



Q2 and first half year 2022 report

SmartCraft ASA

25th August 2022



Disclaimer

IMPORTANT – You must read the following before continuing. The following applies to this document, the oral presentation of the information in this document by SmartCraft ASA (the "Company") or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the "Information"). In accessing the Information, you agree to be bound by the following terms and conditions.

The Information does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase shares or other securities of the Company, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever, nor does it constitute a recommendation regarding such shares or other securities. Any shares or other securities of the Company may not be offered or sold in the United States or any other jurisdiction where such a registration would be required unless so registered, or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, or other applicable laws and regulations is available. The Information is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Information is not for publication, release or distribution in any jurisdiction in which offers or sales would be prohibited by applicable law.

The Information has been prepared by the Company, and no other party accepts any responsibility whatsoever, or makes any representation or warranty, express or implied, for the contents of the Information, including its accuracy, completeness or verification or for any other statement made or purported to be made in connection with the Company and nothing in this document or at this presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "ambition", "outlook", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can", "have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. Furthermore, information about past performance given in this Information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor any of its parent or subsidiary undertakings or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document. The Information has not been independently verified and will not be updated. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Information, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in the Company's expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document.

This presentation contains statistics, data, statements and other information relating to the group's markets and the industry in which it operates. Where such information has been derived from third-party sources, such sources have been identified herein. In addition, the Company has been named as a source for certain market and industry statements included in this presentation. Such "Company information" reflects the Company's views based on one or more sources available to it (some of which are not publicly available, but can be obtained against payment), including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources.

By reviewing this Information you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the businesses of the Company. This Information must be read in conjunction with the recent financial reports of the Company and the disclosures therein.

This Information shall be governed by Norwegian law, and any disputes relating to hereto is subject to the sole and exclusive jurisdiction of Norwegian courts.

Agenda

Part 1: Q2 reporting

- Market position
- Operational, financial highlights and future outlook
- Q&A

Part 2: SmartCraft on a deeper level

- Marketing and sales
- Demos
- Development strategy
- Q&A



Q2 highlights

- 28% total revenue growth (NOK 82 million)
- 20% organic ARR growth
- 96% recurring revenue
- 5% churn in revenue
- Invested in growth and scale
- Several new partner initiatives



SmartCraft is resilient in a potential challenging market

Our position

- Greatly underpenetrated market in growth
 - NOK 10 BN market, growing double digits annually
 - Majority does not have solution to increase productivity and profitability – need to have solutions
- SME focus
 - Smaller projects, services, maintenance and upgrades
 - Less affected by downturn in the economy
- High activity
 - Customers show 18% transactional growth
 - Solid sales pipeline
- Solid business model
 - 96% recurring revenue
 - Low-cost pr user pr day (7 NOK)
 - No single customer dependency

What you read in the media

"It looks like a perfect storm for construction. Nobody can foresee the consequences of this crisis"

Harald Nikolaisen, Byggebransjen June 2022

"An inability to fill vacancies in the sector will have severe implications for the rest of the economy"

Construction Europe July 2022

"The construction industry is hit hard by the price increases"

Johan Deremar, Byggföretagen June 2022

Our customers need to digitalize in good and bad times



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



Challenging market

Focus on cost of material, utilization and margin



Great market

Lack resources and time to follow up customers

Q2 operational and financial highlights



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



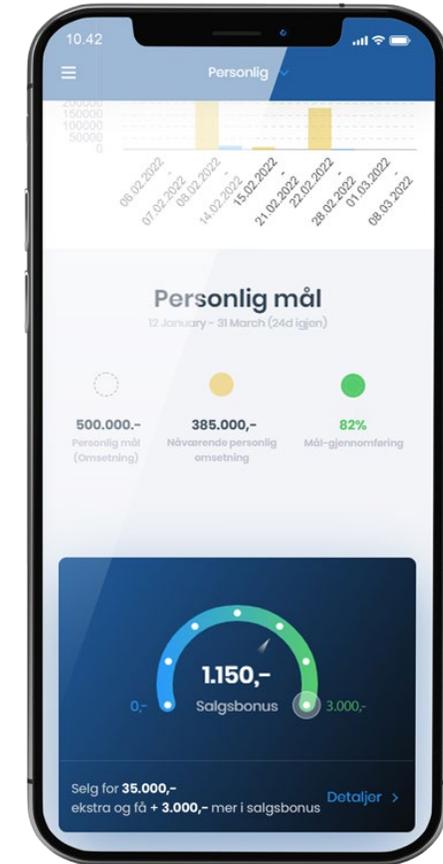
Targeting geographical expansion through M&A

- Strategic bridgehead with cultural and business knowledge
- Capital discipline – wait for the right acquisition opportunities

