

A person's hand, wearing a blue and white checkered shirt, holds a black smartoptics device. The device has the brand name 'smartoptics' and 'POWER' printed on it, along with two yellow triangular warning icons. It features a 'Rx' (Receiver) and 'Tx' (Transmitter) port. The background is a blurred server room with racks of equipment and warm lighting.

smartoptics

Investor Presentation

May 2021

- 
1. **Introduction to the Smartoptics opportunity**
 2. Market and positioning
 3. KPIs and financials

Smartoptics is perfectly positioned to continue growth journey and increase profitability

1

Market growth fueled by an ever-growing demand for data

- 1 Ever-growing demand for video and mobility
- 2 Edge-computing, Cloud, 5G and IoT require a new generation of networks
- 3 Optical solutions a pre-requisite for any market growth

The market we are addressing is growing by 20% per year

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Uniquely positioned to grow addressable market and win market share

- 1 Open and automated solutions enables customers to minimize costs
- 2 Most competitors lack focus on mid-size customers cost effective products
- 3 Few competitors of our size due to wave of consolidation and high entry barriers

Fill the gap in the market caused by consolidation

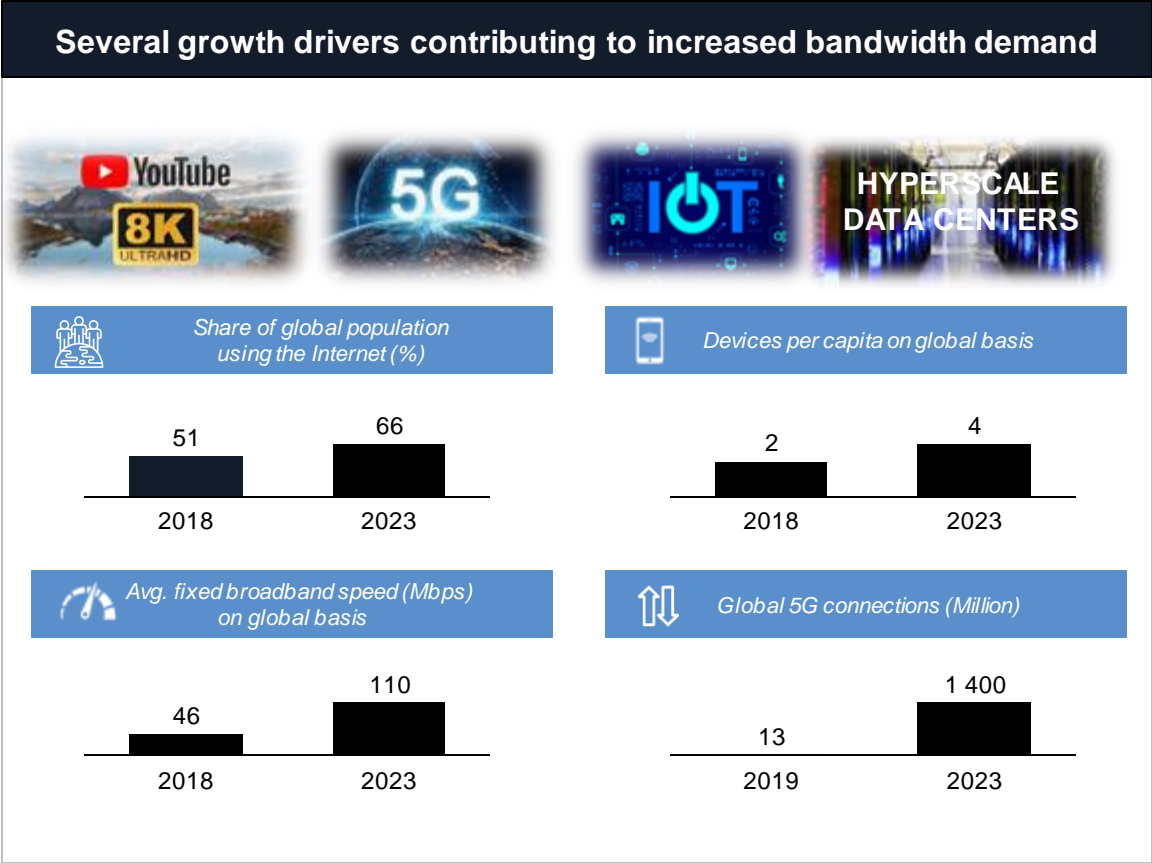
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Proven business plan, solid industry expertise and track record of strong profitable growth

