

Fourth quarter 2020 - Earnings presentation

19th February 2021



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Today's agenda

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

Presenting



Dr. Øyvind Isaksen

Chief Executive Officer

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



Alf Henning Bekkevik

Chief Financial Officer

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

Key events in the quarter

- poLight received a follow-up purchase order related to the Honeywell EX30 barcode scan engine
- Feedback from Honeywell EX30 users has so far been positive
- Generally good progress on customer cases – both in consumer and professional markets
- Visibility for smartphone market breakthrough has increased



poLight at a glance

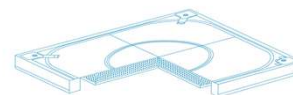
Background and description

- Developer of unique photographic lens for use in the mobile, barcode readers, augmented reality and other markets
- Founded in 2005 and has since build state-of-the-art expertise in optics, polymers MEMS technology and image applications and processing
- 13 worldwide patents families, 10 pending applications and 3 registered trademarks
- 29 employees (incl. 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

+



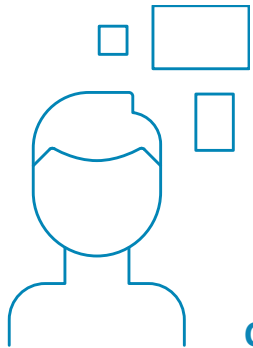
Constant
field of
view

+

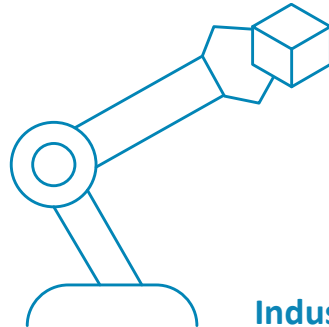


Extremely low
power
consumption

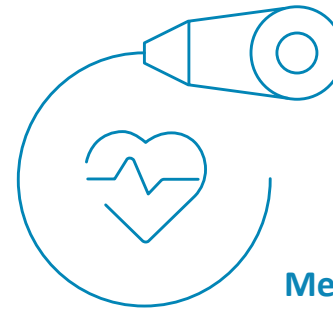
poLight's products well suited for multiple uses



