



# poLight ASA Quarterly Report



# Q4

2023

## KEY EVENTS IN THE QUARTER

- Follow-on mass production order, worth NOK 0.35 million, from an augmented reality (AR) customer (received 22 November)
- New design-win and initial mass production purchase order, worth NOK 0.4 million, for a high-end mixed reality head-mounted device (confirmed 27 November)
- Purchase order, worth NOK 2.5 million, relating to a Mini2p application (received 7 December)
- Follow-on purchase order, worth NOK 2.9 million for an augmented reality (AR) case (received 19 December)
- After the reporting date:
  - Action Prowave Technology confirmed release of two new barcode scanner products using TLens® (2 February)
  - Thorlabs released an Optical Cage System Product with Integrated TLens® at SPIE Photonics West 2024
  - poLight showcased Tunable Optics Technology at SPIE Photonics West 2024
  - Tunable Optics Technology on display at SHARP Technology Day 10–12 November and at CES 2024
  - At an Extraordinary General Meeting on 15 January 2024, Marianne Bøe (Head of Investor Relations at IDEX Biometrics) and Jean-Christophe Eloy (CEO and President of Yole) were elected as new board members, while Ann-Tove Kongsnes (Investinor) stepped down.

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

“After a somewhat sluggish third quarter, the activity in the fourth quarter picked up and several important milestones were achieved. AR/MR-related activity, in particular, remains strong. During the quarter, two follow-on orders were announced, as well as one new design-win for a high-end mixed reality head-mounted device.

The smartphone market remains challenging and the fact that our current solution is best suited for the selfie cameras, which have a lower priority and budget compared to the main camera, is currently impacting our ability to achieve new smartphone design-wins. Nevertheless, we continue to be persistent and have kicked off several activities to make our offering applicable in broader smartphone application areas. However, it is important to mention that apart from smartphone-driven consumer activity, the company is also exploring other opportunities, such as webcams and laptops, not to mentioned AR/MR, in the longer term.

We have recently seen interesting developments in more scientific/research-related sales, such as the Mini2P<sup>1</sup>. Our newly established relationship with Phenosys and Thorlabs indicates that this area may, over time, be more important than we initially anticipated. Although this will always represent a niche market, it is a potentially significant one, not only from a brand-building perspective, but also as an attractive business opportunity.

The industrial market is slowly moving forward, but at slower pace than we hoped for. Since the reporting date, however, we have achieved two new design-wins, and TLens® is now used in eleven barcode/machine vision products. There are several ongoing Proof of Concept (PoC) projects which will probably result in new design-wins going forward – both with existing and new customers.

The automotive and healthcare markets will, as mentioned before, take time to develop. Identifying use cases where autofocus offers clear advantages as well as define needed product specification is ongoing through PoC's and market dialog in general. Both these markets are put on lower priority than our key market segments.

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<sup>1</sup> An open-source miniature 2-photon microscope brain explorer for fast high-resolution calcium imaging in freely-moving mice.

poLight had a busy start to the year. We participated at both CES and SPIE Photonic West, where we had many positive customer interactions and were able to demonstrate our solution to key market players.

We are continuing to strengthen our organisation to enable us to better explore the opportunities ahead, handle challenges more effectively and evolve our offering.

In January 2024, there were some changes to the board. We would like to thank Ann-Tove Kongsnes from Investinor for being an active and competent board member for more than 12 years, and welcome Marianne Bøe (Head of Investor Relations at IDEX Biometrics) and Jean-Christophe Eloy (CEO and President of Yole) as new members of poLight's board of directors."

## Key figures

(in NOK million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	5.1	4.1	22.5	13.4
Gross profit	3.0	2.8	12.2	8.5
EBITDA	-26.3	-15.0	-78.8	-58.7
EBITDA ex share options	-19.3	-13.7	-68.8	-58.9
Net cash flows used in operating activities	-17.8	-15.2	-94.6	-63.6
Net increase/decrease in cash and cash equivalents	-18.0	-19.9	30.4	-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.

