

OSE-notification

Smartoptics Group AS (SMOP) – Q1 2024 financial results

Oslo, 8 May 2024 - Smartoptics Group AS (Smartoptics, OSE: SMOP) today reported revenues of USD 12.6 million in the first quarter of 2024 (14.1), and an EBITDA* of USD 1.1 million (2.6), following the previously communicated softness in the market. The company maintains its revenue ambition in the range of USD 100 million by 2025/2026, assuming the market sentiment in its markets return to normal during 2024, and the Board of Directors has proposed a dividend of NOK 0.50 per share.

"Our revenue declined by 10 percent in the first quarter, which reflects the soft sentiment of the general telecom equipment market, caused by weak macro, curbing the investment spendings in the industry. While we compare ourselves with a strong first half of 2023 with certain larger projects, the first quarter was, like the previous two quarters, dominated by steady development of smaller projects in Smartoptics' core markets Enterprise and Smaller service providers. Clearly, these market areas are growing, which proves our attractiveness," says Magnus Grenfeldt, Chief Executive Officer of Smartoptics.

Smartoptics reported revenues in the first quarter of 2024 of USD 12.6 million, compared to USD 14.1 million in the first quarter of 2023. The gross margin for the quarter was 48.6% (50.7%). The EBITDA was USD 1.1 million (2.6), equal to an EBITDA margin of 8.4% (18.5%) and the EBIT ended at USD 0.5 million (2.2).

The operating cash flow for the quarter was USD 2.5 million (5.8) and the cash balance was USD 11.5 million at the end of the period. The Board of Directors has proposed a dividend of NOK 0.50 per share to be distributed following the Annual General Meeting.

"Our EBITDA margin remained acceptable, though lower than normal, resulting from the relatively low revenue number. At the same time, it is satisfactory to conclude that we continue to deliver high gross margins and a strong cash flow. During the quarter, we continued to develop Smartoptics along our strategic path. We strengthened our product portfolio and improved our marketing and sales capabilities, broadening our addressable market," Grenfeldt continues.

The market for fiber optical network equipment is worth USD 16 billion worldwide, of which Smartoptics addresses approximately 30%. The key driver is data growth, following cloud migration, new data centers, migration to 400Gbit/s, fiber access roll-out with associated government funding and emerging AI related demands.

In 2024, several factors can contribute to a reinstallation of growth with a high activity level in Americas, and with early signs of an improvement in Europe. In addition, new product launches and the emergence of new markets will add momentum. The company announced in April 2024 that a larger regional US operator had placed a first order for delivery of 400G services to an end user.

"We are thrilled to have reached this milestone and our ambition is to grow our business by adding larger accounts. This milestone paves the way for further development and larger purchase volumes in the future. Despite a soft first quarter of 2024, and 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 percent and EBIT margin of 13-16 percent," Grenfeldt concludes.

QUARTERLY PRESENTATION:

Smartoptics will host a presentation of the results by CEO Magnus Grenfeldt and CFO Stefan Karlson at 09:00 CET 8 March 2024 at Hotel Continental in Oslo. The presentation will also be streamed live.

Date: Wednesday 8 March 2024

Time: 09:00 CET

Venue: Hotel Continental, Oslo

Language: English

Link: https://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20240508_17

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 first quarter 2024 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://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.