

ellipticlabs

2024

Q3 Report (unaudited)

AI Virtual Smart Sensor Platform™



## Elliptic Labs — Q3 2024: Continued growth and commercial progress

Elliptic Labs reports Revenues from contracts with customers of NOK 84.3 million for year to date 2024, an increase from NOK 59.1 million in the same period in 2023, representing an increase of 43%. Total revenue and other operating income was NOK 28.6 million (22.5) for the third quarter 2024. This corresponds to a total revenue increase of 27% year-over-year.

Elliptic Labs is rapidly scaling its portfolio adding new models and use cases in accordance with its stated strategy. The company has launched its AI Virtual Smart Sensor Platform on 53 new smartphone models and 15 new laptop models so far in 2024, making the total deployment 149 smartphone models and 33 laptop models since the company's inception.

Since the second quarter, Elliptic Labs has successfully launched Lenovo Smart Share for seamless device-to-device interoperability, added in November an expansion contract with an existing PC customer for more models and, for the first time, accessories. Further, the company has in November for the first time announced two AI Virtual Smart Sensors on one laptop model, and announced a new expansion contract with smartphone customers Oppo and Transsion. Collectively, this commercial progress provides additional proof points of Elliptic Lab's ability to go deeper with existing customers, expand the deployment of its AI Virtual Smart Sensor platform and enable scalability.

### Highlights from Q3 2024:

- Launch of Lenovo Smart Share feature with our AI Virtual Tap Sensor on Lenovo's ThinkPad X1 Carbon Gen 13 Aura and Yoga Slim 7i Gen 9 Aura Edition
- Signed new expansion license contract with top-4 smartphone customer Transsion
- Announced expansion contract with smartphone customer Oppo
- Launched on 16 new smartphone models, including 7 models with VIVO, 3 models with Honor, 3 models with TECNO and 3 models with Infinix

### Events after the end of the quarter:

- New expansion contract with existing PC customer for more laptops and, for the first time also including accessories
- Launch of the AI Virtual Human Presence detection on Lenovo's ThinkPad X1 Carbon Gen 13 Aura edition commercial laptop. First laptop with 2 AI Virtual Smart Sensors
- Launched on 5 new smartphone models, including VIVO V40e, Redmi Note 14 Pro Plus, Redmi Note 14 Pro, Infinix Zero Flip, and Lava International AGNI 3

## Outlook

With a sharp revenue increase YTD 2024, revenues from customer contracts total NOK 94 million over the last 12 months to Q3 2024. Given the potential revenue from already launched models as well as our upcoming pipeline, the underlying revenue growth is expected to continue at a healthy pace.

Elliptic Labs is building commercially adding new contracts with existing customers, and now also expanding to accessories and starting to add more AI Virtual Smart Sensors to individual laptop models. The potential from the contract portfolio is growing and the company remains focused on securing significant volume commitments in new contracts while monetizing the existing contract portfolio.

As the only player to have deployed AI Virtual Smart Sensors at scale, Elliptic Labs is in pole position to take advantage of a market recovery and the continued innovation in the laptop and smartphone industries. The company remains operationally and financially fit to continue its growth journey.

## Message from the CEO

**Elliptic Labs continued delivering year-on-year growth in the third quarter of 2024. Revenues from contracts with customers reached NOK 28.2 million, mainly driven by milestone revenue from laptop contracts and shipments in the smartphone and PC segments. A defining moment this quarter was the successful launch of Lenovo's Smart Share feature, powered by our revolutionary AI Virtual Tap Sensor™. This breakthrough technology enables seamless device-to-device interoperability with unprecedented simplicity. Furthermore, we have secured multiple expansion contracts across our core segments - laptops, smartphones - and notably, for the first time, PC-accessories.**

Our position as the industry standard-setter for AI Virtual Smart Sensors continues to strengthen. We advance higher in the software value chain, which increases the customer value and price points for our solutions. The expansion into PC accessories now in November marks a strategic milestone, creating powerful network effects through seamlessly integrated devices. This development validates our strategy of deepening relationships with existing customers while establishing Elliptic Labs as the premier provider of AI-powered contextual intelligence.

