

ellipticlabs

# Q4 & Preliminary Full Year 2023 Report (Unaudited)

AI Virtual Smart Sensor Platform™



Seamless



Proximity



Presence



Distance



Gesture



Positioning



Connection



Breathing



Heartbeat

# Elliptic Labs — Q4 2023: Setting the market standard and shaping the future of AI Virtual Smart Sensors

Elliptic Labs reports Revenues from contracts with customers of NOK 68.3 million in 2023, an increase of 31% from NOK 52.1 million in 2022. For the fourth quarter, revenue from contracts with customers ended at NOK 9.2 million compared to NOK 9.8 million in the fourth quarter of last year. Revenue in individual quarters remains impacted by the timing of milestone revenue and model launches.

## Highlights from Q4 2023:

- Signed contract with a PC OEM for a breakthrough new AI Virtual Smart Sensor Platform functionality set to reshape device-to-device interoperability and redefine seamless user experience across systems and devices
- Signed several new contracts with existing smartphone customers
- Launched on eight new smartphone models featuring the AI Virtual Smart Sensor Platform including vivo Y100 5G, Honor X50i Plus, Honor 100, Honor 100 Pro, Redmi k70E, Honor 90 GT, Oppo S18 and Oppo S18 Pro
- Joined the MIPI-alliance as a key contributor to defining new architecture and industry standards in collaboration with key global ecosystem players

## Events after the end of the quarter:

- Signed a software license contract with a new smartphone customer
- Signed expansion contract with existing global top-5 smartphone customer
- Launched six new smartphone models featuring the AI Virtual Smart Sensor Platform — Honor x50 GT, Honor x50 Pro, Xiaomi Note 13 Pro 4G, Xiaomi Poco X6 Pro, Honor X8B and Tecno Spark 20 Pro+

Total revenue and other operating income of mNOK 69.6 (52.1) for 2023, an increase of 34%.

Total revenue and other operating income was mNOK 9.6 (9.8) for the fourth Quarter 2023. This corresponds to a total revenue decrease of -3% year over year.

The full year Revenues from contracts with customers was composed of 47% from the smartphone vertical, and 53% from the laptop vertical. In detail, the revenue from smartphones stood at mNOK 32.0 (20.4), which is an increase of approximately 57%. Revenue from laptops was mNOK 36.3 (28.1), marking an increase of approximately 29%.

EBITDA was negative mNOK -18.4 (-12.6) for the fourth Quarter 2023 and for the full financial year 2023 negative mNOK -33.5 (-30.8).

## Outlook

Successful expansion into the PC/laptop market supports Elliptic Labs' long-term growth ambitions. While customers in both the smartphone and PC/laptop markets currently face uncertain near-term demand, there is a growing trend among PC customers to incorporate Elliptic Labs' products into more of their models. This ongoing expansion will contribute to additional revenue.

The company has signed multiple significant contracts throughout the year, although some of the main contracts the company is currently negotiating with large new customers have taken longer than expected. Based on this, Elliptic Labs expects solid revenue growth in 2024 and to be on track to meet the NOK 500 million revenue goal in 2025.

## Message from the CEO

Elliptic Labs is in a solid position strategically, technically, and commercially. Our 2023 achievements include setting the market standards for and shaping the future of AI Virtual Smart Sensors in the PC laptop and smartphone industries. Our AI software platform has taken the leadership position across the full ecosystem and this quarter we announced a contract for our latest product, the AI Virtual Seamless Sensor. We also joined the MIPI Alliance as a key contributor, which means we are now defining new architecture and industry standards in collaboration with key global ecosystem players such as Microsoft, Intel, Qualcomm, and Cirrus. These large enterprises recognize our innovative leadership in AI, ultrasound, and sensor fusion with respect to AI Virtual Smart Sensors deployed at scale, and they acknowledge our role in enabling advanced use cases.

