

ellipticlabs

# ANNUAL REPORT 2019

## AI Virtual Smart Sensors



Heartbeat



Breathing



Proximity



Presence



Gesture

## Table of contents

Director's report .....	3
<b>1 CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>6</b>
Consolidated statement of comprehensive income .....	6
Consolidated statement of financial position.....	7
Consolidated statement of changes in equity .....	8
Consolidated cash flow statement.....	9
<b>2 NOTES TO THE CONSOLIDATED FINANCIAL ACCOUNTS.....</b>	<b>10</b>
Note 1 – Accounting principles .....	10
Note 2 – Revenue from contracts with customers .....	17
Note 3 – Government grants.....	17
Note 4 – Other operating expenses.....	17
Note 5 – Financial income and financial expenses .....	17
Note 6 – Tax .....	18
Note 7 – Intangible assets .....	19
Note 8 – Investments in subsidiaries and associated companies .....	20
Note 9 – Trade receivables and other current receivables .....	20
Note 10 – Cash and cash equivalents .....	20
Note 11 – Personnel expenses.....	21
Note 12 – Share option program .....	22
Note 13 – Share capital and shareholder information .....	24
Note 14 – Interest-bearing liabilities .....	25
Note 15 – Leasing .....	26
Note 16 – Financial risk factors .....	27
Note 17 – Other short-term liabilities .....	29
Note 18 – Implementation of IFRS 16 .....	29
Note 19 – Events after the balance sheet date .....	30
<b>3 FINANCIAL STATEMENTS OF THE PARENT COMPANY .....</b>	<b>32</b>
Income statement .....	32
Balance sheet at 31 December .....	33
Notes and accounting principles.....	35
Note 1 – Intangible assets .....	38
Note 2 – Fixed assets (subsidiaries, associated companies and joint ventures) .....	38
Note 3 – Debtors and liabilities.....	38
Note 4 – Balance with group companies etc.....	39
Note 5 – Restricted cash .....	39
Note 6 – Share capital and shareholder information .....	39
Note 7 – Shareholder's equity .....	41
Note 8 – Pensions.....	41
Note 9 – Taxes .....	41
Note 10 – Payroll expenses, number of employees, remunerations, loans to employees etc. ....	42
Note 11 – Specification of financial income and expenses.....	42
Note 12 – Government grants .....	43
Note 13 – Related-party transactions.....	43
Note 14 – Events after the balance sheet date .....	43
<b>4 AUDITOR'S REPORT .....</b>	<b>44</b>

## Director's report

Elliptic Labs is a global AI software company and the world leader in Virtual Smart Sensors for the smartphone, laptop, Internet of Things (IoT), and automotive industries. Elliptic Labs uses machine learning and/or sensor fusion to combine ultrasound with data from existing device sensors to produce smarter, greener, safer, and more intuitive devices. By replacing hardware sensors with our software-only virtual sensors, we eliminate the need for infrared, radar, and time-of-flight hardware sensors. Our Virtual Smart Sensors have the potential to deprecate the need for billions of hardware sensors, while delivering additional features, such as bezel-less designs, intuitive 3D touchless gesture recognition, and full-room presence sensing.

In 2019, we increased our revenue and decreased our deficit compared to 2018. We concluded the year with a positive EBIT in Q4. We strengthened cooperation with our largest customer Xiaomi, and signed software license agreements for 12 design wins for their high-end as well as mid-market high volume smartphones. We also launched INNER BEAUTY, our virtual proximity sensor, with other smartphone manufacturers. In addition, we signed partnership agreements for the IoT market with global companies such as Texas Instruments, MediaTek, and Shinko. We were awarded a prestigious NOK 20m grant from EU Horizon 2020 and successfully delivered on the project's milestones ensuring revenue of 14.7 MNOK in 2019.

We kicked off new market explorations in 2019. In the automotive space, our AI software platform can be used for presence and heartbeat detection of children in cars. This capability will become a requirement for the automotive industry in 2022 in order for a vehicle to achieve the maximum safety rating. We see this as a market opportunity in 2021 and onwards. We also started to develop presence sensing to enhance cybersecurity for PC/laptops, and we see a big market opportunity in this field in 2020 and onwards. With the extreme growth in numbers of IoT devices in households, Elliptic Labs believes it will be a mandate that all IoT devices must include a presence/occupancy detection to automatically turn off devices when the user is away, for energy savings and to reduce the carbon footprint. This capability can be enabled without adding additional hardware sensors to the devices. Thus, we can deploy Virtual Smart Sensors to both old and new IoT devices, and thereby contribute to a more environmentally friendly world.

Overall, we experience a demand from new markets and new use cases for our products. We see strong interest from multiple laptop manufacturers, as well as requests for new use cases from smartphone manufacturers. The success we have had with Xiaomi after the deployment of our software product, INNER BEAUTY, in tens of millions of devices, is regarded as a quality stamp for both our solution and our company. This has led to serious interest for our smartphone solutions from several other manufacturers.

In spite of these positive overall trends and market opportunities for our products and solutions, we are also affected by the COVID-19 pandemic in 2020, as are most businesses. As many of our customers are in China, we experienced a slowdown earlier in this year compared to many other enterprises with customers outside China. As this report is written, all of our employees are working from home, but we are nevertheless experiencing good progress on most of the projects scheduled for delivery in 2020. Certainly, we see that some planned launches will be cancelled or postponed, but overall, the need and demand for our products and solutions remain strong and we believe the activity will pick up significantly in the second half of 2020.

Fortunately, since we are a 100% software company, we are able to support many of our customers remotely. Thanks to the maturity of our Virtual Smart Sensor Platform, we can scale more efficiently, handle more projects simultaneously, and continue to deliver innovative products to our customers. This makes us an attractive partner in current and new markets. Our software-defined sensors have abilities to detect heartbeat, breathing, proximity, presence and gestures—opening up a wide field of use cases in several industries. Our proprietary machine learning infrastructure developed over several years provides all ancillary services to build Artificial Intelligence models. Our virtual sensors are created for scale and we maintain a strong lead in our industry.

We continued to file patents during 2019 and now have 47 patents granted and 40 patents pending. Our patents cover a lot of important aspects of using ultrasound for smartphones, laptops and IoT devices, including acoustics, signal processing, and user interfaces.

As a conclusion, The Board of Directors remains positive to the future outlook for Elliptic Labs despite the short-term challenges ahead as a consequence of the COVID-19.

## Financial summary for the Group

Comparable amounts for 2018 are presented in brackets.

### Operating revenue

Consolidated operating revenue for 2019 totalled NOK 52 683 thousand (NOK 43 612 thousand).

### Operating costs

Operating costs totalled NOK 65 675 thousand (NOK 76 186 thousand). Personnel expenses accounted for NOK 45 651 thousand (NOK 46 965 thousand).

### Operating profit/loss

The Group generated an operating loss of NOK 12 992 thousand in 2019 (NOK 32 573 thousand).

### Financial items

Net financial expenses amounted to NOK 3 968 thousand (NOK 663 thousand).

### Profit/loss

The loss before tax was NOK 16 960 thousand (NOK 33 236 thousand). Income tax expense was NOK -3 703 thousand (NOK -5 116 thousand), resulting in a loss of NOK 13 257 thousand (NOK 28 121 thousand). The annual deficit was fully covered by transfer to other equity.

### Cash flow

The cash flow from operating activities was NOK -8 047 thousand (NOK -35 158 thousand). Cash flow from investments were NOK -11 097 thousand (NOK -8 739 thousand), and cash flow from financing was NOK 38 389 thousand (NOK 23 239 thousand). Cash and cash equivalents at year end 2019 were NOK 35 873 thousand (NOK 16 624 thousand).

### Financing and debt

The Group's equity was NOK 80 033 thousand at the end of 2019 (NOK 47 398 thousand). The Group had total long term loans of MNOK 14 at the end of 2019 (MNOK 0). The Group had short term loans of MNOK 29,4 (MNOK 43,0).

## Financial summary for the parent company, Elliptic Laboratories AS

Operating revenues from Elliptic Laboratories AS, the parent company, amounted to NOK 52 683 thousand (NOK 43 612 thousand), and the operating loss was NOK 13 700 thousand (NOK 35 614 thousand). The net loss for the year was NOK 14 448 thousand (NOK 30 128 thousand). The equity of the parent company amounted to NOK 77 874 thousand (NOK 46 435 thousand) and the Board proposes to allocate and transfer the loss of NOK 14 448 thousand to retained earnings.

### Risk factors

This annual report includes forward-looking statements that reflect the Group's current views with respect to future events and financial and operational performance. The historical financial statements of the Group may differ materially from the actual outcome of such forward-looking statements.

These forward-looking statements are not historical facts. They are not guarantees of any future performance, the Group's actual financial position, or operating results and liquidity. The development of the industry in which the Group operates, may differ materially from those made in, or suggested by, the forward-looking statements.

### Financial risk

Most of the financial risk that Elliptic Labs is exposed to relates to currency risk. Both revenues and operating expenses are exposed to foreign exchange rate fluctuations, especially in US dollars as a significant part of revenues are in this currency. The Group did not enter into any contracts or other agreements in 2019 to reduce its currency risk and thus its operational market risk.

### Liquidity risk

The Board of Directors considers Elliptic Labs' liquidity to be acceptable.

### Credit risk

The risk of losses on receivables is considered low due to highly reputable customers. Nevertheless, if customers were to fail, refuse to pay or delay payment, or if a customer becomes insolvent or goes bankrupt, or if the Group's customers terminate their contracts with the Group, there is a risk that the Group's business, results of operations and financial position and future prospect could be negatively affected.

The Group has accounted for no further changes in provision for losses in 2019.

### Competition

Elliptic Labs operates within a highly competitive sector with some of the largest technology companies in the world. Many of these companies have significantly more financial resources and headcount than Elliptic Labs. However, Elliptic Labs will be able to successfully expand its business by innovating faster, execute cross-functional collaboration and being closer to customers than many of its competitors and by focusing on its core strengths, which are to deliver customer-driven innovative solutions based on deep expertise and great technology.

### Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2020 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

### Health, safety and environment

The working environment has been good in 2019 and it has not been necessary to implement improvement measures.

There have been no injuries or accidents in 2019. Elliptic Labs had 1.9% absence due to sick leave in 2019. There has not been implemented or planned to undertake concrete measures to improve gender equality in Elliptic Labs. The company has approximately 67% male employees, and 33% female employees.

Elliptic Labs provides green solutions. By using ultrasound sensors, Elliptic Labs disrupt traditional approaches and makes intuitive, sustainable and eco-friendly experiences possible.

Oslo, 3 April 2020

The Board of Directors of Elliptic Laboratories AS



Tore Engebretsen  
Chairman



Edvin Austbø  
Board Member



Einar J. Greve  
Board Member



Svenn-Tore Larsen  
Board Member



Berit Svendsen  
Board Member



Laila B. Danielsen  
CEO

# 1 Consolidated financial statements

## Consolidated statement of comprehensive income

For the financial period ended 31 December 2019 and 2018.

<i>(Amounts in NOK)</i>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
Revenues		37 957 021	41 580 757
Other operating income		14 726 017	2 031 597
<b>Total revenue</b>	<b>2</b>	<b>52 683 038</b>	<b>43 612 354</b>
Personnel expenses	11	-45 650 734	-46 964 974
Other operating expenses	4	-15 631 493	-27 105 463
Depreciation, amortisation and impairment	7,15	-4 392 985	-2 115 328
<b>Total operating costs</b>		<b>-65 675 213</b>	<b>-76 185 766</b>
<b>Operating profit</b>		<b>-12 992 175</b>	<b>-32 573 412</b>
Financial income	5	307 049	2 180 815
<b>Total financial income</b>		<b>307 049</b>	<b>2 180 815</b>
Financial expenses	5	-4 275 169	-2 843 832
<b>Total financial expenses</b>		<b>-4 275 169</b>	<b>-2 843 832</b>
<b>Profit/(loss) before tax</b>		<b>-16 960 295</b>	<b>-33 236 429</b>
Income tax expense	6	-3 703 338	-5 115 807
<b>Profit/(loss) for the period</b>		<b>-13 256 956</b>	<b>-28 120 622</b>
Other comprehensive income:			
Foreign currency changes, may be reclassified to profit or loss		5 059	-57 755
Other comprehensive income, net of tax		<b>5 059</b>	<b>-57 755</b>
<b>Total comprehensive income for the period</b>		<b>-13 251 897</b>	<b>-28 178 376</b>
Loss for the period is attributable to:			
Equity holders of the parent company		<b>-13 251 897</b>	<b>-28 178 376</b>
Profit/(loss) per share		-1.54	-3.29

## Consolidated statement of financial position

At 31 December 2019 and 2018, respectively.

(Amounts in NOK)	Notes	31.12.2019	31.12.2018
<b>Non-current assets</b>			
Deferred tax assets	6	56 168 887	52 951 662
Intangible assets	7	16 551 924	9 848 375
Right of use assets	15	7 255 068	0
Other non-current receivables		2 092 437	2 132 711
<b>Total non-current assets</b>		<b>82 068 316</b>	<b>64 932 748</b>
<b>Current assets</b>			
Accounts receivable	9	14 309 741	14 770 450
Other current receivables		7 116 584	5 914 235
Cash and cash equivalents	10	35 873 432	16 623 538
<b>Total current assets</b>		<b>57 299 757</b>	<b>37 308 223</b>
<b>Total assets</b>		<b>139 368 073</b>	<b>102 240 971</b>
<b>Equity and liabilities</b>			
Share capital	13	875 106	856 401
Other equity		79 157 649	46 541 515
<b>Total equity</b>		<b>80 032 755</b>	<b>47 397 915</b>
Lease liabilities	15	5 205 363	0
Bank borrowings, long-term	14	14 000 000	0
<b>Total long-term liabilities</b>		<b>19 205 363</b>	<b>0</b>
Bank borrowings, short-term	14	29 431 148	43 007 165
Trade and other payables		834 715	2 527 440
Tax payable		162 501	1 079 936
Accrued public taxes		2 669 095	1 964 709
Other short-term liabilities	17,15	7 032 496	6 263 806
<b>Total current liabilities</b>		<b>40 129 955</b>	<b>54 843 056</b>
<b>Total equity and liabilities</b>		<b>139 368 073</b>	<b>102 240 971</b>

Oslo, 3 April 2020

The Board of Directors of Elliptic Laboratories AS




Tore Engebretsen  
Chairman



Edvin Austbø  
Board Member



Einar J. Greve  
Board Member



Svenn-Tore Larsen  
Board Member



Berit Svendsen  
Board Member



Laila B. Danielsen  
CEO

## Consolidated statement of changes in equity

Attributable to owners of Elliptic Laboratories AS.

2019 (Amounts in NOK)	Share capital and premium	Paid-in equity	Other Equity	Foreign currency rate differences	Total equity
<b>Shareholders' equity at 01.01.2019</b>	856 401	6 214 160	40 584 151	-256 797	47 397 916
Profit (loss) for the period	0	0	-13 256 956	0	-13 256 956
Other comprehensive income for the period	0	0	0	5 059	5 059
<b>Total comprehensive income for the period</b>	0	0	-13 256 956	5 059	-13 251 897
<b>Transactions with owners:</b>					
Capital increase through issuance of ordinary shares	18 705	0	42 996 295	0	43 015 000
Employee share schemes	0	2 871 737	0	0	2 871 737
<b>Shareholders' equity at 31.12.2019</b>	<b>875 106</b>	<b>9 085 897</b>	<b>70 323 490</b>	<b>-251 738</b>	<b>80 032 755</b>

2018 (Amounts in NOK)	Share capital and premium	Paid-in equity	Other Equity	Foreign currency rate differences	Total equity
<b>Shareholders' equity at 01.01.2018</b>	856 401	2 495 930	68 704 773	-199 042	71 858 062
Profit (loss) for the period	0	0	-28 120 622	0	-28 120 622
Other comprehensive income for the period	0	0	0	-57 755	-57 755
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-28 120 622</b>	<b>-57 755</b>	<b>-28 178 376</b>
<b>Transactions with owners:</b>					
Capital increase through issuance of ordinary shares	0	0	0	0	0
Employee share schemes	0	3 718 230	0	0	3 718 230
<b>Shareholders' equity at 31.12.2018</b>	<b>856 401</b>	<b>6 214 160</b>	<b>40 584 151</b>	<b>-256 797</b>	<b>47 397 916</b>



## Consolidated cash flow statement

For the financial period ended 31 December 2019 and 2018.

(Amounts in NOK)	Notes	2019	2018
<b>Cash flow from operating activities:</b>			
Profit/(loss) before tax		-16 960 295	-33 236 429
Adjustment for:			
Taxes paid in the period		-431 321	-380 447
Depreciation and impairment	7,15	4 392 985	2 115 328
Option based payments	12	2 871 737	3 718 230
Items classified as financing activities	5	2 750 505	1 768 309
Change in accounts receivable		-741 640	-10 559 571
Change in trade payables		-1 692 725	1 427 923
Change in other accruals		1 763 576	-11 361
<b>Net cash flow from operations</b>		<b>-8 047 177</b>	<b>-35 158 019</b>
<b>Cash flow from investments:</b>			
Purchase of fixed assets	7	-11 096 535	-8 739 127
<b>Net cash flow from investments</b>		<b>-11 096 535</b>	<b>-8 739 127</b>
<b>Cash flow from financing:</b>			
Bank borrowings, short-term	14	0	25 007 165
Repayment of lease liabilities	15	-1 875 949	
Paid in capital from owners		43 015 000	0
Interests bank borrowings	5	-2 750 505	-1 768 309
<b>Net cash flow from financing</b>		<b>38 388 546</b>	<b>23 238 856</b>
<b>Net Change in Cash and Cash Equivalents</b>		<b>19 244 835</b>	<b>-20 658 290</b>
Cash and cash equivalents at the beginning of the period		16 623 538	37 339 583
Effect of foreign currency rate changes on cash and cash equivalents		5 059	-57 755
<b>Cash and cash equivalents at the end of period</b>		<b>35 873 432</b>	<b>16 623 538</b>

## 2 Notes to the consolidated financial accounts

### Note 1 – Accounting principles

#### 2.1 General information

Elliptic Laboratories AS and its subsidiaries (together "Elliptic Labs" or the "Group") develop and sell technical solutions, which enable the interaction and information exchanges between individuals and technical devices, based on ultrasound software technology. Such devices are mobile phones, devices within the IoT-market and various other devices that could deploy the Group's software technology to enhance the user experience. Investments in and cooperation with other companies are also part of the Group's purpose.

The domicile of the Group is Oslo, Norway. Group's head office is at Akersgata 32, 0180 Oslo.

#### 2.2 Summary of significant accounting principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as required for financial years beginning 1 January 2019.

The consolidated financial statements have been prepared under the historical cost convention, as modified by derivatives at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

These consolidated financial statements have been prepared under the assumption of a going concern.

##### 2.2.2 Consolidation

Subsidiaries are all entities over which the Group has control. Control of an entity occurs when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the day on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting principles.

##### 2.2.3 Foreign currency translation

###### a) Functional and presentation currency

Items included in the financial statements of the individual entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the Group's presentation currency.

**b) Transactions and balance sheet items**

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Currency gains and losses related to loans, cash and cash equivalents are presented (net) as financial income or financial expenses. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within net (gain)/loss.

**c) Group companies**

The results and balances of all the Group entities that have functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
2. income and expenses for each income statement are translated at average exchange rate; and
3. all resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

**d) Other foreign currency translation**

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## 2.2.4 Share based payments

Share-based compensation benefits are provided to employees via the share option plan. Information relating to the options scheme is set out in note 12.

