

Bittium Corporation's Financial Statement Bulletin January-December 2023

CEO Johan Westermarck
February 9, 2024

Bittium

Forward-looking Statements

Some statements made in this material relating to future circumstances or status, including, without limitation, the 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.

Contents

- Summary of 2023
- Business Highlights 2023
- Financial Review 4Q and 1-12 2023
- Updated Strategy
- Outlook 2024
- Q&A

Bittium

Summary of 2023

2023 net sales and operating result were weak

- Net sales in 4Q were 25.7 MEUR, operating result was 1.0 MEUR
- Non-recurring costs of EUR 3.2 in 4Q 2023
- Net sales in 2023 were 75.2 MEUR, operating result was -4.3 MEUR

2023 was a year of changes

- Changes in the company management
- Updated strategy for 2024-2025 **“From R&D house towards profitable growth”** with more independent Business Segments
 - Strong focus on existing offering and improving their competitiveness
 - Strong focus on sales through key account management and new customers
 - Efficient way of working with updated processes and practices
- Measures towards healthier cost structure
 - Streamlined organization and change negotiations

Business Highlights

Bittium

Defense & Security

- Geopolitical uncertainty has led the states to increase their defense budgets and new projects to modernize the defense forces are starting
- Finland has joined the military alliance NATO, which strengthens Bittium's market position, especially in the NATO countries
- In 2023, product delivery volumes were lower, caused by the slow progress in several customer projects during last year
- Cooperation with the Finnish Defence Forces
 - New Framework Agreement on Bittium TACWIN system and Bittium Tough Comnode products
 - New order to develop a new software-based router to enable larger network entities
 - The deployment of the Bittium Tough SDR proceeding according to FDF's plans
- International defense markets
 - NATO approved the ESSOR High Data Rate Waveform as a standard for tactical communication interoperability
 - Continued deliveries and integration work of tactical communication system for existing customers
 - Participation in tactical communication system and product tenders ongoing
 - Discussions with international air defense and sensor system suppliers continued
- Grown interest towards secure communication among authorities



Medical

- The remote diagnostics market continues to grow
 - Insurance policies related to treatment reimbursement vary between countries affecting the growth pace
 - Entering new markets requires obtaining medical device approvals in the target country, which can take up to more than a year
 - Bittium has applied for medical device approvals in several different countries
 - The process of applying a medical device 510k clearance by the US Food and Drug Administration (FDA) for Bittium Respiro and its analysis software is ongoing, however taking longer than estimated
- Cardiac
 - Shortage of components affected especially the deliveries of Bittium Faros™ ECG devices during 2023
 - Most of the product deliveries were made to the US customer Boston Scientific Cardiac Diagnostics
- Sleep
 - New Distributor Agreement with ResMed signed
 - The deliveries of the first patches of Bittium Respiro™ home sleep apnea measuring devices for customer trials continued and the feedback has been positive
- Neuro
 - Customer piloting with Bittium BrainStatus™ EEG measuring device are proceeding as planned



Engineering Services

- Despite the prevailing cost-saving pressures in the markets among our customers, Bittium's R&D services sales grew during 2023
 - New customers outside of Finland
 - The accelerating digitalization in various industries increased the need for design services, especially in the Industrial IoT technology market
 - European companies' shifting their R&D work geographically to Europe, has a positive effect on Bittium's R&D services sales, especially in the device design
- The customer portfolio expanded with new customers i.e. in the transportation and professional tool markets
 - remote-controlled overall system and its connectivity solution
 - connectivity parts of traffic control systems
 - measuring devices intended for professional use and their connectivity solutions

