



Q4 2024 report

FEBRUARY 13TH, 2025

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Agenda

- Q4 in brief
- Financials
- Summary and Q&A



This is SmartCraft

Leading Nordic provider of SaaS solutions for craftsmen and the construction industry



260 employees



Norway, Sweden,
Finland and the UK



13 400+ customers



130 000+ users



Construction industry challenges



Low margins

0-5% margins = High level of bankruptcies



Conflict

High level of conflict between construction company and customer



Accidents

High level of accidents and deaths



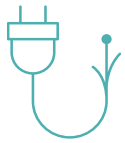
Documentation

Increasing demand for documentation and reporting

What we solve



People

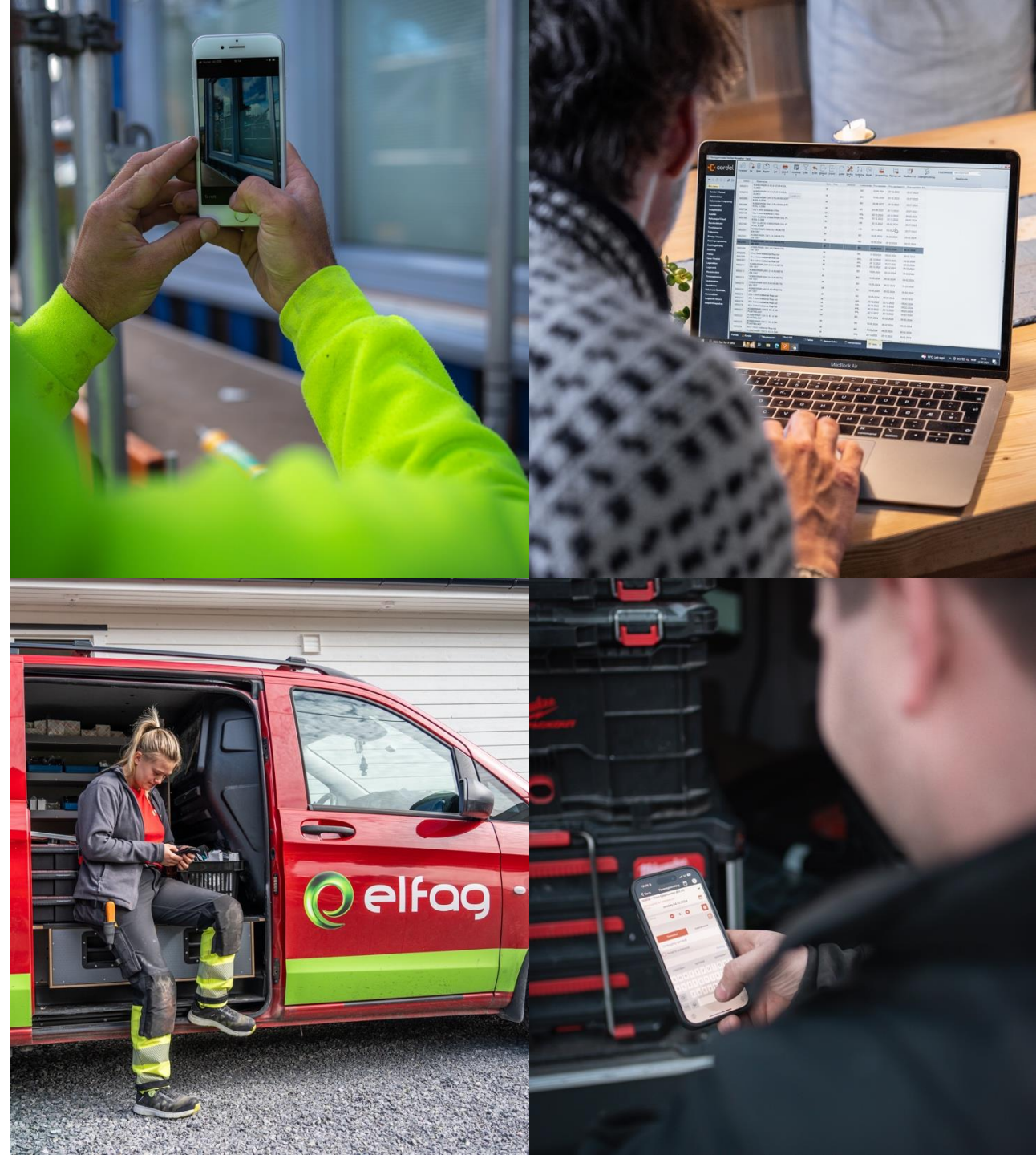


Material



Documentation

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



Q4 2024 in brief

