

ellipticlabs

Q2 2022

CEO Laila Danielsen
CFO & IR Lars Holmøy

Results presentation | July 14, 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 setting. A digital network overlay with glowing nodes and lines is superimposed over the scene. The overall color palette is cool, with blues and greys, accented with warm yellow and orange tones from the office lights.

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

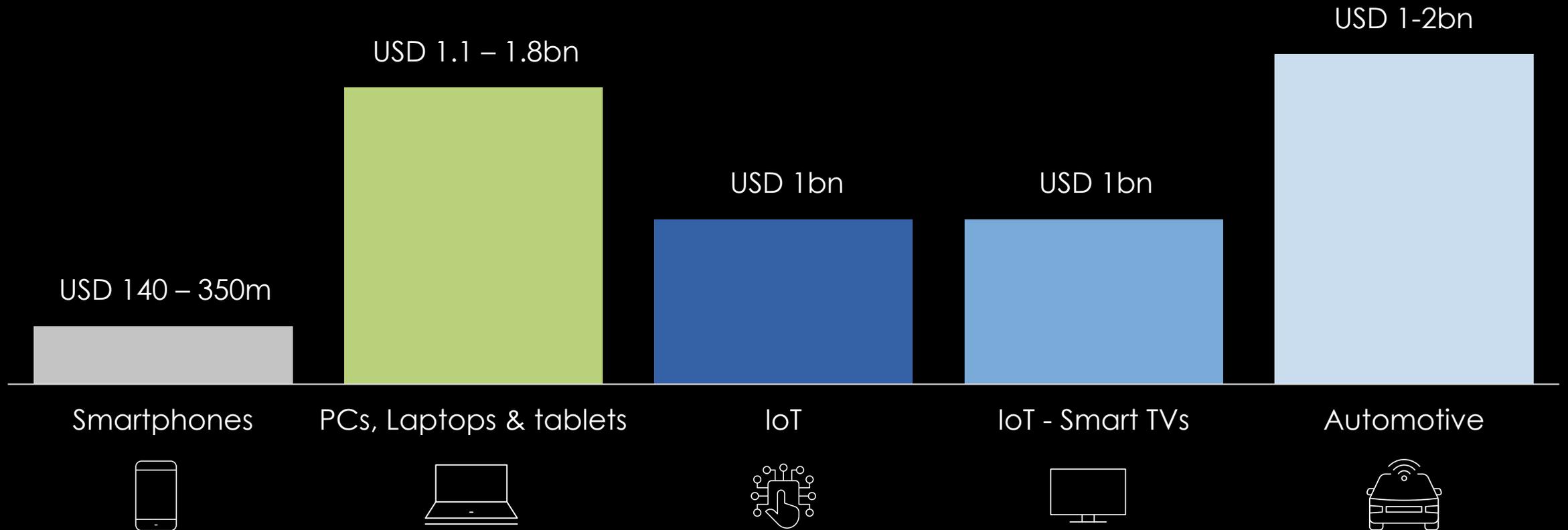
Leveraging existing single purpose sensors

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

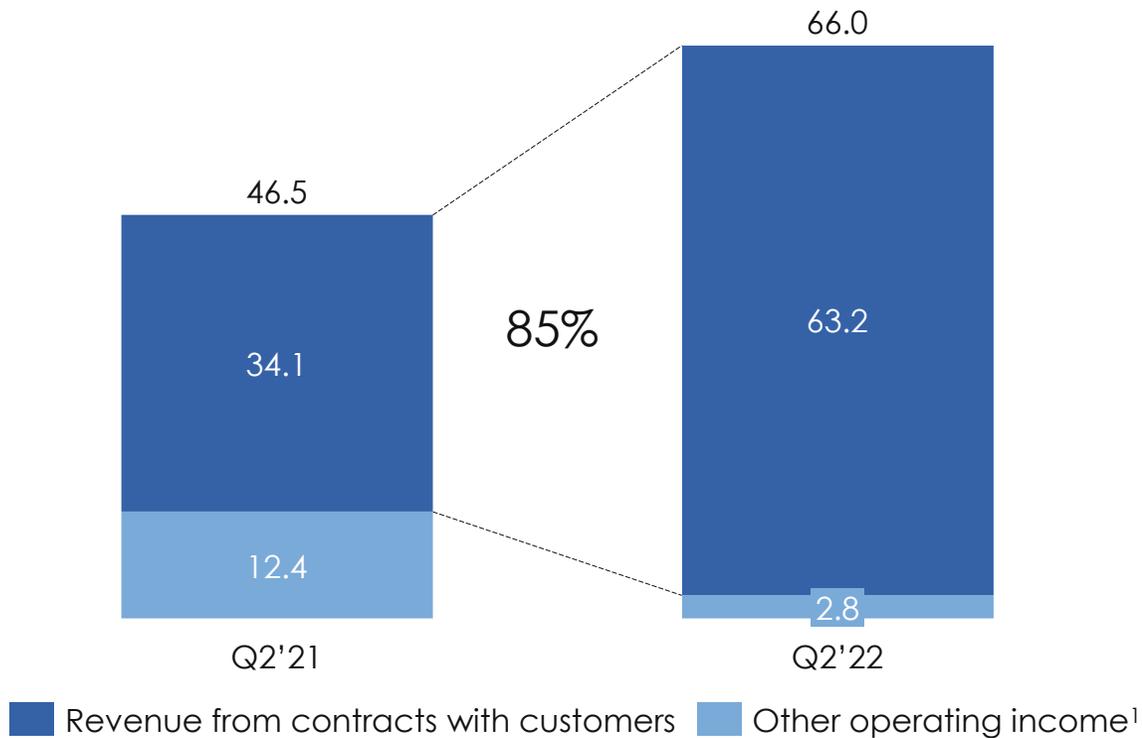
- AI Virtual Smart Sensor Platform™ can *enhance and/or* replace infrared, time-of-flight and radar sensors for presence and proximity detection
 - Reducing cost
 - Additional features such as position detection, simplified connectivity and interaction between devices
 - As a non-optical, edge-solution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

