Quarterly report - Q1 2022

SmartCraft ASA

Contents

Our passion is to simplify business for construction companies

SmartCraft's mission is to streamline operations and free up time for construction companies, so they can generate additional revenue instead of spending evenings and weekends with planning, purchasing, invoicing and documentation. In the future, well-functioning and efficient processes will be necessary for craftsmen and contractors to keep up with competition. Official requirements and regulations, for example with regards to health and safety as well as quality control, become increasingly comprehensive and end-customers require more documentation of the work being done. Nevertheless, the construction industry is today one of the least digitized, however we are more convinced than ever that this will change rapidly in the years to come. Those who remain passive and true to their analogue processes will be left behind.

Best-of-breed

We offer best-of-breed software. This means that our solutions are tailormade for each of the niches we focus on. The best solution for a plumber is not necessarily ideal for a carpenter – and electricians have *their* specific requirements. Since we were founded in 1987, we have followed this philosophy, which means that we over time have built deep insight and competency regarding the business models and workflows of our clients. At the same time, we increasingly collaborate across the group and solutions when it comes to customer insight, product and technology, development and sales. Our goal is always to provide the most efficient and productive solutions for our clients. We emphasize innovation and in 2021 8% of our revenue was related to product and technology development.

The craftsman's office is in the car or outside on a construction site. Our solutions are seamlessly available on smartphones and tablets for field workers and on rich web clients at the desktop for people in the office. Hence, SmartCraft users can use digital tools throughout the day in every step of the process. All the way from producing a quotation, project planning, and work-order to project documentation, salaries and invoicing.

Adding value throughout the customer journey

Massive market and low take-rate

In our existing markets there are about 260,000 companies in the construction industry. Most of these are SME companies where our solutions are a great fit. Our calculations show that the potential market size was above NOK 10 billion in the Nordics alone in 2021. This market is expected to grow annually by double digits in the period 2020-2025 and we are deeply committed to remaining a leading player and a driving force in the industry going forward.

It is essential for us to ensure that the purchase decision for new customers is easy. Our solutions are fully cloud based and easy to implement. Looking at the cost per month for a new SmartCraft client, the take-rate is very low compared to the total cost base. For a client, the return on investment is immense.

Strong growth drivers for digitalization of an attractive SME construction market

There are four main drivers for digitalization in the construction industry.

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

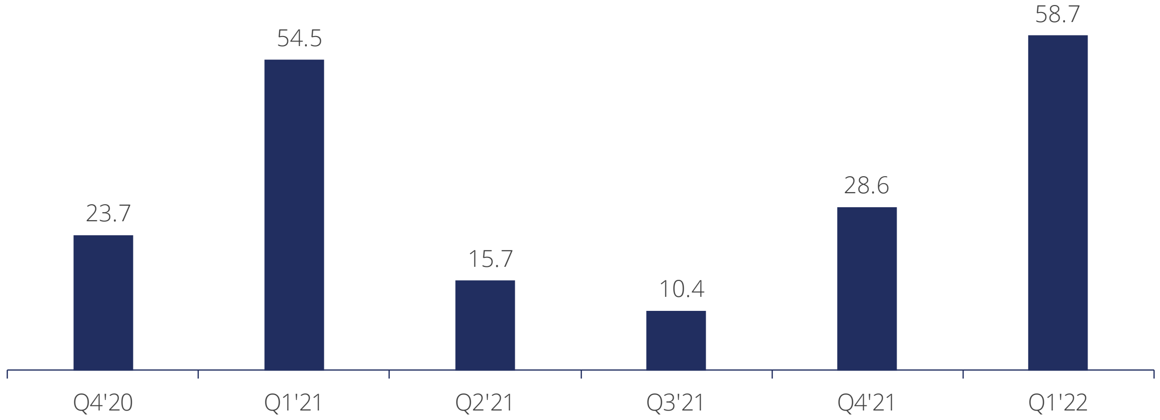
- Apps and SaaS solutions drive adoption
- Younger more digital workforce

Attractive business model

The story of SmartCraft has for many years been the story of profitable growth. We love our cloud-based Software-as-a-Service model for many reasons. One being the fact that the cost of adding one additional customer or user is minimal. This, combined with an efficient sales and marketing organization and a gross margin above 90%, gives us a strong business model. We are increasing our revenue by 15-20% and expect to do so for years to come, and we are able to combine this with an adjusted EBITDA margin above 40% (Q1 2022). We are continuously investing in product development to secure future growth, but in the profitable growth mindset we are focusing on carrying the capitalization while maintaining a high margin. In Q1 2022 EBITDA minus capex amounted to 33% of revenue, unchanged from last year.

Another thing we love with our business model is the long revenue visibility and hence low risk related to our cash flows. Once onboard, our customers stay with us for many years and we see a low annual churn, which was 5% in Q1 2022.

