

Elliptic Labs

Quarterly Presentation — Q3 2021

November 10, 2021

AI Virtual Smart Sensors Empowering the Next Billion Devices

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Agenda

Introduction and Q3 2021 Highlights

Financials

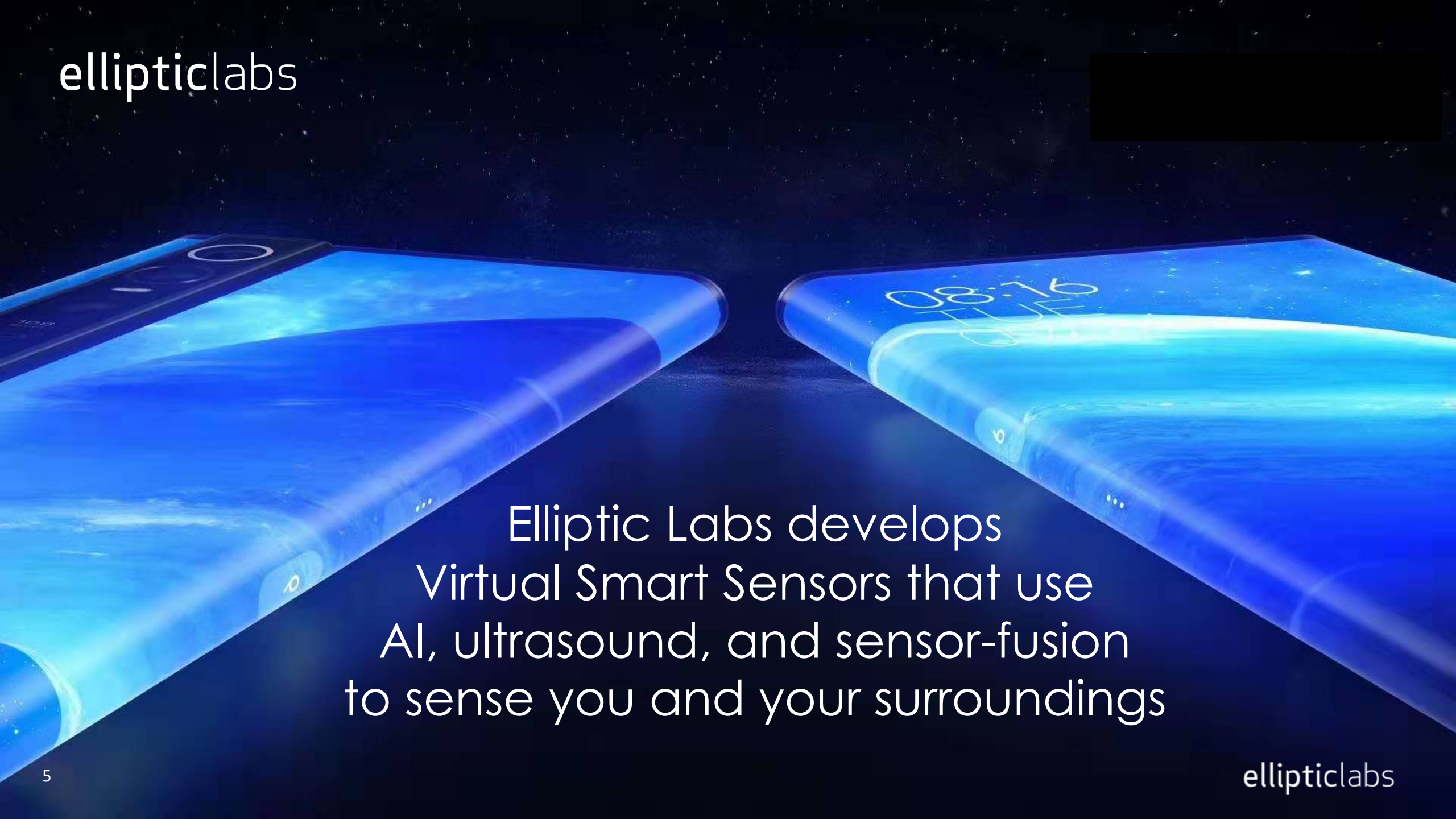
Summary

Q3 HIGHLIGHTS

Solid progress in multiple verticals

- Continued improvement of financial performance compared with Q3 2020:
 - Operating revenues up from mNOK 7.1 to mNOK 16.2, a 127.6% increase YoY
