

Corporate
Governance Statement
Reporting Period
Jan. 1–Dec. 31, 2023

A blurred photograph of three business professionals walking away from the camera down a brightly lit hallway. The image is overlaid with a large white diagonal shape in the bottom right corner.

Bittium

Contents

Corporate Governance	4
The Board of Directors	5
Description of Activities	5
Diversity Principles of the Board of Directors	6
The Board Committees	9
Chief Executive Officer	10
Management Group	12
Election and Remuneration of the Auditor	15
Main Features of Internal Control and Risk Management Processes Related to Financial Reporting Processes	15
Insider Guidelines	17
Related Party Transactions	18

Corporate Governance



The governance of Bittium Corporation (hereinafter "Company") is determined by the Company's Articles of Association, the laws of Finland (such as the Finnish Limited Liability Companies Act and Securities Market Act) and the Company's Corporate Governance Code. The Company follows the Finnish Corporate Governance Code 2020 prepared by the Finnish Securities Market Association and entered into force on January 1, 2020. The Governance Code may be viewed, inter alia, at the Finnish Securities Market Association website at www.cgfinland.fi.

This Statement is made separately from the Report by the Board. The Board's Audit Committee and the Company's auditor have reviewed this Statement. The statutory governing bodies of the Company are the Shareholders' meeting, Board of Directors, Chief Executive Officer and the Auditor. The Management Group supports the statutory governing bodies of the Company. The Company's domicile is Oulu.

This Statement is publicly available on the Company's website at www.bittium.com.

The Board of Directors

The Board of Directors is responsible for the Company's governance and proper organization of the operations. The Board of Directors comprises of three to seven (3–7) members, and in addition it may have one to three (1–3) deputy members. The Annual General Meeting elects the members of the Board of Directors for a term which expires at the end of the following Annual General

Meeting. The number of terms for the members of the Board of Directors is not limited. The Board of Directors selects a Chairman among its members.

The Board conducts an annual evaluation of the independence of its members in accordance with the recommendation 10. A member of the Board is required to submit to the Company the information necessary to conduct the evaluation of independence. A Board member is also required to notify the Company of any changes in information relating to independence.

The Annual General Meeting held on April 12, 2023, decided that the Board of Directors shall comprise five (5) members. Mr. Erkki Veikkolainen, Ms. Riitta Tiuraniemi, Mr. Veli-Pekka Paloranta, Mr. Petri Toljamo, and Mr. Pekka Kemppainen were re-elected as members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. At its assembly meeting held on April 12, 2023, the Board of Directors elected Mr. Erkki Veikkolainen as the Chairman of the Board of Directors. Further, the Board has resolved to keep the Audit Committee. Ms. Riitta Tiuraniemi (Chairman of the committee), Mr. Petri Toljamo, and Mr. Veli-Pekka Paloranta were elected as members of the Audit Committee.

Description of Activities

The Board of Directors has defined a working order and evaluates its performance annually. The Board of Directors shall imple-

ment the decisions of the General Meeting. The Board of Directors supervises the operations and management. The Board of Directors makes decisions on the Company's guiding principles for operation, strategy and budget. The Board of Directors decides on mergers and acquisitions and other strategic alliances as well as significant investments and significant matters regarding organization and finance. The Board of Directors supervises that the control of the Group companies' accounting and financial affairs is duly organized. The Board of Directors appoints the CEO and possible Deputy for him or her as well as approves the Company's organizational structure.

The CEO, CFO, CDO and CLO (who acts as secretary of the Board of Directors) attend the meetings of the Board of Directors. Other management attends the meetings when necessary or upon invitation by the Board of Directors. The Chairman of the Board approves the agendas of the meetings of the Board of Directors. The agendas are prepared by the CEO and the CLO.

An annual clock, according to which the regular subjects to be handled are determined, is applied in the Board's work. In addition to the regular subjects of the annual clock, the most important subjects of the Board during the year were the change of CEO, updating the strategy, lightening the cost structure and reforming the organization.

The Annual General Meeting decides on the compensation of the members of the Board of Directors and the compensations can be publicly reviewed on the Company's website at www.bittium.com.

In 2023 the Board convened 15 times.

The Board members attended the meetings as follows:

January 1–December 31, 2023	Board	Audit committee
Erkki Veikkolainen	15/15	
Veli-Pekka Paloranta	14/15	6/6
Riitta Tiuraniemi	15/15	6/6
Pekka Kemppainen	15/15	
Petri Toljamo	14/15	6/6

