

# Bittium

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## Bittium Corporation Interim Report January-September 2015

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Net sales, continuing operations

**41.6** MEUR

Net sales growth

**13.7** %

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Operating profit, continuing operations

**1.5** MEUR

Operating profit, % of net sales

**3.6** %

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## Net sales of January-September 2015 grew and operating profit improved from the previous year

*In this interim report the Wireless business and corporate functions are reported as continuing operations and the Automotive business, sold on July 1, 2015, as discontinuing operations. Cash flow includes both continuing and discontinuing operations.*

*Changing the name from Elektrobit Corporation to Bittium Corporation became in force on July 1, 2015. In this interim report the name Bittium is also used in the events before the name change.*

### Summary July-September 2015, continuing operations

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- Net sales grew to EUR 11.1 million (EUR 10.0 million, 3Q 2014), representing an increase of 11.7 % year-on-year.
- Operating result was EUR 0.0 million (EUR 1.1 million, 3Q 2014), including the non-recurring income of EUR 1.1 million resulting from the reorganization cases of the TerreStar Companies.
- Net cash flow was EUR 575.5 million (EUR 9.8 million, 3Q 2014, including both continuing and discontinuing operations). Net cash flow includes the cash flow resulting from the sale of the Automotive business and the cash flow of the cancelled demerger process.
- Earnings per share were EUR 0.001 (EUR 0.009, 3Q 2014).
- The number of Bittium's shares increased by altogether 277 005 new shares subscribed by virtue of the stock option rights 2008C. At the end of the period, the number of shares in Bittium Corporation totaled 132 818 030.
- The sale of the Automotive business was closed on July 1, 2015, as the closing conditions, such as the approval of the Extraordinary General Meeting, receipt of the required authority approvals and other customary closing conditions was fulfilled. The purchase price of the transaction was EUR 600 million, which was fully paid in cash upon the closing of the transaction.
- As the transaction was closed, the name of the Company was changed to Bittium Corporation, Bittium Oyj in Finnish, registered in the trade register and the new trading code in the stock exchange changed from July 2, 2015 onwards to BITTI.
- On July 1, 2015, due to the sale of the Automotive business and the change of the company name on July 1, 2015, the Board of Directors of Bittium updated the company's strategic guidelines.
- On August 6, 2015 Bittium Corporation announced that it is planning to distribute the net proceeds from the sale of its Automotive business, a maximum of EUR 595 million, to its shareholders in the first instance by repurchasing own shares in a voluntary public tender offer directed to all shareholders of the company. On August 6, 2015 the Board of Directors of Bittium Corporation also decided upon nominations and changes in the company's management. Hannu Huttunen, M.Sc. (Econ.) was appointed CEO of Bittium Corporation as of August 7, 2015. The contract of Bittium's current CEO Jukka Harju terminated on August 6, 2015 by mutual consent.
- On August 24, 2015 Bittium announced its plans to repurchase its own shares and stock options for a total purchase price of approximately EUR 595 million in a voluntary public tender offer directed to all shareholders and holders of stock options 2008C of the Company.
- As part of the arrangement to distribute the net proceeds from the sale of its Automotive business to its shareholders, Bittium Corporation published its interim financial statements from the period of January 1 - July 1, 2015, and gave notice to convene an Extraordinary Shareholders Meeting to decide upon the repurchase of the company's own shares and stock options 2008C entitling to shares by means of a voluntary public tender offer made to all shareholders and holders of stock options 2008C.

- The Extraordinary General Meeting of Bittium Corporation, held on September 14, 2015 decided on the repurchase of own shares and stock options. The offer period of the Offer commenced on September 25, 2015 at 9.30. a.m. (Finnish time) and expired on October 16, 2015 at 4.00 p.m. (Finnish time). The offer price of a Share was EUR 5.06 for a Share, and it was paid in cash for each Share validly tendered in accordance with the terms and conditions of the Offer. The offer price of a Stock Option was EUR 4.51 for a Stock Option, and it was paid in cash for each Stock Option validly tendered in accordance with the terms and conditions of the Offer.
- In addition the Extraordinary General Meeting of Bittium Corporation decided on election of new members of the Board of Directors. Kirsi Komi, Juha Putkiranta and Seppo Mäkinen were elected as new members of the Board of Directors for a term commencing on November 5, 2015 and continuing until the close of the next Annual General Meeting. The new members of the Board of Directors replace the previous members of the Board of Directors Jorma Halonen, Juha Hulkko and Seppo Laine, who had notified that they will leave the Board of Directors when the term of the new members commences.

<b>GROUP (MEUR)</b>	<b>7-9/2015</b>	<b>7-9/2014</b>	<b>2014</b>
<b>Continuing operations</b>	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>
NET SALES	11.1	10.0	52.7*
Change of net sales, %	11.7%	-13.5%	-13.7 %
OPERATING PROFIT / LOSS	0.0	1.1	0.8
Operating profit / loss, % of net sales	0.2%	10.4%	1.5 %
Operating profit / loss without non-recurring items	0.0	-0.1	0.3
EBITDA	0.6	1.7	3.1
CASH AND OTHER LIQUID ASSETS	617.5	40.7	43.3
EQUITY RATIO (%)	97.9%	64.0%	62.3 %
EARNINGS PER SHARE (EUR)	0.001	0.009	0.010

\*) *Continuing operations include the previously reported Wireless business and corporate functions. Net sales from the continuing operations does not include the previously reported net sales of the Wireless Business Segment resulting from the internal sales from the Wireless Business Segment to the Automotive Business Segment.*

## Summary January-September 2015, continuing operations

- Net sales grew to EUR 41.6 million (EUR 36.6 million, 1-9 2014), an increase of 13.7 % year-on-year.
- Operating profit was EUR 1.5 million (operating loss of EUR -1.0 million, 1-9 2014, including the non-recurring income of EUR 1.1 million resulting from the reorganization cases of the TerreStar Companies).
- Net cash flow was EUR 574.2 million (EUR -2.3 million, 1-9 2014). Net cash flow includes the dividend payment of EUR 5.3 million in April, the cash flow of the Automotive business until June 30, 2015, as well as the cash flows related to the sale of the Automotive business and cancelled demerger process..
- Earnings per share were EUR 0.009 (EUR -0.008, 1-9 2014).
- The number of Bittium's shares increased by altogether 1 324 886 new shares subscribed by virtue of the stock option rights 2008B and 2008C. At the end of the period, the number of shares in Bittium Corporation totaled 132 818 030.

<b>GROUP (MEUR)</b>	<b>1-9/2015</b>	<b>1-9/2014</b>	<b>2014</b>
<b>Continuing operations</b>	<b>9 months</b>	<b>9 months</b>	<b>12 months</b>
NET SALES	41.6	36.6	52.7*
Change of net sales, %	13.7%	-14.6%	-13.7%
OPERATING PROFIT / LOSS	1.5	-1.0	0.8

Operating profit / loss, % of net sales	3.6%	-2.7%	1.5 %
Operating profit / loss without non-recurring items	1.5	-2.1	0.3
EBITDA	3.2	0.8	3.1
CASH AND OTHER LIQUID ASSETS	617.5	40.7	43.3
EQUITY RATIO (%)	97.9%	64.0%	62.3%
EARNINGS PER SHARE (EUR)	0.009	-0.008	0.010

*\*) Continuing operations include the previously reported Wireless business and corporate functions. Net sales from the continuing operations does not include the previously reported net sales of the Wireless Business Segment resulting from the internal sales from the Wireless Business Segment to the Automotive Business Segment.*

## Bittium's CEO Hannu Huttunen

"Third quarter was our first quarterly period as Bittium. The new name of the company has been well-accepted among our customers, personnel and other stake holders. Our identity builds on being Nordic, Finnish Company, on trust and on our competence grown during our long history. The new visual identity and focusing our business in communication and connectivity solutions has created positive interest towards Bittium.

