



Smart Community and Smart
Operations Solutions
for the Rental Housing Industry

QUARTERLY EARNINGS UPDATE

Q3 2024

November 6, 2024

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "goal," "target," "future," "estimate," "expect," "anticipate," "intend," "plan," "seek," "project," "may," "should," "will," or the negative form of these expressions or similar expressions. Forward-looking statements expressed or implied in this presentation include, but are not limited to, statements regarding our SaaS expansion; expected market opportunity; our leadership transition, including expectations regarding our CEO search; areas of focus, including strategic pillars and our sales organization; expected future business and financial performance; expected growth in revenue and Adjusted EBITDA; expected growth in ARR; expected capital allocation; expected customer benefits and our stock repurchase program. These statements are based on management's current beliefs, expectations assumptions about future events, conditions, and results and on information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Some of the factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, among other things, our ability to: (1) accelerate adoption of our products and services; (2) anticipate the uncertainties inherent in the development of new business lines and business strategies; (3) manage risks associated with our third-party suppliers and manufacturers and partners for our products; (4) manage risks associated with adverse macroeconomic conditions, including inflation, slower growth or recession, barriers to trade, changes to fiscal and monetary policy, tighter credit, higher interest rates, high unemployment, and currency fluctuations; (5) attract, train, and retain effective officers, key employees and directors; and manage risks associated with the leadership transition, (6) develop, design, manufacture, and sell products and services that are differentiated from those of competitors; (7) realize the benefits expected from our acquisitions; (8) acquire or make investments in other businesses, patents, technologies, products or services to grow the business; (9) successfully pursue, defend, resolve or anticipate the outcome of pending or future litigation matters; (10) comply with laws and regulations applicable to our business, including privacy regulations; (11) realize the benefits expected from our stock repurchase program; and (12) maintain key strategic relationships with partners and distributors. The forward-looking statements herein represent the judgment of the Company as of the date of this presentation, and we disclaim any intent or obligation to update forward-looking statements, unless required by applicable law. This presentation should be reviewed in conjunction with the information included in our press releases, reports and other filings with the SEC. Understanding the information contained in these filings is important to fully understanding our reported results and business outlook for future periods. This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size, growth and other data about our industry and our business. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

USE OF NON-GAAP FINANCIAL MEASURES

In addition to disclosing financial results that are determined in accordance with GAAP, SmartRent also discloses certain non-GAAP financial measures in this presentation, including EBITDA and Adjusted EBITDA. These financial measures are not recognized measures under GAAP and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We define Adjusted EBITDA as EBITDA before the following items: non-recurring legal matters, stock-based compensation expense, non-recurring warranty provisions, impairment of investment in a non-affiliate, compensation expenses in connection with acquisitions, non-recurring expenses in connection with acquisitions, other acquisition expenses, and other expenses caused by non-recurring, or unusual, events that are not indicative of our ongoing business. We define EBITDA as net income or loss computed in accordance with GAAP before interest income/expense, income tax expense and depreciation and amortization. EBITDA and Adjusted EBITDA may be determined or calculated differently by other companies. Reconciliations of these non-GAAP measures to the most directly comparable GAAP financial measures have been provided in the financial statement tables included in this presentation, and investors are encouraged to review the reconciliations. EBITDA and Adjusted EBITDA are not used as measures of SmartRent's liquidity and should not be considered alternatives to net income or loss or any other measure of financial performance presented in accordance with GAAP. SmartRent's management uses EBITDA and Adjusted EBITDA in a number of ways to assess the Company's financial and operating performance and believes that these measures provide useful information to investors regarding financial and business trends related to SmartRent's results of operations. EBITDA and Adjusted EBITDA are also used to identify certain expenses and make decisions designed to help SmartRent meet its current financial goals and optimize its financial performance, while neutralizing the impact of expenses included in its operating results which could otherwise mask underlying trends in its business. SmartRent's management believes that investors are provided with a more meaningful understanding of SmartRent's ongoing operating performance when non-GAAP financial information is viewed with GAAP financial information.

Leadership Transition Update



Navigating Change for Sustainable Growth

Overall opportunity is unchanged and remains extremely compelling

Search Progress

Advanced stages in CEO search with top-tier candidates identified, aligning with our strategic needs and growth aspirations.

Interim Stability

Under interim leadership, SmartRent remains focused and driven, ensuring continuous progress on strategic initiatives.

