by 12.3% to EUR 145.0 (165.3) million. Net sales decreased in both business areas.

Expenses for material and production services decreased by 13.6% to EUR 72.0 (83.3) million. Personnel expenses decreased by 1.9% to EUR 45.2 (46.0) million. Depreciation and amortisation increased by 7.3% to EUR 7.2 (6.7) million. Other operating expenses decreased by 39.7% to EUR 17.8 (29.5) million. Adjusted operating result decreased by 42.6% to EUR 5.1 (8.8) million, representing 3.5% (5.3%) of net sales. Adjusted operating result

decreased the reference period of the access network products of Video and Broadband Solutions due to the lower net sales and increased in the Network Services business area as the company focused on higher added value services. The operating result totalled EUR 4.5 (1.9) million, an increase of 138.9%.

Net financial expenses were EUR 0.8 (0.2) million. The Group's income taxes stood at EUR 0.9 (2.0) million, and the effective tax rate was 24.6% (119.8%). Earnings per share was 0.16 (-0.00) and earnings per share including discontinued operations amounted to EUR -0.43 (-0.07). Cash flow from operations, including discontinued operations, was EUR 13.1 (4.1) million. The increase in the cash flow from operations was influenced by the growth of the operating result and the decreased net working capital. Cash flow from operations during the reference period was decreased by the non-recurring item of EUR 6.9 million.

Video and Broadband Solutions October-December 2020

EUR 1,000	10-12/2020	10-12/2019	Change
Orders received	37,877	41,807	-9.4%
Net sales	33,891	36,142	-6.2%
EBIT	817	1,266	-35.6%
EBIT, %	2.4%	3.5%	

Orders received decreased year-on-year by 9.4% to EUR 37.9 (41.8) million. The orders received in video security and information solutions decreased.

Net sales decreased by 6.2% to EUR 33.9 (36.1) million. Net sales decreased in access network products but increased in video security and information solutions. Operating result decreased by 35.5% to EUR 0.8 (1.3) million, representing 2.4% (3.5%) of net sales. The operating result decreased due to the net sales of access network products being lower than in the reference period.

R&D expenses amounted to EUR 2.3 (3.7) million, representing 6.6% (10.2%) of the business area's net sales. Product development projects were focused on distributed access architecture including solutions 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 0.9 (1.5) million. Depreciation on capitalised R&D expenses was EUR 1.1 (0.7) million.

Video and Broadband Solutions January-December 2020

EUR 1,000	1-12/2020	1-12/2019	Change
Orders received	128,009	143,455	-10.8%
Net sales	124,146	141,351	-12.2%
EBIT	3,588	8,056	-55.5%
EBIT, %	2.9%	5.7%	

Orders received decreased year-on-year by 10.8% to EUR 128.0 (143.5) million. Orders received decreased both in access network products and in video security and information solutions. The order backlog increased by 5.3% compared to the end of the reference period and totalled EUR 77.1 (73.2) million. Net sales decreased by 12.2% to EUR 124.1 (141.4) million. Net sales decreased in access network products. Orders received and net sales were affected by operators' expectations regarding the transition to distributed access architecture technology as well as the COVID-19 pandemic. Operating result decreased by 55.5% and was EUR 3.6 (8.1) million, representing 2.9% (5.7%) of net sales. The decline in operating result was attributable to the decrease in net sales.

R&D expenses amounted to EUR 10.8 (13.5) million, representing 8.7% (9.5%) of net sales. Product development projects were focused on distributed access architecture including solutions 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 3.9 (4.7) million. Depreciation on capitalised R&D expenses was EUR 3.4 (2.5) million.

Network Services October-December 2020, continuing operations

Teleste revised its strategy in May 2020, according to which the company will focus on technology business operations and the services of higher added value supporting them. In accordance with the new strategy, Teleste divested its extensive cable network field service operations in Germany to focus on higher-added-value services in the future. The services business of the Germany-based Cableway companies were classified as an asset held for sale pursuant to IFRS 5 ("Non-current assets held for sale and discontinued operations"), and Teleste reported the business as a discontinued operation in accordance with the standard. The business classified as an asset held for sale has not been reported under the figures of the Network Services business area as of the beginning of the first quarter. Teleste will continue its higher-added-value services business in England, Switzerland, Finland, Poland and Belgium.

EUR 1,000	10-12/2020	10-12/2019	Change
Orders received	5,309	5,419	-2.0%
Net sales	5,309	5,419	-2.0%
EBIT	457	488	-6.3%
EBIT, %	8.6%	9.0%	

Orders received and net sales decreased by 2.0% year-on-year, amounting to EUR 5.3 (5.4) million. Net sales decreased in Belgium and Switzerland. Operating result decreased by 6.3% and was EUR 0.5 (0.5) million, representing 8.6% (9.0%) of net sales. Operating result remained at a good level despite quarantine and restriction measures caused by the COVID-19 pandemic in the latter part of the year.

Network Services January-December 2020, continuing operations

EUR 1,000	1-12/2020	1-12/2019	Change
Orders received	20,836	23,996	-13.2%
Net sales	20,836	23,996	-13.2%
EBIT	1,478	776	+90.5%
EBIT, %	7.1%	3.2%	

Orders received and net sales decreased by 13.2% to EUR 20.8 (24.0) million. Net sales declined due to the restrictions imposed in response to the COVID-19 pandemic and also in England, where the focus was on high-added-value design services and the scaling down of lower-margin project services. In Belgium, the decrease in net sales resulted from the discontinuation of the provision of loss-making field services. The restructuring costs associated with the operations in Belgium have been eliminated from adjusted operating result only at the Group level. Operating profit grew by 90.5% to EUR 1.5 (0.8) million. The growth of operating result in England and in Finland was attributable to the focus on higher-added-value design services and cost adjustments.

