



Q2 2024 report

AUGUST 27TH, 2024

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Solid performance in a challenging market

- SmartCraft and the market
- Q2 highlights
- Financials
- Summary and Q&A



SaaS for SME construction companies

Industry challenges

- 0-5% margins -> High level of bankruptcies
- High level of conflict between construction company and customer
- High level of accidents and deaths
- Increasing demand for documentation and reporting

SmartCraft digital solutions

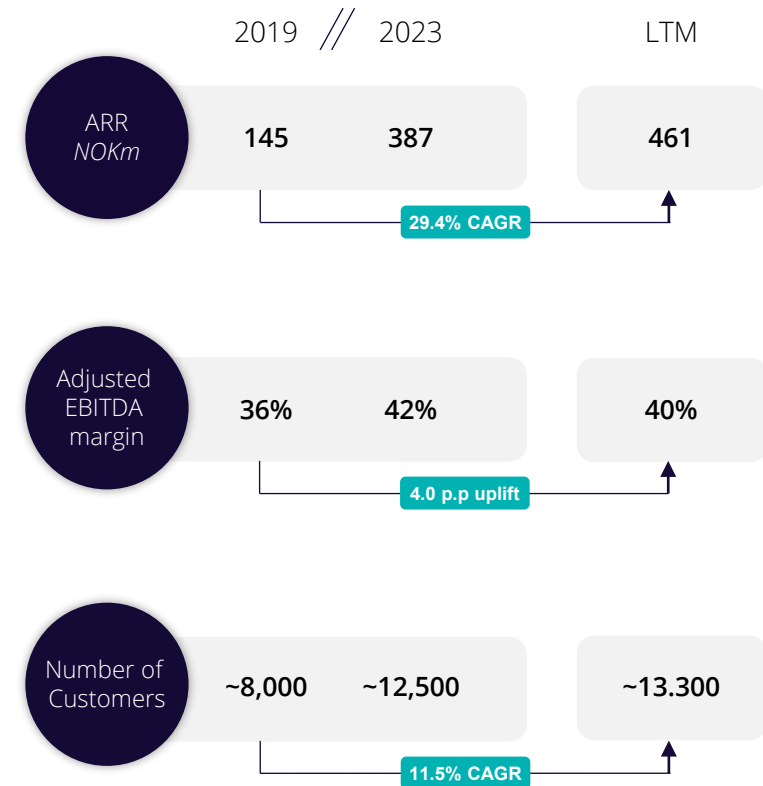
- Business overview and insight with control of people and material costs
- Digital flow of documentation to avoid conflict
- Safety at your fingertips
- Digital quality assurance to build according to rules and regulations



Leading position in the Nordics

- Consistent and solid growth before and after the IPO in June 2021
- Constantly gaining market share
- 16 offices in Sweden, Norway, Finland and UK
- ~260 employees

Solid performance over time

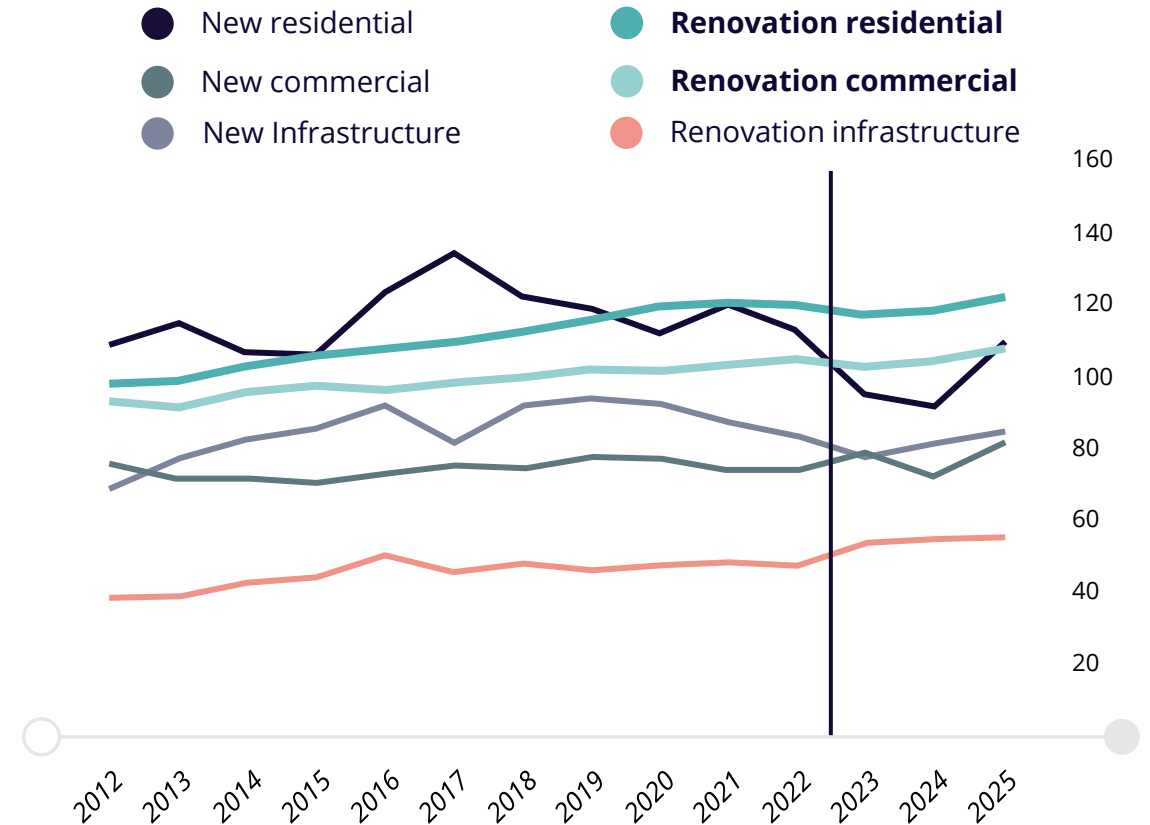


Renovation is our main segment

Renovation is our target market

- Large market, bigger than new build
- Less volatile, with consistent growth
- Downturn in new build affects the large construction companies, engineers and architects
- Existing buildings have constant demand for renovation, maintenance and service
- Energy efficiency drives further demand for renovation
- Ongoing digitalization of a digitally immature market

