11 - 04 - 2026

SmartRent

Third Quarter 2026 Earnings Call

SmartRent

Third Quarter 2026 Earnings Call

CORPORATE SPEAKERS:

Kelly Reisdorf
SmartRent; Head of Investor Relations
Frank Martell
SmartRent; President, Chief Executive Officer
Daryl Stemm
SmartRent; Chief Financial Officer

PARTICIPANTS:

Matthew Maus
B. Riley Securities; Analyst
Ryan Tomasello
KBW; Analyst

PRESENTATION:

Operator^ Hello, everyone. Thank you for joining us. And welcome to the SmartRent Third Quarter 2026 Earnings Call. (Operator Instructions)

I will now hand the conference over to Kelly Reisdorf, Head of Investor Relations. Kelly, please go ahead.

Kelly Reisdorf^ Thank you for joining us today. My name is Kelly Reisdorf, Head of Investor Relations for SmartRent.

I'm joined today by our President and Chief Executive Officer, Frank Martell; and Daryl Stemm, Chief Financial Officer.

Before the market opened today we issued an earnings release and filed our 10-Q with the SEC, both of which are available on the Investor Relations section of our website.

I would like to remind everyone that the discussion today may contain certain forward-looking statements that involve risks and uncertainties.

Various factors could cause our actual results to be materially different from any future results expressed or implied by such statements.

These factors are discussed in our SEC filings including in our annual report on Form 10-K and quarterly reports on Form 10-Q.

We undertake no obligation to provide updates regarding forward-looking statements made during this call and we recommend that all investors review these reports thoroughly before taking a financial position in SmartRent.

Also during today's call we will refer to certain non-GAAP financial measures.

A discussion of these non-GAAP financial measures, along with the reconciliation to the most directly comparable GAAP measure is included in today's earnings release.

We would also like to highlight that our quarterly earnings presentation is available on the Investor Relations section of our website.

And with that, I will turn the call over to Frank.

Frank Martell^ Good morning, everyone.

Today I'm going to discuss our third quarter results which I believe clearly represent our strongest quarterly financial and operational performance in over two years.

I will also highlight the expanding opportunity across our installed base and our strategy for sustained long-term value creation.

I will then turn the call over to Daryl for a more detailed discussion of our third quarter financials as well as guidance related to the fourth quarter.

Our Vision 2028 strategy is built around two objectives: accelerating growth by extending our competitive advantage and increasing profitability through a more scalable operating model.

We have now delivered four successive quarters of improving growth and margin trends, reflecting progress across our sales capabilities, technology advancements and operational effectiveness.

Over the past year, we have focused intently on building a stronger smart rent.

We've reduced our costs, refined our processes and engage with best-in-class partners to support our scale and data capabilities. Having largely put that foundational work behind us, we built a business model designed to drive sustainable revenue growth and profitability with increasing operating leverage as we grow our industry-leading footprint and expand the insights we provide to our customers.

As I said in the past, the SmartRent team is on a march to 1 million installed units.

I believe that we will reach that goal in the first half of next year.

Today SmartRent's footprint incorporates approximately 942,000 installed units, providing our customers with high ROI solutions across more than 3,500 multifamily communities and more than 100,000 single-family rental units across the country.

The scale of our footprint is unique and provides us with the ability to invest in enhancing our existing solutions as well as new and emerging technology which supports the success of our customers and elevating resident experiences, reaching the 1 million unit threshold represents far more than a milestone of scale.

It cements an unmatched footprint across rental housing that reinforces customer retention drives recurring software revenue and unlocks future hardware refresh opportunities. Combined with our deep industry relationships, this scale increasingly positions SmartRent as the logical choice for owners and operators seeking to streamline workflows, improve efficiency and enhance asset performance.

I believe our third quarter results provide an important proof point of the merits inherent in our expanding footprint and our focus on increasing the value we deliver to our customers.

In my opinion, the clearest evidence of progress has been the increasing revenue velocity. Q3 core revenue grew 24%, ARR increased 11% and gross margin expanded by 1,500 basis points to 41%.

As we look ahead, our investment in building a truly exceptional sales team is already having a positive impact on growth and customer engagement. This is clearly reflected by the trend in our trailing 12 months units booked which has increased by 44%.

We believe this supports continuing growth and momentum entering the fourth quarter and 2027.

Importantly, we believe our investments in sales, technology and operations positions the company to convert that demand into revenue more efficiently as deployment activity ramps up.

Our scale also sets a stage for what comes next. Historically, rental housing has operated through disconnected systems and workflows, creating vast amounts of fragmented operational data that managers struggle to translate into better decisions.

SmartRent has already done the heavy lifting by deploying connected hardware across nearly 1 million units and building the enterprise operating system to manage it.