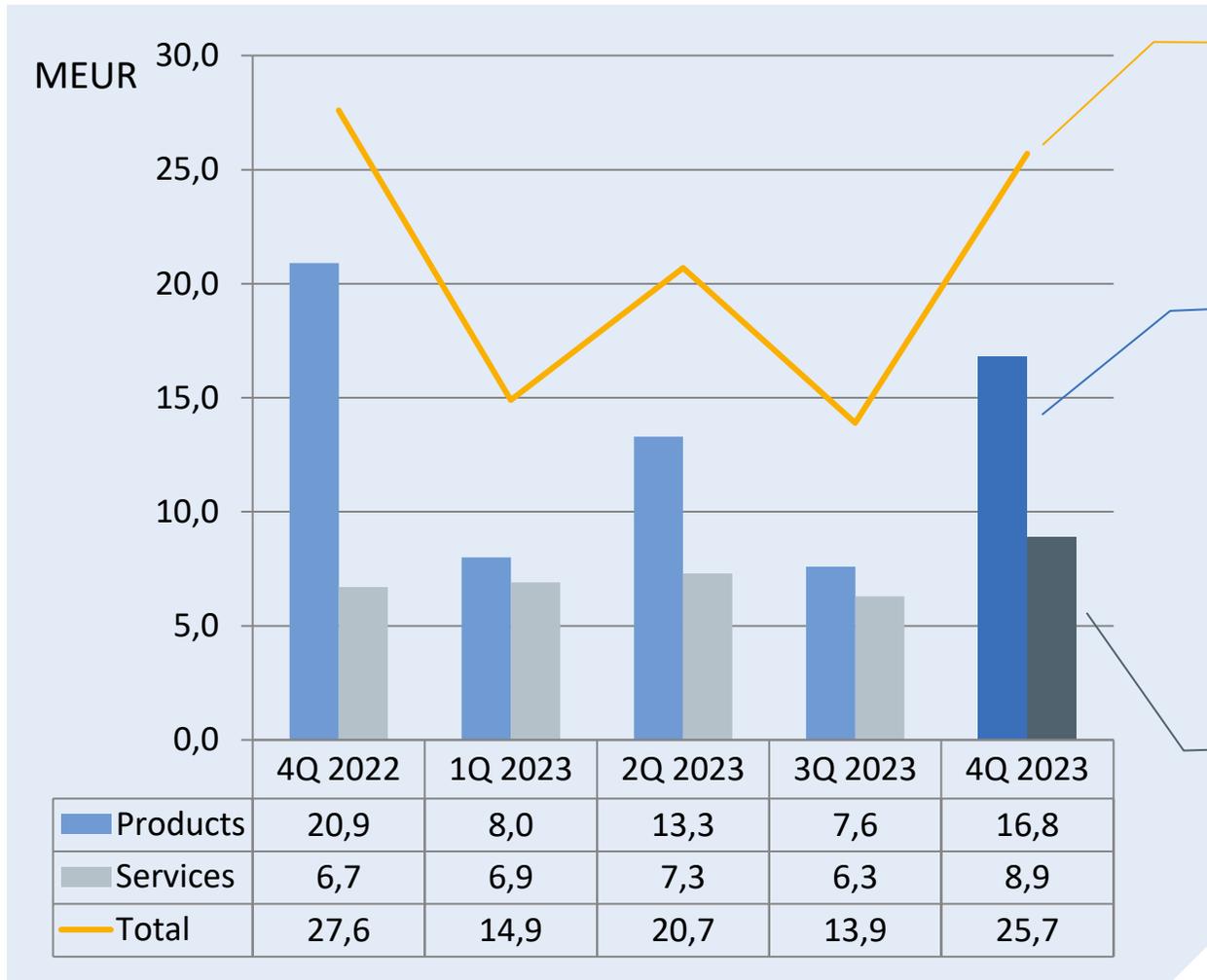


Financial Review

A background image featuring a blue gradient on the left and a dark blue area on the right containing a candlestick chart. The chart has various numerical values and lines representing price movements.