Consumer



Industrial



Medical

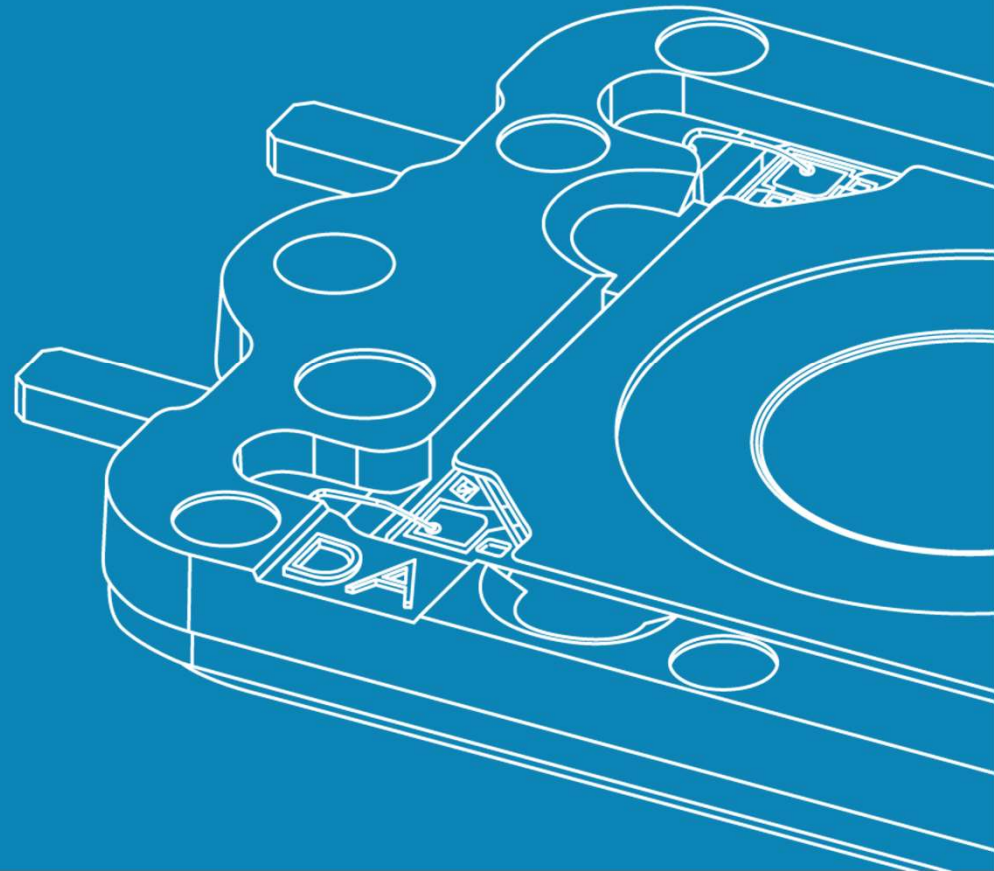


Automotive





Operations and market review

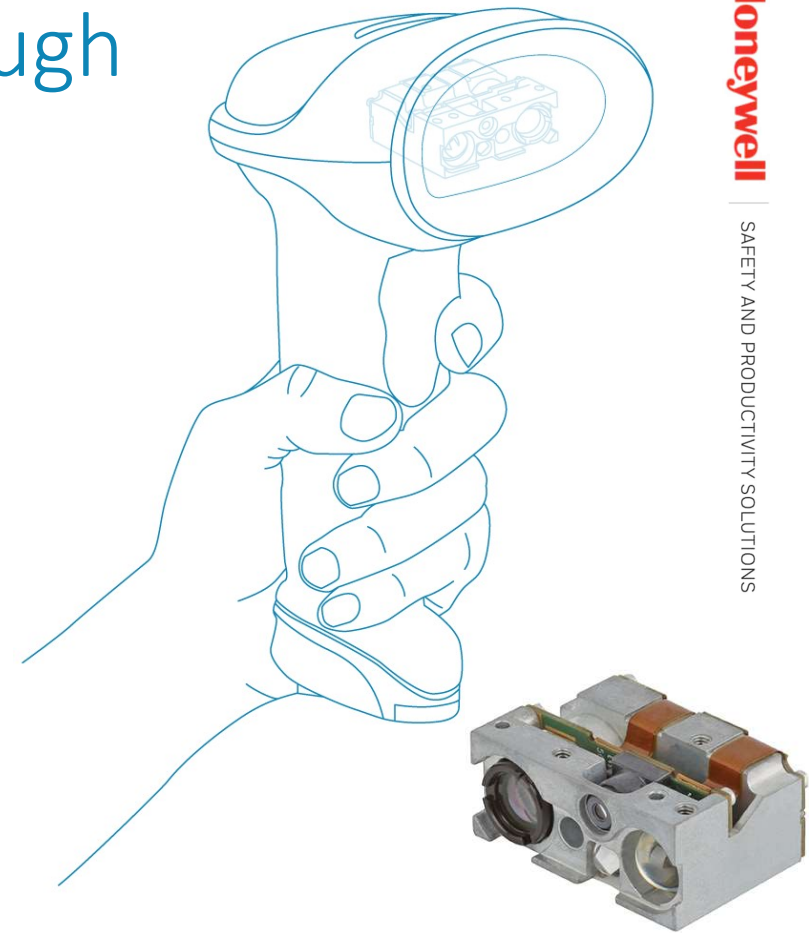


Barcode: Commercial breakthrough

- TLens included in a Honeywell EX30 barcode scan engine

“The Extended FlexRange™ EX30 2D Scan Engine for warehouse and distribution centre operations seamlessly reads barcodes from 10 cm to 20 m using the latest technology for a fast auto-focus mechanism”

