

Elliptic Labs

Q3 Presentation

November 16, 2020

AI software empowering the next billion of devices

ellipticlabs

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Agenda

Introduction and Q3 2020 highlights

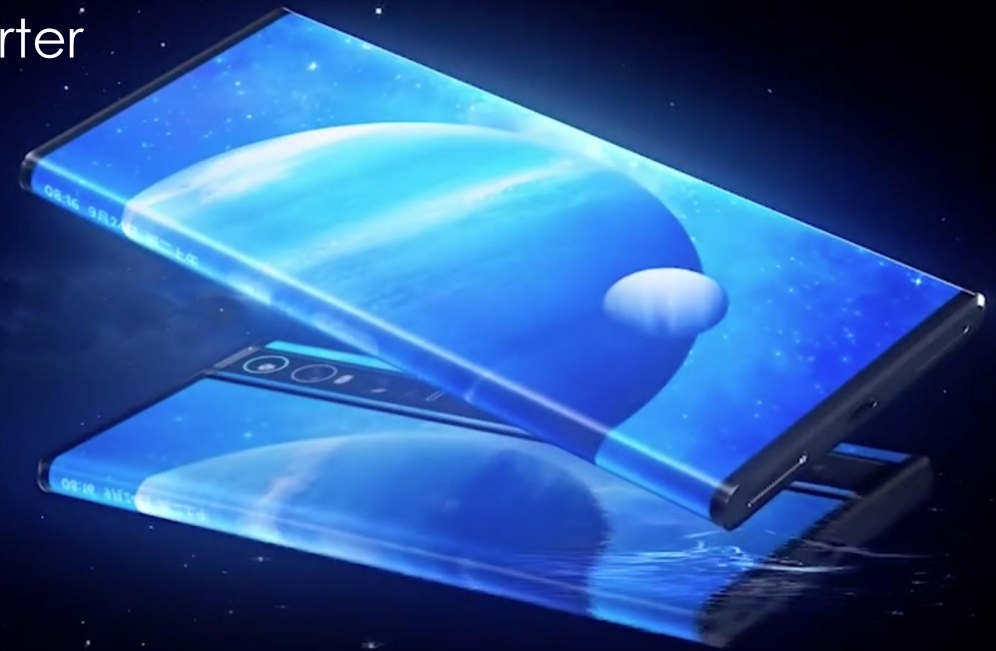
Financials

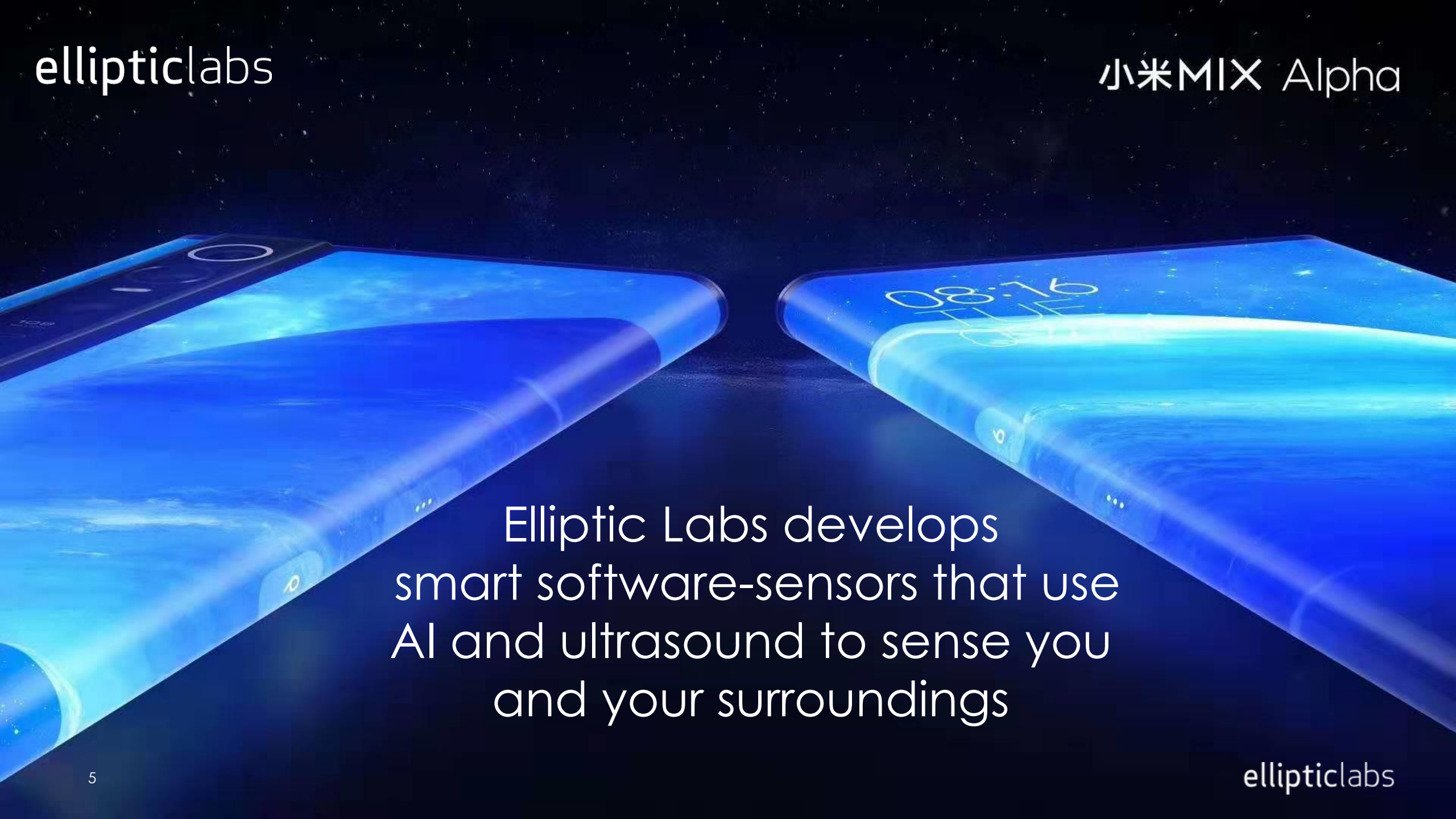
Summary

Q3 HIGHLIGHTS

Excellent Traction in Smartphone and Laptop Markets

- Revenue NOK 7.1M,- slight improvement from 1st half
 - Signed contract with a new smartphone customer
 - Volume based revenue from previously launched smartphones
- Secured a USD 3 million contract with smartphone manufacturer, not recognized as revenue this quarter
- Launched with smartphone customer Xiaomi; Mi 10T Lite Smartphone
- Landed two new Proof of Concept agreements in the laptop market,- one with a top-three laptop manufacturer
- Extended partnership with Infineon to deliver new capabilities for IoT, Consumer Electronics and Automotive Markets





