

The background is a high-angle, night-time photograph of a city skyline, likely New York City, with numerous skyscrapers illuminated. Overlaid on this is a complex digital network of glowing blue and white lines connecting various points, resembling a fiber-optic or data network. Several large, semi-transparent red circles are scattered across the image, some containing faint, illegible text or data patterns. The overall color palette is dominated by deep blues, oranges from the city lights, and the red of the circles.

# smartoptics

**Q3  
REPORT  
2024**



# Q3 2024 RESULTS

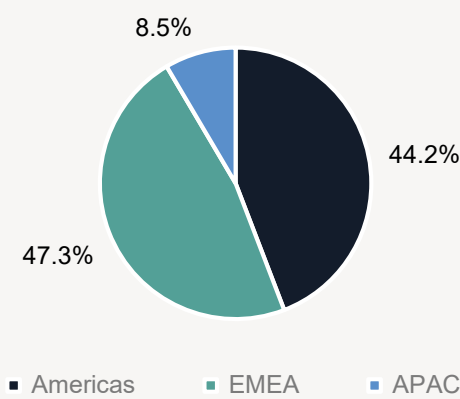
## SIGNS OF IMPROVEMENTS IN CHALLENGING MARKET, AND NEW STRATEGIC ACCOUNT

- Revenue of USD 13.0 million compared to USD 13.6 million in the same period 2023
- Gross margin of 47.4% compared to 50.0% same period 2023
- EBITDA of USD 1.1 (2.7) million, equivalent to a EBITDA margin of 8.3% (19.8%), an acceptable level given continued investment and the revenue development in the third quarter
- Operating profit (EBIT) of USD 0.5 (2.2) million, equivalent to an operating margin of 3.8% (16.3%)
- Strong operating cash flow of USD 5.6 (5.5) million
- Long term partnership with WIN, a major US regional network operator
- Strong quarter in EMEA and continued positive development in APAC

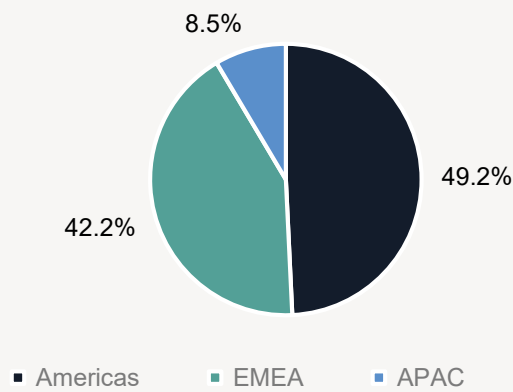
| Amounts in USD 1,000           | 2024 Q3   | 2023 Q3   | Change    | 2024 YTD  | 2023 YTD  | Change    |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                | Jul - Sep | Jul - Sep |           | Jan - Sep | Jan - Sep |           |
| Revenue                        | 12 994    | 13 603    | -4.5%     | 38 634    | 44 673    | -13.5%    |
| Gross profit                   | 6 158     | 6 798     | -9.4%     | 18 451    | 22 291    | -17.2%    |
| Gross margin                   | 47.4%     | 50.0%     | -2.6 p.p  | 47.8%     | 49.9%     | -2.1 p.p  |
| EBITDA                         | 1 073     | 2 697     | -60.2%    | 3 145     | 8 479     | -62.9%    |
| EBITDA margin                  | 8.3%      | 19.8%     | -11.6 p.p | 8.1%      | 19.0%     | -10.8 p.p |
| Operating profit               | 498       | 2 213     | -77.5%    | 1 468     | 7 123     | -79.4%    |
| Operating margin               | 3.8%      | 16.3%     | -12.4 p.p | 3.8%      | 15.9%     | -12.1 p.p |
| Profit & loss for the period   | 537       | 1 169     | -54.1%    | 1 778     | 6 023     | -70.5%    |
| Basic earnings per share NOK   | 0.058     | 0.147     | -60.6%    | 0.190     | 0.711     | -73.3%    |
| Diluted earnings per share NOK | 0.058     | 0.146     | -60.2%    | 0.190     | 0.704     | -73.0%    |
| Basic earnings per share USD   | 0.005     | 0.012     | -54.9%    | 0.018     | 0.063     | -70.9%    |
| Diluted earnings per share USD | 0.005     | 0.012     | -54.4%    | 0.018     | 0.062     | -70.6%    |
| Operating cash flow            | 5 539     | 5 503     | +1.9%     | 6 108     | 9 732     | -36.6%    |
| FTEs                           | 124       | 108       | +16       | 119       | 105       | +14       |

