



Q2 and first half year 2022 report

SmartCraft ASA

25th August 2022



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Agenda

Part 1: Q2 reporting

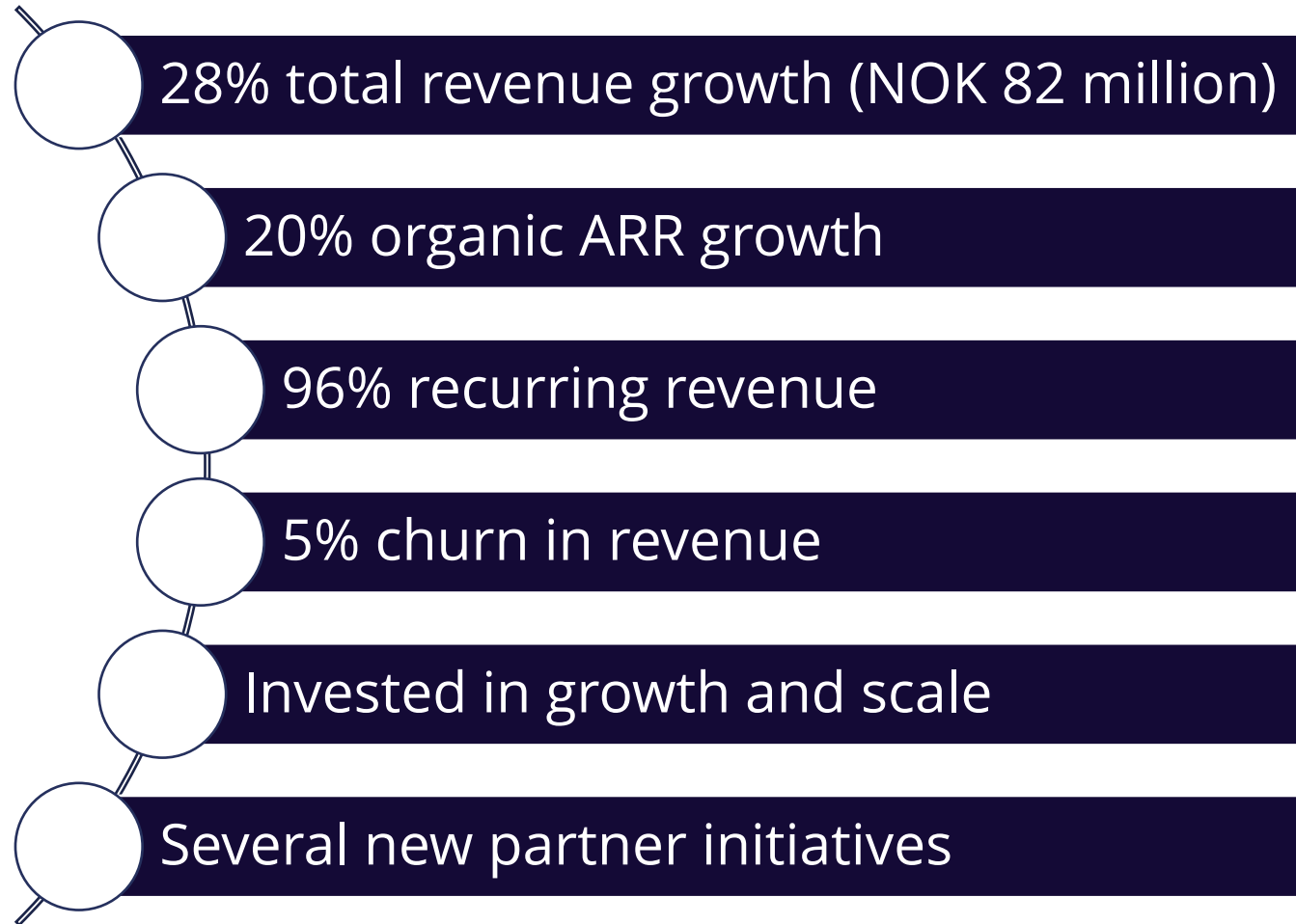
- Market position
- Operational, financial highlights and future outlook
- Q&A

Part 2: SmartCraft on a deeper level

- Marketing and sales
- Demos
- Development strategy
- Q&A



Q2 highlights



SmartCraft is resilient in a potential challenging market

Our position

- Greatly underpenetrated market in growth
 - NOK 10 BN market, growing double digits annually
 - Majority does not have solution to increase productivity and profitability – need to have solutions
- SME focus
 - Smaller projects, services, maintenance and upgrades
 - Less affected by downturn in the economy
- High activity
 - Customers show 18% transactional growth
 - Solid sales pipeline
- Solid business model
 - 96% recurring revenue
 - Low-cost pr user pr day (7 NOK)
 - No single customer dependency

What you read in the media

"It looks like a perfect storm for construction. Nobody can foresee the consequences of this crisis"

Harald Nikolaisen, Byggebransjen June 2022

"An inability to fill vacancies in the sector will have severe implications for the rest of the economy"

Construction Europe July 2022

"The construction industry is hit hard by the price increases"

Johan Deremar, Byggföretagen June 2022

Our customers need to digitalize in good and bad times



Lack of skilled workers

- Need for skilled construction workers globally
- Aging workforce and lack of recruitment



Long tail of new projects and maintenance needs in public and private sector

- High activity of new buildings
- Increasing aging buildings in need of renovation



Increasing demand for detailed digital documentation

- Regulatory offices
- Consumers



Digitally maturing users and software

- Apps and SaaS solutions drive adoption
- Younger more digital workforce



Challenging market

Focus on cost of material, utilization and margin



Great market

Lack resources and time to follow up customers

Q2 operational and financial highlights



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



Main focus is organic growth in the Nordics

- Upsales to existing customers
- Win new customers
- Cross sell on existing portfolio
- ...and bolt-on acquisitions



