



First quarter 2022

Earnings presentation 12th May 2022



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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

- Design-in award and sample purchase order received for an Augmented Reality (AR) display related case
- Follow-up order related to the scan engine EX30 (Honeywell)
- Augmented Reality opportunity pipeline promising, both for short/medium-term professional use cases and longer-term consumer applications
- Despite a somewhat softer smartphone market due to the challenging situation in China, progress still being made on existing and new PoCs
- Other application areas, such as medical and industrial are maturing



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[®] 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: Add-in TLens[®] design concept remains promising

- Add-in TLens[®] design is attracting good interest
- Started to promote solutions meant for back camera applications
- Selfie camera solution still the most relevant short/medium-term
- Asian OEM's is suffering due to the situation in China and this will impact the appetite to release new phone models
- First potential smartphone cases will be pushed back from 2022 to 2023 and beyond
- PoC's continues, and good technical progress has been made
- Customer demands are tough and a significant portion of the company's resources has been dedicated toward these cases



5 ongoing PoCs¹ and 1 planning PoCs



¹ Proof of Concept (PoC)

AR: Progress continues

- Design-in award and sample purchase order received for an Augmented Reality (AR) display related case, worth in excess of NOK 3.500.000
- This design-in award gives the company an important opportunity to position TLens® for another use case in the AR space
- 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, but anticipated to penetrate into the consumer market later years
- Two use cases : world facing camera & display solutions



AR: Progress continues

- New opportunity for our technology platform identified
- AR market will be an important market for the company

1 design-win

5 design-in's, 4 ongoing PoCs and 5 OEMs planning PoCs

Of the ongoing PoCs, 3 are related to consumer products



Barcode / Industrial

- During the quarter the company received a repeat order related to the EX30/Honeywell reader product
- Customer is reporting good market feedback
- This case represents an important reference for poLight and is clearly generating a lot of interest from other players in the market

*Examples
of EX30 use cases*



Unitech



Janam XG4



PointMobile 451



Urovo RT40

3 design-wins
2 design-ins, 7 PoCs (2 barcode) and 8 OEM's planning PoCs (4 barcode)



Healthcare

- The Kavli activity has generated a lot of activity and the company are serving several new similar cases
- This activity is mainly seen as brand building and to support important research
- The announced design-in related to the compact surgical device is progressing slowly but have the potential of being released to market this year
- The company has identified other similar opportunities and see this an important application area going forward

1 design-win (Kavli)
1 design-in (surgical device)
10 PoCs ongoing and 3 planning PoCs



Good progress in most customer cases

		Design-win	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer	  	3 (3)	0 (0)	27 (22)	7 (7)	3 (8)
Augmented Reality		1 (1)	5 (2)	10 (6)	4 (9)	5 (4)
Industrial	 	3 (3)	2 (2)	14 (14)	7 (6)	8 (9)
Other (e.g. medical)		1 (1)	1 (1)	3 (2)	10 (5)	3 (8)
Number in () represents last quarter		8 (8)	8 (5)	54 (44)	28 (27)	19 (29)

Financial review

Key financials

Income statement

<i>(in NOK million)</i>	Q1 2022	Q1 2021	FY 2021
Revenue	1.5	1.5	10.0
Cost of sales	-0.7	-0.3	-3.9
Research and development expenses	-11.8	-9.2	-25.4
Sales and marketing expenses	-3.9	-1.3	-7.2
Operational / supply chain expenses	-1.6	-2.5	-9.1
Administrative expenses	-2.0	-8.4	-6.9
EBITDA	-18.5	-20.2	-42.4

- Revenue reflects sales of TLens® and ASICs for commercial use and sample deliveries for customer development projects
- EBITDA loss of NOK 18.5 million vs. loss of NOK 20.2 million in Q1 2021
 - In Q1 2021 NOK 6.9 million were recognised in accrued employer's national insurance contributions (NICs) relating to the share option plan.

Balance sheet summary

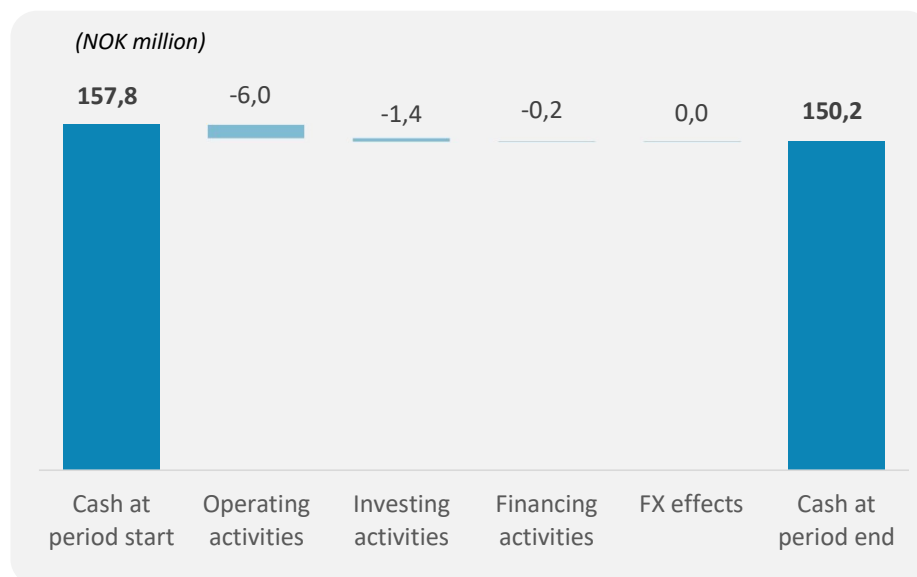
<i>(in NOK million)</i>	Q1 2022	Q1 2021	FY 2021
Intangible assets	30.8	41.1	33.4
Inventories	20.7	8.9	16.8
Cash and cash equivalents	150.2	68.4	157.8
Total equity	193.9	110.1	213.4
Total current liabilities	23.0	23.0	21.3
Total equity and liabilities	220.6	133.1	238.7

