

ellipticlabs

Q1 2023

CEO Laila Danielsen

CFO & IR Lars Holmøy

Results presentation | May 25, 2023

A woman in a white blazer is smiling and looking towards the camera. In the background, other people are working in a modern office setting. A blue and white network overlay is visible across the entire image, consisting of interconnected nodes and lines, symbolizing digital connectivity and data flow.

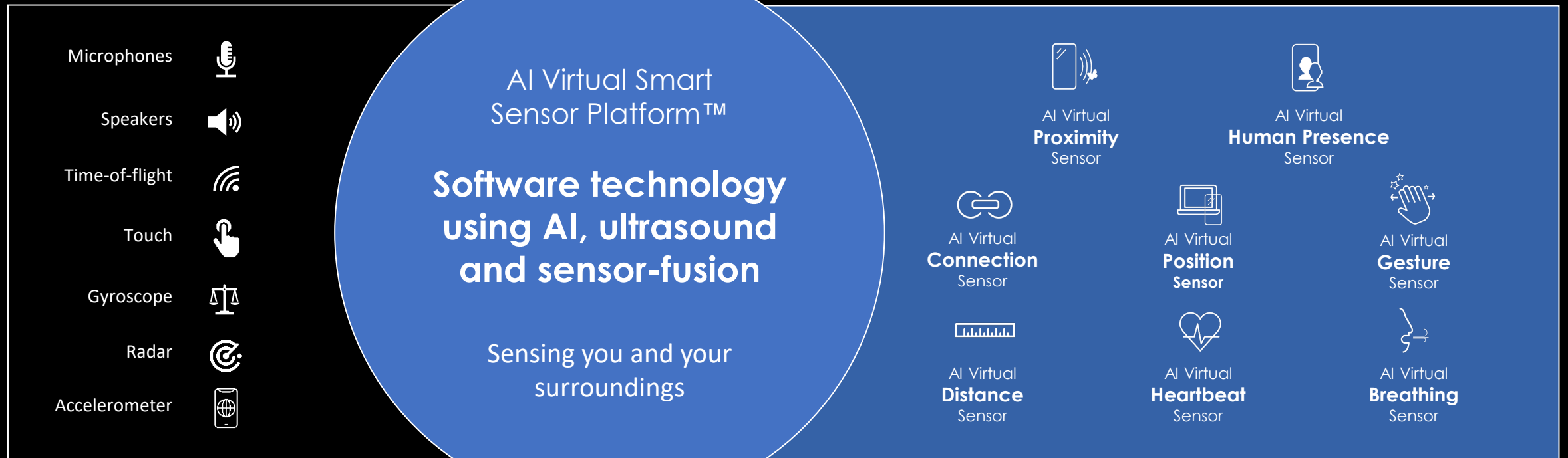
Sensors touch every aspect
of life and drive the digital
transformation

Our vision is to build the leading AI-based software
platform for all sensors, making every device
smarter, more human- and environmentally-friendly