# Q3 2024 RESULTS CONTINUED

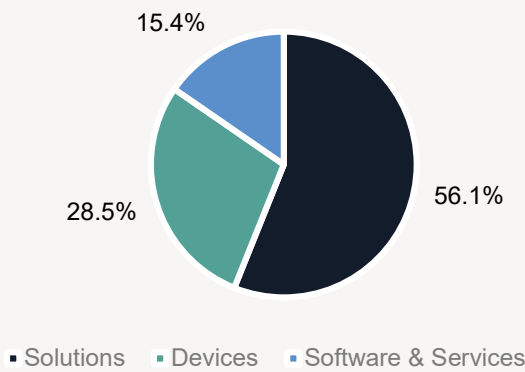
GEOGRAPHICAL SPLIT OF REVENUE Q3 2024



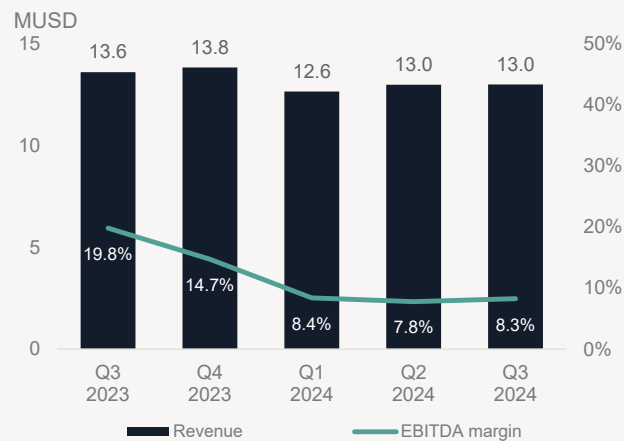
GEOGRAPHICAL SPLIT OF REVENUE JAN - SEP 2024



BUSINESS AREA SPLIT Q3 2024



EBITDA MARGIN AND REVENUE LAST 5 QUARTERS



# CEO COMMENTS TO THE Q3 REPORT

Smartoptics delivered revenues of USD 13 million in the third quarter, unchanged compared to the second quarter. Although many customers remain cautious given the challenging macro backdrop, we see the sequential stabilization as a clear indication of the anticipated turn around towards the end of 2024. Note that the third quarter normally is weaker than the second from a seasonality perspective.

Our gross margins remain stable and high, and we have maintained our operating expenses relatively stable throughout 2024, leading to a sequentially flat EBIT margin development.

## Well positioned for growth

The soft market has primarily been related to new projects such as large network expansions or renewals. Our core business, addressing enterprise customers and smaller service providers, remain solid due to their more customer driven nature. This means that we have a firm basis for profitable growth and margin improvement when the market picks up.

The long-term growth trends are more robust than ever, with the rise of AI serving as an additional expansion driver for interconnect data traffic between data centers, and contributing to the ever growing demand for bandwidth, both being factors driving the need for fiberoptic solutions. So far in 2024, Smartoptics has been very active both with respect to market activities and product launches. New high capacity 400G and 800G technology, 34-degree ROADM as well as our improved SoSmart software platform have strong appeal in the market and will be important growth engines going forward. Additional product launches are planned for the fourth quarter. All in all, we are better positioned than ever to capture contracts in the exciting segment for medium-sized and large metro and regional networks.

