



Third quarter 2023

Earnings presentation

2 November 2023

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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

- Order for Mini2P application from company planning to sell Mini2P solution to research institutes.
- Follow-on order for a Machine Vision/code scanner customer from China.
- Multiple customer proof of concept (PoC) projects and variety of improvement projects kept the pressure on the organisation during the third quarter, although the period was relatively sluggish from an order intake and revenue perspective.



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 21 worldwide patent families, 8 pending applications and 4 registered trademarks
- 40 employees including long-term consultants
- Headquartered in Horten, Norway, with employees in Finland, France, UK, US, China, Taiwan and Philippines.
- Listed in Oslo Stock Exchange (PLT) in 2018

Geographical footprint

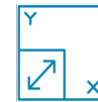


poLight enables unique use cases



Instant
focus

+



Small real
estate

+



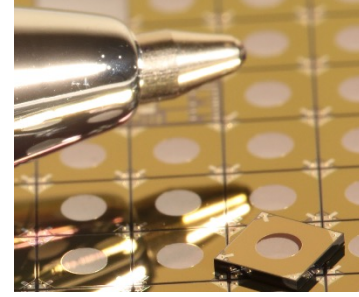
Constant
field of
view

+

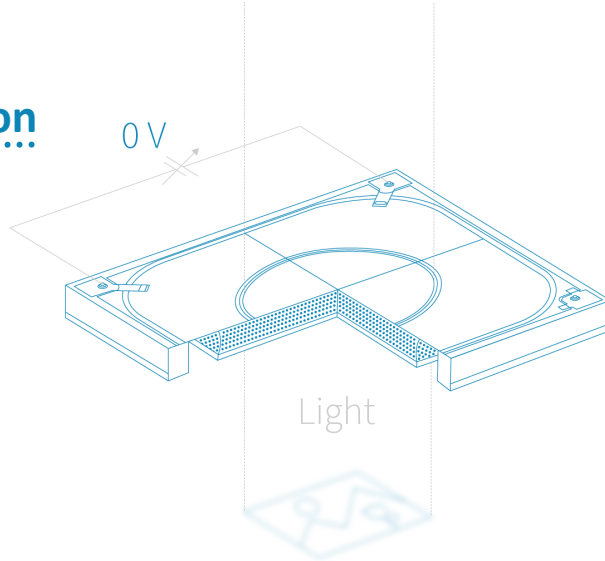


Extremely low
power
consumption

TLens[®] Actuator: Enabling Smallest, Lowest Power, Fastest AF Cameras & Laser Projectors

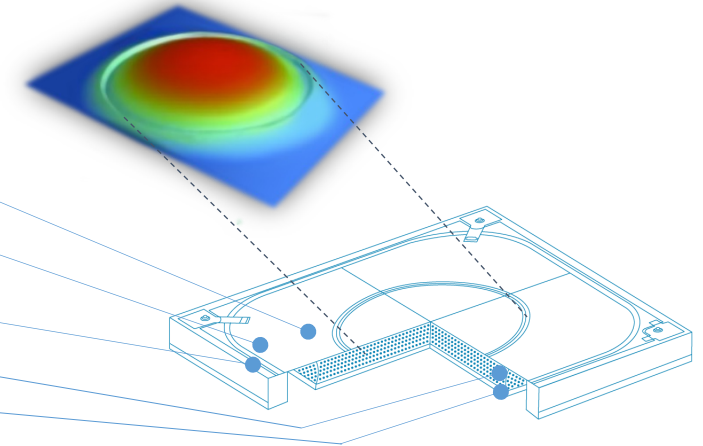


Principle of operation

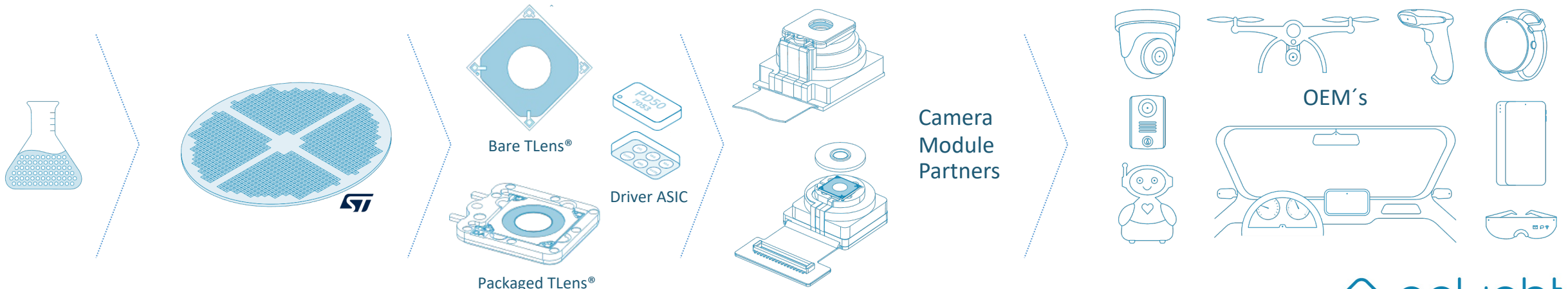


Implementation

Piezo MEMS film
Glass membrane
Silicon
Polymer
Glass window



From Gel > MEMS Wafer > TLens[®] > Camera module > OEM



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 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 two examples of new opportunities for poLight technology

