



# Fourth quarter 2018

Earnings presentation  
15 February 2018



# 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 15 February 2019. 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 in poLight since August 2014. He has previously held several CEO positions, most recently in the publicly listed company Q-Free ASA, which he left January 2014 after 7 years as CEO. Dr. Isaksen holds a Ph.D in Applied Physics.



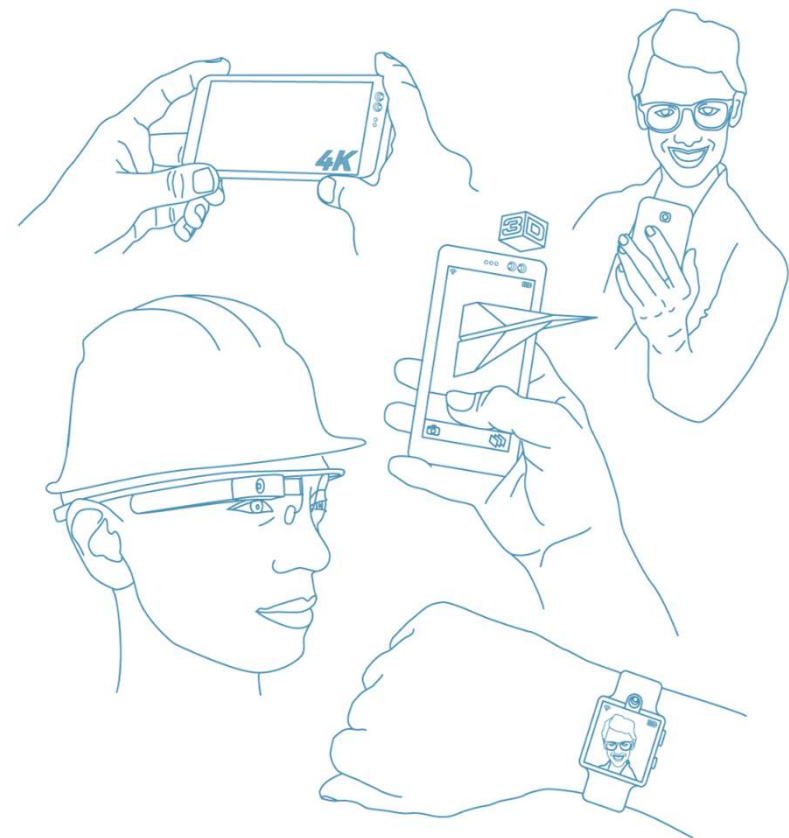
### Alf Henning Bakkevik

#### *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 authorised public auditor & accountant.

# Key events

- Smart-phone activity driven by requirements for autofocus (AF) in front-facing camera and interest for high-frame-rate video cameras to support expected 5G driven applications
- Current Chinese OEM screen-size focus poses challenges for implementing AF solutions in front camera
- Increased interest from barcode and AR<sup>1</sup> segments
- Growing interest from new market segments



<sup>1</sup>) Augmented Reality



# poLight at a glance

## Background and description

- Developer of unique photographic lens for use in the mobile, barcode, 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
- 13 worldwide patents families, 7 pending applications and 3 registered trademarks
- 33 employees + consultants
- Headquartered in Horten, Norway, with offices in Finland, China, France and representation in Taiwan and Korea

## Geographical footprint

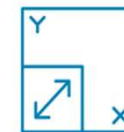


## poLight enables unique use cases



Instant focus

+



Small real estate

+



Constant field of view

Fast, smooth autofocus enabling improved front and back camera solutions

# poLight's technology well suited for several applications



## Smartphone

- Large addressable market, billions of cameras produced for the smartphone industry each year
- TLens supporting several relevant trends in the smartphone market:
  - Higher image and video quality
  - Front camera with autofocus (AF) and demand for more screen
  - High-frame-rate video cameras
  - Biometric (3D, structured light, face ID)
- Multi camera solutions



## Barcode

- 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



## Augmented Reality (AR)

- Augmented reality expected to be "the next big thing"
- AR technology depends on sharp image being projected onto the eye glasses independent to where the eye focus. Hence need for low power autofocus technology

