SmartCraft

BETTER DIGITAL TOOLS

2023 ANNUAL REPORT

SMARTCRAFT ASA

Contents

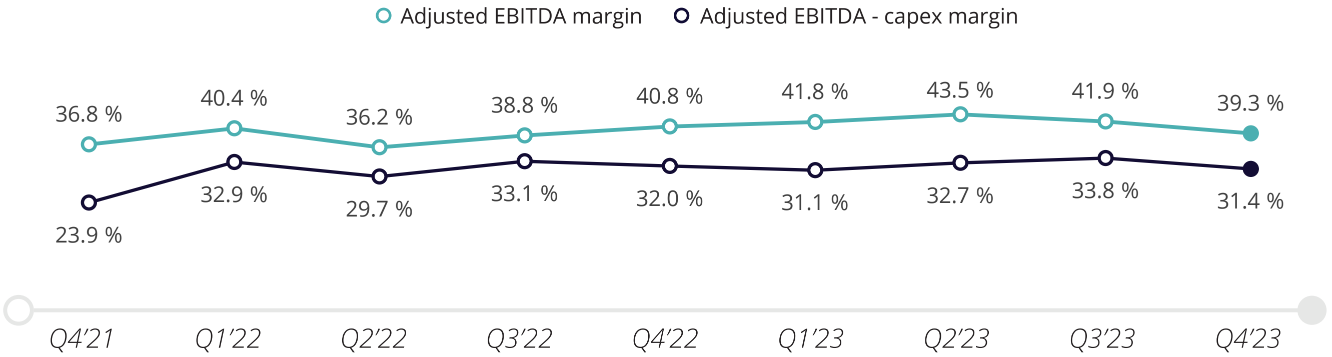
This is SmartCraft

- Leading Nordic provider of Software-as-a-Service (SaaS) to small and medium enterprises (SME) construction companies
- Our passion is to simplify business for construction companies
- More than 200 employees service 12.500 customers and more than 120.000 users
- Our Software-as-a-Service (SaaS) give overview and insight to increase revenue and margin
- Attractive business model with high earnings visibility, low risk and strong cash flow
- High quality of earnings with 97 percent recurring revenue and low churn
- Targeting 15-20% organic revenue growth in the medium-term with increasing adjusted EBITDA margin due to the scalability of the business

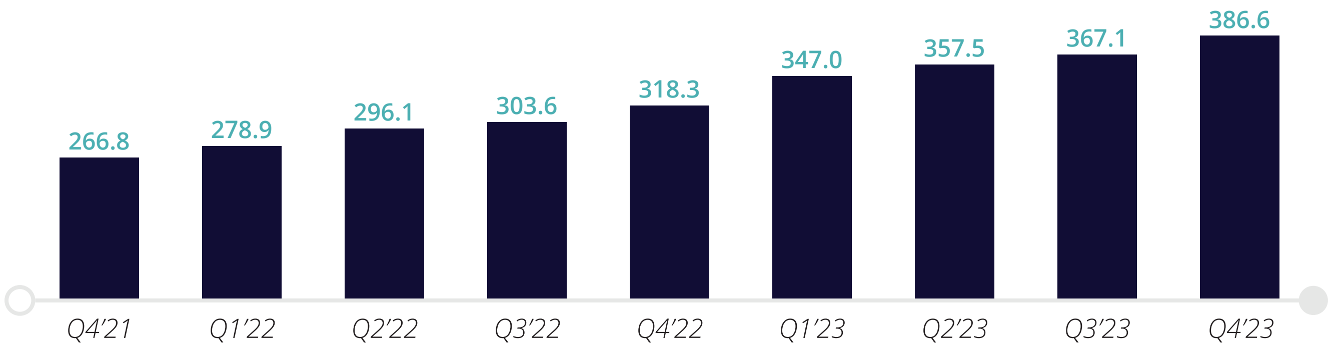
FULL YEAR 2023:

- Revenue 402 million, a growth of 20 percent
- Churn 7 percent
- Adjusted EBITDA NOK 167 million, a growth of 27 percent
- Adjusted EBITDA margin of 42 percent
- Net profit NOK 115 million, a growth of 71 percent
- NOK 153 million net cash from operating activities, a growth of 32 percent

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



ARR development per quarter (end of period, MNOK)



Key figures

	2020	2021	2022	2023
ARR	204 689	266 843	318 348	**386 641**
Revenue	195 941	270 762	333 423	**401 654**
Adjusted EBITDA	80 934 41.3%	108 671 40.1%	131 331 39.4%	**167 245** **41.6%**
Operational cash flow	98 466	106 525	115 774	**136 297**
R&D capex	11 579	21 737	23 857	**37 472**
Customers	≈ 8 500	≈ 11 000	≈ 12 000	**≈ 12 500**

Letter from CEO

In SmartCraft, we are pleased to keep fulfilling our vision to make everyday life easier for craftsmen and the construction industry by helping them gain business control and more productivity by simplifying their work processes. The key is to increase digitization in a hugely under digitized industry and in 2023 we achieved strong growth and high margins, despite a challenging macro environment.

Taking a step back, I would highlight SmartCraft's attractive positioning with a solid and low-risk business model. We have over many years worked to shift our revenues towards recurring contracts, and with a scalable organization and business model, our margins continue to increase.

We increasingly see that our standardized, affordable solutions with low implementation cost resonates well in our target groups among small and medium sized enterprises (SMEs). Our product people live and breathe for the construction industry, and work every day to design solutions that are easy to buy, onboard and use, well fitted to the needs of our customers as they prefer a low subscription fee with no up-front costs.

2023 was also a proof point of SmartCraft's resilience against the economical fluctuations hitting the general construction industry. The reason is that most of our customers are mainly involved in the stable renovation part of the construction industry, which is larger than the new build.
We also experience that the demand for more energy efficient buildings stimulate the business for plumbers and electricians, which constitute the majority of our customers.

The second pillar of our growth strategy is acquisition. Over the last years SmartCraft has successfully acquired ten solutions, the latest being Coredination in July 2023. These are typically best-of breed solution within the construction industry, solving mission critical tasks. Our solid balance sheet allows us to act on good opportunities in the M&A market, and we continue to have a significant pipeline of M&A targets both in our existing geographies and beyond,

The SmartCraft group is not only getting bigger year by year. We also work to weave the group more closely together. In 2023, we organized all employees in one team per country to be better aligned and create synergies and scalability. At the same time, we created a global finance team and a global marketing organization. This has been successful and we now have a strong platform ready to include more solutions to the SmartCraft family.

We have expanded our ESG report and have an ambition to be net zero by 2050. We know this will be challenging and we are working to operationalize the ESG work throughout the whole of SmartCraft in 2024 to move closer to the net zero target.

Summing up, despite a challenging macro environment, we are in a good position with our low-cost solutions aimed at SME construction companies with renovation as their main business. Hence, we reiterate our medium-term targets of 15-20 percent organic revenue growth with increasing adjusted EBITDA margins due to the scalability of the business.

Statement of the Board of Directors

ACTIVITIES

The SmartCraft Group provides software solutions for the construction industry in Norway, Sweden and Finland. The parent company is SmartCraft ASA with head office in Hønefoss, Norway. In addition to the parent company the Group comprises of 6 companies in Norway, 4 companies in Sweden and 2 companies in Finland. SmartCraft ASA owns 81% of the shares in SMCRT MGMT 1 AS where management and key employees holds 19% related to the long-term investment program. Together, SmartCraft ASA and SMCRT MGMT 1 AS owns 100% (~99/~1 split) of the shares in SmartCraft Software AS, which owns 100% of the shares in the subsidiaries. SmartCraft ASA is a public limited company listed on the Oslo Stock Exchange "Oslo Børs".

The Group has an active M&A strategy and has acquired complementary solutions the last years. In 2023 the Group acquired the Coredination solution in Sweden.

STRATEGY AND OBJECTIVES

The overall mission for the Group is to simplify business for craftsmen. To accomplish this SmartCraft has gathered several of the leading providers of digital solutions to the construction business ranging from quality and risk management, procurement management and project management tools. This way we can provide out-of-the-box best-of-breed solutions that exactly fit our customers' needs, and ease the digital transformation of one of the least digitized industries.

The Group has a strategy to ensure sustained pofitable growth and to capitalize on the market leading position in the underpenetrated Nordic market. A strong industry focus, a leading SaaS solution and an efficient sales organization ensure great sales execution with low customer touch. We also recognize sustainability as a strategic area, and we have increased focus on identifying areas for improvement and areas SmartCraft can have an impact. We will continue this work and set sustainability targets that enables us to measure our progress and contribution.

We strongly believe in a robust business model and are pleased to see that recurring revenue in 2023 has increased to 97 percent of the total revenue compared to 96 percent in 2022. This combined with a consistently low churn, strong financial position and the fact that we are self-funded puts us in a great position to create further shareholder value.

The Group has many opportunities to upsell on our base of more than 12 500 customer and 120 000 users and will continue to explore these in the short and medium term. We are looking to integrate and synergize our solutions where it makes sense. However, we are pragmatic and do not want to jeopardize the uniqueness, flow and functionalities in our solutions at any cost, but will capitalize on areas where it benefits our customers. The Group has successfully acquired and consolidated Coredination AB during 2023. We will continue to execute on our M&A strategy; Targeting complementary functionality, customer bases and new geographies, and focus on growth through acquisitions in addition to the organic growth.

GROUP FINANCIAL STATEMENTS

The consolidated financial statement for 2023 for the SmartCraft Group is prepared in accordance with the IFRS Accounting Standards as endorsed by the European Union (EU) and Norwegian authorities and effective as of December 31st, 2023. These financial statements also provide disclosures as specified under the Norwegian Accounting Act (Regnskapsloven). In the Board's opinion, the financial statements provide an accurate view of the company's financial position at the end of the fiscal year.

In 2023 the Group has a revenue of TNOK 401 654 (TNOK 333 423 in 2022), a growth of 20 percent and an organic growth of 12 percent. The Group's two largest segments, which target the SME market and represent 87 percent of the Group's revenue, grew organically by 17 percent. With a strong customer base with high recurring revenue and stable low churn, the Group is expecting continued high organic growth going forward.

The SmartCraft Group has high profitability and is guiding on increasing margin in the medium term. In 2023 the Group has an adjusted EBITDA-R&D capex margin of 41,6 (39,4 percent in 2022).

Total depreciation and amortization of tangible and intangible assets in 2023 is TNOK 36 204 (TNOK 27 657 in 2022), where TNOK 15 894 (TNOK 14 050 in 2022) is amortization of intangible assets related to M&A. Operating profit is TNOK 129 517 (TNOK 100 762 in 2022).

Profit before tax is TNOK 136 268 in 2023 (TNOK 89 173 in 2022). The increase in profit before tax is mainly due to revenue growth, earn-out cost related to acquisitions in 2021, and more positive effect from increased interest rates on cash holdings and changes in foreign exchange currency as the Group is exposed to fluctuations in NOK compared to SEK and EUR.

Net cash provided from operational activities was TNOK 136 297 in 2023 (TNOK 115 774 in 2022), a growth of 17,7 percent. The increase in net cash provided from operational activities in 2023 is primarily due to increased profit but is also negatively impacted by the payment of earn-out related to acquisition in 2021.

Net cash outflows from investing activities were TNOK 62 914 in 2023 (TNOK 59 492 in 2022). This is primarily connected to the acquisition of Coredination AB, together with capitalized development costs of a total of TNOK 37 472 (TNOK 23 857 in 2022).

Net cash outflows from financing activities are mainly affected by the acquisition of treasury shares, and repayment of lease liabilities. The total cash outflow related to purchase of treasury shares in 2023 were TNOK 53 508(TNOK 7 012 in 2022). In total the net cash outflows by financing activities were TNOK 64 686 in 2023 (TNOK 19 522 in 2022). In the Board's opinion the Group's liquidity is solid and the Group has sufficient funds to settle all obligations when due. As of December 31st, 2023, the Group had cash and cash equivalents of TNOK 206 024 (TNOK 191 587 as of December 31st, 2022).

Shareholder's equity was TNOK 843 675 as of December 31st, 2023 (TNOK 765 569 as of December 31st, 2022) with an equity ratio of 76.7 percent (78.6 percent as of December 31st, 2022). The retained equity increased due to the profit in 2023. During 2023 the Group has continued to acquire treasury shares in SmartCraft ASA as part of a buy-back program managed by Carnegie. The difference between par value of the shares and the purchase price gives a total reduction in retained equity of TNOK 53 482 during 2023. As part of establishing the LTIP there is also recognized a non-controlling interest in the Group. The booked value of the non-controlling interest is TNOK 4 631 as of December 31st, 2023. The LTIP is structured as a geared instrument with a corresponding risk for the participants. As of December 31st, 2023, the LTIP is out-of-the-money and changes compared to 31.12.2022 is due to changes in participants in the LTIP during 2023.

SMARTCRAFT ASA FINANCIAL STATEMENT

The financial statement for 2023 for SmartCraft ASA is prepared in accordance with the Norwegian

Generally Accepted Accounting Principles. In the Board's opinion, the financial statements provide an accurate view of the company's financial position at the end of the fiscal year.

SmartCraft ASA had a total revenue of TNOK 14 289 in 2023 (TNOK 11 332 in 2022), and operating profit of TNOK -9 120 in 2023 (TNOK -6 534 om 2022). As of December 31st, 2023, the company has a total equity of TNOK 616 491 with an equity ratio of 76 percent.

In the Board's opinion the company's liquidity is satisfactory and the company has sufficient funds to settle all obligations when due.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group is subject to various types of risks relating to operations and finance. The Group's risk managements system shall ensure a systematic and uniform approach to identify, evaluate and mitigate risks, and describe processes and internal control actions.

Operational risks

The Group's operations involve development and maintenance of software solutions sold to a third party. Trends within the software industry can affect the overall level of demand for IT services and accordingly influence the Group's sales. Further, the ability to attract and retain sufficient competent personnel to secure the Group's future development of existing and new solutions is crucial to the Group's operations. The Group's Chief Technical Officer oversees the technical resources within the Group and assesses any measures if needed.

A significant part of the Group's growth is through acquisitions. The inability to secure an acquisition in line with the Group's product portfolio, technology and culture could result in negative effects in operational focus and financial performance. A thorough and tested M&A and onboarding process has historically limited any negative effects of acquisitions.

Volatile, negative, or uncertain economic or political conditions may have a negative effect on the Group's operations and financial performance. Such events may result in a loss of revenue as customers stop buying the solution, or increased costs if the Group needs to change to a more expensive business operation to keep the services running. The recent years' pandemic, war and inflationary pressure have had relatively limited effects on the Group. The extraordinary high inflation in 2022-23 increased costs. However, the Group decided against extraordinary price increases to increase its competitiveness. The Group annually adjusts prices in line with inflation, and the effect is therefore considered temporary. Although there are limited effects, we consider the operational risks as moderate given the uncertainty of the situation.

The Group's customers are all in the same industry which exposes the Group to an industry specific risk. Changes in the macro environment may affect the industry, and the Group, negatively. The construction industry has seen macro-economic challenges in the last years, resulting in fewer new build projects. The Group's focuses on small and medium enterprises (SMEs) which have the renovation segment as their primary target market. The renovation segment is bigger than the new build part of the industry and has proven to be less volatile, growing steadily over the last years and is expected to do so for the coming years. Additionally, most of our customers are electricians and plumbers that are experiencing high demand due to energy efficiency initiatives of existing buildings. The risk is considered moderate.