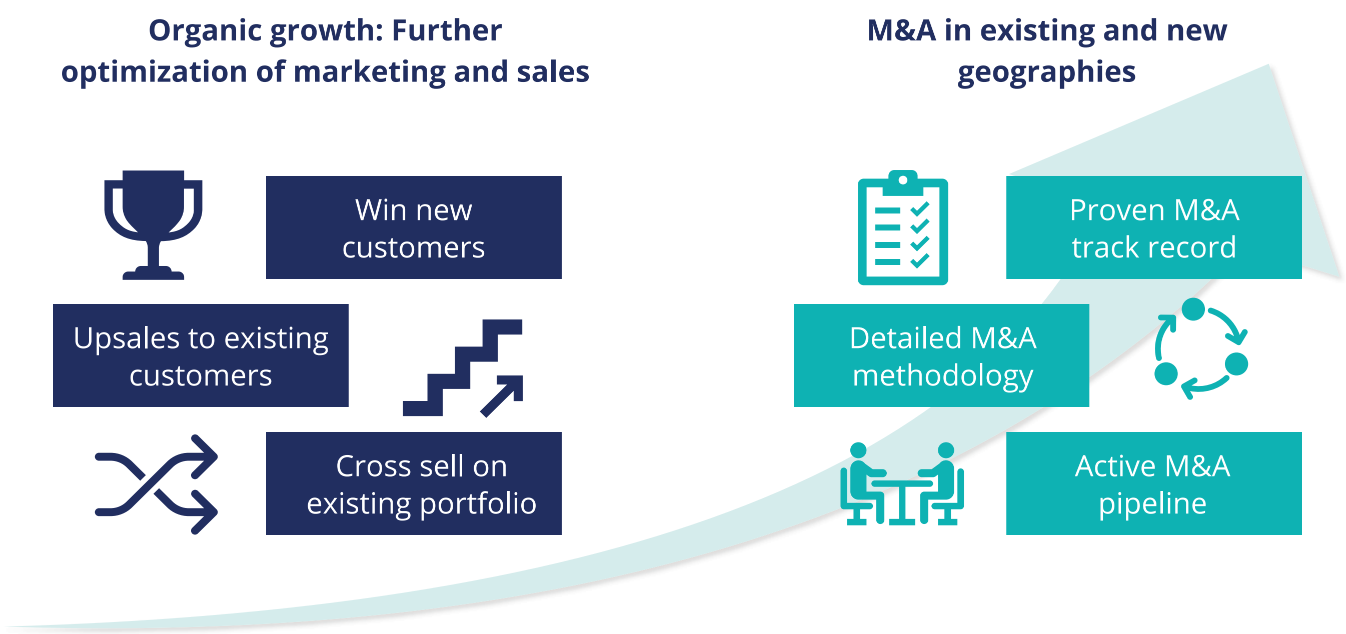
Operating cash flow, MNOK



Significant growth ambitions

Looking ahead, we continue to follow our strategy of profitable organic growth and M&A driven consolidation. We have a strong financial foundation following the successful listing on Oslo Børs in 2021, providing a solid balance sheet and a broad, international investor base. Hence, our growth strategy is fully funded. Additionally, with a cash conversion of 110% we are constantly increasing our M&A capabilities.

Our primary focus going forward is organic growth in the Nordics through upselling to existing customers, by winning new customers and by cross selling on our customer bases. Secondly, we are pursuing M&A opportunities both in existing and new geographies and are in dialogue with several companies. At the same time, we are patient. Capital discipline has high priority and we will only pursue the right acquisition target at the right price.



Historical key figures

Amounts in NOK (thousands)

	2021	2020	2019
ARR	266 843	204 689	144 740
Revenue	270 762	195 941	153 701
Adjusted EBITDA	108 671	80 934	55 320
Adjusted EBITDA margin	40.1%	41.3%	36.0%
R&D	21 737	11 579	8 493
Customers	≈ 11 000	≈ 8 500	≈ 8 000

Letter from the CEO

I am happy and proud to report continued strong growth for SmartCraft in the first quarter. The activity in the construction industry is high and the need for digitalization of the work-processes is immense. Construction is still one of the least digitalized industries, and SmartCraft offers easy and efficient means for digitalization for all small and medium sized craftsmen and contractors.

In Q4 2021 we invested in R&D and sales and marketing to fuel growth. As a result, we continue our strong organic growth journey in Q1 and experience great demand for our solutions.

Total revenue ended at NOK 79 million in the first quarter, a growth of 33% compared to the same quarter in 2021.

"We are proud to see a solid organic Annual Recurring Revenue growth of 21% for the quarter. At the same time, we have reduced our churn rate to 5% in Q1"

Our focus is to increase our SaaS revenue and we are proud to see a solid organic Annual Recurring Revenue (ARR) growth of 21% for the quarter, an acceleration from 17% in the fourth quarter of 2021. Strong sales and continued very low churn were the drivers for the growth.

With a Software-as-a-Service-model, we strongly believe in scaling with a solid recurring revenue base and we are pleased to see that recurring revenue represents 95% of the total revenue in Q1.

"SmartCraft has no financial debt, we are self-funded with a cash conversion of 110% and we are in a strong cash position to invest in organic growth and acquisitions"

We have always combined strong revenue growth with a profitable and healthy EBITDA margin. In Q1 2022 we have an adjusted EBITDA margin of 40%, which is at the same level as in Q1 2021. Our adjusted EBITDA – R&D capex margin in Q1 was 33%, up from 24% in Q4 2021 and unchanged compared to Q1 2021. Our seasonally strong operating cash flow was NOK 58.7 million in Q1 2022, up from 54.2 million in the same quarter 2021.

