



Bittium Corporation Half-Year Financial Report January-June 2023

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August 4, 2023

Bittium

Forward-looking Statements

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

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

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

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Summary

- 1H was weak
 - the shortage of components especially in 1Q product deliveries in medical technology business
 - cyclical nature of orders and timing of product deliveries in tactical communication business
- 2Q net sales decreased y-on-y, operating result was positive
- Component shortage is expected to recede by the end of the year
- Group Management Team strengthened with new CFO and CDO
- Strategy work will continue towards independent business units, communication will follow later in the fall
- The company has started measures to enhance effectivity and profitability of its operations

Business Highlights

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An aerial night view of a city skyline, likely Chicago, with a prominent skyscraper (the Willis Tower) in the center. The city is illuminated with lights, and a digital grid of white lines is overlaid on the scene, suggesting a network or data infrastructure. The sky is dark blue, and the overall tone is futuristic and technological.

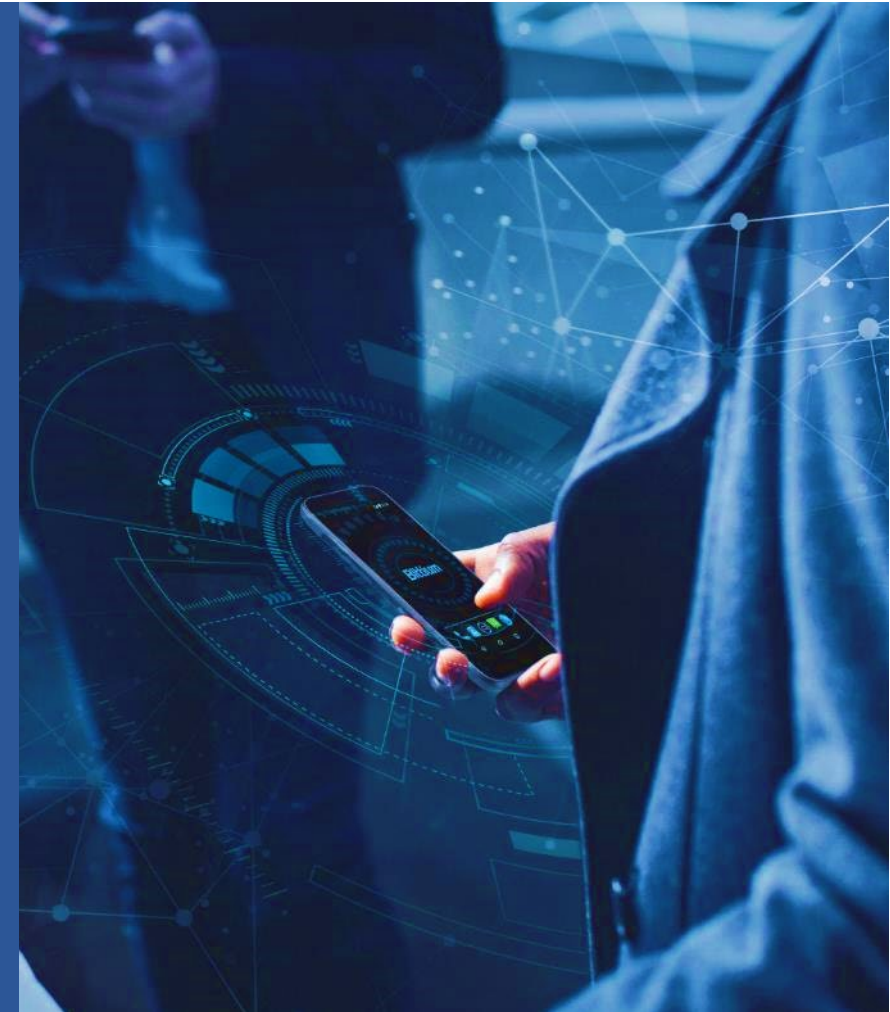
Tactical Communications

- Russia's invasion of Ukraine has led the states to increase their defense budgets and new projects to modernize the defense forces of different states are starting
- Finland has joined the military alliance NATO, which strengthens Bittium's market position, especially in the NATO countries
- The global shortage of electronic components has affected the product deliveries
- Domestic defense markets – cooperation with the Finnish Defence Forces
 - Deliveries of products remained low during 1H 2023 due to the cyclical nature of orders and timing of deliveries
 - The deployment of the Bittium Tough SDR™ handheld and in-vehicle radios are ongoing
 - The approval for the software of Bittium Tough SDR™ radios received
 - Order for system support for Bittium Tactical Wireless IP Network™ system and Bittium Tough VoIP™ communication system
- International defense markets
 - Continued deliveries and integration work of tactical communication system for Austrian and Estonian customers
