

ellipticlabs

# Q4 & Preliminary Full Year 2024 Report (Unaudited)

AI Virtual Smart Sensor Platform™



## Elliptic Labs — Q4 2024: Continued growth, commercial progress and profitability for the year

Elliptic Labs reports Revenues from contracts with customers of NOK 131.9 million for 2024, an increase from NOK 68.3 million 2023, representing an increase of 93%. Total revenue and other operating income was NOK 47.9 million (9.6) for the fourth quarter 2024. This corresponds to a Total revenue and other operating income increase of 401% year-over-year.

Elliptic Labs is rapidly scaling its portfolio, adding new models, AI Virtual Smart Sensors and use cases in accordance with its stated strategy. The company launched its AI Virtual Smart Sensor Platform on 66 new smartphone models and 15 new laptop models in 2024, making the total deployment 166 smartphone models and 33 laptop models since the company's inception.

Elliptic Labs has successfully launched Lenovo Smart Share for seamless device-to-device interoperability and added an expansion contract in November with an existing PC customer for more models and accessories. Additionally, the company announced, for the first time, two AI Virtual Smart Sensors on one laptop model. This commercial progress highlights Elliptic Labs' ability to deepen customer relationships, expand the deployment of its AI Virtual Smart Sensor platform, and enable scalability.

### Highlights from Q4 2024:

- Revenues from contracts with customers reached NOK 47.6 million, a 416% increase from Q4 2023.
- Achieved EBITDA profitability for the year the first time, demonstrating the strength of the high-margin, software-based business model.
- Strengthened cash position by NOK 9.3 million, reaching NOK 76.4 million, reflecting profitable growth and improved working capital management.
- New expansion contract with existing PC customer for more laptops and, for the first time also including accessories

### Events after the End of the Quarter:

- Announcement of a New expansion contract with a Top-5 global smartphone maker for at least 20 confirmed smartphone models.
- Announcement of Expansion contract with an existing smartphone customer for at least 10 confirmed smartphone models.
- PC market; So far in 2025, we have disclosed launches for the Lenovo X9 14" Aura Edition and X9 15" Aura Edition. In addition, there have been 6 undisclosed launches. The X9 14" Aura Edition and one undisclosed model have 2 sensors, while the remaining 6 models have 1 sensor each. A total of 8 models has been launched so far in 2025.
- Smartphone market; so far in 2025, Elliptic Labs announced it had shipped its AI Virtual Proximity Sensor™ INNER BEAUTY® on four smartphones. On the 10th of January, Xiaomi Redmi Turbo 4. On the 31st of January, HONOR X8c. On the 20th of February, vivo V50 Series, the V50e, and vivo V50.

Elliptic Labs continues to lead in AI Virtual Smart Sensor Platform, demonstrating its ability to scale efficiently and profitably while solidifying its position in the rapidly evolving AI-native device market.

## Outlook

Elliptic Labs increased Revenues from contracts with customers to NOK 131.9 million for 2024, an increase from NOK 68.3 million in 2023, representing a significant increase of 93%. Given the potential revenue from already launched models and the upcoming pipeline, underlying revenue growth is expected to continue at a healthy pace.

Elliptic Labs continues to expand commercially by securing new contracts with existing customers while also extending into accessories and increasing the number of AI Virtual Smart Sensors integrated into individual laptop models. Multiple products per device is a clear driver of solid revenue growth with vast potential going forward. The growing contract portfolio reflects the company's strategic focus to secure significant volume commitments in new contracts while maximizing the value of existing agreements.

As the only company to have deployed AI Virtual Smart Sensors at scale, Elliptic Labs is well positioned to capitalize on market recovery and ongoing innovation in the laptop and smartphone industries. The company remains operationally and financially equipped to sustain its growth trajectory.

## Message from the CEO

Dear Shareholders,

**2024 was a defining year for Elliptic Labs. It marked a period of record growth and profitability, as well as a significant acceleration in the adoption of our products across our key markets. This marks a turning point as we combine strong growth with financial resilience. Our fourth-quarter Revenues from contracts with customers reached an unprecedented NOK 47.6 million—representing a 416% increase from Q4 2023, with cashflow turning positive in the fourth quarter. Annual Revenues from contracts with customers totaled NOK 131.9 million, a 93% increase.**



**"Our numbers tell a clear story - rapid device launches and accelerated revenue growth drives profitability and positive cash flow."**

### Commercial Traction and Revenue Growth

We entered the year with a strong foundation—a world-class AI Virtual Smart Sensor Platform, deep AI and technical expertise, and an expanding customer base of leading OEMs. We exit 2024 with revenue close to doubling, EBITDA profitability for the first time, and an expanding portfolio of AI-powered software products.

