

poLight ASA
Quarterly Report



Q1

KEY EVENTS IN THE QUARTER

- Action Prowave Technology confirmed release of two new barcode scanner products using TLens®.
 - PhenoSys released Turnkey Mini2P Systems with poLight ASA Tunable Optics.
 - 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.
 - 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 (Investor) stepped down.
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- Post Q1:
 - Design Win with Vuzix Shield Industrial AR Smart Glasses
 - Purchase Order Received for TWedge® Wobulator Evaluation Kits and Samples from Major Consumer AR/MR Original Equipment Manufacturers (OEM) Customers.
 - Woptix announced a Wavefront Phase Camera, SEBI RT1000, using TLens®.
 - Rights Issue resulted in approximately NOK 124 million in net proceeds to the Company.

Dr Øyvind Isaksen, CEO of poLight ASA:

“Despite the relatively slow start to the year from a revenue perspective, we have achieved several important milestones, building confidence in future positive development.

The AR/MR market continues to show strong interest in our autofocus (AF) solution and based on a successful technology demonstration of TWedge® – a concept for resolution enhancement for AR/MR displays.

With our AF solutions now being used in four commercially available AR/MR products, we have built a strong foundation for becoming the preferred AF solution for such applications. The current design-wins are directed at the professional/enterprise market, which is why current volumes are low. Potential consumer-oriented customer cases are increasing in number and becoming increasingly mature. When it comes to TWedge®, major OEMs are showing high interest and are ordering technical samples for review. We believe that TWedge® could represent an important portfolio expansion for the company.

There is not much news to report in the smartphone market. However, the initiative we launched to expand our offering’s applicability to broader range of smartphone-related applications has progressed quite well, and we remain persistent in pursuing further breakthroughs in this market.

The industrial market, including barcode/machine vision, as well as more scientific applications such as Woptix, Mini2P etc., are gradually revealing more opportunities.

poLight is becoming increasingly well-known and respected for our achievements to date. We have established key references in all defined strategic market segments. Further initiatives to strengthen our portfolio have been initiated.

We strongly believe we are on our way to ‘Shaping the Tunable Optics Future!’. Join us on 5 June for our Capital Market Day to see for yourself!

I would like to thank our shareholders and partners for their continuing support and all our employees for their efforts and dedication.”

Key figures

(in NOK million)	Q1 2024	Q1 2023	FY 2023
Revenue	1.3	7.1	22.5
Gross profit	-1.1	2.9	12.2
EBITDA	-18.8	-14.0	-78.8
EBITDA ex share options	-22.5	-14.1	-68.8
Net cash flows used in operating activities	-19.2	-30.6	-94.6
Net increase/decrease in cash and cash equivalents	-19.6	-30.9	30.4

MANUFACTURING, PRODUCT DEVELOPMENT AND MARKETS

Manufacturing and operations

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

Assembly and testing activity was low during the quarter. In addition to yield improvement work, the activity was related to various improvement/development projects.

Product development/technology

Development activity intensified during the quarter. Regarding our AF solutions, we are engaging in development activities that aim to ease the integration of TLens® and facilitate more camera module integrators, with a view to delivering compact and attractive solutions based on TLens®. Furthermore, we initiated development related to expanding our AF portfolio to include a bigger aperture, and progress this quarter has been positive. We have yet to set a date for the market release of this product, as it depends on the results of the prototypes that we will be building this year and the level of interest from lead customers. This product will enable poLight to deliver solution for larger image sensor, targeting the back cameras on smartphones and other market segments.

The development of TWedge® has now reached the next stage, and we are currently building new improved samples. In addition to creating internal characterisations of these samples, we have also received customer orders. The interest in TWedge® is increasing.

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.

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 front-facing “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 one ongoing PoC project and seven PoCs that are in the planning stage. In addition, the company has achieved one design-in and is engaged in ten ongoing PoCs (four 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/MR market segment continued to develop positively for poLight during the quarter. Post quarter, Vuzix released the Vuzix Shield AR enterprise glasses using two RGB cameras with TLens®.

