



Third quarter 2018

Earnings presentation
19 October 2018



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Today's agenda

- Key events
- Introduction to poLight
- The TLens® technology
- Operations and markets review
- Financial review
- Summary and outlook
- Q&A

Presenting



Dr. Øyvind Isaksen
Chief Executive Officer

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



Alf Henning Bakkevik
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 authorised public auditor & accountant.

Key events

- Successful initial public offering and listing on the Oslo Stock Exchange
- Positive development for ongoing smartphone proof-of-concept (PoC) studies
- Progress with potential barcode- and AR* customers
- Increased interest for TLens® technology from sectors requiring small high-quality cameras
- Received formal VAT refund claim from local tax authorities



*) *Augmented Reality*

poLight at a glance

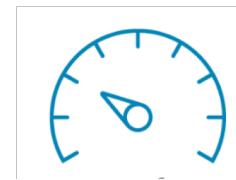
Background and description

- Developer of unique photographic lens for use in the mobile, barcode, 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, 7 pending applications and 3 registered trademarks
- About 36 employees + 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

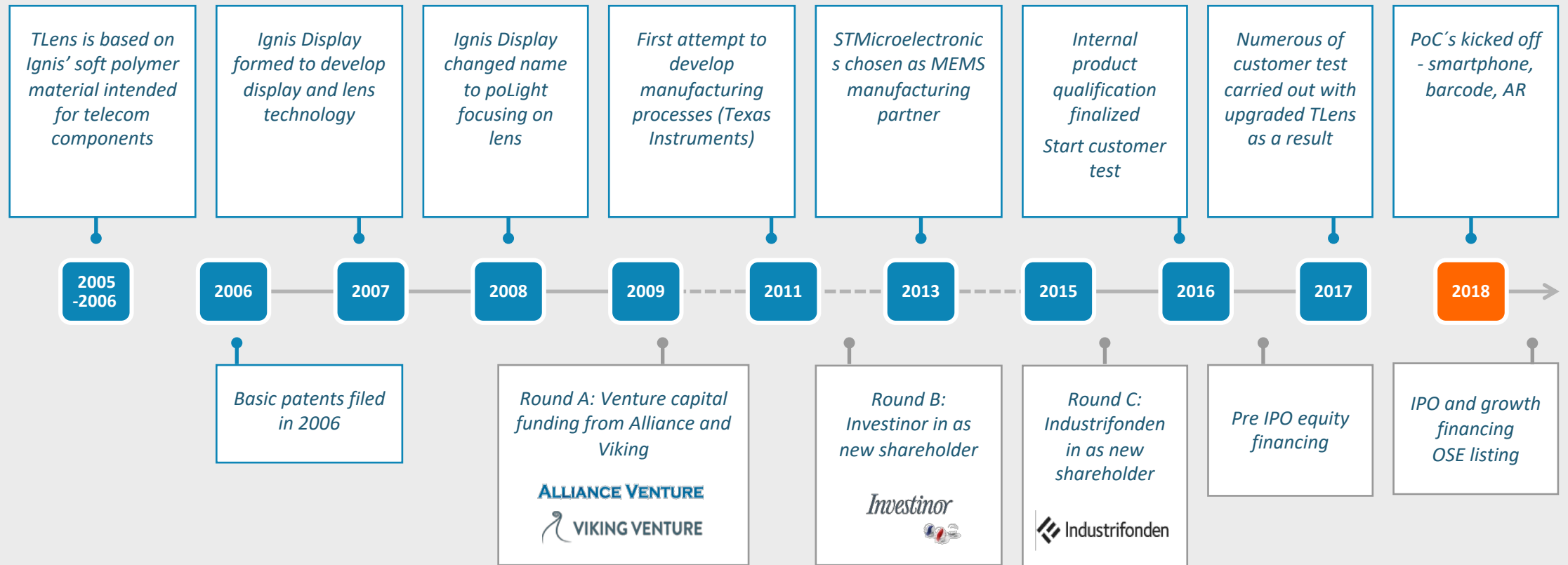


Constant field of view

Fast, smooth autofocus enabling improved front and back camera solutions

History

Key milestones



□ Operational milestones □ Rounds of financing

poLight's technology well suited for several applications



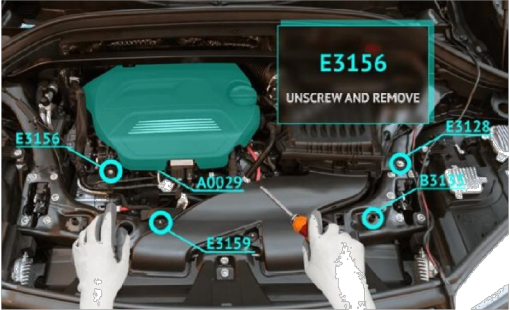
Smartphone

- Large addressable market, billions of cameras produced for the smartphone industry each year
- TLens supporting several relevant trends in the smartphone market:
 - Higher image and video quality
 - Front camera with autofocus (AF) and demand for more screen
 - Biometric (3D, structured light, face ID)
 - Multi camera solutions



Barcode

- Evolving from 1D laser to 2D imaging barcode readers
- Lasers replaced by camera systems. Autofocus will improve efficiency in scanning and portfolio
- Barcode technology spreading to new industries



Augmented Reality (AR)

- Augmented reality expected to be “the next big thing”
- AR technology depends on sharp image being projected onto the eye glasses independent to were the eye focus. Hence need for low power autofocus technology

