

ellipticlabs

2024

Q2 & 1H Report
(Unaudited)

AI Virtual Smart Sensor Platform™



Seamless



Proximity



Presence



Distance



Gesture



Positioning



Connection



Breathing



Heartbeat

Elliptic Labs — Q2 2024: Executing on milestones to deliver on growth target

Elliptic Labs reports Revenues from contracts with customers of NOK 56.1 million in H1 2024, an increase from NOK 37.2 million in the first half of 2023. The company is adding to its growth momentum, and over the first half of 2024 revenue is up by 51% compared to H1 23.

Total revenue and other operating income was NOK 34.2 million (33.5) for the second quarter 2024. This corresponds to a total revenue increase of 2% year-over-year.

Elliptic Labs is executing on its strategy to go deeper with customers, and has launched its AI Virtual Smart Sensor Platform on 34 new smartphone models and 13 new laptop models so far in 2024, making the total deployment 130 smartphone models and 31 laptop models since the company's inception. In the second quarter, Elliptic Labs also recognized milestone revenue from two new laptop contracts, expanding the foothold in the laptop segment. Elliptic Labs is continuously strengthening its strategic, technical, and commercial position, and is well positioned to maintain the growth momentum going forward.

Highlights from Q2 2024:

- Signed another expansion license contract with top-4 smartphone customer Transsion
- Signed PC license contract with existing PC customer in the consumer segment
- Launched AI Virtual Human Presence sensor on Thinkpad™ P1 Gen 7, P16v i Gen 2, P16s i Gen 3, and P14s i Gen 5 laptops
- Launched on 16 new smartphone models, including 9 models with VIVO, 4 models with Honor, 1 model with Infinix, 1 model with Redmi, and one model with Ant Design Mobile

Events after the end of the quarter:

- Announced expansion contract with commercial segment of PC customer
- Announced expansion contract with smartphone customer Oppo
- Launched new smartphones Honor Play 60 plus and Infinix Note 40s

Outlook

With a sharp revenue increase in the first half of 2024, revenues from customer contracts total NOK 87 million over the last 12 months to Q2 2024. Given the potential revenue from already launched models as well as our upcoming pipeline, the underlying revenue growth is expected to continue at a healthy pace.

Looking ahead, the company remains focused on monetizing the existing contract portfolio and to secure significant volume commitments in new contracts. Furthermore, Elliptic Labs expects to launch more models with more laptop customers and remains excited about the development and commercialization of new high-value AI Virtual Smart Sensors.

As the only player to have deployed AI Virtual Smart Sensors at scale, Elliptic Labs is in pole position to take advantage of a market recovery and the continued innovation in the laptop and smartphone industries. The company remains operationally and financially fit to continue its growth journey.

Message from the CEO

Elliptic Labs delivered Revenues from contracts with customers of NOK 34 million in the second quarter 2024. Added to a solid first quarter, this brings our Revenues from contracts with customers to NOK 56 million for the first half of 2024 up a strong 51% from the same period last year.

Revenue in the second quarter was driven by the initial milestone revenue from a new laptop contract for the consumer market, as well as the expansion of a commercial market contract with the same customer. Additionally, we recognized pay-as-you-go revenue from a few laptop models that exceeded the minimum commitment levels.

Overall, we have launched our AI Virtual Smart Sensors on 34 new smartphone models and 13 new laptop models in the first half of 2024, bringing our total to date to 130 smartphone models and 31 laptop models.

It is good to see our PC/laptop contract backlog beginning to generate revenue on a running basis. With an expanding contract backlog and product portfolio, and considering that only a few of the launched models have reached minimum commitment levels, we expect our growth to continue at a healthy pace going forward.

As mentioned in our Q1 report, we are continuously strengthening our strategic, technical, and commercial position. One crucial element in our growth strategy is to go deeper with our customers, and the recently announced laptop contract for the consumer market offers proof that our technology is relevant across the full product portfolio of laptop OEMs, not only the high-end enterprise segment.