AI Virtual Smart Sensor Platform™ makes devices intelligent & greener

Leveraging existing single
purpose sensors

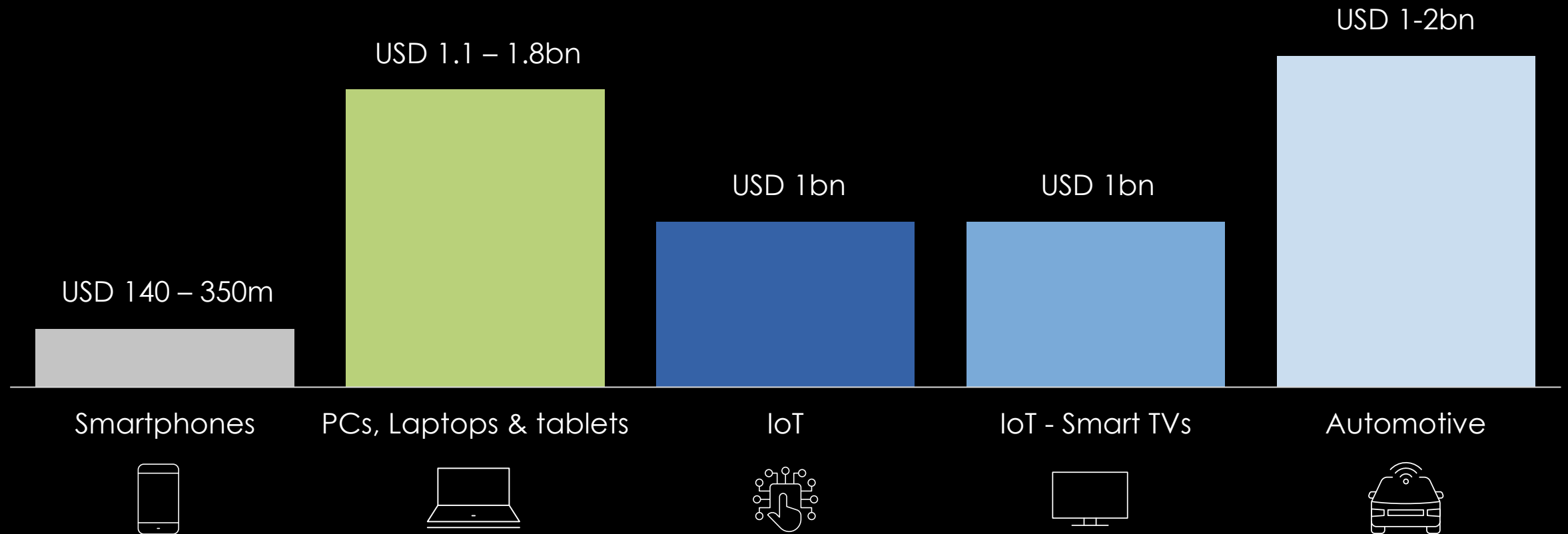
Elliptic Labs'
Virtual Smart Sensors™



ellipticlabs

Billions of devices use hardware sensor components

Our USD 5.5 billion market opportunity



Commercially stronger than ever



Strong commercial traction with several parallel ongoing discussions



Well positioned with 100% software-based product in challenging global supply chains



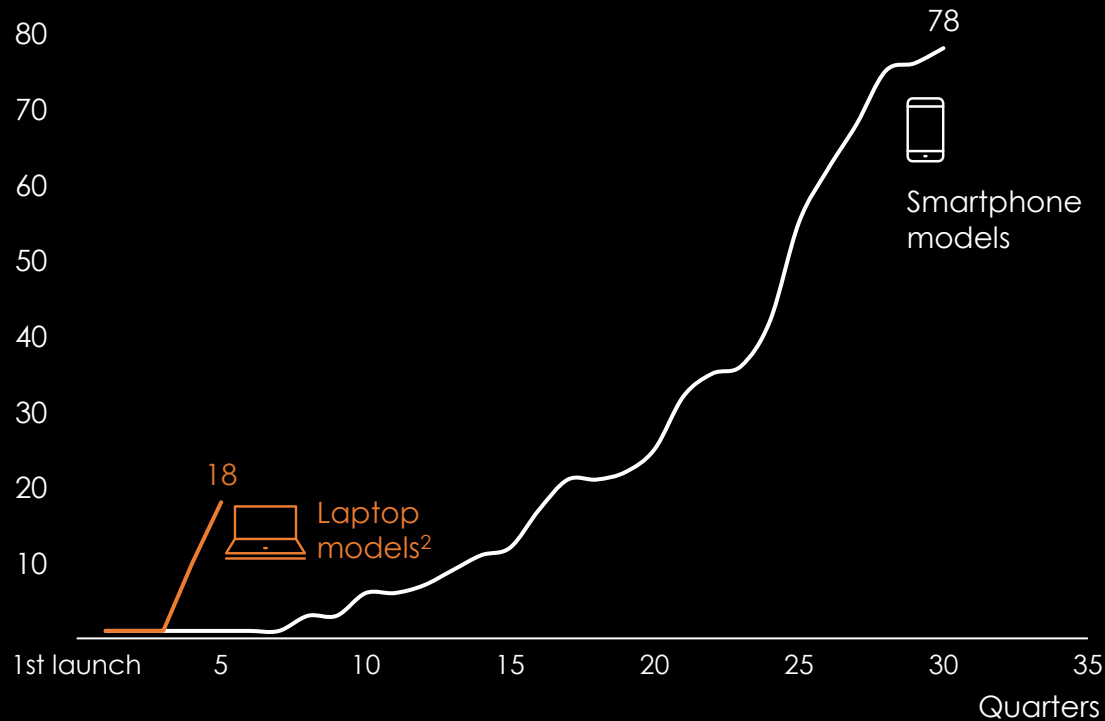
Expecting continued short-term lumpiness quarter-to-quarter this year



AI Virtual Human Presence Detection™ on 18 laptop models launched in the market

Rapid pace of technology adoption

Models launched by vertical, until 19.05.23



ThinkPad + AI Virtual Human Presence Sensor

"ThinkPad T14 will be first to market with a new software-only human presence detection solution using ultrasound sensor technology delivered by Elliptic Labs' AI Virtual Smart Sensor Platform™"

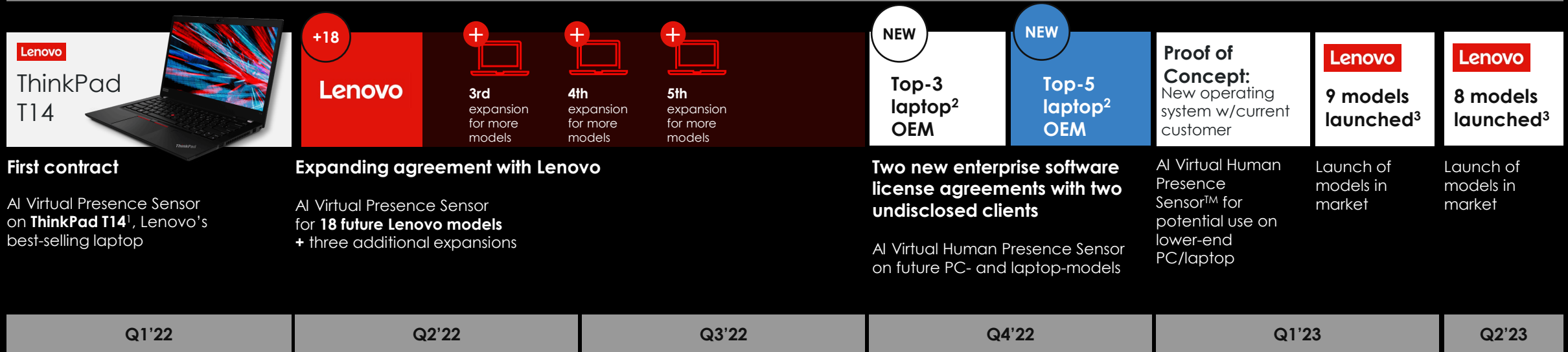
Source: [News.Lenovo.com](https://news.lenovo.com)