Norwegian construction market by segment, bNOK

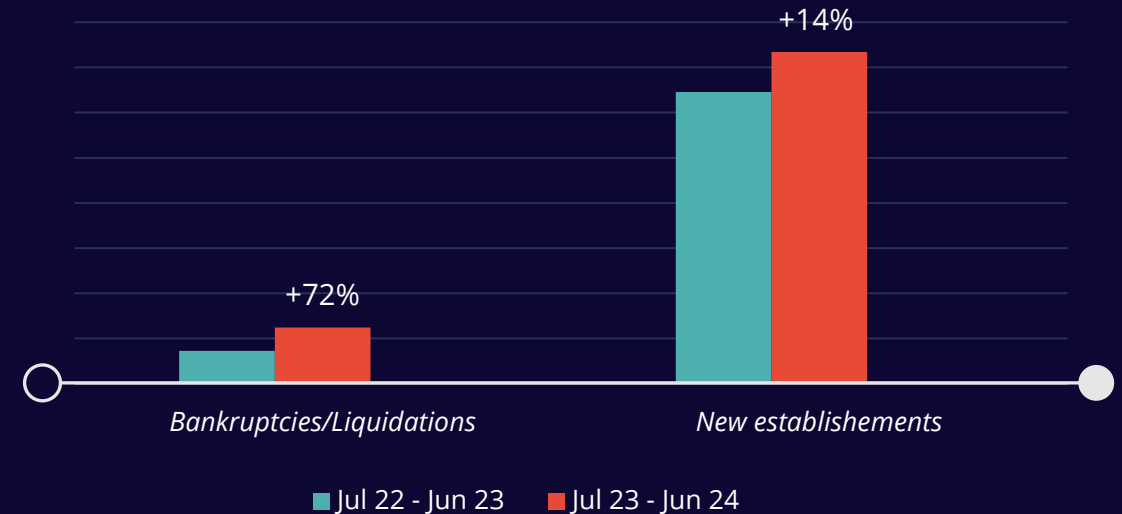


Source: Prognosesenteret, 2023

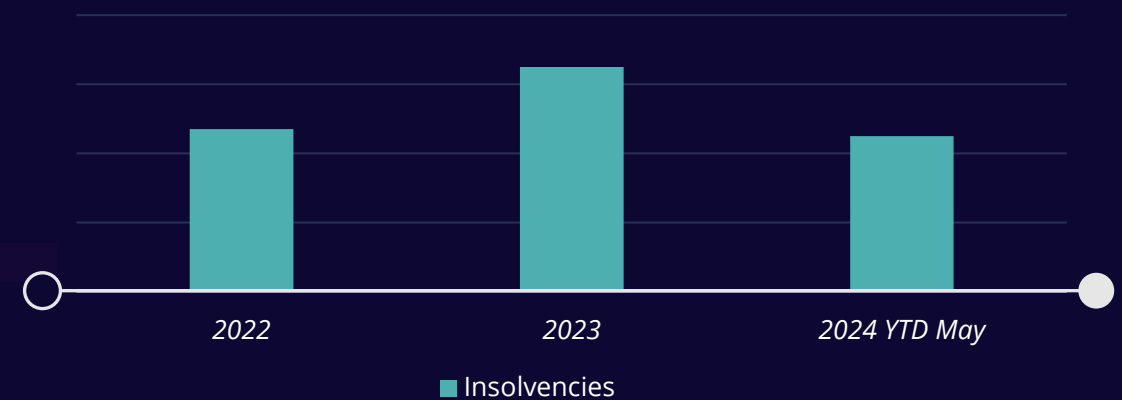
Soft market with some early positive signs

- Growth in both bankruptcies and new establishments in Norway
- UK insolvencies in the construction industry stable last 29 months
 - Housebuilding must double to meet Labour's target of 1.5m new homes next 5 years³
- Signs of early recovery in Finland:
 - *Construction starts exceeded completions* in May⁴

Bankruptcies and new establishments in Norway¹



Average monthly insolvencies in UK²



¹ Source: www.proff.no

² Source: <https://www.gov.uk/government/collections/insolvency-service-official-statistics>

