



Bittium

Bittium Corporation Financial Statement Bulletin 2017

CEO Hannu Huttunen | CFO Pekka Kunnari

February 22, 2018

Forward-looking statements

- Some statements made in this material relating to future circumstances or status, including, without limitation, future performance of the company, expectations regarding market growth, trend projections as well as any statements preceded by the words “expect”, “believe”, “foresee” or similar expressions are forward-looking statements.
- By their nature, forward-looking statements involve risk and uncertainty and actual results may, therefore, differ materially from the results that are expressed or implied by these forward-looking statements.
- Bittium Corporation disclaims all obligations to update such forward-looking statements except as required by mandatory law.

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Highlights July- December 2017

CEO Hannu Huttunen

An aerial night view of a city skyline, likely Chicago, with a blue overlay on the left side. A network grid of white lines is overlaid on the city, and a bright blue beam of light emanates from a skyscraper. The word "Bittium" is written in white, bold, sans-serif font in the bottom right corner.

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Main events in July - December 2017



- Services-based business decreased significantly in 2H 2017 as expected
- Product-based business grew according to the strategy
- New product launches
 - New Bittium Tough Comnode™
 - New version of the Bittium SafeMove® software product portfolio
 - New software for analyzing cardiac event-based ECG measurements and long-term Holter measurements
- Strong investments in own products and product platforms
 - New Bittium Tough SDR™ product family
 - Bittium Tough Mobile™ and its next generation smartphone
 - Medical technology products and solutions
- Cooperation with Finnish Defence Forces continued strong
 - Framework Agreement for the delivery of Bittium TAC WIN products during the years 2018-2020
 - Letter of Intent concerning the purchase of new software defined radio (SDR) based tactical radios and the preparations of the purchase
 - A purchase order for versatile Bittium Tough Comnode™ terminal
- ESSOR programme continued into the development of Operational Capability 1 (OC1)
- National Confidential level information security classification for Bittium Tough Mobile™ smartphone and its security solution system
- Medical devices related certification ISO 13485:2016, which covers the design, development, manufacturing and related services for the entire product life cycle of medical devices
- The product orders of the mobile devices for the Mexsat system postponed to 2018

