

ellipticlabs

Q1 2022

CEO Laila Danielsen
CFO & IR Lars Holmøy

Results presentation | May 25, 2022

A woman in a white blazer is smiling and looking towards the camera. In the background, other people are working in a modern office environment. A digital network overlay with glowing nodes and lines is superimposed over the scene, suggesting a high-tech or data-driven environment.

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

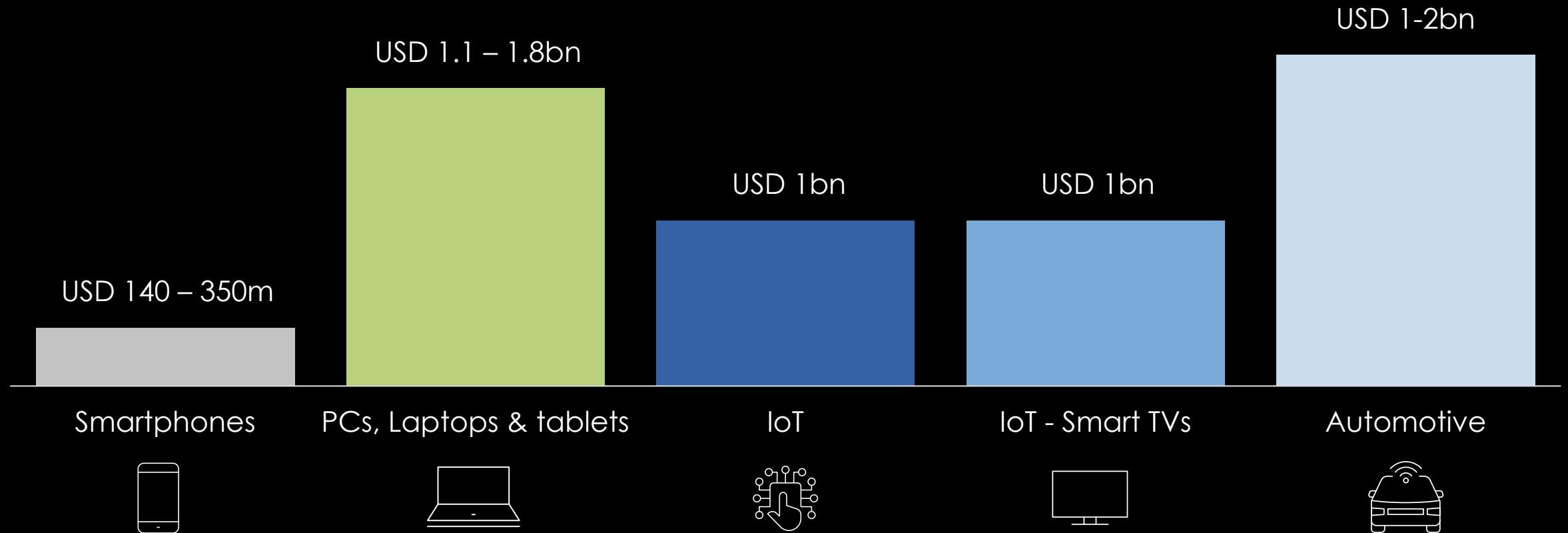
Leveraging existing single purpose sensors

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

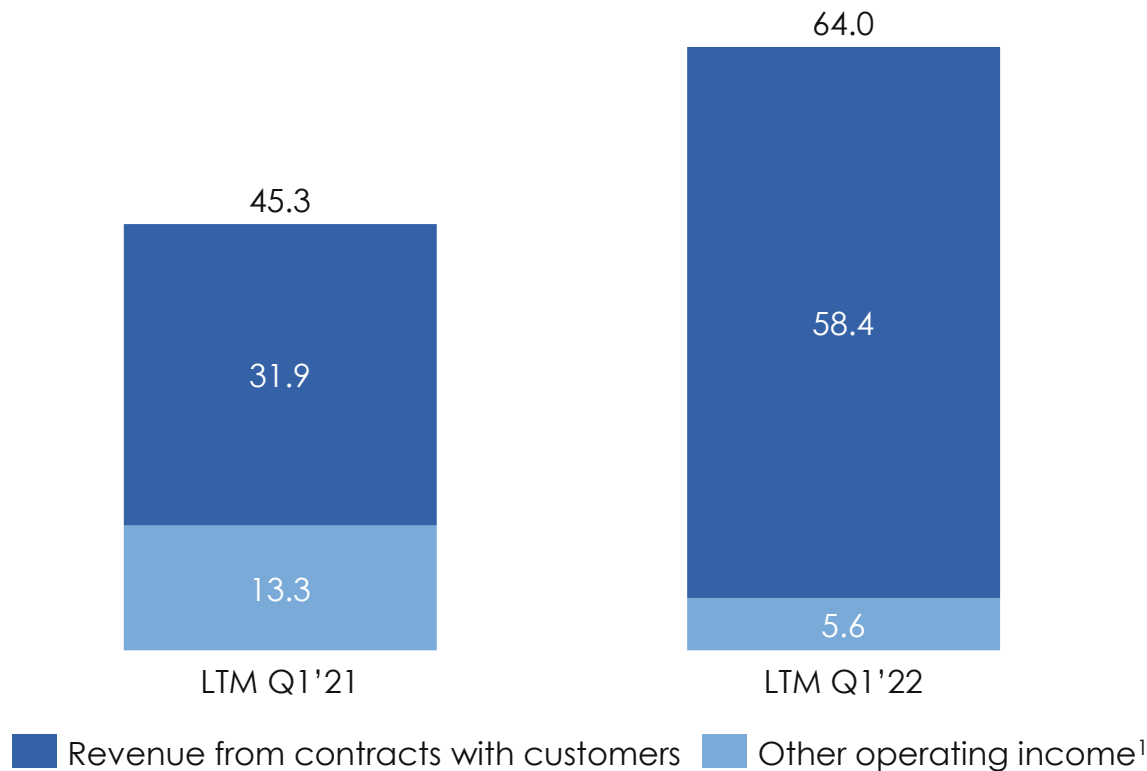
- AI Virtual Smart Sensor Platform™ can replace infrared, time-of-flight and radar sensors for presence and proximity detection
 - Reducing cost
 - Additional features such as position detection, simplified connectivity and interaction between devices
 - As a non-optical, edge-solution safeguarding user 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
First model launch	2016	2022	In process

