

Financial Presentation

Q3 2024

October 23, 2024



Q3'24 Signs of improvements in challenging market, and new strategic account

REVENUE

	2024	Change
Q3	13.0 MUSD	-4.5%
9M	38.6 MUSD	-13.5%

GROSS MARGIN

	2024	2023
Q3	47.4%	50.0%
9M	47.8%	49.9%

EBITDA MARGIN

	2024	2023
Q3	8.3%	19.8%
9M	8.1%	19.0%

Entered into new partnership proving the large account strategy

Flat revenue Q3 over Q2 2024, positive sign given the normal seasonality. Still expecting a turnaround in the second half of 2024

Stable high gross margin - above long-term aspirations

Disciplined and targeted investments for continued growth

Drivers for revenue growth acceleration

Progress on large account strategy

- WIN Technology partnership followed up with selection by additional INDATEL member in Q4
- Final rounds of vendor selection from larger accounts in both EMEA and Americas



Very high activity level in all regions

- Improvements in EMEA resulting in good quarterly revenue
- Another solid quarter in APAC



New product release well received in the market

- 2024 product releases strengthens our product offering in a material way
- Continued good feedback on new version of SoSmart



AI demands additional growth driver

- Expected to drive demand for data center interconnect
- Additional driver to the ever growing demand for bandwidth in WAN networks

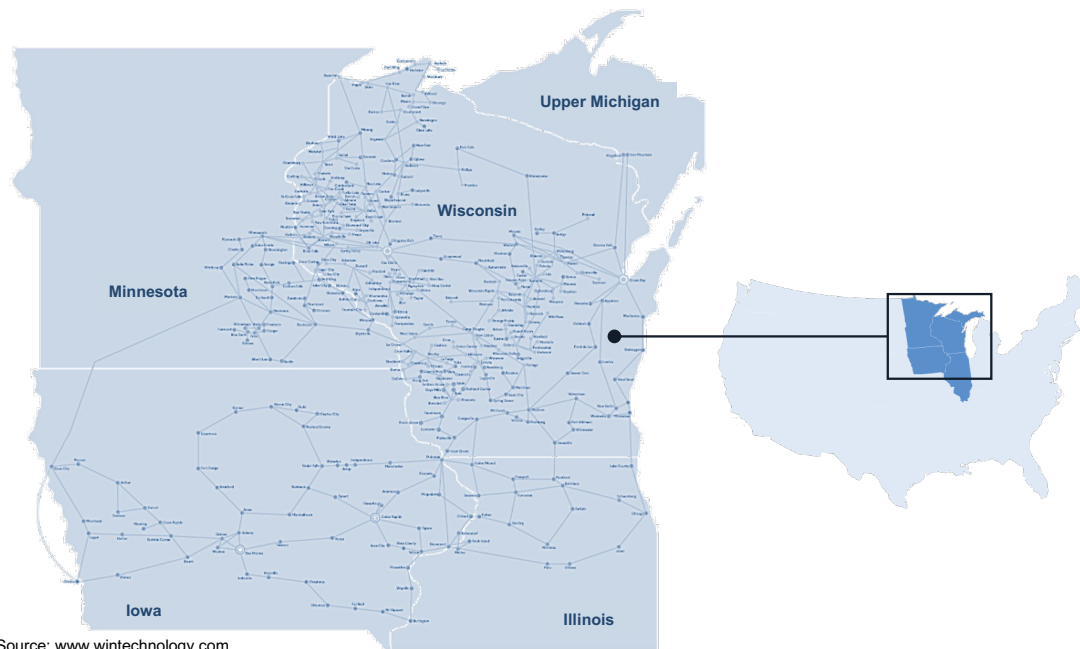


Ever-growing demand for bandwidth

Long-term partnership with major US regional operator WIN Technology

smartoptics

- Partnership enabled by Smartoptics' recent product launches and market efforts towards large- and medium sized US operators
- Cost efficiently supporting WIN Technology's rapid growth in data traffic



Source: www.wintechology.com

Smartoptics expect significant deliveries over the coming years

- Strategically expanding and modernizing WIN's network by deploying Smartoptics' 100G/400G solutions and ROADM based open line system technology
- Streamlining the planning, deployment, and management of the network infrastructure with Smartoptics' SoSmart network management software suite



WIN Technology

Providing a broad range of services over 32,000 km of fiber across Minnesota, Wisconsin, Iowa, Illinois and Michigan. Owned by 31 independent telcos.