After the sale of the Automotive business Bittium focuses on utilizing wireless technologies. Our competitiveness is based on extensive and strong know-how in radio technology, embedded software, electronics and product integration. This competence results from our long-term cooperation with world leading mobile communication technology companies, Finnish Defence Forces and other technology companies.

In the third quarter the net sales grew by 11.7 per cent from previous year and was EUR 11.1 million. The share of the product-based net sales was EUR 2.4 million, representing slight growth from previous year (EUR 1.9 million 3Q14). Operating result was EUR 0.0 million. The operating result was negatively affected somewhat by the re-organizing costs after the sale of the Automotive business and bigger corporate costs directed to the continuing operations than in corresponding period last year. Variations in the operating results between the quarters are quite extensive in our business operations resulting above all by the timing of product deliveries. In addition, vacation periods in the summer time create variations in the operating results between the quarters.

In January-September, the net sales grew by 13.7 per cent from previous year and was EUR 41.6 million. Operating profit was EUR 1.5 million, which was generated during the first half of the year. Both net sales and operating result of the period are according to our expectations.

During the third quarter, as part of the arrangement to distribute the net proceeds from the sale of the Automotive business to our shareholders, we started the process of repurchasing our own shares and stock options in a voluntary public tender offer directed to all shareholders and stock option holders. It was executed during October and as a result, the company's cash flows and the shareholders equity decreased by EUR 493 million.

Bittium continues its R&D investments to its own products and platforms and aims at growing the net sales especially in the international defense and authorities markets. Our most significant R&D investment is related to the Bittium Tough Mobile LTE smartphone, directed to public safety and authorities markets. The R&D phase of the phone is at the final stage and the first product deliveries will be already during this year. The authorities markets are slowly developing markets by their nature and the sale of Bittium Tough Mobile is expected to develop steady along the market development pace.

We continued our efforts to bring our defense market targeted product portfolio to the international defense markets, and delivered our first small pilot delivery of our tactical wireless IP network system for our customer abroad. As stated earlier, the defense sales cycles are long by their nature and winning significant deals takes several years. We have also continued our successful cooperation with Finnish Defence Forces. The demand for our R&D services remained steady during the period.

The growing need for wireless connectivity, increasingly growing amount of data transfer and need for secure data transfer create demand for Bittium's competence, products and product platforms, and Bittium has good conditions to continue its growth also in the future."

## Outlook for 2015

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The 2015 business outlook remains unchanged. The demand for R&D services and products is expected to develop positively especially in the authorities markets and in various applications where wireless connectivity is needed.

For the year 2015 Bittium expects that from continuing operations the net sales will grow and operating profit will be at the same level or higher than in the previous year for the Wireless business (net sales of EUR 53.0 million and operating profit of EUR 1.0 million in 2014). The outlook includes approximately EUR 1.0 million more corporate functions' costs for the second half of 2015, since these costs will no longer be shared with the Automotive business due to the sale of the Automotive business.

The operating profit outlook above does not include non-recurring profits and costs related to the sale of the Automotive business or the demerger process that was cancelled. These are reported as part of the result of the discontinuing operations. The company specifies that the transaction is estimated to have approximately EUR 532 million positive non-recurring effect on Bittium's net profit for the full year 2015.

More information about Bittium's market outlook is presented in the section "market outlook" in this interim report.

More information about other uncertainties regarding the outlook is presented in this interim report sections "Risks and uncertainties" and "Events after the review period", as well as on the company's internet pages at [www.bittium.com](http://www.bittium.com).

## Invitation to a press conference

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Bittium will hold a press conference on the interim report January-September 2015 for media, analysts and institutional investors in Restaurant Savoy, Eteläesplanadi 14, Helsinki, Finland, on Thursday November 5, 2015 at 9.30 am (CET+1).

Bittium will also hold a telephone conference on the same day at 10.30 am. The dial-in number for the conference call is +44 203 059 8125, confirmation code is "Bittium". The conference can be followed also live as an audio webcast, accessible at [www.bittium.com/investors](http://www.bittium.com/investors). The conference call will be held in English.

A recording of the audio webcast and the presentation will be available after the conference on Bittium's website at [www.bittium.com/investors](http://www.bittium.com/investors).

### **Bittium**

Bittium is specialized in developing reliable and secure communications and connectivity solutions using the latest technologies and deep knowledge on radio technology. Bittium provides innovative products and customized solutions based on its product platforms, and R&D services for customers in various industries. Bittium also offers high quality information security solutions for mobile devices and portable computers. Net sales of continuing operations in 2014 was EUR 52.7 million and operating profit was EUR 0.8 million. Bittium is listed on Nasdaq Helsinki. [www.bittium.com](http://www.bittium.com)

## Bittium Corporation Interim Report January-September 2015

*In this interim report the Wireless business and corporate functions are reported as continuing operations and the Automotive business, sold on July 1, 2015, as discontinuing operations. Cash flow includes both continuing and discontinuing operations.*

*Changing the name from Elektrobit Corporation to Bittium Corporation became in force on July 1, 2015. In this interim report the name Bittium is also used in the events before the name change.*

### Financial performance in January-September 2015

Bittium's net sales during January-September 2015 grew by 13.7 per cent year-on-year to EUR 41.6 million (EUR 36.6 million, 1-9 2014). The growth in net sales was mainly driven by the deliveries of special terminal products and related R&D services as well as other products for authorities use.

The share of the product-based net sales was EUR 11.2 million (EUR 7.8 million, 1-9 2014), which resulted mainly from the product deliveries of the tactical communication system to the Finnish Defence Forces and from a similar but small pilot system delivery for a customer abroad, as well as from the delivery of other terminal products for the authority use.

