

CORPORATE GOVERNANCE POLICY

ELLIPTIC LABORATORIES ASA

(adopted by the board of directors on 10 January 2022
with effect from the time of listing of the Company's shares on Oslo Børs)

Elliptic Laboratories ASA (the "**Company**") and together with its subsidiaries, the "**Group**") has made a firm commitment to ensure trust in the Company and to enhance shareholder value through efficient decision-making and improved communication between the Company's executive management team (the "**Management**"), its board of directors (the "**Board**") and shareholders. The Company's policy for corporate governance is intended to decrease business risk, maximise value and utilise the Company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society as a whole.

The Company will seek to comply with the Norwegian Code of Practice for Corporate Governance, last revised on 14 October 2021 (the "**Corporate Governance Code**", Nw. "*NUES-anbefalingen*"), which is available at the Norwegian Corporate Governance Committee's website <https://nues.no/>. The main purpose of the Corporate Governance Code is to ensure (i) that listed companies implement corporate governance that clarifies the respective roles of shareholders, the Board and the Management more comprehensively than what is required by legislation and (ii) effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other parties concerned.

The Company is subject to reporting requirements for corporate governance under the Norwegian Accounting Act section 3-3b as well as Oslo Børs' Rule Book II section 4.4. The Board will include a report on the Company's corporate governance in each annual report, including an explanation of any deviations from the Corporate Governance Code. The corporate governance policy of the Company is subject to annual reviews and discussions by the Board.

The following provides a discussion of the Company's corporate governance in relation to each section of the Corporate Governance Code. According to the Company's own evaluation, **the Company currently deviates from the Corporate Governance Code on the following points:**

- **Item 3 – Equity and dividends**

- The Board authorisation granted by the annual general meeting in 2021 to acquire the Company's own shares is not limited to defined purposes. The same applies to the Board authorisation to increase the share capital granted by the same general meeting, as it mentions several purposes, however so that a total of NOK 40,000 under the authorisation is reserved for the Company's incentive program. Although the Board is of the opinion that it is in the best interest of the Company that the Board has flexibility to use its authorisations as considered necessary and beneficial from time to time, future Board authorisations to increase the share capital or to acquire the Company's shares shall be restricted to defined purposes.

- **Item 6 – General Meetings**

- The general meeting is chaired by the chair of the Board or a person appointed by him. Having the chair of the Board (or such other appointed person) chairing the general meetings simplifies the preparations for the general meetings significantly. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.
- The Company encourages shareholders to attend the general meeting. It is also the intention to have representatives of the Board and the chair of the nomination committee (if established, see below) to attend the general meeting. The Company will, however, normally not have the entire Board attend the meeting as this is considered unnecessary. This represents a deviation from the Corporate Governance Code which states that arrangements shall be made to ensure attendance by all Board members.

- **Item 7 – Nomination committee¹**

- The Company has currently not established a nomination committee which represents a deviation from the Corporate Governance Code. The Board will consider the need to establish such committee

¹ This no longer constitutes a deviation, please refer to section 7 below.

in connection with the annual general meeting in 2022. Prior to the establishment of a nomination committee, the Board aims to constructively engage with shareholders to ensure the interests of the shareholder base are taken into account in regard of the board composition.

- **Item 14 – Takeovers**

- The Company does not have separate guidelines on how to respond in the event of a takeover bid. The Corporate Governance Code recommends the adoption of such guidelines.

1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board adopted the Company's corporate governance policy on 10 January 2022, as well as inter alia rules of procedure for the Board, instructions for the audit committee, instructions for the remuneration committee, and manuals for the handling of inside information and other disclosure obligations applicable to companies with shares listed on Oslo Børs.

The Company will seek to comply with the Corporate Governance Code. The Board will include a report on the Company's corporate governance in its annual report, including an explanation of any deviations from the Corporate Governance Code.

2 BUSINESS

The Company is a global enterprise targeting the smartphone, laptop, IoT, and automotive markets. The Company's patented artificial intelligence (AI) software platform combines ultrasound and sensor-fusion algorithms to deliver intuitive 3D gesture, proximity and presence sensing experiences. Its scalable AI Virtual Smart Sensor Platform™ creates software-only sensors that are sustainable, eco-friendly, and already deployed hundreds of millions of devices around the world. The Company is headquartered in Norway with presence in the USA, China, South Korea, Taiwan, and Japan.

