



# Q1 2025 report

## MAY 7<sup>TH</sup>, 2025

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# Agenda

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- 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

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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



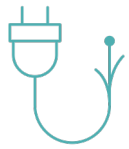
## Documentation

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



# 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

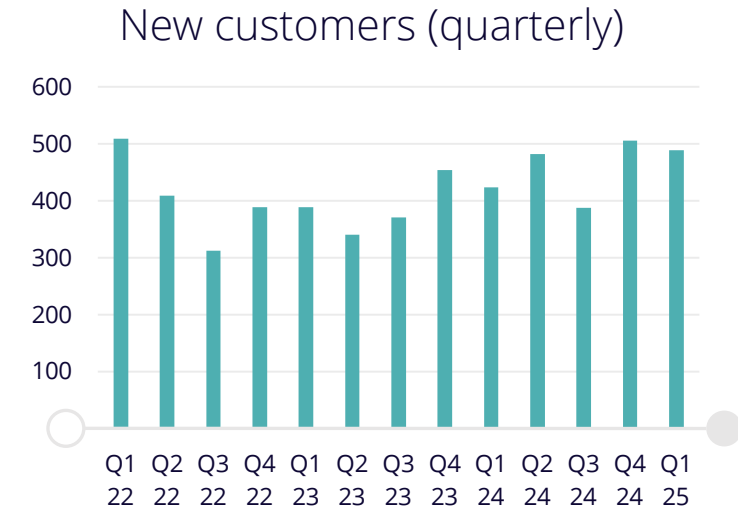
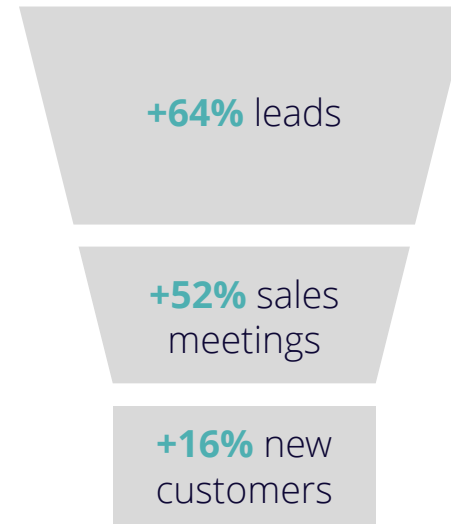
**9.3%**