Financial risks

As the Group operates internationally it is exposed to other currencies than NOK (functional currency). However, there is a natural hedge on the currency exchange risk as all operating entities have material costs and revenue in their functional currency, and the Group has both assets and liabilities in foreign currency. The currency risk is considered low/moderate.

The active M&A strategy may be a significant contributor to the Group's growth. As the Group's profitability and financial position may fluctuate, as well as the tech sector specifically and general financial market changes, there is a risk of the Group not being able to obtain funding on favorable terms. In this event, the use of a larger portion of the Group's cash will reduce the Group's funds available for operations or future business opportunities. The risk is considered low/moderate. The Group's financial position as of December 31st, 2023, leaves the Group with positive exposure to the increased interest rates across the operating countries as the Group are in a net cash position with no external loan facilities.

Credit risk is considered low as the Group invoice a significant share of its services upfront and can swiftly block access to non-paying customers. The Group's customers are however operating in the same industry, exposing the Group to general market/industry risk. On historical basis the market risk is considered low/moderate. The Group has ample cash to support operations and cover its current liabilities.

WORKING ENVIRONMENT, EQUAL OPPORTUNITIES AND DISCRIMINATION

The SmartCraft Group has 206 employees as of December 31st, 2023. There has been no reported work-related injuries or accidents in 2023. Absence due to sickness was 3.8%.

Society is increasing its expectations of companies' corporate actions and transparency about diversity and equal employment opportunities. The Group is, by its Code of Conduct, committed to build a highly skilled workforce and ensuring that recruitment processes actively foster equal opportunities and diversity. The company prohibits discrimination in any form, whether based on political views, union membership, sexual orientation, disability, or age. As of December 31st, 2023, there are 4 men and 3 women in manager positions including the Group executive suite.

SmartCraft ASA has 4 employees as of December 31st, 2023. There has been no reported work-related injuries or accidents in 2023. There was no absence due to sickness. The company's human resource policy is based on equal rights for all, and there is no difference in treatment on any basis in terms of salary or recruitment.

The Board of Directors is comprised of 4 men and 3 women.

The Transparency Act was implemented from July 1st, 2022, and the SmartCraft Group is according to the Act required to carry out due diligence assessments according to OECD's guidelines. The Group published an annual report in accordance with the Transparency Act at smartcraft.com in June 2023.

The Group's corporate social responsibilities are included in the Sustainability at SmartCraft in page 11.

EXTERNAL ENVIRONMENT

The Group does not pollute the external environment beyond what ensues from normal office operations. The Board of Directors and employees are traveling as a part of daily operations. The Group encourages the use of environmentally friendly transport, and if possible, video conferences, to reduce the effects on the environment. See the Sustainability at SmartCraft in page 11.

INSURANCE FOR BOARD MEMBERS AND EXECUTIVE OFFICERS

The Company has directors' and officers' liability insurance. The insurance covers the Board of Directors as well as the executive officers of the company from legal personal liability for financial damage caused by the performance of their duties.

CORPORATE GOVERNANCE

Good corporate governance is essential to ensure that the Group protects the long-term interest of the stakeholders. The Group's corporate governance principles is compliant with the

Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The Group's corporate governance practices are subject to annual reviews and discussion by the Board of Directors. The Group's corporate governance policy is available at smartcraft.com/investor-relations/corporate-governance. The code is based on the "comply or explain" principle and deviations, if any, is explained under the relevant topic in the report on Corporate Governance for 2023 which is included in this Annual Report.

GOING CONCERN ASSUMPTION

In accordance with the Norwegian accounting act, the Board confirms that the accounts have been prepared in conformity with the going concern assumption and this assumption is valid.

SUBSEQUENT EVENTS

There has been no material change globally, in any of the current markets or solutions after December 31st, 2023, that have negative effects for the Group. The SmartCraft Group follows the market closely and are aware of a potential worsening of the macro environmental climate. However, after the latest years of unrest and uncertainty, certain parts of the markets seem to have adapted to the new situation with the war in the Ukraine, high inflation and high interest rates and currently there are no signs that the situation will deteriorate.

April 10th, 2024
Board of Directors and CEO, SmartCraft ASA

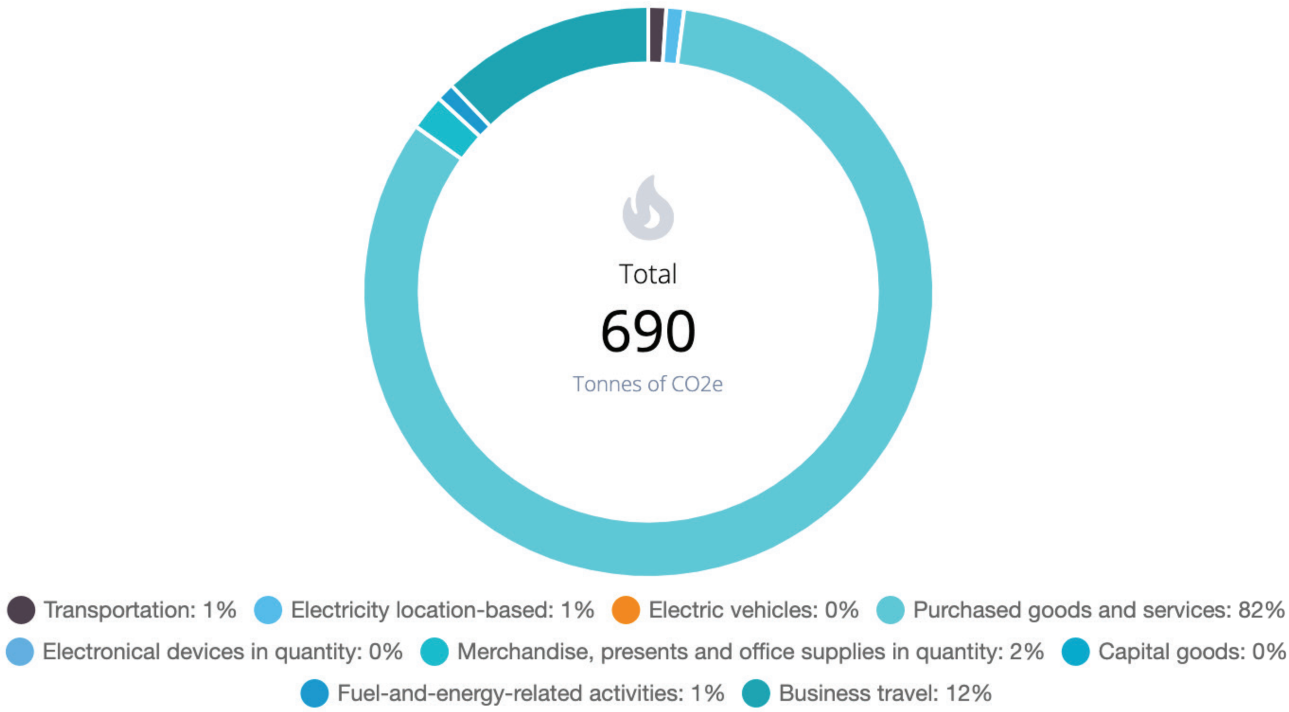
Gunnar Haglund Chairman of the Board	Isabella Alveberg Board member	Bernt Ulstein Board member
Carl Ivarsson Board member	Marianne Bergmann Røren Board member	Maria Danell Board member
Allan Engström Board member		Gustav Line CEO

Sustainability at SmartCraft

HIGHLIGHTS FROM 2023

At SmartCraft, we prioritize responsible business practices, aiming to reduce our environmental impact and promote a safe, positive workplace. Our sustainability work covers Environmental, Social and Governance (ESG) aligning with our mission to make a meaningful impact. In 2022, we intensified our sustainability work, focusing on improvement areas. Throughout 2023, we continued this work, evaluating our ESG impact, identifying key data points required for compliance with standards like ESRS and CSRD, and crafting a Climate Policy for the group.

GHG EMISSIONS AND ENERGY CONSUMPTION



The total climate accounting for the SmartCraft Group (Scope 1, 2 and 3) in 2023 was 690,3 tonnes of CO2 equivalents (tCO2e). Total energy consumption (Scope 1, 2 and 3) of 594,4 MWh in 2023. As a company we are aware that our GHG emissions from Scope 1, 2 and 3 affect the amount of greenhouse gases in the atmosphere and can thus be a contributing factor to global warming and climate change.

NEGATIVE IMPACT ON BIODIVERSITY, EMISSIONS TO WATER AND HAZARDOUS WASTE RATIO

SmartCraft ASA considers the impact on biodiversity to be low as none of our offices are in biodiversity-sensitive areas and our operations have limited to no negative impact on biodiversity. As SmartCraft does not carry out any production of its own, we do not release any direct emissions to the water or contribute to any hazardous waste.

THE SUSTAINABLE DEVELOPMENT GOALS

In our ESG work, we strive to have a positive impact on the Sustainable Development Goals (SDGs) formulated by the United Nations. We have identified three global goals and associated sub-targets that we believe have the greatest impact through our activities.

SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION

- During 2023 we measured our emissions in Scope 1, 2 and 3 and we are continuously improving our work. We have integrated climate change measures into our ESG-work though our climate policy and double materiality analysis. Our future goals:
- **SmartCraft aims to become Net Zero by 2050.**
- **SmartCraft aims to improve energy efficiency in our facilities and promote the use of green energy.**

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- SmartCraft wants to empower European construction workers to become more productive by simplifying work processes. Our solutions improve safety on site and help our customers to have sustainable businesses. Our future goals:
- **Within five years, SmartCraft wants to enable our customers to substantially reduce their environmental impact with our digital solutions.**

8 DECENT WORK AND ECONOMIC GROWTH

- SmartCraft provides safe and healthy working environments. The protection of workers, labour, and human rights are included in the social sustainability. SmartCraft is doing business according to the UN Guiding Principled on Business and Human Rights. Our future goals:
- **SmartCraft aims to influence the supply chain through partnerships to make sure that our suppliers and customers also take measures to live up to the UN standards of a decent workplace.**

HUMAN RIGHTS

We will conduct our business consistently with the United Nations Guiding Principles on Business and Human Rights, The European Convention on Human Rights, and the United Nations Convention on the Rights of the Child. SmartCraft's social sustainability work is presented in the Transparency report, Employee Code of Conduct and Supplier Code of Conduct, available on our sustainability webpage.

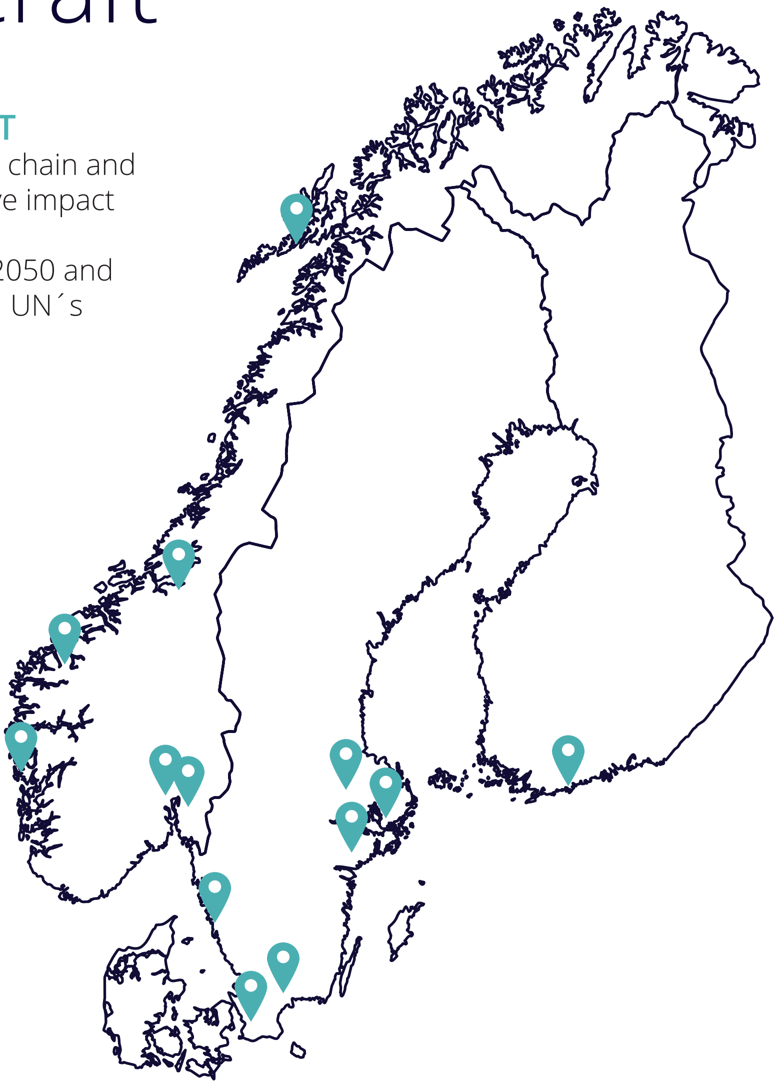
BOARD GENDER DIVERSITY

The Group's corporate governance policy is compliant with the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES). The Group's corporate governance practices are subject to annual reviews and discussion by the Board of Directors. SmartCraft, as a listed company, is required to have a minimum of 40% of each gender represented on the Board of Directors.

2022

2023

About SmartCraft



OUR ESG VISION AND COMMITMENT

- SmartCraft's solutions, employees, supply chain and customers shall make a noticeable positive impact for a more sustainable future.
- SmartCraft aims to become Net-Zero by 2050 and work in line with the Paris Agreement and UN´s Sustainable Development Goals.

OUR VALUES

Inspiring
We lead, are innovative and ambitious.

Team player
We think of our customers and partners as our extended family, we work together to achieve the best results.

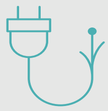
Trustworthy
We deliver as planned, we have integrity and are fair in business.

MISSION CRITICAL SOLUTIONS

SmartCraft provides digital solutions for small and medium enterprise construction companies. Our solutions enable companies to control material flow, cost, documentation, and people on projects.

Quality assurance documentation is captured in the field on the actual projects, ensuring building rules and regulations are followed. With mobile checklists, workers have safety precautions at their fingertips ensuring a safe workplace. In addition, the digital information flow our services provide, gives valuable information for businesses to grow both their revenue and profit margin.

