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Financial Presentation

Q1 2024

May 8, 2024

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Q1'24 Continued investments for growth and strong cash flow

REVENUE

	2024	Change
Q1	12.6 MUSD	-10.2%

GROSS MARGIN

	2024	2023
Q1	48.6%	50.7%

EBITDA MARGIN

	2024	2023
Q1	8.4%	18.5%

Revenue drop caused by challenging market conditions in EMEA.

Continued investments for growth. Investments in products, organization and selected markets prioritized

Growth in Americas and continued strong cash flow

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Drivers for revenue growth acceleration

Progress on large account strategy

- First order from larger US regional operator
- Agreement with global cloud operator (presence in >800 datacenters)

Very high activity level in Americas

- Significant growth in qualified leads YoY
- Meaningful contribution from LATAM

New product portfolio progressing nicely

- 34 Degree ROADM on track to be released in Q2
- More relevant in regional networks
- Larger projects and deals

First sign of AI traffic demands as a growth driver

- AI as a service being rolled out in larger scale across USA
- Expected to result in increased traffic

Smartoptics in brief

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Optimizing the usage of optical fiber

We increase bandwidth by allowing data streams at different frequencies to be sent over a single optical fiber network

Enabled by **Wavelength Division Multiplexing** (**WDM**), which allows multiple traffic signals to be transported over the same fiber, maximizing the usefulness of fiber and helps optimize network investments.

- **Smart** design principles
- An **open approach**
- **Ambitious** growth aspirations
- **Sustainable** solutions

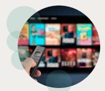
SMARTOPTICS IN BRIEF

- Founded in 2006
- Scandinavian company headquartered in Oslo, Norway
- 110+ employees
- Listed on Euronext Growth Oslo in 2021
- 150+ business partners


BROADBAND PROVIDERS


ENTREPRISE DATA CENTERS


COMMUNICATION SERVICE PROVIDERS


CONTENT PROVIDERS & INTERNET EXCHANGES

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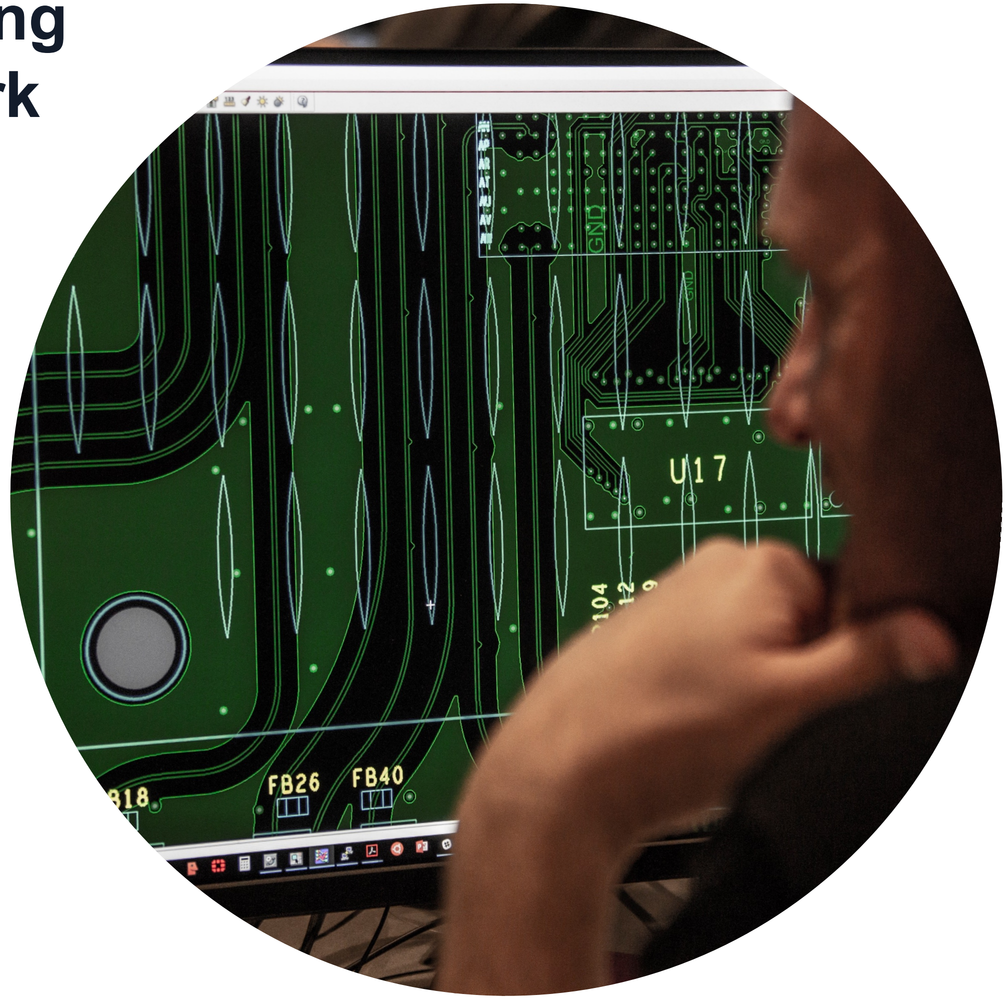
A reliable and competitive offering targeting a wide range of network applications