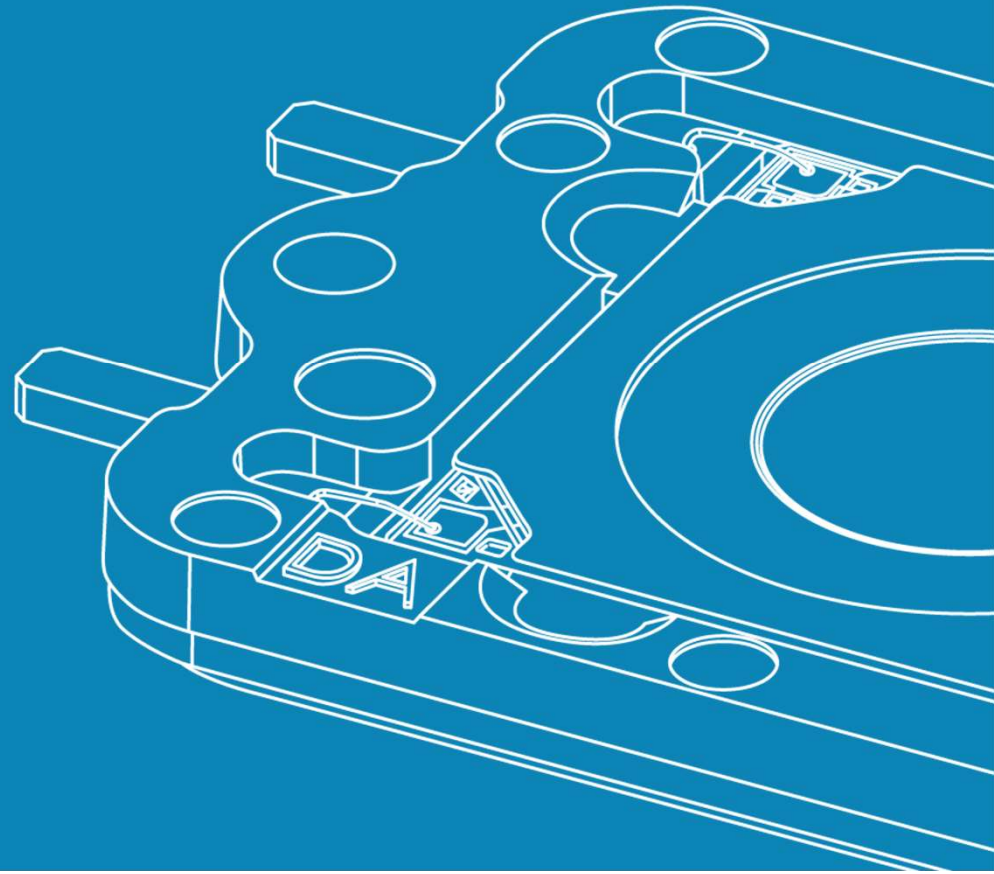


## Other

- New opportunities emerging and may represent significant potential
- Drones, video conferencing, medical, smart-watches and machine vision are recent examples of potential new opportunities for poLight's technology

