



Q2 2024 REPORT



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This is SmartCraft

HISTORICAL FIGURES DEMONSTRATE EFFICIENT GROWTH MODEL, SCALABILITY AND STRONG CASH FLOW PROFILE

Amounts in NOK (millions)

	2020	2021	2022	2023	LTM
ARR	205	267	318	387	461
Revenue	196	271	333	402	449
Adjusted EBITDA	81 41%	109 40%	131 39%	167 42%	180 40%
Operational cash flow*	98	107	116	153	157
R&D capex	12	22	24	37	37
Customers	≈8 500	≈11 000	≈12 000	≈12 500	≈13 300

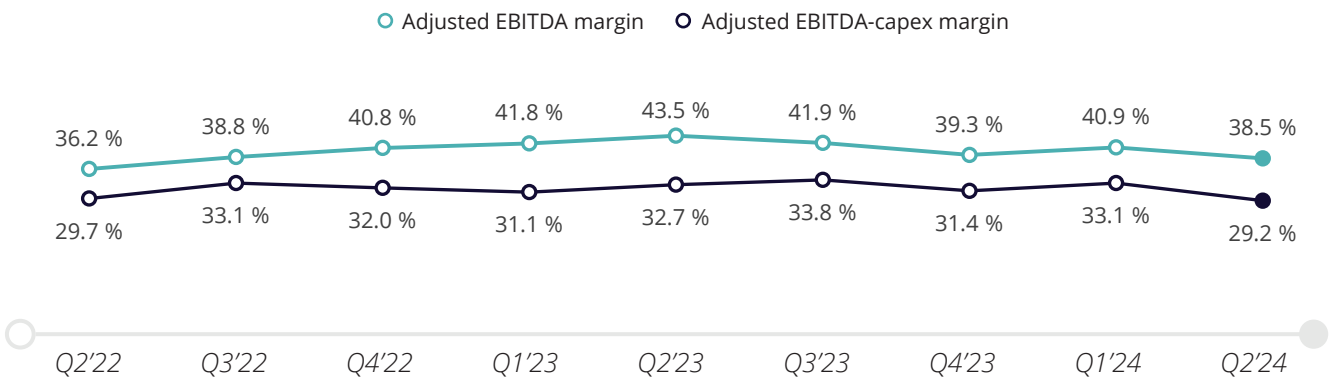
* adjusted for HomeRun earnout recognized over P&L

Q2 2024 in brief

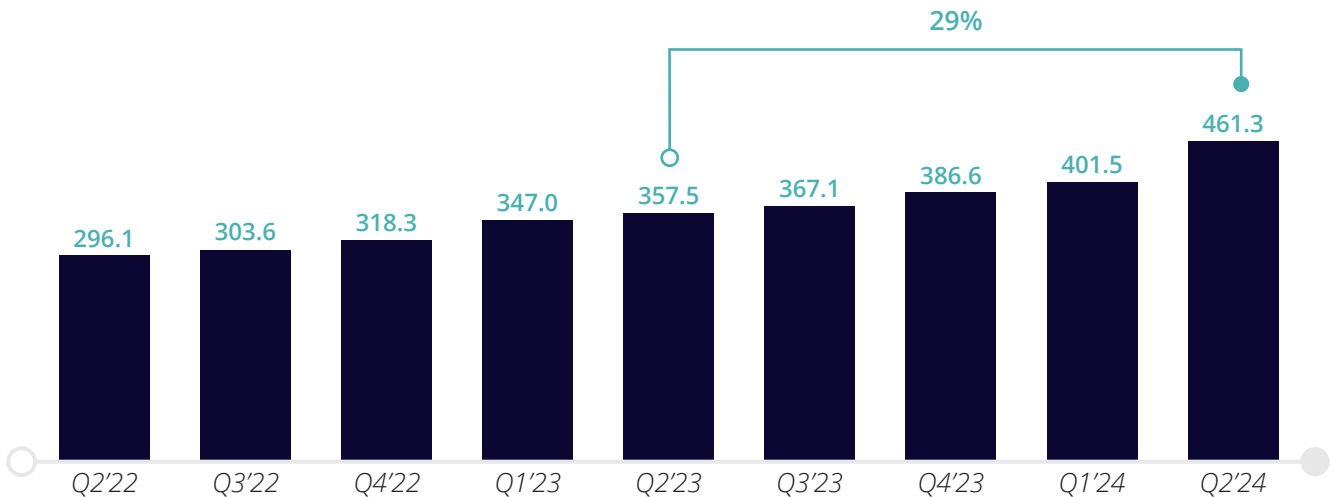
SECOND QUARTER 2024

- Revenue NOK 133 million, a growth of 32 percent
- Annual Recurring Revenue NOK 461 million, an organic growth of 11 percent
- Low churn at 8 percent, up 0.5 percentage point from last quarter
- Adjusted EBITDA NOK 51 million, a growth of 17 percent
- Adjusted EBITDA-capex margin of 29 percent, down 0.3 percentage points excluding acquisitions

Adjusted EBITDA margin development per quarter (end of period, MNOK)



ARR development per quarter (end of period, MNOK)



Letter from the CEO

SmartCraft extended our long-term growth track record in the second quarter of 2024 with a revenue increase of 32 percent (YoY) to NOK 133 million. Profitability remained high, with 29 percent adjusted EBITDA-capex margin, including more than a 3 percent dilution from the acquisitions of Clixifix and Locka in the quarter and Coredination in July 2023. Customer revenue churn in the second quarter was 7.9 percent, slightly up from last quarter and last year (7.4 percent).

Our strategy is twofold: Firstly, to grow organically in an underpenetrated market and secondly to make accretive acquisitions of great solutions both consolidating the industry and adding superior competence and technology to the SmartCraft Group. In the second quarter, we delivered well along both tracks.

