



# poLight ASA Quarterly Report



2023

## KEY EVENTS IN THE QUARTER

- First smartphone design-win and mass production purchase order worth NOK 2.9 million announced during the quarter.
- Augmented reality (AR) cases continued to mature. Both Magic Leap 2 and LLVision use TLens® for their latest enterprise AR glasses.
- Follow-on order worth approximately NOK 650,000 received for TLens® to be used in a machine vision device, first announced on 18 May 2021.
- Quarterly all-time high revenue of NOK 7.1 million.
- The rights issue was oversubscribed by approximately 25% and gave NOK 135 million in gross proceeds.

### Dr Øyvind Isaksen, CEO of poLight ASA:

“Supporting customer cases at various stages and, not at least, supplying the first mass production purchase order for a smartphone project has kept us very busy in the first few months of 2023. We participated in the release event when Meizu presented their new smartphone series, called Meizu 20, and it was a special moment when they announced that the selfie camera in the Meizu 20 Infinity is “powered by poLight”. After many years of hard work and dedication, this was a rewarding moment for all of us. This design-win represent a very important milestone for the company and will be helpful for achieving growth in all market segments.

The augmented reality (AR) market segment is continuing to develop positively for us. Two design-wins related to AR enterprise glasses have been secured and are currently in mass production. The customer pipeline in this segment continues to grow, and we are involved in both enterprise and consumer cases. Our TLens® is used/planned for use in both world facing camera and display, as well as in VR cases. A potential new product called TWedge®, which enhances µLED AR display resolution, is attracting a lot of interest. In short, the opportunity landscape is very encouraging.

The barcode/machine vision market is slowly progressing, and the TLens® is now used by five companies. We recently received a follow-on order from one of them. All five cases are still shipping to customers and are expected to do so for several more years. New releases with the same customers are being discussed, while new companies are in the process of qualifying our technology. Other market segments, such as Healthcare and Automotive, are still at an early stage but look promising.

So, overall, we are in the process of building a very good platform for expansion in the next few years, although there are still challenges to overcome, both from a market and operational point of view. The organisation is extremely dedicated and shows an impressive willingness to tackle what needs to be done. All our employees deserve a big vote of thanks! We are looking forward to the rest of 2023!”

### Key figures

(in NOK million)	Q1 2023	Q1 2022	FY 2022
Revenue	7.1	1.5	13.4
Gross profit	2.9	0.8	8.5
EBITDA	-14.0	-18.5	-58.7
EBITDA ex share options	-14.1	-17.9	-58.9
Net cash flows used in operating activities	-30.6	-6.0	-63.6
Net increase/decrease in cash and cash equivalents	-30.9	-7.6	-73.5

## MANUFACTURING, PRODUCT DEVELOPMENT AND MARKETS

### Manufacturing and operations

poLight works primarily with two categories of subcontractors – a MEMS/wafer supplier (ST Microelectronics (ST) in Italy) and assembly partners. While ST produces the wafers/actuators, assembly partners assemble the complete product. The polymer (*i.e.* lens material) is produced at poLight's headquarters.

With regard to assembly and testing, it has been a hectic quarter, since we have been producing for the smartphone project as well as working on yield improvement and improved final test setup (both in terms of quality and capacity). The first smartphone mass production purchase order, announced on 24 January 2023, was delivered in full before end of quarter.

ST is currently manufacturing a significant backlog of wafers ordered by poLight, which is scheduled to be cleared latest by the end of 2023.

Lead-time and capacity constraints in the industry remain challenging.

### Product development/technology

Important improvement projects relating to the performance and reliability of existing products (TLens®) continued during the quarter. Some aspects will be implemented in the short term, while others have a longer-term horizon. With regard to new products/functionality, the main focus has been on TWedge®, a potential new product that enables wobulation, a method for improving resolution in AR projection display solutions. Technical samples of this product will be available in mid-2023. Customer interactions so far indicate that it may become a very important product. poLight seeks to establish early customer engagement in the development of this new product.

### Markets

Customer-related activities continued at a good level in the first quarter. poLight is actively engaged in several market areas. This includes the consumer applications, such as smartphones, augmented reality devices and accessories, as well as a broad range of professional applications, such as barcode readers, medical devices and augmented/virtual reality glasses. Recent developments in the automotive market indicate a future need for autofocus solutions, and TLens® has been mentioned as a potential candidate. This market is demanding, and it will take a long time to qualify for such applications. Nevertheless, it is worthwhile exploring since the volume potential is significant.