Discontinued operations

The result of the operations classified as an asset held for sale pursuant to IFRS 5 ("Non-current assets held for sale and discontinued operations") was EUR 1.5 (-0.9) million during the fourth quarter, including, besides the losses on operational activities, the change in the estimated final purchase price totalling EUR +1.6 million. The final purchase price depends on changes in the net working capital and net debt of the companies to be sold. The estimated loss on sales is EUR 6.1 million. The estimate published on the signing date was EUR 6-8 million. The result of the discontinued operations was EUR -10.8 (-1.3) million during January-December, including, besides the losses on operational activities, the estimated final loss on sales totalling EUR 6.1 million. The final purchase price is estimated to be confirmed during the first quarter of 2021. Teleste estimates that EUR 3.7 million of the preliminary net purchase price received at the closing date will be returned during the first quarter of 2021 as a result of the decrease in the net working capital and the debt to Teleste Group. The assets of the discontinued operations on the consolidated balance sheet amounted to EUR 0.0 million and the liabilities totalled EUR 0.0 million as of 31 December 2020. By divesting its Germany-based services business operations, Teleste seeks to safeguard its financial position and its ability to invest in technology and services business growth areas.

Personnel and organisation January-December 2020

The Group's employed an average of 856 (895) people during the review period. Of these, 650 (682) were employed by Video and Broadband Solutions and 206 (213) by Network Services. At the end of the review period, the Group employed 858 (867) people, of whom 47% (45%) worked abroad. Approximately 3% of the Group's employees were working outside Europe.

Personnel expenses amounted to EUR 45.2 (46.0) million, down by 1.9% year-on-year. The change in personnel expenses was attributable to a decrease in the number of personnel, wage increases and capitalisation of R&D costs as well as the temporary layoffs that were implemented as from April due to the COVID-19 pandemic. As a result of changes taken place in the business environment, personnel were reduced in the manufacture of HFC products in Finland and due to the discontinuation of the field services in Belgium. The average number of personnel decreased by 4.3%. The number of personnel decreased in both Video and Broadband Solutions and Network Services.

Investments and product development January-December 2020, including discontinued operations

Investments by the Group totalled EUR 6.6 (13.0) million, representing 4.5% (5.5%) of net sales. Of the investments, EUR 3.9 (4.7) million were related to product development. In accordance with the IFRS 16 standard, the value of the activated lease agreements decreased by EUR 3.1 million and the investments in tangible and intangible assets of the discontinued operations decreased by EUR 2.2 million.

Product development projects were focused on distributed access architecture including solutions designed for the US market, situational awareness and video security solutions, passenger information systems and customer-specific projects.

Financing and capital structure January-December 2020, including discontinued operations

Cash flow from operations was EUR 13.1 (4.1) million. The increase in the cash flow from operations was influenced by the growth of the operating result and the decrease in the net working capital. Cash flow from operations during the reference period was decreased by the non-recurring item of EUR 6.9 million.

Teleste Corporation has credit and loan facilities with a combined total value of EUR 56.0 million. The five-year loan facility of EUR 30.0 million will mature in August 2022. The loan is repaid in annual instalments of EUR 3.0 million. The EUR 20.0 million credit facility will run until the end of August 2021 and includes a one-year extension option. The loan of EUR 6.0 million has a maturity of 4 years, and it will be repaid in fixed instalments in six-month intervals by August 2024. At the end of the period under review, the the Group had unused binding credit facilities totaling EUR 21.5 (20.9) million.

On 31 December 2020, the Group's interest-bearing debt stood at EUR 31.0 (33.0) million. The Group's cash and cash equivalents were EUR 20.2 (8.2) million. The Group's equity ratio was 48.8% (49.5%) and net gearing ratio 17.0% (34.1%).

Key risks faced by the business areas

Europe is Teleste's main market and business area, but the company aims to expand its business in North America. Teleste's customers include cable operators, public transport operators, train manufacturers and specified organisations in the public sector.

As to Video and Broadband Solutions, 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 reasonable risks. Operator customers' network investments vary according to the development of technology, customers' need to upgrade networks and their financial structure. End-to-end deliveries of video security and information solution systems may be large in size, setting high demands for the project quotation calculation and management and, consequently, involve risks. Increased competition created by the new service providers may undermine the cable operators' ability to invest. Correct technological choices, product development and their timing are vital to success. Product development contains calculated risks and should they materialise, the value of the product development investments can decrease. Various technologies are used in the 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 may fail in the customer's network and lead to expensive repair obligations. The consequences of natural phenomena and global disruptions, such as a pandemic, or accidents, such as a fire or a flood, may reduce the availability of components in the order-delivery chain of the electronics industry or suspend our own manufacturing operations. Customs levies imposed by different countries and changes or restrictions on exports or imports may have a negative effect on component supply chains and the profitability of products. Expanding business operations to new markets is demanding. The Group's investments in growth in the North American market will not necessarily lead to the desired results. Many competitors in the business area come from the United States, which is why the exchange rate of the euro against the US dollar has an effect on competitiveness. 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 currency options.

Net sales of Network Services come mainly from a small number of large European customers. Therefore, a significant change in the demand for our services by any one of them is reflected in the actual deliveries and profitability. The improvement of customer satisfaction and productivity requires efficient service process management, as well as innovative process, product and logistics solutions to ensure the quality and cost-efficiency of services. The smooth functioning of cable networks requires efficient technical management of the networks and suitable equipment solutions in accordance with contractual obligations. This, in turn, requires continuous development of the skills and knowledge of our personnel and subcontractors. In addition, the sufficiency and usage rates of our personnel and subcontractor network influence the company's delivery capacity and profitability. Subcontractors' costs may increase faster than it is possible for Teleste to increase the prices of its services to its own customers. In large projects with overall responsibility, tender calculation and project management are complex tasks that involve risks. Severe weather conditions may affect ability to deliver services.

