

Bittium

Bittium Corporation Business Review January- March 2025

Net sales

19.3

MEUR

Net sales growth

6.5 %

Operating result

0.4

MEUR

Operating result, % of net sales

2.2 %

Business Review January-March 2025

Net Sales Grew and Cash Flow Improved. Investments to Enable Future Growth Affected the Operating Result Level.

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

Summary January-March 2025

- Bittium's net sales were EUR 19.3 million (EUR 18.2 million), representing a 6.5 percent increase year-on-year.
- Product-based net sales were EUR 10.8 million (EUR 10.7 million), representing 55.8 percent of the total net sales (59.1 percent).
- Services-based net sales were EUR 8.5 million (EUR 7.4 million), representing 44.1 percent of the total net sales (40.9 percent).
- EBITDA was EUR 1.9 million (EUR 3.2 million), representing 10.0 percent of net sales (17.6 percent).
- The operating result was EUR 0.4 million (EUR 1.0 million), representing 2.2 percent of net sales (5.7 percent).
- The result for the period was EUR 0.4 million, and earnings per share were EUR 0.011 (result for the period EUR 0.7 million and earnings per share EUR 0.019).
- Cash flow from operating activities was EUR 9.2 million (EUR 5.2 million).
- Net cash flow was EUR 6.0 million (EUR 2.8 million).
- Order backlog was EUR 36.5 million (EUR 31.6 million).
- The number of personnel at the end of the period was 523 (513).
- The shareholders were invited to the Annual General Meeting to be held on May 7, 2025, in Oulu, Finland. The Board of Directors of Bittium Corporation proposes to the Annual General Meeting that a dividend of EUR 0.10 per share be distributed based on the balance sheet to be adopted for the financial year January 1 – December 31, 2024.
- Petri Toljamo started as the CEO of Bittium Corporation on April 1, 2025. Previous CEO Johan Westermarck resigned from his duty as of February 18, 2025.
- Niina Huikuri was appointed as Senior Vice President, Medical Business Segment and member of Management Group as of May 1, 2025.
- After the reporting period, Teemu Hannula was appointed as Vice President, Operations and a member of Management Group as of June 1, 2025.
- Investments in implementing growth strategy have started.
- Global geopolitical situation creates uncertainty in the operating environment.

Key Figures January-March 2025

GROUP (MEUR)	1-3 2025 3 months	1-3 2024 3 months	1-12 2024 12 months
Net sales	19.3	18.2	85.2
Change of the net sales, %	6.5 %	21.5 %	13.2 %
EBITDA	1.9	3.2	17.3

EBITDA, % of net sales	10.0 %	17.6 %	20.3 %
Operating profit / loss	0.4	1.0	8.6
Operating profit / loss, % of net sales	2.2 %	5.7 %	10.1 %
Result of the period	0.4	0.7	7.3
Earnings per share (EUR)	0.011	0.019	0.205
Total R&D expenses	3.6	4.0	13.5
R&D expenses, % from net sales	18.5 %	21.9 %	15.9 %
Capitalized R&D expenses	1.2	1.9	5.6
Net cash from operating activities	9.2	5.2	24.4
Net cash from investing activities	-3.9	-2.1	-6.7
Net cash from financing activities	0.7	-0.3	-4.3
Net change in cash and cash equivalents	6.0	2.8	13.4
Cash and other liquid assets	27.8	11.2	21.8
Net gearing (%)	-5.4 %	10.5 %	-0.7 %
Equity ratio (%)	70.0 %	70.9 %	69.9 %
Average personnel during the period	520	514	507
Personnel at the end of the period	523	513	511

Bittium's CEO Petri Toljamo

The net sales in the first quarter of 2025 grew by 6.5 percent year-on-year to EUR 19.3 million. The growth was generated within Defense & Security, and Engineering Services Segments. Net sales of Medical Business Segment decreased year-on-year. Operating result was EUR 0.4 million. The operating result was affected by the investments made to enable future growth, which increased fixed costs.

Bittium has made a significant turnaround in profitability level over the past year, based on which we have built the growth strategy for 2025–2027. The four pillars of the strategy are: strengthening our core competence in secure embedded technologies, targeting R&D investments to increase competitiveness, ensuring delivery capacity to support scalability, and strengthening sales and commercialization to enable growth.