Elliptic Labs is ready to capitalize on the next PC market growth cycle driven by AI demand. Our AI software platform brings new features that improve the user experience.

Most industry analysts like IDC now believe the PC/laptop market has passed its cyclical trough and is entering a 'refresh cycle' driven by the need for AI capabilities, more computing power, more memory, and more intelligent solutions. Consumers represent the largest part of the PC/laptop market, and we are thrilled to now dive into this segment with force.

We are defining the standards for AI software-based sensors with our AI Virtual Smart Sensor Platform, and continuous innovation is a crucial element in our growth strategy. One example of such innovation is our new AI Virtual Seamless Sensor, which has already achieved a signed contract.

We believe the revenue potential from our already-launched models and our upcoming pipelines will support the journey towards our mid-term revenue target of NOK 500 million. Our second quarter figures represent another proof point that we are moving in the right direction, and we are looking forward to an eventful second half of the year.

Financial summary for the Group's YTD Q2 2024 (unaudited)

Comparable amounts for Q2 2023 are presented in parentheses.

Operating revenue

Total revenue and other operating income shows an 2% increase year-on-year to mNOK 34.2 (33.5) in Q2 2024. Total revenue and other operating income for Second Quarter 2024 included mNOK 0.4 (0.3) in Other operating income from grants. Revenues from contracts with customers increased by 2% to mNOK 33.9 (33.2) from the Second Quarter 2023 to the Second Quarter 2024.

For the 1H 2024 mNOK 56.1 (37.2) is reported as Revenues from contracts with customers, an 51% increase from 1H 2023. Total revenue and other operating income 1H 2024 was mNOK 56.8 (37.5), an 51% increase.

In Q2 2024, a significant portion of the revenue originated from contracts with fixed minimum license fees. However, there was an increased contribution from license fees on shipped units, a trend that is expected to continue in future periods.

Operating expenses and EBITDA

Operating expenses amounted to mNOK 22.8 (25.3) in the Second quarter 2024, excluding depreciation and amortization. For the 1H 2024 the figure was mNOK 48.7 (49.7).

Employee benefits expenses amounted to mNOK 17.1 (19.3) in the Second quarter 2024, including mNOK 1.4 (3.8) in expenses related to the Groups share option program, and thus a material reason for the decrease in Employee benefits expenses. Other operating expenses was mNOK 5.7 (6.0). For the 1H 2024 Employee benefits expenses amounted to mNOK 38.7 (38.2), including mNOK 3.2 (6.7) in expenses related to the Groups share option program. Other operating expenses in the 1H 2024 was mNOK 10.0 (11.5).

The decrease in Employee benefits expenses is due to the reduced expenses related to the Groups share option program compared to Second Quarter 2023. Adjusting for this effect, the underlying employee benefit expenses are increasing due to additions of 12 FTEs compared to Second Quarter 2023, and also full year effect from new hires 2023. Other operating expenses are down compared to Second Quarter 2023, especially due to reduced expenses on consultants, as well as sales & marketing, compared to Second Quarter 2023.

As a result, the Group reported an EBITDA of mNOK 11.4 (8.2) in the Second quarter 2024, and mNOK 8.1 (-12.2) for the 1H 2024.

Operating profit (EBIT)

The Group generated in the Second quarter 2024 an operating profit of mNOK 6.4 (4.5), and an operating loss of mNOK -1.8 (-19.7) for the 1H 2024.

Depreciation and amortization amounted to mNOK 5.0 (3.7) for the Second quarter 2024, and mNOK 9.9 (7.5) in the 1H 2024. The increase mainly reflects higher amortization of patents and capitalized development intangibles.

Additionally, the depreciation charges have risen on lease contracts in accordance with the IFRS® 16 standard.

Financial items

Second quarter 2024 net financial items amounted to mNOK -0.2 (1.5). The Group has limited amounts of debt, thus the primary factor explaining changes in the Financial items is agio/disagio, due to currency fluctuation. Financial items for the 1H 2024 was mNOK 4.9 (7.2).

