

Elliptic Labs

Q1 Presentation

May 12, 2021

AI software empowering the next billion devices

ellipticlabs

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Agenda

Introduction and Q1 2021 highlights

Financials

Summary

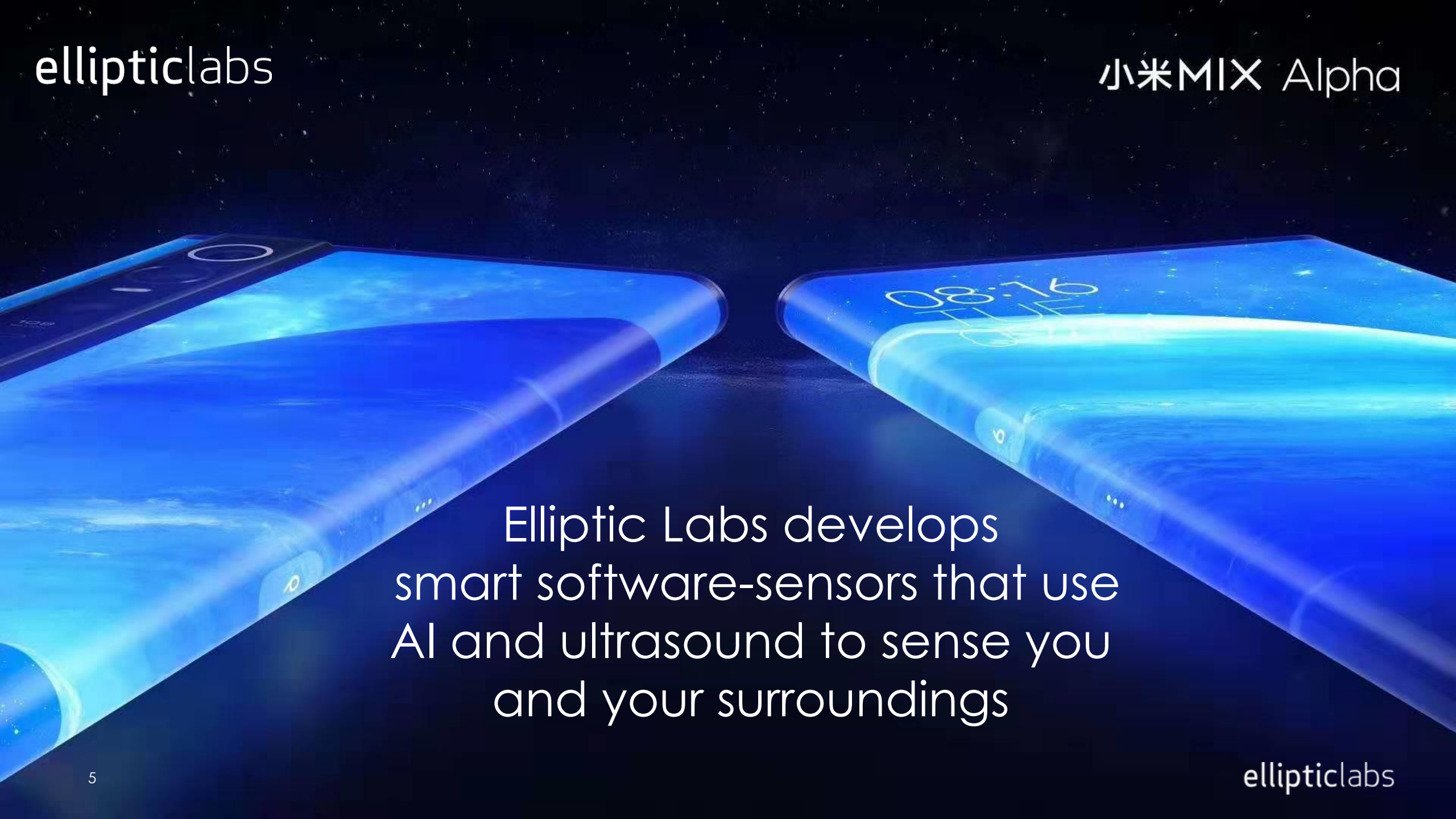
Q1 HIGHLIGHTS

Building momentum along with enhanced operational performance

- Enhanced financial performance compared with Q1 2020:
 - Operating revenues up from NOK 4.0m to NOK 4.5m
 - EBITDA improved from NOK -11.1m to NOK -8.5m
 - Cash flow from operations improved from NOK -6.0m to NOK 0.2m
 - Recent announcements and progress in first half will contribute to a stronger second half of 2021
