SmartCraft

BETTER DIGITAL TOOLS

Q2 2023 REPORT

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. 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.

Our solutions are used by our customers even before they have won a contract. As a natural part of the sales process, our solutions enable our customers to be more efficient and precise in their offers. 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. 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 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 too. 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 to our customers. We expect to invest 10-11% of our revenue in product and technology development in 2023 to further increase our potential to increase growth.

The craftsman's office is in the car or outside on a worksite. 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. As a market leader we have 12 000 customers, showcasing the low market penetration. 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

Lack of skilled workers

- Need for skilled construction workers globally
- Aging workforce and lack of recruitment

Increasing demand for detailed digital documentation

- Regulatory offices
- Consumers

Digitally maturing users and software

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

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

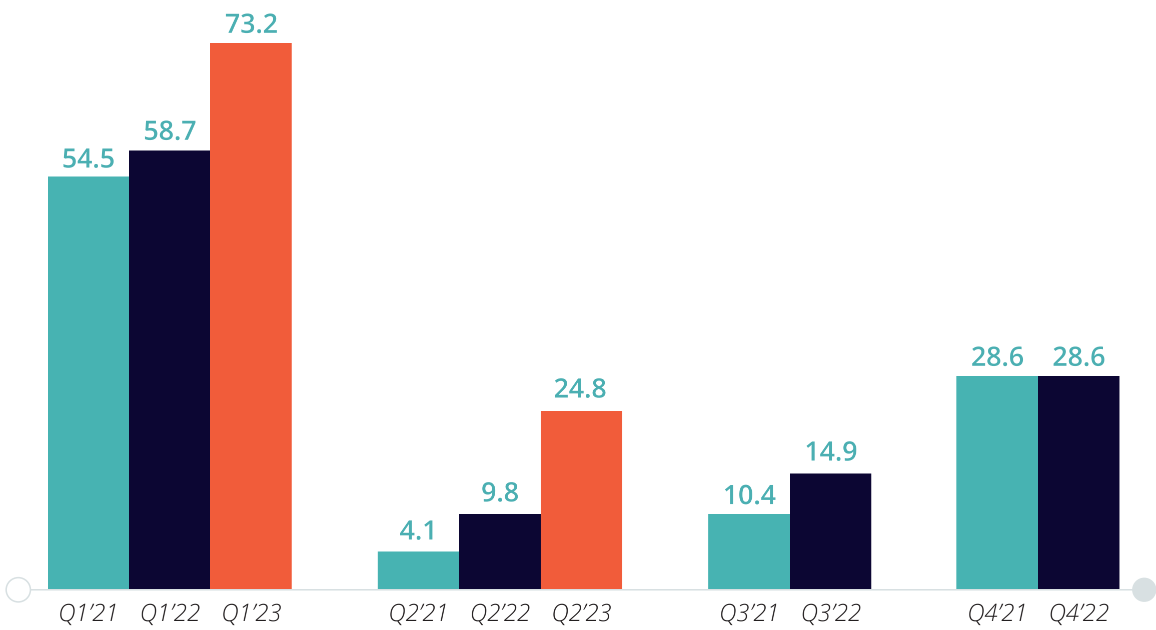
ATTRACTIVE BUSINESS MODEL

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 percent, gives us a strong business model. We are increasing our revenue by 15-20 percent organically and expect to do so for years to come, and we have been able to combine this with a scalable adjusted EBITDA margin. 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 strength of 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 consistent low annual churn of 7 percent in Q2 2023.

With our flexible business model we generate cash every quarter and every year.

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 high cash conversion 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

Win new customers

Upsales to existing customers

Cross sell on existing portfolio

M&A in existing and new geographies

Proven M&A track record

Detailed M&A methodology

Active M&A pipeline

HISTORICAL KEY FIGURES

Amounts in NOK (thousands)

	2022	2021	2020
ARR	318 348	266 843	204 689
Revenue	333 423	270 762	195 941
Adjusted EBITDA	131 331	108 671	80 934
Adjusted EBITDA margin	39.4%	40.1%	41.3%
R&D	23 857	21 737	11 579
Customers	≈ 12 000	≈ 11 000	≈ 8 500

Letter from the CEO

SmartCraft's successful journey continues with another great quarter demonstrating the combination of rapid growth, high profit margins and a strong cash flow. For the ninth quarter in a row, we deliver results in line with our medium-term guiding that we communicated at the IPO two years ago.

Total revenue grew by 24 percent to NOK 101 million in the second quarter, while Annual Recurring Revenue (ARR) increased to NOK 358 million, a growth of 21 percent compared to the same period last year. The growth was a result of sales- and marketing led activities driving both new customer wins and upsell to existing customer base.

> Total revenue grew by 24 percent to NOK 101 million in the second quarter, while Annual Recurring Revenue (ARR) increased to NOK 358 million, a growth of 21 percent compared to the same period last year.

Demand for our solutions remains strong and the revenue pipeline from new and existing customers is solid, despite a challenging situation for the construction industry. This is a consequence of our unique market positioning, mainly targeting small and medium enterprises (SMEs) in the service, upgrade, and renovation part of the industry. This segment is much less cyclical than the New Build segment. Secondly, our Software-as-a-Service solutions are easy to use, provide efficiency gains for customers instantly and are delivered at a low

and predictable cost. This is a clear strength when the economic situation is challenging for parts of the construction sector. Our solutions are "need to have" rather than "nice to have" as they improve both revenue and margin. All in all, this is a tremendous strength when the economic situation is challenging for parts of the construction sector.

Our financial profile is predictable and stable. In the second quarter, 96 percent of our revenue was recurring, which reduces risk from fluctuation in the market. In the same period, we saw a stable churn of 7 percent, unchanged from the last quarter, which is a result of good product fit and a customer success organization making sure our customers get the necessary assistance they need.

We delivered an all-time-high adjusted EBITDA of NOK 44 million in the second quarter, which implies a 44 percent adjusted EBITDA margin, 7 percentage points higher than in the second

> We delivered a record-high adjusted EBITDA of NOK 44 million in the second quarter, which is 7 percentage points higher than in the second quarter 2022 and implies a 44 percent adjusted EBITDA margin.

quarter of 2022. The high margin was a result of our long-term focus to scale the business and keep costs at a reasonable level. The combination of high revenue growth, high margin, low churn and advance payment from our customers secures a solid cash contribution.

In order to realize synergies and scale we continue to coordinate and prioritize development work across the group. This means that we can do more with existing resources. We also see that with an increasingly scalable platform we can allocate a smaller proportion of our development resources to maintenance and support. These two factors lead to more time spent on creating solutions for future revenue. This results in increased capital investment (CAPEX) compared to last year, but at the same time our profitability ratio continues to increase even when looking at the EBITDA-CAPEX margin.

> With a good first half of 2023 and a solid revenue pipeline going into the autumn we have a positive outlook on the future and reiterate our medium-term guiding of 15-20 percent organic growth and growing margins due to the scalability of the business.

Acquisitions are a central part of our strategy. We have a good pipeline of potential targets but will always preserve capital discipline and ensure that all acquisitions are value accretive. Price expectations have been high during recent years, but we are pleased to have closed the acquisition of Coredination in July. This was our 10th bolt-on acquisition and we are confident that the Coredination team and their solution will be a good supplement to the group. They have a modern Software-as-a-Service (SaaS) application for construction companies, covering workforce management, machine rental, and fleet management. This is highly complementary to our existing software portfolio allowing for increasing cross-sell and upsell to existing customers. The company has healthy SaaS metrics and revenue of NOK 10 million in 2022. The transaction is based on an enterprise value of SEK 23.7 million.

With a good first half of 2023 and a record high sales pipeline going into the autumn we have a positive outlook on the future and reiterate our medium-term guiding of 15-20 percent organic growth and growing margins due to the scalability of the business.