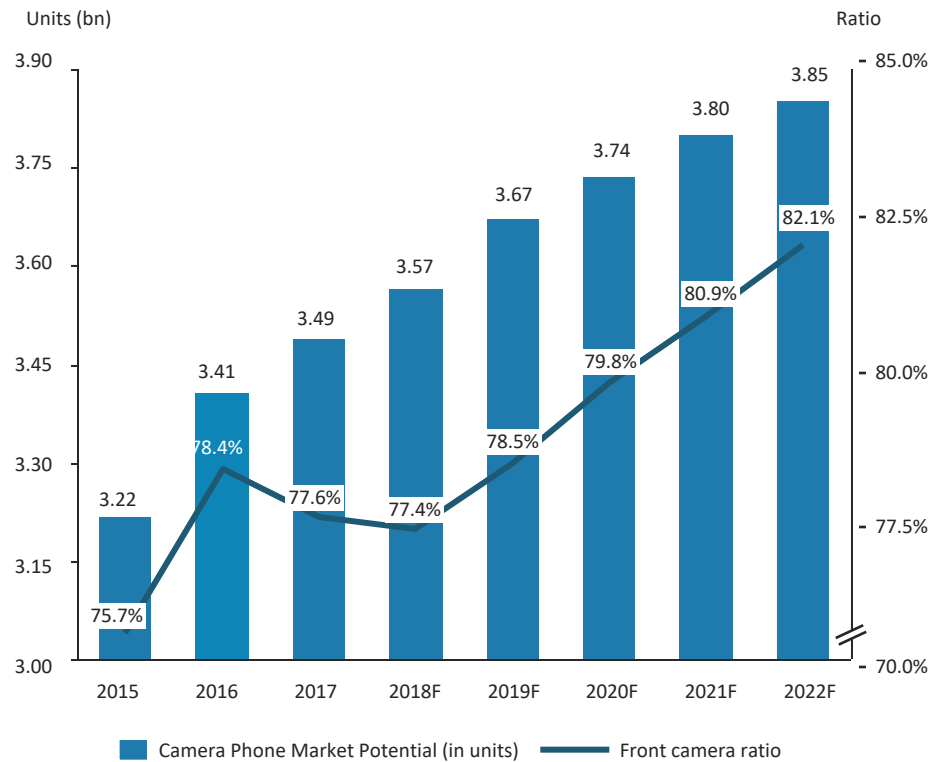


Other

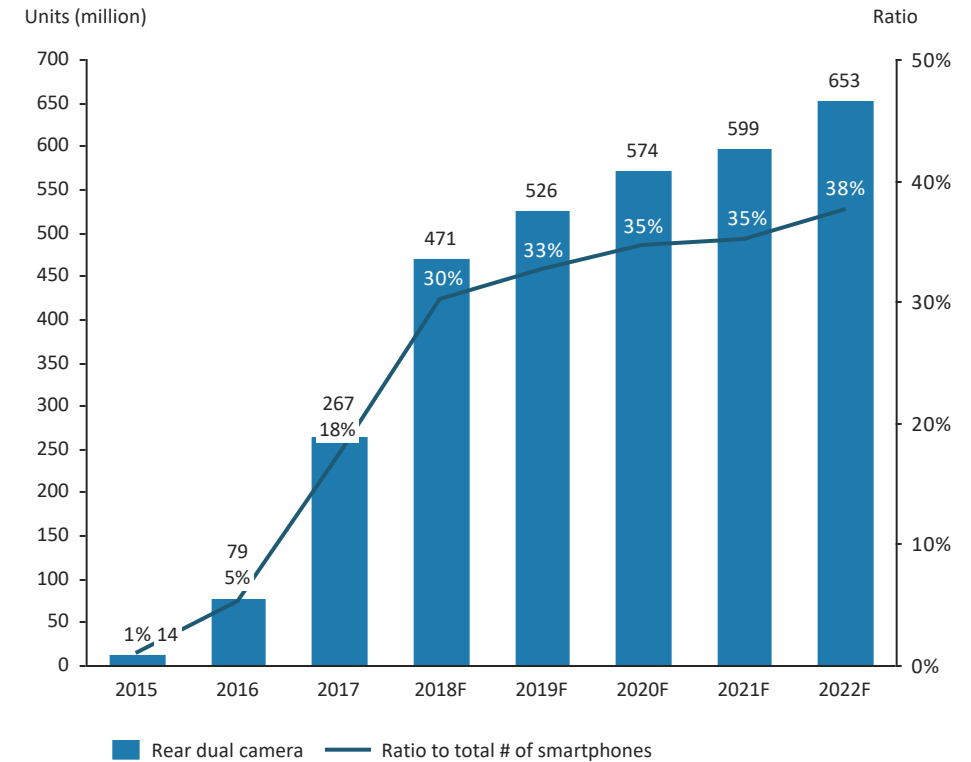
- New opportunities emerging and may represent significant potential
- Drones, video conferencing, medical and machine vision are some recent examples of potential new opportunities for poLight's technology