	 Smartphones	 PCs, Laptops & tablets	 IoT
Customers	7 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



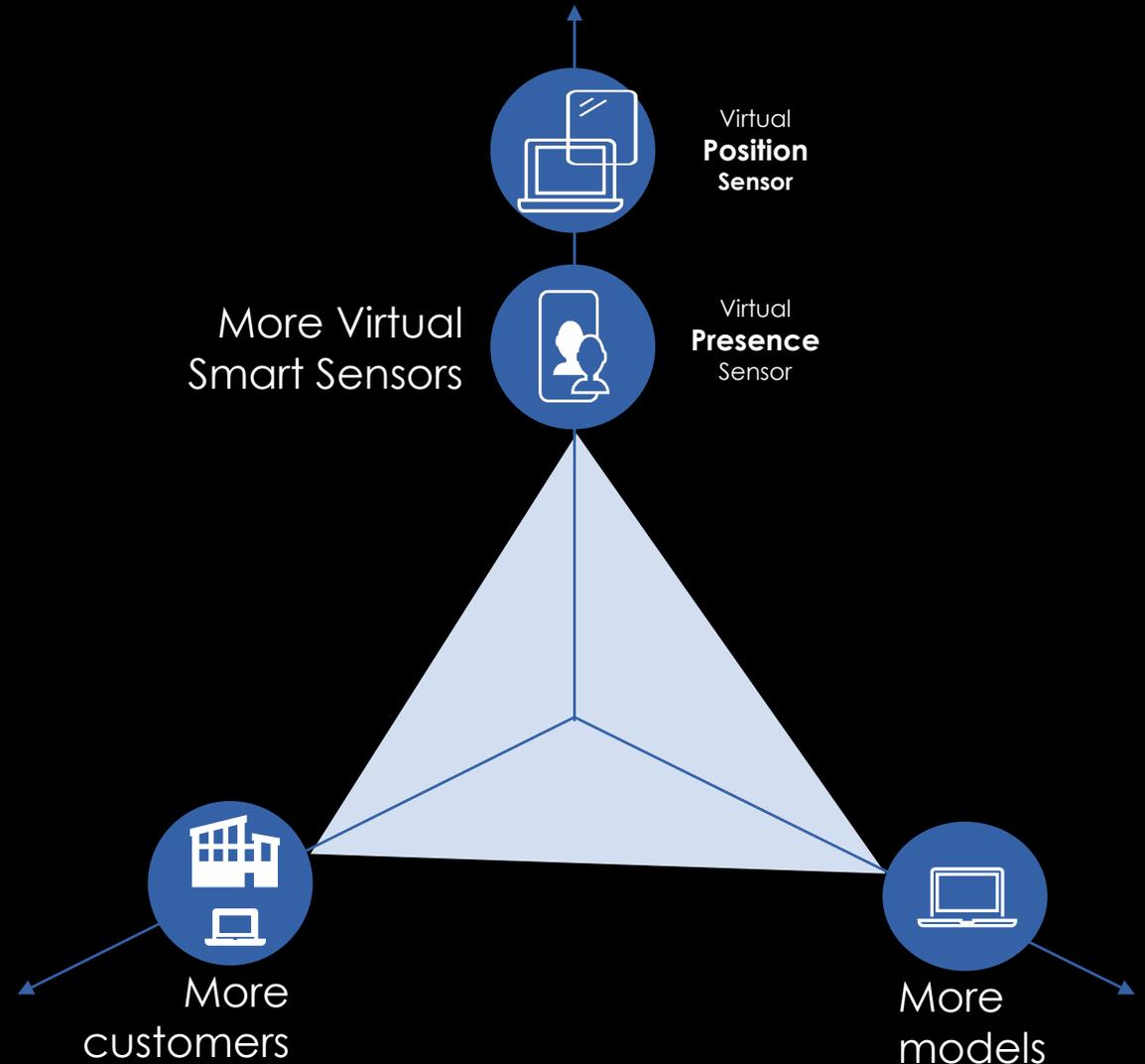
- 85% Revenue growth from contracts with customers year-over-year (LTM)
 - Mainly income from Smartphone vertical
 - First quarters are seasonally low
- 42% Total revenue and other operating income growth year-over-year (LTM)
- Laptop license revenue expected to ramp up in the second half of 2022. Lenovo T14 already in the market

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

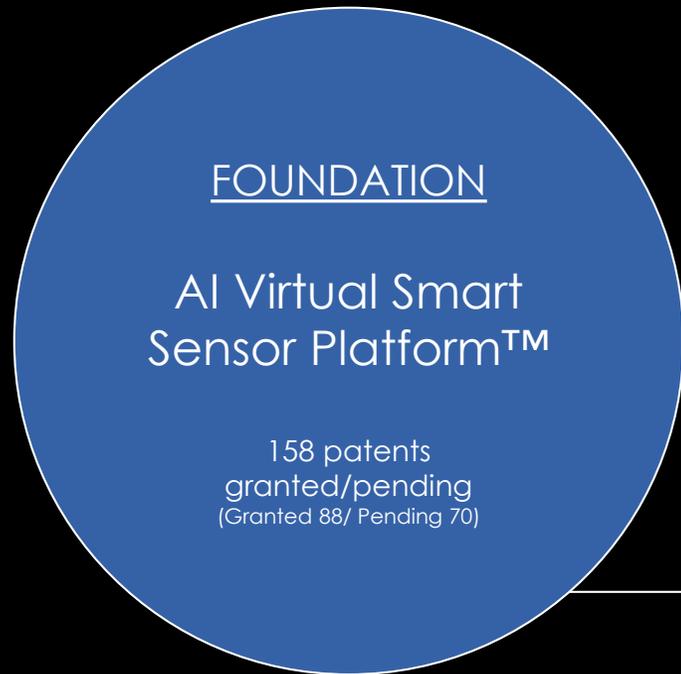
Multiple opportunities for expansion

AI Virtual Position Sensor product announced for Laptop market subsequent to Q2 2022 and first PoC signed