People



Material

Documentation

Environmental

Climate action

- GHG emission reductions
- Energy management
- Purchase and suppliers

Social

Ethical business culture

- Working Environment
- Human rights
- Corruption and prohibited business practices

Governance

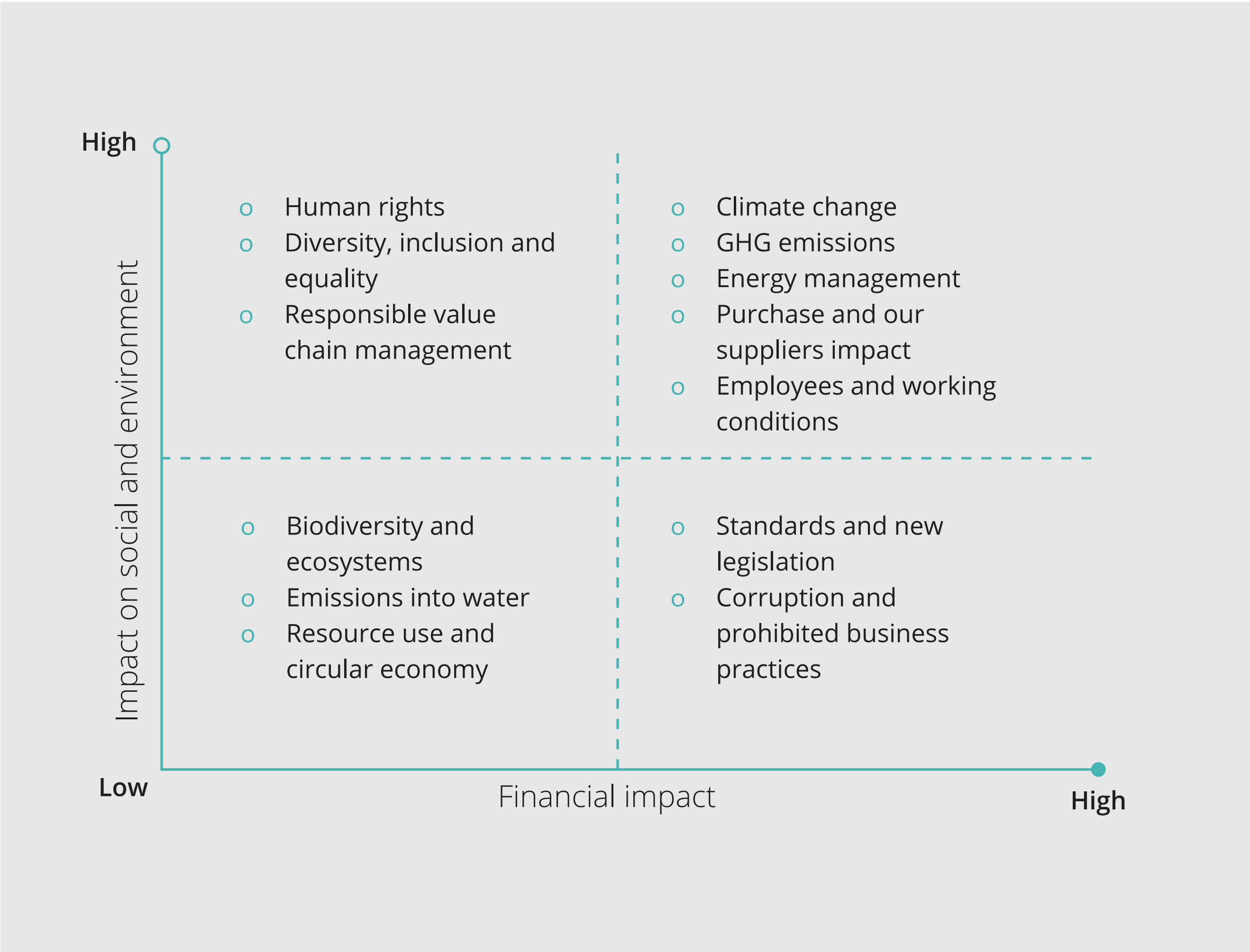
Responsible business partner

- Responsible value chain management
- Compliance
- Transparency

At SmartCraft, we prioritize running a responsible business, striving to reduce our environmental footprint while fostering a safe and happy working environment. Our sustainability strategy encompasses Environmental, Social and Governance (ESG), aligning with SmartCraft's potential to make a meaningful impact in these areas. The SmartCraft Group furthered its sustainability agenda in 2022 and the focus was to identify areas for improvement. During 2023 we have continued the sustainability work by evaluating our ESG impact through a Double Materiality Analysis, identified which datapoints that are mandatory for us to be able to comply with the European Sustainability Report Standard (ESRS) and the Corporate Sustainability Reporting Directive (CSRD) and created a Climate Policy for the group. Although it is not yet mandatory for us to comply with the CSRD, we have started to include the directive in our ESG report in 2023.

DOUBLE MATERIALITY ANALYSIS

The purpose of the Double Materiality Analysis was to create a basis for SmartCraft's ESG work where we identified the company's impact on the Environment, Social and Governance. With this analysis we could evaluate which ESRS points from the CSRD-directive will be relevant for future ESG reporting based on SmartCraft's impact. The graph below provides an overview of SmartCraft's assessment of the environmental and social impact SmartCraft has on our surroundings and the financial impact different sustainability aspects might have on SmartCraft. This describes double materiality and whether the impact is of low or high character.



STAKEHOLDER ENGAGEMENT

SmartCraft aims to provide and facilitate data gathering for our customers for their future sustainability reporting. SmartCrafts ambition is to collaborate with suppliers to enable our customers ESG-data collection through our services. As a group, we will look into collaborating with partners and suppliers to promote sustainable choices in different processes.

As a company we always strive to adhere to both current and future legislation through regulatory authorities. SmartCraft will engage with employees, directors, and other stakeholders to raise awareness about sustainability and the ESG topics.

CONTINOUS IMPROVEMENT

2023 was the SmartCraft groups second year of collecting CO2-data from our operations in Scope 1, 2 and 3. Measuring areas of importance creates opportunities for us to benchmark our development on a six-month basis, recognizing that we cannot improve what we don't measure. The Double Materiality Analysis, Climate policy and 2023's ESG Report is a part of the overall ESG Strategy at SmartCraft.

SmartCraft's ESG work is continuously improving and in 2024 the focus will be on operationalizing the ESG work within our business. By continuing to measure and evaluate our impact, creating internal processes and policies to ensure sustainability and setting more specific ESG targets based on the Science Based Targets initiative, we continue to work in line with our ESG strategy.

Environment

OUR APPROACH AND OVERALL IMPACT

SmartCraft has an impact on the environment through three major aspects, GHG emissions, energy management and purchase. As a software company, SmartCraft's main sources of environmental and climate emissions are emissions from employee activities and purchases, business travel, data hosting and software usage from data centers like Microsoft, Google and Amazon, and indirect emissions from our leased offices such as electricity. In addition, the Group affects the environment mostly through emissions from purchased goods and services.

As SmartCraft does not carry out any production of its own, we do not release any direct emissions to the water or contribute to any hazardous waste. This is also the reason for our low impact on resource use and circular economy as we do not have the possibility to create sustainable products through innovation and a circular perspective. The SmartCraft Group has an indirect impact on the resource use and circular economy through which suppliers we use. This is also true for our customers and their sustainability work. Our goal is to investigate this further in 2024.

None of our offices are in biodiversity-sensitive areas and our operations have limited to no negative impact on biodiversity. As a company we are aware that our GHG emissions from Scope 1, 2 and 3 affect the amount of greenhouse gases in the atmosphere and can thus be a contributing factor to global warming and climate change.

2023 was the second year the SmartCraft Group collected CO2-data from our operation in Scope 1,2 and 3. The measurements in 2023 were more accurate that in 2022, due to improvement in ESG processes and tools. Hence, we believe 2023 gives a more correct picture of our environmental footprint.

SmartCraft aims to be Net Zero by 2050. We will create an action plan in 2024 to reduce the emissions every year, with 2023 as our base year. It is mandatory for SmartCraft to comply with the CSRD directive during 2025. However, to prepare for this, we have started to collect most of the required data in 2023.

SCOPE 1, 2, 3 AND TOTAL GHG EMISSIONS

Developed by the World Resource Institute and the World Business Council for Sustainable Development, the GHG Protocol is the most widely used method for carbon accounting globally. Emissions data is gathered and classified by Scope (1, 2 and 3), covering direct and indirect emission sources as defined by the GHG protocol.

Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables organizations to benchmark performance indicators and evaluate progress over time. The GHG Protocol includes a set of reporting principles one should follow when reporting carbon emissions. The five principles are relevance, completeness, consistency, transparency and accuracy. During 2022, SmartCraft invested in a reporting tool that enables all group companies to structure and report their consumptions and emissions accordingly. As this was the first time we reported the numbers, they are less accurate due to limted systems and routines.

Total climate accounting for SmartCraft ASA (Scope 1, 2 and 3) in 2023 was 690,3 tonnes of CO2 equivalents (tCO2e) which resulted in approximately 3,45 tCO2e per employee (3,15 tCO2e per employee in 2022). The number of emissions increased during 2023 with 103,2 tCO2e compared to 2022 due to more employees but most likely primarily because of more accurate measurements in 2023.

SCOPE 1 AND 2

Scope 1 and 2 refer to GHG emissions from our direct operations and energy management.

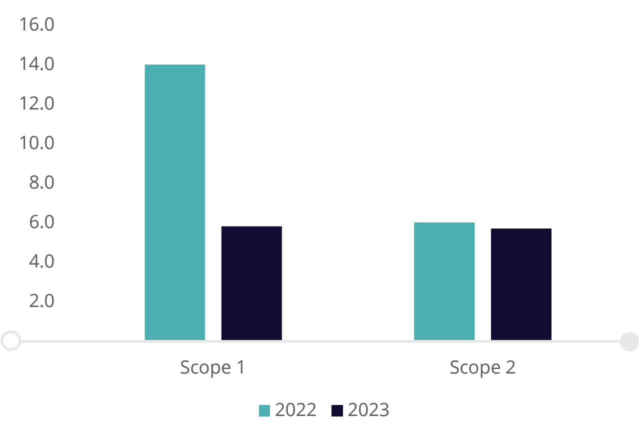
Scope 1 is mandatory reporting of all emission sources linked to operating assets where the organization has operational control. This includes all use of fossil fuel for stationary use or transport needs (own, rented or leased vehicles, oil boilers etc.). For SmartCraft ASA, Scope 1 emissions include a total of 5,8 tCO2e in 2023. These emissions include diesel and petrol consumption from owned and rented cars. The emission accounts for less than 1% of the emission share of the entire SmartCraft Group.

Scope 2 is mandatory reporting of indirect emissions linked to purchased energy; electricity or district heating/cooling. This applies, for example, to buildings that are rented and not necessarily owned.

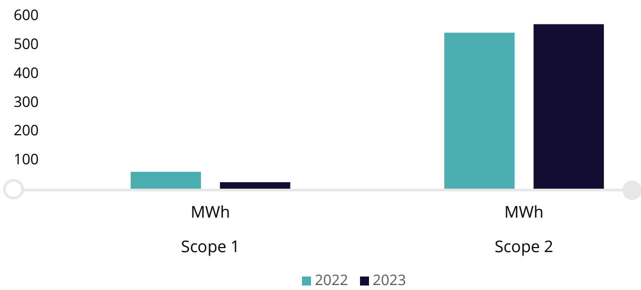
For SmartCraft ASA, emissions from Scope 2 include electricity from our offices and electric vehicles. Emissions from Scope 2 in 2023 were 5,7 tCO2e. The emission accounts for 1% of the total emission share of SmartCraft ASA. Emissions from Scope 2 were calculated using a location-based method.

Our total emissions in Scope 1 and 2 were reduced by 40% during 2023 due to more accurate measurements.

Scope 1 and 2 in tCO2e



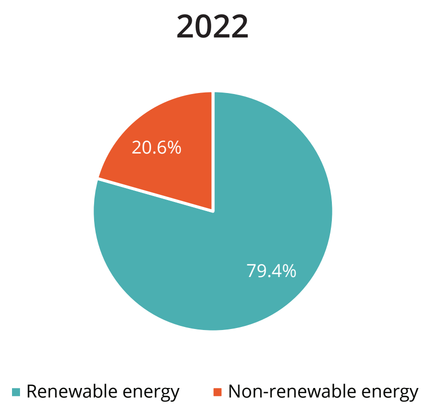
Scope 1 and 2 in MWh

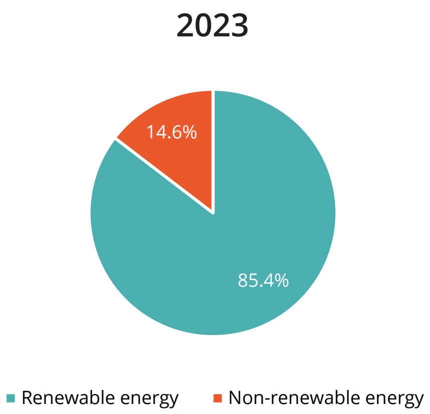


ENERGY MANAGEMENT

Total energy consumption (Scope 1, 2 and 3) in 2023 was 594 MWh of which 85% consisted of total renewable energy (Location-based).

Picture of the share of renewable and non-renewable energy consumption during 2022 and 2023:





Total energy consumption in 2022 reached 600,9 MWh were 79% origins from renewable energy sources. In 2023 the energy consumption was reduced to 594 MWh and 85% comes from renewable energy sources.

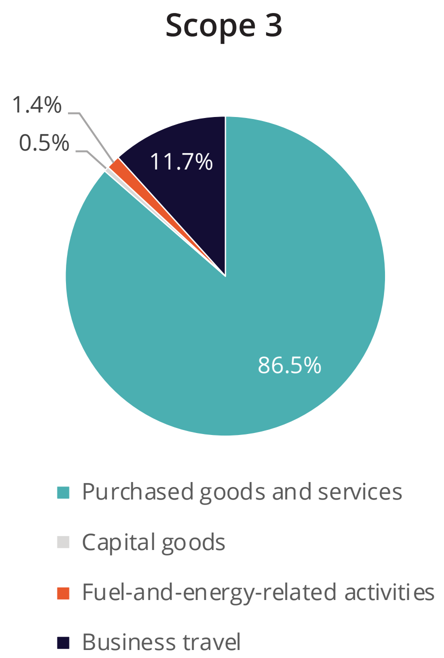
SmartCraft aims to improve energy efficiency in our facilities and promote the use of green energy. As we are dependent on our landlords, SmartCraft aims to have an open communication and try to ensure the use of green electricity through our agreements. However, the identified risks are the volatility of energy prices and current landlord agreements slowing down the change to new green energy agreements. If SmartCraft meets the targets, the group will save resources by being energy efficient, but also reduce the environmental impact by using renewable energy sources. SmartCraft will also see the opportunity in influencing the landlord to sign green energy agreements.

SCOPE 3

Scope 3 includes voluntary reporting of indirect emissions linked to purchased goods or services. These are emissions that can be indirectly linked to the organization's activities, but which take place outside their control. Typical Scope 3 reporting will include travel, logistics/transport of goods, waste and purchased goods and services. In general, a climate statement should include enough relevant information so that it can be used as a decision support tool for the company's management. To achieve this, it is important to include the reporting points that have financial relevance impact.

SmartCraft ASA has included emissions from the categories Purchased goods and services, Business travel, Capital goods, and Fuel and energy-related activities. SmartCraft ASA Scope 3 emissions are in total 679 tCO_2, most emissions are in Purchased goods and services, followed by Business travels.

Distribution in % of Scope 3 emissions:



Purchased goods and services account for 87% of the total Scope 3 emissions.

For SmartCraft, purchased goods and services includes software, cloud and facility management, advertising and PR, consulting services, electronic devices, office supplies and merchandise. In lack of better information from suppliers we have used spend based emission factors in the accouting for 2023.