## New long-term partnership

The targeted strategic efforts are bearing fruits. Today, we are announcing a long-term partnership with one of the most important state wide US operators, WIN Technology. WIN owns and operates over 32,000 km of fiber while providing IT services to organizations across Minnesota, Wisconsin, Iowa, Illinois and Michigan. Smartoptics will help WIN strategically expand and modernize their network over



Magnus Grenfeldt, CEO Smartoptics Group AS

the coming years. This win showcases the vast growth opportunity in regional US networks. These are often medium-sized operators that find Smartoptics' future-proof, open technology combined with a flexible and customer centric approach attractive. They all need to expand their networks going forward, catering to the ever-growing demand for bandwidth with lower cost per gigabyte.

## Consolidating market

During 2024, the competitive landscape has been dynamic, with continued consolidation among our large competitors. This is positive for us, as customers end up with fewer alternative vendors. In addition, we see that the giants of the industry focus even more on Tier 1 service providers and hyperscalers. It also leaves more space for us to compete efficiently for tier 2 and 3 network operators as well as for medium sized cloud and hybrid cloud players. We have already seen direct positive effects as customers with a dual vendor strategy end up with only one vendor.

## Outlook



Looking ahead, we note that market activity has been high in the Americas throughout 2024, while Europe and APAC also showing positive trends now. Assuming the market sentiment in our main markets return to normal during 2024, we maintain our long-term ambitions of growing our revenue up to USD 100 million in 2025/2026 and continue to produce strong profitability with an EBITDA margin of 17-20% and EBIT margin of 13-16%.

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# FINANCIAL REVIEW

## Q3 2024

### REVENUE

Revenue declined by 4.5% in Q3 2024 to USD 13.0 million compared to USD 13.6 million in Q3 2023, mainly related to Americas. Revenue in Americas amounted to USD 5.7 (6.8) million. Revenue in EMEA increased by 3% to USD 6.2 (6.0) million. In APAC, revenue grew by 27% to USD 1.1 (0.9) million.

Revenue split by business area for the quarter was Solutions 56.1% (57.5%), Devices 28.5% (31.8%) and Software & Services 15.4% (10.8%).

### GROSS PROFIT

Gross profit in Q3 2024 amounted to USD 6.2 (6.8) million and resulted in a gross margin of 47.4% compared to 50.0% the same period last year.

### OPERATING EXPENSES

Employee benefit expenses amounted to USD 3.8 (3.2) million in Q3 2024 and FTE grew from 108 to 124 during the same period. Increased cost is related to new employees. Other operating expenses increased to USD 1.3 (0.9) million, mainly related to higher marketing costs.

### EBITDA AND OPERATING PROFIT

EBITDA in Q3 2024 was USD 1.1 (2.7) million and the EBITDA margin was 8.3% compared to 19.8% in Q3 2023. The reduction is mainly related to higher operating expenses and slightly lower revenue.

Operating profit was USD 0.5 (2.2) million and the operating margin was 3.8% compared to 16.3% the same period 2023.

### NET FINANCIALS ITEMS

Interest payments and foreign exchange gains/-losses are the main components of Net financials items.

The group has a natural hedge in having both Revenue and COGS to a very large extent in USD.

### CASH FLOW

The operating cash flow was USD 5.6 (5.5) million for Q3 2024. The strong operating cash flow is mainly a result of high collection of trade receivables in the quarter and increased trade payables. The net cash flow for the quarter was USD 3.7 (5.2) million, resulting in an ending balance of USD 9.0 million for the quarter.

### OUTLOOK

Long term ambition to reach USD 100 million in 2025/26 timeframe is maintained.

### DIVIDEND POLICY

Goal is to propose a yearly dividend of 25 - 50% of Smartoptics' profit for the previous financial year.

When proposing dividend for a financial year, the Board of Directors will consider Smartoptics' financial position, one-off item impacts, growth trajectory, investment plans, financial targets, and flexibility.

