

Financial Presentation


Q1 2023

May 11, 2023



Strong growth and solid profitability in Q1 2023, combined with strong cash flow


Revenue

Q1: **14.1 MUSD** 


Revenue Growth

Q1: **+18.8%** 

Gross Margin

Q1: **50.7%** 


EBITDA Margin

Q1: **18.5%** 

EBIT¹ Margin

Q1: **15.5%** 

Operating Cash Flow

Q1: **+5.8 MUSD** 

Note: 1) EBIT equals Operating Profit

Highlights of Q1 and key initiatives for 2023

Key events during Q1 2023

- Won a new European government network, supplied through a Tier 1 operator (Office of the Government CIO – Ireland)
- Continued promising dialogues with larger customers with potential to contribute to revenue over the coming years
- Signed new partner agreements with System integrators focusing on Tier 3 Operators in North America
- Good traction for our SoSmart software suite



Building a stronger Smartoptics in 2023

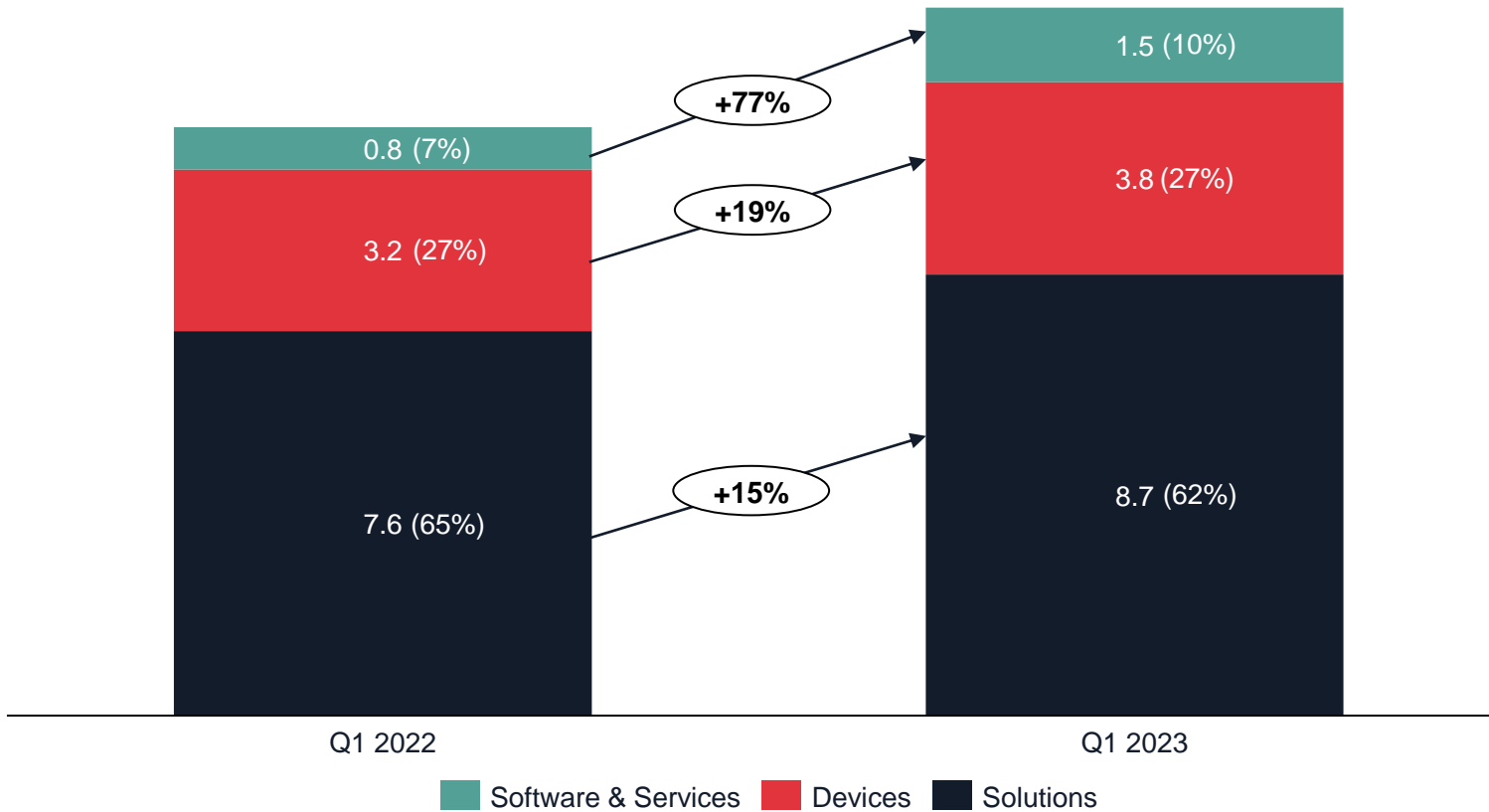
- Increasing R&D investments to capture future major opportunities (including beyond 100MUSD)
- Building a stronger Smartoptics through investments in ERP and ESG related activities
- Investments in newly established Sales Regions and partner landscape



