

ellipticlabs

# Q4 and Full Year 2021

CEO Laila Danielsen  
CFO & IR Lars Holmøy

Results presentation | March 10, 2022



Sensors touch every aspect  
of life and drive the digital  
transformation

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

# Our AI Virtual Smart Sensor Platform™ makes devices intelligent

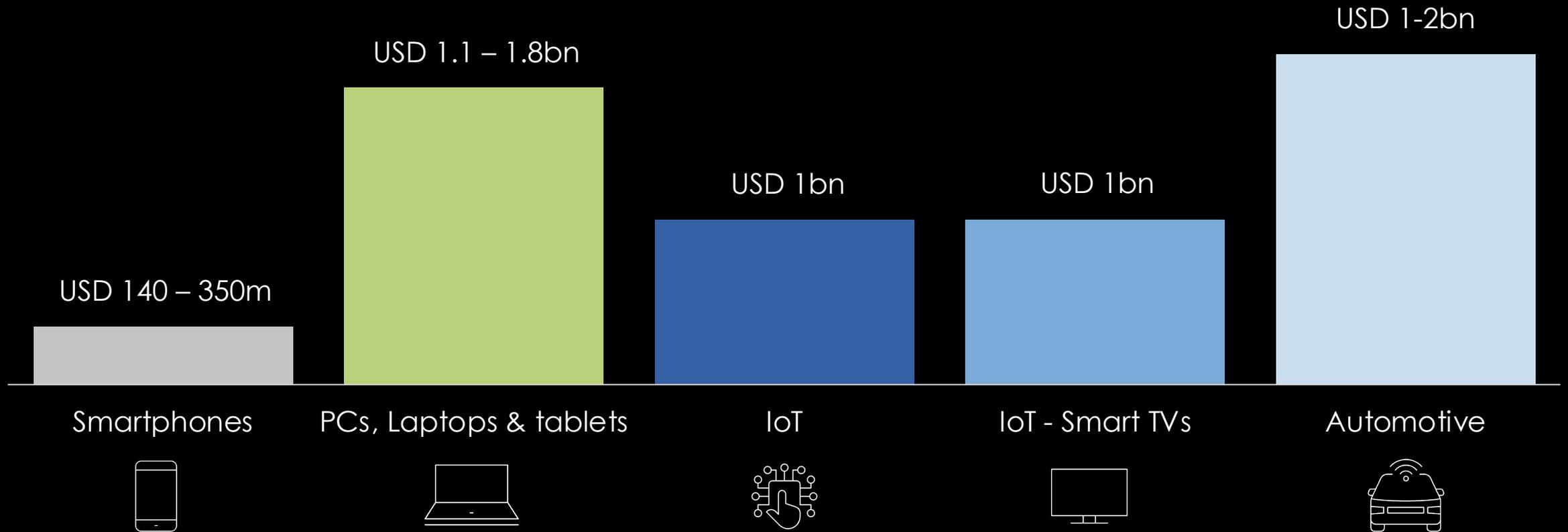
Leveraging existing single purpose sensors

Elliptic Labs' Virtual Smart Sensors™



# Billions of devices use hardware sensor components

Our USD 5.5 billion market opportunity



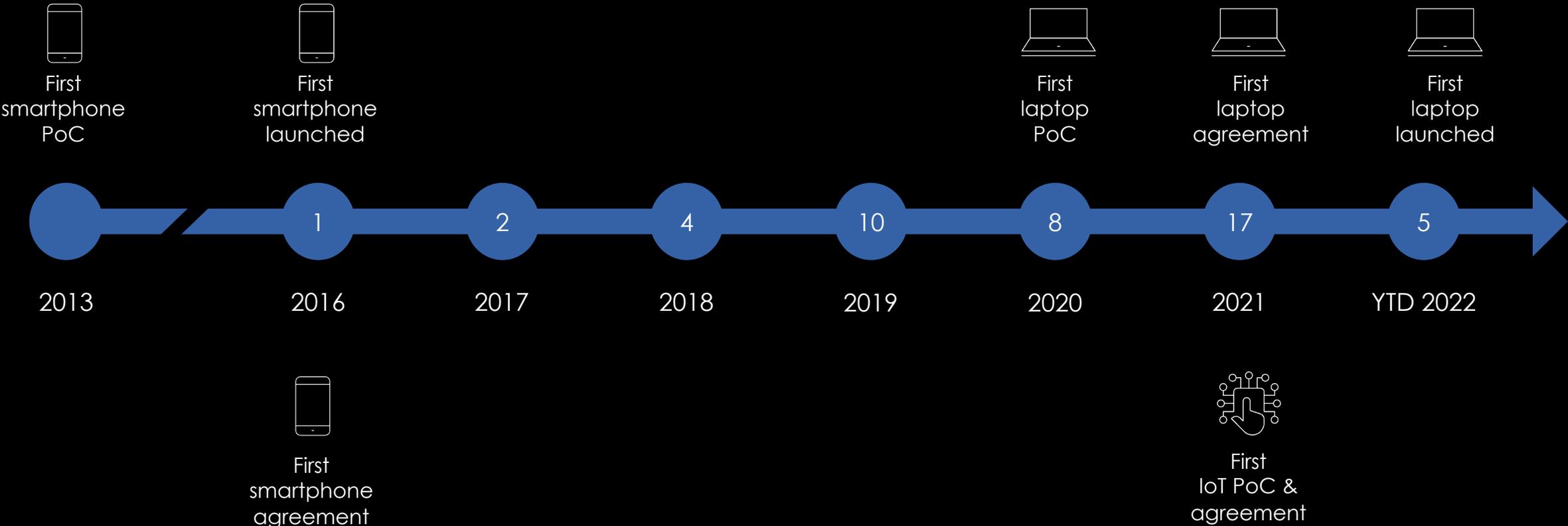
# We are adding more capabilities while reducing cost, risk and environmental footprint

