

Annual Report 2015

Bittium in 2015

Bittium



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Bittium in 2015	4
Corporate Governance Statement Reporting Period Jan. 1–Dec. 31, 2015	20
Report by the Board of Directors and Financial Statements	34

Bittium in 2015 Contents

Bittium in 2015	4
Financial development	4
Significant events	4
Purpose and vision	8
Strategic guidelines	8
Financial targets	9
Consolidated statement of comprehensive income	10
CEO's review	11
Business operations in 2015	12
Bittium's products and services	12
Business development	13
Market outlook	14
Business related releases	15
Personnel	16
Shares and shareholders	17
Information to shareholders	18
The Annual General Meeting of Bittium Corporation 2016	19

Bittium in 2015

This annual report includes only continuing operations and thus does not include any events related to Automotive business, sold on July 1, 2015.

Changing the name from Elektrobit Corporation to Bittium Corporation came into force on July 1, 2015. In this annual report the name Bittium is also used in the events before the change of the company name.

Financial development

Bittium's net sales in 2015 grew by 7.8 per cent year-on-year to EUR 56.8 million (EUR 52.7 million, in 2014). The growth in net sales was mainly driven by the deliveries of special terminal products and related R&D services, as well as other products for authorities use.

The share of the product-based net sales was EUR 13.1 million (EUR 14.1 million, in 2014), which resulted mainly from the product deliveries of the tactical communication system to the Finnish Defence Forces and from a similar but small pilot system delivery for a customer abroad, as well as from the deliveries of other terminal products for the authority use. The decrease in the product-based net sales was caused by the decrease in the amount of product deliveries to the Finnish Defence Forces compared to the previous year.

Operating profit from continuing operations was EUR 2.3 million (EUR 0.8 million, in 2014, including the non-recurring income of EUR 1.1 million resulting from the reorganization cases of the TerreStar Companies, approximately EUR 0.6 million non-recurring costs resulting from Wireless Business Segment's personnel layoffs and from the acquisition costs of SafeMove business). The operating profit includes EUR 0.4 million costs related to the change of the company name. The improvement in the operating result was due to the growth in the net sales and slightly higher gross margin than usually.

Cash flow from operating activities in 2015 was EUR 2.1 million (EUR 10.5 million, in 2014). The cash flow includes the operating cash flow of the Automotive business until June 30, 2015. Net cash flow was EUR 79.5 million (EUR 0.3 million, in 2014). Net cash flow includes the dividend payment of EUR 5.3 million in April, the cash flow of the Automotive business until June 30, 2015, and the cash flows related to the sale of the Automotive business and cancelled demerger process, as well as cash flows resulting from the voluntary public tender offer for the company's own shares and stock options and from the costs resulting from the process. Equity ratio was 90.5 percent (62.3 percent, December 31, 2014). Net gearing was -88.2 percent (-37.4 percent, December 31, 2014).

Significant events

The sale of the Automotive business to Continental AG and the related changes

On May 19, Bittium Corporation announced that it will sell its Automotive business to Continental AG for a purchase price of EUR 600 million. The share purchase agreement was signed on May 18, 2015. The transaction was expected to close in the beginning of July 2015. The transaction comprised the sale of Elektrobit Automotive GmbH and its subsidiaries, including its 51 percent ownership in e.solutions GmbH, a jointly owned company between Elektrobit Automotive GmbH and Audi Electronics Venture GmbH. Simultaneously the company cancelled the ongoing demerger process, and announced

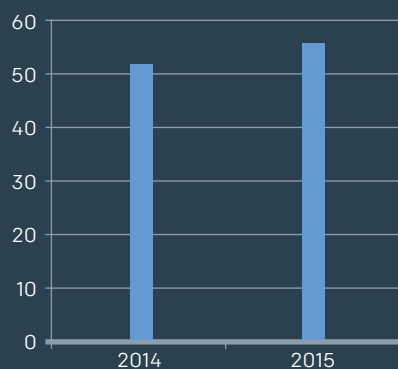
it will continue to carry on its Wireless business within its existing Elektrobit Corporation (currently Bittium Corporation). The company also announced to change its name to Bittium Corporation, as the Elektrobit brand would be included as a part of the transaction. In addition the company updated its outlook for 2015 based on the assumption that the sale of the Automotive business will materialize in the beginning of July 2015.

The Extraordinary General Meeting of Bittium Corporation, which was held on June 11, 2015, approved the sale of the Automotive business to Continental AG according to Board of Director's proposal and recommendation. The Extraordinary General Meeting also resolved to change section 1 of the Company's Articles of Association and the name of the company.

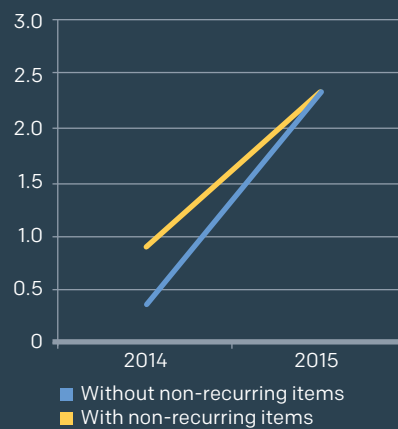
The transaction was closed on July 1, 2015 as the closing conditions of the transaction, such as the approval of Bittium Corporation's Extraordinary General Meeting, receipt of the required authority approvals and other customary closing conditions were fulfilled. The purchase price of the transaction, EUR 600 million, was fully paid in cash upon the closing of the transaction.

As the transaction was closed, the name of the company was changed to Bittium Corporation, Bittium Oyj in Finnish, and the name change was registered in the trade register on July 1, 2015. The company announced that it will continue to carry on its Wireless business and will continue to be listed on Nasdaq Helsinki with its new name. Bittium's new trading code in the stock exchange is BITTI from July 2, 2015 onwards.

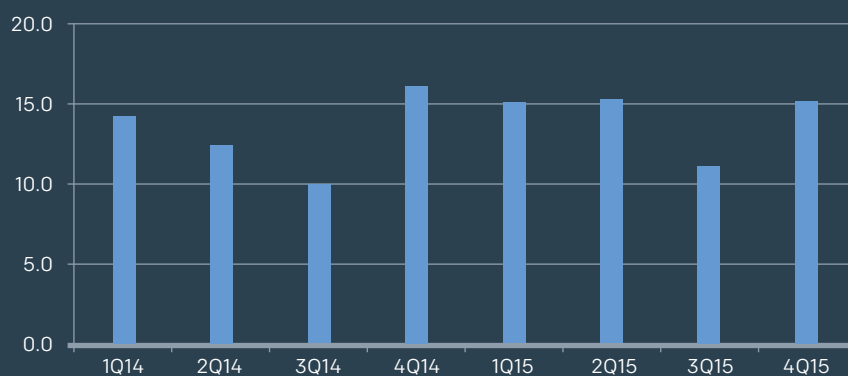
Net sales 2014–2015 (MEUR)
Continuing operations