Operating profit was EUR 1.5 million including the costs of EUR 0.4 million resulting from the name change of the company (operating loss of EUR -1.0 million, 1-9 2014, including a non-recurring income of EUR 1.1 million resulting from the reorganization cases of the TerreStar companies). The operating result improved from the previous year due to the growth in net sales and improved gross margin.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	1-9/2015 9 months	1-9/2014 9 months
<b>CONTINUING OPERATIONS</b>		
Net sales	41.6	36.6
Operating profit / loss	1.5	-1.0
Financial income and expenses	-0.3	-0.0
Result before tax	1.2	-1.0
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>1.2</b>	<b>-1.1</b>
<b>RESULT FOR THE PERIOD FROM DISCONTINUING OPERATIONS</b>	<b>538.4</b>	<b>7.2</b>
<b>RESULT FOR THE PERIOD</b>	<b>539.6</b>	<b>6.2</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>539.7</b>	<b>6.6</b>
Result for the period attributable to:		
Equity holders of the parent	539.6	6.2
Non-controlling interests		
Total comprehensive income for the period attributable to:		
Equity holders of the parent	539.7	6.6
Non-controlling interests		

Earnings per share from continuing operations, EUR	0.009	-0.008
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- Cash flow from operating activities was EUR 1.8 million (EUR 5.1 million, 1-9 2014). The cash flow includes the operating cash flow of the Automotive business until June 30, 2015.
- Net cash flow was EUR 574.2 million (EUR -2.3 million, 1-9 2014). Net cash flow includes the dividend payment of EUR 5.3 million in April and the cash flow of the Automotive business until June 30, 2015, as well as the cash flows related to the sale of the Automotive business and cancelled demerger process.
- Equity ratio was 97.9 % (64.0 %, September 30, 2014).
- Net gearing was -97.9 % (-38.9 %, September 30, 2014).
- The figures mentioned above are essentially affected by the sale of the Automotive business and thereof received net proceeds.

## Quarterly figures

GROUPS NET SALES AND OPERATING RESULT, CONTINUING OPERATIONS, MEUR	3Q/15	2Q/15	1Q/15	4Q/14	3Q/14
Net sales	11.1	15.3	15.1	16.1	10.0
Operating profit (loss)	0.0	1.0	0.5	1.8	1.1
Operating profit (loss) without non-recurring costs	0.0	1.0	0.5	2.4	-0.1
Result before taxes	0.1	0.8	0.4	1.6	1.2
Result for the period	0.1	0.8	0.4	2.4	1.2

### Non-recurring items

Non-recurring items are exceptional gains and losses that are not related to normal business operations and occur only seldom. These items include capital gains or losses, significant changes in asset values such as write-downs or reversals of write-downs, significant restructuring costs, or other items that the management considers to be non-recurring. When evaluating a non-recurring item, the euro translation value of the item is considered, and in case of a change in an asset value, it is measured against the total value of the asset.

In 2014 the following non-recurring items were included:

- Non-recurring income of approximately EUR 1.1 million in the Wireless Business Segment resulting from the reorganization cases of TerreStar companies during the third quarter of 2014; and
- A total of EUR 0.6 million of non-recurring costs resulting from the Wireless Business Segment's personnel layoffs and from the acquisition costs of SafeMove during the last quarter of 2014;

DISTRIBUTION OF NET SALES BY MARKET AREAS, MEUR AND %	3Q/15	2Q/15	1Q/15	4Q/14	3Q/14
Asia	0.1 0.6 %	0.1 0.6 %	0.0 0.2 %	0.2 1.5 %	0.0 0.0 %
Americas	0.2 1.6 %	0.8 5.2 %	2.1 14.2 %	0.6 3.5 %	0.7 6.6 %
Europe	10.9 97.8 %	14.4 94.2 %	13.0 85.6 %	15.3 94.9 %	9.3 93.3 %

## Research and development

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Bittium continued its R&D investments in products and product platforms mainly for the defense and public safety markets.

The total R&D investments during January-September 2015 were EUR 5.4 million (EUR 4.9 million, 1-9 2014), equaling to 13.0% of the net sales (13.3%, 1-9 2014).

EUR 2.7 million of R&D investments were capitalized (EUR 1.3 million, 1-9 2014). The amount of capitalized R&D investments at the end of September 2015 was EUR 5.1 million (EUR 1.5 million, September 30, 2014). A significant part of these capitalized R&D investments is related to the development of the Bittium Tough Mobile product. Depreciations of R&D investments were EUR 0.1 million during the reporting period (EUR 0.1 million, 1-9 2014).

The total negative effect, caused by the research and development investments, their capitalizations and depreciation, on Bittium's income statement in January-September 2015, was EUR -2.8 million (EUR -3.7 million, 1-9 2014).

## Business development in July-September 2015

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Bittium's net sales during July-September 2015 grew by 11.7 per cent year-on-year to EUR 11.1 million (EUR 10.0 million, 7-9 2014). The share of the product-based net sales was EUR 2.4 million (EUR 1.9 million, 7-9 2014), which resulted mainly from the product deliveries of the tactical communication system to the Finnish Defence Forces and from a similar but small pilot system delivery for a customer abroad, as well as from the delivery of other terminal products for the authority use.

Operating profit during July-September 2015 was EUR 0.0 million (EUR 1.1 million, 7-9 2014, including EUR 1.1 million non-recurring income resulting from the reorganization cases of the TerreStar Companies).

Bittium continues its R&D investments for its own products and product platforms and aims at growing its net sales especially from the international defense and other authorities markets. R&D investments in the third quarter were EUR 1.5 million (EUR 1.5 million, 7-9 2014). R&D investments mainly focused on developing the Bittium Tough Mobile, a high security level LTE smartphone, targeted mainly for the demanding authority use. Its R&D phase is at the final stage and the first product deliveries will be made already during this year. The authorities markets are slowly developing markets by their nature and the sale of Bittium Tough Mobile is expected to develop steady along the market development pace.

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

Bittium continued its efforts in bringing its defense market targeted product portfolio to the international defense markets, and delivered the first small pilot delivery of its tactical wireless IP network system for a customer abroad. The defense market sales cycles are long by its nature and winning significant deals takes several years. Also the deliveries of our tactical communication products, systems and services to the Finnish Defence Forces continued during the third quarter. We also continued our good cooperation with Finnish Defence Forces in developing our tactical communication system.

The development of the three mobile devices for Mexican government authority has been started. Due to the failed launch of customer's first satellite, the overall project schedule is expected to be delayed from the original. Over half of the contract revenue is expected to materialize during 2016.

During the reporting period, Bittium participated in the Comprehensive Security exhibition in Tampere, Finland, as well as in the DSEI 2015 exhibition targeted for defense industry in London, UK, where we presented our products targeted for defense and authorities customers.

## Significant events during the reporting period

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A total of 1 324 886 new shares in Bittium Corporation (former Elektrobitt Corporation) were subscribed between December 15, 2014 and August 17, 2015 by virtue of the option rights 2008B and 2008C. The share subscription price, EUR 808,698.10, was recorded in the



Company's invested non-restricted equity fund. The corresponding increase in the number of the Company's shares was entered into the Finnish Trade Register on February 6, April 14, June 24 and September 1, 2015. Shareholder rights by virtue of the new shares commence as of the abovementioned registration entry date. Trading with the newly registered shares started on February 9, April 15, June 25 and September 2, 2015 in NASDAQ OMX Helsinki Ltd. After the registration of the new shares, the number of shares in Elektrobit Corporation's totals 132,818,030.

On January 2, 2015 a subsidiary of Bittium Corporation acquired 100 per cent of the shares of Birdstep Technology Oy, which was a fully owned Finnish subsidiary of Birdstep Technology ASA, based in Norway. The acquired company's SafeMove business provides its customers high quality information security solutions for mobile devices and portable computers. The acquisition strengthened the competitiveness of Bittium as a provider of secure communication solutions for defence, safety and other authorities markets. Birdstep Technology Oy's (SafeMove Oy from 2nd of January 2015 onwards) net sales was EUR 2.5 million in 2013 and in 2014 EUR 2.9 million. The company employs 19 persons located in Espoo, Finland. The debt free cash purchase price was EUR 1.8 million. The acquisition had no significant impact on Bittium's balance sheet, net sales and financial position.

