

Salary and Remuneration Report from 2019

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 2020 prepared by the Finnish Securities Market Association and entered into force on January 1, 2020. By law, companies must present the new remuneration policy to the annual general meeting held following January 1, 2020. Companies must disclose the first new remuneration report for the financial year beginning on or after January 1, 2020, i.e. in practice the first report is to be disclosed in 2021. The remuneration reports for the financial years preceding January 1, 2020 can comply with the instructions for the Remuneration Statement contained in the old Corporate Governance Code, which entered into force in 2016. This Remuneration Report has been made according to the old Corporate Governance Code entered into force on January 1, 2016. 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 management group 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 10, 2019 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 3,150 per month, and
- other members of the Board of Directors EUR 1,800 per month.

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

- the Chairman of the Board EUR 875 for each meeting and other members EUR 500 for each meeting.

In addition, the members of the Board of Directors are entitled to compensation for attending Committee meetings:

- 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, 50 percent of the total amount of the monthly remuneration will be paid at once as Bittium Corporation's shares acquired for the price formed in public trading, and the shares will be acquired according to the share purchase program of the company. If the remuneration cannot be paid as shares due to insider regulation, conclusion of the membership in the Board of Directors, or another reason related to the company or the member of the Board of Directors, the remuneration will be paid in money. 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.

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

² In 2019, none of the members of the Board had an employment relationship or service contract with the Company.

Remuneration Paid to Board Members in 2019, EUR

| Name | Position | Remuneration / Bittium Corporation Board member | Remuneration / Audit Committee | Share remuneration | In total |
|----------------------------------|---|---|--------------------------------|--------------------|-------------------|
| Erkki Veikkolainen | Chairman of the Board | 42,612.78 | | | 42,612.78 |
| Juha Putkiranta | Board member, Chairman of the Audit Committee | 24,347.25 | 2,800.00 | | 27,147.25 |
| Seppo Mäkinen | Board member | 23,347.25 | | | 23,347.25 |
| Pekka Kempainen (from 10.4.2019) | Board member | 20,570.00 | | | 20,570.00 |
| Petri Toljamo | Board member | 23,847.25 | | | 23,847.25 |
| Tero Ojanperä (until 10.4.2019) | Board member | 3,867.25 | | | 3,867.25 |
| Riitta Tiuraniemi | Board member, member of the Audit Committee | 24,347.25 | 3,200.00 | | 27,547.25 |
| Total | | 162,939.03 | 6,000.00 | | 168,939.03 |

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, member of the Audit Committee | 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 | 9,738.36 | 26,486.41 |
| Juha Putkiranta | Board member | 14,348.01 | | 9,738.36 | 24,086.37 |
| Seppo Mäkinen | Board member | 14,348.01 | | 9,738.36 | 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 | | 9,738.36 | 20,071.73 |
| Total | | 92,829.21 | 6,000.00 | 65,734.05 | 164,563.26 |

The members of the Board have not received other benefits or any share-based rights, 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 been paid remuneration in the Company's shares in 2019. 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.

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.

Remuneration Paid to the CEO Hannu Huttunen, EUR

| | Salary | Other benefits | Extraordinary payments | Variable payment |
|-------------|------------|----------------|------------------------|------------------|
| 2019 | 221,508.00 | 240.00 | | 112,252.20 |
| 2018 | 220,908.00 | 240.00 | | |
| 2017 | 213,948.00 | 240.00 | | 73,899.00 |

Remuneration Paid to Other Executives, EUR

| | Salary | Other benefits | Extraordinary payments | Variable payment |
|-------------|------------|----------------|------------------------|------------------|
| 2019 | 867,729.95 | 27,417.38 | | 202,802.00 |
| 2018 | 794,265.00 | 26,040.00 | 15,000.00 | |
| 2017 | 775,700.92 | 23,402.00 | 5,000.00 | 135,767.54 |

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 at the moment.

The maximum amount of variable pay for the CEO is 100 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

mainly 30–60 percent of the aggregate salary of the variable pay earning period.

Variable Pay System

Variable pay will be based on achievement of targets. The earning period for the variable pay in 2019 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 2019 the financial targets were EBITDA and cash flow. In addition, part of the targets may be other financial objectives or personal targets. Personal targets vary between duties.



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