Interest in our solutions remains high and the company continues to make progress on several projects with potential customers. In sum, TLens® technology is increasingly being recognised by potential customers in a wide range of market areas. Over time, this is expected to develop into a diversified revenue base for poLight.

### Consumer market

The new camera module concept, based on add-in TLens® design, is continuing to open new opportunities for different applications. Several reference designs have been developed to position TLens® for various use cases. During the quarter, the focus was on smartphone and augmented reality applications. Other applications, such as webcams, laptops, drones, etc., are also being explored.

During the quarter poLight was awarded a design-win and received a first mass production purchase order for the Meizu 20 Infinity phone. This is an important milestone for the company and could potentially have an impact for poLight's penetrations in all market segments. Meizu 20 Infinity is a flagship phone and is expected to ship in low volume. The fact that there will soon be a smartphone on the market that uses TLens® represents a great opportunity to demonstrate TLens® and reduce any potential perceived supply risk associated with using poLight products. The consumer market remains somewhat depressed, and OEMs are experiencing lower sales. The introduction of new, more costly technology will therefore probably be more challenging. Nevertheless, we believe the current sentiment will eventually change, opening new opportunities which the company will be ready to exploit.

In the consumer market, poLight has so far achieved four design-wins. We are also involved in five ongoing PoC projects and 11 PoCs that are in the planning stage. In addition to the above, we have one more design-in and three ongoing PoCs related to consumer AR/VR-related products. Note, one design-in reported last quarter has been moved to ongoing PoC, which as of today seem to be more accurate.

### **Augmented reality (AR) market**

TLens® is being considered/tested by several important AR/VR market players. The TLens® technology's low power-consumption, no gravity sensitivity, temperature stabilisation (often called athermalisation), high speed and compactness stand out as key technical benefits.

The AR market segment continued to develop positively for poLight during the quarter. TLens® is used/planned for use in both world facing camera and display. The company is currently included in two AR enterprise products already released to market – Magic Leap 2 and LLVision. In addition, four design-ins have been confirmed (one for consumer applications, one VR), six PoCs (three of which are for consumer applications) are ongoing, while 15 PoCs are in the planning stage. Three of the design-ins are expected to be launched during 2<sup>nd</sup> half 2023, if everything goes as planned. Furthermore, a potential new product called TWedge®, which enhances µLED AR display resolution, is attracting a great deal of interest. Note, one design-in reported last quarter has been moved to on-going PoC, which as of today seem to be more accurate.

The AR market is entering a very important phase, and poLight expects to see several companies releasing new AR products in the coming years. Most of the initial customer cases relate to the professional/business market, so initial volumes will be low. Over time, however, AR devices are expected to address the consumer market, prompting a significant increase in demand some years down the road. In the longer term, the AR market is expected to be an important market for the company.

### **Barcode/machine vision**

The opportunity pipeline for this market segment is promising and slowly growing. It will take time to develop this market and will require entry into some broader application areas. Currently five companies use TLens® in commercially available products (design-wins). poLight recently received a follow-on order from one of them. All five cases are still shipping to customers and are expected to do so for several more years. New releases with the same customers are being discussed, while new companies are in the process of qualifying our technology. In addition to the five design-wins, the company is involved in 16 ongoing PoCs (13 of which are for barcode/machine vision applications).

### **Medical/Research**

The company is continuing to support selected opportunities in this market segment. Most of the cases being explored are based on "incoming calls". Over time, this sector could potentially become an important market for poLight.

At the end of the quarter, the company was engaged in one design-win (Kavli), two design-ins (a laparoscope from Xenocor and a miniature two-photon microscope being developed by another company for commercial sale), and 14 ongoing PoCs.

The Xenocor (<https://xenocor.com>) case has developed positively during the quarter. Human trials are scheduled to be carried out around mid 2023 and expected market release shortly after that. The Kavli design-win has generated a lot of activity, and similar research cases account for nine of the company's ongoing PoCs. The main purpose of this activity is brand-building and providing support for important research. The other ongoing PoCs relate to business enterprises wishing to explore the use of TLens® in commercial products.

### **Automotive**

During the quarter, the company has been engaged in two PoCs, while others are in the planning stage. This market segment will be challenging to penetrate. But there is a need for new technology, and TLens® is one of the solutions being explored. The market is significant in size but it will take many years to develop.