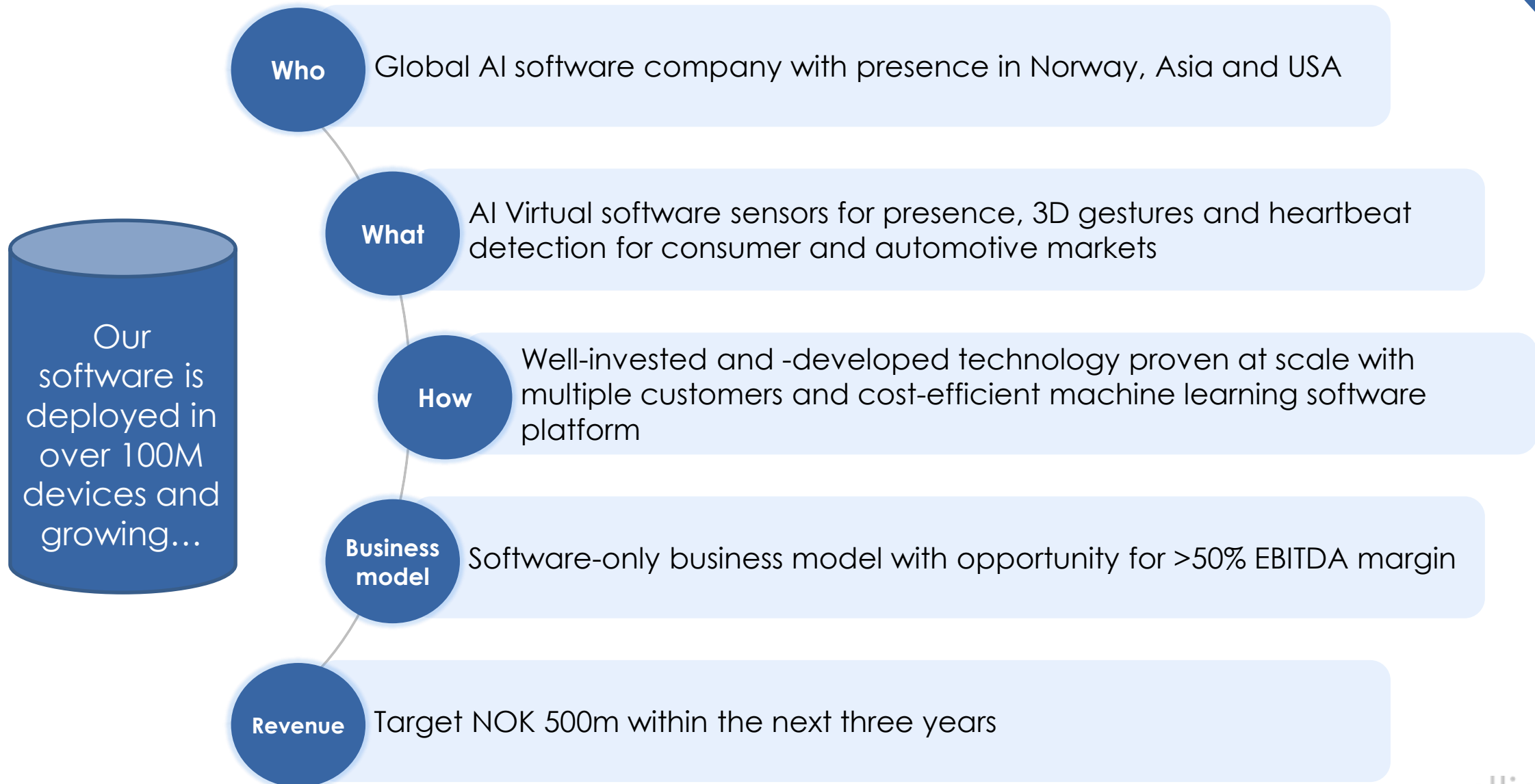
Elliptic Labs develops
smart software-sensors that use
AI and ultrasound to sense you
and your surroundings

A blue-toned image of a planet's horizon, likely Earth, with a bright light source (sun or moon) on the right side. A satellite trail or aurora-like pattern is visible on the left side of the horizon.

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

We have broad market opportunities

Q3 business uptake as Asia is recovering from Covid-19

MARKETS	 SMARTPHONE	 LAPTOP	 SMART TV	 IoT	 AUTOMOTIVE
Total market size units	1.6B	300M	400M	1B++	100M
Competing <u>Hardware</u> sensors cost per unit	Infrared Sensor \$0.10-\$0.25	Time of flight/ Radar Sensor \$1.5-\$3	Time of flight Sensor \$1-\$2	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-\$500M	\$300-\$600M	\$100-\$400M	\$100M++	\$300-\$600M

Smartphone market growth

New customers and longer commitments

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 add new innovative features

Q3 Highlights:

- \$3 Million agreement signed with longer commitment
- Secured a license contract with a new smartphone customer
- Volume based revenue from previously launched smartphones
- Continue to strengthening our partnerships with Infineon, Qualcomm, MediaTek and Texas Instruments