Primarily targeting the smartphone market

Camera phone market potential



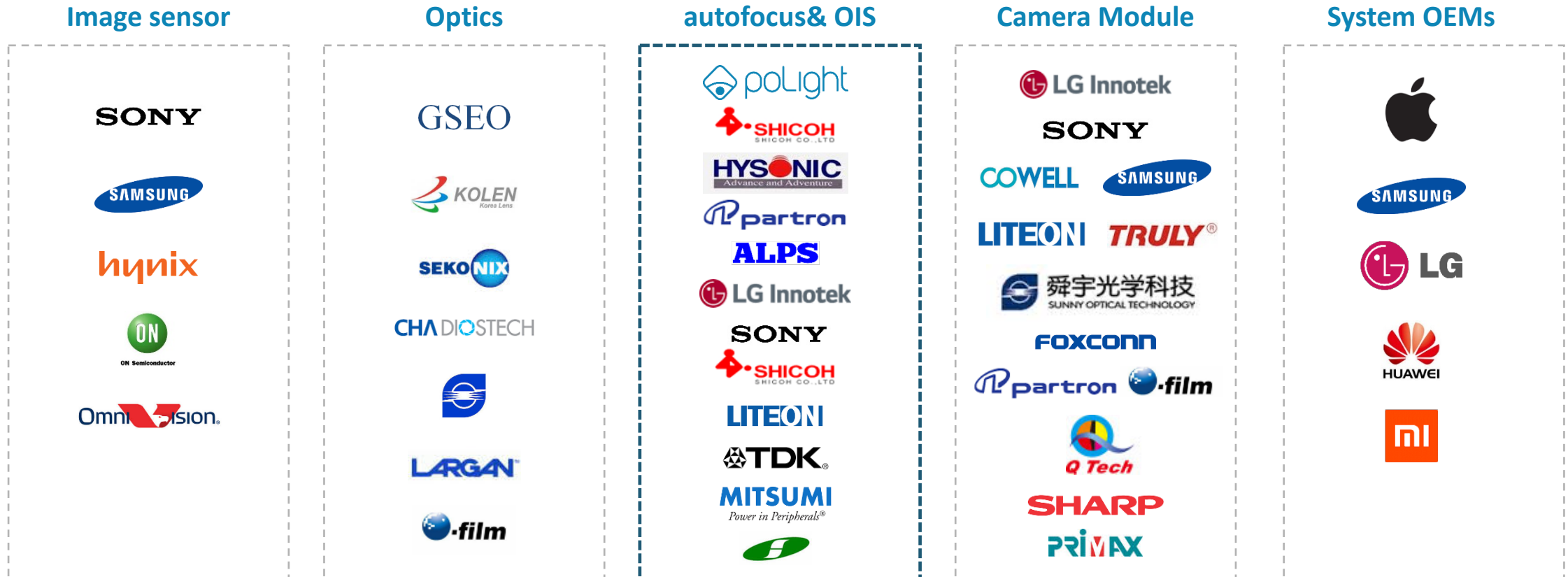
Rear dual camera trends



Source: Techno Systems Research (TSR), Market report 2017

Mobile camera value chain

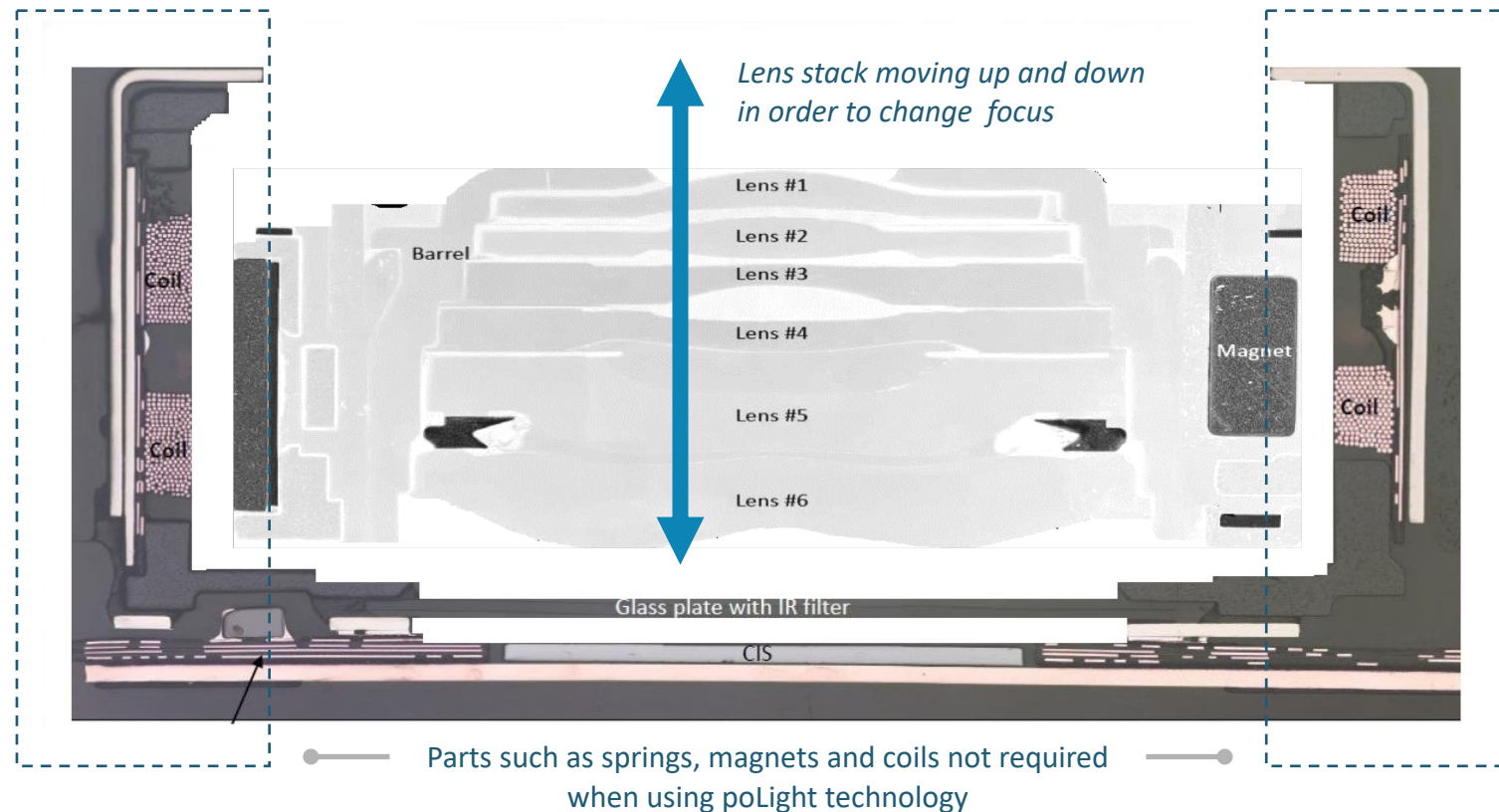
For illustration purpose only



Camera Module companies will be poLight's customers, but mobile phone makers will dictate

The incumbent Technology - Voice Coil Motor (VCM)

How the technology works



Characteristics

Complex

- Yield penalty
- Advanced calibration procedures needed to restrain image quality
- Complicates multi camera solution
- Magnets, springs and coils

Magnetic noise

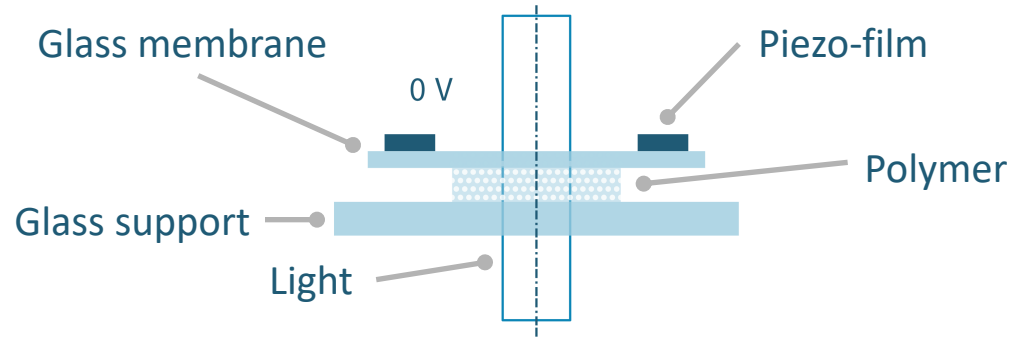
- Inference with other coils and RF parts
- Foot print penalty
- High power consumption lead to heating of image sensor (reduce image quality)

Mechanical movement

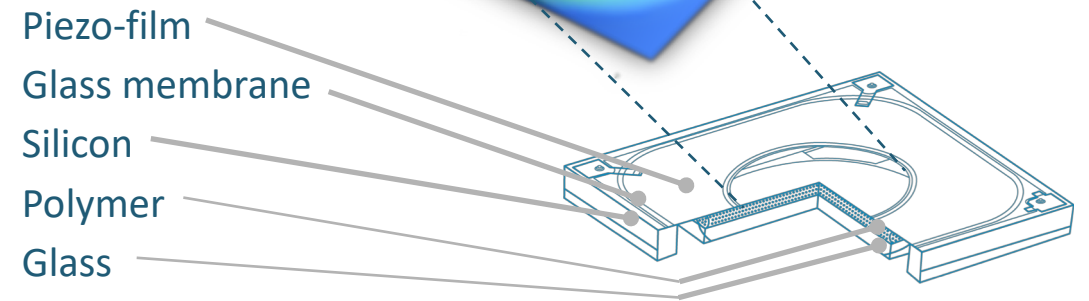
- Has to move the full lens to change focus -> slow
- Unstable optical axis
- Field of view change

