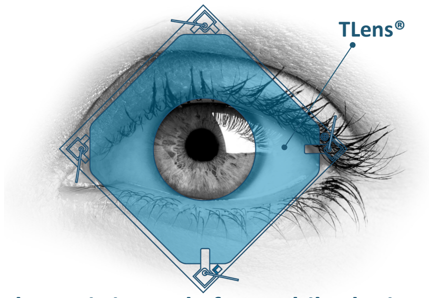
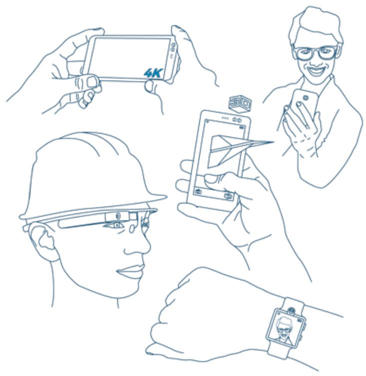
poLight® Quarterly Update
1Q 2017

"After 8 years of research, we managed to replicate the human eye"

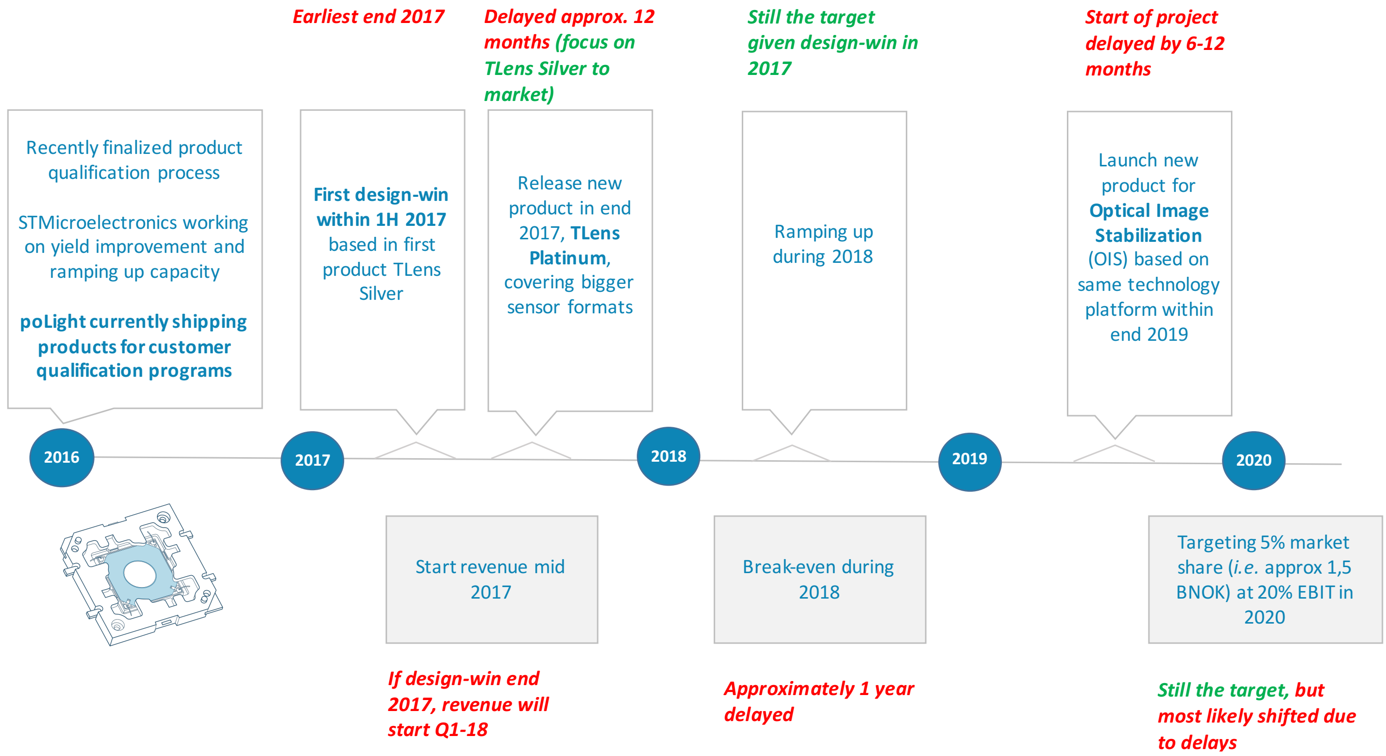


… and now it is ready for mobile devices



1 OVERALL TARGETS COMMUNICATED DURING THE PRE-IPO PROCESS

The figure below shows the slide shown as part of the pre-IPO process, expressing important targets/milestones for poLight. The red and green comments states the current top-level status as seen by the company. A more detailed status update is provided in Section 2.



