



# Quarterly report - Q4 2021

SmartCraft ASA

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# Letter from the CEO

SmartCraft has now finished its first year as a listed company. It has been an eventful year with the successful IPO process, the addition of HomeRun and Kvalitetskontroll to the SmartCraft family, as well as the good and continuing underlying development of the company. I am very pleased to report that we continue to build a strong momentum in the fourth quarter with an organic recurring revenue growth of 18% and a solid organic ARR growth of 17% compared to the fourth quarter 2020.

Profitable and sustainable growth is part of SmartCraft's DNA. The fourth quarter was another period with high profit margins and strong cash flow. With a healthy cash position and no debt, we are in the position to continue to grab the opportunities the market offers – both in terms of organic growth and targeted bolt-on acquisitions.

Our adjusted EBITDA margin in Q4 was 37%. In Q4 we have invested more in the development of new products and services that will drive future growth. From proven history we know that SmartCraft has produced excellent return on investments in customer growth. This will continue, and already in early 2022 we see positive effects and increased organic growth from the development initiatives taken in the second half of 2021.

Regardless of any volatility and uncertainty in the financial markets, we experience a continued and strong demand for our solutions. As a specialized Software-as-a-Service (SaaS) player within construction we have identified a market opportunity of NOK 10.5 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 portfolios.”***

The demand for specialized SaaS construction is driven by several factors:

- **Shortage of skilled construction workers.** Globally, the industry struggles to recruit personnel and the workforce is aging
- **Long tail of new projects and maintenance needs in the public and private sector.** There is a high activity level of new construction projects and as existing buildings get older there is an increasing need for renovation
- **Increasing demand for digital documentation.** Regulatory and public offices are increasingly demanding more documentation and that the documentation is available digitally. This trend is also true for the consumers who require more documentation and digital insight to new projects and renovation projects
- **Digitally maturing users and software.** New employees in the construction workforce are younger and more used to digital tools. The software industry has also matured in the recent years and moved away from expensive on-premise software and hardware investments. As a result, customers can now buy construction SaaS solutions at an affordable price and download apps for their mobile devices.

We are well positioned with our solutions to help customers to increase their productivity and profitability and we believe that construction companies that prioritize to digitalize and modernize their business processes will be the winners in this industry in the future.

We exited the fourth quarter with an annual recurring revenue (ARR) of NOK 267 million, which is 30% higher than last year. Total revenue for 2021 was NOK 271 million. In Q4 we saw a revenue growth of 38% ending the quarter at NOK 76 million. The revenue growth was driven by the acquisitions of Congrid (December 2020), HomeRun (May 2021) and Kvalitetskontroll (July 2021), and the continued focus on the Group's SaaS solutions resulting in organic growth in number of customers and revenue per customer, offset by effects of changes in currency rates. Like in Q3, the organic revenue growth in Q4 was 14%.

***"In Q4 year-on-year organic recurring revenue growth was 18%, up from 17% in Q3 2021."***

Our strategy is to continue to have a high proportion of recurring revenue. In Q4 year-on-year organic recurring revenue growth was 18%, up from 17% in Q3 2021. Like in Q3 2021, 96% of the revenue is recurring.

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 of annual organic revenue growth of 15-20 percent and growing EBITDA margins due to scalability of the business stay firm.

2021 was an eventful year for SmartCraft with new solutions and people onboard from the two acquisitions in the financial year and the acquisition of Congrid in December 2020. Additionally, the listing in June required new internal and external processes. With the business rhythm now in place and a tuned organization focusing on the same goals we stay very optimistic about capturing the future market opportunities.

**Gustav Line**  
CEO

# About SmartCraft ASA

SmartCraft is a leading provider of mission-critical software to the construction industry. The Group enables construction companies to increase their productivity, reduce the administrative burden and make it easier to comply with the ever-evolving landscape of applicable laws and regulations affecting the construction industry. SmartCraft's vision is to become the leading provider of specialized digital solutions for construction companies in the Northwestern part of Europe.