Increased future revenue visibility expanding into the Laptop market

Year-over-year revenue growth

NOK million, LTM

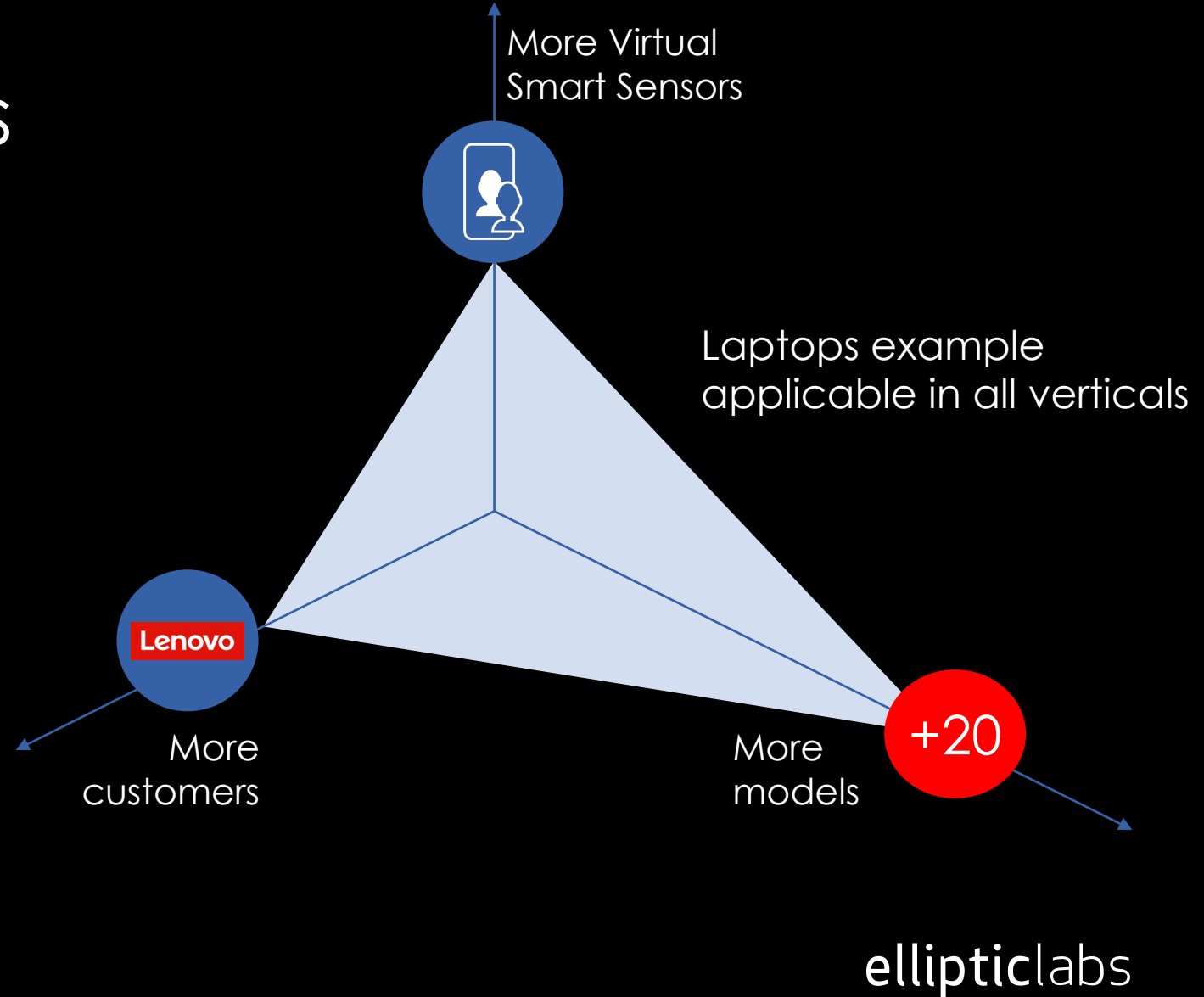


- 83% Revenue growth from contracts with customers year-over-year (LTM)
 - Mainly income from Smartphone vertical
 - First quarters are seasonally low
- 41% Total revenue and other operating income growth year-over-year (LTM)
- Positive cash flow in Q1 2022
- Laptop license revenue expected to be recognized in the second half of 2022

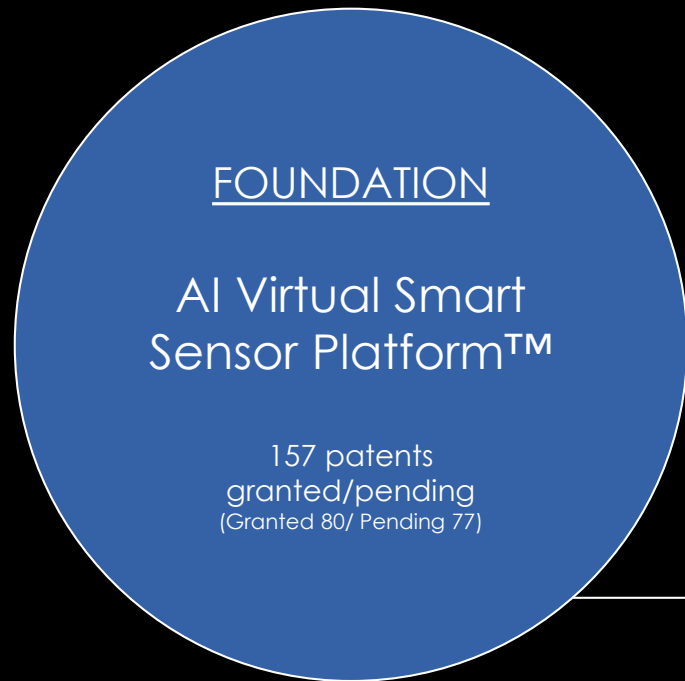
6 1) Other operating income mainly reflects research grants, Innovation Norway support, etc.

