

Q4 2022 report

SmartCraft ASA | 15 February 2023

Our vision is to become the leading provider of specialized digital solutions for construction companies in North-western Europe



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Agenda

- ❖ A brief intro to SmartCraft
- ❖ Q4 operational and financial highlights
- ❖ Solid market fundamentals
- ❖ Continued operational improvements
- ❖ Summary and Q&A
 - ❖ Financial Hearings: IR@smartcraft.com



Our solutions provide competitive edge for our customers



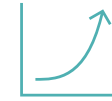
- Ensure digital flow of information between people
- Store and process all data in one place accessible for all
- Data in the field is captured with mobile Apps
- Total overview of documentation
- Revenue and cost control on each project
- Supporting sales processes in a competitive environment

Large and underpenetrated market



~**260,000**
construction
companies

Low
digital
penetration



NOK 10bn+ market with double-digit annual growth



Among the least digitized industries



Long tail of service, maintenance & upgrade



Shortage of skilled workers



More building regulations and documentation



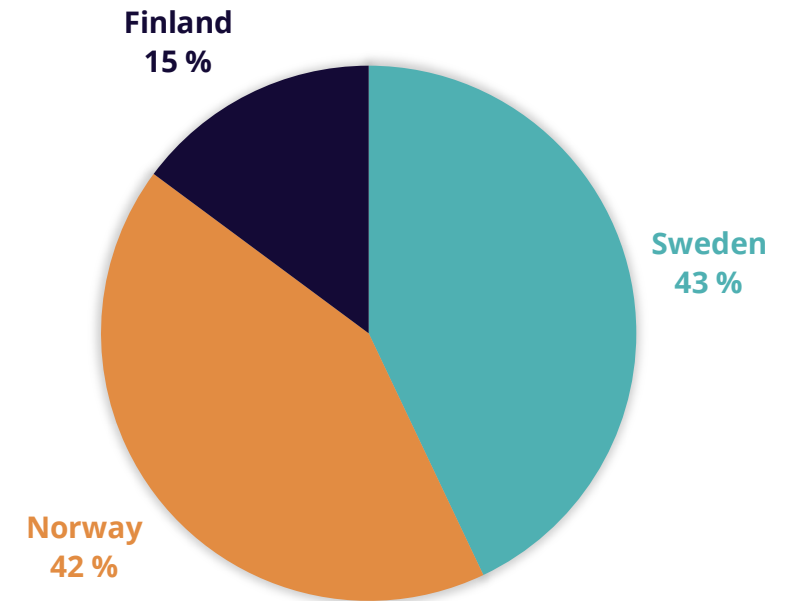
Increased building costs



Leading position in the Nordics

- Constantly gaining markets share
- 12.000 customers
 - 33% growth post IPO
- 120.000 users
 - 26% growth since IPO
- ~ 200 Employees

Strong local presence in key markets



Geographical share of revenue



Q4 2022 highlights

Continued strong growth, high margins and low churn



MNOK 318

Annual Recurring
Revenue

+19%



41%

Adjusted EBITDA
margin

+2% points *



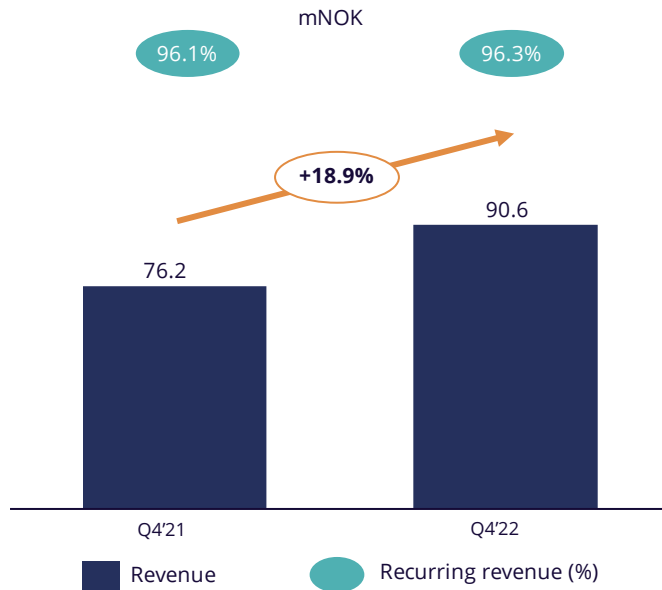
6%

Churn
consistently low

* Like for like comparison

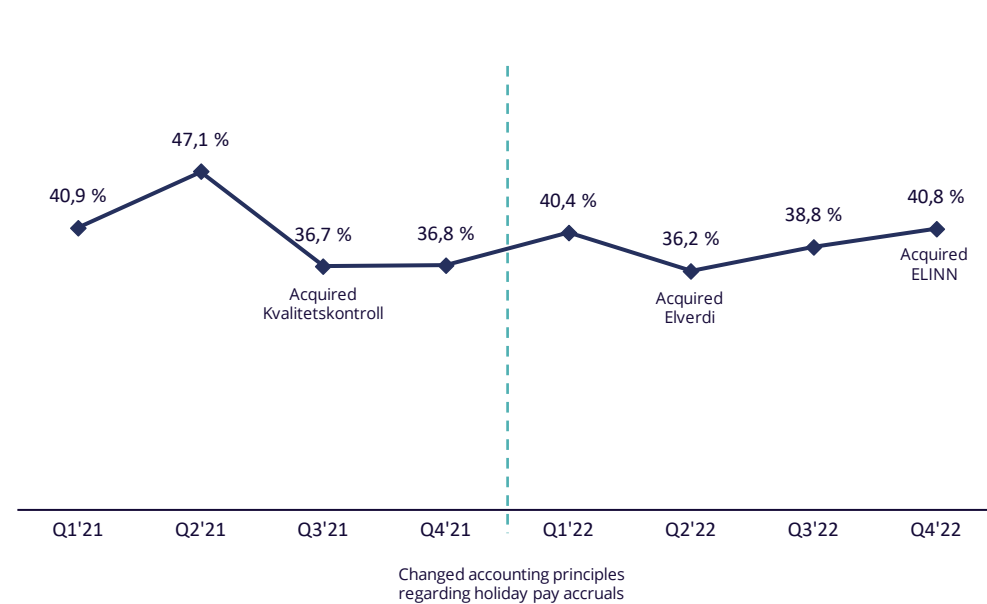
Continued growth in revenue and increasingly strong profitability