Bittium

Quarterly Development of Net Sales

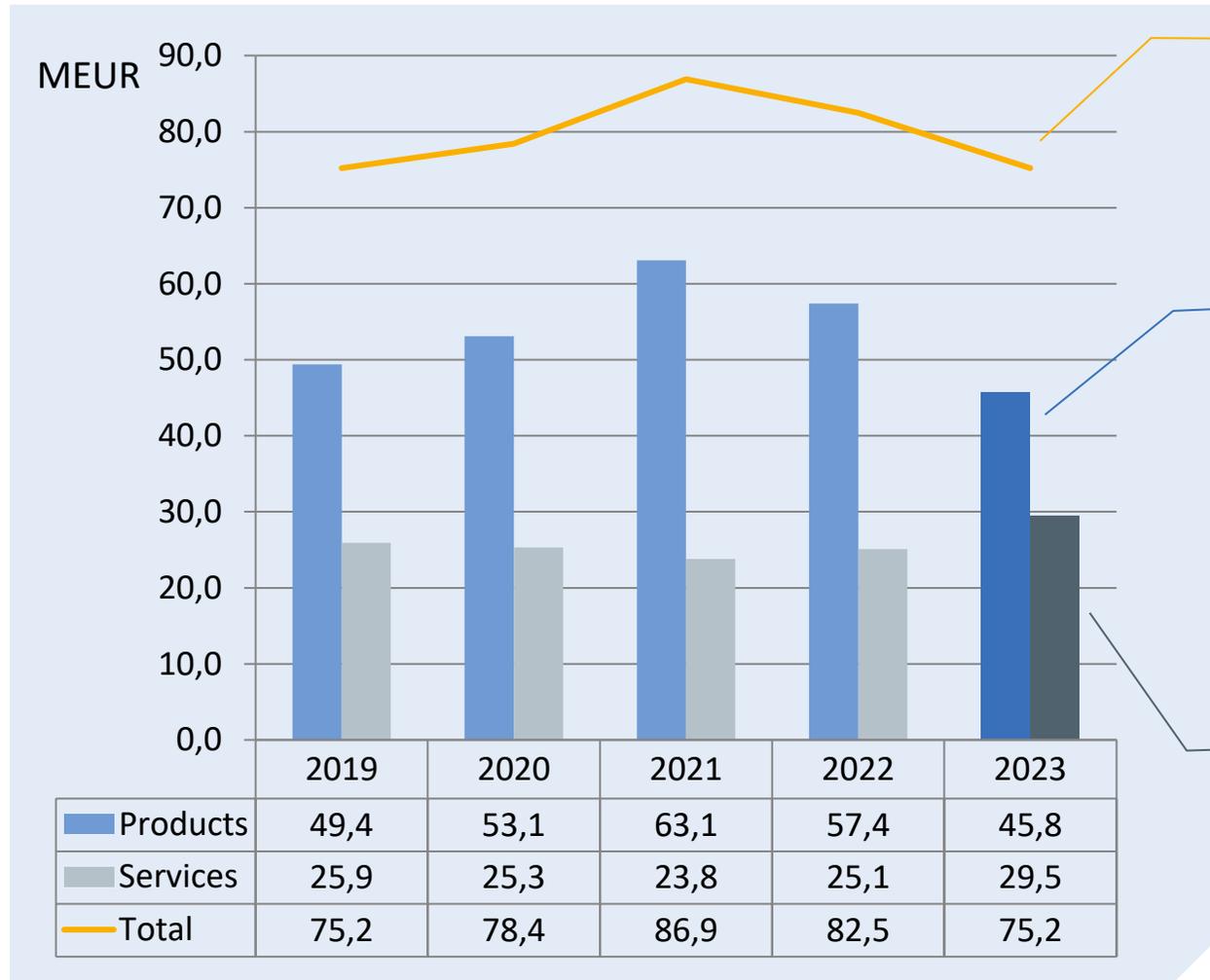


- Total net sales decreased by 7.0% compared to the previous year and were MEUR 25.7 (MEUR 27.6)

- Product-based net sales were MEUR 16.8 (MEUR 20.9)
- The share of Medical products was MEUR 5.3 (MEUR 5.1)
- The share of Defense & Security products was MEUR 11.4 (MEUR 15.8)

- Service-based net sales were MEUR 8.9 (MEUR 6.7)
- The share of Engineering Services R&D services was MEUR 4.3 (MEUR 4.2)

