

ellipticlabs

Q3 2023



CEO Laila Danielsen
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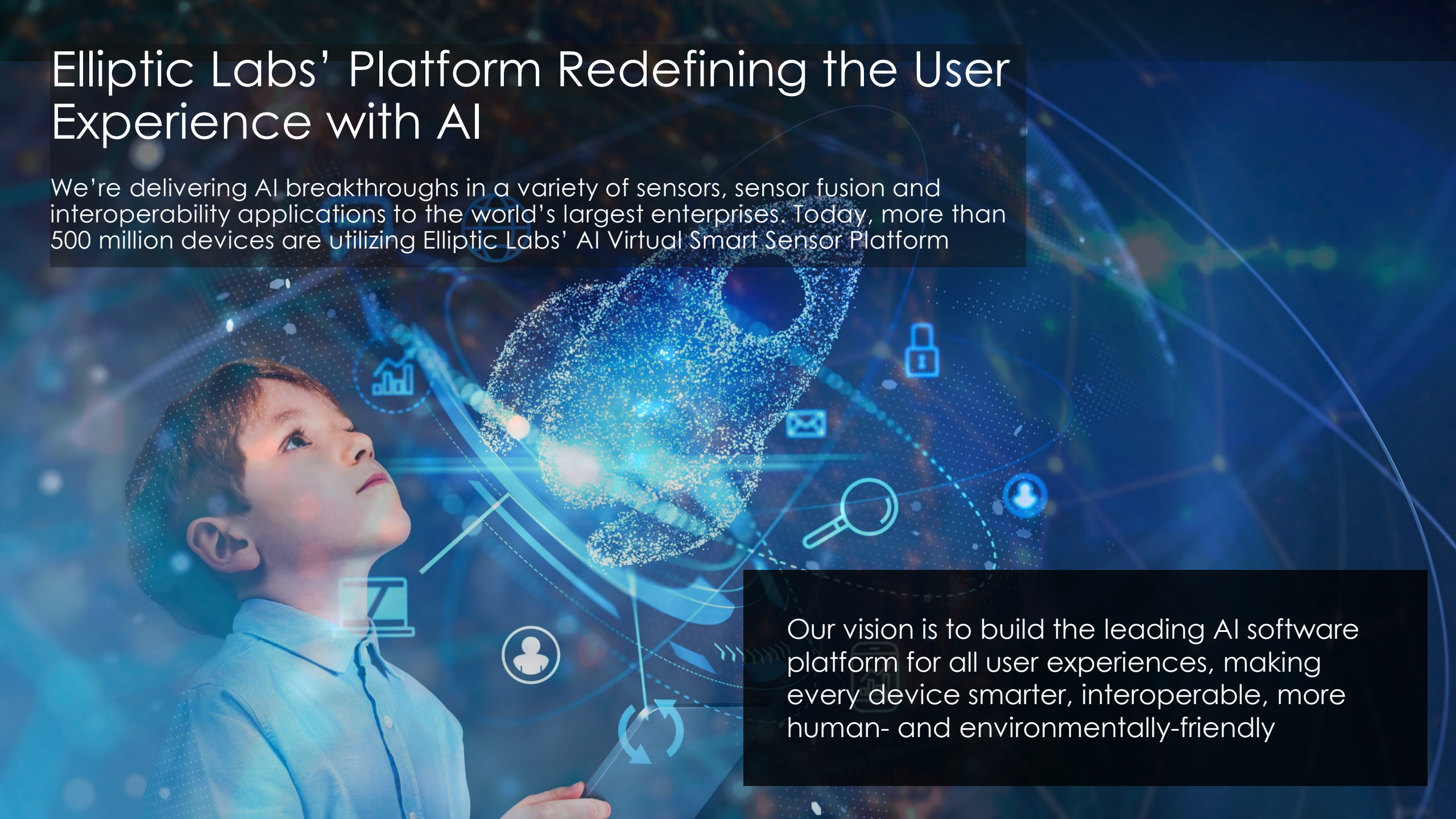


CFO & IR Lars Holmøy
lars.holmoy@elliptic.com

Results presentation | November 24, 2023

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

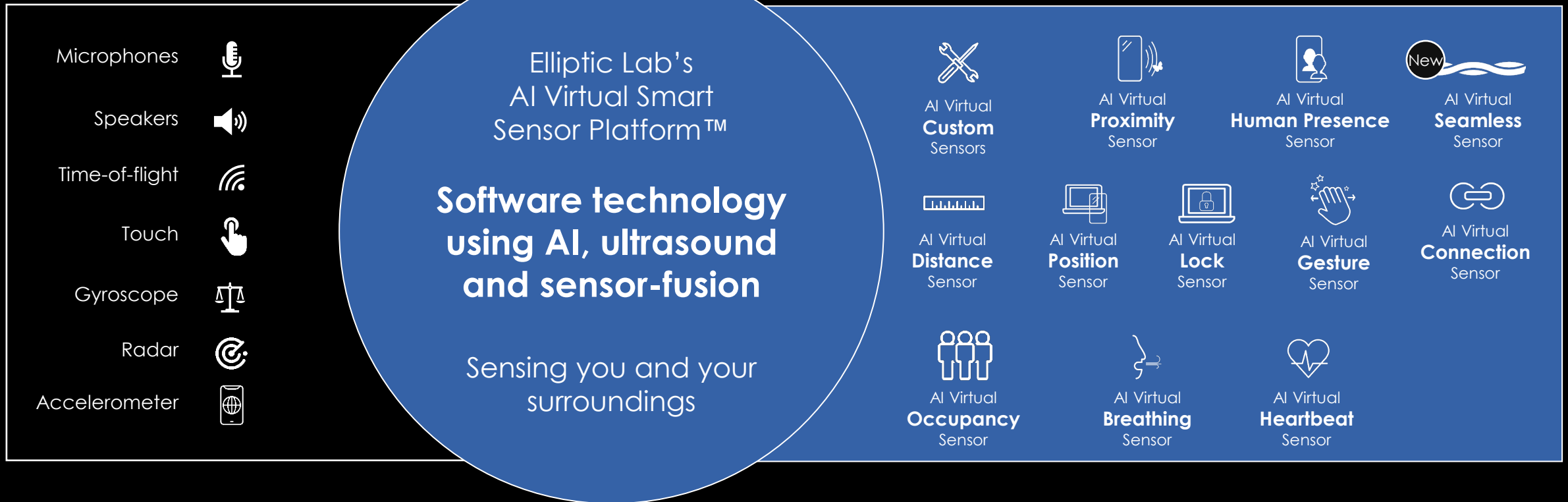


Our vision is to build the leading AI software platform for all user experiences, making every device smarter, interoperable, more human- and environmentally-friendly

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...