Gustav Line
CEO

Q2 2023 in Brief

JUNE 30th, 2023
ARR

MNOK **358**

21% growth YoY

Increasing
adjusted EDITDA margin to

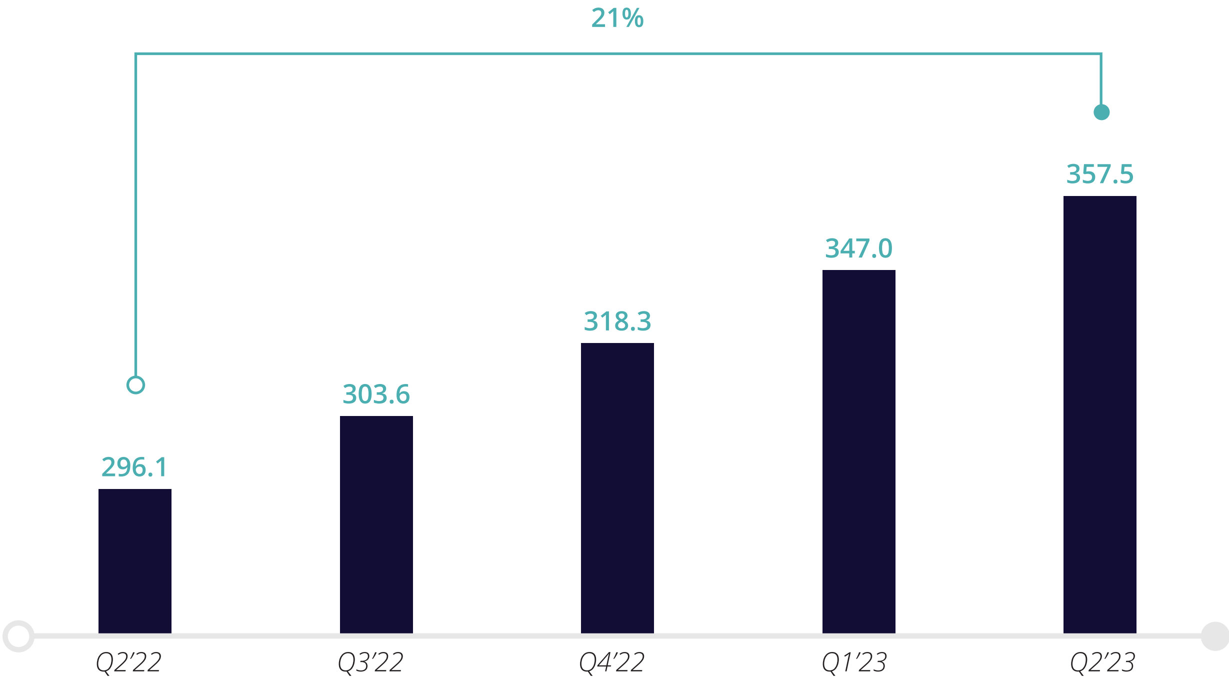
44%

15%
organic ARR growth YoY[1]

Maintaining low churn at
7%

Maintaining high organic growth

ARR development per quarter (end of period, MNOK)



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


Avbryt

Operational development

The second quarter of 2023 was another great quarter as we continue to streamline the organization to improve scalability with our existing resources. In the beginning of 2023 we implemented a new country based organizational model aligning solution teams in each country. The new model pays off as we get a more holistic view and efficient utilization of our resources both in each country and within the Group. The alignment has resulted in improved return on marketing investments (ROMI) and a more scalable development organization. This is covered later in this section.

There are several reasons for our success over the last years. SmartCraft is uniquely positioned with solutions that create real customer value. We have a very focused team with a deeply embedded desire to help our customers with their mission critical tasks. This involves developing solutions providing superior overview and flow of information regarding project related resources, material and documentation. To have the information digitally in one flow is a "need to have" for our customers. Hence, we experience good demand even though parts of the construction industry are challenged. The challenges are especially visible in the New Build sector. For SmartCraft's customers, this represents a minor share of business, as their main activities are building maintenance, services and upgrades. Our SME customers also experience solid market demand driven by the need for energy saving solutions in existing buildings and the increase in documentation requirements related both to the construction projects itself as well as to health and safety issues.

Our number one performance indicator, which drives all our activities, is growing the Annual Recurring Revenue (ARR). In the second quarter of 2023 we saw a 21 percent increase compared to the second quarter of 2022. The increase was driven by new sales and upsell, the acquisition of El-verdi and ELinn in 2022, CPI adjustments and currency effects. As a result of the revenue growth, good cost control and better scale of the business, the adjusted EBITDA margin increased by 7 percentage points to 44 percent.

We believe a combination of several factors makes SmartCraft and our performance unique. In addition to a focused team and a drive for ARR with low churn, we strive for sales & marketing excellence, creating both visibility in the market, great new customer leads pipeline and strong sales conversion. These factors lead to a high level of recurring revenue, securing our revenue and with good cost control we have consistent and strong profitable growth. Finally, with our nine acquisitions (not including Coredination in July), we have proven that we can successfully buy SaaS companies specializing in the construction sector and increase both their revenue and profitability. In fact, all add-ons have shown a healthy growth. On the next page is an overview of our first six acquisitions and their revenue and margin uplift.

Post-acquisition performance

	Cordel	Bygglet	EL-VIS	Congrid	HomeRun.net	Kvalitetskontroll
Revenue CAGR	9.6%	27.4%	23.3%	14.9%	29.1%	20.8%
Adjusted EBITDA margin expansion	+11.1pp	+33.6pp	+35.8pp	+15.9pp	+42.0pp	+31.7pp

SEGMENTS

Distribution of revenue per reporting segment

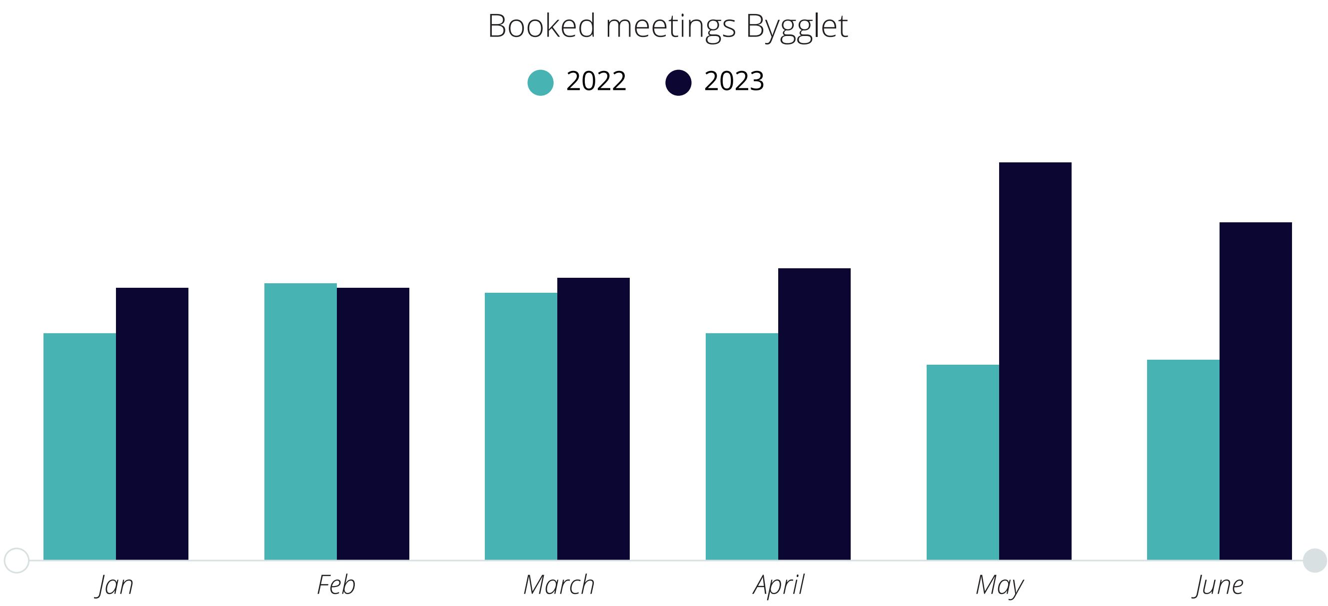
Amounts in NOK (millions)	Q2'23	Q2'22	YTD'23	YTD'22	FY'22
Norway	41.6	33.3	82.6	66.6	140.7
Sweden	46.0	37.5	86.8	72.7	143.2
Finland	13.3	10.7	25.7	21.3	49.5
Total revenue per reporting segment	***100.9***	***81.5***	***195.1***	***160.6***	***333.4***
Organic growth					
Norway	*16.4 %*	*8.7 %*	*14.4 %*	*10.3 %*	*10.9 %*
Sweden	*15.1 %*	*26.1 %*	*13.4 %*	*26.8 %*	*19.0 %*
Finland	*6.6 %*	*6.5 %*	*6.5 %*	*12.3 %*	*26.9 %*

