SmartCraft
BETTER DIGITAL TOOLS

Quarterly report - Q3 2021

SmartCraft ASA

Contents

Letter from the CEO

I am pleased to report continued solid development for SmartCraft in the third quarter and in the first nine months of 2021. We have continued to deliver on our strategy of organic growth and acquisitions.

As a specialized Software-as-a-Service player within construction we continue to see great demand for our services. We have identified a market opportunity of NOK 10.5 billion in the Nordics only. The construction industry is among the largest industries in the world, but also among the least productive. SmartCraft's mission is to help construction companies improve their productivity, making SaaS solutions and mobile applications available for the industry and enabling digitalization at a low cost.

We exited the third quarter with an annual recurring revenue (ARR) of NOK 260 million, 50 percent higher than last year. This was the result of organic growth of 16 percent and the successful acquisitions of Congrid in December 2020, Homerun in May 2021 and Kvalitetskontroll in July 2021. Reported revenue continued to grow driven by the same factors, and I am pleased to see that recurring revenue had an organic year-on-year growth of 17 percent, as we continue our strategy to transition to SaaS based solutions.

Total revenue year to date was NOK 195 million. In Q3 we saw a revenue growth of 49% to NOK 72 million, of which organic growth was 14% compared to last year. 96% of the revenue was defined as recurring.

"We exited the third quarter with annual recurring revenue (ARR) of NOK 260 million, 50 percent higher than last year"

SmartCraft's strategy is to grow rapidly while maintaining high profitability and strong cash conversion. In the third quarter our EBITDA margin, adjusted for costs related to the IPO and acquisitions, was 37 percent. This was lower than in the third quarter of 2020, which to a large extent is a result of the acquired companies having lower margins than SmartCraft as a whole. Before the margin dilution from the three acquired companies, our EBITDA margin was 43 percent. We do see material synergies in the portfolio, and hence expect that the margin in the acquired businesses will develop in the direction of the group average over time.

With a leading position in the Nordic SaaS construction market, SmartCraft is set to continue the growth path both in the near and medium term. We continue to develop and intensify our sales and marketing activities. Close coordination and cross-sales of our portfolio is expected to give positive effects going forward. It is worth highlighting that the Covid-19 reopening has proven to be slightly negative in the short term, as new customers are less available for the very efficient digital sales, whereas the physical sales venues are yet to get up to speed.

In parallel, we continue to pursue our M&A strategy, searching for companies that can expand our product portfolio, geographical footprint or have strong strategic fit in other ways. Currently, we are in continuous dialogue with companies in both existing and new geographies.

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

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

The successful IPO on Oslo Børs in June 2021, important acquisitions and continued strengthening of our organization and product base means that we have all the tools to achieve our ambitions – and continue to simplify business for construction companies.