TLens[®] technology – autofocus Actuator

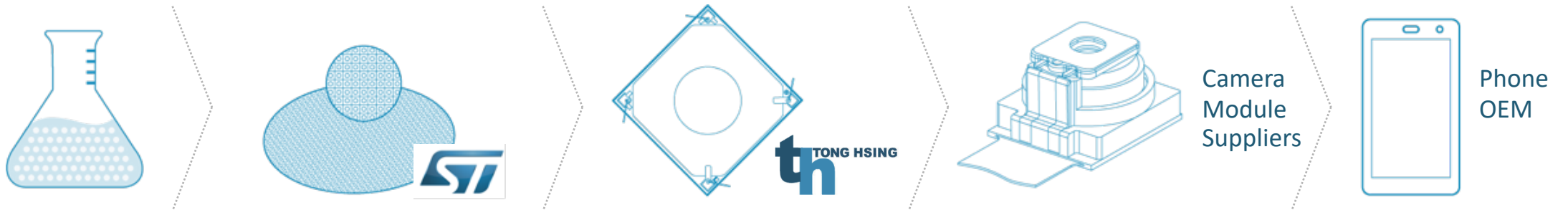
Principle of operation



Implementation

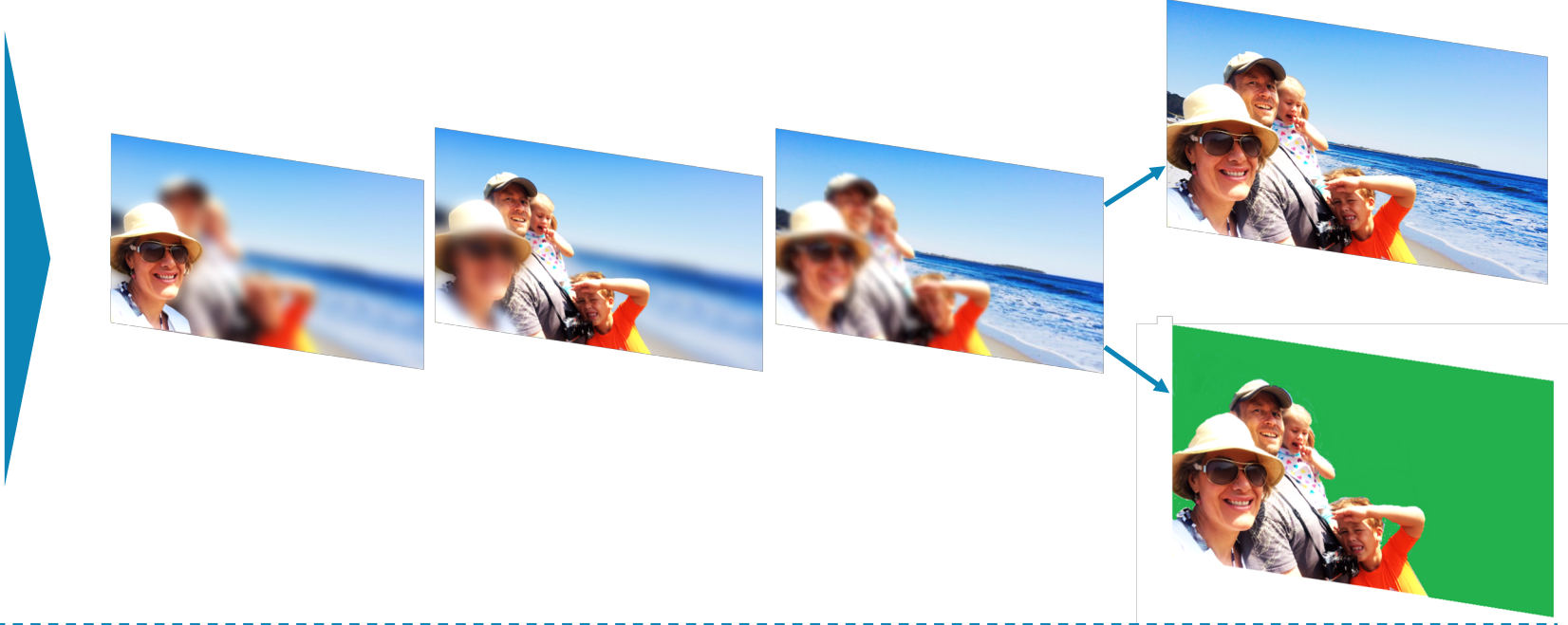


From Gel > MEMS Wafer > TLens[®] > Camera module > Phone OEM



Always take pictures with everything in focus

poLight TLens® enables new and unique use cases for front camera implementations



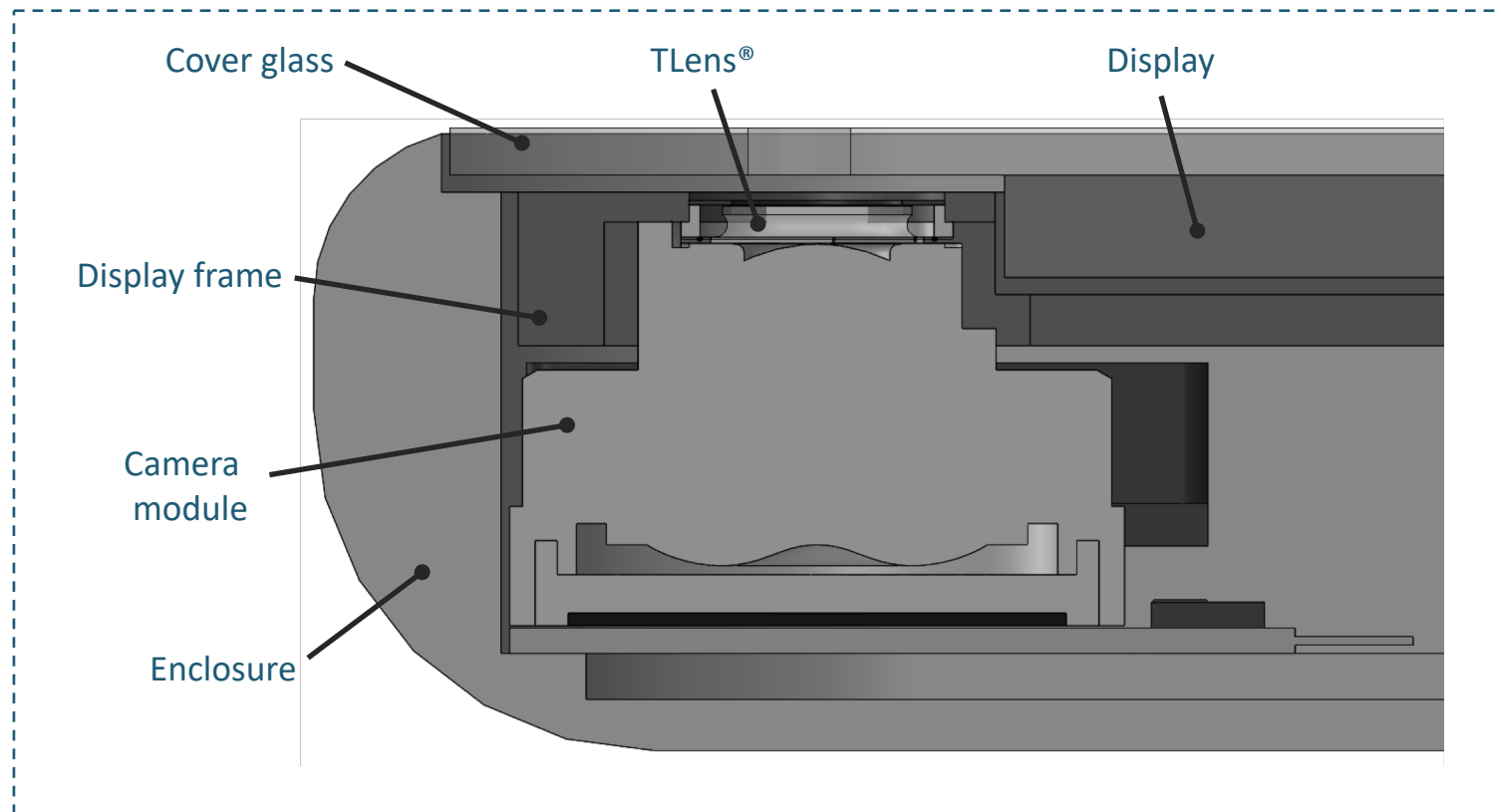
Constant field of view
Quick image acquisition

Incumbent VCM actuators cannot perform!



poLight TLens® - THE AF solution for front facing camera

TLens® enables small Slim Face camera

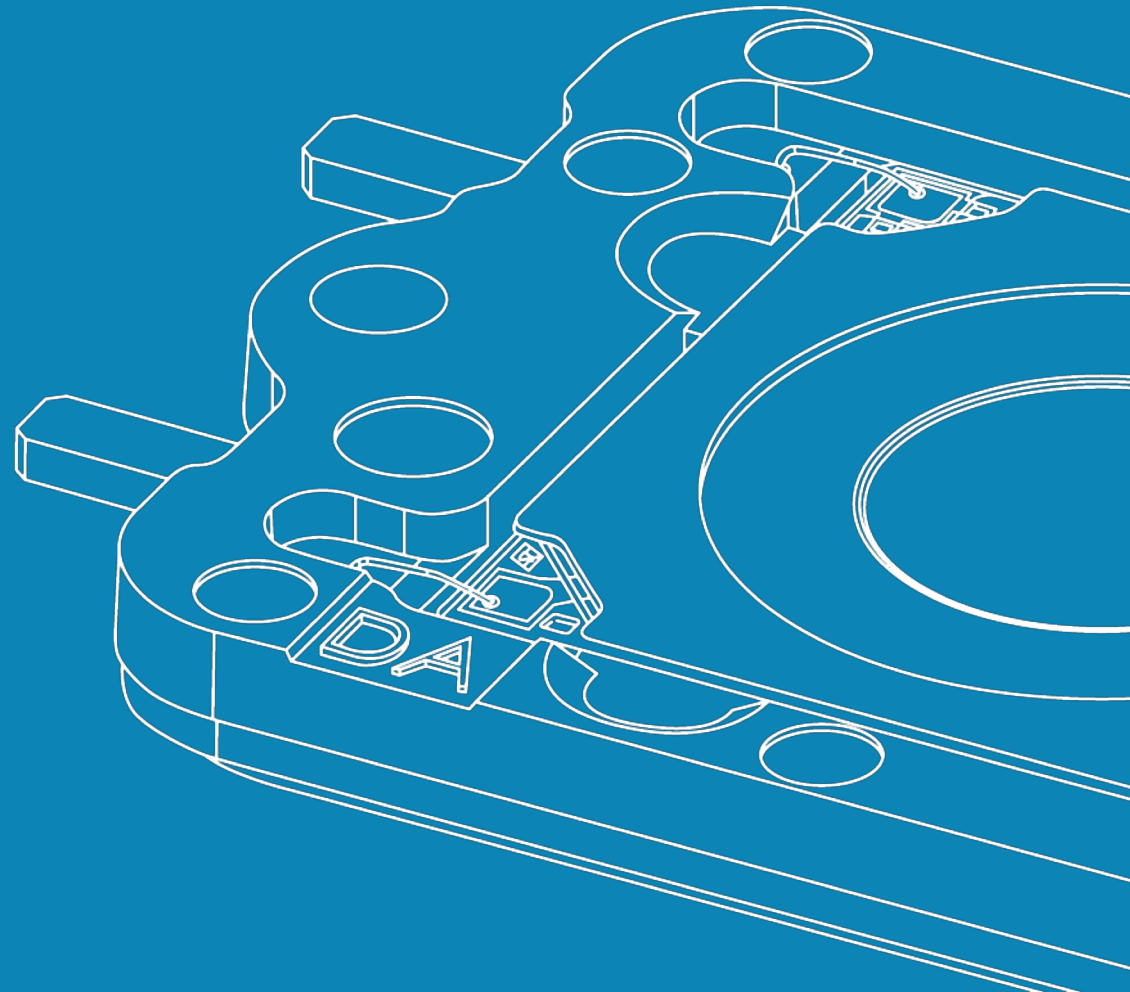


Benefits

- poLight's TLens® technology representing a significant size reduction compared to traditional VCM technology
- Smallest footprint reduced by approx. 60% vs. current VCM technology
- No magnetic interference, provides OEMs with extensive design freedom
- Immune against acceleration, vibration, gravity
- Improved optical stability (image stability when focusing)
- Enables small Slim Face camera compared to traditional VCM module