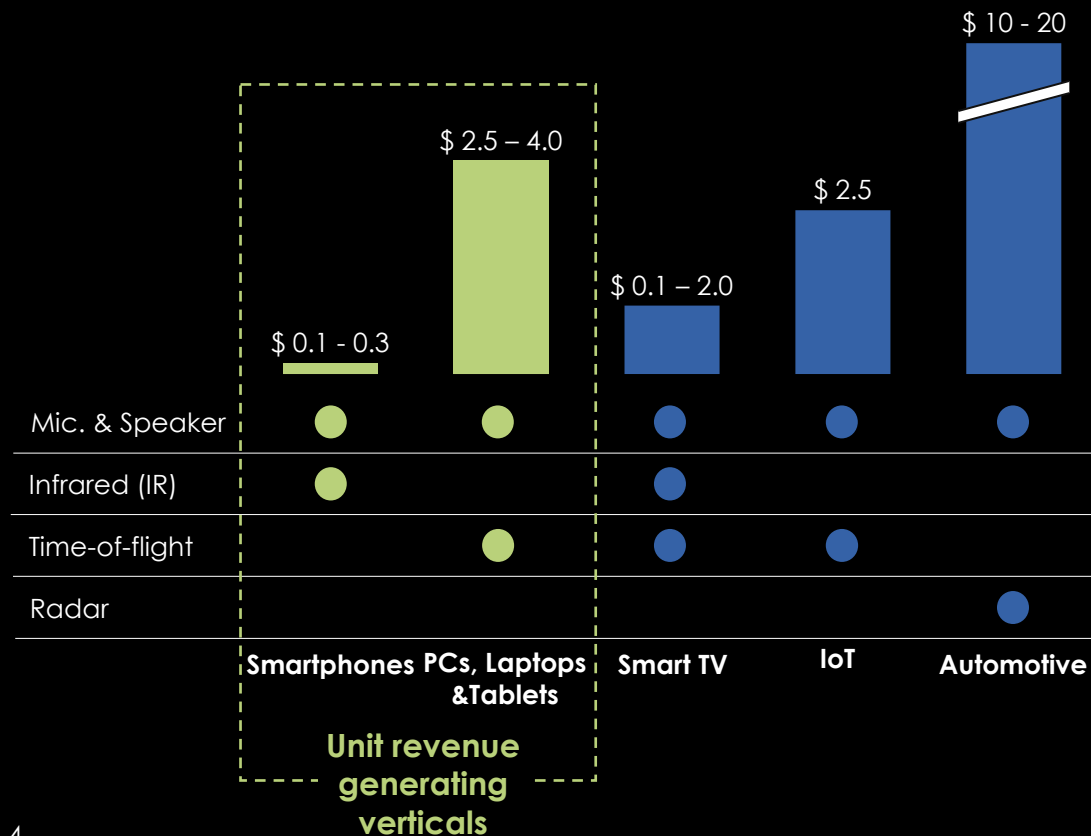
...to build a suite of AI Virtual Smart Sensors™



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

Hardware sensors unit cost

Cost per unit (USD)



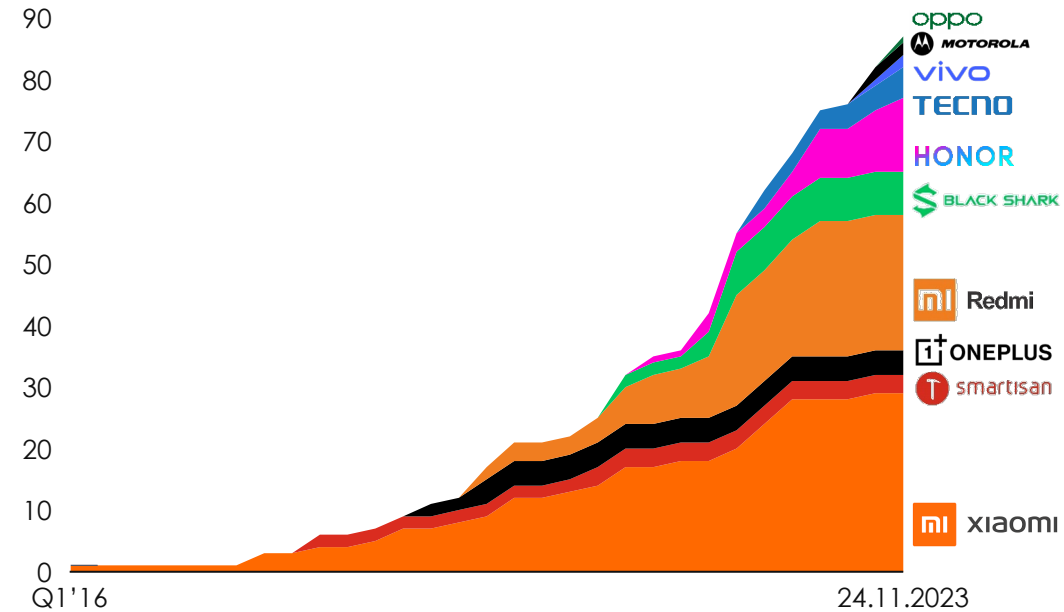
Reducing cost, risk and environmental footprint