With AI now at the core of laptops, smartphones, and PC accessories, the market demand for our AI Virtual Smart Sensors is accelerating. In 2024, we achieved:

- 2024 Revenues from contracts with customers nearly doubling year-over-year to NOK 131.9 million—driven by increased adoption of our AI Virtual Smart Sensors.
- EBITDA profitability for the first time, demonstrating the strength of our high-margin, software-based business model.
- Sustained financial discipline, with total operating expenses increasing by less than 4.8%, despite rapid expansion.
- In Q4, a strengthened cash position, up NOK 9.3 million to NOK 76.4 million, reflecting profitable growth and improved working capital management for the quarter.

These numbers tell a clear story: We are not just scaling, we are doing so efficiently, profitably, and sustainably.

### AI is Changing Everything—And We're Well Positioned

Laptops are becoming AI-native. With 15 new laptop launches in 2024 (35 models in total), our technology is now embedded in more devices than ever. We're not just increasing adoption—we're scaling AI-powered sensing across multiple sensors per device, driving strong revenue potential.

Our AI Virtual Proximity Sensor remains in high demand, with new customer wins and multiple expansion contracts extending our presence across leading smartphone OEMs.

AI is becoming the standard. With the introduction of solutions like our AI Virtual Tap Sensor and AI Virtual Human Presence Sensor, we are delivering even more powerful and intuitive interactions—proving that AI Virtual Smart Sensors are the future of smart devices.

The demand for smarter, more efficient, and more sustainable AI solutions is only growing—and Elliptic Labs is at the center of this transformation.

## **Our AI Vision: The Future of Contextual Intelligence**

At Elliptic Labs, AI isn't just a tool—it's our core technology.

We believe that devices should not just be connected, but aware. AI-driven contextual intelligence allows devices to anticipate user needs, enhancing both efficiency and user experience.

Our unique full-stack AI expertise—combining machine learning, signal processing, and embedded software—allows us to:

Eliminate costly, redundant hardware sensors, reducing material waste and making devices more sustainable.

Enable seamless user experiences, from presence detection to gesture control, without the need for additional components.

Deliver revenue growth, as OEMs integrate multiple AI Virtual Smart Sensors per device.

This is why leading global OEMs continue to expand their adoption of our technology—and why we are positioned to scale significantly in the years ahead.

## **2025 and Beyond**

As we enter 2025, we are focused on four core pillars that will drive our next phase of growth:

1. Expanding our customer base—securing more OEM partnerships in laptops, smartphones, and beyond.
2. Increasing model adoption—ensuring our AI Virtual Smart Sensors are embedded in more devices across several markets.
3. Growing more AI Virtual Smart Sensor products per device—continue scaling from single-AI Virtual Smart Sensor adoption to multi-AI Virtual Smart Sensors deployment per device, maximizing revenue potential.
4. Innovate on top of our AI platform and leverage existing relationships to build new products that drive revenue growth

Looking back at 2024 I am immensely proud of our team and what we have been able to achieve. Our technical and commercial progress is driving meaningful revenue growth, and we have only begun to explore the large potential of our full-stack AI leadership as we are shaping the future of connected devices. We are delivering on our business model to drive more customers, more models and more sensors, the underlying enablers for expansion. With high demand for innovative AI driven solutions, contextual intelligence, and efficient sensing models, we are in a great position to unlock future growth.

Thank you for your continued trust and belief in our mission.

Sincerely,

Laila Danielsen

CEO

## Financial summary for the Group's YTD Q4 2024 (unaudited)

Comparable amounts for Q4 2023 are presented in parentheses.

### Operating revenue

Total revenue and other operating income shows an 401% increase year-on-year to mNOK 47.9 (9.6) in Q4 2024. Total revenue and other operating income for Fourth Quarter 2024 included mNOK 0.4 (0.4) in Other operating income from grants. Revenues from contracts with customers increased by 416% to mNOK 47.6 (9.2) from the Fourth Quarter 2023 to the Fourth Quarter 2024.

For 2024 mNOK 131.9 (68.3) is reported as Revenues from contracts with customers, an 93% increase. Total revenue and other operating income in 2024 was mNOK 133.3 (69.6), an 91% increase.

In Q4 2024, a significant portion of the revenue originated from contracts with fixed minimum license fees. However, there was an increased contribution from license fees on shipped units, a trend that is expected to continue in future periods.

