



# Fourth quarter 2021

Earnings presentation 18th February 2022



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# Today's agenda

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

## Presenting

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**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

- Design-win from first augmented reality (AR) customer
- Design-win for barcode manufacturing line applications
- poLight won the VAT appeal case (NOK 12 million in cash effect in January)
- Subsequent Share Issue raised gross proceeds of approximately NOK 12.8 million
- Opportunity pipeline strengthened
- Follow-up order related to the scan engine EX30 received in January 2022



# poLight at a glance

## Background & description

- Global player in tunable optics with applications in mobile, web cam, industrial, augmented reality, medical and others
- Founded in 2005 and has since developed state-of-the-art expertise in tunable optics, polymers, MEMS technology and image applications and processing
- Holds 16 worldwide patent families, 10 pending applications and 3 registered trademarks
- 34 employees including long-term consultants
- Headquartered in Horten, Norway, with offices in Finland and China, and representation in France, UK, USA, Taiwan, Russia, Korea and Japan

## Geographical footprint



## poLight enables unique use cases



Instant  
focus

+



Small real  
estate

+



Constant  
field of  
view

+



Extremely low  
power  
consumption



# TLens<sup>®</sup> customer-wins



# poLight products & technology well-suited for several applications



## Smartphones and wearables

- Large addressable market for which billions of cameras are produced for the each year
- 1,5 billion phones per year with 1 front camera and an average of 3 back cameras
- Increasing demands on both camera functionality and battery life
- Potential addressable market for TLens®/poLight technology estimated at 3 billion units per year



## Barcode/Industrial

- Evolving from 1D laser to 2D imaging barcode readers
- Lasers replaced by camera systems, where autofocus will improve efficiency in scanning and portfolio
- Barcode technology is spreading to new industries
- OEM scan engine vendors today are increasingly looking to enable machine vision capabilities on their current offerings



## Augmented Reality (AR)

- AR is expected to grow significantly as the technology is rapidly expanding beyond entertainment and gaming to an increasing number of industrial, commercial, educational applications and later become a consumer device



## Other

- New opportunities are emerging that could represent significant potential
- Video conferencing and endoscopy are just two examples of new opportunities for poLight technology

# Operations and market review





# Smartphone: TLens<sup>®</sup> remains high

- Add-in TLens<sup>®</sup> design is attracting good interest
- Potential to become a widely used solution for selfie cameras and may represent a route to the main camera (back camera) for TLens<sup>®</sup>
- Progress on several Proof of Concept (PoC) projects, with OEMs and camera module (CM) vendors during the quarter
- Customers showing strong willingness and making significant investments to qualify the use of TLens<sup>®</sup>
- Customer demands are tough and a significant portion of the company's resources is dedicated toward these cases



5 ongoing PoCs<sup>1</sup>, 3 design-win candidates and 5 planning PoCs



<sup>1</sup> Proof of Concept (PoC)

# AR: First design-win announced and more opportunities to come

- First design-win confirmation and first mass production purchase order for an augmented reality (AR) product announced during the quarter
  - Expected market release in 2022
- Low power consumption, no gravity sensitivity, speed, and compactness are being highlighted as key technical benefits
- AR market is still at an early stage, with low volumes
- Two use cases : world facing camera & tuning for laser display

1 design-win  
2 design-ins, 9 ongoing PoCs and 4 OEMs planning PoCs  
2 potential new design-wins in 2022 (professional use case)  
Of the ongoing PoCs, 4 are related to consumer products



Professional  
use cases



# Barcode / Industrial

- New design-win awarded for a barcode reader product
  - Designed for dynamic collection of barcodes in high-speed manufacturing lines
  - Released to selected customers end of 2021
- TLens® now used in three available products
- Follow-up order related to the scan engine EX30 received in January
  - Accumulated order intake approx. NOK 5.4 millions so far
  - Good feedback

Examples  
of EX30 use cases



Unitech



Janam XG4



PointMobile 451



Urovo RT40

3 design-wins  
2 design-ins, 6 PoCs (2 barcode) and 9 OEM's planning PoCs (4 barcode)