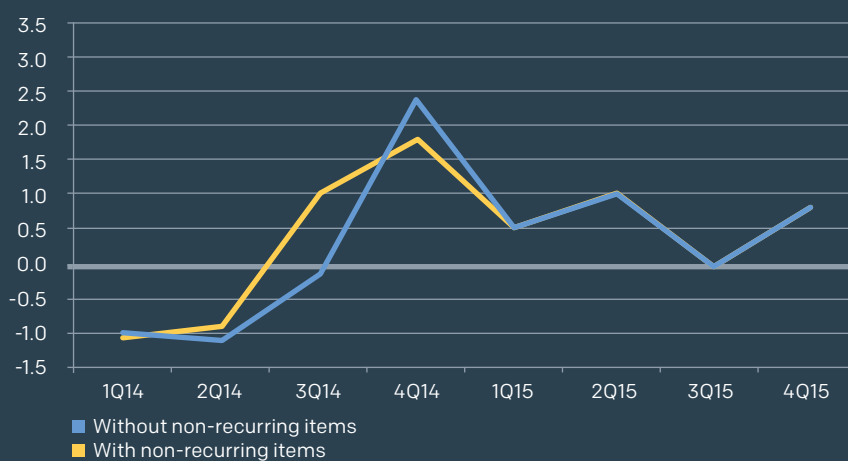
Operating result 2014–2015 (MEUR)
Continuing operations



Net sales quarterly 2014–2015 (MEUR)
Continuing operations



Operating result quarterly 2014–2015 (MEUR)
Continuing operations



On July 1, Bittium updated the outlook for 2015 due to the sale of the Automotive business and the change of the company name. Outlook regarding the net sales and operating result of the continuing operations remained the same as given in the outlook given in the stock exchange release published on May 19, 2015. It was estimated that the transaction will have a non-recurring positive effect of approximately EUR 530 million on net profit and approximately EUR 575 million non-recurring positive effect on net cash flow of the Bittium group in the year 2015.

On July 1, Bittium updated its strategic guidelines and outlook for 2015 due to the sale of the Automotive business and the change of the company name. Bittium carried on its Wireless business according to the announcements made on February 19, 2015, and according to the strategic guidelines and financial targets for 2015-2017.

Changes in the management

As a result from the sale of the Automotive business, the Board of Directors of Bittium Corporation decided upon nominations and changes in the company's management. Hannu Huttunen, M.Sc. (Econ.) was appointed CEO of Bittium Corporation as of August 7, 2015. The contract of Bittium's then current CEO Jukka Harju terminated on August 6, 2015 by mutual consent, and he did not continue at Bittium after August 2015. The corporate functions and Wireless Business Segment's functions were merged and the following persons made the company's new management team: Hannu Huttunen, CEO (chairman); Veli-Pekka Paloranta, CFO; Kari Jokela, CLO; Jari Sankala, Senior Vice President, Sales; Karoliina Fyrstén, Director, Corporate Communications and Marketing, heads of product and services areas: Harri Romppainen, Vice President, Defense; Klaus Mäntysaari, Vice President, Telecom; and Sami Kotkajuuri, Vice President, Connectivity; Jari-Pekka Innanen, Vice President, Engineering and Arto Pietilä, Senior Vice President, Operations.

CFO Veli-Pekka Paloranta decided to move to another company in November 2015 and

resigned from Bittium. M.Sc. (Econ.) LL.M. Pekka Kunnari was appointed as CFO of Bittium Corporation as of beginning of November 2015.

It was also decided that the Board of Directors of the Wireless Business Segment will be discontinued, since Bittium focuses on one business and there is no need for another board in addition to the Board of Directors of Bittium Corporation.

Distribution of the net proceeds from the sale of the Automotive business

On August 6, Bittium told that it plans to distribute the net proceeds from the sale of its Automotive business, a maximum of EUR 595 million, to its shareholders in the first instance by repurchasing own shares in a voluntary public tender offer directed to all shareholders of the company. The technical analyses regarding the execution of the possible public tender offer were continued and also other possible ways to carry out the distribution of funds were being evaluated simultaneously, and at that moment there was no certainty which distribution method the Board of Directors will propose to the Extraordinary General Meeting. The planned distribution of funds required preparation of separate interim accounts, after the completion of which the Board of Directors was expected to decide on the proposal to the Extraordinary General Meeting regarding the distribution method and the amount of funds to be distributed during the latter half of August 2015.

On August 24, Bittium told that it is planning to repurchase its own shares and stock options for a total purchase price of approximately EUR 595 million in a voluntary public tender offer directed to all shareholders and holders of stock options 2008C of the company. The offer would be made at market price and the consideration offered would be determined as the volume weighted average price of the share based on transactions in Nasdaq Helsinki Ltd over the five days preceding the acceptance of the offer document rounded to the nearest full euro cent. The offer would be made for a maximum

of 124,747,351 shares, corresponding approximately to 94.1 per cent of all the shares in the company on the date of the release. The offer would also be made for a maximum of 252,648 stock options. The offer would be executed only for the part of the consideration payable for the shares amounting up to EUR 593,797,392.67 in the aggregate and for the stock options amounting up to EUR 1,202,607.33 in the aggregate. A shareholder or a holder of stock options would have the option to accept the offer for all the shares and/or stock options owned by him/her or for a number of shares and/or stock options of his/her choosing per each book-entry account.

On August 24, the company gave a notice to its shareholders to an Extraordinary General Meeting on the repurchase of the company's own shares and stock options 2008C entitling to shares by means of a voluntary public tender offer made to all shareholders and holders of stock options 2008C. As part of the arrangement to distribute the net proceeds from the sale of its Automotive business to its shareholders, Bittium Corporation also prepared its interim financial statements from the period of January 1 - July 1, 2015.

The Extraordinary General Meeting of Bittium Corporation, held on September 14, 2015, decided in accordance with the proposal of the Board of Directors that the company repurchases its own shares and stock options 2008C entitling to shares by means of a voluntary public tender offer made to all shareholders and holders of stock options.

On September 22, the company announced that its public tender offer for own shares and stock options will commence on September 25, 2015 and expire on October 16, 2015. The offer price for a share was EUR 5.06 and for a stock option EUR 4.51. The share offer price was, in accordance with the decision of the company's Extraordinary General Meeting held on September 14, 2015, the volume weighted average price per share based on transactions in the official list of Nasdaq Helsinki Ltd during the five trading days preceding the acceptance of the offer document (between September, 15

- September 21, 2015), rounded to the nearest full euro cent. The offer document, accepted by the Finnish Financial Supervisory Authority, was available from September 23, 2015 onwards on the company's internet pages.

On October 19, 2015 Bittium announced that according to the preliminary result of the offer, the shares tendered in the offer represented approximately 73.2 percent of all the shares and votes in the company. In addition, according to the preliminary result of the offer, approximately 62.0 percent of all the stock options in the company had been tendered in the offer.

On October 21, the company announced that according to the final result of the offer, 97,244,662 shares were tendered in the offer, representing approximately 73.2 percent of all the shares and votes in the company. In addition, 166,694 stock options were tendered in the offer, representing approximately 62.0 percent of all the stock options in the company. As a result of completing the offer the cash balance and equity of the company will decrease by approximately EUR 493 million. Completing the offer did not have effect on the guidance for result of operations concerning the year 2015 previously published by the company.

On October 22, the company announced to have received a flagging announcement pursuant to chapter 9, section 5 of the Finnish Securities Market Act, according to which the holdings of Kai Hildén in Bittium will decrease below the threshold of 5 percent of the voting rights and total number of shares of the company.

On October 22, the company announced to have received a flagging announcement pursuant to chapter 9, section 5 of the Finnish Securities Market Act, according to which the holdings of Eero Halonen in Bittium will decrease below the threshold of 5 percent of the voting rights and total number of shares of the company.