³ Source: National House Building Council

⁴ Source: www.stat.fi

Q2 highlights

Q2 2024 financial highlights

Continued strong growth, consistently high margins and low churn



MNOK 461

Annual Recurring
Revenue
+29%



29%

Adjusted EBITDA-capex
-0.3 p.p.
excl. acquisitions



8%

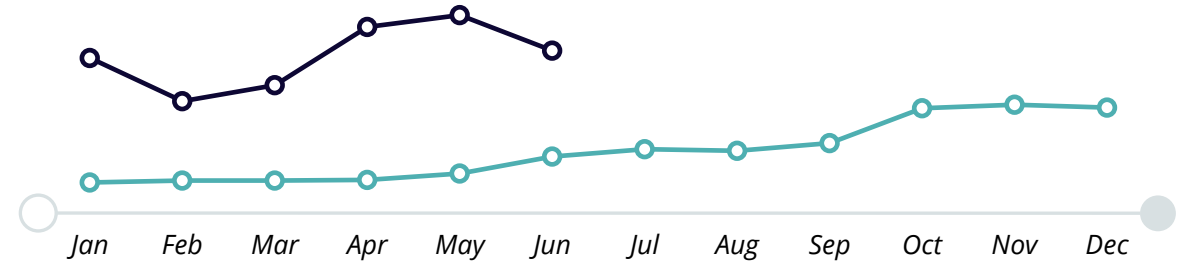
Low churn
+0.5%

Good growth in marketing & sales efficiency

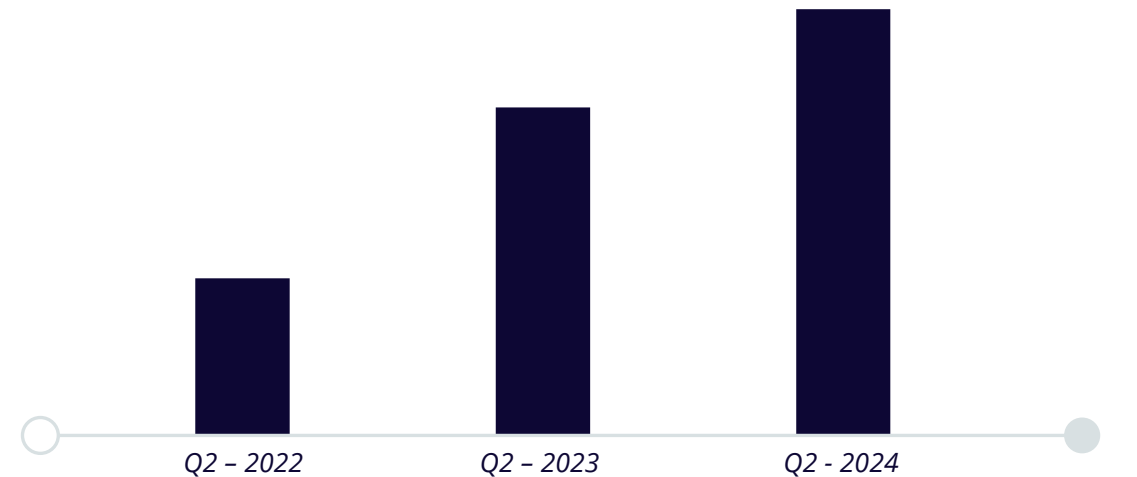
- +480% brand exposure¹ (YoY)
 - Gather around SmartCraft brand
 - Present at big industry trade fairs
 - Norbygg
 - Eliaden
 - On- site purchases and close to 200 leads
- 30% more inbound leads (YoY)
- 36% more sales meetings (YoY)
- 26% more online sales (YoY)

¹ Visibility of SmartCraft communication in different media channels

Brand exposure for the SmartCraft Group



Inbound leads YoY



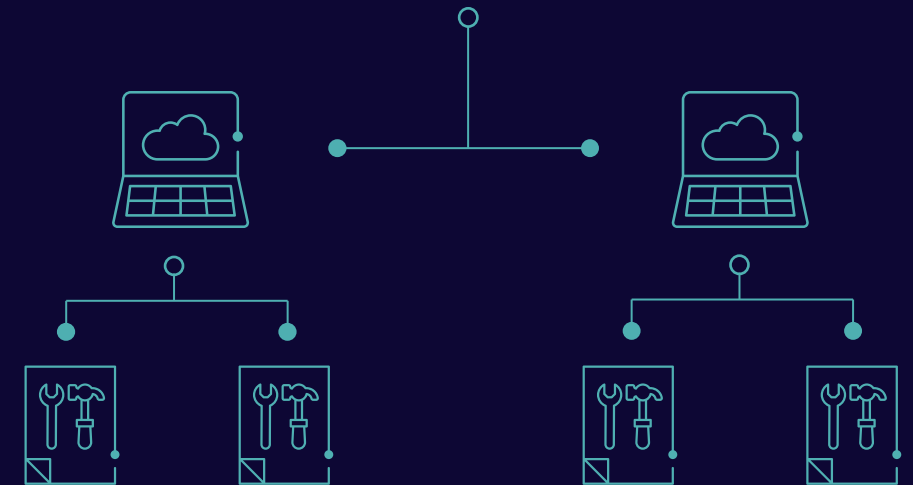
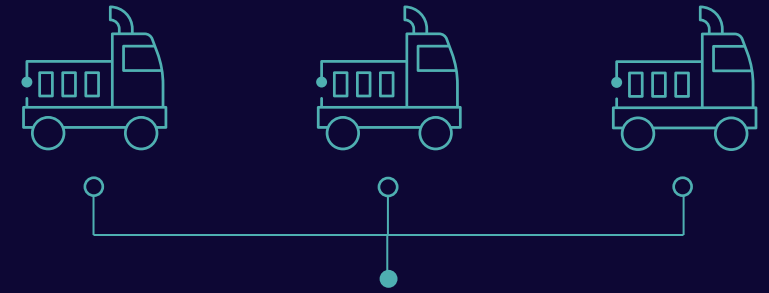
Real time emission data solution solving construction industry's reporting requirements

Open-source solution provided by SmartCraft as a contribution to simplify CO2 tracking in Sweden.

