

Bittium Corporation Financial Statement Bulletin 2020

CEO Hannu Huttunen | CFO Pekka Kunnari
February 11, 2021

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.

Contents

- Main Events 2H 2020
- Financial Review 4Q and 1-12 2020
- Outlook for 2021

Bittium

Highlights July- December 2020

CEO Hannu Huttunen

An aerial night view of a city skyline, likely Chicago, with a blue grid overlay. The grid consists of white lines forming a grid pattern over the city buildings. The sky is dark blue, and the city lights are visible. The grid lines are semi-transparent and extend across the entire image.

Bittium

Main Events 2H 2020

The deliveries of the tactical communication products for the Austrian and Estonian Defence Forces and other customers abroad continued.

Cooperation with Finnish Defense Forces

- Last deliveries of Bittium TAC WIN™ products from 2018-2020 framework agreement and a new 2021-2024 framework agreement under work;
- First pilot deliveries of Bittium Tough SDR™ vehicular radios for the Finnish Defense Forces;
- First purchase order for the new Bittium Tactical Power Pack™ batteries.

Launch: Bittium Tactical Power Pack™ battery solution for mobile troops and dismounted soldiers.

Product development for Bittium Tough SDR™ radios continued.

The deliveries of the ultra secure Bittium Tough Mobile™ 2 smartphone continued.

New agreement in place with Swedish Tutus Data Ab to deliver secure mobile solution with Bittium Tough Mobile 2™.

Continued discussion with Mexican Authorities of the volume deliveries of the Mexsat mobile satellite devices.

Launch: New version of Bittium SafeMove VPN™: Bittium SafeMove® Streams .

New framework agreement signed with US cardiac monitoring services provider Preventice for the years 2021-2024.

The product deliveries of Bittium Faros™ ECG device and Bittium Fast Fix™ patches continued.

Launch: New version of Bittium Cardiac Navigator™ software for measuring and analyzing electrical activity of the heart.

CE approval for Cerenion C-Trend® with Bittium BrainStatus™ in Europe.

Continued R&D services for customers in 5G technology and other connectivity solutions.

Possible Implications of the Coronavirus Pandemic to Bittium

- Bittium's sales cycles are long by their nature, however, the effects of the pandemic have begun to show in the company's business.
- Examples of possible implications of coronavirus pandemic to Bittium:
 - Financial difficulties caused by the pandemic affect public budgets;
 - Delays in offering phases may slow down larger deals;
 - Delays in the progress of projects;
 - Delays in customer's final product approvals and therefore to product deliveries;
 - Challenges in gaining new customers;
 - Challenges in the availability of various components possibly affecting the product deliveries;
 - Possible illnesses of own personnel ;
 - Non-emergency patients reduced their access to treatment and examinations due to the fear of getting infected, and postponements of conducting non-critical treatment; and
 - Delays in testing and deploying new products and technologies (especially in the medical sector).
- Despite the possible negative impacts, in a long run, also positive impacts for Bittium are to be seen:
 - Increase in the deployment of digital remote services in medical sector; and
 - Increase in the need for secure wireless communication