2 UPDATE ON MANUFACTURING MATURITY, NEW PRODUCT DEVELOPMENT, MARKET/SALES AND ORGANISATION

Manufacturing Maturity

poLight works primarily with two sub-contractors – STMicroelectronics (ST) and Tong Hsing Electronic Industries, Ltd. (THEIL). ST produces the actuator, and THEIL assembles the complete product.

The ramp-up process is progressing, although slower than planned. Wafer out of ST has increased in numbers and the predictability improved significantly in the first quarter. The finished products are used for customer sampling (qualification programs) and to build buffer stock in preparation for the first design-win. Maintaining a certain load in the manufacturing line is also very important for debugging and yield improvement work. A capacity increase from 400 wafers/month to 1 000 wafers/month is under planning (*i.e.* 900 000 to 2 250 000 units per month un-yielded) in cooperation with ST.

Product Development

The ***TLens Silver*** is currently being optimized based on feedback from the various customer qualification programs. This implies improvements to the package surrounding the TLens for it to better withstand various tests to prove reliability, and to minimize footprint in order to ease integration into camera module/phone. The latter is major an advantage for the TLens compared to the incumbent technology VCM and crucial for front facing camera applications.

As mentioned in the fourth quarter report, the ***TLens Platinum*** project had been started after qualification of the basic technology through the qualification of TLens Silver. TLens Platinum will be a similar product to TLens Silver for larger sensor formats. Due to focus on ramping-up Silver, the Platinum project has been delayed. The first Platinum sample (Technical Sample (TS)) has been characterized with promising results. However, more design work and processing optimization at ST is needed to make any detailed development time line. The current ambition is to start sampling customers towards the end of 2017, and release the product to the market in the second quarter of 2018. The company experiences high interest for the Platinum product.

A new ASIC driver, supplying voltage to the TLens, is under development. It is expected to be released in the second quarter of 2018.

Market

Market activity has been very high during the quarter, focused mainly on China, Taiwan and Japan. The relatively new trend of including auto focus in the front facing cameras, has led to increased interest for TLens, which in addition to its speed potential and constant field of view (no autofocus pumping effect), can be made very small (xy-dimension) and do not use any electromagnetic components (avoid electromagnetic noise as opposed to VCM). The smartphone market is also moving towards bigger screens with higher fill grade, and less space for the camera, which plays into the TLens' strengths.

poLight is actively engaged with several of the major camera-module suppliers, which position themselves to be able to deliver compact high-end front-facing cameras to the various mobile phone vendors. Some processes are more mature than others. Summing up the test/prototype build to date, is that poLight's technology performs well and passes most of the tests. A need for improved mechanical integration has been identified, and is being addressed as mentioned under the product development section. The target is to provide an optimized product for re-testing by the various camera-module suppliers during the summer. This would potentially provide the basis for camera-module vendors promoting compact front-facing cameras to several mobile phone vendors, facilitating a design-win by end of 2017. The timing for first customer commitment is however difficult to predict.

3 KEY FIGURES (PRELIM)

Consolidated statement of income

(in NOK million)	Q1 2017	Q1 2016	FY 2016
Revenue	0,0	0,1	0,2
EBIT	**-10,2**	**-7,6**	**-37,5**
Research and development expenses	-3,2	-4,1	-20,1
Capitalised intangible assets	-11,2	-5,5	-26,3

Consolidated statement of financial position

(in NOK million)	Q1 2017	Q1 2016	FY 2016
Intangible assets	53,7	21,7	42,5
Cash and cash equivalents	146,1	63,4	167,0
Total equity	186,4	70,0	195,0
Total current liabilities	20,4	20,6	22,7
Total non-current liabilities	1,8	3,0	1,8
Total liabilities and equity	208,6	93,5	219,5

Profit and loss first quarter 2017

R&D expenses amounted to NOK 14.4 million including capitalised expenditures in the first quarter of 2017, compared with NOK 9.6 million in the first quarter of 2016. The increase is mainly due to more material/wafers used for R&D purposes and higher level of NRE (Non-Recurring Engineering costs) in the period.