TLens[®] customer-wins



Operations and market review





Use case: Consumer



Consumer: Still challenging sentiment

- During the quarter, the focus was on smartphone and augmented reality applications
- Other applications, such as webcams, laptop, smarthome, wearable, etc. are also being explored
- Consumer market remains challenging and is focused on cost reduction rather than implementing new, innovative and more expensive technology
- Currently impacting our ability to achieve new smartphone design-wins
- Nevertheless, we continue to be persistent and push the TLens® message

Design-win	Design-in	Completed PoC	Ongoing PoC	Planning PoC
4 (4)	0 (0)	37 (34)	3 (5)	9 (10)



First smartphone using TLens® on the market – roadshow continues

- Demonstration of the Meizu 20 Infinity, using TLens® in the selfie camera, continued during the quarter
- From a performance perspective, the feedback has been positive
- The cost difference between a TLens®-based AF camera and a non-AF or VCM-based AF solution is dampening interest in the current market climate
- The cost difference is mainly due to less mature assembly processes, for the add-in designs, at the camera module partners



The Meizu 20 Infinity is designed with an alloy of glass and ceramic. It is protected by Meizu Titan Glass made of a sapphire alloy.

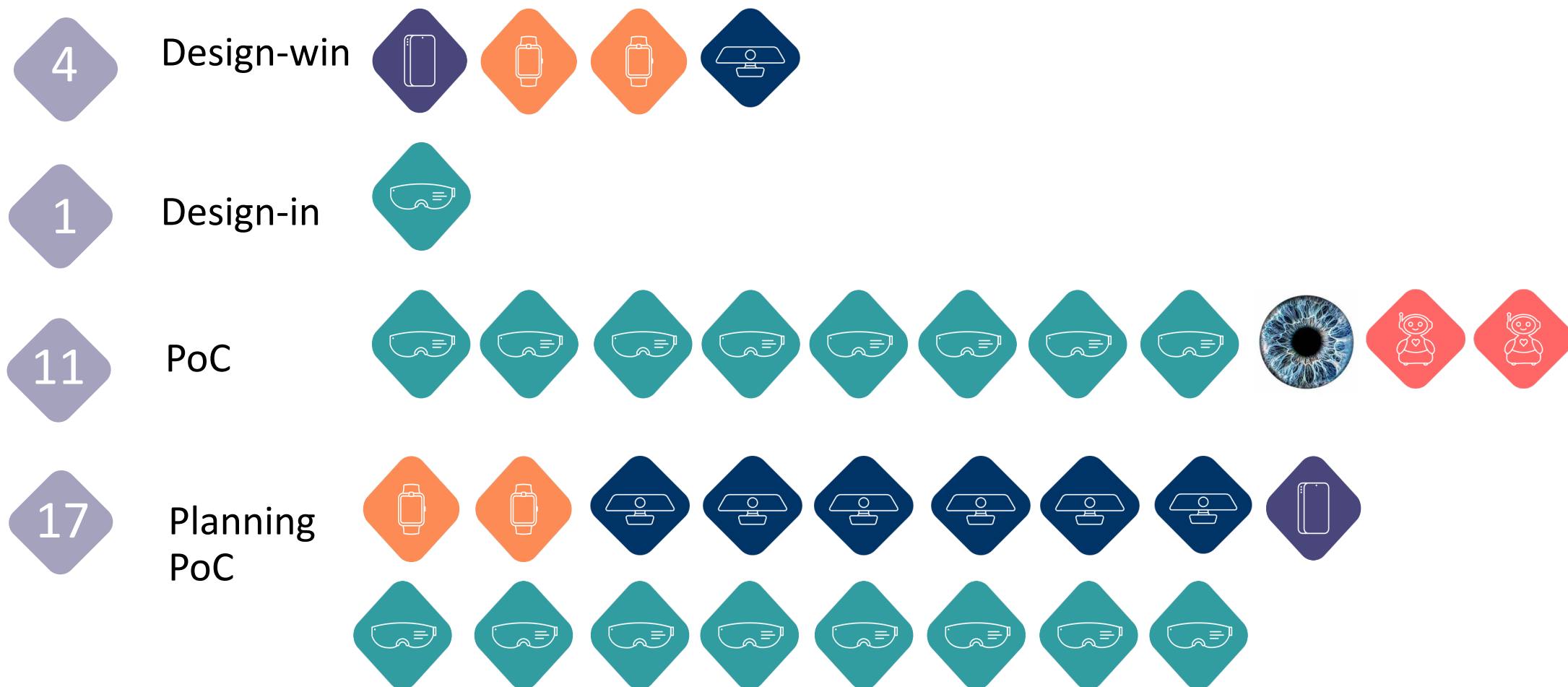
Among other highlights, its selfie camera is equipped with a hybrid lens TLens ® latest innovation of the company poLight which aims to revolutionize the autofocus on our mobile devices.

