

# Bittium

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## Bittium Corporation Financial Statement Bulletin January-December 2020

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Net sales

**78.4** MEUR

Net sales growth

**+4.2** %

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Operating result

**2.1** MEUR

Operating result, % of net sales

**2.7** %

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## Net sales grew in January-December 2020

Unless otherwise mentioned, the figures in brackets refer to the corresponding period in the previous year.

### Summary October-December 2020

- Net sales decreased by 19.1 percent year-on-year to EUR 21.8 million (EUR 26.9 million).
- The share of product-based net sales was EUR 14.5 million, representing 66.5 percent of the net sales (EUR 20.1 million).
- The share of services-based net sales was EUR 7.3 million, representing 33.5 percent of the net sales (EUR 6.8 million).
- EBITDA was EUR 3.2 million (EUR 6.9 million).
- Operating profit was EUR 0.3 million (EUR 4.1 million).
- Cash flow from operating activities was EUR 5.1 million (EUR 9.8 million).
- Net cash flow was EUR 0.6 million (EUR 5.0 million).
- Result for the period was EUR 0.7 million and earnings per share were EUR 0.019 (result for the period EUR 5.6 million and earnings per share EUR 0.156).

GROUP (MEUR)	10-12/2020 3 months	10-12/2019 3 months
NET SALES	21.8	26.9
Change of net sales, %	-19.1 %	29.2 %
EBITDA	3.2	6.9
EBITDA, % of net sales	14.8 %	25.5 %
OPERATING PROFIT / LOSS	0.3	4.1
Operating profit / loss, % of net sales	1.2 %	15.2 %
RESULT OF THE PERIOD FROM CONTINUING OPERATIONS	0.7	5.6
CASH AND OTHER LIQUID ASSETS	24.7	35.2
EQUITY RATIO (%)	73.1 %	73.4 %
EARNINGS PER SHARE (EUR)	0.019	0.156

### Summary January-December 2020

- Net sales increased by 4.2 percent year-on-year to EUR 78.4 million (EUR 75.2 million).
- The share of product-based net sales was EUR 53.1 million, representing 67.8 percent of the net sales (EUR 49.4 million).
- The share of the services-based net sales was EUR 25.3 million, representing 32.2 percent of the net sales (EUR 25.9 million).
- EBITDA was EUR 13.5 million (EUR 14.3 million).
- Operating profit was EUR 2.1 million (EUR 6.3 million).
- Cash flow from operating activities was EUR 6.9 million (EUR 9.6 million).

- Net cash flow was EUR -10.5 million, including EUR 13.6 million R&D investments into own products as the most significant item (EUR 4.3 million including a withdrawal of a EUR 20.0 million bank loan, EUR 15.6 million R&D investments into own products, and EUR 5.4 million dividend payment, as the most significant items).
- Result for the period was EUR 2.2 million and earnings per share were EUR 0.061 (result for the period EUR 7.6 million and earnings per share EUR 0.214).
- The Board of Directors of Bittium Corporation proposes to the Annual General Meeting of shareholders to be held in April 14, 2021, that no dividends shall be paid from the adopted balance sheet for the financial period of January 1 - December 31, 2020.

GROUP (MEUR)	1-12/2020	1-12/2019
	12 months	12 months
NET SALES	78.4	75.2
Change of net sales, %	4.2 %	19.7 %
EBITDA	13.5	14.3
EBITDA, % of net sales	17.2 %	19.0 %
OPERATING PROFIT / LOSS	2.1	6.3
Operating profit / loss, % of net sales	2.7 %	8.4 %
RESULT OF THE PERIOD FROM CONTINUING OPERATIONS	2.2	7.6
CASH AND OTHER LIQUID ASSETS	24.7	35.2
EQUITY RATIO (%)	73.1 %	73.4 %
EARNINGS PER SHARE (EUR)	0.061	0.214

## Outlook for 2021

The world-wide new coronavirus (SARS-CoV-2) pandemic significantly affects the global economy and market situation. The prevailing uncertainties in the markets cause weak visibility to the market situation.

Bittium expects the net sales in 2021 to grow from the previous year (EUR 78.4 million in 2020) and the operating result to improve from the previous year (EUR 2.1 million in 2020).

More information about Bittium's market outlook is presented in this report in the section "Market outlook".

More information about other uncertainties regarding the outlook is presented in this report in the section "Risks and uncertainties" and on the company's internet pages at [www.bittium.com](http://www.bittium.com).

## Bittium's CEO Hannu Huttunen

Despite the exceptional circumstances caused by the coronavirus pandemic, we continued on the growth path in 2020 in line with our strategy. Net sales grew 4.2 percent, which was good performance given last year's exceptional circumstances. Our business is long-term in nature and the projects are generally long-term, which is why the effects of the pandemic on Bittium's business were visible towards the end of the year, including slowdowns in customer projects and transitions to 2021 and difficulties in acquiring new customers. Net sales and operating result in fourth quarter decreased, net sales decreased by 19.1 percent from previous year.

Towards the end of the year, we confirmed our growth strategy for the market. Our goal is to be a major international provider of secure and reliable communication solutions to the defense and government markets, a leading provider of industrial connectivity solutions and

R&D services, and a major provider of measurement and remote diagnostics solutions for measuring and analyzing biosignals. In line with the strategy, our long-term financial target is an average annual net sales growth of more than 10 percent and an operating profit level of 10 percent.

We have made significant investments in the future by continuing our product development investments in our own products and solutions. Investments create a good foundation for future growth. The level of R&D investments in relation to net sales started to decline as planned last year, and our goal is to further reduce the amount of investments this year. At the beginning of the year, the focus of investments was on finalizing the development of Bittium Tough SDR™ handheld radios. In the spring, we started volume deliveries of handheld radios to the customer. In the second half of the year, the focus of product development investments was on the development of the Bittium Tough SDR™ vehicle radios, and the first batches were delivered to the customer for pilot use at the end of the year. Product development will continue before the actual volume deliveries begin.

In line with our strategy, investments in internationalization in the tactical communications market continued in 2020. We delivered tactical communications system products to Finnish Defense Forces, Austrian Defense Forces, Estonian Defense Forces and other international customers. In Finland, co-operation with Finnish Defense Forces continued to be significant. Under the framework agreement for the years 2018 - 2020 we delivered the last batches of Bittium Tactical Wireless IP Network™ software defined radio system products for tactical communication by the end of 2020, and a new framework agreement for the next four years is currently being prepared. Finnish Defense Forces ordered the new Bittium Tactical Power Pack™ battery units we launched in the autumn. They are designed to be connected to Bittium's tactical communication devices.

In the governmental market, the interest in mobile security and secure Bittium Tough Mobile™ 2 phones has clearly increased. Continuous security attacks raise awareness of the importance of security. We started cooperation with the Swedish cryptography technology development company Tutus Data Ab to develop a common secure mobile solution. In Sweden Tutus is the main supplier of IT security products approved and certified by the Swedish government.

Deliveries of mobile satellite phones developed for the Mexican state authorities fell short of target last year. However, we believe that delivery volumes will grow during this year.

