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Bittium's key objectives are an average annual net sales growth of more than 10 percent and an operating profit level of 10 percent. The company is publishing its updated strategy today, which will enable it to achieve the goals set for it. The updated strategy will focus on the next two-year period, 2024 - 2025.

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

Bittium's three business segments are Medical, which focuses on measuring biosignals and remote monitoring, Defense & Security, which offers products and services to the defense and authorities' markets, and Engineering Services, which offers embedded wireless solutions for its customers. These above mentioned three focus areas will apply to all three business segments during the next two years strategy period.

At the beginning of 2022, Bittium started developing its operations towards more independent businesses. The technological know-how needed in the businesses is similar, but their customers and market dynamics are very different. Stronger independence of the businesses strengthens Bittium's ability to serve its customers in a more customer-oriented manner and improves the decision-making speed of each business, strengthening the company's position in each market. It also speeds up the responsiveness of business operations to the surrounding market situations, enabling the production of ever-increasing added value for customers.

Corporate operations that were previously centralized are now largely divided into the company's three business segments, best meeting the needs of each segment. This is an essential change to optimize the operation of more independent businesses.

Between 2016 and 2023, the company's two business segments, Defense & Security and Medical, have invested strongly in the development of their own products, which 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 both product-oriented business segments, new product development projects have been completed and moved into a commercial phase of the products. In the next two years, product development in these segments will focus on continuous improvement of the quality of existing products and development of features. Continuous product improvement is the highly important to competitiveness in both business segments. In addition, the company will use development cooperation with other companies in its product development in the future.

In the previous operating model focusing on product development, the company's cost structure has been considerable due to development projects. In accordance with the updated strategy, the company will focus on significantly reducing its cost structure. This is also supported by the change negotiations that took place in the company this autumn, which led to the dismissal of 61 people and the layoff of 8 people until further notice. The company has also started other measures to make its operations more efficient, and the annual savings effects of the measures identified so far and partially already implemented are estimated to be around EUR 6 million, which the company estimates to achieve in 2024 in full.

"Bittium has excellent products and services, as well as unique expertise. The company's customers are industry leaders, each in their own field. In addition, future growth is supported by global megatrends, such as geopolitical instability, the continuous development of technology, digitalization, and the aging of the population. With the strategy announced today focusing on the period of the next two years, we aim to guide the company on the path of profitable growth," says Johan Westermarck, CEO of Bittium Corporation.

Bittium's goal is to start segment-based reporting based on the new structure by the beginning of 2024 at the latest. The company will provide more information about this later this year.

Medical Business Segment

The Medical business segment consists of three business areas, which are the measurement and analysis of the electrical activity of the heart (ECG), the measurement and analysis of the electrical activity of the brain (EEG) and the measurement and analysis of sleep apnea performed at home. In business, the focus is specifically on further improving the competitiveness, productivity, and quality of current products, as well as on the efficiency of operations.

In the healthcare technology market, significant developments are taking place regarding the treatment of patients, especially outside hospitals. Increasing efforts are being made to prevent diseases and health problems with the help of early diagnostics, and the aim is to discharge patients at an ever earlier stage to reduce hospital and treatment days. These significantly increase the efficiency of healthcare processes, 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 conditions by means of remote monitoring.

The offering of the Medical business segment focuses on remote monitoring solutions. Bittium has solid and proven world-class biosignal processing technology expertise. In the coming years, the company will focus on its product business to also increase the amount of recurring net sales, both with the help of software and various multi- and single-use products. In the medical business, the focus will be on cooperation with existing international key customers to increase market shares together and to get new customers.

Defense & Security Business Segment

The Defense & Security business segment consists of three business areas, which are defense industry products (Defense Products), defense industry product development services (Defense Services) and secure products and services (Security). Bittium's business consists of tactical communication solutions aimed at the defense market and high security communication solutions aimed at authorities and the professional user market.

Russia's war of aggression against Ukraine has increased the defense budgets of various countries and increased the states' interest to modernize their tactical communication systems. The defense forces of different countries and other authorities need networks for tactical data transmission, where increasingly mobile network users can reliably and securely transfer growing amounts of data. Finland's NATO membership is also believed to have a positive effect on the demand for Bittium's defense and secure products, especially in NATO countries. Bittium has superior waveform quality and secure wireless technology integrated with hardware and software intended for defense and authorities' use.

Over the past years, the company has made significant investments to expand its product portfolio. The products and systems are now at an internationally very competitive level, both in terms of coverage and technical characteristics. In the future, the company will focus on the continuous improvement of the quality of existing products and the development of features to ensure the preservation of competitiveness. The company will invest heavily in key customers and in international sales and marketing to pursue new customers. The company's goal is to significantly grow the international product business and achieve an internationally significant position as a provider of tactical communication and high security communication solutions.

Engineering Services Business Segment

In the Engineering Services business segment, Bittium offers its customers R&D services and wireless connectivity solutions for the development of innovative products in a secure and evolving wireless environment. The company has focused its R&D service offering around radio technologies and embedded devices. Bittium has world-class expertise in wireless technologies and comprehensive product development.

In the mobile telecommunications, investments in the development of new features continue, and the importance of software development regarding the development of 5G networks is strengthened. With digitization, data secure IoT (Internet of Things) is a significant development area in almost all industries, where demand is created by the growing need for companies to digitize their operations, collect data wirelessly and transfer data to the internet and cloud services, as well as monitor and control devices and systems remotely. Also, the goal of western companies to shift the focus of design and manufacturing to an increasing extent, e.g., to Europe, creates more demand for companies offering R&D services and wireless connectivity solutions.

In the coming years, Bittium will continue to grow its international customer base, especially in the Telecom and Industry IoT market segments. The company will also invest in developing partnerships with its current customers.

Long-term financial goals (unchanged)

Bittium aims for an average annual net sales growth of more than 10 percent and an operating profit level of 10 percent and estimates that it will achieve these goals in 2024.

Capital Markets Day 2023

Bittium is organizing a Capital Markets Day today, where the company's updated strategy will be reviewed. Capital Markets Day will be held in English and can be followed online by registering at: <http://bittium.videosync.fi/cmd-2023>. A recording of the event and the materials of the presentations held there will be available after the event on Bittium's IR pages at: <http://www.bittium.com/investors>

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Bittium

Bittium specializes in the development of reliable, secure communications and connectivity solutions leveraging its over 35-year legacy of expertise in advanced radio communication technologies. Bittium provides innovative products and services, 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 also provides healthcare technology products and services for biosignal measuring in the areas of cardiology and neurophysiology. Net sales in 2022 were EUR 82.5 million and operating profit was EUR 0.3 million. Bittium is listed on Nasdaq Helsinki. www.bittium.com