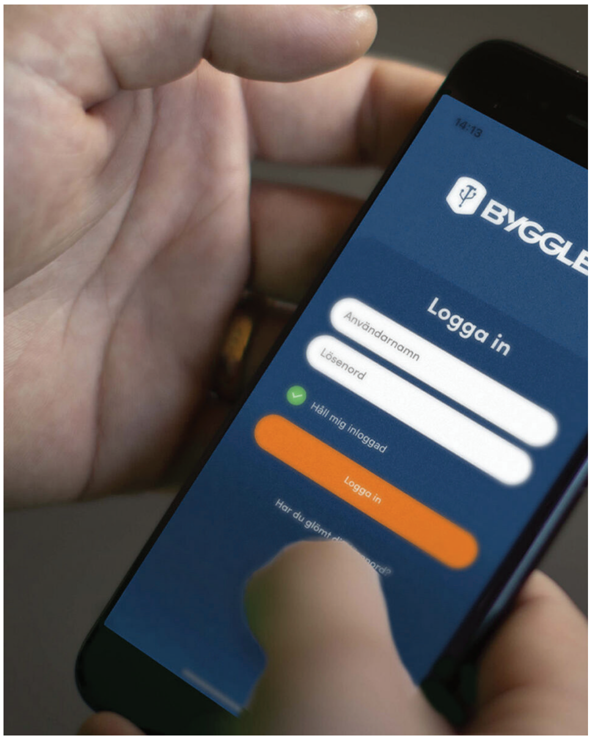
Gustav Line
CEO

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

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

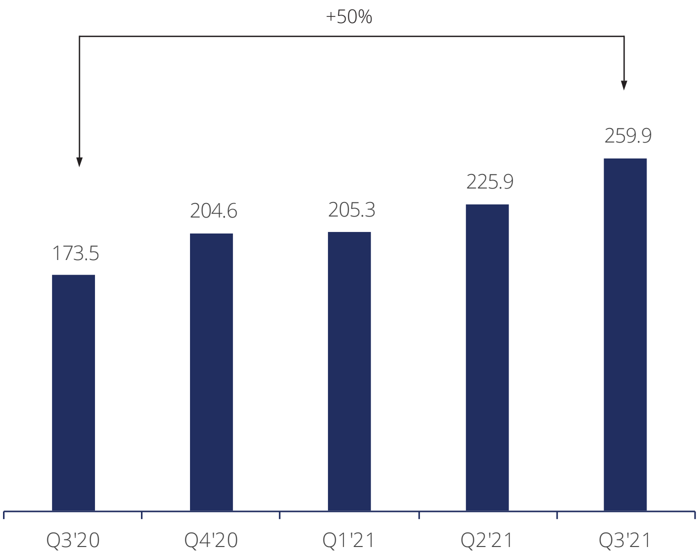


We have a strong focus on cross group sales and sales in new regions in the Nordics. We believe the best decisions will be found by the people closest to the customers and together we have initiated many good cross group growth initiatives in the Group.

The SaaS solutions offered by the Group are provided on a subscription basis. In general, after a 12 months non-terminable initial term, the customers' subscription turns evergreen where the subscription may be terminated by giving three months prior written notice. At the end of September 2021, the Group had more than 11 000 customers and 115 000 users utilizing its software solutions.

Q3 2021 in Brief

- Sep. 30, 2021 ARR NOK 259.9 million, 50% growth YoY (16% organic growth YoY)
- 17% organic growth of recurring revenue
- Adjusted EBITDA-margin 37%, diluted 6%-pts by companies acquired during the last 12 months
- Acquisition of Kvalitetskontroll closed in July



Development ARR per quarter (end of period, MNOK)

Key figures

	Q3'21	Q3'20	YTD 30.9.21	YTD 30.9.20	FY'20
Amounts in mNOK	*unaudited*	*unaudited*	*unaudited*	*unaudited*	*audited*
Annual Recurring Revenue	259.9	173.5	259.9	173.5	204.6
Revenue	72.2	48.5	195.3	140.8	195.9
Adjusted EBITDA	26.5	21.5	80.8	58.0	80.9
Adjusted EBITDA-margin	36.7 %	44.3 %	41.4 %	41.2 %	41.3 %
Churn rate (R12m)	6.2 %	6.0 %	6.2 %	6.0 %	5.7 %

Operational Development

SmartCraft continued the growth in Q3, improving the recurring revenue share to 96% (93% in Q3 2020) and the ARR to NOK 260 million (+50% YoY). Average Revenue per Customer (ARPC) is NOK 27 903 in Q3 2021. This represents an increase of 22% compared to Q3 2020. The growth is driven by new customers and upsales as well as the effects of the recent acquisitions.

In Q3 2021, SmartCraft's ARR grew NOK 34 million (15 %) compared to the end of Q2 2021, largely driven by the acquisition of Kvalitetskontroll in July 2021.

12 months churn rate was 6.2% in Q3, slightly higher than the level in Q3 2020, but slightly lower than the 6.3% churn rate in the first half of 2021.

During the pandemic we shifted our marketing to digital events and meetings. Since the ease of Covid-19 restrictions in the Nordics in Q3, we are happy to see that physical events and meetings are now back in the calendar, giving us an opportunity for more face-to-face interactions with potential customers. The physical activities are gradually increasing, and these will come in addition to the digital events and seminars that we have established during the pandemic. At the same time, as the markets have opened it has been slightly more challenging to arrange meetings with construction companies, as they finally can move more freely. We believe this reverse Covid-19 effect will normalize after the initial rush is over and we are in more normal conditions.

