



Helping Engineer Solutions for the  
Connected World

## **AGM Investor Update**

December 11, 2003

**Derek Spratt, President & CEO**

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## **Agenda**

- Business Description / Model
- Market Stats
- Product & Service Offerings
- Customers & Partners
- Q4 (Aug 31) / Q1 update
- FY04 Baseline Revenue, Profitability, & Upside

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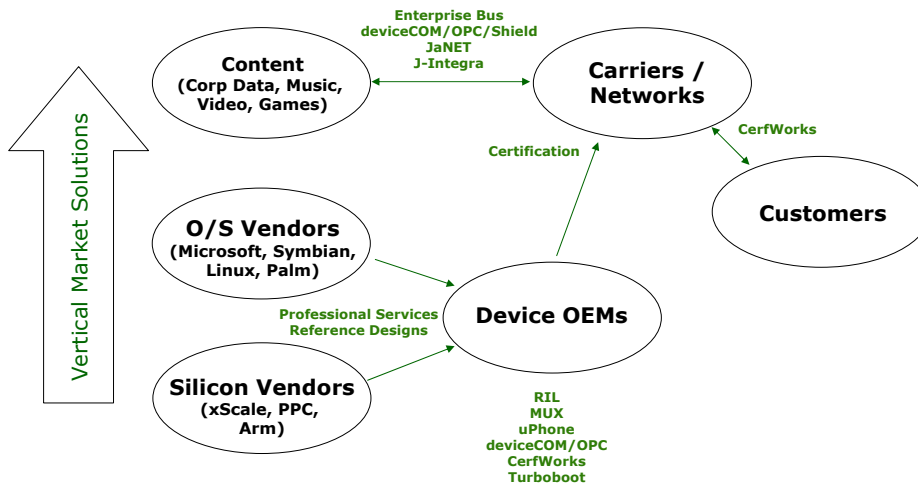
# Business Model

- Continue our tradition of being a strong device based IP innovator
  - Continue to sell our IP and professional services to device OEMs for incorporation into their products (moving to larger deals)
- Move further up the value chain by partnering with our device OEM customers and sell to their installed base our enterprise device integration and enterprise bus IP and services
- Enhance the sales of our "bridging" IP to enterprise customers with the addition of more IP and professional services (expand solutions)
- Build end-to-end product based solutions for specific markets (client-side and enterprise applications - M&A to accelerate this)
- Revenue target mix: 50% licensing and product sales, 50% services, 50-60% blended margins

# Business Model

Public / Private Networks

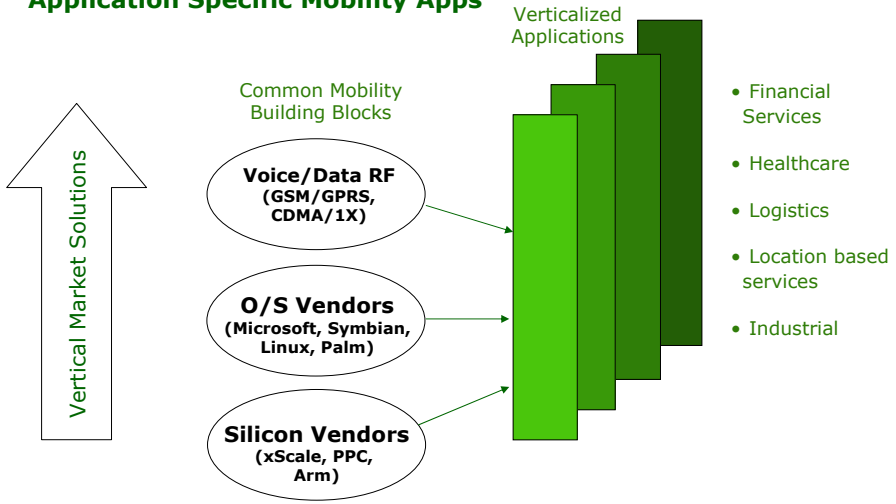
Strong point source solutions and relationships – moving to vertical plays



