

ellipticlabs

Q2 2024



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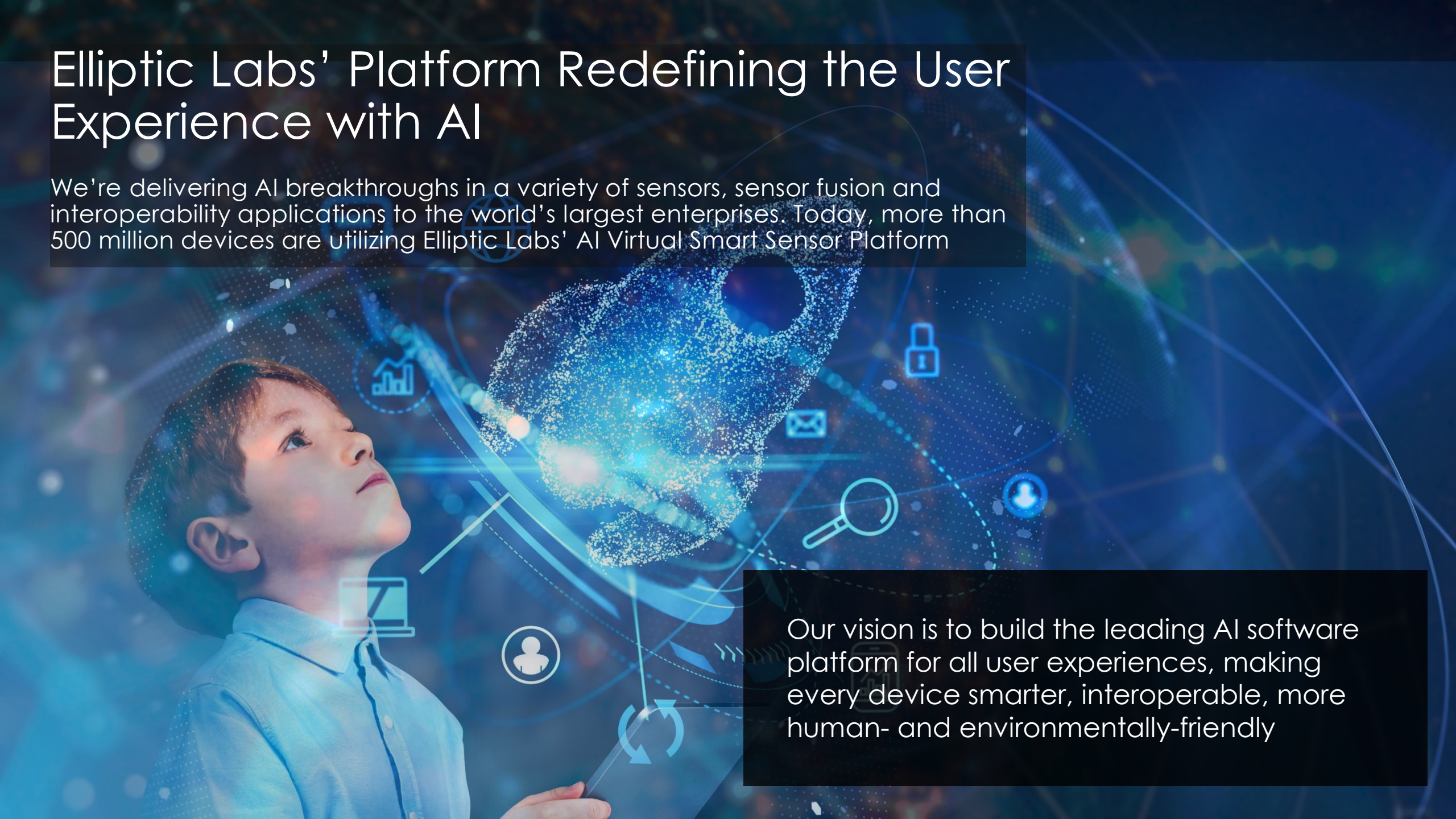
Results presentation | July 12, 2024

Highlights Q2 2024

- We are building strong momentum in our second target vertical, the PC/laptop space
- In Q2, two new contracts signed in the laptop vertical
- In Q2, first win in the laptop consumer segment

Elliptic Labs' Platform Redefining the User Experience with AI

We're delivering AI breakthroughs in a variety of sensors, sensor fusion and interoperability applications to the world's largest enterprises. Today, more than 500 million devices are utilizing Elliptic Labs' AI Virtual Smart Sensor Platform

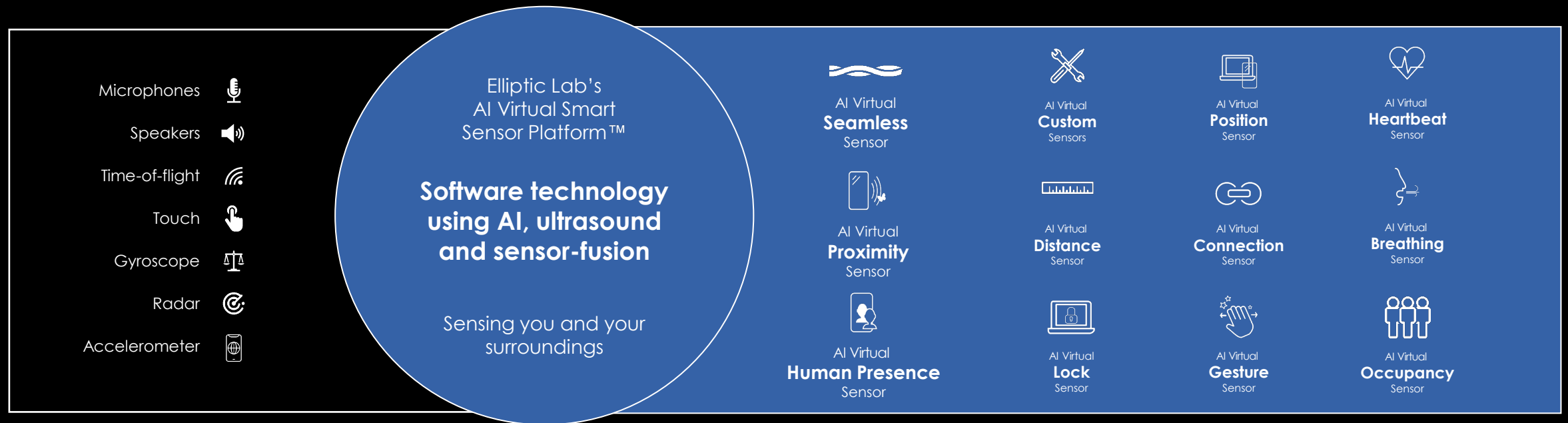


Our vision is to build the leading AI software platform for all user experiences, making every device smarter, interoperable, more human- and environmentally-friendly

Our AI Virtual Smart Sensors are deployed on more than 500 million devices, with recent entry into the PC market

Leveraging existing single-purpose sensors...

