

# First quarter 2021 - Earnings presentation

7th May 2021



# Disclaimer

This presentation (the "Presentation") has been produced by poLight ASA (the "Company") exclusively for information purposes. This Presentation has not been approved, reviewed or registered with any public authority or stock exchange. Further to the aforementioned, this presentation is the result of an effort of the Company to present certain information which the Company has deemed relevant in accessible format. This Presentation is not intended to contain an exhaustive overview of the Company's present or future financial condition and there are several other facts and circumstances relevant to the Company and its present and future financial condition that not been included in this Presentation. This Presentation may not be disclosed, in whole or in part, or summarized or otherwise reproduced, distributed or referred to, in whole or in part, without prior written consent of the Company.

This Presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates or intends to operate. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any of its subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation to update any forward-looking statements or to conform these forward-looking statements to our actual results. Furthermore, information about past performance given in this Presentation is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor any of its parent or subsidiary undertakings or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

By reviewing this Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the businesses of the Company. This Presentation must be read in conjunction with the recent financial reports of the Company and the disclosures therein. The distribution of this Presentation in certain jurisdictions may be restricted by law. Persons in possession of this Presentation are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Presentation in any country or jurisdiction where specific action for that purpose is required.

No shares or other securities are being offered pursuant to this Presentation. This Presentation does not constitute an offer to sell or form part of, and should not be construed as, an offer or invitation for the sale or subscription of, or a solicitation of an offer to buy or subscribe for, any shares or other securities in any jurisdiction, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any offer, contract, commitment or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Company.

By reviewing this Presentation you agree to be bound by the foregoing limitations.

This Presentation speaks as of 7 May 2021. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does not intend, and does not assume any obligation, to update or correct any information included in this Presentation. This Presentation shall be governed by Norwegian law, and any disputes relating to hereto is subject to the sole and exclusive jurisdiction of Norwegian courts, with Nordre Vestfold District Court as legal venue.

# Today's agenda

- Key events
- Introduction to poLight
- Operations and markets review
- Financial review
- Outlook
- Q&A

## Presenting

---



### Dr. Øyvind Isaksen

#### *Chief Executive Officer*

Dr. Isaksen has been CEO of poLight since August 2014. He has previously held several CEO positions, most recently in the publicly listed company Q-Free ASA, which he left in January 2014, after 7 years as CEO. Øyvind Isaksen holds a PhD in Applied Physics.



### Alf Henning Bekkevik

#### *Chief Financial Officer*

Bekkevik is a senior executive with a background from Arthur Andersen (E&Y), Wallendahl, Fjord Line, Grenland Group and lately from Wood Group Mustang as VP Finance. He holds a Master in Business & Economics (Siviløkonom) degree from NHH and is a state certified public accountant.

# Key events in the quarter

- poLight received a follow-up purchase order related to the Honeywell EX30 barcode scan engine
- Generally good progress on customer cases – both in consumer and professional markets
- The positive development related to smartphone market continues
- First design-win for a web camera application post Q1



# poLight at a glance

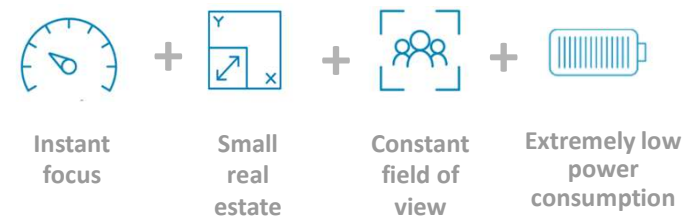
## Background and description

- Developer of unique photographic lens for use in the mobile, barcode readers, augmented reality and other markets
- Founded in 2005 and has since build state-of-the-art expertise in optics, polymers MEMS technology and image applications and processing
- 14 worldwide patents families, 10 pending applications and 3 registered trademarks
- 28 employees (incl. long term consultants)
- Headquartered in Horten, Norway, with offices in Finland, China, France and representation in Taiwan, Korea and Japan

## Geographical footprint

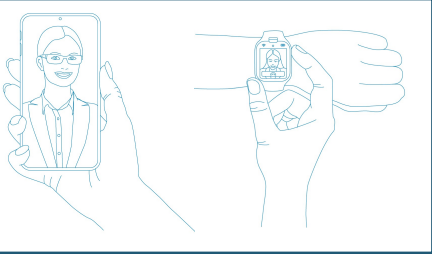
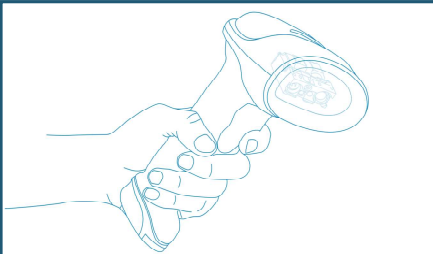
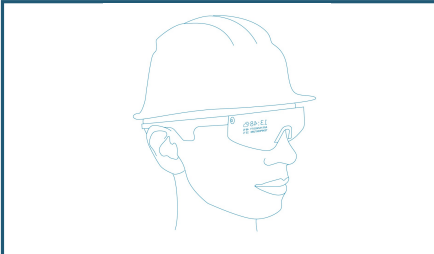
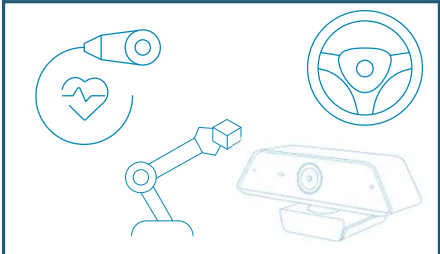


