

poLight ASA Interim Report
Six months ended 30 June 2024



Q2

KEY EVENTS IN THE QUARTER

- Design-win with Vuzix Shield industrial AR smart glasses.
- Purchase order received for TWedge® wobulator evaluation kits and samples from major consumer AR/MR original equipment manufacturers (OEM) customers.
- Woptix announced a wavefront phase camera, the SEBI RT1000, using TLens®.
- New purchase order received worth NOK 600,000 supporting the barcode scanning market.
- Rights issue resulted in approximately NOK 124 million in net proceeds to the company.
- Employed new CFO, Rolf Joakim Hines Bredahl.
- Successfully held Capital Market Day on 5 June.
- Amendments to share option plan – replacement of existing agreements with a new agreement with strike at NOK 3.2 per share (with reset of vesting).

Post Q2:

- New purchase order worth NOK 950,000 received August 7th related to the first barcode design-win (back in 2000).

Dr Øyvind Isaksen, CEO of poLight ASA:

“Revenue picked up during the quarter compared to the first quarter of the year. From a market perspective, ongoing trends were clearly confirmed; the company continues to improve its position in the AR/MR market and activity gradually increased in the industrial/barcode market. News flow during the quarter confirms this development. The smartphone/consumer market remains challenging, but measures are actively being taken in order for us to be better prepared for this market segment.

Important progress has been achieved on the development side, to secure an improved offering relevant for all market segments in both the short and long term.

Our technology and solutions are becoming increasingly well known and respected. Key references have been obtained in all defined strategic market segments. Over a period of some time, we have strengthened the organisation worldwide, and we will continue to do so to ensure the capability and capacity to explore the market opportunities we foresee will develop over the coming years and to ensure an improved product offering.

I would like to thank our shareholders and partners for their continuing support, and all our employees for their efforts and dedication. We strongly believe we are on our way to “Shaping the Tunable Optics Future”!

Key figures

(in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	5.3	7.2	6.5	14.3	22.5
Gross profit	2.0	3.7	0.9	6.6	12.2
EBITDA	-21.7	-18.0	-40.6	-32.0	-78.8
EBITDA ex share options	-20.4	-18.9	-42.9	-33.0	-68.8
Net cash flows used in operating activities	-19.3	-25.9	-38.5	-56.6	-94.6
Net increase/decrease in cash and cash equivalents	104.1	99.6	84.5	68.7	30.4

MANUFACTURING, PRODUCT DEVELOPMENT AND MARKETS

Manufacturing and operations

poLight works primarily with two categories of subcontractors – a MEMS supplier and assembly partner, in addition to various component suppliers. The MEMS partner supplies the wafer comprising the actuators (i.e. “eye muscles”), while the assembly partners assemble the finished product. The polymer (i.e. lens material) is produced at poLight’s headquarters.

The manufacturing activity during the quarter has mainly been related to assembly & test, yield improvement activities as well as establishing the new organisation in the Philippines.

Product development/technology

Development activity has been intensified during 2024. Regarding TLens®, our autofocus (AF) solution, development activities are ongoing to ease the integration of TLens® and hence enable more camera module integrators to develop compact and attractive solutions based on TLens®. Various designs and concepts for different applications are being discussed with potential partners and customers. Furthermore, development related to expanding the AF portfolio to include a bigger aperture has progressed well during the quarter. We have yet to set a date for the market release of these solutions, as that will depend on the results and specifications of the prototypes being built this year and the level of interest from lead customers. This potential product will enable poLight to deliver AF solutions for larger image sensors, targeting the back cameras on smartphones and other market segments such as the automotive sector.

The development of TWedge® has now reached the next stage, as several OEMs have ordered improved and more compact technical samples for their review. The aim is to attract lead customers, who will hopefully be willing to contribute financially before the product is developed and released for mass production.

Markets

poLight is actively engaged in several market areas. This includes consumer applications, such as smartphones, augmented/mixed reality (AR/MR), laptops and accessories, as well as a broad range of professional applications, such as enterprise AR/MR, barcode/machine vision and scientific-related products. In addition, the automotive and healthcare markets are being explored, although these are not currently being given a high priority as the need for autofocus for products such as endoscopes is likely some years away; there are also portfolio matters to consider, specifically relating to the need for a bigger-aperture TLens® for the automotive market.