- Capturing real time emission data from a range of truck manufacturers
- Solving the construction industry's requirement to report transport emission data for each project

Launch of **SmartCraft solution** for emission tracking for truck and machine operators in Sweden in Q3

- Solution creates customer stickiness and potential for future upsell



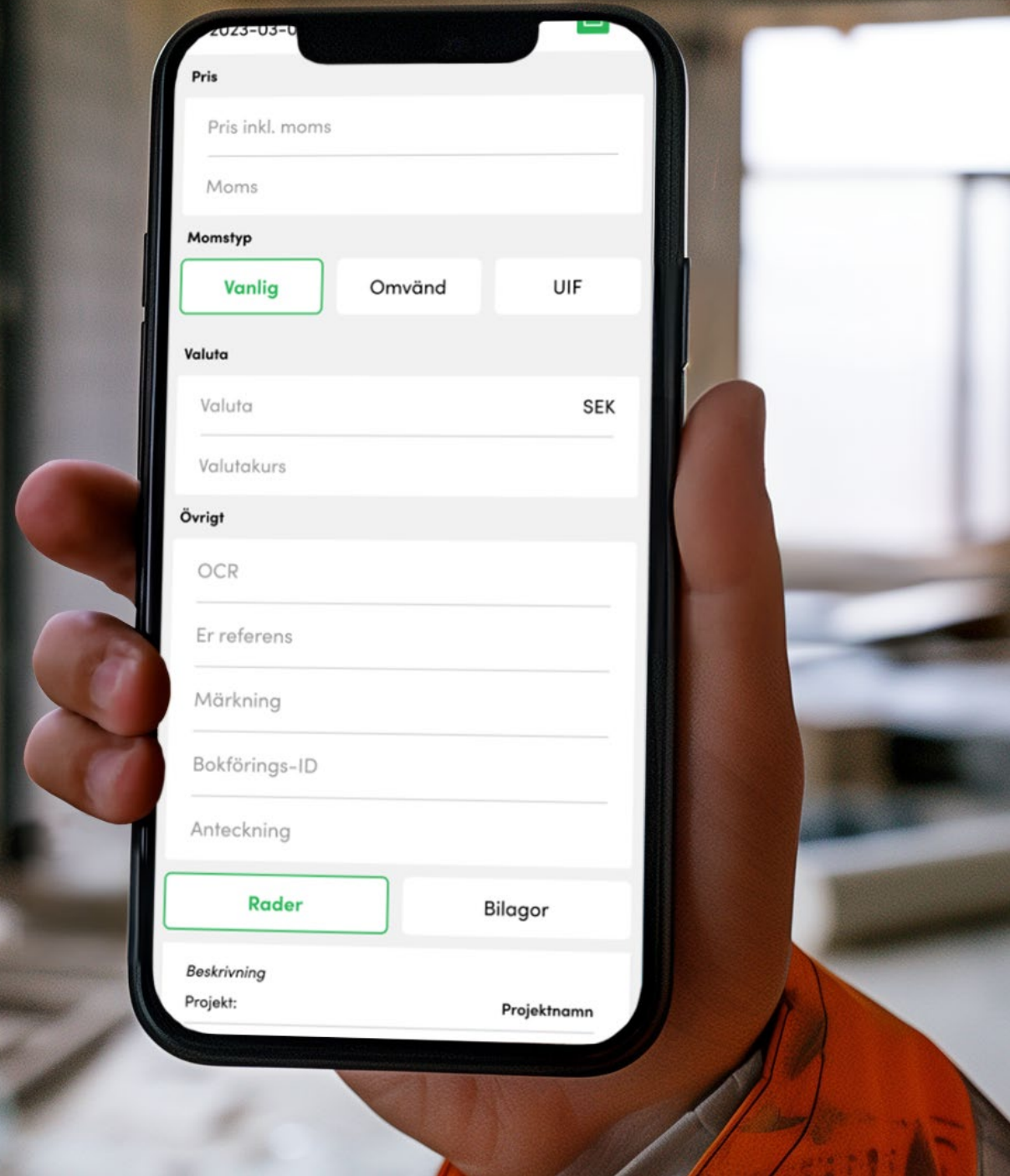
Bygglet product launches to drive stickiness and upsell

Bygglet new app replaced legacy app in Q2

- 4.4 out of 5 review for new app

Bygglet new budget module in pilot

- Great feedback, promising pickup rate



Piloting new packaging to enable cross-sell

Low entry price

Low entry price x 2-3

Low entry price x 4-5

 **SmartCraft**
ELECTRO BASIC

Basic quoting
Time & materials
Order management




 **SmartCraft**
ELECTRO PREMIUM

Electro Basic features
Project & stock mgmt.

Upsell: E-commerce &
QA solution



 **SmartCraft**
ELECTRO PREMIUM+

Electro Basic features
Electro Premium features
Adv. calculation

Solutions in the packages:



Accretive M&A

- Acquired 2 solutions for construction companies and property developers
- Locka (Sweden) April
 - 3D visualization and end-customer interaction
- Clixifix (UK) May
 - Management of complaints, repairs and defects
- Softer construction market has facilitated M&A dialogues



