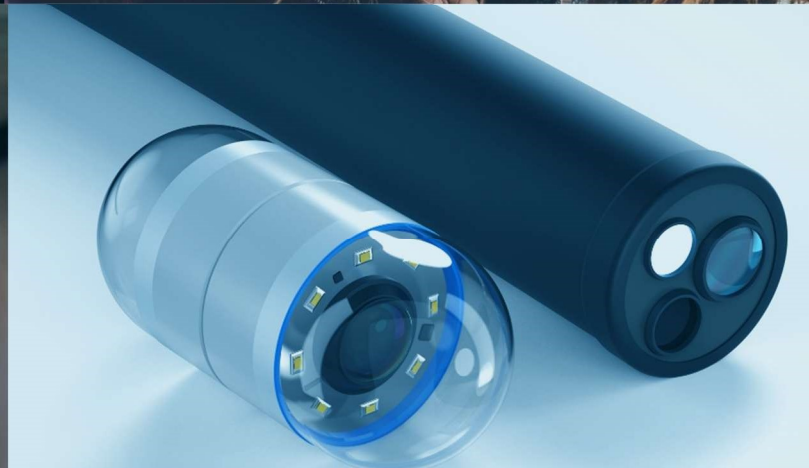
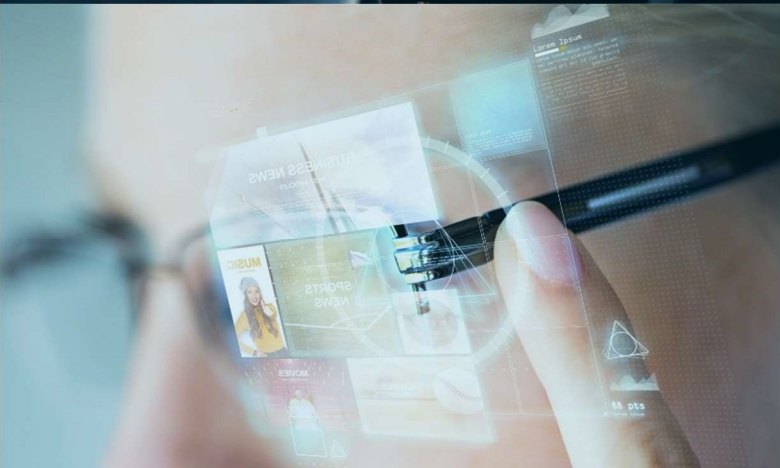




## poLight ASA Quarterly Report

3Q



2020

## KEY EVENTS

- TLens included in a barcode scan engine product released to market
- Signed MoU and received purchase order to make a prototype of a new version of TLens for smartphone applications
- Generally good progress on customer cases
- End-user sales of smartwatches still lower than normal
- VAT registered from July 2020

### Øyvind Isaksen, CEO of poLight ASA:

“poLight has clearly strengthened its position during the third quarter. Of particular note was the first-time inclusion in a commercially released barcode product. We also established a new project in the smartphone segment and have otherwise made good progress in other customer projects. We are on our way to establishing poLight in both a professional and consumer-related markets, which will give us the diversity we need to build a strong and future-proof business. We are well positioned for many new trends and have a technology platform which can be incorporated into innovative new solutions. Progress continues, and we have established a team capable of moving things in the right direction.”

## Key figures

<i>(in NOK million)</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Revenue	0.6	0.4	1.8	1.0	3.0
Gross profit	0.5	0.1	1.5	0.2	0.9
EBITDA	-2.7	-11.7	-29.3	-39.3	-53.0
Net cash flows used in operating activities	-10.3	-10.9	-40.9	-43.7	-49.5
Net increase (decrease) in cash and cash equivalents	-10.7	-11.6	5.7	-47.6	-54.0

## MANUFACTURING, PRODUCT DEVELOPMENT AND MARKETS

### Manufacturing and operations

poLight works primarily with two categories of sub-contractor – the MEMS/wafer supplier (STMicroelectronics (ST)) and assembly partners. While ST produces the wafers/actuator, the assembly partner assembles the complete product. The polymer (*i.e.* lens material) is produced at poLight HQ.

