

Annual Report 2014

EB in 2014



Elektrobit





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EB in 2014

The 2013 figures presented in comparison in this Annual Report include the figures of Continuing operations only.

Financial development in 2014

The net sales grew and operating profit in 2014 improved clearly from the previous year

EB's net sales during 2014 grew by 12.5 per cent year-on-year to EUR 224.1 million (EUR 199.3 million, in 2013). Operating profit was EUR 16.8 million including EUR 1.1 million non-recurring income resulting from the reorganization cases of TerreStar companies, and non-recurring costs of EUR 0.6 million resulting from Wireless Business Segment's personnel layoffs and from the acquisition costs of SafeMove (EUR 8.1 million, in 2013, including the non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment). The growth in net sales and operating profit was mainly due to the good development of the Automotive Business Segment.

Cash flow from operating activities was EUR 10.5 million (EUR 34.7 million, in 2013). Net cash flow was EUR 0.3 million (EUR 28.7 million, in 2013, including non-recurring net cash flow of about EUR 28 million resulting from the sale of the Test Tools product business and the repayment of capital of EUR 14.3 million, distributed in December 2013).

At the end of 2014, equity ratio was 62.3 % (65.1 %, December 31, 2013) and net gearing was -37.4 % (-46.1 %, December 31, 2013).

Cash and other liquid assets at the end of the reporting period were EUR 43.3 million (EUR 43.0 million on December 31, 2013). In July EB signed a EUR 10 million credit facility agreement with Nordea Bank Finland Plc. and a EUR 10 million credit facility agreement with Pohjola Bank Plc. These agreements, intended for general financing purposes, are valid until June 30, 2017.

At the end of the review period, EUR 3.0 million of these facilities was in use.

Research and development

The total R&D investments in 2014 were EUR 20.1 million (EUR 18.5 million, in 2013), equaling 9.0% of the net sales (9.3%, in 2013). The share of R&D investments in the Automotive Business Segment was EUR 13.2 million (EUR 14.3 million, in 2013) and in the Wireless Business Segment EUR 6.9 million (EUR 4.2 million, in 2013).

EUR 2.1 million of R&D investments was capitalized (EUR 0.0 million, in 2013), and these capitalizations were R&D investments made in the Wireless Business Segment. The amount of capitalized R&D investments at the end of December 2014 was EUR 12.2 million (EUR 12.0 million, 31.12.2013). A significant part of these capitalized R&D investments is related to customer agreements in the Automotive Business Segment, where future license fees, based on the actual car delivery volumes, are expected to accumulate in the coming years. Depreciations of R&D investments were EUR 1.8 million during the reporting period (EUR 1.6 million, in 2013).

The total negative effect, caused from research and development investments, their capitalizations and their depreciation, on EB's income statement in 2014 was EUR -19.8 million (EUR -20.1 million, in 2013).

Significant events during 2014

EB signed EUR 10.0 million credit facility agreement with Nordea Bank Finland Plc and EUR 10.0 million credit facility agreement with Pohjola Bank Plc on July 2, 2014. These agreements, intended for general financing purposes, are valid until June 30, 2017 and include conventional covenants that are, among others, related to equity ratio, transfer and pledge of the assets. These credit facility agreements replaced EUR 20.0 million credit facilities from Nordea Bank Suomi Plc, which were valid until 30.6.2014.

Option rights

A total of 1,392,269 new shares were subscribed for between December 5, 2013 and December 1, 2014 by virtue of the stock option rights 2008A, 2008B and 2008C. The share subscription price, EUR 568,991.65 was recorded in the Company's invested non-restricted equity fund. After the registration of the new shares, the number of shares in Elektrobit Corporation totaled 131,493,144.

Cost saving actions in the Wireless Business Segment

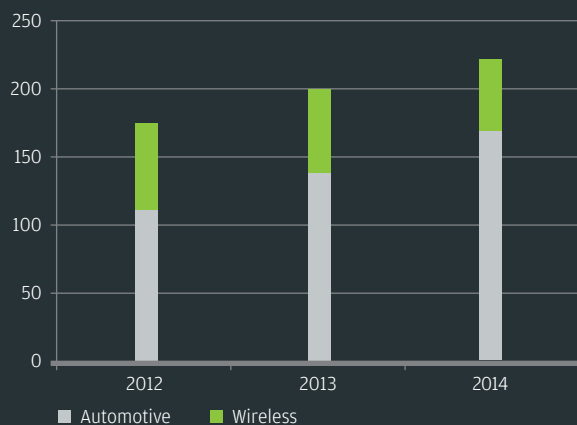
On April 30, 2014 EB started personnel negotiations to adjust its cost structure for the weakened order book for R&D services in the next few months. The negotiations were concluded on May 15, and the company decided to temporarily lay off at the maximum of 90 persons in the Wireless Business Segment. With these temporary dismissals EB targeted cost savings of approximately EUR 0.8 million, which materialized mainly during the third quarter of the year.

On November 11, 2014 EB started personnel negotiations in order to rationalize its operations in Wireless Business Segment in Finland. The negotiations were concluded on December 17, 2014 and decided to lay off up to a maximum of 19 employees in its offices in Kajaani and Tampere. As an alternative a few employees were offered new positions in Oulu. This caused non-recurring costs of EUR 0.4 million that weakened the result of the last quarter of 2014. With these actions EB will achieve annual cost savings of approximately EUR 1 million, from the beginning of 2015 onwards.

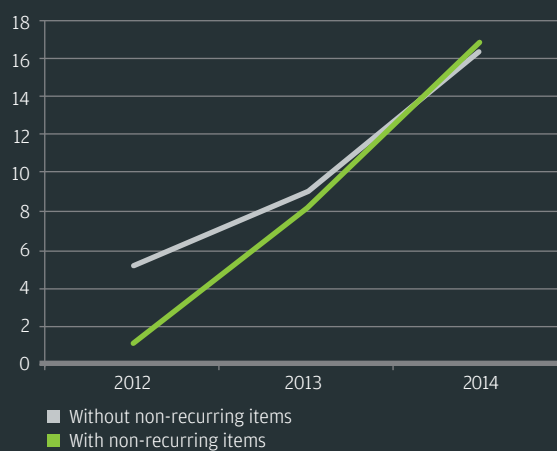
Parrot S.A.'s legal proceedings against e.solutions GmbH

Parrot S.A., a supplier of e.solutions GmbH, a jointly owned company of EB and AUDI, legal proceeding initiated against e.solutions GmbH in the Tribunal de Commerce de Paris (Commercial Court Paris) in April 2014. In the claim Parrot S.A. requested to collect damages in the amount of approximately EUR 18.4 million for loss of profit and reputational damage. Accord-

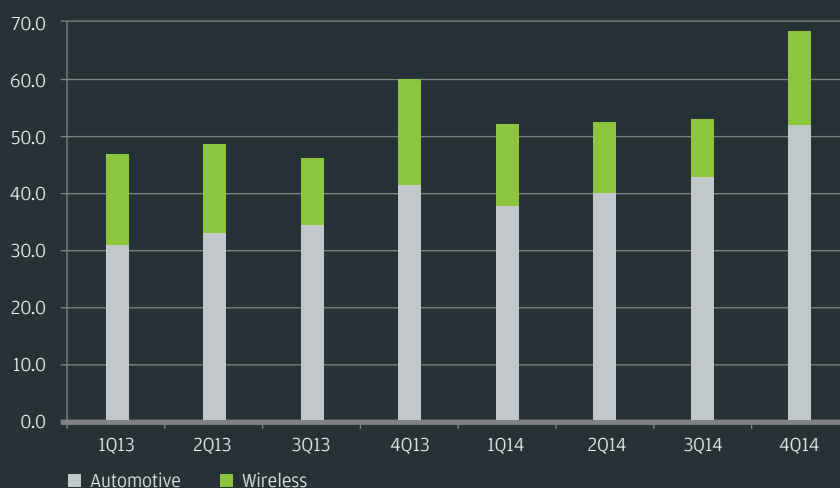
Net sales 2012-2014 (MEUR)
Continuing operations



