

# ellipticlabs

Deployed in 500 million units, AI  
enterprise software disrupts  
large global markets

Investor Presentation | November, 2023





# Elliptic Labs' AI Virtual Smart Sensor Platform Redefining the User Experience with AI

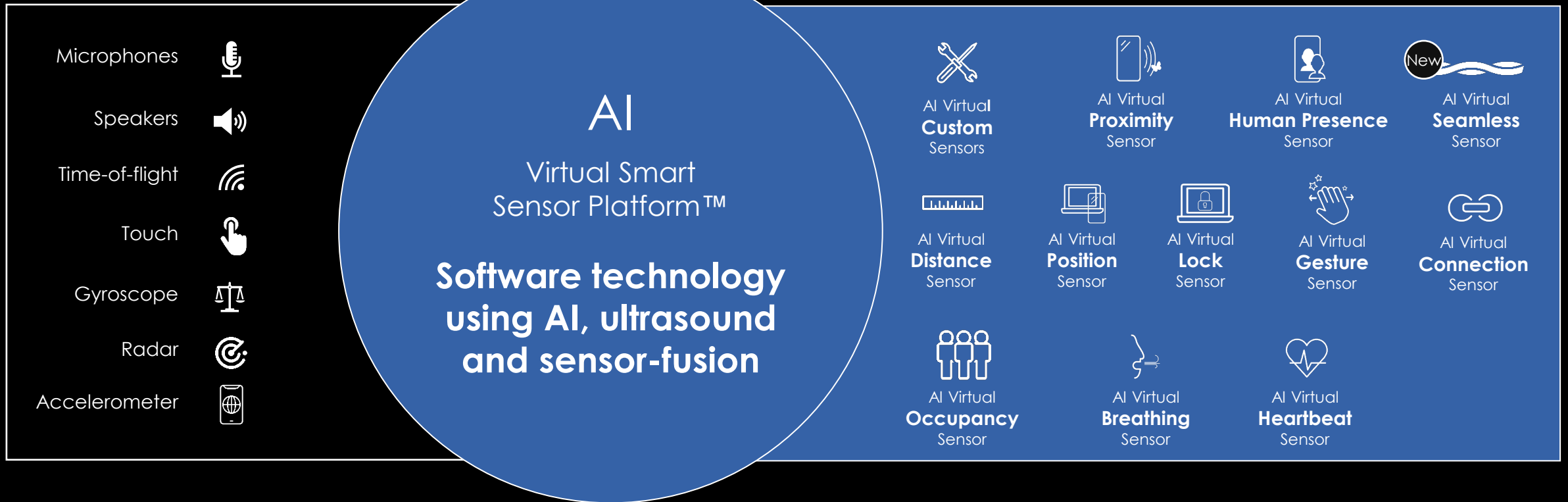
We are delivering AI breakthroughs in a variety of sensors, sensor fusion and interoperability applications to the world's largest enterprises. Today, more than 500 million devices are utilizing Elliptic Labs' AI Virtual Smart Sensor Platform

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

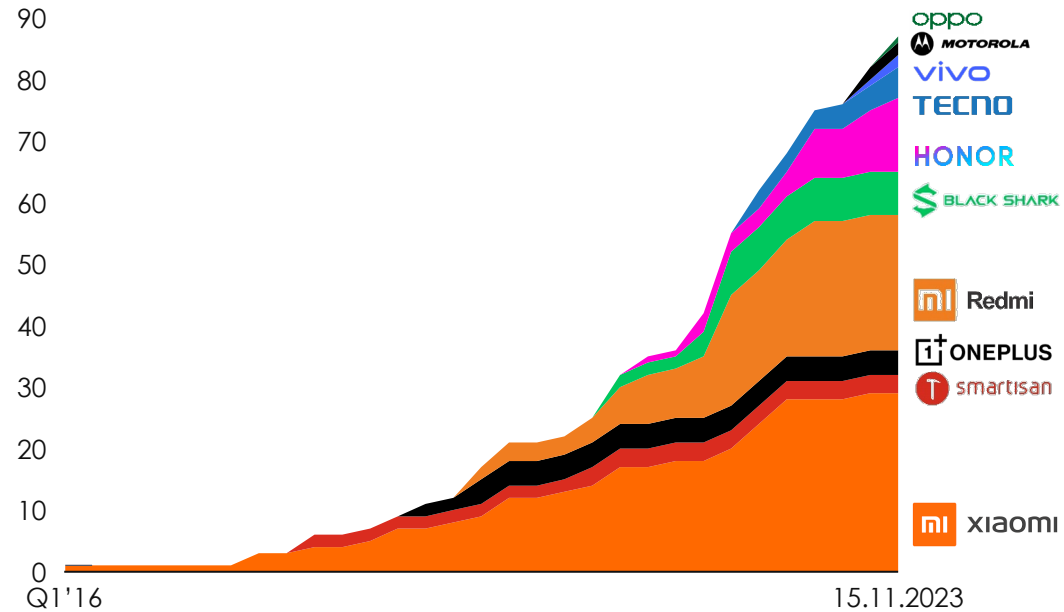
Elliptic Labs'  
AI Virtual Smart Sensors™