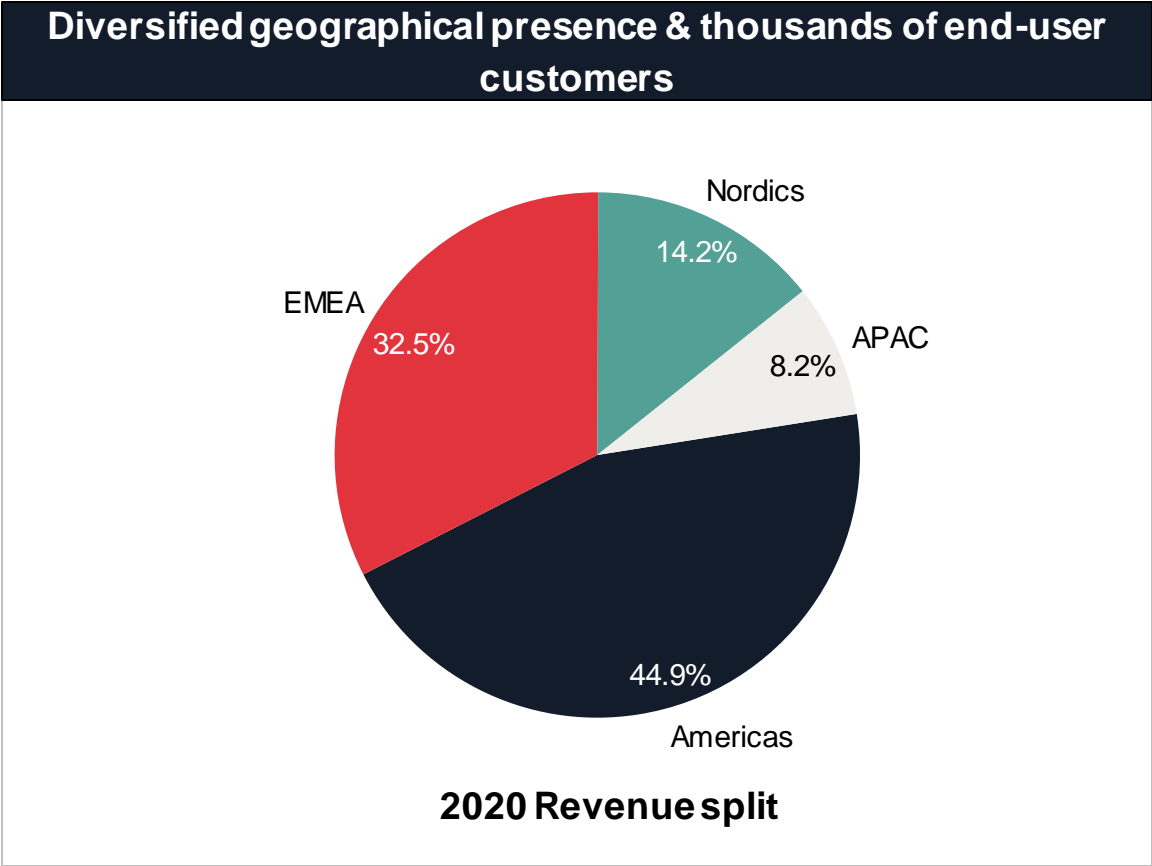
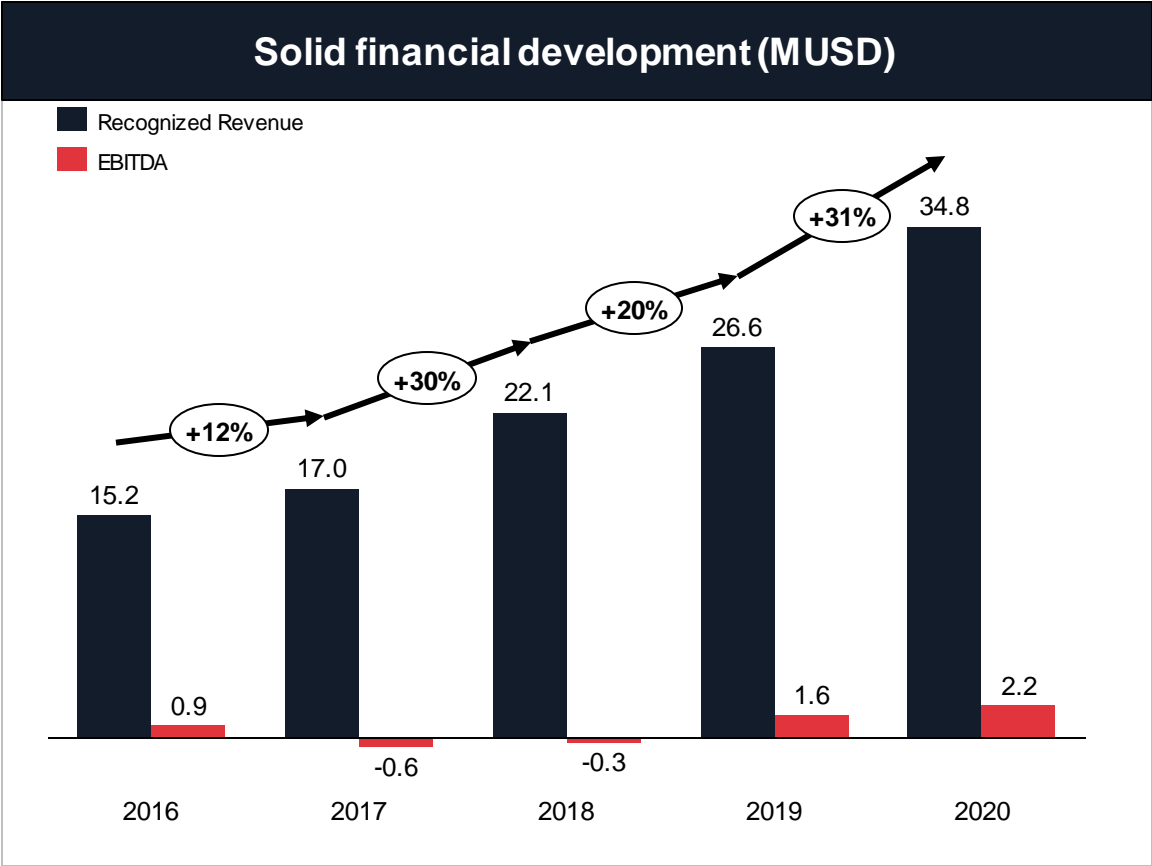
- 1 Significant product launches in 2021
- 2 Introduction of new Software suite
- 3 New services gaining traction

Grow faster than the market and increase profitability

Massive global data growth drives bandwidth demand and the need for fiber optic technology