 - Q3 revenue (mNOK16.2) exceeded 1H revenue (mNOK12.1)
 - EBITDA improved from mNOK -6.2 to mNOK -0.4
- Private placement successfully raised net mNOK150
- Grew business with existing smartphone customers
- Signed PC Enterprise License Agreement and on target for mass-product launch
- On target to deliver on our first IoT product: Bosch spexor





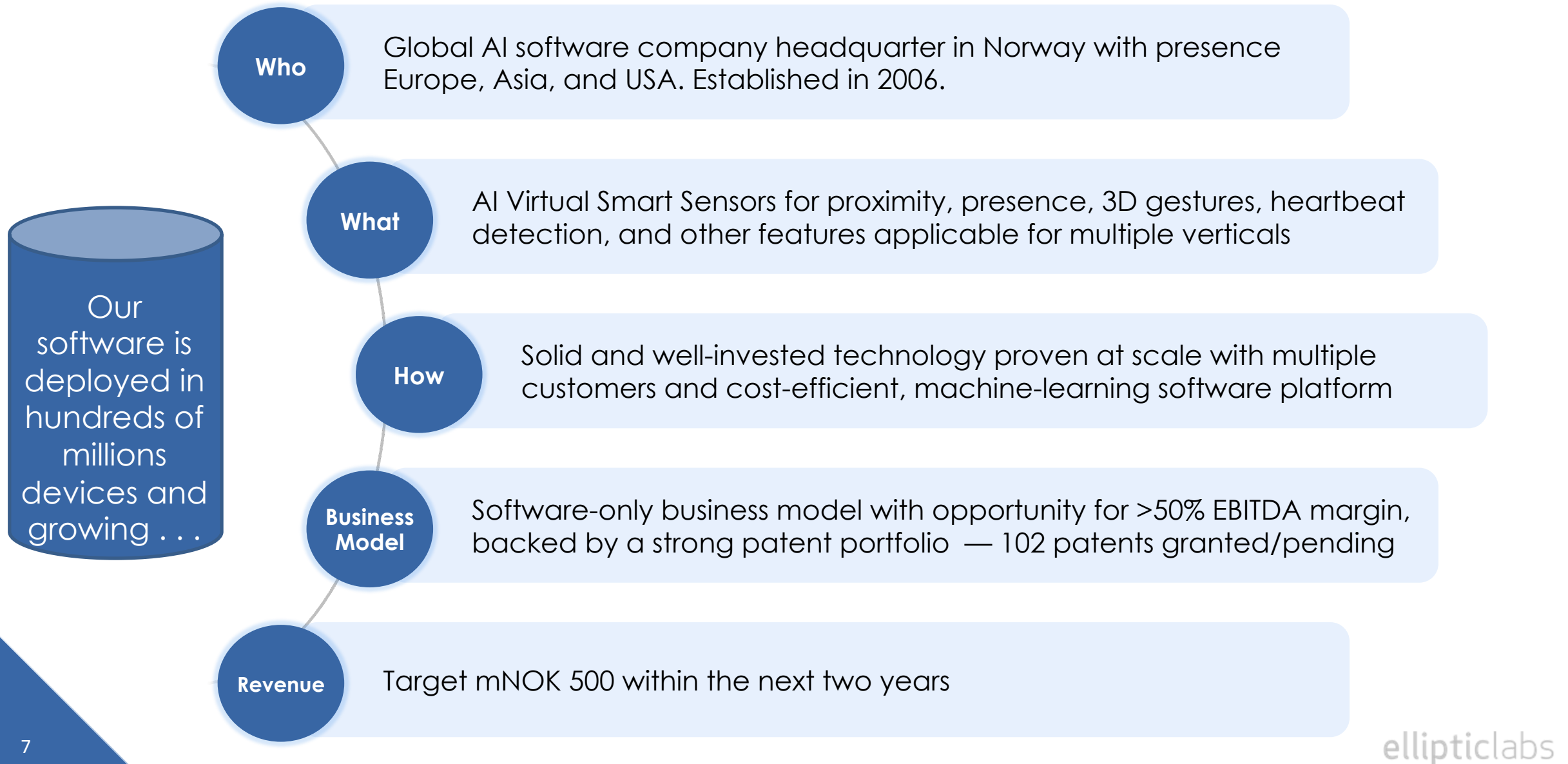
Elliptic Labs develops
Virtual Smart Sensors that use
AI, ultrasound, and sensor-fusion
to sense you and your surroundings