The project to engage a new assembly partner proceeds slowly. Finalisation of the new assembly line has been delayed until Q1 2021 due to resource constraints. Discussions are underway with the previously utilised assembly partner with respect to transferring poLight's production to a lower-cost factory.

ST is processing the latest order from poLight, and deliveries are expected in the first half of 2021. poLight still has sufficient wafer material in stock.

### Product Development

During the quarter, poLight continued discussions with smartphone-related vendors concerning new and advanced design concepts based on poLight's existing products and technology platform. This included integration of the company's existing products in a front-facing camera module at minimum screen size penalty, enabled by add-in design, as well as realising improved back-camera solutions and other applications not directly related to imaging. Further extensive testing of the existing TLens for non-mobile uses continued. In addition, we continued to support various customers in testing and integrating TLens into their products.

### Markets

Customer-related activities continued at a high level in the third quarter. poLight is actively engaged in several segments. This includes consumer market devices, such as smartphones, wearables and augmented reality, as well as a wide range of professional applications, such as barcode readers and medical devices. Interest in our solutions remains high, and the company continues to make progress on several projects with potential customers in these segments. TLens technology is increasingly being recognised by a broad range of potential customers. Over time, it is expected that this will develop into a diversified revenue base for poLight.

#### Consumer market

During the quarter, poLight has made progress in positioning TLens, and more generally its technology platform, in new consumer markets, such as augmented reality and smartphones.

TLens is currently being considered for use in next generation augmented reality (AR) headsets by several market participants, and testing/prototype building is ongoing. While the AR market is still at an early stage, with low volumes, it could potentially be the next 'big thing' in the consumer mass market after the smartphone. poLight is well positioned for market entry at an early stage, without having to outcompete a long-established incumbent technology, as in the smartphone market. It is within reach for poLight to be included in an AR product to be released towards the end of 2021 and beyond, depending on ongoing design work and successful testing. In the long term, this is potentially the most important consumer case that poLight can be involved in.

poLight's interaction with the smartphone ecosystem continued during the quarter. The most mature case uses an existing TLens product in an advanced add-in lens design to realise a compact front-facing camera with AF. Furthermore, efforts are underway, based on the poLight technology platform, to realise new products for improved back-camera solutions, such as creating a TLens with a bigger aperture and use the TLens in other applications not directly related to imaging. As regards the add-in project, both the camera module supplier and the OEM are heavily engaged, and good progress has been made during the quarter. It is a technically challenging project, but high-quality players are involved, and their commitment seems to be strong.

After an MoU was signed and a PO received (see announcement of 9 September 2020) from an undisclosed camera module supplier, design work has been initiated to develop a prototype variant of TLens with a bigger aperture, which will fit bigger sensor formats and new applications, primarily for the smartphone market. This will potentially lead to new opportunities for poLight's product family.

End-user sales of high-end smartwatches continue to be negatively impacted by the Covid-19 situation. Because children are engaging in fewer activities without their parents, the need for smartwatches as security devices has decreased and also spending money on high ends products has been impacted by Covid-19.

At the end of the quarter, poLight's TLens had been used in 23 Proof-of-Concept (PoC) projects related to the consumer market (11 ongoing and 12 completed). One of the completed PoC seem to have progressed to a real product project during the quarter.

### **Industrial**

As previously announced, a barcode vendor has released a next generation scan engine for warehouse and distribution centre operations. The device enables barcodes to be read at variable distances, using TLens for fast auto-focus. This is an important milestone for the company and represent an important new building block. The scan engine released is intended for use in various barcode products.

poLight is involved in other barcode cases at different stages of maturity and will continue to actively explore this important market.

The company is also exploring other cases within the industrial segment, such as machine vision and sensors.

At the end of the quarter, poLight's TLens was used in 13 PoCs related to the industrial market, either ongoing (6) or completed (7). One of the completed PoC seem to have progressed to a real product project during the quarter.

### **Other applications**

The TLens technology continues to be of interest for a range of other applications, such as medical (5 PoCs, for which 1 is completed).

