



Q2 2023 report

August 24th 2023

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Agenda

Part 1: Q2 reporting

- Operational efficiency
- Financial highlights

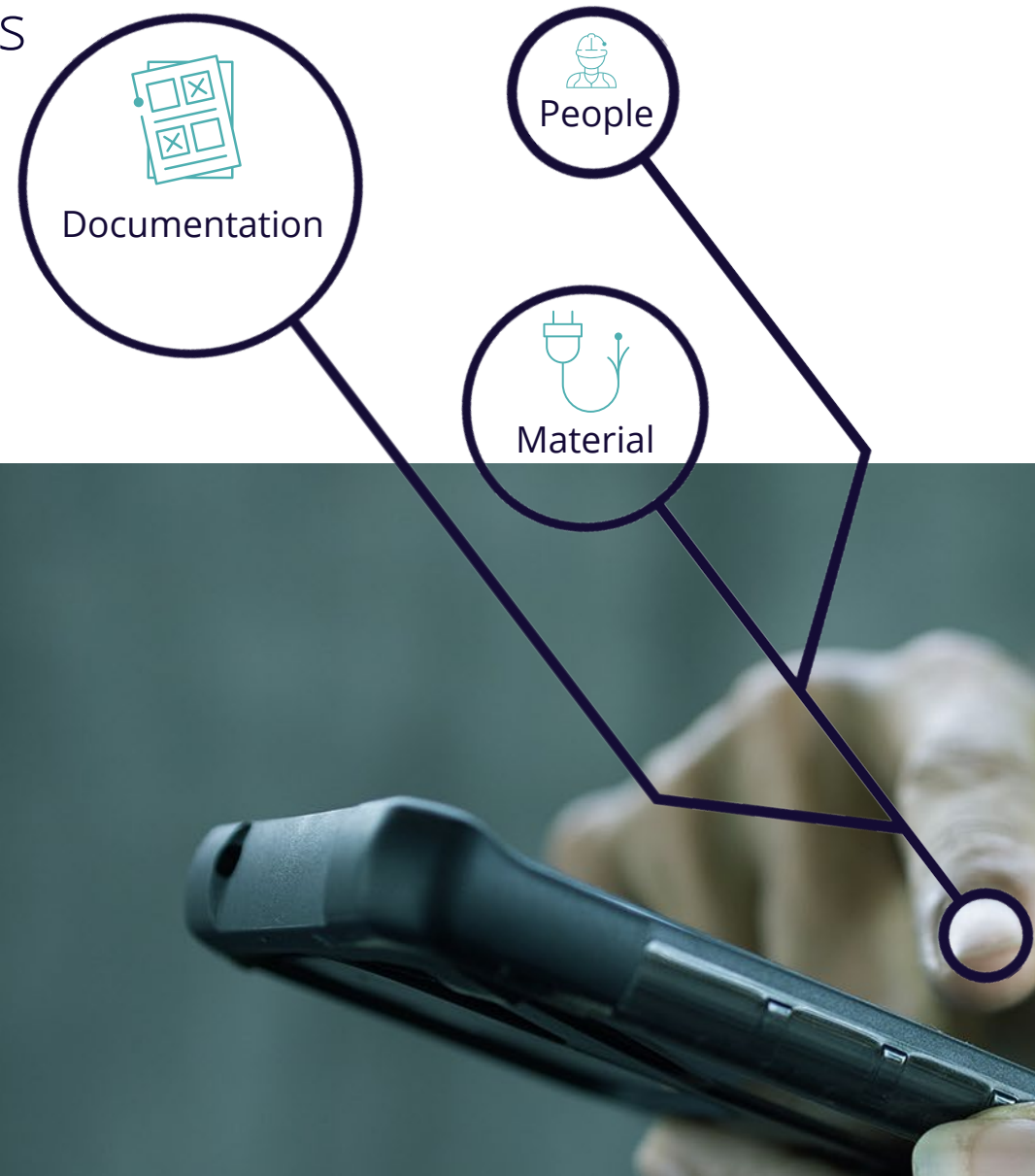
Part 2: Our solid business model secures strong growth

- Marketing and sales excellence
- Development strategy
- Summary and Q&A



Our solutions provide competitive edge for our construction customers

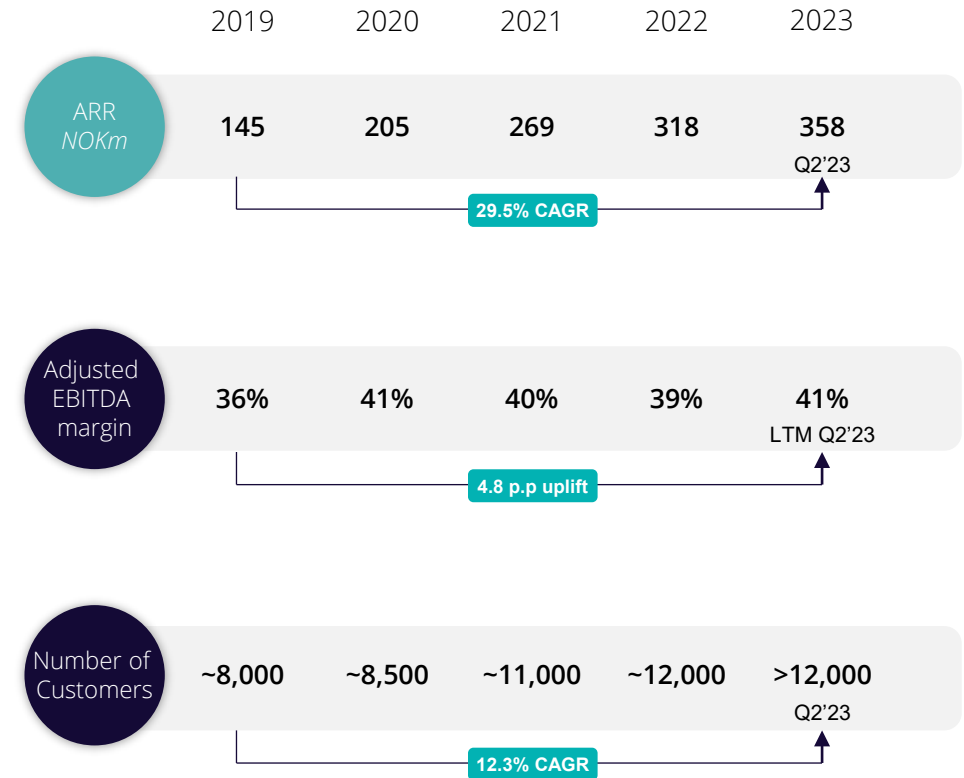
- Ensure digital flow of information between people
- Store and process all data in one place accessible for all
- Data in the field is captured with mobile Apps
- Total overview of documentation
- Revenue and cost control on each project
- Supporting sales processes in a competitive environment



Leading position in the Nordics

- Consistent and solid growth before and after the IPO in June 2021
- Constantly gaining market share
- 15 offices in Sweden, Norway and Finland
- 200 employees

Solid performance over time



Q2 2023 highlights

Continued strong growth, record high margins, strong cash flow and low churn



MNOK 358

Annual Recurring
Revenue

+21%



44%

Adjusted EBITDA
margin

+7% points



MNOK 25

Operating cash flow

+153%



7%

Churn
consistently low

Unique business model creating real customer value

True Software as a Service

Strategic focus

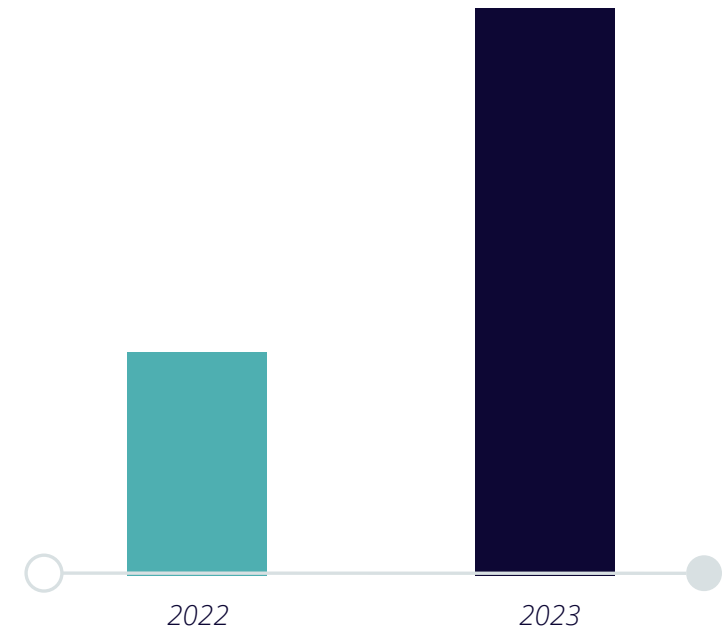
- Recurring revenue (ARR)
- Target SMEs construction companies
- Maintenance, services and upgrade projects
- Solutions for energy saving initiatives
- Ease documentation requirements



Implemented changes showing results in Finland

- Increased focus in 2023 on Renovation
- New ARR revenue trending upwards last three quarters
- Potential revenue pipeline increased 154% YoY and 73% QoQ
- Some large existing customers facing challenges in New Build resulting in downgrades BUT;
- Churn stable at 3%
- Strong position when market for New Build improves

