



# Q4 2024 report

FEBRUARY 13<sup>TH</sup>, 2025

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# Agenda

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- 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



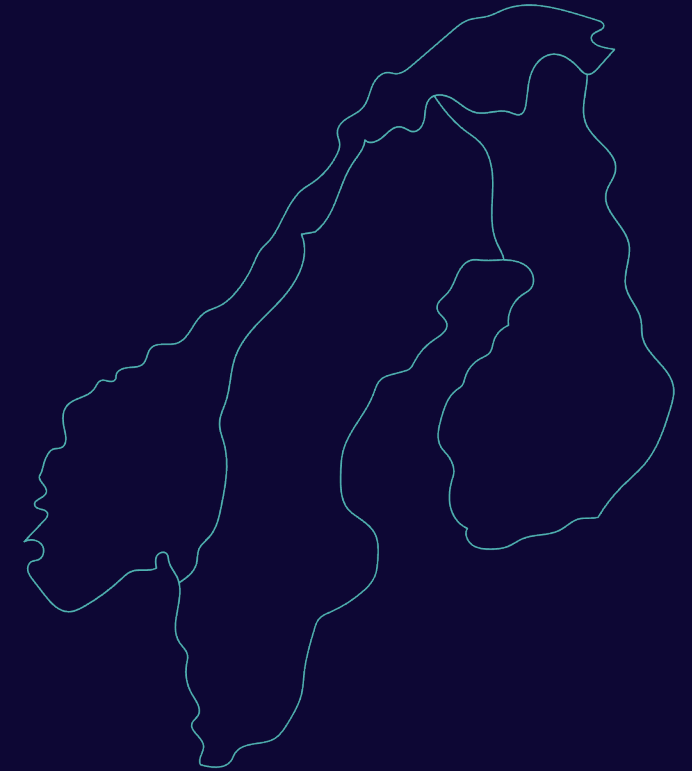
Norway, Sweden,  
Finland and the UK



13 400+ customers

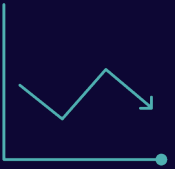


130 000+ users



# Construction industry challenges

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## 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