Sensors touch every aspect of life
and drive the digital transformation

Our vision is to build the leading software platform
for *all* sensors, making every device smarter,
more human- & environmentally-friendly

We Are the Virtual Smart Sensor Leader for the Consumer Market



Expanding Critical User Experiences into Smartphone, Laptop, IoT & Automotive Markets



AI Virtual Smart Sensor Platform™
Making Sensors More Intelligent



Proximity



Presence



Gesture



Positioning



Connection








Breathing



Heartbeat

Strengthened Market Opportunities

Tight supply chain impacts hardware sensor availability
enterprise IoT and pricing, improving our competitive
advantage

MARKETS	 SMARTPHONE	 PC/LAPTOP/ TABLET	 IoT	 SMART TV	 AUTOMOTIVE
Total Market Size (Units)	1.4B	460M	1B++	400M	100M
Competing <u>Hardware</u> Sensors: Cost Per Unit	Infrared Sensor \$0.10 – \$0.25	Time-of-Flight/Radar Sensor \$2.5 – \$4	Time-of-Flight/Infrared \$0.10 – \$2	Time-of-Flight Sensor \$2.50	Radar Sensor \$10 – \$20
Elliptic Labs' Value Proposition	Clean design, lower cost & more features	Cybersecurity, no supply chain & more features	Power savings, gesture & Wellness	Power savings & gesture	Save lives, heartbeat detection
Elliptic Labs' Pricing Model	Flexible Pricing Model for Virtual Smart Sensors: <ul style="list-style-type: none"> ① Volume based license fee per unit/device, per virtual sensor ② Subscription fee or ③ Enterprise/annual license fee 				
Market Opportunity	\$200M – \$350M	\$1100M – \$1800M	\$100M++	\$1000M	\$1000M – \$2000M

Increased Business with Xiaomi

Overview:

- Xiaomi, second largest smartphone vendor based on worldwide shipments
- Signed a substantial enterprise license contract
- Becoming Xiaomi's de facto proximity standard

Value:

- Elliptic Labs eliminates sourcing risk while reducing costs
- Xiaomi uses our software AI Virtual Proximity Sensor, replacing infrared hardware sensor
- Hardware-sensor supply constraints still, strengthening our competitive position



Smartphone Market

Signed more license contracts

1.4B smartphones use a proximity sensor to turn screen off/on when users are making calls

- Most smartphones use hardware sensors for proximity, which we are replacing with our smart software sensors
- Customers partner with us to reduce supply chain, cost, and to add new innovative features

Q3 Highlights

- Signed license agreements with three smartphone companies
 - Xiaomi
 - Honor
 - Black Shark
- Launched with one new Xiaomi smartphone
 - Mi 11T

