

ellipticlabs

Q4 and full-year 2022

CEO Laila Danielsen
CFO & IR Lars Holmøy

Results presentation | February 17, 2022

A woman in a white blazer is smiling and looking towards the camera. In the background, other people are working in a modern office environment. A digital network overlay with glowing nodes and lines is superimposed over the scene, suggesting a high-tech or data-driven environment.

Sensors touch every aspect
of life and drive the digital
transformation

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

Our AI Virtual Smart Sensor Platform™ makes devices intelligent

Leveraging existing single purpose sensors

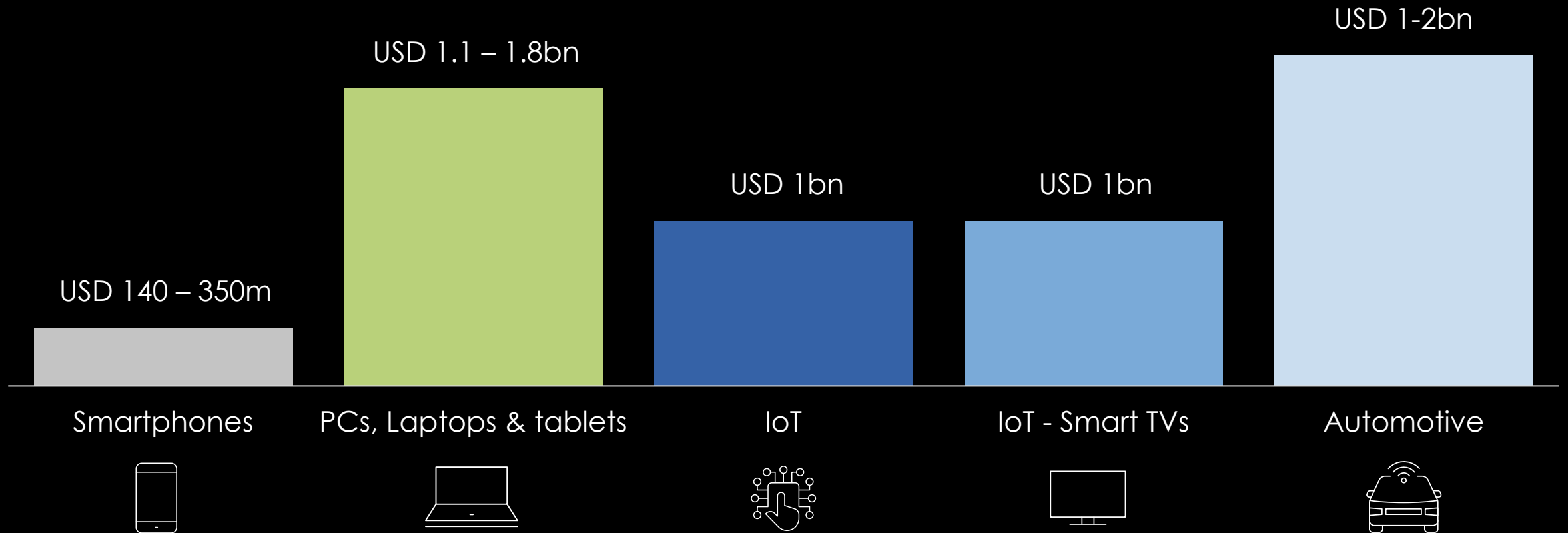
Elliptic Labs' Virtual Smart Sensors™



ellipticlabs

Billions of devices use hardware sensor components

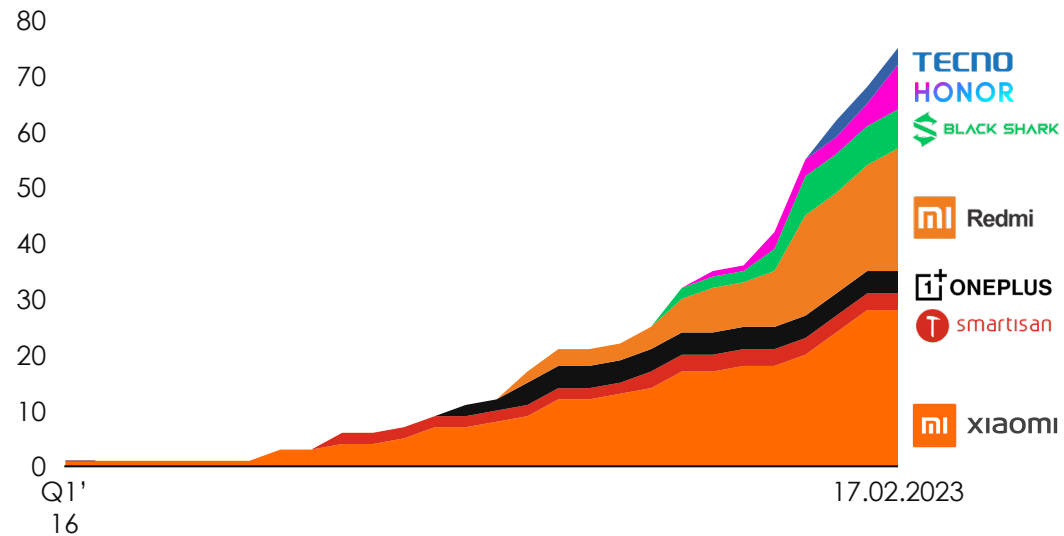
Our USD 5.5 billion market opportunity



Smartphones OEM launches continuing, weaker consumer sentiment

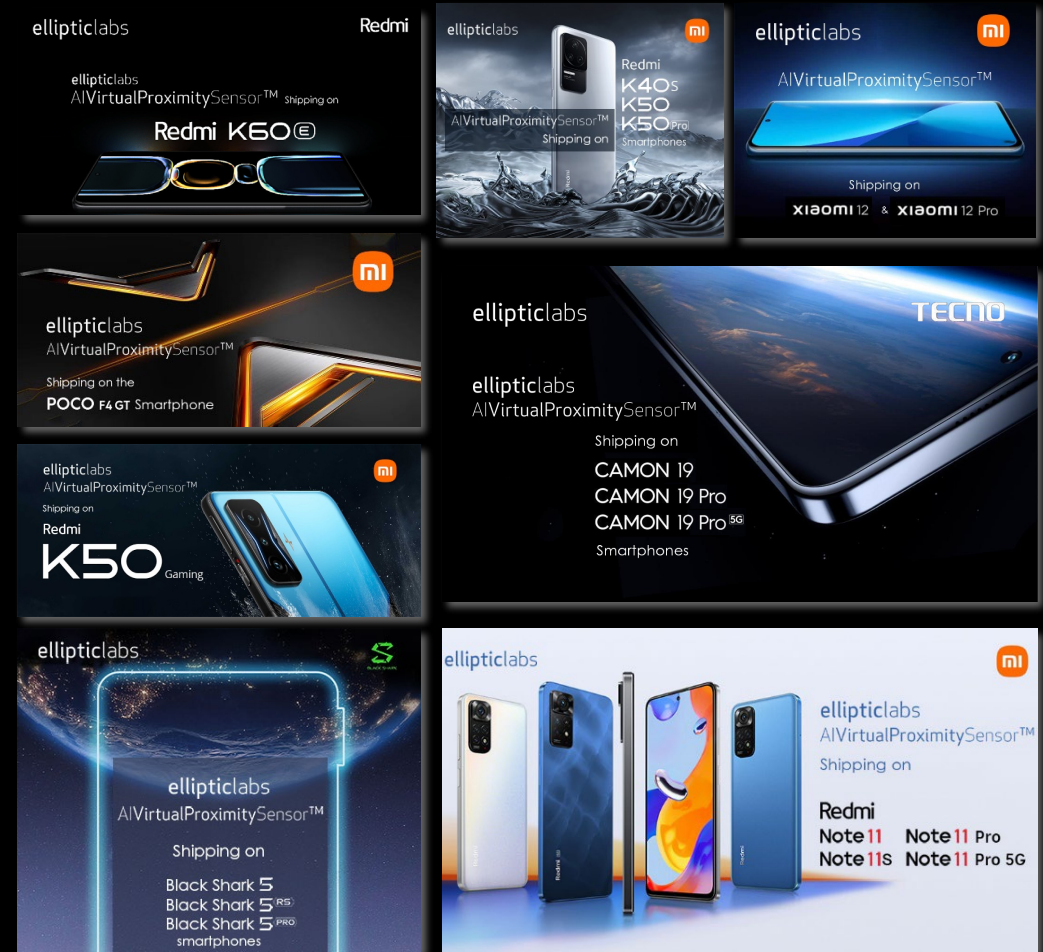
75 models launched to date

Cumulative to date 17.02.2023

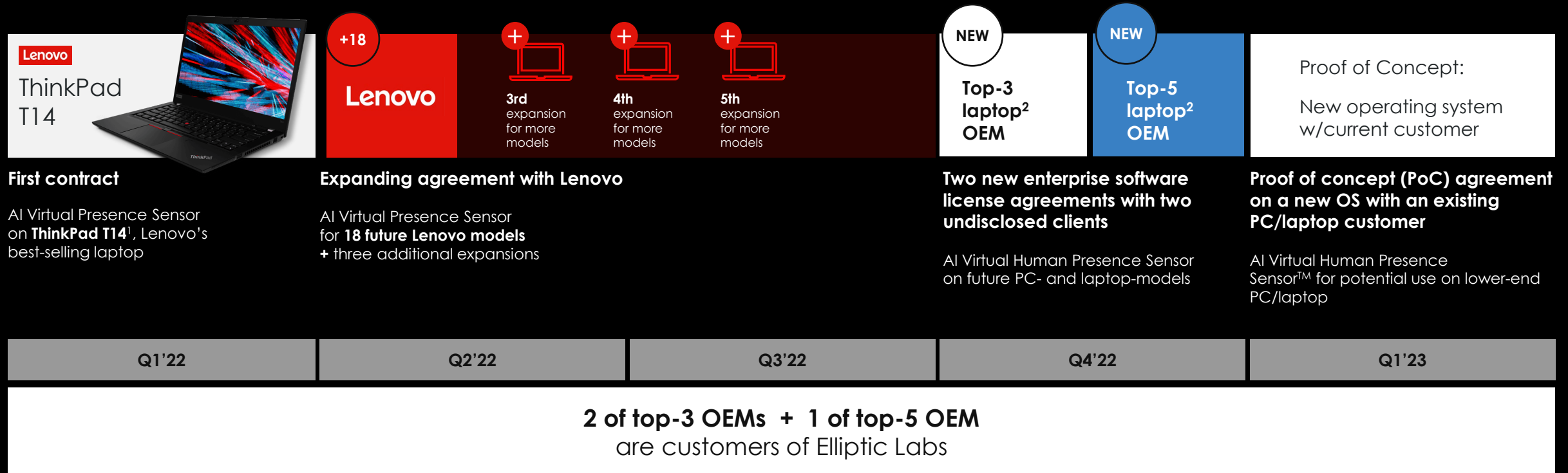