- 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

Smartphones OEM launches continuing

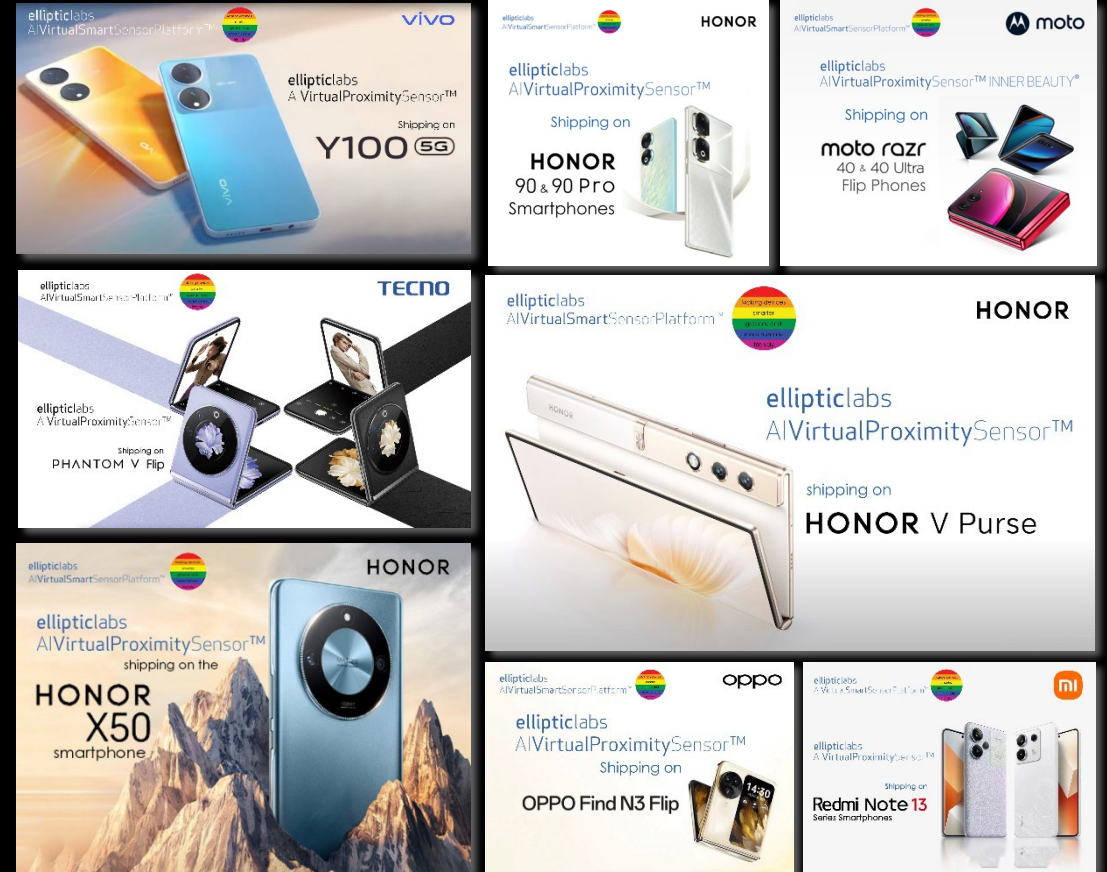
87 models launched to date

Cumulative to date 24.11.2023



- 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

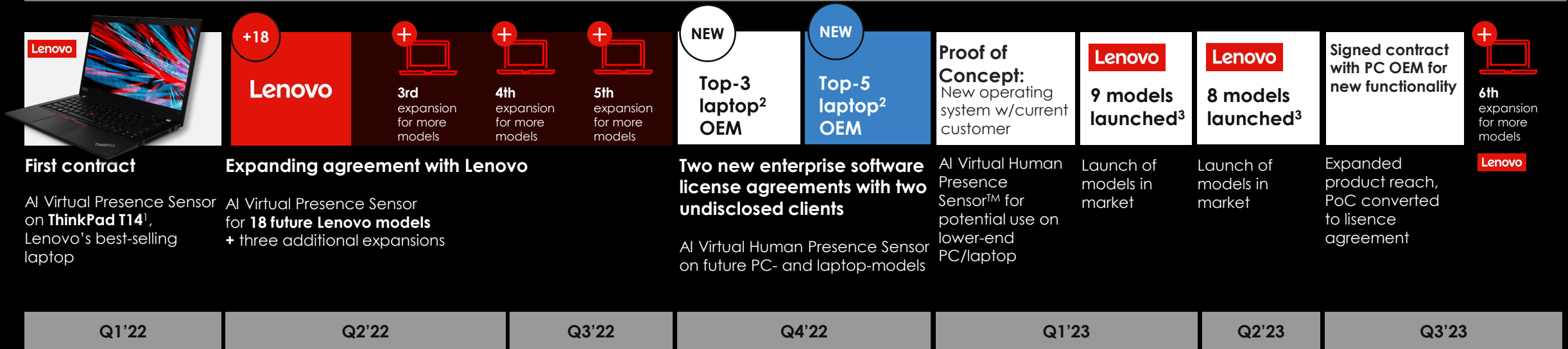


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High-paced adoption in laptop vertical continuing into 2023

- Launched 18 models with Lenovo

4 of top-6 OEMs
are customers of Elliptic Labs

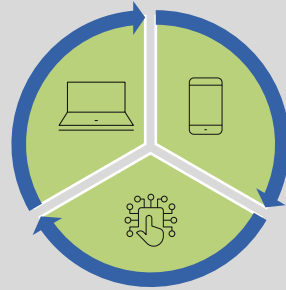


6 1) Elliptic Labs recognized in ThinkPad T14 spec: "Virtual Leave & Lock Sensor Powered by Elliptic Labs"
 2) Top 5 Laptop OEMs (2022 market share): Lenovo (24%), HP (19%), Dell (18%), Apple (10%), ASUS (7%). Source: [Gartner \(January 2023\)](#)
 Note: Data includes desktop and laptop PCs that are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

