



Q3 2022 report

SmartCraft ASA

November 1st 2022



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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. This is especially true for small and medium enterprises, but our specialized software is also used by large installation companies, as many of the processes in the field and in the office are the same. 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 stick with their analogue processes will be left behind.

Best-of-breed

We offer best-of-breed software. This means that our solutions are tailor-made 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 customers. 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 customers. We emphasize innovation and in 2021 8% of our revenue was invested in 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. 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 cloud based and easy to implement. Looking at the cost per month for a new SmartCraft customer, the take-rate is very low compared to the total cost base. For a customer, 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 service needs in private and public sector

- Increasing aging buildings in need of renovation
- Services include renovation, upgrades and maintenance of existing buildings



Increasing demand for detailed digital documentation

- Regulatory offices
- Consumers



Digitally maturing users and software

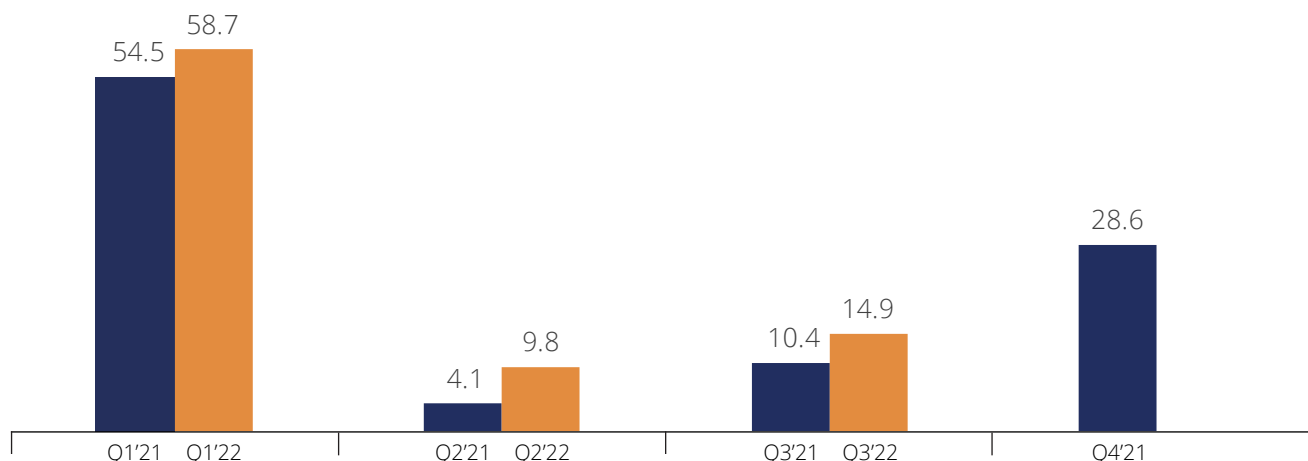
- Apps and SaaS solutions drive adoption
- Younger more digital workforce

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 have been able to combine this with an adjusted EBITDA margin around 40%. We are continuously investing in product development to secure future growth, but in the profitable growth mindset we are focusing on maintaining a high margin before any capitalization is made.

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 Q3 2022.

Operating cash flow, MNOK



Q1 is seasonally strong as the majority of 12-months subscriptions are invoiced in January.

Significant growth ambitions

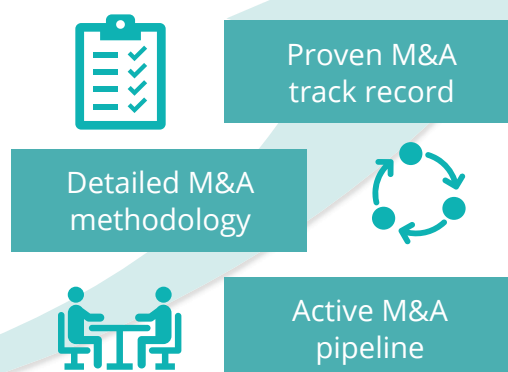
Looking ahead, we continue to follow our strategy of profitable organic growth and M&A driven consolidation. We have a strong financial foundation following the successful listing on Oslo Børs in 2021, providing a solid balance sheet and a broad, international investor base. Hence, our growth strategy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