In the medical technology market, digitalization continues and the demand for remote diagnostic products and services is growing. We continued to develop our international distribution network and to apply for regulatory approvals for our products in various countries. Bittium BrainStatus™ which measures and monitors the electrical activity of the brain, and Cerenion's C-Trend® analysis software, were granted medical device approvals in the European Union. Cooperation with Preventice, a leading US provider of remote monitoring services, continued, and in September we entered into an extension agreement, for the next four years, under which we will supply the BodyGuardian® MINI devices meant for monitoring cardiac arrhythmias.

We have developed our R&D service offering to better meet the market needs, including the telecommunications, medical technology, automotive software, and industrial Internet markets. We continued to develop our operating methods and organization, which has brought more efficiency in our operations. Demand for R&D services remained stable.

We will continue to invest in the company's international growth in line with our strategy, both in product development and in the development of our own operations. Currently, the coronavirus pandemic is affecting the global economy and building order backlog is still challenging. However, we believe that the effects of the pandemic are temporary and in the long run the company has excellent potential for international growth.

I would like to thank our customers and partners for the past year. The year has been exceptional, but with perseverance and trust, we have together succeeded in continuing our projects despite the challenging circumstances. I would like to thank our employees, both those who work remote and those who are at the office, for their commitment and hard work to achieve our common goals. I would also like to thank our owners for their perseverance and trust in our company. I believe that 2021 will be better than the previous one, and by working together we can enable our future success.

## Financial Performance in January-December 2020

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Bittium's net sales in January-December 2020 grew by 4.2 percent year-on-year to EUR 78.4 million (EUR 75.2 million).

The share of the product-based net sales increased to 67.8 percent and was EUR 53.1 million (EUR 49.4 million). The share of Medical Technologies products was EUR 17.4 million and that of the tactical and secure communication products and systems EUR 35.7 million.

The share of the services-based net sales was EUR 25.3 million (EUR 25.9 million) representing 32.2 percent of the net sales.

Operating profit in January-December 2020 was EUR 2.1 million (EUR 6.3 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	1-12 2020	1-12 2019
	12 months	12 months
Net sales	78.4	75.2
Operating profit / loss	2.1	6.3
Financial income and expenses	-0.4	-0.4
Result before tax	1.6	5.9
RESULT FOR THE PERIOD	2.2	7.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.9	7.7
Result for the period attributable to:		
Equity holders of the parent	2.2	7.6
Total comprehensive income for the period attributable to:		
Equity holders of the parent	1.9	7.7
Earnings per share from continuing operations, EUR	0.061	0.214

- Cash flow from operating activities was EUR 6.9 million (EUR 9.6 million).
- Net cash flow during the period was EUR -10.5 million, including the most significant as item EUR 13.6 million R&D investments into own products (EUR 4.3 million, including the most significant items as withdrawal of a EUR 20.0 million bank loan, EUR 15.6 million R&D investments into own products, and the EUR 5.4 million dividend payment).
- Equity ratio was 73.1 percent (73.4 percent).
- Net gearing was -1.9 percent (-11.2 percent).

## Half Year Figures

GROUP'S NET SALES AND OPERATING RESULT, MEUR	2H/20	1H/20	2H/19	1H/19
Net sales	35.8	42.5	42.2	33.1
Operating profit (loss)	-0.8	2.9	4.7	1.7
Result before taxes	-0.9	2.5	4.4	1.5
Result for the period	-0.4	2.5	6.1	1.5

<b>DISTRIBUTION OF NET SALES BY PRODUCT AND SERVICES, MEUR AND %</b>	<b>2H/20</b>	<b>1H/20</b>	<b>2H/19</b>	<b>1H/19</b>
Product based net sales	23.0 64.3 %	30.1 70.7 %	30.8 73.1 %	18.6 56.1 %
Services based net sales	12.8 35.7 %	12.5 29.3 %	11.4 27.1 %	14.5 43.9 %

<b>DISTRIBUTION OF NET SALES BY MARKET AREAS, MEUR AND %</b>	<b>2H/20</b>	<b>1H/20</b>	<b>2H/19</b>	<b>1H/19</b>
Asia	0.2 0.5 %	0.2 0.4 %	0.1 0.3 %	0.2 0.5 %
Americas	6.4 17.8 %	7.1 16.7 %	12.7 30.2 %	5.8 17.5 %
Europe	29.3 81.7 %	35.2 82.8 %	29.3 69.6 %	27.1 82.0 %

## Quarterly Figures

<b>GROUP'S NET SALES AND OPERATING RESULT, MEUR</b>	<b>4Q/20</b>	<b>3Q/20</b>	<b>2Q/20</b>	<b>1Q/20</b>	<b>4Q/19</b>
Net sales	21.8	14.0	25.3	17.3	26.9
Operating profit (loss)	0.3	-1.0	2.7	0.2	4.1
Result before taxes	0.2	-1.0	2.7	-0.2	3.9
Result for the period	0.7	-1.0	2.7	-0.2	5.6

<b>DISTRIBUTION OF NET SALES BY PRODUCT AND SERVICES, MEUR AND %</b>	<b>4Q/20</b>	<b>3Q/20</b>	<b>2Q/20</b>	<b>1Q/20</b>	<b>4Q/19</b>
Product based net sales	14.5 66.5 %	8.5 60.9 %	18.4 73.0 %	11.7 67.4 %	20.1 74.5 %
Services based net sales	7.3 33.5 %	5.5 39.1 %	6.8 27.0 %	5.6 32.6 %	6.8 25.5 %

<b>DISTRIBUTION OF NET SALES BY MARKET AREAS, MEUR AND %</b>	<b>4Q/20</b>	<b>3Q/20</b>	<b>2Q/20</b>	<b>1Q/20</b>	<b>4Q/19</b>
Asia	0,1 0.5 %	0.1 0.5 %	0.1 0.4 %	0.1 0.4 %	0.1 0.3 %
America	2,9 13.3 %	3.5 24.8 %	2.2 8.8 %	4.9 28.3 %	5.0 18.7 %
Europe	18,8 86.2 %	10.5 74.7 %	22.9 90.8 %	12.3 71.3 %	21.8 81.0 %

## Research and Development

Bittium continued to make significant investments to develop its own products and product platforms. In January-December 2020 the investments were EUR 22.8 million, representing 29.1 percent of the net sales.

The investments focused mainly on developing the tactical communication system and its products for defense industry, different kind of special terminal products for authorities and their related security software, as well as on developing medical technology products.

The capitalized R&D investments are related to the investments in developing the software defined radio based tactical radios, Bittium Tough SRD™ product family, further development of tactical networks, secure smartphones and software, as well as to the investments in developing medical technology products.

	1-12 2020 12 months	1-12 2019 12 months
<b>Total R&amp;D investments</b>	22.8	25.1
Capitalized R&D investments	-13.6	-15.6
Depreciations and impairment of R&D investments	6.1	3.1
Cost impact on income statement	15.4	12.6
<b>R&amp;D investments, % of net sales</b>	29.1 %	33.4 %

<b>CAPITALIZED R&amp;D INVESTMENTS IN BALANCE SHEET, MEUR</b>	1-12 2020 12 months	1-12 2019 12 months
Balance sheet value in the beginning of the period	39.1	26.6
Additions during the period	13.6	15.6
Acquisitions of the business		
Depreciations and impairment of R&D investments	-6.1	-3.1
Balance sheet value at the end of the period	46.6	39.1

## Business Development in July-December 2020

The exceptional circumstances caused by the coronavirus pandemic had a significant impact on the global market situation. At the end of the year, the effects began to be seen more widely in Bittium's business as well. Completion of some projects was delayed and some of them moved entirely to 2021. Acquisition of new projects and customers was clearly slower than normally.

