

Bittium

Bittium Corporation Half-Year Financial Report January-June 2024

Net sales

37.9

MEUR

Net sales growth

+6.5 %

Operating result

2.9

MEUR

Operating result, % of net sales

7.7 %

Half-Year Financial Report January-June 2024

Net Sales Grew and Operating Result Improved Significantly during the First Half of 2024. Strategy Implementation Proceeds as Planned.

As of January 1, 2024, Bittium Corporation has started segment-based financial reporting. This financial report is the second report based on the new segmentation. There are four reportable segments: the company's three business segments; Defense & Security, Medical, and Engineering Services, and Group Functions segment.

Unless otherwise mentioned, the figures in brackets refer to the corresponding period in the previous year.

Summary April-June 2024

- Net sales were EUR 19.8 million (EUR 20.7 million), representing a 4.4 percent decrease year-on-year.
- Product-based net sales were EUR 11.9 million (EUR 13.3 million), representing 60.1 percent of the total net sales.
- Services-based net sales were EUR 7.9 million (EUR 7.3 million), representing 39.9 percent of the total net sales.
- Operating result was EUR 1.9 million (EUR 0.3 million), representing 9.6 percent of net sales (1.4 percent).
- The result for the period was EUR 1.6 million, and earnings per share were EUR 0.045 (result for the period EUR 0.1 million and earnings per share EUR 0.003).
- Cash flow from operating activities was EUR -2.3 million (EUR -5.7 million).
- Net cash flow was EUR -5.7 million (EUR -10.6 million).
- Implementation of the strategy and measures to improve the profitability of the company continued as planned.
- The Finnish Minister of Defence Antti Häkkinen authorized the Finnish Defence Forces to negotiate and sign a partnership agreement with Bittium.
- Bittium and BAE Systems signed a frame agreement on Bittium's tactical communication products, services, and systems.
- Uncertainties in the operating environment are created by the medical device approval schedules in the Medical business, timing of product deliveries in the Defense business, and customer cost-saving pressures in the Engineering Services business.

Summary January-June 2024

- Net sales were EUR 37.9 million (EUR 35.6 million), representing a 6.5 percent increase year-on-year.
- Product-based net sales were EUR 22.6 million (EUR 21.4 million), representing 59.6 percent of the total net sales.
- Services-based net sales were EUR 15.3 million (EUR 14.2 million), representing 40.4 percent of the total net sales.
- Operating result was EUR 2.9 million (EUR -3.2 million), representing 7.7 percent of net sales (-9.1 percent).
- Result for the period was EUR 2.3 million, and earnings per share were EUR 0.064 (result for the period EUR -3.6 million and earnings per share EUR -0.102).

- Cash flow from operating activities was EUR 3.0 million (EUR -4.6 million).
- Net cash flow was EUR -2.8 million (EUR -12.2 million).
- The order backlog was EUR 33.8 million (EUR 23.1 million)
- Personnel at the end of the period was 502 employees (616 employees).

GROUP (MEUR)	4-6/2024	4-6/2023	1-6/2024	1-6/2023
	3 months	3 months	6 months	6 months
NET SALES	19.8	20.7	37.9	35.6
Change of net sales, %	-4.4 %	-8.8 %	6.5 %	-13.2 %
EBITDA	4.2	2.6	7.4	1.6
EBITDA, % of net sales	21.2 %	12.7 %	19.5 %	4.5 %
OPERATING PROFIT / LOSS	1.9	0.3	2.9	-3.2
Operating profit / loss, % of net sales	9.6 %	1.4 %	7.7 %	-9.1 %
RESULT OF THE PERIOD FROM CONTINUING OPERATIONS	1.6	0.1	2.3	-3.6
CASH AND OTHER LIQUID ASSETS	5.5	6.8	5.5	6.8
EQUITY RATIO (%)	70.3 %	69.5 %	70.3 %	69.5 %
EARNINGS PER SHARE (EUR)	0.045	0.003	0.064	-0.102

Bittium's CEO Johan Westermarck

The second quarter of the year developed as expected. Net sales in the Defense & Security Business Segment grew significantly, resulting especially from the increased number of Bittium Tough SDR deliveries and from the number of service projects. Net sales in the Medical Business Segment were lower compared to the corresponding period last year. The decrease in the net sales was affected by the delays in the medical device sales approvals caused by the stricter regulatory requirements, and by the exceptionally strong net sales in the corresponding period last year that resulted from the cumulated net sales from the first quarter. The Engineering Services Business Segment's net sales decreased due to the challenging market situation in R&D services markets. In total, the group net sales in the second quarter decreased by 4.4 percent year-on-year and was EUR 19.8 million.

The measures taken to improve efficiency and profitability have had a positive effect on the development of the operating result. The operating profit of the second quarter was EUR 1.9 million, representing 9.6 percent of net sales. The development of the operating result was also influenced by the lower R&D costs compared to the previous year.

The net sales of the first half of the year grew by 6.5 percent from last year and was EUR 37.9 million. The increase in the net sales was influenced by the good start of the year in the Defense & Security Business Segment. The net sales decreased in the Medical and Engineering Services Business Segments for the previously mentioned reasons. The profitability improved significantly, and the operating profit was EUR 2.9 million, representing 7.7 percent of net sales. Operating result in the first half of the year was positive in all Business Segments.

The implementation of the strategy progressed well in the Defense & Security Business Segment. Close cooperation with the Finnish Defense Forces continued and the preparation of the partnership agreement progressed with the aim of signing the agreement during the current year. The partnership agreement enables more systematic planning of cooperation. We continued the deliveries of tactical communication system products and radios, and field tests of the radios and preparation for their deployment continued as planned. We concluded two significant international cooperation agreements with the world's largest defense industry players. The framework agreement with BAE Systems significantly increases our chances to succeed and grow in the international market alongside a major player. The start of the indirect industrial cooperation related to the F-35 fighter procurement with Lockheed Martin offers us the opportunity to

develop our already strong expertise in tactical data transfer in cooperation with players in the international defense market. Cooperation is an important step for us and the entire consortium we lead.

The stricter regulatory requirements and schedules for medical device approvals are causing a delay in building growth in the Medical Business Segment. We have strengthened our organization and focused on the development of efficient operations that ensure us the quality needed for the stricter regulatory requirements in the medical industry. As part of operational development, we have started prioritizing those projects that are the most critical to obtain the sales licenses. In the future, we will invest in building sales channels and thus increasing the sales. A significant part of the net sales in the Medical Business Segment was generated from ECG measuring devices sold to our US customer Boston Scientific Cardiac Diagnostics, with whom the cooperation continued well.

In the Engineering Services Business Segment, customer projects progressed well, and we won new deals from the Telecom and construction industry markets, for example. However, the net sales decreased from the previous year as the number of product development projects decreased. Our customers' cost-saving pressures in a challenging market situation have affected the schedules of customer projects, and the starts of new development projects have been postponed. We expect the market situation to continue to be challenging for at least this year. In the R&D service business, the visibility is very short and fluctuations in the market situation can cause significant changes in a short time frame.

Efforts being made to turn the company from R&D house to sales-oriented product house have progressed well. We will continue to systematically implement the strategy, invest strongly in serving our existing customers, acquire new customer sales and improve the operational efficiency in order to build future profitable growth.

Outlook for 2024 (unchanged)

Financial Outlook 2024

Bittium expects the net sales in 2024 to be EUR 85 – 95 million (EUR 75.2 million in 2023) and the operating result to be EUR 7.0 – 9.5 million (operating loss of EUR -4.3 million in 2023).

More information about Bittium's market outlook is presented in this report under the Business Segment chapter, as well as on the company's internet pages at www.bittium.com.

Financial Performance in January-June 2024

Bittium's net sales in January-June 2024 grew by 6.5 percent year-on-year to EUR 37.9 million (EUR 35.6 million).

Product-based net sales were EUR 22.6 million (EUR 21.4 million), representing 59.6 percent of the total net sales. The growth resulted from the increased delivery amounts of Tough SDR radios, and from the timing of the product deliveries.

Services-based net sales were EUR 15.3 million (EUR 14.2 million), representing 40.4 percent of the total net sales. The growth resulted mainly from the increase of Defense & Security business' service projects.

EBITDA was EUR 7.4 million (EUR 1.6 million).

R&D costs were EUR 7.9 million (EUR 11.2 million), representing 20.9 percent of net sales (31.4 percent), of which EUR 3.9 million were capitalized in the balance sheet, which was EUR 0.5 million less than in the previous year.

The operating result was EUR 2.9 million (EUR -3.2 million), representing 7.7 percent of net sales (-9.1 percent). The improvement in the operating result year-on-year resulted from the measures taken to improve the efficiency of the operations and profitability, and lower R&D costs, in addition to the growth of the net sales.

Cash flow from operating activities was EUR 3.0 million (EUR -4.6 million). Net cash flow during the period was EUR -2.8 million (EUR -12.2 million), including EUR 2.3 million operating profit, EUR 3.9 million change in the net working capital, EUR 3.9 million R&D investments into own products, and EUR 1.1 million dividend payment (including result of the period EUR -3.6 million, EUR 5.5 million change in net working capital, EUR 4.4 million R&D investments into own products, EUR 1.8 million dividend payment, and EUR 0.4 million purchase of own shares).

The equity ratio was 70.3 percent (69.5 percent).

Net gearing was 15.5 percent (14.6 percent).

The order backlog at the end of June was EUR 33.8 million (EUR 23.1 million). In connection with the transition to segment reporting, the company has reviewed and specified the definition and processing of order backlog in its customer management system. The company's order backlog consists of the undelivered portion of sales orders. In January-March 2024 Business Review and in this report, the company has corrected the order backlog key figures of the 2023 to reflect the calculation according to the new process. The company has reported the group's order backlog for the first time in its 2021 Financial Statement Bulletin.

