



# First quarter 2020 - Earnings presentation

15 May 2020



# 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 May 2020. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does not intend, and does not assume any obligation, to update or correct any information included in this Presentation. This Presentation shall be governed by Norwegian law, and any disputes relating to hereto is subject to the sole and exclusive jurisdiction of Norwegian courts, with Nordre Vestfold District Court as legal venue.

# Today's agenda

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

## Presenting

---



### Dr. Øyvind Isaksen

#### *Chief Executive Officer*

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



### Alf Henning Bekkevik

#### *Chief Financial Officer*

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

# Key events

- TLens used in two commercially available smartwatch phones
- poLight TLens designed into a barcode product by a Tier 1 vendor
- Several other customer cases progressing in different market segments
- Share issue carried out post Q1-20



*Xiaomi Mi Bunny 4 Pro*



*XUN Max Pro*

# poLight at a glance

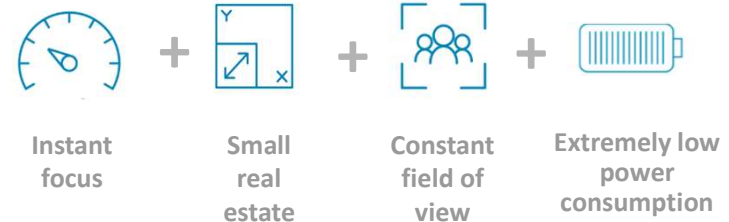
## Background and description

- 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, 10 pending applications and 3 registered trademarks
- 21 employees + consultants
- Headquartered in Horten, Norway, with offices in Finland, China, France and representation in Taiwan and Korea

## Geographical footprint

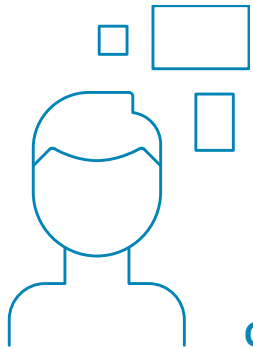


## poLight enables unique use cases

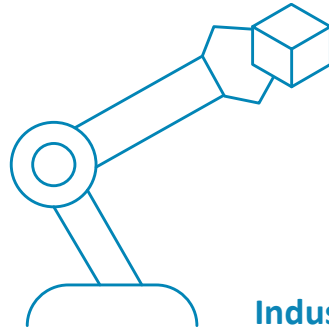




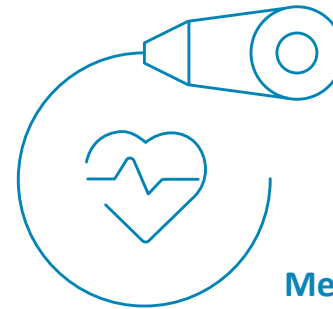
# poLight's products well suited for multiple uses



