

Salary and Remuneration Report

2015

Bittium

Salary and Remuneration Report

1. Introduction

The governance of Bittium Corporation (hereinafter "Company") is determined by the Company's Articles of Association, the laws of Finland (such as the Finnish Companies Act and Securities Market Act) and the Company's Corporate Governance Code. The Company follows with some exceptions the Finnish Corporate Governance Code 2015 prepared by the Finnish Securities Market Association. The Governance Code allows its implementation in phases. The former Finnish Corporate Governance Code from 2010 and the valid Decree of the Ministry of Finance on the Regular Duty of Disclosure of an Issuer of a Security are applied to the statement given from the financial year 2015, i.e. to this Corporate Governance Statement. Both Governance Codes are available at the website of the Finnish Securities Market Association at www.cgfinland.fi.

The statutory governing bodies of the Company are the Shareholders' meeting, Board of Directors, Chief Executive Officer and the Auditor. The Management Group supports the statutory governing bodies of the Company. The Company has no Supervisory Board. The Company's domicile is Oulu.

The Company sold its Automotive business to Continental AG on July 1, 2015 and changed its name to Bittium Corporation from Elektrobitt Corporation. The operative business of the Group took place earlier in business segments (sub-groups) formed branch-by-branch. The external reporting of the Group was also based on these business segments which were Automotive and Wireless. The Presidents of the sub-groups' parent companies reported on the business operations of the segment to the Board of Directors of each subgroup's parent company ("Segment Board"). Operative business decisions were made in each business segment. After having sold its Automotive business the Company merged its corporate functions and Wireless Business Segment's functions on August 7, 2015. At the same time, Mr. Hannu Huttunen replaced Mr. Jukka Harju as CEO and the Management Group changed. The Extraordinary General

Meeting held on September 14, 2015 elected Ms. Kirsi Komi, Mr. Juha Putkiranta and Mr. Seppo Mäkinen as new members of the Board of Directors. The new members of the Board of Directors replaced Mr. Jorma Halonen, Mr. Juha Hulkko and Mr. Seppo Laine, who had notified their resignation from the Board of Directors when the term of the new members of the Board of Directors commences. Mr. Staffan Simberg and Mr. Erkki Veikkolainen chosen earlier to the Board of Directors continued in their positions with the new members of the Board of Directors. In the assembly meeting held on November 5, 2015 the Board of Directors elected Erkki Veikkolainen as the Chairman of the Board.

A coherent and up-to-date depiction on remuneration promotes the providing of information to the shareholders. To achieve this, the Company has prepared a salary and remuneration report. The salary and remuneration report is prepared in accordance with recommendations included in section 7 (Remuneration) and recommendation 47 of the Finnish Governance Code. The Company's Corporate Governance Code, Corporate Governance Statement for each financial period and the salary and remuneration report are publicly available at the Company's website at www.bittium.com.

Up-to-date information regarding the shareholdings and the option rights of the CEO and the other management is publicly available in the electronic insider register at Net-Sire - Bittium Corporation, under Bittium Oyj.

2. Remuneration

Decision-making process

The general meeting decides on the remuneration paid for board and committee work and on the basis for its definition. Generally the body that appointed a person also decides on the remuneration of that person. The Board of Directors appoints the CEO and thus decides also upon the CEO's remuneration. In addition, the Board of Directors decides upon the compensation payable based on termination of the CEO. The

Board of Directors decides on the principles and structure of the remuneration scheme of the Company and the Group based on the presentation of the CEO. In accordance with the annual clock of the Board of Directors the review is scheduled to occur in October. The remuneration of the other management is decided on a one-over-one basis¹. The CEO may, however, decide upon the salary increases of his direct subordinates within the budget approved by the Board of Directors.

3. Remuneration of the Board of Directors

Remuneration and other benefits of the members of the Board of Directors

The Annual General Meeting decides the remuneration of the Board. As a rule, there has not been a separate remuneration for executive members of the Board of Directors.²The General Meeting held on April 15, 2015 decided that the elected Board members' remuneration for the term ending at the end of the following Annual General Meeting shall be as follows:

- Chairman of the Board EUR 3,500 per month and
- other members of the Board of Directors EUR 2,000 per month.

In addition, the Board members are entitled to compensation for the attended Board Committee meetings as follows:

- the Chairman of the Committee EUR 600 for each meeting and other Committee members EUR 400 for each meeting.