# FINANCIAL STATEMENTS

## CONSOLIDATED PROFIT AND LOSS STATEMENT Q3

| Consolidated statement of profit or loss        | 2024 Q3         | 2023 Q3         | 2024 YTD        | 2023 YTD        |
|---|-----------------|-----------------|-----------------|-----------------|
| Amounts in USD 1.000                            | Jul - Sep       | Jul - Sep       | Jan - Sep       | Jan - Sep       |
| Revenue from contracts with customers           | 12 968          | 13 602          | 38 607          | 44 671          |
| Other operating income                          | 26              | 1               | 27              | 2               |
| <b>Total revenue and other operating income</b> | <b>12 994</b>   | <b>13 603</b>   | <b>38 634</b>   | <b>44 673</b>   |
| Direct cost of sales                            | - 6 835         | - 6 805         | - 20 183        | - 22 381        |
| Employee benefit expenses                       | - 3 772         | - 3 188         | - 11 909        | - 10 578        |
| Other operating expenses                        | - 1 314         | - 913           | - 3 397         | - 3 234         |
| <b>Total operating expenses</b>                 | <b>- 11 921</b> | <b>- 10 906</b> | <b>- 35 489</b> | <b>- 36 193</b> |
| Depreciation                                    | - 495           | - 408           | - 1 437         | - 1 145         |
| Amortization of intangible assets               | - 80            | - 77            | - 240           | - 212           |
| <b>Total depreciation and amortization</b>      | <b>- 575</b>    | <b>- 484</b>    | <b>- 1 677</b>  | <b>- 1 356</b>  |
| <b>Operating profit/(loss)</b>                  | <b>498</b>      | <b>2 213</b>    | <b>1 468</b>    | <b>7 123</b>    |
| Financial income                                | 1               | 5               | 3               | 7               |
| Financial expenses                              | -72             | -66             | -242            | -162            |
| Net foreign exchange gains (losses)             | 311             | -652            | 1 185           | 754             |
| <b>Net financial items</b>                      | <b>240</b>      | <b>-714</b>     | <b>946</b>      | <b>598</b>      |
| <b>Profit/(loss) before income tax</b>          | <b>738</b>      | <b>1 499</b>    | <b>2 414</b>    | <b>7 721</b>    |
| Estimated income tax                            | -201            | -330            | -636            | -1 699          |
| <b>Profit/(loss) for the period</b>             | <b>537</b>      | <b>1 169</b>    | <b>1 778</b>    | <b>6 023</b>    |

| Earnings per share in USD         |            |            |            |            |
|-----------------------------------|------------|------------|------------|------------|
| Basic earnings per share          | 0.005      | 0.012      | 0.018      | 0.063      |
| Diluted earnings per share        | 0.005      | 0.012      | 0.018      | 0.062      |
| Weighted average number of shares |            |            |            |            |
| Basic                             | 98 045 518 | 96 286 593 | 97 471 055 | 96 286 595 |
| Diluted                           | 98 045 518 | 97 293 383 | 97 819 563 | 97 323 053 |

| Consolidated statement of comprehensive income                          |            |              |            |              |
|---|------------|--------------|------------|--------------|
| Profit/(loss) for the year  | 537        | 1 169        | 1 778      | 6 023        |
| Other comprehensive income:   |            |              |            |              |
| <i>Items that might be subsequently reclassified to profit or loss:</i> |            |              |            |              |
| Exchange differences on translation of foreign operations               | -176       | 37           | -159       | -115         |
| <i>Item that are not reclassified to profit or loss:</i>                |            |              |            |              |
| Exchange differences on translation to another presentation currency    | 401        | 481          | -1 381     | -1 621       |
| <b>Total comprehensive income for the year</b>                          | <b>762</b> | <b>1 687</b> | <b>238</b> | <b>4 287</b> |

