

Bittium Corporation Half-Year Financial Report 2021

CEO Hannu Huttunen | CFO Pekka Kunnari
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Bittium

Forward-looking Statements

Some statements made in this material relating to future circumstances or status, including, without limitation, future performance of the company, expectations regarding market growth, trend projections as well as any statements preceded by the words “expect”, “believe”, “foresee” or similar expressions are forward-looking statements.

By their nature, forward-looking statements involve risk and uncertainty and actual results may, therefore, differ materially from the results that are expressed or implied by these forward-looking statements.

Bittium Corporation disclaims all obligations to update such forward-looking statements except as required by mandatory law.

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Highlights January- June 2021

CEO Hannu Huttunen

An aerial night view of a city skyline, likely Chicago, with a digital grid overlay. The grid consists of white lines forming a mesh over the city buildings. The sky is dark blue, and the city lights are illuminated. The Bittium logo is in the bottom right corner.

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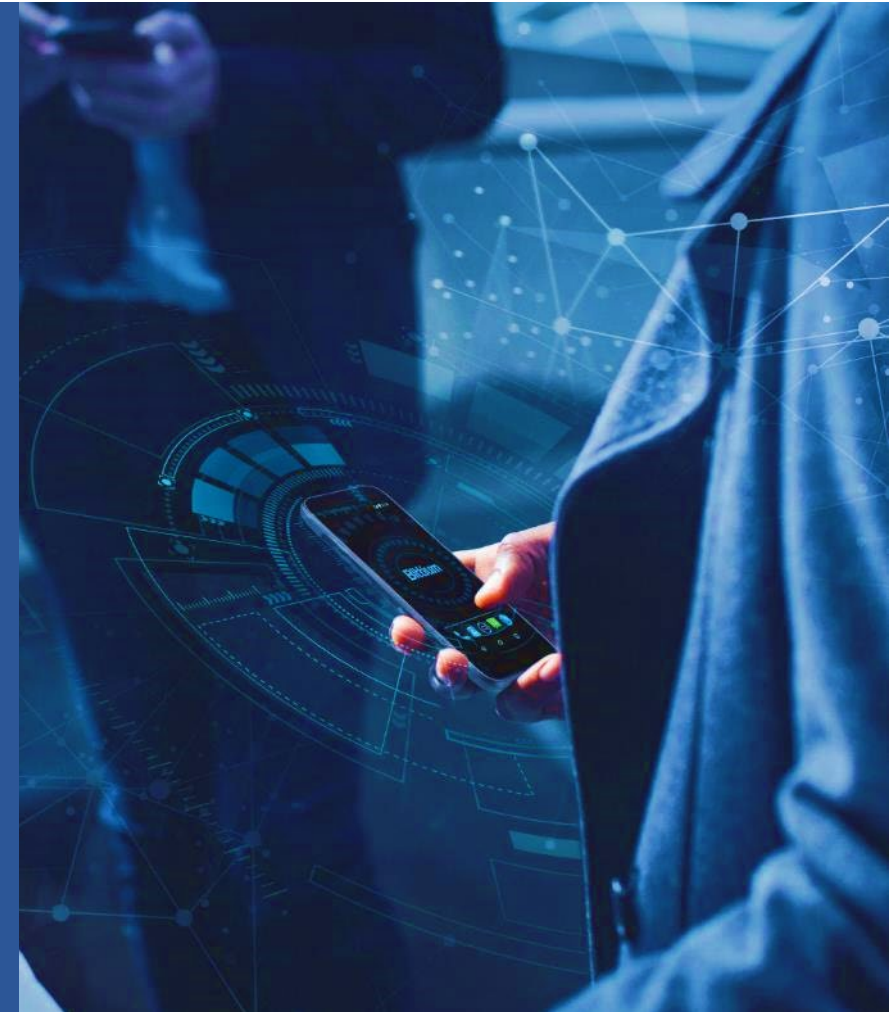
Tactical Communication - Main Events 1H 2021

