

Q1 2025 report

MAY 7TH, 2025

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Agenda

- Q1 in brief
- Financials
- Summary and Q&A



This is SmartCraft

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



270 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

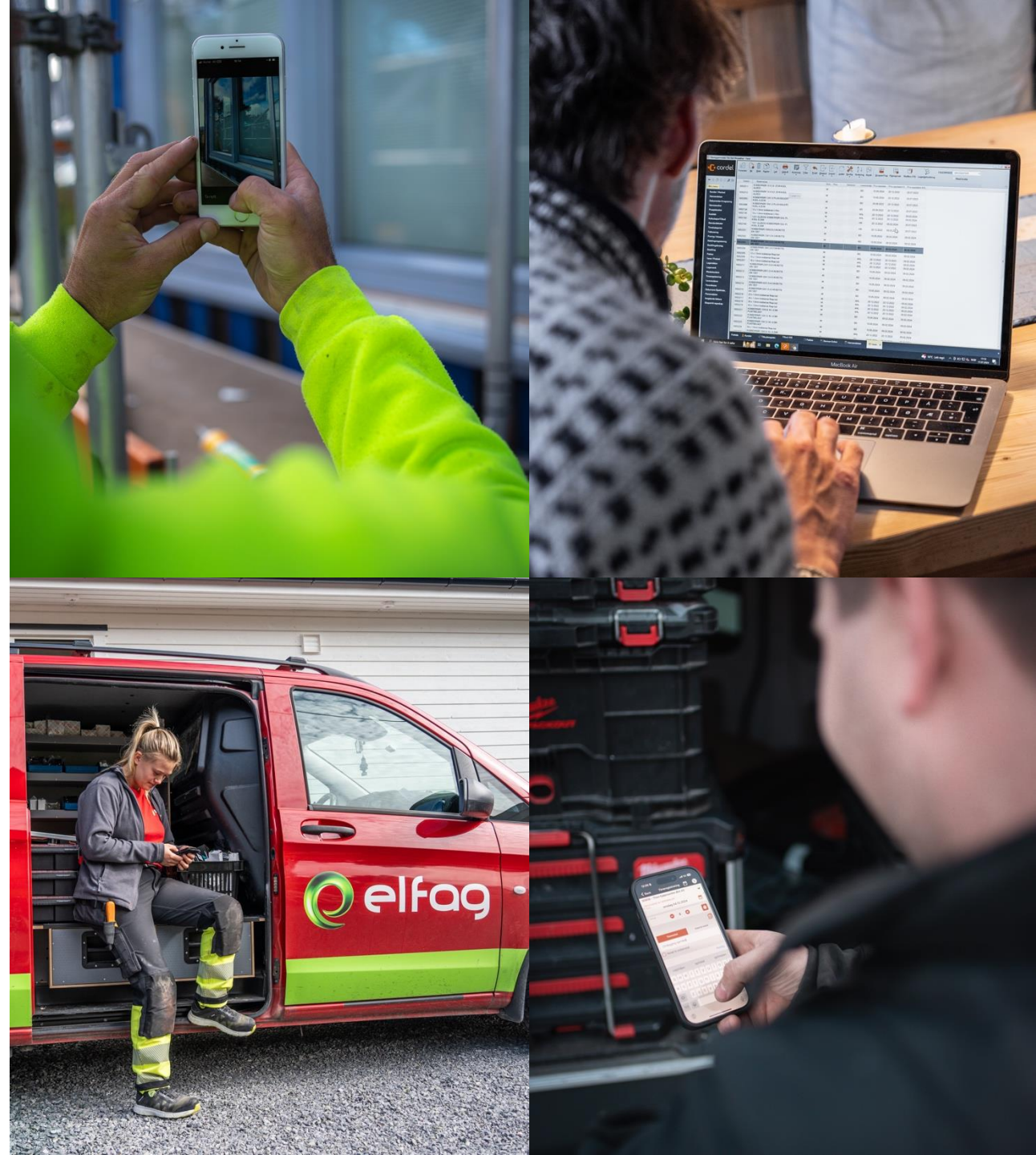


Material



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



Q1 2025 in brief

Continued strong growth, stable margin but increasing churn and downgrades

MNOK 494

Annual Recurring
Revenue
+23% YoY

27.3%

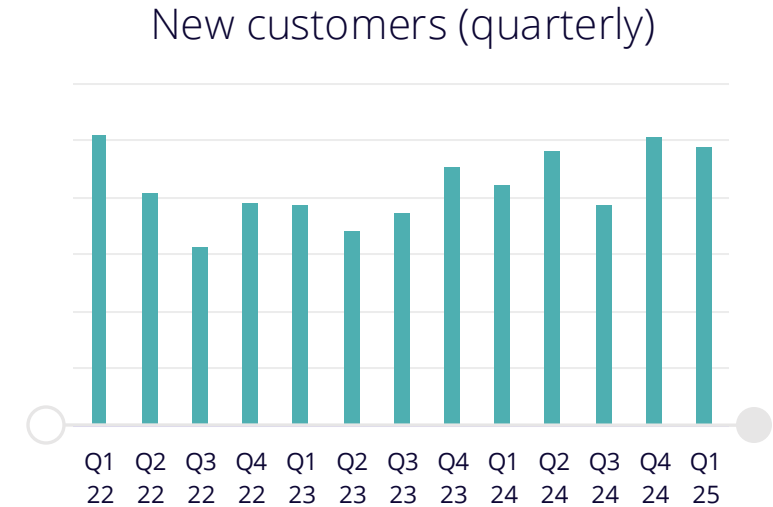
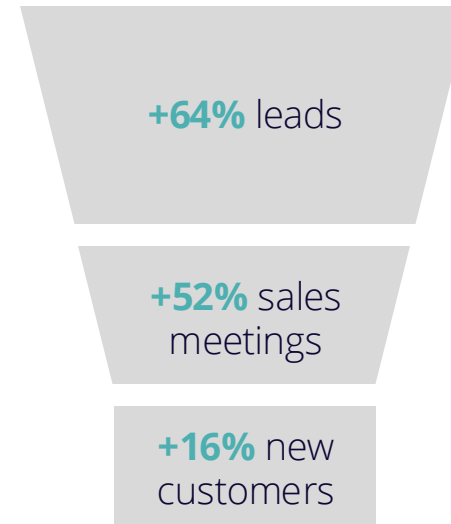
Adjusted EBITDA-capex

9.3%

Churn
(excl. acquisitions)

Continued good sales and marketing executions reflect good underlying demand

- **16% increase in new customers (YoY)**