Now as our footprint expands, we are laying the foundation to turn that operational data into actionable building intelligence.

Over time the combination of our installed footprint, platform software and data will help operators automate routine workflows, catch maintenance issues proactively and improve

property level economics. That is our long-term building intelligence opportunity, and it deepens our competitive moat as we look ahead to 2027 and beyond.

As I close out my prepared remarks today I want to reiterate my strong belief that our third quarter results clearly demonstrate the progress that we're making against the key deliverables outlined in Vision 2028 and how that progress is translating into stronger financial performance.

The combination of a large installed footprint, a broadening product portfolio and disciplined execution gives us a compelling opportunity to expand the company's value proposition and realize the full potential of Vision 2028.

We're on the verge of realizing our march to 1 million installed units, and we're exiting 2026 with strong operational and financial momentum.

In the coming year, I believe SmartRent will reach an important and meaningfully positive inflection point in our ability to scale and consistently grow our revenues and profits.

In conclusion, I want to thank our employees, customers and shareholders for their continued partnership and support.

I'll now turn the call over to Daryl to walk through the numbers in greater detail.

Daryl Stemm^ Thank you, Frank. And good morning, everyone.

I'll review our third quarter financial and operating performance including the drivers of revenue growth, margin expansion, profitability and liquidity.

Total revenue was $42 million, an increase of 15%. Core revenue which excludes noncash hub amortization revenue associated with hub shipped in prior years, was $41 million, an increase of 24%.

We believe core revenue provides a more useful view of underlying business activity as legacy hub amortization continues to decline.

In the quarter, hub amortization revenue was approximately $1 million compared to $3 million a year ago.

Turning to revenue mix. hardware revenue increased 61% to $19 million, $12 million.

On a trailing 12-month or TTM basis, hardware units shipped totaled approximately 107,000 compared to 114,000 in the prior year period. TTM hardware ARPU increased 14% and to $558. three primary factors drove hardware revenue growth.

First, shipments supporting fourth quarter deployments of new units.

Second, access control shipments increased to $2.5 million, a 242% year-over-year increase. And finally, equipment upgrades and refreshes create ongoing opportunities for continued growth, underscoring the important role hardware plays throughout the customer life cycle, as Frank highlighted earlier.

Hosted services revenue was $17 million including $16 million of software revenue and $1 million of hub amortization.

Software revenue increased 11% year-over-year and was driven by expansion of our installed base and increased adoption of access control and self-guided tour solutions, partially offset by attrition within our maintenance solutions.

We are currently integrating our maintenance solutions into our core platform which incorporates significant enhancements to customer workflows which we believe will expand functionality, improve the customer experience, strengthen long-term retention and drive revenue growth.

As Frank mentioned, we're seeing strong customer demand which supports our growing pipeline of future deployments. TTM units booked increased 44% to 123,000, and TTM bookings in dollars increased 29% to approximately $144 million. This momentum supports our expectations for higher deployment activity in the fourth quarter in 2027.

Third quarter results demonstrate the growing financial contribution of SmartRent's full life cycle business model.

With revenue opportunities extending beyond initial deployments to include equipment upgrades and refreshes and expanded technology adoption across our installed base.

Hardware and installation revenue associated with upgrade and refresh deployments increased approximately 6% year-over-year to $2.4 million. Upgrade and refresh hardware revenue increased approximately 65% to $400,000, while associated installation revenue remained relatively stable at approximately $2 million.

As Frank mentioned earlier, an important pillar of Vision 2028 is to build a more scalable operating model that supports profitable growth.

We continue to demonstrate progress against that objective in the third quarter with gross margin expanding to 41% from 26% a year ago and gross profit increasing 79% to $17 million.

We continue to manage our cost structure with discipline while investing in the capabilities supporting revenue growth and operating leverage.

Operating expenses totaled $22 million, compared with $17 million in the prior year quarter. Excluding a $2.5 million nonrecurring accrual reversal that benefited the prior year period,

operating expenses increased approximately 15%, reflecting higher revenues as well as targeted investments in sales, operations and technology.

Net loss narrowed to $3.9 million from $6.3 million. Adjusted EBITDA improved by $4 million year-over-year to $1.1 million, marking our fourth consecutive quarter of positive adjusted EBITDA.

We ended September with $89 million in cash and no debt.

We generated positive cash flow from operations in the third quarter, an important demonstration of the improving cash generating capabilities of our business driven by improved profitability and working capital management.

Our significant cash war chest and positive cash flow from operations provide financial flexibility and the ability to fund our growth initiatives and opportunistic capital return.

During the third quarter, we repurchased approximately 2.5 million shares were 1.3% of the total outstanding common stock for an aggregate cost of $3.4 million.