Compared with the first quarter last year, the organisation had been strengthened within sales and marketing, and supply chain, which explained the increased expenses. Sales and marketing expenses were NOK 2.4 million, compared with NOK 1.4 million in the first quarter of 2016, and supply chain expenses where NOK 0.9 million (NOK 0).

Administration expenses were NOK 3.5 million (NOK 2.1 million) and was influenced by the ongoing ISO certification process.

The group operating loss was NOK 10.2 million, compared with an operating loss of NOK 7.7 million in the first quarter of 2016. R&D expenditures of NOK 11.2 million were capitalised in the period (NOK 5.5 million).

Financial position

Total assets at 31 March 2017 were NOK 208.6 million, compared with NOK 93.5 million at 31 March 2016. The increase in total assets was mainly related to the private placement on 1 July 2016. Total equity was NOK 186.4 million, compared with NOK 70.0 million at 31 March 2016.

Intangible assets amounted to NOK 53.7 million at 31 March 2017 (NOK 21.7 million), reflecting capitalised R&D expenses. The cash position was NOK 146.1 million, compared with NOK 63.4 million at March 2016. The change was mainly related to proceeds from the private placement of new shares.

Cash flow

Net cash flow used in operating activities was NOK 9.4 million in the first quarter of 2017, compared with NOK 6.0 million in the same period of 2016. The net cash flow used in investing activities was NOK 11.4 million (NOK 5.7 million). The increase was mainly due to higher R&D capital expenditures in the period.

4 OUTLOOK

The increased performance demand for front-facing cameras has boosted interest for using the TLens technology. The company is currently in the process of testing and qualifying TLens with various customers. After having supplied an improved integration package of the TLens, the target is to have passed some of the customer qualification programs with camera module suppliers during the second half of 2017. If so, this could form the basis for a potential design-win by the end of the fourth quarter of 2017.

The updated cash forecast implies current funding will last throughout the third quarter of 2018. An updated spending forecast is provided in the table below.

(in NOK million)	**2017**	**2018**	**Total**	**Comment**
Employee benefits expense	34	39	73	From 31 to 33 employees during 2017 and to 39 during 2018. Increased S&M activities
External R&D expenses (incl. Capital expenditures)	32	21	54	TLens Platinum, OIS, Drivers, Applications
Other Operating expenses	19	11	30	Travels, advisers/consultants, IP, office, IT, etc.
Equipment and inventory	9	11	20	R&D/manufacturing development & inventory
Total	**95**	**82**	**177**	

The planned activities and related spending, as communicated during the pre-IPO process was NOK 72 million higher compared with 2016 actual and the 2017 forecast. This is mainly due to the delays in R&D projects and a more careful ramp-up.

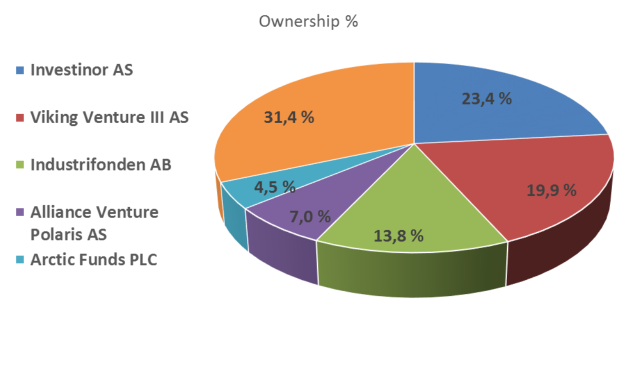
poLight is committed to minimizing the risk of needing additional capital before reaching sufficient maturity and news flow to carry out the planned IPO. The company is currently executing IPO-preparation activities and planning for a listing in the beginning of 2018. The timing will however be subject to continuous evaluation.

5 Shareholder Structure as of 31 March 2017

The shareholder structure is shown in figure to the right. There are 5,422,810,495 shares in the company.

Finisar Sweden Holding AB owns 10,562,429 warrants at strike 0.1125 nok/share.

The board is authorised to issue employee options/warrants up to a maximum of 12% of the outstanding shares of the company. 445,088,021 share options (8,2 %) are issued as of 31.03.2017 at strike 0.1125 nok/share.