Teleste's strategy involves risks and uncertainties, such as that new business opportunities may fail to be identified or successfully used. The business areas must take into account market movements, such as consolidations among our customers and competitors. Periods of technological transformation, such as operators migrating to distributed access architecture in access networks, may significantly change the competitive positions of the current suppliers and attract new competitors to the market. Intensified competition may decrease the prices of products and solutions faster than we are able to reduce our products' manufacturing and delivery costs.

Various 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 ability to deliver products and services. Information systems are also exposed to external threats and we strive to protect ourselves from these threats through technical solutions and by increasing the security competence of our personnel. 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. Recruiting and maintaining skilled personnel requires encouragement, development and recruitment efforts, which can fail.

The COVID-19 pandemic presents risks to Teleste's supply chain, the company's own operating capacity, the operating capacity of customers and the demand for Teleste's products and services. Thus far, in response to the restrictive measures imposed by the authorities in various countries due to the COVID-19 pandemic, operators have reduced or suspended their broadband network construction, while certain customers in passenger information solutions have been forced to close down their factories and delay projects. The effects of the pandemic on Teleste's supply chain and component availability have been limited. Our personnel and our in-house production activities have mainly remained operational. The company initiated measures in the first quarter of 2020 to safeguard its liquidity and financial position. The COVID-19 pandemic had a negative impact on net sales and operating result from the second quarter of 2020 onwards. If the stricter restrictions on movement in society imposed by the authorities in various countries continue to remain in effect, we expect that the negative impact on Teleste's net sales and operating result are significant.

The Board of Directors annually reviews essential business risks and their management. 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.

In the period under review, no such legal proceedings or judicial procedures were pending that would have had any essential significance for the Group's operation.

Group structure

The parent company has a branch office in the Netherlands and subsidiaries in 14 countries outside Finland. In November 2020, Teleste Corporation sold its subsidiary, Teleste Services GmbH, and the four Cableway companies owned by it that were engaged in services business in Germany.

Shares and changes in share capital

On 31 December 2020, Tianta Oy was the largest single shareholder with a holding of 24.1% (23.2%).

In the period under review, the lowest price of the company's share was EUR 3.51 (5.04) and the highest price was EUR 5.78 (6.80). The closing price on 31 December 2020 stood at EUR 4.49 (5.34). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,863 (5,515). Foreign and nominee-registered holdings accounted for 2.9% (6.1%) of the holdings. The value of Teleste's shares traded on Nasdaq Helsinki from 1 January to 31 December 2020 was EUR 13.8 (9.2) million. In the period under review, 3.1 (1.6) million Teleste shares were traded on the stock exchange. Teleste's share is quoted in the technology section of Nasdaq Helsinki.

On 22 April 2020, Teleste Corporation's Board of Directors decided on a directed share issue without consideration, relating to the reward payment for the performance period 2017-2019 of Teleste Group's share-based incentive plan 2015. In the share issue, 22,402 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 31 December 2020, the Group held 776,419 (798,821) 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 4.1% (4.2%).

On 31 December 2020, 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 own shares of the company 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 subscribe for under the special rights granted by the company and 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 21 October 2021.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 22 April 2020 adopted the financial statements and consolidated financial statements for 2019 and discharged the members of the Board of Directors and the CEO from liability for the financial period 2019. The AGM resolved to authorise the Board of Directors to resolve, at its discretion, on the distribution of a maximum of EUR 0.10 per share as dividend from the retained earnings and/or as repayment of capital from the fund for invested unrestricted equity in one or more instalments. The authorisation is valid until the opening of the next AGM. The company will announce each Board resolution on the distribution of funds separately and confirm the relevant record and payment dates in such announcements. On 23 November 2020, Teleste Corporation's Board of Directors decided to distribute dividend of EUR 0.10 per share based on the authorisation given by the 2020 AGM. The dividend was paid out on 3 December 2020.

The AGM decided that the Board of Directors shall consist of six members. The annual remuneration to be paid to the members of the Board of Directors were resolved on as follows: 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 chairman of the Audit Committee shall 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. In addition, EUR 400 per meeting shall be paid to the members of the Board of Directors' Audit Committee as a meeting fee. However, a separate meeting fee shall not be paid to the chairman of the Audit Committee.

Jussi Himanen, Vesa Korpimies, Mirel Leino, 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 22 April 2020, the Board of Directors elected Timo Luukkainen as its Chairman. Mirel Leino was elected Chair of the Audit Committee, with Jussi Himanen and Vesa Korpimies as members.

The AGM decided to choose one auditor for Teleste Corporation. The audit firm KPMG Oy Ab was chosen as the company's auditor. The audit firm appointed Petri Kettunen, APA, as the auditor in charge.

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 own shares of the company otherwise than in proportion to the holdings of the shareholders with unrestricted equity through trading on the 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 subscribe for under the special rights granted by the company and 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 are valid for eighteen (18) months from the resolution of the Annual General Meeting. 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.

The authorisations 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.

The AGM resolved, in accordance with the proposal of the Board of Directors, to establish a shareholders' nomination board that prepares matters concerning the nomination and remuneration of the Board of Directors. Further, the AGM adopted the charter of the nomination board according to the proposal of the Board of Directors. The AGM also approved the proposal by the Board of Directors for the remuneration policy of the governing bodies of the company.

Segments to be reported in the financial period of 2021

The divestment of the German services business, the company's internal organisation change as well as changes to the reporting practices of the operative management and the Board of Directors affect the segments required to be reported. As set out in IFRS 8 standard, it is well-founded to combine the remaining services business reported in the Network Services segment with the business reported in the Video and Broadband Solutions segment. Due to the business model, the similarity of financial characteristics of the businesses and the administrative structure as well as the changes taken place in the financial period of 2020, Teleste's business segment to be reported is the entire Group as of the beginning of the financial period 2021.

