



## poLight ASA Quarterly Report

# 3Q



2019

## KEY EVENTS

- Several product-specific projects progressing related to wearables, smartphone and barcode applications
- Increased probability of a design-win in late 2019 or early 2020
- Record deliveries of TLens and ASIC drivers in the third quarter to support Product Verification Testing (PVT) and prepare for market launch of wearable device
- Additional purchase orders for the same project received in October

### Øyvind Isaksen, CEO of poLight ASA:

“We have made good progress on the customer projects within wearables, barcode and smartphones and continue towards commercialisation of the TLens technology. Commercial adoption will be an important proof-point that our unique products enable new and lasting applications for both industrial and consumer segments. Diversification will be important in building our revenue base and position poLight for long-term growth.”

## Summarised consolidated statement of income

<i>(in NOK million)</i>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>YTD 2019</b>	<b>YTD 2018</b>	<b>FY 2018</b>
Revenue	0.42	0.26	0.97	0.51	1.04
Cost of sales	-0.35	-0.40	-0.74	-1.41	-1.49
Research and development expenses	-5.05	-6.48	-16.22	-22.93	-28.92
Sales and marketing expenses	-2.11	-1.70	-6.21	-5.47	-7.59
Administrative expenses	-2.98	-22.47	-11.60	-29.47	-35.77
Operational / supply chain expenses	-1.64	-0.41	-5.53	-1.89	-3.38
<b>EBITDA</b>	<b>-11.73</b>	<b>-31.22</b>	<b>-39.33</b>	<b>-60.66</b>	<b>-76.11</b>

## MANUFACTURING, PRODUCT DEVELOPMENT AND MARKET

### Manufacturing and operations

poLight works primarily with two sub-contractors – STMicroelectronics (ST) and Tong Hsing Electronic Industries, Ltd. (THEIL). ST produces the actuator, and THEIL assembles the complete product.

Activity at ST remained low in the third quarter as the established buffer stock of wafers is expected to meet short-term requirements. Theil continued to assemble complete products based on wafers from the buffer stock to supply to ongoing customer projects related to wearables, smartphones and barcode, in addition to various Proof of Concept (PoC) studies.

The project to minimise supply chain risk and establish assembly process redundancy developed as planned. An initial engineering sample pilot-run commenced late second quarter with promising results. A second pilot commenced in the third quarter. poLight aims to be fully operational with the new assembly partner within Q1-2020.

### Product Development

Early-stage dialogues continued with camera module makers and smartphone vendors concerning the new design concepts which optimise the camera module size and increase the usability of the existing TLens portfolio with respect to the required aperture size and bezel free screens.

A new project has been initiated to improve the ASIC driver with respect to electromagnetic interference (EMI) to ease TLens system integration. Pre-qualification of TLens Platinum has been carried out with no major issues identified. poLight prioritises commercialisation of TLens Silver and Silver premium, which will continue to delay market launch of the Platinum product.

As both TLens Silver, Silver Premium and the ASIC driver have completed internal qualification and become mass production ready, the most resource intensive part of product development phase has been completed. Going forward, prioritisation will be given to commercialisation of existing products with emphasis on system integration activities, manufacturing and customer support.

### Market

Marketing activities continued at a high level in the third quarter of 2019.

While capitalising on investments made in the smartphone market, the company has also started to more actively market the TLens technology to other segments such as wearables, barcode, medical and industrial following a high level of inbound interest over time and progress on several projects with potential customers in these segments. Interest from potential customers representing a wider range of market segments confirm that the benefits of TLens are increasingly recognised and offers a more diversified future revenue base and a reduced risk of poLight being exposed to one single market.

### Smartphone

With exception of a few smartphone PoCs which was recently initiated, most of the PoC projects have now been completed with positive outcome from a pure performance assessment perspective. Currently, one OEM plans to use TLens for their next smartphone release which currently is in the Engineering Verification Test (EVT) phase. The camera module design has been completed and EVT camera modules are currently being shipped to the OEM for EVT testing. The planned market release of the smartphone is expected to be mid-2020. However, timing is difficult to predict as it depends on several factors, including results of ongoing EVT and the technical features prioritised.