Despite the exceptional circumstances the cooperation with the Finnish Defense Forces continued very well. At the end of the year the first pilot series of Bittium Tough SDR Vehicular™ radios was delivered to the customer. The development of vehicular radios will continue also in 2021.

Cooperation regarding the renewal of the Finnish Defense Forces command control and communication system continued, and in accordance with the framework agreement for 2018–2020 we delivered the last batch of products of the Bittium Tactical Wireless IP Network™ (TAC WIN) software defined radio system meant for tactical communication. In December, the Finnish Minister of Defense

authorized the Finnish Defense Forces to procure products of the Bittium TAC WIN™ system, and a new framework agreement for 2021–2024 is being prepared. The value of the agreement is at the maximum about EUR 30 million.

In November the Finnish Defense Forces ordered Bittium Tactical Power Pack™ battery units as accessories for portable Bittium Tough Comnode™ devices already in use. The battery unit was launched in October. The ordered products, with the value of approximately EUR 1.1. million, will be delivered to the Defense Forces during the first half of 2021.

In the governmental market, the interest in the mobile security and secure Bittium Tough Mobile™ 2 phones grew. Continuous security attacks raise awareness of the importance of security.

Bittium released a new streams feature for Bittium SafeMove® Mobile VPN security software. It enables optimized, durable and encrypted connection even when the network connections in use are unreliable and sensitive for interference. The strong connection of Bittium SafeMove® Streams technology enables the protecting of several applications and their different connections. Encryption and security adapt to the changing needs of different applications, and the special needs of real-time voice and video applications, for example, are taken into account.

At the end of the year, the company began cooperating with Tutus Data AB, a Swedish expert in certified web encryption solutions. The collaboration will create a high-security mobile solution that combines Tutus' strong security expertise with Bittium's ultra secure Bittium Tough Mobile™ 2 smartphone platform. Designed for a mobile work environment, this solution provides data security, especially as a critical communication tool. Tutus is the main supplier of IT security products approved and certified by the Swedish government in Sweden, and the co-developed solution will be part of Tutus' product offering.

Deliveries of mobile satellite phones developed for the Mexican state authorities fell short of target last year. However, the delivery volumes are expected to grow during this year.

Significant collaboration in the Medical Technologies business continued with the signing of an extension agreement between Bittium and Preventice, a leading provider of artificial intelligence-based digital healthcare solutions and cardiac remote monitoring services, under which Bittium will continue to supply BodyGuardian® MINI devices meant for monitoring cardiac arrhythmias. This agreement covers the years 2021–2024 and is a continuation of the agreement signed between Bittium and Preventice in February 2018, under which Bittium has provided Preventice with customized wireless ECG measurement and monitoring devices for the past three years. When fully implemented, the total value of the agreement will be approximately USD 22.9 million.

In December, Bittium released a new version of its Bittium Cardiac Navigator™ cardiac analysis software. The new software version introduces improvements in, among other things, P-wave detection, which further increases the analytical accuracy of measuring the atrial fibrillation. Cardiac Navigator is used by several customers of Bittium Faros™ ECG devices that measure the electrical activity of the heart.

At the end of the year Cerenion's C-Trend® analysis software, which is integrated in Bittium BrainStatus™ EEG system was granted medical device approval in the European Union. Bittium BrainStatus™ measures and monitors the electrical activity of the brain, and with Cerenion C-Trend® analysis, the status of the brain is presented as simple and easy-to-interpret numerical values by utilizing advanced machine learning algorithms and artificial intelligence. The aim of the solution is to improve medical care and make the work of nursing staff in the intensive care unit easier and faster. The Bittium BrainStatus™ product family received medical device approval in the spring of 2020.

Demand for R&D services remained stable. The development of R&D service offering continued, especially for the telecommunications, medical technology, automotive and industrial Internet markets. The development of operating methods and organization also continued, which has brought more efficiency in operations. Bittium continued to provide connectivity solutions to its customers with the goal of further increasing the number of R&D service projects and expanding the customer base.

## Other Significant Events during the Reporting Period

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On February 13, 2020 Bittium published its Financial Statement Bulletin 2019.

On February 13, 2020 Bittium gave a notice to the Annual General Meeting 2019 of Bittium Corporation.

On March 2, 2020 the Board of Directors of Bittium Corporation decided on the establishment of a new share-based long-term incentive scheme for the Company's management. It comprises a Performance Share Plan. The objectives of the Performance Share Plan are to align



the interests of Bittium's management with those of the Company's shareholders and, thus, to promote shareholder value creation in the long term, to commit the management to achieving Bittium's strategic targets and the retention of Bittium's management.

On March 11, 2020 Bittium Corporation's Annual Report, Sustainability Report, Corporate Governance Statement, and Salary and Remuneration Report from 2019, and Remuneration Policy 2020 was published.

On March 18, 2020 Bittium cancelled the Annual General Meeting from Wednesday April 1, 2020 and postponed it to a later date.

On March 30, 2020 Bittium published its Business Review from January-March 2020.

On May 14, 2020 Bittium gave a notice to the General Meeting of Bittium Corporation.

On June 15, 2020 the decisions of the Annual General Meeting of Bittium Corporation were announced.

On August 6, 2020 the Half-Year Financial Report January-June 2020 was published.

On September 10, 2020 Bittium Biosignals Ltd, a subsidiary of Bittium Corporation and Preventice Technologies Ltd signed a continuance for the agreement concerning the delivery of ECG measuring devices.

On October 30, 2020 Business Review from January-September 2020 was published.

On November 27, 2020 Bittium Corporation lowered its financial guidance for the year 2020.

On November 27, 2020 The Board of Directors of Bittium Corporation decided that no dividend from the year 2019 will be paid.

On November 27, 2020 Bittium Corporation confirmed its strategy and long-term financial targets

On December 15, 2020 Financial calendar for 2021 was published.

On December 22, 2020 Bittium Corporation announced that the Finnish Defense Forces plans to purchase Bittium TAC WIN™ software defined radio system products.

## Significant Events after the Reporting Period

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There were no significant events after the reporting period.

## Market Outlook and the Implications of the Coronavirus Pandemic to Bittium

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Bittium's customers operate in various industries, each of them having their own industry specific factors driving the demand. A common factor creating demand among the whole customer base is the growing need for higher quality and secure data transfer. Due to the technology competences accrued over time and the long history in developing mobile communication solutions, Bittium is in a good position to offer customized solutions to its customers. Over thirty years of experience and extensive competence in measuring of biosignals also act as a basis for medical technology solutions.