# CONSOLIDATED STATEMENT FINANCIAL POSITION

| Consolidated statement of financial position | 30.09.2024    | 30.09.2023    |
|--|---------------|---------------|
| Amounts in USD 1.000                         |               |               |
| <b>Assets</b>                                |               |               |
| <b>Non-current assets</b>                    |               |               |
| Intangible assets                            | 1 607         | 1 082         |
| Property, plant and equipment                | 3 534         | 2 560         |
| Right-of-use assets                          | 1 500         | 1 973         |
| Deferred tax assets                          | 1 032         | 1 230         |
| <b>Total non-current assets</b>              | <b>7 673</b>  | <b>6 845</b>  |
| <b>Current assets</b>                        |               |               |
| Inventories                                  | 14 559        | 12 958        |
| Trade receivable                             | 14 740        | 15 585        |
| Other current assets                         | 1 316         | 1 006         |
| Cash and cash equivalents                    | 8 963         | 7 829         |
| <b>Total current assets</b>                  | <b>39 579</b> | <b>37 378</b> |
| <b>Total assets</b>                          | <b>47 253</b> | <b>44 223</b> |
| <b>Equity and liabilities</b>                |               |               |
| <b>Equity</b>                                |               |               |
| Share capital                                | 187           | 181           |
| Share premium                                | 14 182        | 11 879        |
| Other paid in capital                        | -             | 141           |
| Foreign currency translation reserves        | 252           | 73            |
| Retained earnings                            | 13 324        | 15 227        |
| <b>Total equity</b>                          | <b>27 944</b> | <b>27 501</b> |
| <b>Non-current liabilities</b>               |               |               |
| Lease liabilities (non-current portion)      | 784           | 1 107         |
| Contract liabilities (non-current portion)   | 4 251         | 3 099         |
| Other non-current liabilities                | 436           | 1 361         |
| <b>Total non-current liabilities</b>         | <b>5 471</b>  | <b>5 567</b>  |
| <b>Current liabilities</b>                   |               |               |
| Lease liabilities (current portion)          | 789           | 679           |
| Trade payable                                | 4 167         | 3 339         |
| Contract liabilities (current portion)       | 3 242         | 2 649         |
| Current tax liabilities                      | 3 299         | 2 539         |
| Other current liabilities                    | 2 341         | 1 949         |
| <b>Total current liabilities</b>             | <b>13 838</b> | <b>11 155</b> |
| <b>Total liabilities</b>                     | <b>19 309</b> | <b>16 722</b> |
| <b>Total equity and liabilities</b>          | <b>47 253</b> | <b>44 223</b> |



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Consolidated statement of changes in equity                          | Share capital | Share premium | Other paid in capital | Translation difference reserves | Retained earnings | Total equity  |
|--|---------------|---------------|-----------------------|---------------------------------|-------------------|---------------|
| Amounts in USD 1.000   |               |               |                       |                                 |                   |               |
| <b>Balance at 1 January 2023</b>                                     | <b>195</b>    | <b>12 801</b> | <b>152</b>            | <b>188</b>                      | <b>14 269</b>     | <b>27 606</b> |
| Profit/(loss) for the period   |               |               |                       |                                 | 6 023             | 6 023         |
| Exchange differences on translation of foreign operation             |               |               |                       | -115                            |                   | -115          |
| Exchange differences on translation to another presentation currency | -14           | -922          | -11                   |                                 | -674              | -1 621        |
| <b>Total comprehensive income/(loss) for the period</b>              | <b>-14</b>    | <b>-922</b>   | <b>-11</b>            | <b>-115</b>                     | <b>5 349</b>      | <b>4 287</b>  |
| Dividend   |               |               |                       |                                 | -4 391            | -4 391        |
| <b>Balance at 30 September 2023</b>                                  | <b>181</b>    | <b>11 879</b> | <b>141</b>            | <b>73</b>                       | <b>15 227</b>     | <b>27 501</b> |
| Profit/(loss) for the period   |               |               |                       |                                 | 1 447             | 1 447         |
| Exchange differences on translation of foreign operation             |               |               |                       | 338                             |                   | 338           |
| Exchange differences on translation to another presentation currency | 8             | 525           | 6                     |                                 | 348               | 888           |
| <b>Total comprehensive income/(loss) for the period</b>              | <b>8</b>      | <b>525</b>    | <b>6</b>              | <b>338</b>                      | <b>1 795</b>      | <b>2 673</b>  |
| Repurchase of warrants   |               |               | -127                  |                                 |                   | -127          |
| <b>Balance at 31 December 2023</b>                                   | <b>189</b>    | <b>12 404</b> | <b>20</b>             | <b>411</b>                      | <b>17 022</b>     | <b>30 048</b> |
| Profit/(loss) for the period   |               |               |                       |                                 | 1 778             | 1 778         |
| Exchange differences on translation of foreign operation             |               |               |                       | -159                            |                   | -159          |
| Exchange differences on translation to another presentation currency | -6            | -327          | 0                     |                                 | -1 047            | -1 381        |
| <b>Total comprehensive income/(loss) for the period</b>              | <b>-6</b>     | <b>-327</b>   | <b>0</b>              | <b>-159</b>                     | <b>731</b>        | <b>238</b>    |
| Issuance of ordinary shares  | 3             | 2 104         |                       |                                 |                   | 2 107         |
| Reclassification   |               |               | -20                   |                                 | 20                | 0             |
| Dividend   |               |               |                       |                                 | -4 449            | -4 449        |
| <b>Balance at 30 September 2024</b>                                  | <b>187</b>    | <b>14 182</b> | <b>0</b>              | <b>252</b>                      | <b>13 323</b>     | <b>27 944</b> |