 - Discussions with international air defense and sensor system suppliers continued well



Secure Communications

- Numerous cyber security attacks have increased interest in secure communication systems
 - Interest towards Bittium Tough Mobile™ security phones and security-related software has continued to grow
 - Bittium Tough Mobile™ secure phones and systems have been delivered to the authorities of several countries
- NATO listing for Bittium Tough Mobile™ 2 C solution expected during this year
- Good cooperation with the Swedish partner Tutus continued
 - More Bittium Tough Mobile™ 2 phones delivered to a large Swedish authority
- Good feedback for Bittium Tough Mobile™ 2 Tactical solution in the defense market
 - The solution is compatible with various battle management systems, and enables real-time and efficient sharing of situational awareness in tactical networks



Medical Technologies

- The deliveries of Bittium Faros™ ECG devices were slowed by the shortage of components
- The deliveries of Bittium Respiro™ home sleep apnea measuring devices continued and feedback from the customers' clinical trials has been positive
 - It is expected that the sales of Respiro will grow and become a significant growth driver
 - The medical device 510k clearance by the US Food and Drug Administration (FDA) for Respiro and its analysis software will require more extensive clinical tests. Based on current information, estimate for receiving the permit is during 2024. The authority's further interpretation of possible additional material needs may affect the processing time of the application
- Customer piloting with Bittium BrainStatus™ EEG measuring device are proceeding as planned



R&D Services

- The demand for R&D services grew
 - Focus on Industrial IoT, Telecom and MedTech markets
 - Companies seek for wireless connectivity for their products due to the increasing need for cloud communication enabled by 5G technology
 - Western companies increasingly shift their R&D and production to i.e. Europe
- Cooperation with current customers continued well and customer satisfaction level is high
- The customer portfolio expanded with several new customers i.e. in the transportation and professional tool markets
 - Customer projects include a remote-controlled overall system and its connectivity solution, connectivity parts of traffic control systems, as well as measuring devices intended for professional use and their connectivity solutions