The market response to our innovations has been exceptional. Our AI Virtual Seamless Sensor™ has garnered significant industry attention, with Lenovo's Smart Share application being hailed as an "Airdrop killer." 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. The Aura contract was the first including our AI Virtual Seamless sensor, and we see

ample opportunity to continue our growth trajectory with Lenovo adding more models, virtual sensors and applications.

Our market penetration continues to accelerate. In 2024 to date, we have successfully deployed our AI Virtual



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

Smart Sensors across 53 new smartphone models and 15 new laptop models, bringing our total deployments to 149 smartphone models and 33 laptop models. With our robust pipeline and recently secured contracts, we anticipate sustained growth in deployments.

The PC/laptop industry stands at the cusp of an AI-driven transformation, presenting unprecedented opportunities. Elliptic Labs is strategically positioned to capitalize on this shift, evolving from our foundation in hardware sensor replacement to delivering sophisticated contextual intelligence and high-value AI/ML applications.

As we leverage our full-stack AI leadership to expand our AI Virtual Smart Sensor platform capabilities, we are shaping the future of connected devices. We remain on track toward our mid-term revenue target of NOK 500 million, supported by strong execution and clear market leadership. Our commitment to innovation, coupled with our expanding market presence, positions us perfectly to deliver sustained value to our shareholders as we continue to transform the industry landscape.

## Financial summary for the Group's YTD Q3 2024 (unaudited)

Comparable amounts for Q3 2023 are presented in parentheses.

### Operating revenue

Total revenue and other operating income shows an 27% increase year-on-year to mNOK 28.6 (22.5) in Q3 2024. Total revenue and other operating income for Third Quarter 2024 included mNOK 0.4 (0.6) in Other operating income from grants. Revenues from contracts with customers increased by 29% to mNOK 28.2 (21.9) from the Third Quarter 2023 to the Third Quarter 2024.

For the YTD 2024 mNOK 84.3 (59.1) is reported as Revenues from contracts with customers, an 43% increase. Total revenue and other operating income YTD 2024 was mNOK 85.4 (60.1), an 42% increase.

In Q3 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 28.1 (25.4) in the Third quarter 2024, excluding depreciation and amortization. The YTD 2024 figures was mNOK 76.8 (75.2).

Employee benefits expenses amounted to mNOK 23.6 (20.6) in the Third quarter 2024, including mNOK 1.0 (1.7) in expenses related to the Groups share option program. Other operating expenses was mNOK 4.5 (4.9). For the YTD 2024 Employee benefits expenses amounted to mNOK 62.3 (58.8), including mNOK 4.2 (8.4) in expenses related to the Groups share option program. Other operating expenses in YTD 2024 was mNOK 14.5 (16.4).

The increase in Employee benefits expenses reflects additions of 13 FTEs compared to Third Quarter 2023, salary adjustments, and also full year effect from new hires 2023. Other operating expenses are down compared to Third Quarter 2023, especially due to reduced expenses on consultants, electricity and heating, as well as sales & marketing, compared to Third Quarter 2023.

As a result, the Group reported an EBITDA of mNOK 0.5 (-2.9) in the Third quarter 2024, and mNOK 8.6 (-15.1) for YTD 2024.

### Operating profit (EBIT)

The Group generated in the Third quarter 2024 an operating loss of mNOK -4.6 (-7.4), and an operating loss of mNOK -6.4 (-27.0) for YTD 2024.

Depreciation and amortization amounted to mNOK 5.1 (4.5) for the Third quarter 2024, and mNOK 15.0 (11.9) for YTD 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

Third quarter 2024 net financial items amounted to mNOK -0.8 (-1.2). 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 YTD 2024 was mNOK 4.1 (6.0).

## Profit/loss

Third Quarter loss before tax was mNOK -5.4 (-8.6). The loss before tax YTD 2024 was mNOK -2.3 (-21.0).