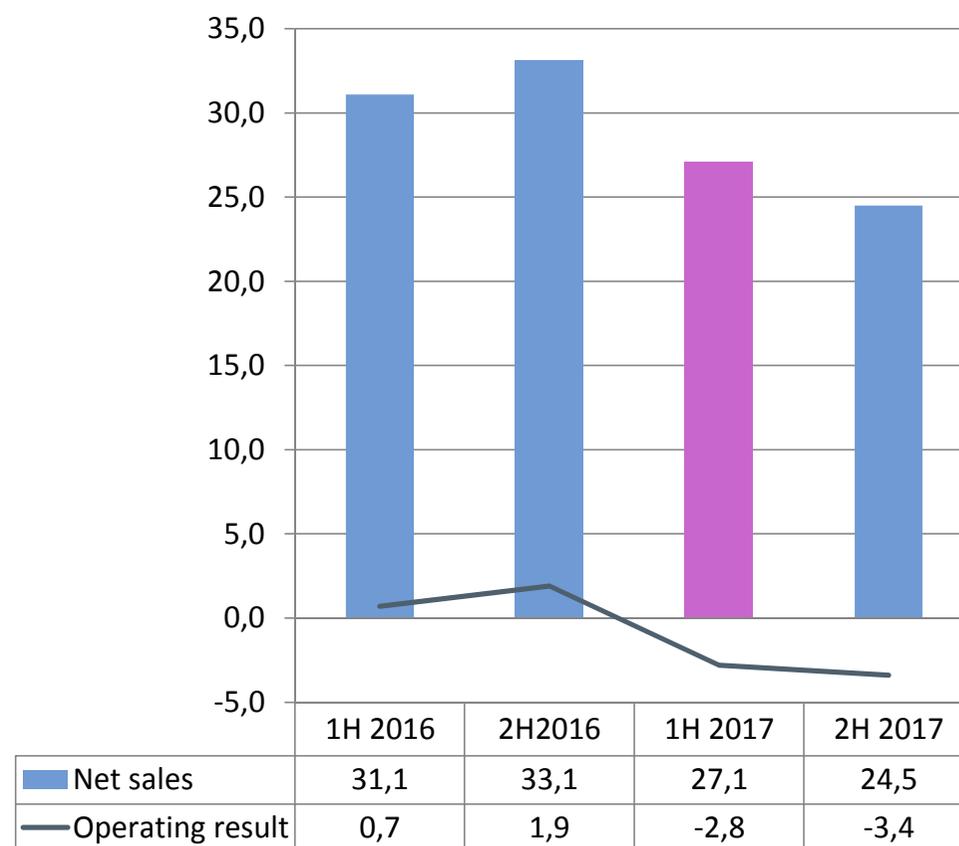
Financial review

CFO Pekka Kunnari

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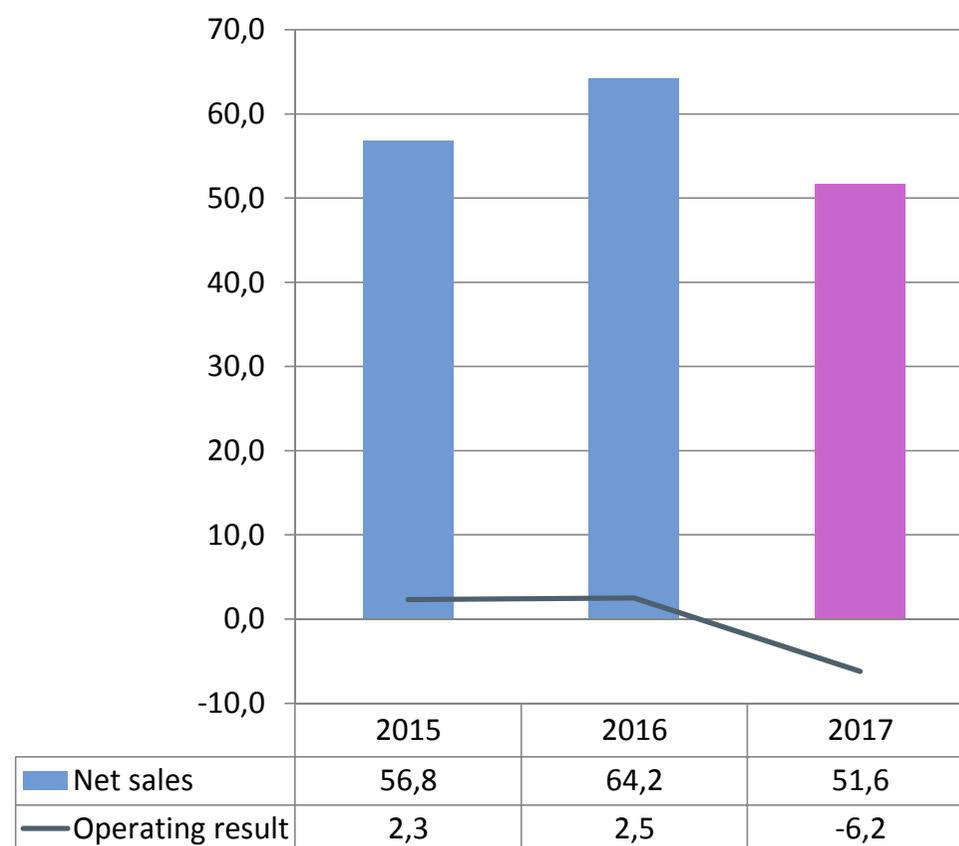
Net sales and operating profit in 2H 2017 (2H 2016)

- Net sales decreased by 25.9% to MEUR 24.5 (MEUR 33.1)
 - Product-based net sales increased and was MEUR 9.1 (MEUR 6.6)
 - Service-based net sales decreased significantly as expected and was MEUR 15.2 (MEUR 26.3)
- Operating loss was MEUR -3.4 (MEUR +1.9)