GROUP ORDER BACKLOG IN 2023 (MEUR)	1Q/23	2Q/23	3Q/23	4Q/23
Corrected order backlog	25.6	23.1	21.3	27.6
Previously reported order backlog	28.7	28.0	25.3	27.6

Half Year Figures

GROUP'S NET SALES AND OPERATING RESULT, MEUR	1H/24	2H/23	1H/23	2H/22
Net sales	37.9	39.6	35.6	41.4
Operating profit (loss)	2.9	-1.1	-3.2	0.6
Result before taxes	2.3	-1.6	-3.6	0.2
Result for the period	2.3	-1.8	-3.6	0.9

DISTRIBUTION OF NET SALES BY PRODUCT AND SERVICES, MEUR AND %	1H/24	2H/23	1H/23	2H/22
Product-based net sales	22.6	24.4	21.4	30.2
	59.6 %	61.6 %	60.0 %	72.9 %
Services-based net sales	15.3	15.2	14.2	11.2
	40.4 %	38.4 %	40.0 %	27.1 %

DISTRIBUTION OF NET SALES BY MARKET AREAS, MEUR AND %	1H/24	2H/23	1H/23	2H/22
Asia	0.4	0.3	0.5	0.7
	1.1 %	0.9 %	1.4 %	1.8 %
North and South America	10.3	10.7	10.2	12.9
	27.1 %	27.0 %	28.6 %	31.1 %
Europe	27.3	28.6	24.9	27.8
	71.9 %	72.1 %	70.0 %	67.1 %

Quarterly Figures

GROUP'S NET SALES AND OPERATING RESULT, MEUR	2Q/24	1Q/24	4Q/23	3Q/23	2Q/23
Net sales	19.8	18.2	25.7	13.9	20.7

Operating profit (loss)	1.9	1.0	1.0	-2.1	0.3
Result before taxes	1.6	0.7	0.7	-2.4	0.1
Result for the period	1.6	0.7	0.6	-2.4	0.1

DISTRIBUTION OF NET SALES BY PRODUCT AND SERVICES, MEUR AND %	2Q/24	1Q/24	4Q/23	3Q/23	2Q/23
Product-based net sales	11.9 60.1 %	10.7 59.1 %	16.8 65.3 %	7.6 54.9 %	13.3 64.5 %
Services-based net sales	7.9 39.9 %	7.4 40.9 %	8.9 34.7 %	6.3 45.1 %	7.3 35.5 %

DISTRIBUTION OF NET SALES BY MARKET AREAS, MEUR AND %	2Q/24	1Q/24	4Q/23	3Q/23	2Q/23
Asia	0.1 0.6 %	0.3 1.5 %	0.1 0.4 %	0.3 1.8 %	0.3 1.3 %
North and South America	4.7 23.8 %	5.6 30.6 %	6.0 23.5 %	4.7 33.6 %	6.9 33.2 %
Europe	14.9 75.5 %	12.3 67.8 %	19.6 76.2 %	9.0 64.6 %	13.5 65.5 %

Statement of Financial Position and Financing

	30.6.2024	30.6.2023	31.12.2023
Non-current assets	84.3	86.0	84.6
Current assets	73.1	75.2	73.1
Total assets	157.4	161.2	157.7
Share capital	12.9	12.9	12.9
Other capital	95.8	97.1	94.6
Total equity	108.7	110.0	107.6
Non-current liabilities	19.7	2.1	1.8
Current liabilities	28.9	49.0	48.3
Total equity and liabilities	157.4	161.2	157.7
Cash flow of the review period:	1-6/2024	1-6/2023	1-12/2023
+ profit of the period +/- Adjustment of accrual basis items	7.7	1.2	5.1
+/- Change in net working capital	-3.9	-5.5	-3.0
- interest, taxes, and dividends	-0.8	-0.3	-0.9
= net cash from operating activities	3.0	-4.6	1.2
- net cash from investing activities	-4.1	-4.7	-7.7
- net cash from financing activities	-1.7	-2.9	-4.2
= net change in cash and cash equivalents	-2.8	-12.2	-10.7

The number of gross investments in the period under review was EUR 4.7 million (EUR 5.9 million). Net investments for the review period totaled to EUR 4.5 million (EUR 5.8 million). The total amount of depreciation during the period under review was EUR 4.5 million (EUR 4.8 million). The amount of interest-bearing debt, including finance lease liabilities, was EUR 22.3 million at the end of the reporting period (EUR 22.8 million). Bittium's equity ratio at the end of the period was 70.3 percent (69.5 percent).

Bittium has a EUR 20.0 million senior loan and a EUR 10.0 million overdraft credit facility agreement with Nordea Bank Finland Plc. These agreements have been renegotiated on March 28, 2024, with the previous agreements between the parties expiring in May 2024. The maturity date for the senior loan is May 24, 2029, and it will be amortized by EUR 1.0 million every six months. The overdraft credit facility agreement is valid until May 25, 2026, after which it will continue to be valid indefinitely. At the end of the review, period no limit from the overdraft credit facility agreement was in use. These agreements include customary covenants related to, for example, equity ratio, interest-bearing debts and EBITDA, as well as the transfer and pledging of assets, the conditions of which were fulfilled at the end of the review period.

The company's financial loans and their changes are entered in the company's balance sheet as long-term and short-term loans in accordance with the repayment plan.

Research and Development

Bittium continued investments in its own products and solutions. In January-June 2024 R&D investments were EUR 7.9 million (EUR 11.2 million) representing 20.9 percent of the net sales (31.4 percent). The R&D investments were mainly aimed at continuously improving the competitiveness and developing the features of the products, systems and their software of Medical and Defense & Security Business Segments.

At the end of 2023, in the updated strategy Bittium aligned to seek a change from a R&D organization to a customer-oriented, growth-oriented operating model through its segment organizations. Between 2016 and 2023, the company's two Business Segments, Defense & Security and Medical, have invested strongly in the development of their own products. This has maintained the company's high average annual R&D investment level of around EUR 20 million, corresponding to an average of approximately 25 percent of the company's annual net sales. In these both product-oriented Business Segments the large product development projects have proceeded into commercial phase, and the focus will be on continuous improvement of the competitiveness of existing products and development of features.

R&D INVESTMENTS, (MEUR)

	1-6 2024 6 months	1-6 2023 6 months
Total R&D investments	7.9	11.2
Capitalized R&D investments	-3.9	-4.4
Depreciations and impairment of R&D investments	2.8	2.8
Cost impact on income statement	6.9	9.6
R&D investments. % of net sales	20.9 %	31.4 %

CAPITALIZED R&D INVESTMENTS IN BALANCE SHEET, MEUR

	1-6 2024 6 months	1-6 2023 6 months
Balance sheet value in the beginning of the period	50.5	48.8
Additions during the period	3.9	4.4
Depreciations and impairment of R&D investments	-2.8	-2.8
Balance sheet value at the end of the period	51.5	50.4

Strategy Implementation and Other Significant Events in January-June 2024

According to the strategy, updated on October 30, 2023, Bittium has three Business Segments: **Medical**, which focuses on measuring biosignals and remote monitoring, **Defense & Security**, which offers products and services to the defense and security markets, and **Engineering Services**, which offers R&D services. Previously centralized group operations were largely divided into the company's three Business Segments, and the remaining group functions, such as group administration, strategic projects, and stock market listing related functions, as well as renting premises owned by the group, were separated as its own segment, Group Functions. This was an essential change to optimize the operation of more independent businesses.

The company's updated strategy has three focus areas. The first one is a change from a product development organization to a customer-centric, growth-oriented operating model through segment organizations. Secondly, the company focuses strongly on its current products and on increasing its market shares. The R&D work is mainly concentrated on further improving the competitiveness and productivity of the products. Thirdly, the company seeks to increase efficiency in its own operating methods and has streamlined its cost structure, which is expected to significantly improve the company's profitability and cash flow.

In the first half of 2024, the implementation of the strategy and measures towards a healthy company continued as planned. The change from an R&D organization-based operating model to a customer-oriented, growth-oriented operating model has progressed well, and the company has updated its operating methods and processes to support the growth-oriented operating model.

In the Defense & Security Business Segment, the company has taken important steps in its internationalization strategy after obtaining significant partnerships with the world's largest defense industry players. The strategically significant negotiations on the partnership agreement with the Finnish Defence Forces has also progressed well with the aim of signing the agreement during this year.

In the Medical Business Segment, the stricter requirements of medical device approvals and long schedules are slowing down the pace of strategy progress, and the focus in the Segment was on developing operations, strengthening competences, improving efficiency and introducing new processes. The development of products and systems to meet stricter requirements also plays an important role in building future growth.

In the Engineering Services Business Segment, uncertainty in the operating environment is created by customers' cost-saving measures, which are expected to continue until the end of this year. The systematic implementation of the strategy was continued by investing strongly in serving existing customers, sales and improving operational efficiency, as well as entering new markets.

Allocating the R&D investments in accordance with the strategy to improving the competitiveness of existing products and developing features is reflected in declined R&D costs and in the improvement of operating profit. As a result of the change negotiations held at the end of 2023 and other cost-saving measures, the company expects to achieve annual cost savings of around 6 million euros. The effect of the measures can already be seen in the positive development of the company's operating result for the first half of the year.

Seamless and Secure Connectivity Program

At the end of March, Bittium launched the Seamless and Secure Connectivity program, the purpose of which is to enable end-to-end connections in various operational areas with reliable, secure, and fault-tolerant connectivity architectures and products, including life-cycle services for products and solutions. Business Finland awarded development funding of EUR 10 million to the program in the challenger competition of Veturi-companies, and EUR 20 million to the ecosystem companies and research partners surrounding the program. The four-year program led by Bittium will last until 2026.

