

poLight ASA Interim Report
Quarterly Report



Q3

KEY EVENTS IN THE QUARTER

- A new purchase order worth NOK 950,000, related to the very first barcode design-win back in 2000, was received on 7 August.
- The AR/MR market continued to open business opportunities, although the market and ecosystem will take time to mature.
- The machine vision and barcode pipeline continued to show progress.
- A patent infringement claim and lawsuit was filed against two customers that use the TLens®. poLight's position is that there is no patent infringement.

Post Q3:

- Woptix announced the commercial launch of its SEBI RT1000 Development Kits using TLens® (2 October).
- Transcend Vivoscope announced it is to offer turnkey miniature two-photon imaging systems equipped with poLight tunable optics (5 October).
- Thorlabs announced that its Mini2P Imaging System will leverage poLight ASA's TLens® for optimal neurological imaging (7 October).
- Three commercial companies with Mini2p solutions showcased their products at the SfN Neuroscience '24 conference.
- poLight ASA confirmed the use of poLight TLens® in two new handheld barcode products (8 October).
- New purchase order, worth NOK 344,000, received 24 October related to the release of two new barcode products announced 8 October.

Dr Øyvind Isaksen, CEO of poLight ASA:

"From a revenue perspective, we had a slow quarter but kept busy exploring several important market opportunities, executing key technology projects, improving manufacturing processes and strengthening the organisation. We continue to focus on consumer, AR/MR and industrial applications, while our exposure to the healthcare research segment is increasing thanks to various Mini2P solutions currently being released to the market. On the consumer side, the main activity relates to AR/MR cases, laptop applications and preparing our offering to better fit future smartphone applications. In general, the AR/MR segment, both for enterprise and consumer uses, is likely to open many opportunities for our technology platform. Although this market is still at an early stage and the ecosystem will need to mature before any significant deployment of AR/MR products will occur, we have the advantage of being in from the very outset. We continue to explore various machine vision/barcode applications and are currently working on several such opportunities. Currently, we are shipping into 13 barcode/machine vision products, and the pipeline continues to develop positively. To strengthen our visibility, we increasingly participate in exhibitions/conferences and actively use social media to spread the message. Important development projects continue to progress, with the aim of tailoring our offering more precisely to the needs of the different market segments in both the medium and long term.

I am very proud of the organisation we have established. We recently had our all-hands annual gathering at the company's headquarters in Norway. It was an opportunity for discussions on status and strategy as well as the tactics needed to improve our market reach and our overall performance in all areas. The competence, dedication and determination that we represent as a team is what will make us successful over time.



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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	1.9	3.1	8.4	17.4	22.5
Gross profit	0.2	2.6	1.1	9.2	12.2
EBITDA	-25.2	-20.5	-65.8	-52.5	-78.8
EBITDA ex share options	-21.9	-16.6	-64.8	-49.5	-68.8
Net cash flows used in operating activities	-19.0	-20.3	-57.4	-76.9	-94.6
Net increase/decrease in cash and cash equivalents	-19.3	-20.3	65.2	48.3	30.4

MANUFACTURING, PRODUCT DEVELOPMENT AND MARKETS

Manufacturing and operations

poLight primarily works with two categories of subcontractors – a MEMS supplier and assembly partners, 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.

During the quarter, deliveries to industrial and healthcare customers have been the main focus of our manufacturing activities. Further yield improvement activities are ongoing and we are continuing our efforts to establish the new organisation in the Philippines.

Product development/technology

Development activity has intensified during 2024. We are working to facilitate easier and less costly integration of our autofocus (AF) solution, TLens®, and therefore enable more camera module integrators to develop compact and attractive solutions. Various designs and concepts for different TLens® applications are being discussed with potential partners and customers, and the first Proof of Concept (PoC) project based on a new add-in design is now underway.

Our efforts to expand the AF portfolio to include a larger aperture, and therefore support bigger image sensor formats, progressed during the quarter. This is a challenging project, which is still at an early stage. We have been concentrating on studying of various concepts and early-stage prototyping. The first customer interactions are ongoing, and some specific applications are being explored. This provides important input and is a good learning opportunity for the project. It remains unclear when these solutions will be ready for market release, as that will depend on the results and specifications of the prototypes being built this year and the level of interest from potential lead customers.