## poLight enables unique use cases



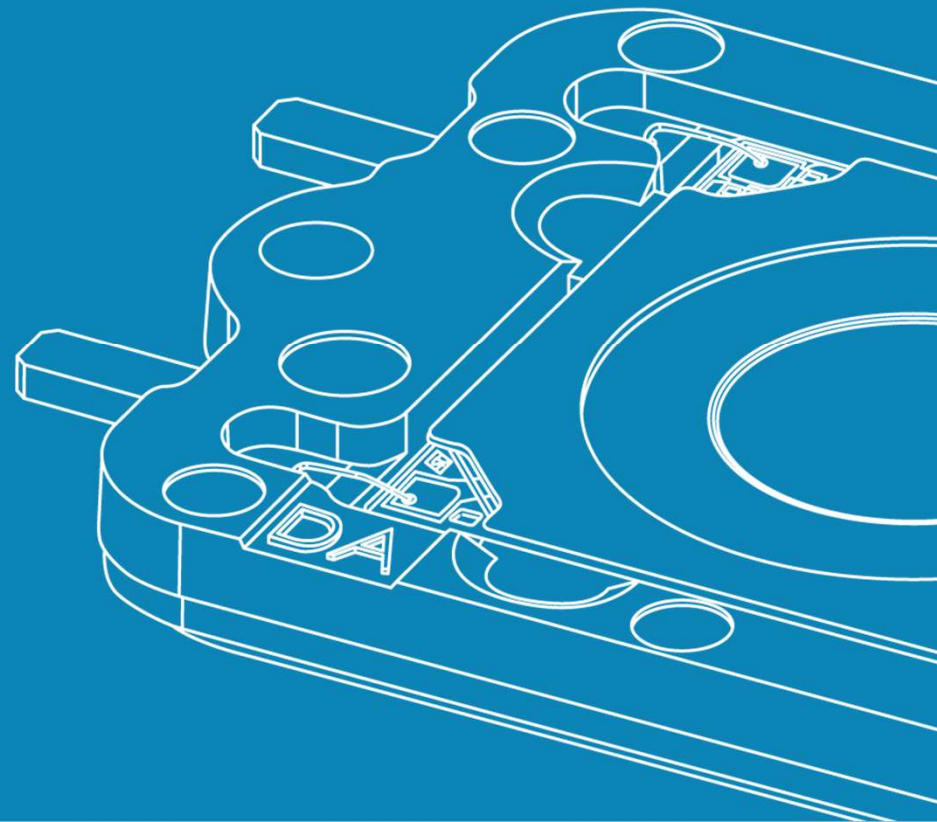


# poLight products & technology well-suited for several applications

Smartphone & wearable	Barcode/industrial	Augmented Reality (AR)	Other
			
<ul style="list-style-type: none"><li>• Large addressable market, billions of cameras produced for the each year</li><li>• 1,5 billion phones/year (1 front cam + 3 (in average) back cam) -&gt; 6 billion cam/year</li><li>• Potential addressable market for TLens/poLight technology : 1 front cam + 1 back cam -&gt; 3 billion/year</li><li>• Focus on camera functionality increasing</li></ul>	<ul style="list-style-type: none"><li>• Evolving from 1D laser to 2D imaging barcode readers</li><li>• Lasers replaced by camera systems. Autofocus will improve efficiency in scanning and portfolio</li><li>• Barcode technology spreading to new industries</li><li>• OEM scan engine vendors today are increasingly looking towards enabling machine vision capabilities on current offerings</li></ul>	<ul style="list-style-type: none"><li>• Augmented reality expected to be “the next big thing”</li><li>• AR glasses will be firstly be deployed for professional use cases and gradually become a consumer device</li></ul>	<ul style="list-style-type: none"><li>• New opportunities emerging and may represent significant potential</li><li>• Video conferencing and endoscope are some recent examples of new opportunities for poLight technology</li></ul>

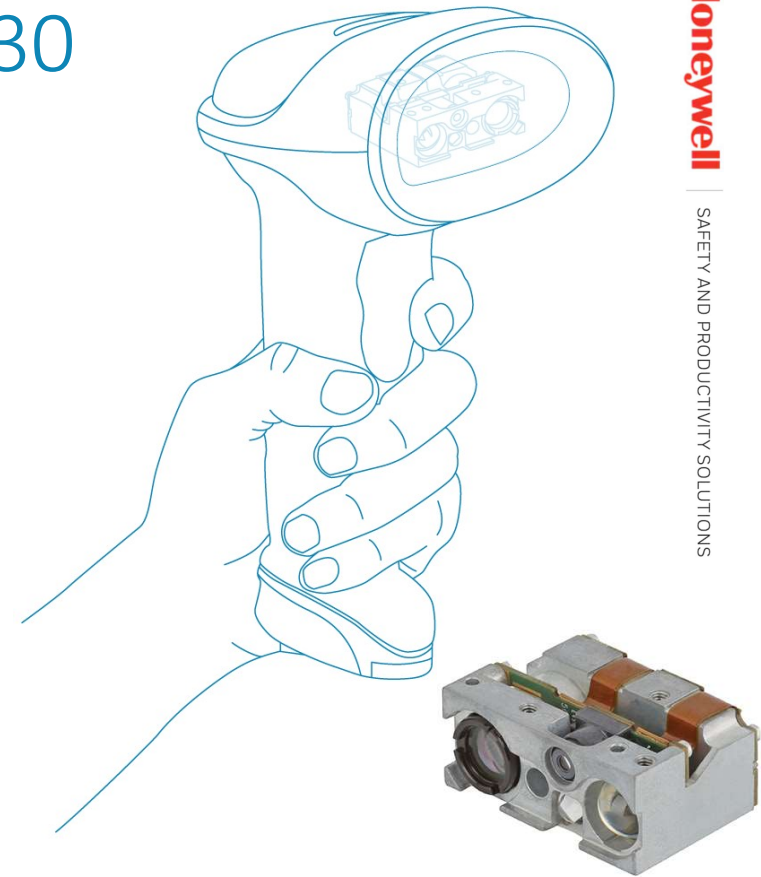


# Operations and market review



# Barcode: Follow-up order for EX30

- Promising feedback from the market
- The EX30 scan engine is sold to other OEMs for use in various barcode products
- Release of EX30 has build more appetite among other potential customers and number of PoC has increased
- Will continue to actively explore this market, which is expected to be an important gross margin contributor in the longer term

