

# Financial Presentation

Q4 2024

February 13, 2025



# Q4'24 - Back to growth

## REVENUE

	2024	Change
Q4	16.9 MUSD	22.0%
12M	55.5 MUSD	-5.1%

22.0% Increased revenue in Q4 2024 vs Q4 2023 and record high invoicing in Q4 2024

Growth fueled by high market active combined with attractive product offering

## GROSS MARGIN

	2024	2023
Q4	49.0%	50.5%
12M	48.1%	50.0%

Stable high gross margin - above long-term aspirations

## EBITDA MARGIN

	2024	2023
Q4	14.4%	16.8%
12M	10.1%	18.5%

Disciplined and targeted investments for continued growth



## Smartoptics in brief

# Drivers for revenue growth acceleration

## Progress on large account strategy

- Reported new accounts through 2024 have potential to contribute to revenue in 2025 and onwards
- Unchanged focus and scope for large account strategy going forward
- Final rounds of vendor selection from larger accounts in both EMEA and Americas



## Very high activity level in all regions

- No major difference in activity levels between the regions when entering 2025



## New products well received in the market

- 2024 product releases strengthens our product offering in a material way
- Improving our competitiveness in the Metro and Regional market segment (USD 5 bn\*, excl China)



## AI demands additional growth driver

- Additional driver to the ever-growing demand for bandwidth in WAN networks
- Major expansion of data centers primarily in the Americas, positive impact on Smartoptics customers.
- Indirectly driving demand as a result of hyperscale investments