**Employee options**

The employee option plan is regarded as equity settled sharebased payments. The fair value of options granted under the share option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## 2.2.5 Operating revenues

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from licenses which give a right to use is recognised at point in time and licenses which give a right to access is recognised over time. Royalty based revenue is recognised as sales occur when exceeding the minimum fixed fee.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total cost.

Some contracts include multiple deliverables, such as the license for the IP and subsequent royalties for units sold. It is accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are

not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by Elliptic Laboratories exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes a royalty for mobil devices sold, revenue is recognised in the amount to which Elliptic Laboratories has a right to invoice.

### **2.2.6 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

### **2.2.7 Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying value of the accounts and any gain or loss is recognized.

The cost of fixed assets is the purchase price including taxes and expenses directly attributable to preparing the asset for use. Expenditures incurred after the asset has been put into operation, such as ongoing maintenance, are expensed, while other expenses that are expected to generate future economic benefits are capitalized.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of buildings and equipment.

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the income statement within other income or other operating expenses.

### **2.2.8 Intangible assets**

Acquired intangible assets are capitalized on the basis of the costs incurred to acquire and put the asset into use.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available
- The expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### **Research and development**

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### **Amortisation methods and periods**

Refer to note 7 for details about amortisation methods and periods used by the group for intangible assets.

### **2.2.9 Leases**

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

## **2.2.10 Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing an impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

## **2.2.11 Financial instruments**

### ***Financial assets measured at amortized cost***

Financial assets measured at amortized cost are non-derivative financial assets with contractual payments that consist exclusively of payments of interest and principal on the outstanding nominal amount and are held with the objective of collecting the contractually agreed cash flows, such as loans and receivables, trade receivables or cash and cash equivalents (the "hold" business model).

After initial recognition, these financial assets are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in profit or loss when the loans and receivables are impaired or derecognized. Interest effects from the application of the effective interest method and effects from currency translation are also recognized through profit or loss.

The Group applies an expected credit loss model (ECL) when calculating impairment losses on accounts receivable and contract assets, using the practical expedient in IFRS 9 of a lifetime ECL approach. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities over 12 months after the end of the reporting period. These are classified as non-current assets.

### ***Financial assets measured at fair value through profit or loss***

Financial assets measured at fair value through profit or loss comprise financial assets whose cash flows do not relate solely to payments of interest and repayments of principal on the outstanding nominal amount. They also include financial assets that were neither allocated to the "hold" business model nor to the "hold and sell" business model. They also include derivatives held for the purpose of, as well as shares or interest-bearing securities acquired with the intention of disposal in the near term. Gains or losses on these financial assets are recognized through profit or loss.

## **2.2.12 Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three-months or less.

### **2.2.13 Equity**

Financial instruments are classified as liabilities or equity, in accordance with IAS 32 Presentation of financial instruments and based on the underlying economic reality. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax.

### **2.2.14 Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **2.2.15 Trade and other payable**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **2.2.16 Bank borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## **2.2.17 Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

## **2.2.18 New accounting standards and amendments.**

### **New standards and amendments this year**

The Group has adopted IFRS 16 Leases as described in note 19.

No other standards and amendments had significant affect for the Group.

### **New standards and amendments effective from 1 January 2020 or later**

#### **IAS 1 Classification of Liabilities as Current or Non-current**

In January 2020, IASB issued a narrow scope amendment standard to IAS 1 "Presentation of financial statements". This amendment changes the guidance for the classification of liabilities as current or non-current. Liabilities will be classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of reporting period. The Group will adopt IAS 1 January 1 2022.



## Note 2 – Revenue from contracts with customers

Revenue from contracts with customers consists of the following entries as set forth in the table below.

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Revenues from contracts with customers	37 597 021	41 580 757
Revenue from other sources	14 726 017	2 031 597
<b>Total revenue</b>	<b>52 683 038</b>	<b>43 612 354</b>

As of 31.12.19 and 31.12.2018 all contracts were completed and performance obligations were fully satisfied.

Revenue from other sources consists in total of government grants.

## Note 3 – Government grants

The table below sets forth the treatment of government grants.

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Recognized as revenue from other sources	14 726 017	2 031 597
Reduction of capitalized patents	154 436	447 490
Recognized as payroll cost reduction	2 198 066	3 754 664
Recognized as other cost reduction	1 469 680	797 847
<b>Total government grants</b>	<b>18 548 199</b>	<b>7 031 597</b>

## Note 4 – Other operating expenses

Other operating costs consists of the following entries:

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Sales and marketing expenses	6 340 672	7 681 427
Rent	1 171 602	2 454 386
Electricity, heating and other property expenses	862 651	719 657
Consultants	4 511 122	3 141 122
Auditor	251 612	451 098
Legal	396 224	530 620
Provision for losses/Losses	0	9 314 875
Patents	642 135	559 549
IT/Software	540 113	1 571 078
Other expenses	915 363	681 652
<b>Total other operating expenses</b>	<b>15 631 493</b>	<b>27 105 463</b>

## Note 5 – Financial income and financial expenses

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
<b>Financial income</b>		
Other interest income	96 518	66 980
Other financial income	50 382	23 208
Foreign Exchange gains	160 149	2 090 627
<b>Total financial income</b>	<b>307 049</b>	<b>2 180 815</b>
<b>Financial expenses</b>		
Interest expense on bank loan	2 750 505	1 768 309
Other financial expenses	1 144 066	578 379
Foreign Exchange losses	380 598	497 144
<b>Total financial expenses</b>	<b>4 275 169</b>	<b>2 843 832</b>

## Note 6 – Tax

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Tax payable	162 934	1 135 312
Change in deferred tax/tax asset as a result of the changed tax rate	0	2 379 176
Other items	-649 048	0
Change in deferred tax assets	-3 217 225	-8 658 014
<b>Total tax (income)/expense</b>	<b>-3 703 338</b>	<b>-5 143 526</b>
Below is a specification of the tax effects of temporary differences and losses carried forward:		
<i>Deferred tax:</i>	<b>2019</b>	<b>2018</b>
Fixed assets	0	0
Trademark	0	0
Receivables and payables	0	0
Other	0	0
Total deferred tax relating to temporary differences	0	0
<b>Carrying value deferred tax liabilities</b>	<b>0</b>	<b>0</b>
<i>Deferred tax assets:</i>	<b>2019</b>	<b>2018</b>
Intangible assets	1 076 261	1 317 721
Receivables	2 049 273	2 379 173
Other	0	0
Losses carried forward	53 758 068	50 299 384
Total deferred tax assets relating to temporary differences and losses carried forward	<b>56 883 602</b>	<b>53 666 377</b>
Non-recognised deferred tax assets relating to losses and precluded interest deductions carried forward	-714 715	-714 715
<b>Carrying value deferred tax assets</b>	<b>56 168 887</b>	<b>52 951 662</b>
<b>Explanation of the change in the deferred tax:</b>	<b>2019</b>	<b>2018</b>
Carrying value deferred tax at 01.01	0	0
Change in deferred tax liability	0	0
<b>Carrying value deferred tax at 31 December</b>	<b>0</b>	<b>0</b>
<b>Explanation of the change in the deferred tax assets:</b>	<b>2019</b>	<b>2018</b>
Carrying value deferred tax assets at 01.01	52 951 662	46 700 542
Change in deferred tax assets	3 217 225	6 251 120
<b>Carrying value deferred tax assets at 31 December</b>	<b>56 168 887</b>	<b>52 951 662</b>
<b>Losses carried forward as of 31.12</b>		
<b>Expiration year</b>	<b>n.a</b>	<b>n.a</b>
Unlimited carry forward period	53 043 353	50 299 384
<b>Total losses carried forward</b>	<b>53 043 353</b>	<b>50 299 384</b>
<b>Reconciliation of tax expense</b>	<b>2019</b>	<b>2018</b>
Profit before tax	-16 960 295	-33 236 429
Hence 22 % tax in 2019 and 23% in 2018	-3 731 265	-7 644 379
<b>Tax effect of:</b>		
Differences in tax rates	0	317 124
Permanent differences (mainly non-taxable income)	-176 845	-278 248

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Change in deferred tax/tax asset due to changes in tax rate	0	2 375 182
Change in prior year estimates	198 003	117 664
Other/currency	6 768	-3 150
<b>Calculated tax expense/ (Income)</b>	<b>-3 703 339</b>	<b>-5 115 807</b>

### Significant estimates

The deferred tax assets include an amount of NOK 53 043 353 which relates to carried forward tax losses of Elliptic Laboratories AS. The subsidiary has incurred the losses over the last several years mainly due to development cost relating to immaterial assets which do not meet the capitalisation criterias. An expense of MNOK 15,0 has been recognized in the income statement related to research and development activities in Elliptic Laboratories group in 2019. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2020 onwards, and the carried forward tax loss is expected to be utilized within the next two years. The losses can be carried forward indefinitely and have no expiry date.

## Note 7 – Intangible assets

<i>Amounts in NOK</i>	<b>Patents</b>	<b>Trademark</b>	<b>Capitalized R&amp;D</b>	<b>Total intangible assets</b>
Cost at 01.01.2019	<b>12 496 028</b>	<b>23 505</b>	<b>6 903 966</b>	<b>19 423 499</b>
Additions	1 295 700	0	7 924 885	9 220 585
<b>Cost at 31.12.2019</b>	<b>13 791 728</b>	<b>23 505</b>	<b>14 828 851</b>	<b>28 644 085</b>
Accumulated amortisation and impairment charges 01.01.2019	9 574 157	968	0	9 575 124
Amortisation charges	1 131 542	4 701	1 380 793	2 517 036
<b>Accumulated amortisation and impairment charges 31.12.2019</b>	<b>10 705 699</b>	<b>5 669</b>	<b>1 380 793</b>	<b>12 092 161</b>
<b>Net booked value as at 31.12.2019</b>	<b>3 086 029</b>	<b>17 837</b>	<b>13 448 058</b>	<b>16 551 924</b>
Cost at 01.01.2018	10 684 372	0	0	10 684 372
Additions	1 811 656	23 505	6 903 966	8 739 127
<b>Cost at 31.12.2018</b>	<b>12 496 028</b>	<b>23 505</b>	<b>6 903 966</b>	<b>19 423 499</b>
Accumulated amortisation and impairment charges 01.01.2018	7 459 796	0	0	7 459 796
Amortisation charges	2 114 360	968	0	2 115 328
<b>Accumulated amortisation and impairment charges 31.12.2018</b>	<b>9 574 157</b>	<b>968</b>	<b>0</b>	<b>9 575 124</b>
<b>Net booked value as at 31.12.2018</b>	<b>2 921 871</b>	<b>22 538</b>	<b>6 903 966</b>	<b>9 848 375</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

The Group has significant development cost relating to immaterial assets which do not meet the capitalisation criteria. An expense of MNOK 15 has been recognized in the income statement related to research and development activities in Elliptic Laboratories group in 2019.