Two new smartphone related PoC's were initiated during the quarter. poLight also had various dialogues with the eco-system related to the new compact camera module design concepts seeking to minimize nose size and enable AF for bezel-free screens. Discussions with potential customers continues in the fourth quarter.

At the end of the third quarter, poLight's TLens was used in eight PoC's either ongoing (3) or completed (5). All ongoing and completed PoCs have reported overall positive performance results. The current focus on bezel free screens and related "xyz"-constraints remain challenging for most OEM's implementing AF solutions in front camera. Screen size is prioritised over AF for front camera in the current market environment. poLight is addressing this challenge by optimising TLens design.

**Barcode**

At the end of September, one barcode maker had progressed beyond the PoC-stage and started a real product project (EVT phase) with planned market release in mid-2020. Another two potential barcode customers have indicated that a real product project is under consideration after completion of successful PoCs.

A barcode product may last for 5-10 years with a potential annual volume ranging from some 10,000 units and up to 3 million units per account. Revenue and cash flow generated from a successful entry to this market could cover a significant part of the company's cost base.

**Augmented reality (AR) / wearable**

The company is not aware of any progress in the augment reality use-cases where TLens is under assessment.

Two PoCs for smart-watch applications have delivered positive results with respect to technical performance. One of these has to date resulted in a real product project.

On 15 August, poLight received a purchase order for 33,320 units of TLens Silver and 30,000 ASIC drivers related to one of the wearable projects for Product Verification Test (PVT) and to prepare for material need for potential initial mass production (MP) related to a planned product release.

On 11 and 17 October, poLight received a second and third purchase order, respectively, totalling 45,700 units of TLens silver and 48,000 ASIC driver related to the same wearable product. The ordered units is to prepare for market launch. The planned commercial launch remains subject to potential changes for various technical and market related reasons.

**Other segments**

At end of September 2019, five medical use-cases were under development, of which two had acquired evaluation kits and three were either planning or already had started PoCs. In total, there is one ongoing PoC and two under planning for other industrial applications.

The TLens technology continues to be subject to interest from new market segments and applications.

## FINANCIAL REVIEW

### Summarised consolidated statement of income

<i>(in NOK million)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	0.42	0.26	0.97	0.51	1.04
Cost of sales	-0.35	-0.40	-0.74	-1.41	-1.49
Research and development expenses	-5.05	-6.48	-16.22	-22.93	-28.92
Sales and marketing expenses	-2.11	-1.70	-6.21	-5.47	-7.59
Administrative expenses	-2.98	-22.47	-11.60	-29.47	-35.77
Operational / supply chain expenses	-1.64	-0.41	-5.53	-1.89	-3.38
<b>EBITDA</b>	<b>-11.73</b>	<b>-31.22</b>	<b>-39.33</b>	<b>-60.66</b>	<b>-76.11</b>

### Profit and loss

Revenue of NOK 0.4 million in the third quarter was related to delivery of TLens and driver (ASIC) to potential customers. In the third quarter the company delivered a total of 15,553 TLens units and 32,253 PDA50 drivers to support testing by potential customers and to prepare for market launch.

R&D expenses amounted to NOK 5.3 million (including NOK 0.2 million of capitalised development expenses), compared with NOK 8.3 million in the third quarter of 2018 (including NOK 1.8 million capitalised). The decline was due to internal R&D resources allocated to customer support projects and supply chain related tasks, in addition to lower external development activity compared with the same period of 2018.

Sales and marketing expenses were NOK 2.1 million in the third quarter (NOK 1.7 million). Operational / supply chain expenses were NOK 1.6 million (NOK 0.4 million) and reflects an increase in related activities including development of assembly redundancy.

Administration expenses were NOK 3.0 million in the quarter compared to NOK 22.5 million in the third quarter of 2018 which included the VAT claim of NOK 15.8 million and NOK 3.9 million IPO related expenses.

EBITDA was NOK -11.7 million, compared with EBITDA of NOK -31.5 million in the third quarter of 2018. Depreciation and amortisation amounted to NOK 3.0 million (NOK 0.3 million) for the quarter. polight started amortising previously capitalised R&D investments for TLens Silver and the related driver in the second quarter of 2019 as they were ready for commercial shipments.