Profit/loss

Second Quarter profit before tax was mNOK 6.2 (6.0). The profit before tax for the 1H 2024 was mNOK 3.0 (-12.4).

The tax was mNOK -1.4 (-2.0), resulting in a profit after tax of mNOK 4.8 (4.0) for the Second quarter 2024. The income tax was mNOK -0.9 (1.5) for the 1H 2024, resulting in a profit of mNOK 2.1 (-10.9).

Cash flow

The Cash flow from operating activities in the Second Quarter was mNOK 1.9 (-12.0). This positive cash flow is mainly due to the profit before tax, and a relatively small increase in the net outstanding account receivables, this quarter. In addition we received an arbitration settlement amounting to approximately mNOK 5.9 in Q2.

Cash flow from investing activities was mNOK -6.5 (-6.6) mainly related to Capitalized development costs. Cash flow from financing activities was mNOK 1.8 (-1.8), including a positive contribution from proceeds from issuing shares, which offset the impacts of repayments of current borrowings, payments of lease liabilities, and interest payments.

The Cash flow from operating activities for the 1H 2024 was mNOK -6.4 (-28.7) due mainly to negative change in net outstanding account receivable in the period. Cash flow from investing activities was mNOK -12.8 (-12.7), mainly due to Capitalized development costs. Cash flow from financing activities was mNOK -1.2 (-3.7) due to repayments of current borrowings, repayments of lease liabilities, and interest payments.

Cash and cash equivalents at the end of the period were mNOK 96.9 (mNOK 133.6 in Q2 2023, and mNOK 115.6 at year end 2023). The cash flow from operations is within management expectations.

Financing and debt

The Group's equity at quarter end was mNOK 317.5 (307.1 at year end 2023). The Group had Total non-current liabilities of mNOK 13.2 (17.9 at year end 2023) at the end of Second quarter 2024.

Total non-current liabilities and Total current liabilities was mNOK 39.0 (42.8).

The Groups increase in current trade receivables in 2023 and YTD 2024 is attributed to the varying payment terms of the groups contracts in line with IFRS 15 standard. As our revenue grows, an increase in trade receivables is anticipated. However, the ratio of trade receivables to revenue is expected to decrease over time.

The Group maintains a sharp focus on expenses and cash flows and navigates from a strong cash position mNOK 96.9 (115.6 at year end 2023).

Risks and uncertainty factors

Elliptic Labs strategy and growth ambitions require an adequate cash position to fund the R&D activities needed to drive the technology and product roadmaps forward. In addition, a strong balance sheet is required to be able to meet thresholds set by customers. Elliptic Labs' cash position was mNOK 96.9 at the end of Q2 2024, and the Board of Directors assess this as sufficient to carry out Elliptic Labs' business plans.

The global semiconductor market, along with major global Original Equipment Manufacturers (OEMs), experienced a decrease in end-user demand in 2023, resulting in inventory imbalances affecting the entire value chain. This downturn noticeably impacted our clients in the smartphone and laptop sectors. However, semiconductor trade statistics forecast growth¹ in the global semiconductor market for 2024, following the decline in 2023. After two years of decline, the worldwide traditional PC market returned to growth during the first quarter of 2024 (1Q24) with 59.8 million shipments, growing 1.5% year over year, according to preliminary results from the International Data Corporation (IDC) Worldwide Quarterly Personal Computing Device Tracker. The company continues to monitor the situation closely

The war in Ukraine has currently no direct impact of Elliptic Labs current operations. The company continues to monitor the situation.

Elliptic Labs is exposed to foreign exchange risk, as revenues from contracts with customers almost entirely are nominated in USD and or EUR whereas the largest portion of operating expenses are in NOK. Changes in the NOK/USD/EUR may result in change in top line and may effect profit before tax on an annual basis.

Please see the annual report 2023 for walkthrough of other potential operational risk and financial risk.