## Note 8 – Investments in subsidiaries and associated companies

Subsidiaries	Country	Business office	Voting percentage		Ownership percentage	
			2019	2018	2019	2018
Healthy Pointers AS	Norway	Oslo	100 %	100 %	100 %	100 %
Elliptic Laboratories Inc	USA	San Francisco	100 %	100 %	100 %	100 %

## Note 9 – Trade receivables and other current receivables

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
<b>Ageing of trade receivable:</b>		
Up to 3 months	14 309 741	14 770 450
More than 3 months	9 314 875	9 314 875
<b>Total trade receivable</b>	<b>23 624 617</b>	<b>24 085 325</b>
Nominal value of trade receivables	23 624 617	24 085 325
Impairment of trade receivables	-9 314 875	-9 314 875
<b>Total trade receivable</b>	<b>14 309 741</b>	<b>14 770 450</b>
<b>Other current receivables:</b>		
Prepaid costs	387 144	293 395
Other current receivables	6 729 440	5 620 840
<b>Total other current receivables</b>	<b>7 116 584</b>	<b>5 914 235</b>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the probability of a customer's bankruptcy to be the most relevant factor and accordingly adjusts the historical loss rates appropriately.

## Note 10 – Cash and cash equivalents

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	35 873 432	16 623 538
<b>Of which are restricted cash:</b>		
Restricted bank deposits for employee tax withholdings	1 617 519	1 045 918
Guarantee account	1 511 133	1 506 322
<b>Not restricted</b>	<b>32 744 780</b>	<b>14 071 298</b>

## Note 11 – Personnel expenses

Employee benefit expenses are set forth in the table below.

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Salary expenses	45 834 101	47 405 134
Social security cost	4 099 864	4 189 116
Pension costs	791 010	530 520
Option costs	2 871 737	3 718 230
Other costs	2 176 973	1 780 603
Government grants	-2 198 066	-3 754 664
Capitalized R&D personnel cost	-7 924 885	-6 903 966
<b>Total personnel expenses</b>	<b>45 650 734</b>	<b>46 964 974</b>
Average number of employees	51	51

### Pensions to Norwegian employees

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Norwegian companies' pension schemes meet the requirements of this act. Total compensation expensed during the year for the CEO and other executives is set forth in the table below.

### Remuneration to executive personnel

	<b>Salary</b>	<b>Bonus</b>	<b>Pension</b>	<b>Other Benefits <sup>1)</sup></b>	<b>Total</b>
Laila Danielsen, Group CEO and General Manager	2 791 164	528 222	0	112 235	<b>3 431 621</b>
Randi Fagervik, Chief Financial Officer <sup>2)</sup>	1 326 367	0	21 964	0	<b>1 348 331</b>
Espen Klovning, VP Engineering	1 439 988	50 000	22 488	0	<b>1 512 476</b>
Guenael Strutt, VP Product Development	2 076 725	0	0	180 343	<b>2 257 068</b>
Brian Daly, VP Sales & Business Development	1 657 127	0	0	181 975	<b>1 839 102</b>

<b>2018 (Amounts in NOK)</b>	<b>Salary</b>	<b>Bonus</b>	<b>Pension</b>	<b>Other Benefits <sup>1)</sup></b>	<b>Total</b>
Laila Danielsen, Group CEO and General Manager	2 463 577	471 134	0	103 671	<b>3 038 381</b>
Randi Fagervik, Chief Financial Officer	1 741 994	0	21 314	0	<b>1 763 308</b>
Scott Deutsch, Chief Operating Officer <sup>3)</sup>	1 795 783	0	0	139 331	<b>1 935 114</b>
Espen Klovning, VP Engineering	1 336 110	0	21 314	0	<b>1 357 424</b>
Guenael Strutt, VP Product Development	1 873 284	0	0	97 123	<b>1 970 407</b>
Brian Daly, VP Sales & Business Development <sup>4)</sup>	1 036 575		0	75 361	<b>1 111 936</b>

<sup>1)</sup> Other benefits for US employees comprise insurance services.

<sup>2)</sup> Remuneration and benefits apply until December 2019, the time of termination.

<sup>3)</sup> Remuneration and benefits apply until December 2018, the time of termination.

<sup>4)</sup> Remuneration and benefits apply from April 2018, the time of employment.

The average Dollar exchange rates were 8.8 and 8.13 for 2019 and 2018, respectively.

The salary of the Group CEO is determined by the Board. The salary of the members of the executive management is determined by the Group CEO. Bonus is based on performance targets in Elliptic Laboratories Group. The maximum size of bonus payment to the Group CEO is determined by the Board. Any bonuses to the members of the executive management is determined by the Group CEO.

The Group CEO has 3 months of paid termination notice if the company terminates the employment relationship.

No loans or pledges have been given to the Group CEO, Chairman of the Board or other related parties. No share-based remuneration has been given to executive personnel or the Board of Directors in 2019, 2018, 2017, 2016 or 2015.

## Compensation to the Board of Directors

<b>2019 (Amounts in NOK)</b>		<b>Board remuneration</b>	<b>Other benefits</b>	<b>Total</b>
Tore Engebretsen	Chairman	150 000	0	150 000
Einar Jørgen Greve	Board member	100 000	0	100 000
Karsten Thomas Michael Rønner	Board member	100 000	0	100 000
Edvin Austbø	Board member	100 000	0	100 000
Svenn-Tore Larsen	Board member	100 000	0	100 000

<b>2018 (Amounts in NOK)</b>		<b>Board remuneration</b>	<b>Other benefits</b>	<b>Total</b>
Tore Engebretsen	Chairman	150 000	0	150 000
Einar Jørgen Greve	Board member	100 000	0	100 000
Karsten Thomas Michael Rønner	Board member	100 000	0	100 000
Edvin Austbø	Board member	100 000	0	100 000
Svenn-Tore Larsen	Board member	100 000	0	100 000

<b>Remuneration to the auditor</b>			
<i>Amounts in NOK</i>		<b>2019</b>	<b>2018</b>
Statutory audit (including technical assistance - annual accounts)		194 095	140 000
Other attestation services		0	10 000
Tax advice (including technical assistance corporate tax papers)		294 595	214 113
Other assistance		181 300	365 924
<b>Total expensed auditor fees, ex. VAT</b>		<b>669 990</b>	<b>730 037</b>

## Note 12 – Share option program

The Group has an option program that includes key management as well as non-executive employees in parent and subsidiary companies. As of 31.12.2019, there are 47 employees in the group option program. The employees must work in the Group to be entitled to exercise the options at the time of vesting. The options are settled in shares at the time of vesting. The purpose of the establishment of the options program is to attract and retain key personnel. The group has the following option programs as of 31.12. The fair value of the options is calculated at the grant date, based on the Black-Scholes model, and expensed over the vesting period of 4 years.

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
<b>Outstanding at the beginning of the period</b>	326 381	442 290
Exercised	0	-50
Terminated	-80 322	-208 170
Granted	117 446	92 311
<b>Outstanding at the end of the period</b>	<b>363 505</b>	<b>326 381</b>
Average exercise price (NOK)	164,37	150
<b>Option program expensed for the year</b>	<b>2 871 737</b>	<b>3 718 230</b>

<i>Amounts in NOK</i>	<b>Grant date</b>	<b>Number of options</b>	<b>Terminated</b>	<b>Outstanding</b>	<b>Strike</b>	<b>Price</b>	<b>Fair value</b>	<b>Total fair value</b>
Guenael Strutt	01.03.2015	47 400	-	47 400	38	4 years	12,45	590 124
Non-executive employees	15.12.2016	48 706	(38 706)	10 000	38	4 years	64,47	644 681
Espen Klovning	28.04.2017	11 049	-	11 049	38	4 years	65,59	724 715
Espen Klovning	28.04.2017	30 000	-	30 000	100	4 years	30,44	913 183
Non-executive employees	29.09.2017	100 000	(39 041)	60 959	200	4 years	61,32	3 738 206
Brian Daly	16.04.2018	30 000	-	30 000	200	4 years	65,69	1 970 782
Non-executive employees	03.08.2018	409	-	409	200	4 years	57,43	23 490
Non-executive employees	03.08.2018	1 637	-	1 637	200	4 years	57,64	94 354
Non-executive employees	03.08.2018	2 619	-	2 619	200	4 years	58,30	152 679
Non-executive employees	03.08.2018	818	-	818	200	4 years	58,41	47 781
Non-executive employees	03.08.2018	1 228	-	1 228	200	4 years	59,81	73 445
Non-executive employees	03.08.2018	3 239	-	3 239	200	4 years	59,87	193 906
Non-executive employees	03.08.2018	2 573	-	2 573	200	4 years	61,45	158 108
Non-executive employees	03.08.2018	4 572	-	4 572	200	4 years	61,74	282 266
Non-executive employees	03.08.2018	3 170	-	3 170	200	4 years	63,08	199 977
Non-executive employees	03.08.2018	2 343	-	2 343	200	4 years	63,12	147 897
Non-executive employees	03.08.2018	1 364	-	1 364	200	4 years	63,95	87 232
Non-executive employees	03.08.2018	2 527	-	2 527	200	4 years	64,73	163 577
Non-executive employees	28.08.2018	15 000	-	15 000	38	4 years	164,22	2 463 237
Non-executive employees	12.03.2019	2 527	-	2 527	200	4 years	61,56	155 556
Non-executive employees	12.03.2019	4 411	-	4 411	200	4 years	62,71	276 582
Non-executive employees	12.03.2019	2 068	-	2 068	200	4 years	62,99	130 263
Non-executive employees	12.03.2019	977	-	977	200	4 years	70,44	68 823
Brian Daly	28.03.2019	5 000	-	5 000	200	4 years	64,86	324 303
Guenael Strutt/ Espen Klovning	28.03.2019	75 000	-	75 000	200	4 years	64,99	4 874 403
Non-executive employees	09.04.2019	2 228	-	2 228	200	4 years	62,39	139 029
Non-executive employees	09.04.2019	2 941	-	2 941	200	4 years	62,52	183 836
Non-executive employees	23.04.2019	2 481	-	2 481	200	4 years	62,29	154 554
Non-executive employees	13.05.2019	3 768	-	3 768	200	4 years	66,19	249 375
Non-executive employees	25.05.2019	26 000	-	26 000	200	4 years	65,62	1 706 165
Non-executive employees	12.08.2019	2 267	-	2 267	200	4 years	65,45	148 403
Non-executive employees	19.08.2019	2 093	-	2 093	200	4 years	65,36	136 794
Non-executive employees	22.08.2019	837	-	837	200	4 years	65,53	54 863