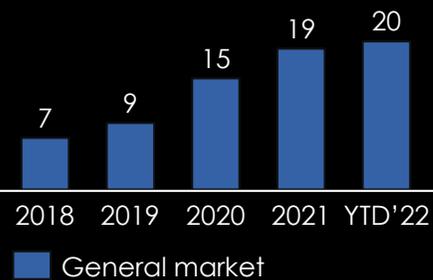
Lenovo signed for future expansion on **+20 laptop models** with AI Virtual Presence Sensor™ in H1 2022



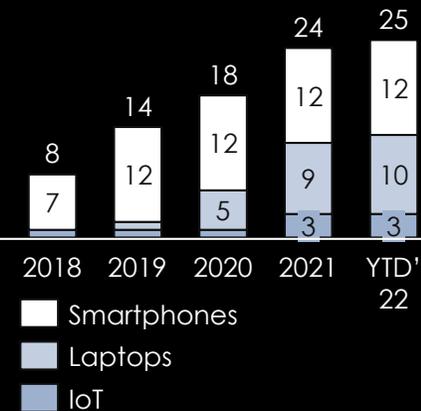
Continuing commercial scale from a strong foundation



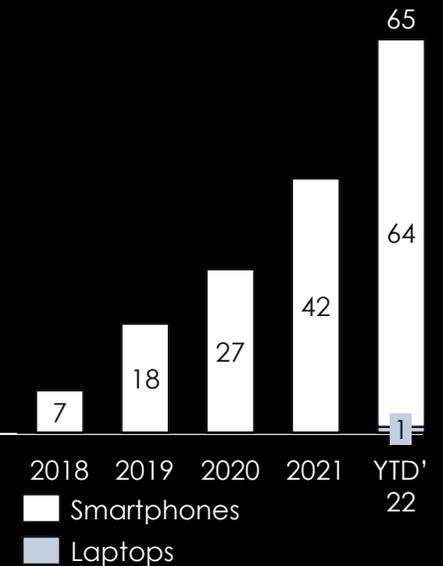
Market enabler:
Partner-agreements*



Opportunities:
Proof-of-Concept Contracts*



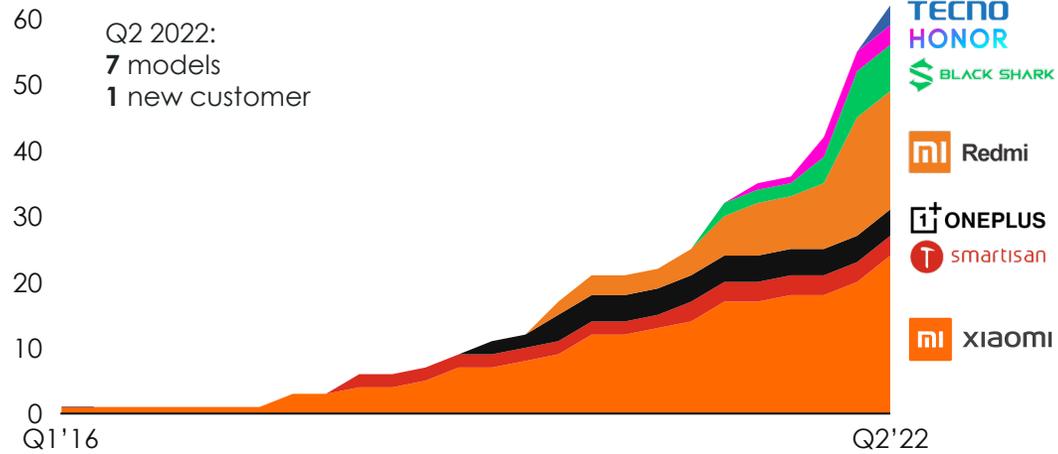
Materialized:
Models launched*



*All numbers are cumulative

Experiencing continued strong demand and growth in Smartphones

62 models launched
Cumulative Q2'22



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

Announced 20 smartphone launches H1 2022 AI Virtual Proximity Sensor™

ellipticlabs AI Virtual Proximity Sensor™
Shipping on the POCO F4 GT Smartphone

ellipticlabs AI Virtual Proximity Sensor™
Shipping on Redmi K40s K50 K50 Pro Smartphones

ellipticlabs AI Virtual Proximity Sensor™
Shipping on xiaomi 12 & xiaomi 12 Pro

ellipticlabs AI Virtual Proximity Sensor™
Shipping on Redmi K50 Gaming

ellipticlabs AI Virtual Proximity Sensor™
Shipping on CAMON 19 CAMON 19 Pro CAMON 19 Pro 5G Smartphones

ellipticlabs AI Virtual Proximity Sensor™
Shipping on Black Shark 5 Black Shark 5 Pro Black Shark 5 Pro smartphones

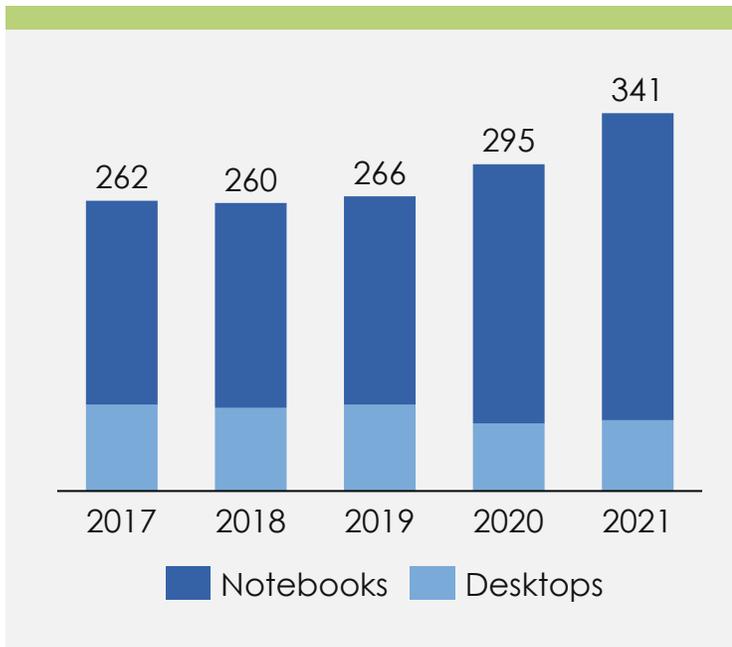
ellipticlabs AI Virtual Proximity Sensor™
Shipping on Redmi Note 11 Note 11 Pro Note 11S Note 11 Pro 5G