On October 22, the company announced to have received a flagging announcement

pursuant to chapter 9, section 5 of the Finnish Securities Market Act, according to which the holdings of Erkki Veikkolainen in Bittium will decrease below the threshold of 5 percent of the voting rights and total number of shares of the company.

On October 22, the company announced to have received a flagging announcement pursuant to chapter 9, section 5 of the Finnish Securities Market Act, according to which the holdings of Juha Hulkko in Bittium will decrease below the threshold of 5 percent of the voting rights and total number of shares of the company.

On October 27, the company announced to have cancelled its own shares and stock options 2008C as a result of the completion of a voluntary public tender offer for the company's own shares and stock options. In accordance with the terms and conditions of the offer, the shares and stock options transferred in the offer became null and void as part of the settlement of the completion trades of the offer. As a result of the shares and stock options becoming null and void, the number of company's remaining shares was 35,578,835, and the number of company's all remaining stock options was 102,300. Settlement of 5,467 shares to be transferred in the offer was not completed within the same timetable as the settlement of the other shares transferred, and such shares had not yet become null and void.

On October 28, the company announced that as the voluntary public tender offer for its own shares and stock options 2008C, decided by the Extraordinary General Meeting of the company on September 14, 2015, resulted in changes in the ownership of the company, the company published the changes with regards to its ten largest shareholders resulting from completing the offer.

On October 28, the company announced to have received a flagging announcement pursuant to chapter 9, section 5 of the Finnish Securities Market Act, according to which the holdings of Jukka Harju in Bittium will decrease below the threshold of 5 per-

cent of the voting rights and total number of shares of the company.

On November 4, the company announced to have cancelled 5,467 of its own shares transferred in the offer, that didn't become null and void on October 27, 2015 in connection with the completion of the offer. After these shares became null and void, the number of company's remaining shares was 35,598,368, and as of November 4, the number of company's all remaining stock options was 102,300.

Stock options

A total of 1,351,686 new shares in Bittium Corporation were subscribed between December 15, 2014 and November 30, 2015 by virtue of the option rights 2008B and 2008C. The share subscription price, EUR 823,438.10 was recorded in the company's invested non-restricted equity fund. The corresponding increases in the number of the company's shares were entered into the Finnish Trade Register on February 6, April 14, June 24, September 1, October 29, and December 11, 2015. Shareholder rights by virtue of the new shares commenced as of the abovementioned registration entry dates. Trading with the newly registered shares started on February 9, April 15, June 25, September 2, October 30 and December 14 as an additional lot of Bittium Corporation's shares in Nasdaq Helsinki Ltd. On December 31, 2015, after the registration of the new shares, and cancellation of the shares acquired through the voluntary public tender offer, the number of shares in Bittium Corporation's totaled to 35,600,168.

Other significant events

On January 2 a subsidiary of Bittium Corporation acquired 100 per cent of the shares of Birdstep Technology Oy, which was a fully owned Finnish subsidiary of Birdstep Technology ASA, based in Norway. The acquired company's SafeMove business provides its customers high quality information security solutions for mobile devices and portable computers. The acquisition strengthened the competitiveness of Bittium as a provider

of secure communication solutions for defense, safety and other authorities markets. Birdstep Technology Oy's (currently Bittium Safemove Ltd) net sales was EUR 2.5 million in 2013 and EUR 2.9 million in 2014. At the time of the acquirement, the company employed 19 persons located in Espoo, Finland. The debt free cash purchase price was EUR 1.8 million. The acquisition had no significant impact on Bittium's balance sheet, net sales and financial position.

The Board of Directors of Bittium Corporation approved on February 18, 2015 a plan for partial demerger of the company and the listing of the new Bittium Corporation as a separate entity at Nasdaq Helsinki. Simultaneously the Board of Directors updated the strategic guidelines and financial targets for the years 2015 -2017. Based on the demerger plan, the assets and liabilities related to then Elektrobitt Corporation's Wireless Business Segment would have been transferred to Bittium Corporation, a new entity that would have been listed at Nasdaq Helsinki. The Automotive Business Segment would have remained as a part of the then Elektrobitt Corporation, which would have continued its listing at Nasdaq Helsinki. The partial demerger would have been set for an approval by an extraordinary general meeting, which was planned to be held on June 11, 2015. The planned effective date for the demerger would have been June 30, 2015. The partial demerger process was cancelled on May 19, 2015 as the company announced its plan to sell the Automotive business to Continental AG.

On April 29, a notice was given to the shareholders of Bittium Corporation to an Extraordinary General Meeting that was planned to be held on June 11, 2015.

On May 2, Bittium Corporation announced that its subsidiary Bittium Wireless Ltd and the Ministry of Mexican Communication and Transportation (Secretaría de Comunicaciones y Transportes, SCT) had signed an agreement regarding the development of three types of Android-based L-band mobile devices for the SCT's MEXSAT program. These mobile devices will be based on Bittium's Specialized Device Platform, a cus-

tomized Android-based platform designed especially for public safety and cyber security markets. The value of this development agreement was approximately USD 21.9 million (approximately EUR 19.5 million as per exchange rate of April 30, 2015). More than half of the contract value is expected to be recognized as revenue during 2016.

On September 14, the Extraordinary General Meeting that was convened to decide upon the voluntary public tender offer, decided also on the election of new members of the Board of Directors. Kirsi Komi, Juha Putkiranta and Seppo Mäkinen were elected as new members of the Board of Directors for a term commencing on November 5, 2015 and continuing until the close of the next Annual General Meeting. The new members of the Board of Directors replaced the previous members of the Board of Directors Jorma Halonen, Juha Hulkko and Seppo Laine, who had notified that they will leave the Board of Directors when the term of the new members commences.

On November 5, Bittium Corporation's new Board of Directors commenced its term that will continue until the close of the next Annual General Meeting. In the assembly meeting on the same day, the Board of Directors elected Erkki Veikkolainen as the Chairman of the Board. Further, the Board of Directors resolved to elect Staffan Simberg (Chairman of the committee) and Kirsi Komi as members of the Audit and Financial Committee and to invite to the Audit and Financial Committee the former Chairman of the Board of Directors Seppo Laine as the external advisor of the Board of Directors.

On December 7, Bittium announced to have received a purchase order from the Finnish Defence Forces for the Bittium Tactical Wireless IP Network™ (TAC WIN) system products, which are meant for tactical communications. The value of the received purchase order was EUR 5.1 million (excl. VAT). The order had no significant impact on Bittium's net sales, operating result or financial standing, and it did not change Bittium's financial outlook for the year 2015, published on November 5, 2015 in the Interim Report January-September 2015.

On December 23, Bittium Technologies Ltd and NCC Rakennus Oy signed a contract to build new facilities for Bittium in Oulu, Finland. The agreement is a design and construct contract in nature and the cost will be approximately EUR 13 million. The new facilities will be ready for use by the end of 2017 and will consist of approximately 8,600 square meters. It will be located at the intersection of Ritaharjuntie and Tietolinja in Oulu. The total cost of the project is approximately EUR 15 million including land property and fittings. The project will be financed from the company's existing financing structure as the project moves forward. The company expects to streamline its operations and save costs from 2018 onwards once the project has been completed.

Purpose and vision

Bittium adapts its deep knowledge to deliver superior, innovative, reliable and secure communications and connectivity solutions.

Bittium's vision is to become a global enabler of secure and reliable connectivity for people and things.

