

ellipticlabs

Q3 2024



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Results presentation | November 29, 2024

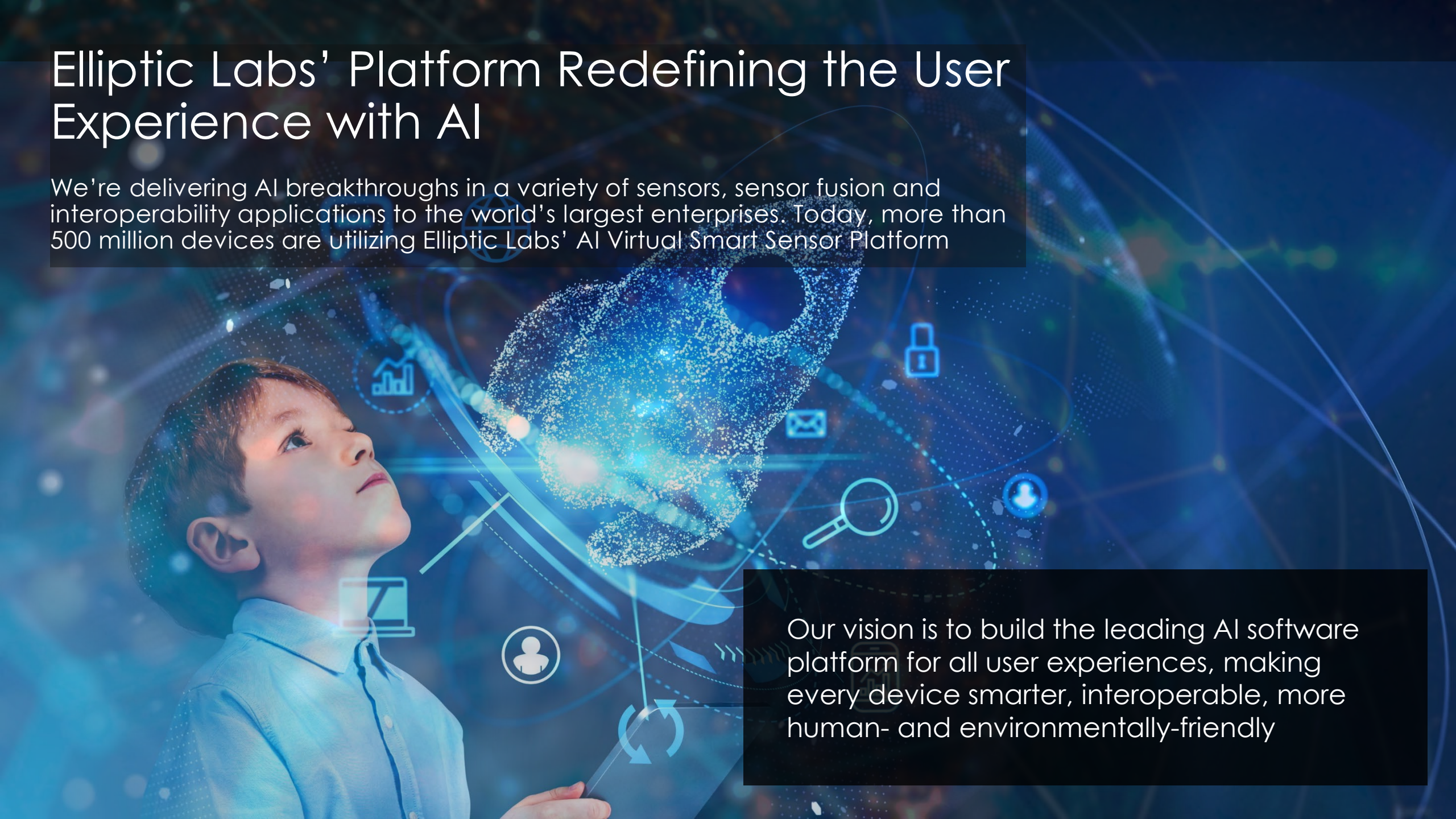
Highlights Q3 2024

“We are starting to see the network effect of our AI Virtual Smart Sensor Platform, creating exponential value across multiple device types and customers.”

- Q3'24 revenues from customers NOK 28.2m, up 29% year-on-year
- Revenue from customers for Q3 YTD 2024 NOK 84.3m, up 43% from NOK 59.1m in the same period last year
- Successfully launched Lenovo Smart Share for seamless device-to-device interoperability to critical acclaim
- Expansion contract with existing PC customer for more laptops and, for the first time, PC accessories was published in November
- Two AI Virtual Smart Sensors on one laptop model for the first time was launched in November

Elliptic Labs' Platform Redefining the User Experience with AI

We're delivering AI breakthroughs in a variety of sensors, sensor fusion and interoperability applications to the world's largest enterprises. Today, more than 500 million devices are utilizing Elliptic Labs' AI Virtual Smart Sensor Platform

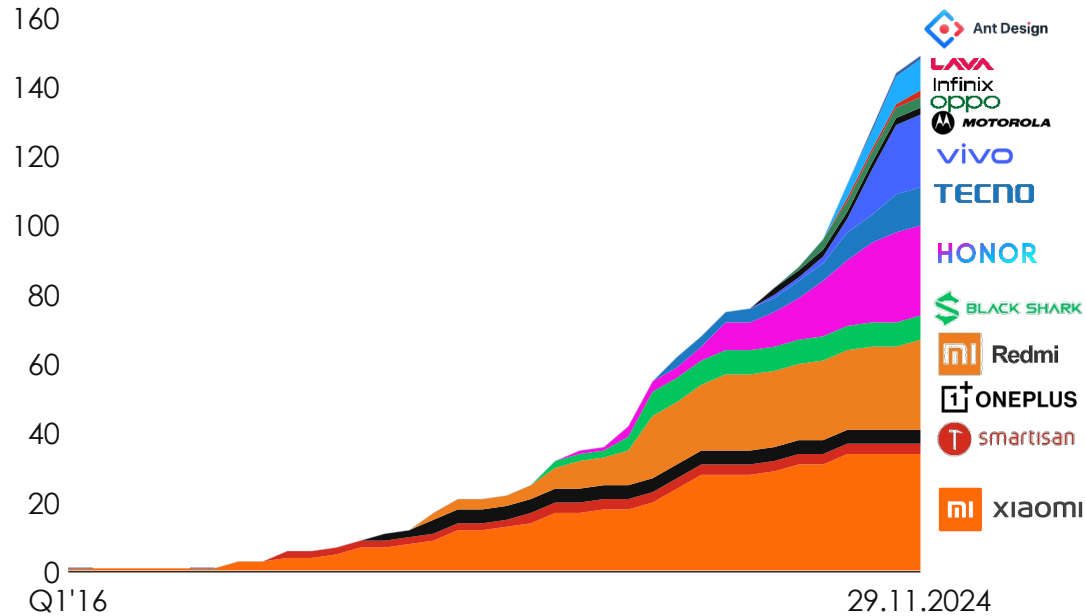


Our vision is to build the leading AI software platform for all user experiences, making every device smarter, interoperable, more human- and environmentally-friendly

Broadening smartphone deployment delivering AI capabilities

149 models launched to date

Cumulative to date 29.11.2024



- Leading market position with proven performance allows for rapid adoption without Proof-of-Concept testing
- Market expansion through continued partnerships with Qualcomm & MediaTek
- 3 of top-5 OEMs are customers of Elliptic Labs