Business travel accounts for 12% of the total Scope 3 emissions in 2023. The emissions include flights, car mileage and taxi, hotel nights, bus travel, ferry, and train.

Capital goods account for 1% of the total Scope 3 emissions in 2023. Capital goods are final products that have an extended life and are used by the company. These emissions include maintenance of company vehicles.

The Fuel and energy-related activities category includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2 and accounts for 1 % of the total Scope 3 emissions in 2023.

SmartCraft aims to become Net Zero by 2050 and as the biggest impact lies within Scope 3, we as a company must evaluate all our suppliers and their impact to see where reductions could be made.

The identified risks with becoming Net Zero are the cost of the reduction, what will happen if the emissions are not reduced and how climate change can affect SmartCraft's targets and operations. The target will contribute to resource efficiency, enable employees to reduce their environmental impact but also influence suppliers and customers to become more environmentally adopted.

During 2024, SmartCraft will focus on prioritizing suppliers with a commitment to ESG and not purchasing office supplies when not necessary, and to minimize suppliers' transport by placing collective orders when purchasing. The major risk for the targets is that necessary suppliers for our operations do not meet our standards or unexpected events that require SmartCraft to make an individual and unplanned purchase. By performing planned purchases SmartCraft will reduce unnecessary consumption and contribute to less transportation and emissions in the atmosphere. There is a great opportunity to create a sustainable value chain if we eliminate all suppliers that do not work or comply with the ESG regulation.

FINANCIAL MATERIALITY

As the employee activities and purchases are the main input resource to SmartCraft's operations any changes can have a high impact financially. We are aware that risks that are perceived to have limited financial impact today could increase going forward due to climate changes. Extreme weather like flooding, storms and high temperatures are risks that can affect SmartCraft through physical consequences. All our offices are located close to water, and we are aware that it could affect SmartCraft negatively because of flooding from rising water levels in lakes and the sea. SmartCraft have been affected by rising electricity prices and more expensive insurance as a result of changing weather conditions. Despite this, events connected to climate change have not had a material financial impact on SmartCraft as a group.

Social

OUR APPROACH

SmartCrafts has an impact on social sustainability through advocating working environment, human rights, and prevention of corruption through the work with both employees and suppliers. SmartCrafts have created a Code of Conduct for our employees. We aim to have all our suppliers comply to our Supplier Code of Conduct by 2025. As the employees in the group are the main contributors to the operations, changes for employees and their working environment could have a high financial impact for the group. Nevertheless, our focus on human rights and diversity is assessed to have a low financial impact on the group.

SmartCraft's social sustainability work is presented in the Transparency report, Employee Code of Conduct and Supplier Code of Conduct. These Codes apply to everyone working for or representing SmartCraft in any form, irrespective of the nature of the contract the relation is based on. This includes, but is not limited to, directors, employees, as well as hired contractors. Our customers and stakeholders, both existing and future, expect us to operate to a high ethical standard. An ethical business culture is therefore a crucial cornerstone of a sustainable business.

SmartCraft complies with the Norwegian Transparency Act (Åpenhetsloven), which applies to all Norwegian businesses that are not defined as a small company and that sell goods and services in or outside Norway. The Transparency Act requires Norwegian companies to actively assess their risks and report on their efforts to manage their human rights impact throughout their value chain. This creates opportunities for SmartCraft to influence suppliers to work with topics regarding sustainability, which also is a part of our ESG targets.

CHARACTERISTICS OF SMARTCRAFT'S EMPLOYEES

SmartCraft aims to be a great place to work. SmartCraft shall foster a corporate culture characterized by respect and concern for other people and their property. We shall behave in a way that inspires trust both when collaborating with colleagues and interacting with suppliers, customers, other business partners or authorities. Each of the SmartCraft subsidiaries has their individual HR and HSE management system and supporting tools to follow up the Group wide policies.

Numbers on characteristics of SmartCrafts employees and non-employee workers:

Characteristics of undertaking's employees	Avg. in Qty	Avg. in %
Number of employees (female/male)	63/132	32/68 %
Permanent employees (female/male)	61/132	31/69 %
Temporary employees (female/male)	2/0	100/0 %
Non-guaranteed hours employees (female/male)	1/2	33/66 %
Characteristics of non-employee workers	**Avg. in Qty**	
Total number of non-employee workers in own workforce (independent contractor, vendors, consultants and freelancers)	23	

Numbers on diversity indicators, social protection, health and safety indicators for SmartCrafts employees:

Diversity indicators	Avg. in Qty	
Number of employees under 30 years old	39	
Number of employees between 30-50 years old	138	
Number of employees over 50 years old	18	
Social protection	**Avg. in Qty**	
Number of employees covered by social protection	195	100 %
Health and safety indicators	**Avg. in Qty**	
Number of employees covered by health and safety management systems	195	100 %
Number of incidents associated with work-related injuries and ill health	0	

All SmartCraft's workers are covered by social protection against loss of income due to major life events through the payment of social security contributions by SmartCraft that enable employees to access public services. The same applies to the health and safety management systems which are included in all our employment contracts. SmartCraft as a group is not part of a union but we accept all our employees that are members and would not prevent anyone from organizing.

Work-life balance indicators for SmartCrafts employees:

Work-life balance indicators	Avg. in Qty	Avg. in %
Number of employees entitle to take family-related leaves	195	
Number of entitled employees that took family-related leaves	9	
Number of entitled employees that took family-related leaves (female/male)	2/7	21/79 %

HUMAN RIGHTS

SmartCraft aims to improve performance in accordance with the UN human rights action plan. SmartCraft respects and promotes internationally recognized human rights. We will conduct our business consistently with the United Nations Guiding Principles on Business and Human Rights, The European Convention on Human Rights, and the United Nations Convention on the Rights of the Child. No exceptions are permitted, irrespective of any reason at any time. In addition, we also consider the conventions seriously, and see it as our responsibility to contribute to a positive change. SmartCraft will comply with all applicable environmental laws and regulations.

For ethical reasons, SmartCraft is strongly against the purchase of sexual services. Purchase of sexual services may also be illegal, support human trafficking and pose a security risk. Human trafficking is a violation of human rights. When employees are on assignments or business trips for SmartCraft they are prohibited from purchasing sexual services in any form, irrespective of whether it is legal under local laws.

SmartCraft will take measures in 2024 to confirm that our suppliers support and respect internationally recognized human rights as outlined by the UN Declaration of human rights and related conventions. The suppliers need to

confirm that they place great importance on ensuring compliance with labor standards as outlined in the International Labor Organization's Core Conventions concerning freedom of association, the right to collective bargaining and the elimination of forced labor, child labor and discrimination in the workplace. They meet the responsibilities set out in the UN Guiding Principles on Business and Human Rights and will take necessary steps to identify if a child (person under 18 years) is employed, the best interest of the child shall be primary consideration. Policies and programs that assist any child found to be performing child labor shall be contributed to, supported, or developed. Children shall not be employed for any work likely to be hazardous or interfere with their health or physical, mental, spiritual, moral, or social development.

During 2023 SmartCraft group had no work-related incidents or severe human rights impact and incidents reported. One complaint was received through SmartCraft's whistleblowing channel, the complaint was investigated and concluded during 2023.

Incidents, compaints and severe human rights impacts	Qty
Number of work-related incidents	0
Number of complaints	1
Number of severe human rights impacts and incidents	0

SmartCraft has a zero tolerance policy for corruption in any parts of its business. All suppliers shall comply with all applicable laws and regulations concerning corruption and related prohibited business practices such as bribery, and undue advantage. This applies regardless of whether the undue advantage is offered directly or through an intermediary. SmartCraft's suppliers shall provide a safe and healthy working environment in accordance with internationally accepted standards and applicable laws. The suppliers should encourage employees to report accidents, injuries, or unsafe conditions immediately.

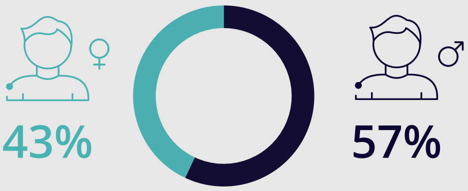
Any payments made to a government authority in relation to the work for SmartCraft shall be specifically required by law or regulation, be made against receipt and to a government administrated account. No public official shall benefit from the execution of the agreement with SmartCraft, from the proceeds thereof or otherwise have a direct or indirect financial interest in the company, unless explicitly disclosed to and accepted by SmartCraft.

Governance

OUR APPROACH

SmartCraft works in line with an ESG and sustainability governance structure. All employees within the group are encouraged to be engaged in the ESG work while the Board of Directors, executive leadership team and the ESG project manager have the main responsibility. The ESG project manager has the main responsibility for the sustainability work while the board and executive leadership team have an advisory, guiding, and decision-making function.

Top management



Board of directors

COMPLIANCE AND TRANSPARENCY

The Group's corporate governance policy is compliant with the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES). The Group's corporate governance practices are subject to annual reviews and discussion by the Board of Directors. SmartCraft, as a listed company, is required to have a minimum of 40% of each gender represented on the Board of Directors. The Board of Directors and Executive Management shall contribute to achieve the following core objectives when honoring the Company's corporate governance policy:

Transparency: Communication with the Company's shareholders, stakeholders and other interest groups shall be based on transparency and openness regarding issues relevant for the evaluation of the development and position of the Company.

Independence: The relationship between the Board of Directors, Executive Management and shareholders shall be based on independence principles. Independence shall ensure that all decisions are made on an unbiased and neutral basis.

Equal treatment: A fundamental objective for good corporate governance is equal treatment and equal rights for all the Company's shareholders.

Control and management: Sound control and corporate governance mechanisms shall contribute to predictability and reduce the level of risk for the Company's shareholders, stakeholders, and other interest groups.

As the group aims for compliance with new regulations and standards, the financial impact may be significant, depending on how much new requirements impact the operations and necessitate additional investments.

CORRUPTION

SmartCraft has a zero tolerance policy for corruption in any parts of its business. During 2023 there were zero reported incidents of corruption or bribery and no reported activities related to political influence including lobbying activities. All suppliers shall comply with all applicable laws and regulations concerning corruption and related prohibited business practices such as bribery, and undue advantage. This applies regardless of whether the undue advantage is offered directly or through an intermediary. Any payments made to a government authority in relation to the work for SmartCraft shall be specifically required by law or regulation, be made against receipt and to a government administrated account. No public official shall benefit from the execution of the agreement with SmartCraft, from the proceeds thereof or otherwise have a direct or indirect financial interest in the company, unless explicitly disclosed to and accepted by SmartCraft.

SUPPLIERS AND RESPONSIBLE VALUE CHAIN MANAGEMENT

SmartCraft works with responsible value chain management and aims to ensure that all new suppliers sign the Code of conduct and participate in the Transparency survey for suppliers. This is to secure a value chain management that supports a sustainable working environment, human rights and prevents corruption.

SUSTAINABLE DEVELOPMENT GOALS

In our ESG work, we strive to have a positive impact on the Sustainable Development Goals (SDGs) formulated by the United Nations. Below are the goals that SmartCraft has the opportunity to actually influence through our operations.

"Take urgent action to combat climate change and its impacts."

Impact analysis

Implementation of the Climate Policy including GHG emission reductions, climate-controlling travel policy, sustainable thinking when purchasing, energy efficiency, sustainable material uses and recycling.

SmartCraft's biggest amount of GHG emissions in the value chain is included in Scope 3. SmartCraft understands that the company must reduce the CO2 emissions, mostly in Scope 3, to work in line with the Paris Agreement.

SDG sub-targets

13.2 Integrate climate change measures into policies, strategies, and planning.

SmartCraft's targets

During 2023 we have integrated climate change measures into our ESG-work though our climate policy and double materiality analysis.

During 2024 SmartCraft aims to start the process to formulate targets based on the Science Based Targets initiative.

As the biggest impact lies within Scope 3, as a company we must evaluate all our suppliers and their impact to see where reductions could be made. SmartCrafts target for the GHG emission reduction is to reduce the emissions in Scope 3 to be able to become Net Zero by 2050.

SmartCraft's targets for energy management are to improve energy efficiency in our facilities and promote the use of green energy in our energy agreements. SmartCraft as a group aims to use only green energy by 2030.

SmartCraft aims to evaluate all suppliers ESG-work and compliance with CSRD and human rights during 2024 to be able to choose suppliers in line with our ESG-work.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

"Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

Impact analysis

SmartCraft wants to empower European construction workers to become more productive by simplifying work processes.

We go to work every day creating the best digital experiences for our users whether working in an office or in the field.

Our solutions improve safety on site and help our customers to have sustainable business.

By freeing up time from manual processes and admin work, we will make construction workers' everyday life easier, more profitable – and more fun!

SDG sub-targets

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities.

SmartCraft's targets

One of SmartCrafts medium-term goal is to enable our customers to reduce their environmental impact and work more sustainable though our digital solutions. This aligns with modernization and creates opportunities to work with sustainability through innovation and digitalization.

SmartCraft aims to provide information and reporting through its solutions to enable construction companies to make more sustainable choices.

8 DECENT WORK AND ECONOMIC GROWTH

“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

Impact analysis

SmartCraft provides safe and healthy working environments. The protection of workers, labour, and human rights are included in the social sustainability.

SmartCraft is doing business according to the UN Guiding Principled on Business and Human Rights.

SmartCraft influences the supply chain through partnerships to make sure that our suppliers and customers also run their business in a responsible way. The most important tool is the Code of Conduct.

SDG sub-targets

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

SmartCraft’s targets

SmartCraft’s aims to comply with the UN human rights action plan.

No events of child and forced labour within the SmartCraft group.

No high severity injury.

No unlawful discrimination against employees, board members, customers, and suppliers on account of ethnic or national origin, age, sex, or religion.

All suppliers shall comply with all applicable laws and regulations concerning corruption and related prohibited business practices such as bribery, such undue advantage.

SmartCraft’s suppliers shall provide a safe and healthy working environment in accordance with internationally accepted standards and applicable laws.

Board of Directors report on Corporate Governance

REPORTING ON CORPORATE GOVERNANCE

The Group's corporate governance policy is compliant with the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES). The Group's corporate governance practices are subject to annual reviews and discussion by the Board of Directors. The Group's corporate governance policy is available at smartcraft.com/investor-relations/corporate-governance. The code is based on the "comply or explain" principle and deviations, if any, is explained under the relevant topic in the report. The Group believes that good corporate governance involves transparent and trustful cooperation between all parties involved with the Group and its business. This includes the Company's shareholders, Board of Directors and Executive Management team, employees, customers, suppliers, and other business partners, as well as public authorities and society at large. The Board of Directors and Executive Management shall contribute to achieve the following core objectives when honoring the Company's corporate governance policy:

- Transparency. Communication with the Company's shareholders, stakeholders and other interest group's shall be based on transparency and openness on issues relevant for the evaluation of the development and position of the Company.
- Independence. The relationship between the Board of Directors, Executive Management and shareholders shall be based on independence principles. Independence shall ensure that all decisions are made on an unbiased and neutral basis.
- Equal treatment. A fundamental objective for good corporate governance is equal treatment and equal rights for all of the Company's shareholders.
- Control and management. Sound control and corporate governance mechanisms shall contribute to predictability and reduce the level of risk for the Company's shareholders, stakeholders, and other interest group's.