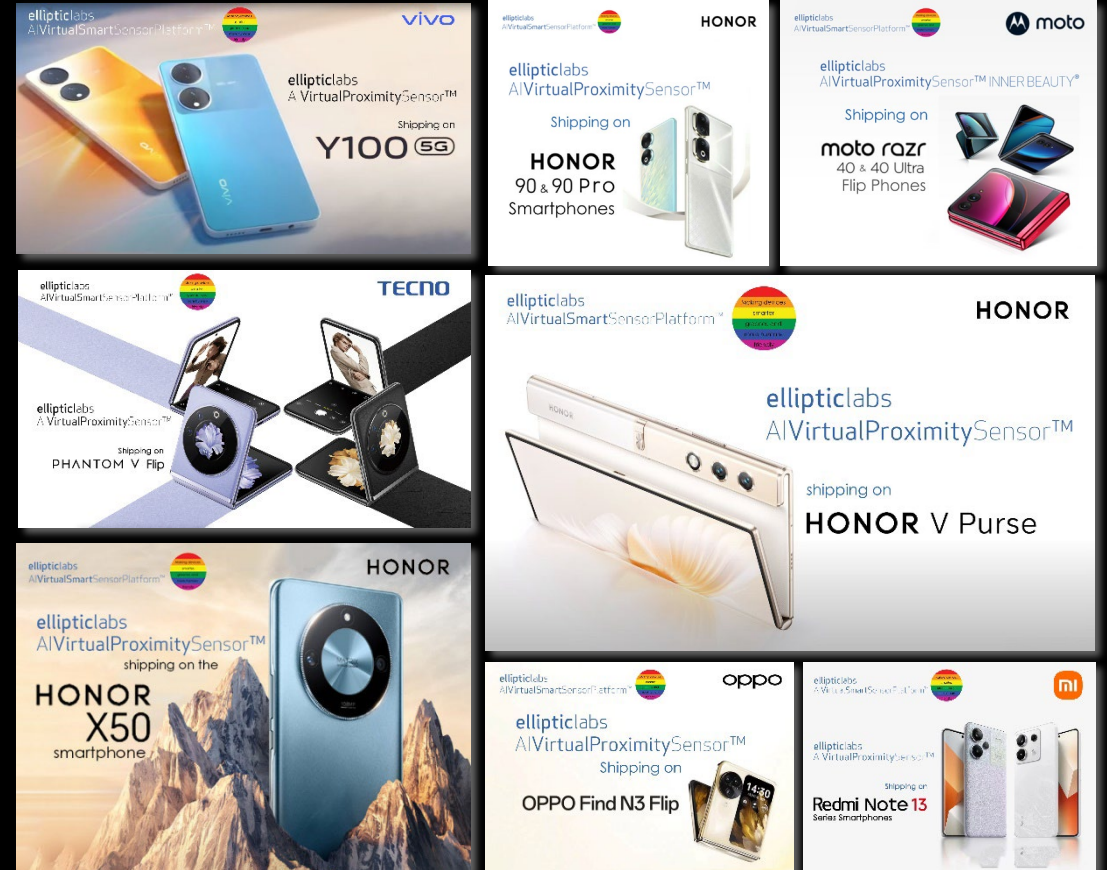
# Smartphones OEM launches continuing

**87 models launched to date**  
Cumulative to date November 2023



- 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

## Range of new launches announced so far in 2023 AI Virtual Proximity Sensor™ examples

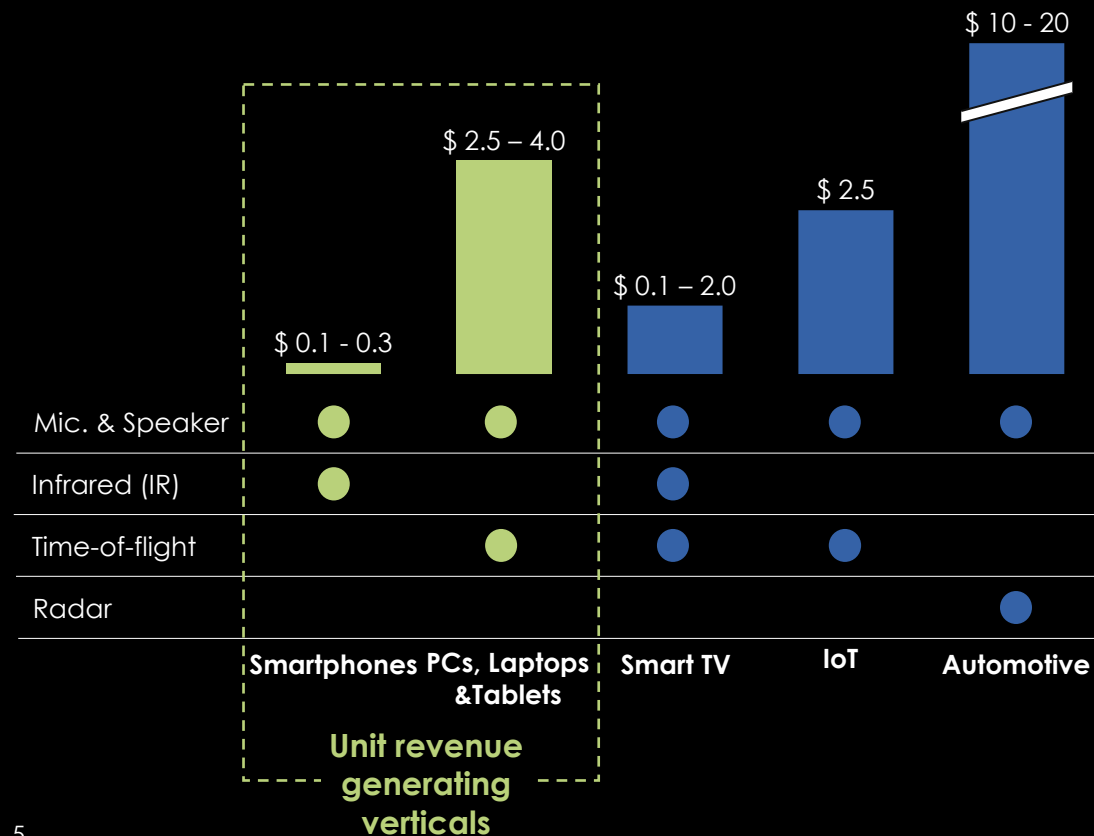


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# Our 100% software sensors are competing with high-cost single-purpose hardware sensors

## Hardware sensors unit cost

Cost per unit (USD)



