Q2 and first half year 2021 report

SmartCraft ASA

Contents

Letter from the CEO

We are on track after a busy quarter

SmartCraft has ended its first quarter as a listed company after a successful IPO on Oslo Børs on the 24th of June. Let me start by thanking all of the new investors for the support and the trust. This was a major milestone for our 34-year-old company.

SmartCraft has gone from being a Norwegian privately owned company to have a wide group of domestic and international investors including the cornerstone investors Capital World Investors, Carnegie Fonder AB and Handelsbanken Fonder AB. Valedo Partners III AB remains a significant and competent supportive shareholder. The IPO has provided us with a strong balance sheet, serving as a solid platform for our high organic and acquisitive growth ambitions.

The second quarter was busy, and I am very satisfied that we have managed to deliver strong operational development and take important strategic steps in parallel to the IPO process. Reported revenue growth was 35,7%, whereas the currency adjusted organic growth was 17,9% for the quarter. Adjusted EBITDA margin was 47,1%, up from 44,5% in Q2 2020.

The Q2 results were driven by continued positive development in the number of customers and strong up-sell performance. The second quarter is always a seasonally strong quarter in terms of margins. In addition the cost base was somewhat lower than planned due to delayed hires.

Our long-term growth prospects are excellent. The construction industry is among the largest industries in the world, but also amongst the least productive. This is changing fast, and our solutions are the hub for our customers. They get control of revenue and cost and the solutions enable our customers to follow rules and regulations. We are already the market leader in the Nordics, where we estimate the market potential to be around NOK 10.5 billion. We expect to capture our share of this through organic growth and further acquisitions. In addition, we have the ambition over time to become a leading software provider to the SME construction companies in Northwestern Europe.

SmartCraft has a strategy to acquire best of breed SaaS solutions for SME construction companies. Since 2017 we have acquired 6 solutions. In May, we completed the acquisition of HomeRunbynet Oy ("HomeRun"), a Finnish company with a project communication and management platform for housing projects. HomeRun ticks a lot of boxes when it comes to our M&A strategy. The company strengthens geographical footprint in Finland, there are sales synergies, and we can use the technology in other countries. In July, we completed our seventh acquisition with Kvalitetskontroll. Kvalitetskontroll brings a very strong product portfolio within quality management.

"The construction industry is among the largest industries in the world, but also amongst the least productive"

At the end of Q2 the SmartCraft Group had more than 96 000 professional users from more than 9 000 companies. These are served by more than 150 dedicated team members in 12 locations in Norway, Sweden and Finland. Software is all about the team and I am truly proud of our fantastic team of domain specialists, that has both deep knowledge of the construction industry and understands how software can increase productivity and margins for our customers.

As a listed company with a strong shareholder base, we are in a great position and ready for the next leg of our growth journey. We target 15-20% organic growth in the medium-term, and any acquisitions will come on top of that. We expect adjusted EBITDA-margin in the medium-term to increase compared to the 2020 baseline due to scalability and synergies.