### Summarised consolidated statement of financial position

<i>(in NOK million)</i>	Q3 2019	Q3 2018	FY 2018
Intangible assets	74.7	73.7	75.8
Cash and cash equivalents	79.9	167.6	127.4
<b>Total equity</b>	<b>162.0</b>	<b>210.6</b>	<b>201.5</b>
Total current liabilities	13.5	48.3	18.1
Total non-current liabilities	1.1	0.0	0.0
<b>Total equity and liabilities</b>	<b>176.5</b>	<b>258.9</b>	<b>219.5</b>

Total assets at 30 September 2019 were NOK 176.5 million, compared with NOK 258.9 at 30 September 2018 and NOK 219.5 million at 31 December 2018.

Intangible assets amounted to NOK 74.7 million at 30 September, a decrease from NOK 75.8 million at year-end 2018 due to amortisation. The cash position was NOK 79.9 million, compared with NOK 167.6 at 30 September 2018 and NOK 127.4 million at 31 December 2018.

## Summarised consolidated statement of cash flow

<i>(in NOK million)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Net cash flow from/(used in) operating activities	-10.9	-9.5	-43.7	-37.8	-79.9
Net cash flow from/(used in) investing activities	-0.4	-1.9	-2.5	-6.8	-9.2
Net cash flow from/(used in) financing activities	-0.3	119.3	-1.4	118.7	122.8
<b>Net increase in cash and cash equivalents</b>	<b>-11.6</b>	<b>107.9</b>	<b>-47.6</b>	<b>74.0</b>	<b>33.7</b>

## Cash flow

Net cash flow used in operating activities was NOK 10.9 million in the third quarter compared with NOK 9.5 million used in the same period of 2018. The net cash flow used in investing activities was NOK 0.4 million (NOK 1.9 million) and reflected capitalised development expenses. Net cash flow used in financing activities was NOK 0.3 million compared to a positive cash flow of NOK 119.3 million in the corresponding period last year, reflecting the IPO proceeds.

The net decrease in cash was NOK 11.6 million for the quarter, compared with a net increase of NOK 107.9 million in the same period of 2018.

## OUTLOOK

In 2019, poLight's TLens has matured from PoCs and product qualification stages to currently being included in three product-specific projects. One of the projects is for the wearable product which is planned for market release in 2019. The two other projects are smartphone and barcode related with potential market launch in mid-2020. The progress supports increased confidence in the commercialisation of poLight's technology.

The recent orders for TLens and drivers to support the PVT and prepare for market launch for a planned smartwatch product, confirms that poLight is positioned for potential consumer applications in the wearables segment.

Further progress has been made on the ongoing project for a front-facing application in a planned new smartphone, and EVT cameras is currently being prepared for testing on phone level.

In the barcode segment, one projects have matured to the EVT phase. Barcode readers offer more steady and predictable volumes than the mobile phone and wearables segments and a design win in this segment may finance a significant part of the of the company's fixed cost.

An increasing number of businesses evaluate TLens for various use-cases. This can result in a more diversified future revenue base and reduce the risk of poLight being exposed to one single market.

## CONDENSED INTERIM FINANCIAL STATEMENTS

### Interim consolidated statement of income (unaudited)

NOK 000	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
<b>Revenue</b>		<b>423</b>	<b>255</b>	<b>971</b>	<b>505</b>	<b>1 038</b>
Cost of sales		-355	-404	-740	-1 409	-1 488
<b>Gross profit</b>		<b>68</b>	<b>-149</b>	<b>231</b>	<b>-904</b>	<b>-450</b>
Research and development expenses	7	-5 055	-6 484	-16 220	-22 930	-28 918
Sales and marketing expenses		-2 112	-1 705	-6 206	-5 467	-7 586
Administrative expenses		-2 985	-22 468	-11 598	-29 468	-35 770
Operational / supply chain expenses		-1 642	-414	-5 533	-1 888	-3 384
Depreciation, amortisation and net impairment losses	8	-2 980	-251	-4 865	-791	-1 025
<b>Operating profit</b>		<b>-14 705</b>	<b>-31 471</b>	<b>-44 191</b>	<b>-61 448</b>	<b>-77 133</b>
Net financial items	6	249	-480	809	-65	211
<b>Profit before tax</b>		<b>-14 456</b>	<b>-31 952</b>	<b>-43 382</b>	<b>-61 512</b>	<b>-76 922</b>
Income tax expense		-72	22	-74	-155	-243
<b>Profit for the period</b>		<b>-14 528</b>	<b>-31 930</b>	<b>-43 456</b>	<b>-61 667</b>	<b>-77 165</b>
<b>Attributable to:</b>						
Equity holders of the parent		-14 528	-31 930	-43 456	-61 667	-77 165
Non-controlling interests		0	0	0	0	0
<b>Earnings per share:</b>						
Basic. attributable to ordinary equity holders of the parent (NOK)		-1.79	-5.89	-5.35	-11.37	-12.66
Diluted. attributable to ordinary equity holders of the parent (NOK)		-1.78	-5.89	-5.35	-11.37	-12.66