1. First Smartphone: Xiaomi Mi Mix (Q1'16), and first Laptop: Lenovo's best-seller ThinkPad T14 (Q1'22)
2. Models differentiated by chipset and generation

High-paced adoption in laptop vertical continuing into 2023

- 18 launched models only with Lenovo

3 of top-5 OEMs
are customers of Elliptic Labs



7 1) Elliptic Labs recognized in ThinkPad T14 spec: "Virtual Leave & Lock Sensor Powered by Elliptic Labs"
 2) Top 5 Laptop OEMs (2022 market share): Lenovo (24%), HP (19%), Dell (18%), Apple (10%), ASUS (7%). Source: [Gartner \(January 2023\)](#)
 Note: Data includes desktop and laptop PCs that are equipped with Windows, macOS and Chrome OS. All data is estimated based on a preliminary study.
 3) Models differentiated by chipset and generation

Turning world leading AI software into future revenue

PC/LAPTOPS FLEXIBLE REVENUE MODEL: License fee per unit per AI Virtual Smart Sensor, based on three options:

1. Enterprise license agreement covering up-front minimum committed volume and pay as you go for units **shipped** exceeding up-front commitment (typical revenue model), or
2. Enterprise license agreement pay as you go for units **shipped**, or
3. Unlimited enterprise license agreement covering all units shipped within an agreed upon timeframe



Evaluating

AI Virtual Smart Sensors with customer's products, signing POC contract



Negotiating

long-term agreements with globally leading OEMs



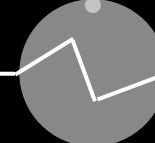
Contract

announcement typically for multiple models

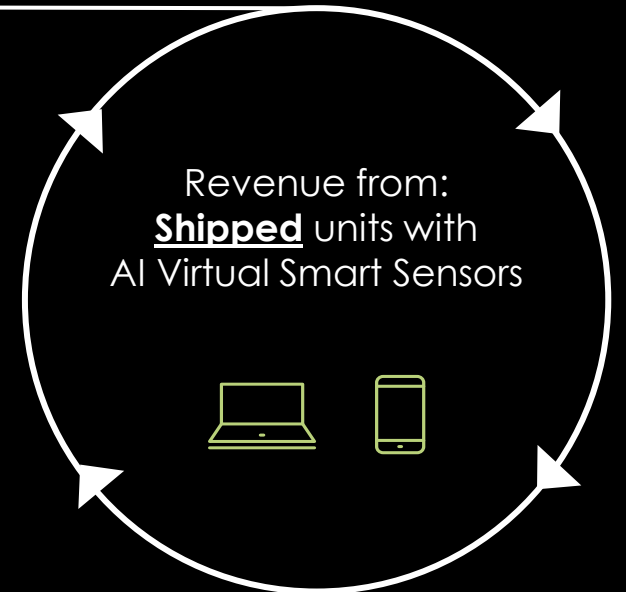


Launching

Elliptic Labs announces launch of AI Virtual Smart Sensors on specific customer models into market



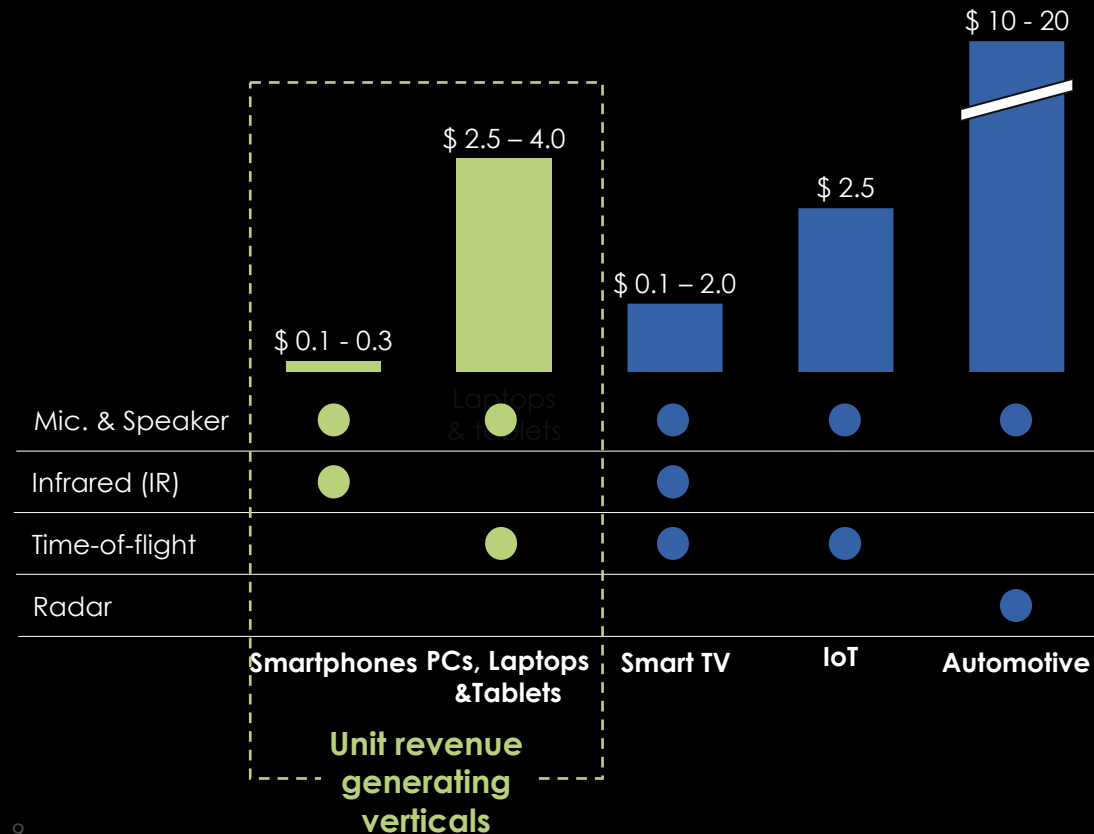
Time to market temporarily slowed-down due to inventory back-log and end-used demand



