

Annual Report 2013

EB Today 2013



Elektrobit







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EB in 2013

Financial Performance in 2013

Change in the Consolidation Method, Continuing and Discontinuing Operations, Non-Recurring Items

From the beginning of 2013 EB has applied the new IFRS 10 and IFRS 11 standards. As a result the proportion of net sales and operating result of e.solutions GmbH, a jointly owned company of EB and AUDI, to be consolidated into Elektrot group's consolidated financial statements has changed. For comparability, all 2012 figures presented for comparison are restated assuming that the proportionate consolidation method would have been applied already in 2012.

EB's figures are divided between Continuing and Discontinuing Operations as provided by the IFRS 5 standard. In this annual report, Test Tools product business, sold on January 31, 2013, is classified as Discontinuing Operations.

Operating results of 2012 and 2013 include non-recurring items that have been reported as part of the Wireless Business Segment's results:

- Non-recurring costs related to collecting the receivables from TerreStar Companies of EUR 1.2 million, during 2012;
- Non-recurring income of USD 13.5 million resulting from the settlement payment in the reorganization cases of TerreStar Corporation, and non-recurring positive cash flow effect of approximately EUR 10.8 million in the third quarter of 2012;
- Non-recurring items of approximately EUR 4 million in total, booked in the fourth quarter of 2012, as a result of the financial challenges faced by a US based customer of EB's subsidiary, Elektrot Inc.; and
- Non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment in the first quarter of 2013.

Financial Development in 2013

EB's net sales from Continuing Operations in 2013 grew by 14.6 per cent year-on-year to EUR 199.3 million (restated net sales of EUR 173.9 million, in 2012). Operating profit from Continuing Operations was EUR 8.1 million including the non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the Wireless Business Segment during the first quarter of 2013 (restated operating profit of EUR 1.1 million, 1-12 2012 including non-recurring items of approximately MEUR 4, weakening the Wireless Business Segment's operating result). Operating profit from Continuing Operations, without these non-recurring costs was EUR 9.0 million (restated operating profit of EUR 5.1 million, in 2012).

Cash flow from operating activities was EUR 34.7 million (EUR 6.8 million, in 2012). Net cash flow was EUR 28.7 million including non-recurring net cash flow of about EUR 28 million resulting from the sale of the Test Tools product business (EUR 5.1 million, in 2012). Net gearing was -46.1% (6.1%, in 2012). EBITDA from Continuing Operations was MEUR 17.2 (MEUR 8.1, in 2012).

EB's equity ratio at the end of the period was 65.1% (54.5% on December 31, 2012). The increase in equity ratio is mainly due to the sale of the Test Tools product business. The transaction resulted in a net profit of about EUR 24 million. Cash and other liquid assets at the end of the reporting period were EUR 43.0 million (EUR 14.3 million on December 31, 2012). The increase in cash reserves is mainly due to the sale of the Test Tools product business. EB has from Nordea Bank plc a committed credit facility agreement and a revolving credit facility agreement of altogether EUR 20 million, valid until June 30, 2014. EUR 0.0 million of these facilities was used at the end of the reporting period.

The total R&D investments for Continuing Operations during January-December 2013 were EUR 18.5 million (restated EUR 22.0 million, 1-12 2012), equaling 9.3% of the net sales (restated 12.6%, in 2012). The share of R&D in-

vestments in the Automotive Business Segment was EUR 14.3 million (restated EUR 17.9 million, in 2012) and in the Wireless Business Segment in Continuing Operations EUR 4.2 million (EUR 4.1 million, Continuing Operations, in 2012).

EUR 0.0 million of R&D investments of the reporting period were capitalized (EUR 2.9 million, in 2012). The amount of capitalized R&D investments at the end of December 2013 was EUR 12.0 million (EUR 13.5 million, December 31, 2012). A significant part of these capitalizations is related to customer agreements of 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 1.6 million during the reporting period (EUR 0.9 million, in 2012).

The total cost effect on EB's income statement in 2013 caused by research and development investments, their capitalizations and depreciations, was EUR 20.1 million (EUR 19.9 million, in 2012).

Significant Events during 2013

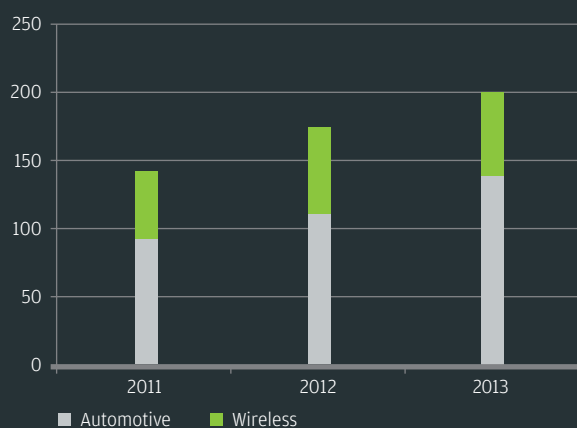
The Sale of the Test Tools Product Business

EB and Anite plc signed an agreement on January 28, 2013, under the terms of which EB agreed to sell its Test Tools product business to Anite ("the Transaction"). The Transaction comprised the sale of the shares of EB's subsidiary Elektrot System Test Ltd., a company based in Oulu, Finland, and certain related other assets in the USA and China. EB's Test Tools product business provided radio channel emulation tools and testing solutions for the development of wireless technologies and was part of EB's Wireless Business Segment employing a total of 54 persons in Finland, the USA and China.

The cash consideration, EUR 31.0 million, paid for EB's Test Tools product business has been adjusted by EUR 0.9 million based on the

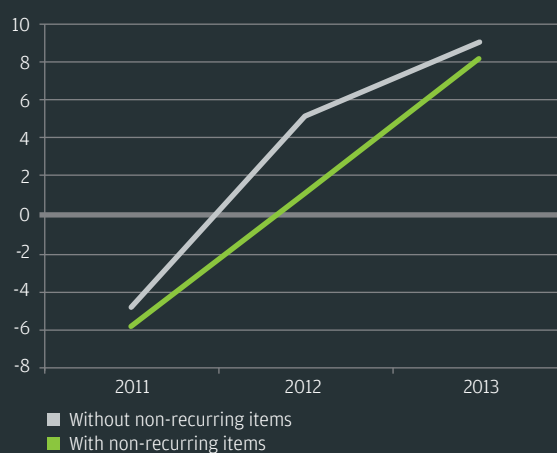
Net sales 2011-2013 (MEUR)