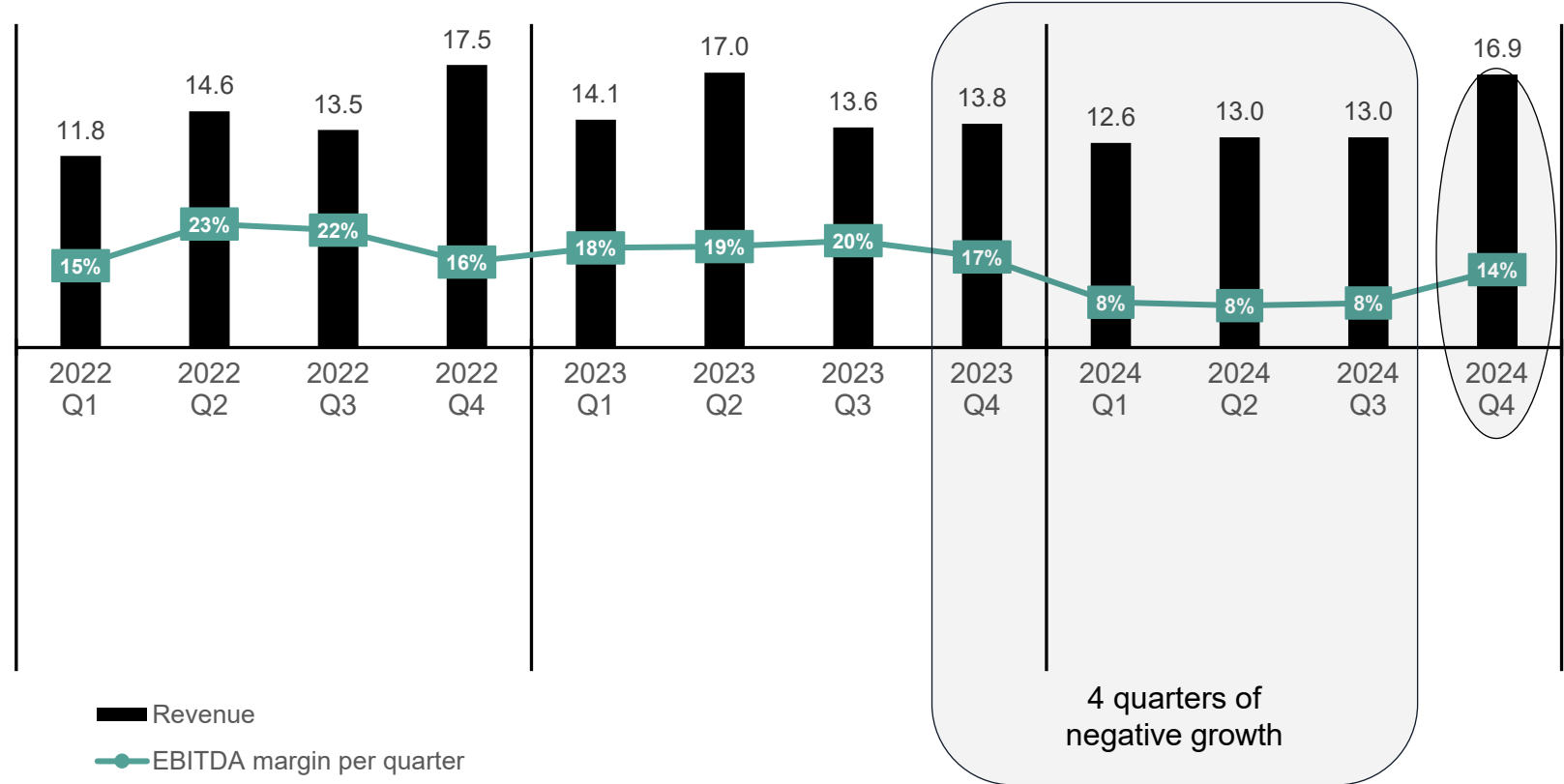


Ever-growing demand for bandwidth

Q4'24 deep dive

# Revenue growth turned the corner, back to growth

Revenue and EBITDA margin per quarter

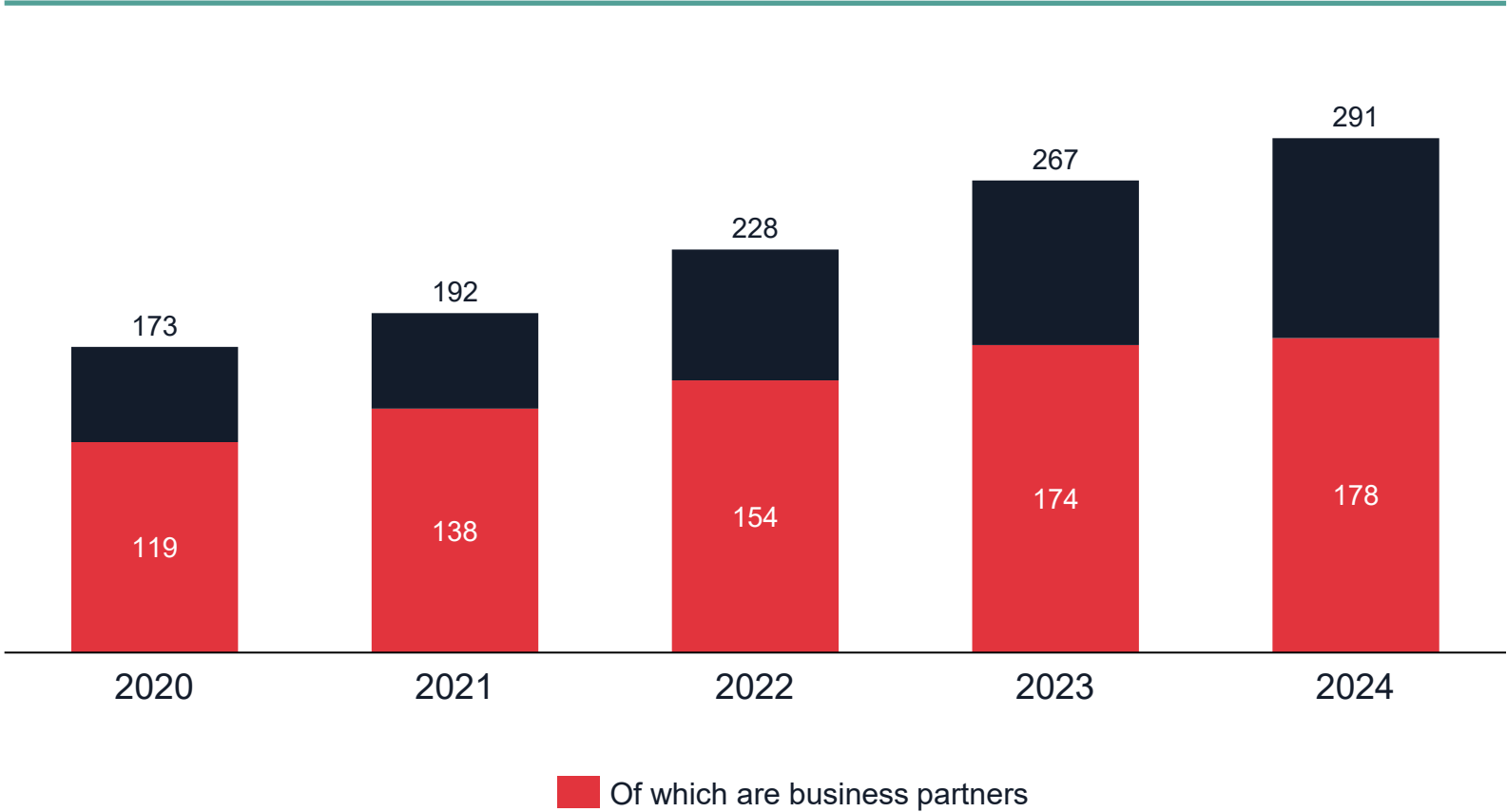


Comments

- Flat years are a result of four negative quarters
- Smartoptics is among the best performers in this period (source Signal.AI)
- Mainly caused by low contribution from larger projects and accounts during Q4 2023 to Q3 2024