Timeline and Expectations

Final candidate selection and transition expected by Q1 2025, with seamless integration into SmartRent's culture and strategic roadmap.

Board Engagement

Board actively involved in transition, providing governance and support to maintain focus on strategic objectives and shareholder value.

Value Creation

Dedicated to refining the organization and enhancing our value proposition to meet customer needs and drive long-term shareholder value.

Team

Extending gratitude to SmartRent's dedicated and talented employees for their pivotal role in our ongoing evolution.

Four Pillars of Progress - Framework for Transition



Building Resilience with Clear Strategic Direction



Sustainable ARR Growth

Prioritizing scalable, profitable, recurring revenue.

Platform Superiority

Enhancing our integrated IoT solutions for operational excellence.

Operational Excellence

Committing to world-class customer service and internal efficiencies.

Collaborative Innovation

Leveraging AI and partnerships to drive innovation and market competitiveness.

Q3 2024 Key Financial Highlights



Revenue Diversification

\$40.5M

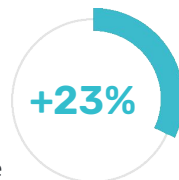


Total Revenue

Strong SaaS revenue growth amidst increasing macroeconomic headwinds

Continued ARR Growth

\$53.2M

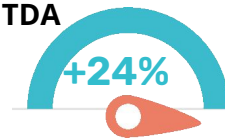


ARR

Increases in SaaS ARPU and Units Deployed, in the same quarter in the prior year

Adjusted EBITDA

\$(3.8)M



Adjusted EBITDA

Narrowed from \$(5.0) million in same quarter in the prior year, primarily reflecting the impact of one-time separation expenses related to the leadership transition

Improved Per Unit Pricing

\$5.70



SaaS ARPU

Improved from \$5.41 in the same quarter of the prior year, delivers incremental pricing improvement once units are deployed

Growth in Units Deployed⁽¹⁾

~787K



Units Deployed

Improved by over 100K units in the same quarter in the prior year, includes +15K New Units Deployed in the quarter

Net Loss

\$(9.9)M

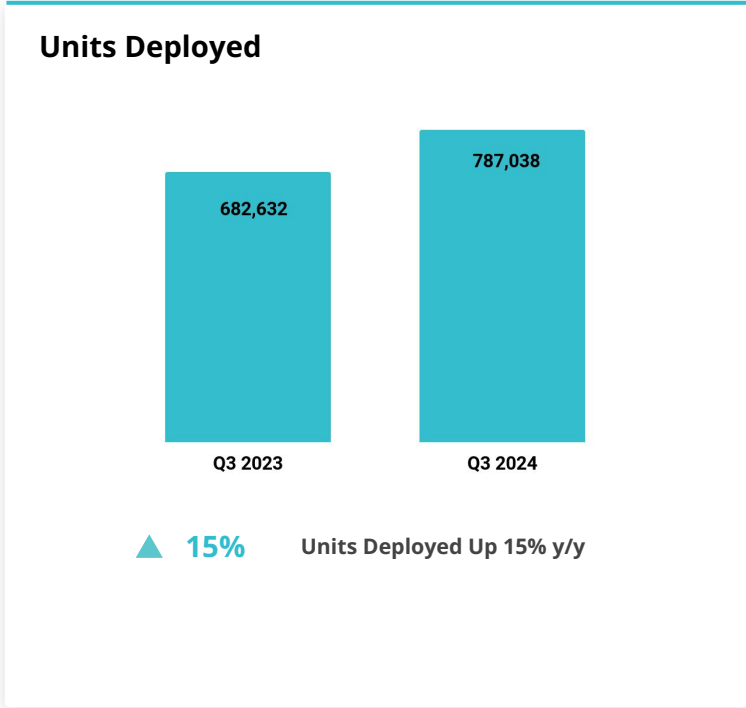
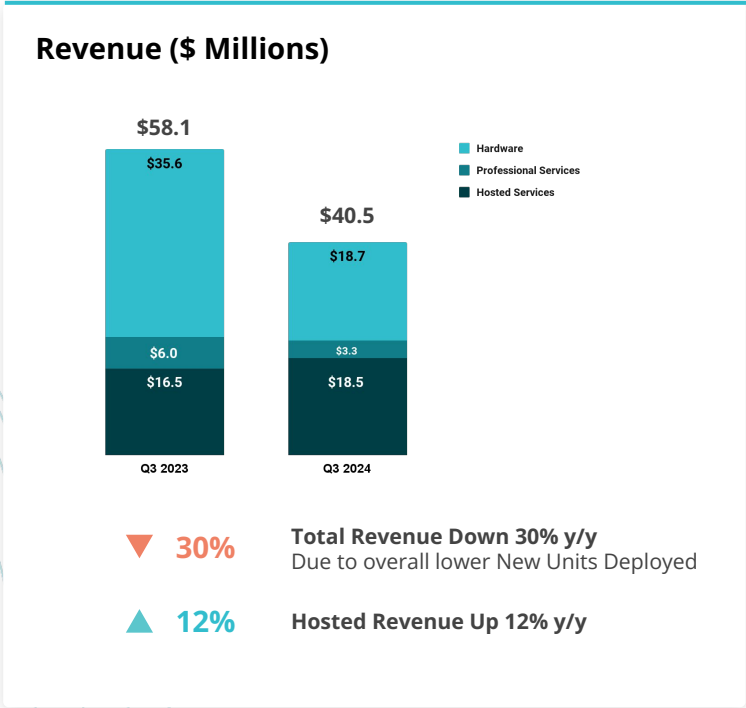
Increased by 29% from \$(7.7) million in the same quarter of the prior year

