

ellipticlabs

2020

Q4 Report  
(Unaudited)

**AI Virtual Smart Sensors**



Heartbeat



Breathing



Proximity



Presence



Gesture



Connection

## Fourth quarter update 2020

Elliptic Labs, a global AI software company and leader in AI Virtual Smart Sensors for the smartphone, laptop, Internet of Things (IoT), and automotive industries, reports record fourth quarter; highest quarterly revenue in the history of the company with NOK 27 million. Proving the scalability as business picked up after severe Covid19 effects in 1H 2020, EBITDA margin improved to more than 65% in Q4 whereas cash flow from operations ended at NOK 15m. Elliptic Labs is pleased to see that our business model scales with higher volume as demonstrated in this quarter.

Highlights from the fourth quarter:

- Substantial progress in widening customer base on smartphones
- Launched on two high-volume smartphones with Xiaomi, a world leading smartphone and IoT manufacturer, on their "Mi 11" and "Redmi Note 9 Pro"
- Launched with a new smartphone customer, ByteDance, on their "Nut R2" model
- Established partnership with MediaTek, a leading smartphone chip manufacturer, that integrated Elliptic's ultrasound API as a standard, making it easier for smartphone customers to use Elliptic Labs' AI Virtual Smart Sensors
- Secured more PoC's with laptop customers while working with leading chipset suppliers and aligning roadmaps
- First IoT license contract signed with a smart fridge provider
- Two patents granted, adding to an already strong patent portfolio as we are the leader in patents using ultrasound virtual smart sensors in the consumer electronics market. Today, our portfolio consists of close to 100 patents granted/pending.

"We continue to experience demand for our AI Virtual Smart Sensor platform from current and new customers, in particular in the laptop and smartphone markets. We also see an uptake in interest from strategic chipset partners ensuring that their short- and long-term roadmap is aligned with us to serve our joint customers with innovative solutions. Furthermore, as prices for hardware sensors and components have recently increased, our competitive advantage has strengthened, ensuring that our technology is well-positioned for broader adoption.", says CEO Laila Danielsen.

Our 2021 expectations are based on the robust demand for our AI software platform, in particular across the smartphone and PC market. We are excited about the opportunities ahead and very confident in our long-term strategy as we continue to execute and scale with current and new customers.

Seasonal effects going forward will still impact our financial numbers as we expect that the second half will be stronger than the first half. Even though this will apply to the financial year 2021, we expect both the first and second half to be significantly better than for the financial year 2020.

About Elliptic Labs:

Elliptic Labs is headquartered in Norway with presence in the USA, China, South Korea, and Japan. Founded in 2006 as a research spin-off from Norway's Oslo University, it is now a global enterprise targeting the smartphone, laptop, IoT, and automotive markets. The Company's patented AI software combines ultrasound and sensor-fusion algorithms to deliver intuitive 3D gesture, proximity and presence sensing experiences. Its scalable AI Virtual Smart Sensor Platform creates software-only sensors that are sustainable, eco-friendly, and already deployed in over 150 million devices. Elliptic Labs is the only software company in the market that has delivered detection capabilities using AI software, ultrasound and sensor-fusion deployed at scale. Elliptic Labs' technology and IP are developed in Norway and solely owned by the Company.

## Financial summary for the Group's fourth quarter 2020 (unaudited)

Comparable amounts for fourth quarter 2019 are presented in brackets.

### Operating revenue

Consolidated operating revenue for the fourth quarter totalled NOK 27 261 thousand (NOK 18 594 thousand). 2020 in total NOK 44 732 thousand (NOK 52 683 thousand).

### Operating costs

Operating costs totalled NOK 10 211 thousand (NOK 17 761 thousand). 2020 in total NOK 54 963 thousand (NOK 65 675 thousand). Personnel expenses accounted for NOK 5 754 thousand (NOK 12 660 thousand). 2020 in total NOK 36 396 thousand (NOK 45 651 thousand).

### Operating profit/loss

The Group generated an operating profit of NOK 17 050 thousand (NOK 833 thousand). 2020 in total ended with an operating loss of NOK 10 231 thousand (loss NOK 12 992 thousand).

### Financial items

Net financial expenses amounted to NOK 3 022 thousand (financial expense NOK 1 516 thousand). 2020 in total ended with NOK 5 463 thousand (financial expense NOK 3 968 thousand).