### Operating expenses and EBITDA

Operating expenses amounted to mNOK 31.4 (28.0) in the Fourth quarter 2024, excluding depreciation and amortization. The 2024 figures was mNOK 108.2 (103.3).

Employee benefits expenses amounted to mNOK 25.6 (21.8) in the Fourth quarter 2024, including mNOK 1.3 (1.4) in expenses related to the Groups share option program. Other operating expenses was mNOK 5.9 (6.2). For 2024 Employee benefits expenses amounted to mNOK 87.9 (80.6), including mNOK 5.5 (9.8) in expenses related to the Groups share option program. Other operating expenses in 2024 was mNOK 20.4 (22.7).

The increase in Employee benefits expenses reflects additions of 3 FTEs compared to Fourth Quarter 2023, salary adjustments, and also full year effect from new hires 2023. Other operating expenses are down compared to Fourth Quarter 2023, especially due to reduced expenses on consultants, electricity and heating, as well as sales & marketing, compared to Fourth Quarter 2023.

As a result, the Group reported an EBITDA of mNOK 16.5 (-18.4) in the Fourth quarter 2024, and mNOK 25.1 (-33.7) for 2024.

### Operating profit (EBIT)

The Group generated in the Fourth quarter 2024 an operating profit/(loss) of mNOK 11.1 (-22.7), and an operating profit of mNOK 4.7 (-49.9) for 2024.

Depreciation and amortization amounted to mNOK 5.4 (4.3) for the Fourth quarter 2024, and mNOK 20.4 (16.2) for 2024. The increase mainly reflects

higher amortization of patents and capitalized development intangibles. Additionally, the depreciation charges have risen on lease contracts in accordance with the IFRS® 16 standard.

### **Financial items**

Fourth quarter 2024 net financial items amounted to mNOK 8.3 (-3.1). The Group has limited amounts of debt, thus the primary factor explaining changes in the Financial items is agio/disagio, due to currency fluctuation. Financial items in 2024 was mNOK 12.3 (2.9).

### **Profit/loss**

Fourth Quarter profit/(loss) before tax was mNOK 19.4 (-25.8). The profit before tax in 2024 was mNOK 17.0 (-47.0).

The tax was mNOK -8.4 (5.6), resulting in a profit after tax of mNOK 11.0 (-20.2) for the Fourth quarter 2024. The income tax was mNOK -8.1 (8.9) in 2024, resulting in a profit/(loss) of mNOK 9.0 (-38.1).

### **Cash flow**

The Cash flow from operating activities in the Fourth Quarter was mNOK 13.6 (2.6). The operating profit in the quarter contributed to a positive Cash flow from operating activities.

Cash flow from investing activities was mNOK -5.8 (-6.9) mainly related to Capitalized development costs. Cash flow from financing activities was mNOK 0.2 (0.6), including a positive contribution from proceeds from government grants, counterbalancing the effects of repayments of current borrowings, payments of lease liabilities, and interest payments.

The Cash flow from operating activities in 2024 was mNOK -11.8 (-45.5) due mainly to negative change in net outstanding account receivable in the period. Cash flow from investing activities was mNOK -26.3 (-21.0), mainly due to Capitalized development costs. Cash flow from financing activities was mNOK -4.1 (0.3) due to repayments of current borrowings, repayments of lease liabilities, and interest payments.

Cash and cash equivalents at the end of the period were mNOK 76.4 (115.6). The cash flow from operations is within management expectations.

### **Financing and debt**

The Group's equity at quarter end was mNOK 325.3 (305.4). The Group had Total non-current liabilities of mNOK 10.7 (17.9) at the end of Fourth quarter 2024.

Total non-current liabilities and Total current liabilities was mNOK 35.7 (42.8).

The Groups increase in current trade receivables in 2023 and 2024 is attributed to the varying payment terms of the groups contracts in line with IFRS 15 standard. As our revenue grows, an increase in trade receivables is anticipated. As stated in previous reports, the ratio of trade receivables to revenue is expected to decrease over time. However, this ratio may fluctuate from one quarter to the next, influenced by the payment terms of contracts signed in previous quarters as well as the revenue streams of the current quarter.

The Group maintains a sharp focus on expenses and cash flows ending the quarter with a cash position at mNOK 76.4 (115.6). We remain confident in the



company's strategic cash management and emphasize that the current cash position aligns with our planned framework. Our history of financial discipline ensures that we are well-positioned to navigate temporary fluctuations and maintain a foundation for future growth.