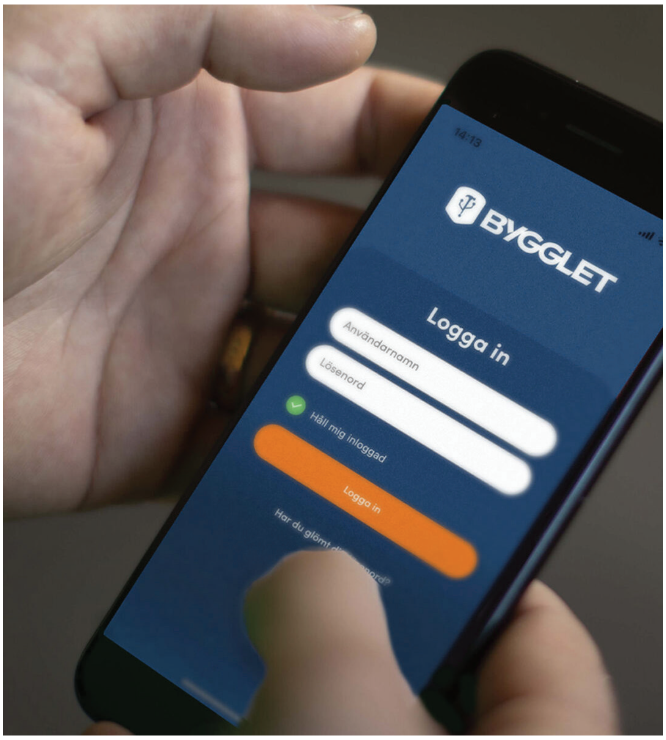
Gustav Line
CEO

About SmartCraft ASA

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

SmartCraft provides its software solutions as a service ("SaaS"). The SaaS offering is module-based and includes a comprehensive offering of software solutions to (i) optimize project budgeting by enhancing sales and minimizing costs, (ii) enhance project execution by minimizing budget deviations and (iii) minimize project risk through full documentation and insight. SmartCraft's solutions are provided through six strong brands targeting various markets:

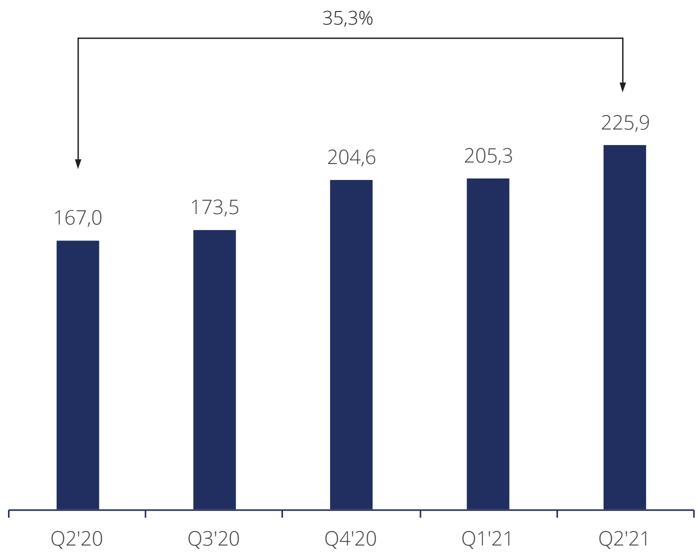
- Cordel: One of the market leaders within the Heating, Water and Sanitation market, also strongly positioned within the electrician market in Norway;
- Bygglet: One of the market leaders within the Small and Medium-sized Enterprises ("SME") general construction segment in Sweden;
- EL-VIS: One of the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



The SaaS offered by the Group is provided on a subscription basis. In general, after a 12 months non-terminable initial term, the customers' subscription turns evergreen where the subscription may be terminated by giving three months prior written notice. At the end of June 2021, the Group had more than 9 000 customers and 96 000 users utilizing its software solutions.

Q2 2021 in Brief

- Currency adjusted organic revenue growth of 17,9% in Q2 2021
- Adjusted EBITDA-margin 47,1% in Q2 2021
- June 30, 2021 NOK ARR 225,9 million, increased by 35,3%
- Aquisition of HomeRun closed in May
- Successful listing on Oslo Børs June 24, raising NOK 568 million (gross) in equity, including the greenshoe of NOK 68 million in July



Development ARR per quarter (end of period, MNOK)

Key figures

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Amounts in mNOK	***unaudited***	***unaudited***	***unaudited***	***unaudited***	***audited***
Annual Recurring Revenue	225.9	167.0	216.0	167.0	204.6
Revenue	63.9	47.1	122.9	92.3	195.9
Adjusted EBITDA	30.1	21.0	53.9	36.7	80.9
Adjusted EBITDA-margin	47,1 %	44,5 %	43,9 %	39,8 %	41,3 %
Churn rate	6,3 %	6,0 %	6,3 %	6,0 %	5,7 %

Operational Development

SmartCraft continued its healthy development in Q2 with a revenue growth of 35,7% compared to Q2 2020. The currency adjusted organic growth was 17,9% for the quarter. Annual Recurring Revenue (ARR) grew by 35,3% compared to Q2 2020 and ARR totalled NOK 225.9 million at the end of Q2. Recurring revenue is 94,3% of total revenue in H1 2021 compared to 92,6% in H1 2020.