### Profit/loss

The profit before tax was NOK 14 028 thousand (loss NOK 683 thousand). 2020 in total ended with loss NOK 15 694 thousand (loss NOK 16 960 thousand).

Income tax expense was NOK 161 thousand (NOK 50 thousand), 2020 in total income tax revenue NOK 6 159 thousand (NOK 3 703 thousand), resulting in a profit of NOK 13 866 thousand (loss NOK 733 thousand), 2020 in total loss NOK 9 535 thousand (NOK 13 257 thousand).

### Cash flow

The cash flow from operating activities was NOK 14 998 thousand (NOK -1 616 thousand). 2020 in total NOK -4 659 thousand (NOK -8 047 thousand). Cash flow from financing was NOK 89 237 thousand (NOK 32 469 thousand). 2020 in total NOK 87 190 thousand (NOK 38 389 thousand).

Cash and cash equivalents at the end of the period were NOK 101 230 thousand (NOK 35 873 thousand).

### Financing and debt

The Group's equity was NOK 191 079 thousand (NOK 80 033 thousand) and The group had total long term liabilities of NOK 14 000 thousand (NOK 14 000 thousand) end of the period.

## Going concern

In accordance with the Accounting Act § 3-3a, the financial statements have been prepared under the assumption of going concern and we remain positive about the future outlook for Elliptic Labs.

## Fourth quarter consolidated financial statements

### Fourth quarter consolidated statement of comprehensive income

For the financial period ended 31 December 2020 and 2019.

<i>(Amounts in NOK)</i>	Notes	Q4 2020 (Unaudited)	Q4 2019 (Unaudited)	2020 (Unaudited)	2019 (Audited)
Revenues		24 070 924	17 003 357	30 215 044	37 957 021
Other operating income		3 190 234	1 590 701	14 517 048	14 726 017
<b>Total revenue</b>	2	<b>27 261 158</b>	<b>18 594 058</b>	<b>44 732 092</b>	<b>52 683 038</b>
Personnel expenses		-5 754 435	-12 659 824	-36 395 858	-45 650 734
Other operating expenses	3	-3 089 349	-4 908 989	-13 128 132	-15 631 493
Depreciation, amortisation and impairment	4,8	-1 367 679	-191 848	-5 438 634	-4 392 985
<b>Total operating costs</b>		<b>-10 211 462</b>	<b>-17 760 662</b>	<b>-54 962 624</b>	<b>-65 675 213</b>
<b>Operating profit</b>		<b>17 049 696</b>	<b>833 396</b>	<b>-10 230 531</b>	<b>-12 992 175</b>
Financial income		407 871	-186 055	1 722 760	307 049
<b>Total financial income</b>		<b>407 871</b>	<b>-186 055</b>	<b>1 722 760</b>	<b>307 049</b>
Financial expenses		-3 429 878	-1 330 202	-7 186 227	-4 275 169
<b>Total financial expenses</b>		<b>-3 429 878</b>	<b>-1 330 202</b>	<b>-7 186 227</b>	<b>-4 275 169</b>
<b>Profit/(loss) before tax</b>		<b>14 027 689</b>	<b>-682 861</b>	<b>-15 693 999</b>	<b>-16 960 295</b>
Income tax revenue/-expense		161 256	50 029	6 158 680	3 703 338
<b>Profit/(loss) for the period</b>		<b>13 866 433</b>	<b>-732 889</b>	<b>-9 535 319</b>	<b>-13 256 956</b>
Other comprehensive income:					
Foreign currency changes, may be Reclassified to profit or loss		-181 026	66 730	-47 260	5 059
Other comprehensive income, net of tax		<b>-181 026</b>	<b>66 730</b>	<b>-47 260</b>	<b>5 059</b>
<b>Total comprehensive income for the period</b>		<b>13 685 408</b>	<b>-666 159</b>	<b>-9 582 578</b>	<b>-13 251 897</b>
Loss for the period is attributable to:					
Equity holders of the parent company		<b>13 685 408</b>	<b>-666 159</b>	<b>-9 582 578</b>	<b>-13 251 897</b>
Non-controlling interests					
Profit/(loss) per share		1,43	-0,08	-1,00	-1.54

