



# Q1 2022 results

**SmartCraft ASA**

24<sup>th</sup> May 2022

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# Agenda

- Market position
- Q1 operational and financial highlights
- Summary and outlook
- Q&A





# Q1 highlights

- 33% total revenue growth (NOK 79 million)
- 21% organic ARR growth, 7% growth QoQ
- 95% recurring revenue
- 40% adjusted EBITDA margin
- 5% churn, down from 6%
- Several new partner initiatives
- Great market, great solutions and a great team

# Strong market despite macro challenges

- Macro effects:
  - War in the Ukraine
  - Challenging global logistics
  - Inflation
- NOK 10 BN market
  - Growing double digits annually
  - Majority does not have solution to increase productivity and profitability



## Lack of skilled workers

- Need for skilled construction workers globally
- Aging workforce and lack of recruitment



## Long tail of new projects and maintenance needs in public and private sector

- High activity of new buildings
- Increasing aging buildings in need of renovation



## Increasing demand for detailed digital documentation

- Regulatory offices
- Consumers



## Digitally maturing users and software

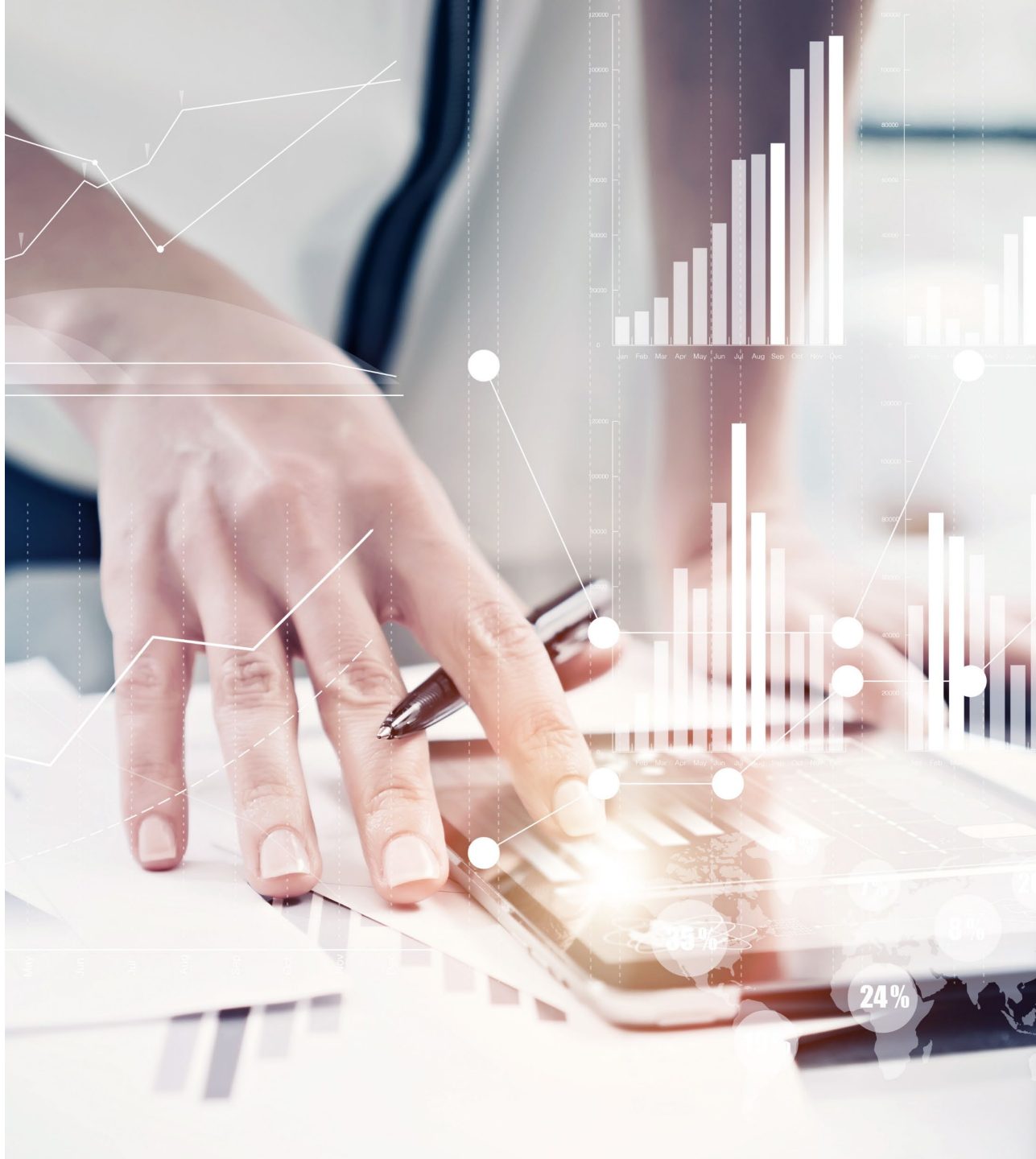
- Apps and SaaS solutions drive adoption
- Younger more digital workforce