We aim to position ourselves as the dominant innovator in this space while continuing to offer advanced AI capabilities such as our AI Virtual Human Presence Sensor, seamless interoperability, and contextual awareness. Elliptic Labs currently has close to two hundred granted and pending patents across our software platform. We continue to win new PC and smartphone customers by delivering a software platform that provides new capabilities for them across their entire product portfolio. Furthermore, our entry into the MIPI Alliance allows us to ensure that relevant architectures, chipsets and components are optimized for our AI software platform.

Our total revenue in 2023 increased by 34% compared to 2022, ending at NOK 69.6 million in sum. In 2023, we continued to expand in the PC market, although only one of our four PC customers has started shipping. Additionally, we continued to expand our foothold within the smartphone space. In 2023, we rolled out new models with existing customers, added three new OEMs to our customer base,



We are setting the market standards for and shaping the future of AI Virtual Smart Sensors in the PC laptop and smartphone industries. We enter 2024 in a unique market position, with a solid commercial fundament, and a lean and scalable organization.

and signed a software license contract with a new OEM customer in February 2024. Our smartphone business is healthy with diversified revenue and is expected to continue to grow.

During 2023, we have also continued to build our position in the PC/laptop market, having made inroads with 4 of the top 6 OEMs in this market. We are in close dialogue with these OEMs for the rollout of even more models in the quarters and years to come. Elliptic Labs is the only company that has delivered AI Virtual Smart Sensors at scale for the PC/laptop market.

Market conditions have been challenging for many of our customers throughout 2023, and this has affected the timing of new contracts and the recognition of revenues. We are nevertheless experiencing significant market traction and maintain that our growth journey has moved from *if* to *when*.

We enter 2024 in a unique ecosystem position, with a solid commercial fundament, and a lean and scalable organization. We are well-funded to continue our growth, and from this reinforced position, we maintain our goal of reaching a revenue target of NOK 500 million by 2025.

## Financial summary for the Group's YTD Q4 2023 (unaudited)

Comparable amounts for Q4 2022 are presented in parentheses.

### Operating revenue

For the full year 2023 mNOK 68.3 (52.1) is reported as Revenues from contracts with customers, an 31% increase. Total revenue and other operating income for the full year 2023 was mNOK 69.6 (52.1) an 34% increase.

Total revenue and other operating income shows a -3% decrease year-on-year to mNOK 9.6 (9.8) in Q4 2023. Total revenue and other operating income for Fourth Quarter 2023 included mNOK 0.4 (0.0) in Other operating income from grants. Revenues from contracts with customers decreased by -6% to mNOK 9.2 (9.8) from the Fourth Quarter 2022 to the Fourth Quarter 2023.

In Q4 2023, 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 28.0 (22.5) in the Fourth quarter 2023, excluding depreciation and amortization. For the full year 2023 the figure was mNOK 103.2 (82.9).

Employee benefits expenses amounted to mNOK 21.8 (16.9) in the Fourth quarter 2023, including mNOK 1.4 (2.9) in expenses related to the Groups share option program. Other operating expenses was mNOK 6.2 (5.6). For the full year 2023 Employee benefits expenses amounted to mNOK 80.6 (62.8), including mNOK 9.8 (12.5) in expenses related to the Groups share option program. Other operating expenses was mNOK 22.6 (20.1) in 2023.

The increase in Employee benefits expenses reflects additions of 13 FTEs compared to Fourth Quarter 2022 and also full year effect from new hires 2022. Other operating expenses reflect higher operational activities and travel expenses, but also general price inflation.

As a result, the Group reported an EBITDA of mNOK -18.4 (-12.6) in the Fourth quarter 2023, and mNOK -33.5 (-30.8) for 2023 as a whole.

### Operating profit (EBIT)

The Group generated in the Fourth quarter 2023 an operating loss of mNOK -22.7 (-15.8), and an operating loss of mNOK -49.7 (-42.1) for 2023 as a whole.

Depreciation and amortization amounted to mNOK 4.3 (3.2) for the Fourth quarter 2023, and mNOK 16.2 (11.3) for 2023. The increase mainly reflects higher amortization of patents and capitalized development intangibles. Additionally, the depreciation charges have risen following the accounting for new office spaces in accordance with the IFRS<sup>®</sup> 16 standard.

