

The background of the cover is a vibrant, high-tech image. It features a dense network of glowing blue and white lines connecting various points, resembling a global communication or data network. This network is overlaid on a blurred, high-angle view of a city at night, with the lights of buildings and streets visible. Several semi-transparent red circles of varying sizes are scattered across the image, some containing faint, illegible text or patterns, adding a layer of complexity and visual interest.

smartoptics

**Q4 & FULL YEAR
REPORT
2024**

Q4 & FULL YEAR REPORT 2024

FOURTH QUARTER HIGHLIGHTS

- Revenue of USD 16.9 million compared to USD 13.8 million in the same period 2023
- Gross margin of 49.0% compared to 50.5% same period 2023
- EBITDA of USD 2.4 (2.3) million, equivalent to an EBITDA margin of 14.4% (16.8%)
- Operating profit (EBIT) of USD 1.8 (1.8) million, equivalent to an operating margin of 10.8% (13.1%)
- Profit & loss for the period amounted to USD 2.3 (1.4) million
- Operating cash flow of USD 0.6 (2.1) million
- Back to growth, as earlier indicated
- Very high sales activities level in all regions

FULL YEAR HIGHLIGHTS

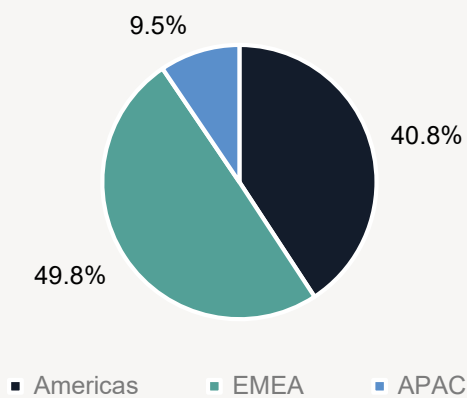
- Revenue of USD 55.5 million compared to USD 58.5 million in the same period 2023
- Gross margin of 48.1% compared to 50.0% same period 2023
- EBITDA of USD 5.6 (10.8) million, equivalent to an EBITDA margin of 10.1% (18.5%)
- Operating profit (EBIT) of USD 3.3 (8.9) million, equivalent to an operating margin of 5.9% (15.3%)
- Operating cash flow of USD 6.7 (11.9) million
- 2024 product releases strengthens our product offering in a material way, increasing the addressable market, into the regional segment
- Reported new accounts through 2024 have potential to contribute to revenue in 2025
- The Board of Directors intends to propose a dividend of NOK 0.60 per share

Amounts in USD 1,000	2024 Q4	2023 Q4	Change	2024	2023	Change
	Oct - Dec	Oct - Dec		Jan - Dec	Jan - Dec	
Revenue	16 874	13 831	22.0%	55 508	58 504	-5.1%
Gross profit	8 271	6 978	18.5%	26 724	29 270	-8.7%
Gross margin	49.0%	50.5%	-1.4 p.p	48.1%	50.0%	-1.9 p.p
EBITDA	2 437	2 321	5.0%	5 582	10 799	-48.3%
EBITDA margin	14.4%	16.8%	-2.3 p.p	10.1%	18.5%	-8.4 p.p
Operating profit (EBIT)	1 821	1 818	0.1%	3 289	8 940	-63.2%
Operating margin (EBIT margin)	10.8%	13.1%	-2.4 p.p	5.9%	15.3%	-9.4 p.p
Profit & loss for the period	2 264	1 447	56.5%	4 042	7 469	-45.9%
Basic earnings per share NOK	0.260	0.177	47.0%	0.450	0.888	-49.3%
Diluted earnings per share NOK	0.260	0.176	47.7%	0.450	0.880	-48.9%
Basic earnings per share USD	0.023	0.015	53.7%	0.041	0.078	-46.8%
Diluted earnings per share USD	0.023	0.015	54.4%	0.041	0.077	-46.3%
Operating cash flow	571	2 119		6 747	11 853	
Employees (FTEs)	131	114	17	119	107	11