SmartCraft has continued to pursue its M&A strategy, and Kvalitetskontroll, which was acquired in July, has a great team and well-established quality assurance and environment, health & safety solutions in Norway. We see great opportunities for cross sales and cooperation across the group establishing SmartCraft as an industry leader in this area. Kvalitetskontroll is the third acquisition the last 10 months. The others were Congrid (December 2020), a solution for quality assurance and safety at building sites, and HomeRun (May 2021), providing digital tools for construction project communication, documentation, and project management.

Product and technology development

We have a strong focus on cross group sales and sales in new regions in the Nordics. We believe the best decisions will be found by the people closest to the customers. Hence, we are happy to see that Cordel and Kvalitetskontroll will integrate the solutions and that Bygglet and EL-VIS will extend their cooperation and integration.

Our new quality assurance solution for Cordel customers has reached 1000 users since the launch this spring. Going forward we will explore synergies between Cordel and Kvalitetskontroll in this area.

The focused efforts to strengthen SmartCraft's position towards electricians continue, and the planned expansion to Finland goes according to plan. El-VIS has finalized the solution for the international market and has started sales activities in Finland. We aim to tune the marketing and sales activities to learn and scale as we improve.

HomeRun and Congrid have already moved into the same office in Helsinki and will co-locate in Stockholm together with the Bygglet branch. They will extend the integration between the systems and have already started cross selling and doing joint sales- and marketing activities.

The Congrid BIM viewer that was launched in Q2 has received good feedback, and we have taken a step in the right direction to help our customers with BIM. The market is still immature, and the exact needs of the industry is evolving, but we want to position ourselves for growth in BIM.

SmartCraft is present in three geographical markets, and the revenue distribution is shown below. The acquisition of Kvalitetskontroll in June 2021 contributed to the growth in Norway, whereas the presence in Finland is a consequence of the acquisitions of Congrid in December 2020 and Homerun in May 2021.

Geographical distribution of revenue

	Q3'21	Q3'20	YTD 30.9.21	YTD 30.9.20	FY'20
Amounts in mNOK	*unaudited*	*unaudited*	*unaudited*	*unaudited*	*audited*
Norway	30.3	21.2	77.0	63.2	85.8
Sweden	32.0	27.4	92.6	77.6	107.7
Finland	9.9	-	25.7	-	2.4
Total revenues	**72.2**	**48.5**	**195.3**	**140.8**	**195.9**

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

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

The three solutions acquired in 2020 and 2021 all fall into the General contractors segment.

The Specialized contractors segment consists of our most established brands with a long history, a strong market position in their areas and high EBITDA margins. These solutions still have a share of customers with the solutions deployed on-premise. We are continuously moving these customers to a SaaS environment, which over time will enable higher revenue growth.

Distribution of revenue per segment

	Q3'21	Q3'20	YTD 30.9.21	YTD 30.9.20	FY'20
Amounts in NOK (millions)	*unaudited*	*unaudited*	*unaudited*	*unaudited*	*audited*
Specialized contractors	30.4	28.2	91.9	83.5	114.0
General contractors	41.8	20.4	103.4	57.3	81.9
Total revenue in segments	**72.2**	**48.5**	**195.3**	**140.8**	**195.9**
Organic growth					
Specialized contractors	*8.2 %*		*10.2 %*		
General contractors	*22.9 %*		*23.5 %*		

Distribution of adjusted EBITDA per segment*

Amounts in NOK (millions)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Specialized contractors	14.7	14.0	49.9	42.7	54.5
General contractors	15.3	9.5	36.7	19.9	30.0
Total adjusted EBITDA in segments	**30.0**	**23.5**	**86.6**	**62.6**	**84.6**

**Excluding SmartCraft ASA*

Adjusted EBITDA margin					
Specialized contractors	*48.4 %*	*49.7 %*	*54.3 %*	*51.2 %*	*47.8 %*
General contractors	*36.6 %*	*46.7 %*	*35.5 %*	*34.7 %*	*36.7 %*

Great teams consist of great people. SmartCraft will report on ESG in 2022 to show that we care about the environment, society and the people in our company, and how these factors drive business value. We have lately taken some steps in the right direction regarding gender equality:

- 43% of the Board of Directors are women
- 10 out of 32 Nordic management team members are women (31%)

After a string of acquisitions, we have entered a phase where we strengthen our efforts when it comes to improving systems and procedures in order to work as one collaborative team, finding the best cross sales and upsales opportunities as well as the pockets of revenue opportunities.