...to build a suite of AI Virtual Smart Sensors™



Key benefits

No added hardware sensors

Secure and private

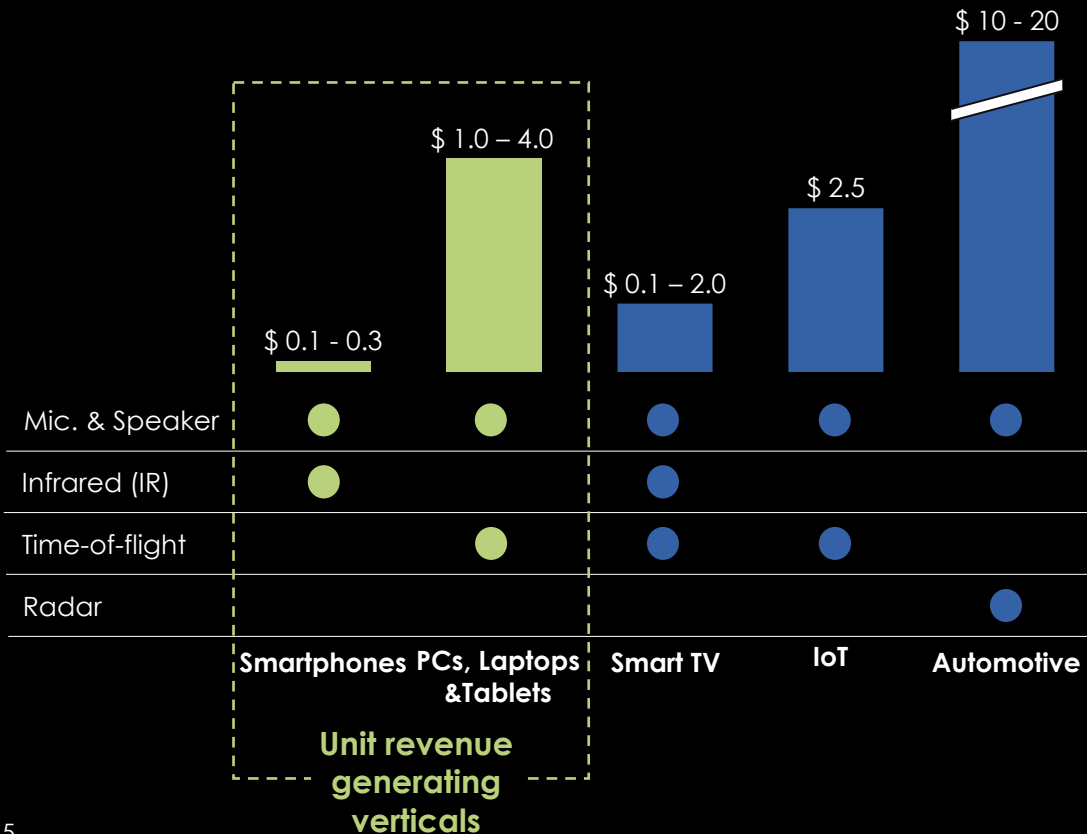
User experience

AI on the Edge

The AI software sensor platform delivers multiple AI use cases across verticals

Single purpose hardware sensors unit cost

Cost per unit (USD)



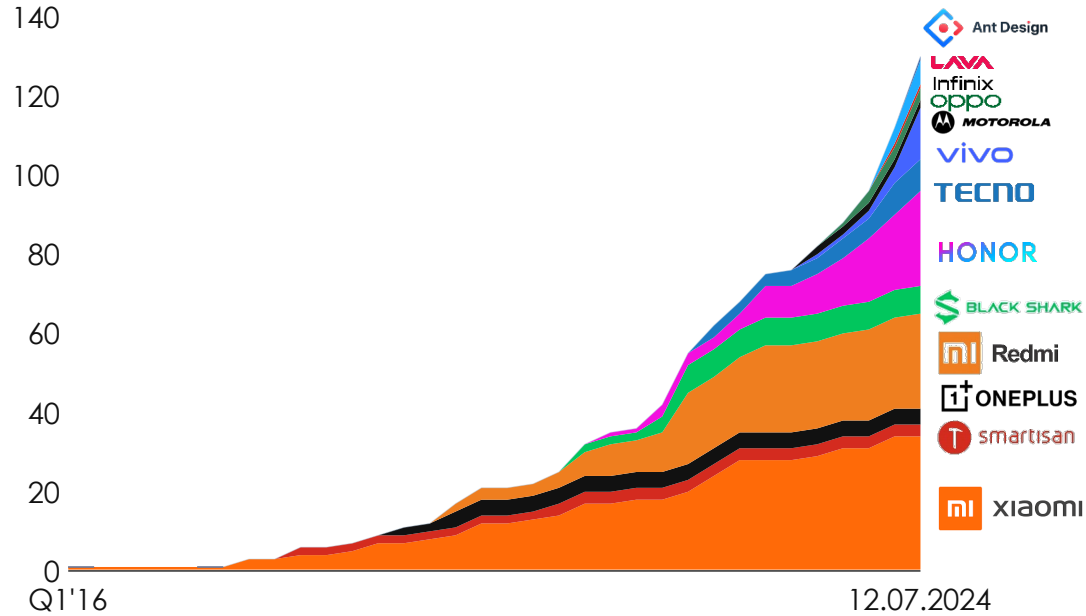
Reducing cost and environmental footprint while adding new AI functionalities

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

Broad smartphone deployment delivering AI capabilities

130 models launched to date

Cumulative to date 12.07.2024



- Leading market position with proven performance allows for rapid adoption without Proof-of-Concept testing
- Market expansion through continued partnerships with Qualcomm & MediaTek
- 3 of top-5 OEMs are customers of Elliptic Labs

