

Financial Presentation

Q1 2022

May 4, 2022



More positive view on long term opportunity and firm roadmap ahead

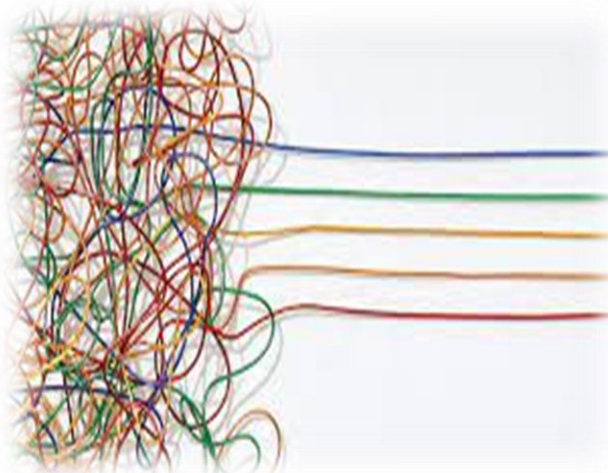
Fast adoption of emerging 400G bit/s technology

- Leadership position from 100G with thousands of shipped systems
- Ahead of market with broad product portfolio



IP over DWDM becomes a reality – supported by major router vendors

- Simplification and cost optimization of networks
- SW offering and partnerships to support this model



Smartoptics has become a natural speaking partner for major accounts


- Tier 1 and Tier 2 accounts actively looking for solutions
- Smartoptics cannot be overlooked as an alternative for Open Line Systems



Strong financial performance in first quarter of 2022 and continued high demand

Revenue

Q1: 11.8 MUSD



EBITDA Margin

Q1: 15.2%



EBIT Margin

Q1: 11.8%



Gross Margin

Q1: 42.9%




Revenue Growth

Q1: +18.3%



Operating Cash Flow

Q1: -3.8 MUSD¹



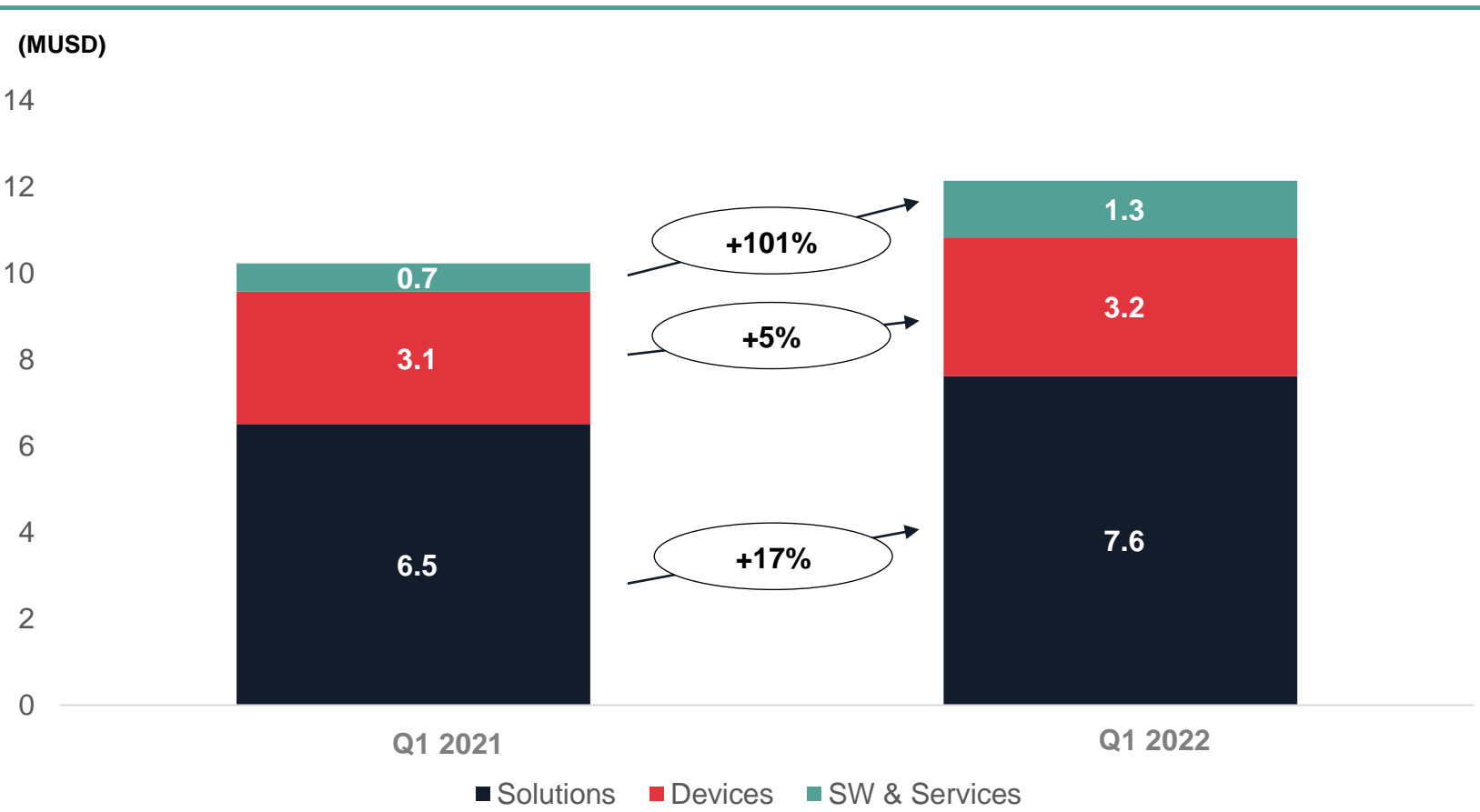
Note:1) Cash flow has been impacted by large share of revenue coming in toward the end of the quarter and higher than normal payments of accounts payable. Numbers are based upon IFRS