## Replacing hardware sensor components

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

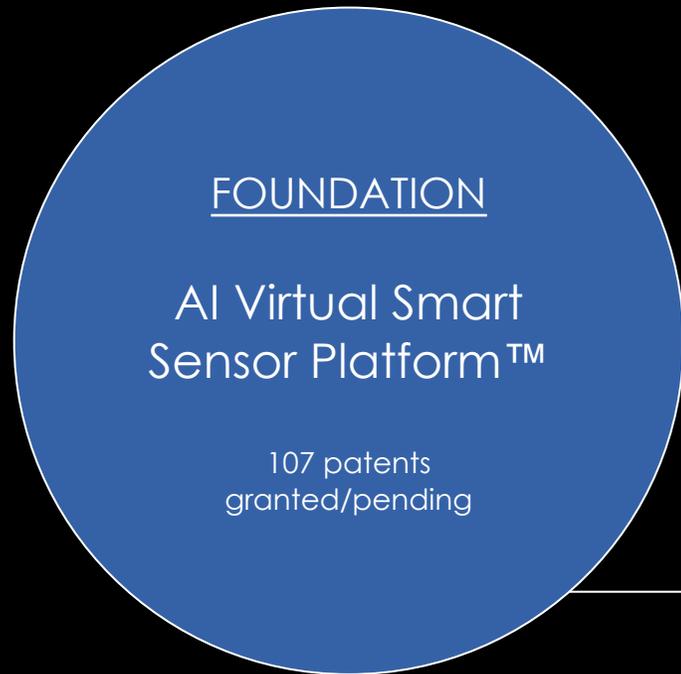
	 Smartphones	 PCs, Laptops & tablets	 IoT
Customers	5 OEMs	Lenovo	Bosch
Redundant hardware	Infrared	Time-of-Flight	Industrial Infrared
Models	47 models	1 model	1 product

# Accelerated adoption of our technology, entering two new verticals in 2021

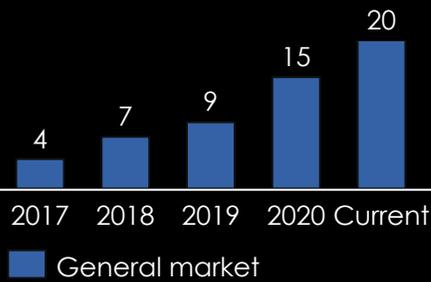


● Announced Model Launches across verticals per year

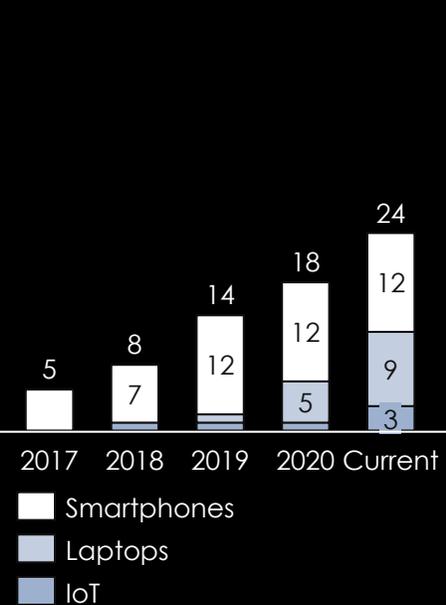
# Continuing commercial scale from a strong foundation



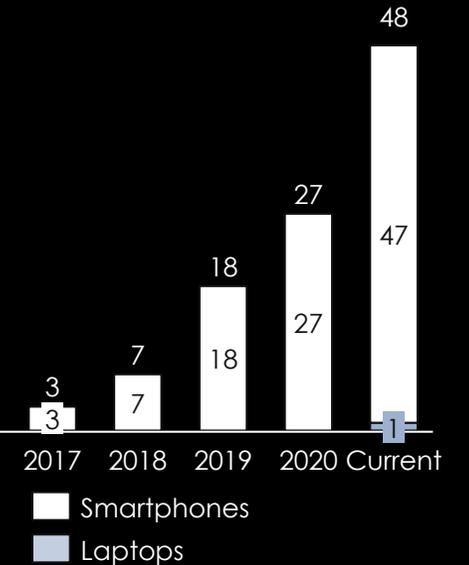
**Market enabler:**  
Partner-agreements



**Opportunities:**  
Proof-of-Concept Contracts



**Materialized:**  
Models launched



# Investing in growth, strengthening our technology leadership



## Underlying technology scalable across verticals

- Increasing automation
- Extended chipset support
- Aligning roadmaps with partners
- Close customer cooperation

## Scaling the organization

- Increased hiring in engineering, sales and sales support across all locations
- Key hires: technical leader in charge of customer success, CFO/IR and financial team
- Increasing geographical presence
  - New office in Taiwan
  - Added footprint in USA to support sales in new verticals

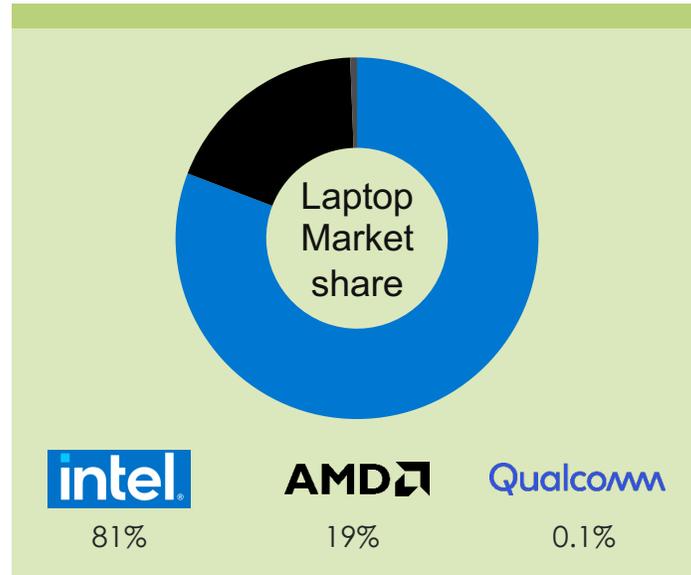
# Penetrating new markets through strong partnerships and aligned roadmaps

