

Quarterly Presentation

Q2 2021

August 5, 2021

AI Software Empowering the Next Billion Devices

ellipticlabs

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Agenda

Introduction and Q2 2021 highlights

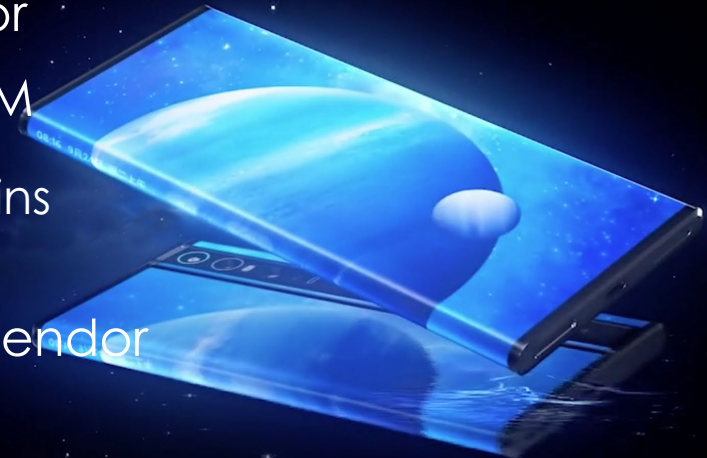
Financials

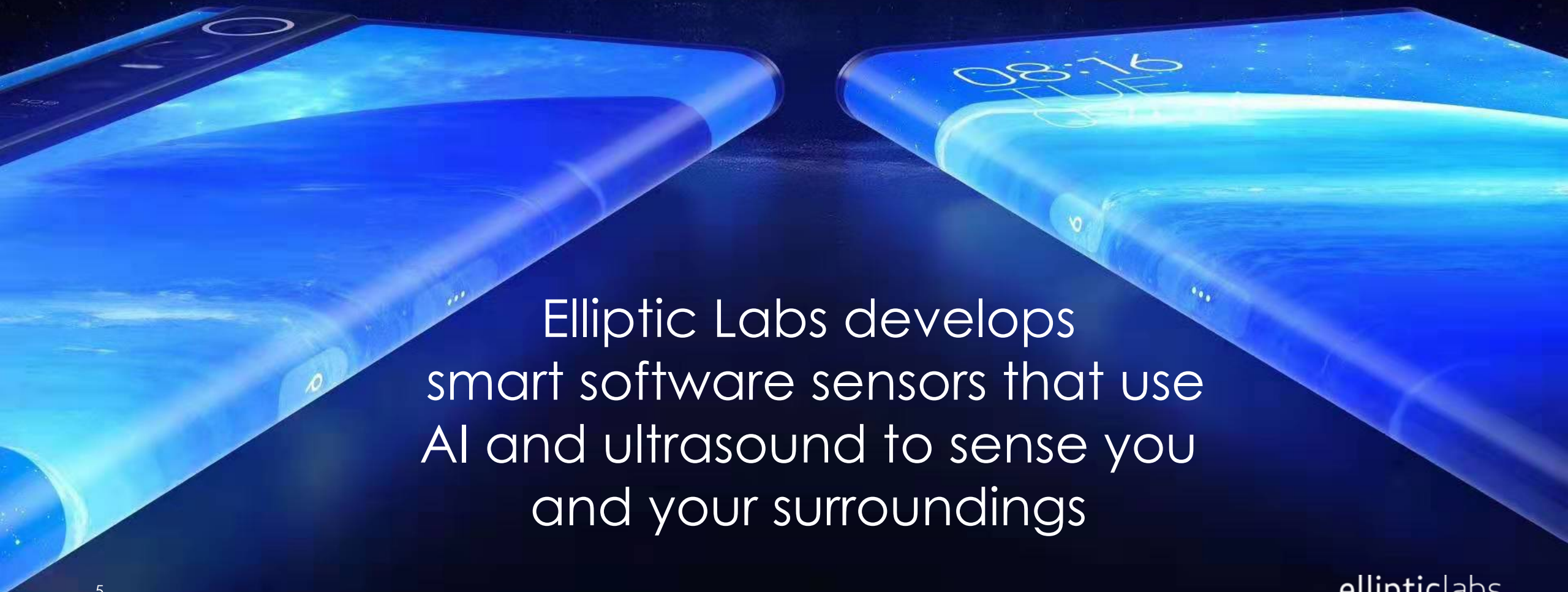
Summary and Outlook

Q2 HIGHLIGHTS

Expanding into new vertical and geographical markets

- Enhanced financial performance compared with Q2 2020:
 - Operating revenues up from NOK 6,3M to NOK 7,6M: a 20% increase YoY
 - EBITDA improved from NOK -5,9M to NOK -3,7M
 - Net cashflow from operation NOK -12,8M compared to NOK -11M Q2 2020