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

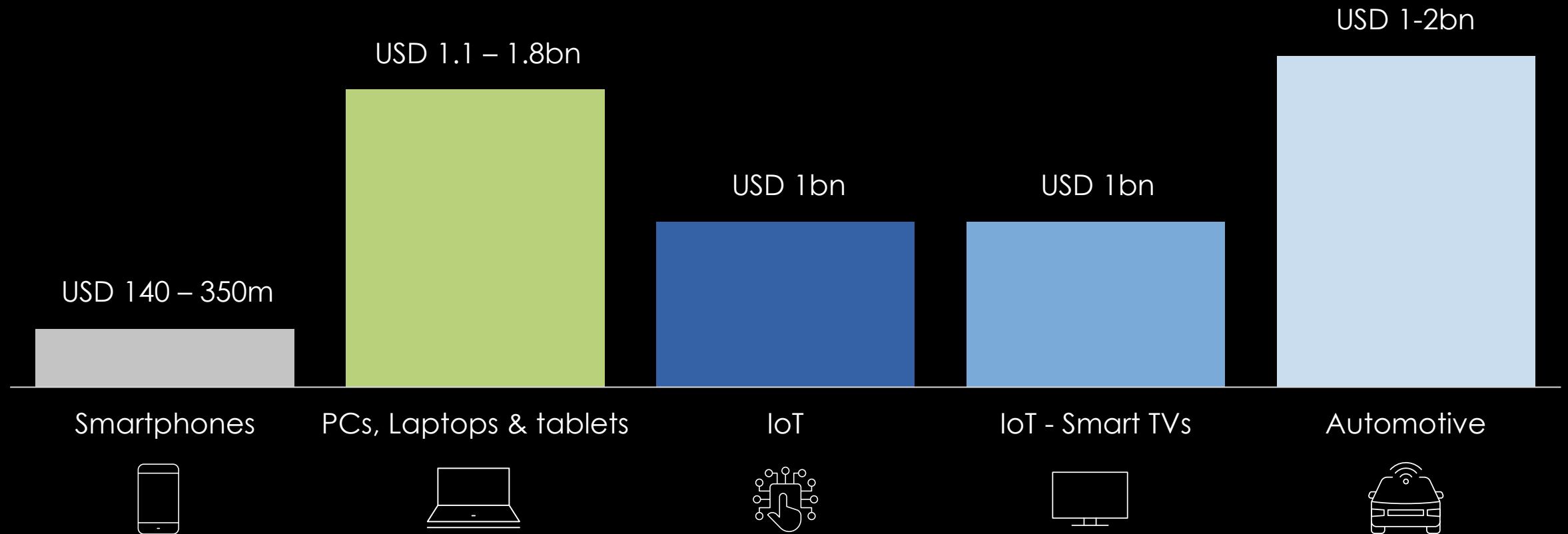
Enables OEMs to innovate new user experiences and increased customer stickiness from network effects



Publicly Announced November 2023

Billions of devices use hardware sensor components

Our USD 5.5 billion market opportunity



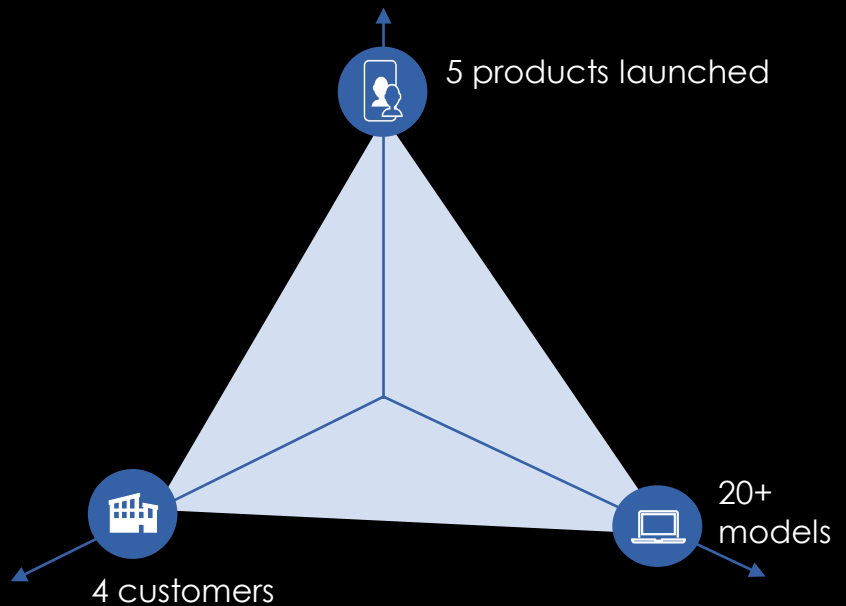
In a stronger than ever technical and commercial position

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

Strong partnership with all major chipset providers



MEDIATEK

Qualcomm

ARM

Jointly aligning product roadmaps with the ecosystem



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Driving the standards for AI Virtual Smart Sensors

Leadership position across the full ecosystem



Full Ecosystem

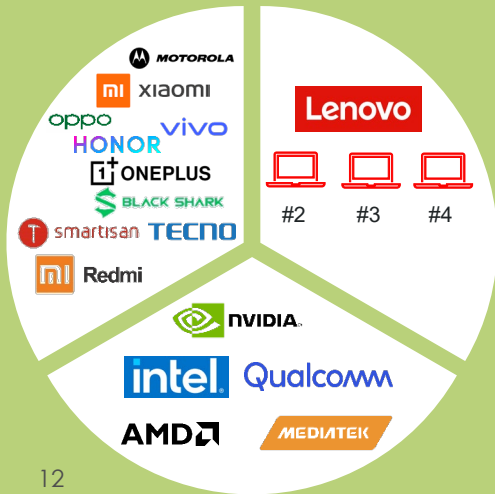


Operating systems



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

12

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

Qualcomm

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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