Financial Review

Amounts in NOK (thousands)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Revenue from customers	72 160	48 539	195 283	140 768	195 941
Total operating revenue	***72 160***	***48 539***	***195 283***	***140 768***	***195 941***
Purchase of goods and services	5 657	4 726	16 405	13 590	19 523
Payroll and related expenses	30 431	18 580	76 934	53 402	74 559
Other operating expenses	13 259	4 383	48 582	16 641	25 197
Total operating expenses	***49 347***	***27 689***	***141 921***	***83 633***	***119 278***
EBITDA	***22 813***	***20 850***	***53 362***	***57 135***	***76 663***
Adjustments of special items	3 673	630	27 428	868	4 271
Adjusted EBITDA	***26 486***	***21 480***	***80 790***	***58 003***	***80 934***
Depreciation and amortization	5 486	4 203	15 647	12 294	17 053
Operating profit (loss) before financial items and tax	***17 327***	***16 647***	***37 715***	***44 841***	***59 610***
EBITDA-margin	31.6 %	43.0 %	27.3 %	40.6 %	39.1 %
Adjusted EBITDA-margin	36.7 %	44.3 %	41.4 %	41.2 %	41.3 %

SmartCrafts consolidated revenues were NOK 72.2 million in Q3 2021 and NOK 195.3 million year to date. This was a growth of 48.7% and 38.7% respectively compared to the same period last year. The revenue growth was driven by the acquisitions of Congrid (December 2020), HomeRun (May 2021) and Kvalitetskontroll (July 2021), and the continued focus on the Group's SaaS solutions.

Although the Group's ARR has no seasonality, July and August are holiday months in our core markets, which affects new sales. Compared to Q3 2020 the markets have eased the Covid-19 restrictions. We experienced that it has been slightly more challenging to arrange meetings with construction companies, as they finally could move more freely. This has affected new sales and non-recurring revenue. We believe this reverse Covid-19 effect will normalize after the initial rush is over and we are in more normal conditions.

SmartCraft has a strategy to operate all customers on common SaaS environments. Hence, non-recurring revenue is decreasing as the migration progresses. The Group's currency adjusted organic revenue growth was 14.4% in Q3 2021 and 15.6% year to date. See table for growth splits.

Currency adjusted organic growth	Q3'21	YTD 30.9.2021
Fixed price subscriptions (ARR)	16.0%	16.7%
Transaction priced add-on subscriptions	21.1%	25.4%
Total recurring revenue	***16.5%***	***17.5%***
Non-recurring revenue	-19.4%	-9.8%
Total revenue	***14.4%***	***15.6%***

The reported EBITDA in Q3 2021 was NOK 22.8 million. The EBITDA in Q3 2021 was affected by costs related to the recent IPO and the acquisition of Kvalitetskontroll AS in July this year. Adjusted for these one-time costs the adjusted EBITDA was NOK 26.5 million. The adjusted EBITDA margin for Q3 2021 was 36.7%, which is lower than for the same period last year when the adjusted EBITDA margin was 44.3%. Since Q3 2020 SmartCraft has acquired Congrid, HomeRun and Kvalitetskontroll. These solutions have a considerably lower EBITDA margin than the rest of SmartCraft. Adjusted EBITDA margin without the three recent add-ons is 42.7% in Q3 2021 and 45.8% year to date September 2021 compared to 41.2% year to date September 2020. We expect that over time we will be able to increase EBITDA margin in the recent acquired solutions.

Depreciations and amortizations were NOK 5.5 million in Q3 2021 compared to NOK 4.2 million in Q3 2020. The increase is a result of the Group's continuous R&D activities and acquisitions.

Operating profit was NOK 17.3 million in Q3 2021 compared to NOK 16.6 million in Q3 2020. The increase was offset by costs related to the IPO and acquisitions, and a higher cost base in the acquired companies.

Net financial income was NOK 0.5 million in Q3 2021 compared to NOK -3.3 million in Q3 2020, as financial expenses were reduced due to lower net interest bearing debt.

Cash flow

Cash flow from operating activities was NOK 10.4 million in Q3 2021 and NOK 67.8 million year to date, driven by changes in net working capital. These changes are a result of up-front payment from customers and public duties payable.