 - Progress in first half will contribute to a stronger second half of 2021
- Cash position NOK 78,5M down from NOK 95,4M in Q1
- Signed license agreement with a **global IoT customer**
- Launched smartphones with two major customers: Xiaomi and Honor
- Solid progress in the Laptop/PC vertical, more PoCs with OEM & ODM
 - **PC Enterprise License Agreement signed in July 2021**, which underpins our strategy to reach our revenue guidance
- New vertical market — signed PoC contract with leading Smart TV vendor





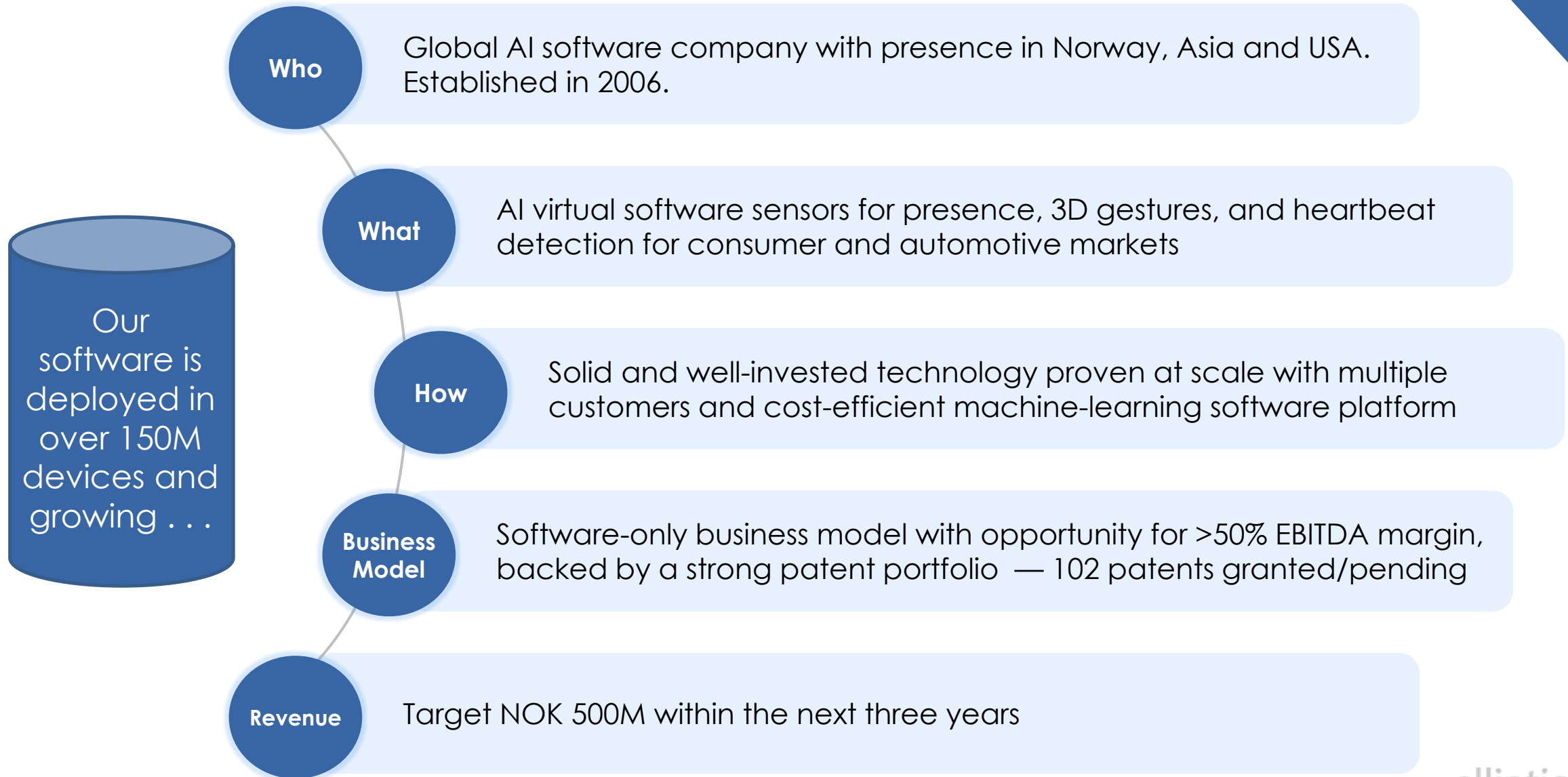
Elliptic Labs develops
smart software sensors that use
AI and ultrasound to sense you
and your surroundings