### Financial items

Fourth quarter 2023 net financial items amounted to mNOK -3.1 (-7.2) 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 for 2023 was mNOK 2.9 (2.8).

### **Profit/loss**

Fourth Quarter loss before tax was mNOK -25.8 (-23.0). The loss before tax for 2023 was mNOK -46.9 (-39.3).

The tax was mNOK 5.6 (3.9), resulting in a profit after tax of mNOK -20.2 (-19.1) for the Fourth quarter 2023. The income tax was positive mNOK 8.9 (6.3) for 2023, resulting in loss of mNOK -38.0 (-33.0).

### **Cash flow**

The Cash flow from operating activities in Fourth Quarter was mNOK 2.6 (-11.5). This positive cash flow was mainly due to a positive change in the net outstanding account receivable this quarter.

Cash flow from investing activities was mNOK -6.9 (-7.4) mainly related to Capitalized development costs. Cash flow from financing activities was mNOK 0.6 (-2.1), including a positive contribution from proceeds from issuing shares, which offset the impacts of repayments of current borrowings, payments of lease liabilities, and interest payments.

The Cash flow from operating activities for 2023 was mNOK -37.8 (-24.3) due mainly to negative operating profit and change in net outstanding account receivable in the period. Cash flow from investing activities was mNOK -26.0 (-23.3) mainly due to Capitalized development costs. Cash flow from financing activities was mNOK 1.0 (-4.3), where the proceeds from issuing shares contributed positively, counterbalancing the effects of repayments of current borrowings, payments of lease liabilities, and interest payments.

Cash and cash equivalents at the end of the period were mNOK 115.6 (178.2). The cash flow from operations is within management expectations.

### **Financing and debt**

The Group's equity at quarter end was mNOK 307.1 (325.6). The Group had Total non-current liabilities of mNOK 17.9 (6.5) at the end of Fourth quarter 2023. This increase is mainly due to the company moving into new offices in Oslo on a long-term lease, which is recognized as a right-to-use asset and lease liability in accordance with IFRS 16.

Total non-current liabilities and Total current liabilities was mNOK 42.8 (23.7). The increase relates to the new lease agreement under IFRS 16. The company continues to repay its debt.

The Groups increase in current trade receivables in 2023 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. However, the ratio of trade receivables to revenue is expected to decrease over time.

The Group maintains a sharp focus on expenses and cash flows and navigates from a strong cash position mNOK 115.6 (178.2).

## 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 115.6 at the end of Q4 2023, and the Board of Directors assess this as sufficient to carry out Elliptic Labs' business plans.

The global semi-conductor market, along with major global Original Equipment Manufacturers (OEMs) are experiencing decrease in end-user demand, which has resulted in inventory imbalances affecting the entire value chain. The fallout is noticeably impacting our clients in the smartphone and laptop sectors. The company continues to monitor the situation

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 for walkthrough of other potential operational risk and financial risk.

# Consolidated financial statements

## Consolidated statement of comprehensive income

For the financial period ended 31 December 2023 and 2022, and 31 December 2022.