Smartphones



- Market expansion through continued partnerships with Qualcomm & MediaTek
  - Q4'21: Announced launch of 5 smartphone models

PCs, Laptops & tablets



- Aligned roadmaps with ~100% of the CPU market combined – driven by PC vendor demand
  - Q4'21: announced partnerships with Intel for the PC market

IoT



- Aligned roadmaps and collaboration with semiconductor partners
  - Q4'21: announced partnerships with Intel and Syntiant for the IoT market

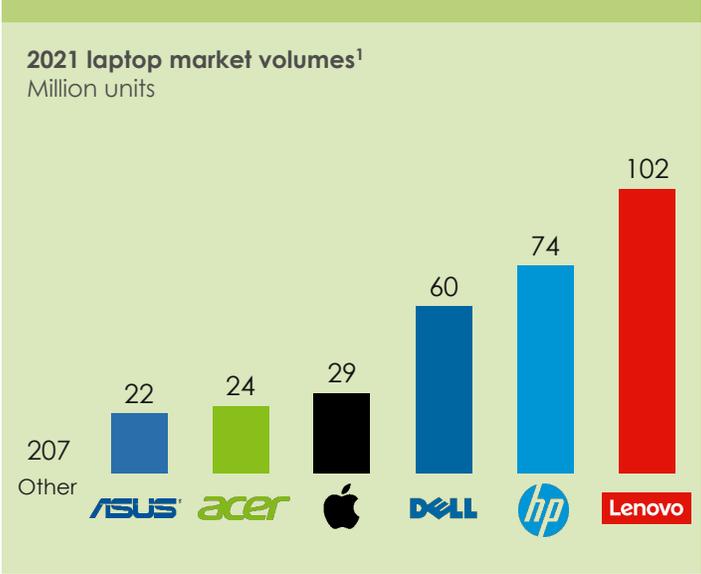
# Solid track record of converting proof-of-concept agreements into new customers

Smartphones



- Leading market position with proven performance allows for rapid adoption without Proof-of-Concept testing
- License contract with new customer for seven models

PCs, Laptops & tablets



- Maturing 8 Proof-of-Concept contracts in addition to the one realized with Lenovo

IoT

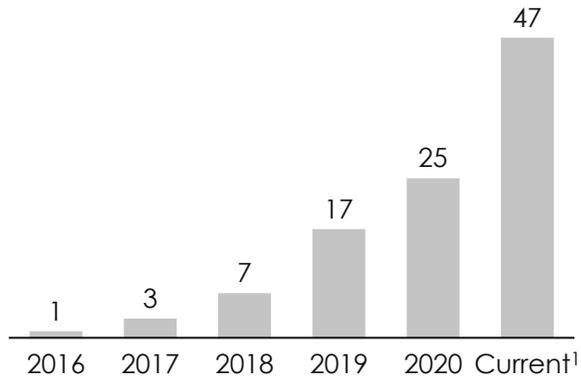


- Signed 3 Proof-of-Concept contracts
- License contract signed with Bosch

# Broad deployment of the AI Virtual Smart Sensor Platform in smartphones; PC and IoT verticals poised to grow

## Smartphones

47 models



- Precision, credibility and maturity for efficient deployment at scale
  - 5 models launched in Q4 2021
  - 5 models launched in 2022

## PCs, Laptops & tablets

ThinkPad T14



- First software-only presence sensor launched on top-selling Lenovo laptop
  - 1 model launched in 2022

## IoT

Bosch spexor



- 360-degree presence detection solution poised to become the market standard
  - On track for market launch

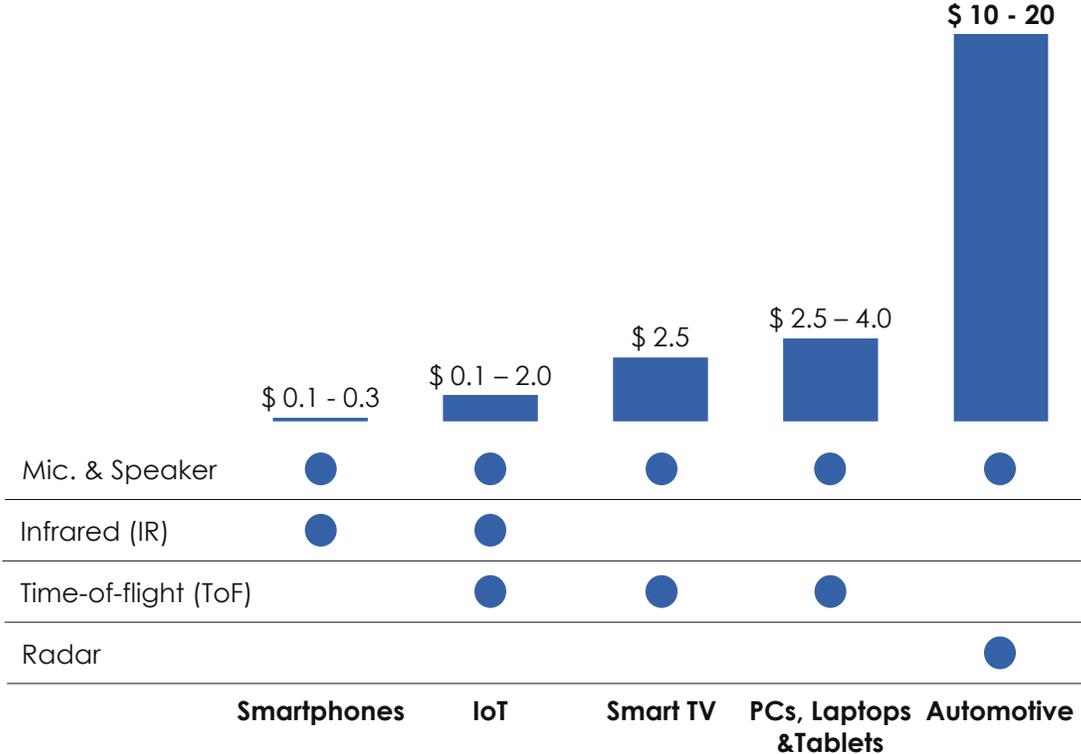
# The market is dominated by non-intelligent hardware sensor components