Target



Competing Hardware
Sensors: Cost Per Unit

Infrared Sensor
\$0.10 – \$0.25

Our Value Proposition

No supply chain,
lower cost & more
features

Our Pricing Model

Per unit or annual
license agreement

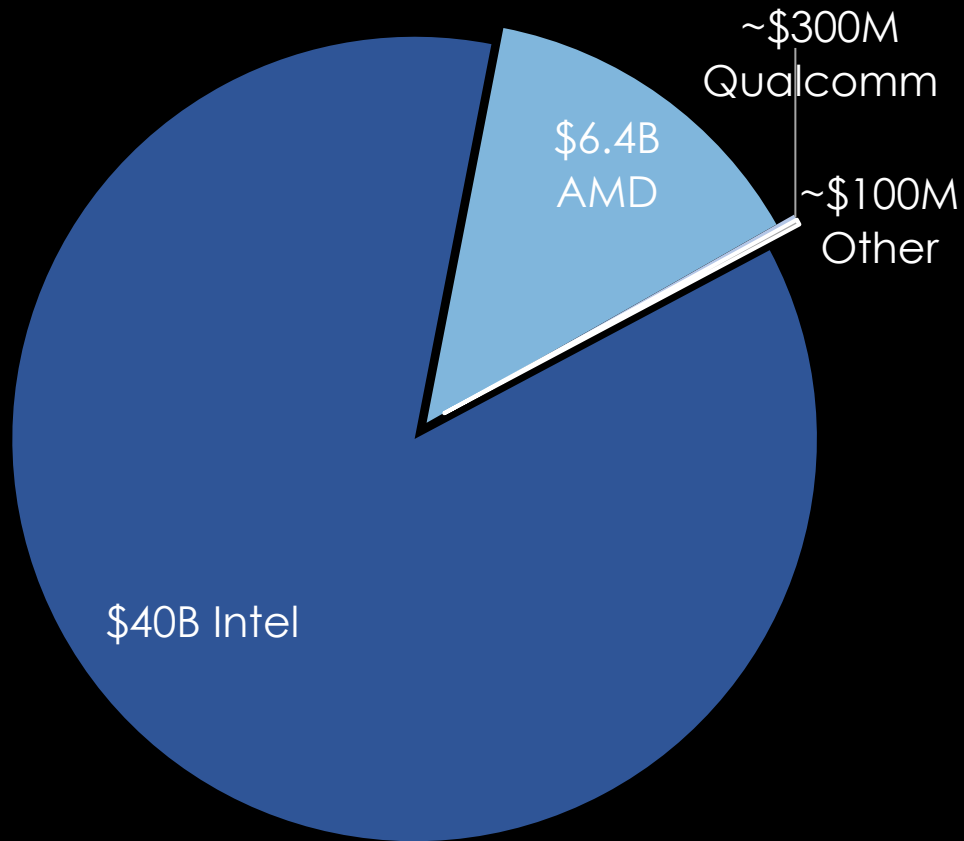
Market Opportunity

\$200M – \$350M

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PC Market Is the Next Large Vertical

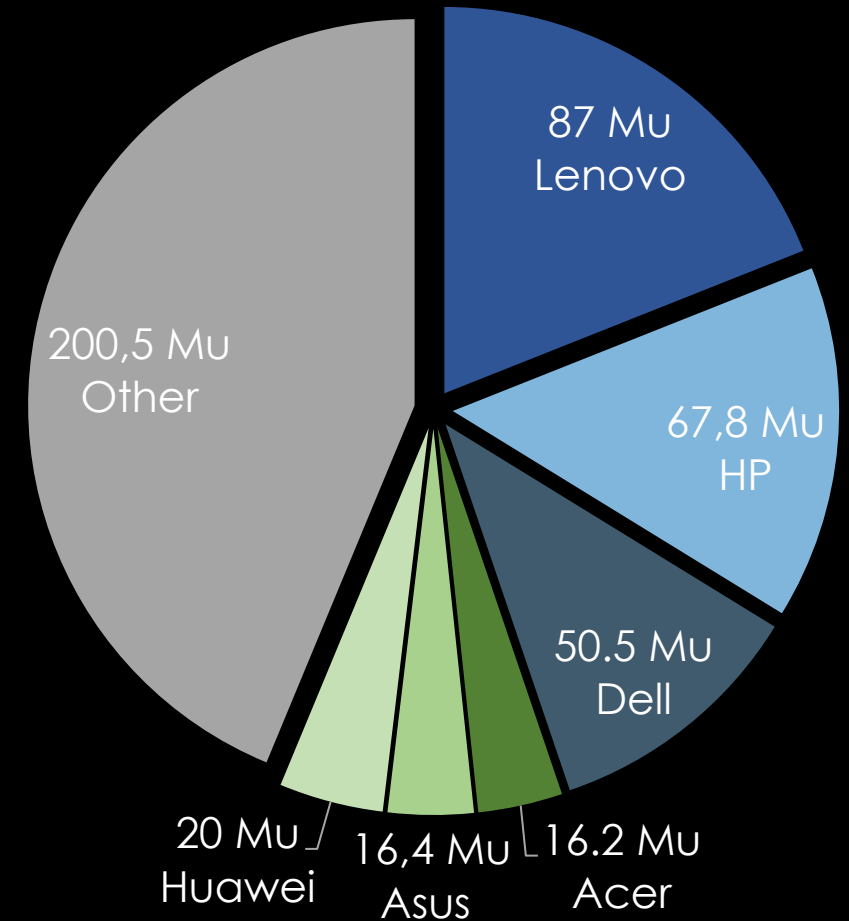
2020 PC/Laptop CPU Market Share
(Revenue) Partners