- New Tactical Management Suite™ was launched
- Domestic defense markets:
 - Orders based on existing framework agreements: Bittium Tactical Wireless IP Network™ (TAC WIN) system products, Bittium Tough Comnode™ products, system support for Bittium TAC WIN and Tough VoIP™ systems
 - The development of Bittium Tough SDR™ vehicle radios was completed
 - Bittium TAC WIN system, used in the M18 management system, was adopted for operational use
 - Bittium Tough SRD™ radios was acquired for testing use and the development and implementation of radio family as part of M18 management system will continue
 - Further orders of radios expected next year
 - Joint development of the waveform continue
- International defense markets:
 - Continued deliveries and integration work of tactical communication system products for Austrian and Estonian customers
 - Tactical communication product deliveries for other international customers.
 - a4ESSOR achieved acceptance for ESSOR HDR Base Waveform (deployed in Bittium Tough SDR™ radios)



Secure Communications – Main Events 1H 2021

- Bittium Secure Call™ communication application was launched
- Demand for Bittium Tough Mobile™ 2 C smartphones increased
- Bittium Tough Mobile™ 2 C and related Bittium Secure Suite™ back-end system received official Confidential level encryption product classification (NCSC-FI). With the solution, it is possible to create and process classified information, as well as transfer it between the smartphone and connected back-end solutions
- Bittium SafeMove® Mobile VPN data encryption software received a Spanish National Security Rating. This approval allows the transfer of encrypted “Restricted” security level material with SafeMove Mobile VPN software when used on a trusted platform
- A distribution agreement with the Mexican company Inmosat, covering the exclusive sale of Bittium's Mexsat satellite phones to the Mexican authorities and national security entities
 - The cooperation with Inmosat has started well and half of the products of the first order has been delivered



Medical Technologies – Main Events 1H 2021

- **The recovery of the markets from the coronavirus pandemic: demand for Bittium medical technology products increased**
- New home sleep apnea testing device Bittium Respiro™ was launched
- New Bittium OmegaSnap™ ECG electrode for Faros devices was launched
- Increased delivery of Bittium Faros™ ECG devices, mainly for the US customer Preventice
- Several deliveries of Bittium BrainStatus™ EEG devices for customers e.g. in Finland, Germany, Austria, and in Asia
- Now all Bittium's cardiac and neuro (incl. sleep apnea) solutions operate in same cloud backend system Bittium Medical Suite™ enabling wider digitalization of remote diagnostic service processes



R&D Services - Main Events 1H 2021

- R&D markets are slowly recovering from the coronavirus pandemic
- The demand for Bittium's product development services remained stable
- New international customers were won in various industries
- In the automotive software market, the pilot project for the construction of the first 5G connection was successfully completed
- Demand for R&D services is growing, especially in the areas of wireless communications and the Open Radio Access Network (ORAN)
- The goal is to further increase the number of product development service projects and expand the customer base