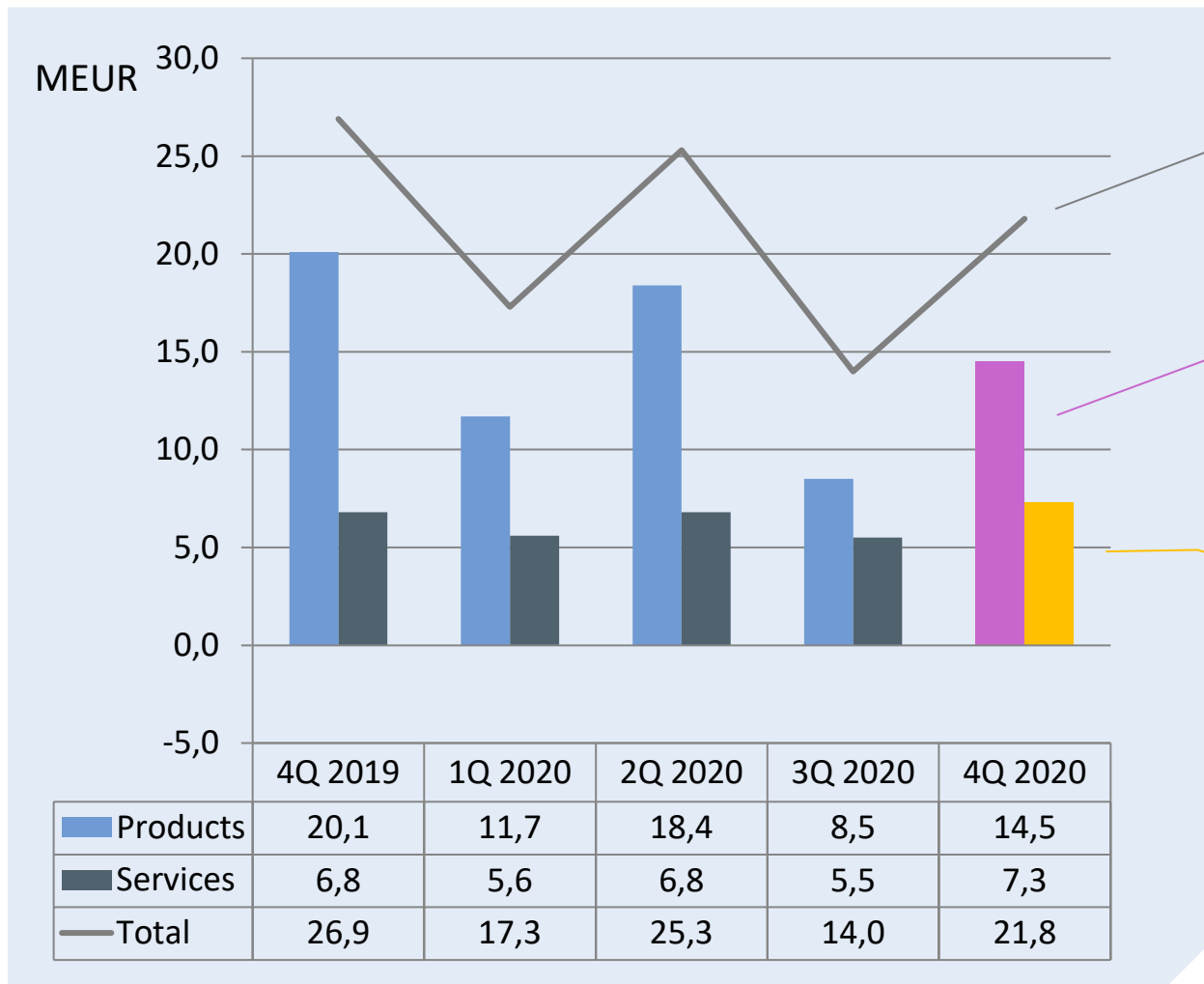
Financial Review

CFO Pekka Kunnari



Bittium

Net Sales in Q4 2020

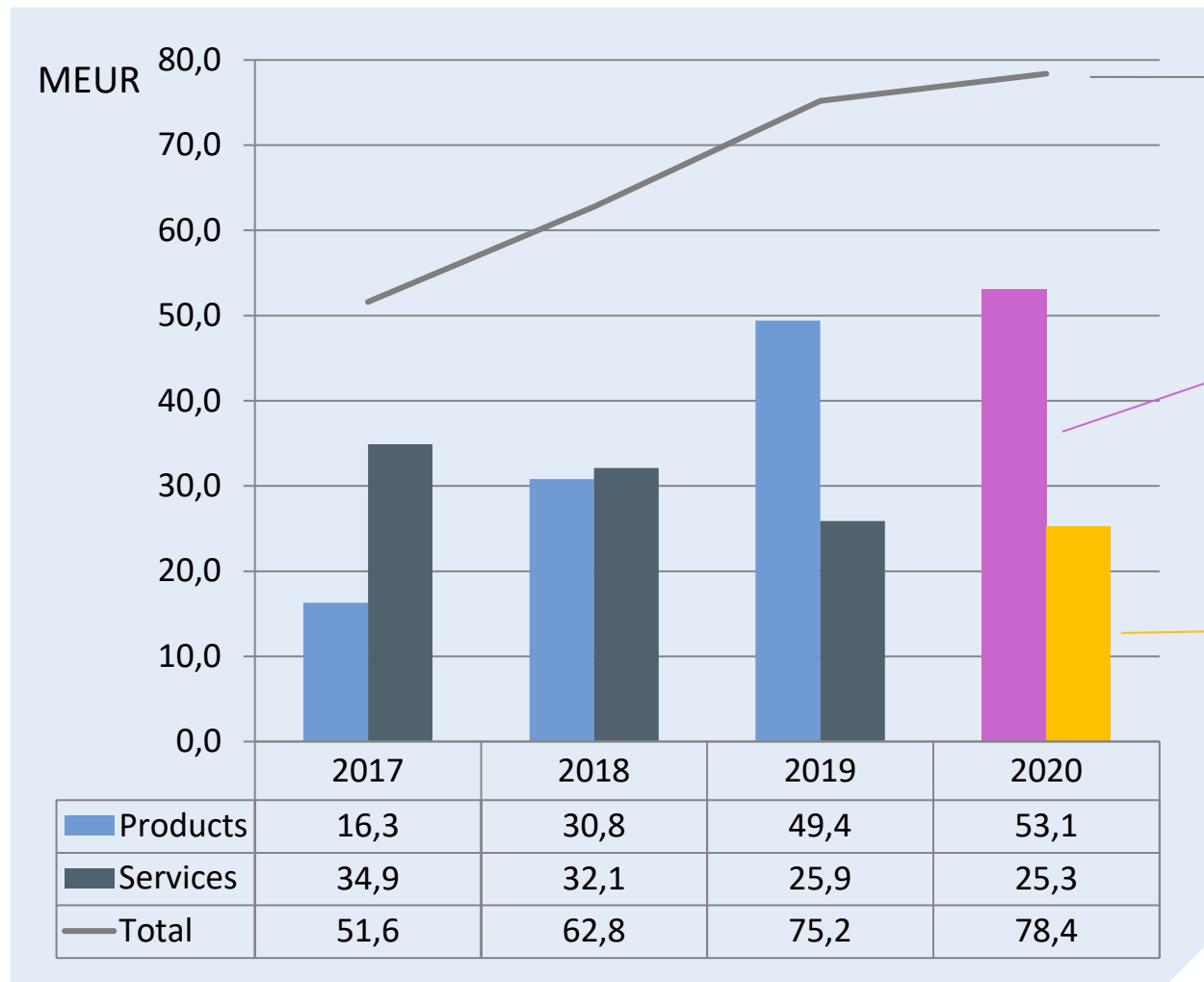


- Total net sales decreased by 19.1 % to MEUR 21.8 (MEUR 26.9)

- Product-based net sales decreased by 27.8 % to MEUR 14.5 (MEUR 20.1)
- 66 % of total net sales

- Service-based net sales increased by 6.7 % to MEUR 7.3 (MEUR 6.8)
- 34 % of total net sales