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

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

On May 2, 2015 Bittium Corporation announced that its subsidiary Bittium Wireless Ltd and the Ministry of Mexican Communication and Transportation (Secretaria de Comunicaciones y Transportes, SCT) signed an agreement regarding the development of three types of Android-based L-band mobile devices for the SCT's Mexsat program. These mobile devices will be based on Bittium's Specialized Device Platform, a customized Android-based platform designed especially for public safety and cyber security markets. The value of this development agreement was approximately USD 21.9 million (approximately EUR 19.5 million as per exchange rate of April 30, 2015) with revenues will be recognized gradually in 2015 and 2016 depending on the progress of the development work. More than half of the contract value is expected to be recognized as revenue during 2016.

The Extraordinary General Meeting held on September 14, 2015 decided on election of new members of the Board of Directors. Kirsi Komi, Juha Putkiranta and Seppo Mäkinen were elected as new members of the Board of Directors for a term commencing on November 5, 2015 and continuing until the close of the next Annual General Meeting. The new members of the Board of Directors replace the previous members of the Board of Directors Jorma Halonen, Juha Hulkko and Seppo Laine, who had notified that they will leave the Board of Directors when the term of the new members commences.

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

On May 19, Bittium Corporation (former Elektrobit Corporation) announced it will sell its Automotive business to Continental AG for a purchase price of EUR 600 million. The share purchase agreement was signed on May 18, 2015. The transaction was expected to close in the beginning of July 2015. The Transaction comprised the sale of Elektrobit Automotive GmbH and its subsidiaries, including its 51 per cent ownership in e.solutions GmbH, a jointly owned company between Elektrobit Automotive GmbH and Audi Electronics Venture GmbH. Simultaneously the company cancelled the ongoing demerger process, and announced it will continue to carry on its Wireless business within its existing Elektrobit Corporation (currently Bittium Corporation). The company also announced to change its name to Bittium Corporation, as the Elektrobit brand will be included as a part of the transaction. In addition the company updated its outlook for 2015 based on the assumption that the sale of the Automotive business will materialize in the beginning of July.

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

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

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

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

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

On August 6, as a result from the sale of the Automotive business on July 1, 2015, the Board of Directors of Bittium Corporation has decided upon nominations and changes in the company's management. Hannu Huttunen, M.Sc. (Econ.) has been appointed CEO of Bittium Corporation as of August 7, 2015. The contract of Bittium's current CEO Jukka Harju terminated on August 6, 2015 by mutual consent, and he did not continue at Bittium after August 2015.

The company also announced, that as of August 7, 2015 the corporate functions and Wireless Business Segment's functions will be merged and the following persons will make the company's new management team: Hannu Huttunen, CEO (chairman); Veli-Pekka Paloranta, CFO; Kari Jokela, CLO; Jari Sankala, Senior Vice President, Sales; Karoliina Fyrstén, Director, Corporate Communications and Marketing, heads of product and services areas: Harri Romppainen, Vice President, Defense; Klaus Mäntysaari, Vice President, Telecom; and Sami Kotkajuuri, Vice President, Connectivity; Jari-Pekka Innanen, Vice President, Engineering and Arto Pietilä, Senior Vice President, Operations. CFO Veli-Pekka Paloranta has decided to move to another company in November 2015 and has resigned from Bittium. He will continue as Bittium's CFO until November 2015. M.Sc. (econ.) LL.M. Pekka Kunnari has been appointed as CFO of Bittium Corporation as of beginning of November 2015. It was also decided that the Board of Directors of the Wireless Business Segment will be discontinued, since Bittium now focuses on one business and there is no need for another board in addition to the Board of Directors of Bittium Corporation.

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

On August 24, Bittium told that it is planning to repurchase its own shares and stock options for a total purchase price of approximately EUR 595 million in a voluntary public tender offer directed to all shareholders and holders of stock options 2008C of the Company. The offer would be made at market price and the consideration offered would be determined as the volume weighted average price of the share based on transactions in NASDAQ OMX Helsinki Ltd over the five days preceding the acceptance of the offer document rounded to the nearest full EUR cent. The offer would be made for a maximum of 124,747,351 Shares, corresponding approximately to 94.1 per cent of all the shares in the Company on the date of this release. The offer would also be made for a maximum of 252,648 stock options. The offer would be executed only for the part of the consideration payable for the shares amounting up to EUR 593,797,392.67 in the aggregate and for the stock options amounting up to EUR 1,202,607.33 in the aggregate. A shareholder or a holder of stock options had the option to accept the offer for all the shares and/or stock options owned by him/her or for a number of shares and/or stock options of his/her choosing per each book-entry account.

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

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

On September 22, the company announced that its public tender offer for own shares and stock options will commence on September 25, 2015 and expire on October 16, 2015. The offer price for a share was EUR 5.06 and for a stock option EUR 4.51. The share offer price was, in accordance with the decision of the Company's Extraordinary General Meeting held on September 14, 2015, the volume weighted average price per share based on transactions in the official list of Nasdaq Helsinki Ltd during the five trading days preceding the acceptance of the offer document (between September, 15 - September 21, 2015), rounded to the nearest full euro cent. The offer document, accepted by the Finnish Financial Supervisory Authority, was available from September 23, 2015 onwards on the company's internet pages.

At the end of the January-September 2015 interim period the offer period was ongoing and the company had no information on the results of the tender offer. As part of the tender offer, the distribution of the net proceedings and the shares becoming null and void was finalized on November 4, 2015. More information in this interim report, chapter "events after the review period", or from the stock exchange releases, published on the company's internet pages at [www.bittium.com](http://www.bittium.com).

## Outlook for 2015

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The 2015 business outlook remains unchanged. The demand for R&D services and products is expected to develop positively especially in the authorities markets and in various applications where wireless connectivity is needed.

For the year 2015 Bittium expects that from continuing operations the net sales will grow and operating profit will be at the same level or higher than in the previous year for the Wireless business (net sales of EUR 53.0 million and operating profit of EUR 1.0 million in 2014). The outlook includes approximately EUR 1.0 million more corporate functions' costs for the second half of 2015, since these costs will no longer be shared with the Automotive business due to the sale of the Automotive business.

The operating profit outlook above does not include non-recurring profits and costs related to the sale of the Automotive business or the demerger process that was cancelled. These are reported as part of the result of the discontinuing operations. The company specifies that the transaction is estimated to have approximately EUR 532 million positive non-recurring effect on Bittium's net profit for the full year 2015.

More information about Bittium's market outlook is presented in the section "market outlook" in this interim report.

More information about other uncertainties regarding the outlook is presented in this interim report sections "Risks and uncertainties" and "Events after the review period", as well as on the company's internet pages at [www.bittium.com](http://www.bittium.com).

## Market outlook

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Bittium's customers operate in various industries, each of them having their own industry specific factors driving the demand. A common factor creating demand among the whole customer base is the growing need for even higher speed and higher quality data transfer.