## Fourth quarter consolidated statement of financial position

At 31 December 2020 and 2019 respectively

<i>(Amounts in NOK)</i>	<b>Notes</b>	<b>31.12.2020 (Unaudited)</b>	<b>31.12.2019 (Audited)</b>
<b>Non-current assets</b>			
Deferred tax assets		62 827 614	56 168 887
Intangible assets	4	28 240 698	16 551 924
Right of use assets	8	5 022 739	7 255 068
Other non-current receivables		2 544 452	2 092 437
<b>Total non-current assets</b>		<b>98 635 503</b>	<b>82 068 316</b>
<b>Current assets</b>			
Accounts receivable		426 621	14 309 741
Other current receivables		21 518 540	7 116 584
Cash and cash equivalents	6	101 230 021	35 873 432
<b>Total current assets</b>		<b>123 175 183</b>	<b>57 299 757</b>
<b>Total assets</b>		<b>221 810 685</b>	<b>139 368 073</b>
<b>Equity and liabilities</b>			
Share capital		958 459	875 106
Other equity		190 120 324	79 157 649
<b>Total equity</b>		<b>191 078 783</b>	<b>80 032 755</b>
Finance debt	8	3 001 929	5 205 363
Bank borrowings, long-term	7	14 000 000	14 000 000
<b>Total long-term liabilities</b>		<b>17 001 929</b>	<b>19 205 363</b>
Bank borrowings, short-term	7	4 000 000	29 431 148
Trade and other payables		1 185 453	834 715
Tax payable		122 165	162 501
Accrued public taxes		2 077 011	2 669 095
Other short-term liabilities		6 345 344	7 032 496
<b>Total current liabilities</b>		<b>13 729 973</b>	<b>40 129 955</b>
<b>Total equity and liabilities</b>		<b>221 810 685</b>	<b>139 368 073</b>

## Fourth quarter consolidated statement of changes in equity

Attributable to owners of Elliptic Laboratories AS.

<b>2020 (Amounts in NOK) (Unaudited)</b>	<b>Share capital and pre- mium</b>	<b>Paid-in equity</b>	<b>Other equity</b>	<b>Foreign currency rate differences</b>	<b>Total equity</b>
<b>Shareholders' equity at 01.01.2020</b>	<b>875 106</b>	<b>70 323 490</b>	<b>9 085 897</b>	<b>-251 738</b>	<b>80 032 755</b>
Profit (loss) for the period	-	-9 535 319	-	-	-9 535 319
Other comprehensive income for the period	-	-	-	-42 260	-42 260
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-9 535 319</b>	<b>-</b>	<b>-42 260</b>	<b>-9 582 578</b>
<b>Transactions with owners:</b>					
Transaction costs at listing	-	-8 448 011	-	-	-8 448 011
Capital increase through issuance of ordinary shares	83 353	124 956 697	-	-	125 040 050
Employee share schemes	-	-	4 036 567	-	4 036 567
<b>Shareholders' equity at 31.12.2020</b>	<b>958 459</b>	<b>177 296 857</b>	<b>13 122 464</b>	<b>-298 998</b>	<b>191 078 783</b>
<b>2019 (Amounts in NOK) (Audited)</b>					
	<b>Share capital and premium</b>	<b>Paid-in equity</b>	<b>Other equity</b>	<b>Foreign currency rate differ- ences</b>	<b>Total equity</b>
<b>Shareholders' equity at 01.01.2019</b>	<b>856 401</b>	<b>40 584 151</b>	<b>6 214 160</b>	<b>-256 797</b>	<b>47 397 916</b>
Profit (loss) for the period	-	-13 256 956	-	-	-13 256 956
Other comprehensive income for the period	-	-	-	5 059	5 059
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-13 256 956</b>	<b>-</b>	<b>5 059</b>	<b>-13 251 897</b>
<b>Transactions with owners:</b>					
Share issue	18 705	42 996 295	-	-	43 015 000
Employee share schemes	-	-	2 871 737	-	2 871 737
<b>Shareholders' equity at 31.12.2019</b>	<b>875 106</b>	<b>70 323 490</b>	<b>9 085 897</b>	<b>-251 738</b>	<b>80 032 755</b>