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

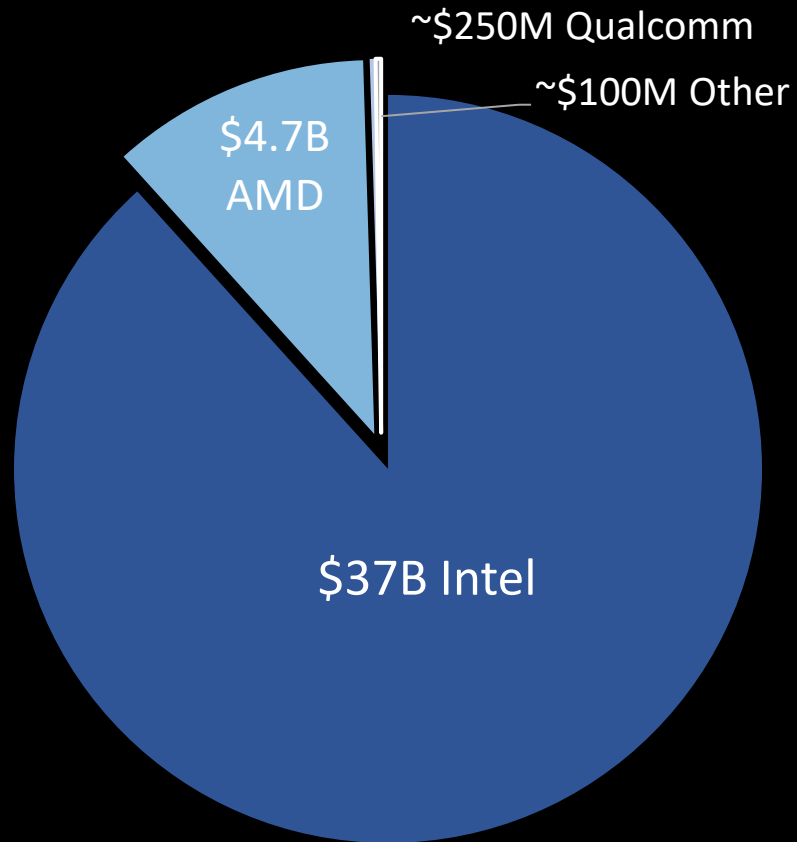
Flexible pricing model

Market opportunity

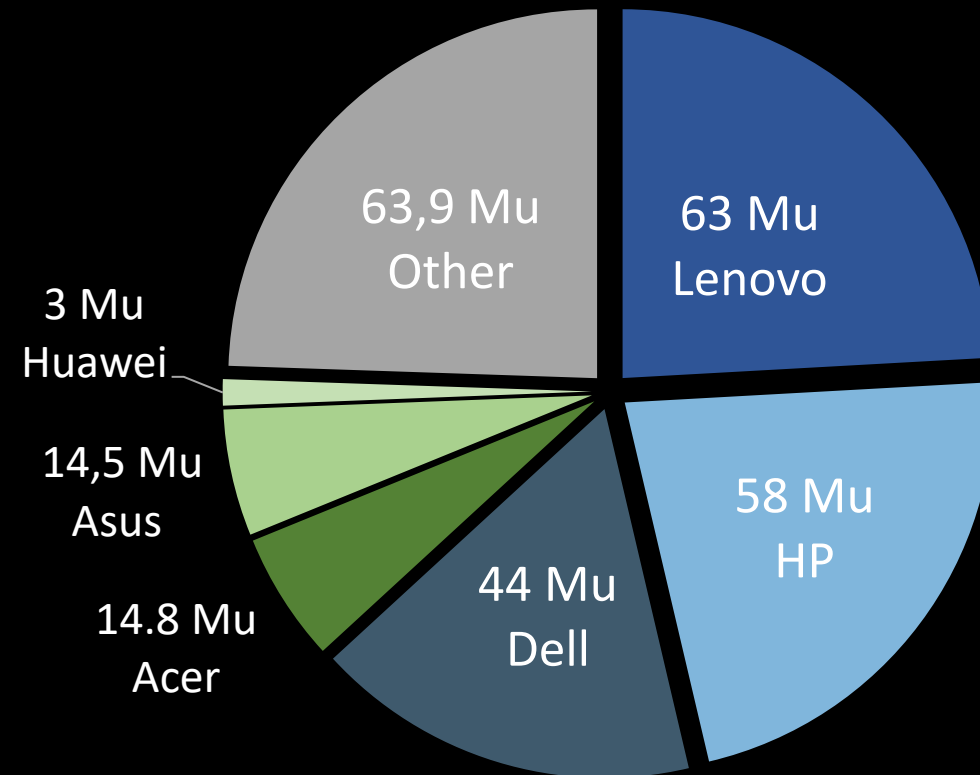
\$200-\$500M

Laptop market is next large vertical

2019 PC/Laptop CPU Market Share
(Revenue)



2019 PC/Laptop Volumes
(Millions of units - Mu)



*Note that AMD does not separate revenues from its CPU and Graphics businesses

Source: [AMD 2019 Financial Report](#), [2019 Qualcomm Analyst Day Presentation](#) and [Intel 2019 Financial Report](#)

Source: [Gartner 2019 Annual WW PC Shipment Report](#)