The following factors are expected to create demand for Bittium'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 Bittium's specialized terminals communication modules. Bittium Tough Mobile secure 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, Bittium 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. Bittium 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 Bittium's IoT platform and integration capability based customized solutions is generated by the increasing need by companies for connected devices for business or consumer use, such as various wearable devices and solutions, implementing industry's mobile applications and connecting 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 Bittium'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 Bittium's R&D services has remained steady during 2015.

Bittium continues the product development related to the Finnish Defence Forces' Command and Control system, and aims at bringing its defence market targeted products and services also to the international defense markets. The defense, national safety 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.

## Risks and uncertainties

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Bittium has identified a number of business, market and finance related risk factors and uncertainties that can affect the level of sales and profits.

### Market risks

In the ongoing financial period, global economic uncertainty may affect the demand for Bittium's services, solutions and products and provide pressure on e.g. pricing. In the short term such uncertainty may affect, in particular, the utilization and chargeability levels and average hourly prices of R&D services.

As Bittium's customer base consists mainly of companies operating in the field of telecommunication and defense and public safety authorities, the company is exposed to market changes in these industries. A significant part of Bittium's net sales accumulates from selling R&D services to a certain mobile communications equipment manufacturer and from selling products and R&D services to the Finnish Defence Forces. Deviation in anticipated business development with such customer concentrations may translate as a significant deviation in the Bittium's outlook, both in terms of net sales and operating result, during the ongoing financial period and thereafter. Bittium seeks to expand its customer base on a longer term and reduce dependence on individual companies and hence the company will thereby be mainly affected by the general business climate in these industries. The more specific market outlook has been presented in this interim report in "Market outlook" section.

### Business related risks

Bittium's operative business risks are mainly related to following items: uncertainties and short visibility on customers' product program decisions, their make or buy decisions and on the other hand, their decisions to continue, downsize or terminate current product programs, execution and management of large customer projects, ramping up and down project resources, availability of personnel in labor markets, accessibility on commercially acceptable terms and on the other hand successful utilization of the most important technologies and components, competitive situation and potential delays in the markets, timely closing of customer and supplier contracts with reasonable commercial terms, delays in R&D projects, realization of expected return on capitalized R&D investments, obsolescence of inventories and technology risks in product development causing higher than planned R&D costs. Revenues expected to come from either existing or new products and customers include normal timing risks. Bittium has certain significant customer projects and deviation in their expected continuation could result also significant deviations in the company's outlook. In addition there are typical industry warranty and liability risks involved in selling Bittium's services, solutions and products.

Bittium's product delivery business model faces such risks as high dependency on actual product volumes, timing risks and potential delays in the markets. The above-mentioned risks may manifest themselves as lower amounts of products delivered or higher costs of production, and ultimately, as lower profit. Bringing Bittium's products to international defense and other authorities markets may take longer than

anticipated because the projects are typically long and the purchasing programs are prepared in the lead of national governments and within the available financing. Once a supplier has been selected, product deliveries are typically executed over several years.

Some of Bittium's businesses operate in industries that are heavily reliant on patent protection and therefore face risks related to management of intellectual property rights, on the one hand related to accessibility on commercially acceptable terms of certain technologies in the Bittium's products and services, and on the other hand related to an ability to protect technologies that Bittium develops or licenses from others from claims that third parties' intellectual property rights are infringed. Additionally, parties outside of the industries operate actively in order to protect and commercialize their patents and therefore in their part increase the risks related to the management of intellectual property rights. At worst, claims that third parties' intellectual property rights are infringed, could lead to substantial liabilities for damages. In addition, the progress of the customer projects and delivery capability may be also affected by potential challenges in global accessibility of key technologies and components on commercially acceptable terms, as well as by the acceptance of the necessary export licenses.

### Financing risks

Global economic uncertainty may lead to payment delays, increase the risk for credit losses and weaken the availability and terms of financing. To fund its operations, Bittium relies mainly on income from its operative business and may from time to time seek additional financing from selected financial institutions. Currently Bittium has a committed overdraft credit facility agreement of EUR 10.0 million with Nordea Bank Finland Plc and a committed overdraft credit facility agreement of EUR 10.0 million with Pohjola Bank Plc. These agreements meant for general financing needs are valid until June 30, 2017. These agreements include customary covenants related to, among other things, equity ratio, transferring property and pledging. There is no assurance that additional financing will not be needed in case of clearly weaker than expected development of Bittium's businesses. Customer dependency in some parts of Bittium's business may translate as an accumulation of risk with respect to outstanding receivables and ultimately with respect to credit losses.

## Statement of financial position and financing

The figures presented in the statement of financial position of September 30, 2015, are compared with the statement of the financial position of December 31, 2014 (MEUR).

	30.09.2015	31.12.2014
Non-current assets	13.5	48.8
Current assets	634.0	118.0
Total assets	647.5	166.8
Share capital	12.9	12.9
Other capital	616.4	80.5
Total equity	629.3	93.4
Non-current liabilities	2.0	7.6
Current liabilities	16.2	65.8
Total equity and liabilities	647.5	166.8
<b>Cash flow of the review period :</b>		
	<b>1-9/2015</b>	<b>1-12/2014</b>
+ profit of the period +/- Adjustment of accrual basis items	10.8	27.4
+/- Change in net working capital	-4.8	-12.1
- interest, taxes and dividends	-4.2	-4.7
= net cash from operating activities	1.8	10.5
- net cash from investing activities	580.8	-9.2
- net cash from financing activities	-8.4	-1.0
= net change in cash and cash equivalents	574.2	0.3

Net cash from operating activities includes operative cash flows generated by the Automotive business during first half of the year. Net cash from investing activities includes cash flows related to the sale of the Automotive business on the third quarter of the year. Altogether the sale of the Automotive business and the cancelled demerger process have approximately EUR 584 million positive effect on the cash flows of the review period.

The amount of gross investments in the period under review was EUR 6.3 million including EUR 1.7 million investments related to acquisitions. Net investments for the reporting period totaled EUR 6.3 million. The total amount of depreciation during the period under review was EUR 1.7 million. The amount of interest-bearing debt, including finance lease liabilities, at the end of the reporting period was EUR 1.5 million (EUR 8.3 million on December 31, 2014). Bittium's equity ratio at the end of the period was 97.9% (62.3 % on December 31, 2014). The high equity ratio is significantly affected by the proceeds generated from the sale of the Automotive business.

Cash and other liquid assets at the end of the reporting period were EUR 617.5 million (EUR 43.3 million on December 31, 2014).

Bittium has 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 are intended for general financing purposes and they are valid until June 30, 2017. These agreements include conventional covenants and covenants related to transfer of assets were breached at the sale of the Automotive business on July 1, 2017. The banks have informed Bittium that they will not use their rights to terminate credit facility agreements related to the sale of the Automotive business but they will reserve their right to consider termination again in connection with the repatriation of funds. At the end of the review period, EUR 0.0 million of these facilities was in use.

Bittium follows a hedging strategy that objective is to ensure the business margins in changing market circumstances by minimizing the influence of exchange rates. According to hedging strategy principles, the agreed customer commitments' net cash flow in the currency is hedged. The net cash flow is determined on the basis of accounts receivable, accounts payable, order book and budgeted net currency cash flow. The hedged foreign currency exposure was equivalent to EUR 4.0 million at the end of the review period.