- Cash position NOK 95.4m down from NOK 99.7m in Q4
- Signed software license agreement with one new large smartphone customer
- Launched smartphones with current and new customers
- Progress on PoC's with PC manufacturers, office opened in Taiwan
 - a positive outcome will change the financial performance significantly in 2021 and onwards
- Strengthened partnerships in Ecosystem



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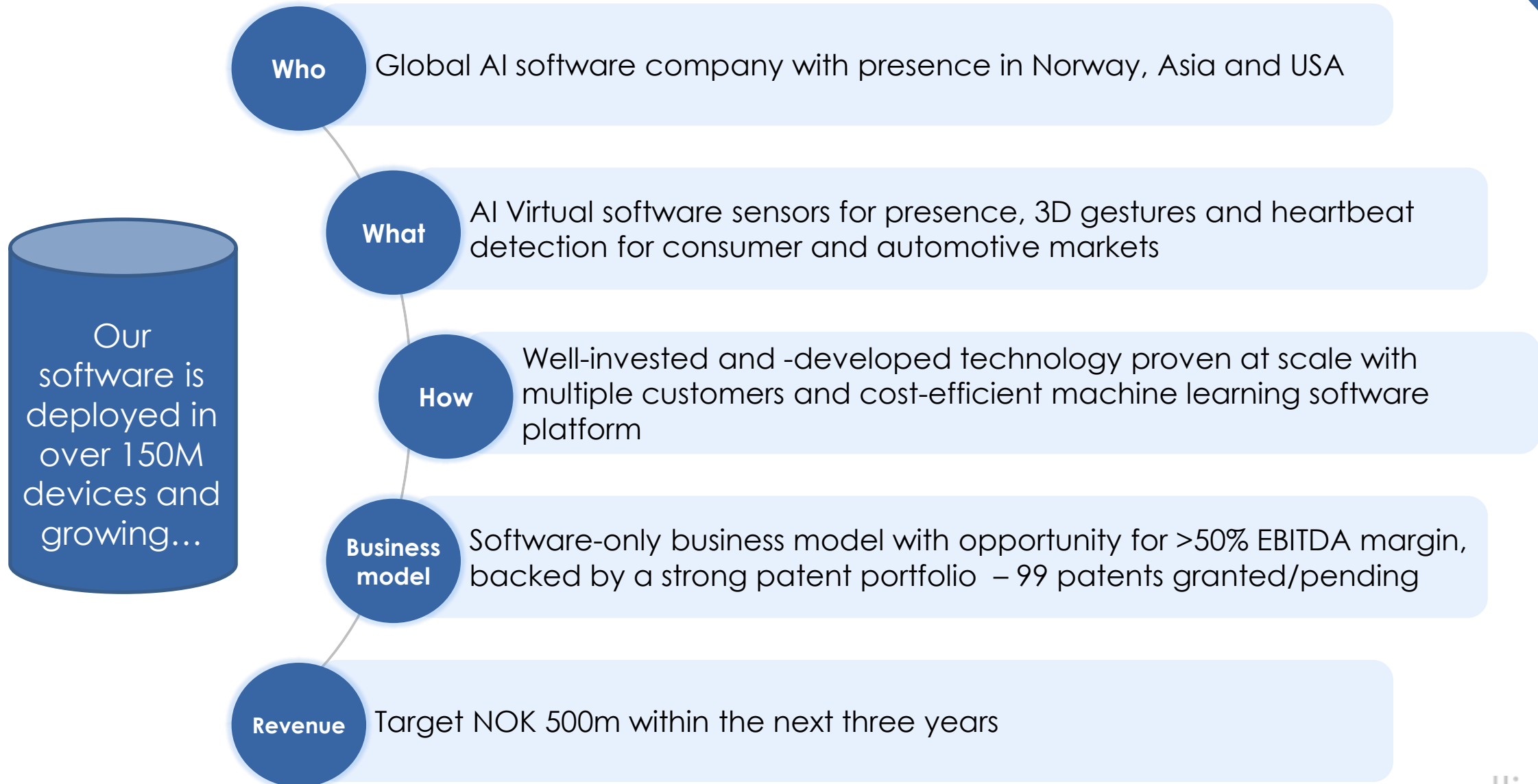
Elliptic Labs develops
smart software-sensors that use
AI and ultrasound to sense you
and your surroundings