## Hardware sensor components

- Microphone and speaker
  - In most devices for standard audio and voice control
- Infrared Proximity Sensor:
  - Mature and incumbent technology in most smartphones
  - Enabling screen lock when marking calls
- Time-of-Flight:
  - Non-standardized and non-incumbent
  - In PCs, laptops, tablets, smart TVs, and IoT products
- Radar
  - Detects relative position and motion

## Hardware sensors technology cost

Cost per unit (USD)





Financial review

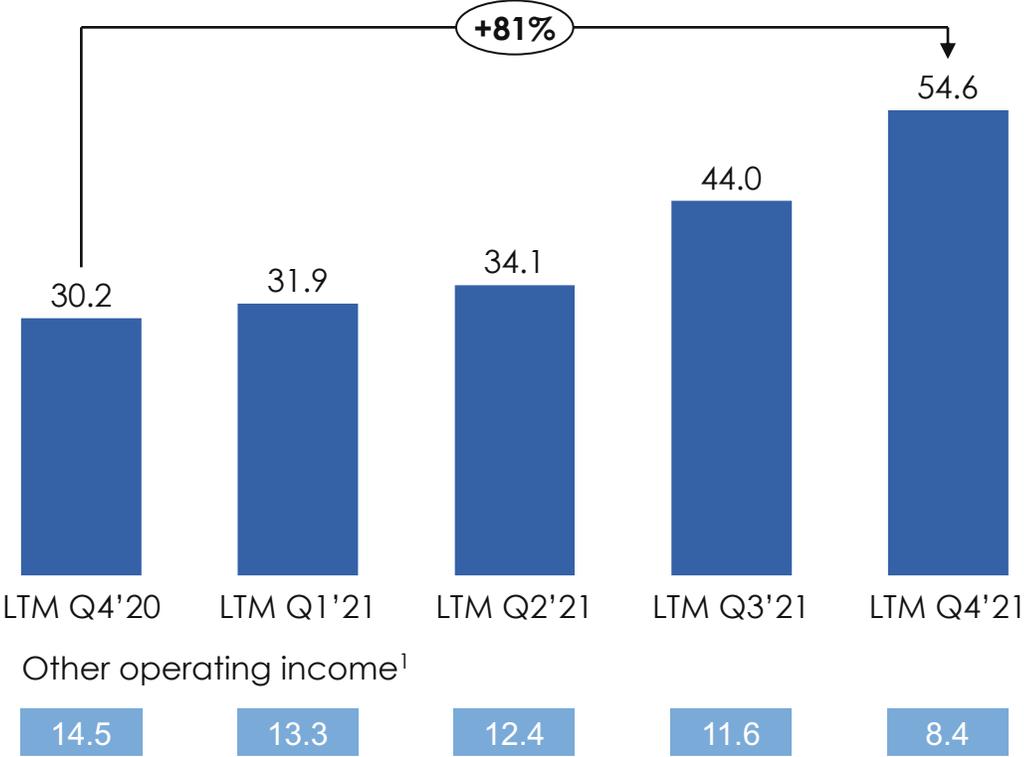
# Funded for continued expansion across verticals

CFO Lars Holmøy

# Strong growth trajectory

## Sales revenue development continue to grow

NOK million, LTM



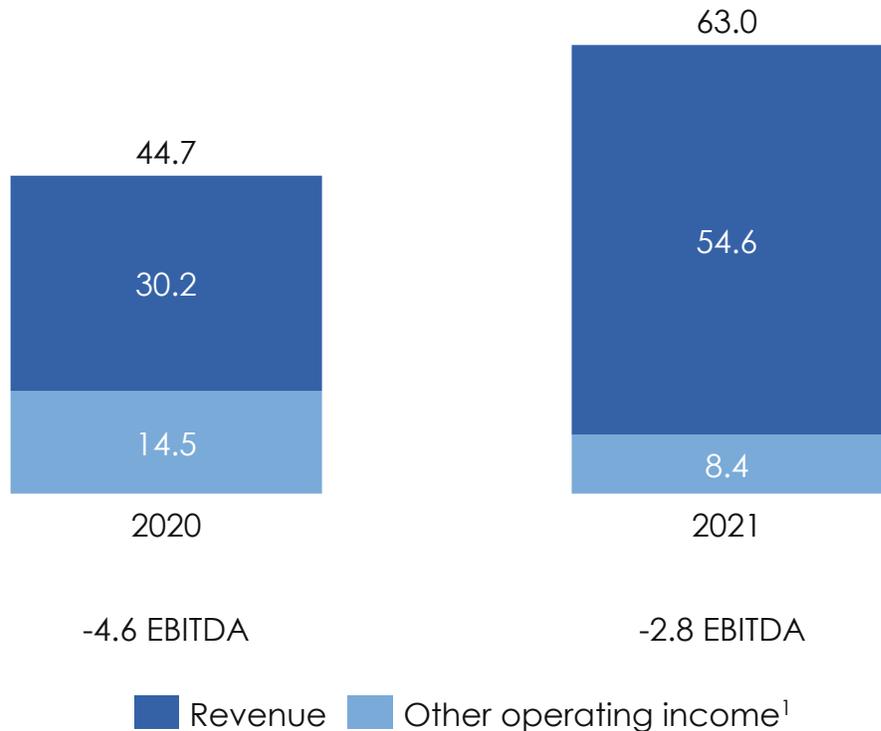
- 81% year-over-year customer revenue growth primarily from the smartphones vertical
  - Total revenue and other operating income 63 mNOK a growth of 41%
- Other income reflecting grants and support reduced 42% year-over-year