## Risks and uncertainty factors

Elliptic Labs strategy and growth ambitions require an adequate cash position to fund the R&D activities needed to drive the technology and product roadmaps forward. In addition, a strong balance sheet is required to be able to meet thresholds set by customers. Elliptic Labs' cash position was mNOK 76.4 at the end of Q4 2024, and the Board of Directors assess this as sufficient to carry out Elliptic Labs' business plans.

According to data from IDC<sup>1</sup>, global PC shipments in the fourth quarter of 2024 reached 68.9 million units, reflecting a 1.8% increase compared to the same period in 2023 and contributed to an overall annual shipment total of approximately 262.7 million units for 2024—a modest 1.0% rise from 2023 .

Looking ahead, both Gartner and Canalys indicate that evolving product strategies—especially the rising incorporation of dedicated AI accelerators—are set to reshape the market. Canalys forecasts that AI-capable PCs will account for 37% of global shipments in 2025, reflecting a significant shift in consumer and enterprise priorities as manufacturers invest in next-generation technologies .

As the industry navigates these dynamic trends, the company continue to monitor developments, driven by technology refresh cycles and the increasing business value of AI-enabled devices.

The war in Ukraine has currently no direct impact of Elliptic Labs current operations. The company continues to monitor the situation.

Elliptic Labs is exposed to foreign exchange risk, as revenues from contracts with customers almost entirely are nominated in USD and or EUR whereas the largest portion of operating expenses are in NOK. Changes in the NOK/USD/EUR may result in change in top line and may effect profit before tax on an annual basis.

Please see the annual report 2023 for walkthrough of other potential operational risk and financial risk.

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<sup>1</sup> <https://www.idc.com/getdoc.jsp?containerId=prUS53061925>

# Consolidated financial statements

## Consolidated statement of comprehensive income

For the financial period ended 31 December 2024 and 2023, and 31 December 2023.

<i>(Amounts in 000 NOK)</i>	Notes	Q4 2024 (Unaudited)	Q4 2023 (Unaudited)	2024 (Unaudited)	2023 (Restated)
Revenues from contracts with customers		47 573	9 216	131 914	68 321
Other operating income	9	357	357	1 430	1 312
<b>Total revenue and other operating income</b>	<b>2</b>	<b>47 931</b>	<b>9 574</b>	<b>133 343</b>	<b>69 632</b>
Employee benefits expenses		-25 551	-21 761	-87 861	-80 552
Other operating expenses	3	-5 851	-6 232	-20 365	-22 744
<b>EBITDA</b>		<b>16 529</b>	<b>-18 419</b>	<b>25 118</b>	<b>-33 664</b>
Depreciation and amortization	4,5	-5 405	-4 302	-20 408	-16 224
<b>Operating expenses</b>		<b>-36 807</b>	<b>-32 294</b>	<b>-128 633</b>	<b>-119 521</b>
<b>Operating profit</b>		<b>11 124</b>	<b>-22 720</b>	<b>4 710</b>	<b>-49 889</b>
Financial income		9 286	3 023	16 960	12 191
Financial expenses		-1 033	-6 119	-4 623	-9 306
<b>Net financial income/(expenses)</b>		<b>8 253</b>	<b>-3 097</b>	<b>12 337</b>	<b>2 886</b>
<b>Profit/(loss) before tax</b>		<b>19 377</b>	<b>-25 817</b>	<b>17 047</b>	<b>-47 003</b>
Income tax expense		-8 417	5 644	-8 086	8 888
<b>Profit/(loss)</b>		<b>10 960</b>	<b>-20 173</b>	<b>8 960</b>	<b>-38 114</b>
Other comprehensive income:					
Foreign currency rate changes, may be reclassified to profit or loss		477	-215	667	151
Other comprehensive income, net of tax		<b>477</b>	<b>-215</b>	<b>667</b>	<b>151</b>
<b>Total comprehensive income for the period</b>		<b>11 437</b>	<b>-20 388</b>	<b>9 627</b>	<b>-37 964</b>
Loss for the period is attributable to:					
Equity holders of the parent company		11 437	-20 388	9 627	-37 964
Earnings per share outstanding		0.11	-0.19	0.09	-0.36
Earnings per share fully diluted		0.10	-0.19	0.09	-0.36