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

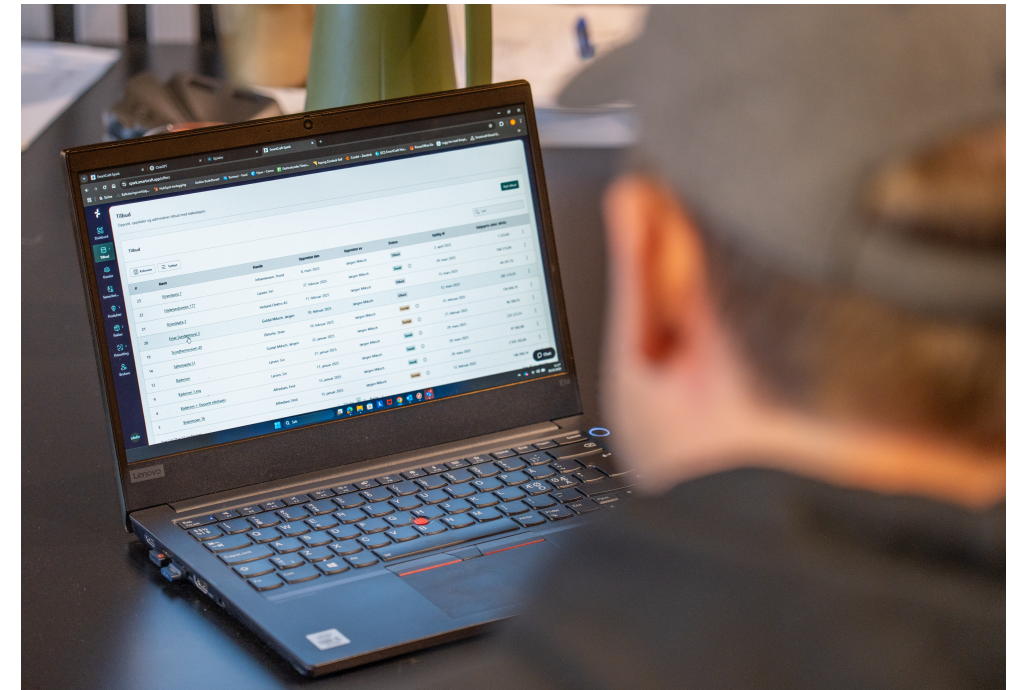




# SmartCraft Spark is progressing as planned



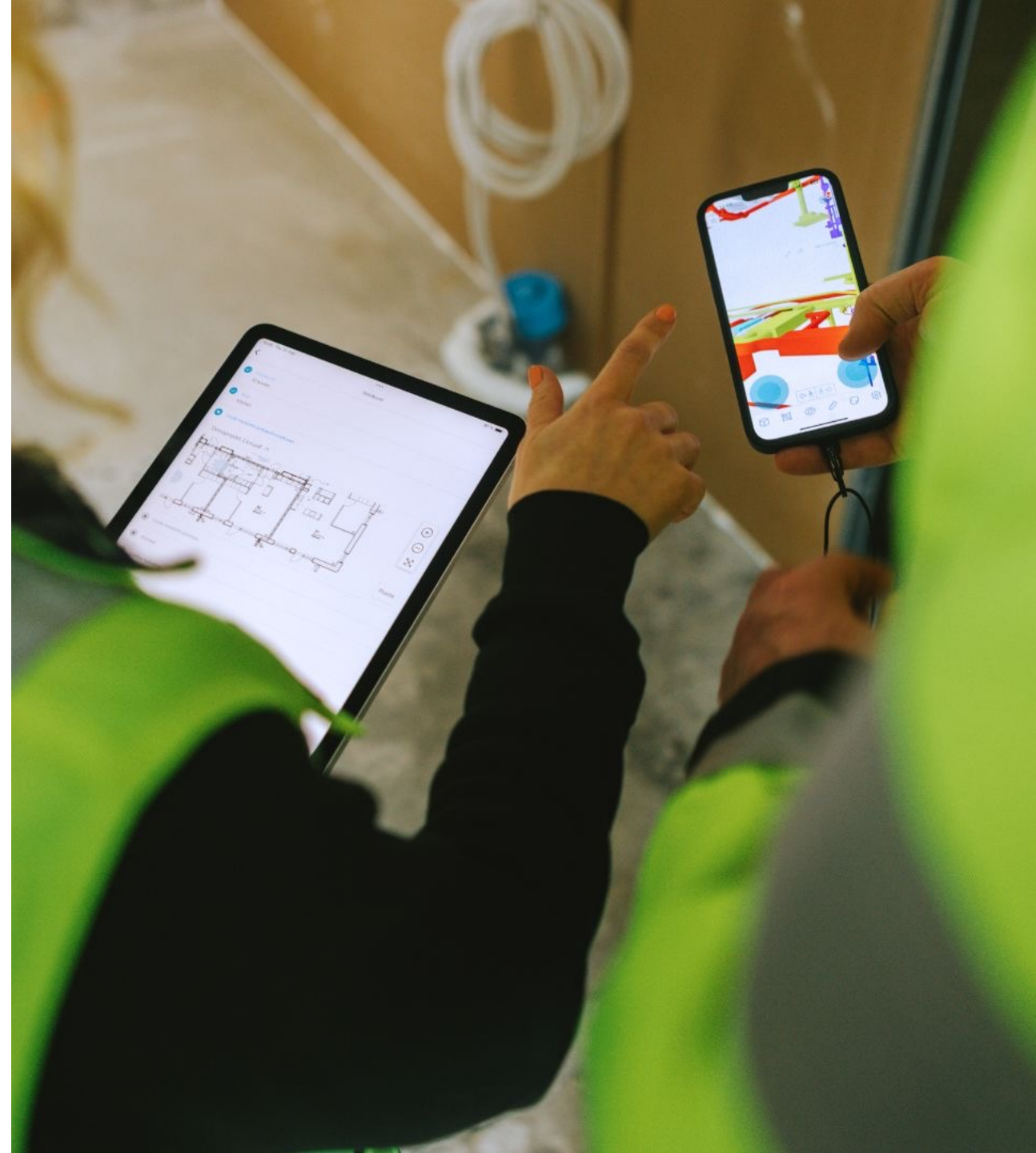
- Disruptive solution for electrician companies, based on our platform SmartCraft Core
- Aim to build a complete ecosystem for electricians in all markets, starting with offer and calculation tools
- Continues to attract new customers and partners:
  - Solution is soft launched in both Norway and Sweden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