With poLight's AF solutions now being used in four commercially available AR/MR products, we have built a strong foundation for becoming the preferred AF solution for such applications. The current release of our AR/MR product is directed at the professional/enterprise market, which is why current volumes are low. Potential consumer-oriented opportunities are increasing in number and becoming increasingly mature.

When it comes to TWedge®, major consumer AR/MR OEM customers are showing high interest and are ordering technical samples for review. We believe that TWedge® could represent an important portfolio expansion for the company.

In addition to four design-wins, four design-ins have been confirmed: one related for a consumer AR application, two enterprise AR and one related to MR enterprise. Eleven PoCs are ongoing, ten of which target consumer applications, while 18 PoCs are in the planning stage (nine for consumer applications). A potential TWedge® product is included in the numbers given above for PoCs (5) and planned PoCs (7).

Industrial/Barcode/Machine Vision

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

For the barcode/machine vision market, currently, six companies use TLens® in commercially available products (design-wins) – in a total of 11 different products. All the products are still shipping to customers and are expected to do so for several more years. During the quarter, Action Prowave Technology released two new barcode scanner products using TLens®.

The company also announced during the quarter that Thorlabs 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.

Post quarter Woptix announced a Wavefront Phase Camera, SEBI RT1000, using TLens®. This is a smaller implementation of the WFPI (Wavefront Phase Imaging) technology. WFPI is the sensor developed by Woptix to acquire high-resolution wavefront phase maps. The SEBI® RT1000 application is aimed at laboratories, especially in the activities of Quantitative Phase Imaging, Optical Metrology, Material Inspection, Laser Measurement and Oncological Research. This is yet another example of the broad use cases where TLens® can play an important role.

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

Healthcare

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

In addition to engaging directly with research labs, the company is supplying lenses to three commercial companies that plan to sell microscopes to research labs around the world. During the quarter, PhenoSys (<https://www.phenosys.com>) released a turnkey Mini2P system using poLight's TLens[®], see press release dated 21 February 2024.

In addition to the activity related to Mini2P, 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.

At the end of the quarter, the company was engaged in two design-wins (Kavli and Phenosys, both related to Mini2P), two design-ins (both related to Mini2P) and 14 ongoing PoCs, of which 10 relate to Mini2P.

Automotive

During the first 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 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 in this report. Current PoC activities are based on existing products.

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

FINANCIAL REVIEW

Profit and loss

<i>(in NOK million)</i>	Q1 2024	Q1 2023	FY 2023
Revenue	1.3	7.1	22.5
Cost of sales	-2.4	-4.2	-10.3
Gross Margin	-1.1	2.9	12.2
Research and development expenses ¹⁾	-7.9	-7.6	-34.6
Sales and marketing expenses	-4.5	-3.8	-17.7
Operational / supply chain expenses	-5.6	-3.0	-16.7
Administrative expenses	0.3	-2.6	-22.0
EBITDA	-18.8	-14.0	-78.8
Share option plan expense	2.2	1.1	8.1
Accrued employer's NICs re. share option plan	-5.8	-1.1	1.9
EBITDA ex share options	-22.5	-14.1	-68.8
Depreciation and amortisation	-2.7	-2.2	-9.7
EBIT ex share options	-25.1	-16.3	-78.5

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

Revenue totalled NOK 1.3 million in Q1 2024 (NOK 7.1 million in Q1 2023), which reflects deliveries of TLens® and ASICs of NOK 0.9 million and NOK 0.4 million in revenue from NRE “non-recurring engineering” relating to customer development projects.

Cost of sales includes an increased provision for inventory obsolescence of NOK 2.3 million. polight has implemented a general scheme for determining the provision based on age. As a general rule, one-year-old wafers and units have a 10 per cent provision, while two-year-old and three-year-old wafers and units have 20 per cent and 30 per cent, respectively.

R&D expenditure, net of government grants, amounted to NOK 7.9 million (NOK 7.6 million in Q1 2023). A reduction in government grants explains the increase (see details in Note 6).