The tax was mNOK 1.2 (1.7), resulting in a loss after tax of mNOK -4.1 (-6.9) for the Third quarter 2024. The income tax was mNOK 0.3 (3.2) for the YTD 2024, resulting in a loss of mNOK -2.0 (-17.8).

## Cash flow

The Cash flow from operating activities in the Third Quarter was mNOK -19.1 (-11.7). The operating loss in the quarter, and negative change in net due outstanding account receivable, both contributed to a negative Cash flow from operating activities this quarter.

Cash flow from investing activities was mNOK -7.8 (-6.3) mainly related to Capitalized development costs. Cash flow from financing activities was mNOK -3.1 (4.0), due to repayments of current borrowings, payments of lease liabilities, and interest payments.

The Cash flow from operating activities YTD 2024 was mNOK -25.5 (-40.3) due mainly to negative change in net outstanding account receivable in the period. Cash flow from investing activities was mNOK -20.6 (-19.1), mainly due to Capitalized development costs. Cash flow from financing activities was mNOK -4.4 (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 67.1 (mNOK 119.5 in Q3 2023, and mNOK 115.6 at year end 2023). The cash flow from operations is within management expectations.

## Financing and debt

The Group's equity at quarter end was mNOK 314.3 (307.1 at year end 2023). The Group had Total non-current liabilities of mNOK 12.6 (17.9 at year end 2023) at the end of Third quarter 2024.

Total non-current liabilities and Total current liabilities was mNOK 33.8 (42.8 at year end 2023).

The Groups increase in current trade receivables in 2023 and YTD 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 67.1 (115.6 at year end 2023). 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 67.1 at the end of Q3 2024, and the Board of Directors assess this as sufficient to carry out Elliptic Labs' business plans.

Despite a challenging 2023 marked by decreased end-user demand and inventory imbalances across the global semiconductor market and major OEMs, early signs of recovery have emerged. The global PC shipments totaled 62.9 million units in the third quarter of 2024, representing a 1.3% decline from the same period in 2023, based on preliminary results from Gartner, Inc. This decline followed three consecutive quarters of year-over-year growth, highlighting the market's uneven recovery trajectory. The company continues to monitor these developments closely.

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.



# Consolidated financial statements

## Consolidated statement of comprehensive income

For the financial period ended 30 September 2024 and 2023, and 31 December 2023.

(Amounts in 000 NOK)	Notes	Q3 2024 (Unaudited)	Q3 2023 (Unaudited)	YTD 2024 (Unaudited)	YTD 2023 (Unaudited)	2023 (Audited)
Revenues from contracts with customers		28 225	21 874	84 340	59 104	68 321
Other operating income	9	357	644	1 072	954	1 312
<b>Total revenue and other operating income</b>	<b>2</b>	<b>28 582</b>	<b>22 518</b>	<b>85 413</b>	<b>60 058</b>	<b>69 632</b>
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
<b>EBITDA</b>		<b>457</b>	<b>-2 915</b>	<b>8 589</b>	<b>-15 100</b>	<b>-33 519</b>
Depreciation and amortization	4,5	-5 057	-4 457	-15 003	-11 923	-16 224
<b>Operating expenses</b>		<b>-33 182</b>	<b>-29 890</b>	<b>-91 827</b>	<b>-87 081</b>	<b>-119 375</b>
<b>Operating profit</b>		<b>-4 600</b>	<b>-7 372</b>	<b>-6 414</b>	<b>-27 023</b>	<b>-49 743</b>
Financial income		485	216	7 674	9 169	12 191
Financial expenses		-1 255	-1 462	-3 590	-3 186	-9 306
<b>Net financial income/(expenses)</b>		<b>-770</b>	<b>-1 246</b>	<b>4 084</b>	<b>5 982</b>	<b>2 886</b>
<b>Profit/(loss) before tax</b>		<b>-5 369</b>	<b>-8 618</b>	<b>-2 330</b>	<b>-21 040</b>	<b>-46 857</b>
Income tax expense		1 235	1 690	331	3 212	8 856
<b>Profit/(loss)</b>		<b>-4 135</b>	<b>-6 928</b>	<b>-1 999</b>	<b>-17 828</b>	<b>-38 001</b>
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		<b>-78</b>	<b>-71</b>	<b>189</b>	<b>366</b>	<b>151</b>
<b>Total comprehensive income for the period</b>		<b>-4 213</b>	<b>-6 999</b>	<b>-1 810</b>	<b>-17 462</b>	<b>-37 850</b>
Loss for the period is attributable to:						
Equity holders of the parent company		-4 213	-6 999	-1 810	-17 462	-37 850
Earnings per share outstanding		-0.04	-0.07	-0.02	-0.17	-0.36
Earnings per share fully diluted		-0.04	-0.07	-0.02	-0.17	-0.36