53 smartphone launches announced so far in 2024

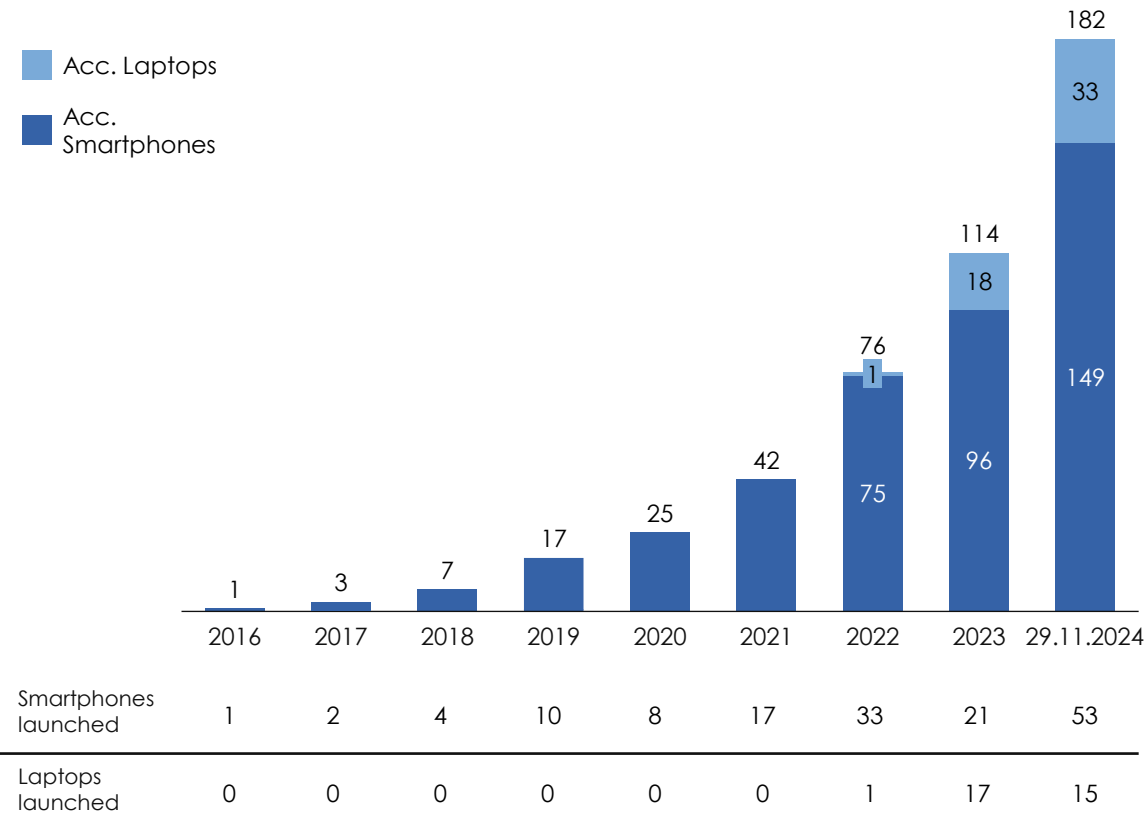
AI Virtual Proximity Sensor™ examples



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Rapidly scaling, 37% of all shipped products launched in 2024

of models launched



- Leading market position with key OEMs across laptops and smartphones
 - Total of 149 smartphones and 33 laptop models launched since 2016
 - 53 smartphones and 15 laptops launched so far in 2024
- Successfully launched Lenovo Smart Share for seamless device-to-device interoperability to critical acclaim
- Expansion contract with existing PC customer for more laptops and, for the first time, accessories
- Two AI Virtual Smart Sensors on one laptop model for the first time
- New expansion license contracts with smartphone customers Transsion and Oppo

Lenovo and Elliptic Labs Launched Smart Share in Q3

Lenovo Smart Share

- True device-to-device interoperability with a simple tap
- Powered by AI Virtual Seamless Sensor
- Fully supporting both iOS and Android, significant step in agnostic support for cross platform sharing
- Enhances user productivity, personalization, and privacy
- First coming to Lenovo's Aura Edition PCs, initially shipped on ThinkPad X1 Carbon Gen13 Aura Edition commercial laptop
- Expansion contract, significant potential for continued contract growth





***“Smart Share is an AirDrop killer.”
- Toms’ Guide***

At Lenovo Tech World 2024, CEO Yang Yuanqing specifically highlighted this functionality as THE "Hero Feature" for their upcoming Aura Edition laptops - a testament to our technology's transformative potential

Expansion contract with existing PC customer for more laptops and, for the first time, PC accessories

Use-case: Accessories connect to laptop with a simple tap on the side of the laptop display



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First time to deliver two AI Virtual Smart Sensors on one laptop model

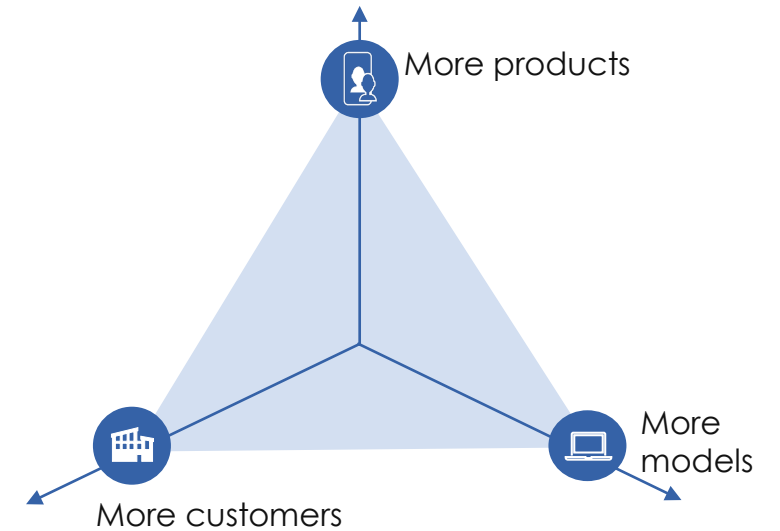
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AI Virtual Human Presence Sensor™
& AI Virtual Tap Sensor™