Key actions to secure TLens® adaption in smartphone

- Focus on maturing and cost optimise TLens® - based camera module solutions;
- Addressing both component and system level aspects
- Continue to enhance important performance parameters
- Actively develop the capability and relationships with existing and new camera module partners with respect to various add-in designs
- Address higher value applications such as back-facing cameras, - create new reference designs
- Continue demonstrating performance of the Meizu 20 Infinity phone
- Key actions also for AR/MR space



Status on consumer





Use case:
AR



AR/MR: Strong position in a mega trend

- Why TLens® - Key selling points;
 - Enables ultra-compact size camera modules
 - Ultra-low power consumption
 - Fast focusing speed
 - Constant field of view (FOV) and high optical stability
 - No gravity impact even when head is moving
 - Athermalisation - robust focusing over temperature range near high heat components (fixed focus camera goes out of focus)
- TLens® camera AR use cases
 - Fast sharp focusing of object/text regardless of distance
 - Fast QR / barcode scanning regardless of distance
 - Hand gesture recognition
 - All-in-Focus still images regardless of where the objects or texts are in the scene
 - Continuous video focus when recording moving objects



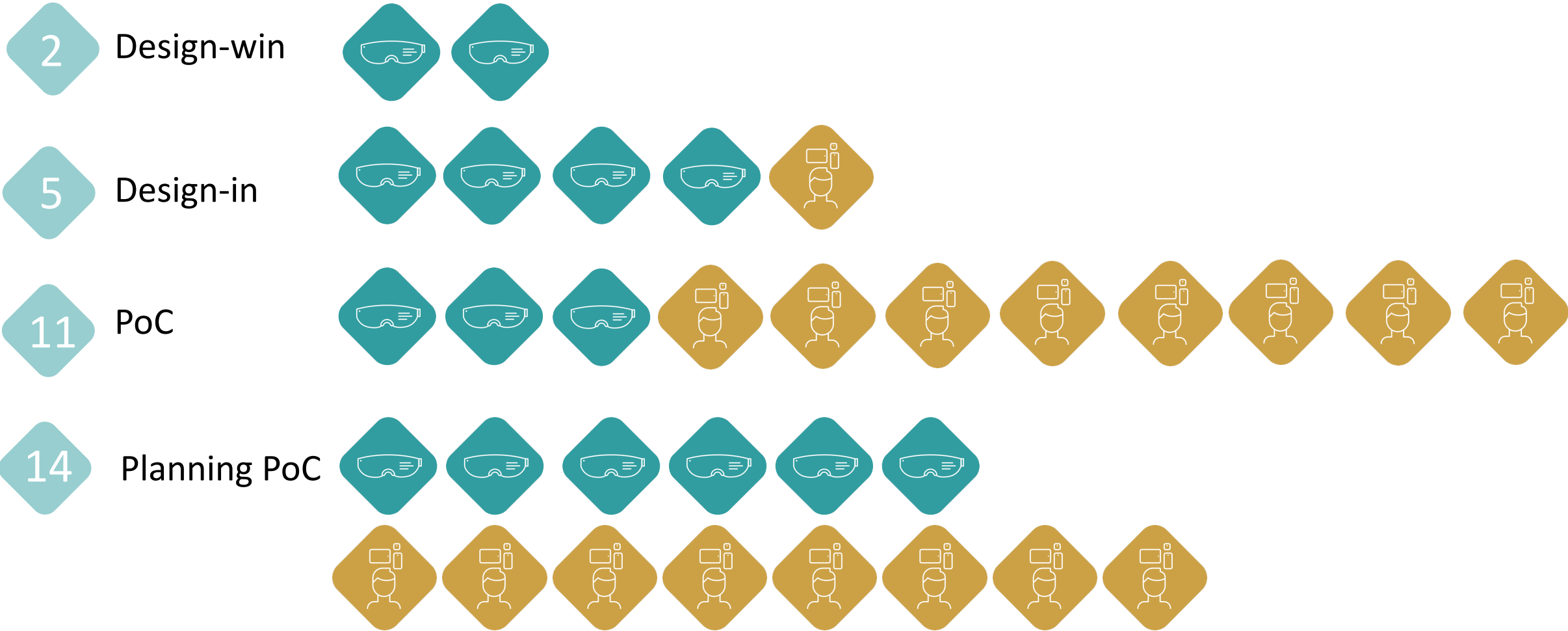
AR/MR market segment continued to develop positively for poLight during the quarter

- TLens® is used/planned for use in both world facing camera applications and display
- The company is currently used in two AR enterprise products already released to market – Magic Leap 2 and LLVision
- Still 5 design-in's
 - Of which 2 may be launched/announced end of 2023, - but risk for further delays
 - 1 confirmed delayed
 - The consumer related case is progressing very well – promising high-volume case
- Further a potential new product called TWedge®, enhancing μ LED AR display resolution, is receiving good interest.
 - Recently carried our roadshow in US. Positive feedback