Distribution of EBITDA per reporting segment*

Amounts in NOK (millions)	Q2'23	Q2'22	YTD'23	YTD'22	FY'22
Norway	20.8	11.4	40.0	26.1	57.7
Sweden	23.6	18.9	43.9	36.3	74.0
Finland	4.8	2.8	9.5	6.8	15.5
Adjusted EBITDA per reporting segment	***49.2***	***33.1***	***93.3***	***69.1***	***147.2***

**Excluding Group overhead*

Adjusted EBITDA margin					
Norway	*49.9 %*	*34.3 %*	*48.4 %*	*39.1 %*	*41.0 %*
Sweden	*51.4 %*	*50.3 %*	*50.6 %*	*49.9 %*	*51.7 %*
Finland	*36.2 %*	*26.0 %*	*36.7 %*	*31.8 %*	*31.2 %*



SmartCraft Sweden

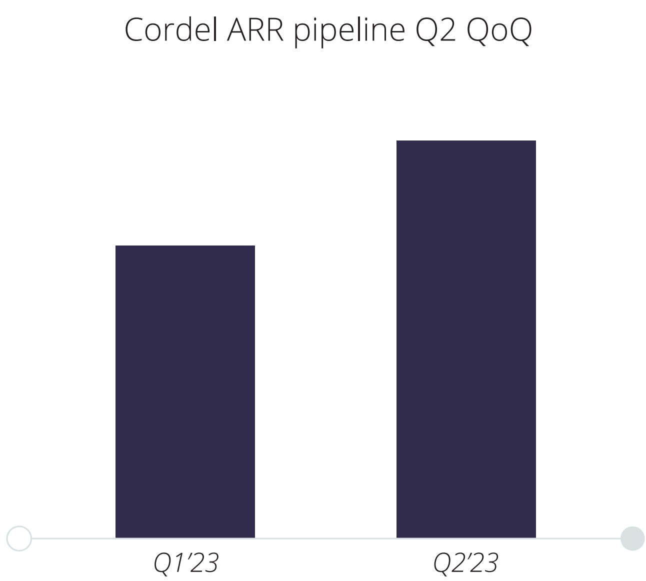
Sweden is the largest segment representing 46 percent of the total SmartCraft revenue. During the first half of 2023 organizational changes were made to boost the sales focus, and the initial results are good. During the second quarter booked meetings increased by 64 percent for the most important solution Bygglet. Historically, 62 percent of meetings are converted into sales, so this is a very important achievement. Increased sales focus contributed to an organic revenue growth in Sweden of 5 percent compared to the first quarter of 2023.

The adjusted EBITDA margin in the second quarter of 2023 ended at 51 percent, an increase of 1 percentage points compared to the second quarter of 2022. The high margin is a result of good revenue growth, scalability of the business and cost control.

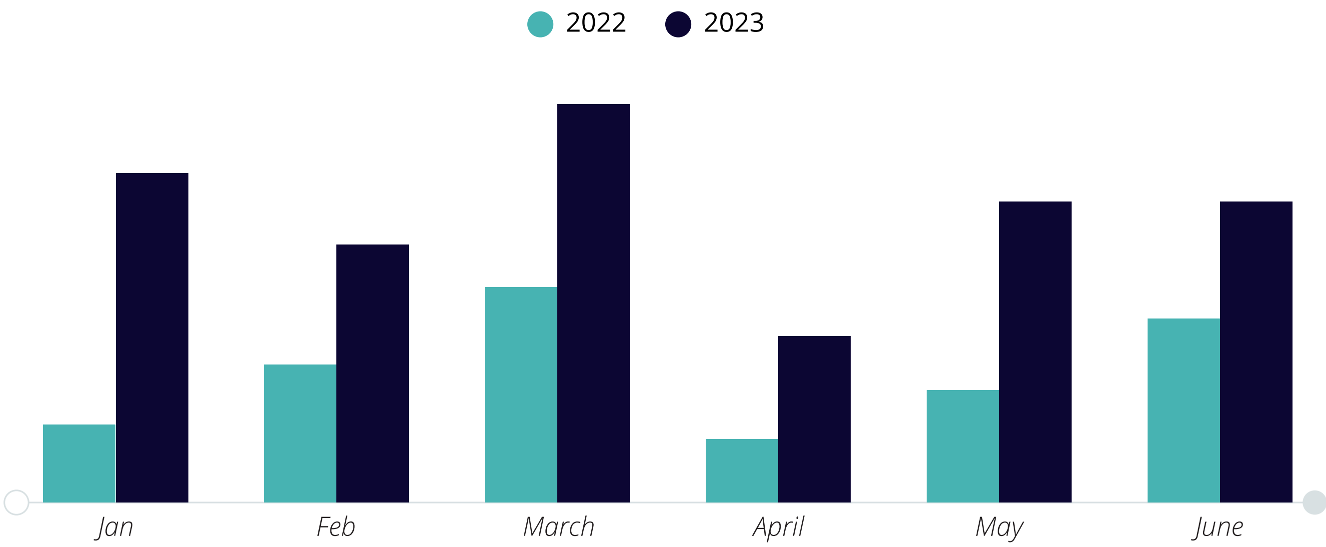
SmartCraft Norway

Norway is the second largest segment with 41 percent of the total revenue for the group. Revenue growth is consistently strong and with a new country manager in place as of December 2022 and a better alignment of resources in the country we see some great improvements. The development has been particularly good for Cordel which carries most of the revenue. In the second quarter booked meetings increased by 119 percent compared to the same period in 2022. The revenue pipeline, defined as potential revenue from customers we have met, also shows a healthy 36 percent growth in second quarter compared to the first quarter of 2023.

The adjusted EBITDA margin in the second quarter ended at 50 percent, an increase of 16 percentage points compared to the second quarter in 2022. 6 precentage points of the margin improvement is a result of increased revenue growth, scalability



Booked meetings Cordel



of the business and cost control. The remaining margin improvement is due to the reduced time spent on software maintenance, allowing increasing allocation of resources for development of new value-creating functionality, leading to a higher share of capitalized cost.

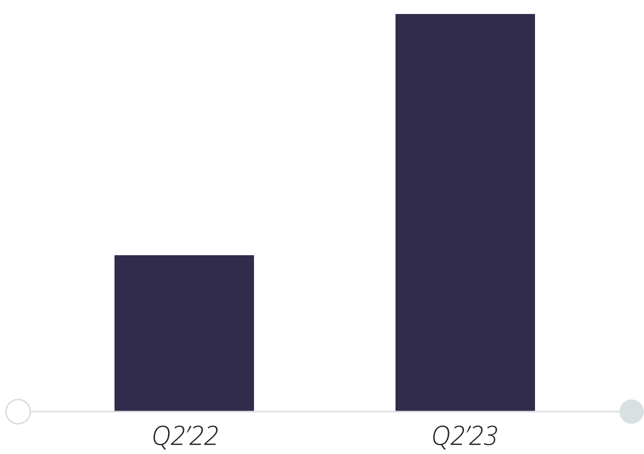
SmartCraft Finland

SmartCraft Finland continued to grow and show margin improvement even though a larger share of SmartCraft's customers in Finland is exposed to the New Build segment, where the market has slowed down. Early in 2023, we shifted our focus towards the Renovation segment, in which the demand continues to be healthy. As a result, ARR growth from new and existing customers is trending upwards in the second quarter. Additionally, Congrid, our most prominent revenue driver in Finland, has a 154 percent increase in potential revenue pipeline compared to the second quarter of 2022.

We do experience that some of our larger customers reduce activities and downgrade their solutions due to low New Build activity. This results in a downwards pressure on our recurring revenue which grew by 10 percent in second quarter compared to the previous year. Importantly, these customers do not churn. In fact, our total churn in Finland is stable at 3 percent and when the market for New Build picks up, we expect the recurring revenue to increase from these customers.

The adjusted EBITDA margin increased by 10 percentage points to 36 percent in the second quarter. The agility of our business model enables us to scale the cost base as the business climate turns more challenging. With the scalable cost base, we can maintain and increase the margin while optimizing cost structure for both the coming market bounce back and value-creation investments.