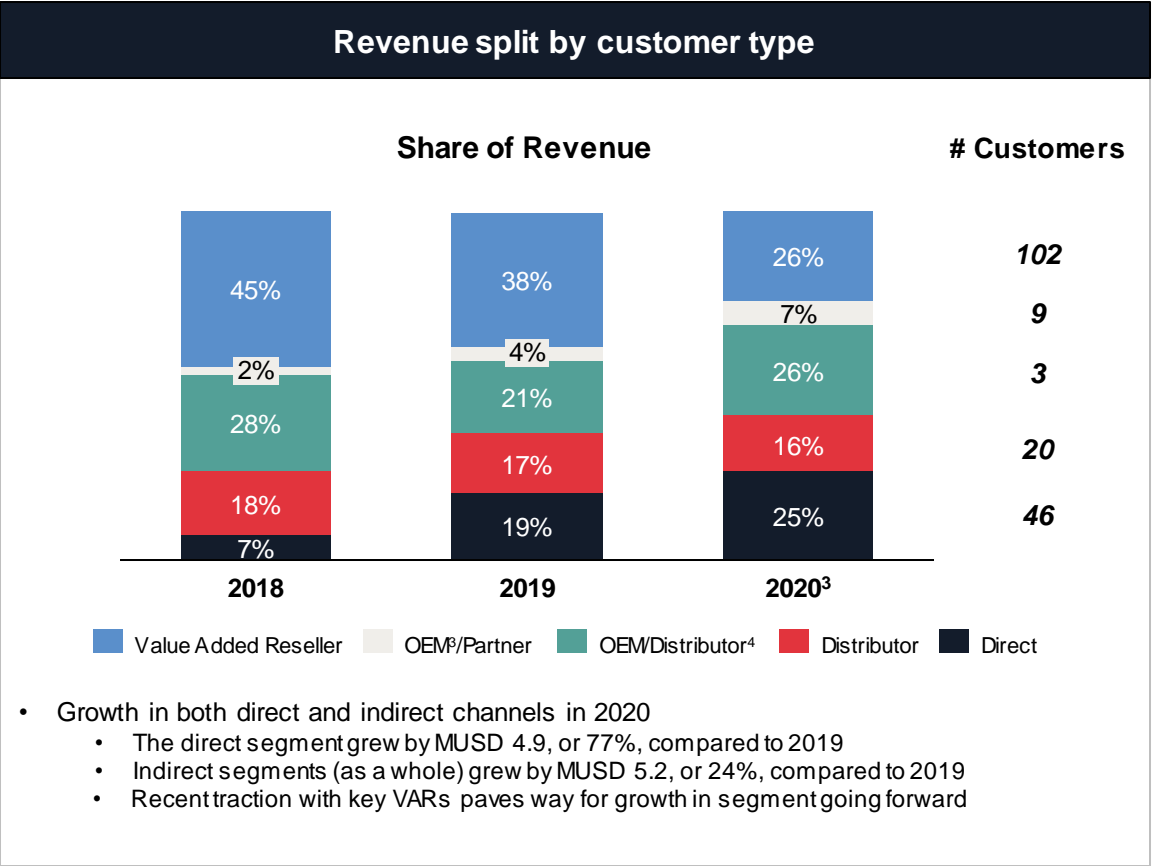
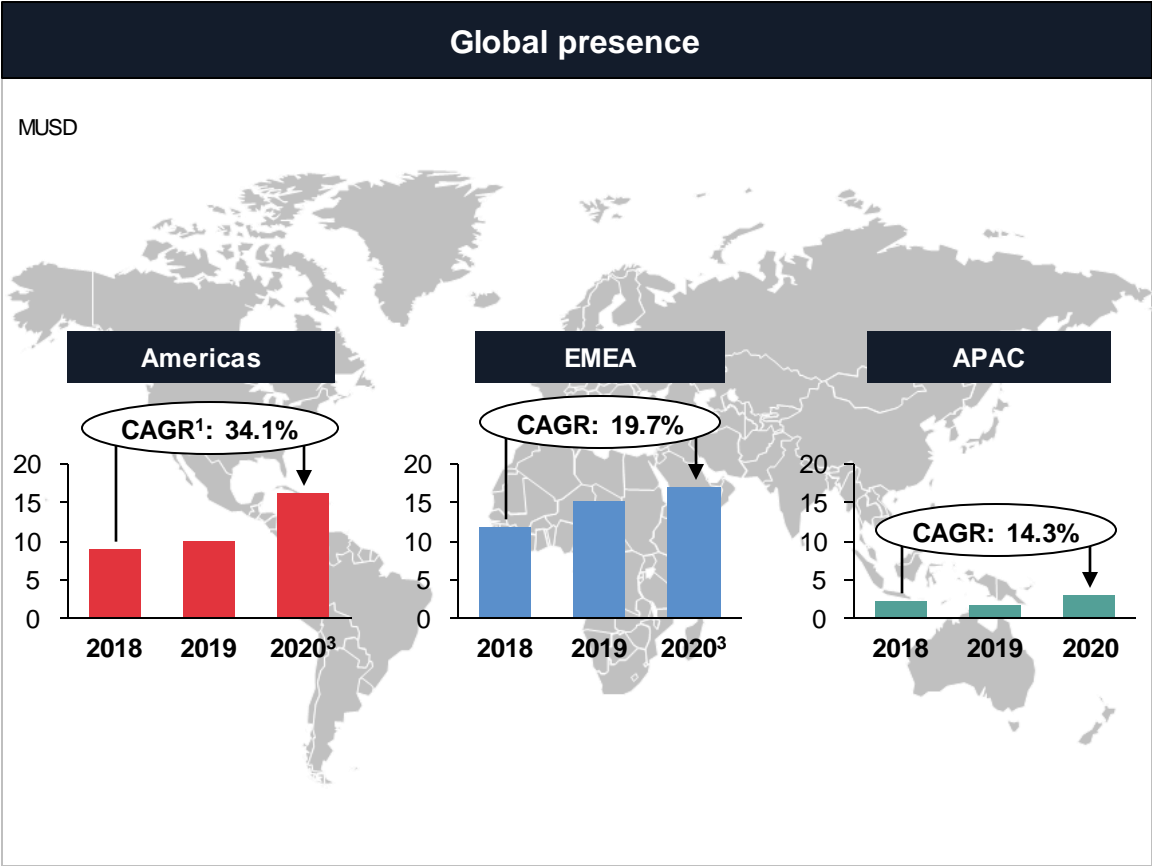


Revenue CAGR of 23% since 2016 and attractive geographical footprint, driven by successful investments in new Open Optical Network portfolio