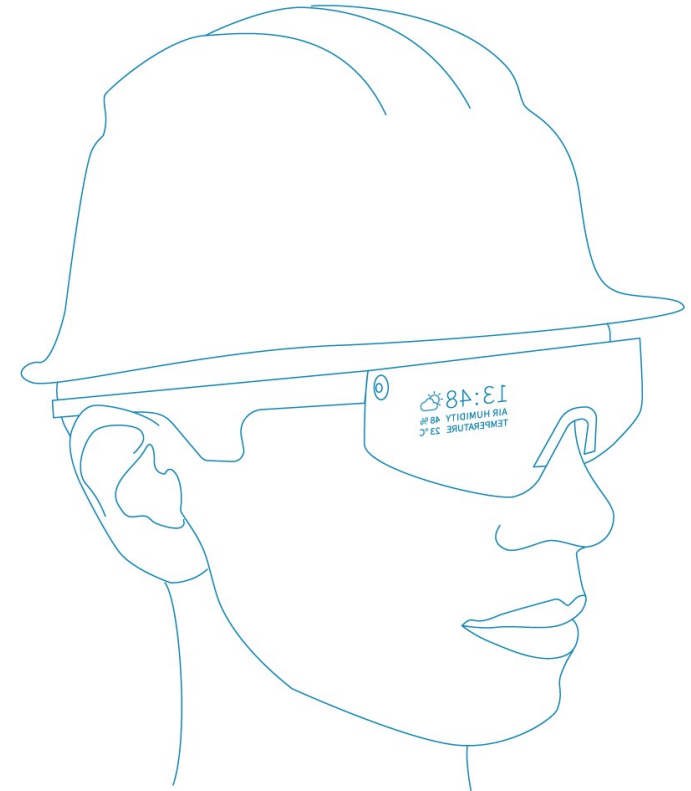
- The scan engine is intended for use in various barcode products
- Initial market response has been good
- Involved in other barcode cases



**Source: Honeywell homepage*

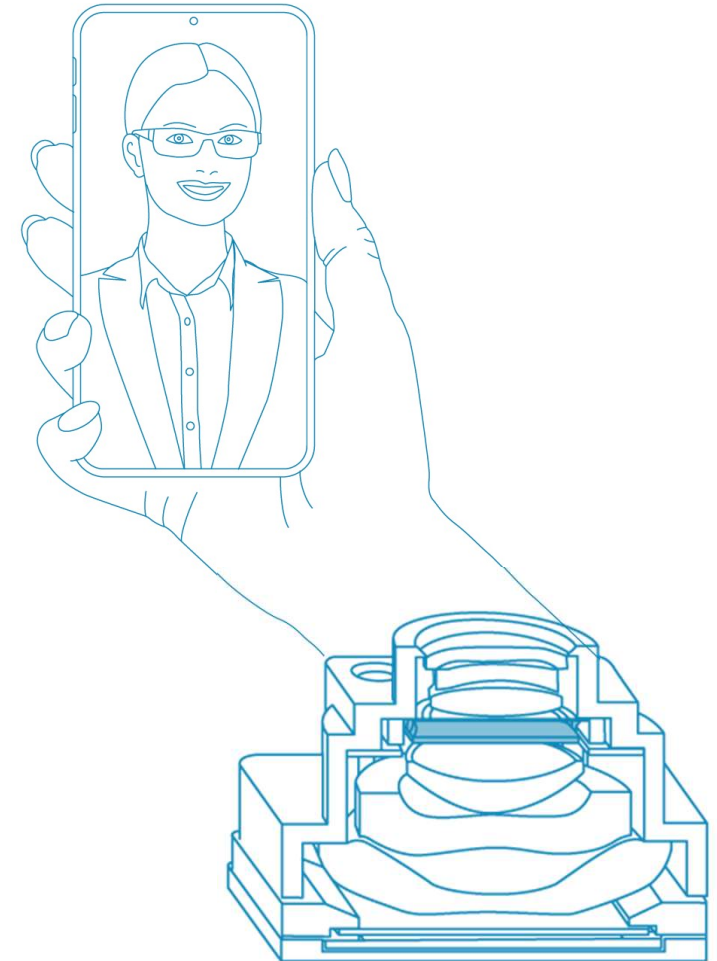
AR: TLens considered for next generation glasses by several OEM's

