



Q3 2024 report

NOVEMBER 5TH, 2024

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Solid performance in a challenging market

- SmartCraft and the market
- Q3 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

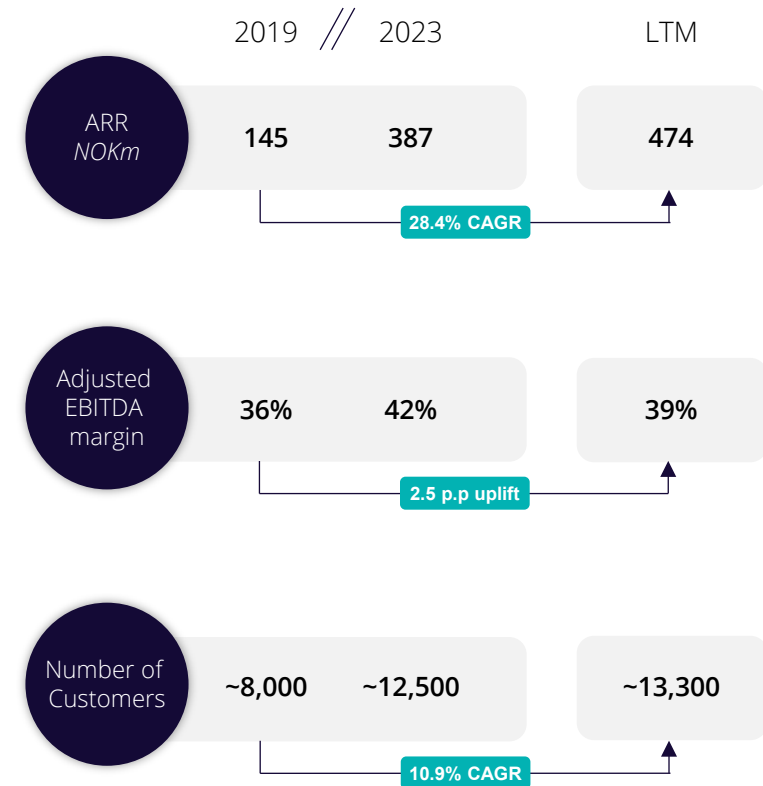
- Business overview and insight with control of people and material costs
- Digital flow of documentation to avoid conflict
- Safety at your fingertips
- Digital quality assurance to build according to rules and regulations