- Uncertainty causes delayed buying decisions among potential customers
- Conversion rate “customer meeting / new sales”
 - 50-60% in 2023
 - 40-50% in 2024
 - **30% in Q1 2025**
- Marketing activities generated **strong growth in potential customer leads (YoY)**
- Our sales force conducted **significantly more meetings** in the first quarter (YoY)



Organizational synergies to improve scalability and profit margin

Maximize existing resources in each country and across geographies

SmartCraft Norway

- New sales director in place
- Closing one office and relocate sales resources to Hønefoss, near Oslo
- Expect to improve sales execution and profit margin

SmartCraft across geographies

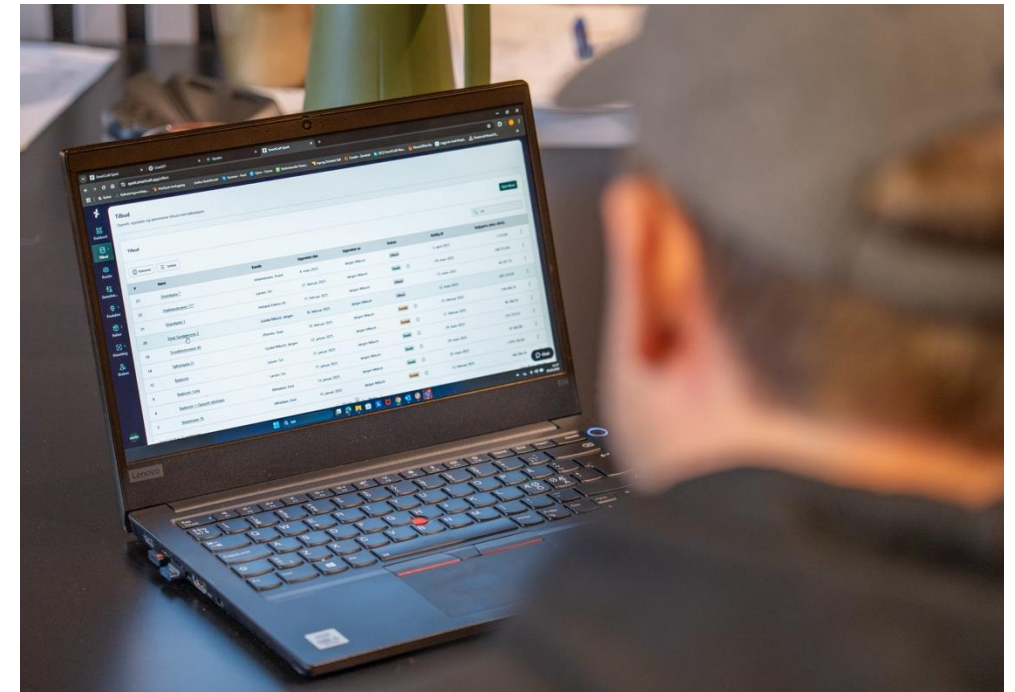
- SmartCraft Spark is our first “born global” solution
- SmartCraft Core development across geographies