Continued strong growth, strong cash flow but increasing churn and downgrades

MNOK 482

Annual Recurring
Revenue
+25%

24%

Adjusted EBITDA-capex
-1 p.p.
excl. acquisitions

MNOK 48

Operating cash flow
+ 53%

9%

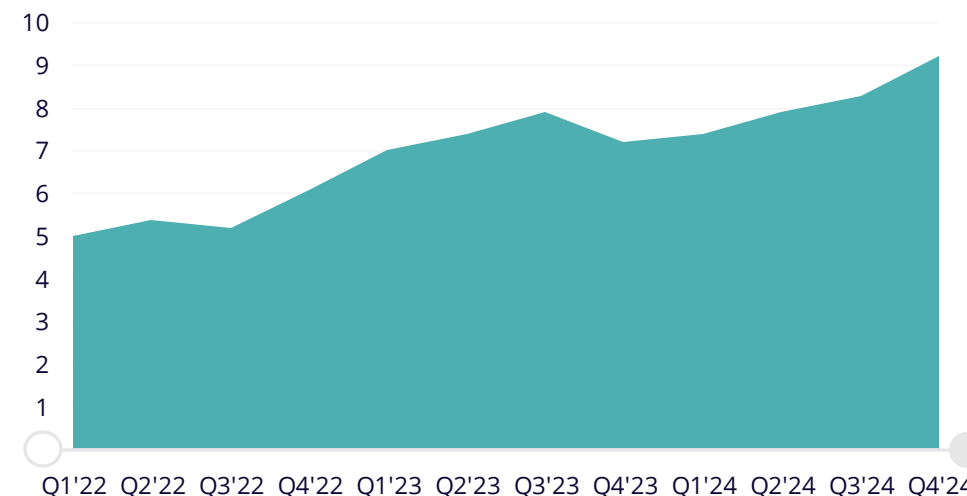
Churn
+2%

Strong sales performance, but organic ARR growth dampened by soft macro

8% organic growth, hampered by:

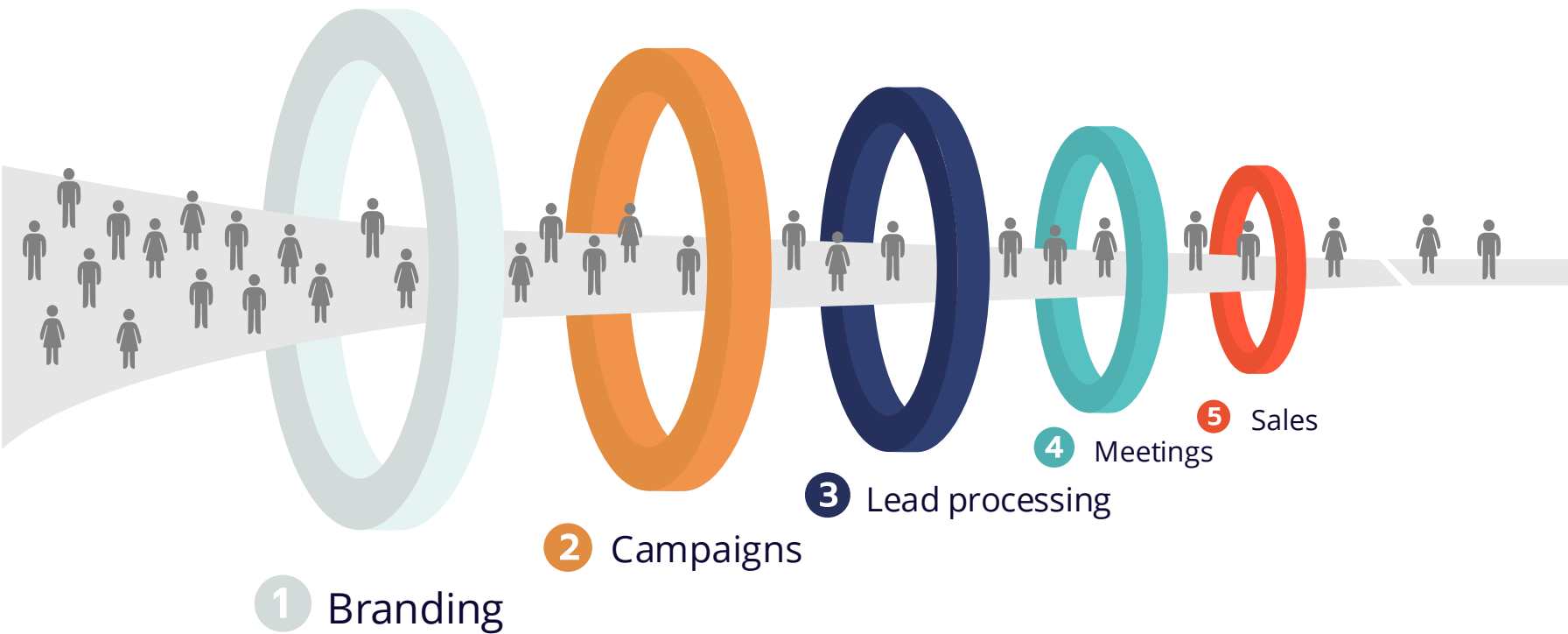
1. Increasing no of customers churning due to bankruptcies, 2 p.p YoY effect
2. Higher level of downgrades from existing customers as their business activities slow down, ~3 p.p YoY
3. 5% lower level of price increases in Q4 YoY due to lower inflation, ~ 3 p.p YoY

Churn in % of revenue



Continued effective marketing and sales execution

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



+58% brand exposure¹
(52,5 million)

