



Bittium Corporation Half Year Financial Report January-June 2018

CEO Hannu Huttunen | CFO Pekka Kunnari
August 8, 2018

Bittium

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 January- June 2018

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 January-June 2018

Services-based business decreased in 1H 2018 as expected

The first product orders of the mobile devices for the Mexsat system

A significant supply agreement to deliver customized ECG monitoring devices to US

Product-based business grew according to the strategy

New office in Mexico

Cooperation with Cerenion on bringing next-generation brain monitoring to intensive care

Strong investments in own products and product platforms

Strong cooperation with the Finnish Defence Forces continued

EU medical approval for Bittium Cardiac Navigator™ ECG software

New product launches

- New Bittium Tough Mobile Hybrid X solution
- New Bittium Tough VoIP Softphone

Launch of ThingSpace LTE CAT-M1 IoT Reference Hardware Design developed together with Verizon

RemoteA's medical remote diagnostics service platform complementing Bittium's medical remote diagnostics offering

Financial Review

CFO Pekka Kunnari



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Net Sales and Operating Profit in 1H 2018 (1H 2017)

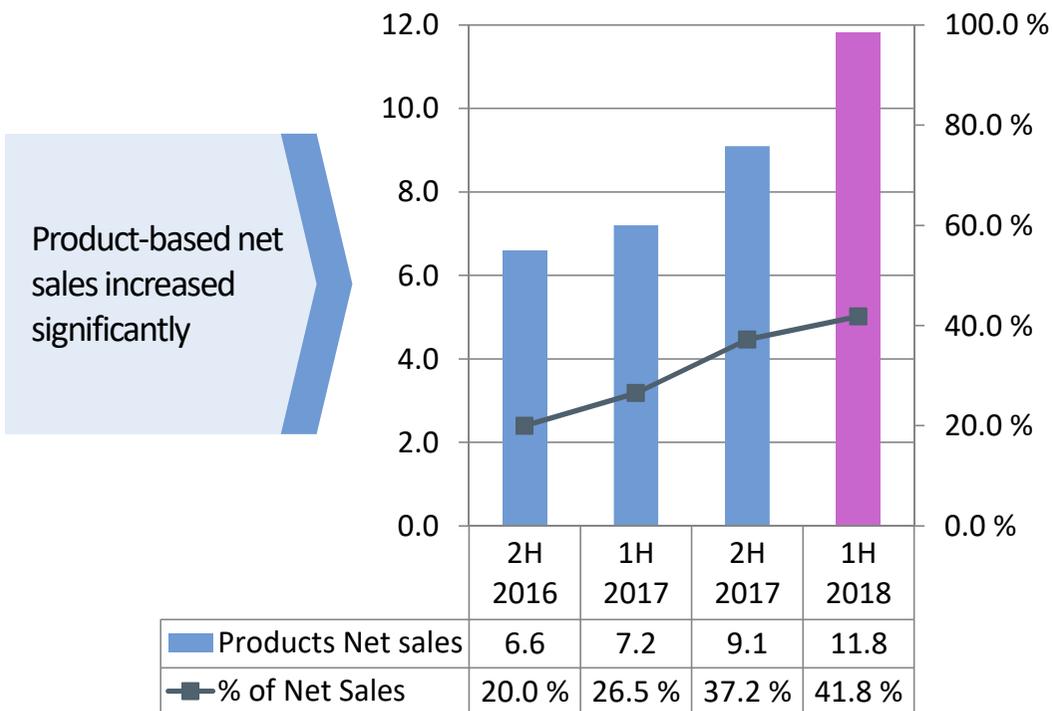


- Net sales increased by 4.3% to MEUR 28.3 (MEUR 27.1)

