

Press Release

Smartoptics Group AS (SMOP) – Q3 2023 financial results

Oslo, 8 November 2023 - Smartoptics Group AS (Smartoptics, OSE: SMOP) today reported revenues of USD 13.6 million in the third quarter of 2023 (13.5), and an underlying growth of 13% when excluding 5G related projects. The EBITDA* ended at of USD 2.7 million (2.9). The company reiterates the long-term revenue ambition of USD 100 million by 2025/2026 and an EBITDA margin of 17-20%.

"When summarizing the third quarter of 2023, I am happy to report continued good underlying growth for our core business. When excluding 5G related activities our revenue grew by 13 percent. The performance was particularly strong for our largely recurring revenue business within Software & Services, which grew by 48 percent. The Enterprises and Service providers segment is the prime driver for the positive development. As previously discussed in our reporting, the temporary global slowdown in 5G negatively affects our reported revenue growth, as we shipped large orders to one major 5G related client in 2022. However, we continue to show very healthy margins and solid cash flow," says Magnus Grenfeldt, Chief Executive Officer of Smartoptics.

Smartoptics reported revenues in the third quarter of 2023 of USD 13.6 million, compared to USD 13.5 million in the third quarter of 2021, while the underlying revenues excluding 5G related project grew 13%. The gross margin for the quarter was 50.0% (47.4%). The EBITDA* was USD 2.7 million (2.9), equal to an EBITDA margin of 19.8% (21.8%) and the EBIT ended at USD 2.2 (2.6) million, corresponding to an EBIT margin of 16.3% (19.1%).

The market for fiber optical network equipment is worth USD 16 billion worldwide, of which SmartOptics addressed approximately 30% of this market. The key driver is data growth, following cloud migration, new data centers, migration to 400Gbit/s, fiber access roll-out and government funding.

"In the current macroeconomic climate, the industry is searching for cost-efficient and flexible solutions. That's where we have our biggest competitive advantage. We are a rapidly growing challenger in a market in need of challengers. As we continue to strengthen and broaden our product offering, we become increasingly attractive to even more customers globally. We continue to have concrete and positive dialogues with larger accounts, seeking to move from proprietary solutions to open and flexible solutions when they expand and modernize their existing network deployments and as these technologies penetrate deeper into the edge of the networks," Grenfeldt continues.

Smartoptics is well positioned for long term profitable growth and will continue to gain market share by leveraging on the attractive technology, position in small and medium-sized customers, footprint in Americas and Europe, in addition to the strong financial model and outlook.

"With strong underlying megatrends, a stronger product portfolio than ever, and a well-tuned and expanded sales and marketing setup, we are well-positioned for continued strong performance and for reaching our goals of growing revenue up to around USD 100 million by 2025/2026, combined with profitability and EBITDA margin of 17-20% and EBIT margin of 13-16%," Grenfeldt concludes.

QUARTERLY PRESENTATION:

Smartoptics will host a presentation of the results by CEO Magnus Grenfeldt and CFO Mikael Haag at 10:00 CET 8 November 2023 at Hotel Continental in Oslo. The presentation will also be streamed live.

Date: Wednesday 8 November 2023

Time: 10:00 CET

Venue: Hotel Continental, Oslo

Language: English

Link: https://channel.royalcast.com/landingpage/hegnarmedia/20231108_4/

A recorded version of the presentation will be available after the live stream is concluded.

Please find the full financial report and presentation enclosed.

*) EBITDA and other alternative performance measures (APMs) are defined and reconciled to the IFRS financial statements as a part of the APM section of the third quarter 2023 financial report on page 13.

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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/>

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act. This stock exchange announcement was published by Per Burman, Chief Marketing Officer of Smartoptics, at the time and date set out above.