14 1) Other operating income mainly reflects research grants, Innovation Norway support, etc.

# Continued improved EBITDA, affected by one-off costs in Q4

## Total revenue and EBITDA

NOK million

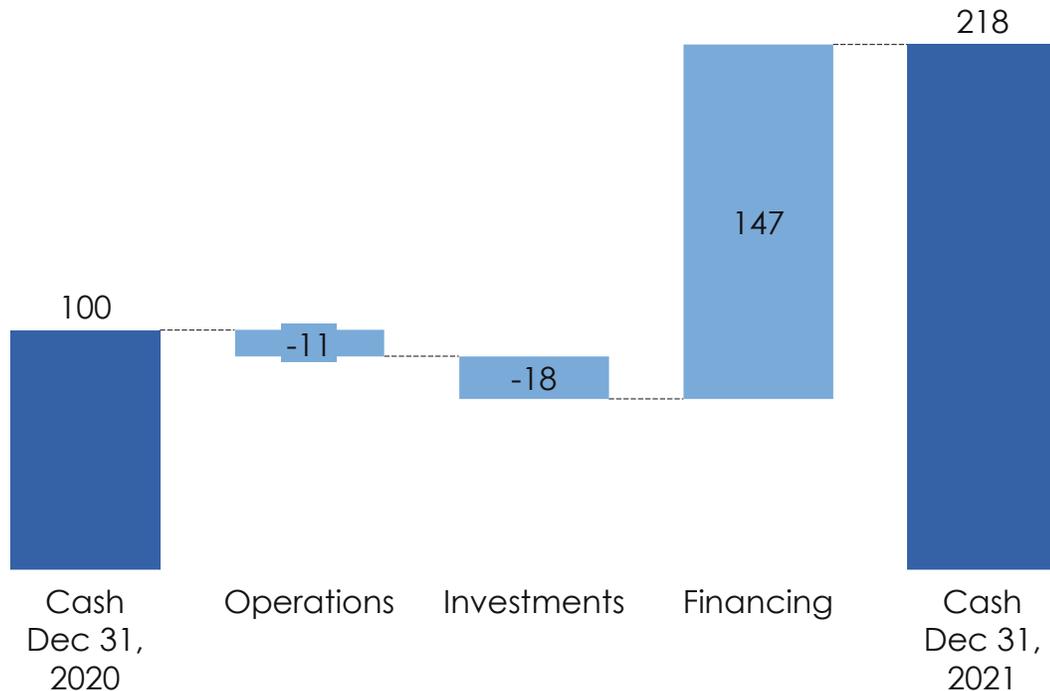


- 41% Total revenue and other operating income growth in 2021 vs. 2020
  - Shrinking portion of Other operating income<sup>1</sup>
- 28% EBITDA margin in Q4 2021
  - Salaries and personnel cost of NOK 18.8m including NOK ~6,5 m in true up effects connected to the settlement of share-based payment agreement and consultant fees related to uplifting to Oslo Børs.
- Investing to grow organization and scale business
  - Increased hiring in engineering, sales and sales support across all locations
  - Increasing geographical presence

# Solid cash balance supported by equity raise

## 2021 cash flow

NOK million



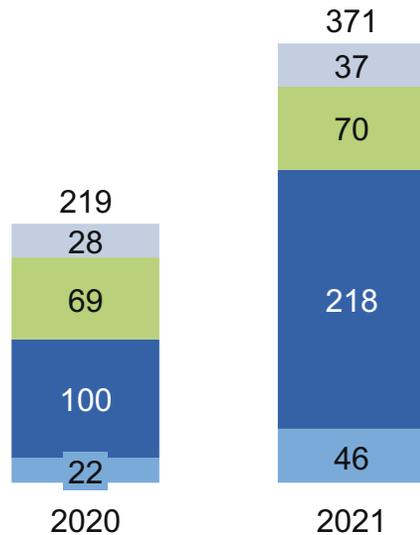
- Strong liquidity position after equity raise in 2021
- Negative cash flow from operations due to
  - Up-listing to Oslo Stock Exchange, including external consultant and audit services
  - Payment schedule from customers.
  - Increased recruitment and new hires
- Investments mainly reflecting capitalized software development

# Maintaining a robust balance sheet

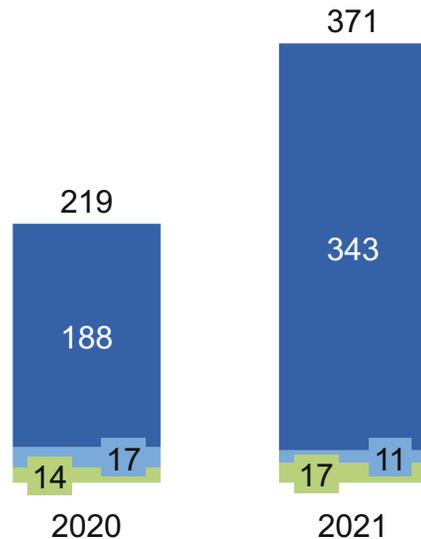
## Balance sheet

NOK million

### Assets



### Equity & liabilities



Intangible assets  
Other non-current assets  
Cash & equivalents  
Other current assets