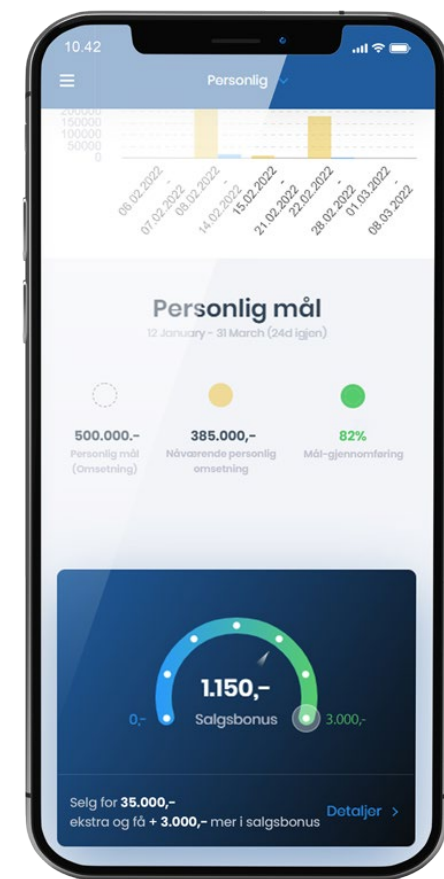
Targeting geographical expansion through M&A

- Strategic bridgehead with cultural and business knowledge
- Capital discipline – wait for the right acquisition opportunities

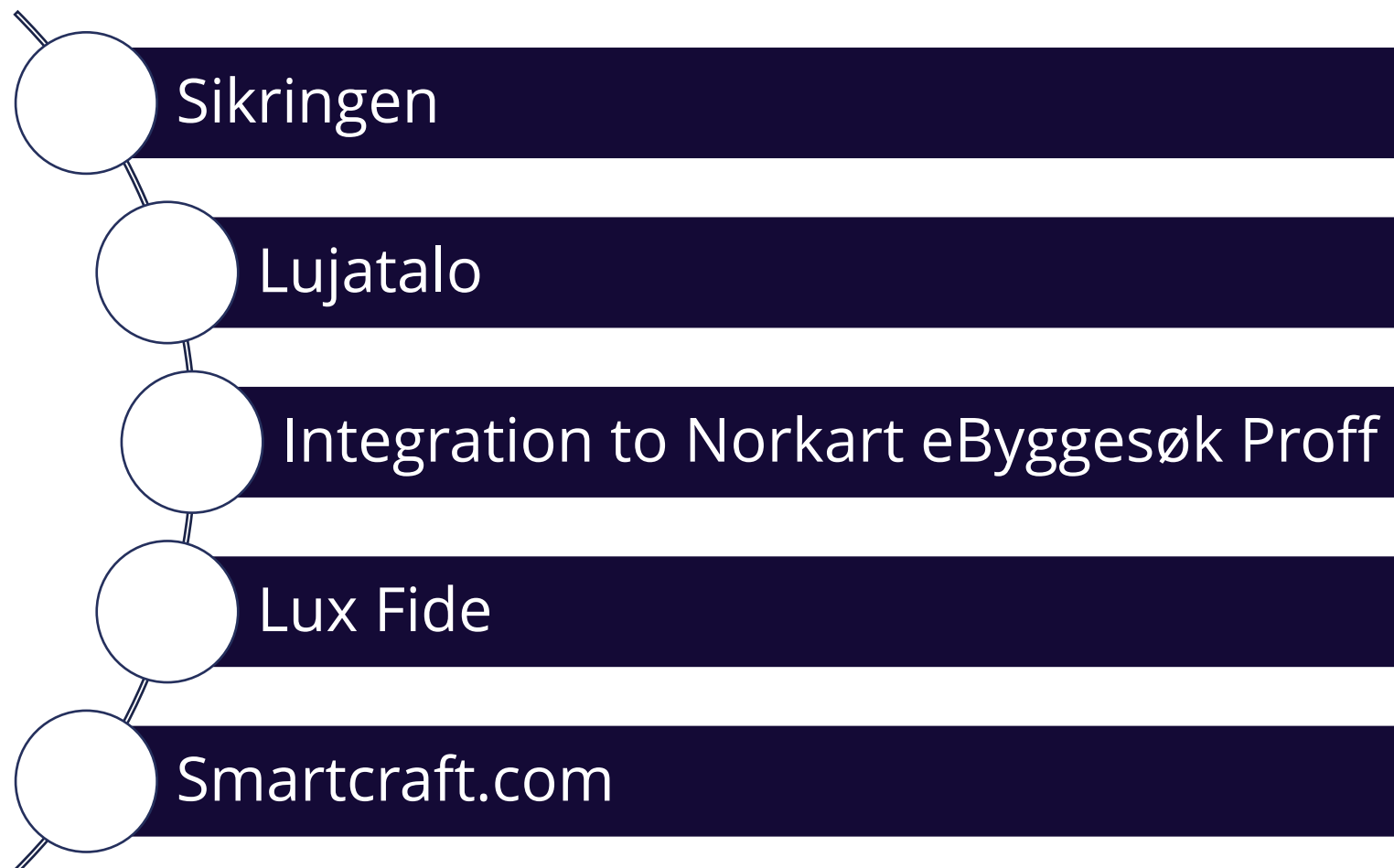
Elverdi adds value to SmartCraft



- Acquired in June
- Digital sales tool for electricians
- Adding strategic competence and solution to our existing portfolio
- Strengthening our position in the electro segment
- mNOK 5.5 revenue in 2021
 - 40% recurring
 - 90% recurring revenue growth vs 2020

