

ellipticlabs

Q4 2023



CEO Laila Danielsen
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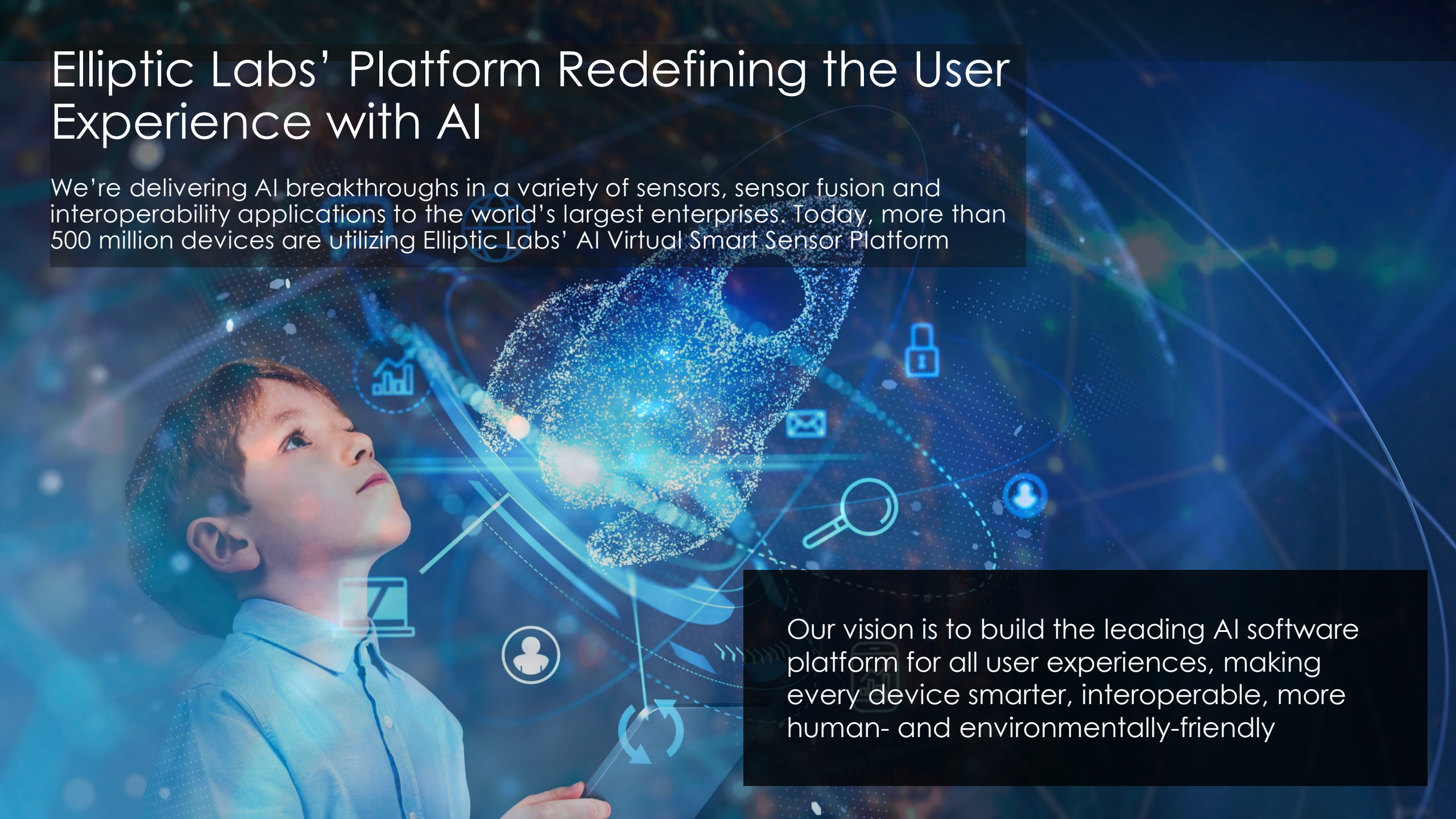


CFO & IR Lars Holmøy
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Results presentation | February 15, 2024

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

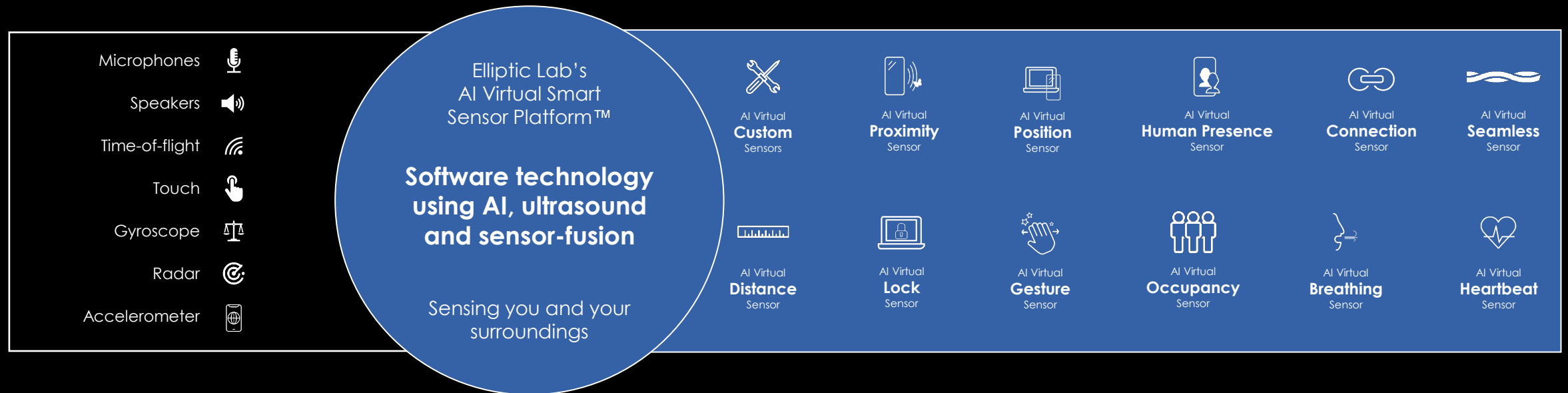


Our vision is to build the leading AI software platform for all user experiences, making every device smarter, interoperable, more human- and environmentally-friendly

Our AI Virtual Smart Sensors are deployed on more than 500 million devices, with recent entry into the PC market

Leveraging existing single-purpose sensors...