Organic growth: Further optimization of marketing and sales

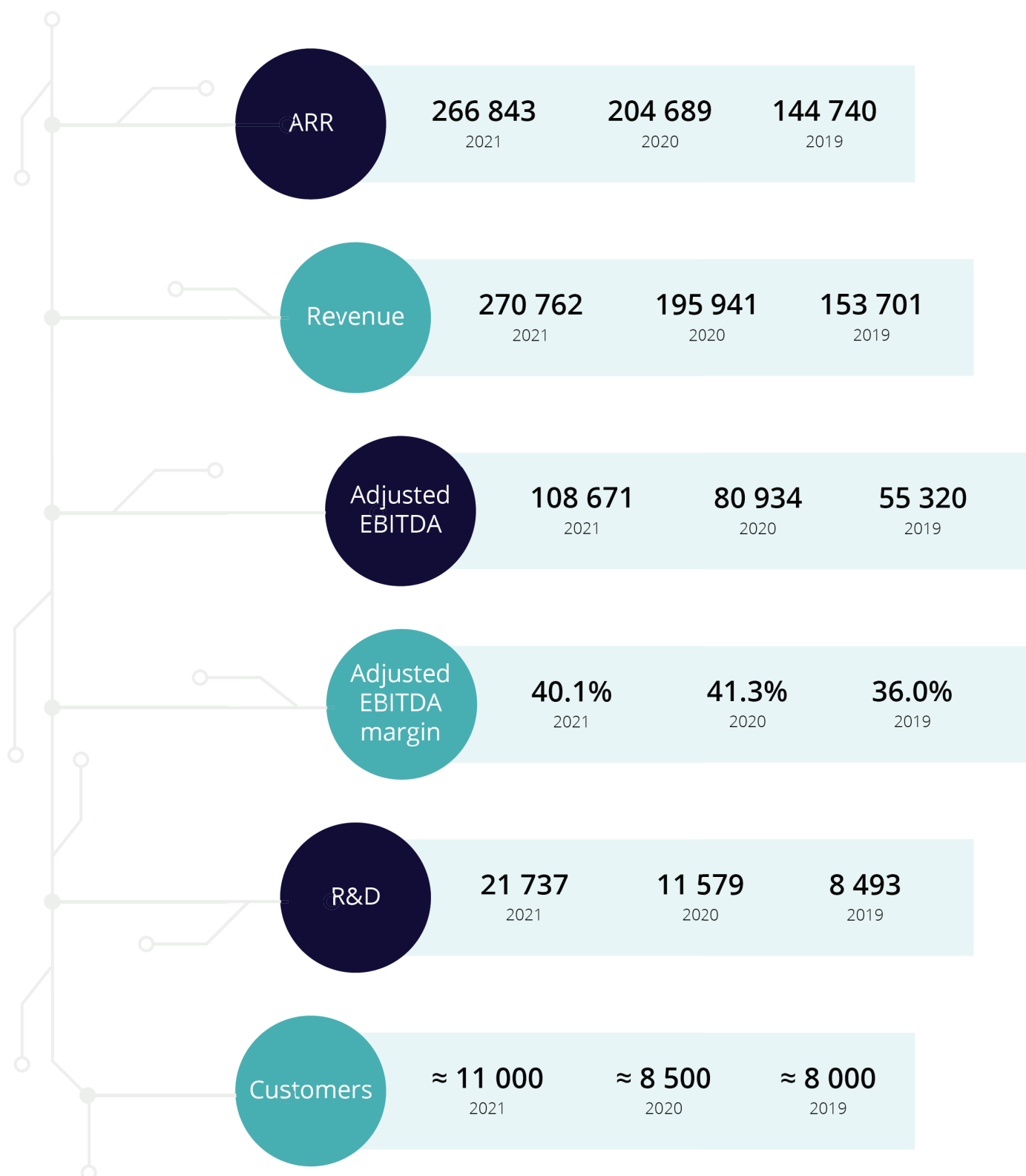


M&A in existing and new geographies



Historical key figures

Amounts in NOK (thousands)



Letter from the CEO

SmartCraft is the leading provider of business-critical SaaS solutions for the Nordic construction industry and I am pleased to report continued strong growth and profitability momentum in the third quarter. We continued to build a solid base of customers and solutions, leading to 19 percent growth in recurring revenue and improved EBITDA margin and cash flow. We also successfully executed on our acquisition strategy, adding another strategic and accretive acquisition to our portfolio in the beginning of October.

SmartCraft operates in a large and underpenetrated market. The majority of the small and medium-sized enterprises (SMEs) in this industry have yet to digitalize their mission critical processes, the processes that really provide value or cost to their businesses. Our solutions target SMEs in the construction industry and our mission is to digitalize their manual processes.



“97 percent recurring revenue and 19 percent recurring revenue growth, combined with a continuously low churn at 5 percent, shows the strength of our business model”

The market for our solutions remains strong, despite a gloomy macro picture and rising concerns around slowdown in the construction industry. Our customers report continued high activity, but with lower future visibility and somewhat increased uncertainty.

SmartCraft is well positioned for growth and resilience even in a slower market environment:

- Our customers are mainly small and medium sized enterprises, and this segment is historically less affected by economic slowdown as their businesses are based on smaller projects, renovation, upgrades and maintenance, segments that have proven to fluctuate less than the market in total
- Our transactional revenue, typically related to customers' incoming and outgoing invoices, grew organically by 19 percent in Q3 2022, supporting our findings that our customers' activity level remains high
- Customer revenue churn is stable at 5 percent
- We have a good pipeline of new opportunities and historically we convert more than 50 percent of the customer meetings with new customers to sales
- In Q3 2022 recurring revenue grew organically by 19 percent. Recurring revenue now accounts for 97 percent of our revenue. The recurring revenue growth, combined with a sustained low churn at 5 percent, shows the strength of our business model.