We are investing in accelerating international sales and are committed to increasing customer focus across the organization. We have initiated an organizational renewal to ensure we have the right capabilities to execute our strategy. We are at the beginning of our strategy period and will continue to work determinedly to achieve our goals. We are also taking a more active approach to inorganic growth opportunities.

We have not been able to meet market expectations for the Medical Business Segment. The market fundamentals have not changed, and we operate in a growing market. Niina Huikuri will start as Senior Vice President, Medical Business Segment on May 1, 2025. Under her leadership, we will renew the Business Segment's organization by increasing industry expertise in the organization, improving product competitiveness, focusing the operations and growing profitable international business.

The implementation of the growth strategy requires investments to strengthen production capabilities and scalability. Teemu Hannula will start as Vice President, Operations on June 1, 2025, at the latest. We are aiming for significant international growth and production scalability is key to building growth for us.

We continue to have a systematic focus across all our operations, continuously improving efficiency, and keeping profitability at a good level. I want to ensure in every way that Bittium is ready to seize future opportunities, and an operating model with more customer-orientation is a key element in this.

Defense & Security Business Segment

Net sales in the first quarter grew 15.7 percent year-on-year and were EUR 10.7 million. We did not achieve our expected growth because some product deliveries were postponed due to problems with the availability of materials. The operating result was EUR 0.3 million, representing 3.3 percent of the net sales. Order backlog improved from last year.

The implementation of the Partnership Agreement between Bittium and the Finnish Defence Forces has started as planned. The product deliveries from orders received at the end of last year were continued at the beginning of the year, but at a slower pace than expected due to material availability problems. Delivery capability is one of the key pillars of our growth strategy and it will be on our focus this year.

Cooperation with our international customers progressed well. We are looking for new international customers by participating actively in new tenders for tactical communication systems and products.

Demand for information security products remained stable. Sales of SafeMove and Secure Call software grew in the first quarter of the year.

Medical Business Segment

Net sales in the first quarter decreased 8.5 percent year-on-year and were EUR 4.7 million. The decrease was affected by the lower number of product deliveries, especially in Europe. The operating result was EUR -0.1 million, representing -3.0 percent of net sales. The decrease in the operating result was affected by investments in the strengthening of regulatory competence. Order backlog decreased year-on-year.

A significant portion of the net sales was generated from ECG devices sold to our US customer Boston Scientific Cardiac Diagnostics. The cooperation with Boston Scientific has continued well despite recent geopolitical uncertainties. Sales of ECG devices in other parts of the world decreased. We are going to enhance and develop international sales during this year to expand our customer portfolio and market shares worldwide.

We have continued our sales efforts for our sleep apnea diagnostic product Respiro on the European market and supplied our customers with small quantities of products for commercial use. We have investigated the commercial feasibility of Respiro in the US market and have suspended our efforts to obtain sales and marketing authorization for the current product. Respiro is designed for the European market and as such is not competitive in the US due to the different reimbursement practices in the market. Reimbursement has a significant impact on commercial success in the US market.

The most suitable market for our EMG device, intended for measuring the electrical activity of muscles, is the rehabilitation market. In the rehabilitation the largest market area is the US, for which we are currently considering a strategy for progressing forward, due to the political situation. The deliveries of the product version used to identify Parkinson's disease continued to our existing customer. The EMG device is based on Faros technology and has category 1 MDR approval for the new intended use of the product.

We will clarify our strategy for the Medical Business Segment during the coming fall.

Engineering Services Business Segment

Net sales in the first quarter increased by 4.2 percent year-on-year and were EUR 3.9 million. The operating result was EUR 0.2 million, representing 4.7 percent of net sales. The net sales growth and the operating result level were affected by the challenging market situation, especially in the manufacturing industry. Cost pressures in the operating environment were also reflected in the order backlog, which decreased year-on-year.

Cooperation with our long-term key customers continued well and we were able to win new deals from, among others, the Telecom and manufacturing industries. The versatility of our expertise is reflected in the wide range of customer projects throughout various industries. At the beginning of the year, we published a customer project in which we were involved in designing a prototype of a next-generation satellite terminal. Over the years, Bittium has accumulated expertise in designing satellite phones, and this prototype designed is based on the latest 3GPP standardized 5G NTN (Non-Terrestrial-Networks) technology.