ellipticlabs

On path to become the standard in the Laptop market

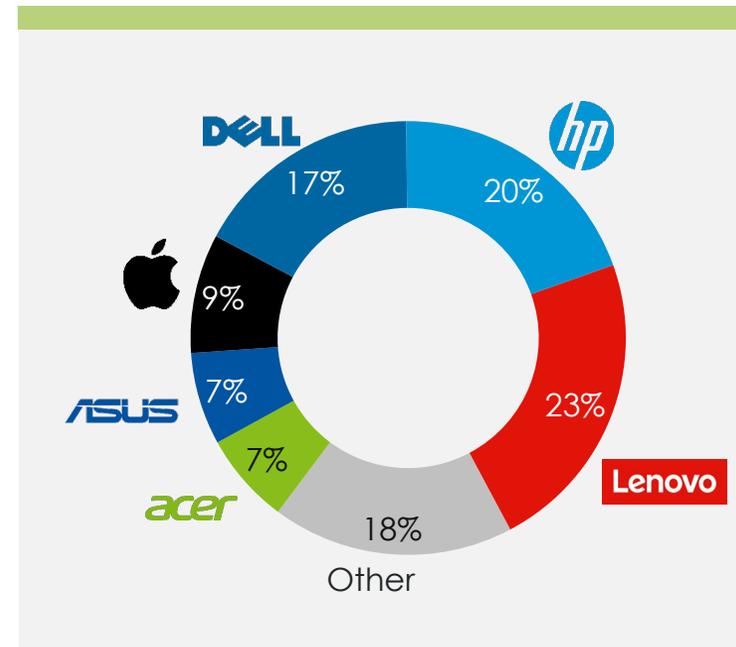
Global desktop, notebook and workstation shipments

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

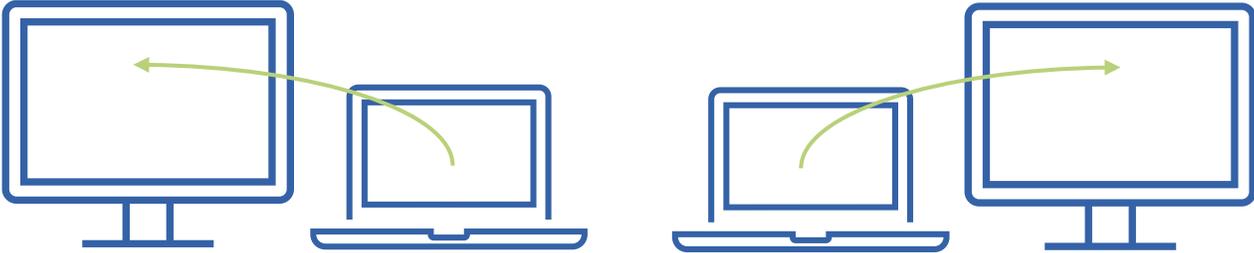


10 1) Source: Canalsys PC Analysis (sell-in shipments), January 2022
2) Source: IDC Quarterly Personal Computing Device Tracker, April 11, 2022

Launching AI Virtual Position Sensor™ in the Laptop market - automating external display setup

AI Virtual Position Sensor

Illustration



Microphone + Ultrasound + Machine learning + Sensor fusion
Speaker

Compatible CPUs and architecture

- Allow laptops to seamlessly identify, locate, and configure external displays
- Utilizing proprietary machine learning (ML) tools, ultrasound, and Sensor fusion¹
- Simplifies management of multiple work environments and caters for a hybrid work environment
- Improves productivity by eliminating need for wasteful setup and configuration cycles

11 1) Sensor-fusion is a part of Elliptic Labs AI Virtual Smart Sensor Platform™ utilizing multiple hardware sensors already

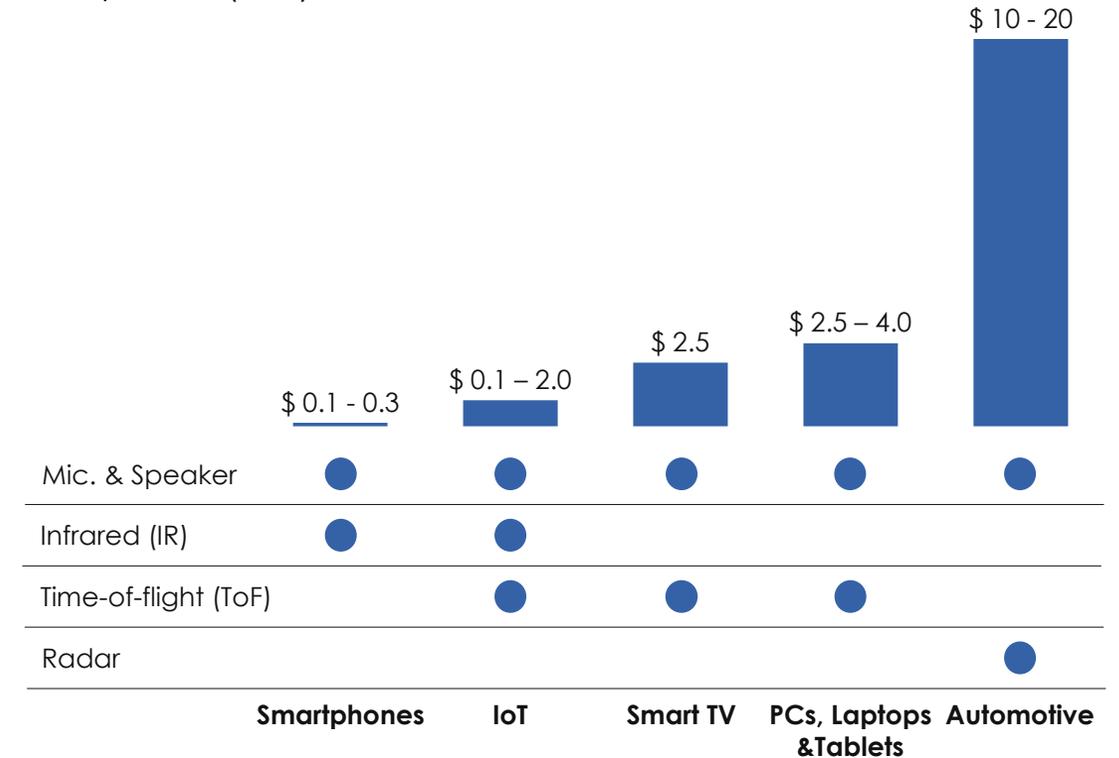
The market is dominated by single-purpose hardware sensors