Assembly and testing activity was relatively low during the quarter and mainly related to AR/MR, science/healthcare and industrial cases at various stages. In addition to yield improvement work, the quarter was used to put into operation the final test equipment in the Philippines as well as strengthen the organisation. All assembly and testing are now conducted in the Philippines instead of being split between Taiwan and the Philippines.

During the quarter ST completed delivery of the wafer backlog.

### Product development/technology

Regarding new products/functionality, the 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 have been delivered to selected customers, and many customer interactions/demonstrations have been held. Further planning for new development projects scheduled for startup in 2024 was carried out during the quarter.

### 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/healthcare products. In addition, the automotive market is being explored, although this is not currently being given a high priority.

Market sentiment is currently challenging. Despite this, however, interest in poLight's solutions have been confirmed through the engagement with customers on various applications, which are expected to gradually develop into a diversified revenue base for poLight.

### **Consumer market**

During the quarter, the focus was on augmented/mixed reality (AR/MR) and smartphone applications. Other applications, such as laptops, 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 the selfie cameras, which have a lower priority and budget compared to the main camera, is currently impacting our ability to achieve new smartphone design-wins. Nevertheless, poLight continues to be persistent and has embarked on several development projects to broaden the company's offering to cover broader application areas.

In the consumer market, poLight has so far achieved four design-wins, is involved in two ongoing PoC projects and three PoCs that are in the planning stage. In addition, the company has achieved one design-in and is engaged in seven ongoing PoCs (3 for TWedge®) related to consumer AR/MR-related products, including those relevant for TWedge®.

### **Augmented/Mixed Reality (AR/MR)**

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

The AR market segment continued to develop positively for poLight during the quarter. Two follow-on orders were announced, as well as one new design-win for a high-end mixed reality head-mounted device.

TLens® is used/planned for use in both world-facing cameras and displays.

At the close of the fourth quarter, the company's technology is being used in three AR/MR enterprise products already on the market. These are Magic Leap 2, LEION Pro from LLVision, and a high-end mixed reality head-mounted device. In addition, five design-ins have been confirmed. One related to a consumer AR application, one was MR related, and three concerned enterprise AR. One of the three enterprise AR cases will most likely not be launched in the market due to soft demand, and is currently only used for sampling to selected customers. Eight PoCs are ongoing, seven of which target consumer applications, while 17 PoCs are in the planning stage (11 for consumer applications). A potential TWedge® product is included in the numbers given above for PoCs (4) and planned PoCs (7).

The AR/MR market is entering a very important phase and poLight expects to see several companies releasing new products in the coming years. All but one of the current design-in cases relate to the low volume enterprise market. The consumer-related design-in case will take some years before it is ready for potential market release. Volumes in the next few years are therefore expected to be relatively low. However, building a position through these cases, and maturing consumer-related PoC activities, will bring the company into AR/MR high volume applications as the markets mature. In the longer term, therefore, the AR/MR segment has the potential to become a key market for the company.

### **Barcode/Machine Vision**

It will take time to develop this market and will require entry into some broader application areas. Currently, six companies use TLens® in commercially available barcode/machine vision products (design-wins) – a total of 11 different products. All the products are still shipping to customers and are expected to do so for several more years. After the reporting date, it was announced that Action Prowave Technology has released two new barcode scanner products using TLens®. These are included in the numbers given above. In addition to the barcode/machine vision-related design-wins, the company announced post quarter that Thorlabs has released an Optical Cage System Product with Integrated TLens®. This is a scientific product used in labs, so very low volume, but still important for profiling TLens® to a wider professional audience.

In addition to the seven design-wins (eleven barcode/machine vision products from six different companies, and one design-win from Thorlab), the company has one design-in (barcode) and is involved in 13 ongoing PoCs, 11 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 Kavli Institute at the Norwegian University of Science and Technology (NTNU), and the contribution the company has made to the development of the Mini2P microscope<sup>2</sup> has 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. See press releases dated 25 September and 7 December 2023, and latest 21 February 2024.