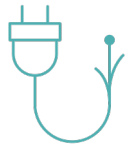
## Documentation

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%**

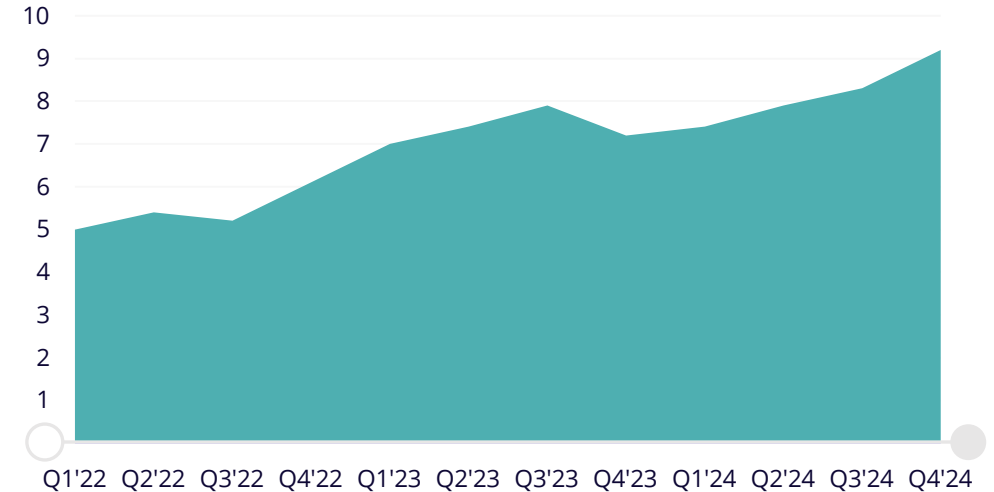
Churn  
+2%

# 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

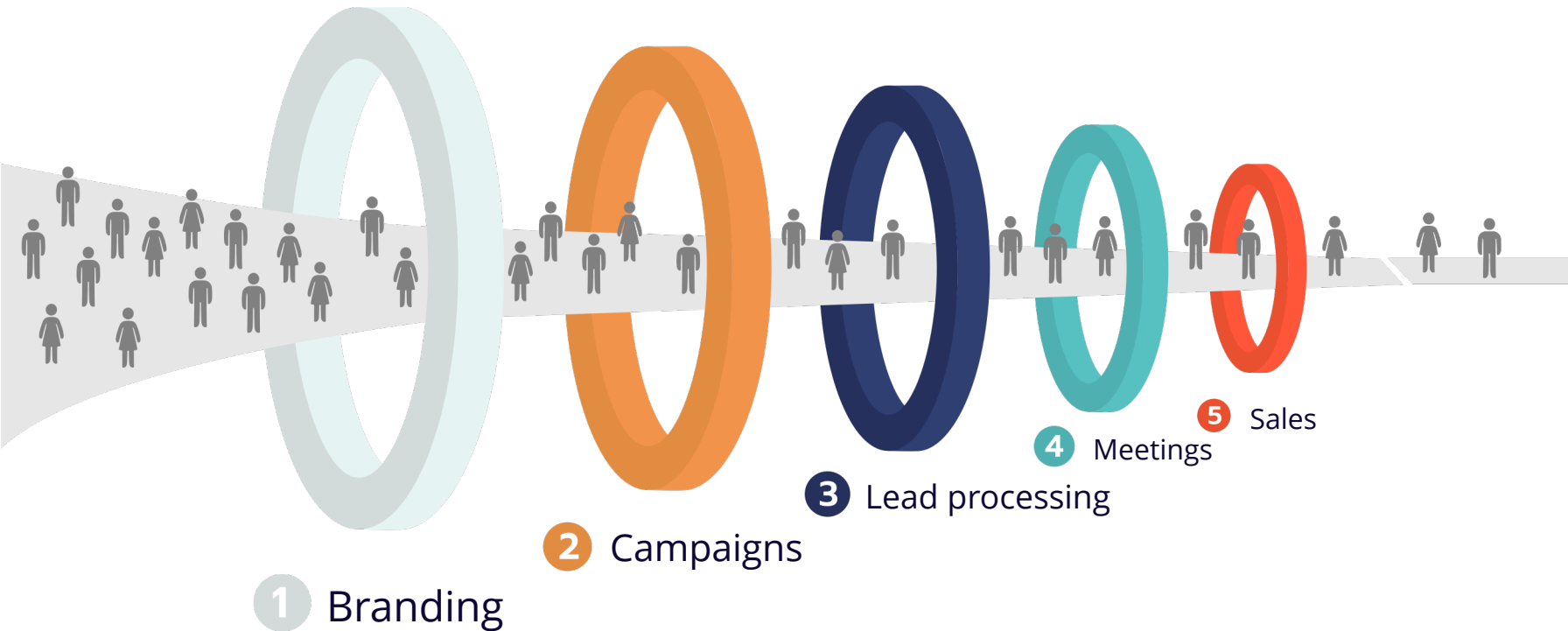
Churn in % of revenue





# Continued effective marketing and sales execution

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



+58% brand exposure <sup>1</sup>  
(52,5 million)

+11% inbound leads

+70% sales meetings

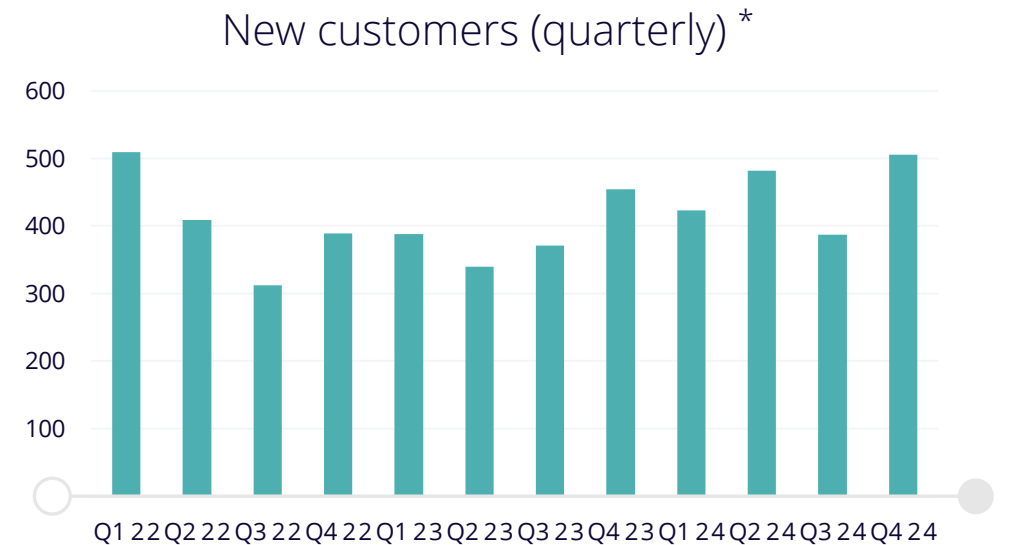
44%  
Conversion from sales Meetings to sales (LTM)