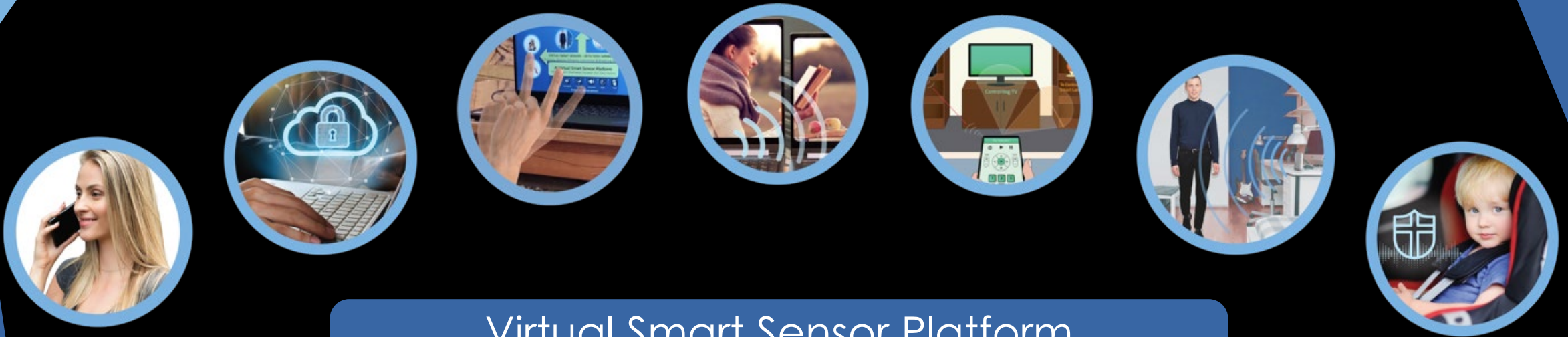
Sensors touch every aspect of life
and drive the digital transformation

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

We Are the Ultrasound Leader for the Consumer Market



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



Virtual Smart Sensor Platform
Making Sensors More Intelligent



Proximity



Presence



Gesture



Positioning



Connection



Breathing



Heartbeat








Major Milestone Reached in IoT Market: Smart Security Device by Bosch grow platform



- Contract with Bosch's subsidiary "grow platform GmbH," headquartered in Germany
- Bosch, with distribution in over 150 countries, plans for "spexor" to be distributed globally
- Elliptic replaces 3 very high cost, industrial-rated PIR hardware sensors
- Elliptic Labs' value:
 - Enables scaling
 - Reduces cost
 - Delivers new innovative features

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 Hardware 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	\$200M – \$400M	\$1100M – \$1800M	\$1000M	\$100M++	\$1000M – \$2000M