Operating environment in 2021

Teleste's goal is to maintain its strong market position in Europe and to strengthen the market position in North America.

The demand for broadband services by data communications operators continues to grow. Household broadband traffic has grown at an annual rate of 30-40% in recent years. Broadband traffic has increased sharply during the COVID-19 pandemic due to the growth of teleworking and online education and the higher consumption of streaming services. It is possible that part of the growth created by the pandemic will remain a permanent phenomenon, which could accelerate network investments when the restrictions imposed due to the pandemic are lifted. European cable operators have been able to competitively respond to the increasing demand by investing in DOCSIS 3.1 standard-compliant 1.2 GHz frequency range network upgrades during the past few years. Investments in the expansion of the traditional HFC network infrastructure frequency range continue, but with a lower volume than in the past few years. Operators are already planning investment in next-generation distributed access architecture network solutions as set out in the DOCSIS 4.0 standard. The vision is to offer up to 10 Gbps connections to households. For years now, the cable industry, including Teleste, has been preparing for the next technology wave with which investment in cable network infrastructure can be competitively continued also in the years to come. Operators' investments in distributed access architecture have been delayed compared with previous schedule estimates and the COVID-19 pandemic will cause further delays, with field testing by operators having to be postponed. We estimate that operators' distributed access architecture deployment projects will commence at the end of 2021. The R&D projects of 1.8 GHz access network products set out in the DOCSIS 4.0 standard have been launched. By estimation, the deployment projects of these products will start in volumes in 2023. The growth is enabled by the increased value of access network optical products as well as the opportunity to take advantage of the technological transformation to expand business into the North American markets. Achieving interoperability with the cable network central systems is a significant risk. We estimate that the net sales of the access network products and services in 2021 will reach or exceed the level of the reference year. However, this estimate involves uncertainty caused by the pandemic and the timing of the technological transformation.

Growing urban environments and their safety, the increase of public transport services and the increasing popularity of smart digital systems for a smoother life provide a foundation for growing business in the coming years. Public transport operators and other authorities must ensure 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. The intelligence of video security solutions increases and a need is arising in the market for comprehensive situational awareness systems that include management of other sensor-level data flows in addition to video image and automate operating processes in exceptional situations. We estimate that the market growth of public transport information systems has decreased in 2020 by the reduction in the use of public transport caused by the COVID-19 pandemic as well as delays in investments and projects. However, the market is expected to return to growth at the end of 2021 provided that the prolongation of the pandemic does not lead to a new negative movement in the market. Ensuring competitiveness requires Teleste to continuously make R&D investments in new intelligent solutions. The improvement in project management and operational efficiency in business are also necessary. Teleste increased its market share in video security and information solutions during 2020. We estimate that the net sales in 2021 will reach or exceed the level of the reference year. However, this estimate involves uncertainty caused by the pandemic and the timing of the projects.

Outlook for 2021

Teleste estimates that the net sales of the continuing operations in 2021 will reach or exceed the level of 2020 and that the adjusted operating result will exceed the adjusted operating result of 2020. The net sales of the continuing operations in 2020 were EUR 145.0 million, and the adjusted operating result was EUR 5.1 million.

However, the COVID-19 pandemic continues to cause uncertainty among Teleste's customers and in the company's own operations in the 2021 financial period.

10 February 2021

Teleste Corporation
Board of Directors

Jukka Rinnevaara
President and CEO

Teleste's Annual Report for 2020, which includes the audited financial statements, will be published no later than week 9 2021. 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

Continuing operations	10-12/2020	10-12/2019	Change %
Net sales	39,200	41,561	-5.7 %
Other operating income	673	599	12.4 %
Raw material and consumables used	-19,850	-20,961	-5.3 %
Employee benefits expense	-12,046	-12,166	-1.0 %
Depreciations	-1,967	-1,731	13.7 %
Other operating expenses	-4,734	-5,187	-8.7 %
Operating profit	1,274	2,114	-39.7 %
Financial income	168	264	-36.4 %
Financial expenses	-518	-529	-2.2 %
Profit before taxes	924	1,848	-50.0 %
Taxes	-34	-235	-85.6 %
Net profit of continuing operations	890	1,613	-44.8 %
Discontinued operations			
Net profit of discontinued operations	1,512	-923	
Net Profit	2,402	691	247.8 %
Profit attributable to:			
Owners of the parent company	2,469	965	155.9 %
Non-controlling interests	-67	-274	75.6 %
	2,402	691	247.8 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.14	0.05	155.6 %
Diluted (expressed in euro per share)	0.14	0.05	155.6 %
Earnings per share for profit of the year from continued operations, attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.05	0.10	-49.4 %
Diluted (expressed in euro per share)	0.05	0.10	-49.3 %
Earnings per share for profit of the year from discontinued operations, attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.08	-0.05	
Diluted (expressed in euro per share)	0.08	-0.05	

Total comprehensive income for the period, 1000 euros			
Net profit	2,402	691	247.8 %
Items that may be reclassified to profit or loss:			
Translation differences	548	432	26.8 %
Fair value reserve	15	15	0.0 %
Total comprehensive income for the period	2,965	1,138	160.6 %
Total comprehensive income attributable to:			
Owners of the parent company	3,043	1,426	113.4 %
Non-controlling interests	-78	-289	-73.1 %
	2,965	1,138	160.6 %