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



Key benefits

No added hardware sensors

Secure and private

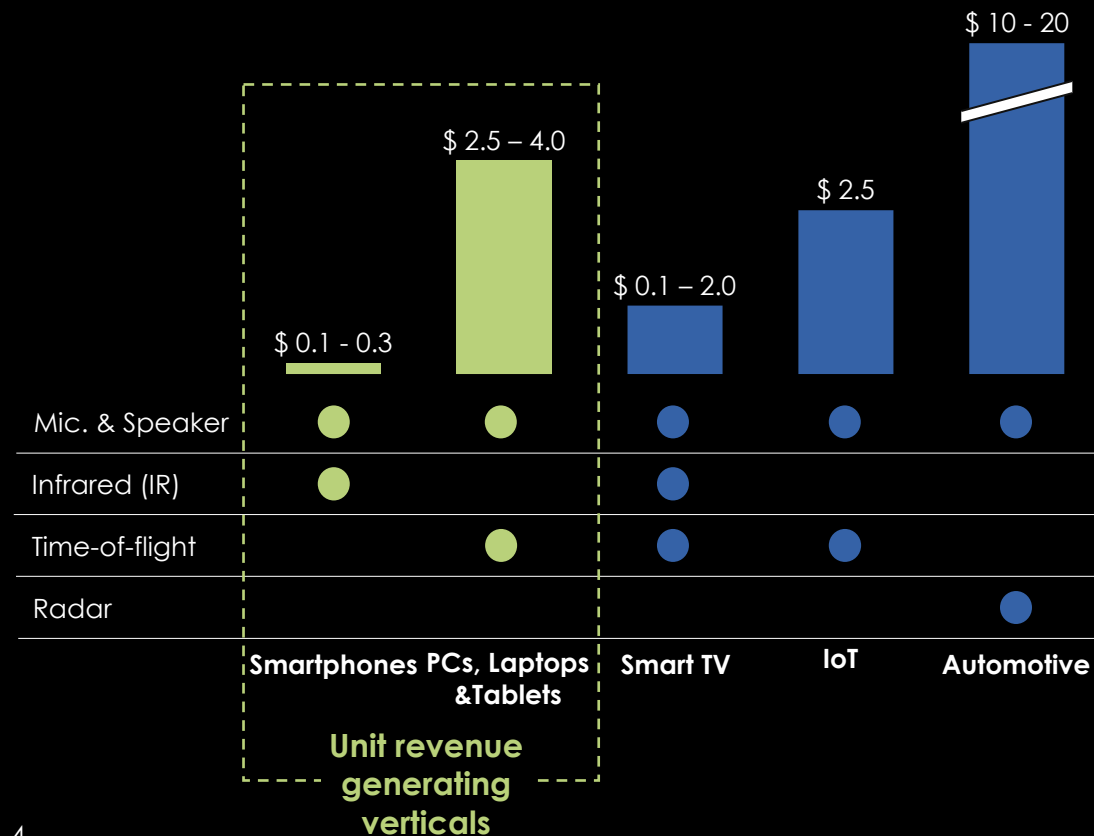
User experience

AI on the Edge

Our 100% software sensors are competing with high-cost single-purpose hardware sensors

Hardware sensors unit cost

Cost per unit (USD)

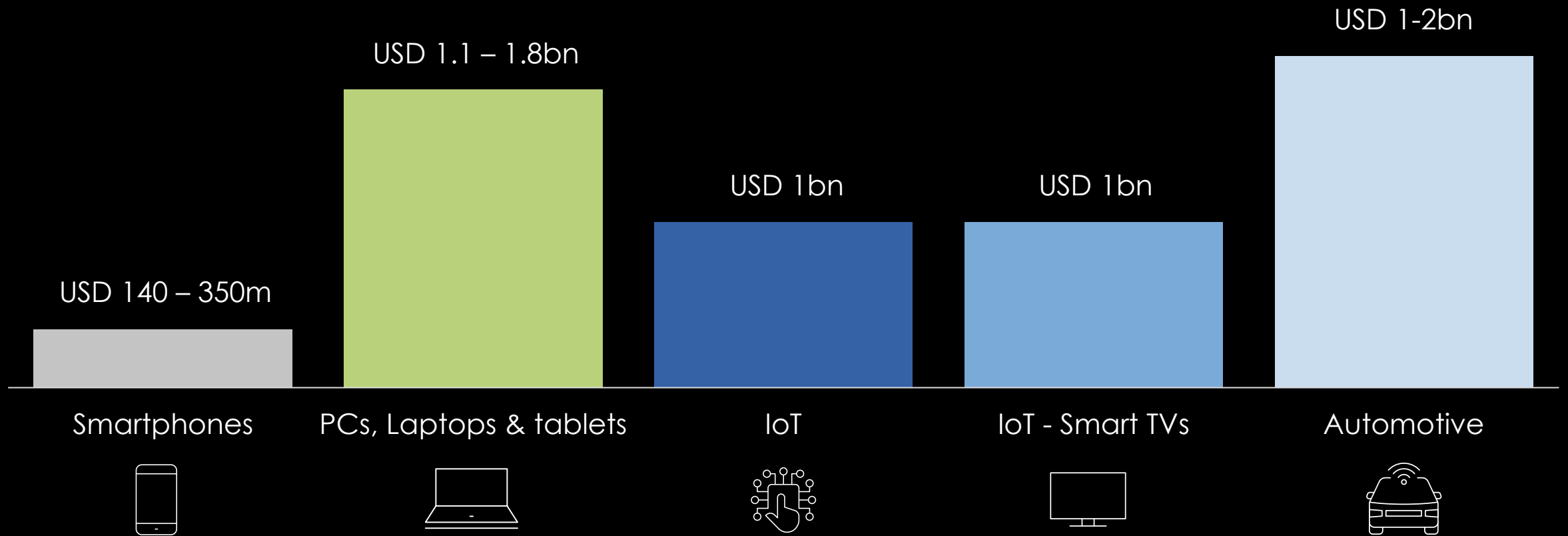


Reducing cost, risk and environmental footprint

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

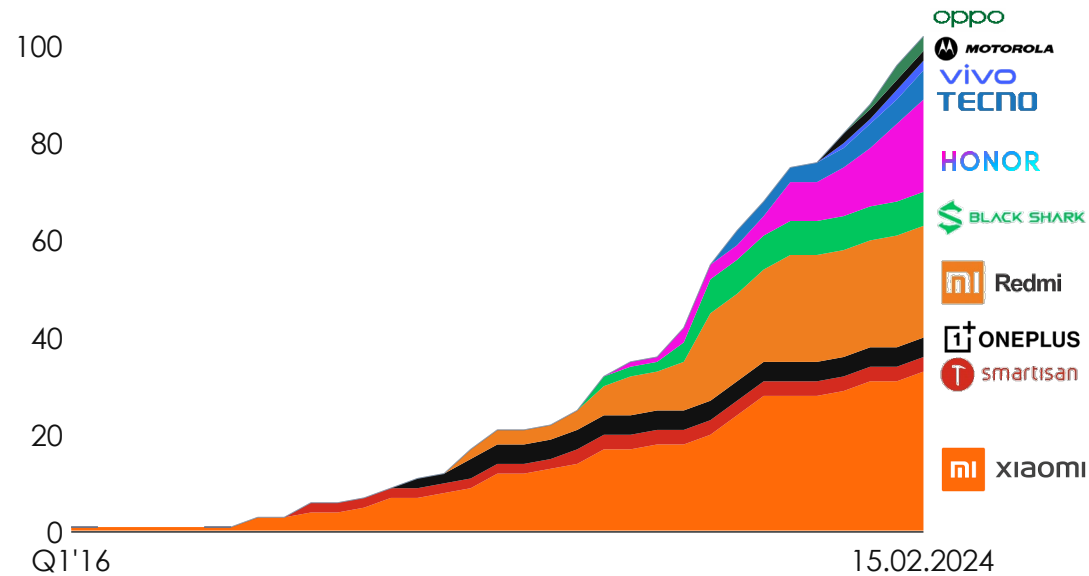
Billions of devices use hardware sensor components

