

poLight ASA Interim Report  
*Six months ended 30 June 2023*



Q2

## KEY EVENTS IN THE QUARTER

- First smartphone, Meizu 20 Infinity, using TLens® in the selfie camera available in the market from June 2023.
- Good feedback on performance of the Meizu selfie camera using TLens®, but sentiment in consumer market is very cost sensitive.
- LLVision augmented reality (AR) enterprise glasses using TLens® released to the market.
- First report under the Norwegian Transparency Act published at the end of June.
- The rights issue was oversubscribed by approximately 25% and generated NOK 125.8 million in net proceeds.

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

“The first smartphone using TLens® in the selfie camera was made available in the market during the quarter. The initial response, from a performance perspective, has been positive and we are busy demonstrating the new selfie camera to other potential customers. As mentioned in previous interim reports, sentiment in the consumer market is depressed and focused on cost reduction rather than implementing new, innovative and more expensive technology. Nevertheless, we now have the best sales tool to facilitate expansion in the consumer market, namely the first smartphone reference, and need to be persistent and dedicated to push the TLens® message. We hope that consumer sentiment will change once the overall economy starts improving.

Augmented reality (AR) customer cases continue to develop positively. Two design-wins related to AR enterprise glasses have been secured and are currently in mass production. The latest release announced during the quarter related to LLVision from China. The customer pipeline in this segment continues to grow, and we are involved in both enterprise and consumer cases.

During the quarter, our understanding of the automotive market has matured. There seems to be a clear need for autofocus technology and key market players are in dialogue with us on this. No doubt there are still many questions to be answered and a long way to go before we will see significant revenue from this market segment, but given the expressed need and use of camera technology in this market it certainly represents an exciting opportunity.

Step by step, poLight is moving in the right direction, even under somewhat difficult market circumstances, particularly in the consumer market. Prospects for business in future important markets such as AR/VR, automotive and medical are maturing. There are still challenges to overcome, both from a market and operational point of view, which we are working hard to overcome!”

### Key figures

<i>(in NOK million)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenue	7.2	2.5	14.3	4.0	13.4
Gross profit	3.7	1.8	6.6	2.6	8.5
EBITDA	-18.0	-13.9	-32.0	-32.4	-58.7
EBITDA ex share options	-18.9	-16.2	-33.0	-34.2	-58.9
Net cash flows used in operating activities	-25.9	-22.8	-56.6	-28.8	-63.6
Net increase/decrease in cash and cash equivalents	99.6	-25.9	68.7	-33.5	-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, the focus in the quarter was on deliveries/activities related to AR cases, medical/healthcare as well as smartphones. A significant yield improvement was achieved during the smartphone ramp-up, which will continue when volume increases. Lastly, the relocation of all final test activity to the factory in the Philippines was initiated.

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

Generally, lead-time and capacity constraints in the industry remain challenging, implying that plan for capacity and purchase order of wafers need to be taken before customer commitment. In order to reduce the lead time risk related to wafers, poLight has already established inventory to be able to serve customer on short notice.

### Product development/technology

Important improvement projects relating to the performance and reliability of existing products (TLens<sup>®</sup>) 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<sup>®</sup>, 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 the third quarter 2023. Customer interactions so far indicate that it may become an important product.

### Markets

poLight is actively engaged in several market areas. This includes 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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> design, is continuing to open new opportunities for different applications. Several reference designs have been developed to position TLens<sup>®</sup> for various use cases. During the quarter, the focus was on smartphone and augmented reality applications. Other applications, such as webcams, laptops, smarhome, wearable etc., are also being explored.

During the quarter, the first smartphone using TLens<sup>®</sup> in the selfie camera was made available in the market. This is an important milestone for the company and could potentially have an impact on poLight's ability to penetrate additional market segments. The newly launched Meizu 20 Infinity, including our TLens<sup>®</sup> technology, is a flagship phone and is expected to ship in low volumes. As of today, several customer meetings have been held to demonstrate the new selfie camera based on TLens<sup>®</sup>. From a performance perspective the feedback has been positive. Currently, however, sentiment in this market is depressed, with cost reduction being emphasised, making the introduction of new and more expensive technology challenging. Nevertheless, the current sentiment will probably change when the economy picks up again, reopening 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 seven ongoing PoCs related to consumer AR/VR-related products, including a potential for TWedge®.

