

Bittium

Bittium Corporation Financial Statement Bulletin 2017

Net sales

Net sales growth

51.6

MEUR

-19.6 %

Operating result

Operating result, % of net sales

-6.2

MEUR

-12.0 %

Net sales in 2017 decreased by 19.6 percent year-on-year and operating result was negative

Summary July-December 2017

- The net sales decreased by 25.9 percent year-on-year to EUR 24.5 million (EUR 33.1 million, 2H 2016).
- The share of the product-based net sales grew to EUR 9.1 million (EUR 6.6 million, 2H 2016) and the share of the services-based net sales decreased significantly to EUR 15.2 million (EUR 26.3 million, 2H 2016).
- Operating loss was EUR -3.4 million (operating profit of EUR 1.9 million, 2H 2016).
- Net cash flow was EUR -10.5 million (EUR -12.8 million, 2H 2016).
- Result for the period from continuing operations was EUR -2.4 million and earnings per share were EUR -0.066 (result for the period EUR 2.6 million and earnings per share EUR 0.072, 2H 2016).

GROUP (MEUR)	7-12/2017 6 months	7-12/2016 6 months
NET SALES	24.5	33.1
Change of net sales, %	-25.9 %	25.4 %
EBITDA	-1.4	3.7
EBITDA, % of net sales	-5.9 %	11.3 %
OPERATING PROFIT / LOSS	-3.4	1.9
Operating profit / loss, % of net sales	-14.0 %	5.6 %
RESULT OF THE PERIOD FROM CONTINUING OPERATIONS	-2.4	2.6
CASH AND OTHER LIQUID ASSETS	62.9	94.9
EQUITY RATIO (%)	85.6 %	87.0 %
EARNINGS PER SHARE (EUR)	-0.066	0.072

In this report, Bittium uses alternative performance measures in accordance with the guidelines issued by the European Securities and Markets Authority (ESMA). Alternative performance measures are derived from performance measures reported in accordance to International Financial Reporting Standards (IFRS). Alternative performance measures are used to better reflect the operational business performance and to enhance comparability between financial periods. They are reported in addition to, but not substituting, the performance measures reported in accordance with the IFRS.

Summary January-December 2017

- The net sales decreased by 19.6 percent year-on-year to EUR 51.6 million (EUR 64.2 million, in 2016).
- The share of the product-based net sales grew to EUR 16.3 million (EUR 11.9 million, in 2016) and the share of the services-based net sales decreased significantly to EUR 34.9 million (EUR 51.8 million, in 2016).
- Operating loss was EUR -6.2 million (operating profit of EUR 2.5 million, in 2016).
- Net cash flow was EUR -32.0 million (EUR -27.9 million, in 2016).
- Result for the period from continuing operations was EUR -4.8 million and earnings per share were EUR -0.133 (result for the period EUR 3.5 million and earnings per share EUR 0.098, in 2016).
- The Board of Directors of Bittium Corporation proposes that the Annual General Meeting to be held on April 11, 2018 resolve to pay EUR 0.30 per share as additional dividend based on the adopted balance sheet for the financial period of January 1, 2017 – December 31, 2017.

GROUP (MEUR)	2017	2016
	12 months	12 months
NET SALES	51.6	64.2
Change of net sales, %	-19.6 %	13.0 %
EBITDA	-2.3	5.8
EBITDA, % of net sales	-4.5 %	9.0 %
OPERATING PROFIT / LOSS	-6.2	2.5
Operating profit / loss, % of net sales	-12.0 %	4.0 %
RESULT OF THE PERIOD FROM CONTINUING OPERATIONS	-4.8	3.5
CASH AND OTHER LIQUID ASSETS	62.9	94.9
EQUITY RATIO (%)	85.6 %	87.0 %
EARNINGS PER SHARE (EUR)	-0.133	0.098

Bittium's CEO Hannu Huttunen

The net sales in 2017 decreased by 19.6 percent from previous year and was EUR 51.6 million. The net sales of service business decreased significantly as expected and remained at EUR 34.9 million being EUR 16.9 million less than in the last year. The decrease in the services business net sales was mainly caused by the termination of significant customer cooperation with a global network equipment manufacturer.

The share of the product-based net sales grew to EUR 16.3 million which was EUR 4.4 million more than in the last year. The increase in the net sales resulted from the product portfolio extension to medical remote monitoring and measuring of biosignals as well as from the increased deliveries of Bittium Tough Mobile™ LTE smartphones. However, the product-based net sales was below our targets due to the changed schedule of the startup of the deliveries of the mobile devices designed for the Mexican governmental authorities from the year 2017 to 2018.

In line with our strategy, we continued investments into our product business. The R&D investments in own products and product platforms grew significantly to 29.1 percent of net sales. The investments focused mainly on extending the tactical communication product offering targeted for defense industry as well as on different terminal products and their related software development targeted for Mobile Security and Public Safety markets. We continued to develop our new software-defined radio based Bittium Tough SDR™ product family that includes tactical handheld and vehicle radios as planned. Also the development of the secure Bittium Tough Mobile smartphone and the research and development its next generation continued as planned. We also continued further developing our products for measuring and monitoring of biosignals.

The operating loss was EUR -6.2 million. The loss was caused by the decrease in the net sales and by the investments in the R&D to enable long-term future growth.

We will continue investing in enabling organic growth and in searching for inorganic growth opportunities in all our product and service areas.

Outlook for 2018

The growing need for wireless connectivity, increasingly growing amount of data transfer and the need for secure data transfer create demand for Bittium's competence, products and product platforms. The digitalization of the healthcare market and remote care becoming more common create demand for Bittium's medical technology products and solutions. In a long term Bittium has good potential to grow profitably. Bittium invests significantly in developing its own products and solutions and aims at growing its net sales based on its products and product platforms.