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

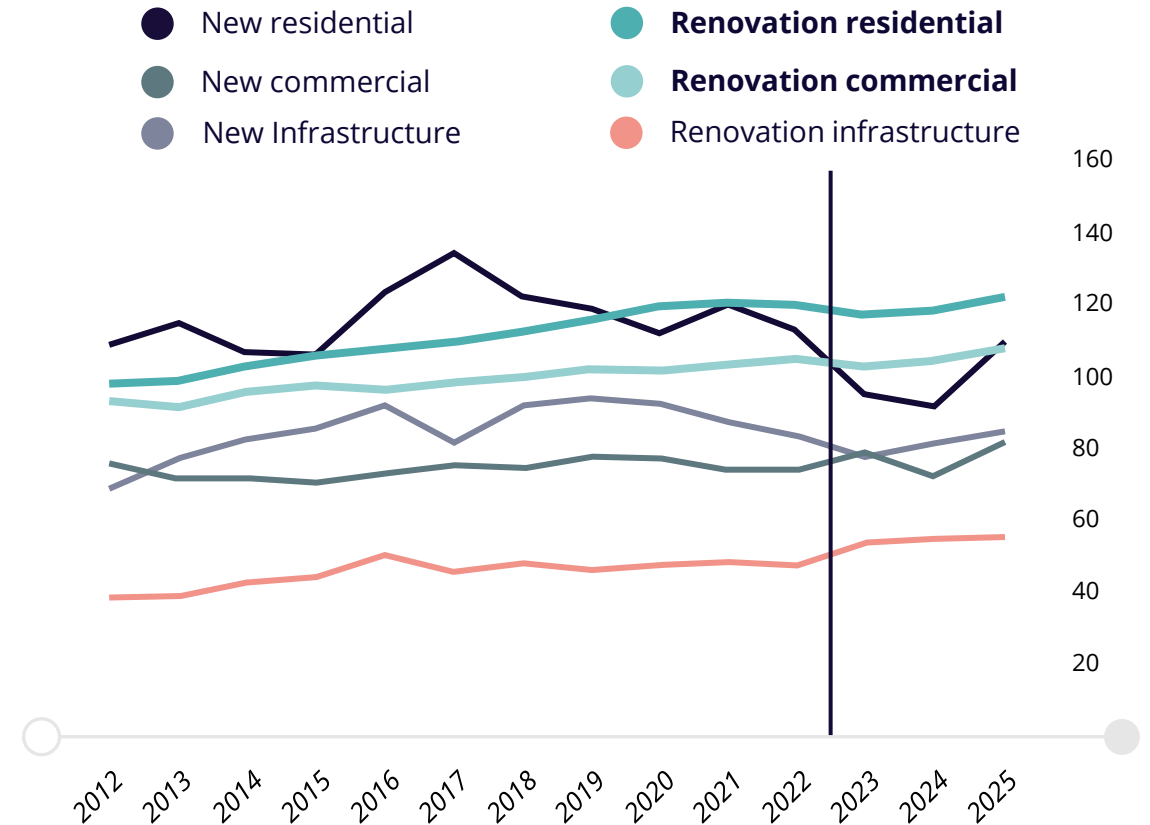


Renovation is our main segment

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

Positive signals in Sweden and Finland



Swedish market looks to improve after three interest rate cuts



Construction starts have surpassed completions in Finland¹



Norway is still experiencing a tough market as building permits continue to fall²



Housebuilding in the UK must double to meet Labour's target of 1.5m new homes next 5 years³