Continuing operations



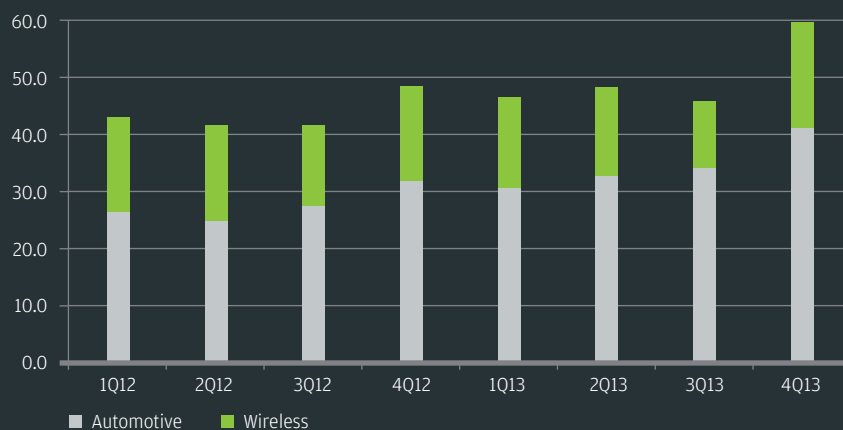
Operating result 2011-2013 (MEUR)

Continuing operations



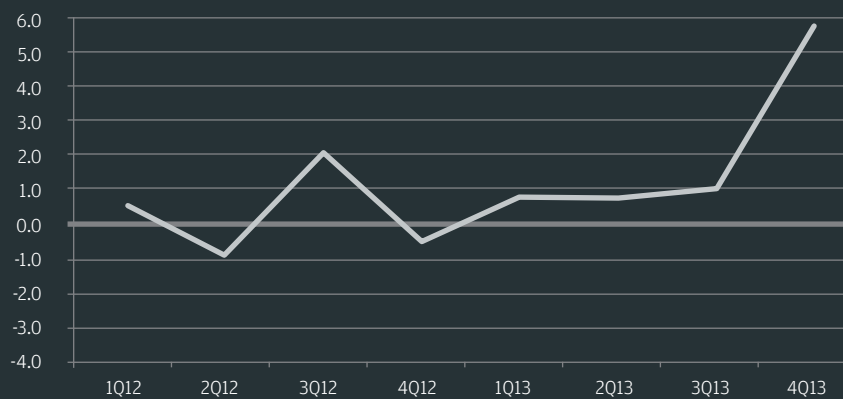
Net sales quarterly 2012-2013 (MEUR)

Continuing operations



Operating result quarterly 2012-2013 (MEUR)

Continuing operations



Net sales and operating result of the Automotive Business Segment in 2011 and 2012 are presented as restated, assuming that the consolidation method, that was taken into use 2013, would have been applied already in 2011 and in 2012.

level of net working capital and cash and debt in the Test Tools product business at the date of the transaction on January 31, 2013. Adjustment improved EB's operating result from Discontinuing Operations in the reporting period and cash flow of the fourth quarter 2013 by EUR 0.8 million. In the aggregate, the sale of the Test Tools product business resulted in a non-recurring net profit of about EUR 24 million and a non-recurring net cash flow of about EUR 28 million in 2013.

Changes in the Guidance for Financial Outlook

On January 10, 2013, EB lowered its profit guidance for 2012 due to the weaker than expected fourth quarter. The reason for the weakening of the fourth quarter was the non-recurring items of approximately EUR 4 million in total, booked as a result of the financial challenges faced by a US based customer of EB's subsidiary, Elektrobit Inc. According to the lowered guidance, EB expected the operating result of the fourth quarter of 2012 to be approximately between EUR -0.4 million and EUR 1.1 million (EUR 3.5 million, 4Q 2011), the operating result of the second half of 2012 to be approximately between EUR 1.7 million and EUR 3.2 million (EUR 0.4 million, 2H 2011), and the operating result of the whole year 2012 to be approximately between EUR 2.2 million and EUR 3.7 million (operating loss of EUR -4.0 million in 2011). The expected operating results presented above included non-recurring items that caused the lowering of the fourth quarter profit guidance, as well as non-recurring income and costs related to the reorganization processes of TerreStar companies, booked earlier in 2012. The Company expected the outlook for the net sales to develop as estimated earlier and thus EB expected that the net sales of the fourth quarter of 2012 will be approximately EUR 57 million (EUR 49.0 million, 4Q 2011), the net sales of the second half of 2012 to be approximately EUR 104 million (EUR 86.1 million, 2H 2011) and the net sales of the whole year 2012 to be approximately EUR 200 million (EUR 162.2 million in 2011).

EB gave advance information on its fourth quarter and full year 2012 net sales and operating results on January 28, 2013. EB announced also to report its 2012 financial results, as provided by the IFRS 5 standard, divided between

Continuing and Discontinuing Operations, and that the Test Tools product business is classified as Discontinuing Operations in the 2012 financial statements.

EB raised its profit guidance for 2013 due to the better than expected last quarter and gave a more precise net sales outlook for 2013 on December 17, 2013. The reason for the improved operating result outlook of the last quarter was higher than expected net sales and better profitability in projects in the Automotive Business Segment. EB expected the operating result of the whole year 2013 to be approximately at the level of EUR 8 million (restated operating profit without non-recurring items of EUR 5.1 million, in 2012). Net sales was expected to grow slightly more than expected in the last quarter and net sales of 2013 to be approximately at the level of EUR 200 million (restated net sales of EUR 173.9 million, in 2012).

Cost Saving Measures in the Wireless Business Segment

EB started measures to improve its cost structure in the Wireless Business Segment on February 19, 2013. The measures were completed on April 4, 2013 and the Company estimated to reach the targeted, approximately EUR 2 million annual cost savings in its Wireless Business Segment, fully effective from the second half of 2013 on. The measures resulted non-recurring costs of approximately EUR 0.8 million that affect negatively the Company's operating result of the first quarter of 2013. The underlying reasons for the measures to improve the cost structure were the changed business requirements. As part of these measures, EB reduced its personnel in the Wireless Business Segment globally by altogether 32 persons, 8 of them in Finland. In addition, EB also concentrated some of its Wireless Business Segment operations to Finland and moved the centre of its US operations from west coast to east coast, where many of the public sector customers are located.

On August 22, 2013 EB concluded personnel negotiations that were started on August 8, 2013 in the Wireless Business Segment and decided to adjust its cost level to correspond the weakened demand outlook for the rest of the year. The temporary layoffs were estimated to last no longer than until the end of January

2014. With temporary layoffs EB aimed at EUR 1.5 million cost savings, which were expected to materialize mainly during the fourth quarter. The company stated that the need for temporary layoffs and thereby actual cost savings may however change as the outlook for the rest of the year specifies.

EB decided on November 15, 2013 that no further temporary layoffs will be made. Between September 2013 and January 2014 EB temporarily laid off altogether 74 employees for a maximum of 90 days, part or full-time. With these measures the company estimated to reach approximately EUR 0.8 million cost savings, which were expected to materialize mainly during the last quarter of the year. Due to the Wireless Business Segment's specified outlook for the rest of the year, the amount of temporary layoffs was reduced from the earlier estimated maximum amount. The materialized temporary layoffs were reduced to 64 persons and the cost savings achieved were EUR 0.6 million.