34 smartphone launches announced so far in 2024

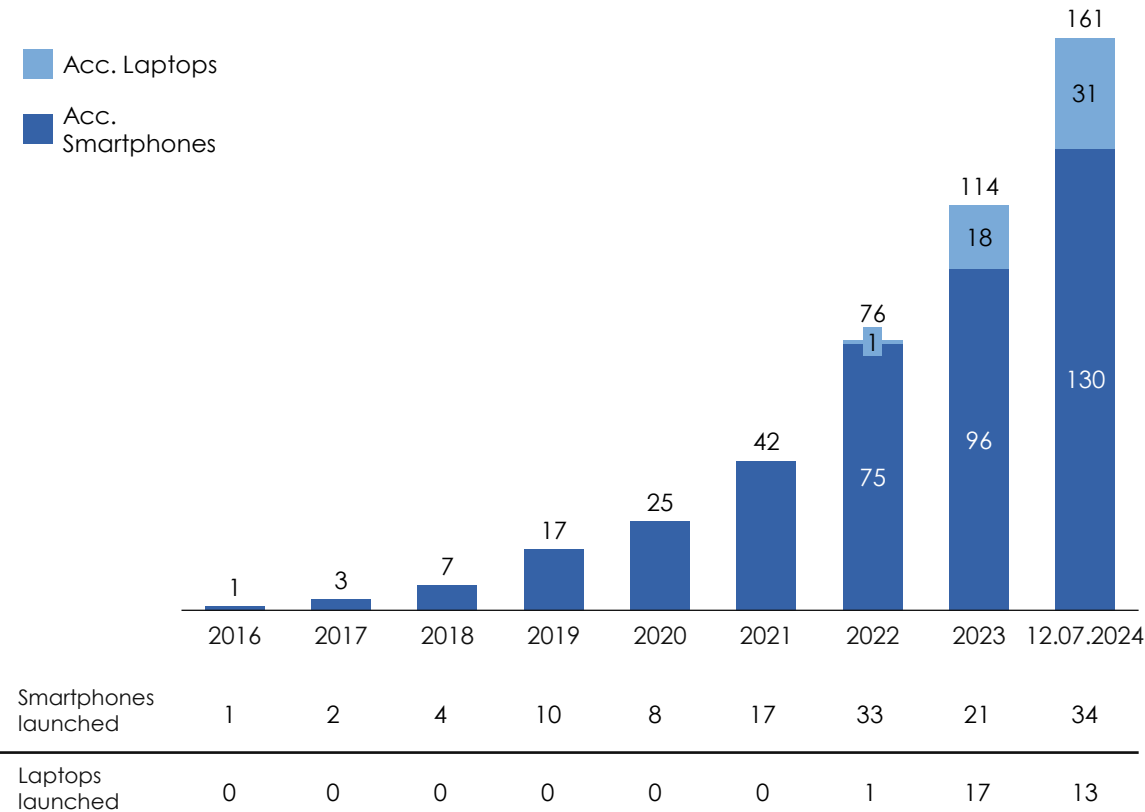
AI Virtual Proximity Sensor™ examples



ellipticlabs

Rapidly scaling laptop portfolio and enabling new use-cases

of models launched

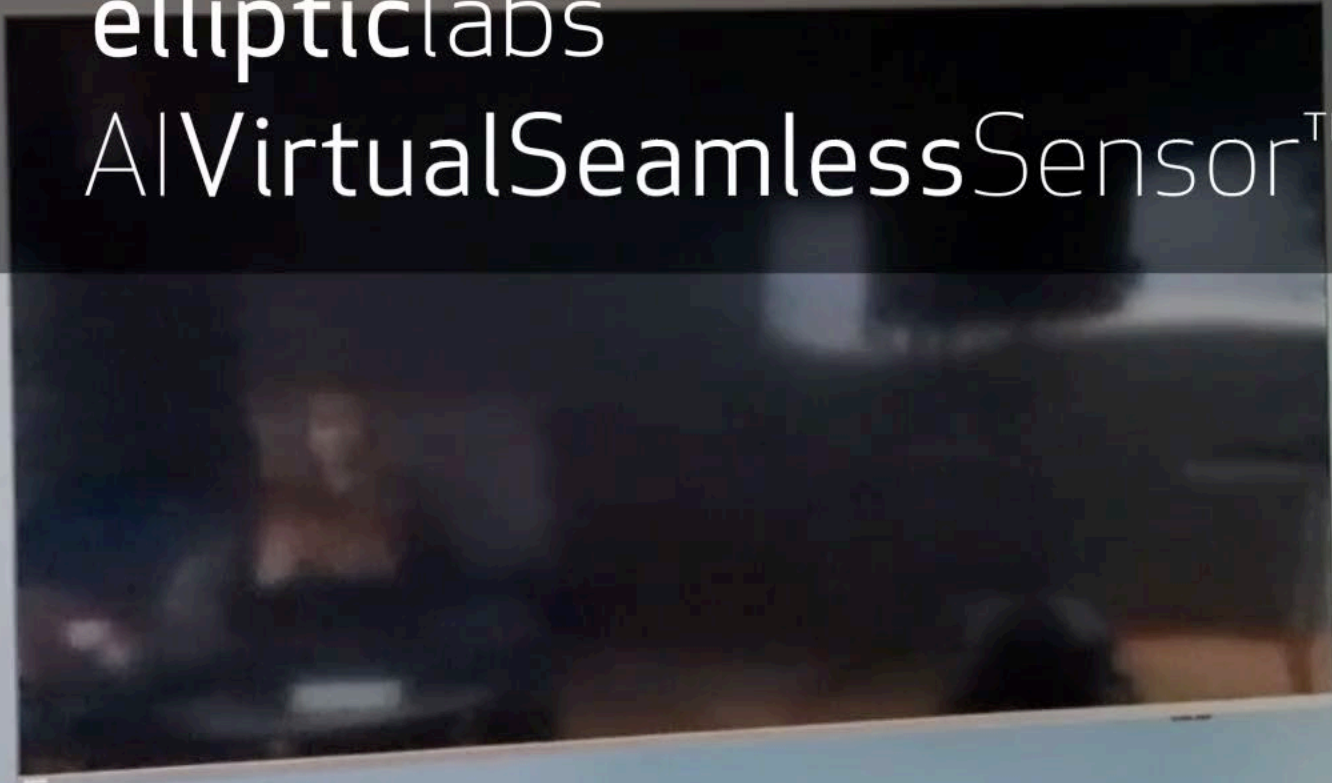


- Leading market position with key OEMs across laptops and smartphones
 - Total of 130 smartphones and 31 laptop models launched since 2016
 - 34 smartphones and 13 laptops launched so far in 2024
- Recognized as a market leader in AI Virtual Smart Sensors
- AI Virtual Smart Sensor platform enabling interoperability between devices

ellipticlabs
AIVirtualSmartSensorPlatform™



ellipticlabs
AIVirtualSeamlessSensor™

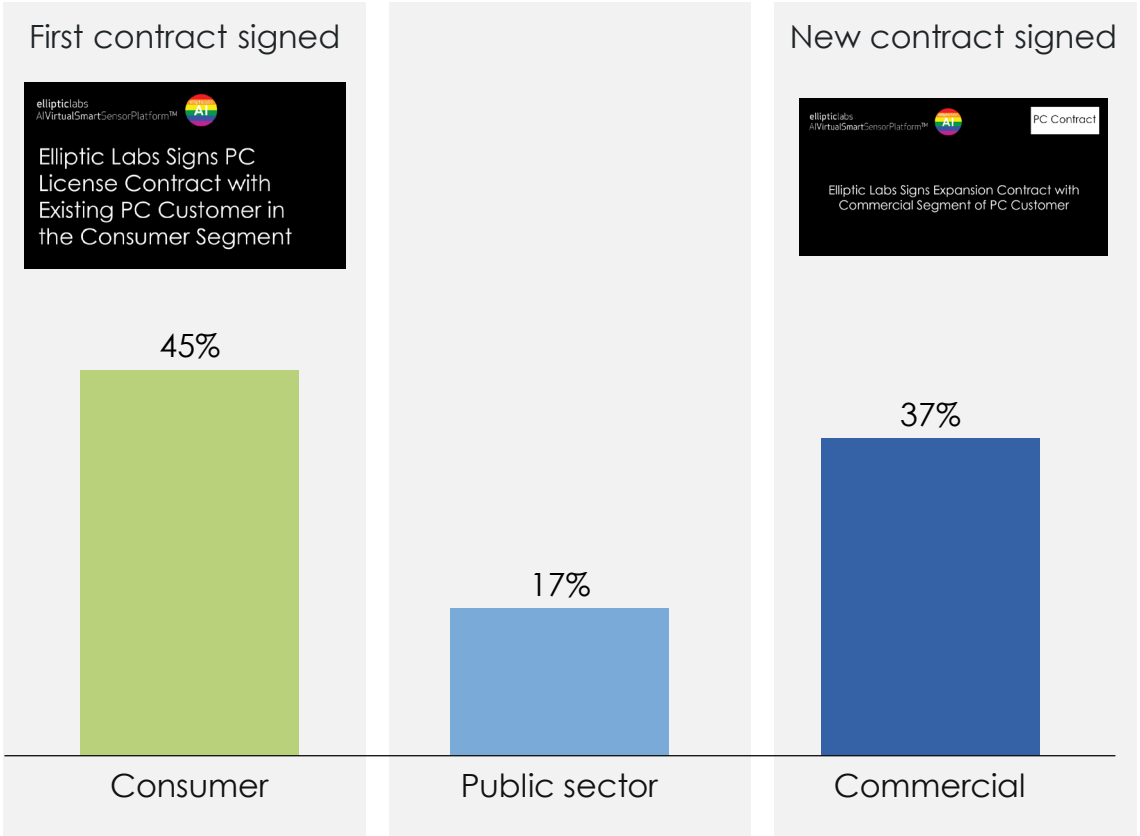


Signed first laptop license contract in the consumer segment

Elliptic technology proof point in high volume market

- Two new contracts signed with existing customer
- Strong confirmation that AI Virtual Smart Sensor Platform is relevant across all laptop segments
- Executing strategy of going deeper with existing customers
- First contract in the highest volume segment in global PC/laptop market