Sales and marketing expenses came to NOK 4.5 million in Q1 2024 (NOK 3.8 million). The increase is due to higher headcount the last 12 months. Operational/supply chain expenses totalled NOK 5.6 million (NOK 3.0 million), due to increased internal resource usage relating to the development of a production management system, among other things.

Administrative expenses totalled NOK -0.3 million in the quarter (NOK 2.6 million in Q1 2023). Reversed employer's national Insurance contributions (NICs) on share options (see below for further details), contributed to the decreased expenses compared with Q1 2023.

EBITDA totalled NOK -18.8 million in Q1 2024 (NOK -14.0 million). The decrease in EBITDA is attributable to fewer sales, increased provision for inventory obsolescence and an increased number of employees and consultants, offset by a decrease in accrued employer's NICs.

Share option plan expenses amounted to NOK 2.2 million in Q1 2024 (NOK 1.1 million), while NOK 5.8 million in accrued employer's NICs was reversed in the quarter (NOK 1.1 million in reversed accruals in Q1 2023). 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 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 2.7 million in the quarter (NOK 2.2 million).

Balance sheet

<i>(in NOK million)</i>	Q1 2024	Q1 2023	FY 2023
Property, plant and equipment	9.3	10.5	9.2
Intangible assets	15.8	23.0	17.6
Right-of-use assets	2.5	3.6	2.9
Inventories	67.8	56.8	70.1
Receivables and prepayments	6.5	17.1	8.8
Cash and cash equivalents	95.3	53.6	114.8
Total assets	197.2	164.6	223.4
Total equity	181.4	136.1	199.5
Total current liabilities	14.0	25.9	21.9
Total non-current liabilities	1.8	2.7	2.0
Total equity and liabilities	197.2	164.6	223.4

As at 31 March 2024, total assets came to NOK 197.2 million compared with NOK 164.6 million as at 31 March 2023 and NOK 223.4 as at 31 December 2023.

Property, plant and equipment totalled NOK 9.3 million as at 31 March 2024 compared with NOK 10.5 million as at 31 March 2023) and NOK 9.2 million as at 31 December 2023. At the reporting date, intangible assets totalled NOK 15.8 million compared with NOK 23.0 million as at 31 March 2023 and 17.6 million as at 31 December 2023, reflecting amortisation during the year.

Inventories decreased by NOK 2.3 million during the first quarter of the year, of which NOK 2.3 million is due to the increased provision for obsolescence, to stand at NOK 67.8 million net of the provision for obsolescence, which amounted to NOK 17.2 million at the close of the quarter (NOK 14.9 million at 31 December 2023).

As at 31 March 2024, poLight had cash and cash equivalents totalling NOK 95.3 million compared with NOK 53.6 million as at 31 March 2023 and NOK 114.8 million as at 31 December 2023. The rights issue in the Q2 2023 gave NOK 125.8 million in net proceeds.

Total current liabilities amounted to NOK 14.0 million as at 31 March 2024 compared with NOK 25.9 million as at 31 March 2023 and NOK 21.9 million as at 31 December 2023.

Cash flows

<i>(in NOK million)</i>	Q1 2024	Q1 2023	FY 2023
Net cash flows used in operating activities	-19.2	-30.6	-94.6
Net cash flows used in investing activities	-0.6	0.0	0.0
Net cash flows from/(used in) financing activities	0.2	-0.3	125.0
Net increase/decrease in cash and cash equivalents	-19.6	-30.9	30.4

The net cash outflow from operating activities totalled NOK 19.2 million in Q1 2024 (NOK 30.6 million in Q1 2023). In Q1 2023, the inventories increased by NOK 11.2 million, which is the main driver for the decreased cash spending.

The net decrease in cash and cash equivalents totalled NOK 19.6 million for the quarter, compared with a net decrease of NOK 30.9 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 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[®] 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 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. In May 2024, the company carried out a partially underwritten rights issue that gave approximately 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

Progress continues in the AR/MR market, both for our autofocus (AF) solution and following successful technology demonstrations of TWedge[®] – a concept for resolution enhancement for AR/MR displays.

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

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

The consumer market remains challenging. Regardless, poLight will continue to address this market by actively capitalising on its first important smartphone reference. Furthermore, key actions to improve poLight's chances in this market have been initiated and are progressing well.