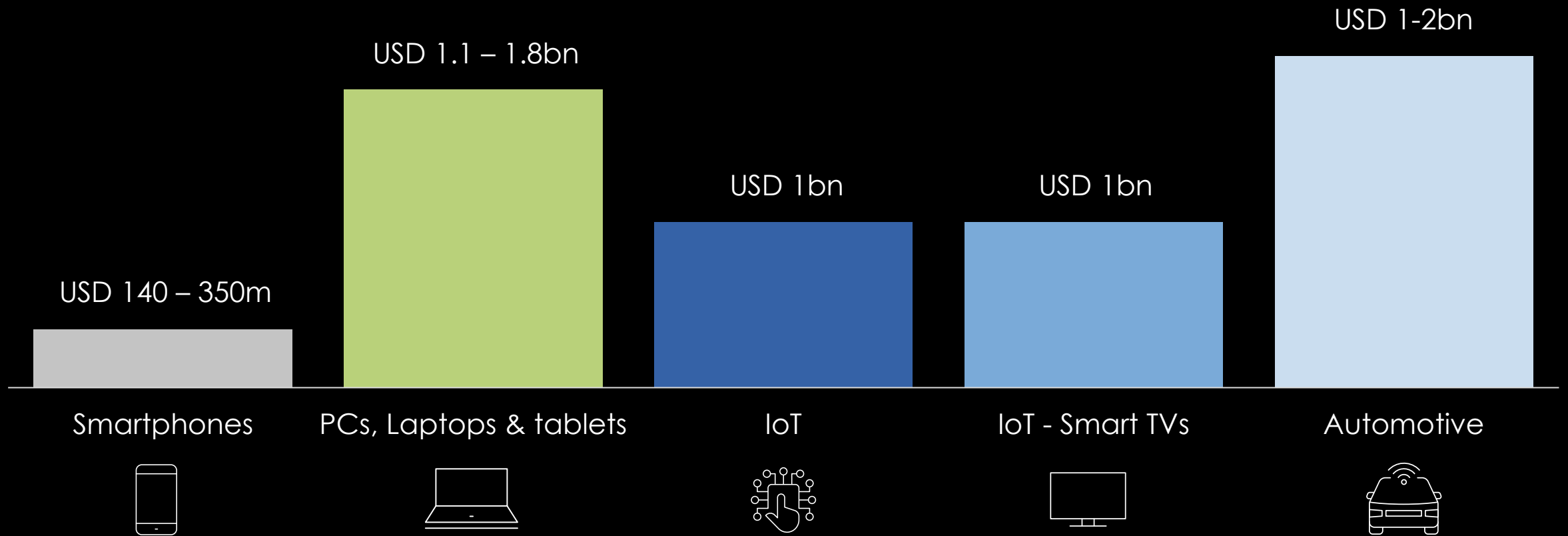
## Reducing cost, risk and environmental footprint

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

- Our software solution streamlines hardware supply chain and eliminates sourcing risks

# Billions of devices use hardware sensor components

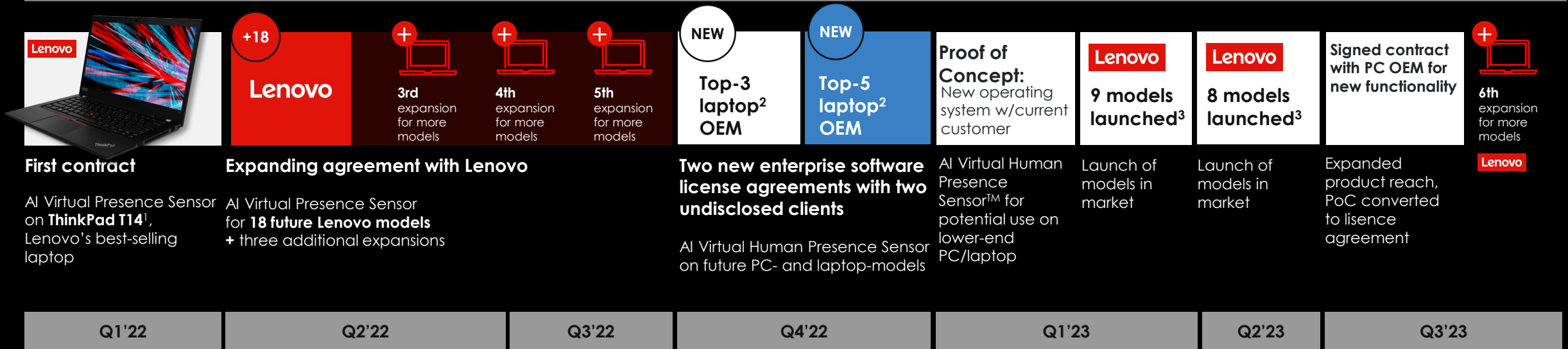
Our USD 5.5 billion market opportunity



# High-paced adoption in laptop vertical continuing into 2023

## - Launched 18 models with Lenovo

4 of top-6 OEMs  
are customers of Elliptic Labs



7 1) Elliptic Labs recognized in ThinkPad T14 spec: "Virtual Leave & Lock Sensor Powered by Elliptic Labs"  
 2) Top 5 Laptop OEMs (2022 market share): Lenovo (24%), HP (19%), Dell (18%), Apple (10%), ASUS (7%). Source: [Gartner \(January 2023\)](#)  
 Note: Data includes desktop and laptop PCs that are equipped with Windows, macOS and Chrome OS. All data is estimated based on a preliminary study.  
 3) Models differentiated by chipset and generation

