ellipticlabs

Annual Report
2024

AIVirtualSmartSensorPlatform™

Seamless Proximity Presence Distance Gesture Positioning Connection Breathing Heartbeat ellipticlabs

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Letter from the CEO

Scaling New Heights with Next-Generation AI Virtual Smart Sensors

Dear Shareholders,

2024 has been an exceptional year for Elliptic Labs, marked by groundbreaking growth, strategic expansion, and significant technological innovation. As we reflect on this remarkable journey, we are proud of our accelerated market momentum and continued leadership in the AI Virtual Smart Sensor industry.

"In 2024, with a surge in device launches and accelerated revenue growth, we've achieved EBITDA profitability and delivered positive earnings after tax."

Accelerated Market Expansion

In 2024, we delivered impressive revenue growth, achieving mNOK 131,9 in Revenues from contracts with customers, a 93% increase compared to 2023. Demonstrating the rapid adoption of our solutions, we reached significant milestones, deploying our AI Virtual Smart Sensor platform across 66 smartphone models and 15 laptop models.

Remarkably, nearly 40% of all devices deployed with our AI Virtual Smart Sensor platform model released since inception occurred this year alone. We have deepened and expanded strategic partnerships with leading global OEMs including Lenovo, Xiaomi, Transsion, and Oppo, further solidifying our market position.

Technological Breakthroughs and Industry Firsts

Our relentless commitment to innovation has once again set new industry standards. In 2024, we introduced several next-generation sensor solutions, highlighted by our revolutionary dual-sensor configuration—deployed for the first time in a single laptop model. Additionally, our AI Virtual Tap Sensor enabled Lenovo's innovative Smart Share feature, enhancing seamless device-to-device interaction. These advancements not only validate our technical expertise but also unlock exciting new opportunities for contextual intelligence and richer user experiences across devices.

Achieving Profitability and Operational Excellence

This year also marked our first-ever achievement of EBITDA profitability, demonstrating the robustness and scalability of our software-centric, high-margin business model. By maintaining disciplined financial practices and supporting continued investments in research, product development, and strategic market expansion, we have positioned ourselves for sustained success. Our team's consistent execution each quarter has established a solid foundation for long-term, sustainable growth.

Outlook and Future Growth

Looking ahead to 2025, we are energized by our robust market trajectory and the promising opportunities ahead. Our priorities remain clear: expanding our customer base, deepening existing relationships, and maximizing the value of our expanding product portfolio. With growing industry demand for smarter, more sustainable, and intuitive devices, we are perfectly positioned to capitalize on emerging trends and maintain our strong growth momentum.

A Team Effort

I am profoundly grateful to our exceptional team, whose dedication, ingenuity, and relentless pursuit of excellence continue to propel Elliptic Labs forward. Our 2024 accomplishments are a testament to their collective efforts, bolstered by the unwavering support from our partners, customers, and shareholders.

Thank you for believing in our vision. Together, we will continue scaling new heights in AI-driven smart sensing.

Board of Directors' Report

In 2024, Elliptic Labs continued its commercial expansion in the laptop sector by equipping its AI Virtual Human Presence Sensor on 15 new Lenovo PC models. It also renewed expanded it contracts within in the PC vertical, both in commercial and consumer space. It further expanded its product range with it AI virtual tap to share sensor launched as Smart Share during IFA Berlin 2024. It has also added a contract for AI virtual Tap to Pair for accessories.

The company further extended its reach in the mobile industry by launching its AI Virtual Proximity Sensor on a total of 66 smartphone models this year across both new and existing customers.

Elliptic Labs has achieved significant accomplishments with its innovative AI Virtual Smart Sensor Platform. This software-based solution has paved the way for adoption in various industries.

Highlights from 2024:

Strategic Movements:

- Achieved significant growth for Revenues from contracts with customers with 93% increase, totaling mNOK 131,9 from mNOK 68,3 in 2023.
- First profitable year, achieving EBITDA of mNOK 25,1 compared to an EBITDA loss of mNOK 33,7 in 2023.
- Launched AI Virtual Smart Sensor Platform on 66 smartphone models and 15 laptop models, including the first laptop with dual sensors.
- Revenue growth driven primarily by increased customer adoption in smartphones and laptops, achieving strong profitability with maintained cost control.

Strategic Expansion and Market Position

2024 was an exceptional year for Elliptic Labs, characterized by remarkable commercial growth and substantial technological advancements. Our strategic initiatives significantly enhanced our market presence, particularly within laptop and smartphone sectors, culminating in 215 device launches by the release of the this report.

Smartphone model launches included:

- TECNO: 7 models (Spark 20 Pro Plus, Camon 30 Pro 5G, Camon 30 Premier 5G, Camon 30S Pro, Phantom V Fold 2, Phantom V Flip 2, Camon 30S)
- Infinix: 10 models (Note 40, Note 40 Pro, Note 40 Pro 5G, Note 40 Pro+ 5G, GT 20 Pro, Note 40S, Infinix 40 Zero, Infinix 40 Zero 5G, Zero Flip, HOT 50 Pro+)
- Honor: 18 models (X50 Pro, X50 GT, X8B, 200 Lite, 200, 200 Pro, Magic V Flip, Play 60 Plus, X60i, Play 9T, X60, X60 Pro, X7c, 300, 300 Pro, 300 Ultra, GT, Play 9T Pro)
- vivo: 22 models (V30 Pro, V30, Z9, Z9 Turbo, V30e, Y200, Y200GT, S19, S19 Pro, V40, V40 Lite, V40 Pro, Z9s, Z9s Pro, T3 Pro, Y300 Pro, T3 Ultra, Z9 Turbo+, V40e, Y300 Plus, S20, S20 Pro)
- Xiaomi: 6 models (Note 13 Pro 4G, X6 Pro, Civi 4 Pro, Turbo 3, Note 14 Pro, Note 14 Pro Plus)
- Lava: 2 models (Blaze Curve, Agni 3)
- Moondrop: 1 model (MIAD 1)

Laptop model launches included:

- Lenovo: 15 models (ThinkPad T14 i Gen 5 Intel, ThinkPad T14s Gen 5 Intel, ThinkPad T16 Gen 3, ThinkPad T14 i Gen 5 AMD, ThinkPad T14s Gen 5 AMD, ThinkPad X1 Carbon Gen 12, ThinkPad X13 Gen 5, ThinkPad X13 2-in-1 Gen 5, ThinkPad X1 2-in-1 Gen 9 14", ThinkPad P16 Gen 2, ThinkPad P1 Gen 6, ThinkPad P14s Gen 4, ThinkPad P16s Gen 2, Yoga Slim 7i Gen 9 Aura Edition (15" Intel), ThinkPad X1 Carbon Gen 13 Aura Edition)

Business description

Elliptic Labs is a global enterprise targeting the smartphone, laptop, IoT, and automotive markets. Founded in 2006 as a research spin-off from University of Oslo, the Company's patented artificial intelligence ("AI") software platform combines ultrasound and sensor-fusion algorithms to deliver intuitive 3D gesture-, proximity-, and presence-sensing experiences. Its scalable AI Virtual Smart Sensor Platform creates software-only sensors that are sustainable, eco-friendly, and already deployed in hundreds of millions of devices around the world. Elliptic Labs is the only software company that has delivered detection capabilities using AI software, ultrasound, and sensor fusion deployed at scale.

Elliptic Labs carried out an initial public offering in the Euronext Growth market in October 2020 and transferred to the Oslo Stock Exchange main list in Q1 2022. It is headquartered in Oslo, Norway with presence in the USA, China, South Korea, Taiwan, and Japan. Its technology and intellectual property ("IP") are developed in Norway and solely owned by the Company.

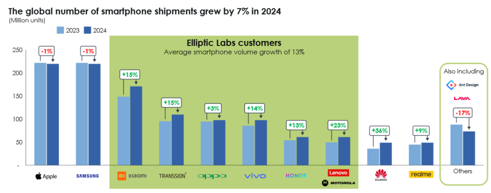
Technology and Product Innovation

In 2016, Elliptic Labs launched its AI Virtual Proximity Sensor to market for the first time on the Xiaomi Mix smartphone. Since then, the company has established a leading market position in the smartphone segment with such proven performance that OEMs can now rapidly adopt Elliptic Labs AI Virtual Proximity Sensor.

In 2024 Elliptic Labs introduced groundbreaking technological innovations including Lenovo's Smart Share, powered by our AI Virtual Tap Sensor, significantly enhancing interoperability across iOS, Android platforms and PCs. Another key technological milestone was the launch of the first laptop featuring two AI Virtual Smart Sensors, both our AI Virtual Human Precense sensor and AI Virtual Tap Sensor.

As of the end of 2024, Elliptic Labs has launched on a total of 162 smartphone models and 33 PC models and its software has been deployed on more than 500 million devices.

End-market demand for smartphones saw an uptick in 2024 following the weak 2022 and 2023, when the global market faced back-to-back declines. In 2022, smartphone shipments dropped by 12%, driven by macroeconomic uncertainty, extended device replacement cycles, and market saturation. This trend continued into 2023, with a further 4% decline. However, during this downturn, Elliptic Labs secured additional contracts with a broader set of OEMs. As the market stabilized and returned to growth in 2024, Elliptic was well-positioned to benefit. The company shipped with a record 66 new phones, supported by improved consumer sentiment and a resurgence in demand—particularly in emerging markets.



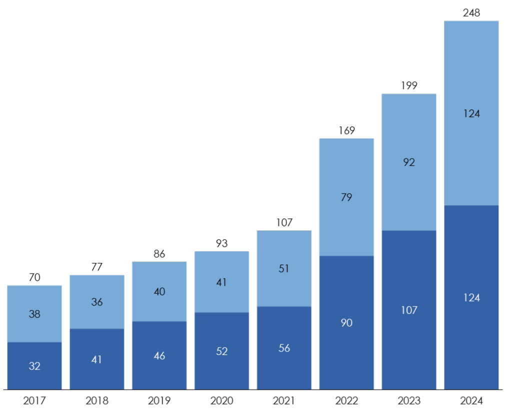
Positioned for long-term growth

Beyond laptops and smartphones, the IoT and automotive markets represent additional opportunities for Elliptic Labs.

The company sees potential for long-term, sustainable demand in the IoT space and will continue positioning itself to capture these opportunities. To that end, it is focused on solidifying its world-leading proprietary technology, executing strong commercial craftsmanship, and attracting and retaining top talent.

Research and development

In 2024, the Group had 49 newly granted and pending patents, for a total of 248 granted and pending patents.



Elliptic Labs expects to continue to develop disruptive technology and to enhance its existing offerings. Research and Development ("R&D") is an important part of the Group's business operations and of Elliptic Labs' strategy to reach its financial ambitions and build shareholder value.

Elliptic Labs executes on its long-term vision of being the leading software platform making devices smarter, greener, and more human-friendly.

Financial review

Profit and loss

(Figures for 2023 in parentheses)

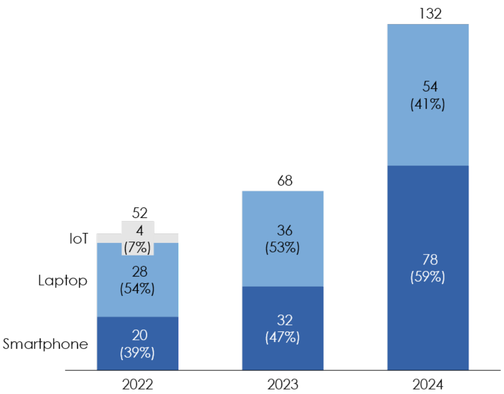
Revenue

Total revenue and other operating income for the full year 2024 increased 91% to mNOK 133,3 (69,6).

Revenue from contracts with customers represented 99% of the total revenue and other operating income in 2024, compared to 98% in 2023.

Revenues from contracts with customers increased 93% to mNOK 131,9 (68,3). Amid a recovering global market for smartphones and computers, Elliptic Labs achieved substantial growth across both segments in 2024, surpassing already strong momentum from the previous year.

In 2024, revenue from contracts with customers was diversified and included a 59% (47%) contribution from smartphones, and 41% (53%) from PC/Laptops, .



Other operating income was mainly represented by grants and amounted to mNOK 1,4 (1,3) in 2024.

Operating costs and EBITDA

Total operating expenses amounted to mNOK 108,2 in 2024 (103,3), excluding depreciation and amortization. Employee benefit expenses was the largest cost area, accounting for mNOK 87,9 (80,6), including mNOK 5,5 (9,8) in expenses related to the Group's share option plan. Other operating expenses amounted to mNOK 20,4 (22,7).

The increase in Employee benefit expenses reflects an increase of an average of 10 FTEs more during the year compared to 2023, salary adjustments, higher cost, full year effect from new hires 2023 and Personnel costs were also affected by changes in foreign exchange rates

The increase also reflects the Group's expanding activities in general. Additionally, other operating expenses includes a positive effect of mNOK 5,0 (6,4) in 2024 related to recoveries of previously written-off receivables in 2018.

The full-year cost reflects Elliptic Labs' operational leverage.

Positive EBITDA amounted to mNOK 25,1, compared to a loss of mNOK -33,7 in 2023.

The current cost base reflects an organization ready to take on the projected growth in the company's business plan, as seen in Elliptic Labs' financial targets.

Depreciation and amortization

Depreciation and amortization amounted to mNOK 20,4 (16,2) for the full year 2024. The increase mainly reflects higher amortization of patents and capitalized development intangibles. For 2024, amortization of internally developed R&D and patents overall amounted to mNOK 15,1 (12,2) and depreciation of leased assets to mNOK 5,2 (3.9).

Operating profit (EBIT)

The operating profit for 2024 was mNOK 4,7 (-49,9).

Net financials

Net financial income was mNOK 12,3 (2,9) for the full year 2024, with financial income representing mNOK 17,0 (12,2) and financial expenses representing mNOK 4,6 (9,3). The primary factors for financial items are agio/disagio, due to currency fluctuation.

Results

Profit before tax was mNOK 17,0 (-47,0), whereas net gain after tax was mNOK 9,0 (-38,1).

Cash flow

(Figures for 2023 in parentheses)

Cash flow from operating activities amounted to mNOK -10,6, compared to mNOK -38,1 in 2023, mainly due to change in net outstanding account receivable in the period.

Although the Group reported a positive net result for 2024, cash flow operating activities was negative during parts of the year. This is primarily due to the build-up of unbilled receivables related to multi-year license agreements. These receivables are expected to be converted into cash over the coming quarters as billing milestones are reached.

Cash flow from investment activities was mNOK -24,6, compared to mNOK -24,7 in 2023. This reflects capitalized development cost, and the increase reflects new hires in the R&D department.

Cash flow from financing activities was mNOK -7,1 (-1,5).

Cash and cash equivalents at the end of the period were mNOK 76,4 (115,6), sufficient to carry out Elliptic Labs' business plan.

Despite the decrease, the company maintains a strong cash position, which aligns with its strategic cash management framework and supports its growth plans

Financial position

(Figures for 2023 in parentheses)

Assets

Total non-current assets amounted to mNOK 165,6 (162,6). Deferred tax assets accounted for mNOK 75,4 (78,2). Intangible assets accounted for mNOK 66,3 (55,6). Right of use assets accounted for mNOK 16,3 (19,4).

Current assets amounted to mNOK 195,5 (185,6). Cash and cash equivalents of mNOK 76,4 (115,6) and Current trade receivables mNOK 110,9 (60,6) represented the majority of the current assets.

Equity and liabilities

Total equity amounted to mNOK 325,3 (305,4).

Total liabilities amounted to mNOK 35,7 (42,8). The company continues to repay its debt.

Parent company results

(Figures for 2023 in parentheses)

The parent company Elliptic Laboratories ASA had a net loss of mNOK 7,9 in 2024 (-39,0) allocated to other equity. At 31 December 2024, the parent company's total assets were mNOK 353,5 (343,0) and total equity was mNOK 317,4 (299,2).