Cash flow from investing activities was NOK -49.7 million in Q3 2021 and NOK -89.3 million year to date, driven by net payments for acquisitions. Capitalized R&D was NOK 3.4 million in Q3 2021 compared to NOK 2.8 million in Q3 2020. The corresponding figures were NOK 11.9 million year to date September 2021 and NOK 8.9 million year to date September 2020.

Net cash flow from financing activities was NOK 47.4 million in Q3 2021 and NOK 93.2 million year to date, driven by the net proceeds from the equity capital increase in connection with the listing on Oslo Børs, offset by repayment of loan facilities and redemption of preference shares.

Financial position

A greenshoe option was issued in connection with the IPO in June 2021 and the following stabilization period. The option was partially exercised in July raising equity capital of NOK 68 million. SmartCraft is well capitalized to deliver on the stated growth ambitions and M&A strategy. The acquisition of Kvalitetskontroll was completed by payment in cash and shares.

Total assets amounted to NOK 866.6 million (NOK 690.9 million at the end of 2020), of which cash and cash equivalents amounted to NOK 145.3 million (NOK 79.9 million at the end of 2020). Non-current assets amounted to NOK 691.7 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 164.1 million (NOK 366.9 million at the end of 2020). The decrease is related to the repayment of loan facilities (NOK 234.5 million), offset mainly by the increase in deferred revenue.

Events after the reporting date

SmartCraft has focus on cross-sales of solutions and cross border expansion of existing solutions in the Nordics. On October 26th SmartCraft announced the deal with JSB Construction AB, one of Sweden's largest private housebuilders, showing the potential to expand Congrid outside Finland. The Group continues to focus on investigating and executing on cross sales and expansion with both established and recently acquired solutions.

Share information

At the end of Q3 2021 SmartCraft ASA had 171.5 million shares. Average number of common shares the first nine months of 2021 was 150.5 million shares. Including the preference shares the average number of total shares the first nine months of 2021 was 347.5 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 to 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.

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 due to scalability of the business. Impact from acquired companies last 12 months and additional costs as a listed company are short-term considerations to the adjusted EBITDA margin.

Financial calendar

Quarterly reporting:

- Q4 2021: February 23, 2022

Condensed Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

Amounts in NOK (thousands)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Revenue from customers	72 160	48 539	195 283	140 768	195 941
Total operating revenue	**72 160**	**48 539**	**195 283**	**140 768**	**195 941**
Purchase of goods and services	5 657	4 726	16 405	13 590	19 523
Payroll and related expenses	30 431	18 580	76 934	53 402	74 559
Other operating expenses	13 259	4 383	48 582	16 641	25 197
Depreciation and amortization	5 486	4 203	15 647	12 294	17 053
Total operating expenses	**54 832**	**31 892**	**157 568**	**95 927**	**136 331**
Operating profit (loss) before financial items and tax	**17 327**	**16 647**	**37 715**	**44 841**	**59 610**
Financial income	1 034	27	4 009	7 742	8 029
Financial expenses	(538)	(3 324)	(10 403)	(13 419)	(15 201)
Financial income (expense), net	**496**	**(3 297)**	**(6 395)**	**(5 677)**	**(7 172)**
Profit (loss) before tax	**17 824**	**13 350**	**31 320**	**39 164**	**52 438**
Tax expense	2 730	3 334	6 597	8 129	13 298
Profit (loss)	**15 094**	**10 016**	**24 724**	**31 035**	**39 140**
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Currency translation differences, net of tax	(1 529)	(203)	(5 084)	14 444	16 087
Total	**(1 529)**	**(203)**	**(5 084)**	**14 444**	**16 087**
Total comprehensive income	**13 564**	**9 813**	**19 639**	**45 479**	**55 227**