High-cost single-purpose hardware sensors make out our competition in our target markets

Hardware sensors technology cost

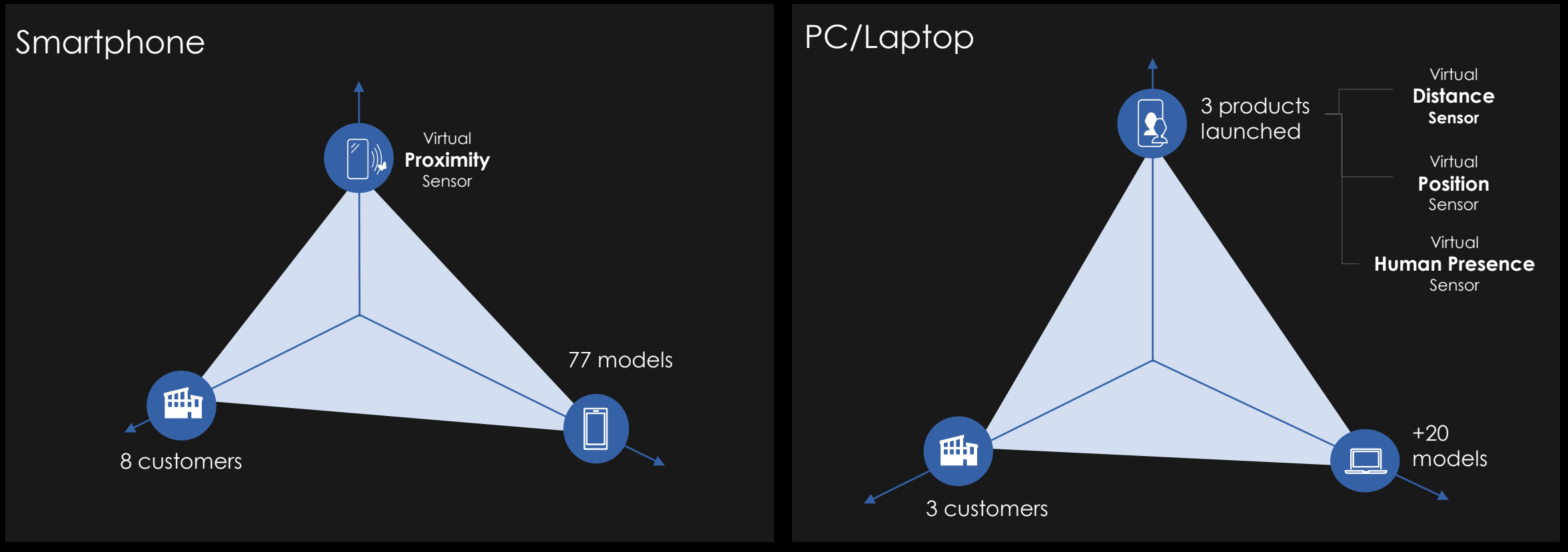
Cost per unit (USD)



Elliptic software reduces cost, risk and environmental footprint

- AI Virtual Smart Sensor Platform™ can replace infrared, time-of-flight and radar sensors for presence and proximity detection, while adding more features
 - Reducing cost
 - Additional features such as position detection, simplified connectivity and interaction between devices
 - As a non-optical, edge-solution safeguarding user privacy
- Our software solution streamlines hardware supply chain and eliminates sourcing risks

In a stronger than ever technical and commercial position,
with multiple opportunities for expansion



More models, more customers, more AI Virtual Smart Sensors – across more verticals



