SmartRent®

Smart Community and Smart Operations Solutions for the Rental Housing Industry

QUARTERLY EARNINGS UPDATE

Q2 2024

August 7, 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; expected future business and financial performance; expected growth in revenue and Adjusted EBITDA; expected growth of our community WiFi solution; expected growth in ARR; expected capital allocation; expected customer benefits; expected growth in adjusted EBITDA profitability and gross margin improvement. 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: legal matter, stock-based compensation, impairment of investment in non-affiliate, severance charges, other acquisition expenses, non-recurring warranty provisions, and other non-operating 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

Leadership Transition

CEO Lucas Haldeman has stepped down, reflecting proactive approach to leadership evolution suitable for SmartRent's next growth phase.

Board Confidence

Unwavering belief in SmartRent's potential as a leader in smart home technology and a category creator in the rental housing market.

Interim Leadership Structure

Formation of a Management Committee, ensuring continuity and focused execution.

Governance and Oversight

Operating Committee of independent directors has been formed to oversee company operations closely during this transition.

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.

Commitment to Operational Excellence

Enhance Customer Engagement and Efficiency



Customer Engagement

Revitalize customer engagement to deepen relationships and improve understanding of evolving market demands.

Direct Sales

Re-establish a focus on direct sales, execute on key sales team hire(s), realign sales operations functions.

Organic Reinvestment

Organic reinvestment in the product, informed by customer and end-user feedback. Low customer churn and impressive net revenue retention.

Operating Model Enhancements

Continuous improvement initiatives - back-office enhancements, organizational realignment, supply chain optimization, and other initiatives to improve operations and per-unit economics.

Cost Management

Manage costs effectively to maintain financial health and ensure ability to rapidly scale.

Q2 2024 Key Financial Highlights

Revenue Diversification

$48.5M



Total Revenue
Strong SaaS revenue growth amidst increasing macroeconomic headwinds

Continued ARR Growth

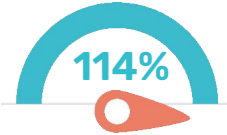
$51.2M



ARR
Driven by increases in SaaS ARPU and Units Deployed

Profitability

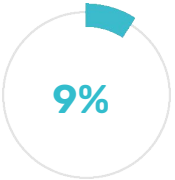
$902K



Adjusted EBITDA
Third consecutive quarter of positive Adj EBITDA results, due to continued improvements to cost management and operating model

Improved Per Unit Pricing

$5.63



SaaS ARPU
Improved from $5.16 in the same quarter of the year, delivers incremental pricing improvement once units are deployed

Growth in Units Deployed(1)

~770K



Units Deployed
Improved by over 120K units in prior year, +22K New Units Deployed in the quarter

Net Loss

$(4.6)M

Narrowed by 56% from $(10.3) million in the same quarter of the prior year

Cash as of 6/30/24

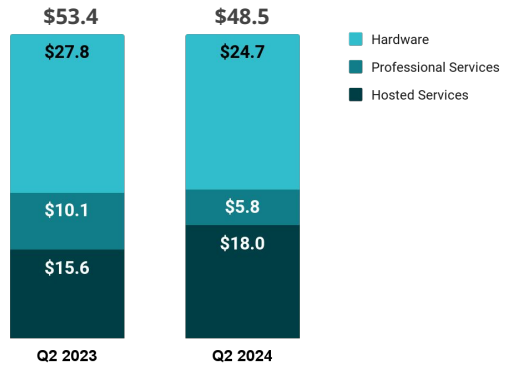
$187M

No Debt

(1) See Appendix for definition

Q2 2024 Revenue and Units Deployed Performance

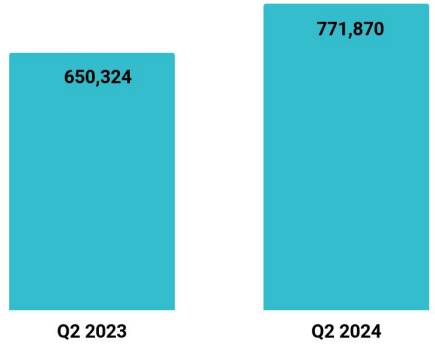
Revenue ($ Millions)