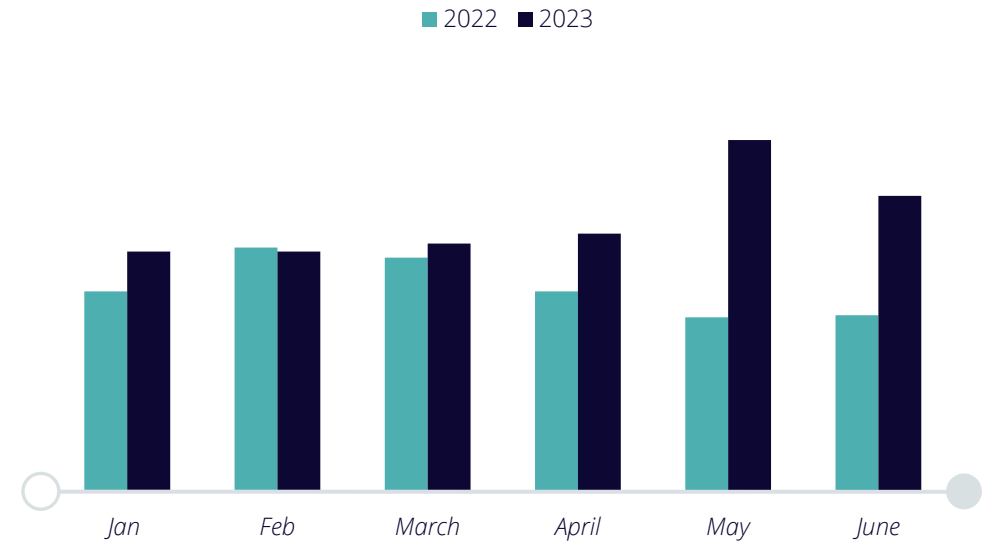
Congrid ARR pipeline Q2 YoY



Increased momentum in Sweden

- Organic recurring revenue growth of 5% vs Q1 2023
- Organizational changes and increased sales focus is paying off for Bygglet in Q2
- Booked meetings increased by 64% YoY
- Sales conversion 60% LTM

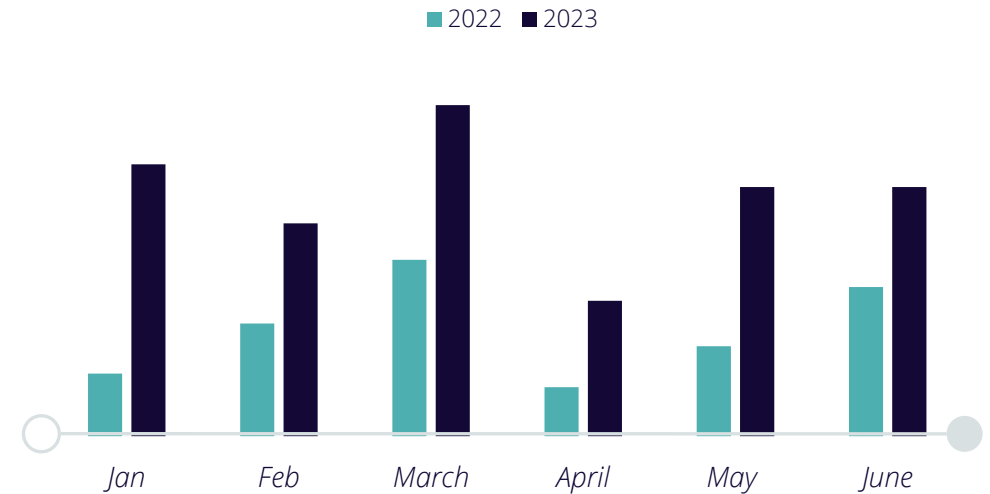
Booked Meetings - Bygglet



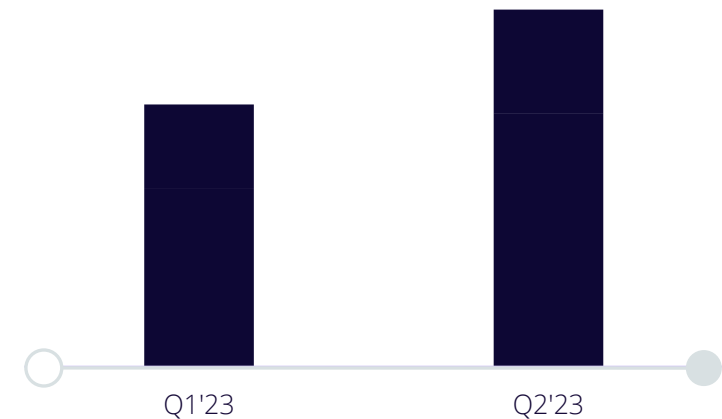
Stable and strong situation in Norway

- Continued strong organic YoY recurring revenue growth of 18% in Q2
- Increased Sales focus paid off especially for Cordel in Q2
 - 119% increase in booked meetings YoY
 - Potential revenue pipeline at all time high with 36% growth QoQ

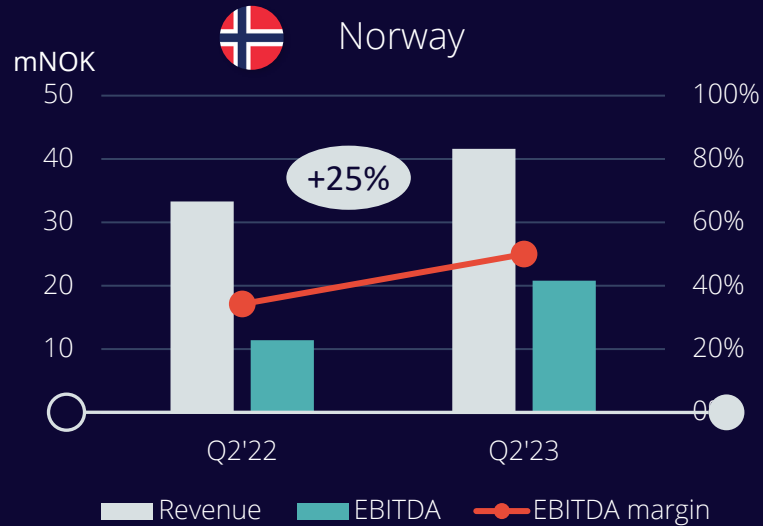
Booked meetings Y/Y - Cordel



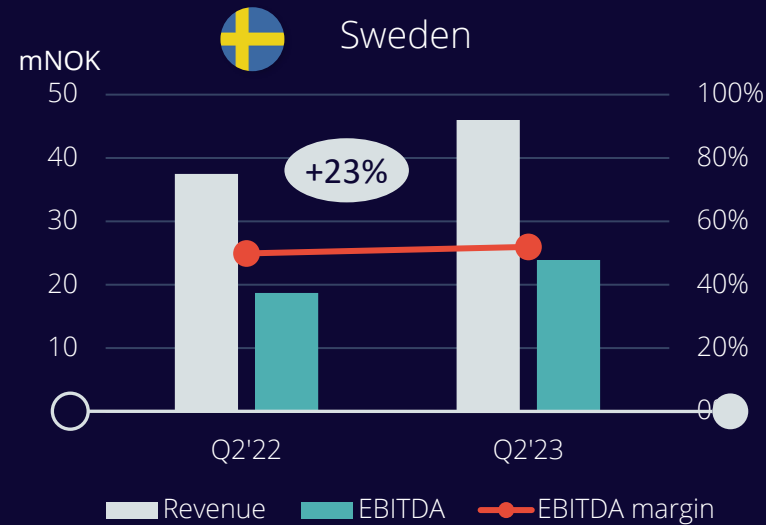
Cordel ARR pipeline Q2 QoQ



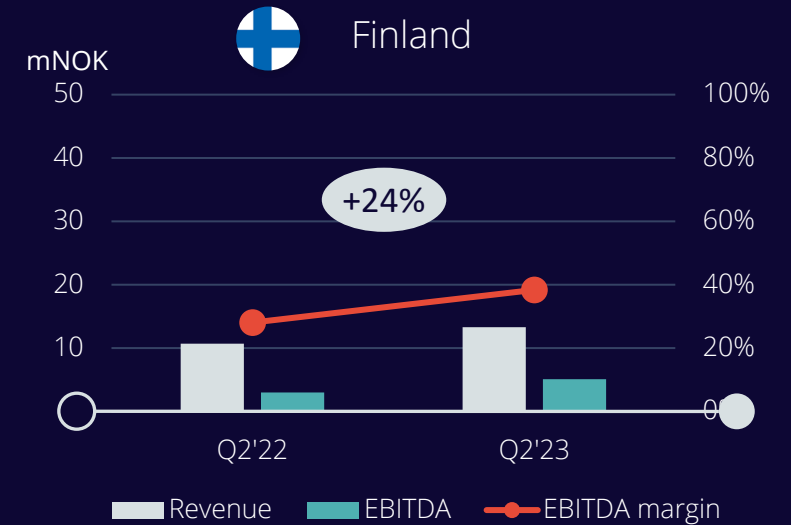
Solid growth in all segments



- Organic recurring revenue +18%
- El-Verdi and Inprog acquired in 2022
- Increased ARPC driven by CPI adjustments and upsales
- Strong and improved pipeline for H2'23



- Organic recurring revenue +12%
- Increased ARPC driven by CPI adjustments and upsales
- Strong and improved pipeline for H2'23