## Note 13 – Share capital and shareholder information

As of 31.12.2019, the share capital amounts to NOK 875 105,8, consisting of 8 751 058 shares at a face value of NOK 0,1 per share. Overview of the largest shareholders as of 31 December 2019:

Shareholder name	Ordinary shares	Ownership
Passesta AS (Chairman of the Board Tore Engebretsen)	1 147 750	13,1 %
MP Pensjon PK	837 400	9,6 %
Alden AS (Board member Edvin Austbø)	707 000	8,1 %
Robert Horne (GBR)	589 000	6,7 %
Laila Danielsen (USA) (CEO)	529 680	6,1 %
Other shareholders (less than 5% ownership)	4 940 228	56,5 %
<b>Total</b>	<b>8 751 058</b>	<b>100,0 %</b>

Shares as of 31.12	2019	2018
Number of issued shares	8 751 058	8 564 008
<b>Number of shares outstanding</b>	<b>8 751 058</b>	<b>8 564 008</b>

2019	Number of shares	Average number of shares	Number of days
Outstanding shares at 01.01	8 564 008	8 564 008	365
Capital increase	187 050	19 986	39
<b>Outstanding shares at 31.12</b>	<b>8 751 058</b>	<b>8 583 994</b>	

2018	Number of shares	Average number of shares	Number of days
Outstanding shares at 01.01	8 564 008	8 564 008	365
Capital increase	0	0	365
<b>Outstanding shares at 31.12</b>	<b>8 564 008</b>	<b>8 564 008</b>	

(Amounts in NOK)	2019	2018
Profit & loss for the year due to holders of ordinary shares	-13 251 897	-28 178 376
Average number of shares - basic	8 583 994	8 564 008
<b>EPS – Basic, NOK per share</b>	<b>-1.54</b>	<b>-3.29</b>

Shares held by the Board of Directors:

Shareholder name	Title	Ordinary shares	Ownership
Tore Engebretsen (Passesta AS)	Chairman of the Board	1 147 750	13.1 %
Edvin Austbø (Alden AS)	Board member	707 000	8.1 %
Einar Greve (Cipriano AS)	Board member	140 300	1.6 %
Berit Svendsen	Board member	1 800	0.02%



Shares held by the executive management:

Shareholder name	Title	Ordinary shares	Ownership
Laila B. Danielsen	CEO & President	529 680	6.1 %
Guenael Strutt	VP Product Development	47 500	0.5 %
Espen Klovning	VP Engineering	21 951	0.3 %

## Note 14 – Interest-bearing liabilities

Amounts in NOK	2019	2018
<b>Long-term liabilities due &gt; 1 year</b>		
Bank borrowings, long-term	14 000 000	0
Loan costs	1 430 625	0
Bank borrowings, long-term net of loan costs	15 430 625	0
<b>Total</b>	<b>15 430 625</b>	<b>0</b>
<b>Long-term liabilities due &lt; 1 year</b>		
Bank borrowings	4 000 000	18 000 000
Loan costs	899 250	909 000
Bank borrowings, short-term net of loan costs	4 899 250	18 909 000
<b>Total</b>	<b>4 899 250</b>	<b>18 909 000</b>
<b>Short-term liability due &lt; 1 Year</b>		
Overdraft credit facility	25 431 148	25 007 165
Loan costs	1 788 483	412 607
Bank borrowings, short-term net of loan costs	27 219 631	25 419 773
<b>Total</b>	<b>27 219 631</b>	<b>25 419 773</b>

The fair value of the liability is considered to be equal to its book value according to the amortised cost as shown above.

Due to establishment of the overdraft credit facility with Pareto Bank of NOK 25 007 165 in 2018, the Group was in breach with financial covenants of the Innovasjon Norge loan facility as of 31.12.2018. As a consequence, the Group had total short term loans of NOK 43 007 165 in 2018. In 2019, the loan to Innovasjon Norge of NOK 18 000 000 is reclassified as long-term.

Loan facility 31.12.2019 (Amount in NOK)	Loan origina- tion date	Principle in local cur- rency	Fixed interest loan	Termination date	Carrying value
Innovasjon Norge	27.03.2015	NOK	5.57% effective interest	27.03.2022	18 000 000
Pareto Bank	31.05.2018	NOK	6% effective interest 0.25% commission- rate 1% establishment rate	31.06.2019	25 431 148

<b>Loan facility 31.12.2018 (Amount in NOK)</b>	<b>Loan origina- tion date</b>	<b>Principle in local cur- rency</b>	<b>Fixed interest loan</b>	<b>Termination date</b>	<b>Carrying value</b>
Innovasjon Norge	27.03.2015	NOK	5.05% effective interest	27.03.2022	18 000 000
Pareto Bank	31.05.2018	NOK	5% effective interest 0.25% commission rate 1% establishment rate	31.06.2019	25 007 165

The following table shows the undiscounted payment profile of the Group's debt, based on the remaining loan period at the balance sheet date. Payment profile on debts to credit institutions per 31.12.2019:

<i>Amounts in NOK</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>After 2023</b>	<b>Total</b>
Innovasjon Norge	4 000 000	4 000 000	4 000 000	4 000 000	2 000 000	18 000 000
Interests	899 250	681 250	463 250	245 250	40 875	2 329 875
Trade payables and other short term liabilities	32 463 644	0	0	0	0	32 463 644
<b>Total installment</b>	<b>37 362 894</b>	<b>4 681 250</b>	<b>4 463 250</b>	<b>4 245 250</b>	<b>2 040 875</b>	<b>52 793 519</b>

Payment profile on debts to credit institutions per 31.12.2018:

<i>Amounts in NOK</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>After 2022</b>	<b>Total</b>
Innovasjon Norge	18 000 000	0	0	0	0	18 000 000
Interests	1 321 607	0	0	0	0	1 321 607
Trade payables and other short term liabilities	35 763 120	0	0	0	0	35 763 120
<b>Total installment</b>	<b>55 084 727</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55 084 727</b>

## Note 15 – Leasing

The Group implemented IFRS 16 1 January 2019. The implementation is further presented in note 18.

<b>The balance sheet shows the following amounts relating to leases (Amounts in NOK)</b>	<b>31.12.2019</b>	<b>01.01.2019</b>
<b>Right of use assets:</b>		
Property	7 255 068	9 013 052
<b>Total</b>	<b>7 255 068</b>	<b>9 013 052</b>
<b>Lease liabilities:</b>		
Current	2 049 705	1 875 949
Non-current	5 205 303	7 137 103
<b>Total</b>	<b>7 255 068</b>	<b>9 013 052</b>

Additions to the right-of-use assets in 2019 were NOK 0. The right of use asset was remeasured at the end of 2019 due to a change in the lease.

<b>Amounts recognised in the statement of profit or loss</b> (Amounts in NOK)	<b>31.12.2019</b>	<b>01.01.2019</b>
<b>Depreciation charge of right-of-use assets:</b>		
Property	1 875 950	0
<b>Total</b>	<b>1 875 950</b>	<b>0</b>
<b>Lease expenses:</b>		
Interest expense	675 036	0
Expenses relating to short-term leases	1 721 160	0
Expenses relating to leases of low-value	4 683 480	0
<b>Total</b>	<b>7 079 676</b>	<b>0</b>

The total lease instalments for 2019 was NOK 1 875 950. The lease liability was remeasured at the end of 2019 due to a change in the lease.

## Note 16 – Financial risk factors

### Overview

Through its activities, the group will be exposed to different types of financial risks: market risk, credit risk and liquidity risk. This note presents information related to the Group's exposure to such risks, the Group's objectives, policies and procedures for risk management and handling, as well as the Group's management of capital. Additional quantitative information is included in these consolidated financial statements.

The Group's overall risk management plan is to ensure the ongoing liquidity in the group, defined as to being able to meet its obligations at any time. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management of the group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units. Risk management policies and procedures are reviewed regularly to take into account changes in the market and the Group's activities.

### Capital management

The Group's main goal is to maximize shareholder value while ensuring the Group's ability to continue operations, as well as to make sure that covenant criteria are met (see note 15 interest-bearing liability re. financial covenant requirements). The Group has a target to maintain a capital structure that gives the Group an optimal capital binding given the current market situation. The Group makes the necessary changes to their capital structure based on an ongoing assessment of the business' financial situation and future prospects in the short and medium term.