### **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 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. TLens® is used/planned for use in both world-facing cameras and displays. The company is currently included in two AR enterprise products already on the market. These are the Magic Leap 2 and the latest product from LLVision, which was released during the quarter. In addition, five design-ins have been confirmed (one for consumer applications, two VR related). Eleven PoCs are ongoing (seven of which are for consumer applications), while 13 PoCs are in the planning stage. Three of the design-ins are expected to be launched during the second half of 2023 if everything goes as planned.

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**

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). 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 15 ongoing PoCs, - 12 of which are for barcode/machine vision applications.

### **Medical/Research**

The company is continuing to support selected opportunities in this market segment. 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 17 ongoing PoCs.

The Xenocor product (<https://xenocor.com>) is progressing. Human trials are being planned, with the product's market release expected shortly after. The Kavli design-win has generated a lot of activity, and similar research cases account for 12 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 three PoCs, while four others are in the planning stage. This market segment is in need of autofocus technology and TLens® is one of the solutions being explored. The market is significant in size but is challenging and will take many years to develop.

## FINANCIAL REVIEW

### Profit and loss

<i>(in NOK million)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenue	7.2	2.5	14.3	4.0	13.4
Cost of sales	-3.5	-0.7	-7.7	-1.4	-4.8
Research and development expenses <sup>1)</sup>	-8.7	-7.9	-16.3	-19.6	-32.9
Sales and marketing expenses	-4.0	-2.9	-7.8	-6.7	-13.1
Operational / supply chain expenses	-4.0	-2.7	-6.9	-4.3	-9.2
Administrative expenses	-5.0	-2.3	-7.6	-4.3	-12.1
<b>EBITDA</b>	<b>-18.0</b>	<b>-13.9</b>	<b>-32.0</b>	<b>-32.4</b>	<b>-58.7</b>
Share option plan expense	0.9	1.2	2.0	2.5	4.8
Accrued employer's NICs re. share option plan	-1.8	-3.5	-2.9	-4.3	-5.0
<b>EBITDA ex share options</b>	<b>-18.9</b>	<b>-16.2</b>	<b>-33.0</b>	<b>-34.2</b>	<b>-58.9</b>
Depreciation and amortisation and net impairment losses	-2.3	-2.8	-4.5	-5.7	-10.4
<b>EBIT ex share options</b>	<b>-21.2</b>	<b>-19.0</b>	<b>-37.5</b>	<b>-39.9</b>	<b>-69.3</b>

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

### Q2 2023

Revenue totalled NOK 7.2 million in Q2 2023 (NOK 2.5 million in Q2 2022), which reflects deliveries of TLens<sup>®</sup> and ASICs for commercial use and customer development projects. NOK 3.8 million of the revenue relates to payment received for pre-production of units meant to be used for the smartphone project which was cancelled in July-2021.

R&D expenditure, net of government grants, amounted to NOK 8.7 million, compared with NOK 7.9 million in Q2 2022.

Sales and marketing expenses came to NOK 4.0 million in Q2 2023 (NOK 2.9 million). Operational/supply chain expenses totalled NOK 4.0 million (NOK 2.7 million), due to increased internal resource usage relating to yield improvement and development of a wafer database.

Administrative expenses totalled NOK 5.0 million in the quarter, compared with NOK 2.3 million in Q2 2022. Reversed employer's national Insurance contributions (NICs) on share options (see below for further details), as well as employee bonuses triggered by the smartphone market launch, contributed to the increased expenses compared to Q2 2022.

EBITDA totalled NOK -18.0 million in Q2 2023 (NOK -13.9 million).

Share option plan expenses amounted to NOK 0.9 million in Q2 2023 (NOK 1.2 million), while NOK 1.8 million in accrued employer's national insurance contributions (NICs) was reversed in the quarter (NOK 3.5 million in reversed accruals in Q2 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 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 2.3 million in the quarter (NOK 2.8 million).

### First half of 2023

The Group recognised revenue of NOK 14.3 million in the first half of 2023, compared with NOK 4.0 million in the first half of 2022. The smartphone market launch and the compensation mentioned above contributed to the revenue growth.

R&D expenses amounted to NOK 16.3 million, compared with NOK 19.6 million in the first half of 2022. Less third-party involvement in R&D projects explains the reduced expenditure.

Sales and marketing expenses came to NOK 7.8 million in the first half of 2023 (NOK 6.7 million). Operational/supply chain expenses totalled NOK 6.9 million (NOK 4.3 million), mainly due to increased internal resource usage.

