

The Board of Directors of Elektrobitt Corporation has approved a plan for partial demerger



CEO Jukka Harju
February 19, 2015



Background for the partial demerger

Elektrobit Corporation comprises of two separate business segments

- **Automotive Business Segment** provides software products and development services for leading automotive OEM companies, car electronics suppliers and other suppliers to the automotive industry
- **Wireless Business Segment** provides wireless technology-based products, product platforms, product development services and customized solutions for companies and authorities in various industries

The two segments implement independent strategies already

- The two Business Segments operate practically independently
- The Business Segments have separate product portfolios and different customers

Automotive and Wireless segments are in different development phases

- Automotive is a growing, leading provider of automotive software solutions
- Wireless is being developed for profitable growth in the long term

Strategic rationale behind the partial demerger

1 Enable investors to allocate investments between the two businesses

4 Enhance long term value creation potential for customers and shareholders – full management focus on one business

2 Improve the liquidity of shares through separate companies

5 Improve M&A execution opportunities with companies in the same industry

3 Allocate investments and business risk into separate entities

6 Increase the flexibility and independency to implement business specific strategies

Elektrobit Corporation (EB) after the demerger

- Following the demerger, EB will continue as a company focusing on the automotive software business
- Provides software products and product development services for:
 - Car manufacturers
 - Car electronics suppliers
 - Other automotive market participants
- EB focuses on in-car software and aims at expanding its software products and services to connected car solutions and new service applications emerging from increased connectivity

Key financials 2014:
Automotive segment

Net sales 171.4 MEUR	EBIT 16.0 MEUR
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Financial targets
2015-2017¹⁾

Average net sales growth of 15-20 per cent	Annual EBIT-margin on average 8-10 per cent
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¹⁾ The financial targets stated herein apply solely to the Elektrobit Corporation after the demerger

Bittium Corporation (Bittium)

- The existing EB Wireless Business Segment operations will be continued by Bittium Corporation
 - Products and product platforms for defense and public safety markets as well as for Internet of Things markets and for the industrial use
 - Product development services and customized solutions for wireless communications markets and for other companies requiring wireless connectivity in their products
- Bittium is well positioned for key industry trends
 - Fast pace of development in wireless technologies expected to continue
 - Increasing demand for sophisticated communication solutions for defense, public safety and other authorities
 - The demand for research and development services is expected to remain stable over the coming years by the wireless telecommunications and other industries
- Net sales growth is sought with own products and product platforms
 - Bittium targets, by year 2017, to clearly increase the share of net sales generated from own products and product platforms, from the 26.7 % level of net sales in 2014