Laptop 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

Q3 Status:

- Signed Proof of concepts with a large laptop manufacturer
- Secured Proof of Concept contract with one of the top three global laptop manufacturers
- Continued to strengthening our partner collaborations with all leading Semiconductors on their laptop, tablet and PC platforms

Target

Laptop

300M

ToF/Radar
\$1.5-\$3

No supply chain,
lower cost & more
features

Flexible pricing model

\$300-\$600M

Strong partner ecosystem developed through years of networking and collaboration



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

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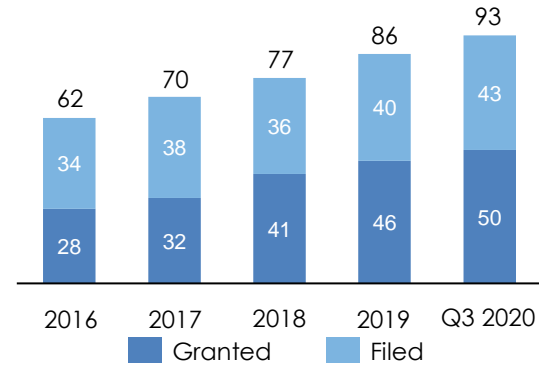
Financials

Summary

Key Elliptic Labs KPIs per Q3

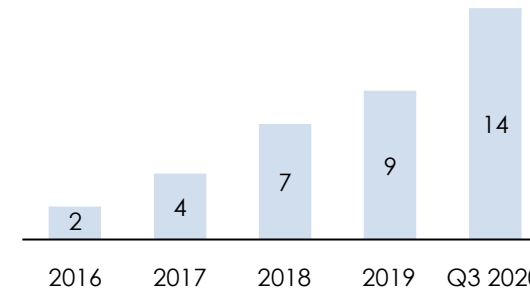
Number of granted and filed patents

Patents
(granted and
filed)



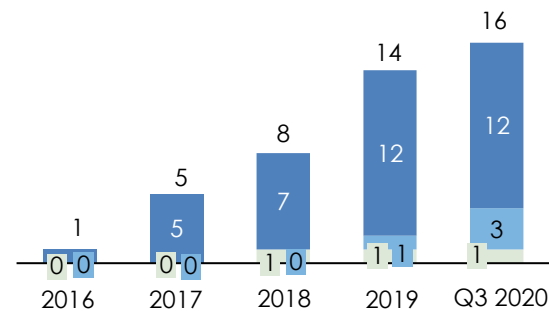
Cumulative number of partner-agreements

Of partner-
agreements
general markets



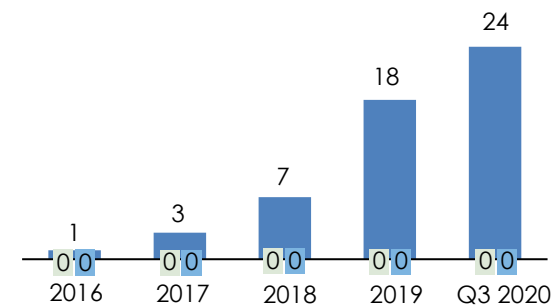
Cumulative number of PoC contracts

Of proof of
concept (POC's)
agreements per
vertical



Cumulative number of models launched

Of models
launched per
vertical
(smartphone,
laptop, IoT and
Automotive)



Smartphones Laptops IoT

Q3 2020 P/L

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Revenue	3 538 318	8 913 872	6 144 120	20 953 664	37 957 021
Other operating income	3 584 543	3 754 402	11 326 814	13 135 316	14 726 017
Total revenue	7 122 861	12 668 274	17 470 934	34 088 980	52 683 038
Personnel expenses	9 414 366	11 333 509	30 641 423	32 990 910	45 650 734
Other operating expenses	3 928 625	2 671 916	10 038 783	10 722 504	15 631 493
Depreciation, amortisation and impairment	1 355 216	1 400 379	4 070 955	4 201 137	4 392 985
Total operating costs	14 698 206	15 405 803	44 751 161	47 914 551	65 675 213
Operating profit	-7 575 346	-2 737 529	-27 280 227	-13 825 571	-12 992 175
Financial income	1 214 927	307 327	1 314 889	493 104	307 049
Total financial income	1 214 927	307 327	1 314 889	493 104	307 049
Financial expenses	-1 946 645	-1 333 745	-3 756 349	-2 944 967	-4 275 169
Total financial expenses	-1 946 645	-1 333 745	-3 756 349	-2 944 967	-4 275 169
Profit before tax	-8 307 063	-3 763 947	-29 721 687	-16 277 434	-16 960 295
Income tax expense	-1 619 392	-946 104	-6 319 935	-3 753 367	-3 703 338
Profit/(loss)	-6 687 671	-2 817 843	-23 401 752	-12 524 067	-13 256 956

