



Bittium Corporation Financial Statement 2018

CEO Hannu Huttunen | CFO Pekka Kunnari
February 21, 2019

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 July- December 2018

CEO Hannu Huttunen

The background of the slide is an aerial night view of a city skyline, likely Chicago, with numerous skyscrapers illuminated. A semi-transparent blue overlay covers the left side of the image. Overlaid on the city is a network of glowing blue lines forming a grid pattern, suggesting a digital or blockchain network. The Bittium logo is positioned in the bottom right corner of the image.

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Main Events in 2H 2018

The share of product-based net sales grew to 54.9% according to the strategy.

The share of services-based net sales decreased to 45.1% of net sales.

Operating cash flow was EUR 10 million and net cash flow was EUR 0.3 million.

Strong investments in own products and product platforms continued.

New office in Munich Germany.

Framework Agreement with the Finnish Defense Forces on **Bittium Tough Comnode™** terminals.

Purchase agreement with the Finnish Defense Forces on **Bittium Tough SDR™** radios.

Bittium Tactical Wireless IP Network™ selected as part of the new Austrian Defense Forces' tactical communication system.

Pilot delivery of **Bittium Tough SDR™** Vehicular radios for Spanish Army.

New waterproof **Bittium Faros™** ECG device and **Bittium Fast Fix™** patch electrode launched.

US medical approval for **Bittium Faros™** ECG measurement device, **Bittium Cardiac Navigator™** and **Bittium Cardiac Explorer™** ECG software.

Cooperation with evismo AG in Switzerland in remote diagnostic services.

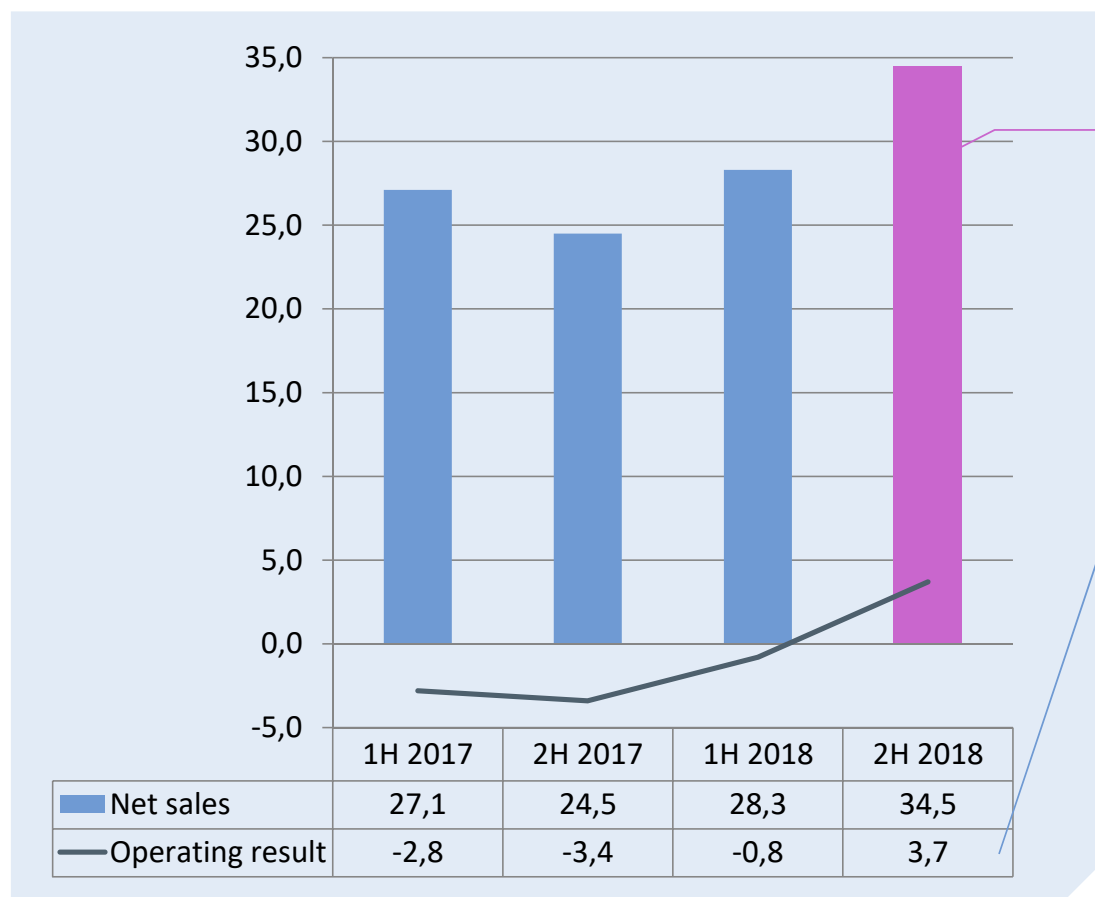
Financial Review

CFO Pekka Kunnari



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Net Sales and Operating Profit in 2H 2018 (2H 2017)