# Healthcare

- Starting to see some good interest related to compact surgical equipment
- 1 design-win (Kavli Institute for Systems Neuroscience and Centre for Neural Computation, a microscope for internal use)
- 1 design-in already announced - compact surgical device. Progressing, but these are slow processes
- Several similar cases to Kavli maturing
  - In total, supplying stacked TLens® to microscope applications has so far resulted in purchase orders worth approximately NOK 1.5 million
  - of which approximately MOK 0.6 million is reported as revenue as per Q4-21
- The company see this activity this as important brand-building and as well as a contribution to important research

1 design-win (Kavli)  
1 design-in (surgical device)  
5 PoCs ongoing and 8 planning PoCs



# Good progress in most customer cases

		Design-win	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer	  	3 (3)	0 (0)	22 (17)	7 (9)	8 (2)
Augmented Reality		1 (0)	2 (3)	6 (6)	9 (6)	4 (4)
Industrial	 	3 (2)	2 (3)	14 (14)	6 (3)	9 (8)
Other (e.g. medical)		1 (0)	1 (1)	2 (2)	5 (3)	8 (4)
		<b>8 (5)</b>	<b>5 (7)</b>	<b>44 (39)</b>	<b>27 (21)</b>	<b>29 (18)</b>



# Financial review

# Key financials

## Income statement

<i>(in NOK million)</i>	<b>Q4 2021</b>	<b>Q4 2020</b>	<b>FY 2021</b>	<b>FY 2020</b>
Revenue	3.9	1.2	10.0	3.0
Cost of sales	-1.3	-0.4	-3.9	-0.7
Research and development expenses	-6.6	-5.3	-25.4	-20.4
Sales and marketing expenses	-3.3	-1.1	-7.2	-5.4
Operational / supply chain expenses	-2.7	-1.3	-9.1	-8.0
Administrative expenses	4.3	-3.0	-6.9	-7.7
<b>EBITDA</b>	<b>-5.7</b>	<b>-10.0</b>	<b>-42.4</b>	<b>-39.2</b>

- Revenue reflects sales of TLens® and ASICs for commercial use and sample deliveries for customer development projects
- EBITDA loss of NOK 5.7 million vs. loss of NOK 10.0 million in Q4 2020
  - NOK 12 million recognised as a cost reduction as a result of the positive outcome of the VAT appeal case
  - Accrued employer's national insurance contributions (NICs) relating to the share option plan of NOK 4.7 million (NOK 0.1 million), mainly attributable to the increase in poLight's share price in the period

## Balance sheet summary

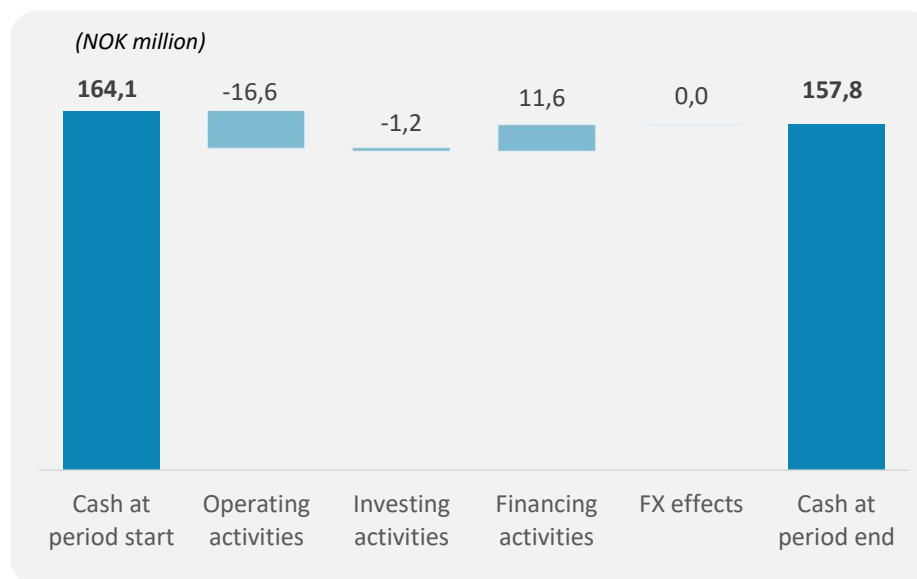
<i>(in NOK million)</i>	<b>2021</b>	<b>2020</b>
Intangible assets	33.4	43.6
Inventories	16.8	9.2
Cash and cash equivalents	157.8	77.2
Total equity	213.4	128.8
Total current liabilities	21.3	12.9
Total equity and liabilities	238.7	141.8