## Consolidated statement of financial position

At 30 September 2024, 31 December 2023 and 30 September 2023 respectively

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	<b>30/09/24</b> <i>(Unaudited)</i>	<b>31/12/23</b> <i>(Audited)</i>	<b>30/09/23</b> <i>(Unaudited)</i>
<b>Non-current assets</b>				
Deferred tax assets	8	78 022	77 685	72 041
Intangible assets	4	67 542	57 814	54 312
Right of use assets		16 963	19 447	20 634
Property, plant and equipment	5	383	460	414
Other non-current receivables		7 157	8 861	8 716
<b>Total non-current assets</b>		<b>170 065</b>	<b>164 266</b>	<b>156 118</b>
<b>Current assets</b>				
Current trade receivables		96 892	60 612	76 730
Other current receivables		14 022	9 448	9 760
Cash and cash equivalents	7	67 119	115 582	119 527
<b>Total current assets</b>		<b>178 033</b>	<b>185 642</b>	<b>206 017</b>
<b>Total assets</b>		<b>348 098</b>	<b>349 909</b>	<b>362 134</b>
<b>Equity and liabilities</b>				
Share capital		1 053	1 048	1 046
Other equity		313 252	306 060	322 042
<b>Total equity</b>		<b>314 305</b>	<b>307 109</b>	<b>323 087</b>
Non-current lease liabilities		12 628	15 874	16 703
Non-current borrowings		—	2 000	3 000
<b>Total non-current liabilities</b>		<b>12 628</b>	<b>17 874</b>	<b>19 703</b>
Current borrowings		3 000	4 000	4 000
Trade and other current payables		3 438	3 855	3 682
Current lease liabilities		5 341	3 990	3 877
Other current liabilities		9 387	13 080	7 784
<b>Total current liabilities</b>		<b>21 165</b>	<b>24 926</b>	<b>19 343</b>
<b>Total equity and liabilities</b>		<b>348 098</b>	<b>349 909</b>	<b>362 134</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</b>	<b>1 048</b>	<b>355 002</b>	<b>-49 268</b>	<b>326</b>	<b>307 109</b>
Profit (loss) for the period	—	—	-1 999	—	-1 999
Other comprehensive income for the period	—	—	—	189	189
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>-1 999</b>	<b>189</b>	<b>-1 810</b>
<i>Transactions with owners:</i>					
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	—	—	4 171	—	4 171
<b>Shareholders' equity at 30.09.2024</b>	<b>1 053</b>	<b>359 833</b>	<b>-47 096</b>	<b>516</b>	<b>314 305</b>
<i>Transactions with owners:</i>					
Capital increase through issuance of ordinary shares	5	6 509	—	—	6 514
Transactions costs related to issuance of ordinary shares, net of tax	—	—	—	—	—
Employee share schemes	—	—	8 413	—	8 413
<b>Shareholders' equity at 30.09.2023</b>	<b>1 046</b>	<b>352 023</b>	<b>-30 523</b>	<b>541</b>	<b>323 087</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</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	—	—	-17 828	—	-17 828
Other comprehensive income for the period	—	—	—	366	366
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>-17 828</b>	<b>366</b>	<b>-17 462</b>

## Consolidated statement of cash flows

For the financial period ended 30 September 2024 and 2023, and 31 December 2023.