OUR EDGE

We stand out by offering **cost-efficient solutions**, leading the transition to modern and **open networks** with focus on **ease of use** with no ties to legacy technology

TECHNOLOGY

Our solutions are designed by a **world class team** using **best of bread** merchant technology and **modern software** design principles, allowing a flexible approach and minimal time-to-market.



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The market for fiber optical network equipment is worth 16 billion USD worldwide

16 billion USD world market

- 50% is Metro
- 50% is EMEA and North America

Key driver is data growth

- Cloud migration & new data centers
- Migration to 400Gbit/s
- 5G roll-out
- Fiber access roll-out
- Government funding
- Emerging: AI/ML

Open and disaggregated solutions

- Shift toward more cost-efficient networks
- IP over DWDM

Smartoptics addressable market is 4-5 billion USD

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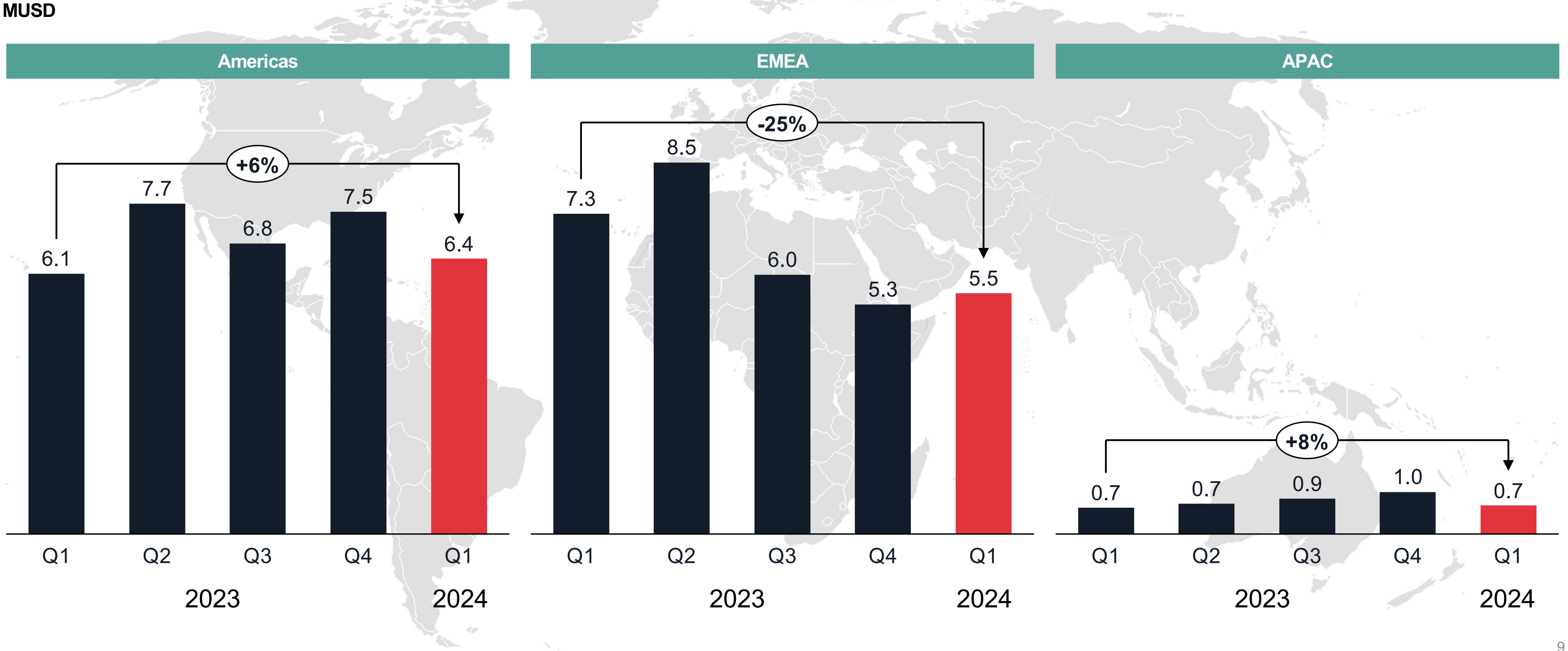
Q1'24 deep dive