Going concern

The Board of Directors confirms that the annual financial statements for 2024 have been prepared on the basis of a going-concern assumption, and that this assumption has been made in accordance with section 3-3a of the Norwegian Accounting Act.

Corporate Governance

Elliptic Labs has established principles and procedures for sound Corporate Governance, including risk management and internal controls, rules of procedure for the Board of Directors and management, and equal treatment of shareholders. The company has formalized its framework according to the Norwegian Code of Practice for Corporate Governance.

Elliptic Labs has a Directors and Officers Liability Insurance policy on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialized insurer with an appropriate rating. Please see Elliptic Labs' Corporate Governance report for further details.

Working Environment and Environmental Matters

Elliptic Labs emphasizes creating a healthy, safe, and inclusive working environment for all employees. The company focuses on fostering diversity, well-being, and professional development across the organization. Measures to ensure compliance with health, safety, and labor standards are integrated into daily operations. Please see Elliptic Labs' ESG Report for further details.

Elliptic Labs is committed to minimizing its environmental impact through sustainable business practices, including energy efficiency initiatives, responsible resource management, and efforts to reduce carbon emissions. Environmental considerations are an integral part of the company's overall strategy and operations. Please see Elliptic Labs' ESG Report for further details.

Transparency Act

In June 2021, the Norwegian Parliament passed the Transparency Act with the purpose of promoting companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and services, and to ensure the general public is informed about how companies handle violations of fundamental human rights and decent working conditions.

The act applies to large enterprises that are domiciled in Norway, which offer goods and services inside or outside Norway. The last published Transparency Act Report was published in 2024 for the financial year 2023. and can be found on www.ellipticlabs.com/investors. Once the report for 2024 is finalised the report will be published on our website.

Risks and uncertainty factors

Operational risks

The technology in the markets in which the Group operates is rapidly evolving and has been through a series of disruptive changes. The Group firmly believes that its AI Virtual Smart Sensor technology will drive such a shift across several verticals, but it is difficult to predict market trends such as how large the market for the Group's products will be, which sensors will be adopted, and when. If the market for the Group's products does not evolve as the Group anticipates, this could have a materially adverse effect on the Group's business, prospects, financial position, and results of operations.

Financial risks

Elliptic Labs has posted overall profitability for 2024 for the first time, although the company has continued to experience negative cash flow from operations on an annual basis—with certain quarters registering positive cash flow. Notably, the Group's monthly cash burn has improved significantly, decreasing from 5.2 NOK to 3.3 NOK.

However, even if the Group maintains or expands its profitable operations, there is no assurance that this trend will be sustained on a quarterly or annual basis. Additionally, with both the smartphone and PC industries dominated by a few large producers, the Group remains largely dependent on a limited number of customers.

Elliptic Labs operates in countries with currencies other than the Group's presentation currency NOK and is exposed to changes in foreign currency rates. To manage financial risks, the Group actively monitors its currency exposure, evaluates hedging opportunities, and maintains close control over liquidity and capital requirements.

The Group has limited exposure to changes in interest rate levels due to its limited short-term borrowings of mNOK 2.0 from Innovation Norway.

Based on the current cash position of mNOK 76,4 and projections for the operating cash flow and capital requirements for the existing business, the Board of Directors sees limited liquidity risk as the Company will have ample liquidity to support its existing business activities going forward.

Geopolitical risks

Risks Related to USA Tariffs (As of April 22, 2025)

Recent developments concerning USA tariffs on smartphones and PCs have introduced significant uncertainties into global markets. Smartphones, laptops, and certain electronic components have been temporarily exempted from the newly imposed 145% tariffs on Chinese imports. These exemptions aim to alleviate immediate economic pressures on consumers and tech companies. Nevertheless, the potential escalation of these tariffs could materially affect cost structures, profitability, and competitive positioning within the affected sectors. Increased tariffs may lead to disruptions in supply chains, elevated manufacturing expenses, and potential shifts in consumer demand patterns. Elliptic Labs is actively monitoring these developments and preparing strategic contingency plans to mitigate potential adverse effects on its business operations and financial performance.

The war in Ukraine and current conflicts in the middle east currently has no direct impact on Elliptic Labs' current operations. The company continues to monitor the situation.

Environmental risks

No material environmental risks have been identified that will have substantial impact on Elliptic Labs' operations.

Events after the balance sheet date

There are no material events or events of significance to Elliptic Labs' financial position after the end of the fiscal year that require disclosure. The following information has, however, been disclosed on Newsweb in accordance with Elliptic Labs' established practices:

January: Announced expansion agreement with a Top-5 global smartphone OEM, covering a minimum of 20 smartphone models. Announced an additional expansion contract with an existing smartphone customer, confirming deployment on at least 10 smartphone models.

April: Announced a new expansion agreement with a Top-3 global smartphone OEM, covering 11 confirmed smartphone models.

Ongoing tariffs and trade restrictions introduce uncertainty for the tech industry, impacting costs and supply chain stability. Although partial exemptions offer temporary relief, they remain subject to change. We are monitoring developments closely, as future policy shifts may affect planning and profitability. Elliptic Labs currently does not see any material effects from the imposed tariffs..

Technology Deployment in 2025

Elliptic Labs' technology has continued to be implemented in numerous devices after year end, with the following launches (as of april 22nd 2025):

Smartphone Launches in 2025 (Total: 12 models):

January 2025: Xiaomi RedMI Turbo 4, Honor X8c

February 2025: vivo V50, vivo V50e

March 2025: Tecno Camon 40, Tecno Camon 40 Pro, Tecno Camon 40 Pro 5G, Infinix Note 50, Infinix Note 50 Pro, vivo V50 Lite 4G, vivo V50 Lite 5G April 2025: vivo Y300 Pro+

Laptop Launches in 2025 (Total: 8 models):

January 2025: Lenovo ThinkPad Slim 7i Aura Edition (14" Intel), ThinkPad X9 14" Aura Edition, ThinkPad X9 15" Aura Edition, Yoga 9i 2-in-1 Aura Edition (14" Intel), Yoga Slim 9i, IdeaPad Slim 14", Lenovo IdeaPad Slim 15",IdeaPad Slim 16"

Outlook

Elliptic Labs enters 2025 in a stronger position than ever and for the first time following a profitable 2024.

Elliptic has entering 2025, a wide customer base across multiple verticals and a broadened product offering. The company will continue to build on the strong momentum it has built the last years.

Although the company expects a continued variations in quarter-to-quarter revenue recognition in the short term, it expects revenue will ramp up during the year.

Laptops are expected to contribute to the majority of the growth towards Elliptic Labs' mid term target of NOK 500 million. Achieving this target will be supported by continued traction in the smartphone market and the exploration of new frontiers in the IoT space.

The company will carefully manage its organization to capture growth opportunities, and its investments in technology development will continue at current levels.

Statements regarding future developments reflect the current views of the Company but are subject to substantial uncertainty, and actual results may differ materially from those anticipated.

Longer term, Elliptic Labs aims to become the de facto standard for human presence detection in the laptop and broader market, as the company's technology reduces cost and risk while adding functionalities and improving user privacy.

Oslo, 29th of April 2025
The Board of Directors of Elliptic Laboratories ASA
(*Electronically signed)*

Svenn-Tore Larsen	Edvin Austbø	Ingrid Elvira Leisner
Chairman	Board Member	Board Member
Berit Svendsen	Laila B. Danielsen	Svein-Egil Nielsen
Board Member	CEO	Board Member

Corporate Governance Report

Implementation and Reporting on Corporate Governance

Elliptic Laboratories ASA (the "Company" or "Elliptic Labs"; together with its subsidiaries, the "Group") was listed on the Oslo Stock Exchange on 4 March 2022. The Company has adopted and implemented a corporate governance regime, with processes, procedures and tools that follow the Public Limited Liability Companies Act (the "NPLCA") , the Accounting Act, the Auditors Act, the Securities Trading Act, the EU Regulation No 596/2014 on Market Abuse ("MAR"), the Issuer Rules for the Oslo Stock Exchange, as well as the Norwegian Code of Practice for Corporate Governance, last updated 14 October 2021 (the "Code"), available on https://nues.no/. Neither the Company's board of directors (the "Board" or the "Board of Directors") nor the general meeting have adopted any resolutions which are deemed to have a materially adverse effect on the Company's corporate governance regime.

The Board adopted the Company's corporate governance policy on 10 January 2022, as well as inter alia rules of procedure for the Board, instructions for the audit committee, instructions for the remuneration committee, and manuals for the handling of inside information and other disclosure obligations applicable to companies with shares listed on the Oslo Stock Exchange. Furthermore, the extraordinary general meeting held on 18 January 2022 approved the Company's guidelines for the determination of salaries and other remuneration to executive personnel, and the annual general meeting held on 23 May 2022 established a nomination committee and approved instructions for the committee. The Company is reporting in accordance with the NPLCA and the Code.

In the view of the Board, good corporate governance requires an open and trustful cooperation between everyone involved in and with the Group, such as shareholders, the Board, the Company's management, employees, customers, suppliers, public authorities, and the society in general. The Board focuses on ensuring that Elliptic Labs has a sound corporate governance in line with applicable legislation and regulation, stock-exchange rules, and the Code, to support achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. Elliptic Labs' compliance with these corporate governance principles are reviewed by the Board on an annual basis.

Deviations from the Code: None.

Business

The Company is a global enterprise targeting the smartphone, laptop, IoT, and automotive markets. The Company's patented artificial intelligence (AI) software platform combines ultrasound and sensor-fusion algorithms to deliver intuitive 3D gesture, proximity-, and presence-sensing experiences. Its scalable AI Virtual Smart Sensor Platform™ creates software-only sensors that are sustainable, eco-friendly, and already deployed on hundreds of millions of devices around the world. The Company is headquartered in Norway with presence in the USA, China, South Korea, Taiwan, and Japan.

The Company's objective is defined as follows in the Company's articles of association (the "Articles of Association"):

"The objective of the company is to develop, market and sell solutions and services for interaction, imaging, and information exchange between people and technical devices, and everything related thereto, as well as to participate and invest in other companies."

The Board has defined objectives, strategies, and risk profiles for the Group's business activities, including that the Company creates value for its shareholders in a sustainable manner. The Company's objectives, strategies, and risk profiles are evaluated annually. Furthermore, it is the Board's responsibility from time to time to identify and assess which aspects of sustainability are relevant to the Group's business. The Company has established guidelines and a code of conduct addressing corporate social responsibility, including matters that relate to human rights, employee rights, working environment, discrimination and social matters, the environment and environmental impact and prevention of corruption. These are reviewed on an annual basis and are described in the Company's ESG report included in the annual report as required under the Accounting Act.

The Company's objectives and principal strategies are further described in the Company's annual reports and on the Company's website: https://www.ellipticlabs.com.

Deviations from the Code: None.

Equity and Dividends

Equity

The Board is responsible for ensuring that the Group is adequately capitalized relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met.

The Company shall at all times have an equity capital at a level appropriate to its objectives, strategy, and risk profile. The Board shall continuously monitor the Group's capital situation and shall immediately take adequate steps if the Company's equity or liquidity is less than adequate.

At 31 December 2024, the Company's equity was NOK 325,3 , which is equivalent to 90,1% of total assets. The Board considers the Company's equity level to be satisfactory. The Board continuously considers the suitability of the Company's equity level and financial strength, considering its objectives, strategy, and risk profile.

Dividend policy

The Company is in a growth phase and is not able to pay any dividends and has consequently not established any clear dividend policy to date. Beyond the growth phase, it is the Company's ambition to pay dividends to shareholders as soon as it considers itself to be in a position to do so. There can be no assurances that in any given period will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. The Company may revise its dividend policy from time to time.

Any future proposal by the Board of Directors to declare dividends will be subject to applicable laws and will be dependent on several factors, including the Company's financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that the Board of Directors may deem relevant. In addition to legal requirements, the Board of Directors will, when deciding to propose any dividend, take into consideration capital expenditure plans, restrictions under the Group's debt facilities, financing requirements, and maintaining the appropriate strategic flexibility.

The Company has not paid any dividend during the previous financial years, and to date 2025.

Share capital increases and issuance of shares

Under the NPLCA, the general meeting may authorize the Board of Directors to increase the Company's share capital. Such authorizations should be restricted to defined purposes and not last longer than until the next annual general meeting. An exception may be made for authorizations made in connection with the Company's equity incentive programs, which may be authorized for up to two years.

At the annual general meeting held on 22 May 2024, the Board was granted an authorization to increase the share capital of the Company in one or more rounds, by up to NOK 104,837, in connection with investments within the Company's business area, to offer share subscription to potential strategic investors or partners, and to strengthen the Company's capital. The Board was further granted an authorization to increase the share capital in one or more rounds by up to NOK 104 837, in connection with the Company's share option program and other incentive schemes in the Company.

The authorizations are valid until the annual general meeting in 2025, in all cases expiring on 30 June 2025. The authorizations allow for the shareholders' preemption rights to be set aside (see below).

Following the annual general meeting in 2024, the Board has utilized the authorization in connection with the Company's share option program and other incentive schemes to carry out the following share capital increases:

- On 24 May 2024, the Board resolved to increase the share capital in connection with the exercise of options through the Company's incentive program. The share capital was increased by NOK 4,369.98 through the issuance of 436,998 new shares, each with a par value of NOK 0.01. Following the registration of the share capital increase, the Company's total share capital was NOK 1,052,749.68, divided into 105,274,968 shares, each with a par value of NOK 0.01.

Following the share capital increase, the remaining amount of the above mentioned Board authorization to increase the Company's share capital was NOK 100,467.02. The authorization given in connection with investments within the Company's business area, to offer share subscription to potential strategic investors or partners, and to strengthen the Company's capital has not been used.

When the general meeting is considering proposals for board authorizations to increase the Company's share capital for different purposes, each authorization shall be considered and resolved separately. Board authorizations shall furthermore be limited in time and shall not last longer than until the Company's annual general meeting the following year.

Deviations from the Code: None other than as stated above.

Equal Treatment of Shareholders

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings.

Preemption rights to subscribe

According to the NPLCA, the Company's shareholders have preemption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the general meeting or by the Board, if the general meeting has granted a board authorization which allows such deviation. The Board is currently authorized to waive the shareholders' pre-emptive rights in connection with share capital increases, and the Board intends to propose that the annual general meeting in 2024 grants similar authorizations (see above). Any resolution to set aside preemption rights must be justifiable when taking into account the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice by the Company.

Since the annual general meeting in 2024, the Company has waived the shareholders' pre-emptive rights to subscribe for new shares on one occasion, namely the aforementioned share capital increase resolved by the Board on 24 May 2024. The deviations from the shareholders' pre-emptive rights were necessary to attain the purpose of such share capital increases and were considered by the Board to be in the common interest of the Company and its shareholders.

Trading in own shares

Under the NPLCA, the general meeting may authorize the Board of Directors to repurchase the Company’s shares. Such authorizations should not last longer than to the next annual general meeting. An exception may be made for authorizations made in connection with equity incentive programs, which may be authorized for up to two years.

At the annual general meeting held on 22 May 2024, the Board was granted an authorization to acquire the Company's own shares on one or more occasions, with a total par value of up to NOK 52,418. Shares acquired pursuant to this authorization shall either be subsequently cancelled by way of a share capital decrease, included in the Company's incentive program, or used in connection with the Company's investment or as settlement in acquisitions. The purchase price per share shall not be less than NOK 0.01 and not more than NOK 200. The authorization is valid until the Company's annual general meeting in 2025, and will in all cases expire on 30 June 2025.

The Board authorization to acquire its own shares has not been used.

The Board authorization is not limited to a single defined purpose, as the resolution by the general meeting mentions several purposes. The Board however believes that it is in the best interest of the Company, the Company's shareholders and other stakeholders that the Board has flexibility to use the authorization as considered necessary and advantageous at the Board's discretion.