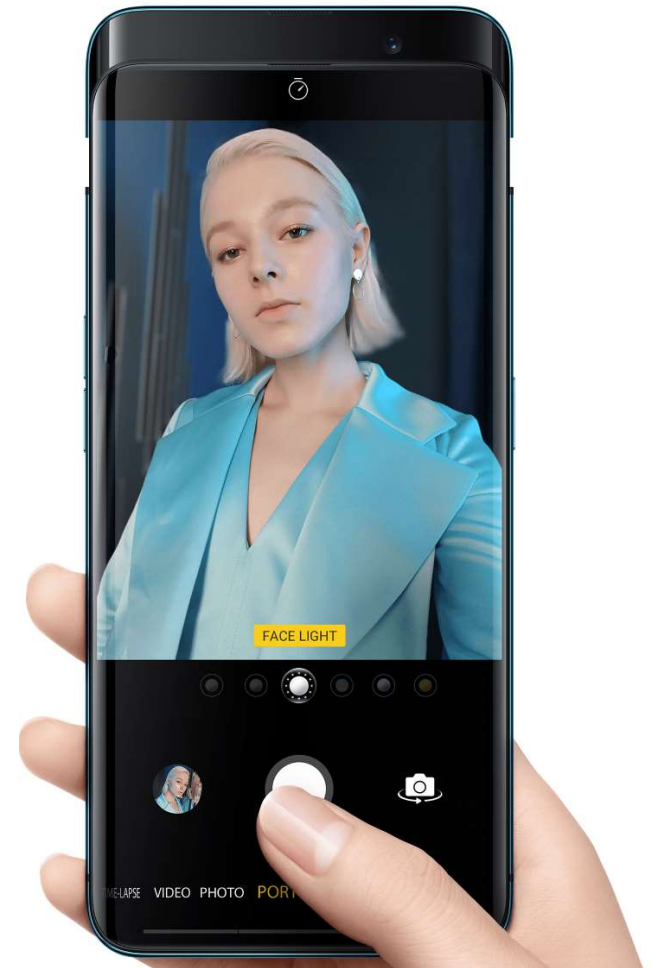


# Operations and market review



# Growing TLens® interest driven by strong mobile camera trends

- Use of higher mega-pixel and increased light sensitivity sensor driving demand for AF in front
- Screen-size focus poses challenges for implementing TLens and other AF solutions in front camera
  - Compact VCM-solution most likely first out for AF front in Chinese smartphones
  - Advantages enabled by TLens will open opportunities for poLight in second generation AF for front facing camera
- Increased interest for TLens in high-frame-rate video cameras to support expected 5G driven applications
- TLens subject to interest from over 10 mobile phone companies through 6 six camera module vendors
  - Varying degree of maturity





# Increased attention from smartphone segment

- Overall good feedback from ongoing PoCs
- One PoC was technically finalised and is awaiting a potential real project
- One smartphone vendor began planning of a potential PoC in Q4
- One smartphone vendor is evaluating use of TLens and has started performance and design assessments based on experience established by one camera module maker through several PoCs

Market segment	Dialogue (not PoC yet)	# customers bought TLens	Planning PoC	PoC	Design Win
Smartphone	6	5	1	3/4	

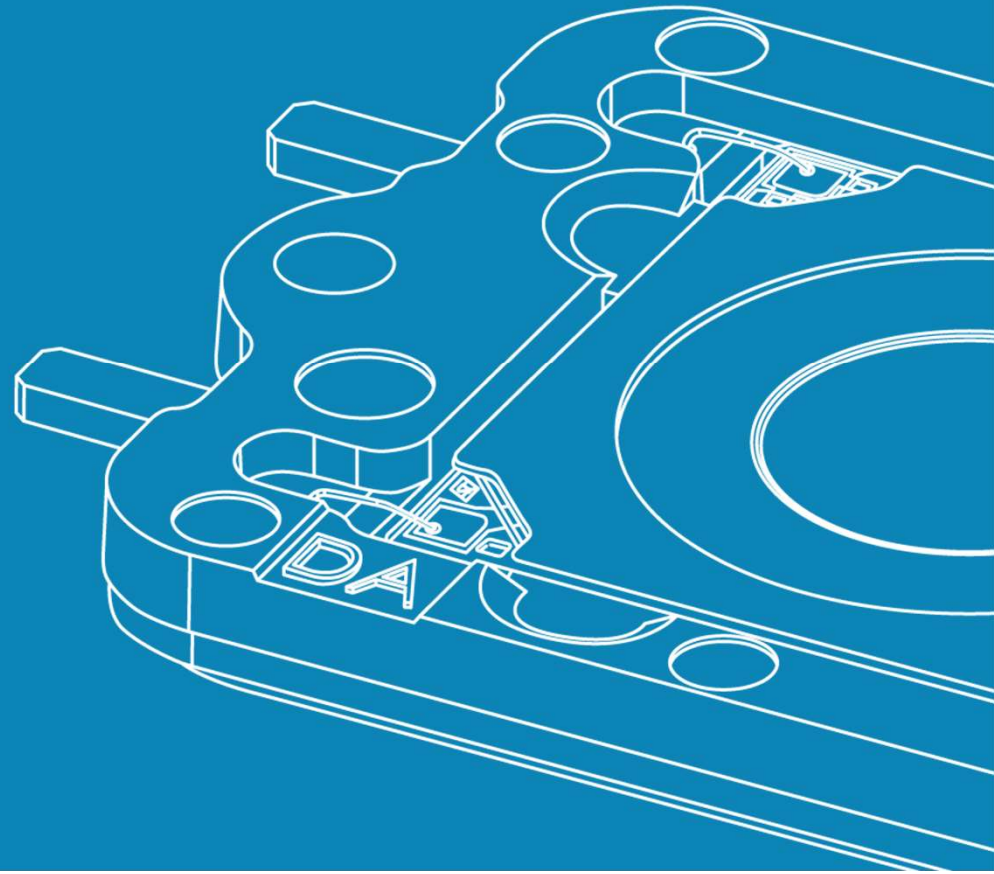
# Additional mass-market and industrial use-cases emerging