BUSINESS OBJECTIVE

The Company's business objective, as set out in the Company's articles of association, reads as follows: "The Company's objects is industry, trade and investments in shares and other assets in other companies and enterprises as well as all other activities related to this." The Board of Directors has defined objectives, strategies, and risk profiles for the Company's business activities as an effort to create value for its shareholders in a sustainable manner. These objectives, strategies and risk profiles are evaluated annually.

EQUITY AND DIVIDENDS

The Board of Directors is responsible for ensuring that the Group is adequately capitalized relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met.

The Group's consolidated equity was TNOK 843 675 on December 31st, 2023, representing an equity ratio of 77 percent. The Board monitors the capital situation and takes actions necessary to ensure that the equity or liquidity is adequate. The Company shall, at all times, have a clear and predictable dividend policy. The company believes that it will serve its shareholders best by investing for the long term and growing and developing the business.

The company's dividend policy is that the company does not expect to pay any dividend in the short to medium term as the company intends to use its profit for both organic and inorganic growth initiatives as well as product and technology innovation. The company will in the future continuously evaluate its capital allocation and will prioritize organic growth investments and acquisitions over dividends if the company expects that this will generate an attractive return on capital.

At the Annual General Meeting on April 28th, 2023, the Board was granted the following authorities:

- Authorization to increase the share capital in one or more rounds by up to NOK 17 152,305. The authorization covers contribution in kind and the right to incur specific obligations on behalf of the Company and includes mergers. There have not been issued any new shares under this authorization. The authorization is valid until the Company's Annual General Meeting in 2024, but not longer than June 30th, 2024.
- Authorization to acquire own shares with a total nominal value up to NOK 85 761,15 which is equivalent to 5 percent of the current share capital. The maximum purchase price is NOK 50 and minimum NOK 1. As of December 31st, 2023, the authorization has been used to purchase 3 076 249 shares for a total of TNOK 60 520. The authorization is valid until the Company's Annual General Meeting in 2024, but not longer than June 30th, 2024.

EQUAL TREATMENT OF SHAREHOLDERS

All shareholders shall be treated on an equal basis unless there is a just and factual cause for treating them differently. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings and the right to dividends. Where the Board of Directors resolves to issue new shares and deviate from existing shareholders' pre-emptive rights pursuant to an authorization granted to the Board of Directors, the stock exchange announcement issued in connection with the share issue shall also include a justification for the deviation.

The Company's transactions in treasury shares shall be carried out through Oslo Stock Exchange' trading platform at the prevailing trading price or by making a public offer to all shareholders. All transactions in treasury shares shall be publicly disclosed in a stock exchange announcement. There was a total of 239 transaction in treasury shares in 2023 which was carried out by Carnegie on behalf of the Company.

Transactions between the Company and its shareholders, a shareholder's parent company, members of the Board of Directors, executive management or closely associated persons to any such party, that are deemed material under the Norwegian Public Limited Liability Companies Act, are subject to approval by the general meeting. Furthermore, the Board of Directors is required to arrange for an independent auditor's valuation of the transaction. When restructuring the Group companies there was performed several transfers of shares internally. The transactions were not subject to approval by the general meeting as it was defined as an intercompany transaction.

FREELY TRANSFERABLE SHARES

The shares of the Company are listed on the Oslo Stock Exchange and are freely transferable and there are no limitations on any party's ability to own or vote for the shares in the Company.

Deviation from the Code of Practice:
Sellers of the shares in Inprog AS and Coredination AB has entered into a lock-up agreement for shares purchased as part of the settlement. The lock-up period for the sellers of Inprog AS was valid until January 26th, 2024, and February 21st, 2024, while the lock-up period for the sellers of Coredination AB is valid until July 7th 2024, August 7th 2024, and August 15th 2024.

GENERAL MEETINGS

The General Meeting is the Company's highest authority, and open to all shareholders. The Company encourages shareholders to participate and exercise their rights. The 2023 Annual General Meeting was held digitally on April 28th, 2023, with 64,58 percent of the Company's shares represented.

The Board, auditor, or shareholders representing at least 5 percent of the shares can call for Extraordinary General Meetings when deemed necessary.

The notice of the General Meeting and supporting documents are made available on the Company's website no later than 3 weeks prior to the date of the meeting. Shareholders may request the documents by mail. Efforts are made to ensure that proposed resolutions and supporting information are sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The notice includes information about shareholders' rights. The notice period, right to attend and agenda proposals are regulated in the Articles of Association.

The deadline for shareholders to notify the Company if they wish to participate at the General Meeting shall be set as close to the date of the general meeting as practically possible, but at the earliest two business days before the General Meeting.

Shareholders who are unable to attend the general meeting shall be given the opportunity to be represented by proxy and to vote by proxy. The Board of Directors shall in this respect, with regards to the notice of the general meeting:

- provide information on the procedure for attending by proxy;
- nominate a person who will be available to vote on behalf of non-attending shareholders as their proxy (normally being the chair of the Board of Directors); and
- prepare a proxy form, which shall, to the extent possible, be set up so that it is possible to vote separately on each individual matter on the agenda and each candidate nominated for election.

Deviation from the Code of Practice: The Code recommends separate voting for candidates to the Board. However, the Board must be in accordance with applicable legislation regarding gender representation and qualifications for committee assignments. The nomination committee's proposal is given with respect to such legislation. Should a situation arise where the composition of the Board might conflict with applicable legislation, the situation and consequences of electing a board contrary to legislation should be discussed at the General Meeting and shareholders should base their votes on the views discussed.

NOMINATION COMMITTEE

The Nomination Committee is governed by the Articles of Association section 10. The nomination committee does not include any executive personnel or any member of the company's Board of Directors. Both members of the Nomination committee are independent of the Board of Directors and Group Management. The members of the Nomination Committee were elected at the Extraordinary General Meeting on April 28th, 2023. Mr. Arild Bødal (chair) and Ms. Helen Fasth Gilstedt were elected for two years at a time.

The General Meeting stipulates the rules of procedure for the Nomination Committee and determines the Committees' remuneration. The Nomination Committee gives its recommendation to the General Meeting on election of and compensation to members of the Board of Directors, in addition to election of members of the Nomination Committee. Each proposal is justified on an individual basis. All shareholders are entitled to nominate candidates to the Board of Directors, and information on how to propose candidates can be found on the company's website.

COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS

In accordance with the articles of association section 7, the company's Board of Directors shall consist of three to nine members. On December 31st, 2023, the Board of Directors consisted of seven members (see table below), of which three were female. The directors can be elected by the General Meeting for a term no longer than two years and may be re-elected.

The company's website provides information to illustrate the expertise of the members of the Board of Directors. The Board of Directors considers its composition to be diverse and represent required competencies including financial and industrial experience. Board members are encouraged to own shares in the company. An overview of board members' share ownership in the Company is available in note 25 to the consolidated financial statements.

Name	Role	Independent	Served since	Term expires	Meeting participation
Gunnar Haglund	Chairman	Yes	15.03.2017	AGM 2025	12 of 12
Christina Skogster Stange	Board member	Yes	21.04.2021	28.04.2023	2 of 4
Bernt Ulstein	Board member	Yes	15.03.2017	AGM 2025	12 of 12
Maria Danell	Board member	Yes	21.04.2021	AGM 2025	11 of 12
Carl Ivarsson	Board member	No	14.02.2017	AGM 2025	12 of 12
Marianne Bergmann Røren	Board member	Yes	21.04.2021	AGM 2025	10 of 12
Allan Engström	Board Member	No	14.02.2017	AGM 2025	12 of 12
Isabella Alveberg	Board Member	Yes	28.04.2023	AGM 2025	8 of 8

Mr. Ivarsson and Mr. Engström represents Valedo Partners III AB which holds 39.6% of the shares in SmartCraft ASA. All board members are independent of Group management and material business contacts.

WORK OF THE BOARD OF DIRECTORS

The objectives, responsibilities and functions of the Board of Directors and the CEO shall be in compliance with rules and standards applicable to the Group, which are described in the Company's "Instructions for the board of directors of SmartCraft ASA". The Board has the ultimate responsibility for the management of the Company and the Group and for supervising Group Management.

The Board of Directors shall annually evaluate its performance and expertise for the previous year. This evaluation shall include the composition of the Board of Directors and the manner in which its members function, individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the nomination committee.

The Board has established two committees, an Audit Committee, and a Remuneration Committee.

Audit Committee

Pursuant to section 6-41 of the Norwegian Public Limited Liability Companies Act, Rule Book II and recommendations set out in the Code, the Company is obliged to establish an audit committee. The Committee members are appointed by and among the Board of Directors.

Per December 31st, 2023, the audit committee members were Mr. Gunnar Haglund (chair), Mrs. Marianne Bergmann Røren and Mr. Carl Ivarsson, all considered independent of Group Management. The Audit Committee held 7 meetings in 2023.

Remuneration Committee

The remuneration committee shall provide the Board of Directors with a guideline and recommendation for the salary and other remuneration for executive management, which shall be made in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. The members of the remuneration committee are elected by and among the members of the Board of Directors for a term of up to two years. Per December 31st, 2023, the compensation committee members were Mr. Gunnar Haglund (chair), Mr. Allan Engström and Mr. Bernt Ulstein, all independent of the Group Management. For 2023, the Committee met 2 times.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management system shall ensure that the Group has a systematic and uniform approach to risk management. The system defines responsibilities, processes, tools and documentation, including considerations related to integrating stakeholders in relation to the Company's value creation.

Group Management sets the context in which risks are managed and supervises the risk management process. Risk assessments are presented to the Audit Committee and the Board of Directors. The Board performs a review of risks in connection with the approval of the annual budget.

Group Management regularly updates the Board of Directors including operational reviews, HSE (Health, Safety and Environment) measures, financial status and key performance indicators. Prior to each Board meeting, the CEO and CFO prepares a report to the Board of Directors, which includes this information in addition to any items requested by Board members and items requiring action by the Board of Directors. Because the Group operates internationally, it is required to comply with numerous national and international laws and regulations. All business activities and processes must be conducted in accordance with laws, and regulations.

The quarterly and yearly reporting process and significant accounting and reporting issues are discussed with the Audit Committee in the presence of the external auditor.

REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive remuneration in accordance with their individual roles. The remuneration is not linked to Company performance and members are not granted share options. Remuneration for each member of the Board of Directors is detailed in note 11 to the consolidated financial statements.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board of Directors, but if they do, this shall be disclosed to the full Board. The remuneration for such additional duties will be approved by the Board of Directors. There were no such assignments in 2023.

REMUNERATION OF EXECUTIVE MANAGEMENT

The policy for remuneration of executive management of the Group was last updated in April 2023 and presented at the Annual General Meeting in 2023. The remuneration policy must be approved by the Annual General Meeting upon any material changes and at minimum every four years. The Board determines remuneration of the Chief Executive Officer while remuneration of Group Management is determined according to guidelines. The Board's statement regarding compensation of leading employees, required by accounting act §7-31b, is published on smartcraft.com.

INFORMATION AND COMMUNICATION

The Company treats its investors equally. Timely information is published simultaneously to all investors in accordance with applicable legislation and regulation to provide the best possible basis for evaluation of Company performance. All information is provided in English. Interim reports are published on a quarterly basis, in line with Oslo Stock Exchange's recommendations.

Interim reports include presentations to provide an overview of operational and financial developments, market outlook, and the Company's prospects. The presentations are open to the public and made available through a webcast. The Chief Executive Officer and the Chief Financial Officer are normally present at the quarterly presentations. Furthermore, the Company keeps an ongoing dialogue with its investors and makes presentations to analysts and investors through various conferences and events.

TAKEOVERS

The Board of Directors have established the main principles for its actions in the event of a takeover offer. In a takeover process, the Board of Directors, and the Executive Management each have independent responsibilities to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board of Directors has a particular responsibility to ensure that the shareholders are given sufficient information and time to assess the offer. The Company has no written guidelines for procedures to be followed in the event of a takeover offer. The Board is open to initiatives that are commercially and financially attractive for the shareholders. The Board will assess potential offers in accordance with applicable legislation and Code of Practice requirements in due course

STATUTORY AUDITOR

The Company's external auditor, Ernst & Young AS, is appointed by the General Meeting and is independent from the Company.

The auditor shall participate in meeting(s) of the Board of Directors where any of the following topics is on the agenda: the annual accounts, accounting principles, assessment of any important accounting estimates and other matters of importance where there has been disagreement between the auditor and the Company's executive management and/or the audit committee.

The auditor shall at least once a year present to the Board of Directors or the audit committee a review of the Company's internal control procedures, including identification of weaknesses and proposals for improvement. The audit committee shall hold a meeting with the auditor at least once a year in which no representative of the executive management can be present. To strengthen the Board of Directors' work on financial reporting and internal control, the auditor shall provide a report to the audit committee on the main features of the audit in respect to the previous financial year, and especially mention any material weaknesses identified in the internal control relating to the financial reporting process.

Remuneration to the auditor is approved by the General Meeting and the Board of Directors shall specify the executive management's right to use the auditor for other purposes than auditing. For remuneration to the auditor see note 21 to the consolidate financial statements.

Statement of compliance

The Board of Directors and the Chief Executive Officer (CEO) have today considered and approved the report from the Board of Directors and CEO, the financial statements for the Group and for the parent company SmartCraft ASA (the Company) for the year ending December 31st, 2023.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements as stated in the Norwegian Accounting Act that are applicable at December 31st, 2023.

The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway that are applicable at December 31st, 2023. The report from the Board of Directors and CEO for the Group and the Company has been prepared in accordance with the Norwegian Accounting Act and the Norwegian Accounting Standard no. 16 applicable at December 31st, 2023.

