

OSE-notification

Smartoptics Group AS (SMOP) – Q4 2023 financial results

Oslo, 15 February 2024 - Smartoptics Group AS (Smartoptics, OSE: SMOP) today reported revenues of USD 13.8 million in the fourth quarter of 2023 (17.5), and an EBITDA* of USD 2.0 million (2.8), following the previously communicated softness in the 5G market. The underlying development of the core business remains solid, and the company reported full year growth to USD 58.5 million (57.4). The company reiterates the long-term revenue ambition of USD 100 million by 2025/2026 as the market is expected to resume growth during 2024. The Board of Directors proposes a dividend of NOK 0.50 per share.

"The fourth quarter and 2023 as a whole are clear proof points in our attractive business model and disciplined approach to cost development. Despite limited revenue growth, our EBITDA margin remained strong with 14.7% in the fourth quarter and 18.0% in 2023 as a whole. Our operating cash flow was also significantly improved in the fourth quarter compared to the same period in 2022. All in all, this means that the financial performance of the company is in line with our long-term aspirations," says Magnus Grenfeldt, Chief Executive Officer of Smartoptics.

Smartoptics reported revenues in the fourth quarter of 2023 of USD 13.8 million, compared to USD 17.5 million in the fourth quarter of 2022. The gross margin for the quarter was 50.5% (40.0%). The EBITDA was USD 2.0 million (2.8), equal to an EBITDA margin of 14.7% (15.9%) and the EBIT ended at USD 1.5 (2.4) million, corresponding to an EBIT margin of 11.1% (13.5%).

"As previously communicated, the market sentiment in 2023 was weaker than previous years because of the general economic softness curbing the investment spend in the industry. This particularly affected our business related to 5G roll out in North America, which represented nearly 15% of our revenue in 2022, reduced to a minimum in 2023," Grenfeldt adds.

The market for fiber optical network equipment is worth USD 16 billion worldwide, of which Smartoptics addresses 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. During 2023, the company has taken important steps to further improve Smartoptics' position for profitable growth.

In 2024, several factors are expected to contribute to a reinstatement of growth as signals from industry majors and market analysts indicate that the US market is set return to growth, particularly in the second half of 2024. In addition, new product launches and the emergence of new markets will add momentum. The broadened product offering, both software and hardware, will enable Smartoptics to become a much more relevant vendor for large network operators.

"The quality of our dialogue with such major accounts is continuously improving, and we target to secure major accounts in 2024. On this positive backdrop, assuming the market sentiment in our main markets return to normal during 2024, we maintain our long-term ambitions of growing our revenue up to USD 100 million by 2025/2026 and continue to produce strong profitability with an EBITDA margin of 17-20% and EBIT margin of 13-16%," Grenfeldt concludes.

The Board of Directors proposes to the Annual General Meeting 8 May 2024 a dividend of NOK 0.50 per share.

QUARTERLY PRESENTATION:

Smartoptics will host a presentation of the results by CEO Magnus Grenfeldt and CFO Stefan Karlson at 09:00 CET 15 February 2024 at Hotel Continental in Oslo. The presentation will also be streamed live.

Date: Thursday 15 February 2024

Time: 09:00 CET

Venue: Hotel Continental, Oslo

Language: English

Link: https://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20240215_18

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 fourth quarter 2023 financial report on page 13.

For further information, please contact:

Magnus Grenfeldt

CEO Smartoptics

+46 73-366 88 77

E-mail: magnus.grenfeldt@smartoptics.com

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://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.