“In Q3 2022 our adjusted EBITDA margin grew by 2 percentage points to 39 percent compared to Q3 last year”

We have a long history of profitable growth, and we are committed to our medium-term targets to grow margins. In Q3 2022 our adjusted EBITDA margin grew by 2 percentage points to 39 percent compared to Q3 last year. The positive margin development also proves that we manage to improve the profitability of the companies we have acquired.

“We are uniquely positioned with no financial debt, a healthy margin and a negative net working capital of 34 percent. Hence, we are self-funded with an average cash conversion of 110 percent and are in a strong cash situation”

SmartCraft is uniquely positioned with strong organic growth and a very healthy margin. We have no financial debt and a negative net working capital of 34 percent. Hence we are self-funded with an average cash conversion of 110 percent. With our strong cash situation, we are in an excellent position to invest in organic growth and acquisitions.

We believe in a strong market and with our best-of-breed SaaS solutions and a highly skilled team we stay very optimistic about the future market opportunities. We are confident about achieving our medium-term targets of annual organic revenue growth of 15-20 percent and growing EBITDA margins due to the scalability of the business.

“Our medium-term targets of annual organic revenue growth of 15-20 percent and growing EBITDA margins due to the scalability of the business stay firm”

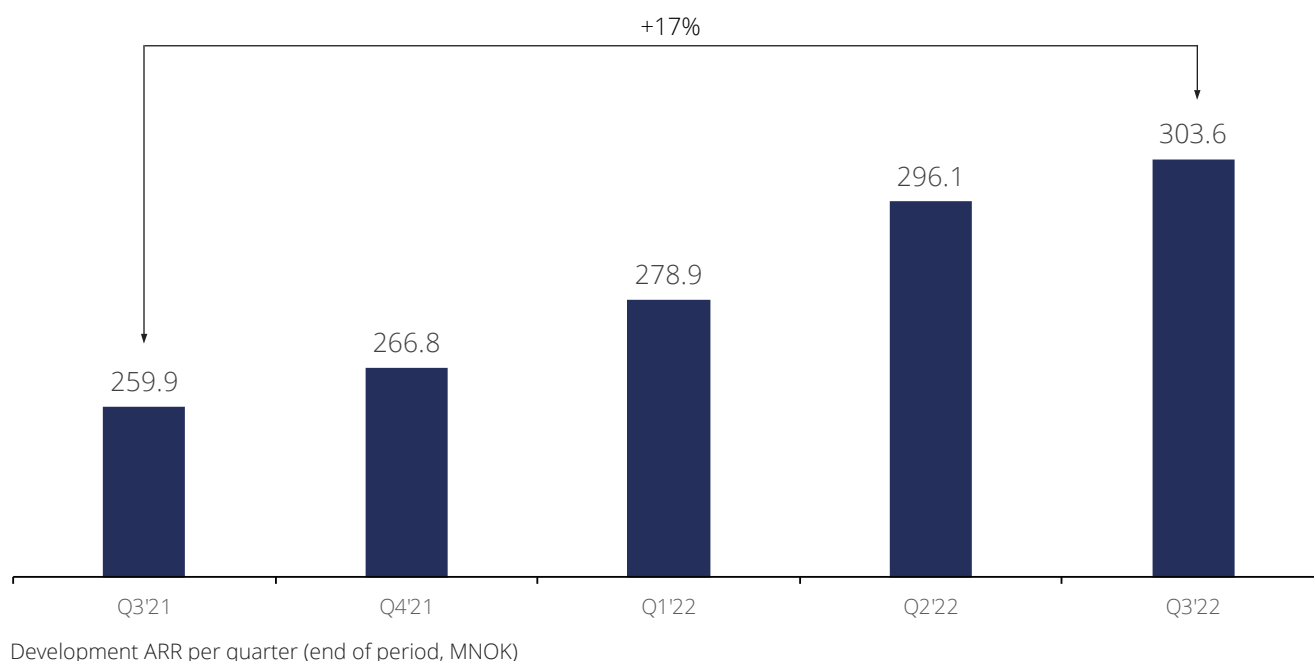


Gustav Line
CEO



Q3 2022 in Brief

Quarterly financial highlights



Amounts in NOK (millions)	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Annual Recurring Revenue	303.6	259.9	303.6	259.9	266.8
Revenue	82.4	72.2	243.1	195.3	270.8
Adjusted EBITDA	32.0	26.5	94.5	80.8	108.7
Adjusted EBITDA-margin	38.8%	36.7%	38.9%	41.4%	40.1%
Adjusted EBITDA - capex margin	33.1%	32.0%	32.4%	35.3%	32.0%
Churn rate (R12m)	5.2%	6.2%	5.2%	6.2%	6.3%

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

Operational development

Annual Recurring Revenue (ARR) was NOK 303.6 million at the end of Q3 2022, a growth of 17 percent compared to Q3 2021. The growth was driven by an increased number of customers and the acquisition of Kvalitetskontroll in July 2021 and Elverdi in June 2022. ARR growth was 17 percent in Q3 2022 compared to Q3 2021. The organic ARR growth was 16 percent. New sales in the third quarter is normally seasonally lower than in the rest of the year, affected negatively by the summer holiday months in the Nordics in July and August.