We confirm that, to the best of our knowledge:

- the financial statements for the period from January 1st to December 31st, 2023, for the Group and the Company have been prepared in accordance with applicable accounting standards
- the financial statements give a true and fair view of the Company's and the Group's consolidated assets, liabilities, financial position and results of operations
- the Board of Directors' report provides a true and fair view of the development and performance of the business and the position of the Company and the Group, together with a description of the key risks and uncertainty factors that the company is facing

April 10th, 2024
Board of Directors and CEO, SmartCraft ASA

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

Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK (thousands)	Note	2023	2022
Revenue from customers	8	401 654	333 423
Total operating revenue		**401 654**	**333 423**
Purchase of goods and services		32 681	27 271
Payroll and related expences	10, 11	145 637	128 737
Other operating expenses	21	57 616	48 996
Depreciation and amortization	13, 23, 24	36 204	27 657
Total operating expenses		**272 138**	**232 661**
Operating profit (loss) before financial items and tax		**129 517**	**100 762**
Financial income	22	29 520	17 188
Earn-out related to acqusitions	22	-	(12 364)
Financial expenses	22	(22 768)	(16 413)
Financial income (expense), net		**6 752**	**(11 589)**
Profit (loss) before tax		**136 268**	**89 173**
Tax expense	20	28 640	21 083
Profit (loss)		**107 628**	**68 090**
Attributable to:			
Shareholders in SmartCraft ASA	26	107 628	68 090
Non-controlling interests		-	-
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Currency translation differences, net of tax		24 685	(2 073)
Other comprehensive income (loss) for the period net of tax		**24 685**	**(2 073)**
Total comprehensive income		**132 313**	**66 016**

Amounts in NOK (thousands)	Note	2023	2022
Profit for the year		107 628	68 090
Profit for the year attributable to non-controlling interests		-	-
Profit for the year attributable to equity holders of SmartCraft ASA		107 628	68 090
Average numbers of common shares		169 575 195	171 484 845
Earning per share and diluted earnings per share NOK	***26***	***0,63***	***0,40***

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK (thousands)

ASSETS	Note	31.12.2023	31.12.2022
Goodwill	6, 12	547 580	517 302
Intangible assets	13	246 079	209 939
Right to use assets	24	24 656	14 152
Tangible Assets	23	3 001	3 314
Total non-current assets		**821 316**	**744 707**
Other current assets	7, 16	8 112	7 762
Accounts Receivable	7, 15	64 612	29 477
Cash and cash equivalents	7, 17	206 024	191 587
Total current assets		**278 748**	**228 826**
Total assets		**1 100 063**	**973 533**

EQUITY AND LIABILITIES			
Share capital	25	1 715	1 715
Own shares		(31)	(5)
Share premium		605 893	605 893
Retained earnings		214 846	161 149
Other components of equity		16 621	(8 064)
Non-controlling interests	25	4 631	4 881
Total equity		**843 675**	**765 569**
Non-current lease liabilities	17, 24	14 764	7 002
Deferred tax liabilities	20	36 580	35 015
Total non-current liabilities		**51 344**	**42 016**
Current portion of deferred revenue	8	106 029	69 937
Current portion of lease liabilities	17, 24	10 360	7 602
Accounts payable	7, 18	8 628	7 829
Taxes payable	7, 20	22 402	14 845
Other current liabilities	7, 19, 28	57 626	65 736
Total current liabilities		**205 044**	**165 948**
Total liabilities		**256 388**	**207 964**
Total equity and liabilities		**1 100 063**	**973 533**

April 10th, 2024
Board of Directors and CEO, SmartCraft ASA

Gunnar Haglund
Chairman of the Board

Isabella Alveberg
Board member

Bernt Ulstein
Board member

Carl Ivarsson
Board member

Marianne Bergmann Røren
Board member

Maria Danell
Board member

Allan Engström
Board member

Gustav Line
CEO

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK (thousands)	Note	2023	2022
Operating activities			
Profit before tax		136 268	89 173
Paid taxes	20	(24 058)	(19 371)
Net financial income		(6 752)	(775)
Earn-out without cash effects	22	-	12 364
Gains/losses sold assets	13, 23, 24	(82)	(7)
Depreciation	13, 23, 24	20 310	13 607
Amortisation of intangible assets	13	15 894	14 050
Payments related to acqusitions	7, 19	(16 861)	-
Interest recevied	22	3 724	899
Items classified as investing or financing activities		-	1 780
Net cash provided from operating activities before net working capital changes		**128 443**	**111 720**
Working capital adjustments:			
Changes in accounts receivable		(33 619)	(4 814)
Changes in deferred revenue		35 284	9 893
Changes in accounts payable		744	388
Changes in all other working capital items		5 445	(1 413)
Net cash provided from operating activities		**136 297**	**115 774**
Investing activities			
Investments in tangible and intangible assets	13, 23	(1 474)	(1 156)
Payments for acqusitions	6, 19	(23 968)	(33 455)
Acquisition transaction costs	6	-	(952)
Payments for software development costs	13	(37 472)	(23 857)
Foreign currency effect		-	(72)
Net cash used in investing activities		**(62 914)**	**(59 492)**
Financing activities			
Cash proceeds from capital increases	25	-	4 881
Downpayment on loan facilities	17	-	(7 834)
Interest payments	22	(1 214)	(951)
Repayments of lease liabilities	17	(9 964)	(7 537)
Payments of treasury shares	25	(53 508)	(7 012)
Other financial items		-	(1 067)
Net cash provided by (used in) financing activities		**(64 686)**	**(19 522)**
Net increase (decrease) in cash and cash equivalents		**8 696**	**36 760**
Cash and cash equivalents at the beginning of year		191 587	156 277
Foreign currency effects on cash and cash equivalents		5 740	(1 449)
Cash and cash equivalents at end of year	**17**	**206 024**	**191 587**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK (thousands)	Share capital	Treasury shares	Share premium	Retained earnings	Currency translation reserve	Non-controlling interest	Total equity
Total equity 31.12.2021	**1 715**	**-**	**605 893**	**100 067**	**(5 990)**	**-**	**701 685**
Profit / (-) loss for the period	-	-	-	68 090	-	-	68 090
Other comprehensive income	-	-	-	-	(2 073)	-	(2 073)
Capital increase 13.07.2022	-	-	-	-	-	4 881	4 881
Purchase of treasury shares	-	(5)	-	(7 008)	-	-	(7 012)
Total equity 31.12.2022	**1 715**	**(5)**	**605 893**	**161 149**	**(8 064)**	**4 881**	**765 569**
Total equity 01.01.2023	1 715	(5)	605 893	161 149	(8 064)	4 881	765 569
Profit / (-) loss for the period	-	-	-	107 628	-	-	107 628
Other comprehensive income	-	-	-	-	24 685	-	24 685
Purchase of own shares	-	(26)	-	(53 482)	-	-	(53 508)
Changes in non-controlling interests	-	-	-	-	-	(250)	(250)
Other changes	-	-	-	(449)	-	-	(449)
Total equity 31.12.2023	**1 715**	**(31)**	**605 893**	**214 846**	**16 621**	**4 631**	**843 675**

Notes

NOTE 1 REPORTING ENTITY

The reporting entity reflected in these financial statements is comprised of SmartCraft ASA and the consolidated subsidiaries that make up the SmartCraft Group. The parent company SmartCraft ASA is a Norwegian entity and headquarters is located at Hvervenmoeveien 45, 3511 Hønefoss, Norway. The Group operates with offices in Norway, Sweden and Finland.

SmartCraft ASA is a software company with a portfolio of related software brands. Currently, Bygglet, Cordel, Congrid, EL-VIS, HomeRun, Kvalitetskontroll, El-verdi, Elinn and Coredination are all brands in the Group's portfolio. The Group operates in the Nordic region and provides SaaS and subscription software solutions for construction- and craftsmen companies, with market leading positions in the Nordics.

NOTE 2 BASIS OF PREPARATION

The consolidated financial statements of SmartCraft ASA and its subsidiaries are prepared in accordance with IFRS Accounting Standards as endorsed by the European Union (EU) and Norwegian authorities and effective as of December 31st, 2023.

These financial statements also provide disclosures as specified under the Norwegian Accounting Act (Regnskapsloven). The financial statements are prepared on a historical cost basis, except for certain assets, liabilities, and financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities. Actual results may differ from these estimates. Slight rounding differences may occur between the financial statements and the note disclosures. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, or if the revision affects both current and future periods. Judgments made by management in the application of IFRS which have a significant effect on the consolidated financial statements and estimates, with a significant risk of material adjustment in the next year, are discussed in note 4.

NOTE 3 MATERIAL ACCOUNTING POLICIES

This following description of material accounting principles applies to the SmartCraft Group's 2023 financial reporting, including all comparative figures. The relevant accounting policies for selected financial statement line items are described in detail in the specific notes in this set of financial statements. Changes in accounting policies and new pronouncements are discussed at the end of this section.

3.1 Basis of consolidation

The consolidated financial statements include SmartCraft ASA and subsidiaries, in which SmartCraft ASA is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the investee. Power is normally achieved through ownership, directly or indirectly, of more than 50% of the voting power.

Subsidiaries are included from the date control commences until the date control ceases.
There were nine acquisitions completed during 2019-2023. EL-Info Group where control was commenced as of April 1st 2019, Congrid Oy as of December 1st 2020, Homerunbynet Oy as of

May 1st 2021, SmartCraft Norway AS as of June 1st 2021, Kvalitetskontroll AS as of July 1st 2021, SMCRT MGMT 1 AS as of June 1st 2022, SmartCraft Software AS as of June 1st 2022, Elverdi Norge AS as of June 1st 2022, Inprog AS as of October 1st 2022 and Coredination AB as of July 1st 2023.

Intercompany transactions and intercompany balances, including internal profits and unrealized gains and losses, are eliminated.

Business combinations

The acquiree's identifiable assets, liabilities and contingent liabilities are recognized separately at the acquisition date at their fair value irrespective of any non-controlling interest, and goodwill recognized to the extent the consideration exceeds identified net assets.

Goodwill

Goodwill is recognized as a part of business combinations. Goodwill is initially measured either as the excess of the consideration over the SmartCraft Group's interest or the fair value of 100 percent of the acquiree in excess of the acquiree's identifiable net assets (full goodwill). Goodwill is not amortized, but is tested for impairment annually, and more frequently if indicators of possible impairment are observed. Goodwill is allocated to the cash generating units or group's of cash generating units expected to benefit from the synergies of the combination and that are monitored for internal management purposes.

Foreign currency translation

The Group presents its financial statements in the Norwegian krone (NOK). This is also the parent company's functional currency. Each subsidiary has local currency of their market as the functional currency. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency have been translated at the rate applicable at the balance sheet date. The income statement has been translated at the average rate for the reported period. Exchange rate differences are recognized in equity. Changes in exchange rate are recognized in the statement of comprehensive income as they occur during the period. When investments in foreign subsidiaries are sold the accumulated exchange rate differences relating to the subsidiary are recognized in the income statement.

3.2 Intangible assets

Intangible assets acquired individually or as a group are recognized at cost when acquired. Intangible assets acquired in a business combination are recognized at fair value separately from goodwill when they arise from contractual or legal rights or can be separated from the acquired entity and sold or transferred. Internally generated intangible assets are recognized when the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Development costs are capitalized as intangible assets at cost in accordance with IAS 38 Intangible Assets when the recognition criteria are met. Research expenditures are expensed as incurred. Intangible assets with indefinite useful life are tested for impairment yearly. For intangible assets with definite useful life, SmartCraft reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Internally generated development:

Expenses relating to research activities are recognized as they occur. Expenses relating to development activities are capitalized to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalized include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalized development costs are recognized at their cost minus accumulated amortization and impairment losses.

Cost of building new features and functionality together with significant and pervasive improvements of the core platform, provided that the significant and pervasive improvements of parts or main components of the core platform will generate probable future economic benefits, are capitalized as development costs and amortized on a straight-line basis over the estimated economic lifetime.

To the extent developers perform updates that are required to maintain the products functionalities, the costs are expensed.

Customer relationship:
Customer relationships are recognized as a part of business combinations and measured initially as the net present value of the lifetime revenue from existing customers less cost to fulfill the contractual obligations. Customer relationships are depreciated on a straight-line basis over the expected lifetime of the relationship.

Software:
Software is recognized both as a part of business combinations and by internal development. Acquired software in a business combination is measured at fair value. The fair value measurement is if possible based on observable market date, if such date is not available, fair value is estimated as the expected cost to develop a similar software and internally developed software are capitalized in accordance with the measurement criteria in IAS 38, and amortized on a straight-line basis over the estimated economic lifetime.

Brand names:
Brand names that contribute to future economic benefits are recognized separately from Goodwill as a part of business combinations. Brand names are measured using the royalty method, the management evaluates whether to have indefinite or definite useful lifetime and tested annually for impairment.

3.6 Revenue from contracts with customers

At contract inception, SmartCraft identifies the promised licenses and services within the contract and determines which of those are separate performance obligations. SmartCraft performance obligations within the contracts are described below. The timing of the transfer is determined based on when the customer obtains control of the delivered licenses or services.

In general, SmartCraft does not pay sales commission to its partners on sales to customers. In the event sales commision has been paid, SmartCraft has applied the practical expedient for costs to obtain a contracts to immediately expense sales commissions because the amortization period of the asset otherwise would have used is one year or less.

SmartCraft generates revenue from three main sources and subcategories in total.

Subscriptions
Revenue from software subscriptions (right to access) are recognized on a straight-line bases over time, as the customer simultaneously receives and consumes the benefits of the services. Subscription contracts are invoiced in advance, up to and mainly on a 12 month interval.

Integrated services and bundled services
Revenue from the transactional use of integrated or bundled 3rd party services are recognized at a point in time, on the time of the services being rendered and invoiced subsequently at the end of the month.

Other non-recurring revenue
Expert service-revenue from the sale of support, consultancy, system set-up and other advisory services are recognized at a point in time, on the time of the services being rendered and invoiced subsequently at the end of the month. Expert services included in the SaaS and software subscriptions is not recognized as independent revenues.

Revenue from sale of hadware, books, manuals, ect are recognized at the point in time upon delivery.

3.7 Leasing

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (defined as less than NOK 50 000)

For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement compromise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amount expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments dependent upon an index or a rate, in the lease liability. Instead, the Group recognizes these variable lease expenses in the statement of profit or loss.

SmartCraft presents its lease liabilities as separate line items in the statement of financial position and has initially applied weighted average incremental borrowing rate in the range of 2.75% to 9.98% when recognizing the lease liability.

Right-of-use assets

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized.

- Any lease payments made at or before the commencement date, less any incentives received.
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

SmartCraft applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

3.8 Financial instruments

Financial assets

Financial assets represent a contractual right by the SmartCraft Group to receive cash or another financial asset in the future. Financial assets include cash and cash equivalents, accounts receivable and withheld cash receivable. On initial recognition, a financial asset is measured at fair value, and classified for subsequent measurement at amortized cost; at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). Classification depends on the business model and, for some instruments, the entity's choice. Financial assets are derecognized when the rights to receive cash from the asset have expired or when SmartCraft has transferred the asset.

Financial liabilities

Financial liabilities represent a contractual obligation by the SmartCraft Group to deliver cash in the future and are classified as either current or non-current. Financial liabilities include the long-term loan, contingent liabilities, accounts payable and other financial liabilities. Financial liabilities are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation is discharged through payment or when SmartCraft is legally released from the primary responsibility for the liability.

3.9 Measurement of fair value

SmartCraft measures certain assets and liabilities at fair value for the purposes of recognition or disclosure. Non-recurring fair value measurement is used for transactions, such as business combinations, contingent consideration and other non-routine transactions. SmartCraft does not have any recurring fair value measurement as the group does not have any derivative financial instruments, equity investments or other similar financial assets or liabilities that are measured at fair value.

3.10 Employee benefit expense

Payments to employees, such as wages, salaries, social security contributions, paid annual leave and bonus agreements are accrued in the period in which the associated services are rendered by the employee. All Group companies have defined contribution pension plans. The Group has no other obligations after payment of the pension premium has been made. The pension premiums are charged to expenses as they are incurred.

The company has established a pension scheme as required by Norwegian law for employees in the Norwegian entities.

3.11 Current and deferred income tax

The income tax expense consists of tax payable and changes to deferred tax. Deferred tax liability/tax assets are calculated on all taxable temporary differences, except for goodwill for which amortization is not deductible for tax purposes.

Deferred tax assets are recognized when it is probable that the company will have sufficient profit for tax purposes to utilize the tax asset. SmartCraft recognizes formerly unrecognized deferred tax assets to the extent that it has become probable that the Group can utilize the deferred tax asset. Similarly, the company reduces its deferred tax assets to the extent that it can no longer utilize these.