Vast growth opportunity in regional US networks

Partnership with WIN Technology validates Smartoptics' attractiveness in this segment

INDATEL network covering significant parts of the US



- Present in more than 1100 Nationwide point-of-presence and operating more than 640,000 km of fiber networks
- Very large potential in deploying enhanced regional networks across rural areas of the USA

“Smartoptics is an ideal partner for a medium-sized company such as ours, thanks to its future-proof, open technology and a customer-centric, lean, and flexible culture.”

Scott Hoffmann
CEO of WIN Technology



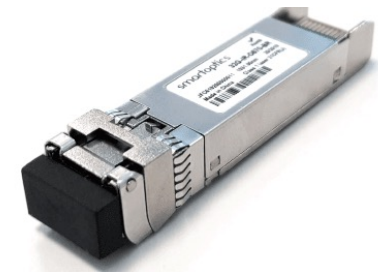
Leverage strong technical position to target growth potential in Devices



Optimizing product development and strategic sourcing

- Build on 15+ years of development of production environment and customer facing coding solutions (HW and SW)
- Increased focus on strategic procurement and technology qualification through more investments in automation and tools

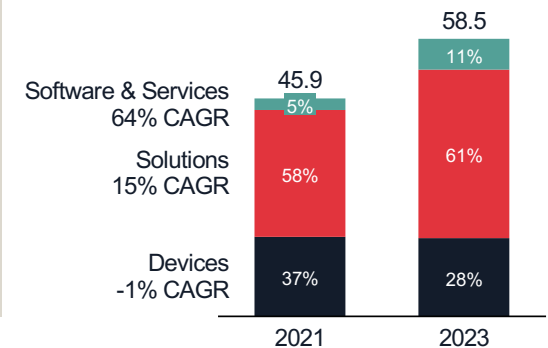
Devices: Wide range of optical transceivers and accessories, where Smartoptics serve as an advanced distributor after enhancing functionality with Smartoptics inhouse developed coding solution



Enhanced market focus through new and dedicated organization

- Significant untapped market potential for standard transceivers and related devices
- Smartoptics' sales channels, customer network and expertise can be leveraged to accelerate sales
- Experienced SVP with full dedication to device product area appointed