~ ARR NOK 55 million



~ 600 customers



+ 55 employees



+ Massive TAM expansion into the UK

Best of breed solutions for all parts of the construction cycle

Specialized solutions for different parts of the property life cycle

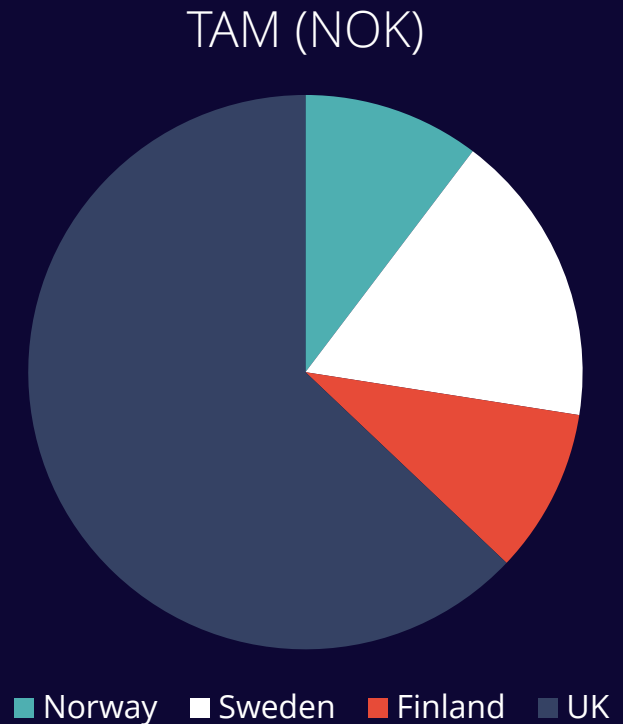


Solutions for across all phases of a property life cycle



Large total addressable market (TAM)

- TAM of NOK 50 billion*
- ~700.000 addressable construction companies
- The UK increases TAM by 70%



**Analysis by SmartCraft, August 2024. Compounded on basis of ARPC, penetration and addressable companies (ADL model, 2020)*

Q2 key takeaways

- Continued growth and high margins despite challenging market
- Strong results from marketing and sales activities across the group
- New product launches to drive stickiness, upsell and cross-sell
- Acquired 2 solutions, increasing the TAM to NOK 50 bn



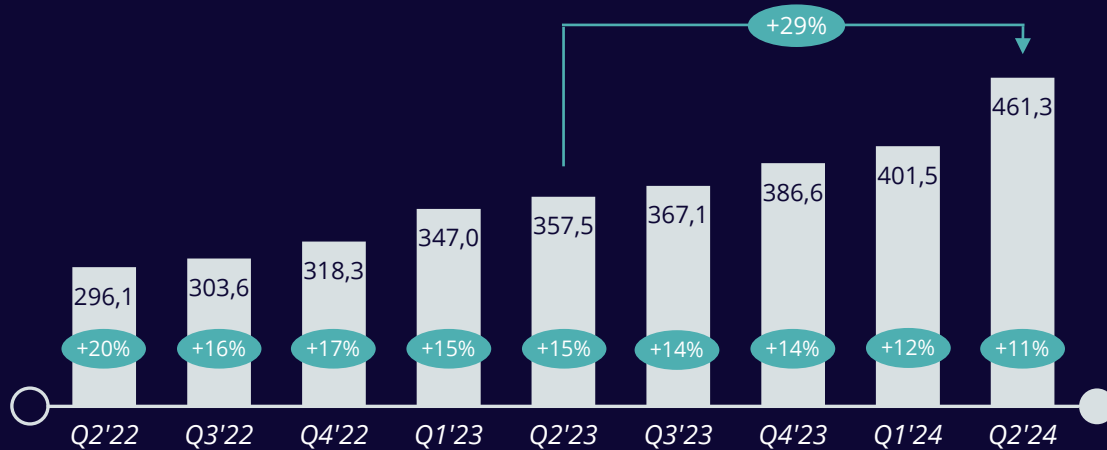
Financials



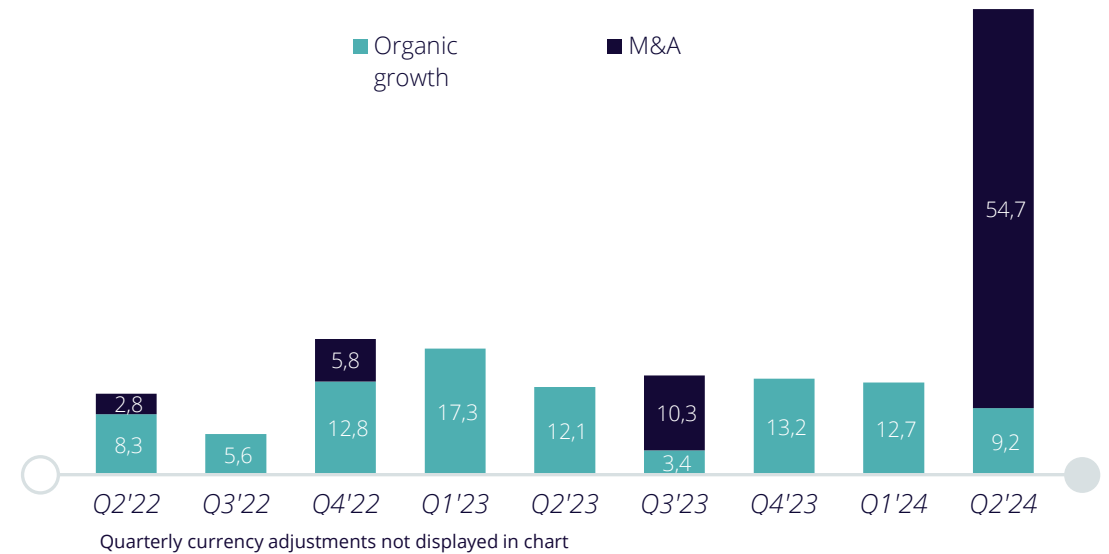
High growth in recurring revenue as basis for success