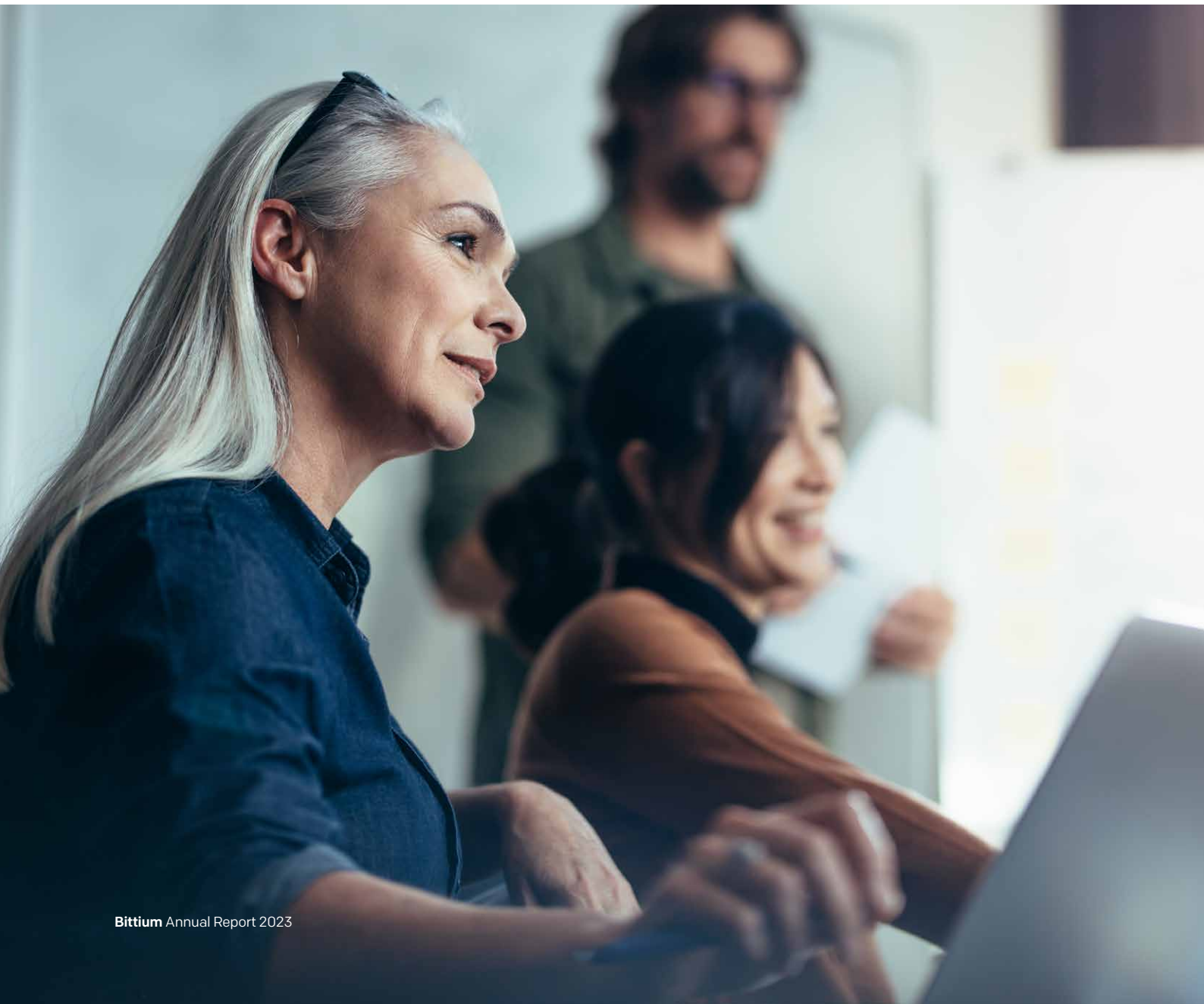
Diversity Principles of the Board of Directors

In the Company, diversity is seen as an essential part of corporate responsibility and as a factor in success, that enables achievement of strategic targets and continuous improvement of customer intimacy.

In planning the composition of the Board of Directors, the requirements of the Company's business operations, the phases of

development and the competence requirements of the Board committees are taken into account. In appointing members of the Board, the target is to ensure that the Board as a whole supports the development of the Company's current and future business operations. Diversity plays a part in supporting this goal, so the Company aims to reach a situation where the facts supporting diversity are taken into account as significant criteria in planning the composition of the Board of Directors.

Diversity of the Board is considered from different perspectives. From the Company's point of view it is important to have Board members with diverse backgrounds in terms of competence, training, and experience of differing business operations, of varying stages of business development, and of leadership as well as diverse personal characteristics. Experience of international business environments and different cultures in addition to consideration of age and gender will support the diversity of the Board. The objective is that both genders are represented in the Board and the Company



aims to maintain a good and balanced distribution of genders.

To fulfill the diversity principles, the diversity principles are taken into account in the process to find and assess member candidates and representatives of both genders are looked for to the process. The status of diversity and progress of the goal mentioned above are monitored in the self-assessment discussions of the Board. A person elected as a Board member of the Company must have the competence required for the position and be able to devote a sufficient

amount of time for the duties required. In forming the composition of the Board long-term needs and successor planning will be taken into account.