## FINANCIAL REVIEW

### Profit and loss

(in NOK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Revenue	0.6	0.4	1.8	1.0	3.0
Cost of sales	-0.1	-0.4	-0.3	-0.7	-2.1
Research and development expenses <sup>1)</sup>	-5.6	-5.1	-15.1	-16.2	-19.9
Sales and marketing expenses	-0.1	-2.1	-4.3	-6.2	-8.7
Administrative expenses	4.0	-3.0	-4.7	-11.6	-17.1
Operational / supply chain expenses	-1.5	-1.6	-6.6	-5.5	-8.2
<b>EBITDA</b>	<b>-2.7</b>	<b>-11.7</b>	<b>-29.3</b>	<b>-39.3</b>	<b>-53.0</b>
Share option plan expense	2.4	1.0	4.3	4.0	4.9
<b>EBITDA ex share options</b>	<b>-0.3</b>	<b>-10.7</b>	<b>-24.9</b>	<b>-35.3</b>	<b>-48.1</b>
Depreciation, amortisation and net impairment losses	-3.0	-3.0	-9.1	-4.9	-26.2
<b>EBIT ex share options</b>	<b>-3.3</b>	<b>-13.7</b>	<b>-34.1</b>	<b>-40.2</b>	<b>-74.3</b>

1) Net R&D expenses excluding government grants (see details of grants in Note 8)

Revenue of NOK 0.6 million in the third quarter reflects sales of TLens, ASICs and services to customers for product testing.

R&D expenditures amounted to NOK 5.6 million, compared with NOK 5.1 million in the third quarter of 2019. The increase is attributable to increased use of internal resources on R&D projects.

Sales and marketing expenses came to NOK 0.1 million in the third quarter (NOK 2.1 million). The decrease is due to work on customer development projects being reclassified from sales activities to R&D. Operational/supply chain expenses totalled NOK 1.5 million (NOK 1.6 million).

Administration expenses totalled positive NOK 4.0 million in the quarter (NOK -3.0 million). VAT receivables of NOK 8.2 million were recognised in the quarter, whereof NOK 7.7 million recognised as administrative expense. See Note 11 for further details.

EBITDA totalled NOK -2.7 million (NOK -11.7 million). The decrease is attributable to VAT refunds of NOK 8.2, reduced salary expenses of NOK 1.9 million due to reduced head count offset by bonus payments of NOK 1.4 million incl. social securities.

Share option plan expenses amounted to NOK 2.4 million in the third quarter (NOK 1.0 million), whereof NOK 1.5 million in social securities (NOK 0 million), while depreciation and amortisation amounted to NOK 3.0 million in the quarter (NOK 3.0 million).



## Balance sheet

(in NOK million)	Q3 2020	Q3 2019	FY 2019
Intangible assets	46.2	74.7	53.9
Inventories	9.5	8.5	7.7
Cash and cash equivalents	79.4	79.9	73.5
<b>Total equity</b>	<b>140.5</b>	<b>162.0</b>	<b>128.4</b>
Total current liabilities	13.5	13.5	15.9
Total non-current liabilities	0.5	1.1	0.8
<b>Total equity and liabilities</b>	<b>154.5</b>	<b>176.5</b>	<b>145.0</b>

As at 30 September 2020, total assets came to NOK 154.5 million, compared with NOK 176.5 million as at 30 September 2019 and NOK 145.0 million as at 31 December 2019. Share issues carried out in the second quarter 2020 raised NOK 47.8 million in net proceeds, increasing both equity and cash.

Intangible assets amounted to NOK 46.2 million as at 30 September 2020, compared with NOK 74.7 million as at 30 September 2019 reflecting amortisation and impairment losses of NOK 18.3 million in Q4 2019. As at year-end 2019 the intangible assets amounted to NOK 53.9 million. As at 30 September 2020, poLight had cash and cash equivalents totalling NOK 79.4 million, compared with NOK 79.9 million as at 30 September 2019 and NOK 73.5 as at December 2019.

## Cash flow

(in NOK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Net cash flow used in operating activities	-10.3	-10.9	-40.9	-43.7	-49.5
Net cash flow used in investing activities	-0.1	-0.4	-0.3	-2.5	-2.7
Net cash flow from/(used in) financing activities	-0.4	-0.3	46.8	-1.4	-1.7
<b>Net increase in cash and cash equivalents</b>	<b>-10.7</b>	<b>-11.6</b>	<b>5.7</b>	<b>-47.6</b>	<b>-54.0</b>

Net cash flow used in operating activities totalled NOK 10.3 million in the third quarter, compared with NOK 10.9 million used in in the same period of 2019. The net cash flow used in investing activities totalled NOK 0.1 million (NOK 0.4 million). Net cash flow from financing activities totalled NOK -0.4 million (NOK -0.3 million).

