



First quarter 2019

Earnings presentation
10 May 2019



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.



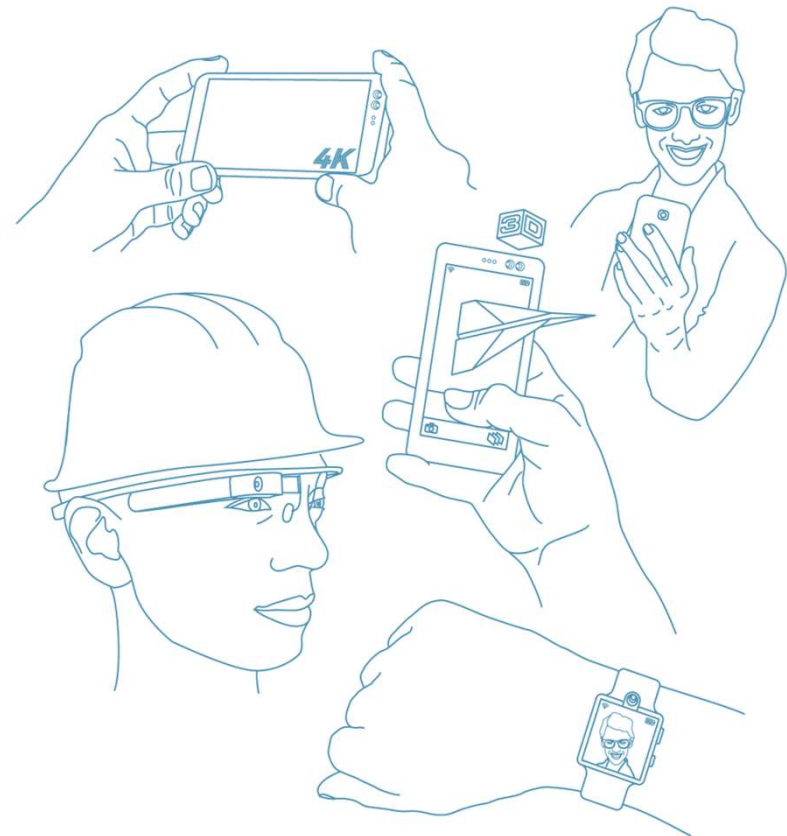
Alf Henning Bakkevik

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

- Involved in three projects which may lead to design-win in 2019
 - Smartphone, wearable and barcode
- Camera module vendor has placed sizeable TLens and ASIC driver batch orders for Engineering Verification Tests (EVT) on behalf of a smartphone vendor
- Continued growth in businesses evaluating TLens for various use-cases



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

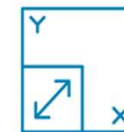


poLight enables unique use cases



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 multiple 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)
 - High-frame-rate video cameras
 - Biometric (3D, structured light, face ID)
 - Multi camera solutions
 - 5G



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) / Wearable

- Augmented reality and wearable represent potential mass-market applications
- 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
- Wearable initially focused on growing smartwatch/ wristwear markets