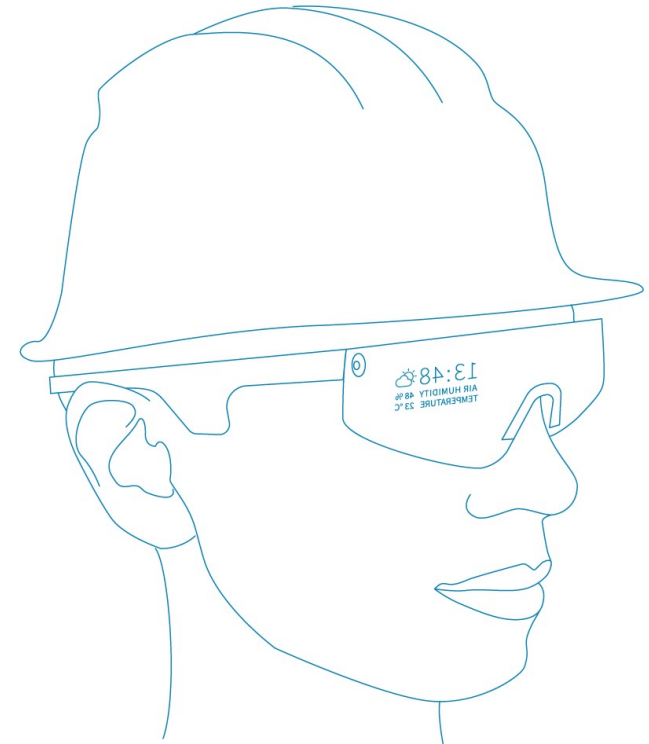


*\*Source: Honeywell homepage*



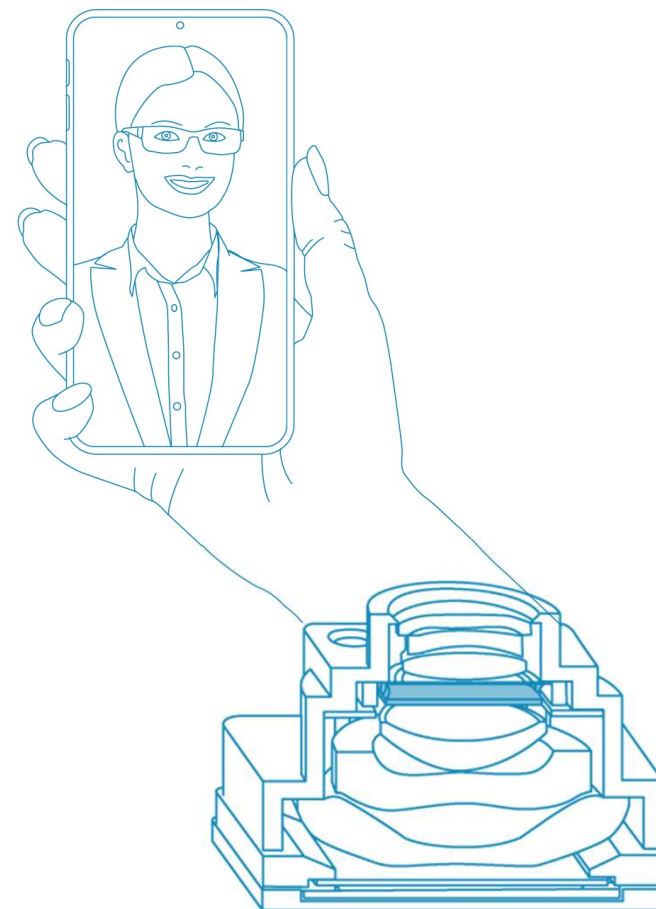
## AR: TLens considered for next generation glasses by several OEM's

- AR market is still at an early stage, with low volumes
- TLens offers several advantages related to power consumption, speed, compactness and no gravity sensitivity
- poLight is well positioned for market entry at an early stage
- Involved in cases both for professional and potential consumer use case (2 projects and 3 PoC)
- Testing/prototype building ongoing with promising results
- Potential design-win end of year / next half year (professional use case)
- This is potentially long term the most important consumer segment for poLight