More Launches - Added New Customer


Smartphone market

1.6B 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

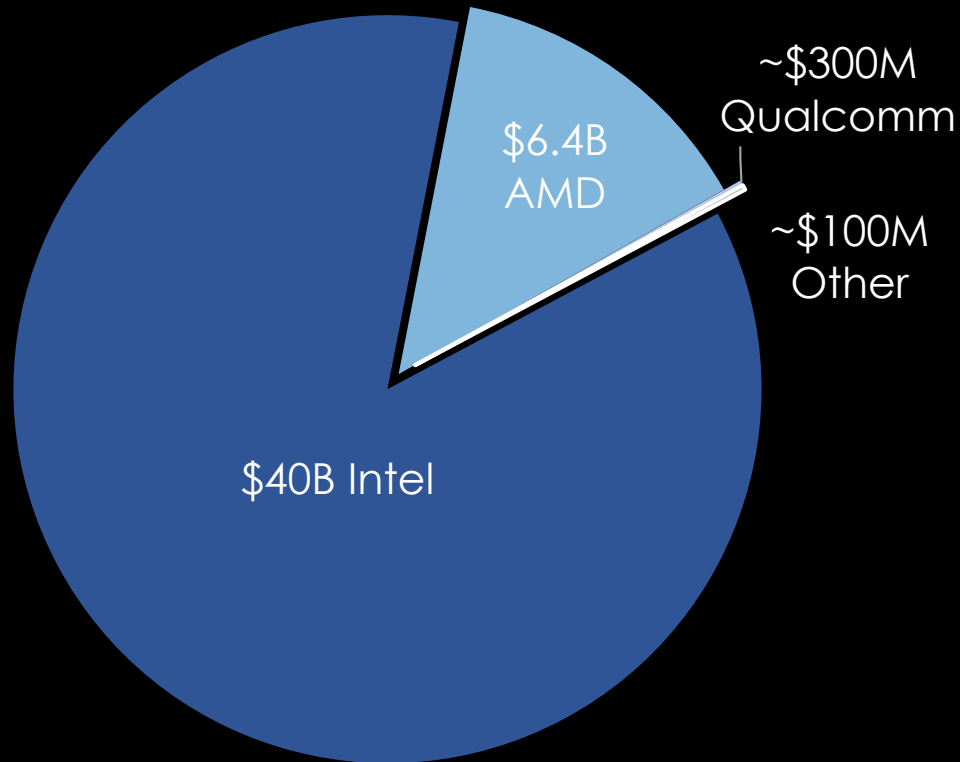
Q2 Highlights

- Launched with new smartphone OEM: Honor
 - Honor 50SE
- Launched with two new smartphones with Xiaomi, a world leading smartphone and IoT manufacturer, models:
 - Redmi Note 10 Pro
 - Redmi K40 Gaming Addition

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	\$200M – \$400M

PC Market Is the Next Growth Vertical

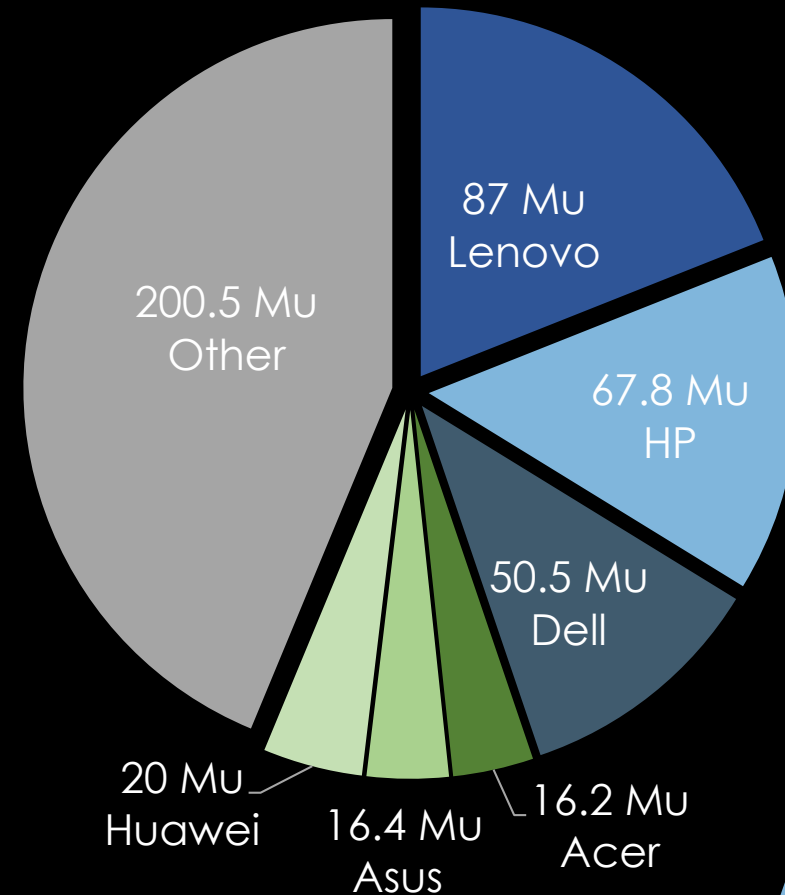
2020 PC/Laptop CPU Market Share
(Revenue)



*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](#)

Converting POCs to License agreements

PC market


Signed Enterprise License Agreement with Top-3 OEM for Mid-Tier, High-Volume Laptops

- Completed PoC in 1H/21
- Converted into signed Enterprise License Agreement in July/21

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.