Design-win	Design-in	Completed PoC	Ongoing PoC	Planning PoC
2 (2)	5 (5)	13 (12)	11 (11)	14 (12)



Status on AR/VR





Use case:
Industrial



Barcode / Industrial

- Superlead placed a follow-on order worth NOK 1.15 million during the quarter and
- Superlead is now uses TLens® in four products
- Currently five companies use TLens® in commercially available products (design-wins)
- All five cases are still shipping to customers and are expected to do so for several more years
- Other existing customers are also considering expanding their use of TLens®

Design-win	Design-in	Completed PoC	Ongoing PoC	Planning PoC
5 (5)	1 (0)	30 (27)	12 (15)	7 (10)



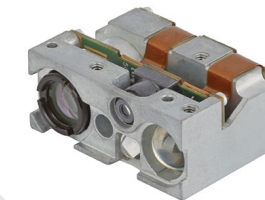
Innovative Multi Focus



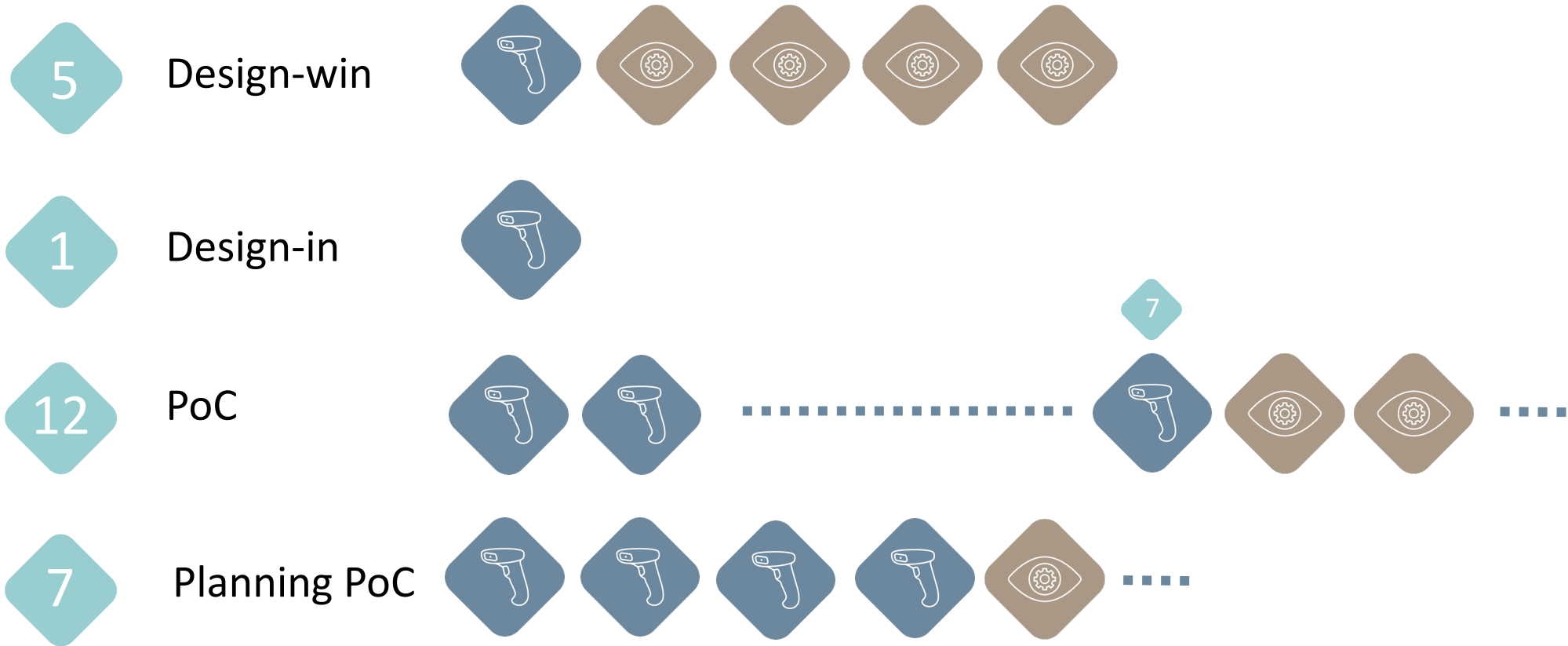
- Unique technology**
 - Teledyne e2v's proprietary solution
- High sensitivity**
 - Wide F/4.0 aperture to maximize light capture
- Low power**
 - < 200 mW for Optimom 2M Multi Focus
- Fast focus adjustment**
 - Response time < 1ms
- Easy control**
 - Through FFC/FPC connector and I2C lane
- Reliable solution**
 - Resistant to temperature and electromagnetic effect

TELEDYNE

Honeywell



Status on Barcode/Industrial





Use case:
Healthcare & Automotive

Healthcare

- The Xenocor (<https://xenocor.com>) case ;
 - Initial human trials carried out
 - Experiencing some unexpected delays in the market launch
- Cooperation with Kavli Institute at the Norwegian University of Science and Technology (NTNU), and the contribution the company has made to the development of the Mini2P microscope, has led to several similar engagements
- Lately, for example, the company has also begun collaborating with commercial players supplying products to the various research laboratories around the world
- In addition to this, poLight is engaged in several commercial endoscope cases.