¹ Source: www.stat.fi

² Source: Statistics Norway

³ Source: National House Building Council

Q3 highlights

Q3 2024 highlights

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

MNOK 474

Annual Recurring
Revenue
+29%

25%

Adjusted EBITDA-capex
-4 p.p.
excl. acquisitions

MNOK 34

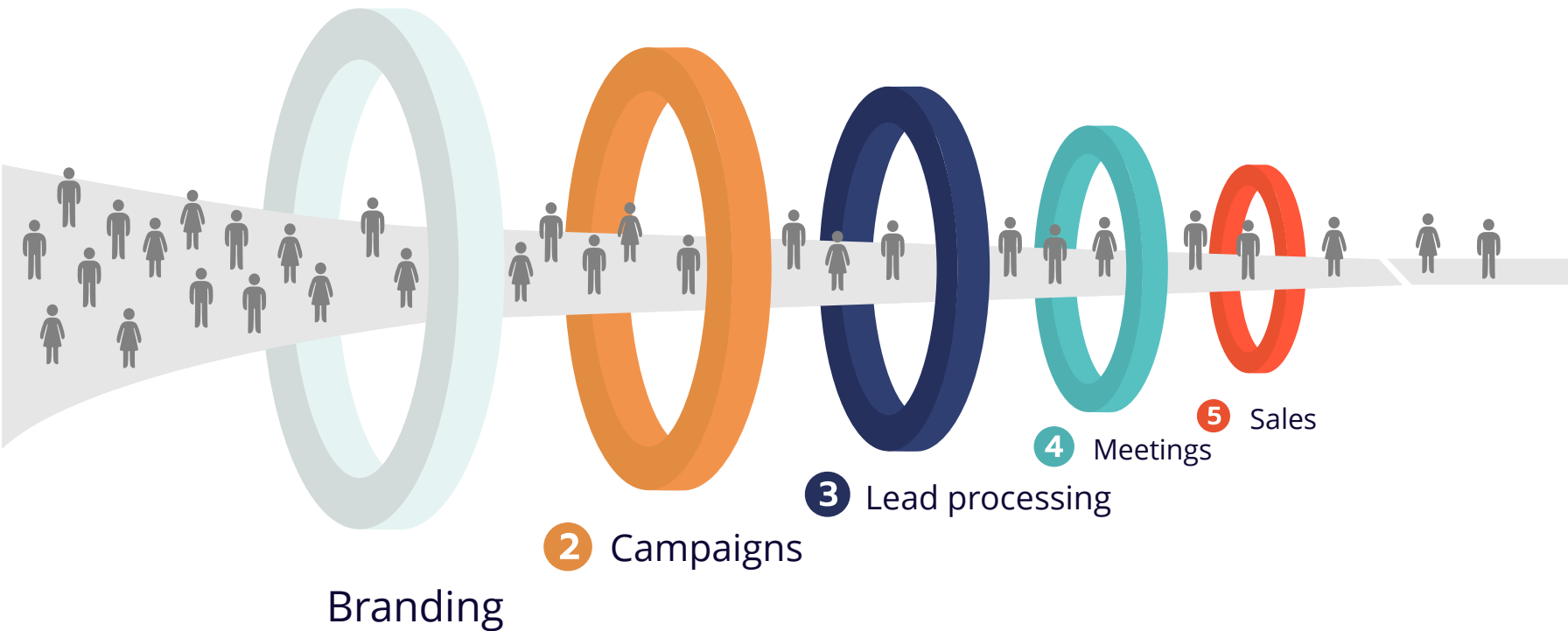
Operating cash flow
+ 58%

8%

Churn
+0.4%

Strong marketing execution and prolonged conversion time to sales

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



+41% brand exposure¹
(44 million)

+30% inbound
leads

+62% sales
meetings

35%
Conversion from sales
Meetings to sales (LTM)

Positioning acquired solutions for future growth

- **Clixifix (UK) acquired in May**

- Platform for UK expansion
- +30% growth in recurring revenue in Q3 (YoY)
- EBITDA-capex margin gone from negative to double digit in Q3 (YoY)
- Evaluating Nordic solutions to the UK market along with Clixifix
- Developing list of potential acquisition targets

- **Locka (Sweden) acquired in April**

- Business included in Swedish organization
- Benefits from best practices in sales and marketing
- Shifting revenue from non-recurring to recurring revenue



~ ARR NOK 55 million



~ 600 customers



+ 55 employees



+ Massive TAM expansion into the UK

Q3 key takeaways

- Continued growth, high margins and strong cash flow despite challenging market
- Some positive market signals in Sweden and Finland
- Strong results from marketing and sales activities across the group
- Investing in development and branding to be in pole position when the market turns