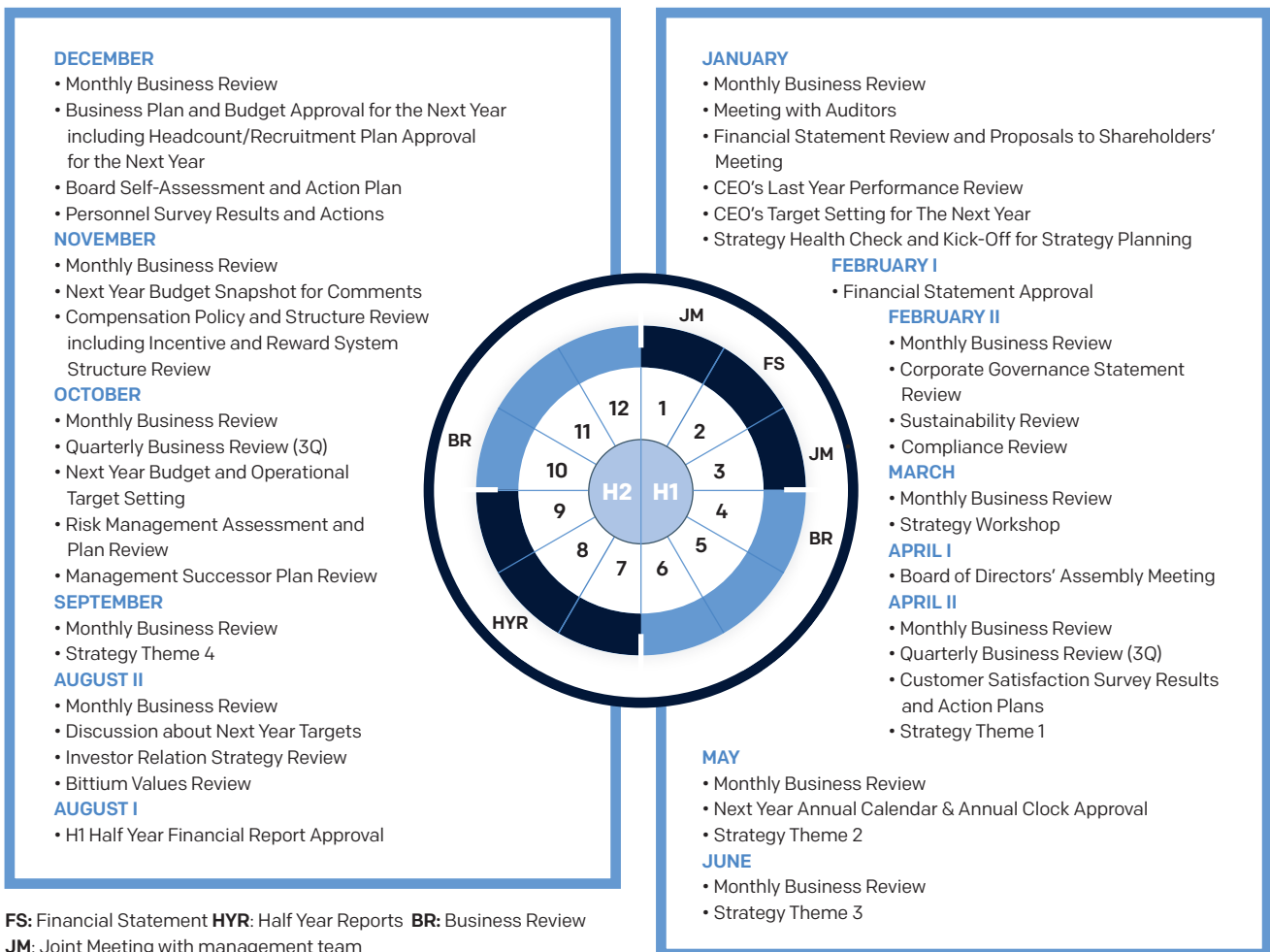
According to the Articles of Association of the Company, the Board of Directors comprises three to seven (3–7) members and in addition it may have one to three (1–3) deputy members. The composition of the Board and the number of members shall be such that they enable the Board to perform its duties efficiently. The members of the Board

are appointed annually at the Company’s Annual General Meeting.

During the financial period ending on December 31, 2023, the Board of Directors has comprised five members. Four of the members have been males and one female. The self-assessment discussions of the Board have concluded that the members of the Board are so different in their special skills, backgrounds and age and gender that the Board as a whole has therefore been able to effectively support the business of the Company and its development.

Board of Directors’ Annual Clock 2023

Key topics covered during the year



Bittium Corporation

The Board of Directors



Erkki Veikkolainen

b. 1952, M.Sc. (EE), eMBA
Full-time occupation:
Mevita Invest Oy, CEO

Positions of trust:

- Bittium Corporation (prev. Elektrobit Corporation), Member of the Board 2008–2015, Chairman of the Board 2015–.
- KoskiRent Ltd, Member of the Board 2020–.
- Lumous lighting Ltd, Member of the Board 2019–.
- Elcoflex (Suzhou) Co. Ltd, Member of the Board 2007–.
- Elcoflex Ltd, Member of the Board 2015–, Chairman of the Board 2006–2015.
- Maustaja Ltd, Member of the Board 2006–.

Previous work history:

- Bittium Technologies Ltd (prev. Elektrobit Technologies Ltd.), Member of the Board 2011–2015.
- Elektrobit Corporation, Executive Vice President, Contract R&D and Test Business Units 2002–2003.
- Elektrobit Technologies Ltd., Managing Director 2001–2003.
- Elektrobit Ltd., Vice President, Business Development 1998–2001.
- Nokia Mobile Phones, various positions 1985–1998, latest Vice President.

Holdings Dec. 31, 2023:

Holds 1,822,112 Bittium Corporation shares.

Independent as regards both the Company and its significant shareholders.



Pekka Kempainen

b. 1954, Lic.Sc. (Tech.)
Full-time occupation:
Professional Board Member

Positions of trust:

- Bittium Corporation, Member of the Board 2019–.
- Valmet Corporation, Member of the Board 2018–.
- Junttan Ltd, Member of the Board 2018–.

Previous work history:

- Nestor Cables Ltd, Member of the Board, 2020, Chairman of the Board 2021–2022.
- KONE Corporation, Executive Vice President, Service business 2010–2017.
- KONE Corporation, Executive Vice President & Area Director Asia Pacific, 2004–2010.
- KONE Corporation, Senior Vice President, New Elevator and Escalator Business, 1999–2004.
- KONE Corporation, various positions 1984–1999, last R&D and Technology Director.

Holdings Dec. 31, 2023:

Holds 8,326 Bittium Corporation shares.

Independent as regards both the Company and its significant shareholders.



Veli-Pekka Paloranta

b. 1972, M.Sc. (Econ.)
Full-time occupation:
Lehto Group Oyj, Chief Financial Officer

Positions of trust:

- Bittium Corporation, Member of the Board and Member of the Audit Committee 2020–.

Previous work history:

- Bittium Corporation (former Elektrobit Corporation), Chief Financial Officer, 2010–2015.
- Elektrobit Corporation, Director, Finance, 2008–2010.
- JOT Automation Ltd, Chief Financial Officer, 2007–2008.
- Elektrobit Group Corporation, Business Controller, 2000–2007.

Holdings Dec. 31, 2023:

Holds 8,562 Bittium Corporation shares.