- Cash position of NOK 157.8 million, compared with NOK 77.2 million at Q4 2020
- Subsequent Share Issue raised gross proceeds of approximately NOK 12.8 million

# Cash Flow

- Q4 cash used in operating activities was NOK 16.6 million, compared with NOK 1.7 million in Q4 2020
  - Q4-2020: VAT settlements of NOK 8.2 million were received as a result of being re-registered in the VAT Register
- Q4 cash received from financing activities was NOK 11.6 million
  - Subsequent Share Issue raised gross proceeds of approximately NOK 12.8 million
- Q4 net decrease in cash was NOK 6.2 million

## Q4 2021 cash flow development



# Outlook



# Outlook

- During the quarter the company achieved two design-wins and made overall good progress in all the market segments being explored
- The opportunity pipeline is developing positively, with developments in the AR space being considered particularly promising
- Smartphone customers and the company are putting considerable effort into maturing cases and qualifying TLens® for commercial use
  - Demanding process
  - Encouraging progress was made during the quarter
  - Hurdles still to be overcome
  - Making our supply chain ready for various applications is also demanding
  - Organisation is being strengthened to handle the foreseen increased activity with respect to supporting and maturing customer cases as well as handling technical and supply chain challenges
- Tunable optics is getting increased attention, and poLight is one of the key players in this important technology space
- The focus area going forward will continue to be smartphone, augmented reality (AR) and barcode applications





# Q&A

## NEXT EVENT

Annual report 2021  
Q1-22

27 April 2022  
12 May 2022



# 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



## **Ann-Tove Kongsnes** - *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*

Grethe Viksaas has a long career from the Northern European managed service provider Basefarm AS. First as founder and CEO, and later as executive chair and member 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 Telenor ASA. She is currently a non-executive director on the boards of Link Mobility Group Holding ASA and Crayon Group Holding ASA. She also serves as Chair of the Board in No Isolation AS and Farmforce AS. Ms Viksaas has a master's degree in computer science from the University of Oslo.



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

Juha 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.



## **Svenn-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.



## **Thomas Görling** - *Board member*

Thomas Görling is a Senior Investment Director at Stiftelsen Industrifonden (Sweden) with a comprehensive involvement in building successful technology companies. Representing Industrifonden, he has been engaged in a number of portfolio company boards, at present Medtentia International Ltd Oy (Finland) and eBuilder AB (Sweden). Before joining Industrifonden in 1998, Mr. Görling held management positions within the European optical instrument and systems industry. Thomas holds a Master of Science from the Royal Institute of Technology in Stockholm, and studied business economics at Stockholm University.

# Statement of income

NOK 000	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Sale of goods		3 906	1 056	8 683	2 590
Rendering of services		0	188	1 350	429
<b>Revenue</b>		<b>3 906</b>	<b>1 244</b>	<b>10 032</b>	<b>3 019</b>
Cost of sales		-1 311	-382	-3 851	-698
<b>Gross profit</b>		<b>2 595</b>	<b>862</b>	<b>6 182</b>	<b>2 321</b>
Research and development expenses net of governmental grants	7,8	-6 552	-5 337	-25 360	-20 432
Sales and marketing expenses		-3 291	-1 111	-7 224	-5 419
Operational / supply chain expenses		-2 742	-1 333	-9 139	-7 972
Administrative expenses	12	4 311	-3 038	-6 868	-7 734
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>-5 679</b>	<b>-9 957</b>	<b>-42 409</b>	<b>-39 237</b>
Depreciation and amortisation	9	-2 949	-3 011	-11 923	-12 132
<b>Operating result (EBIT)</b>		<b>-8 629</b>	<b>-12 968</b>	<b>-54 332</b>	<b>-51 369</b>
Net financial items	6	760	338	944	417
<b>Loss before tax</b>		<b>-7 869</b>	<b>-12 630</b>	<b>-53 388</b>	<b>-50 952</b>
Income tax expense		13	-182	-93	-203
<b>Loss for the period</b>		<b>-7 856</b>	<b>-12 812</b>	<b>-53 481</b>	<b>-51 155</b>