*AMD does not separate revenues from its CPU & Graphics businesses
** Qualcomm does not separate revenues from its IoT business

Source: [AMD 2020 Financial Report](#), [Qualcomm 2020 QCT Revenue Streams Report](#) and [Intel 2020 Financial Report](#)

2020 PC/Laptop/Tablet Volumes
(Millions of units — Mu) Customers



Source: [Canalys PC Market Pulse 2020](#) and [Gartner 2020 Annual WW PC Shipment Report](#)

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PC Status – On Target to Deliver in Mass Production

Overview

- First enterprise license contract signed
- Expanding PC sales and support footprint in USA, Taiwan, China and Japan
- An enterprise license agreement enables all departments to purchase under this contract

Value:

- Elliptic Labs eliminates sourcing risk while reducing costs
- PC customer acquired our AI Virtual Presence Sensor to replace costly ToF hardware sensors
- Hardware-sensor supply constraints exist, strengthening our competitive position



Strong Interest from PC market

Tight hardware sensor supply chain enhances our position


Signed Enterprise License Agreement Market Impact

- Accelerate interest from other PC vendors
- More visibility and greater interest from the partner eco-system

Our value: Our software sensors meet both the price-point and performance needed to broadly deploy presence-sensing capabilities to all tiers of a laptop manufacturer's product lines.

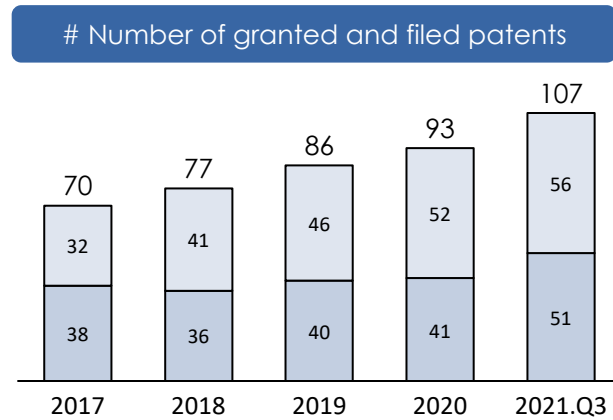
Q3 Status

- Enterprise license agreement signed
- New PC partner added — Maxim Integrated Products Inc. — streamlining more power reduction solutions

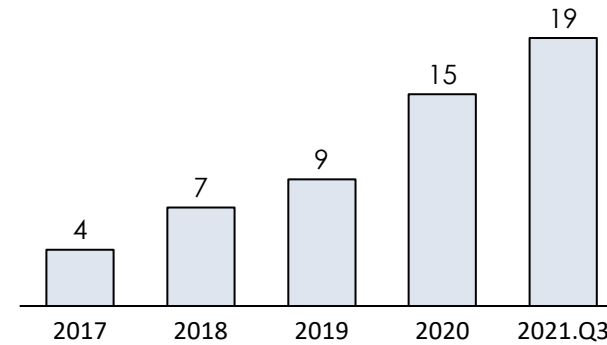
Target	 PC/Laptop/ Tablet
Total Market Size (Units)	460M
Competing Hardware Sensors: Cost Per Unit	Time-of-Flight/Radar Sensor \$2.5 – \$4
Our Value Proposition	No supply chain, lower cost & more features
Our Pricing Model	Per unit or annual license agreement
Market Opportunity	\$1100M – \$1800M