Our annual recurring revenue (ARR) grew organically by 11 percent to NOK 461 million amid a challenging construction market with a low level of new build projects. The growth came as a result of our commitment to improve our sales processes and the way we upsell to existing customers. Our positioning towards renovation as well as small and medium sized electricians and plumbers proves significantly resilient towards the downturn in the general construction market, which primarily hit the construction of new buildings. Also worth highlighting is the very low take-rate and easy implementation of our solutions, meaning that we rapidly and with low risk are creating value for new customers.

Looking at M&A, we were delighted to bring two exceptional companies into our fold in the second quarter: Locka and Clixifix. With these solutions we achieve a deep domain expertise in both the Nordics and in the UK. Over time we will create value by implementing our proven best practices for increased sales and transition to recurring revenue. I am also excited that we with Clixifix as

a base in the UK open up a whole new market, increasing our TAM to NOK 50 billion.

In addition to working on existing solutions to improve user experience we focus on developing new functionality for our users to improve their workday and to increase the speed of digitalisation in the industry. In June, we soft launched a beta version of our new solution for project calculation for electricians, based on SmartCraft Core. So far, the feedback is good, and we are in dialogue with multiple electrician franchise chains to see how the solution can fit their requirements. The plan is a full launch of the solution at the turn of the year.

In May, we launched an ESG initiative to help the industry to reduce the total carbon footprint. SmartCraft Tellus is an open-source solution for obtaining and analyzing fuel consumption for trucks and lorries, supporting efficient reporting of environmental data. We see this as a contribution to a better environment and we will continue to work to make digital solutions that can make the industry more environmentally friendly.

We are enthusiastic about the prospects in our current markets and in new ones that we may enter. We have a great team, a business model with scalability and importantly solutions that fit the market. All this combined means that we remain well positioned to deliver on our medium-term financial targets of 15-20 percent organic growth with increasing margins.



Gustav Line
CEO

Operational development

In the second quarter, we continued to deliver on our commitment to grow both organically and by acquisitions. The acquisition of Locka in April strengthens our position in Sweden, while the acquisition of Clixifix in the UK in May opens a big new market, increasing our TAM to NOK 50 billion. Clixifix will serve as a platform for further organic and inorganic growth in the UK. In the short-term and the second quarter the additions have several effects.

Firstly, in the second quarter our recurring revenue ended just below 90 percent. Excluding the new solutions, our underlying recurring revenue remained constant at 97 percent. Secondly, our average revenue per customer increased by 23 percent compared to the same period last year, without the acquisitions the increase was 5 percent. Lastly, we saw a lower adjusted EBITDA-capex margin due to the acquisitions, while the margin excluding the acquired companies was in line with historical margins. Going forward, we will apply our structured and proven methodology to move the financial metrics of the acquisitions towards the group level, which we have done with all our acquisitions.

We constantly work to improve how we bring our

solutions to the market. Marketing is a central part of our business and in the second quarter, brand exposure¹ increased by 480 percent compared to last year. We have a multi-channel approach, building visibility in social media, digital press and trade fairs. In addition, our salespeople arrange seminars and continuously reach out to potential customers. As a result, we increased customer leads by 30 percent, which again lead to a 36 percent increase in sales meetings with customers. This is an important metric, bearing in mind that more than half of these meetings convert to customer wins, based on historical data.

We relentlessly work to automate the customer journey and are pleased to see that customers buying online have increased by 26 percent.

SEGMENTS²

Distribution of revenue per reporting segment

<i>Amounts in NOK (millions)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Norway	46.2	41.6	92.3	82.6	167.7
Sweden	67.5	46.0	118.9	86.8	183.2
Finland	12.5	13.3	24.7	25.7	50.7
Total revenue per reporting segment	126.1	100.9	235.9	195.1	401.7

1) Visibility of SmartCraft communication in different media channels.

2) UK is excluded from the segment reporting due to transparency reasons as there is currently only one SmartCraft solution offered in the UK market.

Distribution of revenue per reporting segment

	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
<i>Organic growth total recurring revenue</i>					
Norway	12.7 %	17.9 %	13.4 %	17.9 %	16.9 %
Sweden	10.8 %	12.3 %	11.8 %	12.8 %	12.4 %
Finland	(4.8 %)	9.7 %	(4.5 %)	10.5 %	5.9 %
<i>Organic growth total revenue</i>					
Norway	11.1 %	17.3 %	11.8 %	15.8 %	14.6 %
Sweden	8.2 %	15.1 %	10.8 %	13.6 %	13.1 %
Finland	(5.5 %)	6.6 %	(5.5 %)	6.5 %	3.4 %

Distribution of EBITDA per reporting segment *(Excluding Group overhead)*

<i>Amounts in NOK (millions)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Norway	21.4	20.8	41.3	40.0	73.7
Sweden	31.1	23.6	59.2	43.9	97.6
Finland	3.6	4.8	7.0	9.5	17.2
Adjusted EBITDA per reporting segment	56.1	49.2	107.6	93.3	188.5
<i>Adjusted EBITDA margin</i>					
Norway	46.2 %	49.9 %	44.8 %	48.4 %	43.9 %
Sweden	46.2 %	51.4 %	49.8 %	50.6 %	53.3 %
Finland	28.7 %	36.2 %	28.5 %	36.7 %	34.0 %

SmartCraft Sweden

Sweden is our largest segment with 51 percent of the revenue in the Group. In the second quarter revenue grew by 47 percent. The growth was driven by an efficient marketing and sales organization, the acquisitions of Coreidation in July 2023 and Locka in April 2024, and the exchange rate. The organic recurring revenue growth ended at 11 percent slightly down from last year, mainly due to higher churn. The adjusted EBITDA margin was at a healthy 46 percent, down by four percentage points, largely due to dilution from the acquisitions.