+11% inbound leads

+70% sales meetings

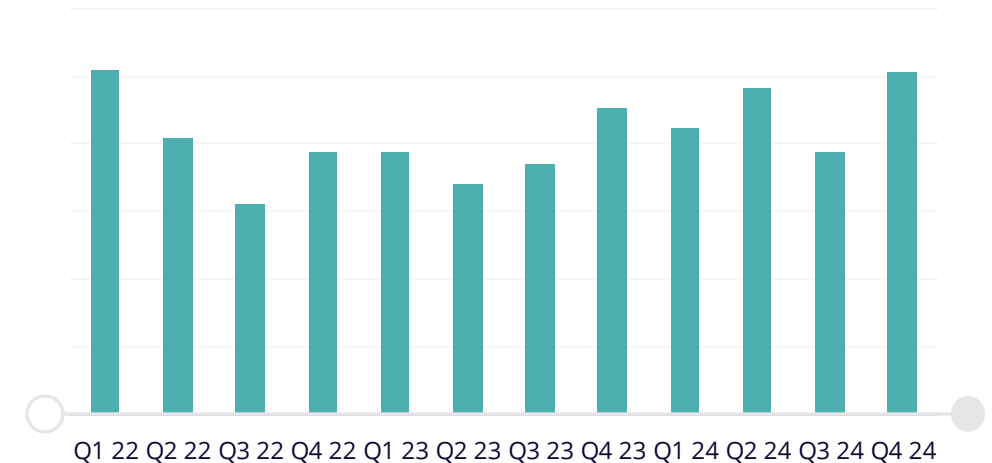
44%
Conversion from sales Meetings to sales (LTM)

+11% new customers

Solid marketing and new sales performance in a challenging market

- Number of new customers in Q4 at highest level since Q1 2022 *
- Best ever new sales performance in Q4 for Bygglet, our solution carrying the highest revenue in the Group
- Underlying growth rate is higher in Q4 2024 vs Q4 2023, adjusted for increased downgrades and churn

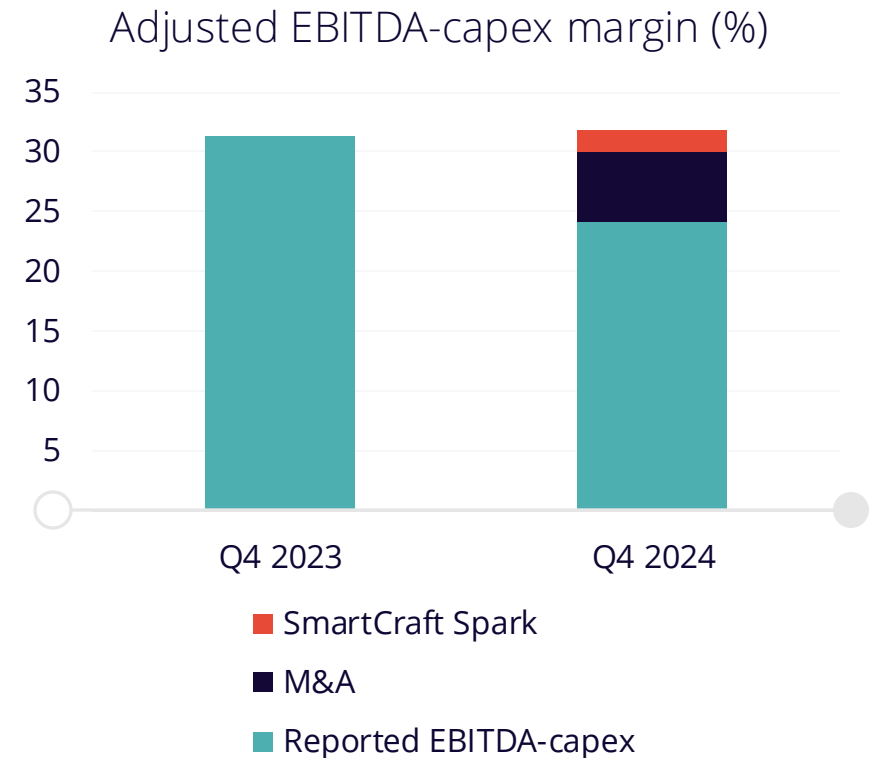
New customers (quarterly) *



* Excluding acquisitions

Adjusted EBITDA-capex margin reduced by M&A and planned investments

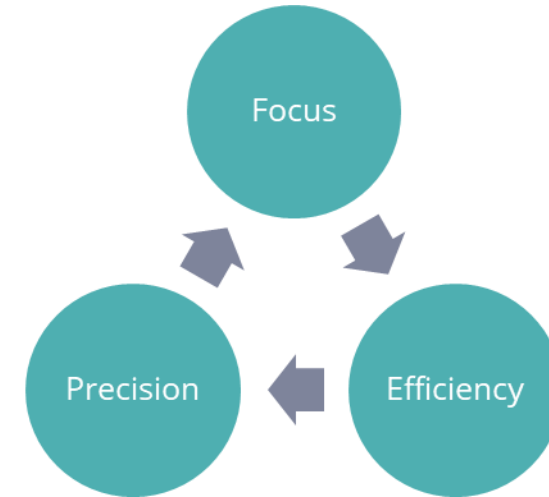
- Two acquisitions in 2024 dilute margin by 5.8 p.p
- Strategic development initiative in H2 2024 lowers margin by 1.9 p.p
- Margin increased when adjusting for these two factors