SmartCraft's SaaS offerings are module-based and include comprehensive offerings of software solutions to (i) optimize project budgeting by enhancing sales and minimizing costs, (ii) enhance project execution by minimizing budget deviations and (iii) minimize project risk through full documentation and insight. SmartCraft's solutions are provided through six strong brands targeting various markets:

- Cordel: One of the market leaders within the Heating, Water and Sanitation market, also strongly positioned within the electrician market in Norway;
- Bygglet: One of the market leaders within the Small and Medium-sized Enterprises ("SME") general construction segment in Sweden;
- EL-VIS: One of the market leaders within the electrician market in Sweden;
- Congrid: One of the market leaders within the general construction market in Finland;
- HomeRun: Finnish company with a project communication and management platform for housing projects, with great potential for cross sell on the Group customer bases and
- Kvalitetskontroll (acquired in July): One of the market leaders in Norway of quality assurance, environment and health and safety (EHS) SaaS solution to SME companies in the construction industry.

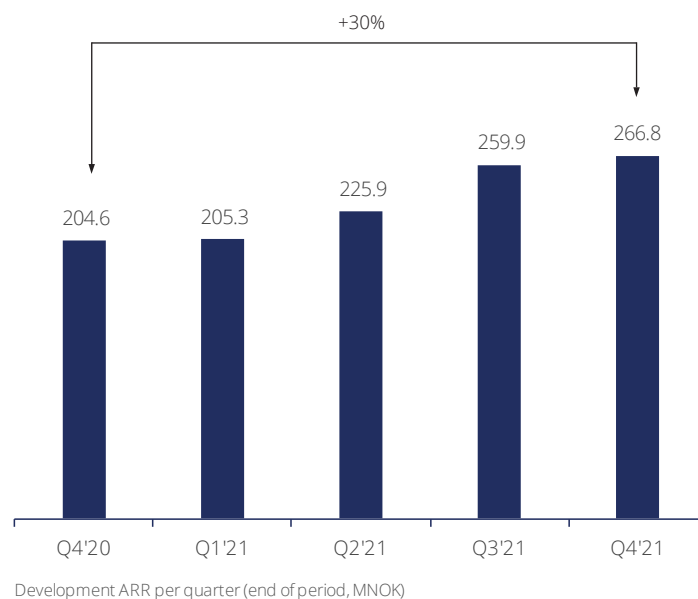


We have a strong focus on cross group sales and sales in new regions in the Nordics. We believe the best decisions will be found by the people closest to the customers and together we have initiated many good cross group growth initiatives in the Group. In 2021, with a new CTO in place, we started several activities to align software development in the group

The SaaS solutions offered by the Group are provided on a subscription basis. In general, after a 12 months non-terminable initial term, the customers' subscription turns evergreen where the subscription may be terminated by giving three months prior written notice. The Group has more than 11 000 customers and 115 000 users utilizing its software solutions.

# Q4 2021 in Brief

- Dec. 31, 2021 ARR NOK 266.8 million, 30% growth YoY (17% organic growth YoY)
- 18% organic growth of recurring revenue
- Adjusted EBITDA-margin 37%, diluted 3%-pts by companies acquired during the last 12 months
- Stable and low churn at 6.1%



## Key figures

<i>Amounts in NOK (millions)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Annual Recurring Revenue	266.8	204.6	266.8	204.6
Revenue	76.2	55.2	270.8	195.9
Adjusted EBITDA	28.0	22.9	108.5	80.9
Adjusted EBITDA-margin	36.8 %	41.4 %	40.1 %	41.3 %
Churn rate (Annualized / R12m)	6.1 %	6.0 %	6.3 %	5.7 %

# Operational Development

SmartCraft strongly believes in the organization focusing to have customers on a recurring revenue model. This means shifting one-time revenue to recurring revenue, hampering the short-term revenue. As a result of this, non-recurring revenue declined by 39% in Q4 while recurring revenue shows a 18% growth in the same period. In total recurring revenue accounts for 96% of the total revenue for the quarter. This shows our dedication as a pure SaaS player.