An aerial photograph of a vast, snow-covered mountain range. The peaks are rounded and covered in a thick layer of white snow, contrasting with the deep blue of the sky. Wispy white clouds are scattered across the sky, and the sun is visible in the upper right corner, creating a bright glow and casting a long, shimmering reflection across the surface of the snow.

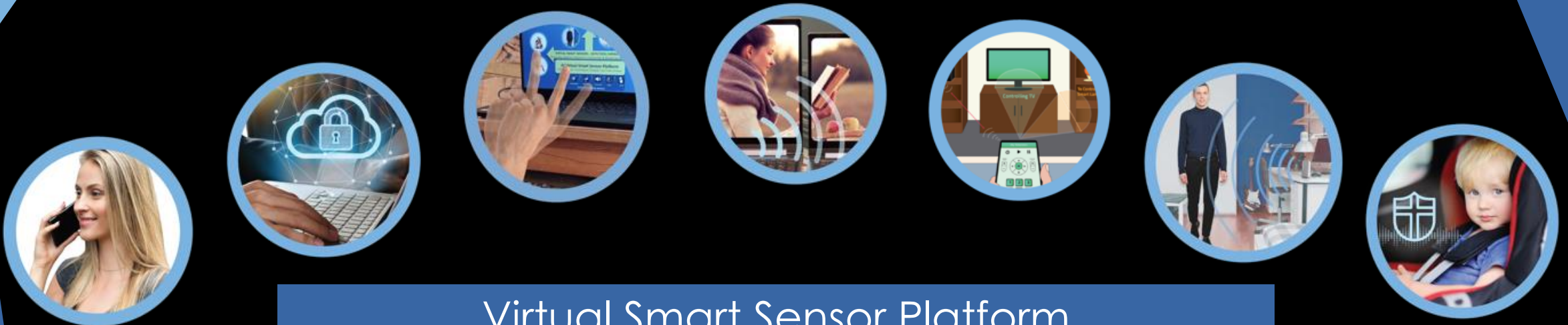
Sensors touch every
aspect of life and drive the digital transformation

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

Today we are the ultrasound leader for consumer market



We enable critical user experiences for the smartphone, laptop, IoT & automotive markets



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 and pricing, improving our competitive advantage

MARKETS	 SMARTPHONE	 PC/LAPTOP/ TABLET	 SMART TV	 IoT	 AUTOMOTIVE
Total market size units	1.6B	460M	400M	1B++	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 Sensor \$2.50	Time of flight/Infrared \$0.10-\$2	Radar Sensor \$10-\$20
Elliptic Labs value proposition	Clean design, lower cost & more features	Cybersecurity, no supply chain & more features	Power savings & gesture	Power savings, gesture & Wellness	Save lives, heartbeat detection
Elliptic Labs Pricing model	Flexible pricing model: <ol 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	\$200-\$400M	\$1100-\$1800M	\$1000M	\$100M++	\$1000-\$2000M

Smartphone market


More smartphone launches – added new customer

1.6B smartphones have a proximity sensor turning screen off/on when users are making calls:

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

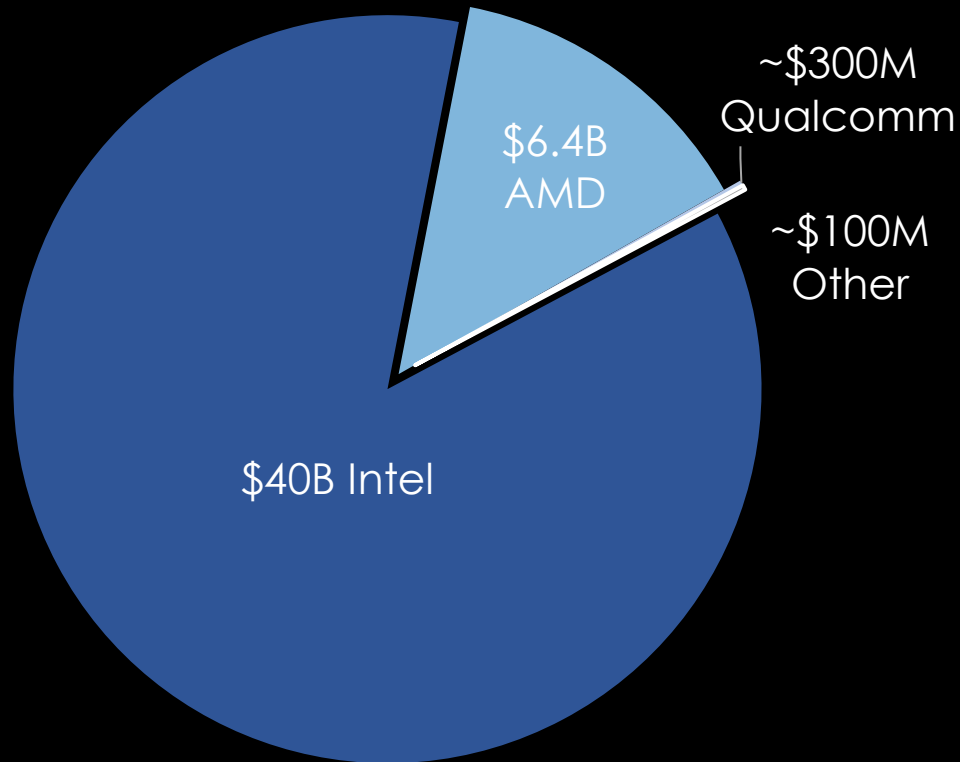
Q1 Highlights:

- Signed agreement with a new large smartphone customer
- Announced four high-volume smartphone launches with Xiaomi, a world leading smartphone and IoT manufacturer, models:
 - “Mi 11 Lite”
 - “Mi 11 Lite 5G”
 - “Redmi Note 10”
 - “Redmi Note 10s”
- Announced two smartphone launches with a new customer, Blackshark, models:
 - “Blackshark 4”
 - “Blackshark 4 Pro”

Target	 All Smartphones
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	\$200-\$400M