+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

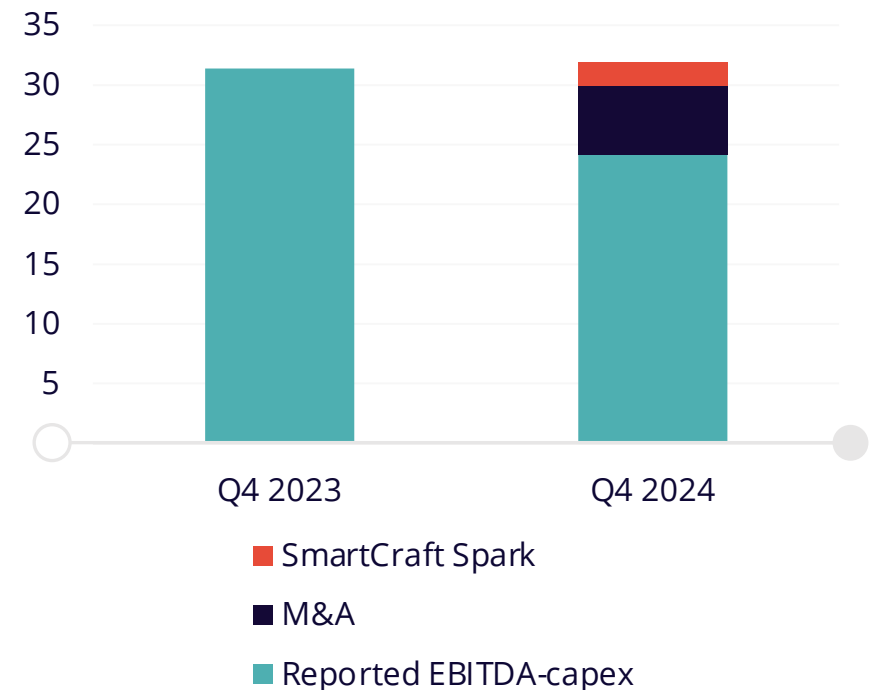
\* Excluding acquisitions



# 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

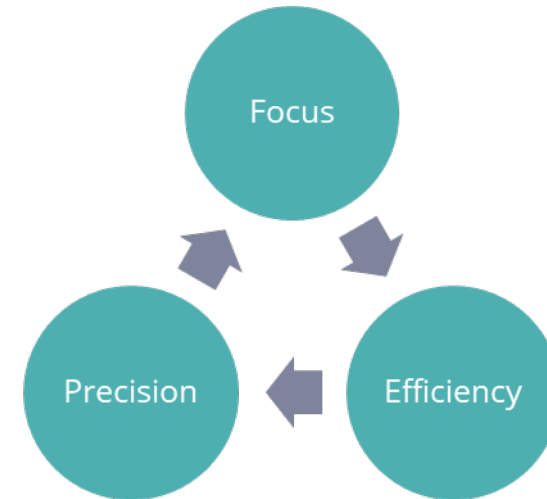
Adjusted EBITDA-capex margin (%)