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

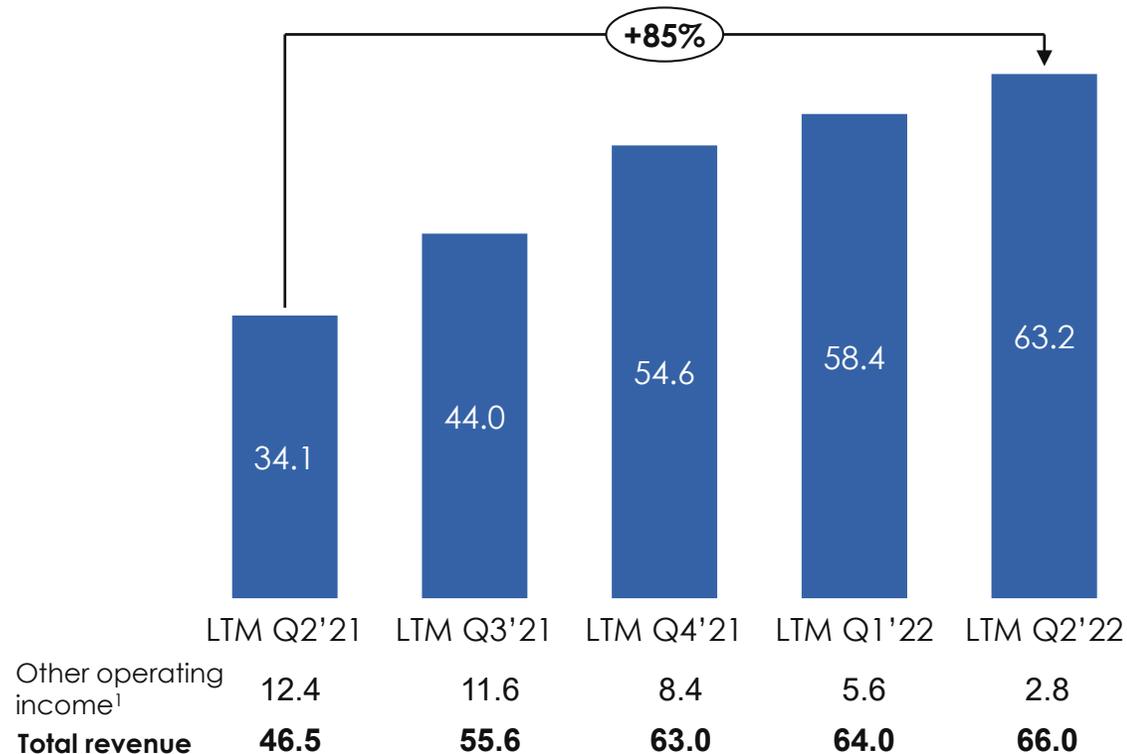
Funded for continued expansion across multiple verticals

CFO Lars Holmøy

Continued strong growth trajectory

Revenue from contracts with customers last twelve months

NOK million, LTM



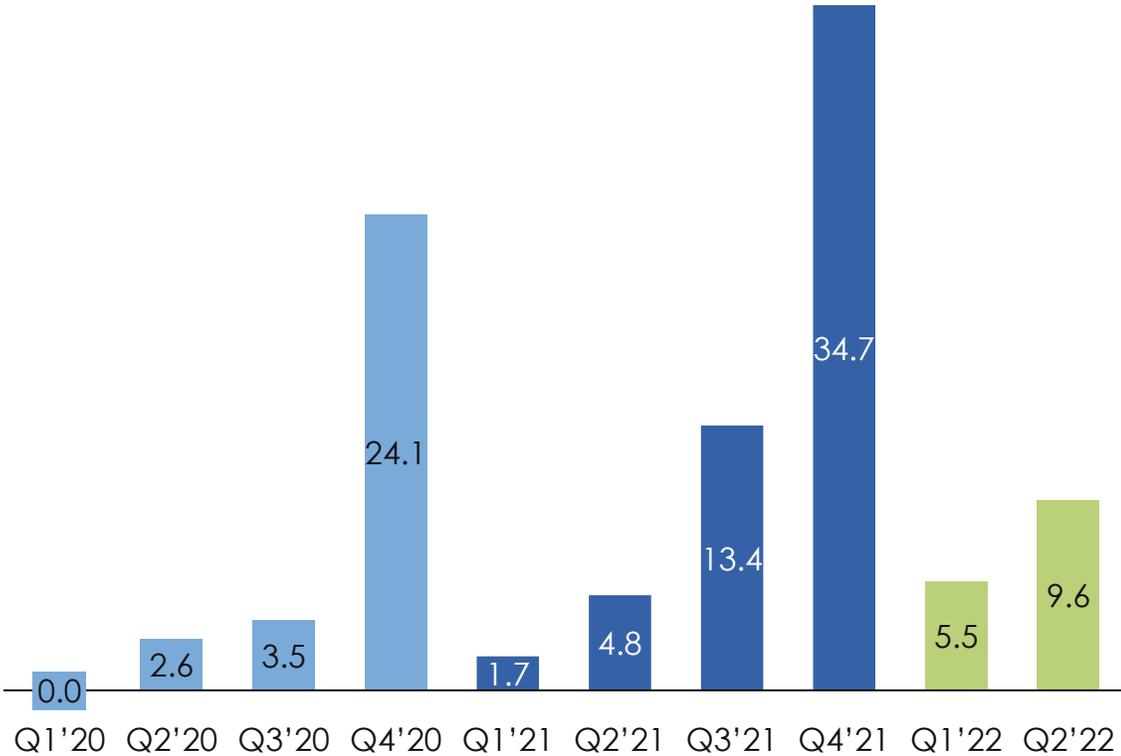
- 85% year-over-year growth in Revenues from contracts with customers last twelve months
 - Primarily from the smartphones vertical
 - Continued strong demand for our AI Virtual Smart Sensor Platform
- 42% year-over-year growth in Total revenue and other operating income last twelve months
 - NOK 66.0 million Q2'22 vs. NOK 46.5 million Q2'21
- Other operating income reflecting grants and support is reduced 77% year-over-year