Multiple opportunities for expansion

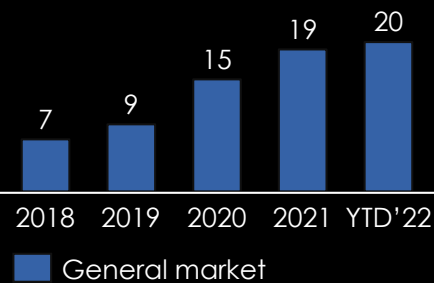
Launched with Lenovo and signed agreements for future expansion on +20 laptop models



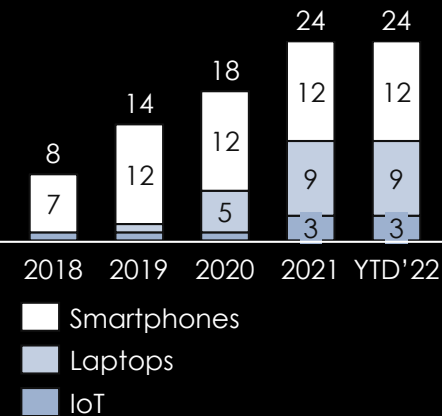
Continuing commercial scale from a strong foundation



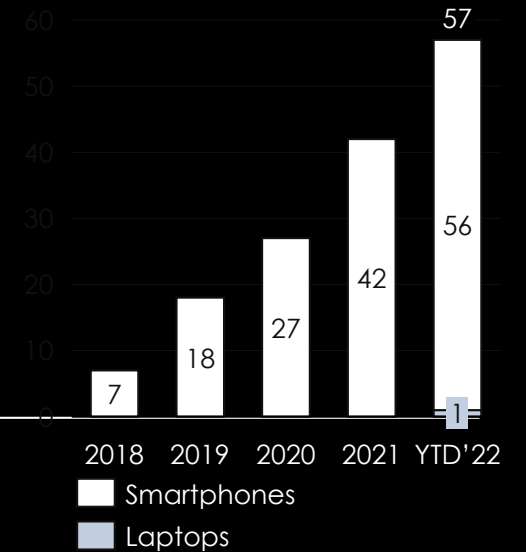
Market enabler:
Partner-agreements*



Opportunities:
Proof-of-Concept Contracts*



Materialized:
Models launched*
*

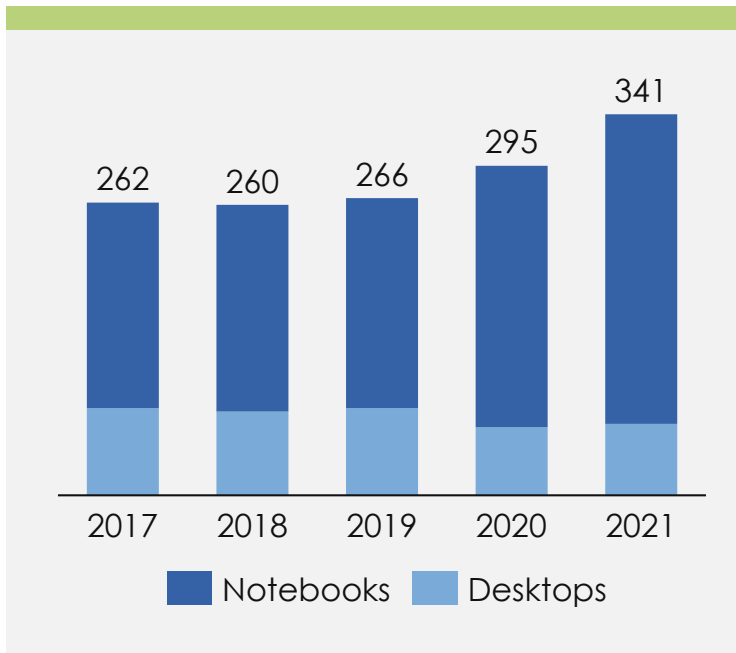


*All numbers are cumulative

On path to become the standard in the Laptop market

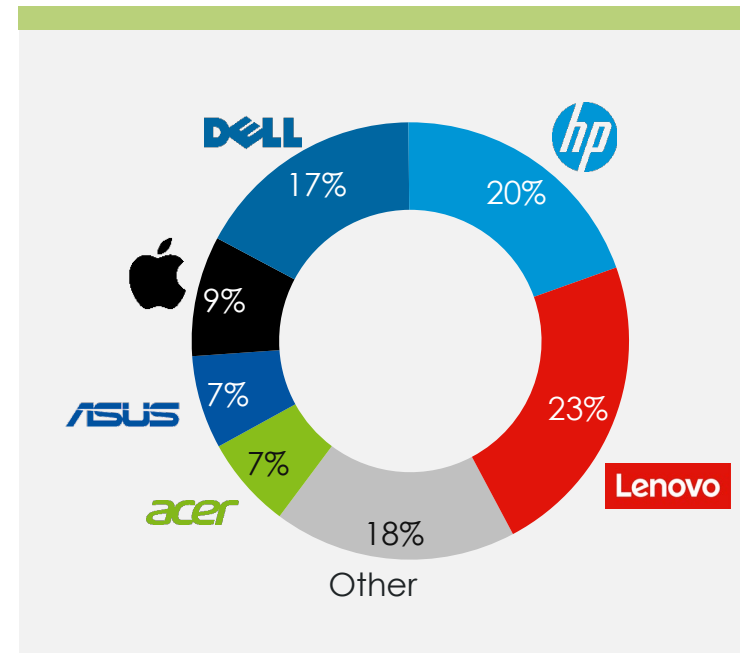
Global desktop, notebook and workstation shipments