# Continuously growing indirect and direct customer base

## Active customers

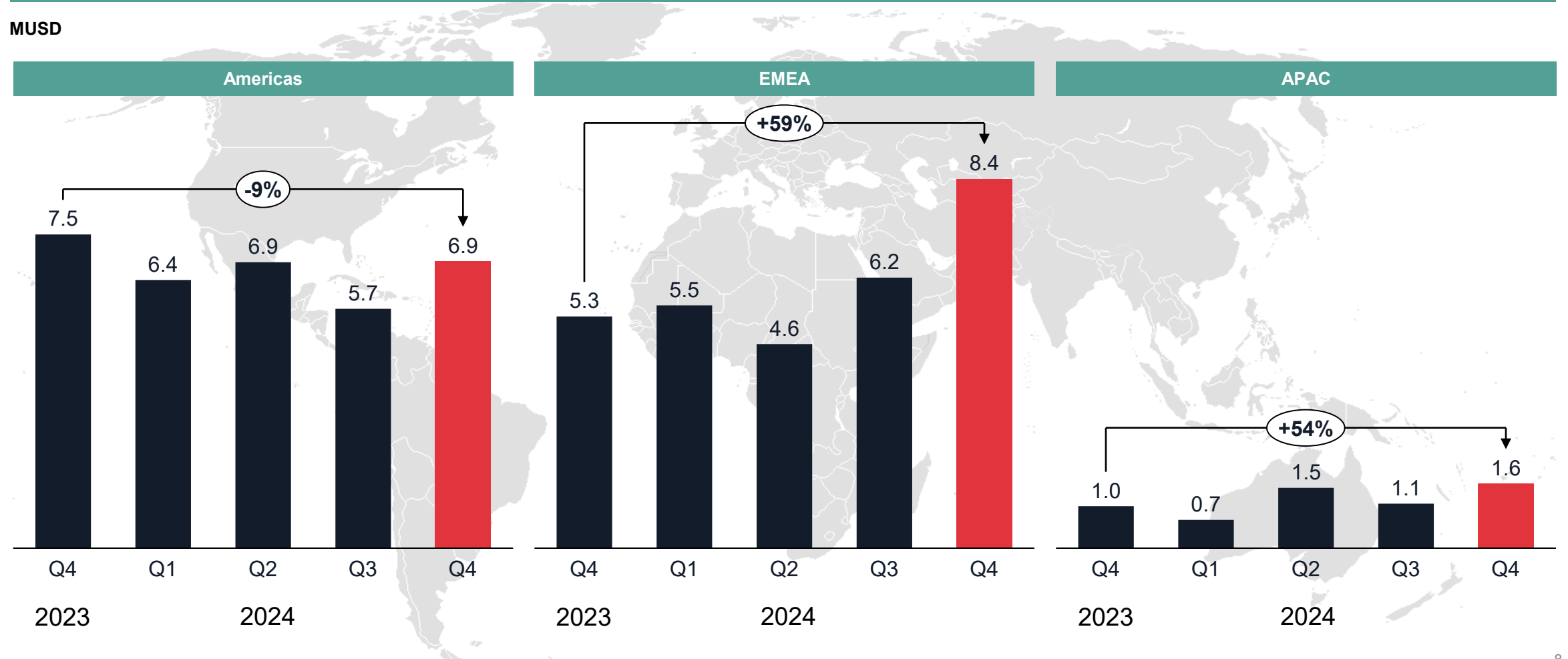


## Comments

- Steady growth in invoiced customers YoY
- New customers represented USD 7.8 million in 2024
- High customer retention – more than 50% of revenue in 2024 from customers acquired in and before 2020