The net decrease in cash and cash equivalents came to NOK 10.7 million for the quarter, compared with a decrease of NOK 11.6 million in the same period of 2019.

## RISK FACTORS AND COVID-19

poLight is a technology company with limited revenue because it is in an early commercialisation phase. This is reflected in current operating losses. Commercial success is linked to the technology and its commercialisation, as well as related intellectual property rights. There is a risk that losses may also occur going forward. As poLight has an ambition to bring its solutions to market and secure growth by capturing market share in defined segments, additional capital may be required. TLens products are being tested and qualified for various applications (e.g. smartphones, barcode devices) by potential customers. During such testing there is a risk that various performance parameters will not be met, and that the product will need to undergo changes which require additional investments and delay commercialisation. Being in an early stage of deliveries for commercial use there is also a risk that failure in the field may occur. poLight operates globally and is exposed to exchange rate fluctuations and local tax laws that may affect earnings.

After the Covid-19 pandemic commenced at the start of the year, no purchase orders have been received for the smartwatch phones launched in January. The Covid-19 pandemic had a negative impact on sales of smartwatch phones using poLight's TLens in the first nine months of 2020. It could potentially have a negative impact on sales throughout

the year. The pandemic has had no significant impact on operations. All employees are working normally, and none have been laid off. ST is somewhat delayed in fulfilling the last order placed, but it is unlikely to have a negative impact from a supply chain perspective, since poLight has wafers in stock. The pandemic may also have led to some delays in customer qualification programmes.

## OUTLOOK

Given the progress poLight has recently achieved, combined with all its ongoing customer and technology development activities, there is good reason to expect the company to continue making headway going forward.

Since the last quarterly report, the company has established its first commercial reference in the barcode market, adding to the two consumer references already established, and established a customer project in the smartphone segment. Already in the pipeline are new consumer cases, and additional professional use cases. New products and solutions that will add to the company's opportunity pipeline are also being explored.

Current cash deposits could potentially fund group activities into 2022.

## CONDENSED INTERIM FINANCIAL STATEMENTS

### Interim condensed consolidated statement of income

NOK 000	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Sale of goods		526	423	1 534	971	2 988
Rendering of services		91	0	241	0	0
<b>Revenue</b>		<b>617</b>	<b>423</b>	<b>1 775</b>	<b>971</b>	<b>2 988</b>
Cost of sales		-122	-355	-316	-740	-2 075
<b>Gross profit</b>		<b>495</b>	<b>68</b>	<b>1 459</b>	<b>231</b>	<b>913</b>
Research and development expenses net of governmental grants	7,8	-5 568	-5 055	-15 095	-16 220	-19 874
Sales and marketing expenses		-136	-2 112	-4 309	-6 206	-8 729
Administrative expenses	11	4 045	-2 985	-4 696	-11 598	-17 073
Operational / supply chain expenses		-1 544	-1 642	-6 639	-5 533	-8 216
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>-2 709</b>	<b>-11 725</b>	<b>-29 279</b>	<b>-39 326</b>	<b>-52 979</b>
Depreciation, amortisation and net impairment losses	9	-3 012	-2 980	-9 121	-4 864	-26 191
<b>Operating result (EBIT)</b>		<b>-5 721</b>	<b>-14 705</b>	<b>-38 400</b>	<b>-44 191</b>	<b>-79 170</b>
Net financial items	6	138	249	79	809	1 430
<b>Loss before tax</b>		<b>-5 583</b>	<b>-14 456</b>	<b>-38 321</b>	<b>-43 381</b>	<b>-77 740</b>
Income tax expense		-4	-72	-21	-74	-124
<b>Loss for the period</b>		<b>-5 587</b>	<b>-14 528</b>	<b>-38 343</b>	<b>-43 456</b>	<b>-77 864</b>
<b>Attributable to:</b>						
Equity holders of the parent		-5 587	-14 528	-38 343	-43 456	-77 864
Non-controlling interests		0	0	0	0	0
<b>Earnings per share:</b>						
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.62	-1.79	-4.51	-5.35	-9.59
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.62	-1.78	-4.51	-5.35	-9.59