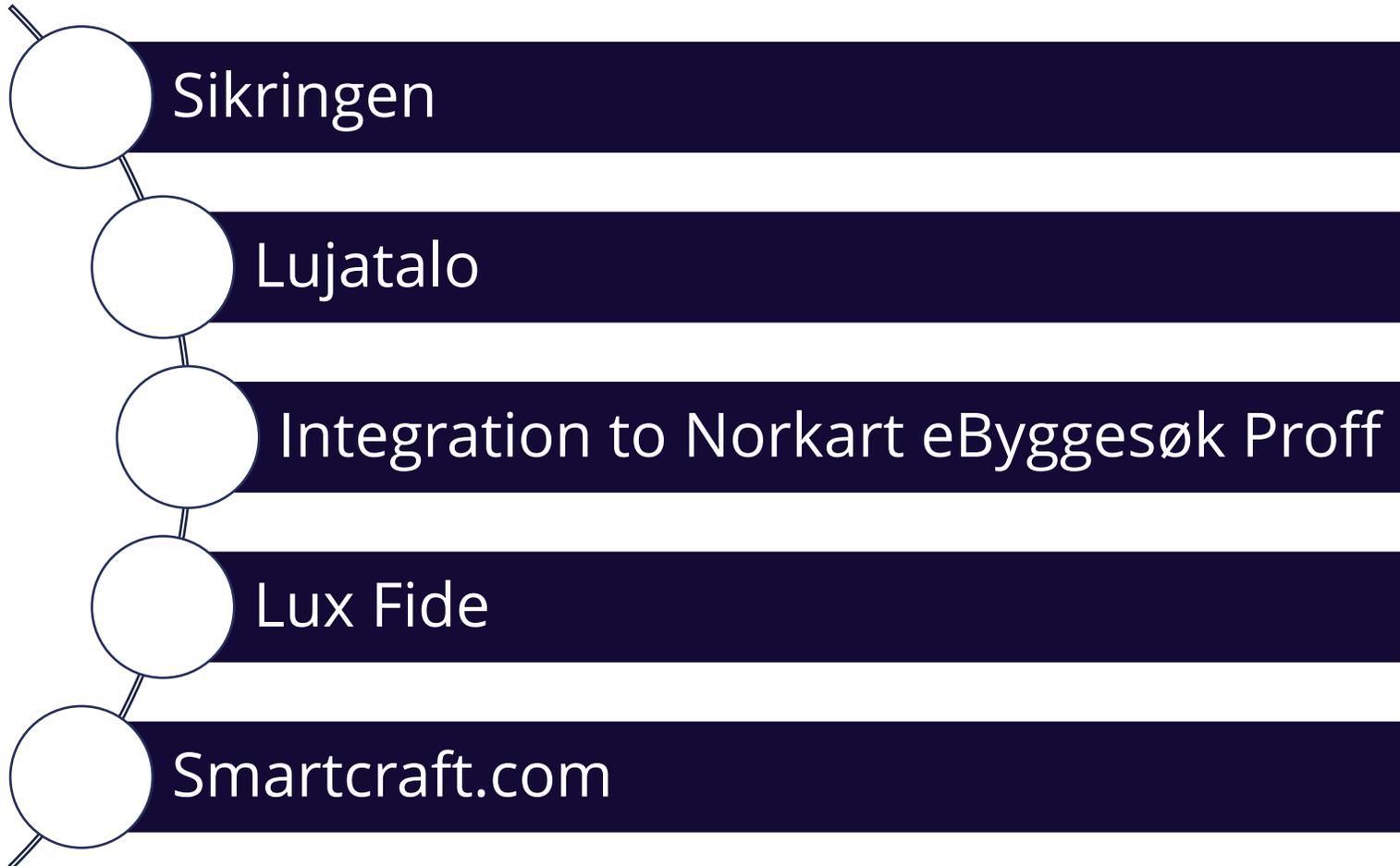
Elverdi adds value to SmartCraft



- Acquired in June
- Digital sales tool for electricians
- Adding strategic competence and solution to our existing portfolio
- Strengthening our position in the electro segment
- mNOK 5.5 revenue in 2021
 - 40% recurring
 - 90% recurring revenue growth vs 2020