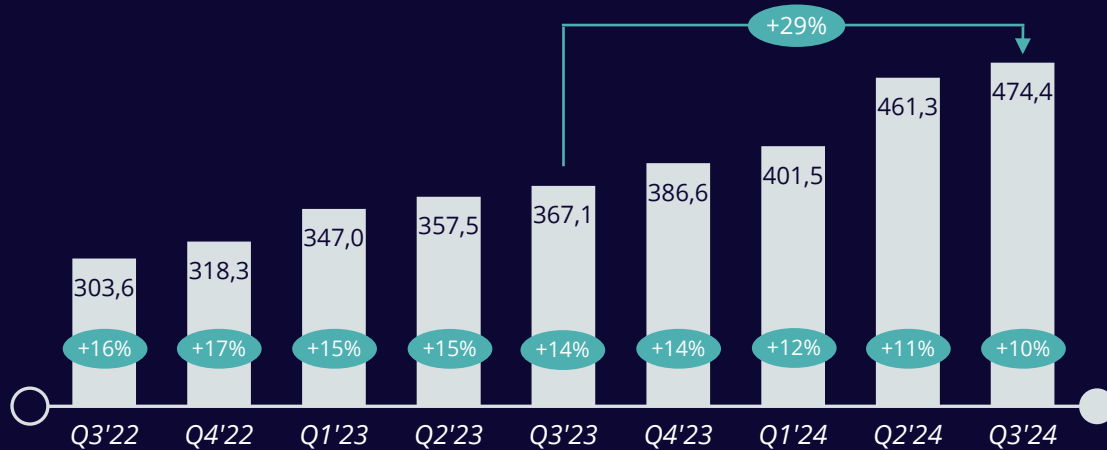


Financials

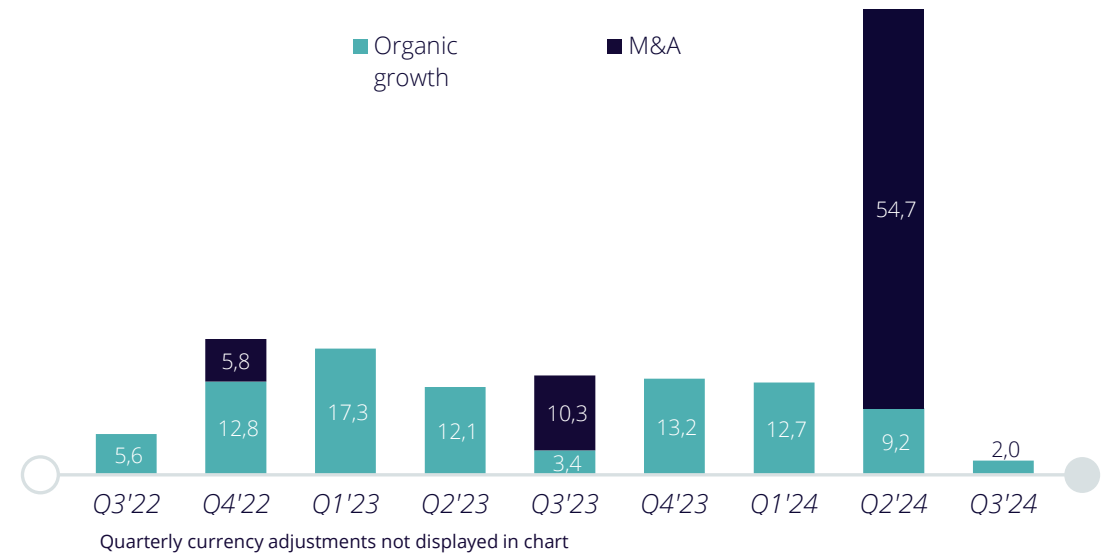
High growth in recurring revenue as basis for success

- 29% growth in ARR
 - 10% organic growth year-over-year
 - A high level of downgrades and churn affecting a seasonally low new-sales quarter
 - Slow start relating to vacations, but both sales and pipeling building momentum in Aug/Sept
 - Focus on transitioning non-recurring revenue streams, providing future ARR growth tailwind