The members of the Board of Directors are also entitled to compensation for the attending other Bittium group company's Board meetings as follows:

- EUR 1,200 for each meeting.

The travel expenses of the members of the Board of Directors shall be reimbursed in accordance with the Company's travel policy. The remuneration of the Board is not at all paid in the form of shares, instead all remunerations are paid in money.

¹ One-over-one principle means that a decision on remuneration shall be approved by the supervisor of the decision-maker.

² In 2015 none of the members of the Board had an employment relationship or service contract with the Company.

REMUNERATION PAID TO BOARD MEMBERS IN 2015, EUR (BOARD UNTIL NOVEMBER 4, 2015)

Name	Position	Remuneration/ Bittium Corporation Board member	Remuneration/ Audit and Finance Committee	Remuneration/ other Bittium Group company Board
Seppo Laine	Chairman of the Board, member of the Audit and Finance Committee	35 500	1 200	8 400
Jorma Halonen	Board member	20 286		7 200
Juha Hulkko	Board member	20 286		
Staffan Simberg	Board member, Chairman of the Audit and Finance Committee	20 286	1 800	7 200
Erkki Veikkolainen	Board member, member of the Audit and Finance Committee	20 286	1 800	7 200
Matti Lainema	Member of the Wireless Business Segment's Board of Directors		1 200	7 200
In total		116 643	4 200	34 800

REMUNERATION PAID TO BOARD MEMBERS IN 2015, EUR (BOARD FROM NOVEMBER 5, 2015)

Name	Position	Remuneration/ Bittium Corporation Board member	Remuneration/ Audit and Finance Committee
Kirsi Komi	Board member, member of the Audit and Finance Committee	3 714	400
Juha Putkiranta	Board member	3 714	
Seppo Mäkinen	Board member	3 714	
Staffan Simberg	Board member, Chairman of the Audit and Finance Committee	3 714	1 200
Erkki Veikkolainen	Chairman of the Board	6 500	400
Seppo Laine	External advisor of the Audit and Finance Committee		400
In total		21 357	2 400

REMUNERATION PAID TO BOARD MEMBERS IN 2014, EUR

Name	Position	Remuneration/ Bittium Corporation Board member	Remuneration/ Audit and Finance Committee	Remuneration/ other Elektrobit Group company Board
Seppo Laine	Chairman of the Board, member of the Audit and Finance Committee	42 000	2 400	16 000
Jorma Halonen	Board member	24 000		16 000
Juha Hulkko	Board member	24 000		15 000
Staffan Simberg	Board member, Chairman of the Audit and Finance Committee	24 000	3 600	16 200
Erkki Veikkolainen	Board member, member of the Audit and Finance Committee	24 000	2 400	1 200
In total		138 000	8 400	64 400

REMUNERATION PAID TO BOARD MEMBERS IN 2013, EUR

Name	Position	Remuneration / Bittium Corporation Board member	Remuneration / Audit and Finance Committee	Remuneration / other Elektrobit Group company Board
Seppo Laine	Chairman of the Board, member of the Audit and Finance Committee	42 000	2 400	12 000
Jorma Halonen	Board member	24 000		9 000
Juha Hulkko	Board member	24 000		10 000
Staffan Simberg	Board member, Chairman of the Audit and Finance Committee	24 000	3 600	12 000
Erkki Veikkolainen	Board member, member of the Audit and Finance Committee		24 000	1 600
In total		138 000	7 200	43 000

The members of the Board have not received other benefits or participated in the Company's remuneration schemes.

Financial benefits of the Chairman of the Board and the members of the Board pertaining to their possible employment relationship or service contract

There are no employment relationships or service contracts between the Company's members of the Board and the Company. The members of the Board have not been included in the remuneration schemes of the Company.

Participation of the members of the Board in a share-related remuneration scheme

The members of the Board have not participated in a share-related remuneration scheme. No remuneration for the members of the Board has been paid in the form of Company shares. Information on the shareholdings of the members of the Board in the Company is available in the Company's insider register.

4. Remuneration of the Chief Executive Officer and other executives

Information on the service contract of the CEO

The Board of Directors defines and approves the essential terms of the service of the CEO, including the CEO's remuneration, in the form of a written agreement. CEO Hannu Huttunen's service contract is effective until further notice and can be terminated by the Company with twelve (12) and the CEO with six (6) months' written notice. The contract of Bittium's former CEO Jukka Harju terminated on August 6, 2015 by mutual consent, and he did not continue at Bittium after August 2015. Harju had been the Company's CEO since June 4, 2009.