Positive development in Americas curbed by lower activity in EMEA

Revenue per region and quarter – Last 5 quarters



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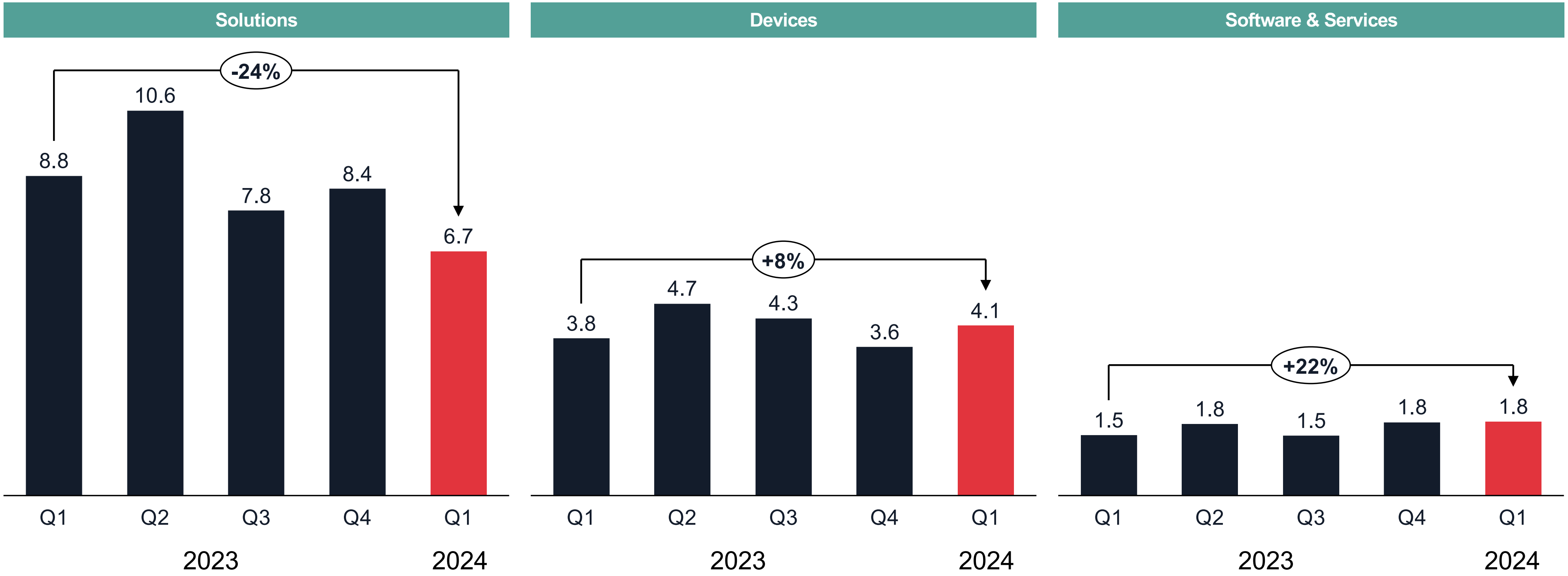
Healthy growth in Software & Services and Devices