Independent as regards both the Company and its significant shareholders.



Riitta Tiuraniemi

b. 1962, M.Sc, Electrical Engineering
Full-time occupation:
Professional Board Member

Positions of trust:

- Bittium Corporation, Member of the Board 2018–, Member of the Audit Committee 2018–2020, Chairman of the Audit Committee 2020–.
- Skoggi Ltd, Member of the Board 2022–.
- Gratis Finland Ltd, Founder and Chairman of the Board 2022–.
- Wamma Consultants Ltd, Founder and Member of the Board 2021–.

Previous work history:

- Skoggi Ltd, Operational Director, Founder and Chairman of the Board 2019–2022.
- HealthOperator Ltd., CEO, Founder and Member of the Board 2014–2019.
- DNA Ltd, CEO 2009–2013.
- DNA Finland Ltd, CEO 2005–2008.
- DNA Networks Ltd, CEO 2004–2005.
- DNA Networks Ltd, CTO, Member of Management Group 1999–2005.
- Omnitele Oy, Department Head, Mobile Communications Consultancy, Member of Management Group 1990–1999.
- Technology Development Centre, TEKES Finland, Senior Technical Adviser, Information Technology 1996–1997.
- Nokia Telecommunications, System Designer, Chief System Designer 1986–1990.

Holdings Dec. 31, 2023:

Holds 19,292 Bittium Corporation shares.

Independent as regards both the Company and its significant shareholders.



Petri Toljamo

b. 1974, M.Sc, Radio Engineering, eMBA
Full-time occupation:
Professional Board Member

Positions of trust:

- Bittium Corporation, Member of the Board, Member of the Audit Committee, 2021–.
- Bittium Corporation, Member of the Board, 2018–2020.
- Greowave Oy, Chairman of the Board, 2023–.
- HT Growth Partners Oy, Founder, CEO, and Chairman of the Board, 2022–.
- Moontalk Oy, Member of the Board, 2020–2021, Chairman of the Board 2021–.
- Manea Capital Oy, Chairman of the Board, 2016–2023, Member of the Board, 2023–.

Previous work history:

- Keysight Technologies Inc., NEMO Wireless-Network Testing, Vice President and Keysight Technologies Finland Oy, Managing Director and Chairman of the Board, 2017–2022.
- Anite Finland Oy, Managing Director and Anite Network Testing Business Unit, Managing Director, 2013–2017.
- Pulse Electronics, Mobile Division Director and Pulse Finland, Managing Director 2011–2013.
- Elektrobit Wireless Communications Ltd, Vice President, Device and Network Solutions Business Area, 2010.
- Elektrobit Wireless Communications Ltd, Vice President, Mobile Device Solutions Business Area, 2008–2009.
- Elektrobit Wireless Communications Ltd, Cellular Terminal Solutions Business Area, Director, 2007–2008.
- Elektrobit Wireless Communications Ltd, Platform R&D and Head of Terminal Programs, Director, 2005–2006.
- Elektrobit GmbH, Business Development, Director, 2004–2005.
- Elektrobit Ltd, various product development, project management and business positions, 1996–2004.

Holdings Dec. 31, 2023:

Holds 26,176 Bittium Corporation shares.

Independent as regards both the Company and its significant shareholders.

The Board Committees

The proper function of the corporate governance of a company requires that Board work is organized as efficiently as possible. For this reason, the Company has established an Audit Committee.

The Directors on the Committee can concentrate on the matters delegated to the Committee more extensively than the entire Board of Directors. The purpose of the Committee is to enhance the efficient preparation of matters within the competence of the Board, increase transparency and ensure the quality and efficiency of the decision-making of the Board.

The Committee assists the Board by preparing matters falling within the competence of the Board. The Board remains responsible for the duties assigned to the Committee. The Committee has no autonomous decision-making power, and thus the Board makes the decisions within its competence collectively.

The Committee shall regularly report on its work to the Board. The reports shall include at least a summary of the matters, addresses and measures taken by the Committee.

The central duties and operating principles of the Audit Committee are described in the next chapter. The Annual General Meeting decides on the compensation of the members of the Board Committee and such compensations can be publicly viewed on the Company's website at www.bittium.com

Audit Committee

The Audit Committee has the following duties:

- to monitor and assess the reporting process of financial statements;
- to monitor and assess the financing reporting system;
- to supervise the financial reporting process and risk management process;
- to monitor and assess the efficiency of the Company's internal control, internal audit, if applicable, and risk management systems;
- to monitor and assess how agreements and other legal acts between the Company and its related parties meet the requirements of the ordinary course of business and arm's-length terms;
- to handle the Company's corporate governance statement and nonfinancial report;
- to monitor the Company's auditing;
- to monitor and evaluate the independence of the auditor and, in particular, the offering of services other than auditing services by the auditor; and
- to prepare the appointment of the Company's auditor.

The Chairman and the members of the Audit Committee are appointed by the Board of Directors of the Company. At least one member of the audit committee must have expertise in accounting or auditing. The Board of Directors elected in the Annual General Meeting held on April 12, 2023 decided in its assembly meeting held on the same day to elect Ms. Riitta Tiuraniemi (Chairman of the Committee), Mr. Petri Toljamo and Mr. Veli-Pekka Paloranta as members of the Audit Committee. All members of the Committee are independent from immediate interest of both the Company and its significant shareholders and they have long term experience in business management.