# CONSOLIDATED CASH FLOW STATEMENT

| Consolidated cash flow statement                              | 2024 Q3       | 2023 Q3      | 2024 YTD      | 2023 YTD      |
|---|---------------|--------------|---------------|---------------|
| Amounts in USD 1.000  | Jul - Sep     | Jul - Sep    | Jan - Sep     | Jan - Sep     |
| <b>Cash flows from operating activities</b>                   |               |              |               |               |
| Profit/(loss) before income tax                               | 738           | 1 499        | 2 414         | 7 721         |
| <i>Adjustments for:</i>                                       |               |              |               |               |
| Taxes paid  | 0             | -67          | 0             | -240          |
| Depreciation and amortization                                 | 575           | 484          | 1 677         | 1 356         |
| Interest  | 0             | 38           | 80            | 262           |
| Change in inventory   | 68            | 1 165        | -361          | 2 466         |
| Change in trade receivable                                    | 2 500         | 2 364        | 2 213         | 330           |
| Change in contract liabilities (deferred revenue)             | 686           | 309          | 930           | 1 633         |
| Change in trade payable                                       | 1 127         | -1 001       | -316          | -2 492        |
| Change in other current assets and other liabilities          | -90           | 707          | -466          | -1 310        |
| Interest received   | 1             | 5            | 3             | 7             |
| <b>Net cash from operating activities</b>                     | <b>5 605</b>  | <b>5 503</b> | <b>6 174</b>  | <b>9 732</b>  |
| <b>Cash flows from investing activities</b>                   |               |              |               |               |
| Payment for property, plant and equipment                     | -768          | -242         | -1 645        | -1 585        |
| Payment for development cost                                  | -708          | -            | -1 116        | -             |
| <b>Net cash from investing activities</b>                     | <b>-1 476</b> | <b>-242</b>  | <b>-2 761</b> | <b>-1 585</b> |
| <b>Cash flows from financing activities</b>                   |               |              |               |               |
| Proceeds from issuance of ordinary shares                     | -             | -            | 2 107         | -             |
| Dividend paid out   | -             | -            | -4 449        | -4 391        |
| Proceeds from new borrowings                                  | -             | 393          | -             | 393           |
| Repayment of borrowing  | -145          | -156         | -400          | -322          |
| Paid interest on borrowing                                    | -57           | -45          | -191          | -94           |
| Repayments of lease liabilities                               | -194          | -203         | -592          | -608          |
| <b>Net cash from financing activities</b>                     | <b>-395</b>   | <b>-11</b>   | <b>-3 525</b> | <b>-5 022</b> |
| <b>Net change in cash and cash equivalents</b>                | <b>3 734</b>  | <b>5 250</b> | <b>-112</b>   | <b>3 125</b>  |
| Cash and cash equivalents beginning of period                 | 5 089         | 2 918        | 9 321         | 5 660         |
| Effects of exchange rate changes on cash and cash equivalents | 140           | -344         | -248          | -961          |
| <b>Cash and cash equivalents end of period</b>                | <b>8 963</b>  | <b>7 826</b> | <b>8 963</b>  | <b>7 826</b>  |