Administration expenses amounted to NOK 7.6 million in the first half 2023 compared with NOK 4.3 million in the first half of 2022. Reversed accruals of employer's NICs on share options (see below for further details), as well as employee bonuses triggered by the smartphone market launch, contributed to the increased expenses.

EBITDA totalled NOK -32.0 million in the first half of 2023, compared with NOK -32.4 million in the first half of 2022.

Share option plan expenses amounted to NOK 2.0 million in the first six months of 2023 (NOK 2.5 million), while NOK 2.9 million in accrued employer's NICs was reversed (NOK 4.3 million in reversed accruals in 2022). The reversal is attributable to the decrease in poLight's share price.

Depreciation and amortisation for the first half-year closed at NOK 4.5 million (NOK 5.7 million).

### Balance sheet

<i>(in NOK million)</i>	Q2 2023	Q2 2022	FY 2022
Property, plant and equipment	10.3	6.5	10.7
Intangible assets	21.2	28.5	24.9
Right-of-use assets	3.3	4.2	3.9
Inventories	66.3	30.5	45.6
Receivables and prepayments	10.4	11.7	8.9
Cash and cash equivalents	153.2	124.4	84.2
<b>Total assets</b>	<b>264.8</b>	<b>205.9</b>	<b>178.2</b>
Total equity	242.5	178.1	150.7
Total current liabilities	19.8	24.3	24.6
Total non-current liabilities	2.4	3.4	3.0
<b>Total equity and liabilities</b>	<b>264.8</b>	<b>205.9</b>	<b>178.2</b>

As at 30 June 2023, total assets came to NOK 264.8 million, compared with NOK 205.9 million as at 30 June 2022 and NOK 178.2 million as at 31 December 2022.

Property, plant and equipment totalled NOK 10.3 million as at 30 June 2023, compared with NOK 6.5 million as at 30 June 2022 and NOK 10.7 million as at 31 December 2022. In the second half of 2022, investments were made in additional final test equipment in both Taiwan and the Philippines. The equipment includes sorting features with respect to various performance parameters.

At the reporting date, intangible assets totalled NOK 21.2 million, compared with NOK 28.5 million as at 30 June 2022, reflecting amortisation during the year, and NOK 24.9 as at 31 December 2022.

Inventories increased by NOK 20.7 million in the first half of the year, to stand at NOK 66.3 million at the close (NOK 30.5 million at the close of 30 June 2022 and NOK 45.6 million at 31 December 2022). The increase in inventories mainly relates to wafers from ST Microelectronics.

As at 30 June 2023, poLight had cash and cash equivalents totalling NOK 153.2 million, compared with NOK 124.4 million as at 30 June 2022 and NOK 84.2 million as at 31 December 2022. The rights issue was oversubscribed by approximately 25 per cent and generated NOK 125.8 million in net proceeds in the quarter.

Total current liabilities amounted to NOK 19.8 million as at 30 June 2023, compared with NOK 24.3 million as at 30 June 2022 and NOK 24.6 million as at 31 December 2022.

## Cash flow

<i>(in NOK million)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Net cash flow used in operating activities	-25.9	-22.8	-56.6	-28.8	-63.6
Net cash flow used in investing activities	0.0	-3.1	-0.1	-4.5	-9.2
Net cash flow from/(used in) financing activities	125.6	0.0	125.3	-0.2	-0.7
<b>Net increase/decrease in cash and cash equivalents</b>	<b>99.6</b>	<b>-25.9</b>	<b>68.7</b>	<b>-33.5</b>	<b>-73.5</b>

### Q2 2023

The net cash outflow from operating activities totalled NOK 25.9 million in Q2 2023, compared with NOK 22.8 million in Q2 2022. Working capital increased by NOK 8.9 million in the quarter, of which NOK 9.5 million relates to the increased inventory.

The net cash flow from financing activities in Q2 2023 totalled NOK 125.6 million, whereof net proceeds of NOK 125.8 million were raised through the rights issue.

The net increase in cash and cash equivalents totalled NOK 99.6 million for the quarter, compared with a net decrease of NOK 25.9 million in the same period in 2022.

### First half of 2023

The net cash outflow from operating activities totalled NOK 56.6 million in the first half of the year, compared with NOK 28.8 million in the same period in 2022. In Q1 2022, poLight received the outstanding amount of its VAT claim (NOK 11 million), which explains a significant portion of the increased cash outflow. Inventory increased by NOK 20.7 million in the first half of 2023, compared with NOK 13.7 million in the same period last year. This also contributed to the increased outflow.