Our USD 5.5 billion market opportunity



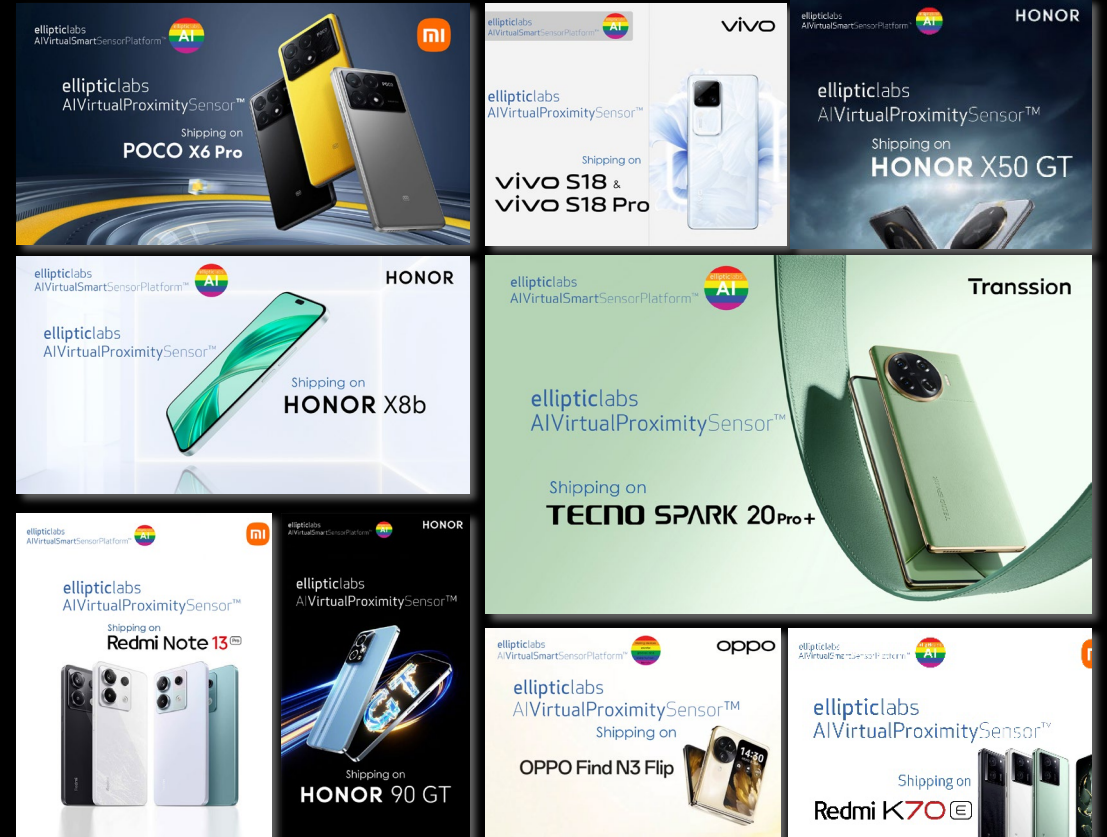
Smartphones OEM launches continuing

102 models launched to date
Cumulative to date 15.02.2024



- 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

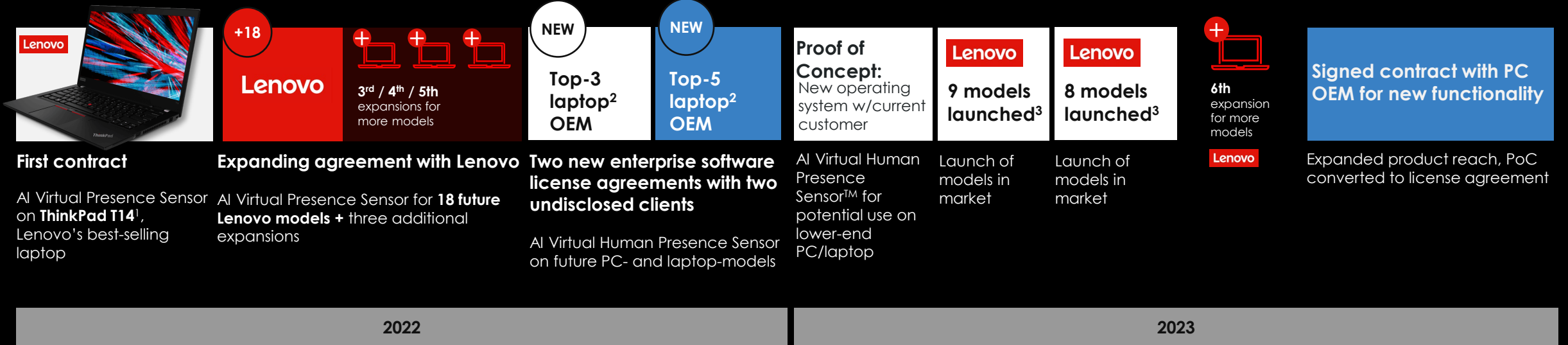
Range of new launches announced in 2023/2024 AI Virtual Proximity Sensor™ examples



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High-paced adoption in laptop vertical through 2023

4 of top-6 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 our significant contract base into revenue takes time

Time to revenue slow-down due to inventory back-log



Evaluating

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



Negotiating

long-term agreements with globally leading OEMs



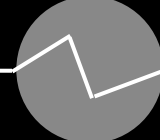
Contract

announcement typically for multiple models



Launching

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



Revenue from:
shipped units with
AI Virtual Smart Sensors



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

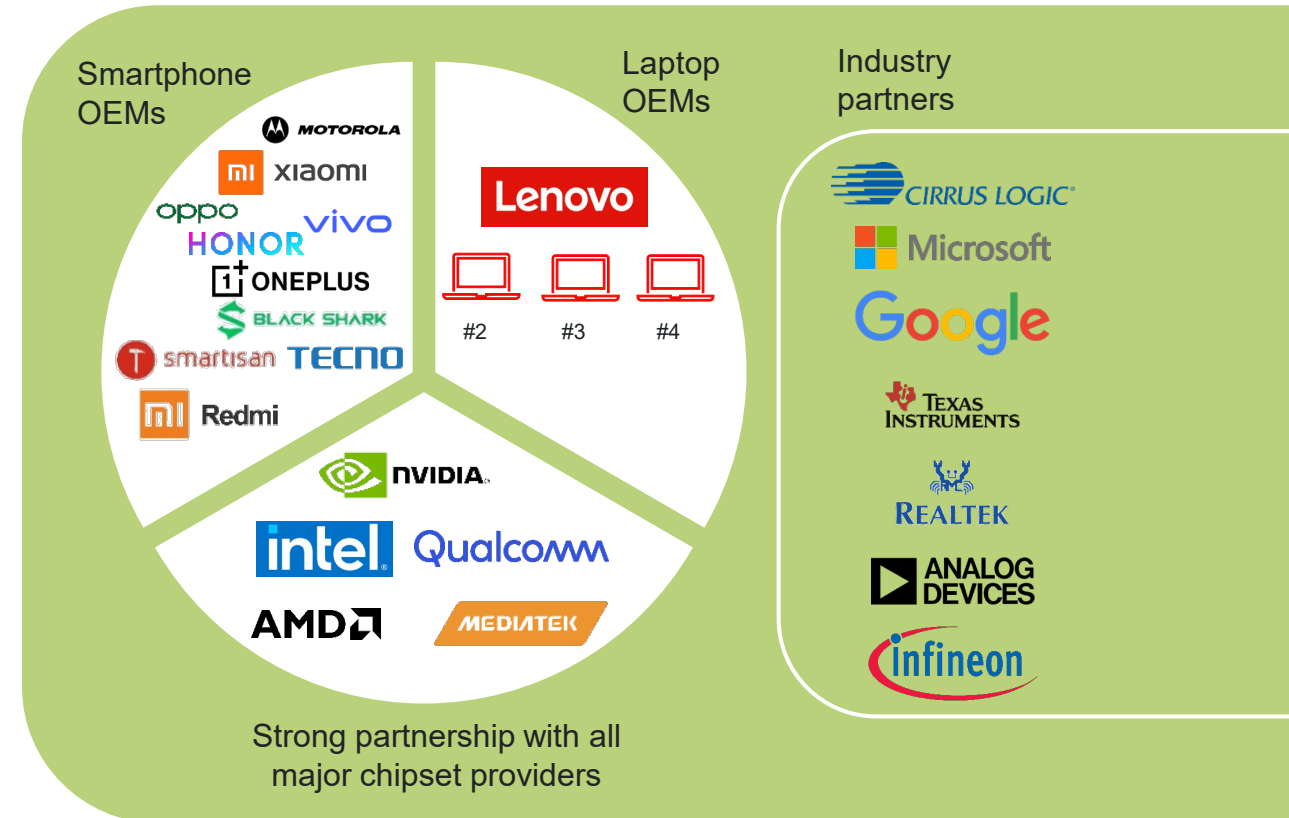
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Shaping the future of AI Virtual Smart Sensors for the PC industry