Strategic guidelines

The Board of Directors of Bittium Corporation updated company's strategic guidelines after the sale of the Automotive business and the change of the company name on July 1, 2015. Bittium carries on its Wireless business according to the announcements made on February 19, 2015, and according to the strategic guidelines described below.

Bittium offers products and product platforms, R&D services and customized solutions to companies and authorities in various industries. Bittium's offering and competitiveness is based on strong and extensive know-how in radio technology, embedded software, electronics and product integration. This know-how is a result of a long-term relationship with the world's leading mobile technology companies and

with the Finnish Defence Forces as well as research programs started already in the 1980's on radio technology focusing on e.g. spread spectrum and software radio defined technologies.

Bittium provides R&D services and customized solutions for the wireless telecommunication market and for companies needing mobile connectivity in their products. Bittium offers products, customized products and R&D services which are based on its product platforms for defense, public safety and other authorities as well as for industrial use. Manufacturing of the products has been outsourced to electronics manufacturing companies.

Rapid development of wireless technologies will continue. More radio spectrum is being allocated for public mobile networks and the use of frequencies varies from country to country. Data traffic in mobile networks continues to grow fast, which creates demand for smaller network cells and low power base stations. These drivers continue to drive the need for research and development services for mobile radio network equipment. In addition, the usage of mobile networks in industrial internet solutions will increase the need for wireless solutions for industrial customers. Mobile connectivity is related to people, as well as machines and things.

Defense and security authorities and other government agencies require more capacity for data transfer and more advanced so-

lutions at lower price points compared to the previous generations of wireless communication devices. Modern commercial mobile communication technologies offer opportunities to develop advanced and cost competitive solutions for their needs. At the same time, the increasing need for secure mobile connectivity together with more advanced solutions creates demand for services as well as new business opportunities for companies that can combine both security and latest commercial technologies in their products. The markets for defense, public safety and other public authority applications in wireless sectors are slow to evolve due to their nature. Other typical market characteristics are long lead times for purchasing decisions, which is due to the long planning processes typical of government projects. Once a supplier has been selected, product deliveries are typically executed over several years.

The demand for Bittium's R&D services in wireless telecommunications and industrial markets is as a whole expected to remain rather stable in the coming years. Net sales growth is sought from the company's own products and product platforms, which Bittium is introducing to the international defense, public safety and authority markets. Bittium continues to make product development and marketing investments for these markets. For defense markets, Bittium offers advanced and high capacity IP based tactical communication solutions (Bittium Tactical Wireless IP Network™, Bittium Tough

VoIP™, Bittium Tactical LTE Access Point™, Bittium Tough Mobile™). For the public safety and other authority use, Bittium offers Bittium Tough Mobile LTE smartphone and tailored security solutions, which support LTE frequencies reserved for public safety authorities. This device and related solutions combine modern mobile technology with durability and high standards for information security. For IoT (Internet of Things) markets Bittium offers wireless connectivity solutions based on its own Bittium IoT (Internet of Things) Device Platform™. The demand for these solutions is expected to grow especially for healthcare, wearable devices and industrial applications.

Bittium continues to make targeted R&D investments in products and product platforms as well as in technology development. Bittium is developing partnerships and will explore M&A opportunities that would strengthen its competitiveness and create new future market opportunities.

Financial targets

The target during 2015 - 2017 is to grow the net sales at least 10 percent annually and reach EBIT level 10 percent of net sales at the latest in 2017.

Bittium targets, by the year 2017, to clearly increase the share of net sales generated from own products and product platforms, from the 26.7 percent level of net sales in 2014.



Consolidated statement of comprehensive income

Consolidated statement of comprehensive income, MEUR

Continuing operations	2015	2014
Net sales	56.8	52.7
Operating profit / loss	2.3	0.8
Financial income and expenses	-0.2	-0.2
Result before tax	2.1	0.6
Result for the period from continuing operations	2.3	1.3
Result for the period from discontinuing operations	539.0	11.2
Result for the period	541.3	12.5
Total comprehensive income for the period	541.5	12.9
Result for the period attributable to:		
Equity holders of the parent	541.3	12.5
Total comprehensive income for the period attributable to:		
Equity holders of the parent	541.5	12.9
Earnings per share from continuing operations, EUR	0.020	0.010

Research and development

In 2015 Bittium continued its R&D investments in products and product platforms mainly for the defense and public safety markets. R&D investments mainly focused on developing the Bittium Tough Mobile, a high security level LTE smartphone, targeted mainly for the demanding mobile security and public safety use. A significant part of these capitalized R&D investments is related to the development of the Bittium Tough Mobile product.

R&D investments, MEUR	1-12/2015 12 months	1-12/2014 12 months
Total R&D investments	7.3	6.9
Capitalized R&D investments	-3.4	-2.1
Depreciations of R&D investments	0.2	0.1
Cost impact on income statement	4.2	4.9
R&D investments, % of net sales	12.9 %	13.0 %
Capitalized R&D investments in balance sheet, MEUR	1-12/2015 12 months	1-12/2014 12 months
Balance sheet value in the beginning of the period	2.2	0.3
Additions during the period	3.4	2.1
Acquisitions of the business	0.3	
Depreciations of R&D investments	-0.2	-0.1
Balance sheet value at the end of the period	5.6	2.2

CEO's review

The year 2015 was marked with big structural changes in Bittium: the sale of the Automotive business and the new company name. The distribution of the proceeds from the sale was executed during the third and fourth quarter through a voluntary public tender offer for the company's own shares and stock options. The offer was executed in October resulting to a decrease of EUR 493.5 million in total in the company's cash balance and equity. The total number of shares decreased and was 35,600,168 at the end of the year.

In 2015, the net sales grew by 7.8 percent from the previous year and was EUR 56.8 million. The share of the product-based net sales was EUR 13.1 million. Operating profit grew and was EUR 2.3 million.

In 2015 we continued our R&D investments in our own products and product platforms aiming at growth especially in the international defense, information security and public safety markets. The R&D phase of secure Bittium Tough Mobile LTE smartphone, targeted for the mobile security and public safety markets was finalized and the first product deliveries were made at the end of the year. We also launched Bittium Secure Suite™, certified device management and encryption software that complements the Bittium Tough Mobile smartphone by improving the security of the device with new software and services, such as secure data transfer and remote management.

Bittium Tough Mobile and related management system and VPN encryption, Bittium Secure Suite, was the first mobile solution to receive official encryption product classification in Finland. With this mobile solution classified material can be transferred between Bittium Tough Mobile smartphone and connected back-end solutions on top of creating and processing of classified information. Bittium Tough Mobile has generated lots of interest in the markets; however, the sale of the devices is expected to develop moderately according to the pace of the authorities markets.

Bittium Secure Suite is based on the Bittium SafeMove® high-end security solutions that we acquired in January 2015. SafeMove products and services have strengthened our competitiveness as a provider of secure communication solutions. Bittium SafeMove software is used also in securing the connections in our IoT (Internet of Things) services and solutions.

The demand for Bittium's R&D services has remained stable. In the beginning of May we announced a major deal with the Ministry of Mexican Communication and Transportation to develop Android-based mobile devices that use both terrestrial and satellite connection for their MEXSAT system. Due to the failed launch of the customer's first satellite the overall project schedule was delayed, nevertheless the development work of the devices has continued well during the year.