▼ 9% **Total Revenue Down 9% y/y**
Due to overall lower New Units Deployed

▲ 16% **Hosted Revenue Up 16% y/y**

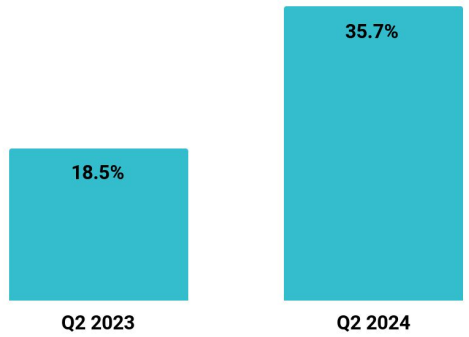
Total Units Deployed



▲ 19% **Total Units Deployed Up 19% y/y**

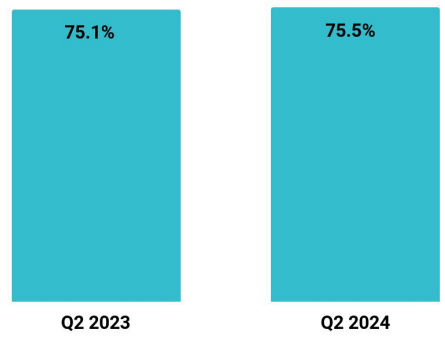
Q2 2024 Gross Margin Comparison

Gross Margin



- Gross Margin (up from 18.5% in Q2 2023)
- 1,720 basis point improvement (y/y)

SaaS Gross Margin



- 40 basis point improvement (y/y)

Note: Information as of June 30, 2024. Source: SmartRent SEC filings.

Q2 2024 Key Takeaways

Navigating Change: SmartRent's Proactive Measures

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



Operational Excellence Initiatives

Addressing sales softness with targeted initiatives to align closely with market dynamics and customer needs







Suspension of Financial Guidance

Temporarily suspended due to the CEO transition and shifting market conditions; commitment to reinstating with improved visibility

Focus on Recurring Revenue

Emphasizing growth in SaaS Annual Recurring Revenue to enhance predictability and stability of earnings

Operational and Customer Excellence

Continuous improvements across sales, operations, and customer service to drive profitability and customer satisfaction







Cost Management

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

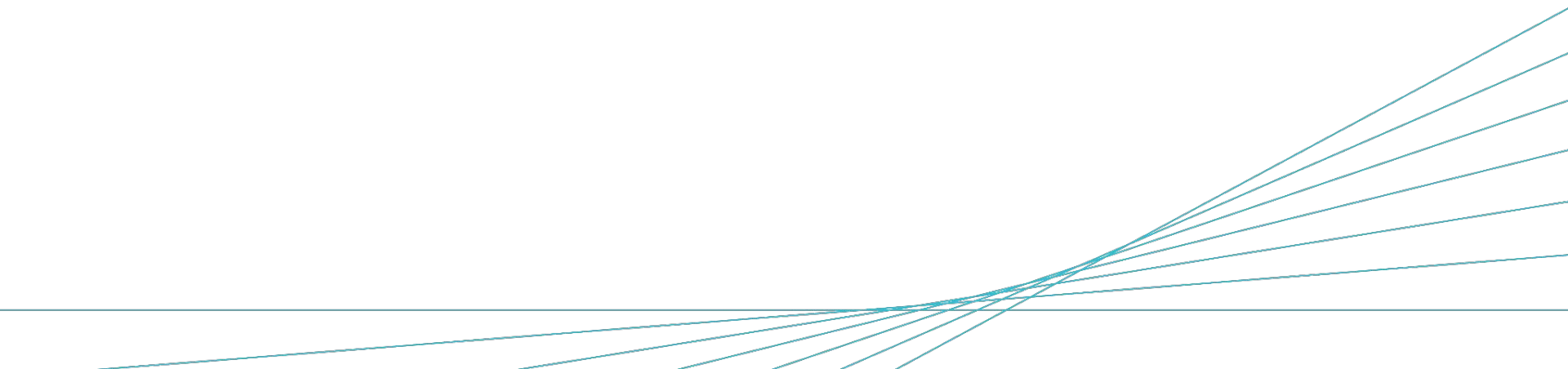
Strong Financial Position

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

Return of Capital to Shareholders

Continued commitment to returning value to shareholders, with significant share repurchases made and future plans outlined

