



Third quarter 2022

Earnings presentation 3 November 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

- Follow-on order from an Augmented Reality (AR) customer, - confirms that an enterprise AR product using TLens® will be on the market in 2022
- Other AR cases also progressing well – encouraging pipeline building up
- Xenocore has confirmed use of TLens® in their next generation disposable laparoscope (Saberscope), which is in qualification stage
- Increased activity in the industrial market, especially barcode related
- Teledyne e2v launched “Optimom 2M – Multi Focus Lens” at Vision exhibition in Stuttgart, - their 2nd generation camera powered by TLens®
- Smartphone cases actively pursued, - likely that market demand for higher performance selfie camera will increase over time



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 17 worldwide patent families, 9 pending applications and 4 registered trademarks
- 37 employees including long-term consultants
- Headquartered in Horten, Norway, with employees in Finland, France, UK, USA, China and Taiwan

Geographical footprint

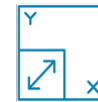


poLight enables unique use cases



Instant
focus

+



Small real
estate

+



Constant
field of
view

+



Extremely low
power
consumption

poLight products & technology well-suited for several applications



Smartphones, wearables, accessories

- Smartphone represent a large addressable market for which billions of cameras are produced each year
- 1,5 billion phones per year with 1 front camera and an average of 3 back cameras
- Camera function key
- 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
- Endoscopy and automobile are just two examples of new opportunities for poLight technology

TLens[®] customer-wins

MAXHUB
UC W20

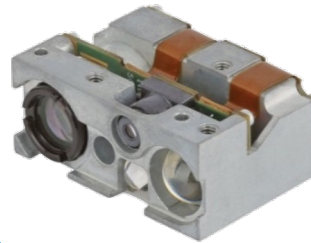


MAXHUB[®]

XIAOMI Mi
Bunny 4 Pro
smart watch

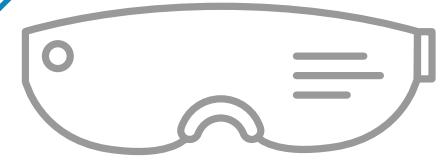


Honeywell
EX 30 barcode
scanner



Honeywell

XUN
Smartwatch
Max Pro



Augmented reality
– world-facing camera



Barcode reader
– industrial application



Machine Vision
– direct marking reading



Barcode reader
– assembly line

Operations and market review



Consumer/smartphone: Add-in TLens[®] design opens opportunities

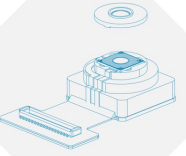
- Add-in TLens[®] design is attracting good interest
- Several reference designs have been developed to position TLens[®] for various use cases
- During the quarter, the focus has been on smartphone and augmented reality applications
- Other applications, such as webcams, drones, etc. also being explored
- Selfie smartphone camera solution still the most relevant short/medium-term
- The company continued to use a lot of resources during the quarter to position itself for the smartphone market

3 design-win, 8 ongoing PoCs¹ and 10 planning PoCs

8 PoC: 3 AR, 4 smartphone, 1 iris



¹ Proof of Concept (PoC)



AR: a enterprise product using TLens[®] will be on the market in 2022

- TLens is being considered by several important market players
- Low power consumption, no gravity sensitivity, temperature stabilisation, high speed and compactness key
- Follow-on order from an Augmented Reality (AR) customer and confirmed that an enterprise AR product using TLens[®] will be on the market in 2022
- Further design-wins could be achieved within the next 6 months
- Two use cases : world facing camera & display solutions

1 design-win, 5 design-in's (1 consumer), 4 ongoing PoCs (3 consumer) and 9 planning PoC



Enterprise &
Consumer
use cases

Logistic

Education

Healthcare

Manufacturing

Barcode / Industrial

- Teledyne e2v launched “Optimom 2M – Multi Focus Lens” at Vision exhibition in Stuttgart, - their 2nd generation camera powered by TLens[®]
- The opportunity pipeline for this market segment is quite promising
- It will, however, take time to develop this market and will require entry into some broader application areas
- Over and above barcode applications, the company is involved in various other industrial applications.