## Interim consolidated statement of other comprehensive income (unaudited)

NOK 000	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
<b>Profit for the period</b>		<b>-14 528</b>	<b>-31 930</b>	<b>-43 456</b>	<b>-61 667</b>	<b>-77 165</b>
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations		52	-66	-69	-174	-74
Income tax effect		0	0	0	0	0
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>52</b>	<b>-66</b>	<b>-69</b>	<b>-174</b>	<b>-74</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-14 476</b>	<b>-31 996</b>	<b>-43 525</b>	<b>-61 842</b>	<b>-77 239</b>
<b>Attributable to:</b>						
Equity holders of the parent		-14 476	-31 996	-43 525	-61 842	-77 239
Non-controlling interests		0	0	0	0	0

## Interim consolidated statement of financial position (unaudited)

NOK 000	Note	Q3 2019	Q3 2018	FY 2018
<b>ASSETS</b>				
Property, plant and equipment		1 229	1 613	1 605
Right-of-use assets		2 221	0	0
Intangible assets	8	74 697	73 670	75 829
<b>Total non-current assets</b>		<b>78 148</b>	<b>75 283</b>	<b>77 434</b>
Inventories		8 535	7 495	7 372
Trade and other receivables		9 655	8 021	6 399
Other current assets		290	521	901
Cash and cash equivalents		79 907	167 611	127 424
<b>Total current assets</b>		<b>98 388</b>	<b>183 647</b>	<b>142 095</b>
<b>Total assets</b>		<b>176 535</b>	<b>258 930</b>	<b>219 529</b>
<b>EQUITY AND LIABILITIES</b>				
Issued capital		1 623	1 605	1 623
Share premium		198 748	266 265	198 748
Other equity		-38 411	-57 226	1 085
<b>Equity attributable to equity holders of the parent</b>		<b>161 960</b>	<b>210 644</b>	<b>201 456</b>
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>161 960</b>	<b>210 644</b>	<b>201 456</b>
Lease liabilities		1 082	0	0
<b>Total non-current liabilities</b>		<b>1 082</b>	<b>0</b>	<b>0</b>
Trade and other payables		11 100	43 190	15 172
Interest-bearing loans and borrowings		0	1 200	600
Current lease liabilities		1 204	0	0
Income tax payable		0	155	225
Provisions		1 189	3 741	2 076
<b>Total current liabilities</b>		<b>13 493</b>	<b>48 286</b>	<b>18 073</b>
<b>Total liabilities</b>		<b>14 575</b>	<b>48 286</b>	<b>18 073</b>
<b>Total equity and liabilities</b>		<b>176 535</b>	<b>258 930</b>	<b>219 529</b>

## Interim consolidated statement of changes in equity (unaudited)

NOK 000	Note	Attributable to equity holders of the parent				Non-controlling interest	Total equity
		Issued capital	Share premium	Retained earnings	Foreign currency translation reserve		
<b>As at 1 January 2018</b>		<b>542</b>	<b>148 036</b>	<b>425</b>	<b>993</b>	<b>149 996</b>	<b>0</b>
Profit for the period				-61 667		-61 667	0
Other comprehensive income					-174	-174	0
Total comprehensive income		0	0	-61 667	-174	-61 842	0
Value of share option plan				3 199		3 199	0
Issue of share capital		1 062	128 938			130 000	0
Transaction costs			-10 709			-10 709	0
<b>At 30 September 2018</b>		<b>1 605</b>	<b>266 265</b>	<b>-58 043</b>	<b>818</b>	<b>210 644</b>	<b>0</b>
<b>As at 1 January 2019</b>		<b>1 623</b>	<b>198 748</b>	<b>166</b>	<b>919</b>	<b>201 456</b>	<b>0</b>
Profit for the period				-43 456		-43 456	0
Other comprehensive income					-69	-69	0
Total comprehensive income		0	0	-43 456	-69	-43 525	0
Value of share option plan				4 028		4 028	0
<b>At 30 September 2019</b>		<b>1 623</b>	<b>198 748</b>	<b>-39 262</b>	<b>850</b>	<b>161 960</b>	<b>0</b>