Equity  
Long-term liabilities  
Short-term liabilities

- Strong cash position of NOK 218 million at the end of 2021
- Equity ratio of 92.5%
- Interest bearing debt reflecting loans from Innovasjon Norge<sup>1</sup>



Summary and Outlook

# Solid foundation for continued expansion across verticals

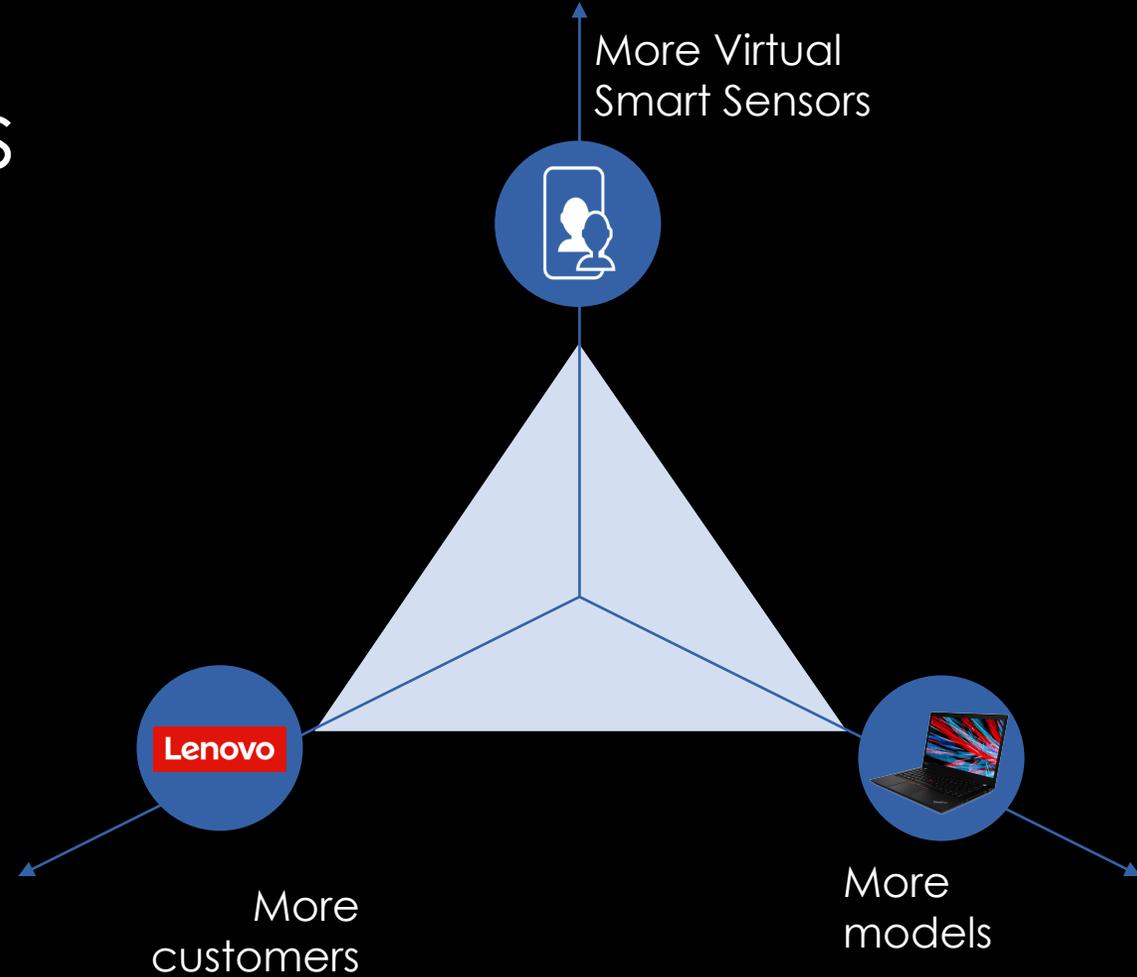
CEO Laila Danielsen

# We are set to grow along multiple dimensions



# Multiple opportunities for expansion

PCs, Laptops and Tablets example applicable in all verticals



# Clear path towards significant revenue

## Key revenue drivers

- PCs, Laptops & Tablets: First enterprise agreement signed
  - Positioned to be the standard
  - Vertical to become the largest revenue driver
- Smartphones: Established market position
  - Increase revenue from new and existing customers
- IoT: Entered through license agreement
  - Technology adoption for long-term revenue growth
- Expansion into new verticals
  - Smart TVs
  - Automotive
- Increased price points for our software-sensors outside the smartphone market

## 2023 revenue target



Building position  
in the IoT market



Laptops our next  
key growth vertical



Continued  
Smartphone  
expansion



# Q&A

Next event:  
Q1 2022,  
May 25

# Investment highlights

## **Scalable AI software platform company with global customers and partners**

- Providing Virtual Smart Sensors that make devices smarter, more human- and environmentally-friendly
- Commercial success with global tier 1 manufacturers in the smartphone, PC and IoT markets
- Semiconductor and hardware component ecosystem partners, enabling broad market penetration

## **\$5.5 billion market opportunity and growing, driven by digital transformation and sustainability**

- Billions of devices use hardware sensor components, Elliptic Labs is replacing hardware sensors with software (Virtual Smart Sensors)
- Reducing cost and power consumption and eliminating sourcing risk, while adding new features
- Wide-ranging expansion opportunities across multiple market verticals