- Barcode
  - Four ongoing POCs at year-end with positive technical results (2x Tier 1 and 2x Tier 2)
  - One new Tier 1 supplier bought eval. kit and will start POC
  - Planning related to applications/products continued with two suppliers
- Augmented Reality - AR
  - Four players acquired eval. kits and have started POCs /technical assessments
  - Two new players in early stage of considering POCs
- Other
  - Steady activity of incoming calls from various industries
  - One microscope provider ordered eval. kit
  - Smart watch provider progressed to start POC

Market segment	Dialogue (not PoC yet)	# customers bought eval kit/TLens	Planning PoC	PoC	Design Win
Barcode	1	3	1	4	
AR	3	4		4	
Machine vision		1		1	
Smart watch/wearable	3			1	
Medical	2	1			



Financial  
review



# Key financials

## Income statement

<i>(NOK million)</i>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
Revenue	0.5	0.5	1.0	0.6
<b>EBIT</b>	<b>-15.7</b>	<b>-20.0</b>	<b>-77.1</b>	<b>-52.1</b>
Research and development expenses	-6.0	-12.5	-28.9	-21.1
Capitalised intangible assets	-2.2	0.4	-8.4	-24.9

- Revenue from delivery of TLens samples and evaluation kits to potential customers
- EBIT loss of NOK 15.7 million vs. loss of NOK 20 million in Q4 2017
  - Lower level of R&D expenses

## Balance sheet summary

<i>(NOK million)</i>	<b>FY 2018</b>	<b>FY 2017</b>
Intangible assets	75.8	67.4
Cash and cash equivalents	127.4	93.6
 Total equity	 201.5	 150.0
Total current liabilities	18.1	20.5
Total non-current liabilities		0.6
Total equity and liabilities	219.5	171.1

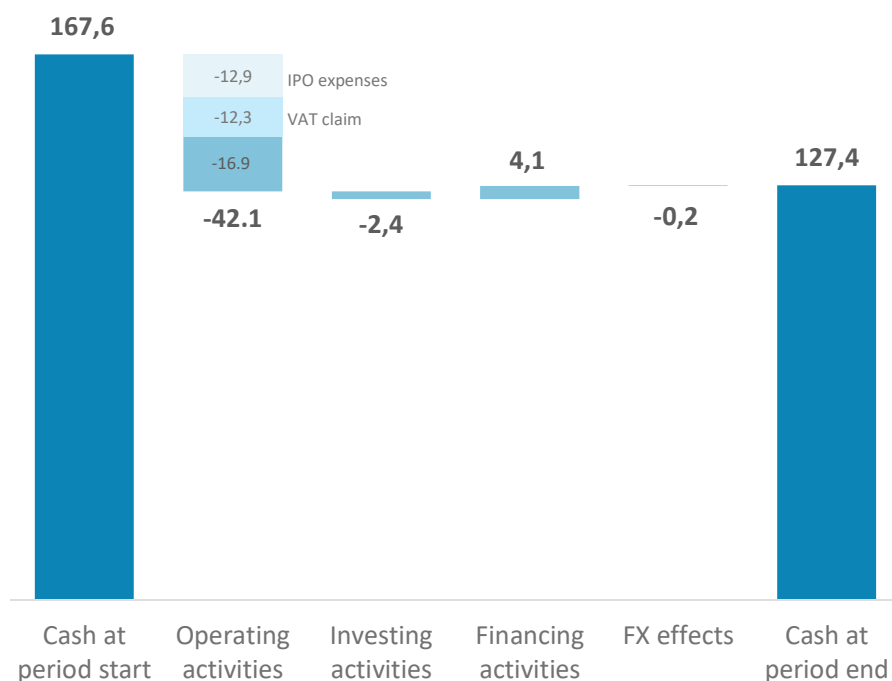
- YTD increase in total assets reflected new equity raised in the IPO less incurred losses
- Cash position of NOK 127.4 million, compared with NOK 93.6 million at year-end 2017
  - Net IPO proceeds of NOK 124.0 million
- The VAT claim was paid in Q4 2018
  - Ruling has been appealed to the Tax Appeals Board