Organic revenue growth was 16 percent. The growth was driven by continued good sales performance for the SmartCraft's SaaS solutions earlier in the year and in the third quarter. Sales- and marketing investments earlier in 2022, combined with marketing and sales activities during Q3 has resulted in a good sales pipeline towards the end of 2022. Prospect customers well appreciate that SmartCraft's solutions has the potential to increase productivity and profitability for customers. At the same, the somewhat uncertain market outlook leads craftsmen to focus more on utilizing the currently strong market demand, leaving less time for development of their internal processes and conversations with SmartCraft's sales team short-term. For SmartCraft, this leads to a somewhat more time-consuming sales process than normal.

"The SaaS based operating model of SmartCraft leads to strong scalability, and at the same time, margins in acquired companies with lower margins have been improved."

We continue our initiatives to make sure our customers utilize our solutions to its potential, so they get good value of their investments. We use digital tools to track usage automatically and provide automatic online help in the solutions. Together with a range of other initiatives, this results in a customer revenue churn of only 5 percent in the third quarter 2022, compared to 6 percent in Q3 2021.

SmartCraft reported an adjusted EBITDA margin of 39 percent in Q3, an improvement from 37 percent in Q3 2021. The SaaS based operating model of SmartCraft leads to strong scalability, and at the same time, margins in acquired companies with lower margins have been improved.

Market survey

In the third quarter we released the "SmartCraft Digimeter 2022 report". The report is based on the findings from a survey of Swedish construction companies <https://smartcraft.com/digimeter/>. The report is the first in a planned series of surveys and is a good proof point for the need for mission critical digital tools for the industry, and that the penetration is still relatively low.



Shift to recurring revenue models

During the third quarter we have continued to optimize our organization for scale and to serve our customers in the best ways. We have a strong focus on lowering the investment bar for potential customers and make sure they have predictable low costs. Today our customers pay an average of NOK 7 pr user pr day, and there is an upside potential to increase this low price in the future.

"Today our customers pay an average of NOK 7 pr user pr day, and there is an upside potential to increase this low price in the future"

In Q3 2022 we continue to focus on shifting customer non-recurring revenue to recurring revenue contracts to provide more predictability and stability for our customers and SmartCraft. We reduced non-recurring revenue by 35 percent in Q3 2022 compared to Q3 2021 and as a result recurring revenue in Q3 2022 reached a record of 97 percent of total revenue.

"In Q3 2022 we continued shifting non-recurring revenue to contractual recurring revenue to provide more predictability and stability for our customers and SmartCraft. As a result, recurring revenue in Q3 2022 accounts for 97 percent of total revenue"

Organization

After nine acquisitions the last years we have started to align and synergize parts of our organization and the way we do business. In the beginning of October, we launched the amended leadership team with a good balance of different experiences and gender.



Gustav Line
Chief Executive Officer



Kjartan Bø
Chief Financial Officer



Christian Saleki
Chief Technology Officer



Katja Widlund
Chief Marketing Officer



Vivienne B. Karlsen
Country Manager Norway



Hanna Konyi
Country Manager Sweden



Timo Makkonen
Country Manager Finland

By organizing business by country, we will better execute in alignment towards the same partners, customer domains and customers. Today we have several solutions addressing for example electrician companies. To a certain extent these solutions compete for customer attention and against each other. By aligning our marketing, sales and development initiatives where it makes sense, we believe we can scale better.

Increased focus on the “Electro domain”

With rising energy prices and need for energy efficiency, we see a clear potential for our solutions aimed at electrician companies. We already have a large share of our customers from the electro domain and with the acquisition of Elverdi in June and Inprog in the beginning of October we have 5 best of breed solutions addressing these customers. Aligning our resources will allow for more cross selling and eventually increase our share of wallet from these customers. Going forward we will further investigate how to realize synergies in sales and development.



One hive mindset and a mission to digitalize the construction industry

With a mission of digitalizing the construction industry, we focus significant parts of our product and tech development on features for quick onboarding and maximizing usage of our solutions. We see this as an important factor to speed up the digitalization.

A second focus area is to improve collaboration across our R&D teams. We have a set of best-of-breed products that are highly appreciated by our users and developed by talented people in our R&D and product departments. However, today we tend to occasionally build similar features for the same user groups and therefore not utilize our R&D teams in an optimal way.