Financial review

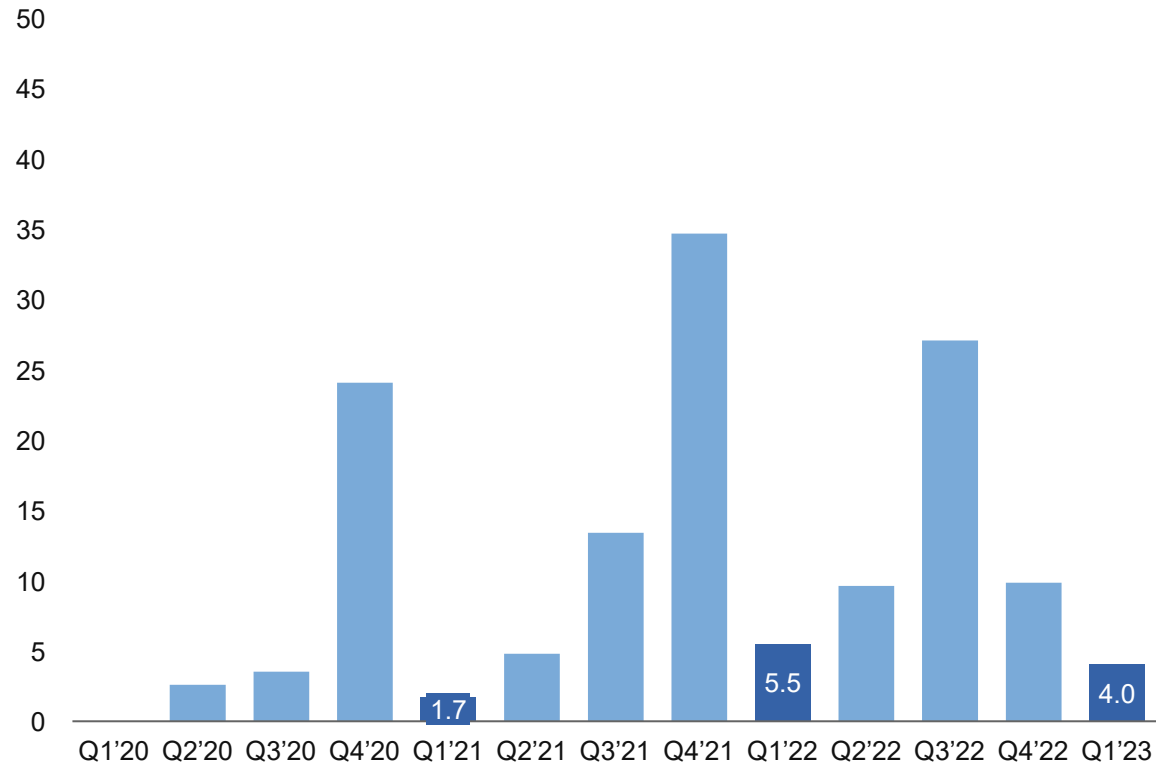
Financially robust

CFO Lars Holmøy

Weaker seasonality with diversified unit sales revenue and unbalanced warehouses down-stream

Quarterly revenue from contracts with customers

NOK million



- End-user demand and stocking/destocking issues delay time to market for units using AI Virtual Smart Sensors
- Slow start of 2023, with expected continued lumpiness quarter-to-quarter this year

Organization ready to take on exponential growth

Condensed Profit & Loss statement

NOK million

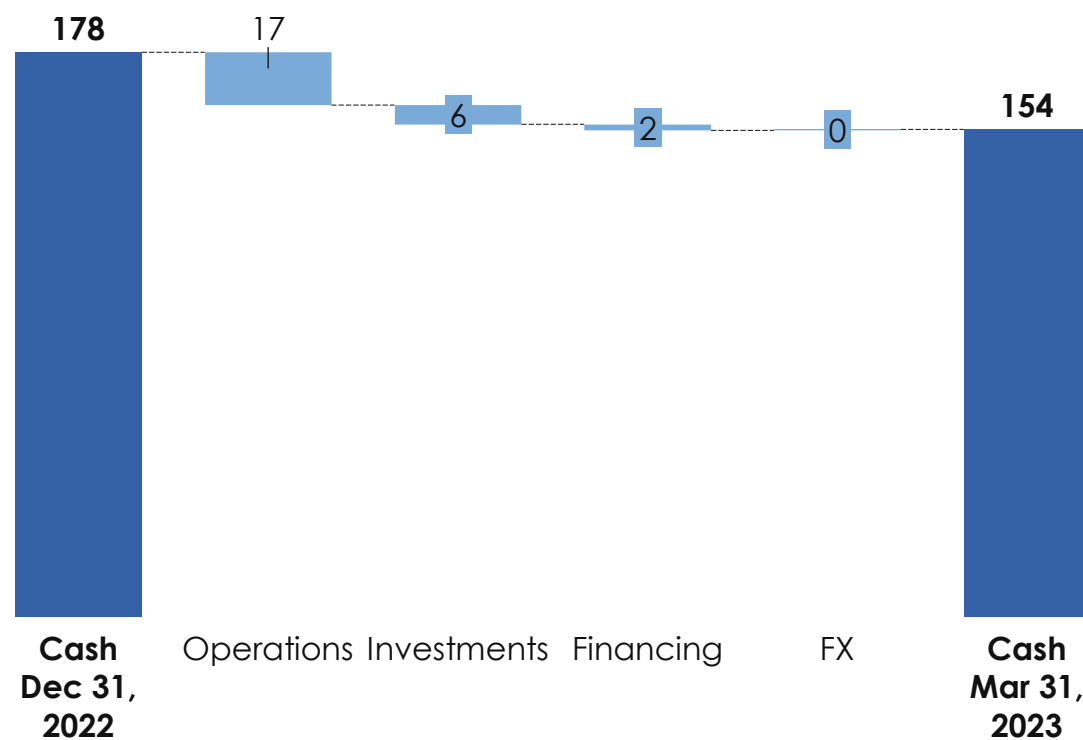
	Q1'23	Q1'22	%YoY	Q4'22
Revenues from contracts with customers	4.0	5.5	-27 %	9.8
Other operating income	0.0	0.0	-	0.0
Total revenue	4.0	5.5	-27 %	9.8
Employee benefits expenses	18.9	13.9	36 %	16.9
Other operating expenses	5.5	5.1	9 %	5.5
EBITDA	-20.4	-13.4		-12.6
Depreciation and amortisation	3.7	2.9		3.2
EBIT	-24.1	-16.3		-15.8
Net financials	5.7	-1.2		-7.2
Pre-tax-profit	-18.4	-17.5		-23.0
Income tax expense	3.5	3.2		4.5
Profit/loss	-14.9	-14.3		-18.6