## Personnel

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The Bittium group employed an average of 510 people in continuing operations between January and September 2015. At the end of September, the company had 510 employees (474 employees in continuing operations at the end of 2014). A significant part of Bittium's personnel are R&D engineers.

## Flagging notifications

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There were no changes in ownership during the period under review that would have caused flagging notifications in accordance with the obligations for disclosure in Chapter 2, section 9 of the Securities Market Act.

## Events after the review period

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

On October 21, the company announced that according to the final result of the offer, 97,244,662 shares were tendered in the offer, representing approximately 73.2 percent of all the shares and votes in the company. In addition, 166,694 stock options were tendered in the offer, representing approximately 62.0 percent of all the stock options in the company. As a result of completing the offer the cash balance and equity of the company will decrease by approximately EUR 493 million. Completing the offer will have no effect on the guidance for result of operations concerning the year 2015 previously published by the company.

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

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

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

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

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

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

On October 28, the company announced to have received a flagging announcement pursuant to chapter 9, section 5 of the Finnish Securities Market Act, according to which the holdings of Jukka Harju in Bittium will decrease below the threshold of 5 percent of the voting rights and total number of shares of the Company.

On October 29, the company announced that a total of 25,000 new shares in Bittium Corporation were subscribed for between September 2, 2015 and October 14, 2015, pursuant to series 2008C stock options. The share subscription price, EUR 13,750 was recorded in the Company's invested non-restricted equity fund. The corresponding increase in the number of the Company's shares was entered into the Finnish Trade Register on October 29, 2015. Trading with the newly registered shares started on October 30, 2015 as an additional lot of Bittium Corporation's shares in NASDAQ OMX Helsinki Ltd. After the registration of the new shares, the number of shares in Bittium Corporation's totals to 35,603,835.

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

The tender offer executed after the end of the review period has a significant effect on financial position of the company. The following pro forma balance sheet illustrates effects of the executed tender offer on the balance sheet per September 30, 2015.

<b>BALANCE SHEET</b>	<b>Reported Sep. 30. 2015</b>	<b>Execution of the tender offer</b>	<b>Pro Forma Sep. 30. 2015</b>
Intangible assets	8.6		8.6
Tangible assets	3.8		3.8
Investments	0.1		0.1
Inventories	1.4		1.4
Receivables	16.0		16.0
Cash and other cash equivalents	617.5	-492.8	124.7
<b>Total Assets</b>	<b>647.5</b>	<b>-492.8</b>	<b>154.7</b>
Share capital	12.9		12.9
Other equity	616.4	-492.8	123.6
<b>Total equity</b>	<b>629.3</b>	<b>-492.8</b>	<b>136.5</b>

Long term liabilities	2.0		2,0
Short-term liabilities	16.2		16,2
<b>Total equity and liabilities</b>	<b>647.5</b>	<b>-492.8</b>	<b>154,7</b>

## Decisions of the Extraordinary General Meeting

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

### Election of members of the Board of Directors

The Extraordinary General Meeting held on September 14, 2015 elected Kirsi Komi, Juha Putkiranta and Seppo Mäkinen as new members of the Board of Directors for a term commencing on November 5, 2015 and continuing until the close of the next Annual General Meeting.

The new members of the Board of Directors replace the previous members of the Board of Directors Jorma Halonen, Juha Hulkko and Seppo Laine, who had notified that they will leave the Board of Directors when the term of the new members commences.

The new members of the Board of Directors will be paid remuneration on the basis of the decision of the Annual General Meeting held on April 15, 2015 and in proportion to the remaining term of the current Board of Directors after the commencement of the term of the new members of the Board of Directors.

Oulu, November 5, 2015

Bittium Corporation  
The Board of Directors

Further Information:

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Distribution:

NASDAQ OMX Helsinki  
Major media



## Bittium Corporation Condensed Financial Statements and Notes January – September 2015

(unaudited)

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MEUR)</b>	<b>1-9/2015</b>	<b>1-9/2014</b>	<b>1-12/2014</b>
<b>Continuing operations</b>	<b>9 months</b>	<b>9 months</b>	<b>12 months</b>
NET SALES	41.6	36.6	52.7
Other operating income	1.0	1.1	1.6
Change in work in progress and finished goods			
Work performed by the undertaking for its own purpose and capitalized	0.1	0.0	0.0
Raw materials	-4.6	-4.8	-6.8
Personnel expenses	-23.9	-21.9	-30.1
Depreciation	-1.7	-1.8	-2.3
Other operating expenses	-11.0	-10.2	-14.3
<b>OPERATING PROFIT (LOSS)</b>	<b>1.5</b>	<b>-1.0</b>	<b>0.8</b>
Financial income and expenses	-0.3	-0.0	-0.2
<b>PROFIT BEFORE TAX</b>	<b>1.2</b>	<b>-1.0</b>	<b>0.6</b>
Income tax	-0.0	-0.1	0.7
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>1.2</b>	<b>-1.1</b>	<b>1.3</b>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	538.4	7.2	11.2
<b>PROFIT FOR THE PERIOD</b>	<b>539.6</b>	<b>6.2</b>	<b>12.5</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to statement of income			
Re-measurement gains (losses) on defined benefit plans			-0.8
Income tax effect			0.2
Items that may be reclassified subsequently to the statement of income			
Exchange differences on translating foreign operations	0.1	0.4	0.9
Other comprehensive income for the period total	0.1	0.4	0.4
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>539.7</b>	<b>6.6</b>	<b>12.9</b>

Profit for the year attributable to			
Equity holders of the parent	539.6	6.2	12.5
Non-controlling interests			
Total comprehensive income for the period attributable to			
Equity holders of the parent	539.7	6.6	12.9
Non-controlling interests			
Earnings per share from continuing operations, EUR			
Basic earnings per share	0.009	-0.008	0.010
Diluted earnings per share	0.009	-0.008	0.010
Earnings per share from discontinued operations, EUR			
Basic earnings per share	4.075	0.055	0.086
Diluted earnings per share	4.069	0.055	0.085
Earnings per share from continuing and discontinued operations, EUR			
Basic earnings per share	4.084	0.047	0.096
Diluted earnings per share	4.078	0.047	0.095
Average number of shares, 1000 pcs	132 121	130 868	130 975
Average number of shares, diluted, 1000 pcs	132 322	131 604	131 663

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)</b>	<b>Sep. 30, 2015</b>	<b>Sep. 30, 2014</b>	<b>Dec. 31, 2014</b>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	3.8	9.2	10.7
Goodwill	1.4	19.4	19.3
Intangible assets	7.2	16.8	17.0
Other financial assets	0.1	0.1	0.1
Deferred tax assets	0.9	1.6	1.7
Non-current assets total	13.5	47.1	48.8
Current assets			
Inventories	1.4	1.5	2.2
Trade and other receivables	15.1	60.9	72.5
Financial assets at fair value through profit or loss	65.8	20.9	21.0
Cash and short term deposits	551.7	19.8	22.3
Current assets total	634.0	103.1	118.0
Assets classified as held for sale			
<b>TOTAL ASSETS</b>	<b>647.5</b>	<b>150.2</b>	<b>166.8</b>