The strong revenue growth comes from a combination of several factors. The organic growth was driven by the continued focus on the Group's SaaS solutions. Upsell to existing customers and new customers made an important contribution. Average Revenue per Customer (ARPC) is NOK 27 101 in Q2 2021 compared to NOK 22 446 Q2 2020. In addition, the Group's acquisitions of Congrid in December 2020 and HomeRun in May 2021 had a positive effect on the ARPC.

Churn is stable at 6,3% at the end of H1 2021, up from 6,0% in H1 2020. We are continously monitoring the development in churn to iniciate activities to keep churn at an acceptable level.

SmartCraft is strongly focused on shifting revenue to SaaS. Hence, we are very pleased to see that SaaS revenue grew by 78,6% for Q2 and 79,2% for H1 2021 compared to corresponding periods in 2020. The increase in SaaS revenue is a result of the lates two acquisitions, additional new SaaS customers, focus on shifting one time revenue to recurring SaaS revenue and moving customers on a subscription agreement to a SaaS agreement. Moving customers to a SaaS environment and SaaS price model is mutually beneficial and effective both for the customer and for SmartCraft.

The public listing of SmartCraft on Oslo Børs June 24 was a milestone event for the company. The IPO was highly successful, and the value of the company has had a positive development on Oslo Børs.

Sweden is the largest market, accounting for 49,2% of the revenue. It is also the fastest growing market with 20,4% growth in H1 2021 compared to H1 2020.

Geographical distribution of revenue

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Amounts in mNOK	*unaudited*	*unaudited*	*unaudited*	*unaudited*	*audited*
Norway	23.4	20.5	46.7	42.0	85.8
Sweden	31.2	26.6	60.5	50.3	107.7
Finland	9.3	-	15.7	-	2.4
Total revenues	**63.9**	**47.1**	**122.9**	**92.3**	**195.9**

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

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

At the end of H1 2021 the two segments are equally important in the revenue composition. However, general construction has a growth of 68,9% compared to H1 2020. This is mainly due to the acquisitions of Congrid and HomeRun.

	Q2 2021	**Q2 2020**	**H1 2021**	**H1 2020**	**FY 2020**
Amounts in mNOK	*unaudited*	*unaudited*	*unaudited*	*unaudited*	*audited*
Specialized construction	30.8	27.5	61.5	55.3	114.0
General construction	33.1	19.6	61.4	37.0	81.9
Total revenue in segments	**63.9**	**47.1**	**122.9**	**92.3**	**195.9**

Adjusted EBITDA margin was 47,1% in Q2 2021. For H1 2021 the number is 43,9%. The strong EBITDA margin was mainly a result of the positive growth, delayed planned hires and SmartCraft's business scalability. The second quarter is normally seasonally strong.

SmartCraft continues to strengthen the organization in order to support the growth strategy. In June, the company's new CTO, Christian Saleki joined, coordinating development cross solutions, continuing to improve security, developing for scale and realising synergies.

SmartCraft has continued to pursue its M&A strategy, and in May 2021 the acquisition of HomeRun was announced. HomeRun is a Finland-based company that delivers digital tools for construction project communication, documentation, and project management. HomeRun is expected to have clear synergies with the existing SmartCraft operations. HomeRun has a portfolio of project communication modules that fits with SmartCraft's offering in project management, adding a new dimension to their current offering and providing additional potential cross-selling opportunities.

In July 2021, SmartCraft announced another acquisition further strengthening our position as a Nordic market leader. The Norwegian company Kvalitetskontroll AS is a great supplement to the already strong quality assurance and environment and health and safety (EHS) expertise in SmartCraft. Kvalitetskontroll has about 2 000 customers and 21 000 users of their SaaS solution in Norway. We expect to achieve significant synergies through the acquisition of Kvalitetskontroll, as we will be able to cross-sell Kvalitetskontroll's solutions to our existing customer base and vice versa. The combination will also allow for increased efficiency and lower cost when it comes to sales and product development.