# Our vision is to become the leading provider of specialized digital solutions for construction companies in Northwestern Europe

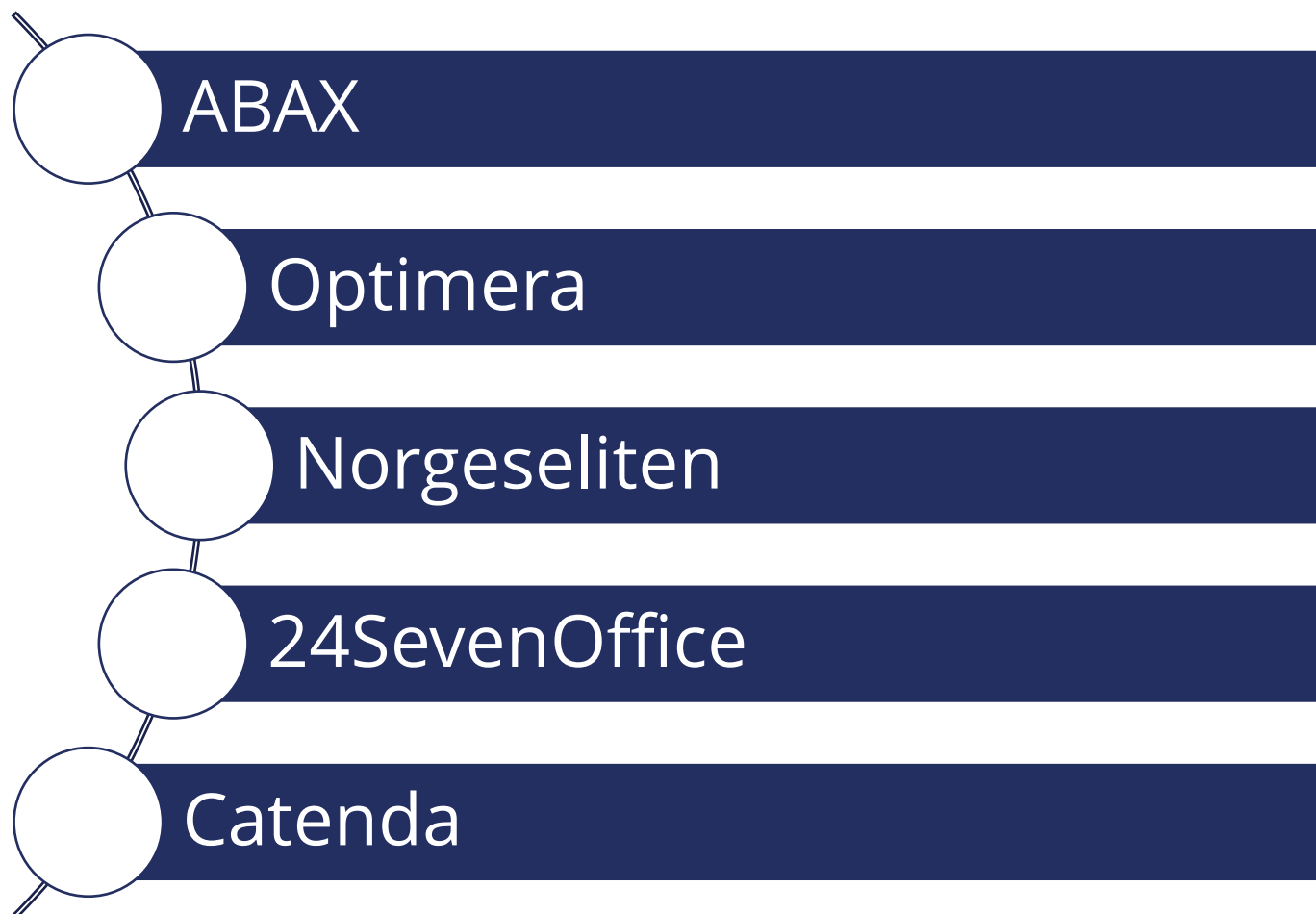
- Main focus is organic growth in the Nordics
  - Upsales to existing customers
  - Win new customers
  - Cross sell on existing portfolio
  - ...and bolt-on acquisitions
- Targeting geographical expansion through M&A
  - Strategic bridgehead with cultural and business knowledge
  - Capital discipline – wait for the right acquisition opportunities