- Cash position of NOK 150.2 million, compared with NOK 68.4 million at Q1 2021

Cash Flow

- Q1 cash used in operating activities was NOK 6.0 million, compared with NOK 11.2 million in Q1 2021
 - VAT claim of NOK 11 million were received
- Q1 cash used in investing activities was NOK 1.4 million
- Q1 cash used in financing activities was NOK 0.2 million
- Q1 net decrease in cash was NOK 7.6 million

Q1 2022 cash flow development



Outlook



Outlook

- The quarter has confirmed the potential in several market segments for both current and possible new products
- Activity within the AR area is strong and promising. A first design-win has been achieved and several design-in projects and PoCs are underway
- The AR market is expected to be an important market for the company over time
- poLight continues to position itself with respect to smartphone applications, and good technical progress has been achieved during the quarter, even though all issues likely have not yet surfaced/been resolved
- The situation in China seems to be impacting commercial opportunities in the short term but has not changed poLight's view of the opportunities in this market
- The potential smartphone cases will be pushed back from 2022 to 2023 and beyond
- The focus area going forward will be smartphone, augmented reality barcode and medical applications



Q&A

NEXT EVENTS

Annual General Meeting 2022
Capital Markets Day
Q2-22

25 May 2022
01 June 2022
18 August 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

<i>NOK 000</i>	Note	Q1 2022	Q1 2021	FY 2021
Sale of goods		1 471	823	8 683
Sale of services		0	722	1 350
Revenue		1 471	1 545	10 032
Cost of sales		-685	-314	-3 851
Gross profit		786	1 230	6 182
Research and development expenses net of governmental grants	7,8	-11 750	-9 219	-25 360
Sales and marketing expenses		-3 876	-1 301	-7 224
Operational / supply chain expenses		-1 632	-2 505	-9 139
Administrative expenses	12	-1 980	-8 409	-6 868
Earnings before depreciation and amortisation (EBITDA)		-18 452	-20 204	-42 409
Depreciation and amortisation	9	-2 987	-3 032	-11 923
Operating loss (EBIT)		-21 439	-23 236	-54 332
Net financial items	6	546	225	944
Loss before tax		-20 893	-23 011	-53 388
Income tax expense		-1	-7	-93
Loss for the period		-20 895	-23 018	-53 481

Balance sheet

NOK 000	Note	Q1 2022	Q1 2021	FY 2021
ASSETS				
Property, plant and equipment		3 566	937	2 356
Intangible assets	9	30 811	41 079	33 377
Right-of-use assets		4 512	645	4 778
Total non-current assets		38 889	42 661	40 511
Inventories		20 695	8 852	16 836
Trade and other receivables	8	8 122	8 727	22 078
Prepayments		2 706	4 421	1 456
Cash and cash equivalents		150 151	68 417	157 810
Total current assets		181 674	90 417	198 180
Total assets		220 563	133 077	238 691
EQUITY AND LIABILITIES				
Share capital		2 077	1 826	2 077
Share premium		813 664	683 411	813 632
Reserves		1 023	1 001	1 035
Retained earnings		-622 864	-576 178	-603 335
Equity attributable to equity holders of the parent		193 901	110 060	213 409
Non-controlling interests		0	0	0
Total equity		193 901	110 060	213 409
Lease liabilities		3 686	0	3 934
Total non-current liabilities		3 686	0	3 934
Trade and other payables	10	21 515	21 242	19 906
Current lease liabilities		961	586	942
Provisions		500	1 189	500
Total current liabilities		22 976	23 018	21 349
Total liabilities		26 662	23 018	25 282
Total equity and liabilities		220 563	133 077	238 691

Cash flow

NOK 000	Note	Q1 2022	Q1 2021	FY 2021
Operating activities				
Loss before tax		-20 893	-23 011	-53 388
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets		420	465	1 654
Amortisation of intangible assets	9	2 567	2 567	10 269
Net finance income		-546	-225	-944
Equity-settled share-based payments		1 366	1 079	4 385
Other non-cash items		-173	219	937
Changes in unrealised net foreign exchange rate differences/fluctuations		37	73	21
Changes in working capital:				
Decrease (+) in trade and other receivables and prepayments		10 942	-546	-11 332
Increase (-) in inventories		-3 860	314	-7 669
Increase (+) in trade and other payables	10	1 609	10 558	9 223
Changes in provisions and government grants		1 764	-2 665	-2 954
Interest received	6	808	19	585
Interest paid	6	-89	-11	-203
Income tax paid		-1	-7	-129
Net cash flows used in operating activities		-6 049	-11 170	-49 546
Investing activities				
Purchase of property, plant and equipment		-1 365	-247	-2 142
Net cash flows used in investing activities		-1 365	-247	-2 142
Financing activities				
Proceeds from issue of ordinary shares		0	0	137 803
Proceeds from exercise of share options		33	3 204	3 397
Transaction costs on issue of shares		0	-6	-7 530
Payment of lease liabilities		-229	-462	-1 355
Net cash flows from/(used in) financing activities		-196	2 736	132 315
Net increase in cash and cash equivalents		-7 610	-8 681	80 627
Effect of exchange rate changes on cash and cash equivalents		-49	-112	-26
Cash and cash equivalents at the start of the period		157 810	77 209	77 209
Cash and cash equivalents at the close of the period		150 151	68 417	157 810