Q2 Status

- Expanded with leading laptop OEM, signed third PoC agreement
- Signed PoC agreement with Taiwanese ODM

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 Leverages Strong Ecosystem Built Over Years



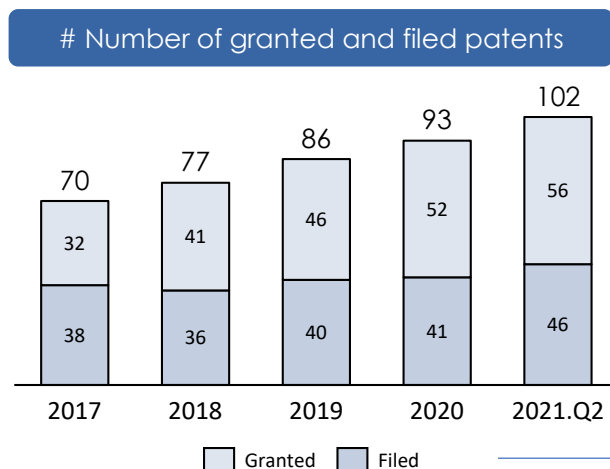
Years of dedication and networking enables Elliptic Labs to access new markets, new verticals, and capitalize on market momentum

Financials

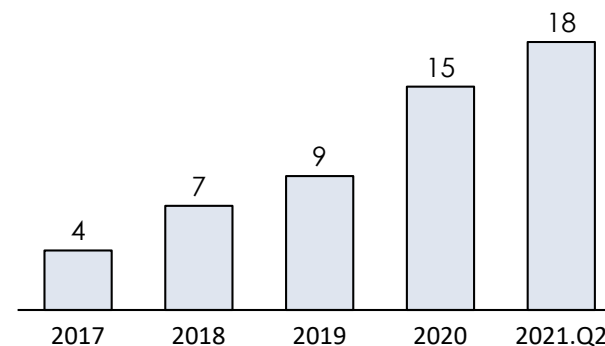
Lars Holmøy, CFO & IR

Elliptic Labs KPIs per Q2 2021

Patents
(granted and filed)

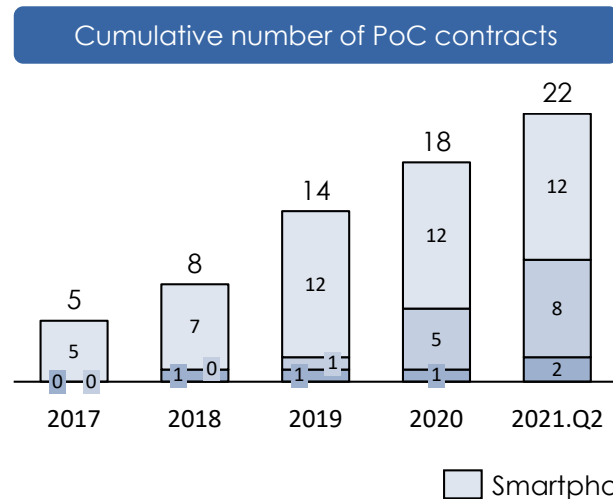


Cumulative number of partner-agreements

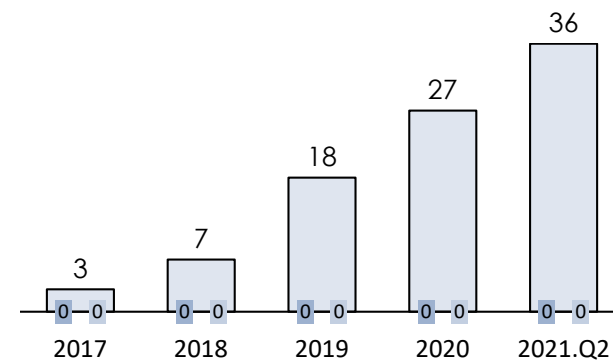


Partner-Agreements
(general market)