2023 global PC/laptop shipments in units by segment





Financial review

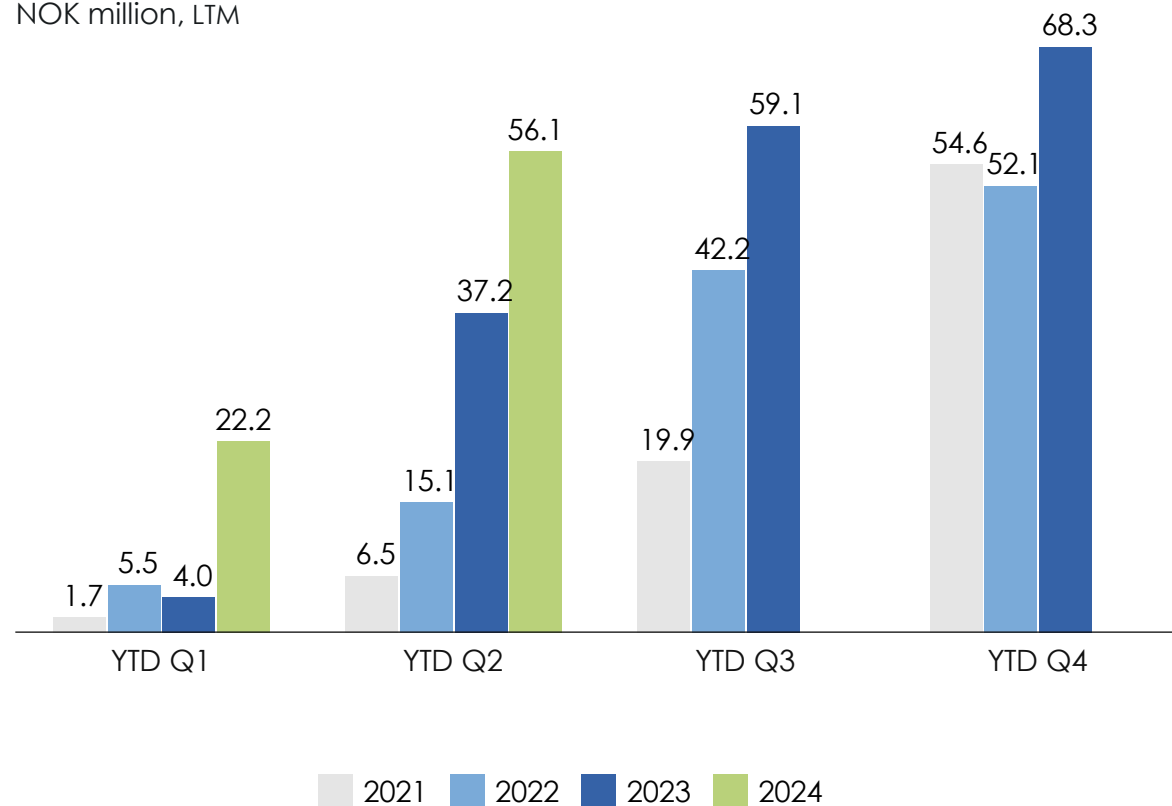
Building on strong growth momentum

CFO Lars Holmøy

Strong Revenue Growth and Positive EBITDA YTD 2024

YTD revenue from contracts with customers

NOK million, LTM



- Revenue from customers for YTD 2024 is NOK 56.1m, an increase from NOK 37.2m in the same period last year, representing a 51% YoY growth.
 - Revenue comprises of both milestone revenue from the PC vertical and license fees on shipped units from both laptop and smartphone customers
- Total operating expenses are NOK 48.7m, down from NOK 49.7m last year. Personnel expenses are NOK 38.7m, and other operating expenses are NOK 10m.
- EBITDA in 1H is NOK 8.1m, an improvement from the negative NOK 12.2m same period last year, resulting in an EBITDA margin of 14.3%.

Q2'24 Highlights: Strong Performance and Cost Efficiency

Condensed Profit & Loss statement

NOK million

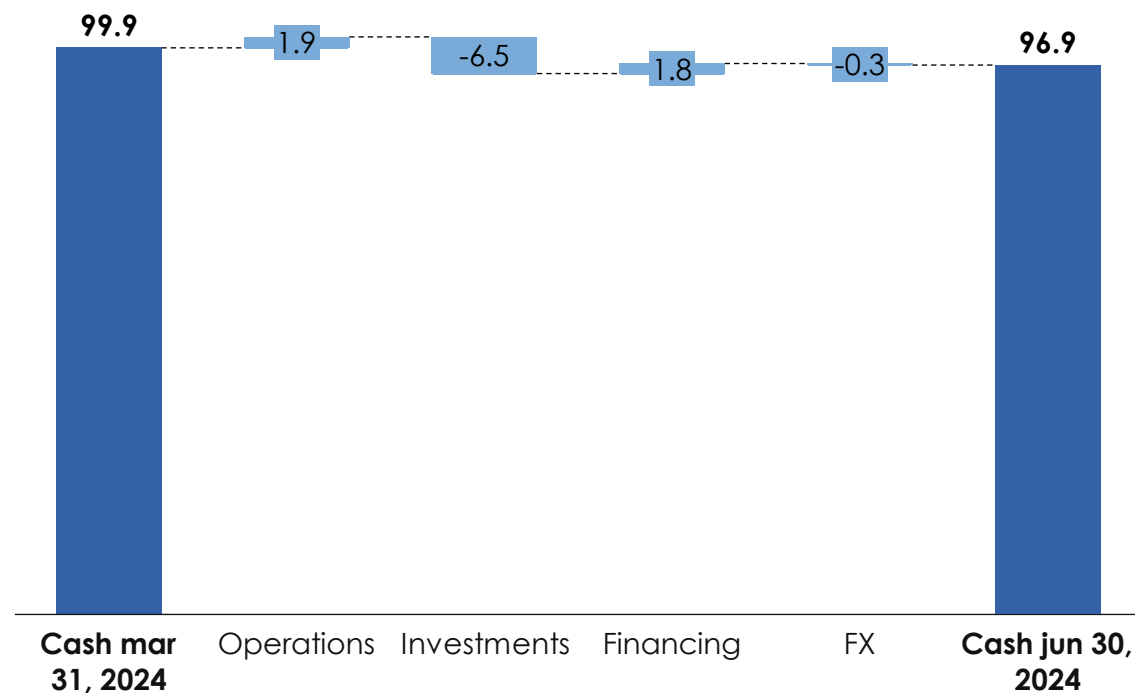
	Q2'24	Q2'23	%YoY	Q1'24
Revenues from contracts with customers	33.9	33.2	2 %	22.2
Other operating income	0.4	0.3		0.4
Total revenue	34.2	33.5	2 %	22.6
Employee benefits expenses	17.1	19.3	-11 %	21.5
Other operating expenses	5.7	6.0	-5 %	4.3
EBITDA	11.4	8.2		-3.3
Depreciation and amortisation	5.0	3.7		5.0
EBIT	6.4	4.5		-8.3
Net financials	-0.2	1.5		5.1
Pre-tax-profit	6.2	6.0		-3.2
Income tax expense	-1.4	-2.0		0.5
Profit/loss	4.8	4.0		-2.6

- Q2'24 revenue from contracts with customers NOK 33.9m (+2%)
 - Majority represented by laptop milestone revenues from contracts with fixed minimum license fees
 - License fees on shipped units from both laptop and smartphone customers
- Reduced operating costs
 - Employee benefit expenses of NOK 17.1m, down from NOK 19.3m in Q2 '23 and NOK 21.5m in Q1 '24, mainly due to reduced share option program costs NOK 1.4m (3.8). Adjusted for this, underlying expenses rose due to 12 more FTEs and the full-time effect of 2023 hires.
 - Other operating expenses NOK 5.7m, down from Q2 '23, due to a positive mNOK 1.0 effect from recoveries of written-off receivables in 2018.

Positive operational cash flow with continued strong cash position

Q2 2024 cash flow

NOK million



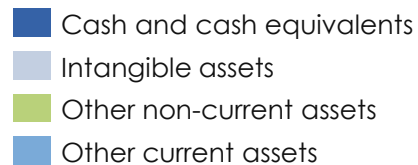
- Positive operating cash flow of NOK 1.9m (NOK -12.0m in Q2'23)
 - NOK 6.2m profit before tax
 - NOK 9.9m increase in accounts receivables
 - NOK 2.6m increase in trade payables
 - Arbitration settlement of approx. NOK 5.9m received
- Investments reflecting R&D of Elliptic Labs' AI Virtual Smart Sensor Platform
- Financing mainly reflects repayment of borrowings
 - NOK 1.5m repayment of lease liabilities
 - NOK 1.0 million repayment of short-term debt
 - NOK 0.5m interest on lease liabilities

Well-funded for continued growth

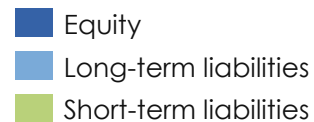
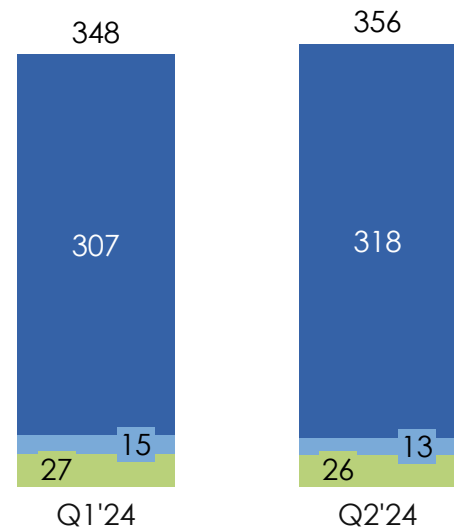
Balance sheet