In the second quarter of 2023 we saw a high level

of non-recurring revenue from the sale of electrical handbooks which did not happen this year. Hence, organic non-recurring revenue declined by 45 percent. Our objective is to focus on maximizing recurring revenue, and we have less focus on development and sales of products and services with non-recurring revenue models.

The acquisition of Locka was an important milestone in the second quarter, broadening our customer offerings to real estate marketing and transactions, adding revenue potential and industry expertise. The integration to the rest of the Swedish team is going according to plan. We are also pleased to see that HomeRun, which is a

complementary solution to Locka, signed a three-year agreement with Stockholmshem, one of the largest housing companies in Sweden.

Developing great software securing existing and potentially new revenue is the core of our business. In the quarter we closed the legacy app for Bygglet and are pleased to see a rating of 4.4 out of 5 for the new app. We are also piloting a budget module for the same solution with great feedback and interest. The launch of SmartCraft Tellus, an open-source solution for obtaining and analyzing fuel consumption for trucks and lorries, supporting efficient reporting of environmental data, is an initiative which we believe will both contribute to a better environment and in the longer term be a revenue contributor.

SmartCraft Norway

Norway is our second biggest segment, accounting for 35 percent of the revenue in the Group. Revenue in the second quarter grew by 11 percent, driven by new sales and upsales, as a result of good marketing and sales execution. We continue to deliver well amid a challenging market where some of our larger customers downgrade their solutions, and slightly increased churn. Our adjusted EBITDA margin in the quarter ended at 46 percent, down 3 percentage points from the second quarter last year. The decrease was driven by high capitalisation in Q2 2023 which was adjusted at year-end 2023. In Q2 2024, the adjusted EBITDA-capex increased by 2.0 percentage points compared to Q2 2023.

Several of our solutions in Norway addresses electrician companies. We have the last year invested in integrations linking these closer together. Now, in order to cross sell and make it easier for the customers to buy the solutions, we are running a pilot project where we package the solutions into several attractive packages. The feedback so far is positive, and we will continue to explore opportunities and further improve the offerings. We are also running pilots on the beta solution for project calculation for electricians, based on SmartCraft Core. The feedback so far is very good, and we prepare for market launch at the turn of the year.

SmartCraft Finland

Finland accounts for 9 percent of the Group revenue. The market continued to be challenging and revenue declined by 6 percent in the second quarter compared to last year. In Finland, we have a higher exposure to the new build sector than in the rest of the group, and with low activity in this segment, the main reason for the decline is downgrade of solutions from existing customers, whereas we saw only a limited increase in customer revenue churn.

We are well positioned to capture increased revenue from the new build sector when this market improves.

We still have a healthy adjusted EBITDA margin at 28 percent, down from last year, but in line with the previous quarter.

Financial review

<i>Amounts in NOK (thousands)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Revenue from customers	133 042	100 895	242 784	195 103	401 654
Total operating revenue	133 042	100 895	242 784	195 103	401 654
Purchase of goods and services	11 577	8 748	19 619	16 159	32 681
Payroll and related expenses	49 385	36 620	89 541	73 151	145 637
Other operating expenses	23 574	12 932	40 263	23 787	57 616
Total operating expenses	84 537	58 300	149 423	113 097	235 934
EBITDA	48 505	42 596	93 360	82 006	165 721
Adjustments of special items	2 662	1 304	2 662	1 304	1 525
Adjusted EBITDA	51 167	43 900	96 022	83 310	167 246
Depreciation and amortization	12 940	8 440	22 741	16 739	36 204
Operating profit (loss) before financial items and tax	35 565	34 156	70 619	65 267	129 516
<i>EBITDA-margin</i>	36.5 %	42.2 %	38.5 %	42.0 %	41.3 %
<i>Adjusted EBITDA-margin</i>	38.5 %	43.5 %	39.6 %	42.7 %	41.6 %

SmartCraft's consolidated revenue in Q2 2024 grew by 31.9 percent to NOK 133.0 million, up from NOK 100.9 million in Q2 2023. The revenue growth was driven by organic growth from the Group's SaaS solutions, and the acquisitions of Coredination (July 2023), Locka Group (April 2024) and Clixifix (May 2024), as well as changes in currency rates. ARR grew to NOK 461.3 million, a growth of 29.0 percent year over year with an organic growth of 10.5 percent.

SmartCraft's strategy is to prioritize and maximize recurring revenue over non-recurring revenue. The strategy increases earnings visibility, and hence reduces operational risks. We are actively evaluating the potential to transform non-recurring revenue, such as start-up fees, initial training, etc., into SaaS services, thus reducing the threshold to become a customer, and growing ARR. In Q2, the share of recurring revenue was 89.6 percent,

a decline from 95.9 percent in Q2 2023 and 97.0 percent in Q1 2024. The reason for the decline was the low share of recurring revenue in the acquired companies. Excluding these acquisitions, the recurring revenue share of the Group increased to 97.4 percent in Q2 2024. Over time we expect to increase SmartCraft's recurring revenue share and consistently be in the mid/high 90 percent range.

The Group had a churn of 7.9 percent in Q1 2024, compared to 7.4 percent last year. We see a further increase in bankruptcies from previous quarters, which remains the main reason for churn in SmartCraft.