The net cash flow from financing activities totalled NOK 125.3 million, whereof net proceeds of NOK 125.8 million were generated through the rights issue.

The net increase in cash and cash equivalents for the first half year was NOK 68.7 million, compared with a net decrease of NOK 33.5 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<sup>®</sup> 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.

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 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. 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 will continue to emphasise the consumer market. However, the consumer market is currently challenging and there are no signs of improvement in the short term. Nevertheless, poLight will continue to address this market by actively capitalising on its first important smartphone reference. We will also 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 module partners with respect to add-in designs; and address higher value applications such as back-facing cameras. It is important to emphasise that all the activities listed above will have direct relevance for other application areas, such as augmented reality.

AR 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/VR cases are still low, since the majority 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 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 possibilities and challenges involved. It has not yet been decided whether this is a market poLight will actively address, but it is being investigated and a business case will be developed. The same applies to the healthcare market, for which cases within the field of endoscopy are increasing in number.

Going forward, poLight plans to continue strengthening its organisation to enable it to address all the above-mentioned opportunities and challenges in a professional and robust manner.

In April 2023, poLight launched a fully underwritten rights issue, which was oversubscribed by approximately 25 per cent and generated NOK 125.8 million in net proceeds. According to current plans, the Group's cash deposits will fund activities for at least the next 12 months.



## 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.

## RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the period 1 January to 30 June 2023 has been prepared in accordance with IAS 34-Interim Financial Reporting and gives a true and fair view of the poLight group’s assets, liabilities, financial position and results for the period. We also confirm that, to the best of our knowledge, the financial review includes a fair presentation of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major transactions with related parties, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

poLight ASA  
Horten, 16 August 2023

**Grethe Viksaas (sign)**  
Chair, Independent

**Ann-Tove Kongsnes (sign)**  
Deputy chair

**Svenn-Tore Larsen (sign)**  
Board member, Independent

**Thomas Görling (sign)**  
Board member

**Dr Øyvind Isaksen (sign)**  
Chief Executive Officer

## CONDENSED INTERIM FINANCIAL STATEMENTS

### Interim condensed consolidated statement of income

NOK 000	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Sale of goods		7 192	1 935	14 112	3 407	10 034
Rendering of services		0	591	201	591	3 328
<b>Revenue</b>		<b>7 192</b>	<b>2 526</b>	<b>14 313</b>	<b>3 998</b>	<b>13 363</b>
Cost of sales		-3 496	-746	-7 695	-1 431	-4 826
<b>Gross profit</b>		<b>3 696</b>	<b>1 780</b>	<b>6 618</b>	<b>2 566</b>	<b>8 536</b>
Research and development expenses net of governmental grants	6,9	-8 708	-7 854	-16 261	-19 604	-32 907
Sales and marketing expenses		-4 030	-2 864	-7 812	-6 739	-13 122
Operational / supply chain expenses		-3 989	-2 698	-6 950	-4 330	-9 179
Administrative expenses		-5 019	-2 284	-7 642	-4 264	-12 068
<b>Operating result before depreciation and amortisation (EBITDA)</b>		<b>-18 050</b>	<b>-13 919</b>	<b>-32 046</b>	<b>-32 372</b>	<b>-58 740</b>
Depreciation and amortisation and net impairment losses	8	-2 315	-2 754	-4 548	-5 741	-10 400
<b>Operating result (EBIT)</b>		<b>-20 365</b>	<b>-16 674</b>	<b>-36 594</b>	<b>-38 113</b>	<b>-69 140</b>
Net financial items	7	49	-585	248	-39	1 496
<b>Loss before tax</b>		<b>-20 315</b>	<b>-17 259</b>	<b>-36 347</b>	<b>-38 152</b>	<b>-67 644</b>
Income tax expense		-28	-3	-28	-4	-242
<b>Loss for the period</b>		<b>-20 344</b>	<b>-17 262</b>	<b>-36 375</b>	<b>-38 156</b>	<b>-67 886</b>
<b>Attributable to:</b>						
Equity holders of the parent		-20 344	-17 262	-36 375	-38 156	-67 886
<b>Earnings per share:</b>						
Basic, attributable to ordinary equity holders of the parent (NOK)		-0.34	-0.33	-0.61	-0.73	-1.31
Diluted, attributable to ordinary equity holders of the parent (NOK)		-0.34	-0.33	-0.61	-0.73	-1.31