Increasing probability and continued strong growth trajectory going forward




Expanding geographical footprint and diversifying the customer base



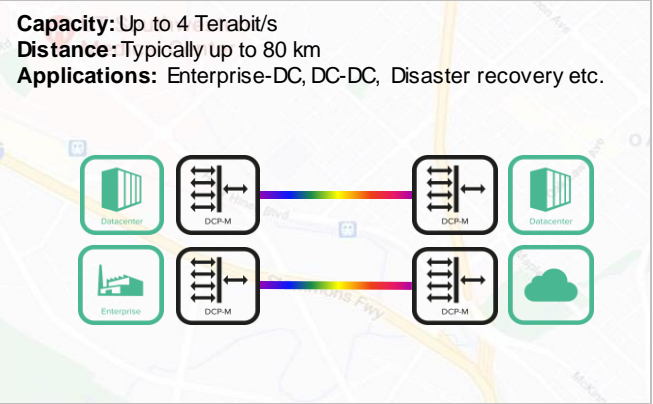
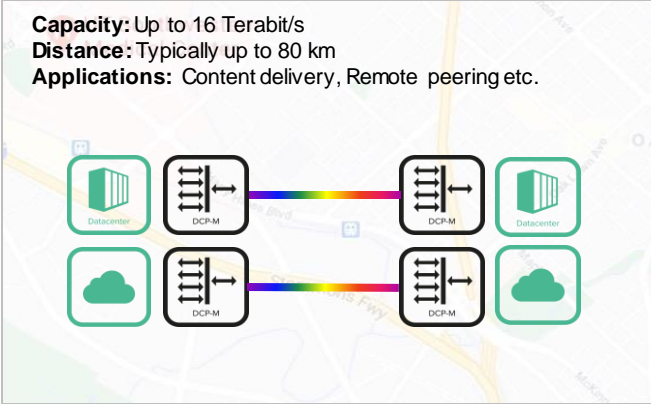
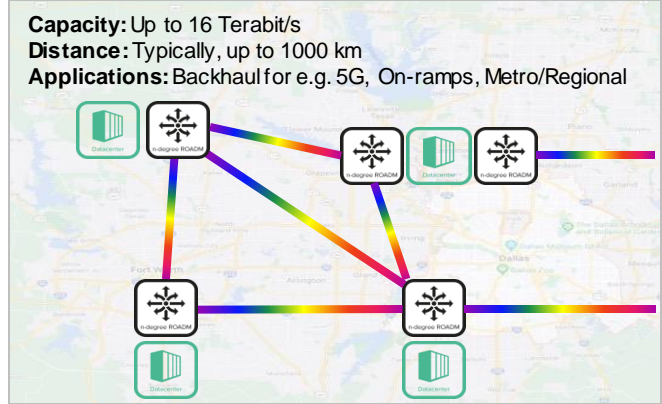



High customer retention rate, top 10 customers in 2019 grew by 16% in 2020 and two new accounts made it in to top 10 list in 2020

1 Compound Annual Growth Rate (CAGR)
3 Original Equipment Manufacturer
4 Includes three OEM/Distributors. However, one make up the majority of revenue

Smartoptics provides innovative, flexible open optical networking solutions and devices for the new era of open networking

Product area	Open Optical Networking Solutions	Software and Services	Optical Devices												
Description															
Share of revenue	<table><tr><th>2018</th><th>2020</th></tr><tr><td>42.7%</td><td>51.7%</td></tr></table>	2018	2020	42.7%	51.7%	<table><tr><th>2018</th><th>2020</th></tr><tr><td>4.1%</td><td>5.4%</td></tr></table>	2018	2020	4.1%	5.4%	<table><tr><th>2018</th><th>2020</th></tr><tr><td>53.2%</td><td>42.9%</td></tr></table>	2018	2020	53.2%	42.9%
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Smartoptics IPR	<ul style="list-style-type: none">• Several product families• One common Software platform• 30MUSD invested in product area	<ul style="list-style-type: none">• Software support, technical assistance and hardware support• Network orchestration software suite in 2021	<ul style="list-style-type: none">• SmartCloud – cloud-based SW and production environment for private labeling• Majority sold under private brands• 250,000 high-end devices in 2020												
CAGR 2018-2020	38.4%	43.6%	12.9%												
Opportunity	Larger customers and larger projects	Long contracts and higher margins	Run-rate business, upselling and channel												
Underlying product margin	50%	100%	40%												

Smartoptics' products and solutions are used by a wide variety of customers in different segments

Segment	Enterprise Data Center Interconnect	Internet Content Providers (ICPs)	Communication Service Providers (CSPs)
Segment description	<p>Capacity: Up to 4 Terabit/s Distance: Typically up to 80 km Applications: Enterprise-DC, DC-DC, Disaster recovery etc.</p> 	<p>Capacity: Up to 16 Terabit/s Distance: Typically up to 80 km Applications: Content delivery, Remote peering etc.</p> 	<p>Capacity: Up to 16 Terabit/s Distance: Typically, up to 1000 km Applications: Backhaul for e.g. 5G, On-ramps, Metro/Regional</p> 
Sample customers			
Smartoptics value proposition	<ul style="list-style-type: none"> • Unique & certified solution for storage networks • Lowest cost N x 100Gbit/s Transport • Unprecedented ease of use and automation 	<ul style="list-style-type: none"> • Lowest cost N x 100Gbit/s Transport • Future proof. Ready for N x 400Gbit/s • Data center-style products and APIs 	<ul style="list-style-type: none"> • Unique innovation at the edge of network • Truly open optical layer for all applications • Modern SW allowing simplified roll out
Market segment size (NA and Europe) ¹	USD ~0.8bn	USD ~1.3bn	USD ~4.8bn

Source: Signal AI
 1 The three highlighted segments represent ~40% of the NA & EMEA optical transport equipment market (2019), with the remaining made up by the Incumbent and Wholesale segments

Technology roadmap designed to fit our customers' needs

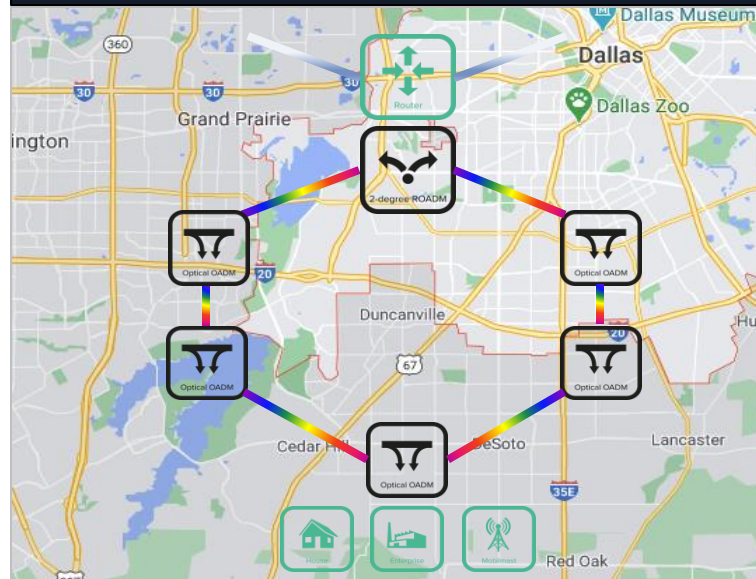
1. Stay on top of bandwidth trend



Partner with the right vendors for emerging standards for higher bandwidth and develop products improving standards