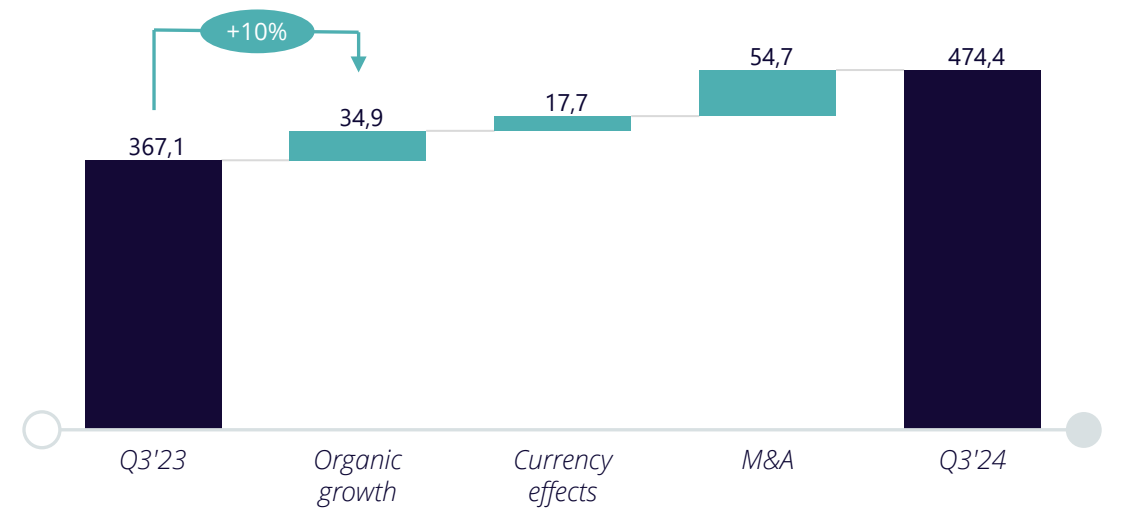
ARR development, mNOK



Quarterly ARR growth history, mNOK

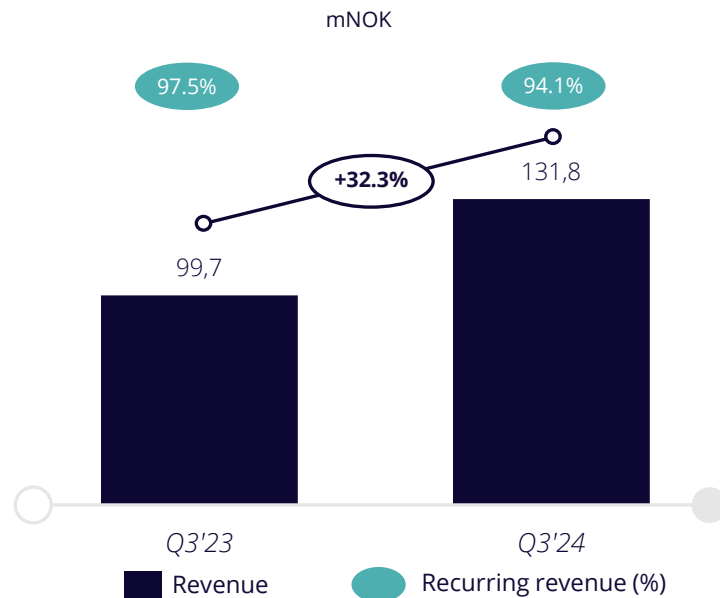


ARR bridge YoY, mNOK



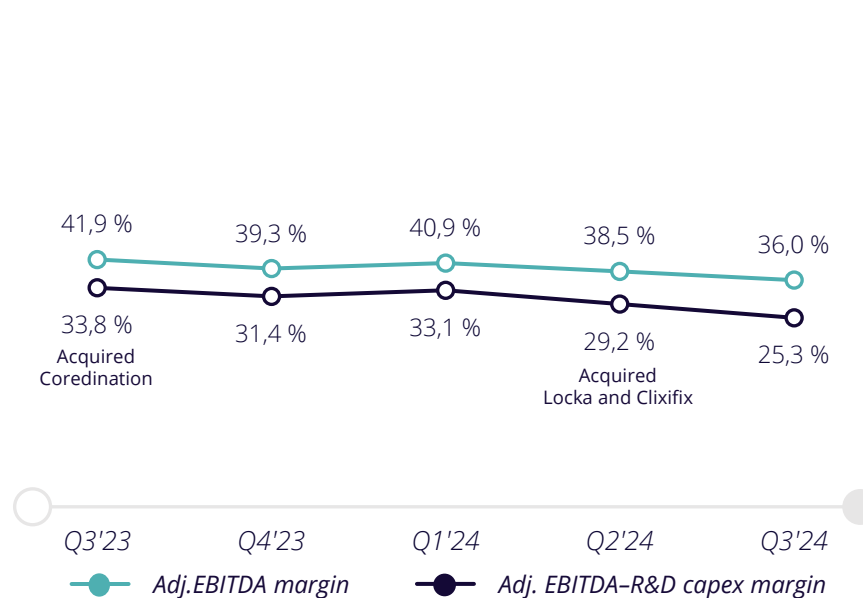
Continued growth in revenue and strong profitability

Solid YoY revenue growth



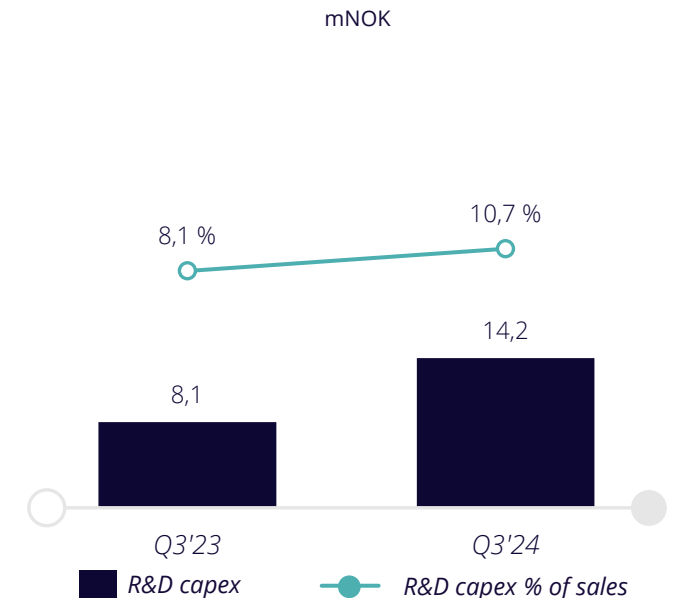
- High growth driven by acquisitions
- Seasonally low non-recurring revenue
- Focus on transitioning revenue from non-recurring to recurring. Aiming for mid/high 90s.