¹ <https://www.wsts.org/76/103/WSTS-Semiconductor-Market-Forecast-Spring-2024>

Consolidated financial statements

Consolidated statement of comprehensive income

For the financial period ended 30 June 2024 and 2023, and 31 December 2023.

(Amounts in 000 NOK)	Notes	Q2 2024 (Unaudited)	Q2 2023 (Unaudited)	1H 2024 (Unaudited)	1H 2023 (Unaudited)	2023 (Audited)
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	4,5	-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
Loss for the period is attributable to:						
Equity holders of the parent company		4 664	4 138	2 403	-10 462	-37 850
Earnings per share outstanding		0.04	0.04	0.02	-0.10	-0.36
Earnings per share fully diluted		0.04	0.04	0.02	-0.10	-0.36

Consolidated statement of financial position

At 30 June 2024, 31 December 2023 and 30 June 2023 respectively

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	30/06/24 <i>(Unaudited)</i>	31/12/23 <i>(Audited)</i>	30/06/23 <i>(Unaudited)</i>
Non-current assets				
Deferred tax assets	8	76 781	77 685	70 360
Intangible assets	4	64 620	57 814	51 943
Right of use assets		18 083	19 447	933
Property, plant and equipment	5	408	460	436
Other non-current receivables		7 248	8 861	8 164
Total non-current assets		167 140	164 266	131 836
Current assets				
Current trade receivables		79 196	60 612	65 324
Other current receivables		13 247	9 448	11 043
Cash and cash equivalents	7	96 895	115 582	133 600
Total current assets		189 338	185 642	209 967
Total assets		356 478	349 909	341 803
Equity and liabilities				
Share capital		1 053	1 048	1 041
Other equity		316 463	306 060	320 863
Total equity		317 516	307 109	321 904
Non-current lease liabilities		13 220	15 874	542
Non-current borrowings		—	2 000	4 000
Total non-current liabilities		13 220	17 874	4 542
Current borrowings		4 000	4 000	4 000
Trade and other current payables		6 362	3 855	1 617
Current lease liabilities		5 682	3 990	754
Other current liabilities		9 698	13 080	8 986
Total current liabilities		25 742	24 926	15 357
Total equity and liabilities		356 478	349 909	341 803

Consolidated statement of changes in equity

Attributable to owners of Elliptic Laboratories ASA.

2024 (Amounts in 000 NOK)	Share capital	Other paid in capital	Other equity	Translation reserve	Total equity
Shareholders' equity at 01.01.2024	1 048	355 002	-49 268	326	307 109
Profit (loss) for the period	—	—	2 135	—	2 135
Other comprehensive income for the period	—	—	—	267	267
Total comprehensive income for the period	—	—	2 135	267	2 403

Transactions with owners:

Capital increase through issuance of ordinary shares	4	4 831	—	—	4 835
Transactions costs related to issuance of ordinary shares, net of tax	—	—	—	—	—
Employee share schemes	—	—	3 169	—	3 169
Shareholders' equity at 30.06.2024	1 053	359 833	-43 964	594	317 516

2023 (Amounts in 000 NOK)	Share capital	Other paid in capital	Other equity	Translation reserve	Total equity
Shareholders' equity at 01.01.2023	1 041	345 514	-21 109	175	325 622
Profit (loss) for the period	—	—	-10 900	—	-10 900
Other comprehensive income for the period	—	—	—	437	437
Total comprehensive income for the period	—	—	-10 900	437	-10 462

Transactions with owners:

Capital increase through issuance of ordinary shares	—	—	—	—	—
Transactions costs related to issuance of ordinary shares, net of tax	—	—	—	—	—
Employee share schemes	—	—	6 744	—	6 744
Shareholders' equity at 30.06.2023	1 041	345 514	-25 264	613	321 904

Consolidated statement of cash flows

For the financial period ended 30 June 2024 and 2023, and 31 December 2023.