The development of TWedge® has now reached the next stage, with several OEMs having ordered improved and more compact technical samples for their review. The aim is to attract lead customers who will be willing to contribute financially to the product’s further development. Several customer interactions took place during the quarter. The market remains somewhat undefined and customers are still at an early stage of assessing how the TWedge® can be used, what specifications are required and how it can be integrated. poLight aims to engage with one or more lead customers, with a view to designing a specifically tailored version. The lessons learnt from this first deployment will eventually be used to create a standard poLight product when market is more defined. In the meantime, poLight will continue to further develop the TWedge® technology platform to enable more functions and applications.

Several other important activities are ongoing. These relate more to the continuous enhancement of the current product portfolio and to supporting key customers in their assessment of TLens® for their application areas.

Two customers who currently use TLens® have received a patent infringement claim and a lawsuit has been filed. poLight's assessment of the claim is that TLens® does not infringe the patents mentioned.

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 other factors to consider, specifically relating to the need for a bigger aperture TLens® for the automotive market and a smaller TLens® related to the medical/endoscope market.

Consumer market

The main activity in the quarter related to augmented/mixed reality (AR/MR), laptop, smartphone and smartwatch applications.

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 with the main camera, is currently impacting poLight's ability to achieve new smartphone design-wins. However, some smartphone-related market activity has recently re-started in conjunction with a camera module partner with specific OEM customers and applications in mind. Furthermore, during the last couple of quarters a few key laptop and smartwatch opportunities have surfaced, and PoCs have got underway.

poLight continues to be persistent in relation to the consumer market and has embarked on several development projects to enable less costly integration of TLens® and broaden the company's offering to cover wider application areas. We are also actively pursuing other consumer applications which are expected to develop a need for AF solutions over time.

In the consumer market, poLight has so far achieved four design-wins and is involved in six ongoing PoC projects, while five PoCs are in the planning stage. In addition, the company has achieved one design-in and is engaged in 12 ongoing PoCs (six 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 ecosystem, the technology and market in general still need to mature before massive deployment of consumer products will occur. The key players are, however, of the opinion that this will develop into an important consumer market. 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. Nevertheless, potential consumer-oriented opportunities are growing in number and becoming increasingly mature. The AR/MR market segment will be key for poLight.

With respect to TWedge®, major consumer AR/MR OEMs have started testing the prototypes. The strategy is to continue building appetite through selling technical samples, and to learn from the market about its needs, applications and required specifications. The objective is to obtain a lead customer's commitment to supporting further product development and trigger mass production. Due to the lack of maturity in the market and key pieces of technology,

timing is uncertain. In the meantime, customer interaction will continue and the TWedge® technology platform will be further developed to offer more functionality and cover broader applications areas.

In addition to four design-wins, three design-ins have been confirmed: one relating to a consumer AR application, one for enterprise AR and one related to MR enterprise. This is one less design-in than was disclosed in the last quarterly report because one project was stopped due to changes in the company's strategic direction. As seen today, none of these cases will be launched this year. Fourteen PoCs are ongoing, 13 of which target consumer applications, while 14 PoCs are in the planning stage (eight for consumer applications). A potential TWedge® product is included in the numbers given above for PoCs (six) 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. An increasing customer pipeline is, however, clearly a positive sign.

In the barcode/machine vision market, six companies currently use TLens® in a total of 13¹ different commercially available products (design-wins). All the products are still shipping to customers and are expected to do so for several more years. During the quarter (7 August), a new purchase order worth NOK 950,000 was received in connection with the first barcode design-win (back in 2000). After the quarter's close, on 8 October, an existing customer confirmed that TLens® was to be used in two new handheld barcode products. On the 24 October a purchase order worth NOK 344,000, was received to related two new barcode products announced 8 October. On 2 October, Woptix released to market a wavefront phase camera, the SEBI RT1000, which uses TLens®.

Currently poLight has achieved 16 design-wins (three barcode, 10 machine vision products from six different companies, and two design-wins from Thorlab). It has 15 ongoing PoCs (eight barcode, three machine vision and three other applications) and 16 PoCs in the planning stage (seven barcode, two machine vision and seven other applications).

As can be seen from the above overview there is a significant opportunity pipeline in this market segment.

Healthcare

The company continues to support selected opportunities in the healthcare market segment. The partnership 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 microscope² have led to several similar projects.

In addition to engaging directly with research labs, the company is involved with three commercial companies. All of these have now released commercially available solutions to the market, two of which were recently announced (post-quarter): Transcend Vivoscope (5 October) and Thorlabs (7 October). All three companies were represented and showcased their Mini2p solutions at the SfN Neuroscience '24 conference (5 October to 9 October). Mini2P technology is still in its early stages and scientists are learning more about the technology and how it can impact their research.