Congrid ARR pipeline Q2 YoY



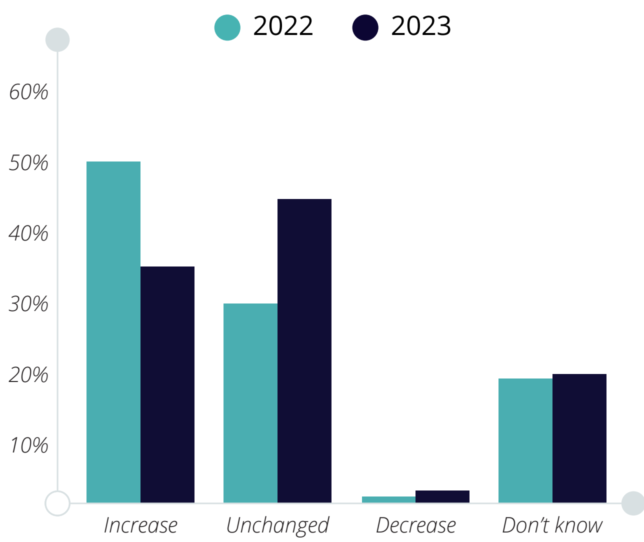
SMARTCRAFT DIGIMETER – ANNUAL MARKET SURVEY SHOWING GREAT POTENTIAL IN EXISTING MARKET

In the yearly SmartCraft Digimeter Survey, conducted by a 3rd party supplier, we get many positive market indications on both short and long term. The survey is conducted on the Swedish market with 650 respondents from mainly small to mid-size construction companies within different fields. The report of 2023 will be released in September.

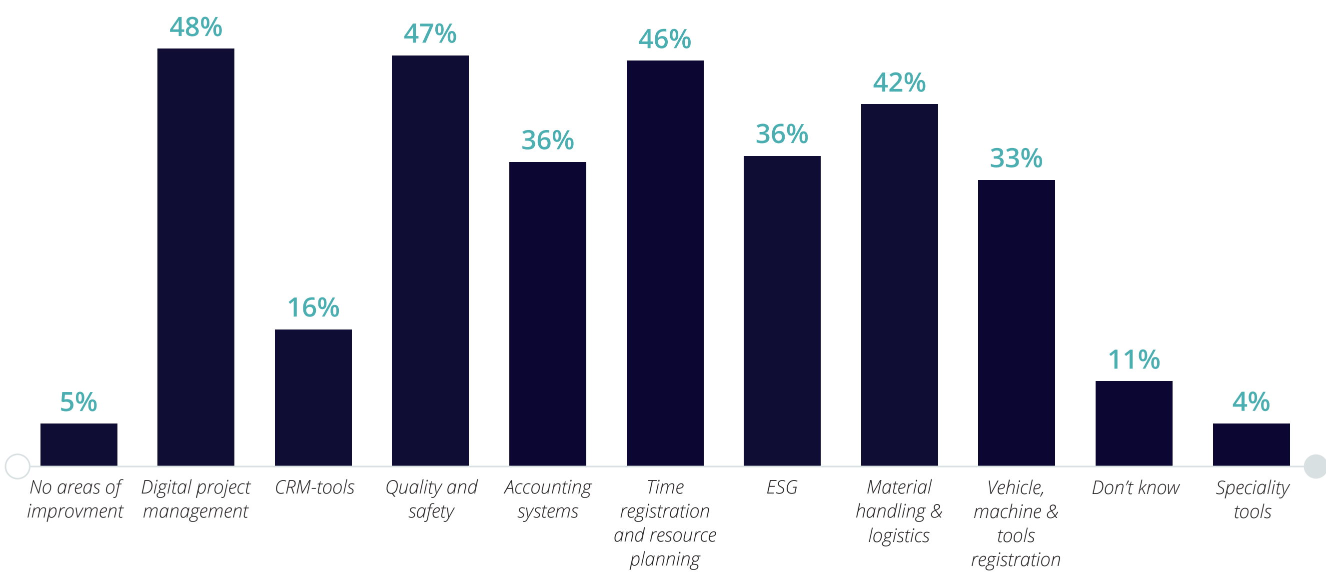
The SmartCraft Digimeter survey shows that 8 out of 10 respondents will increase or maintain their investments in digital tools for the coming 12 months. This is consistent with the findings in the 2022 survey. We can see some movements from last year to a more maintained investment strategy, but it is obvious that the respondents have no plans to decrease their focus on improving their business to stay competitive.

When asked in which areas digitalization can improve their business, it is striking that the respondents see a great potential in all parts of the business. The top three areas are related to managing people, materials and documentation of quality assurance and safety.

"What is your intention when it comes to investments in digital tools the next 12 months?"



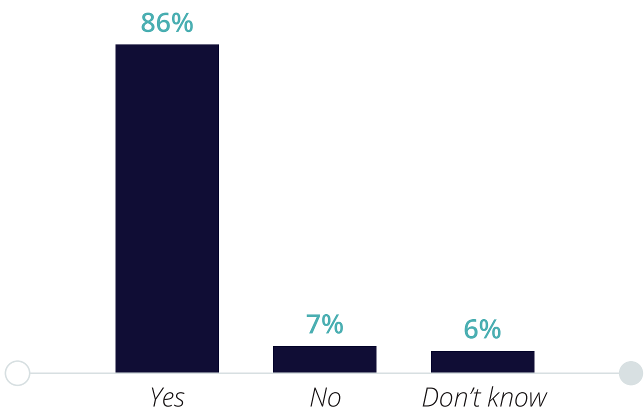
"In what areas do you see potential for improvement by using digital tools?"



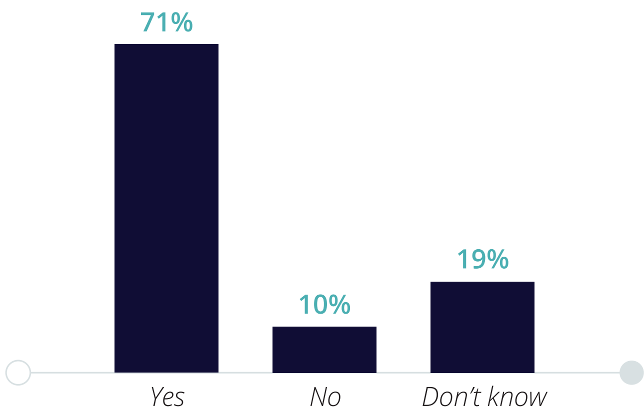
USE OF DIGITAL TOOLS CREATE MARKET WINNERS

Besides the business impact it is also evident that the impact of digital tools creates a better working atmosphere and customer communication due to less mistakes, misunderstandings and a higher degree of transparency between all parties in the projects.

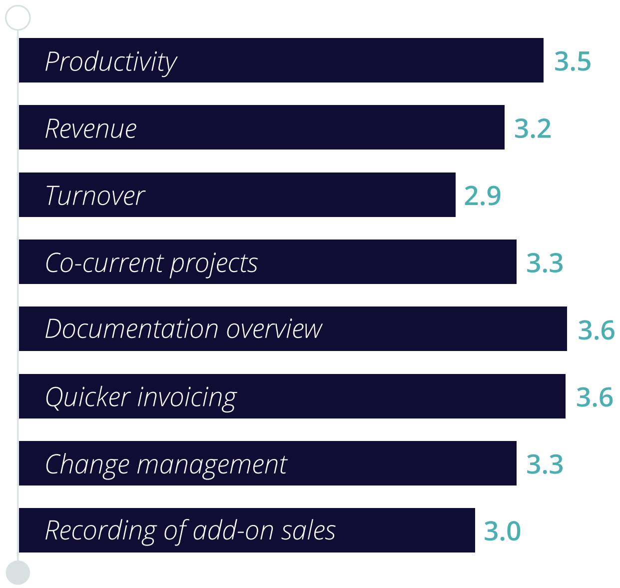
"Do you think a digital tool creates a better working climate with less misunderstandings and improved communication?"



"Do you think a digital tool is improving customer satisfaction?"



"Estimate on a scale, 1-4 how your business has improved by using digital tools?"



TODAY DIGITAL TOOLS ARE ALREADY CRUCIAL TO IMPROVE COMPETITIVE POSITION

When respondents, already up and running with digital tools, were asked about the impact of digitalization on the company, on a scale from 1 to 4, it is interesting to see the strong overall impact on different business areas when it comes to productivity, documentation as well as a business overview and administration work.