The Seamless and Secure Connectivity program enables comprehensive development of strategically important themes for Bittium. These themes include. e.g. encryption and information security technologies and remote medical diagnostics (ECG, EEG, and sleep apnea) including measuring of biosignals, digitalization of services, increase in wireless connectivity and data secure connections.

In connection with the program, three co-innovation projects have been launched during 2023 and in the first half of 2024, **CISSAN**, part of the EU CELTIC-Next program, which creates algorithms to reduce IoT security threats, **Photon-Wear**, which aims to develop optical detection methods for physical parameters and biomarkers, and the **Life Fact for Future** project, whose goal is to speed up the

introduction of digital solutions and more efficient utilization of data, and to make Finland the most attractive place in the world for the data-oriented Life Science industry. The theme of the Life Fact for Future project "significant development of operating models" promotes the agile development of medical software (RegOps), which is part of the Seamless and Secure Connectivity locomotive project.

All in all, there have been around 50 partner companies or research institutes in the ecosystem discussions so far, and several co-innovation projects are expected to start still during 2024.

Development of Market Environment and Business Segments in January-June 2024

Defense & Security Business Segment in January-June 2024

Defense & Security Business Segment's net sales in January-June 2024 grew by 36.6 percent year-on-year to EUR 21.0 million (EUR 15.3 million). The growth was especially driven by the increased numbers of product delivery of Bittium Tough SDR tactical radios, and service projects, as well as the timing of the product deliveries.

EBITDA was EUR 4.9 million (EUR -0.2 million), representing 23.3 percent of net sales.

R&D costs decreased to EUR 4.0 million (EUR 6.2 million), representing 19.1 percent of net sales (40.2 percent). R&D investments focused on the further development of the competitiveness and features of Bittium TAC WIN tactical communication system and Bittium Tough SDR radios and their related software. R&D costs capitalized in the balance sheet were EUR 2.7 million, which was EUR 0.3 million less than a year ago. Capitalized R&D costs consisted of investments made to the further development of Bittium Tough SDR radios and Bittium TAC WIN.

The operating result was EUR 2.4 million (EUR -2.8 million), representing 11.4 percent of net sales (-18.2 percent). The operating result improvement resulted from the measures taken to improve the efficiency of the operations and profitability, and lower R&D costs, as well as from the growth of the net sales.

The number of new orders during the first half was EUR 24.6 million (EUR 11.4 million). At the end of June, the order backlog was EUR 21.3 million (EUR 11.1 million).

DEFENSE & SECURITY BUSINESS SEGMENT, MEUR	2Q/24	2Q/23	1H/24	1H/23	2023
NET SALES	11.7	8.7	21.0	15.3	36.2
EBITDA	3.2	1.0	4.9	-0.2	1.9
EBITDA, % of net sales	27.7	11.8	23.3	-1.0	5.3
OPERATING PROFIT / LOSS	1.9	-0.2	2.4	-2.8	-3.2
Operating profit / loss, % of net sales	16.2	-2.4	11.4	-18.2	-8.7
R&D EXPENSES	2.1	3.0	4.0	6.2	10.8
Capitalized R&D expenses	-1.3	-1.5	-2.7	-3.0	-5.0
New orders	14.4	7.6	24.6	11.4	38.6
ORDER BACKLOG	21.3	11.1	21.3	11.1	17.5
PERSONNEL AT THE END OF THE PERIOD	229	263	229	263	230

Development of Defense & Security Business and Market Outlook

The world's political situation changed two and a half years ago after Russia invaded Ukraine. With the outbreak of the war, the increase in the states' defense budgets has affected the demand for defense industry products and services. In the first phase, the increased defense appropriations have been allocated mainly to consumables, such as weapons and ammunition. In the future, the increased budgets will also be aimed at the modernization and development projects of the defense forces of different countries, which is expected to have a positive effect on the demand for Bittium's tactical communication solutions.

Bittium's products are being piloted in several international customer trials and competitions, where customers test products for their various tactical communication needs. In the defense market, in tactical data transfer, national defense forces and other authorities need networks where increasingly more mobile network users can reliably and securely transfer ever larger amounts of data. This creates demand for tactical IP-based Bittium Tactical Wireless IP Network (TAC WIN) communication system, Bittium Tough SDR radios and other Bittium IP-based tactical communication solutions. The long sales cycles in the defense industry affect the development of sales and make it difficult to predict.

Cooperation with the Finnish Defence Forces has continued closely. Finnish Minister of Defence Antti Häkkinen authorized the Finnish Defence Forces to negotiate and sign a partnership agreement with Bittium for the years 2025–2036. The preparations for the partnership agreement have progressed as planned and the goal is to sign the agreement during this year. The scope of the partnership agreement includes management system solutions used in all branches of defense, such as Bittium's tactical communication system and related products.

The field tests of Bittium Tough SDR radios and preparations for deployment continued with the Finnish Defence Forces, and the Finnish Defence Forces made an additional purchase of the radios in May. The value of the order was approximately EUR 3.5 million and the order was based on the additional purchase related to the purchase agreement signed in 2018. The radios were delivered during the second quarter. Product deliveries of the Bittium TAC WIN communication system and Tough Comnode equipment to the Finnish Defence Forces continued, as the customer ordered products for approximately EUR 4.5 million. The order was based on the framework agreement signed in 2023. Bittium also received a system support order of about EUR 2.0 million from the Finnish Defence Forces regarding the TAC WIN and Tough VoIP communication systems. The development of the new IP routing protocol for tactical data transfer for the mobile and non-base station networks of the Finnish Defence Forces, started at the beginning of the year, has proceeded as planned. The total value of the order was 5.5 million euros.

The Bittium TAC WIN software-defined radio system and Tough SDR soldier and vehicle radios were purchased for the new NATO DIANA test center (Defence Innovation Accelerator for the North Atlantic) to be established in connection with VTT's Otaniemi and Oulu offices. The products became part of the test centers' research infrastructure.

The strategic goal of the Defense & Security Business Segment is to grow in the international defense market and to win new global customers. The work towards the goal progressed well in the first half of the year and the company announced new cooperation projects with international defense industry players. The cooperation projects with the world's largest players are significant steps in the company's internationalization strategy going forward, also providing a good starting point for other possible cooperation projects in the future.

The members of the research and business consortium led by Bittium signed a framework agreement for indirect industrial cooperation related to the procurement of F-35 fighter jets with US-based Lockheed Martin. The three-year project develops methods and capabilities for spectrum management, which improves the ability to form a tactical situational picture, also strengthening the data transmission capacity of Bittium's tactical communication systems even more in the most demanding combat situations.

In June, Bittium and BAE Systems signed a framework agreement under which BAE Systems can offer Bittium's tactical communications products, services and systems to its customers in the UK and internationally. The agreement applies to the years 2024–2027 and does not include a minimum purchase requirement nor an exclusive right to sell Bittium's products. As part of the framework agreement, the companies plan to participate in selected tenders for tactical data transfer products coming up in the next few years.

The Croatian Ministry of Defense approved the Bittium tactical communication system and Bittium Tough SDR vehicle radios for the use of the Croatian Armed Forces. The approval was preceded by a several-year product piloting and deployment phase for the Croatian Navy, which was carried out in cooperation with Bittium's Croatian partner, IntellByte INFO, which offers information technology solutions. In July, Bittium received an order for TAC WIN system products and Tough SDR radios for the Croatian Navy and Land Forces. The order was part of a four-year framework agreement that IntellByte INFO signed with the Croatian Ministry of Defense for the supply and integration of tactical communication system entity for the use of the various defense branches of the Croatian Armed Forces. The renewal of the tactical communication of the Croatian Navy and Land Forces is part of the management system renewal of the Croatian Armed Forces.

The use of smartphones and smartphone applications is increasing among the authorities creating demand for secure Bittium Tough Mobile™ smartphones and customer-specific special terminals based on Bittium's product platform, and for secure software solutions.

General awareness of the dangers of mobile security threats has increased and interest in secure mobile devices has grown. Sales of mobile terminal devices and software solutions are expected to develop moderately in accordance with the nature of the authorities' market.

In the beginning of the year, the Windows version of the Bittium SafeMove Mobile VPN encryption software received national approval for TL IV security class data encryption. Now authorities using SafeMove VPN encryption software can transfer TL IV classified information wirelessly over the network.

In June, the NATO Communications and Information Agency (NCIA) listed Bittium Tough Mobile 2 C communication solution on the NATO Information Assurance Product Catalog (NIAPC). The high security communication solution approved for use at the NATO Restricted level is intended for the communication of state administrations and authorities. Finland's NATO membership is expected to have a positive effect on the demand for Bittium's defense and security products, especially in NATO countries.

Deliveries of secure Mexsat satellite phones developed for the Mexican state continued at the beginning of the year to our partner Inmosat in Mexico as new official organizations introduced satellite communication as part of their communication system.

Medical Business Segment in January-June 2024

Medical Business Segment's net sales in January-June 2024 decreased by 14.8 percent year-on-year to EUR 9.7 million (EUR 11.4 million). The decrease in net sales was mainly due to lower sales of medical technology products compared to the comparison period.

EBITDA was EUR 1.1 million (EUR 0.6 million), representing 11.8 percent of net sales.

The operating result was EUR 0.2 million (EUR -0.2 million), representing 2.4 percent of net sales (-1.8 percent). The improvement in the operating result was caused by the measures taken to improve the efficiency of the operations and profitability, and lower R&D costs.