NOK million

Assets



Equity & liabilities



- Cash position of NOK 97m
- Current assets reflecting NOK 9.9m increase in account receivables from orders booked
- Reduced long-term liabilities from repayment of borrowings
- Short-term liabilities mainly reflect lease liabilities
- Equity ratio increased to 89%



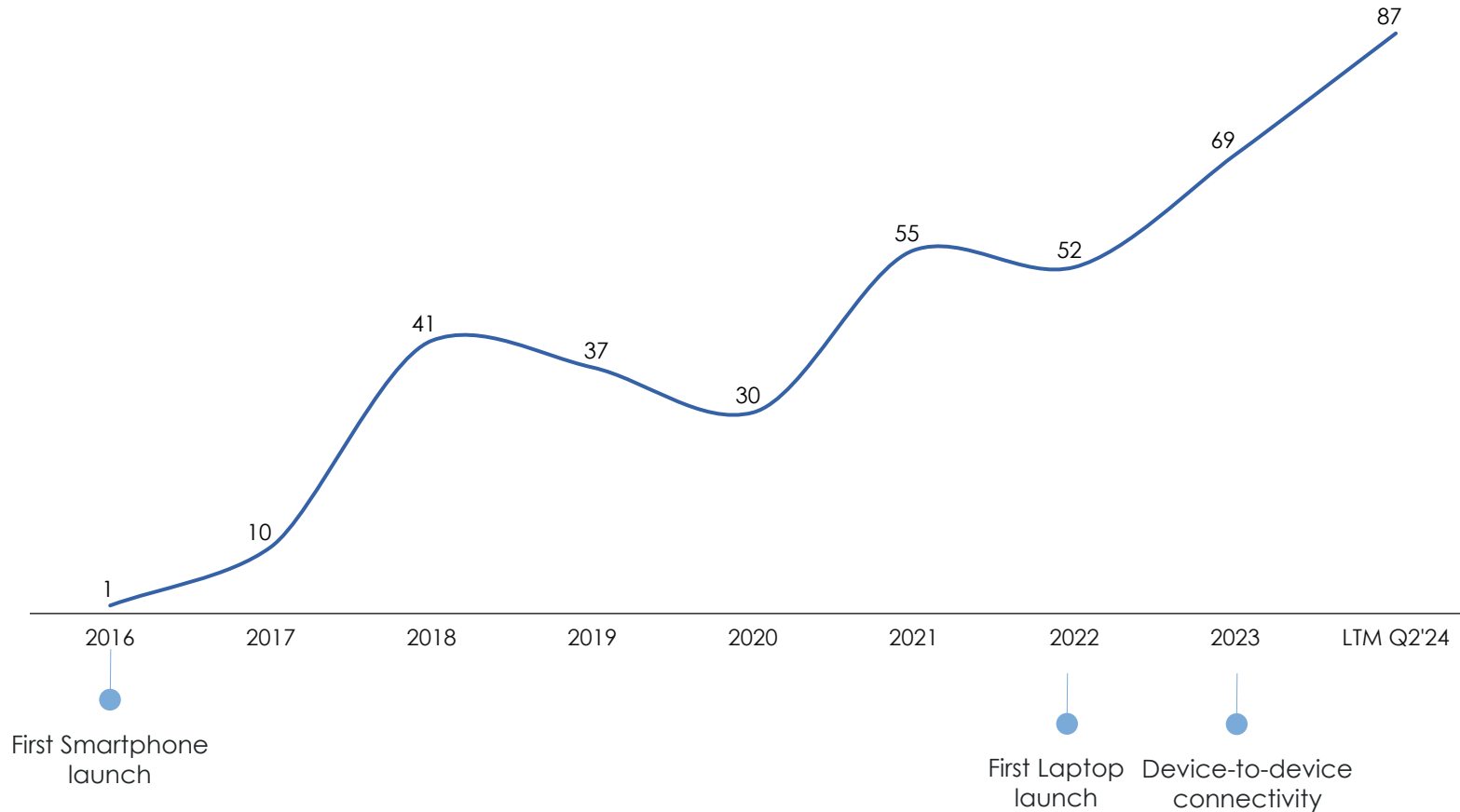
Successfully executing our strategy to reach our goals

CEO Laila Danielsen

On a clear growth trajectory

Revenue from customers LTM

NOK Million



Multiple growth and value drivers as we move forward

- Scaling laptop revenues
- Continuing smartphone expansion
- More AI driven products per customer
- Expanding to peripherals, devices/accessories/IoT

Illustrative laptop customer with Enterprise license agreement

Revenue journey for 1 laptop model

- Milestone revenue (revenue for minimum volume)
- Pay-as-you-go (above minimum committed volume)

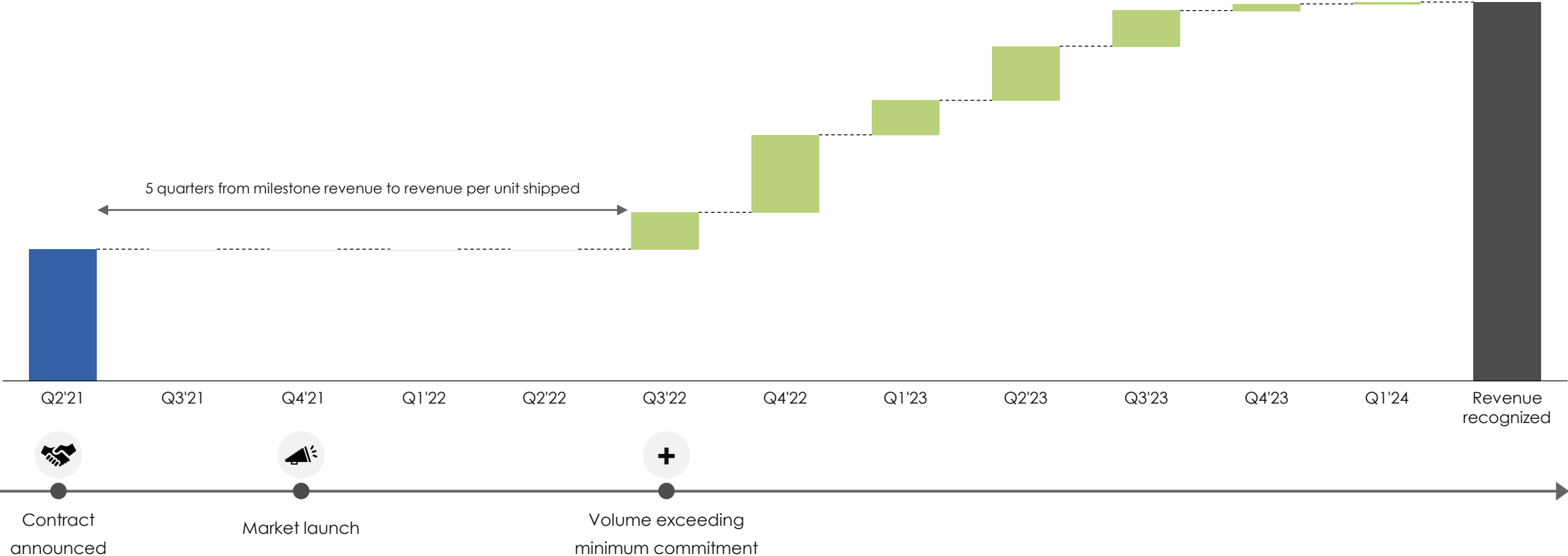


Illustration of product cycle through to revenue

Time to market temporarily slowed-down due to inventory back-log and end-used demand