The development of the tactical communication system Bittium Tactical Wireless IP Network (TAC WIN), used by the Finnish Defence Forces, continued. We also continued the product deliveries for the communication system during 2015, and at the end of the year we received an order for a new system product delivery for 2016. In the fourth quarter we received an order from the Finnish Defence Forces for the further development of the TAC WIN waveform, and an order to start the productization of the European high data rate radio waveform developed in the ESSOR program by porting it to the Bittium TAC WIN system.

We continued our efforts to bring our defense market targeted product portfolio to the international defense markets, and delivered our first pilot delivery of our Tactical Wireless IP Network system to a customer abroad. We aim for similar international openings during this year. The sales cycles in the defense markets are long by their nature and winning significant deals take several years.

At the end of the year we made a decision to build new facilities for Bittium in Oulu. The plans for the new facilities are based on centralizing the operations to improve efficien-

cy and achieve cost savings. The agreement signed with NCC Rakennus Oy is a design and construct contract by nature. The facilities will be ready for use by the end of the year 2017 and will be located at the intersection of Ritaharjuntie and Tietolinja in Oulu. The new facilities will consist of approximately 8,600 square meters, and the total cost of the project is approximately EUR 15 million including land property and fittings.

We have been able to turn Bittium to growth path. We are pleased with the increase in our net sales as well as with the improvement in the operating result during the last year. In 2016, the focus will be at the internationalization and enabling growth. We will be investing in developing our operations further for long-term growth, which affects also to the operating result outlook for the year 2016. We will also continue to look for inorganic growth opportunities according to our strategic guidelines.

The growing need for wireless connectivity, increasingly growing amount of data transfer and the need for secure data transfer create demand for Bittium's competence, products and product platforms, and Bittium has good conditions to continue its success also in the future. I want to express my appreciation towards our personnel, customers and partners for the great cooperation and valuable achievements in 2015.



Hannu Huttunen, CEO



Business operations in 2015

Bittium's products and services

Bittium specializes in the development of reliable, secure communications and connectivity solutions leveraging its 30 years legacy of expertise in advanced radio communication technologies. Bittium provides innovative products and customized solutions based on its product platforms and R&D services complementing its communications and connectivity solutions. Bittium offers proven information security solutions for mobile devices and portable computers.

Bittium Tough Mobile™ is a secure and durable Android-based LTE smartphone combining the latest information security and commercial device technologies. Bittium Tough Mobile incorporates a hardware-based security platform, which enables strong device security as well as deep integration of both customers' own and third party software security solutions. The device is built for demanding Mobile Security and Public Safety markets.

Bittium Secure Suite™ is a device management and encryption software product that complements the Bittium Tough Mobile smartphone with a scalable set of new software services for remote management, remote attestation and securing the network

connections of the device. The Bittium Tough Mobile smartphone and Bittium Secure Suite form a unique, complete, reliable system for processing and transferring sensitive and classified material and securing critical communication.

Bittium Specialized Device Platform™ is a versatile device platform leveraging latest mass market mobile device hardware and software technologies. The platform enables companies to roll-out fully customized mobile devices in various form factors (incl. module, smartphone, tablet and smart watch) faster and with lower development risks. The platform has been productized to public safety, security, industrial and smart watch markets. One of the major products based on this platform is the Bittium Tough Mobile secure smartphone.

Bittium Tactical Wireless IP Network™ (TAC WIN) is a Software-Defined Radio based wireless broadband network system intended for military and public safety use. With the system MANET (mobile ad hoc network), link, and connection networks can be formed into one logical IP network quickly, no matter what the location is. Bittium TAC WIN is compatible with existing fixed and wireless network infrastructures. The core of the system is a tactical router that enables users to freely form both wired and wireless broadband data transfer IP con-

nections. Tactical router enables also connections to different types of terminals and other communication systems connecting them into a one communication network. In addition to the router the system comprises three types of radio heads, and each radio head covers its own frequency band area and can be used for flexible formation of optimized network topologies for different communication needs. All the products of the system are designed for harsh conditions, and thanks to the system's automated functions the implementation of the system can be done quickly. Due to the software-based functionality of the Bittium TAC WIN system, it can be easily updated with additional performance cost-efficiently during the whole lifespan of the system.

Bittium Tough VoIP™ product family's products enable tactical IP calls and broadband data transfer in demanding conditions. The products consist of Voice over IP phones, Bittium Tough VoIP Field Phone and Bittium Tough VoIP Terminal, and Bittium Tough VoIP Network Extender that allows extending network in field conditions.

Bittium Tough VoIP Field Phone is a SIP (Session Initiation Protocol) compliant client that provides interoperability with other SIP clients and server implementations available in the market, and incorporates functionality that enables introduction of VoIP

services in dynamic self-forming networks independent from server. Bittium Tough VoIP Terminal is a wireline VoIP phone that can be operated either as a part of Bittium Tough VoIP solution or as a IP terminal together with a third party equipment. With the Bittium Tough VoIP Network Extender's SHDSL connectivity, an IP network can be extended over long distances using conventional field wire. The Network Extender also features Ethernet and SHDSL connections to external networks and devices.

With these products it is possible to provide wired connectivity, and enhanced reliability of VoIP services regardless of availability of network services. Products are also easily integrated to existing IP infrastructure and are fully interoperable with commercial equipment.

Bittium Tactical LTE Access Point™ is a solution providing LTE access to the Bittium TAC WIN network. With the solution different troops can benefit from cost-efficient and high-speed multimedia data and VoIP services by using commercial smartphones as well as special terminals intended for authority use.

Bittium provides state of the art, secure **Internet-of-Things (IoT) solutions and engineering services** for companies needing wireless connectivity and sensor data in the industrial and healthcare sectors as well as in sports and wellness markets. Bittium provides customized solutions, encompassing the complete solution and its integration into the connected environment. Bittium's solutions start with platforms which are optimized and tailored for customer-specified IoT use cases.

Bittium SafeMove® software is a high-quality remote access solution, that provides mobile workforce hassle-free, secure and seamless connectivity to the corporate network regardless of time and place. Bittium SafeMove enables the utilization of all IP based applications and networks by securing the connections between the work station and corporate services.

Bittium offers for the telecommunication markets **wireless communication R&D services** for base stations and devices uti-

lizing wireless connectivity. Bittium's thirty years of experience in R&D services eg. with 2G/3G/4G/satellite/Wlan wireless communication technologies as well as the research and standardization work with future technologies like 5G, enable the development of complete base station or smart phone as well as transfer to production according to the customer needs.

Business development

Bittium aims at bringing its products to the global defense and other authority markets and continued its sales and marketing efforts and R&D investments into these markets.

Growing the company's security knowhow

In January Bittium strengthened its competitiveness as a provider of secure communication solutions for defense, safety and other authorities markets by acquiring the SafeMove business from Birdstep Technology ASA, based in Norway. The acquired Birdstep Technology Oy provided its customers high quality information security solutions for mobile devices and portable computers. Bittium's product portfolio expanded from the existing information secure device solutions to include the encryption of data communications. SafeMove software can be utilized in several Bittium's products and product platforms, such as in Bittium Tough Mobile secure smartphone and in Bittium's secure IoT solutions and engineering services as well as in defence products. The debt free cash purchase price was EUR 1.8 million. The acquisition had no significant impact on Bittium's balance sheet, net sales and financial position.

Bittium Tough Mobile

The development of the Bittium Tough Mobile, a high security level LTE smartphone, targeted mainly for the demanding authority use was finalized during the latter part of the year. The product deliveries started already at the end of the year mainly in a form of small trials to customers abroad. The authorities markets are slowly develop-

ing markets by their nature and the sales of Bittium Tough Mobile are expected to develop moderately along the market development pace.