# IPO provides cash to drive TLens commercialisation

- Q4 cash used in operations of NOK 42.1 million
  - Includes non-recurring IPO expenses and VAT claim
- Cash used in investing activities was NOK 2.4 million
- Net cash flows from financing activities included proceeds from IPO over-allotment option
- Net decrease in cash of NOK 40.4 million for the quarter

## Q4 2018 cash flow development

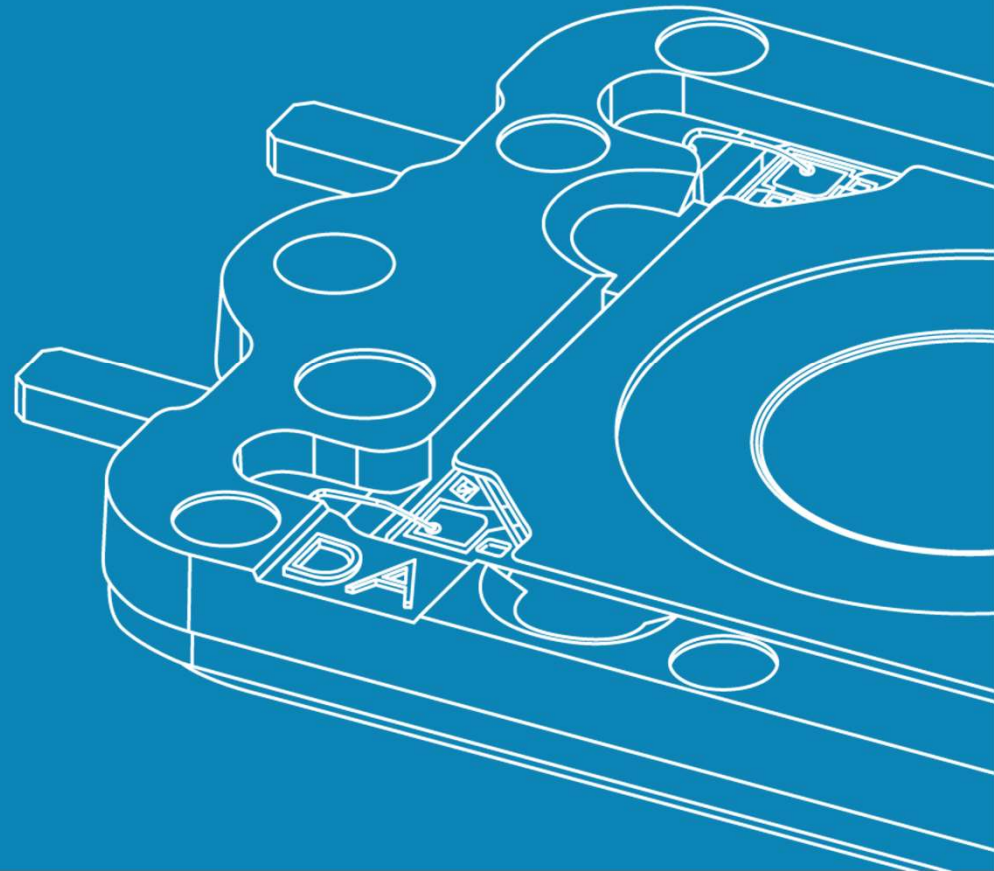
(NOK million)