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

Revenue per region and quarter – Last 5 quarters

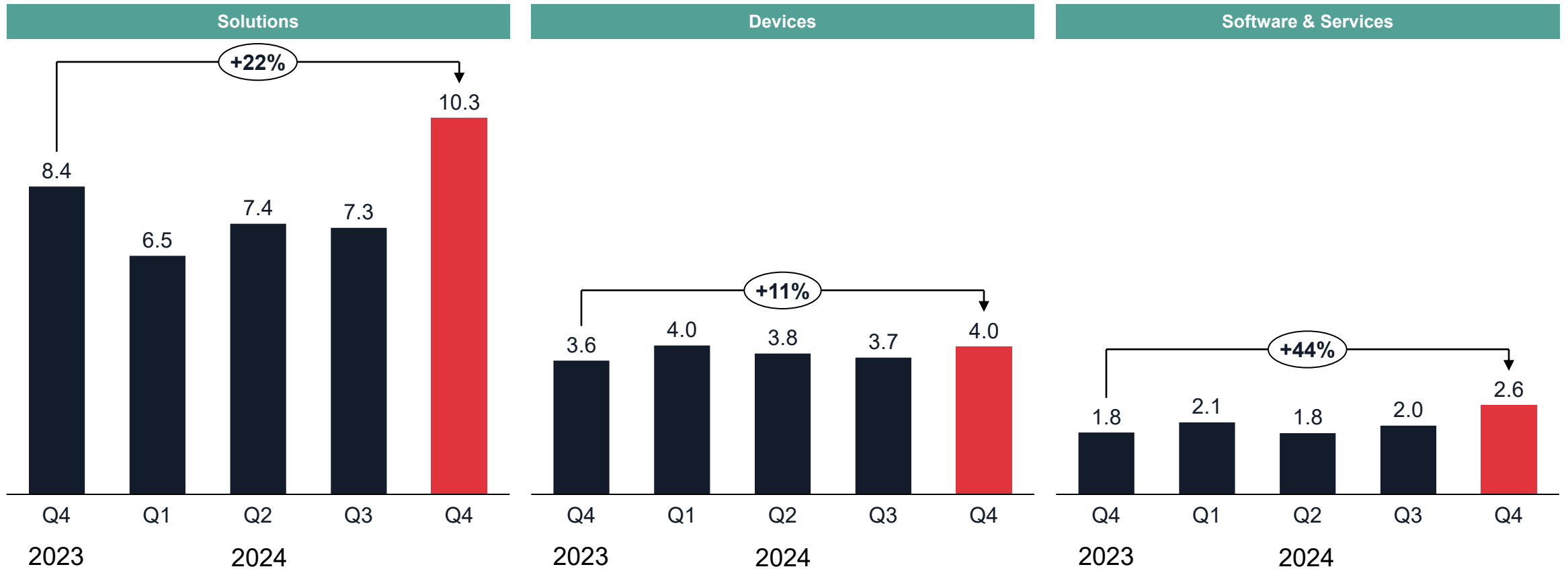




# Growth in all business areas

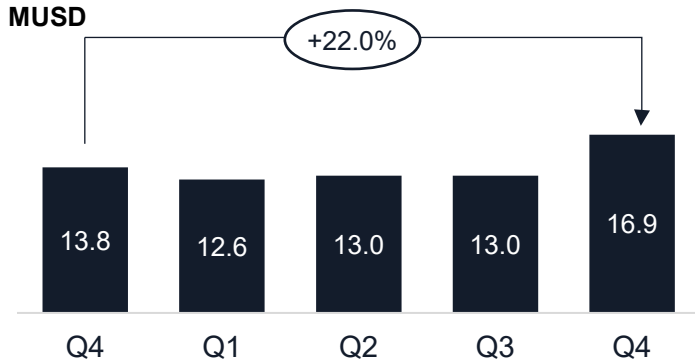
Revenue per business area and quarter – Last 5 quarters