In 2020, the global coronavirus pandemic significantly affected the global economy and market situation. The general delay in the business development and significant increase of risks and uncertainties caused by the pandemic weakens the visibility into the market situation. Bittium's business sales cycles are long by their nature, but the effects of the pandemic have begun to be seen also in Bittium's business, such as slow down of existing projects and the transition of new projects. In addition, the restrictions due to the pandemic will slow down new customer acquisition.

The factors affecting the demand for Bittium's products and services and the effects of the coronavirus pandemic on them are described below:

## Defense and Public Safety Market

- In the defense sector's tactical communication market, the governments' defense forces and other authorities need networks that troops, who are more and more constantly on the move, can use and transfer growing amounts of data securely. This creates demand for Bittium Tactical Wireless IP Network™ (TAC WIN) broadband network, Bittium Tough SDR™ handheld and vehicle radios and for other Bittium's IP-based (Internet Protocol) tactical communication solutions that fulfill the needs of data transfer of moving troops and individual soldiers. Bittium continues efforts to bring its defense market targeted products and services also to the international defense markets and aims to get new international customers for its tactical communication system in 2021. Due to the long sales cycles driven by purchasing programs of national governments, it will take time to receive purchase orders.
- The financial difficulties caused by the coronavirus pandemic affect the budgets of public finances such as states and public authorities and may require postponing of procurement. This may delay receiving new orders. Especially in the defense and authorities' markets testing and piloting of products and systems are typical phases before receiving orders of larger entities. Current circumstances may postpone the materialization of some orders from their planned schedule. In addition, due to the travelling restrictions, the acceptance tests may need to be rescheduled, which may affect the final product acceptances and thereby the actual product deliveries. The coronavirus pandemic may also somewhat affect the availability of some components used in the products, which may affect the company's capability to deliver products to its customers.
- The use of LTE technology, smartphones, and applications continue to increase in special verticals such as public safety creating demand for Bittium Tough Mobile™ secure LTE smartphone and other customized special terminals based on Bittium's own product platform. The awareness of mobile security risks is growing and the interest towards secure mobile devices is increasing. The implementation of LTE-based devices in use in the Public Safety markets has been slower than expected because of the delay in the device functionalities required by the authorities and because of the slow progress of the market. The sales of the secure terminal products are expected to develop moderately according to the nature of public safety markets.
- The smartphone sales process often involves testing and piloting systems and equipment, possibly integrating third-party technologies, and possible local regulatory approvals, which are typically long-lasting. Exceptional circumstances caused by the coronavirus pandemic may have a significant impact on the progress of projects, which slows down the closings of larger transactions.
- Using public network connections in portable devices is increasing also in demanding professional use, for instance in the public sector. This creates requirements for network connections to be easy to use and secure. The products in the Bittium SafeMove® product family enable the ease of use of the devices and security in demanding use. Demand for the Bittium SafeMove® product family has not been affected by the coronavirus pandemic.

## Telecommunication and Digitalization

- In the mobile telecommunications, the demand for 5G technology development work has stabilized and the implementation of 5G is accelerating in pace. Investments in developing new features continue and the importance of software development in the 5G network development expands. This creates demand for Bittium's R&D services. There is a wide range of frequencies allocated for the 5G technology thus creating the need to develop multiple products to cover the market and creating demand for R&D services for development of product variants. Also, the development of new devices utilizing 5G technology increases the demand for Bittium's services.
- As the digitalization evolves, the secure IoT (Internet of Things) has become a significant development area in almost every industry. The increasing need of companies to digitalize their operations, collect data wirelessly, and transfer it to the internet and cloud services generate need for Bittium's services and customized solutions. To this end, the market needs secure devices for both demanding industrial and leisure applications, which collect information from the sensors used by the device and create a reliable wireless connection to the Internet and cloud services. New radio systems customized to IoT are being used all over the world, and the number of digitalized devices increases continuously. Along with the 5G technology being used, there will also be new features in the IoT that enable i.e. remote control of machines. Therefore, the integration of different systems and technologies play an important role in enabling complete digitalization services. There are several learning systems and devices under development that use different kinds of artificial intelligence (AI) technologies to ease and speed up the processing of large data amounts.
- Changes in the digitalization of the automotive industry and new business models and the automation of automotive operations create need for technological development. Most significant technology trends such as intelligent mobility, self-driving cars, electric cars and connectivity are guiding need for innovative software development. The share of software in cars is increasing in speed and software is becoming a major enabler and a differentiator. The use of Android™ Automotive operating system in the

In-Vehicle Infotainment (IVI) systems is strongly entering the market. Several carmakers have announced the launch of cars with Android Automotive. Bittium's more than a decade of experience with the Android operating system and the Google ecosystem combined with security know-how create good business opportunities for this market.

- Travel restrictions caused by the coronavirus pandemic have slowed down the sale of product development services. Even though the adaptation to new conditions and operating methods has gone well, the restrictions have somewhat slowed down the progress of the projects and gaining new customers.
- Possible illnesses of own personnel due to the coronavirus could have a significant impact on Bittium's business, especially with regard to product development services. The company began taking measures to ensure the health and safety of its personnel and to ensure business continuity as soon as the coronavirus pandemic reached Europe in March 2020. So far, the pandemic has not yet significantly affected the health of Bittium employees.

### Medical ECG and EEG Remote Monitoring Market

- The medical technology market is undergoing significant development in patient care, especially outside hospitals. There is an increasing focus on the prevention of diseases and health problems through early diagnosis and the repatriation of patients at an earlier stage in order to reduce hospital and treatment days. These actions significantly increase efficiency in health care processes and lower costs.
- A prerequisite for early repatriation is the enabling of accurate and precise follow-up and measurement opportunities in home conditions which would be enabled through remote monitoring. Remote monitoring and remote diagnostics also enable specialist's diagnoses regardless of time and place. Also evolving artificial intelligence-based algorithms are increasing to support physicians in making diagnoses. Remote monitoring and remote diagnostics make it possible and faster to obtain more accurate diagnoses, which, in turn, speeds up the start of the right kind of treatment. The market change will enable several new providers to join the overall care service chain, without compromising the quality of specialist services in areas such as cardiology and neurophysiology.
- For remote monitoring and remote diagnostics Bittium provides its Bittium Faros™ product family for remote heart monitoring and Bittium BrainStatus™ for measuring the electrical activity of the brain, as well as different kind of software for diagnostics.
- As the coronavirus pandemic spread the number of non-emergency patients going to treatments and tests to healthcare providers decreased. Several hospitals and medical care facilities have postponed their non-emergency tests and examinations and focused on the treatment of the pandemic patients as well as on actions preventing the virus from spreading. The situation varies from country to country and in some countries the pandemic situation is worse than in others. In a long-term the pandemic will accelerate the use of remote services in hospitals and medical care facilities, and thus creates positive development on the demand of the remote monitoring products and services.

## Risks and Uncertainties

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Bittium has identified several business, market and finance related risk factors and uncertainties that can affect the level of sales and profits.

The coronavirus pandemic has caused fast changes in the company's operating environment. The company management has been actively following and anticipating the development of the pandemic and taken measures to prevent and remedy the impacts of the pandemic. It is impossible to estimate the length of the situation or its impacts on business operations and financial results.