- Complete portfolio for upcoming 100 Gbit/s to 400Gbit/s migration and 64Gbit/s Fiber Channel

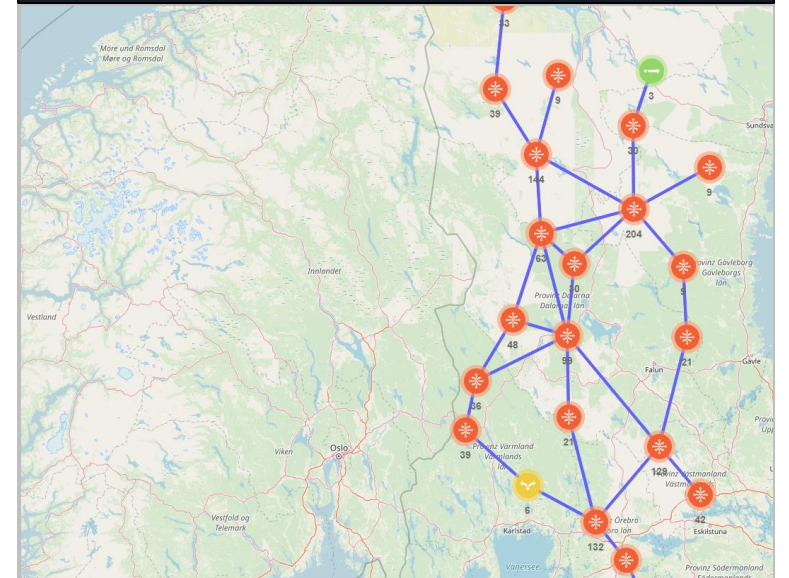
2. Expanding addressable market



Innovation in areas that few competitors worry about.
Open optical solutions for:

- Aggregation networks and on network on-ramps
- Next gen metro and regional networks


3. Software to increase relevance



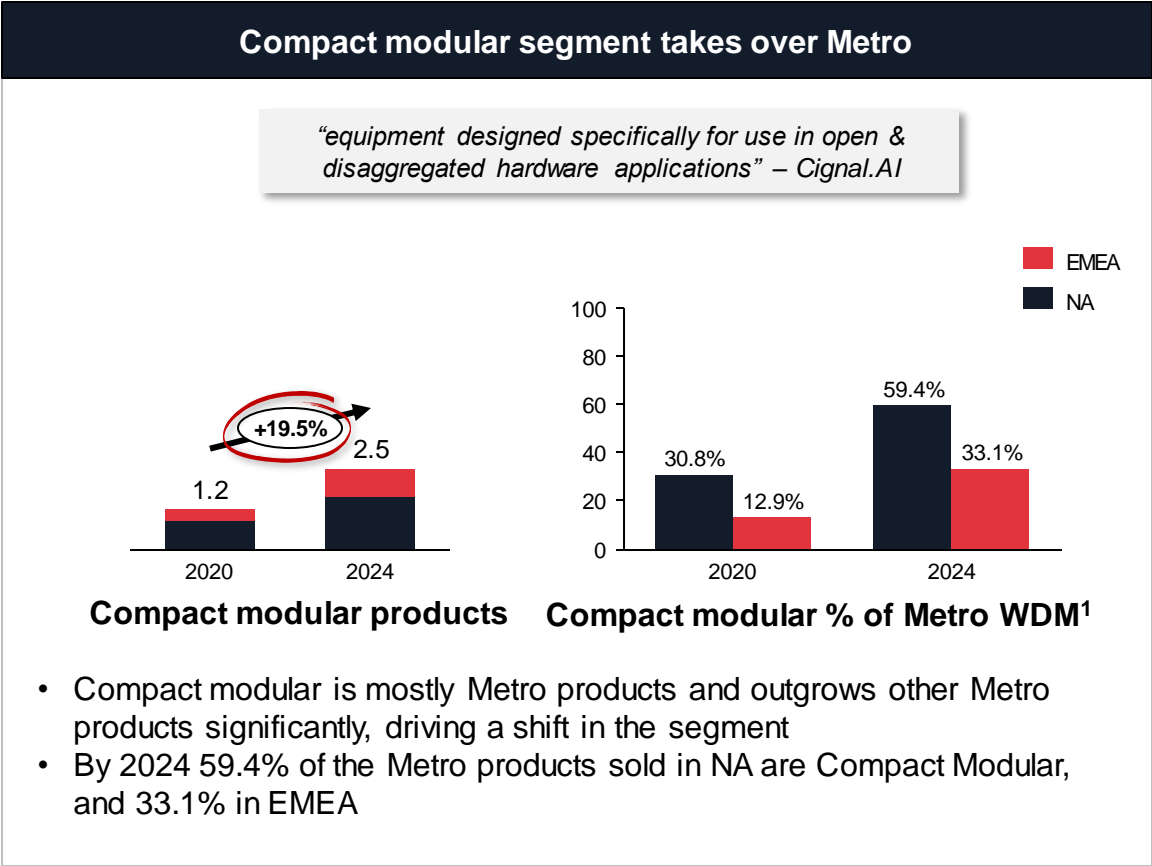
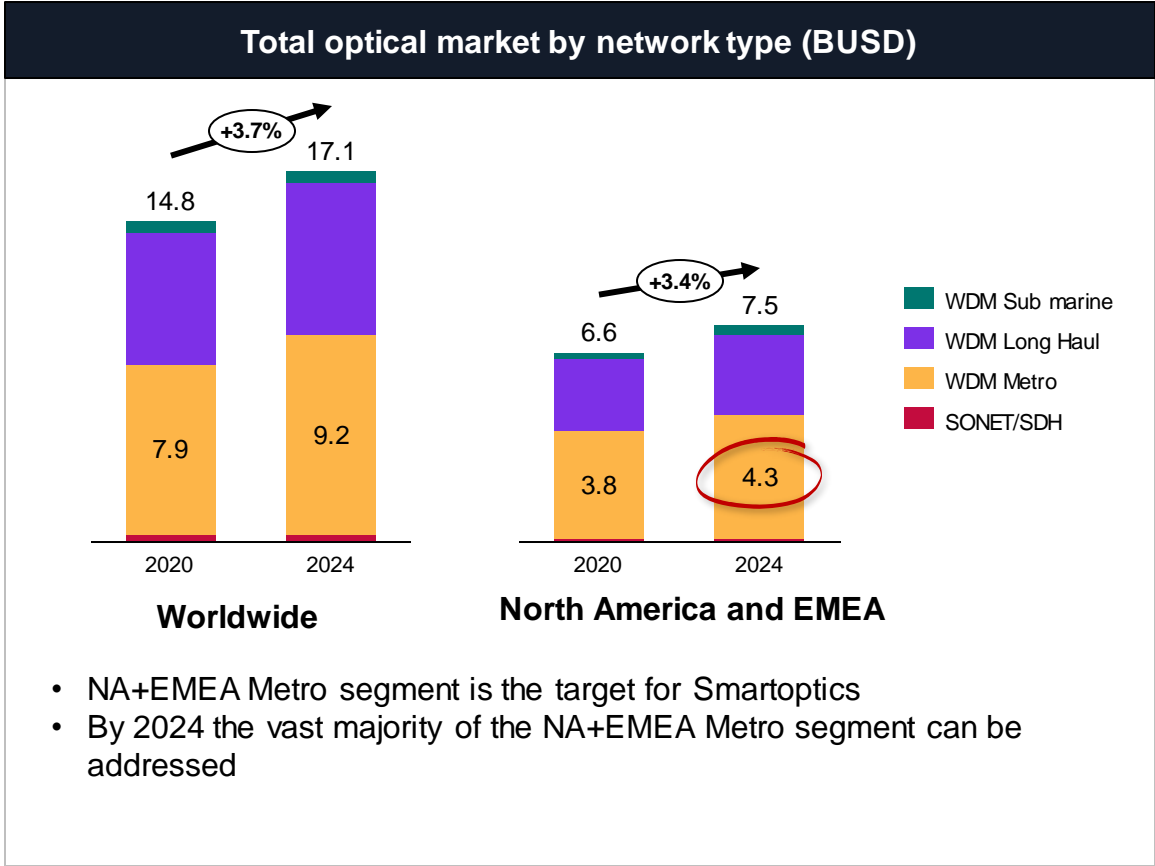
Enable larger scale network roll out and software related revenues