Million units shipped¹



Contract for more than 20 Lenovo models incl. top seller ThinkPad T14

Market share Q1 2022²



Partnerships with CPU majors grants access to the complete market

~100% accessible
through partnerships with
three CPU industry majors

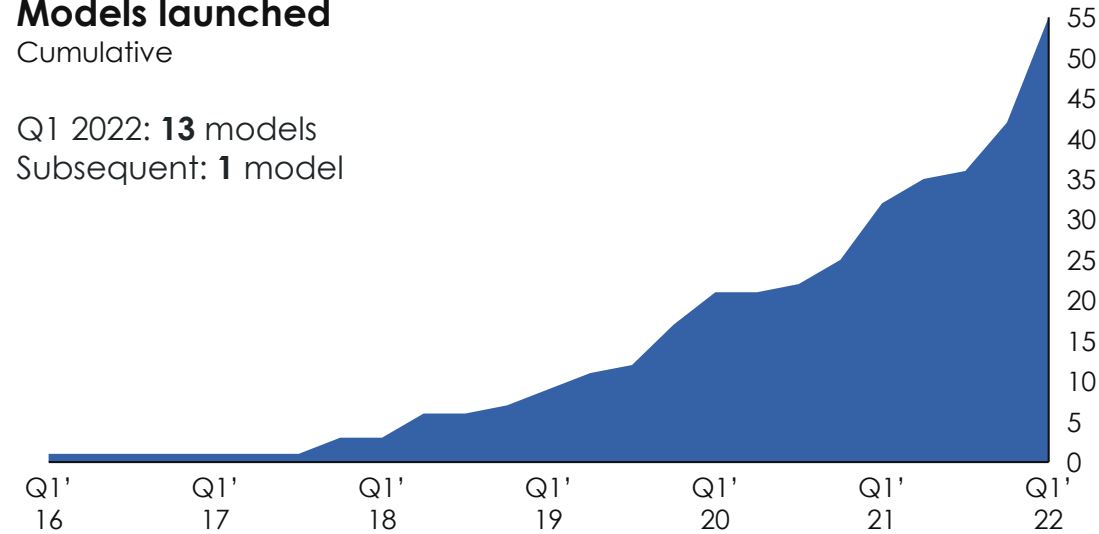


Experiencing continued strong demand and growth in Smartphones

Models launched

Cumulative

Q1 2022: **13** models
Subsequent: **1** model



- Leading market position with proven performance allows for rapid adoption without Proof-of-Concept testing
- Market expansion through continued partnerships with Qualcomm & MediaTek

Announced 14 smartphone launches YTD 2022 AI Virtual Proximity Sensor™



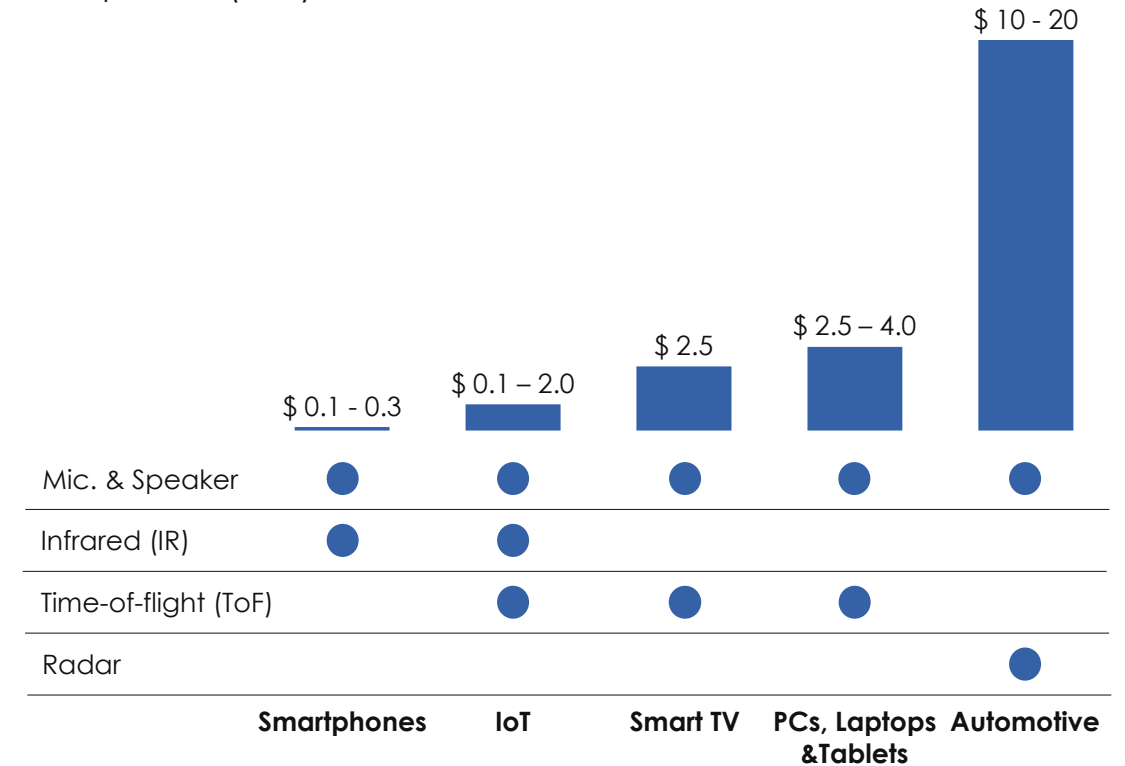
The market is dominated by single-purpose hardware sensor

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

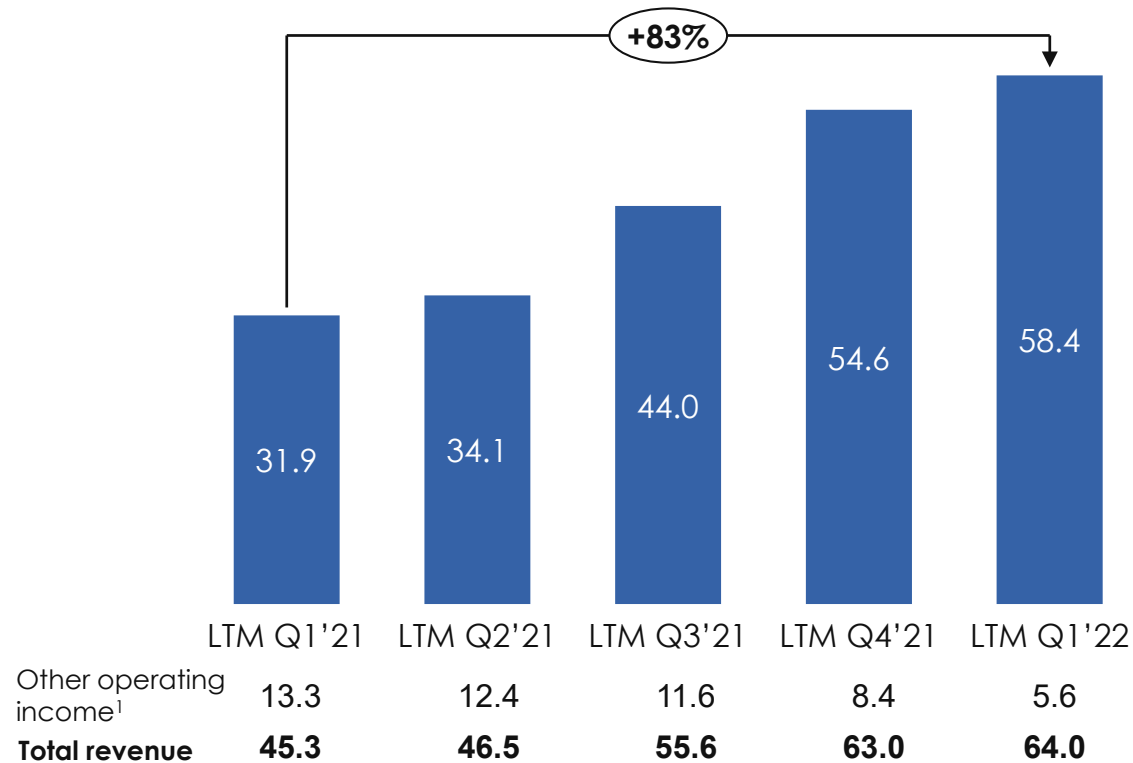
Funded for continued expansion across multiple verticals