14 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



- Revenues from contracts with customers year-over-year growth of 100%,
 - NOK 4.8 million Q2'21 to NOK 9.6 million Q2'22
- Last two years revenue from contracts with customers subject to seasonality
 - Majority of revenue from smartphones
- Laptop license revenue expected to ramp up 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

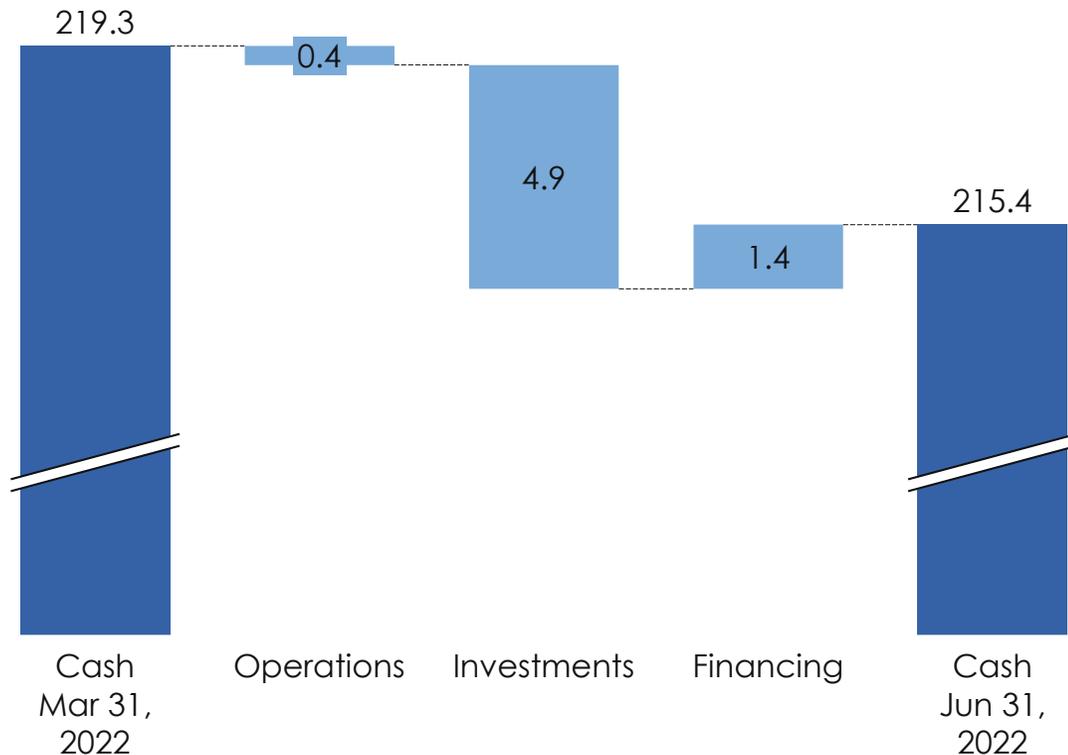
	Q2'22	Q2'21	%YoY	Q1'22
Revenues from contracts with customers	9.6	4.8	100 %	5.5
Other operating income	0.0	2.8	-100 %	0.0
Total revenue and other operating income	9.6	7.6	26 %	5.5
Employee benefits expenses	15.6	8.1	93 %	13.9
Other operating expenses	5.0	3.2	53 %	5.1
EBITDA	-11.0	-3.7		-13.4
Depreciation and amortisation	2.6	2.1		2.9
Operating profit (EBIT)	-13.5	-5.8		-16.3
Net financial income/expenses	6.3	-0.4		-1.2
Profit/loss before tax	-7.2	-6.2		-17.5
Income tax expense	0.9	1.3		3.2
Profit/loss	-6.4	-4.9		-14.3

- Revenue from contracts with customers growth of 100% YoY
 - Mainly from smartphones market, subject to seasonality
- No other operating income in Q2 2022
 - Historically research grants, Innovation Norway support, etc.
- Employee benefit expenses up NOK 7.5 million YoY
 - Net FTE increase of 20 (+40%) year-over-year
- Other operating expenses increase YoY mainly related to investments in supporting systems, sales & marketing, and professional services