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

poLight and its technology and solutions are becoming increasingly well-known and respected. Key references have been achieved in all defined strategic market segments. Further initiatives to strengthen our portfolio have been initiated.

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 2023, including the section *“Risks and risk management”* in the Board of Directors’ Report.

CONDENSED INTERIM FINANCIAL STATEMENTS

Interim condensed consolidated statement of income

<i>NOK 000</i>	Note	Q1 2024	Q1 2023	FY 2023
Sale of goods		861	7 121	20 099
Rendering of services		419	0	2 412
Revenue		1 279	7 121	22 511
Cost of sales		-2 368	-4 199	-10 349
Gross profit		-1 088	2 922	12 162
Research and development expenses net of governmental grants	6,9	-7 899	-7 553	-34 616
Sales and marketing expenses		-4 535	-3 782	-17 712
Operational / supply chain expenses		-5 598	-2 960	-16 684
Administrative expenses		289	-2 623	-21 971
Operating result before depreciation and amortisation (EBITDA)		-18 831	-13 996	-78 821
Depreciation and amortisation	8	-2 668	-2 234	-9 670
Operating result (EBIT)		-21 499	-16 230	-88 492
Net financial items	7	1 031	199	3 223
Loss before tax		-20 468	-16 031	-85 269
Income tax expense		0	0	-220
Loss for the period		-20 468	-16 031	-85 489
Attributable to:				
Equity holders of the parent		-20 468	-16 031	-85 489
Earnings per share:				
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.31	-0.31	-1.40
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.31	-0.31	-1.40

Interim consolidated statement of other comprehensive income

<i>NOK 000</i>	Note	Q1 2024	Q1 2023	FY 2023
Loss for the period		-20 468	-16 031	-85 489
Other comprehensive income				
Exchange differences on translation of foreign operations		115	340	151
Income tax effect		0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		115	340	151
Total comprehensive income for the period, net of tax		-20 353	-15 691	-85 338
Attributable to:				
Equity holders of the parent		-20 353	-15 691	-85 338

Interim consolidated statement of financial position

<i>NOK 000</i>	Note	Q1 2024	Q1 2023	31.12.2023
ASSETS				
Property, plant and equipment		9 280	10 526	9 239
Intangible assets	8	15 762	23 036	17 580
Right-of-use assets		2 471	3 599	2 915
Total non-current assets		27 513	37 161	29 735
Inventories		67 790	56 768	70 089
Trade and other receivables	9	6 157	15 927	8 194
Prepayments		383	1 216	626
Cash and cash equivalents		95 330	53 569	114 788
Total current assets		169 659	127 480	193 697
Total assets		197 172	164 641	223 432
EQUITY AND LIABILITIES				
Share capital		2 648	2 078	2 648
Share premium		194 503	145 785	194 503
Reserves		1 396	1 470	1 281
Retained earnings		-17 161	-13 278	1 108
Total equity		181 386	136 056	199 541
Lease liabilities		1 322	2 696	1 951
Total non-current liabilities		1 796	2 696	1 951
Trade and other payables	10	11 619	23 767	19 757
Current lease liabilities		1 372	1 122	1 182
Provisions		1 000	1 000	1 000
Total current liabilities		13 991	25 890	21 940
Total liabilities		15 787	28 586	23 891
Total equity and liabilities		197 172	164 641	223 432

Interim consolidated statement of changes in equity

	Note	Attributable to equity holders of the parent				Total
		Share capital	Share premium	Retained earnings	Translation reserve	
<i>NOK 000</i>						
As at 1 January 2023		2 078	145 785	1 699	1 130	150 692
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
As at 31 March 2023		2 078	145 785	-13 277	1 470	136 056
As at 1 January 2024		2 648	194 503	1 108	1 281	199 541
Loss for the period				-20 468		-20 468
Other comprehensive income					115	115
Total comprehensive income		0	0	-20 468	115	-20 353
Equity-settled share-based payment				2 198		2 198
As at 31 March 2024		2 648	194 503	-17 161	1 396	181 386