### Financial instruments by category

<b>Financial instruments as of 31 December 2019</b> (Amounts in NOK)	<b>Financial assets measured at amortised cost</b>	<b>Financial Liabilities measured at amortised cost</b>	<b>Total</b>
Other non-current receivables	7 116 584	0	7 116 584
Accounts receivable	14 309 741	0	14 309 741
Other current receivables (only derivatives)	0	0	0
Cash and cash equivalents	35 873 432	0	35 873 432
<b>Total financial assets</b>	<b>57 299 757</b>	<b>0</b>	<b>57 299 757</b>
Bank borrowings	0	14 000 000	14 000 000
Shareholder loans	0	0	0
Financial leasing (excluding lease grant)	0	0	0

Trade and other payables	0	834 715	834 715
Other short-term liabilities	0	29 431 148	29 431 148
<b>Total financial liabilities</b>	<b>0</b>	<b>59 534 605</b>	<b>44 265 863</b>

<b>Financial instruments as of 31 December 2018</b> <i>(Amounts in NOK)</i>	<b>Financial assets measured at amortised cost</b>	<b>Financial liabilities measured at amortised cost</b>	<b>Total</b>
Other non-current receivables	5 914 235	0	5 914 235
Accounts receivable	14 770 450	0	14 770 450
Other current receivables (only deriva- tives)	0	0	0
Cash and cash equivalents	16 623 538	0	16 623 538
<b>Total financial assets</b>	<b>37 308 223</b>	<b>0</b>	<b>37 308 223</b>

Bank borrowings	0	0	0
Shareholder loans	0	0	0
Financial leasing (excluding lease grant)	0	0	0
Trade and other payables	0	2 527 440	2 527 440
Other short-term liabilities	0	43 007 165	43 007 165
<b>Total financial liabilities</b>	<b>0</b>	<b>45 534 605</b>	<b>45 534 605</b>

#### a) Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market risk is monitored continuously by the Group.

#### Foreign exchange risk

The Group operates internationally and is exposed to changes in foreign currency exchange rates. The Group monitors the risk closely and on a monthly basis. For risk management purposes, the Group has identified three types of currency exposures:

- Exposure to sales of products in different currencies: The Group has all its revenues in foreign currencies, mainly in US dollars.
- Exposure to payroll costs and operating expenses in different currencies: The Group's business model is such that the subsidiaries' sales and operating expenses are incurred in local currency, which are mainly US dollars and Chinese yen.

#### b) Credit risk

Credit risk is managed at the group level. Credit risk is monitored closely.

#### c) Liquidity risk

The Group's liquidity risk is characterised by a potential risk of not being able to meet obligations to vendors and loan creditors. The ability to service the debt depends on the Group's cash flow from operating activities. The Group regularly monitors the cash flow situation by setting up cash flow forecasts based on the forecasts of the liquidity reserves, including cash equivalents and borrowing facilities.

To be able to maintain a sufficient flexibility in the source of funding, the Group has borrowing facilities of MNOK 43.4 in 2019 (MNOK 43 in 2018). The Group had cash and cash equivalents of MNOK 35.9 in 2019 (MNOK 16.6 in 2018).

See also note 14 interest-bearing liability information on funding sources and payment profile.

## Note 17 – Other short-term liabilities

Other short-term liabilities consist of the following items:

<i>Amounts in NOK</i>	<b>2019</b>	<b>2018</b>
Accrued vacation pay	4 422 856	4 213 215
Accrued costs	552 680	1 008 092
Other current items	2 056 960	1 042 500
<b>Total other short-term liabilities</b>	<b>7 032 496</b>	<b>6 263 806</b>

## Note 18 – Implementation of IFRS 16

IFRS 16 Leases was implemented by the Group on 1 January 2019. The new accounting standard covers the recognition, measurement and presentation of leases and related disclosures in the financial statements and has replaced IAS 17 Leases. IFRS 16 requires that all leases, except for short term leases and leases of low value assets are reflected in the balance sheet of a lessee as a lease liability and a Right of use (RoU) asset. The Group has implemented the standard according to the modified retrospective method with no restatement of comparable figures for 2018, which are still presented in accordance with IAS 17. For leases which had previously been classified as operating leases under the principles of IAS 17 Leases, the lease liability upon adoption of IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.5 %.

The implementation of IFRS 16 on 1 January 2019 has increased the Consolidated balance sheet by adding lease liabilities and right of use assets of MNOK 9. The Group's equity has not been impacted from the implementation of IFRS 16.

The Group has applied the following practical expedients to leases previously classified as operating leases at the date on initial application:

- Exemption for short-term leases (defined as 12 months or less)
- Exemption for low value assets
- Applied hindsight when determining the lease term for contracts containing options.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The following table explains the reconciliation between the operating lease commitments from applying IAS 17 as at 31 December 2018 and the lease liabilities recognized as at 1 January 2019:

<b>Operating lease commitments as at 31 December 2018</b>	<b>15 405 361</b>
Short term leases recognized on a straight-line basis as expense	-1 702 674
Low-value leases recognized in a straight-line basis as expense	-2 861 022
Contracts reassessed as service agreements	0
Adjustments as a result of different treatment of extension and termination options	0
Adjustments relating to changes in the index or rate affecting variable payments	0
Effect of discounting using the Group's weighted average incremental borrowing rate	-1 828 613
<b>Lease liability recognized upon implementation of IFRS 16</b>	<b>9 013 052</b>

Additions:

IAS 17 financial lease liabilities recognized as at 31 December 2018	0
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<b>Total lease liability as at 1. January 2019</b>	<b>9 013 502</b>
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Of which are:

Current lease liabilities	1 875 949
Non-current lease liabilities	7 137 103

<b>Total lease liability as at 1 January 2019</b>	<b>9 013 502</b>
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The following line items in the balance sheet have been impacted as result of the new accounting standard:

2019 (Amounts in NOK)	Property, plan and equipment	Total
<b>Right-of-use assets:</b>		
Balance at implementation of IFRS 16	9 013 052	9 013 052
Depreciations	1 875 950	1 875 950
Additions	117 966	117 966
<b>Balance at december 31</b>	<b>7 255 068</b>	<b>7 255 068</b>

#### Lease liabilities:

Non-current finance debt	5 205 363	5 205 363
Current finance debt	2 049 705	2 049 705
<b>Total liabilities</b>	<b>7 255 068</b>	<b>7 255 068</b>

Interest expense relating to lease recognized in the income statement for 2019 was NOK 675 036

The following table shows the undiscounted payment profile of the Group's lease liabilities, based on the remaining lease period at the balance sheet date per 31.12.2019:

Amounts in NOK	2020	2021	2022	2023	Total
Installments	2 049 705	2 303 433	2 368 691	633 239	<b>7 255 068</b>
Interests	543 094	389 366	224 109	14 961	<b>1 171 530</b>
<b>Total installment</b>	<b>2 592 799</b>	<b>2 203 799</b>	<b>2 592 799</b>	<b>648 200</b>	<b>8 426 598</b>

## Note 19 – Events after the balance sheet date

As at 31 December 2019 only limited cases of an unknown virus had been reported to the World Health Organization (WHO). The following spread of the COVID-19 virus does not provide evidence of conditions existing at the end of the reporting period, thus classifying the pandemic as a non-adjusting event according to IAS 10.

As many of our customers are in China, we experienced a slowdown earlier this year compared to many other enterprises with customers outside China. At the date of signing the financial statements, all of our employees are working from home, but we are nevertheless experiencing good progress on most of the projects scheduled for delivery in 2020. Certainly, we see that some planned launches will be cancelled

or postponed, but overall, the need and demand for our products and solutions remain strong and we believe the activity will pick up significantly in the second half of 2020. It is too early to make a reasonable estimate of the effect of the pandemic, but the Board of Directors remains positive about the future outlook for Elliptic Labs despite the short-term challenges ahead as a consequence of the COVID-19.

### 3 Financial statements of the parent company

#### Income statement

For the financial period ended 31 December.

Amounts in NOK

	Notes	2019	2018
Revenues		37 957 021	41 580 757
Other operating income		14 726 017	2 031 597
<b>Total revenue</b>		<b>52 683 038</b>	<b>43 612 354</b>
Employee benefits expense	10	29 968 705	31 269 222
Depreciation and amortisation expenses	1	4 392 985	2 115 328
Other operating expenses		32 021 322	45 841 641
<b>Total operating costs</b>		<b>66 383 013</b>	<b>79 226 191</b>
<b>Operating profit</b>		<b>-13 699 975</b>	<b>-35 613 837</b>
Other financial income	11	309 613	2 183 556
Other financial expense	11	-4 275 169	-2 948 494
<b>Total financial expenses</b>		<b>- 3 965 555</b>	<b>-764 938</b>
<b>Profit/(loss) before tax</b>		<b>-17 665 531</b>	<b>-36 378 775</b>
Income tax expense	9	-3 217 225	-6 251 120
<b>Net profit/(loss) for the year</b>		<b>-14 448 306</b>	<b>-30 127 655</b>
<b>Allocation</b>			
Equity allocation		<b>14 448 306</b>	<b>30 127 655</b>



## Balance sheet at 31 December

<b>ASSETS</b> (Amounts in NOK)	<b>Notes</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Concessions, patents, licenses, trademarks and similar rights	1	16 541 924	9 838 375
Deferred tax asset	9	56 168 887	52 951 662
<b>Total intangible assets</b>		<b>72 710 811</b>	<b>62 790 037</b>
Right of use assets		7 255 068	0
<b>Total tangible assets</b>		<b>7 255 068</b>	<b>0</b>
Investments in subsidiaries	2	591	591
Other receivables	5	2 092 437	2 132 711
<b>Total financial fixed assets</b>		<b>2 093 028</b>	<b>2 133 302</b>
<b>TOTAL FIXED ASSETS</b>		<b>82 058 907</b>	<b>64 923 339</b>
Trade receivables	3	14 309 741	14 770 450
Other receivables		7 116 584	5 805 369
Intercompany receivables		0	0
<b>Total receivables</b>		<b>21 426 325</b>	<b>20 575 819</b>
<b>Cash and bank deposits</b>	5	<b>35 721 482</b>	<b>15 184 911</b>
<b>TOTAL CURRENT ASSETS</b>		<b>57 147 807</b>	<b>35 760 729</b>
<b>TOTAL ASSETS</b>		<b>139 206 714</b>	<b>100 684 068</b>