Revenue per business area and quarter – Last 5 quarters

MUSD



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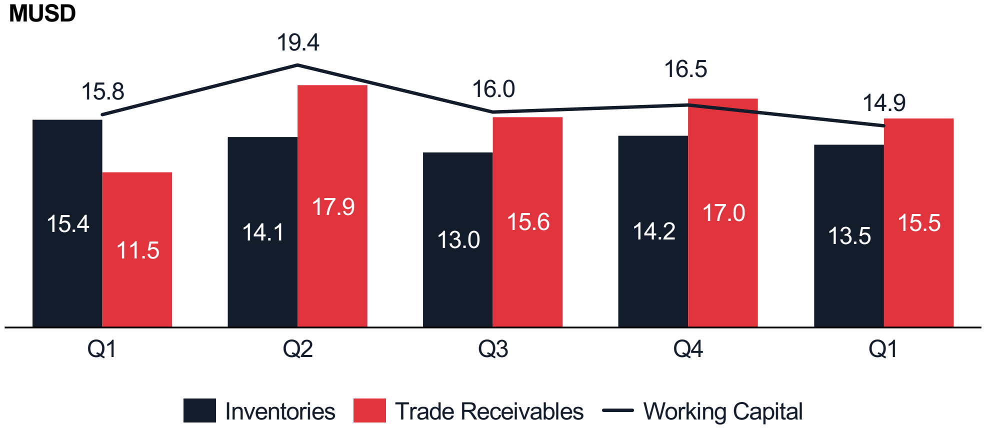
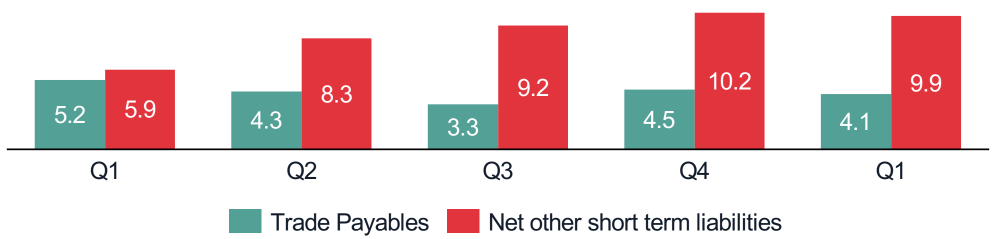
Strong financial position - Board recommends dividend of NOK 0.50 per share

Balance sheet Mar 31, 2024

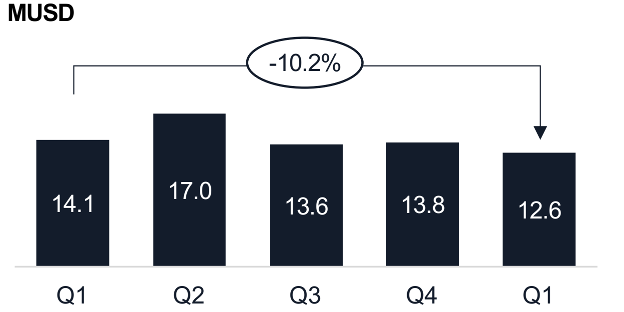
Working capital development past 5 quarters



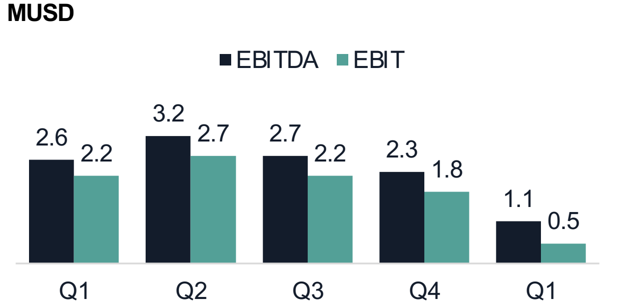


Summary of Q1 financial performance

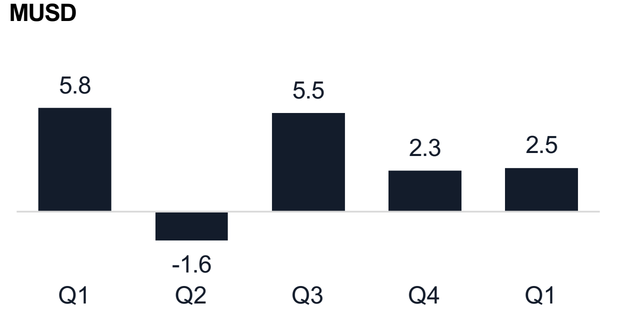
Revenue



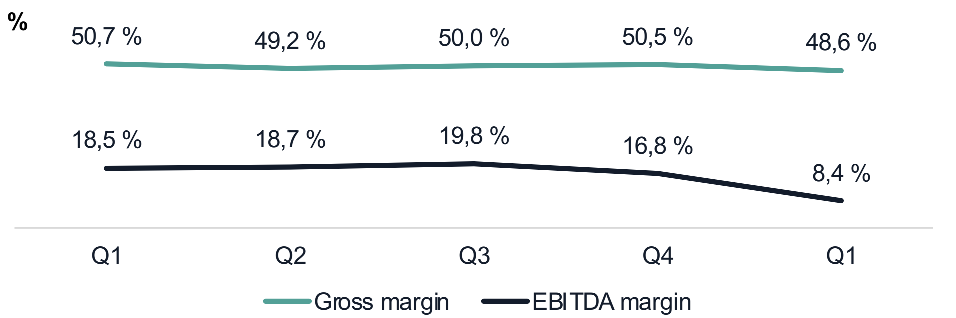
EBITDA & EBIT



Operating cash flow



Gross margin and EBITDA margin



Key takeaways

- Revenue decline 10%, compared with strong Q1 2023
- Stable, high gross margin
- Increased OPEX driven by investments in headcount 2023
- Acceptable EBIT
- Solid cash flow