- AR market is still at an early stage, with low volumes
- TLens offers several advantages related to power consumption, speed, compactness and no gravity sensitivity
- poLight is well positioned for market entry at an early stage
- Involved in cases both for professional and consumer use case
- Testing/prototype building ongoing
- Within reach to be included in an AR product to be released towards the end of 2021 (or later), depending on ongoing design work and successful testing
- This is potentially long term the most important consumer segment for poLight

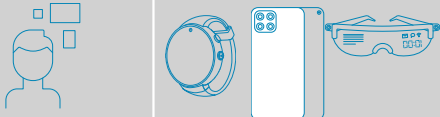

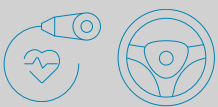


Smartphone: Add-in TLens concept - potential “game changer”

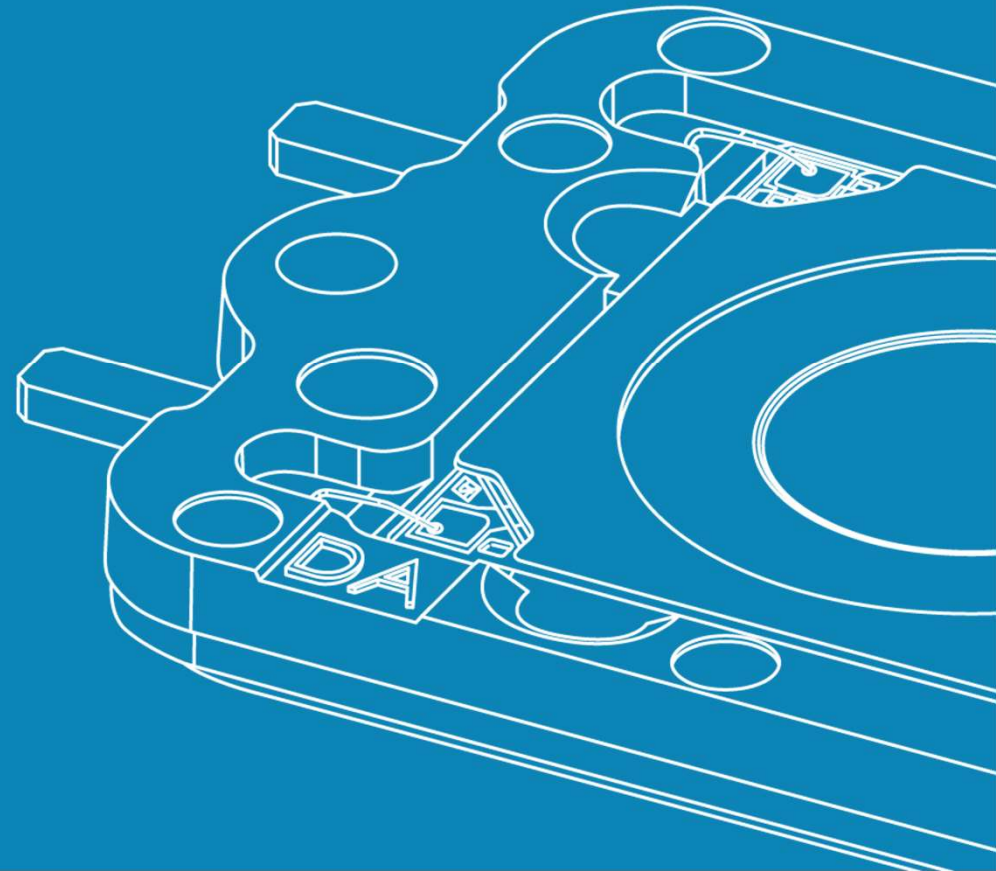
- Tuneable optics, such as TLens, is getting more and more attention
- The dialog and activity has been intense and positive during the quarter
- TLens used in an advanced add-in lens design to realise a compact nose front-facing camera with AF
 - Well recognised camera module supplier & OEM are heavily engaged
 - Extensive testing has been carried out during the quarter and is still ongoing, - both on component, camera and phone level
 - So far, the results are promising
 - Improvement areas identified and solutions are worked on together with customer, - both on component level (TLens) and system level (camera module, phone)
 - More OEM's indicates interest
- This concept has the potential to become the mainstream solution for selfie cameras
- Market release discussions ongoing