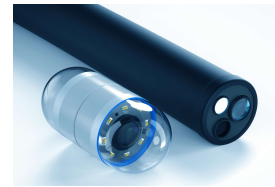
Consumer



Industrial



Medical

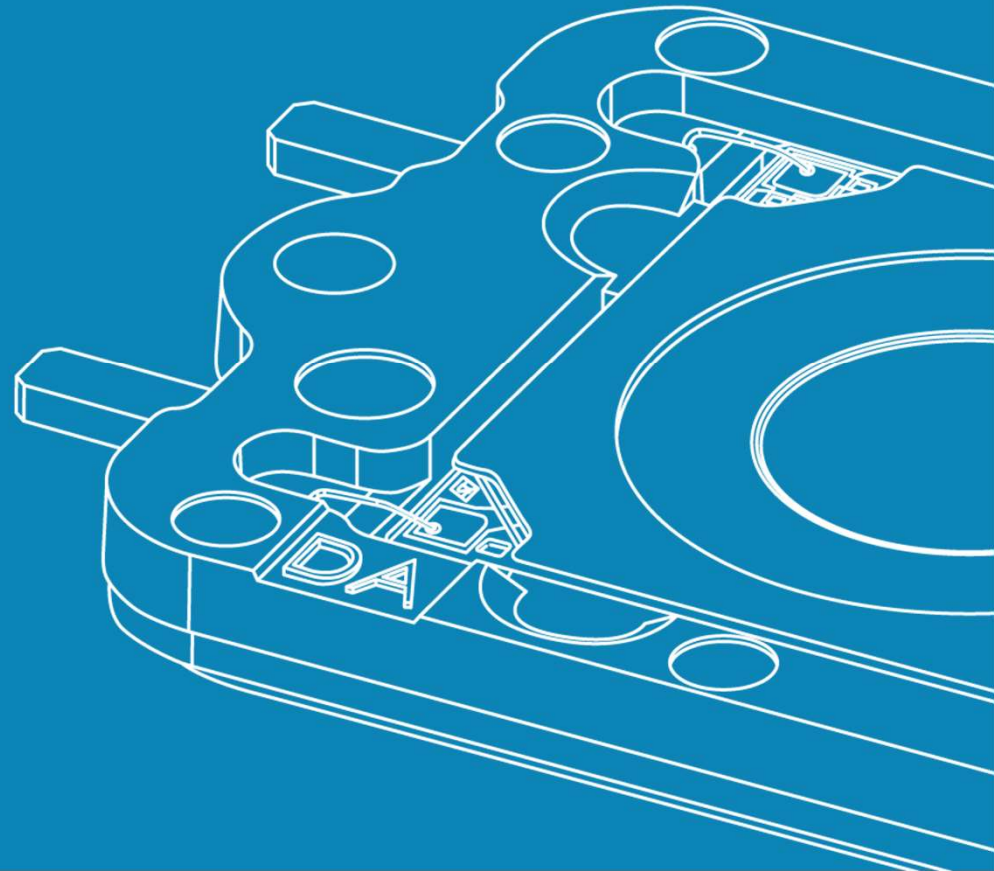


Automotive





# Operations and market review



# Commercial breakthrough in smartwatch phone segment

- First smartwatch phones with advanced autofocus functionality based on poLight TLens
- Children's smartwatch phone with two cameras designed for the Chinese market
- The main camera used to take pictures uses advanced AF delivered by poLight
- Secondary is an in-screen face camera without AF



*XUN Max Pro*



# Market for smartwatch phones for kids expected to grow

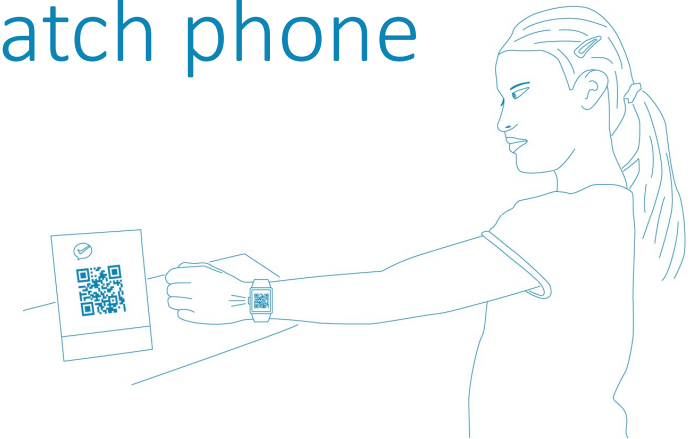
- Follow-up order was received during the quarter
- Anticipate sales impacted by the corona virus
- Schools in process of restarting - will most likely increase sales
- May be released in other markets over time
- AF for screen camera is under consideration for future models
- In dialog with other brands



*Xiaomi Mi Bunny 4 Pro*

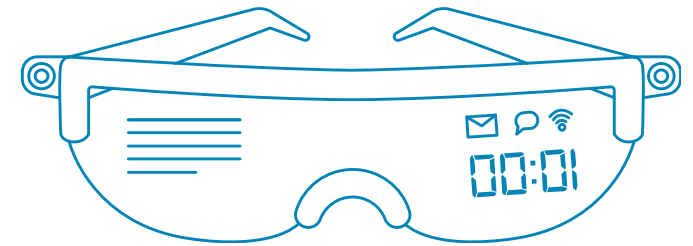
# Strong value proposition for smartwatch phone

- Key poLight selling points:
  - Small size
  - Low power consumption
  - No gravity impact fundamental when person is moving
  - Constant field of view enabling improved video-call function
- A growing and maturing market
- Features set to increase – app usage, payments, camera, AI
- More smartwatch phones with cameras coming to market