In addition to Committee members, other regular participants to the Committee meetings are CEO, CFO and CLO who acts as the Committee's secretary and optionally auditors. Further, the Committee members may meet the auditors without the operative management being present in such meetings. In 2023, the Audit Committee convened 6 times. The Committee has evaluated, prepared and reviewed, inter alia, the following subject matters during the financial period of January 1, 2023–December 31, 2023:

- Financial Statements of 2022;
- Business Reviews and Half Year Financial Reports of 2023;
- Annual audit plan for 2023;
- Observations based on auditing during the financial period;
- Preparing the appointment of the Company's auditor;
- Observations by the internal control;
- Cash flow monitoring and evaluation of sufficiency of financing;
- M&A related issues and their effects on the result, balance sheet and financing status of the Group;
- Group legal structure related questions; and
- Impairment testing of the subsidiary shares and goodwill.

During 2024 the Committee's focus areas are:

- Near future changes in sustainability reporting;
- Cashflow forecasting process; and
- Development of working capital.

Chief Executive Officer (CEO)

The CEO is in charge of the operative management of the Company in accordance with the Finnish Limited Liability Companies Act, the Articles of Association as well as the instructions and orders given by the Board of Directors. The CEO is responsible for the preparation of the Board meetings and implementation of any decisions made therein. Further, the CEO is responsible for ensuring that the Company's accounting methods comply with the applicable law and that the financial matters are being handled in a reliable manner. The CEO prepares strategy, long-term planning, investments, mergers and acquisitions, financing and makes decisions thereof to the extent that such decisions are not tasks of the Board of the Directors. The CEO is responsible for financial planning, the Group's communications and investor relations.

Lic.Sc. (Econ.), M.Sc (Tech.) Johan Westermarck is the Company's CEO. He has served the Company since April 1, 2023.

The Board of Directors defines and approves the essential terms of the service of the CEO, including the CEO's remuneration, in the form of a written agreement. The CEO's service contract is effective until further notice and can be terminated by the Company with twelve (12) and by the CEO with six (6) months' written notice.

The pension security of CEO is statutory, and he does not have supplementary pension. According to the pension legislation, the lowest limit of the pension age for CEO is 65 years and 1 month at the moment.



Johan Westermarck

Chief Executive Officer, 2023–.
b. 1965, Lic.Sc. (Econ), M.Sc. (Eng).

Positions of trust:

- Consti Oyj,
Member of the Board, 2020–.

Previous work history:

- Citec Group Oy Ab,
CEO, 2017–2022.
- Maintpartner Group Oy,
CEO, 2012–2017.
- Maintpartner Oy,
CEO, 2010–2012.
- Maintpartner Ab,
CEO, 2009–2010.
- Eltel Group Oy,
VP, Business Development,
2007–2008.
- Eltel Networks GmbH,
CEO, 2006–2007.
- Eltel Group Oy,
VP, Business Development,
2004–2006.
- Elcoteq Oyj,
VP, Sales and Marketing,
2001–2004.
- Ahlstrom Machinery Oy:
Regional Director, Service Business
1997–2001,
Manager, Marketing Development
1995–1997,
Project Engineer,
1992–1995.

Holdings Dec. 31, 2023:

Holds 71,854 shares in
Bittium Corporation.

Management Group

The management group supports the CEO in his tasks and consists of the CEO as the chairman, CFO, CLO, CDO (since June 1, 2023), Vice President, Communications and Sustainability, and Vice Presidents responsible for Business Segments. Until May 31, 2023, the management group also included Vice President responsible for Engineering.

The management group supports the CEO in operative management, implementation and follow-up of the CEO's competence area, in particular as regards the operative business, the management and development of the business portfolio, asset management and taxation, internal audit, Corporate Governance of the Company, investor and marketing communications, sustainability and risk management.



Antti Keränen

Chief Financial Officer, 2023–.
b. 1979, M.Sc. (Econ.)

Previous work history:

- Sentica Partners Oy, Investment Director, 2014–2023.
- Sentica Partners Oy, Investment Manager, 2010–2014.
- Sentica Partners Oy, Analyst 2008–2009.
- Kaupthing Bank h.f, Finnish Branch, Corporate Finance Associate, 2007–2008.
- Kaupthing Bank h.f, Finnish Branch, Corporate Finance Analyst, 2005–2007.

Holdings Dec. 31, 2023:

Corporation controlled by Keränen holds 1,500 Bittium Corporation shares.



Kari Jokela

Chief Legal Officer, 2014–.
b. 1969, LL.M., trained on the bench,
Mag.lur. (Saarbrücken), M.Sc. (Econ.)

Previous work history:

- Elektrobit Technologies Ltd., Senior Legal Counsel, 2012–2014.
- Elektrobit Corporation, Senior Legal Counsel, 2010–2012.
- Elektrobit Automotive GmbH, Senior Legal Counsel, 2008–2010.
- Elektrobit Corporation, Senior Legal Counsel, 2008.
- Polar Electro Ltd., Group Legal Counsel, 2000–2007.
- Asianajotoimisto Gilbert, Segall and Young Oy, Attorneys at Law Helsinki, attorney, 1998–2000.

Holdings Dec. 31, 2023:

Holds 2,420 Bittium Corporation shares.



Karoliina Malmi

Vice President, Communications
and Sustainability, 2023–.
b. 1977, M.A. International Business
Communications

Previous work history:

- Bittium Corporation, Vice President, Communications & Marketing, 2015–2023.
- Elektrobit Corporation, Corporate Communications Manager, 2015.
- Elektrobit Automotive GmbH, Corporate Communications Manager, 2013–2015.
- Elektrobit Corporation, Corporate Communications Manager, 2009–2013.
- Elektrobit Corporation, Internal Communications, 2006–2008.
- Elektrobit Group Plc, Communications, 2002–2006.
- JOT Automation Group Plc, Investor Relations and Communications, 2001–2002.

Holdings Dec. 31, 2023:

Holds 2,920 Bittium Corporation shares.