Solid YoY revenue growth



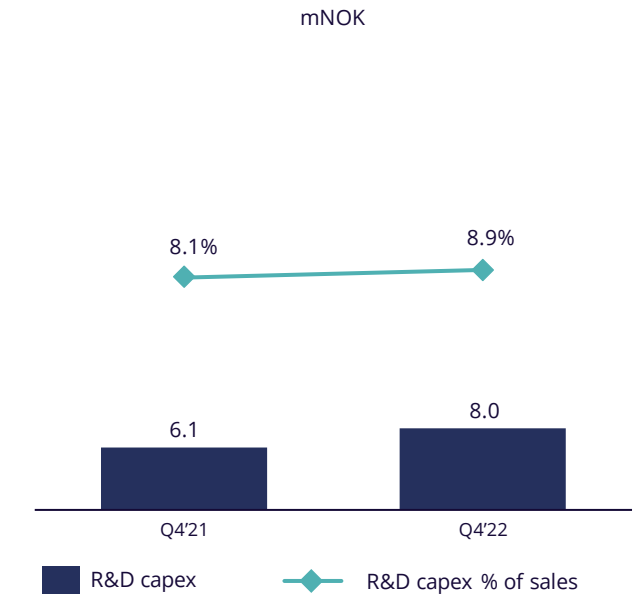
- High and stable recurring revenue share
- Fixed pricing, 19.0% organic growth
- Transaction based pricing, 15.7% organic growth

Consistently high adjusted EBITDA margin



- All M&A dilute margin, but great track record of ability to increase
- Changed accounting principles for accrual of holiday pay (Q4'21 equivalent 39.1%)