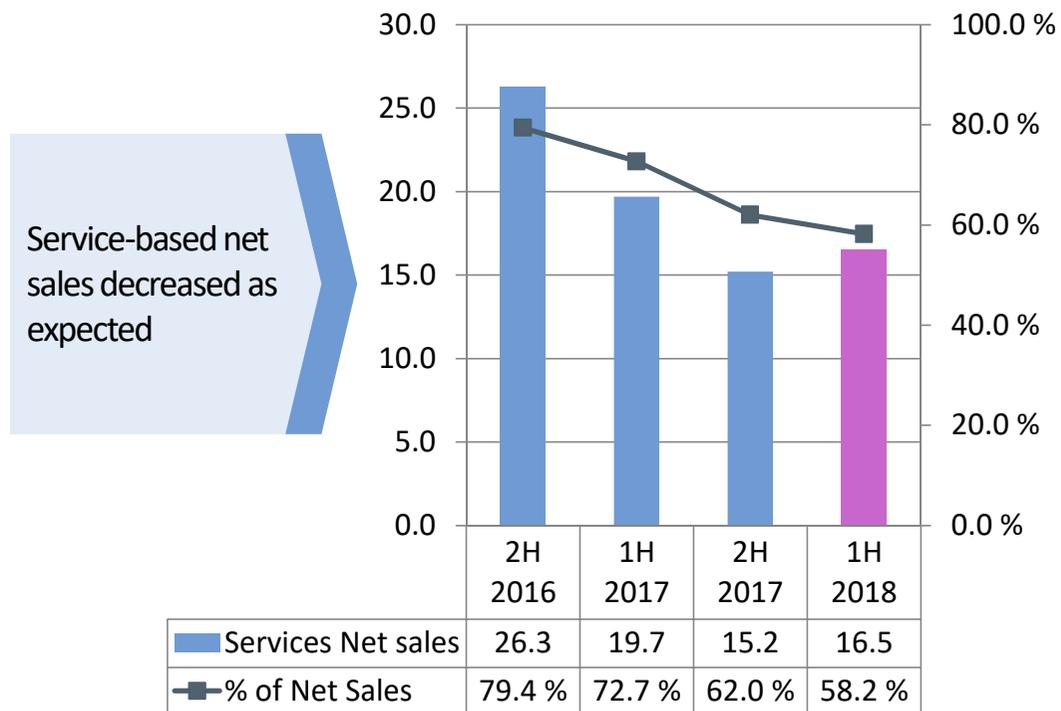
- Operating loss decreased to MEUR -0.8 (MEUR -2.8)

Product-Based Net Sales Grew According to Strategy

Products



Services



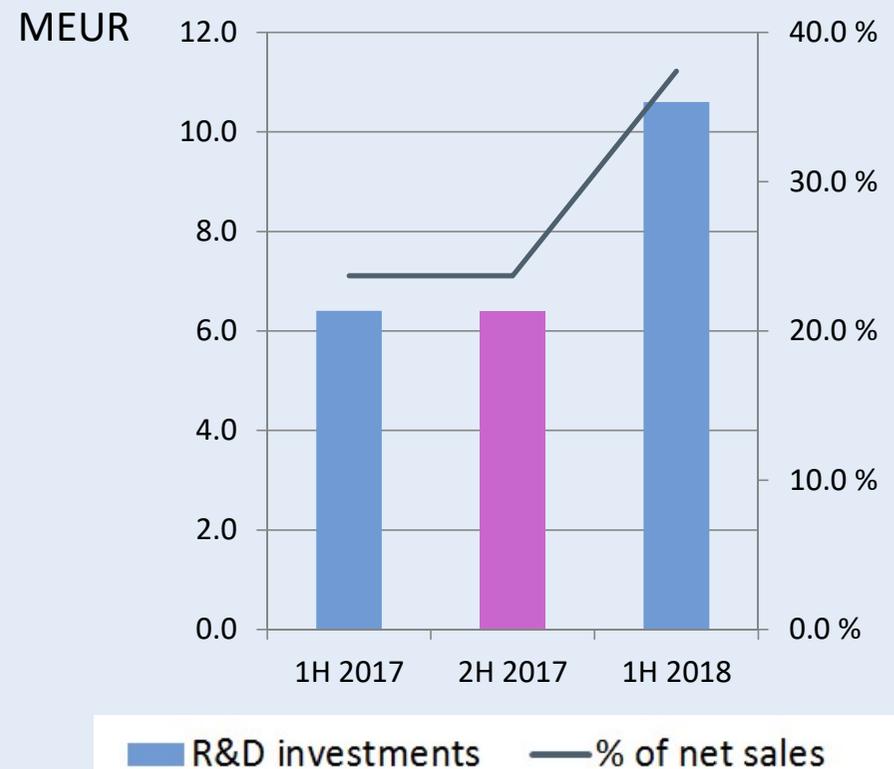
Strong R&D Investments in 1H 2018 (1H 2017)