Shipping on

ThinkPad X1 Carbon Gen 13 Aura Edition

Lenovo



More models, more customers, more AI Virtual Smart Sensors



Financial review

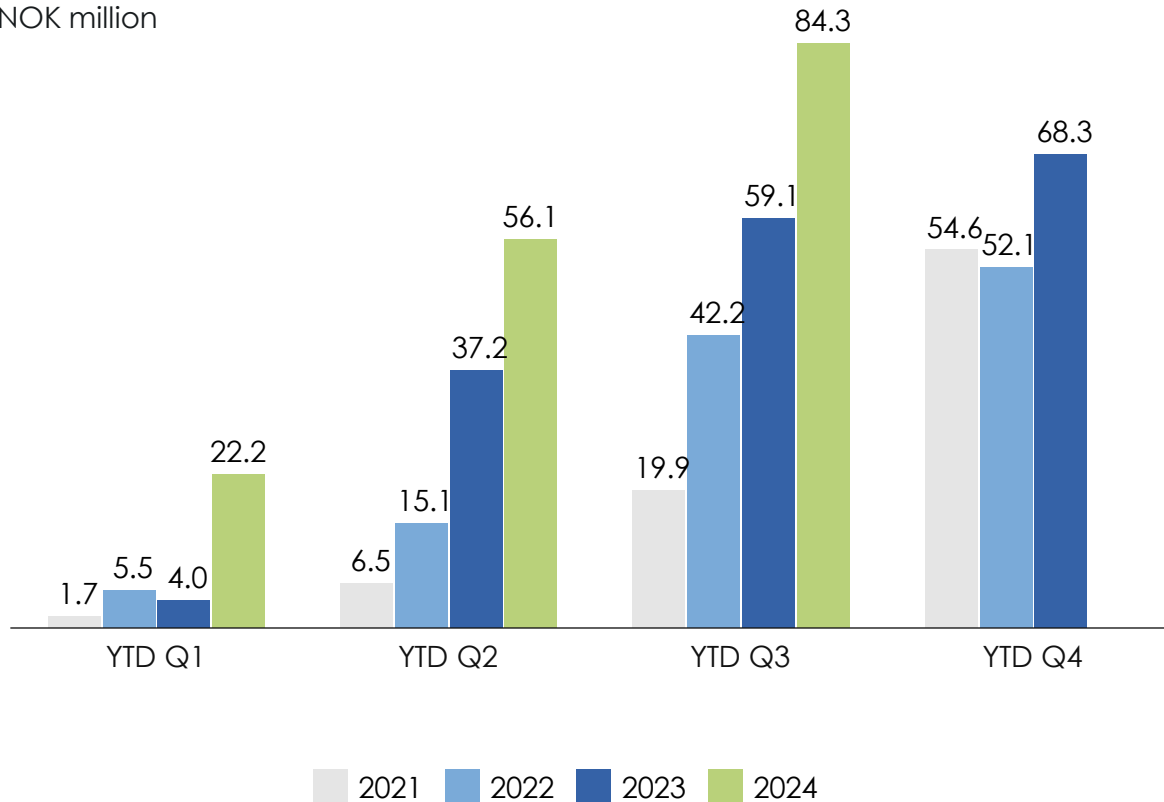
Continued growth and commercial progress

CFO Lars Holmøy

Strong revenue growth with EBITDA remaining positive Q3 YTD 2024

YTD revenue from contracts with customers

NOK million



- Revenue from customers for YTD Q3'24 of NOK 84.3m, up 43% from NOK 59.1m in the same period last year
- High operational leverage with total operating expenses at NOK 76.8m, comparable to NOK 75.2m last year
 - Personnel expenses NOK 62.3m, and other operating expenses NOK 14.5m
- YTD EBITDA NOK 8.6m, an improvement from the negative NOK 15.1m same period last year resulting in an EBITDA margin of 10.1%

Q3'24 Highlights: Continued growth trajectory

Condensed Profit & Loss statement

NOK million

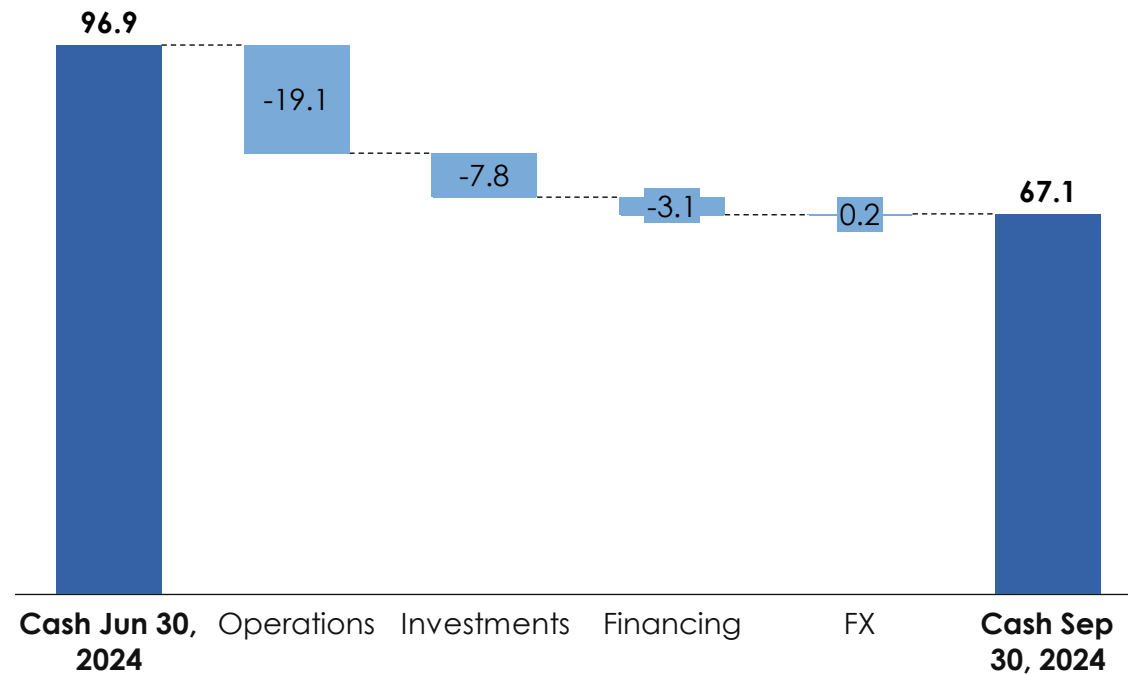
	Q3'24	Q3'23	%YoY	YTD'24	YTD'23	%YoY	Q2'24
Revenues from contracts with customers	28.2	21.9	29 %	84.3	59.1	43 %	33.9
Other operating income	0.4	0.6		1.1	1.0	-	0.4
Total revenue	28.6	22.5	27 %	85.4	60.1	42 %	34.2
Employee benefits expenses	23.6	20.6	15 %	62.3	58.8	6 %	17.1
Other operating expenses	4.5	4.9	-7 %	14.5	16.4	-11 %	5.7
EBITDA	0.5	-2.9		8.6	-15.1		11.4
Depreciation and amortisation	5.1	4.5		15.0	11.9		5.0
EBIT	-4.6	-7.4		-6.4	-27.0		6.4
Net financials	-0.8	-1.2		4.1	6.0		-0.2
Pre-tax-profit	-5.4	-8.6		-2.3	-21.0		6.2
Income tax expense	1.2	1.7		0.3	3.2		-1.4
Profit/loss	-4.1	-6.9		-2.0	-17.8		4.8

- Q3'24 revenue from contracts with customers NOK 28.2m (+29%)
 - Milestone revenue from laptop contracts and shipments in the smartphone and PC segment
 - Maintaining positive EBITDA
- Operating costs NOK 28.1m (NOK 25.5m)
 - Employee benefit expenses of NOK 23.6m, up from NOK 20.6m in Q3'23 and NOK 17.1m in Q2'24, mainly due to the addition of 13 FTEs compared to Q3'23, the full-time effect of 2023 hires, and salary adjustments
 - Other operating expenses NOK 4.5m, down from Q3'23 on reduced sales and marketing costs and decline in general corporate costs