R&D capex

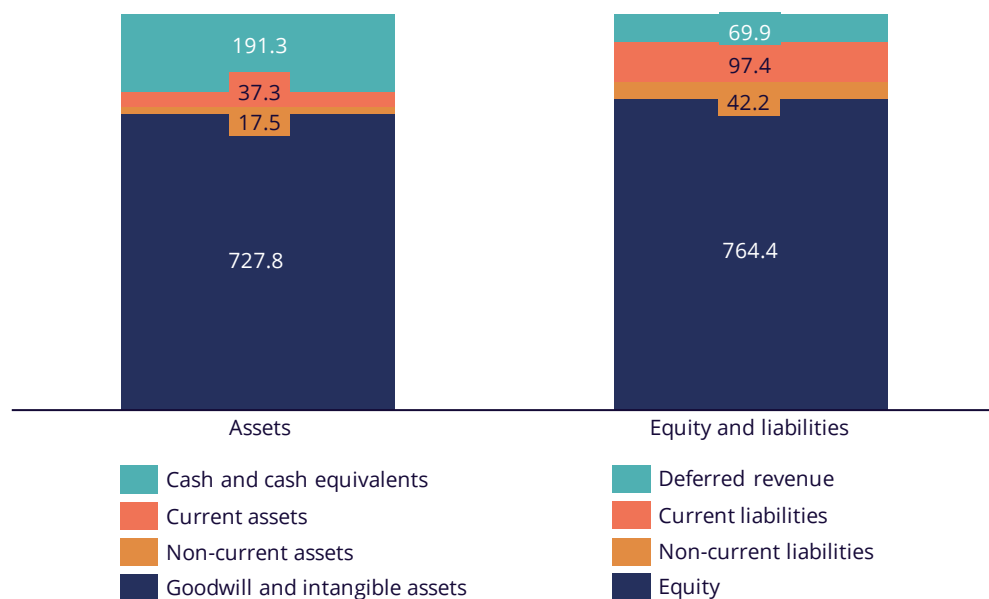


- Q4 in line with expectations
- FY'22 7.2%

Solid financial position and strong cash flow

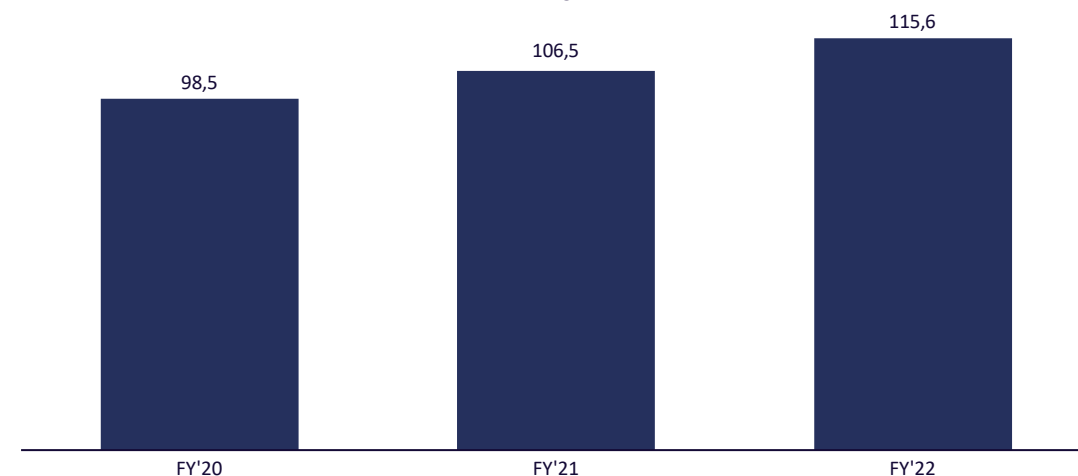
Balance sheet, December 31, 2022

mNOK



Operating cash flow

mNOK

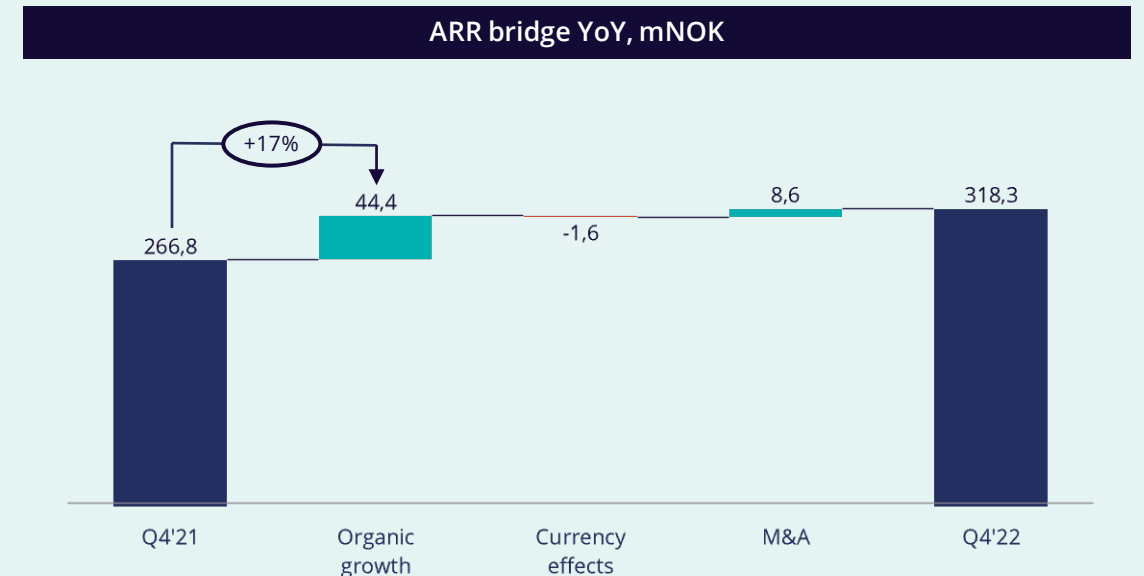
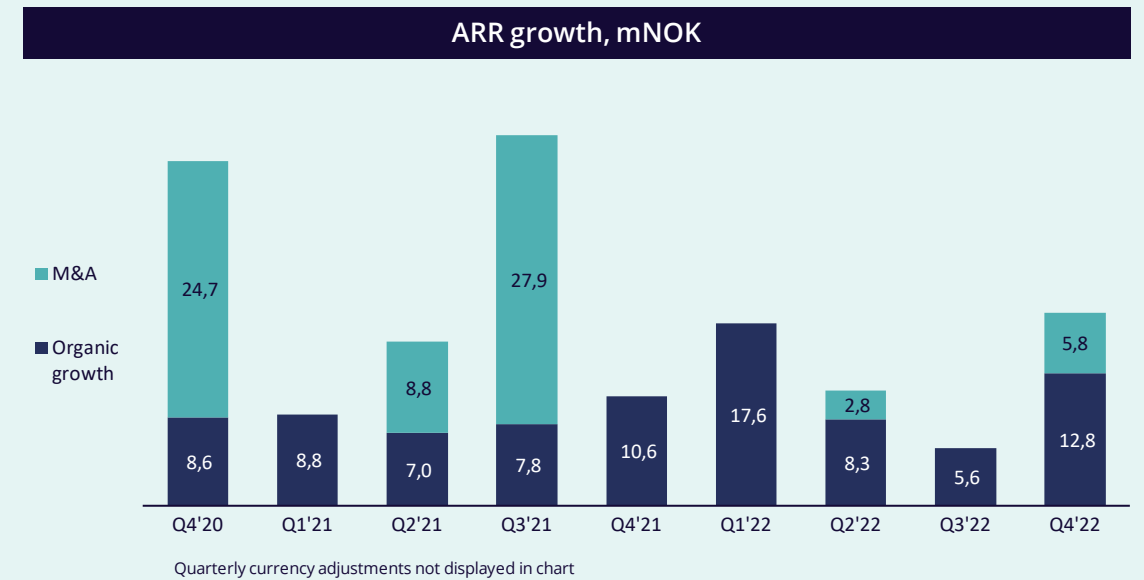
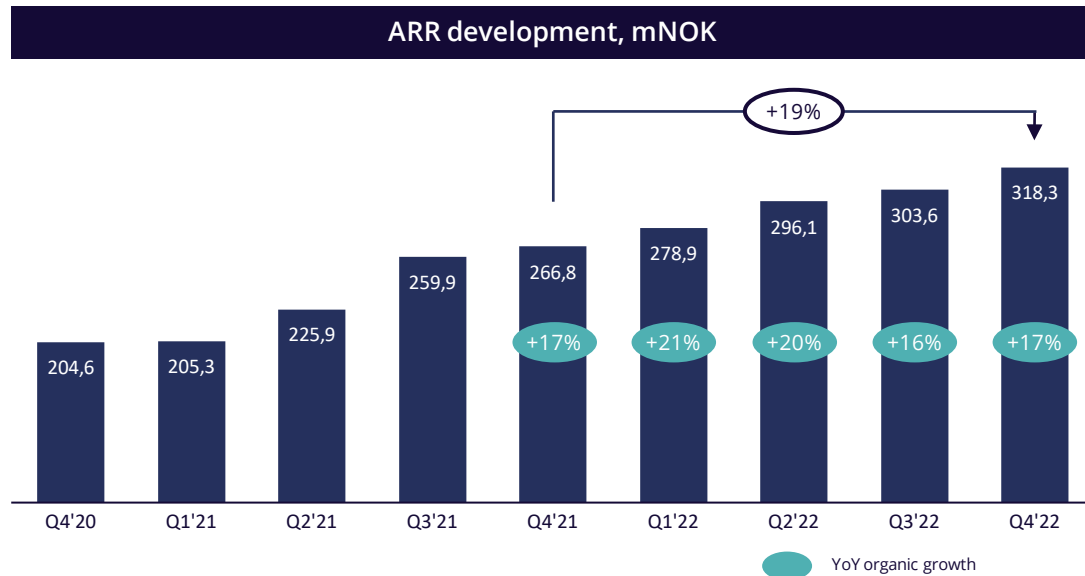


- Net cash positive
- Negative net working capital driven by customer prepayments

- Cash positive all quarters
- Cash generated from operations enables strategic investments and M&A

High growth in recurring revenue as basis for success

- 19% growth in ARR
 - 17% organic growth from new sales and upsales
 - Acquisition of Elverdi (June 2022) and ELinn (October 2022)
- Positive returns from earlier strategic investments and strong pipeline
 - Effect on sales in Q4 after a prolonged sales cycle in earlier quarters
 - Pipeline still strong going into 2023