# AR: TLens used for main cameras and longer term tuning laser display

- TLens being considered by several market participants
- AR market at early stage, low volumes today
- Potentially the next “big thing” in the consumer market
- Key selling points
  - power consumption, speed, compactness, no gravity sensitivity
- Positioned for market entry at an early stage
- Use case for TLens
  - Displaying information in focus to the user with the correct contrast whatever the ambient light condition and were user focus
  - Image/sensing the environment the user see



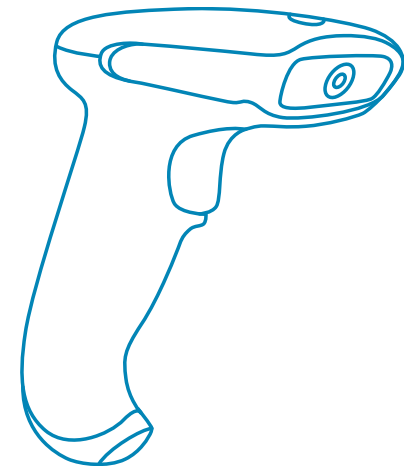
# Smartphone: Increased interaction during the quarter

- Engage with the smartphone eco-system for various applications based on advanced new design concepts;
  - Advanced integration of TLens (existing product) realising AF function for an under the screen front-facing camera
  - Using poLight technology platform for improved back-camera
  - Enlarge aperture size for TLens concept
  - and other applications not directly related to imaging





# TLens designed into a barcode product by a Tier 1 vendor

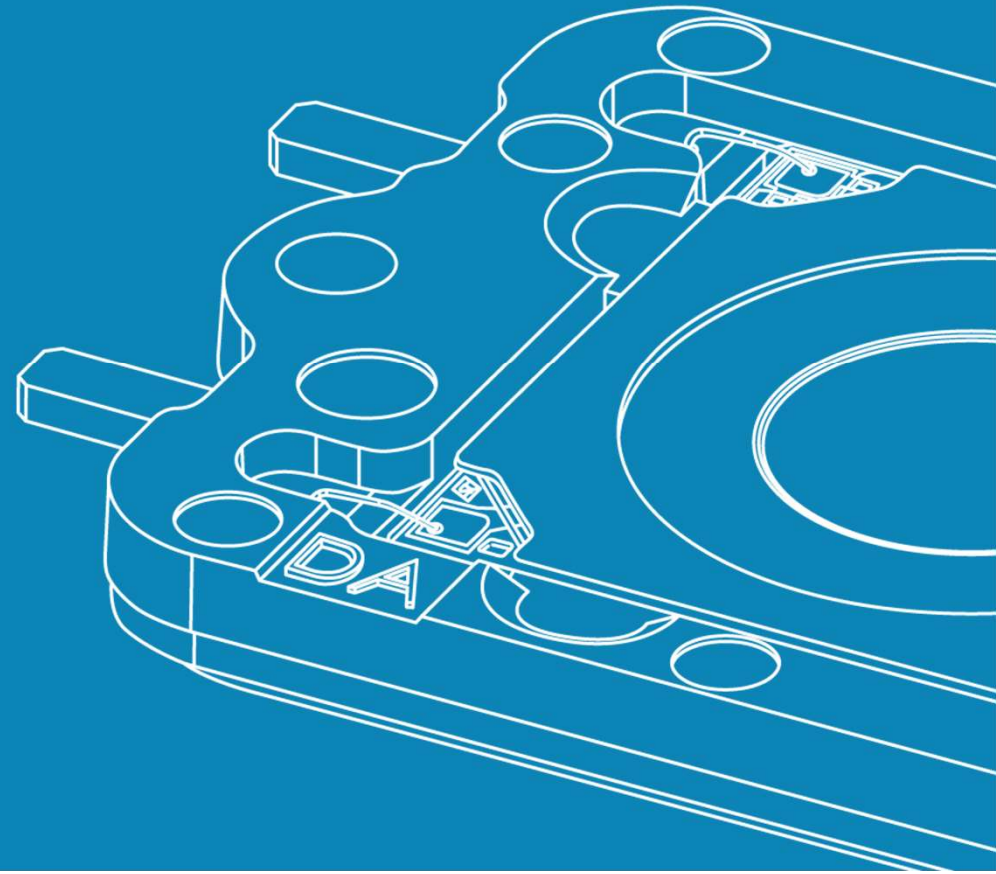
- Received an order of 0,5 million NOK
- Support final development, product qualification and mass production preparation
- Planned market release in third-quarter 2020, dependent on successful testing and other external factors
- Proves that we have a product which can penetrate an attractive market segment together with leading barcode vendors