- 29% growth in ARR
 - 2.3% organic growth quarter-over-quarter
 - Growth hampered by increased downgrades and churn
 - Substantial ARR upside from acquisitions as recurring revenue share is at a lower level, providing future ARR growth tailwind

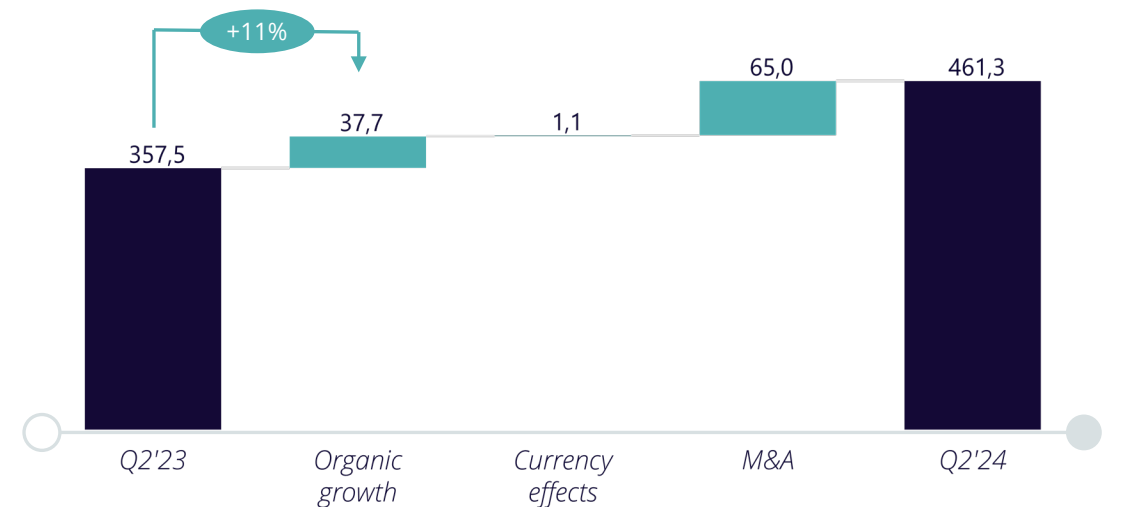
ARR development, mNOK



Quarterly ARR growth history, mNOK



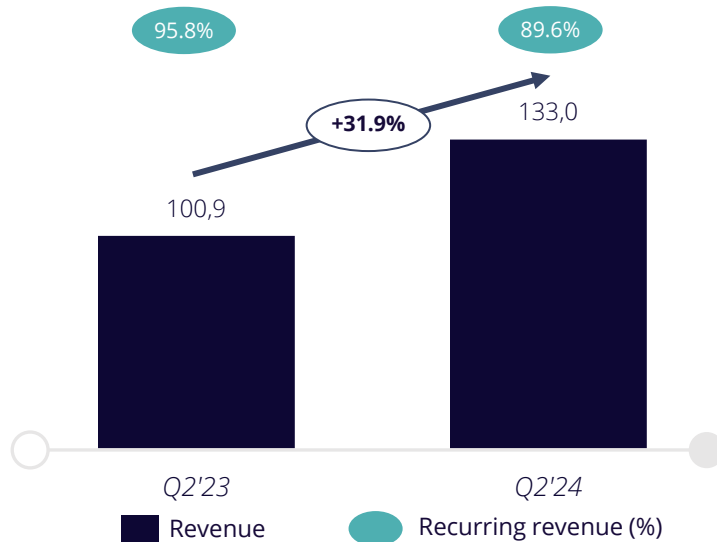
ARR bridge YoY, mNOK



Continued growth in revenue and strong profitability

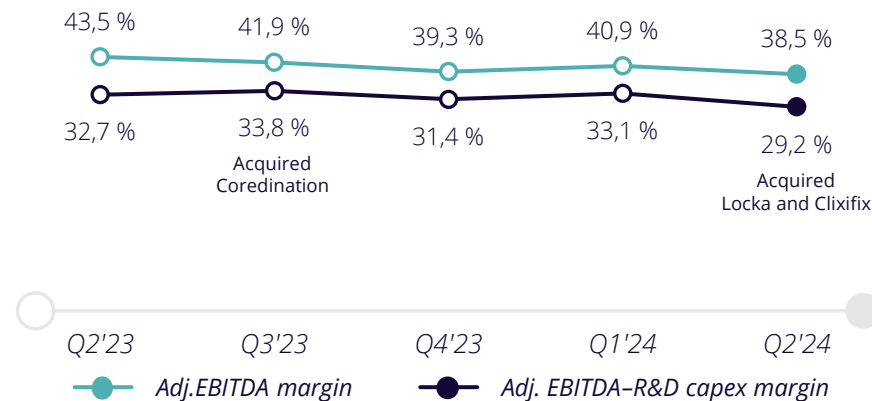
Solid YoY revenue growth

mNOK



- Maintaining high recurring revenue share of 97% excl. the two acquisitions in Q2'24
- Focus on transitioning revenue from non-recurring to recurring. Aiming for mid/high 90s.