1 design-win, 2 design-in, 17 PoCs ongoing and 6 planning PoC



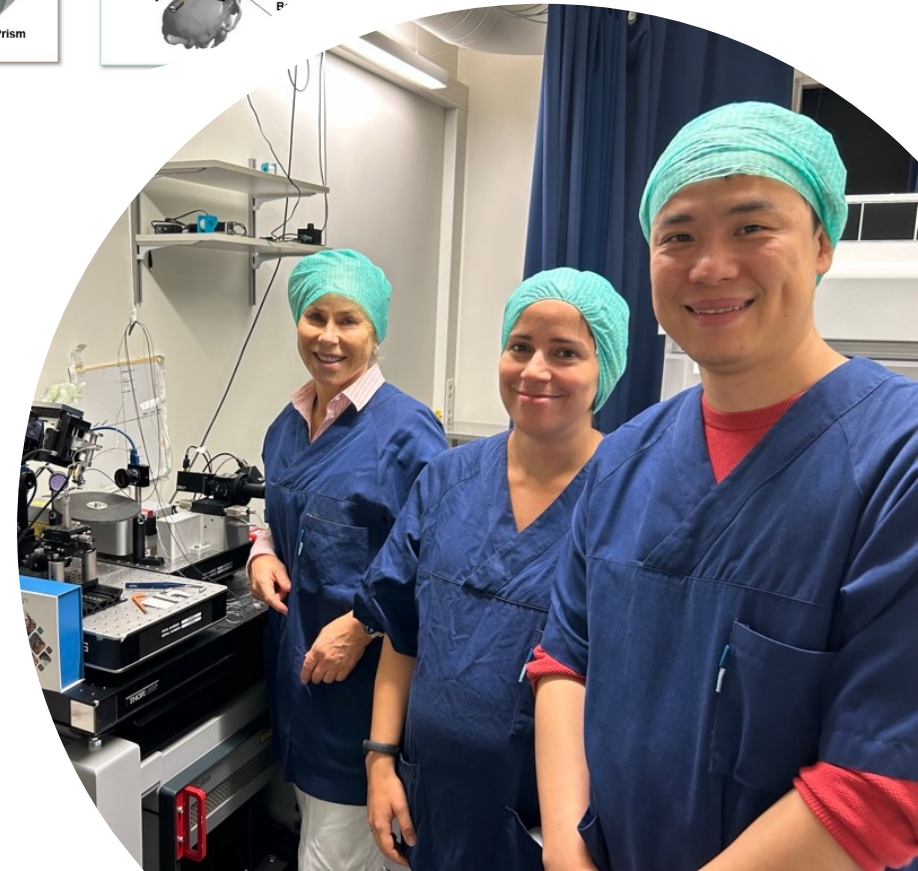
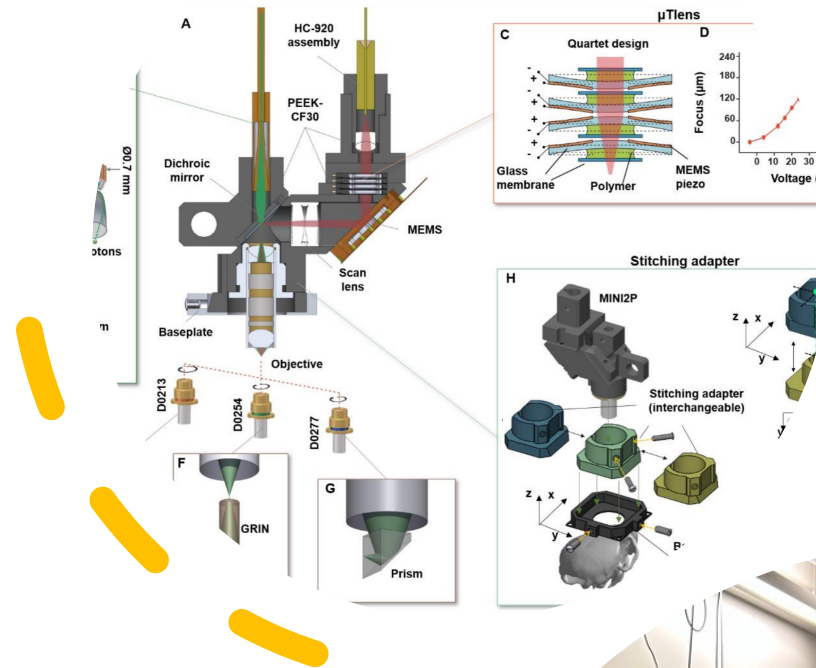
Mini2P – a key reference

“TLens® has been instrumental to achieve the performance of Mini2P system.