Deferred tax liabilities and deferred tax assets are measured based on the expected future tax rates applicable to the companies in the Group where temporary differences have arisen. Deferred tax liabilities and deferred tax assets are recognized at their nominal value and are classified as non-current liabilities or non-current assets in the balance sheet. The tax payable and deferred taxes are recognized directly in equity to the extent they relate to equity transactions.

3.12 Provisions

Provisions are recognized when, and only when, the Group has a valid liability (legal or estimated) because of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place, as a result of a liability, and that the size of the amount can be measured reliably.

3.13 Changes in accounting policies and new pronouncements

There are no changes in accounting principles compared to previous years. The Group has applied all relevant IFRS standards that were in effect for 2023.

None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects for the SmartCraft Group's financial reporting.

3.14 Equity

Treasury shares are shares in SmartCraft ASA controlled by the Group. When there are transactions with treasury shares the nominal value of the shares are booked as treasury shares.

Differences between nominal value of the shares and the acquisition cost/selling price of the shares are booked towards other components of equity.

NOTE 4 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The application of accounting policies requires that management makes estimates and judgements in determining certain revenues, expenses, assets and liabilities. The following areas involve a significant degree of judgement and complexity, and may result in significant variation in amounts:

- Identification and initial measurement of intangible assets acquired in a business combination – see note 6
- Capitalization of internally generated intangible assets - see note 13
- Measurement of right of use assets and lease liabilities - see notes 24

NOTE 5 FINANCIAL RISK DISCLOSURES

Credit risk

Credit risk for the Group consists of balances of accounts receivable in addition to cash deposits held at several banks that have a long history and credible reputations. Management believes customer risk is very low as customers generally need to pay upfront in order to receive services. As the Group has a very diverse customer base and limited customer acquisition cost as well as no material customer exposures, credit checks of new and existing customers are not deemed necessary. If existing customers are not paying for subscriptions the Group can block access to their systems. Exposure to default risk on individual customers is low as the Group has a large number of customers. However, most customers are related to the same industry and this exposes the Group to the industry specific risk. For additional information regarding loss and loss allowance, see note 15.

Liquidity risk

The Group needs to maintain enough liquidity in order to pay running operating costs. Non-current lease liabilities and non-current financial liabilities have a maturity of up to 7 years, and all other financial liabilities (current lease liabilities and accounts payable) are due within 12 months. The SmartCraft Group has ample cash to support operations and liabilities. The SmartCraft Group has no investments in equity securities and does not use financial derivatives. For information regarding future payments of liability, see note 28.

Capital management

Management believes that SmartCraft is in a growth phase with the intention of increasing market share and expand into new markets. Management will undertake M&A where it sees market growth opportunities. The Group intends to fund M&A and internal growth through current cash balances, equity, and external capital from bonds, banks and similar lenders. The Group prepares an annual detailed liquidity budget to ensure sufficient liquidity throughout the year.

The Group policy is to keep its cash in a checking account. The banks where SmartCraft keeps excess liquidity are well established and reputable with a long history of holding deposits without defaults.

Interest risk

The Group has no financial liabilities to lenders which bear an interest as of 31.12.2023. See notes 7, 22 and 28 for more information. The group has no hedging of interest risk.

Foreign exchange risk

As of December 31st 2023 the Group has financial liabilities in foreign currency of TNOK 34 812, and financial assets in foreign currency in total of TNOK 226 695. Net amount in foreign currency translates to a financial asset of TNOK 261 507, and the exposure of foreign currency risk is considered low.

Amounts in NOK (thousands)	**Amount 31.12.2023**	**Effect on EBT + 5%**	**Effect on EBT - 5%**
Foreign exchange risk sensitivity			
Financial assets in foreign currency	226 695	11 335	(11 335)
Financial liabilities in foreign currency	(34 812)	(1 741)	1 741
Total for SmartCraft Group	**191 882**	**9 594**	**(9 594)**

Amounts in NOK (thousands)	**Amount 31.12.2022**	**Effect on EBT + 5%**	**Effect on EBT - 5%**
Foreign exchange risk sensitivity			
Financial assets in foreign currency	113 013	5 651	(5 651)
Financial liabilities in foreign currency	(46 808)	(2 340)	2 340
Total for SmartCraft ASA	**66 205**	**3 310**	**(3 310)**

The Group earns revenue in NOK, SEK and EUR. All operating entities have all material costs and revenue in their functional currency. This works as a natural hedge on the currency exchange risk and as such the management considers the foreign exchange risk exposure for the group to be low/moderate. The calculated effect on revenue and EBITDA is based on a change of 5% in the currency rate for SEK and EUR towards NOK.

Amounts in NOK (thousands)	**Revenue 2023**	**Effect on revenue +/- 5%**	**EBITDA 2023**	**Effect on EBITDA +/- 5%**
Foreign exchange risk sensitivity				
SmartCraft Group consolidated	401 654	+/- 11 698	165 721	+/- 5 724

Amounts in NOK (thousands)	**Revenue 2022**	**Effect on revenue +/- 5%**	**EBITDA 2022**	**Effect on EBITDA +/- 5%**
Foreign exchange risk sensitivity				
SmartCraft Group consolidated	333 423	+/- 9 634	128 419	+/- 4 475

NOTE 6 BUSINESS COMBINATIONS

Significant judgment in accounting for business combinations

In a business combination, consideration, assets and liabilities are recognized at estimated fair value, and any excess purchase price included in goodwill. In the businesses SmartCraft operates, fair values of individual assets and liabilities are normally not readily observable in active markets. Estimation of fair values requires the use of valuation models for acquired assets and liabilities as well as ownership interests. Such valuations are subject to numerous assumptions and are thus uncertain. The quality of fair value estimates may impact periodic depreciation and amortization of fixed assets, and assessment of possible impairment of assets and/or goodwill in future periods. The specific significant judgements for SmartCraft during 2023 include the identification and fair value of the acquired intangible assets in Coredination AB. These are all discussed below in the specific relevant section.

Acquisition in 2023

In 2023 SmartCraft Sweden AB has acquired 100% of the share capital and voting rights of Coredination AB with the solution Coredination that provides a digital project tool for fieldwork management. Coredination further complements the SmartCraft solutions by adding important functionality to the SmartCraft portfolio. This acquisition was financed by cash transfer.

Net profit for Coredination AB is included in the consolidated financial statements from July 1st, 2023. For the year 2023 the companies' contribution to the SmartCraft Group amounted to

Purchase consideration:	**Amounts in NOK (thousands)**
Cash paid	25 325
Total purchase consideration	**25 325**

The assets and liabilities recognized as a result of the acquisition are as follows:

Amounts in NOK (thousands)	*Fair value as of acquisition date*
Cash	1 559
Trade receivables	1 534
Office machinery and equipment	34
Right-of-use assets	1 185
Other receivables	27
Brand	2 043
Technology	10 908
Customer relationships	3 007
Total assets	**20 297**
Trade creditors	55
Lease liabilities	1 097
Public duties payable	615
Other short-term liabilities	1 430
Deferred tax liability	3 314
Total Liabilites	**6 512**
Net identifiable assets	13 786
Goodwill	11 539
Total consideration for the shares	**25 325**

TNOK 6 119 in revenues, an EBITDA of TNOK 2 455 and EBT of TNOK 1 590.

If the companies had been included from January 1st, the SmartCraft Group had ended the year with TNOK 406 990 (+5 335) in revenues, an EBITDA of TNOK 165 863 (+143) and EBT of TNOK 136 400 (+131).

Significant judgement related to the identification of the acquired intangible assets and their valuation
Coredination provides a SaaS application for construction companies, covering workforce management, machine rental and fleet management that are highly complementary to the existing software portfolio for SmartCraft. The Goodwill arising on the transaction are related to anticipated profitability of the operations and anticipated synergies with the existing SmartCraft solutions. The Goodwill is not tax deductible.

The management places a significant value on the technology and estimates its value based on the cost incurred related to the development of the technology at the time of acquisition. The brand is established in Sweden and registered for use in Europe. The brand's value is based on existing customers and customer loyalty and the potential revenue growth for the brand.

Acquisitions in 2022

In 2022 SmartCraft Norway AS has acquired 100% of the share capital and voting rights of two companies:

- June 1st, 2022, Elverdi Norge AS with the solution El-verdi that provides a digital sales tool for electricians. El-verdi further complements the SmartCraft solutions by adding important functionality to the SmartCraft portfolio. This acquisition was financed by cash transfer.

Purchase consideration:	**Amounts in NOK (thousands)**
Cash paid	30 650
Contingent consideration (fair value at date of acquisition)	4 000
Total purchase consideration	**34 650**

The assets and liabilities recognized as a result of the acquisition are as follows:

Amounts in NOK (thousands)	*Fair value as of acquisition date*
Cash	2 186
Receivables	1 925
Office machinery and equipment	16
Brand	1 654
Technology	13 776
Deferred tax asset	2 983
Customer relationships	1 270
Total assets	**23 810**
Short-term liabilities	6 014
Other long-term liabilites	5 177
Deferred tax liability	3 674
Total Liabilites	**14 864**
Net identifiable assets	8 946
Goodwill	25 704
Total consideration for the shares	**34 650**

- October 1st, 2022, Inprog AS with the solution ELinn that provides a SaaS based service for craftsmen and contractors. ELinn strengthens the SmartCraft portfolio in the electro domain even further. This acquisition was financed by cash transfer and a possible earn-out. The earn-out is calculated based on achieved EBITDA for FY2023. Management has assessed the likelihood of achieving the earn-out.

Net profit for Elverdi Norge AS is included in the consolidated financial statements from June 1st, 2022, while Inprog AS is included from October 1st, 2022. For the year 2022 the companies' contribution to the SmartCraft Group amounted to TNOK 3 823 in revenues, an EBITDA of TNOK 1 844 and EBT of TNOK 730.

If the companies had been included from January 1st, the SmartCraft Group had ended the year with TNOK 340 483 (+7 060) in revenues, an EBITDA of TNOK 129 591 (+1 172) and EBT of TNOK 88 986 (-187).

Significant judgement related to the identification of the acquired intangible assets and their valuation

ELinn and El-verdi are digital industry systems for electricians that covers orders, project management and the sales process. The solutions is at an early stage in their life cycles but is popular among smaller and new established electrician companies.

The management places a significant value on the technology and estimates their value based on the cost incurred related to the development of the technology at the time of acquisition.

The brands are established in Norway and registered for use in Europe. The brand's value is based on existing Norwegian customers and customer loyalty and the potential revenue growth for the brand.

NOTE 7 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Amounts in NOK (thousands)	Category	31.12.2023	31.12.2022
Financial assets			
Current financial assets	FAAC	1 393	660
Accounts Receivable	FAAC	64 612	29 478
Accrued revenue	FAAC	395	416
Cash and cash equivalents	FAAC	206 024	191 587
Total financial assets		**272 423**	**222 141**
Financial liabilities			
Non-current financial liabilities	FLAC	-	-
VAT and other public taxes	FLAC	28 374	21 460
Accrued operating cost	FLAC	25 213	19 773
Accounts payable	FLAC	8 628	7 829
Current financial liabilities	FLAC	39	-
Earn-outs related to aqcustions	FVTPL	4 000	20 063
Total financial liabilities		**66 253**	**69 124**

FAAC - Financial Assets at Amortized Costs
FLAC - Financial Liabilities at Amortized Costs
FVTPL - Fair Value Through P&L

NOTE 8 REVENUE FROM CUSTOMERS

Disaggregation of revenue from contracts with customers

Amounts in NOK (thousands)	**2023**	**2022**
Revenue from contracts with customers	401 654	333 423

At a point in time revenue recognition	**2023**	**2022**
Integrated services and bundled services	20 051	18 376
Expert services	7 361	9 759
Other revenue	18 032	14 035
Total at a point in time revenue recognition	**45 444**	**42 170**

Over time revenue recognition	**2023**	**2022**
SaaS (software as a service)	340 277	263 772
Software subscriptions	15 933	27 481
Total over time revenue recognition	**356 211**	**291 253**

Deferred revenue

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Opening balance	69 936	59 593
Revenue recognized in this period that was included in the deferred revenue balance at the beginning of the period	(69 936)	(59 593)
Aquired through business combinations	25	1 842
Additions in the period	106 004	68 094
Deferred revenue in balance sheet	**106 029**	**69 936**

There are not identified any performance obligations related to contracts with costumers that has an original expected duration more than one year.

Acrrued revenue

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Opening balance	416	707
Revenue recognized previous period that was accrued in the beginning of the period	(416)	(707)
Aquired through business combinations	-	-
Revenue recognized in this period that is accrued in the end of the period	395	416
Deferred revenue in balance sheet	**395**	**416**

The contract assets are costs incurred on specific customer contracts which has been used to satisfy performance obligations and are recoverable. There are not identified any contract assets that will not be recovered during the next year.

NOTE 9 SEGMENT INFORMATION

The Group regularly reports detailed profit/loss statements with emphasis on operating revenue and EBITDA in functional operating segments to the Board of Directors. While the Group uses both measures to analyze performance, the Group's strategy of profitable growth means that EBITDA is the prevailing measure of performance. Operating segments are reported in the consolidated financial statements by the emphasized measures as is presented to the Board of Directors.
The operating units through 2023 have been countries as a focus area is to expand the solutions across borders. This also aligns with the organizational structure that have been settled with Country Managements and the reporting structure.

Revenue

Amounts in NOK (thousands)	**2023**	**2022**
Norway	167 684	140 742
Sweden	183 234	143 164
Finland	50 736	49 517
Total revenue	**401 654**	**333 423**

Disaggregation of recurring and non-recurring revenue

Amounts in NOK (thousands)	**Revenue recognition**	**2023**	**2022**
Fixed price subscriptions	Over time	356 219	291 253
- Norway		155 526	127 859
- Sweden		157 836	122 482
- Finland		42 857	40 912
Transaction priced subscriptions (add-on features)	Point in time	32 922	29 169
- Norway		5 545	4 503
- Sweden		20 122	18 103
- Finland		7 256	6 564
Total recurring revenue		**389 141**	**320 423**
Non-recurring revenue	Point in time	12 513	13 001
- Norway		6 613	8 380
- Sweden		5 276	2 579
- Finland		624	2 041
Total revenue		**401 654**	**333 423**

Recurring revenue is related to subscription agreements with customers. The subscription periods vary between monthly and annual, where the subscription periods are renewed automatically unless canceled. All subscription agreements have a minimum cancelation period of three months.