In addition to this, poLight is engaged in commercial endoscope cases. However, for the short/medium term, the company does not foresee any commercial breakthrough for this application, as the trend still is to use low-resolution sensors, with no clear need for autofocus using current platform available (enabling say all-in-focus), and for some cases very high optical power is needed.

At the end of the quarter, the company was engaged in one design-win (Kavli, Mini2P), three design-ins (all Mini2P related), and 14 ongoing PoCs, of which 10 relate to Mini2P. As mentioned last quarter, Xenocor is experiencing some unexpected problems unrelated to TLens<sup>®</sup> and had to go through a redesign process. This case has been removed from our design-in list, as the redesign will not include auto focus.

### Automotive

During the quarter, the company has been engaged in three PoCs, while five others are in the planning stage. This is unchanged from the previous quarter. Going forward, this market segment may have need for autofocus technology, and TLens<sup>®</sup> is one of the solutions being explored. The market is potentially significant but will most likely require a new revision of TLens<sup>®</sup>, which will take years to develop and qualify. Current PoC activities are based on existing products.

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<sup>2</sup> An open-source miniature 2-photon microscope brain explorer for fast high-resolution calcium imaging in freely-moving mice

## FINANCIAL REVIEW

### Profit and loss

(in NOK million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	5.1	4.1	22.5	13.4
Cost of sales	-2.2	-1.3	-10.3	-4.8
<b>Gross profit</b>	<b>3.0</b>	<b>2.8</b>	<b>12.2</b>	<b>8.5</b>
Research and development expenses <sup>1)</sup>	-10.4	-6.1	-34.6	-32.9
Sales and marketing expenses	-5.9	-3.7	-17.7	-13.1
Operational / supply chain expenses	-4.8	-2.9	-16.7	-9.2
Administrative expenses	-8.2	-5.0	-22.0	-12.1
<b>EBITDA</b>	<b>-26.3</b>	<b>-15.0</b>	<b>-78.8</b>	<b>-58.7</b>
Share option plan expense	2.9	1.3	8.1	4.8
Accrued employer's NICs re. share option plan	4.1	0.1	1.9	-5.0
<b>EBITDA ex share options</b>	<b>-19.3</b>	<b>-13.7</b>	<b>-68.8</b>	<b>-58.9</b>
Depreciation and amortisation	-2.5	-2.4	-9.7	-10.4
<b>EBIT ex share options</b>	<b>-21.8</b>	<b>-16.1</b>	<b>-78.5</b>	<b>-69.3</b>

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

Revenue totalled NOK 5.1 million in Q4 2023 (NOK 4.1 million in Q4 2022), which reflects deliveries of TLens® and ASICs of NOK 3.0 million and NOK 2.1 million in revenue from NRE "non-recurring engineering" relating to customer development projects.

R&D expenditure, net of government grants, amounted to NOK 10.4 million (NOK 6.1 million in Q4 2022). Reduction in government grants, combined with increased use of internal and external resources on R&D projects, explains the increase (see details in Note 6).

Sales and marketing expenses came to NOK 5.9 million in Q4 2023 (NOK 3.7 million). The rise is due to increased headcount during the year. Operational/supply chain expenses totalled NOK 4.8 million (NOK 2.9 million), due to increased internal resource usage relating to the development of production management system, among other things.

Administrative expenses totalled NOK 8.2 million in the quarter (NOK 5.0 million in Q4 2022). Increased share option expenses (see below for further details), contributed to the increased expenses compared with Q4 2022.

EBITDA totalled NOK -26.3 million in Q4 2023 (NOK -15.0 million). Share option plan expenses, including employer's NICs, and an increased number of employees and consultants are the main drivers for the increased expenditure.