Progress within several market segments

		Design-wins	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer		2 (2)	1 (1)	14 (12)	15 (11)	5 (8)
Industrial/ professional		1 (1)	2 (1)	10 (7)	8 (6)	3 (0)
Other (e.g. medical / automobile)			1 (0)	1 (1)	3 (4)	1 (0)
		3 (3)	4 (2)	25 (20)	26 (20)	9 (8)

(x): last quarter number



Financial review

Key financials

Income statement

(in NOK million)	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue	1.2	2.0	3.0	3.0
Cost of sales	-0.4	-1.3	-0.7	-2.1
Research and development expenses	-5.3	-3.7	-20.4	-19.9
Sales and marketing expenses	-1.1	-2.5	-5.4	-8.7
Administrative expenses	-3.0	-5.5	-7.7	-17.1
Operational / supply chain expenses	-1.3	-2.7	-8.0	-8.2
EBITDA	-10.0	-13.7	-39.2	-53.0

- Revenue reflects sales of TLens and ASICs for commercial use and sample deliveries for customer development projects
- EBITDA loss of NOK -10.0 million vs. loss of NOK -13.7 million in Q4 2019
 - Reduced operating expenses of NOK 2.0
 - Provision of NOK 1.5 million was recognised in the fourth quarter of 2019 related to severance packages

Balance sheet summary

(in NOK million)	FY 2020	FY 2019
Intangible assets	43.6	53.9
Cash and cash equivalents	77.2	73.5
Total equity	128.8	128.4
Total current liabilities	12.9	15.9
Total non-current liabilities	0.0	0.8
Total equity and liabilities	141.8	145.0

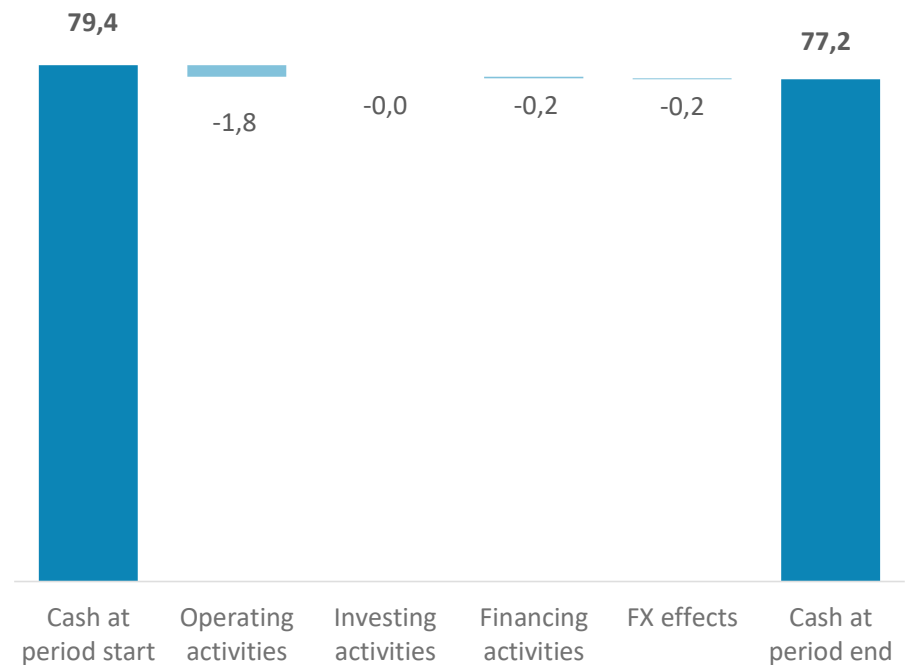
- Cash position of NOK 77.2 million, compared with NOK 73.5 million at Q4 2019
- According to current plan, the cash deposits will fund Group activities throughout 2021