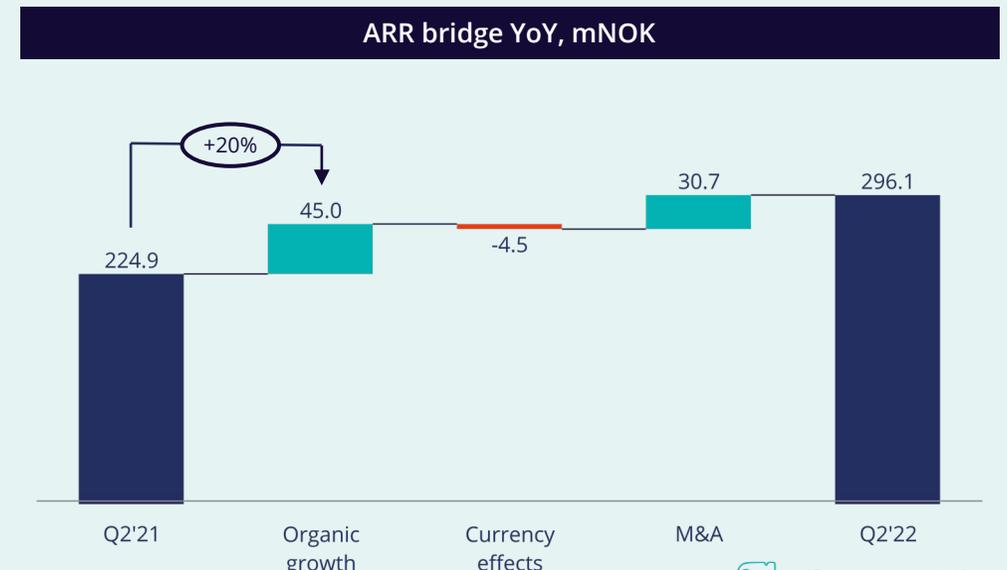
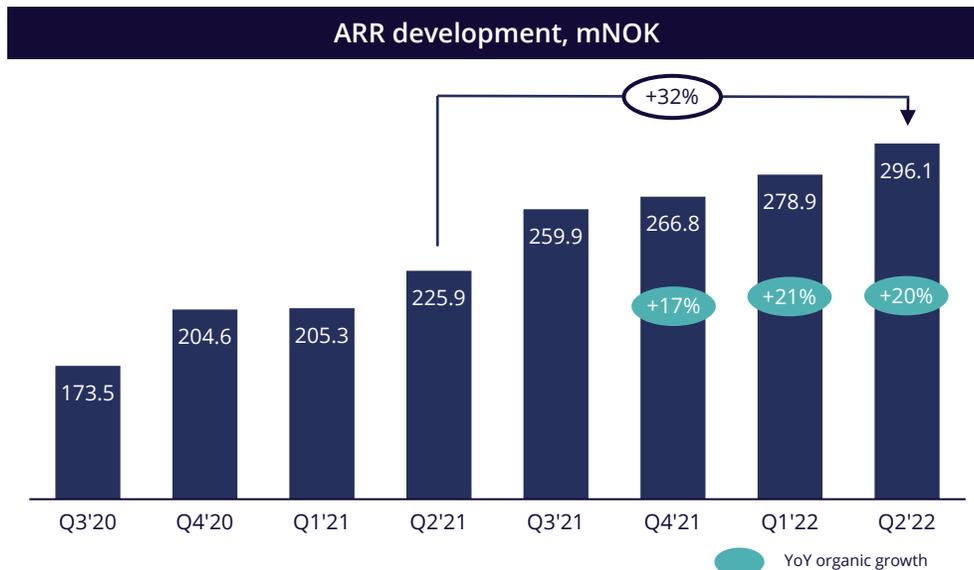


Partnerships with leading players provide increased reach



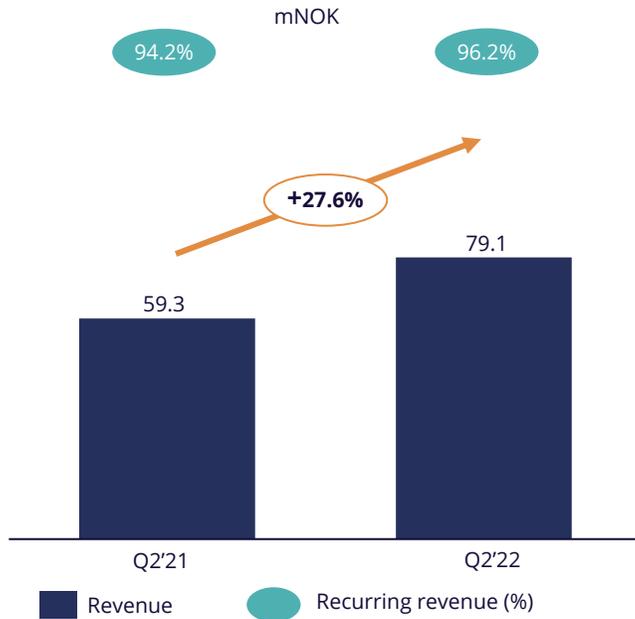
Maintaining high growth in Q2

- 32% growth in ARR
 - 20% organic growth from new sales and upsales
 - Acquisition of Kvalitetskontroll in July 2021 and Elverdi in June 2022
- 96% recurring revenue share
 - Fixed pricing, 19% organic growth
 - Transaction based pricing, 18% organic growth