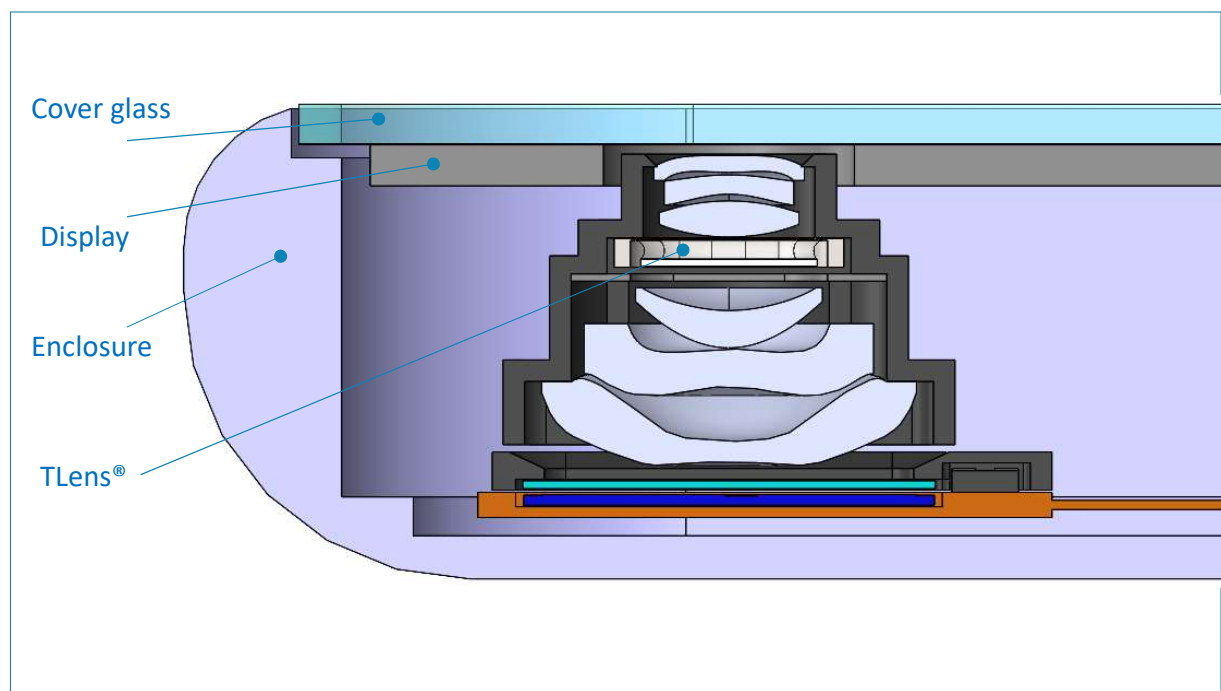
## Smartphone: First add-in project moved from PoC to project

- Design-in confirmation
- Start shipping TLens for phone prototype phase
- Testing on component and system level continues
- Improvement activities ongoing
- Ramp-up under planning
- Current phone release plan is implying deliveries from poLight from Q4-2021
- Well recognised camera module supplier & OEM are heavily engaged
- In sum very good progress, but not a “done deal”



## Smartphone: Add-in TLens® concept trigger new front facing initiatives

- Tuneable optics, such as TLens®, is getting more and more attention
- New initiatives are underway involving other camera module vendors and OEMs
- This concept has the potential to become the mainstream solution for selfie cameras
- New add-in design also relevant for smartwatch



# Web cam design win - Maxhub


## Web camera / Video conferencing

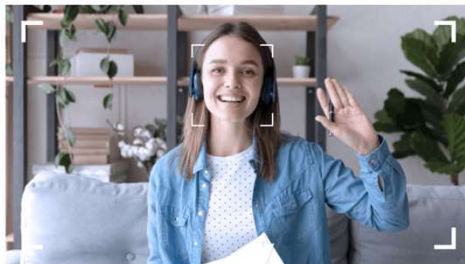

- The pandemic has forced us to cooperate more and more virtual, and video conferring has increased in use
- poLight technology will be potential good fit for web camera application due to constant field of view and speed
- Longer term volumetric video conferencing based on dual camera and light field imaging will benefit from TLens speed and constant field view

### Instant Autofocus Puts You in the Spotlight

The UC W20 can quickly focus on your face from the moment you sit in front of the lens. Automatic focusing ensures a smoother meeting experience from the second you start your conversation. TLens® technology means the focusing process remains seamless.

Auto Focus | TLens®



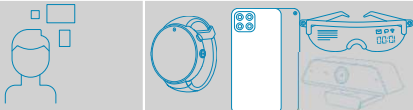




Before 2D & 3D DNR

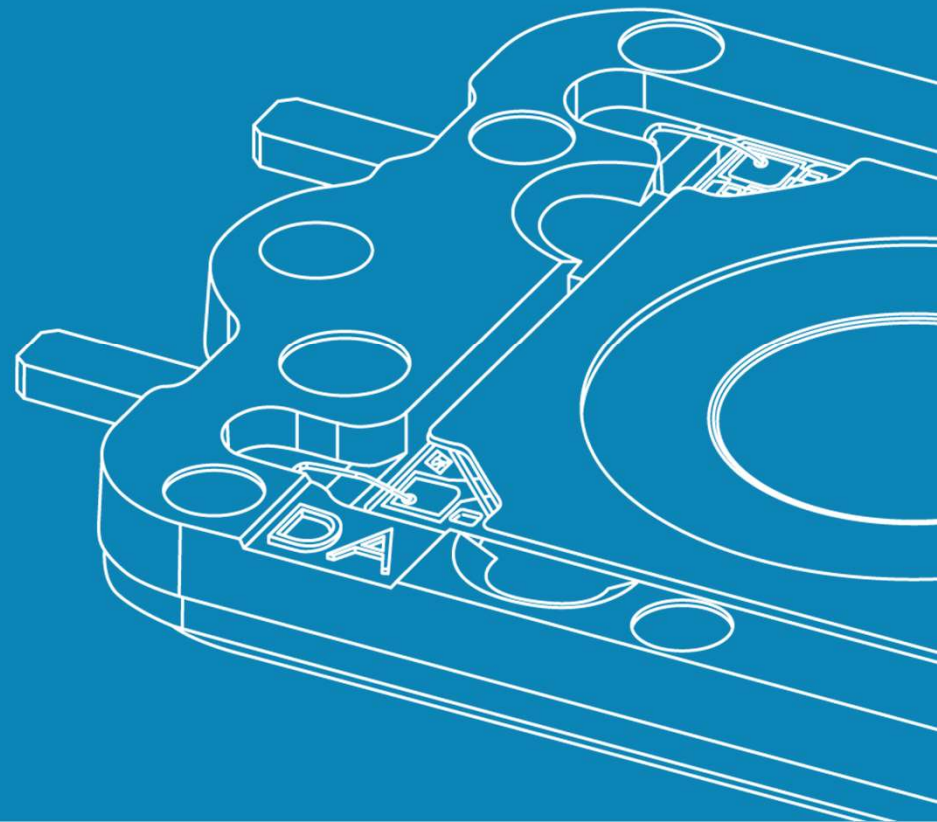
After 2D & 3D DNR

*“The newly released web camera MAXHUM UC W20 .... This is an important product for us, because remote collaboration plays a more critical role in the workplace. A product that offers seamless video conferencing .... **By adopting TLens® technology, it ensures a smoother meeting experience by instant autofocus. We do see several other opportunities for applying the TLens® in the future**”, says Vice General Manager Darren Lin from MAXHUB.*

