Bittium Corporation Remuneration Policy

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1. INTRODUCTION

This is the Bittium Corporation's (hereinafter "Company") remuneration policy ("Remuneration Policy"), which complies with legislation and the Finnish Corporate Governance Code.

The Remuneration Policy will be presented to the shareholders at the Annual General Meeting to be held on 10.4.2024. The shareholders may take an advisory vote on the Policy, but may not amend it. Remuneration of the Company shall be based on the Policy regardless of the vote.

The remuneration of the Board of Directors and CEO, and his/her possible deputy, shall be in line with the Company's latest Remuneration Policy. The Remuneration Policy will be presented to the shareholders at the Annual General Meeting at least once every four years and whenever substantial changes are made to the Policy.

1.1. Company's Remuneration Principles

The remuneration principles set out in the Policy shall guide the Company's incentive structure and performance metrics. The remuneration of the Company is designed to align the interests of employees and shareholders while supporting the Company's pay-for-performance principle. The objectives of the Company's incentive plans are to drive its strategy and create long-term, sustainable performance with increased shareholder value. The Board of Directors or the Remuneration Committee or the Shareholders' Nomination Board[1], if established, regularly observes the performance of the Company's remuneration schemes in order to ensure that the measures selected foster the Company's business strategy and long-term financial success.

The Company's Remuneration Policy has been designed to support attracting, retaining and motivating individuals with the suitable caliber to lead the Company. The Company needs to offer competitive pay in order to retain clear leadership and ensure the effective execution of its strategy. The Company's management is expected to make a long-term commitment to and on behalf of the Company and should benefit from any sustained increase in the Company's value, thus aligning the interests of the shareholders and the employees.

Each element of the remuneration has been balanced in order to facilitate the continuous positive development of the Company both in the short term and the long term. The Policy is in line with the strategy, particularly in terms of the targets chosen to incentivize management in the short-term and long-term remuneration and the weighting of those targets. When determining the size and composition of incentive arrangements and the split between variable and fixed pay, the Board of Directors shall carefully consider the principles of the Policy, including the aim of supporting the achievement of the Company's strategic goals.

Exceptional achievements are to be rewarded adequately, while falling short of targets is to result in an appropriate reduction in remuneration. Base salaries are normally determined taking into account market median practice, while individuals have the potential to earn total compensation at a market upper quartile level where sustained business and personal outperformance can be demonstrated. Equally, where performance does not meet business and personal targets the variable pay outcomes will be reduced, ultimately to zero.

[1] The Board committees' structure may evolve from time to time. Should such change occur, the provisions regarding the respective Committee are applied mutatis mutandis to the new body.

1.2. Shareholder Interests and Consistency with the Company's Employee Remuneration Framework

The Company's approach to determining and reviewing the remuneration of the CEO consists of a similar policy framework as the employees' remuneration, although the CEO's role and responsibilities affect the amount of compensation. The same principles are generally applied to the remuneration of the deputy CEO, unless namely stated otherwise within this Policy.

The CEO performance reviews are set within the context of employee pay reviews and changes to remuneration follow the Company's domestic and international peer group companies of similar size and complexity. As in the case of employees' remuneration, the CEO's performance metrics reflect his/her improvements in performance, competence and skills. Changes in the Company's size, structure and business are also taken into account. Similarly, the base salaries of all employees are set with reference to a range of factors including market practice, experience and performance in role.

The Company is committed to an ongoing dialogue with the shareholders and seeks their views whenever substantial changes are made to the Policy.

2. DECISION-MAKING PROCESS

Remuneration is managed through the clearly-defined processes and governance principles outlined below. The decision-making process comprises the assessment, approval and implementation of the Policy.

The shareholders discuss the Remuneration Policy at the Annual General Meeting at least once every four years and whenever substantial changes are made to the Policy. The Board adopts the Policy based on the preparation of the Audit Committee or the Remuneration Committee, if established. The Board and the applicable Committee will diligently assess potential conflict of interest of each member of the Board and/or the applicable Committee, when preparing and adopting the Policy. In case of potential conflict of interest, the relevant company body will ensure that the conflicted members will not participate in preparation or the decision making. The assessment of potential conflicts is subject to similar principles when assessing the conflict of the members of the Board in connection with the decision-making process.

The Board will assess annually potential needs for changes to the Policy. The assessment must take into account potential consultative resolutions of the Annual General Meeting as well as relevant shareholder statements presented at the general meeting when discussing the remuneration report disclosed since the adoption of the previous Policy. The Board may also resolve to propose changes to the Policy in case such changes are required in order to fulfil the requirements of then valid legislation or Corporate Governance Code.