Evaluating

AI Virtual Smart Sensors with customer's products, signing POC contract



Negotiating

long-term agreements with globally leading OEMs



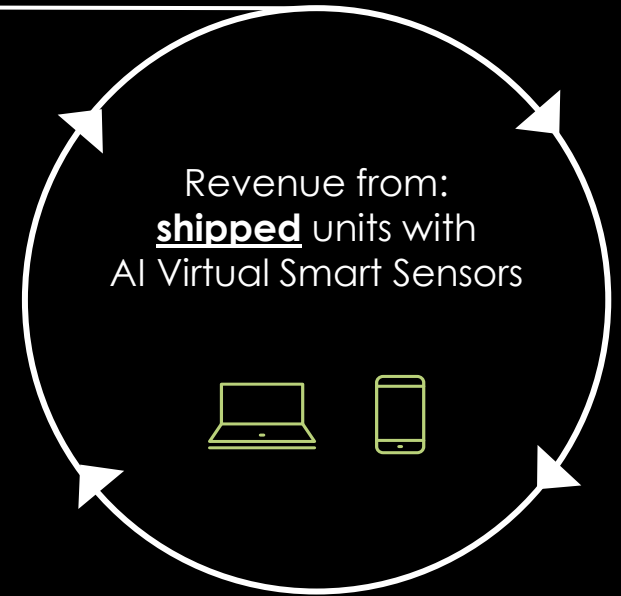
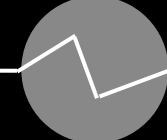
Contract

announcement typically for multiple models



Launching

Elliptic Labs announces launch of AI Virtual Smart Sensors on specific customer models into market

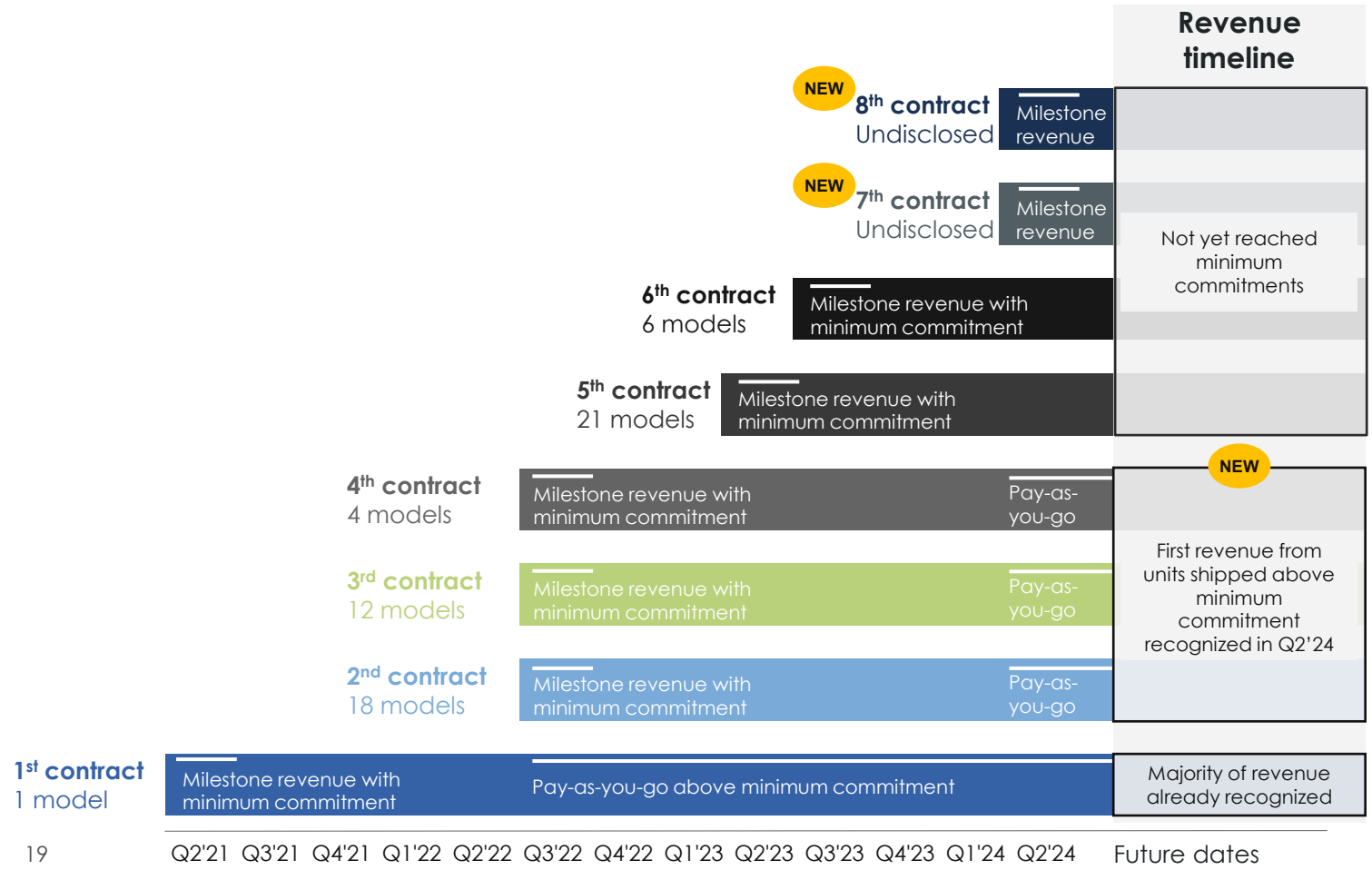


PC/LAPTOPS FLEXIBLE REVENUE MODEL: License fee per unit per AI Virtual Smart Sensor, based on three options:

1. Enterprise license agreement covering up-front minimum committed volume and pay as you go for units **shipped** exceeding up-front commitment (typical revenue model), or
2. Enterprise license agreement pay as you go for units **shipped**, or
3. Unlimited enterprise license agreement covering all units shipped within an agreed upon timeframe

Expanding contract base and adding pay-as-you-go revenue from first models from three contracts

Revenue journey for one laptop customer with Enterprise license agreement (ELA)

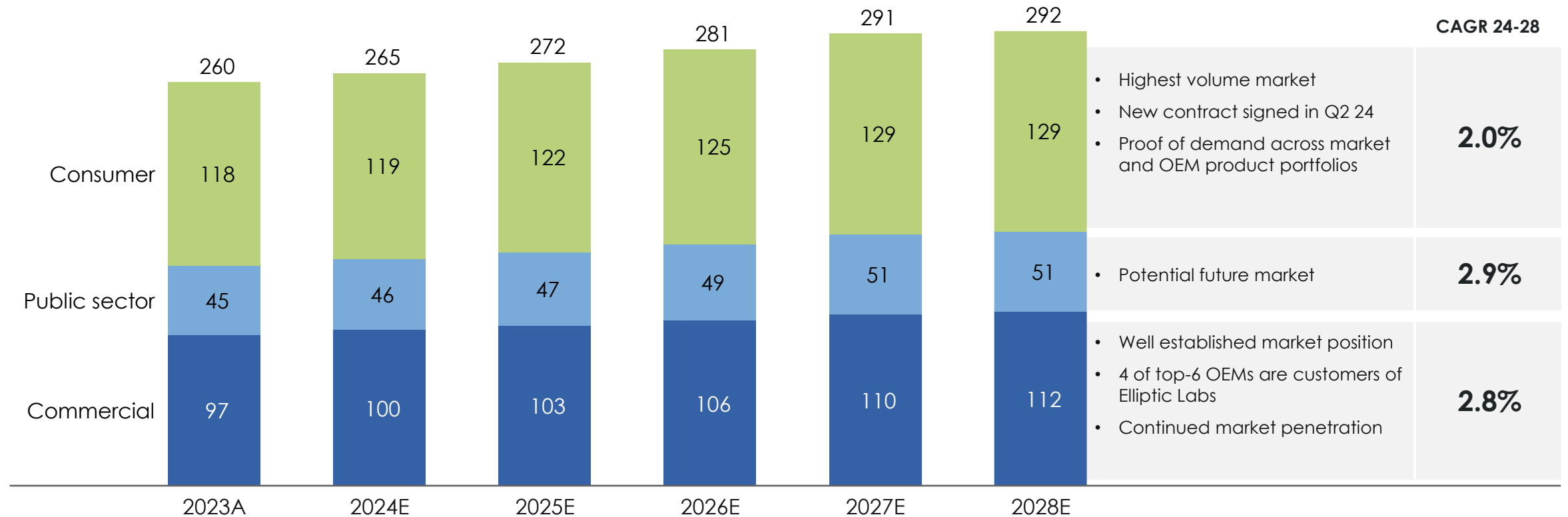


- Added two new contracts in Q2 24, with recognized milestone revenue
- Volume exceeding minimum commitment for first models in three contracts
- High revenue potential from multi-model contracts with little or no pay-as-you-go revenue yet recognized

High growth potential from consumer segment

PC/Laptop global market projections by customer segment¹

Million units shipped



²⁰ 1) Excluding tablets.