In addition to the activity related to Mini2P, poLight is engaged in commercial endoscope cases. In the short/medium term, however, 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. This may change over time.

Currently, the company has four design-wins (all related to Mini2P) and 14 ongoing PoCs, of which 11 relate to Mini2P – typically universities/research labs.

Automotive

During the quarter, the company has been engaged in one PoC, 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.

¹ Now counting each model from the different suppliers as design-win.

² An open-source miniature two-photon microscope brain explorer for fast high-resolution calcium imaging in freely moving mice.

FINANCIAL REVIEW

Profit and loss

<i>(in NOK million)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	1.9	3.1	8.4	17.4	22.5
Cost of sales	-1.6	-0.5	-7.3	-8.2	-10.3
Gross profit	0.2	2.6	1.1	9.2	12.2
Research and development expenses 1)	-8.7	-8.0	-24.0	-24.3	-34.6
Sales and marketing expenses	-2.6	-4.0	-11.9	-11.8	-17.7
Operational / supply chain expenses	-5.0	-4.9	-17.5	-11.8	-16.7
Administrative expenses	-9.2	-6.1	-13.6	-13.8	-22.0
EBITDA	-25.2	-20.5	-65.8	-52.5	-78.8
Share option plan expense	3.0	3.2	6.6	5.2	8.1
Accrued employer's NICs re. share option plan	0.3	0.7	-5.6	-2.2	1.9
EBITDA ex share options	-21.9	-16.6	-64.8	-49.5	-68.8
Depreciation and amortisation	-2.6	-2.6	-7.8	-7.2	-9.7
EBIT ex share options	-24.6	-19.2	-72.6	-56.7	-78.5

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

Q3 2024

Revenue totalled NOK 1.9 million in Q3 2024 (NOK 3.1 million in Q3 2023), which reflects deliveries of TLens® and ASICs.

Cost of sales includes an increased provision for inventory obsolescence of NOK 0.9 million (NOK 0 million in Q3 2023). poLight has a general scheme for determining the provision based on age. As a general rule, one-year-old wafers and units prompt a 10 per cent provision, while the provision for two-year-old and three-year-old wafers and units is 20 per cent and 30 per cent respectively.

R&D expenditure, net of government grants, amounted to NOK 8.7 million (NOK 8.0 million in Q3 2023).

Sales and marketing expenses came to NOK 2.6 million in Q3 2024 (NOK 4.0 million). The difference compared with Q3 2023 is primarily due to less sales support required from HQ during the quarter. Operational/supply-chain expenses totalled NOK 5.0 million (NOK 4.9 million), whereof more than two-thirds relate to personnel related costs.

Administrative expenses totalled NOK 9.2 million in the quarter (NOK 6.1 million), reflecting higher salary costs and professional services.

EBITDA totalled NOK -25.2 million in Q3 2024 (NOK -20.5 million). The decrease in EBITDA is mainly attributable to a lower contribution from gross profit, due to lower revenues and the increased provision for inventory obsolescence, in addition to a higher provision for professional services.

Share option plan expenses amounted to NOK 3.0 million in Q3 2024 (NOK 3.2 million). In September the Board made a resolution to grant 550,00 new share options at a strike (exercise price) at NOK 4.33 per share. The new scheme will vest over 3 years, starting at the time of the grant. The fair value was measured to NOK 1.3 million with NOK 0.05 million recognised in the quarter.

NOK 0.3 million in accrued employer's NICs was recognised in the quarter, while in Q3 2023, NOK 0.7 million in accrued employer's NICs was recognised. The company pays employer's NICs on the difference between the share's current market value and the option's strike price on the date of exercise.

Depreciation and amortisation, which primarily relate to intangible assets, totalled NOK 2.6 million in the quarter (NOK 2.6 million).

Balance sheet

<i>(in NOK million)</i>	Q3 2024	Q3 2023	FY 2023
Property, plant and equipment	8.7	9.8	9.2
Intangible assets	12.1	19.4	17.6
Right-of-use assets	0.2	3.1	2.9
Inventories	63.5	69.6	70.1
Receivables and prepayments	10.0	7.7	8.8
Cash and cash equivalents	180.1	132.8	114.8
Total assets	274.6	242.4	223.4
Total equity	261.2	224.3	199.5
Total current liabilities	13.1	16.0	21.9
Total non-current liabilities	0.4	2.1	2.0
Total equity and liabilities	274.6	242.4	223.4

As at 30 September 2024, total assets came to NOK 274.6 million, compared with NOK 242.4 million as at 30 September 2023 and NOK 223.4 million as at 31 December 2023.