In Q4 ARR grew by NOK 62.3 million compared with the end of Q4 2020, largely driven by the effect of the HomeRun and Kvalitetskontroll acquisitions in 2021 and an organic growth of 17%. The ARR at the end of Q4 was NOK 6.9 million higher than at the end of Q3, including a negative currency effect of NOK 3.6 million. The drivers of the Q4 ARR growth is great new sales and the focus on transitioning non-recurring revenue to SaaS-services and recurring revenue.

We continue to invest in new sales and upsell, as we know that this gives high ROI.

The Group drives several initiatives to support our customers when needed and to make sure they utilize the software in a right way in order to maximize their investment. Great Customer Success departments combined with good software pays off as the annualized customer revenue churn in Q4 2021 was stable at 6.1%.

Partnerships are an important way to scale our business. Typically, the partnerships open for selling to the customers or members of the partner, releasing a great revenue potential. In Q4 we engaged in several partner initiatives:

- **Happy Homes** is Scandinavia's largest specialist retail chain in paint and interior design, with around half of their members in Norway providing painting and decorating services. The agreement, which covers the SmartCraft solution Cordel, ensures that Cordel is the preferred solution for calculation and project management in the retail chain.
- **Certification for accounting offices.** The SmartCraft solution, Bygglet, has started a certification program educating accounting offices in professional use of construction software. This way the accounting offices are able to better understand their construction customers and as an added benefit this will drive revenue to SmartCraft

Additionally, we have announced some customers reference stories showing how SmartCraft contributes to digitalize the industry. One of Sweden's largest housebuilders, JSB Construction AB, introduces digital safety and quality inspections with Congrid, hence removing manual processes. Similarly, the Consti Group, listed on the Finnish stock exchange and one of the leading Finnish renovation and technical building services companies, chose Congrid to help improve project control. These are just two examples of how our software digitalizes the construction industry.

## Product and technology development

Christian Saleki started as CTO in June 2021. To further build on SmartCraft's success several initiatives were set in motion in Q4:

- We introduced group level framework, Objectives and Key Results (OKRs) for Group alignment, focus and transparency
- We adopted a modern framework in our product development philosophy that supported the OKR framework
- We moved to an outcome-based roadmap ("now, next, later") which not only works well with OKRs but also strengthens the OKR process and methodology
- We introduced new roles such as Product Owner and User Experience Designers

As a SaaS solution provider, we are always looking to enhance our software's user experience in ways that enables self-service and for the users to be self-sufficient. During Q4 2021, we implemented a third-party self-service solution in Bygglet with great results. The solution offers interactive step-by-step guides that introduce a new customer to the Bygglet software. Additionally, the users are also able to serve themselves when they need to order new licenses or additional modules. This greatly reduces their onboarding time and improves our scalability. In Q4 more than 6 000 users interacted on average 28 times with the self-service tool, resulting in more than 160 000 interactions. The project has been deemed a success and we have decided to move forward with onboarding more of our solutions to the digital adoption platform during 2022.

As a software solution provider, it is important for us to work closely with the cloud service providers we run our software in both to maintain cost control over time but also to attain knowledge about best practices from the industry. During Q4, we tightened our partnership with both Amazon (AWS) and Microsoft (Azure) in a few collaborative projects where we also touched upon matters related to ESG. We know that we can utilize the cloud in ways that would reduce our carbon footprint while at the same time cutting some costs.

Although the topic of security has always been a part of our software development philosophy, we know that the landscape is changing, and we need to keep up with new and more sophisticated threats that might come. Therefore, we have instigated a series of security workshops in Q4 to both re-assess our current situation but also to make proper documentation of our system security.

SmartCraft's primary ambition is to maintain an in-house development strategy but due to the high demand for developers, we have initiated two mid-sized projects with an outsourcing partner for a trial period of six months.

## 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 presence in Finland is a consequence of the acquisitions of Congrid in December 2020 and Homerun in May 2021.