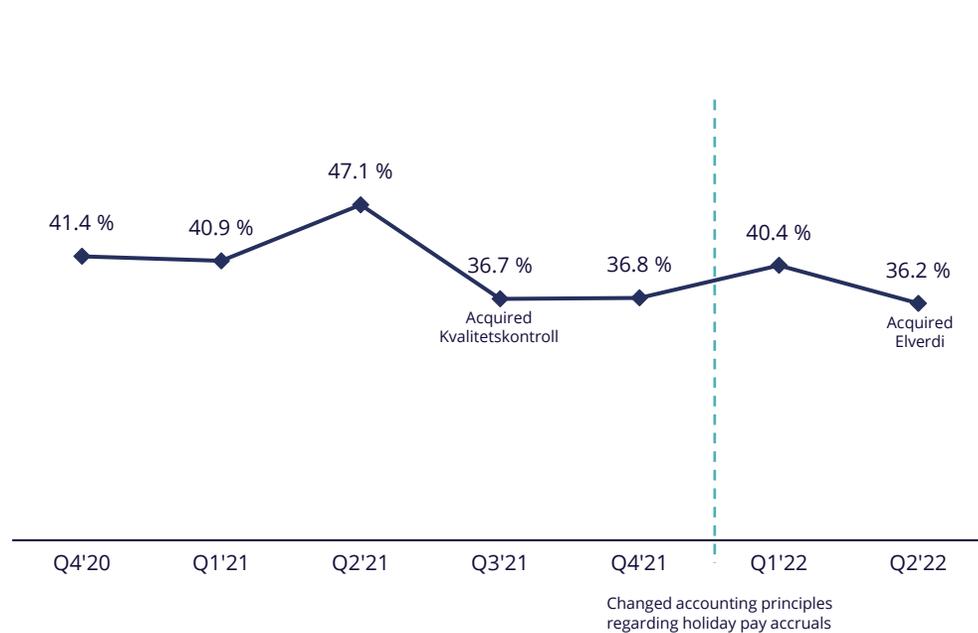
Q2 2022 - Continued growth in revenue and strong profitability

Solid YoY revenue growth



- Continued solid organic growth with additional M&A
- 19.1% organic growth in recurring revenue

Consistently high adjusted EBITDA margin



- All M&A dilute margin, but great track record of ability to increase
- Changed accounting principles has the effect of levelling out Q2 spike (Q2'21 equivalent 43,7%)

R&D capex

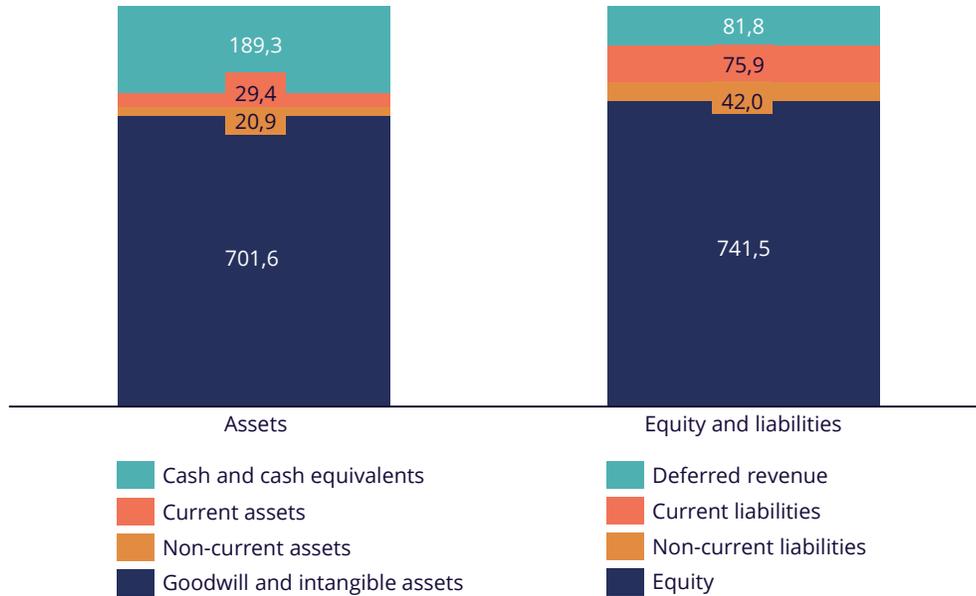


- Slightly below estimate due to change in resource planning
- Estimating FY'22 at 7-8%