# SHARE INFORMATION

TABLE OF THE 20 LARGEST SHAREHOLDERS AS 30TH OF SEPTEMBER 2024

| #                             | Shareholders              | Holding           | Stake           |
|-------------------------------|---------------------------|-------------------|-----------------|
| 1                             | Coretech AS               | 31 783 599        | 32.42 %         |
| 2                             | Kløvingen AS              | 15 850 429        | 16.17 %         |
| 3                             | K-Spar Industrier AS      | 13 076 422        | 13.34 %         |
| 4                             | Janus Henderson Investors | 3 901 429         | 3.98 %          |
| 5                             | Handelsbanken Fonder      | 3 295 000         | 3.36 %          |
| 6                             | Danske Invest             | 3 242 164         | 3.31 %          |
| 7                             | Avanza Bank AB            | 2 156 565         | 2.20 %          |
| 8                             | Swedbank Robur Fonder     | 2 136 800         | 2.18 %          |
| 9                             | Nordnet Bank AB           | 2 112 381         | 2.15 %          |
| 10                            | Magnus Grenfeldt          | 1 857 489         | 1.89 %          |
| 11                            | Mirabaud Asset Management | 1 543 354         | 1.57 %          |
| 12                            | John Even Øveraasen       | 1 504 600         | 1.53 %          |
| 13                            | Rasmussengruppen AS       | 1 500 000         | 1.53 %          |
| 14                            | Ålandsbanken Fonder       | 1 376 631         | 1.40 %          |
| 15                            | Schroders                 | 1 100 000         | 1.12 %          |
| 16                            | Toluma Norden AS          | 1 000 000         | 1.02 %          |
| 16                            | AS Clipper                | 963 391           | 0.98 %          |
| 18                            | Varner AS                 | 963 391           | 0.98 %          |
| 19                            | Nore Invest AS            | 537 598           | 0.55 %          |
| 20                            | Karl Thedéen              | 493 078           | 0.50 %          |
|                               | Others                    | 7 651 197         | 7.80 %          |
| <b>Total number of shares</b> |                           | <b>98 045 518</b> | <b>100.00 %</b> |



# NOTES

## GENERAL

These interim condensed consolidated financial statements for the period ended 30 September 2024, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2023, prepared in accordance with International Financial Reporting Standards (IFRS).

## EXCHANGE RATES

The interim financial statements are all translated from NOK to USD. For the Profit and Loss statement the monthly average exchange rate published by Norges Bank is used. For the balance sheet, the monthly ending exchange rate is used.

| Balance Sheet | 2024  | 2023  |
|---------------|-------|-------|
| Sep 30        | 10.50 | 10.62 |

| Profit and loss statement | 2024    | 2023    |
|---------------------------|---------|---------|
| Jul                       | 10.8038 | 10.2644 |
| Aug                       | 10.7073 | 10.4629 |
| Sep                       | 10.6121 | 10.7197 |

## NOTE 1 - DEFERRED REVENUE

Service revenues are invoiced in advance and covers a contract period of typically 24-48 months. The service revenue is recognized during the contract period. "Current Deferred Revenue" will be recognized within the next 12 months.

| Deferred Revenue                   | Sep 30. 2024 | Sep 30. 2023 |
|------------------------------------|--------------|--------------|
| Amounts in USD 1,000               |              |              |
| Contract Liabilities (Current)     | 3 242        | 2 649        |
| Contract Liabilities (Non-current) | 4 251        | 3 099        |
| <b>Total Contract Liabilities</b>  | <b>7 493</b> | <b>5 748</b> |

## NOTE 2 – RESEARCH AND DEVELOPMENT

Parts of the development cost is capitalized and depreciated over 5 years. The principle is to capitalize no more than 30% of direct salary costs in selected development projects reduced by expensed government grants. Net capitalization for the period Jul - Sep was USD 239 thousand.

## NOTE 3 – FINANCIAL ITEMS

Currency effects come from the cash position, which is made of NOK, SEK and USD, Trade Receivables and Trade Payable which is predominantly in USD.