<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent			
Share capital	12.9	12.9	12.9
Invested non-restricted equity fund	25.9	24.9	25.1
Translation difference	1.2	1.0	1.5
Retained earnings	589.3	47.0	53.8
Non-controlling interests			
<b>Total equity</b>	<b>629.3</b>	<b>85.9</b>	<b>93.4</b>
Non-current liabilities			
Deferred tax liabilities	0.1	0.5	0.5
Pension obligations		2.2	3.0
Provisions	1.2	0.2	0.2
Interest-bearing liabilities	0.7	3.0	3.8
<b>Non-current liabilities total</b>	<b>2.0</b>	<b>5.9</b>	<b>7.6</b>
Current liabilities			
Trade and other payables	13.5	51.2	58.5
Financial liabilities at fair value through profit or loss		0.4	0.2
Provisions	2.0	2.5	2.6
Interest-bearing loans and borrowings	0.7	4.3	4.5
<b>Current liabilities total</b>	<b>16.2</b>	<b>58.3</b>	<b>65.8</b>
<b>Total liabilities</b>	<b>18.2</b>	<b>64.3</b>	<b>73.4</b>
Liabilities classified as held for sale			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>647.5</b>	<b>150.2</b>	<b>166.8</b>

<b>CONSOLIDATED STATEMENT OF CASH FLOWS (MEUR)</b>	<b>1-9/2015</b>	<b>1-9/2014</b>	<b>1-12/2014</b>
	<b>9 months</b>	<b>9 months</b>	<b>12 months</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the year from continuing operations	1.2	-1.1	1.3
Profit for the year from discontinued operations	538.4	7.2	11.2
Adjustment of accrual basis items	-528.8	10.7	14.9
Change in net working capital	-4.8	-9.3	-12.1
Interest paid on operating activities	-1.3	-0.4	-1.3
Interest received from operating activities	0.3	0.3	0.4
Other financial income and expenses, net received	0.0	0.0	0.0
Income taxes paid	-3.2	-2.4	-3.8
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1.8</b>	<b>5.1</b>	<b>10.5</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of business unit, net of cash sold	588.2		

Acquisition of business unit, net of cash acquired	-1.8		
Purchase of property, plant and equipment	-2.0	-2.2	-3.6
Purchase of intangible assets	-3.7	-4.4	-5.7
Sale of property, plant and equipment	0.0	0.0	0.1
Sale of intangible assets	0.1	0.0	
Proceeds from sale of investments		0.0	0.0
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>580.8</b>	<b>-6.6</b>	<b>-9.2</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share-option plans exercised	0.8	0.4	0.6
Proceeds from borrowing	14.6	19.4	19.4
Repayment of borrowing	-17.5	-16.6	-16.6
Payment of finance liabilities	-1.1	-1.4	-1.8
Dividend paid and repayment of capital	-5.3	-2.6	-2.6
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-8.4</b>	<b>-0.8</b>	<b>-1.0</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>574.2</b>	<b>-2.3</b>	<b>0.3</b>
Cash and cash equivalents at beginning of period	43.3	43.0	43.0
Cash and cash equivalents at end of period	617.5	40.7	43.3

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (MEUR)

A = Share capital

B = Invested non-restricted equity fund

C = Translation difference

D = Retained earnings

E = Non-controlling interests

F = Total equity

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2014	12.9	24.5	0.6	43.7		81.7
Comprehensive income for the period						
Profit for the period				6.2		6.2
Exchange differences on translating foreign operations			0.4			0.4
Total comprehensive income for the period			0.4	6.2		6.6
Transactions between the shareholders						
Distribution of dividend				-2.6		-2.6
Share option plans exercised		0.4				0.4
Share-related compensation				0.1		0.1

Total transactions between the shareholders		0.4		-2.5		-2.1
Other changes				-0.3		-0.3
Shareholders equity on Sep. 30, 2014	12.9	24.9	1.0	47.0		85.9

	A	B	C	D	E	F
Shareholders equity on Jan. 1, 2015	12.9	25.1	1.5	53.8		93.4
Comprehensive income for the period						
Profit for the period				539.6		539.6
Exchange differences on translating foreign operations			0.1			0.1
Total comprehensive income for the period			0.1	539.6		539.7
Transactions between the shareholders						
Distribution of dividend				-5.3		-5.3
Share option plans exercised		0.8				0.8
Share-related compensation				0.1		0.1
Total transactions between the shareholders		0.8		-5.2		-4.4
Other changes			-0.5	1.1		0.6
Shareholders equity on Sep. 30, 2015	12.9	25.9	1.2	589.3		629.3

## NOTES TO THE INTERIM FINANCIAL REPORTING

### ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORTING:

The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Bittium Corporation has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2014, except for the adoption of new standards and interpretations effective during 2015. The changes did not have material impact on the Interim Report.

### SEGMENT-INFORMATION (MEUR)

Bittium Corporation does not have segments that require reporting according to IFRS 8 standard.

NET SALES OF GEOGRAPHICAL AREAS (MEUR)	1-9/2015	1-9/2014	1-12/2014
	9 months	9 months	12 months
Net sales			
Europe	38.3	34.5	49.8
Americas	3.1	2.0	2.5
Asia	0.2	0.1	0.4

Net sales total	41.6	36.6	52.7
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RELATED PARTY TRANSACTIONS	1-9/2015 9 months	1-9/2014 9 months	1-12/2014 12 months
Employee benefits for key management and stock options expenses total, continuing operations	1.3	0.9	1.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY QUARTER (MEUR)	7-9/2015 3 months	4-6/2015 3 months	1-3/2015 3 months	10-12/2014 3 months	7-9/2014 3 months
<b>Continuing operations</b>					
NET SALES	11.1	15.3	15.1	16.1	10.0
Other operating income	0.3	0.4	0.3	0.5	0.3
Change in work in progress and finished goods	0.0	0.0	0.0	0.0	0.0
Work performed by the undertaking for its own purpose and capitalized	0.0	0.0	0.1	0.0	0.0
Raw materials	-0.8	-1.4	-2.4	-2.1	-0.9
Personnel expenses	-7.0	-8.5	-8.4	-8.2	-6.1
Depreciation	-0.6	-0.6	-0.6	-0.5	-0.6
Other operating expenses	-3.1	-4.2	-3.7	-4.0	-1.7
OPERATING PROFIT (LOSS)	0.0	1.0	0.5	1.8	1.1
Financial income and expenses	0.1	-0.2	-0.1	-0.2	0.2
PROFIT BEFORE TAX	0.1	0.8	0.4	1.6	1.2
Income tax	0.0	-0.0	-0.0	0.7	-0.1
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	0.1	0.8	0.4	2.4	1.2
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	534.6	2.3	1.5	4.0	1.4
PROFIT FOR THE PERIOD	534.7	3.1	1.8	6.4	2.6
Other comprehensive income	-0.7	-0.5	1.2	-0.1	0.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	534.0	2.6	3.1	6.3	2.8
Profit for the period attributable to:					
Equity holders of the parent	534.7	3.1	1.8	6.4	2.6
Non-controlling interests					
Total comprehensive income for the period attributable to:					
Equity holders of the parent	534.0	2.6	3.1	6.3	2.8
Non-controlling interests					