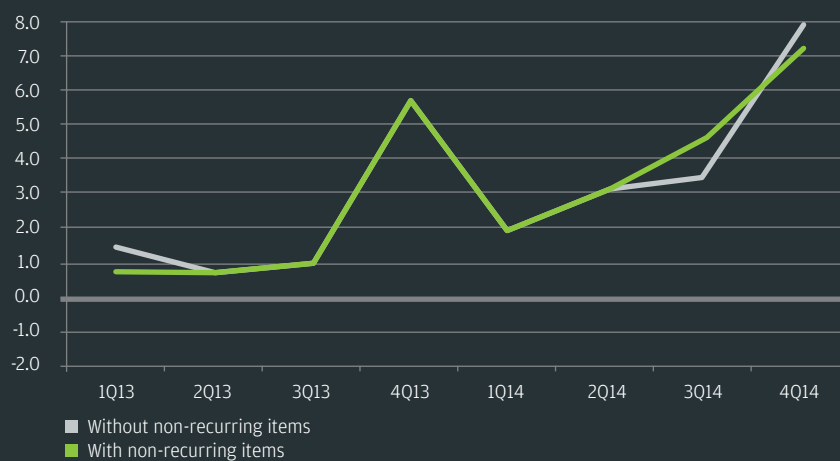
Operating result 2012-2014 (MEUR)
Continuing operations



Net sales quarterly 2013-2014 (MEUR)
Continuing operations



Operating result quarterly 2013-2014 (MEUR)
Continuing operations



ing to e.solutions GmbH's initial legal analysis as announced in EB's stock exchange release on April 4, 2014, the claim was without merit both in terms of the grounds and the amount of the claim. In September Parrot withdrew the legal proceeding against EB.

After the reporting period EB received information that Parrot filed a request for arbitration against e.solutions at the International Court of Arbitration of the International Chamber of Commerce seeking remuneration and/or damages currently in an amount of approximately EUR 9.4 million in connection with an automotive supply contract. Based on e.solutions' initial legal analysis the claim is without merit both in terms of the grounds and the amount of the claim. Based on the current analysis, the arbitral proceedings will not cause any financial obligation to e.solutions or to EB that would affect EB's profit outlook and financial position. It is possible that, based on later information, this view may need to be reconsidered. At worst, Parrot's claim could have significant negative impact on e.solutions' and EB's profit, cash flow and financial position.

Events related to the reorganization cases of TerreStar Companies

In July a subsidiary of Elektrobit Corporation, Elektrobit Inc. and the TerreStar Networks Inc. (TSN) liquidating trustee entered into a conditional settlement agreement in the liquidation case. On July 10, 2014, the trustee filed a motion with the United States Bankruptcy Court seeking approval of the settlement. According to the settlement, if the conditions to its effectiveness are fulfilled, the trust shall be obligated to pay EB, an immediate cash payment of USD 1,075,000 (EUR 0.8 million as per exchange rate of August 6, 2014) in full and final satisfaction of its claims against TSN and in resolution of all disputes between EB and the bankruptcy estate of TSN and certain of its subsidiaries and affiliates.

On August 12, 2014 U.S. time the United States Bankruptcy Court formally approved the conditional agreement of settlement between EB and The Liquidating Trust of TSN. On August 28, 2014, U.S. time, EB received a cash payment of USD 1,075,000 (EUR 0.8 million as per exchange rate of August 28, 2014) (the "Settlement Payment") in full and final satisfaction of its claim against TSN and in resolution of all disputes between EB and The Liquidating Trust of TSN. Upon receipt by EB of the Settlement Payment, certain mutual releases of liability and other agreements set forth in the Settlement have become effective, and it is anticipated that EB's participation in the TSN Chapter 11 cases is concluded.

In October Elektrobit Corporation's subsidiary Elektrobit Inc. entered into a settlement with Internal Revenue Service (IRS) concerning tax treatment of impairment of receivables from TerreStar companies. Originally IRS disallowed a deduction taken on Elektrobit Inc.'s 2010 U.S. federal income tax return for the impairment of the receivables from the TerreStar companies. EB reversed the remaining EUR 0.3 million provision. As a result from the approval of the proposal Elektrobit Inc. paid IRS USD 1.4 million (EUR 1.1 million as per exchange rate of October 8, 2014) taxes including interests for fiscal year 2010 and at the same time submitted a carry-back claim of USD 1.3 million (EUR 1.0 million as per exchange rate of October 8, 2014) for fiscal year 2011. Both, the payment to IRS was made and the carryback refund was received during the fourth quarter of 2014.

In August after receiving full and final settlement payment and finishing of tax appeal process, EB's activities related to TerreStar reorganization processes were concluded. EB reversed the remaining EUR 0.3 million provision made for legal and consulting costs. The reversal of the provision and the EUR 0.8 million Settlement payment had together approximately EUR 1.1 million non-recurring positive effect on Elektrobit Corporation's third quarter 2014 operating result.

Plan for partial demerger and listing of Bittium Corporation

The Board of Directors of Elektrobit Corporation has on February 18, 2015 approved a plan for partial demerger of the company and intends to list Bittium Corporation as a separate entity at Nasdaq Helsinki. The Board of Directors of EB has also updated the strategic guidelines and financial targets of EB's Business Segments for the years 2015-2017.

Based on the demerger plan, the assets and liabilities related to EB's Wireless Business Segment will be transferred to Bittium Corporation, an entity to be newly established in the partial demerger that will be listed at Nasdaq Helsinki. EB's Automotive Business Segment remains as a part of the current EB, which will continue its listing at Nasdaq Helsinki. The partial demerger will need to be approved by an extraordinary general meeting, expected to be held on June 11, 2015. The planned effective date for the demerger is June 30, 2015. Additional information on the partial demerger plan and the updated strategic guidelines has been presented in a separate stock exchange release on February 19, 2015.

Purpose and vision

The Purpose of EB is to enrich people's lives through innovative technologies, products and solutions.

EB's vision is that we are the innovation partner for our customers by offering value creating solutions in the automotive and wireless environments.

Strategic guidelines updated on February 18, 2015

EB's business is based on two business segments: Automotive and Wireless.

Strategic guidelines of the Automotive Business Segment

The Board of Directors of Elektrobit Corporation has on February 18, 2015 updated the strategic guidelines of the Automotive Business Segment based on recent market trends and business plans of the Company.

The software market for passenger vehicles is expected to continue growing and to provide EB an attractive long term growth potential. The global car market is expected to grow in 2015 between 2% according to the forecast made by VDA (Verband der Automobilindustrie) and 4% according to the study "The global automotive market" by Euler Hermes. The outlook for global passenger car demand is more mixed than at the corresponding time a year ago, particularly in view of the sharp fall in the price of oil and varying economic development in different regions. However the carmakers continue to invest in automotive software for new car models and the market for software products and services is estimated to continue growing during 2015. Based on Beryll's "Future Structure of Automotive (FAST) Electronics 2025" study, electronics for automotive industry are expected to grow from EUR 215 billion in 2012 into EUR 456 billion in 2025 (CAGR 6%).

Growth in the automotive software market in 2015 and beyond, and growth for EB, is expected to be driven mainly by the following factors:

- The majority of in-vehicle innovations come from electronics and software.
- Carmakers continue to develop modular car platforms for global markets to achieve scalability as well as good ability to handle the complexity of a growing number of car models and variants.