- Leading market position with proven performance allows for rapid adoption without Proof-of-Concept testing
- Market expansion through continued partnerships with Qualcomm & MediaTek
- Contracts with two new undisclosed customers/logos in second half 22 and January 2023, respectively

Announced 33 smartphone launches in 2022 AI Virtual Proximity Sensor™ examples



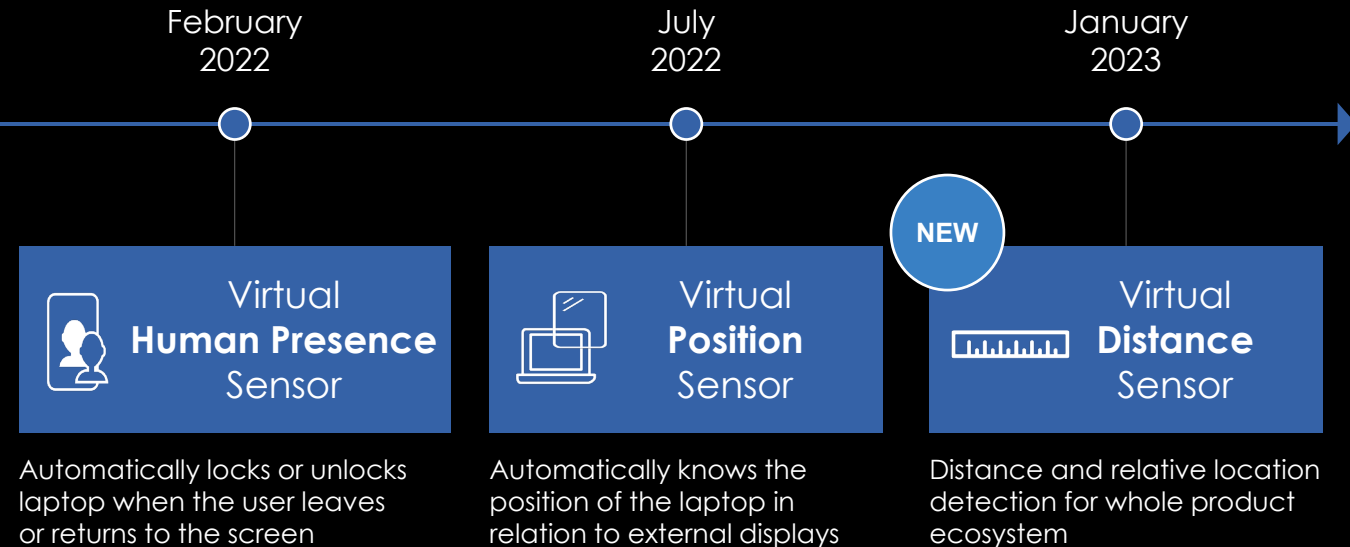
High-paced adoption in laptop vertical continuing into 2023



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.