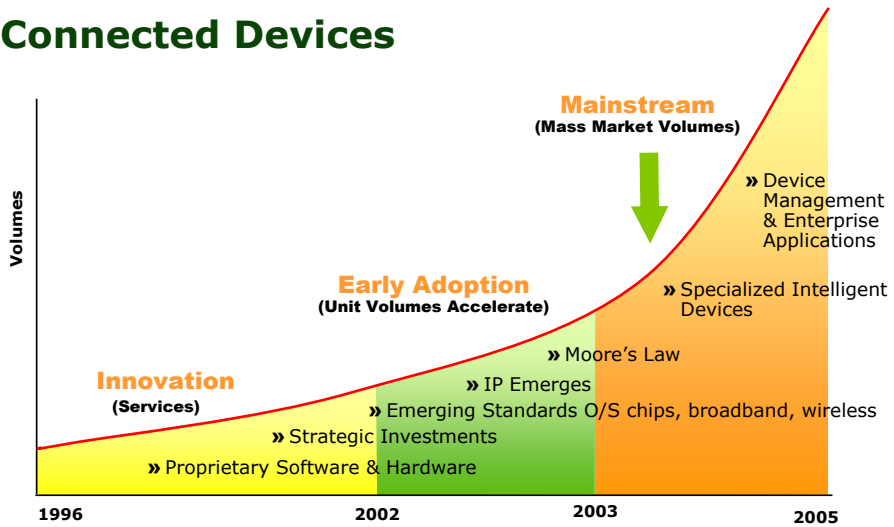
# Business Model

## Application Specific Mobility Apps

The vertical play: Device Apps + Enterprise Solutions

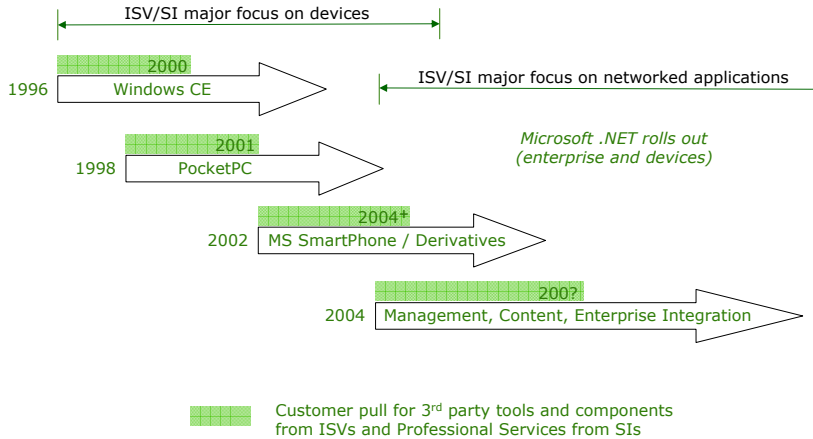


# Connected Devices



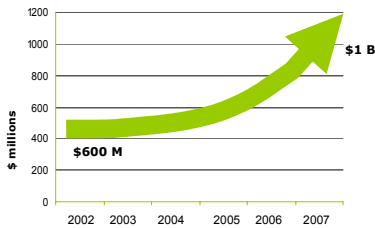
# Business Model

## Shifting Demand / Opportunities (Windows CE/.NET example)



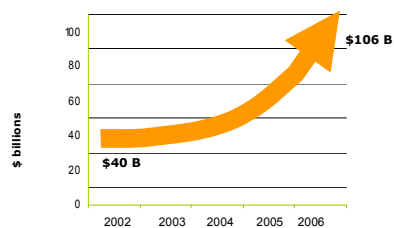
# Market Growth

## Embedded Applications



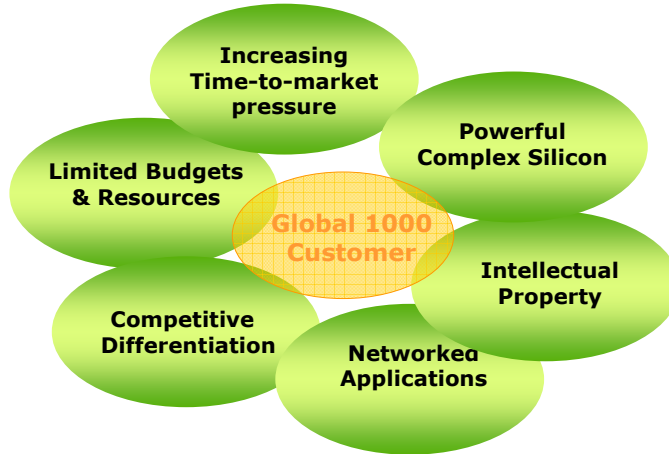
By 2007, we estimate the market for embedded operating systems, bundled tools, and related services will reach over \$1 billion. Shipments to Asia-Pacific markets are expected to lead growth in terms of geographical regions, while automotive, consumer electronics, and military/aerospace are expected to lead growth in terms of vertical markets. Source: VDC 2003

