

# **COMPANY PRESENTATION Q1 2021**

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# Q1 Highlights and subsequent events

## Q1 HIGHLIGHTS

- Several **contract wins** for Simplifai:
  - Breakthroughs in India and Singapore
  - Public sector: National Archives Services of Norway
  - Online retail: Brandsdal Group
  - Insurance: Eika Insurance
- Contracted **MRR** growth of **59%** in Q1 2021
- Identified **NOK 30 million** in synergies from Simplifai acquisition to be realised in 2021
- Strengthened management team

## SUBSEQUENT EVENTS

- Strategically important industrial partnership agreed with **Terratec** (Nordics+)
- Covid-19 continues to affect the business
  - Physical demonstration for Elop made difficult
  - India increasingly challenging working environment
- Selected demo projects agreed in line with industrial and geographical expansion strategy:
  - Norway: Large asset owner in energy industry
  - France: Industry service provider for cooling towers
  - Germany: Industry service provider for parking houses
- Two first **municipality clients** for Simplifai, as part of public sector growth strategy

# Group in brief



Solutions to inspect, monitor and manage infrastructure

Unique technology for inspection and analysis of critical infrastructure

Provide asset owners with solutions that improve safety, extend asset lifetime, minimize total lifecycle cost and environmental footprint.



Data-driven and AI-based solutions for inspection and predictive maintenance of critical infrastructure

Joint global expansion plan

Shared resources



Elop AI business unit

Develops automation solutions using artificial intelligence to help clients across numerous industry sectors to grow efficiently

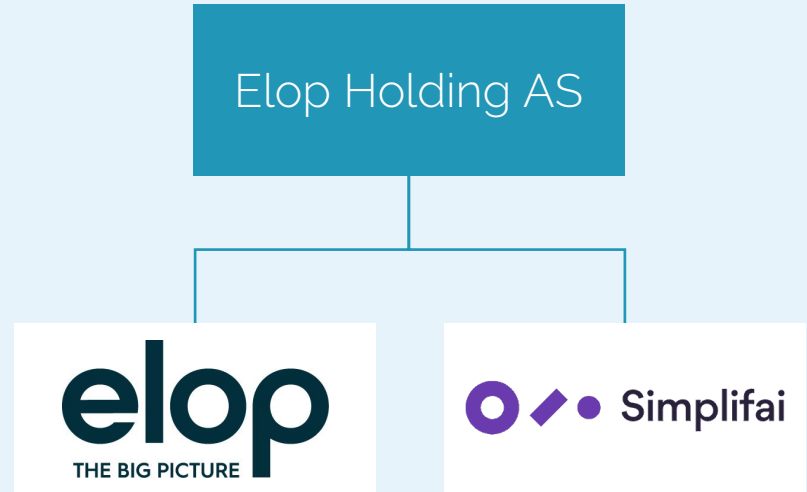
Digital Employee solutions that automate labour intensive work processes