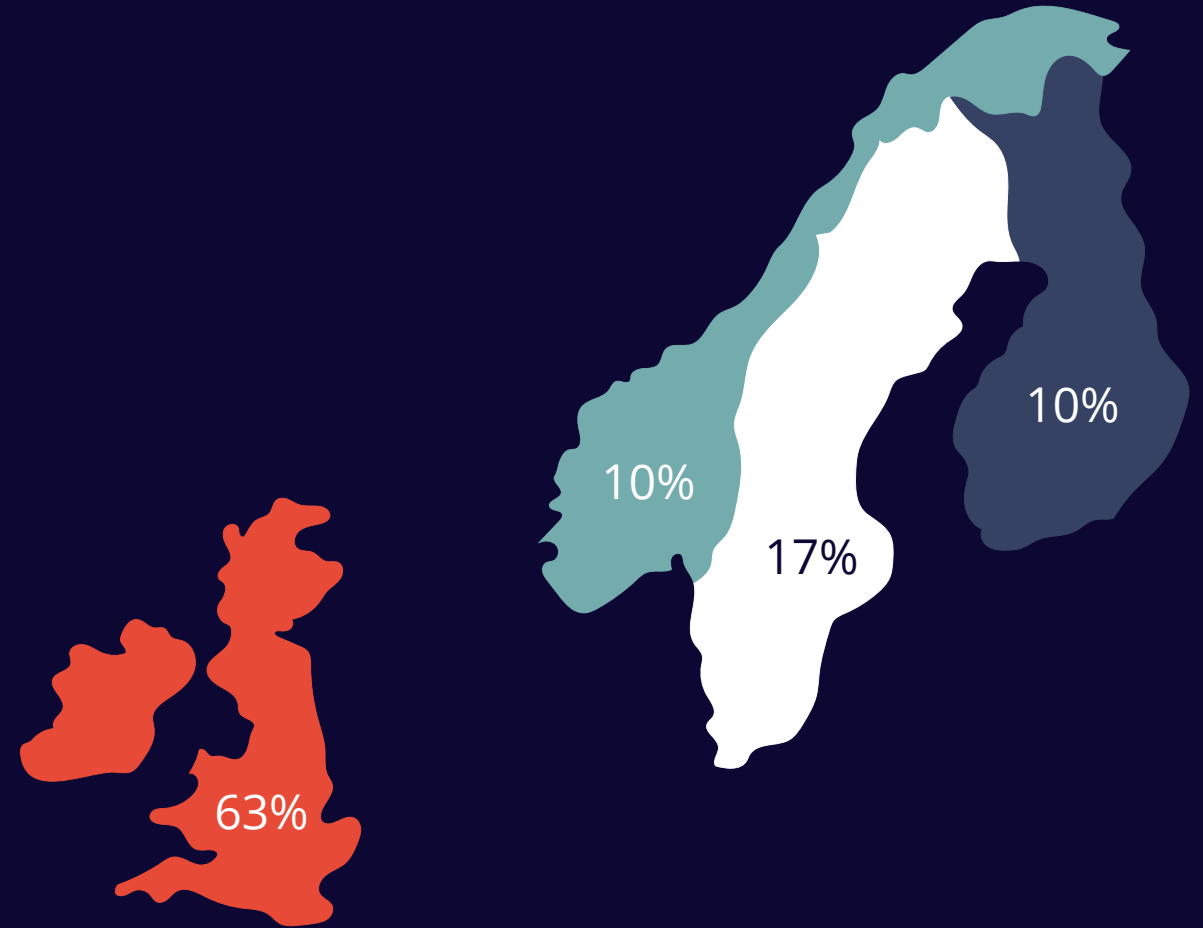
# Launch of BIM feature in Congrid

- Official broad launch May 7<sup>th</sup> 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