SmartCraft Spark is progressing as planned

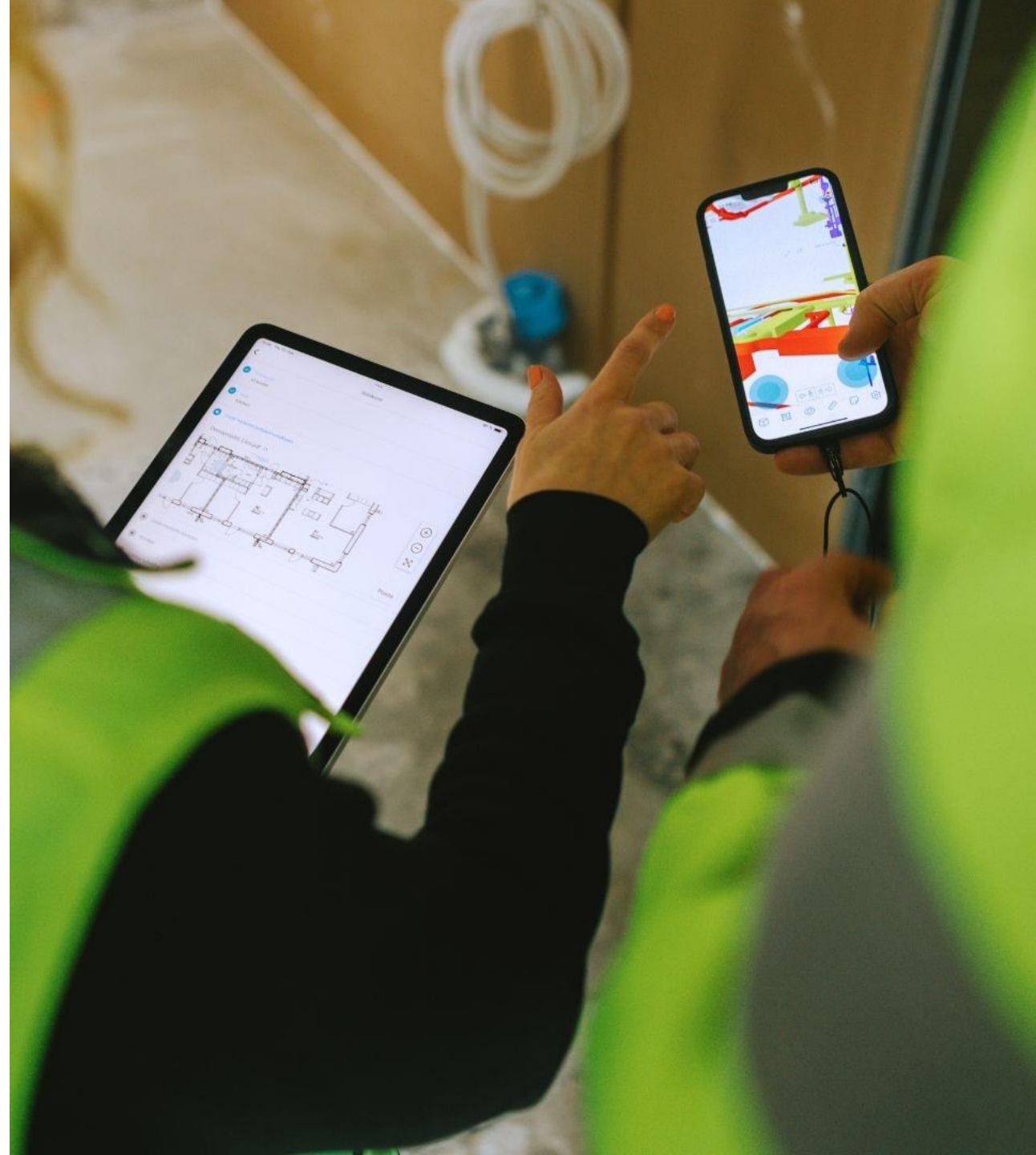


- Disruptive solution for electrician companies, based on our platform SmartCraft Core
- Aim to build a complete ecosystem for electricians in all markets, starting with offer and calculation tools
- Continues to attract new customers and partners:
 - Solution is soft launched in both Norway and Sweden
 - Several new partners in Norway
 - To date more than 100 paying customers