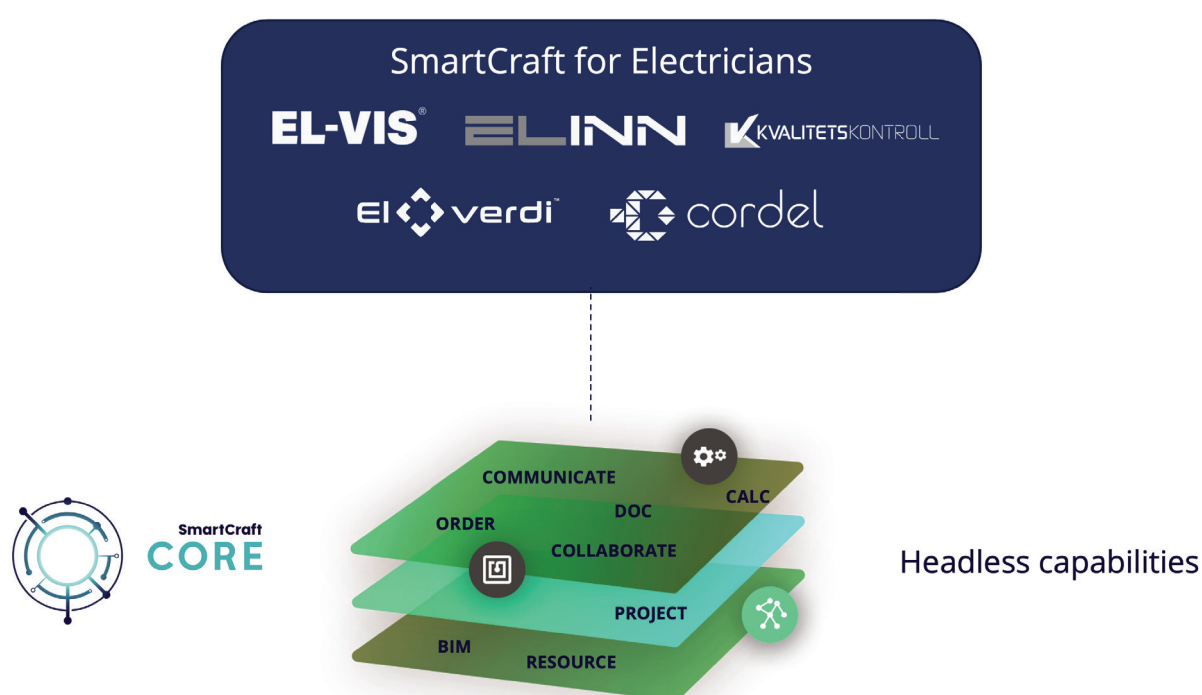
“We believe that organizing our efforts in a more focused manner will be key to our long-term success.”

We have been working on smarter ways to utilize our engineers and our R&D capacity to increase productivity since Q4 2021. Utilizing our capability-based platform SmartCraft Core is an important step in this direction, as resources and functionality can be shared across development teams and solutions in the SmartCraft Group. SmartCraft Core is already in use by our Cordel solution, and more than 2500 daily users are now onboard this platform.

Organizing workflows according to domains

With our latest acquisitions of Inprog in October and Elverdi in June, we now have 5 solutions addressing electrician companies. Since these solutions cover different parts of an electrician's workday, SmartCraft is now organizing them according to a domain that focuses on connecting the dots where it makes sense. This way our solutions fulfil and enrichen each other. By taking a more holistic approach where our solutions provide an eco-system for electricians, we can better support our customers throughout their different processes in their workday.

With a domain approach our ambition is to enrichen our existing solutions for electricians with functionality from SmartCraft Core. This will increase our ability to capture scale in the context of product and technology development. We expect to see the results gradually over the upcoming years.



Segments

SmartCraft is present in three geographical markets, and the revenue distribution is shown below. The acquisition of Elverdi in June 2022 contributed to the growth in Norway.

Geographical distribution of revenue

<i>Amounts in NOK (millions)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Norway	34.7	30.3	101.3	77.0	108.4
Sweden	35.6	32.0	105.2	92.6	126.8
Finland	12.1	9.9	36.6	25.7	35.6
Total revenues	82.4	72.2	243.1	195.3	270.8

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.

Newly acquired Elverdi is included in the Specialized contractors segment.