Elliptic Labs setting the market standard

- Joined the MIPI alliance - defining new architecture and industry standards together with key global ecosystem players
- Close collaboration with leading PC OEMs with aligned development roadmaps
- Key players acknowledge our role in shaping the future of advanced use cases
- Ecosystem incentivized to ensure chipsets, components, and architectures are certified for Elliptic virtual sensors

Leadership position across the full ecosystem



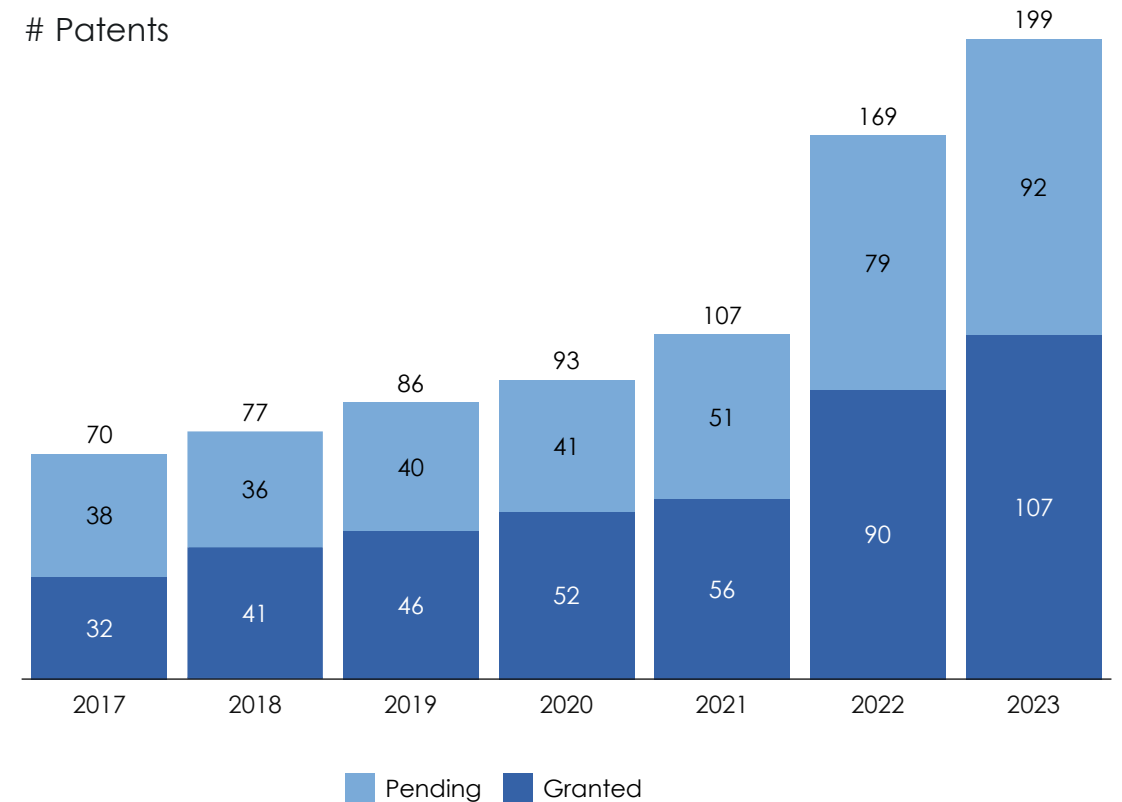
Poised to be the key innovator in the ecosystem

Leading innovator in AI Virtual Smart sensors

- Patent protected market leading product portfolio
- Unique offering to our customers with increasing impact on user experience
- Continuous product development to enable new functionalities for laptops and smartphones

Patent development

Patents



Penetrating laptop market from leading technology position

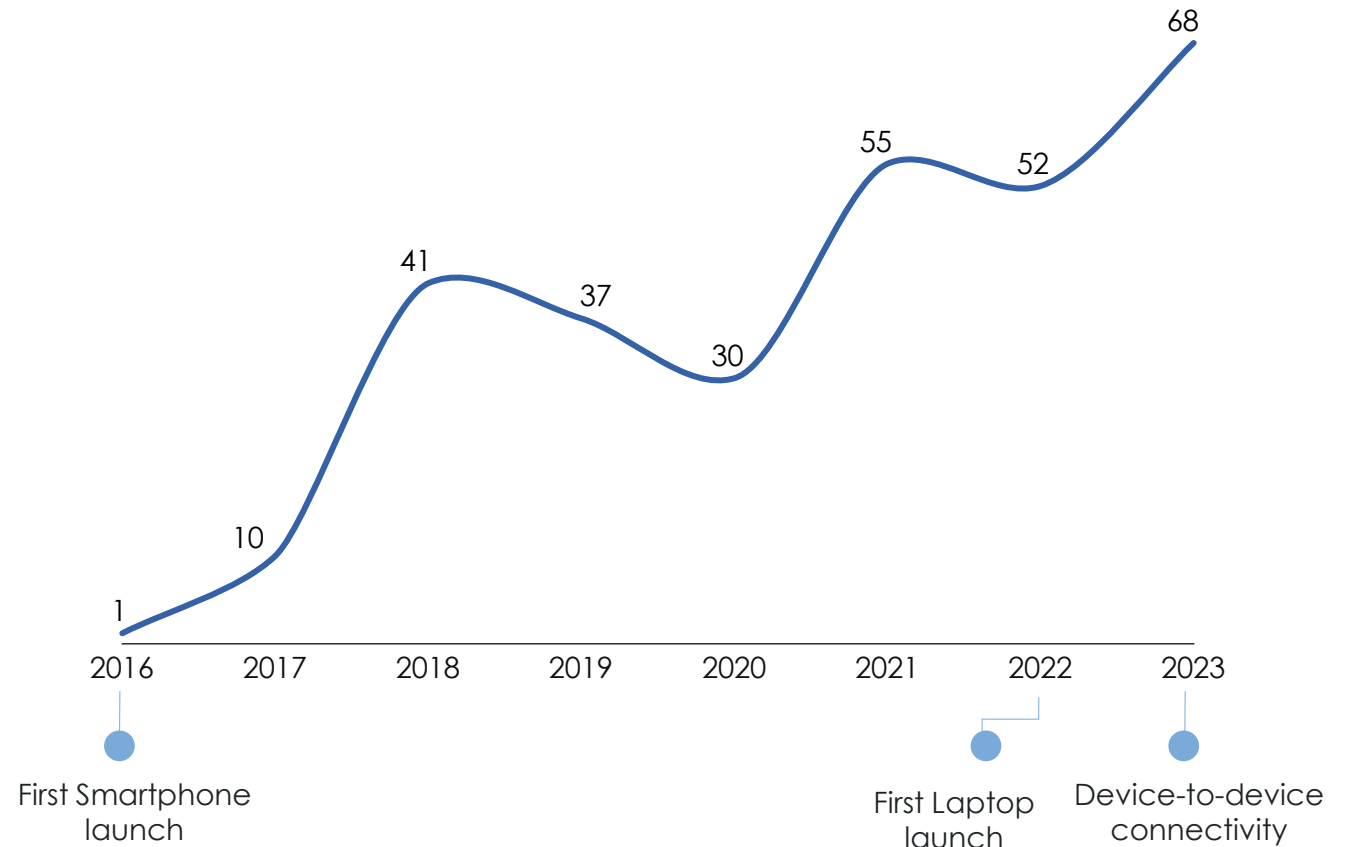
Revenue from customers

NOK Million

- Elliptic Labs the only company that has delivered AI Virtual Smart Sensors at scale
- The PC market adopts new technology at a more measured pace than smartphones
- Once integrated with a PC OEM, our technology gains greater stickiness
- Allowing higher prices for our AI Virtual Smart Sensor Platform

Revenue from customers

NOK Million



Stronger than ever strategical, technical and commercial position

Engaging a vast global market...