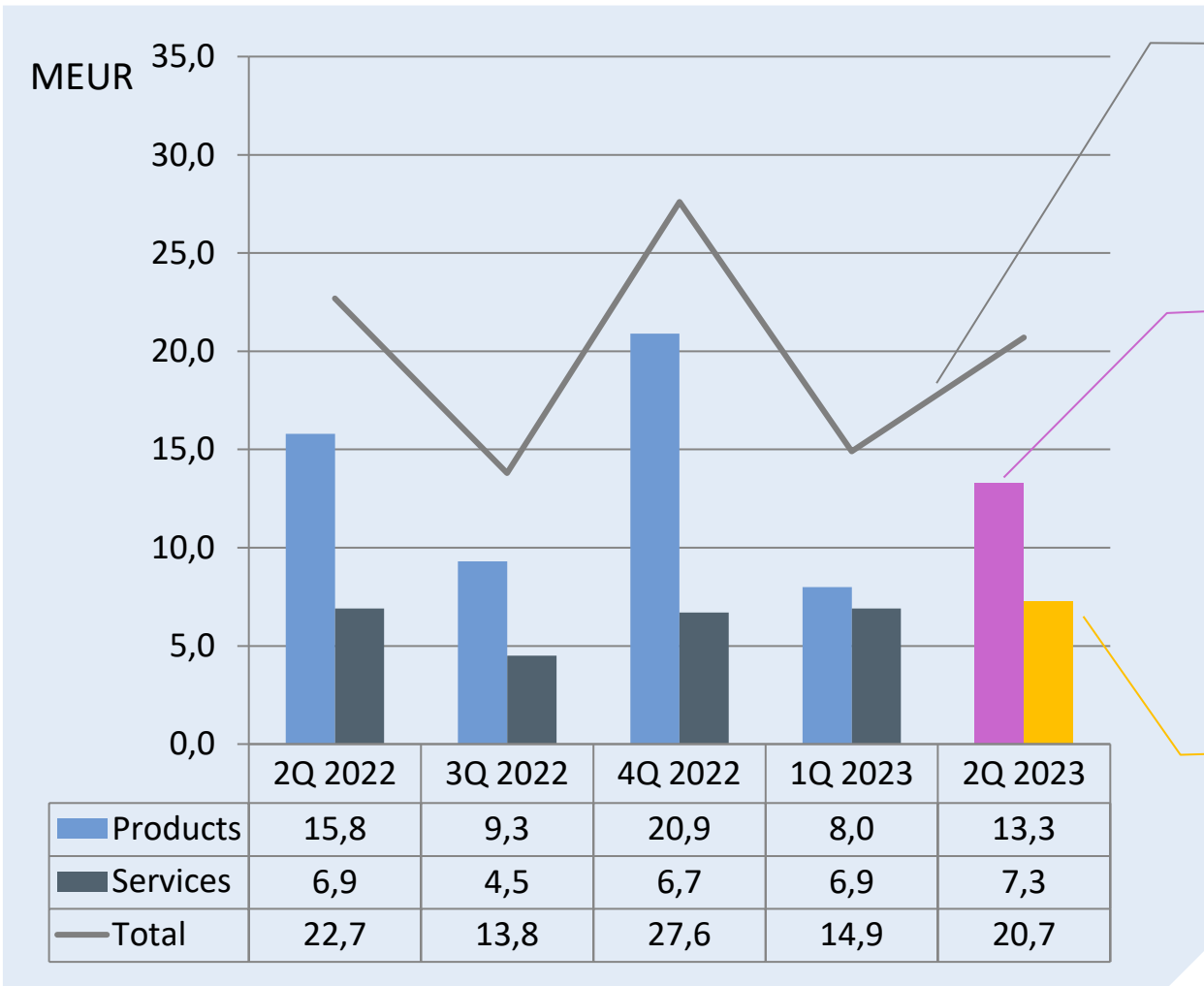


Financial Review

A man with a beard and glasses, wearing a blue denim shirt, is pointing towards a screen in a meeting. Other people are visible in the background, and there are glowing blue hexagonal icons overlaid on the image. The background is a blurred office setting with a blue color scheme.

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Quarterly Development of Net Sales