Laura Kauppinen

Chief Development Officer, 2023–.
b. 1971, PhD. Psychology

Positions of Trust:

- Endev, Member of the Board, 2022–.

Previous work history:

- Citec Group, Chief Development Officer, 2020–2023.
- Citec Group, VP, Corporate & Business Development and Administration, 2019–2020.
- Maintpartner Group, Executive Vice President, Corporate Development and Administration 2017–2019.
- Maintpartner Group, Executive Vice President, Corporate Development, 2014–2017.
- Maintpartner Group, Vice President, Corporate Development, 2012–2014.
- Maintpartner Group, Head of Corporate Development, 2009–2012.
- Eltel, Vice president, HR & Communications, 2008–2009.
- Eltel, Vice president, HR, 2004–2009.
- IBM, Consultant, 2003–2004.
- PwC Consulting Finland, Consultant, 2001–2002.

Holdings Dec. 31, 2023:

Holds 500 Bittium Corporation shares.



Tommi Kangas

Senior Vice President, Defense & Security, 2023–. b. 1971, Master of Engineering, Machine Automation

Previous work history:

- Bittium Corporation, Senior Vice President, Connectivity Solutions, 2019–2023.
- Bittium Wireless Ltd, Sales Director, Connectivity Solutions Product and Service Area and Sales, 2015–2019.
- Elektrobit Wireless Communications Ltd, Senior Account Manager, Wireless Solutions Business Segment, 2010–2014.
- Elektrobit Wireless Communications Ltd, Key Account and Business Line Manager, Mobile Infra Solutions Business Area, 2009–2010.
- Elektrobit Wireless Communications Ltd, Business Line Manager, Radio Network Solutions Business Unit, 2006–2008.
- Elektrobit Ltd, Project Manager, Radio Network base station project, 2004–2005.
- Elektrobit Ltd, Mechanical Chief Designer and Specialist, 2000–2004.
- Elektrobit Ltd, Mechanical Designer, 1998–2000.

Holdings Dec. 31, 2023:

Holds 2,741 Bittium Corporation shares.



Antti Näykki

Senior Vice President, Medical, 2022–. b. 1976, B.Eng. Embedded Systems

Previous work history:

- Bittium Corporation, Director, Medical Product Management, 2020–2022.
- Bittium Corporation, Director, Corporate Business Development, 2019–2020.
- Jutel Oy, Chief Executive Officer, 2015–2019.
- Polystar AB, Director of Sales, 2012–2013.
- EXFO Inc., Director of Sales EMEA, Wireless, 2010–2013.
- EXFO Inc./NetHawk Oyj, Global Key Account Manager, 2007–2010.
- NetHawk Oyj, Area Sales Manager MEA, 2004–2007.
- NetHawk Oyj, Technical Support, 2002–2003.

Holdings Dec. 31, 2023:

Does not hold any shares in Bittium Corporation.



Jari Inget

Vice President, Engineering Services, 2023–. b. 1976, MSc., Electrical Engineering

Previous work history:

- Bittium Wireless Ltd, Director, Delivery, Connectivity Solutions Product and Service Area, 2016–2023.
- Bittium Wireless Ltd, Product Manager, IoT Solutions Product and Service Area, 2015–2016.
- Elektrobit Wireless Communications Ltd, Senior Project Manager, Wireless Business Segment, 2007–2015.
- Elektrobit Ltd, Technology Manager, HW (cellular) platforms, 2004–2006.
- Elektrobit Ltd, RF Designer and RF Chief Engineer, 1999–2003.

Holdings Dec. 31, 2023:

Does not hold any shares in Bittium Corporation.

Election and Remuneration of the Auditor

The Company shall have one (1) auditor that has qualified as Certified Public Accountant and if the auditor is not an auditing company as defined by the law, one (1) deputy auditor shall be elected. The term of office of the auditor expires at the end of the following Annual General Meeting.

The General Meeting 2023 re-elected Ernst & Young Oy as auditor of the Company for a term of office ending at the end of the next Annual General Meeting. Mr. Jari Karppinen, APA, has been acting as responsible auditor. It was decided that the remuneration to the auditor shall be paid against the auditor's reasonable invoice.

The auditor's fees in 2023 amounted to EUR 111,000 (EUR 102,000 in 2022). Of the aggregate fees, EUR 87,000 was attributable to auditing (EUR 91,000 in 2022), EUR 10,000 to tax advice (EUR 7,000 in 2022) and EUR 14,000 to other services (EUR 4,000 in 2022).

Main Features of Internal Control and Risk Management Processes Related to Financial Reporting Processes

Risk Management

The purpose of risk management is to secure positive development of earnings of the Company and the continuation of the business by implementing risk management cost-effectively and systematically throughout the different Business Segments and Enabling Functions.

Risk management is part of the Company's strategic and operative planning, daily de-

cision-making process and internal control system. Business objectives, risks and risk management operations are combined through risk management as one chain of events.

Main Principles of Organizing Risk Management

Company adheres to the risk management policy approved by the Board.

Risk management contains all actions, which are connected to setting up targets, identification of risks, measurement, review, handling, reporting, follow-up, monitoring and reacting to risks.

The Aim of Risk Management of the Company is to:

- systematically and thoroughly identify and assess all major risks, which threaten the achievement of objectives, including risks related to business operations, property, agreements, competence, security, currencies, financing and strategy;
- optimize business opportunities and secure continuation of business;
- recognize and identify uncertainties and subsequently develop the prediction of risks and measures needed to manage risks;
- take only calculated and assessed risks with respect to e.g. expanding the business, increasing market share and creating new businesses;
- avoid or minimize liability risks;
- ensure the safety of products, solutions and services;
- establish a safe working environment for the employees;
- minimize possibilities for unhealthy occurrences, crimes or misconduct by operating procedures, control and supervision;
- inform interest groups of risks and risk management; and
- be cost-effective in risk management.