# Balance sheet

NOK 000	Note	2021	2020
<b>ASSETS</b>			
Property, plant and equipment		2 356	839
Intangible assets	9	33 378	43 646
Right-of-use assets		4 778	964
<b>Total non-current assets</b>		<b>40 512</b>	<b>45 448</b>
Inventories		16 836	9 166
Trade and other receivables	8	22 078	6 040
Prepayments		1 456	3 897
Cash and cash equivalents		157 810	77 209
<b>Total current assets</b>		<b>198 180</b>	<b>96 312</b>
<b>Total assets</b>		<b>238 691</b>	<b>141 761</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		2 077	1 810
Share premium		813 632	680 229
Reserves		1 035	1 040
Retained earnings		-603 335	-554 238
<b>Equity attributable to equity holders of the parent</b>		<b>213 409</b>	<b>128 840</b>
Non-controlling interests		0	0
<b>Total equity</b>		<b>213 409</b>	<b>128 840</b>
Lease liabilities		3 934	0
<b>Total non-current liabilities</b>		<b>3 934</b>	<b>0</b>
Trade and other payables	10	19 906	10 684
Current lease liabilities		942	1 048
Provisions	12	500	1 189
<b>Total current liabilities</b>		<b>21 349</b>	<b>12 921</b>
<b>Total liabilities</b>		<b>25 282</b>	<b>12 921</b>
<b>Total equity and liabilities</b>		<b>238 691</b>	<b>141 761</b>

# Cash flow

NOK 000	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
<b>Operating activities</b>					
Profit / loss (-) for the period		-7 869	-12 630	-53 388	-50 952
Adjustments for:					
Depreciation and impairment of property, plant and equipment and right-of-use assets		382	440	1 654	1 842
Amortisation and impairment of intangible assets	9	2 567	2 571	10 269	10 290
Net finance income		-760	-338	-944	-417
Equity-settled share-based payroll expense		1 600	1 273	4 385	3 672
Other items related to operating activities		588	-362	937	-473
Changes in unrealised net foreign exchange rate differences/fluctuations		16	93	21	221
Changes in working capital:					
Increase (-) in trade and other receivables and prepayments		-11 965	6 485	-11 332	-2 902
Increase (-) in inventories		-4 587	380	-7 669	-1 439
Increase (+) in trade and other payables	10	5 246	2 312	9 223	1 655
Changes in provisions and government grants		-2 242	-2 438	-2 954	-4 718
Interest received	6	558	514	585	851
Interest paid	6	-93	-13	-203	-68
Income tax paid		-23	-36	-129	-196
<b>Net cash flows used in operating activities</b>		<b>-16 582</b>	<b>-1 749</b>	<b>-49 546</b>	<b>-42 633</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		-1 242	0	-2 142	-226
<b>Net cash flows used in investing activities</b>		<b>-1 242</b>	<b>0</b>	<b>-2 142</b>	<b>-226</b>
<b>Financing activities</b>					
Proceeds from issue of ordinary shares		12 804	0	137 803	50 000
Proceeds from exercise of share options		193	0	3 397	738
Transaction costs on issue of shares		-1 093	0	-7 530	-3 005
Payment of lease liabilities		-318	-231	-1 355	-1 119
<b>Net cash flows from/(used in) financing activities</b>		<b>11 586</b>	<b>-231</b>	<b>132 315</b>	<b>46 614</b>
Net increase in cash and cash equivalents		-6 239	-1 981	80 627	3 755
Effect of exchange rate changes on cash and cash equivalents		-18	-174	-26	-9
Cash and cash equivalents at the start of the period		164 066	79 364	77 209	73 463
<b>Cash and cash equivalents at the close of the period</b>		<b>157 810</b>	<b>77 209</b>	<b>157 810</b>	<b>77 209</b>