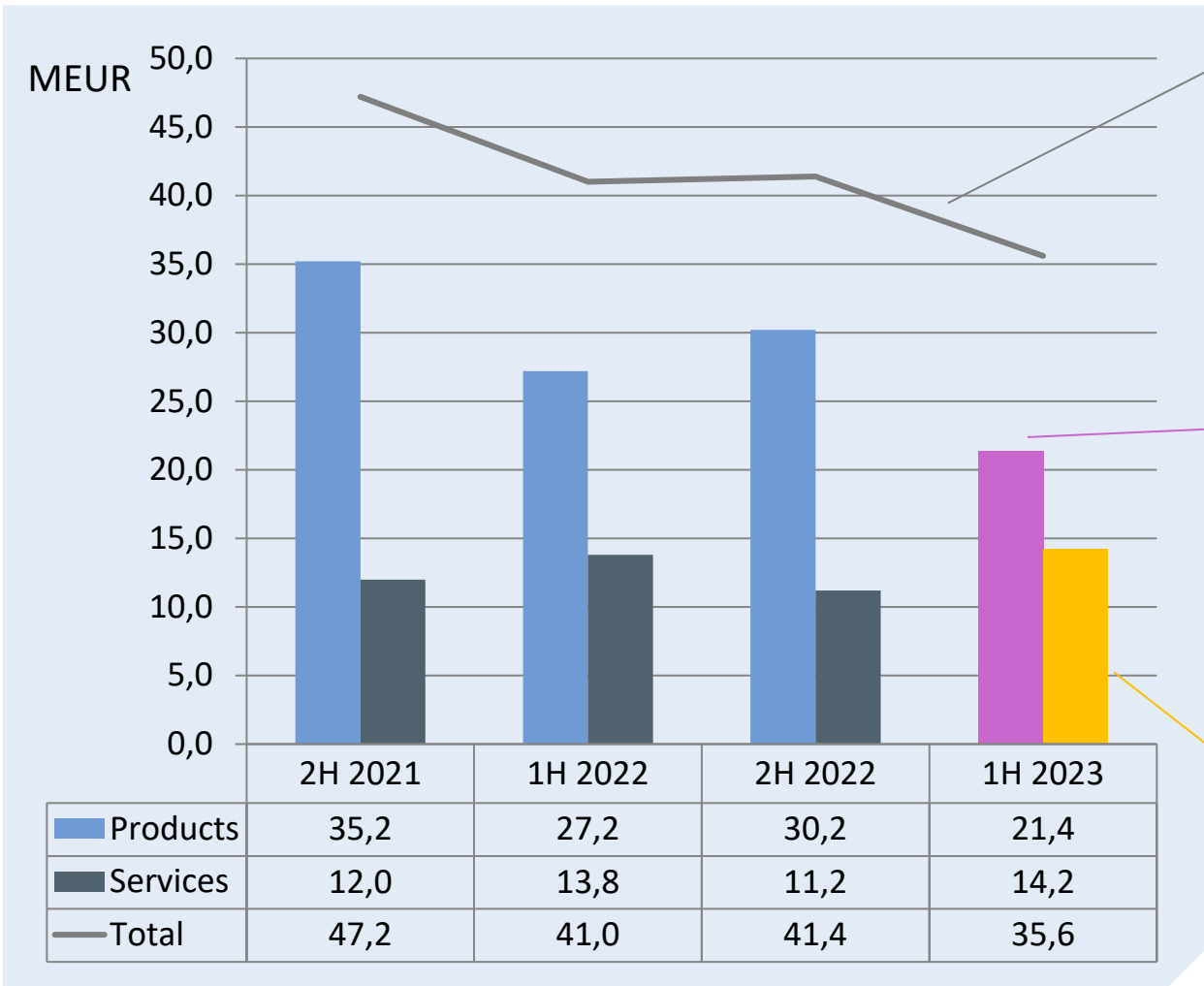


- Total net sales decreased by 8.8% compared to the previous year and were MEUR 20.7 (MEUR 22.7)

- Product-based net sales were MEUR 13.3 (MEUR 15.8)
- The share of Medical Technology products was MEUR 7.6 (MEUR 7.7)
- The share of Defense & Security products was MEUR 5.8 (MEUR 8.2)

- Service-based net sales were MEUR 7.3 (MEUR 6.9)
- The share of Connectivity Solutions R&D services was MEUR 4.3 (MEUR 3.7)