Yearly Development of Net Sales

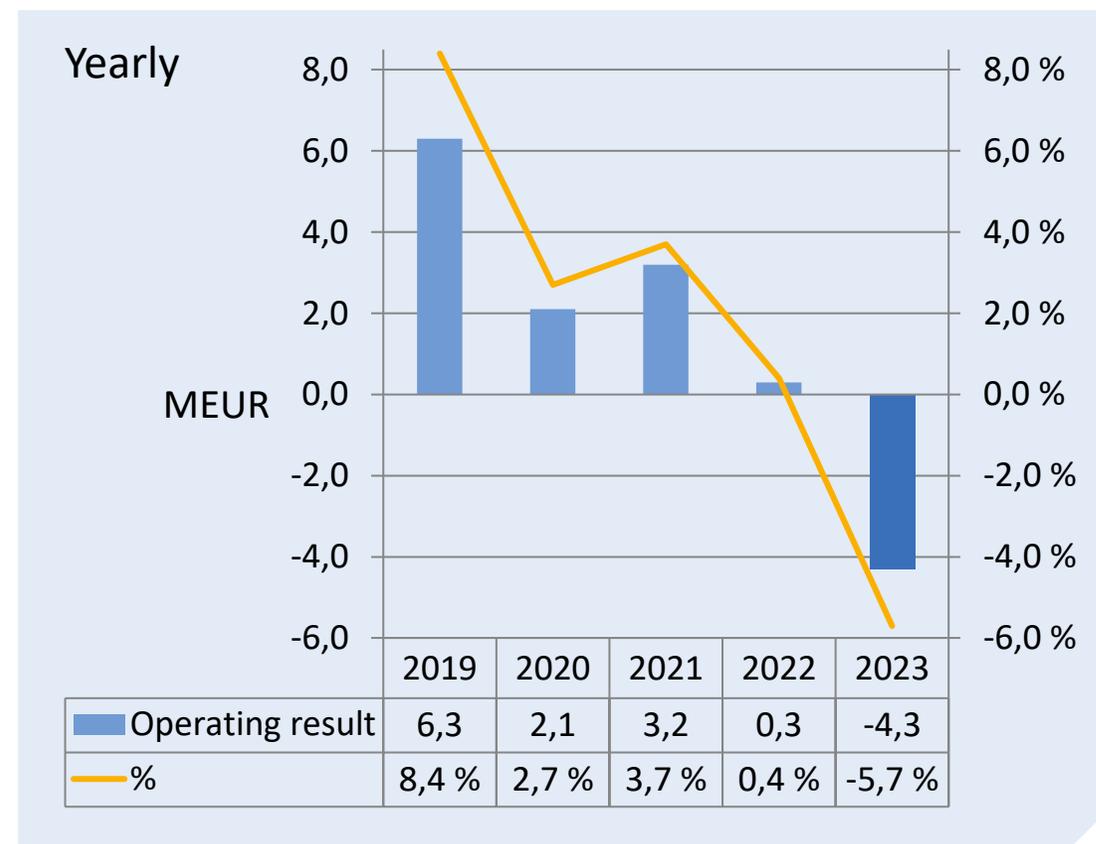