Consolidated Statement of Financial Position

ASSETS *Amounts in NOK (thousands)*	30. Sep 2021 *unaudited*	30. Sep 2020 *unaudited*	31. Dec 2020 *audited*
Deferred tax assets	-	278	-
Goodwill	515 642	364 498	421 900
Intangible assets	152 499	112 392	146 977
Right to use assets	17 720	17 610	17 111
Tangible Assets	5 855	4 818	4 353
TOTAL NON-CURRENT ASSETS	**691 715**	**499 596**	**590 341**
Inventory	82	103	55
Other current assets	4 559	6 969	4 032
Other current financial assets	-	97	69
Accounts Receivable	24 957	14 981	16 454
Cash and cash equivalents	145 251	76 878	79 902
TOTAL CURRENT ASSETS	**174 849**	**99 027**	**100 512**
TOTAL ASSETS	**866 564**	**598 624**	**690 853**

EQUITY AND LIABILITIES *Amounts in NOK (thousands)*	**30. Sep 2021** *unaudited*	**30. Sep 2020** *unaudited*	**31. Dec 2020** *audited*
Share capital	1 715	4 396	4 497
Share premium	605 893	229 045	244 193
Retained earnings	88 095	55 267	63 371
Other components of equity	6 768	10 510	11 853
TOTAL EQUITY	**702 471**	**299 219**	**323 914**
Non-current financial liabilities	1 208	146 659	171 339
Non-current lease liabilities	10 617	11 729	10 728
Deferred tax liabilities	26 179	21 729	28 993
Total non-current liabilities	**38 005**	**180 117**	**211 060**
Deferred revenue	63 490	39 806	41 627
Current portion of lease liabilities	6 969	5 789	6 047
Accounts payable	7 450	2 191	5 567
Taxes payable	11 882	9 345	8 053
Other current financial liabilities	1	29 410	64 877
Other current liabilities	36 295	32 747	29 709
Total current liabilities	**126 088**	**119 287**	**155 879**
TOTAL LIABILITIES	**164 093**	**299 405**	**366 939**
TOTAL EQUITY AND LIABILITIES	**866 564**	**598 624**	**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	-	-	-	31 035	31 035
Other comprehensive income	-	-	14 444	-	14 444
Capital increase 2020.01.22	10	800	-	-	810
Capital increase 2020.03.02	7	494	-	-	500
Total equity 30.09.2020	**4 396**	**229 045**	**10 510**	**55 267**	**299 219**
Profit / (-) loss for the period	-	-	-	8 105	8 105
Other comprehensive income	-	-	1 343	-	1 343
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	-	-	-	24 724	24 724
Other comprehensive income	-	-	(5 084)	-	(5 084)
Capital decrease 2021.06.21	(3 109)	(205 864)	-		(208 973)
Capital increase 2021.06.22	284	489 219	-	-	489 503
Capital increase 2021.07.05	38	67 732	-	-	67 770
Capital increase 2021.07.09	5	10 613	-	-	10 618
Total equity 30.09.2021	**1 715**	**605 893**	**6 768**	**88 095**	**702 471**

Consolidated Cash Flow Statement

Amounts in NOK (thousands)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Operating activities					
Profit before tax	17 824	13 350	31 320	39 164	52 438
Paid taxes	(2 841)	(1 830)	(4 536)	(3 768)	(7 258)
Depreciation	2 791	2 055	7 562	5 946	8 310
Amortisation of intangible assets	2 695	2 148	8 085	6 348	8 743
Accrued interest expense	1	(310)	(789)	(325)	(385)
Items classified as investing or financing activities	5 491	3 279	19 562	10 320	16 101
Net cash provided from operating activities before net working capital changes	***25 960***	***18 692***	***61 204***	***57 685***	***77 948***
Working capital adjustments:					
Changes in accounts receivable	(317)	(4 609)	(6 046)	(1 959)	182
Changes in deferred revenue	(8 781)	(17 644)	10 470	9 924	11 745
Changes in accounts payable	(1 326)	(688)	877*	(1 115)	1 728
Changes in all other working capital items	(5 168)	9 918	1 280	10 650	6 863
Net cash provided from operating activities	***10 368***	***5 669***	***67 785***	***75 186***	***98 466***
Investing activities					
Investments in tangible and intangible assets	(80)	(66)	(142)	(1 111)	(1 280)
Payments for acqusitions	(44 524)	-	(72 215)	-	(69 101)
Acquisition transaction costs	(1 710)	-	(5 052)	-	(3 106)
Payments for software development costs	(3 375)	(2 809)	(11 920)	(8 912)	(11 579)
Net cash used in investing activities	***(49 688)***	***(2 875)***	***(89 329)***	***(10 024)***	***(85 066)***
Financing activities					
Cash proceeds from capital increases	67 770	-	567 770	500	500
Cash proceeds from loan facilities	-	-	-	-	60 000
Downpayment on loan facilities	(93)	-	(234 547)	(14 280)	(14 280)
Interest payments	(17)	(1 746)	(4 794)	(5 907)	(7 751)
Repayments of capital decreases	-	-	(208 973)	-	-
Repayments of lease liabilities	(1 801)	(1 533)	(4 684)	(4 413)	(5 244)
Other financial items	(18 460)	-	(21 529)*	-	-
Net cash provided by (used in) financing activities	***47 399***	***(3 279)***	***93 244***	***(24 100)***	***33 225***
Net increase (decrease) in cash and cash equivalents	**8 078**	**(485)**	**71 700**	**41 062**	**46 625**
Cash and cash equivalents at the beginning of period**	138 441	77 945	77 868	39 971	39 971
Foreign currency effects on cash and cash equivalents	(1 268)	(582)	(4 317)	(4 155)	(6 694)
Cash and cash equivalents at end of period*	***145 251***	***76 878***	***145 251***	***76 878***	***79 902***