# 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:

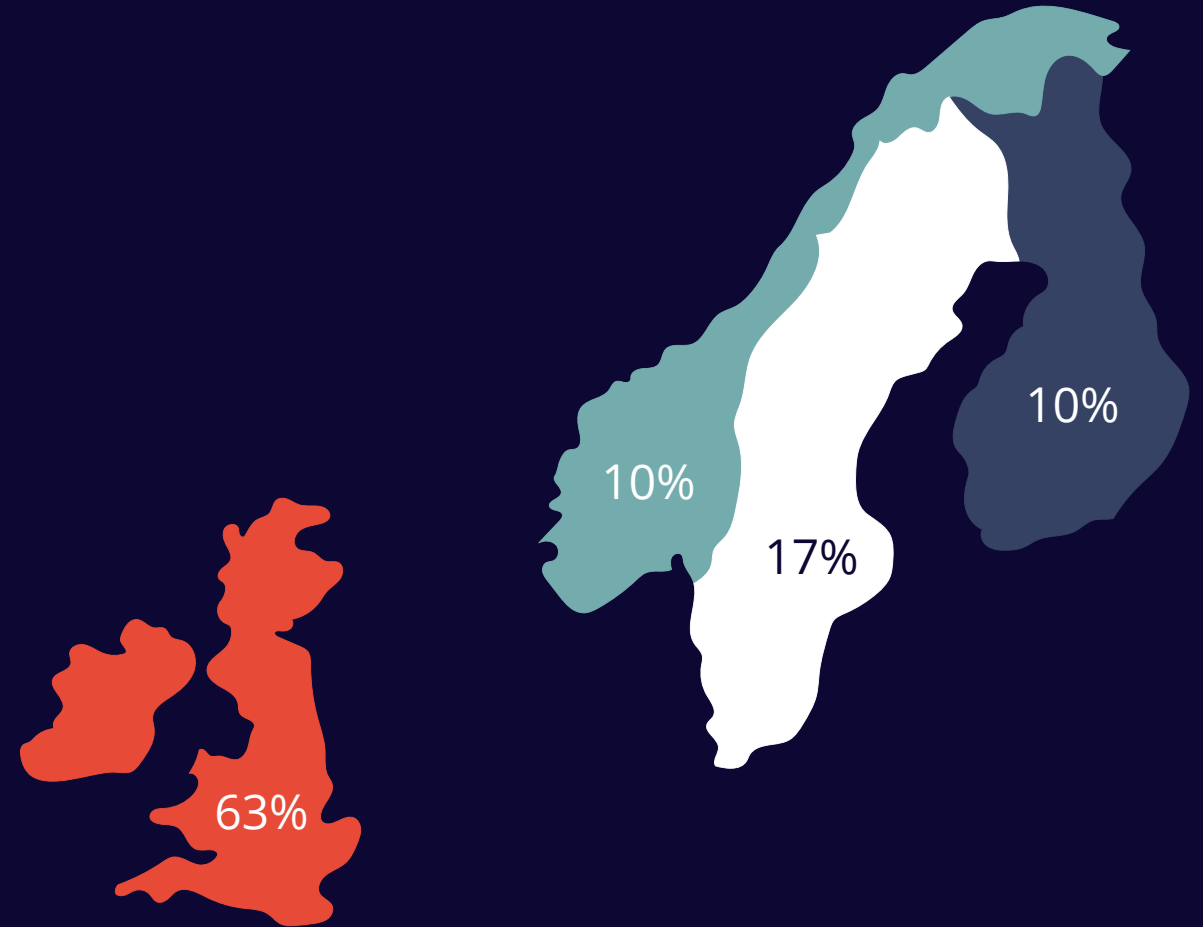
*"This is what I've been waiting for. I got started in just a few minutes, save time creating offers, and my customers think it looks very professional."*

*"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

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Swedish market looks to improve after four interest rate cuts



Construction starts have surpassed completions in Finland<sup>1</sup>



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 years<sup>2</sup>

<sup>1</sup> Source: [www.stat.fi](http://www.stat.fi)