## FINANCIAL REVIEW

### Profit and loss

(in NOK million)	Q1 2023	Q1 2022	FY 2022
Revenue	7.1	1.5	13.4
Cost of sales	-4.2	-0.7	-4.8
Research and development expenses <sup>1)</sup>	-7.6	-11.8	-32.9
Sales and marketing expenses	-3.8	-3.9	-13.1
Operational / supply chain expenses	-3.0	-1.6	-9.2
Administrative expenses	-2.6	-2.0	-12.1
<b>EBITDA</b>	<b>-14.0</b>	<b>-18.5</b>	<b>-58.7</b>
Share option plan expense	1.1	1.4	4.8
Accrued employer's NICs re. share option plan	-1.1	-0.8	-5.0
<b>EBITDA ex share options</b>	<b>-14.1</b>	<b>-17.9</b>	<b>-58.9</b>
Depreciation and amortisation and net impairment losses	-2.2	-3.0	-10.4
<b>EBIT ex share options</b>	<b>-16.3</b>	<b>-20.9</b>	<b>-69.3</b>

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

Revenue totalled NOK 7.1 million in Q1 2023 (NOK 1.5 million in Q1 2022), which reflects deliveries of TLens® and ASICs for commercial use and customer development projects.

R&D expenditure, net of government grants, amounted to NOK 7.6 million, compared with NOK 11.8 million in Q1 2022. Less third-party involvement in R&D projects explains the reduced expenditure.

Sales and marketing expenses came to NOK 3.8 million in Q1 2023 (NOK 3.9 million). Operational/supply chain expenses totalled NOK 3.0 million (NOK 1.6 million) due to increased internal resource usage relating to yield-improvement and improved final test setup.

Administrative expenses totalled NOK 2.6 million in the quarter, compared with NOK 2.0 million in Q1 2022.

EBITDA totalled NOK -14.0 million in Q1 2023 (NOK -18.5 million).

Share option plan expenses amounted to NOK 1.1 million in Q1 2023 (NOK 1.4 million), while accrued employer's national insurance contributions (NICs) was reversed with NOK 1.1 million in the quarter (NOK 0.8 million in reversed accrual in Q1 2022). 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. The decrease in accrued employer's NICs in Q1 2023 was mainly attributable to the decrease in poLight's share price in the period.

Depreciation and amortisation, which primarily related to non-current intangible assets, totalled NOK 2.2 million in the quarter (NOK 3.0 million).

## Balance sheet

(in NOK million)	Q1 2023	Q1 2022	FY 2022
Property, plant and equipment	10.5	3.6	10.7
Intangible assets	23.0	30.8	24.9
Right-of-use assets	3.6	4.5	3.9
Inventories	56.8	20.7	45.6
Receivables and prepayments	17.1	10.8	8.9
Cash and cash equivalents	53.6	150.2	84.2
<b>Total assets</b>	<b>164.6</b>	<b>220.6</b>	<b>178.2</b>
Total equity	136.1	193.9	150.7
Total current liabilities	25.9	23.0	24.6
Total non-current liabilities	2.7	3.7	3.0
<b>Total equity and liabilities</b>	<b>164.6</b>	<b>220.6</b>	<b>178.2</b>

As at 31 March 2023, total assets came to NOK 164.6 million, compared with NOK 220.6 million as at 31 March 2022 and NOK 178.2 million as at 31 December 2022.

At the reporting date, intangible assets totalled NOK 23.0 million, compared with NOK 30.8 million as at 31 March 2022, reflecting amortisation during the year, and NOK 24.9 as at 31 December 2022.

Inventories increased by NOK 11.2 million during the quarter, to stand at NOK 56.8 million at the close (NOK 20.7 million at the close of Q1 2022 and NOK 45.6 million at 31 December 2022). The increase in inventories mainly relates to wafers from ST Microelectronics.

Property, plant and equipment totalled NOK 10.5 million as at 31 March 2023, compared with NOK 3.6 million as at 31 March 2022. The increase is primarily due to investments of NOK 5.5 million in additional final test equipment in both Taiwan and the Philippines. The equipment includes sorting features with respect to various performance parameters.

As at 31 March 2023, polight had cash and cash equivalents totalling NOK 53.6 million, compared with NOK 150.2 million as at 31 March 2022 and NOK 84.2 million as at 31 December 2022.

Total current liabilities amounted to NOK 25.9 as at 31 March 2023, compared with NOK 23.0 million as at 31 March 2022 and NOK 24.6 million as at 31 December 2022.