** In the Q2 2021 report, IPO expenses were included in account payable and net working capital, as described. In the YTD Q3 2021 cash flow statement these cost items are reclassified as financing expenses.*

*** Cash and cash equivalents include restricted funds.*

Explanatory Notes to the Consolidated Financial Statements

Note 1 Accounting policies

The interim report for the SmartCraft Group for 3rd 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

Amounts in NOK (thousands)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*	*Revenue recognition*
Fixed price subscriptions	63 005	41 673	167 249	119 432	165 613	Over time
Transaction priced subscriptions (add-on features)	5 953	4 026	17 730	11 738	16 555	Point in time
Total recurring revenue	**68 958**	**45 699**	**184 979**	**131 169**	**182 169**	
Non-recurring revenue	3 202	2 841	10 304	9 637	13 772	Point in time
Total revenue	**72 160**	**48 539**	**195 283**	**140 807**	**195 941**	

Note 3 Earnings per share

		Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited***
Profit for the year due to holders of shares	TNOK	15 094	10 016	24 724	31 035	39 140
Average numbers of shares*		171 312 803	135 775 900	150 578 051	135 695 734	135 722 423
Earning per share	**NOK**	**0.09**	**0.07**	**0.16**	**0.23**	**0.29**

* Refers to the Group's common shares as SmartCraft redeemed all of its preference shares in June 2021. As at June 23, 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.

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)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Revenue from customers	72 160	48 539	195 283	140 768	195 941
Total operating revenue	***72 160***	***48 539***	***195 283***	***140 768***	***195 941***

Amounts in NOK (thousands)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
EBITDA	22 813	20 850	53 362	57 135	76 663
Adjustments of special items	3 673	630	27 428	868	4 271
Adjusted EBITDA	***26 486***	***21 480***	***80 790***	***58 003***	***80 934***
EBITDA-margin	*31.6 %*	*43.0 %*	*27.3 %*	*40.6 %*	*39.1 %*
Adjusted EBITDA-margin	*36.7 %*	*44.3 %*	*41.4 %*	*41.2 %*	*41.3 %*

Amounts in NOK (thousands)	Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Adjusted EBITDA	26 486	21 480	80 790	58 003	80 934
Capitalized development expenses	3 375	2 809	11 920	8 912	11 579
Adjusted EBITDA - CAPEX margin	***32.0 %***	***38.5 %***	***35.3 %***	***34.9 %***	***35.4 %***

		Q3'21 *unaudited*	Q3'20 *unaudited*	YTD 30.9.21 *unaudited*	YTD 30.9.20 *unaudited*	FY'20 *audited*
Annual Recurring Revenue (ARR) (EoP)	TNOK	259 925	173 462	259 925	173 462	204 589
Recurring revenue		96.1 %	93.1 %	94.5 %	92.6 %	93.0 %
Average Revenue per Customer (ARPC)	NOK	27 903	22 790	27 102	22 335	23 063
Churn rate (R12m) (EoP)		*6.2 %*	*6.0 %*	*6.2 %*	*6.0 %*	*5.7 %*

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