Bittium expects that the net sales in 2018 will grow from the previous year (EUR 51.6 million, in 2017) and the operating result to be better than in the previous year (EUR -6.2 million, in 2017). The level of operating result in 2018 will be still affected by the investments started in 2017 to enable future growth.

Bittium's long-term financial targets will be reviewed and estimated as part of the annual strategy process and they will be announced together with company's strategy. Long-term financial targets do not form company's official financial outlook or the statement about the future.

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

More information about other uncertainties regarding the outlook is presented in this Financial Statement Bulletin in the section "Risks and uncertainties" and on the company's internet pages at www.bittium.com.

Invitation to a press conference

Bittium will hold a press conference on the Financial Statement Bulletin 2017 for media, analysts and institutional investors in Restaurant Savoy, Eteläesplanadi 14, Helsinki, Finland, on Thursday, February 22, 2018 at 9.30am (CET+1). The press conference will be held in Finnish.

Bittium will also hold a telephone conference on the same day at 11.00am. The dial-in number for the conference call is +44 203 059 8125. The confirmation code is "Bittium". The conference can also be followed live as an audiocast, accessible at www.bittium.com/investors. The conference call will be held in English. A recording of the audiocast and the presentation will be available after the conference on Bittium's website at www.bittium.com/investors.

Bittium

Bittium specializes in the development of reliable, secure communications and connectivity solutions leveraging its 30 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, neurology, rehabilitation, occupational health and sports medicine. Net sales in 2017 were EUR 51.6 million and operating loss was EUR -6.2 million. Bittium is listed on Nasdaq Helsinki. www.bittium.com

Bittium Corporation's Financial Statement Bulletin 2017

Financial performance in January-December 2017

Bittium's net sales in January-December 2017 decreased by 19.6 percent year-on-year to EUR 51.6 million (EUR 64.2 million, in 2016).

The share of the product-based net sales was EUR 16.3 million (EUR 11.9 million, in 2016), which resulted mainly from the product deliveries of the tactical communication system, product deliveries of Bittium Tough Mobile LTE smartphones and related security software, and deliveries of products for measuring and monitoring biosignals. The increase in the product-based net sales year-on-year resulted mainly from product sales in the medical business acquired at the end of 2016 and increased deliveries of Bittium Tough Mobile LTE smartphones.

The share of the services-based net sales decreased significantly and was EUR 34.9 million (EUR 51.8 million, in 2016). The decrease in the services business net sales was caused by the termination of significant customer cooperation with a global network equipment manufacturer. Bittium has won new R&D services projects for wireless products, however, it has not been able to replace the decrease in the net sales in total.

Operating loss was EUR -6.2 million (operating profit of EUR 2.5 million, in 2016). This loss was caused by the significant decrease in the net sales and significant R&D investments.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR

	2017 12 months	2016 12 months
Net sales	51.6	64.2
Operating profit / loss	-6.2	2.5
Financial income and expenses	0.4	0.6
Result before tax	-5.8	3.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-4.8	3.5
RESULT FOR THE PERIOD FROM DISCONTINUING OPERATIONS	1.7	
RESULT FOR THE PERIOD	-3.1	3.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3.2	3.5
Result for the period attributable to:		
Equity holders of the parent	-3.1	3.5
Total comprehensive income for the period attributable to:		
Equity holders of the parent	-3.2	3.5
Earnings per share from continuing operations, EUR	-0.133	0.098

- Cash flow from operating activities was EUR -0.0 million (EUR -1.7 million, in 2016).

- Net cash flow was EUR -32.0 million, including the EUR 10.7 million dividend payment in April and the investments made into the company's new office building in Oulu, Finland and into own product development (EUR -27.9 million, in 2016, including the EUR 10.7 million dividend payment and the investments made into the company's new office building in Oulu, Finland).
- Equity ratio was 85.6 percent (87.0 percent, December 31, 2016).
- Net gearing was -52.9 percent (-70.3 percent, December 31, 2016).

Half year figures

GROUP'S NET SALES AND OPERATING RESULT, MEUR	2H/17	1H/17	2H/16	1H/16
Net sales	24.5	27.1	33.1	31.1
Operating profit (loss)	-3.4	-2.8	1.9	0.7
Result before taxes	-3.4	-2.4	2.2	0.9
Result for the period	-2,4	-2,4	2.6	0.9

DISTRIBUTION OF NET SALES BY MARKET AREAS, MEUR AND %	2H/17	1H/17	2H/16	1H/16
Asia	1.0 4.2 %	0.3 1.1%	0.2 0.7%	0.5 1.5%
Americas	1.4 5.8 %	4.5 16.4%	6.7 20.2%	5.5 17.6%
Europe	22.0 90.0 %	22.4 82.5%	26.2 79.1%	25.1 80.8%

Research and development

Bittium continued R&D investments in its own products and product platforms. The investments increased significantly during the year 2017 and were 29.1 percent of net sales. The investments focused mainly on expanding the tactical communication product portfolio targeted to defense industry and on the development of different terminal products and their related software targeted for Mobile Security and Public Safety markets. In 2017, Bittium started to develop new software-defined radio based Bittium Tough SDR™ product family that includes tactical Bittium Tough SDR handheld and Bittium Tough SDR vehicle radios. In addition, Bittium continued to develop Bittium Tough Mobile smartphone and its next generation research and development. The investments were also continued into the further development of the products intended for measuring and monitoring of biosignals.

A significant part of the capitalized R&D investments is related to the further development of the Bittium Tough Mobile smartphone and the related security software and investments related to developing tactical communication handheld and vehicle radios.