Improvements in recent acquisitions

- Our strategy is to increase recurring revenue in acquired companies which typically drives down short-term revenue and margin
- Locka (acq. Apr 24)
 - ~50% recurring revenue at acquisition
 - Annualized ARR growth of ~42% in Q4
 - NOK 2 million negative EBITDA in Q4
- Clixifix (acq. May 24)
 - Continued strong growth
 - Margin turned from negative to positive
- Both will be included as organic growth from Q2 2025

High-level strategy to enhance performance of acquired companies



Successful launch of disruptive solution for electricians

- SmartCraft Spark, disruptive solution for electrician companies
- Aim is to build a complete ecosystem for electricians in all markets, starting with offer and calculation tools
- SmartCraft Spark creates value from synergies
 - Built on SmartCraft Core
 - Joint tech stack reducing development complexity
 - Unites sales and marketing resources
 - Easier to price optimize and upsell to customers
- We added 4 developers in H2 2024 to increase speed to market
 - Soft launch in late November 2024
 - 20+ customers by January 2025
 - Great feedback from the first customers



Customer endorsements:

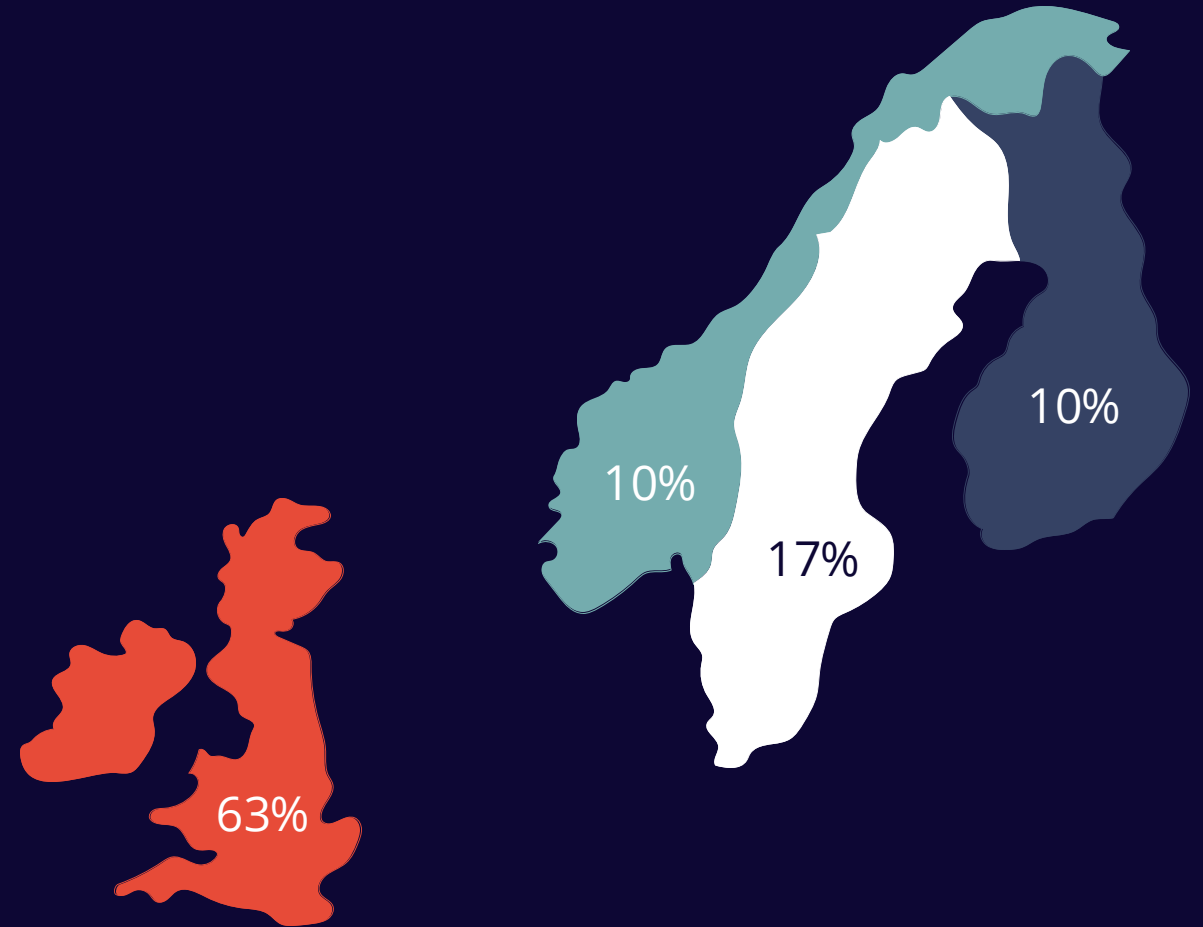
"This is what I've been waiting for. I got started in just a few minutes, save time creating offers, and my customers think it looks very professional."

"Finally, an offer & calculation tool that truly understands how electricians work. Everything is intuitive and straight to the point!"

"I was skeptical about switching systems, but after just a few minutes with SmartCraft Spark, I was convinced. This is the future!"