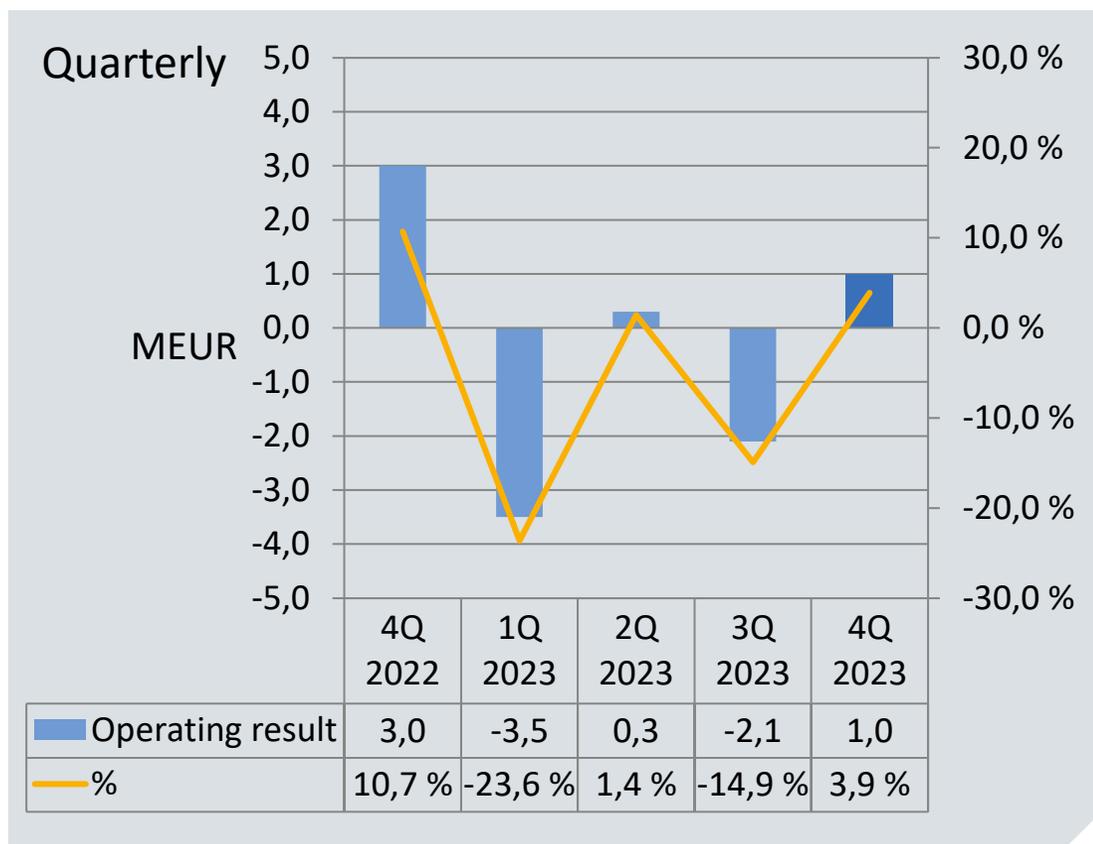