Consumer market

During the quarter, the focus was on augmented/mixed reality (AR/MR), laptop and smartphone applications. Other applications, such as webcams, smart-home devices, wearables etc., are also being explored.

The consumer market in general, and the smartphone market in particular, remains challenging. This, combined with the fact that poLight’s current solution is best suited for front-facing “selfie” cameras, which have a lower priority and budget compared to the main camera, is currently impacting poLight’s ability to achieve new smartphone design-wins. Nevertheless, poLight continues to be persistent and has embarked on several development projects to enable less costly integration of TLens® and to broaden the company’s offering to cover broader application areas.

In the consumer market, poLight has so far achieved four design-wins, and is involved in two ongoing PoC projects and four PoCs that are in the planning stage. In addition, the company has achieved one design-in and is engaged in 11 ongoing PoCs (four for TWedge®) related to consumer AR/MR-related products.

Augmented/mixed reality (AR/MR)

TLens® is being considered and tested by several important AR/MR market players. The TLens® technology’s low power consumption, lack of sensitivity to gravity, temperature stabilisation (often referred to as athermalisation), high speed and compactness stand out as key technical benefits.

The AR/MR market segment continued to develop positively for poLight during the quarter, and in the quarter Vuzix released the Vuzix Shield AR enterprise glasses using two RGB cameras with TLens® (see press release dated 8 April).

With TLens® AF solutions now being used in four commercially available AR/MR products, poLight has built a strong foundation for becoming the preferred AF solution for such applications. The current use cases are directed at the professional/enterprise market, which is why present volumes are low. However, potential consumer-oriented opportunities are increasing in number and becoming increasingly mature.

When it comes to TWedge®, major consumer AR/MR OEM customers are ordering technical samples for review. The strategy is to continue to build appetite through selling technical samples, and to learn from the market about needs, applications and specification, and hopefully get commitment from a lead customer before product development and mass production preparation is kicked off. TWedge® could represent an important portfolio expansion for the company, assuming the AR/MR display solutions selected benefit from resolution enhancement by wobulation.

In addition to four design-wins, four design-ins have been confirmed: one relating to a consumer AR application, two for enterprise AR and one related to MR enterprise. Twelve PoCs are ongoing, 11 of which target consumer applications, while 17 PoCs are in the planning stage (seven for consumer applications). A potential TWedge® product is included in the numbers given above for PoCs (five) and planned PoCs (six).

Industrial/barcode/machine vision

It will take time to develop this market, and doing so will require entry into some broader application areas. However, an increasing customer pipeline is clearly a positive sign.

For the barcode/machine vision market, six companies currently use TLens® in commercially available products (design-wins) in a total of 11 different products. All the products are still shipping to customers and are expected to do so for several more years. During the quarter, a new purchase order was received worth NOK 600,000 (see press release dated 24 June).

Also, during the quarter Woptix announced a wavefront phase camera, the SEBI RT1000, using TLens®. This case is classified as design-in, and is expected to become a design-win towards the end of 2024. This is a smaller implementation of the WFPI (wavefront phase imaging) technology. WFPI is the sensor developed by Woptix to acquire high-resolution wavefront phase maps. The SEBI® RT1000 application is aimed at laboratories, especially in the activities of quantitative phase imaging, optical metrology, material inspection, laser measurement and oncological research. This is yet another example of the broad use cases where TLens® can play an important role.

In addition to the seven design-wins (11 barcode/machine vision products from six different companies, and one design-win from Thorlab), the company has two design-ins (barcode and the Woptix wavefront phase camera) and is involved in 14 ongoing PoCs, nine of which are for barcode/machine vision applications.

Healthcare

The company is continuing to support selected opportunities in the healthcare market segment. The cooperation poLight has developed with the Kavli Institute at the Norwegian University of Science and Technology (NTNU) and the contribution the company has made to the development of the Mini2P microscope¹ have led to several similar projects.

In addition to engaging directly with research labs, the company is supplying lenses to three commercial companies that plan to sell microscopes to research labs around the world.

In addition to the activity related to Mini2P, poLight is engaged in commercial endoscope cases. However, in the short/medium term, the company does not foresee any commercial breakthrough for this application, as the trend is still to use low-resolution sensors, with no clear need for autofocus.