Looking ahead, we expect to remain active under our existing share repurchase authorization, reflecting our confidence in the company's long-term value and commitment to disciplined capital allocation.

For the fourth quarter, we anticipate total revenue growth of 15% to 20% year-over-year.

We also expect core revenue growth of 20% to 25% and adjusted EBITDA to increase roughly 450% to 650% over the prior year.

In conclusion, I believe our growing installed base, expanding equipment upgrade and refresh opportunities, and increasing adoption of the integrated technology solutions provide multiple avenues for revenue growth and improving profitability.

In my view, the financial results we delivered this quarter demonstrate the operating leverage inherent in our business model.

We delivered strong core revenue growth, meaningful gross margin improvement and adjusted EBITDA expansion, all while investing in capabilities that support our next phase of growth.

We believe SmartRent is well positioned to translate these investments into sustained financial performance and long-term shareholder value. Thank you.

Operator, let's open the call for questions.

QUESTION & ANSWER:

Operator^ (Operator Instructions) Your first question comes from the line of Matthew Maus with B. Riley Securities.

Matthew Maus^ Congrats on the strong bookings quarter, both in terms of units and dollar amount, I mean both up sharply from a year ago.

So I'm wondering, like with the trailing bookings now well ahead of trailing deployments, you size the book but not yet installed backlog? And how should we think about that converting over the next couple of quarters on the way to 1 million units in the first half of 2027?

Daryl Stemm^ Yes. Thank you. Thanks for the compliment, and thanks for joining the call. You actually saw the first fruits of deployment volume increase during Q3. And the way it manifested itself in Q3 was through hardware shipments.

We first have to deliver the hardware to the sites for the deployments.

And we're expecting to see an increase of the deployment activity beginning in Q4 and then continuing into 2027, and and we still consistent with our objectives around Vision 2028, expect to achieve 1 million deployed units in the first half of 2027.

Matthew Maus^ Got it.

Similar to that, I'm just wondering, so the fourth EBITDA guide is well ahead of where the Street was.

So as we look into 2027, how should we think about the balance between continuing margin expansion and the Vision 2020 investment in sales? Is there any other early framing on 2027 that you can also share possibly?

Frank Martell^ Matt, this is Frank. Just look, I think in terms of investment, we have been carrying a couple of million a quarter investment and primarily in the tech platforms, but also operational enhancements and improvements. And I think as Daryl mentioned, things like installations, we install a lot of things beyond just IoT unit installations.

So we are we are working on -- for example, we have a very large increase in access control and self-guided touring. And so the field teams have to install all of that equipment.

It doesn't necessarily show up in the IoT booking number.

We'll continue to do that.

We'll continue to ramp up going into next year. And I think as it relates to the investment levels, we do expect to start to yield actual revenue in 2027 from those investments. Right now it's just

kind of preparatory investment in the capability, but we're on track for, I think a lot of new and exciting products and solutions that these investments are going to yield as we go forward.

I think in terms of -- it's a little early.

We want to provide a guide on the fourth quarter at least a kind of a range, largely because we're pretty certain of kind of what fourth quarter is looking like are shaping up to be, but in terms of 2027, we'll -- at this point, we're not guiding or providing specific feedback on the trajectory of the growth.

But we do expect continuing improvement.

I will tell you that across all of the major financial metrics.

Matthew Maus^ Great. Yes. I understand 4Q is a great starting point so far. Just last one for me.

So hardware upgrade units were up 27% over the 12 months.

I'm just wondering like where are you in refreshing the roughly [35,000] legacy units?

And how are customers responding to renewal pricing as those contracts come up?

Frank Martell^ Yes.

I think we are seeing an increasing rate of hardware refreshment. They come in different ways from the standpoint of it's either a whole unit or some subset of equipment within that configuration.

So it's early days, but I think obviously we believe that, that's will be an increasing source of revenue as we move forward because equipment doesn't last forever. And we have a substantial amount of equipment going going into that kind of phase and where the useful life is ending.

But it's really a customer-by-customer strategy and planning session.

So obviously working quite closely with them on how they want to refresh.

But we do think that, along with areas like access control, offer really an elevation in our growth rate and a sustainable one as we go forward. And we're seeing that certainly in the back half of the year this year.

Operator^ Your next question comes from the line of Ryan Tomasello with KBW.

Ryan Tomasello^ Hi, everyone. Regarding the traction you're seeing -- am I coming through, okay?

Frank Martell^ Yes.

Ryan Tomasello^ Great. Regarding the traction you're seeing with access control and self-guided tours, can you just talk about what types of attach rates you're seeing or just put some context around the uptake there relative to what you've seen in the past? And also what the typical ARPU uplift can be from these products on top of the core IoT package. And that would be helpful if you can talk about that on both the SaaS side and hardware side, how the pricing works there?