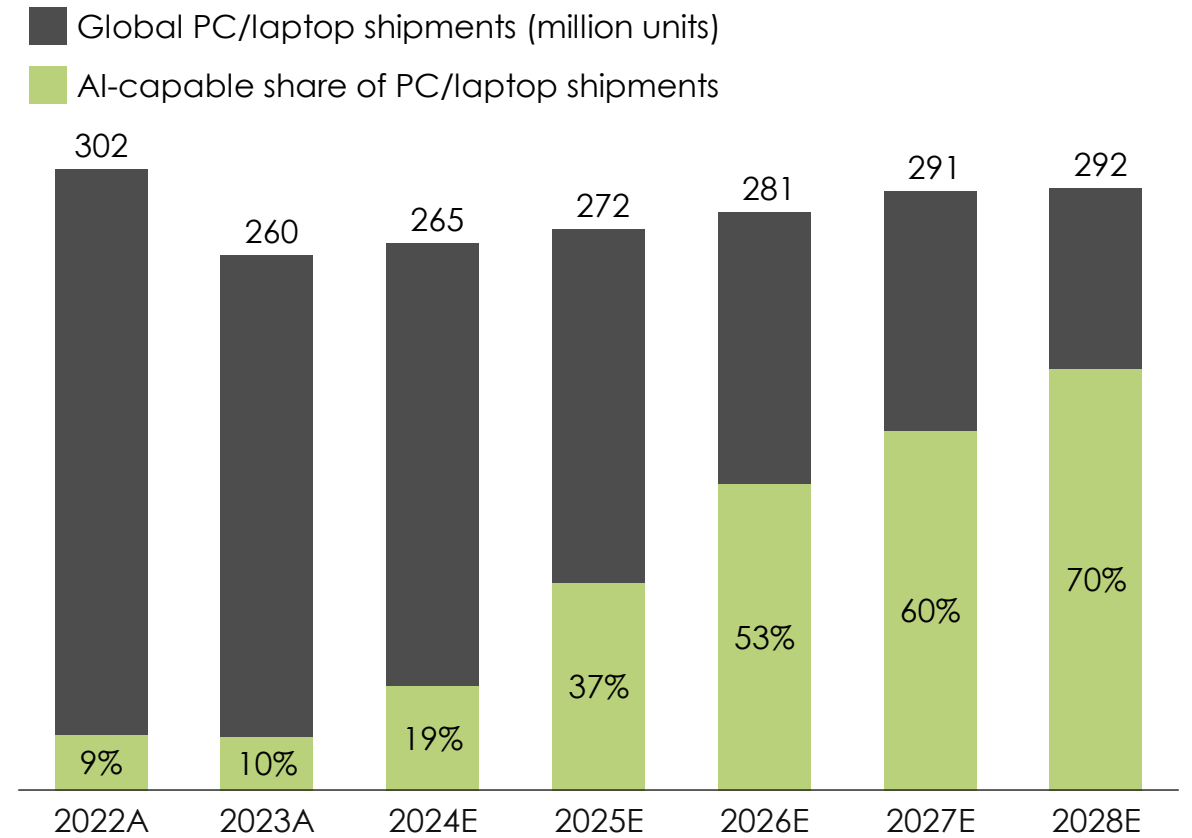
Source: Company estimates based on IDC worldwide personal computing device tracker.

PC/laptop market boosted by new AI capabilities

Upcoming market demand for AI functionality

- PC market growth from refresh cycle boosted by demand for AI-enabled devices
- AI-capable shipments projected to surpass 100 million in 2025, just under 40% of all PC shipments
- AI-capable PCs to unlock productivity, personalization and power efficiency
- Elliptic Labs AI Virtual Smart Sensor Platform supporting OEMs to deliver on demand

Forecasted AI-capable PC/laptop share 2024-2028



Capitalizing on market momentum to deliver on targets

What assumptions are we building our ambition on?

Fully monetize existing contracts

Enabled by improved end-customer sales

Expand position with existing customers

Seeking significant volume commitments in new contracts

Launch more models with more customers

Particularly with our laptop customers

Add more AI Virtual Smart Sensors per device

Increasing value for both customers and ourselves

Mid-term target

500

NOK million
revenue

>50%

EBITDA
margin



Laptops key
growth vertical



Continued
Smartphone
expansion



Building position
in the **IoT market**

A person with their hair in a bun is sitting on a ledge at night, looking at a laptop. The background shows a city skyline with lights. The text 'Q&A' is overlaid in the top left corner.

Q&A

**Announcement:
September 10th 2024
Capital Markets Update**

More information will be
given in due time

ellipticlabs

AI Virtual Smart Sensor Platform™

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Broad deployment of AI software,
disrupting large global markets

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Appendix

Reported financials

Profit and loss

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	Q2 2024 <i>(Unaudited)</i>	Q2 2023 <i>(Unaudited)</i>	1H 2024 <i>(Unaudited)</i>	1H 2023 <i>(Unaudited)</i>	2023 <i>(Audited)</i>
Revenues from contracts with customers		33 884	33 180	56 116	37 230	68 321
Other operating income	9	357	310	715	310	1 312
Total revenue and other operating income	2	34 241	33 491	56 831	37 540	69 632
Employee benefits expenses		17 136	19 280	-38 684	-38 219	-80 552
Other operating expenses	3	5 683	5 989	-10 015	-11 507	-22 599
EBITDA		11 422	8 222	8 132	-12 185	-33 519
Depreciation and amortization	5	4 986	3 747	-9 946	-7 466	-16 224
Operating expenses		27 805	29 016	-58 645	-57 191	-119 375
Operating profit		6 436	4 475	-1 815	-19 651	-49 743
Financial income		1 006	2 408	7 190	8 953	12 191
Financial expenses		-1 242	-871	-2 335	-1 724	-9 306
Net financial income/(expenses)		-237	1 537	4 854	7 229	2 886
Profit/(loss) before tax		6 199	6 012	3 039	-12 422	-46 857
Income tax expense		1 448	2 015	-904	1 522	8 856
Profit/(loss)		4 751	3 997	2 135	-10 900	-38 001
Other comprehensive income:						
Foreign currency rate changes, may be reclassified to profit or loss		-88	141	267	437	151
Other comprehensive income, net of tax		-88	141	267	437	151
Total comprehensive income for the period		4 664	4 138	2 403	-10 462	-37 850

Reported financials

Cash flow

(Amounts in 000 NOK)	(Unaudited) Q2 2024	(Unaudited) Q2 2023	(Unaudited) 1H 2024	(Unaudited) 1H 2023	(Audited) 2023
Cash flow from operating activities					
Profit/(loss) before tax	6 199	6 012	3 039	-12 422	-46 857
Adjustment for:					
Taxes paid in the period	0	0	0	0	9
Depreciation and amortization	4 986	3 747	9 946	7 466	16 224
Share-based payments	1 360	3 756	3 169	6 744	9 842
Net finance items	97	0	-5 120	0	-3 369
Items classified as investing or financing activities	499	147	1 066	313	-1 031
Change in current trade receivable	-9 928	-24 122	-18 583	-24 830	-20 118
Change in trade payables	2 581	594	2 507	-51	2 187
Change in other accruals	-3 867	-2 158	-2 416	-5 873	-2 396
Net cash flows from operating activities	1 929	-12 023	-6 392	-28 653	-45 509
Cash flow from investing activities					
Purchase of property, plant and equipment	0	-443	0	-443	-514
Capitalized development costs	-8 020	-6 194	-15 278	-12 285	-25 099
Interest received	1 557	0	2 448	0	4 642
Net cash flows from investing activities	-6 463	-6 637	-12 830	-12 729	-20 971
Cash flow from financing activities					
Payments of lease liabilities, classified as financing activities	-1 512	-686	-2 968	-1 363	-5 007
Repayments of current borrowings	-1 000	-1 000	-2 000	-2 000	-4 000
Proceeds from issuing shares	4 835	0	4 835	0	9 495
Transaction cost listing	0	0	0	0	0
Paid interest on loan	-102	-147	-223	-313	-589
Paid interest on lease liabilities	-449	0	-892	0	-1 356
Proceeds from government grants	0	0	0	0	3 663
Net cash flow from financing	1 772	-1 832	-1 248	-3 675	2 206
Net Change in Cash and Cash Equivalents	-2 762	-20 492	-20 471	-45 057	-64 274
Cash and cash equivalents at the beginning of the period	99 926	153 951	115 582	178 219	178 219
Effect of foreign currency rate changes on cash and cash equivalents	-88	141	267	437	151
Exchange rate effects bank	-182	0	1 516	0	1 486
Cash and cash equivalents at the end of period	96 895	133 600	96 895	133 600	115 582