Reporting segments aligned with organizational structure



Q4'22



NOK **39.7 million**
18.0 % organic growth



Q4'22



NOK **18.5 million**
46.7 % adj. EBITDA margin



NOK **12.9 million**
21.9 % organic growth

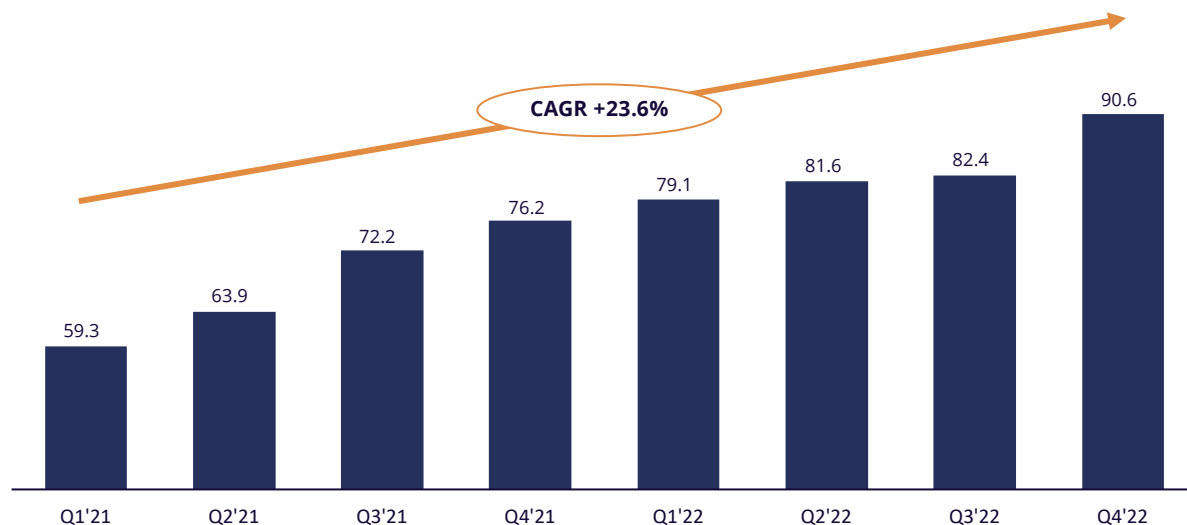


NOK **3.9 million**
30.1 % adj. EBITDA margin

Solid track record since IPO expected to continue

Delivering consistently on guided organic growth of 15-20%

Solid revenue growth last years



- > 19.5% organic CAGR in recurring revenue
- > 16.3% organic CAGR in total revenue

Medium-term financial targets

Organic growth
15 - 20%



bolt on M&A



Margin expected to increase due to scalability of the business

Short-term considerations:

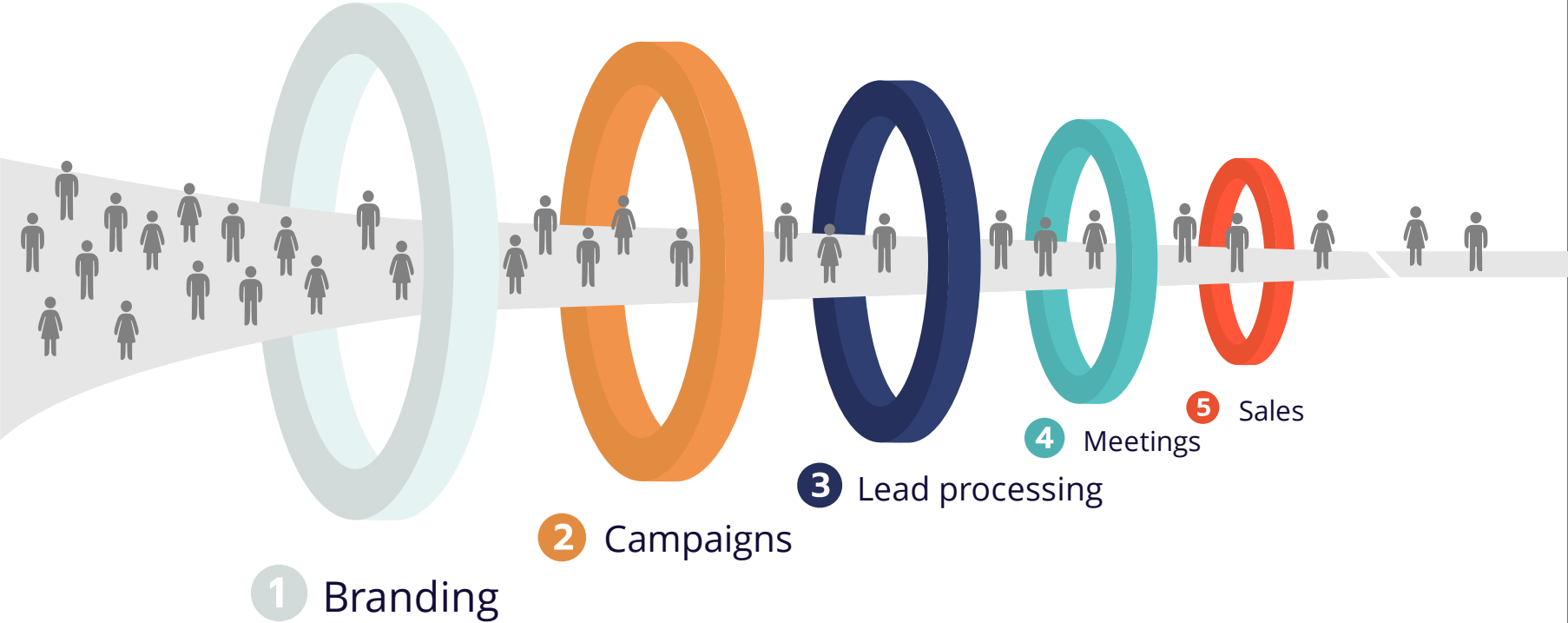
Impact from acquired companies last 12 months

**Solid marked
fundamentals**



Highly effective go-to market strategy

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



1 Branding

2 Campaigns

3 Lead processing

4 Meetings

5 Sales

24 300 000

Media views¹

640 000

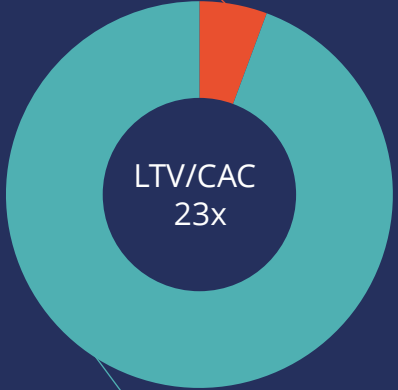
Website traffic¹

61%

Conversion from meetings to sales

Highly efficient sales process²

Customer acquisition cost



Lifetime customer value

Note:
1. Metrics for financial year 2022;
2. Calculated as weighted average of CLTV and CAC based on the products and solutions sold over the last 6 months. 6-month period ending in December 2022