(Amounts in 000 NOK)	(Unaudited) Q3 2024	(Unaudited) Q3 2023 <sup>1</sup>	(Unaudited) YTD 2024	(Unaudited) YTD 2023	(Audited) 2023
<b>Cash flow from operating activities</b>					
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	—	-4 469	—	-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
<b>Net cash flows from operating activities</b>	<b>-19 071</b>	<b>-11 661</b>	<b>-25 464</b>	<b>-40 313</b>	<b>-45 509</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	—	—	—	-443	-514
Capitalized development costs	-8 519	-6 343	-23 797	-18 628	-25 099
Interest received	764	—	3 212	—	4 642
<b>Net cash flows from investing activities</b>	<b>-7 755</b>	<b>-6 343</b>	<b>-20 585</b>	<b>-19 072</b>	<b>-20 971</b>
<b>Cash flow from financing activities</b>					
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	—	6 514	4 835	6 514	9 495
Paid interest on loan	-82	-141	-305	-454	-589
Paid interest on lease liabilities	-456	—	-1 348	—	-1 356
Proceeds from government grants	—	—	—	—	3 663
<b>Net cash flows from financing activities</b>	<b>-3 105</b>	<b>4 002</b>	<b>-4 354</b>	<b>326</b>	<b>2 206</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-29 932</b>	<b>-14 002</b>	<b>-50 402</b>	<b>-59 059</b>	<b>-64 274</b>
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	—	1 750	—	1 486
Cash and cash equivalents at the end of period	67 119	119 527	67 119	119 527	115 582

<sup>1</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 Q3 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 Third quarter consolidated financial statements of the Group have been prepared in accordance with IAS 34 for the financial reporting of the Third 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.

#### 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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Revenue recognised over time	—	—	—	—	—
Revenue recognised at point in time	28 225	21 874	84 340	59 104	68 321
<b>Total revenue</b>	<b>28 225</b>	<b>21 874</b>	<b>84 340</b>	<b>59 104</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 YTD 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 YTD 2024.

As at 30 September 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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Sales and marketing expenses	1 611	2 029	5 293	6 284	8 717
Short-term lease expenses	436	367	1 463	1 201	1 700
Electricity, heating and other property expenses	526	1 058	1 682	2 425	3 165
Consultants	1 073	1 531	2 777	4 041	5 008
Auditor	2	108	649	743	1 312
Legal	37	578	1 015	1 511	1 759
Patents	342	357	883	884	1 144
IT/Software	970	887	2 960	2 489	3 515
Other expenses	585	228	2 351	1 985	3 131
Recoveries of previously written-off receivables in 2018	-1 043	-2 180	-4 268	-4 888	-6 404
Government grants recognized as other cost reduction	-40	-103	-291	-308	-448
<b>Total other operating expenses</b>	<b>4 499</b>	<b>4 860</b>	<b>14 514</b>	<b>16 367</b>	<b>22 599</b>

## Note 4 - Intangible assets

<b>2024 (Amounts in 000 NOK)</b>	<b>Patents</b>	<b>Trademark</b>	<b>Capitalized development</b>	<b>Total intangible assets</b>
Cost at 01.01.2024	22 413	24	77 636	100 073
Additions	4 179		16 665	20 844
<b>Cost at 30.09.2024</b>	<b>26 592</b>	<b>24</b>	<b>94 301</b>	<b>120 917</b>
Accumulated amortization charges 01.01.2024	12 475	6	29 778	42 258
Amortization charges	506		10 610	11 116
<b>Accumulated amortization charges 30.09.2024</b>	<b>12 981</b>	<b>6</b>	<b>40 387</b>	<b>53 374</b>
<b>Net booked value as at 30.09.2024</b>	<b>13 611</b>	<b>18</b>	<b>53 914</b>	<b>67 542</b>
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

IFRS 16 Leases depreciation for the period 1 January to 30 September 2024 was TNOK 3 810.