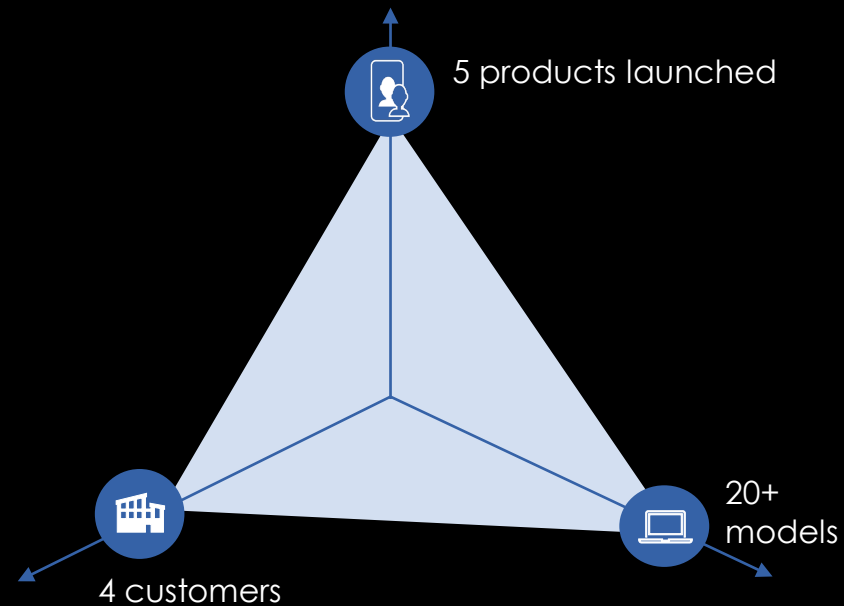
# In a stronger than ever technical and commercial position

Engaging a vast global market...

**USD 1.1 – 1.8bn**   
Global PC, laptops and tablets market



...with multiple opportunities for expansion



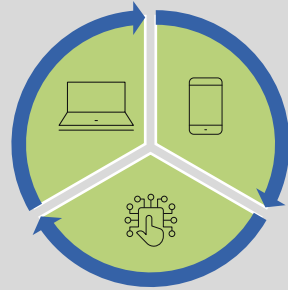
**More models, more customers, more AI Virtual Smart Sensors – across more verticals**



# Launched AI Virtual Seamless Sensor for interoperability across devices, unlocking new growth opportunities

## Automated interconnectivity between devices

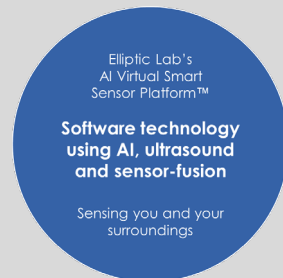
Reshapes device-to-device interoperability and redefines seamless user experience across systems



Discover, identify, initiate, connect

## AI Virtual Smart Sensor Platform at the core

Enables OEMs to innovate new user experiences and increased customer stickiness from network effects



Publicly Announced November 2023

# Strong partnership with all major chipset providers

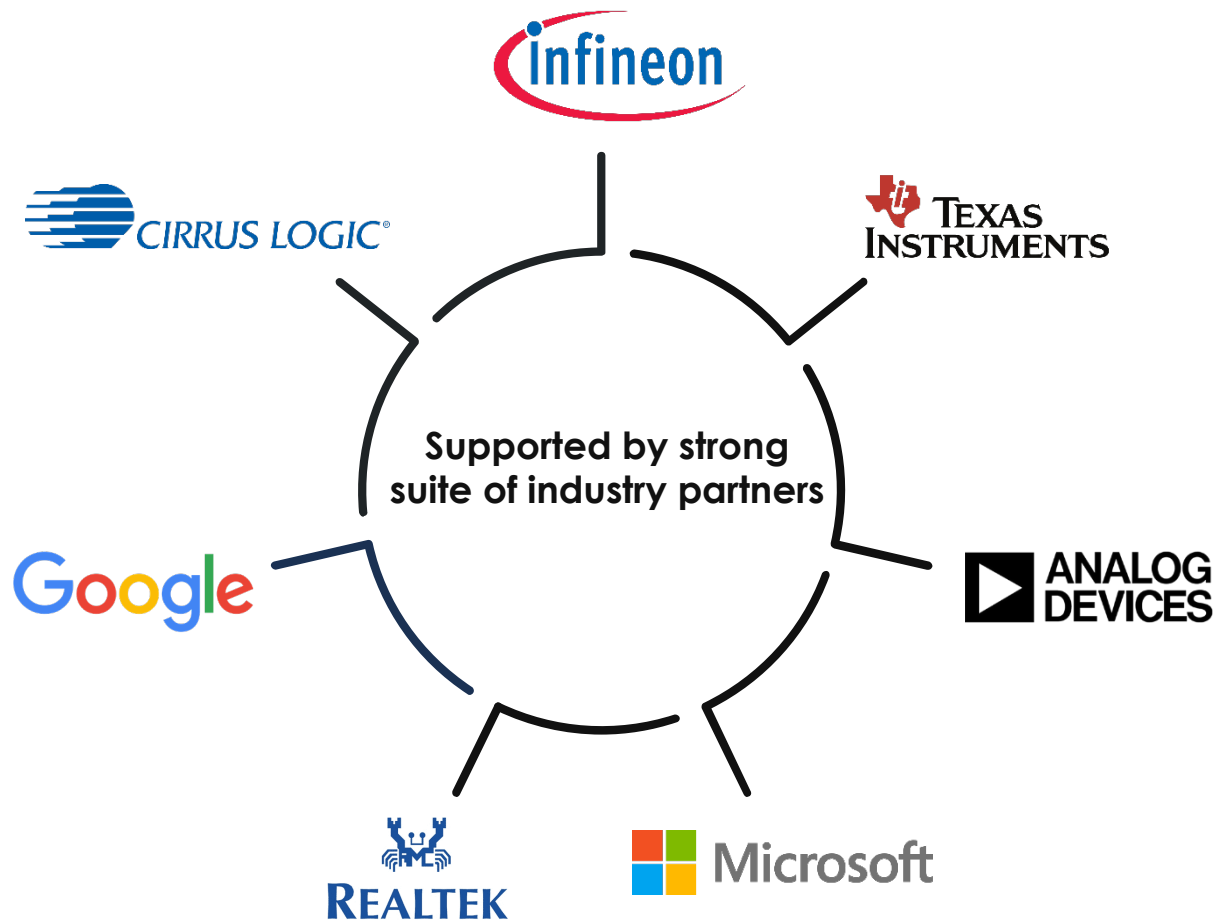


MEDIATEK

Qualcomm

ARM

Jointly aligning product roadmaps with the ecosystem



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# Driving the standard for AI Virtual Smart Sensors