- Total net sales decreased by 8.8% compared to the previous year and were MEUR 75.2 (MEUR 82.5)

- Product-based net sales were MEUR 45.8 (MEUR 57.4)
- The share of Medical products was MEUR 21.8 (MEUR 22.6)
- The share of Defense & Security products was MEUR 24.0 (MEUR 34.8)

- Service-based net sales were MEUR 29.5 (MEUR 25.1)
- The share of Engineering Services R&D services was MEUR 17.0 (MEUR 15.2)

Operating Result Development

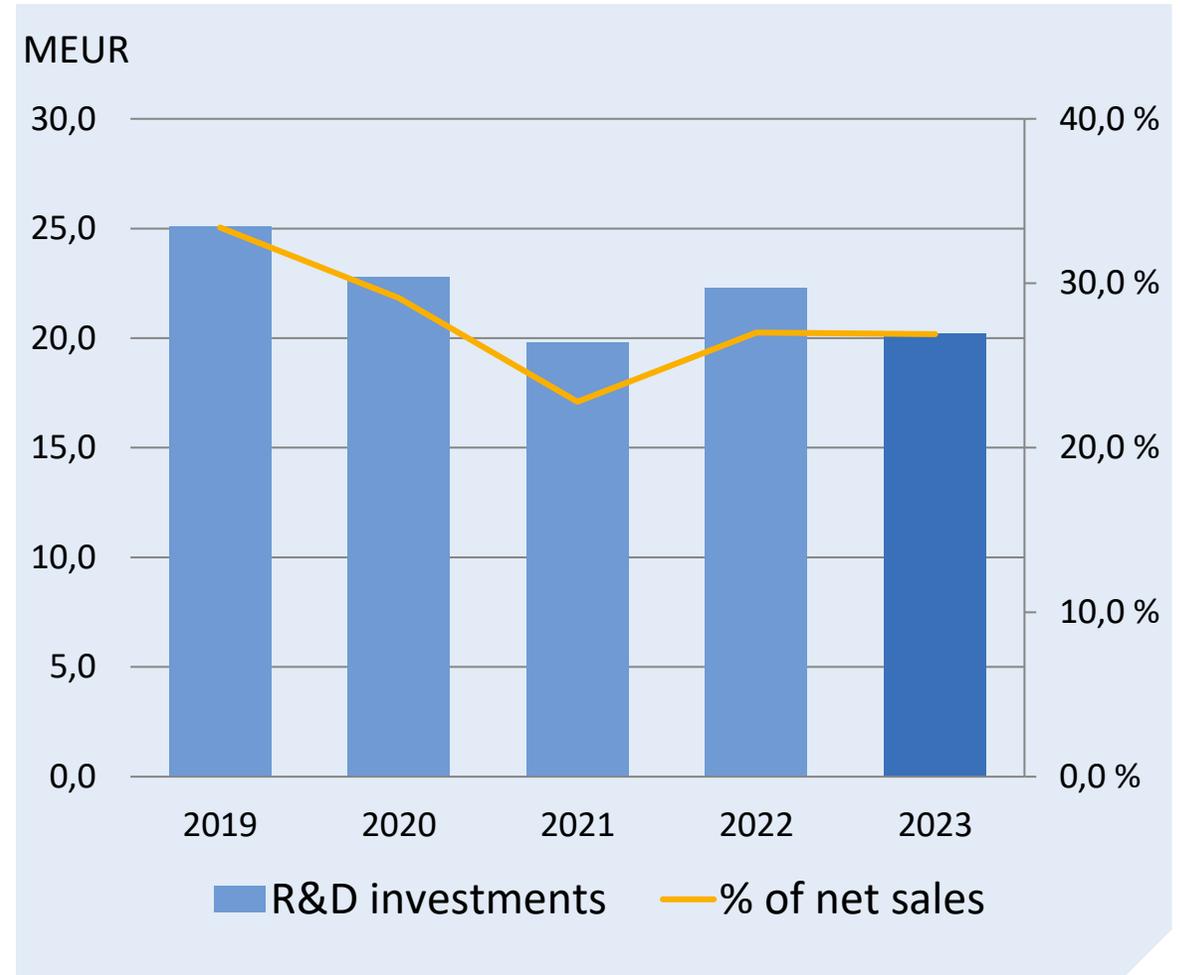


The operating result was weakened by **non-recurring items of EUR 3.2 million in total**, scheduled for the fourth quarter, including non-recurring costs of EUR 0.7 million related to changes negotiations and EUR 2.5 million of non-recurring write-down of inventory

R&D Investments

- Level of R&D investments decreased slightly
 - MEUR 20.2 equaling 26.9% of the net sales (MEUR 22.3 equaling 27.0% of the net sales)
 - MEUR 7.2 was capitalized (MEUR 6.6)
 - Depreciations of R&D investments were MEUR 5.6 (MEUR 5.9)
 - Total R&D costs and depreciations in the P&L was MEUR 18.6 (MEUR 21.5)

- The main focus in the R&D investments in 2023
 - Medical technology products
 - Tactical communication systems and radios
- According to updated strategy focus in R&D investments in 2024
 - Continuous improvement of competitiveness of the existing products and services



Cash Flow

MEUR	2023	2022
Net profit +/- adjustment of accrual basis items	5.1	11.7
Change in net working capital	-3.0	-2.9
Interests and taxes	-0.9	-0.8
NET CASH FROM OPERATING ACTIVITIES	1.2	8.0
Net cash from investing activities	-7.7	-8.0
Net cash from financing activities	-4.2	-3.0
NET CHANGE IN CASH AND CASH EQUIVALENTS	-10.7	-3.0

- The net cash from investing activities include investments made into own product development of MEUR 7.2
- The net cash from financing activities include dividend payment of MEUR 1.8, and repurchase of own shares of MEUR 0.9