CFO Lars Holmøy

Continued strong growth trajectory

Revenue from contracts with customers last twelve months

NOK million, LTM



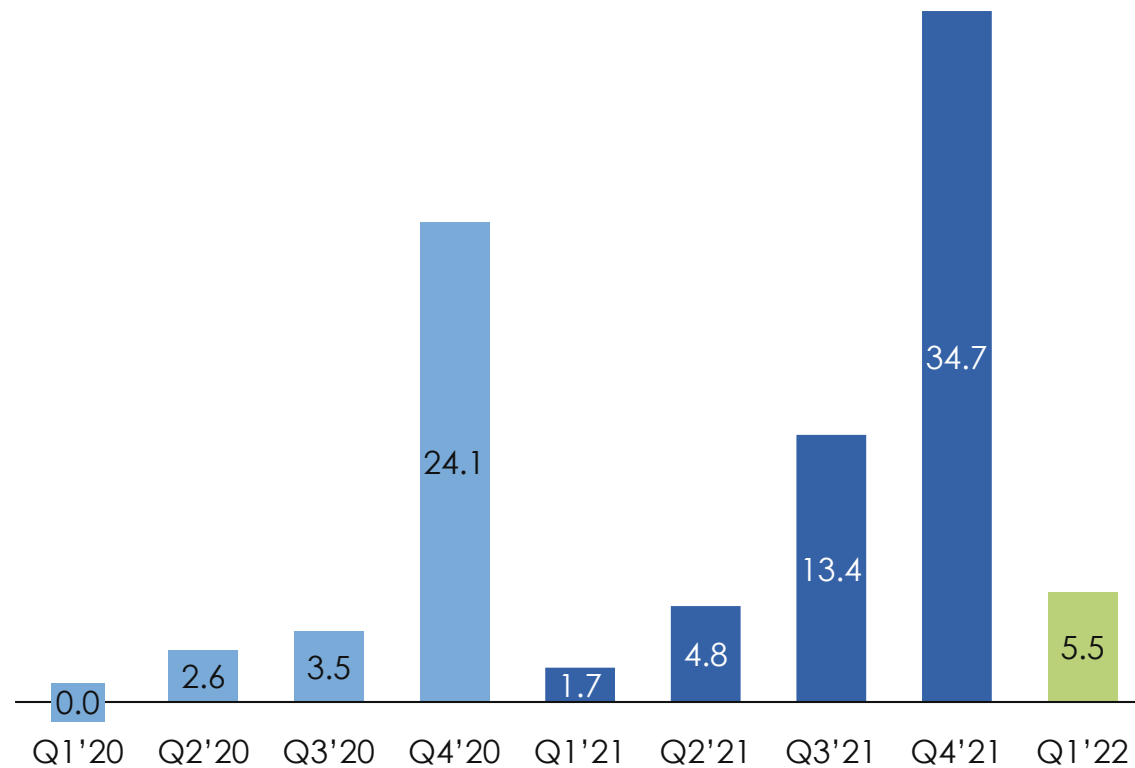
- 83% year-over-year growth in revenues from contracts with customers last twelve months
 - Primarily from the smartphones vertical
 - Continued strong demand for AI Virtual Smart Sensors
 - Revenues from contracts with customers year-over-year from NOK 1.7m to NOK 5.5m in Q1 2022
- Total revenue and other operating income last twelve months of NOK 64.0m in Q1 2022, a growth of 41% year-over-year
- Other operating income reflecting grants and support is reduced 58% year-over-year

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

Smartphones revenue expected to be supported by revenue from laptops in second half 2022

Quarterly revenue from contracts with customers

NOK million



- Last two years revenue from contracts with customers subject to seasonality
 - Majority of revenue from smartphones
- Laptop license revenue expected to start second half 2022
 - Per unit revenue license from Laptop agreements

Maintaining a robust capital discipline through our growth journey

Condensed Profit & Loss statement

NOK million

	Q1'22	Q1'21	%YoY	Q4'21
Revenues from contracts with customers	5.5	1.7	221 %	34.7
Other operating income	0.0	2.8	-100 %	0.0
Total revenue and other operating income	5.5	4.5	22 %	34.7
Employee benefits expenses	13.9	10.3	34 %	18.8 ¹⁾
Other operating expenses	5.1	2.7	88 %	6.1
EBITDA	-13.4	-8.5		9.8
Depreciation and amortisation	2.9	2.1		2.1
Operating profit (EBIT)	-16.3	-10.6		7.7
Net financial income/expenses	-1.2	-0.5		-0.9
Profit/loss before tax	-17.5	-11.0		6.8
Income tax expense	3.2	2.5		-2.5
Profit/loss	-14.3	-8.6		4.3