<i>(Amounts in 000 NOK)</i>	Notes	Q4 2023 (Unaudited)	Q4 2022 (Unaudited)	2023 (Unaudited)	2022 (Audited)
Revenues from contracts with customers		9 216	9 848	68 321	52 062
Other operating income	9	357	—	1 312	—
<b>Total revenue and other operating income</b>	<b>2</b>	<b>9 574</b>	<b>9 848</b>	<b>69 632</b>	<b>52 062</b>
Employee benefits expenses		-21 761	-16 935	-80 552	-62 802
Other operating expenses	3	-6 232	-5 556	-22 599	-20 073
<b>EBITDA</b>		<b>-18 419</b>	<b>-12 643</b>	<b>-33 519</b>	<b>-30 814</b>
Depreciation and amortization	4,5	-4 302	-3 160	-16 224	-11 317
<b>Operating expenses</b>		<b>-32 294</b>	<b>-25 651</b>	<b>-119 375</b>	<b>-94 193</b>
<b>Operating profit</b>		<b>-22 720</b>	<b>-15 803</b>	<b>-49 743</b>	<b>-42 131</b>
Financial income		3 023	1 926	12 191	17 317
Financial expenses		-6 119	-9 153	-9 306	-14 488
<b>Net financial income/(expenses)</b>		<b>-3 097</b>	<b>-7 227</b>	<b>2 886</b>	<b>2 829</b>
<b>Profit/(loss) before tax</b>		<b>-25 817</b>	<b>-23 030</b>	<b>-46 857</b>	<b>-39 302</b>
Income tax expense		5 644	3 930	8 856	6 303
<b>Profit/(loss)</b>		<b>-20 173</b>	<b>-19 100</b>	<b>-38 001</b>	<b>-32 999</b>
Other comprehensive income:					
Foreign currency rate changes, may be reclassified to profit or loss		-215	-399	151	416
<b>Other comprehensive income, net of tax</b>		<b>-215</b>	<b>-399</b>	<b>151</b>	<b>416</b>
<b>Total comprehensive income for the period</b>		<b>-20 388</b>	<b>-19 499</b>	<b>-37 850</b>	<b>-32 583</b>
Loss for the period is attributable to:					
Equity holders of the parent company		-20 388	-19 499	-37 850	-32 583
Earnings per share outstanding		-0.19	-0.18	-0.36	-0.31
Earnings per share fully diluted		-0.19	-0.18	-0.36	-0.31



## Consolidated statement of financial position

At 31 December 2023, 31 December 2022 and 31 December 2022 respectively

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	<b>31/12/23</b> <i>(Unaudited)</i>	<b>31/12/22</b> <i>(Audited)</i>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>164 266</b>	<b>123 704</b>
<b>Current assets</b>			
Current trade receivables		60 612	40 495
Other current receivables		9 448	6 905
Cash and cash equivalents	7	115 582	178 219
<b>Total current assets</b>		<b>185 642</b>	<b>225 619</b>
<b>Total assets</b>		<b>349 909</b>	<b>349 324</b>
<b>Equity and liabilities</b>			
Share capital		1 048	1 041
Other equity		306 060	324 581
<b>Total equity</b>		<b>307 109</b>	<b>325 622</b>
Non-current lease liabilities		15 874	523
Non-current borrowings		2 000	6 000
<b>Total non-current liabilities</b>		<b>17 874</b>	<b>6 523</b>
Current borrowings		4 000	4 000
Trade and other current payables		3 855	1 668
Current tax liabilities		—	—
Current lease liabilities		3 990	2 184
Other current liabilities		13 080	9 327
<b>Total current liabilities</b>		<b>24 926</b>	<b>17 179</b>
<b>Total equity and liabilities</b>		<b>349 909</b>	<b>349 324</b>

## Consolidated statement of changes in equity

Attributable to owners of Elliptic Laboratories ASA.

2023 (Amounts in 000 NOK)	Share capital	Other paid in capital	Other equity	Translation reserve	Total equity
<b>Shareholders' equity at 01.01.2023</b>	<b>1 041</b>	<b>345 514</b>	<b>-21 109</b>	<b>175</b>	<b>325 622</b>
Profit (loss) for the period	—	—	-38 001	—	-38 001
Other comprehensive income for the period	—	—	—	151	151
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>-38 001</b>	<b>151</b>	<b>-37 850</b>
<i>Transactions with owners:</i>					
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</b>	<b>1 048</b>	<b>355 002</b>	<b>-49 268</b>	<b>326</b>	<b>307 109</b>
<i>Transactions with owners:</i>					
Capital increase through issuance of ordinary shares	2	2 970	—	—	2 972
Transactions costs related to issuance of ordinary shares, net of tax	—	—	—	—	—
Employee share schemes	—	—	12 464	—	12 464
<b>Shareholders' equity at 31.12.2022</b>	<b>1 041</b>	<b>345 514</b>	<b>-21 109</b>	<b>175</b>	<b>325 622</b>

## Consolidated statement of cash flows

For the financial period ended 31 December 2023 and 2022, and 31 December 2022.