Share option plan expenses amounted to NOK 2.9 million in Q4 2023 (NOK 1.3 million), while NOK 4.1 million in accrued employer's national insurance contributions (NICs) was recognised in the quarter (NOK 0.1 million in Q4 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 increase in accrued employer's NICs was mainly attributable to the increase in polight's share price in the period.

Depreciation and amortisation, which primarily related to non-current intangible assets, totalled NOK 2.5 million in the quarter (NOK 2.4 million).

## Balance sheet

(in NOK million)	31.12.2023	31.12.2022
Property, plant and equipment	9.2	10.7
Intangible assets	17.6	24.9
Right-of-use assets	2.8	3.9
Inventories	70.1	45.6
Receivables and prepayments	8.8	8.9
Cash and cash equivalents	114.8	84.2
<b>Total assets</b>	<b>223.3</b>	<b>178.2</b>
Total equity	199.5	150.7
Total current liabilities	21.8	24.6
Total non-current liabilities	2.0	3.0
<b>Total equity and liabilities</b>	<b>223.3</b>	<b>178.2</b>

As at 31 December 2023, total assets came to NOK 223.3 million (NOK 178.2 million as at 31 December 2022).

Property, plant and equipment totalled NOK 9.2 million as at 31 December 2023 (NOK 10.7 million as at 31 December 2022). At the reporting date, intangible assets totalled NOK 17.6 million (NOK 24.9 as at 31 December 2022), reflecting amortisation during the year.

Inventories increased by NOK 24.5 million during the year, to stand at NOK 70.1 million net of provision for obsolescence amounting to NOK 9.3 million at the close of the fourth quarter (NOK 45.6 million at 31 December 2022). The increase in inventories mainly relates to wafers from ST Microelectronics.

As at 31 December 2023, poLight had cash and cash equivalents totalling NOK 114.8 million (NOK 84.2 million as at 31 December 2022). The rights issue in the second quarter 2022 generated NOK 125.8 million in net proceeds.

Total current liabilities amounted to NOK 21.8 million as at 31 December 2023 (NOK 24.6 million as at 31 December 2022).

## Cash flows

(in NOK million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Net cash flows used in operating activities	-17.8	-15.2	-94.6	-63.6
Net cash flows used in investing activities	0.1	-4.4	0.0	-9.2
Net cash flows from/(used in) financing activities	-0.3	-0.3	125.0	-0.7
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-18.0</b>	<b>-19.9</b>	<b>30.4</b>	<b>-73.5</b>

The net cash outflow from operating activities totalled NOK 17.8 million in Q4 2023 (NOK 15.2 million in Q4 2022). Working capital decreased by NOK 4.3 million in the quarter, of which NOK 0.5 million relates to the increased inventory.

The net decrease in cash and cash equivalents totalled NOK 18.0 million for the quarter, compared with a net decrease of NOK 19.9 million in the same period in 2022.

## RISK FACTORS

The risk related to current tensions between China and Taiwan mentioned in previous quarterly reports has been resolved by relocating all assembly and test 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<sup>®</sup> 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<sup>®</sup> products (or other products produced by the Group) will meet 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 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 remain cash generated from financing, equity and/or debt, in addition to net cash flows generated from sales. Consequently, any shortfall in cash generated from operations will have to be covered through additional financing in order to safeguard the Group's ability to continue as a going concern. According to current plans, the Group's cash deposits will fund activities through the fourth quarter 2024. Thereafter, additional capital will be required to continue poLight's planned commercialisation of its TLens<sup>®</sup> technology. Management and the Board of Directors are focused on the Group's liquidity requirements and are evaluating alternatives, such as issuing additional equity and/or taking on new debt. Based on the Group's track record of raising funds, and in light of the positive developments achieved in the past year, it is expected that the capital markets will be receptive to the issue of equity sufficient to meet liquidity requirements and support ongoing operations and expansion plans under current conditions. poLight's ability to continue as a going concern is dependent upon the success of these efforts. However, there is a risk that, when needed, adequate sources of funds may not be available, or available on acceptable terms and conditions.