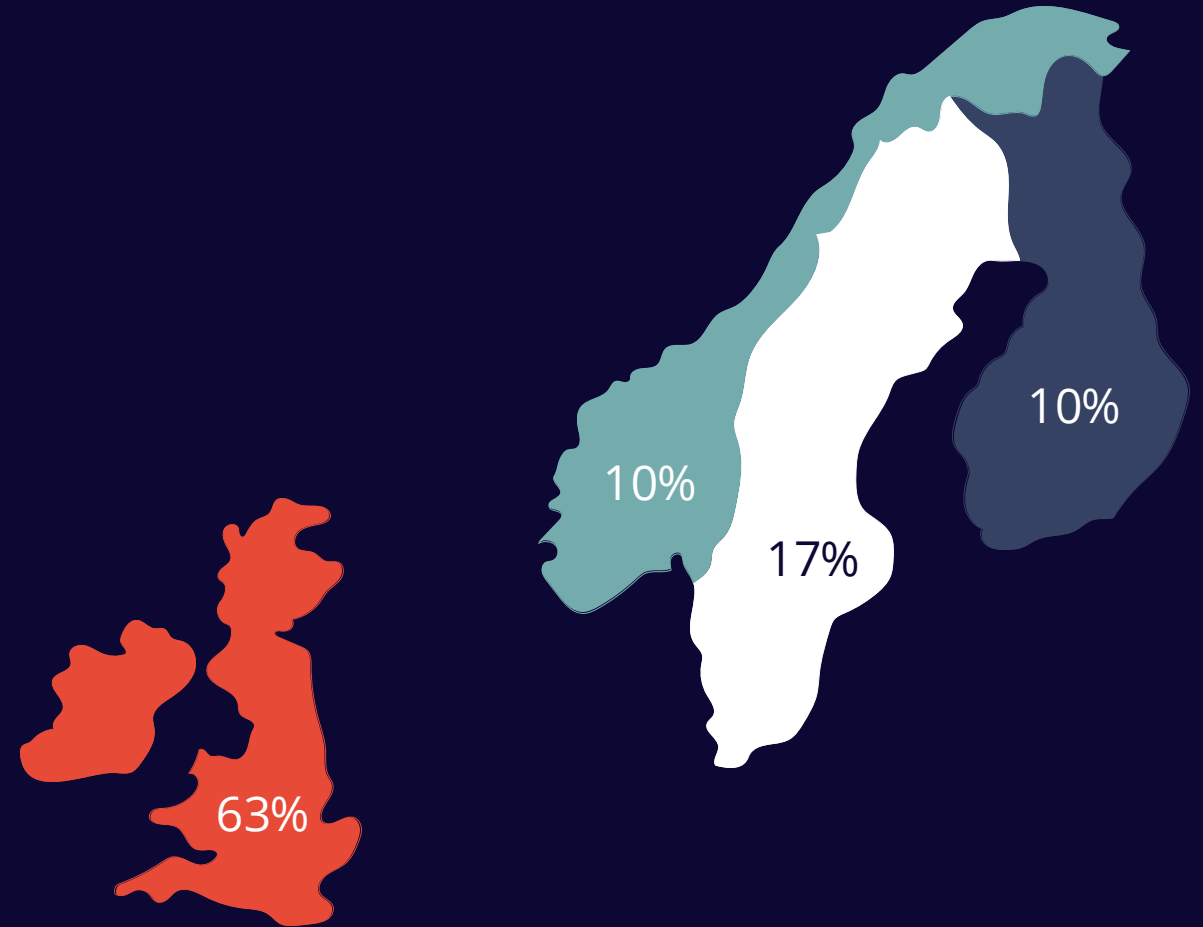
Launch of BIM feature in Congrid

- Official broad launch May 7th in Finland and Sweden
- Designed to improve quality and safety workflows on construction sites
- Integrated into existing Congrid solution for better customer experience
- Enhances customer stickiness and upsell possibilities



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



Q1 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
- SmartCraft Spark is progressing as planned, more info to come in H2
- SmartCraft BIM officially launched with increasing stickiness and upsales potential