Rapid expansion of product offering in laptop market

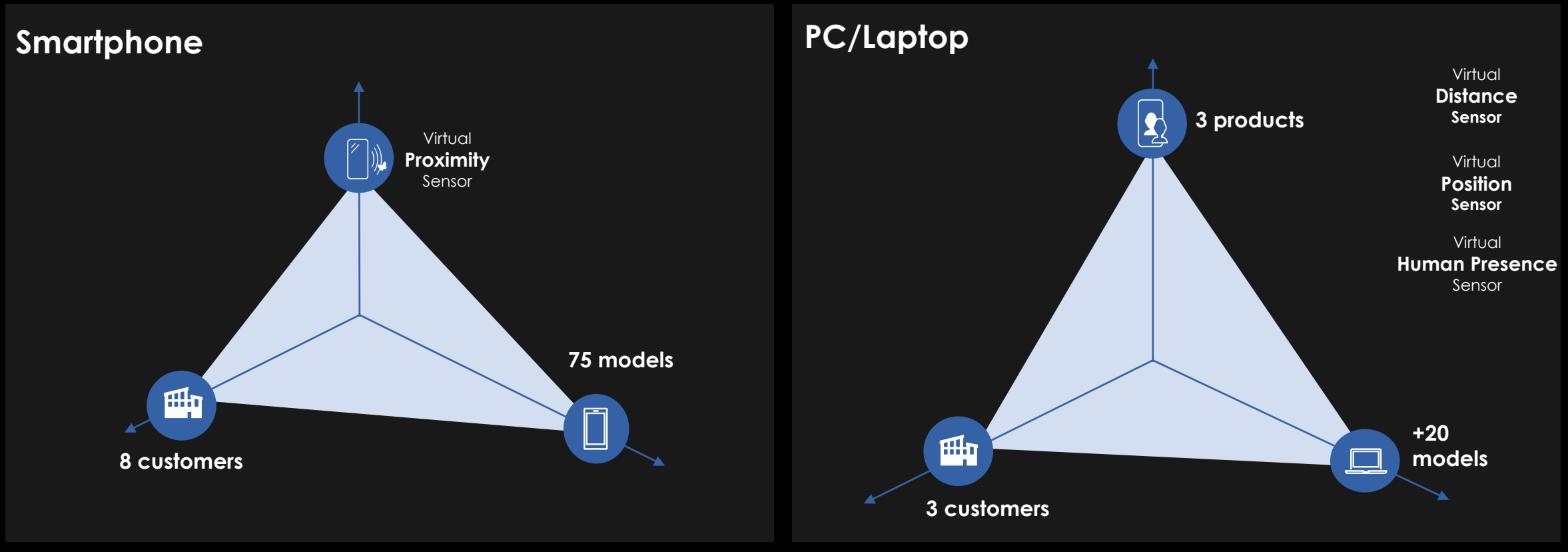
Now launched 3 laptop products...



... increasing value-add to OEMs

- OEMs seek stickiness through differentiated solutions
 - Elliptic Labs in pole position to deliver differentiating functionalities through 100% virtual sensors
- Improved functionality, security and ease of use
- Cost saving with no additional hardware required
- Building and improving product management team

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

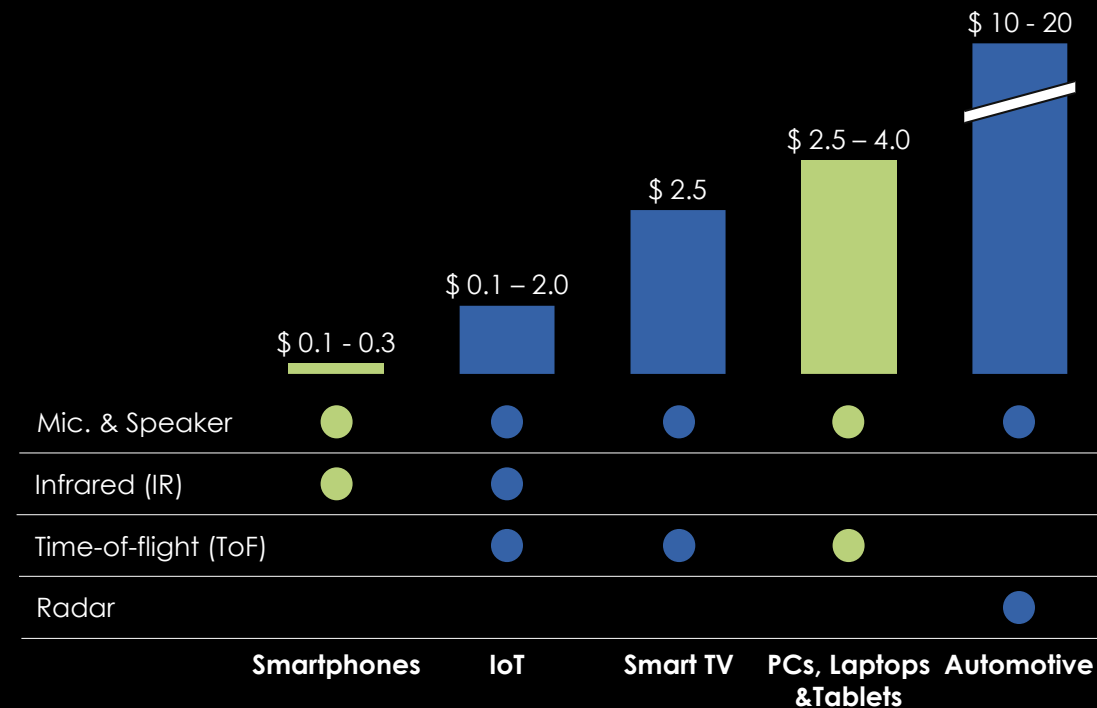


More models, more customers, more AI Virtual Smart Sensors – across more verticals