Half-Yearly Development of Net Sales

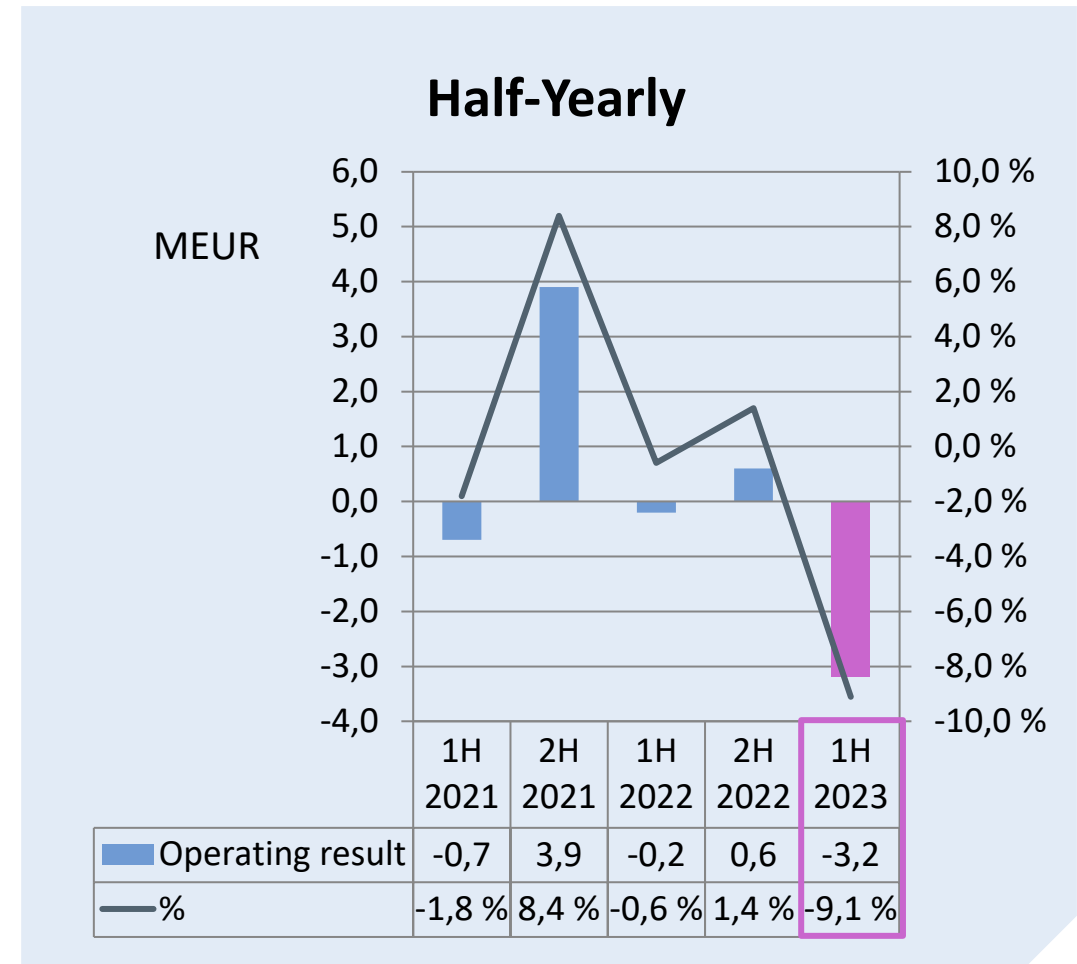