## Cash flow

(in NOK million)	Q1 2023	Q1 2022	FY 2022
Net cash flow used in operating activities	-30.6	-6.0	-63.6
Net cash flow used in investing activities	0.0	-1.4	-9.2
Net cash flow from/(used in) financing activities	-0.7	-0.2	-0.7
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-30.9</b>	<b>-7.6</b>	<b>-73.5</b>

The net cash outflow from operating activities totalled NOK 30.6 million in Q1 2023, compared with NOK 6.0 million in Q1 2022. Working capital increased by NOK 18.1 million in the quarter, of which NOK 11.2 relates to the increased inventory. In Q1 2022, the outstanding amount of the VAT claim (NOK 11 million) was received in addition to government grants of NOK 2.5 million (NOK 0 million in Q1 2023).

The net decrease in cash and cash equivalents totalled NOK 30.9 million for the quarter, compared with a net decrease of NOK 7.6 million in the same period in 2022.

## RISK FACTORS

The current tensions between China and Taiwan could potentially have a negative impact on the company's operations. However, the company's main TLens® assembly activities have been relocated to the Philippines, and only the final test is carried out in Taiwan. A similar final test capability is being established in the Philippines, which will reduce the risk further.

Since poLight does not have any operations, customers or direct suppliers in Russia or Ukraine, the war in Ukraine has, to date, 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 performance parameters set by potential customers, or by parties testing the Group's products at a later time. If the Group's products do not meet such performance 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 imply 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 still be cash generated from financing, equity and/or debt, in addition to net cash flows generated from sales. In April 2023, the company launched an underwritten preferential rights issue. The rights issue was oversubscribed by approximately 25% and gave NOK 135 million in gross 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

The company's high activity levels are reflected in a growing opportunity pipeline.

The company has been, and is still, using substantial resources to position itself for the consumer market and recently announced a design-win and first mass production purchase order related to the Meizu 20 Infinity smartphone. This is an important milestone for the company. The announced project relates to a flagship smartphone and will therefore be a low volume case. Nevertheless, it represents a key reference for the company in all market segments. The fact that there will soon be a smartphone on the market that uses TLens®, represents a great opportunity to demonstrate TLens® and reduce any potential perceived supply risk associated with using poLight products. The consumer market remains somewhat depressed and OEMs are experiencing lower sales. The introduction of new, more costly technology will therefore probably be more challenging. Nevertheless, the sentiment will eventually change, opening new opportunities which the company will be ready to exploit.

The augmented reality (AR) market continues to develop very positively for poLight. TLens® are already being used in the latest Magic Leap and LLVision AR enterprise glasses. Furthermore, it has been confirmed that TLens® will be included in other enterprise AR/VR glasses planned to be released in 2023. The company is also involved in projects aiming to develop AR glasses for the consumer market. Other market segments, such as the industrial, medical and, in the longer term, automotive, also represent significant business opportunities that will help to future-proof poLight.

In April 2023, poLight launched a fully underwritten rights issue, that was oversubscribed by approximately 25%, which gave NOK 135 million in gross proceeds.

## FORWARD-LOOKING STATEMENTS

This report contains statements regarding the future. In particular, the section *"Outlook"* 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 2022, 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	Q1 2023	Q1 2022	FY 2022
Sale of goods		7 121	1 471	10 034
Rendering of services		0	0	3 328
<b>Revenue</b>		<b>7 121</b>	<b>1 471</b>	<b>13 363</b>
Cost of sales		-4 199	-685	-4 826
<b>Gross profit</b>		<b>2 922</b>	<b>786</b>	<b>8 536</b>
Research and development expenses net of governmental grants	6,9	-7 553	-11 750	-32 907
Sales and marketing expenses		-3 782	-3 876	-13 122
Operational / supply chain expenses		-2 960	-1 632	-9 179
Administrative expenses		-2 623	-1 980	-12 068
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>-13 996</b>	<b>-18 452</b>	<b>-58 740</b>
Depreciation and amortisation and net impairment losses	8	-2 234	-2 987	-10 400
<b>Operating result (EBIT)</b>		<b>-16 230</b>	<b>-21 439</b>	<b>-69 140</b>
Net financial items	7	199	546	1 496
<b>Loss before tax</b>		<b>-16 031</b>	<b>-20 893</b>	<b>-67 644</b>
Income tax expense		0	-1	-242
<b>Loss for the period</b>		<b>-16 031</b>	<b>-20 895</b>	<b>-67 886</b>
<b>Attributable to:</b>				
Equity holders of the parent		-16 031	-20 895	-67 886
<b>Earnings per share:</b>				
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.31	-0.40	-1.31
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.31	-0.40	-1.31