# Elop establishes a holding structure

## CURRENT STRUCTURE



## FUTURE STRUCTURE







# Simplifai: Elop's AI business unit



**Norwegian AI Company**  
HQ in Oslo, 108 FTE's



**Verified:** Microsoft Partner



**Services:** Digital Employees



**Core:** Standardized Solutions,  
≈ 90% Automation Grade, Quick  
implementation and ROI



**Tech:** AI, Natural Language Technology,  
Natural Language Processing (free-text)

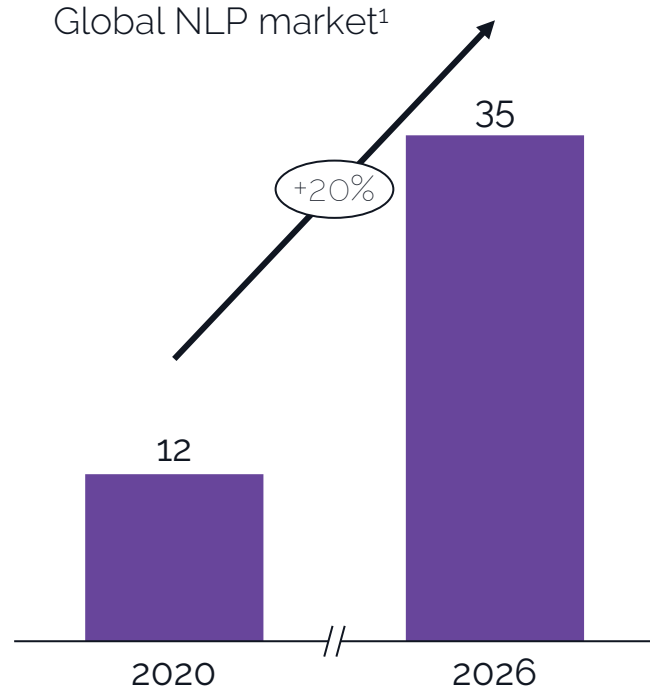


**Products:** Emailbot, Documentbot, and  
Chatbot



**SaaS Business Model:** Building recurring  
and scalable revenue model

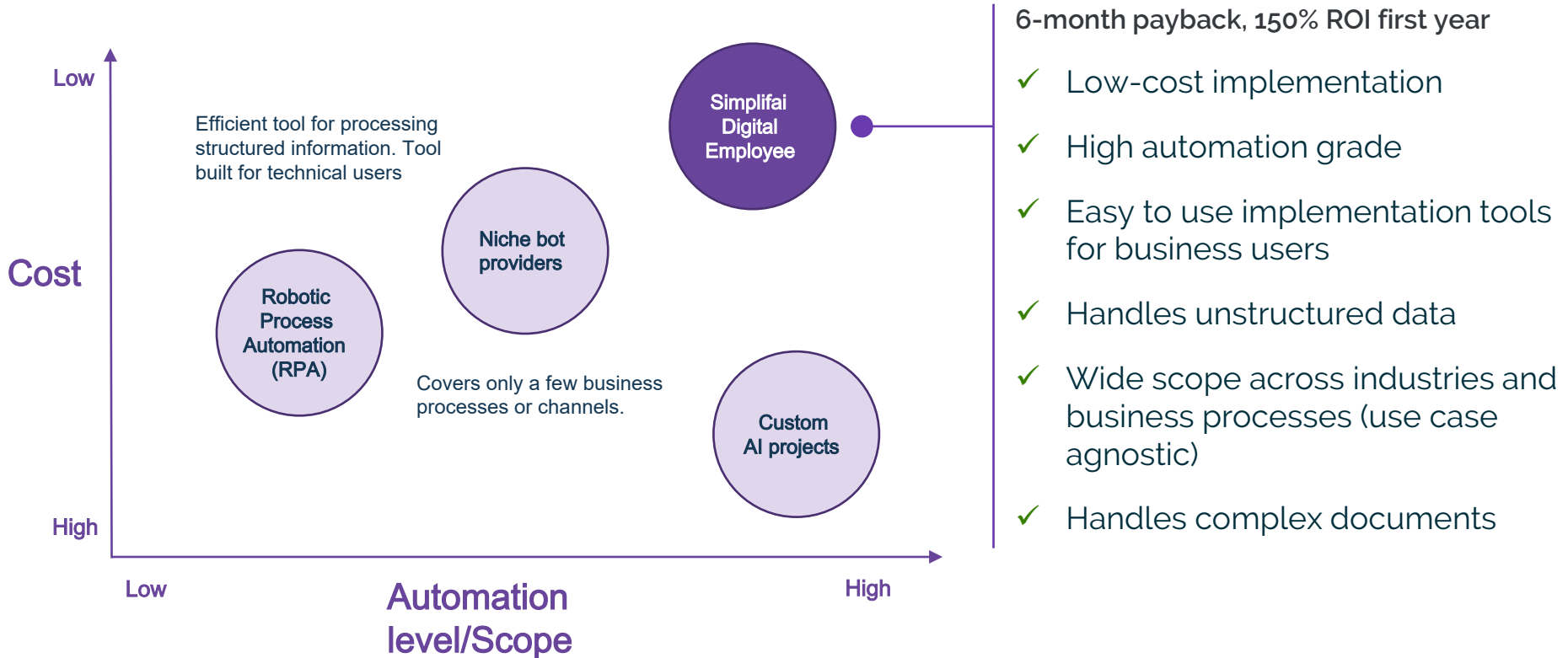
# Global Natural Language Processing (NLP) market estimated to \$12bn, growing at 20% p.a.



- Natural language processing is necessary in several business processes which utilize e.g., the following tools: **Portals, Email, Customer service software, Docs, CRM**
- Has historically been **difficult to automate**
- Requires **heavy human interaction with corresponding high cost**
- **Vulnerable for mistakes**, large variations in quality and service level
- Increased demand for **24/7 service** globally, further drives cost
- Large potential for **efficiency gains**



# Simplifai's unique position facilitates early adoption of AI technology







# Digital Employees ensures end-to-end automation



Interact

Interpret content and intent

Decide

Act



Chatbot



AI



Documentbot



Decision Engine



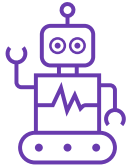
API & RPA



Emailbot

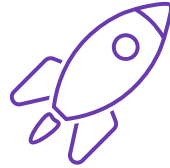


# Customers (and Simplifai) benefit from best-in-class implementation approach



**90%**

Automation  
Grade



**1**

Month to  
launch



**6**

Months to  
ROI



# Key stepping stones for Simplifai

## Capturing a high growth market

- NEW ENTRIES
- ONGOING
- COMPLETED
- NOT YET REACHED

### Awareness

- ✓ Initiating commercial partnerships
- ✓ Solutions marketing
- ✓ Auditions and tendering
- ✓ Building products as part of commercial cooperation
- ✓ Building sales pipeline