R&D INVESTMENTS, MEUR	2017	2016
	12 months	12 months
Total R&D investments	15.0	6.9
Capitalized R&D investments	-5.8	-0.9
Depreciations and impairment of R&D investments	0.3	0.3
Cost impact on income statement	9.6	6.3

R&D investments, % of net sales	29.1 %	10.8 %
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CAPITALIZED R&D INVESTMENTS IN BALANCE SHEET, MEUR	2017	2016
	12 months	12 months
Balance sheet value in the beginning of the period	6.4	5.6
Additions during the period	5.8	0.9
Acquisitions of the business		0.2
Depreciations and impairment of R&D investments	-0.3	-0.3
Balance sheet value at the end of the period	11.9	6.4

Business development in July-December 2017

Bittium's net sales in July-December 2017 decreased by 25.9 percent year-on-year to EUR 24.5 million (EUR 33.1 million, in 2H 2016).

The share of the product-based net sales was EUR 9.1 million (EUR 6.6 million, in 2H 2016), which resulted mainly from the product deliveries of the tactical communication system, product deliveries of Bittium Tough Mobile LTE smartphones and related security software, and deliveries of products for measuring and monitoring biosignals. The increase in the product-based net sales year-on-year resulted mainly from product sales in the medical business acquired at the end of 2016 and increased deliveries of Bittium Tough Mobile LTE smartphones.

The share of the services-based net sales decreased significantly as expected to EUR 15.2 million (EUR 26.3 million, in 2H 2016). The decrease in the services business net sales was caused by the termination of significant customer cooperation with a global network equipment manufacturer. Bittium has won new R&D services projects for wireless products, however, it has not been able to replace the decrease in the net sales in total.

Operating loss in the second half of the year was EUR -3.4 million (operating profit of EUR 1.9 million, in 2H 2016). The loss was caused by the decrease in the net sales and significant R&D investments.

Cooperation with the Finnish Defence Forces continued as the Finnish Minister of Defence Jussi Niinistö authorized Finnish Defence Forces on July 6, 2017 to purchase Bittium Tactical Wireless IP Network™ (TAC WIN) system products. Bittium and the Finnish Defence Forces signed the Framework Agreement for the purchase of Bittium Tactical Wireless IP Network™ (TAC WIN) system products on August 9, 2017. The Framework Agreement covers the years 2018-2020, and if materialized in full, the total value of the agreement is EUR 30 million (excl. VAT). According to the Framework Agreement, Finnish Defence Forces will issue separate purchase orders for the products each year. The Framework Agreement did not change Bittium's financial outlook for the year 2017.

On August 8, 2017, Bittium announced to expand its tactical communication product portfolio with new software-defined radio based Bittium Touch SDR™ product family that includes tactical Bittium Tough SDR handheld and Bittium Tough SDR vehicle radios. The new product family expands Bittium's tactical communication product portfolio from Bittium Tactical Wireless IP Network (TAC WIN) and its products that form a mobile tactical IP network to radios that bring broadband data transfer and voice to all mobile troops; from combat vehicles to all the way to an individual soldier. This enables bringing broadband data transfer and voice to all mobile troops starting from brigade level and all the way across the battlefield.

On August 8, 2017, Bittium and Finnish Defence Forces signed a letter of intent concerning the purchase of new software defined radio (SDR) based tactical radios and the preparations of the purchase. The letter of intent encompasses products belonging to the new Bittium Tough SDR product family: tactical handheld radio Bittium Tough SDR Handheld™ and tactical vehicular radio Bittium Tough SDR Vehicular™. The products are intended for renewing the Finnish Defence Forces' existing stock of field radios with modern, SDR based broadband data transfer radios to support the reformed combat doctrine. The tactical radios are compatible with Bittium Tactical Wireless IP Network™ (TAC WIN) SDR based system already used by the Finnish Defence Forces.

According to the letter of intent, Bittium will develop the products with their own R&D investments and the Finnish Defence Forces will support the development work by ensuring that the products are suitable for their purposes and by making preparations for the purchase of the products.

The letter of intent does not bind the parties into making a purchase agreement. Making the purchase agreement requires that the Finnish Ministry of Defence first authorizes the purchase, based on which Bittium and the Finnish Defence Forces would then make a separate purchase agreement. Based on the letter of intent, if materialized in full, the total value of the purchase agreement would be approximately EUR 130 million distributed over about 10 years. Should the purchase materialize in full, it would have a significant impact on Bittium's net sales from the year 2019 onwards. The Letter of Intent did not change Bittium's financial outlook for the year 2017.

On August 24, 2017, Bittium launched new software for analyzing cardiac event-based ECG measurements and long-term Holter measurements at ESC Congress 2017 in Barcelona, Spain. The new software, together with the versatile Bittium Faros ECG measuring device, allows the follow-up and detection of cardiac arrhythmias as well as in-depth analysis of long-term recordings.

On September 9, 2017, Bittium expanded its tactical communications offering by launching a versatile Bittium Tough Comnode terminal. The device fulfils the data transfer needs for mobile troops by functioning for example as a VoIP phone (Voice over IP), an IP router (Internet Protocol), and an SHDSL repeater (Symmetrical High-speed Digital Subscriber Line). Bittium Tough Comnode is compatible with Bittium Tactical Wireless IP Network™ (TAC WIN) system, Bittium Tough SDR™ tactical radios, and Bittium Tough VoIP™ products, as well as offers diverse connectivity options also to third-party equipment and systems.

Bittium continued efforts to bring its products and services, targeted to defense industry, to the international defense markets and made a pilot system delivery for a new customer in Europe. The new products targeted to defense industry were showcased e.g. at DSEI exhibition in UK, Defence Communications event in Poland, and at Milipol exhibition in France.