The Company's objective is defined as follows in the Company's articles of association (the "**Articles of Association**"):

"The objective of the company is to develop, market and sell solutions and services for interaction, imaging and information exchange between people and technical devices, and everything related thereto, as well as to participate and invest in other companies."

The Board has defined objectives, strategies and risk profiles for the Group's business activities, including that the Company creates value for its shareholders in a sustainable manner. The Company's objectives, strategies and risk profiles are evaluated annually. Furthermore, it is the Board's responsibility from time to time to identify and assess which aspects of sustainability that are relevant to the Group's business. The Board should establish guidelines for how it integrates considerations related to its stakeholders into its value creation.

The Company's objectives and principal strategies are further described in the Company's annual reports and on the Company's website <https://www.ellipticlabs.com/>.

3 EQUITY AND DIVIDENDS

3.1 Equity

The Board is responsible for ensuring that the Group is adequately capitalised relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met.

The Company shall at all times have an equity capital at a level appropriate to its objectives, strategy and risk profile. The Board shall continuously monitor the Group's capital situation and shall immediately take adequate steps if the Company's equity or liquidity is less than adequate.

3.2 Dividend policy

The Company is currently in a growth phase and is not in a position to pay any dividends, and has consequently not established any clear dividend policy to date. Beyond the growth phase, it is the Company's ambition to pay dividends to shareholders as soon as it considers itself to be in a position to do so. There can be no assurances that in any given period will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. The Company may revise its dividend policy from time to time.

3.3 Share capital increases and issuance of shares

In the annual general meeting held on 6 May 2021 the Board was granted the following authorisations to increase the share capital of the Company and to acquire the Company's own shares, respectively:

- a) An authorisation to increase the share capital, in one or more rounds, by up to NOK 190,000 in connection with investments within the Company's business area, to offer share subscription to potential strategic investors or partners and to strengthen the Company's capital. A total par value of NOK 40,000 may be used as part of the Company's incentive program. The authorisation is valid until the annual general meeting in 2022, however in any event no later than until 30 June 2022.
- b) An authorisation to acquire the Company's own shares, on one or more occasions, with a total par value of up to NOK 80,000. Shares acquired pursuant to this authorisation shall either be subsequently cancelled by way of a share capital decrease, included in the Company's incentive program, in connection with the Company's investment or as settlement in acquisitions. The purchase price per share shall not be less than NOK 0.10 and not more than NOK 500. The authorisation is valid until the Company's annual general meeting in 2022, however in any event no later than until 30 June 2022.

The aforementioned authorisation to acquire the Company's own shares is not restricted to defined purposes and as such represents a deviation from the Corporate Governance Code. The same applies to the Board authorisation to increase the share capital mentioned above, as it mentions several purposes, however so that a total of NOK 40,000 under the authorisation is reserved for use under the Company's incentive program. Although the Board is of the opinion that it is in the best interest of the Company that the Board has flexibility to use its authorisations as considered necessary and beneficial from time to time, future Board authorisations to increase the share capital or to acquire the Company's shares shall be restricted to defined purposes.

When the general meeting is to pass resolutions on Board authorisations to increase the Company's share capital or acquire the Company's shares for different purposes, each authorisation shall be considered and resolved separately. Board authorisations shall furthermore be limited in time and shall not last longer than until the annual general meeting the following year.

4 EQUAL TREATMENT OF SHAREHOLDERS

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

4.1 Pre-emption rights to subscribe

According to the Norwegian Public Limited Liability Companies Act (the "**Companies Act**"), the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the general meeting or by the Board if the general meeting has granted a board authorisation which allows such deviation. Any resolution to set aside pre-emption rights must be justifiable when taking into account the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice by the Company.

4.2 Trading in own shares

In the event of a future share buy-back program, the Board will aim to ensure that all transactions pursuant to such program will be carried out either through the trading system at Oslo Børs or at prevailing prices at Oslo Børs and in accordance with the Market Abuse Regulation ("**MAR**"). In the event of such program, the Board will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

5 FREELY NEGOTIABLE SHARES

The shares of the Company are freely transferable. There are no restrictions on transferability of shares pursuant to the Articles of Association.

6 GENERAL MEETINGS

The Board shall ensure that as many of the Company's shareholders as possible are able to exercise their voting rights at the Company's general meetings, and that the general meeting is an effective forum for shareholders and the Board.

The notice for a general meeting, with reference to or attached support information on the resolutions to be considered at the general meeting, shall as a principal rule be sent to shareholders no later than 21 days prior to the date of the general meeting. The Board will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting. The notice and support information, as well as a proxy voting form, will normally be made available on the Company's website no later than 21 days prior to the date of the general meeting.