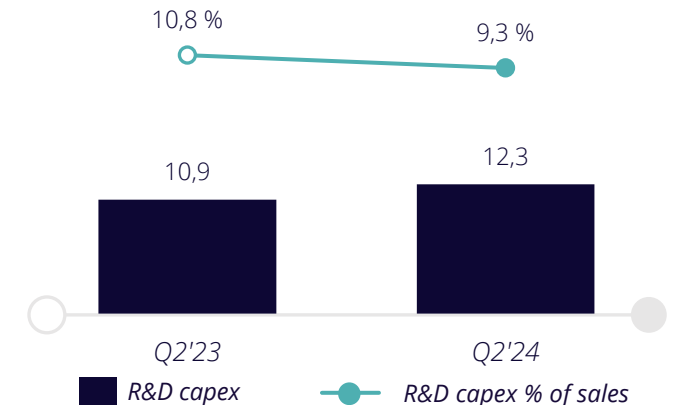
Consistently high profitability



- 3.2pp dilution from acquisitions
- Proven track-record of ability to increase profitability in acquired solutions

R&D capex

mNOK

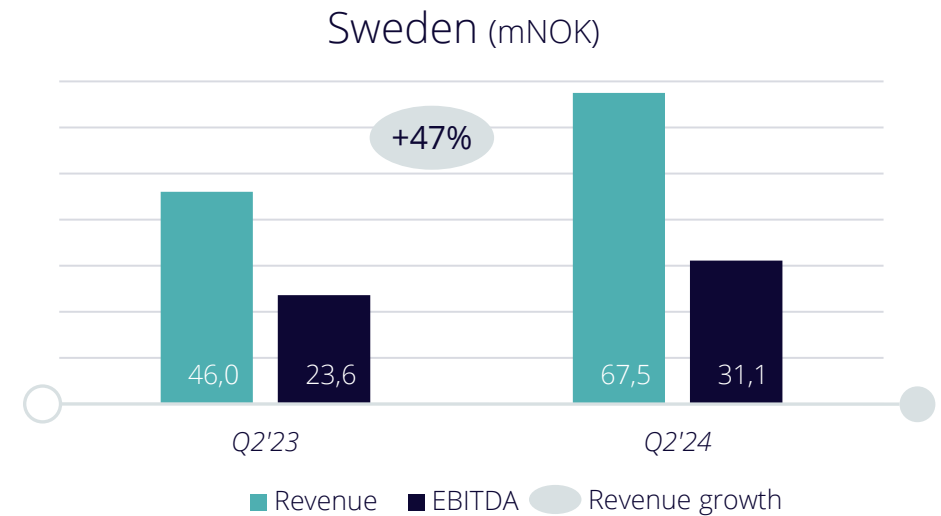


- Several projects in development phase to drive new sales, cross sales and upsales
- Revenue increasing at a higher pace than cost, naturally affect the capex percentage
- Expecting ~9% for FY'24



Strong revenue growth in Sweden

- Strong growth
 - Acquisition of Coredination and Locka
 - Maintained momentum in sales to new customers
 - 2023 revenue boosted by non-recurring handbook sales
- Positive signals in market
 - Signed Stockholmshem
 - Sought-after new solutions and add-ons (Tellus project and budget module)
- Adjusted EBITDA margin reduced as a result of acquisitions

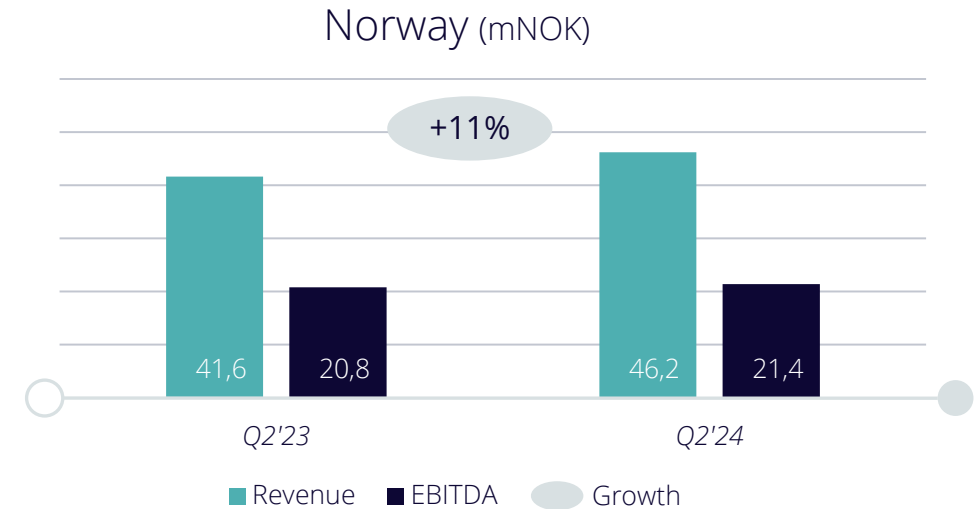


+ 11 %
Organic recurring
revenue growth



Solid growth and high margin continue in Norway

- Continued good growth in revenue
 - Structures sales process drove growth of new customers
 - Growth hampered by increased churn and downgrades
- Adjusted EBITDA margin decrease due to high R&D capitalization in Q2'23 which was adjusted year-end 2023.
 - Adjusted EBITDA-capex increased by 2.0pp
- High level of sales and marketing initiatives towards electricians
 - Piloting new packaging of existing solutions
 - Piloting new calculation solution based on SmartCraft Core