Consistently high profitability



- 4.4pp dilution from acquisitions
- Investments in disruptive development projects and Group brand project
- Proven track-record of ability to increase profitability in acquired solutions

R&D capex

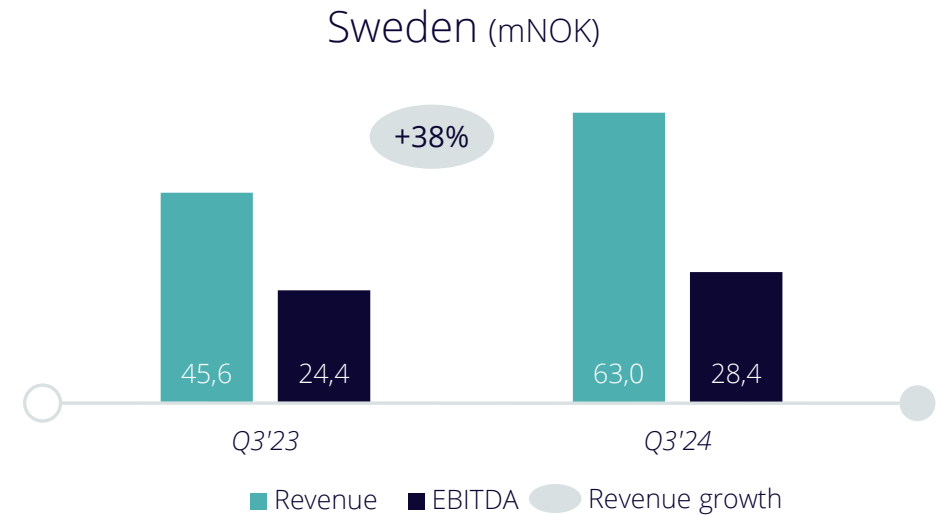


- Investing more in development projects to be in pole position when the market turns
- Higher level of capitalization in existing projects
- Expecting ~9 % for FY'24



Strong revenue growth in Sweden

- Strong growth
 - Acquisition of Locka
 - Build momentum in sales to new customers after summer holiday
- Positive signals in market
 - Three interest rate cuts starting to materialize in pipeline and sales
- Adjusted EBITDA margin reduced as a result of acquisitions
- Focus on transitioning non-recurring revenue streams to ARR



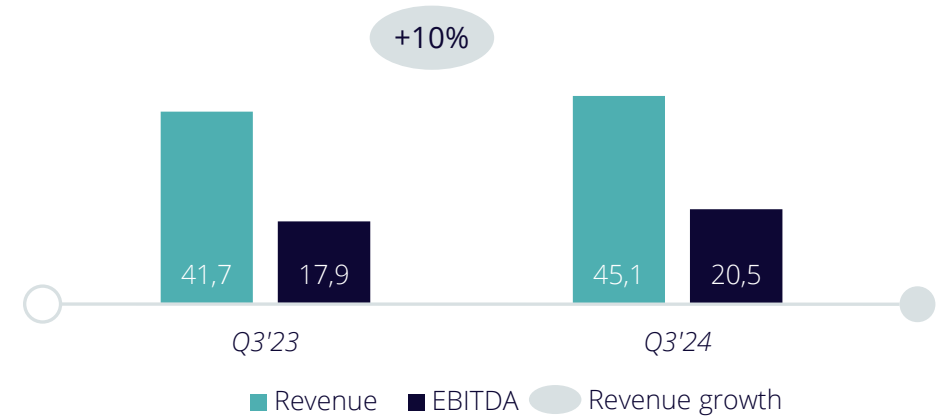
+ 11 %
Organic recurring
revenue growth



Solid growth and high margin continue in Norway

- Continued good growth in revenue
 - Strong performance in sales to new customers after the summer holiday
 - Growth hampered by increasing churn and downgrades
- Adjusted EBITDA margin increased as less development capacity was needed on existing solutions
- Continued focus on sales and marketing initiatives towards electricians
 - New packaging of existing solutions
 - Preparing to launch new calculation solution based on SmartCraft Core