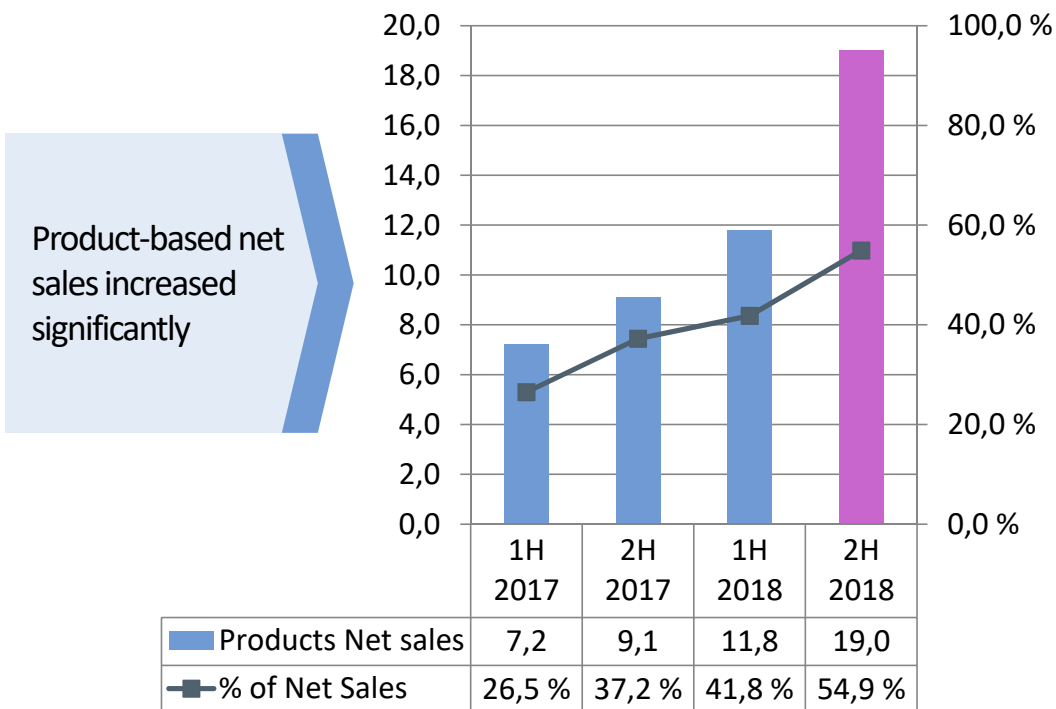


- Net sales increased by 41% to MEUR 34.5 (MEUR 24.5)