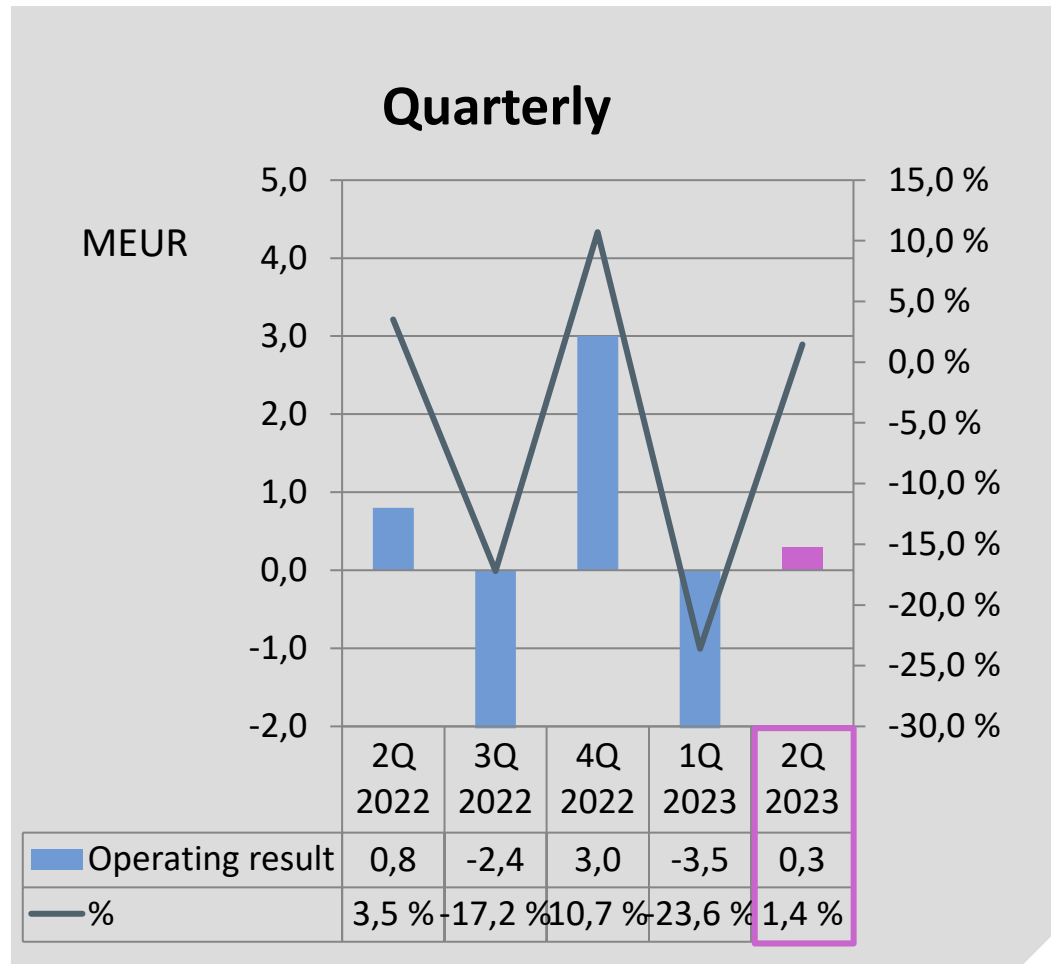