On September 12, 2017, Bittium Corporation was awarded the ISO 13485:2016 certificate, which covers the design, development, manufacturing and related services for the entire product life cycle of medical devices. The quality management system based on ISO 13485:2016 standard is a major competitive advantage and supports Bittium's strategy for Connectivity Solutions' product and service area. Medical technologies combined with strong expertise in wireless technologies and security provides Bittium with excellent opportunities to serve its customers in the healthcare sector with offering them new R&D services that meet the quality system standard requirements.

On September 18, 2017, National Cyber Security Centre-Finland of the Finnish Communications Regulatory Authority granted approval for the Mobile Security and Public Safety targeted Bittium Tough Mobile LTE smartphone and related Bittium Secure Suite back-end system to process material that is classified nationally as Confidential. Bittium's mobile solution is the first one in the world to receive official Confidential level encryption product classification. The mobile solution can be used for creating and processing classified information, as well as for transferring it between smartphone and connected back-end solutions. In order for a phone and a related back-end system to achieve the Confidential level classification, there are specific information security requirements regarding the processing of classified information, secure wireless transfer of files, and other possible communication, which need to be met. Bittium Tough Mobile smartphone was showcased at Cyber Security Nordic event in Helsinki, Finland at the end of September.

On November 7, 2017, the joint venture a4ESSOR (Alliance for ESSOR) was awarded a contract by OCCAR (Organisation Conjointe de Coopération en matière d'Armement) to start a new phase of the ESSOR (European Secure Software defined Radio) programme, called ESSOR Operational Capability 1 (OC1). Bittium is part of the OC1 phase that continues the ESSOR programme. During the OC1 phase, the operational capabilities of ESSOR High Data Rate Waveform (HDR WF), meant for joint operations between defense forces of different countries, will be enhanced. With the development of the operational capabilities of the ESSOR HDR WF during the OC 1 phase the new functionalities will be available also for the Tough SDR family of radios. The duration of the ESSOR OC1 phase is 45 months and the value of the contract is around EUR 50 million. The value of the contract will be divided along the duration of the OC1 phase and between the five participant companies: Bittium, Indra, Leonardo, Radmor, and Thales. The contract did not change Bittium's financial outlook for the year 2017.

On November 27, 2017, Bittium released the new version of the Bittium SafeMove® software product portfolio. The latest software version introduces an intuitive user interface and further enhances information security for demanding environments. The new functionalities enable a faster response to security threats; and efficient implementation of broadband applications with mission-critical data on moving vehicles. The Bittium SafeMove® security solutions were exhibited at HETT Show 2017 in London, UK in September.

In November, Bittium exhibited its innovative products and solutions for neuroscience at Society for Neuroscience 2017 conference in the U.S.A and the Bittium Faros ECG device and software for analyzing cardiac event-based ECG and long-term Holter measurements at Medica exhibition in Germany.

On December 8, 2017, Bittium received a purchase order from the Finnish Defense Forces for versatile Bittium Tough Comnode terminal. The purchase order concerns the final phase of the terminal's productization over a duration of nine months and the delivery of a batch of the terminals to the Finnish Defence Forces after the end of the productization phase. Bittium Tough Comnode will fulfil the data transfer needs of the Finnish Defence Forces' mobile troops by functioning for example as a VoIP phone (Voice over IP), an IP router (Internet Protocol), and an SHDSL repeater (Symmetrical High-speed Digital Subscriber Line). The value of the purchase order was EUR 1.1 million (excl. VAT). The purchase order did not change Bittium's financial outlook for the year 2017.

Significant events during the reporting period

On July 6, 2017 Bittium announced that the Finnish Minister of Defence Jussi Niinistö had authorized Finnish Defence Forces to purchase Bittium Tactical Wireless IP Network™ (TAC WIN) system products. Bittium and Finnish Defence Forces plan to sign a Framework Agreement for the delivery of Bittium TAC WIN products, that covers years 2018-2020, with the total value of the agreement being EUR 30 million (excl. VAT) if materialized in full. According to the Framework Agreement, Finnish Defence Forces would issue separate purchase orders for the products each year. The Framework Agreement did not change Bittium's financial outlook for the year 2017.

The Framework Agreement was told to be a continuation to the long cooperation between Finnish Defence Forces and Bittium. It will continue the renewal of the Finnish Defence Forces' command, control and communications system, where the Software-Defined Radio based Bittium TAC WIN system acts as the backbone for tactical data transfer. The Framework Agreement was signed on August 9, 2017.

On August 8, 2017 Bittium announced that Bittium Wireless Ltd, a subsidiary of Bittium Corporation, and the Finnish Defence Forces have signed a letter of intent concerning the purchase of new software defined radio (SDR) based tactical radios and the preparations of the purchase. The letter of intent encompasses products belonging to the new Bittium Tough SDR product family: tactical handheld radio Bittium Tough SDR Handheld™ and tactical vehicular radio Bittium Tough SDR Vehicular™. According to the letter of intent, Bittium will develop the products with their own R&D investments and the Finnish Defence Forces will support the development work by ensuring that the products are suitable for their purposes and by making preparations for the purchase of the products.

The letter of intent does not bind the parties into making a purchase agreement. Making the purchase agreement requires that the Finnish Ministry of Defence first authorizes the purchase, based on which Bittium and the Finnish Defence Forces would then make a separate purchase agreement. Based on the letter of intent, if materialized in full, the total value of the purchase agreement would be approximately EUR 130 million distributed over about 10 years. The letter of intent is in force until the binding purchase agreement comes into effect or until December 31, 2019. Should the purchase materialize in full, it would have a significant impact on Bittium's net sales from the year 2019 onward. The letter of intent did not change Bittium's financial outlook for the year 2017. The Letter of Intent continues the long-term cooperation between the Finnish Defence Forces and Bittium in developing the performance of the command and control (C2) systems and the supporting software defined radio technology of the Finnish Defence Forces.