The Company may use external consultants when reviewing and determining the compensation payable to the Board of Directors and the CEO.

2.1. Remuneration of the Board of Directors

Decisions concerning the remuneration of the Board and committees are made by the general meeting. The decision is based on the proposal made by large shareholders, the Nomination Committee, if established by the Board, or the Board. The remuneration of the Board needs to be in line with the existing Policy.

The Board, or the Nomination Committee if established, shall ensure that its proposals are in line with Company's guidelines on the assessment and administration of conflicts of interest.

2.2. Remuneration of CEO

The Board decides on the remuneration of CEO and on the key terms and conditions of his/her service. The decision must be made within the limits of the existing Policy. The decision is based on the proposal by the Chairman of the Board or the Remuneration Committee, if established by the Board.

The Remuneration Committee, if established, shall ensure that its proposals are in line with Company's guidelines on the assessment and administration of conflicts of interest.

2.3. Shares, options, or other special rights entitling to shares

Decisions concerning the use of Bittium's shares, options, or other special rights entitling to shares as part of the remuneration shall be made in the general meeting or by the Board pursuant to an authorization from the general meeting. The decisions in the general meeting are based on the proposal made by the Board.

The Board may also acquire shares on behalf of the CEO as part of the remuneration. The decision must be made within the limits of the existing Policy.

Share-based remuneration schemes may include restrictions on the transfer of shares under the Limited Liability Companies Act, as well as recommendations, or contractual obligations in relation to retaining a specific number of shares over a certain period of time.

The Board shall ensure that its proposals are in line with Company's guidelines on the assessment and administration of conflicts of interest.

3. REMUNERATION OF THE BOARD OF DIRECTORS

Decisions concerning the remuneration of the Board members are made in general meetings. The remuneration can consist of one or more components, such as an annual fee and possible meeting fees. The Chairman and committee members can be paid an increased fee or meeting fee. An increased fee can also be paid e.g. if the meeting is held outside of a member's country of residence. The fees to be paid to the Board members can be paid in cash or partially or entirely in shares. The general meeting can also resolve on the grounds for determining other kinds of remuneration.

When making its recommendation, the Nomination Committee, if established, may consult major shareholders regarding potential changes to remuneration arrangements and take into account relevant benchmarks for other Finnish and international companies of a similar size and complexity. Remuneration of the Board members is set at an appropriate level to recruit and retain Board members of a sufficient caliber and experience. The pay structure is designed to ensure the Board's focus on the long-term success of the Company.

The Company's Remuneration Policy must not limit the power of shareholders to determine Board members' remuneration at general meetings.

4. REMUNERATION OF CEO

The CEO's remuneration shall consist of the fixed and variable pay components. In addition to annual base salary, remuneration components can include e.g. short- and long-term incentives, pension arrangements, fringe benefits and other financial benefits. Same principles and components at a general level are applied to the remuneration of the deputy CEO. The monetary value of the deputy CEO's remuneration shall however not exceed the remuneration of the CEO in any of the following remuneration components.

Remuneration components	Purpose and link to strategy	Description
Base salary (Fixed remuneration component)	To attract and retain high caliber management to deliver the Company's strategic plans.	The fixed base salary consists of a fixed annual cash salary. The base salary is normally reviewed annually taking into consideration a variety of factors, including the following: • skills, experience and performance of the CEO • performance of the Company • relevant market conditions • remuneration at peer group companies • changes in individual responsibilities • employee salary increases • changes to the Company's business, structure and size
Pension (Other financial benefit)	To provide for retirement with a level of certainty aligned to local market practices.	Retirement age and any supplementary pension arrangements are in line with local country arrangements. In Finland, the pension is determined on the basis of the statutory Finnish pension system and a possible separate private pension plan arranged by the Company.
Short-term incentive (STI) (Variable remuneration component)	To incentivize, steer towards and reward for delivery of short-term financial and operational performance and to support the delivery of the business strategy.	Annual bonus arrangements encourage and reward the delivery of short term business objectives. Annual bonus payments are conditional upon meeting in full or in part the specific conditions and targets. The annual bonus may be based on a mix of financial, operational, strategic, and individual performance measures. The exact metrics are determined each year depending on the key goals for the forthcoming year. The annual bonus is normally paid in cash, but may also comprise any form of variable remuneration including different share-based instruments. The maximum payout for the annual incentive is capped and may be up to three times of the annual base salary. For further details on performance metrics and weightings see the Company's annual remuneration report. Short-term incentives may be subject to the clawback and deferral terms (see below).