Large total addressable market (TAM)

- TAM of NOK 50 billion*
- ~700.000 addressable construction companies
- ~10-15% penetration of mission critical solutions
- Ongoing digitalization of a digitally immature market



Positive signals in Sweden and Finland



Swedish market looks to improve after four interest rate cuts



Construction starts have surpassed completions in Finland¹



Norway is still experiencing a tough market with no immediate signs of recovery



More challenging construction market with high interest rates, but government initiated measures with to double housebuilding in the next 5 years²

¹. Source: www.stat.fi

². Source: National House Building Council

Q4 key takeaways

- Continued strong demand from potential customers but
- Growth dampened by higher level of customer churn and downgrades and headwind from lower price increases YoY
- Improving performance in acquired companies will gradually increase ARR, but puts pressure on margin in the short term
- SmartCraft Spark is progressing as planned with a short-term negative effect on the margin



Financials



Attractive financial model

Key metrics 2024

MNOK

482

Annual Recurring
Revenue

37%

Adjusted EBITDA
margin

MNOK

179

Operating
cash flow

9%

Churn

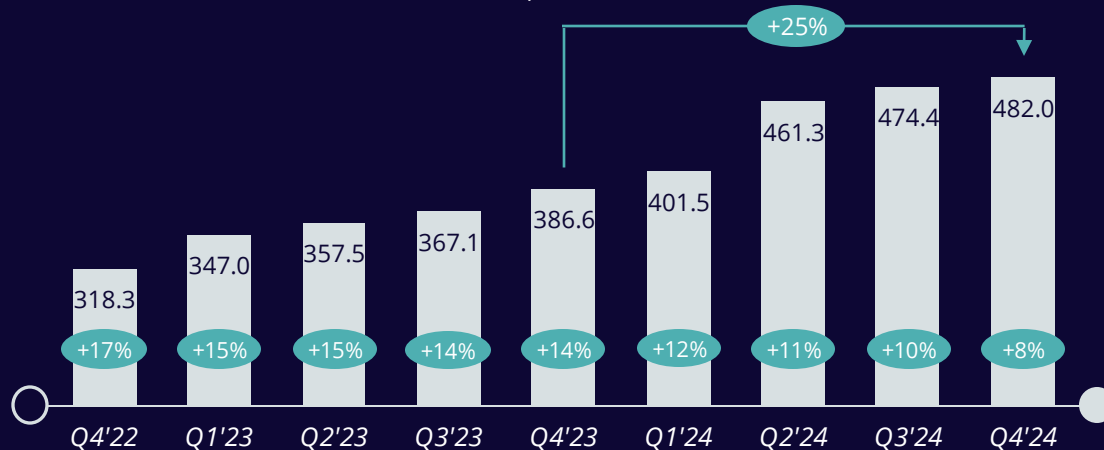
27%

CAGR
since 2019

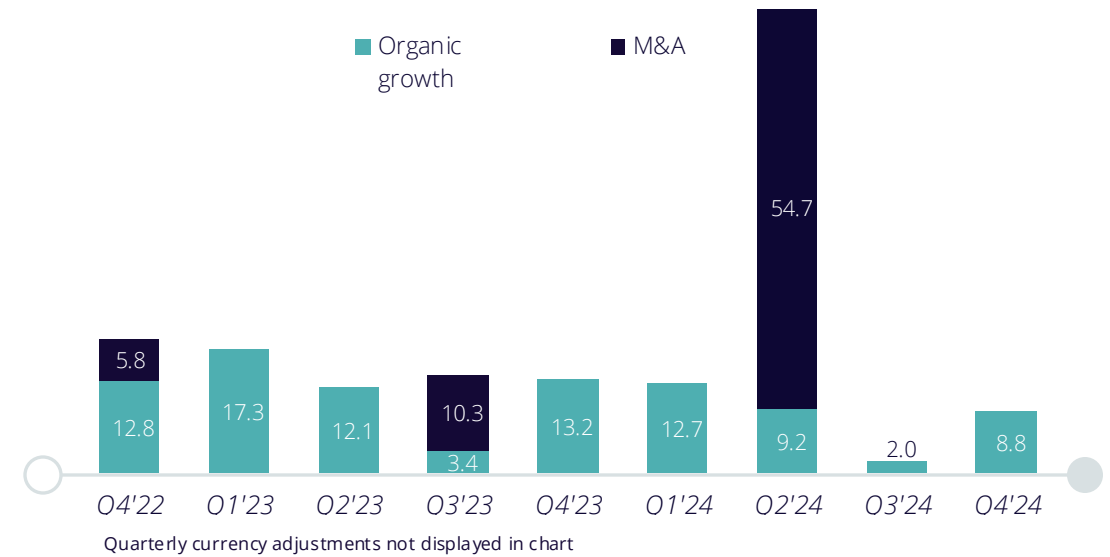
High growth in recurring revenue as basis for success

- 25% growth in ARR
 - 8% organic growth year-over-year
 - Increasing churn combined with a high level of downgrades hamper growth
 - Annual price adjustments from Dec.1, but headwind from higher adjustments last year