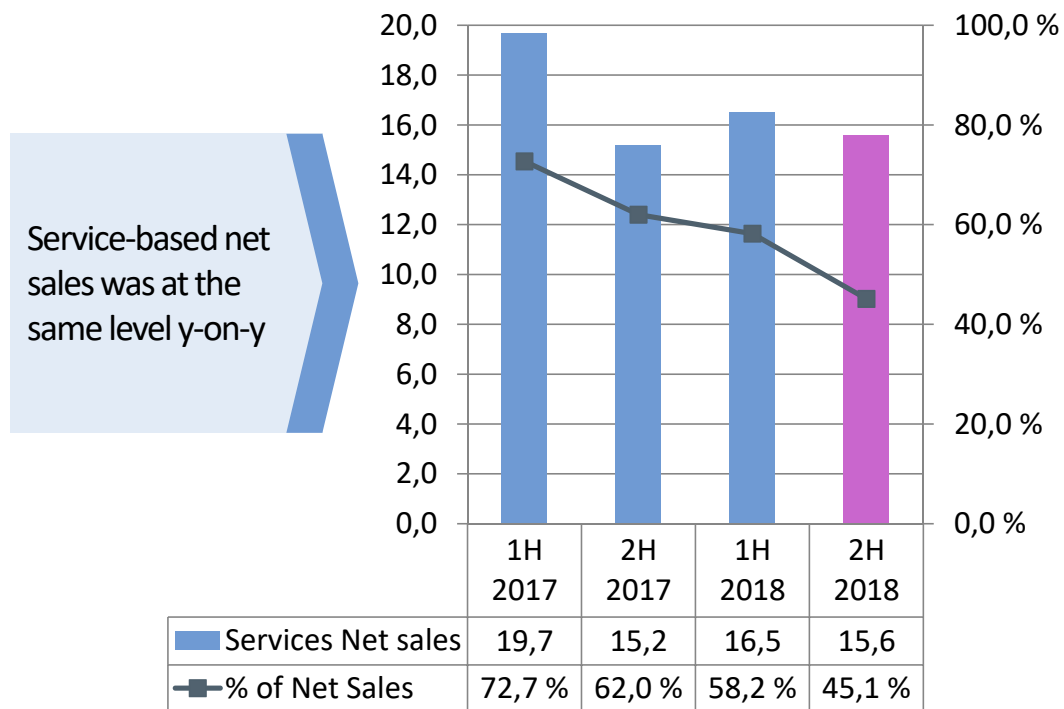
- Operating profit was MEUR 3.7 (MEUR -3.4)

Product-Based Net Sales Grew According to Strategy

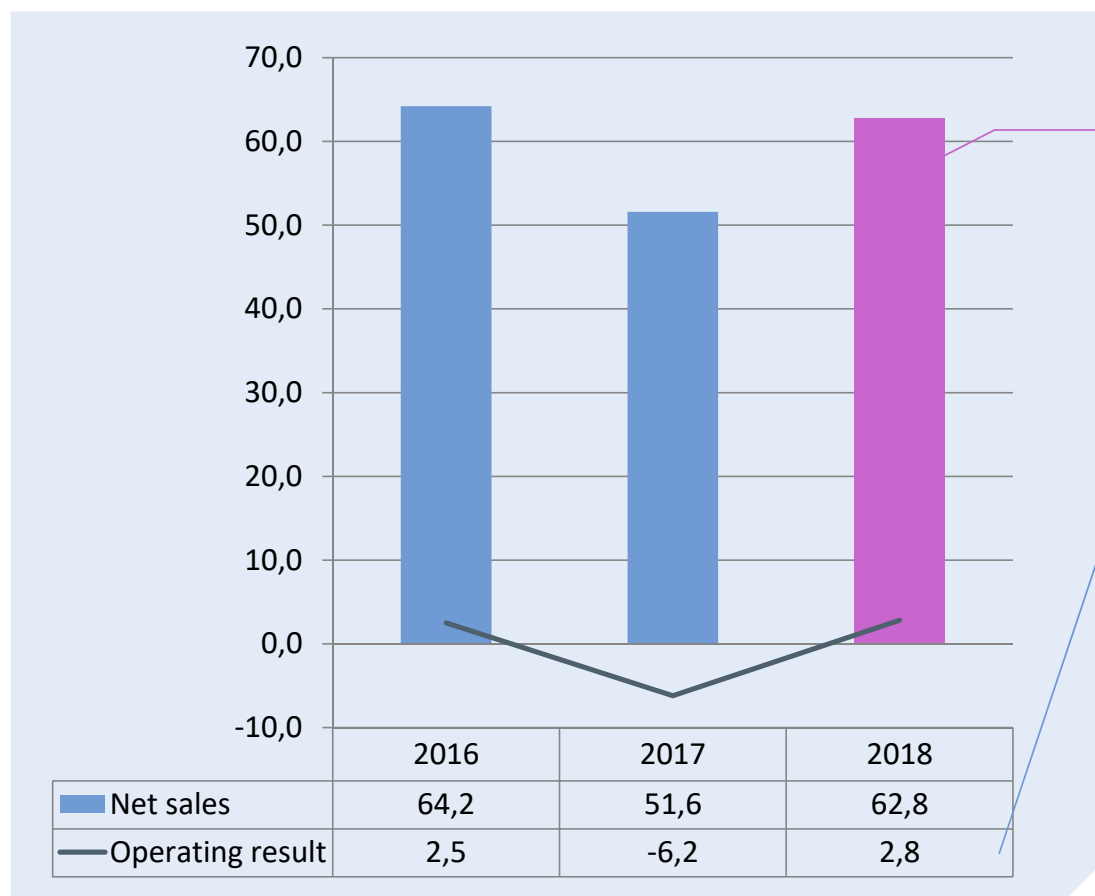
Products



Services



Net Sales and Operating Profit in 2018 (2017)