<sup>2</sup> 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

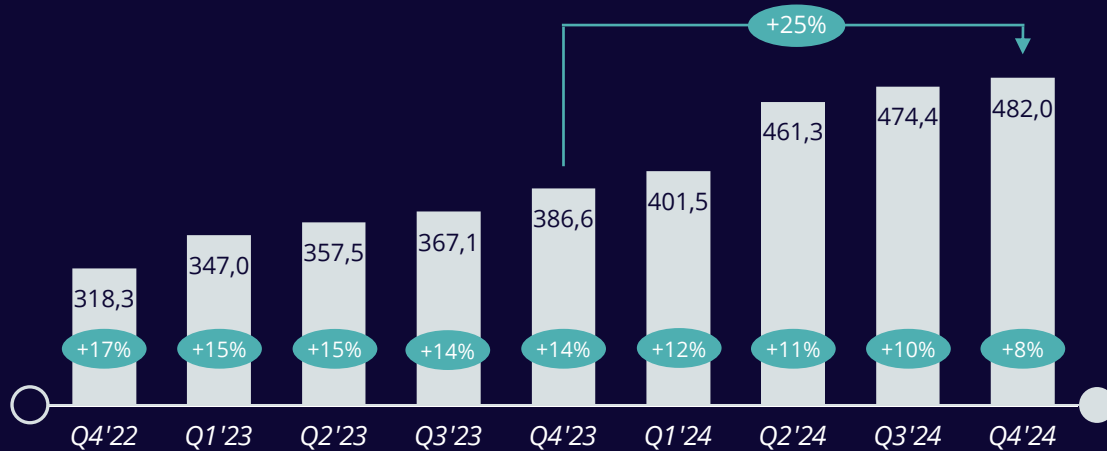
**27%**

CAGR  
since 2019

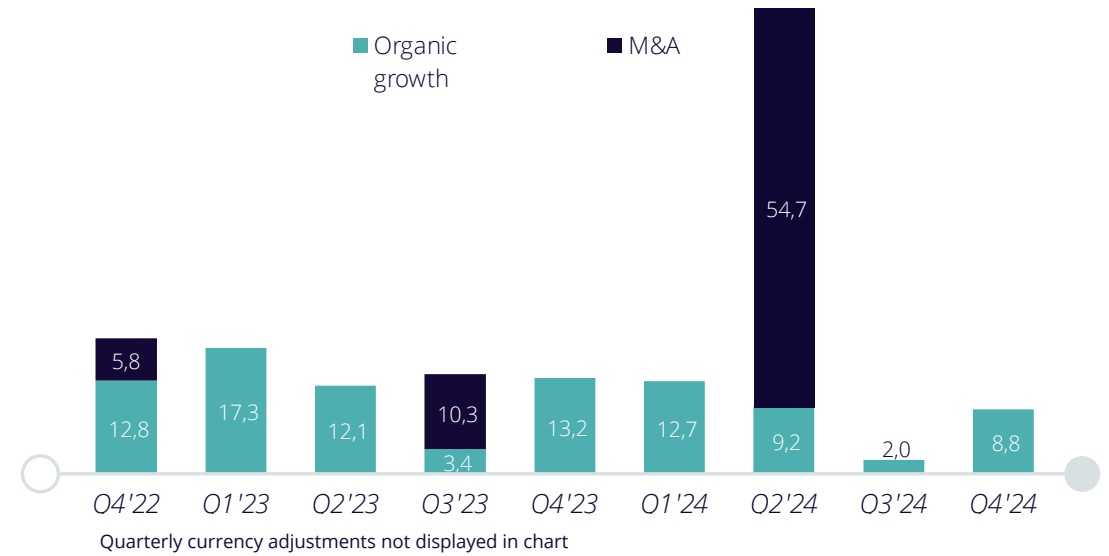
# High growth in recurring revenue as basis for success