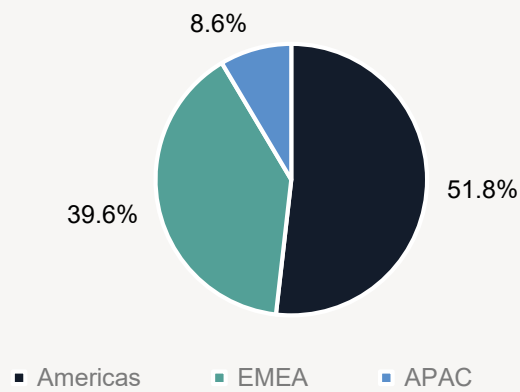
Q4 & FULL YEAR REPORT 2024

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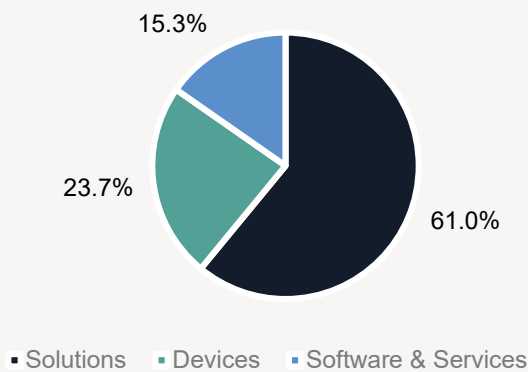
GEOGRAPHICAL SPLIT OF REVENUE Q4 2024



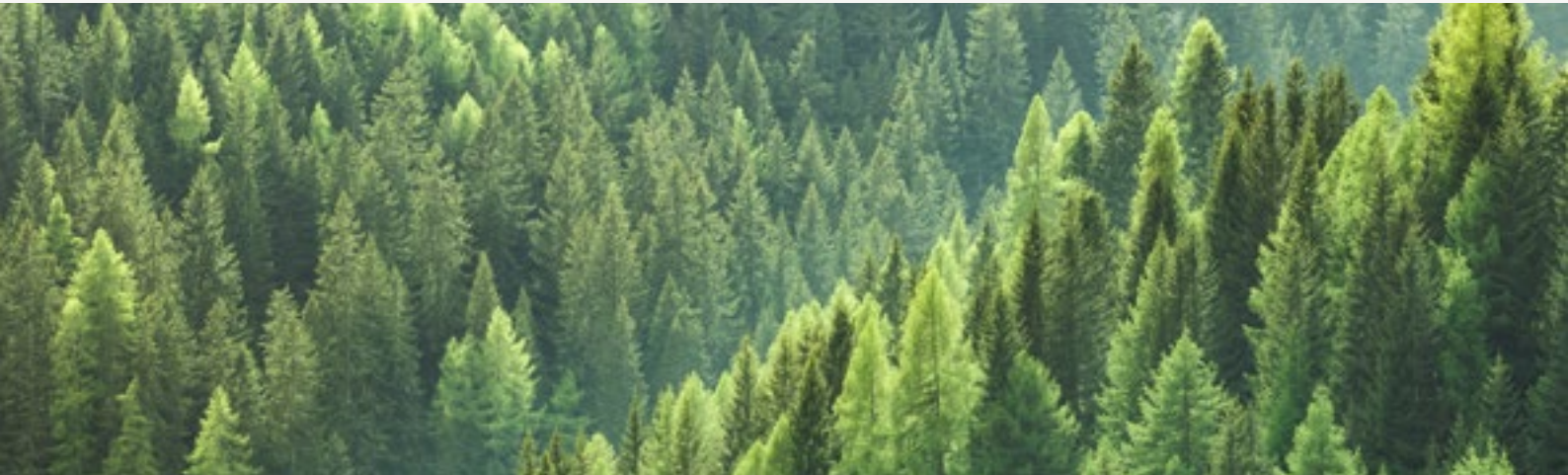
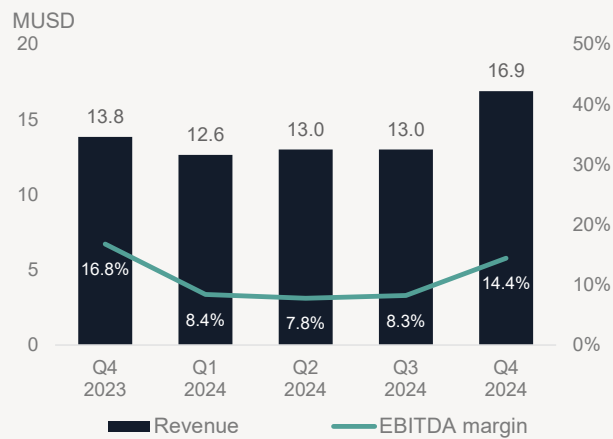
GEOGRAPHICAL SPLIT OF REVENUE JAN - DEC 2024



BUSINESS AREA SPLIT Q4 2024



EBITDA MARGIN AND REVENUE LAST 5 QUARTERS



CEO COMMENTS

Smartoptics's revenues grew by 22 percent to USD 16.9 million in the fourth quarter of 2024. This is a proof point that we reverted to our long-term trend of solid double-digit growth, following an exceptional four-quarter period of soft market and revenue decline.