- Consumers expect in the car the same richness of features and user experience they know from the Internet and mobile devices, and therefore infotainment systems become increasingly common in cars of all price categories.
- Mobile connectivity will become one of the fastest-growing Internet-connected device platforms among other connected consumer electronics devices, such as media tablets and smartphones.
- Connected Car solutions and cloud connections enable introduction of new applications and enhancements to car functions, for example real-time traffic information or map updates for navigation. e.solutions GmbH, a company jointly owned by EB and AUDI, is developing high-end infotainment software solutions for various car models of the Volkswagen group companies. The software solutions developed by e.solutions will be used in several new car models.
- Autonomous driving is becoming one of the key trends and an important area for new investments, which will drive development of new safety solutions such as Active Safety and Driver Assistance, in compliance with the functional safety requirements of the automotive industry.
- Increasing complexity of electronics and software will create more demand on developing software which fulfils the relevant data security requirements.

The markets are evolving from in-car software products and their development tools to solutions, which provide connectivity to outside information systems and services. Connected Car applications enable e.g. the development of increasingly autonomous driving solutions and new value added services to car owners and to companies active in the automotive industry.

In the Automotive Business Segment, EB focuses on in-car software and aims at expanding its service offering to connected car solutions and new service applications emerging from the increasing connectivity. In addition to research and development services and software products, EB provides customized solutions based on product platforms and know-how in latest technologies and systems integration. Autonomous driving solutions are an example of a new area that EB will emphasize in the future by bringing new technologies and product solutions to the market. EB also develops products and customized solutions together with business partners who offer complementary solutions. Co-operation is also being built-up with the EB's Wireless Business Segment especially in Connected Car

applications, and the build-up of co-operation would continue also with Bittium if the demerger is implemented.

EB's key customers are leading car manufacturers and car electronics suppliers. EB targets to expand its customer base also to companies that focus on software based services. EB will also continue to make selected R&D investments into its own products and product platforms. In the coming years, EB aims to gradually develop its business model increasingly towards software products and connectivity-related services, which will slightly increase the direct dependency of net sales to car production volumes. The share of customized product development services of net sales will continue to stay significant, as in-car software is typically tailored to the needs of each carmaker and car model. In 2014, the net sales of software products and licenses linked to car production volumes and other software license sales (volume based turnover) amounted to approximately 25% of the segment's total net sales. In some of the Company's development projects, customer specific development costs cannot be fully invoiced during the development phase, but will be included in the license fees to be invoiced based on the actual car delivery volumes. EB is developing partnerships and will explore M&A opportunities that would strengthen its competitiveness and create new future market opportunities.

Strategic guidelines of the Wireless Business Segment

The Board of Directors of Elektrobit Corporation has on February 18, 2015 updated the strategic guidelines of the Wireless Business Segment as follows:

EB's offering in the Wireless Business Segment to its customers is based on strong and extensive know-how in radio technology, embedded software, electronics and product integration. This know-how is a result of 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 1980s on radio technology focusing on e.g. spread spectrum and software radio technologies.

In the Wireless Business Segment EB provides product development services and customized solutions for the wireless telecommunications market and for companies needing mobile connectivity in their products. EB offers products and customized products 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 technology 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, security and other government agencies require more wireless communications capacity and more developed solutions at lower price points compared to the previous generations of wireless communication devices. Modern and low cost commercial mobile communications technologies offer opportunities to develop advanced and cost efficient 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 EB'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 EB is introducing to the international defense and public authority markets. EB continues to make product development and marketing investments for these markets. In defense applications, EB offers advanced and high capacity IP based tactical communication solutions (EB Tactical Wireless IP Network, EB Tough VoIP, EB Tactical LTE Access Point, EB Tough Mobile). For use of the public safety and other authorities, EB offers EB Tough Mobile LTE smartphone and tailored security solutions, which supports LTE frequencies reserved for public safety authorities. These devices combine modern mobile technology with durability and high standards for information security. Based on the device, it is possible to develop tailored solutions such as satellite phones. For wearable devices and industrial applications, EB offers solutions based on its own EB IoT (Internet of Things) Device Platform which offers mobile connectivity.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)

CONTINUING OPERATIONS

	2014	2013
NET SALES	224.1	199.3
Other operating income	4.7	3.5
Change in work in progress and finished goods	0.0	-0.0
Work performed by the undertaking for its own purpose and capitalized	0.1	0.0
Raw materials	-16.3	-12.4
Personnel expenses	-125.6	-113.2
Depreciation	-8.7	-9.0
Other operating expenses	-61.5	-60.0
OPERATING PROFIT (LOSS)	16.8	8.1
Financial income and expenses	-1.3	-0.9
PROFIT BEFORE TAX	15.5	7.2
Income tax	-3.3	-0.6
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	12.3	6.7
Discontinued operations		
Profit for the year from discontinued operations	0.2	24.3
PROFIT FOR THE PERIOD	12.5	30.9
Other comprehensive income:		
Items that will not be reclassified to statement of income		
Re-measurement gains (losses) on defined benefit plans	-0.8	0.0
Income tax effect	0.2	
Items that may be reclassified subsequently to the statement of income		
Exchange differences on translating foreign operations	0.9	-0.0
Other comprehensive income for the period total	0.4	-0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.9	30.9
Profit for the year attributable to		
Equity holders of the parent	12.5	30.9
Total comprehensive income for the period attributable to		
Equity holders of the parent	12.9	30.9
Earnings per share from continuing operations, EUR		
Basic earnings per share	0.094	0.051
Diluted earnings per share	0.093	0.051
Earnings per share from discontinued operations, EUR		
Basic earnings per share	0.002	0.188
Diluted earnings per share	0.002	0.187
Earnings per share from continuing and discontinued operations, EUR		
Basic earnings per share	0.096	0.239
Diluted earnings per share	0.095	0.238
Average number of shares, 1000 pcs	130 975	129 528
Average number of shares, diluted, 1000 pcs	131 663	130 092

CEO's Review

In 2014 EB's net sales grew by 12.5 per cent from previous year to EUR 224.1 million. Operating profit was almost double compared to previous year and was EUR 16.8 million (corresponding to 7.5 per cent of net sales). Both the growth in net sales and mainly also the improved operating profit were due to the good development of Automotive Business Segment. I am pleased to state that EB's financial development during 2014 continued good and the company reached its main goal to improve operating profit from previous year.

The demand for EB's software products and R&D services in Automotive Business Segment remained good, as carmakers continued to invest into the development of new car models. During the reporting period the net sales grew strongly, 24.0 per cent from previous year to EUR 171.4 million and operating profit improved to be 9.3 per cent from net sales. Also e.solutions GmbH, the jointly owned company of EB and AUDI that develops infotainment software systems for Volkswagen group car models, continued its growth and proceeded according to its targets. The growth in operating profit was driven by the growth in net sales of R&D services and by the good performance in projects, the growth of software license sales and lower R&D investments than in the previous year. In the last quarter, R&D investments were higher than in the previous year. In addition to connected car area, autonomous driving was strengthened as a key trend and area of development in automotive markets.

The net sales of the Wireless Business Segment decreased by 13.4% from the previous year to EUR 53.0 million due to the decreased demand for R&D services for mobile telecommunications network equipment and other markets. The product-based sales increased clearly from the previous year to EUR 14.1 million (approximately 26.7 per cent of net sales in 2014), which however did not fully compensate the decreased R&D services sales. The product-based sales in 2014 was generated mainly from the Finnish authority markets and the net sales resulting from the international defense and other authority markets remained low due to these customers' slower than estimated purchase decisions. Wireless Business Segment's operating result for the whole year improved year-on-year and was slightly positive due to the strong fourth quarter. Operating profit without non-recurring items was at the same level as in the previous year.