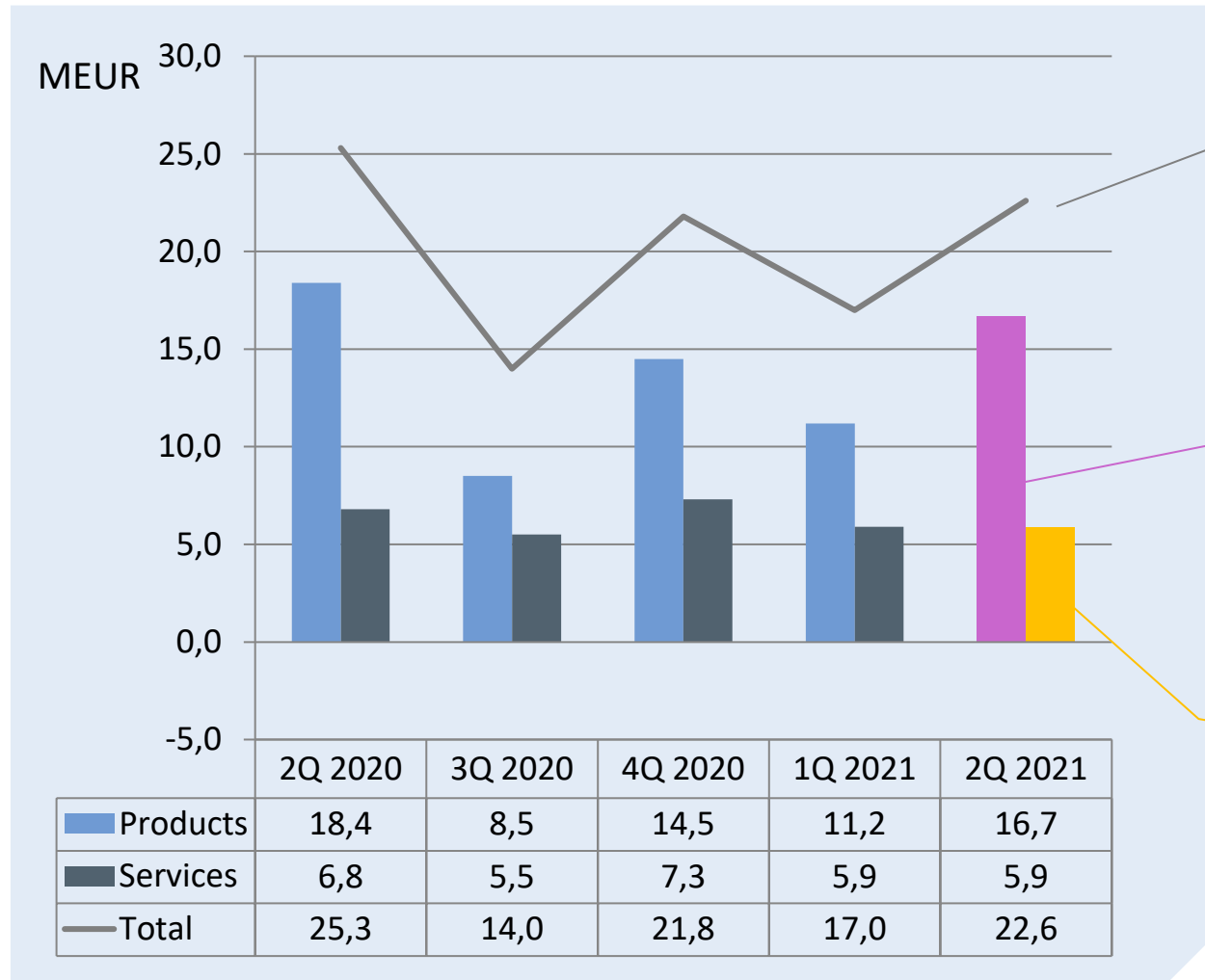
Financial Review

CFO Pekka Kunnari



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Quarterly Development of Net Sales