The Extraordinary General Meeting

The Extraordinary General Meeting of Elektrobit Corporation was held on Wednesday December 4, 2013. The General Meeting resolved in accordance with the proposal of the Board of Directors that on the basis of the financial statements adopted for the financial period ended on December 31, 2012, funds from the invested non-restricted equity fund be distributed to shareholders as a repayment of capital, with the capital repayment amounting to EUR 0.11 per share. The aggregate amount of the distribution based on the number of shares as of the date of the General Meeting would amount to EUR 14,311,096.25. The repayment of capital was paid to shareholders recorded in the company's register of shareholders maintained by Euroclear Finland Ltd. on the record date of the capital repayment, December 10, 2013. The repayment of capital was made on December 17, 2013.

Stock Options

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 list-

ing 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 will end on March 31, 2014. The share subscription period for stock options 2008B will end on March 31, 2015.

Pursuant to series 2008A-B stock options, a total of 97,500 new shares were subscribed for between April 2 and June 20, 2013, a total of 120,834 new shares were subscribed for between June 21 and August 22, 2013, a total of 89,356 new shares were subscribed for between August 22 and October 8, 2013 and a total of 380,495 new shares were subscribed for between October 21, 2013 and November 21, 2013. 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 July 5, 2013, September 6, 2013, October 18, 2013, and December 4, 2013. The trading with the registered shares started on July 8, 2013, September 9, 2013, October 21, 2013, and December 5, 2013 in NASDAQ OMX Helsinki. After the registration of the new shares, the number of shares in Elektrobitt Corporation's totaled 130,100,875. More information and the terms and conditions of stock options 2008 are available in www.elektrobitt.com/investors in the Company's web pages.

The Extraordinary General Meeting of Elektrobitt Corporation, held on December 4, 2013, resolved in accordance with the proposal of the Board of Directors that on the basis of the financial statements adopted for the financial period ended on December 31, 2012, funds from the invested non-restricted equity fund be distributed to shareholders as a repayment of capital. As a result of the capital repayment the subscription prices of shares pursuant to the series 2008A-C stock options has been reduced with the amount of the capital repayment per share on the record date of the capital repayment in accordance with the terms of the stock options. Hence, the share subscription price pursuant to stock options 2008A has reduced to EUR 0.07, pursuant to stock options 2008B to EUR 0.73 and pursuant to stock options 2008C to EUR 0.61.

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 will commence on April 1, 2014 and will end on March 31, 2016. The share subscription price for series 2008C stock options is EUR 0.61 per share. The amount of the dividend or the amount of the distributable non-restricted equity decided before share subscription will be deducted from the share subscription price as per the dividend record date or the record date of the repayment of equity.

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

According to its strategy, EB continues to focus on two Business Segments - the Automotive Business Segment and the Wireless Business Segment. EB's objective is to be a leading provider of solutions, products and services in its selected businesses. The most important short-term objective is to grow the net sales and operating profit from previous year.

In the Automotive Business Segment EB offers software products and R&D services for carmakers, car electronics suppliers and other suppliers to the automotive industry. The offering includes in-car infotainment solutions, such as navigation and human machine interfaces (HMI), as well as software for electronic control units (ECU) and driver assistance. By combining its software products and R&D services, EB is creating unique, customized solutions for the automotive industry.

In the Automotive Business Segment the objective is to increase the net sales at least at the same pace with the automotive software market growth. EB's software products are EB

street director navigation software, EB GUIDE HMI development and speech dialogue platform, EB tresos product line of software components used in ECUs and tools for their configuration, and EB Assist, an extensive product line with tooling and a software development kit for driver assistance solutions. e.solutions GmbH, the jointly owned company of EB and AUDI, has own infotainment products that have been developed for the Volkswagen Group car models. These software products generate license fees, often combined with supply of R&D services for customized solutions. EB aims to develop its business model to become more software product driven, which will gradually make EB's net sales more directly dependent on car production volumes during the next few years.

In the Wireless Business Segment EB offers products and product platforms for defense, public safety and other authorities markets as well as for industrial use. Further, EB offers product development services and customized solutions for wireless communications markets and for companies needing wireless connectivity for their products. EB's products in the Wireless Business Segment are EB Tactical Wireless IP Network for tactical communications, EB Tough VoIP for tactical IP-based communication, and EB Wideband COMINT Sensor for signals intelligence. The product platforms are the Android-based EB Specialized Device Platform and EB LTE Connectivity Module for specialized markets. For the latest wireless technologies and applications EB offers a broad range of R&D services such as consulting, integration, and development of software and hardware.

EB also offers its customers EB-designed devices by utilizing manufacturing partners. EB's offering to its customers and EB's competitiveness are based on strong and broad expertise in radio technology, embedded software solutions, electronics, and product integration. In the Wireless Business Segment the objective is to gradually increase the net sales during the next few years.

EB will continue its focused R&D investments in the Automotive Business Segment and the Wireless Business Segment. EB will further develop partnerships and identify M&A opportunities that will increase the company's competitiveness and broaden the market opportunities.

Consolidated Statement of Comprehensive Income (MEUR)

CONTINUING OPERATIONS	2013 1000 EUR	2012 1000 EUR restated
NET SALES	199 281	173 865
Other operating income	3 538	2 430
Change in work in progress and finished goods	-27	-186
Work performed by the undertaking for its own purpose and capitalized	12	518
Raw materials	-12 425	-7 269
Personnel expenses	-113 162	-101 077
Depreciation	-9 040	-7 052
Other operating expenses	-60 035	-60 161
OPERATING PROFIT	8 143	1 068
Financial income and expenses	-920	-478
PROFIT BEFORE TAX	7 222	590
Income tax	-570	491
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	6 652	1 081
Profit for the year from Discontinuing Operations	24 294	1 185
PROFIT FOR THE YEAR	30 946	2 267
Other comprehensive income:		
Items that will not be reclassified to statement of income		
Re-measurement gains (losses) on defined benefit plans	0	-815
Items that may be reclassified subsequently to the statement of income		
Exchange differences on translating foreign operations	-36	189
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	30 910	1 641
Profit for the year attributable to		
Equity holders of the parent	30 946	2 267
Non-controlling interests	0	0
Total	30 946	2 267
Total comprehensive income for the period attributable to		
Equity holders of the parent	30 910	1 641
Non-controlling interests	0	0
Total	30 910	1 641
Earnings per share for profit attributable to the shareholders of the parent company:		
Earnings per share from Continuing Operations, EUR		
Basic earnings per share	0,051	0,008
Diluted earnings per share	0,051	0,008
Earnings per share from Discontinuing Operations, EUR		
Basic earnings per share	0,188	0,009
Diluted earnings per share	0,187	0,009
Earnings per share from Continuing and Discontinuing Operations, EUR		
Basic earnings per share	0,239	0,018
Diluted earnings per share	0,238	0,017
Average number of shares, 1000 pcs	129 528	129 413
Average number of shares, diluted, 1000 pcs	130 092	130 238

CEO's Review

EB developed well in 2013. The net sales grew by 14.6 per cent from the previous year and was EUR 199.3 million. Operating profit of the whole year improved clearly from last year to EUR 8.1 million. I am pleased to say that EB reached its main goal for 2013 – to grow its operating profit from the previous year.