R&D costs were EUR 2.8 million (EUR 4.2 million), representing 28.9 percent of net sales (36.6 percent). R&D investments focused on the development of the existing measuring devices and diagnostics software and systems to even better meet the stricter demands of authorities. R&D costs capitalized in the balance sheet were EUR 0.9 million, which was EUR 0.3 million less than a year ago. Capitalized R&D costs consisted of investments made to the further development of devices measuring biosignals and their related software.

The number of new orders during the first half was EUR 10.0 million (EUR 12.9 million). At the end of June, the order backlog was EUR 5.7 million (EUR 5.9 million).

MEDICAL BUSINESS SEGMENT, MEUR	2Q/24	2Q/23	1H/24	1H/23	2023
NET SALES	4.5	7.6	9.7	11.4	22.0
EBITDA	0.4	1.3	1.1	0.6	0.8
EBITDA, % of net sales	9.3	17.7	11.8	5.0	3.8
OPERATING PROFIT / LOSS	-0.0	0.9	0.2	-0.2	-0.9
Operating profit / loss, % of net sales	-0.3	12.4	2.4	-1.8	-4.0
R&D EXPENSES	1.3	2.0	2.8	4.2	7.7
Capitalized R&D expenses	-0.5	-0.5	-0.9	-1.2	-1.9
New orders	3.9	4.7	10.0	12.9	23.1
ORDER BACKLOG	5.7	5.9	5.7	5.9	5.5
PERSONNEL AT THE END OF THE PERIOD	99	127	99	127	107

Development of Medical Business and Market Outlook

In the healthcare technology market, significant developments are taking place in the patient care, especially outside hospitals. More and more efforts are being made to prevent diseases and health problems with the help of early diagnosis. The aim is to discharge patients at an ever earlier stage in order to reduce hospital and treatment days. These significantly increase the efficiency of healthcare processes and reduce costs and improve the treatment experience. The prerequisite for both the prevention of health problems and early discharge is

enabling accurate monitoring and measurement in home and field conditions, which makes the diagnoses of specialists available regardless of time and place. These needs are met by Bittium's Bittium Faros ECG measuring device intended for long-term measurement and monitoring of the heart, Bittium BrainStatus intended for measuring the electrical activity of the brain, Bittium Respiro intended for home measurement of sleep apnea, and Bittium's diagnostic software.

A significant part of the Medical Business Segment's revenue was generated from ECG measuring devices sold to the US-based customer Boston Scientific Cardiac Diagnostics (CDx). CDx is one of the leading providers of ECG measurement services in the United States. In Europe and Asia, the market for ECG measuring devices is significantly more fragmented, which is why increasing volumes requires long-term work. However, the demand for Bittium Faros in these markets continued to be positive.

The feedback on the Respiro sleep apnea measuring device from the customer clinical trials in Europe, has been positive, and based on the feedback, small improvements have been made to the device and whole system. In the EU, Respiro has medical device approval at the level of the new MDR standard, but several European countries have additional country-specific requirements or their own approvals in addition to the MDR certificate. This has affected the commercial start of Respiro sales, which has been slowed down by national requirements and approval processes. Bittium is also applying for a sales approval for Respiro from the US Food and Drug Administration (FDA). Obtaining permission is a long-term process, and the company continued preparations and further development of the solution to bring it in line with FDA requirements. After obtaining sales approvals, Respiro's sales are expected to strengthen and form one of the major growth drivers in the Medical Business Segment in the future.

The regulation of the authorities has a strong significance when bringing medical devices to the market. The requirements vary from country to country and the processes are long-lasting. Bittium has valid sales licenses for its medical technology products and solutions, and new application processes are underway in several countries. The company will apply for a new European medical device regulation approval (MDR) in the necessary parts for its medical technology products already in production and approved according to the current standard (MDD). Several of these projects are already underway.

During the first half of the year, the company has strengthened its organization and regulatory expertise in the Medical Business Segment. Measures to improve operational efficiency have been initiated, as well as systematic prioritization of sales approval applications to speed up the most important sales licenses.

The development of the sale of medical devices is also affected by the insurance practices related to the insurance reimbursement of treatments, which vary from country to country, affecting the pace of development of the remote diagnostics market. This affects the geographic focus of Bittium's sales efforts on those countries where insurance reimbursement is at a good level.

The piloting of the BrainStatus EEG measuring device in intensive care units has continued. Based on the results of the pilots, the product is being developed further to better suit the operations and systems of intensive care units. The change in recommendations for intensive care in a more demanding direction regarding EEG measurement is expected to have a positive effect on the demand for BrainStatus.

At the beginning of the year, Bittium continued to implement its partnership strategy and expanded its ECG analysis software offering to the artificial intelligence-based cardiac diagnostic software of the Polish Medicalalgorithmics S.A. Cooperation with industry players is part of Bittium's updated strategy, launched at the end of 2023, according to which the company focuses on developing its existing solutions by utilizing partnerships with other companies.

Algorithms based on artificial intelligence are becoming more common as tools for doctors in defining diagnoses. These enable faster and more accurate diagnoses, which in turn accelerates the start of the right kind of treatment. The market change enables several new service providers to join the overall care service chain, without compromising the quality of specialist services.

Engineering Services Business Segment in January-June 2024

Engineering Services Business Segment's net sales in January-June 2024 decreased by 18.1 percent year-on-year to EUR 7.3 million (EUR 8.9 million). The decrease was mainly caused by the challenging market situation, where customers have had to postpone or even cancel R&D projects due to the cost saving pressures.

EBITDA was EUR 0.5 million (EUR 0.8 million), representing 6.4 percent of net sales.

The operating result was EUR 0.5 million (EUR 0.8 million), representing 6.4 percent of net sales (8.5 percent). The decrease in the operating result was caused by the lower number of R&D projects and measures taken to improve the efficiency of the operations and profitability.

R&D costs were EUR 0.4 million (EUR 0.1 million), representing 4.8 percent of net sales (1.3 percent). R&D costs in Engineering Services Business Segment were related to the development of operations and competencies with the focus on radio technology and software.

The number of new orders during the first half was EUR 8.7 million (EUR 7.8 million). At the end of June, the order backlog was EUR 6.7 million (EUR 6.1 million).

ENGINEERING SERVICES BUSINESS SEGMENT, MEUR	2Q/24	2Q/23	1H/24	1H/23	2023
NET SALES	3.5	4.3	7.3	8.9	17.0
EBITDA	0.2	0.2	0.5	0.8	1.7
EBITDA, % of net sales	4.4	3.5	6.4	8.5	9.8
OPERATING PROFIT / LOSS	0.2	0.2	0.5	0.8	1.7
Operating profit / loss, % of net sales	4.4	3.5	6.4	8.5	9.7
R&D EXPENSES	0.1	0.1	0.4	0.1	0.3
Capitalized R&D expenses	0.0	0.0	0.0	0.0	0.0
New orders	3.0	5.4	8.7	7.8	14.6
ORDER BACKLOG	6.7	6.1	6.7	6.1	4.7
PERSONNEL AT THE END OF THE PERIOD	123	151	123	151	131

Development of Engineering Services Business and Market Outlook

In the mobile communication, the implementation of 5G technology is progressing. The large number of radio frequencies allocated to 5G technology increases the number of frequency versions of the necessary products and thus creates demand for the development of product variants. Various satellite communication solution needs increase the demand for Bittium's product development expertise as new players join the traditional supplier network. The demand for Bittium's product development services is also increased by the development need for new devices utilizing the latest 5G technology for the satellite and IoT markets. As the latest project in the second quarter, Bittium started the development of a terminal device that works in a satellite system intended for testing purposes for its customer.

Cooperation with existing key customers has continued good. R&D projects included, among other things, a remotely controlled overall system and its connectivity solution, connectivity parts of traffic control systems, and measuring devices intended for professional use and their connectivity solutions. New R&D service projects were won, for example, in the construction industry and the Telecom market.

With digitization, the secure internet of things (Internet of Things, IoT) is a significant area of development in almost all industries. Demand for Bittium's R&D services and customized solutions is created by the growing need for companies to digitize their operations, collect data wirelessly, transfer data to the internet and cloud services, and monitor and control devices and systems remotely. For this, the market needs secure devices intended for both demanding industrial use and leisure applications, which collect the information brought by the sensors used by the device and create a reliable wireless connection for the device to the internet and cloud services.

With the deployment of 5G and IoT radio technologies, the number of digitized devices is constantly increasing. The devices will also have new and more advanced features, which will create demand for design services. The integration of various systems and technologies plays an important role in enabling the overall service offered to the customer.

Uncertainties in the market are caused by cost-saving pressures, due to which customers' R&D budgets are under constant observation. Starts of new projects have had to be postponed and some have been cancelled. The market situation is expected to continue challenging for the rest of the year. In the R&D service business, the visibility is very short and fluctuations in the market situation can cause significant changes in a quick time frame.

Group Functions Segment in January-June 2024

The Group Functions segment's operating result in January-June 2024 was EUR -0.2 million (-1.0 million).

R&D costs were EUR 0.7 million (EUR 0.7 million). The amount of R&D expenses capitalized in the balance sheet were EUR 0.3 million, which was EUR 0.2 million more than in the previous year.

Group Functions consist of group administration, strategic projects, and stock market listing related functions, as well as renting premises owned by the group. In addition to this, Group Functions offers common services for the Business Segments, which are reasonable to be operated centrally. For these services, the Business Segments pay a service fee in proportion to the number of employees in the Segments. The CEO, CFO, Vice President, Communications and Sustainability, and CLO are responsible for group operations. In total, there are approximately 50 people in group operations.