## OUTLOOK

The consumer market remains challenging. poLight will continue to address this market by actively capitalising on its first important smartphone reference. Further key actions will be to mature and cost optimise TLens<sup>®</sup>-based camera module solutions, addressing both component and system level aspects, continuously enhance important performance parameters, actively develop the capability and relationships with existing and new camera/lens module partners with respect to add-in designs, and address higher value applications such as back-facing cameras based on new solutions. It is important to emphasise that all the activities listed above will have direct relevance for other application areas, such as augmented/mixed reality (AR/MR).

AR/MR will be a key market for poLight going forward. So far, there seems to be a good match between market need and the properties of the TLens<sup>®</sup>, and potentially also the TWedge<sup>®</sup> at a later stage. Volumes for AR/MR cases are still low, since most of the applications relate to the enterprise market. poLight aims to establish a strong position at an early stage and grow its business within this area as consumer cases using TLens<sup>®</sup> (later potentially TWedge<sup>®</sup>) start to be deployed. However, this is expected to still be some years ahead of us.

Looking forward, another potential high-volume market is the automotive sector. poLight is currently engaging with key players in this market to better understand the opportunities and challenges involved. It has not yet been decided whether this is a market poLight will actively address. What seems clear is that both potential demand and the availability of relevant products that meet specifications are several years ahead of us. The same applies to the healthcare market. Automotive and healthcare are still markets under observation and are not high on poLight's list of priorities.



poLight continues to strengthen its organisation to enable it to address all the above-mentioned opportunities and challenges in a professional and robust manner.

According to current plans, the Group's cash deposits will fund activities through the fourth quarter of 2024. Thereafter, additional capital will be required to continue poLight's planned commercialisation of its TLens<sup>®</sup> technology. The company has planned accordingly.

## 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	Q4 2023	Q4 2022	FY 2023	FY 2022
Sale of goods		3 040	3 536	20 099	10 034
Rendering of services		2 107	557	2 412	3 328
<b>Revenue</b>		<b>5 147</b>	<b>4 093</b>	<b>22 511</b>	<b>13 363</b>
Cost of sales		-2 185	-1 309	-10 349	-4 826
<b>Gross profit</b>		<b>2 962</b>	<b>2 784</b>	<b>12 162</b>	<b>8 536</b>
Research and development expenses net of governmental grants	6,9	-10 360	-6 128	-34 616	-32 907
Sales and marketing expenses		-5 871	-3 750	-17 712	-13 122
Operational / supply chain expenses		-4 849	-2 907	-16 684	-9 179
Administrative expenses		-8 182	-5 046	-21 971	-12 068
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>-26 300</b>	<b>-15 048</b>	<b>-78 821</b>	<b>-58 740</b>
Depreciation and amortisation	8	-2 506	-2 387	-9 670	-10 400
<b>Operating result (EBIT)</b>		<b>-28 806</b>	<b>-17 435</b>	<b>-88 492</b>	<b>-69 140</b>
Net financial items	7	1 349	831	3 223	1 496
<b>Loss before tax</b>		<b>-27 457</b>	<b>-16 604</b>	<b>-85 269</b>	<b>-67 644</b>
Income tax expense		-110	-189	-220	-242
<b>Loss for the period</b>		<b>-27 567</b>	<b>-16 791</b>	<b>-85 489</b>	<b>-67 886</b>
<b>Attributable to:</b>					
Equity holders of the parent		-27 567	-16 791	-85 489	-67 886
<b>Earnings per share:</b>					
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.42	-0.32	-1.40	-1.31
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.42	-0.32	-1.40	-1.31

## Interim consolidated statement of other comprehensive income

NOK 000	Note	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Loss for the period</b>		<b>-27 567</b>	<b>-16 791</b>	<b>-85 489</b>	<b>-67 886</b>
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations		-88	-6	151	95
Income tax effect		0	0	0	0
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>-88</b>	<b>-6</b>	<b>151</b>	<b>95</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-27 655</b>	<b>-16 797</b>	<b>-85 338</b>	<b>-67 791</b>
<b>Attributable to:</b>					
Equity holders of the parent		-27 655	-16 797	-85 338	-67 791