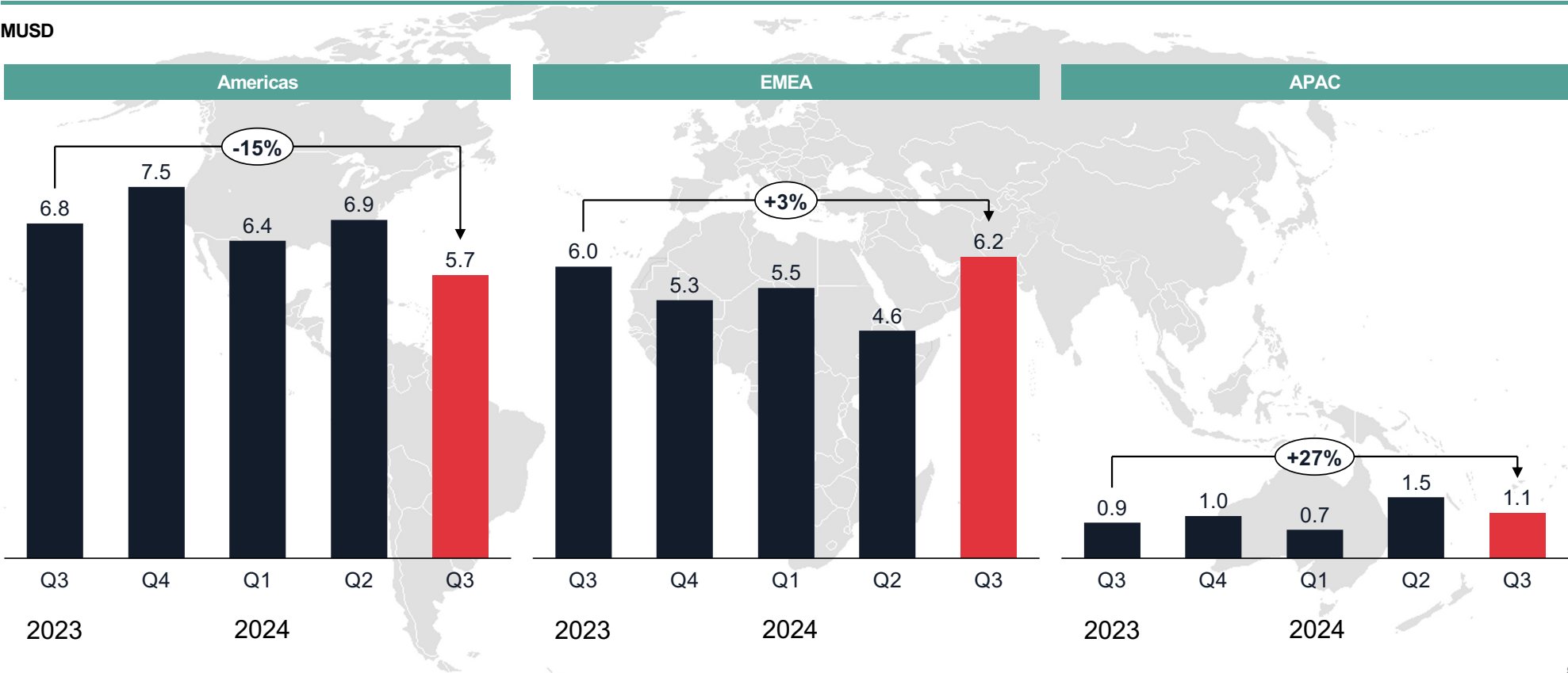
Revenue share and CAGR 2021-2023



Q3'24 deep dive

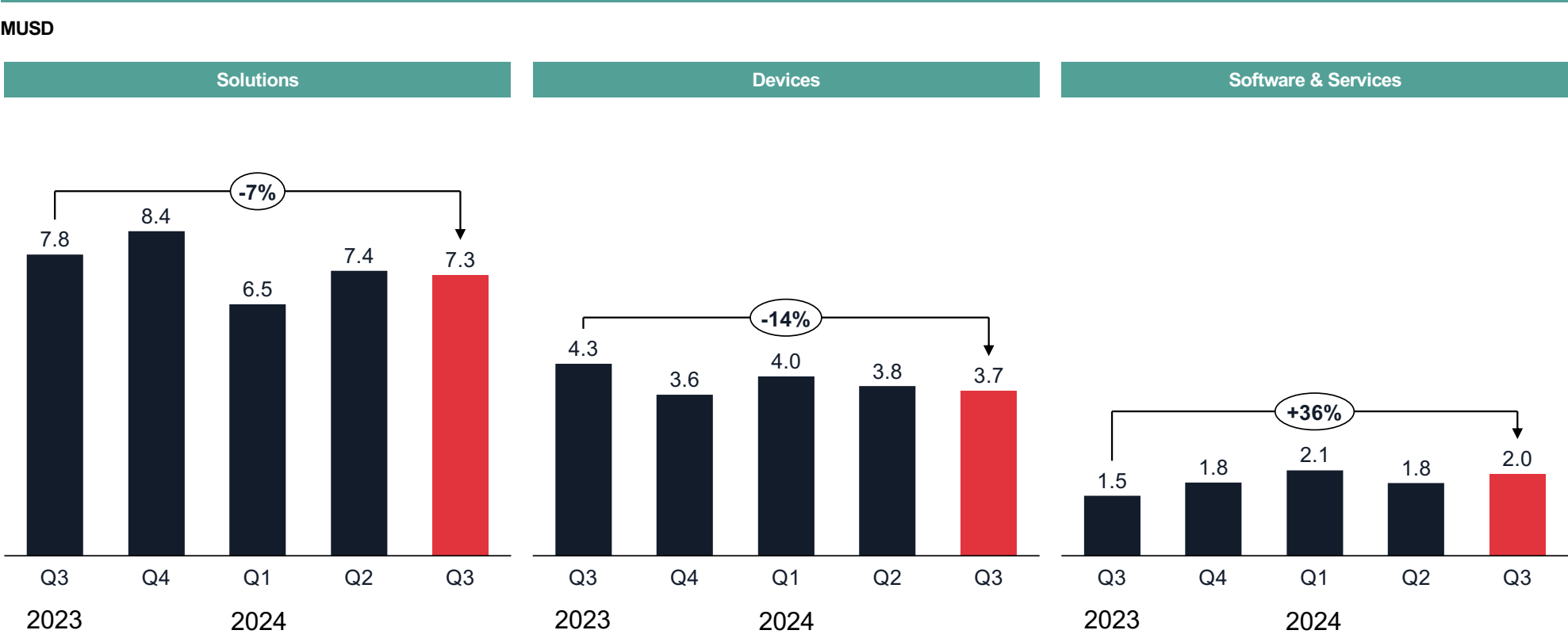
Strong quarter in EMEA demonstrating market comeback and continued positive development in APAC