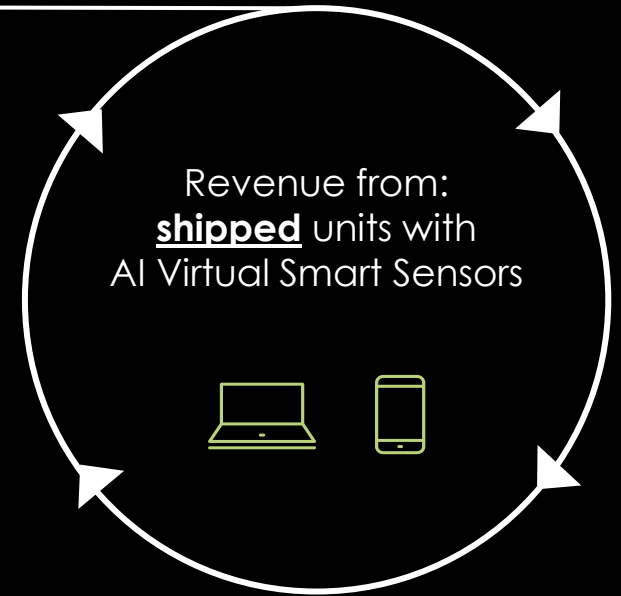
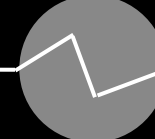
Contract

announcement typically for multiple models



Launching

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



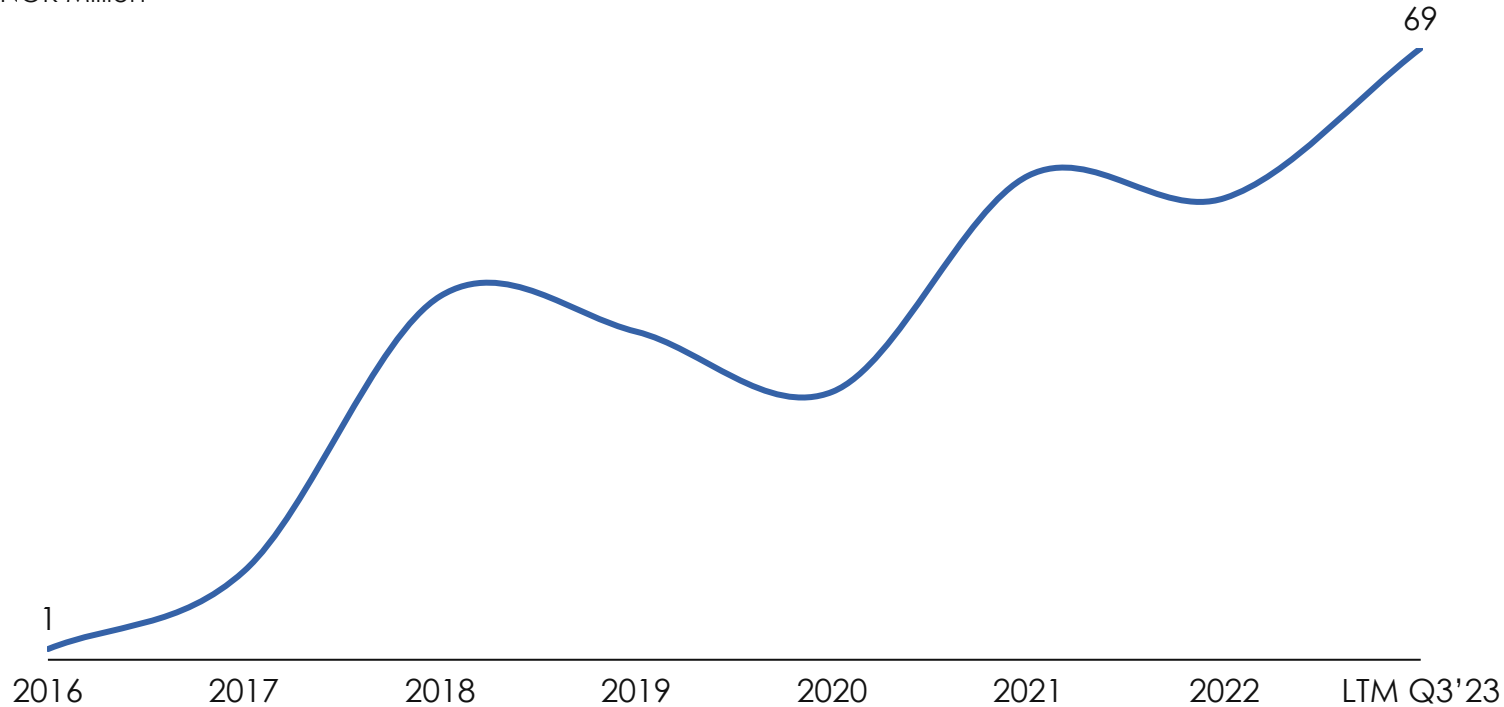
PC/LAPTOPS FLEXIBLE REVENUE MODEL: License fee per unit per AI Virtual Smart Sensor, based on three options:

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

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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Financial review

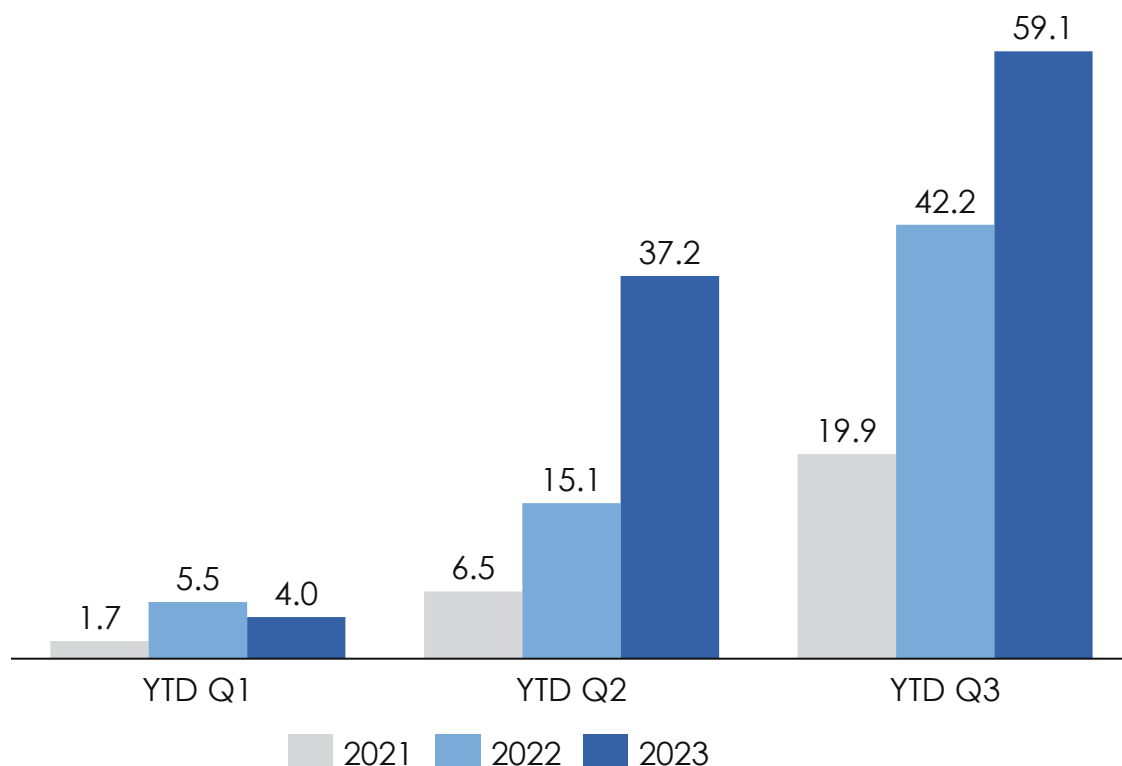
Approaching the inflection point for Laptop revenues