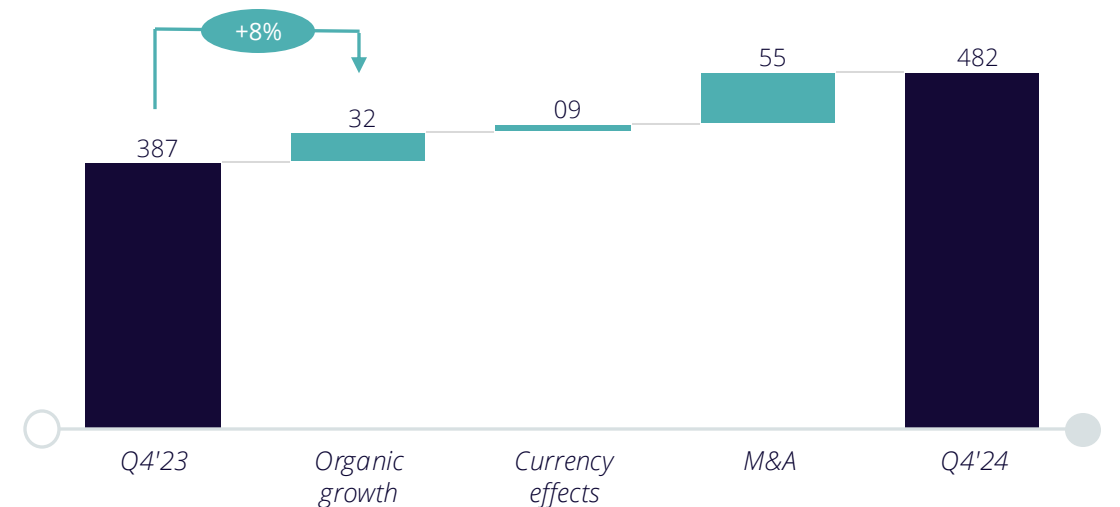
ARR development, mNOK



Quarterly ARR growth history, mNOK



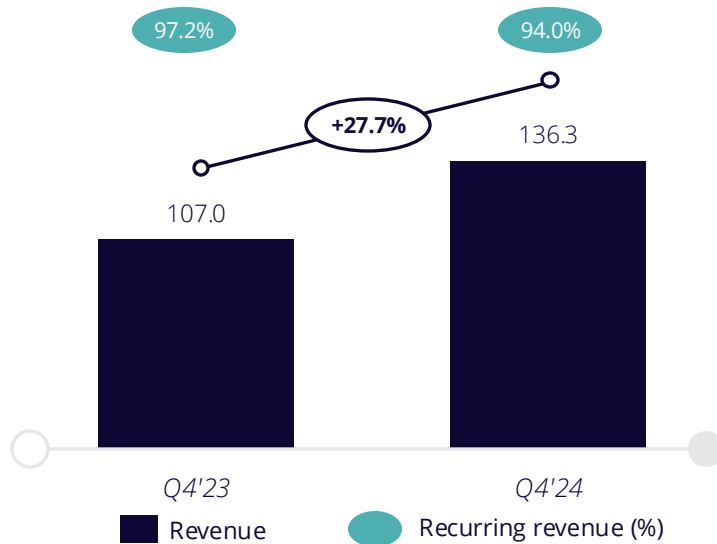
ARR bridge YoY, mNOK



Continued growth in revenue and strong profitability

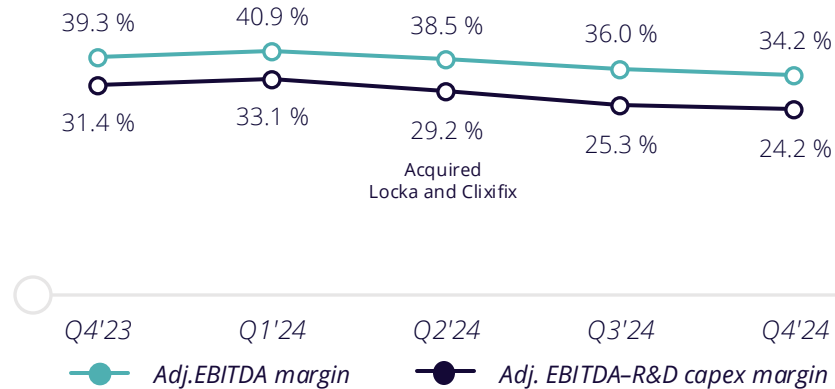
Solid YoY revenue growth

mNOK



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

Consistently high profitability



- 5.8pp dilution from acquisitions
- 1.9 pp effect from investments in disruptive development project
- Proven track-record of ability to increase profitability in acquired solutions