- Historical largest single size USD 3m contract for SmartPhone entered into in Q3, not accounted for as revenue in Q3
 - Backlog for Q4 onwards
 - Recurring revenue character
- Slight improvement from 1H 2020 but still with some Covid-19 effects as expected
- Market “normalized” during Q3 2020
 - We foresee continued uptake in business onwards
- 2020 guidance:
 - Top-line not far from the previous year in line with expectations set in connection with the listing at OSE Merkur Markets in October 2020.

Q3 2020 Balance Sheet and Cash Flow

CONSOLIDATED BALANCE SHEET

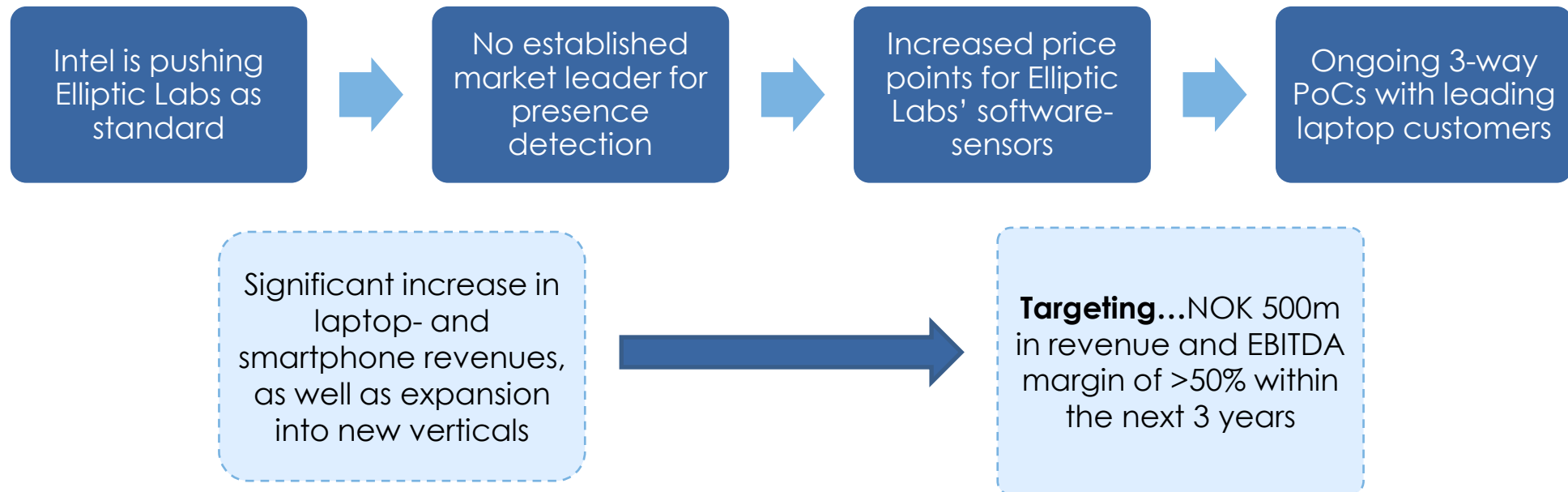
<i>Amounts in NOK</i>	30.09.2020	30.09.2019	31.12.2019
Non -current assets			
Deferred tax assets	62 827 614	56 705 029	56 168 887
Intangible assets	20 167 650	13 933 957	16 551 924
Right of use assets	5 580 825	7 422 509	7 255 068
Other non-current receivables	2 096 913	2 098 586	2 092 437
Total non-current assets	90 673 003	80 160 081	82 068 316
Current assets			
Inventories	-	-	-
Accounts receivable	1 300 595	4 680 833	14 309 741
Other current receivables	18 564 471	12 399 517	7 116 584
Cash and cash equivalents	6 616 677	7 763 496	35 873 432
Total current assets	26 481 743	24 843 846	57 299 757
Total assets	117 154 746	105 003 927	139 368 073
Equity and liabilities			
Share capital	875 126	856 406	875 106
Other equity	58 376 582	36 770 772	79 157 649
Total equity	59 251 708	37 627 178	80 032 755
Finance debt	3 552 788	7 137 102	5 205 363
Bank borrowings, long-term	15 000 000	38 977 011	14 000 000
Total long-term liabilities	18 552 788	46 114 113	19 205 363
Bank borrowings, short-term	28 403 114	12 000 000	29 431 148
Trade and other payables	2 809 043	930 921	834 715
Tax payable	-	976 374	162 501
Accrued public taxes	978 901	1 025 334	2 669 095
Other short term liabilities	7 159 192	6 330 006	7 032 496
Total current liabilities	39 350 250	21 262 636	40 129 955
Total equity and liabilities	117 154 746	105 003 927	139 368 073