## Leadership position across the full ecosystem



Full Ecosystem

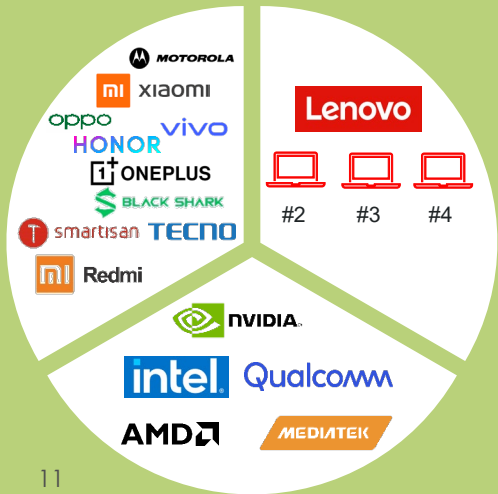


Operating systems



System under chips (SOC)

## Positioning Elliptic Labs as the de facto market standard



Proven use cases

Validation and recognition by the industry

High customer visibility

Ecosystem incentivized to work with standard setting players

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## Strong industry validation

- “The strong collaboration and our combined efforts [with Elliptic Labs] will showcase the enhanced AI capabilities, unprecedented connectivity, and broad ecosystem that supports what the Snapdragon X Elite platform offers.”

**Nitin Kumar, Senior Director of Product Management**

# Turning our significant contract base into revenue takes time

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



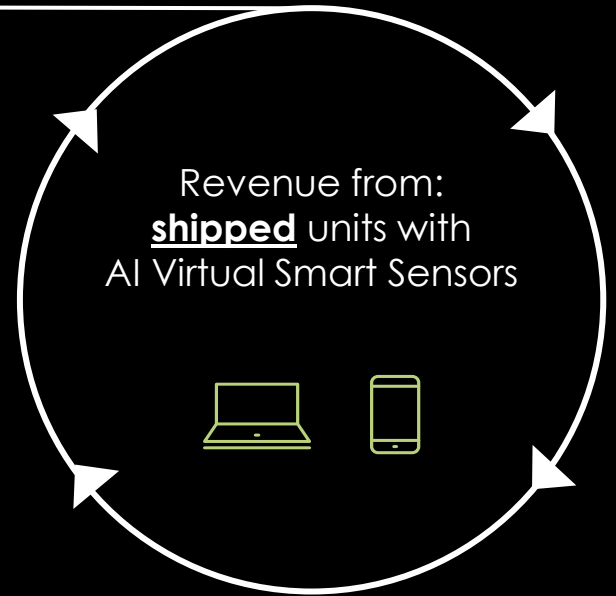
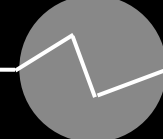
## Contract

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:

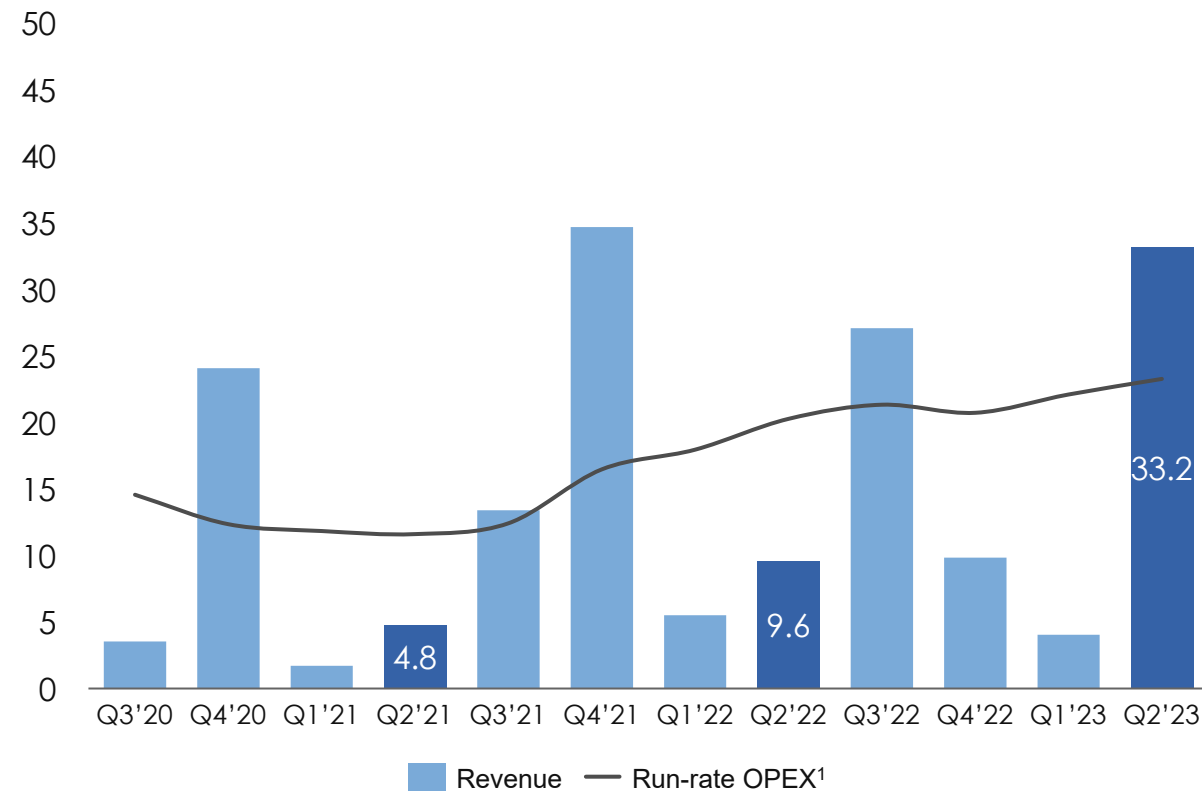
1. Enterprise license agreement covering up-front minimum committed volume and pay as you go for units **shipped** exceeding up-front commitment (typical revenue model), or
2. Enterprise license agreement pay as you go for units **shipped**, or
3. Unlimited enterprise license agreement covering all units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