- Revenue is down due to lower volumes and the general macro environment in both core verticals
- The existing level of our cost structure is aligned with our growth expectations:
 - The increase in employee benefit expense of NOK 5.0 million reflects additions of 7 FTEs vs. Q1 2022 and the effect of salary increases in 2022
 - Other operating expenses reflect higher operational activities
 - Among other, increased travel activities in and to the US and Asia
- Increased financial income reflects FX fluctuations and increased interest rates on cash in bank

Continued strong cash position to support business plan

Q1 2023 cash flow

NOK million



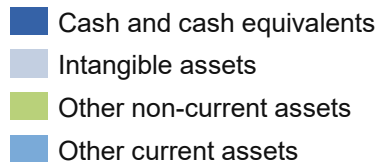
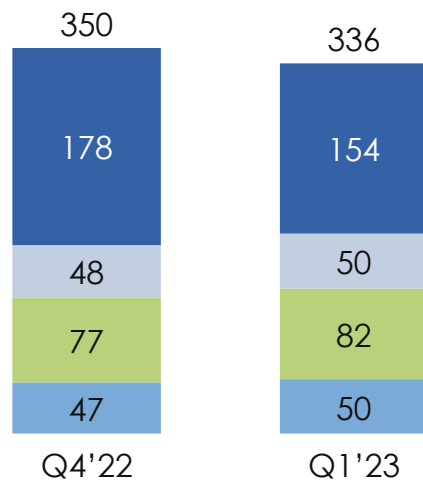
- Operating cash flow of NOK -17 million
 - Reduced sales
 - Added 7 FTEs from Q1 2022 to Q1 2023
- Investments reflecting R&D of Elliptic's AI Virtual Smart Sensor Platform™
 - Increased by 9% compared to Q1 2022
- Financing mainly reflecting repayment of short-term borrowings to Innovasjon Norge¹
 - NOK 1 million repayment in Q1 2023
 - NOK 0.6 million repayment of other short-term debt

Well-funded for continued growth

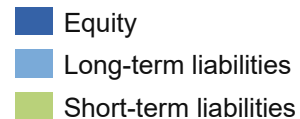
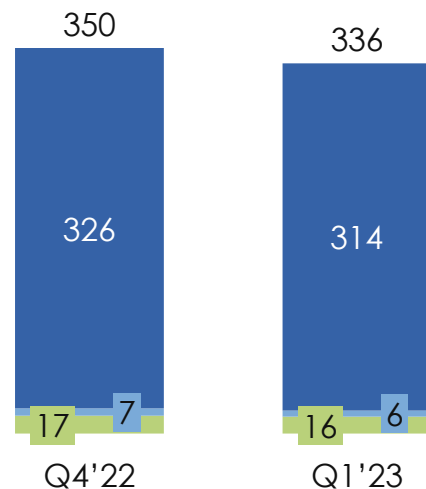
Balance sheet

NOK million

Assets



Equity & liabilities



- Strong cash position of NOK 154 million at the end of Q1 2023
- Build-up of current assets reflecting upcoming payments from customers
- Long-term liabilities mainly reflect loans from Innovasjon Norge¹
- Equity ratio of 93%



Outlook

CEO Laila Danielsen

High PC vertical momentum strong technology platform and healthy cash balance

- Completing negotiations with new & current PC/Laptop OEMs
- Continued traction in the smartphones market
- Exploring new frontiers in IoT space