R&D investments increased significantly and were MEUR 10.6 equaling 37.4% of the net sales (MEUR 6.4, equaling 23.7% of the net sales)

- MEUR 7.4 was capitalized (MEUR 2.3)
- Depreciations of R&D investments were MEUR 0.1 (MEUR 0.2)
- R&D costs in the P&L was MEUR 3.3 (MEUR 4.3)

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 and related security software and its next generation product development



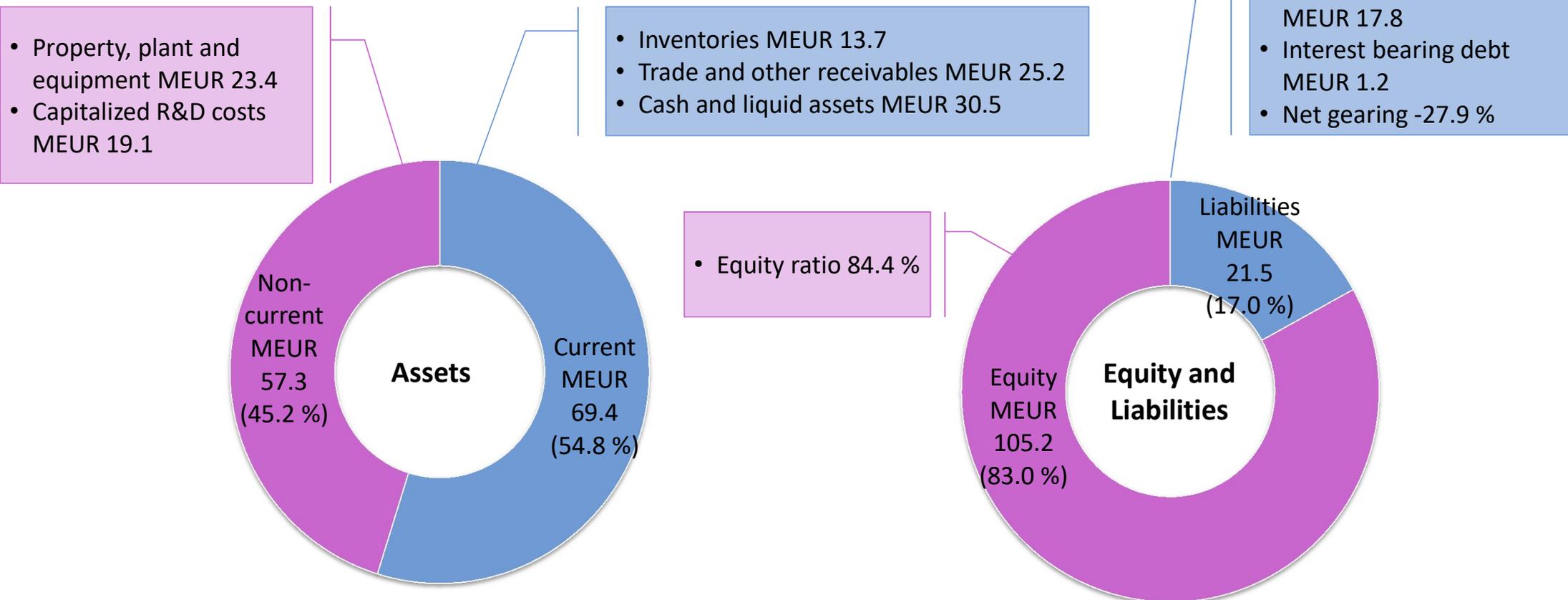
Cash Flow in 1H 2018

MEUR	1H/2018	1H 2017	2017
Net profit +/- adjustment of accrual basis items	1.5	-1.2	-2.4
Change in net working capital	-12.0	1.5	+2.0
Interests, taxes, and dividends	-0.0	0.1	+0.3
NET CASH FROM OPERATING ACTIVITIES	-10.5	0.4	-0.0
Net cash from investing activities	-10.7	-9.0	-18.5
Net cash from financing activities	-11.2	-12.9	-13.4
NET CHANGE IN CASH AND CASH EQUIVALENTS	-32.4	-21.5	-32.0

- The net working capital in the operating cash flow increased because of the growth in inventories and accounts receivables
- The net cash from investing activities include investments made into own product development of MEUR 7.4
- The net cash from financing activities include MEUR 10.7 dividend payment.