## Interim consolidated statement of other comprehensive income

NOK 000	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
<b>Loss for the period</b>		<b>-5 587</b>	<b>-14 528</b>	<b>-38 343</b>	<b>-43 456</b>	<b>-77 864</b>
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations		29	52	294	-69	-92
Income tax effect		0	0	0	0	0
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>29</b>	<b>52</b>	<b>294</b>	<b>-69</b>	<b>-92</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-5 557</b>	<b>-14 476</b>	<b>-38 048</b>	<b>-43 525</b>	<b>-77 955</b>
<b>Attributable to:</b>						
Equity holders of the parent		-5 557	-14 476	-38 048	-43 525	-77 956
Non-controlling interests		0	0	0	0	0

## Interim consolidated statement of financial position

NOK 000	Note	Q3 2020	Q3 2019	FY 2019
<b>ASSETS</b>				
Property, plant and equipment		983	1 229	1 235
Intangible assets	9	46 217	74 697	53 936
Right-of-use assets		1 510	2 221	1 923
<b>Total non-current assets</b>		<b>48 711</b>	<b>78 148</b>	<b>57 094</b>
Inventories		9 547	8 535	7 728
Trade and other receivables	11	16 563	9 655	6 147
Other current assets		327	290	565
Cash and cash equivalents		79 364	79 907	73 463
<b>Total current assets</b>		<b>105 802</b>	<b>98 388</b>	<b>87 903</b>
<b>Total assets</b>		<b>154 512</b>	<b>176 535</b>	<b>144 997</b>
<b>EQUITY AND LIABILITIES</b>				
Issued capital		1 810	1 623	1 623
Share premium		171 932	198 748	124 385
Other equity		-33 280	-38 411	2 369
<b>Equity attributable to equity holders of the parent</b>		<b>140 461</b>	<b>161 960</b>	<b>128 378</b>
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>140 461</b>	<b>161 960</b>	<b>128 378</b>
Lease liabilities		522	1 082	766
<b>Total non-current liabilities</b>		<b>522</b>	<b>1 082</b>	<b>766</b>
Trade and other payables		11 279	11 100	11 911
Current lease liabilities		1 061	1 204	1 241
Provisions	11	1 189	1 189	2 701
<b>Total current liabilities</b>		<b>13 529</b>	<b>13 493</b>	<b>15 853</b>
<b>Total liabilities</b>		<b>14 051</b>	<b>14 575</b>	<b>16 619</b>
<b>Total equity and liabilities</b>		<b>154 512</b>	<b>176 535</b>	<b>144 997</b>

## Interim consolidated statement of changes in equity

	Note	Attributable to equity holders of the parent				Non-controlling interest	Total equity
		Issued capital	Share premium	Retained earnings	Foreign currency translation reserve		
<i>NOK 000</i>							
<b>As at 1 January 2019</b>		<b>1 623</b>	<b>198 748</b>	<b>166</b>	<b>919</b>	<b>0</b>	<b>201 456</b>
Loss for the period				-43 456		0	-43 456
Other comprehensive income					-69	0	-69
Total comprehensive income		0	0	-43 456	-69	0	-43 525
Value of share option plan				4 028		0	4 028
<b>As at 30 September 2019</b>		<b>1 623</b>	<b>198 748</b>	<b>-39 262</b>	<b>850</b>	<b>0</b>	<b>161 960</b>
<b>As at 1 January 2020</b>		<b>1 623</b>	<b>124 385</b>	<b>1 542</b>	<b>827</b>	<b>0</b>	<b>128 378</b>
Loss for the period				-38 343		0	-38 343
Other comprehensive income					294	0	294
Total comprehensive income		0	0	-38 343	294	0	-38 048
Value of share option plan				2 399		0	2 399
Proceeds from share issue		182	49 818			0	50 000
Exercise of options		5	734			0	738
Transaction costs			-3 005			0	-3 005
<b>As at 30 September 2020</b>		<b>1 810</b>	<b>171 932</b>	<b>-34 402</b>	<b>1 121</b>	<b>0</b>	<b>140 461</b>