Growth across all areas

Revenue by business area

(MUSD)



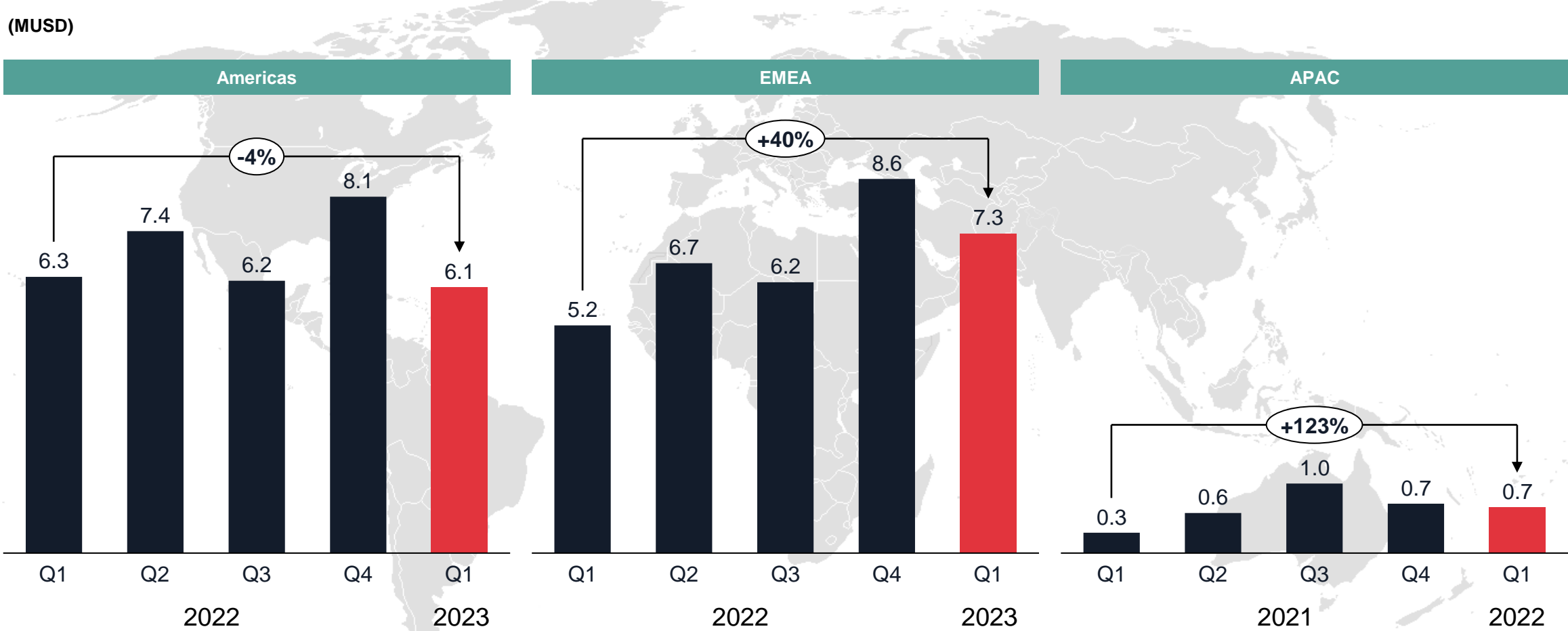
Q1 specific development

- All business areas are showing growth in Q1
- Especially high growth for Software & Services in Q1 driven by new products and large projects