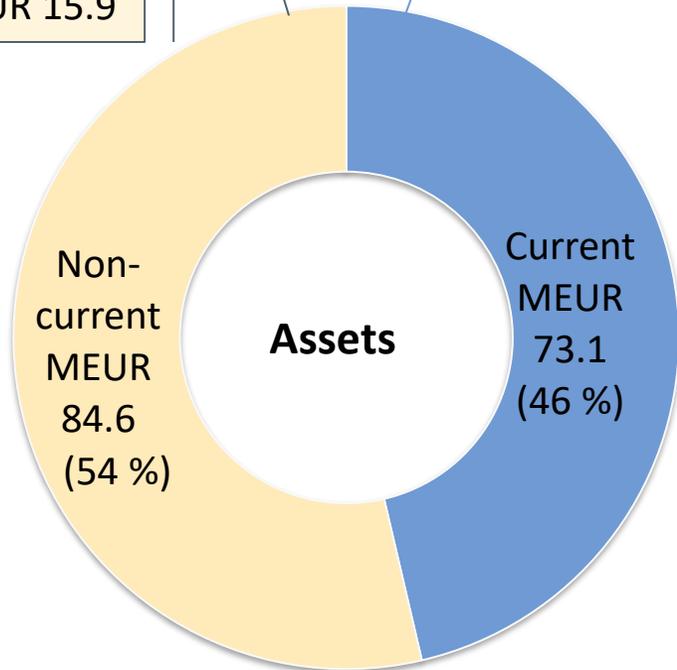
Assets and Liabilities

The balance sheet of December 31, 2023 was total of MEUR 157.7

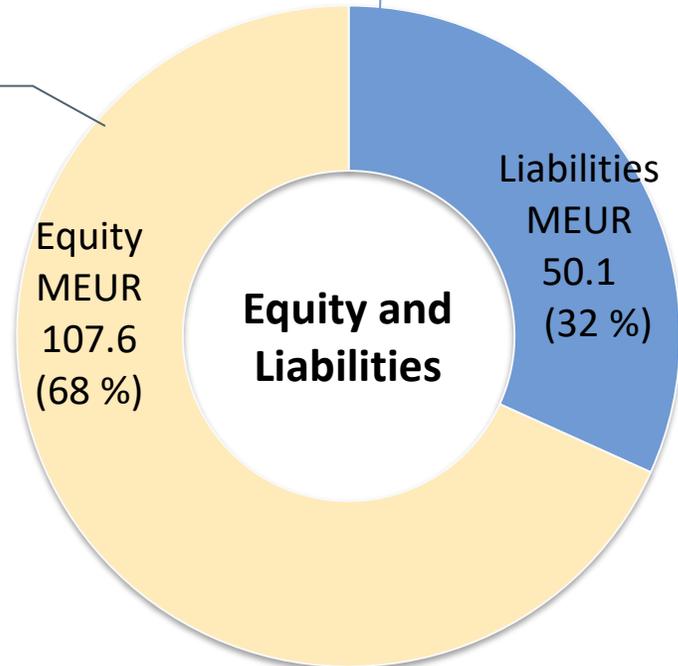
- Property, plant and equipment MEUR 18.2
- Capitalized development costs MEUR 50.5
- Other assets MEUR 15.9

- Inventories MEUR 26.6
- Trade and other receivables MEUR 38.1
- Cash and liquid assets MEUR 8.3

- Trade and other payables MEUR 22.4
- Interest-bearing debt MEUR 22.6
- Other liabilities MEUR 5.0
- Net gearing 13.2 %



• Equity ratio 69.6 %



Outlook 2024

Bittium

Good Foundation for Profitable Growth

Committed and highly skilled people

World-class products and services

Strong customer base

Megatrends supporting the growth

Updated strategy towards profitable growth

Solid foundation for profitable growth has been built

Updated
Strategy for
2024-2025

Key Focus
Areas

Change

A change from a R&D organization to growth-oriented operating model

Three Business Segments

Medical, Defense & Security, Engineering Services

Products & Services

Strong focus on current products and services
R&D mainly on further strengthening the competitiveness of these products

Sales & Customers

Strong focus on sales through key account management and new customers

Efficiency & Profitability

Increase the efficiency in operating methods and streamline cost structure

Bittium's Main Goals

Achieve an average annual net sales growth of more than 10 percent
and an operating profit level of 10 percent

Financial Outlook 2024

Net Sales

Bittium expects the net sales in 2024 to be EUR 85 – 95 million
(net sales EUR 75.2 million in 2023)

Operating Result

Bittium expects the operating result to be EUR 7.0 – 9.5 million
(operating result EUR -4.3 million in 2023)

More Information

More information about Bittium's market outlook is presented
on the company's internet pages at www.bittium.com.

Investor Calendar in 2024



Segment-based reporting starts

Questions & Answers

www.bittium.com
investor.relations@bittium.com

Bittium