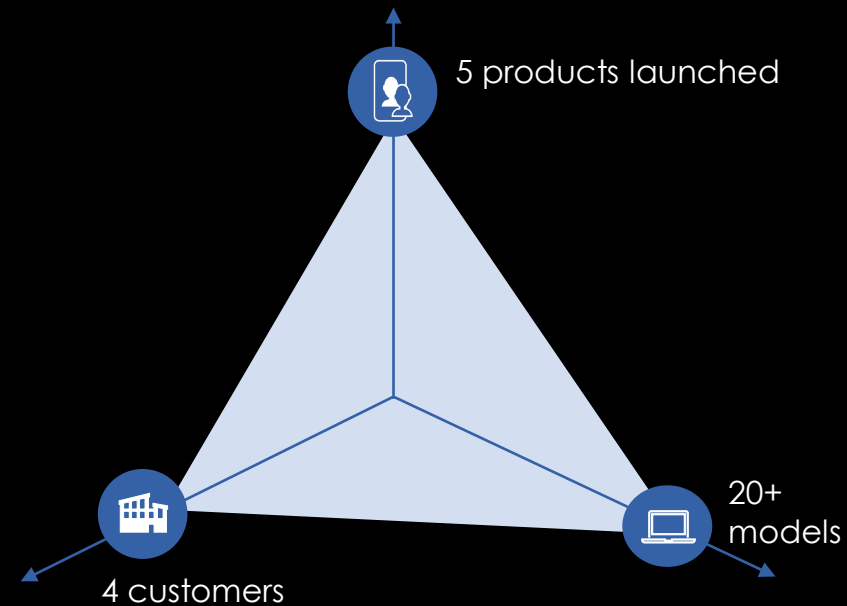
USD 1.1 – 1.8bn



Global PC, laptops and tablets market



...with multiple opportunities for expansion



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



Financial review

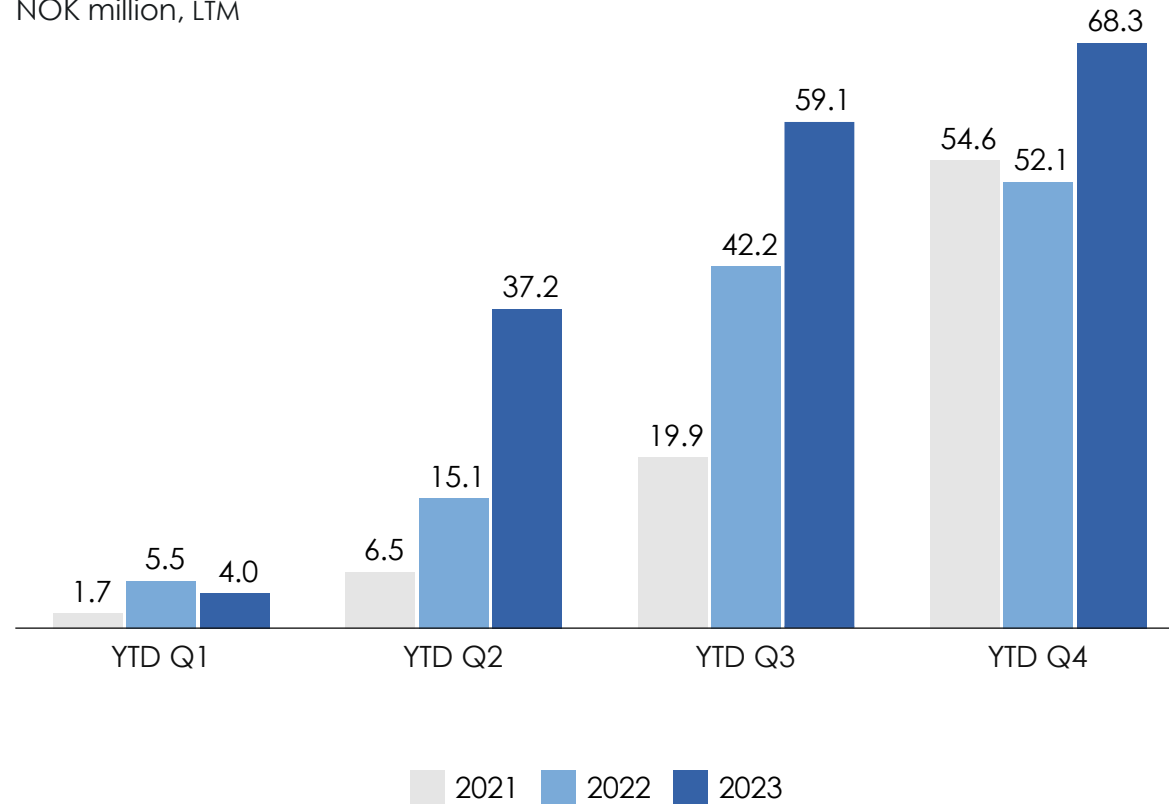
Setting the foundation for long-term growth

CFO Lars Holmøy

Solid trajectory in 2023

YTD revenue from contracts with customers

NOK million, LTM



- Contracts with customers up 31% year-on-year in 2023
- Delay in laptop revenues due to timing of launch in the market