In the event of a future share buy-back program, the Board will aim to ensure that all transactions pursuant to such a program will be carried out either through the trading system at Oslo Børs or at prevailing prices at Oslo Børs and in accordance with MAR. In the event of such program, the Board will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

Deviations from the Code: None other than as stated above.

Shares and Negotiability

The shares of the Company are freely transferable. There are no restrictions on transferability of shares pursuant to the Articles of Association.

Deviations from the Code: None.

General Meetings

Notification

The notice for a general meeting, with reference to or attached supporting information on the resolutions to be considered at the meeting, as well as a proxy form, shall be sent to all the Company's shareholders with known addresses, and made available on the Company's website and on NewsWeb, no later than 21 days prior to the date of the general meeting. The Board will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting.

Deadlines for shareholders to give notice of their attendance at general meetings shall be set as close to the date of the relevant general meeting as possible. It is noted that, due to amendments in statutory law which entered into effect 1 July 2023, such notice must have been received by the Company no later than two business days prior to the general meeting for shareholders whose shares are registered on a nominee account. Pursuant to the Articles of Association, the Board may decide that also other shareholders who wish to participate in the general meeting must give the Company prior notice. The Board may, before the notice to general meeting has been sent, set a later deadline for notification of attendance. Furthermore, pursuant to amendments in statutory law, only those who own shares in the Company on the fifth business day before the general meeting (the record date) have the right to attend and to vote for their shares as of the record date.

The Articles of Association have been amended to reflect the amendments in statutory law.

The notice of the Company's annual general meeting held on 22 May 2024 was sent and made available in accordance with the requirements and principles prevailing at such time.

Participation and execution

The Board of Directors uses its best efforts to schedule and facilitate general meetings in a manner that ensures that all shareholders may exercise their rights to participate in and vote at general meetings, thereby making the general meeting an effective forum for the views of shareholders and the Board of Directors. In accordance with the NPLCA, the Company is required to hold its annual general meeting of shareholders each year on or prior to 30 June.

The general meeting is chaired by the chair of the Board or a person appointed by him. Having the chair of the Board (or such other appointed person) chairing the general meetings simplifies the preparations for the general meetings significantly. This represents a deviation from the Code, which states that the general meetings should be chaired by an independent person. However, it is the Company's opinion and experience that its procedures for the chairing and execution of the general meetings have proven satisfactory.

The Company encourages shareholders to attend the general meeting. It is also the intention to have representatives of the Board and the chair of the nomination committee attend the general meeting. The Company will, however, normally not have the entire Board attend the meeting, as this is considered unnecessary. This represents a deviation from the Code, which states that arrangements shall be made to ensure attendance by all Board members.

The annual general meeting in Elliptic Labs held on 22 May 2024 was held as a digital meeting, in accordance with section 5-8 of the NPLCA. A total of 47,26% of the outstanding shares were represented. In accordance with the Code, shareholders were allowed to vote separately on each candidate proposed for election to the Board.

Deviations from the Code: None other than as stated above.

Nomination Committee

The Articles of Association set out that the Company shall have a nomination committee consisting of between two and four members, elected by the general meeting for a term of two years. The nomination committee shall consider and recommend resolutions at the general meeting on the following matters:

- Candidates for election of members to the Board and to the nomination committee; and
- the proposed remuneration of the Board and the members of the nomination committee.

The nomination committee shall propose candidates to the Board and the nomination committee and justify its proposal on an individual basis. Further guidelines for the duties of the nomination committee are set out in the guidelines adopted by the annual general meeting in 2022, including that the nomination committee and the Company shall provide suitable arrangements for shareholders to submit proposals for candidates for election.

The nomination committee currently comprises three members: Einar Greve (chair) and members Thomas Raaschou and Tore Engebretsen, elected by the annual general meeting in 2024 for the period until the annual general meeting in 2025. Consequently, the composition of the nomination committee will be on the agenda for the annual general meeting in 2025.

None of the nomination committee members are members of the Board or the Company's management. All members of the committee are independent of the Board and the Company's management. The nomination committee is of the opinion that the composition of the committee reflects the common interest of all the Company's shareholders.

The nomination committee's recommendation of candidates for the annual general meeting in 2025, including the reasoning for the recommendation, will be appended to the notice of the meeting as published on the Company's website and on NewsWeb.

In 2024, the nomination committee held 7 meetings.

Deviations from the Code: None.

Board of directors: Composition and independence

Pursuant to the Articles of Association, the Board shall consist of between four and seven members.

The Board's composition shall ensure that it can attend to the common interests of all shareholders in the Company and meet the Company's need for expertise, capacity, and diversity. Attention should be paid to ensure that the Board can function effectively as a collegiate body.

The composition of the Board should ensure that it can operate independently of any particular interests. The majority of the shareholder-elected Board members shall be independent of the Company's management and material business contacts. At least two of the shareholder-elected Board members shall be independent of the Company's main shareholder(s).

The Board shall not comprise members from the Company's management. If the Board does include such persons, the Company shall give an explanation of this and implement consequential adjustments to the organization of the work of the Board, including the use of board committees to help ensure more independent preparation of matters for discussion by the Board.

The chair of the Board shall be elected by the general meeting. Members to the Board shall be elected for a period of one year at a time. The annual report shall specify which members are considered to be independent. The Company encourages Board members to own shares in the Company.

The Board of Directors is comprised of the below listed persons for the period from the annual general meeting in 2024 to the annual general meeting in 2025, all current board members are expected to be proposed re-elected by the nomination committee at the annual general meeting in 2025, for the period until the annual general meeting in 2026. The proposed composition of the Board will be included in the nomination committee's recommendations which will be published in connection with the notice of the Company's annual general meeting.

- Svenn-Tore Larsen (member) has served since 2015 (Chairman since 2024)

- Edvin Austbø (member) has served since 2015
- Berit Svendsen (member) has served since 2019
- Ingrid Leisner (member) has served since 2022
- Svein-Egil Nielsen (member) has served since 2024

All of the members of the Board are independent of the Company's executive management and material business contacts. All of the Board members are independent of the Company's main shareholders (i.e. shareholders holding 10% or more of the Company's shares). As such, the composition of the Board complies with the Code.

Deviations from the Code: None.

The Work of the Board of Directors

Board Instructions

The Board is responsible for the overall management of the Company and shall supervise the Company's business and the Company's activities in general.

The NPLCA regulates the duties and procedures of the Board. In addition, the Board has adopted supplementary rules of procedures providing further details on inter alia the duties of the Board and the chief executive officer (the "CEO"), the division of work between the Board and the CEO, notices of Board proceedings, administrative procedures, minutes, board committees, transactions between the Company and the shareholders and related parties and matters or confidentiality.

The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The CEO shall at least once a month, by attendance or in writing, inform the Board about the Company's activities, position, and profit trend.

The Board's consideration of material matters in which the chair of the Board is, or has been, personally involved, shall be chaired by another Board member. The Board shall evaluate its performance and expertise annually.

In 2024, the board held 16 Board meetings.

The audit committee

The Company's audit committee is governed by sections 6-41 to 6-43 of the NPLCA and separate instructions adopted by the Board. The members of the audit committee are appointed by and among the members of the Board. A majority of the members shall be independent of the Company's business, of which at least one member shall have qualifications within accounting or auditing. Board members who are also members of the management (if any) cannot be members of the audit committee.

The purpose of the audit committee is inter alia to ensure:

- the integrity of the Company's financial statements, financial reporting processes, internal controls and risk assessment and risk management policies, and of the compliance system; and
- the performance of the Company's internal control function.

The audit committee reports and makes recommendations to the Board of Directors, but the Board retains responsibility for implementing such recommendations. The audit committee shall comprise of two Board members who are appointed for a two-year term. The appointed members of the audit committee are Ingrid Leisner (chair) and Berit Svendsen (member). Both members are independent of the Company. The composition of the Company's audit committee is fully compliant with the requirements for qualifications and competence in accounting and auditing set out in the NPLCA and the recommendations in the Code.

In 2024, the audit committee held 6 meetings.

The remuneration committee

The Company shall have a remuneration committee in order to ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. The remuneration committee's duties shall be governed by separate instructions adopted by the Board. The members of the remuneration committee shall be appointed by and among the Board members and shall be independent of the Company's management.

The remuneration committee shall prepare, subject to approval by the Board and the general meeting as required under applicable law:

- a policy on determination of salaries and other remuneration for executive personnel in accordance with the NPLCA section 6-16 a;
- an annual report on salaries and other remuneration for executive personnel in accordance with the NPLCA section 6-16 b; and
- other matters relating to remuneration and other material employment issues in respect of the executive personnel

The Board of Directors has established a remuneration committee consisting of two members, elected by and among the Board, both of whom have been appointed for a two-year term. The current members of the remuneration committee are Edvin Austbø (chair) and Berit Svendsen (member).

In 2024, the remuneration committee held 4 meetings.

Deviations from the Code: None.

Risk Management and Internal Control

Risk management and internal control are given high priority by the Board, which is responsible for ensuring that adequate systems for risk management and internal control are in place. The control system consists of interdependent areas which include risk management, control environment, control activities, information, and communication and monitoring.

The Company's management is responsible for establishing and maintaining sufficient internal control over financial reporting. Company-specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the Group. The CEO and the Chief Financial Officer supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over financial reporting of the Group. The Company's consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as adopted by the EU.

The Board shall ensure that the Company has sound internal control and systems for risk management, including compliance with the Company's corporate values, ethical guidelines, and guidelines for corporate social responsibility. The Company's code of conduct describes the Company's ethical commitments and requirements related to business practice and personal conduct. If employees experience situations or matters that may be contrary to rules and regulations or the Company's code of conduct, they are urged to raise their concern with their immediate superior or another manager in the Company.

The Board shall undertake a complete annual review of risks related to the Group's business, with particular focus on the Company's most important areas of exposure to risk, to be carried out together with the review of the annual financial statements. The audit committee shall assist the Board on an ongoing basis in monitoring the Company's system for risk management and internal control. In connection with the quarterly financial statements, the audit committee shall present to the Board reviews and information regarding the Company's current business performance and risks.

Remuneration of the Board of Directors

The remuneration to the members of the Board shall be decided by the Company's general meeting, and should reflect the Board's responsibility, expertise, time commitment, and the complexity of the Company's activities. The remuneration should not be linked to the Company’s performance, and the members of the Board should not be awarded share options.

The annual report shall provide details of all elements of the remuneration and benefits of each member of the Board, which includes a specification of any remuneration in addition to normal fees to the members of the Board.

Members of the Board and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments, this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

For the period from the annual general meeting in 2024 up to the annual general meeting in 2025, the general meeting resolved, in accordance with the nomination committee's recommendation, that the remuneration for the Board of Directors be structured as follows:

For Board Members:

Each Board member shall receive a fixed fee of NOK 300,000 per year. Alternatively, if a Board member elects to receive share options as remuneration, the fixed fee will be reduced by NOK 150,000 per year (resulting in a fee of NOK 150,000), and the Board member will be granted a one-time allocation of 34,000 Options, representing 50% of their cash fee compensation.

For the Chair:

The Chair shall receive a fixed fee of NOK 500,000 per year. Alternatively, if the Chair opts to receive share options as remuneration, the fixed fee will be reduced by NOK 250,000 per year (resulting in a fee of NOK 250,000), and the Chair will be granted a one-time allocation of 56,000 Options, representing 50% of the cash fee compensation.

The following members elected to receive share options as their form of remuneration:

Svenn-Tore Larsen (Chair), Berit Svendsen (Member), Ingrid Leisner (Member) and Svein-Egil Nielsen (Member)

The nomination committee's recommendation for remuneration to the members and the chair of the Board of Directors will be disclosed in connection with the notice of the annual general meeting in 2025, and will be subject to a resolution by the annual general meeting.

Please see Remuneration Report for further details.

Deviations from the Code:

The Norwegian Code of Practice for Corporate Governance (NUES) does not recommend that members of the Board of Directors receive share options as part of their remuneration. The Company has deviated from this recommendation by introducing an option-based component to the remuneration of Board members, as resolved at the 2024 Annual General Meeting. The Nomination Committee proposed this structure on the grounds that it would be in the best interest of the Company and its shareholders for Board members to have a meaningful portion of their compensation tied to the Company's equity value development. Consequently, Board members were given the opportunity to elect to receive 50% of their cash fee compensation in the form of a one-time grant of share options, with a corresponding reduction in their fixed annual fee.

Salary and Other Remuneration for Executive Personnel

The total remuneration of the Company's executive personnel consists of a base salary, variable remuneration, other benefits in kind, and pension schemes. Performance-related remuneration of the executive management in the form of bonus programs, share-based incentives, or similar shall be linked to value creation in the Company over time. Such arrangements shall incentivize performance and be based on quantifiable factors that the employee may influence. As recommended in the Code, the performance-related remuneration is subject to an absolute limit. Share-based incentive schemes are limited by a maximum number of shares in the Company that can be allocated.

The Board of Directors has established a remuneration committee (see further details on the composition of the committee above). The primary purpose of the remuneration committee is to assist the Board of Directors in matters relating to remuneration of the executive management of the Group, as well as reviewing recruitment policies, career planning and management development plans, and preparing matters relating to other material employment issues in respect of the executive management.

The remuneration committee shall report and make recommendations to the Board of Directors, but the Board retains responsibility for implementing such recommendations. The Company's guidelines regarding the determination of salaries and other remuneration of executive personnel prepared in accordance with section 6-16 a of the NPLCA were approved by the extraordinary general meeting on 18 January 2022.

Please see Remuneration report for further details on the remuneration of the executive personnel.

Deviations from the Code: None.

Information and Communications

The Board has adopted a separate manual on disclosure of information, which sets forth the Company's disclosure obligations and procedures. The Board will seek to ensure that market participants receive correct, clear, relevant, and up-to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

The Company will each year publish a financial calendar, providing an overview of the dates for major events, such as the Company's annual general meetings and publication of interim reports.

The Company shall have procedures for establishing discussions with main shareholders to enable the Board to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall be done in compliance with the provisions of applicable laws and regulations.

All information distributed to the Company's shareholders will be made available on the Company's website and on NewsWeb no later than at the same time as it is sent to shareholders.

Deviations from the Code: None.

Take-overs

The Company does not have separate guidelines on how to respond in the event of a takeover bid. This represents a deviation from the Code, which recommends to have such guidelines in place. The Board has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterized by concrete and one-off situations, which make guidelines challenging to prepare.

In the event the Company becomes the subject of a takeover bid, the Board shall seek to ensure that the Company's shareholders are treated equally and that the Company's business is not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess any such offer.

There are no defense mechanisms against takeover bids in the Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. In the event a takeover were to occur, the Board will consider the relevant recommendations in the Code and whether the concrete situation entails that the recommendations in the Code can be complied with or not.

Deviations from the Code: None other than as stated above.

Auditor

The Company’s auditor, PricewaterhouseCoopers AS, was appointed in 2017 and is regarded as independent in relation to Elliptic Labs. The Board of Directors receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied.

The Board will require the Company's auditor to annually present to the audit committee a review of the Company's internal control procedures (including weaknesses identified by the auditor, if any, and proposals for improvement), as well as the main features of the plan for the audit of the Company.

Furthermore, the Board will require the auditor to participate in meetings of the Board that deal with the annual financial statements, in which the auditor shall report on (i) any material changes in the Company’s accounting principles and key aspects of the audit, (ii) any material estimated accounting figures, and (iii) all material matters which have been subject to a disagreement between the auditor and the Company's executive management, if any.

At least one Board meeting with the auditor shall be held each year in which no member of the Company's management is present.

The audit committee shall review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represents a threat to the independence of the auditor.

The remuneration to the auditor for statutory audit will be approved by the annual general meeting.

Deviations from the Code: None.

SUSTAINABILITY REPORT

Elliptic Labs and Sustainability

Elliptic Labs develops AI Virtual Smart Sensors™ that use AI, ultrasound, and sensor fusion to detect people and their surroundings. Its mission is to make every device smarter, more human, and environmentally friendly.