The Aim of Risk Management is not to:

- exclude all risks in their entirety;
- adopt unnecessary control and management procedures; or
- take bureaucratic processes and procedures into use.

Main Principles of the Risk Management Process

In connection with the strategy process and annual planning the CEO reviews business risks which could endanger the achievement of strategic or financial targets. The risk assessments of the strategy process are produced in accordance with the group's risk management process. Strategic and operative risks are monitored through monthly reporting by businesses in the Board of the Company. According to the risk management process, the Business Segments and Enabling Functions must produce assessments of risks in their designated areas of responsibilities and provide action plans to manage risks as well as to report on measures taken including the stage and effectiveness of such measures. These assessments and action plans are consolidated at the group level. The Company's CLO is responsible for the risk management process and coordinates its appropriateness and compliance.

General Description of Internal Control and Operational Procedures

Internal control is a process applied by the Board of Directors, management and all levels of personnel in the Company to ensure that management has reasonable assurance that:

1. operations are effective, efficient, and aligned with strategy;
2. financial reporting and management information is reliable, complete and timely made; and
3. the Company is in compliance with applicable laws and regulations as well as the Company's internal policies and ethical values including sustainability.

The first category addresses the basic business objectives, including performance and profitability goals, strategy, implementation of objectives and actions and safeguarding resources. The second category relates to the preparation of reliable published financial statements, including half year financial reports and Business Reviews, as well as condensed financial statements and selected financial data derived from such statements, such as earnings releases, reported publicly. The third category deals with complying with those laws and regulations to which the Company is subject to.

Internal Control Framework of the Company

Bittium's internal control framework consists of:

- the internal control, risk management and corporate governance policies and principles set by the Company's Board of Directors;
- management overseeing the implementation and application of the policies and principles;
- finance function and business controllers monitoring the efficiency and effectiveness of the operations and reliability of the financial and management reporting;
- enterprise risk management process identifying, assessing and mitigating risks threatening the realization of the Company's objectives;
- monitoring possible agreements and other legal acts between the Company and its related parties;
- compliance procedures making sure that all applicable laws, regulations, internal policies and ethical values (including sustainability) are adhered to;
- effective control environment at all organizational levels including control activities tailored for defined processes and creating group minimum requirements for product and service areas as well as for geographical areas;
- shared ethical values and strong internal control culture among all employees; and
- internal audit assignments reviewing the effectiveness of the internal controls as needed.

Core Business Processes of Businesses and Enabling Functions

Risk management procedures of the Businesses and Enabling Functions are in place for business processes in the form of defined control points:

- relevant process risks are identified;
- common control points / Company's minimum requirement control points are identified;
- common control points are implemented in processes; and
- additional control points can be determined as needed at business or functional levels.

Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the Company's objectives. Control activities are set throughout the organization, at all levels and in all functions. They include various range of activities including but not limited to approvals, authorizations, verifications, reviews of operating performance, securing of assets and segregation of duties.

Internal Controls of Financial Reporting

The Company's external financial reporting process, internal control and risk management systems are briefly described in this section. The main focus is on financial accounting and related controls.

Financial Reporting Organization

The financial management of the Company is responsible for organizing the accounting, money transactions and other daily financial operations of the companies belonging to it as well as organizing the internal reporting that supports the business.

The tasks of the Company's financial administration consist of, inter alia, monthly consolidation of the Group entity, preparation of quarterly financial reports and con-

solidated financial statements, management and investment of monetary assets of the Group, management of liabilities, protection against exchange risk, and transfer pricing. The finance function of the Company implements operative supervision under the CFO who reports any supervisory findings to the Audit Committee. The tasks and responsibilities of the accounting function of the parent company and each subsidiary are included in the job descriptions of the teams and employees.

Financial Reporting Systems

Consolidated financial statements are prepared by using the chosen consolidation tool. The accounting of the Group's subsidiaries is done by using the local accounting systems from which the actual figures are reported either manually or by automatic transfer to the group consolidation system. The accounting system in use includes general ledger accounting, accounts payables and accounts receivables. Current assets and payroll accounting is organized through various programs or purchased as an outsourced service. Purchase invoices are circulated through electronic invoice processing system. Global forecasts and budgets are prepared by using the forecast and reporting program.

Internal Controls

The Company's internal control mechanisms are based on policies, instructions, limited process descriptions, authorization matrix, financial reporting review meetings, and segregation of key accounting duties.

Compliance Procedures

Compliance processes are in place at all levels of the organization to ensure that all applicable laws, regulations, internal policies and ethical values, including environment sustainability, are adhered to. The management and businesses are responsible for following up developments in legislation and regulations in their respective areas and communicating them to the organization. The members of the Management Group are responsible for setting up adequate compliance controls and compliance related training in their units. CLO of the Company

coordinates the appropriateness and compliance of the compliance processes.

Roles and Responsibilities Regarding Risk Management and Internal Control

The key roles and responsibilities regarding the Company's internal control and risk management are defined as follows:

Board of Directors

The Board of Directors is ultimately responsible for the administration and the proper organization of the operations of the Company. According to good corporate governance, the Board also ensures that the Company has duly endorsed the corporate values applied to its operations. The Board approves the internal control, risk management and corporate governance policies. The Board establishes the risk-taking level and risk bearing capacity of the Company and re-evaluates them on a regular basis as part of the strategy and goal setting of the Company. The Board reports to the shareholders of the Company.

Audit Committee

Audit Committee is responsible for the following internal control related duties:

- to monitor the reporting process of financial statements;
- to supervise the financial reporting process;
- to monitor the efficiency of the company's internal control, internal audit, if applicable, and risk management systems;
- to review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement; and
- to monitor the statutory audit of the financial statements and consolidated financial statements.