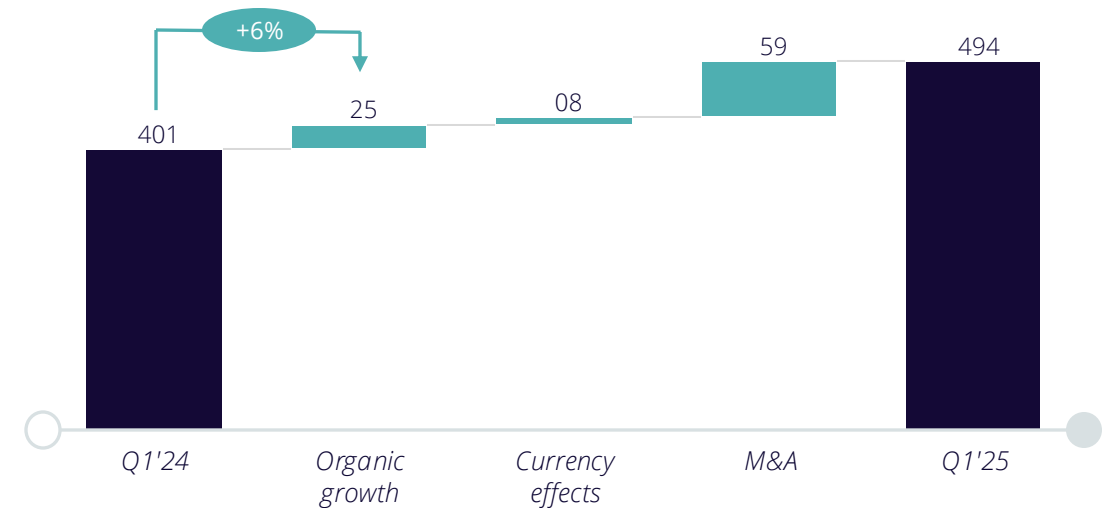
Financials



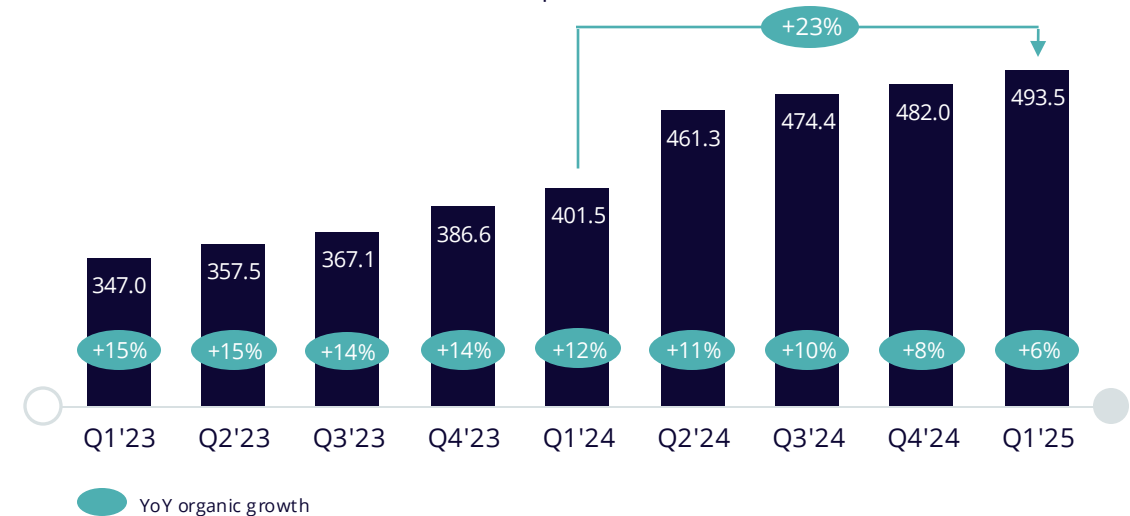
High growth in recurring revenue as basis for success

- High growth of 23%
 - Acquisition of Locka and Clixifix
 - Transitioning non-recurring revenue to ARR
- 6% organic growth
 - New sales continue at a high level
 - Increasing churn and downgrades
 - Running renewals include annual price adjustments, but headwind from higher adjustments last year