# Q1 operational and financial highlights



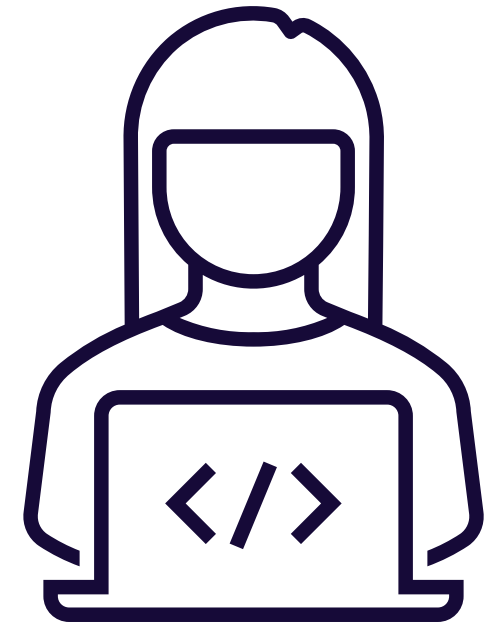
## Partnerships with leading players provide increased reach





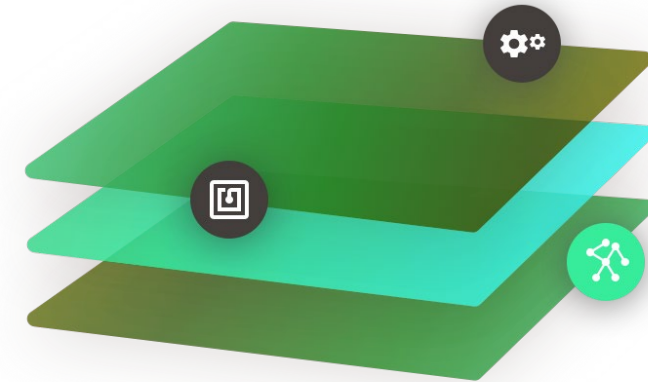
# Further securing current and future resource needs in R&D

- Strong focus on employer branding
  - Continue attracting and keeping talented developers in our local teams
  - Working closer with universities
  - Team culture
- Supportive model through outsourcing
  - Expanding our reach to find talented people outside of local offices
  - Scale teams faster when needed
  - Find specialized competency when needed



# Finetuning our platform strategy

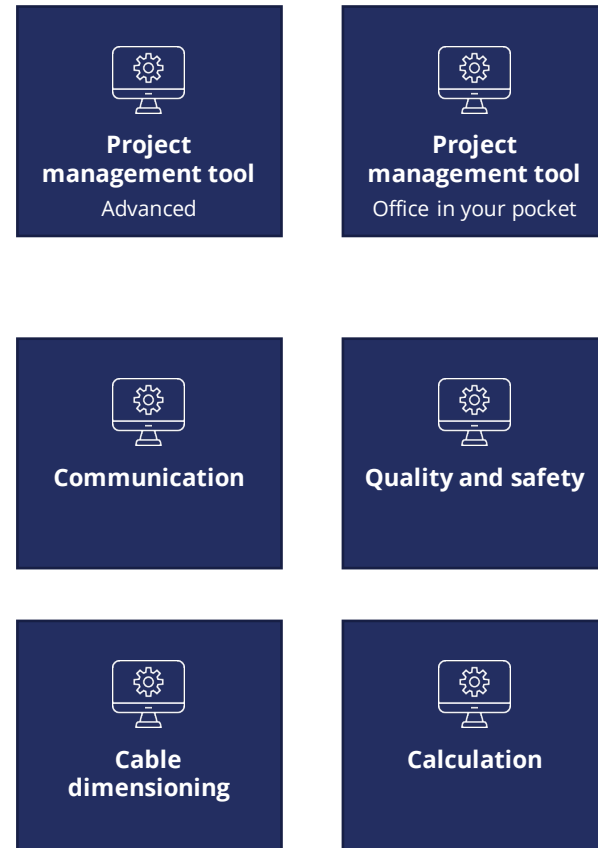
- Our customer base in earliest stages of digitalization
  - Simplicity is the key
- We offer best-of-breed and all-in-one solutions
  - Best-of-breed, needs like calculation or safety assurance
  - All-in-one project management solutions from A to Z, suited for general and specialized contractors
- We see overlapping needs, but details and flows differ
  - Merging all needs into one stack might lead to poor performing solution for all target customers
  - Focus on flow and specific needs with an all-in-one approach
  - Easier & faster onboarding → faster rate of digitalization