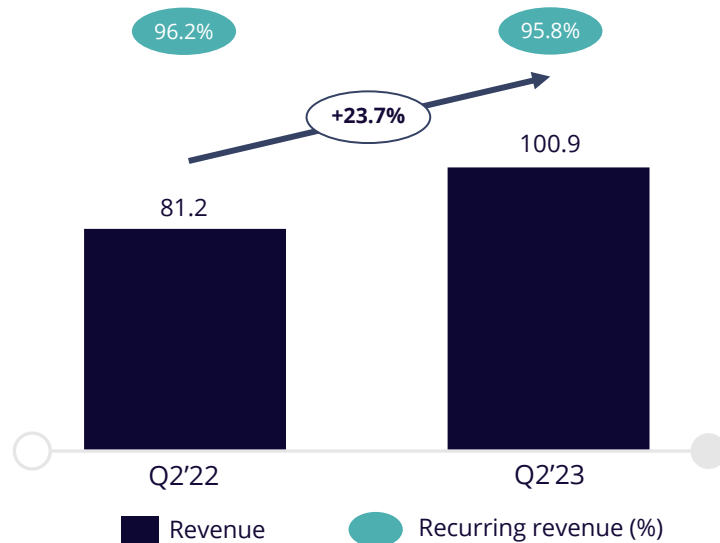


- Organic recurring revenue +10%
- Exposure to large customers in “new build” construction
- Stable and low churn of 3%, but fewer initiated projects affect growth
- Moved focus to renovation
- Strong and improved pipeline for H2'23

Continued growth in revenue and increasingly strong profitability

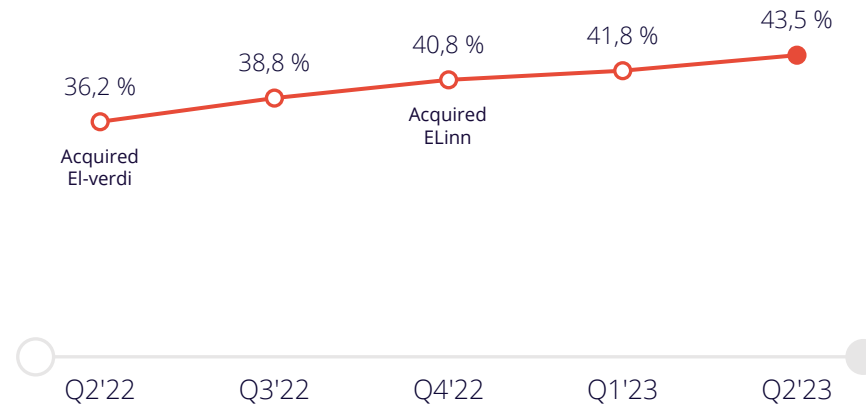
Solid YoY revenue growth

mNOK



- Maintaining high recurring revenue share
- 15% organic growth in recurring revenue

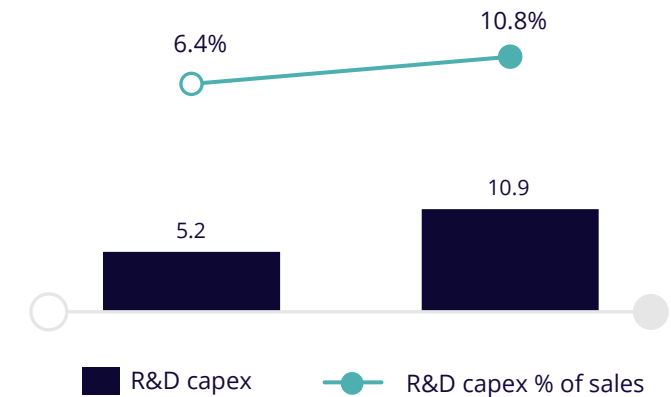
Consistently high adjusted EBITDA margin



- Agile business model to scale costs in a more demanding business climate
- Ability to increase margin both short-term and long-term
- Increasing EBITDA-capex margin by 3pp

R&D capex

mNOK

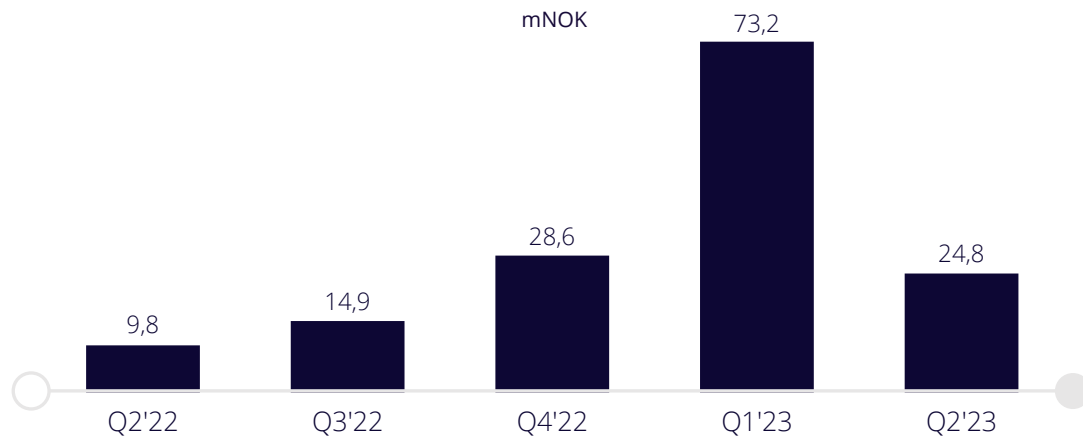


- Development of SmartCraft Core and integrations for cross sale and upsales
- Expecting ~10-11% FY'23 (updated) from higher share of resources allocated to revenue generating R&D

Solid financial position and strong cash flow

- to support growth strategy and M&A activity

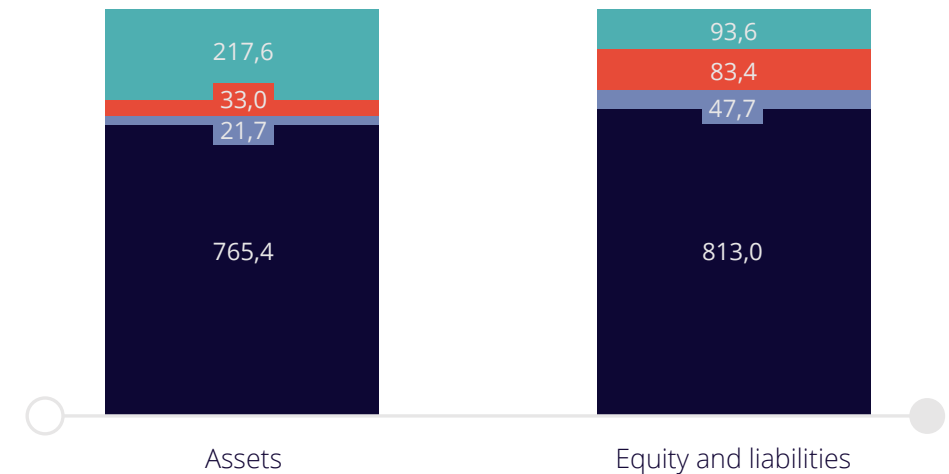
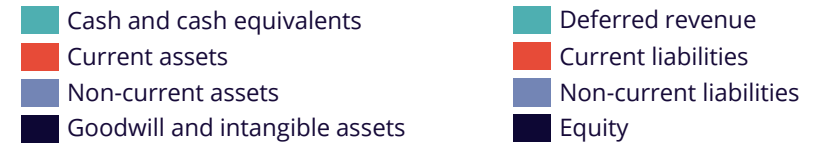
Operating cash flow



- Cash positive all quarters (seasonally strong Q1)
- Cash generated from operations enables strategic investments and M&A

Balance sheet, June 30, 2023

mNOK

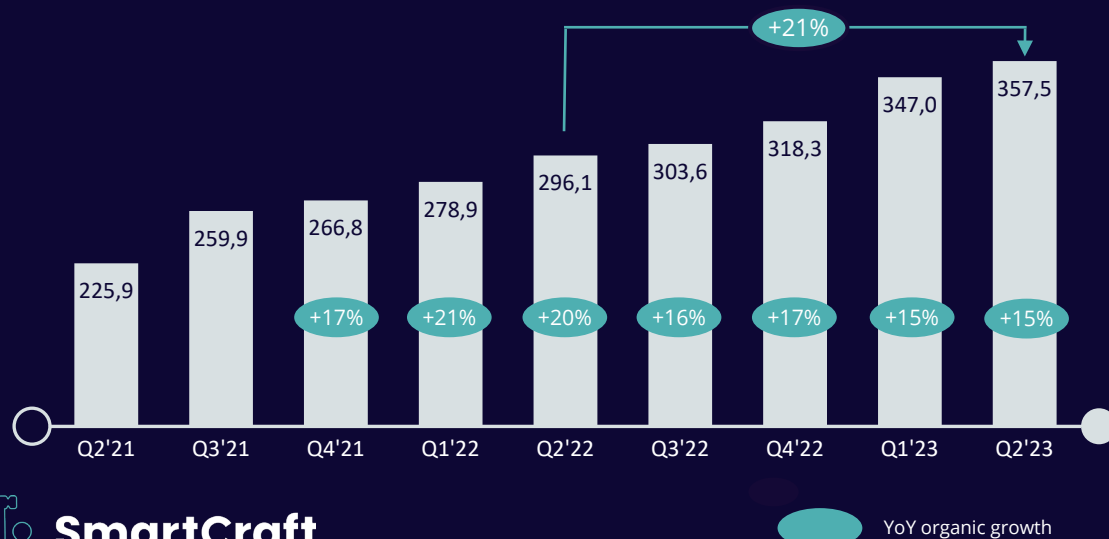


- Net cash positive
- Negative net working capital driven by customer prepayments
- Acquired 1,46% (~2,5m) shares , per mid-august