# Continuing progress during the quarter

		Ongoing supply	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer		3 (2)	1 (1)	14 (14)	14 (15)	7 (5)
Industrial		1 (1)	4 (2)	12 (10)	7 (8)	3 (3)
Other (e.g. medical)			1 (1)	1 (1)	4 (3)	1 (0)
		<b>4 (3)</b>	<b>6 (4)</b>	<b>27 (25)</b>	<b>25 (26)</b>	<b>11 (8)</b>

(x): last quarter number



## Financial review



# Key financials

## Income statement

<i>(in NOK million)</i>	Q1 2021	Q1 2020	FY 2020
Revenue	1.5	0.5	3.0
Cost of sales	-0.3	-0.1	-0.7
Research and development expenses	-9.2	-5.5	-20.4
Sales and marketing expenses	-1.3	-2.3	-5.4
Operational / supply chain expenses	-2.5	-3.5	-8.0
Administrative expenses	-8.4	-5.3	-7.7
<b>EBITDA</b>	<b>-20.2</b>	<b>-16.1</b>	<b>-39.2</b>

- Revenue reflects sales of TLens and ASICs for commercial use and services & sample deliveries for customer development projects
- EBITDA loss of NOK -20.2 million vs. loss of NOK -16.1 million in Q1 2020
  - Accrued employer's national insurance contributions (NICs) relating to the share option plan of NOK 6.9 million (NOK 0.3 million), mainly attributable to the increase in poLight's share price in the period
  - Reduced operating expenses of NOK 2.2 million

## Balance sheet summary

<i>(in NOK million)</i>	Q1 2021	Q1 2020	FY 2020
Intangible assets	41.1	51.4	43.6
Inventories	8.9	9.0	9.2
Cash and cash equivalents	68.4	50.9	77.2
Total equity	110.1	110.4	128.8
Total current liabilities	23.0	9.9	12.9
Total equity and liabilities	133.1	120.7	141.8

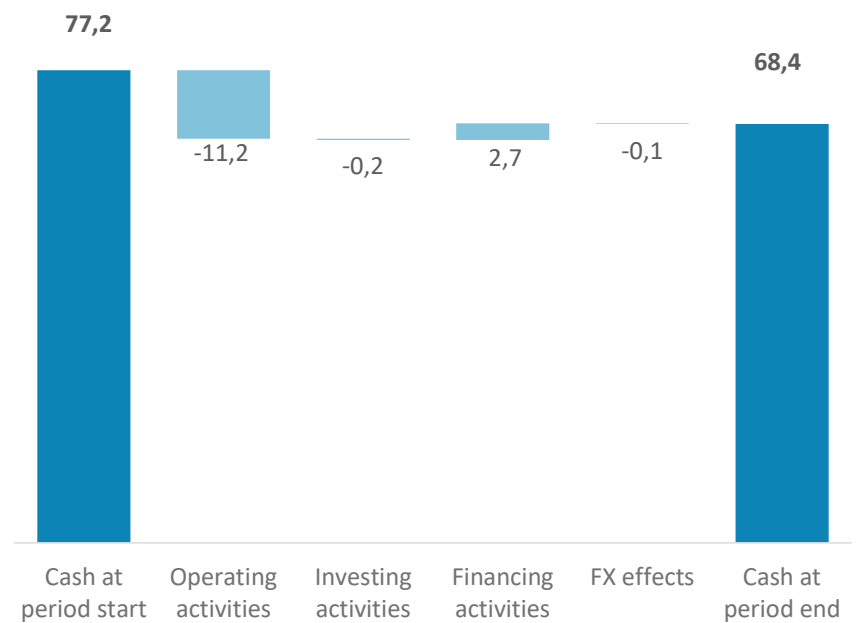
- Cash position of NOK 68.4 million, compared with NOK 50.9 million at Q1 2020
- Increased current liability from NOK 12.9 million at year end 2020 to NOK 23.0 at Q1 2021 mainly attributable to accrued NICs
- According to current plan, the cash deposits will fund Group activities throughout 2021