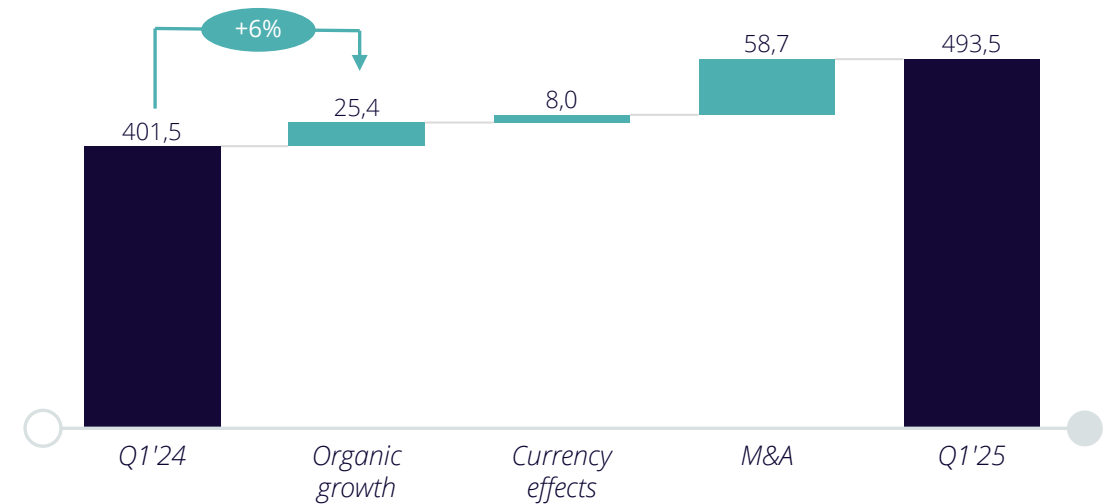
# Financials



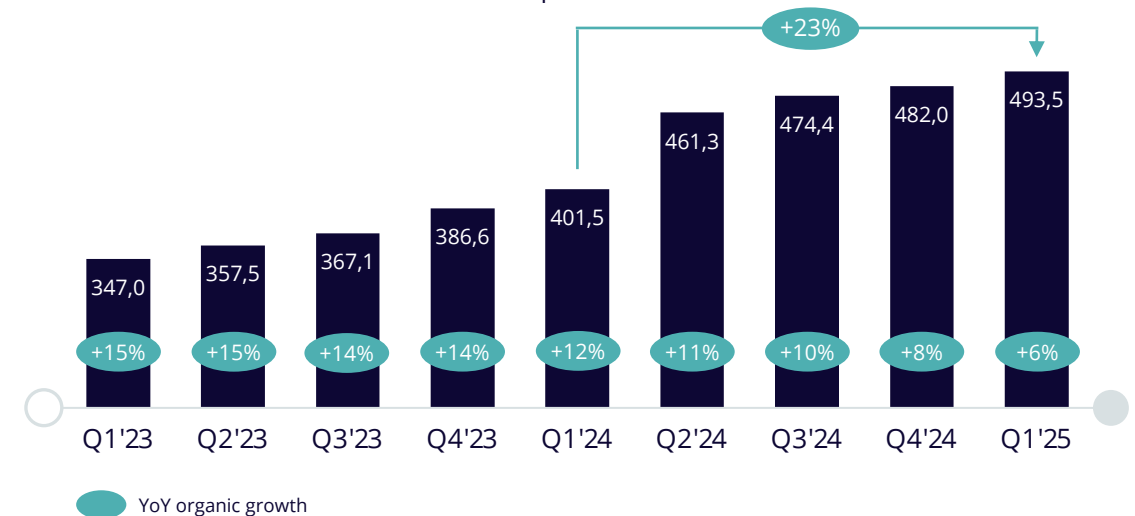
# High growth in recurring revenue as basis for success