# Maintaining lean growth through a light and lean organization

## Quarterly revenue from contracts with customers

NOK million

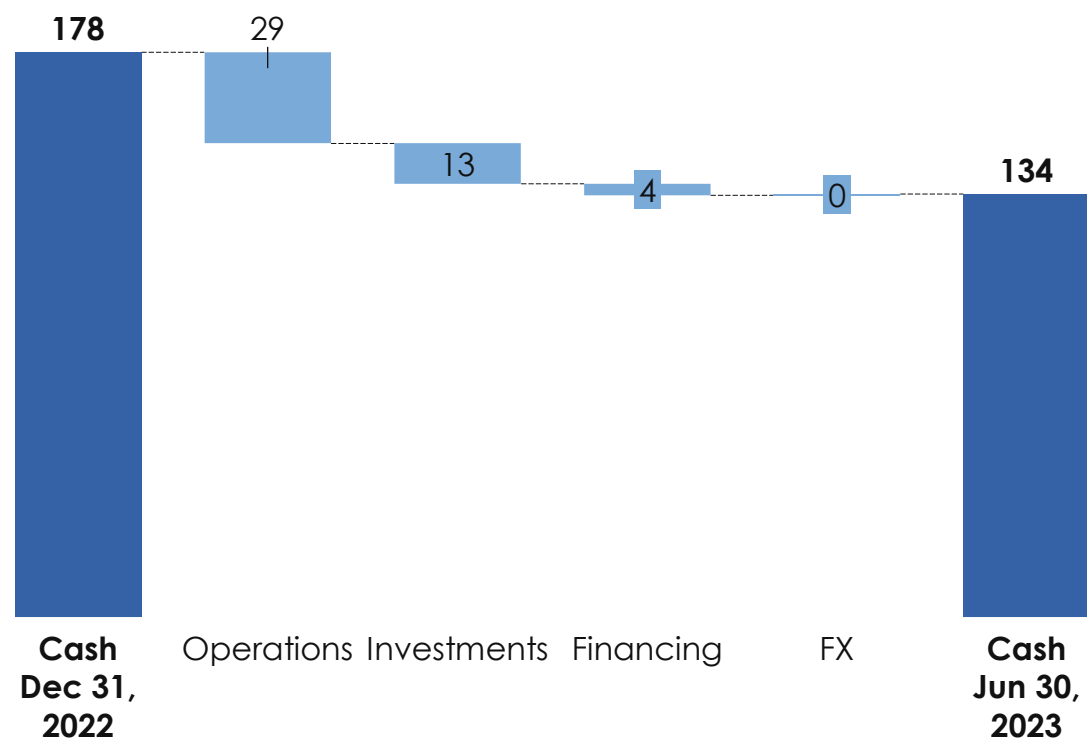


- Significant uplift in revenues from slow start of 2023
- Focus on cost efficiency with careful resource allocation
- Scaling the organization to maximize sales opportunities and product development