- Software & Services shown after reduction of deferred revenue, i.e. numbers shown is the recognized revenue

EMEA and APAC drove the growth in Q1

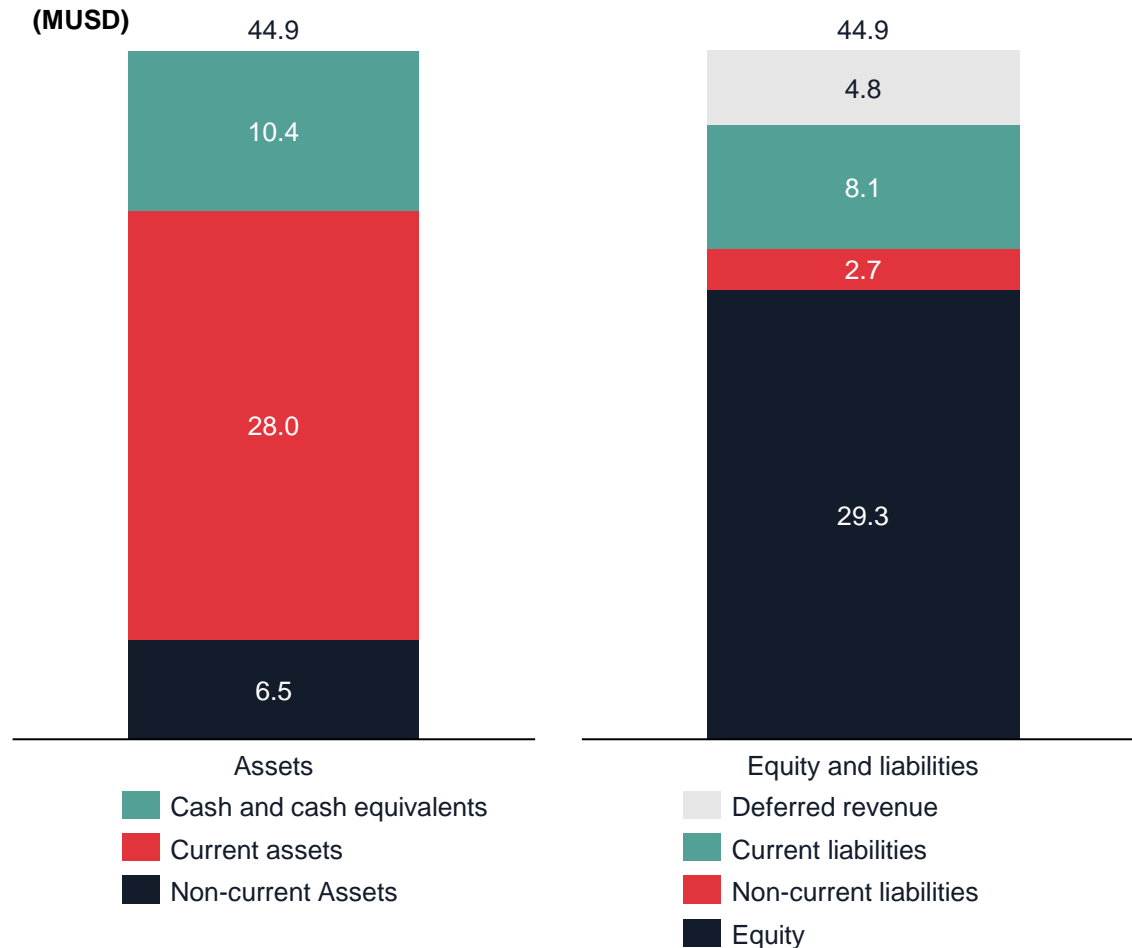
Revenue per Region and Quarter – Last 5 quarters