## Interim consolidated statement of other comprehensive income

<i>NOK 000</i>	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
<b>Loss for the period</b>		<b>-20 344</b>	<b>-17 262</b>	<b>-36 375</b>	<b>-38 156</b>	<b>-67 886</b>
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations		83	75	423	63	95
Income tax effect		0	0	0	0	0
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>83</b>	<b>75</b>	<b>423</b>	<b>63</b>	<b>95</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-20 261</b>	<b>-17 187</b>	<b>-35 952</b>	<b>-38 093</b>	<b>-67 791</b>
<b>Attributable to:</b>						
Equity holders of the parent		-20 261	-17 187	-35 952	-38 093	-67 791

## Interim consolidated statement of financial position

NOK 000	Note	Q2 2023	Q2 2022	FY 2022
<b>ASSETS</b>				
Property, plant and equipment		10 349	6 498	10 748
Intangible assets	8	21 218	28 492	24 855
Right-of-use assets		3 327	4 247	3 871
<b>Total non-current assets</b>		<b>34 893</b>	<b>39 237</b>	<b>39 474</b>
Inventories		66 281	30 496	45 577
Trade and other receivables	9	10 324	8 736	8 386
Prepayments		103	2 978	557
Cash and cash equivalents		153 172	124 439	84 249
<b>Total current assets</b>		<b>229 879</b>	<b>166 649</b>	<b>138 769</b>
<b>Total assets</b>		<b>264 773</b>	<b>205 886</b>	<b>178 242</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		2 647	2 078	2 078
Share premium		271 038	209 573	145 785
Reserves		1 552	1 098	1 130
Retained earnings		-32 701	-34 646	1 699
<b>Total equity</b>		<b>242 535</b>	<b>178 103</b>	<b>150 692</b>
Lease liabilities		2 419	3 434	2 970
<b>Total non-current liabilities</b>		<b>2 419</b>	<b>3 434</b>	<b>2 970</b>
Trade and other payables	10	17 676	22 869	22 480
Current lease liabilities		1 142	980	1 100
Provisions		1 000	500	1 000
<b>Total current liabilities</b>		<b>19 819</b>	<b>24 349</b>	<b>24 581</b>
<b>Total liabilities</b>		<b>22 238</b>	<b>27 783</b>	<b>27 550</b>
<b>Total equity and liabilities</b>		<b>264 773</b>	<b>205 886</b>	<b>178 242</b>

## Interim consolidated statement of changes in equity

NOK 000	Note	Attributable to equity holders of the parent				Total
		Share capital	Share premium	Retained earnings	Translation reserve	
<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				-38 156		-38 156
Other comprehensive income					63	63
Total comprehensive income		0	0	-38 156	63	-38 093
Share options exercised		1	253			254
Equity-settled share-based payment				2 533		2 533
<b>As at 30 June 2022</b>		<b>2 078</b>	<b>209 573</b>	<b>-34 646</b>	<b>1 098</b>	<b>178 103</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				-36 375		-36 375
Other comprehensive income					423	423
Total comprehensive income		0	0	-36 375	423	-35 952
Issue of ordinary shares		568	147 931			148 500
Transaction costs			-22 679			-22 679
Equity-settled share-based payment				1 974		1 974
<b>As at 30 June 2023</b>		<b>2 647</b>	<b>271 038</b>	<b>-32 701</b>	<b>1 552</b>	<b>242 535</b>