GROUP OPERATIONS SEGMENT, MEUR	2Q/24	2Q/23	1H/24	1H/23	2023
NET SALES					
EBITDA	0.4	0.1	0.9	0.4	0.8
EBITDA, % of net sales					
OPERATING PROFIT / LOSS	-0.1	-0.6	-0.2	-1.0	-1.9
Operating profit / loss, % of net sales					
R&D EXPENSES	0.4	0.4	0.7	0.7	1.3
Capitalized R&D expenses	-0.1	-0.1	-0.3	-0.1	-0.4
PERSONNEL AT THE END OF THE PERIOD	51	75	51	75	59

Personnel

The Bittium group employed an average of 509 people in January-June 2024 (613 employees). At the end of June 2024, the company had 502 employees (616 employees).

Changes in the Company's Management

On January 24, 2024, Antti Näykki, Senior Vice President, Medical Business Segment, Bittium Corporation (Engineer, Embedded Systems) was appointed as Vice President, Group Business Development as of February 1, 2024. He continued as a member of Bittium Corporation's management group. In this role, Näykki focused on building Bittium's long-term growth. He was also responsible for the management of the group's research activities, supply chains and quality, as well as human resources and information management. Näykki reports to CEO Johan Westermarck.

On January 24, 2024, Laura Kauppinen, Bittium Corporation's Chief Development Officer (PhD. Psychology) was appointed as Senior Vice President, Medical Business Segment as of February 1, 2024. Kauppinen continues as a member of Bittium Corporation's management group. Kauppinen started at Bittium in June 2023 as Chief Development Officer, leading the group's strategy update and a significant change process with the target to turn Bittium into a healthy company. In her new role, Kauppinen focuses on implementing the updated strategy to enable profitable growth in the Medical business. Kauppinen reports to CEO Johan Westermarck.

On March 21, 2024, Petri Hiljanen was appointed as Bittium Corporation's CFO and a member of Bittium Corporation's management group as of April 1, 2024. He reports to CEO Johan Westermarck. Petri Hiljanen was recently the CFO and a member of the management group of Detection Technologies Plc. The previous CFO of Bittium Corporation Antti Keränen resigned for personal reasons.

As of April 1, 2024, Bittium Corporation's management group includes following persons: CEO Johan Westermarck (Chairman), CFO Petri Hiljanen, CLO Kari Jokela, Vice President Communications and Sustainability Karoliina Malmi, Vice President Group Business Development Antti Näykki, and the heads of Business Segments: Tommi Kangas, Senior Vice President, Defense & Security Business Segment, Jari Inget, Vice President, Engineering Services Business Segment, and Laura Kauppinen, Senior Vice President, Medical Business Segment.

On June 5, 2024, Antti Näykki, Vice President, Group Business Development, and member of Bittium Corporations management group, has decided to leave the company and continue his career outside of Bittium. Näykki has been responsible also for the management of the group's research activities, supply chains and quality, as well as human resources and information management. He will continue to work for the company to support the transition of the tasks and responsibilities, however, no later than until September 4, 2024.

As of September 5, 2024, Bittium Corporation's management group includes following persons: CEO Johan Westermarck (Chairman), CFO Petri Hiljanen, CLO Kari Jokela, Vice President Communications and Sustainability Karoliina Malmi, and the heads of Business Segments: Tommi Kangas, Senior Vice President, Defense & Security Business Segment, Jari Inget, Vice President, Engineering Services Business Segment, and Laura Kauppinen, Senior Vice President, Medical Business Segment.

Share and Share Capital

The shares of Bittium Corporation are quoted on Nasdaq Helsinki. The Company has one series of shares. All shares entitle their holders to dividends of equal value. Each share has one vote. The share does not have a nominal value. The Company's shares have been entered into the Euroclear Finland Ltd.'s book-entry securities system.

At the end of the financial period, the fully paid share capital of the Company entered into the Finnish Trade Register was EUR 12,941,270.00, and the total number of the shares was 35,702,264. The accounting par value of the Company's share is EUR 0.10.

On June 30, 2024, the Company had 216,146 own shares in its possession, representing 0.16 percent of all Bittium Corporation shares.

MARKET VALUES OF SHARES (EUR)	1-6/2024	1-6/2023
	6 months	6 months
Highest	9.30	4.55
Lowest	4.22	3.85
Average	6.08	4.20
At the end of period	8.86	4.21
Market value of the stock (MEUR)	314.4	150.3
Trading value of shares (MEUR)	20.6	8.5
Number of shares traded (1.000 pcs)	3392	2021
Related to average number of shares %	9.6	5.7

Incentive Systems

Management Share-Based Incentive Plan

On June 19, 2023, the Board of Directors of Bittium Corporation decided on the establishment of a new share-based long-term incentive scheme for the Company's management. It comprises a Performance Share Plan ("PSP"). The objectives of the PSP are to align the interests of Bittium's management with those of the Company's shareholders and, thus, to promote shareholder value creation in the long term, to commit the management to achieving Bittium's strategic targets and the retention of Bittium's management.

The PSP consists of three annually commencing three-year performance share plans, PSP 2023-2025, PSP 2024-2026, and PSP 2025-2027, each with a one-year performance period, which is followed by the payment of the share reward and a two-year transfer restriction period. The commencement of the following two plans, PSP 2024-2026, and PSP 2025-2027, is, however, subject to a separate Board decision.

More information about the share-based incentive system can be found on the company's website at <https://www.bittium.com>.

Other Incentive Systems

In addition, the company has a **performance bonus system**, the reward of which is paid based on the achievement of goals, as well as a **profit-sharing plan**, which applies to all personnel, excluding those covered by other short-term bonus systems.

Shareholders

Largest Shareholders, June 30, 2024

	Number of shares	% of shares
1. Veikkolainen Erkki	1 825 243	5.1
2. Ponato Oy	1 501 300	4.2
3. Hulkko Juha	1 419 370	4.0
4. Mutual Pension Insurance Company Varma	1 365 934	3.8
5. Mutual Pension Insurance Company Ilmarinen	1 296 529	3.6
6. Skandinaviska Enskilda Banken AB (Publ) Helsinki branch office	795 570	2.0
7. Hilden Kai Jalmari	658 000	1.8
8. Citibank Europe PLC	589 321	1.7
9. Fondita Nordic Micro Cap investment fund	505 000	1.4
10. Aktia Nordic Micro Cap investment fund	503 000	1.4

At the end of June 2024, Bittium Corporation had 22,149 shareholders. The ten largest shareholders owned 29.3 percent of the shares. Private ownership was 69.0 percent. The percentage of foreign and nominee-registered shareholders was 4.2 percent.

Flagging Notifications

During the review period, there were no changes related to ownership relationships that would have led to the notification obligation required by Section 2:9 of the Securities Market Act. i.e., the so-called flagging notification.

Decisions of the Annual General Meeting 2024

The Annual General Meeting of Bittium Corporation was held on April 10, 2024, at 1:00 pm (CEST+1) at the University of Oulu, Saalastinsali, Pentti Kaiteran katu 1, 90570 Oulu, Finland. The Annual General Meeting approved the annual accounts and the consolidated financial statements for the year 2023, discharged the company's members of the Board of Directors and the CEO from liability for the financial year ended December 31, 2023, and gave an advisory resolution on the approval of the remuneration policy and remuneration report for governing bodies. The Annual General Meeting supported all the proposals of the Board of Directors and the three largest shareholders, in accordance with the notice to the Meeting.

Use of the Profits Shown on the Balance Sheet and Authorizing the Board of Directors to Decide on the Distribution of Dividend

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that, based on the balance sheet for the financial year January 1, 2023 – December 31, 2023, a dividend of EUR 0.03 per share will be distributed. The dividend will be paid to a shareholder who, on the record date for the dividend payment, April 12, 2024, is registered in the company's shareholders' register maintained by Euroclear Finland Ltd. The dividend will be paid on April 19, 2024.

The Annual General Meeting furthermore authorized the Board of Directors to decide, at its discretion, on the payment of an extraordinary dividend of EUR 0.03 per share, by October 31, 2024. The Board of Directors expects that this discretionary extraordinary dividend will be paid, unless there is a significant deterioration in the business environment during 2024. The company will publish any possible decisions on dividend payment by the Board of Directors separately, and simultaneously confirm the dividend record and payment dates.

All the shares in the company are entitled to the dividend, except for own shares possibly held by the company on the dividend record date.

Election and Remuneration of the Members of the Board of Directors

The Annual General Meeting decided that the Board of Directors shall comprise six (6) 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. Further, Mr. Raimo Jyväsjärvi was elected as the new member of the Board of Directors for a corresponding term of office.

The Annual General Meeting resolved that the following monthly remuneration will be paid to the members of the Board of Directors: to the Chairman of the Board of Directors EUR 3,150 and to the other members of the Board of Directors EUR 1,800 each. In addition, the members of the Board of Directors are entitled to a fee for attending Board meetings as follows: Chairman of the Board EUR 875 per meeting and other members of the Board of Directors EUR 500 per meeting. In addition, the members of the Board of Directors are entitled to a fee for attending the meetings of the Board committees as follows: the Chairman of the Committee EUR 600 per meeting and the other members of the Committee EUR 400 per meeting. Travel expenses of the members of the Board of Directors shall be reimbursed in accordance with the company's travel policy.

50 percent of the total monthly remuneration of the members of the Board of Directors will be paid in a single instalment in Bittium Corporation's shares to be purchased at a price formed in public trading or through a share issue or in special circumstances, if for some reason the remuneration cannot be paid in shares, entirely in cash. The shares will be acquired according to the share purchase program of the company. A member of the Board of Directors may not transfer the shares received as remuneration before his/her membership in the Board of Directors has ended.

Election and Remuneration of the Auditor

PricewaterhouseCoopers Oy, authorized public accountants, was elected auditor of the company for a term of office ending at the end of the next Annual General Meeting. PricewaterhouseCoopers Oy has notified that Mr. Sami Posti, APA, will act as the principal auditor. It was decided that the remuneration to the auditor shall be paid against the auditor's reasonable invoice.