(Amounts in 000 NOK)	(Unaudited) <b>Q4 2023</b>	(Unaudited) <b>Q4 2022</b>	(Unaudited) <b>2023</b>	(Audited) <b>2022</b>
<b>Cash flow from operating activities</b>				
Profit/(loss) before tax	-25 817	-23 030	-46 857	-39 302
Adjustment for:				
Taxes paid in the period	—	—	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
<b>Net cash flows from operating activities</b>	<b>2 554</b>	<b>-11 514</b>	<b>-37 759</b>	<b>-12 758</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	-71	—	-514	—
Capitalized development costs	-6 849	-7 378	-25 478	-23 327
<b>Net cash flows from investing activities</b>	<b>-6 920</b>	<b>-7 378</b>	<b>-25 992</b>	<b>-23 327</b>
<b>Cash flow from financing activities</b>				
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	—	9 495	2 972
Interests paid, classified as financing activities	-135	-153	-589	-571
<b>Net cash flows from financing activities</b>	<b>637</b>	<b>-2 141</b>	<b>963</b>	<b>-4 261</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-3 729</b>	<b>-21 033</b>	<b>-62 788</b>	<b>-40 347</b>
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
<b>Cash and cash equivalents at the end of period</b>	<b>115 582</b>	<b>178 219</b>	<b>115 582</b>	<b>178 219</b>

# 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 2023 and 2022.

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 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.

#### 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.

### 1.2.3 Basis for loss provisions

When determining possible loss provision, the Group undertakes an individual assessment of each customer based on the size of the contract and various risk factors related to the customer's creditworthiness.

## 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 2023	Q4 2022	2023	2022
Revenue recognised over time	—	—	—	—
Revenue recognised at point in time	9 216	9 848	68 321	52 062
<b>Total revenue</b>	<b>9 216</b>	<b>9 848</b>	<b>68 321</b>	<b>52 062</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 2022 and 2023, 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 2022 or 2023.

As at 31 December 2023 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.

In late April; A former client has failed to meet the agreed-upon payment of \$425.000USD for software delivered in 2022. Elliptic Labs deems the dispute as a breach of contract and has thus decided to pursue the payments through the ICC International Court of Arbitration as regulated in the contract. The arbitration court proceeding has been scheduled for February 29, 2024.

## Note 3 – Other operating expenses

(Amounts in 000 NOK)	Q4 2023	Q4 2022	2023	2022
Sales and marketing expenses	2 433	1 577	8 717	5 385
Short-term lease expenses	499	-30	1 700	966
Electricity, heating and other property expenses	740	302	3 165	1 399
Consultants	1 188	959	5 229	3 527
Auditor	348	313	1 090	1 087
Legal	249	139	1 759	1 361
Patents	261	271	1 144	578
IT/Software	1 027	1 454	3 515	4 430
Other expenses	1 146	738	3 131	1 782
Recoveries of previously written-off receivables in 2018	-1 516	—	-6 404	—
Government grants recognized as other cost reduction	-141	-168	-448	-441
<b>Total other operating expenses</b>	<b>6 232</b>	<b>5 556</b>	<b>22 599</b>	<b>20 073</b>

## Note 4 - Intangible assets

2023 (Amounts in 000 NOK)	Patents	Trademark	Capitalized development	Total intangible assets
Cost at 01.01.2023	19 646	24	57 937	77 607
Additions	2 768	—	19 699	22 467
<b>Cost at 31.12.2023</b>	<b>22 413</b>	<b>24</b>	<b>77 636</b>	<b>100 073</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 30.09.2023</b>	<b>12 475</b>	<b>6</b>	<b>29 778</b>	<b>42 258</b>
<b>Net booked value as at 31.12.2023</b>	<b>9 938</b>	<b>18</b>	<b>47 859</b>	<b>57 814</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 2023 was TNOK 3 944.