## Consolidated statement of financial position

At 31 December 2024, 31 December 2023 and 31 December 2023 respectively

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	<b>31/12/24</b> <i>(Unaudited)</i>	<b>31/12/23</b> <i>Restated</i>	<b>01/01/23</b> <i>Restated</i>
<b>Non-current assets</b>				
Deferred tax assets	8	75 420	78 166	69 286
Intangible assets	4	66 252	55 628	45 533
Right of use assets		16 301	19 447	2 256
Property, plant and equipment	5	357	460	—
Other non-current receivables		7 245	8 861	5 038
<b>Total non-current assets</b>		<b>165 575</b>	<b>162 561</b>	<b>122 113</b>
<b>Current assets</b>				
Current trade receivables		110 936	60 612	40 495
Other current receivables		8 125	9 448	6 905
Cash and cash equivalents	7	76 390	115 582	178 219
<b>Total current assets</b>		<b>195 451</b>	<b>185 642</b>	<b>225 619</b>
<b>Total assets</b>		<b>361 026</b>	<b>348 203</b>	<b>347 732</b>
<b>Equity and liabilities</b>				
Share capital		1 053	1 048	1 041
Other equity		324 288	304 355	322 990
<b>Total equity</b>		<b>325 341</b>	<b>305 404</b>	<b>324 030</b>
Non-current lease liabilities		10 727	15 874	523
Non-current borrowings		—	2 000	6 000
<b>Total non-current liabilities</b>		<b>10 727</b>	<b>17 874</b>	<b>6 523</b>
Current borrowings		2 000	4 000	4 000
Trade and other current payables		1 301	3 855	1 668
Current lease liabilities		6 625	3 990	2 184
Other current liabilities		15 032	13 080	9 327
<b>Total current liabilities</b>		<b>24 958</b>	<b>24 926</b>	<b>17 179</b>
<b>Total equity and liabilities</b>		<b>361 026</b>	<b>348 203</b>	<b>347 732</b>

## Consolidated statement of changes in equity

Attributable to owners of Elliptic Laboratories ASA.

2024 (Amounts in 000 NOK)	Share capital	Other paid in capital	Other equity	Translation reserve	Total equity
<b>Shareholders' equity at 01.01.2024(Restated)</b>	<b>1 048</b>	<b>355 002</b>	<b>-50 973</b>	<b>326</b>	<b>305 404</b>
Profit (loss) for the period	—	—	8 960	—	8 960
Other comprehensive income for the period	—	—	—	667	667
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>8 960</b>	<b>667</b>	<b>9 627</b>

### Transactions with owners:

Capital increase through issuance of ordinary shares	4	4 831	—	—	4 835
Transactions costs related to issuance of ordinary shares, net of tax	—	—	—	—	—
Employee share schemes	—	—	5 475	—	5 475
<b>Shareholders' equity at 31.12.2024</b>	<b>1 053</b>	<b>359 833</b>	<b>-36 537</b>	<b>993</b>	<b>325 341</b>

2023 (Amounts in 000 NOK)	Share capital	Other paid in capital	Other equity	Translation reserve	Total equity
<b>Shareholders' equity at 01.01.2023 (Restated)</b>	<b>1 041</b>	<b>345 514</b>	<b>-22 700</b>	<b>175</b>	<b>324 030</b>
Profit (loss) for the period	—	—	-38 114	—	-38 114
Other comprehensive income for the period	—	—	—	151	151
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>-38 114</b>	<b>151</b>	<b>-37 964</b>

### Transactions with owners:

Capital increase through issuance of ordinary shares	8	9 488	—	—	9 495
Transactions costs related to issuance of ordinary shares, net of tax	—	—	—	—	—
Employee share schemes	—	—	9 842	—	9 842
<b>Shareholders' equity at 31.12.2023 (Restated)</b>	<b>1 048</b>	<b>355 002</b>	<b>-50 973</b>	<b>326</b>	<b>305 404</b>

## Consolidated statement of cash flows

For the financial period ended 31 December 2024 and 2023, and 31 December 2023.