- 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

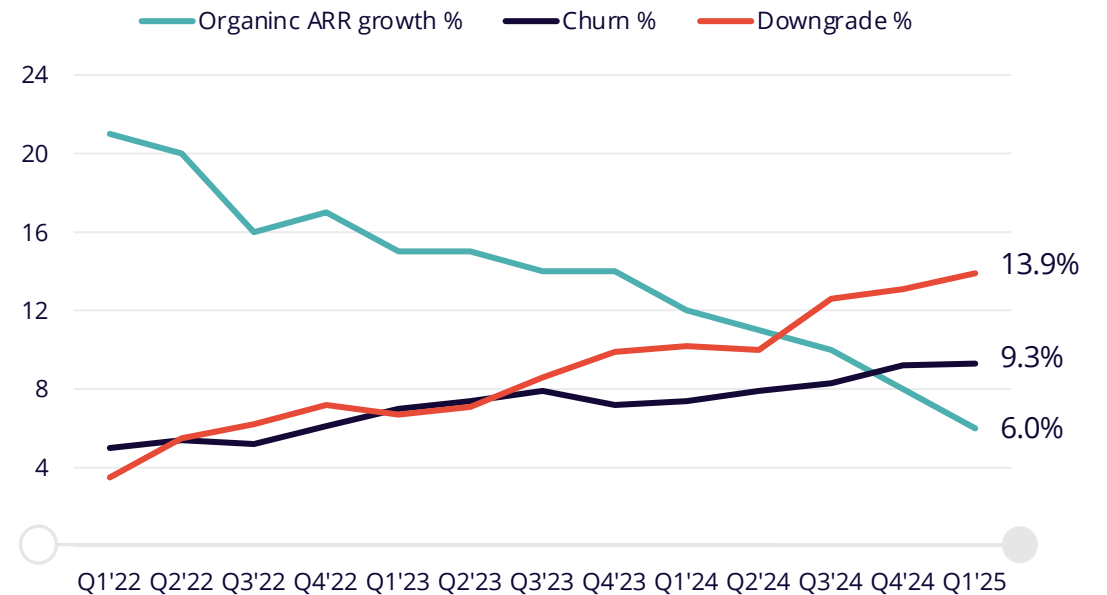


ARR development, mNOK



# 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)

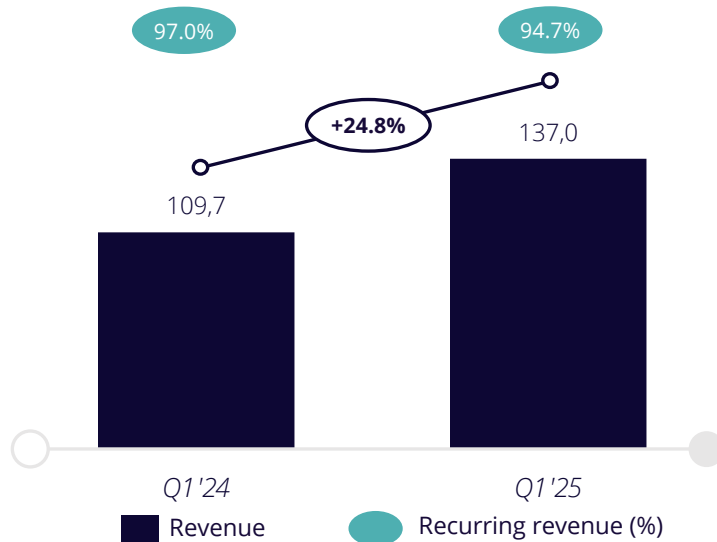




# Continued growth in revenue and strong profitability

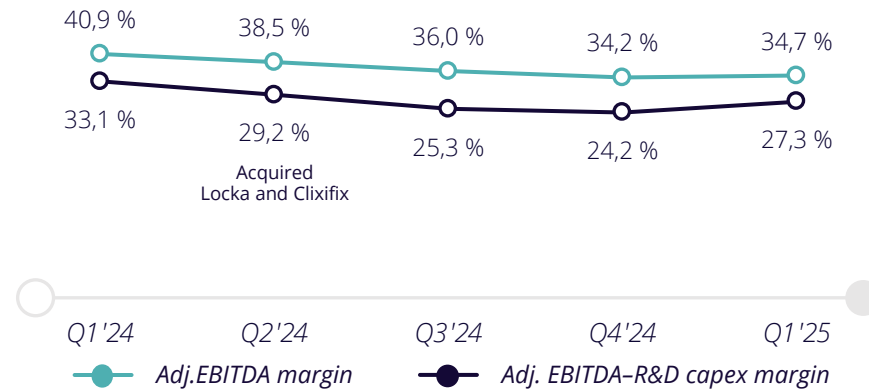
## Solid YoY revenue growth

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.