CFO Lars Holmøy

Clear growth trajectory demonstrated in 2023

YTD revenue from contracts with customers

NOK million, LTM



- Strong YTD'23 revenue growth, up 40% from YTD'22 and 14% from full year 2022
 - Delivering growth despite quarterly fluctuations
- In the early stage of commercialization of the laptop market
- Expected balanced mix of smartphone and laptop revenues in 2023
 - Mix of upfront minimum commitment and pay-as-you-go
- Expecting continued growth with quarterly fluctuations

Continued strong growth trajectory from slow start of 2023

Condensed Profit & Loss statement

NOK million

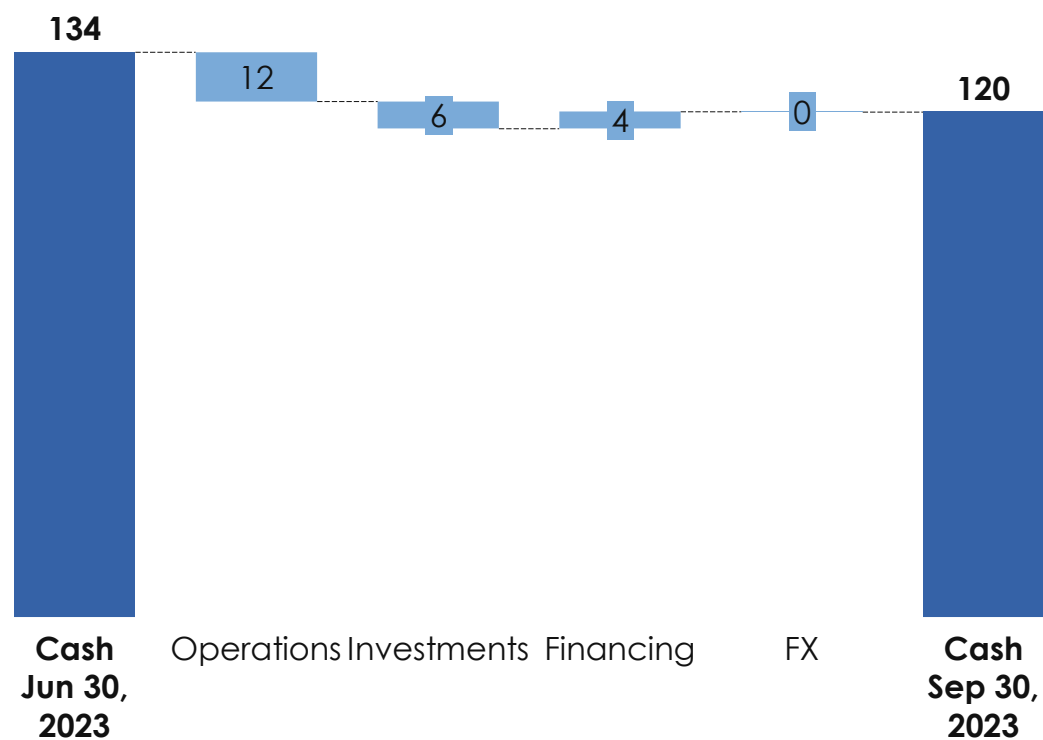
	Q3'23	Q3'22	%YoY	YTD'23	YTD'22	%YoY	Q2'23
Revenues from contracts with customers	21,9	27,1	-19,2%	59,1	42,2	40,0%	33,2
Other operating income	0,6	0,0	-	1,0	0,0		0,3
Total revenue	22,5	27,1	-16,8%	60,1	42,2	42,3%	33,5
Employee benefits expenses	20,6	16,3	25,9%	58,8	45,9	28,2%	19,3
Other operating expenses	4,9	4,5	8,0%	16,4	14,5	12,7%	6,0
EBITDA	-2,9	6,2		-15,1	-18,2		8,2
Depreciation and amortisation	4,5	2,7		11,9	8,2		3,7
EBIT	-7,4	3,5		-27,0	-26,3		4,5
Net financials	-1,2	4,9		6,0	10,1		1,5
Pre-tax-profit	-8,6	8,4		-21,0	-16,3		6,0
Income tax expense	1,7	-1,7		3,2	2,4		-2,0
Profit/loss	-6,9	6,7		-17,8	-13,9		4,0

- Q3'23 Revenues from contracts with customers of NOK 21.9m, compared to NOK 27.1m in Q3'22
 - Laptop milestone revenue is a significant contributor to Q3'23 revenue
 - Long-term growth prioritized over short-term gains
- Maintaining a light and lean organization
 - Employee benefit expenses of NOK 20.6m, up from NOK 19.3 in the second quarter and NOK 16,3 same period last year
 - An increase of 7 FTE from Q3 2022