## Wireless Devices

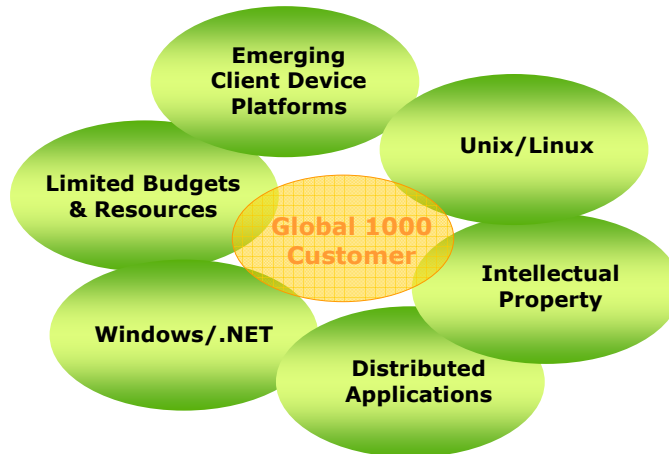


It is estimated worldwide revenues for mobile devices and wireless solutions will grow from a total of US\$40 billion at year-end 2002 to US\$106 billion by year-end 2006, driven mainly by new device capable of handling voice, data and images. Source: Radicati Group 2002

## Device OEM Outsource Value Proposition



## Enterprise Outsource Value Proposition



## Product Categories

### Create

- » Mobility / Smartphone
- » Fixed Display
- » Headless



- » MSFT, Symbian, Linux
- » RIL, MUX, uPhone
- » CerfBoard/Cube/Pod
- » uPDAs

### Network

- » Enterprise Software



- » Enterprise Bus
- » J -Integra
- » Ja.Net
- » deviceCOM/OPC

### Manage

- » Device Management & Control



- » CerfWorks
- » Turbo Boot

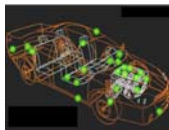
## Market Focus ...



Healthcare



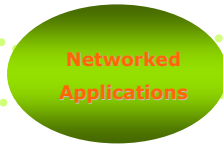
Mobility/Smartphones  
Consumer & Application  
Specific Devices



Industrial/ Building  
Automation/Logistics



Financial  
Services



## Global Customers



2,000 customers of which 45 are Fortune 100 companies

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## OEM Customer Products



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## GameTrac Device



## Key Partnerships / Co-Travellers





## Industry Recognition

- 2003 4<sup>th</sup> year on the Deloitte and Touche Fast 50 / US Fast 500 lists
- 2003 2<sup>nd</sup> year on the Canadian Profit 100 list
- 2003 3<sup>rd</sup> year as Microsoft partner of the year (embedded ISV)
- 2003 Vancouver Sun Top 100 list
- 2002 Finalist for the EDN innovation of the year award (uPDA)
- 2001 Control Engineering editors choice award (deviceCOM)
- 2000 Cahners top 10 embedded products of the year award (IX)
- 1997 Comdex, selected by Microsoft as 1 of 14 exceptional emerging technology companies

## Quick Q4 / Q1 update

- Completed strategic planning process and new business plan, management and corporate re-alignment
- Currently 110 staff worldwide
- Moving to significant multi-year \$M contracts, improving backorder quality and proforma projection
- Q4 -> Q1 revenues and earnings improving as a result
- Approx. \$4M in revenues per Q to break-even
- Balance sheet healthy – Cash, A/R, Inventory
- Excellent new business opportunities in the mobility space for 2004
- Some continued exposure to C\$ volatility

## **FY04 Baseline Revenues, Upside**

- Driving for profitability moving through FY04
- Blended 50+% margins
- Revenues will be higher with improved profitability assuming moderate improvement in economy and good traction within enterprise market
- Seeing FY05 as our breakout year after transition in FY04