As the number of product development service projects is smaller, some of the experts in the Engineering Services Business Segment have worked on customer projects in the Defense & Security Business Segment. The market situation for R&D services has continued to be challenging and we do not expect any changes in demand during the first half of the year. Visibility in the R&D service business is very short and fluctuations in the market situation can cause significant changes on a very short schedule.

Key Figures of the Reportable Segments January-March 2025

DEFENSE & SECURITY BUSINESS SEGMENT, MEUR	1Q/25	1Q/24	2024
Net sales	10.7	9.3	51.6
EBITDA	1.1	1.6	13.6
EBITDA, % of net sales	10.6	17.8	26.4
Operating profit / loss	0.3	0.5	8.6
Operating profit / loss, % of net sales	3.3	5.4	16.7
R&D expenses	1.8	1.9	6.3
Capitalized R&D expenses	-0.7	-1.3	-3.6
New orders	3.9	10.2	68.4
Order backlog	27.7	18.5	34.5
Personnel at the end of the period	248	230	233

MEDICAL BUSINESS SEGMENT, MEUR	1Q/25	1Q/24	2024
Net sales	4.7	5.2	19.3
EBITDA	0.0	0.7	0.7
EBITDA, % of net sales	0.5	13.9	3.5
Operating profit / loss	-0.1	0.2	-0.9
Operating profit / loss, % of net sales	-3.0	4.8	-4.5
R&D expenses	1.4	1.5	5.3
Capitalized R&D expenses	-0.5	-0.4	-1.4
New orders	3.6	6.1	19.9
Order backlog	4.6	6.4	6.1
Personnel at the end of the period	104	99	103

ENGINEERING-SERVICES BUSINESS SEGMENT, MEUR	1Q/25	1Q/24	2024
Net sales	3.9	3.7	14.3
EBITDA	0.2	0.3	1.2
EBITDA, % of net sales	4.9	8.3	8.3

Operating profit / loss	0.2	0.3	1.2
Operating profit / loss, % of net sales	4.7	8.3	8.2
R&D expenses	0.2	0.2	0.5
Capitalized R&D expenses	0.0	0.0	0.0
New orders	3.7	5.7	14.0
Order backlog	4.2	6.7	4.5
Personnel at the end of the period	120	128	129

GROUP FUNCTIONS, MEUR	1Q/25	1Q/24	2024
Net sales			
EBITDA	0.6	0.5	1.8
EBITDA, % of net sales			
Operating profit / loss	0.0	-0.0	-0.3
Operating profit / loss, % of net sales			
R&D expenses	0.2	0.4	1.5
Capitalized R&D expenses	0.0	-0.2	-0.6
Personnel at the end of the period	51	56	45

Outlook for 2025 (unchanged)

Bittium expects the net sales in 2025 to be EUR 95 – 105 million (EUR 85.2 million in 2024) and the operating result to be EUR 10 – 13 million (EUR 8.6 million in 2024).

More information about Bittium's market outlook is presented in this report under the chapter describing the development of the Business Segments, as well as on the company's internet pages at www.bittium.com.

Risks and Uncertainties

Bittium has identified several business, market, and finance-related risk factors and uncertainties that can affect the level of sales and profits. Global geopolitical instability and recent political discussions regarding import tariffs between the United States and Europe cause various risks related to demand and supply and increased uncertainty.

Further information on risks and uncertainties is presented on the company's internet pages at www.bittium.com.

Oulu, Finland, April 29, 2025

Bittium Corporation
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Bittium

Bittium specializes in the development of reliable, secure communications and connectivity solutions leveraging its 40-year legacy of expertise in advanced radio communication technologies. Bittium provides innovative products and services, customized solutions based on its product platforms, and R&D services. Complementing its communications and connectivity solutions, Bittium offers proven information security solutions for mobile devices and portable computers. Bittium also provides healthcare technology products and services for biosignal measuring in the areas of cardiology and neurophysiology. Net sales in 2024 were EUR 85.2 million and operating profit was EUR 8.6 million. Bittium is listed on Nasdaq Helsinki. www.bittium.com