Growing organization to meet demand

Condensed Profit & Loss statement

NOK million

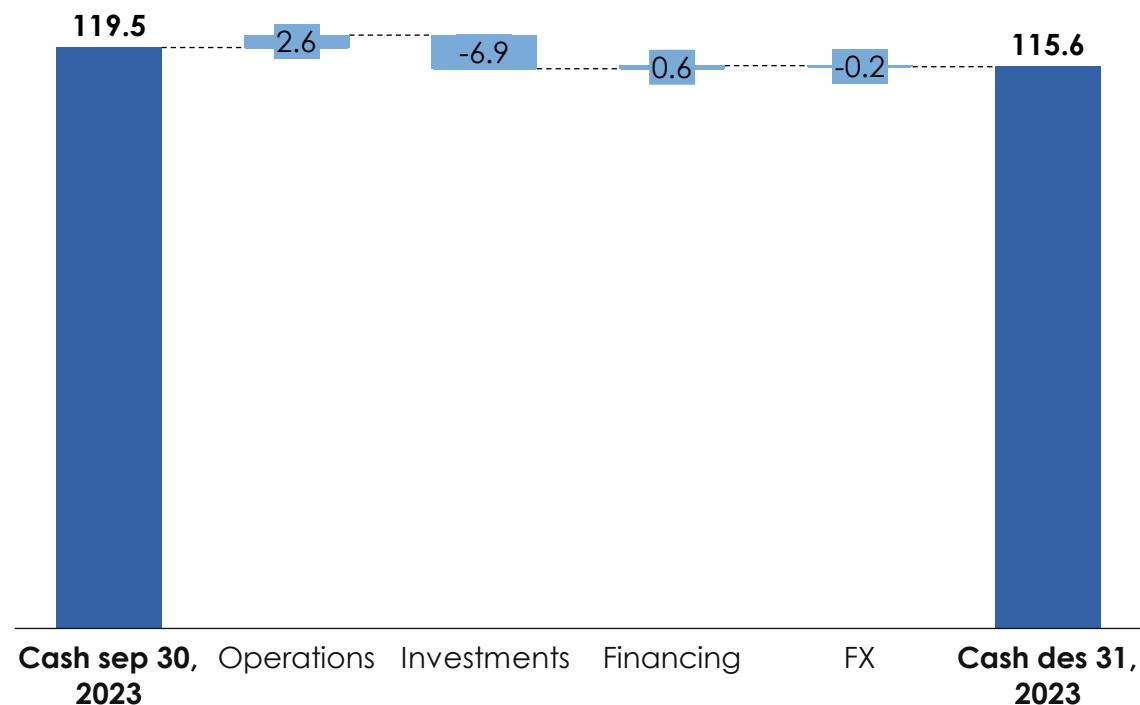
| | Q4'23 | Q4'22 | %YoY | 2023 | 2022 | %YoY | Q3'23 |
|--|--------------|--------------|---------------|--------------|--------------|---------------|-------------|
| Revenues from contracts with customers | 9.2 | 9.8 | -6.4 % | 68.3 | 52.1 | 31.2 % | 21.9 |
| Other operating income | 0.4 | 0.0 | - | 1.3 | 0.0 | - | 0.6 |
| Total revenue | 9.6 | 9.8 | -2.8 % | 69.6 | 52.1 | 33.7 % | 22.5 |
| Employee benefits expenses | 21.8 | 16.9 | 28.5 % | 80.6 | 62.8 | 28.3 % | 20.6 |
| Other operating expenses | 6.2 | 5.5 | 12.3 % | 22.6 | 20.1 | 12.6 % | 4.9 |
| EBITDA | -18.4 | -12.6 | | -33.5 | -30.8 | | -2.9 |
| Depreciation and amortisation | 4.3 | 3.2 | | 16.2 | 11.3 | | 4.5 |
| EBIT | -22.7 | -15.8 | | -49.7 | -42.1 | | -7.4 |
| Net financials | -3.1 | -7.2 | | 2.9 | 2.8 | | -1.2 |
| Pre-tax-profit | -25.8 | -23.0 | | -46.9 | -39.3 | | -8.6 |
| Income tax expense | 5.6 | 3.9 | | 8.9 | 6.3 | | 1.7 |
| Profit/loss | -20.2 | -19.1 | | -38.0 | -33.0 | | -6.9 |

- Full year 2023 total revenue of NOK 69.6m (+33%) and Q4'23 revenue of NOK 9.6m (-2,8%)
- Growing organization to meet demand
 - Employee benefit expenses of NOK 21.8m, up from NOK 20.6m in the third quarter and NOK 16.9m same period last year
 - Cost for the share option program NOK 1.4m in the quarter down from NOK2.9 same period last year. Cost for the share option program for the full year of NOK 9.8 NOK down from 12.5 in 2022
 - An increase of 13 FTEs from Q4 2022

Positive operational cash flow with continued strong cash position

Q4 2023 cash flow

NOK million



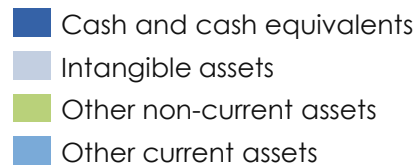
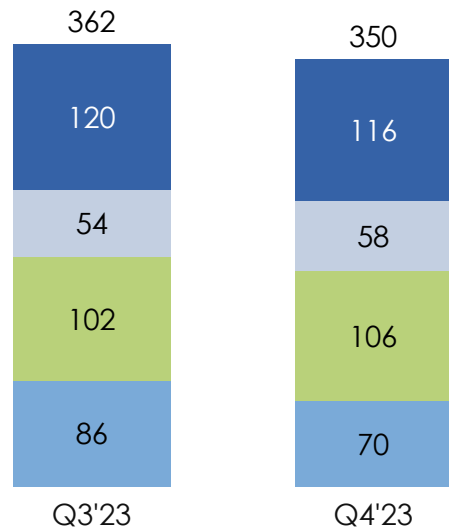
- Operating cash flow of NOK 2.6 million
 - Primarily attributed to NOK 16.1m decrease in accounts receivables and changes in other accruals
- Investments reflecting R&D of Elliptic Labs' AI Virtual Smart Sensor Platform
 - Decreased by 10% compared to Q4 2022 and increased by 4% from Q3 2023
- Financing mainly reflecting proceeds from issuing shares and repayment of short-term borrowings
 - NOK 3.0 million in proceeds from issuing shares
 - NOK 1.0 million repayment of short-term debt

Well-funded for continued growth

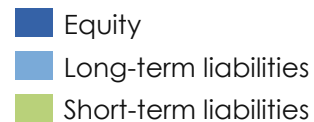
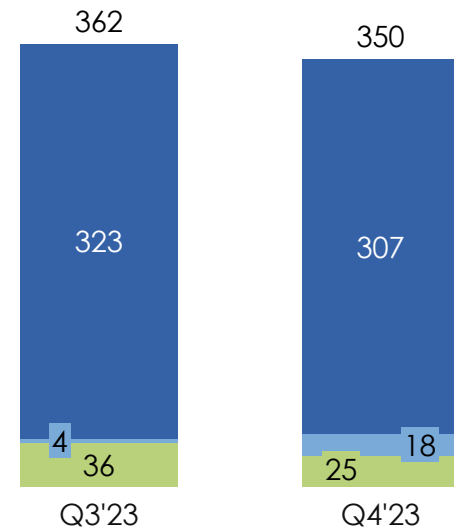
Balance sheet

NOK million

Assets



Equity & liabilities



- Strong cash position of NOK 116 million at the end of Q4 2023
- Reduction of current assets reflecting incoming payments from customers
- Increase in Long-term liabilities due to increase in non-current lease liabilities.
- Short-term liabilities mainly reflect lease liabilities
- Equity ratio of 88%