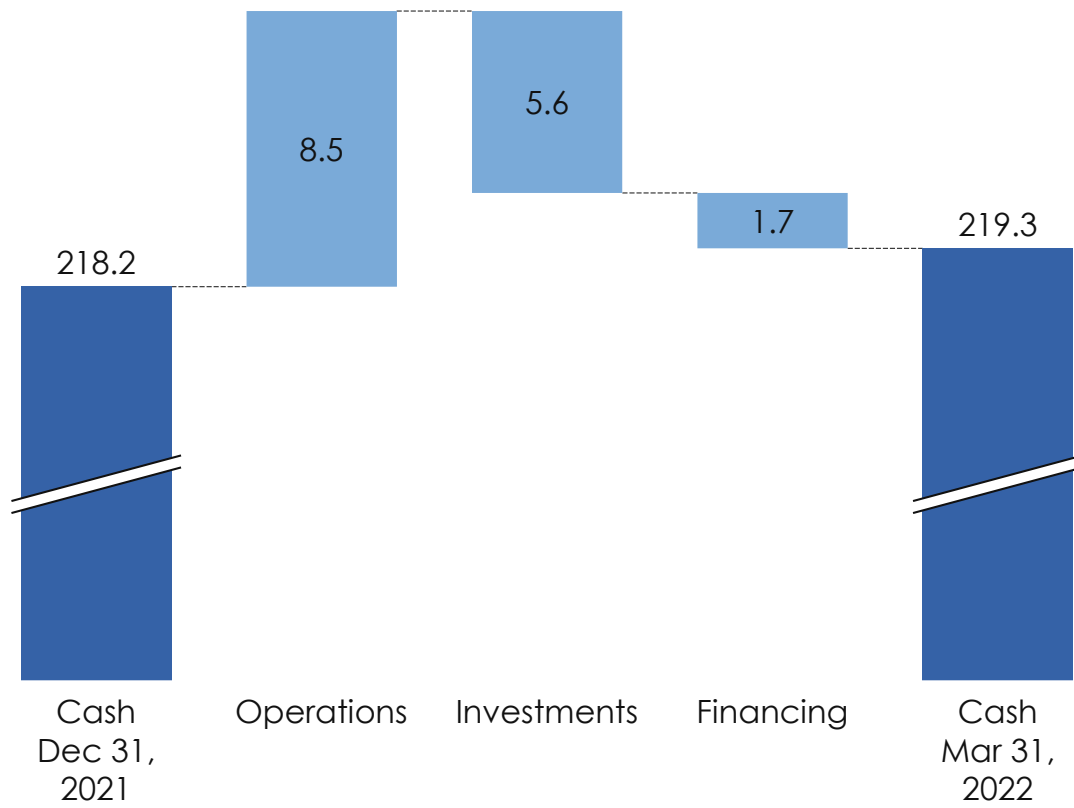
1) including NOK ~6.5 m in true up effects connected to the settlement of share-based payment agreement and consultant fees related to uplifting to Oslo Børs

- Revenue from contracts with customers growth of 221% YoY
 - Mainly from smartphones market
 - Q1'22 to Q4'21 decrease due to seasonality
- No other operating income in Q1 2022
 - Historically research grants, Innovation Norway support, etc.
- Employee benefit expenses up NOK 3.6 million YoY
 - Net FTE increase of 12 (+25%) year-over-year
- Majority of year-over-year increase in other operating expenses related to investments in supporting systems, sales & marketing and professional services

Positive cash flow in the first quarter 2022

Q1 2022 cash flow

NOK million



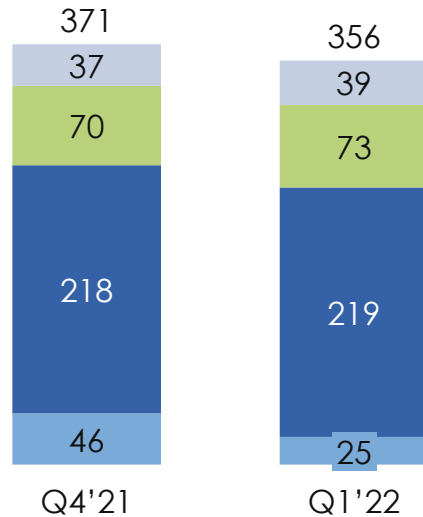
- **Strong liquidity supported by 2021 equity raise**
- **Positive cash flow in Q1 2022**
- Cash flow from operating activities positively affected by realization of NOK 12.4 million receivables
- Cash flow from investing activities mainly reflecting capitalized software development
- Cash flow from financing activities includes repayment of lease liabilities, repayment of short-term liabilities and paid interest

Maintaining a robust balance sheet

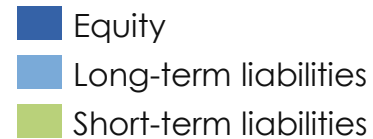
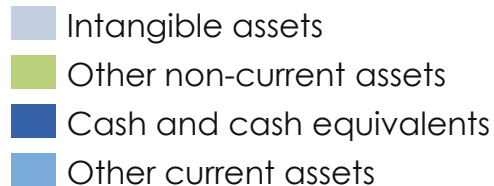
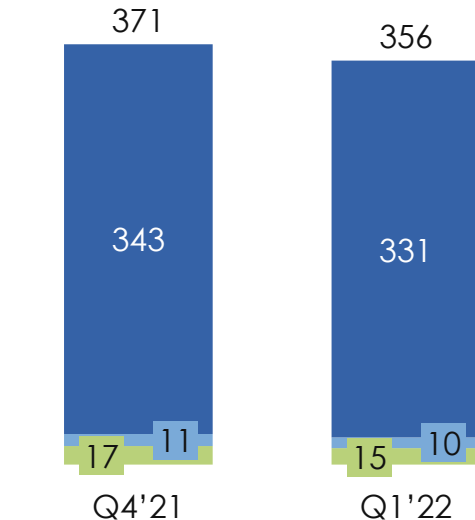
Balance sheet