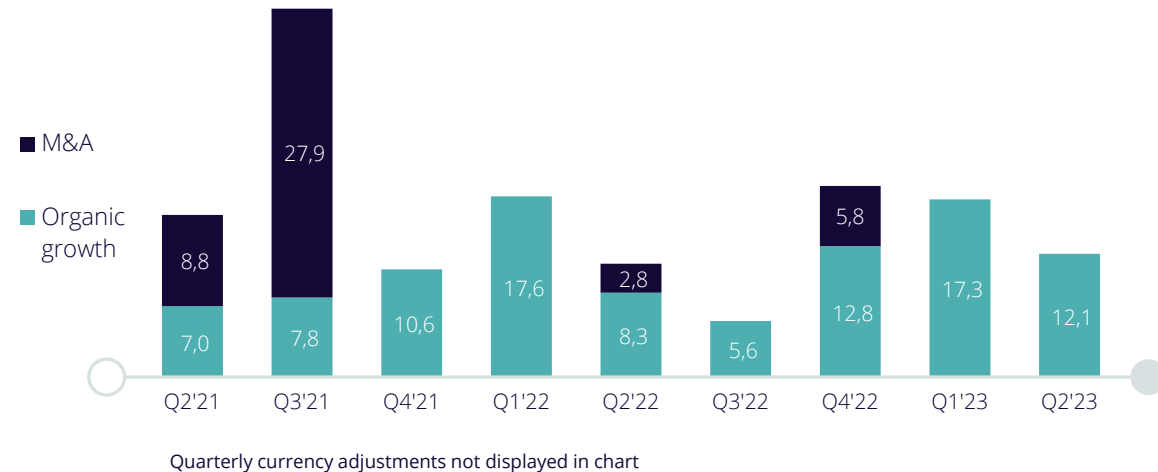
High growth in recurring revenue as basis for success

- 21% growth in ARR
 - 15% organic growth
 - Additionally, acquisition of ELinn (October 2022) and FX changes
- Improved pipeline for H2'23

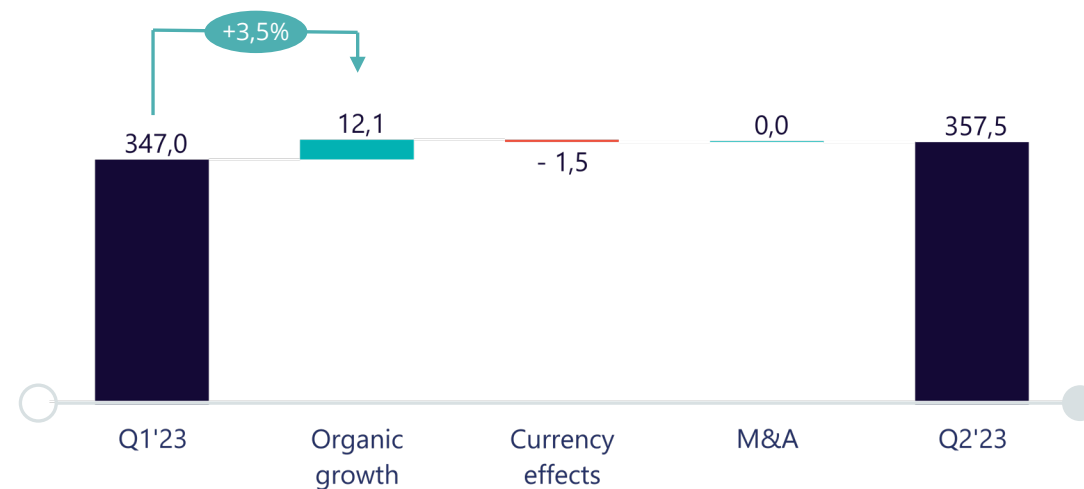
ARR development, mNOK



Quarterly ARR growth history, mNOK



ARR bridge QoQ, mNOK



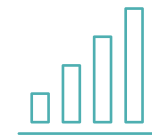
Coredination AB

Our 10th aquisition

- Complementary Swedish SaaS solution
 - Workforce management
 - Machine rental
 - Fleet management
- Great cross-sell and up-sell opportunities
- 10 employees
- Located in Stockholm
- Purchase price SEK 25m
- Acquired July 2023



- 200+ customers
- 3000+ users



2022:

- SEK 10m revenue

YTD June:

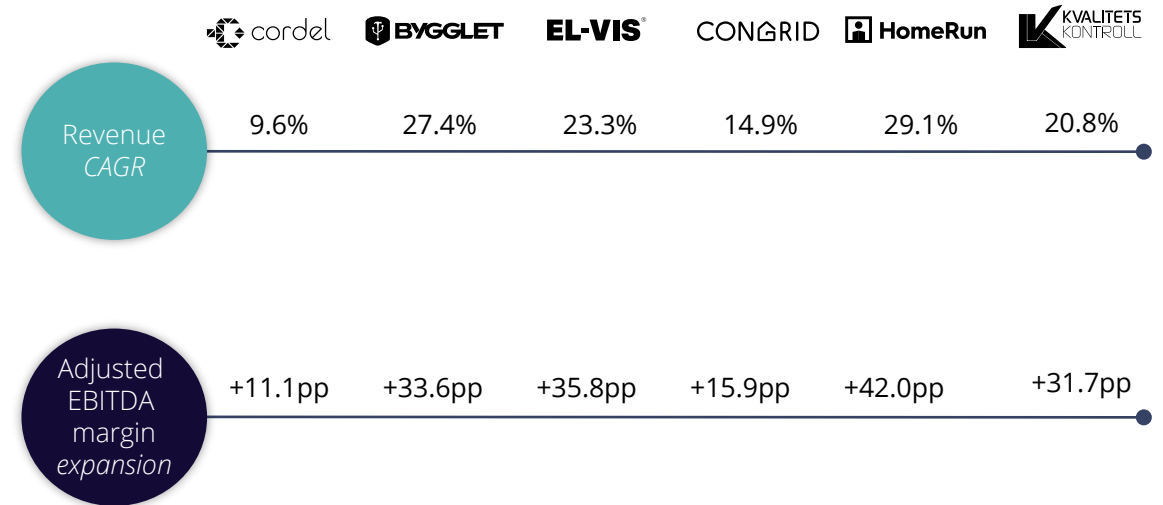
- 18% growth
- 12% cash EBITDA
- 90% ARR
- 6% churn

Strong ability to extract revenue synergies and drive margin improvement post acquisition

Proven track-record:

- Focus in increasing recurring revenue
- Reduce complexity
- Make solution easy to buy
- Seek cross-selling opportunities
- Utilize SmartCraft's processes

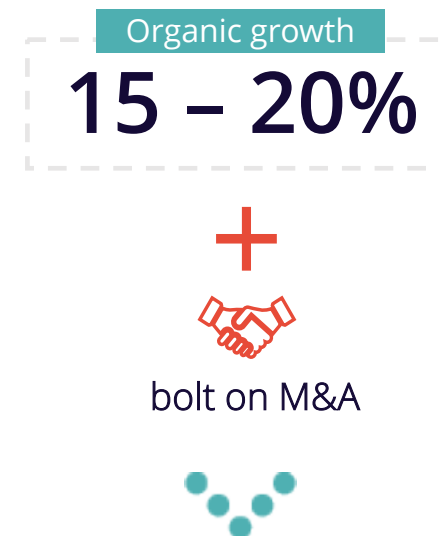
Post-acquisition performance



Key focus to ensure continued profitable growth

- Capitalize on solid new customer pipeline
- Customer centric business model
- Improved coordination of marketing and sales teams
- Sales automation & self service
- Use our flexible business model to be prudent on costs
- Further scale our cloud environments
- Value accretive M&A

Medium-term financial targets remain unchanged



Margin expected to increase due to scalability of the business

Short-term considerations:

Impact from acquired companies last 12 months

Marketing and sales excellence



Multiple attractive levers to drive organic growth

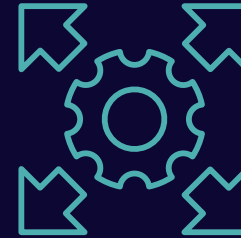
Continue to capitalize on position and underpenetrated market