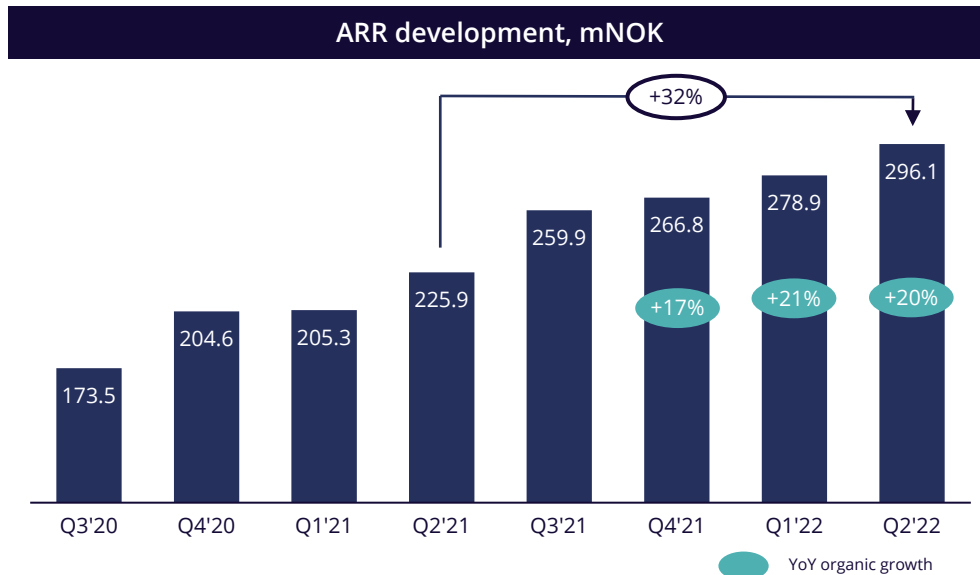


Partnerships with leading players provide increased reach

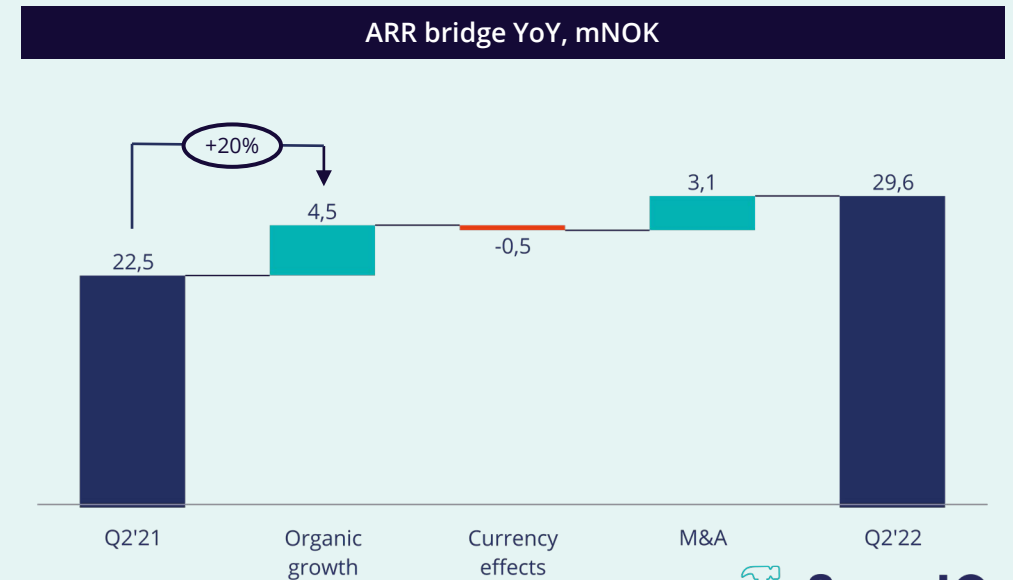
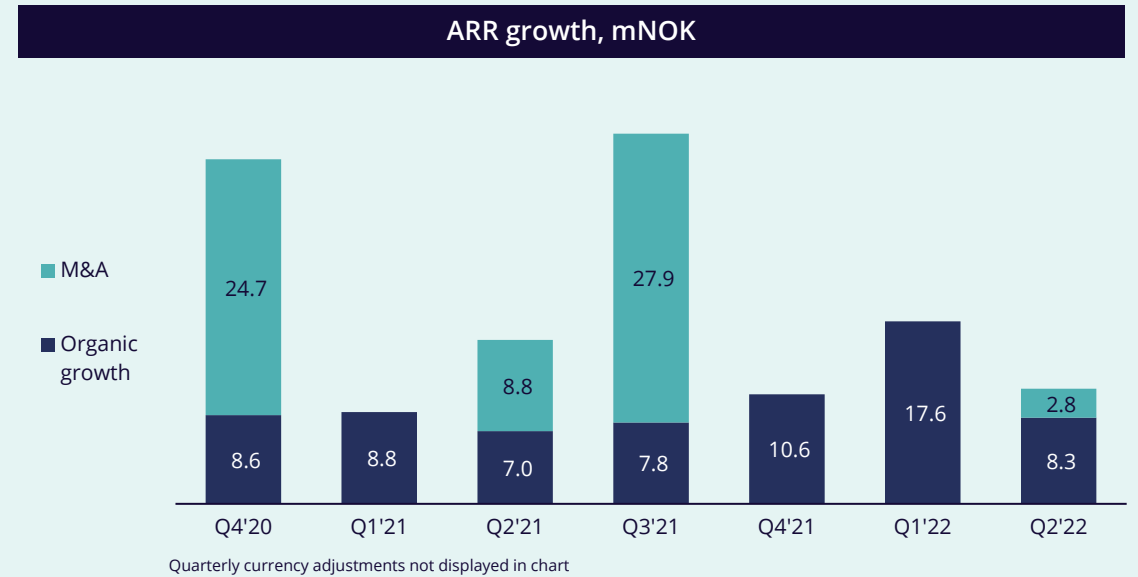