2024-25 target

Revenue

500

NOK million

EBITDA

>50%



Laptops our next
key growth vertical

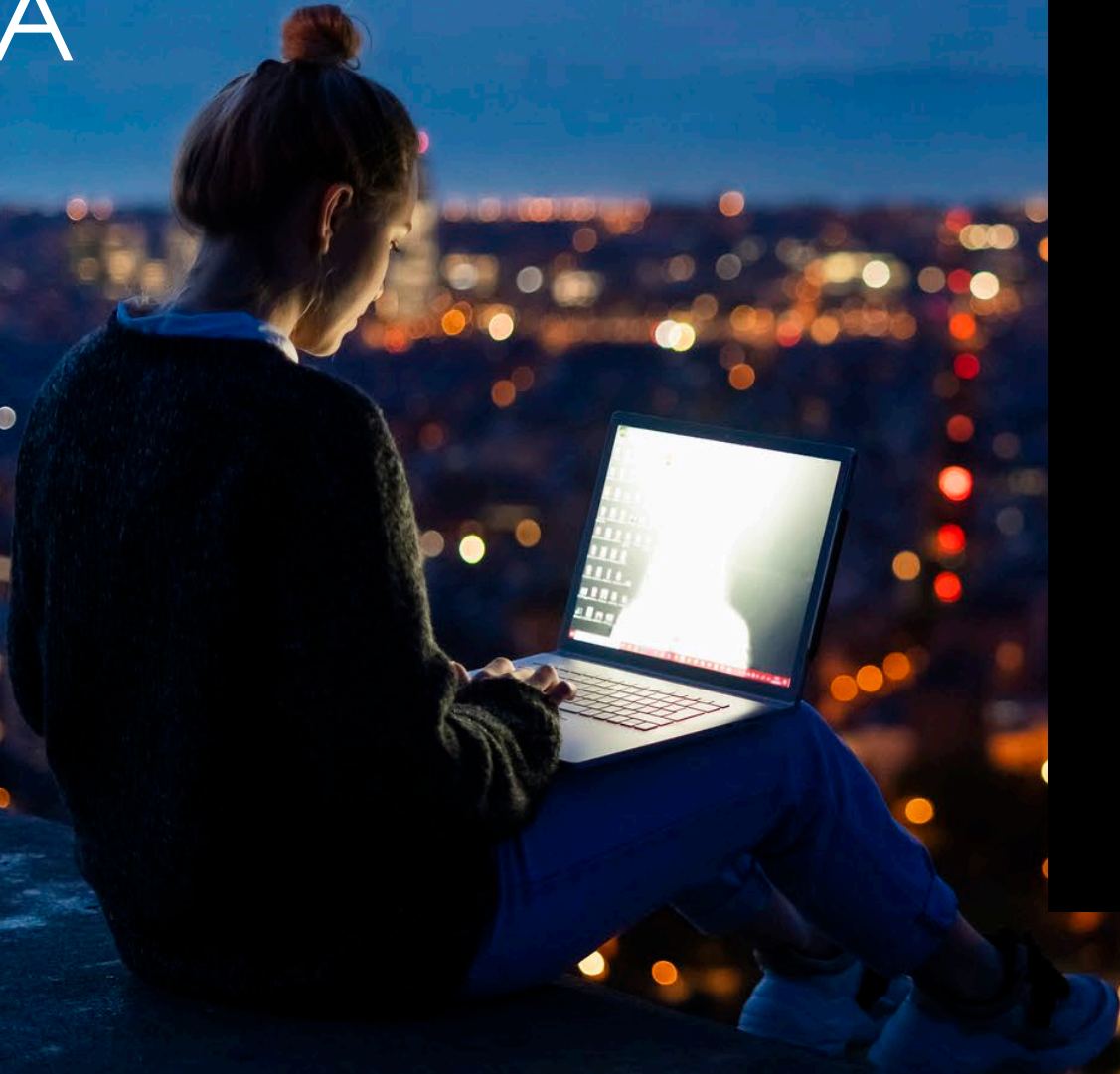


Continued
Smartphone
expansion



Building position
in the IoT market

Q&A



2024-25 target

Revenue

500

NOK million

EBITDA

>50%



Laptops our next key growth vertical



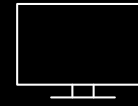
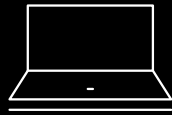
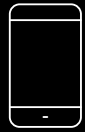
Continued Smartphone expansion



Building position in the IoT market

Appendix

Wide-ranging opportunities across significant markets



	Smartphones	PCs, Laptops & tablets	IoT	Smart TVs	Automotive
Number of units	1.4bn	460m	2.1 bn	400m	100m
x Price of alternatives	Infrared USD 0.10 – 0.25	Time-of-Flight / Radar USD 2.5 – 4.0	Time-of-Flight/Infrared USD 0.10 – 2.0	Time-of-Flight USD 2.50	Radar USD 10 – 20
= Total addressable Market	USD 140 – 350m	USD 1.1 – 1.8bn	USD 1bn	USD 1bn	USD 1-2bn

Reported financials

Profit and loss

<i>(Amounts in 000 NOK)</i>	Notes	Q1 2023 (Unaudited)	Q1 2022 (Unaudited)	2022 (Audited)
Revenues from contracts with customers		4 050	5 516	52 062
Other operating income	8	—	—	—
Total revenue and other operating income	2	4 050	5 516	52 062
Employee benefits expenses		-18 939	-13 898	-62 802
Other operating expenses	3	-5 518	-5 059	-20 073
EBITDA	4	-20 407	-13 441	-30 814
Depreciation and amortization	4	-3 718	-2 868	-11 317
Operating expenses		-28 175	-21 825	-94 193
Operating profit		-24 126	-16 309	-42 131
Financial income		6 545	632	17 317
Financial expenses		-853	-1 792	-14 488
Net financial income/(expenses)		5 692	-1 161	2 829
Profit/(loss) before tax		-18 434	-17 469	-39 302
Income tax expense		3 537	3 176	6 303
Profit/(loss)		-14 897	-14 294	-32 999