PC market is the next large vertical

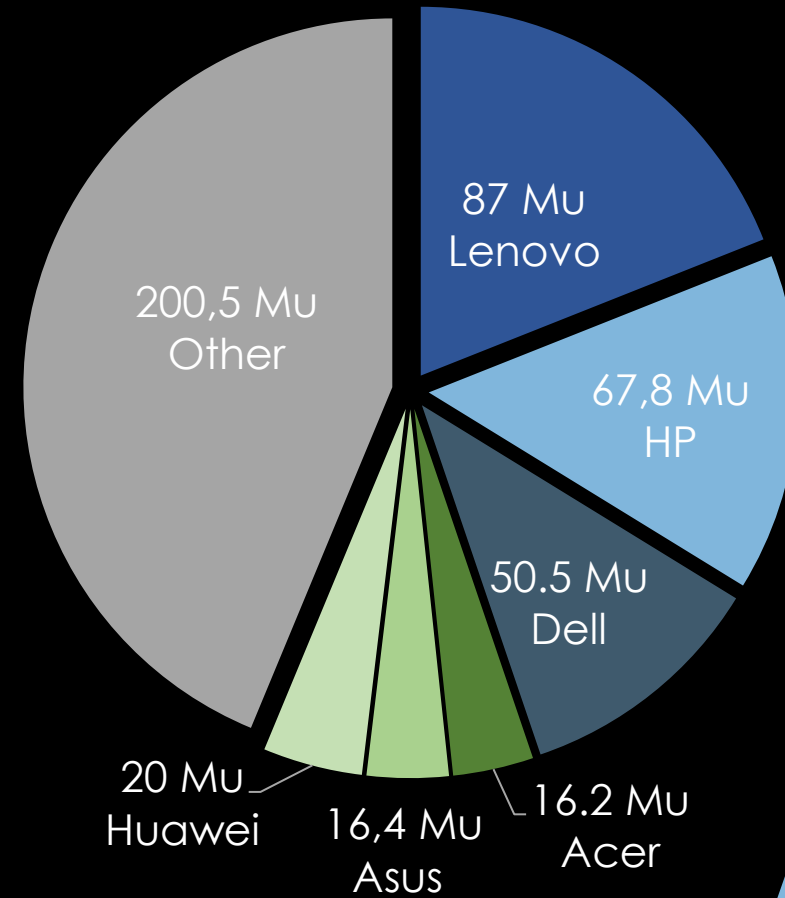
2020 PC/Laptop CPU Market Share
(Revenue)



*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)



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

PC market opportunity

Positioned to be standard provider for presence detection


Laptop OEMs want presence detection on all their devices:

- 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.
- Competing hardware sensors used for presence detection for security, require a supply chain, have longer integration cycle, and are more costly

Q1 Status:

- Signed one more Proof-of-Concept agreement, and continued to work with the leading PC OEMs
- Strengthened our partner collaboration with all leading semiconductor vendors on their laptop, tablet and PC platforms
- Opened office in Taiwan, where most PC ODMs are based and major PC OEMs are present

Target

 PC/Laptop/ Tablet	
Total market size units	460M
Competing hardware sensors cost per unit	ToF/Radar \$2.5-\$4
Our Value proposition	No supply chain, lower cost & more features
Our Pricing model	License per unit or annual agreement
Market opportunity	\$1100-\$1800M

Aligning roadmaps with current and new chipset partners for easier deployment of our solutions for joint customers



- Established partnership with Cadence, a leader in electronic design automation, optimized Elliptic machine learning algorithms on Cadence Tensilica HiFi DSPs. Jointly enabling richer user experience running on energy-efficient processors to drive next-generation devices
- Aligning short and mid-term roadmaps based on customer demand, ensuring easier deployment at scale
- Symbiotic relationship and continued traction with key partners to deliver our technology to joint customers

Years of dedication and networking enables Elliptic Labs to access new markets, new verticals and leverage opportunities

Go-to-market partners continue to progress

Continued joint promotion and marketing to new and current customers and markets:

- Smartphone
- PC
- SmartTV
- SmartAppliances



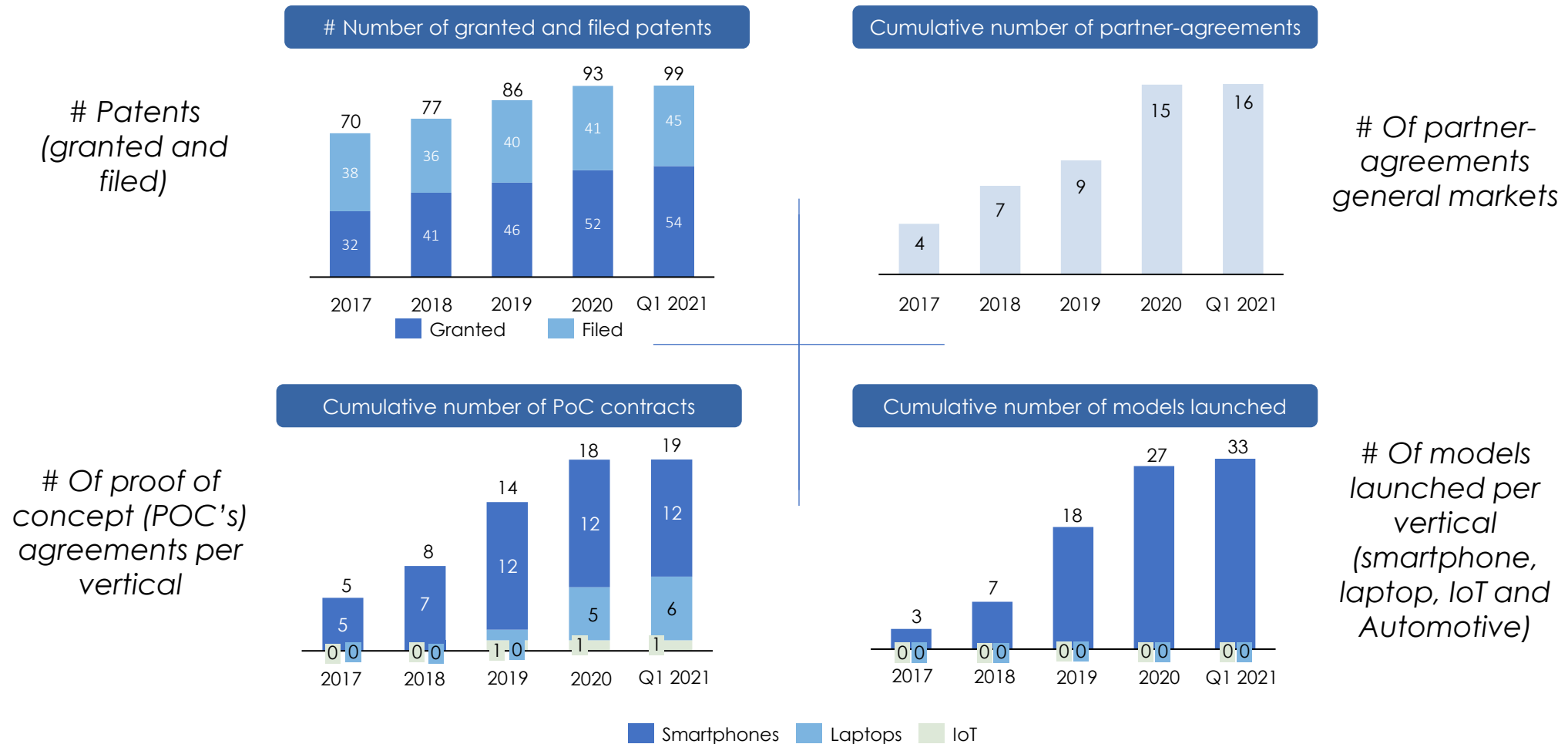
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Key Elliptic Labs KPIs per Q1 2021



Q1 2021 P/L

	Q1 2021	Q1 2020	YTD 2021	2020
Revenue	1 719 380	2 256	1 719 380	30 215 044
Other operating income	2 813 100	4 011 494	2 813 100	14 517 048
Total revenue	4 532 480	4 013 750	4 532 480	44 732 092
Personnel expenses	10 333 444	12 302 755	10 333 444	35 866 003
Other operating expenses	2 696 829	2 780 543	2 696 829	13 529 370
Depreciation, amortisation and impairment	2 057 964	1 362 231	2 057 964	5 438 634
Total operating costs	15 088 236	16 445 528	15 088 236	54 834 006
Operating profit	-10 555 756	-12 431 778	-10 555 756	-10 101 914
Financial income	204 680	6 750	204 680	1 852 417
Financial expenses	-668 995	-1 460 872	-668 995	-7 307 470
Net financial income/expenses	-464 315	-1 454 122	-464 315	-5 455 053
Profit before tax	-11 020 071	-13 885 900	-11 020 071	-15 556 968
Income tax	2 466 851	3 054 898	2 466 851	3 046 958
Profit/(loss)	-8 553 220	-10 831 002	-8 553 220	-12 510 010