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 adjust the cost base effectively. The reported EBITDA was NOK 48.5

Organic growth YoY	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Fixed price subscriptions	9.3 %	15.2 %	10.4 %	15.2 %	14.1 %
Transaction priced add-on subscriptions	11.2 %	5.6 %	8.7 %	8.6 %	6.4 %
Total recurring revenue	9.5 %	14.3 %	10.3 %	14.6 %	13.4 %
Non-recurring revenue	(36.9 %)	34.0 %	(23.4 %)	(7.2 %)	(10.5 %)
Total revenue	7.6 %	15.0 %	9.1 %	13.6 %	12.5 %

million in Q2 2024. Adjusted for expenses related to acquisitions, the Group had an adjusted EBITDA of NOK 51.2 million (NOK 43.9 million in Q2 2023). The adjusted EBITDA margin for Q2 2024 was 38.5 percent compared to 43.5 percent in Q2 2023. The decline in margin was due to a dilution from acquisitions and less capitalized development costs. The adjusted EBITDA-capex margin decreased by 3.5 percentage points to 29.2 percent (32.7 percent in Q2 2023), which included a 3.2 percentage points dilution from acquisitions. SmartCraft is focused on increasing the margins for all acquired solutions. Our approach to increase the margins is first and foremost to help the solutions optimizing operations to better scale and grow, and thereby creating a long-term business advantage, rather than reducing cost.

SmartCraft constantly improves existing solutions and develops new solutions and add-ons. We are focusing on shifting an increasing share of our cost base towards R&D activities. In Q2 2024, SmartCraft capitalized NOK 12.3 million in development costs for creating new solutions and add-ons. This constitutes 9.3 percent of revenue, a decrease from 10.8 percent in Q2 2023. In 2023 SmartCraft capitalized in total 9.3 percent of revenue. With a relatively fixed cost base and growing revenues, the capitalized share naturally decreases.

Depreciations and amortizations were NOK 12.9 million in Q2 2024 compared to NOK 8.4 million in Q2 2023. The increase is a result of the Group's continuous R&D activities and acquisitions. In Q2 2024, amortization related to M&A was NOK 5.9 million.

The Group had a net financial expense of NOK 1.6 million in Q2 2024, compared to a net financial

income of NOK 1.0 million in Q2 2023. Net financial items are mainly interest income/expense and gain/loss from currency effects.

CASH FLOW

SmartCraft's business model generates a high and positive cash contribution throughout the entire year, although there are seasonal variations relating to the timing of invoicing. Cash flow from operating activities was NOK 24.6 million in Q2 2024, an increase from NOK 7.3 million in Q2 2023. The increase from last year is mainly due to the reclassification of a payment of expensed earn-out in 2023, in addition to an increase in accruals and prepayments, offset by an increase of NOK 3.9 million in paid taxes. The Group is constantly working to improve its net working capital, which will continue to contribute to improved cash flow from operating activities.

Cash flow from investing activities was NOK -162.7 million in Q2 2024. SmartCraft paid a net amount of NOK 148.6 million for the two acquisitions in the quarter, and capitalized development costs amounted to NOK 12.3 million.

Net cash flow from financing activities was NOK -22.1 million in Q2 2024. Through the buy-back program, SmartCraft acquired 516 663 own shares (0.30 percent of total shares) totaling NOK 14.5 million in Q2 2024. Through the recent acquisitions the Group acquired loan facilities of NOK 7.9 million, which was repaid shortly after the completion of the acquisitions.

A new SmartCraft share buy-back program of up to NOK 15 million, at a maximum share price of NOK 30, was initiated after the annual general meeting in May 2024. The treasury shares may be used for payment for potential future acquisitions

in combination with cash. Additionally, treasury shares may be used for potential future settlement of the Group's long-term investment program for management and key employees. At the end of Q2 2024 SmartCraft had, through previous and existing buy-back programs, acquired in total 3 739 618 shares (2.18 percent of total shares) at an average price of NOK 21.04 per share. The remaining amount in the current buy-back program was 2 695 915 at the end of Q2 2024. The share buyback program was completed in August 2024.

SmartCraft has a 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 be allocated to investments and acquisitions supporting the Group's position and plans, and potential future share-buy back programs.

FINANCIAL POSITION

The balance sheet of SmartCraft remains solid and the Group 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 organic growth ambitions and M&A strategy.

Total assets amounted to NOK 1 211.3 million

(NOK 1 100.1 million at the end of 2023), of which cash and cash equivalents amounted to NOK 97.1 million (NOK 206.0 million at the end of 2023), the decrease in cash driven by the payment for acquisitions. Non-current assets amounted to NOK 1 040.3 million (NOK 821.3 million at the end of 2023). The increase in assets is driven by the cash flow from operations and changes in currency rates.

Total liabilities amounted to NOK 326.7 million (NOK 256.4 million at the end of 2023). The increase is mainly related to the increase in deferred revenue.

SHARE INFORMATION

At the end of Q2 2024 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 2024 in SmartCraft ASA.

As of 30 June 2024, SmartCraft holds 3 829 807 own shares (2.23 percent) and total outstanding shares was 167 692 498. SmartCraft owes 177 353 shares to the sellers of Clixifix.

RISK FACTORS

Risk factors are described in the information document prepared in connection with the listing on Oslo Børs, published June 14th, 2021 and in the annual accounts for 2023, published April 11th, 2024.

FINANCIAL CALENDAR

- August 27th Q2 2024 Roadshow with Arctic, Oslo
- August 28th DNB Nordic TMT Conference, Oslo
- August 29th Q2 2024 Roadshow with Arctic, Stockholm
- September 5th Carnegie Small & Mid Cap seminar, Stockholm
- November 5th Q3 2024 Reporting
- November 8th Berenberg Nordic Seminar, Paris
- November 28th Pareto Nordic TechSaaS conference

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

Outlook

SmartCraft continues to deliver strong growth and corresponding high margins in a challenging construction market. Our strategic focus on building a solid business model with a high level of recurring revenue and hence good financial visibility pays off in these times.

As most of our customers are small and medium enterprises focusing on the renovation part of the industry, where demand is very stable and growing, we are in a good position for further growth. Additionally, most of our customers are electricians and plumbers that experience high demand due to energy efficiency initiatives of existing buildings.

Most of the revenue in the Group derives from Sweden and Norway. Both markets continue to experience good demand and that the solutions have great market fit despite a challenging market for the construction industry in general. Some customers with significant exposure to the new-build construction market struggle with reduced activity, which in certain cases leads to downgrades of their SmartCraft subscriptions. At the same time, it is satisfactory to conclude that these customers are not churning, which means that they are likely to increase spending when their market recovers.