## Interim consolidated statement of financial position

NOK 000	Note	31.12.2023	31.12.2022
<b>ASSETS</b>			
Property, plant and equipment		9 239	10 748
Intangible assets	8	17 580	24 855
Right-of-use assets		2 763	3 871
<b>Total non-current assets</b>		<b>29 583</b>	<b>39 474</b>
Inventories		70 089	45 577
Trade and other receivables	9	8 194	8 386
Prepayments		626	557
Cash and cash equivalents		114 788	84 249
<b>Total current assets</b>		<b>193 697</b>	<b>138 769</b>
<b>Total assets</b>		<b>223 279</b>	<b>178 242</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		2 648	2 078
Share premium		194 503	145 785
Reserves		1 281	1 130
Retained earnings		1 108	1 699
<b>Total equity</b>		<b>199 541</b>	<b>150 692</b>
Lease liabilities		1 955	2 970
<b>Total non-current liabilities</b>		<b>1 955</b>	<b>2 970</b>
Trade and other payables	10	19 757	22 480
Current lease liabilities		1 026	1 100
Provisions		1 000	1 000
<b>Total current liabilities</b>		<b>21 783</b>	<b>24 581</b>
<b>Total liabilities</b>		<b>23 738</b>	<b>27 550</b>
<b>Total equity and liabilities</b>		<b>223 279</b>	<b>178 242</b>

## Interim consolidated statement of changes in equity

		Attributable to equity holders of the parent				
		Share capital	Share premium	Retained earnings	Translation reserve	Total
NOK 000	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				-67 886		-67 886
Other comprehensive income					95	95
Total comprehensive income		0	0	-67 886	95	-67 791
Share options exercised		1	253			254
Equity-settled share-based payment				4 821		4 821
Allocation to retained earnings			-63 788	63 788		0
<b>As at 31 December 2022</b>		<b>2 078</b>	<b>145 785</b>	<b>1 699</b>	<b>1 130</b>	<b>150 692</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				-85 489		-85 489
Other comprehensive income					151	151
Total comprehensive income		0	0	-85 489	151	-85 338
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				8 101		8 101
Allocation to retained earnings			-76 796	76 796		0
<b>As at 31 December 2023</b>		<b>2 648</b>	<b>194 503</b>	<b>1 108</b>	<b>1 281</b>	<b>199 541</b>

## Interim consolidated statement of cash flows

NOK 000	Note	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Operating activities</b>					
Profit / loss (-) before tax		-27 457	-16 604	-85 269	-67 644
Adjustments for:					
Depreciation of property, plant and equipment and right-of-use assets		687	568	2 396	1 877
Amortisation of intangible assets	8	1 819	1 819	7 275	8 522
Net finance income		-1 349	-831	-3 223	-1 496
Equity-settled share-based payments		2 929	1 267	8 101	4 821
Gain on disposal of property, plant and equipment		-14	0	-14	0
Other non-cash items		-2 290	1	-806	-430
Changes in unrealised net foreign exchange rate differences/fluctuations		-63	216	-18	143
Changes in working capital:					
Increase (-) in trade and other receivables and prepayments		-850	1 541	-2 374	11 925
Increase (-) in inventories		-457	-9 551	-24 512	-28 741
Increase (+) in trade and other payables	10	5 901	8 237	-2 723	2 574
Changes in provisions and government grants		-252	-2 547	2 497	3 166
Interest received	7	3 812	911	4 518	2 255
Interest paid	7	-60	-77	-259	-330
Income tax paid		-110	-189	-220	-242
<b>Net cash flows used in operating activities</b>		<b>-17 756</b>	<b>-15 239</b>	<b>-94 631</b>	<b>-63 600</b>
<b>Investing activities</b>					
Proceeds from sale of property, plant and equipment		392	0	392	0
Purchase of property, plant and equipment		-277	-4 438	-387	-9 202
<b>Net cash flows used in investing activities</b>		<b>115</b>	<b>-4 438</b>	<b>6</b>	<b>-9 202</b>
<b>Financing activities</b>					
Proceeds from issuance of ordinary shares		0	0	148 500	0
Proceeds from exercise of share options		0	0	287	254
Transaction costs on issue of shares		0	0	-22 702	0
Payment of lease liabilities		-318	-264	-1 089	-964
<b>Net cash flows from/(used in) financing activities</b>		<b>-318</b>	<b>-264</b>	<b>124 996</b>	<b>-710</b>
Net increase/decrease in cash and cash equivalents		-17 959	-19 942	30 371	-73 513
Effect of exchange rate changes on cash and cash equivalents		-25	-222	169	-49
Cash and cash equivalents at the start of the period		132 772	104 413	84 249	157 810
<b>Cash and cash equivalents at the close of the period</b>		<b>114 788</b>	<b>84 249</b>	<b>114 788</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 5, 3185 Skoppum, Norway.