Cash flow Q2 2022

Q2 2022 cash flow

NOK million



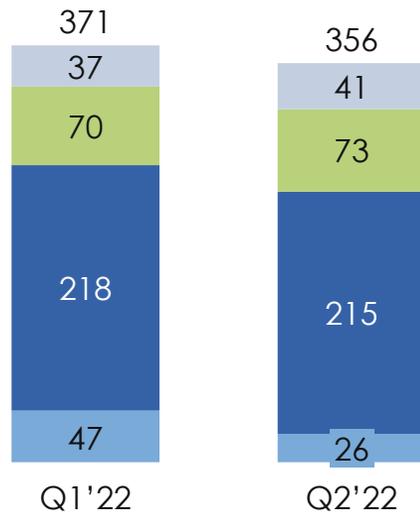
- **Strong liquidity supported by 2021 equity raise**
- **Low negative operating cash flow in Q2 2022**
- Cash flow from operating activities of NOK 0.4 million
- Cash flow from investing activities of NOK 4.9 million reflecting capitalized development cost
- Cash flow from financing activities includes repayment of lease liabilities, repayment of short-term liabilities, paid interest and proceeds from issuing shares

Maintaining a robust balance sheet

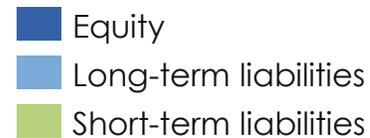
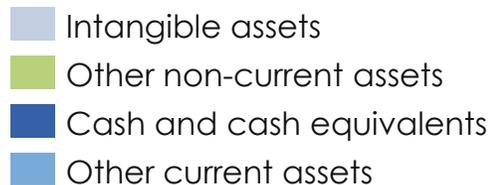
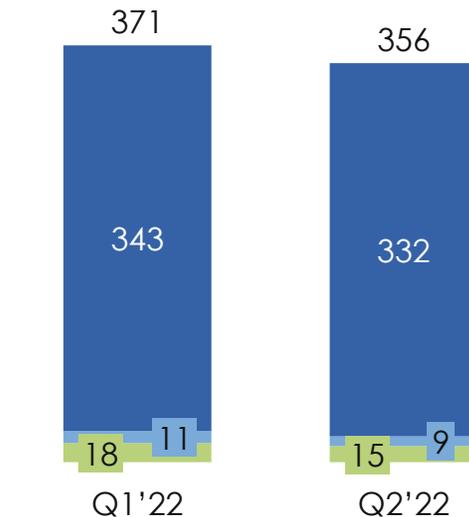
Balance sheet

NOK million

Assets



Equity & liabilities



- Strong cash position of NOK 215 million at the end of Q2 2022
- Working capital reduced NOK 4 million (2%)
- Equity ratio of 94%
- Interest bearing debt reflecting loans from Innovasjon Norge¹



2023 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 target

Revenue
500
NOK million

EBITDA
>50%



Building position
in the IoT market



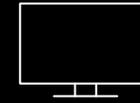
Laptops our next
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Continued
Smartphone
expansion

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

<i>(Amounts in 000 NOK)</i>	Notes	Q2 2022 (Unaudited)	Q2 2021 (Unaudited)	1H 2022 (Unaudited)	1H 2021 (Unaudited)	2021 (Audited)
Revenues from contracts with customers		9 621	4 809	15 137	6 528	54 598
Other operating income	8	—	2 813	—	5 626	8 438
Total revenue and other operating income	2	9 621	7 621	15 137	12 154	63 036
Employee benefits expenses		-15 628	-8 084	-29 526	-18 417	-50 807
Other operating expenses	3	-4 957	-3 245	-10 016	-5 942	-15 058
EBITDA	4	-10 964	-3 707	-24 405	-12 205	-2 829
Depreciation and amortisation	4	-2 562	-2 075	-5 429	-4 133	-8 311
Operating expenses		-23 146	-13 404	-44 971	-28 492	-74 176
Operating profit		-13 525	-5 782	-29 834	-16 338	-11 140
Financial income		7 312	913	7 943	1 117	3 730
Financial expenses		-1 011	-1 351	-2 803	-2 020	-5 683
Net financial income/(expenses)		6 301	-438	5 140	-903	-1 953
Profit/(loss) before tax		-7 224	-6 220	-24 694	-17 241	-13 093
Income tax expense		872	1 327	4 047	3 794	1 878
Profit/(loss)		-6 353	-4 894	-20 647	-13 447	-11 215

Reported financials

Cash flow

(Amounts in 000 NOK)	(Unaudited) Q2 2022	(Unaudited) Q2 2021	(Unaudited) 1H 2022	(Unaudited) 1H 2021	(Audited) 2021
Cash flow from operating activities					
Profit/(loss) before tax	-7 224	-6 220	-24 694	-17 241	-13 093
Adjustment for:					
Taxes paid in the period	747	13	745	6	-12
Depreciation	2 562	2 075	5 429	4 133	8 311
Share-based payments	3 586	653	6 500	1 609	10 349
Items classified as financing activities	140	168	280	346	653
Change in current trade receivable	1 780	-7 735	14 208	515	-28 599
Change in trade payables	-748	-417	-569	-103	2 040
Change in other accruals	-1 266	-1 367	6 129	-1 858	9 528
Net cash flows from operating activities	-423	-12 832	8 029	-12 593	-10 823
Cash flow from investing activities					
Capitalized development costs	-4 929	-2 690	-10 506	-5 536	-17 610
Net cash flows from investing activities	-4 929	-2 690	-10 506	-5 536	-17 610
Cash flow from financing activities					
Payments of lease liabilities, classified as financing activities	-558	-558	-1 116	-1 116	-2 232
Repayments of current borrowings	-1 000	-1 000	-2 000	-2 000	-4 000
Proceeds from issuing shares	2 622	356	2 622	356	162 218
Payments for share issue costs	0	0	0	0	-8 533
Interests paid, classified as financing activities	-140	-168	-280	-346	-653
Net cash flows from financing activities	924	-1 370	-775	-3 106	146 800
Net Change in Cash and Cash Equivalents	-4 429	-16 892	-3 252	-21 236	118 367
Cash and cash equivalents at the beginning of the period	219 296	99 724	218 151	99 724	99 724
Effect of foreign currency rate changes on cash and cash equivalents	490	-2	458	3	59
Cash and cash equivalents at the end of period	215 357	82 831	215 357	78 492	218 151