SmartCraft has no financial debt, we are self-funded with a cash conversion of 110% and we are in a strong cash position to invest in targeted R&D, organic growth and acquisitions.

> ***"This implies an adjusted EBITDA – R&D capex margin of 33%, up from 24 percent in Q4 2021"***

Looking ahead, we continue to experience great demand for our solutions and with our solid financial position and great team of highly skilled people we remain very optimistic about the future market opportunities.

All in all, we are confident about achieving our medium-term targets of annual organic revenue growth of 15-20% and growing EBITDA margins due to the scalability of the business.

> ***"Our medium-term targets of annual organic revenue growth of 15-20% and growing EBITDA margins due to scalability of the business stay firm"***

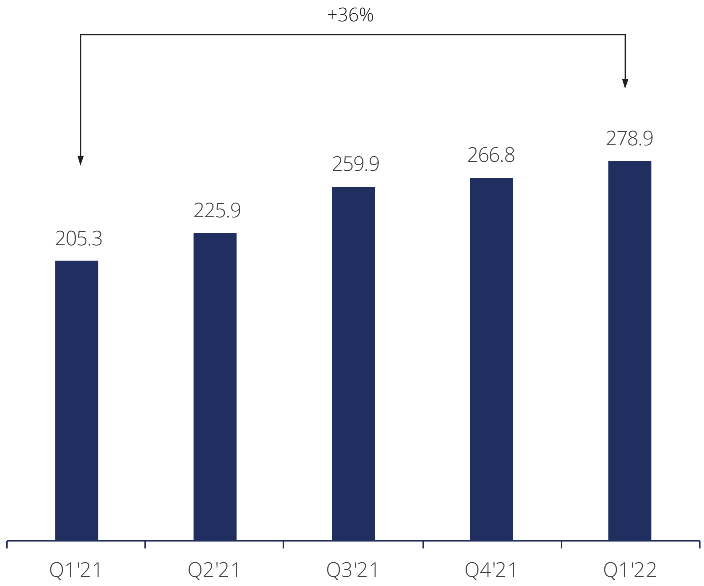
Gustav Line

Gustav Line
CEO

Q1 2022 in Brief

Quarterly financial highlights

- Accelerated organic growth[1]
- Mar. 31, 2022 ARR NOK 278.9 million, 36% growth YoY (21% organic ARR growth YoY)
- 7% organic ARR growth QoQ
- 18% organic growth of recurring revenue
- Adjusted EBITDA-margin 40%, diluted 1%-pts by companies acquired during the last 12 months
- Reduced churn to 5%



Development ARR per quarter (end of period, MNOK)

Amounts in NOK (millions)	**Q1'22**	**Q1'21**	**FY'21**
Annual Recurring Revenue	278.9	205.3	266.8
Revenue	79.1	59.3	270.8
Adjusted EBITDA	31.9	24.3	108.5
Adjusted EBITDA-margin	40.4 %	40.9 %	40.1 %
Adjusted EBITDA - capex margin	32.9 %	33.1 %	35.9 %
Churn rate (Annualized / R12m)	5.0 %	6.2 %	6.3 %

1. Organic growth is defined as growth in existing solutions adjusted for currency effects.

Strong operational momentum

SmartCraft continues to lower the bar for construction companies to go from manual to digital processes. Additionally, we work hard to communicate the advantages of digitalizing mission critical parts of their business through our efficient marketing and sales organization.

> ***"On average our customers pay as little as NOK 7 pr. day pr. user. We believe this both proves that we are affordable and that there is an upside price potential in the future"***

We know that construction companies are concerned about up-front investments. Additionally, we know that the larger the investment is for the customer the higher is the risk of delay or no decision. That's why we aim to have a very affordable business model. Our customers typically pay a monthly fee, like their phone bill. The price for our solutions differs. However, on average our customers pay as little as NOK 7 pr. day pr. user. We believe this proves that we are affordable, create massive value for our customers, and that there is an upside price potential in the future.

In addition to making great software available at a low monthly cost, our team focuses on streamlining the buying process and to removing initial costs to lower barriers to buy. We decided to remove some initial start-up fees which means that our non-recurring revenue is actually down by 15% in Q1 2022 compared to Q1 2021.

> ***"We are pleased to see a record organic ARR growth of 21% in Q1 2022"***

Our annual recurring revenue (ARR) continued to grow in Q1 2022. At the end of the quarter, ARR was NOK 279 million, 36% higher than in Q1 2021. We are pleased to see a record organic ARR growth of 21% in Q1 2022. The ARR growth is a result of new sales, up sales to existing customers, price increases and lower churn.

We know that happy customers that get onboard quickly and utilize our solutions to the full potential are less likely to churn. Customers that embrace our software and implement it in their core operations are successful in their transformation from manual to digital handling of critical processes. Although our customers are very happy with our solutions, we aim to make our software even more intuitive and user friendly. This, combined with digital tools for easy onboarding and great customer service, has resulted in a 1%-point reduction in churn in Q1 2022 compared to Q4 2021.