On October 10, 2017 Bittium Corporation lowered its financial guidance for the year 2017. The reason for this was the delay in the first phase of the product deliveries for the Mexican Mexsat satellite phone system, to be mainly executed in 2018 due to the internal reasons of Mexican governmental customers. Bittium had expected earlier those product deliveries to be executed during the second half of 2017.

Bittium announced that it expects that the net sales in 2017 will be lower than in the previous year (EUR 64.2 million, in 2016). The operating result was expected to be clearly negative (EUR 2.5 million, in 2016). In the Half Year Financial Report January-June 2017, published on August 9, 2017 Bittium still expected that the net sales in 2017 will be at the same level as in the previous year (EUR 64.2 million, in 2016) and the operating result to be negative (EUR 2.5 million, in 2016).

The decline in the amount of the product deliveries of the Mexsat mobile devices in 2017 did not change Bittium's long-term growth outlook. The year 2017 was already been expected to be challenging mainly due to the termination of significant customer cooperation with a global network equipment manufacturer.

Significant events after the reporting period

On February 13, 2018 Bittium Biosignals Ltd, a subsidiary of Bittium Corporation, and a major US remote monitoring provider, concluded a three-year supply agreement under which Bittium will supply the Bittium Faros™ 360 and customized Bittium Faros™ 360 cardiac ECG signal measuring and monitoring devices. In addition, Bittium will supply disposable electrodes for attaching Bittium Faros ECG devices.

When materialized in full, the total value of the agreement is USD 21 million (approximately EUR 17,1 million based on an exchange rate of February 12, 2018) with revenues recognized gradually during the years 2018, 2019, 2020 and 2021 depending on the progress of the product deliveries, with estimated emphasis on 2019 and 2020. This agreement does not change the Company's long term financial outlook (published in the Half Year Financial Report January-June 2017 on August 9, 2017).

Outlook for 2018

The growing need for wireless connectivity, increasingly growing amount of data transfer and the need for secure data transfer create demand for Bittium's competence, products and product platforms. The digitalization of the healthcare market and remote care becoming more common create demand for Bittium's medical technology products and solutions. In a long term Bittium has good potential to grow profitably. Bittium invests significantly in developing its own products and solutions and aims at growing its net sales based on its products and product platforms.

Bittium expects that the net sales in 2018 will grow from the previous year (EUR 51.6 million, in 2017) and the operating result to be better than in the previous year (EUR -6.2 million, in 2017). The level of operating result in 2018 will be still affected by the investments started in 2017 to enable future growth.

Bittium's long-term financial targets will be reviewed and estimated as part of the annual strategy process and they will be announced together with company's strategy. Long-term financial targets do not form company's official financial outlook or the statement about the future.

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Market outlook

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 and measuring competences accrued over time and long history in developing mobile communication solutions, Bittium is in a good position to offer customized solutions for its customers.

The following factors are expected to create demand for Bittium's products and services in 2018 and beyond:

- In the mobile telecommunications, the investments to develop 5G technology increases, which creates demand for Bittium's R&D services. There is a wide range of frequencies allocated for this 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.
- As the digitalization evolves, the secure IoT (Internet of Things) has become a significant development area in many industries. 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. For this there is a need for secure connected devices for consumers' free-time applications and demanding industrial usage that collect information through their sensors and connect the devices securely to the internet and cloud services. Also the integration of different systems and technologies play an important role in enabling the complete digitalization service. To ease and speed up the processing of large data amounts there are different kinds of learning systems and devices under development that use different kinds of artificial intelligence (AI) technologies.
- The use of LTE technology, smartphones and applications continues 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. Also the interest towards LTE-SAT-hybrid devices with terrestrial and satellite connections has grown to further improve the functionality of authorities' critical connections. The implementation of LTE-based devices in Public Safety markets has been

slower than expected due to the delay of the device processor functionalities required by the authorities. The sale of the secure terminal products is expected to develop moderately according to the nature of public safety markets.

- Using public network connections in portable devices is increasing also in demanding professional use, such as 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.
- 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 for transferring growing amounts of data securely. This creates demand for Bittium Tactical Wireless IP Network (TAC WIN) broadband network and for other Bittium's IP-based (Internet Protocol) tactical communications solutions, as well as for Bittium's new tactical communication handheld and vehicle radios that fulfill the needs of data transfer of moving troops or individual soldiers. Bittium continues its 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 2018. Due to the long sales cycles driven by purchasing programs of national governments, it takes time to receive significant purchase orders.
- Heart problems and brain strokes are among the most frequent causes of death. Recognizing the symptoms early on, based on information gathered by measuring, enable the start of the effective treatment fast. Also the prevention of diseases and health problems are being increasingly invested in. In the healthcare technology market there is ongoing a significant change in the patient care both inside the hospitals as well as in homecare. The repatriation of patients is being pursued earlier than before which may enable significant cost savings in the healthcare. One of the growing application areas in the IoT segment is healthcare technology that enables implementing these changes for its part. A prerequisite for early repatriation is the enabling of accurate and precise follow-up and measurement in home conditions through remote monitoring. For this purpose Bittium offers its Bittium Faros product family for heart remote monitoring and Bittium NeurOne product family for measuring the electrical activity of brain.

Risks and uncertainties

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

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, currency losses, elevated costs, or litigations and related costs.

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, 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 the 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 Financial Statement Bulletin 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 result also 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 in order 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 be also 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. Currently Bittium has a committed overdraft credit facility agreement of EUR 10.0 million with Nordea Bank Finland Plc and a committed overdraft credit facility agreement of EUR 10.0 million with Pohjola Bank Plc. From these agreements intended for general financing purposes, EUR 10.0 million are valid until December 31, 2018 and EUR 10.0 million until December 31, 2019. 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 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, 2017, are compared with the statement of the financial position of December 31, 2016 (MEUR).