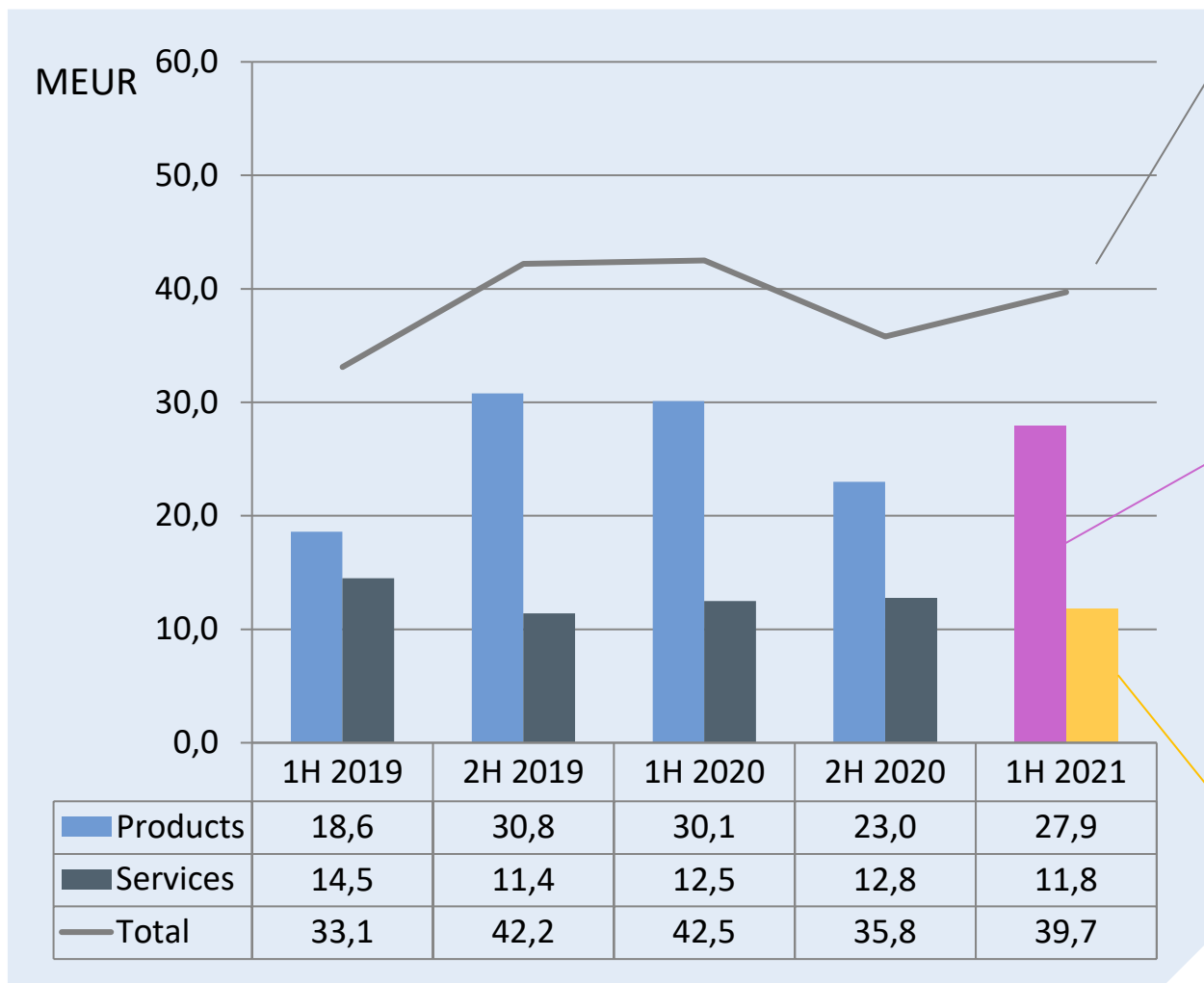


- Total net sales decreased by 10.4 % to MEUR 22.6 (MEUR 25.3)

- Product-based net sales was MEUR 16.7 (MEUR 18.4)
- The share of Medical Technology products was MEUR 5.6 (MEUR 3.4)
- The share of Defense & Security products was MEUR 11.2 (MEUR 15.0)

- Service-based net sales was MEUR 5.9 (MEUR 6.8)