Election of the assurance firm for the Corporate Sustainability Reporting

The audit firm PricewaterhouseCoopers Oy be elected for the assurance of the Corporate Sustainability Reporting for a term ending at the end of the next Annual General Meeting following the election. PricewaterhouseCoopers Oy has announced that APA Tiina Puukkoniemi will act as the principal assurer.

Authorizing the Board of Directors to Decide on the Repurchase of the Company's own Shares

The General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares as follows.

The number of own shares to be repurchased shall not exceed 3,500,000 shares, which corresponded to approximately 9.80 percent of all the shares in the company as at the date of the General Meeting. Based on the authorization, the company's own shares may only be repurchased with unrestricted equity. The company's own shares may be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors decides how the shares will be repurchased. Among other things, derivatives may be used in the acquisition. Own shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorization revokes the authorization given by the Annual General Meeting on April 12, 2023, to decide on the repurchase of the company's own shares.

The authorization is valid until June 30, 2025.

Authorizing the Board of Directors to Decide on the Issuance of Shares as well as the Issuance of Special Rights Entitling to Shares

The General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act as follows.

The number of shares to be issued based on the authorization shall not exceed 3,500,000 shares in total, which corresponded to approximately 9.80 percent of all the shares in the company as at the date of the General Meeting.

The Board of Directors decides on all the terms and conditions of the issuance of shares and special rights entitling to shares. The authorization concerns both the issuance of new shares and the transfer of the company's own shares. The issuance of shares and special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive subscription rights (directed issue).

The authorization revokes the authorization given by the Annual General Meeting on April 12, 2023, to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act.

The authorization is valid until June 30, 2025.

Amendment of the Articles of Association

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that Article 7 of the Articles of Association be amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting and, in addition to the company's domicile, in Helsinki, Espoo or Vantaa. The proposed additions to the current Articles of Association are underlined:

7. Notice to the meeting and registration

The notice convening a General Meeting shall be delivered not earlier than three months and not later than three weeks before the meeting, however no less than nine (9) days prior to the record date of the General Meeting, by publishing it on the company's website or in one or more newspapers decided by the Board of Directors or by delivering the notice to each shareholder by a letter posted to the address reported by the shareholder in the shareholders register.

A shareholder has the right to participate in the General Meeting when he/she has signed in for the meeting to the company not later than the day mentioned in the notice, which day may not be earlier than ten (10) days before the meeting.

A General Meeting can be held, in addition to the company' domicile, in Helsinki, Espoo or Vantaa.

The Board of Directors may decide that the General Meeting shall be held without a meeting venue so that shareholders can exercise their decision-making power fully and in real time during the meeting by means of a telecommunications connection and a technical device (remote meeting).

Organizing meeting of the Board of Directors

At its organizing meeting held on April 10, 2024, the Board of Directors elected Mr. Erkki Veikkolainen as the Chairman of the Board of Directors. Further, the Board of Directors resolved that it will continue to have an 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.

Significant Events after the Reporting Period

There were no significant events after the reporting period.

Risks and Uncertainties

Bittium has identified several business, market, and finance-related risk factors and uncertainties that can affect the level of sales and profits. The global geopolitical instability has caused various risks related to demand and supply and increased uncertainty.

Market Risks

The global economic uncertainty may affect the demand for Bittium's services, solutions, and products and provide pressure on, e.g., pricing. In the short term, such uncertainty may affect, in particular, the utilization and chargeability levels and average hourly prices of R&D services. Growing political uncertainty may also affect the demand for Bittium's services, solutions, and products and the price competitiveness in the different geographical areas. Bittium is also increasingly exposed to legal, economic, political, and regulatory risks related to the countries in which its suppliers and other cooperation partners are located. Such risks may result in delays in deliveries or in situations where there will be no orders in the forecast quantities, currency losses, elevated costs, or litigations and related costs.

As Bittium's customer base includes, among others, companies operating in the field of telecommunication, defense, and other authorities, as well as companies delivering products to them and companies operating in the healthcare sector, the company is exposed to market changes in these industries.

A significant part of Bittium's net sales accumulate from selling products and R&D services to defense and other authorities, as well as companies delivering products to them. Deviation in anticipated business development with such customer concentrations may translate as a significant deviation in Bittium's outlook, both in terms of net sales and operating result, during the ongoing financial period and thereafter.

Bittium seeks to expand its customer base in the longer term and reduce dependence on individual companies, and hence the company would thereby be mainly affected by the general business climate in the industries of the companies belonging to Bittium's customer base instead of the development of individual customer relationships. The more specific Business Segment based market outlook has been presented in this report in the "The Development of Market Environment and Business Segments in January-June 2024" section.

Business Related Risks

Bittium's operative business risks are mainly related to the following items: uncertainties and short visibility on customers' product program decisions, their make or buy decisions and, on the other hand, their decisions to continue, downsize or terminate current product programs, execution and management of large customer projects, ramping up and down project resources, availability of personnel in labor markets, accessibility on commercially acceptable terms and, on the other hand, successful utilization of the most important technologies and components, competitive situation and potential delays in the markets, timely closing of customer and supplier contracts with reasonable commercial terms, delays in R&D projects, a realization of expected return on capitalized R&D investments, obsolescence of inventories and technology risks in product development causing higher than planned R&D costs, and risks related to the ramp-up of product manufacturing. Revenues expected to come from either existing or new products and customers include normal timing risks. Bittium has certain significant customer projects, and deviation in their expected continuation could also result in significant deviations in the company's outlook. In addition, there are typical industry warranty and liability risks involved in selling Bittium's services, solutions, and products.

Bittium's product delivery business model faces such risks as high dependency on actual product volumes, timing risks, and potential delays in the markets. The above-mentioned risks may manifest themselves as lower amounts of products delivered or higher costs of production, and ultimately, as lower profit. Bringing Bittium's products to international defense and other authorities' markets may take longer than anticipated because the projects are typically long, and the purchasing programs are prepared in the lead of national governments and within the available financing. Once a supplier has been selected, product deliveries are typically executed over several years. Access to the medical device market requires and may be delayed due to required regulatory approvals.

Some of Bittium's businesses operate in industries that are heavily reliant on patent protection and therefore face risks related to the management of intellectual property rights, on the one hand, related to accessibility on commercially acceptable terms of certain technologies in Bittium's products and services, and on the other hand, related to an ability to protect technologies that Bittium develops or licenses from others from claims that third parties' intellectual property rights are infringed. Additionally, parties outside of the industries operate actively to protect and commercialize their patents and therefore in their part increase the risks related to the management of intellectual property rights. At worst, claims that third parties' intellectual property rights are infringed could lead to substantial liabilities for damages. In addition, the progress of the customer projects and delivery capability may also be affected by potential challenges in global accessibility of key technologies and components on commercially acceptable terms, as well as by the acceptance of the necessary export licenses. The company changed its name to Bittium Corporation on July 1, 2015, and started using the new trademark. The registration and the use of the new trademark can include customary risks involved when taking a new trademark into use.

Financing Risks

Global economic uncertainty may lead to payment delays, increase the risk of credit losses and weaken the availability and terms of financing, including increased interest rates. To fund its operations, Bittium relies mainly on income from its operative business and may from time to time seek additional financing from selected financial institutions.

Bittium has a EUR 20.0 million senior loan and a EUR 10.0 million overdraft credit facility agreement with Nordea Bank Finland Plc. These agreements have been renegotiated on March 28, 2024, with the previous agreements between the parties expiring in May 2024. The maturity date for the senior loan is May 24, 2029, and it will be amortized by EUR 1.0 million every six months. The overdraft credit facility agreement is valid until May 25, 2026, after which it will continue to be valid indefinitely. At the end of the review, period no limit from the overdraft credit facility agreement was in use. These agreements include customary covenants related to, for example, equity ratio, interest-bearing debts and EBITDA, as well as the transfer and pledging of assets, the conditions of which were fulfilled at the end of the review period.

There is no assurance that additional financing will not be needed in case of investments, networking capital needs, or clearly weaker than expected development of Bittium's businesses. Customer dependency in some parts of Bittium's business may translate as an accumulation of risk with respect to outstanding receivables and ultimately with respect to credit losses.

Sustainability and Corporate Responsibility

Bittium is committed to responsible and sustainable business through its sustainability program. The sustainability program is based on the company's strategy, values and stakeholders' expectations, as well as megatrends affecting the company's operations. General uncertainty in the world has grown significantly over the last few years, creating constant uncertainty in the market.

In accordance with the sustainability program defined for the years 2022–2025, Bittium has four priority areas of sustainability: innovative and developing people, confidential customer relationships and information secure products, corporate citizenship and responsible business practices, and environmental responsibility. Bittium monitors the progress of each focus area with selected metrics in accordance with the sustainability program and continuously develops its operations and performance.

The most important assets of the company's business are skilled people, a diverse and non-discriminatory working community, and taking care of the well-being and skills of the personnel. The company offers its employees challenging and stimulating jobs and is committed to supporting their development and investing in their well-being.

Bittium is a reliable operator for all its stakeholders. Activities with stakeholders are guided by good governance and ethical principles and procedures (Code of Conduct). In customer relations, sustainability is reflected in ways of working, product quality and confidential customer relations. The starting point of the company's business is trust.

Responsible business practices are the basis of the company's operations. It provides a good basis for risk management and is both a value and a competitive advantage. Responsibility helps the company in long-term value creation.

Responsibility for the environment, climate change mitigation and resource-efficient solutions are an important part of Bittium's operations and development. By maximizing the lifetime and recyclability of the products, the overall life cycle effects of the products can be influenced. In addition, efforts are made to minimize the effects of operations on the environment. The results are monitored through the environmental program.