Our sustainability vision

Elliptic Labs' vision is to build the leading software platform for all sensors, making every device smarter and more human- and environmentally friendly. Elliptic Labs' software allows its customers to replace a physical hardware sensor with a virtual one, thereby reducing their environmental footprint due to no production of hardware, no distribution or need for warehousing, nor need for maintenance or service. This is highly attractive to Elliptic Labs' customers, many of whom aim to be carbon negative, or at least carbon neutral. Moreover, Elliptic Labs' AI Virtual Smart Sensor Platform enables devices to reduce power consumption and component waste, further augmenting the positive impact of Elliptic Labs' software on the environment.

Business description

Elliptic Labs is a global enterprise targeting the smartphone, laptop, IoT, and automotive markets. Founded in 2006 as a research spin-off from University of Oslo, the Company's patented artificial intelligence ("AI") software platform combines ultrasound and sensor-fusion algorithms to deliver intuitive 3D gesture-, proximity-, and presence-sensing experiences. Its scalable AI Virtual Smart Sensor Platform creates software-only sensors that are sustainable, eco-friendly, and already deployed in hundreds of millions of devices around the world. Elliptic Labs is the only software company that has delivered detection capabilities using AI software, ultrasound, and sensor fusion deployed at scale.

Elliptic Labs carried out an initial public offering in the Euronext Growth market in October 2020 and transferred to the Oslo Stock Exchange main list in Q1 2022. It is headquartered in Oslo, Norway with presence in the USA, China, South Korea, Taiwan, and Japan. Its technology and intellectual property ("IP") are developed in Norway and solely owned by the Company.

Business model

Elliptic Labs focuses on developing applications from its patented AI platform, which combines ultrasound and sensor-fusion algorithms to deliver intuitive 3D gesture-, proximity-, and presence-sensing experiences.

The Group's AI Virtual Smart Sensor Platform can bring touchless 3D gestures, presence, and vitals detection to any modern device that possesses a microphone and a speaker. The AI Virtual Smart Sensor Platform rapidly and efficiently integrates various combinations of Elliptic Labs' AI Vrtual Smart Sensors into customer products.

The applications of these sensors are found in smartphones, laptops, smart speakers, smart televisions, smart appliances, automotives, and smart hygiene.

Elliptic Labs uses a partnering and collaboration strategy. It leverages its partners' sales organizations to identify and drive sales opportunities and also works with its ecosystem partners to embed its AI Virtual Smart Sensor Platform into their respective platforms. Finally, Elliptic Labs collaborates with these partners to create new standards for ultrasound and AI virtual smart sensors. The platform partners include Intel, Qualcomm, Samsung, Cadence, MediaTek, Knowles, and others. Go-to-market partnerships promote Elliptic Labs' solutions to potential new platform partners and include companies such as Infineon, ARM, AAC Technologies, Cirrus Logic, and Texas Instruments.

Key sustainability topics for Elliptic Labs

The Group's survival and successful growth depends on its ability to:

a. develop new products and technologies that address the increasingly sophisticated and varied needs of prospective customers

b. respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis by improving existing products and technologies

Since the Group's products are used as components in finished products, the demand, as well as the production of, such products are important.

From a sustainability perspective, therefore, the key risks are centered around:

a. Raw material costs, which could rise due to physical climate risks or changes related to policies and other regulatory issues. These could indirectly impact the Group through the impact it has on the Group's customers.
b. The Group must have access to skilled and motivated employees to continue to run its operations successfully and to reach its strategic and operational objectives. The Group's future development is therefore to a large extent dependent on the Group being successful in attracting, developing, and retaining employees with appropriate skills.
c. Data protection and data security regulations are important, as the Group develops technology that processes personal data related to individuals (and often customers). Moreover, the Group deals with business partners that integrate its technology in their products and services, which exposes the Group to data protection laws and regulations in multiple jurisdictions.
d. Supply-chain disruptions (e.g., due to physical climate change, regulations, or other transitional changes) could impact the Group's customers and thus indirectly impact Elliptic Labs.

On the other hand, a key driver for Elliptic Labs is its ability to contribute to reducing the environmental footprint of its customers and users. The key opportunities are therefore related to:

a. An increased focus by customers and other market participants on obtaining solutions that decrease their carbon footprint
b. A product portfolio that reduces the environmental footprint of its customers through replacing hardware sensors with software, which reduces component waste
c. Presence-detecting capabilities that assist in decreasing the amount of power consumed by the devices that include the Group's sensors

Environment

Elliptic Labs is a small organization where nearly all employees work in office locations. The environmental footprint is low as office locations are centrally located letting employees easily use public transport, cycle, or walk to the office. We focus on efficient office locations with smart solutions for heating, ventilation, and lighting. The main direct impact the Group has on the environment is through:

a. Electricity usage
b. Business travel in connection with sales and marketing
c. IT equipment and software

The Group has not yet conducted any review to quantify the environmental impact of these activities, primarily since these represent a small proportion of the company's cash costs.

In the summer of 2023, Elliptic Labs moved its headquarters to new office premises in Oslo, Norway, which are certified according to BREEAM NOR Excellent and BREEAM In-Use Excellent standards.

BREEAM (Building Research Establishment Environmental Assessment Method) is an international sustainability assessment method for buildings, infrastructure, and communities. Developed by the Building Research Establishment (BRE), it is one of the world's leading sustainability assessment methods. BREEAM evaluates and scores the environmental performance of a building or community across various categories, such as energy, water, materials, waste, pollution, health and well-being, management, and ecology. The method encourages stakeholders to consider sustainable solutions from a project's inception, fostering innovation in sustainable practices. It also serves as a benchmark that inspires others in the industry to strive for higher environmental standards, contributing to a global movement towards sustainability.

Elliptic Labs aimed to minimize its environmental footprint by investing in an office that utilized natural lighting and which supported recycling efforts. By moving to this new office, it transitioned to a modern building that has earned Smart Building Certification (https://smartbuildingcollective.com/building).

Elliptic Labs is delighted to adopt and implement well-defined sustainable initiatives and measures. These include intelligent management of lighting, heating, waste, recycling, ventilation, and the use of cleaning practices that limit the transmission of infections.

By purchasing all the furniture for the new office second-hand, we made a step towards reducing our carbon footprint, contributing to the circular economy in our own way. This decision helped us avoid the emissions associated with the production and disposal of new furniture, resulting in significant CO_2 savings. It's a practical example of how we, as a company, are making efforts to utilize resources more efficiently and to reduce waste, aligning with the principles of sustainable growth.

People

Elliptic Labs is a dynamic organization in constant development. Its diverse workforce forms the basis of the Group's success. By constantly securing safe and wholesome working conditions and a positive work environment for its employees, Elliptic Labs aims to preserve and build on healthy, motivated employees and a strengthened internal culture.

Demographics in Elliptic Labs as of end 2024 (figures for 2023 are given in parentheses):

- 88 (85) employees whereas 10 (10) female
  - 6 (6) in the USA whereas 2 female
  - 31 (30) in APAC whereas 3 female
  - 51 (49) in Norway whereas 5 female
- Number of nationalities for all employees globally is 13 (13)

The working environment has been good in 2024. The company elected a Safety representative (Verneombud) in January 2023 and safety controls has been carried out as planned and with focus on moving into a new office location in July 2023. There has not been necessary to implement any specific actions. There have been no injuries or accidents in 2024. Elliptic Labs had 3.1% (1,3%) absence due to sick leave in 2024.

The Group has a female CEO, Laila Danielsen. The Group has 88% (83%) male employees and 12% (17%) female employees as of the end of 2024.

The Executive leadership team consists of 29% (29%) female and 71% (71%) male members.

The Board of Directors consisted of 40% (40%) female and 60% (60%) male members in 2024.

The company is continuously working to improve its gender equality by addressing new initiatives to attract more female candidates for open positions, as well as assessing what it can do to retain female employees and facilitate a great working environment for all.

During 2024, the company has continued its collaboration with ADA (at Norwegian University of Science and Technology, Trondheim, Norway) to support and motivate female engineering students within tech to not drop out of their study program. This is an important contribution to ensure a higher number of female engineers.

Elliptic Labs launched in 2023 a new digital HR system (BOB) which provides everyone with an overview of the total workforce, as well as abilities for DEI reporting and attention.

Elliptic Labs has a Code of Conduct for all employees stating that ethical and professional behavior is part of our DNA. The code sets out expectations for the personal conduct and business practice of the Group's employees to develop a company culture that meets its vision, mission, and core values.

The Code specifies zero tolerance for discrimination, harassment, or bullying based on any protected legal category (e.g., age, gender, sexual orientation, disability, race, nationality, political opinions, religion, or ethnic background). These things will not be tolerated in Elliptic Labs in any form — verbal, physical, or visual. Any incidents are encouraged to be reported to relevant supervisor, Human Resources, or both. All incident reports will be treated with the upmost confidentiality in mind and with no reprisal for the notifier. Reminders and awareness around these important areas are addressed frequently in townhall meetings.

Furthermore, the Code specifies that Elliptic Labs employees shall not under any circumstances cause or contribute to the violation of human or labor rights. Rather, they must respect the personal dignity, privacy, and rights of everyone they interact with in the course of their employment at Elliptic Labs.

At Elliptic Labs, employees mostly conduct standard office work, so no major safety initiatives have been deemed necessary other than ensuring that employees have well-equipped office spaces and generally balanced working conditions.

Governance matters

Elliptic Labs' Code of Conduct has governance sections that deal with matters such as:

a. Insider information and trading
b. Sensitive information and confidentiality
c. Personal data and privacy
d. Conflicts of interest
e. Corruption, bribery, and money laundering
f. Safeguarding of property and assets

There is zero tolerance for all forms of corruption and the company makes active efforts to ensure that it does not occur in its business activities. Elliptic Labs is firmly opposed to all forms of money laundering.

The Group established a Corporate Governance Policy 2022 in line with the Norwegian Corporate Governance Code.

For additional information regarding the corporate governance in Elliptic Labs, we refer to the section covering disclosures pursuant to the Norwegian Corporate Governance Code. The Group has no dedicated governance structure for ESG matters as the organization is small.

Important governance issues for the Group include:

As a Norwegian public limited company listed on the Oslo Stock Exchange, the Group is subject to the following sustainability legislation:

a. The Norwegian Accounting Act 3-3c, which requires the company to report on environmental and social impact, working environment, equality , human rights, and anti-corruption.
b. The Norwegian Equality and Anti-Discrimination Act, which requires the company to investigate, assess, and report on discrimination- and equality risk in the company.
c. The Norwegian Transparency Act, which requires the company to carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises and publish an annual account of human rights and decent working conditions across its supply chain (entered into force 1 July 2022).
d. The EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) have been implemented in Norwegian legislation. The Group currently do not meet the thresholds for CSRD Reporting.

The Group deals globally with business partners that integrate the Group's technology in their products and services.

The Group's software does not process any external personal information and thus has limited exposure towards data protection laws and regulations. The company operates in multiple jurisdictions which impose stringent requirements and potentially high penalties for material non-compliance.

The relevant data protection laws and regulations in the jurisdictions where the Group has operations:

a. In the EU and EEA, the main regulation is the General Data Protection Regulation (EU) 2016/679 ("GDPR") and its local law implementations, including the Norwegian Data Protection Act of 15 June 2018 no. 38.
b. Japan also has a well-developed data protection legislative framework in the Act No. 57 of 2003 on the Protection of Personal Information ("APPI") as well as an extensive set

of sectoral guidelines. The APPI has been amended both in 2015 and 2020, and Japan obtained an adequacy decision from the European Commission in 2018.

c. In 2021, China adopted a Personal Information Protection Law ("PIPL") which, together with the Chinese Data Security Law from earlier in 2021 and the Cybersecurity Law from 2017, comprise the legal framework for information security and data protection in China.

The laws and regulations mentioned above, as well as several other relevant data protection laws and regulations, impose obligations on data controllers in terms of accountability, transparency, data subject rights such as access and deletion, cross-border transfers of personal data, and information security.

For the Group, this applies to employee information and relevant communication with vendors or suppliers. The Group's software does not collect, monitor, or call back information.

Failure to comply with relevant data protection legislation or privacy-related contractual obligations may result in decreed corrective actions, fines, litigation or public statements directed towards the Group as developers of the technology. Violations of the GDPR could lead to administrative fines up to 4% of the Group's global annual turnover or mEUR 20, whichever is higher.

Any failure to comply with relevant data protection laws could furthermore cause the Group's business partners to lose trust in the Group's technological solutions. Any violations of data protection laws by the Group's business partners may also have an adverse effect on the Group's business, both in terms of direct costs and revenue losses due to reputational damage.

In March 2024, the European Union advanced its regulatory approach to artificial intelligence through the approval of the Artificial Intelligence (AI) Act. This legislation introduces the world's first comprehensive horizontal regulatory framework specifically addressing AI. The AI Act sets out a unified set of guidelines for the development, deployment, and use of artificial intelligence systems within the EU, including:

- Harmonized standards for the marketing, operational deployment, and utilization of AI systems within the EU.
- Specific prohibitions on AI applications considered harmful or posing unacceptable risks to safety or fundamental human rights.
- Detailed requirements and compliance obligations for high-risk AI systems, along with clearly defined responsibilities for developers, providers, and operators.
- Increased transparency rules for AI systems interacting with individuals, such as systems for emotion recognition, biometric categorization, and those generating or manipulating images, audio, or video content. Additionally, the Act specifies mechanisms for market monitoring and surveillance.

The enactment of the AI Act aims to ensure the legality, safety, and reliability of AI systems, significantly influencing business operations within the EU market. Although detailed implementation guidelines are still evolving, the legislative agreement emphasizes the necessity for regulatory oversight. The Company continues to monitor these developments closely to evaluate and prepare for the AI Act's implications on its operational and regulatory business environment.[1]

[1] https://www.europarl.europa.eu/topics/en/article/20230601STO93804/eu-ai-act-first-regulation-on-artificial-intelligence

Consolidated financial statements

Consolidated statement of comprehensive income

For the financial period ended 31 December 2024 and 31 December 2023.