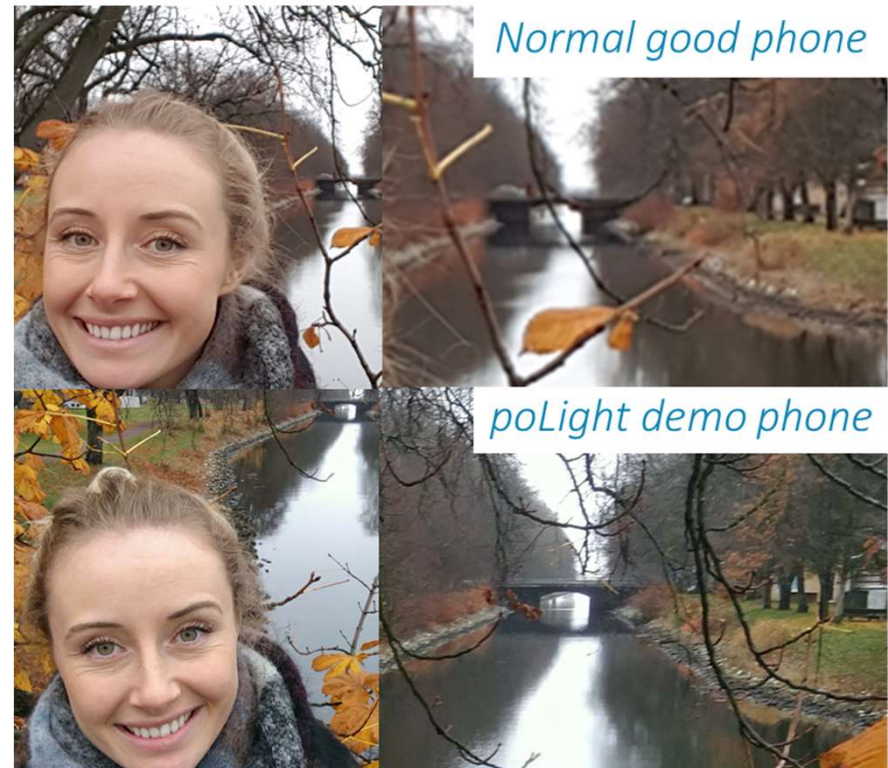


Outlook



# Outlook - Smartphone

- Proof of Concept process
  - Carried out/is engaged in 5 PoCs, mainly Chinese
  - Further, one non-Chinese OEM is considering use of TLens
  - Year-end poLight had delivered 3,765 units of TLens in 2018, compared to 1,700 in 2017
- The earliest potential design-win mid-2019, most likely non Chinese OEM
- Potential application for TLens in dedicated high-frame-rate video cameras for smartphones driven by 5G networks



# Outlook – Other segments

- Five eval. kits delivered in Q4
- Current estimate for first potential design-win in the barcode market is H2 2019
- poLight may be positioned for new industrial and high-volume applications based on interest from companies in mass-markets segments such as;
  - AR
  - Smart-watches
  - Wearables





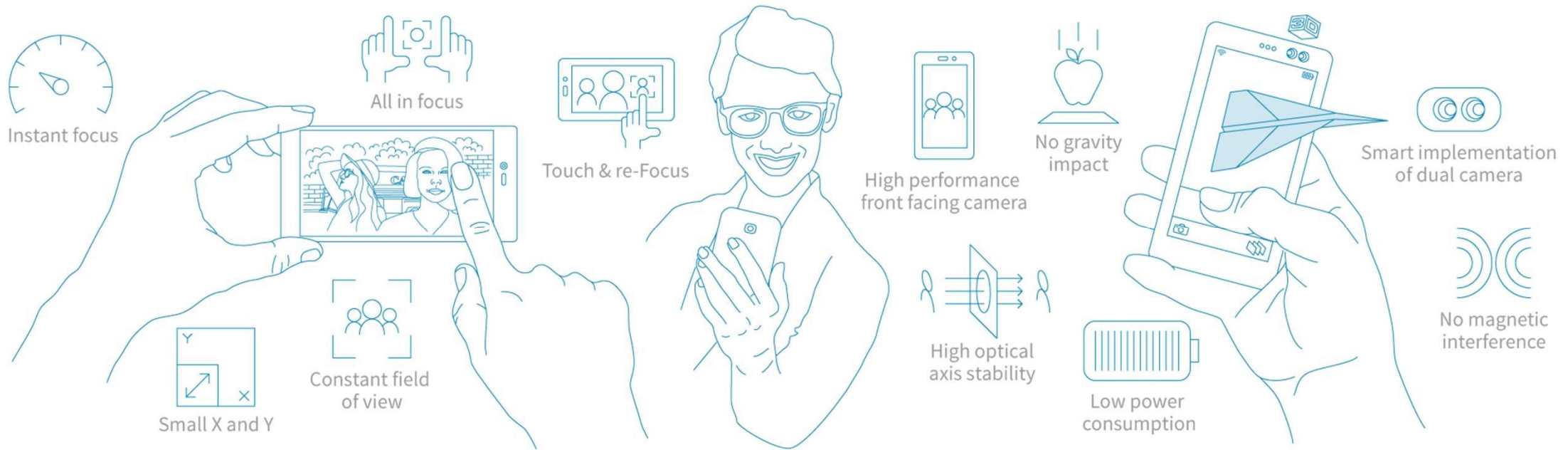
A photograph of two young women with long, wavy brown hair, smiling and taking a selfie outdoors. The woman on the left is holding a silver smartphone. Their hair is blowing in the wind, creating a dynamic and joyful scene. The background is a blurred cityscape.