(Amounts in 000 NOK)	(Unaudited) <b>Q4 2024</b>	(Unaudited) <b>Q4 2023<sup>2</sup></b>	(Unaudited) <b>2024</b>	(Restated) <b>2023</b>
<b>Cash flow from operating activities</b>				
Profit/(loss) before tax	19 377	-25 817	17 047	-47 003
Adjustment for:				
Taxes paid in the period	-1 755	—	-1 761	9
Depreciation and amortization	5 405	4 302	20 408	16 224
Share-based payments	1 304	1 428	5 475	9 842
Net finance items	-495	—	-4 964	-3 369
Items classified as investing or financing activities	-2 382	135	571	-885
Change in current trade receivable	-14 044	16 118	-50 324	-20 118
Change in trade payables	-2 137	173	-2 554	2 187
Change in other accruals	8 377	6 216	4 286	-2 396
<b>Net cash flows from operating activities</b>	<b>13 649</b>	<b>2 554</b>	<b>-11 815</b>	<b>-45 509</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	—	-71	—	-514
Capitalized development costs	-6 919	-6 849	-30 716	-25 099
Interest received	1 155	—	4 367	4 642
<b>Net cash flows from investing activities</b>	<b>-5 764</b>	<b>-6 920</b>	<b>-26 349</b>	<b>-20 971</b>
<b>Cash flow from financing activities</b>				
Payments of lease liabilities, classified as financing activities	-1 602	-1 210	-6 138	-5 007
Repayments of current borrowings	-1 000	-1 000	-4 000	-4 000
Proceeds from issuing shares	—	2 981	4 835	9 495
Paid interest on loan	-71	-135	-376	-589
Paid interest on lease liabilities	-118	—	-1 466	-1 356
Proceeds from government grants	3 011	—	3 011	3 663
<b>Net cash flows from financing activities</b>	<b>220</b>	<b>637</b>	<b>-4 133</b>	<b>2 206</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>8 105</b>	<b>-3 729</b>	<b>-42 297</b>	<b>-64 274</b>
Cash and cash equivalents at the beginning of the period	67 119	119 527	115 582	178 219
Effect of foreign currency rate changes on cash and cash equivalents	477	-215	667	151
Exchange rate effects bank	688	—	2 439	1 486
Cash and cash equivalents at the end of period	76 390	115 582	76 390	115 582

<sup>2</sup> In the Annual Report 2023, the cash flow model was updated to a more detailed version. Consequently, some cash flow items have been reclassified under different activities compared to prior reports. However, the Q4 2023 figures are presented as previously disclosed.

# Notes to the consolidated financial accounts

## Note 1 – Accounting principles

### 1.1 General information

Elliptic Laboratories ASA and its subsidiaries, Elliptic Laboratories Inc and Healthy Pointers AS (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, laptops, 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. The Group's head office is at Hausmannsgate 21, 0182 Oslo.

### 1.2 Summary of material 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 the Fourth quarter of 2024 and 2023.

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

The preparation of financial statements in conformity with IFRS® Accounting Standards as adopted by the EU, 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.

#### Prior Period Errors

During the preparation of our Q4 figures, it was identified that abandoned patents from our patent office provider have not been correctly reported over several years. Upon further investigation, it was determined that abandoned patent applications have not been recognized as losses at the appropriate time. Consequently, intangible assets have been overstated in prior periods with MNOK2.1.

Because the errors have accumulated over multiple years, the opening balance sheet for the comparative financial period as of 31 December 2023 has been restated to reflect adjustments relating to all prior years.

The changes have been applied retrospectively. The impact on Elliptic Labs' financial statements for financial year 2023 (restated) is:

- Other operating expenses increased by MNOK 0.1
- Loss for the period increased by MNOK 0.1
- Deferred tax asset opening balance 1 January 2023 is increased by MNOK 0.5.
- Intangible asset opening balance 1 January 2023 reduced by MNOK 2.0.
- Retained earnings/other equity in the opening balance 1 January 2023 reduced by MNOK 1.6.

#### 1.2.2 Operating revenues

Revenue from providing services is recognized in the accounting period in which the services are rendered.

Revenue from licenses which give a right to use is recognized at point in time and licenses which give a right to access is recognized over time. Royalty based revenue is recognized as sales occur when exceeding the minimum fixed fee.

For fixed-price contracts, revenue is recognized 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 performance obligations, such as an engineering service and the subsequent licensing of IP, which are accounted for as separate performance obligations. 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 or a receivable is recognized. If the payments exceed the services rendered, a contract liability is recognized.

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

## Note 2 – Total revenue and other operating income

Revenues from contracts with customers have the following distribution as recognized over time or at point in time:

(Amounts in 000 NOK)	Q4 2024	Q4 2023	2024	2023
Revenue recognised over time	—	—	—	—
Revenue recognised at point in time	47 573	9 216	131 914	68 321
<b>Total revenue</b>	<b>47 573</b>	<b>9 216</b>	<b>131 914</b>	<b>68 321</b>

Revenues from contracts with customers consists of two significant revenue streams:

License for IP and subsequent royalties are recognized at point in time when the software has been made available to the customer, and then in increments as minimum production thresholds are met if royalty-based revenue exceed the minimum fixed fee ("milestone") if any. For the financial year 2023 and 2024, the majority of the contracts from which revenue was recognized were of the minimum fixed fee character, but a growing share of reported revenue comes from royalties on shipped units, and is expected to increase going forward.