Solutions to support customers in more challenging times

Cost control and improved efficiency

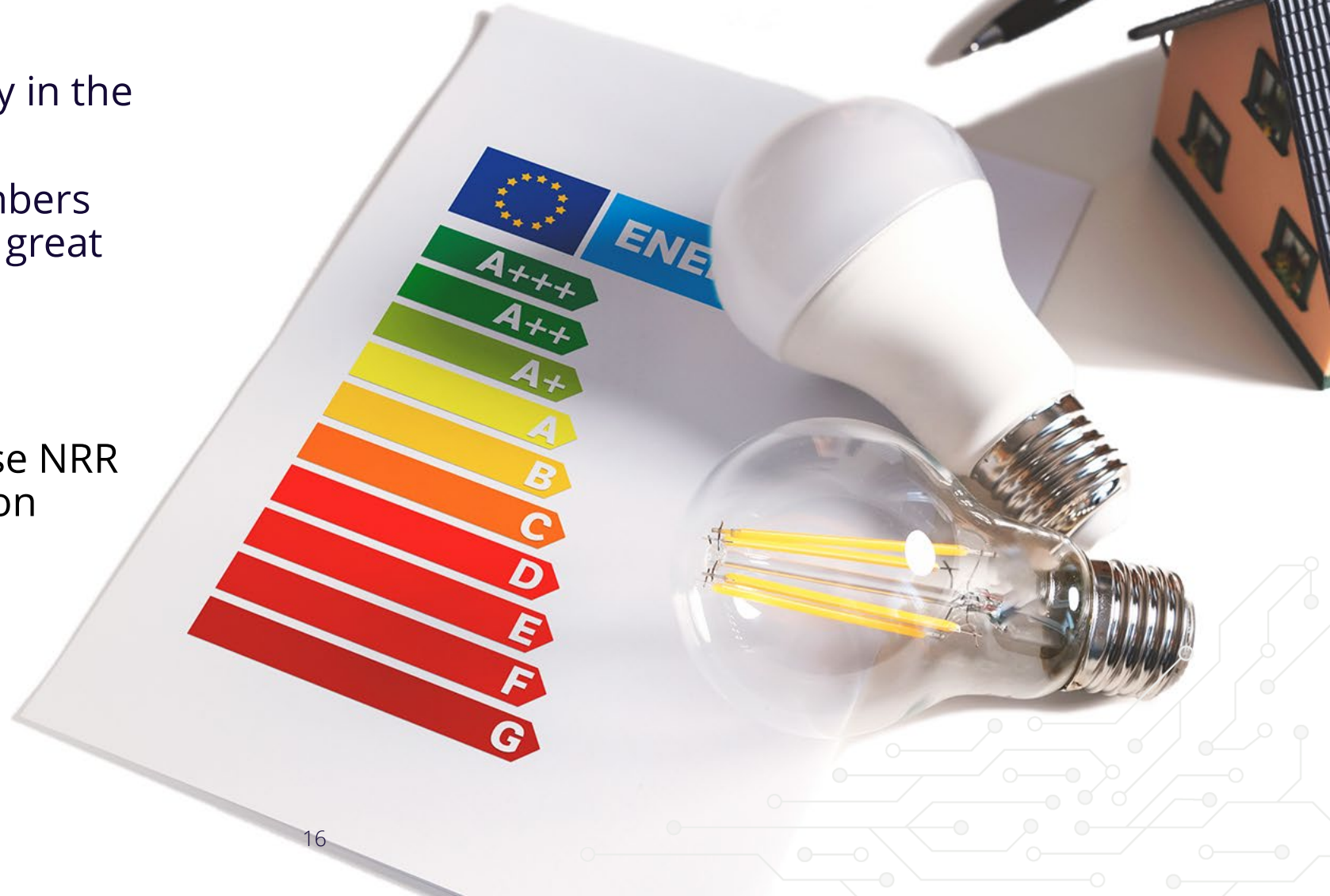
- ❖ Improved profitability
 - ❖ Visualizing health status of ongoing projects
- ❖ Reduced material cost and waste
 - ❖ New state of art calculation tool
 - ❖ Currently in pilot
- ❖ No missed-out revenues
 - ❖ Overview of ongoing projects not yet invoiced, documented changes and add-ons



Still solid demand for SmartCraft solutions

Despite slowdown in new building projects

- ❖ Our customers operate mainly in the SME segment
- ❖ Largest customer group, plumbers and electricians, experiencing great demand due to energy saving initiatives
- ❖ Strong pipeline
- ❖ Great opportunities to increase NRR through upsell and cross sell on existing customers
- ❖ Our statistics show increased customer activity



No sign of market decline from existing customer base of SME general contractors

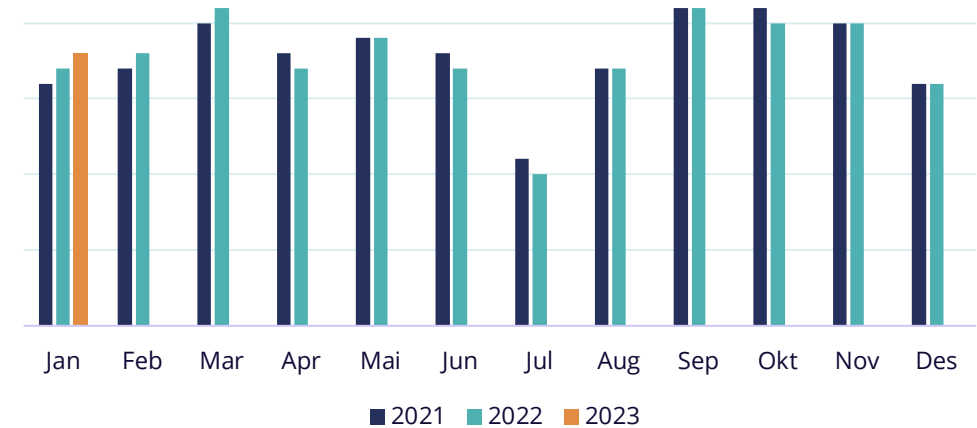
Analysis

- Analysis of existing Bygglet customers in the SME segment
 - mainly service contractors
- Large representative customer base