Elliptic Labs KPIs per Q3 2021

Patents
(granted and filed)

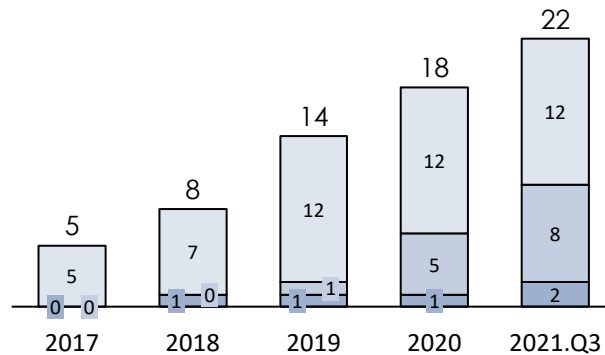


Cumulative number of partner-agreements



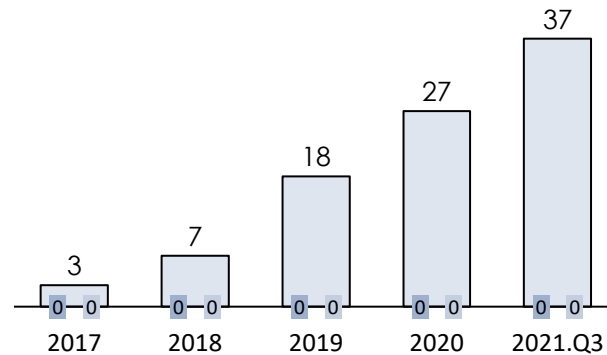
Partner-Agreements
(general market)

Cumulative number of PoC contracts



Proof-of-Concept
(PoC) Agreements per
Vertical

Cumulative number of models launched



Models Launched
per Vertical
(smartphone, laptop,
IoT, and automotive)

Smartphones Laptops IoT

Agenda

Introduction

Financials

Summary

Q3 2021 P/L

		Q3 2021	Q3 2020	Δ%	YTD 2021	YTD 2020	Δ%
(Amounts in 000 NOK)	Notes	(Audited)	(Unaudited)		(Audited)	(Unaudited)	
Revenue		13 401	3 538	278,7%	19 929	6 144	224,4%
Other operating income		2 813	3 585	-21,5%	8 438	11 327	-25,5%
Total revenue	2	16 213	7 123	127,6%	28 367	17 471	62,4%
Personnel expenses		-13 606	-9 414	-44,5%	-32 023	-30 641	-4,5%
Other operating expenses	3	-2 985	-3 929	24,0%	-8 927	-10 039	11,1%
EBITDA		-377	-6 220	93,9%	-12 582	-23 209	45,8%
Depreciation, amortisation and impairment	4	-2 083	-1 355	-53,7%	-6 215	-4 071	-52,7%
Operating profit		-2 460	-7 575	67,5%	-18 798	-27 280	31,1%
Financial income		590	1 215	51,4%	1 708	1 315	-29,9%
Financial expenses		-788	-1 947	59,5%	-2 808	-3 756	25,2%
Net financial income/(expenses)		-198	-732	73,0%	-1 101	-2 441	54,9%
Profit before tax		-2 658	-8 307	68,0%	-19 898	-29 722	33,1%
Income tax expense		567	1 619	65,0%	4 361	6 320	31,0%
Profit/(loss)		-2 091	-6 688	68,7%	-15 538	-23 402	33,6%
Foreign currency rate changes, may be reclassified to profit or loss		48	-50	196,0%	51	134	61,7%
Total comprehensive income for the period		-2 043	-6 738	69,7%	-15 486	-23 268	33,4%