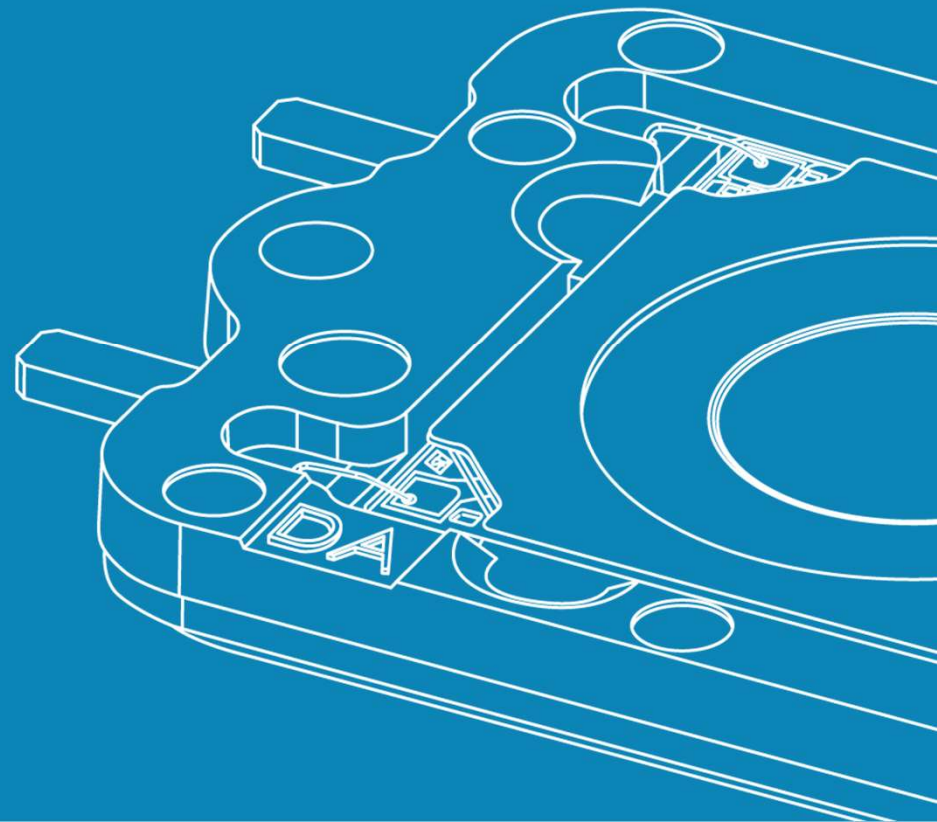
# Cash Flow

- Q1 cash used in operating activities was NOK 11.2 million, compared with NOK 22.2 million in Q1 2020
  - The decrease is attributable to working capital changes and reduced operating expenses
- Q1 cash from in financing activities was NOK 2.7 million (share options)
- Q1 net decrease in cash was NOK 8.7 million

## Q1 2021 cash flow development

(NOK million)





Outlook

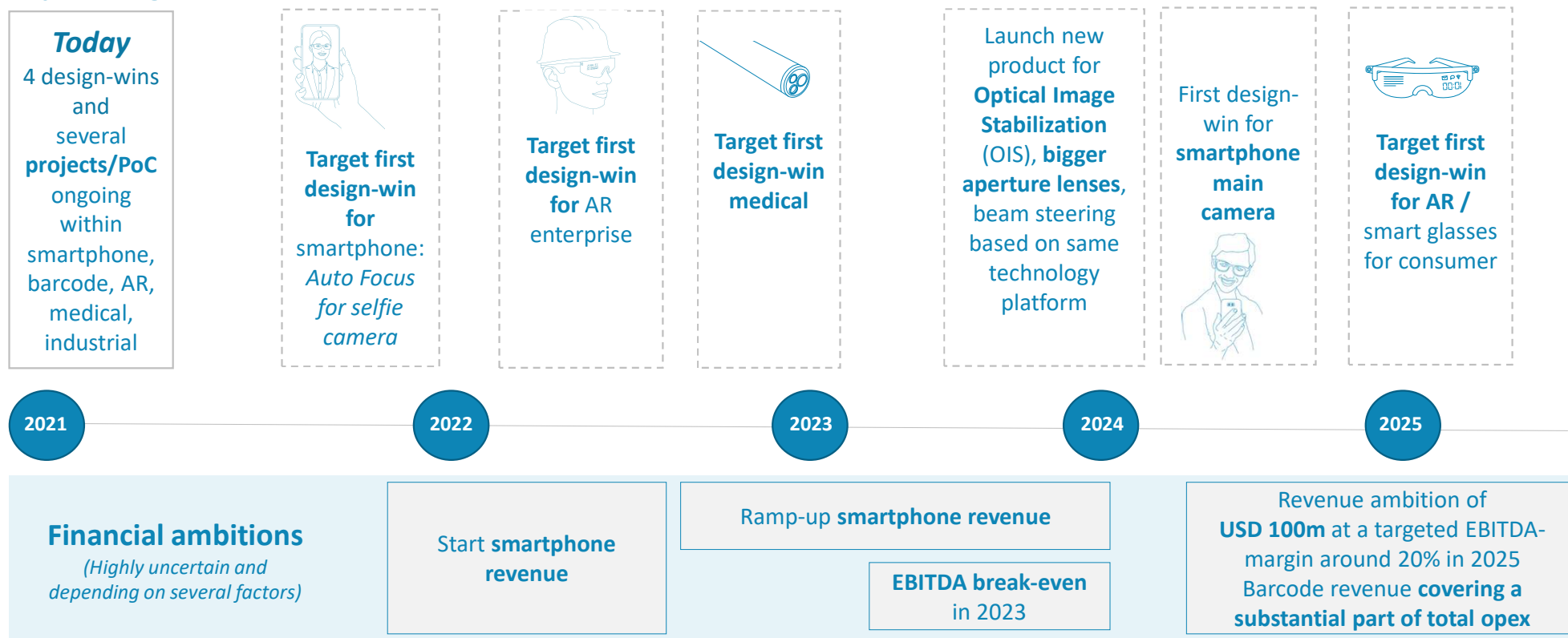
# Outlook

- Continuing progress during the quarter;
  - smartphone projects progressing
  - barcode follow up order
  - and other customer opportunities maturing in several segments
  - design-win for a web camera application post Q1
- Still much to be done in all parts of the value chain, and success will not be achieved without a determined effort
- To improve progress on important longer-term endeavours and cater for increasing activity, poLight is seeking to strengthen its organisation and has employed 3 new since beginning of the year
- The progress gives grounds for growing confidence in the continued commercialisation of poLight's technology
- According to current plans, the Group's cash deposits will fund activities throughout 2021



# Operating and financial targets

## Operating milestones







Next event:

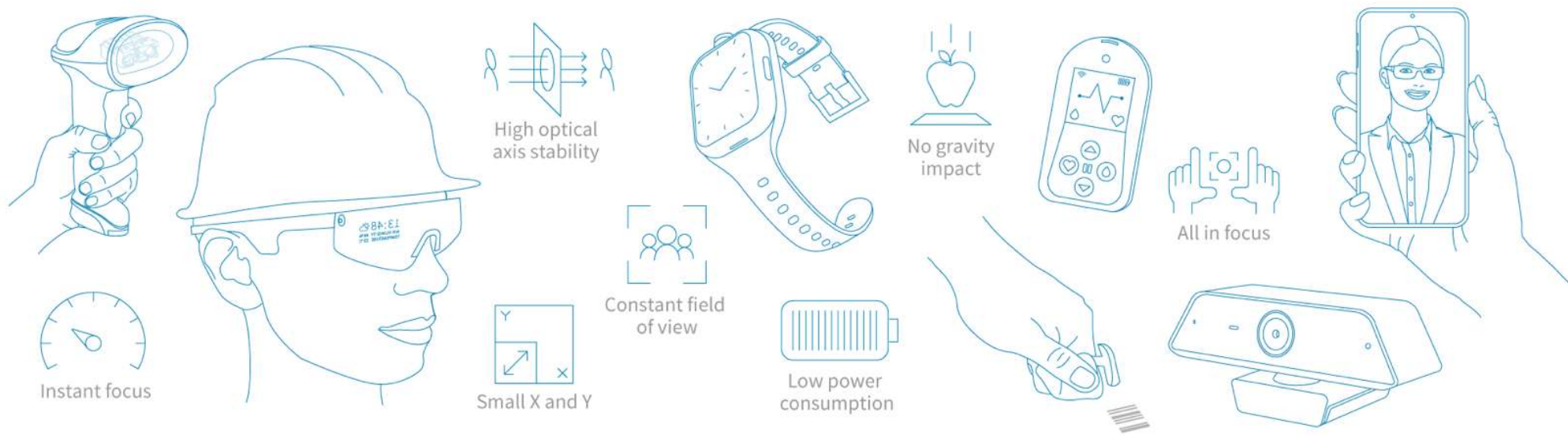
Annual General Meeting  
Q2-21

26 May 2021  
20 August 2021





# Appendix



# Management Team



**Dr. Øyvind Isaksen**

*Chief Executive Officer*

Dr. Isaksen has been CEO of poLight since August 2014. He has previously held several CEO positions, most recently in the publicly listed company Q-Free ASA, which he left in January 2014, after 7 years as CEO. Øyvind Isaksen holds a PhD in Applied Physics.



**Alf Henning Bekkevik**

*Chief Financial Officer*

Bekkevik is a senior executive with a background from Arthur Andersen (E&Y), Wallendahl, Fjord Line, Grenland Group, and, most recently, as VP Finance for Wood Group Norway AS. He holds a master's degree in business & economics (Siviløkonom) from NHH, and is a certified public accountant.



**Pierre Craen**

*Chief Technology Officer*

Craen is a senior executive with more than 20 years' experience in opto-mechanical systems engineering. Prior to joining poLight, he managed product development teams at Varioptic, Barco and Motorola/Symbol. Mr Craen holds an MSc in Optical Engineering from Sup-Optic, as well as an MSc in Applied Physics.



**Marianne Sandal**

*Chief Operating Officer*

Sandal is a senior executive with background from Tele-communications (Nera) and Road User Charging (Q-Free). She holds a BSc in Mechanical Engineering in addition to courses from Norwegian School of Management (BI). She has been responsible for world wide operations for more than 15 years.

# Board of Directors



## **Eivind Bergsmyr** – *Chairman, independent (from March-2020)*

Mr. Bergsmyr has been a partner at Viking Venture since 2009, and serves on the boards of several Viking Venture portfolio companies. He is the current chair of Xait AS, DinERP AS, Tamigo ApS, Flowbox AB, Humly Edtech AB and board member of Attensi AS. He is the former chair of GasSecure AS (sold to Dräger) and former board member of Nanoradio AB (sold to Samsung). Mr Bergsmyr was previously CEO of the Norwegian startup Nacre AS, sold in 2007 to Sperian Protection and recognised as the Nordic Venture Exit of the Year. Prior to this, Mr Bergsmyr acquired extensive industrial experience during his time at Siemens. He holds an MSc in Electronic Engineering from NTNU.



## **Ann-Tove Kongsnes** – *Deputy Chairman*

Ms. Kongsnes is an Investment Director at Investinor AS. Kongsnes has over her career gained extensive experience from investments, development, M&A, IPO's and exits of technology companies. Prior to this, she worked 7 years with international marketing, and was formerly a Director of Marketing and Operations. Kongsnes has extensive board experience, and currently serves on the boards of 6 of Investinor's portfolio companies in addition to 4 Chair/member seats in Nomination Committees. She holds an MSc in Economics and Business Administration from HIB and took the Advanced Program in Corporate Finance at NHH.



## **Grethe Viksaas** – *Board member, independent*

Grethe Viksaas has a long career from the Northern European managed service provider Basefarm AS. First as founder and CEO, and later as executive chair and member of the board of directors. Prior to Basefarm, Ms Viksaas served as CEO for SOL System AS and in several management positions in IT companies. She has experience from numerous board positions, including Telenor ASA. She is currently a non-executive director on the boards of Link Mobility Group Holding ASA and Crayon Group Holding ASA. She also serves as Chair of the Board in No Isolation AS and Farmforce AS. Ms Viksaas has a master's degree in computer science from the University of Oslo.



## **Dr. Juha Alakarhu** – *Board member, independent*

Juha Alakarhu is the VP of Imaging at Axon in Tampere, Finland. He runs the Axon R&D office in Finland and is responsible for the imaging system for Axon camera products. Dr Alakarhu's entire career has been devoted to developing cameras. Before joining Axon in 2018, he worked for Nokia and Microsoft, where he developed several pioneering camera solutions, such as oversampling (the 41-megapixel camera), optical image stabiliser, and virtual reality technology. Juha Alakarhu holds a PhD from Tampere University of Technology.