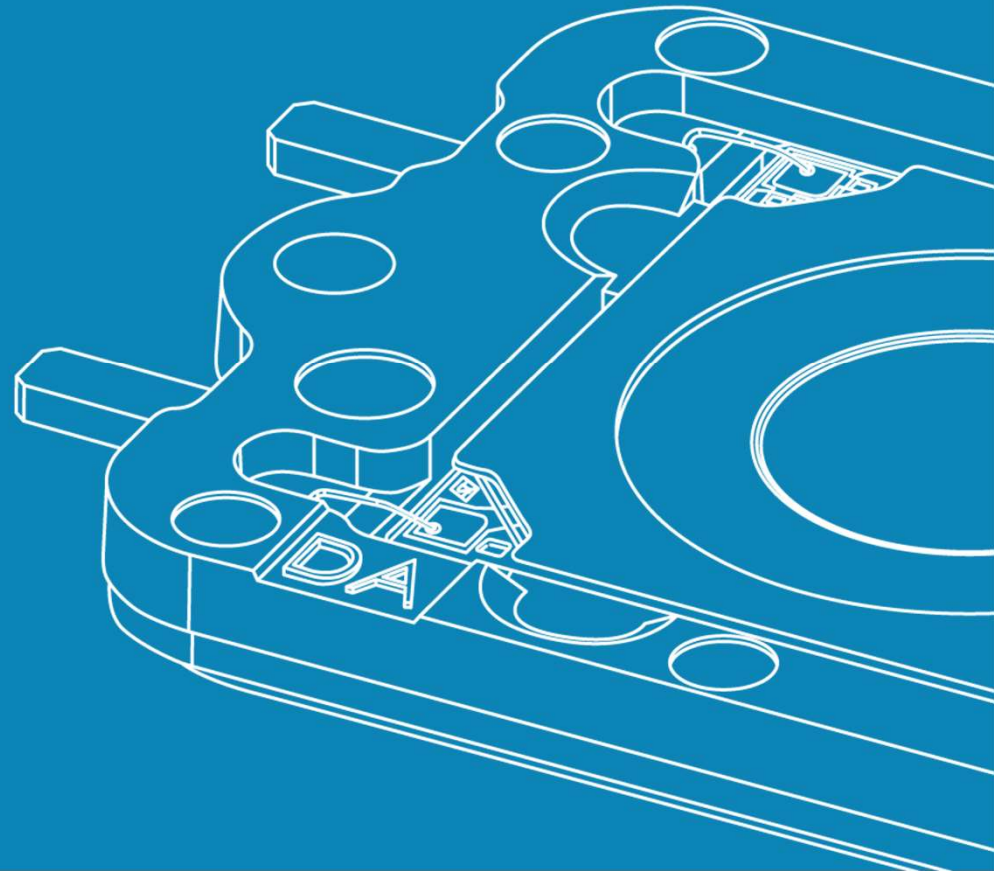


Other

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



Operations and market review



Continuing effort to achieve break through in smartphone area

- Screen-size focus continues to impact adoption of AF solutions in front camera
- New TLens integration concepts explored to minimize camera module size and to increase usability of existing TLens portfolio
- Eco-system feedback indicates that 5G may be a driver for several TLens enabled applications
- TLens subject to interest from over 10 mobile phone companies through eight camera module vendors
 - Varying degree of maturity



Smartphone project progressing to EVT

- One vendor is evaluating use of TLens for a real smartphone project
 - Prototype build ongoing
 - Placed order for 2,400 TLens and 4,900 ASIC drivers for Engineering Verification Test (EVT) in April
 - Lenses and ASIC shipped in April
 - Similar sized order received this week
- Overall good feedback from ongoing PoCs
- Three (3) PoC technically finalised and is awaiting potential real project
- One smartphone vendor began planning of a potential PoC in Q4

Market segment	# customers bought TLens	Planning PoC	PoC	Design Win
Smartphone	6	1	5	

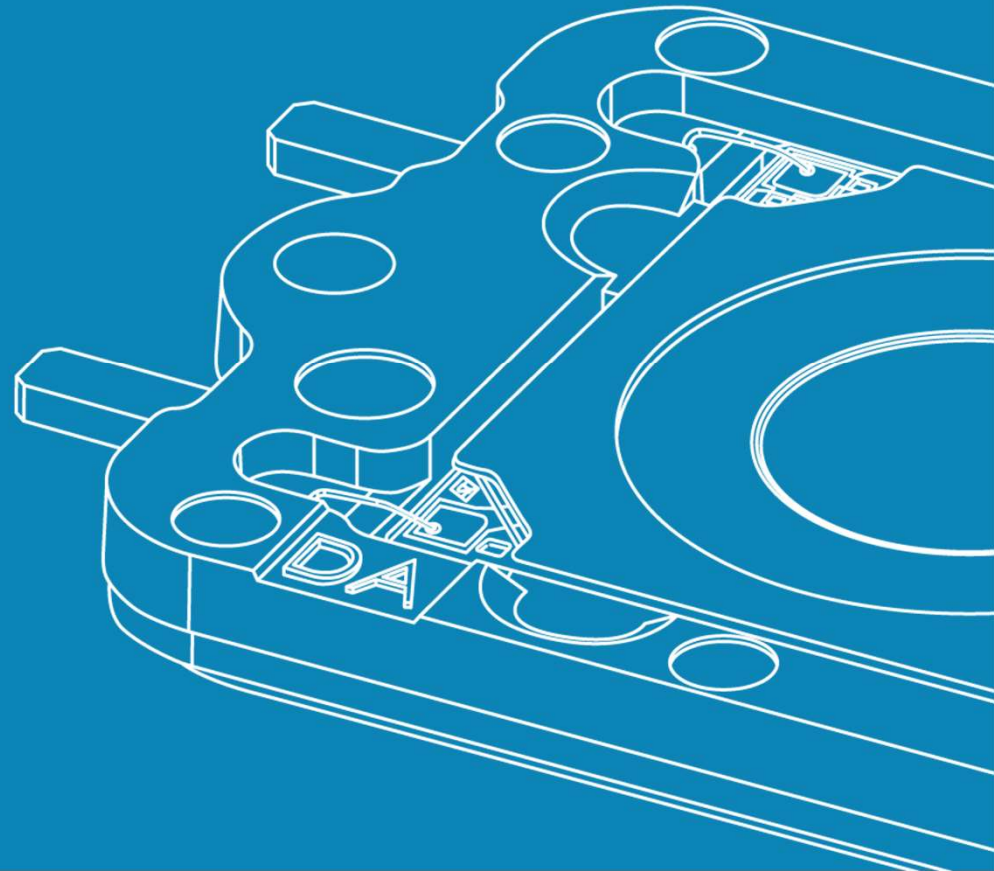
Additional mass-market and industrial use-cases emerging