# Progress within several market segments

		Ongoing supply	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer		2		7	8	9
Industrial			1	2	7	1
Other (e.g. medical / automobile)					5	1
		<b>2</b>	<b>1</b>	<b>9</b>	<b>20</b>	<b>11</b>



# Financial review

# Key financials

## Income statement

<i>(in NOK million)</i>	Q1 2020	Q1 2019	FY 2019
Revenue	0.5	0.0	3.0
Cost of sales	-0.1	0.0	-2.1
Research and development expenses	-5.5	-5.6	-19.9
Sales and marketing expenses	-2.3	-2.4	-8.7
Administrative expenses	-5.3	-5.1	-17.1
Operational / supply chain expenses	-3.5	-1.3	-8.2
<b>EBITDA</b>	<b>-16.1</b>	<b>-14.3</b>	<b>-53.0</b>

- Revenue from delivery of TLens, ASICs, evaluation kits and services to customers for product testing
- EBITDA loss of NOK -16.1 million vs. loss of NOK -14.3 million in Q1 2019
  - Increase in supply chain expenses of NOK 2.2 (assembly line)
  - Bonus of NOK 3.6 million (incl. social sec.), offset by reduced salary expenses of NOK 1.9 million due to reduced head count

## Balance sheet summary

<i>(in NOK million)</i>	Q1 2020	Q1 2019	FY 2019
Intangible assets	51.4	77.1	53.9
Cash and cash equivalents	50.9	107.5	73.5
Total equity	110.4	188.1	128.4
Total current liabilities	9.9	16.5	15.9
Total non-current liabilities	0.4	0.4	0.8
Total equity and liabilities	120.7	205.1	145.0

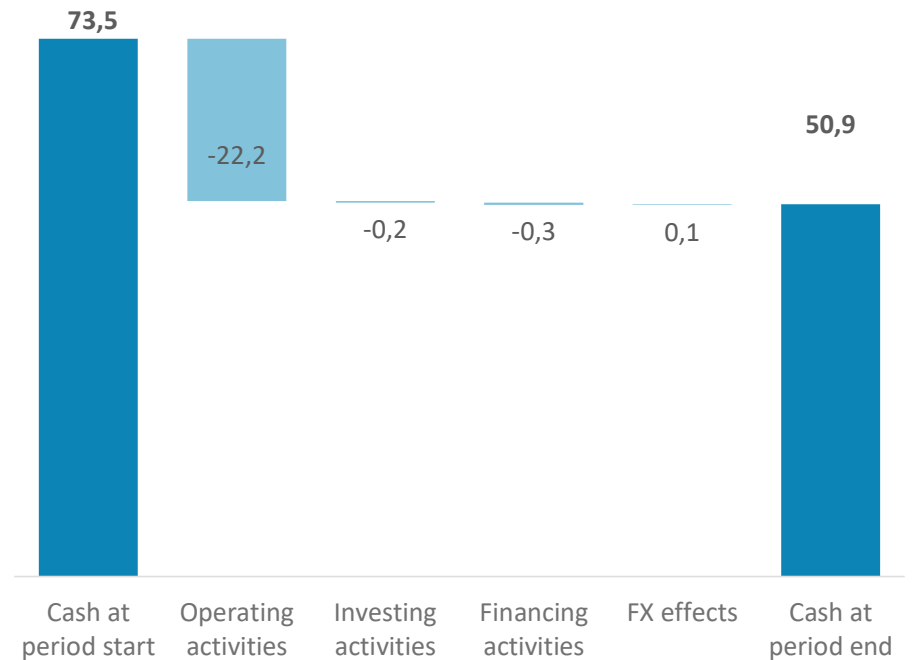
- Cash position of NOK 50.9 million, compared with NOK 107.5 million at Q1 2019
- Current cash position (incl. recent share issue) could potentially fund the company into 2022