Our Finnish business is more exposed to macro fluctuations, and although general macro forecast show improvement in 2024 and 2025, Finland is expected to show a more moderate macro development than our other markets. To compensate for the persistently soft macro backdrop, we have increased our focus towards the renovation segment and smaller customers, and over time we expect this to yield positive results..

M&A is an important part of SmartCraft's growth strategy, and we continue to develop our pipeline of potential acquisition objects. The acquisition of Clixifix in the UK represents an important strategic milestone for SmartCraft, expanding our market potential significantly, as Clixifix represents a foothold and a good starting point for further organic and non-organic growth in the UK.

The companies acquired in 2023 and 2024 (Coredination, Locka and Clixifix) have a dilutive effect on the Group's EBITDA margin. We will apply our proven methodology to increase scalability over time, improve margins and increase the recurring revenue share in the acquired companies.

SmartCraft is successfully focusing on increased visibility in the market, constantly reaching more potential customers, resulting in more leads and customer meetings. Hence, the pipeline remains healthy for the quarters to come. SmartCraft is in a good position to win market share with a great team and our best of breed solutions.

While the SmartCraft Group has performed well throughout the downturn cycle for the construction industry, we are well positioned to benefit from any improvement in the sector both with regards to revenue growth and profitability.

In summary, we stay positive about 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.

Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK (thousands)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Revenue from customers	133 042	100 895	242 784	195 103	401 654
Total operating revenue	133 042	100 895	242 784	195 103	401 654
Purchase of goods and services	11 577	8 748	19 619	16 159	32 681
Payroll and related expenses	49 385	36 620	89 541	73 151	145 637
Other operating expenses	23 574	12 932	40 263	23 787	57 616
Depreciation and amortization	12 940	8 440	22 741	16 739	36 204
Total operating expenses	97 477	66 739	172 164	129 836	272 138
Operating profit (loss) before financial items and tax	35 565	34 156	70 619	65 267	129 516
Financial income	9 153	7 492	15 847	16 064	29 520
Financial expenses	(10 990)	(6 450)	(13 534)	(9 975)	(22 768)
Financial income (expense), net	(1 837)	1 042	2 312	6 089	6 752
Profit (loss) before tax	33 728	35 198	72 932	71 356	136 268
Tax expense	6 713	5 899	14 786	11 613	28 640
Profit (loss)	27 015	29 299	58 145	59 743	107 628
Other comprehensive income					
Items to be reclassified to profit or loss:					
Currency translation differences, net of tax	(8 665)	(3 159)	(3 913)	20 204	24 685
Total	(8 665)	(3 159)	(3 913)	20 204	24 685
Total comprehensive income	18 350	26 140	54 232	79 947	132 313

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS			
<i>Amounts in NOK (thousands)</i>	June 30th 2024	June 30th 2023	Dec 31st 2023
Goodwill	667 916	536 964	547 580
Intangible assets	339 764	228 429	246 079
Right to use assets	29 314	18 547	24 656
Tangible Assets	3 349	3 161	3 001
TOTAL NON-CURRENT ASSETS	1 040 343	787 101	821 316
Other current assets	15 084	8 040	8 112
Accounts Receivable	58 800	24 944	64 612
Cash and cash equivalents	97 064	217 649	206 024
TOTAL CURRENT ASSETS	170 948	250 633	278 748
TOTAL ASSETS	1 211 291	1 037 734	1 100 064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES			
<i>Amounts in NOK (thousands)</i>	June 30th 2024	June 30th 2023	Dec 31st 2023
Share capital	1 715	1 715	1 715
Treasury shares	(37)	(21)	(31)
Share premium	605 893	605 893	605 893
Retained earnings	254 846	188 759	214 846
Other components of equity	12 708	12 139	16 621
Non-controlling interests	9 486	4 881	4 631
TOTAL EQUITY	884 610	813 366	843 675
Non-current lease liabilities	18 151	11 341	14 764
Deferred tax liabilities	64 425	36 365	36 580
Total non-current liabilities	82 577	47 706	51 344
Deferred revenue	135 559	93 602	106 029
Current portion of lease liabilities	11 560	8 038	10 360
Accounts payable	21 341	6 422	8 628
Taxes payable	15 609	16 039	22 402
Other current liabilities	60 034	52 561	57 626
Total current liabilities	244 104	176 662	205 045
TOTAL LIABILITIES	326 681	224 367	256 388
TOTAL EQUITY AND LIABILITIES	1 211 291	1 037 734	1 100 063

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK (thousands)</i>	Share capital	Own shares	Share premium	Other components of equity	Retained earnings	Non-controlling interest	Total equity
Total equity 31.12.2022	1 715	(5)	605 893	(8 064)	161 149	4 881	765 569
Profit / (-) loss for the period	-	-	-	-	107 628	-	107 628
Other comprehensive income	-	-	-	24 685	-	-	24 685
Capital increase 13.07.2022	-	(26)	-	-	(53 482)	-	(53 508)
Purchase of treasury shares	-	-	-	-	-	(250)	(250)
Other changes	-	-	-	-	(449)	-	(449)
Total equity 31.12.2023	1 715	(31)	605 893	16 621	214 846	4 631	843 675
Profit / (-) loss for the period	-	-	-	-	58 145	-	58 145
Other comprehensive income	-	-	-	(3 913)	-	-	(3 913)
Purchase of own shares	-	(7)	-	-	(18 145)	-	(18 152)
Changes in non-controlling interests	-	-	-	-	-	4 855	4 855
Total equity 30.06.2024	1 715	(37)	605 893	12 708	254 846	9 486	884 610

CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts in NOK (thousands)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Operating activities					
Profit before tax	33 728	35 198	72 932	71 357	136 268
Paid taxes	(6 950)	(3 043)	(22 094)	(11 257)	(24 058)
Net financial income	1 837	(1 042)	(2 312)	(6 090)	(6 752)
Gains/loss sold assets	48	-	166	-	(82)
Depreciation	7 089	4 938	12 706	9 354	20 310
Amortisation of intangible assets	5 851	3 503	10 034	7 385	15 894
Payments related to acquisitions	-	(17 556)	-	(17 556)	(16 861)
Interest received	1 088	351	3 207	364	3 724
Net cash provided from operating activities before net working capital changes	42 691	22 349	74 639	53 557	128 443
<i>Working capital adjustments:</i>					
Changes in accounts receivable	(3 711)	5 831	14 067	4 533	(33 619)
Changes in deferred revenue	(7 156)	(11 899)	12 201	23 665	35 284
Changes in accounts payable	5 031	125	9 586	(1 407)	744
Changes in all other working capital items	(12 211)	(9 068)	(14 240)	(123)	5 445
Net cash provided from operating activities	24 643	7 338	96 253	80 226	136 297
Investing activities					
Investments in tangible and intangible assets	(1 786)	(382)	(2 240)	(771)	(1 474)
Payments for acquisitions	(148 624)	-	(152 249)	-	(23 968)
Payments for software development costs	(12 328)	(10 885)	(20 877)	(21 001)	(37 472)
Net cash used in investing activities	(162 739)	(11 267)	(175 366)	(21 772)	(62 914)
Financing activities					
Cash proceeds from capital increases	4 720	-	4 720	-	-
Downpayment on loan facilities	(7 938)	-	(7 938)	-	-
Interest payments	(923)	(286)	(1 409)	(559)	(1 214)
Repayments of lease liabilities	(3 403)	(2 549)	(5 670)	(4 512)	(9 964)
Payment of treasury shares	(14 529)	(16 998)	(18 152)	(32 155)	(53 508)
Net cash provided by (used in) financing activities	(22 074)	(19 834)	(28 450)	(37 227)	(64 686)
Net increase (decrease) in cash and cash equivalents	(160 169)	(23 763)	(107 564)	21 227	8 697
Cash and cash equivalents at the beginning of period*	260 119	242 530	206 024	191 587	191 587
Foreign currency effects on cash and cash equivalents	(2 886)	(1 118)	(1 396)	4 836	5 740
Cash and cash equivalents at end of period*	97 064	217 649	97 064	217 649	206 024

* 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 2024 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 2023.

NOTE 2 REVENUE

<i>Amounts in NOK (thousands)</i>	Revenue recognition	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Fixed price subscriptions	Over time	109 143	88 362	206 762	171 700	356 219
Transaction priced subscriptions	Point in time	10 020	8 356	18 829	16 386	32 922
Total recurring revenue		119 163	96 718	225 591	188 086	389 141
Non-recurring revenue	Point in time	13 879	4 178	17 193	7 017	12 513
Total revenue		133 042	100 895	242 784	195 103	401 654

NOTE 3 EARNING PER SHARE

		Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Profit for the period	TNOK	27 015	29 299	58 149	59 744	107 628
Profit for the period attributable to equity holders of SmartCraft ASA	TNOK	27 015	29 299	58 149	59 744	107 628
Average numbers of shares, excl. treasury shares		168 098	169 960	168 227	170 336	169 575
		852	280	791	788	195
Earning per share	NOK	0.16	0.17	0.35	0.35	0.63

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 2024, including the comparisons with the corresponding period in 2023.

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 2024 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 2024.

The information provided in the report for the first half of 2024 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 26th, 2024

Board of Directors and CEO, SmartCraft ASA



Gunnar Haglund
Chairperson of the Board



Mette Kamsvåg
Deputy Chairperson of the Board



Bernt Ulstein
Board member



Carl Ivarsson
Board member



Isabella Alveberg
Board member



Eva Hemb
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.

<i>Amounts in NOK (thousands)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Revenue from customers	133 042	100 895	242 784	195 103	401 654
Total operating revenue	133 042	100 895	242 784	195 103	401 654

<i>Amounts in NOK (thousands)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
EBITDA	48 505	42 596	93 360	82 006	165 721
Adjustments of special items	2 662	1 304	2 662	1 304	1 525
Adjusted EBITDA	51 167	43 900	96 022	83 310	167 246

<i>EBITDA-margin</i>	36.5 %	42.2 %	38.5 %	42.0 %	41.3 %
<i>Adjusted EBITDA-margin</i>	38.5 %	43.5 %	39.6 %	42.7 %	41.6 %

<i>Amounts in NOK (thousands)</i>	Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Adjusted EBITDA	51 167	43 900	96 022	83 310	167 245
Capitalized development expenses	12 328	10 885	20 877	21 001	37 472
Adjusted EBITDA - CAPEX margin	29.2 %	32.7 %	31.0 %	31.9 %	32.3 %

		Q2'24	Q2'23	YTD'24	YTD'23	FY'23
Annual Recurring Revenue (ARR) (EoP)	TNOK	461 319	357 538	461 319	357 538	386 641
Recurring revenue		89.6 %	95.8 %	92.9 %	96.4 %	96.9 %
Average Revenue per Customer (ARPC)	NOK	40 378	33 104	37 472	31 940	32 452
Churn rate (R12m) (EoP)		7.9 %	7.4 %	7.9 %	7.4 %	7.2 %



This is SmartCraft

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.