### Market Risks

The global economic uncertainty may affect the demand for Bittium's services, solutions, and products and provide pressure on e.g. pricing. In the short term such uncertainty may affect, in particular, the utilization and chargeability levels and average hourly prices of R&D services. Growing political uncertainty may also affect the demand for Bittium's services, solutions, and products and the price competitiveness in the different geographical areas. Bittium is also increasingly exposed to legal, economic, political, and regulatory risks related to the countries in which its suppliers and other cooperation partners are located. Such risks may result in delays in deliveries or that there will be no orders in the forecast quantities, currency losses, elevated costs, or litigations and related costs. In particular, these

forementioned risks apply to Bittium currently in Mexico, where exceptional circumstances due to the coronavirus pandemic have significantly slowed the progress of negotiations, and it is not yet known how the pandemic may affect the Mexican state budget.

As Bittium's customer base includes, among others, companies operating in the field of telecommunication, defense and other authorities, as well as companies delivering products to them, and companies operating in the healthcare sector, the company is exposed to market changes in these industries.

A significant part of Bittium's net sales accumulates from selling products and R&D services to defense and other authorities, as well as companies delivering products to them. Deviation in anticipated business development with such customer concentrations may translate as a significant deviation in Bittium's outlook, both in terms of net sales and operating result, during the ongoing financial period and thereafter.

Bittium seeks to expand its customer base on a longer term and reduce dependence on individual companies and hence the company would thereby be mainly affected by the general business climate in the industries of the companies belonging to Bittium's customer base instead of the development of individual customer relationships. The more specific market outlook has been presented in this report in the "Market outlook" section.

### **Business Related Risks**

Bittium's operative business risks are mainly related to following items: uncertainties and short visibility on customers' product program decisions, their make or buy decisions and on the other hand, their decisions to continue, downsize or terminate current product programs, execution and management of large customer projects, ramping up and down project resources, availability of personnel in labor markets, accessibility on commercially acceptable terms and on the other hand successful utilization of the most important technologies and components, competitive situation and potential delays in the markets, timely closing of customer and supplier contracts with reasonable commercial terms, delays in R&D projects, realization of expected return on capitalized R&D investments, obsolescence of inventories and technology risks in product development causing higher than planned R&D costs, and risks related to the ramp-up of product manufacturing. Revenues expected to come from either existing or new products and customers include normal timing risks. Bittium has certain significant customer projects and deviation in their expected continuation could also result significant deviations in the company's outlook. In addition, there are typical industry warranty and liability risks involved in selling Bittium's services, solutions and products.

Bittium's product delivery business model faces such risks as high dependency on actual product volumes, timing risks and potential delays in the markets. The above-mentioned risks may manifest themselves as lower amounts of products delivered or higher costs of production, and ultimately, as lower profit. Bringing Bittium's products to international defense and other authorities' markets may take longer than anticipated because the projects are typically long, and the purchasing programs are prepared in the lead of national governments and within the available financing. Once a supplier has been selected, product deliveries are typically executed over several years.

Some of Bittium's businesses operate in industries that are heavily reliant on patent protection and therefore face risks related to management of intellectual property rights, on the one hand related to accessibility on commercially acceptable terms of certain technologies in the Bittium's products and services, and on the other hand related to an ability to protect technologies that Bittium develops or licenses from others from claims that third parties' intellectual property rights are infringed. Additionally, parties outside of the industries operate actively to protect and commercialize their patents and therefore in their part increase the risks related to the management of intellectual property rights. At worst, claims that third parties' intellectual property rights are infringed, could lead to substantial liabilities for damages. In addition, the progress of the customer projects and delivery capability may also be affected by potential challenges in global accessibility of key technologies and components on commercially acceptable terms, as well as by the acceptance of the necessary export licenses. The company changed its name to Bittium Corporation as of July 1, 2015 and started using the new trademark. The registration and the use of the new trademark can include customary risks involved in taking in use a new trademark.

### **Financing Risks**

Global economic uncertainty may lead to payment delays, increase the risk for credit losses and weaken the availability and terms of financing. To fund its operations, Bittium relies mainly on income from its operative business and may from time to time seek additional financing from selected financial institutions. Bittium has EUR 20.0 million senior loan and EUR 10.0 million committed overdraft credit facility agreement with Nordea Bank Plc. Maturity date for the senior loan is May 24, 2024 and the credit limit agreement is valid until May 24, 2024. Bittium has EUR 10.0 million committed overdraft credit facility agreement with OP Corporate Bank Plc valid until May 24, 2022.

These agreements include customary covenants related to, among other things, equity ratio, transferring property, and pledging. There is no assurance that additional financing will not be needed in case of investments, networking capital needs or clearly weaker than expected development of Bittium's businesses. Customer dependency in some parts of Bittium's business may translate as an accumulation of risk with respect to outstanding receivables and ultimately with respect to credit losses.

## Statement of Financial Position and Financing

The figures presented in the statement of financial position of December 31, 2020, are compared with the statement of the financial position of December 31, 2019 (MEUR).

	<b>31.12.2020</b>	<b>31.12.2019</b>
Non-current assets	86.4	80.5
Current assets	71.7	73.8
Total assets	158.0	154.2
Share capital	12.9	12.9
Other capital	101.3	99.4
Total equity	114.2	112.3
Non-current liabilities	21.9	22.1
Current liabilities	21.8	19.9
Total equity and liabilities	158.0	154.2
Cash flow of the review period:	<b>1-12/2020</b>	<b>1-12/2019</b>
+ profit of the period +/- Adjustment of accrual basis items	14.1	14.3
+/- Change in net working capital	-6.8	-4.2
- interest, taxes and dividends	-0.5	-0.4
= net cash from operating activities	6.9	9.6
- net cash from investing activities	-15.9	-18.6
- net cash from financing activities	-1.5	13.2
= net change in cash and cash equivalents	-10.5	4.3

The amount of gross investments in the period under review was EUR 17.4 million. Net investments for the review period totaled to EUR 17.0 million. The total amount of depreciation during the period under review was EUR 11.4 million. The amount of interest-bearing debt, including finance lease liabilities, was EUR 22.5 million at the end of the reporting period (EUR 22.6 million). Bittium's equity ratio at the end of the period was 73.1 percent (73.4 percent).

The Group's liquidity remained good despite the uncertainty caused by the coronavirus pandemic. Securing cash flow has not required any special adjustment measures and no significant changes have been identified in the credit risks of trade receivables.

Cash and other liquid assets at the end of the reporting period were EUR 24.7 million (EUR 35.2 million). Net cash flow during the period was EUR -10.5 million. The net cash flow resulted from EUR 13.6 million investments made into own product development as the most significant item (EUR 4.3 million including as the most significant items the withdrawal of a EUR 20.0 million bank loan, EUR 15.6 million investments made into own product development and the EUR 5.4 million dividend payment).

Bittium has a EUR 20.0 million senior loan and a EUR 10.0 million committed overdraft credit facility agreement with Nordea Bank Finland Plc. Maturity date for the senior loan is May 24, 2024 and the credit limit agreement is valid until May 24, 2024. Bittium has EUR 10.0 million committed overdraft credit facility agreement with OP Corporate Bank Plc valid until May 24, 2022. At the end of the review period, no limits from these facilities were in use.