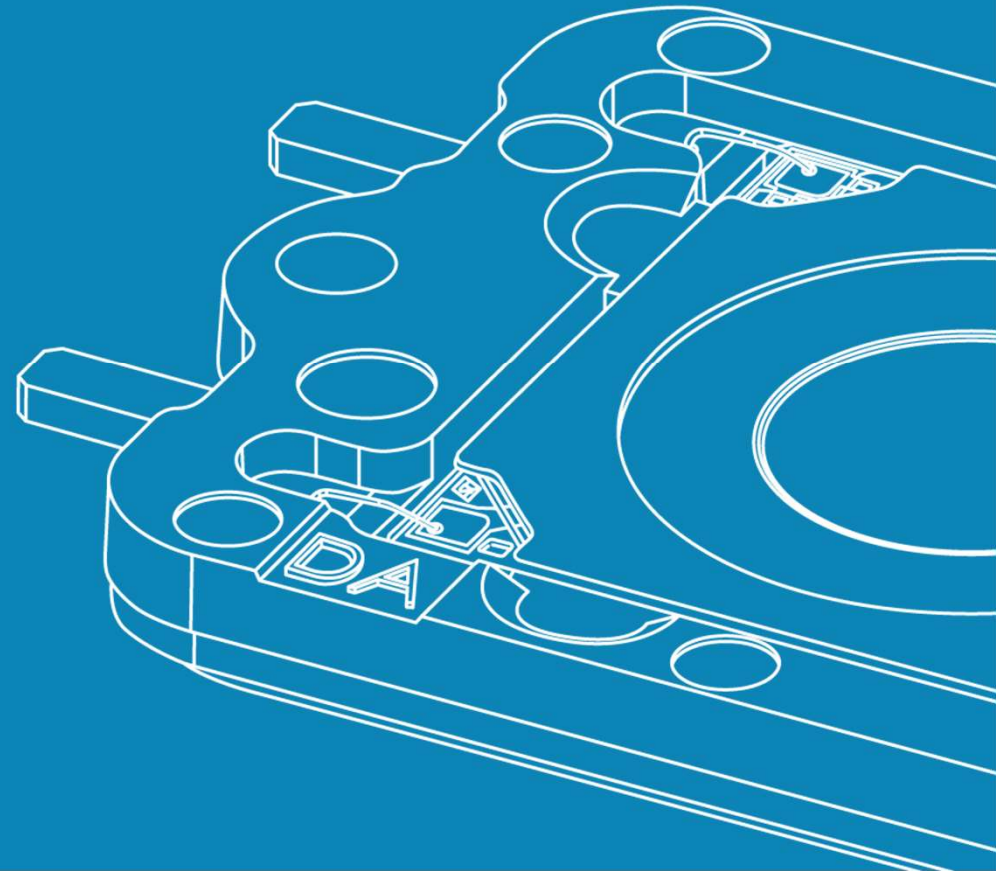
# Cash Flow

- Q1 cash used in operations was NOK 22.2 million, compared with NOK 18.3 million in Q1 2019. Net Working Capital increased with NOK 7.2 million in Q1
- Q1 cash used in investing activities was NOK 0.2 million
- Q1 cash used in financing activities was NOK 0.3 million
- Q1 net decrease in cash was NOK 22.7 million

## Q1 2020 cash flow development

(NOK million)





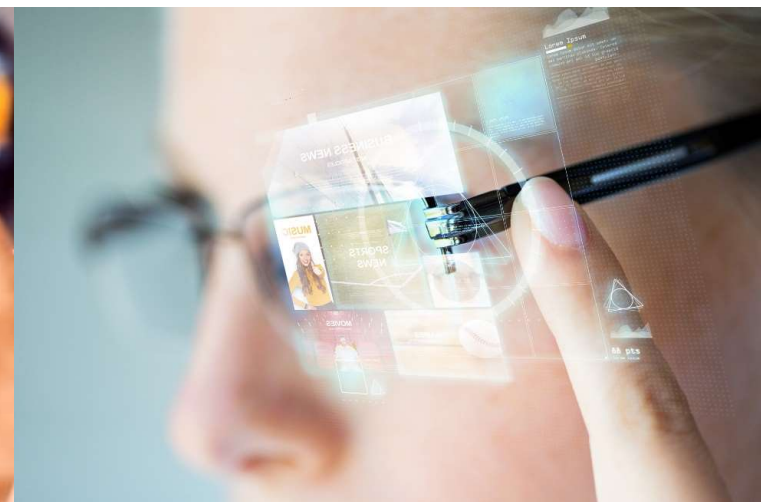
# Outlook



# Outlook

- Commercialisations of TLens in early 2020 serves as proof-of-concept and supports new customer cases - both in the same and other market segments
- The smartwatch market is growing and will eventually represent a significant volume potential
- Serves as a relevant reference for smartphone market
- Increased dialog with smartphone eco-system
- Good progress in the barcode market
- In addition poLight supports several other customer cases for different markets at different stages of development