Q1 comments:

- Customer revenue significantly up from Q1 2020
- Slim operating cost base implies improved EBITDA from NOK -11.1m Q1 2020 to NOK -8.5m Q1 2021 even with low recognized revenues for the quarter

2021 guidance unchanged:

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

Q1 2021 Balance Sheet and Cash Flow

Amounts in NOK	31.03.2021	31.12.2020
Non-current assets		
Deferred tax assets	62 273 885	59 807 034
Intangible assets	29 587 687	28 240 698
Right of use assets	4 464 658	5 022 739
Other non-current financial assets	4 071 884	4 050 298
Total non-current assets	100 398 115	97 120 769
Current assets		
Accounts receivable	-	426 621
Other current receivables	13 626 280	21 450 508
Cash and cash equivalents	95 378 640	99 724 175
Total current assets	109 004 920	121 601 304
Total assets	209 403 035	218 722 073
Equity and liabilities		
Share capital	958 459	958 459
Other equity	179 546 943	187 145 632
Total equity	180 505 402	188 104 091
Finance debt	2 489 503	3 001 929
Bank borrowings, long-term	13 000 000	14 000 000
Total long-term liabilities	15 489 503	17 001 929
Bank borrowings, short-term	4 000 000	4 000 000
Trade and other payables	1 302 886	988 804
Tax payable	197 889	204 893
Current lease liabilities	2 203 433	2 203 433
Other short term liabilities	5 703 922	6 218 922
Total current liabilities	13 408 129	13 616 052
Total equity and liabilities	209 403 035	218 722 073

Solid Balance Sheet after Q1 2021

- Despite low recognized revenues, cash position only reduced from NOK 99.7m Q4 2020 to NOK 95.4m Q1 2021
- NOK 1m reduction of interest bearing debt in the quarter