Operational update

- Continued strong business momentum driven by both large customer orders and high demand from repeat customers.
 - Continued to win business with our high runner products (100G, DCP-M and DCP-F line systems)
 - High demand for our newer products (400G, DCP-R open line systems and the 400G capable L1 muxponder DCP-404)
- The market is quickly adopting 400G technology and IP over DWDM (integration between the IP and Optical layers)
- Break-through order with NTT Communications in Japan – with DCP-M, DCP-R and 400G product families
- Maintained high backlog due to semi-conductor shortage
 - Increased lead times both in-bound and out-bound
 - Unpredictable supplier behavior
 - We continue to navigate the situation and our competitive situation has not been negatively affected

SW & Services revenue growing by 101% in Q1 and Solutions accounts for 63% of the revenue

Revenue (invoiced) by business area



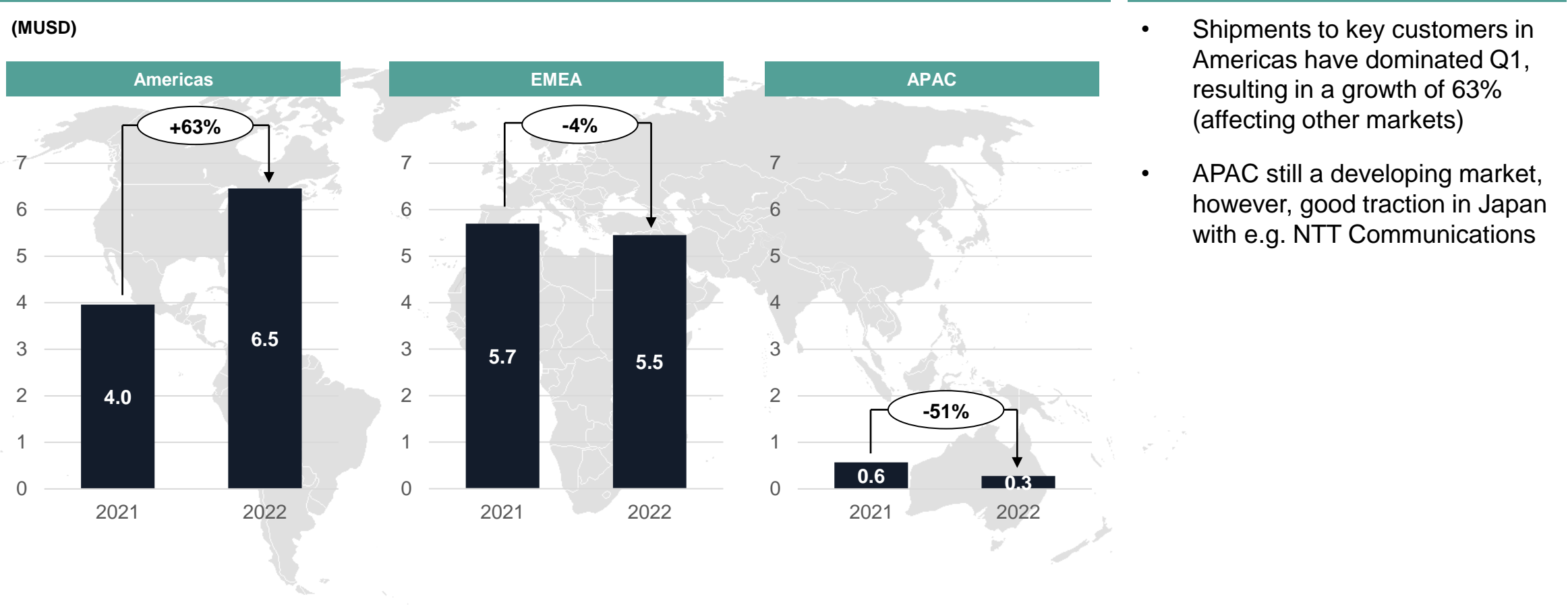
Comments

- Solutions account for 62.8% of the business in Q1 2022
- SW & Services increased from 6.4% in Q1 2021 to 10.8% in Q1 2022
- Stable performance of Device business

Americas grew by 63%, while EMEA slightly declined, as shipments to customers in America have dominated Q1

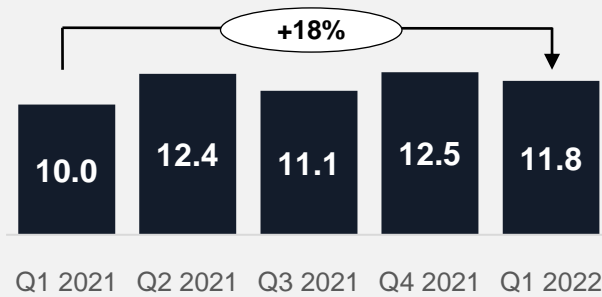
Invoiced Revenue per Region and Quarter – Q1 2022

Comments

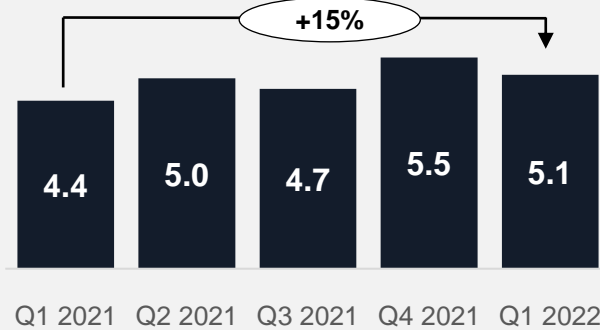


Summary of financial performance 2022 and 2021

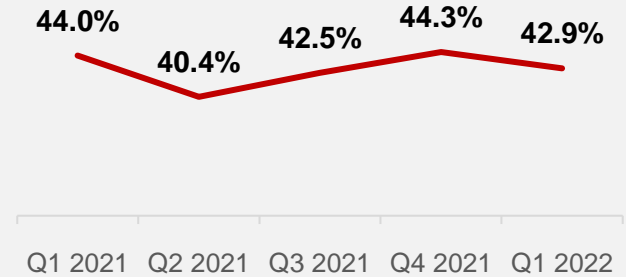
Revenues (MUSD)



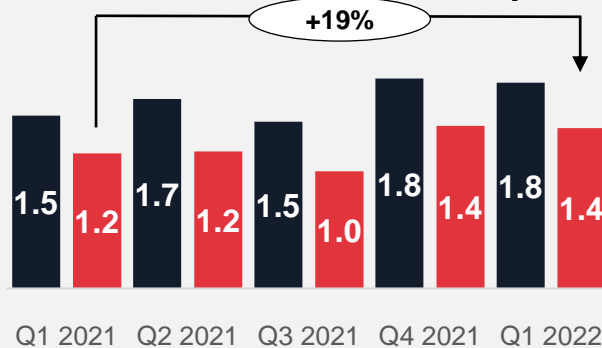
Gross Profit (MUSD)



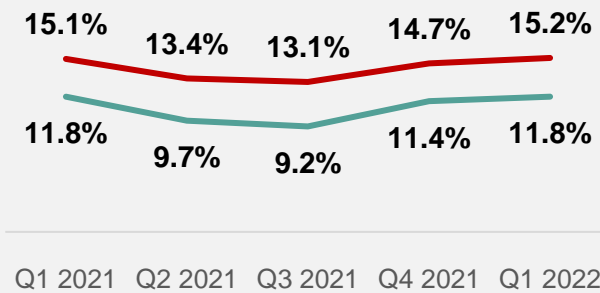
Gross Margin (%)