NEW STANDARDS MAKE AN IMPACT

Increased scalability

Center of excellence

Best practice sharing

Leverage domain knowledge

Enables upselling and cross-selling

Increased customer satisfaction

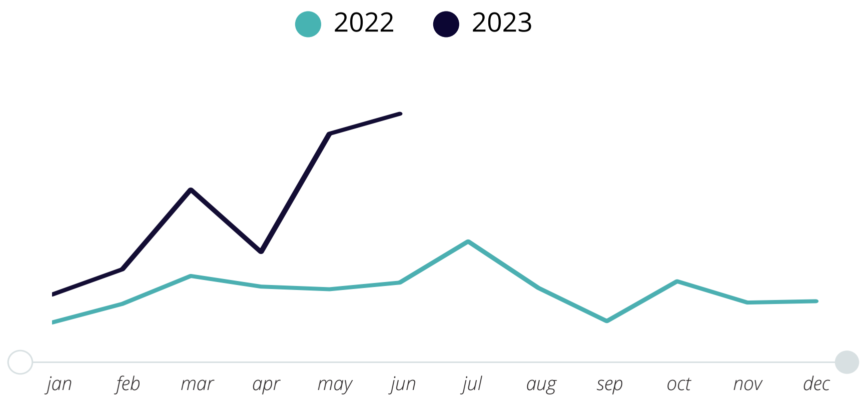
Together with the overall structural changes to the country organizations, transferring from individual solution management, we see good progress of the performance in both digital marketing efforts and sales organization. This has resulted in a solid new customer pipeline going into the second half of 2023. We keep building a data driven organization across our markets with new marketing and sales standards, processes and reporting.

We see already a positive effect of these changes and we generated an impressive 21 million media views and 366 000 visits to our websites during the first six months of 2023. For the Swedish market, exposure has more than doubled compared to 2022. With a broader marketing experience in the group, we manage to generate more sales leads in all geographical markets. We also see a high sales conversion rate, where meetings are converted into sales, of around 60 percent the last twelve months. In order to further scale our sales efforts, we are focusing operations on more direct online sales, which have doubled in the last twelve months in Sweden.

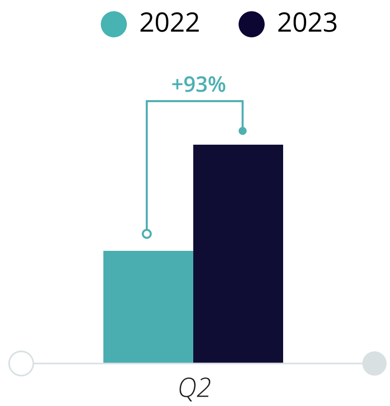
With a low churn level of 7 percent and an efficient sales and marketing engine we see that Lifetime Value / Customer Acquisition Cost (LTV/CAC) shows a ratio of 18. SmartCrafts offers mission critical solutions with a high customer fit and with an efficient marketing and sales organization there is a potential upside to the LTV/CAC ratio.

SmartCraft Sweden Total Market Exposure

Exposure of digital ads and social media reach

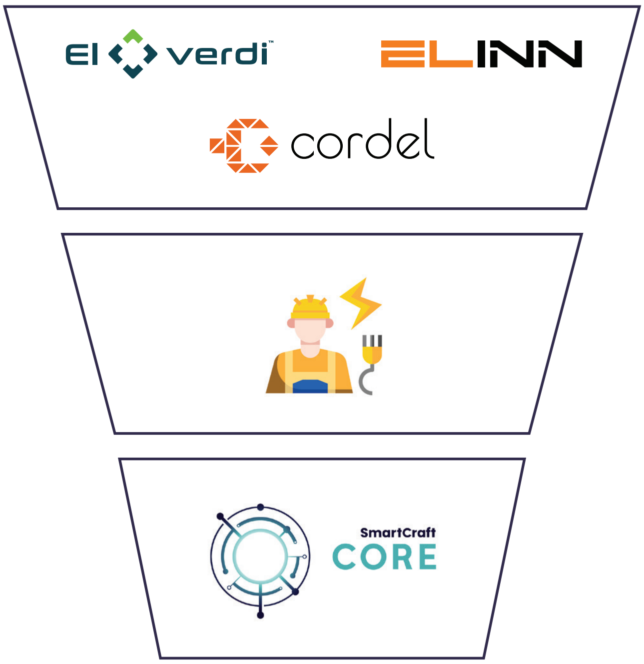


SmartCraft Sweden Direct Sales Online



CONSOLIDATING ELECTRICIAN SOLUTIONS ON THE SMARTCRAFT CORE PLATFORM

We continuously seek to elevate the tools and resources we provide to the construction industry. With this in mind, we have now started to consolidate three of our products within the electrician domain. This is not merely a fusion of tools, it is an integration onto our most advanced technical platform SmartCraft Core.



In addition, our dedicated Kvalitetskontroll development team comprising of 10 talented individuals, has joined forces with the SmartCraft Core development team. This strategic move will significantly increase the capacity of the SmartCraft Core team, bringing together a variety of expertise and experience. By consolidating these teams, we aim to harness the combined strengths of both teams, fostering collaboration and accelerating the development and enhancement of the SmartCraft Core platform.

Benefits of the SmartCraft Core consolidation:

- **Unified Experience**: The consolidation will start with connecting our existing user interfaces to SmartCraft Core. However, our long-term ambition is for electricians to have a cohesive solution, reducing the learning curve and ensuring a more intuitive user experience.
- **Enhanced Efficiency**: With digital solutions integrated on the SmartCraft Core platform, electricians can seamlessly transition between tasks, reducing redundancies and increasing productivity.
- **Future-Ready**: SmartCraft Core is our most advanced platform, ensuring that as technology evolves, our solutions for electricians will remain at the cutting edge, ready to integrate new features and innovations.
- **Cost-Effective**: With a consolidated platform, maintenance and updates become more streamlined, leading to cost savings.

In addition to a technical integration, the shift will also imply a major lift in the user experience and a reimagining of how electricians interact with our tools, ensuring that they have the best possible resources at their fingertips. We are confident that the SmartCraft Core platform will set a new industry standard, and we're excited to lead the way.

The integration of our electrician solutions on the Core platform is a clear signal of our direction for the future, a testament to our vision of equipping professionals with next-generation tools that evolve with their needs.

LAUNCH OF SMARTCRAFT CALCULATION TOOL

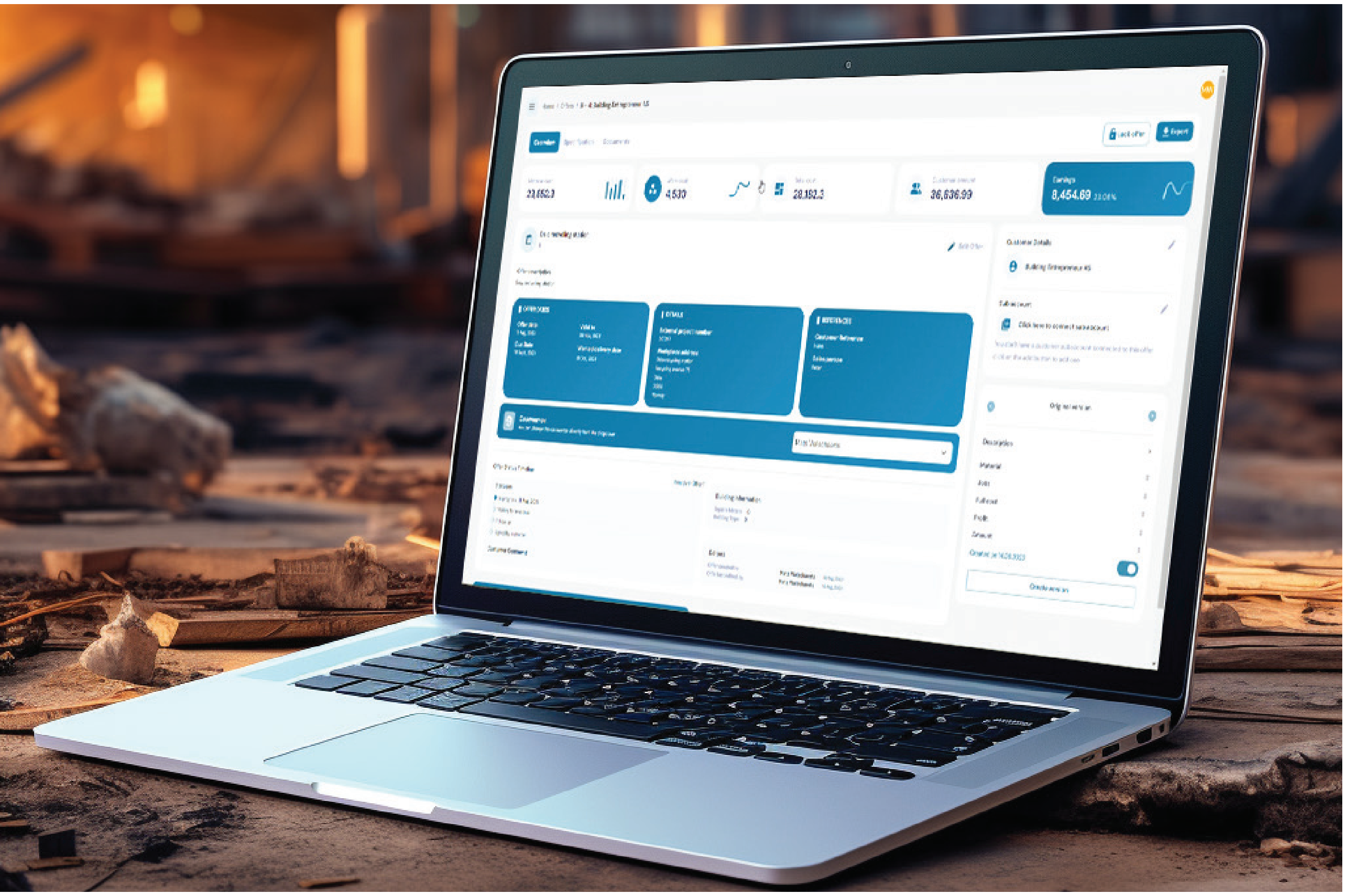
In our ongoing mission to drive innovation and provide unparalleled value, we are proud to present our latest breakthrough: an advanced calculation tool crafted specifically for plumbers and electricians. The solution embodies our dedication to address the unique challenges faced by professionals in these sectors.