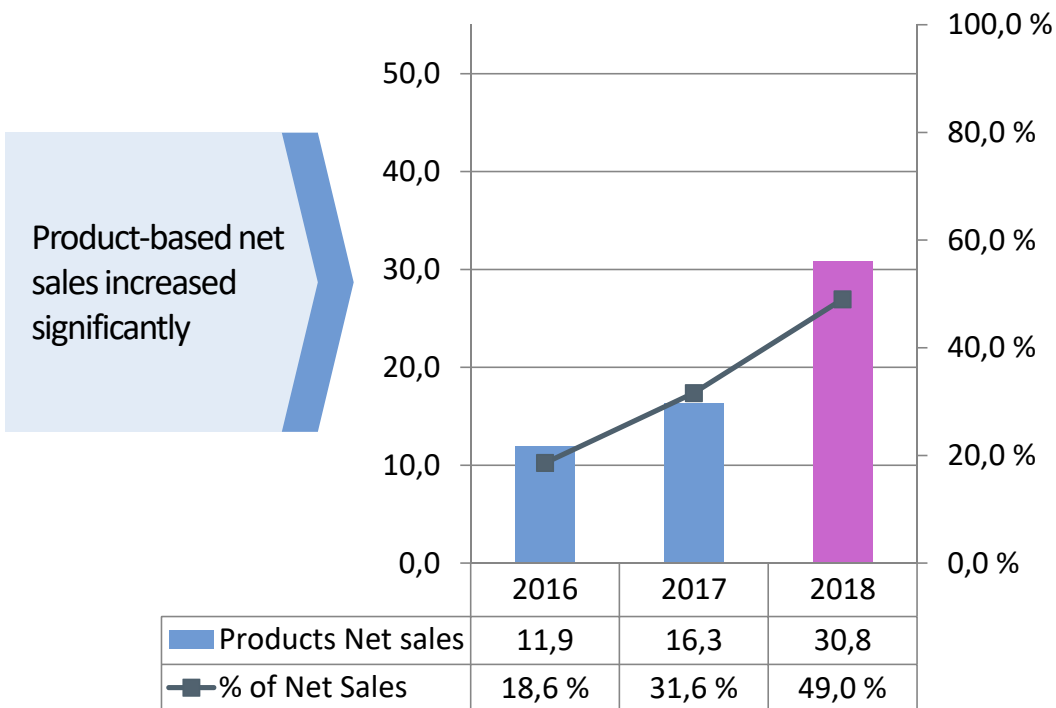


- Net sales increased by 21.7% to MEUR 62.8 (MEUR 51.6)

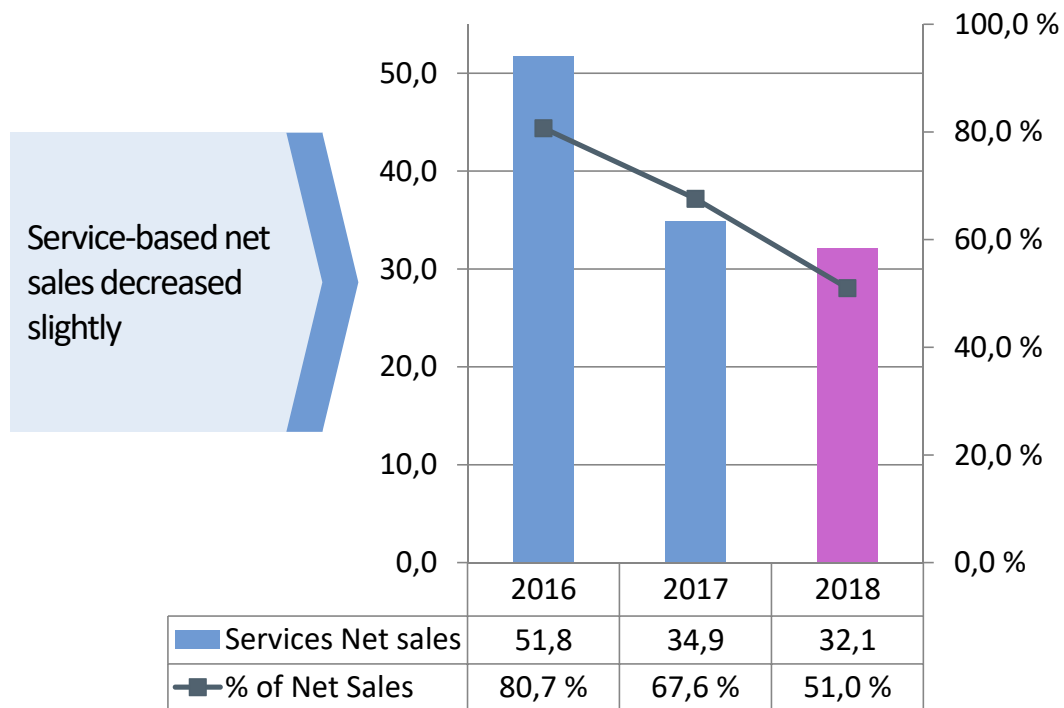
- Operating result improved to MEUR 2.8 (MEUR -6.2)