- Total net sales decreased by 13.2 % to MEUR 35.6 (MEUR 41.0)

- Product-based net sales were MEUR 21.4 (MEUR 27.2)
- Share of the Medical Technology products was MEUR 11.1 (MEUR 11.3)
- Share of the Defense and Security products was MEUR 10.2 (MEUR 15.9)

- Service-based net sales were MEUR 14.2 (MEUR 13.8)
- The share of Connectivity Solutions R&D services was MEUR 8.9 (MEUR 8.0)

Operating Result Development



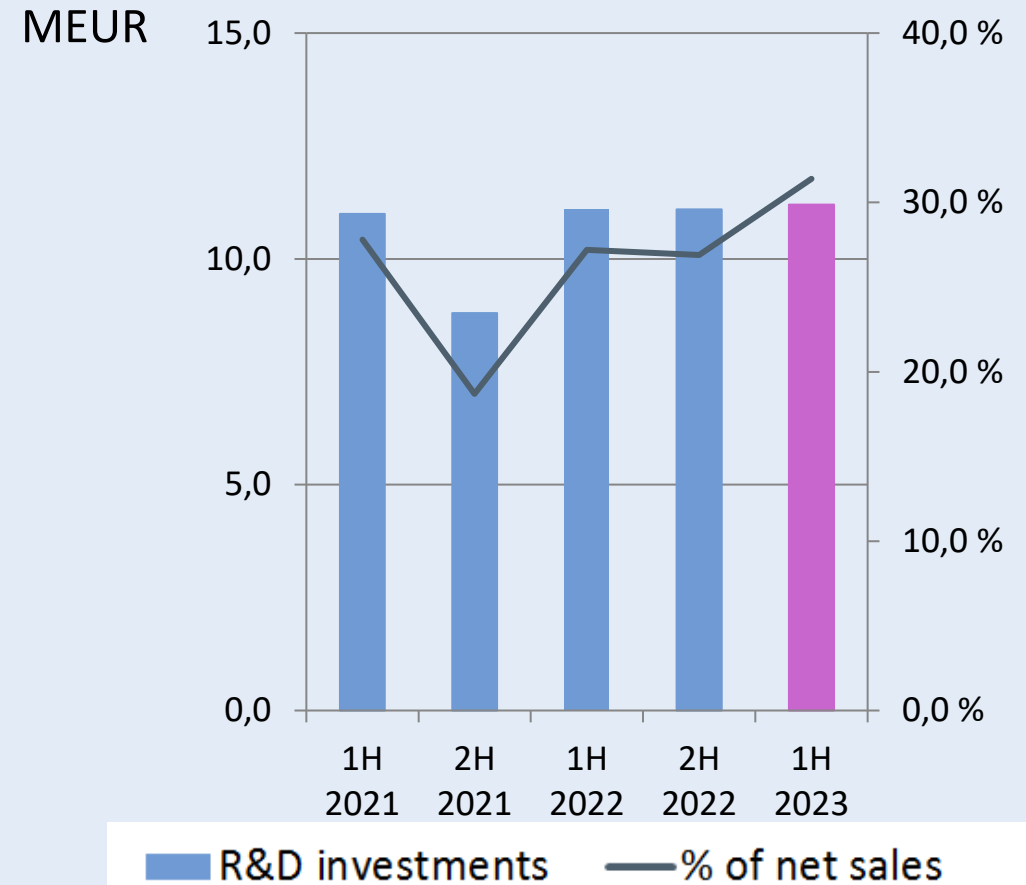
R&D Investments

R&D investments remained at the same level y-on-y and were MEUR 11.2 equaling 31.4% of the net sales (MEUR 11.1 equaling 27.2% of the net sales)

- MEUR 4.4 was capitalized (MEUR 3.0)
- Depreciations of R&D investments were MEUR 2.8 (MEUR 2.8)
- Total R&D costs and depreciations in the P&L was MEUR 9.6 (MEUR 11.0)