## Interim consolidated statement of cash flows

NOK 000	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
<b>Operating activities</b>						
Loss before tax		-5 583	-14 456	-38 321	-43 382	-77 740
Non-cash adjustment to reconcile profit before tax to net cash flows:						
Depreciation and impairment of property, plant and equipment and right-of-use assets		439	409	1 402	1 422	1 895
Amortisation and impairment of intangible assets	9	2 573	2 571	7 719	3 443	24 297
Share option plan expense		483	1 025	2 399	4 014	4 877
Other items related to operating activities		3	-188	-161	56	-1 489
Net foreign exchange differences		-98	5	128	-102	-112
Movements in provisions and government grants		461	718	-2 279	-885	3 230
Working capital adjustments:						
Increase (-) in trade and other receivables and prepayments	11	-10 105	78	-9 387	-437	-560
Increase (-) in inventories		-293	-237	-1 819	-1 164	-356
Increase (+) in trade and other payables		1 861	-959	-657	-6 508	-4 718
Interest received	6	41	257	337	257	1 613
Interest paid	6	-16	-24	-55	-39	-107
Income tax paid		-52	-106	-160	-333	-367
<b>Net cash flows used in operating activities</b>		<b>-10 286</b>	<b>-10 907</b>	<b>-40 855</b>	<b>-43 658</b>	<b>-49 538</b>
<b>Investing activities</b>						
Purchase of property, plant and equipment		-52	-128	-255	-138	-319
Development capital expenditures	7	0	-245	0	-2 313	-2 931
Receipt of government grants	8	0	0	0	0	526
<b>Net cash flows used in investing activities</b>		<b>-52</b>	<b>-373</b>	<b>-255</b>	<b>-2 451</b>	<b>-2 724</b>
<b>Financing activities</b>						
Proceeds from exercise of share options		53	0	738	0	0
Proceeds from share issue		0	0	50 000	0	0
Transaction costs for shares issue		-148	0	-3 005	0	0
Repayment of lease liabilities		-275	-279	-888	-841	-1 120
Repayment of borrowings		0	0	0	-600	-600
<b>Net cash flows from/(used in) financing activities</b>		<b>-370</b>	<b>-279</b>	<b>46 845</b>	<b>-1 441</b>	<b>-1 720</b>
Net increase in cash and cash equivalents		-10 708	-11 559	5 735	-47 551	-53 982
Effect of exchange rate changes on cash and cash equivalents		127	47	166	34	20
Cash and cash equivalents at the start of the period		89 945	91 418	73 463	127 424	127 424
<b>Cash and cash equivalents at the close of the period</b>		<b>79 364</b>	<b>79 907</b>	<b>79 364</b>	<b>79 907</b>	<b>73 463</b>

## Notes to the condensed interim consolidated financial statements

### 1 General

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

poLight offers a new autofocus lens, which "replicates" the human eye, for use in devices such as smartphones, wearables, barcode readers, machine vision systems and various types of medical equipment. poLight's TLens® enables better system performance and new user experiences due to benefits such as extremely fast focus, small footprint, no magnetic interference, low power consumption and constant field of view. For more information, visit [www.polight.com](http://www.polight.com).

### 2 Basis of preparation

The interim condensed consolidated financial statements for the quarter ended 30 September 2020 are unaudited and have been prepared in accordance with IAS 34. These interim condensed consolidated financial statements do not include all the information required for the full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2019.

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

### 3 Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with the consolidated financial statements for the year ended 31 December 2019.

### 4 Significant accounting judgements, estimates and assumptions

Management makes accounting judgements on i) impairment of intangible assets ii) share option plans and iii) development costs, described in the Consolidated Financial Statements for the year ended 31 December 2019.