The Automotive Business Segment developed according to our objectives in 2013. Net sales continued its strong growth, which has lasted already for many years, as car manufacturers continue to invest in the development of software solutions for new car models. A significant proportion of the growth in the net sales came from the rapid growth of e.solutions GmbH, the jointly owned company with AUDI. During the year EB was selected as the supplier for several long-term product development and product customization projects for leading car manufacturers, which strengthens EB's market position as the partner for car manufacturers, and will bring net sales for many years forward. Operating profit in the Automotive Business Segment improved clearly from the previous year and was 6.2 per cent of net sales. The most important factors for the improvement of operating profit were the growth of the services and software sales, improved project management and measures to improve the cost structure.

In the Wireless Business Segment the net sales in 2013 decreased slightly from the previous year due to the decreased demand in the wireless telecommunication R&D services market. In the last quarter, EB started the product deliveries of the tactical communication system for the Finnish Defence Forces and delivered a batch of special terminal products for one customer for authority use. These product deliveries generated product based net sales in addition to R&D service sales. Operating result in 2013 remained slightly negative, despite of the cost saving measures taken to improve the cost structure. In addition to the decreased net sales, the profitability was negatively affected in 2013 by the ongoing investments into the marketing and product development of products targeted for the global defense and other authority markets, which investments are expected to start gradually generating net sales from the latter half of 2014 onwards.

EB's balance sheet and financial position strengthened during 2013 due to the good operative cash flow and the sale of the Test Tools product business in the beginning of the year. Net cash flow was EUR 28.7 million positive. At the end of the year EB's cash and other liquid assets were EUR 43.0 million and the amount of interest-bearing debt was EUR 5.3 million. None

of the EUR 20 million available credit facilities was used at the end of the reporting period. EB's equity ratio raised up to 65.1 per cent.

At the end of the year, the parent company of the group and its subsidiaries employed 1 648 people and e.solutions GmbH, the jointly owned company of EB and AUDI, employed 321 people. During 2013, the number of personnel in the Automotive Business Segment grew by 138 employees. EB established a new site in Brasov, Romania, to satisfy the increasing demand of automotive software development and testing. In the Wireless Business Segment the number of employees decreased with 73 employees. The decrease resulted mainly from the measures to improve the cost structure in the Wireless Business Segment.

EB paid dividend of EUR 0.01 per share in April and distributed repayment of capital of EUR 0.11 per share in December. Company's share price increased strongly towards the end of the year and the daily trading volume of shares grew significantly.

In 2014 we target to grow our net sales and operating profit from the previous year.

I am pleased to say that EB reached its main goal for 2013 – to grow its operating profit from the previous year. I want to thank our personnel for the good results achieved in 2013 and for the efforts made to build our future success.



Jukka Harju
CEO

Business Segments

EB's reporting is based on two segments, which are the Automotive Business Segment and the Wireless Business Segment.

Automotive Business Segment

The Automotive Business Segment's Products and Services

EB offers software products and R&D services for carmakers, car electronics suppliers and other suppliers to the automotive industry. The offering includes engineering services and in-car infotainment solutions, such as navigation and human machine interfaces (HMI), as well as software for electronic control units (ECU) and driver assistance (DA).

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% of e.solutions GmbH and AEV 49%.

Development of the Automotive Business Segment in 2013

The demand for automotive software products and services developed well during the whole year.

Net sales of the Automotive Business Segment grew to EUR 138.3 million in 2013 (re-stated net sales of EUR 110.6 million, in 2012), representing 25.0 per cent growth year-on-year. A significant proportion of the growth in the net sales came from the rapid growth of e.solutions GmbH, the jointly owned company with AUDI. Operating profit was EUR 8.5 million (re-stated operating profit of EUR 3.3 million, in 2012). Operating profit improved year-on-year due to the growth of the service and software sales, and improved management of projects and measures to improve the cost structure.

During 2013, EB was selected as the supplier for several long-term product development and product customization projects for leading car makers. A pricing model, where a part of the product development fee is moved to license fee based on the actual delivery volumes of new cars, was increasingly often taken into use in the largest projects. When using this pricing model, which is common in the automotive industry, the project specific positive operating result and cash flow will be typically reached first during the car production years.

EB continued significant R&D investments into the automotive software and tools. In 2013, EB announced a new version of its HMI development platform, EB GUIDE 5.5, which includes a wide-range of consumer-inspired features including 3D content import, compelling graphical animations and effects, speech recognition for dynamic data, as well as multi-touch and touch gesture recognition for smartphone-like user interaction. EB GUIDE 5.5 also enables



carmakers and suppliers to create multi-modal HMIs enriched with HTML5 application-like content.

EB also announced that the runtime solution of its development platform for human machine interfaces (HMIs), EB GUIDE Graphic Target Framework (GTF), has been ported to the Renesas' R-Car H1. The collaboration will enable car manufacturers to use the high-end Renesas chip in combination with the EB GUIDE GTF to utilize the advanced graphical capabilities of the SoC (systems-on-chip).

EB integrated its EB street director navigation software into the QNX CAR™ application platform 2.0, a set of pre-integrated and optimized technologies used to develop advanced infotainment systems for connected car. The system has been demonstrated at QNX's booth during CES 2013 in Las Vegas.

In the Driver Assistance domain, EB and Daimler strengthened their long-term successful partnership for developing Daimler's embedded driver assistance software. Through this partnership, a new collaboration model was introduced, with EB assuming the role of

direct software supplier for Driver Assistance to Daimler. The support from EB comprises function and implementation models, software implementation, module tests and integration tests for more than 200 software modules and more than 25 car series, including the newly launched S-class. By separating hardware and software development, EB and Daimler are able to manage the growing complexity of software in the Driver Assistance domain. It also enables both parties to focus on their core competencies.

In 2013, EB was able to announce to be among the first suppliers to deliver an ASIL D certified AUTOSAR operating system and the only one certified for two safety standards. ASIL D and SIL 3 rank among the highest security levels for functional safety according to the ISO 26262 / IEC 61508 specifications for electric and electronic components. Functional safety is getting more and more important for automotive ECUs and these certificates received strengthen EB's position in these markets.