The main focus in the R&D investments were

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



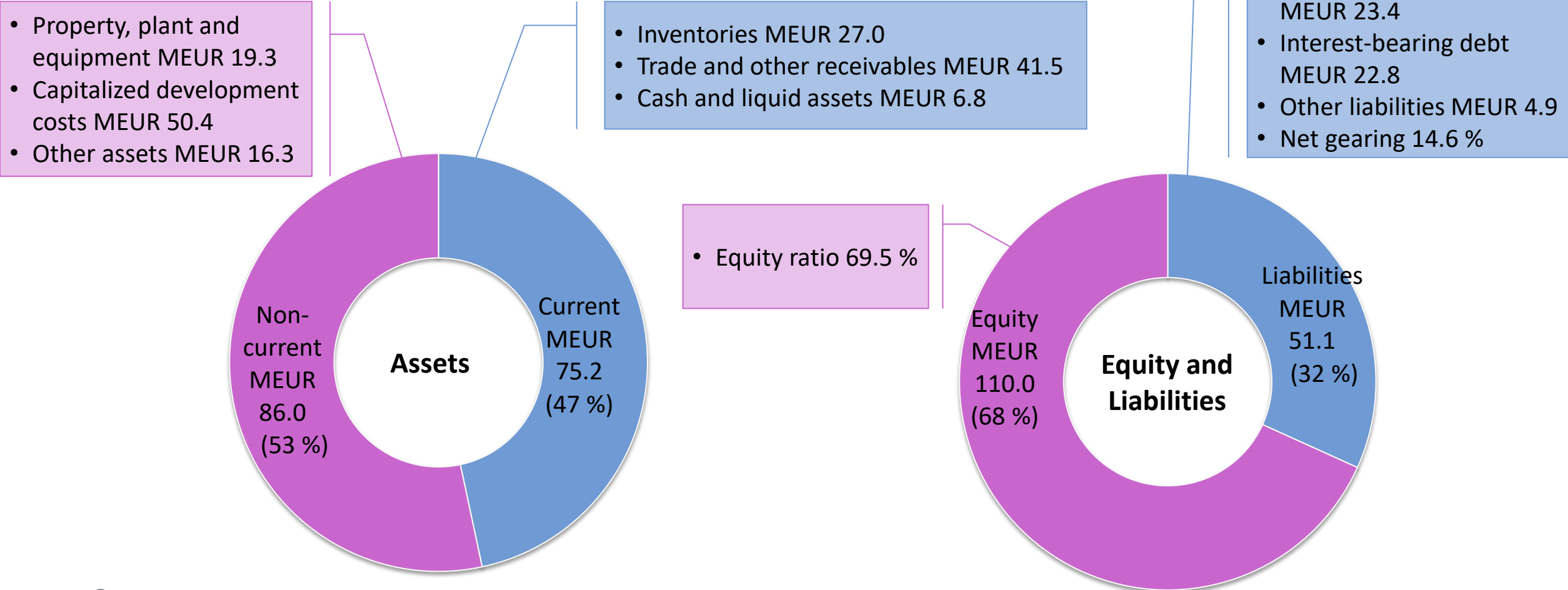
Cash Flow

MEUR	1H 2023	1H 2022
Net profit +/- adjustment of accrual basis items	1.2	6.4
Change in net working capital	-5.5	0.0
Interests and taxes	-0.3	-0.5
NET CASH FROM OPERATING ACTIVITIES	-4.6	6.0
Net cash from investing activities	-4.7	-3.7
Net cash from financing activities	-2.9	-2.3
NET CHANGE IN CASH AND CASH EQUIVALENTS	-12.2	0.0

- The net cash from investing activities includes investments made into own product development of MEUR 4.4
- The net cash from financing activities includes dividend payment of MEUR 1.8, and repurchase of own shares of MEUR 0.4

Assets and Liabilities

The balance sheet of June 30, 2023 was total of MEUR 161.2



Outlook for 2023



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Outlook for 2023

Market Outlook

- The global disruption in the availability of electronic components has had a slowing effect on the development of the company's business and sales in the beginning of the year. Bittium estimates that the market is recovering and that the component shortage will recede during 2023.
- About 70 percent of Bittium's net sales in total is generated from products and related systems, and the uncertainties in the product deliveries due to the component shortage cause significant uncertainty for the accumulation of Bittium's net sales and operating result during the year 2023.

Financial Outlook for 2023

- In 2023, Bittium expects the net sales to grow and operating result to be better than in the previous year (turnover 82.5 million euros in 2022, operating profit 0.3 million euros in 2022). In 2023, the cash flow is expected to be positive.

Long-term Financial Targets

- Bittium aims for an average annual net sales growth of more than 10 percent and an operating profit level of 10 percent, and estimates that it will achieve these goals in 2024.

Next IR Events 2023

Business Review January-September 2023
20.10.2023

Capital Markets Day 2023
30.10.2023



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