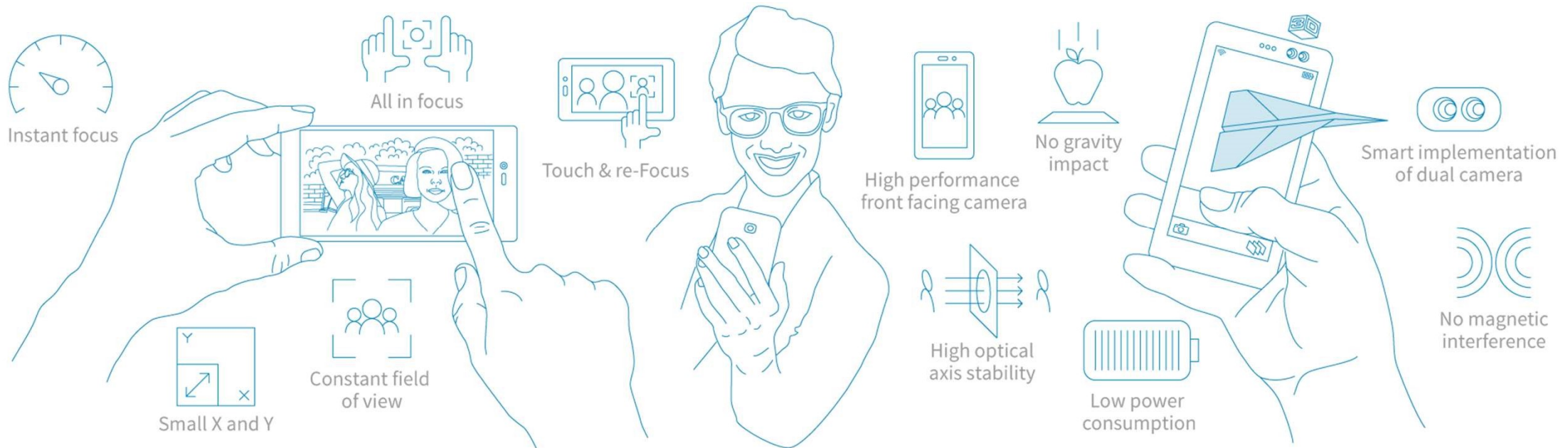


## Next events:

AGM - 28 May 2020  
Q2-20 - 21 August 2020



# Appendix





# Management Team



**Dr. Øyvind Isaksen**

*Chief Executive Officer*

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



**Alf Henning Bekkevik**

*Chief Financial Officer*

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



**Pierre Craen**

*Chief Technology Officer*

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



**Marianne Sandal**

*Chief Operating Officer*

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

# Board of Directors



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

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



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

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



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

Ms. Viksaas has a long career from the Northern European managed service provider Basefarm AS. First as founder and CEO, and later as executive chair 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 Zenitel Group and ICT Norway. She currently chairs the foundation Norsk Regnesentral and is a non-executive director on the boards of Telenor ASA and Crayon Group Holding ASA. She also serves on the boards of various start-up companies. Ms Viksaas has a master's degree in computer science from the University of Oslo.



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

Mr. 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.



## **Svernn-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.



# Interim consolidated statement of income (unaudited)

<i>NOK 000</i>	Note	Q1 2020	Q1 2019	FY 2019
<b>Revenue</b>		<b>536</b>	<b>30</b>	<b>2 988</b>
Cost of sales		-61	-4	-2 075
<b>Gross profit</b>		<b>475</b>	<b>26</b>	<b>913</b>
Research and development expenses	7	-5 507	-5 600	-19 874
Sales and marketing expenses		-2 264	-2 388	-8 729
Administrative expenses		-5 327	-5 114	-17 073
Operational / supply chain expenses		-3 498	-1 267	-8 216
Depreciation, amortisation and net impairment losses	8	-3 052	-629	-26 191
<b>Operating profit</b>		<b>-19 174</b>	<b>-14 972</b>	<b>-79 170</b>
Net financial items	6	-95	254	1 430
<b>Profit before tax</b>		<b>-19 269</b>	<b>-14 718</b>	<b>-77 740</b>
Income tax expense		-1	-2	-124
<b>Profit for the period</b>		<b>-19 269</b>	<b>-14 720</b>	<b>-77 864</b>
<b>Attributable to:</b>				
Equity holders of the parent		-19 269	-14 720	-77 864
Non-controlling interests		0	0	0
<b>Earnings per share:</b>				
Basic, attributable to ordinary equity holders of the parent (NOK)		-2.37	-1.81	-9.59
Diluted, attributable to ordinary equity holders of the parent (NOK)		-2.37	-1.81	-9.59