In 2014 EB strengthened its R&D investments in the Wireless Business Segment clearly from previous year to EUR 6.9 million (13 per cent of net sales) and launched EB Tough Mobile LTE (Long Term Evolution) smart phone for demanding security and authorities markets and EB IoT Device Platform. In the beginning of January 2015 EB acquired SafeMove business which provides high-quality information security solutions for mobile devices and portable computers. This acquisition strengthens Wireless Business Segment's competitiveness as a provider of secure communication solutions for defense, public safety and other authority markets.

EB's balance sheet remained strong in 2014. At the end of the reporting period the equity ratio was 62.3 per cent and cash and other liquid assets were EUR 43.3 million. A total of EUR 3.0 million of altogether EUR 20 million credit facilities were in use at the end of the year.

At the end of 2014 the parent company of the group and its subsidiaries employed 1,804 people, e.solutions GmbH, the jointly owned company with EB and AUDI employed 431 people. The amount of EB personnel in total grew during 2014 in Automotive Business Segment with 186 employees and decreased in Wireless Business Segment by 29 employees. In the autumn 2014, EB expanded its offices and opened a new R&D site in Oulu, in Finland. The operations had a good start and at the end of the year 2014 21 employees were working there.

During 2014, the company's share price grew 26.3 per cent year-on-year and share price volume on the NASDAQ OMX Helsinki grew from previous year representing more than 50 per cent of the share capital.

In accordance with the strategic guidelines, published on February 19, 2015, the markets of both Automotive and Wireless Business Segments offer EB good growth potential in the coming years. In both Business Segments, our goal is to grow the net sales and continue good profitability development during 2015-2017. In 2015 our goal

is to grow EB's net sales and operating profit from the previous year.

On February 18, 2015 EB's Board has accepted the partial demerger plan of Elektrobit Corporation and the listing of Wireless Business Segment as Bittium Corporation on the Nasdaq Helsinki stock exchange. In case the extraordinary general meeting, planned to be held on June 11, 2015, approves the plan, the demerger will come effective on June 30, 2015. Automotive business would remain in the current company, which will continue to be listed as before. The demerger plan and the updated strategic guidelines have been announced in more detail in this annual report in section 1 as well as in the stock exchange release, on February 19, 2015.



Jukka Harju
CEO

Business Segments

EB's reporting is based on two Business Segments: Automotive and Wireless.

The Automotive Business Segment

In the Automotive Business Segment, EB offers a range of software products and R&D services for in-car embedded software, as well as professional tools that support the whole process of the in-car software development. Our customers are carmakers, car electronics suppliers and other suppliers to the automotive industry. The offering includes secure & safe technologies and solutions for Connected Car Infrastructure, Driver Assistance and Infotainment solutions containing navigation and human machine interfaces (HMI) technologies.

Financial Development in 2014

The demand for automotive software products and services developed well during the whole year. Net sales of the Automotive Business Segment in 2014 grew to EUR 171.4 million (EUR 138.3 million, in 2013), representing 24.0 per cent growth year-on-year. Operating profit im-

proved clearly from the previous year and was EUR 16.0 million (EUR 8.5 million, in 2013). The demand for EB's software products and R&D services remained good, including the jointly owned company e.solutions GmbH. The improvement of the operating profit was driven mainly by the net sales growth of R&D services and good performance in services projects, the growth of software license sales and the lower R&D investments.

Products

During the first quarter EB and Université de Sherbrooke in Quebec (Canada) presented urban concept vehicle (Vehicle Urbain Electrique (VUE)) with autonomous driving technology at 2014 International CES in Las Vegas. EB also announced to have developed breakthrough technology to help car makers test complex driver assistance systems. EB Assist Car Data Recorder is a measurement tool that allows product development engineers to record and visualize data during test drives using a common tablet computer without complicated cable installations, monitors or keyboards.

In June EB introduced new functions for its EB Assist Electronic Horizon Solution, offering more flexibility for carmakers and suppliers for implementing predictive driver assistance systems. The new version enables them to use digital map information across car lines and model configurations, without the need for having an active navigation system.

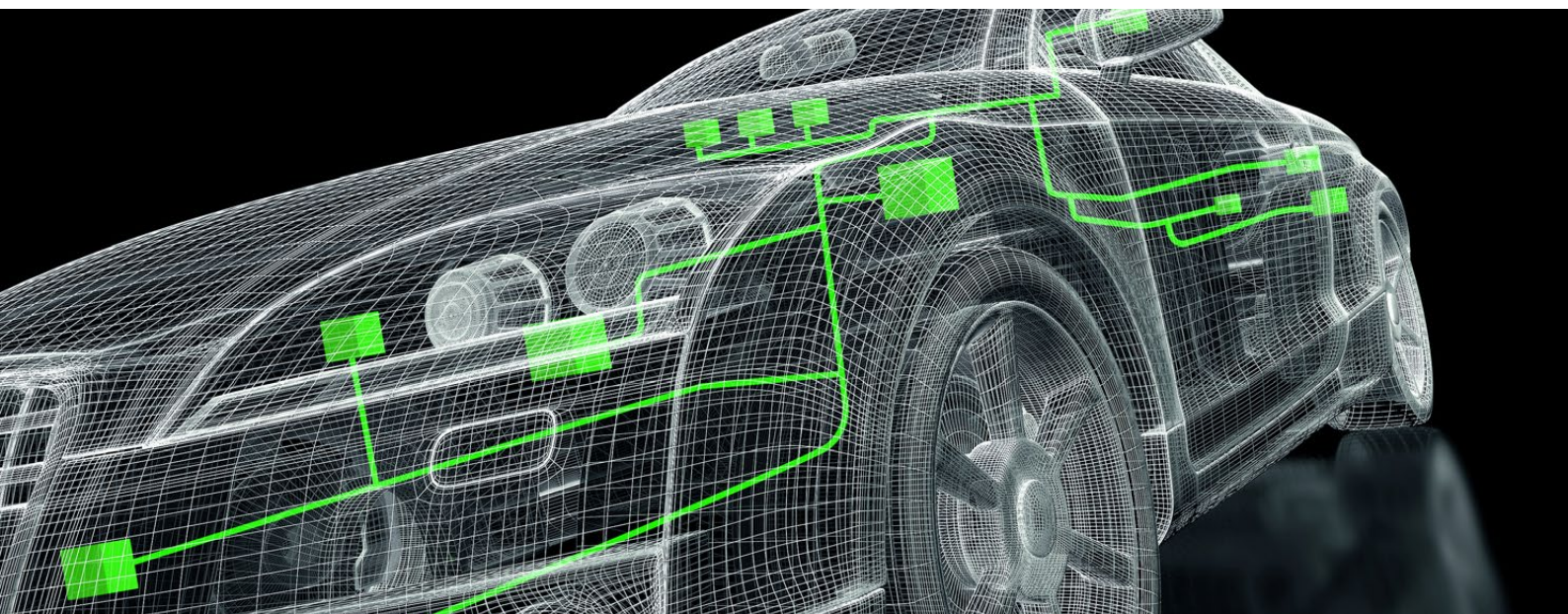
As recognition to EB's long-standing expertise in the development of driver assistance software solutions that provide maximum safety, quality and performance, EB received Best Telematics Safety and Security Award for driver assistance software solutions developed with Daimler for Daimler, during the Telematics Detroit 2014 conference and exhibition (June 4-5) in the Detroit suburb of Novi, Michigan.