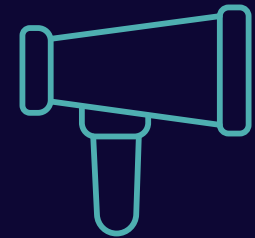
Up-sell & price optimization



Cross-sell existing portfolio



Deepen and expand presence

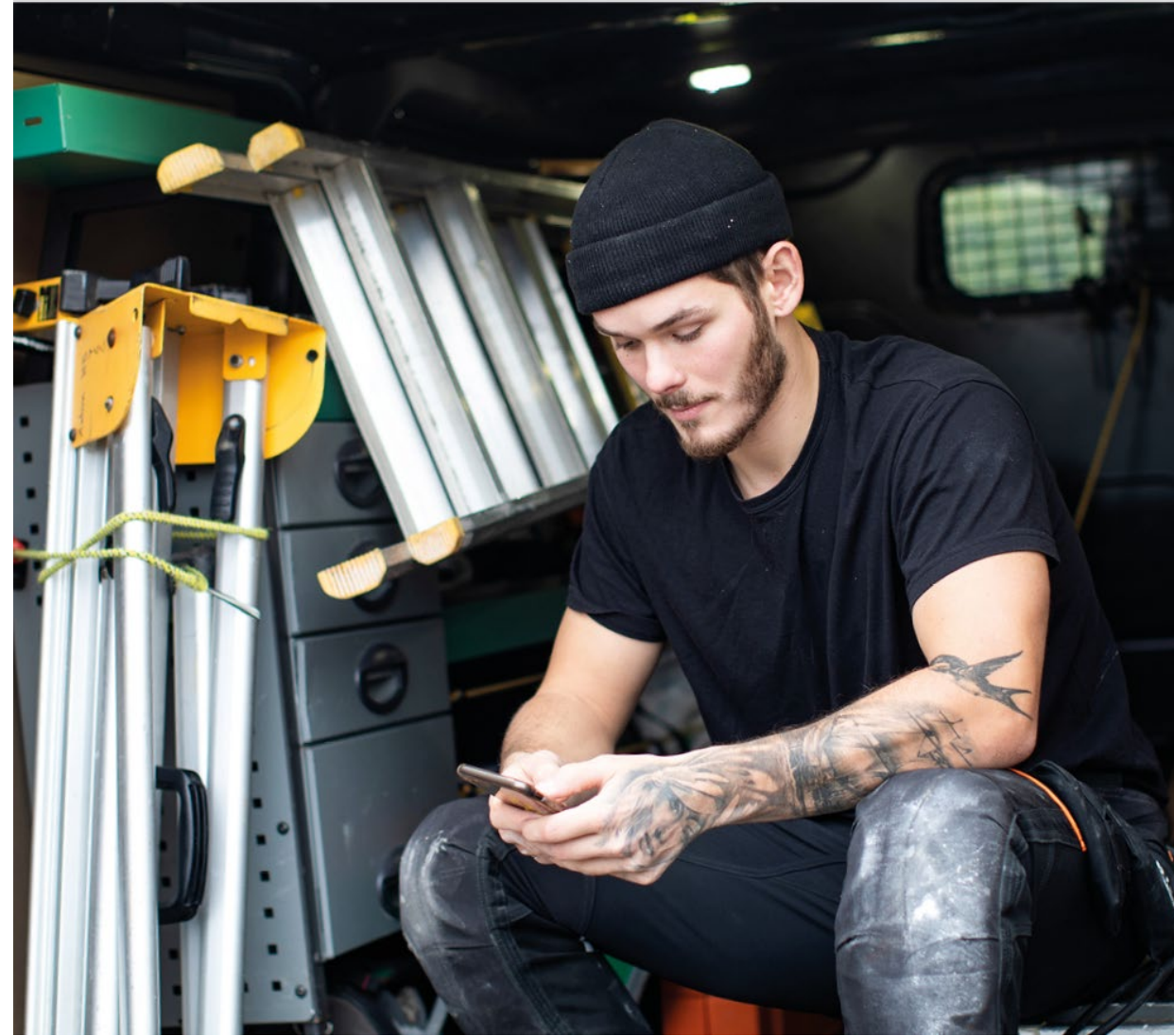


Clear growth levers to be driven by a strong commercial organisation and proven go-to-market model

What the market says about digitalization

- Prepeak of our findings 2023

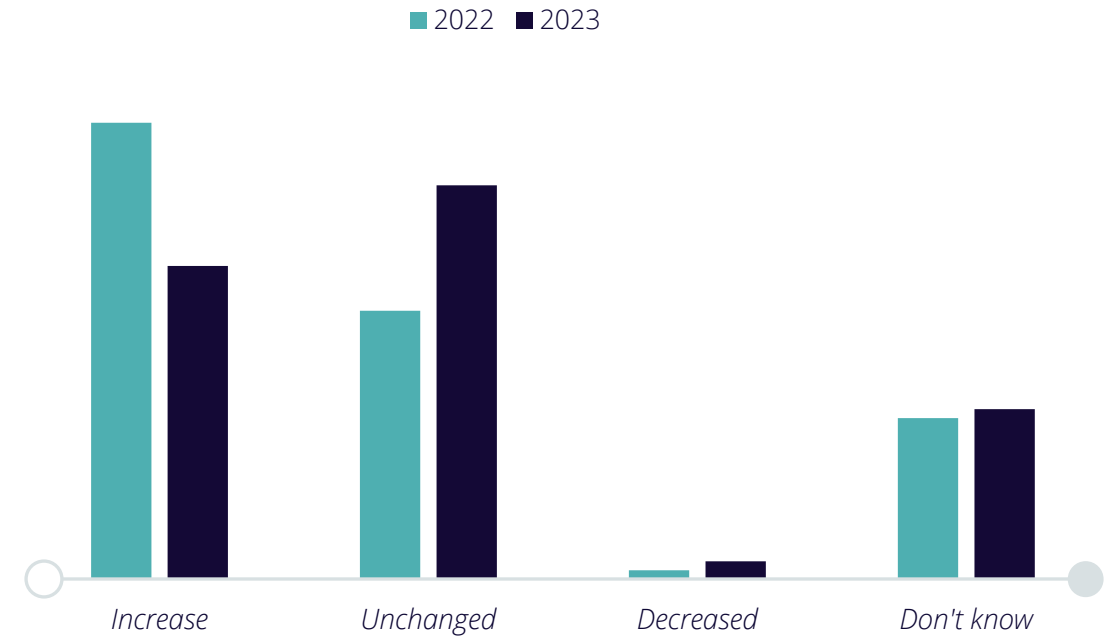
- Yearly market survey about digitalization in the construction industry
- Analysis conducted by 3rd party consultant
- 680 respondents in the Swedish market
- 2023 results to be released in September



More than 78% of respondents will increase or maintain investments in digital tools

- Strong figures despite unstable economic climate indicating great awareness of digitalization benefits
- 20% have not yet decided on their investments

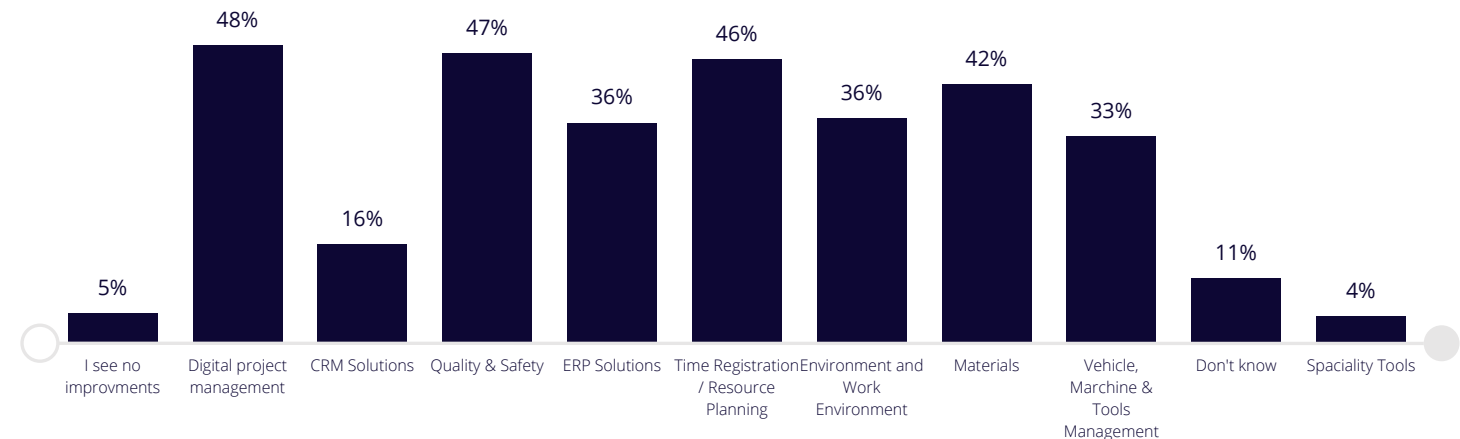
What is your intention when it comes to business investments in digital tools the next 12 months?



Significant potential for operational improvements through digital investments

In what areas do you see improvements by digital investments?