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Growth drivers towards 100 MUSD by 2025/26

Markets expected to regain momentum in 2024

At the table with major accounts

Product development increasing competitiveness in high-end segments

New geographies (APAC, LATAM) contributing to growth

Continuously growing core business

Long-term ambitions stay firm

	2024 Q1 RESULTS	2025/26 ASPIRATIONS
REVENUE	12.6 MUSD (LTM 57.1 MUSD)	~100 MUSD
GROSS MARGIN	48.6%	~45%
EBITDA MARGIN	8.4%	~17-20%
EBIT MARGIN	4.0%	~13-16%

Profit and Loss Statement

Profit and Loss Statement Q1 2024

Amounts in USD 1 000	2024 Q1	2023 Q1
Total revenue and other operating income	**12 649**	**14 079**
Direct cost of sales	-6 502	-6 940
Employee benefit expenses	-4 063	-3 502
Other operating expenses	-1 022	-1 035
Total operating expenses	**-11 587**	**-11 477**
Depreciation	-477	-351
Amortization of intangible assets	-81	-69
Total depreciation and amortization	**-558**	**-420**
Operating profit/(loss)	**504**	**2 182**
Financial income	2	1
Financial expenses	-101	-44
Net foreign exchange gains (losses)	1 061	1 040
Net Finance Items	**962**	**996**
Profit/(loss) before income tax	**1 466**	**3 178**
Estimated income tax	-345	-699
Profit/(loss) for the year	**1 120**	**2 479**
Shares outstanding (Basic)	97 459 212	96 286 593
Shares outstanding (Diluted)	97 618 927	97 250 275
Earnings per share (Basic) USD	0.011	0.026
Earnings per share (Diluted) USD	0.011	0.025
Earnings per share (Basic) NOK	0.121	0.281
Earnings per share (Diluted) NOK	0.120	0.278

Comments

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Cash Flow Statement

Cash Flow Statement Q1 2024

Amounts in USD 1 000	2024 Q1	2023 Q1
Cash flows from operating activities		
Profit/(loss) before income tax	1 466	3 178
Adjustments for		
Taxes paid	0	-173
Depreciation and amortization	558	420
Interest	80	120
Change in inventory	666	55
Change in trade receivable	1 464	4 419
Change in contract liabilities (deferred revenue)	-236	721
Change in trade payable	-346	-657
Change in other current assets and other liabilities	-1 204	-2 290
Interest received	2	1
Net cash inflow from operating activities	**2 452**	**5 794**
Net cash (outflow) from investing activities	**-635**	**-391**
Net cash inflow from financing activities	**977**	**-291**
Net increase/(decrease) in cash and cash equivalents	**2 795**	**5 112**
Cash and cash equivalents at the beginning of period	9 321	5 660
Effects of exchange rate changes on cash and cash equivalents	-629	-353
Cash and cash equivalents at the end of period	**11 488**	**10 419**

Comments

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Balance Sheet

Balance Sheet Mar 31, 2024

Amounts in USD 1 000	2024 Q1	2023 Q1
Intangible assets	1 287	904
Property, plant and equipment	2 876	2 014
Right of use assets	1 699	2 342
Noncurrent receivables against related party	-	-
Deferred tax assets	1 002	1 248
Total Non Current Assets	**6 864**	**6 508**
Inventories	13 532	15 368
Trade receivable	15 489	11 495
Receivables to related party	0	0
Other current assets	1 047	1 097
Cash and cash equivalents	11 488	10 419
Total Current Assets	**41 556**	**38 380**
TOTAL ASSETS	**48 419**	**44 887**

Amounts in USD 1 000	2024 Q1	2023 Q1
Share capital	180	184
Share premium	13 060	12 049
Other paid in capital	19	143
Foreign currency translation reserves	442	24
Retained earnings	17 121	16 895
Total Equity	**30 822**	**29 295**
Lease liabilities (noncurrent portion)	1 075	1 685
Contract liabilities (noncurrent deferred revenue)	3 322	2 663
Other noncurrent liabilities	699	987
Total noncurrent liabilities	**5 096**	**5 334**
Lease liabilities (current portion)	694	717
Trade payable	4 137	5 174
Contract liabilities (deferred revenue)	3 006	2 173
Current tax liabilities	2 689	606
Other current liabilities	1 975	1 588
Total current liabilities	**12 501**	**10 259**
Total Liabilities	**17 597**	**15 593**
TOTAL EQUITY AND LIABILITIES	**48 419**	**44 888**

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Thank you