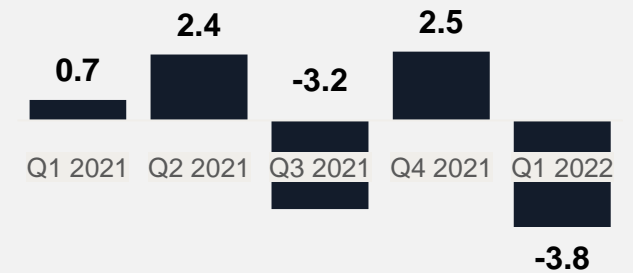
EBITDA & EBIT (MUSD)¹



EBITDA & EBIT Margin (%)¹



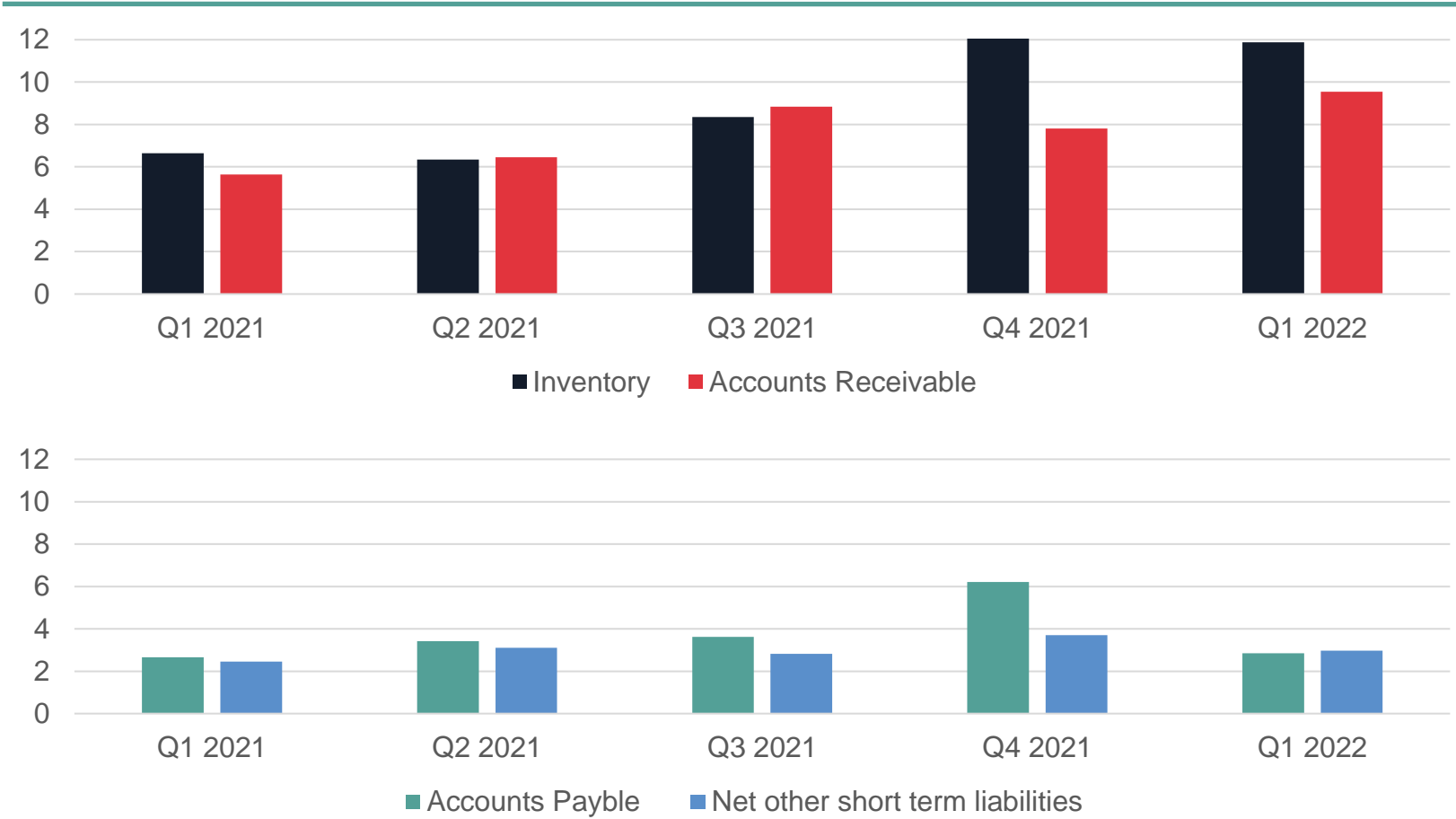
Operating Cash Flow (MUSD)