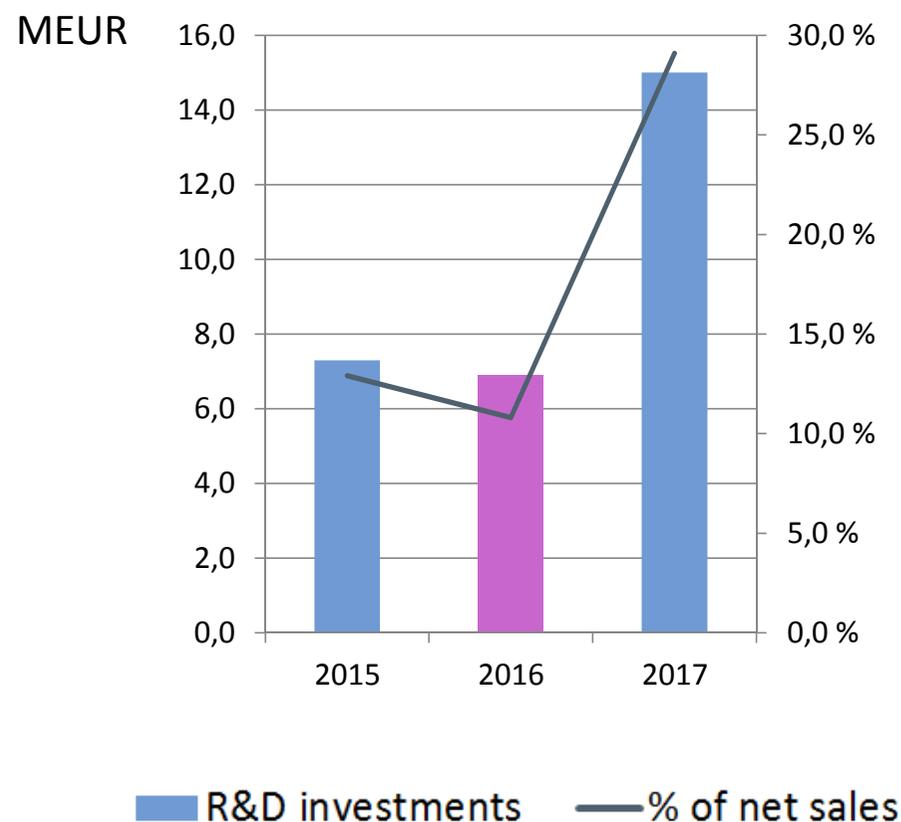
Net sales and operating profit in 2017 (2016)

- Net sales decreased by 19.6% to MEUR 51.6 (MEUR 64.2)
 - Product-based net sales increased and was MEUR 16.3 (MEUR 11.9)
 - Service-based net sales decreased and was MEUR 34.9 (MEUR 51.8)
- Operating loss was MEUR -6.2 (MEUR +2.5)



R&D investments in 2017 (2016)

- R&D investments increased significantly and were MEUR 15.0 equaling 29.1% of the net sales (MEUR 6.9, equaling 10.8% of the net sales)
 - MEUR 5.8 was capitalized (MEUR 0.9)
 - Depreciations of R&D investments were MEUR 0.3 (MEUR 0.3)
 - R&D investments in the P&L was MEUR 9.6 (MEUR 6.3)
- The main focus in the R&D investments was in the following products
 - New tactical communication radios: Bittium Tough SDR product family (soldier and vehicle radios)
 - The continued development of the Bittium Tough Mobile secure LTE smartphone and related security software and its next generation product development