- Drives solutions revenues
- Low R&D spending through open source integration
- New deployment model: Cloud, SaaS

Smartoptics' roadmap outlines new applications, new customer categories, new technology and *one* holistic software platform

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 4. Appendix

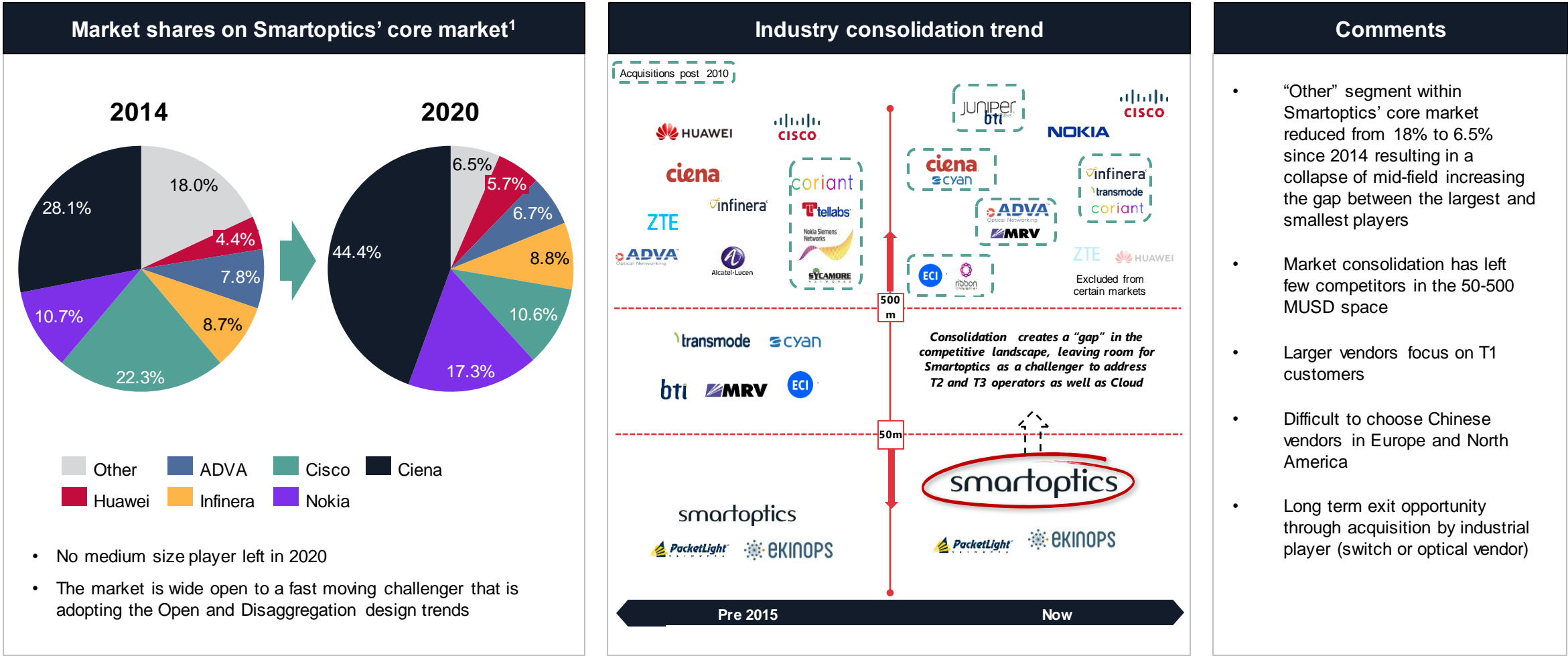
Smartoptics' benchmark is the compact modular market, which is expected to grow at ~20% per year and will dominate the Metro segment by 2024