- 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

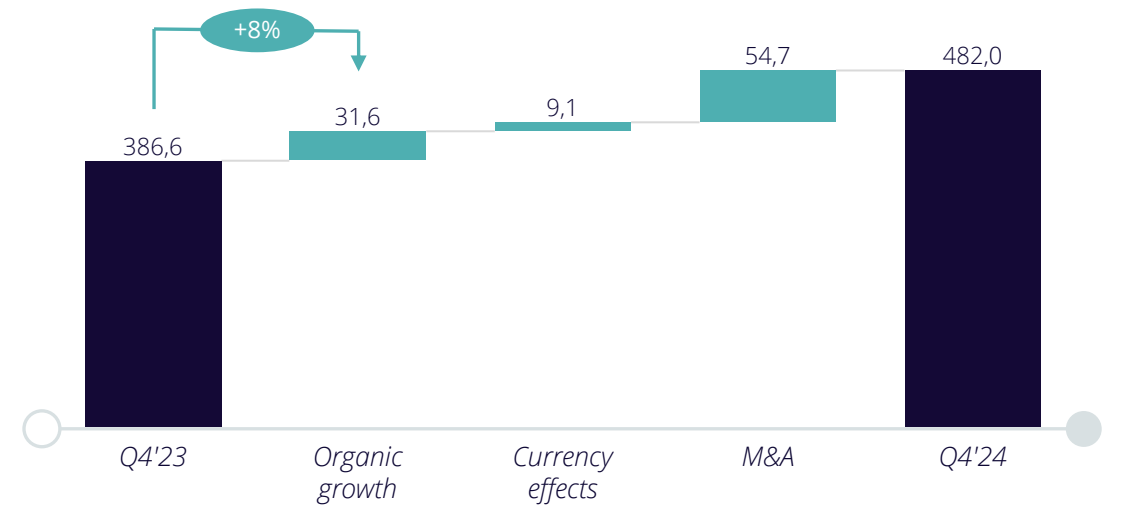
ARR development, mNOK



Quarterly ARR growth history, mNOK

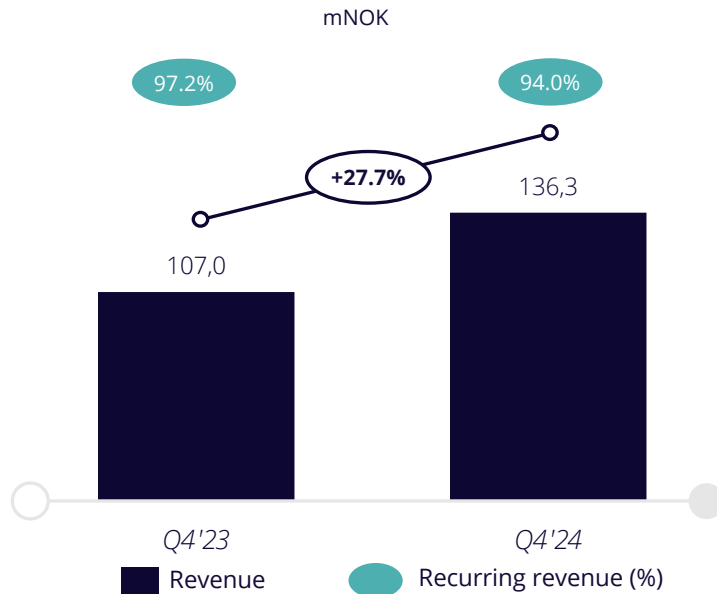


ARR bridge YoY, mNOK



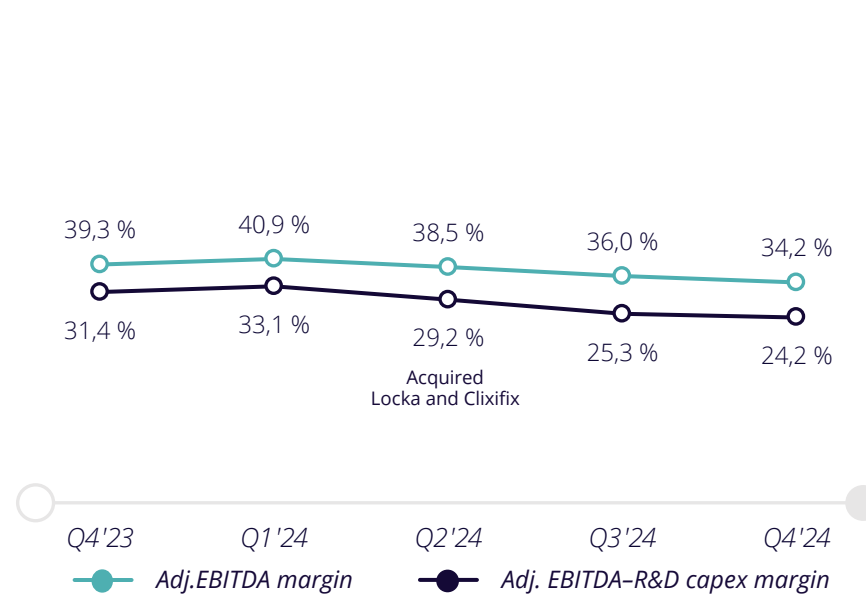
# Continued growth in revenue and strong profitability