Cash as of 9/30/24

\$164M

No Debt

Q3 2024 Revenue and Units Deployed Performance



Q3 2024 Gross Margin Comparison



Q3 2024 Key Takeaways



Highlights from the Quarter

We are committed to Operational **Excellence** and Shareholder **Value Creation**



Repositioning Sales Strategy; New Leadership

Welcomed new Chief Revenue Officer, Natalie Cariola, to revitalize sales strategies and expand market share.



CEO Search Update

Made significant progress in the CEO search, ensuring alignment with SmartRent's strategic objectives.



Focus on Recurring Revenue

Achieved a record \$53 million in ARR, reflecting strong SaaS performance and progress towards North Star KPI.



Focus on Strategic Pillars

Continued to drive initiatives under the four strategic pillars: Sustainable ARR Growth, Platform Superiority, Operational Excellence, and Collaborative Innovation.



Cost Management

Rigorous cost control measures in place, ensuring operational agility and readiness to capitalize on market opportunities

Strong Financial Position

Maintained robust cash balance and no debt, enabling flexibility and resilience in strategic investments and operations

Return of Capital to Shareholders

Executed strategic share repurchases, underscoring our commitment to shareholder value and confidence in company valuation.

APPENDIX

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TTM Consolidated Balance Sheet



(Unaudited, \$ in thousands, except per share amounts)

	<u>9/30/24</u>	<u>6/30/24</u>	<u>3/31/24</u>	<u>12/31/23</u>	<u>9/30/23</u>
Cash and cash equivalents	\$163,403	\$ 187,435	\$ 204,701	\$ 215,214	\$ 211,000
Accounts receivable, net	63,013	65,220	58,093	61,903	63,546
Inventory	35,948	34,420	30,899	41,575	47,521
Total current assets	284,986	313,836	319,477	340,340	344,116
Goodwill and intangible assets, net	141,611	142,580	143,548	144,517	145,485
Total assets	448,593	475,347	485,453	509,756	515,597
Deferred revenue, current portion	49,861	67,187	78,077	77,257	93,445
Total current liabilities	85,970	100,332	106,990	117,309	123,611
Deferred revenue, long-term portion	50,111	44,671	41,491	45,903	44,134
Total liabilities	143,452	145,964	152,366	167,308	172,345
Total stockholders' equity (including convertible preferred stock)	305,141	329,383	333,087	342,448	343,252
Total liabilities, convertible preferred stock and stockholders' equity	448,593	475,347	485,453	509,756	515,597

TTM Condensed Consolidated Statement of Operations



(Unaudited, \$ in thousands, except per share amounts)