SmartCraft has a long history of delivering calculation software for both electricians and plumbers. The new tool is more intuitive and based on the latest technology, opening for new customer groups and segments. The solution will first be made available for plumbers.

In the plumbing and electrical sectors, professionals are presented with an extensive array of products, each possessing distinct specifications and applications. Manually picking the right product from so many options is time consuming. Once you've chosen a product, figuring out how much time and material you'll need for a job is also complex. In tender calculations, accurate assessment of time and material is crucial for both profitability and project success. This is where our calculation tool steps in.

SmartCraft Calculation functions as a helpful guide. Instead of going through countless products one by one, our software quickly points you to the best choices for your job. SmartCraft Calculation provides accurate estimates, ensuring you're prepared and can avoid any unexpected surprises.

Designed with user experience in mind, our tool is both intuitive and straightforward. Whether it is determining the correct pipe measurements



or calculating the necessary materials for a job, our tool ensures that plumbers can work with confidence, knowing they have the most accurate data at their fingertips. In short, our calculation tool is here to make work smoother, faster and more cost-effective for plumbers and electricians.

Going forward, we will expand the tool to accommodate electricians. The development is already in the advanced stages.

BRING AI TO OUR USERS

As we continuously strive to be at the forefront of innovation, the first half of 2023 marked a shift in our approach to software development. We began experimenting with cutting-edge tools like GitHub Copilot and ChatGPT, both of which are AI-powered solutions designed to assist developers in their tasks.

Our primary goal was to determine if these tools could enhance our engineering department's efficiency and productivity and the results were very positive. By integrating these AI solutions in development, our developers were able to streamline their workflows, reduce the time spent on repetitive tasks and enhance the overall quality of our software. In simple terms, we were able to do more in less time, ensuring that our products remain top tier in the construction industry. Following the positive findings from the initial internal use of AI, we are now embarking on an even more ambitious journey. In the latter half of 2023, we will start exploring opportunities towards integrating AI tools and libraries directly into our products. Our objective is to provide our users with some of the benefits of AI through our solutions.

The areas we aim to focus on initially include:

- Faster onboarding processes, ensuring new users can quickly familiarize themselves with our tools
- AI-driven customer success modules to proactively address user queries
- Tailoring training and guides to individual learning curves to ensure optimal comprehension
- Contextual search powered by AI to allow users to find relevant information swiftly, making our platform not just user-friendly, but user-intuitive

By embracing AI, we aim to stay ahead of the curve, but our commitment remains the same: to deliver the best possible products to our users, ensuring they have the tools they need to succeed in an ever-evolving landscape.

Financial review

Amounts in NOK (thousands)	Q2'23	Q2'22	YTD'23	YTD'22	FY'22
Revenue from customers	100 895	81 550	195 103	160 617	333 423
Total operating revenue	***100 895***	***81 550***	***195 103***	***160 617***	***333 423***
Purchase of goods and services	8 748	6 831	16 159	13 536	27 271
Payroll and related expences	36 620	32 098	73 151	62 580	128 737
Other operating expenses	12 932	14 446	23 787	24 520	48 996
Total operating expenses	***58 299***	***53 375***	***113 097***	***100 636***	***205 004***
EBITDA	***42 596***	***28 175***	***82 006***	***59 981***	***128 419***
Adjustments of special items	1 304	1 309	1 304	1 491	2 911
Adjusted EBITDA	***43 900***	***29 484***	***83 310***	***61 472***	***131 331***
Depreciation and amortization	8 440	6 810	16 739	13 416	27 657
Operating profit (loss) before financial items and tax	***34 156***	***21 365***	***65 267***	***46 565***	***100 762***
EBITDA-margin	*42.2 %*	*34.5 %*	*42.0 %*	*37.3 %*	*38.5 %*
Adjusted EBITDA-margin	*43.5 %*	*36.2 %*	*42.7 %*	*38.3 %*	*39.4 %*

SmartCraft's consolidated revenue in Q2 2023 grew by 23.7 percent to NOK 100.9 million, up from NOK 81.6 million in Q2 2022. The revenue growth was driven by continued high organic growth from the Group's SaaS solutions, the two smaller acquisitions of El-verdi (June 2022) and ELinn (October 2022) as well as changes in currency rates.

ARR grew to NOK 357.5 million, a growth of 20.8 percent year over year and 3.0 percent quarter over quarter. Organic growth was 15.4 percent and 3.5 percent respectively. The strong quarterly growth was driven by new sales, upsell to existing customers and the tailwind of price increases taking effect through each quarter of 2023.

SmartCraft has a strategy to maximize recurring revenue at the expense of non-recurring revenue. The strategy increases the predictability of revenue and results and hence reduces operational risks. With every opportunity we transition non-recurring revenue, such as start-up fee, initial training, etc, into SaaS services, thus reducing the threshold to become a customer. Simultaneously, there are certain non-recurring services which the Group will continue to provide, therefore expecting the recurring revenue share to be mid-90 percent. In Q2 2023 the recurring revenue share is 95.8 percent (96.2 percent in Q2 2022).

In Q2 2023 the increase in non-recurring revenue is solely due to a release of a 3rd party electrician's manual/handbook.

The Group has a consistently low churn of 7.4 percent in Q2 2023, compared to 7.0 percent last quarter. Bankruptcy has historically been the single

Organic growth YoY	Q2'23	Q2'22	FY'22
Fixed price subscriptions	15.2 %	19.2 %	18.2 %
Transaction priced add-on subscriptions	5.6 %	18.2 %	17.2 %
Total recurring revenue	***14.3 %***	***19.1 %***	***18.1 %***
Non-recurring revenue	34.0 %	(25.8 %)	(20.8 %)
Total revenue	***15.0 %***	***16.6 %***	***16.2 %***

most common reason for churn in SmartCraft and continues to be so in Q2 2023.

The scalability of the business model ensures a relatively stable cost base while delivering good growth in revenues. The agile business model also ensures the ability to scale back on costs in a challenging business climate. As a result, the reported EBITDA in Q2 2023 was NOK 42.6 million. There were adjustments to the EBITDA of NOK 1.3 million in Q2 2023 which relates to M&A activity, resulting in an adjusted EBITDA of NOK 43.9 million (NOK 29.5 million in Q2 2022). The adjusted EBITDA margin for Q2 2023 was 43.5 percent, compared to 36.2 percent in Q2 2022. Our latest acquisitions affected the adjusted EBITDA margin in Q2 positively with 1.0 percentage points. SmartCraft is well on track to increase the margins in all acquired solutions. Our approach to increasing the margins in the acquired solutions is not by reducing cost, but first and foremost by helping the solutions to better scale and grow, therefore creating a long-term business advantage.