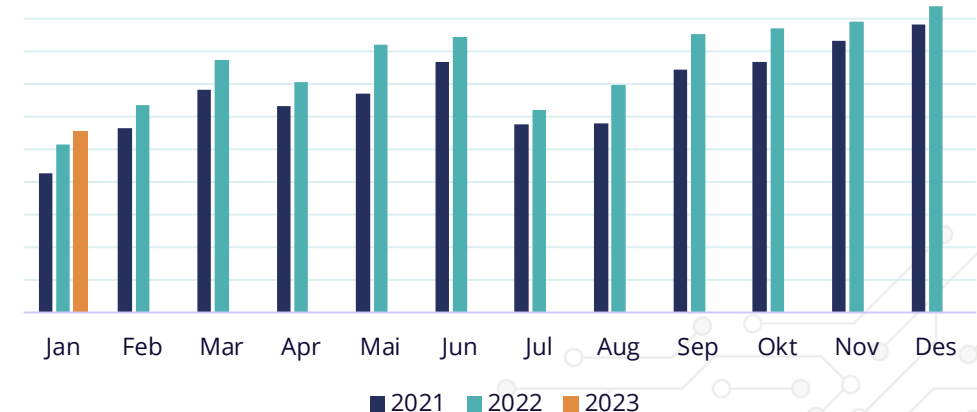
Key Findings

- Average number of projects per customer stay constant
- Customers invoice on average more pr month vs previous year
- Consistent and solid growth

Average number of projects created per customer

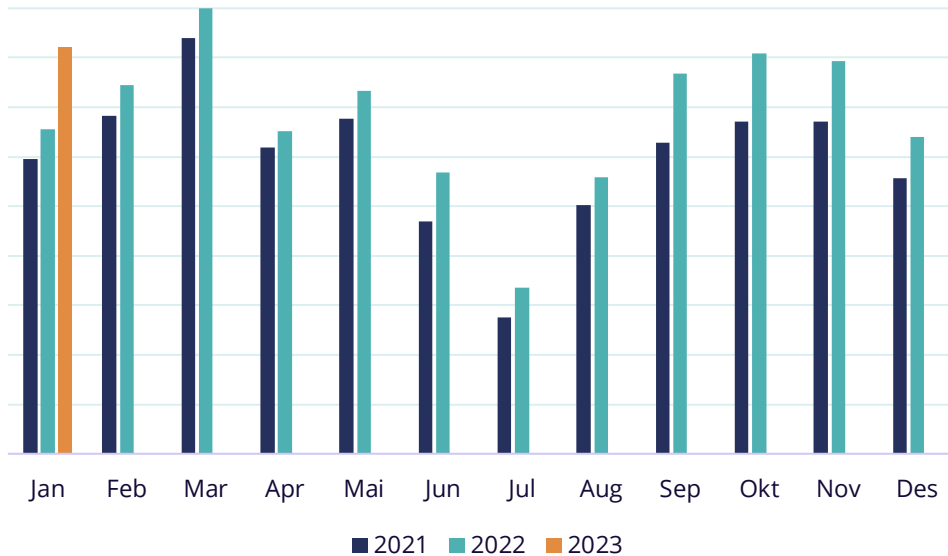


Average invoiced amount per customer

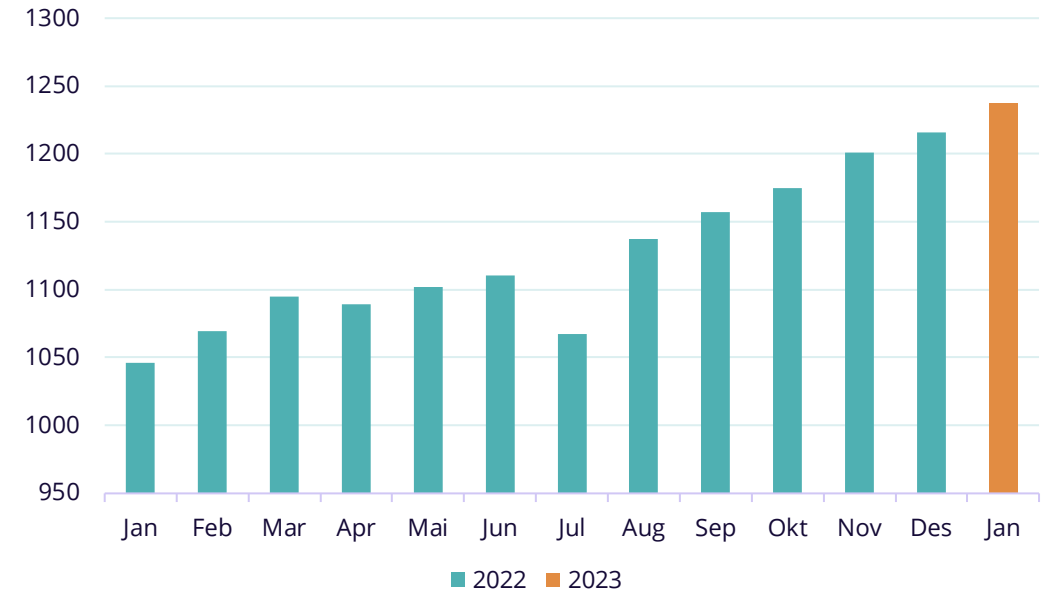


Specialized contractors have a consistently high activity level

Unique users pr month in solution A



Active customers pr month in solution B



Specialized Solution A

- Graph shows unique active users in a given month
- Active users increased every month for the last 13 months

Specialized Solution B

- Graph shows unique active customers in a given month
- Steady growth every month (excl. holiday month of July)

Improved competitive position in 2022

Prices in 2023 will be adjusted to reflect inflationary environment

- ❖ SaaS model with 96% recurring revenue
 - ❖ Low pricepoint at NOK 7 pr user pr day
- ❖ Relative competitiveness improved
 - ❖ Moderate annual increases early in the year
 - ❖ No further price increases as inflation accelerated
- ❖ SmartCraft price adjustments have been below competitors in 2022
 - ❖ Room for larger price adjustments in 2023 broadly in line with CPI



Leading position in a less cyclical market segment

Design and planning of new buildings

Architects | Engineers | Planners

Construction, service & maintenance

General | Speciality contractors

Accounting phase

Accountants | Administrators

Enterprise



PROCORE®



SME

NEMETSCHEK
GROUP



Continued operational improvements



Reduced operational risk since the IPO

Increased customers
by **33%**

Continued low
churn at **6%**

Increased sales
conversion from
55% to **61%**

Increased
recurring revenue
from 93% to **96%**

Very low single customer dependency:

0.01%

(average customer ARR / total ARR)