Proof-of-Concept
(PoC) Agreements per
Vertical



Cumulative number of models launched



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

Q2 2021 P/L

(Amounts in 000 NOK)	Q2 2021 (Unaudited)	Q2 2020 (Unaudited)	Δ%	1H 2021 (Unaudited)	1H 2020 (Unaudited)	Δ%
Revenue	4 809	2 604	84,7%	6 528	2 606	150,5%
Other operating income	2 813	3 731	-24,6%	5 626	7 742	-27,3%
Total revenue	7 621	6 334	20,3%	12 154	10 348	17,5%
Personnel expenses	-8 084	-8 924	9,4%	-18 417	-21 227	13,2%
Other operating expenses	-3 245	-3 330	2,5%	-5 942	-6 110	2,8%
EBITDA	-3 707	-5 920	37,4%	-12 205	-16 989	28,2%
Depreciation, amortisation and impairment	-2 075	-1 354	-53,3%	-4 133	-2 716	-52,2%
Operating profit	-5 782	-7 273	20,5%	-16 338	-19 705	17,1%
Financial income	913	93		1 117	100	
Financial expenses	-1 351	-349		-2 020	-1 810	
Net financial income/(expenses)	-438	-256	-71,5%	-903	-1 710	47,2%
Profit before tax	-6 220	-7 529	17,4%	-17 241	-21 415	19,5%
Income tax expense	1 327	1 646		3 794	4 701	
Profit/(loss)	-4 894	-5 883	16,8%	-13 447	-16 714	19,5%
Foreign currency rate changes, may be reclassified	5	-145		3	184	
Total comprehensive income for the period	-4 889	-6 028	18,9%	-13 444	-16 530	18,7%

Q2 Comments

- Customer revenue significantly up from Q2 2020
- Revenue mix from more than one vertical
- Continued improved EBITDA

2021 Guidance Unchanged

- Significantly stronger top line
- Positive EBITDA for the year
- Guidance unchanged, signing new clients in new verticals

Q2 2021 Balance Sheet and Cash Flow

(Amounts in 000 NOK)	30/06/21 (Unaudited)	30/06/20 (Unaudited)	31/12/20 (Audited)
Non-current assets			
Deferred tax assets	63 679	60 959	59 807
Intangible assets	30 761	19 115	28 241
Right of use assets	3 907	6 139	5 023
Other non-current receivables	4 052	2 092	4 050
Total non-current assets	102 399	88 305	97 121
Current assets			
Accounts receivable	1 079	6 425	427
Other current receivables	20 282	16 945	21 451
Cash and cash equivalents	78 492	11 918	99 724
Total current assets	99 853	35 288	121 601
Total assets	202 252	123 592	218 722
Equity and liabilities			
Share capital	959	875	958
Other equity	175 666	64 968	187 146
Total equity	176 625	65 843	188 104
Lease liabilities	1 977	4 104	3 002
Bank borrowings, long-term	12 000	16 000	14 000
Total long-term liabilities	13 977	20 104	17 002
Bank borrowings, short-term	4 000	27 422	4 000
Trade and other payables	886	1 047	989
Tax payable	290	118	205
Current lease liabilities	2 199	1 640	2 203
Other short-term liabilities	4 276	7 419	6 219
Total current liabilities	11 650	37 646	13 616
Total equity and liabilities	202 252	123 592	218 722

Solid Balance Sheet After Q2 2021

- Cash position reduced from 95.4M Q1 2021 to NOK 78,5M Q2 2021 within expectation from management
- Account receivables and other current assets is up 7,7M since Q1 2021
- NOK 1M reduction of interest-bearing debt in the quarter