¹ An open-source miniature two-photon microscope brain explorer for fast high-resolution calcium imaging in freely moving mice.

At the end of the quarter, the company was engaged in two design-wins (Kavli and Phenosys, both related to Mini2P), two design-ins (both related to Mini2P) and 13 ongoing PoCs, of which ten relate to Mini2P.

Automotive

During the quarter, the company has been engaged in three PoCs (of which two are regarded as concluded), while two others are in the planning stage. Going forward, this market segment may have a need for autofocus technology, and TLens® is one of the solutions being evaluated. The market is potentially significant but will most likely require a new revision of TLens®. To that end, development has started, as explained in the *“Product Development/Technology”* section of this report.

FINANCIAL REVIEW

Profit and loss

(in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	5.3	7.2	6.5	14.3	22.5
Cost of sales	-3.3	-3.5	-5.7	-7.7	-10.3
Gross profit	2.0	3.7	0.9	6.6	12.2
Research and development expenses ¹⁾	-7.3	-8.7	-15.2	-16.3	-34.6
Sales and marketing expenses	-4.8	-4.0	-9.3	-7.8	-17.7
Operational/supply-chain expenses	-6.9	-4.0	-12.5	-6.9	-16.7
Administrative expenses	-4.7	-5.0	-4.4	-7.6	-22.0
EBITDA	-21.7	-18.0	-40.6	-32.0	-78.8
Share option plan expense	1.3	0.9	3.5	2.0	8.1
Accrued employer's NICs re share option plan	0.0	-1.8	-5.8	-2.9	1.9
EBITDA ex share options	-20.4	-18.9	-42.9	-33.0	-68.8
Depreciation and amortisation	-2.5	-2.3	-5.2	-4.5	-9.7
EBIT ex share options	-22.9	-21.2	-48.1	-37.5	-78.5

1) R&D expenses, net of government grants (see details of grants in Note 9)

Q2 2024

Revenue totalled NOK 5.3 million in Q2 2024 (NOK 7.2 million in Q2 2023), which reflects deliveries of TLens® and ASICs of NOK 4.1 million and NOK 1.1 million in revenue respectively from NRE (non-recurring engineering) relating to customer development projects.

Cost of sales includes an increased provision for inventory obsolescence of NOK 2.2 million. polight has implemented a general scheme for determining the provision based on age. As a general rule, one-year-old wafers and units have a 10 per cent provision, while two-year-old and three-year-old wafers and units have 20 per cent and 30 per cent respectively.

R&D expenditure, net of government grants, amounted to NOK 7.3 million (NOK 8.7 million in Q2 2023).

Sales and marketing expenses came to NOK 4.8 million in Q2 2024 (NOK 4.0 million). The increase is due to higher headcount in the last 12 months. Operational/supply-chain expenses totalled NOK 6.9 million (NOK 4.0 million), due to increased internal resource usage relating to the development of a production management system, among other things.

Administrative expenses totalled NOK 4.7 million in the quarter (NOK 5.0 million in Q2 2023).

EBITDA totalled NOK -21.7 million in Q2 2024 (NOK -18.0 million). The decrease in EBITDA is attributable to increased provision for inventory obsolescence and an increased number of employees and consultants.

Share option plan expenses amounted to NOK 1.3 million in Q2 2024 (NOK 0.9 million). Mid-June 2024 the Board made a resolution to offer all employees to replace existing share options with a new agreement with a strike (exercise price) at NOK 3.2 per share, with reset of vesting. The strike price for each option was set based on the volume weighted average price (VWAP) the last two weeks prior to grant date. The fair value of the replacement scheme was measured to NOK 4.8 million being the difference between i) Fair value of the original scheme measured at the time of the

replacement and ii) Fair value of the new scheme. The new scheme will vest over 3 years, starting at the time of the grant. NOK 0.2 million was recognised in the quarter.

NOK 0 million in accrued employer's NICs was recognised in the quarter while in Q2 2023, NOK 1.8 million in accrued employer's NICs was reversed. The company pays employer's NICs on the difference between the share's market value and the option's strike price on the date of exercise.

Depreciation and amortisation, which primarily related to intangible assets, totalled NOK 2.5 million in the quarter (NOK 2.3 million).