Property, plant and equipment totalled NOK 8.7 million as at 30 September 2024, compared with NOK 9.8 million as at 30 September 2023 and NOK 9.2 million as at 31 December 2023. At the reporting date, intangible assets totalled NOK 12.1 million, compared with NOK 19.4 million as at 30 September 2023 and NOK 17.6 million as at 31 December 2023, reflecting amortisation during the year.

At period-end, right-of-use assets amounted to NOK 0.2 million, compared with NOK 3.1 million as at 30 September 2023. The decrease is attributable to a subsequent measurement of the lease of HQ premises, triggered by signing a new lease for the HQ in Tønsberg starting in Q4 2024. The new lease comprises 720 square meters of lab facilities, including a clean room, and offices, and has a duration of 10 years with 2 options for extension, of 5 years each. The determined value of the right-to-use assets and the corresponding liability (to be recognised in Q4 2024) is NOK 10 million.

Inventories decreased by NOK 1.3 million during the third quarter to end at NOK 63.5 million on 30 September 2024. NOK 0.9 million of the reduction in value is due to the increased provision for obsolescence, which amounted to NOK 20.3 million at the close of the quarter (NOK 14.9 million as at 31 December 2023).

As at 30 September 2024, poLight had cash and cash equivalents totalling NOK 180.1 million, compared with NOK 132.8 million as at 30 September 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 13.1 million as at 30 September 2024, compared with NOK 16.0 million as at 30 September 2023 and NOK 21.9 million as at 31 December 2023.

Cash flows

<i>(in NOK million)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Net cash flows used in operating activities	-19.0	-20.3	-57.4	-76.9	-94.6
Net cash flows used in investing activities	0.0	0.0	-0.9	-0.1	0.0
Net cash flows from/(used in) financing activities	-0.3	0.0	123.5	125.3	125.0
Effect of exchange rate changes on cash and cash equivalents	0.1	-0.1	0.2	0.2	0.2
Net increase/decrease in cash and cash equivalents	-19.2	-20.4	65.4	48.5	30.5

Q3 2024

The net cash outflow from operating activities totalled NOK 19.0 million in Q3 2024 (NOK 20.3 million). The decrease in cash outflow is largely attributable to the purchase of TLens[®] Silver wafers for inventory build-up in Q3 2023 offset by a lower contribution from gross profit, due to lower revenues. Inventories increased by NOK 3.4 million in Q3 2023 compared with a decrease of NOK 1.3 million in Q3 this year.

The net decrease in cash and cash equivalents totalled NOK 19.2 million for the quarter, compared with a net decrease of NOK 20.4 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 same goes for the increased tension in the Middle East. The conflict between Israel and several other countries in the region does not affect poLight's operations, suppliers or customers other than its impact on global stability in general.

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.

To protect its intellectual property rights (IPR), poLight relies on a combination of patents, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions. IPR constitutes one of poLight's key assets and poLight actively seeks to protect its products and technologies in the markets and geographic regions in which it operates, and elsewhere as deemed relevant. In its use of IPR, poLight faces several risks. For example, third parties may illegally copy or utilise poLight's IPR, third parties may (with or without merit) claim that poLight's use of IPR infringes the IPR of that third party, or the IPR of others may limit poLight's freedom to operate.

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 is an appropriate assumption.

OUTLOOK

Although revenue in the quarter was sluggish, there is good reason to be hopeful about future developments. Undoubtedly, the company is increasingly well positioned with respect to several promising market segments representing significant business potential.

poLight and its technology and solutions are becoming increasingly well-known and respected. Key design-win references have been achieved in all prioritised market areas. Important technology programmes have been started to future-proof the company. The manufacturing setup is gradually being optimised and, not at least, the organisation is competent, capable and motivated for what lies ahead. Furthermore, the company is yet to actively explore several market segments with the potential to open a wide range of business opportunities for the company.

By working hard, being persistent and consistently taking a market and customer-oriented approach, poLight's progress will continue going forward.

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.