The CEO is entitled to a pension under the Contracts of Employment Act and other legislation pertaining to pensions and does not have additional pension benefits. The Finnish employee pension system (TyEL) allows for an old-age pension based on years of service and the income accumulated during those years, including the base salary, bonuses (excluding any option rights and shares subscribed on their basis) and taxable fringe benefits. The old age pension can be taken out at one's own discretion between the ages of 63-68 (flexible retirement age).

The Company's current CEO Hannu Huttunen has not participated in a share-related remuneration scheme and he has not been awarded with any Company shares. He does not have any stock options at the moment. The maximum amount of variable pay for the CEO is 50% of the aggregate salary of the variable pay earning period.

REMUNERATION PAID TO THE CEO JUKKA HARJU, EUR (UNTIL AUGUST 6, 2015)

	Salary	Other benefits	Extraordinary payments	Variable payment
2015	217 421		138 000	115 000
2014	289 788			57 500
2013	289 788			

REMUNERATION PAID TO THE CEO HANNU HUTTUNEN, EUR (FROM AUGUST 7, 2015)

	Salary	Other benefits	Extraordinary payments	Variable payment
2015	81 762			64 295,16

The essential principles regarding remuneration of other executives

Remuneration of the other group executives consists of fixed monthly salary with fringe benefits (i.e. the aggregate salary) and variable pay. In addition, the Company has option programs as a long term incentive program. There are no additional pension benefits for the group executives. The maximum amount of variable pay for other executives is 30-60% of the aggregate salary of the variable pay earning period.

REMUNERATION PAID TO OTHER EXECUTIVES³, EUR (UNTIL AUGUST 6, 2015)

	Salary	Other benefits	Extraordinary payments	Variable payment
2015	694 624	6 258		665 000

REMUNERATION PAID TO OTHER EXECUTIVES⁴, EUR (FROM AUGUST 7, 2015)

	Salary	Other benefits	Extraordinary payments	Variable payment
2015	352 689	12 487		10 9118

³Covers until August 6, 2015 remunerations of the other executives of the Company (excluding the Company's CEO) and the Presidents of the business segments.

⁴Covers from August 7, 2015 remunerations of the Management Group of the Company (excluding the Company's CEO).

Variable Pay System

Variable pay will be based on achievement of targets. The earning period for the variable pay in 2015 was the calendar year. The targets are set separately for each earning period. The setting of targets and the review of their achievement is decided on a one-over-one basis. The criteria for the short term variable pay are the financial and strategic targets. In addition, part of the targets may be other objectives or personal targets. Personal targets vary between duties. In 2015 the financial targets were operating profit and cash flow.

Long Term Reward System

OPTION RIGHTS 2008

The Annual General Meeting of the year 2008 decided upon issuance of option rights for the key persons of Bittium Group. The total aggregate amount of the option rights is 4,200,000 at most. 1,400,000 of the said option rights are marked as 2008A, another 1,400,000 option rights as 2008B and the rest, 1,400,000 option rights, as 2008C. The subscription price of the shares to be subscribed on the basis of above mentioned option rights is based on the current market price of the share of Bittium Corporation in NASDAQ OMX Helsinki in January 2009⁵, January 2010⁶ and January 2011⁷. Subscription periods of the shares to be subscribed on the basis of above mentioned option rights are as follows: 2008A between April

1, 2012 and March 31, 2014, 2008B between April 1, 2013 and March 31, 2015 and 2008C between April 1, 2014 and March 31, 2016.

The Company's Board of Directors decided on June 5, 2013 on the transfer of stock options 2008A and 2008B to the Finnish book-entry system and to apply for listing on the official list of NASDAQ OMX Helsinki. The stock options 2008A and 2008B were listed in such a way that the trading with the stock options started on June 17, 2013.

The Company's Board of Directors decided on December 20, 2013 on the transfer of series 2008C stock options to the Finnish book-entry system and to apply for listing of 1,400,000 stock options 2008C on the official list of NASDAQ OMX Helsinki. Application was made for the listing to commence on April 1, 2014.

⁵ The trade volume weighted average quotation of the share on the OMX Nordic Exchange Helsinki during January 1—January 31 2009.

⁶ The trade volume weighted average quotation of the share on the OMX Nordic Exchange Helsinki during January 1—January 31 2010.

⁷ The trade volume weighted average quotation of the share on the OMX Nordic Exchange Helsinki during January 1—January 31 2011.

Bittium

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