### Geographical distribution of revenue

<i>Amounts in NOK (millions)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Norway	31.4	22.6	108.4	85.8
Sweden	34.6	30.2	126.8	107.7
Finland	10.2	2.4	35.6	2.4
<b>Total revenues</b>	<b>76.2</b>	<b>55.2</b>	<b>270.8</b>	<b>195.9</b>

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

- Specialized contractors include the customers which 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 three solutions acquired in 2020 and 2021 all 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

<i>Amounts in NOK (millions)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Specialized contractors	31.7	30.5	123.5	114.0
General contractors	44.4	24.7	147.3	81.9
<b>Total revenue in segments</b>	<b>76.2</b>	<b>55.2</b>	<b>270.8</b>	<b>195.9</b>

### *Organic growth*

<i>Specialized contractors</i>	5.1 %	8.8 %
<i>General contractors</i>	24.0 %	23.7 %

**Distribution of adjusted EBITDA per segment\***

<i>Amounts in NOK (millions)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Specialized contractors	16.1	11.8	65.2	54.5
General contractors	17.1	10.1	53.2	30.0
<b>Total adjusted EBITDA in segments</b>	<b>33.1</b>	<b>21.9</b>	<b>118.5</b>	<b>84.6</b>

\*Excluding SmartCraft ASA

**Adjusted EBITDA margin**

<i>Specialized contractors</i>	50.7 %	38.6 %	52.8 %	47.8 %
<i>General contractors</i>	38.4 %	41.1 %	36.1 %	36.7 %

# Financial Review

<i>Amounts in NOK (thousands)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Revenue from customers	76 153	55 221	270 762	195 941
<b>Total operating revenue</b>	<b>76 153</b>	<b>55 221</b>	<b>270 762</b>	<b>195 941</b>
Purchase of goods and services	6 475	5 936	22 866	19 523
Payroll and related expences	28 105	21 257	104 986	74 559
Other operating expenses	13 933	8 542	62 304	25 197
<b>Total operating expenses</b>	<b>48 513</b>	<b>35 736</b>	<b>190 156</b>	<b>119 278</b>
<b>EBITDA</b>	<b>27 639</b>	<b>19 485</b>	<b>80 606</b>	<b>76 663</b>
Adjustments of special items	414	3 403	27 857	4 271
<b>Adjusted EBITDA</b>	<b>28 054</b>	<b>22 888</b>	<b>108 463</b>	<b>80 934</b>
Depreciation and amortization	7 149	4 763	22 726	17 053
<b>Operating profit (loss) before financial items and tax</b>	<b>20 490</b>	<b>14 722</b>	<b>57 880</b>	<b>59 610</b>
EBITDA-margin	36.3 %	35.3 %	29.8 %	39.1 %
Adjusted EBITDA-margin	36.8 %	41.4 %	40.1 %	41.3 %

SmartCraft's consolidated revenues in Q4 were NOK 76.2 million and NOK 270.8 million in 2021. This represents a growth of 37.9% and 38.2% respectively compared to the same periods last year. The revenue growth was driven by the acquisitions of Congrid (December 2020), HomeRun (May 2021) and Kvalitetskontroll (July 2021), and the continued focus on the Group's SaaS solutions resulting in organic growth in number of customers and revenue per customer, offset by the effects of changes in currency rates.

The SmartCraft Group continues to execute on its strategy to service all customers SaaS solutions on common SaaS environments. This 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 is steadily decreasing as the migration progresses.

<b>Currency adjusted organic growth</b>	<b>Q4'21</b>	<b>FY'21</b>
Fixed price subscriptions (ARR)	15.7 %	16.4 %
Transaction priced add-on subscriptions	37.7 %	29.0 %
<b>Total recurring revenue</b>	<b>17.8 %</b>	<b>17.6 %</b>
Non-recurring revenue	(38.8 %)	(18.5 %)
<b>Total revenue</b>	<b>13.6 %</b>	<b>15.0 %</b>

The recently acquired companies did not capitalize development costs per the end of Q3 2021. SmartCraft have evaluated all the development projects for the financial year. In second half of 2021 we have intentionally invested in projects to boost revenue in 2022. Hence, several development projects qualified for capitalization, representing potential future revenue, and the capitalization is included in Q4 2021. Of the capitalized amount of NOK 9.8 million in Q4, NOK 3.7 million relates to the period January-September.