CONDENSED INTERIM FINANCIAL STATEMENTS

Interim condensed consolidated statement of income

NOK 000	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Sale of goods		1 851	2 947	6 850	17 059	20 099
Rendering of services		0	103	1 547	305	2 412
Revenue		1 851	3 051	8 397	17 364	22 511
Cost of sales		-1 611	-469	-7 291	-8 164	-10 349
Gross profit		240	2 581	1 106	9 200	12 162
Research and development expenses net of governmental grants	6,9	-8 739	-7 995	-23 985	-24 255	-34 616
Sales and marketing expenses		-2 563	-4 029	-11 872	-11 841	-17 712
Operational / supply chain expenses		-4 959	-4 886	-17 466	-11 836	-16 684
Administrative expenses		-9 204	-6 147	-13 579	-13 789	-21 971
Operating result before depreciation and amortisation (EBITDA)		-25 225	-20 475	-65 797	-52 521	-78 821
Depreciation and amortisation	8	-2 638	-2 616	-7 837	-7 165	-9 670
Operating result (EBIT)		-27 863	-23 092	-73 633	-59 686	-88 492
Net financial items	7	2 149	1 626	4 712	1 874	3 223
Loss before tax		-25 714	-21 466	-68 922	-57 812	-85 269
Income tax expense		-58	-81	-87	-110	-220
Loss for the period		-25 771	-21 547	-69 008	-57 922	-85 489
Attributable to:						
Equity holders of the parent		-25 771	-21 547	-69 008	-57 922	-85 489
Earnings per share:						
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.20	-0.33	-0.71	-0.98	-1.40
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.20	-0.33	-0.71	-0.98	-1.40

Interim consolidated statement of other comprehensive income

<i>NOK 000</i>	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Loss for the period		-25 771	-21 547	-69 008	-57 922	-85 489
Other comprehensive income						
Exchange differences on translation of foreign operations		74	-183	88	239	151
Income tax effect		0	0	0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		74	-183	88	239	151
Total comprehensive income for the period, net of tax		-25 697	-21 730	-68 920	-57 683	-85 338
Attributable to:						
Equity holders of the parent		-25 697	-21 730	-68 920	-57 683	-85 338

Interim consolidated statement of financial position

<i>NOK 000</i>	Note	Q3 2024	Q3 2023	31.12.2023
ASSETS				
Property, plant and equipment		8 659	9 848	9 239
Intangible assets	8	12 124	19 399	17 580
Right-of-use assets		194	3 055	2 915
Total non-current assets		20 978	32 302	29 735
Inventories		63 476	69 632	70 089
Trade and other receivables	9	9 678	7 298	8 194
Prepayments		351	419	626
Cash and cash equivalents		180 141	132 772	114 788
Total current assets		253 646	210 121	193 697
Total assets		274 624	242 423	223 432
EQUITY AND LIABILITIES				
Share capital		5 185	2 648	2 648
Share premium		315 929	271 300	194 503
Reserves		1 369	1 369	1 281
Retained earnings		-61 319	-51 050	1 108
Total equity		261 164	224 267	199 541
Interest-bearing loans and borrowings		383	0	0
Lease liabilities		0	2 136	1 951
Total non-current liabilities		383	2 136	1 951
Trade and other payables	10	9 817	13 856	19 757
Interest-bearing loans and borrowings		57	0	0
Current lease liabilities		203	1 163	1 182
Provisions		3 000	1 000	1 000
Total current liabilities		13 077	16 020	21 940
Total liabilities		13 460	18 156	23 891
Total equity and liabilities		274 624	242 423	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				-57 922		-57 922
Other comprehensive income					239	239
Total comprehensive income		0	0	-57 922	239	-57 683
Issue of ordinary shares		568	147 931			148 500
Share options exercised		2	285			287
Transaction costs			-22 702			-22 702
Equity-settled share-based payment				5 173		5 173
As at 30 September 2023		2 648	271 300	-51 050	1 369	224 267
As at 1 January 2024		2 648	194 503	1 108	1 281	199 541
Loss for the period				-69 008		-69 008
Other comprehensive income					88	88
Total comprehensive income		0	0	-69 008	88	-68 920
Issue of ordinary shares		2 536	143 846			146 382
Share options exercised		0	0			0
Transaction costs			-22 419			-22 419
Equity-settled share-based payment				6 581		6 581
As at 30 September 2024		5 185	315 929	-61 319	1 369	261 164