As communicated throughout 2024, we have anticipated this pickup. The activity level in both the Americas and EMEA has increased throughout the year, influenced by the macroeconomic conditions and partially pent-up demand. We have on our side been very active in our customer dialogue to make sure we are well positioned when customers are ready to make their investment decisions.

Additionally, we have successfully launched a range of new products during 2024. Not only do our new products offer better general performance, but they are also making us significantly more relevant for larger networks and larger customers. In 2024, we saw concrete results in the form of partnerships with large US regional network operators.

We also experience that the ongoing consolidation in the industry works in our favour. Medium sized players being taken over by the global majors leaves more space for Smartoptics as a smaller, smarter and more flexible vendor. The major players tend to focus even more than before on tier one service providers and hyperscalers, providing room to manoeuvre for Smartoptics with regards to tier two and three network operators and medium sized cloud players.

Smartoptics' business model implies significant scalability. While our gross margin was slightly down, at 49.0 percent in the fourth quarter, we maintained a cost-conscious approach with an OPEX increase in accordance with plan, leading to a pickup in EBITDA margin to 14.4 percent, compared to 8.3 percent in the third quarter. In the fourth quarter of 2023, the EBITDA margin was 16.8 percent. The slight decline is due to somewhat lower gross margin and targeted investments in growth initiatives both on the product development and market side.

Looking ahead, we believe uncertainty in the market is reduced, and the willingness to invest is to a large extent back among our customers. The Smartoptics product portfolio as well as our commercial organization is better than ever, meaning that we have a positive out-



Magnus Grenfeldt, CEO Smartoptics Group AS

look for continued profitable growth going forward.

At the same time, we are mindful that the geopolitical situation is unpredictable. We are analysing any consequences of potential new US or EU import tariffs. So far we consider Smartoptics to be relatively well positioned with Solutions production in the EU. To our knowledge, no player in the market is yet producing in the USA.

In the medium to long-term we are as encouraged than ever with regards to the mega trends driving growth in our segment. The ever-growing demand for bandwidth is set to continue, and the rise of AI kicks in as another positive factor, as it requires a lot of traffic between data centres. In Smartoptics, we maintain our ambition of growing our revenue up to USD 100 million in 2025/2026 and continue to produce strong profitability with an EBITDA margin of 17-20% and an EBIT margin of 13-16%.

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FINANCIAL REVIEW

Q4 2024

REVENUE

Revenue increased by 22.0% in Q4 2024 to USD 16.9 million compared to USD 13.8 million in Q4 2023, mainly related to strong Solutions sales in EMEA. Revenue in Americas decreased by 8.6% to USD 6.9 (7.5) million. Revenue in EMEA increased by 59.3% to USD 8.4 (5.3) million. In APAC, revenue grew by 54.0% to USD 1.6 (1.0) million.

Revenue split by business area for the quarter was Solutions 61.0% (61.0%), Devices 23.7% (26.0%) and Software & Services 15.3% (13.0%).

GROSS PROFIT

Gross profit in Q4 2024 amounted to USD 8.3 (7.0) million and resulted in a stable gross margin of 49.0% compared to 50.5% the same period last year.

OPERATING EXPENSES

Employee benefit expenses amounted to USD 4.2 (3.6) million in Q4 2024 and employees (FTE) grew from 114 to 131 during the same period. The cost increase is related to new employees. Other operating expenses increased to USD 1.6 (1.1) million, mainly driven by R&D and IT related upgrades.

EBITDA AND OPERATING PROFIT

EBITDA in Q4 2024 was USD 2.4 (2.3) million and the EBITDA margin was 14.4% compared to 16.8% in Q4 2023. The reduction is mainly related to higher employee benefit expenses and other operating expenses.

Operating profit was USD 1.8 (1.8) million and the operating margin was 10.8% compared to 13.1% the same period 2023.

NET FINANCIAL ITEMS

Interest payments and foreign exchange gains/-losses are the main components of Net financial items.