<b>2022 (Amounts in 000 NOK)</b>	<b>Patents</b>	<b>Trademark</b>	<b>Capitalized development</b>	<b>Total intangible assets</b>
Cost at 01.01.2022	17 213	24	40 705	57 942
Additions	2 432	—	17 232	19 664
<b>Cost at 31.12.2022</b>	<b>19 646</b>	<b>24</b>	<b>57 937</b>	<b>77 607</b>
Accumulated amortization charges 01.01.2022	11 322	6	10 049	21 377
Amortization charges	514	—	8 141	8 655
<b>Accumulated amortization charges 31.12.2022</b>	<b>11 836</b>	<b>6</b>	<b>18 190</b>	<b>30 032</b>
<b>Net booked value as at 31.12.2022</b>	<b>7 810</b>	<b>18</b>	<b>39 747</b>	<b>47 574</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

## Note 5 - Property, plant and equipment

<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>Cost at Accumulated depreciation charges 30.06.2023</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	

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

## Note 6 – Share option programs

As of 31 December 2023, the Group has option programs that includes a total of 58 employees in parent and subsidiary companies. The employees must work in the Group to be entitled to exercise the options at the time of vesting.

As of 31 December 2023, the total number of outstanding options for both employees and management, when converted into shares, was 6 828 914 of which 4 052 984 were already vested. The option program entitles the employees to approximately 6.12% of the fully diluted outstanding shares, which includes all outstanding options. The fully diluted outstanding share count on 31 December 2023 was 111 666 884.

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.

## Note 7 – Cash and cash equivalents

<i>(Amounts in 000 NOK)</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
Cash and cash equivalents	115 582	178 219
<b>Of which are restricted cash:</b>		
Restricted bank deposits for employee tax withholdings	2 812	1 782
<b>Not restricted cash</b>	<b>112 770</b>	<b>176 438</b>

## Note 8 – Estimates

The deferred tax assets include an amount of mNOK 77.7 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 2023</b>	<b>Q4 2022</b>	<b>2023</b>	<b>2022</b>
Recognized as income from other sources	357	—	1 312	—
Reduction of capitalized patents	—	4	—	4
Reduction of capitalized development	281	863	3 011	3 659
Recognized as payroll cost reduction	766	152	1 291	646
Recognized as other cost reduction	141	168	448	441
<b>Total government grants</b>	<b>1 545</b>	<b>1 188</b>	<b>6 062</b>	<b>4 750</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.

		<b>Q4 2023</b>	<b>Q4 2022</b>	<b>2023</b>	<b>2022</b>
<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Revenues from contracts with customers		9 216	9 848	68 321	52 062
Other operating income	9	357	—	1 312	—
<b>Total revenue and other operating income</b>	<b>2</b>	<b>9 574</b>	<b>9 848</b>	<b>69 632</b>	<b>52 062</b>
Employee benefits expenses		-21 761	-16 935	-80 552	-62 802
Other operating expenses	3	-6 232	-5 556	-22 599	-20 073
<b>EBITDA</b>		<b>-18 419</b>	<b>-12 643</b>	<b>-33 519</b>	<b>-30 814</b>

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

	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>LTM</b>
<i>(Amounts in 000 NOK)</i>					
Revenues from contracts with customers	9 216	21 874	33 180	4 050	<b>68 321</b>
EBITDA	-18 419	-2 915	8 222	-20 407	<b>-33 519</b>

## Note 11 – Subsequent events

On the 2nd of January 2024, Elliptic Labs announced its shipping on the HONOR X50 Pro smartphone.

On the 3rd of January 2024, Elliptic Labs announced it had signed a new expansion license contract with an existing global top-5 smartphone customer.

On the 5th of January 2024, Elliptic Labs announced its launch on the HONOR X50 GT smartphone.

On the 16th of January 2024, Elliptic Labs announced its launch on the Xiaomi Redmi Note 13 Pro 4G smartphone.

On the 17th of January 2024, Elliptic Labs announced its shipping on the Xiaomi POCO X6 Pro smartphone.

On the 25th of January 2024, Elliptic Labs announced its release on the HONOR X8B smartphone.

On the 26th of January 2024, Elliptic Labs announced its launch on Transsion's Tecno Spark 20 Pro Plus smartphone.

On the 2nd of February 2024, Elliptic Labs announced it had signed a software license contract with a new smartphone customer.

# ellipticlabs

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