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
 - 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



Financial review

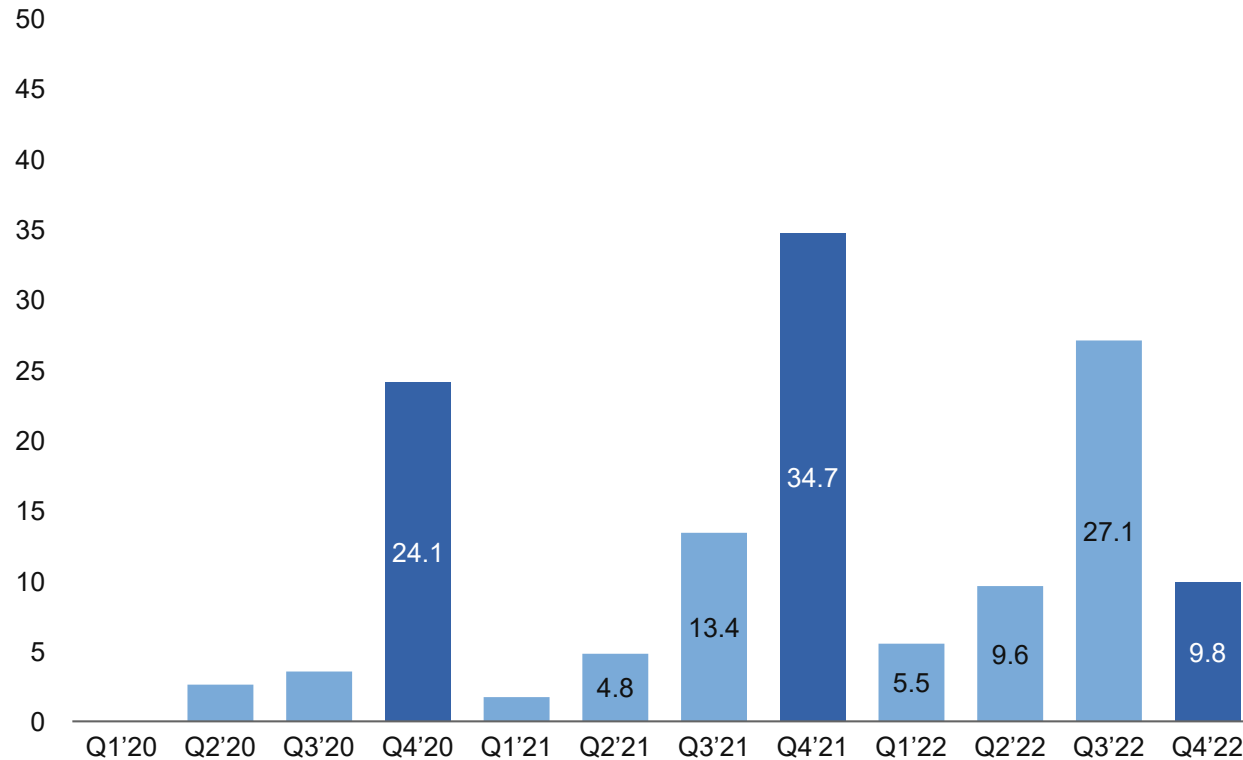
Building out from a solid foundation

CFO Lars Holmøy

Adverse macro environment impacting Q4 2022 revenue

Quarterly revenue from contracts with customers

NOK million



- Fourth quarter historically the strongest quarter
- Clouded end-market visibility and reduced forecasting accuracy for OEMs Q4 2022
 - No full-year 2023 minimum commitment from largest smartphone customer in Q4'22, as the customer moves to shorter-period minimum commitments
 - This resulted in lower revenue performance in the fourth quarter, a large contributor to FY'22 revenue
- Expected uneven progress quarter to quarter first half 2023
 - OEMs clouded visibility for 2023, delays revenue in our target markets