# SmartCraft connecting the dots

## Past structure

Separate solutions



- A starting point in the past where platforms were stand alone
- Finding the dots with a customer centric perspective

# SmartCraft connecting the dots

- From stand alone platforms to connected solutions
- Data driven product decision making
- Continue focus on integrating our platforms where we find value customers
- Integration between our property management system and quality assurance solution
- Our strategy: Match customer adoption rate to technology output.

## Future structure Interlinked solutions

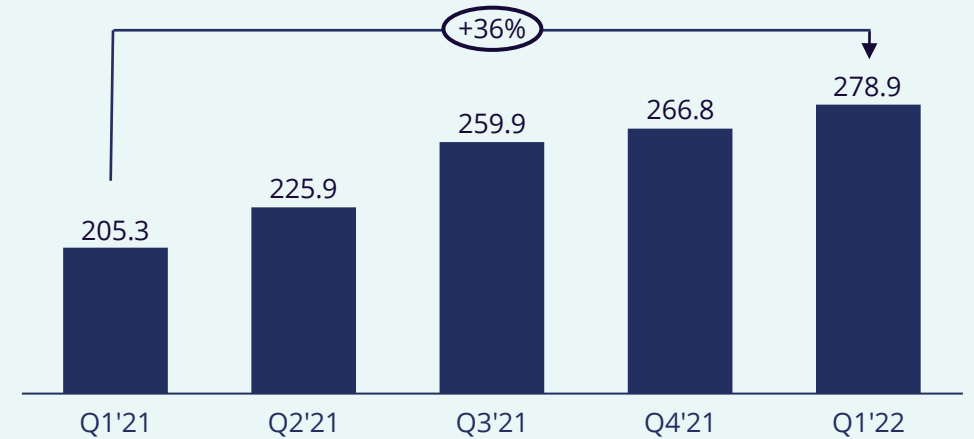




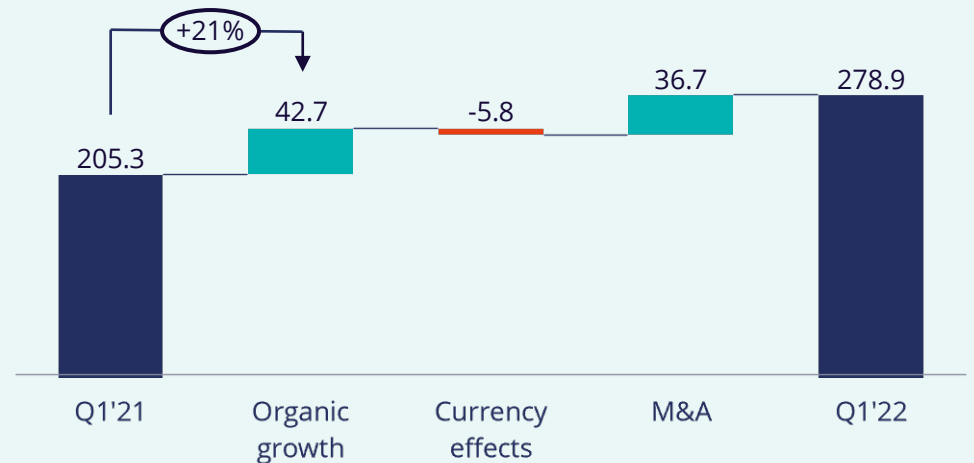
# Accelerated growth in Q1

- 36% growth in ARR
  - 21% organic growth from new sales and upsales
  - Acquisition of HomeRun in May 2021 and Kvalitetskontroll in July 2021
- 7% QoQ organic ARR growth
- 95% recurring revenue share
  - Fixed pricing, 18% organic growth
  - Transaction based pricing, 22% organic growth

