



Second quarter 2021 - Earnings presentation

20th August 2021



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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

- First design-win for a web camera application
- First design-win for a machine vision product
- Good progress in most customer cases
- As already announced smartphone project cancelled due to portfolio changes (post Q2)
- The same OEM is still interested in TLens® and other OEMs have started evaluation
- Barcode follow-up purchase order for TLens® worth approximately NOK 1,450,000 (post Q2)



poLight at a glance

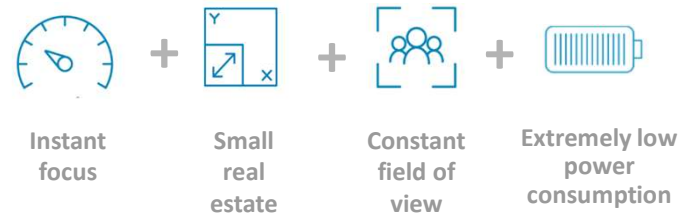
Background and description

- 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
- 15 worldwide patents families, 11 pending applications and 3 registered trademarks
- 30 employees (incl. long term consultants)
- Headquartered in Horten, Norway, with offices in Finland and China, and representation in France, UK, USA, Taiwan, Korea and Japan

Geographical footprint



poLight enables unique use cases



TLens[®] customer-win's

MAXHUB UC W20



MAXHUB[®]

XUN Smartwatch Max Pro



xun 小寻

XIAOMI Mi Bunny 4 Pro smart watch



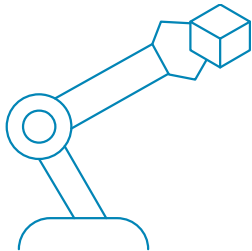
mi
xiaomi

Honeywell EX 30 barcode scanner

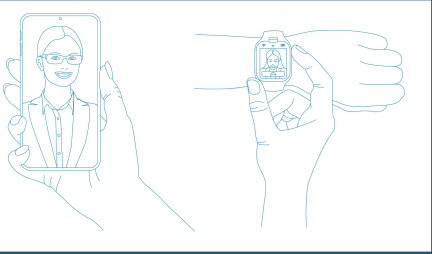
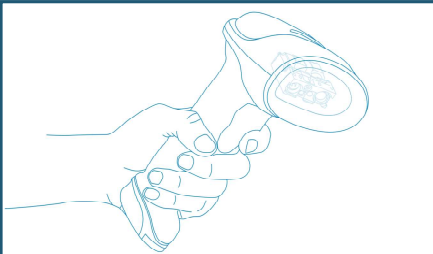
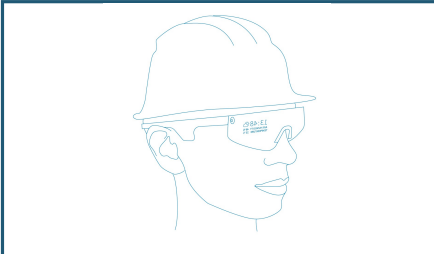
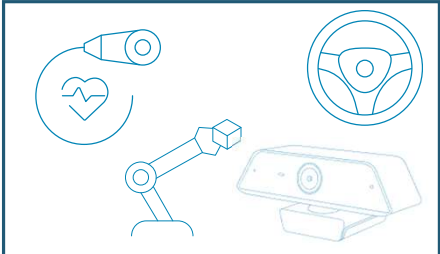