Bittium follows a hedging strategy that has an objective to ensure the business margins in changing market circumstances by minimizing the influence of exchange rates. According to the hedging strategy principles, the net position in the currency is hedged when it exceeds the euro limit defined in the hedging strategy. The net position is determined based on accounts receivable, accounts payable, order book, and budgeted net currency cash flow.

## Personnel

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The Bittium group employed an average of 673 people in January-December 2020. At the end of December 2020, the company had 684 employees (655 employees at the end of 2019).

## Flagging Notifications

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There were no changes in the ownership during the period under review that would have caused flagging notifications which are obligations for disclosure in accordance with Chapter 2, section 9 of the Securities Market Act.

## Notifications of Managers' Transactions

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March 23, 2020: Name of the person subject to the notification requirement: Hannu Huttunen, CEO. Notification type: initial notification. Nature of transaction: Purchase. Transaction date: March 19, 2020. Aggregated transactions: volume 2 000 shares, volume weighted average price: EUR 3.61250.

March 23, 2020: Name of the person subject to the notification requirement: Erkki Veikkolainen, Member of the Board. Notification type: initial notification. Nature of transaction: Purchase. Transaction date: March 19, 2020. Venue: XHEL: Aggregated transactions: volume 69650 shares, volume weighted average price: EUR 3.67315. Venue XPOS: Aggregated transactions: volume 1 925 shares, volume weighted average price: EUR 3.62500. Venue TRQM: Aggregated transactions: volume 1 030 shares, volume weighted average price: EUR 3.72250. Venue XUBS: Aggregated transactions: volume 1 105, volume weighted average price: EUR 3.62500.

March 23, 2020: Name of the person subject to the notification requirement: Riitta Tiuraniemi, Member of the Board. Notification type: initial notification. Nature of transaction: Purchase. Transaction date: March 19, 2020. Aggregated transactions: volume 5 534 shares, volume weighted average price: EUR 3.60960.

March 23, 2020: Name of the person subject to the notification requirement: Erkki Veikkolainen, Member of the Board. Notification type: initial notification. Nature of transaction: Purchase. Transaction date: March 20, 2020. Venue: XHEL: Aggregated transactions: volume 50420 shares, volume weighted average price: EUR 4.18526. Venue XPOS: Aggregated transactions: volume 3 840 shares, volume weighted average price: EUR 4.18810.

May 27, 2020: Name of the person subject to the notification requirement: Riitta Tiuraniemi, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 25, 2020. Aggregated transactions: volume 764 shares, volume weighted average price: EUR 5.94000.

May 27, 2020: Name of the person subject to the notification requirement: Erkki Veikkolainen, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 25, 2020. Aggregated transactions: volume 1 338 shares, volume weighted average price: EUR 5.94000.

June 29, 2020: Name of the person subject to the notification requirement: Veli-Pekka Paloranta, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: June 26, 2020. Aggregated transactions: volume 1 386 shares, volume weighted average price: EUR 6.41000.

June 29, 2020: Name of the person subject to the notification requirement: Riitta Tiuraniemi, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: June 26, 2020. Aggregated transactions: volume 1 386 shares, volume weighted average price: EUR 6.41000.

June 29, 2020: Name of the person subject to the notification requirement: Pekka Kemppainen, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: June 26, 2020. Aggregated transactions: volume 1 386 shares, volume weighted average price: EUR 6.41000.

June 29, 2020: Name of the person subject to the notification requirement: Juha Putkiranta, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: June 26, 2020. Aggregated transactions: volume 1 386 shares, volume weighted average price: EUR 6.41000.

June 29, 2020: Name of the person subject to the notification requirement: Seppo Mäkinen, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: June 26, 2020. Aggregated transactions: volume 1 386 shares, volume weighted average price: EUR 6.41000. Aggregated transactions: volume 1 386 shares, volume weighted average price: EUR 6.41000.

June 29, 2020: Name of the person subject to the notification requirement: Erkki Veikkolainen, Member of the Board. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: June 26, 2020. Aggregated transactions: volume 2 426 shares, volume weighted average price: EUR 6.41000.

August 12, 2020: Name of the person subject to the notification requirement: Erkki Veikkolainen, Member of the Board. Notification type: initial notification. Nature of transaction: Purchase. Transaction date: August 7, 2020. Aggregated transactions (XHEL): volume 17 271 shares, volume weighted average price: EUR 6.50940. Aggregated transactions (CHIX): volume 512 shares, volume weighted average price: EUR 6.53156. Aggregated transactions (BATE): volume 343 shares, volume weighted average price: EUR 6.54219. Aggregated transactions (DHEL): volume 1 874 shares, volume weighted average price: EUR 6.49480.

September 17, 2020: Name of the person subject to the notification requirement: Jari-Pekka Innanen, other senior manager. Notification type: initial notification. Nature of transaction: Disposal. Transaction date: September 15, 2020. Aggregated transactions (BATE): volume 15 shares, volume weighted average price: EUR 7.05000. Transaction date: September 16, 2020. Aggregated transactions (XHEL): volume 985 shares, volume weighted average price: EUR 7.13000.

## Proposal by the Board of Directors on the Use of the Profit Shown on the Balance Sheet and the Payment of the Dividend

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According to the parent company's balance sheet at December 31, 2020, the distributable assets of the parent company are EUR 118 979 681.46 of which the profit of the financial year is EUR 2 220 655.48. The Board of Directors proposes that the Annual General Meeting to be held on April 14, 2021 that no dividend based on the adopted balance sheet for the financial period of January 1, 2020 - December 31, 2020 shall be paid.

Bittium Corporation follows a dividend policy that takes into account the Corporation's net income, financial status, need for capital and financing of growth.

## Annual General Meeting and Annual Report

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Bittium Corporation's Annual General Meeting will be held on Wednesday, April 14, 2021, at 1.00pm (CEST+1) at the Company's headquarters at Ritaharjuntie 1, 90590 Oulu, Finland. In order to prevent the spread of the coronavirus pandemic, the Annual General Meeting is organized in such a way that the shareholder or his/her representative cannot arrive at the meeting place. The company's shareholders and their representatives may attend the meeting and exercise the shareholder's rights only by voting in advance and by making counterproposals and asking questions in advance. Instructions for shareholder can be found in the notice of the Annual General Meeting, published today, on February 11, 2021, and on the company's website at <https://www.bittium.com>.

The Company's Board of Directors has decided on an extraordinary meeting procedure to limit the spread of the coronavirus pandemic by the Finnish Parliament based on a temporary law passed on September 15, 2020. The company has decided to take the measures permitted by the interim law so that the Annual General Meeting can be held in a predictable manner, taking into account the health and safety of shareholders, company personnel and other stakeholders.

Bittium Corporation's Annual Report 2020, including the Annual Accounts, the report by the Board of Directors, Auditor's Report, Corporate Governance Statement, Remuneration Report and Sustainability Report, is available on the Company's website at <https://www.bittium.com> and at <https://annualreport.bittium.com> no later than on Friday, March 19, 2021.