Note: 1) EBITDA adjusted for 175 KUSD in one-off IPO costs in Q2 2021

Working Capital impacts cash flow negatively, driven by higher Accounts Receivable and lower Accounts Payable

Working Capital development (MUSD)



Comments

- General trend of increasing inventory, as an effect of semiconductor shortage
- Q1 2022 had increase in Accounts Receivable, due to high share of revenue coming late in the quarter
- Q1 2022 also had decrease in Accounts Payable, as suppliers were paid during the quarter for shipments received in Q4 2021
- Inventory only decreased slightly in Q1 2022

Long term ambitions remains

	2022 Q1	2025/26 aspirations
Revenue	YoY Growth +18.3% (47.8 MUSD LTM ¹)	~100 MUSD
Gross margin	42.9%	~45%
EBITDA margin	15.2%	~17-20%
EBIT margin	11.8%	~13-16%

Adoption of IFRS has impacted EBITDA margin positively by about 2%-points

Note: 1) Revenue for the 12 months Q2 2021 – Q1 2022

Profit and Loss Statement

Profit and Loss Statement Q1 2022-2020

	kUSD			kNOK		
	2022	2021	2020	2022	2021	2020
	Q1	Q1	Q1	Q1	Q1	Q1
Total revenue	11 847	10 012	6 622	104 798	85 228	62 918
Cost of Goods Sold	6 763	5 606	3 988	59 817	47 718	37 763
Gross Profit	5 085	4 406	2 634	44 982	37 510	25 155
Gross Margin %	42.9%	44.0%	39.8%	42.9%	44.0%	40.0%
Operating Expenses	3 287	2 897	2 666	29 082	24 663	25 358
EBITDA	1 798	1 510	-32	15 899	12 846	-203
EBITDA Margin %	15.2%	15.1%	-0.5%	15.2%	15.1%	-0.3%
Depreciation and Amortization	398	330	241	3 523	2 813	2 286
EBIT	1 400	1 179	-274	12 376	10 033	-2 490
EBIT Margin %	11.8%	11.8%	-4.1%	11.8%	11.8%	-4.0%
Net Financial Items	-568	-142	769	-5 020	-1 209	7 412
Earnings before Tax	832	1 038	495	7 357	8 824	4 923
EBT Margin	7.0%	10.4%	7.5%	7.0%	10.4%	7.8%
Estimated Tax	183	228	109	1 618	1 941	1 083
Net Profit after Tax	649	809	386	5 738	6 883	3 840

Exchange rates

Shares outstanding (Basic)	96 286 593	89 721 076	89 721 076	96 286 593	89 721 076	89 721 076
Shares outstanding (Diluted)	96 286 593	89 721 076	89 721 076	96 286 593	89 721 076	89 721 076

Earnings per share (Basic)	\$	0.007	\$	0.009	\$	0.004	kr	0.060	kr	0.077	kr	0.043
Earnings per share (Diluted)	\$	0.007	\$	0.009	\$	0.004	kr	0.060	kr	0.077	kr	0.043

Comments

- YoY revenue growth 2022 vs 2021 of 18.3%
- Smartoptics has adopted IFRS, all year are showing IFRS
- The noticable effect from IFRS is that EBITDA-margin has improved by about 2%-points as office rent is moved to depreciation (IFRS 16)
- Net financial items are largely currency translation differences