Honeywell

Machine Vision – direct marking reading

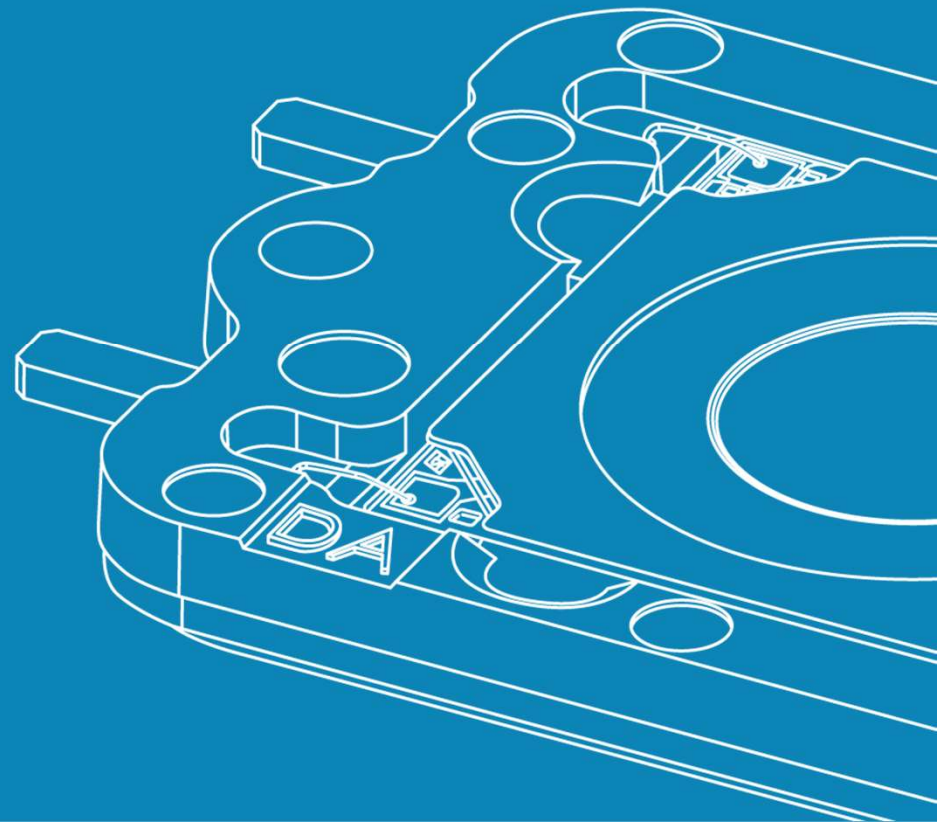


poLight products & technology well-suited for several applications

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



Operations and market review



Barcode: Follow-up order for EX30

- The EX30 scan engine is sold to other OEMs for use in various barcode products
- Accumulated order intake has so far been approx. NOK 4.7 millions
- Release of EX30 has build more appetite among other potential customers