STATEMENT OF COMPREHENSIVE INCOME, 1000 euros	1-12/2020	1-12/2019	Change %
Continuing operations			
Net sales	144,983	165,348	-12.3 %
Other operating income	1,783	2,210	-19.3 %
Raw material and consumables used	-72,039	-83,340	-13.6 %
Employee benefits expense	-45,156	-46,049	-1.9 %
Depreciation	-7,241	-6,747	7.3 %
Other operating expenses	-17,814	-29,532	-39.7 %
Operating profit	4,516	1,890	138.9 %
Financial income	836	1,036	-19.4 %
Financial expenses	-1,670	-1,268	31.7 %
Profit before taxes	3,681	1,658	122.0 %
Taxes	-905	-1,987	-54.5 %
Net profit of continuing operations	2,777	-328	
Discontinued operations			
Net profit of discontinued operations	-10,812	-1,324	
Net Profit	-8,035	-1,653	
Profit attributable to:			
Owners of the parent company	-7,827	-1,327	
Non-controlling interests	-209	-327	
	-8,035	-1,653	
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	-0.43	-0.07	
Diluted (expressed in euro per share)	-0.43	-0.07	
Earnings per share for profit of the year from continued operations, attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.16	0.00	
Diluted (expressed in euro per share)	0.16	0.00	

Earnings per share for profit of the year from discontinued operations, attributable to the equity holders of the parent

Basic (expressed in euro per share)	-0.59	-0.07
Diluted (expressed in euro per share)	-0.59	-0.07
Total comprehensive income for the period (tEUR)		
Net profit	-8,035	-1,653
Items that may be reclassified to profit or loss:		
Translation differences	-606	299
Fair value reserve	62	19
Total comprehensive income for the period	-8,579	-1,335
Total comprehensive income attributable to:		
Owners of the parent company	-8,344	-1,019
Non-controlling interests	-235	-316
	-8,579	-1,335

STATEMENT OF FINANCIAL POSITION, 1000 euros

Assets 1000 euros	31.12.2020	31.12.2019	Change %
Non-current assets			
Property, plant and equipment	12,816	12,907	-0.7 %
Goodwill	30,502	30,668	-0.5 %
Other intangible assets	9,052	17,038	-46.9 %
Other non-current financial assets	698	645	8.2 %
Deferred tax assets	2,203	1,924	14.5 %
Total	55,270	63,182	-12.5 %
Current assets			
Inventories	28,225	37,409	-24.5 %
Trade and other receivables	28,867	40,112	-28.0 %
Income tax receivables	428	683	-37.3 %
Cash	20,224	8,249	145.2 %
Total	77,745	86,452	-10.1 %
Assets reported in discontinued operations	0	0	
Total assets	133,015	149,634	-11.1 %
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	-1,557	-1,594	-2.3 %
Invested non restricted equity	3,140	3,079	2.0 %
Retained profits	52,716	62,618	-15.8 %
Non-controlling interests	320	206	55.3 %
Total	63,090	72,779	-13.3 %
Non-current liabilities			
Interest-bearing liabilities	24,716	26,501	-6.7 %
Other liabilities	832	79	957.1 %
Deferred tax liabilities	1,518	1,603	-5.3 %
Provisions	119	93	27.5 %
Total	27,184	28,275	-3.9 %

Current liabilities			
Trade and other liabilities	33,893	39,238	-13.6 %
Current tax payable	880	1,283	-31.4 %
Provisions	1,711	1,528	12.0 %
Interest-bearing liabilities	6,256	6,531	-4.2 %
Total	42,741	48,579	-12.0 %
Liabilities reported in discontinued operations	0	0	
Total liabilities	69,925	76,855	-9.0 %
Equity and liabilities total	133,015	149,634	-11.1 %

CONSOLIDATED CASH FLOW STATEMENT,
1000 euros

	1.1.-31.12. 2020	1.1.-31.12. 2019	Change %
Cash flows from operating activities			
Profit for the period	-8,035	-1,653	386.0 %
Adjustments for:			
Depreciation, amortisation and impairment	7,984	9,549	-16.4 %
Gain on sale on discontinued operation, net of tax	6,028	0	0.0 %
Other non-cash items	510	532	-4.1 %
Financial income and expenses	928	286	224.6 %
Dividends	0	-4	-100.0 %
Taxes	1,842	2,042	-9.8 %
Change in working capital			
Increase/decrease in trade and other receivables	7,882	10,388	-24.1 %
Increase/decrease in inventories	-990	-4,576	-78.4 %
Increase/decrease in trade and other payables	-1,078	-12,039	-91.0 %
Increase/decrease in provisions	215	1,637	-86.8 %
Paid interests and other financial expenses	-993	-1,416	-29.9 %
Received interests and dividends	33	1,036	-96.8 %
Paid taxes	-1,255	-1,725	-27.2 %
Cash flow from operating activities	13,071	4,057	222.2 %
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-1,214	-3,849	-68.4 %
Proceeds from sales of PPE	171	475	-64.1 %
Purchases of intangible assets	-3,916	-4,900	-20.1 %
Purchase of investments	-77	-77	0.0 %
Proceeds from sale of investments	6,276	0	
Acquisition of subsidiary, net of cash acquired	0	-1,050	
Net cash used in investing activities	1,239	-9,401	
Cash flow from financing activities			
Proceeds from borrowings	6,466	0	
Payments of borrowings	-3,569	-489	629.8 %
Payment of finance lease liabilities	-3,794	-4,499	-15.7 %
Dividends paid	-1,685	-3,630	-53.6 %
Capital investment by non-controlling interests	349	0	
Net cash used in financing activities	-2,232	-8,618	-74.1 %
Change in cash			

Cash and cash equivalents 1.1.	8,249	22,240	-62.9 %
Effect of currency changes	-103	-28	267.7 %
Cash and cash equivalents 31.12.	20,225	8,249	145.2 %