## Invitation to a Press Conference

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Bittium will hold a webcast regarding the Financial Statements 2020 for media, analysts and institutional investors on February 11, 2021, at 9.00 am (CET+1). The conference will be held in Finnish. Bittium will also hold a webcast for media, analysts and institutional investors in English on the same day at 11.00 am (CET+1).

Link to the Finnish webcast: [https://bittium.videosync.fi/q4\\_2020](https://bittium.videosync.fi/q4_2020)

Link to the English webcast: [https://bittium.videosync.fi/financial\\_statement\\_2020](https://bittium.videosync.fi/financial_statement_2020)

Recordings of the both webcasts and the presentation will be available after the conference on Bittium's website at [www.bittium.com/investors](http://www.bittium.com/investors).

Oulu, February 11, 2021

Bittium Corporation  
The Board of Directors

### Further Information:

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CFO  
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### Distribution:

Nasdaq Helsinki  
Major media



# Bittium Corporation Condensed Financial Statements and Notes January – December 2020

The consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statement of 2020 has been audited and the auditing report has been dated on February 11, 2021.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
<b>Continuing operations</b>	<b>12 months</b>	<b>12 months</b>
NET SALES	78.4	75.2
Other operating income	0.9	0.9
Work performed by the undertaking for its own purpose and capitalized	0.3	0.2
Raw materials	-21.2	-17.1
Personnel expenses	-32.5	-31.5
Depreciation	-11.4	-8.0
Other operating expenses	-12.5	-13.4
Share of results of the associated companies	0.0	0.1
<b>OPERATING PROFIT (LOSS)</b>	<b>2.1</b>	<b>6.3</b>
Financial income and expenses	-0.4	-0.4
<b>PROFIT BEFORE TAX</b>	<b>1.6</b>	<b>5.9</b>
Income tax	0.5	1.7
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>2.2</b>	<b>7.6</b>
<b>Discontinued operations</b>		
Profit for the year from discontinued operations		
<b>PROFIT FOR THE PERIOD</b>	<b>2.2</b>	<b>7.6</b>
Other comprehensive income:		
Items that may be reclassified subsequently to the statement of income		
Exchange differences on translating foreign operations	-0.2	0.0
Other comprehensive income for the period total	-0.2	0.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1.9</b>	<b>7.7</b>
Profit for the year attributable to		
Equity holders of the parent	2.2	7.6
Total comprehensive income for the period attributable to		

Equity holders of the parent	1.9	7.7
Earnings per share from continuing operations, EUR		
Basic earnings per share	0.061	0.214
Diluted earnings per share	0.061	0.214
Earnings per share from discontinued operations, EUR		
Basic earnings per share		
Diluted earnings per share		
Earnings per share from continuing and discontinued operations, EUR		
Basic earnings per share	0.061	0.214
Diluted earnings per share	0.061	0.214
Average number of shares, 1000 pcs	35 693	35 693
Average number of shares, diluted, 1000 pcs	35 693	35 693

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)

	Dec 31, 2020	Dec 31, 2019
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	22.8	24.2
Goodwill	5.8	5.8
Intangible assets	49.0	41.8
Other financial assets	1.6	1.8
Other long-term receivables	1.2	1.4
Deferred tax assets	6.0	5.5
Non-current assets total	86.4	80.5
Current assets		
Inventories	20.9	18.2
Trade and other receivables	26.1	20.4
Financial assets at fair value through profit or loss	5.7	5.7
Cash and short term deposits	19.0	29.5
Current assets total	71.7	73.8
<b>TOTAL ASSETS</b>	<b>158.0</b>	<b>154.2</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent		
Share capital	12.9	12.9
Invested non-restricted equity fund	26.0	26.0
Translation difference	0.9	1.1

Retained earnings	74.5	72.3
Total equity	114.2	112.3
Non-current liabilities		
Deferred tax liabilities	0.3	0.3
Provisions		
Interest-bearing liabilities	21.4	21.4
Other non-current liabilities	0.3	0.4
Advances received		
Non-current liabilities total	21.9	22.1
Current liabilities		
Trade and other payables	18.1	16.9
Provisions	2.6	1.8
Interest-bearing loans and borrowings	1.1	1.2
Current liabilities total	21.8	19.9
Total liabilities	43.8	41.9
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>158.0</b>	<b>154.2</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)

	1-12/2020	1-12/2019
	12 months	12 months
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year from continuing operations	2.2	7.6
Profit for the year from discontinued operations		
Adjustment of accrual basis items	12.0	6.7
Change in net working capital	-6.8	-4.2
Interest paid on operating activities	-0.6	-0.7
Interest received from operating activities	0.1	0.4
Income taxes paid	-0.0	-0.0
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>6.9</b>	<b>9.6</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of business unit, net of cash acquired		
Purchase of property, plant and equipment	-1.4	-2.3
Purchase of intangible assets	-14.5	-16.1
Purchase of investments/associated companies	-0.0	-0.2
Sale of property, plant and equipment		0.0
Sale of intangible assets		0.0
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-15.9</b>	<b>-18.6</b>

<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings		20.0
Repayment of borrowing		
Payment of finance liabilities	-1.5	-1.4
Dividend paid and repayment of capital		-5.4
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-1.5</b>	<b>13.2</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	35.2	30.9
Cash and cash equivalents at end of period	24.7	35.2

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

A = Share capital

B = Invested non-restricted equity fund

C = Translation difference

D = Retained earnings

E = Non-controlling interests

F = Total equity

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2019	12.9	26.0	1.1	70.1		110.0
Comprehensive income for the period						
Profit for the period				7.6		7.6
Exchange differences on translating foreign operations			0.0			0.0
Total comprehensive income for the period			0.0	7.6		7.7
Transactions between the shareholders						
Distribution of dividends				-5.4		-5.4
Total transactions between the shareholders				-5.4		-5.4
Other changes				-0.0		-0.0
Shareholders equity on Dec. 31, 2019	12.9	26.0	1.1	72.3		112.3

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2020	12.9	26.0	1.1	72.3		112.3
Comprehensive income for the period						
Profit for the period				2.2		2.2
Exchange differences on translating foreign operations			-0.2			-0.2
Total comprehensive income for the period			-0.2	2.2		1.9
Transactions between the shareholders						
Share-related compensation				0.0		0.0
Total transactions between the shareholders				0.0		0.0
Other changes				-0.1		-0.1
Shareholders equity on Dec. 31, 2020	12.9	26.0	0.9	74.5		114.2

## NOTES TO FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENT:

The consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS).

### ALTERNATIVE PERFORMANCE MEASURES

In addition to the key ratios defined in the IFRS standards, Bittium may use some alternative performance measures in the financial reporting.

IAS 1 Presentation of Financial Statements standard does not specify the concept of operating profit. Bittium has defined the operating profit as follows: The operating profit is the net of turnover added with other operating income, subtracted with the raw materials and external services, adjusted with the change in stocks and work performed by the undertaking for its own purpose, subtracted with the personnel expenses, depreciations and possible reductions in value as well as other business expenses. All other items are presented below the operating profit. The share of profits in associated companies, currency changes and changes in derivative instruments are included in the operating profit if they arise from the business; otherwise they are presented in the financial income and expenses.