At the end of the year Bittium launched Bittium Secure Suite™ device management and encryption software that complements Bittium Tough Mobile smartphone with new software and services. Bittium Secure Suite enables the most effective usage of the device's security features, secure remote management, remote attestation and securing the data network connections of the device. Bittium Tough Mobile smartphone together with Bittium Secure Suite form a unique, complete, reliable system for processing and transferring sensitive and classified material and securing critical communication.

In December the Finnish Communications Regulatory Authority granted approval for the Mobile Security and Public Safety targeted Bittium Tough Mobile LTE smartphone and related device management and information security management system to process National classification level IV (ST IV, national restricted) material. Bittium's mobile solution is the first product to receive an official encryption product classification in Finland, which can on top of creating and processing of classified information also transfer material between a smartphone and connected back-end solutions.

Products and services for the defense markets

Bittium continued its efforts in bringing its defense market targeted product portfolio to the international defense markets, and delivered the first small pilot delivery of its tactical wireless IP network system for a customer abroad during the third quarter. Bittium aims at other similar international openings during 2016 as well. The defense market sales cycles are long by its nature and winning significant deals take several years.

Also the deliveries of tactical communication products, systems and services to the Finnish Defence Forces continued during the year.

The development of the tactical communication system Bittium Tactical Wireless IP Network (TAC WIN) was continued during the fourth quarter and Bittium received from the Finnish Defence Forces a new order for system product deliveries for 2016. During the fourth quarter Bittium also received an order from the Finnish Defence Forces for further development of the TAC WIN waveform to enhance the system with additional features and optimized performance. The Finnish Defence Forces also ordered a productization of the European high data rate radio waveform developed in the ESSOR program by porting it to the Bittium TAC WIN system used by the Finnish Defence Forces.

R&D services

The demand for Bittium's R&D services for mobile infrastructure customers continued as stable during the year 2015. The demand was mainly driven by the use of LTE technology and the need to develop low power and micro base stations.

In April a subsidiary of Bittium Corporation and the Ministry of Mexican Communication and Transportation (Secretaria de Comunicaciones y Transportes, SCT) had signed an agreement regarding the development of three types of Android-based L-band mobile devices for the SCT's MEXSAT program. The value of this development agreement was approximately USD 21.9 million (approximately EUR 19.5 million as per exchange rate of April 30, 2015). The development work was started during the second quarter 2015, which increased the net sales in the second quarter.

The development of these mobile devices started well. Due to the failed launch of customer's first satellite, the overall project schedule is delayed from the original. However over half of the contract revenue is expected to materialize during 2016. During the rest of the year 2015, the development work continued as planned.

Internet-of-Things

In the beginning of the year Bittium announced to have integrated an information security solution to its Bittium IoT Device Platform that enables secure connectivity from the IoT device to the customer's cloud services. The Bittium IoT Device Platform is a compact and powerful platform, which enables development of different kind of products that have wireless connectivity and various sensors for the Wearable, Healthcare, Machine-to-Machine communication and Industrial Internet markets. The integrated security software protects the IoT devices from network attacks and secures connections between the devices and services. The demand for Bittium's IoT solutions and services continued stable during 2015.

Market outlook

Bittium's customers operate in various industries, each of them having their own industry specific factors driving the demand. A common factor creating demand among the whole customer base is the growing need for higher speed, higher quality and secure data transfer. Due to the technology competence accrued over time and long history in developing mobile communication solutions, Bittium is in a good position to offer customized solutions for its customers.

The following factors are expected to create demand for Bittium's products and services in 2016 and beyond:

- In the mobile infrastructure equipment market the implementation of LTE technology continues to create demand for services in the LTE base station development. There is a wide range of frequencies allocated for LTE globally thus creating the need to develop multiple products to cover the market and creating demand for the R&D services for development of product variants. Also the growing amount of data transfer creates need for smaller base stations for increasing the data transfer capacity of LTE networks. The general cost savings of the mobile infrastructure equipment companies is reflected as increasing price competition in the

R&D services. Despite of Bittium's R&D services being competitive, the demand is expected to slightly decrease during 2016.

- The trend of using commercial technologies, such as LTE, smartphones and applications, is expected to continue in special verticals, such as public safety and cyber security thus creating demand for Bittium Tough Mobile secure LTE smartphone and customized special terminals based on Bittium's own product platform. The sale of the terminal products is expected to develop moderately according to the nature of authorities markets.
- Secure IoT (Internet of Things) has become a significant development area in many industries. The need for Bittium's IoT services and customized solutions is generated by the increasing need of companies to bring connected devices for demanding industrial or consumer usage, such as various devices, that collect information through the device sensors and connect the device securely to the internet and cloud services.
- In the defense sector's tactical communication market the government's defense forces and other authorities need networks that increasingly moving troops can use for transferring growing amounts of data securely. This creates demand for Bittium's TAC WIN broadband network and other Bittium's IP-based (Internet Protocol) tactical communications solutions. Due to the long sales cycles driven by purchasing programs of national governments, it takes years to receive significant purchase orders. Bittium continues its efforts to bring its defense market targeted products and services also to the international defense markets and aims at pilot deliveries of its tactical communication system for customers abroad during 2016.
- Using public network connections in portable devices is growing also in demanding professional use, such as in the public sector. This creates requirements for network connections to be easy to use and secure. The products in the Bittium SafeMove product family enable the ease of use and security of the devices in demanding use.

Business related releases

2.1.2015

Elektrobit (EB) strengthens its competences in safety technology in its Wireless Business Segment by acquiring the share capital of Birdstep Technology Oy

28.1.2015

Elektrobit (EB) exhibits its newest products and solutions for tactical communications at IDEX 2015

27.2.2015

Elektrobit (EB) integrates an information security solution to its EB IoT Device Platform

27.2.2015

Elektrobit (EB) exhibits secure EB Tough Mobile smartphone and EB IoT Device Platform at Mobile World Congress 2015

2.3.2015

Elektrobit (EB) exhibits its EB SafeMove remote access solutions at UK eHealth Week 2015

12.3.2015

Elektrobit (EB) exhibits secure EB IoT Device Platform and Bittium Tough Mobile smartphone at CeBIT 2015

16.3.2015

Elektrobit (EB) exhibits its EB SafeMove remote access solutions and EB Tough Mobile LTE smartphone at Mobile Government Summit 2015

2.5.2015

Elektrobit (EB) to develop mobile devices for the Mexsat satellite communication system in Mexico

2.6.2015

Elektrobit (EB) presents its EB SafeMove remote access solutions at Field Service Forum 2015

2.6.2015

Elektrobit (EB) presents its EB SafeMove remote access solutions at Health Insights conference series in UK

4.6.2015

Elektrobit (EB) and Air-Lynx demonstrate the interoperability of the EB Tough Mobile smartphone and Air-Lynx 4G private network solution

17.6.2015

Elektrobit (EB) and CS present a joint demonstration of their tactical communication and control solutions at the Paris Air Show

4.9.2015

Bittium exhibits its information security solutions and tactical communications products at the Comprehensive Security 2015 event

10.9.2015

Bittium exhibits its newest products and solutions for tactical communications at DSEI 2015

6.10.2015

Bittium exhibits its Enterprise smart watch reference design at the Internet of Things World Europe 2015 conference