The company will switch to sustainability reporting in accordance with the requirements of the EU CSRD (Corporate Sustainable Reporting Directive) standards on January 1, 2024. In response to the effects of the CSRD regarding product information, the company has developed environmental information management during the product's life cycle. This helps to prepare for the future reporting requirements for life cycle data, for example for the digital product passport. In 2024, the company carried out a double materiality assessment, based on which the company will update its responsibility program.

More information about Bittium's sustainability can be found on the company's internet pages at www.bittium.com.

Annual Report, Sustainability Report, Corporate Governance and Remuneration Report from the Year 2023

Bittium has published its annual report, sustainability report, corporate governance and remuneration report from the year 2023 on March 20, 2024.

The reports are available at <https://www.bittium.com> both in Finnish and in English. Annual report, sustainability report and corporate governance can also be read at <https://annualreport.bittium.com>.

Financial Calendar 2024

In 2024, Bittium Corporation will publish financial reports for half a year and the entire financial year and business reviews for the reporting periods January-March and January-September. The structure of the business reviews is lighter than the structure of financial reports.

- Financial Statement Bulletin 2023: February 9, 2024, at 8.00 am (CET+1)
- Business Review January-March 2024: April 26, 2024, at 8.00 am (CET+1)
- Half Year Financial Report January-June 2024: August 9, 2024, at 8.00 am (CEST+1)
- Business Review January-September 2024: October 18, 2024, at 8.00 am (CET+1)

Bittium Corporation has published the 2023 Annual Report including the Financial Statements, Report by the Board of Directors, and Auditor's Report, as well as Corporate Governance Statement and Sustainability Report on March 20, 2024.

The actual general meeting was held on Wednesday, April 10, 2024, at 1:00 pm (CET+1). Materials related to the general meeting are compiled on Bittium's website.

Invitation to a Press Conference

Bittium will hold a webcast regarding the Half-Year Financial Report January-June 2024 for media, analysts, and institutional investors on Friday, August 9, 2024, at 9.00 am (CET+1). The conference will be held in English.

Link to the webcast: <https://bittium.videosync.fi/q2-2024>

Recording the webcast and the presentation will be available after the conference on Bittium's website at www.bittium.com/investors.

Oulu, Finland, August 9, 2024

Bittium Corporation
The Board of Directors

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Bittium Corporation Condensed Financial Statements and Notes January – June 2024

(unaudited)

The Half-year Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)	1-6/2024	1-6/2023	1-12/2023
	6 months	6 months	12 months
NET SALES	37.9	35.6	75.2
Other operating income	2.2	1.6	3.1
Work performed by the undertaking for its own purpose and capitalized	0.0	0.2	0.3
Raw materials	-9.3	-8.1	-20.2
Personnel expenses	-18.0	-20.3	-39.1
Depreciation	-4.5	-4.8	-9.5
Other operating expenses	-5.4	-7.3	-14.2
Share of profits in associated companies	-0.1	0.0	0.0
OPERATING PROFIT (LOSS)	2.9	-3.2	-4.3
Financial income and expenses	-0.7	-0.4	-1.0
PROFIT BEFORE TAX	2.3	-3.6	-5.3
Income tax	-0.0	0.0	-0.2
PROFIT FOR THE PERIOD	2.3	-3.6	-5.4
Other comprehensive income:			
Items that may be reclassified subsequently to the statement of income			
Exchange differences on translating foreign operations	0.0	-0.0	-0.1
Other comprehensive income for the period total	0.0	-0.0	-0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2.3	-3.7	-5.5
Profit for the year attributable to			
Equity holders of the parent	2.3	-3.6	-5.4
Total comprehensive income for the period attributable to			
Equity holders of the parent	2.3	-3.7	-5.5
Earnings per share, EUR			

Basic earnings per share	0.064	-0.102	-0.153
Diluted earnings per share	0.064	-0.102	-0.153
Average number of shares, 1000 pcs	35 486	35 702	35 609
Average number of shares, diluted, 1000 pcs	35 486	35 702	35 609

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	June 30. 2024	June 30. 2023	Dec. 31. 2023
ASSETS			
Non-current assets			
Property, plant and equipment	17.3	19.3	18.2
Goodwill	5.8	5.8	5.8
Intangible assets	52.2	51.4	51.2
Other financial assets	1.2	1.1	1.2
Other non-current receivables	0.4	0.8	0.7
Deferred tax assets	7.4	7.4	7.4
Non-current assets total	84.3	86.0	84.6
Current assets			
Inventories	28.3	27.0	26.6
Trade and other receivables	39.4	41.5	38.1
Financial assets at fair value through profit or loss	0.0	0.0	0.0
Cash and short term deposits	5.5	6.8	8.3
Current assets total	73.1	75.2	73.1
TOTAL ASSETS	157.4	161.2	157.7
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12.9	12.9	12.9
Invested non-restricted equity fund	26.0	26.0	26.0
Translation difference	1.3	1.3	1.3
Retained earnings	68.5	69.9	67.4
Total equity	108.7	110.0	107.6
Non-current liabilities			
Deferred tax liabilities	0.1	0.1	0.1
Provisions			
Interest-bearing liabilities	19.3	1.7	1.5
Other non-current liabilities	0.1	0.3	0.2
Advances received			
Non-current liabilities total	19.7	2.1	1.8
Current liabilities			

Trade and other payables	21.6	23.4	22.4
Provisions	4.3	4.5	4.8
Interest-bearing loans and borrowings	3.0	21.1	21.1
Current liabilities total	28.9	49.0	48.3
Total liabilities	48.6	51.1	50.1
TOTAL EQUITY AND LIABILITIES	157.4	161.2	157.7

CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)	1-6/2024	1-6/2023	1-12/2023
	6 months	6 months	12 months
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year from continuing operations	2.3	-3.6	-5.4
Adjustment of accrual basis items	5.4	4.9	10.6
Change in net working capital	-3.9	-5.5	-3.0
Interest paid on operating activities	-0.8	-0.7	-1.4
Interest received from operating activities	0.2	0.4	0.5
Income taxes paid	-0.2	-0.0	-0.1
NET CASH FROM OPERATING ACTIVITIES	3.0	-4.6	1.2
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-0.1	-0.3	-0.3
Purchase of intangible assets	-4.0	-4.5	-7.4
Purchase of investments/associated companies			
Sale of investments/associated companies			
Sale of property, plant and equipment			
Sale of intangible assets			
NET CASH FROM INVESTING ACTIVITIES	-4.1	-4.7	-7.7
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings			
Repayment of borrowing			
Payment of finance liabilities	-0.6	-0.7	-1.3
Dividend paid	-1.1	-1.8	-1.8
Purchases of own shares	-0.1	-0.4	-1.0
NET CASH FROM FINANCING ACTIVITIES	-1.7	-2.9	-4.2
NET CHANGE IN CASH AND CASH EQUIVALENTS	-2.8	-12.2	-10.7
Cash and cash equivalents at beginning of period	8.3	19.0	19.0
Cash and cash equivalents at end of period	5.5	6.8	8.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

A = Share capital

B = Invested non-restricted equity fund

C = Translation difference

D = Retained earnings

E = Non-controlling interests

F = Total equity

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2023	12.9	26.0	1.3	75.6		115.8
Comprehensive income for the period						
Profit/loss for the period				-3.6		-3.6
Exchange differences on translating foreign operations			-0.0			-0.0
Total comprehensive income for the period			-0.0	-3.6		-3.7
Transactions between the shareholders						
Distribution of dividends				-1.8		-1.8
Purchases of own shares				-0.4		-0.4
Share-related compensation				0.2		0.2
Total transactions between the shareholders				-2.0		-2.0
Other changes				-0.0		-0.0
Shareholders equity on June 30, 2023	12.9	26.0	1.3	69.9		110.0

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2024	12.9	26.0	1.3	67.4		107.6
Comprehensive income for the period						
Profit/loss for the period				2.3		2.3
Exchange differences on translating foreign operations			0.0			0.0
Total comprehensive income for the period			0.0	2.3		2.3
Transactions between the shareholders						
Distribution of dividends				-1.1		-1.1
Purchases of own shares				-0.1		-0.1
Share-related compensation				0.1		0.1

Total transactions between the shareholders				-1.1		-1.1
Other changes				-0.1		-0.1
Shareholders equity on June 30, 2024	12.9	26.0	1.3	68.5		108.7

NOTES TO THE HALF YEAR FINANCIAL REPORTING

ACCOUNTING PRINCIPLES FOR THE HALF YEAR FINANCIAL REPORTING:

The Half Year Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Bittium Corporation has applied the same accounting principles in the preparation of this Half Year Report as in its Financial Statements for 2023, except for the adoption of new standards and interpretations effective during 2024. The forthcoming revisions or amendments of the standards are not expected to have significant impact on the consolidated financial statements.

SEGMENT-INFORMATION (MEUR)

As of January 1, 2024, Bittium Corporation has started segment-based financial reporting. There are four reportable segments: the company's three Business Segments; Defense & Security, Medical, and Engineering Services, and Group Functions Segment.

Bittium's segment information is based on the group's management structure and management reporting. The new reporting structure is consistent with how the company monitors the operational development of its segments. The company does not follow assets and liabilities by segment. The key figures to be reported are net sales, EBITDA, EBITDA % of net sales, operating result, operating result of net sales, R&D expenses, capitalized R&D expenses, new orders and order backlog, and the number of personnel.