ARR development, mNOK

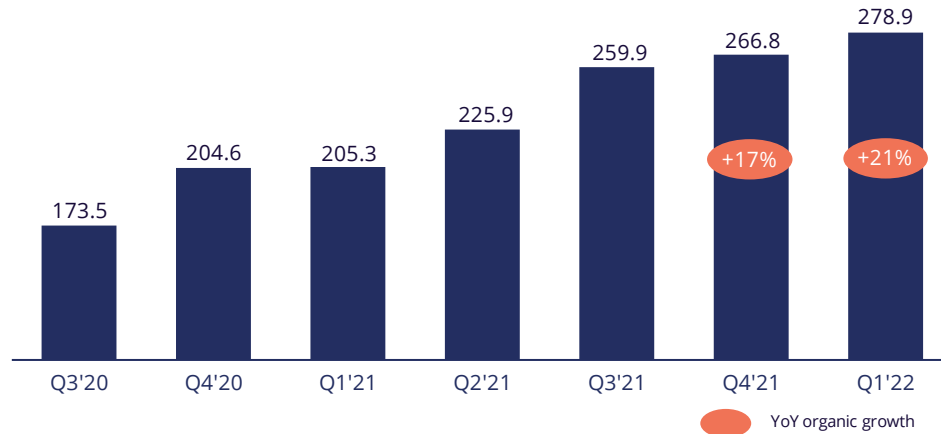


ARR bridge YoY, mNOK

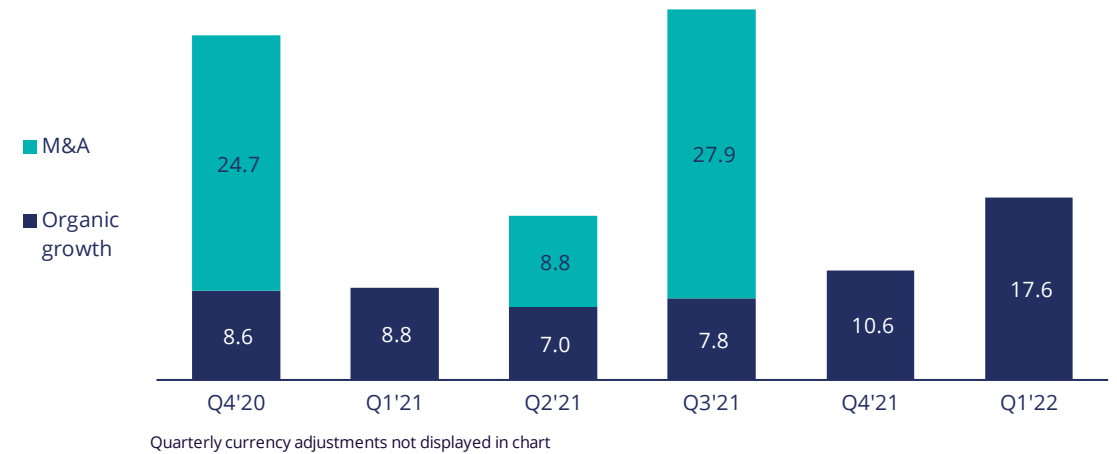


# Consistent growth

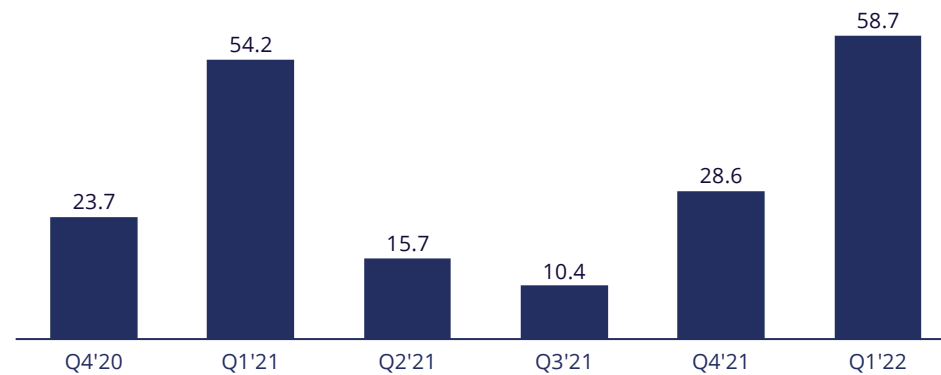
ARR development, mNOK



ARR growth, mNOK



Operating cash flow, mNOK

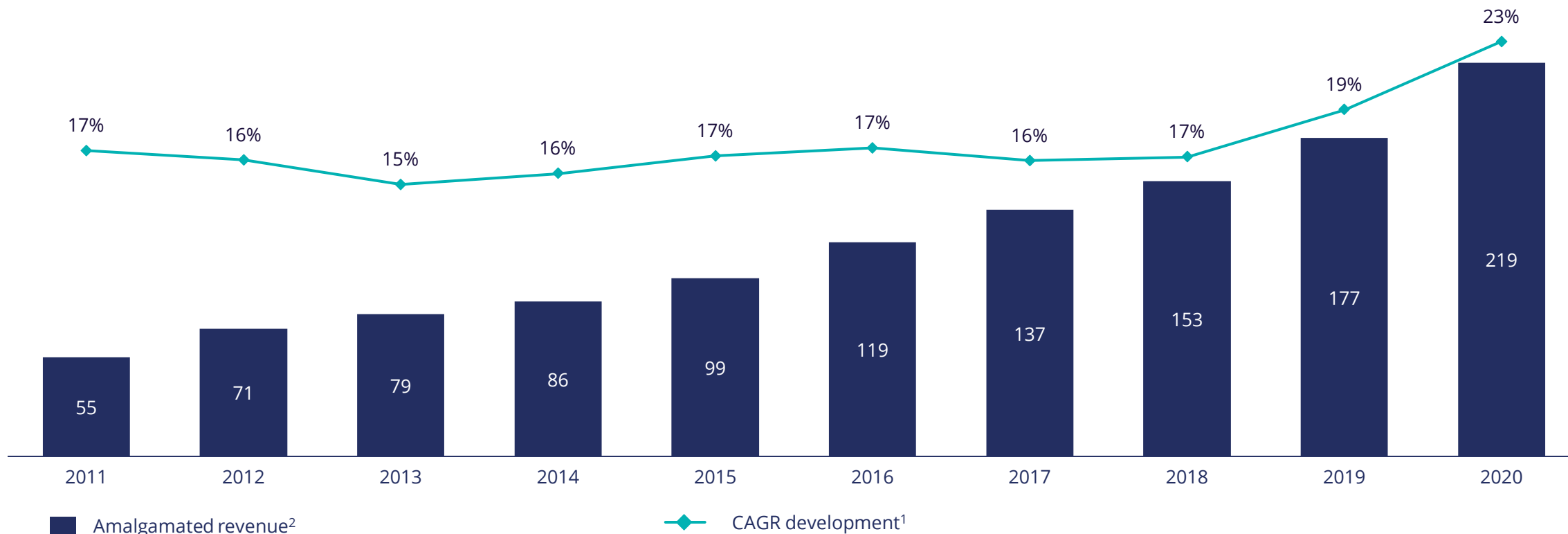


- Consistent ARR growth + M&A
- Self funded with cash conversion at 110%