In total SmartCraft recognizes NOK 21.7 million in capitalization of development costs in 2021. This constitutes 8.0% of the revenue, which is higher than previous estimations for the year. In Q4 we have invested more in the development of new products and services that will drive future growth. In 2022 we expect the capitalization to be around the same level as for the financial year 2021.

The reported EBITDA in Q4 2021 was NOK 27.6 million. In Q4 2021 SmartCraft expensed the final costs related to the recent acquisitions. Adjusted for these one-time costs the adjusted EBITDA was NOK 28.1 million. The adjusted EBITDA margin for Q4 2021 was 36.8%, which is lower than for the same period last year when the adjusted EBITDA margin was 41.4%. The reduction in adjusted EBITDA margin is to a large extent driven by targeted growth initiatives. Increased sales- and marketing efforts affect margins negatively short-term, but are expected to yield good results going forward. There is also increased cost related to being publicly listed. The most important factor is, however, a dilutive effect of 3.5%-points from the acquisitions of Congrid, HomeRun and Kvalitetskontroll., as these solutions have a considerably lower EBITDA margin than the rest of SmartCraft. Adjusted EBITDA margin without the three recent add-ons is 40.1% in Q4 2021 and 44.1% for the full year 2021 compared to 41.3% year to date December 2020. We regard the latest acquisitions to be very successful additions to the Group, and are confident that we over time will be able to increase EBITDA margin in the acquired solutions.

Depreciations and amortizations were NOK 7.1 million in Q4 2021 compared to NOK 4.8 million in Q4 2020. The increase is a result of the Group's continuous R&D activity and acquisitions.

Operating profit was NOK 20.5 million in Q4 2021 compared to NOK 14.7 million in Q4 2020. The increase was curbed by one-off costs related to the acquisitions, a higher relative share of cost base in the acquired companies, a limited build-up of SmartCraft corporate functions to secure a solid infrastructure for continued growth, including cost related to being publicly listed, and currency translation effects. As planned, SmartCraft has also invested to enable continued short- and long-term growth, which in the short-term has a negative effect on margin and profit growth.

Net financial income was NOK -2.3 million in Q4 2021 compared to NOK -1.0 million in Q4 2020. Financial expense in Q4 2021 is loss on changes in currency rates, while financial expenses in Q4 2020 is mainly interest on debt.

## Cash flow

Cash flow from operating activities was NOK 28.8 million in Q4 2021 and NOK 104.5 million year to date, driven by EBITDA and changes in net working capital. These changes are a result of up-front payment from customers and payables to employees. During 2021, the negative net working capital position, in combination with growth, contributed NOK 16.4 million in operating cash flow for the Group.

Cash flow from investing activities was NOK -10.3 million in Q4 2021 and NOK -109.1 million year to date, driven by net payments for acquisitions in Q4 2020. Capitalized R&D was NOK 9.8 million for Q4 2021, whereof NOK 3.7 million is related to previous periods, compared to NOK 2.7 million for Q4 2020. The corresponding figures were NOK 21.7 million year to date December 2021 and NOK 11.6 million year to date December 2020.

Net cash flow from financing activities was NOK -1.8 million in Q4 2021 and NOK 91.1 million year to date, driven by the net proceeds from the equity capital increase in connection with the listing on Oslo Børs Stock Exchange, offset by repayment of loan facilities and redemption of preference shares.

## Financial position

SmartCraft is in a net cash position and is well capitalized to deliver on the stated growth ambitions and M&A strategy.

Total assets amounted to NOK 886.3 million (NOK 690.9 million at the end of 2020), of which cash and cash equivalents amounted to NOK 156.3 million (NOK 79.9 million at the end of 2020). Non-current assets amounted to NOK 700.4 million (NOK 590.3 million at the end of 2020) which primarily consist of goodwill and intangible assets from the Group's R&D and acquisitions.