ARR bridge YoY, mNOK

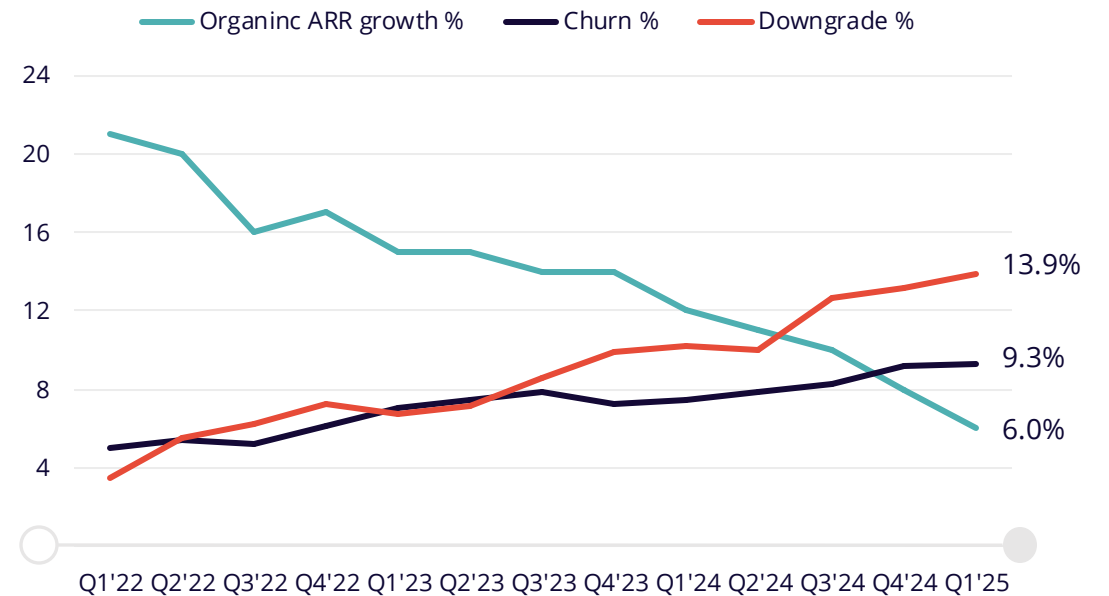


ARR development, mNOK



Organic growth of 6% heavily affected by bankruptcies and downgrades

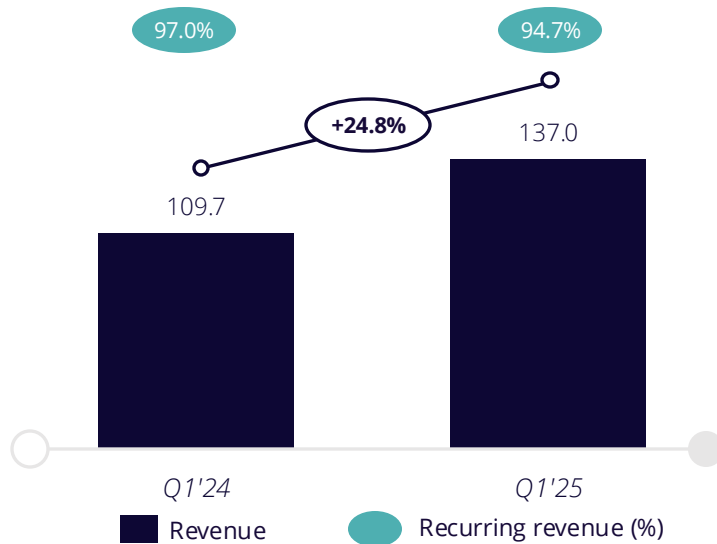
- Customer churning due to bankruptcies increase by ~4-5 p.p last years
- Downgrades from existing customers as their business activities slow down, reduces organic ARR growth by ~5-8 p.p compared to a normalized market situation
- 5% lower level of price increases in Q4 YoY due to lower inflation, ~ 3-4 p.p (YoY)



Continued growth in revenue and strong profitability

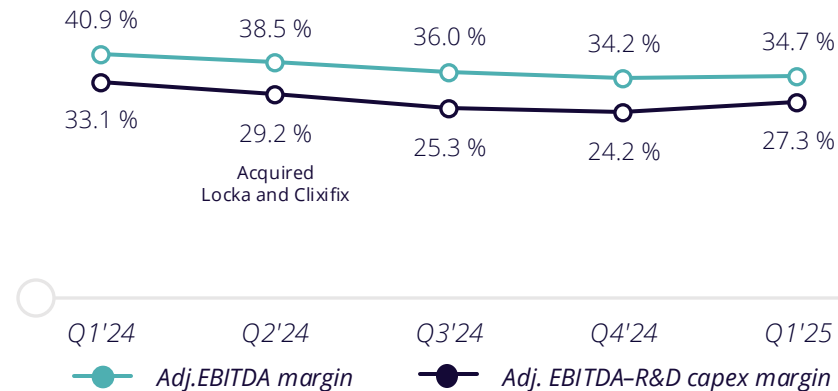
Solid YoY revenue growth

mNOK



- High growth driven by acquisitions
- Focus on transitioning revenue from non-recurring to recurring. Aiming for mid/high 90s. Transition dampening growth in the short-term.