By the expansion of the product portfolio in the period 2017 – 2022 the addressable market has grown by 8x – to about 4 BUSD

Source: Signal.AI Dec 2020 and Signal.AI Feb 2021
Note: 1) In 2020 about 70% of Compact Modular is Metro applications, the rest is Long Haul and Submarine. In 2024 with the roll-out of 400G ZR, 80% of Compact Modular is Metro, the rest is Long Haul and Submarine

Market consolidation has left a gap for a challenger like Smartoptics to fill – few similar companies exists



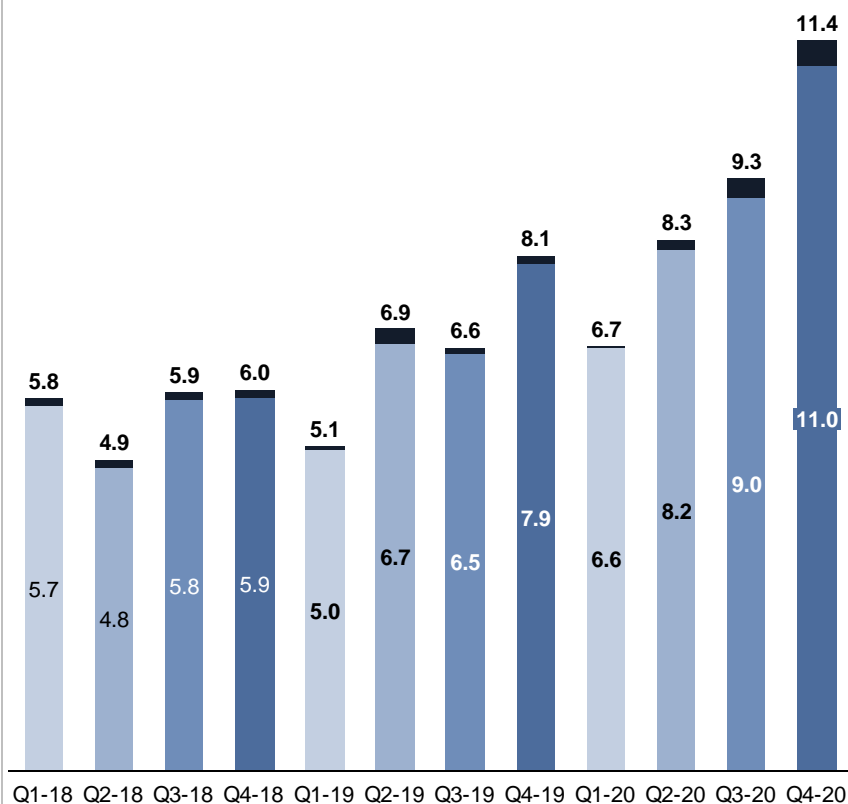
Source: Signal AI, Factset, Mergermarket
1 Enterprise, Cloud/Colo, Cable/MSO (NA and EMEA)

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Revenue growth of 30.9% and EBITDA growth of 36.4%

Invoiced and recognized revenue by quarter (MUSD)¹

■ Invoiced but not recognized revenue
■ Recognized revenue



Profit and Loss Statement 2018 – 2020 (KUSD)

Profit and Loss Statement	2018 ²	2019	2020 ³	19-20 Change
Invoiced Revenue	22 625	27 110	35 621	+31.4%
Net Change Deferred Revenue	-500	-531	-898	
Total Recognized Revenue	22 126	26 579	34 783	+30.9%
Total COGS	13 820	14 786	21 371	
Gross profit	8 306	11 792	13 412	+13.7%
Gross margin	37.5%	44.4%	38.6%	
Total expenses	8 559	10 156	11 181	+10.1%
EBITDA	-253	1 636	2 231	+36.4%
EBITDA in %	-1.1%	6.2%	6.4%	
Total Depreciation	636	592	618	
EBIT	-890	1 044	1 613	+54.5%
Net Finance Items	-191	-182	13	
Earnings before taxes	-1 081	862	1 626	+88.8%