Net Sales in 2020

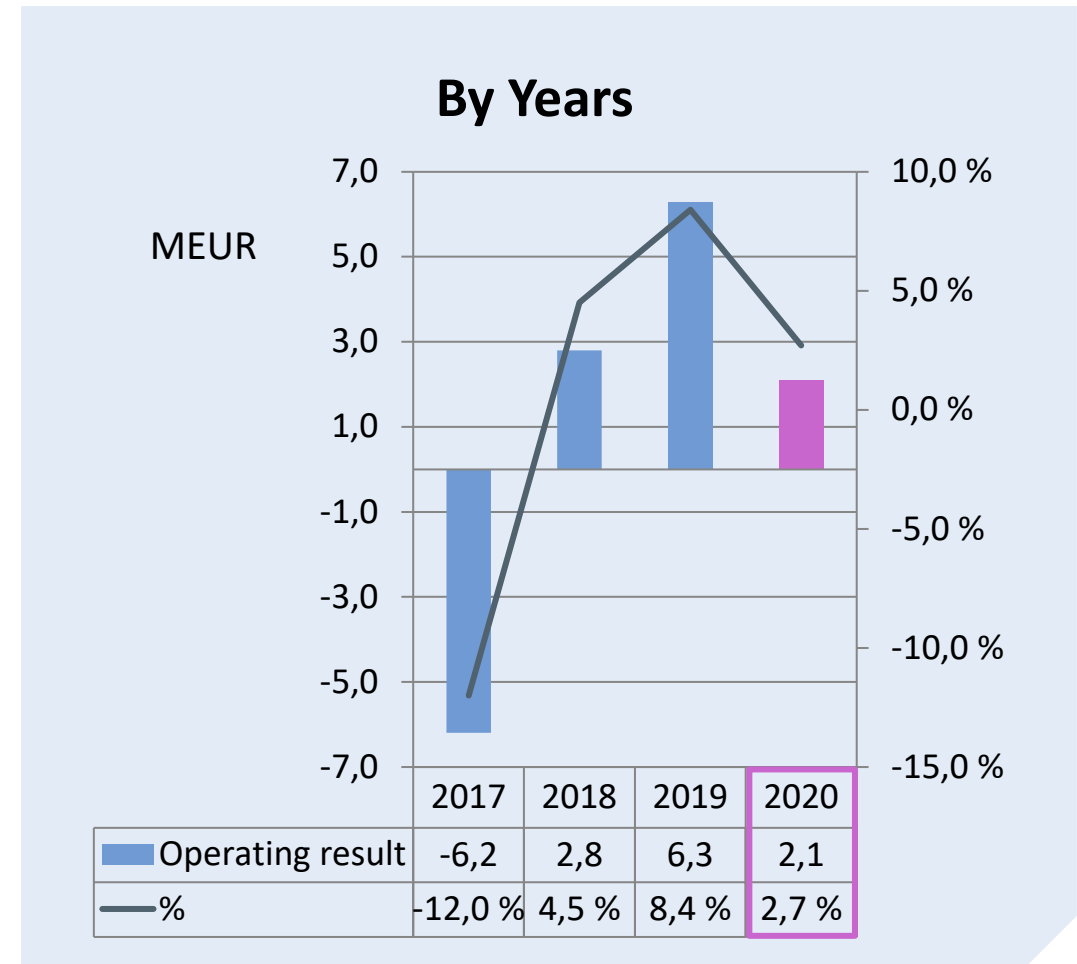
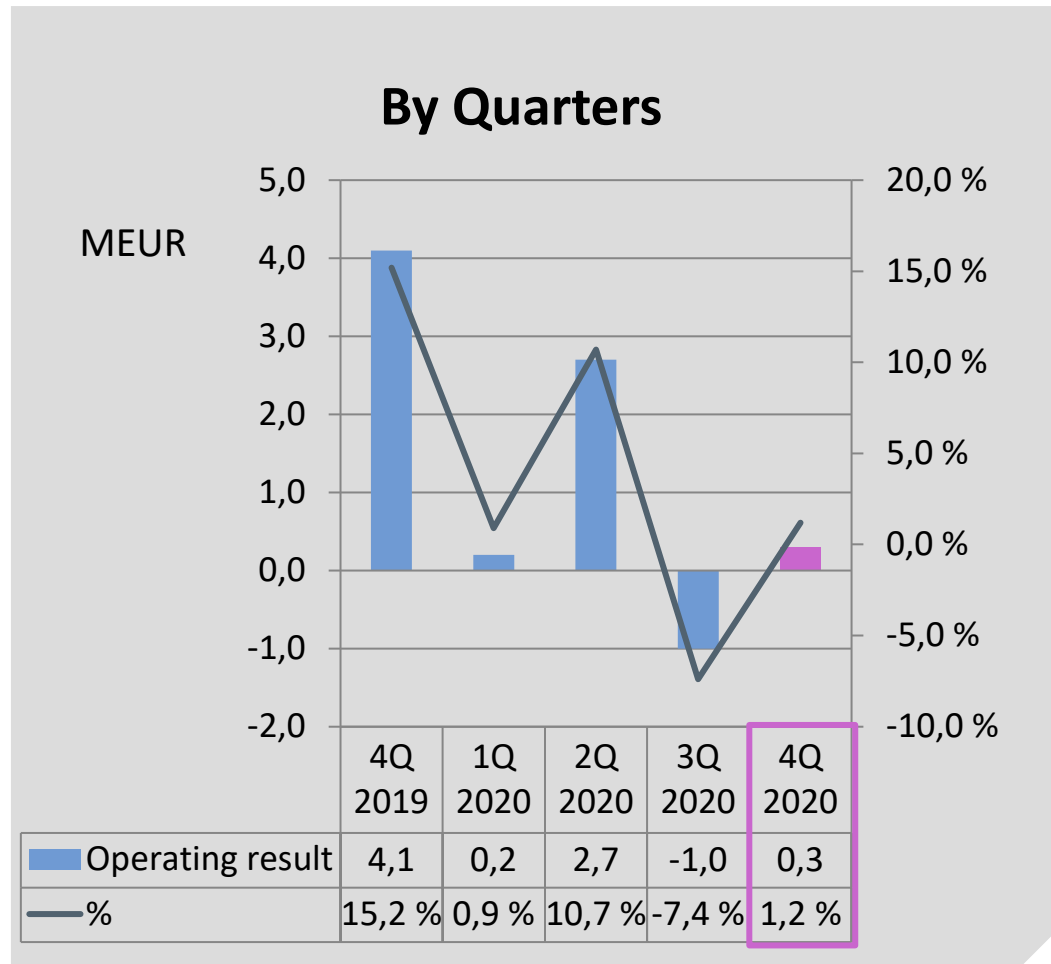