> ***"Our great customer success department, digital tools and guides make it easy to onboard and use our solutions. As a result, churn is down to 5% in Q1 2022"***

We continue to extend our market reach and announced the following partnerships in Q1:

- **ABAX**, one of the leading telematics suppliers for tracking solutions in Europe. The partnership includes marketing and sales activities to win new customers.
- **Optimera**, the largest distributor of building materials and lumber in Norway, with 3 000 member companies. SmartCraft delivers a seamless order and communication platform for Optimera AS and their stores, craftsmen and end customers called "Ferdig Montert" ("Delivered and installed" in English). The solution is intuitive and easy to use where all acceptance of orders / jobs and communication is gathered in one place

- **Norgeseliten**, one of the largest chains of electrical contractors in Norway, with almost 2 200 electricians in 197 companies. The frame agreement gives the contractors the possibility to implement our SaaS solutions on favorable terms, and targets improved profitability for Norgeseliten's members. SmartCraft expects to further reinforce its position in the electrician market in Norway.
- **24SevenOffice**, a leading cloud-based ERP system. Together we have made an integration between our solutions which opens new markets for both players.
- **Catenda**, leading BIM-platform provider. The partnership will enhance SmartCraft's solutions with building information models (BIM) capabilities bringing the BIM experience into the construction phase for our customers.

Product and technology development

Securing resource needs

As a SaaS Solution provider, we are continuously competing for the best and the brightest talents in the developer community. Over the years, our employee branding has served us well in attracting talented developers to our teams, but we recognize that we need to expand our strategy even further to secure our future resource needs. During Q1 we chose to gradually move towards distributed teams so that we can pursue talents far outside of our local offices. We will still focus on building strong local teams, but we believe that with outsourcing as a supportive strategy, we can scale our teams faster when needed.

Finetuning our platform strategy

SmartCraft's offering consist of a combination of targeted best-of-breed and all-in-one solutions. Our best-of-breed solutions cover specific needs in the construction industry like detailed calculation or safety assurance at a building site. Our all-in-one solutions are suitable for specific customer groups such as plumbers and electricians covering all their mission critical business needs. Both solutions aim to lower the entry bar for our customers through ease of use and great user experience.

> ***"We know that usage simplicity in our solutions is the key to keep attracting customers towards digitalization which is one of the main reasons to keep our technical stacks separated mid-term."***

During Q1, the product teams in SmartCraft started a journey towards becoming even more customer centric but also data driven in our decision-making processes. The construction sector has been slow to adopt technological innovations and our goal is to help speed up the transformation through smart and aligned products that keep lowering the bar for construction companies to go from manual to digital processes.

> ***"Our strategy is to keep focusing on integrating our platforms where value is created for our customers"***

That is why we keep our technical stacks separated mid-term. Merging all capabilities into one stack might lead to a poor performing solution for all target customers, not to mention the effect it will have on the speed of development. Instead, we focus on the flow and target customer needs with an all-in-one approach. It is important for us to build environments that are lightweight and responsive to changes in the market.

We do, however, focus on creating synergy through integrations between our platforms where we see the value for the target customer. The most recent example of this is our integration between our property management solution and our quality and safety solution. The platforms move closer together as we match customer and market needs. Over time, our customers will be able to utilize more functionalities within our solutions which in turn will lead to more integrations between our platforms. In sum, our strategy is to grow our technology with our customer adoption rate so that we can match customer needs to our technology output.