# Balance sheet (unaudited)

NOK 000	Note	Q1 2020	Q1 2019	FY 2019
<b>ASSETS</b>				
Property, plant and equipment		1 209	1 297	1 235
Intangible assets	8	51 365	77 123	53 936
Right-of-use assets		1 625	1 618	1 923
<b>Total non-current assets</b>		<b>54 199</b>	<b>80 038</b>	<b>57 094</b>
Inventories		8 967	9 500	7 728
Trade and other receivables		6 399	7 515	6 147
Other current assets		299	585	565
Cash and cash equivalents		50 870	107 470	73 463
<b>Total current assets</b>		<b>66 535</b>	<b>125 070</b>	<b>87 903</b>
<b>Total assets</b>		<b>120 734</b>	<b>205 108</b>	<b>144 997</b>
<b>EQUITY AND LIABILITIES</b>				
Issued capital		1 623	1 623	1 623
Share premium		124 385	198 748	124 385
Other equity		-15 581	-12 238	2 369
<b>Equity attributable to equity holders of the parent</b>		<b>110 427</b>	<b>188 133</b>	<b>128 378</b>
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>110 427</b>	<b>188 133</b>	<b>128 378</b>
Lease liabilities		440	432	766
<b>Total non-current liabilities</b>		<b>440</b>	<b>432</b>	<b>766</b>
Trade and other payables		7 160	13 543	11 911
Interest-bearing loans and borrowings		0	600	0
Current lease liabilities		1 262	1 211	1 241
Provisions	10	1 444	1 189	2 701
<b>Total current liabilities</b>		<b>9 866</b>	<b>16 543</b>	<b>15 853</b>
<b>Total liabilities</b>		<b>10 307</b>	<b>16 975</b>	<b>16 619</b>
<b>Total equity and liabilities</b>		<b>120 734</b>	<b>205 108</b>	<b>144 997</b>

# Cash flow (unaudited)

NOK 000	Note	Q1 2020	Q1 2019	FY 2019
<b>Operating activities</b>				
Profit before tax		-19 269	-14 718	-77 740
Non-cash adjustment to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipment		481	619	1 895
Amortisation and impairment of intangible assets	8	2 571	10	24 297
Share option plan expense		1 027	1 501	4 877
Other items related to operating activities		-25	229	-1 459
Net foreign exchange differences		187	-60	-112
Movements in provisions and government grants		-4 820	-3 150	3 230
Working capital adjustments:				
Decrease (+) in trade and other receivables and prepayments		695	37	-560
Decrease (+) in inventories		-1 239	-2 128	-356
Increase (+) in trade and other payables		-1 868	-429	-4 718
Interest received	6	95	0	1 584
Interest paid	6	-21	0	-107
Income tax paid		-52	-227	-367
<b>Net cash flows from/(used in) operating activities</b>		<b>-22 239</b>	<b>-18 314</b>	<b>-49 538</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		-153	-10	-319
Development capital expenditures	7	0	-1 304	-2 931
Receipt of government grants		0	0	526
<b>Net cash flows from/(used in) investing activities</b>		<b>-153</b>	<b>-1 315</b>	<b>-2 724</b>
<b>Financing activities</b>				
Repayment of lease liabilities		-305	-279	-1 120
Repayment of borrowings		0	0	-600
<b>Net cash flows from/(used in) financing activities</b>		<b>-305</b>	<b>-279</b>	<b>-1 720</b>
Net increase in cash and cash equivalents		-22 697	-19 908	-53 982
Effect of exchange rate changes on cash and cash equivalents		104	-45	20
Cash and cash equivalents at the start of the period		73 463	127 424	127 424
<b>Cash and cash equivalents at the end of the period</b>		<b>50 870</b>	<b>107 470</b>	<b>73 463</b>