	31.12.2017	31.12.2016
Non-current assets	46.7	30.3
Current assets	91.6	123.0
Total assets	138.4	153.3

Share capital	12.9	12.9
Other capital	103.7	117.7
Total equity	116.7	130.6
Non-current liabilities	1.5	3.1
Current liabilities	20.2	19.6
Total equity and liabilities	138.4	153.3

Cash flow of the review period :	1-12/2017	1-12/2016
+ profit of the period +/- Adjustment of accrual basis items	-2.4	5.0
+/- Change in net working capital	2.0	-7.6
- interest, taxes and dividends	0.3	0.9
= net cash from operating activities	-0.0	-1.7
- net cash from investing activities	-18.5	-14.5
- net cash from financing activities	-13.4	-11.6
= net change in cash and cash equivalents	-32.0	-27.9

Net cash from operating activities in January-December 2017 includes operative cash flows from both continuing and discontinuing operations.

The amount of gross investments in the period under review was EUR 20.1 million. Net investments for the review period totaled to EUR 19.1 million. The total amount of depreciation during the period under review was EUR 3.9 million. The amount of interest-bearing debt, including finance lease liabilities, was at the end of the reporting period EUR 1.2 million (EUR 3.2 million on December 31, 2016). Bittium's equity ratio at the end of the period was 85.6 percent (87.0 percent on December 31, 2016).

Cash and other liquid assets at the end of the reporting period were EUR 62.9 million (EUR 94.9 million on December 31, 2016).

Bittium has a total of EUR 20.0 million binding credit facility agreements essentially on the old terms from which EUR 10.0 million are valid until December 31, 2018 and EUR 10.0 million until December 31, 2019. At the end of the review period, EUR 0.0 million of 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 on the basis of accounts receivable, accounts payable, order book and budgeted net currency cash flow.

Personnel

The Bittium group employed an average of 614 people in between January and December 2017. At the end of December 2017, the company had 619 employees (623 employees at the end of 2016). A significant part of Bittium's personnel are R&D engineers.

Flagging notifications

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

May 9, 2017: Name of the person subject to the notification requirement: Erkki Veikkolainen, member of the Board of Directors. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 5, 2017. Aggregated transactions: volume 2 625 shares, volume weighted average price: EUR 6.39000.

May 9, 2017: Name of the person subject to the notification requirement: Staffan Simberg, member of the Board of Directors. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 5, 2017. Aggregated transactions: volume 1 500 shares, volume weighted average price: EUR 6.39000.

May 9, 2017: Name of the person subject to the notification requirement: Seppo Mäkinen, member of the Board of Directors. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 5, 2017. Aggregated transactions: volume 1 500 shares, volume weighted average price: EUR 6.39000.

May 9, 2017: Name of the person subject to the notification requirement: Juha Putkiranta, member of the Board of Directors. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 5, 2017. Aggregated transactions: volume 1 500 shares, volume weighted average price: EUR 6.39000.

May 9, 2017: Name of the person subject to the notification requirement: Kirsi Komi, member of the Board of Directors. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 5, 2017. Aggregated transactions: volume 1 500 shares, volume weighted average price: EUR 6.39000.

May 9, 2017: Name of the person subject to the notification requirement: Tero Ojanperä, member of the Board of Directors. Notification type: initial notification. Nature of transaction: Receipt of a Share-Based Incentive. Transaction date: May 5, 2017. Aggregated transactions: volume 1 500 shares, volume weighted average price: EUR 6.39000.

Proposal by the Board of Directors on the use of the profit shown on the balance sheet and the payment of the dividend

According to the parent company's balance sheet at December 31, 2017, the distributable assets of the parent company are EUR 121,840,275.23 of which the profit of the financial year is EUR 1,649,956.18.

The Board of Directors proposes that the Annual General Meeting to be held on April 11, 2018 resolve to pay EUR 0.30 per share as additional dividend based on the adopted balance sheet for the financial period of January 1, 2017 - December 31, 2017. The dividend will be paid to the shareholders who are registered as shareholders in the company's register of shareholders as maintained by Euroclear Finland Ltd on the dividend record date, Friday April 13, 2018. The Board of Directors proposes that the dividend be paid on Friday April 20, 2018.

There have not been any substantial changes in the company's financial position after the financial year. Company has good liquidity and according to the Board of Directors, the proposed distribution of profits does not danger the company's solvency.

Annual General Meeting and Annual Report

Bittium Corporation's Annual General Meeting will be held on Wednesday, April 11, 2018, at 1.00pm (CET+1) at the University of Oulu, Saalastinsali, Pentti Kaiteran katu 1, 90570 Oulu, Finland. Bittium Corporation's Annual Report, including the Annual Accounts, the report by the Board of Directors and the Auditor's report as well as Corporate Governance Statement and Sustainability Report, is available on the company's website no later than on Wednesday, March 21, 2018.