## NOTE 4 – LIABILITIES TO FINANCIAL INSTITUTIONS

There are two loans from Innovasjon Norge of combined USD 0.8 million. The loans are repaid on a quarterly basis and will be fully repaid by 2026 Q3. The group also has a credit facility with Nordea of NOK 75 million (USD 7.1 million) and a non-current loan of USD 0.2 million scheduled to be fully repaid by 2026 Q2. As of September 30th 2024, the credit line from Nordea was not utilized.

## NOTE 5 – OTHER WORKING CAPITAL CHANGES

Other working capital changes relates to pre-payments of certain components, inventory and pay-out of variable compensation related to Q2 2024.

## NOTE 6 – PROPERTY, PLANT AND EQUIPMENT SPLIT

| Property, plant and equipment             | Sep 30. 2024 | Sep 30. 2023 | Change     |
|---|--------------|--------------|------------|
| Amounts in USD 1,000                      |              |              |            |
| R&D equipment                             | 1 483        | 821          | 555        |
| Production equipment                      | 235          | 234          | 1          |
| Office & warehouse furniture and fixtures | 842          | 732          | 110        |
| Demo pool equipment                       | 974          | 773          | 201        |
| <b>Total</b>                              | <b>3 534</b> | <b>2 560</b> | <b>867</b> |

## NOTE 7 – DEPRECIATION AND AMORTIZATION SPLIT

Fixed assets are depreciated over a period of 3 to 5 years. There is no goodwill in the group.

| Depreciation and amortization | Q3 2024    | Q3 2023    |
|-------------------------------|------------|------------|
| Amounts in USD 1,000          |            |            |
| Property, plant and equipment | 318        | 222        |
| Product development           | 80         | 77         |
| Right of use assets / leasing | 177        | 185        |
| <b>Total</b>                  | <b>575</b> | <b>484</b> |

# ALTERNATE PERFORMANCE MEASURES (APM'S)

## GROSS PROFIT

Total revenue and other operating income deducted with direct cost of sales

| Amounts in USD 1,000                     | 2024 Q3      | 2023 Q3      | 2024 YTD      | 2023 YTD      |
|--|--------------|--------------|---------------|---------------|
| Total revenue and other operating income | 12 994       | 13 603       | 38 634        | 44 673        |
| Direct cost of sales                     | 6 835        | 6 805        | 20 183        | 22 381        |
| <b>Gross profit</b>                      | <b>6 158</b> | <b>6 798</b> | <b>18 451</b> | <b>22 291</b> |

## GROSS MARGIN

Gross profit divided by total revenue

| Amounts in USD 1,000                     | 2024 Q3       | 2023 Q3       | 2024 YTD      | 2023 YTD      |
|--|---------------|---------------|---------------|---------------|
| Total revenue and other operating income | 12 994        | 13 603        | 38 634        | 44 673        |
| Gross profit                             | 6 158         | 6 798         | 18 451        | 22 291        |
| <b>Gross margin</b>                      | <b>47.4 %</b> | <b>50.0 %</b> | <b>47.8 %</b> | <b>49.9 %</b> |

## EBITDA

Earnings before interest, tax, depreciation and amortization

| Amounts in USD 1,000          | 2024 Q3      | 2023 Q3      | 2024 YTD     | 2023 YTD     |
|-------------------------------|--------------|--------------|--------------|--------------|
| Operating profit              | 498          | 2 213        | 1 468        | 7 123        |
| Depreciation and amortization | 575          | 484          | 1 677        | 1 356        |
| <b>EBITDA</b>                 | <b>1 073</b> | <b>2 697</b> | <b>3 145</b> | <b>8 479</b> |

## EBITDA MARGIN

EBITDA divided by total revenue and other operating income

| Amounts in USD 1,000                     | 2024 Q3      | 2023 Q3       | 2024 YTD     | 2023 YTD      |
|--|--------------|---------------|--------------|---------------|
| EBITDA                                   | 1 073        | 2 697         | 3 145        | 8 479         |
| Total revenue and other operating income | 12 994       | 13 603        | 38 634       | 44 673        |
| <b>EBITDA margin</b>                     | <b>8.3 %</b> | <b>19.8 %</b> | <b>8.1 %</b> | <b>19.0 %</b> |



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