Revenue per region and quarter – Last 5 quarters



Revenue still affected by soft market conditions and lack of larger projects

Revenue per business area and quarter – Last 5 quarters

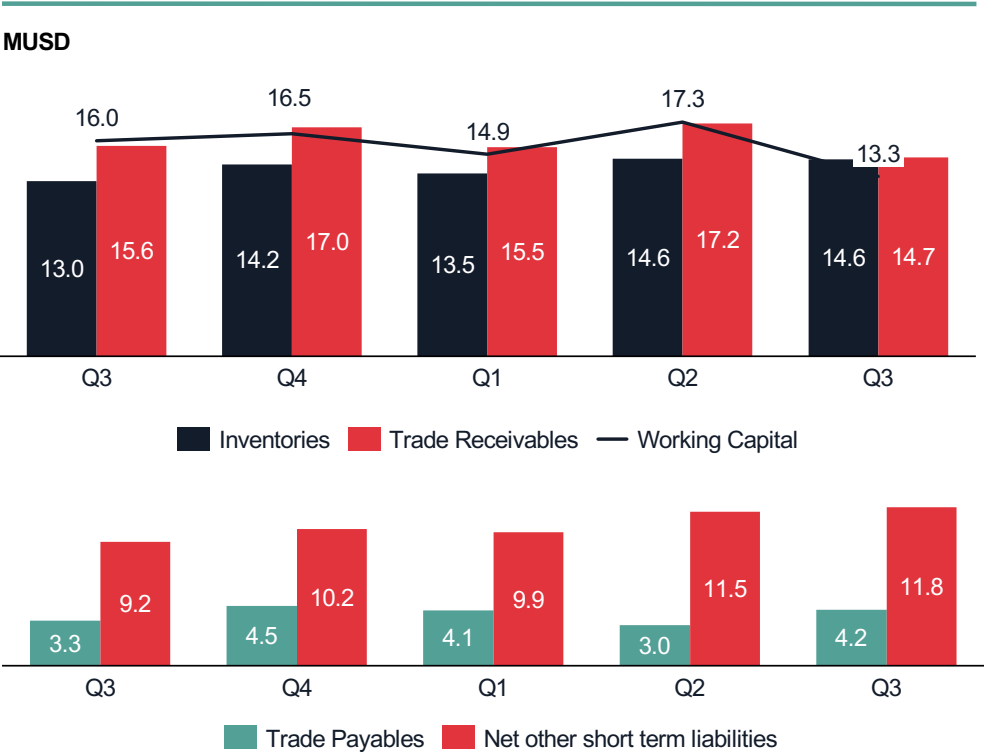


Strong financial position

Balance sheet Sep 30, 2024



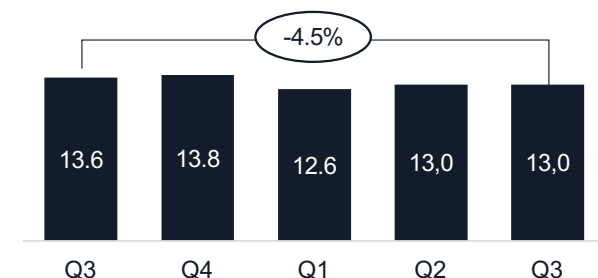
Working capital development past 5 quarters



Summary of Q3 financial performance

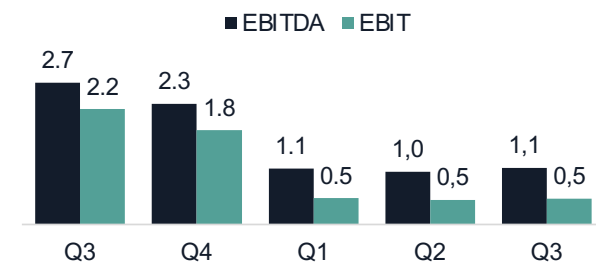
Revenue

MUSD



EBITDA & EBIT

MUSD

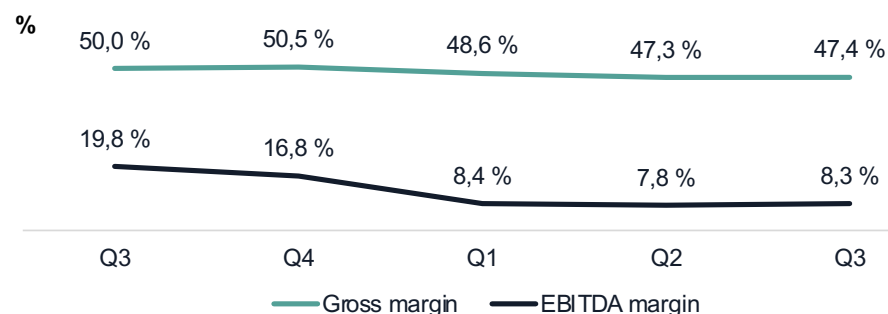


Operating cash flow

MUSD



Gross margin and EBITDA margin



Key takeaways

- Revenue decline 4.5%, compared with Q3 2023
- Continued, high gross margin
- Stable OPEX
- Acceptable EBIT, given continued investments
- Strong operating cash flow

Long-term ambitions stay firm

	2024 Q3 RESULTS		LTM RESULTS		2025/2026 ASPIRATIONS
REVENUE	13.0 MUSD		52.5 MUSD		~100 MUSD
GROSS MARGIN	47.4%		48.5%		~45%
EBITDA MARGIN	8.3%		10.4%		~17-20%
EBIT MARGIN	3.8%		6.3%		~13-16%