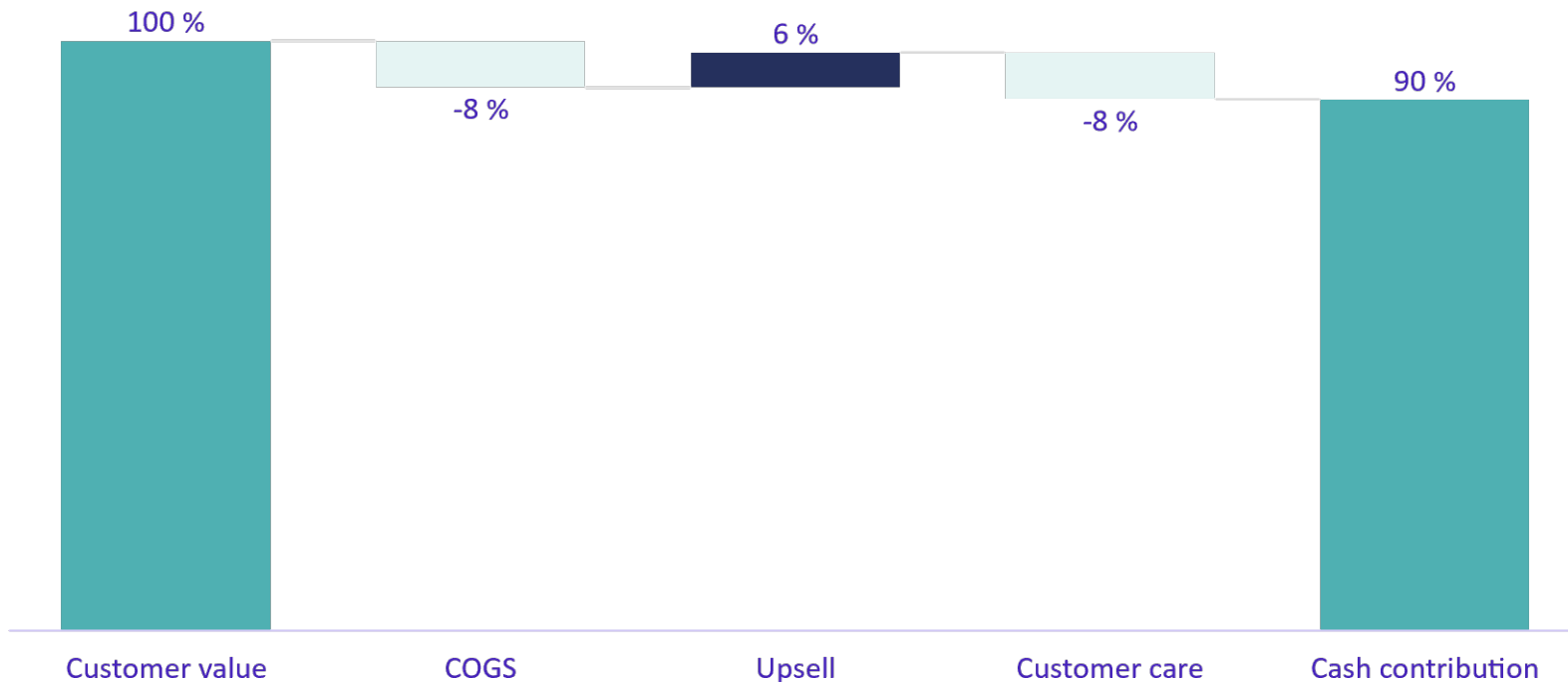
Very low take rate:

0.2%

of customer's revenue

Scalable business model provides strong cash contribution per customer

90% incremental cash contribution per customer after initial acquisition cost



➤ *ARPC* *NOK 29k*
➤ *CAC payback* *1 year*

Initiatives to further improve scalability

Country
management

One marketing team

Sales automation
& self service

Scalable cloud
environment

Customer centric
business model

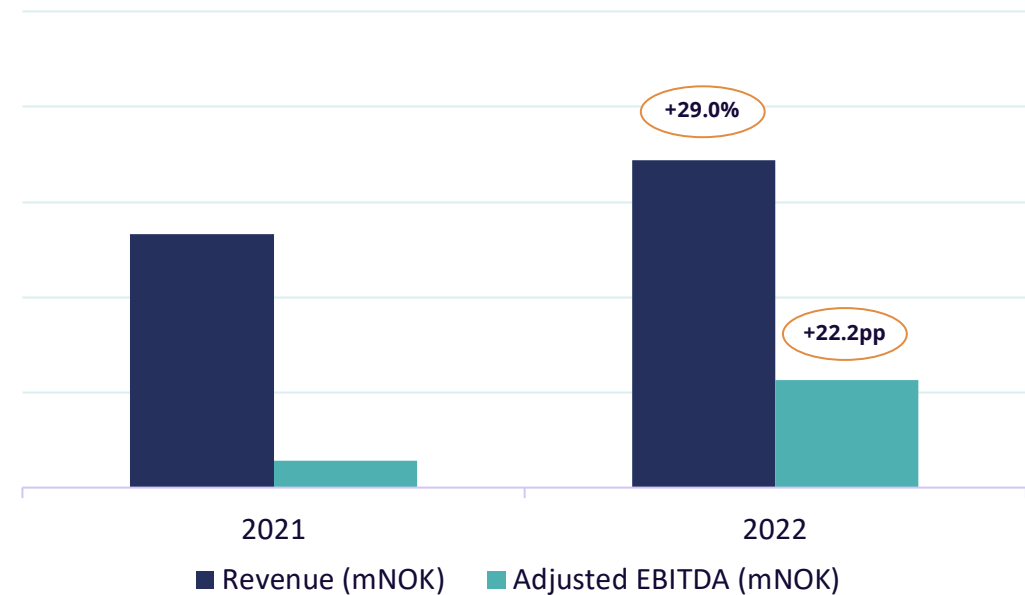
Well positioned for value enhancing M&A opportunities