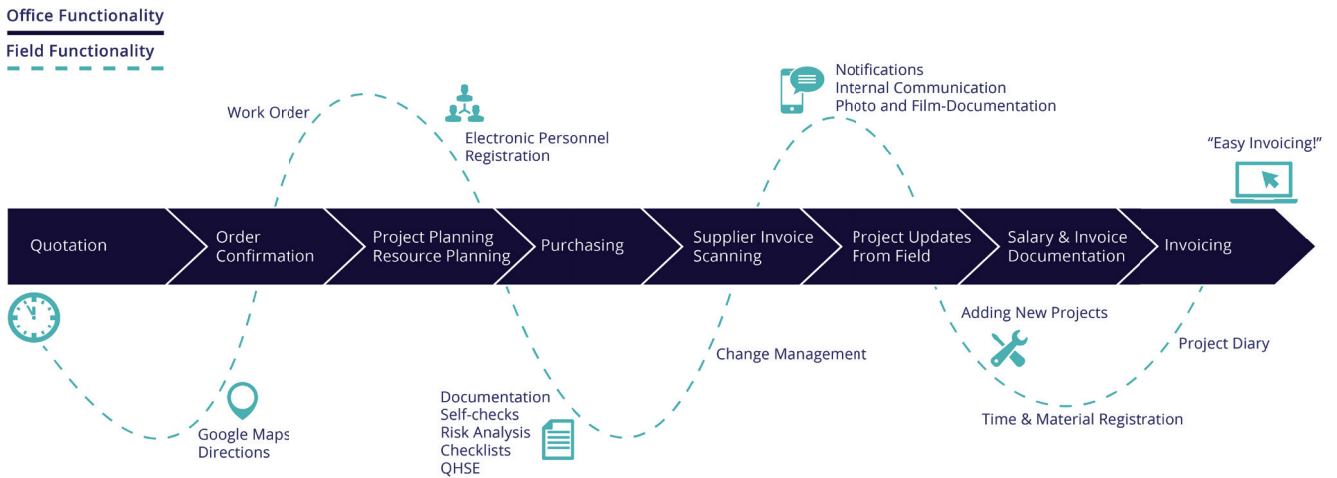
Our solutions are used by our customers even before they have won a contract. As a natural part of the sales process, our solutions enable our customers to be more efficient and precise in their offers. Official requirements and regulations, for example with regards to health and safety as well as quality 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 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 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 about 9 percent of our revenue in product and technology development in 2024 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 720 000 companies in the construction industry. As a market leader we have over 13 300 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 is above NOK 50 billion* in the Nordics and the UK in 2024.

This market is expected to grow 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 DIGITALISATION OF AN ATTRACTIVE SME CONSTRUCTION MARKET



Lack of skilled workers

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



Digitally maturing users and software

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



Increasing demand for detailed digital documentation

- Regulatory offices
- Consumers



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

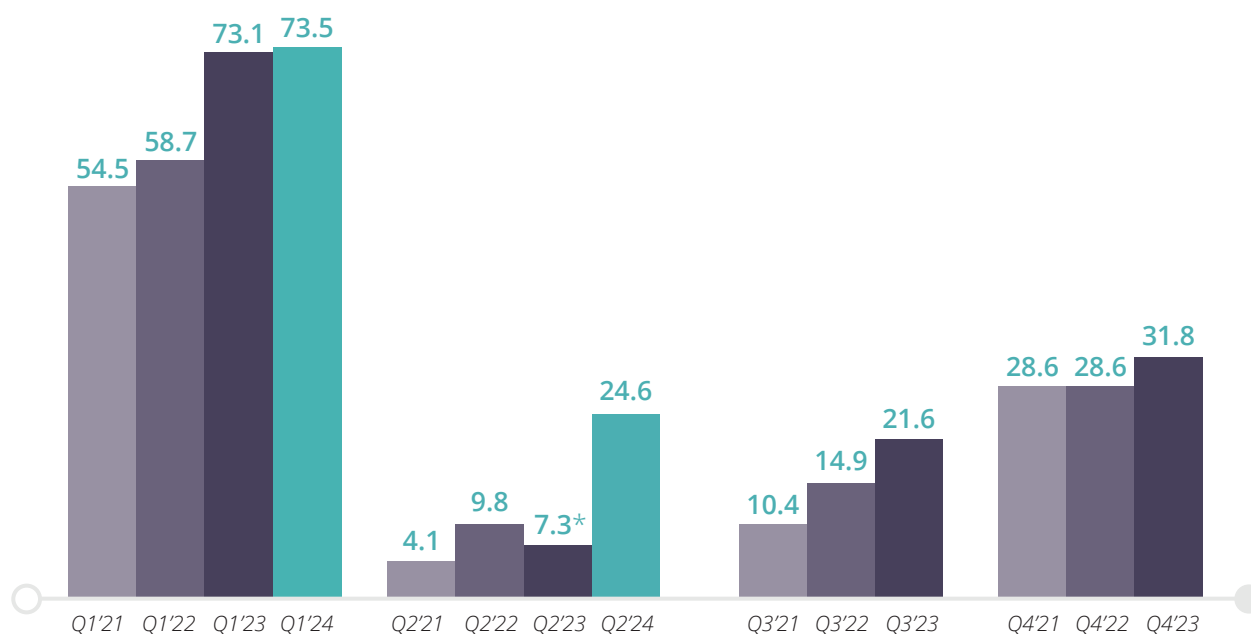
The story of SmartCraft has for many years been the story of profitable growth. We love our cloud-based Software-as-a-Service model for many reasons. One being the fact that the cost of adding one additional customer or user is minimal. This, combined with an efficient sales and marketing organization and a gross margin above 90 percent, gives us a strong business model. We are guiding our revenue to grow by 15-20 percent organically in the medium term and expect a growing EBITDA margin due to the scalability of the business. 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 historically we have a consistent low annual churn.

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

INCREASING CASH GENERATION FROM OPERATING ACTIVITIES, MNOK



* Including earnout payment of NOK 17.6 million previously classified as investing activity (reclassified in Annual report 2023).