Solid financial position

Balance sheet, June 31, 2021

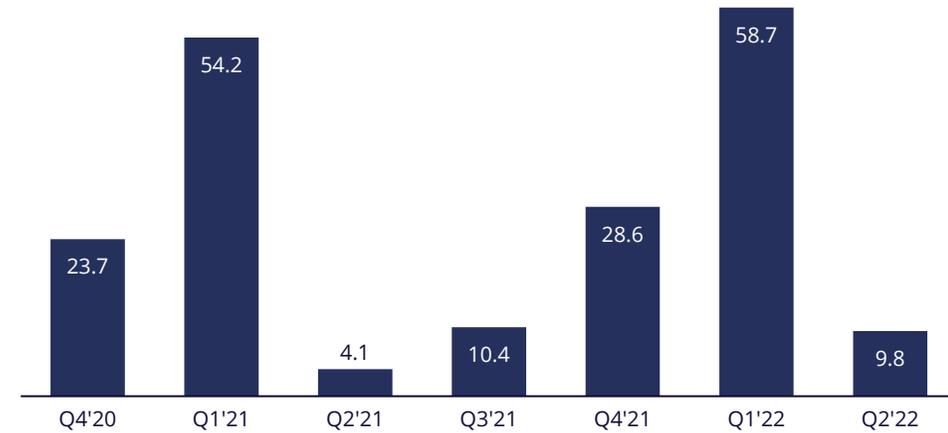
mNOK



- Net cash positive
- Elverdi acquisition affecting goodwill and cash

Operating cash flow

mNOK



- Cash positive all quarters
- Self funded with average cash conversion at 110%

Medium term financial targets stand firm

Growth

Organic growth

15 - 20%

+



bolt on M&A

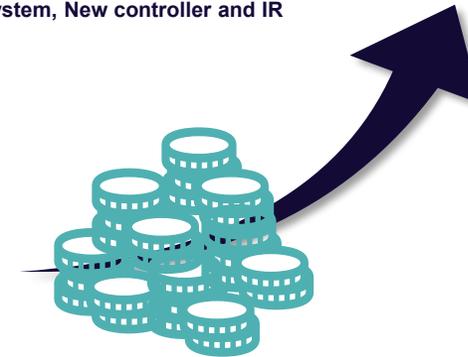


Margin

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



Make sure to follow us for the latest news!



smartcraft.com



[Linkedin](#)



[Facebook](#)