Increased receivables have driven negative cash flow

Q3 2024 cash flow

NOK million



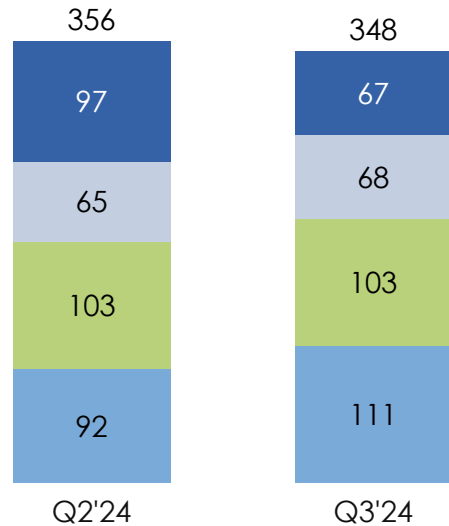
- Operating cash flow of NOK -19.1m (NOK 1.9m in Q2'24)
 - NOK 5.4m loss before tax
 - NOK 17.7m increase in accounts receivables from non-cash milestone revenues - no payments overdue
 - NOK 2.9m decrease in trade payables
- Secured improved payment terms for new contracts, improving the alignment of revenue recognition and cash flows and reducing working capital requirements
- Investments reflecting R&D of Elliptic Labs' AI Virtual Smart Sensor Platform
- Financing mainly reflects repayment of borrowings
 - NOK 1.6m repayment of lease liabilities
 - NOK 1.0 million repayment of short-term debt
 - NOK 0.5m interest on lease liabilities

Funded to execute on growth plans

Balance sheet

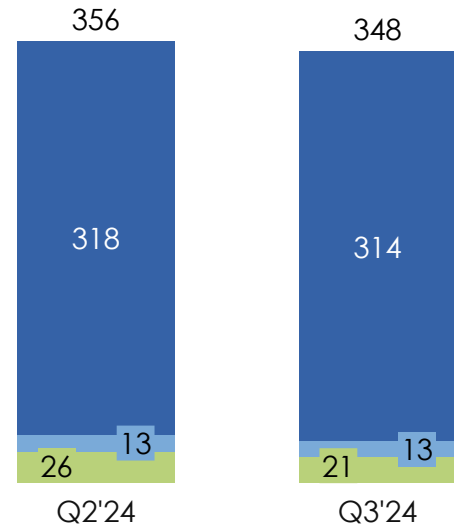
NOK million

Assets



- Cash and cash equivalents
- Intangible assets
- Other non-current assets
- Other current assets

Equity & liabilities



- Equity
- Long-term liabilities
- Short-term liabilities

- Cash position of NOK 67.1m
- Current assets reflecting NOK 17.7m increase in account receivables mainly from milestone revenue recognized in the quarter
- Reduced long-term liabilities from repayment of borrowings
- Reduced short-term liabilities mainly reflect repayment of lease liabilities and reduced trade payables
- Equity ratio increased to 90%