NOK million

Assets

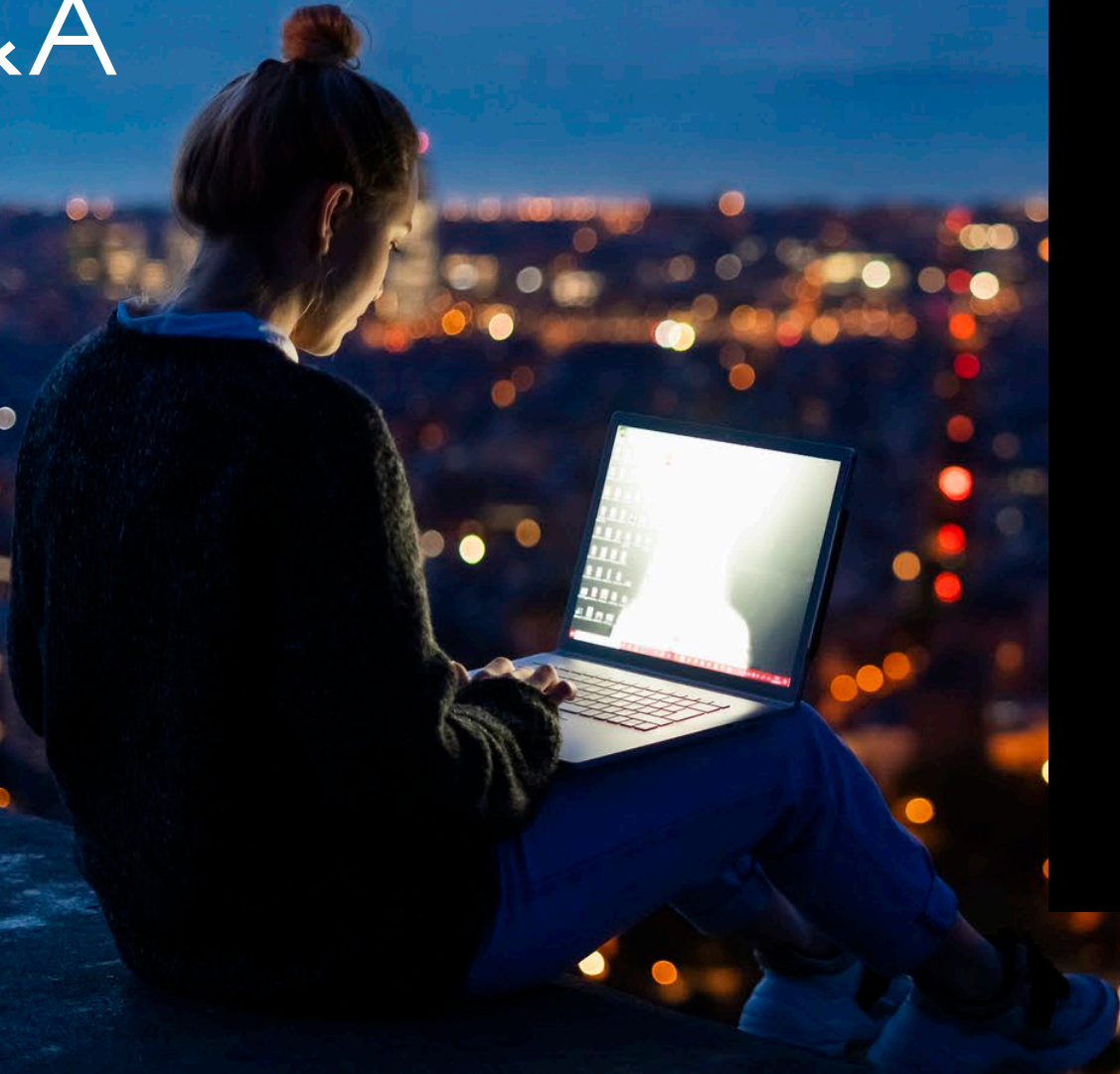


Equity & liabilities



- Strong and increased cash position of NOK 219 million at the end of Q1 2022
- Working capital reduced NOK 18 million (7%)
- Equity ratio of 93%
- Interest bearing debt reflecting loans from Innovasjon Norge¹

Q&A



2023 revenue target

Revenue

500

NOK million

EBITDA

>50%



Building position
in the IoT market



Laptops our next
key growth vertical



Continued
Smartphone
expansion

We will be
back shortly for
Q&A session

2023 revenue target

Revenue

500

NOK million

EBITDA

>50%



Building position
in the IoT market



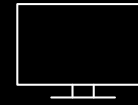
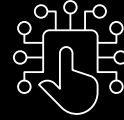
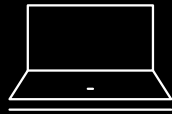
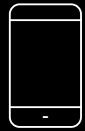
Laptops our next
key growth vertical



Continued
Smartphone
expansion

Appendix

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

(Amounts in 000 NOK)	Q1 2022 (Unaudited)	Q1 2021 (Unaudited)	2021 (Audited)
Revenues from contracts with customers	5 516	1 719	54 598
Other operating income	—	2 813	8 438
Total revenue and other operating income	5 516	4 532	63 036
Employee benefits expenses	-13 898	-10 333	-50 807
Other operating expenses	-5 059	-2 697	-15 058
EBITDA	-13 441	-8 498	-2 829
Depreciation and amortisation	-2 868	-2 058	-8 311
Operating expenses	-21 825	-15 088	-74 176
Operating profit	-16 309	-10 556	-11 140
Financial income	632	205	3 730
Financial expenses	-1 793	-669	-5 683
Net financial income/(expenses)	-1 161	-464	-1 953
Profit/(loss) before tax	-17 470	-11 020	-13 092
Income tax expense	3 176	2 467	1 878
Profit/(loss)	-14 294	-8 553	-11 214

Reported financials

Cash flow

(Amounts in 000 NOK)

Cash flow from operating activities

Profit/(loss) before tax

Adjustment for:

Taxes paid in the period

Depreciation

Share-based payments

Items classified as financing activities

Change in current trade receivable

Change in trade payables

Change in other accruals

Net cash flows from operating activities

Cash flow from investing activities

Capitalized development costs

Net cash flows from investing activities

Cash flow from financing activities

Payments of lease liabilities, classified as financing activities

Repayments of current borrowings

Proceeds from issuing shares

Payments for share issue costs

Interests paid, classified as financing activities

Net cash flows from financing activities

Net Change in Cash and Cash Equivalents

Cash and cash equivalents at the beginning of the period

Effect of foreign currency rate changes on cash and cash equivalents

Cash and cash equivalents at the end of the period

Q1 2022
(Unaudited)

Q1 2021
(Unaudited)

2021
(Audited)