Profit and Loss Statement

Profit and Loss Statement Q3 2024

Comments

Amounts in USD 1 000	2024 Q3	2023 Q3	2024 YTD	2023 YTD
Total revenue and other operating income	12 994	13 603	38 634	44 673
Direct cost of sales	-6 835	-6 805	-20 183	-22 381
Employee benefit expenses	-3 772	-3 188	-11 909	-10 578
Other operating expenses	-1 314	-913	-3 397	-3 234
Total operating expenses	-11 921	-10 906	-35 489	-36 193
Depreciation	-495	-408	-1 437	-1 145
Amortization of intangible assets	-80	-77	-240	-212
Total depreciation and amortization	-575	-484	-1 677	-1 356
Operating profit/(loss)	498	2 213	1 468	7 123
Financial income	1	5	3	7
Financial expenses	-72	-66	-242	-162
Net foreign exchange gains (losses)	311	-652	1 185	754
Net Finance Items	240	-714	946	598
Profit/(loss) before income tax	738	1 499	2 414	7 721
Estimated income tax	-201	-330	-636	-1 699
Profit/(loss) for the year	537	1 169	1 778	6 023
Shares outstanding (Basic)	98 045 518	96 286 593	97 471 055	96 286 595
Shares outstanding (Diluted)	98 045 518	97 293 383	97 819 563	97 323 053
Earnings per share (Basic) USD	0.005	0.012	0.018	0.063
Earnings per share (Diluted) USD	0.005	0.012	0.018	0.062

Cash Flow Statement

Cash Flow Statement Q3 2024

Comments

Amounts in USD 1 000	2024 Q3	2023 Q3	2024 YTD	2023 YTD
Cash flows from operating activities				
Profit/(loss) before income tax	738	1 499	2 414	7 721
Adjustments for				0
Taxes paid	0	-67	0	-240
Depreciation and amortization	575	484	1 677	1 356
Interest	0	38	80	262
Change in inventory	68	1 165	-361	2 466
Change in trade receivable	2 500	2 364	2 213	330
Change in contract liabilities (deferred revenue)	686	309	930	1 633
Change in trade payable	1 127	-1 001	-316	-2 492
Change in other current assets and other liabilities	-90	707	-466	-1 310
Interest received	1	5	3	7
Net cash inflow from operating activities	5 605	5 503	6 174	9 732
				0
Net cash (outflow) from investing activities	-1 476	-242	-2 761	-1 585
				0
Net cash inflow from financing activities	-395	-11	-3 525	-5 022
				0
Net increase/(decrease) in cash and cash equivalents	3 734	5 250	-112	3 125
Cash and cash equivalents at the beginning of period	5 089	2 918	9 321	5 660
Effects of exchange rate changes on cash and cash equivalents	140	-344	-248	-961
Cash and cash equivalents at the end of period	8 963	7 826	8 962	7 826

Balance Sheet

Balance Sheet Sep 30, 2024

Amounts in USD 1 000	2024 Q3	2023 Q3
Intangible assets	1 607	1 082
Property, plant and equipment	3 534	2 560
Right of use assets	1 500	1 973
Noncurrent receivables against related party	-	-
Deferred tax assets	1 032	1 230
Total Non Current Assets	7 673	6 845
Inventories	14 559	12 958
Trade receivable	14 740	15 585
Receivables to related party	0	0
Other current assets	1 316	1 006
Cash and cash equivalents	8 963	7 829
Total Current Assets	39 579	37 378
TOTAL ASSETS	47 253	44 223

Amounts in USD 1 000	2024 Q3	2023 Q3
Share capital	187	181
Share premium	14 182	11 879
Other paid in capital	-	141
Foreign currency translation reserves	252	73
Retained earnings	13 324	15 227
Total Equity	27 944	27 501
Lease liabilities (noncurrent portion)	784	1 107
Contract liabilities (noncurrent deferred revenue)	4 251	3 099
Other noncurrent liabilities	436	1 361
Total noncurrent liabilities	5 471	5 567
Lease liabilities (current portion)	789	679
Trade payable	4 167	3 339
Contract liabilities (deferred revenue)	3 242	2 649
Current tax liabilities	3 299	2 539
Other current liabilities	2 341	1 949
Total current liabilities	13 838	11 155
Total Liabilities	19 309	16 722
TOTAL EQUITY AND LIABILITIES	47 253	44 223

Thank you