

Press Release

## Smartoptics Group AS (SMOP) – Q3 2021 financial results

**Oslo, 12 November 2021 – Smartoptics Group AS today reported its results for the third quarter 2021. In Q3, recognized revenue grew by 20 percent Y/Y to USD 11.1 million. Adjusted EBITDA rose to USD 1.3 million from USD 1.1 million in Q3 2020, implying an adjusted EBITDA margin of 11.3 percent. Operating profit (EBIT) was USD 1.0 million in the quarter, resulting in an Operating margin of 9.0 percent. Cash flow from operating activities was USD -3.2 million, compared to USD -0.9 million in Q3 2020, as result of increased inventory to mitigate semiconductor shortage and higher share of revenues coming late in the quarter.**

"The third quarter was a continuation of the growth journey that Smartoptics is on. The period was characterized by continued high activity, which resulted in a solid 20 percent revenue growth for the quarter. Our adjusted EBITDA rose to USD 1.1 million, providing us with a healthy 11.3 percent EBITDA margin," said Magnus Grenfeldt, Chief Executive Officer of Smartoptics. "We continue to experience high customer engagement levels and appreciation of our products both in terms of network design and cost levels. We've been winning business both with 100G, 400G (DCP-M line systems), as well as our newer products (DCP-R and DCP-F) designed for a multitude of applications, including 5G mobile backhaul, which is significant driver behind the ever-growing demand for bandwidth."

Smartoptics' customer base includes thousands of enterprises, governments, cloud providers, Internet exchanges as well as cable and telecom operators in the Nordics, U.S., Europe, and APAC. The products are based on in-house developed hardware and software for optical data networks, enhanced through associated services.

"The underlying strong demand for Smartoptics' products is reflected in the record-high order booking figures in the third quarter. Orders booked amounted to USD 15.2 million, an increase of 73 percent compared to Q3 2020. The increase in orders booked is predominantly driven by good traction with large accounts, especially in the U.S., and to some extent customers placing advance orders for 2022 delivery, spurred by uncertainties regarding component lead times," said Grenfeldt.

While the global semiconductor shortage had a more significant impact on Smartoptics during Q3 in the form of USD 0.5 million in delayed revenue, the company maintained a positive and constructive dialogue with customers and there were no cancellations of orders. Smartoptics expects supply constraints to continue during the first half of 2022.

"We are prepared for a situation where the component shortage impact could increase in the coming quarter resulting in delayed revenue. We estimate that already-booked orders in the range of USD 3-5 million will be pushed into 2022. However, even with this expected delay of shipments and revenues, we expect that the 2021 full-year revenue growth compared with 2020 will end comfortably within the communicated 20-35 percent range," said Grenfeldt.

"Given the high level of business activity and solid underlying demand in the market driven by increasing data traffic and the need for higher capacity, we remain confident in achieving our long-term goals of growing revenue up to around USD 100 million by 2025/2026, combined with increased profitability and EBITDA margin of 15-18 percent," Grenfeldt added.

Please find enclosed Smartoptics' Q3 interim report and the presentation material related to the report.

## QUARTERLY PRESENTATION:

Smartoptics will host a presentation of the results by CEO Magnus Grenfeldt and CFO Mikael Haag today, 12 November at 08:00 CET at DNB Markets, Dronning Eufemias gate 30, Oslo. The presentation will be held in English and will also be webcast.

Webcast link: [https://channel.royalcast.com/hegnarmedia#!/hegnarmedia/20211112\\_2](https://channel.royalcast.com/hegnarmedia#!/hegnarmedia/20211112_2)

The report and presentation will be made available at [www.smartoptics.com](http://www.smartoptics.com) and [www.newsweb.no](http://www.newsweb.no). A recorded version of the presentation will be available after the live stream is concluded.

### **For further information, please contact:**

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### **About Smartoptics**

Smartoptics provides innovative optical networking solutions and devices for the new era of open networking. Our customer base includes thousands of enterprises, governments, cloud providers, Internet exchanges as well as cable and telecom operators. We have an open networking approach in everything we do which allows our customers to break unwanted vendor lock-in, remain flexible and minimize costs. Our solutions are used in metro and regional network applications that increasingly rely on data center services and specifications. Smartoptics is a Scandinavian company founded in 2006. We partner with leading technology and network solution providers such as Brocade, Cisco and Dell and have a global reach through more than 100 business partners.

For additional information about Smartoptics, please visit <https://www.smartoptics.com>