APPENDIX



TTM Consolidated Balance Sheet

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

	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23	3/31/23
Cash and cash equivalents	$ 187,435	$ 204,701	$ 215,214	$ 211,000	$ 196,970	$ 203,933
Accounts receivable, net	65,220	58,093	61,903	63,546	60,032	59,069
Inventory	34,420	30,899	41,575	47,521	60,506	66,853
Total current assets	313,836	319,477	340,340	344,116	346,205	357,494
Goodwill and intangible assets, net	142,580	143,548	144,517	145,485	146,453	147,422
Total assets	475,347	485,453	509,756	515,597	521,481	536,340
Deferred revenue, current portion	67,187	78,077	77,257	93,445	92,866	88,459
Total current liabilities	100,332	106,990	117,309	123,611	120,573	123,375
Deferred revenue, long-term portion	44,671	41,491	45,903	44,134	49,970	54,510
Total liabilities	145,964	152,366	167,308	172,345	174,276	181,723
Total stockholders' equity (including convertible preferred stock)	329,383	333,087	342,448	343,252	347,205	354,617
Total liabilities, convertible preferred stock and stockholders' equity	475,347	485,453	509,756	515,597	521,481	536,340

Note: Information as of June 30, 2024. Source: SmartRent SEC filings.

TTM Condensed Consolidated Statement of Operations

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

	Three months ended					
	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23	3/31/23
Revenue						
Hardware	$ 24,676	$ 29,077	$ 36,457	$ 35,631	$ 27,788	$ 37,325
Professional services	5,816	3,458	6,692	5,962	10,050	12,769
Hosted services	18,026	17,954	17,104	16,511	15,564	14,985
Total revenue	48,518	50,489	60,253	58,104	53,402	65,079
Cost of revenue						
Hardware	16,318	18,684	26,662	27,556	21,990	32,572
Professional services	8,869	6,448	10,922	11,130	15,809	17,634
Hosted services	6,026	5,934	5,669	5,887	5,720	5,758
Total cost of revenue	31,213	31,066	43,253	44,573	43,519	55,964
Total operating expense	24,223	29,582	22,831	23,478	21,970	24,409
Loss from operations	(6,918)	(10,159)	(5,831)	(9,947)	(12,087)	(15,294)
Net loss	(4,605)	(7,692)	(3,300)	(7,723)	(10,349)	(13,215)
Other comprehensive loss						
Foreign currency translation adjustment	(11)	6	53	(188)	(9)	104
Comprehensive loss	(4,616)	(7,686)	(3,247)	(7,911)	(10,358)	(13,111)
Net loss per common share						
Basic and diluted	$ (0.02)	$ (0.04)	$ (0.02)	$ (0.04)	$ (0.05)	$ (0.07)
Weighted-average number of shares used in computing net loss per share						
Basic and diluted	203,327	203,485	203,200	201,584	199,619	198,334

Note: Information as of June 30, 2024. Source: SmartRent SEC filings.

Reconciliation of net loss to EBITDA and Adjusted EBITDA

(Unaudited, $ in thousands)

	Three months ended					
	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23	3/31/23
Net loss	$ (4,605)	$ (7,692)	$ (3,300)	$ (7,723)	$ (10,349)	$ (13,215)
Interest income, net	(2,290)	(2,409)	(2,516)	(2,233)	(1,815)	(2,016)
Income tax expense (benefit)	68	45	(86)	(33)	18	(7)
Depreciation and amortization	1,585	1,501	1,542	1,395	1,342	1,254
EBITDA	(5,242)	(8,555)	(4,360)	(8,594)	(10,804)	(13,984)
Legal matter	-	5,300	-	-	-	-
Stock-based compensation	3,284	3,281	3,042	3,273	3,276	3,680
Impairment of Investment in non-affiliate	2,250	-	-	15	370	1,625
Severance charges	-	231	265	317	488	-
Other acquisition expenses	117	140	243	(23)	226	205
Non-recurring warranty provision	463	-	1,746	-	-	-
Other non-operating expenses	30	-	(193)	-	-	-
Adjusted EBITDA	$ 902	$ 397	$ 743	$ (5,012)	$ (6,444)	$ (8,474)

Note: Information as of June 30, 2024. Source: SmartRent SEC filings.

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 ilf 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 would 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.

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.

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THANK YOU

For more information, please contact
investors@smartrent.com