Norway (mNOK)



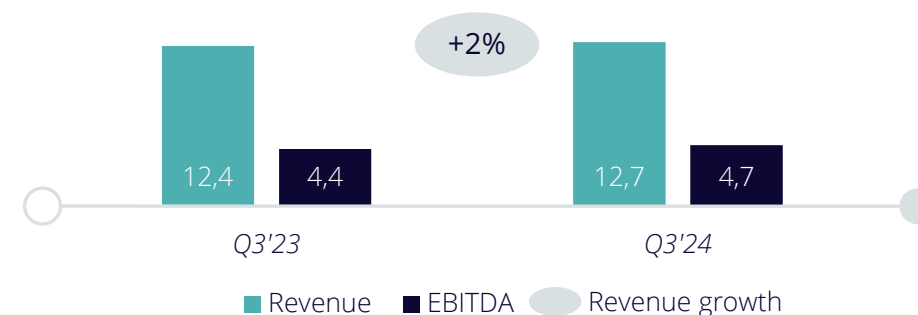
+ 10 %
Organic recurring
revenue growth



Positive signals in a challenging Finnish market

- Negative growth improve from -6% in H1, expecting improvements to continue
- ARR growth trending up, churn trending down
- Positive market signals
 - Initiated construction projects exceeded project completion in Q2 – continues in Q3
 - Good marketing and sales activities building potential customer revenue pipeline
- Project based revenue model implies a growth tailwind when market turns

Finland (mNOK)

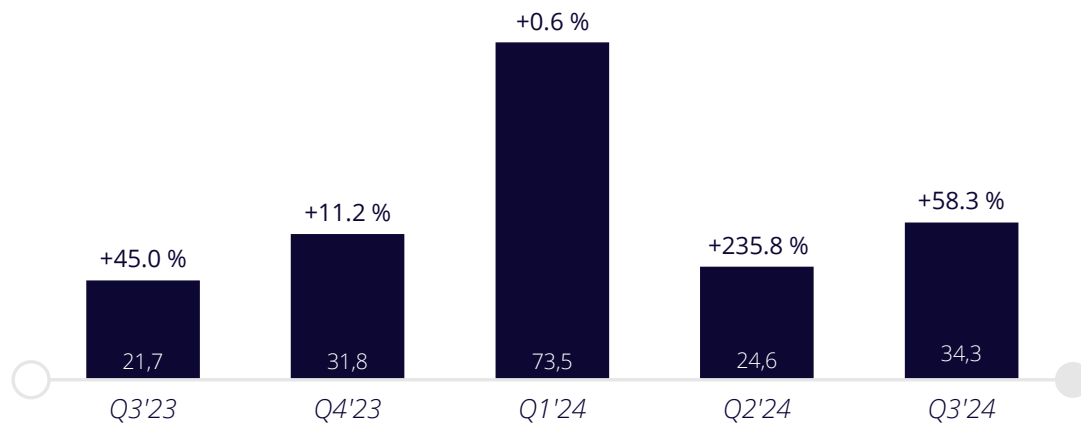


-1 %
Organic recurring
revenue growth

Solid financial position and strong cash flow

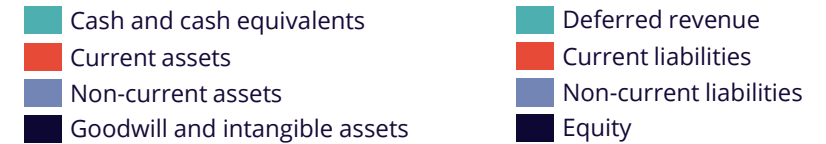
- to support growth strategy and M&A activity

Operating cash flow
mNOK, YoY growth



Balance sheet, Sept 30, 2024

mNOK



- o Continuing strong performance in operating cash flow, a YTD Q3 growth of 29%
- o Cash positive all quarters (seasonally strong Q1)

- o Net cash positive and negative net working capital
- o Holds 2,23% (~3,8m) shares

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 our strategy
- Reduced operational risk
- Consistent strong operational cash flow



SmartCraft

BETTER DIGITAL TOOLS