### Credibility

- ✓ Establishing close partnership with Microsoft
- ✓ industry tech approval, BFSI, retail and public sector
- ✓ Recruiting world class technical organisation
- ✓ Solutions available on recognised marketplaces
- ✓ Develop commercial partnerships
- ✓ International breakthroughs (i.e. India, Singapore)

### Success stories

- ✓ Claims Link and OSM Maritime success stories
- ✓ Technology acceptance opens up new sales channels
- ✓ Continuously shorten onboarding cycles
- × New geographical markets
- × Significantly shorten sales cycles
- ✓ New industries: online retail, telecom
- ✓ Breakthrough in municipality market
- ✓ Partner channel beginning to deliver results

### Recognition

- × Exponential sales growth
- × Widespread international expansion
- × Global distribution
- × Recognized as leading vendor within natural language-based business process automation
- × International BFSI clients



# Several contract wins verify Simplifai's technology leadership and growth potential



- Renowned Indian internet brand
- 30-40k customer enquiries monthly
- Emailbot + Documentbot
- Fixed monthly fee + expansion options



- Singapore-based global network service provider
- 40k customer emails per month
- Emailbot
- Fixed monthly fee + expansion options



- Nationwide insurance company
- 300k e-mail enquiries, with documents, each year
- Emailbot + Documentbot
- Pilot project followed by fixed monthly fee + expansion options



- Solution for e-mail archiving
- Only ~2% of e-mails in public sector currently being archived
- Fixed one-off sum
- Door-opener to Norwegian public sector



- Online retail group
- 20k e-mails monthly
- Emailbot
- Fixed monthly fee + expansion option to international operation



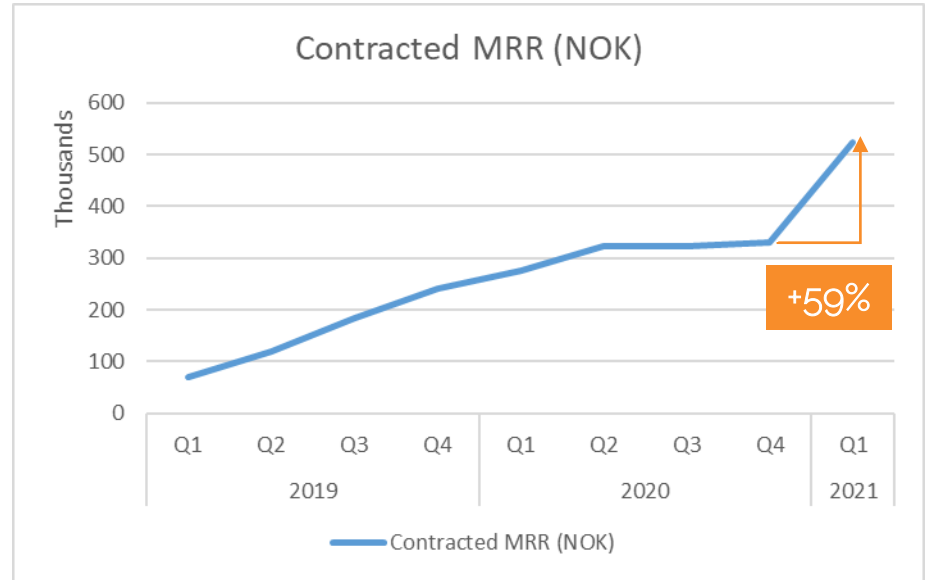
- First two municipality clients via Documaster partnership
- Planning and building files + HR documentation
- Documentbot
- Pilot projects

# Simplifai – strong growth Q1



## Key figures

- Q1 contracted MRR growth: 59%
- 90% increase in contracted MRR in Q1 2021 vs Q1 2020
- Trending upwards across sales channels
  - Nordics
  - India
- Partner sales getting started
  - 4 new contracts with 3 different partners
- On track to achieve 3-5 x ARR growth in 2021



**elop**

# Concrete is the worlds most used construction material

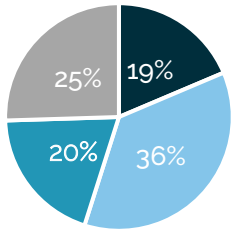
...and it is a major contributor to current environmental challenges as 8% of the world's CO<sub>2</sub> emissions come from the concrete production



# Maintenance of critical concrete infrastructure is a growing global concern

Concrete is the most used construction material worldwide with aging structures and prolonged neglect driving up the maintenance cost...