Development and testing of software (Proof of Concept) is considered as a separate performance obligation and is recognized over time based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided. No such revenue has been recognized in 2023 or 2024.

As at 31 December 2024 all recognized revenues are unconditional as the related performance obligations have been satisfied.

Other operating income consists in total of government grants, which are recognized over time on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate.



## Note 3 – Other operating expenses

(Amounts in 000 NOK)	(Unaudited)	(Unaudited)	(Unaudited)	(Restated)
	Q4 2024	Q4 2023	2024	2023
Sales and marketing expenses	1 626	2 433	6 919	8 717
Short-term lease expenses	381	499	1 844	1 700
Electricity, heating and other property expenses	447	740	2 128	3 165
Consultants	908	1 188	3 686	5 008
Auditor	324	348	973	1 312
Legal	19	249	1 033	1 759
Patents	1 780	261	2 663	1 290
IT/Software	1 234	1 027	4 195	3 515
Other expenses	102	1 146	2 453	3 131
Recoveries of previously written-off receivables in 2018	-750	-1 516	-5 018	-6 404
Government grants recognized as other cost reduction	-221	-141	-512	-448
<b>Total other operating expenses</b>	<b>5 851</b>	<b>6 232</b>	<b>20 365</b>	<b>22 744</b>

## Note 4 - Intangible assets

2024 (Amounts in 000 NOK)	Patents	Trademark	Capitalized development	Total intangible assets
Cost at 01.01.2024(Restated)	20 227	24	77 636	97 887
Additions	4 774		22 360	27 133
Disposals	-1 451			-1 451
<b>Cost at 31.12.2024</b>	<b>23 550</b>	<b>24</b>	<b>99 996</b>	<b>123 569</b>
Accumulated amortization charges 01.01.2024	12 475	6	29 778	42 258
Amortization charges	911		14 146	15 057
<b>Accumulated amortization charges 31.12.2024</b>	<b>13 386</b>	<b>6</b>	<b>43 924</b>	<b>57 316</b>
<b>Net booked value as at 31.12.2024</b>	<b>10 164</b>	<b>18</b>	<b>56 072</b>	<b>66 252</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

IFRS 16 Leases depreciation for the period 1 January to 31 December 2024 was TNOK 5 248.

<b>Restated 2023 (Amounts in 000 NOK)</b>	<b>Patents</b>	<b>Trademark</b>	<b>Capitalized development</b>	<b>Total intangible assets</b>
Cost at 01.01.2023	17 605	24	57 937	75 566
Additions	2 768		19 699	22 467
Disposals	-145			-145
<b>Cost at 31.12.2023</b>	<b>20 227</b>	<b>24</b>	<b>77 636</b>	<b>97 887</b>
Accumulated amortization charges 01.01.2023	11 836	6	18 190	30 032
Amortization charges	639		11 587	12 226
<b>Accumulated amortization charges 31.12.2023</b>	<b>12 475</b>	<b>6</b>	<b>29 778</b>	<b>42 259</b>
<b>Net booked value as at 31.12.2023</b>	<b>7 752</b>	<b>18</b>	<b>47 859</b>	<b>55 628</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

## Note 5 - Property, plant and equipment

<b>2024 (Amounts in 000 NOK)</b>	<b>Furniture and fixtures</b>	<b>Total tangible assets</b>
Cost at 01.01.2024	514	514
Additions	—	—
Disposals	—	—
<b>Cost at 31.12.2024</b>	<b>514</b>	<b>514</b>
Accumulated depreciation charges 01.01.2024	54	54
Current year depreciation	103	103
<b>Accumulated depreciation charges at 31.12.2024</b>	<b>157</b>	<b>157</b>
<b>Net booked value as at 31.12.2024</b>	<b>357</b>	<b>357</b>
Useful life:	5	
Amortization method:	Straight-line	

Cost related to furniture and other fixtures for HQ in Oslo has been recognized as an asset in Property, plant and equipment in accordance with IAS 16.

<b>2023 (Amounts in 000 NOK)</b>	<b>Furniture and fixtures</b>	<b>Total tangible assets</b>
Cost at 01.01.2023	—	—
Additions	514	514
Disposals	—	—
<b>Cost at 31.12.2023</b>	<b>514</b>	<b>514</b>
Accumulated depreciation charges 01.01.2023	—	—
Current year depreciation	54	54
<b>Accumulated depreciation charges at 31.12.2023</b>	<b>54</b>	<b>54</b>
<b>Net booked value as at 31.12.2023</b>	<b>460</b>	<b>460</b>
Useful life:	5	
Amortization method:	Straight-line	

## Note 6 – Share option programs

As of 31 December 2024, the Group has option programs that includes a total of 70 employees and 4 board members in parent and subsidiary companies. The employees must work in the Group to be entitled to exercise the options at the time of vesting. If a Board member resigns or is not re-elected prior to the Vesting Date, the Options will be forfeited except a number of Options representing the period served since the 2024 AGM until the date of resignation pro rata in relation to the period from the 2024 AGM until the Vesting Date.