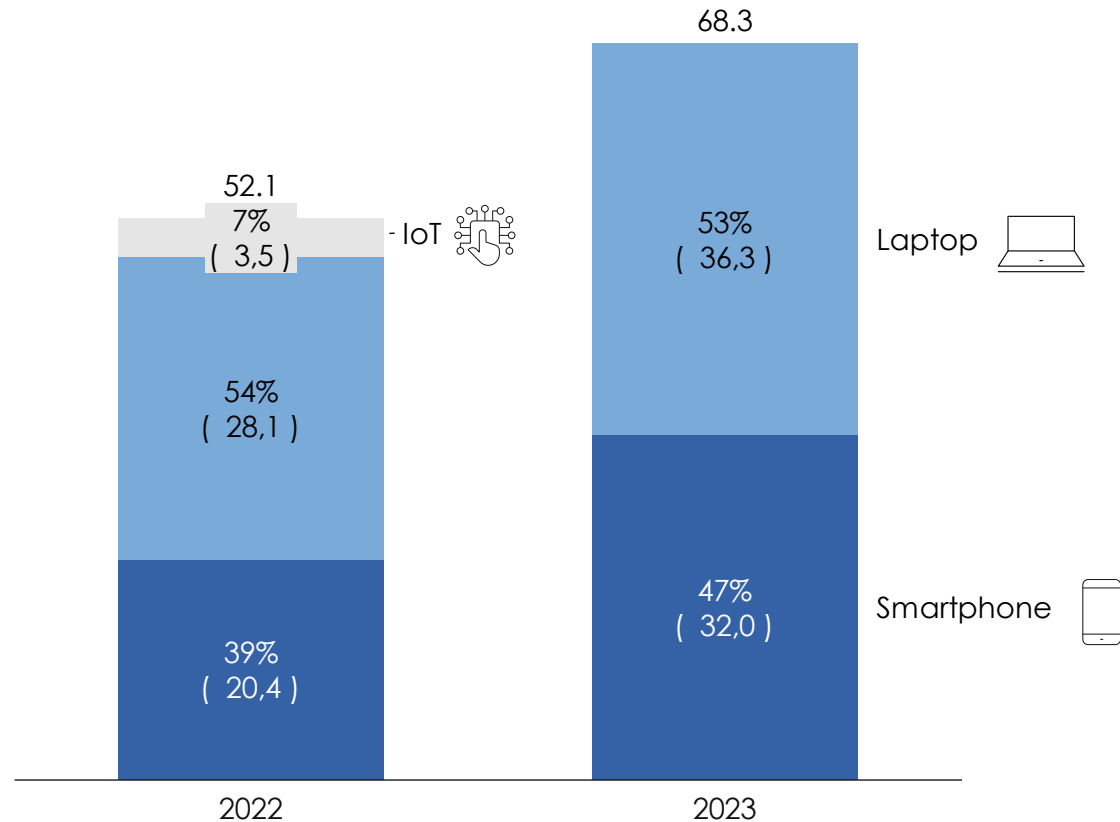
Outlook

CEO Laila Danielsen

Multiple contracts to drive future revenue growth

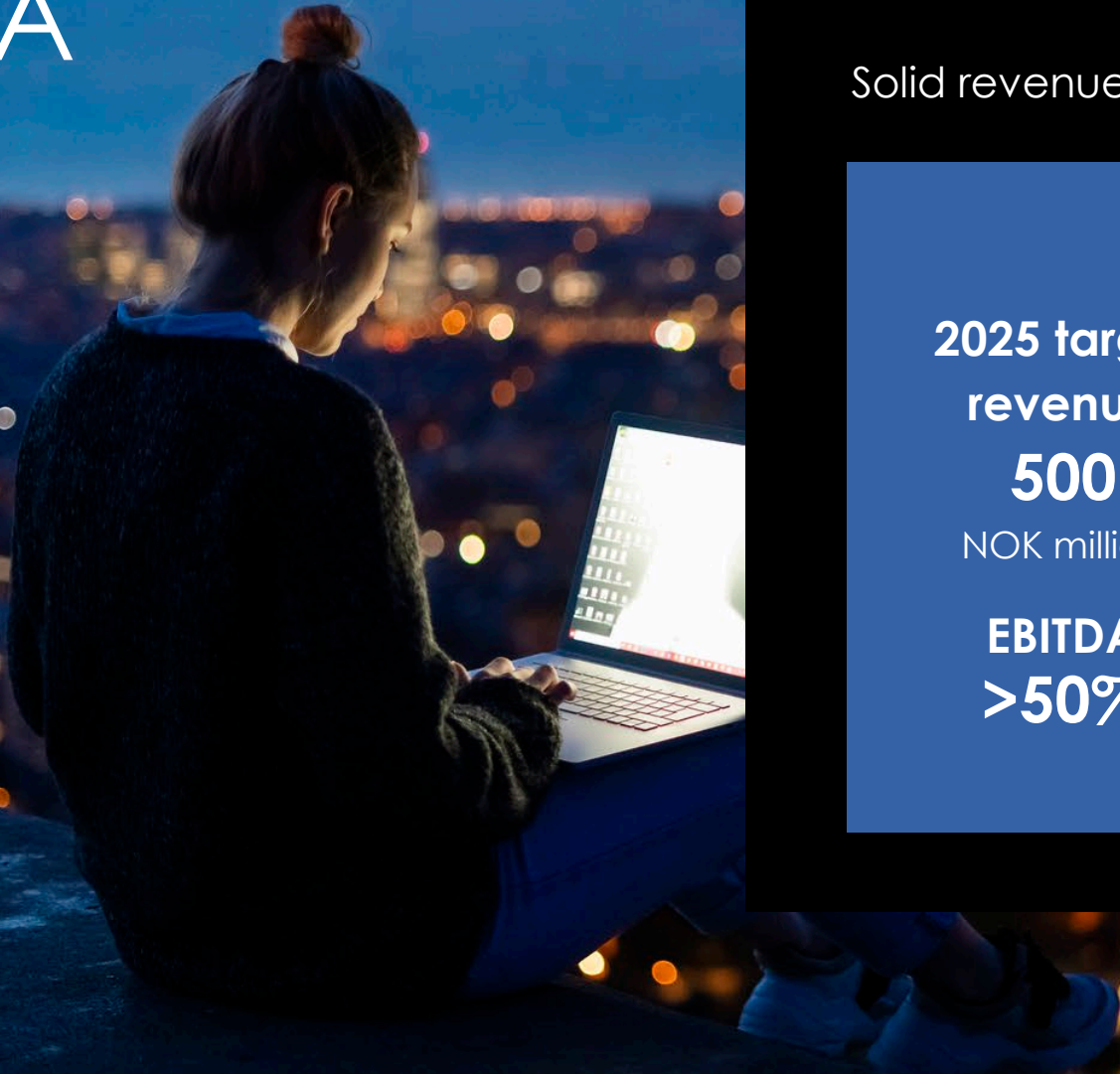
Revenue breakdown by market

NOK million



- Cemented leading market position and driving industry standards
- 3 of top-5 OEMs Smartphone OEMs are customers of Elliptic Labs
- PCs launched with one major OEM, contracts signed with three other majors
- More PC models coming at higher price points than smartphones
- Continued growth in the smartphone market

Q&A



Solid revenue growth in 2024 towards 2025 target

**2025 target
revenue**

500

NOK million

EBITDA

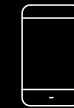
>50%

Significant opportunity in prioritized markets



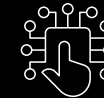
Laptops key
growth vertical

USD 1.1 – 1.8bn



Continued
Smartphone
expansion

USD 140 - 350m



Building position
in the **IoT market**

USD 1bn

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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

| | | Q4 2023 | Q4 2022 | 2023 | 2022 |
|--|----------|----------------|----------------|-----------------|----------------|
| | Notes | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| <i>(Amounts in 000 NOK)</i> | | | | | |
| Revenues from contracts with customers | | 9 216 | 9 848 | 68 321 | 52 062 |
| Other operating income | 9 | 357 | 0 | 1 312 | 0 |
| Total revenue and other operating income | 2 | 9 574 | 9 848 | 69 632 | 52 062 |
| Employee benefits expenses | | -21 761 | -16 935 | -80 552 | -62 802 |
| Other operating expenses | 3 | -6 232 | -5 556 | -22 599 | -20 073 |
| EBITDA | | -18 419 | -12 643 | -33 519 | -30 814 |
| Depreciation and amortization | 5 | -4 302 | -3 160 | -16 224 | -11 317 |
| Operating expenses | | -32 294 | -25 651 | -119 375 | -94 193 |
| Operating profit | | -22 720 | -15 803 | -49 743 | -42 131 |
| Financial income | | 3 023 | 1 926 | 12 191 | 17 317 |
| Financial expenses | | -6 119 | -9 153 | -9 306 | -14 488 |
| Net financial income/(expenses) | | -3 097 | -7 227 | 2 886 | 2 829 |
| Profit/(loss) before tax | | -25 817 | -23 030 | -46 857 | -39 302 |
| Income tax expense | | 5 644 | 3 930 | 8 856 | 6 303 |
| Profit/(loss) | | -20 173 | -19 100 | -38 001 | -32 999 |
| Other comprehensive income: | | | | | |
| Foreign currency rate changes, may be reclassified to profit or loss | | -215 | -399 | 151 | 416 |
| Other comprehensive income, net of tax | | -215 | -399 | 151 | 416 |
| Total comprehensive income for the period | | -20 388 | -19 499 | -37 850 | -32 583 |