Expanded market opportunity while managing the company efficiently

Condensed Profit & Loss statement

NOK million

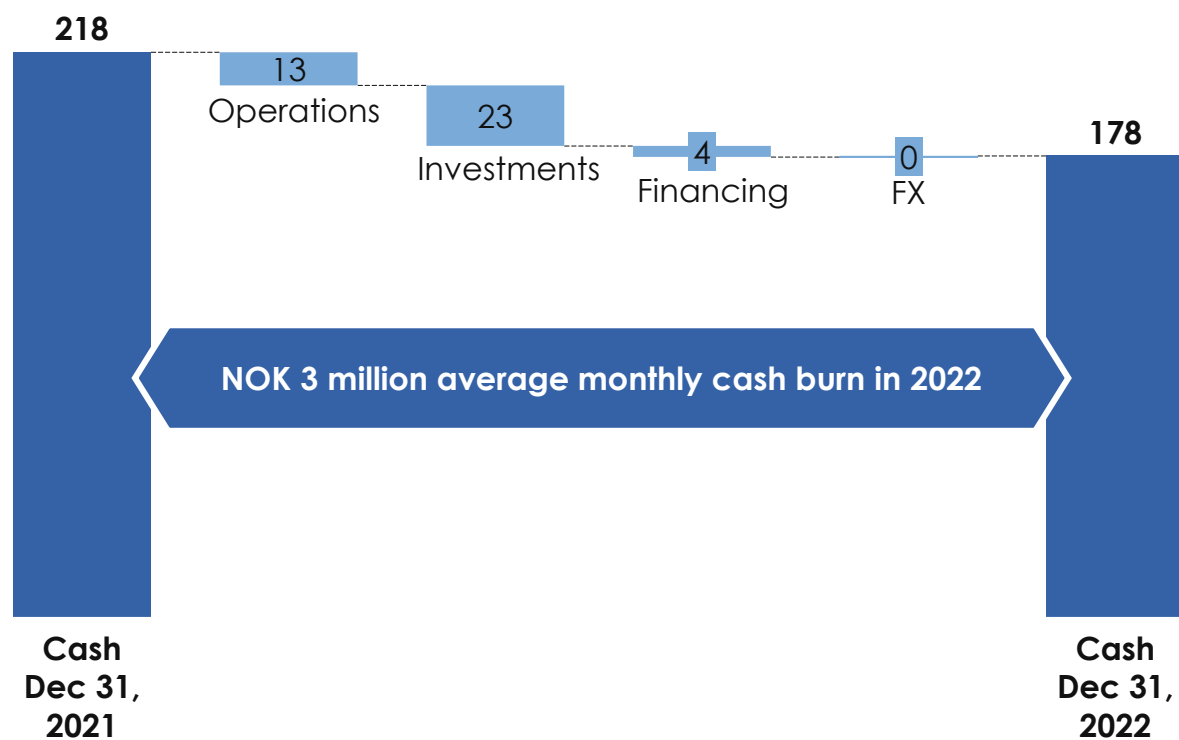
	Q4'22	Q4'21	%YoY	FY'22	FY'21	%YoY
Revenues from contracts with customers	9.8	34.7	-72 %	52.1	54.6	-5 %
Other operating income	0.0	0.0		0.0	8.4	
Total revenue	9.8	34.7	-72 %	52.1	63.0	-17%
Employee benefits expenses	16.9	18.8	-10 %	62.8	50.8	24 %
Other operating expenses	5.5	6.1	-9 %	20.1	15.1	33 %
EBITDA	-12.6	9.8		-30.8	-2.8	
Depreciation and amortisation	3.2	2.1		11.3	8.3	
EBIT	-15.8	7.7		-42.1	-11.1	
Net financials	-7.2	-0.9		2.8	-2.0	
Pre-tax-profit	-23.0	6.8		-39.3	-13.1	
Income tax expense	4.5	-2.5		6.9	1.9	
Profit/loss	-18.5	4.3		-32.4	-11.2	

- Full-year revenue and profitability development impacted by weak Q4 2022
 - Highly scalable 100% software with near zero COGS on current revenues
- Full-year employee benefit expense of NOK 62.8 million +24% vs 2021
- Full-year increase in other operating expenses reflecting increased operative development in more verticals, increased personnel resulting in both software and hardware related cost

Continued strong cash position to support business plan

Full year 2022 cash flow

NOK million



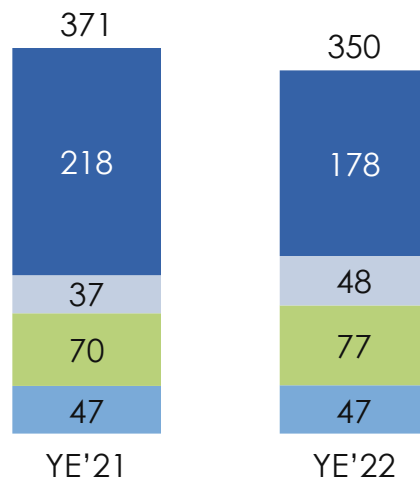
- Operating cash flow of NOK -13 million for the full year 2022
 - From year-end 2021 to year-end 2022 the company has added 13 FTE to a total of 72 employees
 - Investments reflecting R&D of Elliptic's AI Virtual Smart Sensor Platform, Increased with 32% compared to 2021
- Financing mainly reflecting repayment of short-term borrowings to Innovasjon Norge¹
- Low average monthly cash burn of NOK 3 million

Well-funded for continued growth

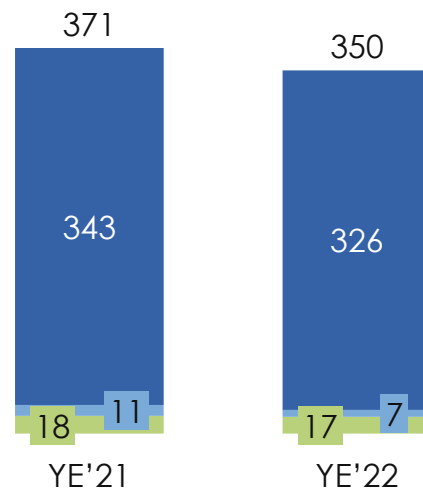
Balance sheet

NOK million

Assets



Equity & liabilities



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

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

- Strong cash position of NOK 178 million at the end of Q4 2022
- Equity ratio of 93.2%
- Long-term liabilities mainly reflect loans from Innovasjon Norge¹
 - Down payment of NOK 4.0 million in 2022