## Interim consolidated statement of cash flows

<i>NOK 000</i>	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
<b>Operating activities</b>						
Profit / loss (-) for the period		-20 315	-17 259	-36 347	-38 152	-67 644
Adjustments for:						
Depreciation of property, plant and equipment and right-of-use assets		496	437	911	856	1 877
Amortisation of intangible assets	8	1 819	2 318	3 637	4 885	8 522
Net finance income		-49	585	-248	39	-1 496
Equity-settled share-based payments		920	1 167	1 974	2 533	4 821
Other non-cash items		6	-656	224	-829	-430
Changes in unrealised net foreign exchange rate differences/fluctuations		52	-79	172	-41	143
Changes in working capital:						
Decrease (+) in trade and other receivables and prepayments		7 395	-324	25	10 618	11 925
Increase (-) in inventories		-9 513	-9 800	-20 704	-13 660	-28 741
Decrease (-) in trade and other payables	10	-6 091	1 354	-4 804	2 963	2 574
Changes in provisions and government grants		-678	-562	-1 509	1 202	3 166
Interest received	7	109	152	275	959	2 255
Interest paid	7	-66	-84	-138	-173	-330
Income tax paid		-28	-3	-28	-4	-242
<b>Net cash flows used in operating activities</b>		<b>-25 945</b>	<b>-22 756</b>	<b>-56 557</b>	<b>-28 805</b>	<b>-63 600</b>
<b>Investing activities</b>						
Purchase of property, plant and equipment		-45	-3 098	-82	-4 463	-9 202
<b>Net cash flows used in investing activities</b>		<b>-45</b>	<b>-3 098</b>	<b>-82</b>	<b>-4 463</b>	<b>-9 202</b>
<b>Financing activities</b>						
Proceeds from issuance of ordinary shares		148 500	0	148 500	0	0
Proceeds from exercise of share options		0	222	0	254	254
Transaction costs on issue of shares		-22 679	0	-22 679	0	0
Payment of lease liabilities		-257	-233	-509	-462	-964
<b>Net cash flows from/(used in) financing activities</b>		<b>125 564</b>	<b>-12</b>	<b>125 312</b>	<b>-208</b>	<b>-710</b>
Net increase in cash and cash equivalents		99 573	-25 866	68 673	-33 476	-73 513
Effect of exchange rate changes on cash and cash equivalents		30	154	250	104	-49
Cash and cash equivalents at the start of the period		53 568	150 151	84 249	157 810	157 810
<b>Cash and cash equivalents at the close of the period</b>		<b>153 172</b>	<b>124 439</b>	<b>153 172</b>	<b>124 439</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 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 30 June 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>Q2 2023</b>	<b>Q2 2022</b>	<b>YTD 2023</b>	<b>YTD 2022</b>	<b>FY 2022</b>
Employee benefits expense <sup>1)</sup>	16 111	10 126	28 179	20 754	45 614
Depreciation and amortisation	2 315	2 754	4 548	5 741	10 400
Other operating expenses	5 635	5 575	10 485	14 184	21 663
<b>Total operating expenses</b>	<b>24 061</b>	<b>18 454</b>	<b>43 213</b>	<b>40 679</b>	<b>77 676</b>

1) Including consultants engaged on long-term contracts

## 6 Research and development expenses

<i>(in NOK 000)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Employee <sup>2)</sup> benefits expense	6 694	5 676	12 772	11 173	22 878
Other operating expenses	2 692	2 741	4 997	9 758	14 922
Government grants	-678	-562	-1 509	-1 327	-4 892
<b>Total</b>	<b>8 708</b>	<b>7 854</b>	<b>16 261</b>	<b>19 603</b>	<b>32 907</b>

2) Including consultants engaged on long-term contracts

## 7 Financial items

<i>(in NOK 000)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Net foreign exchange gain (loss)	-776	-974	-1 155	-805	-385
Interest income	895	475	1 544	940	2 249
Interest expense on lease liabilities	-66	-84	-138	-173	-330
Financial expenses	-3	-2	-3	-2	-38
<b>Net financial items</b>	<b>50</b>	<b>-585</b>	<b>249</b>	<b>-40</b>	<b>1 496</b>

## 8 Intangible assets

<i>(in NOK 000)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
At the start of the period	23 036	30 810	24 855	33 377	33 377
Amortisation	-1 819	-2 318	-3 637	-4 885	-8 522
<b>At the close of the period</b>	<b>21 218</b>	<b>28 492</b>	<b>21 218</b>	<b>28 492</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>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Net receivables at the start of the period	5 445	5 515	4 614	7 280	7 280
Grants received	0	0	0	-2 530	-7 558
Released to the statement of profit and loss	678	562	1 509	1 327	4 892
<b>Net receivables at the close of the period</b>	<b>6 123</b>	<b>6 077</b>	<b>6 123</b>	<b>6 077</b>	<b>4 614</b>

## 10 Trade and other payables

<i>(in NOK 000)</i>	Q2 2023	Q2 2022	FY 2022
Trade payables	9 023	10 897	10 612
Other payables	7 628	7 392	7 923
Accrued employer's NICs on share option plan	1 025	4 581	3 945
<b>At the close of the period</b>	<b>17 676</b>	<b>22 869</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 30 June 2023, the largest shareholder was Investinor Direkte AS, which owned 13.45 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