In 2013, 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 2013, e.solutions had 321 employees in Germany.

Personnel of the Automotive Business Segment

The number of employees in the Automotive Business Segment grew by 138 employees in 2013. At the end of 2013, EB employed 1 138 professionals in Germany, Austria, France, Romania, United States, China and Japan in the Automotive Business Segment (EB total 1 648 employees at the end of 2013). The average age of the personnel was 36. Design engineers constituted clearly the largest proportion of the personnel.

Part of the personnel growth took place in Brasov, Romania, where EB established a new site, to satisfy the increasing demand of automotive software development and testing. Until end of 2013 more than 80 employees started

in Brasov. EB plans to grow the Brasov team to more than 100 software developers over time.

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.

In 2013, EB continued to invest in the development of its processes as well as in training of its staff in order to provide state-of-the-art software to the customers. Training of supervisors was one of the focus areas and several development measures for supervisors were started.

The initiative to further strengthen the project management capabilities was introduced in 2013 through the Lean Development Model. It consists of agile elements and lean principles and focuses on "quality first" to minimize rework and to achieve more stable processes. The main goal for the whole initiative is to achieve better quality and higher productivity but also higher motivation within the employees. In the automotive industry the common development principle is based on the V-model (software development process). Applying lean and agile concepts to the development of automotive software is new. EB has been successfully and with excellent customer feedback resulting in better project predictability, better quality and higher customer satisfaction. The rollout of the Lean Development Model has been started in 2013 and will be continued in 2014.

The Press Releases of the Automotive Business Segment in 2013

- **In October**, EB announced the availability of its latest Human Machine Interface (HMI) development platform; EB GUIDE 5.5.
- **In June**, EB and Daimler established a new model to develop software for driver assistance systems with EB assuming the role of direct software supplier for Driver Assistance at Daimler.
- **In April**, EB opened new office in Brasov, Romania to expand its automotive software development teams in Romania.
- **In February**, EB achieved ASIL D and SIL 3 certification for its safety operating system, which rank among the highest levels for functional safety for electric and electronic components.
- **In February**, EB and Renesas Electronics announced their cooperation that enables car manufacturers to create future HMI platforms cost effectively.
- **In January**, EB and QNX presented EB navigation software integrated in the QNX reference vehicle and in the QNX technology concept car.

Market Outlook in the Automotive Business Segment

As the global economy is showing signs of recovery, the global car market is expected to grow by 3% in 2014 according to the forecast made by VDA (Verband der Automobilindustrie). For several years carmakers have continued to invest in automotive software for new car models and the market for software products and services is estimated to continue growing during 2014. The demand for EB's products and services is estimated to develop positively year-on-year during 2014 in the Automotive Business Segment.

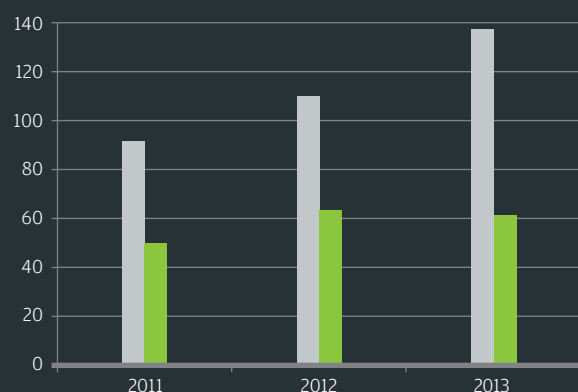
The market for electronics and software for cars is estimated to continue growing in a long term. The study "Future Industry Structure of Automotive (FAST) Electronics 2025" from Berylls assumes the growth of automotive electronics from EUR 215 billion in 2012 to EUR 456

billion in 2025 (CAGR 6%).

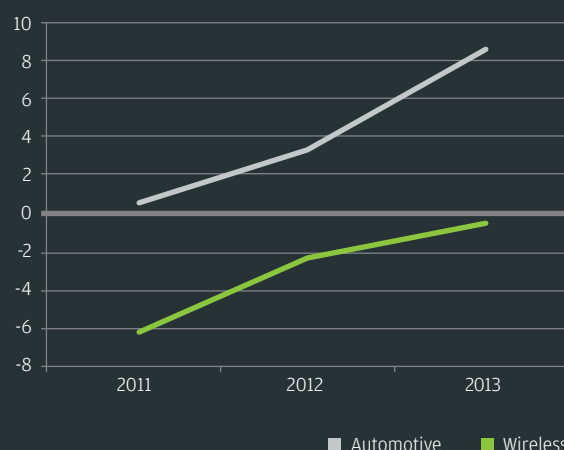
Growth in automotive software market is mainly driven by:

- The majority of in-vehicle innovations come from electronics and software. Carmakers can develop more vehicle features and create product differentiation as software innovation allows great product innovation jumps in the areas of comfort, information and entertainment, powertrain and communication.
- The software and hardware in electronics solutions will be gradually separated from each other in order to speed up the innovation and to improve the quality and cost efficiency.
- Consumers expect the same richness of features and user experiences in the car they know from the internet and mobile devices, and therefore infotainment systems become increasingly common in all car 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. Gartner estimates that by 2016, the majority of car buyers in automotive markets like 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. This tipping point will be reached even sooner – during 2014 – for premium-brand cars.
- Connected Car solutions and cloud connections enable bringing of new applications and enhancements to car functions, for example real-time traffic information for navigation. The increasing demand to better integrate mobile devices with the car has been reflected in consumer electronics companies such as Apple's "iOS in the Car" or Google's announcement of Open Automotive Alliance.
- New Active Safety Systems and Driver Assistance applications are being brought to markets as automated driving is becoming one of the key trends in the markets.

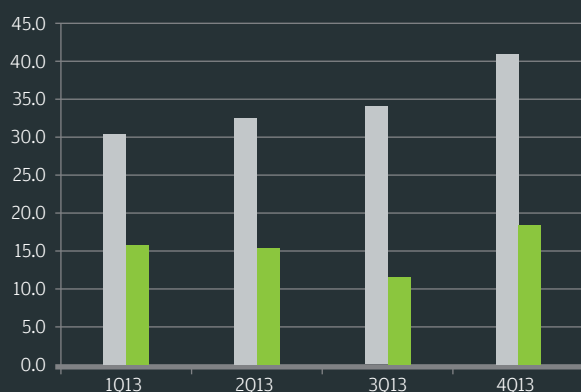
Net sales by Business Segments 2011-2013 (MEUR)
Continuing operations