## Age structure of highway bridges in Germany



- >50 years old
- 35-50 years old
- 19-34 years old
- <19 years old

## Significant backlog of bridge maintenance



Current backlog at USD 125-170bn – expected to increase as current budget allow for only ~570 bridge repairs p.a. out of 47,000 in urgent need



Statens Vegvesen's annual budget for bridge repairs is USD 30m despite backlog of USD ~2bn



Similar significant backlogs seen in Spain, Germany, France and numerous other developed countries

*Historical maintenance spend has kept the backlog stable at best – but backlog expected to increase with current pace*

*Current annual spend on maintenance of critical infrastructure USD ~38bn*

... and an increasing number of incidents is putting safety on the agenda, highlighting the need for better tools to monitor structural integrity

2016

2017

2018

2019

2020

### Lecco



Concrete overpass

One killed and five injured as center span collapsed onto roadway below. Allegations made that maintenance company ANAS had requested the bridge to be closed prior to collapse



### Camerano



Concrete overpass

Two killed and three injured as center span collapsed onto roadway below

### Troja



Concrete pedestrian bridge

4 injured as complete ridge collapsed, likely due to corrosion damage. Bridge was assessed as in bad condition and fully monitored, data from two minutes prior to collapse stated nothing extraordinary

### Florida University



Concrete pedestrian bridge

6 killed and 9 injured as complete ridge collapsed onto roadway below. Faulty design and poor oversight by state was named as reasons for collapse



### Ponte Morandi



Concrete cable-stayed bridge

43 killed as concrete bridge from the 60's collapsed in Genova. A study a year earlier warned of anomalies in the concrete stays, but no further subsurface investigations were performed



### Pont De Mirepoix



Concrete-steel bridge

2 dead and 5 injured as 150m long bridge collapsed

### Cancura



Concrete bridge

1 dead and 6 injured as bridge under surveillance collapsed

### Zhejiang



Concrete bridge

6 dead as bridge under surveillance collapsed

### Aulla, Tuscany



Concrete-steel bridge

400 m long bridge had been inspected recently (cracks detected from rain) Only 1 person injured as there was limited traffic due to Covid19 lockdown





# Consequences of being unable to monitor infrastructure cost-effectively

For society, infrastructure owners and users



Short infrastructure **lifetime**



**Costs** of building new infrastructure



**Accidents** that could have been prevented



**High CO<sub>2</sub> emissions** from production and construction

# New recommended practice supports Elop's business case



**Ultrasound technology outlined as crucial for the inspection method in the updated Norwegian Roads Authorities (NRA) manual for inspecting post tensioned concrete bridges.**

**Significant increase in attention from all stakeholders**

- Increase in enquiries regarding the inspection of post tensioned concrete bridges

## Other codes and regulations

- Ultrasound technology implemented in Chinese National Standard and Chinese Technical code for in-site testing of building waterproof engineering, such as dams<sup>1,2</sup>

1. JGJ/T 299-2013 For dams

2. GB/T 50784-2013 Technical standard for in-site inspection of concrete structure. (2)

# Effective inspection of dams

Appx 58.700 large dams worldwide, 41% in China<sup>1</sup>

At least 1,680 dams across the US are rated in poor or unsatisfactory condition<sup>2</sup>

Most constructed between 1930 and 1970 with a design life of 50 to 100 years.

Signs of aging after 50 years - 94,000 dams in China are ageing<sup>2</sup>

No effective inspection tool today



<sup>1</sup> "SOS by UN scientists on the world's largest, aging dams"

<sup>2</sup> At least 1,680 dams across the US pose potential risk - Associated press

<sup>2</sup> Ageing Water Infrastructure: An Emerging Global Risk" UNU Institute for Water, Environment and Health

# Effective inspection of cooling towers

Cooling towers are used in power plants, oil refineries, petrochemical plants and natural gas plants<sup>1</sup>

Condition assessment of cooling towers is challenging due to their size, geometry and operational constraints<sup>2</sup>

Surveyors need remote systems<sup>3</sup>

The frequency of visual inspection of natural draft cooling towers ranges between 3 and 6 years<sup>4</sup>



1. [Harmon.com](#)

2, 3, 4. [Evaluation and Repair of Natural Draft Cooling Towers](#)

# Terratec partnership opens door to Nordic survey and inspection market

The screenshot shows the Terratec website header with navigation links: Services, News, About us, Career, Contact, Log in, and Search. The main content area features a large image of an industrial interior with a text overlay that reads: "Specialist in surveying and 3D" and a "Read more" button. A light blue box on the right side of the image contains a list of bullet points:

- Norway's largest supplier of geodata
- Industry leader within use of sensors and scanning technology
- 250 employees
- Operations in Norway, Sweden, Finland, Estonia and Spain

- **Breakthrough** in infrastructure inspection space
- Terratec integrates Elop Insight into existing service portfolio
- Key for Elop: **Shortcut** to infrastructure inspection track record and data gathering
- **Added benefits:** Rental income + sales potential for Elop Insight

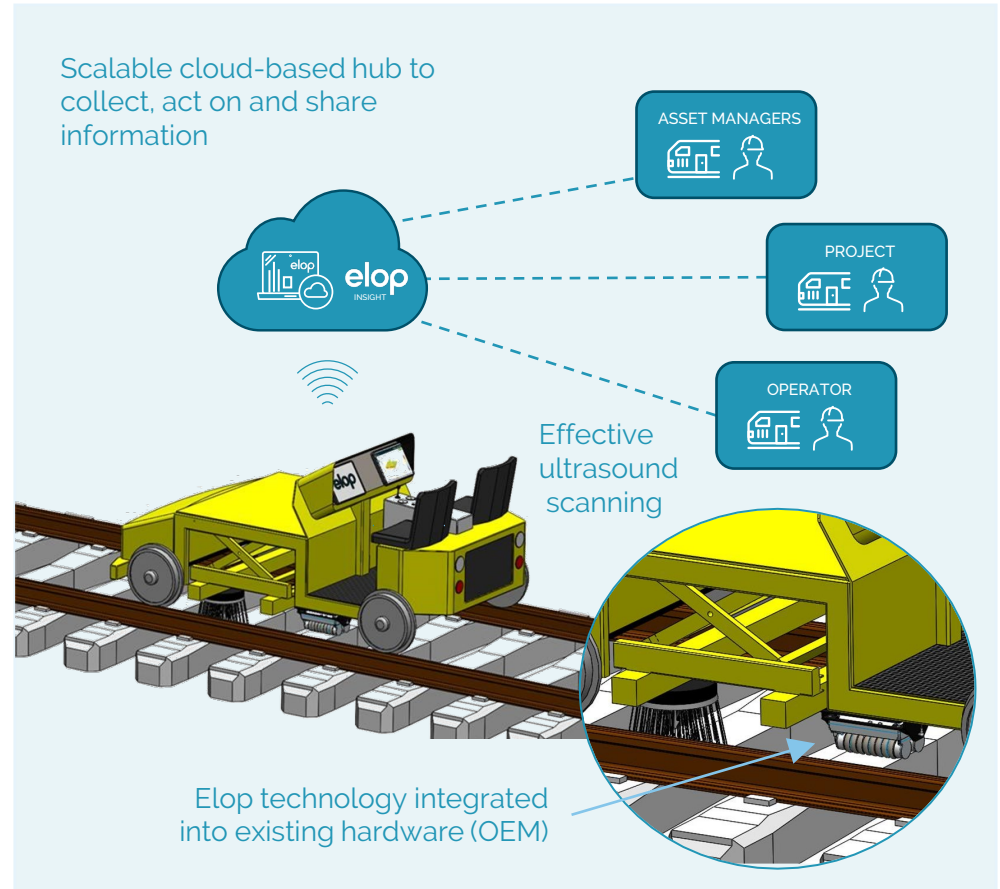
# Effective inspection of railway sleepers

Nearly 3 billion sleepers worldwide <sup>(1)</sup>

Regulated to Inspect twice a year <sup>(2)</sup>

Deterioration, abrasion, and cracking are the main problems related to concrete sleepers <sup>(3)</sup>

Need for faster and more efficient inspection



1. ["Railway sleepers made of alkali activated fly ash concrete"](#), Spanish National Research Council  
 2. BaneNOR (Norway)  
 3. [Fatigue Life Assessment Method for Prestressed Concrete Sleepers](#)

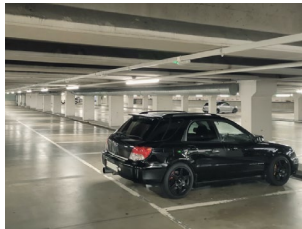
# Selected projects agreed across new geographical markets and industry segments