Q&A

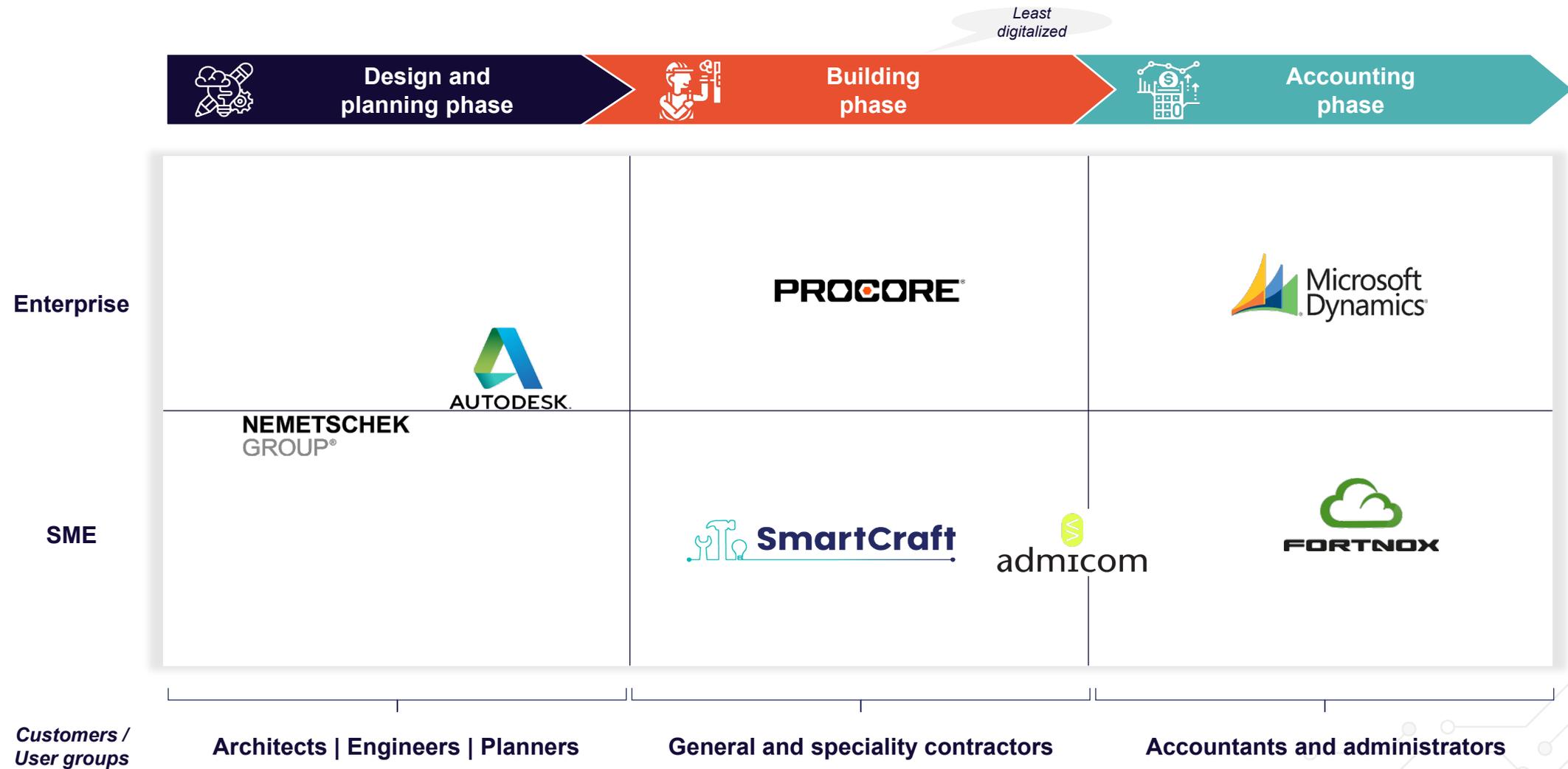




SmartCraft on a deeper level



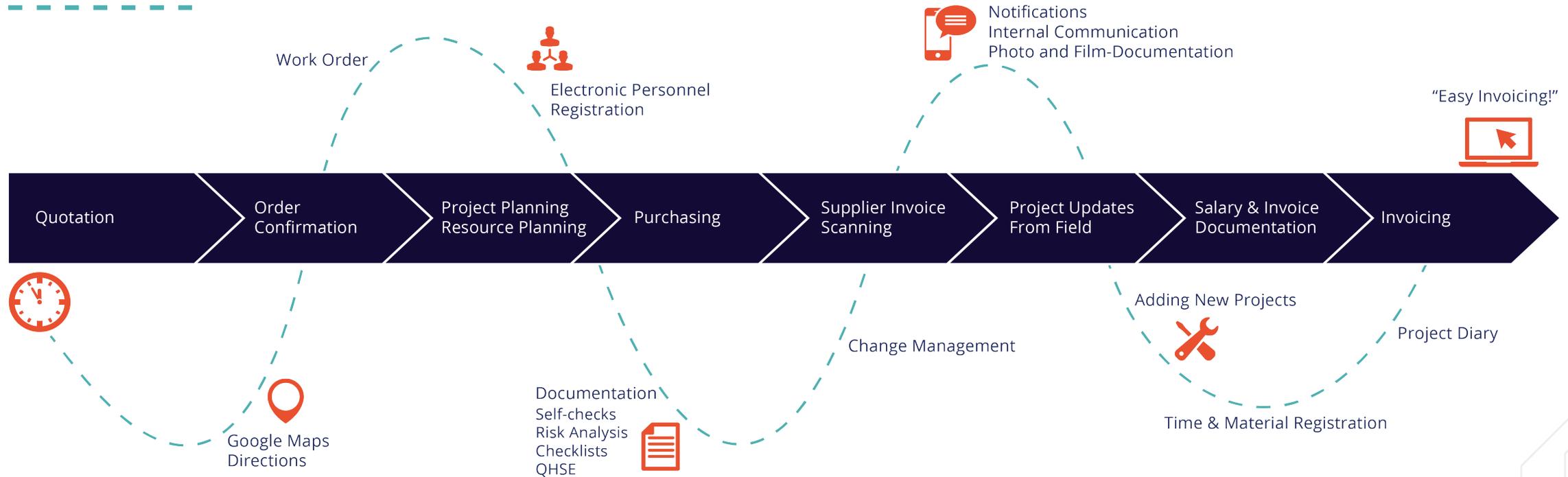
SmartCraft has a clearly differentiated and unique position in the value chain



SmartCraft adding value throughout the customer journey

Office Functionality

Field Functionality



Some words from our customers

*"Switching to Bygglet was very smooth. You save so much time with Bygglet and you avoid so many headaches! Just press a button to certify, send invoices and keep track of the hours. With Bygglet, I probably **save an hour pr employee on reports - so about 9 hours a day** now that I have 9 employees!"*