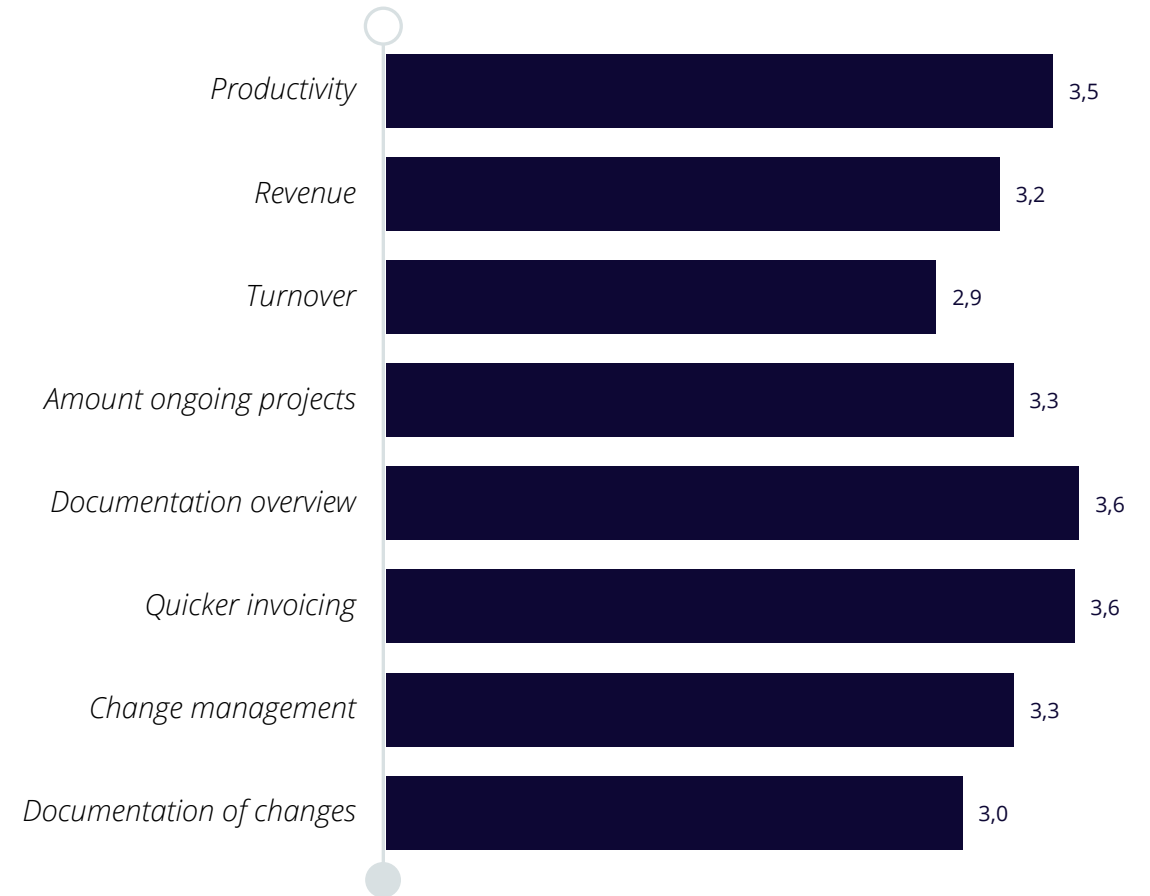
- Great potential to improve all parts of the business
- Top 3 related to people, materials and documentation of quality assurance and safety



Digital tools already crucial to prove competitive position

- Improvements when handling all key tasks in the company ensure higher productivity!
- Improvements regarding document handling is ranked highest
- Major impact on turnover and revenue will make users of digital tools competitive

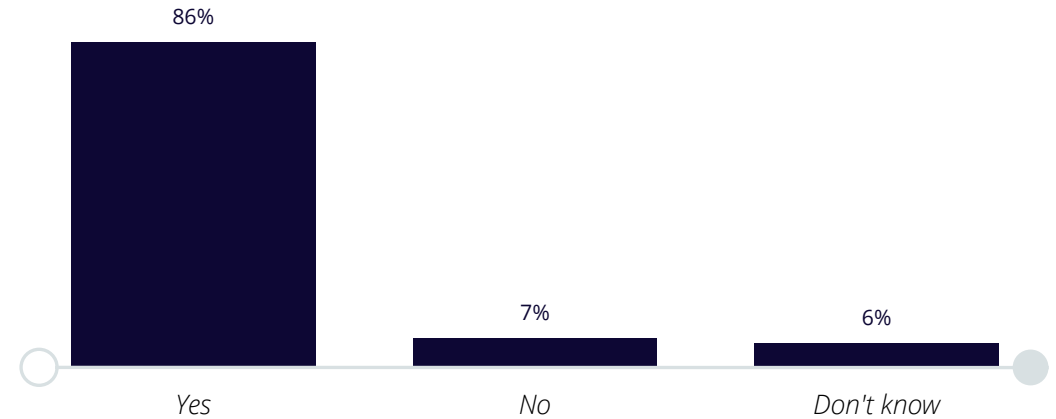
Estimate on a scale 1-4 how your business has improved by using digital tools



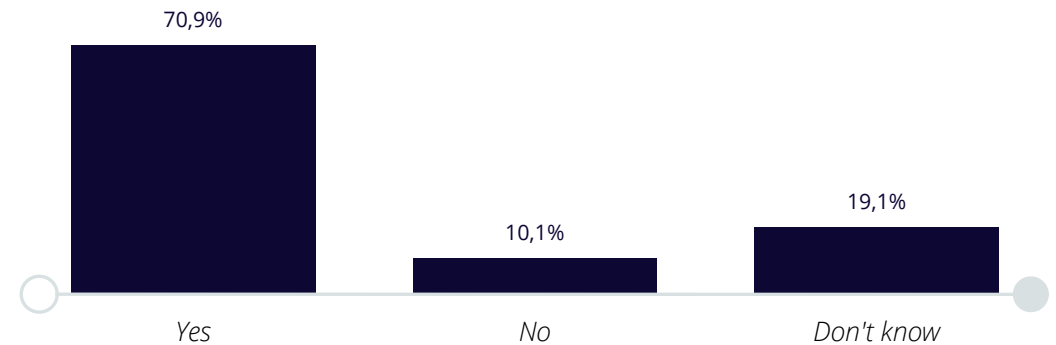
Use of digital tools create market winners

- Less mistakes and greater transparency lead to a better working climate
- Customer satisfaction is improved with less misunderstandings.

Do you think a digital tool creates a better working climate ?



Do you think a digital tool is improving customer satisfaction?



New matrix sales and marketing organization established to optimize sales efforts



PART OF **SmartCraft**

Key measures identified to exploit the strong market fundamentals

Current sales strategy

- Build the brand
- Convince our lead
- Purchase push and pull
- Deliver the brand promise

Focus areas for continuous improvement

Increase Customer Acquisition Rate

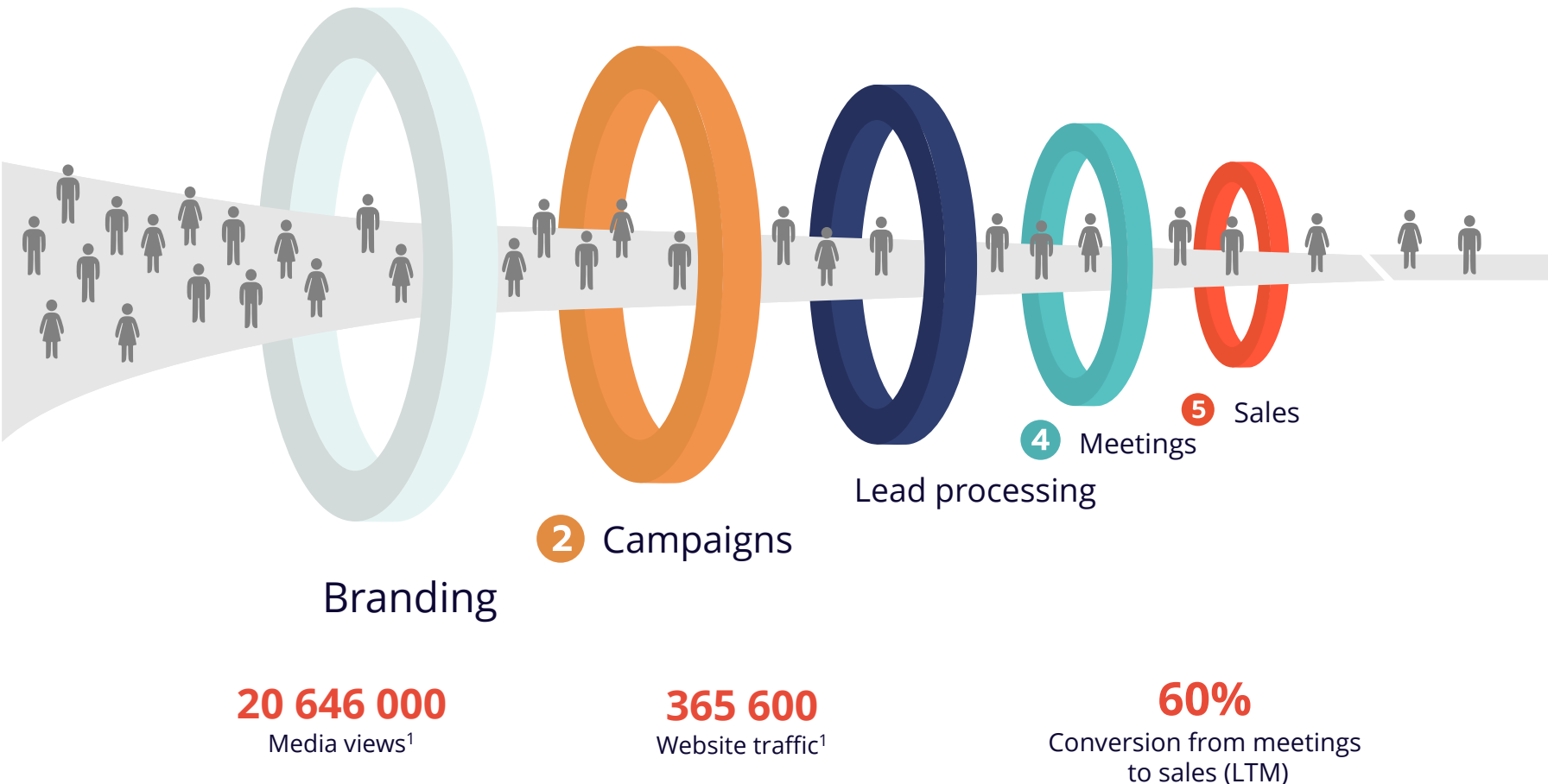
- Expand awareness
- Streamline purchase
- Simplify onboarding