Q3 Comments

- Customer revenue significantly up from Q3 2020 and YTD
- Revenue mix from more than one vertical
- Continued improved EBITDA

2021 Guidance Unchanged

- Significantly stronger top line
- Positive EBITDA for the year
- Seasonal effects still in 2021, however less than for 2020

Q3 2021 Balance Sheet and Cash Flow

(Amounts in 000 NOK)	Notes	Q3 2021 30/09/21 (Audited)	Q3 2020 30/09/20 (Unaudited)	2020 31/12/20 (Audited)
Non-current assets				
Deferred tax assets	7	66 129	62 825	59 807
Intangible assets	4	32 109	20 168	28 241
Right of use assets		3 348	5 581	5 023
Other non-current receivables		4 315	2 097	4 050
Total non-current assets		105 902	90 673	97 121
Current assets				
Accounts receivable		10 468	1 301	427
Other current receivables		23 599	18 564	21 451
Cash and cash equivalents	6	208 705	6 617	99 724
Total current assets		242 772	26 482	121 601
Total assets		348 674	117 155	218 722
Equity and liabilities				
Share capital		1 031	875	958
Other equity		320 289	58 377	187 146
Total equity		321 320	59 252	188 104
Lease liabilities		1 225	3 553	3 002
Bank borrowings, long-term	7	11 000	15 000	14 000
Total long-term liabilities		12 225	18 553	17 002
Bank borrowings, short-term	7	4 000	28 403	4 000
Trade and other payables		1 770	2 809	989
Tax payable		304	0	205
Current lease liabilities		2 433	979	2 203
Other short-term liabilities		6 621	7 159	6 219
Total current liabilities		15 128	39 350	13 616
Total equity and liabilities		348 674	117 155	218 722

Solid Balance Sheet After Q3 2021

- Cash position increased after capital injection of mNOK 150 in September 2021. Operating cash flow in line with management expectations
- Account receivables and other current receivables is up mNOK 10.7 since Q2 2021
- mNOK 1 reduction of interest-bearing debt in the quarter

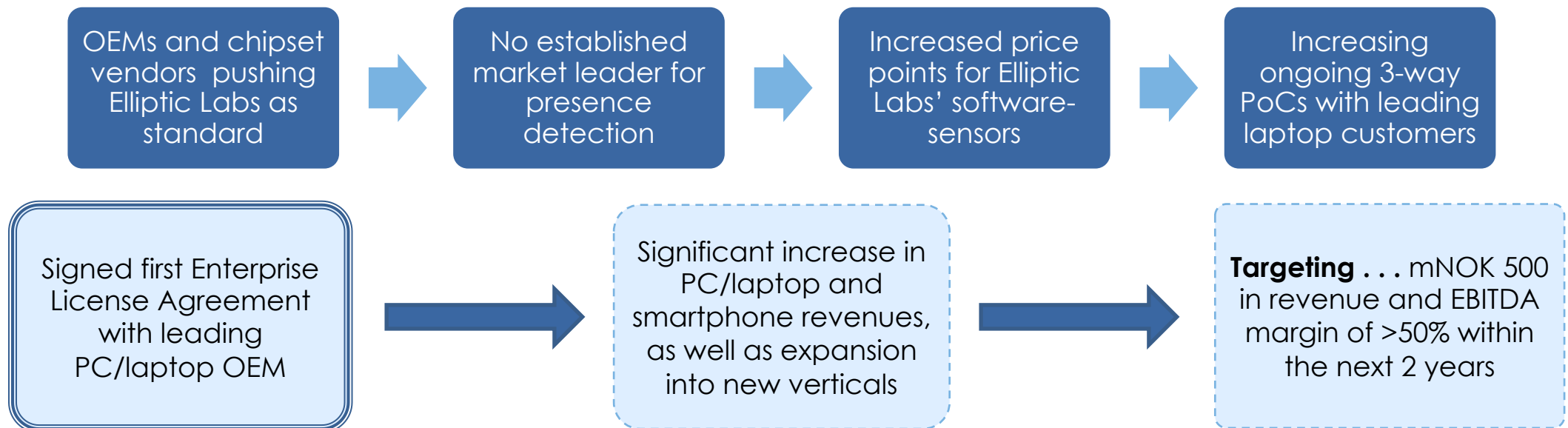
Cash Flow from Operations as Expected

- Cash flow from operations negative mNOK 9.5 compared to negative mNOK 2.6 Q3 2020