9 acquisitions last years

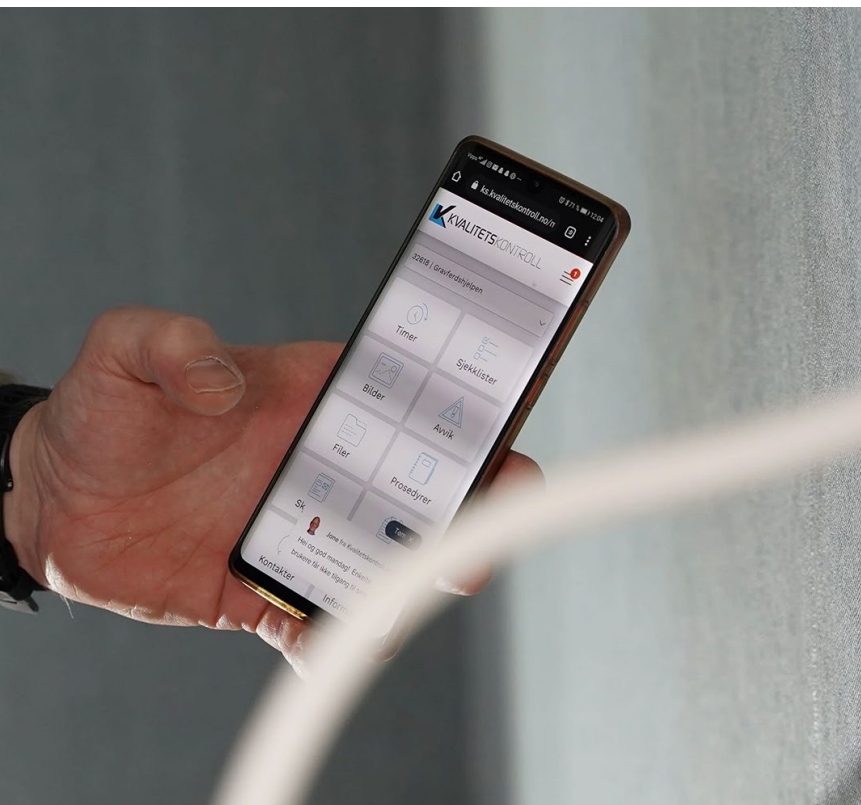
- ❖ Dialogue with multiple potential targets in Nordics and new geographies
- ❖ Well defined selection criteria
- ❖ Capacity for 1-3 acquisition pr year
- ❖ Well functional integration model



Strong Y/Y performance in solutions acquired in 2021



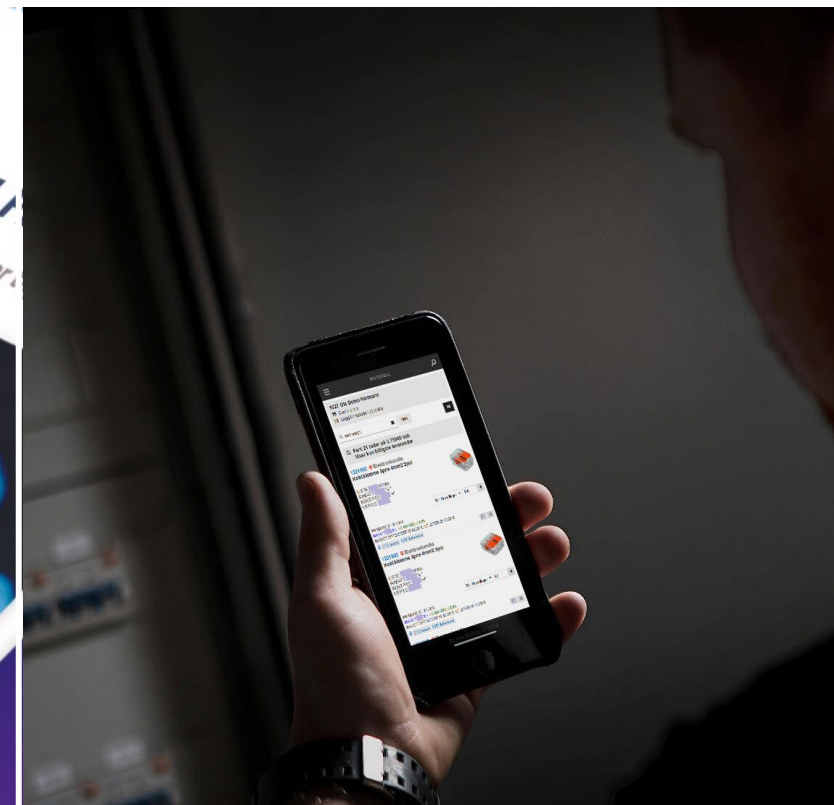
Unique add-on solutions create opportunities for synergies and cross-sell



Leading quality and safety solution



Unique sales tool for electricians



Great field tool for electricians

Strong balance sheet to support both organic and M&A growth strategies

- ❖ Clear plan for disciplined and shareholder friendly capital deployment
- ❖ Net cash NOK 177 million
- ❖ Ensure firepower to capture opportunities on attractive terms



Dividend and buybacks

No short-term intention to pay dividend

Focus on growth investments
Share buy-back program for up to 2% of the share capital



Acquisitions

Targeted disciplined approach to industry consolidation



Invest in research & development

Primary focus on scalable solutions across the group



Invest in sales & marketing

Very attractive return on sales and marketing investments

Q&A

We are on track for continued profitable growth!

- ❖ Continue to deliver on strategy
- ❖ Reduced operational risk
- ❖ Consistent strong operational cash flow



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Appendix



High quality international shareholder base

Shareholder ID: Top 20 shareholders	% of total
Valedo Partners III AB	39,70 %
Capital Research Global Investors	7,80 %
B. Ulstein AS	6,60 %
Invesco Advisers, Inc.	5,00 %
Janus Henderson Investors	3,50 %
Handelsbanken Kapitalförvaltning AB	3,00 %
Grandeur Peak Global Advisors, LLC	2,50 %
Highclere International Investors LLP	2,40 %
Carnegie Fonder AB	2,30 %
Swedbank AB	1,80 %
Eaton Vance Management	1,60 %
Allianz Global Investors GmbH	1,30 %
DNCA Investments	1,30 %
Svenska Handelsbanken AB	1,20 %
Line Invest AS	1,20 %
Amundi Asset Management, SAS	1,00 %
Columbia Threadneedle Investments (US)	1,00 %
Tjenssen AS	0,90 %
E.Öhman J:or Fonder AB	0,90 %
Avanza Bank AB	0,90 %

- Management and Board ~10% ownership
- Nordic and international research coverage
- Solid balance sheet with net cash position
- Solid track record within M&A and organic investments

The shareholder ID data are provided by Nasdaq OMX. The data are obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the SmartCraft share register. Whilst every reasonable effort is made to verify all data, neither Nasdaq OMX nor SmartCraft can guarantee the accuracy of the analysis.

Key facts

Listed
Oslo Børs, Norway
Market cap
BNOK 3.5 (10 Feb 23)
Free float ²
~50%
IPO date
24 June 2021
Reporting interval
Quarterly
Ticker code
SMCRT
Research coverage
ABG Sundal Collier Berenberg Carnegie Aksjespararna ¹
Website
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