-17 470

-11 020

-13 092

-2

-7

-12

2 868

2 058

8 311

2 914

956

10 349

140

178

653

12 427

8 251

-28 599

179

314

2 040

7 395

-491

9 528

8 452

239

-10 822

-5 577

-2 847

-17 610

-5 577

-2 847

-17 610

-558

-558

-2 232

-1 000

-1 000

-4 000

0

0

162 218

0

0

-8 533

-140

-178

-653

-1 698

-1 736

146 800

1 177

-4 344

118 368

218 151

99 724

99 724

-32

-2

59

219 296

95 379

218 151

Reported financials

Balance sheet

Assets

(Amounts in 000 NOK)	31/03/22 (Unaudited)	31/12/21 (Audited)
Non-current assets		
Deferred tax assets	65 710	62 534
Intangible assets	38 899	36 564
Right of use assets	2 232	2 790
Other non-current receivables	4 765	4 517
Total non-current assets	111 606	106 406
Current assets		
Current trade receivables	16 598	29 025
Other current receivables	9 500	17 773
Cash and cash equivalents	219 296	218 151
Total current assets	245 394	264 949
Total assets	357 000	371 356

Equity & liabilities

(Amounts in 000 NOK)	31/03/22 (Unaudited)	31/12/21 (Audited)
Equity and liabilities		
Share capital	1 038	1 038
Other equity	330 319	341 731
Total equity	331 358	342 769
Non-current lease liabilities	530	530
Non-current borrowings	9 000	10 000
Total non-current liabilities	9 530	10 530
Current borrowings	4 000	4 000
Trade and other current payables	3 208	3 029
Current tax liabilities	—	—
Current lease liabilities	2 061	2 611
Other current liabilities	6 843	8 416
Total current liabilities	16 112	18 056
Total equity and liabilities	357 000	371 356

Shareholder information

Top 20 shareholders as of 20. May 2022

	Number of shares	% of total shares
1 PASSESTA AS	12 280 480	11,8%
2 MP PENJON PK	8 937 299	8,6%
3 ALDEN AS	7 403 330	7,1%
4 HORNE	5 028 350	4,8%
5 J.P. Morgan SE	4 969 370	4,8%
6 DANIELSEN	4 624 150	4,5%
7 VINTERSTUA AS	4 467 677	4,3%
8 LARNE OVERSEAS LTD	2 820 000	2,7%
9 NORDNET LIVSFORSIKRING AS	2 603 912	2,5%
10 GHIBLI AS	2 050 000	2,0%
11 NUNATAK AS	2 044 920	2,0%
12 VERDIPAPIRFONDET DNB SMB	1 809 345	1,7%
13 FABRES SCALER	1 600 000	1,5%
14 BRYHNI.COM AS	1 566 241	1,5%
15 VERDIPAPIRFONDET PARETO INVESTMENT	1 556 000	1,5%
16 Danske Invest Norge Vekst	1 512 700	1,5%
17 Nordnet Bank AB	1 490 064	1,4%
18 CIPRIANO AS	1 453 700	1,4%
19 INVEN2 AS	1 441 670	1,4%
20 Danske Bank A/S	1 333 330	1,3%
Top 20 shareholders	70 992 538	68,4%
Other	32 849 342	31,6%
Total	103 841 880	100,0 %

Shares and options owned by BoD, mgmt, and employees as of 20. May 2022 (fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	19 701 810	18,0%
Shares owned by Mgmt. and Employees	4 916 240	4,5%
Allocated Options to Employees and management per 22.05 in shares	5 727 861	5,2%
Other shareholders	79 223 830	72,3%
Total	109 569 741	100%

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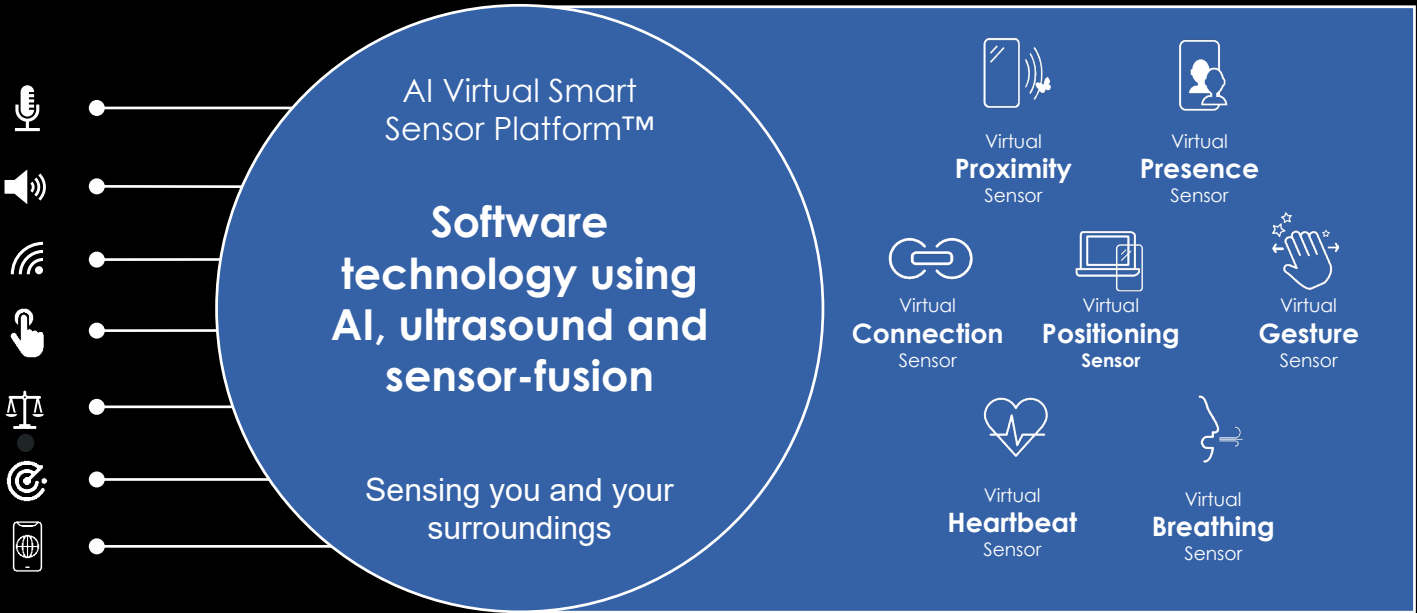
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Sensors touch every aspect of life and drive the digital transformation

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

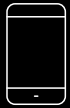


Significant opportunity in prioritized markets



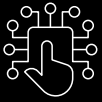
Laptops our next key growth vertical

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

AI Virtual Smart Sensor Platform™

Laila Danielsen, CEO laila@ellipticlabs.com

Lars Holmøy, CFO & Investor Relations lars.holmoy@ellipticlabs.com

ellipticlabs