Examples of EX30 use cases



Unitech EA630



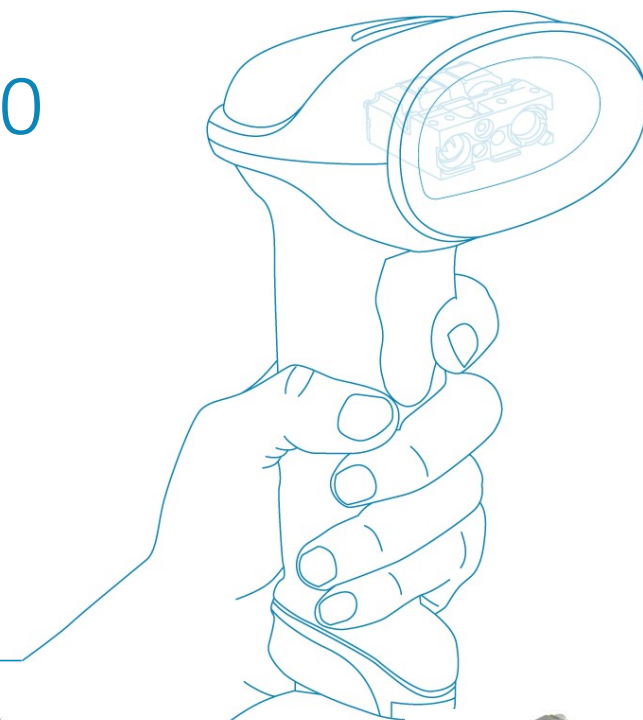
Urovo RT40



PointMobile 451



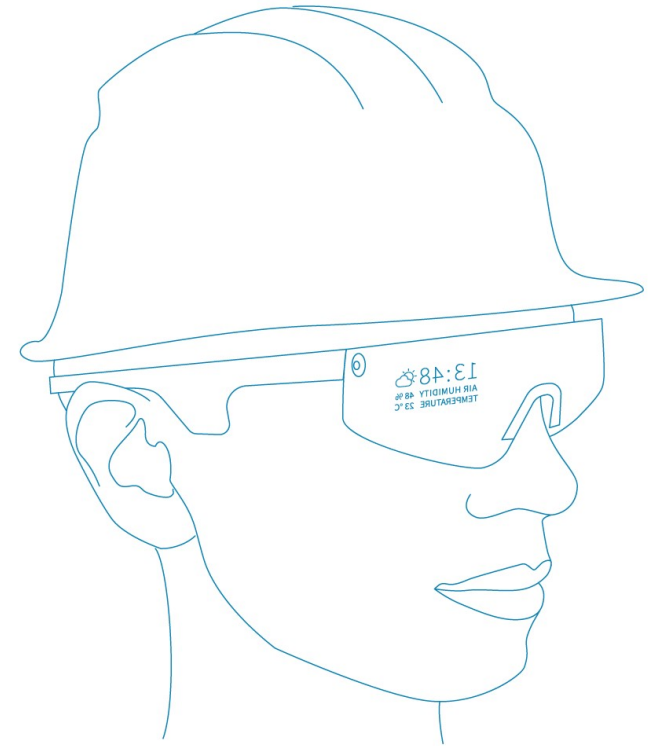
Janam XG4



*Source: Honeywell homepage

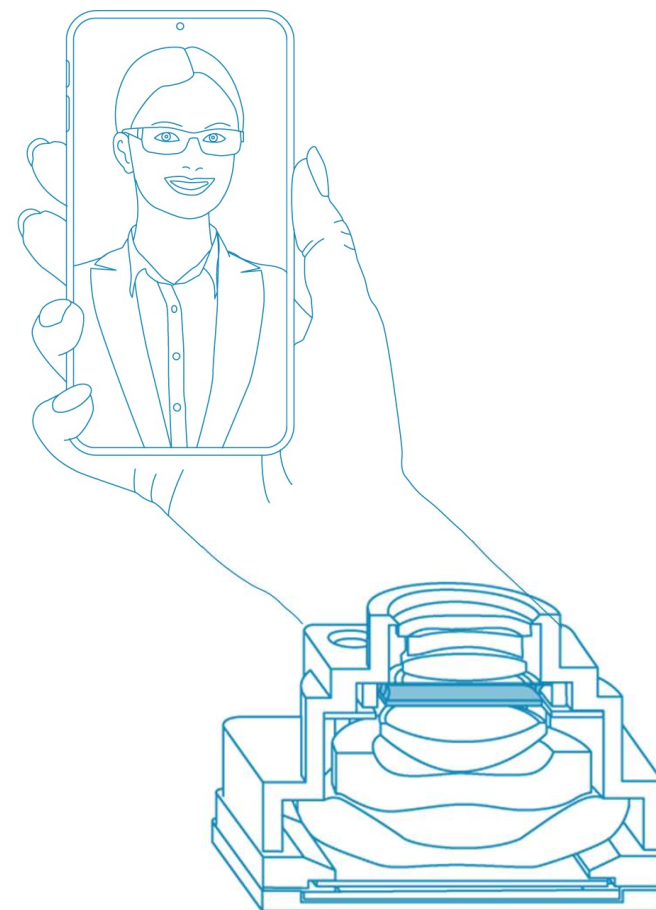
AR: TLens considered for next generation glasses by several OEM's

- 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
- Two use cases : world facing camera & tuning for laser display
- poLight is well positioned for market entry at an early stage
- Involved in cases both for professional and potential consumer use case (3 projects and 3 PoCs)
- 3 potential design-win's within first half next year (professional use case)
- Potentially long term the most important consumer segment for poLight



Smartphone: Interest in TLens[®] remains high

- Smartphone planned using TLens will not be released
 - Portfolio strategic reasons and not TLens related
- Same OEM have interest in using TLens for other smartphone releases – under consideration and TBD
- Ongoing & planned PoC's with OEM's and camera module (CM) vendors based on add-in design(s)
 - Improvements initiatives and new add-in designs in process
- Several candidates for phone project in 2nd half 2022
- Ramp-up preparation continues
- Significant effort and investments are being made by several players in the eco system to evaluate/prepare themselves for use of TLens based cameras
- Add-in camera module concept can become a widely used solution for selfie camera and may represent a path to back camera applications



Web cam design win - Maxhub

Web camera / Video conferencing

- The pandemic has forced us to cooperate more and more virtual, and video conferencing 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