### 5 Specification of operating expenses by nature

(in NOK 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Capitalised intangible assets in progress	0	-245	0	-2 313	-2 405
Employee benefits expense	8 901	6 885	28 037	25 944	35 701
Depreciation, amortisation and net impairment losses	3 012	2 980	9 121	4 865	26 191
Other operating expenses	-5 698	5 153	2 701	15 926	20 596
<b>Total operating expenses</b>	<b>6 216</b>	<b>14 773</b>	<b>39 859</b>	<b>44 422</b>	<b>80 084</b>

### 6 Financial items

(in NOK 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Net foreign exchange gain (loss)	41	35	-457	-92	-30
Interest income	139	304	620	1 081	1 600
Interest expense on debts and borrowings	0	0	-1	-16	-16
Interest expense on lease liabilities	-16	-24	-55	-24	-91
Financial expenses	-25	-66	-27	-141	-32
<b>Net financial items</b>	<b>139</b>	<b>249</b>	<b>79</b>	<b>809</b>	<b>1 430</b>

## 7 Research and development expenses

(in NOK 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Employee benefits expense	4 926	3 153	10 551	11 368	14 867
Other operating expenses	3 283	4 172	9 074	11 729	14 564
Government grants	-2 641	-2 026	-4 530	-4 564	-7 122
Capitalised	0	-245	0	-2 313	-2 435
<b>Total</b>	<b>5 568</b>	<b>5 055</b>	<b>15 095</b>	<b>16 220</b>	<b>19 874</b>

## 8 Government grants

(in NOK 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Net receivables at the start of the period	4 622	5 129	1 809	4 413	4 413
Grants received	-1 973	-2 744	-3 947	-6 620	-11 812
Grants repaid <sup>1)</sup>	0	0	2 897	1 559	1 559
Capitalised	0	0	0	0	526
Released to the statement of profit and loss	2 641	2 026	4 530	5 059	7 122
<b>Net receivables at the close of the period</b>	<b>5 289</b>	<b>4 411</b>	<b>5 289</b>	<b>4 411</b>	<b>1 809</b>

- 1) In Q1 2020, polLight repaid NOK 2.9 million in grants related to advance payments for projects in 2019, due to lower expenditures than planned.

## 9 Intangible assets

(in NOK 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
At the start of the period	48 790	77 024	53 936	75 829	75 829
Additions — internal development	0	59	0	880	915
Additions	0	185	0	1 433	1 490
Amortisation	-2 573	-2 571	-7 719	-3 444	-6 017
Impairment losses	0	0	0	0	-18 280
<b>At the close of the period</b>	<b>46 217</b>	<b>74 697</b>	<b>46 217</b>	<b>74 697</b>	<b>53 936</b>

Based on simulations of future cash flow, we do not expect that the Covid-19 pandemic will lead to impairment losses.

## 10 Related party transactions

polLight ASA is the ultimate parent company. None of the shareholders of polLight ASA has control of the company. As at 30 September 2020, the largest shareholder was Investinor AS, which owned 19.7 per cent of the shares.

Intercompany agreements are entered into with all the group subsidiaries. All sales by the subsidiaries are made to parent company. All transactions are performed on an arm's length basis. No transactions have been undertaken with other related parties for the relevant financial period.

## 11 Claims

On 14 September 2018, the Norwegian Tax Administration for South Norway (Skatteetaten Sør-Norge) excluded polLight ASA from the Norwegian VAT Register and claimed repayment of refunded VAT, with effect from 1 January 2013, totalling NOK 13.6 million. The Norwegian Tax Administration claimed that the company was not capable of being profitable and did not therefore qualify as a "business" pursuant to the Norwegian laws and regulations regarding VAT. In September 2018, the decision was appealed, and the Tax Appeals Board (Skatteklagenemda) received the documents needed to adjudicate the matter in February 2019. The entire claim was paid in 2018, except the additional associated taxes of NOK 1.2 million that will not be payable until a final decision is made.

On 28 August 2020, the tax authorities decided to re-register poLight ASA in the VAT Register with effect from July 2020 on ordinary terms. poLight expects to receive retrospective VAT settlements backdated to 1 July 2017. The monetary effect is estimated to be NOK 8.2 million and is recognised in the third quarter this year.

If the company's appeal case is successful, the monetary outcome is estimated to be NOK 11.9 million after deduction of the retrospective VAT settlements.

#### 12 Events after the balance sheet date

No events have occurred after the balance sheet date that have a material effect on the financial statements.

## ALTERNATIVE PERFORMANCE MEASURES (APMs)

poLight uses the following alternative performance measures for periodic and annual financial reporting in order to provide a better understanding of the Group's underlying financial performance:

EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBITDA ex share options	EBITDA excluding share option plan expense incl. social securities
EBIT	Earnings before interest and taxes