- Barcode
 - Four ongoing POCs with positive technical results
 - One bought a second eval. kit and plans to start POC
 - Applications/products planning continued with two suppliers
- Augmented Reality (AR) / Wearable
 - Four players acquired eval. kits and have/will started POCs /technical assessments
 - Two additional players considering POCs
 - Two smartwatch vendors have started POC
- Other
 - Continued high pace of incoming calls from various industries
 - Four medical use-cases under development, two have bought eval. kits and two plan POC

Market segment	# customers bought eval kit/TLens	Planning PoC	PoC	Design Win
Barcode	4	1	4	
AR	5	2	4	
Machine vision	1		1	
Smartwatch/wearable	2		2	
Medical	2	2	1	



Financial review



Key financials

Income statement

(NOK million)	Q1 2019	Q1 2018	FY 2018
Revenue	0.0	0.2	1.0
Cost of sales	0.0	0.0	-1.5
Research and development expenses	-5.6	-8.7	-28.9
Sales and marketing expenses	-2.4	-2.0	-7.6
Administrative expenses	-5.1	-3.3	-35.8
Operational / supply chain expenses	-1.3	-0.8	-3.4
EBITDA	-14.3	-14.6	-76.1

- Limited Q1 revenue recognition from delivery of TLens samples and evaluation kits to potential customers
 - Sizeable TLens and ASIC order shipped in April
 - Second similar order received in early May
- EBITDA loss of NOK 14.3 million vs. loss of NOK 14.6 million in Q1 2018
 - Decrease in R&D expenses offset by higher sales-, supply chain- and administrative expenses

Balance sheet summary

(NOK million)	Q1 2019	Q1 2018	FY 2018
Intangible assets	77.1	69.5	75.8
Cash and cash equivalents	107.5	75.2	127.4
Total equity	188.1	136.7	201.5
Total current liabilities	16.5	17.2	18.1
Total non-current liabilities	0.4	0.6	0.0
Total equity and liabilities	205.1	154.5	219.5

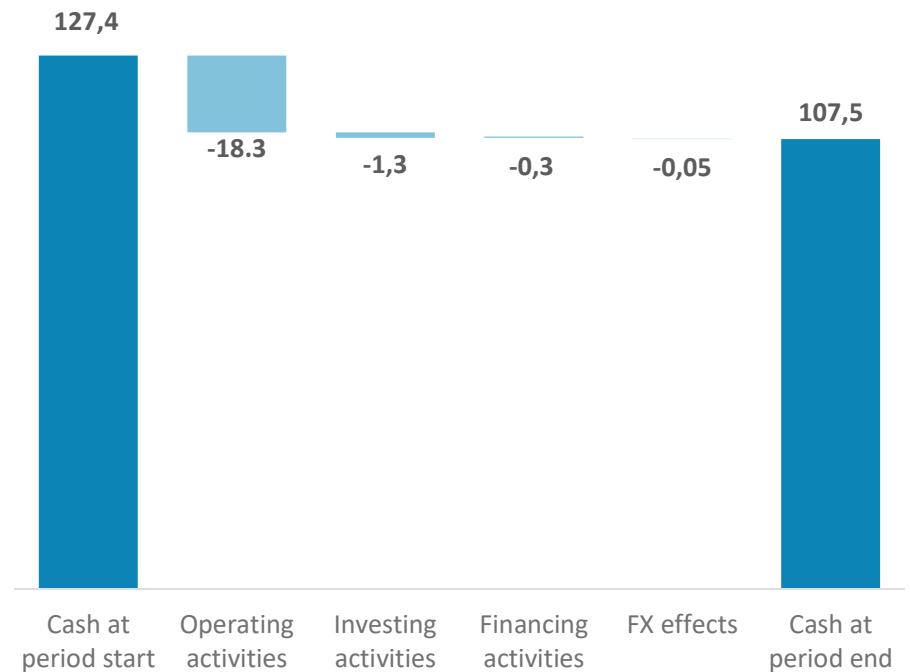
- Cash position of NOK 107.5 million, compared with NOK 127.4 million at year-end 2018