Total liabilities amounted to NOK 186.9 million (NOK 366.9 million at the end of 2020). The decrease is related to the repayment of loan facilities (NOK 234.5 million), offset mainly by the increase in deferred revenue and other current liabilities.

## Share information

At the end of Q4 2021 SmartCraft ASA had 171.5 million shares. Average number of common shares in 2021 was 155.9 million shares. Including the preference shares the average number of total shares in 2021 was 303.5 million shares. The preference shares were redeemed June 21, 2021.

## Risk factors

Risk factors are described in the information document prepared in connection with the listing on Oslo Børs, published June 24, 2021.

## 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 NOK 10.5 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

### Annual reporting:

- 2021: April 26, 2022
- AGM: May 20, 2022

### Quarterly reporting:

- Q1 2022: May 24, 2022
- Q2 and half-yearly 2022: August 25, 2022
- Q3 2022: November 15, 2022

# Condensed Consolidated Financial Statements

## Consolidated Statement of Comprehensive Income

<i>Amounts in NOK (thousands)</i>	Q4'21	Q4'20	FY'21	FY'20
Revenue from customers	76 153	55 221	270 762	195 941
<b>Total operating revenue</b>	<b>76 153</b>	<b>55 221</b>	<b>270 762</b>	<b>195 941</b>
Purchase of goods and services	6 475	5 936	22 866	19 523
Payroll and related expenses	28 105	21 257	104 986	74 559
Other operating expenses	13 933	8 542	62 304	25 197
Depreciation and amortization	7 149	4 763	22 726	17 053
<b>Total operating expenses</b>	<b>55 663</b>	<b>40 499</b>	<b>212 882</b>	<b>136 331</b>
<b>Operating profit (loss) before financial items and tax</b>	<b>20 490</b>	<b>14 722</b>	<b>57 880</b>	<b>59 610</b>
Financial income	2 897	1 230	5 615	8 029
Financial expenses	(5 239)	(2 268)	(14 334)	(15 201)
<b>Financial income (expense), net</b>	<b>(2 342)</b>	<b>(1 038)</b>	<b>(8 720)</b>	<b>(7 172)</b>
<b>Profit (loss) before tax</b>	<b>18 148</b>	<b>13 684</b>	<b>49 160</b>	<b>52 438</b>
Tax expense	8 017	6 424	14 545	13 298
<b>Profit (loss)</b>	<b>10 131</b>	<b>7 260</b>	<b>34 616</b>	<b>39 140</b>
<b>Other comprehensive income</b>				
Items that will be reclassified to profit or loss:				
Currency translation differences, net of tax	(7 309)	196	(18 075)	15 787
<b>Total</b>	<b>(7 309)</b>	<b>196</b>	<b>(18 075)</b>	<b>15 787</b>
<b>Total comprehensive income</b>	<b>2 823</b>	<b>7 456</b>	<b>16 540</b>	<b>54 927</b>

## Consolidated Statement of Financial Position

### ASSETS

<i>Amounts in NOK (thousands)</i>	<b>31.12.21</b>	<b>31.12.20</b>
Deferred tax assets	-	-
Goodwill	491 134	421 900
Intangible assets	187 480	146 977
Right to use assets	17 009	17 111
Tangible Assets	4 732	4 353
<b>TOTAL NON-CURRENT ASSETS</b>	<b>700 355</b>	<b>590 341</b>
Inventory	73	55
Other current assets	4 987	4 032
Other current financial assets	-	69
Accounts Receivable	24 583	16 454
Cash and cash equivalents	156 277	79 902
<b>TOTAL CURRENT ASSETS</b>	<b>185 919</b>	<b>100 512</b>
<b>TOTAL ASSETS</b>	<b>886 274</b>	<b>690 853</b>