## Balance sheet at 31 December

<b>EQUITY AND LIABILITIES</b> <i>(Amounts in NOK)</i>	<b>Notes</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Share capital	6,7	875 106	856 401
<b>Total paid-in equity</b>			<b>856 401</b>
Other equity		76 998 808	45 579 082
<b>Total retained earnings</b>		<b>76 998 808</b>	<b>45 579 082</b>
<b>TOTAL EQUITY</b>		<b>77 873 914</b>	<b>46 435 482</b>
Lease liabilities		5 205 363	0
Other long-term liabilities	3	14 000 000	0
<b>Total long-term liabilities</b>		<b>19 205 363</b>	<b>0</b>
Liabilities to group companies	4	3 921 552	1 865 928
Trade creditors		834 715	2 527 440
Tax payable	9	0	0
Public duties payable		2 669 095	1 964 709
Other short-term liabilities		34 702 076	47 890 509
<b>Total short-term liabilities</b>		<b>42 127 438</b>	<b>54 248 586</b>
<b>TOTAL LIABILITIES</b>		<b>61 332 801</b>	<b>54 248 586</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>139 206 714</b>	<b>100 684 068</b>

Oslo, 3 April 2020

The Board of Directors of Elliptic Laboratories AS



Tore Engebretsen  
Chairman



Edvin Austbø  
Board Member



Einar J. Greve  
Board Member



Svenn-Tore Larsen  
Board Member



Berit Svendsen  
Board Member



Laila B. Danielsen  
CEO

## Notes and accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway for small companies.

### 3.1 General information

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

#### 3.1.1 Revenues

Income from sale of services are recognised at fair value of the consideration, net after deduction of VAT and reductions. Provisions for expected guarantee work are recognised as expenses and provisions for liabilities. Services are recognised in proportion to the work performed.

#### 3.1.2 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

#### 3.1.3 Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

#### 3.1.4 Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

#### 3.1.5 Intangible assets

"Acquired intangible assets are capitalized on the basis of the costs incurred to acquire and put the asset into use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use

- or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R&D expenses in the balance sheet are depreciated on a straight-line basis over the asset's expected useful life."

### **3.1.6 Fixed assets**

Fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date. Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease

### **3.1.7 Asset impairments**

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

### **3.1.8 Long term contracts**

Work in progress on long term fixed-price contracts is valued according to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expense. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

### **3.1.9 Debtors**

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a write down is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

### **3.1.10 Foreign currencies**

Receivables and liabilities in foreign currencies are taken to income at the exchange rate on the balance sheet date.

### **3.1.11 Liabilities**

Liabilities, except for certain liability provisions, are recognised in the balance sheet at nominal amount.

### **3.1.12 Pensions**

The company has various pension schemes. The pension schemes are financed through payments to insurance companies, except for the early retirement pension scheme (AFP). The company has a defined contribution plan.

### **3.1.13 Defined contribution plan**

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

The early retirement pension scheme (AFP) is an unsecured defined benefit multi-enterprise scheme. Such a scheme is de facto a defined benefit plan, but is for accounting purposes treated as a defined contribution plan as the result of the administrator of the scheme not providing sufficient information to calculate the liability in a reliable manner.

### **3.1.14 Share based payments**

Share-based compensation benefits are provided to employees via the share option plan. Information relating to the options scheme is set out in note 6.

#### **Employee options**

The employee option plan is regarded as equity settled sharebased payments. The fair value of options granted under the share option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### **3.1.15 Taxes**

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Deferred tax is reflected at nominal value.

## Note 1 – Intangible assets

<i>Amounts in NOK</i>	Patents	Trademark	Capitalized R&D	Total
Purchase cost pr. 01.01.	12 486 028	23 505	6 903 966	19 413 499
Additions	1 295 700	0	7 924 885	9 220 586
Purchase cost pr. 31.12.	13 781 729	23 505	14 828 851	28 634 085
Accumulated depreciation 31.12.	10 705 699	5 669	1 380 793	12 092 161
<b>Net book value per. 31.12.</b>	<b>3 076 030</b>	<b>17 836</b>	<b>13 448 058</b>	<b>16 541 924</b>
Depreciation in the year	1 131 542	4 701	1 380 793	<b>2 517 036</b>
Estimated useful life:	5	5	5	
Amorization method:	Straight-line	Straight-line	Straight-line	

Research and development expenses totalling MNOK 15,0 have been expensed in the year. Activities relates to development of new mobil applications and software. Accumulated total earnings from ongoing development projects are expected to correspond to total expenses incurred.

## Note 2 – Fixed assets (subsidiaries, associated companies and joint ventures)

Investments in subsidiaries are booked according to the cost method.

Subsidiaries	Location	Ownership /voting rights	Equity last year (100%)	Result last year (100%)	Balance sheet Value
Healthy Pointer	Oslo, Norway	100%	484 201	0	0
Elliptic Labs Inc	San Francisco, USA	100%	478 823	2 035 929	591
<b>Balance sheet value 31.12.</b>					<b>591</b>

## Note 3 – Debtors and liabilities

<i>Amounts in NOK</i>	2019	2018
Debtors which fall due within one year	29 431 148	43 007 165
Debtors which fall due later than one year	14 000 000	0
<b>Total</b>	<b>43 431 148</b>	<b>43 007 165</b>
	2019	2018
<b>Liabilities secured by assets</b>	<b>18 000 000</b>	<b>18 000 000</b>
	2019	2018
<b>Balance sheet value of assets placed as securities</b>		
Accounts receivable	14 309 741	14 770 450
<b>Total</b>	<b>14 309 741</b>	<b>14 770 450</b>

## Note 4 – Balance with group companies etc.

	Trade creditors		Other long-term liabilities	
	2019	2018	2019	2018
Elliptic Laboratories INC	3 447 352	1 391 728	0	0
Healthy Pointers AS	0	0	474 200	474 200
<b>Total</b>	<b>3 447 352</b>	<b>1 391 728</b>	<b>474 200</b>	<b>474 200</b>

## Note 5 – Restricted cash

	2019	2018
Restricted bank deposits for employee tax withholdings	1 617 519	1 045 918
Guarantee account	1 511 133	1 506 322
<b>Total</b>	<b>3 128 652</b>	<b>2 552 240</b>

## Note 6 – Share capital and shareholder information

As of 31.12.2019, share capital amounts to NOK 875 105,8, consisting of 8 751 058 shares at a face value NOK 0,1 per share. All shares have the same rights. An overview of the largest shareholders as of 31 Dec 2019 is set forth in the table below:

Shareholder name	Ordinary shares	Ownership
Passesta AS (Chairman of the Board Tore Engebretsen)	1 147 750	13.1 %
MP Pensjon PK	837 400	9.6 %
Alden AS (Board member Edvin Austbø)	707 000	8.1 %
Robert Horne (GBR)	589 000	6.7 %
Laila Danielsen (USA) (CEO)	529 680	6.1 %
Other shareholders (less than 5% ownership)	4 940 228	56.5%
<b>Total</b>	<b>8 751 058</b>	<b>100 %</b>

Shares held by the Board of Directors as of 31 Dec 2019:

Shareholder name	Title	Ordinary shares	Ownership
Tore Engebretsen	Chairman of the Board	1 147 750	13.1 %
Edvin Austbø	Board member	707 000	8.1 %
Einar Greve	Board member	140 300	1.6 %
Berit Svendsen	Board member	1 800	0.02%

Shares held by the executive management as of 31 Dec 2019:

Shareholder name	Title	Ordinary shares	Ownership
Laila B. Danielsen	CEO & President	529 680	6.1 %
Guenael Strutt	VP Product Development	47 500	0.5 %
Espen Klovning	VP Engineering	21 951	0.3 %

### Share based payment plans

The Group has an option program that includes employees in selected senior positions in parent and subsidiary companies. As of 31.12.2019, there are 47 employees in the group option programs. The employees must work in the Group to be entitled to exercise the options at the time of vesting. The options are settled in shares at the time of vesting.

The purpose of the establishment of the options program is to attract and retain key personnel. Elliptic Laboratories AS has not booked any expenses relating to the option programs in accordance with the exception in NRS 8. The fair value of the options is calculated at the grant date, based on the Black-Scholes model, and expensed over the vesting period of 4 years. The group has the following option programs as of 31.12.2019.