- Total net sales increased by 4.2 % to MEUR 78.4 (MEUR 75.2)

- Product based net sales increased by 7.6 % to MEUR 53.1 (MEUR 49.4)
- 68 % of total net sales

- Service based net sales decreased by 2.6 % to MEUR 25.3 (MEUR 25.9)
- 32 % of total net sales

Operating Result in Q4 and 2020



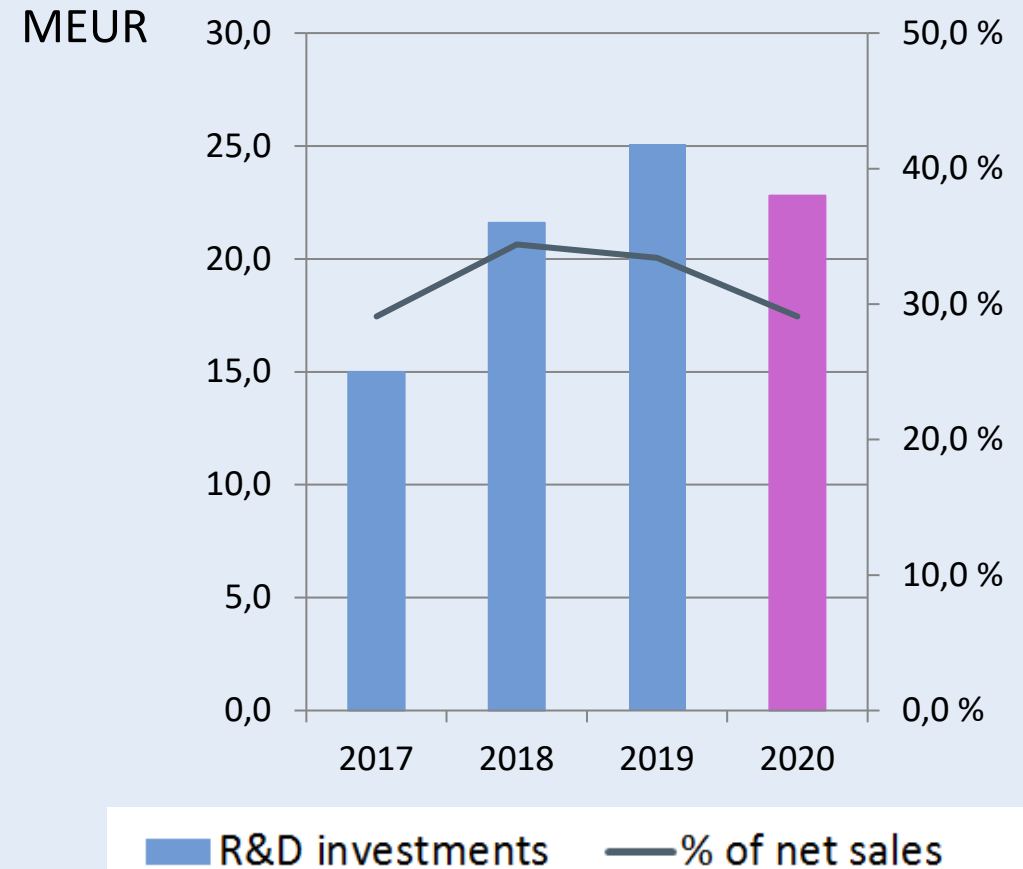
Strong R&D Investments

R&D investments declined, however, stayed at high level and were MEUR 22.8 equaling 29.1% of the net sales (MEUR 25.1 equaling 33.4% of the net sales)

- MEUR 13.6 was capitalized (MEUR 15.6)
- Depreciations of R&D investments were MEUR 6.1 (MEUR 3.1)
- Total R&D costs and depreciations in the P&L was MEUR 15.4 (MEUR 12.6)

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	2020	2019
Net profit +/- adjustment of accrual basis items	14.1	14.3
Change in net working capital	-6.8	-4.2
Interests and taxes	-0.5	-0.4
NET CASH FROM OPERATING ACTIVITIES	6.9	9.6
Net cash from investing activities	-15.9	-18.6
Net cash from financing activities	-1.5	13.2
NET CHANGE IN CASH AND CASH EQUIVALENTS	-10.5	4.3

- The net working capital in the operating cash flow increased because of the growth in receivables and inventories
- The net cash from investing activities include investments made into own product development of MEUR 13.6
- The net cash from financing activities in 2019 include withdrawal of a EUR 20.0 million bank loan.