The speed and temperature stability of TLens® is much better than any other tuneable lens we have tested, implying we can achieve results we never have been able to do before.

This is very important for our research to understand the mechanism of information coding in the brain.

We have seen a lot of interest in our work from many other research groups around the world. TLens® will continue to be important for our future solutions, says Dr. Weijian Zong”



Shaping the Tunable Optics Future

Automotive – a nontrivial volume opportunity











- In-cabin camera requirement demand new solution
- Autonomous driving drives step change in camera adoption
- The use case calls for non-mechanical focusing solution
- This market segment will be challenging to penetrate
- There is a need for new technology, and TLens® is one of the solutions being explored
- Market is significant but it will take many years to develop



0 design-win, 0 design-in, 3 PoCs ongoing and 5 planning PoC

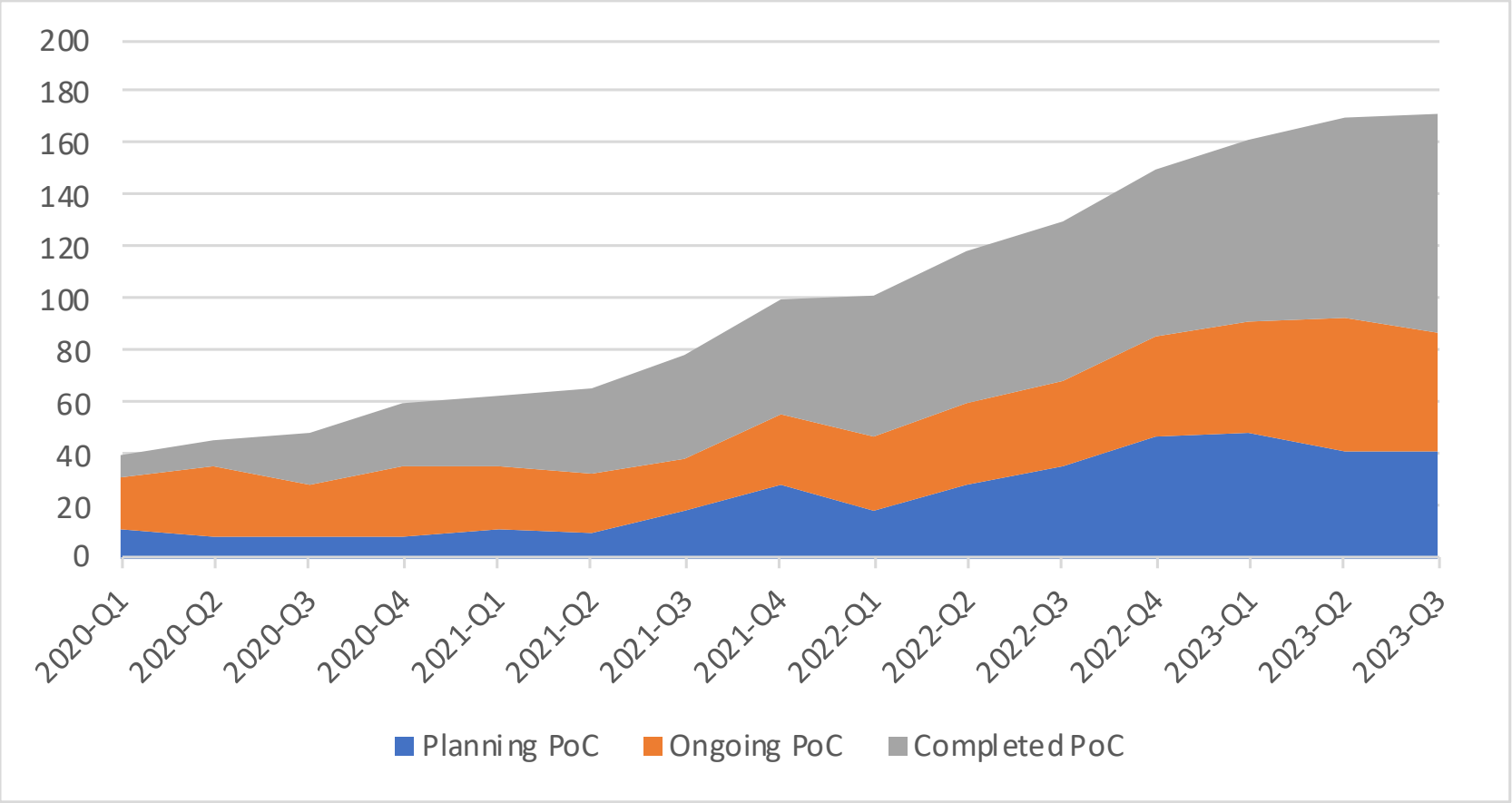


Promising pipeline

		Design-win	Design-in	Completed PoC	Ongoing PoC	Planning PoC
Consumer	  	4 (4)	0 (0)	37 (34)	3 (5)	9 (10)
Augmented/Mixed Reality	 	2 (2)	5 (5)	13 (12)	11 (11)	14 (12)
Industrial 	 	5 (5)	1 (0)	30 (27)	12 (15)	7 (9)
Other (medical, automotive)	 	1 (1)	2 (2)	5 (5)	20 (20)	11 (10)
Number in () represents last quarter		12 (12)	8 (7)	85 (78)	46 (51)	41 (41)