(MUSD)

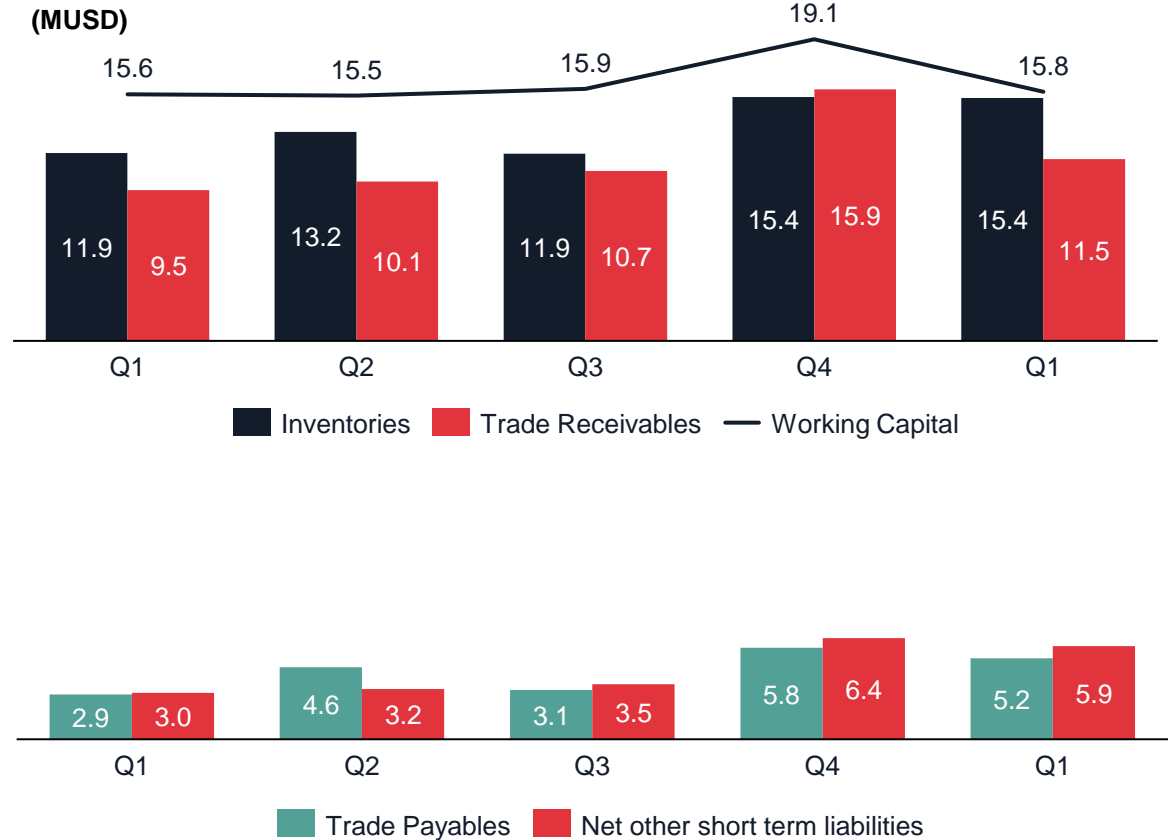


Solid financial position – reduced working capital

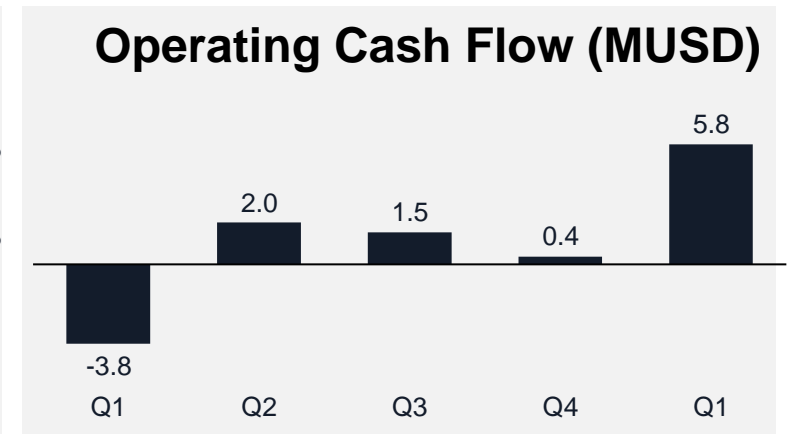