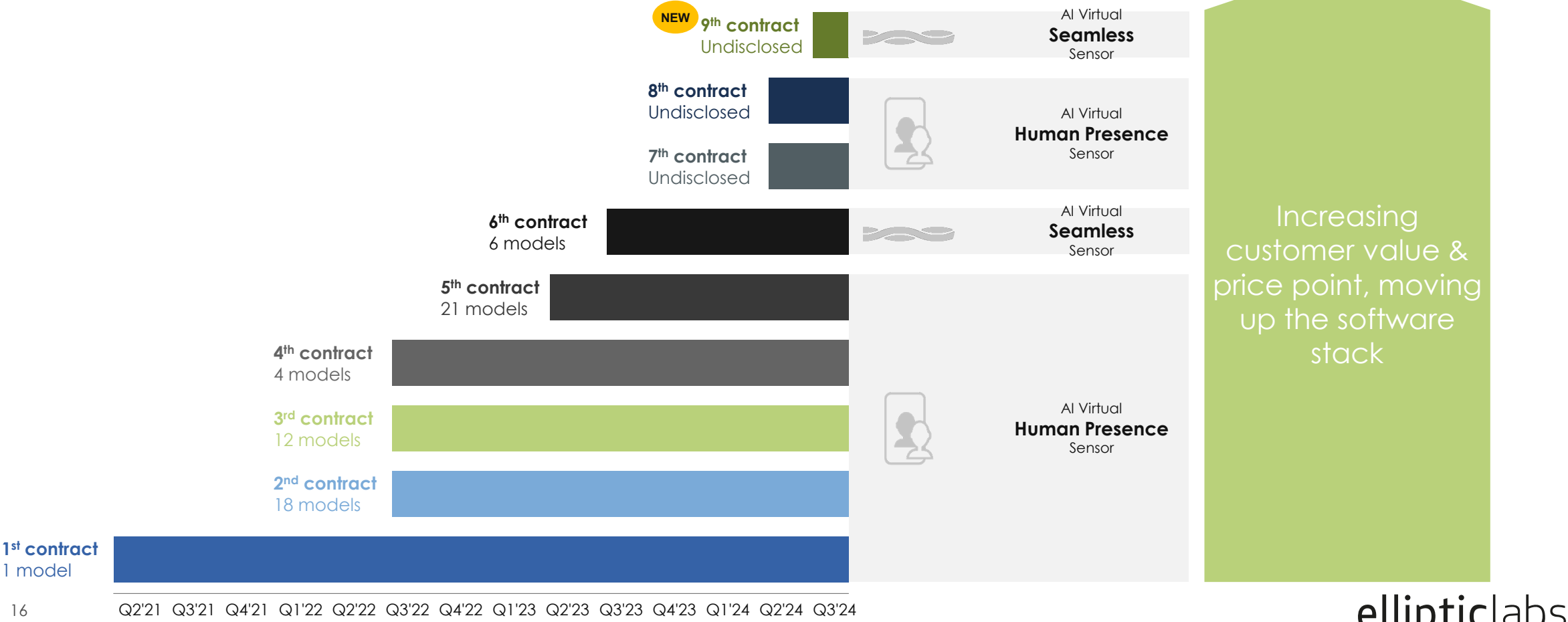


Building a robust pipeline

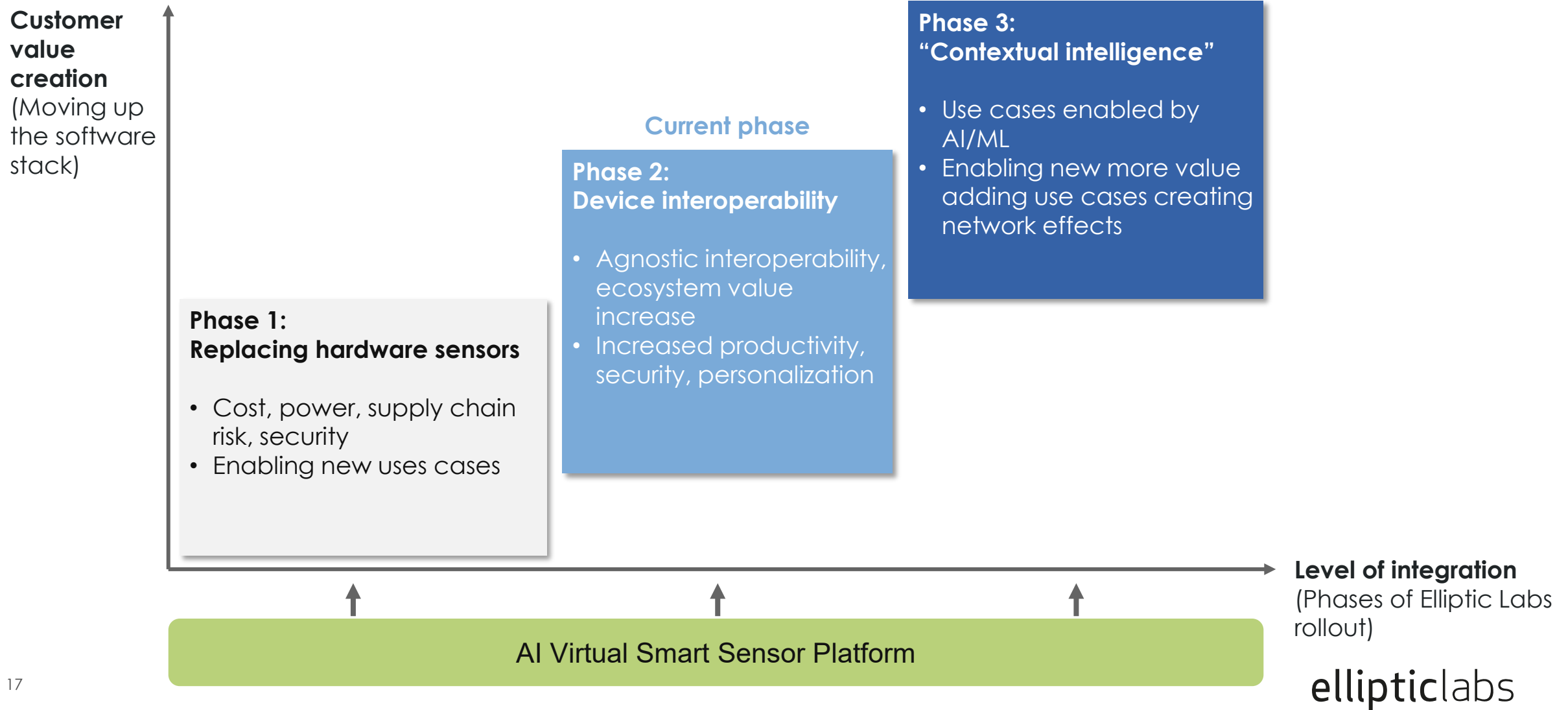
CEO Laila Danielsen

Moving up the Software Stack Boosts Value

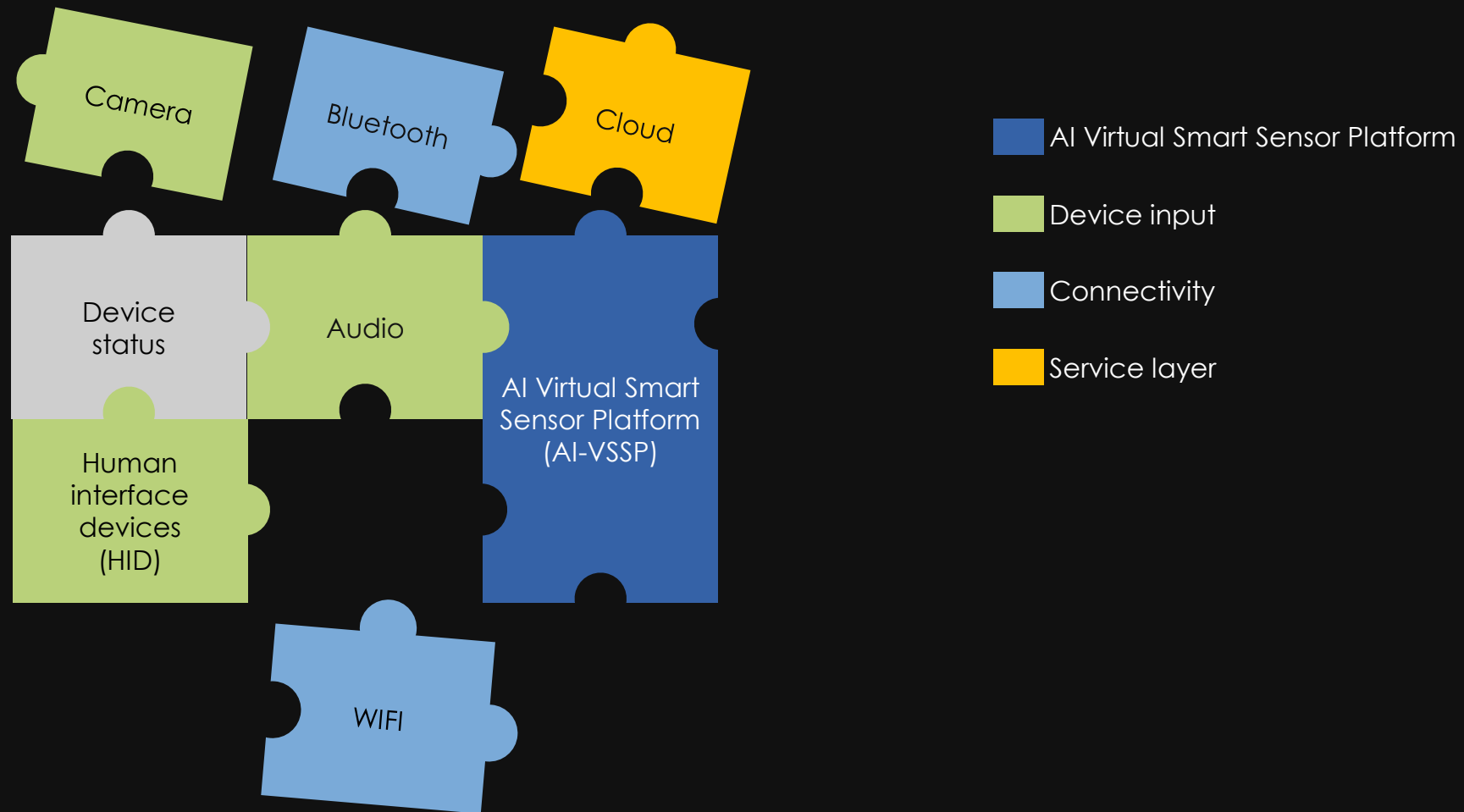
Revenue journey for one laptop customer with Enterprise license agreement (ELA)



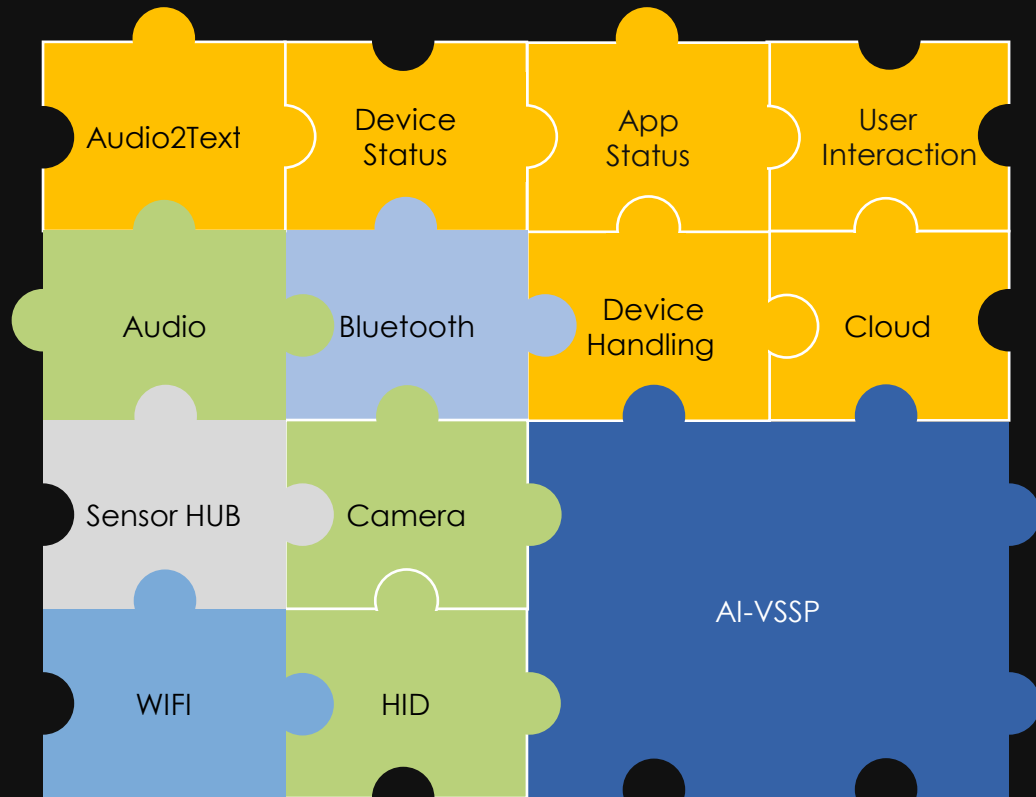
Building on our AI Platform to Create New Use Cases, Driving Growth