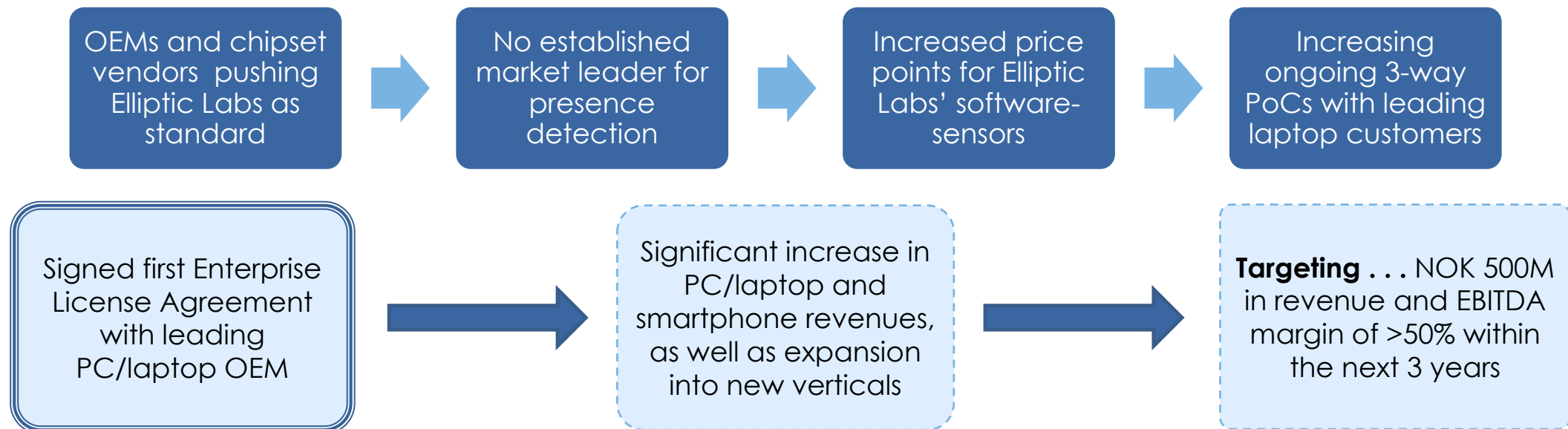
Cash Flow from Operations as Expected

- Q2 cash flow from operations ended negative 12,8M NOK.
- Positive outlook for cash flow H2 2021.

	Q2 2021	Q2 2020	1H 2021	2020
Net cash flow from operations	-12 832	-11 063	-12 593	-6 678
Net cash flow from investments	-2 690	-3 132	-5 536	-15 103
Net cash flow from financing	-1 370	-520	-3 106	87 190
Net Change in Cash and Cash Equivalents	-16 892	-14 716	-21 236	65 409
Cash and cash equivalents at the beginning of the period	95 379	26 779	99 724	34 362
Effect of foreign currency rate changes on cash and cash equivalents	5	-145	3	-47
Cash and cash equivalents at the end of period	78 492	11 918	78 492	99 724

Clear Path Towards Significant Revenue Uplift

- Increase in smartphone revenue due to new customers and from marketing new technology features to current customer
- Larger fixed-volume contracts on units/devices — increases revenue certainty
- Laptops are the largest revenue driver in the near future



Shareholder Structure as per July 28, 2021

SHAREHOLDER NAME	#Shares	%
Passesta AS (Chairman , Tore Engebretsen)	1 194 416	12,4%
MP PENSJON PK	887 993	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%
VINTERSTUA AS	418 504	4,4%
J.P. Morgan Bank Luxembourg S.A.	417 041	4,3%
LARNE OVERSEAS LTD	282 000	2,9%
NUNATAK AS	262 293	2,7%
NORDNET LIVSFORSIKRING AS	249 546	2,6%
GHIBLI AS	215 000	2,2%
BRYHNI.COM AS	213 665	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	144 167	1,5%
Danske Bank A/S	133 333	1,4%
Danske Invest Norge Vekst	133 333	1,4%
SLÅPEKROKEN AS	131 000	1,4%
Nordnet Bank AB	127 138	1,3%
Other 1,534 Shareholders	2 542 314	26,5%
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	595 903	6,21 %
Allocated Options to Employees per 30.06.21	441 501	4,60 %
Outstanding Shares incl. Options	10 035 462	

- Enhanced liquidity in the stock
- Significantly increased number of of shareholders in 2021
- Increased interest from both retail and institutional marked

Summary and Outlook

Laila Danielsen, CEO

Elliptic Labs Is Well-Positioned for Growth

- ✓ Proven business model with software deployed at large scale
- ✓ New agreements in place in multiple verticals and geographical markets
- ✓ Continued launching with new and current customers in the smartphone market
- ✓ Strengthened partner collaborations with leading PC and IoT semiconductors
- ✓ Solid AI software platform and established partner ecosystem lower expansion barriers
- ✓ Our target of NOK 500M revenue within three years reconfirmed



Thank You

and

Welcome to Q3 Presentation:
November 10, 2021

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Q & A

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