First half of 2024

The Group recognised revenue of NOK 6.5 million in the first half of 2024, compared with NOK 14.3 million in the first half of 2023. The smartphone market launch in 2023 contributed to the revenue figures in 2023.

R&D expenses amounted to NOK 15.2 million, compared with NOK 16.3 million in the first half of 2023. Reduced third-party involvement in R&D projects explains the lower expenditure.

Sales and marketing expenses came to NOK 9.3 million in the first half of 2024 (NOK 7.8 million). The increase is due to higher headcount in the last 12 months. Operational/supply-chain expenses totalled NOK 12.5 million (NOK 6.9 million), due to increased internal resource usage relating to the development of a production management system, among other things.

Administration expenses amounted to NOK 4.4 million in the first half of 2024, compared with NOK 7.6 million in the first half of 2023. Reversed accruals of employer's NICs on share options (see below for further details), as well as employee bonuses in 2023 triggered by the smartphone market launch, contributed to the decreased expenses.

EBITDA totalled NOK -40.6 million in the first half of 2024, compared with NOK -32.0 million in the first half of 2023.

Share option plan expenses amounted to NOK 3.5 million in the first six months of 2024 (NOK 2.0 million), while NOK 5.8 million in accrued employer's NICs was reversed (NOK 2.9 million in reversed accruals in 2023). The reversal is attributable to the decrease in polLight's share price.

Depreciation and amortisation for the first half-year closed at NOK 5.2 million (NOK 4.5 million).

Balance sheet

(in NOK million)	Q2 2024	Q2 2023	FY 2023
Property, plant and equipment	9.1	10.3	9.2
Intangible assets	13.9	21.2	17.6
Right-of-use assets	2.2	3.3	2.9
Inventories	64.8	66.3	70.1
Receivables and prepayments	11.5	10.4	8.8
Cash and cash equivalents	199.3	153.2	114.8
Total assets	300.8	264.8	223.4
Total equity	283.8	242.5	199.5
Total current liabilities	15.2	19.8	21.9
Total non-current liabilities	1.8	2.4	2.0
Total equity and liabilities	300.8	264.8	223.4

As at 30 June 2024, total assets came to NOK 300.8 million, compared with NOK 264.8 million as at 30 June 2023 and NOK 223.4 million as at 31 December 2023.

Property, plant and equipment totalled NOK 9.1 million as at 30 June 2024, compared with NOK 10.3 million as at 30 June 2023 and NOK 9.2 million as at 31 December 2023. At the reporting date, intangible assets totalled NOK 13.9 million, compared with NOK 21.2 million as at 30 June 2023 and NOK 17.6 million as at 31 December 2023, reflecting amortisation during the year.

Inventories decreased by NOK 3.0 million during the second quarter of the year, of which NOK 2.2 million is due to the increased provision for obsolescence, to stand at NOK 64.8 million net of the provision for obsolescence, which amounted to NOK 19.4 million at the close of the quarter (NOK 14.9 million as at 31 December 2023).

As at 30 June 2024, poLight had cash and cash equivalents totalling NOK 199.3 million, compared with NOK 153.2 million as at 30 June 2023 and NOK 114.8 million as at 31 December 2023. The rights issue in Q2 2024 generated NOK 124.0 million in net proceeds (Rights Issue in Q2 2023: NOK 125.8 million).

Total current liabilities amounted to NOK 15.2 million as at 30 June 2024, compared with NOK 19.8 million as at 30 June 2023 and NOK 21.9 million as at 31 December 2023.

Cash flows

<i>(in NOK million)</i>	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Net cash flows used in operating activities	-19.3	-25.9	-38.5	-56.6	-94.6
Net cash flows used in investing activities	-0.3	0.0	-0.9	-0.1	0.0
Net cash flows from/(used in) financing activities	123.7	125.6	123.8	125.3	125.0
Net increase in cash	104.1	99.6	84.5	68.7	30.4

Q2 2024

The net cash outflow from operating activities totalled NOK 19.3 million in Q2 2024 (NOK 25.9 million in Q2 2023). The purchase of TLens Silver wafers for inventory build-up in Q2 2023 is the main driver for the decreased cash spending. The inventory increased with NOK 9.5 million in Q2 2023 compared with a decrease of NOK 3.0 million Q2 this year.