(Amounts in 000 NOK)	**Notes**	**2024**	**Restated 2023**
Revenues from contracts with customers		131 914	68 321
Other operating income		1 430	1 312
Total revenue and other operating income	2	**133 343**	**69 632**
Employee benefit expenses	12	-87 861	-80 552
Other operating expenses	4	-20 365	-22 744
EBITDA	22	**25 118**	**-33 664**
Depreciation and amortization	7, 8, 16	-20 408	-16 224
Operating expenses		**-128 633**	**-119 521**
Operating profit		**4 710**	**-49 889**
Financial income	5	16 960	12 191
Financial expenses	5	-4 623	-9 306
Net financial income/(expenses)		**12 337**	**2 886**
Profit/(loss) before tax		**17 047**	**-47 003**
Income tax expense	6	-8 086	8 888
Profit/(loss)		**8 960**	**-38 114**
Other comprehensive income:			
Foreign currency rate changes, may be reclassified to profit or loss		667	151
Other comprehensive income, net of tax		**667**	**151**
Total comprehensive income for the period		**9 627**	**-37 964**
Profit/Loss for the period is attributable to:			
Equity holders of the parent company		**9 627**	**-37 964**
Earnings per share outstanding	14	0,09	-0,37
Earnings per share fully diluted	14	0,08	-0,37

Consolidated statement of financial position

(Amounts in 000 NOK)	**Notes**	**31/12/2024**	**Restated 31/12/2023**	**Restated 1/1/2023**
Non-current assets				
Deferred tax assets	6	75 420	78 166	69 286
Intangible assets	7	66 252	55 628	45 533
Right of use assets	8, 16	16 301	19 447	2 256
Property, plant and equipment	8	357	460	—
Non-current receivables		7 245	8 861	5 038
Total non-current assets		**165 575**	**162 561**	**122 113**
Current assets				
Current trade receivables	10	110 936	60 612	40 495
Other current receivables	10	8 125	9 448	6 905
Cash and cash equivalents	11	76 390	115 582	178 219
Total current assets		**195 451**	**185 642**	**225 619**
Total assets		**361 026**	**348 203**	**347 732**
Equity and liabilities				
Share capital	14	1 053	1 048	1 041
Other equity		324 288	304 355	322 990
Total equity		**325 341**	**305 404**	**324 030**
Non-current lease liabilities	16	10 727	15 874	523
Non-current borrowings	15	—	2 000	6 000
Total non-current liabilities		**10 727**	**17 874**	**6 523**
Current borrowings	15	2 000	4 000	4 000
Trade and other current payables		1 301	3 855	1 668
Current lease liabilities	16	6 625	3 990	2 184
Other current liabilities	18	15 032	13 080	9 327
Total current liabilities		**24 958**	**24 926**	**17 179**
Total equity and liabilities		**361 026**	**348 203**	**347 732**

Oslo, 29th of April 2025
The Board of Directors of Elliptic Laboratories ASA
(Electronically signed)

Svenn-Tore Larsen	Edvin Austbø	Ingrid Elvira Leisner
Chairman	Board Member	Board Member
Berit Svendsen	Svein-Egil Nielsen	Laila B. Danielsen
Board Member	Board Member	CEO

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
Shareholders' equity at 01.01.2024	**1 048**	**355 002**	**-49 268**	**326**	**307 109**
Effect of correction of error[2]	**—**	**—**	**-1 705**	**—**	**-1 705**
Shareholders' equity at 01.01.2024 (Restated)	**1 048**	**355 002**	**-50 973**	**326**	**305 404**
Profit (loss) for the period	—	—	8 960	—	8 960
Other comprehensive income for the period	—	—	—	667	667
Total comprehensive income for the period	**—**	**—**	**8 960**	**667**	**9 627**
Transactions with owners:					
Capital increase through issuance of ordinary shares	4	4 831	—	—	4 835
Employee share schemes	—	—	5 475	—	5 475
Shareholders' equity at 31.12.2024	**1 053**	**359 833**	**-36 537**	**993**	**325 341**

2023 (Amounts in 000 NOK)	Share capital	Other paid in capital	Other equity	Translation reserve	Total equity
Shareholders' equity at 01.01.2023	**1 041**	**345 514**	**-21 109**	**175**	**325 622**
Effect of correction of error[2]	**—**	**—**	**-1 592**	**—**	**-1 592**
Shareholders' equity at 01.01.2023 (Restated)	**1 041**	**345 514**	**-22 700**	**175**	**324 030**
Profit (loss) for the period	—	—	-38 114	—	-38 114
Other comprehensive income for the period	—	—	—	151	151
Total comprehensive income for the period	**—**	**—**	**-38 114**	**151**	**-37 964**
Transactions with owners:					
Capital increase through issuance of ordinary shares	8	9 488	—	—	9 495
Employee share schemes	—	—	9 842	—	9 842
Shareholders' equity at 31.12.2023 (Restated)	**1 048**	**355 002**	**-50 973**	**326**	**305 404**

[2] See note 1.2 for more information on corrections and restatement.

Consolidated statement of cash flows

For the financial period ended 31 December 2024 and 2023.

(Amounts in 000 NOK)	Notes	2024	Restated 2023
Cash flow from operating activities			
Profit/(loss) before tax		17 047	-47 003
Adjustment for:			
Taxes paid in the period		-2 203	-241
Depreciation, amortization and impairment	7, 8, 16	21 860	16 224
Share-based payment expense	13	5 475	9 842
Net finance items	5	-795	-1 201
Other non cash items		-388	1 000
Change in current trade receivable		-50 324	-20 118
Change in trade payables		-2 554	2 187
Change in other current assets and liabilities		1 275	1 210
Net cash flows from operating activities		**-10 607**	**-38 100**
Cash flow from investing activities			
Payments of property, plant and equipment	8	—	-514
Payments of intangible assets	7	-30 502	-25 099
Interest received	5	4 367	4 642
Proceeds from repayment of deposits		1 816	499
Payment of deposits		-237	-4 245
Net cash flows from investing activities		**-24 555**	**-24 717**
Cash flow from financing activities			
Repayments of lease liabilities	16	-6 138	-5 007
Repayments of current borrowings	15	-4 000	-4 000
Proceeds from issuing shares	14	4 835	9 495
Paid interest on borrowings	5	-367	-589
Paid interest on lease liabilities	5	-1 466	-1 356
Net cash flows from financing activities		**-7 135**	**-1 457**
Net Change in Cash and Cash Equivalents		**-42 297**	**-64 274**
Cash and cash equivalents at the beginning of the period		115 582	178 219
Translation differences		3 105	1 637
Cash and cash equivalents at the end of period		**76 390**	**115 582**

2 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, 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.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU, as required for financial years beginning 1 January 2024.

The consolidated financial statements have been prepared under the historical cost convention, as modified by derivatives at fair value through profit or loss.

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.

Prior Period Errors

During the preparation of our Q4 figures, it was identified that abandoned patents from our patent office provider have not been correctly reported over several years. Upon further investigation, it was determined that abandoned patent applications have not been recognized as losses at the appropriate time. Consequently, intangible assets have been overstated in prior periods with MNOK2.1.

Because the errors have accumulated over multiple years, the opening balance sheet for the comparative financial period as of 31 December 2023 has been restated to reflect adjustments relating to all prior years.

The changes have been applied restrospectively. The impact on Elliptic Labs' financial statements for financial year 2023 (restated) is:

- Other operating expenses increased by MNOK 0.1
- Loss for the period increased by MNOK 0.1
- Deferred tax asset opening balance 1 January 2023 is increased by MNOK 0.5.
- Intangible asset opening balance 1 January 2023 reduced by MNOK 2.0.
- Retained earnings/other equity in the opening balance 1 January 2023 reduced by MNOK 1.6.

New accounting standards and amendments.

No other standards and amendments had significant effect for the Group.

New standards and amendments not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2–Total revenue and other operating income

Revenues from contracts with customers in financial years 2024 and 2023 are recognized at point in time:

(Amounts in 000 NOK)	**2024**	**2023**
Revenue recognised at point in time	131 914	68 321
Total revenue	**131 914**	**68 321**

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 if any. For the financial years 2024 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 royalty on shipped units, and is expected to increase going forward.

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 recognised. If the payments exceed the services rendered, a contract liability is recognised.

Payment terms typically vary depending on type of contract. For fixed-fee license contracts, fees are partly invoiced upon delivery of the software and signature of the agreement. The remaining contracted amounts are invoiced either upon the commercial launch of the end products covered by the contract or according to a predetermined payment schedule in the period between the signature date and the market launch.

For royalty-based contracts, payments are invoiced quarterly, based on actual shipment data received from the customer. Where minimum fixed fees are included in the contract, a portion is typically invoiced upon contract signature, while the remaining minimum fixed is offset against future royalty payments.

Credit terms on invoices generally range from 20 to 45 days, and all payments are made in accordance with the contractual milestones or reporting periods specified in the agreement with customer.

Contract modifications are accounted for as a continuation of the original agreement, as they typically relate to changes in the scope of device deployment for the same software. Outstanding balances are transferred to the modified contract, with incremental revenue recognized only if the modified contract increases total consideration. In 2024, contract modifications accounted for MNOK 2,3 in total contract consideration, with MNOK 0,6 recognized as incremental revenue.

As at 31.12 all recognized revenues are unconditional as the related performance obligations have been satisfied.

Revenues from contracts with customers have the following distribution between the different market verticals:

(Amounts in 000 NOK)	**2024**	**2023**
Smartphones	78 061	32 006
PC/Laptops	53 853	36 315
Total revenue	**131 914**	**68 321**

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–Government grants

The table below sets forth the treatment of government grants.

(Amounts in 000 NOK)	**2024**	**2023**
Recognized as income from other sources	1 430	1 312
Reduction of capitalized development	2 967	3 011
Recognized as payroll cost reduction	1 271	1 291
Recognized as other cost reduction	512	448
Total government grants	**6 180**	**6 062**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

For some projects, government grants are recognised as "other income" on the basis that the expense would have been incurred regardless of the grant.

Note 4–Other operating expenses

Other operating expenses consists of the following entries:

(Amounts in 000 NOK)	**2024**	**Restated 2023**
Sales and marketing expenses	6 919	8 717
Short-term lease expenses	1 844	1 700
Electricity, heating and other property expenses	2 128	3 165
Consultants	3 686	5 008
Auditor	973	1 312
Legal	1 033	1 759
Patents	2 663	1 290
IT/Software	4 195	3 515
Impairment of trade receivables, ECL provision	939	—
Other expenses	1 514	3 131
Recoveries of previously written-off receivables in 2018	-5 018	-6 404
Government grants recognized as other cost reduction	-512	-448
Total other operating expenses	**20 365**	**22 744**

Note 5–Financial income and financial expenses

(Amounts in 000 NOK)	**2024**	**2023**
Financial income		
Interest income	4 367	4 642
Foreign Exchange gains	12 593	7 550
Total financial income	**16 960**	**12 191**
Financial expenses		
Interest expense on bank loan	376	589
Lease interest expense	1 466	1 356
Other Financial expenses	537	483
Foreign Exchange losses	2 245	6 878
Total financial expenses	**4 623**	**9 306**

The majority of foreign exchange gains reported above relate to unrealized agio on USD-denominated trade receivables, following remeasurement at the closing exchange rate on the reporting date. The Group's USD exposure in 2024 was primarily on the asset side, with limited USD liabilities, which results in a net foreign exchange gain.

For further information on the Group's exposure to currency fluctuations, see note 17 – Financial risk factors.

Note 6–Tax

(Amounts in 000 NOK)	2024	Restated 2023
Withholding tax	5 334	—
Other items	6	-9
Change in deferred tax assets	2 746	-8 880
Total tax (income)/expense	**8 086**	**-8 888**

(Amounts in 000 NOK)	2024	Restated 2023
Deferred tax assets:		
Intangible assets	2 923	2 416
Receivables	207	—
Other	1 405	92
Losses carried forward	72 834	77 389
Total deferred tax assets relating to temporary differences and losses carried forward	**77 368**	**79 896**
Non-recognised deferred tax assets relating to losses and precluded interest deductions carried forward	-1 948	-1 731
Carrying value deferred tax assets	**75 420**	**78 166**

Explanation of the change in the deferred tax:	2024	Restated 2023
Carrying value deferred tax at 01.01	—	—
Change in deferred tax liability	—	—
Carrying value deferred tax at 31 December	—	—

Explanation of the change in the deferred tax assets:	2024	Restated 2023
Carrying value deferred tax assets at 01.01	78 166	69 286
Change in deferred tax assets	-2 746	8 880
Carrying value deferred tax assets at 31 December	**75 420**	**78 166**

Losses carried forward as of 31.12		
Expiration year	**n.a**	**n.a**
Unlimited carry forward period	331 064	351 768
Total losses carried forward	**331 064**	**351 768**

Reconciliation of tax expense	2024	Restated 2023
Profit before tax	17 047	-47 003
22 % tax rate	3 750	-10 341
Tax effect of:		
Permanent differences (mainly non-taxable income)	-296	1 292
Change in prior year estimates	6	-9
Withholding tax	5 334	—
Other/currency	-708	169
Calculated tax expense/ (Income)	**8 086**	**-8 888**

Witholding tax

In 2024, the Group incurred withholding tax on royalty income from some of its customers. The tax has been recognized as an income tax expense in accordance with IAS 12, as the obligation rests with Elliptic and arises when the income is earned. For 2024, the withholding tax will be treated as a deduction from income in the Norwegian tax return.

Significant estimates

As of 31 December 2024, the Group has recognized a deferred tax asset of approximately mNOK 75 million, primarily related to accumulated tax losses in Elliptic Laboratories ASA. These losses originated in prior periods due to significant investment in research and development and are available for indefinite carryforward under Norwegian tax law.

Recognition of the deferred tax asset is based on management's judgment that sufficient future taxable income will be available to utilize the losses. This assessment involves significant estimation uncertainty and is based on the following key factors:

- **Established revenue base:** A large share of expected future revenue is supported by existing multi-year customer contracts across both PC and smartphone verticals, providing visibility and reducing reliance on new sales.

- **Scalable cost structure:** The Group's software-licensing model allows for revenue growth without a proportionate increase in costs, supporting strong operating leverage and sustained profitability.

- **No expiry:** The losses can be carried forward indefinitely, meaning that even if actual profit realization were delayed, the deferred tax benefit would not be forfeited. The Group expects to utilize the remaining tax losses within a 3 to 4-year period.

The recognition of the deferred tax asset is considered appropriate under IAS 12, supported by recent profitability, a recurring revenue base, and convincing evidence of future taxable profits. However, changes in market conditions, customer rollout schedules, or cost development could affect the timing of full utilization.

Note 7–Intangible assets

(Amounts in 000 NOK)	**Patents**	**Trademark**	**Capitalized developme nt**	**Total intangible assets**
Cost at 01.01.2024 (Restated)	**20 227**	**24**	**77 636**	**97 887**
Additions	4 774		22 360	27 133
Disposals	-1 451			-1 451
Cost at 31.12.2024	**23 550**	**24**	**99 996**	**123 569**
Accumulated amortization charges 01.01.2024 (Restated)	12 475	6	29 778	42 258
Amortization charges	911		14 146	15 057
Accumulated amortization charges 31.12.2024	**13 386**	**6**	**43 924**	**57 316**
Net carrying value as at 31.12.2024	**10 164**	**18**	**56 072**	**66 252**
Cost at 01.01.2023 (Restated)	**17 605**	**24**	**57 937**	**75 566**
Additions	2 768		19 699	22 467
Disposals	-145			-145
Cost at 31.12.2023 (Restated)	**20 227**	**24**	**77 636**	**97 887**
Accumulated amortization charges 01.01.2023 (Restated)	11 836	6	18 190	30 032
Amortization charges	639		11 587	12 226
Accumulated amortization charges 31.12.2023	**12 475**	**6**	**29 778**	**42 259**
Net carrying value as at 31.12.2023 (Restated)	**7 752**	**18**	**47 859**	**55 628**
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

The Group has significant development cost relating to intangible assets which do not meet the capitalization criteria. An expense of mNOK 12,5 (9,7) has been recognized in the income statement related to research and development activities in Elliptic Laboratories Group in 2024. Additions has been reduced with mNOK 3,0 (3,0) as a result of government grants.

Note 8–Property, plant and equipment

(Amounts in 000 NOK)	Furniture and fixtures	Right-of-use assets	Total tangible assets
Cost at 01.01.2024	**514**	**22 427**	**22 941**
Additions	—	2 353	2 353
Disposals	—	-1 346	-1 346
Cost at 31.12.2024	**514**	**23 433**	**23 948**
Accumulated depreciation charges 01.01.2024	54	2 980	3 034
Current year depreciation	103	5 248	5 351
Disposals	—	-1 095	—
Accumulated depreciation charges at 31.12.2024	**157**	**7 132**	**7 290**
Net carrying value as at 31.12.2024	**357**	**16 301**	**16 658**
Cost at 01.01.2023	—	8 601	8 601
Additions	514	21 081	21 595
Disposals	—	-7 255	**-7 255**
Cost at 31.12.2023	**514**	**22 427**	**22 941**
Accumulated depreciation charges 01.01.2023	—	6 291	6 291
Depreciation charges	54	3 944	3 998
Disposals	—	-7 255	—
Accumulated depreciation charges at 31.12.2023	**54**	**2 980**	**3 034**
Net carrying value as at 31.12.2023	**460**	**19 447**	**19 907**
Useful life:	5	1-5	
Amortization method:	Straight-line	Straight-line	

Furniture and other fixtures related to the new HQ in Oslo was capitalized back in 2023, and are recognized as Property, plant and equipment in accordance with IAS 16.