Consistently high profitability



- 4.5pp 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

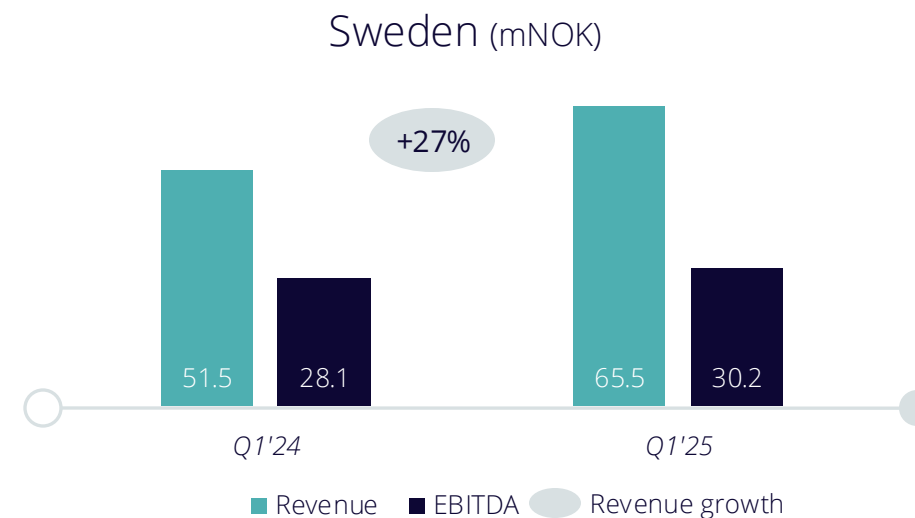


- Investing more in development projects to be in pole position when the market turns
- Level of capitalization varies depending on project lifecycle
- Expecting 9-10 % for FY'25



Strong revenue growth in Sweden

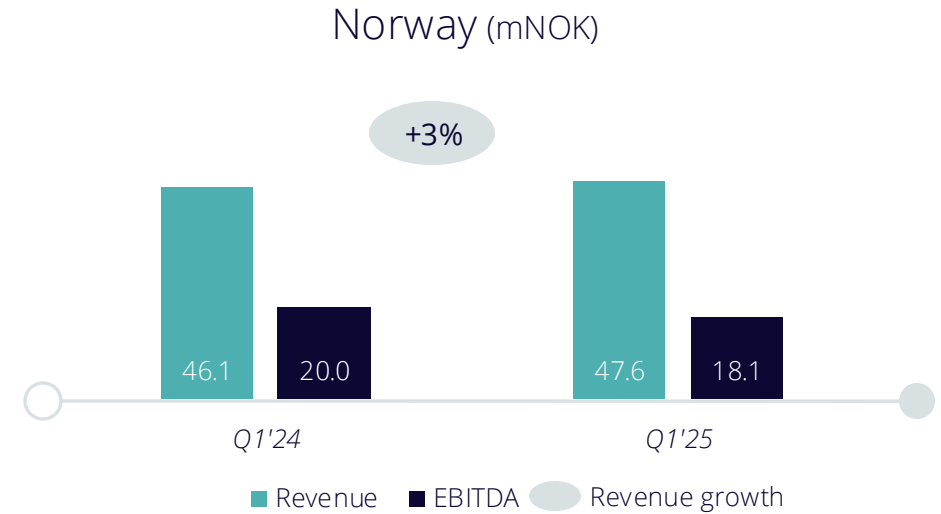
- Strong growth
 - Continued good performance in new sales
 - Organic growth hampered by churn and downgrades, and headwind from lower price adjustments than last year
 - Acquisition of Locka driving total growth
 - Transitioning non-recurring revenue result in a Locka ARR growth of 17% QoQ (90% annualized)
- Adjusted EBITDA margin reduced as a result of acquisition
 - Locka still operating at a low margin due to the revenue transition



+ 9 %
Organic growth

Challenging market in Norway

- Lower growth in revenue
 - Improved new sales in the quarter, higher than all quarters last year, providing good revenue pipeline for 2025
 - Growth hampered by increasing churn and downgrades
 - Headwind from lower price adjustments than last year
- Decrease in adjusted EBITDA margin YoY due to lower revenue growth and capitalizations, but increased margin by 2pp QoQ
- Getting traction in new solution; SmartCraft Spark
 - Closing in on 100 paying customers at the end of Q1
 - Great interest and several large franchises signed on
 - 1-month free trial period



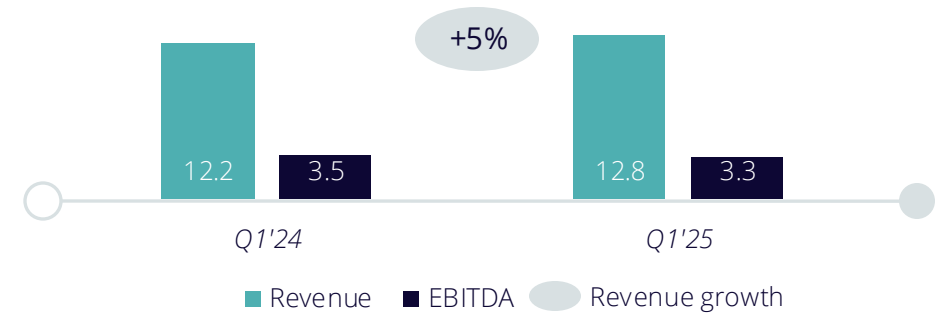
+ 3 %
Organic growth



Positive signals in a challenging Finnish market

- Growth improved further
 - Expecting continued improvements
 - The previously expected rapid bounce-back likely at a slower pace due to a large customer downgrade
- Positive signals
 - User activity among existing customers increased by 33% in the last 6 months
- Profitability decline YoY due to investments in BIM development
 - Decrease QoQ due to lower capitalizations