Key financials 2014: Wireless segment

Net sales	EBIT
53.0	1.0*
MEUR	MEUR

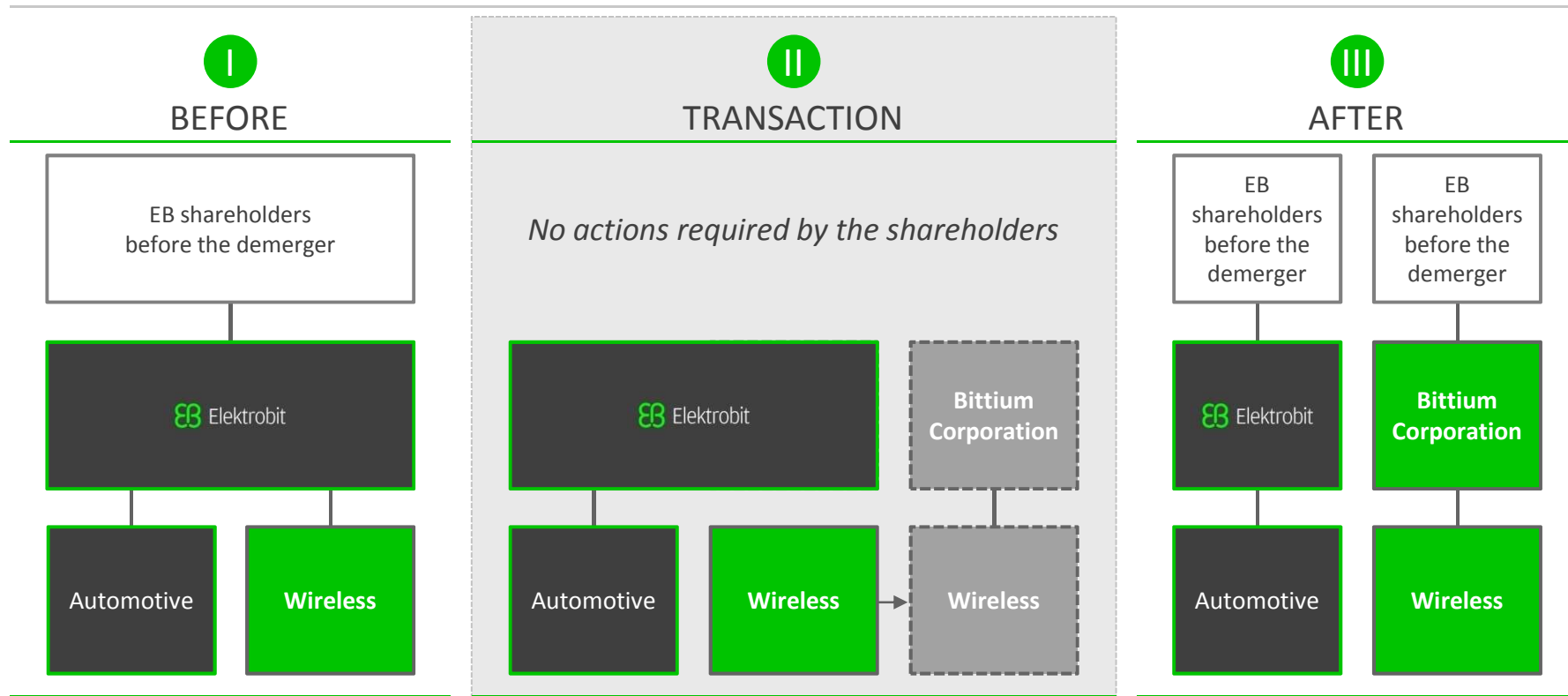
Financial targets 2015-2017¹⁾

Net sales growth at least	By 2017, EBIT to reach
10%	10%
annually	of net sales

* Incl. 1.1 MEUR non-recurring income and 0.6 MEUR non-recurring costs

¹⁾ The financial targets stated herein apply solely to the Bittium Corporation ⁵

Transaction structure



- According to the demerger plan, a new entity, Bittium Corporation, will be established where the balance sheet items of the current Wireless Business Segment and a proportion of the EB Group's cash is transferred
- The existing shareholders of Elektrobot Corporation will remain as shareholders in Elektrobot Corporation also after the demerger and receive additional shares in Bittium Corporation as a demerger consideration
- Shareholders of Elektrobot Corporation receive one share in Bittium Corporation for each share owned in Elektrobot

Corporation

Process considerations

- Advance ruling given by the Large Taxpayers' Office (Konserniverokeskus) confirms that the planned demerger will be treated as a tax neutral demerger for the Company and its shareholders in accordance with Finnish tax laws
- The demerger is subject to the approval of Extraordinary General Meeting (EGM)
 - Requires a majority of 2/3 of the participating votes and shares
 - The key shareholders, members of the board and CEO of Elektrobit Corporation, representing of approx. 48,4% of shares and votes, have preliminarily expressed their support for the transaction
- Outstanding 2008C stock options will be adjusted so that their intrinsic value (i.e. current value of the option position) will not change due to the demerger
 - Exercise price will be lowered to compensate the value of the demerged Wireless Business Segment
- Implementation of the demerger requires completion of statutory creditor protection mechanism

The implementation date of the demerger is on June 30, 2015

Key dates

February 18	Elektrobit Corporation's Board of Directors approved the demerger plan
February 19	Publication of the demerger plan
February 19	Financial Statement Bulletin 2014
March 23	Annual Report 2014
April 15	Annual General Meeting
May 7	Interim Report January-March 2015
Early June (estimate)	Publication of the prospectus
June 11 (estimate)	Extraordinary General Meeting of Elektrobit Corporation
June 30	Effective date of the demerger
June 30 (estimate)	Trading with Bittium Corporation shares commences
August 6	Elektrobit Corporation interim report January-June 2015
August (date open)	Bittium Corporation interim report January-June 2015

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