Note 9–Investments in subsidiaries

Subsidiaries	Country	Business office	Voting percentage		Ownership percentage	
			2024	2023	2024	2023
Healthy Pointers AS	Norway	Oslo	100 %	100 %	100 %	100 %
Elliptic Laboratories Inc	USA	San Francisco	100 %	100 %	100 %	100 %

Note 10–Trade receivables and other current receivables

(Amounts in 000 NOK)	2024	2023
Ageing of trade receivables:		
Invoiced, Up to 3 months	14 818	7 836
Invoiced, More than 3 months	—	4 682
Non-invoiced revenue[3]	96 118	48 095
Total trade receivables	**110 936**	**60 612**
Nominal value of trade receivables	111 876	60 612
Impairment of trade receivables, ECL provision	-939	—
Total trade receivables	**110 936**	**60 612**
Other current receivables:		
Prepaid costs	1 540	3 086
Other current receivables	6 585	6 362
Total other current receivables	**8 125**	**9 448**

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the probability of a customer's bankruptcy to be the most relevant factor and accordingly adjusts the historical loss rates appropriately.

The table below illustrates how the ECL provision is allocated between the different groups based on estimated time until invoicing:

Time to invoice	ECL Rate Applied	Allocation of ECL amount (Amounts in 000 NOK)
Less than 6 months	— %	—
6-12 months	1 %	223 536
1-2 years	10 %	715 927
2-3 years	50 %	—
Over 3 years	100 %	—

The Group's credit risk arises primarily from trade receivables from customers, ie. global PC and smartphone manufacturers. The Group's customers are generally large, well-established OEMs with solid credit profiles. As such, the Group considers the overall risk to be low.

The Group maintains a close relationship with its customers and continuously monitors outstanding balances and payment history. There is no significant concentration of credit risk, as trade receivables are diversified across several customers and geographies.

[3] Refer to Note 2 - Revenue for more information on principles for revenue recognition.

Note 11–Cash and cash equivalents

(Amounts in 000 NOK)	**2024**	**2023**
Cash and cash equivalents	76 390	115 582
Of which are restricted cash:		
Restricted bank deposits for employee tax withholdings	2 193	2 812
Not restricted cash	**74 198**	**112 770**

Note 12–Employee benefit expenses

Employee benefit expenses are set forth in the table below.

(Amounts in 000 NOK)	**2024**	**2023**
Salary expenses	93 743	80 538
Social security cost	8 963	8 016
Pension costs	3 403	2 930
Option costs	5 475	9 842
Other costs	2 874	3 227
Government grants	-1 271	-1 291
Capitalized development	-25 326	-22 710
Total employee benefits expenses	**87 861**	**80 552**
Average number of employees	87	75

Option costs are further specified in note 13.

Pensions to Norwegian employees

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Norwegian companies' pension schemes meet the requirements of this act. Total compensation expensed during the year for the CEO and other executives are disclosed in the separate remunerations report.

Remuneration to the auditor

(Amounts in 000 NOK)	**2024**	**2023**
Statutory audit (including technical assistance - annual accounts)	806	787
Other attestation services	154	293
Tax advice (including technical assistance corporate tax papers)	197	231
Total expensed auditor fees, ex. VAT	**1 156**	**1 312**

Note 13–Share option program

As of 31 December 2024,the Group has option programs that includes a total of 70 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. The options are to be settled in shares.

The purpose of the establishment of the options program is to attract and retain key personnel.

For options that are share settled, the fair value of the options at grant date is measured using the Black-Scholes model and expensed over the vesting period. Because of Elliptic Labs lack of share price history, comparable companies (peers) has been chosen based on industry affiliation. The volatility for each peer is calculated as the annualized standard deviation on the continuously compounded rates of return on the historic share price equal to the expected lifetime of the Restricted Share Units.

	2024	2023
Granted in (shares)	437 400	2 625 000
Contractual life*	3,57	4,65
Strike price*	12,37	13,54
Share price*	10,09	11,87
Expected lifetime*	2,29	2,65
Volatility*	42,48 %	40,76 %
Interest rate*	3,86 %	3,43 %
Dividend*	0,00	0,00
FV per instrument*	2,18	2,88

*Weighted average parameters at grant of instrument

Specifications of options held by the executive management as of 31 December 2024 is disclosed in the Remuneration report.

	2024	Weighted Average Strike Price	2023	Weighted Average Strike Price
Outstanding at the beginning of the period	6 828 914	16,00	5 264 574	16,82
Exercised	-441 438	11,10	-772 130	12,46
Expired	-401 470	15,00	—	—
Forfeited	-246 667	17,70	-288 530	17,71
Granted	437 400	12,37	2 625 000	13,54
Outstanding at the end of the period	**6 176 739**	**16,09**	**6 828 914**	**16,00**
Vested Closing Balance	4 925 848	16,75	3 764 624	16,41
Option program expensed for the year	**5 475 095**		**9 841 748**	

Outstanding / vested total options overview

Strike price	Outstanding instruments 31.12.2024	Weighted Average remaining contractual life (yrs)	Vested instruments Vested instruments 31.12.2024
10,44	274 400	4,00	91 445
11,10	815 000	1,11	815 000
12,16	100 000	1,34	100 000
13,32	200 000	3,50	66 666
13,40	1 971 335	3,00	1 287 973
15,00	304 300	1,67	291 060
15,78	158 000	1,39	—
16,76	120 000	3,50	40 000
17,84	250 000	1,47	250 000
22,00	1 983 704	2,00	1 983 704
	6 176 739		**4 925 848**

In 2022 the board of directors decided on a new long-term share option program in which upward to 2.5% of outstanding shares may be distributed yearly to the employees.

The employee option plan is regarded as equity settled share-based payments. The fair value of options granted under the share option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The estimated turnover rate used to calculate the number of share options expected to vest is 7.5%. This estimate is based on historical turnover data from the last four years, which ranged from 6% to 14%, and reflects a conservative yet realistic expectation of future employee retention. Changes in the turnover assumption would impact the number of options expected to vest and thereby affect the total share-based payment expense recognized.

Note 14–Share capital and shareholder information

As of 31.12.2024, the share capital amounts to NOK 1 052 749,68, (1 048 379,70) consisting of 105 274 968 (104 837 970) shares at a face value of NOK 0,01 per share.

Shares held by the Board of Directors as of 31 December 2024 is disclosed in the Remuneration report.

Overview of the largest shareholders as of 31 December 2024:

Shareholder name	Ordinary shares	Ownership
MP PENSJON PK	10 033 913	9,5 %
ALDEN AS	7 403 330	7,0 %
VERDIPAPIRFONDET DNB SMB	5 509 126	5,2 %
PASSESTA AS	5 299 994	5,0 %
HORNE	4 665 455	4,4 %
DANIELSEN	4 374 150	4,2 %
Bank Pictet & Cie (Europe) AG	3 720 292	3,5 %
J.P. Morgan SE	3 638 163	3,5 %
SIX SIS AG	2 820 000	2,7 %
VERDIPAPIRFONDET FONDSFINANS NORGE	2 600 000	2,5 %
State Street Bank and Trust Comp	2 400 000	2,3 %
GHIBLI AS	2 100 000	2,0 %
FABRES SCALER	1 600 000	1,5 %
NUNATAK AS	1 585 447	1,5 %
NORDNET LIVSFORSIKRING AS	1 529 580	1,5 %
AMFIBIEN AS	1 485 000	1,4 %
J.P. Morgan SE	1 470 523	1,4 %
INVEN2 AS	1 441 670	1,4 %
Danske Invest Norge Vekst	1 355 099	1,3 %
Nordnet Bank AB	1 346 386	1,3 %
Other shareholders (less than 1,3% ownership)	38 896 840	36,9 %
Total	**105 274 968**	**100 %**

Shares as of 31.12	2024	2023
Number of issued shares	105 274 968	104 837 970
Number of shares outstanding	**105 274 968**	**104 837 970**

2024	Number of shares	Average number of shares	Number of days
Outstanding shares at 01.01	104 837 970	104 837 970	365
Capital increase May	430 998	255 056	216
Capital increase May	6 000	3 518	214
Outstanding shares at 31.12	**105 274 968**	**105 096 544**	

2023	Number of shares	Average number of shares	Number of days
Outstanding shares at 01.01	104 074 210	104 074 210	364
Capital increase July	482 500	217 716	162
Capital increase November	281 260	24 694	32
Outstanding shares at 31.12	**104 837 970**	**104 316 620**	

(Amounts in 000 NOK)	2024	Restated 2023
Profit & loss for the year due to holders of ordinary shares	8 960	-38 114
Average number of shares - basic	105 097	104 317
Earnings per share outstanding	**0,09**	**-0,37**
Conversion of dilutive securities - options	6 177	N/A
Basis for diluted calculation	111 273	104 317
Earnings per share fully diluted	**0,08**	**-0,37**

Note 15–Interest-bearing liabilities

Amounts in 000 NOK	2024	2023
Non-current liabilities due > 1 year		
Non-current borrowings	—	2 062
Interest expense and fees	—	-62
Non-current borrowings net of loan costs	**—**	**2 000**
Non-current liabilities due < 1 year		
Current borrowings	2 062	4 367
Interest expense and fees	-62	-367
Current borrowings net of loan costs	**2 000**	**4 000**

The fair value of the liability is considered to be equal to its book value according to the amortised cost as shown above.

Loan Facility 31.12.2024 *(Amount in 000 NOK)*	**Loan origination date**	**Principle in local currency**	**Floating interest loan**	**Termination date**	**Carrying value**
Innovasjon Norge	27.03.2015	NOK	8,20% effective interest	10.06.2025	2 000

Loan Facility 31.12.2023 *(Amount in 000 NOK)*	**Loan origination date**	**Principle in local currency**	**Floating interest loan**	**Termination date**	**Carrying value**
Innovasjon Norge	27.03.2015	NOK	8,20% effective interest	10.06.2025	6 000

The following table shows the undiscounted payment profile of the Group's debt, based on the remaining loan period at the balance sheet date. Payment profile on debts to credit institutions per 31 December 2024:

Amounts in NOK	**2025**	**Total**
Innovasjon Norge	2 000	2 000
Interests	62	62
Total payments	**2 062**	**2 062**

Payment profile on debts to credit institutions per 31 December 2023:

Amounts in NOK	**2024**	**2025**	**Total**
Innovasjon Norge	4 000	2 000	**6 000**
Interests	367	62	**428**
Total payments	**4 367**	**2 062**	**6 428**

The loan from Innovation Norway is secured by pledges in the company's operating assets and accounts receivable. No pledges have been enforced, and no related conditions have been triggered during the reporting period.

Note 16–Leasing

The balance sheet shows the following amounts relating to leases (Amounts in 000 NOK)	**2024**	**2023**
Right of use assets:		
Property	16 301	19 447
Total	**16 301**	**19 447**
Lease liabilities:		
Current	6 625	3 990
Non-current	10 727	15 874
Total	**17 352**	**19 865**

Additions to the lease liabilities and right-of-use assets in 2024 was mNOK 1,8 (1,3).

Amounts recognised in the statement of profit or loss (Amounts in 000 NOK)	2024	2023
Depreciation charge of right-of-use assets:		
Property	5 248	3 944
Total	**5 248**	**3 944**
Total expenses and cash outflows for leases		
Interest expense	1 466	1 356
Expenses relating to short-term leases	2 124	1 817
Expenses relating to leases of low-value	976	1 486
Total lease expenses in profit and loss	**4 565**	**4 659**
Repayments of lease liabilities	6 138	5 007
Total cash outflow for leases	**10 703**	**9 666**

The following table shows the undiscounted payment profile of the Group's lease liabilities, based on the remaining lease period at the balance sheet date per 31.12.24:

Amounts in 000 NOK	2025	2026	2027	2028	Total
Installments	5 100	4 559	4 849	2 586	17 094
Interests	1 366	909	493	85	2 852
Total payments	**6 466**	**5 467**	**5 342**	**2 671**	**19 946**

Note 17–Financial risk factors

Overview

Through its activities, the Group will be exposed to different types of financial risks: market risk, credit risk and liquidity risk. This note presents information related to the Group's exposure to such risks, the Group's objectives, policies and procedures for risk management and handling, as well as the Group's management of capital. Additional quantitative information is included in these consolidated financial statements.

The Group's overall risk management plan is to ensure the ongoing liquidity in the Group, defined as being able to meet its obligations at any time. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management of the Group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units. Risk management policies and procedures are reviewed regularly to take into account changes in the market and the Group's activities.

Capital management

The Group's objective is to maximize shareholder value while maintaining financial flexibility and ensuring the ability to continue operations. As of 31 December 2024, the Group has no significant interest-bearing debt, and its capital structure is primarily equity-based. To date, the Group's operations and growth have primarily been funded through equity financing, and there are currently no plans to refinance the company through either debt or equity.

The Group continuously monitors its financial position and capital needs in light of business development and cash flow outlook. While future use of financial leverage may be considered if and when cash flows become stable and predictable, any such decision will be made based on a careful evaluation of market conditions, strategic objectives, and the Group's financial risk tolerance. As of Year end 2024 there is no plans to raise debt or additional capital.

Financial instruments by category

Financial instruments as of 31 December 2024 *(Amounts in 000 NOK)*	**Financial assets measured at amortised cost**	**Financial Liabilities measured at amortised cost**	**Total**
Other current receivables	8 125	—	8 125
Current trade receivables	110 936	—	110 936
Cash and cash equivalents	76 390	—	76 390
Total financial assets	**195 451**	**—**	**195 451**
Borrowings	—	2 000	2 000
Trade and other current payables	—	1 301	1 301
Total financial liabilities	**—**	**3 301**	**3 301**

Financial instruments as of 31 December 2023 *(Amounts in 000 NOK)*	**Financial assets measured at amortised cost**	**Financial Liabilities measured at amortised cost**	**Total**
Other current receivables	9 448	—	9 448
Current trade receivables	60 612	—	60 612
Cash and cash equivalents	115 582	—	115 582
Total financial assets	**185 642**	**—**	**185 642**
Borrowings	—	6 000	6 000
Trade and other current payables	—	3 855	3 855
Total financial liabilities	**—**	**9 855**	**9 855**

a) Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market risk is monitored continuously by the Group.

Foreign exchange risk

The Group operates internationally and is exposed to fluctuations in foreign currency exchange rates. The risk is monitored closely on a monthly basis. For risk management purposes, the Group has identified the following types of currency exposure:

- Exposure to sales of products in different currencies: All of the Groups revenue are in the Parent company, mainly in USD.
- Exposure to payroll costs and operating expenses in different currencies: The Group's business model is such that the subsidiaries' sales and operating expenses are incurred in local currency, which are mainly US dollars and some Chinese yen.

The table below illustrates the hypothetical effect on profit and loss and equity of a ±10% change in the USD/NOK exchange rate, assuming all other variables remain constant:

Financial instruments as of Change in USD/NOK rate	**Impact on after tax profit**		**Impact on equity**	
(Amounts in 000 NOK)	**2024**	**2023**	**2024**	**2023**
10% increase (from 11.35 to 12.49 in 2024/from 10.17 to 11.19 in 2023)	11 148	7 979	11 148	7 979
10% decrease (from 11.35 to 10.22 in 2024/from 10.17 to 9.15 in 2023)	-11 148	-7 979	-11 148	-7 979

The analysis is based on the Group's material USD-denominated items in the consolidated statement of financial position at the end of the financial year 2024 and 2023, specifically trade receivables and cash and cash equivalents. The USD/NOK exchange rate used as the base for the analysis was 11.35 in 2024 (10.17 in 2023). The Group is also exposed to other currencies; however, the impact of these exposures is not considered material for sensitivity analysis purposes.

b) Credit risk

Credit risk is managed at the Group level. Credit risk is monitored closely.

c) Liquidity risk

The Group's liquidity risk is characterized by a potential risk of not being able to meet obligations to vendors and loan creditors. Liquidity is primarily dependent on cash flows from operating activities and access to available financing. The Group regularly monitors its liquidity position through short- and medium-term cash flow forecasts, taking into account expected receipts, payment obligations, and available reserves.