SmartCraft connecting the dots

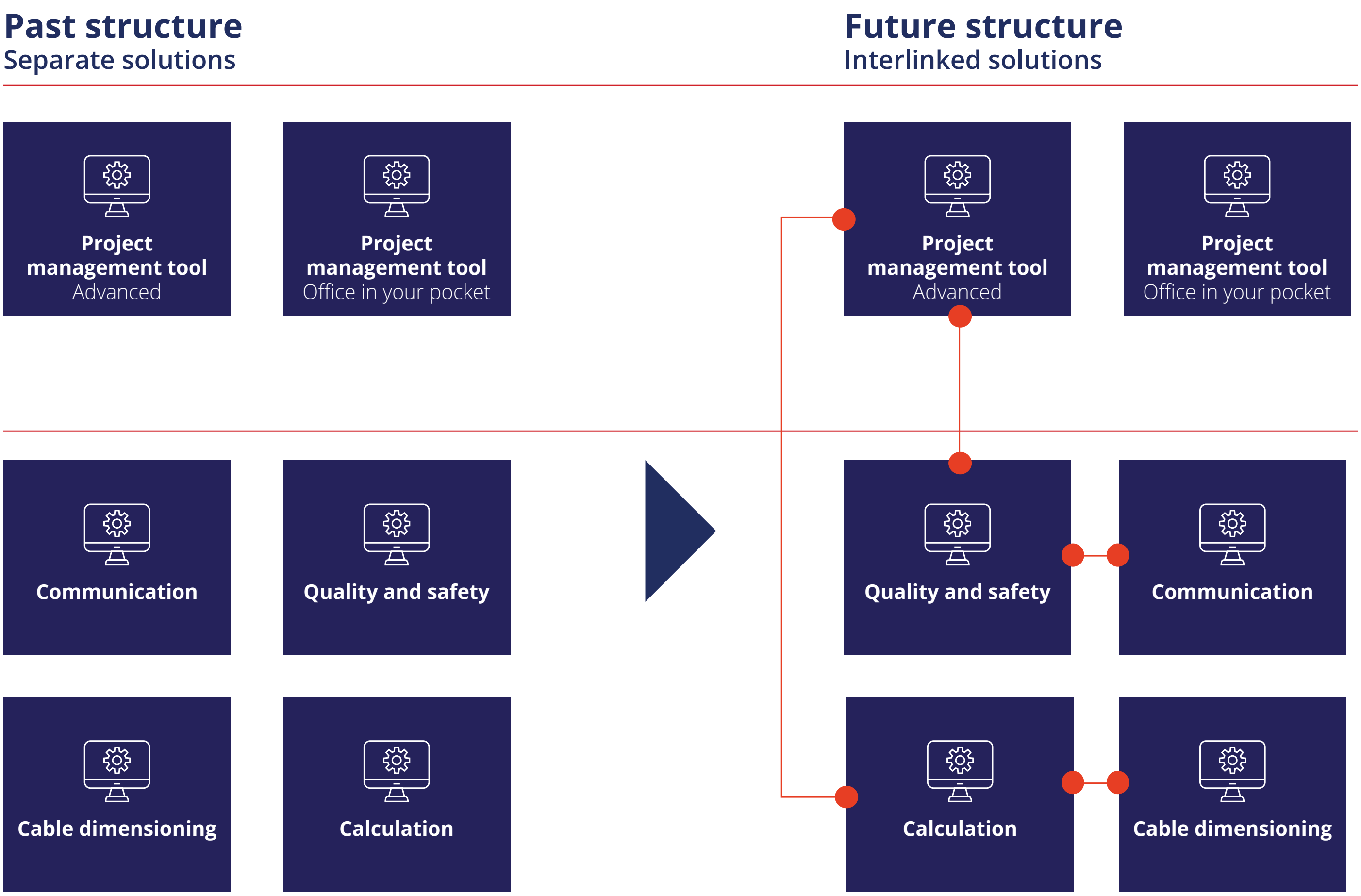


Image: Moving from stand-alone platforms to connected solutions

Segments

SmartCraft is present in three geographical markets, and the revenue distribution is shown below. The acquisition of Kvalitetskontroll in July 2021 contributed to the growth in Norway, whereas the acquisition of HomeRun in May 2021 contributed to the growth in Finland.

Geographical distribution of revenue

Amounts in NOK (millions)	**Q1'22**	**Q1'21**	**FY'21**
Norway	33.3	23.6	108.4
Sweden	33.7	29.3	126.8
Finland	12.1	6.4	35.6
Total revenues	***79.1***	***59.3***	***270.8***

SmartCraft recognizes Specialized contractors and General contractors as the operating units that form natural reporting segments.

- Specialized contractors include the customers who provide specialized services within the construction industry, e.g., electricians, plumbers, etc.
- General contractors include the customers in the construction industry providing services not defined as specialized services.

The two solutions acquired in 2021 fall into the General contractors segment.

The Specialized contractors segment consists of our most established brands with a long history, a strong market position in their areas and high EBITDA margins. These solutions still have a share of customers with the solutions deployed on-premise. We are continuously moving these customers to a SaaS environment, which over time will enable higher revenue growth.

Distribution of revenue per segment

Amounts in NOK (millions)	**Q1'22**	**Q4'21**	**FY'21**
Specialized contractors	33.6	31.0	123.4
General contractors	45.5	28.2	147.4
Total revenue in segments	***79.1***	***59.3***	***270.8***
Organic growth			
Specialized contractors	*10.8 %*	*9.6 %*	*8.8 %*
General contractors	*22.2 %*	*22.4 %*	*23.5 %*

Distribution of adjusted EBITDA per segment*

Amounts in NOK (millions)	Q1'22	Q1'21	FY'21
Specialized contractors	17.9	16.4	64.7
General contractors	18.5	9.9	53.1
Total adjusted EBITDA in segments	***36.4***	***26.3***	***117.9***

**Excluding SmartCraft ASA*

Adjusted EBITDA margin			
Specialized contractors	*53.3 %*	*52.8 %*	*52.5 %*
General contractors	*40.7 %*	*35.1 %*	*36.0 %*

Financial Review

Amounts in NOK (thousands)	Q1'22	Q1'21	FY'21
Revenue from customers	79 079	59 317	270 762
Total operating revenue	***79 079***	***59 317***	***270 762***
Purchase of goods and services	6 681	5 054	22 866
Payroll and related expences	30 480	24 031	104 986
Other operating expenses	10 172	6 290	62 598
Total operating expenses	***47 333***	***35 375***	***190 450***
EBITDA	***31 747***	***23 942***	***80 312***
Adjustments of special items	182	340	28 359
Adjusted EBITDA	***31 929***	***24 282***	***108 671***
Depreciation and amortization	6 607	5 160	22 726
Operating profit (loss) before financial items and tax	***25 140***	***18 783***	***57 586***
EBITDA-margin	*40.1 %*	*40.4 %*	*29.7 %*
Adjusted EBITDA-margin	*40.4 %*	*40.9 %*	*40.1 %*

SmartCraft's consolidated revenues in Q1 2022 grew by 33.3% to NOK 79.1 million, up from NOK 59.3 million in Q1 2021. The revenue growth was driven by the acquisitions of HomeRun (May 2021) and Kvalitetskontroll (July 2021) and increased organic growth from the Group's SaaS solutions.

