

Salary and Remuneration Report from 2018

Bittium

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 the Finnish Corporate Governance Code 2015 prepared by the Finnish Securities Market Association. The Governance Code is 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.

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 the 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 of the CEO and the other management is publicly available at the Company's website at www.bittium.com.

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 November. 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.

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 Directors². The General Meeting held on April 11, 2018 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 travel expenses of the members of the Board of Directors shall be reimbursed in

accordance with the Company's travel policy. In accordance with the decision of the Annual General Meeting, 40 percent of the monthly remuneration is paid in the Company's shares. In 2018, the Company's shares were acquired on the market for the Board members as follows³: Mr. Erkki Veikkolainen 2,514 shares, Mr. Petri Toljamo 1,437 shares, Ms. Riitta Tiuraniemi 1,437 shares, Mr. Juha Putkiranta 1,437 shares, Mr. Seppo Mäkinen 1,437 shares and Mr. Tero Ojanperä 1,437 shares. The member of the Board of Directors may not transfer the shares received as remuneration before his/her membership in the Board of Directors has ended.

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 been paid remuneration in the Company's shares as described above. Information on the shareholdings of the members of the Board in the Company is publicly available at the Company's website at www.bittium.com.

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

² In 2018, none of the members of the Board had an employment relationship or service contract with the Company.

³ The shares acquired cover the whole board period from April 11, 2018 to April 10, 2019

Remuneration Paid to Board Members in 2018, EUR

Name	Position	Remuneration / Bittium Corporation Board member	Remuneration / Audit Committee	Share remuneration	In total
Kirsi Komi (until 11.4.2018)	Board member, member of the Audit Committee	3,994.93	800.00		4,794.93
Juha Putkiranta	Board member, Chairman of the Audit Committee	14,374.97	2,400.00	9,752.75	26,527.72
Seppo Mäkinen	Board member	14,374.93		9,752.75	24,127.68
Staffan Simberg (until 11.4.2018)	Board member, Chairman of the Audit Committee	3,994.97	1,200.00		5,194.97
Erkki Veikkolainen	Chairman of the Board	25,156.20		17,062.22	42,218.42
Tero Ojanperä	Board member	14,308.27		9,752.75	24,061.02
Riitta Tiuraniemi (from 11.4.2018)	Board member	10,380.00	1,600.00	9,752.75	21,732.75
Petri Toljamo (from 11.4.2018)	Board member	10,380.00		9,752.75	20,132.75
Total		96,964.27	6,000.00	65,825.97	168,790.24

Remuneration Paid to Board Members in 2017, EUR

Name	Position	Remuneration / Bittium Corporation Board member	Remuneration / Audit Committee	Share remuneration	In total
Kirsi Komi	Board member, member of the Audit Committee	14,348.01	2,400.00	9,738.40	26,486.41
Juha Putkiranta	Board member	14,348.01		9,738.36	24,086.37
Seppo Mäkinen	Board member	14,348.01		9,738.40	24,086.41
Staffan Simberg	Board member, Chairman of the Audit Committee	14,348.01	3,600.00	9,738.36	27,686.37
Erkki Veikkolainen	Chairman of the Board	25,103.84		17,042.13	42,145.97
Tero Ojanperä	Board member	10,333.33		9,738.40	20,071.73
Total		92,829.21	6,000.00	65,734.05	164,563.26

Remuneration Paid to Board Members in 2016, EUR

Name	Position	Remuneration / Bittium Corporation Board member	Remuneration / Audit Committee	Share remuneration	In total
Kirsi Komi	Board member, member of the Audit Committee	17,600.00	2,800.00	9,461.52	29,861.52
Juha Putkiranta	Board member	17,600.00		9,461.52	27,061.52
Seppo Mäkinen	Board member	17,600.00		9,461.52	27,061.52
Staffan Simberg	Board member, Chairman of the Audit Committee	17,600.00	4,800.00	9,461.52	31,861.52
Erkki Veikkolainen	Chairman of the Board	30,800.00	400.00	16,562.83	47,762.83
In total		101,200.00	8,000.00	54,408.91	163,608.91

The members of the Board have not received other benefits or any share-based rights, or participated in the Company's remuneration schemes.

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 pension security of CEO is statutory and he does not have supplementary pension. According to the pension legislation, the lowest limit of the pension age for CEO is 65 years and 3 months.

The Company's CEO Hannu Huttunen has participated in the share-related remuneration scheme in connection with which he has received 10,000 Company shares. The maximum amount of variable pay for the CEO is 60 percent of the aggregate salary of the variable pay earning period.

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. The maximum amount of variable pay for other executives is 30 percent of the aggregate salary of the variable pay earning period.

In addition to CEO, also other members of the Company's management members have participated in the share-related re-

Remuneration Paid to the CEO Hannu Huttunen, EUR

	Salary	Other benefits	Extraordinary payments	Variable payment
2018	220,908.00	240.00		
2017	213,948.00	240.00		73,899.00
2016	213,948.00	240.00	65,572.64	64,295.00

Remuneration Paid to Other Executives, EUR

	Salary	Other benefits	Extraordinary payments	Variable payment
2018	794,265.00	26,040.00	15,000.00	
2017	775,700.92	23,402.00	5,000.00	135,767.54
2016	904,366.12	24,840.00	180,324.73	94,116.78

muneration scheme and received 27,500 Company shares in total.

Variable Pay System

Variable pay will be based on achievement of targets. The earning period for the variable pay in 2018 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 2018 the financial targets were Ebitda and cash flow. In addition, part of the targets may be other objectives or personal targets. Personal targets vary between duties.

Long Term Reward System

Directed Share Issue without Consideration 2016

Based on the authorization granted by Bittium Corporation's Annual General Meeting of Shareholders held on April 15, 2015, the Board of Directors of Bittium Corporation

decided on March 22, 2016 on a directed share issue without consideration as reward payments to the key persons of the company and its subsidiaries. In the share issue 37,500 new shares were issued without consideration to the key persons entitled to the share bonus. The share bonus was issued to 8 key persons of the company defined by the Board of Directors, with the condition that they must be employed by Bittium Corporation or its subsidiaries at the time of payment of the share bonus. The shares issued in the directed share issue without consideration are subject to restrictions on the right of disposal until December 31, 2018. However, the Board of Directors may grant permission to dispose or use the shares prior to the given date. The shares were registered to the trade register and on the book-entry accounts of the recipients on March 24, 2016, and became subjects to trading on the trading list of Nasdaq Helsinki on March 29, 2016. The CEO received 10,000 shares of Bittium Corporation, and the rest of the members of the Management Group received in total 27,500 shares of Bittium Corporation.



Connectivity to be trusted.
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