Although the Group reported a positive net result for 2024, cash flow from operations was negative during parts of the year. This is primarily due to the build-up of unbilled receivables related to multi-year license agreements. These receivables are expected to convert to cash over the coming quarters as billing milestones are reached.

To be able to maintain a sufficient flexibility in the source of funding, the Group has borrowing facilities of mNOK 2,0 in 2024 (6,0 in 2023). The Group had cash and cash equivalents of mNOK 76,4 in 2024 (115,6 in 2023).

See also note 15 interest-bearing liability information on funding sources and payment profile.

Note 18–Other current liabilities

Other current liabilities consist of the following items:

Amounts in 000 NOK	**2024**	**2023**
Accrued vacation pay	7 921	6 064
Accrued costs	2 755	2 255
Accrued public taxes	4 357	4 760
Total other current liabilities	**15 032**	**13 080**

Note 19-Net debt

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

(Amounts in 000 NOK)	**2024**	**2023**
Cash and cash equivalents	-76 390	-115 582
Non-current borrowings	—	2 000
Current borrowings	2 000	4 000
Lease liabilities	17 352	19 865
Net debt	**-57 038**	**-89 717**

Net debt 01.01.	**-89 717**	**-165 513**
Net change in cash and cash equivalents	42 297	64 274
Net cash flows related to borrowings	-4 000	-4 000
Net cash flows related to lease liabilities	-6 138	-5 007
Initial recognition of lease liabilities	1 765	21 848
Remeasurement of lease liabilities	1 861	317
FX effects	-3 105	-1 637
Net debt	**-57 038**	**-89 717**

Note 20–Related party transactions

The Group's related parties include its executive management and members of the Board of Directors. Apart from remuneration and other compensation to these individuals, there have been no related party transactions during the reporting period.

Information on remuneration to executive management and board members is disclosed in the Group's Remuneration Report.

Note 21–Events after the balance sheet date

There are no material events or events of significance to Elliptic Labs' financial position after the end of the fiscal year that require disclosure. The following information has, however, been disclosed on Newsweb in accordance with Elliptic Labs' established practices:

January: Announced expansion agreement with a Top-5 global smartphone OEM, covering a minimum of 20 smartphone models. Announced an additional expansion contract with an existing smartphone customer, confirming deployment on at least 10 smartphone models.

April: Announced a new expansion agreement with a Top-3 global smartphone OEM, covering 11 confirmed smartphone models.

Ongoing tariffs and trade restrictions introduce uncertainty for the tech industry, impacting costs and supply chain stability. Although partial exemptions offer temporary relief, they remain subject to change. We are monitoring developments closely, as future policy shifts may affect planning and profitability. Elliptic Labs currently does not see any material effects from the imposed tariffs.

Note 22–Alternative Performance Measures (APMs)

Earnings before interest, taxes, depreciation and amortizations (EBITDA) is defined as an alternative performance measure. EBITDA is a key performance indicator that the Group considers relevant for understanding the generation of profit before investments in fixed assets.

(Amounts in 000 NOK)	**2024**	**Restated 2023**
Revenues from contracts with customers	131 914	68 321
Other operating income	1 430	1 312
Total revenue and other operating income	**133 343**	**69 632**
Employee benefits expenses	-87 861	-80 552
Other operating expenses	-20 365	-22 744
EBITDA	**25 118**	**-33 664**

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

(Amounts in 000 NOK)	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**	**LTM**
Revenues from contracts with customers	47 573	28 225	33 884	22 232	**131 914**
EBITDA	16 529	457	11 422	-3 291	**25 118**

Financial statements of the parent company

Income statement

For the financial period ended 31 December.

(Amounts in 000 NOK)	Notes	2024	Restated 2023
Revenues from contracts with customers		131 914	68 321
Other operating income		1 430	1 312
Total revenue and other operating income	2	**133 343**	**69 632**
Employee benefit expenses	3	-71 153	-65 750
Depreciation, amortisation	4, 5, 6	-20 408	-16 224
Other operating expenses	7	-38 057	-38 447
Total operating expenses		**-129 618**	**-120 421**
Operating profit		**3 726**	**-50 789**
Other financial income	8	16 883	12 223
Other financial expense	8	-4 623	-9 306
Net financial income/(expenses)		**12 260**	**2 917**
Profit/(loss) before tax		**15 985**	**-47 871**
Income tax expense	9	-8 080	8 880
Net profit/(loss) for the year		**7 905**	**-38 992**
Earnings per share outstanding	15	0,08	-0,37
Earnings per share fully diluted	15	0,07	-0,37

Comprehensive income

(Amounts in 000 NOK)	Notes	2024	Restated 2023
Total comprehensive income for the period		**7 905**	**-38 992**
Allocated as follows:			
Other equity		7 905	-38 992
Total allocated		**7 905**	**-38 992**

Financial Position

ASSETS (Amounts in 000 NOK)	Notes	31/12/2024	Restated 31/12/2023	Restated 1/1/2023
Intangible assets	4	66 242	55 618	45 523
Deferred tax asset	9	75 420	78 166	69 286
Total intangible assets		**141 662**	**133 784**	**114 809**
Property, plant and equipment	5	357	460	—
Right of use assets	6	16 301	19 447	2 256
Total tangible assets		**16 658**	**19 907**	**2 256**
Investments in subsidiaries	10	1	1	1
Other non-current financial assets		7 245	8 861	5 038
Total financial non-current assets		**7 245**	**8 861**	**5 038**
TOTAL NON-CURRENT ASSETS		**165 565**	**162 552**	**122 103**
Current trade receivables	11	110 936	60 612	40 495
Other receivables		7 847	8 938	6 411
Total receivables		**118 783**	**69 550**	**46 906**
Cash and cash equivalents	12	**69 172**	**110 941**	**176 185**
TOTAL CURRENT ASSETS		**187 955**	**180 492**	**223 091**
TOTAL ASSETS		**353 521**	**343 044**	**345 194**

Financial Position

EQUITY AND LIABILITIES (Amounts in 000 NOK)	Notes	31/12/2024	Restated 31/12/2023	Restated 1/1/2023
Share capital	13	1 053	1 048	1 041
Other equity		316 340	298 129	317 791
TOTAL EQUITY		**317 393**	**299 178**	**318 832**
Non-current lease liabilities		10 727	15 874	523
Other non-current borrowings	11	—	2 000	6 000
Other non-current borrowings		**10 727**	**17 874**	**6 523**
Liabilities to group companies	14	1 984	2 226	4 032
Trade creditors		1 301	3 855	1 668
Current tax liabilities	9	—	—	—
Current lease liabilities		6 625	3 990	2 184
Other current liabilities		15 492	15 921	11 955
Total current liabilities		**25 401**	**25 992**	**19 839**
TOTAL LIABILITIES		**36 128**	**43 866**	**26 362**
TOTAL EQUITY AND LIABILITIES		**353 521**	**343 044**	**345 194**

Oslo, 29th of April 2025
The Board of Directors of Elliptic Laboratories ASA
(Electronically signed)

Svenn-Tore Larsen	Edvin Austbø	Ingrid Elvira Leisner
Chairman	Board Member	Board Member
Berit Svendsen	Svein-Egil Nielsen	Laila B. Danielsen
Board Member	Board Member	CEO

Cash flow statement

For the financial period ended 31 December 2024 and 2023.

(Amounts in 000 NOK)	**Notes**	**2024**	**Restated 2023**
Cash flow from operating activities:			
Profit/(loss) before tax		15 985	-47 871
Adjustment for:			
Taxes paid in the period		-2 197	-250
Depreciation, amortization and impairment	4, 5, 6	21 860	16 224
Share-based payments expense	3	5 475	9 842
Net finance items	8	-774	-1 199
Other non cash items		-388	1 000
Change in current trade receivables		-50 324	-20 118
Change in trade payables		-2 554	2 187
Change in other current assets and liabilities		420	-368
Net cash flow from operating activities		**-12 497**	**-40 553**
Cash flow from investing activities:			
Payments of property, plant and equipment	5	—	-514
Payments of intangible assets	4	-30 502	-25 099
Interest received	8	4 346	4 639
Proceeds from repayment of deposits		1 816	499
Payments of deposits		-237	-4 245
Net cash flow from investing activities		**-24 576**	**-24 720**
Cash flow from financing activities:			
Repayments of current borrowings	11	-4 000	-4 000
Repayments of lease liabilities	6	-6 138	-5 007
Proceeds from issuing shares	13	4 835	9 495
Paid interest on borrowings	8	-367	-589
Paid interest on lease liabilities	8	-1 466	-1 356
Net cash flow from financing activities		**-7 135**	**-1 457**
Net Change in Cash and Cash Equivalents		**-44 208**	**-66 729**
Cash and cash equivalents at the beginning of the period		110 941	176 185
Translation differences		2 439	1 486
Cash and cash equivalents at the end of period		**69 172**	**110 941**

Note 1- Accounting principles

1.1 General information

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

The annual accounts have been prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

1.2 Summary of significant accounting principles

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Prior Period Errors

During the preparation of our Q4 figures, it was identified that abandoned patents from our patent office provider have not been correctly reported over several years. Upon further investigation, it was determined that abandoned patent applications have not been recognized as losses at the appropriate time. Consequently, intangible assets have been overstated in prior periods with MNOK2.1.

Because the errors have accumulated over multiple years, the opening balance sheet for the comparative financial period as of 31 December 2023 has been restated to reflect adjustments relating to all prior years.

The changes have been applied restrospectively. The impact on Elliptic Labs' financial statements for financial year 2023 (restated) is:

- Other operating expenses increased by MNOK 0.1
- Loss for the period increased by MNOK 0.1
- Deferred tax asset opening balance 1 January 2023 is increased by MNOK 0.5.
- Intangible asset opening balance 1 January 2023 reduced by MNOK 2.0.
- Retained earnings/other equity in the opening balance 1 January 2023 reduced by MNOK 1.6.

Revenues

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue from licenses which give a right to use is recognised at point in time and licenses which give a right to access is recognised over time. Royalty based revenue is recognised as sales occur when exceeding the minimum fixed fee.

For fixed-price contracts, revenue is recognised 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.

If the contract includes a royalty for mobile devices sold, revenue is recognised in the amount to which Elliptic Laboratories has a right to invoice.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Intangible assets

"Acquired intangible assets are capitalized on the basis of the costs incurred to acquire and put the asset into use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R&D expenses in the balance sheet are depreciated on a straight-line basis over the asset's expected useful life."

Leases

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three-months or less.

Fixed assets

Fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date. Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Long term contracts

Work in progress on long term fixed-price contracts is valued according to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expense. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Foreign currencies

Receivables and liabilities in foreign currencies are taken to income at the exchange rate on the balance sheet date.

Liabilities

Liabilities, except for certain liability provisions, are recognised in the balance sheet at nominal amount.

Pensions

The company has various pension schemes. The pension schemes are financed through payments to insurance companies, except for the early retirement pension scheme (AFP). The company has a defined contribution plan.

Defined contribution plan

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

The early retirement pension scheme (AFP) is an unsecured defined benefit multi-enterprise scheme. Such a scheme is de facto a defined benefit plan, but is for accounting purposes treated as a defined contribution plan as the result of the administrator of the scheme not providing sufficient information to calculate the liability in a reliable manner.

Share based payments

Share-based compensation benefits are provided to employees via the share option plan. Information relating to the options scheme is set out in note 15.

Employee options

The employee option plan is regarded as equity settled sharebased payments. The fair value of options granted under the share option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Deferred tax is reflected at nominal value.

Note 2–Total revenue and other operating income

Revenues from contracts with customers in financial years 2024 and 2023 are recognized at point in time:

(Amounts in 000 NOK)	**2024**	**2023**
Revenue recognised at point in time	131 914	68 321
Total revenue	**131 914**	**68 321**

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 if any. For the financial years 2024 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 royalty on shipped units, and is expected to increase going forward.

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 recognised. If the payments exceed the services rendered, a contract liability is recognised.

Payment terms typically vary depending on type of contract. For fixed-fee license contracts, fees are partly invoiced upon delivery of the software and signature of the agreement. The remaining contracted amounts are invoiced either upon the commercial launch of the end products covered by the contract or according to a predetermined payment schedule in the period between the signature date and the market launch.

For royalty-based contracts, payments are invoiced quarterly, based on actual shipment data received from the customer. Where minimum fixed fees are included in the contract, a portion is typically invoiced upon contract signature, while the remaining minimum fixed is offset against future royalty payments.

Credit terms on invoices generally range from 20 to 45 days, and all payments are made in accordance with the contractual milestones or reporting periods specified in the agreement with customer.

Contract modifications are accounted for as a continuation of the original agreement, as they typically relate to changes in the scope of device deployment for the same software. Outstanding balances are transferred to the modified contract, with incremental revenue recognized only if the modified contract increases total consideration. In 2024, contract modifications accounted for MNOK 2,3 in total contract consideration, with MNOK 0,6 recognized as incremental revenue.

As at 31.12 all recognized revenues are unconditional as the related performance obligations have been satisfied.

Revenues from contracts with customers have the following distribution between the different market verticals:

(Amounts in 000 NOK)	**2024**	**2023**
Smartphones	78 061	32 006
PC/Laptops	53 853	36 315
Total revenue	**131 914**	**68 321**

All revenue was generated from customers outside of Norway.

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–Payroll expenses, number of employees, remunerations, loans to employees etc.

Payroll expenses **Amounts in 000 NOK**	**2024**	**2023**
Salary expenses	80 124	68 112
Government grants	-1 271	-1 291
Social security cost	8 146	7 266
Capitalised development cost	-25 326	-22 710
Pension costs	3 148	2 685
Option costs	5 475	9 842
Other costs	858	1 846
Total payroll expense	**71 153**	**65 750**

The average number of employees in the accounting year have been 82 (72).

Total compensation expensed during the year for the CEO and other executives are disclosed in the separate remunerations report.

The Company has not provided any loans, advance payments or guarantees to employees or members of executive management or the board of directors.

Expensed audit fee **Amounts in 000 NOK**	**2024**	**2023**
Statutory audit (including technical assistance - annual accounts)	806	787
Other attestation services	154	293
Tax advice (including technical assistance corporate tax papers)	—	231
Total expensed auditor fees, ex. VAT	**960**	**1 312**

Note 4–Intangible assets

Amounts in 000 NOK	**Patents**	**Trademark**	**Capitalized R&D**	**Total**
Cost at 01.01.2024 (Restated)	**20 217**	**24**	**77 636**	**97 877**
Additions	4 774		22 360	**27 133**
Disposals	-1 451			**-1 451**
Cost at 31.12.2024	**23 540**	**24**	**99 996**	**123 559**
Accumulated amortization 31.12.	13 386	6	43 924	**57 316**
Net book value per. 31.12.2024	**10 154**	**18**	**56 072**	**66 242**
Amortisation in the year	911		14 146	**15 057**
-	5	5	5	
Amortisation method:	Straight-line	Straight-line	Straight-line	

Amounts in 000 NOK	**Patents**	**Trademark**	**Capitalized R&D**	**Total**
Cost at 01.01.2023 (Restated)	**17 595**	**24**	**57 937**	**75 556**
Additions	2 768		19 699	**22 467**
Disposals	-145			**-145**
Cost at 31.12.2023 (Restated)	**20 217**	**24**	**77 636**	**97 877**
Accumulated amortization 31.12.2023	12 475	6	29 778	**42 259**
Net book value per. 31.12.2023	**7 741**	**18**	**47 859**	**55 618**
Amortisation in the year	639		11 587	**12 226**
-	5	5	5	
Amortisation method:	Straight-line	Straight-line	Straight-line	

Development expense totaling mNOK 12,5 (9,7) has been recognized in the income statement in 2024. Additions has been reduces with mNOK 3,0 (3,0) as a result of government grants.