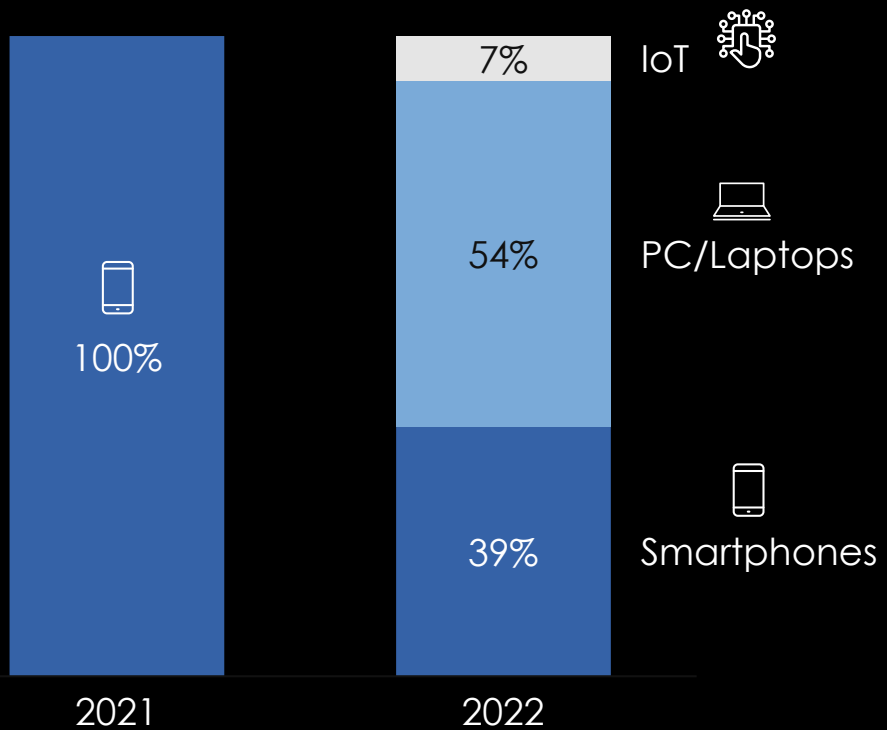


Outlook

CEO Laila Danielsen

Better positioned for long-term growth

Revenue split development



Long-term sustainable end-user demand
across Elliptic Labs current target markets



Solid momentum in the PC vertical fueled by strong technology and healthy cash balance

Long-term outlook intact but the NOK 500 million revenue target will be delayed into 2024-25

- Lumpy demand and quarterly fluctuations in the near-term

Increasing laptop revenues from existing contracts

- Initial Q4'22 laptop revenue from 1 of 20+ currently contracted models across three laptop customers

Settling commercial negotiations with new Laptop OEMs

Continued traction in the smartphones market

Exploring new frontiers in IoT space

Revenue

500

NOK million

EBITDA

>50%



Laptops our next key growth vertical



Continued Smartphone expansion



Building position in the IoT market

Q&A



Short-term target (2024-25)

Revenue

500

NOK million

EBITDA

>50%



Laptops our next key growth vertical



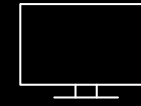
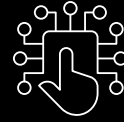
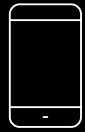
Continued Smartphone expansion



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

Flexible pricing model: Volume based license fee per unit/device, per virtual sensor, Subscription fee, or Enterprise/annual license fee

Reported financials

Profit and loss

<i>(Amounts in 000 NOK)</i>	Notes	Q4 2022 (Unaudited)	Q4 2021 (Unaudited)	2022 (Unaudited)	2021 (Audited)
Revenues from contracts with customers		9 848	34 669	52 062	54 598
Other operating income	8	—	—	—	8 438
Total revenue and other operating income	2	9 848	34 669	52 062	63 036
Employee benefits expenses		-16 935	-18 784	-62 802	-50 807
Other operating expenses	3	-5 556	-6 131	-20 073	-15 058
EBITDA	4	-12 643	9 754	-30 814	-2 829
Depreciation and amortisation	4	-3 160	-2 095	-11 317	-8 311
Operating expenses		-25 651	-27 010	-94 193	-74 176
Operating profit		-15 803	7 658	-42 131	-11 140
Financial income		1 926	2 022	17 317	3 730
Financial expenses		-9 153	-2 874	-14 488	-5 683
Net financial income/(expenses)		-7 227	-853	2 829	-1 953
Profit/(loss) before tax		-23 030	6 806	-39 302	-13 093
Income tax expense		4 472	-2 483	6 846	1 878
Profit/(loss)		-18 558	4 323	-32 456	-11 215
Other comprehensive income:					
Foreign currency rate changes, may be reclassified to profit or loss		-399	7	416	59
Other comprehensive income, net of tax		-399	7	416	59
Total comprehensive income for the period		-18 956	4 330	-32 040	-11 156