## Interim Consolidated statement of cash flows (unaudited)

NOK 000	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
<b>Operating activities</b>						
Profit before tax		-14 456	-31 952	-43 382	-61 512	-76 922
Non-cash adjustment to reconcile profit before tax to net cash flows:						
Depreciation and impairment of property, plant and equipment		409	242	1 422	763	966
Amortisation and impairment of intangible assets		2 571	9	3 443	27	59
Share option plan expense		1 025	1 028	4 014	3 199	4 719
Other items related to operating activities		-188	-146	56	-242	-300
Net foreign exchange differences		5	-33	-102	-97	-183
Movements in provisions and government grants		718	-1 671	1 466	-2 338	-3 456
Working capital adjustments:						
Decrease (+) in trade and other receivables and prepayments		78	1 028	-791	-1 588	532
Increase (-) in inventories		-237	-3 946	-1 164	-5 713	-5 591
Decrease (-) in trade and other payables		-959	25 714	-8 505	29 520	57
Interest received	6	257	204	257	271	1 057
Interest paid	6	-24	0	-39	-42	-740
Income tax paid		-106	0	-333	-91	-118
<b>Net cash flows from operating activities</b>		<b>-10 907</b>	<b>-9 524</b>	<b>-43 658</b>	<b>-37 844</b>	<b>-79 919</b>
<b>Investing activities</b>						
Purchase of property, plant and equipment		-128	-81	-138	-542	-749
Development capital expenditures	7	-245	-1 834	-2 313	-6 273	-10 433
Receipt of government grants		0	0	0	0	1 989
<b>Net cash flows used in investing activities</b>		<b>-373</b>	<b>-1 915</b>	<b>-2 451</b>	<b>-6 814</b>	<b>-9 193</b>
<b>Financing activities</b>						
Issue of share capital		0	130 000	0	130 000	134 689
Transaction costs on issue of shares		0	-10 709	0	-10 709	-10 709
Repayment of lease liabilities		-279	0	-841	0	0
Repayment of borrowings		0	0	-600	-600	-1 200
<b>Net cash flows from/(used in) financing activities</b>		<b>-279</b>	<b>119 291</b>	<b>-1 441</b>	<b>118 691</b>	<b>122 780</b>
Net increase in cash and cash equivalents		-11 559	107 852	-47 551	74 033	33 667
Effect of exchange rate changes on cash and cash equivalents		47	-33	34	-78	110
Cash and cash equivalents at the start of the period		91 418	59 792	127 424	93 656	93 648
<b>Cash and cash equivalents at the end of the period</b>		<b>79 907</b>	<b>167 611</b>	<b>79 907</b>	<b>167 611</b>	<b>127 424</b>

## Notes to the condensed interim consolidated financial statements

### 1 General

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

poLight has developed a new autofocus lens which "replicates" the human eye for use in mobile devices and other applications with integrated cameras. poLight's TLens is ready for introduction in the smartphone camera module market, offering considerable benefits such as extremely fast focus, compact xy-dimension (i.e. small footprint), no electromagnetic interference, low power consumption and constant field of view. For more information, visit [www.polight.com](http://www.polight.com).

### 2 Basis of preparation

The consolidated interim financial statements of the Group for the third quarter 30.09.2019 (unaudited) have been prepared in accordance with IAS 34. The financial statements do not include all the information required for the full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2018.