R&D capex

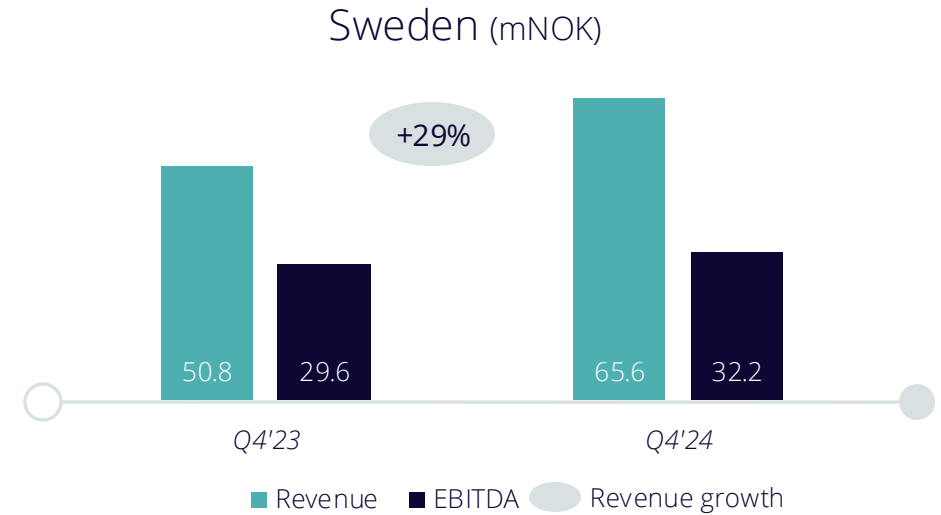
mNOK



- Investing more in development projects to be in pole position when the market turns
- Higher level of capitalization in existing projects
- Expecting 9-10 % for FY'25

Strong revenue growth in Sweden

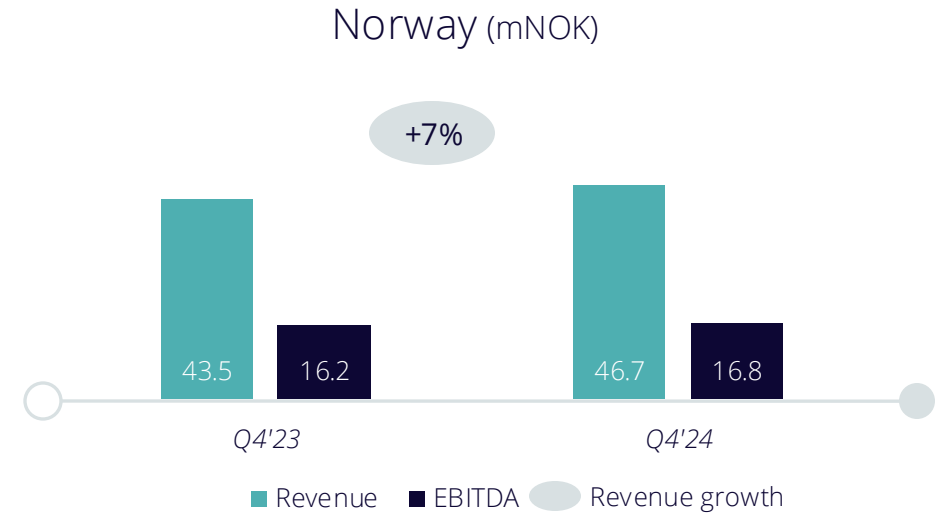
- Strong growth
 - Acquisition of Locka
 - All-time high new sales, but organic growth hampered by churn and downgrades, and headwind from lower price adjustments than last year
- Positive signals in market
 - Four interest rate cuts
 - 3% increase in housing construction market
- Adjusted EBITDA margin reduced as a result of acquisition
- Onboarding Locka
 - A longer transition than previous acquisitions
 - Still operating at a low margin
 - Transitioning non-recurring revenue
 - ARR growth of 9% QoQ (42% annualized)



+ 11 %
Organic recurring
revenue growth

Challenging market in Norway

- Decreased growth in revenue
 - Challenging new sales in the quarter, many delayed decisions
 - Growth hampered by increasing churn and downgrades
 - Headwind from lower price adjustments than last year
- Decrease in adjusted EBITDA margin in a seasonally lower-margin quarter
- New solution soft-launched, SmartCraft Spark
 - Addressing the electrician market
 - Great interest in potential customer base
 - First revenue recognized in 2025 after the free trial period in December 2024

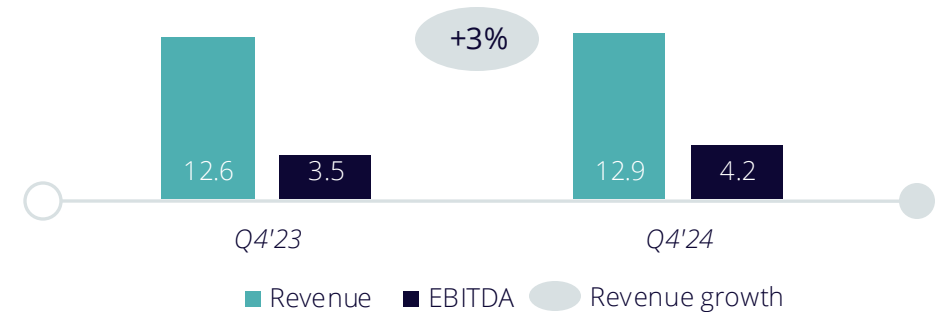


+ 8 %
Organic recurring
revenue growth

Positive signals in a challenging Finnish market

- Growth improved from -1% in Q3 and -2% in Q4 last year
 - Expecting continued improvements
 - The previously expected rapid bounce-back likely at a slower pace due to a large customer downgrade
- Positive market signals
 - Initiated construction projects exceeded project completion for 3rd quarter in a row
 - Good participation at a major Finnish trade fair in October providing potential customer revenue pipeline
- Improved profitability
 - YoY increase of ~5p.p
 - Decrease from Q3 due to seasonality