EB's products and services in the Automotive Business Segment are:

- **EB street director** - a versatile navigation software platform with customization capabilities;
- **EB GUIDE** - an innovative, flexible HMI development and speech dialog platform;
- **EB tresos** - a product line of seamlessly collaborating AUTOSAR software components used in ECUs (Electronic Control Units) and tools for their configuration;
- **EB Assist** - an extensive product line with tooling and a software development kit for driver assistance solutions;
- **Engineering services** - comprehensive services concerning the software development for infotainment, driver assistance and ECU in the automotive industry.

By combining its software products and R&D services, EB is creating unique, customized solutions for the automotive industry. EB's software products generate license fees, often combined with supply of R&D services for customized solutions.

EB and AUDI's subsidiary, Audi Electronics Venture GmbH (AEV), have a jointly owned company e.solutions GmbH that is currently developing infotainment software and provides systems engineering and systems integration services for Volkswagen Group car models. EB also delivers products and R&D services to the joint venture. EB owns 51% and AEV 49% of e.solutions GmbH. e.solutions GmbH is consolidated in EB group's financial statements by applying proportionate consolidation method.



In October EB presented its new operating system EB tresos Safety OS Multi-Core for automotive ECUs (electronic control units). Car makers need multi-core architectures for safety functions to create state-of-the-art automotive systems that satisfy their customers' needs. EB and Nuance unveiled the integration of voice and natural language understanding (NLU) technology as part of the Virtual Cockpit in the new Audi TT Roadster. As a result, drivers are able to engage in a more natural, conversational dialogue with AUDI's infotainment and navigation capabilities.

In 2014, e.solutions GmbH, the jointly owned company of EB and AUDI, progressed well and according to its targets in developing the high-end infotainment systems for the Volkswagen Group car models. EB's navigation and speech products are used in e.solutions' products. At the end of 2014, e.solutions had 431 employees in Germany.

Personnel

The number of employees in the Automotive Business Segment grew by 186 employees in 2014. At the end of 2014, EB employed 1,324 professionals in Germany, Austria, Finland, France, Romania, United States, China and Ja-

pan in the Automotive Business Segment and the average age of the personnel was 36. R&D engineers constituted clearly the largest proportion of the personnel.

The number of employees increased mainly in Germany with over 90 employees and also in Romania and the USA and Finland, where EB established a new automotive software site in Oulu in September 2014. At the end of 2014 EB Automotive Oulu employed 21 persons. Expanding its operations in Oulu, Finland, offers the company an opportunity to further grow its software engineering capacity for current and future needs.

EB's core competences in the Automotive Business Segment are automotive-grade embedded software in Electronic Control Units (ECU), Human Machine Interface (HMI), infotainment solutions, navigation, driver assistance, Functional Safety, and software integration.

The year 2014 started with a new organization structure in place to strengthen the organization's capabilities in the continuing business growth and to promote innovations. The ASWgoesSpice program began its rollout in 2014. It aims at establishing processes and tools that strengthen EB's capabilities to comply internationally with Automotive Spice Level 3 and

requested Functional Safety standards. Renewing the processes affects the way of working of each employee of the Automotive Business Segment.

EB invested in new programs of people development and its own training academy. As part of the ASWgoesSpice program the project management capabilities were strengthened through the Lean Development Model and adapting the agile methods to achieve better quality and higher productivity. Investments into management and leadership competencies were continued by enhancing the supervisory and communication skills as well as many more. Key management was offered an opportunity to participate in a potential analysis aiming at evaluating of personal strengths and weaknesses in order to make a personal development plan.

EB continued to further cooperate with universities and schools and attended in 25 job fairs to grow the awareness of the company among students and find new talents.

Press releases in 2014

- On November 12, EB was named as 2015 CES Innovation Awards Honoree for its EB Assist Electronic Horizon solution.
- On October 14, EB introduced the first AUTOSAR multi-core safety operating system for automotive ECUs.
- On October 2, EB and Nuance unveiled the integration of voice and natural language understanding (NLU) technology as part of the Virtual Cockpit in the new Audi TT Roadster.
- On August 15, EB announced to open a new automotive software site in Oulu Finland.
- On June 5, EB wins the Best Telematic Safety and Security Award for driver assistance software solutions developed with Daimler.
- On June 3, EB introduced the new version of EB Assist Electronic Horizon solution to support state-of-the-art driver assistance functions, offering more flexibility for carmakers and suppliers implementing predictive driver assistance systems.
- On February 24, EB announced to have developed breakthrough technology to help carmakers test complex driver assistance systems.
- On January 7, EB and Universite de Sherbrooke in Canada presented urban concept vehicle with autonomous driving technology at 2014 International CES (Consumer Electronics Show).

Market outlook

The global car market is expected to grow in 2015 between 2% according to the forecast made by VDA (Verband der Automobilindustrie) and 4% according to the study "The global automotive market" by Euler Hermes. The outlook for global passenger car demand is more mixed than at the corresponding time a year ago, particularly in view of the sharp fall in the price of oil and varying economic development in different regions. However the carmakers continue to invest in automotive software for new car models and the market for software products and services is estimated to continue growing during 2015. The demand for EB's products and

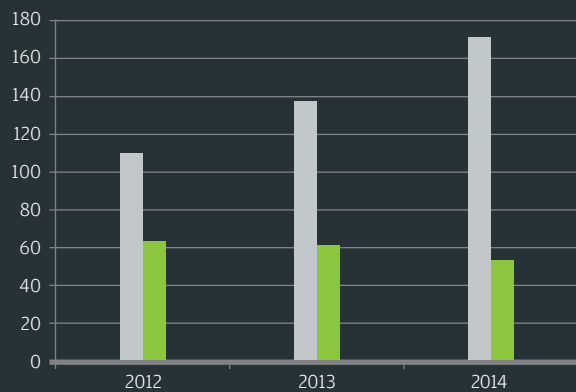
services is estimated to develop positively year-on-year during 2015 in the Automotive Business Segment.

The market for electronics and software for cars is estimated to continue growing in the long term. The study "Future Industry Structure of Automotive (FAST) Electronics 2025" from Berylls assumes a growth of automotive electronics from EUR 215 billion in 2012 to EUR 456 billion in 2025 (CAGR 6%).

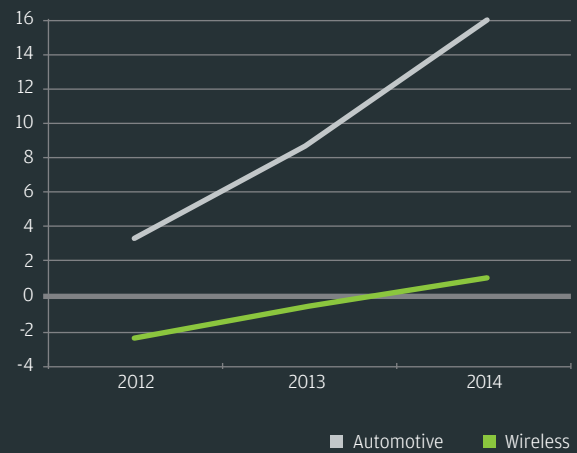
Growth in the automotive software market in 2015 and beyond, and growth for EB, is expected to be driven mainly by:

- The majority of in-vehicle innovations come from electronics and software. Using software as a differentiator carmakers are able to develop feature-rich vehicles, and differentiate in the areas of comfort, safety and security, information and entertainment, powertrain and communication. The trend of separating hardware from software continues in 2015 and beyond, allowing carmakers to speed up innovation and to improve the quality and cost efficiency of their vehicles. As a software provider, this direction gives EB an opportunity to work directly with the major carmakers, providing them with software development services, products and tools according to their individual requirements. EB also offers software integration services to integrate software applications and modules from various suppliers.
- Carmakers continue to work on global modular car platforms to achieve scalability as well as good ability to handle the complexity of a growing number of car models and variants. This means volumes for software platforms will increase and software development programs will become global and include localization for all regions.
- The increasing complexity of car electronics and software is resulting in increasing efforts to provide safety-compliant systems. e.solutions, EB's jointly owned company with AUDI, is developing high-end infotainment software solutions for the Volkswagen group companies. During 2015, development of software will continue and deliveries from e.solutions are planned for several new car models of Volkswagen group.
- Consumers expect in the car the same richness of features and user experience they know from the Internet and mobile devices, and therefore infotainment systems become increasingly common in all car price categories. This is expected to create continuing demand for development of infotainment software and software development tools, such as EB GUIDE.
- Mobile connectivity will become one of the fastest-growing Internet-connected device platforms among other connected consumer electronics devices, such as media tablets and smartphones. Gartner estimates that by 2016, the majority of car buyers in the automotive markets, such as in the U.S. and the Western Europe, will view the availability of in-vehicle, web-enabled dynamic content as a key buying criterion when considering a standard brand car.
- Connected Car solutions and cloud connections enable the introduction of new applications and enhancements to car functions, for example real-time traffic information or map updates for navigation. The increasing demand to better integrate mobile devices with the car has been reflected in the announcements by consumer electronics companies, such as Apple's "CarPlay" or Google's Open Automotive Alliance. These drivers are creating demand for software integration services.
- New Active Safety Systems and Driver Assistance applications are being brought to the market, as automated driving is one of the key trends and an area with significant investments. Carmakers are preparing highly automated driving systems for their new car models to be available in the market in the coming years.

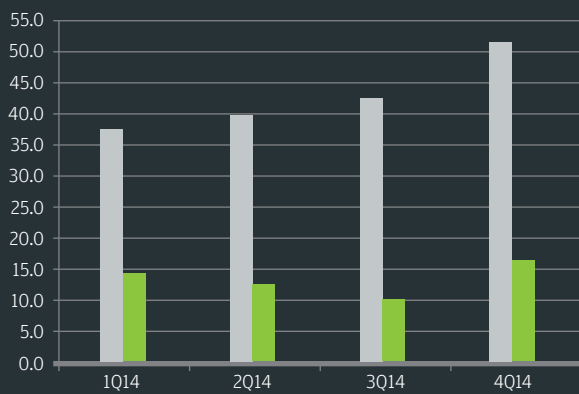
Net sales by Business Segments 2012-2014 (MEUR)
Continuing operations



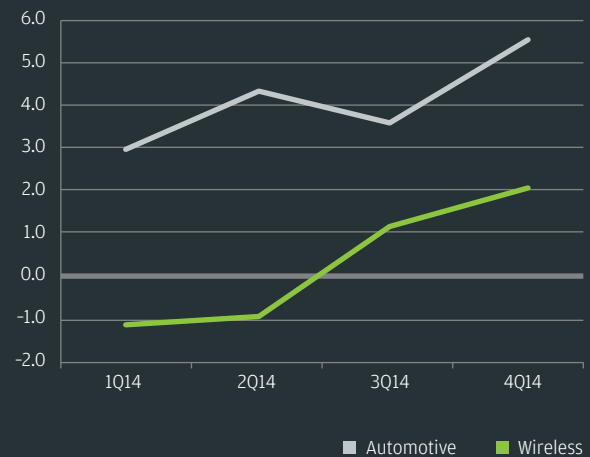
Operating result by Business Segments 2012-2014 (MEUR)
Continuing operations



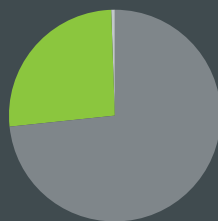
Net sales by Business Segments quarterly 2014 (MEUR)



Operating result by Business Segments quarterly 2014 (MEUR)

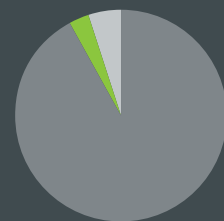


Personnel by Business Segments Dec. 31, 2014
(parent company and its subsidiaries)



	2014	%	2013	%
Automotive	1324	73	1138	69
Wireless	471	26	500	30
Corporate functions	9	1	10	1
Total	1804		1 648	

Personnel by Market Areas Dec. 31, 2014
(parent company and its subsidiaries)



	2014	%	2013	%
Europe	1662	92	1529	93
Asia	54	3	50	3
Americas	88	5	69	4
Total	1804		1 648	

e.solutions GmbH, the jointly owned company of EB and AUDI had 431 employees at the end of 2014 (321 at the end of 2013).



EB Tough Mobile LTE smartphone

EB Tactical Wireless
IP Network products and
EB Tough VoIP phone

The Wireless Business Segment

In the Wireless Business Segment EB offers innovative products and solutions based on our own platforms for defense, public safety and other authorities markets, IoT markets (Internet of Things) as well as for industrial use. For the wireless communication markets and other companies who need wireless connectivity to their products, EB offers R&D services based on the latest wireless technologies and applications. EB also offers high quality information security solutions for mobile devices and portable computers.

Financial development in 2014

The Wireless Business Segment's net sales in 2014 decreased by 13.4 per cent year-on-year, to EUR 53.0 million (EUR 61.2 million, in 2013). The share of the product-based net sales was EUR 14.1 million (EUR 6.9 million in 2013), which resulted mainly from the product deliveries of the tactical communication system to the Finnish Defence Forces and from the delivery of special terminal products for the authority use to a customer abroad.

The operating profit of the Wireless Business Segment in 2014 was EUR 1.0 million, including EUR 1.1 million non-recurring income resulting from the reorganization cases of TerreStar companies, and non-recurring costs of EUR 0.6 million resulting from Wireless Business Segment's personnel layoffs and from the acquisition costs

of SafeMove (operating loss of EUR -0.5 million, in 2013, including the non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment). The decrease in the net sales year-on-year and lower than expected operating result were due to the decline in the demand for R&D services for mobile telecommunications network equipment and other markets, the increased product-based net sales did not fully compensate this decline.

On April 30, 2014 EB started personnel negotiations to adjust its cost structure for the weakened order book for R&D services in the next few months. The negotiations were concluded on May 15, and the company decided to temporarily lay off at the maximum of 90 persons in the Wireless Business Segment. With these temporary dismissals EB targeted cost savings of approximately EUR 0.8 million, which would materialized mainly during the third quarter of the year.

On November 6, 2014 EB started personnel negotiations in order to rationalize its operations in Wireless Business Segment in Finland. The negotiations were concluded on December 17, 2014 and decided to lay off up to a maximum of 19 employees in its offices in Kajaani and Tampere. As an alternative a few employees were offered new positions in Oulu. This caused non-recurring costs of EUR 0.4 million that weakened the result of the last quarter of 2014. With these actions EB will achieve annual cost savings of approximately EUR 1 million, from the beginning of 2015 onwards.

Products and services of the Wireless Business Segment

- **EB Tough Mobile LTE smartphone** - for demanding Mobile Security and Public Safety needs;
- **EB Tactical Wireless IP Network** - wireless IP network for tactical communications;
- **EB Tough VoIP phone** - VoIP phone for tactical communications;
- **EB Tactical LTE Access Point** - solution for wireless LTE access for tactical communications;
- **EB Special Device Platform** - for the development of Android-based devices;
- **EB IoT Device Platform** - for the development of different kind of products that need wireless connectivity and various sensors;
- **EB SafeMove software** - enabling secure, seamless connectivity for mobile workforce (from Jan. 2, 2015 onwards);
- **a broad range of R&D services** for the latest wireless technologies and applications, such as consulting, integration, and development of software and hardware.