poLight offers a patented, proprietary tunable optics technology, starting with its first product, TLens® which replicates "the human eye" experience in autofocus cameras used in devices such as smartphones, wearables, barcode scanners, machine vision systems and various 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. 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 31 December 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>Q4 2023</b>	<b>Q4 2022</b>	<b>FY 2023</b>	<b>FY 2022</b>
Employee benefits expense <sup>1)</sup>	22 986	14 168	68 725	45 614
Depreciation and amortisation	2 506	2 387	9 670	10 400
Other operating expenses	6 276	3 662	22 258	21 663
<b>Total operating expenses</b>	<b>31 767</b>	<b>20 217</b>	<b>100 653</b>	<b>77 676</b>

1) Including consultants engaged on long-term contracts

## 6 Research and development expenses

(in NOK 000)	Q4 2023	Q4 2022	FY 2023	FY 2022
Employee <sup>2)</sup> benefits expense	7 374	6 595	25 743	22 878
Other operating expenses	3 238	2 582	10 990	14 922
Government grants	-252	-3 047	-2 117	-4 892
<b>Total</b>	<b>10 360</b>	<b>6 128</b>	<b>34 616</b>	<b>32 907</b>

2) Including consultants engaged on long-term contracts

## 7 Financial items

(in NOK 000)	Q4 2023	Q4 2022	FY 2023	FY 2022
Net foreign exchange gain (loss)	-33	270	-1 020	-385
Interest income	1 449	667	4 518	2 249
Interest expense on lease liabilities	-60	-77	-259	-330
Financial expenses	-7	-28	-16	-38
<b>Net financial items</b>	<b>1 349</b>	<b>831</b>	<b>3 223</b>	<b>1 496</b>

## 8 Intangible assets

(in NOK 000)	Q4 2023	Q4 2022	FY 2023	FY 2022
At the start of the period	19 399	26 673	24 855	33 377
Amortisation	-1 819	-1 818	-7 275	-8 522
<b>At the close of the period</b>	<b>17 580</b>	<b>24 855</b>	<b>17 580</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

(in NOK 000)	Q4 2023	Q4 2022	FY 2023	FY 2022
Net receivables at the start of the period	1 864	1 566	4 614	7 280
Grants received	0	0	-4 614	-7 558
Grants earned	252	3 047	2 117	4 892
<b>Net receivables at the close of the period</b>	<b>2 117</b>	<b>4 614</b>	<b>2 117</b>	<b>4 614</b>

## 10 Trade and other payables

(in NOK 000)	Q4 2023	Q4 2022
Trade payables	5 893	10 612
Other payables	8 025	7 923
Accrued employer's NICs on share option plan	5 839	3 945
<b>At the close of the period</b>	<b>19 757</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 December 2023, the largest shareholder was Investinor Direkte AS, which owned 13.44 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