Interim consolidated statement of cash flows

<i>NOK 000</i>	Note	Q1 2024	Q1 2023	FY 2023
Operating activities				
Profit / loss (-) before tax		-20 468	-16 031	-85 269
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets		849	415	2 396
Amortisation of intangible assets	8	1 819	1 819	7 275
Net finance income		-1 031	-199	-3 223
Equity-settled share-based payments		2 198	1 055	8 101
Gain on disposal of property, plant and equipment		0	0	-14
Other non-cash items		933	218	-807
Changes in unrealised net foreign exchange rate differences/fluctuations		-19	120	-18
Changes in working capital:				
Decrease (+) in trade and other receivables and prepayments		2 279	-7 370	-2 374
Decrease (+) in inventories		2 299	-11 191	-24 512
Decrease (-) in trade and other payables	10	-8 138	1 287	-2 723
Changes in provisions and government grants		0	-831	2 497
Interest received	7	150	167	4 518
Interest paid	7	-54	-71	-259
Income tax paid		0	0	-220
Net cash flows used in operating activities		-19 183	-30 612	-94 631
Investing activities				
Proceeds from sale of property, plant and equipment		0	0	392
Purchase of property, plant and equipment		-595	-36	-387
Net cash flows used in investing activities		-595	-36	6
Financing activities				
Proceeds from issuance of ordinary shares		0	0	148 500
Proceeds from exercise of share options		0	0	287
Transaction costs on issue of shares		0	0	-22 702
Payment of lease liabilities		-283	-252	-1 089
Proceeds from borrowings		474	0	0
Repayment of borrowings		-5	0	0
Net cash flows from/(used in) financing activities		186	-252	124 996
Net increase/decrease in cash and cash equivalents		-19 592	-30 900	30 371
Effect of exchange rate changes on cash and cash equivalents		133	220	169
Cash and cash equivalents at the start of the period		114 788	84 249	84 249
Cash and cash equivalents at the close of the period		95 330	53 569	114 788

Notes to the condensed interim consolidated financial statements

1 General

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

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

2 Basis of preparation

The interim condensed consolidated financial statements for the quarter ended 31 March 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>	Q1 2024	Q1 2023	FY 2023
Capitalised intangible assets in progress	0	0	0
Employee benefits expense ¹⁾	12 932	12 068	68 725
Depreciation and amortisation	2 668	2 234	9 670
Other operating expenses	4 810	4 851	22 258
Total operating expenses	20 411	19 152	100 653

1) Including consultants engaged on long-term contracts

6 Research and development expenses

<i>(in NOK 000)</i>	Q1 2024	Q1 2023	FY 2023
Employee ²⁾ benefits expense	6 046	6 078	25 743
Other operating expenses	1 853	2 306	10 990
Government grants	0	-831	-2 117
Total	7 899	7 553	34 616

2) Including consultants engaged on long-term contracts

7 Financial items

<i>(in NOK 000)</i>	Q1 2024	Q1 2023	FY 2023
Net foreign exchange gain (loss)	-41	-380	-1 020
Interest income	1 129	650	4 518
Interest expense on lease liabilities	-54	-71	-259
Financial expenses	-2	0	-16
Net financial items	1 031	199	3 223

8 Intangible assets

<i>(in NOK 000)</i>	Q1 2024	Q1 2023	FY 2023
At the start of the period	17 580	24 855	24 855
Amortisation	-1 819	-1 819	-7 275
At the close of the period	15 761	23 036	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>	Q1 2024	Q1 2023	FY 2023
Net receivables at the start of the period	2 117	4 614	4 614
Grants received	0	0	-4 614
Grants earned	0	831	2 117
Net receivables at the close of the period	2 117	5 445	2 117

10 Trade and other payables

<i>(in NOK 000)</i>	Q1 2024	Q1 2023	FY 2023
Trade payables	4 105	8 935	5 893
Other payables	7 512	12 012	8 025
Accrued employer's NICs on share option plan	2	2 820	5 839
At the close of the period	11 619	23 768	19 757

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 2024, 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 except the partially underwritten rights issue completed in May 2024.

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