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MEUR)	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014
<b>ASSETS</b>					
Non-current assets					
Property, plant and equipment	3.8	3.9	10.8	10.7	9.2
Goodwill	1.4	1.4	20.6	19.3	19.4
Intangible assets	7.2	6.7	18.2	17.0	16.8
Other financial assets	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.9	0.9	1.5	1.7	1.6
Non-current assets total	13.5	13.1	51.3	48.8	47.1
Current assets					
Inventories	1.4	1.8	1.6	2.2	1.5
Trade and other receivables	15.1	22.0	69.0	72.5	60.9
Financial assets at fair value through profit or loss	65.8	15.9	21.1	21.0	20.9
Cash and short term deposits	551.7	6.2	29.4	22.3	19.8
Current assets total	634.0	45.8	121.1	118.0	103.1
Assets classified as held for sale		117.3			
<b>TOTAL ASSETS</b>	<b>647.5</b>	<b>176.2</b>	<b>172.4</b>	<b>166.8</b>	<b>150.2</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to equity holders of the parent					
Share capital	12.9	12.9	12.9	12.9	12.9
Invested non-restricted equity fund	25.9	25.8	25.6	25.1	24.9
Translation difference	1.2	2.3	2.8	1.5	1.0
Retained earnings	589.3	53.5	55.7	53.8	47.0
Non-controlling interests					
Total equity	629.3	94.5	97.0	93.4	85.9
Non-current liabilities					
Deferred tax liabilities	0.1	0.1	0.8	0.5	0.5
Pension obligations			3.0	3.0	2.2
Provisions	1.2	0.2	0.2	0.2	0.2
Interest-bearing liabilities	0.7	3.7	4.1	3.8	3.0
Non-current liabilities total	2.0	1.0	8.1	7.6	5.9
Current liabilities					

Trade and other payables	13.5	16.4	59.9	58.5	51.2
Financial liabilities at fair value through profit or loss		0.0	0.2	0.2	0.4
Provisions	2.0	2.2	2.7	2.6	2.5
Interest-bearing loans and borrowings	0.7	6.7	4.6	4.5	4.3
Current liabilities total	16.2	25.2	67.4	65.8	58.3
Total liabilities	18.2	26.2	75.4	73.4	64.3
Liabilities classified as held for sale		55.4			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>647.5</b>	<b>176.2</b>	<b>172.4</b>	<b>166.8</b>	<b>150.2</b>

CONSOLIDATED STATEMENT OF CASH FLOWS BY QUARTER	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014
	3 months	3 months	3 months	3 months	3 months
Net cash from operating activities	3.1	-12.2	10.9	5.4	20.5
Net cash from investing activities	587.4	-2.5	-4.1	-2.6	-3.9
Net cash from financing activities	-14.9	6.1	0.4	-0.2	-6.7
Net change in cash and cash equivalents	575.5	-8.6	7.3	2.5	9.8

FINANCIAL PERFORMANCE RELATED RATIOS	1-9/2015	1-9/2014	1-12/2014
	9 months	9 months	12 months
STATEMENT OF COMPREHENSIVE INCOME (MEUR)			
Net sales	41.6	36.6	52.7
Operating profit (loss)	1.5	-1.0	0.8
Operating profit (loss), % of net sales	3.6	-2.7	1.5
Profit before taxes	1.2	-1.0	0.6
Profit before taxes, % of net sales	2.9	-2.7	1.2
Profit for the period from continuing operations	1.2	-1.1	1.3
PROFITABILITY AND OTHER KEY FIGURES			
Interest-bearing net liabilities, (MEUR)	-616.1	-33.4	-35.0
Net gearing, -%	-97.9	-38.9	-37.4
Equity ratio, %	97.9	64.0	62.3
Gross investments, (MEUR)	6.3	3.5	4.5
Average personnel during the period, continuing operations	510	489	486
Personnel at the period end, continuing operations	510	476	474
Average personnel during the period, discontinued operations		1182	1222
Personnel at the period end, discontinued operations		1234	1330
Average personnel during the period, jointly owned company - discontinued operations		365	380
Personnel at the period end, jointly owned company - discontinued operations		407	431



<b>AMOUNT OF SHARE ISSUE ADJUSTMENT (1,000 pcs)</b>	<b>Sep. 30, 2015</b>	<b>Sep. 30, 2014</b>	<b>Dec. 31, 2014</b>
At the end of period	132 818	131 242	131 493
Average for the period	132 121	130 868	130 975
Average for the period diluted with stock options	132 322	131 604	131 663

<b>STOCK-RELATED FINANCIAL RATIOS (EUR)</b>	<b>1-9/2015 9 months</b>	<b>1-9/2014 9 months</b>	<b>1-12/2014 12 months</b>
<b>Earnings per share from continuing operations, EUR</b>			
Basic earnings per share	0.009	-0.008	0.010
Diluted earnings per share	0.009	-0.008	0.010
<b>Earnings per share from discontinued operations, EUR</b>			
Basic earnings per share	4.075	0.055	0.086
Diluted earnings per share	4.069	0.055	0.085
<b>Earnings per share from continuing and discontinued operations, EUR</b>			
Basic earnings per share	4.084	0.047	0.096
Diluted earnings per share	4.078	0.047	0.095
Equity *) per share	4.74	0.65	0.71
*) Equity attributable to equity holders of the parent			

<b>MARKET VALUES OF SHARES (EUR)</b>	<b>1-9/2015 9 months</b>	<b>1-9/2014 9 months</b>	<b>1-12/2014 12 months</b>
Highest	5.30	3.23	3.83
Lowest	3.27	2.30	2.30
Average	4.52	2.70	2.85
At the end of period	5.02	2.91	3.36
Market value of the stock, (MEUR)	666.7	381.9	441.8
Trading value of shares, (MEUR)	281.0	139.6	188.0
Number of shares traded, (1,000 pcs)	62 218	51 663	66 019
Related to average number of shares %	47.1	39.5	50.4

<b>SECURITIES AND CONTINGENT LIABILITIES (MEUR)</b>	<b>Sep. 30, 2015</b>	<b>Sep. 30, 2014</b>	<b>Dec. 31, 2014</b>
<b>AGAINST OWN LIABILITIES</b>			
Floating charges	3.0	1.0	1.0
Guarantees	3.6	15.3	6.4
Rental liabilities			
Falling due in the next year	2.3	7.4	7.2
Falling due after one year	2.5	14.3	13.0
Other contractual liabilities			
Falling due in the next year	2.3	2.0	2.1
Falling due after one year	0.4	0.6	0.7
Mortgages are pledged for liabilities totaled	0.0	1.5	2.6

<b>NOMINAL VALUE OF CURRENCY DERIVATIVES (MEUR)</b>	<b>Sep. 30, 2015</b>	<b>Sep. 30, 2014</b>	<b>Dec. 31, 2014</b>
<b>Foreign exchange forward contracts</b>			
Market value	0.0	-0.0	-0.1
Nominal value	0.0	3.0	3.0
<b>Purchased currency options</b>			
Market value	0.0	0.0	0.0
Nominal value	4.0	5.0	5.0
<b>Sold currency options</b>			
Market value	-0.1	-0.3	-0.1
Nominal value	8.0	8.0	10.0