Continued strong cash position to support our growth

Q3 2023 cash flow

NOK million



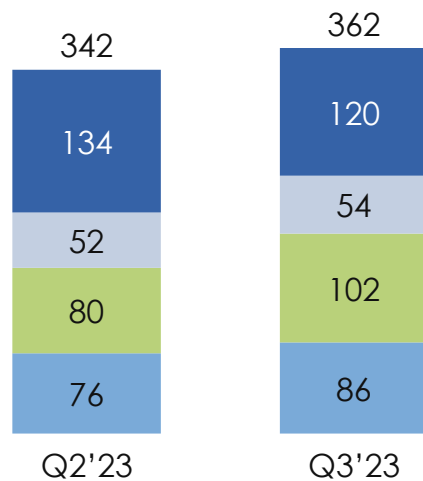
- Operating cash flow of NOK -11.7 million
 - Primarily attributed to a high level of operational activity and a NOK 11.4m increase in accounts receivables
- Investments reflecting R&D of Elliptic Labs' AI Virtual Smart Sensor Platform
 - Increased by 17% compared to Q3 2022
- Financing mainly reflecting proceeds from issuing shares and repayment of short-term borrowings
 - NOK 6.5 million in proceeds from issuing shares
 - NOK 1.2 million repayment of short-term debt
 - NOK 1.0 million repayment to Innvoasjon Norge¹

Well-funded for continued growth

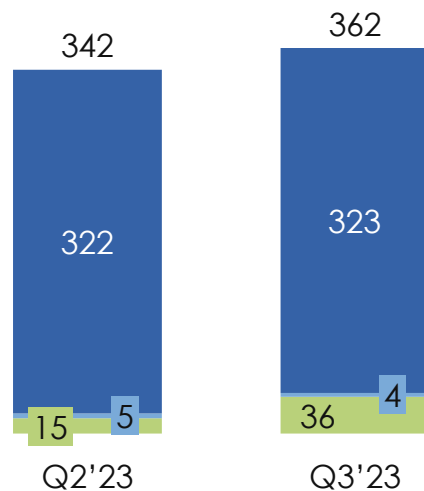
Balance sheet

NOK million

Assets



Equity & liabilities



■ Cash and cash equivalents
■ Intangible assets
■ Other non-current assets
■ Other current assets

■ Equity
■ Long-term liabilities
■ Short-term liabilities

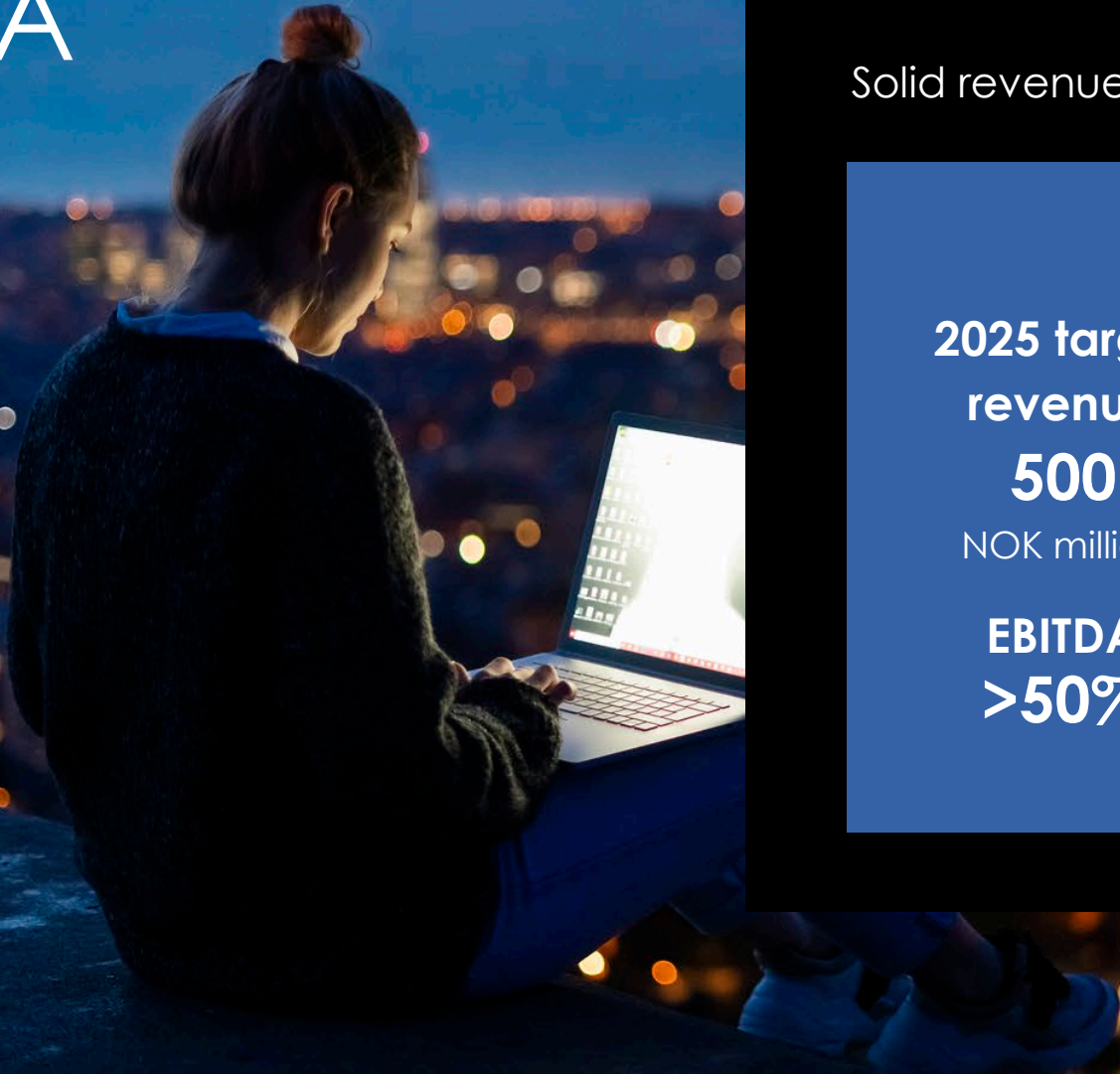
- Strong cash position of NOK 120 million at the end of Q3 2023
- Build-up of current assets reflecting upcoming payments from customers
- Long-term liabilities mainly reflect loans from Innovasjon Norge¹
- Equity ratio of 89%