- Balance Sheet substantially strengthened post Q3 2020
 - NOK 125m in gross proceeds in equity
 - NOK 25m reduction of interest bearing debt in October
- Solid foundation to fuel future growth
 - Software only business model with minimal working capital requirements
- “Unlimited” profitability potential once fixed costs are covered

	Q3 2020	Q3 2019	30.09.20	30.09.19	2019
Net cash flow from operations	-2 557 080	-1 753 551	-19 656 678	-6 430 712	-8 047 177
Net cash flow from investments	-2 408 350	-2 793 049	-7 686 681	-8 286 719	-11 096 535
Net cash flow from financing	(285 365)	(1 117 964)	(2 047 161)	5 919 060	38 388 546
Net Change in Cash and Cash Equivalents	-5 250 795	-5 664 564	-29 390 521	-8 798 371	19 244 835
Cash and cash equivalents at the end of period	6 616 677	7 763 496	6 616 677	7 763 496	35 873 432

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 coming years as:



Shareholder Structure and Allocated Options as per November 9, 2020

SHAREHOLDER NAME	#Shares	%
Passesta AS (Chairman , Tore Engebretsen)	1,194,416	12.5%
MP Pensjon Pk	898,123	9.4%
Alden AS (Board Member , Edvin Austbø)	740,333	7.7%
Robert Horne	589,000	6.1%
Laila Danielsen (CEO)	529,680	5.5%
JP Morgan Bank Luxembourg	377,152	3.9%
Bryhni.Com AS	303,309	3.2%
Nunatak AS	288,727	3.0%
Inven2 AS	288,333	3.0%
Larne Overseas Ltd	282,000	2.9%
Bimo Kapital AS	237,135	2.5%
Ghibli AS (CFO , Thor A. Talhaug)	215,000	2.2%
Portia AS	179,500	1.9%
Verdipapirfondet Pareto Investment	173,982	1.8%
Marie Chantal Fabres Scaler	160,000	1.7%
Cipriano AS (Board Member , Einar Greve)	145,370	1.5%
Danske Bank A/S	133,333	1.4%
Danske Invest Norge Vekst	133,333	1.4%
Slåpekroken AS	131,000	1.4%
Gjermund Nysæter	94,000	1.0%
Other 754 Shareholders	2,490,865	26.0%
TOTAL OUTSTANDING SHARES	9,584,591	100.0%

SHAREHOLDER NAME	#Shares	%
Shares owned By Board Of Directors	2,087,849	21,8 %
Shares owned By Mgmt. And Employees	827,180	8,6 %
Allocated Options To Employees	340,538	3,6 %
Outstanding Shares Incl. Options	9,925,129	

- Significant amount of new shareholders through the Private Placement ahead of the listing on OSE Merkur Markets
- “Free float” close to 70%

Agenda

Introduction and Q3 2020 highlights

Financials

Summary

Elliptic Labs is set to capitalize on multiple segments

- ✓ Proven business model with software sold and deployed to over 100 million devices
- ✓ Scalable AI software platform enabling easier support for new and current verticals
- ✓ Intel driving ultrasound as a standard is a game changing opportunity
- ✓ Set for ample growth going forward within the laptop, IOT and automotive segments
- ✓ Numerous additional partner- and contract announcements short term
- ✓ Positioned to become a NOK 500m revenue company within three years