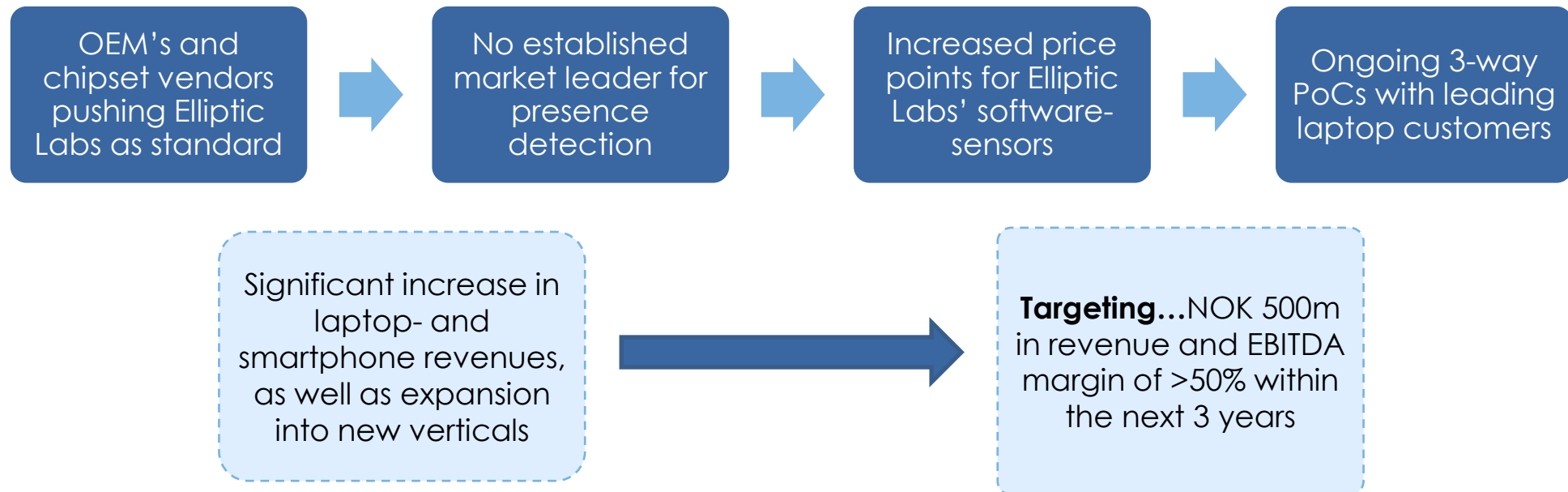
Satisfactory cash flow from operations

- Due to solid sales revenues in Q4 2020, cash flow from operations ended slightly positive with NOK 0,2m in Q1 2021 up from NOK -6.0m in Q1 2020

	Q1 2021	Q1 2020	YTD 2021	2020
Net cash flow from operations	238 770	-6 036 572	238 770	-6 678 217
Net cash flow from investments	-2 846 873	-2 146 099	-2 846 873	-15 102 670
Net cash flow from financing	-1 735 831	-1 241 452	-1 735 831	87 190 022
Net Change in Cash and Cash Equivalents	-4 343 934	-9 424 123	-4 343 934	65 409 135
Cash and cash equivalents at the beginning of the period	99 724 175	35 873 432	99 724 175	34 362 299
Effect of foreign currency rate changes on cash and cash equivalents	-1 601	329 197	-1 601	-47 260
Cash and cash equivalents at the end of period	95 378 640	26 778 506	95 378 640	99 724 175

Clear path towards significant revenue uplift

- Revenue from smartphone to increase from new customers and new features to existing and new customers
- Larger fixed volume contracts on units/devices – increases revenue certainty
- Laptops are the largest revenue driver the nearest future as:



Shareholder Structure as per May 6, 2021

SHAREHOLDER NAME	#Shares	%
Passesta AS (Chairman , Tore Engebretsen)	1,194,416	12.4%
MP Pensjon PK	890,093	9.3%
Alden AS (Board Member , Edvin Austbø)	740,333	7.7%
Laila Danielsen (CEO)	529,680	5.5%
Robert Horne	502,835	5.2%
JP Morgan Bank Luxembourg S.A.	417,666	4.4%
Vinterstua AS	368,439	3.8%
Larne Overseas Ltd.	282,000	2.9%
Bryhni.Com AS	276,965	2.9%
Nunatak AS	272,845	2.8%
Nordnet Livsforsikring AS	247,273	2.6%
Ghibli AS (CFO , Thor A. Talhaug)	215,000	2.2%
Verdipapirfondet Pareto Investment	164,000	1.7%
Marie Chantal Fabres Scaler	160,000	1.7%
Cipriano AS (Board Member , Einar Greve)	145,370	1.5%
Inven2 AS Danske Bank A/S	144,167	1.5%
Danske Invest Norge Vekst	133,333	1.4%
Aktia Nordic Small	133,333	1.4%
Slåpekroken AS	131,000	1.4%
Nordnet Bank AB	130,123	1.4%
Other 1,534 Shareholders	2,515,090	26.2%
TOTAL OUTSTANDING SHARES	9,593,961	100.0%

SHAREHOLDER NAME	#Shares	%
Shares owned by Board of Directors	2,087,849	21,8 %
Shares owned by Mgmt. and Employees	814,868	8,5 %
Allocated Options to Employees per 31.3.21	348,955	3,6 %
Outstanding Shares incl. Options	9,942,916	

- Enhanced liquidity in the stock
- Significantly increased no. of shareholders in the last months
- From 886 to 1554 shareholders since last quarterly update

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Elliptic Labs is well positioned for growth

- ✓ Solid foundation for growth with software deployed at large scale in the smartphone market
- ✓ Launched on more smartphone models and added one large customer
- ✓ Strengthened partner collaborations with leading semiconductors for PC and IoT
- ✓ New office in Taiwan to meet demand in the PC market
- ✓ Leader in ultrasound with AI software platform and established partnerships, lower the barriers into new verticals
- ✓ Re-confirming our target of NOK 500m revenue within three years