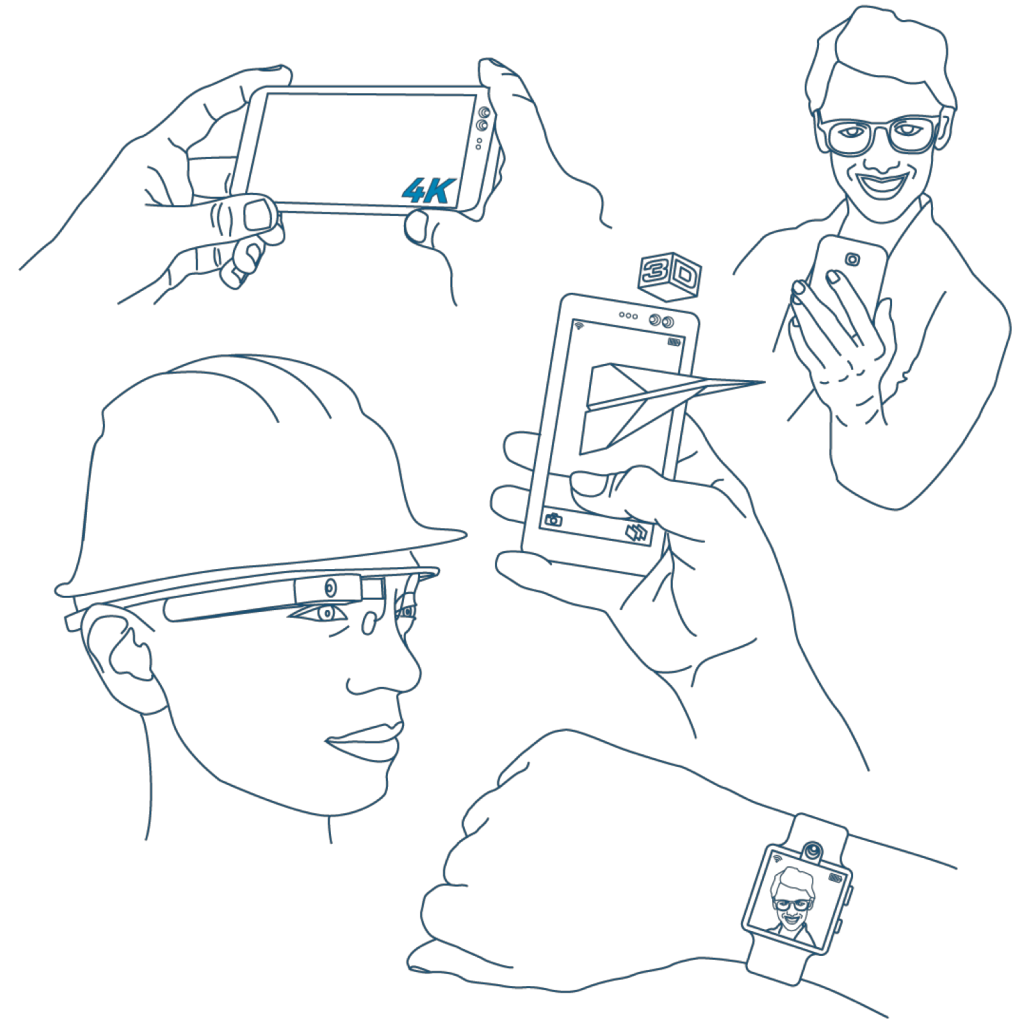


Operations and market review



Growing TLens[®] interest driven by strong mobile camera trends

- Use of higher mega-pixel and increased light sensitivity sensor driving demand for AF in front
- “Edgeless screens” favour the use of a very compact, small footprint (xy) size TLens[®] solution
- AF-solutions for selfie camera favoured by potential changes to methodology for third-party camera test scoring
- Industry shift to AF in the front-facing camera confirmed as competing VCM players recently starting to develop a compact solution
- TLens[®] is subject to interest from 10 mobile phone companies through 6 six camera module vendors
 - Varying degree of maturity



Increased attention from smartphone segment

- Positive performance feedback for all ongoing PoCs
 - All are related to front facing camera
 - Challenging to meet space constraints due to bezel-free screen
 - New performance tests may improve balance of camera specifications vs. screen size
 - More reliability testing will be carried out
- Three new mobile phone vendors in process of starting up PoCs , - two of them expected to start in Q4
- Additional camera module vendors evaluating TLens® due to inquiries from the mobile phone vendors

Market segment	Dialogue (not PoC yet)	# customers bought TLens	Planning PoC	PoC	Design Win
Smartphone	6	5	3	3	

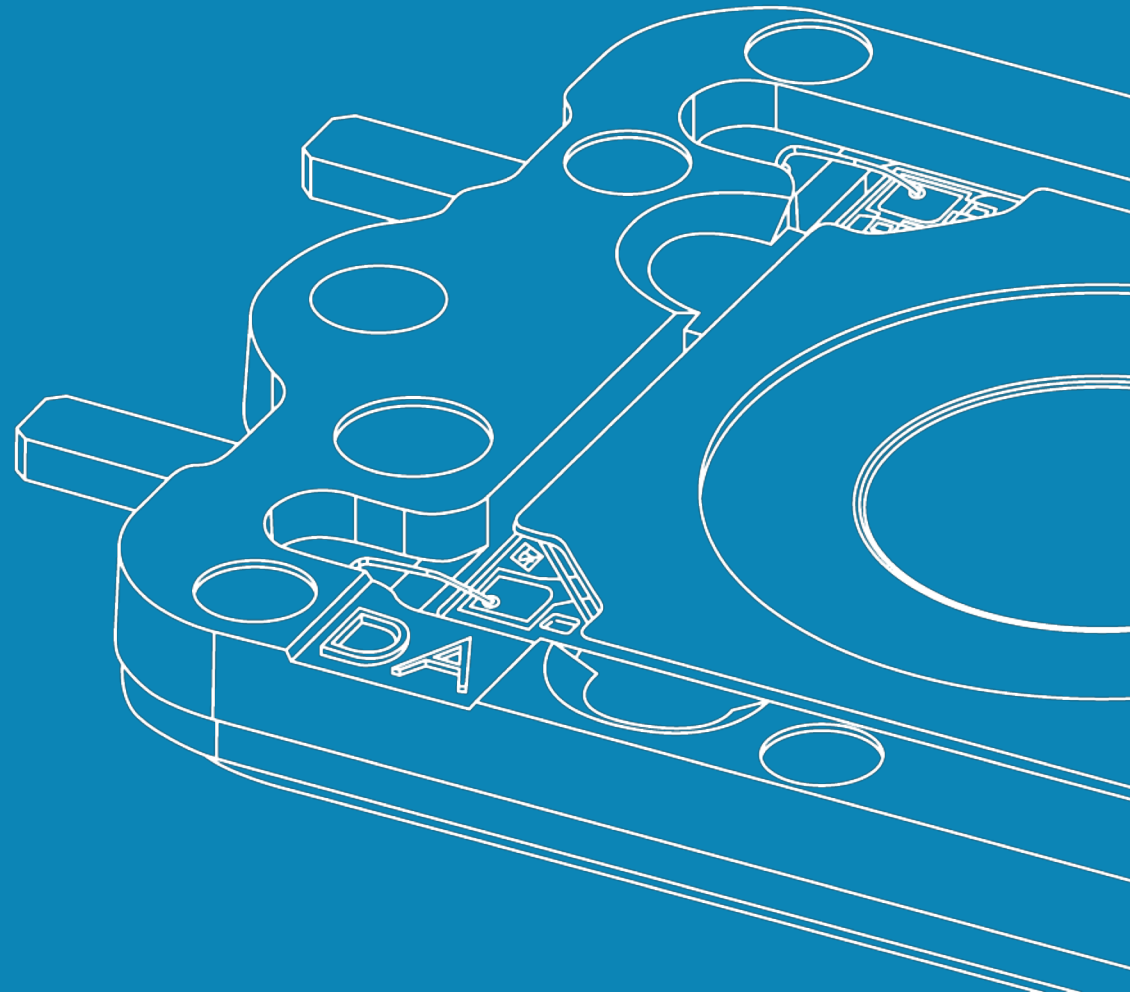
Additional mass-market and industrial use-cases emerging