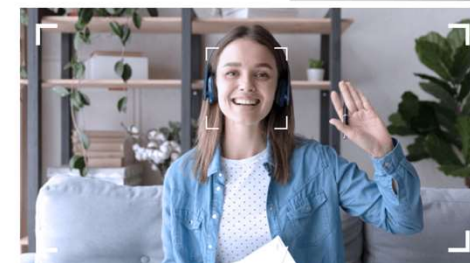
Instant Autofocus Puts You in the Spotlight

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®



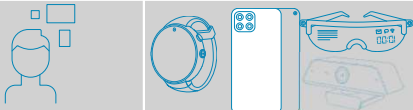


Before 2D & 3D DNR



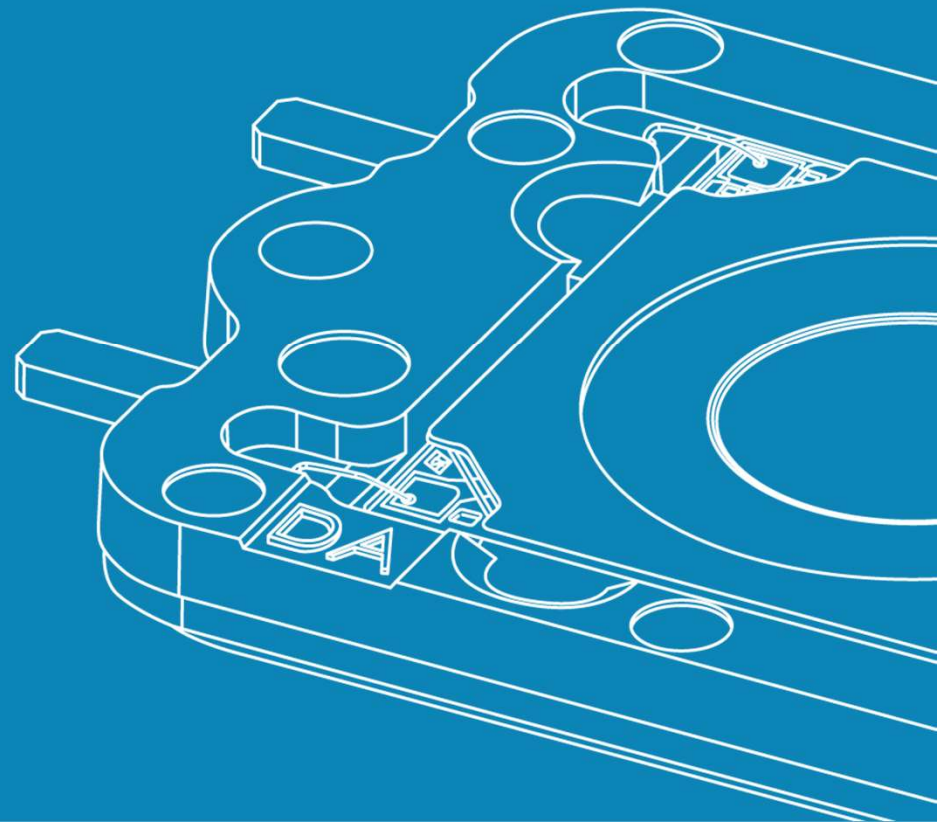
After 2D & 3D DNR

*"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.*

Good progress in most customer cases

		Ongoing supply	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer		3 (3)	0 (1)	16 (14)	15 (14)	3 (7)
Industrial		2 (1)	4 (4)	15 (12)	4 (7)	6 (3)
Other (e.g. medical)			1 (1)	1 (1)	4 (4)	1 (0)
		5 (4)	5 (6)	32 (27)	23 (25)	10 (11)

(x): last quarter number



Financial review

Key financials

Income statement

<i>(in NOK million)</i>	Q2 2021	Q2 2020	FY 2020
Revenue	2.9	0.6	3.0
Cost of sales	-1.3	-0.1	-0.7
Research and development expenses	-7.6	-4.0	-20.4
Sales and marketing expenses	-1.4	-1.9	-5.4
Operational / supply chain expenses	-2.5	-1.6	-8.0
Administrative expenses	-3.7	-3.4	-7.7
EBITDA	-13.7	-10.4	-39.2

- Revenue reflects sales of TLens and ASICs for commercial use, sample deliveries for customer development projects and deliveries of prototype of a potential new product
- EBITDA loss of NOK 13.7 million vs. loss of NOK 10.4 million in Q2 2020
 - increased use of internal and external resources and materials on R&D projects of NOK 3.6 million (including materials used for manufacturing technology improvements)