Product-Based Net Sales Grew According to Strategy

Products



Services



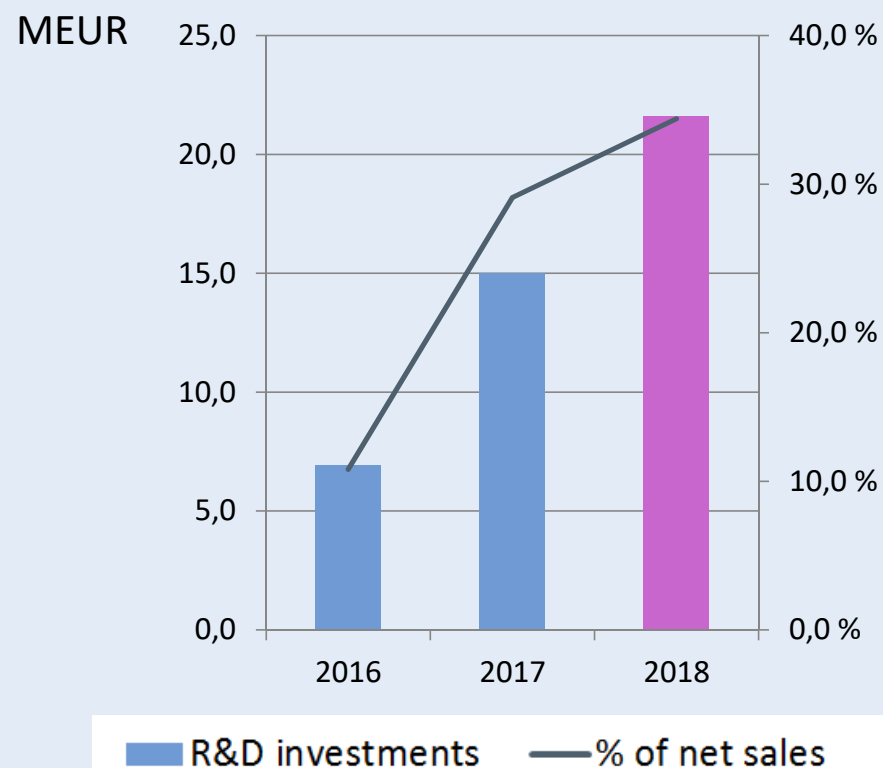
Strong R&D Investments in 2018 (2017)

R&D investments increased significantly and were MEUR 21.6 equaling 34.4% of the net sales (MEUR 15.0 equaling 29.1% of the net sales)

- MEUR 15.1 was capitalized (MEUR 5.8)
- Depreciations of R&D investments were MEUR 0.4 (MEUR 0.3)
- R&D costs in the P&L was MEUR 6.9 (MEUR 9.6)

The main focus in the R&D investments was in the following products

- New tactical communication radios: Bittium Tough SDR product family (soldier and vehicle radios)
- The continued development of secure smartphones and related security software
- Further development of products intended for biosignal measuring and monitoring