Apart from Elverdi 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>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Specialized contractors	34.6	30.4	101.8	91.9	123.4
General contractors	47.8	41.8	141.2	103.4	147.4
Total revenue in segments	82.4	72.2	243.1	195.3	270.8
<i>Organic growth in current solutions YoY</i>					
Specialized contractors	11.8%	7.8%	9.0%	10.2%	9.3%
General contractors	19.0%	18.6%	21.7%	22.3%	21.3%

Distribution of adjusted EBITDA per segment*

<i>Amounts in NOK (millions)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Specialized contractors	16.9	14.7	50.3	49.9	64.7
General contractors	19.3	15.3	56.3	36.7	53.1
Total adjusted EBITDA in segments	36.1	30.0	106.7	86.6	117.9

*Excluding SmartCraft ASA

Adjusted EBITDA margin

Specialized contractors	48.7%	48.4%	49.5%	54.3%	52.5 %
General contractors	40.3%	36.6%	39.9%	35.5%	36.0 %

Financial Review

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Revenue from customers	82 440	72 160	243 051	195 283	270 762
Total operating revenue	82 440	72 160	243 051	195 283	270 762
Purchase of goods and services	6 348	5 657	19 884	16 405	22 866
Payroll and related expenses	33 430	30 431	96 483	76 934	104 986
Other operating expenses	11 107	13 259	34 148	48 582	62 598
Total operating expenses	50 885	49 347	150 515	141 921	190 450
EBITDA	31 556	22 813	92 536	53 362	80 312
Adjustments of special items	447	3 673	1 939	27 428	28 359
Adjusted EBITDA	32 003	26 486	94 475	80 790	108 671
Depreciation and amortization	6 910	5 486	20 325	15 647	22 726
Operating profit (loss) before financial items and tax	24 646	17 327	72 211	37 715	57 586
EBITDA-margin	38.3%	31.6%	38.1%	27.3%	29.7%
Adjusted EBITDA-margin	38.8%	36.7%	38.9%	41.4%	40.1%

SmartCraft's consolidated revenues in Q3 2022 grew by 14.2% to NOK 82.4 million, up from NOK 72.2 million in Q3 2021. The revenue growth was driven by the acquisition of Elverdi (June 2022) and continued high organic growth from the Group's SaaS solutions but offset by changes in currency rates.

Quarterly revenue recognition does not correlate with invoicing and customer payment plans. SmartCraft offers payment plans between 1 and 12 months, and on average a customer pays 8 months in advance. This entails there is no seasonality in fixed price revenue from existing customers. Still, Q3 is seasonally slow regarding new sales as July and August are mainly vacation periods. As a result, quarter-over-quarter growth is at a lower level.

The Group has continued its strategy to service all customers SaaS solutions on common SaaS environments. 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 continues to decrease as the migration progresses. By reducing the threshold to become a customer we increase our opportunity to grow ARR.

Organic growth in current solutions YoY	Q3'22	Q3'21	FY'21
Fixed price subscriptions	18.6%	16.0%	18.9%
Transaction priced add-on subscriptions	19.3%	21.1%	27.5%
Total recurring revenue	18.7%	16.5%	19.7%
Non-recurring revenue	(34.9%)	(19.4%)	(27.8%)
Total revenue	15.9%	14.4%	15.8%

The Q3 2022 adjusted EBITDA margin is affected negatively with 0.3%-points due to lower margins in the acquired company Elverdi. The recent acquisitions affect the YTD 2022 adjusted EBITDA margin negatively with 1.1%-points. SmartCraft is well on track to increase the margin in the recently acquired companies. Our approach to increasing the margin is not by cost-cutting, but first and foremost helping the companies to better scale and grow, creating a long-term business advantage. These adjustments may vary in time and are not regarded as an onboarding item but as a continuous enhancement of business management.

The reported EBITDA in Q3 2022 was NOK 31.6 million. Adjusted EBITDA was NOK 32.0 million. The adjusted EBITDA margin for Q3 2022 was 38.8%, compared to 36.7% in Q3 2021. Note that the principles for holiday pay accruals are changed in 2022. If the same principles are applied for 2021 the Q3 2021 adjusted EBITDA is 34.9%.

SmartCraft plans 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 4.7 million in capitalization of development costs in Q3 2022, which constitutes 5.7% of revenue. Although Q3 was expected to be lower due to vacation, capitalized amount was further reduced as we are selective in recruitments and open positions are not filled posthaste.

Depreciations and amortizations were NOK 6.9 million in Q3 2022 compared to NOK 5.5 million in Q3 2021. The increase is a result of the Group's continuous R&D activity and acquisitions.

Cash flow

Cash flow from operating activities was NOK 14.9 million in Q3 2022 compared to NOK 10.4 million in Q3 2021. The increase in operating activities is primarily due to operational growth.

Cash flow from investing activities was NOK -5.3 million in Q3 2022, driven by capitalized R&D.

Net cash flow from financing activities was NOK 2.7 million in Q3 2022. The cash provided relates to the capital increase in the long-term incentive program (LTIP). Details on the LTIP are included in the remuneration guidelines.

Financial position

SmartCraft has a solid balance sheet. The Group is in a net cash position and has a negative net working capital of NOK 109.0 million, is self-funded and well capitalized to deliver on the stated growth ambitions and M&A strategy.

Total assets amounted to NOK 964.2 million (NOK 886.2 million at the end of 2021), of which cash and cash equivalents amounted to NOK 202.9 million (NOK 156.3 million at the end of 2021). Non-current assets amounted to NOK 725.5 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 192.3 million (NOK 184.6 million at the end of 2021). The increase is related to the increase in deferred revenue and taxes payable.