Maintaining high growth in Q2

- 32% growth in ARR
 - 20% organic growth from new sales and upsales
 - Acquisition of Kvalitetskontroll in July 2021 and Elverdi in June 2022
- 96% recurring revenue share
 - Fixed pricing, 19% organic growth
 - Transaction based pricing, 18% organic growth



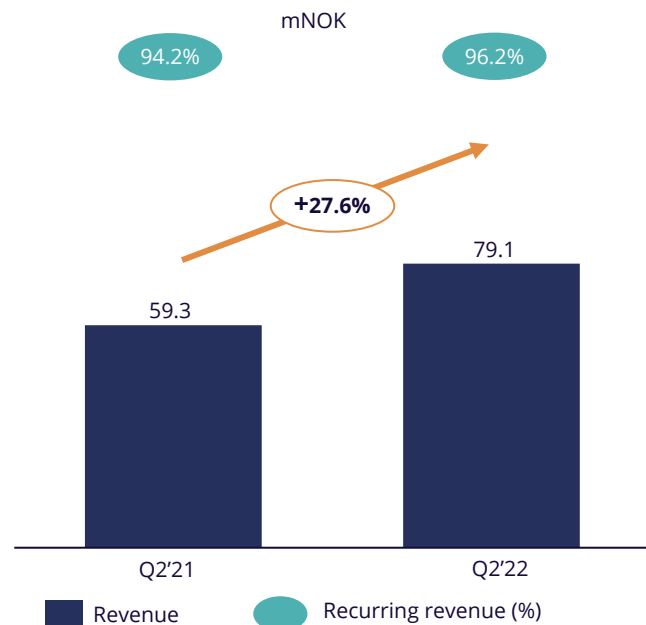
Q2 and first half year 2022 results



Slide 11

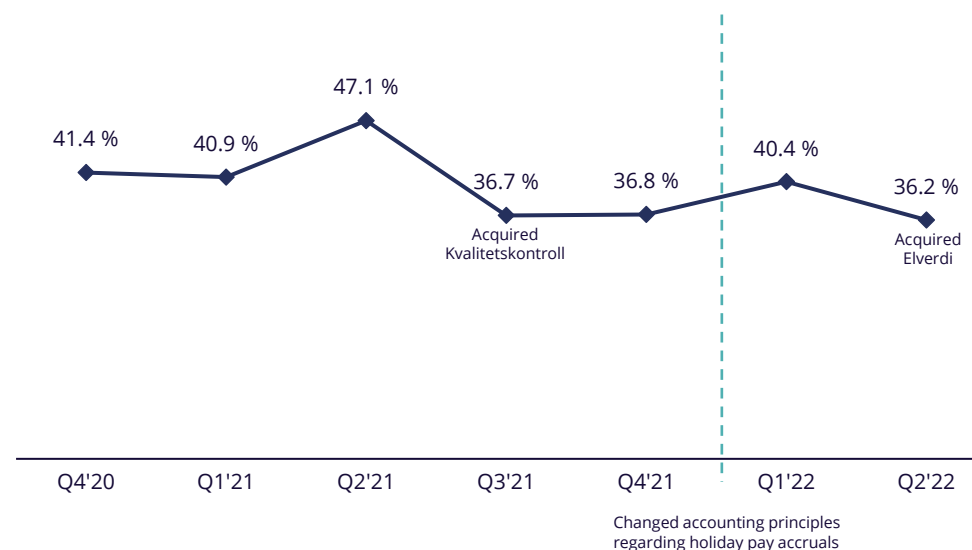
Q2 2022 - Continued growth in revenue and strong profitability

Solid YoY revenue growth



- Continued solid organic growth with additional M&A
- 19.1% organic growth in recurring revenue

Consistently high adjusted EBITDA margin



- All M&A dilute margin, but great track record of ability to increase
- Changed accounting principles has the effect of levelling out Q2 spike (Q2'21 equivalent 43,7%)

R&D capex

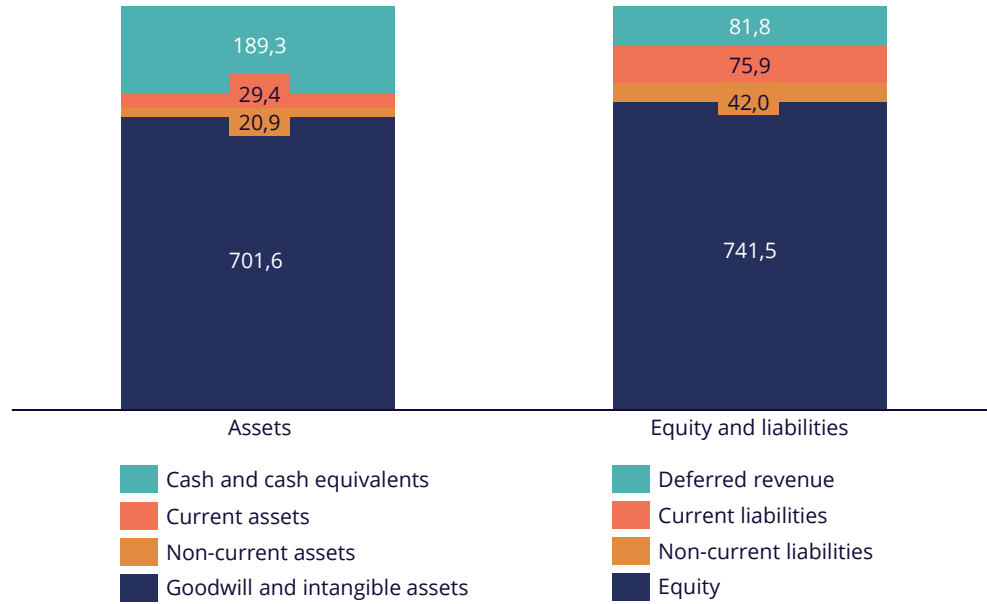


- Slightly below estimate due to change in resource planning
- Estimating FY'22 at 7-8%