6 Key Information

Homepage	www.polight.com
HQ visitors address	Kongeveien 77, Horten, Norway

Board of Directors:

Eivind Bergsmyr (Viking Venture)	Chairman
Ann-Tove Kongsnes (Investinor)	Deputy Chairman
Per Anell (Industrifonden)	Board member
Arne Hans Tonning (Alliance Venture)	Board member
Johan Paulsson (Independent)	Board member
Jan-Erik Hæreid (Alliance Venture)	Deputy board member
Erik Hagen (Viking Venture)	Deputy board member
Otto Frøseth (Investinor)	Deputy board member

Management:

Øyvind Isaksen (+47 90876398, oyvind.isaksen@polight.com)	CEO
Alf Henning Bekkevik (+47 91630514, alf.henning.bekkevik@polight.com)	CFO
Pierre Craen	CTO
Joakim Nelson	VP Sales & Business Development
Marianne Sandal	COO

7 FINANCIAL STATEMENTS

Interim Consolidated statement of income per 31.03.2017 (unaudited)

NOK 000	Note	Q1 2017	Q1 2016	FY 2016
Revenue		**0**	**63**	**216**
Research and development expenses	5	-3 166	-4 054	-20 118
Sales and marketing expenses		-2 355	-1 373	-5 540
Administrative expenses		-3 543	-2 087	-9 484
Operational / supply chain expenses		-869	0	-1 720
Depreciation, amortisation and net impairment losses		-294	-162	-822
Operating profit		**-10 227**	**-7 613**	**-37 468**
Net financial items	4	465	-74	721
Profit before tax		**-9 762**	**-7 687**	**-36 747**
Income tax expense		-168	0	-37
Profit		**-9 930**	**-7 687**	**-36 784**
Attributable to:				
Equity holders of the parent		-9 930	-7 687	-36 784
Non-controlling interests		0	0	0
Earnings per share:				
Basic, attributable to ordinary equity holders of the parent (NOK)		-0,002	-0,006	-0,011
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0,002	-0,006	-0,011

Interim Consolidated statement of other comprehensive income per 31.03.2017 (unaudited)

NOK 000	Note	Q1 2017	Q1 2016	FY 2016
Profit for the year		**-9 930**	**-7 687**	**-36 784**
Other comprehensive income				
Exchange differences on translation of foreign operations		21	-193	-416
Income tax effect		0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**21**	**-193**	**-416**
Total comprehensive income for the year, net of tax		**-9 909**	**-7 880**	**-37 200**
Attributable to:				
Equity holders of the parent		-9 909	-7 880	-37 200
Non-controlling interests		0	0	0

Interim Consolidated statement of financial position per 31.03.2017 (unaudited)

NOK 000	Note	Q1 2017	Q1 2016	FY 2016
ASSETS				
Property, plant and equipment		2 666	1 421	2 710
Intangible assets		53 731	21 748	42 514
Total non-current assets		**56 397**	**23 169**	**45 224**
Inventories		449	0	0
Trade and other receivables		4 634	6 393	6 543
Other current assets		1 027	518	826
Cash and cash equivalents		146 058	63 439	166 953
Total current assets		**152 168**	**70 350**	**174 321**
Total assets		**208 565**	**93 519**	**219 545**
EQUITY AND LIABILITIES				
Issued capital		542	13 221	542
Share premium		193 312	50 351	193 312
Other equity		-7 451	6 812	1 183
Equity attributable to equity holders of the parent		**186 403**	**70 383**	**195 037**
Non-controlling interests		0	0	0
Total equity		**186 403**	**70 383**	**195 037**
Interest-bearing loans and borrowings		1 800	3 000	1 800
Total non-current liabilities		**1 800**	**3 000**	**1 800**
Trade and other payables		18 957	10 318	21 471
Interest-bearing loans and borrowings		1 200	1 200	1 200
Income tax payable		205	0	37
Provisions		0	8 618	0
Total current liabilities		**20 362**	**20 136**	**22 708**
Total liabilities		**22 162**	**23 136**	**24 508**
Total equity and liabilities		**208 565**	**93 519**	**219 545**

Interim Consolidated statement of changes in equity per 31.03.2017 (unaudited)