## **Svenn-Tore Larsen** – *Board member, independent*

Mr. Larsen is an Electronic Engineer from the University of Strathclyde, UK. He was appointed Chief Executive Officer of Nordic Semiconductor in February 2002. Mr. Larsen has broad international experience in the semiconductor business, previously as Director for the Nordic region for Xilinx Inc. He has also been working at Philips Semiconductor.

# Statement of income

NOK 000	Note	Q1 2021	Q1 2020	FY 2020
<b>Revenue</b>		<b>1 545</b>	<b>536</b>	<b>3 019</b>
Cost of sales		-314	-61	-698
<b>Gross profit</b>		<b>1 230</b>	<b>475</b>	<b>2 321</b>
Research and development expenses net of governmental grants	7,8	-9 219	-5 507	-20 432
Sales and marketing expenses		-1 301	-2 264	-5 419
Operational / supply chain expenses		-2 505	-3 498	-7 972
Administrative expenses	12	-8 409	-5 327	-7 734
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>-20 204</b>	<b>-16 122</b>	<b>-39 237</b>
Depreciation and amortisation	9	-3 032	-3 052	-12 132
<b>Operating result (EBIT)</b>		<b>-23 236</b>	<b>-19 174</b>	<b>-51 369</b>
Net financial items	6	225	-95	417
<b>Loss before tax</b>		<b>-23 011</b>	<b>-19 269</b>	<b>-50 952</b>
Income tax expense		-7	1	-203
<b>Loss for the period</b>		<b>-23 018</b>	<b>-19 269</b>	<b>-51 155</b>
<b>Earnings per share:</b>				
Basic, attributable to ordinary equity holders of the parent (NOK)		-2.54	-2.37	-5.93
Diluted, attributable to ordinary equity holders of the parent (NOK)		-2.54	-2.37	-5.93

# Balance sheet

NOK 000	Note	Q1 2021	Q1 2020	FY 2020
<b>ASSETS</b>				
Property, plant and equipment		937	1 209	839
Intangible assets	9	41 079	51 365	43 646
Right-of-use assets		645	1 625	964
<b>Total non-current assets</b>		<b>42 661</b>	<b>54 199</b>	<b>45 448</b>
Inventories		8 852	8 967	9 166
Trade and other receivables		8 727	6 399	6 040
Prepayments	8	4 421	299	3 897
Cash and cash equivalents		68 417	50 870	77 209
<b>Total current assets</b>		<b>90 417</b>	<b>66 534</b>	<b>96 312</b>
<b>Total assets</b>		<b>133 077</b>	<b>120 733</b>	<b>141 761</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		1 826	1 623	1 810
Share premium		683 411	678 862	680 229
Reserves		1 001	1 115	1 040
Retained earnings		-576 178	-571 173	-554 239
<b>Equity attributable to equity holders of the parent</b>		<b>110 060</b>	<b>110 427</b>	<b>128 840</b>
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>110 060</b>	<b>110 427</b>	<b>128 840</b>
Lease liabilities		0	440	0
<b>Total non-current liabilities</b>		<b>0</b>	<b>440</b>	<b>0</b>
Trade and other payables	10	21 242	7 160	10 684
Current lease liabilities		586	1 262	1 048
Provisions	11	1 189	1 444	1 189
<b>Total current liabilities</b>		<b>23 018</b>	<b>9 866</b>	<b>12 921</b>
<b>Total liabilities</b>		<b>23 018</b>	<b>10 307</b>	<b>12 921</b>
<b>Total equity and liabilities</b>		<b>133 077</b>	<b>120 733</b>	<b>141 761</b>

# Cash flow

NOK 000	Note	Q1 2021	Q1 2020	FY 2020
<b>Operating activities</b>				
Loss before tax		-23 011	-19 269	-50 952
Adjustments for:				
Depreciation and impairment of property, plant and equipment and right-of-use assets		465	481	1 842
Amortisation and impairment of intangible assets	9	2 567	2 571	10 290
Net finance income		-225	95	-417
Equity-settled share-based payment transactions		1 079	1 027	3 672
Other items related to operating activities		219	-120	-473
Changes in unrealised net foreign exchange rate differences/fluctuations		73	187	221
Changes in working capital:				
Increase (-) in trade and other receivables and prepayments		-546	396	-2 902
Decrease (+) in inventories		314	-1 239	-1 439
Increase (+) in trade and other payables	10	10 558	-3 154	1 655
Changes in provisions and government grants		-2 665	-3 235	-4 718
Interest received	6	19	95	851
Interest paid	6	-11	-21	-68
Income tax paid		-7	-52	-196
<b>Net cash flows used in operating activities</b>		<b>-11 170</b>	<b>-22 238</b>	<b>-42 633</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		-247	-153	-226
<b>Net cash flows used in investing activities</b>		<b>-247</b>	<b>-153</b>	<b>-226</b>
<b>Financing activities</b>				
Proceeds from issue of ordinary shares		0	0	50 000
Proceeds from exercise of share options		3 204	0	738
Transaction costs on issue of shares		-6	0	-3 005
Payment of lease liabilities		-461	-305	-1 119
<b>Net cash flows from/(used in) financing activities</b>		<b>2 736</b>	<b>-305</b>	<b>46 614</b>
Net increase in cash and cash equivalents		-8 681	-22 697	3 755
Effect of exchange rate changes on cash and cash equivalents		-112	104	-9
Cash and cash equivalents at the start of the period		77 209	73 463	73 463
<b>Cash and cash equivalents at the end of the period</b>		<b>68 417</b>	<b>50 870</b>	<b>77 209</b>