Products

EB aims at bringing its products to the global defense and other authorities markets and continued its sales and marketing efforts and R&D investments into these markets in 2014. During the first quarter EB delivered a batch of special terminal devices to one customer abroad, and received several small orders from customers in Europe and in the USA, mainly intended for defense forces test and evaluation purposes, for its EB Tough VoIP phone system products developed for defense use. Customers' purchase decisions proceeded slower than estimated, and therefore the net sales resulting from the international defense and other authority markets remained low during 2014.

In the beginning of the year EB broadened its EB Special Device Platform (SDP) by introducing an Android-based smart watch technology version. This customizable device platform enables the delivery of complete product solutions to companies aspiring to extend the reach of their brand and product offering to the smart watch market. The platform has been used in the creation of the adidas miCoach SMART RUN premium running smart watch, launched in November 2013.

In June EB told that it is developing an EB Tactical LTE Access Point solution (Long Term Evolution, 4G) alongside its tactical communications products and systems to enable the utilization of regular terminals designed for civilian use in military purposes. This solution serves to establish a wireless broadband access point to cover data transfer and a call service within a specific area of the battlefield. EB presented its expanding product portfolio at the Eurosatory 2014 exhibition in Paris.

In July EB received a purchase order from the Finnish Defence Forces for EB Tactical Wireless IP Network (TAC WIN) system products. The Finnish Defence Forces also issued a purchase option for further purchases of the same products. The purchase order and the purchase option are a continuation of the delivery contract signed between EB and the Finnish Defence Forces in September 2011 and related product deliveries that began in December 2012. In accordance with the contract EB is developing the Tactical Wireless IP Network for the Finnish Defence Forces and delivers software defined radios that are the basis for the EB TAC WIN system.

During the third quarter EB started collaboration with Qualcomm to feature the Qualcomm® Snapdragon™ 801 processor in the new version of its EB Special Device Platform, which was commercially available later 2014. The device platform enables customer-specific tailoring of smartphones, tablets and other products, targeted primarily for professional applications in public safety, mobile satellite services and cyber-security. EB plans to utilize the Snapdragon™ 801 processor in different wireless products that will be customized based on EB's product platform.

In the beginning of November EB presented the new EB Tough Mobile LTE smartphone, designed and built for demanding Mobile Security and Public Safety markets. The EB Tough Mobile is packed with innovative features tailored for professional users like government agencies, authorities, first responders and other professionals with critical and secure communication needs.

In the end of November EB announced a versatile and easily customizable EB IoT Device Platform. The platform offers customers a fast way to broaden their product offering into the IoT market with latest technology and optimized cost. This device platform, that supports different operating systems like Android, can be used to develop products with wireless connectivity and various sensors, such as, smart watches, intelligent jewelry, and wellness wristbands. Due to the versatility and performance of the device platform, it also suites for Industrial Internet use, for example to M2M (Machine-to-Machine) device development.

Personnel

At the end of 2014 471 employees worked in Wireless Business Segment in Finland, USA and Singapore. The amount of personnel decreased by 29 employees from last year. The decrease occurred mainly in Finland. The average age of the Wireless Business Segment personnel was 40.8. R&D engineers and specialists constituted clearly the largest proportion of the personnel.

EB's core competences in the Wireless Business Segment are radio technology, embedded software, electronics, and product integration. The development of engineering competences was further supported by virtual competence teams and technical trainings. The way of work-

ing in the Wireless Business Segment is based on the implementation of Lean and Agile methods.

During 2014 EB participated also to N4S (Need for Speed) program, where the operational models and methods of real time economy were developed and tested. One of the key focus areas during the year was so called experimental coaching, which aims at promoting a company culture with experimental operational models and methods. More than 10% of the personnel participated in this training of very practical operational model.

Other development models in 2014 were Nexten (focuses on managing networks) and Accelerate (aiming at creating and maintaining a growth basis for innovations). Related to Accelerate project, EB created an internal idea tool, through which the personnel can share ideas in a forum that enables discussing and co-developing of ideas further. Through an open tool the amount to present new ideas will increase and the ideas will be handled more regularly. The new tool also aims at pushing more ideas than before further to test their capabilities in practice.

During 2014, the focus in the personnel development was also in project management and supervisory work. 38 employees participated in internal project management training. The training aimed at improving the profitability and fluency of projects by increasing the competence of the project management i.e. in mastering also the financial aspects and processes, managing people and networks, as well as in communication. Training targeted for supervisors in 2014 focused on coaching management's methods, the role of a supervisor and on creating a dialogue. Approximately 20 supervisors and team leaders participated in the training.

Press releases in 2014

- On December 17, EB rationalizes its operations in the Wireless Business Segment in Finland
- On November 26, EB announces versatile and easily customizable Internet of Things (IoT) product platform
- On November 6, EB plans to rationalize its operations in the Wireless Business Segment in Finland
- On November 6, EB introduces the EB Tough Mobile smartphone targeted for demanding Mobile Security and Public Safety needs
- On October 15, EB demonstrates state-of-the-art tactical communications products and solutions at Indo Defence 2014
- On July 22, EB selects the Qualcomm® Snapdragon™ 801 processor for its next generation device platform
- On July 15, EB has received a purchase order from Finnish Defence Forces for Tactical Wireless IP Network system products
- On July 10, EB presents EB Special Device Platform at APCO 2014 exhibition
- On June 11, EB presents its expanding product portfolio at the Eurosatory 2014
- On June 5, EB expands its product family in tactical communications with EB Tactical LTE Access Point solution and publishes a white paper on the use of LTE technology in military data transmission
- On May 15, EB temporarily lays off 90 employees and aims at EUR 0.8 million cost savings in its Wireless Business Segment
- On April 30, EB starts personnel negotiations to temporarily lay off 90 employees at the maximum, targeting cost savings of about EUR 0.8 million in its Wireless Business Segment
- On March 12, EB develops a multiple antenna (MIMO) test environment for next generation satellite networks
- On February 25, EB develops a High Power User Equipment (HPUE) demonstrator for US public safety network
- On January 17, EB productizes its Android-based Special Device Platform for smart watch market

Market outlook

In the Wireless Business Segment, EB'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 even higher speed and higher quality communications.

The following factors are expected to create demand for EB's products and services in 2015 and beyond:

- In the mobile infrastructure equipment market the use of LTE technology is expected to continue strong. This creates the need for services for 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 R&D services for development of product variants.
- The trend of using new commercial technologies, such as LTE, smart phones and applications, is expected to continue in special verticals such as public safety. The specific LTE frequency band allocations for authorities create demand for customized LTE devices, such as EB's specialized terminals, tablets and communication modules. EB Tough Mobile LTE smart phone creates the basis for new customer orders in the markets for public authorities and mobile safety phones.
- Due to the long history in developing smart phones and mobile communication devices, EB is in a good position to offer solutions, where e.g. mastering of multi-radio technologies and end-to-end system architectures covering both terminals and networks is needed.
- The demand for safety devices is expected to grow in the near future. EB SafeMove product family is expected to increase the performance and suitability in information security markets.

- IoT (Internet of Things) has become a significant development area in many industries. The need for R&D services for connected devices for business or consumer use, such as various wearable devices and solutions, implementing mobile applications and connected devices both with internet services as well as with other devices.
- In the tactical defense communication market the need for larger amounts of information data grows, generating demand for broadband networks, such as EB's IP (Internet Protocol) based tactical communications solutions.

The general cost savings of the mobile telecommunications network equipment companies is reflected as increasing price competition in the R&D services. Despite of that the demand for EB's R&D services is expected to remain steady during 2015.