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 1.1.2020	6,967	1,504	-1,594	62,618	3,140	-62	72,574	206	72,779
Total comprehensive income for the period				-7,827		62	-7,765	-209	-7,974
Dividends				-1,821			-1,821		-1,821
Equity-settled share-based payments				370			370		370
Translation differences			37	-624			-588	-27	-614
Changes of non-controlling interests without change in control							0	349	349
Equity 31.12.2020	6,967	1,504	-1,557	52,716	3,140	0	62,770	319	63,090

Business segments 2020, 1000 euros	Video and Broadband Solutions	Network Services	Discontinued Operations	Total
External sales				
Services	5,622	20,836	56,291	82,749
Goods	118,524	0	0	118,524
External sales total	124,146	20,836	56,291	201,273
Operating profit of segments	3,588	1,478	-3,637	1,429
Unallocated items				-550
Discontinued operations				3,637
Financial items				-834
Profit before taxes				3,681

Business segments 2019, 1000 euros	Video and Broadband Solutions	Network Services	Discontinued Operations	Total
External sales				
Services	4,087	23,996	70,110	98,193
Goods	137,265	0	0	137,265
External sales total	141,352	23,996	70,110	235,458

Operating profits of the segments		8,056		776		-1,122		7,711
Unallocated items								-6,942
Discontinued operations								1,122
Financial items								-232
Profit before taxes								1,659

Geographical segments			Nordic	Other				
2020, 1000 euros	Finland		countries	Europe	Others	Dis-continued		Total
Sales by origin	14,430		12,939	106,430	11,183	56,291		201,273
Assets	48,381		648	3,587	451	0		53,067
Capital expenditure for the period	3,175		103	2,354	150	807		6,588

Geographical segments			Nordic	Other				
2019, 1000 euros	Finland		countries	Europe	Others	Dis-continued		Total
Sales by origin	15,799		20,607	114,122	14,820	70,110		235,458
Assets	50,776		590	7,027	112	2,751		61,257
Capital expenditure for the period	4,632		236	2,788	685	4,640		12,981

Segment information per quarter, 1000 euro	10-12/20	7-9/20	4-6/20	1-3/20	10-12/19	1-12/2020	1-12/2019
--	----------	--------	--------	--------	----------	-----------	-----------

Video and Broadband Solutions

Order intake	37,877	24,656	24,978	40,498	41,807	128,009	143,455
Net sales	33,891	30,590	28,462	31,203	36,142	124,146	141,351
EBIT	817	1,754	-191	1,208	1,269	3,588	8,056
EBIT %	2.4 %	5.7 %	-0.7 %	3.9 %	3.5 %	2.9 %	5.7 %

Network Services

Order intake	5,309	5,114	5,054	5,359	5,419	20,836	23,996
Net sales	5,309	5,114	5,054	5,359	5,419	20,836	23,996
EBIT	457	469	337	215	488	1,478	776
EBIT %	8.6 %	9.2 %	6.7 %	4.0 %	9.0 %	7.1 %	3.2 %

Total segments

Order intake	43,186	29,770	30,032	45,857	47,226	148,845	167,451
Net sales	39,200	35,704	33,516	36,562	41,561	144,982	165,347
EBIT	1,274	2,223	146	1,423	1,757	5,066	8,832
EBIT %	3.3 %	6.2 %	0.4 %	3.9 %	4.2 %	3.5 %	5.3 %

Total group

Unallocated item	0	0	-550	0	356	-550	-6,942
EBIT	1,274	2,223	-404	1,423	2,114	4,516	1,890
EBIT%	3.3 %	6.2 %	-1.2 %	3.9 %	5.1 %	3.1 %	1.1 %

Net sales by category, 1000 euro

	10-12/20	7-9/20	4-6/20	1-3/20	10-12/19	1-12/2020	1-12/2019
Goods	29,116	32,679	26,514	30,215	35,790	118,524	137,265
Service	10,084	3,025	7,002	6,347	5,771	26,458	28,083
Total	39,200	35,704	33,516	36,562	41,561	144,982	165,348

Order backlog					
Thousand euro	12/20	9/20	6/20	3/20	12/19
VBS order backlog					
end of period	77,086	73,100	79,033	82,558	73,223

Commitments and contingencies, 1000 euros		2020	2019	Change %
Lease liabilities		921	886	4.0 %
Value of underlying forward contracts		18,515	21,146	-12.4 %
Market value of forward contracts		-473	-48	891.5 %
Interest rate swap		0	10,000	-100.0 %
Market value of interest swap		0	-65	-100.0 %
Guarantees		11,055	2,197	403.2 %

The number of employees broken down by following categories 31.12.		2020	2019	Change %
Research and development		202	214	-5.6 %
Production and material management		433	871	-50.3 %
Sales and marketing		134	139	-3.6 %
Administration		88	106	-16.7 %
Total		858	1,330	-35.5 %