SmartCraft continues to improve existing solutions and develop new solutions and add-ons. In Q2 2023, we continued to increase the efficiency of our workforce enabling more value creation, and previous investments in modernization of our solutions result in less maintenance and more focus on investments in R&D. For the development of new solutions and add-ons, SmartCraft recognized NOK 10.9 million in capitalization of development costs in Q2 2023, which constitutes 10.8 percent of revenue, an increase from 6.4 percent last year and 10.7 percent last quarter. For the FY 2023 SmartCraft now expects a capitalization level around 10-11 percent. The increase in expected capitalization relates to efficiency gains and more value-creation leading to a higher share of cost being capitalized, not by an increased investment in resources.

Depreciations and amortizations were NOK 8.4 million in Q2 2023 compared to NOK 6.8 million in Q2 2022. The increase is a result of the Group's continuous R&D activities and acquisitions. In Q2 2023, amortization related to M&A was NOK 3.5 million.

The Group has a net financial income of NOK 1.0 million in Q2 2023, compared to a net financial income of NOK 3.3 million last year. Net financial items are mainly related to currency effects.

CASH FLOW

SmartCraft has positive cash contribution from operations every quarter. The Group operates in an under-penetrated market and plans to continue its role as a consolidator and increase its market share. SmartCraft does not expect to pay dividends in the short to medium term and the accumulating cash holding will go to finance investments and acquisitions supporting the Groups position and plans.

The SmartCraft share buy-back program of up to 2 percent of the shares was re-initiated after the annual general meeting in April. The treasury shares will be used for payment for potential future acquisitions in combination with cash. Additionally, treasury shares will be used for potential future settlement of the Groups long-term investment program for management and key employees.

Cash flow from operating activities was

NOK 24.8 million in Q2 2023 compared to NOK 9.8 million in Q2 2022. The increase from last year is due to profit growth and changes in accruals and prepayments.

Cash flow from investing activities was NOK -28.8 million in Q2 2023. Investing activities mainly comprise of capitalized development costs (NOK -10.9 million) and payments related to M&A activity (NOK -17.6 million). In Q2 2023 SmartCraft made payments of NOK 17.6 million in earnout for the HomeRun acquisition in 2020. Currently there is only one potential earnout left of up to NOK 4 million relating to the Inprog acquisition.

Net cash flow from financing activities was NOK -19.8 million in Q2 2023. Through the buy-back programs, SmartCraft acquired 796 835 own shares (0.46 percent of total shares) totaling NOK 17.0 million in Q2 2023. At the end of Q2 2023 SmartCraft had, through previous and existing buy-back programs, acquired in total 2 056 054 shares (1.2 percent of total shares) at an average price of NOK 19.05 per share. The remaining number of shares in the current buy-back program was 2 672 240 at the end of Q2 2023.

FINANCIAL POSITION

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

Total assets amounted to NOK 1 037.7 million (NOK 973.5 million at the end of 2022), of which cash and cash equivalents amounted to NOK 217.6 million (NOK 191.6 million at the end of 2022). Non-current assets amounted to NOK 787.1 million (NOK 744.7 million at the end of 2022). In addition to the cash flow from operations, the increase of assets is mainly driven by changes in currency rates.

Total liabilities amounted to NOK 224.4 million (NOK 208.0 million at the end of 2022). The increase is mainly related to the increase in deferred revenue.

SHARE INFORMATION

At the end of Q2 2023 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 Q2 2023 in SmartCraft ASA.

As of June 30th 2023, SmartCraft holds 2 056 054 own shares (1.2 percent) and total outstanding shares was at 169 466 251.

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 2022, published March 28th, 2023.

OUTLOOK

Second quarter 2023 has been an important quarter for SmartCraft where a solid foundation has been laid for a continuous strong performance. The market fundamentals are strong and we are experiencing solid demand for our solutions due to the required transition to more energy efficient buildings and the increasing need for documentation to comply with new regulations. Our offerings have a strong value proposition to our customers as they are designed to improve profitability through both revenue growth and operational efficiency. In a period where the construction industry faces challenges, SmartCraft solutions are providing our customers with a competitive edge. We have also established efficient sales and marketing processes resulting in a conversion of more than 60 percent of customer meetings to sales, which illustrates that our solutions are well tailored to customer needs.

Consequently, we are entering the second half of 2023 with a record high revenue pipeline. Our primary customer focus is aimed at less cyclical small and medium sized enterprises in the service upgrade and renovation part of the construction industry, reducing the operational risk in the business model. In addition, SmartCraft has a strategy to maximize recurring revenue at the expense of non-recurring revenue. The strategy increases the predictability of revenue and results and hence reduces operational risks further.

The scalability in our business model has enabled us to free up capacity from maintenance and support to revenue generating R&D investments and we will continue to launch new exiting solutions, which will improve our competitive strength and market position further.

We stay very positive to our future prospects and reiterate our targets of 15-20 percent organic revenue growth in the medium-term. Similarly, we expect the adjusted EBITDA margin to increase due to the scalability of the business.

FINANCIAL CALENDAR

Financial reporting:

- November 1st 2023 - Q3 2023 report

Other activities:

- August 30th 2023 - DNB Nordic TMT & Consumer Conference
- September 7th 2023 - Carnegie Small & Mid Cap Seminar
- November 21st-23rd 2023 - ABG Nordic Opportunities Seminar (London)

Please visit smartcraft.com/investor-relations/ for most recent calendar update.

Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK (thousands)	Q2'23	Q2'22	YTD'23	YTD'22	FY'22
Revenue from customers	100 895	81 550	195 103	160 617	333 423
Total operating revenue	**100 895**	**81 550**	**195 103**	**160 617**	**333 423**
Purchase of goods and services	8 748	6 831	16 159	13 536	27 271
Payroll and related expences	36 620	32 098	73 151	62 580	128 737
Other operating expenses	12 932	14 446	23 787	24 520	48 996
Depreciation and amortization	8 440	6 810	16 739	13 416	27 657
Total operating expenses	**66 739**	**60 185**	**129 836**	**114 052**	**232 661**
Operating profit (loss) before financial items and tax	**34 156**	**21 365**	**65 267**	**46 565**	**100 762**
Financial income	7 492	4 357	16 064	4 992	17 188
Earnout related to acquisitions	-	-	-	-	(12 364)
Financial expenses	(6 450)	(1 007)	(9 975)	(4 179)	(16 413)
Financial income (expense), net	**1 042**	**3 350**	**6 090**	**813**	**(11 589)**
Profit (loss) before tax	**35 198**	**24 715**	**71 357**	**47 377**	**89 173**
Tax expense	5 899	5 334	11 613	9 018	21 083
Profit (loss)	**29 299**	**19 381**	**59 744**	**38 359**	**68 090**
Other comprehensive income					
Items to be reclassified to profit or loss:					
Currency translation differences, net of tax	(3 159)	22 387	20 204	1 407	(2 073)
Total	**(3 159)**	**22 387**	**20 204**	**1 407**	**(2 073)**
Total comprehensive income	**26 140**	**41 768**	**79 948**	**39 766**	**66 016**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *Amounts in NOK (thousands)*	June 30th 2023	June 30th 2022	Dec 31st 2022
Deferred tax assets	-	-	-
Goodwill	536 964	503 361	517 302
Intangible assets	228 429	198 226	209 939
Right to use assets	18 547	16 438	14 152
Tangible Assets	3 161	4 454	3 314
TOTAL NON-CURRENT ASSETS	**787 101**	**722 478**	**744 707**
Inventory	130	71	182
Other current assets	7 910	8 477	7 579
Accounts Receivable	24 944	20 867	29 477
Cash and cash equivalents	217 649	189 349	191 587
TOTAL CURRENT ASSETS	**250 633**	**218 764**	**228 826**
TOTAL ASSETS	**1 037 734**	**941 242**	**973 533**