# Consistent like-for-like growth the last decade

Aggregated revenue and CAGR for companies embedded in SmartCraft in 2020

mNOK

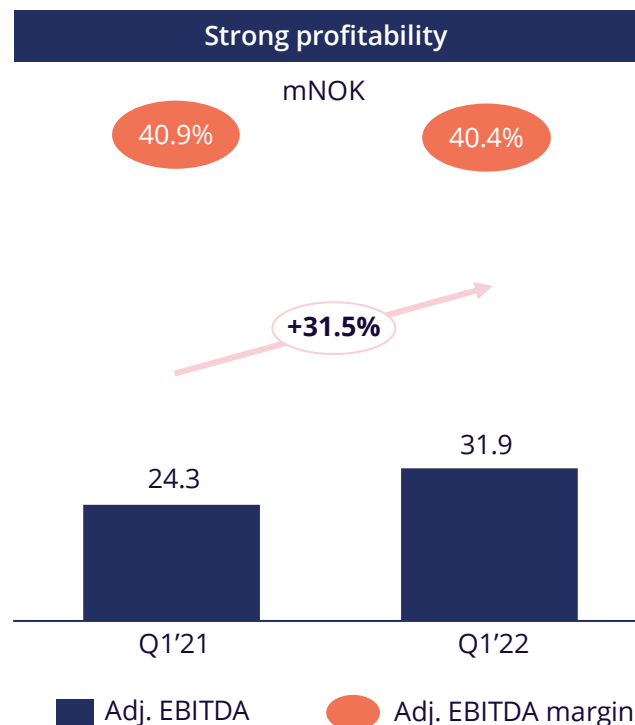


1. CAGR per year compared to 2020. I.e. the 23% CAGR in 2020 is the CAGR from 2019 to 2020
2. Amalgamated revenue include the aggregate revenue for companies embedded in SmartCraft in 2020.