Finland (mNOK)



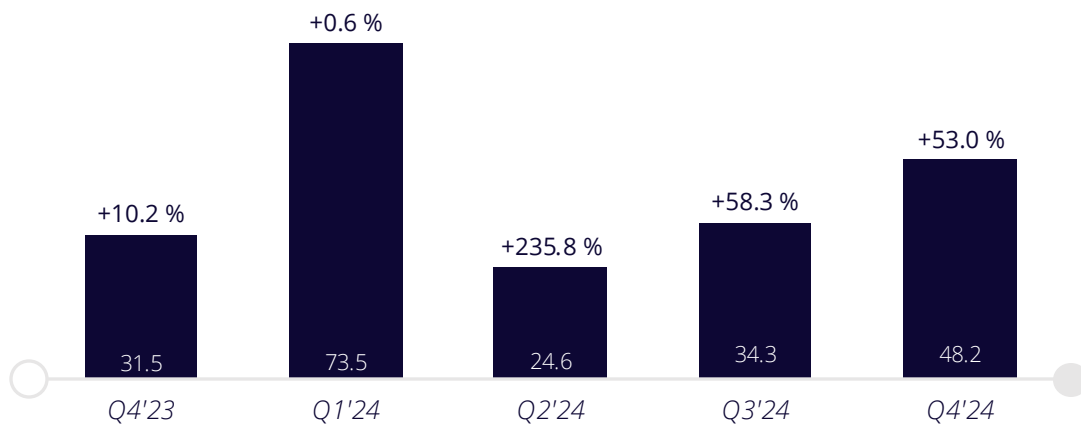
+ 2 %
Organic recurring
revenue growth

Solid financial position and strong cash flow

- to support growth strategy and M&A activity

Operating cash flow

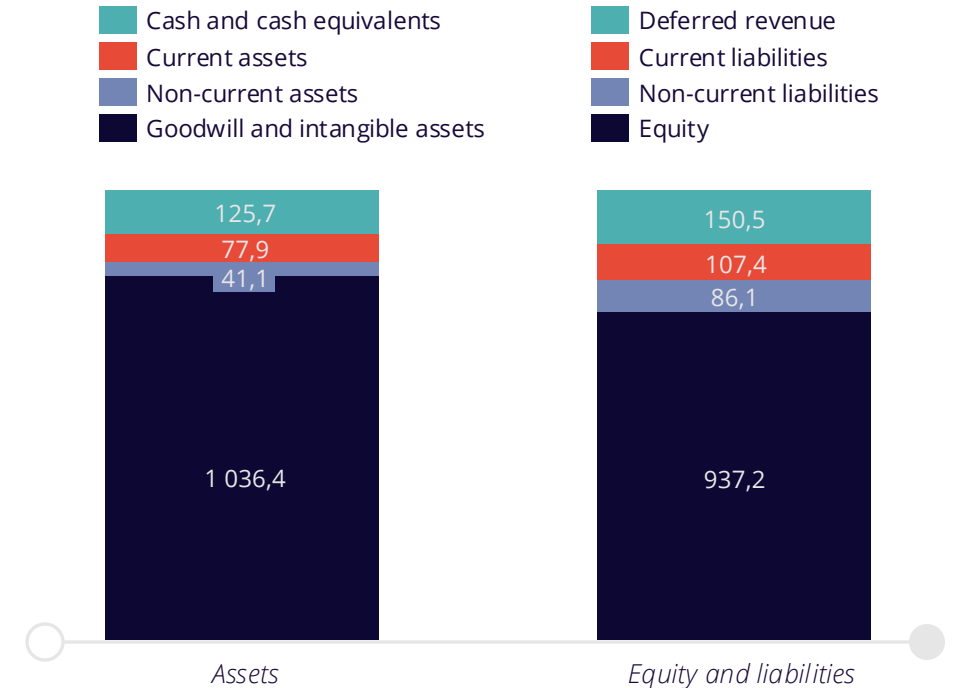
mNOK, YoY growth



- Continuing strong performance in operating cash flow
- Cash positive all quarters (historically strong Q1, but a shifting towards other quarters)

Balance sheet, Dec 31, 2024

mNOK

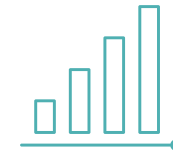


- Net cash positive and negative net working capital
- Holds 2,63% (~4,5m) shares

Key focus to drive continued profitable growth

- Continue with marketing and sales excellence to build solid new customer pipeline
- Capitalize on investment in SmartCraft Core, firstly with SmartCraft Spark
- Realize synergies and use our flexible business model to be prudent on costs
- Value accretive M&A
- Expect revenue growth and margin to improve gradually in H2 2025 as the construction market recovers

Medium-term financial targets



15-20%
Organic growth



Bolt on M&A



Margin expected to increase due to scalability of the business

Short-term considerations:

Impact from acquired companies last 12 months

We continue on our profitable growth journey

- Continue our strategy to build a great and solid company
- Reduced operational risk
- Consistent strong operational cash flow