EQUITY AND LIABILITIES

Amounts in NOK (thousands)	June 30th 2023	June 30th 2022	Dec 31st 2022
Share capital	1 715	1 715	1 715
Treasury shares	(21)	-	(5)
Share premium	605 893	605 893	605 893
Retained earnings	188 759	138 426	161 149
Other components of equity	12 139	(4 584)	(8 064)
Non-controlling interests	4 881	-	4 881
TOTAL EQUITY	**813 366**	**741 450**	**765 569**
Non-current lease liabilities	11 341	8 887	7 002
Deferred tax liabilities	36 365	33 156	35 015
Total non-current liabilities	**47 706**	**42 043**	**42 016**
Deferred revenue	93 602	81 808	69 937
Current portion of lease liabilities	8 038	7 924	7 602
Accounts payable	6 422	7 911	7 829
Taxes payable	16 039	17 318	14 845
Other current liabilities	52 561	42 788	65 736
Total current liabilities	**176 662**	**157 750**	**165 948**
TOTAL LIABILITIES	**224 368**	**199 792**	**207 964**
TOTAL EQUITY AND LIABILITIES	**1 037 734**	**941 242**	**973 533**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK (thousands)	Share capital	Treasury shares	Share premium	Other components of equity	Retained earnings	Non-controlling interest	Total equity
Total equity 31.12.2021	**1 715**	**-**	**605 893**	**(5 990)**	**100 067**	**-**	**701 685**
Profit / (-) loss for the period	-	-	-	-	68 090	-	68 090
Other comprehensive income	-	-	-	(2 073)	-	-	(2 073)
Capital increase 13.07.2022	-	-	-	-	-	4 881	4 881
Purchase of treasury shares	-	(5)	-	-	(7 008)	-	(7 012)
Total equity 31.12.2022	**1 715**	**(5)**	**605 893**	**(8 064)**	**161 149**	**4 881**	**765 569**
Profit / (-) loss for the period	-	-	-	-	59 744	-	59 744
Other comprehensive income	-	-	-	20 204	-	-	20 204
Purchase of own shares	-	(16)	-	-	(32 135)	-	(32 151)
Total equity 30.06.2023	**1 715**	**(21)**	**605 893**	**12 139**	**188 759**	**4 881**	**813 366**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK (thousands)	Q2'23	Q2'22	YTD'23	YTD'22	FY'22
Operating activities					
Profit before tax	35 198	24 715	71 357	47 377	89 173
Paid taxes	(3 043)	(1 559)	(11 257)	(7 459)	(19 371)
Earn-out without cash effects	-	-	-	-	12 364
Gains/loss sold assets	-	-	-	-	(7)
Depreciation	4 938	3 384	9 354	6 633	13 607
Amortisation of intangible assets	3 503	3 434	7 385	6 783	14 050
Items classified as investing or financing activities	284	2 576	543	4 172	1 780
Net cash provided from operating activities before net working capital changes	***40 880***	***32 550***	***77 382***	***57 506***	***111 596***
Working capital adjustments:					
Changes in accounts receivable	7 014	5 019	7 509	4 204	(4 814)
Changes in deferred revenue	(10 694)	(10 452)	20 831	21 538	9 893
Changes in accounts payable	(1 515)	231	(3 515)	(1 469)	388
Changes in all other working capital items	(10 855)	(17 524)	(4 433)	(10 517)	(1 413)
Net cash provided from operating activities	***24 829***	***9 825***	***97 774***	***71 261***	***115 650***
Investing activities					
Investments in tangible and intangible assets	(382)	(504)	(771)	(792)	(1 156)
Payments for acqusitions	(17 556)	(14 402)	(17 556)	(19 577)	(33 455)
Acquisition transaction costs	-	(438)	-	(438)	(952)
Payments for software development costs	(10 885)	(5 234)	(21 001)	(11 136)	(23 857)
Foreign currency effect	62	(29)	(16)	(54)	(72)
Net cash used in investing activities	***(28 761)***	***(20 607)***	***(39 344)***	***(31 995)***	***(59 492)***
Financing activities					
Cash proceeds from capital increases	-	-	-	-	4 881
Downpayment on loan facilities	-	(1 937)	-	(2 014)	(7 834)
Interest payments	(284)	(219)	(536)	(413)	(827)
Repayments of lease liabilities	(2 549)	(1 919)	(4 512)	(3 322)	(7 537)
Other financial items	(16 998)	(19)	(32 155)	(35)	(8 079)
Net cash provided by (used in) financing activities	***(19 831)***	***(4 094)***	***(37 203)***	***(5 783)***	***(19 398)***
Net increase (decrease) in cash and cash equivalents	**(23 763)**	**(14 876)**	**21 227**	**33 483**	**36 759**
Cash and cash equivalents at the beginning of period*	242 530	200 687	191 587	156 277	156 277
Foreign currency effects on cash and cash equivalents	(1 118)	3 538	4 836	(410)	(1 449)
Cash and cash equivalents at end of period*	***217 649***	***189 349***	***217 649***	***189 349***	***191 587***

** 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 2nd quarter 2023 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 2022.

NOTE 2 REVENUE

Amounts in NOK (thousands)	**Revenue recognition**	**Q2'23**	**Q2'22**	**YTD'23**	**YTD'22**	**FY'22**
Fixed price subscriptions	Over time	88 362	71 150	171 700	139 145	291 253
Transaction priced subscriptions	Point in time	8 356	7 357	16 386	14 209	29 169
Total recurring revenue		***96 718***	***78 507***	***188 086***	***153 354***	***320 423***
Non-recurring revenue	Point in time	4 178	3 042	7 017	7 264	13 001
Total revenue		***100 895***	***81 550***	***195 103***	***160 617***	***333 423***

NOTE 3 EARNING PER SHARE

		Q2'23	**Q2'22**	**YTD'23**	**YTD'22**	**FY'22**
Profit for the period due to holders of shares	TNOK	29 299	19 381	59 744	38 359	68 090
Profit allocated to redeemed preferance shares	TNOK	-	-	-	-	-
Profit allocated to common shares	TNOK	29 299	19 381	59 744	38 359	68 090
Average numbers of common shares, excl. treasury shares		169 959 764	171 522 305	170 336 788	171 522 305	171 484 845
Earning per share	***NOK***	***0.17***	***0.11***	***0.35***	***0.22***	***0.40***

Statement by the Board of Directors and Chief Executive Officer

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the SmartCraft Group for the six months ended June 30th 2023, including the comparisons with the corresponding period in 2022.

The Board has based its declaration below on reports and statements from the Group's CEO, on the results of the Group's activities, and on other information that is essential to assessing the Group's position.

To the best of our knowledge:

The consolidated condensed financial statements for the six months ended June 30th 2023 have been prepared in accordance with IFRS as adopted by EU and IAS 34 (Interim Financial Reporting) and the additional disclosure requirements pursuant to the Norwegian Securities Trading Act.

The information provided in the financial statements gives a true and fair portrayal of the SmartCraft Group's assets, liabilities, profit, and overall financial position as of June 30th 2023.

The information provided in the report for the first half of 2023 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing the SmartCraft Group.

August 23rd, 2023
Board of Directors and CEO, SmartCraft ASA

Gunnar Haglund Board member	Isabella Alveberg Board member	Bernt Ulstein Board member
Carl Ivarsson Board member	Marianne Bergmann Røren Board member	Maria Danell Board member
Allan Engström Board member		Gustav Line CEO

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)	**Q2'23**	**Q2'22**	**YTD'23**	**YTD'22**	**FY'22**
Revenue from customers	100 895	81 550	195 103	160 617	333 423
Total operating revenue	***100 895***	***81 550***	***195 103***	***160 617***	***333 423***

Amounts in NOK (thousands)	**Q2'23**	**Q2'22**	**YTD'23**	**YTD'22**	**FY'22**
EBITDA	42 596	28 175	82 006	59 981	128 419
Adjustments of special items	1 304	1 309	1 304	1 491	2 911
Adjusted EBITDA	***43 900***	***29 484***	***83 310***	***61 472***	***131 331***
EBITDA-margin	*42.2 %*	*34.5 %*	*42.0 %*	*37.3 %*	*38.5 %*
Adjusted EBITDA-margin	*43.5 %*	*36.2 %*	*42.7 %*	*38.3 %*	*39.4 %*

Amounts in NOK (thousands)	**Q2'23**	**Q2'22**	**YTD'23**	**YTD'22**	**FY'22**
Adjusted EBITDA	43 900	29 484	83 310	61 472	131 331
Capitalized development expenses	10 885	5 234	21 001	11 136	23 857
Adjusted EBITDA - CAPEX margin	***32.7 %***	***29.7 %***	***31.9 %***	***31.3 %***	***32.2 %***

		Q2'23	**Q2'22**	**YTD'23**	**YTD'22**	**FY'22**
Annual Recurring Revenue (ARR) (EoP)	TNOK	357 538	296 083	357 538	296 083	318 348
Recurring revenue		95.8 %	96.2 %	96.4 %	95.4 %	96.1 %
Average Revenue per Customer (ARPC)	NOK	33 104	27 723	31 940	27 323	27 857
Churn rate (R12m) (EoP)		7.4 %	5.4 %	7.4 %	5.4 %	6.1 %

SmartCraft