Oulu, February 22, 2018

Bittium Corporation
The Board of Directors

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Bittium Corporation Condensed Financial Statements and Notes January – December 2017

The consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statement of 2017 has been audited and the auditing report has been dated on February 21, 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)	1-12/2017	1-12/2016
Continuing operations	12 months	12 months
NET SALES	51.6	64.2
Other operating income	2.1	1.9
Work performed by the undertaking for its own purpose and capitalized	0.7	0.4
Raw materials	-5.9	-5.1
Personnel expenses	-33.0	-35.5
Depreciation	-3.9	-3.3
Other operating expenses	-17.8	-20.1
Share of results of the associated companies	0.0	
OPERATING PROFIT (LOSS)	-6.2	2.5
Financial income and expenses	0.4	0.6
PROFIT BEFORE TAX	-5.8	3.1
Income tax	1.1	0.4
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	-4.8	3.5
Discontinued operations		
Profit for the year from discontinued operations	1.7	
PROFIT FOR THE PERIOD	-3.1	3.5
Other comprehensive income:		
Items that may be reclassified subsequently to the statement of income		
Exchange differences on translating foreign operations	-0.1	-0.0
Other comprehensive income for the period total	-0.1	-0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3.2	3.5
Profit for the year attributable to		
Equity holders of the parent	-3.1	3.5
Total comprehensive income for the period attributable to		

Equity holders of the parent	-3.2	3.5
Earnings per share from continuing operations, EUR		
Basic earnings per share	-0.133	0.098
Diluted earnings per share	-0.133	0.098
Earnings per share from discontinued operations, EUR		
Basic earnings per share	0.046	
Diluted earnings per share	0.046	
Earnings per share from continuing and discontinued operations, EUR		
Basic earnings per share	-0.087	0.098
Diluted earnings per share	-0.087	0.098
Average number of shares, 1000 pcs	35 693	35 670
Average number of shares, diluted, 1000 pcs	35 693	35 670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)

	Dec 31, 2017	Dec. 31, 2016
ASSETS		
Non-current assets		
Property, plant and equipment	21.9	12.6
Goodwill	5.8	6.7
Intangible assets	15.0	9.3
Other financial assets	1.4	0.1
Other long-term receivables	0.2	
Deferred tax assets	2.5	1.5
Non-current assets total	46.7	30.3
Current assets		
Inventories	10.6	4.1
Trade and other receivables	18.2	24.0
Financial assets at fair value through profit or loss	56.4	66.9
Cash and short term deposits	6.5	28.0
Current assets total	91.6	123.0
TOTAL ASSETS	138.4	153.3
EQUITY AND LIABILITIES		
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	1.0	1.2

Retained earnings	76.7	90.6
Total equity	116.7	130.6
Non-current liabilities		
Deferred tax liabilities	0.4	0.5
Provisions		0.0
Interest-bearing liabilities	0.5	2.0
Other non-current liabilities	0.5	0.5
Non-current liabilities total	1.5	3.1
Current liabilities		
Trade and other payables	18.3	16.2
Provisions	1.1	2.2
Interest-bearing loans and borrowings	0.7	1.2
Current liabilities total	20.2	19.6
Total liabilities	21.7	22.7
TOTAL EQUITY AND LIABILITIES	138.4	153.3

CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)

	1-12/2017	1-12/2016
	12 months	12 months
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year from continuing operations	-4.8	3.5
Profit for the year from discontinued operations	1.7	
Adjustment of accrual basis items	0.7	1.5
Change in net working capital	2.0	-7.6
Interest paid on operating activities	-0.5	-0.4
Interest received from operating activities	0.8	0.9
Income taxes paid	-0.1	0.4
NET CASH FROM OPERATING ACTIVITIES	-0.0	-1.7
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of business unit, net of cash acquired		-6.4
Purchase of property, plant and equipment	-11.4	-7.0
Purchase of intangible assets	-6.7	-1.2
Purchase of investments/associated companies	-0.7	
Sale of property, plant and equipment	0.1	0.0
Sale of intangible assets	0.1	
NET CASH FROM INVESTING ACTIVITIES	-18.5	-14.5
CASH FLOW FROM FINANCING ACTIVITIES		
Share-option plans exercised		0.0

Repayment of borrowing	-1.7	-0.1
Payment of finance liabilities	-1.0	-0.9
Dividend paid and repayment of capital	-10.7	-10.7
NET CASH FROM FINANCING ACTIVITIES	-13.4	-11.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	-32.0	-27.9
Cash and cash equivalents at beginning of period	94.9	122.8
Cash and cash equivalents at end of period	62.9	94.9

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, 2016	12.9	25.9	1.2	97.5		137.6
Comprehensive income for the period						
Profit for the period				3.5		3.5
Exchange differences on translating foreign operations			-0.0			-0.0
Total comprehensive income for the period			-0.0	3.5		3.5
Transactions between the shareholders						
Distribution of dividends				-10.7		-10.7
Share option plans exercised		0.0				0.0
Share-related compensation				0.2		0.2
Total transactions between the shareholders		0.0		-10.5		-10.4
Other changes				-0.0		-0.0
Shareholders equity on Dec. 31, 2016	12.9	26.0	1.2	90.6		130.6

A

B

C

D

E

F

Shareholders equity on Jan. 1, 2017	12.9	26.0	1.2	90.6		130.6
Comprehensive income for the period						
Profit for the period				-3.1		-3.1
Exchange differences on translating foreign operations			-0.1			-0.1
Total comprehensive income for the period			-0.1	-3.1		-3.2
Transactions between the shareholders						
Distribution of dividends				-10.7		-10.7
Total transactions between the shareholders				-10.7		-10.7
Shareholders equity on Dec. 31, 2017	12.9	26.0	1.0	76.7		116.7

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).

THE APPLICATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS STANDARD

IFRS 15 Revenue from Contracts with Customers, came in force on 1st of January 2018. IFRS 15 covers the former IAS 18 Revenue and IAS 11 Construction contracts standards. Bittium adopts the standard using the modified retrospective approach. The retrospective effect of adopting the new standard is shown as a restatement to the group equity at the balance sheet on January 1st, 2018. Bittium estimates that the new standard does not have a material effect on the restated opening balance of year 2018.

The new standard provides more focus especially to those contracts which include multiple elements of revenue. Bittium has already identified customer contracts and performance liabilities in revenue recognition and applied multi-element principles as presented in the new standard. Therefore Bittium will not make substantial changes on the current accounting principles regarding the revenue recognition.