Balance sheet summary

<i>(in NOK million)</i>	Q2 2021	Q2 2020	FY 2020
Intangible assets	38.5	48.8	43.6
Inventories	8.6	9.3	9.2
Cash and cash equivalents	55.6	89.9	77.2
Total equity	94.3	145.6	128.8
Total current liabilities	22.2	11.0	12.9
Total equity and liabilities	120.9	156.7	141.8

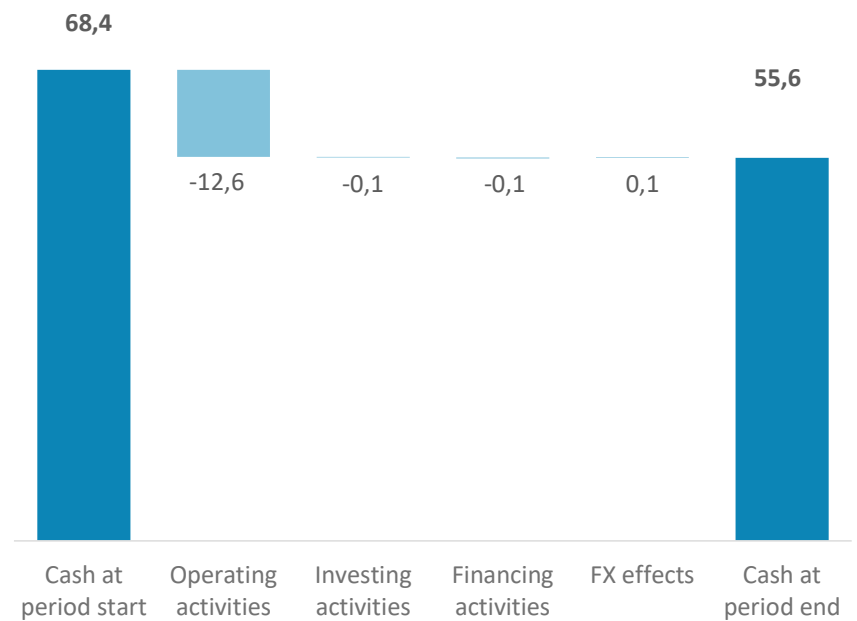
- Cash position of NOK 55.6 million, compared with NOK 89.9 million at Q2 2020
- According to current plan, the cash deposits will fund Group activities throughout 2021