Deadlines for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as practically possible. The time limit may not expire earlier than five days before the meeting.

The Board and the chair of the general meeting shall ensure that the shareholders are able to vote separately on each candidate nominated for election to the Board and other corporate bodies (if applicable).

It is the intention to have representatives of the Board (and the nomination committee, if established) to attend the general meeting. The Company will, however, normally not have the entire Board attend the meeting as this is considered unnecessary. This represents a deviation from the Corporate Governance Code which states that arrangements shall be made to ensure attendance by all Board members. The auditor will attend the annual general meeting and any extraordinary general meetings to the extent required by the agenda items or other relevant circumstances.

The general meeting is chaired by the chair of the Board or an individual appointed by the chair of the Board. Having the chair of the Board or a person appointed by him chairing the general meetings simplifies the preparations for the general meetings significantly. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory. This represent however a deviation from the Corporate Governance Code which states that the Board should seek to ensure that an independent chair is appointed, if considered necessary based on the agenda items or other relevant circumstances.

The Company will aim to prepare and facilitate the use of proxy forms which allows separate voting instructions to be given for each item on the agenda, and nominate a person who will be available to vote on behalf of shareholders as their proxy. The Board may decide that shareholders may submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting. The Board should seek to facilitate such advance voting. Furthermore, the Company's shareholders shall have the right to attend general meetings by electronic means, unless the Board finds that there is sufficient cause for it to refuse to allow this form of attendance.

7 NOMINATION COMMITTEE²

The Company has currently not established a nomination committee. The Board will consider the need to establish such committee in accordance with the Corporate Governance Code in connection with the annual general meeting in 2022. Prior to the establishment of a nomination committee, the Board aims to constructively engage with shareholders to ensure the interests of the shareholder base are taken into account in regard of the board composition.

8 BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the Articles of Association, the Board shall consist of between four and seven members.

The Board's composition shall ensure that it can attend to the common interests of all shareholders in the Company and meet the Company's need for expertise, capacity and diversity. Attention should be paid to ensure that the Board can function effectively as a collegiate body.

The composition of the Board should ensure that it can operate independently of any particular interests. The majority of the shareholder-elected Board members shall be independent of the Management and material business

² The Company's annual general meeting established a nomination committee on 23 May 2022, in accordance with the Corporate Governance Code.

contacts. At least two of the shareholder-elected Board members shall be independent of the Company's main shareholder(s).

The Board shall not comprise members from the Management. If the Board does include such persons, the Company shall give an explanation of this and implement consequential adjustments to the organisation of the work of the Board, including the use of board committees to help ensure more independent preparation of matters for discussion by the Board.

The chair of the Board shall be elected by the general meeting.

Members to the Board shall be elected for a period of two years at a time. The Company's annual report should provide information to illustrate the expertise of the Board members and information on their record of attendance at Board meetings. Furthermore, the annual report shall specify which members are considered to be independent.

The Company encouraged Board members to own shares in the Company.

9 THE WORK OF THE BOARD OF DIRECTORS

9.1 The rules of procedure for the Board

The Board is responsible for the overall management of the Company, and shall supervise the Company's business and the Company's activities in general.

The Companies Act regulates the duties and procedures of the Board. In addition, the Board has adopted supplementary rules of procedures providing further details on inter alia the duties of the Board and the chief executive officer (the "CEO"), the division of work between the Board and the CEO, notices of Board proceedings, administrative procedures, minutes, board committees, transactions between the Company and the shareholders and related parties and matters or confidentiality.

The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The CEO shall at least once a month, by attendance or in writing, inform the Board about the Company's activities, position and profit trend.

The Board's consideration of material matters in which the chair of the Board is, or has been, personally involved, shall be chaired by another Board member.

The Board shall evaluate its performance and expertise annually.

9.2 The audit committee

The Company's audit committee is governed by the Companies Act and separate instructions adopted by the Board. The members of the audit committee are appointed by and among the members of the Board. A majority of the members shall be independent of the Company's business, of which at least one member shall have qualifications within accounting or auditing. Board members who are also members of the Management (if any) cannot be members of the audit committee.

The purpose of the audit committee is to ensure:

- (i) the integrity of the Company's financial statements, financial reporting processes, internal controls and risk assessment and risk management policies, and of the compliance system; and
- (ii) the performance of the Company's internal control function.