Finland (mNOK)

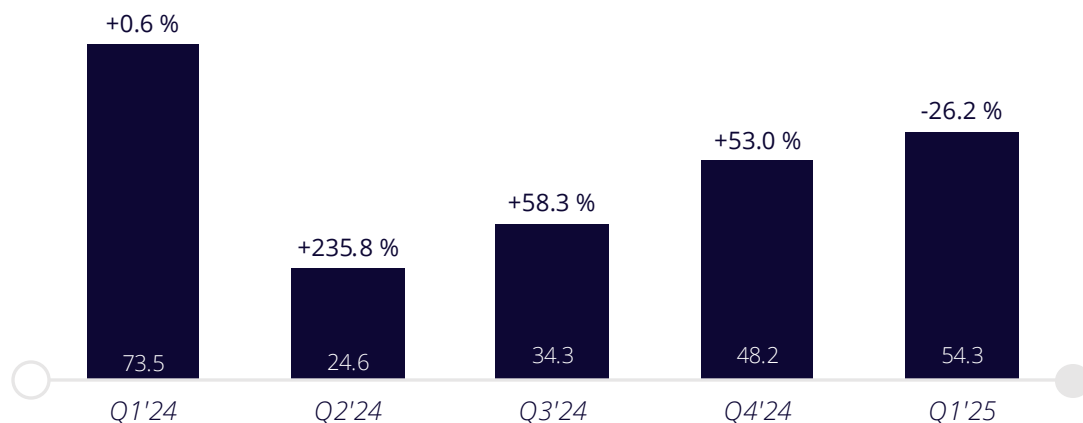


Solid financial position and strong cash flow

- to support growth strategy and M&A activity

Operating cash flow

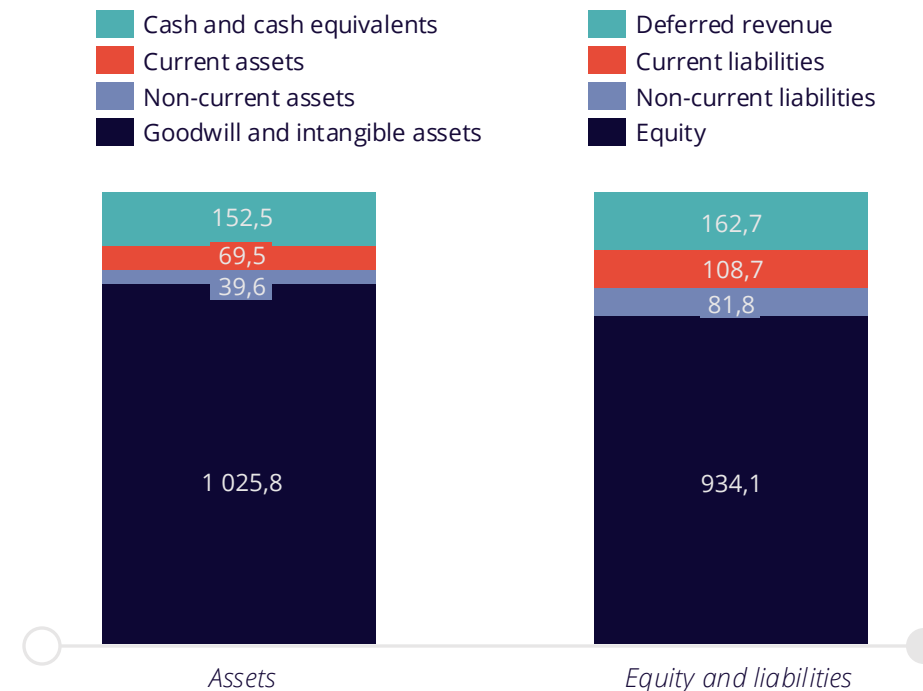
mNOK, YoY growth



- Continuing strong performance in operating cash flow
- Cash positive all quarters (Q1 is historically stronger, but a shift towards other quarters started in 2023)

Balance sheet, Mar 31, 2025

mNOK

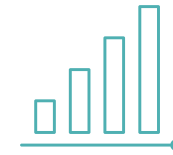


- Net cash positive and negative net working capital
- Holds 2,96% (~5,1 m) shares

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

CEO transition after 7 years

- Serve until successor is in place, but no longer than Q4 2025
- Will join as CEO of a Norwegian software company which does not compete with SmartCraft
- Great team – great solutions – great strategy
- Full speed ahead!
- Board will initiate a thorough international CEO recruitment process



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