Increase Customer Lifetime Value

- Up-sell strategies
- Cross-sell strategies
- Increase Usage

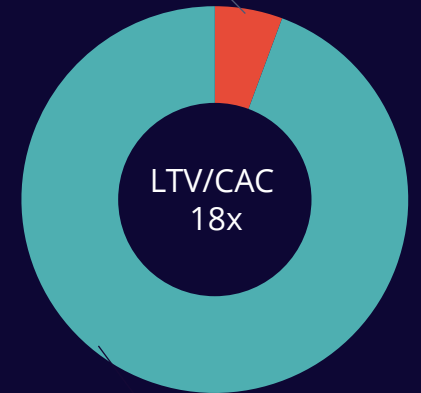
Highly effective go-to market strategy

Best in class sales engine with broad reach and highly effective lead conversion



Highly efficient sales process²

Customer acquisition cost



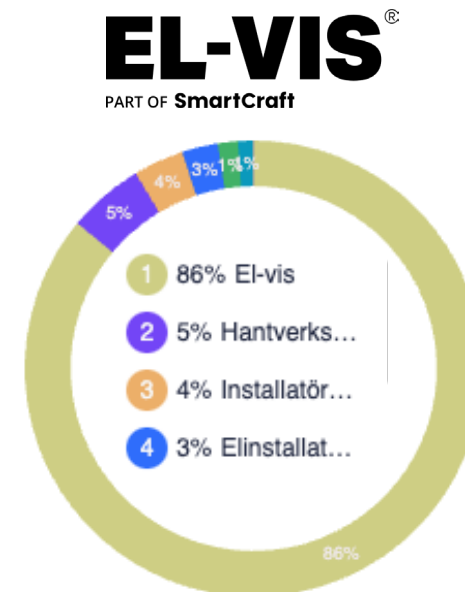
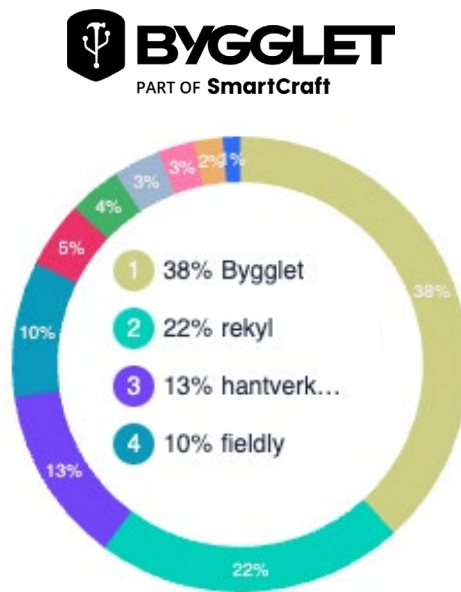
Lifetime customer value

Note:

1. Metrics for H1 2023;
2. Calculated as weighted average of CLTV and CAC based on the products and solutions sold over the last 6 months. 6-month period ending in June 2023

More focused marketing efforts resulting in increased customer awareness

Established SmartCraft brands have significant shares of search

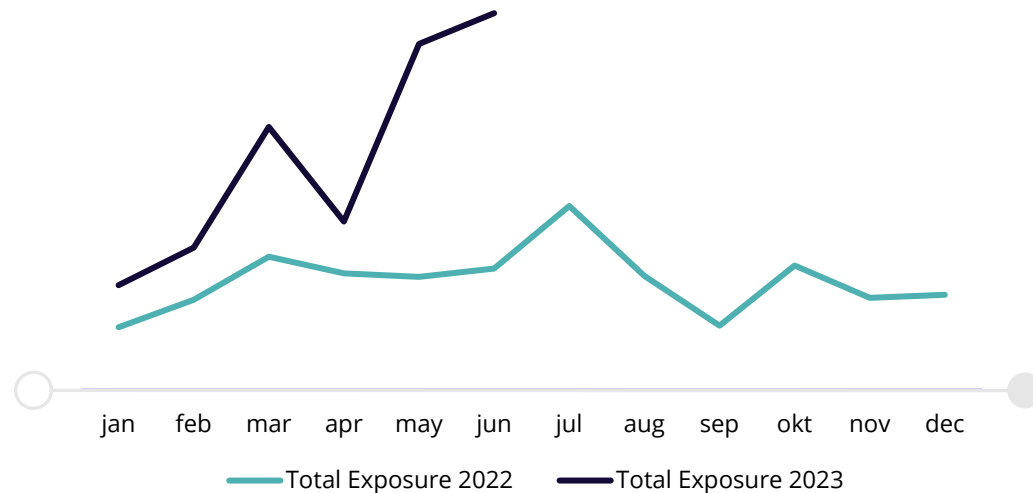




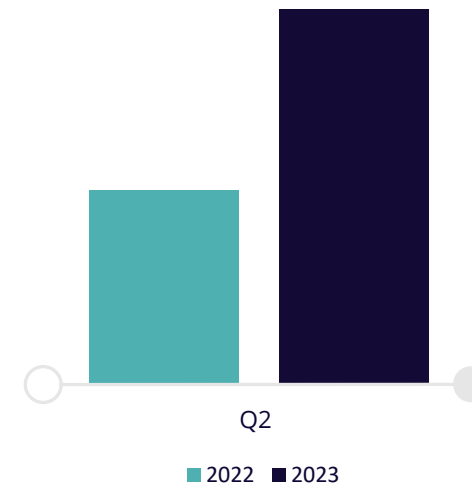
Successful online strategy improving market position and sales leads

SmartCraft Sweden online statistics

Total market exposure

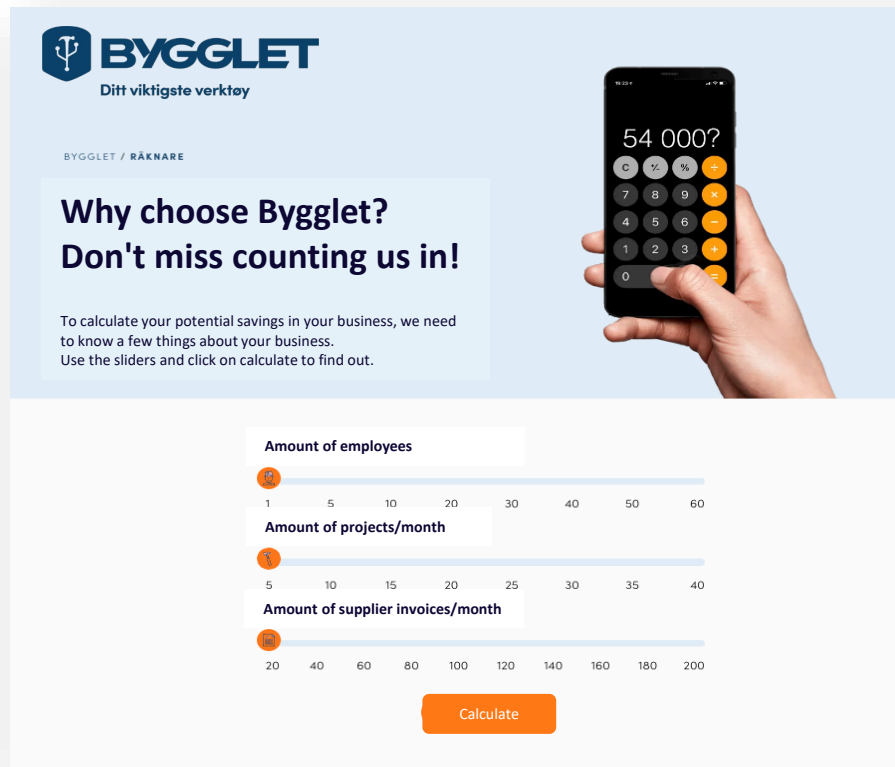


Direct Online Sales



Extensive use of digital tools to illustrate efficiency gains with SmartCraft solutions

User friendly tool to create understanding of benefits of digitalization



BYGGLET
Ditt viktigste verktøy

BYGGLET / RÄKNARE

Why choose Bygglet? Don't miss counting us in!

To calculate your potential savings in your business, we need to know a few things about your business.
Use the sliders and click on calculate to find out.

Amount of employees
10

Amount of projects/month
10

Amount of supplier invoices/month
100

Calculate

"Every month we handle 50 projects at the same time, which without a digital tool probably would require 30 people and also affect our profitability. Instead we are only 5 people handling the full administration of our projects and the company, A prerequisite for us being able to grow is that we have become digital."

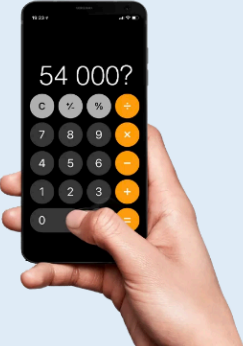


Digitalization means a profitable business!

BYGGLET / RÄKNARE

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Use the sliders and click on calculate to find out.



Amount of employees

1 5 10 **20** 30 40 50 60

Amount of projects a month

5 10 15 20 **25** 30 35 40

Amount of supplier invoices

20 40 60 80 **100** 120 140 160 180 200

Calculate

You can save



225 720 SEK/yr



...and **564 hours**. And still our calculations are moderate!

Our long experience help us estimate how many hours businesses can save using our tools. Thus, this tool helps you estimate the gains of your particular business. Keep in mind that the estimates are simplified and moderate, because we do not keep customers over time by using too optimistic figures. Probably the gains in reality are much higher – not the least counting in a more enjoyable working climate.

Based on your calculation we are suggesting **Bygglet Total**.