Daryl Stemm^ Thank you, Ryan. Good questions.

We're definitely seeing an uptick -- a significant uptick in revenue being earned from access control and SGT. Access control really is an enabler along with our IoT installations of the ESGT software solution. And I would say we're fairly early days in adoption across our customer base.

The percentage increase is significant over a year ago, that's for sure.

But it is starting from a fairly low base.

But what we're seeing on the demand side is an uptick as well.

So we think that the increase in access control revenues are going to have some legs to it.

I think one of my personal opinion that the SGT solution is one of the primary drivers behind it.

We believe that we have a very robust self-catering solution. And again one of the enablers of that solution is the access control.

We're also -- we also believe that this is an additional benefit from having everything on one platform. You get full integration which helps further improve the efficiency of our customer operations.

In terms of ARPU and economic impact on the company, I would, first of all, caution you that much like with IoT deployments, there can be big variation from community on the -- we typically price our access control installations around the number of doors, common area doors that exists within a community.

And typically, there's going to be 10 to 20 common area doors [and it came both] -- we also see some communities that approach 100 doors.

So there could be big, big variance of the ARPU from the access control solutions.

Ryan Tomasello^ Great. And then on the macro side, if you can just talk about the current sentiment you're hearing from multifamily operators appetite for CapEx spend -- just specifically, if you've seen any thawing of the headwinds, I know that have been an issue in that backdrop in light of prior rates, if that's impacting sentiment there?

Frank Martell^ Yes.

I would say most of the conversations that I have with customers, they're -- the market is not raised, but it doesn't stop from investing and their efficiency, their effectiveness and the resident experience.

I think our -- we're able to mathematically prove the return on the investment in our solution set.

So generally, our discussions with the customers are around that, specifically in the context of what they want to achieve and what we have to offer. And I haven't seen any real change in that certainly over this year. And so I think we win on the merits of our solutions.

And as Daryl said, a lot of investments going into a single platform.

We traditionally had different platforms, offering our solution sets, putting them into one platform for ease of access, ease of use and ultimately, through adding additional layer of insight around the data, quite an exciting initiative from my perspective and my experience in data for many, many years that -- we talked about data bricks and building a unified database.

We're making good progress there, and that's something that we'll unveil next year.

And as I said in my remarks, I believe that data analytics and insight is an area that we're relatively underdeveloped in at this moment, and we're going to rectify that next year.

So I think there's -- the customers will pay for good quality. And our footprint allows us the wherewithal to invest and carry that within the P&L which we've done this year.

I mean we would be making more money if we weren't investing we are every quarter and predict the go-to-market and technology areas.

We're also investing in our operational teams to make sure that we can part of the issue is as we look at installing our equipment, we're selling more.

So we have a field force that does that.

We need to invest behind that field force to be able to expand the rate of installation which we're working on now going out of '27.

So I think it's all within our control which is the good news to prove our ROI.

And Daryl mentioned, I mean access control, there's a lot of the minor it because it does work and it's efficient and it's a good solution as the self-guided tours, and that allows them to employ less people and get equal to a better outcome from the automation and the applications that we provide.

So I think we can -- and whatever happens in the macro farm, I feel like we can definitely deal with it and continue the growth acceleration that we've been seeing.

Ryan Tomasello^ And then one last one for me.

Looking at SaaS metrics, it looks like ARR declined sequentially, driven by a step-down in SaaS ARPU.

Can you just talk about the drivers there?

Daryl Stemm^ Yes.

We've been experiencing attrition on our smart operations solutions.

We believe that we'll continue to see some attrition from that particular solution for a couple more quarters. And the way the mathematics work on our SaaS ARPU calculation there's no unit attrition that's attributable to smart operations.

So that's having some impact.

We're mitigating that with improvement in software revenue from access control and self-guided touring, and we believe that as we continue to really resume a higher volume of new unit deployment that will provide further growth on software revenues from the IoT offerings.

And really, that's [it in a tension], Ryan.

Frank Martell^ Yes. I just -- Ryan, I mean it's that's a pretty isolated and long term in the making.

As Daryl mentioned, it's really in the maintenance area. And I think that, that will abate we believe, in the coming quarters. And as we grow the IT footprint and some of these other areas that are in high demand.

I think that will -- that will be a temporary challenge.

Daryl Stemm^ And just to add one final comment on top of this.

We recognize that we could further strengthen our maintenance solution offering by enhancing certain features as well as adding it into our core platform. And that's, as Frank mentioned earlier, we've been investing a fairly significant amount of our cash into doing that.

So our expectation is that we'll see the fruits of those investments beginning in 2027.

Operator^ There are no further questions at this time. This concludes today's call. Thank you for attending.

You may now disconnect.