The net cash flow from financing activities totalled NOK 123.7 million (NOK 125.6 million in Q2 2023), of which net proceeds of NOK 124.0 million were generated through the rights issue. Last year the rights issue generated NOK 125.8 million in net proceeds.

The net increase in cash and cash equivalents totalled NOK 104.1 million for the quarter, compared with a net increase of NOK 99.6 million in the same period in 2023.

First half of 2024

The net cash outflow from operating activities totalled NOK 38.5 million in the first half of the year, compared with NOK 56.6 million in the same period in 2023. The purchase of TLens Silver wafers for inventory build-up in the first half of 2023 is the main driver for the decreased cash spending. The inventory increased with NOK 20.7 million in the first half of 2023 compared with a decrease of NOK 5.3 million this year.

The net cash flow from financing activities totalled NOK 123.8 million, of which net proceeds of NOK 124.0 million were generated through the rights issue. Last year the rights issue generated NOK 125.8 million in net proceeds.

The net increase in cash and cash equivalents for the first half year was NOK 84.5 million, compared with a net increase of NOK 68.7 million in the same period in 2023.

RISK FACTORS

The risk related to current tensions between China and Taiwan mentioned in previous quarterly reports has been mitigated by relocating all assembly and testing activity from Taiwan to the Philippines.

poLight does not have any operations, customers or direct suppliers in Russia or Ukraine. The war in Ukraine has therefore not had any direct consequences of significance for the Group's operations, other than the general impact of the war on the global situation.

The Group's TLens® technology and products derived from this technology are involved in different qualification tests for various applications by potential customers. There is no guarantee that the TLens® products (or other products produced by the Group) will meet the various parameters set by potential customers (e.g. aperture size, optical power, size, non-lead content etc.), or by parties testing the Group's products at a later time. If the Group's products do not meet such parameters, the Group may be required to implement changes to its products or may not be able to enter into commercial agreements with potential customers. Any requirement to implement changes to the Group's products may involve a delay in the commercialisation of the Group's technology and may also entail significant costs that may not be recovered. Furthermore, there is no guarantee that changes to the Group's products will be sufficient to satisfy the demands of the Group's potential customers. Failure to enter into commercial agreements will have a material adverse effect on the Group's revenues, profitability and financial position.

Over the next 12 months, the Group's principal source of liquidity will remain cash generated from financing, equity and/or debt, in addition to net cash flows generated from sales. In May 2024, the company carried out a partially underwritten rights issue that generated NOK 124 million in net proceeds. Accordingly, these consolidated financial statements have been prepared on the assumption that both the Group and the parent company are going concerns, and management confirms that this an appropriate assumption.

OUTLOOK

Progress continues in the AR/MR market. poLight's AF solutions are now being used in four commercially available AR/MR products, have achieved four design-ins and are involved in several PoCs, and have thereby built a strong foundation for becoming the preferred AF solution for such applications. The current design-wins in AR/MR products are directed at the professional/enterprise market, which is why present volumes are low. However, potential consumer-oriented customer cases are increasing in number and becoming increasingly mature.

When it comes to TWedge®, major consumer OEMs are showing high interest and are ordering technical samples for review. TWedge® may represent an important portfolio expansion for the company. In summary, the AR/MR market outlook is promising, with potentially multiple poLight products per pair of glasses, for both camera and display solutions.

The smartphone market is clearly the biggest volume market. The current portfolio and market sentiment make it challenging to achieve new design-wins. As previously mentioned, initiatives have been taken to make TLens® based cameras more price-competitive compared to VCMs, as well as to develop concepts for a bigger-aperture TLens® that could fit back cameras, and hence open up the opportunity landscape.

The industrial market, including barcode/machine vision, as well as more scientific/professional applications, such as Wooptix, Mini2P, Thorlab etc., is gradually revealing more opportunities.

poLight and its technology and solutions are becoming increasingly well known and respected. Key references have been obtained in all defined strategic market segments. Initiatives to strengthen our portfolio and organisation have been implemented, and are progressing well.