Reported financials

Balance sheet

Assets

		30.06.2024	30.06.2023	31.12.2023
(Amounts in 000 NOK)	Notes	(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Deferred tax assets	8	76 781	70 360	77 685
Intangible assets	4	64 620	51 943	57 814
Right of use assets		18 083	933	19 447
Property, plant and equipment	5	408	436	460
Other non-current receivables		7 248	8 164	8 861
Total non-current assets		167 140	131 836	164 266
Current assets				
Current trade receivables		79 196	65 324	60 612
Other current receivables		13 247	11 043	9 448
Cash and cash equivalents	7	96 895	133 600	115 582
Total current assets		189 338	209 967	185 642
Total assets		356 478	341 803	349 909

Equity & liabilities

		30.06.2024	30.06.2023	31.12.2023
(Amounts in 000 NOK)	Notes	(Unaudited)	(Unaudited)	(Audited)
Equity and liabilities				
Share capital		1 053	1 041	1 048
Other equity		316 463	320 863	306 060
Total equity		317 516	321 904	307 109
Liabilities				
Non-current lease liabilities		13 220	542	15 874
Non-current borrowings		0	4 000	2 000
Total non-current liabilities		13 220	4 542	17 874
Current liabilities				
Current borrowings		4 000	4 000	4 000
Trade and other current payables		6 362	1 617	3 855
Current tax liabilities		0	0	0
Current lease liabilities		5 682	754	3 990
Other current liabilities		9 698	8 986	13 080
Total current liabilities		25 742	15 357	24 926
Total equity and liabilities		356 478	341 803	349 909

Shareholder information

Top 20 shareholders as of 3. July 2024

		Number of shares	% of total shares
1	MP PENSJON PK	10 317 913	9.8%
2	ALDEN AS	7 403 330	7.0%
3	VERDIPAPIRFONDET DNB SMB	5 550 937	5.3%
4	PASSESTA AS	5 299 994	5.0%
5	HORNE	4 665 455	4.4%
6	DANIELSEN	4 374 150	4.2%
7	J.P. Morgan SE	4 183 767	4.0%
8	Bank Pictet & Cie (Europe) AG	3 513 573	3.3%
9	SIX SIS AG	2 820 000	2.7%
10	GHIBLI AS	2 100 000	2.0%
10	VERDIPAPIRFONDET FONDSFINANS NORGE	2 100 000	2.0%
12	NORDNET LIVSFORSIKRING AS	1 806 370	1.7%
13	FABRES SCALER	1 600 000	1.5%
14	NUNATAK AS	1 585 447	1.5%
15	Danske Invest Norge Vekst	1 492 700	1.4%
16	INVEN2 AS	1 441 670	1.4%
17	Danske Bank A/S	1 333 330	1.3%
18	J.P. Morgan SE	1 229 218	1.2%
19	State Street Bank and Trust Comp	1 100 000	1.0%
20	Nordnet Bank AB	1 037 691	1.0%
Top 20 shareholders		64 955 545	61.7%
	Other	40 319 423	38.3%
Total		105 274 968	100.0%

Shares and options owned by BoD, mgmt, and employees as of 3. July 2024 (fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	7 421 330	6.6%
Shares owned by Management	4 416 032	3.9%
Allocated Options to Employees and management in shares	6 666 876	5.9%
Allocated Options to Board of Directors	158 000	0.1%
Other shareholders	93 437 606	83.4%
Total	112 099 844	100%

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ellipticlabs

AI Virtual Smart Sensor Platform™



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lars.holmoy@elliptic.com

(Jun 28th, 2024 @ 09:52):
Add commercial contract if signed before disclosure

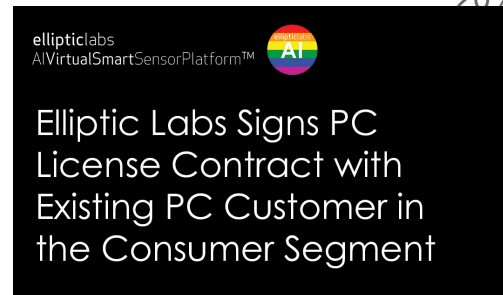
Signed first laptop license contract in the consumer segment

LD use this text for image:
(heading of the press release)Elliptic Labs Signs PC License Contract with Existing PC Customer in the Consumer Segment

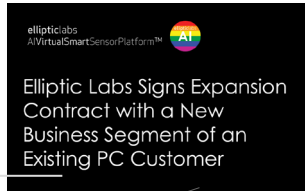
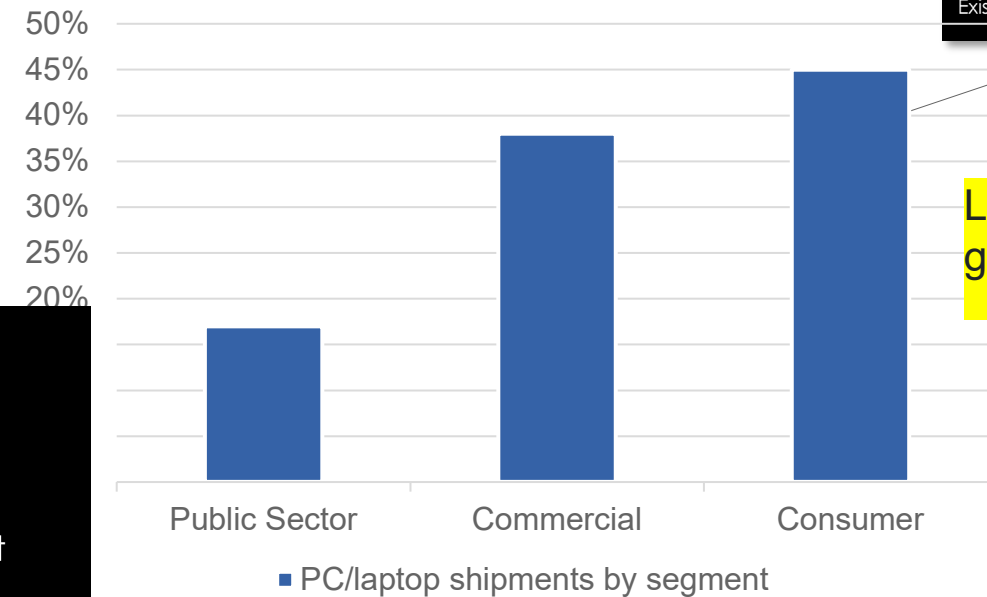
Elliptic technology proof point in high volume market

- Two new contracts signed with existing customer
- Strong confirmation that AI Virtual Smart Sensor Platform is relevant across all laptop segments
- Executing strategy of going deeper with existing customers
- First contract in the highest volume segment in global PC/laptop market

PT – use this image



PC/laptop shipments by segment 2023



LD: Use bar graph

Refresh cycle in the PC/laptop market boosted by new AI tasks

Elliptic Labs technology enabler of upcoming growth

- PC market growth from refresh cycle boosted by demand for AI-enabled devices
- AI-capable shipments projected to surpass 100 million in 2025, just under 40% of all PC shipments
- AI-capable PCs to unlock productivity, personalization and power efficiency
- Elliptic Labs AI Virtual Smart Sensor Platform enabling OEMs to deliver on demand

Forecasted AI-capable PC/laptop share 2024-2028