Reported financials

Cash flow

| (Amounts in 000 NOK) | (Unaudited) Q4 2023 | (Unaudited) Q4 2022 | (Unaudited) 2023 | (Audited) 2022 |
|--|------------------------|------------------------|---------------------|-------------------|
| Cash flow from operating activities | | | | |
| Profit/(loss) before tax | -25 817 | -23 030 | -46 857 | -39 302 |
| Adjustment for: | | | | |
| Taxes paid in the period | 0 | 0 | 9 | 745 |
| Depreciation and amortization | 4 302 | 3 160 | 16 224 | 11 317 |
| Share-based payments | 1 428 | 2 932 | 9 842 | 12 464 |
| Items classified as financing activities | 135 | 153 | 589 | 571 |
| Change in current trade receivable | 16 118 | 588 | -20 118 | -11 469 |
| Change in trade payables | 173 | 501 | 2 187 | -1 361 |
| Change in other accruals | 6 216 | 4 181 | 365 | 14 276 |
| Net cash flows from operating activities | 2 554 | -11 514 | -37 759 | -12 758 |
| Cash flow from investing activities | | | | |
| Purchase of property, plant and equipment | -71 | 0 | -514 | 0 |
| Capitalized development costs | -6 849 | -7 378 | -25 478 | -23 327 |
| Net cash flows from investing activities | -6 920 | -7 378 | -25 992 | -23 327 |
| Cash flow from financing activities | | | | |
| Payments of lease liabilities, classified as financing activities | -1 210 | -988 | -3 944 | -2 662 |
| Repayments of current borrowings | -1 000 | -1 000 | -4 000 | -4 000 |
| Proceeds from issuing shares | 2 981 | 0 | 9 495 | 2 972 |
| Payments for share issue costs | 0 | 0 | 0 | 0 |
| Interests paid, classified as financing activities | -135 | -153 | -589 | -571 |
| Net cash flows from financing activities | 637 | -2 141 | 963 | -4 261 |
| Net Change in Cash and Cash Equivalents | -3 729 | -21 033 | -62 788 | -40 347 |
| Cash and cash equivalents at the beginning of the period | 119 527 | 199 651 | 178 219 | 218 151 |
| Effect of foreign currency rate changes on cash and cash equivalents | -215 | -399 | 151 | 416 |
| Cash and cash equivalents at the end of period | 115 582 | 178 219 | 115 582 | 178 219 |

Reported financials

Balance sheet

Assets

| | | 31.12.2023 | 31.12.2022 |
|---------------------------------|--------------|--------------------|------------------|
| <i>(Amounts in 000 NOK)</i> | <i>Notes</i> | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Non-current assets | | | |
| Deferred tax assets | 8 | 77 685 | 68 837 |
| Intangible assets | 4 | 57 814 | 47 574 |
| Right of use assets | | 19 447 | 2 256 |
| Property, plant and equipment | 5 | 460 | - |
| Other non-current receivables | | 8 861 | 5 038 |
| Total non-current assets | | 164 266 | 123 704 |
| Current assets | | | |
| Current trade receivables | | 60 612 | 40 495 |
| Other current receivables | | 9 448 | 6 905 |
| Cash and cash equivalents | 7 | 115 582 | 178 219 |
| Total current assets | | 185 642 | 225 619 |
| Total assets | | 349 909 | 349 324 |

Equity & liabilities

| | | 31.12.2023 | 31.12.2022 |
|--------------------------------------|--------------|--------------------|------------------|
| <i>(Amounts in 000 NOK)</i> | <i>Notes</i> | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Equity and liabilities | | | |
| Share capital | | 1 048 | 1 041 |
| Other equity | | 306 060 | 324 581 |
| Total equity | | 307 109 | 325 622 |
| Liabilities | | | |
| Non-current lease liabilities | | 15 874 | 523 |
| Non-current borrowings | | 2 000 | 6 000 |
| Total non-current liabilities | | 17 874 | 6 523 |
| Current liabilities | | | |
| Current borrowings | | 4 000 | 4 000 |
| Trade and other current payables | | 3 855 | 1 668 |
| Current tax liabilities | | 0 | 0 |
| Current lease liabilities | | 3 990 | 2 184 |
| Other current liabilities | | 13 080 | 9 327 |
| Total current liabilities | | 24 926 | 17 179 |
| Total equity and liabilities | | 349 909 | 349 324 |

Shareholder information

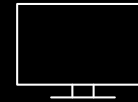
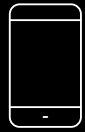
Top 20 shareholders as of 9. Feb 2024

| | | Number of shares | % of total shares |
|----------------------------|-------------------------------|--------------------|-------------------|
| 1 | PASSESTA AS | 12 800 480 | 12.2% |
| 2 | MP PENJON PK | 8 897 913 | 8.5% |
| 3 | ALDEN AS | 7 403 330 | 7.1% |
| 4 | VERDIPAPIRFONDET DNB SMB | 5 631 486 | 5.4% |
| 5 | HORNE | 5 028 350 | 4.8% |
| 6 | J.P. Morgan SE | 4 683 767 | 4.5% |
| 7 | DANIELSEN | 4 374 150 | 4.2% |
| 8 | VINTERSTUA AS | 3 566 252 | 3.4% |
| 9 | Bank Pictet & Cie (Europe) AG | 3 040 602 | 2.9% |
| 10 | SIX SIS AG | 2 820 000 | 2.7% |
| 11 | GHIBLI AS | 2 100 000 | 2.0% |
| 12 | NUNATAK AS | 1 644 808 | 1.6% |
| 13 | FABRES SCALER | 1 600 000 | 1.5% |
| 14 | Danske Invest Norge Vekst | 1 512 700 | 1.4% |
| 15 | NORDNET LIVSFORSIKRING AS | 1 473 979 | 1.4% |
| 16 | INVEN2 AS | 1 441 670 | 1.4% |
| 17 | Danske Bank A/S | 1 333 330 | 1.3% |
| 18 | SLÅPEKROKEN AS | 1 009 500 | 1.0% |
| 19 | J.P. Morgan SE | 991 830 | 0.9% |
| 20 | CIPRIANO AS | 989 359 | 0.9% |
| Top 20 shareholders | | 72 343 506 | 69.0% |
| Other | | 32 494 464 | 31.0% |
| Total | | 104 837 970 | 100.0% |

Shares and options owned by BoD, mgmt, and employees as of 9. Feb 2024 (fully diluted)

| | Number of shares | Percent of fully diluted shares |
|---|--------------------|---------------------------------|
| Shares owned by Board of Directors | 20 221 810 | 18.1% |
| Shares owned by Management | 4 606 240 | 4.1% |
| Allocated Options to Employees and management in shares | 6 828 914 | 6.1% |
| Other shareholders | 80 009 920 | 71.7% |
| Total | 111 666 884 | 100.0% |

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 |

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ellipticlabs

AI Virtual Smart Sensor Platform™



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