The Group made investments in H2 2021 to increase the growth, consistent with the strategy to service all customers SaaS solutions on common SaaS environments, and the investments have shown positive results in 2022 and contributed to the increase in organic growth. The Group's strategy includes both migrating its remaining on-premise customers to a SaaS environment, and transitioning non-recurring revenue into a SaaS service. As an effect, non-recurring revenue has decreased as the migration has progressed over the last quarters.

Organic growth YoY	**Q1'22**	**FY'21**
Fixed price subscriptions	17.9%	16.4 %
Transaction priced add-on subscriptions	21.7%	29.0 %
Total recurring revenue	***18.3%***	***17.6 %***
Non-recurring revenue	(15.1%)	(18.5 %)
Total revenue	***16.4%***	***15.0 %***

30% of SmartCraft's workforce is employed in the development teams. These teams have extensive knowledge about the market and technical needs. SmartCraft plan for the continuous improvement of existing solutions, and the development of new solutions and add-ons. For the development of new solutions and add-ons, SmartCraft recognized NOK 5.9 million in capitalization of development costs in Q1 2022, which constitutes 7.5% of revenue.

The reported EBITDA in Q1 2022 was NOK 31.7 million, adjusted for one-time costs the adjusted EBITDA was NOK 31.9 million. The adjusted EBITDA margin for Q1 2022 was 40.4%, slightly down from the Q1 2021 margin of 40.9%. We are confident in our ability to increase margins in acquired companies. In Q1 2022 our confidence is supported by the decreased dilutive effect from the latest acquisitions, which is down to 0.8 %-points. This implies an adjusted EBITDA margin of 41.2% and slightly up compared to Q1 2021. The capitalization of development costs implies an adjusted EBITDA - R&D capex margin of 32.9%, up from 23.9% in Q4 2021 and slightly down from 33.1% in Q1 2021.

Depreciations and amortizations were NOK 6.6 million in Q1 2022 compared to NOK 5.2 million in Q1 2021. The increase is a result of the Group's continuous R&D activity and acquisitions.

Operating profit was NOK 25.1 million in Q1 2022 compared to NOK 18.8 million in Q1 2021. The increase was curbed by the build-up of SmartCraft corporate functions to secure a solid infrastructure for continued growth, including cost related to being publicly listed.

Net financial income was NOK -2.5 million in Q1 2022 compared to NOK -4.4 million in Q1 2021. While losses on changes in currency rates are significant in both 2022 and 2021. In Q1 2021 net financial expense is mainly interest on debt.

Cash flow

Cash flow from operating activities was NOK 58.7 million in Q1 2022 compared to NOK 54.2 million in Q1 2021. The strong cash flow is driven by increased profit and changes in net working capital. These changes are a result of up-front payment from customers. The Group has payment plans ranging from 1-12 months, and on average customers pay 8 months up-front. Historically, the majority of customers on a 12-month payment plan have been invoiced in Q1, but with the migration of the remaining on-premise customers to a SaaS environment, the invoicing is distributed more evenly through the year.

Cash flow from investing activities was NOK -11.0 million in Q1 2021, driven by net payments for acquisitions and capitalized R&D. Payments for acquisitions relates to an earn-out payment of NOK 4.8 million. The amount is not expensed but included in the PPA as goodwill. There is one remaining earn-out clause that relates to 2022 performance which will be expensed if the targets are achieved.

Net cash flow from financing activities was NOK -2.1 million in Q1 2022, relating mainly to the repayment of lease liabilities. A smaller amount is paid as interest on a minor loan facility included in the latest acquisition.

Financial position

SmartCraft has a solid balance sheet. The Group is in a net cash position, self-funded and is well capitalized to deliver on the stated growth ambitions and M&A strategy.

Total assets amounted to NOK 922.6 million (NOK 886.2 million at the end of 2021), of which cash and cash equivalents amounted to NOK 200.7 million (NOK 156.3 million at the end of 2021). Non-current assets amounted to NOK 690.2 million (NOK 700.3 million at the end of 2021) which primarily consist of goodwill and intangible assets from the Group's R&D and acquisitions.

Total liabilities amounted to NOK 218.4 million (NOK 184.6 million at the end of 2021). The increase is related to the increase in deferred revenue.

Share information

At the end of Q1 2022 SmartCraft ASA had 171.5 million shares at par value of NOK 0.01. There have been no changes in shares or share capital in 2022.

Risk factors

Risk factors are described in the information document prepared in connection with the listing on Oslo Børs, published June 24th, 2021 and in the annual accounts for 2021, published April 26th, 2022.

Outlook

We have a very positive future outlook as the market opportunities are great. We experience a continued and strong demand for our solutions. As a specialized SaaS player within construction we have identified a market opportunity of above NOK 10 billion in the Nordics alone, and this market is growing by double digits annually.

Our main focus is organic growth in the Nordics through upsell to existing customers, by winning new customers and by cross selling on our customer bases. Additionally, we are pursuing M&A opportunities both in existing and new geographies and are in dialogue with several companies. At the same time, we are patient - capital discipline is priority number one, and we will only pursue the right acquisition target at the right price.

Our medium-term targets stay firm. SmartCraft targets 15-20% organic growth in the medium-term, and any acquisitions will come on top of that. We expect adjusted EBITDA margin in the medium-term to increase due to scalability of the business. Impact from acquired companies last 12 months and additional costs as a listed company are short-term considerations to the adjusted EBITDA margin.