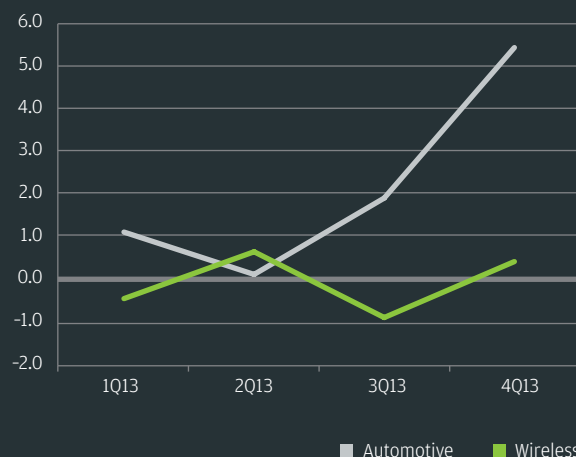
Operating result by Business Segments 2011-2013 (MEUR)
Continuing operations



Net sales by Business Segments quarterly 2013 (MEUR)
Continuing operations



Operating result by Business Segments quarterly 2013 (MEUR)
Continuing operations



Net sales and operating result of the Automotive Business Segment in 2011 and 2012 are presented as restated, assuming that the consolidation method, that was taken into use 2013, would have been applied already in 2011 and in 2012.

Personnel, parent company of the Group and its subsidiaries, by Business Segments Dec. 31, 2013

	2013	%	2012	%
Automotive	1 138	69	1 000	63
Wireless	500	30	573	36
Corporate functions	10	1	10	1
Total	1 648		1 583	

Personnel, parent company of the Group and its subsidiaries, by Market Areas Dec. 31, 2013

	2013	%	2012	%
Europe	1 529	93	1 425	90
Asia	69	4	68	4
Americas	50	3	90	6
Total	1 648		1 583	

e.solutions GmbH, the jointly owned company of EB and AUDI had 321 employees at the end of 2013 (233 at the end of 2012).



EB Wideband COMINT Sensor, EB Tactical Wireless IP Network products, EB Tough VoIP phone and Android-based tablet, smartphone and module.

Wireless Business Segment

Products and Services of the Wireless Business Segment

In the Wireless Business Segment EB offers products and product platforms for defense, public safety and other authorities markets as well as for industrial use. Further, EB offers product development services and customized solutions for wireless communications markets and for companies needing wireless connectivity for their products.

In addition, EB offers for the latest wireless technologies and applications a broad range of R&D services, such as consulting, integration, and development of software and hardware.

EB's products in the Wireless Business Segment are:

- **EB Tactical Wireless IP Network** for tactical communications,
- **EB Tough VoIP** for tactical IP-based communication,
- **EB Wideband COMINT Sensor** for signals intelligence,
- the Android-based **EB Specialized Device Platform**,
- **EB LTE Connectivity Module** for specialized markets,
- **a broad range of R&D services** for the latest wireless technologies and applications, such as consulting, integration, and development of software and hardware.

Development of the Wireless Business Segment in 2013

The Wireless Business Segment's net sales from Continuing Operations in 2013 decreased by 3.7 per cent year-on-year, to EUR 61.2 million (EUR 63.5 million, in 2012). The decrease in the net sales was due to decline in the demand for R&D services in the wireless telecommunications market. In the fourth quarter EB started the product deliveries of the tactical communication system to Finnish Defence Forces and delivered a batch of special terminal products to one customer for the authority use. These product deliveries generated product based net sales of EUR 6.9 million in the fourth quarter, the rest of the net sales being R&D services sales.

The operating loss from Continuing Operations of the Wireless Business Segment in 2013 was EUR -0.5 million including the non-recurring cost of approximately EUR 0.8 million resulting from the cost saving measures in the first quarter of 2013 (operating profit of EUR -2.2 million including non-recurring items of approximately EUR 4 million weakening operating result, in 2012). In addition to the decreased net sales, the profitability was negatively affected in 2013 by the ongoing investments into the marketing and product development of products targeted for the global defense and other authority markets, which investments are expected to start gradually generating net sales from the latter half of 2014 onwards. Operating result of the Wireless Business Segment in 2013 without non-recurring costs was EUR 0.4 million (EUR 1.8 million in 2012).

Product Development and Product Deliveries

EB continued its R&D investments in Continuing Operations in products and product platforms targeted for the defense and public safety markets.

During the first quarter, EB launched its Tough VoIP phone for industrial use. The product is suitable for demanding environments like manufacturing, construction, power plants, mining sites, and transportation.

EB also broadened its Android-based product platform (EB Specialized Device Platform) with three new platform variants: smartphone, tablet and LTE connectivity module. By leveraging latest mass-market mobile device hardware and software technologies, the new form factors enable specialized markets such as public safety, defense and industrial to roll-out customized products that meet industry-specific functional or performance requirements faster and with lower development risks and costs.

In April, EB signed a contract with the Finnish Defence Forces for deliveries of the EB Tactical Wireless IP Network communication system. The product delivery contained tactical routers and radio head units for the land force's communication needs. This contract was a continuation to the EB's Tactical Wireless IP Network development and pilot delivery contract signed in September 2011. The value of the purchase was EUR 7.0 million (excl. VAT). The deliveries are to be finalized by the end of March 2014.

In September, EB presented its product portfolio targeted to defense market at DSEI

2013 in England and demonstrated its EB Tactical Wireless IP Network system forming a wireless high data rate network connection.

In the last quarter EB started the product deliveries of the tactical communication system to Finnish Defence Forces and delivered a batch of special terminal products to one customer for the authority use.

The Sale of the Test Tools Product Business

EB and Anite plc signed an agreement on January 28, 2013, under the terms of which EB agreed to sell its Test Tools product business to Anite ("the Transaction"). The Transaction comprised the sale of the shares of EB's subsidiary Elektrobit System Test Ltd., a company based in Oulu, Finland, and certain related other assets in the USA and China. EB's Test Tools product business provided radio channel emulation tools and testing solutions for the development of the wireless technologies and was part of EB's Wireless Business Segment employing a total of 54 persons in Finland, USA and China.

The EUR 31 million cash consideration paid for EB's Test Tools product business has been adjusted by EUR 0.9 million based upon the level of net working capital and cash and debt in the Test Tools product business at the date of the transaction. In the aggregate, the sale of the Test Tools product business resulted in a non-recurring net profit of about EUR 24 million and a non-recurring net cash flow of about EUR 28 million in 2013.

Cost Saving Measures

EB started measures to improve its cost structure in the Wireless Business Segment in February 2013. The underlying reasons for the measures to improve the cost structure were the changed business requirements. Due to the financial challenges faced by one of its customers in the USA, the planned sale of EB's products and services to this customer did not materialize. In addition, part of the common cost base of the Wireless Business Segment, previously allocated to the Test Tools product business that was sold on January 31, 2013, was not included in the Transaction.

The measures were completed on April 4, 2013 and the Company estimates to reach the

targeted, approximately EUR 2 million annual cost savings in its Wireless Business Segment. The measures resulted non-recurring costs of approximately EUR 0.8 million that affect negatively the Company's operating result.