Outlook

CEO Laila Danielsen

Q&A



Solid revenue growth in 2024 towards 2025 target

**2025 target
revenue**

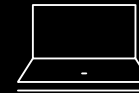
500

NOK million

EBITDA

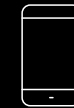
>50%

Significant opportunity in prioritized markets



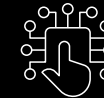
Laptops key
growth vertical

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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Broad deployment of AI software,
disrupting large global markets

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Appendix

Reported financials

Profit and loss

		Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<i>(Amounts in 000 NOK)</i>						
Revenues from contracts with customers		21 874	27 077	59 104	42 214	52 062
Other operating income	9	644	0	954	0	0
Total revenue and other operating income	2	22 518	27 077	60 058	42 214	52 062
Employee benefits expenses		-20 572	-16 341	-58 791	-45 867	-62 802
Other operating expenses	3	-4 860	-4 502	-16 367	-14 518	-20 073
EBITDA		-2 915	6 234	-15 100	-18 171	-30 814
Depreciation and amortization	4,5	-4 457	-2 728	-11 923	-8 157	-11 317
Operating expenses		-29 890	-23 571	-87 081	-68 542	-94 193
Operating profit		-7 372	3 506	-27 023	-26 328	-42 131
Financial income		216	7 448	9 169	15 391	17 317
Financial expenses		-1 462	-2 532	-3 186	-5 335	-14 488
Net financial income/(expenses)		-1 246	4 916	5 982	10 056	2 829
Profit/(loss) before tax		-8 618	8 422	-21 040	-16 272	-39 302
Income tax expense		1 690	-1 674	3 212	2 373	6 303
Profit/(loss)		-6 928	6 748	-17 828	-13 898	-32 999
Other comprehensive income:						
Foreign currency rate changes, may be reclassified to profit or loss		-71	357	366	815	416
Other comprehensive income, net of tax		-71	357	366	815	416
Total comprehensive income for the period		-6 999	7 105	-17 462	-13 084	-32 583

Reported financials

Cash flow

(Amounts in 000 NOK)	(Unaudited) Q3 2023	(Unaudited) Q3 2022	(Unaudited) YTD 2023	(Unaudited) YTD 2022	(Audited) 2022
Cash flow from operating activities					
Profit/(loss) before tax	-8 618	8 422	-21 040	-16 272	-39 302
Adjustment for:					
Taxes paid in the period	8	0	8	745	745
Depreciation and amortization	4 457	2 728	11 923	8 157	11 317
Share-based payments	1 669	3 031	8 413	9 531	12 464
Items classified as financing activities	141	137	454	418	571
Change in current trade receivable	-11 406	-26 265	-36 236	-12 057	-11 469
Change in trade payables	2 065	-1 293	2 014	-1 862	-1 361
Change in other accruals	22	3 966	-5 850	10 095	14 276
Net cash flows from operating activities	-11 661	-9 273	-40 313	-1 245	-12 758
Cash flow from investing activities					
Purchase of property, plant and equipment	0	0	-443	0	0
Capitalized development costs	-6 343	-5 444	-18 628	-15 950	-23 327
Net cash flows from investing activities	-6 343	-5 444	-19 072	-15 950	-23 327
Cash flow from financing activities					
Payments of lease liabilities, classified as financing activities	-1 371	-558	-2 734	-1 674	-2 662
Repayments of current borrowings	-1 000	-1 000	-3 000	-3 000	-4 000
Proceeds from issuing shares	6 514	350	6 514	2 972	2 972
Payments for share issue costs	0	0	0	0	0
Interests paid, classified as financing activities	-141	-137	-454	-418	-571
Net cash flows from financing activities	4 002	-1 345	326	-2 120	-4 261
Net Change in Cash and Cash Equivalents	-14 002	-16 062	-59 059	-19 314	-40 347
Cash and cash equivalents at the beginning of the period	133 600	215 357	178 219	218 151	218 151
Effect of foreign currency rate changes on cash and cash equivalents	-71	357	366	815	416
Cash and cash equivalents at the end of period	119 527	199 651	119 527	199 651	178 219

Reported financials

Balance sheet

Assets

		30.09.2023	31.12.2022	30.09.2022
(Amounts in 000 NOK)	Notes	(Unaudited)	(Audited)	(Unaudited)
Non-current assets				
Deferred tax assets	8	72 041	68 837	64 907
Intangible assets	4	54 312	47 574	43 235
Right of use assets		20 634	2 256	1 116
Property, plant and equipment	5	414	0	0
Other non-current receivables		8 716	5 038	5 003
Total non-current assets		156 118	123 704	114 261
Current assets				
Current trade receivables		76 730	40 495	41 083
Other current receivables		9 760	6 905	7 133
Cash and cash equivalents	7	119 527	178 219	199 651
Total current assets		206 017	225 619	247 867
Total assets		362 134	349 324	362 128

Equity & liabilities

		30.09.2023	31.12.2022	30.09.2022
(Amounts in 000 NOK)	Notes	(Unaudited)	(Audited)	(Unaudited)
Equity and liabilities				
Share capital		1 046	1 041	1 041
Other equity		322 042	324 581	341 148
Total equity		323 087	325 622	342 189
Liabilities				
Non-current lease liabilities		16 703	523	530
Non-current borrowings		3 000	6 000	7 000
Total non-current liabilities		19 703	6 523	7 530
Current borrowings		4 000	4 000	4 000
Trade and other current payables		3 682	1 668	1 167
Current tax liabilities		0	0	0
Current lease liabilities		3 877	2 184	961
Other current liabilities		7 784	9 327	6 281
Total current liabilities		19 343	17 179	12 409
Total equity and liabilities		362 134	349 324	362 128

Shareholder information

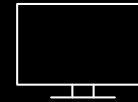
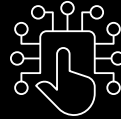
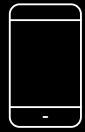
Top 20 shareholders as of 10. Nov 2023

		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%
Top 20 shareholders		72 139 386	69,0%
Other		32 417 324	31,0%
Total		104 556 710	100,0%

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%
Total	111 723 615	100%

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

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AI Virtual Smart Sensor Platform™



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