12.10.2015

Bittium exhibits its tactical communications products at the AUSA Annual Meeting & Exposition

13.10.2015

Bittium exhibits its secure and easy-to-use Bittium SafeMove remote access solutions at EHI Live 2015

14.10.2015

Bittium exhibits its secure LTE smartphone at British APCO

14.10.2015

Bittium continues the development of its tactical communications system in cooperation with the Finnish Defence Forces

12.11.2015

Bittium starts the productization of the radio waveform developed in the ESSOR program

7.12.2015

Bittium received a purchase order from the Finnish Defence Forces for the Software-Defined Radio based system products meant for tactical communications

10.12.2015

Bittium Tough Mobile smartphone targeted for demanding Mobile Security and Public Safety markets receives national information security classification

21.12.2015

The new Bittium Secure Suite complements Bittium Tough Mobile with certified device management and encryption software



Personnel

At the end of the year 2015 altogether 517 employees worked in Bittium in Finland, USA, Great Britain and Singapore. The amount of personnel increased by 37 employees from last year in Finland. The average age of the personnel was 41.2 years. R&D engineers and specialists constituted clearly the largest proportion of the personnel.

Constant development of expertise is vital for Bittium's business and personnel's competence growth. Bittium's core competences are strong and extensive know-how of radio technology, embedded software, electronics, and product integration. The development of engineering competences has been further supported by technical trainings and virtual competence teams that have been formed also to meet newly appeared needs. At Bittium the way of working is based on the implementation of Lean and Agile methods.

In 2015 the focus was also in project management and supervisory work. The focus points of the project management development were in increasing the profitability and fluency of the projects by further increasing the project management's competencies in e.g. mastering the finances and processes, and productization aspects and require-

ments management in R&D projects. Development of supervisory work was continued with the theme of coaching leadership. The development discussion process was renewed with focus on continuous supervisor work.

Bittium continued to participate in the N4S (Need for Speed) program, where the operational models and methods of real time economy is developed and tested. During 2015 the focus and results were in continuous integration and test automation development, increasing transparency and collecting feedback and quality data in real time. The program was widely utilized in product development and in managing the production chain.

Accelerate, a program where the aim is at creating and maintaining a growth basis for innovations, continued as a development model in 2015. The internal idea tool development continued. Through the tool the personnel can share ideas in a transparent easy to use forum that enables discussion and co-development. Through an open tool the threshold for presenting new ideas is lower and the ideas are handled more regularly. One of the targets is to increase the amount of testing the capabilities of ideas in practice more often than before.

As the brand and the company name changed, also the Bittium's annual personnel survey was renamed as Bittium Employee Survey (BES). The survey was carried out in the fall, with participation of 73 percent of the personnel. The results improved clearly from the previous year. According to the survey, the company culture, team-spirit, multitasking and committed experts and competence capital still highlight Bittium's strengths as a company.

Year 2015 was a year of much regeneration. In addition to the changes we also celebrated the 30-year-old history of our company. In summer 2015 all of Bittium's staff gathered to the joint summer event, "BitStock2015", in Oulu. The event strengthened the spirit of fellowship between different sites. Previous corresponding joint event was the company's 20th anniversary "Together2005" in Rovaniemi.

Shares and shareholders

Shares and shareholders

The shares of Bittium Corporation are quoted on the 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 12,941,269 and the total number of the shares was 35,600,168. The accounting par value of the company's share is EUR 0.10. The company does not have its own shares in its possession.

Repurchasing of own shares and stock options

According to the decisions made in the Extraordinary General Meeting, held on September 14, Bittium repurchased its own shares and stock options 2008C entitling to shares by means of a voluntary public tender offer made to all shareholders and holders of stock options. The tender offer commenced on September 25, 2015 and expired on October 16, 2015. The offer price for a

share was EUR 5.06 and for a stock option EUR 4.51. 97,244,662 shares were tendered in the offer, representing approximately 73.2 percent of all the share and votes in the company. In addition, 166,694 stock options were tendered in the offer, representing approximately 62.0 percent. In accordance with the terms and conditions of the offer, the shares and stock options transferred in the offer became null and void as part of the settlement of the completion trader of the offer. As a result of the shares and stock options becoming null and void, the number of company's remaining shares was 35,578,835 and stock options 102,300.

Option rights

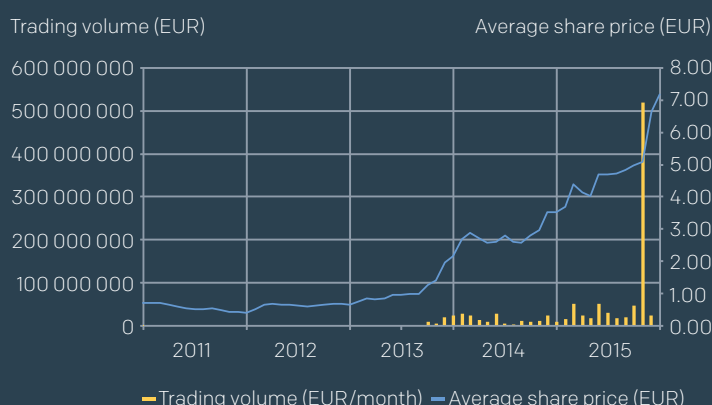
The Board of Directors of Elektrobit Corporation decided on June 5, 2013 on the transfer of stock options 2008A and 2008B to the Finnish book-entry system and to apply for listing of 1,400,000 stock options 2008A and of 1,400,000 stock options 2008B on the official list of Nasdaq Helsinki. The trading with the stock options started on June 17, 2013. The share subscription period for stock options 2008A ended on March 31, 2014. The share subscription period for stock options 2008B will end on March 31, 2015.

The Board of Directors of Bittium Corporation decided on the transfer of series

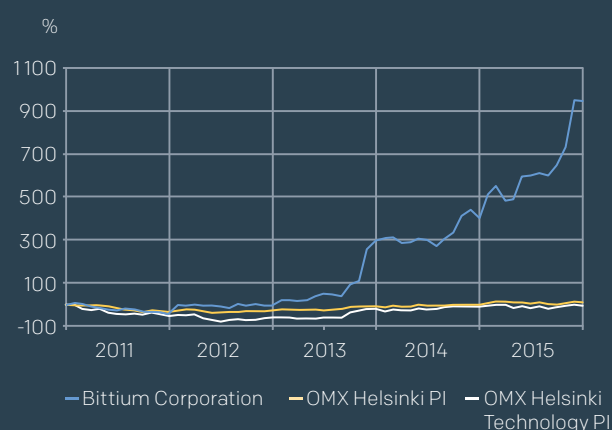
2008C stock options to the Finnish book-entry system on December 20, 2013 and to apply for listing of 1,400,000 stock options 2008C on the official list of Nasdaq Helsinki. Application was made for the listing to commence on April 1, 2014. The share subscription period for series 2008C stock options commenced on April 1, 2014 and will end on March 31, 2016.

A total of 1,351,686 new shares in Bittium Corporation were subscribed for between December 15, 2014 and November 30, 2015 by virtue of the option rights 2008B and 2008C. The share subscription price, EUR 823,438.10 was recorded in the company's invested non-restricted equity fund. The corresponding increase in the number of the company's shares were entered into the Finnish Trade Register on February 6, April 14, June 24, September 1, October 29, and December 11, 2015. Shareholder rights by virtue of the new shares commenced as of the abovementioned registration entry date. Trading with the newly registered shares started on February 9, April 15, June 25, September 2, October 30 and December 14 as an additional lot of Bittium Corporation's shares in Nasdaq Helsinki Ltd. On December 31, 2015, after the registration of the new shares, and cancelling the shares acquired through the voluntary public tender offer, the number of shares in Bittium Corporation's totaled to 35,600,168.