## Fourth quarter consolidated cash flow statement

Fourth quarter and 31 December 2020 and 2019 respectively

<i>(Amounts in NOK)</i>	Notes	Q4 2020 (Unaudited)	Q4 2019 (Unaudited)	2020 (Unaudited)	2019 (Audited)
<b>Cash flow from operating activities:</b>					
Profit/(loss) before tax		14 027 689	-682 861	-15 693 999	-16 960 295
Adjustment for:					
Taxes paid in the period		-39 090	-327 759	-540 384	-431 321
Depreciation and impairment	4,8	1 367 679	191 848	5 438 634	4 392 985
Option based payments		1 486 567	61 737	4 036 567	2 871 737
Items classified as financing activities		185 592	664 565	2 169 693	2 750 505
Change in accounts receivable		-2 080 095	-4 345 975	-518 836	-741 640
Change in trade payables		-1 623 590	-96 206	350 738	-1 692 725
Change in other accruals		1 673 161	2 918 186	98 821	1 763 576
<b>Net cash flow from operations</b>		<b>14 997 912</b>	<b>-1 616 465</b>	<b>-4 658 766</b>	<b>-8 047 177</b>
<b>Cash flow from investments:</b>					
Purchase of fixed assets		-9 440 726	-2 809 815	-17 127 407	-11 096 535
<b>Net cash flow from investments</b>		<b>-9 440 726</b>	<b>-2 809 815</b>	<b>-17 127 407</b>	<b>-11 096 535</b>
<b>Cash flow from financing:</b>					
Repayment of lease liabilities		-2 232 324	-1 875 949	-2 232 324	-1 875 949
Repayment bank borrowings		-25 000 000	-8 000 000	-25 000 000	-
Paid in capital from owners		125 000 050	43 010 000	125 040 050	43 015 000
Transaction cost listing		-8 344 950	-	-8 448 011	-
Interests bank borrowings		-185 592	-664 565	-2 169 693	-2 750 505
<b>Net cash flow from financing</b>		<b>89 237 184</b>	<b>32 469 486</b>	<b>87 190 022</b>	<b>38 388 546</b>
<b>Net Change in Cash and Cash Equivalents</b>		<b>94 794 370</b>	<b>28 043 206</b>	<b>65 403 849</b>	<b>19 244 835</b>
Cash and cash equivalents at the beginning of the period		6 616 677	7 763 496	35 873 432	16 623 538
Effect of foreign currency rate changes on cash and cash equivalents		-181 026	66 730	-47 260	5 059
<b>Cash and cash equivalents at the end of period</b>		<b>101 230 021</b>	<b>35 873 432</b>	<b>101 230 021</b>	<b>35 873 432</b>

# Notes to the fourth quarter consolidated financial statements

## Note 1 – Accounting principles

### 1.1 General information

Elliptic Laboratories AS and its subsidiaries (together "Elliptic Labs" or the "Group") develop software that generates and interprets ultrasound using only existing device hardware. The Group targets smartphones and "Internet of Things" (IoT) devices, enabling bezel-less design, intuitive 3D gesture recognition and touchless or presence sensing. Investments in and cooperation with other companies are also part of the Group's purpose.

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

### 1.2 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.

#### 1.2.1 Basis of preparation

The fourth quarter consolidated financial statements of the Group have been prepared in accordance with IAS 34 for the financial reporting of fourth quarter 2020 and 2019.

The consolidated financial statements have been prepared under the historical cost convention, as modified by derivatives at fair value through profit or loss. This fourth quarter report has not been subject to audit.

The accounting policies applied in this report are consistent with those applied and described in the 2019 annual report.

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

#### 1.2.2 Operating revenues

The group has chosen to early apply IFRS 15 Revenue from Contracts with Customers as issued in May 2014. 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 the 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 sold smart phones, revenue is recognised in the amount to which Elliptic Laboratories has a right to invoice.

### 1.2.3 Basis for loss provisions

When determining possible loss provision, the Group undertakes an individual assessment of each customer based on the size of the contract and various risk factors related to the customer's creditworthiness.

## 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>Q4 2020</b> <b>(Unaudited)</b>	<b>Q4 2019</b> <b>(Unaudited)</b>	<b>2020</b> <b>(Unaudited)</b>	<b>2019</b> <b>(Audited)</b>
Revenues from contracts with customers	24 070 924	17 003 357	30 215 044	37 597 021
Revenue from other sources	3 190 234	1 590 701	14 517 048	14 726 017
<b>Total revenue</b>	<b>27 261 158</b>	<b>18 594 058</b>	<b>44 732 092</b>	<b>52 683 038</b>

Revenue from other sources consists in total of government grants.