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

### 3 Accounting policies

The accounting policies adopted in the preparation of the interim Consolidated Financial Statements are consistent with the Consolidated Financial Statements for the year ended 31 December 2018, with the following exception;

IFRS 16 *Leases* was adopted from 1 January 2019. poLight has entered into commercial leases with regards to premises and office equipment. poLight used the modified retrospective approach and the 'low-value' and short-term leases exempts. For the first time adoption of this standard the group determined the value of the right-to-use assets equal to the liabilities of the leases at 1.1.2019. The effect on the consolidated financial statement at January 1, 2019 was increased assets and liabilities of NOK 1.9 million. The right-to-use assets are depreciated over the leasing period of 19 months.

### 4 Significant accounting judgements, estimates and assumptions

The management makes accounting judgements on i) impairment of intangible assets ii) share option plans and iii) development costs, described in the Consolidated Financial Statements for the year ended 31 December 2018.

The Norwegian practices under the Skattefunn research and development incentive scheme have been questioned in relation to certain clauses under the EEA agreement concerning public support to companies. Skattefunn is a government program designed to stimulate R&D in Norwegian trade and industry. poLight participates in the Skattefunn scheme and has been granted a total of NOK 5.2 million under the program for 2018, payable in Q4 2019. Total NOK 4.6 million have been recognised as governmental grants in the consolidated statement of income for 2019 hereof NOK 2.9 million related to Skattefunn.

## 5 Specification of operating expenses by nature

<i>(in NOK 000)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Capitalised intangible assets in progress	-245	-1 834	-2 313	-6 273	-8 444
Employee benefits expense	6 885	8 271	25 944	27 101	37 538
Depreciation, amortisation and net impairment losses	2 980	251	4 865	791	1 025
Other operating expenses	5 153	24 634	15 926	38 925	46 564
<b>Total operating expenses</b>	<b>14 773</b>	<b>31 322</b>	<b>44 422</b>	<b>60 544</b>	<b>76 683</b>

## 6 Financial items

<i>(in NOK 000)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Net foreign exchange gain (losses)	35	-204	-92	-64	-292
Interest income	304	262	1 081	632	1 057
Finance income	0	0	0	0	255
Interest expense on debts and borrowings	-24	0	-39	-42	-202
Interest expense on repaid VAT	0	-539	0	-539	-539
Finance expenses	-66	0	-141	-52	-68
<b>Net financial items</b>	<b>249</b>	<b>-480</b>	<b>809</b>	<b>-65</b>	<b>211</b>

## 7 Research and development expense

<i>(in NOK 000)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Employee benefits expense	3 153	4 427	11 368	16 066	21 070
Other operating expenses	4 172	6 485	11 729	17 928	24 113
Grants	-2 026	-2 594	-4 564	-4 791	-7 821
Capitalized	-245	-1 834	-2 313	-6 273	-8 444
<b>Total</b>	<b>5 055</b>	<b>6 484</b>	<b>16 220</b>	<b>22 930</b>	<b>28 918</b>

## 8 Intangible assets

<i>(in NOK 000)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
At period beginning	77 024	71 851	75 829	67 444	67 444
Additions — internal development	59	1 078	880	3 269	2 706
Additions	185	750	1 433	2 984	5 738
Amortisation	-2 571	-9	-3 443	-27	-59
Impairment losses	0	0	0	0	0
<b>At period end</b>	<b>74 698</b>	<b>73 670</b>	<b>74 698</b>	<b>73 670</b>	<b>75 829</b>

## 9 Related party transactions

polLight ASA is the ultimate parent. None of the shareholders of polLight ASA has control of the company. As of 30 September 2019, the largest shareholder was Investinor AS, with an ownership of 19.8%.

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

**10 Claims**

On September 14, 2018, the Norwegian Tax Administration (Skatt Sør) claimed repayment of refunded VAT, with effect from 1 January 2013. The Norwegian Tax Administration claims that the company is not capable of being profitable and does therefore not qualify as a "business" pursuant to the Norwegian laws and regulation regarding VAT. poLight has appealed the decision to The Tax Appeals Board (Skatteklagenemda).

As per 30 September 2019 the monetary impact of the ruling amounted to NOK 18.1 million, that have been recognised in the consolidated statement of income in 2018 and 2019. The monetary effect of not being VAT registered was NOK 1.2 million year to date at 30 September 2019, increasing the expenditures recognised in the consolidated statement of income.