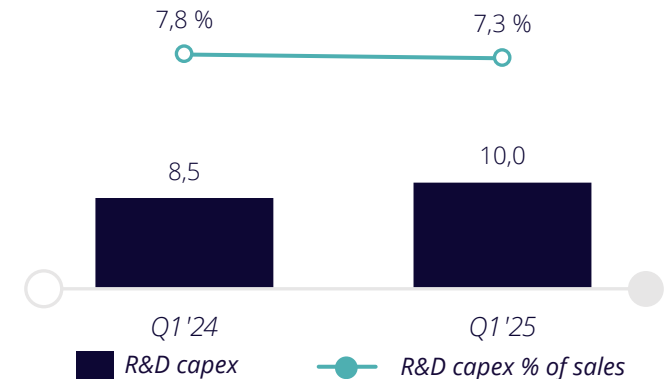
## Consistently high profitability



- 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

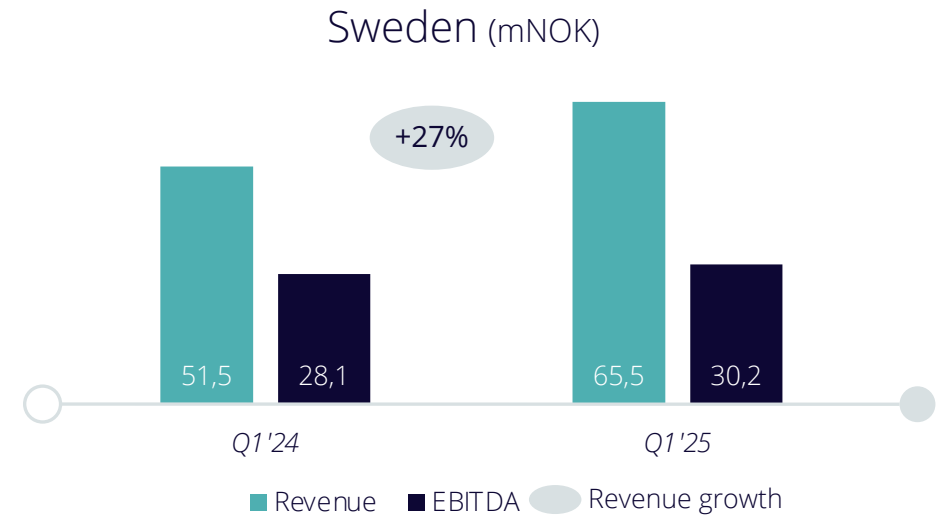
mNOK



- 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

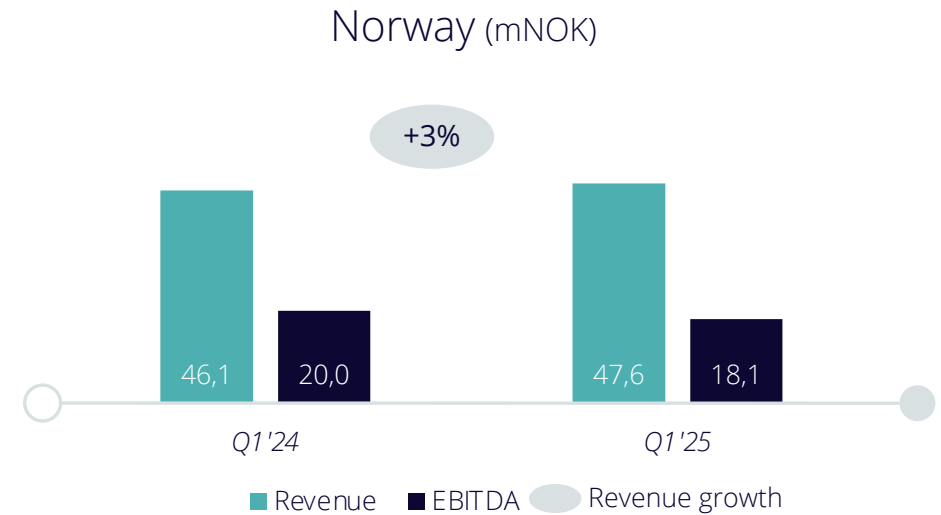
- Strong growth
  - Continued good performance in new sales
  - Organic growth hampered by churn and downgrades, and headwind from lower price adjustments than last year
  - Acquisition of Locka driving total growth
  - Transitioning non-recurring revenue result in a Locka ARR growth of 17% QoQ (90% 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



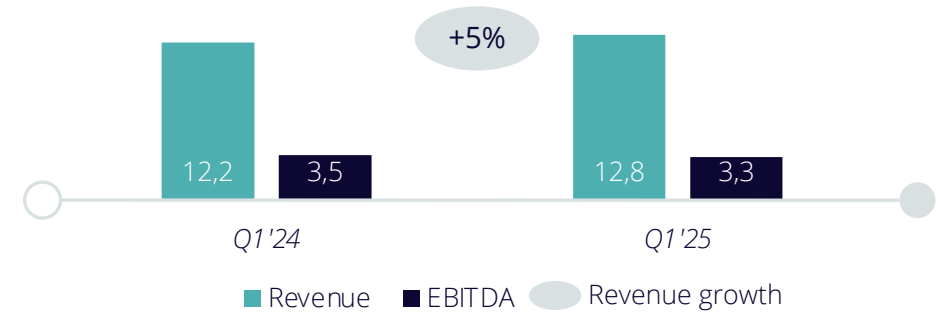