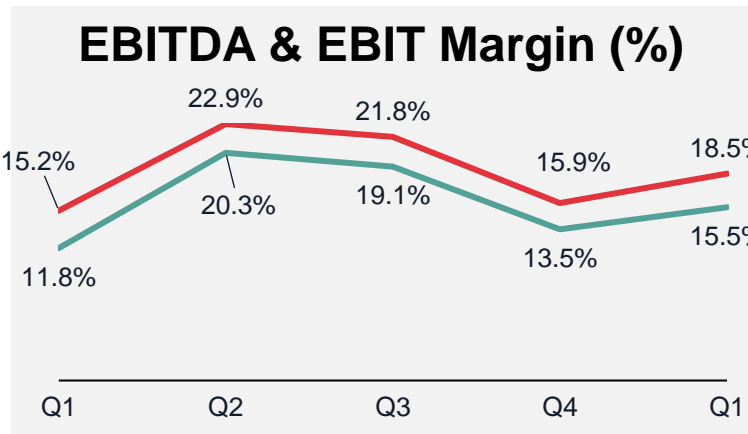
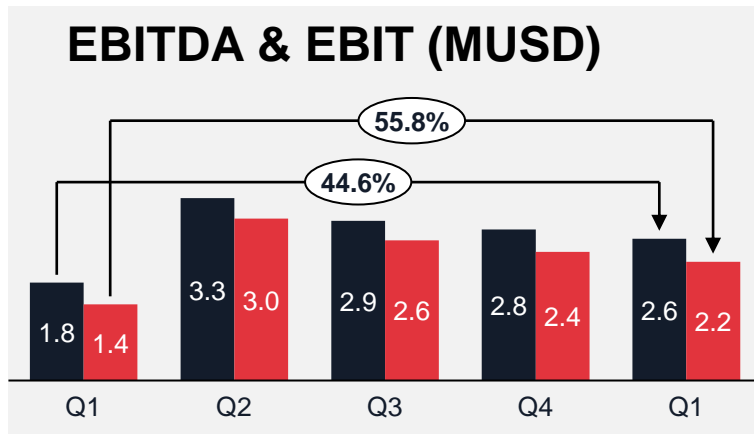
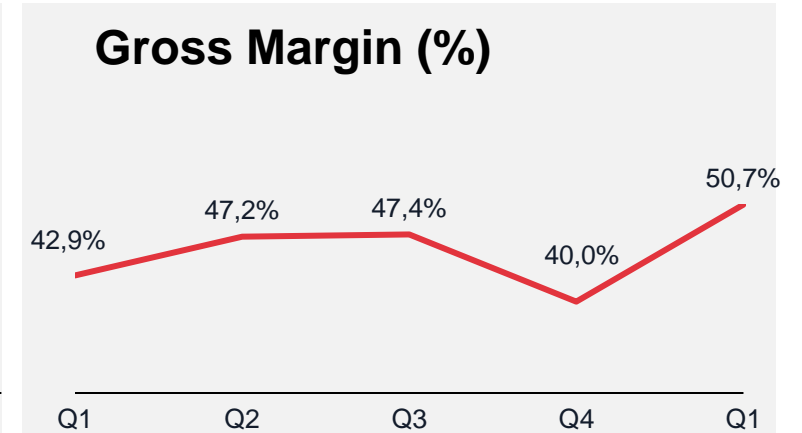