Krantz Måleri AB, Sotenäs, Sweden

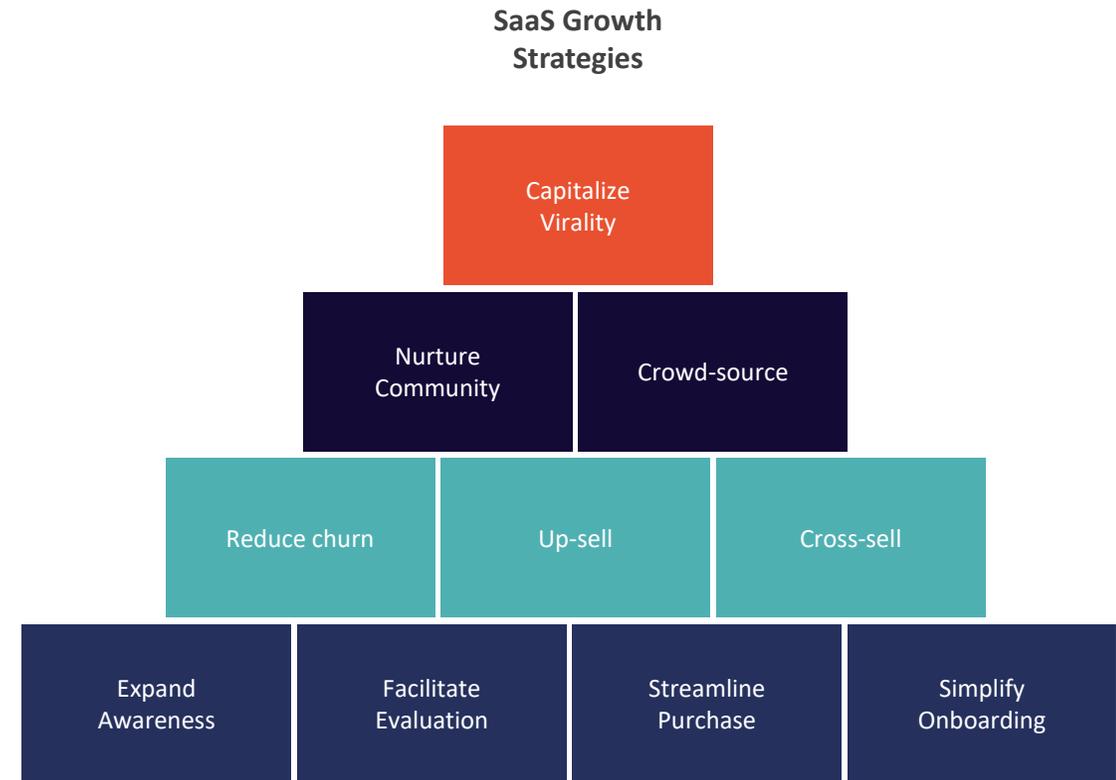
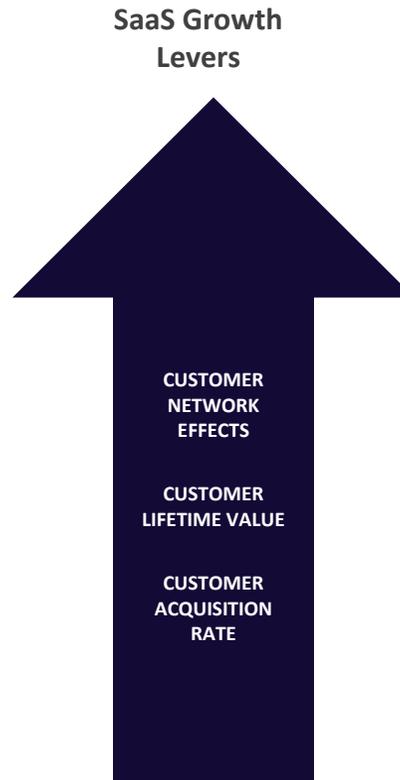
*"To get total control over the electricity company, Bygglet is an absolutely fantastic tool. I have run my own business now for twelve years. **Before, we were dealing with paper copies and self-checks in binders.** We wanted to switch to something **digital that allowed us to manage projects, time reporting, salaries and above all customers.**"*

Johan Torin, owner of Elector AB, Sweden

Highly scalable model with low take rate

Proven scalable business model

- Scalability in all we do!
- Low take rate, 0.2%¹
- Subscription-based model
- Consistent low churn, 5%
- No customer dependency, 0.05%



Note: Based on 2020 actuals. Financials for 2020 prepared according to IFRS

1. Take rate defined as Bygget revenue 2020 / Customer invoiced volume on Bygget platform (2020)

Efficient and proven sales funnel



Demo

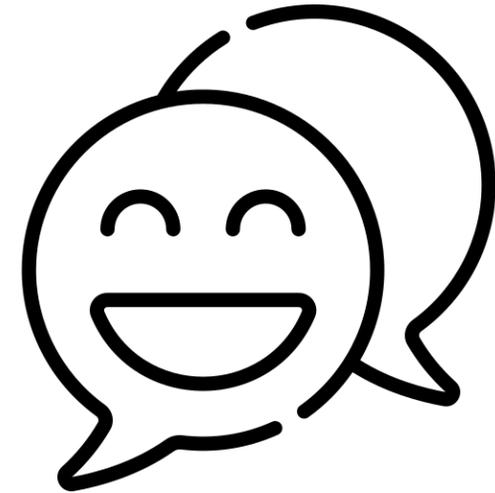


Q&A



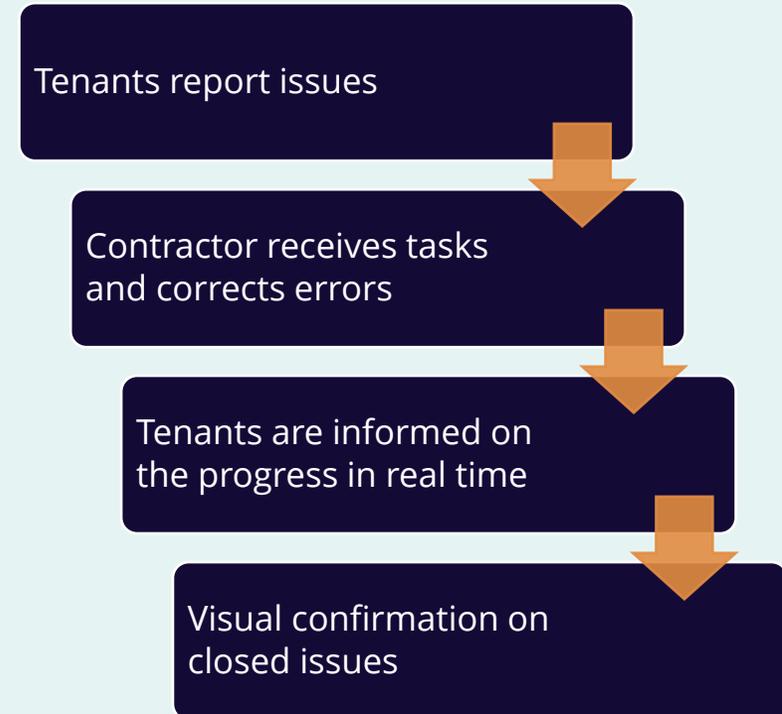
Focus on usage simplicity

- Mission to digitalize the construction industry
- Continuously lowering the entry bar for our customers to start using digital tools
- Expanding the UX team with additional resources
- 20% increase in user ratings