		Attributable to equity holders of the parent						
NOK 000	Note	Issued capital	Share premium	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
As at 1 January 2016		**13 221**	**50 351**	**13 446**	**817**	**77 835**	**0**	**77 835**
Profit for the period				-36 784		-36 784	0	-36 784
Other comprehensive income					-416	-416	0	-416
Total comprehensive income		0	0	-36 784	-416	-37 200	0	-37 200
Value of share option plan				2 132		2 132		2 132
Decrease of share capital		-13 089		13 089		0		0
Issue of share capital		410	159 858			160 268		160 268
Transaction costs			-7 998			-7 998		-7 998
Allocation to retained earnings			-8 898	8 898		0	0	0
At 31 December 2016		**542**	**193 312**	**782**	**401**	**195 037**	**0**	**195 037**
Profit for the period				-9 930		-9 930	0	-9 930
Other comprehensive income					21	21	0	21
Total comprehensive income		0	0	-9 930	21	-9 909	0	-9 909
Value of share option plan				1 275		1 275		1 275
At 31.03.2017		542	193 312	-7 874	422	186 403	0	186 403

Interim Consolidated statement of cash flows
per 31.03.2017 (unaudited)

NOK 000	Note	Q1 2017	Q1 2016	FY 2016
Operating activities				
Profit before tax		-9 762	-7 451	-36 747
Non-cash adjustment to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipment		284	157	773
Amortisation and impairment of intangible assets		9	5	49
Share option plan expense		1 275	0	2 132
Other items related to operating activities		-1 119	266	-792
Net foreign exchange differences		21	-183	-375
Movements in provisions and government grants		1 714	2 372	-6 102
Working capital adjustments:				
Increase in trade and other receivables and prepayments		-1 021	-384	-986
Increase in inventories		-449	0	0
Decrease in trade and other payables		-361	-719	10 472
Interest received	4	0	0	1 036
Interest paid	4	-36	-54	-264
Net cash flows from operating activities		**-9 446**	**-5 990**	**-30 803**
Investing activities				
Purchase of property, plant and equipment		-223	-142	-1 934
Development capital expenditures	5	-11 225	-5 516	-32 989
Receipt of government grants		0	0	6 553
Net cash flows used in investing activities		**-11 448**	**-5 657**	**-28 369**
Financing activities				
Issue of share capital		0	0	160 268
Transaction costs on issue of shares		0	0	-7 998
Repayment of borrowings		0	0	-1 200
Net cash flows from/(used in) financing activities		**0**	**0**	**151 070**
Net increase in cash and cash equivalents		-20 894	-11 648	91 897
Effect of exchange rate changes on cash and cash equivalents		0	-10	-41
Cash and cash equivalents at 1 January		166 953	75 096	75 096
Cash and cash equivalents at 31 December		**146 058**	**63 438**	**166 953**

Notes to the interim Consolidated Financial statements

1 General

poLight AS is a limited company founded in 2005 and is incorporated and domiciled in Norway. The address of its registered office is Kongeveien 77, N-3188 Horten, Norway.

poLight is principally a sub-supplier providing a tuneable lens to the camera module industry for mobile phones and potentially to industry applications ranging from medical to retail.

2 Accounting policies

The consolidated interim financial statements of the Group for the first quarter ended 31.03.2017 (unaudited) have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the EU. The financial statements do not include all of the information required for the full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2016.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK 000), except when otherwise indicated.

3 Specification of operating expenses by nature

(in NOK 000)	**Q1 2017**	**Q1 2016**	**FY 2016**
Capitalised intangible assets in progress	-11 225	-5 516	-26 326
Employee benefits expense	9 787	6 029	23 590
Depreciation, amortisation and net impairment losses	294	162	822
Other operating expenses	11 371	7 000	39 598
Total operating expenses	**10 227**	**7 676**	**37 684**

4 Financial items

(in NOK 000)	**Q1 2017**	**Q1 2016**	**FY 2016**
Net foreign exchange gain (losses)	24	-19	-51
Interest income	487	0	1 036
Interest expense on debts and borrowings	-36	-54	-187
Finance expenses	-9	-1	-77
Net financial items	**465**	**-74**	**721**

5 Research and development expenses

(in NOK 000)	**Q1 2017**	**Q1 2016**	**FY 2016**
Employee benefits expense	3 745	3 381	16 474
Other operating expenses	10 647	5 952	41 823
Grants	0	0	-11 854
Capitalised	-11 225	-5 516	-26 326
Total	**3 166**	**3 818**	**20 118**