The group has a natural hedge in having both Revenue and direct cost of sales to a very large extent in USD.

CASH FLOW

The operating cash flow was USD 0.6 (2.1) million for Q4 2024, partly impacted by increases in Trade receivable due to the high sales in Q4. The net cash flow for the quarter was USD -0.3 (0.7) million, resulting in an closing balance of USD 8.0 million for the quarter.

NON-CURRENT LIABILITIES

There are two loans from Innovasjon Norge of combined USD 0.8 million. The loans are repaid on a quarterly basis and will be fully repaid by Q3 2026. The group also has a credit facility with Nordea of NOK 75 million (USD 7.1 million) and a non-current loan of USD 0.2 million scheduled to be fully repaid by Q2 2026. As of December 31st 2024, the credit line from Nordea was not utilized.

OUTLOOK

Long term ambition to reach USD 100 million in 2025/26 timeframe is maintained.

DIVIDEND POLICY

When proposing a dividend for a financial year, the Board of Directors will seek a stable to growing dividend, and consider Smartoptics' financial position, one-off item impacts, growth trajectory, investment plans, flexibility, financial targets and covenants.

DIVIDEND PROPOSAL

The Board of Directors intends to propose a dividend of NOK 0.60 per share at the upcoming Annual General Meeting. The final decision will be made by the shareholders' meeting.

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS STATEMENT

Consolidated statement of profit or loss	2024 Q4	2023 Q4	2024	2023
Amounts in USD 1.000	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Revenue from contracts with customers	16 787	13 803	55 394	58 474
Other operating income	87	28	114	30
Total revenue and other operating income	16 874	13 831	55 508	58 504
Direct cost of sales	8 603	6 853	28 784	29 234
Employee benefit expenses	4 246	3 562	16 157	14 141
Other operating expenses	1 588	1 096	4 986	4 329
Total operating expenses	14 437	11 510	49 926	47 705
Depreciation	538	432	1 975	1 576
Amortization of intangible assets	77	71	318	283
Total depreciation and amortization	616	503	2 293	1 859
Operating profit/(loss)	1 821	1 818	3 289	8 940
Financial income	312	245	315	252
Financial expenses	-67	-79	-310	-241
Net foreign exchange gains (losses)	900	-117	2 084	638
Net financial items	1 144	50	2 090	648
Profit/(loss) before income tax	2 965	1 868	5 379	9 589
Estimated income tax	-701	-421	-1 337	-2 120
Profit/(loss) for the period	2 264	1 447	4 042	7 469

Earnings per share in USD				
Basic earnings per share	0.023	0.015	0.041	0.078
Diluted earnings per share	0.023	0.015	0.041	0.077
Weighted average number of shares				
Basic	98 045 518	96 286 593	97 599 464	96 286 596
Diluted	98 045 518	96 758 986	97 876 052	97 235 329

Consolidated statement of comprehensive income				
Profit/(loss) for the year	2 264	1 447	4 042	7 469
Other comprehensive income:				
<i>Items that might be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations	42	338	-117	223
<i>Item that are not reclassified to profit or loss:</i>				
Exchange differences on translation to another presentation currency	-1 797	884	-3 177	-733
Total comprehensive income for the year	510	2 670	748	6 959