4 design-wins, 1 design-in (Teledyne), 12 PoCs (8 barcode), and 12 planning (8 barcode)



Innovative Multi Focus



Unique technology

- Teledyne e2v's proprietary solution

High sensitivity

- Wide F/4.0 aperture to maximize light capture

Low power

- < 200 mW for Optimom 2M Multi Focus

Fast focus adjustment

- Response time < 1ms

Easy control

- Through FFC/FPC connector and I²C lane

Reliable solution

- Resistant to temperature and electromagnetic effect



Healthcare

- Xenocore has confirmed use of TLens® in their next generation disposable laparoscope (Saberscope), - undergoing qualification (<https://xenocor.com>)
 - Related to the announcements made 20 August 2021 and 21 September 2021
- The Kavli activity has generated a lot of activity and the company are serving several new similar cases – representing more than half the ongoing PoC
- The other ongoing PoC are more related to commercial companies having the potential to use TLens® in commercial products
- The company continues to support selected opportunities in this market segment
- Over time this market sector can potentially become an important part of poLight

1 design-win (Kavli), 1 design-in (surgical device, Xenocore),
12 PoCs ongoing and 7 planning PoC



Good progress in most customer cases

		Design-win	Project	Completed PoC	Ongoing PoC	Planning PoC
Consumer	  	3 (3)	0 (0)	30 (28)	5 (7)	6 (5)
Augmented Reality		1 (1)	5 (5)	11 (10)	4 (5)	9 (6)
Industrial 		4 (4)	1 (1)	17 (17)	12 (9)	12 (11)
Other (e.g. medical, etc)	 	1 (1)	1 (1)	3 (3)	12 (10)	9 (7)
Number in () represents last quarter		9 (9)	7 (7)	61 (58)	33 (31)	36 (29)

Financial review



Key financials

Income statement

<i>(in NOK million)</i>	Q3 2022	Q3 2021	FY 2021
Revenue	5.3	1.7	10.0
Cost of sales	-2.1	-0.9	-3.9
Research and development expenses	-7.2	-2.0	-25.4
Sales and marketing expenses	-2.6	-1.3	-7.2
Operational / supply chain expenses	-1.9	-1.4	-9.1
Administrative expenses	-2.8	0.9	-6.9
EBITDA	-11.3	-2.9	-42.4

- Revenue reflects sales of TLens® and ASICs of NOK 3.1 million and NOK 2.2 million in revenue from NRE “non-recurring engineering” relating to customer development projects
- EBITDA loss of NOK 11.3 million vs. loss of NOK 2.9 million in Q3 2021
 - Increased sales resources and R&D/operational personnel
 - Due to share price decline in the Q3 last year, NOK 5 million in accrued employer’s national insurance contributions (NICs) relating to the share option plan, has been reversed (negative expense).

Balance sheet summary

<i>(in NOK million)</i>	Q3 2022	Q3 2021	FY 2021
Intangible assets	26.7	35.9	33.4
Inventories	36.0	12.2	16.8
Cash and cash equivalents	104.4	164.1	157.8
Total equity	166.2	207.7	213.4
Total current liabilities	15.7	16.9	21.3
Total equity and liabilities	185.1	228.7	238.7

- Cash position of NOK 104.4 million, compared with NOK 164.1 million at Q3 2021
- Inventory of NOK 36.0 million compared with NOK 12.2 million at Q3 2021.
 - The inventory has increased by NOK 19.2 year to date
 - The increase in inventories mainly relates to wafers from ST Microelectronics (long lead-time components)
 - Improves the readiness for potential volume customers

Cash Flow

- Q3 cash used in operating activities was NOK 19.6 million, compared with NOK 9.1 million in Q3 2021
 - Increased inventory by NOK 5.5 million in the quarter
- Q3 cash used in investing activities was NOK 0.3 million
- Q3 net decrease in cash was NOK 20.1 million

Q3 2022 cash flow development



Outlook

- The activity level is high and is reflecting a growing pipeline
- Several smartphone OEMs are experiencing reduced sales impacting their willingness to invest in new releases and implies increased cost awareness
- However, the increasing pressure on better performance selfie camera, and changes to the handling of the pandemic, will potentially change the situation over time
- The company will continue to use resources to position itself for the smartphone market
- The AR opportunities is developing positively, and first enterprise AR product using TLens® is confirmed to be in the market in 2022 - major milestone !
- poLight is involved with both AR enterprise/professional and AR consumer use cases, both for camera and display applications
- Market segments, such as industrial and medical, is less impacted by the current sentiment, and is progressing as expected



Q&A

NEXT EVENT

Q4-22 16 February 2023





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.



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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



Grethe Viksaas – *Board Chair, 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.



Ann-Tove Kongsnes – *Board member*

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.