Solid financial position

Balance sheet, June 31, 2021

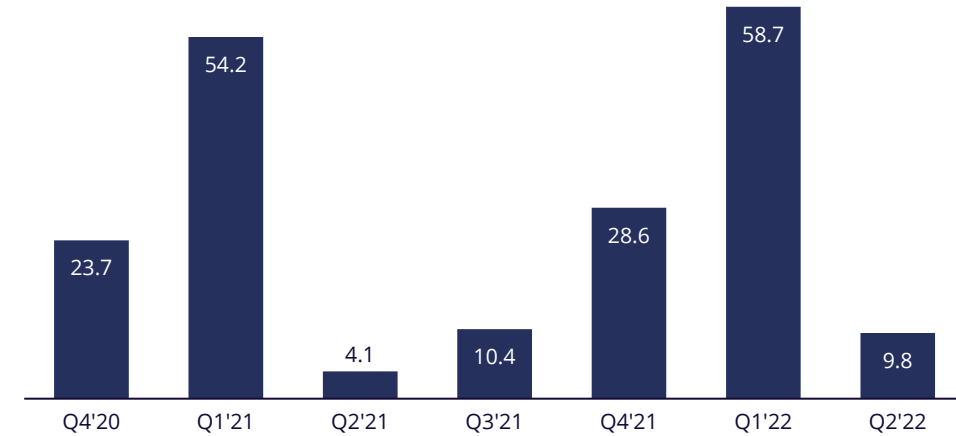
mNOK



- Net cash positive
- Elverdi acquisition affecting goodwill and cash

Operating cash flow

mNOK



- Cash positive all quarters
- Self funded with average cash conversion at 110%

Medium term financial targets stand firm

Growth

Organic growth

15 – 20%

+  **bolt on M&A**

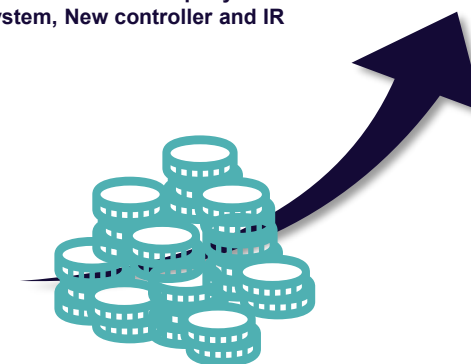


Margin

Margin expected to increase due to scalability of the business

Short-term considerations:

- 1) Impact from acquired companies last 12 months
- 2) Additional costs as a listed company: New accounting system, New controller and IR function