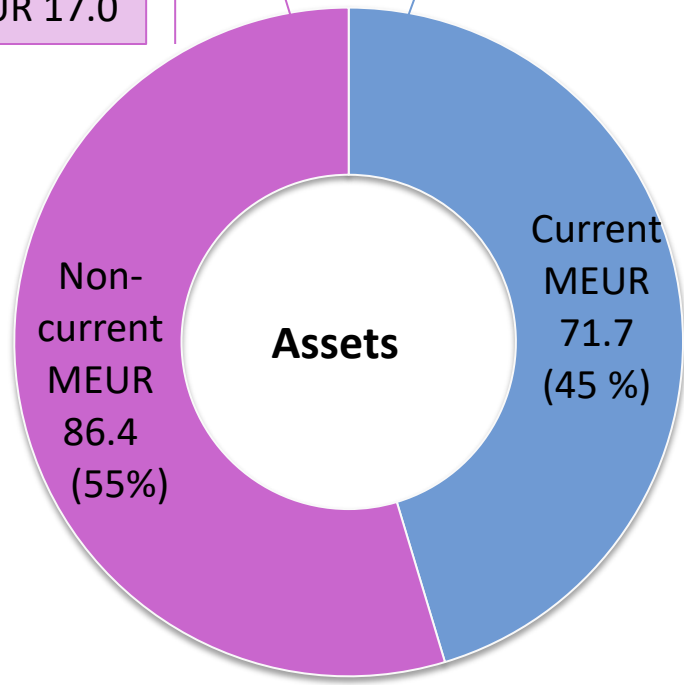
Assets and Liabilities

Balance sheet per 31st of December, 2020 was total MEUR 158.0

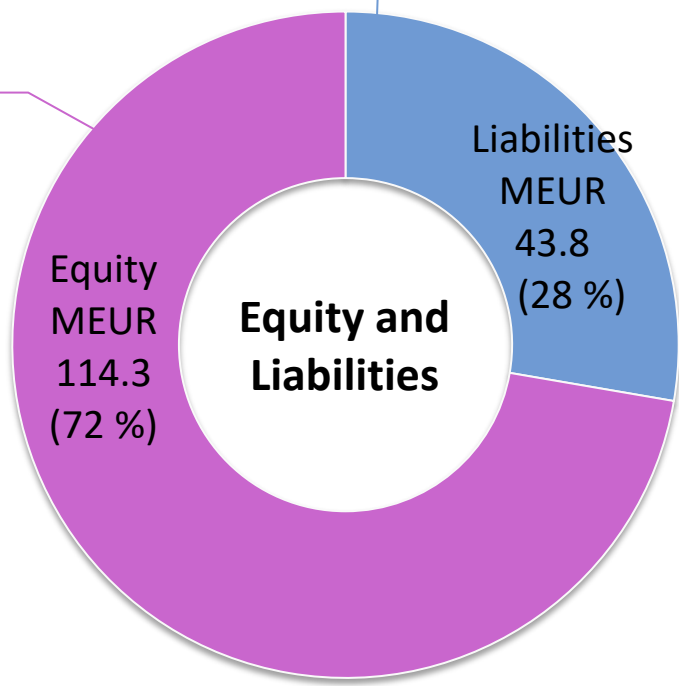
- Property, plant and equipment MEUR 22.8
- Capitalized development costs MEUR 46.6
- Other assets MEUR 17.0

- Inventories MEUR 20.9
- Trade and other receivables MEUR 26.1
- Cash and liquid assets MEUR 24.7

- Trade and other payables MEUR 20.7
- Interest bearing debt MEUR 22.5
- Other liabilities MEUR 0.6
- Net gearing -1.9 %



- Equity ratio 73.1 %



Outlook for 2021

CEO Hannu Huttunen



Bittium

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 world-wide coronavirus pandemic affects the global economy and market situation significantly. The prevailing uncertainties in the market cause weak visibility to the market situation.



Contact us.

www.bittium.com

investor.relations@bittium.com

Bittium