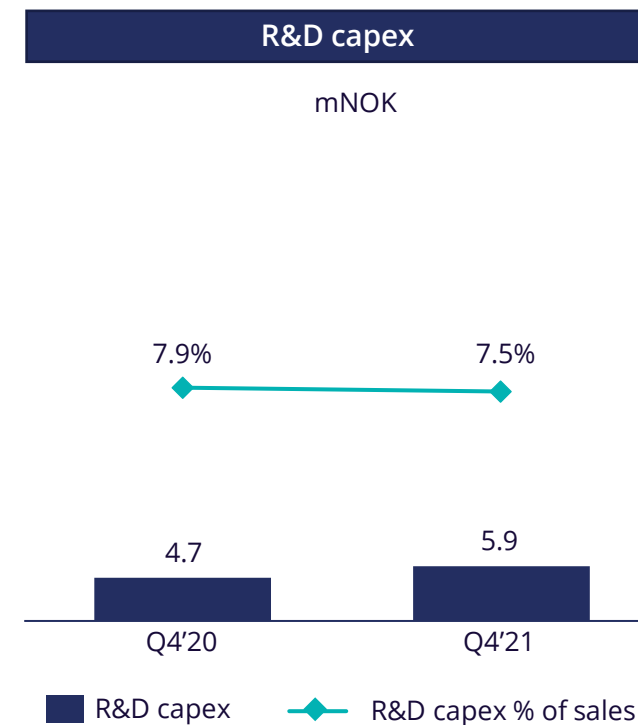
# Q1 2022 - Continued growth in revenue and profitability



- Continued solid organic growth with additional M&A
- 18.3% organic growth in recurring revenue



- Q1'22 margin diluted 0.8%-pts by acquisitions
- Increase from 36.8% in Q4'21



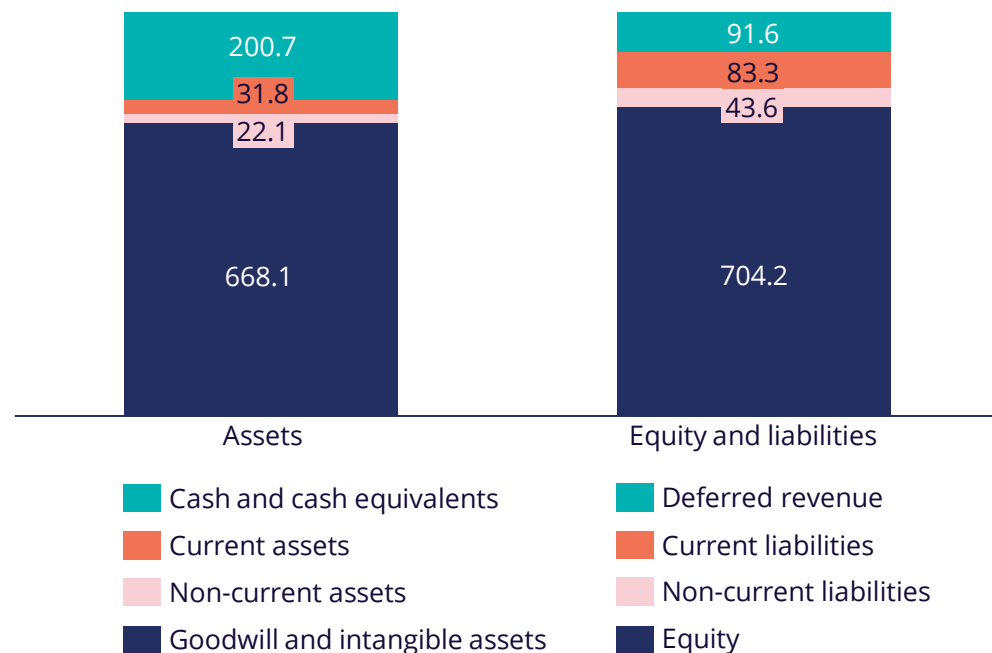
- Development roadmap progress as planned
- Maintaining level of capex