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Q&A

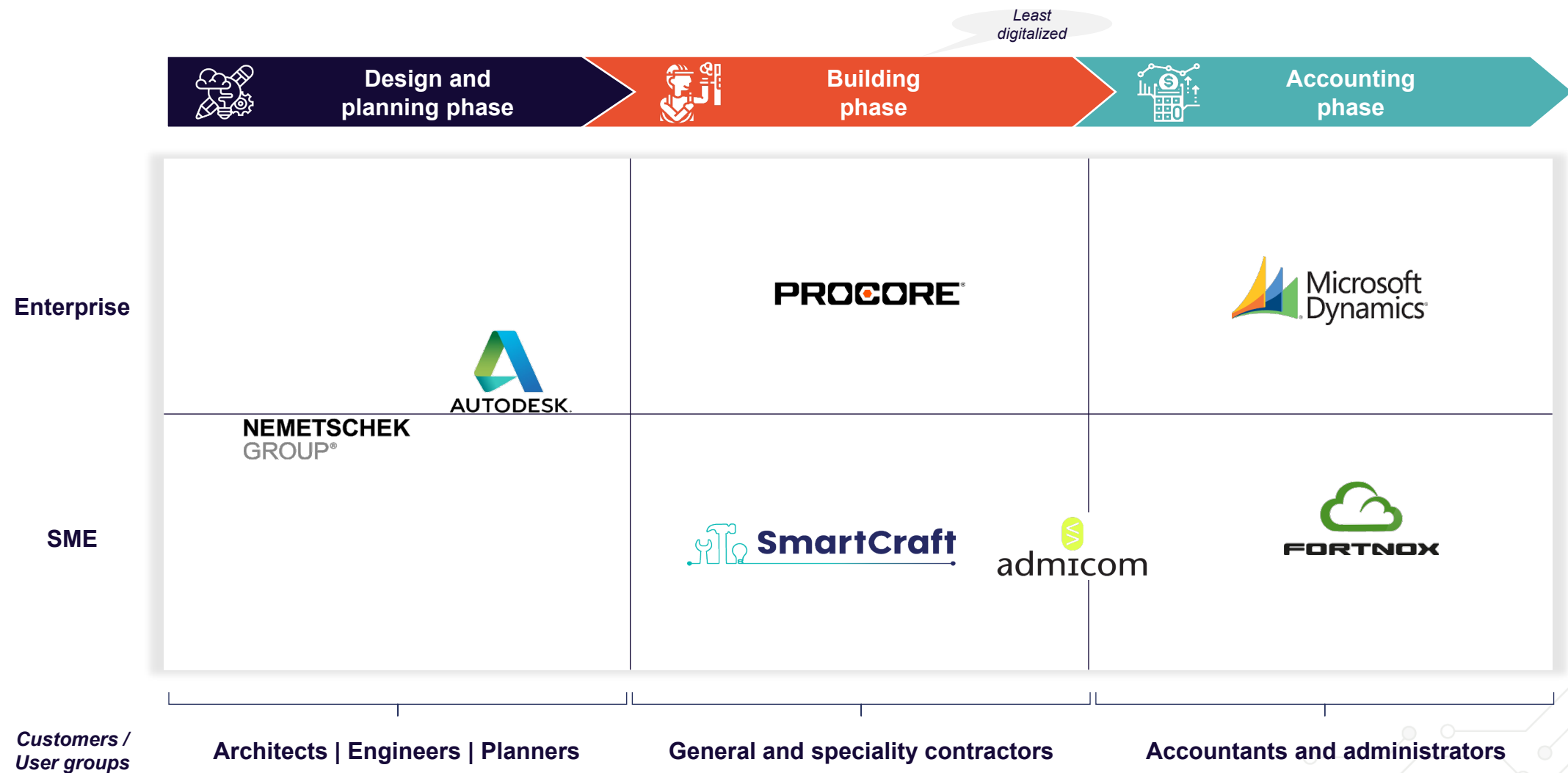




SmartCraft on a deeper level



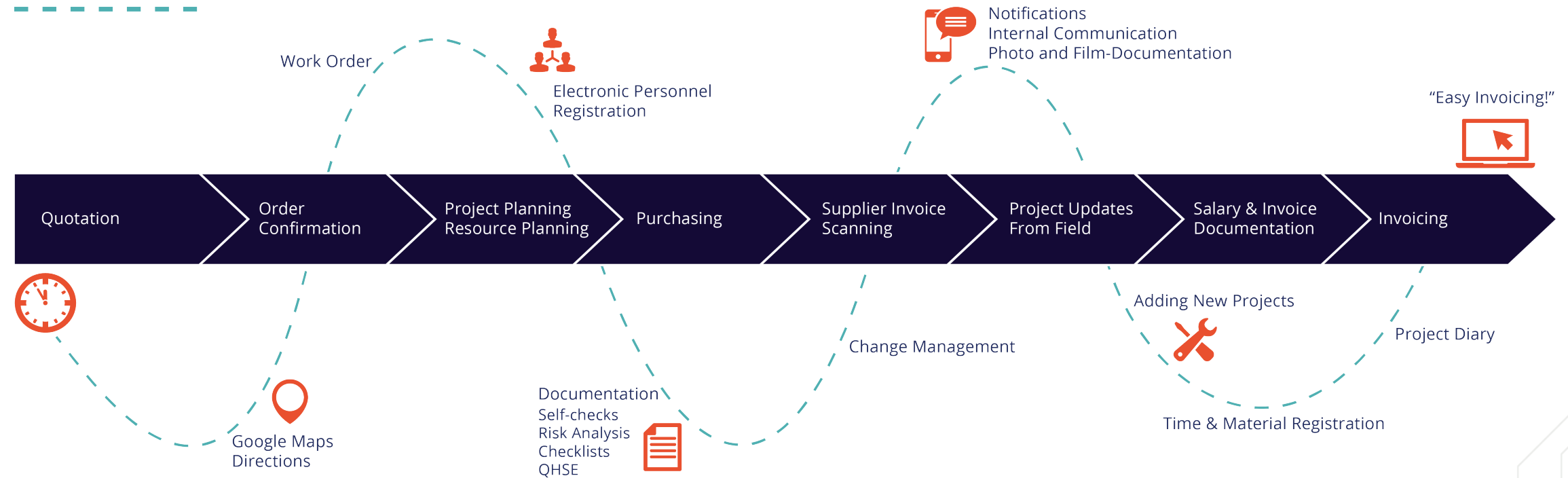
SmartCraft has a clearly differentiated and unique position in the value chain



SmartCraft adding value throughout the customer journey

Office Functionality

Field Functionality



Some words from our customers

*"Switching to Bygglet was very smooth. You save so much time with Bygglet and you avoid so many headaches! Just press a button to certify, send invoices and keep track of the hours. With Bygglet, I probably **save an hour pr employee on reports - so about 9 hours a day** now that I have 9 employees!"*