MUSD

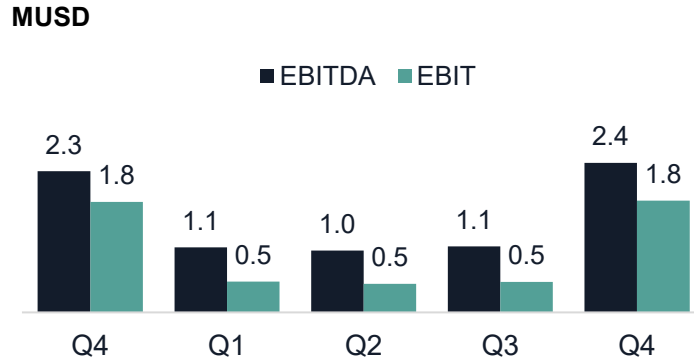


# Summary of Q4 financial performance

## Revenue



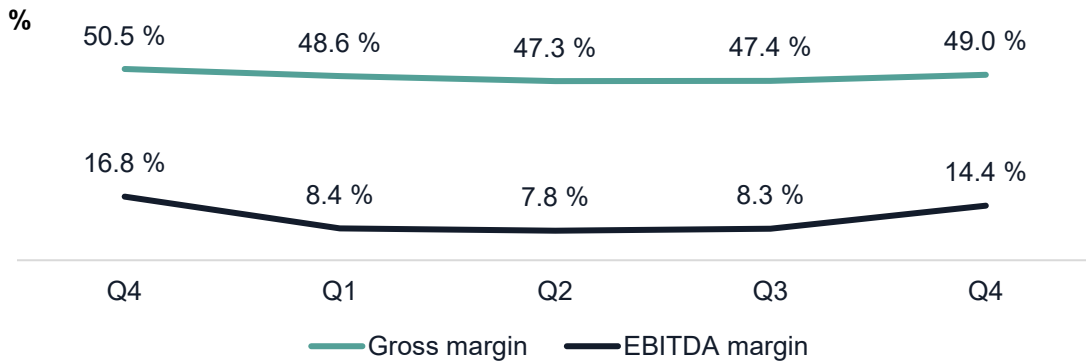
## EBITDA & EBIT



## Operating cash flow



## Gross margin and EBITDA margin

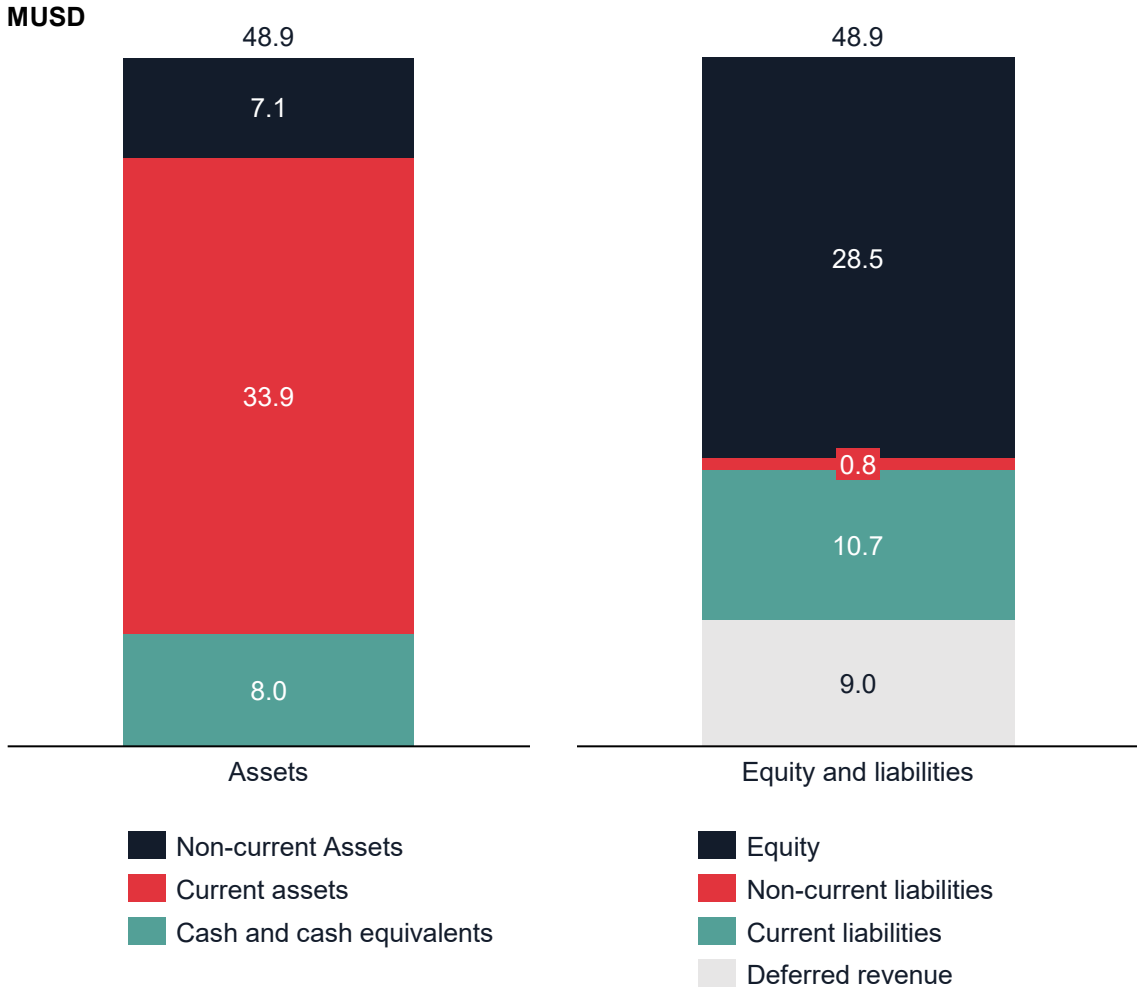


## Comments

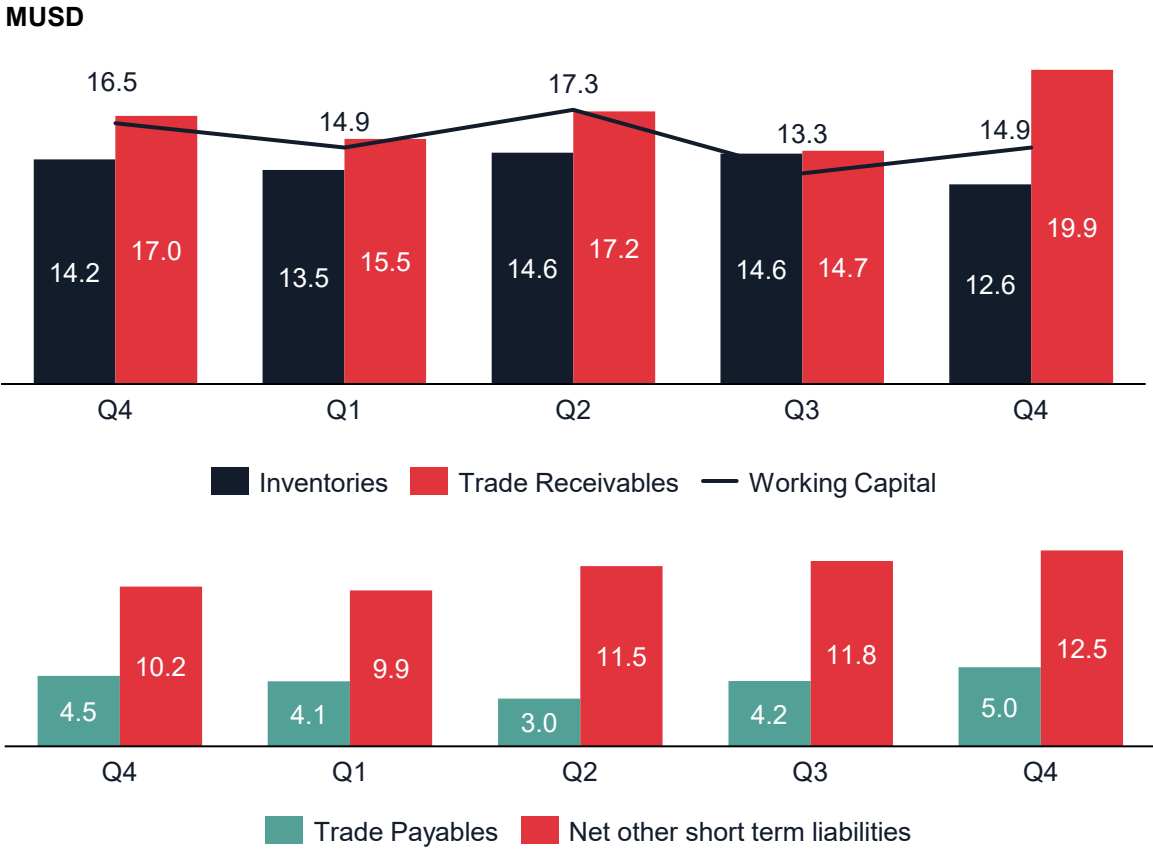
- Full year 2024 cash flow from operations is MUSD 6.8 (11.9)
- Full year 2024 Gross Margin is 48.1% (50.0%)
- Full year 2024 EBITDA is 10.1% (18.5%)

# Strong financial position

Balance sheet Dec 31, 2024



Working capital development past 5 quarters



# Board intends to propose dividend of NOK 0.60 per share

## Board considerations

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- Emphasizing stable to increasing dividend
- Anticipating positive financial development
- Solid financial position
- Strong cash flow
- Dividend policy updated to reflect above considerations
- Pending AGM approval

## Dividend policy (updated)

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.

# Long-term ambitions stay firm

	2024 Q4 RESULTS	LTM RESULTS	2025/2026 ASPIRATIONS
REVENUE	16.9 MUSD	55.5 MUSD	~100 MUSD
GROSS MARGIN	49.0%	48.1%	~45%
EBITDA MARGIN	14.4%	10.1%	~17-20%
EBIT MARGIN	10.8%	5.9%	~13-16%