Reported financials

Cash flow

<i>(Amounts in 000 NOK)</i>	Notes	31/03/23 <i>(Unaudited)</i>	31/12/22 <i>(Audited)</i>	31/03/22 <i>(Unaudited)</i>
Non-current assets				
Deferred tax assets	7	72 374	68 837	65 710
Intangible assets	4	49 714	47 574	38 899
Right of use assets		1 636	2 256	2 232
Other non-current receivables		8 164	5 038	4 765
Total non-current assets		131 889	123 704	111 606
Current assets				
Current trade receivables		41 203	40 495	16 598
Other current receivables		8 869	6 905	9 500
Cash and cash equivalents	6	153 951	178 219	219 296
Total current assets		204 023	225 619	245 394
Total assets		335 912	349 324	357 000
Equity and liabilities				
Share capital		1 041	1 041	1 038
Other equity		312 969	324 581	330 319
Total equity		314 010	325 622	331 358
Non-current lease liabilities		558	523	530
Non-current borrowings		5 000	6 000	9 000
Total non-current liabilities		5 558	6 523	9 530
Current borrowings		4 000	4 000	4 000
Trade and other current payables		1 023	1 668	3 208
Current tax liabilities		—	—	—
Current lease liabilities		1 489	2 184	2 061
Other current liabilities		9 833	9 327	6 843
Total current liabilities		16 345	17 179	16 112
Total equity and liabilities		335 912	349 324	357 000

Reported financials

Balance sheet

Assets

(Amounts in 000 NOK)	Notes	31/03/23 (Unaudited)	31/12/22 (Audited)	31/03/22 (Unaudited)
Non-current assets				
Deferred tax assets	7	72 374	68 837	65 710
Intangible assets	4	49 714	47 574	38 899
Right of use assets		1 636	2 256	2 232
Other non-current receivables		8 164	5 038	4 765
Total non-current assets		131 889	123 704	111 606
Current assets				
Current trade receivables		41 203	40 495	16 598
Other current receivables		8 869	6 905	9 500
Cash and cash equivalents	6	153 951	178 219	219 296
Total current assets		204 023	225 619	245 394
Total assets		335 912	349 324	357 000

Equity & liabilities

(Amounts in 000 NOK)	Notes	31/03/23 (Unaudited)	31/12/22 (Audited)	31/03/22 (Unaudited)
Equity and liabilities				
Share capital		1 041	1 041	1 038
Other equity		312 969	324 581	330 319
Total equity		314 010	325 622	331 358
Non-current lease liabilities		558	523	530
Non-current borrowings		5 000	6 000	9 000
Total non-current liabilities		5 558	6 523	9 530
Current borrowings		4 000	4 000	4 000
Trade and other current payables		1 023	1 668	3 208
Current tax liabilities		—	—	—
Current lease liabilities		1 489	2 184	2 061
Other current liabilities		9 833	9 327	6 843
Total current liabilities		16 345	17 179	16 112
Total equity and liabilities		335 912	349 324	357 000

Shareholder information

Top 20 shareholders as of 05. May 2023

		Number of shares	% of total shares
1	PASSESTA AS	12 800 480	12,3%
2	MP PENJON PK	8 866 157	8,5%
3	ALDEN AS	7 403 330	7,1%
4	HORNE	5 028 350	4,8%
5	VERDIPAPIRFONDET DNB SMB	4 790 835	4,6%
6	J.P. Morgan SE	4 683 767	4,5%
7	DANIELSEN	4 374 150	4,2%
8	VINTERSTUA AS	3 024 911	2,9%
9	SIX SIS AG	2 820 000	2,7%
10	GHIBLI AS	2 100 000	2,0%
11	Pictet & Cie (Europe) S.A.	1 937 016	1,9%
12	NUNATAK AS	1 824 784	1,8%
13	NORDNET LIVSFORSIKRING AS	1 695 122	1,6%
14	FABRES SCALER	1 600 000	1,5%
15	Danske Invest Norge Vekst	1 512 700	1,5%
16	INVEN2 AS	1 441 670	1,4%
17	Danske Bank A/S	1 333 330	1,3%
18	VERDIPAPIRFONDET PARETO INVESTMENT	1 194 000	1,1%
19	BRYHNI.COM AS	1 191 820	1,1%
20	Nordnet Bank AB	1 091 981	1,0%
Top 20 shareholders		70 714 403	67,9%
Other		33 359 807	32,1%
Total		104 074 210	100,0%

Shares and options owned by BoD, mgmt, and employees as of 05. May 2023 (fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	20 221 810	18,5%
Shares owned by Management	4 586 240	4,2%
Allocated Options to Employees and management in shares	5 147 273	4,7%
Other shareholders	79 266 160	72,6%
Total	109 221 483	100%

Disclaimer - Important information

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Elliptic Laboratories AS (The Company). The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation includes and is based, inter alia, on forward-looking information and contains statements regarding the future in connection with The Company's growth initiatives, profit figures, outlook, strategies and objectives. All forward-looking information and statements in this presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for The Company. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions.

Important factors may lead to actual profits, results and developments deviating substantially from what has been expressed or implied in such statements. Although The Company believes that its expectations and the presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the presentation.

The Company is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the presentation, and neither The Company nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use. This presentation was prepared in connection with Q4 2021 financial reporting on March 10, 2022. Information contained herein will not be updated.

ellipticlabs

AI Virtual Smart Sensor Platform™



CEO Laila Danielsen
laila@ellipticlabs.com



CFO & IR Lars Holmøy
lars.holmoy@elliptic.com