As part of these measures, EB reduced its personnel in the Wireless Business Segment globally by altogether 32 persons, 8 of them in Finland. In addition, EB also concentrated some of its Wireless Business Segment operations to Finland and moved the centre of its US operations from west coast to east coast, where many of the public sector customers are located.

In August, EB started personnel negotiations to temporarily dismiss 150 employees at the maximum targeting cost savings of about EUR 1.5 million. The underlying reasons for the planned layoffs are the decreased order volume for the second half of 2013 from a large customer of EB, and delays in some special terminal projects.

As a result of the negotiations, EB aimed to temporarily dismiss 150 employees at the maximum in the Wireless Business Segment to adjust its cost level to correspond the weakened demand outlook for the rest of the year. The Company stated that the need for temporary layoffs and thereby actual cost savings may however change as the outlook for the rest of the year specifies.

EB decided on November 15, 2013 that no further temporary layoffs will be made. Between September 2013 and January 2014 EB temporarily laid off altogether 74 employees for a maximum of 90 days, part or full-time. Due to the Wireless Business Segment's specified outlook for the rest of the year, the amount of temporary layoffs was reduced from the earlier estimated maximum amount. The materialized temporary layoffs were reduced to 64 persons and the cost savings achieved were EUR 0.6 million.

Personnel of the Wireless Business Segment

The amount of employees in the Wireless Business Segment decreased by 73 persons in 2013. This was primarily related to measures to improve the cost structure to correspond to the changed business requirements, leading to

the global personnel reduction during the first quarter of 2013. At the end of 2013, the Wireless Business Segment employed 500 professionals in Finland and USA (EB total 1 648 employees at the end of 2013). The average age of the Wireless Business Segment personnel was 39.7. 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 working in the Wireless Business Segment is based on the implementation of lean and agile methods. At the same time the utilized processes and tools were fitted to support the execution, provide transparency and improve efficiency in projects.

The employee engagement and working atmosphere is measured annually in the EB Spirit personnel survey in the Wireless Business Segment. The results of the 2013 survey highlighted strong customer focus and good working atmosphere in teams. During 2014 focus areas for personnel development will be fostering a culture of innovation, coaching and leadership.

The Press Releases of the Wireless Business Segment in 2013

- **In November**, EB concluded cost saving measures that were started in August aiming to adjust the cost level in the Wireless Business Segment. 74 employees were temporarily dismissed, full or part-time, maximum of 90 days. EB decided that no further temporary layoffs will be implemented. With these measures, EB estimated to achieve approximately EUR 0.8 million cost savings.
- **In September**, EB demonstrated its state of the art tactical communication technology at DSEI in England.
- **In August**, concluded its personnel negotiations aiming to temporarily lay off 150 employees at the maximum in the Wireless Business Segment targeting EUR 1,5 million cost savings.
- **In August**, EB told that it will start personnel negotiations in its Wireless Business Segment to adjust the cost level to correspond the weakened demand outlook for the rest of the year.
- **In May**, EB released a whitepaper on Cognitive Communication Networks that explores how cognitive radio can be utilized in military communications enabling mobile troops to communicate and share information even more effectively.
- **In April**, EB signed a contract with the Finnish Defence Forces for deliveries of the EB Tactical Wireless IP Network communication system. The contract was a continuation to the EB's Tactical Wireless IP Network development and pilot delivery contract signed in September 2011. The value of the purchase was EUR 7.0 million (excl. VAT).
- **In April**, EB completed the measures to improve its cost structure that were started on February 2013. With these measures EB estimated to reach the targeted approximately EUR 2 million annual cost savings in its Wireless Business Segment.
- **In February**, EB started measures to improve the cost structure targeting EUR 2 million annual cost savings in the Wireless Business Segment.

- **In February**, EB launched three form factors for the award-winning EB Specialized Device Platform: smartphone, ruggedized tablet, and LTE connectivity module.
- **In January**, EB and Anite plc signed an agreement under the terms of which EB sold its Test Tools product business to Anite.
- **In January**, EB launched its Tough VoIP phone for the industrial markets.
- **In January**, EB demonstrated its defense product portfolio at IDEX 2013 in Abu Dhabi in the United Arab Emirates.

Market Outlook in the Wireless Business Segment

In the Wireless Business Segment, EB's customers operate in various industries, each of them having own industry specific factors driving the demand. A common factor creating demand among the whole customer base is the introduction of new technologies. In 2014, the implementation of LTE (Long Term Evolution) technology is expected to continue to be important technological change driving the demand. 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 multi-radio technologies and end-to-end system architectures covering both terminals and networks is needed.

Following factors are estimated to create demand for EB's products and services in 2014 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 design. There is a wide range of frequencies allocated for LTE globally, thus creating a need to develop multiple products to cover the market, and creating demand for R&D services for design of product variants.
- The trend of adopting new commercial technologies, such as LTE and smart phone related operating systems 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.
- The need for R&D services for connected devices for business or consumer use, such as smart watch and other wearable devices is evolving and creating demand for customized solutions based on EB's product platforms.
- In the defense market's tactical communication the need for larger amounts of information data grows, generating demand for broadband networks, such as EB's customized IP (Internet Protocol) based tactical communications solutions.

EB aims at bringing its products to the global defense and other authorities markets, where they are expected to start gradually generating net sales from the latter half of 2014 onwards. The public defense budget cuts affect negatively on the demand for products and product development services in Europe and also all over the world, simultaneously increasing the competition between the suppliers.

The defense, authorities and national security markets are by their nature slowly developing markets. 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 130,100,875. 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

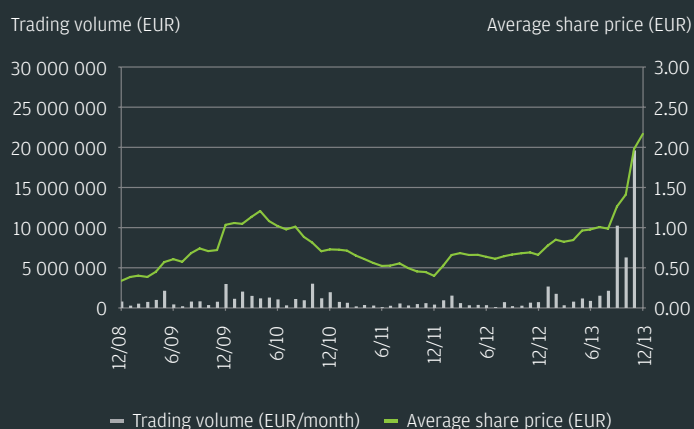
share subscription period for stock options 2008A will end on March 31, 2014. The share subscription period for stock options 2008B will end on March 31, 2015.