FORWARD-LOOKING STATEMENTS

This report contains statements regarding the future. In particular, the “*Outlook*” section contains forward-looking statements regarding the Group’s expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group’s activities described in the section “*Risk factors*” above and in poLight’s Annual Report for 2023, including the section “*Risks and risk management*” in the Board of Directors’ Report.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the period 1 January to 30 June 2024 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the poLight group’s assets, liabilities, financial position and results for the period. We also confirm that, to the best of our knowledge, the financial review includes a fair presentation of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major transactions with related parties, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

poLight ASA
Horten, 14 August 2024

Grethe Viksaas (sign)
Chair, Independent

Svenn-Tore Larsen (sign)
Board member, Independent

Thomas Görling (sign)
Board member, Independent

Jean-Christophe Eloy (sign)
Board member, Independent

Marianne Bøe (sign)
Board member, Independent

Dr Øyvind Isaksen (sign)
Chief Executive Officer

CONDENSED INTERIM FINANCIAL STATEMENTS

Interim condensed consolidated statement of income

NOK 000	Note	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Sale of goods		4 139	6 991	4 999	14 112	20 099
Rendering of services		1 129	201	1 547	201	2 412
Revenue		5 267	7 192	6 547	14 313	22 511
Cost of sales		-3 313	-3 496	-5 680	-7 695	-10 349
Gross profit		1 955	3 696	867	6 618	12 162
Research and development expenses net of governmental grants	6,9	-7 347	-8 708	-15 246	-16 261	-34 616
Sales and marketing expenses		-4 774	-4 030	-9 310	-7 812	-17 712
Operational / supply chain expenses		-6 910	-3 989	-12 507	-6 950	-16 684
Administrative expenses		-4 664	-5 019	-4 375	-7 642	-21 971
Operating result before depreciation and amortisation (EBITDA)		-21 741	-18 050	-40 572	-32 046	-78 821
Depreciation and amortisation	8	-2 530	-2 315	-5 198	-4 548	-9 670
Operating result (EBIT)		-24 271	-20 365	-45 770	-36 594	-88 492
Net financial items	7	1 531	49	2 562	248	3 223
Loss before tax		-22 740	-20 315	-43 208	-36 347	-85 269
Income tax expense		-29	-28	-29	-28	-220
Loss for the period		-22 769	-20 344	-43 237	-36 375	-85 489
Attributable to:						
Equity holders of the parent		-22 769	-20 344	-43 237	-36 375	-85 489
Earnings per share:						
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.24	-0.34	-0.54	-0.61	-1.40
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.24	-0.34	-0.54	-0.61	-1.40

Interim consolidated statement of other comprehensive income

NOK 000	Note	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Loss for the period		-22 769	-20 344	-43 237	-36 375	-85 489
Other comprehensive income						
Exchange differences on translation of foreign operations		-101	83	14	423	151
Income tax effect		0	0	0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-101	83	14	423	151
Total comprehensive income for the period, net of tax		-22 870	-20 261	-43 223	-35 952	-85 338
Attributable to:						
Equity holders of the parent		-22 870	-20 261	-43 223	-35 952	-85 338

Interim consolidated statement of financial position

NOK 000	Note	Q2 2024	Q2 2023	31.12.2023
ASSETS				
Property, plant and equipment		9 148	10 349	9 239
Intangible assets	8	13 943	21 218	17 580
Right-of-use assets		2 179	3 327	2 915
Total non-current assets		25 270	34 893	29 735
Inventories		64 771	66 281	70 089
Trade and other receivables	9	11 244	10 324	8 194
Prepayments		220	103	626
Cash and cash equivalents		199 311	153 172	114 788
Total current assets		275 546	229 879	193 697
Total assets		300 816	264 773	223 432
EQUITY AND LIABILITIES				
Share capital		5 185	2 647	2 648
Share premium		315 929	271 038	194 503
Reserves		1 295	1 552	1 281
Retained earnings		-38 586	-32 701	1 108
Total equity		283 823	242 535	199 541
Lease liabilities		1 329	2 419	1 951
Total non-current liabilities		1 784	2 419	1 951
Trade and other payables	10	13 137	17 676	19 757
Current lease liabilities		1 072	1 142	1 182
Provisions		1 000	1 000	1 000
Total current liabilities		15 209	19 819	21 940
Total liabilities		16 993	22 238	23 891
Total equity and liabilities		300 816	264 773	223 432