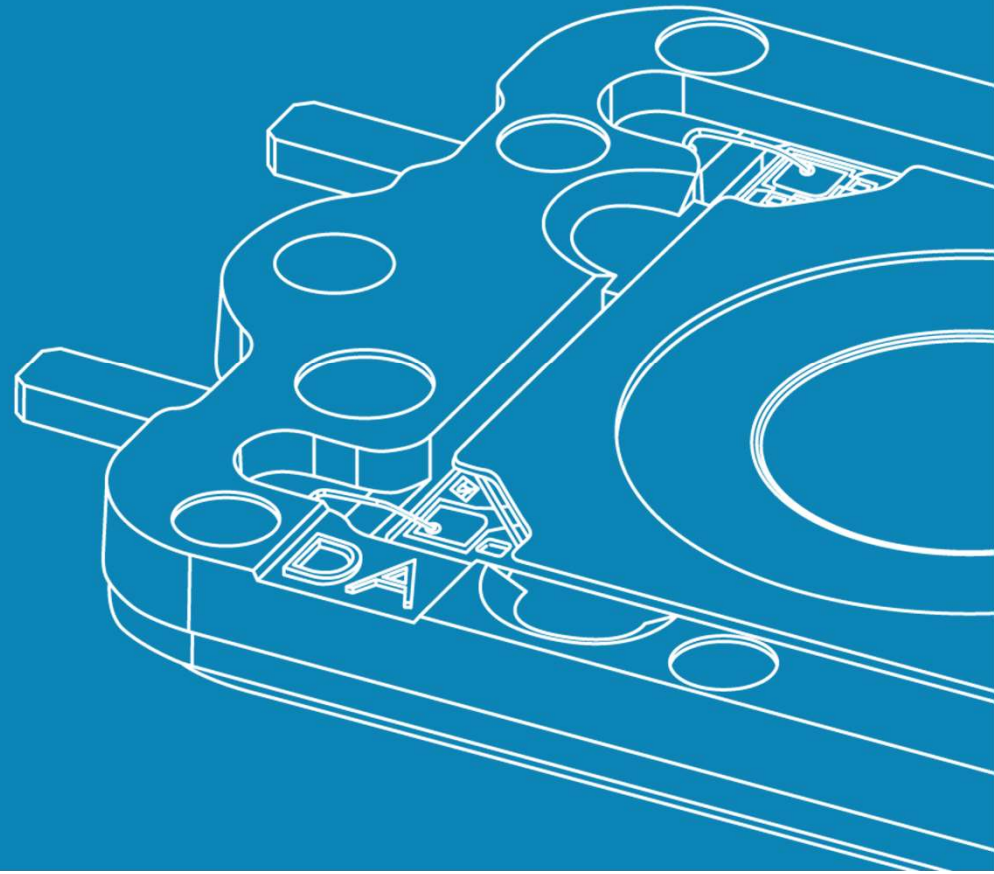
Cash Flow

- Q4 cash used in operating activities was NOK 1.8 million, compared with NOK 5.9 million in Q4 2019
 - Received VAT settlements of NOK 8.2 million
- Q4 cash used in financing activities was NOK 0.2 million
- Q4 net decrease in cash was NOK 2.2 million

Q4 2020 cash flow development

(NOK million)