## Interim consolidated statement of other comprehensive income

NOK 000	Note	Q1 2023	Q1 2022	FY 2022
<b>Loss for the period</b>		<b>-16 031</b>	<b>-20 895</b>	<b>-67 886</b>
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations		340	-12	95
Income tax effect		0	0	0
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>340</b>	<b>-12</b>	<b>95</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-15 691</b>	<b>-20 906</b>	<b>-67 791</b>
<b>Attributable to:</b>				
Equity holders of the parent		-15 691	-20 906	-67 791

## Interim consolidated statement of financial position

NOK 000	Note	Q1 2023	Q1 2022	FY 2022
<b>ASSETS</b>				
Property, plant and equipment		10 526	3 566	10 748
Intangible assets	8	23 036	30 811	24 855
Right-of-use assets		3 599	4 512	3 871
<b>Total non-current assets</b>		<b>37 161</b>	<b>38 889</b>	<b>39 474</b>
Inventories		56 768	20 695	45 577
Trade and other receivables	9	15 927	8 122	8 386
Prepayments		1 216	2 706	557
Cash and cash equivalents		53 569	150 151	84 249
<b>Total current assets</b>		<b>127 480</b>	<b>181 674</b>	<b>138 769</b>
<b>Total assets</b>		<b>164 641</b>	<b>220 563</b>	<b>178 242</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		2 078	2 077	2 078
Share premium		145 785	209 352	145 785
Reserves		1 470	1 023	1 130
Retained earnings		-13 278	-18 552	1 699
<b>Total equity</b>		<b>136 056</b>	<b>193 901</b>	<b>150 692</b>
Lease liabilities		2 696	3 686	2 970
<b>Total non-current liabilities</b>		<b>2 696</b>	<b>3 686</b>	<b>2 970</b>
Trade and other payables	10	23 767	21 515	22 480
Current lease liabilities		1 122	961	1 100
Provisions		1 000	500	1 000
<b>Total current liabilities</b>		<b>25 890</b>	<b>22 976</b>	<b>24 581</b>
<b>Total liabilities</b>		<b>28 586</b>	<b>26 662</b>	<b>27 550</b>
<b>Total equity and liabilities</b>		<b>164 641</b>	<b>220 563</b>	<b>178 242</b>

## Interim consolidated statement of changes in equity

		Attributable to equity holders of the parent				Total
		Share capital	Share premium	Retained earnings	Translation reserve	
<i>NOK 000</i>	Note					
<b>As at 1 January 2022</b>		<b>2 077</b>	<b>209 320</b>	<b>977</b>	<b>1 035</b>	<b>213 409</b>
Loss for the period				-20 895		-20 895
Other comprehensive income					-12	-12
Total comprehensive income		0	0	-20 895	-12	-20 906
Share options exercised		0	33			33
Equity-settled share-based payment				1 366		1 366
<b>As at 31 March 2022</b>		<b>2 077</b>	<b>209 353</b>	<b>-18 552</b>	<b>1 023</b>	<b>193 901</b>
<b>As at 1 January 2023</b>		<b>2 078</b>	<b>145 785</b>	<b>1 699</b>	<b>1 130</b>	<b>150 692</b>
Loss for the period				-16 031		-16 031
Other comprehensive income					340	340
Total comprehensive income		0	0	-16 031	340	-15 691
Equity-settled share-based payment				1 055		1 055
<b>As at 31 March 2023</b>		<b>2 078</b>	<b>145 785</b>	<b>-13 277</b>	<b>1 470</b>	<b>136 056</b>