Expanding capabilities of the AI Virtual Smart Sensor Platform



The long-term roadmap to enable Contextual Intelligence



Our AI Virtual Smart Sensor platform and our evolving relationships forms a powerful foundation for future opportunities

Leveraging our AI capabilities to shape the future of connected devices and beyond.

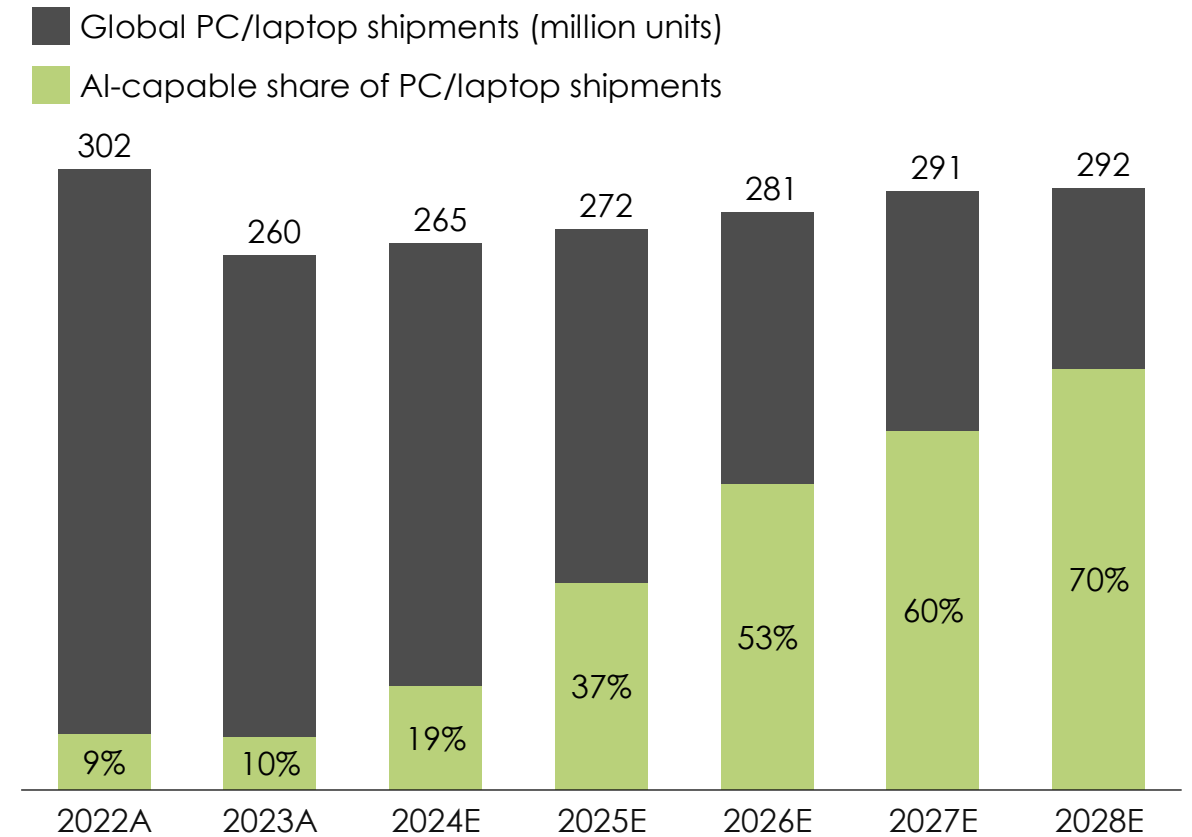
- AI Virtual Smart Sensor Platform
- Connectivity
- Device input
- Service layer

Elliptic Labs in strong position to capitalize on new AI capabilities

Upcoming market demand for AI functionality

- PC market growth from refresh cycle boosted by demand for AI-enabled devices
- AI-capable shipments projected to surpass 100 million units in 2025, just under 40% of all PC shipments
- AI-capable PCs to unlock productivity, personalization and power efficiency
- Elliptic Labs AI Virtual Smart Sensor Platform supporting OEMs to deliver on demand

Forecasted AI-capable PC/laptop share 2024-2028



Capitalizing on market momentum to deliver on targets

What assumptions are we building our ambition on?

Fully monetize existing contracts

Growing end-customer sales

Expand position with existing customers

Seeking significant volume commitments in new contracts

Launch multiple models with more customers

Particularly with our laptop customers

Add more AI Virtual Smart Sensors per device

Increasing value for both customers and ourselves

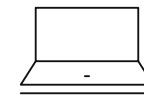
Mid-term target

500

NOK million
revenue

>50%

EBITDA
margin



Laptops key
growth vertical



Continued
Smartphone
expansion



Building position
in the **IoT market**

A person with their hair in a bun is sitting on a ledge at night, looking at a laptop. The background shows a cityscape with many lights, creating a bokeh effect. The overall scene is dimly lit, with the primary light source being the laptop screen and the city lights.

Q&A

**Q4'24 report
February 27th, 2025**

ellipticlabs

AI Virtual Smart Sensor Platform™

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Broad deployment of AI software,
disrupting large global markets

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Appendix

Reported financials

Profit and loss

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	Q3 2024 <i>(Unaudited)</i>	Q3 2023 <i>(Unaudited)</i>	YTD 2024 <i>(Unaudited)</i>	YTD 2023 <i>(Unaudited)</i>	2023 <i>(Audited)</i>
Revenues from contracts with customers		28 224	21 874	84 340	59 104	68 321
Other operating income	9	357	644	1 072	954	1 312
Total revenue and other operating income	2	28 582	22 518	85 413	60 058	69 632
Employee benefits expenses		-23 625	-20 572	-62 310	-58 791	-80 552
Other operating expenses	3	-4 499	-4 860	-14 514	-16 367	-22 599
EBITDA		457	-2 915	8 589	-15 100	-33 519
Depreciation and amortization	5	-5 057	-4 457	-15 003	-11 923	-16 224
Operating expenses		-33 182	-29 890	-91 827	-87 081	-119 375
Operating profit		-4 600	-7 372	-6 414	-27 023	-49 743
Financial income		485	216	7 674	9 169	12 191
Financial expenses		-1 255	-1 462	-3 590	-3 186	-9 306
Net financial income/(expenses)		-770	-1 246	4 084	5 982	2 886
Profit/(loss) before tax		-5 369	-8 618	-2 330	-21 040	-46 857
Income tax expense		1 235	1 690	331	3 212	8 856
Profit/(loss)		-4 135	-6 928	-1 999	-17 828	-38 001
Other comprehensive income:						
Foreign currency rate changes, may be reclassified to profit or loss		-78	-71	189	366	151
Other comprehensive income, net of tax		-78	-71	189	366	151
Total comprehensive income for the period		-4 213	-6 999	-1 810	-17 462	-37 850