SmartCraft continues to strengthen its position towards electricians with strategic customers wins and new features in the solutions. The planned entry into Finland is going according to plan.

The Group has a strong focus on sales excellence and execution. Covid-19 has shifted more customers to digital media and the success with digital events and meetings continues.

Financial Review

Amounts in NOK (thousands)	Q2 2021 *unaudited*	Q2 2020 *unaudited*	H1 2021 *unaudited*	H1 2020 *unaudited*	FY 2020 *audited*
Revenue from customers	63 889	47 093	122 883	92 287	195 941
Total operating revenue	***63 889***	***47 093***	***122 883***	***92 287***	***195 941***
Purchase of goods and services	5 734	4 727	10 764	8 869	19 523
Payroll and related expenses	22 717	15 755	46 608	34 768	74 559
Other operating expenses	29 131	5 890	35 370	12 174	25 197
Total operating expenses	***57 582***	***26 372***	***92 742***	***55 811***	***119 278***
EBITDA	***6 306***	***20 720***	***30 141***	***36 476***	***76 663***
Adjustments of special items	23 755	240	23 755	240	4 271
Adjusted EBITDA	***30 062***	***20 960***	***53 897***	***36 716***	***80 934***
Depreciation and amortization	5 064	4 196	10 184	8 137	17 053
Operating profit (loss) before financial items and tax	***1 243***	***16 524***	***19 957***	***28 339***	***59 610***
EBITDA-margin	9,9 %	44,0 %	24,5 %	39,5 %	39,1 %
Adjusted EBITDA-margin	47,1 %	44,5 %	43,9 %	39,8 %	41,3 %

SmartCraft's consolidated revenues were NOK 63.9 million in Q2 2021 and NOK 122.9 million for the first half of 2021. This was a growth of 35,7% and 33,2% respectively compared to the same period last year. The revenue growth was driven by the continued focus on the Group's SaaS solutions, and the acquisitions of Congrid (December 2020) and HomeRun (May 2021). The Group's currency adjusted organic revenue growth was 17,9% in Q2 2021 and 16,3% in H1 2021.

The Group's EBITDA, adjusted for items related to the IPO, acquisitions and other special items was NOK 30.1 million in Q2 2021 and NOK 53.9 million in H1 2021, a margin of 47,1% (2,6%-points increase) and 43,9% (4,1%-points increase) respectively. The increase in adjusted EBITDA was mainly a result of the positive growth, delayed planned hires and SmartCraft's business scalability. The second quarter is normally seasonally strong.

Depreciations and amortizations were NOK 10.2 million in H1 2021 compared to NOK 8.1 million in H1 2020. The increase is a result of the Group's continuous R&D activity and the acquisitions.

Cash flow

Cash flow from operating activities was NOK 15.7 million in Q2 2021 and NOK 71.4 million in H1 2021, driven by changes in net working capital of NOK 5.9 million and NOK 39.4 million respectively. The changes in net working capital are a result of up-front payment from customers, expenses related to the IPO and due to public duties payable.

Cash flow from investing activities was NOK -36.9 million in Q2 2021 and NOK -41.6 million in H1 2021, driven by the acquisition of HomeRun. Capitalized R&D was NOK 3.9 million for Q2 2021 compared to NOK 2.8 million for Q2 2020. The corresponding figures were NOK 8.5 million for H1 2021 and NOK 6.1 million for H1 2020.

Net cash flow from financing activities was NOK 35.6 million in Q2 2021 and NOK 32.4 million in H1 2021, driven by the net proceeds from the equity capital increase ahead of the listing on Oslo Børs, offset by repayment of loan facilities and redemption of preference shares.