## Interim consolidated statement of cash flows

NOK 000	Note	Q1 2023	Q1 2022	FY 2022
<b>Operating activities</b>				
Profit / loss (-) for the period		-16 031	-20 893	-67 644
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets		415	420	1 877
Amortisation of intangible assets	8	1 819	2 567	8 522
Net finance income		-199	-546	-1 496
Equity-settled share-based payments		1 055	1 366	4 821
Other non-cash items		218	-173	-430
Changes in unrealised net foreign exchange rate differences/fluctuations		120	37	143
Changes in working capital:				
Increase (-) in trade and other receivables and prepayments		-7 370	10 942	11 925
Increase (-) in inventories		-11 191	-3 860	-28 741
Increase (+) in trade and other payables	10	1 287	1 609	2 574
Changes in provisions and government grants		-831	1 764	3 166
Interest received	7	167	808	2 255
Interest paid	7	-71	-89	-330
Income tax paid		0	-1	-242
<b>Net cash flows used in operating activities</b>		<b>-30 612</b>	<b>-6 049</b>	<b>-63 600</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		-36	-1 365	-9 202
<b>Net cash flows used in investing activities</b>		<b>-36</b>	<b>-1 365</b>	<b>-9 202</b>
<b>Financing activities</b>				
Proceeds from exercise of share options		0	33	254
Payment of lease liabilities		-252	-229	-964
<b>Net cash flows used in financing activities</b>		<b>-252</b>	<b>-196</b>	<b>-710</b>
Net increase in cash and cash equivalents		-30 900	-7 611	-73 513
Effect of exchange rate changes on cash and cash equivalents		220	-49	-49
Cash and cash equivalents at the start of the period		84 249	157 810	157 810
<b>Cash and cash equivalents at the close of the period</b>		<b>53 569</b>	<b>150 151</b>	<b>84 249</b>

## 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 230, 3185 Skoppum, Norway.

poLight offers a new autofocus lens, which "replicates" the human eye, for use in devices such as smartphones, wearables, barcode readers, machine vision systems and various types of medical equipment. poLight's TLens® enables better system performance and new user experiences due to benefits such as extremely fast focus, small footprint, no magnetic interference, low power consumption and constant field of view. For more information, visit [www.polight.com](http://www.polight.com).

### 2 Basis of preparation

The interim condensed consolidated financial statements for the quarter ended 31 March 2023 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 full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2022.

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 2022.

### 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 2022.

### 5 Specification of operating expenses by nature

<i>(in NOK 000)</i>	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>FY 2022</b>
Employee benefits expense <sup>1)</sup>	12 068	10 628	45 614
Depreciation and amortisation	2 234	2 987	10 400
Other operating expenses	4 851	8 610	21 663
<b>Total operating expenses</b>	<b>19 152</b>	<b>22 225</b>	<b>77 676</b>

1) Including consultants engaged on long-term contracts

## 6 Research and development expenses

<i>(in NOK 000)</i>	Q1 2023	Q1 2022	FY 2022
Employee <sup>2)</sup> benefits expense	6 078	5 497	22 878
Other operating expenses	2 306	7 019	14 922
Government grants	-831	-765	-4 892
<b>Total</b>	<b>7 553</b>	<b>11 751</b>	<b>32 907</b>

2) Including consultants engaged on long-term contracts

## 7 Financial items

<i>(in NOK 000)</i>	Q1 2023	Q1 2022	FY 2022
Net foreign exchange gain (loss)	-380	169	-385
Interest income	650	465	2 249
Interest expense on lease liabilities	-71	-89	-330
Financial expenses	0	0	-38
<b>Net financial items</b>	<b>199</b>	<b>546</b>	<b>1 496</b>

## 8 Intangible assets

<i>(in NOK 000)</i>	Q1 2023	Q1 2022	FY 2022
At the start of the period	24 855	33 377	33 377
Amortisation	-1 819	-2 567	-8 522
<b>At the close of the period</b>	<b>23 036</b>	<b>30 811</b>	<b>24 855</b>

poLight's operations constitute one single cash generating unit (CGU) for impairment assessment purposes, the TLens<sup>®</sup> technology platform. Indicators of impairment of the TLens<sup>®</sup> technology have been assessed, and none identified.

## 9 Government grants

<i>(in NOK 000)</i>	Q1 2023	Q1 2022	FY 2022
Net receivables at the start of the period	4 614	7 280	7 280
Grants received	0	-2 530	-7 558
Released to the statement of profit and loss	831	765	4 892
<b>Net receivables at the close of the period</b>	<b>5 445</b>	<b>5 515</b>	<b>4 614</b>

## 10 Trade and other payables

<i>(in NOK 000)</i>	Q1 2023	Q1 2022	FY 2022
Trade payables	8 935	7 607	10 612
Other payables	12 012	5 848	7 923
Accrued employer's NICs on share option plan	2 820	8 061	3 945
<b>At the close of the period</b>	<b>23 768</b>	<b>21 515</b>	<b>22 480</b>



### 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 31 March 2023, the largest shareholder was Investinor Direkte AS, which owned 17.13 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 except the underwritten preferential rights issue carried out in May 2023.

## 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