Comments

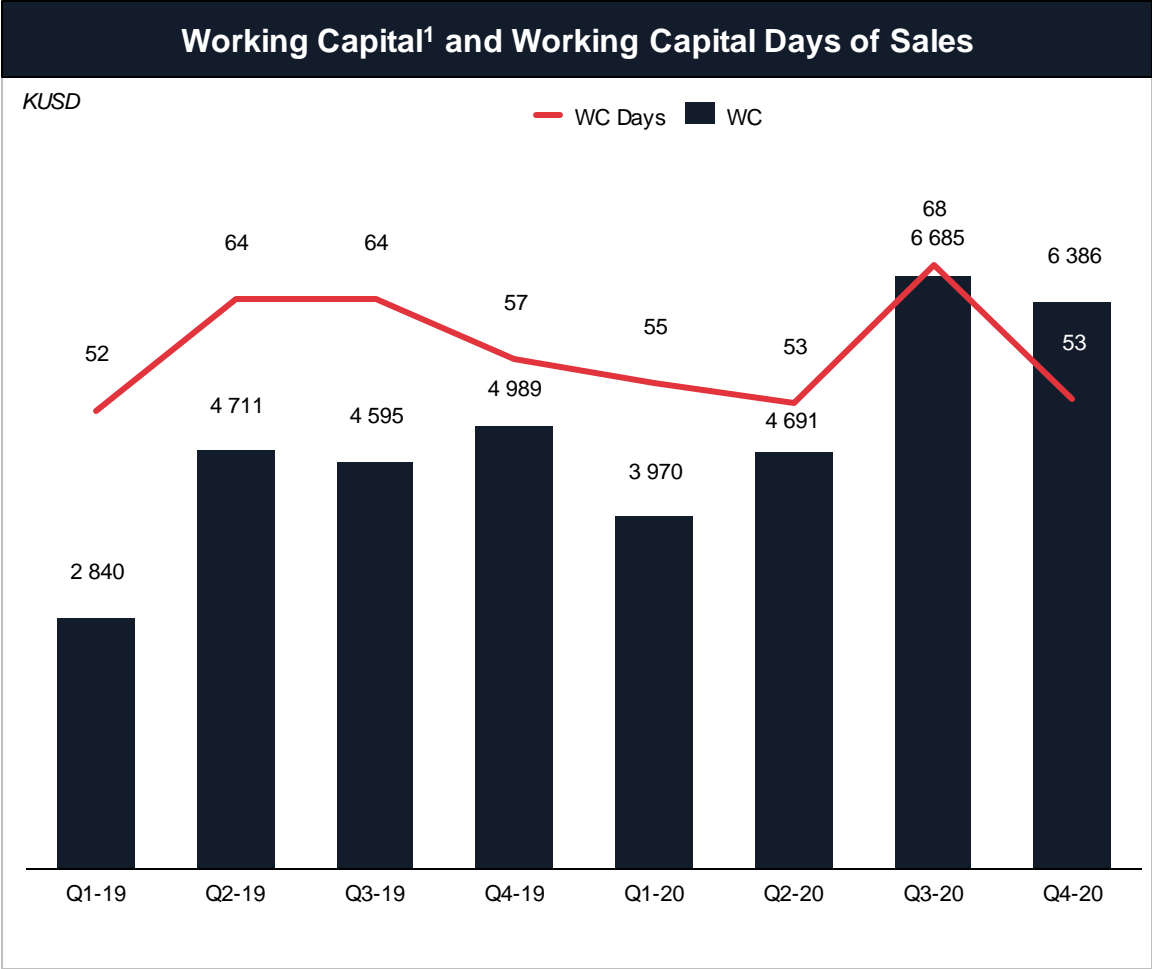
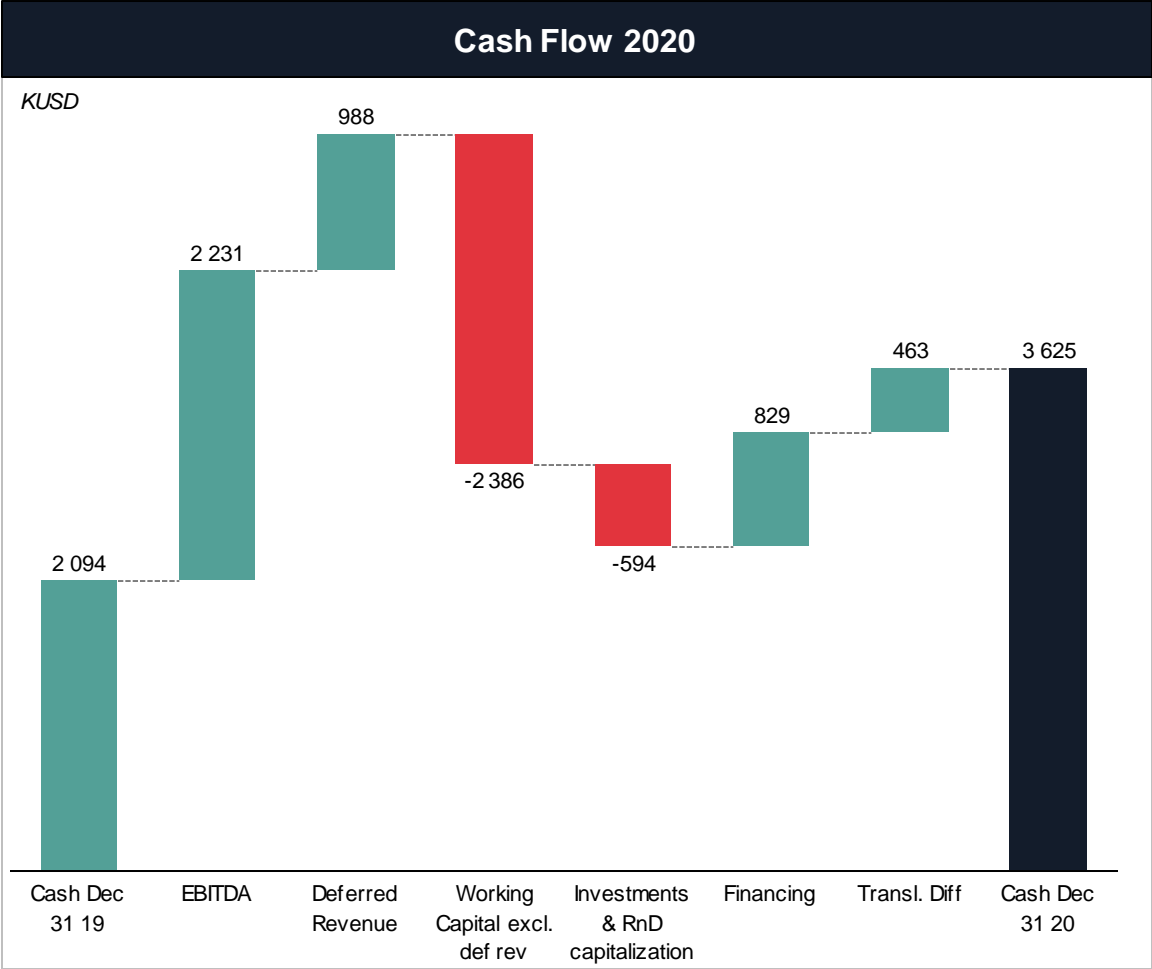
- 2020 had 30.9% growth in recognized revenue
- EBITDA grew by 36.4%
- The underlying gross margin trend between 2019 and 2020 is flat, the difference is made up of:
 - One-off items related to termination of legacy product line M-series
 - Introduction of tariffs for certain device products into the US
 - Growth in deferred services, delaying profitability impact

¹ Q4 are based on management accounts as last audited quarter is Q3 2020. 2018 deferred service revenue is based upon estimate

² 2018 P&L is including estimated impact from deferred service revenue

³ Q4 is based upon un-audited 2020 Q4 report

Positive cash flow in 2020 driven by profitability off-setting working capital build-up



¹ Working Capital is defined as Total Current Assets less Cash & Cash Equivalents, Current Liabilities (excl. Liabilities to Financial Institutions and Long Term Deferred Revenue)

Financial aspirations

	2020a	2021e	2025/26 aspirations
Revenue	34.8 mUSD	20-30% organic growth	~100 mUSD
Gross margin	~39%	~41-44%	~45%
EBITDA margin	~6.4%	~9-12%	~15-18%
Capex/sales	~1.7%	~2%	~2%

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