Interim consolidated statement of cash flows

<i>NOK 000</i>	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Operating activities						
Profit / loss (-) before tax		-25 714	-21 466	-68 922	-57 812	-85 269
Adjustments for:						
Depreciation of property, plant and equipment and right-of-use assets		819	797	2 381	1 709	2 396
Amortisation of intangible assets	8	1 819	1 819	5 456	5 456	7 275
Net finance income		-2 149	-1 626	-4 712	-1 874	-3 223
Equity-settled share-based payments		3 038	3 198	6 581	5 173	8 101
Gain on disposal of property, plant and equipment		0	0	0	0	-14
Other non-cash items		1 854	1 260	3 821	1 484	-807
Changes in unrealised net foreign exchange rate differences/fluctuations		-71	-127	-94	46	-18
Changes in working capital:						
Decrease (+) in trade and other receivables and prepayments		2 149	-1 548	-496	-1 523	-2 374
Decrease (+) in inventories		1 295	-3 351	6 612	-24 055	-24 512
Decrease (-) in trade and other payables	10	-3 320	-3 820	-9 940	-8 624	-2 723
Changes in provisions and government grants		1 286	4 258	1 286	2 749	2 497
Interest received	7	131	430	827	706	4 518
Interest paid	7	-47	-61	-151	-199	-259
Income tax paid		-58	-81	-87	-110	-220
Net cash flows used in operating activities		-18 968	-20 317	-57 436	-76 875	-94 631
Investing activities						
Proceeds from sale of property, plant and equipment		0	0	0	0	392
Purchase of property, plant and equipment		-38	-28	-921	-109	-387
Net cash flows used in investing activities		-38	-28	-921	-109	6
Financing activities						
Proceeds from issuance of ordinary shares		0	0	146 382	148 500	148 500
Proceeds from exercise of share options		0	287	0	287	287
Transaction costs on issue of shares		0	-23	-22 419	-22 702	-22 702
Payment of lease liabilities		-295	-262	-870	-771	-1 089
Proceeds from borrowings		0	0	474	0	0
Repayment of borrowings		-14	0	-38	0	0
Net cash flows from/(used in) financing activities		-309	2	123 528	125 314	124 996
Net increase/decrease in cash and cash equivalents		-19 315	-20 343	65 171	48 330	30 371
Effect of exchange rate changes on cash and cash equivalents		145	-56	182	194	169
Cash and cash equivalents at the start of the period		199 311	153 172	114 788	84 249	84 249
Cash and cash equivalents at the close of the period		180 141	132 772	180 141	132 772	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 the Philippines and Japan. For more information, please visit <https://www.polight.com>.

2 Basis of preparation

The interim condensed consolidated financial statements for the quarter ended 30 September 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>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Employee benefits expense ¹⁾	18 594	17 560	50 387	45 739	68 725
Depreciation and amortisation	2 638	2 616	7 837	7 165	9 670
Other operating expenses	6 871	5 497	16 516	15 982	22 258
Total operating expenses	28 103	25 673	74 740	68 886	100 653

1) Including consultants engaged on long-term contracts

6 Research and development expenses net of governmental grants

<i>(in NOK 000)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Employee ²⁾ benefits expense	6 791	5 596	18 546	18 368	25 743
Other operating expenses	2 662	2 754	6 153	7 752	10 990
Government grants	-714	-355	-714	-1 864	-2 117
Total	8 739	7 995	23 985	24 255	34 616

2) Including consultants engaged on long-term contracts

7 Financial items

<i>(in NOK 000)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Net foreign exchange gain (loss)	-227	168	-255	-987	-1 020
Interest income	2 220	1 525	4 925	3 069	4 518
Finance income	211	0	211	0	0
Interest expense on debts and borrowings	-1	0	-3	0	0
Interest expense on lease liabilities	-43	-61	-147	-199	-259
Financial expenses	-11	-6	-21	-9	-16
Net financial items	2 149	1 626	4 712	1 874	3 223

8 Intangible assets

<i>(in NOK 000)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
At the start of the period	13 943	21 217	17 580	24 855	24 855
Amortisation	-1 819	-1 819	-5 456	-5 456	-7 275
At the close of the period	12 124	19 399	12 124	19 399	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

<i>(in NOK 000)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Net receivables at the start of the period	2 117	6 123	2 117	4 614	4 614
Grants received	0	-4 614	0	-4 614	-4 614
Grants earned	714	355	714	1 864	2 117
Net receivables at the close of the period	2 831	1 864	2 831	1 864	2 117

10 Trade and other payables

<i>(in NOK 000)</i>	Q3 2024	Q3 2023	FY 2023
Trade payables	2 862	5 546	5 893
Other payables ³⁾	6 698	6 558	8 025
Accrued employer's NICs on share option plan	257	1 752	5 839
At the close of the period	9 817	13 857	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 September 2024, the largest shareholder was Investinor Direkte AS, which owned 12.96 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