poLight PoC pipeline development

Planning PoC,
PoC,
Completed PoC



Financial review



Key financials

Income statement

<i>(in NOK million)</i>	Q3 2023	Q3 2022	FY 2022
Revenue	3.1	5.3	13.4
Cost of sales	-0.5	-2.1	-4.8
Research and development expenses	-8.0	-7.2	-32.9
Sales and marketing expenses	-4.0	-2.6	-13.1
Operational / supply chain expenses	-4.9	-1.9	-9.2
Administrative expenses	-6.1	-2.8	-12.1
EBITDA	-20.5	-11.3	-58.7

- Revenue reflects sales of TLens® and ASICs of NOK 3.1 million for commercial use and to customer development projects
- EBITDA loss of NOK 20.5 million vs. loss of NOK 11.3 million in Q3 2022
 - Increased number of employees +3.
 - NOK 3.9 million in share option expense (Q3-2022: NOK 0.3) including accrued employer's national insurance contributions (NICs)

Balance sheet summary

<i>(in NOK million)</i>	Q3 2023	Q3 2022	FY 2022
Intangible assets	19.4	26.7	24.9
Inventories	69.6	36.0	45.6
Cash and cash equivalents	132.8	104.4	84.2
Total equity	224.3	166.2	150.7
Total current liabilities	16.0	15.7	24.6
Total equity and liabilities	242.4	185.1	178.2

- Cash position of NOK 132.8 million, compared with NOK 84.2 million at year end 2022
- Inventory of NOK 69.6 million compared with NOK 45.6 million at 31.12.2022.
 - The inventory has increased by NOK 3.3 during the quarter
 - The increase in inventories mainly relates to wafers from ST Microelectronics (long lead-time components)

Cash Flow

- Q3 cash used in operating activities was NOK 20.3 million, compared with NOK 19.6 million in Q3 2022
- Q3 net decrease in cash was NOK 20.3 million

Q3 2023 cash flow development



Outlook



Outlook

- Consumer market remains challenging, - no sign of improvement short term
- poLight will continue to address this market by actively capitalising on its first important smartphone reference and by
- focusing on maturing, improving and cost optimise TLens®-based camera module solutions
- AR will be a key market for poLight going forward
- Good match between market need and the properties of the TLens®, and potentially also the TWedge® at a later stage
- Automotive and healthcare market being explored – could become very important
- poLight plans to continue strengthening its organisation to enable it to address all the above-mentioned opportunities and challenges in a professional and robust manner



Q&A

NEXT EVENT;

- Q4-23 Report

27 February 2024



A young woman with dark hair, wearing a pink hoodie and pink-rimmed glasses, is smiling and taking a selfie with a smartphone. She is holding the phone up with her right hand and waving with her left. The background is a blurred city street with buildings. Surrounding the central image are several icons: a blue speaker icon with sound waves in the top left; a cardboard box in the top right; a green map icon in the middle right; a teal icon of a pair of glasses in the bottom right; a teal icon of a smartphone in the bottom center; and a blue icon of a graph with an upward arrow in the bottom left.



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



Grethe Viksaas – **Board Chair, independent**

Grethe Viksaas has had a long career in 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 held 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, Crayon Group Holding ASA and CatalystONE Solutions Holding AS. She also chairs Farmforce AS's board of directors. Ms Viksaas has a master's degree in computer science from the University of Oslo.



Ann-Tove Kongsnes – **Deputy Chair**

Ann-Tove Kongsnes is an Investment Director and Deputy CEO at Investinor AS. Over the course of her career, Kongsnes has gained extensive experience of investment, development, M&A, IPOs and exits of technology companies. Prior to her present position, she worked for seven years in international marketing, and was formerly a Director of Marketing and Operations. Ms Kongsnes has extensive board experience, and currently serves on the boards of six of Investinor's portfolio companies. She also serves on or chairs four nomination committees. She holds an MSc in Economics and Business Administration from HIB and took the Advanced Program in Corporate Finance at NHH.



Sverre-Tore Larsen - **Board member, independent**

Sverre-Tore Larsen is CEO of Nordic Semiconductor, a position he has held since 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 worked at Philips Semiconductor. Sverre-Tore Larsen has a degree in Electrical Engineering from the University of Strathclyde, UK.



Thomas Görling - **Board member, independent**

Thomas Görling is a Senior Investment Director at Stiftelsen Industrifonden (Sweden) and is closely involved in building successful technology companies. Representing Industrifonden, he has served on several portfolio company boards, at present HVR Cardio Oy (Finland) and eBuilder AB (Sweden). Before joining Industrifonden in 1998, Mr Görling held management positions within the European optical instrument and systems industry. He holds a Master of Science degree from the Royal Institute of Technology in Stockholm and studied business economics at Stockholm University.