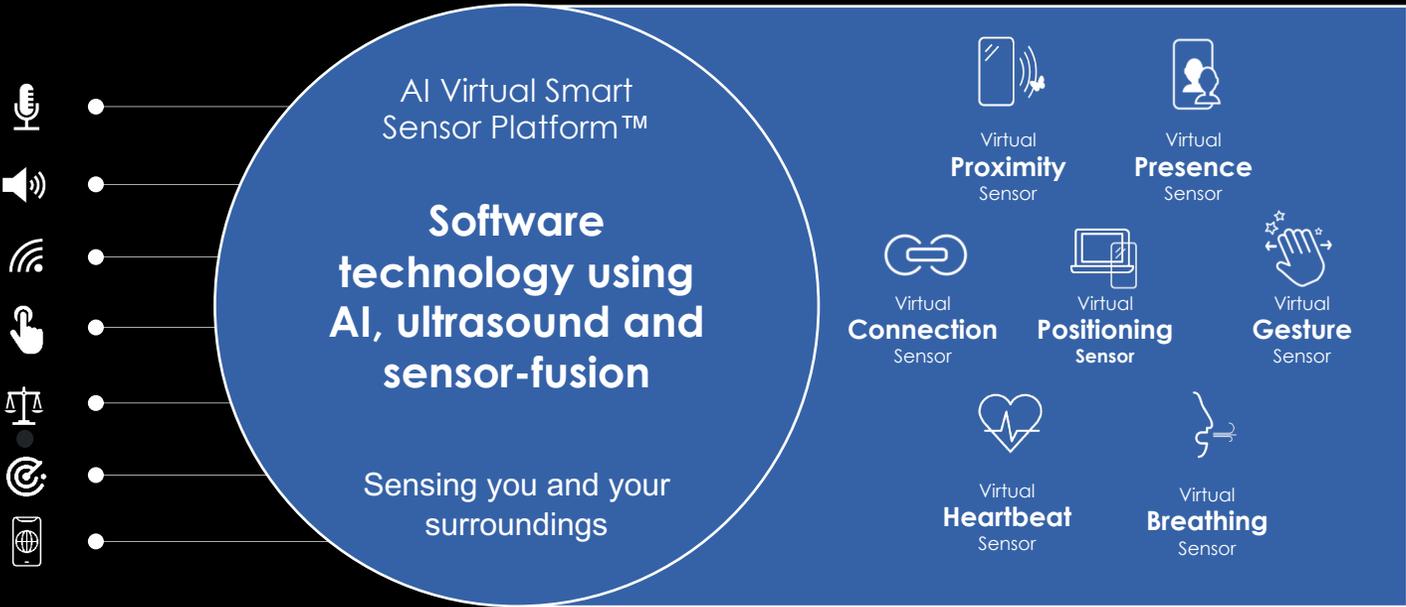
## **Targeting substantial growth next two years with clear go-to-market strategy**

- Targeting NOK 500 million in revenue in 2023,
- Well-funded software company with a proven business model backed by strong IP
- Established presence in Norway, China, Taiwan, South Korea, Japan and USA with an international management team

# Appendix

# Sensors touch every aspect of life and drive the digital transformation

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

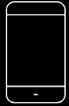


## Significant opportunity in prioritized markets



Laptops our next key growth vertical

**USD 1.1 – 1.8bn**



Continued Smartphone expansion

**USD 140 - 350m**



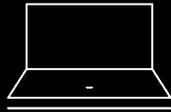
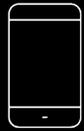
Building position in the IoT market

**USD 1bn**

Our platform reduces cost, risk and environmental footprint

NOK +500m revenue target in 2023

# Wide-ranging opportunities across significant markets



	Smartphones	PCs, Laptops & tablets	IoT	Smart TVs	Automotive
Number of units	1.4bn	460m	2.1 bn	400m	100m
x Price of alternatives	Infrared USD 0.10 – 0.25	Time-of-Flight / Radar USD 2.5 – 4.0	Time-of-Flight/Infrared USD 0.10 – 2.0	Time-of-Flight USD 2.50	Radar USD 10 – 20
= Total addressable Market	USD 140 – 350m	USD 1.1 – 1.8bn	USD 1bn	USD 1bn	USD 1-2bn

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

# Reported financials

## Profit and loss

<i>(Amounts in 000 NOK)</i>	Q4 2021 (Unaudited)	Q4 2020 (Unaudited)	2021 (Unaudited)	2020 (Audited)
Revenues from contracts with customers	34 669	24 071	54 598	30 215
Other operating income	—	3 190	8 438	14 517
<b>Total revenue and other operating income</b>	<b>34 669</b>	<b>27 261</b>	<b>63 036</b>	<b>44 732</b>
Personnel expenses	-18 784	-5 754	-50 807	-35 866
Other operating expenses	-6 131	-3 089	-15 058	-13 529
<b>EBITDA</b>	<b>9 754</b>	<b>18 418</b>	<b>-2 829</b>	<b>-4 663</b>
Depreciation and amortisation	-2 096	-1 368	-8 311	-5 439
<b>Operating costs</b>	<b>-27 011</b>	<b>-10 211</b>	<b>-74 176</b>	<b>-54 834</b>
<b>Operating profit</b>	<b>7 658</b>	<b>17 050</b>	<b>-11 140</b>	<b>-10 102</b>
Financial income	2 022	408	3 730	1 852
Financial expenses	-2 875	-3 430	-5 683	-7 307
<b>Net financial income/(expenses)</b>	<b>-853</b>	<b>-3 022</b>	<b>-1 953</b>	<b>-5 455</b>
<b>Profit before tax</b>	<b>6 805</b>	<b>14 028</b>	<b>-13 093</b>	<b>-15 557</b>
Income tax expense	-2 483	-161	1 878	3 047
<b>Profit/(loss)</b>	<b>4 322</b>	<b>13 867</b>	<b>-11 215</b>	<b>-12 510</b>