# Profit and Loss Statement

## Profit and Loss Statement Q4 2024

Amounts in USD 1 000	2024 Q4	2023 Q4	2024 YTD	2023 YTD
<b>Total revenue and other operating income</b>	<b>16 874</b>	<b>13 831</b>	<b>55 508</b>	<b>58 504</b>
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
<b>Total operating expenses</b>	<b>-14 437</b>	<b>-11 510</b>	<b>-49 926</b>	<b>-47 705</b>
Depreciation	-538	-432	-1 975	-1 577
Amortization of intangible assets	-77	-71	-318	-283
<b>Total depreciation and amortization</b>	<b>-616</b>	<b>-503</b>	<b>-2 293</b>	<b>-1 859</b>
<b>Operating profit/(loss)</b>	<b>1 821</b>	<b>1 818</b>	<b>3 289</b>	<b>8 940</b>
Financial income	312	245	315	252
Financial expenses	-67	-79	-310	-241
Net foreign exchange gains (losses)	900	-117	2 084	638
<b>Net Finance Items</b>	<b>1 144</b>	<b>50</b>	<b>2 090</b>	<b>648</b>
<b>Profit/(loss) before income tax</b>	<b>2 965</b>	<b>1 868</b>	<b>5 379</b>	<b>9 589</b>
Estimated income tax	-701	-421	-1 337	-2 120
<b>Profit/(loss) for the year</b>	<b>2 264</b>	<b>1 447</b>	<b>4 042</b>	<b>7 469</b>
Shares outstanding (Basic)	98 045 518	96 286 593	97 599 464	385 146 372
Shares outstanding (Diluted)	98 045 518	96 758 986	97 876 052	388 718 299
				0
Earnings per share (Basic) USD	0.023	0.015	0.041	0.078
Earnings per share (Diluted) USD	0.023	0.015	0.041	0.077
Earnings per share (Basic) NOK	0.260	0.177	0.450	0.888
Earnings per share (Diluted) NOK	0.260	0.176	0.450	0.880

# Balance Sheet

## Balance Sheet Dec 31, 2024

Amounts in USD 1 000	2024 Q4	2023 Q4
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
<b>Total Non Current Assets</b>	<b>7 080</b>	<b>7 116</b>
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
<b>Total Current Assets</b>	<b>41 826</b>	<b>41 893</b>
<b>TOTAL ASSETS</b>	<b>48 906</b>	<b>49 010</b>

Amounts in USD 1 000	2024 Q4	2023 Q4
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
<b>Total Equity</b>	<b>28 454</b>	<b>30 048</b>
Lease liabilities (noncurrent portion)	277	1 271
Contract liabilities (noncurrent deferred revenue)	4 939	3 430
Other noncurrent liabilities	539	883
<b>Total noncurrent liabilities</b>	<b>5 755</b>	<b>5 583</b>
Lease liabilities (current portion)	730	716
Trade payable	5 048	4 483
Contract liabilities (deferred revenue)	4 030	3 133
Tax payable	1 118	1 399
Current Public duties payable	1 057	795
Other current liabilities	2 714	2 853
<b>Total current liabilities</b>	<b>14 697</b>	<b>13 378</b>
<b>Total Liabilities</b>	<b>20 452</b>	<b>18 962</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48 906</b>	<b>49 010</b>

# Cash Flow Statement

## Cash Flow Statement Q4 2024

Amounts in USD 1 000	2024 Q4	2023 Q4	2024 YTD	2023 YTD
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	2 965	1 869	5 379	9 590
Adjustments for				
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	-1 657	-642
<b>Net cash inflow from operating activities</b>	<b>571</b>	<b>2 119</b>	<b>6 746</b>	<b>11 853</b>
<b>Net cash (outflow) from investing activities</b>	<b>-481</b>	<b>-900</b>	<b>-3 242</b>	<b>-2 485</b>
<b>Net cash inflow from financing activities</b>	<b>-389</b>	<b>-504</b>	<b>-3 915</b>	<b>-5 526</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-299</b>	<b>714</b>	<b>-411</b>	<b>3 842</b>
Cash and cash equivalents at the beginning of period	8 963	7 826	9 321	5 660
Effects of exchange rate changes on cash and cash equivalents	-692	780	-939	-181
<b>Cash and cash equivalents at the end of period</b>	<b>7 972</b>	<b>9 322</b>	<b>7 972</b>	<b>9 322</b>



**Thank you**