- Barcode
 - Ongoing POCs with Tier 1 suppliers progressing well
 - One new Tier 1 supplier ordered evaluation kit
 - Dialogues started with two Tier 2 suppliers
- Augmented Reality - AR
 - One ongoing PoC with positive feedback
 - Two technology assessments underway
 - Four new AR players considers starting TLens[®] evaluation
- Other
 - Steady activity of incoming calls from various industries
 - One machine vision provider ordered evaluation kit
 - Tangible interest from smart watch provider

Market segment	Dialogue (not lto PoC yet)	# customers bought eval kit/TLens	Planning PoC	PoC	Design Win
Barcode	2	3	1	2	
AR	4	3		1	
Machine vision		1			
Smart watch	1				



Financial
review



Key financial

Income statement

<i>(NOK million)</i>	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	0.3	0.1	0.5	0.1	0.6
EBIT	-31.5	-12.5	-61.4	-32.1	-52.1
Research and development expenses	-6.5	-2.3	-22.9	-8.6	-21.1
Capitalised intangible assets	-1.8	-6.3	-6.3	-25.3	-24.9

- Revenue from delivery of TLens samples and Evaluation Kits to potential customers
- EBIT loss of NOK 31.5 million vs. loss of NOK 12.5 million in Q3 2017
 - NOK 15.8 million VAT claim
 - NOK 3.9 million of IPO expenses
 - Lower level of capitalized R&D

Balance sheet summary

<i>(NOK million)</i>	Q3 2018	Q3 2017	FY 2017
Intangible assets	73.7	67.8	67.4
Cash and cash equivalents	167.6	110.9	93.6
Total equity	210.6	168.6	150.0
Total current liabilities	48.3	24.8	20.5
Total non-current liabilities	0.0	1.2	0.6
Total equity and liabilities	258.9	194.5	171.1

- YTD increase in total assets reflected new equity raised in the IPO less capitalised R&D and incurred losses
- Cash position of NOK 167.6 million, compared with NOK 93.6 million at year-end 2017
 - Net IPO proceeds of NOK 119.3 million
- VAT claim included in current liabilities

Preparing to appeal Norwegian VAT claim

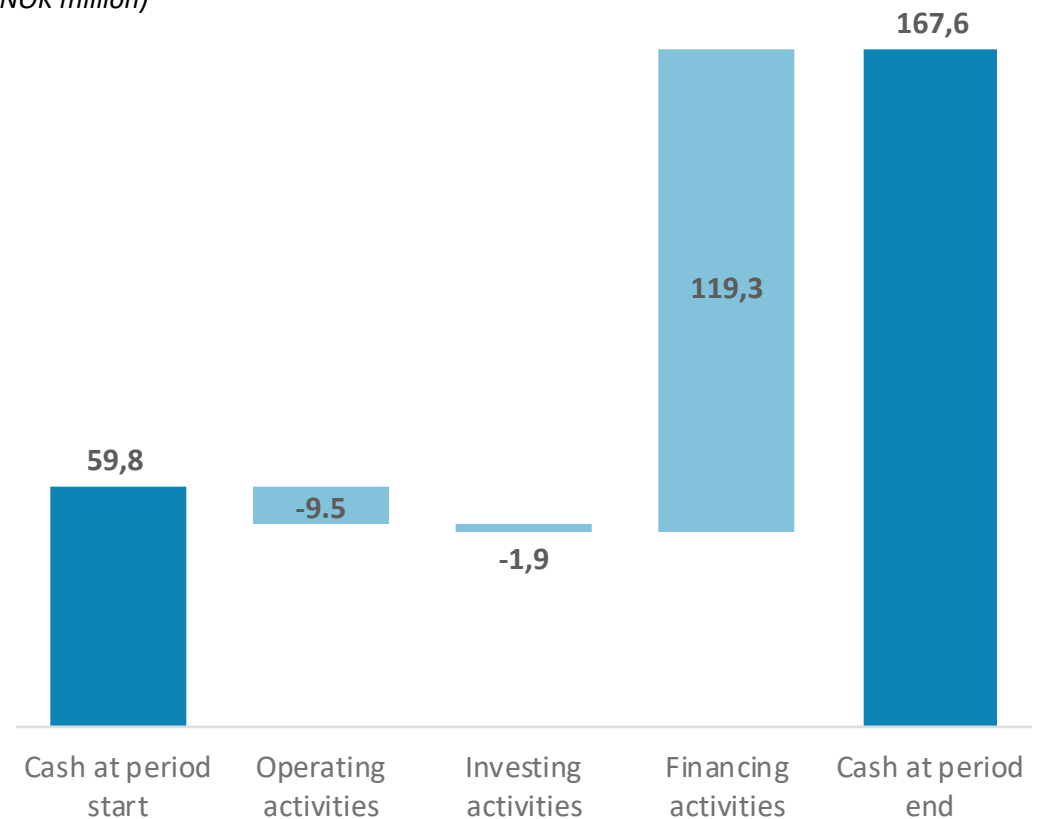
- The Norwegian Tax Administration (Skatt Sør) has decided to claim repayment of refunded VAT together with additional associated taxes for the period since 2013 and that poLight is to be excluded from the Norwegian VAT Register
 - NOK 15.8 million monetary impact as of end Q3 2018
 - Recognised as administrative expenses
- Skatt Sør claims that the company is not capable of being profitable, and does therefore not qualify as a "business" pursuant to the Norwegian laws and regulation regarding VAT
- poLight strongly disagrees with the assessment as significant milestones have been passed to commercialize the TLens technology
- Preparing appeal to the Skatteklagenemda (The Tax Appeals Board)

IPO provides cash to drive TLens commercialisation

- Q3 cash used in operations of NOK 9.5 million
- Cash used in investing activities was NOK 1.9 million
 - Decrease from Q3 2017 on lower capitalised development expenses
- Net cash flows from financing activities included net IPO proceeds
- Net increase in cash of NOK 107.9 million for the quarter