# Strong cash position supporting our growth ambitions

## H1'2023 cash flow

NOK million

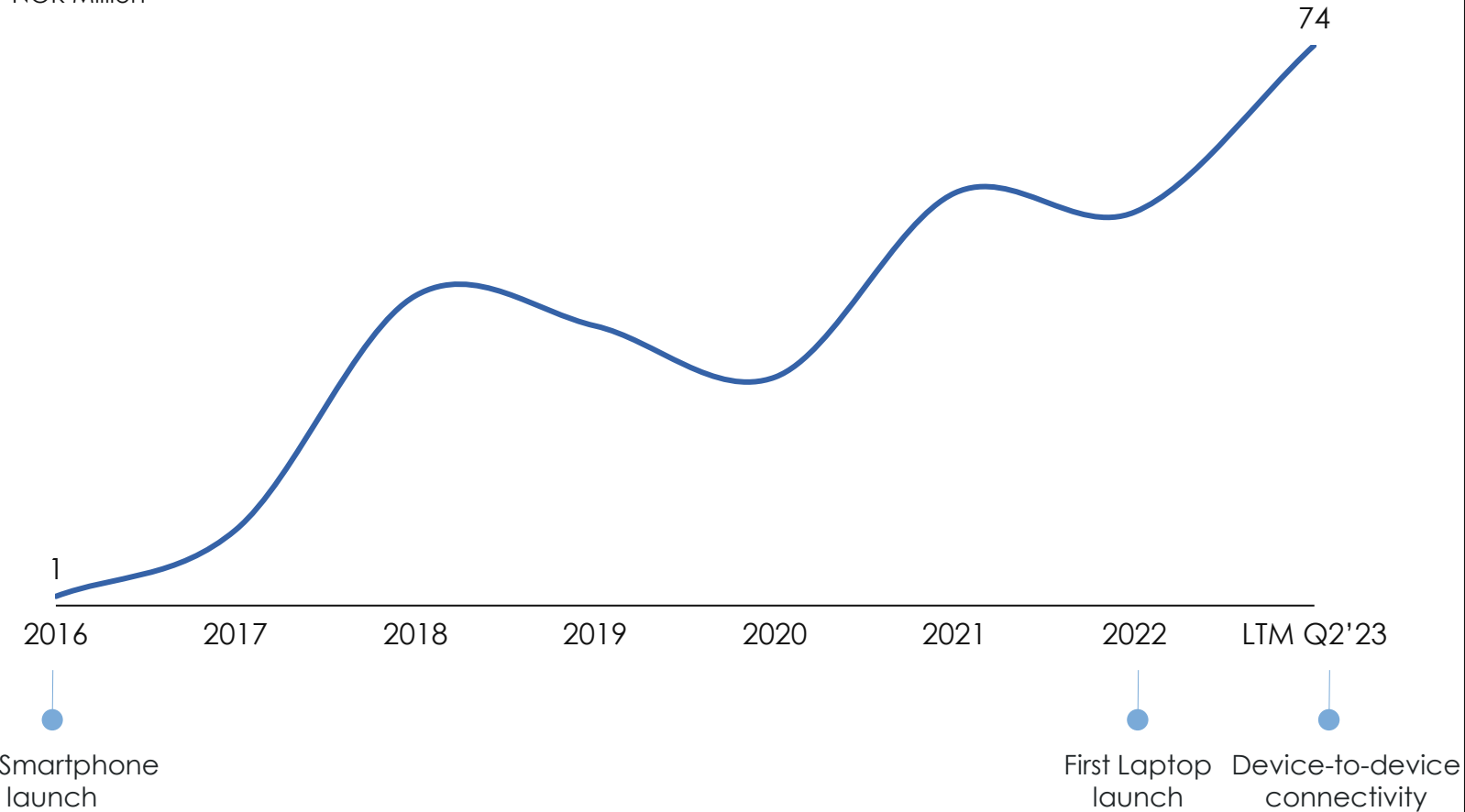


- EBITDA NOK -12.2 million in H1 2023, NOK 8.2 million in Q2 2023
- Operating cash flow of NOK -24.7 million
  - Mainly driven by NOK 24.8m increase in accounts receivables
  - Added 5 FTEs from Q2 2022 to Q2 2023
- Investments reflecting R&D
- Financing mainly reflecting repayment of short-term borrowings to Innovasjon Norge<sup>1</sup>

# Building on leading technology position towards revenue inflection point

## Revenue from customers

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

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# Positioned for Growth

2024-25 target

**Revenue**

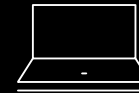
**500**

NOK million

**EBITDA**

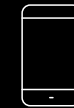
**>50%**

Significant opportunity in prioritized markets



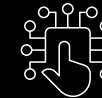
**Laptops** key growth vertical

**USD 1.1 – 1.8bn**



Continued **Smartphone** expansion

**USD 140 - 350m**



Building position in the **IoT market**

**USD 1bn**



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# AI Virtual Smart Sensor Platform™



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# Appendix

# Reported financials

## Profit and loss

		Q2 2023	Q2 2022	1H 2023	1H 2022	2022
(Amounts in 000 NOK)	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from contracts with customers		33 180	9 621	37 230	15 137	52 062
Other operating income	9	310	—	310	—	—
<b>Total revenue and other operating income</b>	<b>2</b>	<b>33 491</b>	<b>9 621</b>	<b>37 540</b>	<b>15 137</b>	<b>52 062</b>
Employee benefits expenses		-19 280	-15 628	-38 219	-29 526	-62 802
Other operating expenses	3	-5 989	-4 957	-11 507	-10 016	-20 073
<b>EBITDA</b>		<b>8 222</b>	<b>-10 964</b>	<b>-12 185</b>	<b>-24 405</b>	<b>-30 814</b>
Depreciation and amortization	4,5	-3 747	-2 562	-7 466	-5 429	-11 317
<b>Operating expenses</b>		<b>-29 016</b>	<b>-23 146</b>	<b>-57 191</b>	<b>-44 971</b>	<b>-94 193</b>
<b>Operating profit</b>		<b>4 475</b>	<b>-13 525</b>	<b>-19 651</b>	<b>-29 834</b>	<b>-42 131</b>
Financial income		2 408	7 312	8 953	7 943	17 317
Financial expenses		-871	-1 011	-1 724	-2 803	-14 488
<b>Net financial income/(expenses)</b>		<b>1 537</b>	<b>6 301</b>	<b>7 229</b>	<b>5 140</b>	<b>2 829</b>
<b>Profit/(loss) before tax</b>		<b>6 012</b>	<b>-7 224</b>	<b>-12 422</b>	<b>-24 694</b>	<b>-39 302</b>
Income tax expense		-2 015	872	1 522	4 047	6 303
<b>Profit/(loss)</b>		<b>3 997</b>	<b>-6 353</b>	<b>-10 900</b>	<b>-20 647</b>	<b>-32 999</b>
Other comprehensive income:						
Foreign currency rate changes, may be reclassified to profit or loss		141	490	437	458	416
Other comprehensive income, net of tax		141	490	437	458	416
<b>Total comprehensive income for the period</b>		<b>4 138</b>	<b>-5 863</b>	<b>-10 462</b>	<b>-20 189</b>	<b>-32 583</b>