# Reported financials

## Cash flow

(Amounts in 000 NOK)	(Unaudited) Q4 2021	(Unaudited) Q4 2020	(Unaudited) 2021	(Audited) 2020
Cash flow from operating activities				
<b>Profit/(loss) before tax</b>	<b>6 805</b>	<b>14 028</b>	<b>-13 093</b>	<b>-15 557</b>
<i>Adjustment for:</i>				
Taxes paid in the period	-24	-39	-12	-549
Depreciation	2 096	1 368	8 311	5 439
Share-based payments	7 158	1 487	10 349	4 037
Items classified as financing activities	148	186	653	2 170
Change in accounts receivable	-11 987	-2 080	-24 177	-451
Change in trade payables	1 259	-1 624	2 040	154
Change in other accruals	5 841	167	5 106	-1 921
<b>Net cash flows from operating activities</b>	<b>11 296</b>	<b>13 492</b>	<b>-10 823</b>	<b>-6 678</b>
Capitalized development costs	-9 200	-9 441	-17 610	-15 103
<b>Net cash flows from investing activities</b>	<b>-9 200</b>	<b>-9 441</b>	<b>-17 610</b>	<b>-15 103</b>
Repayment of lease liabilities	-558	-2 232	-2 232	-2 232
Repayment of bank borrowings, short-term	-2 000	-25 000	-4 000	-25 000
Paid in capital from owners	10 061	125 000	162 218	125 040
Transaction cost listing/capital increase	-13	-8 345	-8 533	-8 448
Payment of interests from bank borrowings	-148	-186	-653	-2 170
<b>Net cash flows from financing activities</b>	<b>7 342</b>	<b>89 237</b>	<b>146 800</b>	<b>87 190</b>
Net Change in Cash and Cash Equivalents	9 438	93 288	118 367	65 409
Cash and cash equivalents at the beginning of the period	208 704	6 617	99 724	34 362
Effect of foreign currency rate changes on cash and cash equivalents	8	-181	59	-47
<b>Cash and cash equivalents at the end of period</b>	<b>218 150</b>	<b>99 724</b>	<b>218 150</b>	<b>99 724</b>

# Reported financials

## Balance sheet

### Assets

(Amounts in 000 NOK)	31/12/21 (Unaudited)	31/12/20 (Audited)
<b>Non-current assets</b>		
Deferred tax assets	62 534	59 807
Intangible assets	36 564	28 241
Right of use assets	2 790	5 023
Other non-current receivables	4 517	4 050
<b>Total non-current assets</b>	<b>106 406</b>	<b>97 121</b>
<b>Current assets</b>		
Accounts receivable	29 025	427
Other current receivables	17 773	21 451
Cash and cash equivalents	218 151	99 724
<b>Total current assets</b>	<b>264 949</b>	<b>121 601</b>
<b>Total assets</b>	<b>371 356</b>	<b>218 722</b>

### Equity & liabilities

(Amounts in 000 NOK)	31/12/21 (Unaudited)	31/12/20 (Audited)
<b>Equity and liabilities</b>		
Share capital	1 038	958
Other equity	341 731	187 146
<b>Total equity</b>	<b>342 769</b>	<b>188 104</b>
Lease liabilities	530	3 002
Bank borrowings, long-term	10 000	14 000
<b>Total long-term liabilities</b>	<b>10 530</b>	<b>17 002</b>
Bank borrowings, short-term	4 000	4 000
Trade and other payables	3 029	989
Tax payable	—	205
Current lease liabilities	2 611	2 203
Other short-term liabilities	8 416	6 219
<b>Total current liabilities</b>	<b>18 056</b>	<b>13 616</b>
<b>Total equity and liabilities</b>	<b>371 356</b>	<b>218 722</b>

# Shareholder information

## Top 20 shareholders as of March 3, 2022

	Number of shares	Percent of total shares
Passesta AS	12,280,480	11.8 %
MP Pensjon PK	8,937,299	8.6 %
Alden AS	7,403,330	7.1 %
Robert Horne	5,028,350	4.8 %
J.P Morgan AG	4,887,378	4.7 %
Laila Beate Danielsen	4,624,150	4.5 %
Vinterstua AS	4,492,677	4.3 %
Nordnet Livsforsikring AS	3,179,103	3.1 %
Larne Overseas LTD	2,820,000	2.7 %
Verdipapirfondet Pareto Investment	2,102,000	2.0 %
Nunatak AS	2,061,920	2.0 %
Ghibli AS	2,050,000	2.0 %
Verdipapirfondet DNB SMB	1,979,345	1.9 %
Nordnet Bank AB	1,791,639	1.7 %
Marie Chantal Fabres Scaler	1,600,000	1.5 %
Bryhni.com AS	1,595,415	1.5 %
Danske Invest Norge Vekst	1,512,700	1.5 %
Cipriano AS	1,453,700	1.4 %
Inven2 AS	1,441,670	1.4 %
Danske Bank A/S	1,333,330	1.3 %
<b>Top 20 shareholders</b>	<b>72,574,486</b>	<b>69.9 %</b>
Other 2013 shareholders	31,267,394	30.1 %
<b>Total</b>	<b>103,841,880</b>	<b>100.0 %</b>

## Shares and options owned by BoD, mgmt, and employees March 3, 2022 (fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	19,701,810	18.2%
Shares owned by Mgmt. and Employees	4,929,524	4.5%
Allocated Options to Employees and management per 09.03.2022 in shares	4,523,399	4.2%
Other shareholders	79,210,546	73.1%
<b>Total</b>	<b>108,365,279</b>	<b>100.0 %</b>

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# AI Virtual Smart Sensor Platform™

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