# Strong balance sheet and cash flow

Balance sheet, March 31, 2021

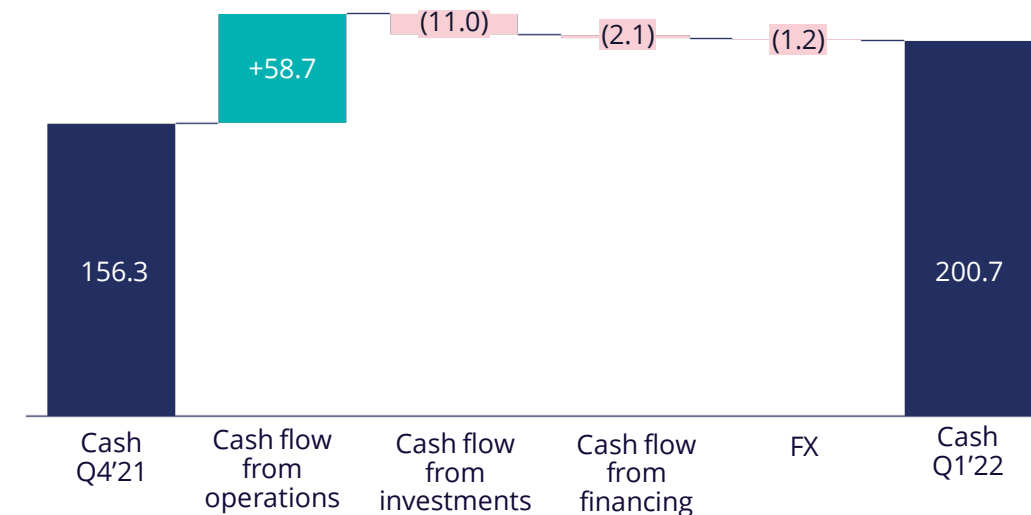
mNOK



- Net cash positive
- Seasonal high increase in deferred revenue
- Goodwill reduced from currency effects

Cash flow

mNOK



- Seasonally strong cash flow in Q1 operations; majority of invoicing of 12-months subscriptions
- Cash flow from investments relates to HomeRun earn-out and capex

# Financials

- Maintaining a high gross margin
- Payroll expenses increase from acquisition, FTE growth and salary increases
- EBITDA adjusted for special items
- D&A increase driven by acquisition and R&D
- Net financial items is mainly loss on currency changes
- Accrued tax is determined by a set representative tax rate for the Group and calculated on basis of GAAP taxable profit

Amounts in NOK (thousands)	Q1 2022	Q1 2021	change	change %
<b>Revenue from customers</b>	<b>79 079</b>	<b>59 317</b>	<b>19 762</b>	<b>33.3 %</b>
Purchase of goods and services	6 681	5 054	1 627	32.2 %
Gross profit	72 398	54 264	20 393	33.4 %
Gross margin	91.6 %	91.5 %	+0.1 pts	+0.1 pts
Payroll and related expenses	30 480	24 031	6 448	26.8 %
Other operating expenses	10 172	6 290	3 882	61.7 %
<b>EBITDA</b>	<b>31 747</b>	<b>23 942</b>	<b>7 805</b>	<b>41.9 %</b>
Adjustments of special items	182	340	(158)	(87.8 %)
<b>Adjusted EBITDA</b>	<b>31 929</b>	<b>24 282</b>	<b>7 646</b>	<b>22.6 %</b>
EBITDA margin	40.1 %	40.4 %	(0.3 pts)	(0.3 pts)
Adjusted EBITDA margin	40.4 %	40.9 %	(0.5 pts)	(0.5 pts)
Depreciation and amortization	6 607	5 160	1 447	28.0 %
<b>EBIT</b>	<b>25 140</b>	<b>18 783</b>	<b>6 358</b>	<b>33.8 %</b>
Net financial income (expense)	(2 519)	(4 399)	1 879	(42.7 %)
<b>EBT</b>	<b>22 621</b>	<b>14 384</b>	<b>8 237</b>	<b>57.3 %</b>
Tax expense	4 818	2 740	2 078	75.8 %
<b>Profit (loss)</b>	<b>17 803</b>	<b>11 644</b>	<b>6 159</b>	<b>52.9 %</b>

# Summary and outlook



# Medium term financial targets stand firm

## Growth

*Organic growth*

**15 – 20%**

**+**  **bolt on M&A**



## Margin

***Margin expected to increase due to scalability of the business***

### Short-term considerations:

- 1) Impact from acquired companies last 12 months
- 2) Additional costs as a listed company: New accounting system, New controller and IR function





Q&A