## Solid YoY revenue growth



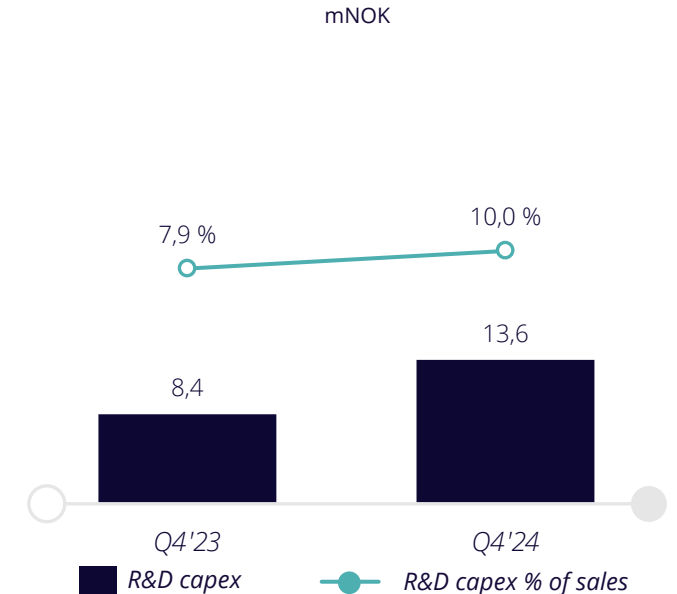
- High growth driven by acquisitions
- Focus on transitioning revenue from non-recurring to recurring. Aiming for mid/high 90s.

## 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

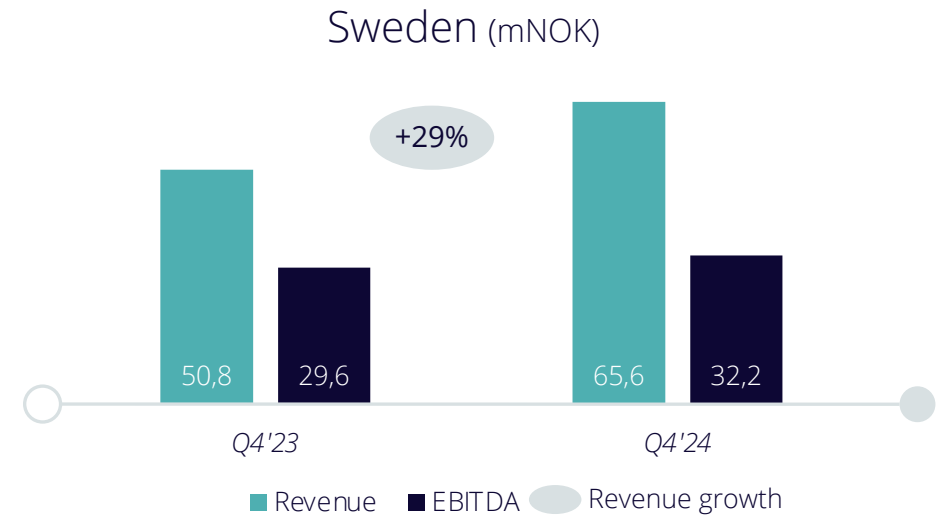
## R&D capex



- 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

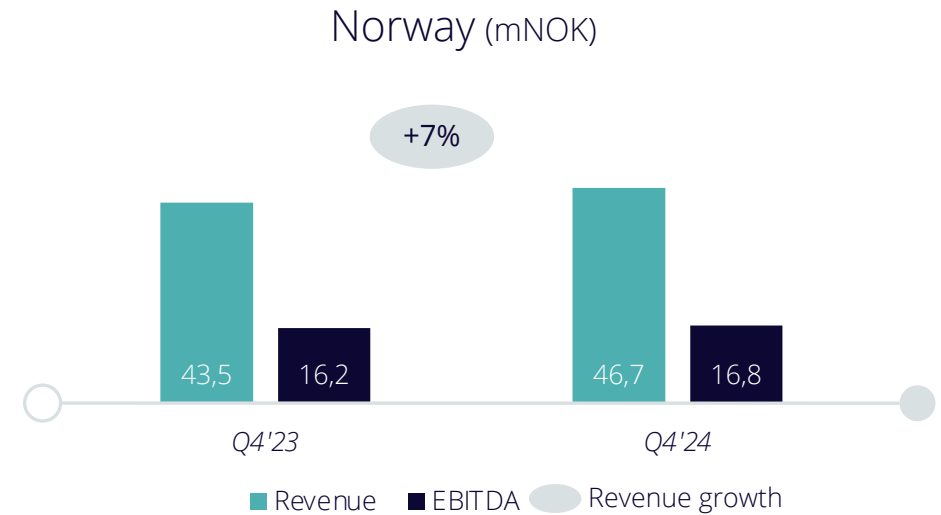
- Strong growth
  - Acquisition of Locka
  - All-time high new sales, but organic growth hampered by churn and downgrades, and headwind from lower price adjustments than last year
- Positive signals in market
  - Four interest rate cuts
  - 3% increase in housing construction market
- Adjusted EBITDA 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