# Q&A

Next event:  
Q1-19 10 May 2019



# Appendix





# Management Team



**Dr. Øyvind Isaksen**

*Chief Executive Officer*

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



**Alf Henning Bakkevik**

*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 authorised public auditor & accountant.



**Pierre Craen**

*Chief Technology Officer*

Craen has more than 20 years experience in opto-mechanical system engineering. Prior to joining poLight, he managed product development teams at Varioptic, Barco and Motorola/Symbol. Craen holds a M.Sc. degree in optical engineering from Sup-Optic and a M.Sc. 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*

*Mr. Bergsmyr is Partner in Viking Venture since 2009. Bergsmyr was previously CEO of the Norwegian start-up Nacre AS, sold in 2007 to Sperian Protection and recognized as the Nordic Venture Exit of the Year. Prior to this, Bergsmyr acquired some extensive industrial experience from Siemens Telecom and Siemens Electrical Heating. He holds a MSc from NTNU.*



**Ann-Tove Kongsnes** - *Deputy Chairman*

*Ms. Kongsnes is an Investment Director and Head of International Affairs at Investinor AS. Kongsnes has over her career gained extensive experience from investments, development, M&A, IPO's and exits of technology companies. Before this, she worked 7 years in international marketing, serving as Director of Marketing and Operations. Kongsnes has broad boardroom experience, and currently serves on the boards of Investinor's portfolio companies, Numascale AS, Vitux AS, Calliditas Therapeutics AB, Spinchip Diagnostics AS, Curida AS in addition to Polight AS. She holds an MSc in Economics and Business Administration from Bodø University College, and has completed the Advanced Program in Corporate Finance at Norwegian School of Economics (NHH).*



**Per Anell** - *Board member*

*Mr. Anell is investment manager Technology in Industrifonden. He has almost 20 years of professional experience from senior positions in several growth companies. Prior to joining Industrifonden Anell worked as an investment manager at Innovationsbron and later Almi Invest, focusing mainly on seed investments in high tech startups.*



**Johan Paulsson** - *Board member, independent*

*Mr. Paulsson has been a member of poLight's board since 2010. He is Chief Technology Officer at Axis Communications. Prior to this, Paulsson was COO and Head of R&D at Ericsson Mobile Platform. He holds a Master of Science, Electrical Engineering from Lund University.*



**Grethe Viksaas** - *Board member, independent*

*Ms. Viksaas has a long career from the Northern European managed service provider company Basefarm AS, both as CEO, and later as working chair of the board of directors. Prior to this, Viksaas served as CEO for SOL System AS and Infostream ASP. Viksaas has experience from numerous board positions, including Zenitel Group and ICT Norway. She is currently Chair of the Board in the foundation Norsk Regnesentral (Norwegian Computing Center) and non-executive Director in the boards of Telenor ASA and Crayon Group. She also serves as board member in various start-up companies. Ms. Viksaas has a master's degree in computer science from the University of Oslo.*

# Interim consolidated statement of income (unaudited)

NOK 000	Note	Q4 2018	Q4 2017	FY 2018	FY 2017
<b>Revenue</b>		<b>533</b>	<b>538</b>	<b>1 038</b>	<b>613</b>
Cost of sales		-79	-2 400	-1 488	-7 400
Research and development expenses	7	-5 988	-12 488	-28 918	-21 051
Sales and marketing expenses		-2 119	-1 680	-7 586	-7 610
Administrative expenses	10	-6 302	-2 892	-35 770	-12 174
Operational / supply chain expenses		-1 496	-848	-3 384	-3 322
Depreciation, amortisation and net impairment losses		-235	-262	-1 025	-1 163
<b>Operating profit</b>		<b>-15 685</b>	<b>-20 033</b>	<b>-77 133</b>	<b>-52 107</b>
Net financial items	6	276	119	211	1 541
<b>Profit before tax</b>		<b>-15 409</b>	<b>-19 914</b>	<b>-76 922</b>	<b>-50 566</b>
Income tax expense		-88	-71	-243	-91
<b>Profit for the period</b>		<b>-15 497</b>	<b>-19 984</b>	<b>-77 165</b>	<b>-50 657</b>
<b>Attributable to:</b>					
Equity holders of the parent		-15 497	-19 984	-77 165	-50 657
Non-controlling interests		0	0	0	0
<b>Earnings per share:</b>					
Basic, attributable to ordinary equity holders of the parent (NOK)		-2	-4	-13	-9
Diluted, attributable to ordinary equity holders of the parent (NOK)		-2	-4	-13	-9