Half-Yearly Development of Net Sales

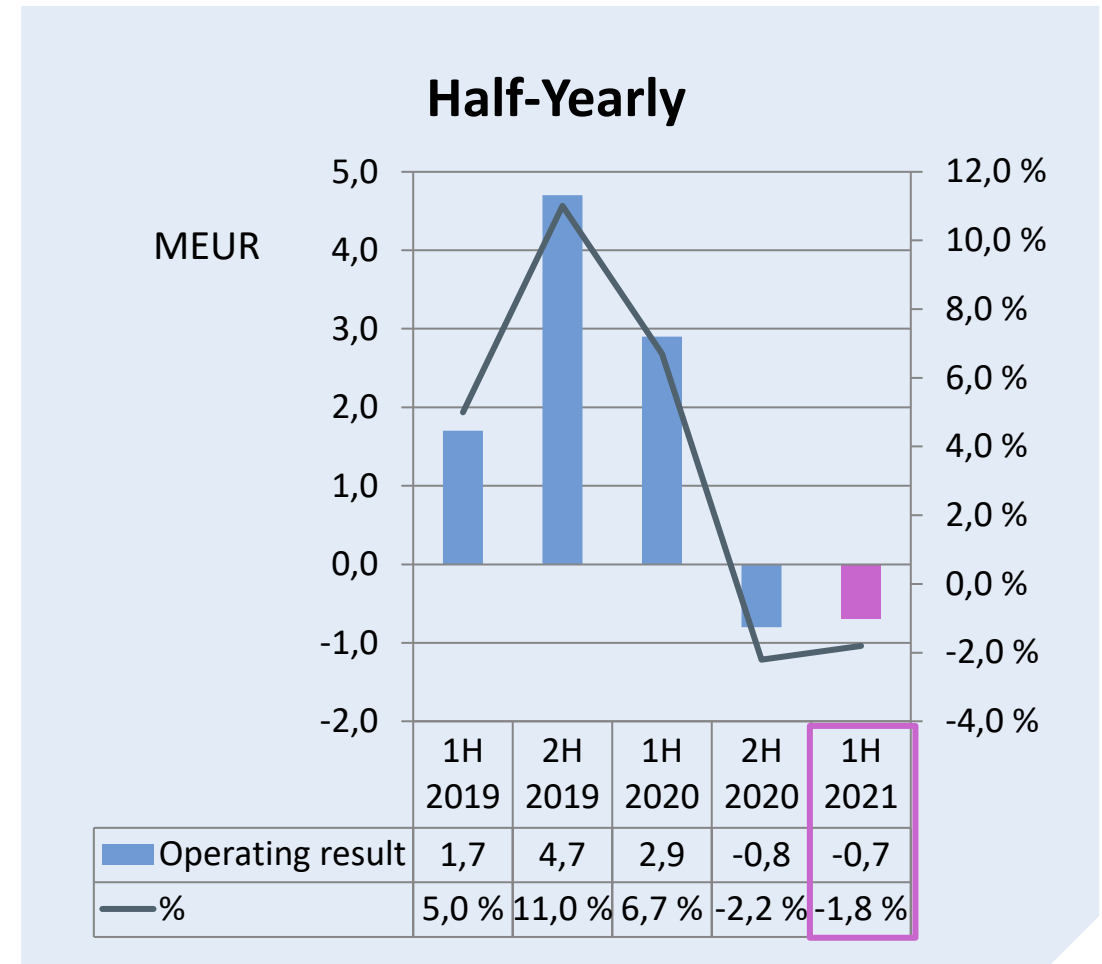
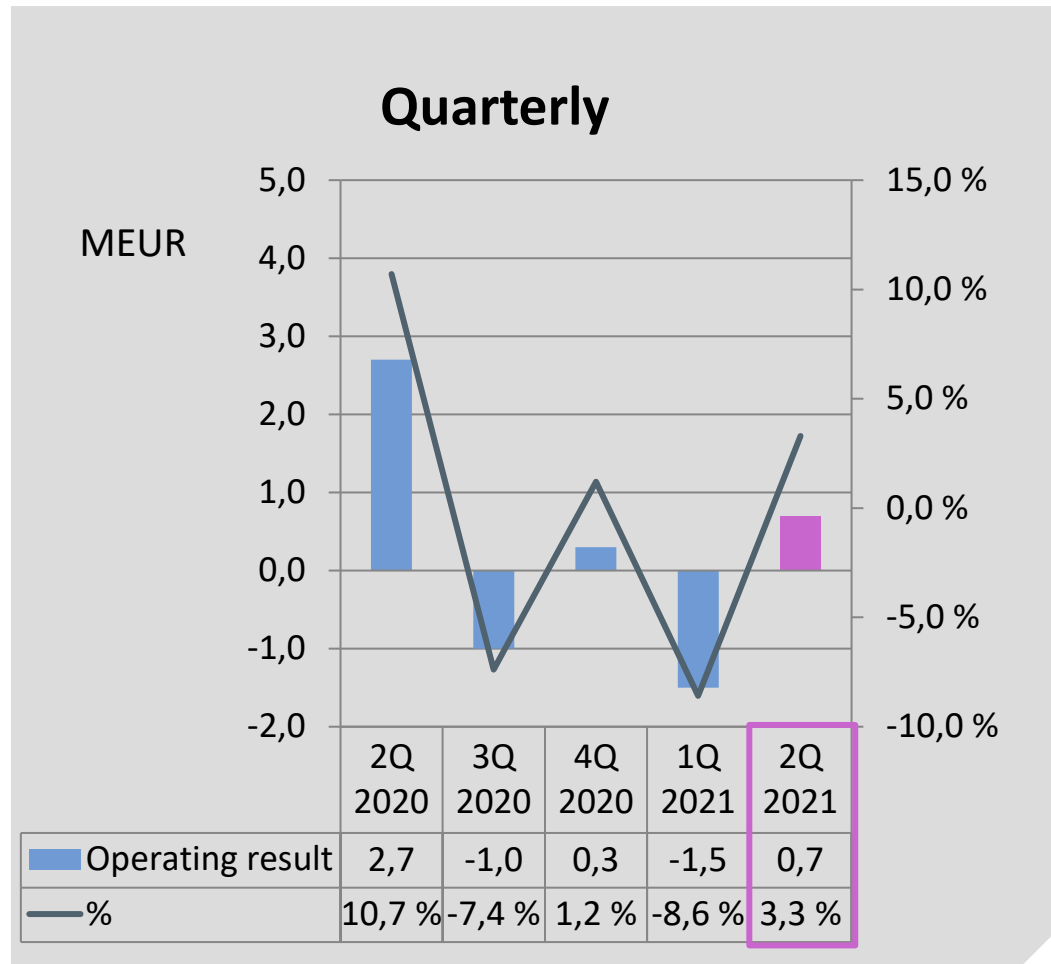