Financial position

In connection with and following the equity capital raised of gross NOK 500.0 million ahead of the IPO in June 2021, SmartCraft redeemed its preference shares with a total amount of NOK 209.0 million and repaid loan facilities amounting to NOK 234.5 million. On June 30, 2021 SmartCraft had one share class (common shares) and no outstanding loan facilities. SmartCraft is well capitalized to deliver on the stated growth ambitions and M&A strategy.

Total assets amounted to NOK 785.2 million (NOK 690.9 million at the end of 2020), of which cash and cash equivalents amounted to NOK 138.4 million (NOK 79.9 million at the end of 2020). Non-current assets amounted to NOK 619.1 million (NOK 590.3 million at the end of 2020) which primarily consist of goodwill and intangible assets from the Group's R&D and acquisitions.

Total liabilities amounted to NOK 175.8 million (NOK 366.9 million at the end of 2020). The decrease is related to the repayment of loan facilities (NOK 234.5 million), offset by the increase in deferred revenue and accounts payable. Accounts payable consist largely of invoiced IPO expenses due in July.

Events After the Reporting Date

In addition to the NOK 500 million raised in the IPO, the greenshoe option NOK 68 million was paid in July, totalling the gross proceeds to NOK 568 million.

July 9, 2021 SmartCraft announced the acquisition of Kvalitetskontroll. Kvalitetskontroll has a quality assurance, environment and health and safety (EHS) SaaS solution which has gained great momentum in Norway. In 2020 Kvalitetskontroll had a total revenue of NOK 23.5 million of which close to 90% was recurring. The revenue grew by 24% from 2019, when adjusting for certain one-off revenues related to one particular customer. The EBITDA margin in 2020 was 4%.

Share information

At the end of Q2 2021 SmartCraft ASA had 167.2 million shares. Average number of common shares in the first half 2021 was 139.9 million shares.

Including the preference shares the average number of total shares in the first half 2021 was 437.0 million shares. The preference shares were redeemed June 23, 2021.

Risk factors

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

Outlook

We stay very positive on the future outlook and our long-term growth prospects are excellent. Being a specialized provider of SaaS solutions for the construction industry, we are delighted to observe that there is a great demand in the construction industry for digital solutions to automize processes which make sure that companies and their workers optimize their productivity. SmartCraft is already a market leader in the Nordics where we estimate the market potential to be around NOK 10.5 billion. This market is expected to grow in double digits annually. We expect to capture our share of this through organic growth and further acquisitions. Additionally, we have an ambition to take a leading role in Northwestern Europe delivering software to SME construction companies.

In the second half of 2021, our key priorities are integrating HomeRun and Kvalitetskontroll in the Group, enabling cross sales, synergies and scale. Additionally, we expect to offer existing solutions in other geographies in existing markets, launch newly developed features across several solutions and focus specifically on strengthening our presence in the electro market.

During the pandemic, SmartCraft had a tight cost focus and postponed certain sales, marketing and development initiatives, which led to higher EBITDA margins. In order to fuel long-term growth, as communicated in the IPO process, we expect to increase such cost in the second half of 2021 and beyond.

As stated in connection with the IPO in June 2021, SmartCraft targets 15-20% organic growth in the medium-term, and any acquisitions will come on top of that. We expect adjusted EBITDA-margin in the medium-term to increase compared to the 2020 baseline due to scalability and synergies.

Financial calendar

Quarterly reporting:

- Q3 2021: November 10, 2021
- Q4 2021: March 23, 2022

Condensed Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

Amounts in NOK (thousands)	Q2 2021 *unaudited*	Q2 2020 *unaudited*	H1 2021 *unaudited*	H1 2020 *unaudited*	FY 2020 *audited*
Revenue from customers	63 889	47 093	122 883	92 287	195 941
Total operating revenue	**63 889**	**47 093**	**122 883**	**92 287**	**195 941**
Purchase of goods and services	5 734	4 727	10 764	8 869	19 523
Payroll and related expenses	22 717	15 755	46 608	34 768	74 559
Other operating expenses	29 131	5 890	35 370	12 174	25 197
Depreciation and amortization	5 064	4 196	10 184	8 137	17 053
Total operating expenses	**62 646**	**30 569**	**102 927**	**63 948**	**136 331**
Operating profit (loss) before financial items and tax	**1 243**	**16 524**	**19 957**	**28 339**	**59 610**
Financial income	36	3 267	2 979	7 715	8 029
Financial expenses	(2 318)	(2 928)	(9 659)	(10 802)	(15 201)
Financial income (expense), net	**(2 282)**	**339**	**(6 680)**	**(3 086)**	**(7 172)**
Profit (loss) before tax	**(1 040)**	**16 863**	**13 277**	**25 252**	**52 438**
Tax expense	1 121	3 119	3 865	4 784	13 298
Profit (loss)	**(2 161)**	**13 744**	**9 412**	**20 468**	**39 140**
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Currency translation differences, net of tax	12 236	(9)	(4 473)	12 637	16 087
Total	**12 236**	**(9)**	**(4 473)**	**12 637**	**16 087**
Total comprehensive income	**10 075**	**13 736**	**4 939**	**33 105**	**55 227**

Consolidated Statement of Financial Position

ASSETS			
Amounts in NOK (thousands)	**30. June 2021**	**30. June 2020**	**31. Dec 2020**
Deferred tax assets	-	278	-
Goodwill	448 265	362 988	421 900
Intangible assets	152 791	111 100	146 977
Right to use assets	14 367	18 752	17 111
Tangible Assets	3 657	5 022	4 353
TOTAL NON-CURRENT ASSETS	**619 079**	**498 140**	**590 341**
Inventory	83	64	55
Other current assets	4 520	3 375	4 032
Other current financial assets	28	-	69
Accounts Receivable	23 048	10 372	16 454
Cash and cash equivalents	138 441	77 945	79 902
TOTAL CURRENT ASSETS	**166 120**	**91 755**	**100 512**
TOTAL ASSETS	**785 199**	**589 895**	**690 853**

EQUITY AND LIABILITIES

Amounts in NOK (thousands)	**30. June 2021**	**30. June 2020**	**31. Dec 2020**
Share capital	1 672	4 396	4 497
Share premium	527 548	229 045	244 193
Retained earnings	72 783	44 700	63 371
Other components of equity	7 380	8 703	11 853
TOTAL EQUITY	**609 382**	**286 845**	**323 914**
Non-current financial liabilities	-	144 950	171 339
Non-current lease liabilities	8 195	12 894	10 728
Deferred tax liabilities	26 875	22 002	28 993
Total non-current liabilities	**35 071**	**179 846**	**211 060**
Deferred revenue	60 878	57 450	41 627
Current portion of lease liabilities	6 072	5 724	6 047
Accounts payable	24 533	2 880	5 567
Taxes payable	11 362	6 302	8 053
Other current financial liabilities	-	29 720	64 877
Other current liabilities	37 901	21 129	29 709
Total current liabilities	**140 746**	**123 205**	**155 879**
TOTAL LIABILITIES	**175 817**	**303 051**	**366 939**
TOTAL EQUITY AND LIABILITIES	**785 199**	**589 895**	**690 853**

Consolidated Statement of Changes in Equity

Amounts in NOK (thousands)	Share capital	Share premium	"Other components of equity"	Retained earnings	Total equity
Total equity 31.12.2019	**4 380**	**227 752**	**(3 934)**	**24 231**	**252 429**
Profit / (-) loss for the period	-	-	-	20 468	20 468
Other comprehensive income	-	-	12 637	-	12 637
Capital increase 2020.01.22	10	800	-	-	810
Capital increase 2020.03.02	7	494	-	-	500
Total equity 30.06.2020	**4 396**	**229 045**	**8 703**	**44 700**	**286 845**
Profit / (-) loss for the period	-	-	-	18 672	18 672
Other comprehensive income	-	-	3 150	-	3 150
Capital increase 2020.12.30	100	15 147	-	-	15 248
Total equity 31.12.2020	**4 497**	**244 193**	**11 853**	**63 371**	**323 914**
Profit / (-) loss for the period	-	-	-	9 412	9 412
Other comprehensive income	-	-	(4 473)	-	(4 473)
Capital decrease 2021.06.21	(3 109)	(205 864)	-		(208 973)
Capital increase 2021.06.22	284	489 219	-	-	489 503
Total equity 30.06.2021	**1 672**	**527 548**	**7 380**	**72 783**	**609 382**