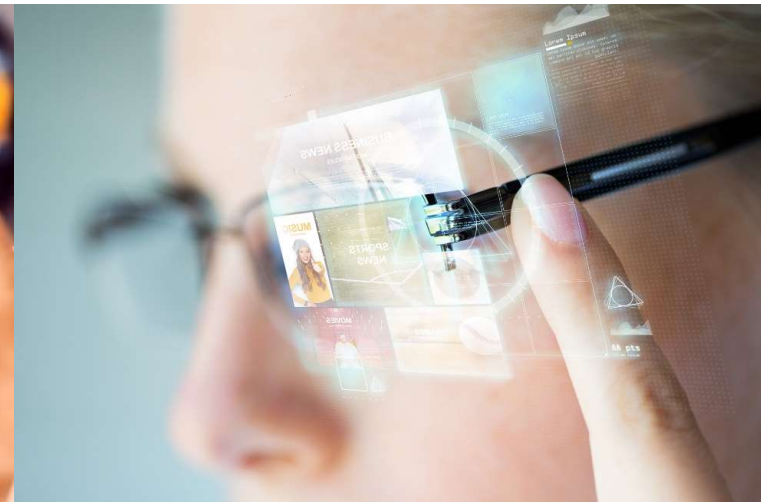


Outlook

Outlook

- Market opportunities maturing in several segments
- Visibility for smartphone market breakthrough has increased
- Priority is currently being given to customer integration projects for existing products and securing a robust supply chain
- Also working to develop new product concepts based on our established technology platform/IP
- To improve progress on important longer-term endeavours and cater for increasing activity, poLight is seeking to strengthen its organisation
- According to current plan, the cash deposits will fund Group activities throughout 2021

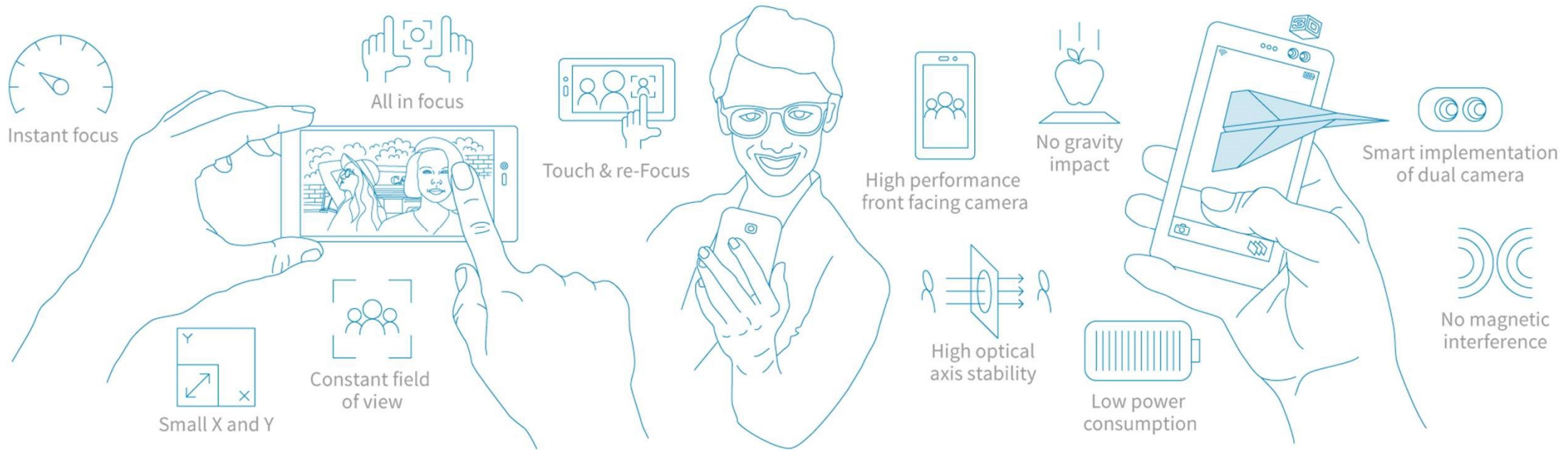




Next event:
Q1-21 - 7 May 2021



Appendix



Management Team



Dr. Øyvind Isaksen

Chief Executive Officer

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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.