- Total net sales decreased by 6.8 % to MEUR 39.7 (MEUR 42.5)

- Product-based net sales was MEUR 27.9 (MEUR 30.1)
- Share of the Medical Technology products was MEUR 13.5 (MEUR 9.5)
- Share of the Defense and Security products was MEUR 14.5 (MEUR 20.6)

- Service-based net sales was MEUR 11.8 (MEUR 12.5)
- Demand remained stable

Operating Result Development



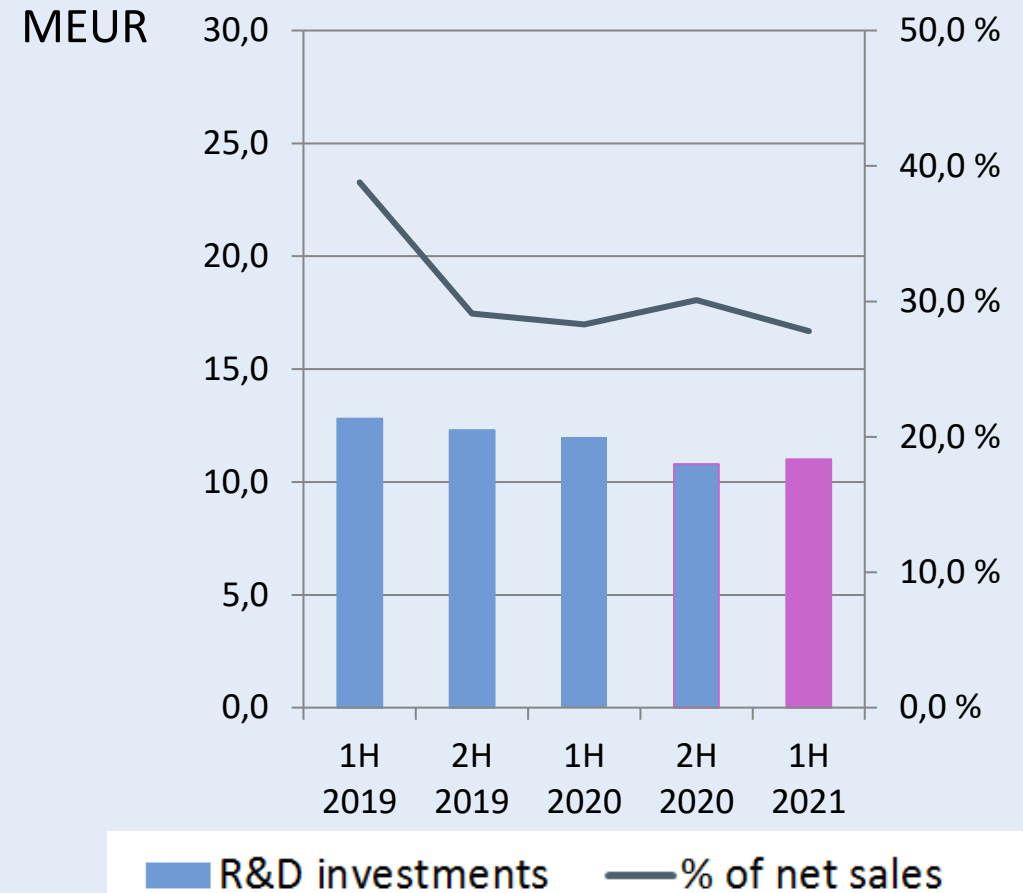
R&D Investments

R&D investments declined, however, stayed at high level and were MEUR 11.0 equaling 27.8% of the net sales (MEUR 12.0 equaling 28.3% of the net sales)

- MEUR 4.4 was capitalized (MEUR 7.4)
- Depreciations of R&D investments were MEUR 2.5 (MEUR 2.9)
- Total R&D costs and depreciations in the P&L was MEUR 9.1 (MEUR 7.6)

The main focus in the R&D investments were

- Bittium Tough SDR™ soldier and vehicle radios
- Tactical communication system networks
- Bittium Tough Mobile™ 2 smartphone and related security software
- Biosignal measuring and monitoring products