**+ 3 %**  
Organic growth



# 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)



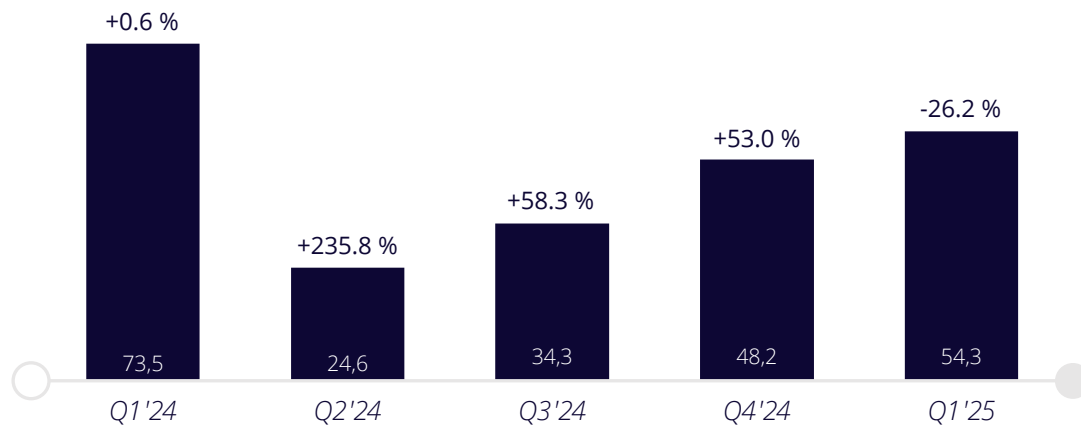


# Solid financial position and strong cash flow

- to support growth strategy and M&A activity

## Operating cash flow

mNOK, YoY growth



## Balance sheet, Mar 31, 2025

mNOK



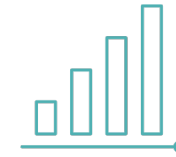
- Continuing strong performance in operating cash flow
- Cash positive all quarters (Q1 is historically stronger, but a shift towards other quarters started in 2023)

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

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- 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