(Amounts in 000 NOK)	(Unaudited) Q2 2024	(Unaudited) Q2 2023²	(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	—	—	—	—	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	—	-5 120	—	-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	—	-443	—	-443	-514
Capitalized development costs	-8 020	-6 194	-15 278	-12 285	-25 099
Interest received	1 557	—	2 448	—	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	—	4 835	—	9 495
Paid interest on loan	-103	-147	-223	-313	-589
Paid interest on lease liabilities	-449	—	-892	—	-1 356
Proceeds from government grants	—	—	—	—	3 663
Net cash flows from financing activities	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	—	1 516	—	1 486
Cash and cash equivalents at the end of period	96 895	133 600	96 895	133 600	115 582

² In the Annual Report 2023, the cash flow model was updated to a more detailed version. Consequently, some cash flow items have been reclassified under different activities compared to prior reports. However, the Q2 2023 figures are presented as previously disclosed.

Notes to the consolidated financial accounts

Note 1 – Accounting principles

1.1 General information

Elliptic Laboratories ASA and its subsidiaries, Elliptic Laboratories Inc and Healthy Pointers AS (together "Elliptic Labs" or the "Group") develop and sell technical solutions, which enable the interaction and information exchanges between individuals and technical devices, based on ultrasound software technology. Such devices are mobile phones, laptops, devices within the IoT-market and various other devices that could deploy the Group's software technology to enhance the user experience. Investments in and cooperation with other companies are also part of the Group's purpose.

The domicile of the Group is Oslo, Norway. The Group's head office is at Hausmannsgate 21, 0182 Oslo.

1.2 Summary of material accounting principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2.1 Basis of preparation

The Second quarter consolidated financial statements of the Group have been prepared in accordance with IAS 34 for the financial reporting of the Second quarter of 2024 and 2023.

The consolidated financial statements have been prepared under the historical cost convention, as modified by derivatives at fair value through profit or loss. This report has not been subject to audit.

The preparation of financial statements in conformity with IFRS® Accounting Standards as adopted by the EU, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

These consolidated financial statements have been prepared under the assumption of a going concern.

1.2.2 Operating revenues

Revenue from providing services is recognized in the accounting period in which the services are rendered.

Revenue from licenses which give a right to use is recognized at point in time and licenses which give a right to access is recognized over time. Royalty based revenue is recognized as sales occur when exceeding the minimum fixed fee.

For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total cost.

Some contracts include multiple performance obligations, such as an engineering service and the subsequent licensing of IP, which are accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by Elliptic Laboratories exceed the payment, a contract asset or a receivable is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes a royalty for devices sold, revenue is recognized in the amount to which Elliptic Laboratories has a right to invoice.

Note 2 – Total revenue and other operating income

Revenues from contracts with customers have the following distribution as recognized over time or at point in time:

(Amounts in 000 NOK)	Q2 2024	Q2 2023	1H 2024	1H 2023	2023
Revenue recognised over time	—	—	—	—	—
Revenue recognised at point in time	33 884	33 180	56 116	37 230	68 321
Total revenue	33 884	33 180	56 116	37 230	68 321

Revenues from contracts with customers consists of two significant revenue streams:

License for IP and subsequent royalties are recognized at point in time when the software has been made available to the customer, and then in increments as minimum production thresholds are met if royalty-based revenue exceed the minimum fixed fee ("milestone") if any. For the financial year 2023 and YTD 2024, the majority of the contracts from which revenue was recognized were of the minimum fixed fee character, but a growing share of reported revenue comes from royalties on shipped units, and is expected to increase going forward.

Development and testing of software (Proof of Concept) is considered as a separate performance obligation and is recognized over time based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided. No such revenue has been recognized in 2023 or YTD 2024.

As at 30 June 2024 all recognized revenues are unconditional as the related performance obligations have been satisfied.

Other operating income consists in total of government grants, which are recognized over time on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate.