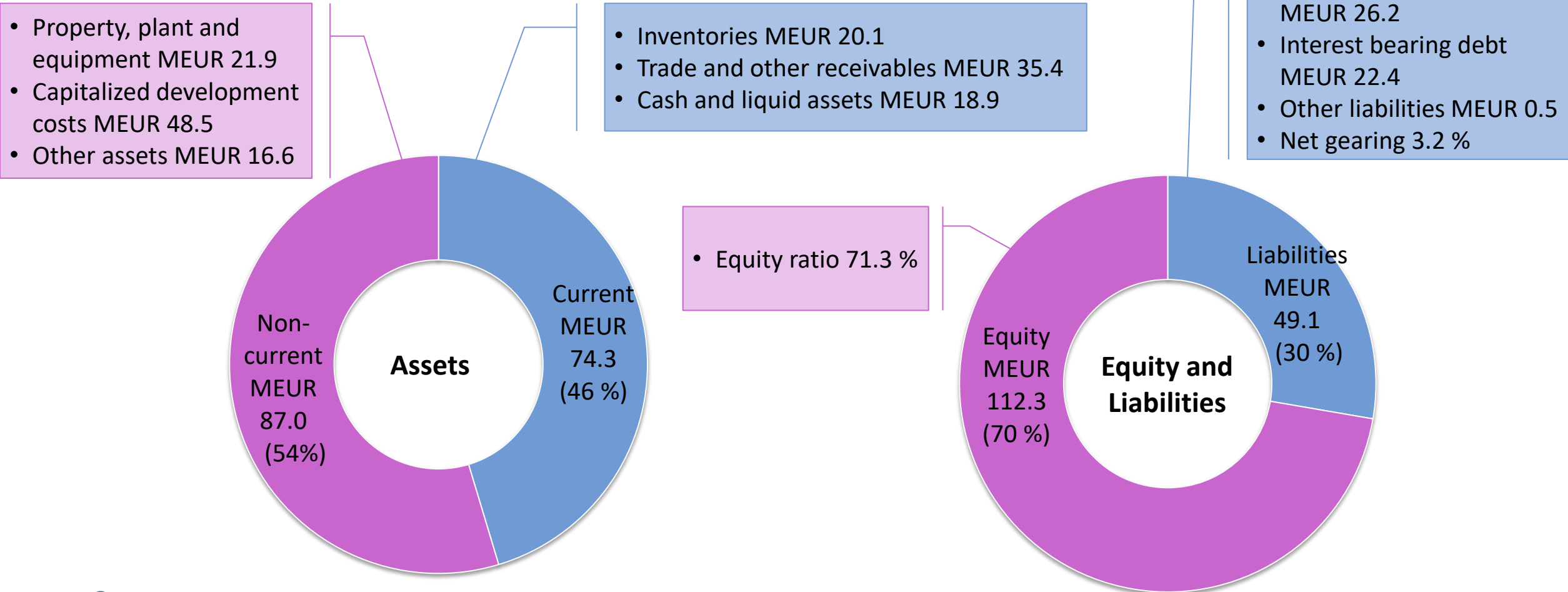
Cash Flow

MEUR	1H 2021	1H 2020
Net profit +/- adjustment of accrual basis items	5.2	8.7
Change in net working capital	-3.7	-8.0
Interests and taxes	-0.3	-0.4
NET CASH FROM OPERATING ACTIVITIES	1.2	0.3
Net cash from investing activities	-5.2	-8.4
Net cash from financing activities	-1.8	-0.7
NET CHANGE IN CASH AND CASH EQUIVALENTS	-5.8	-8.8

- The net cash from investing activities include investments made into own product development of MEUR 4.4
- The net cash from financing activities include dividend payment of MEUR 1.1

Assets and Liabilities

Balance sheet per 30th of June, 2021 was total MEUR 161.3



Outlook for 2021

CEO Hannu Huttunen



Outlook for 2021

Bittium expects that the net sales in 2021 will grow from the previous year (EUR 78.4 million in 2020) and the operating result to be better than in the previous year (EUR 2.1 million in 2020).

The spread of new variants of the coronavirus and the global disruption in the availability of electronic components have significant impact on the global market, also causing uncertainty for the development of Bittium's business towards the end of the year.



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