Krantz Måleri AB, Sotenäs, Sweden

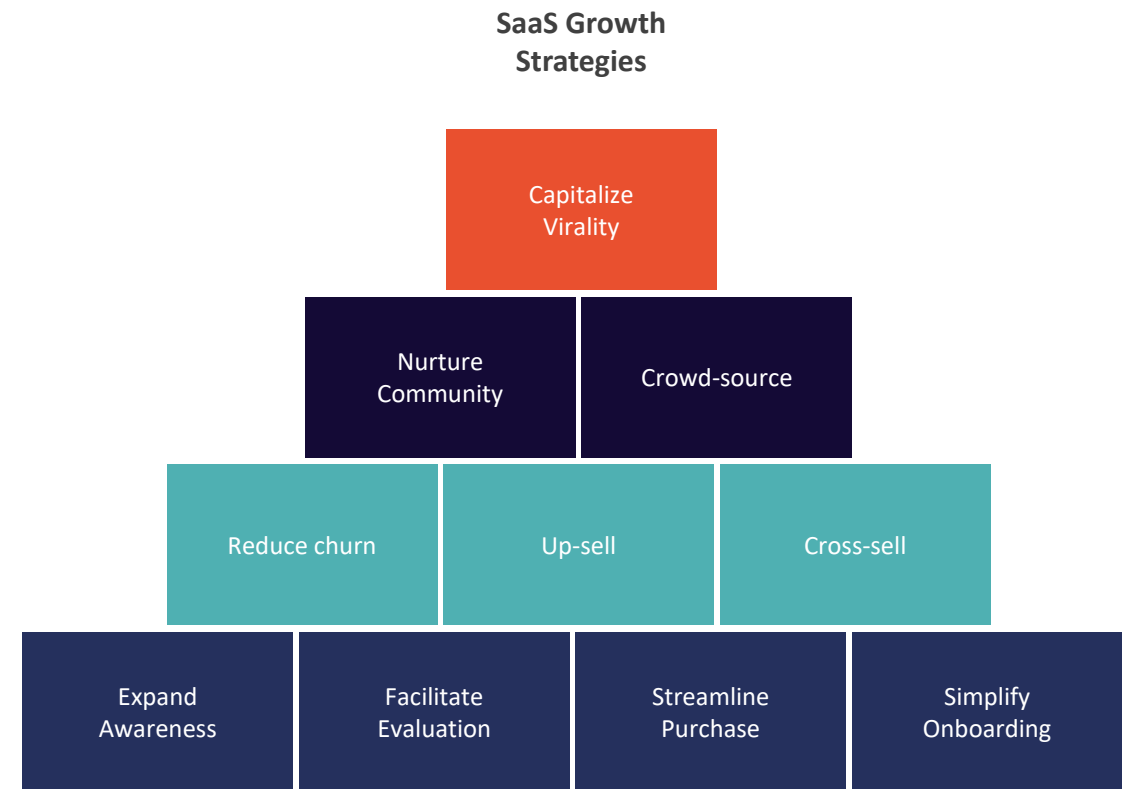
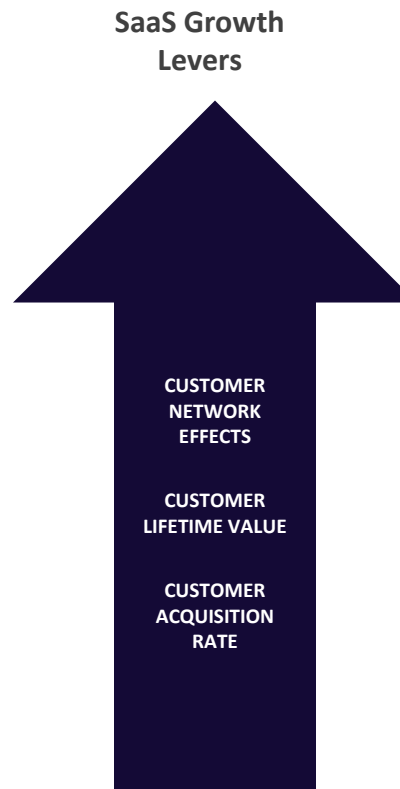
*"To get total control over the electricity company, Bygglet is an absolutely fantastic tool. I have run my own business now for twelve years. **Before, we were dealing with paper copies and self-checks in binders.** We wanted to switch to something **digital that allowed us to manage projects, time reporting, salaries and above all customers.**"*

Johan Torin, owner of Elector AB, Sweden

Highly scalable model with low take rate

Proven scalable business model

- Scalability in all we do!
- Low take rate, 0.2%¹
- Subscription-based model
- Consistent low churn, 5%
- No customer dependency, 0.05%



Note: Based on 2020 actuals. Financials for 2020 prepared according to IFRS

1. Take rate defined as Bygglet revenue 2020 / Customer invoiced volume on Bygglet platform (2020)

Efficient and proven sales funnel



Demo

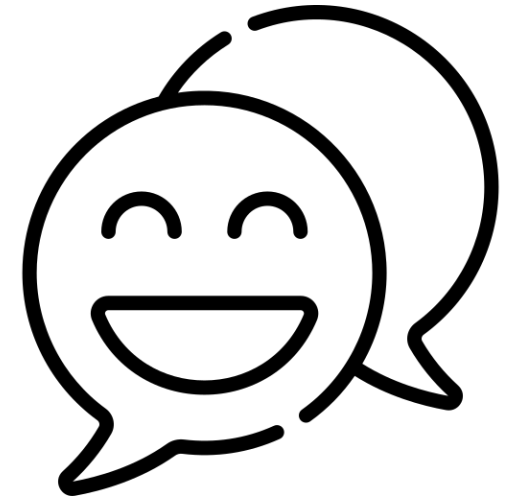


Q&A



Focus on usage simplicity

- Mission to digitalize the construction industry
- Continuously lowering the entry bar for our customers to start using digital tools
- Expanding the UX team with additional resources
- 20% increase in user ratings



SmartCraft connecting the dots

- Finding smart ways to keep lowering the bar for digitalization
- Targeted acquisition Elverdi
 - A solution with great user experience
 - Complement to existing product portfolio
 - Aligned with our overall strategy
 - Great potential to scale with our other solutions
 - Further strengthening our footprint with electricians
- From stand alone platforms to connected solutions
- Continue focus on integrating our platforms where we find value for our customers