The Group Functions segment includes expenses related to group administration and listed company administration, as well as to real estate rental operations. The segment-specific costs of rental operations have been revised for the year 2024, and the rental costs allocated to the Business Segments will be higher in 2024 than in the comparison periods in 2023. Group Functions offers common services for the Business Segments, which are justified to be operated centrally. For these services, the Business Segments pay a service fee in proportion to the number of employees in the segments. Operating expenses shown in the tables below include service fee charges.

OPERATING SEGMENTS 1-6/2024 (MEUR)	Defense & Security	Medical	Engineering Services	Group Functions	Bittium group
NET SALES, external	21.0	9.7	7.3	0.0	37.9
Net sales between segments	0.1	5.6	0.0	3.0	8.7
Other operating income	0.8	1.0	0.2	0.2	2.2
EBITDA	4.9	1.1	0.5	0.9	7.4
EBITDA, % of net sales	23.3	11.8	6.4		19.5
Operating expenses	16.9	9.5	7.0	-0.7	32.7
Depreciation	2.5	0.9	0.0	1.1	4.5
OPERATING PROFIT / LOSS	2.4	0.2	0.5	-0.2	2.9
Operating profit/ loss, % of net sales	11.4	2.4	6.4		7.7
R&D EXPENSES	4.0	2.8	0.4	0.7	7.9
Capitalized R&D expenses	-2.7	-0.9	0.0	-0.3	-3.9
New orders	24.6	10.0	8.7		43.3

ORDER BACKLOG	21.3	5.7	6.7		33.8
PERSONNEL AT THE END OF THE PERIOD	229	99	123	51	502

OPERATING SEGMENTS 1-6/2023 (MEUR)	Defense & Security	Medical	Engineering Services	Group Functions	Bittium group
NET SALES, external	15.3	11.4	8.9	0.0	35.6
Net sales between segments	0.0	3.9	0.0	7.9	12.0
Other operating income	1.0	0.2	0.1	0.3	1.6
EBITDA	-0.2	0.6	0.8	0.4	1.6
EBITDA, % of net sales	-1.0	5.0	8.5		4.5
Operating expenses	16.5	10.9	8.2	-0.1	35.6
Depreciation	2.6	0.9	0.0	1.3	4.8
OPERATING PROFIT / LOSS	-2.8	-0.2	0.8	-1.0	-3.2
Operating profit/ loss, % of net sales	-18.2	-1.8	8.5		-9.1
R&D EXPENSES	6.2	4.2	0.1	0.7	11.2
Capitalized R&D expenses	-3.0	-1.2	0.0	-0.1	-4.4
New orders	11.4	12.9	7.8		32.2
ORDER BACKLOG	11.1	5.9	6.1		23.1
PERSONNEL AT THE END OF THE PERIOD	263	127	151	75	616

OPERATING SEGMENTS 1-12/2023 (MEUR)	Defense & Security	Medical	Engineering Services	Group Functions	Bittium group
NET SALES, external	36.2	22.0	17.0	0.0	75.2
Net sales between segments	0.1	10.8	0.0	15.9	27.0
Other operating income	1.6	0.8	0.2	0.5	3.1
EBITDA	1.9	0.8	1.7	0.8	5.2
EBITDA, % of net sales	5.3	3.8	9.8		6.9
Operating expenses	35.9	21.8	15.5	-0.1	73.1
Depreciation	5.1	1.9	0.0	2.5	9.5
OPERATING PROFIT / LOSS	-3.2	-0.9	1.7	-1.9	-4.3
Operating profit/ loss, % of net sales	-8.7	-4.0	9.7		-5.7
R&D EXPENSES	10.8	7.7	0.3	1.3	20.2
Capitalized R&D expenses	-5.0	-1.9	0.0	-0.4	-7.2
New orders	38.6	23.1	14.6		76.3
ORDER BACKLOG	17.5	5.5	4.7		27.6
PERSONNEL AT THE END OF THE PERIOD	230	107	131	59	526

RELATED PARTY TRANSACTIONS	1-6/2024 6 months	1-6/2023 6 months	1-12/2023 12 months
Employee benefits for key management and stock options expenses total. continuing operations	0.8	1.1	1.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)	4-6/2024 3 months	1-3/2024 3 months	10-12/2023 3 months	7-9/2023 3 months	4-6/2023 3 months
NET SALES	19.8	18.2	25.7	13.9	20.7
Other operating income	1.0	1.2	0.9	0.6	0.8
Work performed by the undertaking for its own purpose and capitalized	0.0	0.0	0.1	0.0	0.1
Raw materials	-4.7	-4.6	-8.7	-3.4	-5.0
Personnel expenses	-9.0	-9.1	-10.6	-8.2	-10.1
Depreciation	-2.3	-2.2	-2.3	-2.4	-2.3
Other operating expenses	-2.9	-2.5	-4.1	-2.7	-3.8
Share of profits in associated companies	-0.1	0.0	0.0	0.0	0.0
OPERATING PROFIT (LOSS)	1.9	1.0	1.0	-2.1	0.3
Financial income and expenses	-0.3	-0.3	-0.3	-0.3	-0.2
PROFIT BEFORE TAX	1.6	0.7	0.7	-2.4	0.1
Income tax	-0.0	0.0	-0.2	0.0	-0.0
PROFIT FOR THE PERIOD	1.6	0.7	0.6	-2.4	0.1
Other comprehensive income	-0.0	0.1	-0.1	0.1	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.6	0.7	0.4	-2.3	0.1
Profit for the period attributable to:					
Equity holders of the parent	1.6	0.7	0.6	-2.4	0.1
Total comprehensive income for the period attributable to:					
Equity holders of the parent	1.6	0.7	0.4	-2.3	0.1

CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER	4-6/2024 3 months	1-3/2024 3 months	10-12/2023 3 months	7-9/2023 3 months	4-6/2023 3 months
Net cash from operating activities	-2.3	5.2	0.6	5.2	-5.7
Net cash from investing activities	-2.0	-2.1	-1.6	-1.4	-2.3
Net cash from financing activities	-1.4	-0.3	-0.4	-0.9	-2.5

Net change in cash and cash equivalents	-5.7	2.8	-1.3	2.9	-10.6
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AMOUNT OF SHARE ISSUE ADJUSTMENT (1.000 pcs)	Jun. 30. 2024	Jun. 30. 2023	Dec. 31. 2023
At the end of period	35 486	35 702	35 486
Average for the period	35 486	35 702	35 608
Average for the period diluted with stock options	35 486	35 702	35 608

STOCK-RELATED FINANCIAL RATIOS (EUR)	1-6/2024 6 months	1-6/2023 6 months	1-12/2023 12 months
Earnings per share. EUR			
Basic earnings per share	0.064	-0,102	-0.153
Diluted earnings per share	0.064	-0.102	-0.153
Equity *) per share	3.06	3.08	3.03
*) Equity attributable to equity holders of the parent			

MARKET VALUES OF SHARES (EUR)	1-6/2024 6 months	1-6/2023 6 months	1-12/2023 12 months
Highest	9.30	4.55	5.20
Lowest	4.22	3.85	3.31
Average	6.08	4.20	4.22
At the end of period	8.86	4.21	4.81
Market value of the stock, (MEUR)	314.4	150.3	170.7
Trading value of shares, (MEUR)	20.6	8.5	17.0
Number of shares traded, (1.000 pcs)	3392	2 021	4 021
Related to average number of shares %	9.6	5.7	11.3

SECURITIES AND CONTINGENT LIABILITIES (MEUR)	Jun. 30. 2024	Jun. 30. 2023	Dec. 31. 2023
AGAINST OWN LIABILITIES			
Floating charges			
Mortgages are pledged for liabilities totaled			
Guarantees	3.1	3.0	3.0
Rental liabilities			

Falling due in the next year	0.1	0.1	0.1
Falling due after one year			
Other contractual liabilities			
Falling due in the next year	2.4	2.2	2.3
Falling due after one year	0.7	0.4	0.9
Material purchase commitments	6.8	12.0	8.2

NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)	Jun. 30. 2024	Jun. 30. 2023	Dec. 31. 2023
Foreign exchange forward contracts			
Market value	0.0	0.0	0.0
Nominal value	2.0	1.5	2.2

FINANCIAL PERFORMANCE RELATED RATIOS	1-6/2024 6 months	1-6/2023 6 months	1-12/2023 12 months
STATEMENT OF COMPREHENSIVE INCOME (MEUR)			
Net sales	37.9	35.6	75.2
Operating profit (loss)	2.9	-3.2	-4.3
Operating profit (loss), % of net sales	7.7	-9.1	-5.7
Profit before taxes	2.3	-3.6	-5.3
Profit before taxes, % of net sales	6.0	-10.2	-7.0
Profit for the period	2.3	-3.6	-5.4
PROFITABILITY AND OTHER KEY FIGURES			
Interest-bearing net liabilities, (MEUR)	16.8	16.1	14.2
Net gearing, %	15.5	14.6	13.2
Equity ratio, %	70.3	69.5	69.6
Gross investments, (MEUR)	4.7	5.9	9.4
Average personnel during the period	509	613	601
Personnel at the period end	502	616	526

ALTERNATIVE PERFORMANCE MEASURES

In this report, Bittium uses alternative performance measures in accordance with the guidelines issued by the European Securities and Markets Authority (ESMA). Alternative performance measures are derived from performance measures reported in accordance to International Financial Reporting Standards (IFRS). Alternative performance measures are used to better reflect the operational business performance and to enhance comparability between financial periods. They are reported in addition to, but not substituting, the performance measures reported in accordance with the IFRS. The definitions of the common alternative performance measures are listed below.

EBITDA = Operating profit + depreciations

Net gearing % =
$$\frac{\text{Interest-bearing liabilities - cash and deposits and short-term investments} \times 100}{\text{Total equity}}$$

Equity per share =
$$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Share issue adjusted number of the shares at the end of the period}}$$