Interim consolidated statement of changes in equity

NOK 000	Note	Attributable to equity holders of the parent				Total
		Share capital	Share premium	Retained earnings	Translation reserve	
As at 1 January 2023		2 078	145 785	1 699	1 130	150 692
Loss for the period				-36 375		-36 375
Other comprehensive income					423	423
Total comprehensive income		0	0	-36 375	423	-35 952
Issue of ordinary shares		568	147 931			148 500
Transaction costs			-22 679			-22 679
Equity-settled share-based payment				1 974		1 974
As at 30 June 2023		2 647	271 038	-32 701	1 552	242 535
As at 1 January 2024		2 648	194 503	1 108	1 281	199 541
Loss for the period				-43 237		-43 237
Other comprehensive income					14	14
Total comprehensive income		0	0	-43 237	14	-43 223
Issue of ordinary shares		2 536	143 846			146 382
Transaction costs			-22 419			-22 419
Equity-settled share-based payment				3 543		3 543
As at 30 June 2024		5 185	315 929	-38 586	1 295	283 823

Interim consolidated statement of cash flows

NOK 000	Note	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Operating activities						
Profit / loss (-) before tax		-22 740	-20 315	-43 208	-36 347	-85 269
Adjustments for:						
Depreciation of property, plant and equipment and right-of-use assets		712	496	1 561	911	2 396
Amortisation of intangible assets	8	1 819	1 819	3 637	3 637	7 275
Net finance income		-1 531	-49	-2 562	-248	-3 223
Equity-settled share-based payments		1 345	920	3 543	1 974	8 101
Gain on disposal of property, plant and equipment		0	0	0	0	-14
Other non-cash items		1 035	6	1 967	224	-807
Changes in unrealised net foreign exchange rate differences/fluctuations		-5	52	-23	172	-18
Changes in working capital:						
Decrease (+) in trade and other receivables and prepayments		-4 924	7 395	-2 644	25	-2 374
Decrease (+) in inventories		3 019	-9 513	5 318	-20 704	-24 512
Decrease (-) in trade and other payables	10	1 518	-6 091	-6 620	-4 804	-2 723
Changes in provisions and government grants		0	-678	0	-1 509	2 497
Interest received	7	546	109	696	275	4 518
Interest paid	7	-49	-66	-103	-138	-259
Income tax paid		-29	-28	-29	-28	-220
Net cash flows used in operating activities		-19 285	-25 945	-38 468	-56 557	-94 631
Investing activities						
Proceeds from sale of property, plant and equipment		0	0	0	0	392
Purchase of property, plant and equipment		-289	-45	-884	-82	-387
Net cash flows used in investing activities		-289	-45	-884	-82	6
Financing activities						
Proceeds from issuance of ordinary shares		146 382	148 500	146 382	148 500	148 500
Proceeds from exercise of share options		0	0	0	0	287
Transaction costs on issue of shares		-22 419	-22 679	-22 419	-22 679	-22 702
Payment of lease liabilities		-293	-257	-575	-509	-1 089
Proceeds from borrowings		0	0	474	0	0
Repayment of borrowings		-19	0	-24	0	0
Net cash flows from/(used in) financing activities		123 651	125 564	123 837	125 312	124 996
Net increase in cash and cash equivalents		104 078	99 573	84 486	68 673	30 371
Effect of exchange rate changes on cash and cash equivalents		-96	30	37	250	169
Cash and cash equivalents at the start of the period		95 330	53 568	114 788	84 249	84 249
Cash and cash equivalents at the close of the period		199 311	153 172	199 311	153 172	114 788

Notes to the condensed interim consolidated financial statements

1 General

poLight ASA is a public limited liability company. It was founded in 2005 and is incorporated and domiciled in Norway. The address of its registered office is Innlaget 5, 3185 Skoppum, Norway.

poLight offers patented, state-of-the-art tunable optics technology, leveraging its proprietary polymer and piezo MEMS technology. Founded in 2005, its first product TLens® replicates "the human eye" experience in autofocus cameras used in applications such as AR/MR devices, smartphones, wearables, webcams and other consumer devices, industrial barcode scanners and machine vision systems, and healthcare applications. With over 160 granted patents, poLight's technology delivers extremely fast focus, small footprint, ultra-low power consumption, no magnetic interference, and constant field of view, enabling better imaging system performance and new user experiences compared to alternative technologies. poLight is based in Horten, Norway, with employees in Finland, France, UK, US, China, Taiwan, and the Philippines. For more information, please visit <https://www.polight.com>.