As of 31 December 2024, the total number of outstanding options for both employees, management and BoD when converted into shares, was 6 176 739 of which 3 489 839 were already vested. The option program entitles the employees to approximately 5.54% of the fully diluted outstanding shares, which includes all outstanding options. The fully diluted outstanding share count on 31 December 2024 was 111 451 707.

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.

The board of directors has decided that a long-term share option program whereas upward to 2.5% of outstanding shares may be distributed yearly to the employees and management. outstanding options shall not exceed 7.5% of the total outstanding shares.

## Note 7 – Cash and cash equivalents

<i>(Amounts in 000 NOK)</i>	<b>31.12.2024</b>	<b>31.12.2023</b>
Cash and cash equivalents	76 390	115 582
<b>Of which are restricted cash:</b>		
Restricted bank deposits for employee tax withholdings	2 193	2 812
<b>Not restricted cash</b>	<b>74 198</b>	<b>112 770</b>

## Note 8 – Estimates

The deferred tax assets include an amount of mNOK 75.4 which relates to carried forward tax losses of Elliptic Laboratories ASA. Elliptic Laboratories ASA has incurred the losses over the last several years. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on profitability. Its scalable business model, entered into contracts with customers and expectations of future growth of business opportunities based on already established customer relations in several market verticals. Elliptic Laboratories ASA expects the carried forward tax loss to be utilized within a few years. The losses can be carried forward indefinitely and have no expiry date.

## Note 9 – Government grants

The table below sets forth the treatment of government grants.

<i>(Amounts in 000 NOK)</i>	<b>Q4 2024</b>	<b>Q4 2023</b>	<b>2024</b>	<b>2023</b>
Recognized as income from other sources	357	644	1 430	1 312
Reduction of capitalized development	677	910	2 967	3 011
Recognized as payroll cost reduction	290	175	1 271	1 291
Recognized as other cost reduction	221	103	512	448
<b>Total government grants</b>	<b>1 545</b>	<b>1 832</b>	<b>6 180</b>	<b>6 062</b>

## Note 10 – Alternative performance measures (APMs)

Earnings before interest, taxes, depreciation and amortizations. EBITDA is a key performance indicator that the Group considers relevant for understanding the generation of profit before investments in fixed assets.

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	<b>Q4 2024</b>	<b>Q4 2023</b>	<b>2024</b>	<b>2023</b>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Restated)</i>
Revenues from contracts with customers		47 573	9 216	131 914	68 321
Other operating income	9	357	357	1 430	1 312
<b>Total revenue and other operating income</b>	<b>2</b>	<b>47 931</b>	<b>9 574</b>	<b>133 343</b>	<b>69 632</b>
Employee benefits expenses		-25 551	-21 761	-87 861	-80 552
Other operating expenses	3	-5 851	-6 232	-20 365	-22 744
<b>EBITDA</b>		<b>16 529</b>	<b>-18 419</b>	<b>25 118</b>	<b>-33 664</b>

Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months.

<i>(Amounts in 000 NOK)</i>	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>LTM</b>
Revenues from contracts with customers	47 573	28 225	33 884	22 232	<b>131 914</b>
EBITDA	16 529	457	11 422	-3 291	<b>25 118</b>

## Note 11 – Subsequent events

On the 2nd of January 2025, Elliptic Labs announced it had signed an expansion contract for at least 20 confirmed smartphone models with a Top-5 global smartphone maker.

On the 7th of January 2025, Elliptic Labs announced it had signed an expansion contract for at least 10 confirmed smartphone models with an existing smartphone customer.

On the 9th of January 2025, Elliptic Labs announced the launch of its AI Virtual Tap Sensor™ and AI Virtual Human Presence Sensor™ on Lenovo ThinkPad™ X9 14" and 15" Aura Edition laptops.

So far in 2025, Elliptic Labs announced it had shipped its AI Virtual Proximity Sensor™ INNER BEAUTY® on four smartphones. On the 10th of January, Xiaomi Redmi Turbo 4. On the 31st of January, HONOR X8c. On the 20th of February, vivo V50 Series, the V50e, and vivo V50.

# ellipticlabs

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