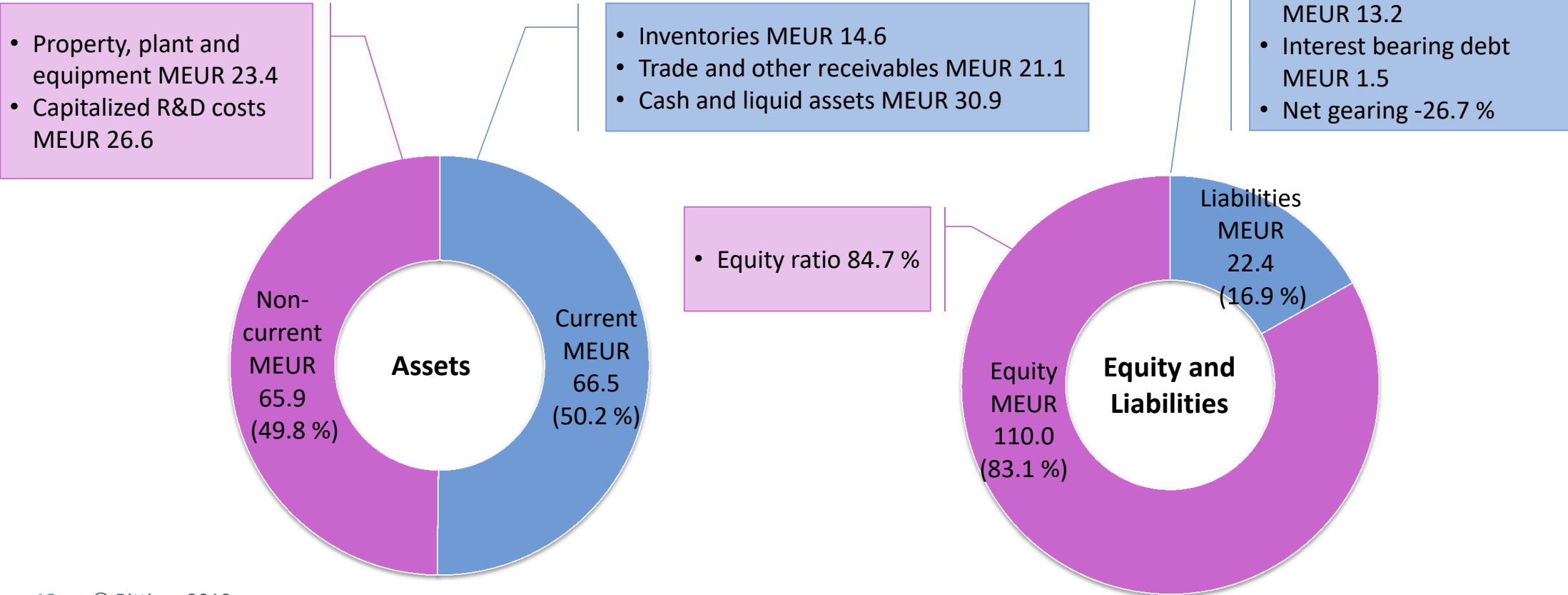
Cash Flow in 2018

MEUR	2018	2017
Net profit +/- adjustment of accrual basis items	7.9	-2.4
Change in net working capital	-8.4	2.0
Interests and taxes	0.0	0.3
NET CASH FROM OPERATING ACTIVITIES	-0.5	-0.0
Net cash from investing activities	-19.8	-18.5
Net cash from financing activities	-11.7	-13.4
NET CHANGE IN CASH AND CASH EQUIVALENTS	-32.0	-32.0

- The net working capital in the operating cash flow increased because of the growth in inventories and accounts receivables
- The net cash from investing activities include investments made into own product development of MEUR 15.1
- The net cash from financing activities include MEUR 10.7 dividend payment.

Assets and Liabilities

Balance sheet per 31st of December, 2018 was total MEUR 132.4



Outlook for 2019

CEO Hannu Huttunen



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Outlook for 2019

The amount of wireless broadband data transfer applications is expanding and diversifying. Also the amount of data transfer and the need for secure data transfer are growing. These all create demand for Bittium's leading edge technology products and solutions.

The digitalization of healthcare and remote care are becoming more common, enhancing the healthcare services and creating demand for Bittium's medical technology products and solutions.

In order to enable strong international growth in a long term, Bittium invests significantly in developing its own products and solutions and aims at further growing its net sales based on its products and product platforms.

Bittium expects that the net sales in 2019 will grow from previous year (EUR 62.8 million in 2018) and the operating profit to be better (2.8 million in 2018).

Due to the product deliveries focusing on the second half of the year, the accumulation of the operating result is expected during the second half of the year, as in the previous year.

In addition, the level of operating result in 2019 will be impacted by the investments in own products and product platforms started in 2017.



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