Reported financials

Balance sheet

Assets

<i>(Amounts in 000 NOK)</i>	Notes	30/06/22 <i>(Unaudited)</i>	31/12/21 <i>(Audited)</i>
Non-current assets			
Deferred tax assets	7	66 581	62 534
Intangible assets	4	40 898	36 564
Right of use assets		1 674	2 790
Other non-current receivables		5 018	4 517
Total non-current assets		114 171	106 406
Current assets			
Current trade receivables		14 818	29 025
Other current receivables		11 214	17 773
Cash and cash equivalents	6	215 357	218 151
Total current assets		241 389	264 949
Total assets		355 561	371 356

Equity & liabilities

<i>(Amounts in 000 NOK)</i>	Notes	30/06/22 <i>(Unaudited)</i>	31/12/21 <i>(Audited)</i>
Equity and liabilities			
Share capital		1 041	1 038
Other equity		330 662	341 731
Total equity		331 703	342 769
Non-current lease liabilities		530	530
Non-current borrowings		8 000	10 000
Total non-current liabilities		8 530	10 530
Current borrowings		4 000	4 000
Trade and other current payables		2 460	3 029
Current tax liabilities		—	—
Current lease liabilities		1 511	2 611
Other current liabilities		7 357	8 416
Total current liabilities		15 328	18 056
Total equity and liabilities		355 561	371 356

Shareholder information

Top 20 shareholders as of 06. Jul 2022

	Number of shares	% of total shares
1 PASSESTA AS	12 280 480	11,8%
2 MP PENJON PK	8 973 999	8,6%
3 ALDEN AS	7 403 330	7,1%
4 HORNE	5 028 350	4,8%
5 J.P. Morgan SE	4 820 489	4,6%
6 VINTERSTUA AS	4 767 927	4,6%
7 DANIELSEN	4 624 150	4,4%
8 SIX SIS AG	2 832 000	2,7%
9 NORDNET LIVSFORSIKRING AS	2 665 726	2,6%
10 VERDIPAPIRFONDET DNB SMB	2 157 264	2,1%
11 GHIBLI AS	2 080 000	2,0%
12 NUNATAK AS	1 967 511	1,9%
13 FABRES SCALER	1 600 000	1,5%
14 Danske Invest Norge Vekst	1 512 700	1,5%
15 VERDIPAPIRFONDET PARETO INVESTMENT	1 479 000	1,4%
16 BRYHNI.COM AS	1 456 241	1,4%
17 CIPRIANO AS	1 453 700	1,4%
18 Nordnet Bank AB	1 449 203	1,4%
19 INVEN2 AS	1 441 670	1,4%
20 Danske Bank A/S	1 333 330	1,3%
Top 20 shareholders	71 327 070	68,6%
Other	32 723 800	31,4%
Total	104 050 870	100,0%

Shares and options owned by BoD, mgmt, and employees as of 06. Jul 2022(fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	19 721 230	18,0%
Shares owned by Management	4 836 240	4,4%
Allocated Options to Employees and management in shares	5 518 871	5,0%
Other shareholders	79 493 400	72,6%
Total	109 569 741	100%

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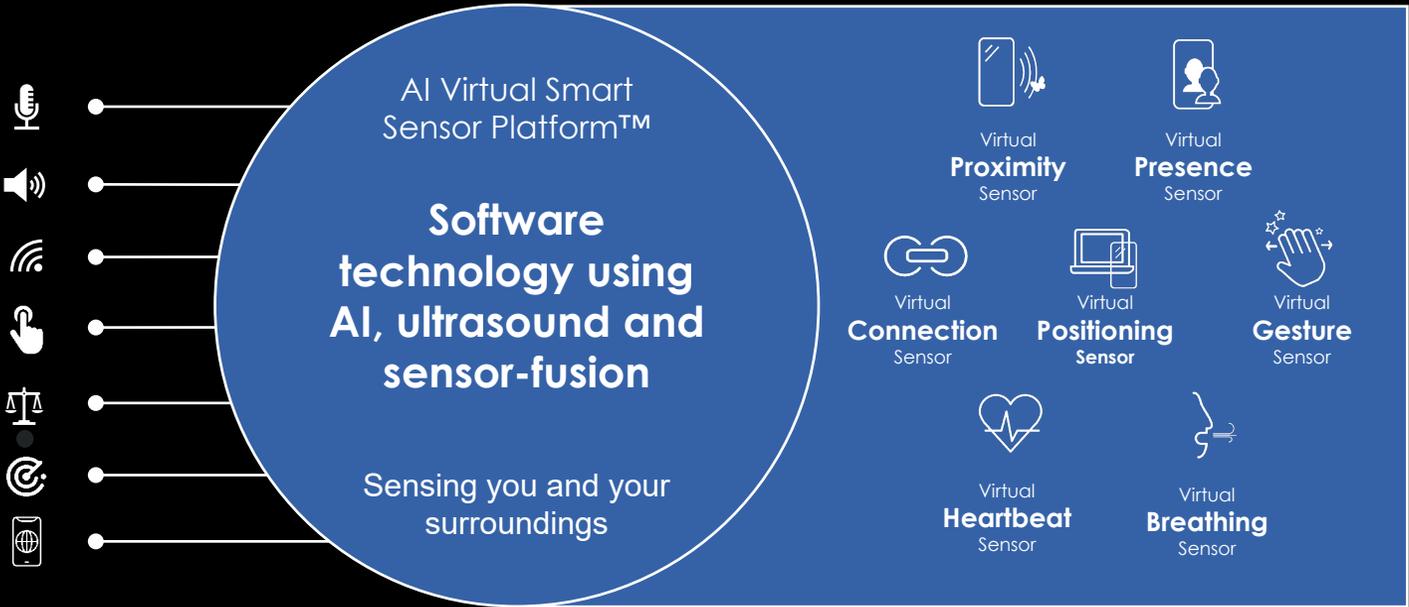
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Sensors touch every aspect of life and drive the digital transformation

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™

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

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