Pursuant to series 2008A-B stock options a total of 97,500 new shares were subscribed for between April 2 and June 20, 2013, a total of 120,834 new shares were subscribed for between June 21 and August 22, 2013, a total of 89,356 new shares were subscribed for between August 22 and October 8, 2013 and a total of 380,495 new shares were subscribed for between October 21, 2013 and November 21, 2013. 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 July 5, 2013, September 6, 2013, October 18, 2013, and December 4, 2013. The trading with the registered shares started on July 8, 2013, September 9, 2013, on October 21, 2013, and on December 5, 2013 in NASDAQ OMX Helsinki. After the registration of the new shares, the number of shares in Elektrobitt Corporation's totaled 130,100,875. More information and the terms and conditions of stock options 2008 are available in www.elektrobitt.com/investors in the Company's web pages.

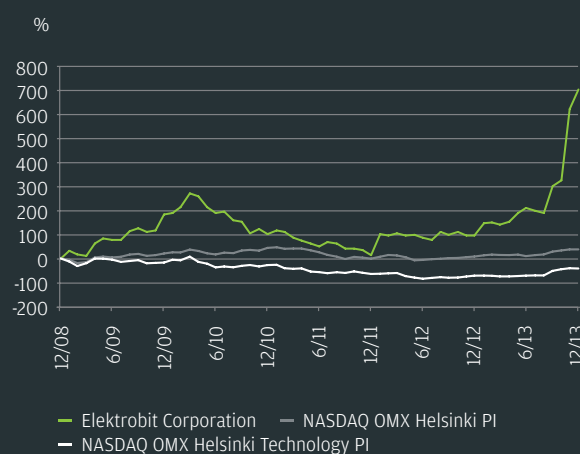
The Extraordinary General Meeting of Elektrobitt Corporation, held on Wednesday December 4, 2013, resolved in accordance with the proposal of the Board of Directors that on the basis of the financial statements adopted for the financial period ended on December 31, 2012, funds from the invested non-restricted equity fund be distributed to shareholders as a repayment of capital. As a result of the capital repayment the subscription prices of shares pursuant to the series 2008A-C stock options has been reduced with the amount of the capital repayment per share on the record date of the capital repayment in accordance with the terms of the stock options. Hence the share subscription price pursuant to stock options 2008A has reduced to EUR 0.07, pursuant to stock options 2008B to EUR 0.73 and pursuant to stock options 2008C to EUR 0.61.

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 will commence on April 1, 2014 and will end on March 31, 2016.

Trading volume and average share price
2009-2013



Share price development in NASDAQ OMX Helsinki
2009-2013



The share subscription price for series 2008C stock options is EUR 0.61 per share. The amount of the dividend or the amount of the distributable non-restricted equity decided before share subscription will be deducted from the share subscription price as per the dividend record date or the record date of the repayment of equity.

Share Price and Trading Volumes in 2013

The closing price of Elektrobitt Corporation's share was EUR 2.66 in 2013; the share reached a high of EUR 2.90 and a low of EUR 0.64. During the year, a total of 72.0 million shares with the value of EUR 46.5 million changed hands on the NASDAQ OMX Helsinki. This is 35.9 per cent of the share capital. Elektrobitt Corporation's market capitalization at the end of 2013 was EUR 346.1 million.

Dividend and Dividend Policy

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

In 2013 EB paid EUR 0.01 per share as dividend based on the adopted balance sheet for the financial period of January 1, 2012 - December 31, 2012. 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, Tuesday, April 16, 2013.

The Board of Directors of Elektrobitt Corporation proposes that the Annual General Meeting to be held on April 10, 2014, resolve to pay EUR 0.02 per share, as dividend based on the adopted balance sheet for the financial period of January 1, 2013 - December 31, 2013.

Extra-ordinary General Meeting in 2013 and Repayment of Capital

The Extraordinary General Meeting of Elektrobitt Corporation was held on Wednesday December 4, 2013. The General Meeting resolved in accordance with the proposal of the Board of Directors that on the basis of the financial statements adopted for the financial period ended on December 31, 2012, funds from the invested non-restricted equity fund be distributed to shareholders as a repayment of capital, with the capital repayment amounting to EUR 0.11 per share. The repayment of capital was paid to shareholders recorded in the company's register of shareholders maintained by Euroclear Finland Ltd. on the record date of the capital repayment, December 10, 2013.

Trading Codes

Elektrobitt Corporation has been listed on NASDAQ OMX Helsinki (previously Helsinki Stock Exchange) since 1998. Elektrobitt 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 Elektrobitt Corporation's stock options 2008A and 2008B are:

NASDAQ OMX Helsinki	EBC1VEW108
NASDAQ OMX Helsinki	EBC1VEW208

Shareholders

At the end of 2013 Elektrobitt Corporation had 24,107 shareholders. The ten largest shareholders owned 58.2 per cent of the shares. Private ownership was 78.6 per cent. The percentage of foreign and nominee-registered shareholders was 3.0 per cent at the end of 2013.

Shareholding of the Board of Directors and CEO

At the end of 2013, the shareholding of the Board of Directors, CEO and the companies controlled by them was 46,932,262 shares, corresponding to 36.1. 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.elektrobitt.com. An e-mail-based subscription service for press releases and publications can be found from the Company's website as well.

Financial Reports 2014

Elektrobitt Corporation reports its financial development quarterly. In 2014 EB will publish financial reports as follows:

February 20th
Financial Statement Bulletin 2013
April 30th
Interim Report January-March 2014
August 7th
Interim Report January-June 2014
November 6th
Interim Report January-September 2014

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.elektrobitt.com/investors.

The Company will hold press conference regarding the reports on dates to be specified later.

Silent Period

Elektrobitt Corporation will observe a Silent Period prior to announcing its results. The Silent Periods in 2014 are as follows:

January 30th-February 20th
April 9th-April 30th
July 17th-August 7th
October 16th-November 6th

Elektrobit Corporation's Annual General Meeting

Elektrobit Corporation's Annual General Meeting will be held on Thursday, April 10, 2014, at 1.00 p.m. (CET +1) at the University of Oulu, Saalastinsali, Pentti Kaiterankatu 1, 90570 Oulu, Finland.

Shareholders Registered in the Shareholders' Register

Each shareholder, who is registered on Monday March 31, 2014, 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 Monday April 7, 2014, 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 20, 2014, 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 4.00 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 Monday March 31, 2014, 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 Monday April 7, 2014, 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 20, 2014, the total number of shares and votes in Elektrobit Corporation is 130,609,572.

Documents of the General Meeting

The proposals for the decisions on the matters on the agenda of the General Meeting as well as this notice are available on Elektrobit Corporation's website at www.elektrobit.com. This annual report of Elektrobit 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, and is available on said website no later than March 20, 2014. 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 April 24, 2014, at the latest.



Elektrobit

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