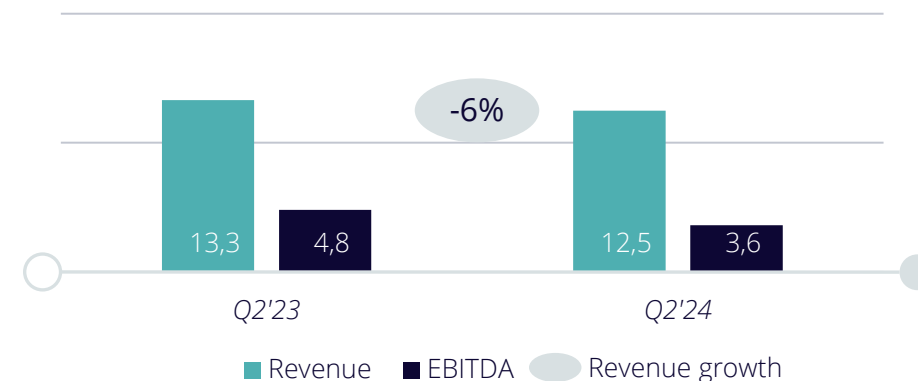
+ 13 %
Organic recurring
revenue growth



Positive signals in a challenging Finnish market

- Negative growth stabilized from Q1
- Positive market signals
 - Initiated construction projects exceed project completion
 - Good marketing and sales activities building potential customer revenue pipeline
 - Increase in transactional revenue per customer
- Project based revenue model implies a growth tailwind when market turns

Finland (mNOK)

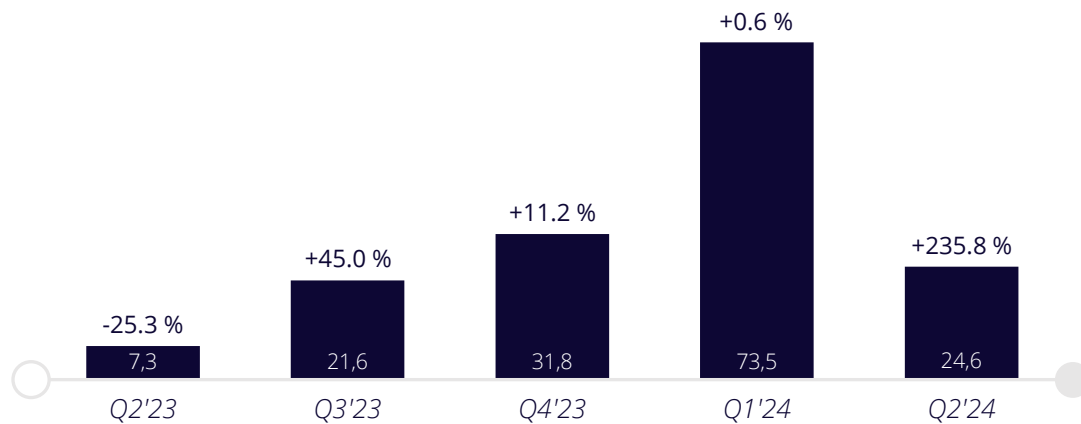


-5 %
Organic recurring
revenue growth

Solid financial position and strong cash flow

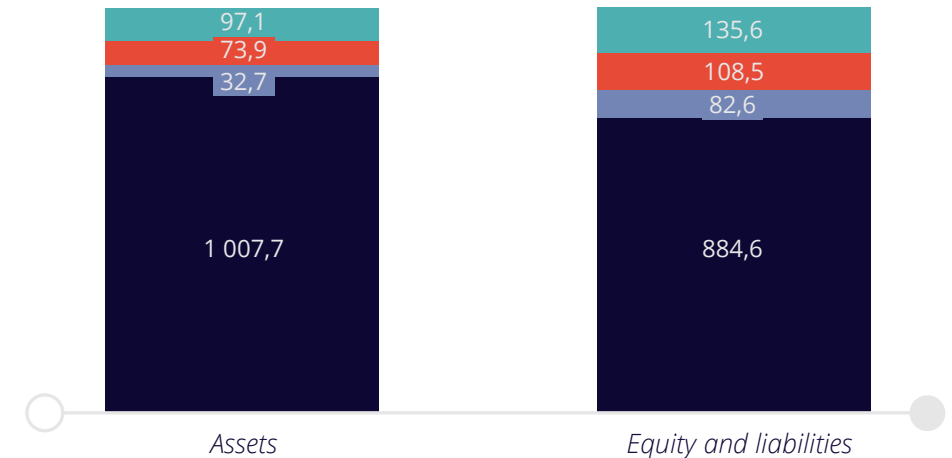
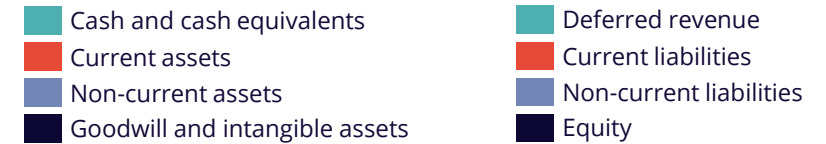
- to support growth strategy and M&A activity

Operating cash flow
mNOK, YoY growth



Balance sheet, June 30, 2024

mNOK



- Q2'24 growth due to earn-out adjustment in Q2'23
- Tax payments 4 mNOK higher in Q2 2024 compared to Q2 2023
- Cash positive all quarters (seasonally strong Q1)

- Net cash payment of 157 mNOK relating to two acquisitions
- Net cash positive and negative net working capital
- Holds 2,23% (~3,8m) shares, per the end of August/program

Key focus to drive continued profitable growth

- Customer centric business model
- Continue with marketing and sales excellence to build solid new customer pipeline
- More sales automation & self service
- Use our flexible business model to be prudent on costs
- Value accretive M&A

Medium-term financial targets remain unchanged

Organic growth
15 – 20%



bolt on M&A



Margin expected to increase due to scalability of the business

Short-term considerations:

Impact from acquired companies last 12 months

Q&A

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We continue on our profitable growth journey

- Continue to deliver on strategy
- Reduced operational risk
- Consistent strong operational cash flow



SmartCraft

BETTER DIGITAL TOOLS