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	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Sale of goods		3 092	1 696	6 498	4 777	8 683
Rendering of services		2 181	0	2 771	1 350	1 350
Revenue		5 272	1 696	9 270	6 126	10 032
Cost of sales		-2 086	-930	-3 517	-2 540	-3 851
Gross profit		3 186	766	5 753	3 587	6 182
Research and development expenses net of governmental grants	7,8	-7 175	-1 967	-26 780	-18 808	-25 360
Sales and marketing expenses		-2 633	-1 270	-9 373	-3 933	-7 224
Operational / supply chain expenses		-1 942	-1 366	-6 272	-6 409	-9 139
Administrative expenses		-2 759	950	-7 023	-11 179	-6 868
Operating result before depreciation and amortisation (EBITDA)		-11 322	-2 886	-43 694	-36 742	-42 409
Depreciation and amortisation	9	-2 271	-3 080	-8 013	-8 973	-11 923
Operating result (EBIT)		-13 594	-5 967	-51 706	-45 716	-54 332
Net financial items	6	704	-49	664	184	944
Loss before tax		-12 890	-6 016	-51 042	-45 532	-53 388
Income tax expense		-49	-61	-53	-106	-93
Loss for the period		-12 939	-6 076	-51 095	-45 637	-53 481

Balance sheet

NOK 000	Note	Q3 2022	Q3 2021	FY 2021
ASSETS				
Property, plant and equipment		6 612	1 393	2 356
Intangible assets	9	26 674	35 944	33 377
Right-of-use assets		3 982	5 025	4 778
Total non-current assets		37 268	42 363	40 511
Inventories		36 025	12 236	16 836
Trade and other receivables	8	4 071	8 662	22 078
Prepayments		3 366	1 354	1 456
Cash and cash equivalents		104 413	164 067	157 810
Total current assets		147 875	186 318	198 180
Total assets		185 143	228 681	238 691
EQUITY AND LIABILITIES				
Share capital		2 078	2 053	2 077
Share premium		209 573	247 263	209 320
Reserves		1 136	1 036	1 035
Retained earnings		-46 563	-42 616	977
Total equity		166 223	207 736	213 409
Lease liabilities		3 178	4 013	3 934
Total non-current liabilities		3 178	4 013	3 934
Trade and other payables	10	14 244	14 661	19 906
Current lease liabilities		998	1 083	942
Provisions		500	1 189	500
Total current liabilities		15 742	16 932	21 349
Total liabilities		18 920	20 945	25 282
Total equity and liabilities		185 143	228 681	238 691

Cash flow

NOK 000	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Operating activities						
Profit / loss (-) for the period		-12 890	-6 016	-51 042	-45 531	-53 388
Adjustments for:						
Depreciation of property, plant and equipment and right-of-use assets		453	513	1 309	1 272	1 654
Amortisation of intangible assets	9	1 819	2 567	6 703	7 701	10 269
Net finance income		-704	49	-664	-184	-944
Equity-settled share-based payments		1 021	894	3 554	2 785	4 385
Other non-cash items		399	138	-431	349	937
Changes in unrealised net foreign exchange rate differences/fluctuations		-32	-3	-73	5	21
Changes in working capital:						
Increase (-) in trade and other receivables and prepayments		-234	-737	10 384	634	-11 332
Increase (-) in inventories		-5 530	-3 665	-19 190	-3 072	-7 669
Decrease (-) in trade and other payables	10	-8 626	-5 314	-5 663	3 977	9 223
Changes in provisions and government grants		4 511	2 581	5 713	-712	-2 954
Interest received	6	385	0	1 344	28	585
Interest paid	6	-80	-96	-253	-110	-203
Income tax paid		-49	-61	-53	-106	-129
Net cash flows used in operating activities		-19 556	-9 150	-48 361	-32 965	-49 546
Investing activities						
Purchase of property, plant and equipment		-301	-550	-4 764	-900	-2 142
Net cash flows used in investing activities		-301	-550	-4 764	-900	-2 142
Financing activities						
Proceeds from issuance of ordinary shares		0	125 000	0	125 000	137 803
Proceeds from exercise of share options		0	0	254	3 204	3 397
Transaction costs on issue of shares		0	-6 431	0	-6 437	-7 530
Payment of lease liabilities		-238	-441	-700	-1 038	-1 355
Net cash flows from/(used in) financing activities		-238	118 128	-446	120 729	132 315
Net increase in cash and cash equivalents		-20 095	108 428	-53 571	86 865	80 627
Effect of exchange rate changes on cash and cash equivalents		69	7	174	-8	-26
Cash and cash equivalents at the start of the period		124 438	55 631	157 810	77 209	77 209
Cash and cash equivalents at the close of the period		104 413	164 066	104 413	164 066	157 810