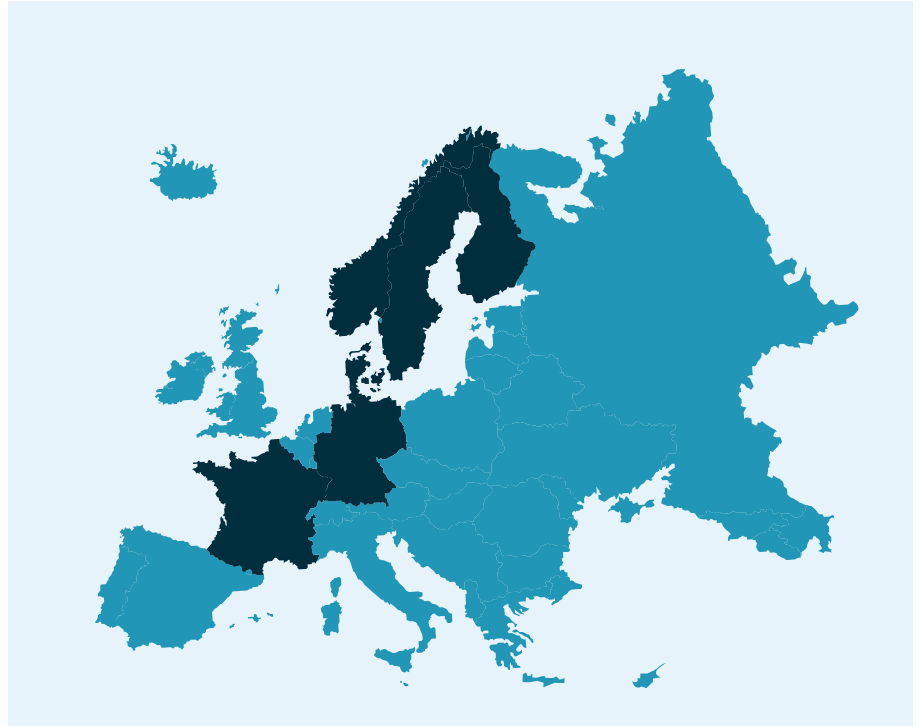
Demonstration project with major asset owner in **energy sector** signed



Demo projects for Elop Insight in **France** agreed



Demo projects for Elop Insight in **Germany** agreed



# Elop moving in the right direction

Introducing new technology to create a new high growth market

- NEW ENTRIES
- ONGOING
- COMPLETED
- NOT YET REACHED

## Awareness

- ✓ Euronext listing
- ✓ Commercial launch
- ✓ Building sales pipeline
- ✓ Solutions marketing
- ✓ First technology demonstrations
- ✓ Initiating commercial partnerships
- x Proactive international marketing
- x Industry events

## Credibility

- ✓ Demonstrating tech
- ✓ Bringing AI competence in-house
- ✓ Field demonstrations
- ✓ Developing industry partnerships
- x Major reference clients
- x Demonstrating different applications areas
- ✓ Terratec agreement

## Success stories

- x Successful field projects
- x New technology applications
- x Demonstrating stakeholder value
- ✓ New industries
- ✓ New geographical markets

## Recognition

- x Exponential sales growth
- x International expansion
- x Global distribution



# Continue to realize synergies between Elop and Simplifai



## Operational optimization

- Joint technology development team
- SAAS commercial organization operational
- Joint management team
- Joint sales, marketing and business development
- Significant benefits from Norway, India and Ukraine teams
  - Competence
  - Cost
  - Efficiency

## Financial / cost optimization

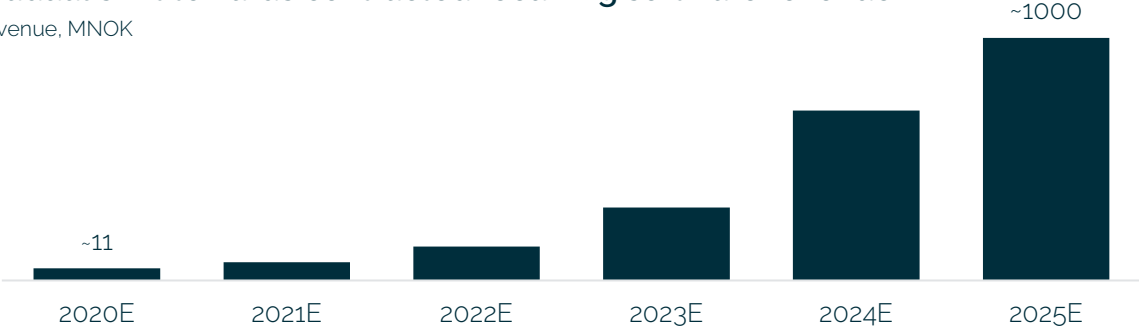
- On track to realize min 30 mnok in synergies

# Becoming a NOK billion revenue company

- Establish Simplifai as a global ISV within AI business process automation technology
- Establish Elop technology as an industry standard
- Benefit from Simplifai AI capabilities to build next generation structural health monitoring system