Reported financials

Cash flow

(Amounts in 000 NOK)	(Unaudited) Q3 2024	(Unaudited) Q3 2023	(Unaudited) YTD 2024	(Unaudited) YTD 2023	(Audited) 2023
Cash flow from operating activities					
Profit/(loss) before tax	-5 369	-8 618	-2 330	-21 040	-46 857
Adjustment for:					
Taxes paid in the period	-6	8	-6	8	9
Depreciation and amortization	5 057	4 457	15 003	11 923	16 224
Share-based payments	1 002	1 669	4 171	8 413	9 842
Net finance items	652	0	-4 469	0	-3 369
Items classified as investing or financing activities	1 887	141	2 953	454	-1 031
Change in current trade receivable	-17 696	-11 406	-36 280	-36 236	-20 118
Change in trade payables	-2 924	2 065	-417	2 014	2 187
Change in other accruals	-1 674	22	-4 090	-5 850	-2 396
Net cash flows from operating activities	-19 071	-11 661	-25 464	-40 313	-45 509
Cash flow from investing activities					
Purchase of property, plant and equipment	0	0	0	-443	-514
Capitalized development costs	-8 519	-6 343	-23 797	-18 628	-25 099
Interest received	764	0	3 212	0	4 642
Net cash flows from investing activities	-7 755	-6 343	-20 585	-19 072	-20 971
Cash flow from financing activities					
Payments of lease liabilities, classified as financing activities	-1 567	-1 371	-4 536	-2 734	-5 007
Repayments of current borrowings	-1 000	-1 000	-3 000	-3 000	-4 000
Proceeds from issuing shares	0	6 514	4 835	6 514	9 495
Transaction cost listing	0	0	0	0	0
Paid interest on loan	-82	-141	-305	-454	-589
Paid interest on lease liabilities	-456	0	-1 348	0	-1 356
Proceeds from government grants	0	0	0	0	3 663
Net cash flow from financing	-3 105	4 002	-4 354	326	2 206
Net Change in Cash and Cash Equivalents	-29 932	-14 002	-50 402	-59 059	-64 274
Cash and cash equivalents at the beginning of the period	96 895	133 600	115 582	178 219	178 219
Effect of foreign currency rate changes on cash and cash equivalents	-78	-71	189	366	151
Exchange rate effects bank	234	0	1 750	0	1 486
Cash and cash equivalents at the end of period	67 119	119 527	67 119	119 527	115 582

Reported financials

Balance sheet

Assets

		30.09.2024	30.09.2023	31.12.2023
(Amounts in 000 NOK)	Notes	(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Deferred tax assets	8	78 022	72 041	77 685
Intangible assets	4	67 542	54 312	57 814
Right of use assets		16 963	20 634	19 447
Property, plant and equipment	5	383	414	460
Other non-current receivables		7 157	8 716	8 861
Total non-current assets		170 065	156 118	164 266
Current assets				
Current trade receivables		96 892	76 730	60 612
Other current receivables		14 022	9 760	9 448
Cash and cash equivalents	7	67 119	119 527	115 582
Total current assets		178 033	206 017	185 642
Total assets		348 098	362 134	349 909

Equity & liabilities

		30.09.2024	30.09.2023	31.12.2023
(Amounts in 000 NOK)	Notes	(Unaudited)	(Unaudited)	(Audited)
Equity and liabilities				
Share capital		1 053	1 046	1 048
Other equity		313 252	322 042	306 060
Total equity		314 305	323 087	307 109
Liabilities				
Non-current lease liabilities		12 628	16 703	15 874
Non-current borrowings		0	3 000	2 000
Total non-current liabilities		12 628	19 703	17 874
Current liabilities				
Current borrowings		3 000	4 000	4 000
Trade and other current payables		3 438	3 682	3 855
Current tax liabilities		0	0	0
Current lease liabilities		5 341	3 877	3 990
Other current liabilities		9 387	7 784	13 080
Total current liabilities		21 165	19 343	24 926
Total equity and liabilities		348 098	362 134	349 909

Shareholder information

Top 20 shareholders as of 18. Nov. 2024

		Number of shares	% of total shares
1	MP PENSJON PK	10 033 913	9.5%
2	ALDEN AS	7 403 330	7.0%
3	VERDIPAPIRFONDET DNB SMB	5 509 126	5.2%
4	PASSESTA AS	5 299 994	5.0%
5	HORNE	4 665 455	4.4%
6	DANIELSEN	4 374 150	4.2%
7	Bank Pictet & Cie (Europe) AG	3 798 823	3.6%
8	J.P. Morgan SE	3 738 163	3.6%
9	SIX SIS AG	2 820 000	2.7%
10	GHIBLI AS	2 100 000	2.0%
10	GHIBLI AS	2 100 000	2.0%
12	State Street Bank and Trust Comp	2 000 000	1.9%
13	FABRES SCALER	1 600 000	1.5%
14	NUNATAK AS	1 585 447	1.5%
15	NORDNET LIVSFORSIKRING AS	1 549 011	1.5%
16	Danske Invest Norge Vekst	1 475 099	1.4%
17	INVEN2 AS	1 441 670	1.4%
18	Nordnet Bank AB	1 413 232	1.3%
19	AMFIBIEN AS	1 368 222	1.3%
20	Danske Bank A/S	1 333 330	1.3%
	Top 20 shareholders	65 608 965	62.3%
	Other	39 666 003	37.7%
	Total	105 274 968	100.0%

Shares and options owned by BoD, mgmt, and employees as of 18. Nov 2024 (fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	7 421 330	6.6%
Shares owned by Management	4 606 240	4.1%
Allocated Options to Employees and management in shares	6 425 209	5.7%
Allocated Options to Board of Directors	158 000	0.1%
Other shareholders	93 247 398	83.2%
Total	112 099 844	100%