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Net cash flow from operations	-9 525	-2 557	-22 119	-19 657
Net cash flow from investments	-2 873	-2 408	-8 410	-7 687
Net cash flow from financing	142 564	-285	139 458	-2 047
Net Change in Cash and Cash Equivalents	130 165	-5 251	108 929	-29 391
Cash and cash equivalents at the beginning of the period	78 492	11 918	99 724	35 873
Effect of foreign currency rate changes on cash and cash equivalents	48	-50	51	134
Cash and cash equivalents at the end of period	208 705	6 617	208 705	6 617

Clear Path Towards Significant Revenue Uplift

- Increase in smartphone revenue from current and new customers
- Laptops to become the largest revenue driver
- Establish Elliptic Labs' technology in IoT markets for long-term revenue growth



Shareholder Structure as per November 5th, 2021

SHAREHOLDER NAME	#Shares	%
Passesta AS (Chairman, Tore Engebretsen)	12 280 480	11,9%
MP PENSJON PK	9 073 950	8,8%
Alden AS (Board Member, Edvin Austbø)	7 403 330	7,2%
Robert Horne	5 028 350	4,9%
J.P. Morgan Bank Luxembourg S.A.	4 716 881	4,6%
Laila Danielsen (CEO)	4 624 150	4,5%
VINTERSTUA AS	4 500 580	4,4%
NORDNET LIVSFORSIKRING AS	2 987 589	2,9%
LARNE OVERSEAS LTD	2 820 000	2,7%
NUNATAK AS	2 553 420	2,5%
VERDIPAPIRFONDET DNB SMB	2 163 210	2,1%
VERDIPAPIRFONDET PARETO INVESTMENT	2 130 890	2,1%
GHIBLI AS	2 050 000	2,0%
Marie Chantal Fabres Scaler	1 600 000	1,6%
BRYHNI.COM AS	1 590 383	1,5%
Danske Invest Norge Vekst	1 512 700	1,5%
Cipriano AS (Board Member, Einar Greve)	1 453 700	1,4%
Nordnet Bank AB	1 447 905	1,4%
INVEN2 AS	1 441 670	1,4%
Danske Bank A/S	1 333 330	1,3%
Other 1,534 Shareholders	30 427 552	29,5%
TOTAL OUTSTANDING SHARES	103 140 070	100,0%

SHAREHOLDER NAME	#Shares	%
Shares owned by Board of Directors	21 214 810	20,6%
Shares owned by Mgmt. and Employees	4 922 470	4,77%
Allocated Options to Employees per 30.09.2021: 397 930 Each option equals 10 shares	3 979 300	3,71%
Outstanding Shares incl. Options	107 119 370	

- Enhanced liquidity in the stock
- Significantly increased number of shareholders in 2021
- Increased interest from both retail and institutional marked
- **The company is on track to OSE main listing**
 - Main listing is set for Q1 2022
 - There is no plans to raise additional capital as part of the listing process

Agenda

Introduction

Financials

Summary

Elliptic Labs Well-Positioned for Multi-Vertical Growth

- ✓ Proven business model with software deployed at large scale delivers an attractive value proposition across multiple verticals
- ✓ Signed first significant enterprise license agreement with a top-three PC manufacturer
- ✓ Signed three substantial new agreements with current smartphone customers
- ✓ Solid AI Virtual Smart Sensor Platform backed by strong IP and partner eco-system increases the entry barrier for competition
- ✓ Expanding global sales and support for PC and IoT markets
- ✓ Our target of mNOK 500 revenue within two years reaffirmed



Thank You

Q & A

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