In April 2023, a former client failed to meet the agreed-upon payment of \$425,000 USD for software delivered in 2022. Elliptic Labs considered this a breach of contract and decided to pursue the payments through the ICC International Court of Arbitration, as stipulated in the contract. The arbitration court proceeding was held on February 29, 2024. On May 31, 2024, Elliptic Labs was awarded complete victory in the case, and the outstanding amount, along with interest, was received in June.

Note 3 – Other operating expenses

(Amounts in 000 NOK)	Q2 2024	Q2 2023	1H 2024	1H 2023	2023
Sales and marketing expenses	1 700	2 296	3 682	4 255	8 717
Short-term lease expenses	535	449	1 027	834	1 700
Electricity, heating and other property expenses	670	840	1 155	1 367	3 165
Consultants	746	1 555	1 704	2 511	5 008
Auditor	276	217	647	635	1 312
Legal	608	788	978	933	1 759
Patents	202	176	541	527	1 144
IT/Software	961	804	1 990	1 602	3 515
Other expenses	1 151	1 261	1 766	1 757	3 131
Recoveries of previously written-off receivables in 2018	-1 040	-2 293	-3 225	-2 708	-6 404
Government grants recognized as other cost reduction	-125	-103	-251	-205	-448
Total other operating expenses	5 683	5 989	10 015	11 507	22 599

Note 4 - Intangible assets

2024 (Amounts in 000 NOK)	Patents	Trademark	Capitalized development	Total intangible assets
Cost at 01.01.2024	22 413	24	77 636	100 073
Additions	2 548		11 663	14 212
Cost at 30.06.2024	24 962	24	89 300	114 285
Accumulated amortization charges 01.01.2024	12 475	6	29 778	42 258
Amortization charges	333		7 073	7 406
Accumulated amortization charges 30.06.2024	12 808	6	36 851	49 664
Net booked value as at 30.06.2024	12 154	18	52 449	64 620
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

IFRS 16 Leases depreciation for the period 1 January to 30 June 2024 was TNOK 2 489.

2023 (Amounts in 000 NOK)	Patents	Trademark	Capitalized development	Total intangible assets
Cost at 01.01.2023	19 646	24	57 937	77 607
Additions	885		9 580	10 465
Cost at 30.06.2023	20 531	24	67 517	88 072
Accumulated amortization charges 01.01.2023	11 836	6	18 190	30 032
Amortization charges	302		5 794	6 096
Accumulated amortization charges 30.06.2023	12 138	6	23 984	36 128
Net booked value as at 30.06.2023	8 393	18	43 533	51 943
Useful life:	5	5	5	
Amortization method:	Straight-line	Straight-line	Straight-line	

Note 5 - Property, plant and equipment

2024 (Amounts in 000 NOK)	Furniture and fixtures	Total tangible assets
Cost at 01.01.2024	514	514
Additions	—	—
Disposals	—	—
Cost at 30.06.2024	514	514
Accumulated depreciation charges 01.01.2024	54	54
Current year depreciation	51	51
Accumulated depreciation charges at 30.06.2024	106	106
Net booked value as at 30.06.2024	408	408

Useful life: 5

Amortization method: Straight-line

Cost related to furniture and other fixtures for HQ in Oslo has been recognized as an asset in Property, plant and equipment in accordance with IAS 16.

2023 (Amounts in 000 NOK)	Furniture and fixtures	Total tangible assets
Cost at 01.01.2023	—	—
Additions	443	443
Disposals	—	—
Cost at 30.06.2023	443	443
Accumulated depreciation charges 01.01.2023	—	—
Current year depreciation	7	7
Accumulated depreciation charges 30.06.2023	7	7
Net booked value as at 30.06.2023	436	436

Useful life: 5

Amortization method: Straight-line

Note 6 – Share option programs

As of 30 June 2024, the Group has option programs that includes a total of 72 employees and 4 board members in parent and subsidiary companies. The employees must work in the Group to be entitled to exercise the options at the time of vesting. If a Board member resigns or is not re-elected prior to the Vesting Date, the Options will be forfeited except a number of Options representing the period served since the 2024 AGM until the date of resignation pro rata in relation to the period from the 2024 AGM until the Vesting Date.