Read more about our packages



Read more about our calculation ▾

Book a demo

Recalculate

Development strategy

```
(groupsalloc);  
EXPORTSYMBOL(groupsalloc);  
void groups_free(struct group_info *group_info)  
{  
    void groups_free(struct group_info *group_info)  
    if (groupinfo->blocks[0] != group_info->small_block) {  
        int i;  
        if (groupinfo->blocks[0] != group_info->small_block) {  
            for (i = 0; i < group_info->nblocks; i++)  
                freepage((unsigned long)groupinfo->blocks[i]);  
            for (i = 0; i < group_info->nblocks; i++)  
                freepage((unsigned long)groupinfo->blocks[i]);  
            kfree(groupinfo);  
        }  
        kfree(groupinfo);  
    }  
    EXPORTSYMBOL(groupsfree);  
EXPORTSYMBOL(groupsfree);  
/* export the groupinfo to a user-space array */  
groups_touser(gid_t user *grouplist,  
/* export the groupinfo to a user-space array */  
const struct group_info *group_info)  
static int groups_touser(gid_t user *grouplist,  
const struct group_info *group_info)  
{  
    int i;  
    unsigned int count = groupinfo->nblocks;  
    int i;  
    unsigned int count = groupinfo->nblocks;  
    for (i = 0; i < group_info->nblocks; i++) {  
        unsigned int cpcount = min(NGROUPSPERBLOCK, count);  
        for (i = 0; i < group_info->nblocks; i++) {  
            unsigned int len = cpcount * sizeof(*grouplist);  
            unsigned int cpcount = min(NGROUPSPERBLOCK, count);  
            unsigned int len = cpcount * sizeof(*grouplist);  
            if (copyto_user(grouplist, group_info->blocks[i], len))  
                return -EFAULT;  
            if (copyto_user(grouplist, group_info->blocks[i], len))  
                return -EFAULT;  
        }  
    }  
    return -EFAULT;  
}
```


Consolidating solutions for electricians to optimize customer benefit and growth

Factors affecting our development priorities

Electricians have very high demand due to energy savings and electrification

We see strong demand in the areas of service, upgrade and installation

Our solutions are feature rich, but usability can be improved

Ongoing initiatives to transform our electro offering



Bob the electrician

Electricians web
part of SmartCraft Core



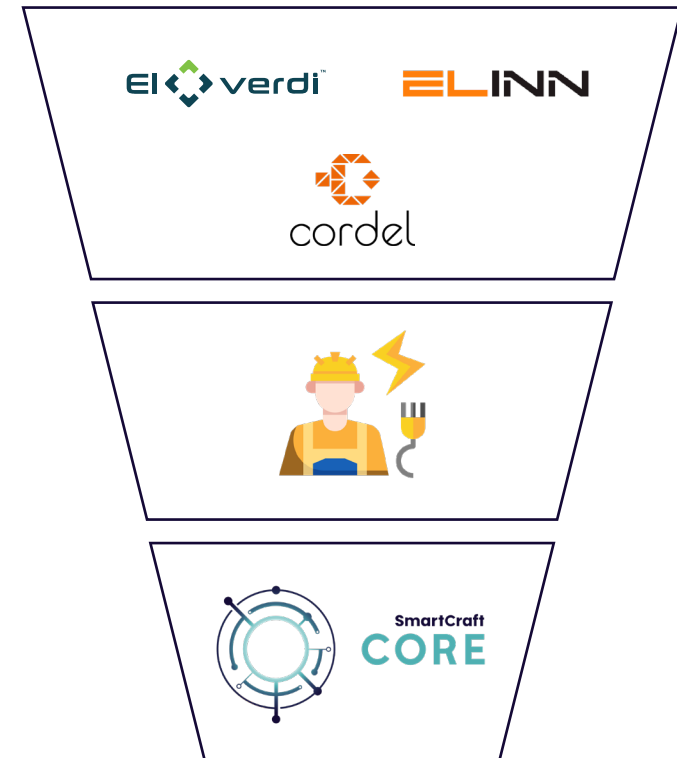
Deliver innovation in the strongest growth areas and transform Electro domain



Make solutions easier to use (UX)

Benefits of the SmartCraft Core consolidation for electro

- **Unified Experience:** Long-term ambition to have a cohesive solution, a more intuitive user experience.
- **Enhanced Efficiency:** Seamless transition between tasks, reducing redundancies and increasing productivity.
- **Future-Ready:** SmartCraft Core is our most advanced platform ensuring that our tools for electricians will remain cutting edge
- **Cost-Effective:** Streamlined maintenance and updates leading to cost savings



SmartCraft Calculation
coming to a laptop near
you!



The importance of tender calculations

Thousands of products to choose from

Difficult to assess time and material

Need to be able to manage many versions

Maintaining quality and profitability in each calculation

Sending bids in short time frames to have better win rate



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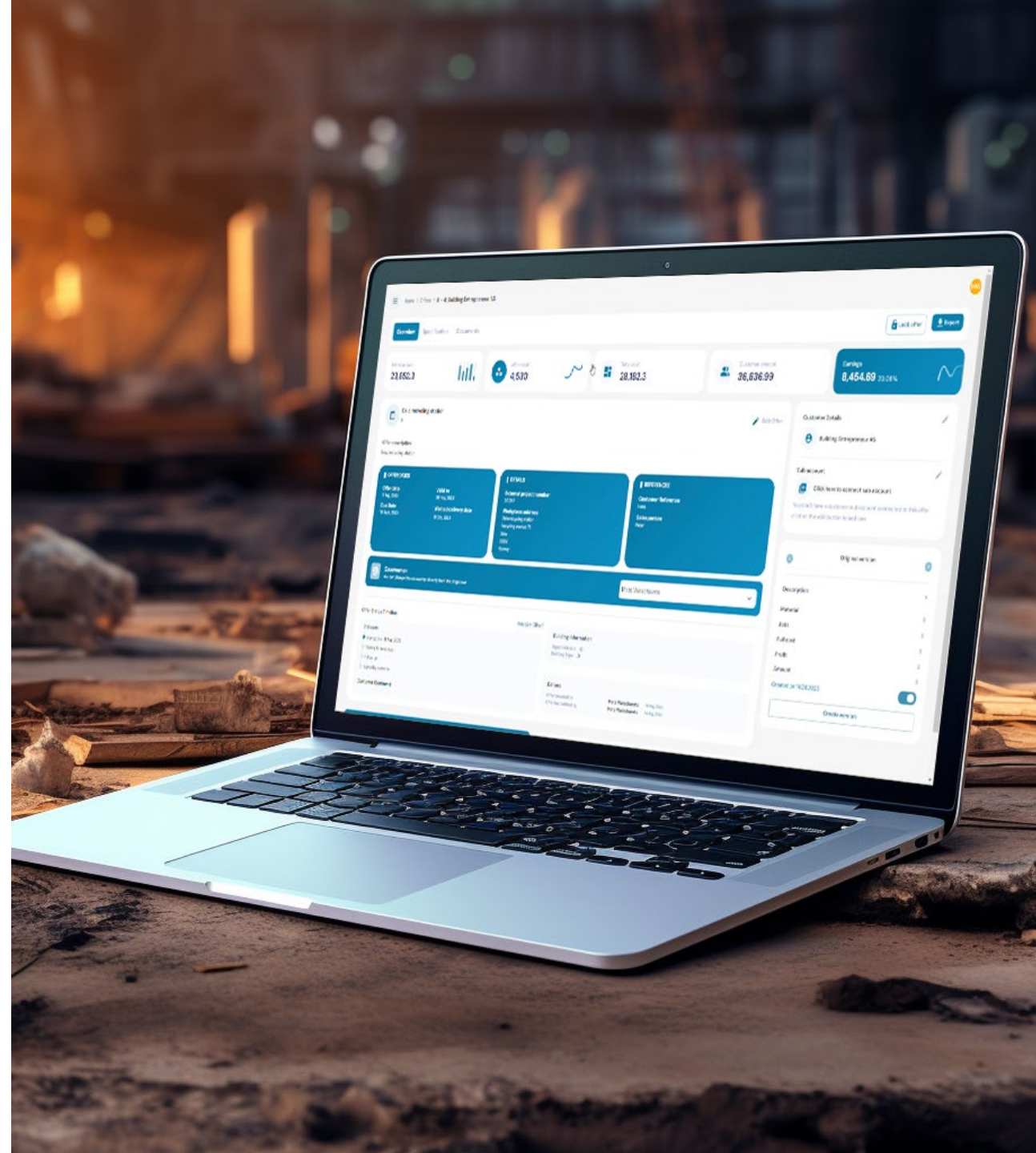
- Maintaining quality and profitability in each calculation

- Sending bids in short time frames to have better win rate



SmartCraft calculation

- Personalized calculation tool crafted specifically for plumbers and electricians
- SmartCraft has a long history of delivering calculation software
- Designed with user experience in mind
- Opening for new customer groups and segments
- First launch to plumbers
- Expanding the tool to accommodate electricians



DEMO

Bring AI to our users

- H1 2023 – Using AI tools to boost productivity in our R&D department
- H2 2023 - Integrating AI tools directly into our products
- Areas involve
 - Speed up onboarding
 - Customer success modules
 - Tailored training
 - Contextual search



Q&A

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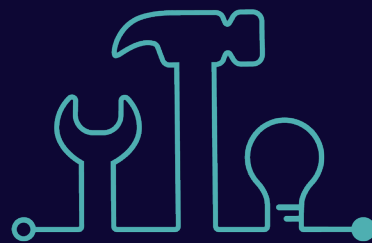
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