The definitions of the other common alternative performance measures are listed below.

EBITDA = Operating profit + depreciations

Net gearing % = 
$$\frac{\text{Interest-bearing liabilities - cash and deposits and short-term investments} \times 100}{\text{Total equity}}$$

Equity per share = 
$$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Share issue adjusted number of the shares at the end of the period}}$$

## SEGMENT-INFORMATION (MEUR)

Bittium Corporation does not have segments that require reporting according to IFRS 8 standard.

NET SALES OF GEOGRAPHICAL AREAS (MEUR)	1-12/2020 12 months	1-12/2019 12 months
Net sales		
Europe	64.5	56.4
Americas	13.5	18.5
Asia	0.4	0.3
Net sales total	78.4	75.2

RELATED PARTY TRANSACTIONS	1-12/2020 12 months	1-12/2019 12 months
Employee benefits for key management and stock options expenses total, continuing operations	1.5	1.5

New Share-Based Incentive Scheme for the Management of Bittium Corporation has started. The Performance Share Plan (PSP) consists of three annually commencing three-year performance share plans, PSP 2020-2022, PSP 2021-2023 and PSP 2022-2024, each with a one-year performance period, which is followed by the payment of the share reward and a two-year transfer restriction period. The commencement of the following two plans, PSP 2021-2023 and PSP 2022-2024, is, however, subject to a separate Board decision. The performance measures based on which the potential share reward under PSP 2020-2022 will be paid are the revenue growth and cash flow before financial items of Bittium. A precondition for the payment of the share reward is, in addition, that the employment relationship of the participant with Bittium continues at the time the reward is paid. The potential reward will be paid in shares of Bittium.

SHARE-BASED REMUNARATION OF THE MANAGEMENT	
Form of the reward	Shares
Grant date	4.3.2020
Total amount of the shares at the most	110 000
Share price at the grant date, EUR	5.63
Total expenses of the reward at the most, EUR million	0.6
Execution	In shares

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>	<b>1-3/2020</b>	<b>10-12/2019</b>
<b>Continuing operations</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>
NET SALES	21.8	14.0	25.3	17.3	26.9
Other operating income	0.3	0.3	0.2	0.1	0.3
Work performed by the undertaking for its own purpose and capitalized	0.1	0.1	0.1	0.0	0.0
Raw materials	-6.0	-3.9	-8.0	-3.3	-7.6
Personnel expenses	-9.0	-6.3	-8.8	-8.4	-8.2
Depreciation	-3.0	-2.9	-3.0	-2.6	-2.8
Other operating expenses	-4.0	-2.3	-3.1	-3.0	-4.6
Share of profits in associated companies	-0.0	-0.0	0.0	0.0	0.0
OPERATING PROFIT (LOSS)	0.3	-1.0	2.7	0.2	4.1
Financial income and expenses	-0.1	-0.0	0.0	-0.3	-0.2
PROFIT BEFORE TAX	0.2	-1.0	2.7	-0.2	3.9
Income tax	0.5	0.0	0.0	0.0	1.7
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	0.7	-1.0	2.7	-0.2	5.6
<b>Discontinued operations</b>					
Profit for the period from discontinued operations					
PROFIT FOR THE PERIOD	0.7	-1.0	2.7	-0.2	5.6
Other comprehensive income	-0.1	-0.1	-0.1	0.1	-0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.6	-1.2	2.6	-0.1	5.5
Profit for the period attributable to:					
Equity holders of the parent	0.7	-1.0	2.7	-0.2	5.6
Total comprehensive income for the period attributable to:					
Equity holders of the parent	0.6	-1.2	2.6	-0.1	5.5

<b>CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>	<b>1-3/2020</b>	<b>10-12/2019</b>
	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>
Net cash from operating activities	5.1	1.5	-0.8	1.2	9.8
Net cash from investing activities	-4.1	-3.4	-3.9	-4.5	-4.4
Net cash from financing activities	-0.4	-0.4	-0.4	-0.4	-0.4
Net change in cash and cash equivalents	0.6	-2.3	-5.1	-3.7	5.0

<b>FINANCIAL PERFORMANCE RELATED RATIOS</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
	<b>12 months</b>	<b>12 months</b>
<b>STATEMENT OF COMPREHENSIVE INCOME (MEUR)</b>		
Net sales	78.4	75.2
Operating profit (loss)	2.1	6.3
Operating profit (loss). % of net sales	2.7	8.4
Profit before taxes	1.6	5.9
Profit before taxes. % of net sales	2.1	7.9
Profit for the period from continuing operations	2.2	7.6
<b>PROFITABILITY AND OTHER KEY FIGURES</b>		
Interest-bearing net liabilities. (MEUR)	-2.1	-12.6
Net gearing. -%	-1.9	-11.2
Equity ratio. %	73.1	73.4
Gross investments. (MEUR)	17.4	21.3
Average personnel during the period. continuing operations	673	665
Personnel at the period end. continuing operations	684	655

<b>AMOUNT OF SHARE ISSUE ADJUSTMENT (1.000 pcs)</b>	<b>Dec. 31. 2020</b>	<b>Dec. 31. 2019</b>
At the end of period	35 693	35 693
Average for the period	35 693	35 693
Average for the period diluted with stock options	35 693	35 693

<b>STOCK-RELATED FINANCIAL RATIOS (EUR)</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
	<b>12 months</b>	<b>12 months</b>
<b>Earnings per share from continuing operations. EUR</b>		
Basic earnings per share	0.061	0.214
Diluted earnings per share	0.061	0.214
<b>Earnings per share from discontinued operations. EUR</b>		
Basic earnings per share		
Diluted earnings per share		
<b>Earnings per share from continuing and discontinued operations. EUR</b>		
Basic earnings per share	0.061	0.214



Diluted earnings per share	0.061	0.214
Equity *) per share	3.20	3.15
*) Equity attributable to equity holders of the parent		

<b>MARKET VALUES OF SHARES (EUR)</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
	<b>12 months</b>	<b>12 months</b>
Highest	7.67	8.03
Lowest	3.40	5.91
Average	5.74	6.70
At the end of period	5.79	6.50
Market value of the stock. (MEUR)	206.7	232.0
Trading value of shares. (MEUR)	117.9	51.5
Number of shares traded. (1.000 pcs)	20 557	7 689
Related to average number of shares %	57.6	21.5

<b>SECURITIES AND CONTINGENT LIABILITIES (MEUR)</b>	<b>Dec. 31.</b>	<b>Dec. 31.</b>
	<b>2020</b>	<b>2019</b>
<b>AGAINST OWN LIABILITIES</b>		
Floating charges		
Mortgages are pledged for liabilities totaled		
Guarantees	0.1	0.1
Rental liabilities		
Falling due in the next year	0.1	0.0
Falling due after one year		
Other contractual liabilities		
Falling due in the next year	2.3	1.9
Falling due after one year	1.2	0.8
Material purchase commitments	11.5	16.0

<b>NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)</b>	<b>Dec. 31. 2020</b>	<b>Dec. 31. 2019</b>
Foreign exchange forward contracts		
Market value	0.0	0.0
Nominal value	0.6	1.5