Remuneration components	Purpose and link to strategy	Description
Long-term incentive (LTI) (Variable remuneration component)	To reward for delivery of strategic targets and sustainable long-term growth and to align CEO's interests with those of shareholders. To increase the value of the Company by offering a share ownership-based reward structure.	Annual LTI awards are paid for performance measured against longer-term targets and may comprise any form of variable remuneration including different share-based instruments. Targets are set to represent long-term value creation for shareholders while remaining motivational and challenging for the CEO. In driving long-term alignment with the Company's strategy and the interests of the shareholders, the length of the vesting period and the restriction period together in the long-term incentive plans shall be minimum of three years. Within each vesting period there may be one or several performance metrics, each having a performance period of one to three years, as assessed most effective for each metric by the Board. The maximum award size for the LTI is expressed as a number of shares, as defined annually by the Board at the beginning of each performance period. The maximum award size and may be up to three times of the annual base salary. Performance metrics and weightings are disclosed in the annual remuneration report. The Company may include certain ownership recommendations in the LTI conditions. LTIs may be subject to the clawback and deferral terms (see below).
Other benefits and programs (Other financial benefits/fixed remuneration components)	The purpose is to provide a market-competitive level of benefits for the CEO and to assist him/her in the performance of his/her role and to support recruitment and retention.	The benefits are set at an appropriate market-competitive level taking into account standard practice and the level of benefits provided for other Directors in the Company. Benefits may include monetary and non-monetary benefits such as a mobile telephone, laptop, company car (or cash equivalent), risk benefits (for example life and disability insurance), tuition fees, annual health check, newspaper subscriptions, employer contributions to insurance plans (e.g. medical insurance), relocation support, expatriate allowances, temporary accommodation and moving expenses, transportation expenses, reimbursement of expenses for legal advice and tax advice or signing and stay bonuses. The CEO is also eligible to take part in employees' incentive programs, such as co-investment plans.

4.1. Key Terms Applicable to Service Contracts

When determining the duration of the service contract, the notice period, possible severance payment and other leaving arrangements for the CEO, local legislation, country-specific policies, contractual obligations (including provisions concerning incentive arrangements or benefits), standard market practice and the performance and conduct of the individual may be taken into account. The circumstances of departure and terms of specific incentive instruments may affect the treatment of variable remuneration components. As a rule, all unvested variable incentive components are forfeited upon the termination of the service contract unless the Board of Directors decides otherwise.

4.2. Terms for Deferral and Clawback of Remuneration

The remuneration terms may include clawback terms. In accordance with such remuneration clawback terms, any restatement of financial results may result in a clawback of the CEO's compensation paid based on the financial results that have been materially restated. The circumstances and duration of any misstatement shall be taken into account while determining the amount clawed back and the period during which compensation will be clawed back.

Any remuneration may be deferred in accordance with the terms of such remuneration. Further, the Company has the discretion to scale back deferred short-term and long-term incentives prior to the satisfaction of such incentives in the event that the participant has contributed to seriously damaging the reputation of the Company or one of its business units or his/her conduct has amounted to serious misconduct or fraud.

4.3. New Hire Policy

In the case of a new hire, the Company will generally seek to align the remuneration package with the existing Remuneration Policy (while not limiting the generality of Section 5). The Company's policy on recruitment is to offer a compensation package which is sufficient to attract, retain and motivate the individual with the appropriate skills for the relevant role. When determining the remuneration for a new CEO (or Deputy CEO), the Board of Directors upon recommendation of the Audit Committee or the Remuneration Committee, if established, will take into account all relevant factors including the experience and caliber of the candidate, the candidate’s current remuneration package and the jurisdiction the candidate was recruited from. The compensation package may also include a signing bonus as compensation for lost benefits.

5. REQUIREMENTS FOR TEMPORARY DEVIATION

Upon recommendation of the Audit Committee or the Remuneration Committee, if established, the Board of Directors may temporarily deviate from any provisions of this Policy or the Policy as a whole (including for the avoidance of doubt the section regarding the new hire policy) in its absolute discretion in the circumstances described below. A deviation from this Remuneration Policy needs to be expressly resolved by the Board of Directors. The purpose of a temporary deviation is to ensure the Company's long-term interests taking into account long-term financial success, competitiveness and shareholder value development, among other things. The above mentioned circumstances are:

- a change of the CEO and the Deputy CEO (if applicable); or
- material changes in the Company’s structure, organization, ownership or business (for example in connection with a merger, takeover, demerger, acquisition, etc.), which may require adjustments to fixed or variable remuneration components or other financial benefits; or

- regulations or taxation changes and the remuneration is no longer in accordance with the law, financially appropriate or reasonable; or
- any other scenario where a temporary deviation is considered necessary in order to ensure the long-term interests and viability of the Company.