	IFRS	IFRS	IFRS	IFRS	IFRS
Key figures	2020	2019	2018	2017	2016
Profit and loss account, balance sheet					
Net sales, Meur	145.0	235.5	250.3	234.6	259.5
Change %	-38.4 %	-5.9 %	6.7 %	-9.6 %	4.8 %
Sales outside Finland, %	92.8 %	0.0 %	93.9 %	94.3 %	93.3 %
Operating profit, Meur	4.5	0.8	9.7	-7.5	15.6
% of net sales	3.1 %	0.3 %	3.9 %	-3.2 %	6.0 %
Profit after financial items, Meur	3.7	0.4	9.1	-8.5	14.8
% of net sales	2.5 %	0.2 %	3.6 %	-3.6 %	5.7 %
Profit before taxes, Meur	3.7	0.4	9.1	-8.5	14.8
% of net sales	2.5 %	0.2 %	3.6 %	-3.6 %	5.7 %
Profit for the financial period, Meur	-8.0	-1.7	6.8	-9.1	11.8
% of net sales	-5.5 %	-0.7 %	2.7 %	-3.9 %	4.6 %
R&D expenditure, Meur	10.8	13.5	12.5	12.1	11.1
% of net sales	7.4 %	5.7 %	5.0 %	5.1 %	4.3 %
Gross investments, Meur	6.6	13.0	7.0	7.5	5.5
% of net sales	4.5 %	5.5 %	2.8 %	3.2 %	2.1 %
Interest bearing liabilities, Meur	31.0	33.0	26.8	33.2	30.6
Shareholder's equity, Meur	63.1	72.8	77.2	71.4	84.4
Total assets, Meur	133.0	149.6	159.0	153.5	162.1
Personnel and orders					
Average personnel	856	1,363	1,393	1,492	1,514
Order backlog at year end, Meur	77.1	73.2	71.0	57.4	26.9
Orders received, Meur	148.8	237.6	264.0	262.9	244.3
Key metrics					
Return on equity, %	-11.8 %	-2.2 %	9.2 %	-11.7 %	14.6 %
Return on capital employed, %	-4.5 %	1.6 %	9.3 %	-6.6 %	14.8 %
Equity ratio, %	48.8 %	49.5 %	51.7 %	48.3 %	52.5 %
Net gearing, %	17.0 %	34.1 %	5.9 %	16.8 %	25.0 %

Earnings per share, euro	-0.43	-0.07	0.38	-0.50	0.65
Earnings per share fully diluted, euro	-0.43	-0.07	0.38	-0.50	0.65
Shareholders equity per share, euro	3.46	4.00	4.25	3.94	4.66
ALTERNATIVE PERFORMANCE MEASURES					
Adjusted operating profit	5,066	8,832	9,721	-7,549	15,635
Adjusted earnings per share, EUR	-0.06	0.31	0.38	-0.50	0.65
BRIDGE OF CALCULATION					
Operating profit, continued operations	4,516	1,890	9,721	-7,549	15,635
Cost item caused by a crime	0	6,942	0	0	0
Business reorganization	550				
Adjusted operating profit, continued operations	5,066	8,832	9,721	-7,549	15,635
Net profit/loss to equity holder	-7,827	-1,327	6,975	-9,106	11,820
Outstanding shares during the quarter	18,204	18,181	18,122	18,202	18,169
Earnings per share, basic	-0.43	-0.07	0.38	-0.50	0.65
Operating profit	-7,827	-1,327	6,975	-9,106	11,820
Cost item caused by a crime	0	6,942	0	0	0
Business reorganization	550	0	0	0	0
Business disposals, discontinued operations	6,106	0	0	0	0
Outstanding shares during the quarter	18,204	18,181	18,122	18,202	18,169
Earnings per share, basic	-0.06	0.31	0.38	-0.50	0.65
Teleste share					
Highest price, euro	5.78	6.80	7.58	9.62	10.24
Lowest price, euro	3.51	5.04	5.12	6.51	7.29
Closing price, euro	4.49	5.34	5.26	6.68	8.86
Average price, euro	4.40	5.72	6.72	8.19	8.69
Price per earnings	-10.4	-73.2	13.8	-13.3	13.6
Market capitalization, Meur	85.2	101.4	99.9	126.8	160.6
Stock turnover, Meur	13.8	9.2	13.3	16.8	30.6
Turnover, number in millions	3.1	1.6	2.0	2.0	3.5
Turnover, % of share capital	16.5 %	8.5 %	10.4 %	10.8 %	18.5 %
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	18,220,370	18,181,177	18,168,088	18,202,396	18,169,002
Number of shares at the year-end, diluted w/o own shares	18,218,503	18,207,708	18,155,300	18,172,350	18,216,369
Paid dividend, Meur	1.2	1.8	3.6	1.8	4.5
Dividend per share, euro	0.12*	0.10	0.20	0.10	0.25
Dividend per net result, %	neg.	neg.	53.1 %	neg.	38.3 %
Effective dividend yield, %	2.7 %	1.9 %	3.8 %	1.5 %	2.8 %

* The Board's proposal to the AGM

	Number of shares	% of shares	% of votes
Treasury shares			
Teleste companies own shares			
31.12.2020	776,419	4.09%	4.09%

Major shareholders 31.12.2020	Number of shares	% of share capital
Tianta Oy	4,570,760	24.07
Mandatum Life Insurance Company Limited	1,684,380	8.87
Ilmarinen Mutual Pension Insurance Company	899,475	4.74
Kaleva Mutual Insurance Company	824,641	4.34
Teleste Oyj	776,419	4.09
Mariatorp Oy	550,000	2.90
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
Wipunen Varainhallinta Oy	450,000	2.37
OP-Finland Small Firms Fund	240,408	1.27

Shareholders by sector	Number of shareholders	% of Owners	Number of shares	% of shares
Households	5,516	94.08	5,228,443	27.54
Public sector institutions	3	0.05	1,920,625	10.12
Financial and insurance institutions	22	0.38	3,701,889	19.50
Corporations	272	4.64	8,027,970	42.28
Non-profit institutions	20	0.34	43,918	0.23
Foreign and nominee registered owners	30	0.51	62,743	0.33
Total	5,863	100.00	18,985,588	100.00
Of which nominee registered	10	0.17	483,657	2.55

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	1,672	28.52	94,186	0.50
101-500	2,361	40.27	638,124	3.36
501-1,000	829	14.14	665,133	3.50
1,001-5,000	792	13.51	1,763,420	9.29
5,001-10,000	98	1.67	685,069	3.61
10,001-50,000	82	1.40	1,691,823	8.91
50,001-100,000	7	0.12	476,961	2.51
100,001-500,000	15	0.26	3,144,047	16.56
500,001-& above	7	0.12	9,826,825	51.76
Total	5,863	100.00	18,985,588	100.00
of which nominee registered	10	0.17	483,657	2.55