Cash Flow Statement

Cash Flow Statement for Q4 and full year of 2021 and 2020

	kUSD			kNOK		
	2022	2021	2020	2022	2021	2020
	Q1	Q1	Q1	Q1	Q1	Q1
Cash at the Beginning of Period	9 380	3 625	2 094	82 725	31 134	18 431
EBITDA	1 798	1 510	-32	15 899	12 846	-203
Changes in Trade Receivables	-1 730	475	538	-14 578	4 468	-2 849
Changes in Trade Payable	-3 363	-1 353	264	-29 862	-11 795	6 907
Changes in Inventory	219	1 461	609	2 781	12 997	-2 252
Changes in Contract Liabilities (Deferred Revenue)	513	267	-146	4 273	2 118	770
Other Working Capital Changes	-1 257	-1 622	-303	-11 053	-13 917	-1 345
Cash Flow from Operating Activities	-3 821	738	930	-32 540	6 718	1 029
Payment for PPE and Development Costs	-189	-279	379	-1 577	-2 197	-408
Other Investing Activities	0	0	0	0	0	0
Cash Flow from Investing Activities	-189	-279	379	-1 577	-2 197	-408
Dividend	0	-1 527	0	0	-13 000	0
New Shares Issued	0	0	0	0	0	0
Changes in Credit Facility	0	547	-887	0	4 509	-5 311
Repayments of Lease Liabilities	-207	-127	-100	-1 759	-1 082	-950
Repayments of Borrowing	228	-31	-193	1 875	-417	0
Paid Interest on Borrowing	-21	-19	-44	-185	-160	-438
Cash Flow from Financing Activities	1	-1 157	-1 224	-69	-10 150	-6 699
Exchange Rate Changes	-294	-533	-393	-4 126	-5 113	6 582
Net Cash Flow	-4 303	-1 230	-308	-38 312	-10 742	503
Cash at the End of Period	5 076	2 395	1 786	44 413	20 392	18 934

Comments

- Q1 2022 Cash flow negatively impacted by
 - Increase in Trade Receivables (Accounts Receivable) of 1.7 MUSD, due to late revenue in the quarter
 - Decrease in Trade Payable (Accounts Payable) of 3.4 MUSD, due payment of suppliers for goods delivered in Q4 2021
 - Inventory decreased only slightly as semiconductor shortage still holds back many deliveries
- Smartoptics Group has an unused credit facility of 2.8 MUSD

Balance Sheet

Balance Sheet for Mar 31 2022 through 2020

	kUSD			kNOK		
	2022	2021	2020	2022	2021	2020
	Q1	Q1	Q1	Q1	Q1	Q1
Non-Current Assets	7 412	9 688	6 027	64 840	82 481	63 895
Intangible Assets	926	974	898	8 101	8 294	9 520
Property, Plant and Equipment	1 352	806	493	11 827	6 859	5 223
Right of Use Asset	2 039	2 958	613	17 833	25 185	6 501
Financial Assets	0	821	640	0	6 987	6 780
Deferred Tax Asset	3 095	4 129	3 384	27 079	35 155	35 870
Current Assets	28 253	16 395	10 744	247 159	139 584	113 894
Inventory	11 876	6 642	4 235	103 894	56 548	44 892
Trade Receivables	9 543	5 637	4 216	83 477	47 993	44 690
Other Current Assets	1 757	1 721	507	15 375	14 652	5 377
Cash and Cash Equivalents	5 077	2 395	1 786	44 412	20 392	18 934
TOTAL Asset	35 665	26 083	16 772	311 999	222 065	177 789
Exchange rates	8.7479	8.5137	10.6006			

	kUSD			kNOK		
	2022	2021	2020	2022	2021	2020
	Q1	Q1	Q1	Q1	Q1	Q1
TOTAL Equity	24 056	11 361	8 890	210 442	96 726	94 239
Non-Current Liabilities	5 330	5 714	1 822	46 622	48 651	19 313
Other non-current liabilities	0	0	0	0	0	0
Non-current deferred revenue	1 920	1 426	611	16 793	12 137	6 481
Non-current interest-bearing debt	1 953	2 202	943	17 083	18 750	10 000
Non-current lease liability	1 457	2 086	267	12 746	17 764	2 832
Current Liabilities	6 279	9 008	6 060	54 934	76 688	64 236
Credit facility	0	2 710	1 390	0	23 075	14 738
Current lease liability	623	881	349	5 454	7 497	3 701
Current deferred revenue	1 546	1 119	532	13 523	9 528	5 639
Trade Payable	2 852	2 657	2 547	24 953	22 623	26 995
Public Duties	486	514	251	4 252	4 376	2 658
Other Current Liabilities	772	1 126	991	6 752	9 588	10 505
TOTAL Liability	11 609	14 722	7 882	101 556	125 339	83 550
TOTAL Liability and Equity	35 665	26 083	16 772	311 999	222 065	177 789
Exchange rates	8.7479	8.5137	10.6006			

Thank you