We have a highly motivated and aligned organization that is well positioned with our solutions to help customers to increase their productivity and profitability. We strongly believe that construction companies that prioritize to digitalize and modernize their business processes will be the winners in this industry in the future.

Financial calendar

Quarterly reporting:

- Q2 and half-yearly 2022: August 25th, 2022
- Q3 2022: November 1th, 2022

Condensed Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

Amounts in NOK (thousands)	Q1'22	Q1'21	FY'21
Revenue from customers	79 079	59 317	270 762
Total operating revenue	**79 079**	**59 317**	**270 762**
Purchase of goods and services	6 681	5 054	22 866
Payroll and related expences	30 480	24 031	104 986
Other operating expenses	10 172	6 290	62 598
Depreciation and amortization	6 607	5 160	22 726
Total operating expenses	**53 939**	**40 535**	**213 176**
Operating profit (loss) before financial items and tax	**25 140**	**18 783**	**57 586**
Financial income	625	2 943	5 615
Financial expenses	(3 144)	(7 342)	(14 334)
Financial income (expense), net	**(2 519)**	**(4 399)**	**(8 720)**
Profit (loss) before tax	**22 621**	**14 384**	**48 867**
Tax expense	4 818	2 740	12 171
Profit (loss)	**17 803**	**11 644**	**36 696**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Currency translation differences, net of tax	(15 289)	(16 709)	(17 843)
Total	**(15 289)**	**(16 709)**	**(17 843)**
Total comprehensive income	**2 514**	**(5 065)**	**18 853**

Consolidated Statement of Financial Position

ASSETS *Amounts in NOK (thousands)*	31. Mar 22	31. Mar 21	31. Dec 21
Deferred tax assets	-	-	-
Goodwill	483 059	408 581	491 223
Intangible assets	185 030	140 798	187 378
Right to use assets	17 595	15 426	17 009
Tangible Assets	4 491	3 869	4 732
TOTAL NON-CURRENT ASSETS	**690 174**	**568 674**	**700 341**
Inventory	73	144	73
Other current assets	6 279	3 466	4 987
Accounts Receivable	25 398	17 251	24 583
Cash and cash equivalents	200 687	123 768	156 277
TOTAL CURRENT ASSETS	**232 437**	**144 630**	**185 919**
TOTAL ASSETS	**922 611**	**713 304**	**886 261**

EQUITY AND LIABILITIES

Amounts in NOK (thousands)	31. Mar 2022	31. Mar 2021	31. Dec 2021
Share capital	1 715	4 497	1 715
Share premium	605 893	244 193	605 893
Retained earnings	117 870	75 016	100 067
Other components of equity	(21 280)	(4 857)	(5 990)
TOTAL EQUITY	**704 198**	**318 849**	**701 685**
Non-current financial liabilities	1 080	169 318	1 158
Non-current lease liabilities	10 052	9 229	9 913
Deferred tax liabilities	32 421	26 729	34 637
Total non-current liabilities	**43 553**	**205 276**	**45 708**
Deferred revenue	91 583	68 668	59 593
Current portion of lease liabilities	7 728	5 948	6 952
Accounts payable	4 801	3 471	6 501
Taxes payable	18 676	10 305	14 216
Other current liabilities	52 073	100 786	51 607
Total current liabilities	**174 860**	**189 179**	**138 869**
TOTAL LIABILITIES	**218 413**	**394 455**	**184 576**
TOTAL EQUITY AND LIABILITIES	**922 611**	**713 304**	**886 261**

Consolidated Statement of Changes in Equity

Amounts in NOK (thousands)	Share capital	Share premium	Other components of equity	Retained earnings	Total equity
Total equity 31.12.2020	**4 497**	**244 193**	**11 853**	**63 371**	**323 914**
Profit / (-) loss for the period	-	-	-	36 696	36 696
Other comprehensive income	-	-	(17 843)	-	(17 843)
Capital decrease 21.06.2021	(3 109)	(205 864)	-		(208 973)
Capital increase 22.06.2021	284	489 219	-	-	489 503
Capital increase 05.07.2021	38	67 732	-	-	67 770
Capital increase 09.07.2021	5	10 613	-	-	10 618
Total equity 31.12.2021	**1 715**	**605 893**	**(5 990)**	**100 067**	**701 685**
Profit / (-) loss for the period	-	-	-	17 803	17 803
Other comprehensive income	-	-	(15 289)	-	(15 289)
Total equity 31.03.2022	**1 715**	**605 893**	**(21 280)**	**117 871**	**704 199**