9.3 The remuneration committee

The Company shall have a remuneration committee in order to ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. The remuneration committee's duties shall be governed by separate instructions adopted by the Board. The members of the remuneration committee shall be appointed by and among the Board members, and shall be independent of the Management.

The remuneration committee shall prepare, subject to approval by the Board and the general meeting as required under applicable law:

- (a) a policy on determination of salaries and other remuneration for executive personnel in accordance with the Companies Act section 6-16 a;

- (b) An annual report on salaries and other remuneration for executive personnel in accordance with the Companies Act section 6-16 b; and
- (c) other matters relating to remuneration and other material employment issues in respect of the executive personnel.

10 RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control are given high priority by the Board ensuring that adequate systems for risk management and internal control are in place. The control system consists of interdependent areas which include risk management, control environment, control activities, information and communication and monitoring.

The Management is responsible for establishing and maintaining sufficient internal control over financial reporting. Company specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the Group. The CEO and the chief financial officer supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over financial reporting of the Group. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards as adopted by the EU.

The Board shall ensure that the Company has sound internal control and systems for risk management, including compliance to the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility. The Company's Code of Conduct describes the Company's ethical commitments and requirements related to business practice and personal conduct. If employees experience situations or matters that may be contrary to rules and regulations or the Company's Code of Conduct, they are urged to raise their concern with their immediate superior or another manager in the Company.

The Board shall undertake a complete annual review of risks related to the Group's business, to be carried out together with the review of the annual financial statements. The audit committee shall assist the Board on an ongoing basis in monitoring the Company's system for risk management and internal control. In connection with the quarterly financial statements, the audit committee shall present to the Board reviews and information regarding the Company's current business performance and risks.

11 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board shall be decided by the Company's general meeting, and should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration should not be linked to the Company's performance.

The annual report shall provide details of all elements of the remuneration and benefits of each member of the Board, which includes a specification of any remuneration in addition to normal fees to the members of the Board.

Members of the Board and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

12 REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board shall, with the assistance from the Company's remuneration committee, prepare a clear policy for the determination of salary and other remuneration to executive personnel in accordance with the Companies Act section 6-16 a. The policy shall contribute to the Company's commercial strategy, long-term interests and financial viability and contain the information set out in the regulation on policies and reports on remuneration for executive personnel (Nw. "*Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer*"). The policy will be made available to and shall be approved by the annual general meeting at least every fourth year. The Board shall also, with the assistance from the Company's remuneration committee, prepare a report on remuneration to executive personnel on an annual basis, in accordance with the Companies Act section 6-16 b.

The remuneration committee shall see to that the Company's arrangements in respect of salary and other remuneration help ensure the executive personnel and shareholders of the Company have convergent interests.

Any performance-related remuneration shall be subject to an absolute limit.

13 INFORMATION AND COMMUNICATIONS

13.1 General

The Board has adopted a separate manual on disclosure of information, which sets forth the Company's disclosure obligations and procedures. The Board will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

The Company will each year publish a financial calendar, providing an overview of the dates for major events such as its annual general meeting and publication of interim reports.

13.2 Information to shareholders

The Company shall have procedures for establishing discussions with main shareholders to enable the Board to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall be done in compliance with the provisions of applicable laws and regulations.

All information distributed to the Company's shareholders will be published on the Company's website at the latest at the same time as it is sent to shareholders.

14 TAKEOVERS

In the event the Company becomes the subject of a takeover bid, the Board shall seek to ensure that the Company's shareholders are treated equally and that the Company's business is not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess any such offer.

There are no defence mechanisms against takeover bids in the Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. The Board has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterized by concrete and one-off situations which make a guideline challenging to prepare. In the event a takeover were to occur, the Board will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

15 AUDITOR

The Board will require the Company's auditor to annually present to the audit committee a review of the Company's internal control procedures (including weaknesses identified by the auditor and proposals for improvement) and submit the main features of the plan for the audit of the Company.

Furthermore, the Board will require the auditor to participate in meetings of the Board that deal with the annual financial statements, in which the auditor shall report on (i) any material changes in the Company's accounting principles and key aspects of the audit, (ii) any material estimated accounting figures and (iii) all material matters which has been subject to a disagreement between the auditor and the Management, if any.

At least one Board meeting with the auditor shall be held each year in which no member of the Management is present.

The audit committee shall review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represents a threat to the independence of the auditor.

The remuneration to the auditor for statutory audit will be approved by the annual general meeting.