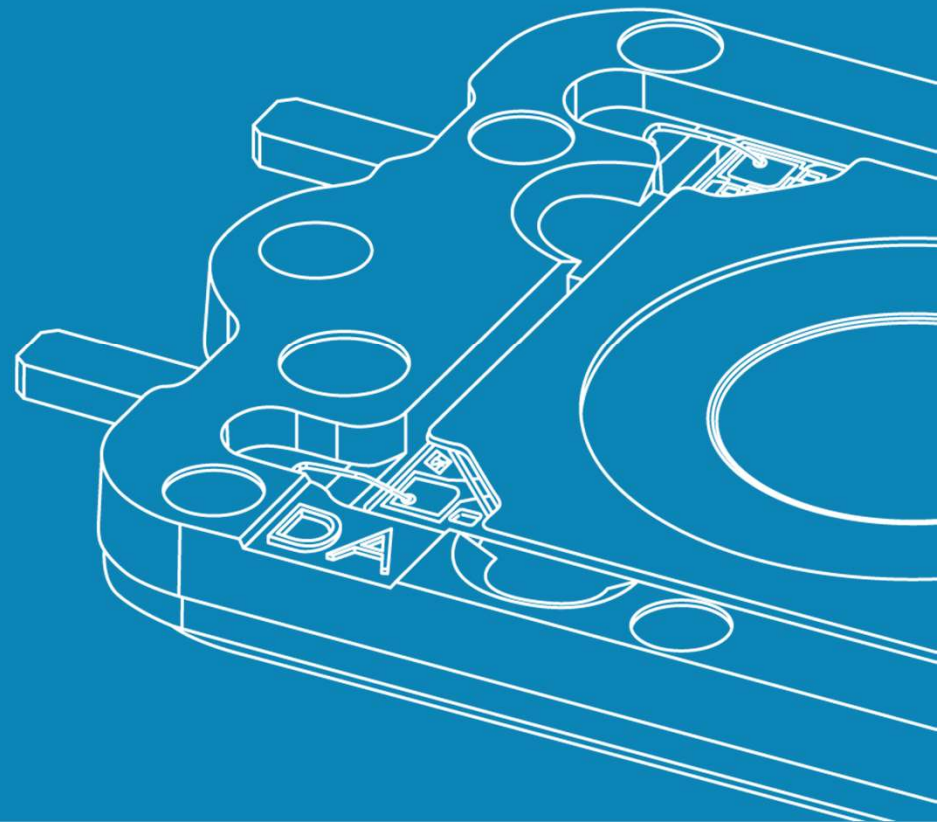
Cash Flow

- Q2 cash used in operating activities was NOK 12.6 million, compared with NOK 8.3 million in Q2 2020
 - The increase is attributable to higher R&D expenses in the period
- Q2 net decrease in cash was NOK 12.9 million

Q2 2021 cash flow development

(NOK million)