CONSOLIDATED STATEMENT FINANCIAL POSITION

Consolidated statement of financial position	31.12.2024	31.12.2023
Amounts in USD 1.000		
Assets		
Non-current assets		
Capitalized development cost	1 575	1 232
Other intangible assets	339	110
Property, plant and equipment	3 006	2 796
Right-of-use assets	1 205	1 912
Deferred tax assets	955	1 066
Total non-current assets	7 080	7 116
Current assets		
Inventories	12 615	14 198
Trade receivable	19 864	16 953
Other current assets	1 374	1 420
Cash and cash equivalents	7 972	9 321
Total current assets	41 826	41 893
Total assets	48 906	49 010
Equity and liabilities		
Equity		
Share capital	173	189
Share premium	13 121	12 404
Other paid in capital	-	20
Foreign currency translation reserves	294	411
Retained earnings	14 866	17 023
Total equity	28 454	30 048
Non-current liabilities		
Lease liabilities (non-current portion)	277	1 271
Contract liabilities (non-current portion)	4 939	3 430
Other non-current liabilities	539	883
Total non-current liabilities	5 755	5 583
Current liabilities		
Lease liabilities (current portion)	730	716
Trade payable	5 048	4 483
Contract liabilities (current portion)	4 030	3 133
Tax payable	1 118	1 399
Public duties payable	1 057	795
Other current liabilities	2 713	2 853
Total current liabilities	14 696	13 378
Total liabilities	20 451	18 962
Total equity and liabilities	48 906	49 010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity	Share capital	Share premium	Other paid in capital	Translation difference reserves	Retained earnings	Total equity
Amounts in USD 1.000						
Balance at 1 January 2023	195	12 801	152	188	14 269	27 606
Profit/(loss) for the period					7 469	7 469
Exchange differences on translation of foreign operation				223		223
Exchange differences on translation to another presentation currency	-6	-396	-5		-325	-732
Total comprehensive income/(loss) for the period	-6	-396	-5	223	7 144	6 960
Dividend					-4 391	-4 391
Repurchase of warrants			-127			-127
Balance at 31 December 2023	189	12 404	20	411	17 022	30 048
Profit/(loss) for the period					4 042	4 042
Exchange differences on translation of foreign operation				-117		-117
Exchange differences on translation to another presentation currency	-20	-1 387			-1 770	-3 177
Total comprehensive income/(loss) for the period	-20	-1 387	-	-117	2 273	748
Issuance of ordinary shares	3	2 104				2 107
Reclassification			-20		20	-
Dividend					-4 449	-4 449
Balance at 31 December 2024	173	13 121	-	294	14 865	28 453

*The currency translation differences arising from the translation to the presentation currency is not included as a translation differences reserves, but presented as part of the different categories of the equity. These translation differences cannot be recycled through profit and loss.



CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	2024 Q4	2023 Q4	2024	2023
Amounts in USD 1.000	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Cash flows from operating activities				
Profit/(loss) before income tax	2 965	1 869	5 379	9 590
<i>Adjustments for:</i>				
Taxes paid	-913	-	-913	-240
Depreciation and amortization	616	503	2 293	1 860
Change in inventory	1 944	-1 241	1 584	1 225
Change in trade receivable	-5 124	-1 368	-2 911	-1 038
Change in contract liabilities (deferred revenue)	1 476	814	2 407	2 447
Change in trade payable	881	1 144	565	-1 348
Change in other current assets and other liabilities	-1 275	397	-1 656	-642
Net cash from operating activities	571	2 119	6 747	11 853
Cash flows from investing activities				
Payment for property, plant and equipment	41	-176	-1 604	-1 760
Payment for development cost	-274	-724	-1 390	-724
Payment for other intangible assets	-248	-	-248	-
Net cash from investing activities	-481	-900	-3 242	-2 484
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	-	-	2 107	-
Repurchase of warrants	-	-127	-	-127
Dividend paid out	-	-	-4 449	-4 391
Proceeds from new borrowings	-	163	-	556
Repayment of borrowing	-143	-286	-542	-608
Paid interest on borrowing	-49	-59	-240	-153
Repayments of lease liabilities	-198	-195	-790	-803
Net cash from financing activities	-389	-504	-3 915	-5 526
Net change in cash and cash equivalents	-299	714	-410	3 842
Cash and cash equivalents beginning of period	8 963	7 826	9 322	5 660
Effects of exchange rate changes on cash and cash equivalents	-692	780	-939	-181
Cash and cash equivalents end of period	7 972	9 322	7 972	9 322

SHARE INFORMATION

TABLE OF THE 20 LARGEST SHAREHOLDERS AS 31ST OF DECEMBER 2024

#	Shareholders	Holding	Stake
1	Coretech AS	31 783 599	32.42 %
2	Kløvingen AS	15 850 429	16.17 %
3	K-Spar Industrier AS	13 076 422	13.34 %
4	Janus Henderson Investors	4 141 429	4.22 %
5	Handelsbanken Fonder	3 295 000	3.36 %
6	Danske Invest	2 942 164	3.00 %
7	Altitude Capital AS	2 700 000	2.75 %
8	Avanza Bank AB	2 166 440	2.21 %
9	Nordnet Bank AB	2 085 693	2.13 %
10	Magnus Grenfeldt	1 857 489	1.89 %
11	Swedbank Robur Fonder	1 811 800	1.85 %
12	Mirabaud Asset Management	1 543 354	1.57 %
13	John Even Øveraasen	1 505 000	1.54 %
14	Schroders	1 200 000	1.22 %
15	Rasmussengruppen AS	1 100 000	1.12 %
16	Toluma Norden AS	1 000 000	1.02 %
17	AS Clipper	963 391	0.98 %
18	Varner AS	963 391	0.98 %
19	Ålandsbanken Fonder	876 631	0.89 %
20	Karl Thedéen	493 078	0.50 %
	Others	6 690 208	6.82 %
Total number of shares		98 045 518	100.00 %

NOTES

GENERAL

These interim condensed consolidated financial statements for the period ended 31 December 2024, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2023, prepared in accordance with International Financial Reporting Standards (IFRS).