Trading volume and average share price
2011–2015



Share price development in Nasdaq Helsinki
2011–2015



Share price and trading volumes in 2015

The closing price of Bittium Corporation's share was EUR 7.01 at the end of the year 2015; the share reached a high of EUR 7.80 and a low of EUR 3.27. During the year, a total of 170.0 million shares with the value of EUR 837,1 million changed hands on the Nasdaq Helsinki. This is 147.8 percent of the share capital. Bittium Corporation's market capitalization on December 31, 2015 was EUR 249.6 million.

Dividend and dividend policy

Bittium Corporation follows a dividend policy that takes into account the group's net income, financial situation, need for capital and financing of growth.

In 2015 Bittium paid EUR 0.04 per share as dividend based on the adopted balance sheet for the financial period of January 1 – December 31, 2014. The dividend was paid to the shareholders who are registered as shareholders in the company's register of shareholders as maintained by Euroclear Finland Ltd. on the dividend record date, April 17, 2015.

The Board of Directors proposes that the Annual General Meeting to be held on April 19, 2016 resolve to pay EUR 0.05 per share as dividend from the profit of the financial period based on the adopted balance sheet for the financial period of January 1, 2015 – December 31, 2015 and EUR 0.25 per share as additional dividend. The dividend will be paid to the shareholders who are registered as shareholders in the company's register of shareholders as maintained by Euroclear Finland Ltd on the dividend record date, April 21, 2016. The Board of Directors proposes that the dividend be paid on April 28, 2016.

Trading codes

Bittium Corporation has been listed on Nasdaq Helsinki (previously Helsinki Stock Exchange) since 1998. Bittium Corporation's company code and trading code in the Nasdaq Helsinki INET system is BITTI and the trading code BITTI.

Trading codes are:

Nasdaq Helsinki	BITTI
Reuters	BITTI.HE
Bloomberg	BITTIFH

Trading codes of Bittium Corporation's stock options 2008B and 2008C are:

Nasdaq Helsinki	BITTIEW208
Nasdaq Helsinki	BITTIEW308

Shareholders

At the end of 2015 Bittium Corporation had 20,935 shareholders. The ten largest shareholders owned 30.5 per cent of the shares. Private ownership was 74.8 per cent. The percentage of foreign and nominee-registered shareholders was 8.0 per cent at the end of 2015.

Shareholding of the Board of Directors and CEO

At the end of 2015, the shareholding of the Board of Directors, CEO and the companies controlled by them was 1,560,000 shares, corresponding to 4.4 per cent of all shares.

Information to shareholders

Press releases, reports, earnings estimates, share price ticker, contact details of analysts and other current investor material can be found on the company's website at www.bittium.com. An e-mail-based subscription service for press releases and publications can be found from the company's website as well.

Financial reports 2016

Bittium Corporation reports its financial development quarterly. In 2016 Bittium will publish financial reports as follows:

18th of Feb.	Financial statement bulletin 2015
27th of Apr.	Interim report, Jan. – Mar. 2016
4th of Aug.	Interim report, Jan. – Jun. 2016
3rd of Nov.	Interim report, Jan. – Sep. 2016

Financial reports will be published simultaneously in Finnish and in English at 8.00 a.m. (CET+1) on Bittium's web pages at www.bittium.com/investors. The company will hold press conference regarding the reports on dates to be specified later.

Silent periods in 2016

Bittium will observe a Silent Period prior to announcing its results. The Silent Periods in 2016 are as follows:

28th of Jan. – 18th of Feb. 2016
6th of Apr. – 27th of Apr. 2016
14th of Jul. – 4th of Aug. 2016
13th of Oct. – 3rd of Nov. 2016

The Annual General Meeting of Bittium Corporation 2016

The Annual General Meeting will be held on Tuesday April 19, 2016 at 1.00 p.m. at the University of Oulu, Saalastinsali, at the address Pentti Kaiteran katu 1, 90570 Oulu, Finland.

Shareholders registered in the General Meeting

Each shareholder, who is registered on Thursday April 7, 2016 in the shareholders' register of the company held by Euroclear Finland Ltd, has the right to participate in the General Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the company.

A shareholder, who is registered in the shareholders' register of the company and who wants to participate in the General Meeting, shall register for the meeting no later than on Thursday, April 14, 2016 by 10.00 a.m. by giving a prior notice of participation. The notice has to be received by the company before the end of the registration period. Such notice can be given:

- a) on the company's website at www.bittium.com, as from February 18, 2016 at 8.00 a.m.
- b) by telephone +358 40 344 3322 or +358 40 344 5425 on weekdays between 9.00 a.m. and 3.00 p.m.
- c) by telefax; +358 8 343 032; or
- d) by regular mail to the address Bittium Corporation, General Meeting, Tutkijantie 8, 90590 Oulu, Finland.

In connection with the registration, a shareholder shall notify his/her name, personal identification number or business identity code, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of a proxy representative. The personal data given to Bittium Corporation is used only in connection with the General Meeting and with the processing of related registrations.

The shareholder, his/her authorized representative or proxy representative shall, where necessary, be able to prove his/her identity and/or right of representation at the General Meeting.

Holders of nominee registered shares

A holder of nominee registered shares has the right to participate in the General Meeting by virtue of such shares, based on which he/she on Thursday, April 7, 2016 would be entitled to be registered in the shareholders' register of the company held by Euroclear Finland Ltd. The right to participate in the General Meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd at the latest on Thursday, April 14, 2016 by 10.00 a.m. As regards nominee registered shares this constitutes due registration for the General Meeting.

A holder of nominee registered shares is advised to request without delay the necessary instructions regarding registration in the temporary shareholder's register, the issuing of proxy documents and registration for the General Meeting from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the General Meeting, into the temporary shareholders' register of the company at the latest by the time stated above.

Further information on the General Meeting and participation in the General Meeting is available on the company's website www.bittium.com.

Proxy representative and powers of attorney

A shareholder may participate in the General Meeting and exercise his/her rights at the meeting by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to repre-

sent the shareholder. If a shareholder participates in the General Meeting by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the General Meeting.

Possible proxy documents should be delivered in originals to the address Bittium Corporation, General Meeting, Tutkijantie 8, 90590 Oulu, Finland, before the end of the registration period.

Other information

Pursuant to chapter 5, section 25 of the Companies Act, a shareholder who is present at the General Meeting has the right to request information with respect to the matters to be considered at the meeting.

On the date of this notice to the General Meeting February 18, 2016, the total number of shares and votes in Bittium Corporation is 35,605,168.

Documents of the General Meeting

The above-mentioned proposals for the decisions on the matters on the agenda of the General Meeting as well as this notice are available on Bittium Corporation's website at www.bittium.com.

The annual report of Bittium Corporation includes the company's annual accounts, the report of the board of directors and the auditor's report, as well as the company's corporate governance statement. It is available on the company's website no later than on Wednesday March 23, 2016. The proposals for decisions and other documents mentioned above are also available at the General Meeting. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the General Meeting will be available on the above-mentioned website as from Tuesday May 3, 2016, at the latest.



Connectivity to be trusted.
www.bittium.com