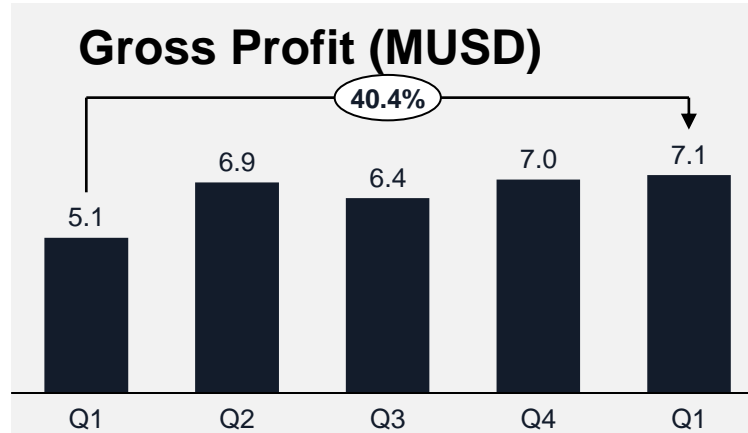
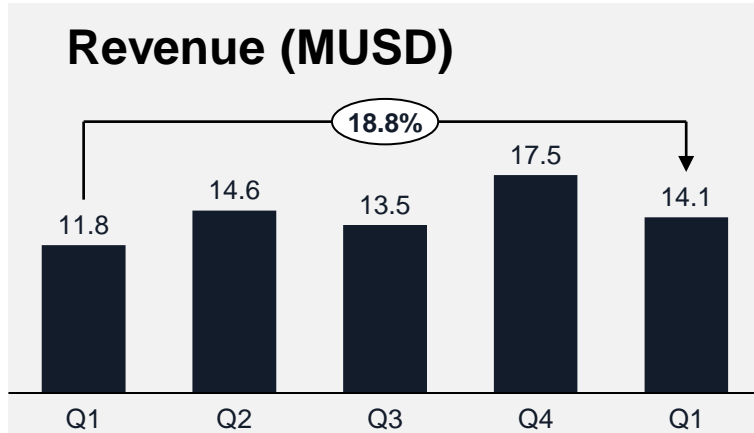
Balance Sheet Mar 31, 2023