	Three months ended				
	9/30/24	6/30/24	3/31/24	12/31/23	9/30/23
Revenue					
Hardware	\$ 18,707	\$ 24,676	\$ 29,077	\$ 36,457	\$ 35,631
Professional services	3,308	5,816	3,458	6,692	5,962
Hosted services	18,495	18,026	17,954	17,104	16,511
Total revenue	40,510	48,518	50,489	60,253	58,104
Cost of revenue					
Hardware	13,843	16,318	18,684	26,662	27,556
Professional services	6,840	8,869	6,448	10,922	11,130
Hosted services	6,370	6,026	5,934	5,669	5,887
Total cost of revenue	27,053	31,213	31,066	43,253	44,573
Total operating expense	25,194	24,223	29,582	22,831	23,478
Loss from operations	(11,737)	(6,918)	(10,159)	(5,831)	(9,947)
Net loss	(9,923)	(4,605)	(7,692)	(3,300)	(7,723)
Other comprehensive loss					
Foreign currency translation adjustment	270	(11)	6	53	(188)
Comprehensive loss	(9,653)	(4,616)	(7,686)	(3,247)	(7,911)
Net loss per common share					
Basic and diluted	\$ (0.05)	\$ (0.02)	\$ (0.04)	\$ (0.02)	\$ (0.04)
Weighted-average number of shares used in computing net loss per share					
Basic and diluted	198,731	203,327	203,485	203,200	201,584

Reconciliation of net loss to EBITDA and Adjusted EBITDA



(Unaudited, \$ in thousands)

	Three months ended				
	9/30/24	6/30/24	3/31/24	12/31/23	9/30/23
Net loss	\$ (9,923)	\$ (4,605)	\$ (7,692)	\$ (3,300)	\$ (7,723)
Interest income, net	(2,019)	(2,290)	(2,409)	(2,516)	(2,233)
Income tax expense (benefit)	18	68	45	(86)	(33)
Depreciation and amortization	1,644	1,585	1,501	1,542	1,395
EBITDA	(10,280)	(5,242)	(8,555)	(4,360)	(8,594)
Legal matter	2,325	-	5,300	-	-
Stock-based compensation	1,653	3,284	3,281	3,042	3,273
Impairment on equity investment	-	2,250	-	-	-
Compensation expense in connection with acquisitions	-	-	-	-	15
Severance charges	-	-	231	265	317
Other acquisition expenses	(4)	117	140	243	(23)
Non-recurring warranty provision	(522)	463	-	1,746	-
Other adjustments	3,006	30	-	(193)	-
Adjusted EBITDA	\$ (3,822)	\$ 902	\$ 397	\$ 743	\$ (5,012)

Definition of Key Operating Metrics



We review the following operating metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our metrics are not based on any standardized industry methodology and are not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies. Similarly, our metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. The numbers that we use to calculate the below metrics are based on internal data. While these numbers are based on what we believe to be reasonable judgments and estimates for the applicable period of measurement, there are inherent challenges in measuring usage. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. If investors or analysts do not perceive our metrics to be accurate representations of our business or if investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our business could be harmed.

New Units Deployed

The aggregate number of Hub Devices that were installed (incl customer self-installations) and resulted in a new active subscription during a stated measurement period.

Annual Recurring Revenue (“ARR”)

The annualized value of our SaaS revenue earned in the current quarter.

Units Booked SaaS ARPU

The first year ARR for binding orders executed during the stated measurement period divided by the total Units Booked in the same period.

Hardware ARPU

Total hardware revenue during a given period divided by the total Units Shipped during the same period.

Professional Services ARPU

Total professional services revenue during a given period divided by the total New Units Deployed, excluding customer self installations, during the same period.

Net Revenue Retention

SaaS revenue at the end of the current period related to properties which had SaaS revenue at the end of the same period prior year, divided by SaaS revenue at the end of the same period prior year for those same properties.

Units Deployed

The aggregate number of Hub Devices installed (incl customer self installs) and have an active subscription as of a stated measurement date.

Units Booked

The aggregate number of Hub Device units subject to binding orders executed during a stated measurement period that will result in a New Unit Deployed.

Bookings

The contract value of hardware, professional services, and the first year of ARR for binding orders executed during a stated measurement period.

Units Shipped

The aggregate number of Hub Devices that have been shipped to customers during a stated measurement period.

SaaS ARPU

Total SaaS revenue during a given period divided by the average aggregate Units Deployed in the same period.

Customer Churn

Cancelled deployed units during the measurement period divided by Units Deployed as of the beginning of the measurement period.

THANK YOU

For more information, please contact
investors@smartrent.com

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