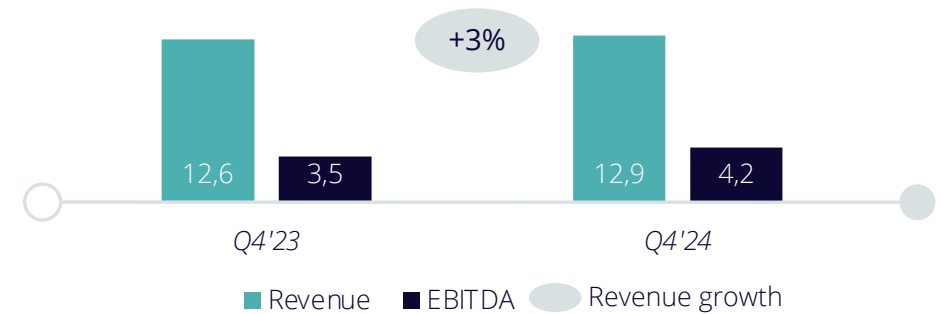
**+ 8 %**  
Organic recurring revenue growth



# 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 3<sup>rd</sup> 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)



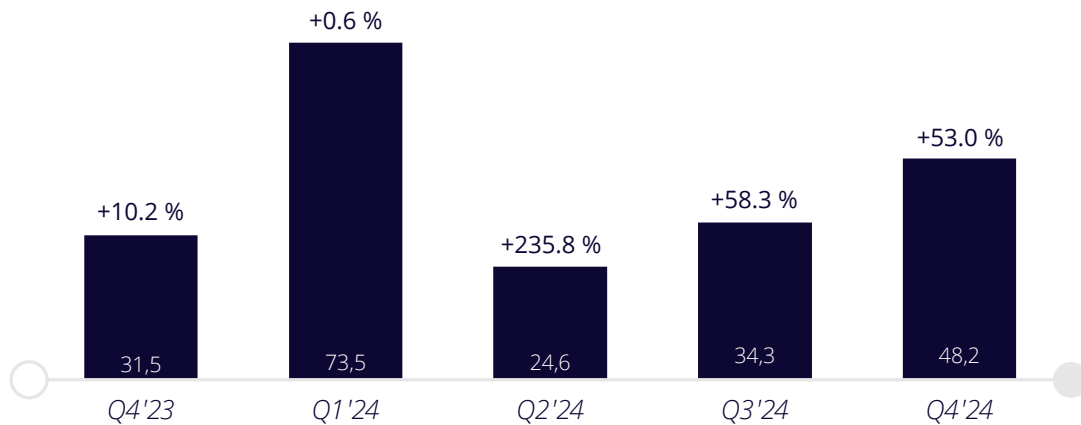
**+ 2 %**  
Organic recurring  
revenue growth

# Solid financial position and strong cash flow

- to support growth strategy and M&A activity

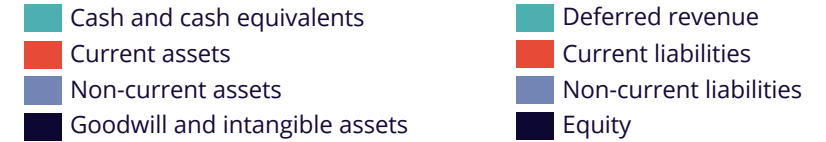
## Operating cash flow

mNOK, YoY growth



## Balance sheet, Dec 31, 2024

mNOK



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

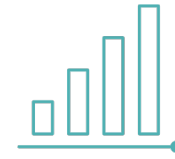
- Net cash positive and negative net working capital
- Holds 2,63% (~4,5m) shares



# 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





**SmartCraft**

BETTER DIGITAL TOOLS