Working Capital Development past 5 quarters



Strong revenue growth and solid profitability



■ EBITDA ■ EBIT

— EBITDA — EBIT

Note: Numbers corresponds to the audited full year accounts for 2022, including the previously communicated changes

Dividend of 0.50 NOK per share for 2022 – continued growth aspirations

Dividend 2022

- Dividend proposal of 0.50 NOK per share
- Corresponds to a payment of NOK 48 million
 - USD ~4.5 million based on the current number of outstanding shares
- Several years of strong growth and sustained profitability with consistent positive cash flow over time
- Unchanged planning assumptions with regards to growth trajectory

Dividend policy

- Goal is to propose a yearly dividend of 25 - 50% of Smartoptics' profit for the previous financial year
- When proposing dividend for a financial year, the Board of Directors will consider Smartoptics' financial position, one-off item impacts, growth trajectory, investment plans, financial targets, and flexibility

Long term ambitions stay firm

	2023 Q1 Full Year	2025/26 aspirations
Revenue	LTM 59.6 MUSD YoY Growth +18.8%	~100 MUSD
Gross margin	50.7%	~45%
EBITDA margin	18.5%	~17-20%
EBIT margin	15.5%	~13-16%

Profit and Loss Statement

Profit and Loss Statement Q1 2023

	2023 Q1	kUSD 2022 Q1	Change
Total revenue and other operating income	14 078	11 847	+18.8%
Direct cost of sales	- 6 940	- 6 763	+2.6%
Employee benefit expenses	- 3 502	- 2 786	+25.7%
Other operating expenses	- 1 035	- 500	+ 106.8%
Total operating expenses	- 11 477	- 10 049	+14.2%
Depreciation	- 351	- 311	
Amortization of intangible assets	- 69	- 88	
Total depreciation and amortization	- 420	- 398	
Operating profit/(loss)	2 181	1 400	+55.8%
Financial income	1	0	
Financial expenses	- 44	- 42	
Net foreign exchange gains (losses)	1 040	- 525	
Net Finance Items	996	- 568	
Profit/(loss) before income tax	3 177	832	+281.8%
Estimated income tax	- 699	- 560	
Profit/(loss) for the period	2 478	272	+810.1%
Shares outstanding (Basic)	96 286 593	96 286 593	
Shares outstanding (Diluted)	96 286 593	96 286 593	
Earnings per share (Basic)	\$ 0.026	\$ 0.003	
Earnings per share (Diluted)	\$ 0.025	\$ 0.003	

Comments to Q1 events

- Operating expenses driven by increased number of employees and higher customer activity
- USD appreciation vs SEK (and partly NOK) impacts employee benefit expenses, resulting slightly slower growth

Cash Flow Statement

Cash Flow Statement for Q1 of 2023

Amounts in USD 1,000	2023 Q1	2022 Q1
Cash flows from operating activities		
Profit/(loss) before income tax	3 177	832
Adjustments for		
<i>Taxes paid</i>	- 173	
<i>Depreciation and amortization</i>	140	398
<i>Interest</i>	19	21
<i>Change in inventory</i>	55	219
<i>Change in trade receivable</i>	4 419	-1 730
<i>Change in contract liabilities (deferred revenue)</i>	721	513
<i>Change in trade payable</i>	- 657	- 3 363
<i>Change in other current assets and other liabilities</i>	- 1 907	- 724
Interest received	1	0
Net cash inflow from operating activities	5 794	- 3 835
Net cash (outflow) from investing activities	- 391	-134
Net cash inflow from financing activities	- 291	267
Net increase/(decrease) in cash and cash equivalents	5 112	- 4 236
Cash and cash equivalents at the beginning of period	5 660	9 380
Effects of exchange rate changes on cash and cash equivalents	-353	-67
Cash and cash equivalents at the end of period	10 419	5 077

Comments

- Exchange rate changes are driven by changes in USD/NOK, where holdings in NOK decreases when translated to USD, with a stronger USD

Balance Sheet

Balance Sheet for Mar 31, 2023

	kUSD	
	2023 Q1	2022 Q1
Intangible assets	904	926
Property, plant and equipment	2 014	1 352
Right of use assets	2 342	2 039
Noncurrent receivables against related party		
Deferred tax assets	1 249	3 281
Total Non Current Assets	6 509	7 597
Inventories	15 368	11 876
Trade receivable	11 495	9 543
Receivables to related party	0	0
Other current assets	1 097	1 471
Cash and cash equivalents	10 419	5 077
Total Current Assets	38 380	27 967
TOTAL ASSETS	44 889	35 564

	kUSD	
	2023 Q1	2022 Q1
Share capital	184	220
Share premium	12 049	14 424
Other paid in capital	143	172
Foreign currency translation reserves	24	80
Retained earnings	16 895	9 346
Total Equity	29 295	24 241
Lease liabilities (noncurrent portion)	1 685	1 457
Contract liabilities (noncurrent deferred revenue)	2 663	1 995
Other noncurrent liabilities	987	1 953
Total noncurrent liabilities	5 334	5 405
Lease liabilities (current portion)	717	623
Trade payable	5 174	2 852
Contract liabilities (deferred revenue)	2 173	1 470
Current tax liabilities	608	486
Other current liabilities	1 588	485
Total current liabilities	10 260	5 917
Total Liabilities	15 594	11 323
TOTAL EQUITY AND LIABILITIES	44 889	35 564

Thank you