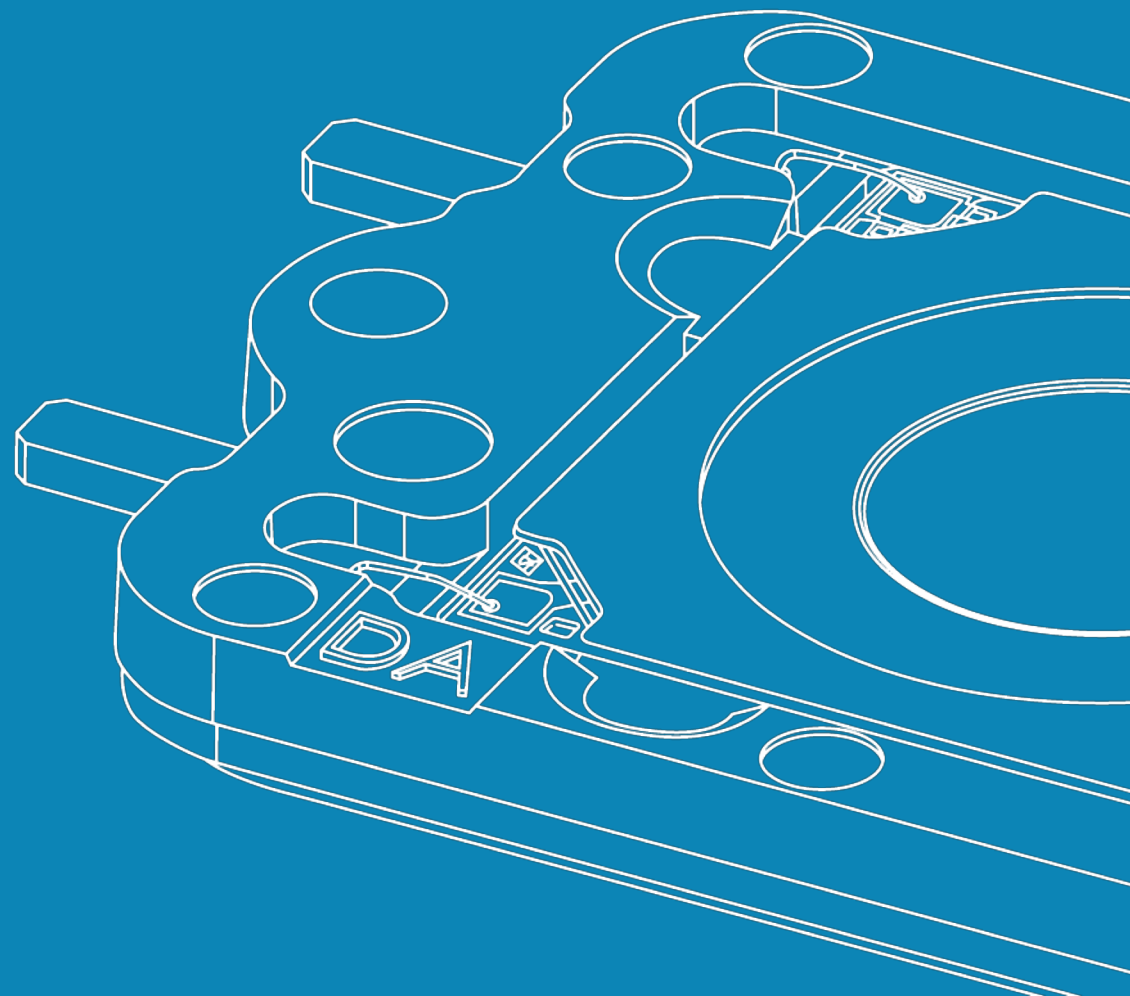
Q3 2018 cash flow development

(NOK million)



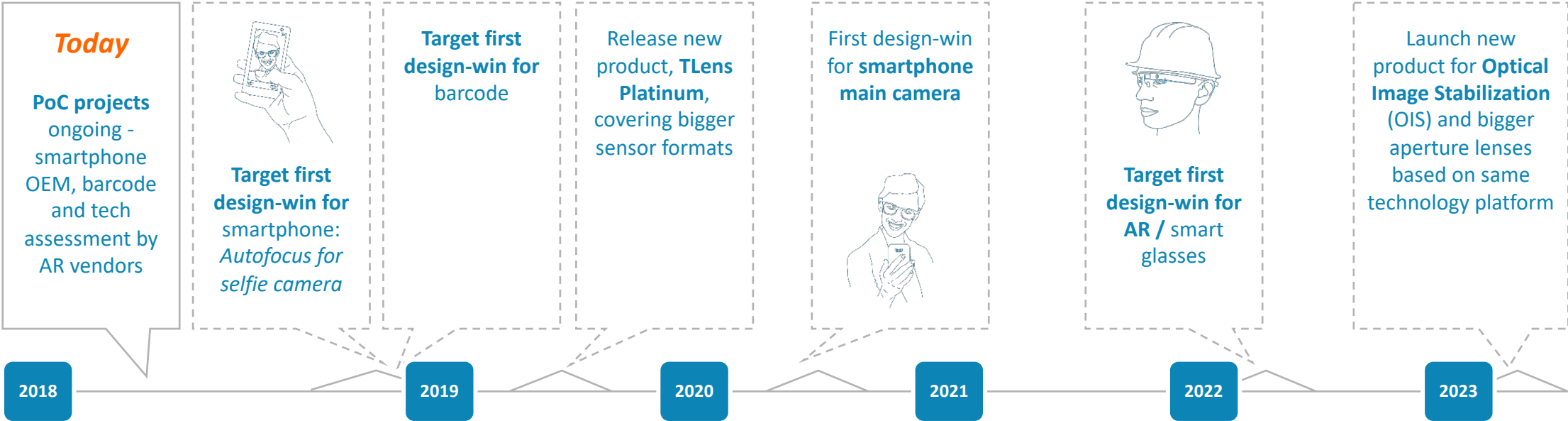


Summary and
outlook



Status and future ambitions

Operating milestones



Financial ambitions
(Highly uncertain and depending on several factors)

- Start **smartphone revenue** in 2019
- Start **barcode revenue** in 2020
- Profitable** in 2020
- Revenue ambition of **USD 150m** at a targeted EBIT-margin in the mid-twenties.
Barcode revenue **covering a substantial part of total opex**

Summary

- Set to outcompete today's traditional autofocus products for mobile cameras with innovative product offering built on the unique TLens® technology
- Several on-going proof-of-concept projects with attractive mobile phone - and camera module vendors
- Strong interest from barcode-reader market with proof-of-concept projects ongoing
- TLens® is under evaluation for use in next generation augmented reality products – “The next big thing”
- Increasing number of applications “coming to us”
- The TLens® technology is protected by a strong intellectual property position



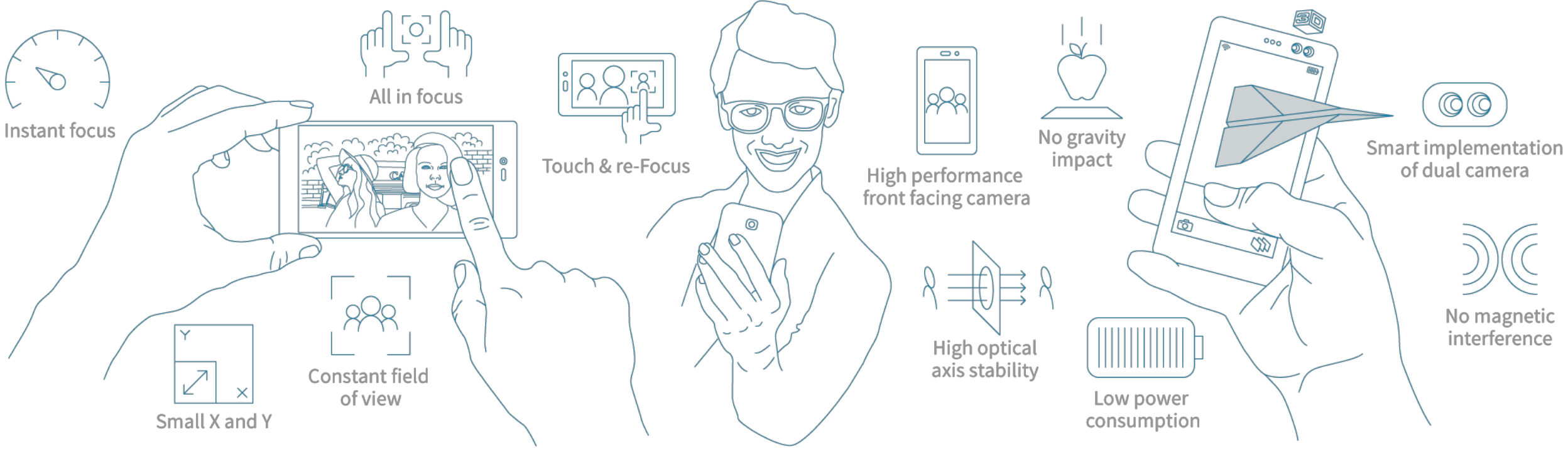


Q&A

Next event:
Q418 15 February 2019



Appendix



Management Team



Dr. Øyvind Isaksen

Chief Executive Officer

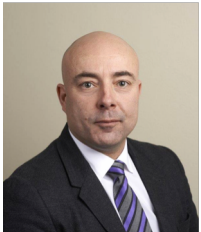
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Bekkevik is a senior executive with a background from Arthur Andersen (E&Y), Wallendahl, Fjord Line, Grenland Group and lately from Wood Group Mustang as VP Finance. He holds a Master in Business & Economics (Siviløkonom) degree from NHH and is a state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