HIGH QUALITY OF EARNINGS

We strongly believe in making business as easy as possible for our customers and that SmartCraft employees focusing on what is mission critical for our customers; to have business control by having a good digital overview of people, material and documentation. In the second quarter, 97 percent of our revenue was recurring, adjusted for the recent acquisitions with low margins. The high level of recurring revenue creates a solid, predictable financial profile with low risk.

our strategy to minimize non-recurring revenue like setup and installation fees, consulting fees, training fees and support fees, as we believe good software should be easy to use with minimum effort. We also believe that hardware and 3rd party software is best handled by the vendors of these and that SmartCraft employees should focus on making great mission critical solutions for our customers. As a result of this strategy, we have high earnings quality with good earnings visibility and low operational risk.

The high level of recurring revenue is a result of

Clear strategy to increase recurring revenue and financial visibility

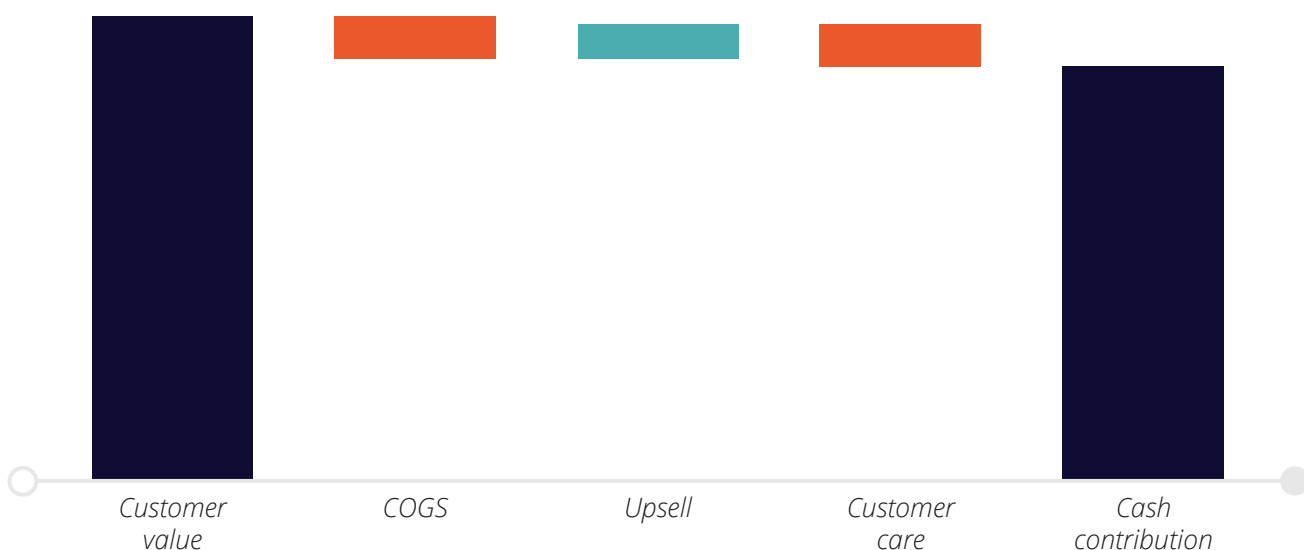
Revenue sources we avoid	Actions to secure high recurring revenue	Short-term financial effects	Strategic benefit
Setup/installation fees	Including one-time revenue in subscription fee	Reduced revenue Lower margin	<ul style="list-style-type: none"> o Low threshold to become a customer o Increased recurring revenue o Higher margin o High financial visibility o High quality of earnings o Low-risk business model
Consulting fees	Make easy to use solutions	Reduced revenue Higher margin	
Training fees	Make user-friendly and intuitive solutions		
Support fees	Provide solutions requiring minimum of support		
Hardware	Customers buy directly from hardware vendor		
3 rd party software	Customers buy directly from 3 rd party software vendor		

“RULE OF 90”

The beauty of software – in particular with a SaaS model - is the ability to achieve economies of scale. SmartCraft has both recurring revenue and a gross profit margin above 90 percent. We have an efficient marketing and sales organization enabling

sales and upsales at a relatively low cost. Low CAC combined with little efforts to retain a customer after onboarding and low churn, gives us a very healthy cash contribution from each incremental customer we win.

Scalable business model provides strong cash contribution per new customer



FOCUS ON ELECTRO AND PLUMBING COMPANIES IN THE RENOVATION SECTOR

SmartCraft focuses mainly on small and medium enterprises (SMEs) that work with renovation, upgrades, services and maintenance of existing buildings. Additionally, we have a high concentration of electrician and plumbing companies as customers. Due to energy savings and the green shift these contractors are very much in demand today and in the future. Hence, our strategic position makes SmartCraft less volatile in a challenging market. As illustrated in the table below the customer mix in Finland differs from the other two countries. We are actively

taking steps to increase the SME concentration and be less dependent on new projects in Finland, by expanding with solutions from Norway and Sweden.

SmartCraft operates in a largely underpenetrated market, where most SMEs lack effective digital solutions to comprehensively manage people, materials and documentation in their projects, which is crucial for enhancing revenue and profit margin. This represents a significant untapped potential for both the industry and SmartCraft.

Segment / Focus	SME concentration of customer base	Electro / HWS* concentration of customer base	New Build as main business for customer base
Sweden	High	High	Low
Norway	High	High	Low
Finland	Medium	Low	High

*Heating, water and sanitation

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 organic 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 and the UK 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



Upsell to existing customers



Cross sell on existing portfolio

M&A in existing and new geographies



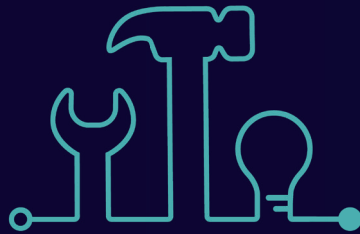
Proven M&A track record



Detailed M&A methodology



Active M&A pipeline



SmartCraft