Share information

At the end of Q3 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 in SmartCraft ASA.

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.

As a result of increasing interest rates and high inflation, the uncertainty in the macro picture has increased in SmartCraft's markets. Our customers report continued high activity, but with lower future visibility due to the increased uncertainty. Historically, SmartCraft's target segments have been relatively resilient against economic slowdown as they are less dependent on large construction projects that tend to be postponed during periods of slowdown. SmartCraft has a relatively high exposure to the electro segment. This segment tends to be more resilient than the rest of the market and as the electricity prices are at record high levels there is an increasing demand for services to be more energy efficient. All in all, this leads to a maintained positive view on the future outlook for SmartCraft.

Financial calendar

Quarterly reporting:

- Dates for financial reporting in 2023 will be available at the end of 2022.

Other market activity:

- SmartCraft arranges roadshow and attends several conferences during H2 2022.
See smartcraft.com/investor-relations for complete list.

Condensed Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Revenue from customers	82 440	72 160	243 051	195 283	270 762
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Other operating expenses	11 107	13 259	34 148	48 582	62 598
Depreciation and amortization	6 910	5 486	20 325	15 647	22 726
Total operating expenses	57 794	54 832	170 840	157 568	213 176
Operating profit (loss) before financial items and tax	24 646	17 327	72 211	37 715	57 586
Financial income	8 094	1 034	13 076	4 009	5 615
Financial expenses	(6 988)	(538)	(11 167)	(10 403)	(14 334)
Financial income (expense), net	1 106	496	1 909	(6 395)	(8 720)
Profit (loss) before tax	25 751	17 824	74 120	31 320	48 867
Tax expense	5 099	2 730	14 416	6 597	12 171
Profit (loss)	20 652	15 094	59 703	24 724	36 696
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Currency translation differences, net of tax	5 143	(1 529)	5 659	(5 084)	(17 843)
Total	5 143	(1 529)	5 659	(5 084)	(17 843)
Total comprehensive income	25 795	13 564	65 363	19 639	18 853

Consolidated Statement of Financial Position

ASSETS

<i>Amounts in NOK (thousands)</i>	Sept 30th 2022	Sept 30th 2021	Dec 31th 2021
Deferred tax assets	-	-	-
Goodwill	506 643	515 642	491 223
Intangible assets	200 428	152 499	187 378
Right to use assets	14 344	17 720	17 009
Tangible Assets	4 062	5 855	4 732
TOTAL NON-CURRENT ASSETS	725 477	691 715	700 341
Inventory	71	82	73
Other current assets	7 834	4 559	4 987
Accounts Receivable	27 920	24 957	24 583
Cash and cash equivalents	202 881	145 251	156 277
TOTAL CURRENT ASSETS	238 706	174 849	185 919
TOTAL ASSETS	964 183	866 564	886 261

EQUITY AND LIABILITIES*Amounts in NOK (thousands)*

	Sept 30 th 2022	Sept 30 th 2021	Dec 31 th 2021
Share capital	1 715	1 715	1 715
Share premium	605 893	605 893	605 893
Retained earnings	159 770	88 095	100 067
Other components of equity	(332)	6 768	(5 990)
Non-controlling interests	4 881	-	-
TOTAL EQUITY	771 928	702 471	701 685
Non-current financial liabilities	-	1 208	1 158
Non-current lease liabilities	7 027	10 617	9 913
Deferred tax liabilities	32 685	26 179	34 637
Total non-current liabilities	39 712	38 005	45 708
Deferred revenue	74 295	63 490	59 593
Current portion of lease liabilities	7 767	6 969	6 952
Accounts payable	7 877	7 450	6 501
Taxes payable	20 810	11 882	14 216
Other current liabilities	41 794	36 295	51 607
Total current liabilities	152 543	126 088	138 869
TOTAL LIABILITIES	192 255	164 093	184 576
TOTAL EQUITY AND LIABILITIES	964 183	866 564	886 261

Consolidated Statement of Changes in Equity

<i>Amounts in NOK (thousands)</i>	Share capital	Share premium	Other components of equity	Retained earnings	Non-controlling interest	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	-	-	-	59 703	-	38 359
Other comprehensive income	-	-	5 659	-	-	1 407
Capital increase 13.07.2022	-	-	-	-	4 881	4 881
Total equity 30.09.2022	1 715	605 893	(332)	159 770	4 881	771 928