Pierre Craen

Chief Technology Officer

Craen has more than 20 years experience in opto-mechanical system engineering. Prior to joining poLight, he managed product development teams at Varioptic, Barco and Motorola/Symbol. Craen holds a M.Sc. degree in optical engineering from Sup-Optic and a M.Sc. 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*

Mr. Bergsmyr is Partner in Viking Venture since 2009. Bergsmyr was previously CEO of the Norwegian start-up Nacre AS, sold in 2007 to Sperian Protection and recognized as the Nordic Venture Exit of the Year. Prior to this, Bergsmyr acquired some extensive industrial experience from Siemens Telecom and Siemens Electrical Heating. He holds a MSc from NTNU.



Ann-Tove Kongsnes - *Deputy Chairman*

Ms. Kongsnes is an Investment Director and Head of International Affairs at Investinor AS. Kongsnes has over her career gained extensive experience from investments, development, M&A, IPO's and exits of technology companies. Before this, she worked 7 years in international marketing, serving as Director of Marketing and Operations. Kongsnes has broad boardroom experience, and currently serves on the boards of Investinor's portfolio companies, Numascale AS, Vitux AS, Calliditas Therapeutics AB, Spinchip Diagnostics AS, Curida AS in addition to Polight AS. She holds an MSc in Economics and Business Administration from Bodø University College, and has completed the Advanced Program in Corporate Finance at Norwegian School of Economics (NHH).



Per Anell - *Board member*

Mr. Anell is investment manager Technology in Industrifonden. He has almost 20 years of professional experience from senior positions in several growth companies. Prior to joining Industrifonden Anell worked as an investment manager at Innovationsbron and later Almi Invest, focusing mainly on seed investments in high tech startups.



Johan Paulsson - *Board member, independent*

Mr. Paulsson has been a member of polight's board since 2010. He is Chief Technology Officer at Axis Communications. Prior to this, Paulsson was COO and Head of R&D at Ericsson Mobile Platform. He holds a Master of Science, Electrical Engineering from Lund University.



Grethe Viksaas - *Board member, independent*

Ms. Viksaas has a long career from the Northern European managed service provider company Basefarm AS, both as CEO, and later as working chair of the board of directors. Prior to this, Viksaas served as CEO for SOL System AS and Infostream ASP. Viksaas has experience from numerous board positions, including Zenitel Group and ICT Norway. She is currently Chair of the Board in the foundation Norsk Regnesentral (Norwegian Computing Center) and non-executive Director in the boards of Telenor ASA and Crayon Group. She also serves as board member in various start-up companies. Ms. Viksaas has a master's degree in computer science from the University of Oslo.

Interim consolidated statement of income (unaudited)

<i>NOK 000</i>	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue		255	75	505	75	613
Cost of sales		-404	-5 000	-1 409	-5 000	-7 400
Research and development expenses	7	-6 484	-2 285	-22 930	-8 563	-21 051
Sales and marketing expenses		-1 705	-1 947	-5 467	-5 930	-7 610
Administrative expenses	10	-22 468	-2 473	-29 468	-9 282	-12 174
Operational / supply chain expenses		-414	-526	-1 888	-2 474	-3 322
Depreciation, amortisation and net impairment losses		-251	-300	-791	-900	-1 163
Operating profit		-31 471	-12 455	-61 448	-32 074	-52 107
Net financial items	6	-480	669	-65	1 422	1 541
Profit before tax		-31 952	-11 786	-61 512	-30 653	-50 566
Income tax expense		22	146	-155	-20	-91
Profit for the period		-31 930	-11 640	-61 667	-30 673	-50 657
Attributable to:						
Equity holders of the parent		-31 930	-11 640	-61 667	-30 673	-50 657
Non-controlling interests		0	0	0	0	0
Earnings per share:						
Basic, attributable to ordinary equity holders of the parent (NOK)		-6	-2	-11	-6	-9
Diluted, attributable to ordinary equity holders of the parent (NOK)		-6	-2	-11	-6	-9

Balance sheet (unaudited)

<i>NOK 000</i>	Note	Q3 2018	Q3 2017	FY 2017
ASSETS				
Property, plant and equipment		1 613	2 097	1 874
Intangible assets	8	73 670	67 803	67 444
Total non-current assets		75 283	69 900	69 318
Inventories		7 495	5 162	1 781
Trade and other receivables		8 021	7 522	5 260
Other current assets		521	1 031	1 127
Cash and cash equivalents		167 611	110 913	93 647
Total current assets		183 647	124 628	101 816
Total assets		258 930	194 528	171 134
EQUITY AND LIABILITIES				
Issued capital		1 605	542	542
Share premium		266 265	193 312	148 036
Other equity		-57 226	-25 302	1 417
Equity attributable to equity holders of the parent		210 644	168 553	149 996
Non-controlling interests		0	0	0
Total equity		210 644	168 553	149 996
Interest-bearing loans and borrowings		0	1 200	600
Total non-current liabilities		0	1 200	600
Trade and other payables		43 190	19 511	13 690
Interest-bearing loans and borrowings		1 200	1 200	1 200
Income tax payable		155	64	135
Provisions		3 741	4 000	5 513
Total current liabilities		48 286	24 775	20 538
Total liabilities		48 286	25 975	21 138
Total equity and liabilities		258 930	194 528	171 134

Cash flow (unaudited)

<i>NOK 000</i>	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating activities						
Profit before tax		-31 952	-15 436	-61 512	-34 302	-50 566
Non-cash adjustment to reconcile profit before tax to net cash flows:						
Depreciation and impairment of property, plant and equipment		242	278	763	869	1 124
Amortisation and impairment of intangible assets		9	10	27	27	38
Share option plan expense		1 028	1 508	3 199	4 043	5 024
Other items related to operating activities		-146	162	-242	-171	-1 744
Net foreign exchange differences		-33	307	-97	384	555
Movements in provisions and government grants		-1 671	4 000	-2 338	5 714	6 524
Working capital adjustments:						
Decrease in trade and other receivables and prepayments		1 028	388	-1 588	-2 489	-30
Increase in inventories		-3 946	-3 331	-5 713	-5 162	-1 781
Increase in trade and other payables		25 714	1 089	29 520	1 285	-7 683
Interest received	6	204	0	271	0	1 752
Interest paid	6	0	0	-42	-128	-152
Income tax paid		0	0	-91	0	0
Net cash flows from operating activities		-9 524	-11 024	-37 844	-29 931	-46 939
Investing activities						
Purchase of property, plant and equipment		-81	0	-542	-223	-305
Development capital expenditures	7	-1 834	-6 251	-6 273	-25 316	-26 021
Receipt of government grants		0	0	0	0	1 123
Net cash flows used in investing activities		-1 915	-6 251	-6 814	-25 539	-25 203
Financing activities						
Issue of share capital		130 000	0	130 000	0	0
Transaction costs on issue of shares		-10 709	0	-10 709	0	0
Repayment of borrowings		0	0	-600	-600	-1 200
Net cash flows from/(used in) financing activities		119 291	0	118 691	-600	-1 200
Net increase in cash and cash equivalents		107 852	-17 267	74 033	-56 062	-73 341
Effect of exchange rate changes on cash and cash equivalents		-33	-17	-78	22	36
Cash and cash equivalents at the start of the period		59 792	128 197	93 656	166 953	166 953
Cash and cash equivalents at the end of the period		167 611	110 913	167 611	110 913	93 648