Consolidated Cash Flow Statement

Amounts in NOK (thousands)	Q1'22	Q1'21	FY'21
Operating activities			
Profit before tax	22 621	14 384	48 867
Paid taxes	(5 776)	(989)	(5 811)
Depreciation	3 252	2 448	10 085
Amortisation of intangible assets	3 354	2 712	12 641
Accrued interest expense	-	349	-
Items classified as investing or financing activities	1 991	2 935	38 759
Net cash provided from operating activities before net working capital changes	***25 442***	***21 839***	***104 540***
Working capital adjustments:			
Changes in accounts receivable	(815)	(797)	(5 837)
Changes in deferred revenue	31 990	27 041	6 572
Changes in accounts payable	(1 701)	66	(67)
Changes in all other working capital items	3 777	6 027	1 316
Net cash provided from operating activities	***58 694***	***54 175***	***106 524***
Investing activities			
Investments in tangible and intangible assets	(280)	-	(397)
Payments for acqusitions	(4 856)	-	(71 734)
Acquisition transaction costs	-	-	(5 775)
Payments for software development costs	(5 901)	(4 675)	(21 737)
Foreign currency effect	28	-	178
Net cash used in investing activities	***(11 009)***	***(4 675)***	***(99 465)***
Financing activities			
Cash proceeds from capital increases	-	-	551 287
Cash proceeds from loan facilities	-	-	-
Downpayment on loan facilities	(78)	-	(235 434)
Interest payments	(218)	(1 679)	(4 794)
Repayments of capital decreases	-	-	(208 973)
Repayments of lease liabilities	(1 773)	(1 255)	(6 783)
Other financial items	10	-	(21 407)
Net cash provided by (used in) financing activities	***(2 058)***	***(2 934)***	***73 896***
Net increase (decrease) in cash and cash equivalents	**45 627**	**46 566**	**80 956**
Cash and cash equivalents at the beginning of period*	156 277	79 902	79 902
Foreign currency effects on cash and cash equivalents	(1 217)	(2 700)	(4 581)
Cash and cash equivalents at end of period*	***200 687***	***123 768***	***156 277***

** Cash and cash equivalent include restricted funds*

Explanatory Notes to the Consolidated Financial Statements

Note 1 Accounting policies

The interim report for the SmartCraft Group for 1th quarter 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods for computation have been applied as in the latest annual statement. For further information on accounting policies see the Annual Report 2021.

Note 2 Revenue

Amounts in NOK (thousands)	**Q1'22**	**Q1'21**	***Revenue recognition***
Fixed price subscriptions	68 003	50 656	Over time
Transaction priced subscriptions (add-on features)	6 854	5 255	Point in time
Total recurring revenue	**74 857**	**55 911**	
Non-recurring revenue	4 222	3 407	Point in time
Total revenue	**79 079**	**59 317**	

Note 3 Earnings per share

		Q1'22	**Q1'21**	**FY'21**
Profit for the period due to holders of shares	TNOK	17 803	11 644	36 696
Profit allocated to redeemed preferance shares	TNOK	-	3 833	7 282
Profit allocated to common shares	TNOK	17 803	7 811	29 413
Average numbers of common shares		171 522 305	138 782 400	155 857 151
Earning per share	**NOK**	**0.10**	**0.06**	**0.19**

Alternative Performance Measures (APMs)

The following terms are used by the Group in definitions of APMs:

- **EBITDA:** Is defined as operating income before depreciation of tangible and intangible non-current assets.
- **Adjusted EBITDA:** Is defined as EBITDA adjusted for special operating items that distorts comparison, such as acquisition related expenses, listing preparation costs and other items which are special in nature compared to ordinary operational income or expenses.
- **Adjusted EBITDA margin (%):** Is defined as Adjusted EBITDA divided by sales, expressed as a percentage.
- **Adjusted EBITDA – Capex margin (%):** Is defined as Adjusted EBITDA – R&D capex divided by sales, expressed as a percentage.
- **Annual Recurring Revenue ("ARR"):** Is defined as a 12 month subscription value of the Group's customer base at the end of the reporting period. The ARR metric only includes fixed price subscriptions.
- **Recurring Revenue (%):** Is defined as subscription revenue generated over the historical period divided by sales for the same period, expressed as a percentage. Recurring Revenue includes both fixed price and transaction-based subscription revenues.
- **Average Revenue Per Customer ("ARPC"):** Is defined as the annualized monthly total operating revenue divided by the number of customers at the end of the month.
- **Churn Rate (%):** Is a measure of loss of ARR on a rolling 12-month basis, expressed as a percentage of average monthly ingoing ARR for the same 12-month period.

Amounts in NOK (thousands)	**Q1'22**	**Q1'21**	**FY'21**
Revenue from customers	79 079	59 317	270 762
Total operating revenue	***79 079***	***59 317***	***270 762***

Amounts in NOK (thousands)	**Q1'22**	**Q1'21**	**FY'21**
EBITDA	31 747	23 942	80 312
Adjustments of special items	182	340	28 359
Adjusted EBITDA	***31 929***	***24 282***	***108 671***
EBITDA-margin	*40.1 %*	*40.4 %*	*29.7 %*
Adjusted EBITDA-margin	*40.4 %*	*40.9 %*	*40.1 %*

Amounts in NOK (thousands)	**Q1'22**	**Q1'21**	**FY'21**
Adjusted EBITDA	31 929	24 282	108 463
Capitalized development expenses	5 901	4 675	21 737
Adjusted EBITDA - CAPEX margin	***32.9 %***	***33.1 %***	***32.0 %***

		Q1'22	**Q1'21**	**FY'21**
Annual Recurring Revenue (ARR) (EoP)	TNOK	278 942	206 005	266 843
Recurring revenue		94.7 %	93.9 %	94.9 %
Average Revenue per Customer (ARPC)	NOK	26 924	26 303	26 994
Churn rate (R12m) (EoP)		5.0 %	6.2 %	6.3 %

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