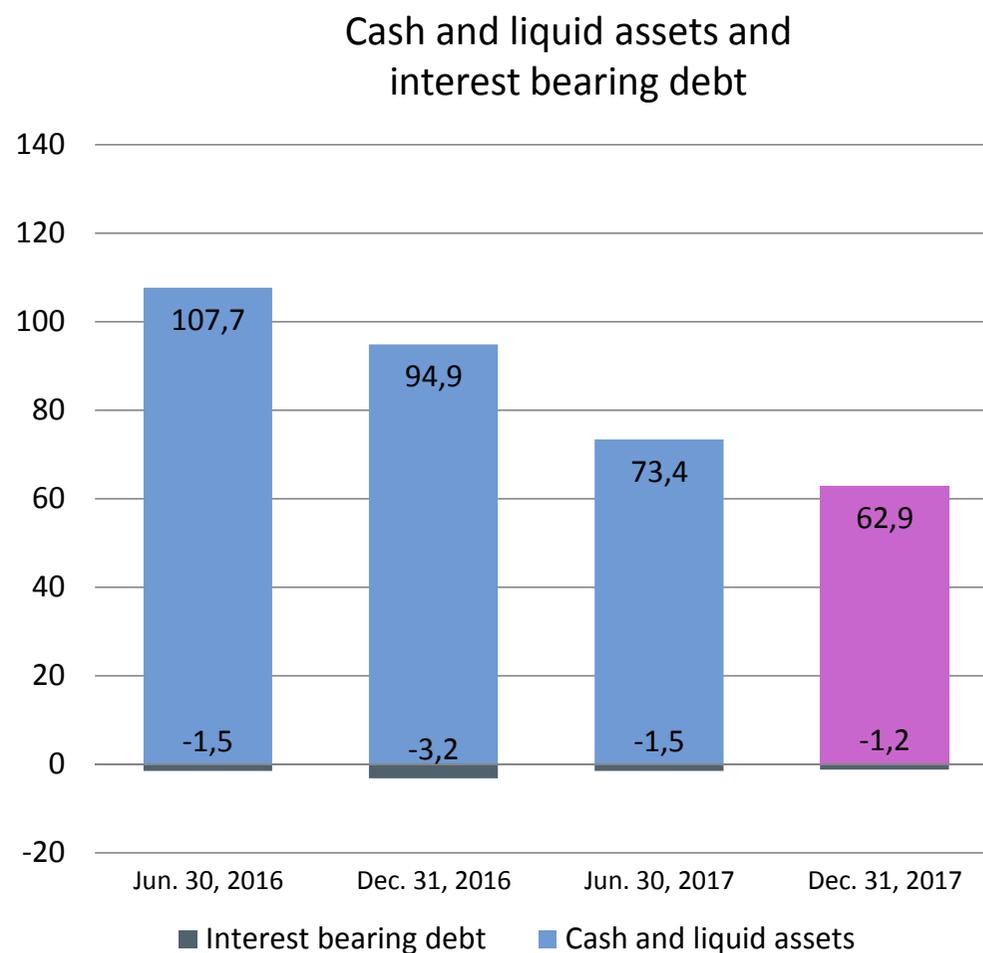
Cash flow in 2017

MEUR	2017	2016
Net profit +/- adjustment of accrual basis items	-2.4	+5.0
Change in net working capital	+2.0	-7.6
Interests, taxes, and dividends	+0.3	+0.9
NET CASH FROM OPERATING ACTIVITIES	-0.0	-1.7
Net cash from investing activities	-18.5	-14.5
Net cash from financing activities	-13.4	-11.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	-32.0	-27.9

- Net cash flow in 2016 and in 2017 include the dividend payment in April and the investments made into the company's new office building in Oulu, Finland.

Strong balance sheet

- Cash reserves remained strong at the end of 2017
 - Cash and liquid assets MEUR 62.9
- Equity ratio was 85.6%
- Interest bearing debt was MEUR 1.2
- Net gearing -52.9 %
- Capitalized R&D costs MEUR 11.9



Outlook for 2018

CEO Hannu Huttunen



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Outlook for 2018

- The growing need for wireless connectivity, increasingly growing amount of data transfer and the need for secure data transfer create demand for Bittium's competence, products and product platforms. The general digitalization in the healthcare market and remote care becoming more common create demand for Bittium's medical technology products and solutions. In a long term Bittium has good potential to grow profitably. Bittium invests significantly in developing its own products and solutions and aims at growing its net sales based on its products and product platforms.
- Bittium expects that the net sales in 2018 will grow from previous year (EUR 51.6 million in 2017) and the operating result to be better than in the previous year (-6.2 million in 2017). The level of operating result in 2018 will be affected by the investments started in 2017 to enable future growth.
- Bittium's long-term financial targets will be reviewed and estimated as part of the annual strategy process and they will be announced together with company's strategy. Long-term financial targets do not form company's official financial outlook or the statement about the future.

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