The Company expects that future earnings from ongoing research and development activities will offset the expenses incurred over time.

Note 5–Property, plant and equipment

(Amounts in 000 NOK)	Furniture and fixtures	Right-of-use assets	Total tangible assets
Cost at 01.01.2024	**514**	**22 427**	**22 941**
Additions	—	2 353	2 353
Disposals	—	-1 346	-1 346
Cost at 31.12.2024	**514**	**23 433**	**23 948**
Accumulated depreciation charges 01.01.2024	54	2 980	3 034
Current year depreciation	103	5 248	5 351
Disposals	—	-1 095	—
Accumulated depreciation charges at 31.12.2024	**157**	**7 132**	**7 290**
Net carrying value as at 31.12.2024	**357**	**16 301**	**16 658**
Cost at 01.01.2023	—	8 601	8 601
Additions	514	21 081	21 595
Disposals	—	-7 255	-7 255
Cost at 31.12.2023	**514**	**22 427**	**22 941**
Accumulated depreciation charges 01.01.2023	—	6 291	6 291
Current year depreciation	54	3 944	3 998
Disposals	—	-7 255	-7 255
Accumulated depreciation charges at 31.12.2023	**54**	**2 980**	**3 034**
Net carrying value as at 31.12.2023	**460**	**19 447**	**19 907**
Useful life:	5	1-5	
Amortization method:	Straight-line	Straight-line	

Furniture and other fixtures related to the new HQ in Oslo was capitalized back in 2023, and are recognized as Property, plant and equipment in accordance with IAS 16.

Note 6–Leasing

The balance sheet shows the following amounts relating to leases *(Amounts in 000 NOK)*	**2024**	**2023**
Right of use assets:		
Property	16 301	19 447
Total	**16 301**	**19 447**
Lease liabilities:		
Current	6 625	3 990
Non-current	10 727	15 874
Total	**17 352**	**19 865**

Additions to the lease liabilities and right-of-use assets in 2024 was mNOK 1,8 (1,3).

Amounts recognised in the statement of profit or loss *(Amounts in 000 NOK)*	**2024**	**2023**
Depreciation charge of right-of-use assets:		
Property	5 248	3 944
Total	**5 248**	**3 944**
Total expenses and cash outflows for leases		
Interest expense	1 466	1 356
Expenses relating to short-term leases	2 124	1 817
Expenses relating to leases of low-value	976	1 486
Total lease expenses in profit and loss	**4 565**	**4 659**
Repayments of lease liabilities	6 138	5 007
Total cash outflow for leases	**10 703**	**9 666**

The following table shows the undiscounted payment profile of the Company's lease liabilities, based on the remaining lease period at the balance sheet date per 31.12.2024:

Amounts in 000 NOK	**2025**	**2026**	**2027**	**2028**	**Total**
Installments	5 100	4 559	4 849	2 586	17 094
Interests	1 366	909	493	85	2 852
Total payments	**6 466**	**5 467**	**5 342**	**2 671**	**19 946**

Note 7–Other operating expenses

Other operating expenses consists of the following entries:

(Amounts in 000 NOK)	**2024**	**Restated 2023**
Sales and marketing expenses	4 945	6 693
Short-term lease expenses	1 844	1 700
Electricity, heating and other property expenses	2 128	3 165
Consultants	3 350	4 483
Auditor	973	1 312
Legal	1 030	1 757
Patents	2 663	1 290
IT/Software	3 766	2 977
Impairment of trade receivables, ECL provision	939	—
Other expenses	21 948	21 924
Recoveries of previously written-off receivables in 2018	-5 018	-6 404
Government grants recognized as other cost reduction	-512	-448
Total other operating expenses	**38 057**	**38 447**

Note 8–Specification of financial income and expenses

Amounts in 000 NOK	**2024**	**2023**
Financial income		
Interest income	4 346	4 639
Financial income	—	—
Foreign Exchange gains	12 537	7 584
Total financial income	**16 883**	**12 223**
Financial expenses		
Interest expense on bank loan	376	589
Lease interest expense	1 466	1 356
Other Financial expense	537	483
Foreign Exchange losses	2 245	6 878
Total financial expenses	**4 623**	**9 306**

Note 9–Taxes

Calculation of deferred tax/deferred tax benefit:

Amounts in 000 NOK		
Temporary differences	**2024**	**Restated 2023**
Intangible assets	13 285	10 980
Right to use assets	1 051	418
Net temporary differences	20 610	11 397
Tax losses carried forward	331 064	351 768
Basis for deferred tax	**351 674**	**363 166**
Deferred tax	77 368	79 896
Deferred tax benefit not shown in the balance sheet	(1 948)	(1 731)
Deferred tax in the balance sheet	**75 420**	**78 166**

Components of the income tax expense:	**2024**	**Restated 2023**
Payable tax on this year's result	—	—
Total payable tax	**—**	**—**
Change in deferred tax based on original tax rate	2 746	-8 880
Withholding tax	5 334	—
Calculated tax expense/(Income)	**8 080**	**-8 880**

Witholding tax

In 2024, the Group incurred withholding tax on royalty income from some of its customers. The tax has been recognized as an income tax expense in accordance with IAS 12, as the obligation rests with Elliptic and arises when the income is earned. For 2024, the withholding tax will be treated as a deduction from income in the Norwegian tax return.

Significant estimates

As of 31 December 2024, the Group has recognized a deferred tax asset of approximately mNOK 75 million, primarily related to accumulated tax losses in Elliptic Laboratories ASA. These losses originated in prior periods due to significant investment in research and development and are available for indefinite carryforward under Norwegian tax law.

Recognition of the deferred tax asset is based on management's judgment that sufficient future taxable income will be available to utilize the losses. This assessment involves significant estimation uncertainty and is based on the following key factors:

- **Established revenue base:** A large share of expected future revenue is supported by existing multi-year customer contracts across both PC and smartphone verticals, providing visibility and reducing reliance on new sales.
- **Scalable cost structure:** The Group's software-licensing model allows for revenue growth without a proportionate increase in costs, supporting strong operating leverage and sustained profitability.
- **No expiry:** The losses can be carried forward indefinitely, meaning that even if actual profit realization were delayed, the deferred tax benefit would not be forfeited. The Group expects to utilize the remaining tax losses within a 3 to 4-year period.

The recognition of the deferred tax asset is considered appropriate under IAS 12, supported by recent profitability, a recurring revenue base, and convincing evidence of future taxable profits. However, changes in market conditions, customer rollout schedules, or cost development could affect the timing of full utilization.

Note 10–Subsidiaries

Investments in subsidiaries are booked according to the cost method.

Amounts in 000 NOK

Subsidiaries	Location	Ownership /voting rights	Equity 31.12 (100%)	Result this year (100%)	Balance sheet Value
Healthy Pointer	Oslo, Norway	100 %	484	—	—
Elliptic Labs Inc	San Francisco, USA	100 %	7 465	1 055	1
Balance sheet value 31.12.					**1**

Note 11–Debtors and liabilities

Amounts in 000 NOK	**2024**	**2023**
Debtors which fall due within one year	2 000	4 000
Debtors which fall due later than one year	—	2 000
Total	**2 000**	**6 000**

	2024	**2023**
Liabilities secured by assets	**2 000**	**6 000**

Balance sheet value of assets placed as securities	**2024**	**2023**
Current trade receivables	14 818	12 518
Total	**14 818**	**12 518**

More details on Trade Receivables is disclosed under note 10 - Trade receivables and other current receivables under Group.

Note 12–Restricted cash

(Amounts in 000 NOK)	**2024**	**2023**
Restricted bank deposits for employee tax withholdings	2 193	2 812
Total	**2 193**	**2 812**

Note 13–Shareholder's equity

Equity changes in the year (Amounts in 000 NOK)	**Share capital**	**Other paid in capital**	**Other equity**	**Total**
Equity at 01.01. (Restated)	**1 048**	**339 935**	**-41 806**	**299 178**
Profit for the year	—	—	7 905	7 905
Capital increase through issuance of ordinary shares	4	4 831	—	4 835
Employee share schemes	—	—	5 475	5 475
Shareholders' equity at 31.12.2024	**1 053**	**344 766**	**-28 426**	**317 393**

More details on the most significant transactions in 2024 is disclosed under note 14 - Share capital and shareholder information under Group.

Note 14–Balance with group companies etc.

Amounts in 000 NOK	Trade creditors		Other long-term liabilities	
	2024	**2023**	**2024**	**2023**
Elliptic Laboratories INC	1 509	1 751	—	—
Healthy Pointers AS	—	—	474	474
Total	**1 509**	**1 751**	**474**	**474**

Note 15–Share capital and shareholder information

As of 31.12.2024, the share capital amounts to NOK 1 052 749,68, consisting of 105 274 968 shares at a face value of NOK 0,01 per share.

Shares held by the Board of Directors as of 31 December 2024 is disclosed in the Remuneration report.

Overview of the largest shareholders as of 31 December 2024:

Shareholder name	Ordinary shares	Ownership
MP PENSJON PK	10 033 913	9,5 %
ALDEN AS	7 403 330	7,0 %
VERDIPAPIRFONDET DNB SMB	5 509 126	5,2 %
PASSESTA AS	5 299 994	5,0 %
HORNE	4 665 455	4,4 %
DANIELSEN	4 374 150	4,2 %
Bank Pictet & Cie (Europe) AG	3 720 292	3,5 %
J.P. Morgan SE	3 638 163	3,5 %
SIX SIS AG	2 820 000	2,7 %
VERDIPAPIRFONDET FONDSFINANS NORGE	2 600 000	2,5 %
State Street Bank and Trust Comp	2 400 000	2,3 %
GHIBLI AS	2 100 000	2,0 %
FABRES SCALER	1 600 000	1,5 %
NUNATAK AS	1 585 447	1,5 %
NORDNET LIVSFORSIKRING AS	1 529 580	1,5 %
AMFIBIEN AS	1 485 000	1,4 %
J.P. Morgan SE	1 470 523	1,4 %
INVEN2 AS	1 441 670	1,4 %
Danske Invest Norge Vekst	1 355 099	1,3 %
Nordnet Bank AB	1 346 386	1,3 %
Other shareholders (less than 1,3% ownership)	38 896 840	36,9 %
Total	**105 274 968**	**100 %**

Share based payment plans is disclosed under Note 13 – Share option program under Group.

(Amounts in 000 NOK)	**2024**	**Restated 2023**
Profit & loss for the year due to holders of ordinary shares	7 905	-38 992
Average number of shares - basic	105 097	104 317
Earnings per share outstanding	**0,08**	**-0,37**
Conversion of dilutive securities - options	6 177	N/A
Basis for diluted calculation	111 273	104 317
Earnings per share fully diluted	**0,07**	**-0,37**

Please refer to Note 14 under Share capital and shareholder information for calculation of average number of shares outstanding.

Note 16–Pensions

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Norwegian companies' pension schemes meet the requirements of this act.

As of 31 December 2024, a total of 55 employees are covered by the Company's occupational pension scheme.

Note 17–Government grants

The company has applied for and received governmental grants in 2024 and 2023.

(Amounts in 000 NOK)	**2024**	**2023**
Recognized as income from other sources	1 430	1 312
Reduction of capitalized patents	—	—
Reduction of capitalized development	2 967	3 011
Recognized as payroll cost reduction	1 271	1 291
Recognized as other cost reduction	512	448
Total government grants	**6 180**	**6 062**

Note 18–Related-party transactions

The table presents the intercompany transactions between Elliptic Labs and its subsidiary, Elliptic Labs Inc. Further information on remuneration to the CEO and the board of directors is disclosed in the Remuneration Report, and balance with group companies is disclosed in note 14.

Related party transactions:

(Amounts in 000 NOK)	**2024**	**2023**
a) Sales of goods and services		
Sales of services:	**886**	**1 224**
b) Purchases of goods and services		
Purchase of services:	**20 517**	**19 079**

Note 19–Events after the balance sheet date

Please see Note 21 under Group for Events after the balance sheet date

Directors' Responsibility Statement

Today, the board of directors and the chief executive officer reviewed and approved the Board of Directors' Report and the consolidated and separate annual financial statements for Elliptic Laboratories ASA as of 31 December 2024 (annual report 2024).

To the best of our knowledge, we confirm that:

- the consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and additional Norwegian disclosure requirements in the Norwegian Accounting Act.
- the parent company financial statements have been prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- the Board of Directors' Report for the Group and the parent company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16.
- the consolidated and parent company annual financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss for the period as a whole as of 31 December 2024 for the Group and the parent company.
- the Board of Directors' Report gives a fair review of the development and performance of the business, financial position, principal risks and uncertainties faced by the company and the Group.

Oslo, 29th of April 2025
The Board of Directors of Elliptic Laboratories ASA
(Electronically signed)

Svenn-Tore Larsen	Edvin Austbø	Ingrid Elvira Leisner
Chairman	Board Member	Board Member
Berit Svendsen	Svein-Egil Nielsen	Laila B. Danielsen
Board Member	Board Member	CEO

Auditor's report

To the General Meeting of Elliptic Laboratories ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elliptic Laboratories ASA, which comprise:

- the financial statements of the parent company Elliptic Laboratories ASA (the Company), which comprise the financial position as at 31 December 2024, the income statement, comprehensive income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Elliptic Laboratories ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Elliptic Laboratories ASA for 8 years from the election by the general meeting of the shareholders on 19 September 2017 for the accounting year 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Group's business and operations are largely unchanged compared to last year. *Valuation of deferred tax assets*, has the same characteristics and risk as in prior years, and therefore continues to be an area of focus this year.

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Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of deferred tax assets	
On 31 December 2024 the Group had recognised a deferred tax asset of NOK 75 420 thousand. The tax asset is mainly related to tax loss carryforwards for Elliptic Laboratories ASA. Deferred tax asset is recognised to the extent that it is probable that it can be utilised against taxable income in the future. The losses can be carried forward indefinitely and have no expiry date. We identified valuation of deferred tax assets as a key audit matter due to materiality of the amounts involved, as well as the management judgement required in determining the probability of future utilisation of underlying tax losses, including estimating future operating profitability of operation. See further information in note 6 to the consolidated financial statements, where management explains the significant estimates involved and the basis for recognition of deferred tax assets.	We obtained, evaluated, and challenged management's assessment of the deferred tax asset. We corroborated the elements in the assessment to the requirements in the IFRS Accounting Standards. We critically assessed the assumptions used by management in estimating future taxable income. This involved reviewing the detailed budgeting process, which is supported by existing contracts in both the PC and smartphone verticals, as well as growth expectations for the forecasting period. We tested the reliability and accuracy of these budgets by comparing prior year budget inputs to actual historical data. Where deviations were identified, we evaluated management's explanations and corroborated them with additional evidence. To further challenge the assumptions in the forecast, we engaged in discussions with management, focusing on key factors affecting future profitability, such as net sales development, expenses, and the expected timing for utilizing tax losses. We compared the profitability calculation to the Board approved budget. In particular we focused on the rationale for recognizing a deferred tax asset after a history of losses. We found that the forecasts were mainly based on existing contracts, historical growth trends and market expectations. We tested the forecasts by reviewing the contracts and considering to what extent these represented firm commitments. We compared historical revenues and information from various relevant external sources with the assumptions in the forecasts. We further developed an auditor's point estimate which we used to compared to management's point estimate. In developing our estimate we evaluated and used various internal and external data and developed different scenarios by varying assumptions. Additionally, we reviewed the disclosures in note 6 to the consolidated financial statements and found them to be appropriate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Elliptic Laboratories ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Elliptic Labs 2024 ESEF Annual Report.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 29 April 2025
PricewaterhouseCoopers AS

Audun Bakke Andersen
State Authorised Public Accountant
(This document is signed electronically)

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