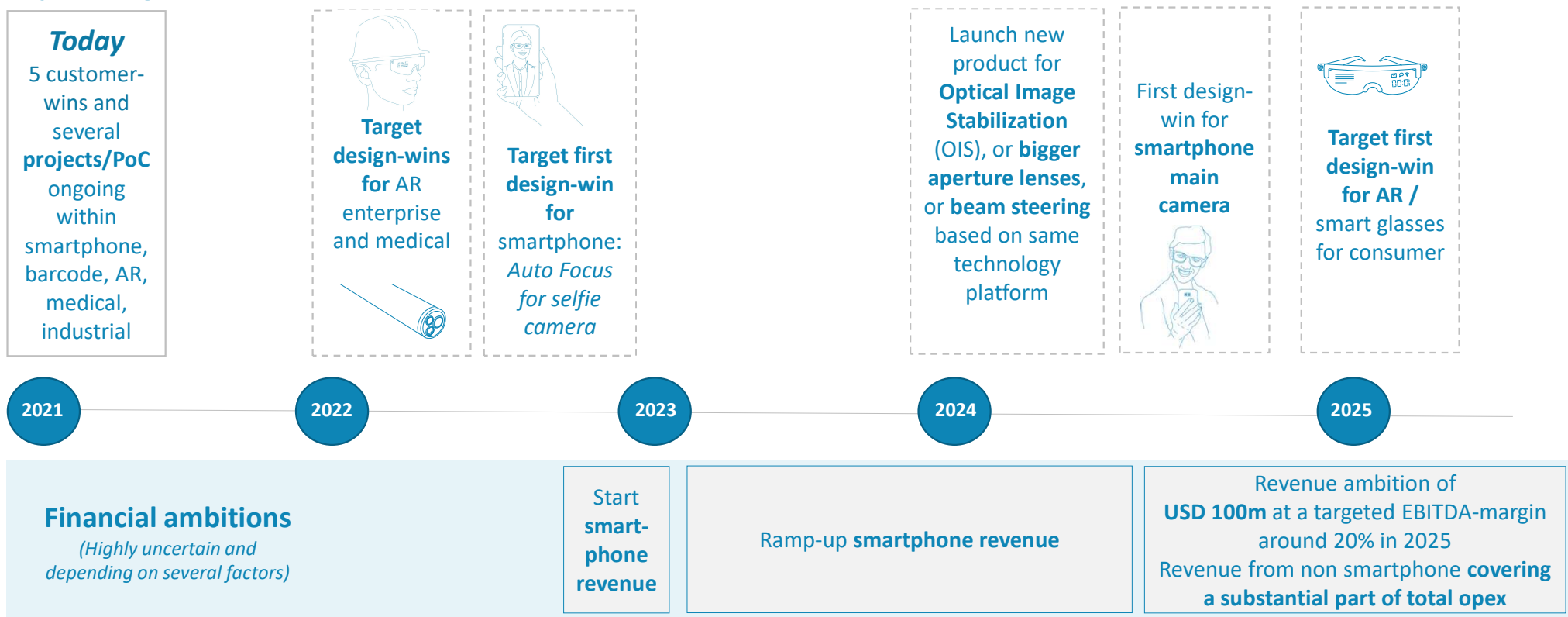




Outlook

Operating and financial targets

Operating milestones



Outlook

- Overall progress has been relatively good during the quarter
- Obviously the announced cancellation has impacted the company and shareholders negatively
- Interest in TLens® remains high after the add-in design concept has been introduced, and the pipeline of opportunities is promising
- Significant effort and investments are being made by several players in the eco system to evaluate/prepare themselves for use of TLens
- Several candidates for phone projects in 2nd half 2022
- Promising progress in AR and medical use cases
- Still much to be done in all parts of the value chain, and success will not be achieved without a determined effort
- According to current plans, the Group's cash deposits will fund activities throughout 2021



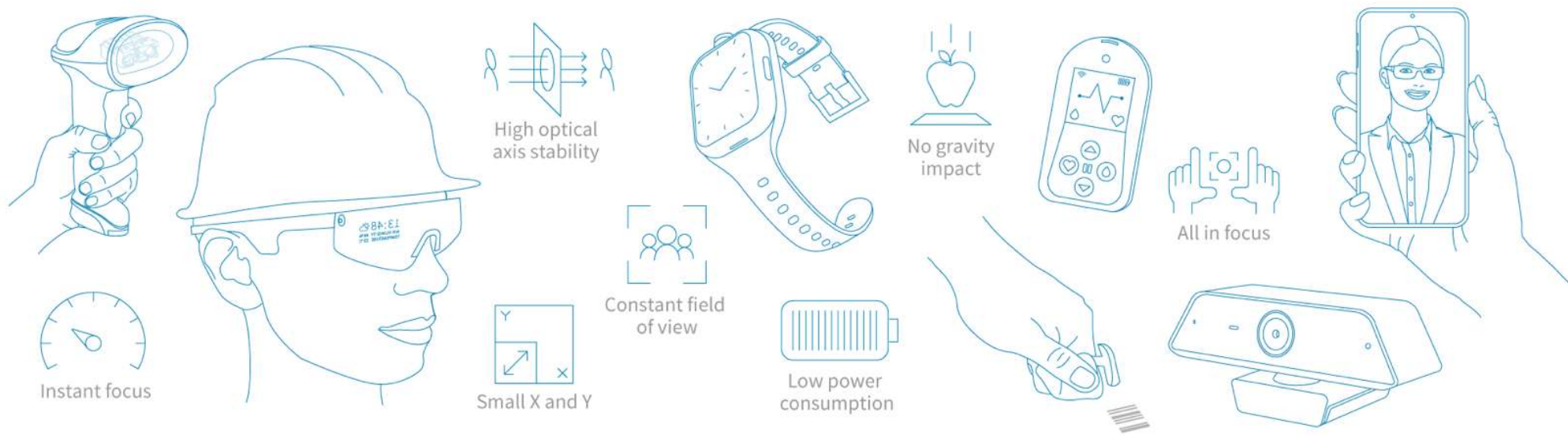


Next event:
Q3-21

29 October 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



Ann-Tove Kongsnes - *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.



Thomas Görling - *Board member*

Thomas Görling is a Senior Investment Director at Stiftelsen Industrifonden (Sweden) with a comprehensive involvement in building successful technology companies. Representing Industrifonden, he has been engaged in a number of portfolio company boards, at present Medtentia International Ltd Oy (Finland) and eBuilder AB (Sweden). Before joining Industrifonden in 1998, Mr. Görling held management positions within the European optical instrument and systems industry. Thomas holds a Master of Science from the Royal Institute of Technology in Stockholm, and studied business economics at Stockholm University.