# Balance sheet (unaudited)

NOK 000	Note	2018	2017
<b>ASSETS</b>			
Property, plant and equipment		1 605	1 874
Intangible assets	8	75 829	67 444
<b>Total non-current assets</b>		<b>77 434</b>	<b>69 318</b>
Inventories		7 372	1 781
Trade and other receivables		6 399	5 260
Other current assets		901	1 127
Cash and cash equivalents		127 424	93 647
<b>Total current assets</b>		<b>142 095</b>	<b>101 816</b>
<b>Total assets</b>		<b>219 529</b>	<b>171 134</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital		1 623	542
Share premium		270 935	148 036
Other equity		-71 103	1 417
<b>Equity attributable to equity holders of the parent</b>		<b>201 456</b>	<b>149 996</b>
Non-controlling interests		0	0
<b>Total equity</b>		<b>201 456</b>	<b>149 996</b>
Interest-bearing loans and borrowings		0	600
<b>Total non-current liabilities</b>		<b>0</b>	<b>600</b>
Trade and other payables		15 172	13 690
Interest-bearing loans and borrowings		600	1 200
Income tax payable		225	135
Provisions		2 076	5 513
<b>Total current liabilities</b>		<b>18 073</b>	<b>20 538</b>
<b>Total liabilities</b>		<b>18 073</b>	<b>21 138</b>
<b>Total equity and liabilities</b>		<b>219 529</b>	<b>171 134</b>

# Cash flow (unaudited)

NOK 000	Note	Q4 2018	Q4 2017	FY 2018	FY 2017
<b>Operating activities</b>					
Profit before tax		-15 409	-19 914	-76 922	-50 566
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment		226	255	989	1 124
Amortisation and impairment of intangible assets		9	11	36	38
Share option plan expense		1 520	981	4 719	5 024
Other items related to operating activities		-158	2 067	-392	-1 744
Net foreign exchange differences		-87	171	-183	555
Movements in provisions and government grants		-928	810	-3 266	6 524
Working capital adjustments:					
Decrease in trade and other receivables and prepayments		505	2 460	-1 083	-30
Increase in inventories		123	3 382	-5 591	-1 781
Increase in trade and other payables		-27 948	-8 968	1 572	-7 683
Interest received	6	786	1 752	1 057	1 752
Interest paid	6	-697	-24	-740	-152
Income tax paid		-27	0	-118	0
<b>Net cash flows from operating activities</b>		<b>-42 084</b>	<b>-17 016</b>	<b>-79 921</b>	<b>-46 939</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		-207	-82	-749	-305
Development capital expenditures	7	-4 160	-705	-10 433	-26 021
Receipt of government grants		1 989	1 123	1 989	1 123
<b>Net cash flows used in investing activities</b>		<b>-2 378</b>	<b>336</b>	<b>-9 193</b>	<b>-25 203</b>
<b>Financing activities</b>					
Issue of share capital		4 689	0	134 689	0
Transaction costs on issue of shares		0	0	-10 709	0
Repayment of borrowings		-600	-600	-1 200	-1 200
<b>Net cash flows from/(used in) financing activities</b>		<b>4 089</b>	<b>-600</b>	<b>122 780</b>	<b>-1 200</b>
Net increase in cash and cash equivalents		-40 373	-17 280	33 666	-73 341
Effect of exchange rate changes on cash and cash equivalents		187	15	110	36
Cash and cash equivalents at the start of the period		167 610	110 913	93 648	166 953
<b>Cash and cash equivalents at the end of the period</b>		<b>127 424</b>	<b>93 648</b>	<b>127 424</b>	<b>93 648</b>