**EQUITY AND LIABILITIES***Amounts in NOK (thousands)*

	31.12.21	31.12.20
Share capital	1 715	4 497
Share premium	605 893	244 193
Retained earnings	97 987	63 371
Other components of equity	(6 223)	11 853
<b>TOTAL EQUITY</b>	<b>699 372</b>	<b>323 914</b>
Non-current financial liabilities	1 158	171 339
Non-current lease liabilities	9 913	10 728
Deferred tax liabilities	33 469	28 993
<b>Total non-current liabilities</b>	<b>44 540</b>	<b>211 060</b>
Deferred revenue	59 593	41 627
Current portion of lease liabilities	6 952	6 047
Accounts payable	6 501	5 567
Taxes payable	18 369	8 053
Other current financial liabilities	(0)	64 877
Other current liabilities	50 947	29 709
<b>Total current liabilities</b>	<b>142 362</b>	<b>155 879</b>
<b>TOTAL LIABILITIES</b>	<b>186 902</b>	<b>366 939</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>886 274</b>	<b>690 853</b>

## Consolidated Statement of Changes in Equity

<i>Amounts in NOK (thousands)</i>	Share capital	Share premium	Other components of equity	Retained earnings	Total equity
<b>Total equity 31.12.19</b>	<b>4 380</b>	<b>227 752</b>	<b>(3 934)</b>	<b>24 231</b>	<b>252 429</b>
Profit / (-) loss for the period	-	-	-	39 140	39 140
Other comprehensive income	-	-	15 787	-	15 787
Capital increase 22.01.20	10	800	-	-	810
Capital increase 02.03.20	7	494	-	-	500
Capital increase 30.12.20	100	15 147	-	-	15 248
<b>Total equity 31.12.20</b>	<b>4 497</b>	<b>244 193</b>	<b>11 853</b>	<b>63 371</b>	<b>323 914</b>
Profit / (-) loss for the period	-	-	-	34 616	34 616
Other comprehensive income	-	-	(18 075)	-	(18 075)
Capital decrease 21.06.21	(3 109)	(205 864)	-	-	(208 973)
Capital increase 22.06.21	284	489 219	-	-	489 503
Capital increase 05.07.21	38	67 732	-	-	67 770
Capital increase 09.07.21	5	10 613	-	-	10 618
<b>Total equity 31.12.21</b>	<b>1 715</b>	<b>605 893</b>	<b>(6 223)</b>	<b>97 987</b>	<b>699 372</b>

## Consolidated Cash Flow Statement

<i>Amounts in NOK (thousands)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
<b>Operating activities</b>				
Profit before tax	18 148	13 684	49 160	52 438
Paid taxes	(1 518)	(3 491)	(5 811)	(7 258)
Depreciation	2 548	2 364	10 085	8 310
Amortisation of intangible assets	4 602	2 395	12 641	8 743
Accrued interest expense	-	(60)	-	(385)
Items classified as investing or financing activities	2 147	5 781	22 090	16 101
<b>Net cash provided from operating activities before net working capital changes</b>	<b>25 927</b>	<b>20 673</b>	<b>88 165</b>	<b>77 948</b>
<b>Working capital adjustments:</b>				
Changes in accounts receivable	374	2 141	(5 672)	182
Changes in deferred revenue	(3 897)	1 821	6 572	11 745
Changes in accounts payable	(949)	2 842	(72)	1 728
Changes in all other working capital items	7 096	(3 788)	15 536	6 863
<b>Net cash provided from operating activities</b>	<b>28 551</b>	<b>23 690</b>	<b>104 529</b>	<b>98 466</b>
<b>Investing activities</b>				
Investments in tangible and intangible assets	(104)	(169)	(377)	(1 280)
Payments for acquisitions	-	(69 101)	(81 477)	(69 101)
Acquisition transaction costs	(414)	(3 106)	(5 481)	(3 106)
Payments for software development costs	(9 829)	(2 667)	(21 737)	(11 579)
<b>Net cash used in investing activities</b>	<b>(10 348)</b>	<b>(75 042)</b>	<b>(109 073)</b>	<b>(85 066)</b>
<b>Financing activities</b>				
Cash proceeds from capital increases	-	-	567 770	500
Cash proceeds from loan facilities	-	60 000	-	60 000
Downpayment on loan facilities	(51)	-	(234 597)	(14 280)
Interest payments	(17)	(1 844)	(4 794)	(7 751)
Repayments of capital decreases	-	-	(208 973)	-
Repayments of lease liabilities	(1 716)	(831)	(6 783)	(5 244)
Other financial items	-	-	(21 529)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(1 784)</b>	<b>57 325</b>	<b>91 095</b>	<b>33 225</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16 420</b>	<b>5 974</b>	<b>86 551</b>	<b>46 625</b>
Cash and cash equivalents at the beginning of period*	145 251	76 878	79 902	39 971
Foreign currency effects on cash and cash equivalents	(5 394)	(2 950)	(10 177)	(6 694)
<b>Cash and cash equivalents at end of period*</b>	<b>156 277</b>	<b>79 902</b>	<b>156 277</b>	<b>79 902</b>