<i>Amounts in NOK</i>	<b>Grant date</b>	<b>Number of options</b>	<b>Terminated</b>	<b>Outstanding</b>	<b>Strike</b>	<b>Price</b>	<b>Fair value</b>	<b>Total fair value</b>
Guenael Strutt	01.03.2015	47 400	-	47 400	38	4 years	12,45	590 124
Non-executive employees	15.12.2016	48 706	(38 706)	10 000	38	4 years	64,47	644 681
Espen Klovning	28.04.2017	11 049	-	11 049	38	4 years	65,59	724 715
Espen Klovning	28.04.2017	30 000	-	30 000	100	4 years	30,44	913 183
Non-executive employees	29.09.2017	100 000	(39 041)	60 959	200	4 years	61,32	3 738 206
Brian Daly	16.04.2018	30 000	-	30 000	200	4 years	65,69	1 970 782
Non-executive employees	03.08.2018	409	-	409	200	4 years	57,43	23 490
Non-executive employees	03.08.2018	1 637	-	1 637	200	4 years	57,64	94 354
Non-executive employees	03.08.2018	2 619	-	2 619	200	4 years	58,30	152 679
Non-executive employees	03.08.2018	818	-	818	200	4 years	58,41	47 781
Non-executive employees	03.08.2018	1 228	-	1 228	200	4 years	59,81	73 445
Non-executive employees	03.08.2018	3 239	-	3 239	200	4 years	59,87	193 906
Non-executive employees	03.08.2018	2 573	-	2 573	200	4 years	61,45	158 108
Non-executive employees	03.08.2018	4 572	-	4 572	200	4 years	61,74	282 266
Non-executive employees	03.08.2018	3 170	-	3 170	200	4 years	63,08	199 977
Non-executive employees	03.08.2018	2 343	-	2 343	200	4 years	63,12	147 897
Non-executive employees	03.08.2018	1 364	-	1 364	200	4 years	63,95	87 232
Non-executive employees	03.08.2018	2 527	-	2 527	200	4 years	64,73	163 577
Non-executive employees	28.08.2018	15 000	-	15 000	38	4 years	164,22	2 463 237
Non-executive employees	12.03.2019	2 527	-	2 527	200	4 years	61,56	155 556
Non-executive employees	12.03.2019	4 411	-	4 411	200	4 years	62,71	276 582
Non-executive employees	12.03.2019	2 068	-	2 068	200	4 years	62,99	130 263
Non-executive employees	12.03.2019	977	-	977	200	4 years	70,44	68 823
Brian Daly	28.03.2019	5 000	-	5 000	200	4 years	64,86	324 303
Guenael Strutt/ Espen Klovning	28.03.2019	75 000	-	75 000	200	4 years	64,99	4 874 403
Non-executive employees	09.04.2019	2 228	-	2 228	200	4 years	62,39	139 029
Non-executive employees	09.04.2019	2 941	-	2 941	200	4 years	62,52	183 836
Non-executive employees	23.04.2019	2 481	-	2 481	200	4 years	62,29	154 554
Non-executive employees	13.05.2019	3 768	-	3 768	200	4 years	66,19	249 375
Non-executive employees	25.05.2019	26 000	-	26 000	200	4 years	65,62	1 706 165
Non-executive employees	12.08.2019	2 267	-	2 267	200	4 years	65,45	148 403
Non-executive employees	19.08.2019	2 093	-	2 093	200	4 years	65,36	136 794
Non-executive employees	22.08.2019	837	-	837	200	4 years	65,53	54 863



## Note 7 – Shareholder's equity

Equity changes in the year	Share capital and premium	Own shares	Other paid in equity	Other equity	Total
<b>Equity at 01.01.</b>	<b>856 401</b>	<b>0</b>	<b>6 214 160</b>	<b>39 364 922</b>	<b>46 435 483</b>
Profit for the year	0	0	0	-14 448 306	-14 448 306
Employee share schemes – value of employee services	0	0	2 871 737	0	2 871 737
Capital contribution	18 705	0	0	42 996 295	43 015 000
<b>Shareholders' equity at 31.12.2019</b>	<b>875 106</b>	<b>0</b>	<b>9 085 897</b>	<b>67 912 911</b>	<b>77 873 914</b>

## Note 8 – Pensions

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Norwegian companies' pension schemes meet the requirements of this act.

## Note 9 – Taxes

Calculation of deferred tax/deferred tax benefit:

<b>Temporary differences</b>	<b>2019</b>	<b>2018</b>
Intangible assets	4 892 094	5 989 641
Accounts receivables	9 314 875	9 314 875
Net temporary differences	14 206 969	15 304 516
Tax losses carried forward	241 106 152	225 384 858
<b>Basis for deferred tax</b>	<b>255 313 122</b>	<b>240 689 374</b>
Deferred tax	56 168 887	52 951 662
Deferred tax benefit not shown in the balance sheet	0	0
<b>Deferred tax in the balance sheet</b>	<b>56 168 887</b>	<b>52 951 662</b>
<b>Components of the income tax expense:</b>	<b>2019</b>	<b>2018</b>
<i>Amounts in NOK</i>		
Payable tax on this year's result	0	0
<b>Total payable tax</b>	<b>0</b>	<b>0</b>
Change in deferred tax based on original tax rate	- 3 217 225	-8 658 014
Change in deferred tax due to change in tax rate	0	2 406 894
<b>Calculated tax expense/(Income)</b>	<b>- 3 217 225</b>	<b>-6 251 120</b>

### Significant estimates

The deferred tax assets include an amount of NOK 53 043 353 which relates to carried forward tax losses of Elliptic Laboratories AS. The subsidiary has incurred the losses over the last several years mainly due to development cost relating to immaterial assets which do not meet the capitalisation criterias. An expense of MNOK 15.0 has been recognized in the income statement related to research and development activities in Elliptic Laboratories group in 2019. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2020 onwards, and the carried forward tax loss is expected to be utilized within the next two years. The losses can be carried forward indefinitely and have no expiry date.

## Note 10 – Payroll expenses, number of employees, remunerations, loans to employees etc.

<b>Payroll expenses</b>	<b>2019</b>	<b>2018</b>
<i>Amounts in NOK</i>		
Salary expenses	32 685 852	33 846 411
Government grants	-2 198 066	-3 754 664
Social security cost	3 306 292	3 368 071
Capitalized R&D Personnel cost	-7 924 885	-6 903 966
Pension costs	460 624	396 301
Option costs	2 871 737	3 718 230
Other costs	767 151	598 838
<b>Total payable tax</b>	<b>29 968 705</b>	<b>31 269 222</b>

The number of employees in the accounting years have been: 44 42

<b>Remuneration to executives in 2019</b>	<b>General manager</b>	<b>Board</b>
<i>Amounts in NOK</i>		
Salaries/board fee	3 319 386	550 000
Pension expenses	0	0
Other remuneration	112 235	0

The salary of the Group CEO is determined by the Board. The salary of the members of the executive management is determined by the Group CEO.

Bonus is based on performance targets in Elliptic Laboratories Group. The maximum size of bonus payment to the Group CEO is determined by the Board. Any bonuses to the members of the executive management is determined by the Group CEO.

The Group CEO has 3 months of paid termination notice if the company terminates the employment relationship.

No loans or pledges have been given to the Group CEO, Chairman of the Board or other related parties. No share-based remuneration has been given to the Board of Directors in 2019, 2018, 2017, 2016 or 2015.

<b>Expensed audit fee</b>	<b>2019</b>	<b>2018</b>
<i>Amounts in NOK</i>		
Statutory audit (incl. technical assistance with financial statements)	194 095	140 000
Other assurance services	0	10 000
Tax advisory fee (incl. technical assistance with tax return)	294 595	214 113
Other assistance (to be specified)	181 300	365 924
<b>Total audit fees</b>	<b>669 990</b>	<b>730 037</b>

## Note 11 – Specification of financial income and expenses

<b>Financial income</b> ( <i>Amounts in NOK</i> )	<b>2019</b>	<b>2018</b>
Exchange rate gains	213 706	2 093 973
Other financial income	95 907	89 583
<b>Total financial income</b>	<b>309 907</b>	<b>2 183 556</b>
<b>Financial expenses</b> ( <i>Amounts in NOK</i> )	<b>2019</b>	<b>2018</b>
Exchange rate loss	380 598	601 806
Other financial expenses	3 894 571	2 346 688
<b>Total financial income</b>	<b>4 275 169</b>	<b>2 948 494</b>

## Note 12 – Government grants

The company has applied for and received governmental grants in 2019 and 2018.

<b>Public grants</b> ( <i>Amounts in NOK</i> )	<b>2019</b>	<b>2018</b>
Reduction capitalised patents	154 436	447 490
Cost reduction	3 667 746	4 552 510
Recognized as other operating revenue	14 726 017	2 031 597
<b>Total public grants</b>	<b>18 548 199</b>	<b>7 031 597</b>

## Note 13 – Related-party transactions

The table presents the intercompany transactions between Elliptic Labs and its subsidiary, Elliptic Labs INC. Remuneration to CEO and board of directors is disclosed in note 10, and balance with group companies is disclosed in note 4.

### Related party transactions:

**2019**

#### a) Sales of goods and services

Sales of goods:

Sales of services:

1 872 382

#### b) Purchases of goods and services

Purchase of goods:

Purchase of services:

19 418 329

## Note 14 – Events after the balance sheet date

As at 31 December 2019 only limited cases of an unknown virus had been reported to the World Health Organization (WHO). The following spread of the COVID-19 virus does not provide evidence of conditions existing at the end of the reporting period, thus classifying the pandemic as a non-adjusting event according to IAS 10.

As many of our customers are in China, we experienced a slowdown earlier this year compared to many other enterprises with customers outside China. At the date of signing the financial statements, all of our employees are working from home, but we are nevertheless experiencing good progress on most of the projects scheduled for delivery in 2020. Certainly, we see that some planned launches will be cancelled or postponed, but overall, the need and demand for our products and solutions remain strong and we believe the activity will pick up significantly in the second half of 2020. It is too early to make a reasonable estimate of the effect of the pandemic, but the Board of Directors remains positive about the future outlook for Elliptic Labs despite the short-term challenges ahead as a consequence of the COVID-19.

## 4 Auditor's report



To the General Meeting of Elliptic Laboratories AS

### *Independent Auditor's Report*

#### *Report on the Audit of the Financial Statements*

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##### *Opinion*

We have audited the financial statements of Elliptic Laboratories AS, which comprise:

- The financial statements of the parent company Elliptic Laboratories AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Elliptic Laboratories AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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##### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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T: 02316, org. no.: 987 009 713 VAT, [www.pwc.no](http://www.pwc.no)  
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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### *Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisionsberetninger>

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## *Report on Other Legal and Regulatory Requirements*

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### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

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### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 3 April 2020

**PricewaterhouseCoopers AS**

Eivind Nilsen

State Authorised Public Accountant

(This document is signed electronically)

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## Revisjonsberetning

**Signers:**

Name	Method	Date
Nilsen, Eivind	BANKID_MOBILE	2020-04-03 19:32



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# ellipticlabs

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