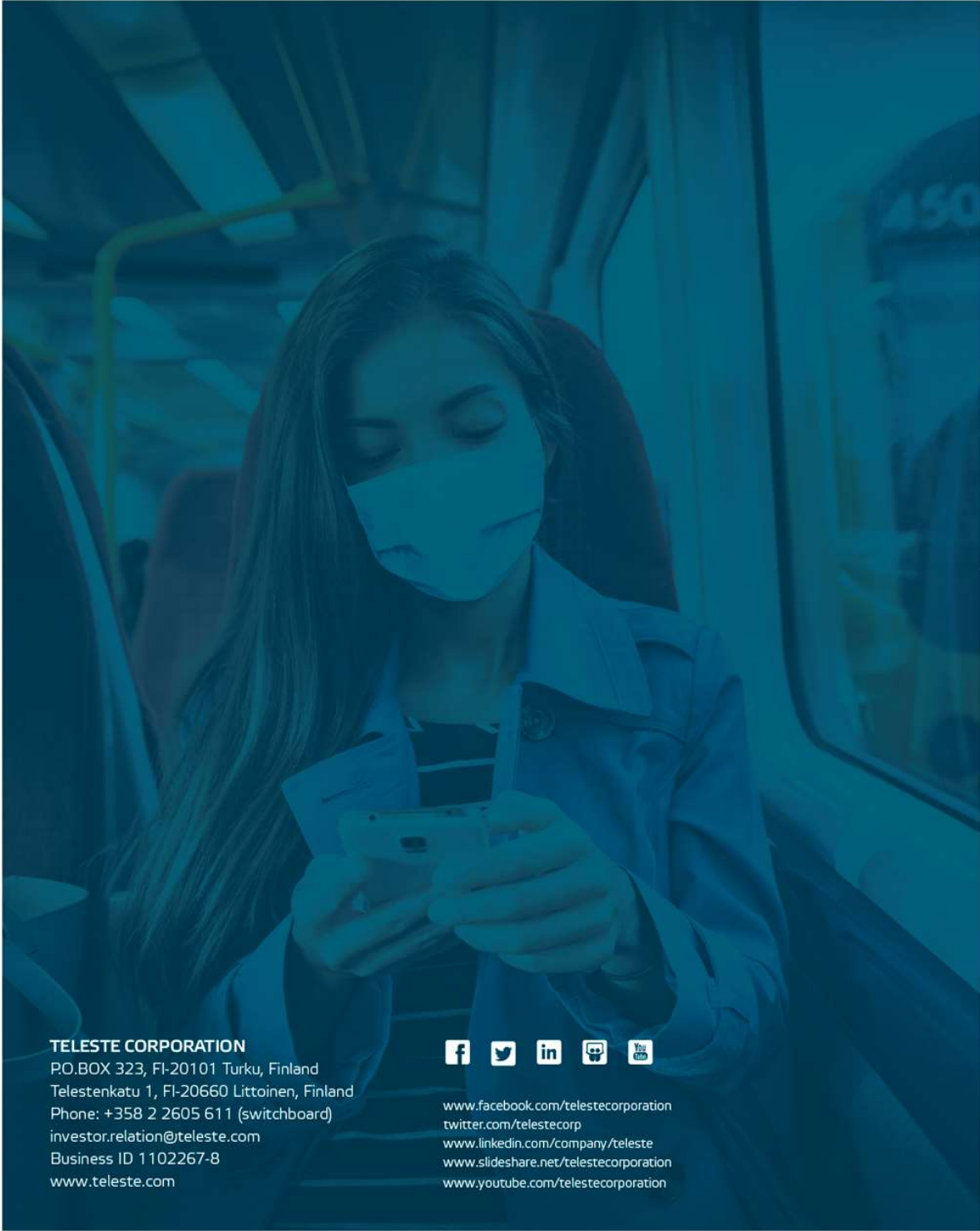
CALCULATION OF KEY FIGURES

Return on equity:	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average)}} * 100$
Return on capital employed:	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average)}} * 100$
Equity ratio:	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} * 100$
Gearing:	$\frac{\text{Interest bearing liabilities - cash in hand and in bank - interest bearing assets}}{\text{Shareholders' equity}} * 100$
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

Effective from the beginning of 2019, Teleste has started to report non-IFRS alternative performance measures. The calculation of the alternative performance measures does not take into account income or expense items affecting comparability that are non-recurring or infrequently occurring and not part of the ordinary course of business. The purpose of presenting the alternative performance measures is to improve comparability, and they do not replace the performance measures and key figures presented in accordance with IFRS. The alternative performance measures reported by the Group are adjusted operating result and adjusted earnings per share. Adjusted operating result and adjusted earnings per share exclude material items affecting comparability that are not part of the ordinary course of business. The adjusted items are recognised in the income statement within the corresponding income or expense group.

Adjusted operating profit	Operating profit is adjusted with items which are non-recurring or infrequently.
Adjusted earnings per share:	$\frac{\text{Adjusted Profit for the period attributable to equity holder of the parent}}{\text{Weighted average number of ordinary shares outstanding during the period}}$



TELESTE CORPORATION

P.O.BOX 323, FI-20101 Turku, Finland
Telestenkatu 1, FI-20660 Littoinen, Finland
Phone: +358 2 2605 611 (switchboard)
investor.relation@teleste.com
Business ID 1102267-8
www.teleste.com



www.facebook.com/telestecorporation
twitter.com/telestecorp
www.linkedin.com/company/teleste
www.slideshare.net/telestecorporation
www.youtube.com/telestecorporation