More detailed descriptions how the Audit Committee is fulfilling its monitoring role are defined in the Committee's annual plan. The Audit Committee reports to the Board of Directors of the Company.

Chief Executive Officer

The CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The CEO sets the ground for the internal control environment by providing leadership and direction to senior managers and reviewing the way they are controlling the business. The CEO is in charge of the allocation of resources to the risk management work, review of risk management policies as well as defining the principles of operation and overall process. The CEO reports to the Board on risk management according to the Annual Clock.

Management Group

The members of the Management Group are responsible for internal control implementation in their responsibility areas. More specific internal control policies and procedures are established within the principles set by the Board and CEO. Additionally, the management of the subgroup and the Group Management are responsible for implementing risk management practices in planning cycle and daily operations, and ensure the adherence of:

- laws;
 - regulations;
 - internal policies; and
 - ethical values
- in their designated responsibility areas.

The CFO:

- ensures a setup of adequate control activities for Business Segments in cooperation with the Business Segment management;
- follows the adequacy and effectiveness of control activities; and
- ensures that external reporting is correct, timely and in compliance with regulations.

Finance function does not have a separate internal control function. CFO reports any supervisory findings to the Audit Committee.

The CLO ensures that the Group's corporate governance practices comply with the law and that legal matters of the Group are handled appropriately, in particular the

contractual risks relating to business operations.

The CLO is in charge of the Company's risk management process and its continuous development. The CLO reports to the CEO and management group on risk management as part of the monthly reporting.

Internal Audit

The Company has no specific internal audit organization. This is taken into account in the content and scope of the annual audit plan. On the one hand, external auditing focuses on specific areas in turn to be audited, and on the other hand, on separately agreed priority areas.

Insider Guidelines

The Company adheres to the Insider Guidelines for Listed Companies prepared by Nasdaq Helsinki Ltd (previously NASDAQ OMX Helsinki Ltd, OMX Nordic Exchange Helsinki Ltd and Helsinki Stock Exchange), the Central Chamber of Commerce and the Confederation of Finnish Industries. The Company has complemented the Guidelines by its internal insider guidelines. The insider and trading guidelines approved by the Company include regulations on insiders, publication and postponement of publication of inside information, prohibited use of inside information, insider registers, duty of notification of managers' and their closely associated persons' transactions, and personnel's own trading with the Company's financial instruments. The purpose of the guideline is to explain the content of the guideline published by Nasdaq Helsinki Ltd and other regulations and restrictions relating to the matter, and to unify and coordinate the processing of insider and trading matters within the Company.

The managers of the Company must comply with the EU Market Abuse Regulation's prohibition on dealing in the Company's financial instruments (closed period). In accordance with the Company's Board of Directors' decision, the Company has in addition determined certain time periods

during which persons taking part in the preparations of the Company's financial reporting and other persons who have access to information pertaining to the Company's financial status are prohibited to trade the Company's financial instruments. The purpose of the trade restrictions is to control trading of the Company's financial instruments, and thereby increase trust to the Company and the operation of the securities market. Trading with the Company's financial instruments is completely prohibited for the aforementioned persons for a period of 30 days before the publication of earnings information of the Company. The most common publications are the release of business review and half year report as well as release of the Company's financial statements. The restriction is applicable also to any possible preliminary information regarding the financial statements, and business review and half year report.

Persons included in a project-specific insider register are prohibited from all trading and business transactions until the project has expired or has been publicly announced. If the project falls upon another listed company or may affect the price of the financial instruments of another listed company, the project-specific insiders have no right to trade with such company's financial instruments.

The Company voluntarily maintains on its website a list of the financial instruments owned by the Company's managers or by the institutions operating under the authority of the managers. The list is updated on the last day of each month.

Related Party Transactions

The purpose of Company's Guidelines on Related Party Transactions is to ensure that any business transactions involving persons belonging to the Company's related parties are made independently and based on market terms. This also applies to business transactions that otherwise may raise suspicions on whether the transaction was

made on market terms. The Company assesses and monitors that any related party transactions promote the purpose and interests of the Company and are commercially justified and overall in the best interests of the Company and that any conflicts of interest are duly taken into account when making decisions on related party transactions.

According to the definition in the Limited Liability Companies Act, a related party transaction is not part of the company's ordinary course of business or is made in deviation from customary commercial terms. This kind of related party transactions are uncustomary in the company's business. In addition to the general monitoring concerning related party transactions, the Company prepares a special report on transactions that are not part of the Company's ordinary course of business or are made in deviation from customary commercial terms.

The Company has defined its related parties according to the IAS 24.9 standard and maintains an up-to-date register of major business transactions between the Company and its related parties, the parties, and the key terms of such transactions. The information about the related parties is collected annually from the persons belonging to the Company's related parties and serving the Company. The Company monitors possible related party transactions as a part of its internal control. Roles and responsibilities regarding internal control are described on the Company's internet site. In addition, the above-mentioned persons are obliged to notify the Company's related party administration of any related party transactions which have come to their knowledge. Such notification must be made without delay after receiving such information. The transactions are considered major if their total amount exceeds € 20,000 during the financial period.

The Company's related party register is not public, and any information entered in it will not be disclosed to third parties, with the exception of any authorities and the auditor entitled to receive such information. Any

major transactions to be performed with the Company's management and its related parties shall be approved by the Board of Directors.

The Company discloses the related party transactions relevant to the shareholders at the latest when the transaction is binding on the Company. The principles of the Guidelines on Related Party Transactions are observed throughout the Bittium Group and in the decision-making concerning all of the Group companies.

Bittium

Connectivity to be trusted.
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