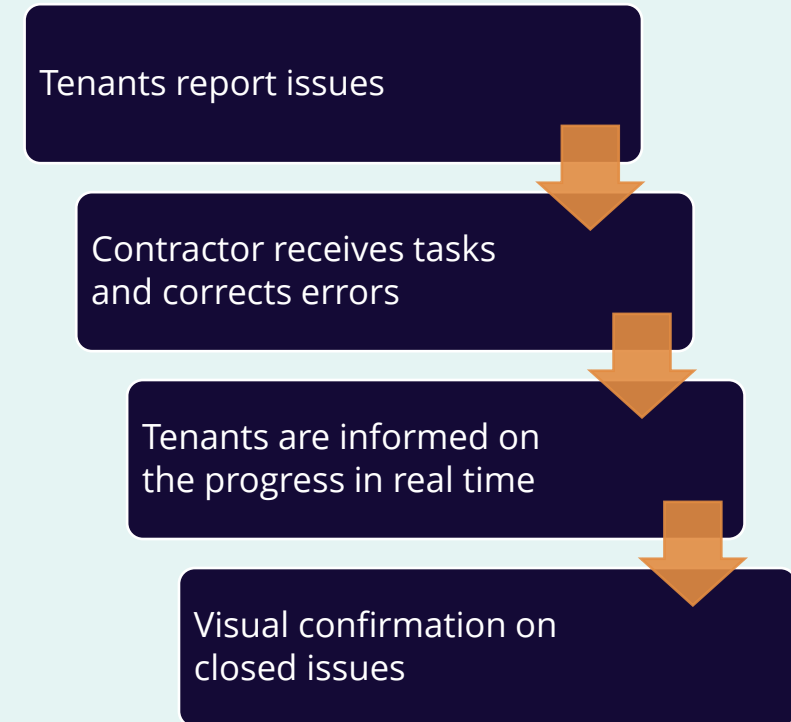
Future structure

Interlinked solutions



Example of how we connect the dots

- Enhancing service level between tenants and construction professionals on site
- Linking our property management solution to our quality assurance solution
- Integration significantly improves communication between residents and production
- **Simplified, quick and transparent**





Digitalized defect reporting



Cable dimensioning and energy efficiency calculation

- A specialized tool for electricians
- Reducing risk of electrical fires
- Cost efficiency for electrician and customer
- Maximizing performance and safety of an electrical grid



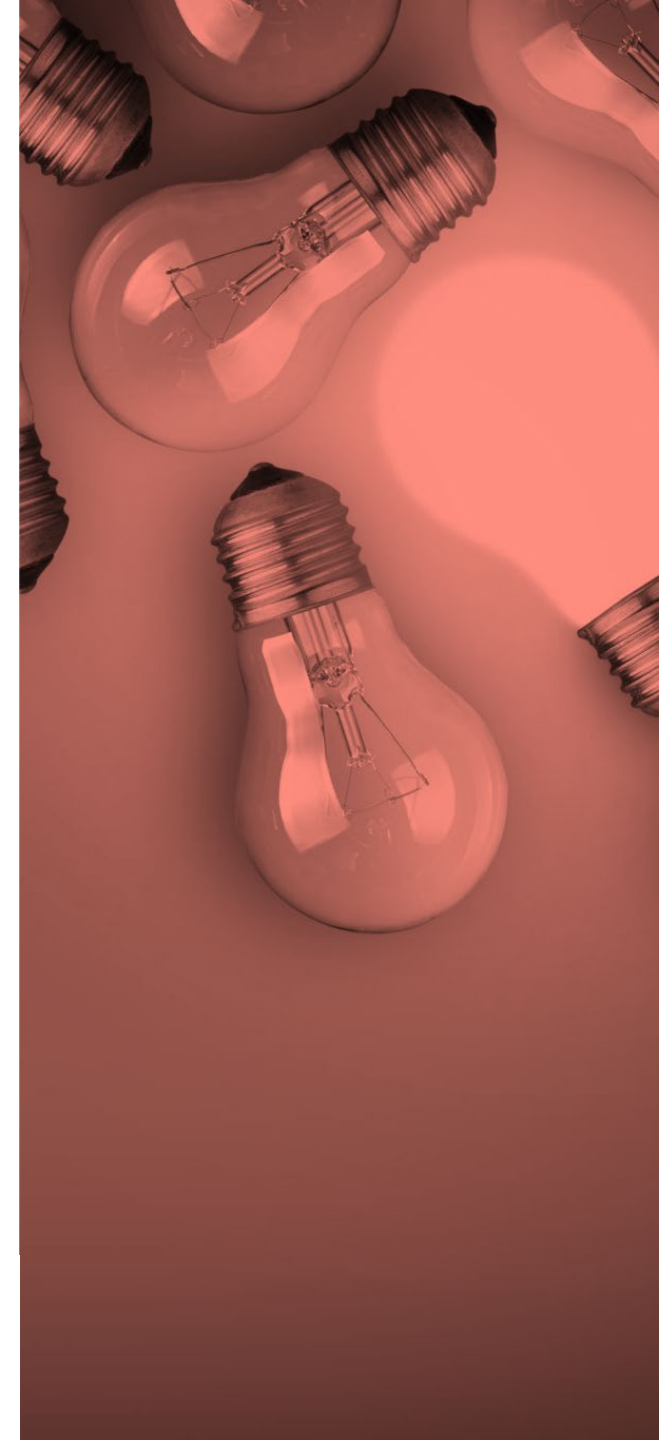


Energy efficiency calculation



Cable dimensioning and energy efficiency calculation

- Environment
 - Building a sustainable network, reducing carbon footprint and saving money
- Cost saving
 - Present alternatives to help their customer make better decisions
 - ROI often faster than changing to for example LED lights and switching to more efficient heating systems.



Q&A



Summary

- Market leader in a large untapped market
- Strong and efficient sales & marketing engine (with high conversion rate)
- Great best-of-breed SaaS solutions enabling easy digitalization
- Gradually connecting the solutions to a platform

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