\* 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 4th quarter 2021 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 2020.

## Note 2 Revenue

<i>Amounts in NOK (thousands)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>	<i>Revenue recognition</i>
Fixed price subscriptions	65 924	46 239	232 596	165 613	Over time
Transaction priced subscriptions (add-on features)	7 273	4 833	24 918	16 555	Point in time
<b>Total recurring revenue</b>	<b>73 197</b>	<b>51 072</b>	<b>257 514</b>	<b>182 169</b>	
Non-recurring revenue	2 956	4 149	13 248	13 772	Point in time
<b>Total revenue</b>	<b>76 153</b>	<b>55 221</b>	<b>270 762</b>	<b>195 941</b>	

## Note 3 Earnings per share

		<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Profit for the year due to holders of shares	TNOK	10 131	7 260	34 616	39 140
Average numbers of shares*		171 522 305	135 841 259	155 857 151	135 722 423
<b>Earning per share</b>	<b>NOK</b>	<b>0.06</b>	<b>0.05</b>	<b>0.22</b>	<b>0.29</b>

\* Refers to the Group's common shares as SmartCraft redeemed all of its preference shares in June 2021. From June 21, 2021 SmartCraft has only one class of shares, common shares. Earning per share is calculated per common share both for 2021 and 2020. Common shares were split 1:100 in 2021 and for comparison purposes this is adjusted for both 2021 and 2020.

# 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.

<i>Amounts in NOK (thousands)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Revenue from customers	76 153	55 221	270 762	195 941
<b>Total operating revenue</b>	<b>76 153</b>	<b>55 221</b>	<b>270 762</b>	<b>195 941</b>

<i>Amounts in NOK (thousands)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
EBITDA	27 639	19 485	80 606	76 663
Adjustments of special items	414	3 403	27 857	4 271
<b>Adjusted EBITDA</b>	<b>28 054</b>	<b>22 888</b>	<b>108 463</b>	<b>80 934</b>

EBITDA-margin	36.3 %	35.3 %	29.8 %	39.1 %
Adjusted EBITDA-margin	36.8 %	41.4 %	40.1 %	41.3 %

<i>Amounts in NOK (thousands)</i>	<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Adjusted EBITDA	28 054	22 888	108 463	80 934
Capitalized development expenses	9 829	2 667	21 737	11 579
<b>Adjusted EBITDA - CAPEX margin</b>	<b>23.9 %</b>	<b>36.6 %</b>	<b>32.0 %</b>	<b>35.4 %</b>

		<b>Q4'21</b>	<b>Q4'20</b>	<b>FY'21</b>	<b>FY'20</b>
Annual Recurring Revenue (ARR) (EoP)	TNOK	266 843	204 589	266 843	204 589
Recurring revenue		96.1 %	92.5 %	94.9 %	93.0 %
Average Revenue per Customer (ARPC)	NOK	26 668	25 246	26 994	23 063
Churn rate (Annualized / R12m)		6.1 %	6.0 %	6.3 %	5.7 %