Consolidated Cash Flow Statement

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Operating activities					
Profit before tax	25 751	17 824	74 120	31 320	48 867
Paid taxes	(2 771)	(2 841)	(10 268)	(4 536)	(5 811)
Depreciation	3 400	2 791	10 032	7 562	10 085
Amortisation of intangible assets	3 510	2 695	10 293	8 085	12 641
Accrued interest expense	-	1	-	(789)	-
Items classified as investing or financing activities	175	5 491	1 071	19 562	38 759
Net cash provided from operating activities before net working capital changes	30 066	25 960	85 249	61 204	104 540
<i>Working capital adjustments:</i>					
Changes in accounts receivable	(7 277)	(317)	(2 973)	(6 046)	(5 837)
Changes in deferred revenue	(7 976)	(8 781)	13 960	10 470	6 572
Changes in accounts payable	2 728	(1 326)	1 252	877*	(67)
Changes in all other working capital items	(2 618)	(5 168)	(10 559)	1 280	1 316
Net cash provided from operating activities	14 923	10 368	86 928	67 785	106 524
Investing activities					
Investments in tangible and intangible assets	(536)	(80)	(1 363)	(142)	(397)
Payments for acquisitions	-	(44 524)	(19 308)	(72 215)	(71 734)
Acquisition transaction costs	-	(1 710)	(438)	(5 052)	(5 775)
Payments for software development costs	(4 697)	(3 375)	(15 832)	(11 920)	(21 737)
Foreign currency effect	(48)	-	(180)	-	178
Net cash used in investing activities	(5 281)	(49 688)	(37 122)	(89 329)	(99 465)
Financing activities					
Cash proceeds from capital increases	4 881	67 770	4 881	567 770	551 287
Cash proceeds from loan facilities	-	-	-	-	-
Downpayment on loan facilities	-	(93)	(2 014)	(234 547)	(235 434)
Interest payments	(172)	(17)	(634)	(4 794)	(4 794)
Repayments of capital decreases	-	-	-	(208 973)	(208 973)
Repayments of lease liabilities	(1 944)	(1 801)	(5 656)	(4 684)	(6 783)
Other financial items	(30)	(18 460)	(136)	(21 529)*	(21 407)
Net cash provided by (used in) financing activities	2 735	47 399	(3 559)	93 244	73 896
Net increase (decrease) in cash and cash equivalents	12 377	8 078	46 248	71 700	80 956
Cash and cash equivalents at the beginning of period**	189 349	138 441	156 277	77 868	79 902
Foreign currency effects on cash and cash equivalents	1 156	(1 268)	357	(4 317)	(4 581)
Cash and cash equivalents at end of period**	202 881	145 251	202 881	145 251	156 277

* In the Q2 2021 report, IPO expenses were included in account payable and net working capital. In the Q3 2021 report the cost items were reclassified as financing items.

** 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 3rd 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, except for the accrual of holiday pay. Where holiday pay earlier was expensed at the time the obligation arised, holiday pay are now expensed at the time holiday leave is carried out.

The effect of the change in accrual is a shift of expenses between the quarters, while the total annual expense remains the same.

For further information on accounting policies see the Annual Report 2021.

Note 2 Revenue

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	Revenue recognition
Fixed price subscriptions	73 262	63 055	212 407	167 249	Over time
Transaction priced subscriptions (add-on features)	6 790	5 940	20 998	17 730	Point in time
Total recurring revenue	80 053	68 995	233 406	184 979	
Non-recurring revenue	2 388	3 165	9 646	10 304	Point in time
Total revenue	82 440	72 160	243 051	195 283	

Note 3 Earnings per share

		Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Profit for the period due to holders of shares	TNOK	20 652	15 094	59 703	24 724	36 696
Profit allocated to redeemed preference shares	TNOK	-	-	-	7 282	7 282
Profit allocated to common shares	TNOK	20 652	15 094	59 703	17 441	29 413
Average numbers of common shares		171 522 305	171 310 500	171 522 305	150 501 050	155 857 151
Earning per share	NOK	0.12	0.09	0.35	0.12	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.

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Revenue from customers	82 440	72 160	243 051	195 283	270 762
Total operating revenue	82 440	72 160	243 051	195 283	270 762

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
EBITDA	31 556	22 813	92 536	53 362	80 312
Adjustments of special items	447	3 673	1 939	27 428	28 359
Adjusted EBITDA	32 003	26 486	94 475	80 790	108 671

<i>EBITDA-margin</i>	38.3%	31.6%	38.1%	27.3%	29.7%
<i>Adjusted EBITDA-margin</i>	38.8%	36.7%	38.9%	41.4%	40.1%

<i>Amounts in NOK (thousands)</i>	Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Adjusted EBITDA	32 003	26 486	94 475	80 790	108 671
Capitalized development expenses	4 697	3 375	15 832	11 920	21 737
Adjusted EBITDA - CAPEX margin	33.1%	32.0%	32.4%	35.3%	32.0%

		Q3'22	Q3'21	YTD'22	YTD'21	FY'21
Annual Recurring Revenue (ARR) (EoP)	TNOK	303 586	259 925	303 586	259 925	266 843
Recurring revenue		97.1%	96.1%	96.0%	94.5%	94.9%
Average Revenue per Customer (ARPC)	NOK	27 640	27 903	27 239	27 102	26 994
Churn rate (R12m) (EoP)		5.2%	6.2%	5.2%	6.2%	6.3%