Statement of income

NOK 000	Note	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue		1 244	2 017	3 019	2 988
Cost of sales		-382	-1 355	-698	-2 075
Gross profit		862	682	2 321	913
Research and development expenses net of governmental grants	7,8	-5 337	-3 654	-20 432	-19 874
Sales and marketing expenses		-1 111	-2 523	-5 419	-8 729
Administrative expenses	11	-3 038	-5 475	-7 734	-17 073
Operational / supply chain expenses		-1 333	-2 682	-7 972	-8 216
Operating result before depreciation and amortisation (EBITDA)		-9 957	-13 653	-39 237	-52 979
Depreciation, amortisation and net impairment losses	9	-3 011	-21 326	-12 132	-26 191
Operating result (EBIT)		-12 968	-34 979	-51 369	-79 170
Net financial items	6	338	621	417	1 430
Loss before tax		-12 630	-34 358	-50 952	-77 740
Income tax expense		-182	-50	-203	-124
Loss for the period		-12 812	-34 408	-51 155	-77 864
Earnings per share:					
Basic, attributable to ordinary equity holders of the parent (NOK)		-1.42	-4.24	-5.93	-9.59
Diluted, attributable to ordinary equity holders of the parent (NOK)		-1.42	-4.24	-5.93	-9.59

Balance sheet

NOK 000	Note	2020	2019
ASSETS			
Property, plant and equipment		839	1 235
Intangible assets	9	43 646	53 936
Right-of-use assets		964	1 923
Total non-current assets		45 448	57 094
Inventories		9 166	7 728
Trade and other receivables	11	6 040	6 147
Other current assets		3 897	565
Cash and cash equivalents		77 209	73 463
Total current assets		96 312	87 903
Total assets		141 761	144 997
EQUITY AND LIABILITIES			
Issued capital		1 810	1 623
Share premium		125 752	124 385
Other equity		1 278	2 369
Equity attributable to equity holders of the parent		128 840	128 378
Non-controlling interests		0	0
Total equity		128 840	128 378
Lease liabilities		0	766
Total non-current liabilities		0	766
Trade and other payables		10 684	11 911
Current lease liabilities		1 048	1 241
Provisions	11	1 189	2 701
Total current liabilities		12 921	15 853
Total liabilities		12 921	16 619
Total equity and liabilities		141 761	144 997

Cash flow

NOK 000	Note	Q4 2020	Q4 2019	FY 2020	FY 2019
Operating activities					
Loss before tax		-12 630	-34 358	-50 952	-77 740
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment and right-of-use assets		440	473	1 842	1 895
Amortisation and impairment of intangible assets	9	2 571	20 853	10 290	24 297
Share option plan expense		1 273	863	3 672	4 877
Other items related to operating activities		-700	-1 514	-890	-1 489
Net foreign exchange differences		93	-10	221	-112
Movements in provisions and government grants		-2 438	1 763	-4 718	3 230
Working capital adjustments:					
Decrease (+) in trade and other receivables and prepayments	11	6 485	231	-2 902	-560
Decrease (+) in inventories		380	808	-1 439	-356
Increase (+) in trade and other payables		2 312	3 787	1 655	-4 718
Interest received	6	515	1 327	852	1 613
Interest paid	6	-15	-69	-70	-107
Income tax paid		-36	-34	-196	-367
Net cash flows used in operating activities		-1 750	-5 879	-42 633	-49 538
Investing activities					
Purchase of property, plant and equipment		0	-180	-226	-319
Development capital expenditures	7	0	-619	0	-2 931
Receipt of government grants	8	0	526	0	526
Net cash flows used in investing activities		0	-273	-226	-2 724
Financing activities					
Proceeds from exercise of share options		0	0	738	0
Proceeds from share issue		0	0	50 000	0
Transaction costs on issue of shares		0	0	-3 005	0
Payment of lease liabilities		-231	-279	-1 119	-1 120
Repayment of borrowings		0	0	0	-600
Net cash flows from/(used in) financing activities		-231	-279	46 614	-1 720
Net increase in cash and cash equivalents		-1 981	-6 430	3 755	-53 982
Effect of exchange rate changes on cash and cash equivalents		-174	-14	-9	20
Cash and cash equivalents at the start of the period		79 364	79 907	73 463	127 424
Cash and cash equivalents at the end of the period		77 209	73 463	77 209	73 463