Statement of income

NOK 000	Note	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Revenue		2 885	622	4 430	1 158	3 019
Cost of sales		-1 295	-133	-1 610	-194	-698
Gross profit		1 590	489	2 820	964	2 321
Research and development expenses net of governmental grants	7,8	-7 622	-4 020	-16 841	-9 526	-20 432
Sales and marketing expenses		-1 362	-1 908	-2 663	-4 172	-5 419
Operational / supply chain expenses		-2 538	-1 596	-5 043	-5 095	-7 972
Administrative expenses	11	-3 719	-3 414	-12 129	-8 741	-7 734
Operating result before depreciation and amortisation (EBITDA)		-13 652	-10 448	-33 856	-26 571	-39 237
Depreciation and amortisation	9	-2 861	-3 056	-5 893	-6 109	-12 132
Operating result (EBIT)		-16 514	-13 505	-39 750	-32 679	-51 369
Net financial items	6	8	36	233	-59	417
Loss before tax		-16 506	-13 469	-39 517	-32 739	-50 952
Income tax expense		-38	-18	-45	-17	-203
Loss for the period		-16 544	-13 488	-39 562	-32 756	-51 155
Earnings per share:						
Basic, attributable to ordinary equity holders of the parent (NOK)		-1.81	-1.52	-4.36	-3.90	-5.93
Diluted, attributable to ordinary equity holders of the parent (NOK)		-1.81	-1.52	-4.36	-3.90	-5.93

Balance sheet

NOK 000	Note	Q2 2021	Q2 2020	FY 2020
ASSETS				
Property, plant and equipment		936	1 068	839
Intangible assets	9	38 511	48 491	43 646
Right-of-use assets		5 415	1 327	964
Total non-current assets		44 863	51 186	45 448
Inventories		8 571	9 254	9 166
Trade and other receivables		10 557	6 045	6 040
Prepayments	8	1 302	283	3 897
Cash and cash equivalents		55 631	89 945	77 209
Total current assets		76 060	105 527	96 312
Total assets		120 923	156 713	141 761
EQUITY AND LIABILITIES				
Share capital		1 826	1 809	1 810
Share premium		683 397	680 325	680 229
Reserves		1 032	1 092	1 040
Retained earnings		-591 910	-537 596	-554 239
Equity attributable to equity holders of the parent		94 346	145 630	128 840
Non-controlling interests		0	0	0
Total equity		94 346	145 630	128 840
Lease liabilities		4 358	110	0
Total non-current liabilities		4 358	110	0
Trade and other payables	10	19 974	8 500	10 684
Current lease liabilities		1 056	1 284	1 048
Provisions	12	1 189	1 189	1 189
Total current liabilities		22 219	10 973	12 921
Total liabilities		26 577	11 083	12 921
Total equity and liabilities		120 923	156 713	141 761

Cash flow

NOK 000	Note	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operating activities						
Profit / loss (-) for the period		-16 506	-13 469	-39 517	-32 739	-50 952
Adjustments for:						
Depreciation and impairment of property, plant and equipment and right-of-use assets		294	481	759	962	1 842
Amortisation and impairment of intangible assets	9	2 567	2 575	5 134	5 146	10 290
Net finance income		-8	-36	-233	59	-417
Equity-settled share-based payment transactions		812	888	1 891	1 916	3 672
Other items related to operating activities		-9	-104	210	-224	-473
Changes in unrealised net foreign exchange rate differences/fluctuations		-64	39	8	226	221
Changes in working capital:						
Decrease (+) in trade and other receivables and prepayments		1 918	323	1 372	719	-2 902
Decrease (+) in inventories		281	-287	596	-1 526	-1 439
Decrease (-) in trade and other payables	10	-1 268	636	9 290	-2 518	1 655
Changes in provisions and government grants		-628	495	-3 293	-2 740	-4 718
Interest received	6	9	201	28	296	851
Interest paid	6	-4	-18	-14	-39	-68
Income tax paid		-38	-55	-45	-108	-196
Net cash flows used in operating activities		-12 644	-8 330	-23 814	-30 569	-42 633
Investing activities						
Purchase of property, plant and equipment		-103	-50	-350	-203	-226
Net cash flows from/(used in) investing activities		-103	-50	-350	-203	-226
Financing activities						
Proceeds from issue of ordinary shares		0	50 000	0	50 000	50 000
Proceeds from exercise of share options		0	685	3 204	685	738
Transaction costs on issue of shares		0	-2 857	-6	-2 857	-3 005
Payment of lease liabilities		-135	-308	-597	-613	-1 119
Net cash flows from/(used in) financing activities		-135	47 520	2 601	47 215	46 614
Net increase in cash and cash equivalents		-12 882	39 140	-21 563	16 443	3 755
Effect of exchange rate changes on cash and cash equivalents		96	-65	-15	39	-9
Cash and cash equivalents at the start of the period		68 417	50 870	77 209	73 463	73 463
Cash and cash equivalents at the end of the period		55 631	89 945	55 631	89 945	77 209