EXCHANGE RATES

The interim financial statements are consolidated in NOK and translated to the presentation currency USD. For the Profit and Loss statement the monthly average exchange rate published by Norges Bank is used. For the balance sheet, the monthly ending exchange rate is used.

Balance Sheet	2024	2023
Dec 31	11.3533	10.1724

Profit and loss statement	2024	2023
Oct	10.8141	11.0089
Nov	11.0454	10.9161
Dec	11.1988	10.5810

NOTE 1 - DEFERRED REVENUE

Service revenues are invoiced in advance and covers a contract period of typically 24-48 months. The service revenue is recognized during the contract period. "Current Deferred Revenue" will be recognized within the next 12 months.

Deferred Revenue	Dec 31. 2024	Dec 31. 2023
Amounts in USD 1,000		
Contract Liabilities (Current)	4 030	3 133
Contract Liabilities (Non-current)	4 939	3 430
Total Contract Liabilities	8 969	6 563

NOTE 2 – RESEARCH AND DEVELOPMENT

Parts of the development cost is capitalized and depreciated over 5 years. The principle is to capitalize no more than 30% of direct salary costs in selected development projects reduced by expensed government grants. Net capitalization for the period Oct - Dec was USD 270 thousand.

NOTE 3 – FINANCIAL ITEMS

Currency effects come from the cash position, which is made of NOK, SEK and USD, Trade Receivables and Trade Payable which is predominantly in USD.

NOTE 4 – OTHER WORKING CAPITAL CHANGES

Other working capital changes relates to pre-payments of certain components, inventory and pay-out of variable compensation related to Q3 2024.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT SPLIT

Property, plant and equipment	Dec 31. 2024	Dec 31. 2023	Change
Amounts in USD 1,000			
R&D equipment	1 432	1 028	404
Production equipment	228	253	-25
Office & warehouse furniture and fixtures	552	711	-159
Demo pool equipment	794	805	-11
Total	3 006	2 796	209

NOTE 6 – DEPRECIATION AND AMORTIZATION SPLIT

Fixed assets are depreciated over a period of 3 to 5 years. There is no goodwill in the group.

Depreciation and amortization	Q4 2024	Q4 2023
Amounts in USD 1,000		
Property, plant and equipment	358	252
Product development	77	71
Right of use assets / leasing	181	180
Total	616	503

ALTERNATE PERFORMANCE MEASURES (APM'S)

GROSS PROFIT

Total revenue and other operating income deducted with direct cost of sales

Amounts in USD 1,000	2024 Q4	2023 Q4	2024 YTD	2023 YTD
Total revenue and other operating income	16 874	13 831	55 508	58 504
Direct cost of sales	8 603	6 853	28 784	29 234
Gross profit	8 271	6 978	26 724	29 270

GROSS MARGIN

Gross profit divided by total revenue

Amounts in USD 1,000	2024 Q4	2023 Q4	2024 YTD	2023 YTD
Total revenue and other operating income	16 874	13 831	55 508	58 504
Gross profit	8 271	6 978	26 724	29 270
Gross margin	49.0 %	50.5 %	48.1 %	50.0 %

EBITDA

Earnings before interest, tax, depreciation and amortization

Amounts in USD 1,000	2024 Q4	2023 Q4	2024 YTD	2023 YTD
Operating profit	1 821	1 818	3 289	8 940
Depreciation and amortization	616	503	2 293	1 859
EBITDA	2 437	2 321	5 582	10 799

EBITDA MARGIN

EBITDA divided by total revenue and other operating income

Amounts in USD 1,000	2024 Q4	2023 Q4	2024 YTD	2023 YTD
EBITDA	2 437	2 321	5 582	10 799
Total revenue and other operating income	16 874	13 831	55 508	58 504
EBITDA margin	14.4 %	16.8 %	10.1 %	18.5 %



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