Funding in place to drive TLens commercialisation

- Q1 cash used in operations of NOK 18.3 million
- Cash used in investing activities was NOK 1.3 million
- Net decrease in cash of NOK 19.94 million for the quarter

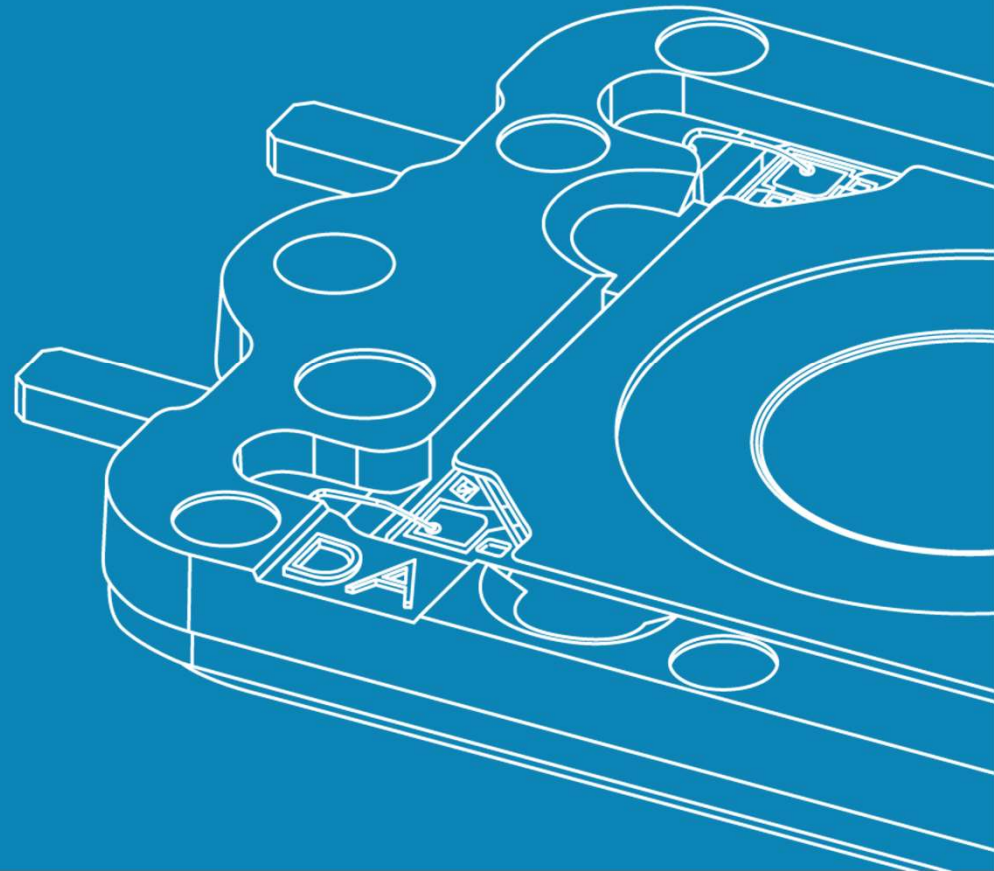
Q1 2019 cash flow development

(NOK million)