Consolidated Cash Flow Statement

Amounts in NOK (thousands)	Q2 2021 *unaudited*	Q2 2020 *unaudited*	H1 2021 *unaudited*	H1 2020 *unaudited*	FY 2020 *audited*
Operating activities					
Profit before tax	(1 040)	16 863	13 277	25 252	52 438
Paid taxes	(903)	(795)	(1 695)	(1 938)	(7 258)
Depreciation	2 402	2 039	4 811	3 937	8 310
Amortisation of intangible assets	2 661	2 157	5 373	4 200	8 743
Accrued interest expense	(1 139)	480	(790)	-	(385)
Items classified as investing or financing activities	7 788	3 166	10 987	6 650	16 101
Working capital adjustments:					
Changes in accounts receivable	(5 734)	6 298	(6 530)	2 650	182
Changes in deferred revenue	(7 790)	(14 456)	19 251	27 568	11 745
Changes in accounts payable	21 061	(93)	18 965	(427)	1 728
Changes in all other working capital items	(1 608)	(12 322)	7 733	155	6 405
Net cash provided from operating activities	***15 699***	***3 337***	***71 381***	***68 048***	***98 008***
Investing activities					
Investments in tangible and intangible assets	(62)	(237)	(62)	(1 045)	(1 280)
Payments for acqusitions	(29 648)	-	(29 648)	-	(69 101)
Acquisition transaction costs	(3 343)	-	(3 343)	-	(3 106)
Payments for software development costs	(3 876)	(2 843)	(8 545)	(6 100)	(11 579)
Net cash used in investing activities	***(36 929)***	***(3 080)***	***(41 598)***	***(7 145)***	***(85 066)***
Financing activities					
Cash proceeds from capital increases	500 000	-	500 000	500	500
Cash proceeds from loan facilities	-	-	-	-	60 000
Downpayment on loan facilities	(234 453)	(5 000)	(234 453)	(14 280)	(14 280)
Interest payments	(3 064)	(1 694)	(4 776)	(4 161)	(7 751)
Repayments of capital decreases	(208 973)	-	(208 973)	-	-
Repayments of lease liabilities	(1 381)	(1 472)	(2 868)	(2 489)	(5 244)
Other financial items	(16 497)	-	(16 497)	-	-
Net cash provided by (used in) financing activities	***35 632***	***(8 166)***	***32 433***	***(20 430)***	***33 225***
Net increase (decrease) in cash and cash equivalents	**14 402**	**(7 909)**	**62 216**	**40 473**	**46 167**
Cash and cash equivalents at the beginning of period	122 013	87 034	77 868	38 395	38 395
Foreign currency effects on cash and cash equivalents	217	(2 643)	(3 453)	(2 386)	(6 694)
Cash and cash equivalents at end of period*	***136 631***	***76 482***	***136 631***	***76 482***	***77 868***

* Excluding cash position for deducted employee tax

Explanatory Notes to the Consolidated Financial Statements

Note 1 Accounting policies

The interim report for the SmartCraft Group for 1st quarter 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods for computation have been applied as in the latest annual statement. For further information on accounting policies see the Annual Report 2020.