Example of how we connect the dots

- Enhancing service level between tenants and construction professionals on site
- Linking our property management solution to our quality assurance solution
- Integration significantly improves communication between residents and production
- **Simplified, quick and transparent**





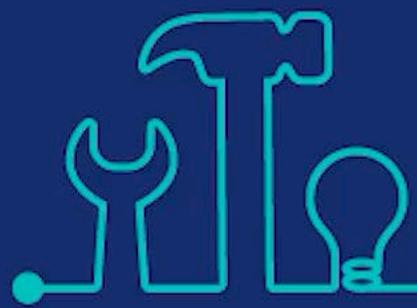
Digitalized defect reporting



Cable dimensioning and energy efficiency calculation

- A specialized tool for electricians
- Reducing risk of electrical fires
- Cost efficiency for electrician and customer
- Maximizing performance and safety of an electrical grid





SmartCraft

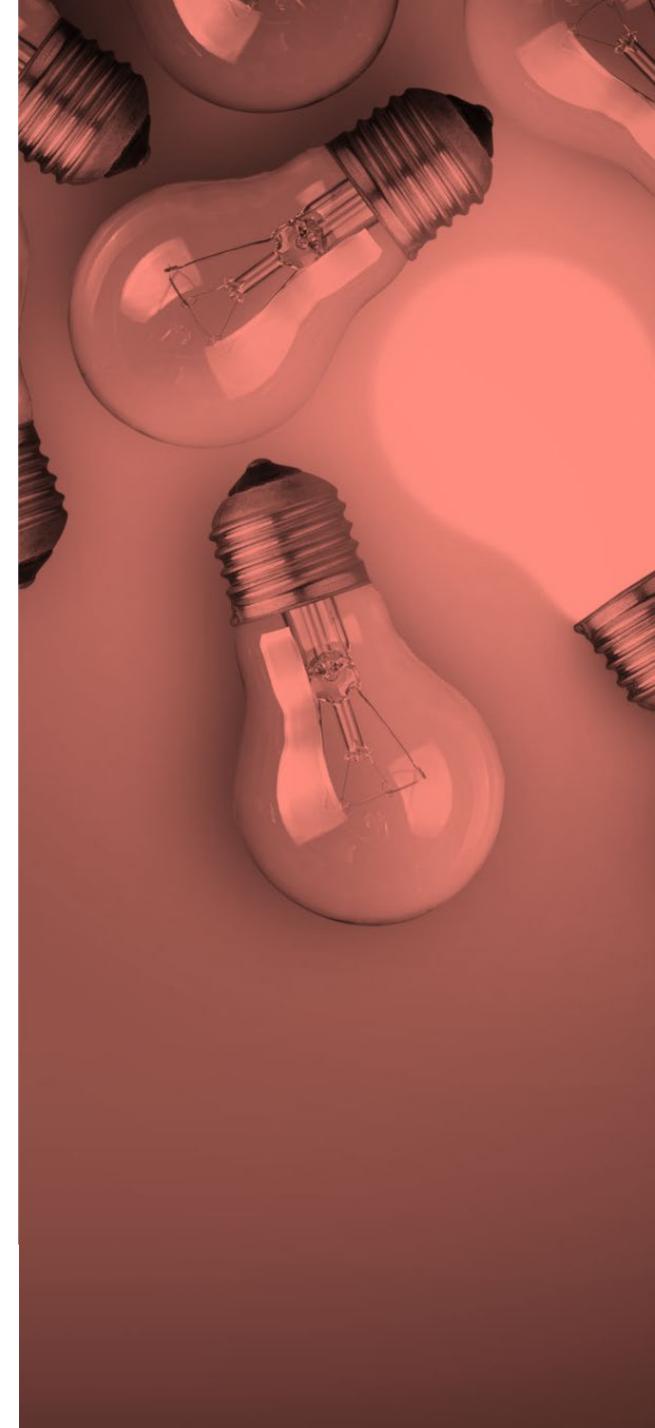
BETTER DIGITAL TOOLS

Energy efficiency calculation



Cable dimensioning and energy efficiency calculation

- Environment
 - Building a sustainable network, reducing carbon footprint and saving money
- Cost saving
 - Present alternatives to help their customer make better decisions
 - ROI often faster than changing to for example LED lights and switching to more efficient heating systems.



Q&A



Summary

- Market leader in a large untapped market
- Strong and efficient sales & marketing engine (with high conversion rate)
- Great best-of-breed SaaS solutions enabling easy digitalization
- Gradually connecting the solutions to a platform

Follow us for the latest news!



smartcraft.com



[LinkedIn](#)



[Facebook](#)