## Note 3 – Other operating expenses

<i>(Amounts in NOK)</i>	<b>Q4 2020</b> <b>(Unaudited)</b>	<b>Q4 2019</b> <b>(Unaudited)</b>	<b>2020</b> <b>(Unaudited)</b>	<b>2019</b> <b>(Audited)</b>
Sales and marketing expenses	1 327 017	1 861 466	3 733 573	6 340 672
Rent	169 371	333 230	757 565	1 171 602
Electricity, heating and other property expenses	293 055	284 547	1 114 194	862 651
Consultants	1 306 579	2 002 617	2 643 345	4 511 122
Auditor	110 537	49 810	558 331	251 612
Legal	64 904	1 600	2 584 899	396 224
Provision for losses/Losses	-	-	-	-
Patents	128 669	298 828	356 386	642 135
IT/Software	-423 195	-827 966	960 495	540 113
Other expenses	112 412	904 856	419 343	915 363
<b>Total other operating expenses</b>	<b>3 089 349</b>	<b>4 908 990</b>	<b>13 128 132</b>	<b>15 631 493</b>

## Note 4 - Intangible assets

<b>2020 (Amounts in NOK) (Unaudited)</b>	<b>Patents</b>	<b>Trademark</b>	<b>Capitalized R&amp;D</b>	<b>Total intangible assets</b>
Cost at 01.01.2020	13 791 727	23 505	14 828 851	28 644 083
Additions	1 210 913	-	13 684 169	14 895 082
Disposals	-	-	-	-
<b>Cost at 31.12.2020</b>	<b>15 002 640</b>	<b>23 505</b>	<b>28 513 020</b>	<b>43 539 165</b>
Accumulated amortisation and impairment charges 01.01.2020	10 705 699	5 669	1 380 793	12 092 160
Amortisation charges in the period	240 539	-	2 965 768	3 206 307
<b>Accumulated amortisation and impairment charges 31.12.2020</b>	<b>10 946 238</b>	<b>5 669</b>	<b>4 346 561</b>	<b>15 298 467</b>
<b>Net booked value as at 31.12.2020</b>	<b>4 056 403</b>	<b>17 836</b>	<b>24 166 459</b>	<b>28 240 698</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

IFRS 16 Leases was implemented by the Group on 1 January 2019. Depreciation for the period 1 January to 31 December 2020 was NOK 2 232 324.

<b>2019 (Amounts in NOK) (Unaudited)</b>	<b>Patents</b>	<b>Trademark</b>	<b>Capitalized R&amp;D</b>	<b>Total intangible assets</b>
Cost at 01.01.2019	12 496 028	23 505	6 903 966	19 423 499
Additions	1 295 700	-	7 924 885	9 220 585
Disposals	-	-	-	-
<b>Cost at 31.12.2019</b>	<b>13 791 728</b>	<b>23 505</b>	<b>14 828 851</b>	<b>28 644 084</b>
Accumulated amortisation and impairment charges 01.01.2019	9 574 157	968	-	9 575 124
Amortisation charges in the period	1 131 542	4 701	1 380 793	2 517 036
<b>Accumulated amortisation and impairment charges 31.12.2019</b>	<b>10 705 698</b>	<b>5 669</b>	<b>1 380 793</b>	<b>12 092 160</b>
<b>Net booked value as at 31.12.2019</b>	<b>3 086 030</b>	<b>17 836</b>	<b>13 448 058</b>	<b>16 551 924</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

## Note 5 – Share option programs

As of 31.12.2020, the Group has option programs that includes a total of 45 employees in parent and subsidiary companies. 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 option programs is to attract and retain key personnel. 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.