Note 2 Revenue

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Amounts in TNOK	*unaudited*	*unaudited*	*unaudited*	*unaudited*	*audited*
Revenue from contracts with customers	63 889	47 093	122 883	92 287	195 941
At a point in time revenue recognition					
Integrated services and bundled services	4 342	3 534	7 959	6 470	16 914
Expert services	2 345	1 621	4 442	3 984	7 253
Other revenue	1 373	1 200	2 692	2 811	6 524
Total at a point in time revenue recognition	**8 059**	**6 355**	**15 093**	**13 265**	**30 690**
Over time revenue recognition					
SaaS (software as a service)	45 335	25 384	85 703	47 823	105 232
Software subscriptions	10 495	15 353	22 087	31 199	60 018
Total over time revenue recognition	**55 829**	**40 738**	**107 791**	**79 022**	**165 250**

Note 3 Earnings per share

		Q2 2021 *unaudited*	Q2 2020 *unaudited*	H1 2021 *unaudited*	H1 2020 *unaudited*	FY 2020 *audited***
Profit for the year due to holders of shares	TNOK	(1 040)	16 863	13 277	25 252	52 438
Average numbers of shares*		139 881 785	139 881 785	139 881 785	139 881 785	135 722 423
Earning per share	NOK	(0,01)	0,12	0,09	0,18	0,39

* Refers to the Group's common shares as SmartCraft redeemed all of its preference shares in June 2021. As at June 30, 2021 SmartCraft has only one class of shares, common shares. Earning per share is calculated per common share both for 2021 and 2020. Common shares were split 1:100 in 2021 and for comparison purposes this is adjusted for both 2021 and 2020.

** Earning per share for the financial year 2020 is audited based on average number of total shares, which includes both common shares and preference shares before spilt.

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 30 June 2021, including the comparisons with the corresponding period in 2020.

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 30 June 2021 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 30 June 2021.
- The information provided in the report for the first half of 2021 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.

Oslo, 23 August 2021
The Board of Directors and CEO of SmartCraft ASA

Gunnar Haglund Chairman	Christina Skogster Stange Board member	Bernt Ulstein Board member
Maria Danell Board member	Carl Ivarsson Board member	Marianne Bergmann Røren 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 the yearly 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 2021** *unaudited*	**Q2 2020** *unaudited*	**H1 2021** *unaudited*	**H1 2020** *unaudited*	**FY 2020** *audited*
Revenue from customers	63 889	47 093	122 883	92 287	195 941
Total operating revenue	***63 889***	***47 093***	***122 883***	***92 287***	***195 941***

Amounts in NOK (thousands)	**Q2 2021** *unaudited*	**Q2 2020** *unaudited*	**H1 2021** *unaudited*	**H1 2020** *unaudited*	**FY 2020** *audited*
EBITDA	6 306	20 720	30 141	36 476	76 663
Adjustments of special items	23 755	240	23 755	240	4 271
Adjusted EBITDA	***30 062***	***20 960***	***53 897***	***36 716***	***80 934***
EBITDA-margin	*9,9 %*	*44,0 %*	*24,5 %*	*39,5 %*	*39,1 %*
Adjusted EBITDA-margin	*47,1 %*	*44,5 %*	*43,9 %*	*39,8 %*	*41,3 %*

Amounts in NOK (thousands)	**Q2 2021** *unaudited*	**Q2 2020** *unaudited*	**H1 2021** *unaudited*	**H1 2020** *unaudited*	**FY 2020** *audited*
Adjusted EBITDA	30 062	20 960	53 897	36 716	80 934
Capitalized development expenses	3 876	2 843	8 545	6 100	11 579
Adjusted EBITDA - CAPEX margin	***41,0 %***	***38,5 %***	***36,9 %***	***33,2 %***	***35,4 %***

		Q2 2021 *unaudited*	**Q2 2020** *unaudited*	**H1 2021** *unaudited*	**H1 2020** *unaudited*	**FY 2020** *audited*
Annual Recurring Revenue (ARR) (EoP)	TNOK	225 912	166 982	216 019	166 982	204 589
Recurring revenue		94,2 %	94,0 %	94,3 %	92,6 %	93,0 %
Average Revenue per Customer (ARPC)	NOK	27 101	22 446	26 702	22 108	23 063
Churn rate (R12m) (EoP)		*6,3 %*	*6,0 %*	*6,3 %*	*6,0 %*	*5,7 %*

SmartCraft
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