## Gradual shift towards contracted recurring software revenue

Revenue, MNOK



### 2025 TARGET

**NOK 1 billion**  
in revenues

**>80% ARR**  
based on annual recurring  
license fees from  
SaaS offering

## SUMMARY

- **TERRATEC** agreement door-opener to the Nordic region
- Extensive and **HEALTHY LEAD PIPELINE**, but Covid-19 limitations affect sales and demonstration capabilities negatively
- Significant operational and **FINANCIAL SYNERGIES** between Simplifai and Elop
- Simplifai with **STRONG** traction on sales, partnership and market entry
- Growing **ARR** share

## OUTLOOK

- **STRONG MRR GROWTH** from Simplifai expected to continue
- Continued strong and **GROWING INTEREST** level in Elop's ultrasound technology
- Covid-19 restrictions may continue to impact Elop's ability to perform live demonstrations
- On track to create a **NOK 1 BILLION** revenue company in 2025

# 1<sup>st</sup> quarter 2021 interim financial results

# Segment financial summary Q1 (mnok)\*

<b>Elop AS</b>	21Q1	20Q1
• Revenue	-	-
• EBITDA **	- 8,9	- 7,3
• Capitalized development	-6,4	- 0,7
<b>Simplifai (Jan 1<sup>st</sup> – March 31<sup>st</sup>)</b>		
• Revenue ***	3,6	2,7
• EBITDA	- 1,6	-2,6
• Capitalized development	-4,7	-3,1

## Elop

- \*\*Excludes non-cash accounting expenses related to options issued in Q1. *See stock exchange announcement February 19th 2021 for details.*

## Simplifai

- \*\*\*Full quarter revenues include development services provided to Elop of 580 knok

# Liquidity Elop Group as per March 31st 2021

## Cash position

- Cash balance Q1: 102 mnok
  
- Further softfunding of 9 mnok
  - Innovasjon Norge – 2,3 mnok
  - Skattefunn 6,7 mnok
  
- Innovation Loan of approved from IN 5 mnok

Total available liquidity 116 mnok

# Basis for preparation of interim financial results

- The below slides provides financial highlights for the quarter for the Elop AS Group, a Norwegian limited company listed on the Oslo Stock Exchange on the Euronext Growth market. Although the company complies with IFRS, the interim financial information is not reported according to the full requirements in IAS 34 (Interim Financial Reporting) and the figures are not audited. However, the same measurement principles as presented in the Annual Report 2020 have been used preparing this document.
- Simplifai's contribution to the revenues and cost on the group level are recognized from January 18<sup>th</sup> on a linear basis.
- Simplifai does have complete corporate accounts. The daughter companies in India and Ukraine respectively provides services only to Simplifai AS. They do this at a cost-plus principle compliant with local regulation. Due to deviating financial reporting periods, only the proforma accounting profits from these businesses are included in the reported numbers.
- Share based compensation are expensed at the time of issuing. The value is calculated using the Black-Schole's option pricing model and the daily standard deviation of the company's stock price from the date of listing 17/7/2020 until the date of issue of the financial instrument.

2020, the following principles are applied in relation to the revenue recognition in Simplifai:

- The group revenue includes Simplifai SaaS services such as chatbot, e-mailbot and documentbot, including related pilots and consultancy services.
- The SaaS service is a separate performance obligation and are recognized over time. When the Group is also delivering the pilot, this is a distinct service that are a separate performance obligation that are delivered at point in time.
- Other consultancy services are delivered over time or at point in time, pending on the agreed deliveries.
- Contract liabilities primarily relate to advance consideration received from customers, for which revenue is recognized as subscription services are provided.
- Contract assets and contract liabilities are expected to be realized within in the Group's normal operating cycle and are classified as current within trade and other receivables and trade and other payables respectively. Contract assets are adjusted for provision for impairment in accordance with the expected credit loss model.

# ELOP AS Group consolidated statement of profit and loss

## Statement of profit or loss

Amounts in NOK thousand	Q1 - 2021	Q1 - 2020
Revenue	2,294	-
Other operating revenue	-	-
<b>Total revenue</b>	<b>2,294</b>	<b>-</b>
Cost of sales	191	46
Employee benefit expenses	16,559	2,099
Other operating expenses	4,015	5,111
Total operating expenses	20,765	7,256
Depreciation and amortization	1,972	-
<b>Operating profit/(loss) (EBIT)</b>	<b>(20,443)</b>	<b>(7,256)</b>
Financial income	7	259
Financial expenses	(191)	(70)
Net financial items	(184)	189
<b>Profit/(loss) before income tax</b>	<b>(20,627)</b>	<b>(7,067)</b>
Income tax	-	-
<b>Profit/(loss) for the year</b>	<b>(20,627)</b>	<b>(7,067)</b>
<b>Profit/(loss) for the quarter is attributable to:</b>		
Owners of ELOP AS	(20,627)	(7,067)