# Reported financials

## Cash flow

(Amounts in 000 NOK)	(Unaudited) Q2 2023	(Unaudited) Q2 2022	(Unaudited) 1H 2023	(Unaudited) 1H 2022	(Audited) 2022
<b>Cash flow from operating activities</b>					
Profit/(loss) before tax	6 012	-7 224	-12 422	-24 694	-39 302
Adjustment for:					
Taxes paid in the period	—	747	—	745	745
Depreciation and amortization	3 747	2 562	7 466	5 429	11 317
Share-based payments	3 756	3 586	6 744	6 500	12 464
Items classified as financing activities	147	140	313	280	571
Change in current trade receivable	-24 122	1 780	-24 830	14 208	-11 469
Change in trade payables	594	-748	-51	-569	-1 361
Change in other accruals	-2 158	-1 266	-5 873	6 129	14 276
<b>Net cash flows from operating activities</b>	<b>-12 023</b>	<b>-423</b>	<b>-28 653</b>	<b>8 029</b>	<b>-12 758</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	-443	—	-443	—	—
Capitalized development costs	-6 194	-4 929	-12 285	-10 506	-23 327
<b>Net cash flows from investing activities</b>	<b>-6 637</b>	<b>-4 929</b>	<b>-12 729</b>	<b>-10 506</b>	<b>-23 327</b>
<b>Cash flow from financing activities</b>					
Payments of lease liabilities, classified as financing activities	-686	-558	-1 363	-1 116	-2 662
Repayments of current borrowings	-1 000	-1 000	-2 000	-2 000	-4 000
Proceeds from issuing shares	—	2 622	—	2 622	2 972
Payments for share issue costs	—	—	—	—	—
Interests paid, classified as financing activities	-147	-140	-313	-280	-571
<b>Net cash flows from financing activities</b>	<b>-1 832</b>	<b>924</b>	<b>-3 675</b>	<b>-775</b>	<b>-4 261</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-20 492</b>	<b>-4 429</b>	<b>-45 057</b>	<b>-3 252</b>	<b>-40 347</b>
Cash and cash equivalents at the beginning of the period	153 951	219 296	178 219	218 151	218 151
Effect of foreign currency rate changes on cash and cash equivalents	141	490	437	458	416
<b>Cash and cash equivalents at the end of period</b>	<b>133 600</b>	<b>215 357</b>	<b>133 600</b>	<b>215 357</b>	<b>178 219</b>

# Reported financials

## Balance sheet

### Assets

<i>(Amounts in 000 NOK)</i>	Notes	30/06/23 <i>(Unaudited)</i>	31/12/22 <i>(Audited)</i>	30/06/22 <i>(Unaudited)</i>
<b>Non-current assets</b>				
Deferred tax assets	8	70 360	68 837	66 581
Intangible assets	4	51 943	47 574	40 898
Right of use assets		933	2 256	1 674
Property, plant and equipment	5	436	—	—
Other non-current receivables		8 164	5 038	5 018
<b>Total non-current assets</b>		<b>131 836</b>	<b>123 704</b>	<b>114 171</b>
<b>Current assets</b>				
Current trade receivables		65 324	40 495	14 818
Other current receivables		11 043	6 905	11 214
Cash and cash equivalents	7	133 600	178 219	215 357
<b>Total current assets</b>		<b>209 967</b>	<b>225 619</b>	<b>241 389</b>
<b>Total assets</b>		<b>341 803</b>	<b>349 324</b>	<b>355 561</b>

### Equity & liabilities

<i>(Amounts in 000 NOK)</i>	Notes	30/06/23 <i>(Unaudited)</i>	31/12/22 <i>(Audited)</i>	30/06/22 <i>(Unaudited)</i>
<b>Non-current assets</b>				
<b>Equity and liabilities</b>				
Share capital		1 041	1 041	1 041
Other equity		320 863	324 581	330 662
<b>Total equity</b>		<b>321 904</b>	<b>325 622</b>	<b>331 703</b>
Non-current lease liabilities		542	523	530
Non-current borrowings		4 000	6 000	8 000
<b>Total non-current liabilities</b>		<b>4 542</b>	<b>6 523</b>	<b>8 530</b>
Current borrowings		4 000	4 000	4 000
Trade and other current payables		1 617	1 668	2 460
Current tax liabilities		—	—	—
Current lease liabilities		754	2 184	1 511
Other current liabilities		8 986	9 327	7 357
<b>Total current liabilities</b>		<b>15 357</b>	<b>17 179</b>	<b>15 328</b>
<b>Total equity and liabilities</b>		<b>341 803</b>	<b>349 324</b>	<b>355 561</b>

# Shareholder information

Top 20 shareholders as of 10. Nov 2023

		Number of shares	% of total shares
1	PASSESTA AS	12 800 480	12,2%
2	MP PENSJON PK	8 897 913	8,5%
3	ALDEN AS	7 403 330	7,1%
4	VERDIPAPIRFONDET DNB SMB	5 490 338	5,3%
5	HORNE	5 028 350	4,8%
6	J.P. Morgan SE	4 683 767	4,5%
7	DANIELSEN	4 374 150	4,2%
8	VINTERSTUA AS	3 981 276	3,8%
9	SIX SIS AG	2 820 000	2,7%
10	Bank Pictet & Cie (Europe) AG	2 553 791	2,4%
11	GHIBLI AS	2 100 000	2,0%
12	NUNATAK AS	1 644 808	1,6%
13	FABRES SCALER	1 600 000	1,5%
14	Danske Invest Norge Vekst	1 512 700	1,4%
15	INVEN2 AS	1 441 670	1,4%
16	Danske Bank A/S	1 333 330	1,3%
17	NORDNET LIVSFORSIKRING AS	1 235 493	1,2%
18	BRYHNI.COM AS	1 190 805	1,1%
19	Nordnet Bank AB	1 037 685	1,0%
20	SLÅPEKROKEN AS	1 009 500	1,0%
	<b>Top 20 shareholders</b>	<b>72 139 386</b>	<b>69,0%</b>
	Other	32 417 324	31,0%
	<b>Total</b>	<b>104 556 710</b>	<b>100,0%</b>

Shares and options owned by BoD, mgmt, and employees as of 10. Nov 2023 (fully diluted)

	Number of shares	Percent of fully diluted shares
Shares owned by Board of Directors	20 221 810	18,1%
Shares owned by Management	4 586 240	4,1%
Allocated Options to Employees and management in shares	7 166 905	6,7%
Other shareholders	79 748 660	71,1%
<b>Total</b>	<b>111 723 615</b>	<b>100%</b>