Statement of income

NOK 000	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Sale of goods		2 947	3 092	17 059	6 498	10 034
Rendering of services		103	2 181	305	2 771	3 328
Revenue		3 051	5 272	17 364	9 270	13 363
Cost of sales		-469	-2 086	-8 164	-3 517	-4 826
Gross profit		2 581	3 186	9 200	5 753	8 536
Research and development expenses net of governmental grants	6,9	-7 995	-7 175	-24 255	-26 780	-32 907
Sales and marketing expenses		-4 029	-2 633	-11 841	-9 373	-13 122
Operational / supply chain expenses		-4 886	-1 942	-11 836	-6 272	-9 179
Administrative expenses		-6 147	-2 759	-13 789	-7 023	-12 068
Operating result before depreciation and amortisation (EBITDA)		-20 475	-11 322	-52 521	-43 694	-58 740
Depreciation and amortisation and net impairment losses	8	-2 616	-2 271	-7 165	-8 013	-10 400
Operating result (EBIT)		-23 092	-13 594	-59 686	-51 706	-69 140
Net financial items	7	1 626	704	1 874	664	1 496
Loss before tax		-21 466	-12 890	-57 812	-51 042	-67 644
Income tax expense		-81	-49	-110	-53	-242
Loss for the period		-21 547	-12 939	-57 922	-51 095	-67 886

Balance sheet

NOK 000	Note	Q3 2023	Q3 2022	FY 2022
ASSETS				
Property, plant and equipment		9 848	6 612	10 748
Intangible assets	8	19 399	26 674	24 855
Right-of-use assets		3 055	3 982	3 871
Total non-current assets		32 302	37 268	39 474
Inventories		69 632	36 025	45 577
Trade and other receivables	9	7 298	4 071	8 386
Prepayments		419	3 366	557
Cash and cash equivalents		132 772	104 413	84 249
Total current assets		210 121	147 875	138 769
Total assets		242 423	185 143	178 242
EQUITY AND LIABILITIES				
Share capital		2 648	2 078	2 078
Share premium		271 300	209 573	145 785
Reserves		1 369	1 136	1 130
Retained earnings		-51 050	-46 563	1 699
Total equity		224 267	166 223	150 692
Lease liabilities		2 136	3 178	2 970
Total non-current liabilities		2 136	3 178	2 970
Trade and other payables	10	13 856	14 244	22 480
Current lease liabilities		1 163	998	1 100
Provisions		1 000	500	1 000
Total current liabilities		16 020	15 742	24 581
Total liabilities		18 156	18 920	27 550
Total equity and liabilities		242 423	185 143	178 242

Cash flow

NOK 000	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Operating activities						
Profit / loss (-) for the period		-21 466	-12 890	-57 812	-51 042	-67 644
Adjustments for:						
Depreciation of property, plant and equipment and right-of-use assets		797	453	1 709	1 309	1 877
Amortisation of intangible assets	8	1 819	1 819	5 456	6 703	8 522
Net finance income		-1 626	-704	-1 874	-664	-1 496
Equity-settled share-based payments		3 198	1 021	5 173	3 554	4 821
Other non-cash items		1 260	399	1 484	-431	-430
Changes in unrealised net foreign exchange rate differences/fluctuations		-127	-32	46	-73	143
Changes in working capital:						
Increase (-) in trade and other receivables and prepayments		-1 548	-234	-1 523	10 384	11 925
Increase (-) in inventories		-3 351	-5 530	-24 055	-19 190	-28 741
Decrease (-) in trade and other payables	10	-3 820	-8 626	-8 624	-5 663	2 574
Changes in provisions and government grants		4 258	4 511	2 749	5 713	3 166
Interest received	7	430	385	706	1 344	2 255
Interest paid	7	-61	-80	-199	-253	-330
Income tax paid		-81	-49	-110	-53	-242
Net cash flows used in operating activities		-20 317	-19 556	-76 875	-48 361	-63 600
Investing activities						
Purchase of property, plant and equipment		-28	-301	-109	-4 764	-9 202
Net cash flows used in investing activities		-28	-301	-109	-4 764	-9 202
Financing activities						
Proceeds from issuance of ordinary shares		0	0	148 500	0	0
Proceeds from exercise of share options		287	0	287	254	254
Transaction costs on issue of shares		-23	0	-22 702	0	0
Payment of lease liabilities		-262	-238	-771	-700	-964
Net cash flows from/(used in) financing activities		2	-238	125 314	-446	-710
Net increase/decrease in cash and cash equivalents		-20 343	-20 095	48 330	-53 571	-73 513
Effect of exchange rate changes on cash and cash equivalents		-56	69	194	174	-49
Cash and cash equivalents at the start of the period		153 172	124 438	84 249	157 810	157 810
Cash and cash equivalents at the close of the period		132 772	104 413	132 772	104 413	84 249