Assets and Liabilities

Balance sheet per 30th of June, 2018 was total MEUR 126.7



Outlook for 2018

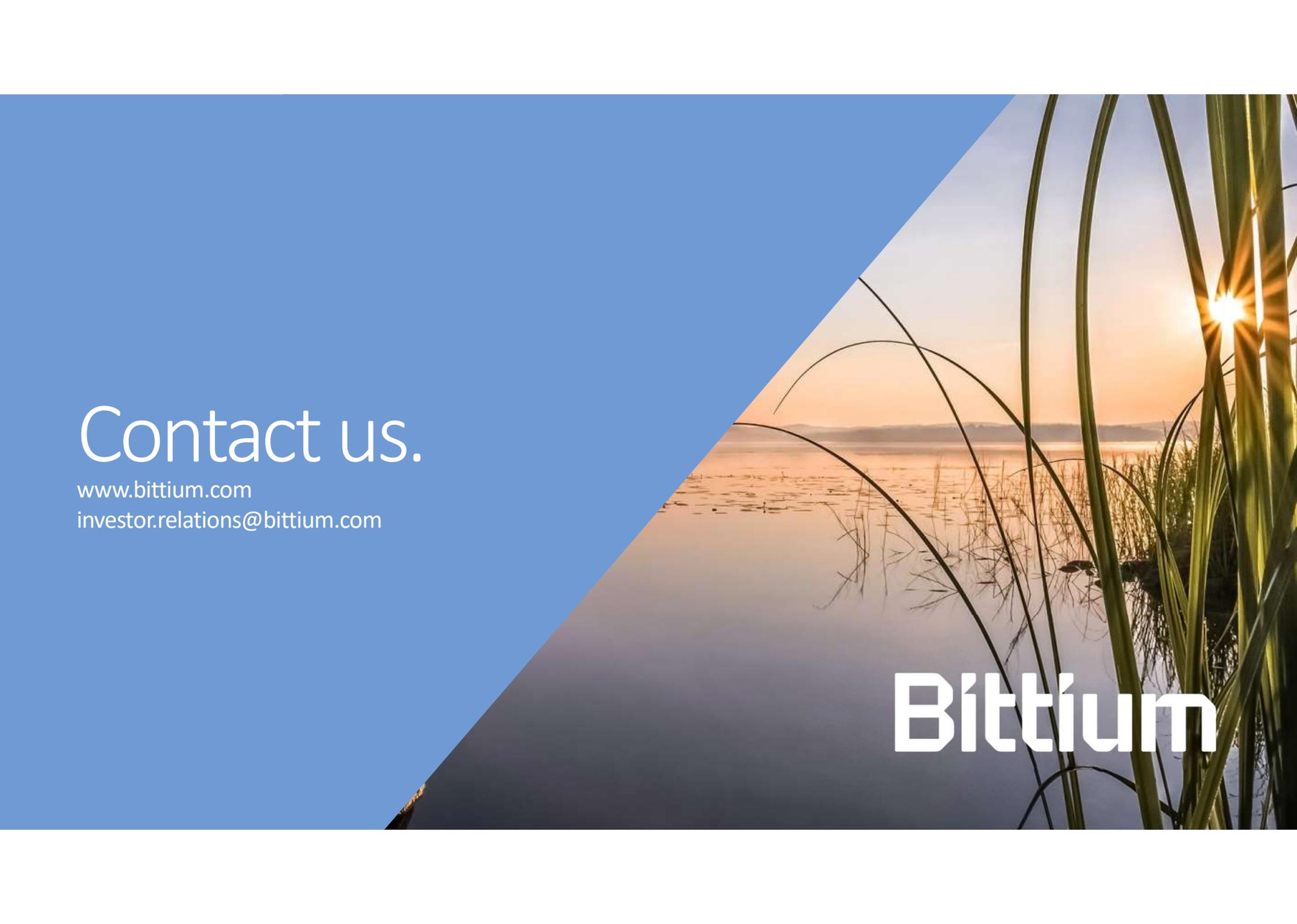
The growing need for wireless connectivity, increasingly growing amount of data transfer and the need for secure data transfer create demand for Bittium's competence, products and product platforms. The general digitalization in the healthcare market and remote care becoming more common create demand 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 specifies its expectations regarding the development of the whole year operating result, and expects the operating result in 2018 to be positive.

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 positive (-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.

Previous outlook:

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.



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