As of 30 June 2024, the total number of outstanding options for both employees, management and BoD when converted into shares, was 6 824 876 of which 3 757 666 were already vested. The option program entitles the employees to approximately 6.09% of the fully diluted outstanding shares, which includes all outstanding options. The fully diluted outstanding share count on 30 June 2024 was 112 099 844.

The purpose of the establishment of the option programs is to attract and retain key personnel. The fair value of the options is calculated at the grant date, based on the Black-Scholes model, and expensed over the vesting period of 4 years.

The board of directors has decided that a long-term share option program whereas upward to 2.5% of outstanding shares may be distributed yearly to the employees and management. outstanding options shall not exceed 7.5% of the total outstanding shares.

Note 7 – Cash and cash equivalents

<i>(Amounts in 000 NOK)</i>	30.06.2024	31.12.2023
Cash and cash equivalents	96 895	115 582
Of which are restricted cash:		
Restricted bank deposits for employee tax withholdings	2 959	2 812
Not restricted cash	93 936	112 770

Note 8 – Estimates

The deferred tax assets include an amount of mNOK 76.8 which relates to carried forward tax losses of Elliptic Laboratories ASA. Elliptic Laboratories ASA has incurred the losses over the last several years. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on profitability. Its scalable business model, entered into contracts with customers and expectations of future growth of business opportunities based on already established customer relations in several market verticals. Elliptic Laboratories ASA expects the carried forward tax loss to be utilized within a few years. The losses can be carried forward indefinitely and have no expiry date.

Note 9 – Government grants

The table below sets forth the treatment of government grants.

<i>(Amounts in 000 NOK)</i>	Q2 2024	Q2 2023	1H 2024	1H 2023	2023
Recognized as income from other sources	357	310	715	310	1 312
Reduction of capitalized patents	—	—	—	—	—
Reduction of capitalized development	744	910	1 487	1 820	3 011
Recognized as payroll cost reduction	319	175	637	350	1 291
Recognized as other cost reduction	125	103	251	205	448
Total government grants	1 545	1 498	3 090	2 685	6 062

Note 10 – Alternative performance measures (APMs)

Earnings before interest, taxes, depreciation and amortizations. EBITDA is a key performance indicator that the Group considers relevant for understanding the generation of profit before investments in fixed assets.

<i>(Amounts in 000 NOK)</i>	<i>Notes</i>	Q2 2024	Q2 2023	1H 2024	1H 2023	2023
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<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

Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months.

<i>(Amounts in 000 NOK)</i>	Q2 2024	Q1 2024	Q4 2023	Q3 2023	LTM
Revenues from contracts with customers	33 884	22 232	9 216	21 874	87 206
EBITDA	11 422	-3 291	-18 419	-2 915	-13 202

Note 11 – Subsequent events

On the 1st of July 2024, Elliptic Labs announced it has signed an expansion contract with Oppo.

On the 2nd of July 2024, Elliptic Labs announced its shipping on the HONOR Play 60 Plus smartphone.

On the 3rd of July 2024, Elliptic Labs announced it has signed an expansion contract with the commercial segment of a PC customer.

On the 4th of July 2024, Elliptic Labs announced its launch on Transsion's Infinix Note 40S smartphone.

Board and Management confirmation

We confirm that, to the best of our knowledge, the enclosed condensed set of financial statements for the first half year of 2024, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of assets, liabilities, financial position and profit or loss of the Company and the group as a whole, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 12th of July 2024

The Board of Directors and Chief Executive Officer of Elliptic Laboratories ASA
electronically signed

Svenn-Tore Larsen
Board Member

Edvin Austbø
Board Member

Ingrid Elvira Leisner
Board Member

Svein-Egil Nielsen
Board Member

Berit Svendsen
Board Member

Laila B. Danielsen
CEO

ellipticlabs

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