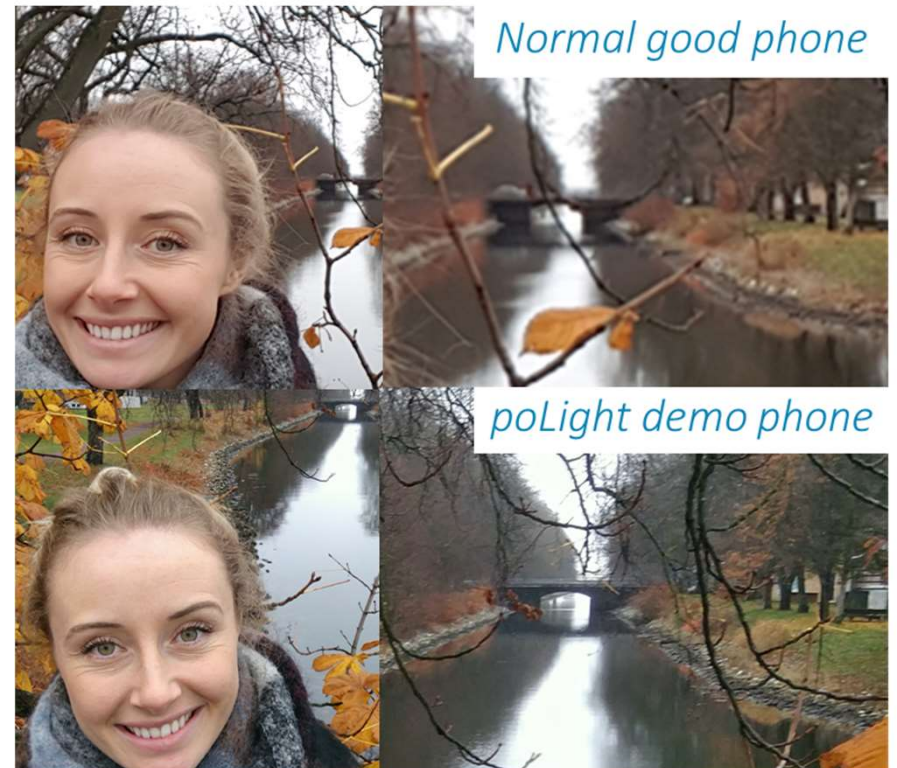


Outlook



Outlook

- Interest from wide range of industries representing multiple applications
- Orders received for sizeable number of units related to a smartphone project
- AF in front cameras is likely to happen and additional use-cases emerging
 - Involved in one project for front-facing application
 - TLens considered as a part of the back-camera solution
 - 5G may provide additional traction for TLens
- Wearable cases firmed-up during the first quarter
- Barcode opportunities progressing



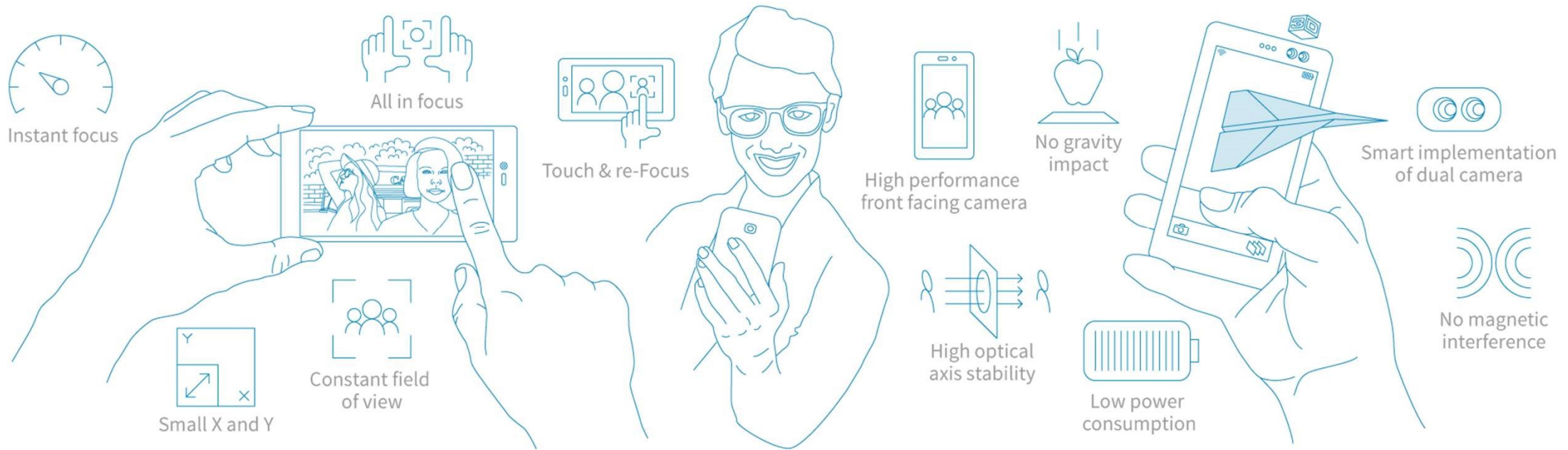
A man and a woman are sitting closely together on a rocky outcrop, smiling at the camera. The woman is wearing a red jacket and a black cap, while the man is wearing a yellow puffer jacket. They are both wearing jeans and hiking shoes. In the background, there is a large body of water, likely a lake, surrounded by mountains under a warm, golden sky. The overall mood is adventurous and happy.