Reported financials

Cash flow

(Amounts in 000 NOK)	(Unaudited) Q4 2022	(Unaudited) Q4 2021	(Unaudited) 2022	(Audited) 2021
Cash flow from operating activities				
Profit/(loss) before tax	-23 030	6 806	-39 302	-13 093
Adjustment for:				
Taxes paid in the period	—	-24	745	-12
Depreciation	3 160	2 095	11 317	8 311
Share-based payments	2 932	7 157	12 464	10 349
Items classified as financing activities	153	148	571	653
Change in current trade receivable	588	-16 409	-11 469	-28 599
Change in trade payables	501	1 259	-1 361	2 040
Change in other accruals	4 181	10 264	14 276	9 528
Net cash flows from operating activities	-11 514	11 296	-12 758	-10 823
Cash flow from investing activities				
Capitalized development costs	-7 378	-9 200	-23 327	-17 610
Net cash flows from investing activities	-7 378	-9 200	-23 327	-17 610
Cash flow from financing activities				
Payments of lease liabilities, classified as financing activities	-988	-558	-2 662	-2 232
Repayments of current borrowings	-1 000	-2 000	-4 000	-4 000
Proceeds from issuing shares	—	10 060	2 972	162 218
Payments for share issue costs	—	-12	—	-8 533
Interests paid, classified as financing activities	-153	-148	-571	-653
Net cash flows from financing activities	-2 141	7 342	-4 261	146 800
Net Change in Cash and Cash Equivalents	-21 033	9 438	-40 347	118 367
Cash and cash equivalents at the beginning of the period	199 651	208 705	218 151	99 724
Effect of foreign currency rate changes on cash and cash equivalents	-399	7	416	59
Cash and cash equivalents at the end of period	178 219	218 151	178 219	218 151

Reported financials

Balance sheet

Assets

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	31/12/22 <i>(Unaudited)</i>	31/12/21 <i>(Audited)</i>
Non-current assets			
Deferred tax assets	7	69 380	62 534
Intangible assets	4	47 574	36 564
Right of use assets		2 256	2 790
Other non-current receivables		5 038	4 517
Total non-current assets		124 247	106 406
Current assets			
Current trade receivables		40 495	29 025
Other current receivables		6 905	17 773
Cash and cash equivalents	6	178 219	218 151
Total current assets		225 619	264 949
Total assets		349 866	371 356

Equity & liabilities

Share capital	1 041	1 038
Other equity	325 124	341 731
Total equity	326 165	342 769
Non-current lease liabilities	523	530
Non-current borrowings	6 000	10 000
Total non-current liabilities	6 523	10 530
Current borrowings		
	4 000	4 000
Trade and other current payables	1 668	3 029
Current tax liabilities	—	—
Current lease liabilities	2 184	2 611
Other current liabilities	9 327	8 416
Total current liabilities	17 179	18 056
Total equity and liabilities	349 866	371 356

Shareholder information

Top 20 shareholders as of 13. Feb 2023

	Number of shares	% of total shares
1 PASSESTA AS	12 800 480	12,3%
2 MP PENSJON PK	8 616 157	8,3%
3 ALDEN AS	7 403 330	7,1%
4 HORNE	5 028 350	4,8%
5 VINTERSTUA AS	4 865 691	4,7%
6 J.P. Morgan SE	4 409 132	4,2%
7 DANIELSEN	4 374 150	4,2%
8 VERDIPAPIRFONDET DNB SMB	3 242 438	3,1%
9 SIX SIS AG	2 827 000	2,7%
10 GHIBLI AS	2 100 000	2,0%
11 NORDNET LIVSFORSIKRING AS	2 085 896	2,0%
12 NUNATAK AS	1 885 339	1,8%
13 FABRES SCALER	1 600 000	1,5%
14 Danske Invest Norge Vekst	1 512 700	1,5%
15 Nordnet Bank AB	1 442 969	1,4%
16 INVEN2 AS	1 441 670	1,4%
17 Danske Bank A/S	1 333 330	1,3%
18 BRYHNI.COM AS	1 262 025	1,2%
19 Pictet & Cie (Europe) S.A.	1 223 304	1,2%
20 VERDIPAPIRFONDET PARETO INVESTMENT	1 117 999	1,1%
Top 20 shareholders	70 571 960	67,8%
Other	33 502 250	32,2%
Total	104 074 210	100,0%

Shares and options owned by BoD, mgmt, and employees as of 13. Feb 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	5 306 474	4,9%
Other shareholders	79 266 160	72,5%
Total	109 380 684	100%

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