Smartphone and Laptop launch overview

Launches since Q2'24

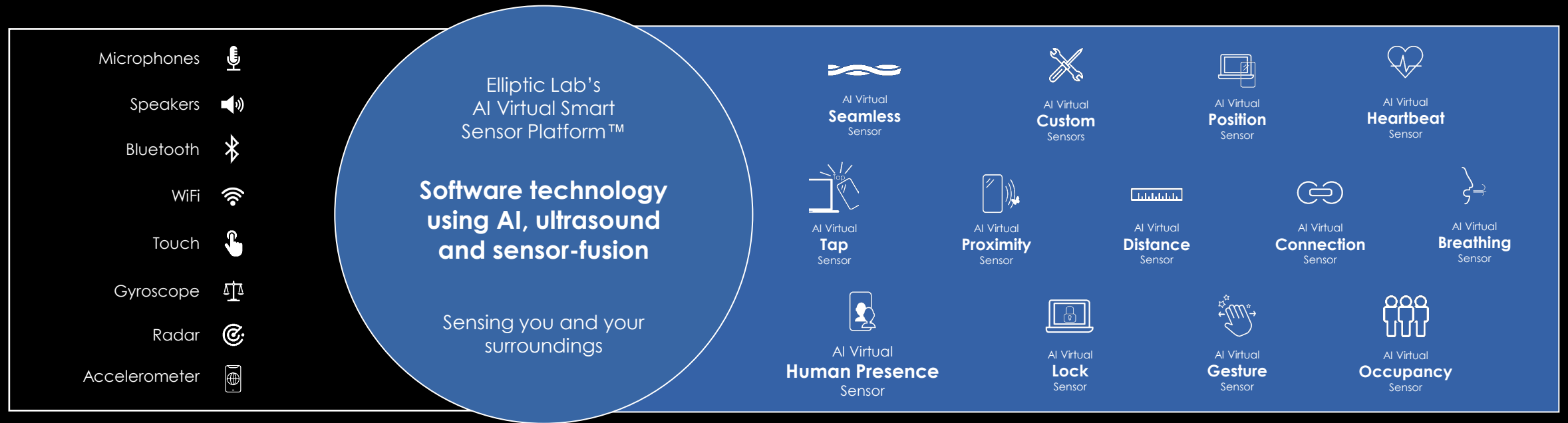
Device type	Month	OEM	Model	AI Virtual Smart Sensor
Q3 2024				
Laptop	September	Lenovo	Thinkpad X1 Carbon Gen 13 Aura edition commercial laptop	AI Virtual Seamless Sensor
Laptop	September	Lenovo	Yoga Slim	AI Virtual Seamless Sensor
Smartphone	July	HONOR	Play 60 Plus	AI Virtual Proximity Sensor
Smartphone	July	Infinix	Note 40S	AI Virtual Proximity Sensor
Smartphone	July	HONOR	X60i	AI Virtual Proximity Sensor
Smartphone	August	TECNO	Camon 30S	AI Virtual Proximity Sensor
Smartphone	August	VIVO	V40 Pro	AI Virtual Proximity Sensor
Smartphone	August	VIVO	iQOO Z9s	AI Virtual Proximity Sensor
Smartphone	August	VIVO	iQOO Z9s Pro	AI Virtual Proximity Sensor
Smartphone	September	Infinix	40 Zero	AI Virtual Proximity Sensor
Smartphone	September	Infinix	40 Zero 5G	AI Virtual Proximity Sensor
Smartphone	September	VIVO	T3 Pro	AI Virtual Proximity Sensor
Smartphone	September	VIVO	Y300 Pro	AI Virtual Proximity Sensor
Smartphone	September	VIVO	T3 Ultra	AI Virtual Proximity Sensor
Smartphone	September	HONOR	Play 9T	AI Virtual Proximity Sensor
Smartphone	September	TECNO	Phantom V Flip 2	AI Virtual Proximity Sensor
Smartphone	September	TECNO	Phantom V Flip Fold 2	AI Virtual Proximity Sensor
Smartphone	September	VIVO	Z9 Turbo+	AI Virtual Proximity Sensor
Events after the quarter				
Laptop	November	Lenovo	Thinkpad X1 Carbon Gen 13 Aura edition commercial laptop	AI Virtual Human Presence Sensor
Smartphone	November	VIVO	V40e	AI Virtual Proximity Sensor
Smartphone	November	RedMI	Note 14 Pro Plus	AI Virtual Proximity Sensor
Smartphone	November	RedMI	Note 14 Pro	AI Virtual Proximity Sensor
Smartphone	November	Infinix	Zero Flip	AI Virtual Proximity Sensor
Smartphone	November	Lava International	AGNI 3	AI Virtual Proximity Sensor
# Smartphone models	21			
# Laptop models ¹	2			

30 1) Laptop models are counted per model launched, not adding up the same model with different AI Virtual Smart Sensors.

AI Virtual Smart Sensors deployed on 500 million + devices, growing across the PC, PC Accessory and Smartphone Markets

Leveraging existing single-purpose sensors...

...to build a suite of AI Virtual Smart Sensors™



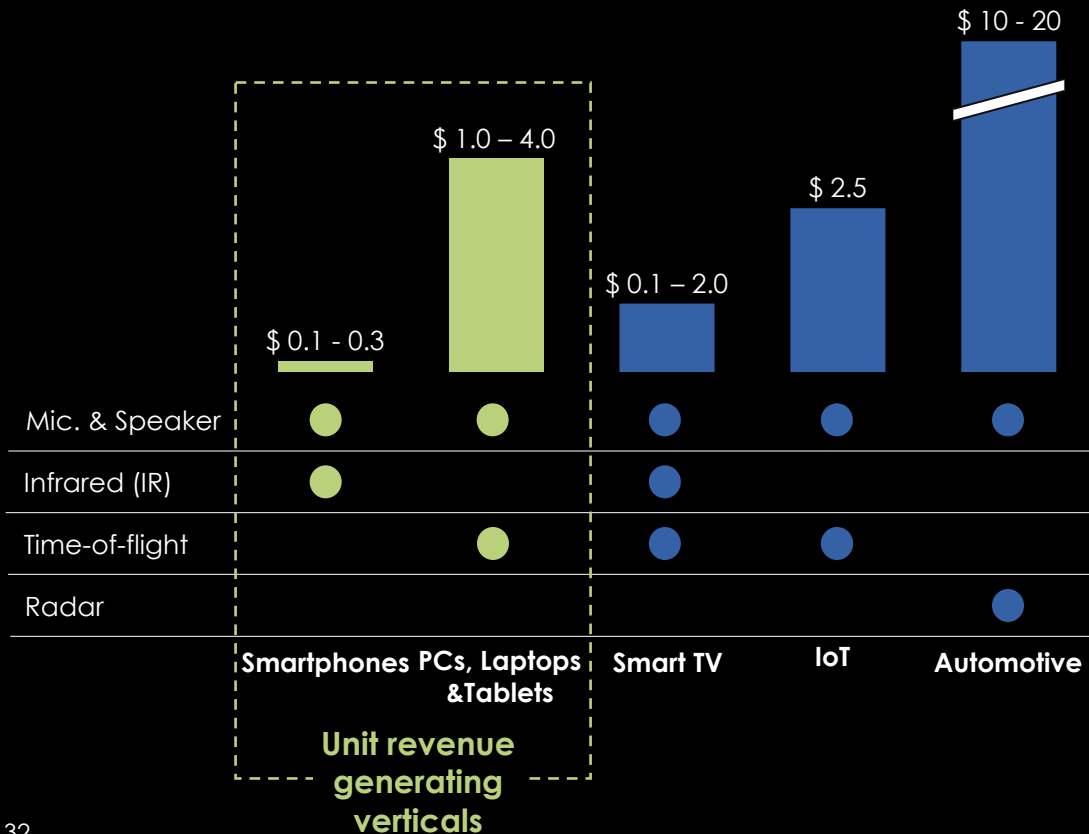
Key benefits

- No added hardware sensors
- Secure and private
- User experience
- AI on the Edge

The AI software sensor platform delivers valuable AI use cases across multiple verticals

Single purpose hardware sensors unit cost

Cost per unit (USD)



Delivering new AI driven use cases, reducing cost, power consumption and environmental footprint

- Customer value creation from innovative new use cases, moving up the software stack
- Replacing hardware sensors with AI Virtual Smart Sensors
- Adding new features and simplified connectivity and interaction between devices
- Safeguarding user privacy as a non-optical, edge-solution
- Reducing cost and power consumption for OEMs

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