## Note 6 – Cash and cash equivalents

<i>Amounts in NOK</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	101 230 021	35 873 432
<b>Of which are restricted cash:</b>		
Restricted bank deposits for employee tax withholdings	1 154 864	1 617 519
Guarantee account	1 505 846	1 511 133
<b>Not restricted cash</b>	<b>98 569 311</b>	<b>32 744 780</b>

## Note 7 – Interest-bearing liabilities

<i>(Amounts in NOK)</i>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
<b>Long-term liabilities due &gt; 1 year</b>		
Bank borrowings, long-term	14 000 000	14 000 000
Future interests and other loan costs	1 025 000	1 430 625
Bank borrowings, long-term net of future interests and loan costs	15 025 000	15 430 625
<b>Total</b>	<b>15 025 000</b>	<b>15 430 625</b>
<b>Long-term liabilities due &lt; 1 year</b>		
Bank borrowings	4 000 000	4 000 000
Future interests and loan costs	656 000	899 250
Bank borrowings, short-term net of future interests and loan costs	4 656 000	4 899 250
<b>Total</b>	<b>4 656 000</b>	<b>4 899 250</b>
<b>Short-term liabilities due &lt; 1 year</b>		
Overdraft credit, Pareto Bank	0	25 431 148
Loan costs	1 358 824	1 788 483
<b>Total</b>	<b>1 358 824</b>	<b>27 219 631</b>

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

<b>Loan facility 31.12.2020</b> <i>(Amount in NOK)</i>	<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	4.1% effective interest	10.06.2024	18 000 000

<b>Loan facility 31.12.2019</b> <i>(Amount in NOK)</i>	<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>
<b>Innovasjon Norge</b>	27.03.2015	NOK	6,16% effective interest	27.03.2022	18 000 000
<b>Pareto Bank</b>	31.05.2018	NOK	5% interest rate 0.25% commission rate 1% establishment rate	31.10.2020	25 431 148

### Undiscounted payment profile to credit institutions

The following tables present the undiscounted payment profile to credit institutions of the Group's debt per 31 December 2020 and 31 December 2019, based on the remaining loan period at the balance sheet date.

<b>Payment profile per 31.12.2020</b>						
<i>Amounts in NOK</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>After 2024</b>	<b>Total</b>
Innovation Norway	4 000 000	4 000 000	4 000 000	4 000 000	2 000 000	<b>18 000 000</b>
Interest	656 000	492 000	328 000	164 000	41 000	<b>2 005 500</b>
Trade payables and other short term liabilities	9 607 808	-	-	-	-	<b>9 607 808</b>
<b>Total instalment and interests</b>	<b>14 263 808</b>	<b>4 492 000</b>	<b>4 328 000</b>	<b>4 164 000</b>	<b>2 041 000</b>	<b>29 288 808</b>

<b>Payment profile per 31.12.2019</b>						
<i>Amounts in NOK</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>After 2023</b>	<b>Total</b>
Innovation Norway	4 000 000	4 000 000	4 000 000	4 000 000	2 000 000	<b>18 000 000</b>
Interests	899 250	681 250	463 250	245 250	40 875	<b>2 329 875</b>
Trade payables and other short-term liabilities	32 463 644	-	-	-	-	<b>32 463 644</b>
<b>Total instalment interests</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>

## Note 8 – Property, Plant & Equipments,

### 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's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2020 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 line items in the balance sheet have been impacted as result of the new accounting standard:

2020(Amounts in NOK)	Property, plan and equipment	Total
<b>Right-of-use assets:</b>		
Balance at 01.01.20	7 255 068	7 255 068
Depreciations	2 232 324	2 232 324
Additions	-	-
<b>Balance at December 31</b>	<b>5 022 744</b>	<b>5 022 744</b>
<b>Lease liabilities:</b>		
Non-current finance debt	3 001 929	3 001 929
Current finance debt	2 203 434	2 203 434
<b>Total liabilities</b>	<b>5 205 363</b>	<b>5 205 363</b>

Interest expense relating to lease recognized in the income statement for 2020 was NOK 543 096.

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 31.12.2020:

Amounts in NOK	2021	2022	2023	Total
Installments	2 203 433	2 368 691	633 239	<b>5 205 363</b>
Interests	389 366	224 109	14 961	<b>628 436</b>
<b>Total installment</b>	<b>2 592 799</b>	<b>2 592 800</b>	<b>648 200</b>	<b>5 833 799</b>

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**For further information, please contact:**

Laila B. Danielsen, CEO Elliptic Laboratories AS

Telephone: + 1 415 26 97 676

E-mail: [laila@ellipticlabs.com](mailto:laila@ellipticlabs.com)

[www.ellipticlabs.com](http://www.ellipticlabs.com)