Q&A

Next events:
AGM - 28 May 2019
Q2-19 - 16 August 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	Q1 2019	Q1 2018	FY 2018
Revenue		30	184	1 038
Cost of sales		-4	-37	-1 488
Research and development expenses	7	-5 600	-8 652	-28 918
Sales and marketing expenses		-2 388	-2 045	-7 586
Administrative expenses		-5 114	-3 265	-35 770
Operational / supply chain expenses		-1 267	-754	-3 384
Depreciation, amortisation and net impairment losses		-629	-256	-1 025
Operating profit		-14 972	-14 827	-77 133
Net financial items	6	254	417	211
Profit before tax		-14 718	-14 410	-76 922
Income tax expense		-2	-7	-243
Profit for the period		-14 720	-14 417	-77 165
Attributable to:				
Equity holders of the parent		-14 720	-14 417	-77 165
Non-controlling interests		0	0	0
Earnings per share:				
Basic, attributable to ordinary equity holders of the parent (NOK)		-1.81	-2.66	-12.66
Diluted, attributable to ordinary equity holders of the parent (NOK)		-1.81	-2.66	-12.66

Balance sheet (unaudited)

NOK 000	Note	Q1 2019	Q1 2018	FY 2018
ASSETS				
Property, plant and equipment		1 297	1 620	1 605
Right-of-use assets	3	1 618	0	0
Intangible assets	8	77 123	69 454	75 829
Total non-current assets		80 038	71 074	77 434
Inventories		9 500	1 889	7 372
Trade and other receivables		7 515	5 377	6 399
Other current assets		585	896	901
Cash and cash equivalents		107 470	75 244	127 424
Total current assets		125 070	83 407	142 095
Total assets		205 108	154 481	219 529
EQUITY AND LIABILITIES				
Issued capital		1 623	542	1 623
Share premium		198 748	148 037	198 748
Other equity		-12 238	-11 855	1 085
Equity attributable to equity holders of the parent		188 133	136 724	201 456
Non-controlling interests		0	0	0
Total equity		188 133	136 724	201 456
Interest-bearing loans and borrowings		0	600	0
Lease liabilities	3	432	0	0
Total non-current liabilities		432	600	0
Trade and other payables		13 543	10 444	15 172
Interest-bearing loans and borrowings		600	1 200	600
Current lease liabilities	3	1 211	0	0
Income tax payable		0	0	225
Provisions		1 189	5 513	2 076
Total current liabilities		16 543	17 157	18 073
Total liabilities		16 975	17 757	18 073
Total equity and liabilities		205 108	154 481	219 529

Cash flow (unaudited)

NOK 000	Note	Q1 2019	Q1 2018	FY 2018
Operating activities				
Profit before tax		-14 718	-14 410	-76 922
Non-cash adjustment to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipment		619	247	966
Amortisation and impairment of intangible assets		10	9	59
Share option plan expense		1 501	1 109	4 719
Other items related to operating activities		229	98	-300
Net foreign exchange differences		-60	58	-183
Movements in provisions and government grants		-3 150	-418	3 456
Working capital adjustments:				
Increase in trade and other receivables and prepayments		37	533	532
Increase in inventories		-2 128	-108	-5 591
Decrease in trade and other payables		-429	-3 381	57
Interest received	6	0	0	1 057
Interest paid	6	0	0	-740
Income tax paid		-227	-91	-118
Net cash flows from operating activities		-18 314	-16 354	-79 919
Investing activities				
Purchase of property, plant and equipment		-10	0	-749
Development capital expenditures	7	-1 304	-2 026	-10 433
Receipt of government grants		0	0	1 989
Net cash flows used in investing activities		-1 315	-2 026	-9 193
Financing activities				
Issue of share capital		0	0	134 689
Transaction costs on issue of shares		0	0	-10 709
Repayment of lease liabilities	3	-279	0	0
Repayment of borrowings		0	0	-1 200
Net cash flows from/(used in) financing activities		-279	0	122 780
Net increase in cash and cash equivalents		-19 908	-18 380	33 667
Effect of exchange rate changes on cash and cash equivalents		-45	-23	110
Cash and cash equivalents at the start of the period		127 424	93 648	93 648
Cash and cash equivalents at the end of the period		107 470	75 245	127 424