2 Basis of preparation

The interim condensed consolidated financial statements for the quarter ended 30 June 2024 are unaudited and have been prepared in accordance with IAS 34. These interim condensed consolidated financial statements do not include all the information required for the Group's full annual financial statements and should be read in conjunction with the consolidated financial statements for 2023.

These interim consolidated financial statements have been prepared on a historical cost basis, are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK 000), except when otherwise indicated.

3 Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with the consolidated financial statements for the year ended 31 December 2023.

4 Significant accounting judgements, estimates and assumptions

Management makes accounting judgements on development costs. Key significant estimates are made regarding impairment of intangible assets, inventory obsolescence and the accounting for share option plans, described in the consolidated financial statements for the year ended 31 December 2023.

5 Specification of operating expenses by nature

<i>(in NOK 000)</i>	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Employee benefits expense ¹⁾	18 861	16 111	31 794	28 179	68 725
Depreciation and amortisation	2 530	2 315	5 198	4 548	9 670
Other operating expenses	4 834	5 635	9 644	10 485	22 258
Total operating expenses	26 226	24 061	46 637	43 213	100 653

1) Including consultants engaged on long-term contracts

6 Research and development expenses net of governmental grants

(in NOK 000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Employee ²⁾ benefits expense	5 710	6 694	11 755	12 772	25 743
Other operating expenses	1 638	2 692	3 491	4 997	10 990
Government grants	0	-678	0	-1 509	-2 117
Total	7 347	8 708	15 246	16 261	34 616

2) Including consultants engaged on long-term contracts

7 Financial items

(in NOK 000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Net foreign exchange gain (loss)	13	-776	-28	-1 155	-1 020
Interest income	1 576	895	2 705	1 544	4 518
Interest expense on lease liabilities	-49	-66	-103	-138	-259
Financial expenses	-8	-3	-10	-3	-16
Net financial items	1 531	50	2 562	249	3 223

8 Intangible assets

(in NOK 000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
At the start of the period	15 761	23 036	17 580	24 855	24 855
Amortisation	-1 819	-1 819	-3 637	-3 637	-7 275
At the close of the period	13 943	21 218	13 943	21 218	17 580

polight's operations constitute one single cash generating unit (CGU) for impairment assessment purposes, the TLens[®] technology platform. Indicators of impairment of the TLens[®] technology have been assessed, and none identified.

9 Government grants

(in NOK 000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Net receivables at the start of the period	2 117	5 445	2 117	4 614	4 614
Grants received	0	0	0	0	-4 614
Grants earned	0	678	0	1 509	2 117
Net receivables at the close of the period	2 117	6 123	2 117	6 123	2 117

10 Trade and other payables

(in NOK 000)	Q2 2024	Q2 2023	FY 2023
Trade payables	5 331	9 023	5 893
Other payables ³⁾	7 805	7 628	8 025
Accrued employer's NICs on share option plan	0	1 025	5 839
At the close of the period	13 137	17 676	19 757

3) Accrued employer's NICs on salary, withholding taxes and accruals for incurred expenses

11 Related party transactions

poLight ASA is the ultimate parent company. None of the shareholders of poLight ASA has control of the company. As at 30 June 2024, the largest shareholder was Investinor Direkte AS, which owned 13.55 per cent of the company's shares.

Intercompany agreements are entered into with all Group subsidiaries. All sales by the subsidiaries are made to the parent company. All transactions are performed on an arm's length basis. No transactions have been undertaken with other related parties during the relevant financial period.

12 Events after the reporting date

No significant events have occurred after the reporting date that have a material effect on the financial statements.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

poLight uses the following alternative performance measures for interim and annual financial reporting, in order to provide a better understanding of the Group's underlying financial performance:

EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBITDA ex share options	EBITDA excluding share option plan expense incl. changes in accrued employer's NICs
EBIT	Earnings before interest and taxes
EBIT ex share options	EBIT excluding share option plan expense incl. changes in accrued employer's NICs