<b>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	19 646	24	57 937	77 607
Additions	1 643		14 255	15 898
<b>Cost at 30.09.2023</b>	<b>21 289</b>	<b>24</b>	<b>72 192</b>	<b>93 505</b>
Accumulated amortization charges 01.01.2023	11 836	6	18 190	30 032
Amortization charges	469	—	8 691	9 160
<b>Accumulated amortization charges 30.09.2023</b>	<b>12 305</b>	<b>6</b>	<b>26 881</b>	<b>39 192</b>
<b>Net booked value as at 30.09.2023</b>	<b>8 984</b>	<b>18</b>	<b>45 312</b>	<b>54 312</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 30.09.2024</b>	<b>514</b>	<b>514</b>
Accumulated depreciation charges 01.01.2024	54	54
Current year depreciation	77	77
<b>Accumulated depreciation charges at 30.09.2024</b>	<b>132</b>	<b>132</b>
<b>Net booked value as at 30.09.2024</b>	<b>383</b>	<b>383</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	443	443
Disposals	—	—
<b>Cost at 30.09.2023</b>	<b>443</b>	<b>443</b>
Accumulated depreciation charges 01.01.2023	—	—
Current year depreciation	30	30
<b>Accumulated depreciation charges 30.09.2023</b>	<b>30</b>	<b>30</b>
<b>Net booked value as at 30.09.2023</b>	<b>414</b>	<b>414</b>

Useful life: 5

Amortization method: Straight-line



## Note 6 – Share option programs

As of 30 September 2024, the Group has option programs that includes a total of 71 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 30 September 2024, the total number of outstanding options for both employees, management and BoD when converted into shares, was 6 583 209 of which 3 853 209 were already vested. The option program entitles the employees to approximately 5.89% of the fully diluted outstanding shares, which includes all outstanding options. The fully diluted outstanding share count on 30 September 2024 was 111 858 177.

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>30.09.2024</b>	<b>31.12.2023</b>
Cash and cash equivalents	67 119	115 582
<b>Of which are restricted cash:</b>		
Restricted bank deposits for employee tax withholdings	1 487	2 812
<b>Not restricted cash</b>	<b>65 632</b>	<b>112 770</b>

## Note 8 – Estimates

The deferred tax assets include an amount of mNOK 78.0 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>Q3 2024</b>	<b>Q3 2023</b>	<b>YTD 2024</b>	<b>YTD 2023</b>	<b>2023</b>
Recognized as income from other sources	357	644	1 072	954	1 312
Reduction of capitalized development	803	910	2 290	2 730	3 011
Recognized as payroll cost reduction	344	175	981	525	1 291
Recognized as other cost reduction	40	103	291	308	448
<b>Total government grants</b>	<b>1 545</b>	<b>1 832</b>	<b>4 635</b>	<b>4 517</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.

		Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in 000 NOK)</i>	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from contracts with customers		28 225	21 874	84 340	59 104	68 321
Other operating income	9	357	644	1 072	954	1 312
<b>Total revenue and other operating income</b>	2	<b>28 582</b>	<b>22 518</b>	<b>85 413</b>	<b>60 058</b>	<b>69 632</b>
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
<b>EBITDA</b>		<b>457</b>	<b>-2 915</b>	<b>8 589</b>	<b>-15 100</b>	<b>-33 519</b>

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

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	LTM
<i>(Amounts in 000 NOK)</i>					
Revenues from contracts with customers	28 225	33 884	22 232	9 216	<b>93 556</b>
EBITDA	457	11 422	-3 291	-18 419	<b>-9 830</b>

## Note 11 – Subsequent events

On the 11th of November 2024, Elliptic Labs announced it had signed a new expansion contract with an existing PC customer, covering more laptops and, for the first time, accessories.

On the 19th of November 2024, Elliptic Labs announced the launch of two AI Virtual Smart Sensors on Lenovo ThinkPad™ X1 Carbon Gen 13 Aura Edition laptops.

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