EB continues the product development and delivering products and services to Finnish Defence Forces in 2015, and expects to get initial sales from the global defense markets.

The defense, national security and other authority markets are slowly developing markets by their nature. They are characterized by long sales cycles driven by purchasing programs of national governments, and the purchases of the selected products take place over several years.

Shareholders

Shares and shareholders

The Shares of Elektrobitt Corporation are quoted on the NASDAQ OMX 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 130,493,144. The accounting par value of the Company's share is EUR 0.10. The Company has not its own shares in its possession.

Option rights

The Board of Directors of Elektrobitt 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 OMX 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 Elektrobitt Corporation has 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 OMX 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.

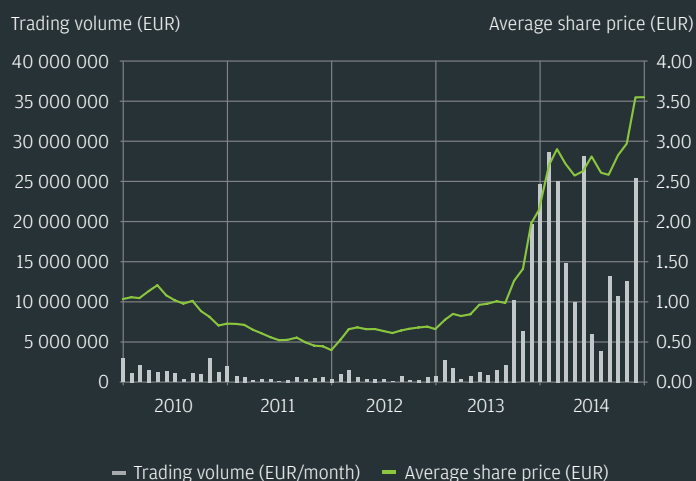
Pursuant to series 2008A-B-C stock options, a total of 508,697 new shares were subscribed for between December 5, 2013 and January 28, 2014, a total of 461,673 new shares were subscribed for between February 11, 2014 and April 8, 2014, a total of 119,951 new shares were subscribed for between April 15, 2014 and June 9, 2014, a total of 51,296 new shares were subscribed for between June 26, 2014 and August 18, 2014, a total of 164,608 new shares were subscribed for between September 3, 2014 and October 15, 2014, and a total of 86,044 new shares were subscribed for between October 29, 2014 and December 1, 2014. The share subscription

prices were recorded in the Company's invested non-restricted equity fund. The respective increases in the number of the Company's shares were entered into the Finnish Trade Register on February 10, 2014, April 14, 2014, June 26, 2014, August 27, 2014, October 28, 2014 and December 12, 2014. The trading with the registered shares started on February 11, 2014, April 15, 2014, June 27, 2014, August 29, 2014, October 29, 2014 and December 15, 2014. After the registration of the new shares, the number of shares in Elektrobitt Corporation's totaled 131,493,144. More information and the terms and conditions of stock options 2008 are available in the Company's web pages at www.elektrobitt.com/investors.

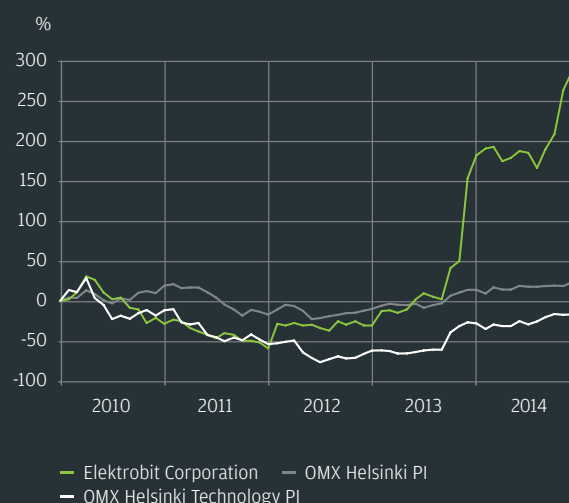
Share price and trading volumes in 2014

The closing price of Elektrobitt Corporation's share was EUR 3.36 in 2014; the share reached a high of EUR 3.83 and a low of EUR 2.30. During the year, a total of 66.0 million shares with the value of EUR 188.0 million changed hands on the NASDAQ OMX Helsinki. This is 50.4 per cent of the share capital. Elektrobitt Corporation's market capitalization on December 31, 2014 was EUR 441.8 million.

Trading volume and average share price
2010-2014



Share price development in NASDAQ OMX Helsinki
2010-2014



Dividend and dividend policy

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

In 2014 EB paid EUR 0.02 per share as dividend based on the adopted balance sheet for the financial period of January 1 – December 31, 2013. 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 15, 2014.

The Board of Directors of Elektrobit Corporation proposes that the Annual General Meeting to be held on April 15, 2015, resolve to pay EUR 0.04 per share, as dividend based on the adopted balance sheet for the financial period of January 1 – December 31, 2014.

Trading Codes

Elektrobit Corporation has been listed on NASDAQ OMX Helsinki (previously Helsinki Stock Exchange) since 1998. Elektrobit Corporation's company code and trading code in the NASDAQ OMX Helsinki INET system is EBC and the trading code EBC1V.

Trading codes are:

NASDAQ OMX Helsinki	EBC1V
Reuters	EBC1V.HE
Bloomberg	EBC1V.FH

Trading codes of Elektrobit Corporation's stock options 2008A, 2008B and 2008C are:

NASDAQ OMX Helsinki	EBC1VEW108
NASDAQ OMX Helsinki	EBC1VEW208
NASDAQ OMX Helsinki	EBC1VEW308

Shareholders

At the end of 2014 Elektrobit Corporation had 24,547 shareholders. The ten largest shareholders owned 55.7 per cent of the shares. Private ownership was 69.7 per cent. The percentage of foreign and nominee-registered shareholders was 7.0 per cent at the end of 2014.

Shareholding of the Board of Directors and CEO

At the end of 2014, the shareholding of the Board of Directors, CEO and the companies controlled by them was 37,632,262 shares, corresponding to 28.6 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.elektrobit.com. An e-mail-based subscription service for press releases and publications can be found from the Company's website as well.

Financial reports 2015

Elektrobit Corporation reports its financial development quarterly. In 2015 EB will publish financial reports as follows:

February 19th	Financial Statement Bulletin 2014
May 7th	Interim Report January–March 2015
August 6th	Interim Report January–June 2015
November 5th	Interim Report January–September 2015

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

Silent period

Elektrobit Corporation will observe a Silent Period prior to announcing its results. The Silent Periods in 2015 are as follows:

January 29th–February 19th
April 16th–May 7th
July 16th–August 6th
October 15th–November 5th

The Annual General Meeting of Elektrobit Corporation 2015

The Annual General Meeting will be held on Wednesday April 15, 2015 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 shareholders' register

Each shareholder, who is registered on Wednesday April 1, 2015 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 Friday, April 10, 2015 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.elektrobit.com, as from February 19, 2015 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 Elektrobit Oyj, Yhtiökokous, 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 Elektrobit 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 Wednesday, April 1, 2015 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 Friday, April 10, 2015 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.elektrobit.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 represent 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 Elektrobit Oyj, Yhtiökokous, 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 19, 2015, the total number of shares and votes in Elektrobit Corporation is 131,588,510.

Documents of the General Meeting

The proposals for the decisions on the matters on the agenda of the General Meeting as well as the notice are available on Elektrobit Corporation's website at www.elektrobit.com.

This annual report of Elektrobit Corporation, which 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, has been published on Monday March 23, 2015 at the company's website. 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 Wednesday April 29, 2015, at the latest.



Elektrobit

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