- Simplifai revenues are recognized from January 18th on a linear basis
- Employee benefit expenses include the non-cash items issued share options.
- *See stock exchange announcement February 19th 2021 for details.*



# Elop AS Group consolidated balance sheet

Amounts in NOK thousand	31/03/2021	31/12/2020	Amounts in NOK	31/03/2021	31/12/2020
<b>ASSETS</b>			<b>EQUITY AND LIABILITIES</b>		
<b>Non-current assets</b>			<b>Equity</b>		
Goodwill	129,218		Share capital	4,650	3,515
Intangible assets	68,927	28,690	Share premium	336,063	181,220
Property, plant and equipment	1,206	1,367	Unregistered capital increase	-	-
Right of use assets	7,028	7,253	Convertible debt equity component reserve	7,129	4,356
<b>Total non-current assets</b>	<b>206,379</b>	<b>37,310</b>	Share-based payments reserves	-	216
<b>Current assets</b>			Other equity reserves	(37,433)	4,572
Inventory	373	164	Retained earnings (deficit)	(23,447)	(54,664)
Trade receivables	1,954	-	<b>Total equity</b>	<b>279,833</b>	<b>134,643</b>
Other current receivables	13,210	10,439	<b>Non-current liabilities</b>		
Cash and cash equivalents	102,530	116,272	Non-current liabilities to financial institutio	16,828	4,821
<b>Total current assets</b>	<b>118,067</b>	<b>126,875</b>	Non-current lease liabilities	4,688	5,326
<b>TOTAL ASSETS</b>	<b>324,446</b>	<b>164,185</b>	<b>Total non-current liabilities</b>	<b>21,516</b>	<b>10,147</b>
			<b>Current liabilities</b>		
			Other loan	-	-
			Trade payables	7,659	9,853
			Current tax liabilities	608	1,271
			Other current liabilities	14,830	8,271
			<b>Total current liabilities</b>	<b>23,097</b>	<b>19,395</b>
			<b>Total liabilities</b>	<b>44,613</b>	<b>29,542</b>
			<b>TOTAL EQUITY AND LIABILITIES</b>	<b>324,446</b>	<b>164,185</b>

# Elop AS Group consolidated cashflow statement

Amounts in NOK thousand	Q1 - 2021	Q1-2020	Amounts in NOK thousand	Q1 - 2021	Q1-2020
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit/(loss) before income tax	(20,627)	(7,326)	Payment for investment company	(1,484)	-
<i>Adjustments for</i>			Payment for property, plant and equipment	(271)	(94)
Depreciation and amortization	1,972	-	Payment for intangible assets	(11,100)	(683)
Change in trade and other receivables	1,941	5	<b>Cash (outflow) from investing activities</b>	<b>(12,855)</b>	<b>(777)</b>
Change in inventory	(209)	-			
Change in trade payables	(1,954)	(742)	<b>Cash flows from financing activities</b>		
Change in accruals	(709)	288	Received funds - other debt (Non-current / Current)	-	-
Share-based payments expenses	7,944	-	Repayment of other debt (Non-current / Current)	1,755	(2,089)
Interest received	(7)	-	Interest received	7	-
Interest paid	191	70	Interest paid	(191)	(70)
<b>Cash inflow from operating activities</b>	<b>(11,458)</b>	<b>(7,705)</b>	Capital increase received funds	9,000	59,548
			<b>Cash inflow from financing activities</b>	<b>10,571</b>	<b>57,389</b>
			<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(13,742)</b>	<b>48,907</b>
			Cash and cash equivalents as of 1 January	116,272	8,014
			<b>Cash and cash equivalents as of 31 March</b>	<b>102,530</b>	<b>56,921</b>

# Elop AS statement of changes in equity

Amounts in NOK	Share capital	Share premium	Unregistered capital increases	Other equity reserves	Retained earnings	Total equity
<b>Balance at 31 December 2020</b>	3,515	181,220	-	4,571	(54,664)	134,643
Profit/(loss) for the year	-	-	-	-	(20,952)	(20,952)
OCI	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	(20,952)	(20,952)
Capital increase	120	8,880	-	-	-	9,000
Capital increase 18 januar	1,015	145,964	-	-	-	146,979
Issue costs	-	-	-	-	-	-
Convertible debt interest	-	-	-	-	-	-
Share options/warrents	-	-	-	10,477	-	10,477
Other Equity	-	-	-	-	(312)	(312)
<b>Balance at 31 MARS 2021</b>	4,650	336,063	-	15,048	(75,928)	279,833