Bittium has, however, specified the accounting principles of the time-based service contracts regarding the duration and amount of these contracts. The more specified principles shall affect the revenue spread through periods making the timing of revenue more stable and accurate during the financial year and possibly also at the end of the financial year.

The new standard has specifying impact on the notes of the financial reports. According to the standard, Bittium shall present the forecasted revenue spread of the ongoing projects at the balance sheet date. These forecasts may change as the time-based service contracts are rendered to the customer. The forecasts are also subject to changes due to cost and customers' plans.

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)

	1-12/2017 12 months	1-12/2016 12 months
Net sales		
Europe	44.4	51.3
Americas	5.9	12.2
Asia	1.3	0.7
Net sales total	51.6	64.2

RELATED PARTY TRANSACTIONS

	1-12/2017 12 months	1-12/2016 12 months
Employee benefits for key management and stock options expenses total, continuing operations	1.2	1.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY HALF (MEUR)

Continuing operations

	7-12/2017 6 months	1-6/2017 6 months	7-12/2016 6 months	1-6/2016 6 months
NET SALES	24.5	27.1	33.1	31.1
Other operating income	1.1	1.0	1.0	0.9
Work performed by the undertaking for its own purpose and capitalized	0.5	0.1	0.2	0.2
Raw materials	-3.7	-2.2	-2.7	-2.3
Personnel expenses	-15.1	-18.0	-17.8	-17.7

Depreciation	-2.0	-1.9	-1.9	-1.4
Other operating expenses	-8.8	-9.0	-10.1	-10.0
OPERATING PROFIT (LOSS)	-3.4	-2.8	1.9	0.7
Financial income and expenses	0.0	0.3	0.4	0.3
PROFIT BEFORE TAX	-3.4	-2.4	2.2	0.9
Income tax	1.0	0.0	0.4	0.0
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	-2.4	-2.4	2.6	0.9
Discontinued operations				
Profit for the period from discontinued operations	0.4	1.3		
PROFIT FOR THE PERIOD	-2.0	-1.1	2.6	0.9
Other comprehensive income	-0.1	-0.0	0.0	-0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-2.1	-1.2	2.6	0.9
Profit for the period attributable to:				
Equity holders of the parent	-2.0	-1.1	2.6	0.9
Total comprehensive income for the period attributable to:				
Equity holders of the parent	-2.1	-1.2	2.6	0.9

CONSOLIDATED STATEMENT OF CASH FLOWS BY HALF	7-12/2017	1-6/2017	7-12/2016	1-6/2016
	6 months	6 months	6 months	6 months
Net cash from operating activities	-0.5	0.4	-1.8	0.1
Net cash from investing activities	-9.5	-9.0	-10.5	-4.0
Net cash from financing activities	-0.5	-12.9	-0.5	-11.2
Net change in cash and cash equivalents	-10.5	-21.5	-12.8	-15.1

FINANCIAL PERFORMANCE RELATED RATIOS	1-12/2017	1-12/2016
	12 months	12 months
STATEMENT OF COMPREHENSIVE INCOME (MEUR)		
Net sales	51.6	64.2
Operating profit (loss)	-6.2	2.5
Operating profit (loss). % of net sales	-12.0	4.0

Profit before taxes	-5.8	3.1
Profit before taxes. % of net sales	-11.3	4.9
Profit for the period from continuing operations	-4.8	3.5
PROFITABILITY AND OTHER KEY FIGURES		
Interest-bearing net liabilities. (MEUR)	-61.7	-91.8
Net gearing. -%	-52.9	-70.3
Equity ratio. %	85.6	87.0
Gross investments. (MEUR)	20.1	18.5
Average personnel during the period. continuing operations	614	569
Personnel at the period end. continuing operations	619	623

AMOUNT OF SHARE ISSUE ADJUSTMENT (1.000 pcs)	Dec. 31. 2017	Dec. 31. 2016
At the end of period	35 693	35 693
Average for the period	35 693	35 670
Average for the period diluted with stock options	35 693	35 670

STOCK-RELATED FINANCIAL RATIOS (EUR)	1-12/2017 12 months	1-12/2016 12 months
Earnings per share from continuing operations. EUR		
Basic earnings per share	-0.133	0.098
Diluted earnings per share	-0.133	0.098
Earnings per share from discontinued operations. EUR		
Basic earnings per share	0.046	
Diluted earnings per share	0.046	
Earnings per share from continuing and discontinued operations. EUR		
Basic earnings per share	-0.087	0.098
Diluted earnings per share	-0.087	0.098
Equity *) per share	3.27	3.66
*) Equity attributable to equity holders of the parent		

MARKET VALUES OF SHARES (EUR)	1-12/2017	1-12/2016
	12 months	12 months
Highest	7.88	7.40
Lowest	5.55	5.15
Average	6.55	6.05
At the end of period	5.65	5.67
Market value of the stock. (MEUR)	201.7	202.4
Trading value of shares. (MEUR)	83.1	126.4
Number of shares traded. (1.000 pcs)	12 684	20 888
Related to average number of shares %	35.5	58.6

SECURITIES AND CONTINGENT LIABILITIES (MEUR)	Dec. 31.	Dec. 31.
	2017	2016
AGAINST OWN LIABILITIES		
Floating charges	1.0	3.6
Guarantees	10.2	2.3
Mortgages are pledged for liabilities totaled	1.2	3.2
Rental liabilities		
Falling due in the next year	0.5	2.2
Falling due after one year	1.0	0.2
Other contractual liabilities		
Falling due in the next year	1.9	2.1
Falling due after one year	1.0	0.0
Material purchase commitments	9.9	3.6

NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)	Dec. 31.	Dec. 31.
	2017	2016
Foreign exchange forward contracts		
Market value		-0.0
Nominal value		5.0