EBITDA

Amounts in NOK (thousands)	**2023**	**2022**
Norway	73 692	56 731
Sweden	97 625	74 033
Finland	17 225	15 465
Group/eliminations	(22 821)	(17 809)
Total EBITDA	**165 721**	**128 419**

EBT

Amounts in NOK (thousands)	**2023**	**2022**
Norway	52 121	50 770
Sweden	86 088	67 993
Finland	9 668	(59)
Group/eliminations	(11 609)	(29 532)
Total EBT	**136 268**	**89 173**

Non/current assets

Amounts in NOK (thousands)	**2023**	**2022**
Norway	384 397	367 222
Sweden	284 151	233 117
Finland	152 208	143 845
Group/eliminations	559	522
Total non-current assets	**821 316**	**744 707**

NOTE 10 PAYROLL AND RELATED EXPENSES

Amounts in NOK (thousands)	**2023**	**2022**
Salaries	128 621	109 521
Social security costs	24 590	19 534
Governmental tax relief (SkatteFUNN)	(511)	(489)
Other personnel related costs	11 228	8 800
Pension expense defined contribution plans	11 192	9 834
Total payroll and related expenses	**175 119**	**147 200**
Less capitalized personnel costs	29 482	18 463
Total payroll and related expenses recognized in the P&L	**145 637**	**128 737**
Average number of FTEs	189	183

NOTE 11 MANAGEMENT AND BOARD OF DIRECTORS REMUNERATION

Payments to Management and Board of Directors

			2023		
Amounts in NOK (thousands)	**Salary**	**Bonus**	**Pension benefit**	**Other remuneration**	**Total remuneration**
Gustav Line, CEO [1]	2 530	879	85	10	3 504
Kjartan Bø, CFO [2]	1 685	167	83	10	1 945
Christian Saleki, CTO	1 340	50	287	97	1 774
Katja Widlund, CMO	1 206	75	189	87	1 557
Gunnar Haglund, Chairman of the Board [3]	-	-	-	400	400
Carl Ivarsson, Board member [4]	-	-	-	-	-
Allan Engström, Board member [5]	-	-	-	-	-
Christina Skogster Stange, Board member [6]	-	-	-	175	175
Marianne Røren, Board member [7]	-	-	-	215	215
Maria Danell, Board member	-	-	-	175	175
Bernt Ulstein, Board member [8]	-	-	-	185	185
Isabell Alvberg , Board member [9]	-	-	-	-	-
Total	**6 761**	**1 171**	**644**	**1 354**	**9 930**

1. If the company terminates the employment, Mr. Line is entitled to 6 months' salary after a 6-month termination period.
2. If the company terminates the employment, Mr. Bø is entitled to 3 months' salary after a 3-month termination period.
3. Mr. Haglund also serves as Chairman of the Audit Committee and Remuneration Committee.
4. Mr. Ivarsson represents Valedo Partners III AB on the Board of Directors. Mr. Ivarsson receives salary from Valedo and has refrained from remuneration as a member of the Board. Mr. Ivarsson also serves as a member of the Audit Committee.
5. Mr. Engström represents Valedo Partners III AB on the Board of Directors. Mr. Engström receives salary from Valedo and has refrained from remuneration as a member of the Board. Mr. Engström also serves as a member of the Remuneration Committee.
6. Ms. Stange served as a member of the Board of Directors until the Annual General Meeting in 2023.
7. Ms. Røren also serves as a member of the Audit Committee.
8. Mr. Ulstein also serves as a member of the Remuneration committee.
9. Ms. Alvberg has served as a member of the Board of Directors from the Annual General Meeting in 2023.

Amounts in NOK (thousands)	Salary	Bonus	2022 Pension benefit	Other remuneration	Total remuneration
Gustav Line, CEO [1]	2 313	998	40	10	3 361
Kjartan Bø, CFO [2]	1 370	-	40	10	1 420
Christian Saleki, CTO	1 269	-	265	84	1 618
Gunnar Haglund, Chairman of the Board [3]	-	-	-	400	400
Carl Ivarsson, Board member [4]	-	-	-	-	-
Allan Engström, Board member [5]	-	-	-	-	-
Christina Skogster Stange, Board member	-	-	-	175	175
Marianne Røren, Board member [6]	-	-	-	215	215
Maria Danell, Board member	-	-	-	175	175
Bernt Ulstein, Board member [7]	-	-	-	185	185
Total	**4 952**	**998**	**345**	**1 254**	**7 549**

1. If the company terminates the employment, Mr. Line is entitled to 6 months' salary after a 6-month termination period.
2. If the company terminates the employment, Mr. Bø is entitled to 3 months' salary after a 3-month termination period.
3. Mr. Haglund also serves as Chairman of the Audit Committee and Remuneration Committee.
4. Mr. Ivarsson represents Valedo Partners III AB on the Board of Directors. Mr. Ivarsson receives salary from Valedo and has refrained from remuneration as a member of the Board. Mr. Ivarsson also serves as a member of the Audit Committee.
5. Mr. Engström represents Valedo Partners III AB on the Board of Directors. Mr. Engström receives salary from Valedo and has refrained from remuneration as a member of the Board. Mr. Engström also serves as a member of the Remuneration Committee.
6. Ms. Røren also serves as a member of the Audit Committee.
7. Mr. Ulstein also serves as a member of the Remuneration committee.

The Group senior executive management consists of the Chief Officer Suite.

The Group has not given any loans or security deposits to the CEO, the Chairman of the Board or their related parties for either 2022 or 2023.

A bonus program exists for the senior executive management of SmartCraft. A limit is set for the amount of bonus that can be achieved. The size of the bonus payment is dependent on actual group performance compared to a set of predefined targets. The bonus for the CEO is decided on by the Board of Directors.

The Group has issued a separate report for remuneration of Group senior executive management in accordance with The Public Limited Liability Companies Act § 6-16b. The report is available at the Group's website smartcraft.com/investor-relations/
For shares owned by the management and Board of Directors see note 25.

NOTE 12 GOODWILL AND IMPAIRMENT TESTING OF GOODWILL

Goodwill is recognized as a part of business combinations. Goodwill is initially measured either as the excess of the consideration over the SmartCraft Group's interest or the fair value of 100% of the acquiree in excess of the acquiree's identifiable net assets (full goodwill). Goodwill is not amortized, but is tested for impairment annually, and more frequently if indicators of possible impairment are observed, in accordance with IAS 36 Impairment of Assets. Goodwill is allocated to the cash generating units or groups of cash generating units expected to benefit from the synergies of the combination and that are monitored for internal management purposes.

The SmartCraft Group has goodwill in connection with the acquisitions of Cordel Norge AS in 2017, the Bygglet Group in 2018, the EL-Info Group in 2019, Congrid Oy in 2020, Homerunbynet Oy and Kvalitetskontroll AS in 2021, Elverdi Norge AS and Inprog AS in 2022, Coredination AB in 2023.

Goodwill

Amounts in NOK (thousands)	**2023**	**2022**
Acquisition cost 01.01	517 302	491 223
Additions	11 539	25 744
Currency translation	18 739	335
Acquisition cost 31.12	**547 580**	**517 302**
Impairment 01.01	-	-
Impairment	-	-
Accumulated impairment 31.12	-	-
Net value 31.12	**547 580**	**517 302**

The goodwill is related to know-how and other non-identified assets from the acquisitions of shares in the acquired companies. Impairment testing of the goodwill is carried out at the end of the year for the respective cash generating units to which the goodwill relates to. Recoverable amount, which is determined based on the higher of the value in use or fair value, is derived from an assessment of the expected future cash flows before tax for the next five years, discounted at an appropriate discount rate before tax that takes into account the maturity and risk. Recoverable amount will therefore demonstrate what the value of the asset is expected to contribute.

The estimated recoverable amount exceeds the carrying amount with a significant headroom for all Cash Generating Units (CGU). No impairment losses are recognized during 2023. In connection with the impairment testing of goodwill, sensitivity analysis has been carried out. The sensitivity analysis has tested changes in WACC, revenue growth rates, net working capital and EBITDA margins. There is significant headroom on all CGUs.

Estimates relating to the impairment test are as follows:

Goodwill per CGU

Amounts in NOK (thousands)	**2023**	**2022**
The SmartCraft Sweden Group	172 619	150 314
The SmartCraft Finland Group	105 872	99 027
The SmartCraft Norway Group	269 082	267 961
Total	**547 573**	**517 302**

Budget and forecast period

The basis for the projection of the future cash flows estimated is based on the financial budget of one year approved by the Board of Directors. The budget in combination with the forecasts represent the management's best estimate of the range of economic conditions that will exist over the useful life of the asset. The remaining four years of the forecast period are estimated based on budget and projected performance. After the five-year period the growth rate is based on the risk-free rate in the applicable market.

Growth rate

Growth rate is represented by five-year CAGR, which is defined as the average annual gross profit growth rate over a five-year projected cash flow period. Average rates of growth in operating revenue are based on the management's expectations of future conditions in the markets in which the business operates, and historical growth rate for the CGUs. The projected cash flow also includes a growth assumption of 1.5% in the terminal value.

The 5-year Compound Annual Growth Rate (CAGR) is the rate of return that is required for an investment to grow from its beginning balance to its ending balance five years later. The calculation assumes that profits are reinvested at the end of each period. When testing for impairment the Group has used a 5-year CAGR in the range between 16.5% and 17.3% to project the cash flows beyond the period covered by the most recent budgets. The discount rates applied to the cash flow projections range between 15.1% and 17.8%. When testing for impairment in 2022 the applied 5-year CAGR were between 13% and 15.2% and WACC ranging from 14% to 15.5%.

EBITDA margin

EBITDA margins are based on the margins achieved historically, adjusted for expected future developments in market conditions.

WACC

Future cash flows are discounted to present value using a discount rate based on a calculation of a weighted average cost of capital (WACC). The pre-tax WACC for each CGU is calculated on basis of a risk-free rate and a risk premium, adjusted by a beta for the software market. Adjustments for country specific risks are applied where necessary.

Sensitivity

As of December 31st 2023, the Group's value in use for each CGU was significantly higher than the carrying amount of tested goodwill in all CGUs. A sensitivity analysis has been performed in order to determine if a reasonable change in key assumptions would cause the carrying amount to exceed the recoverable amount. No such changes indicate impairment needs. Even with no growth after the budget/forecast period, it would not trigger impairment.

NOTE 13 INTANGIBLE ASSETS

SmartCraft has capitalized expenses related to new research and development activities that are technically and commercially viable for the business according to IAS 38. Activities related to maintenance of existing software have not been capitalized but is recognized in the income statement.

Total additions in 2023 is TNOK 53 431 that is reduced by TNOK 980 due to government grants. Depreciations came to TNOK 24 732 in 2023. TNOK 31 311 has been recognized as development cost in the income statement (TNOK 31 291 in 2022). The directly attributable development costs that are capitalized as a part of the products include the software development employee costs and an appropriate portion of the relevant overhead costs. The costs of product development not fulfilling the criteria of capitalization are expensed over the income statement. Amortization of capitalized development projects are included in other operating expenses in the table below.

Customer relationships

Customer relationships is related to the purchase of the Bygglet Group in 2018, the EL-Info Group in 2019, Congrid Oy in 2020, Homerunbynet Oy and Kvalitetskontroll AS in 2021, Elverdi Norge AS and Inprog AS in 2022 and Coredination AB in 2023. The customer relationships are depreciated on a straight-line basis over 10-20 years as the history indicates at least 10 to 20-year average lifetime of customers. The SmartCraft Group has a significant number of recurring subscriptions.

Software

Software is related to the purchase of the Bygglet Group in 2018, the EL-Info Group in 2019, Congrid Oy in 2020, Homerunbynet Oy and Kvalitetskontroll AS in 2021, Elverdi Norge AS and Inprog AS in 2022 and Coredination AB in 2023 where the group acquired the Bygglet, EL-VIS, Congrid, Homerun, Kvalitetskontroll, El-verdi, Elinn and Coredination software. Software is depreciated on a straight-line basis over 10 years as the management expects economic benefits from the software over such period of time before the software are replaced or substituted by continuous improvements.

Individual significant assets are:

- **Cordel:** The original Cordel software has no allocated value as an asset. The Cordel SaaS solution consists of several modules, but the framework is included as capitalized development with a book value of 11 859 per 31.12.2023 and remaining life of 9 years.
- **Bygglet:** Bygglet is a true-SaaS born in the cloud solution with accessibility on multiple platforms, book value 31.12.2023 is TNOK 10 130 and remaining useful life of 5 years.
- **EL-VIS:** The EL-VIS software is a modular solution offering mission critical services in the electricians' daily operations, book value 31.12.2023 is TNOK 7 694 and remaining useful life of 5 years.
- **Congrid:** The Congrid solution is a cloud-based tool for complete project management in construction companies, book value 31.12.2023 is TNOK 10 564 and remaining useful life of 7 years.
- **Homerun:** The Homerun solution is a digital tool for construction project communication, document and procurement management, book value 31.12.2023 is TNOK 2 562 and remaining useful life of 7 years.
- **Kvalitetskontroll:** The Kvalitetskontroll solution is a cloud-based project management solution and quality assurance platform for construction companies, book value 31.12.2023 is TNOK 14 415 and remaining useful life of 7 years.
- **El-verdi:** The El-verdi solution is a digital sales tool for electricians, book value 31.12.2023 is TNOK 4 637 and remaining useful life of 8 years.
- **ELinn:** The ELinn solution is a cloud based solution for electricians to make offers and handle project management, book value 31.12.2023 is TNOK 7 233 and remaining useful life of 8 years.

Further information can be found in note 6 for acquired intangible assets.

Amounts in NOK (thousands)	**Internally generated development under construction**	**Internally generated development**	**Customer relationships**	**Software**	**Brand**	**Total**
Balance SmartCraft 01.01.2023	27 910	40 207	90 997	84 214	15 894	259 222
Additions	-	-	-	-	-	-
Additions from business combinations	-	-	10 908	3 007	2 043	15 958
Capitalized employee benefit and other expenses	26 688	10 785	-	-	-	37 472
Disposals	-	-	-	-	-	-
Reclassification	(22 806)	22 806	-	-	-	-
Other changes*	(980)	-	-	-	-	(980)
Foreign currency translation effect	116	1 470	5 206	3 245	644	10 681
Acquired cost 31.12.2023	**30 927**	**75 268**	**107 111**	**90 466**	**18 581**	**322 353**
Balance SmartCraft 01.01.2023	-	6 475	21 692	20 124	991	49 283
Amortization of the year	-	8 700	7 107	8 882	43	24 732
Accumulated amortization disposals	-	-	-	-	-	-
Foreign currency translation effect	-	301	993	872	94	2 259
Accumulated amortization 31.12.2023	**-**	**15 476**	**29 791**	**29 879**	**1 128**	**76 274**
Carrying value 31.12.2023	**30 927**	**59 791**	**77 321**	**60 587**	**17 453**	**246 079**
Estimated lifetime		5-10 years	10-20 years	10 years	3 years/ indefinite	
Amortization schedule		Straight line	Straight line	Straight line	Straight line	

** Other changes comprises of government grants related to SkatteFUNN.*

Amounts in NOK (thousands)	Internally generated development	Customer relationships	Software	Brand	Total
Balance SmartCraft 01.01.2022	44 892	90 016	69 952	14 083	218 943
Additions	-	1 270	14 239	1 812	17 321
Capitalized employee benefit and other expenses	23 286	-	-	-	23 286
Disposals	-	-	-	-	-
Foreign currency translation effect	(61)	(289)	23	(1)	(328)
Acquired cost 31.12.2022	**68 117**	**90 997**	**84 214**	**15 894**	**259 222**
Balance SmartCraft 01.01.2022	2 951	15 524	12 636	484	31 596
Amortization of the year	3 524	6 168	7 488	507	17 687
Accumulated amortization disposals	-	-	-	-	-
Accumulated amortization 31.12.2022	**6 475**	**21 692**	**20 124**	**991**	**49 283**
Carrying value 31.12.2022	**61 642**	**69 305**	**64 090**	**14 903**	**209 939**
Estimated lifetime	5-10 years	10-20 years	10 years	2 years/ indefinite	
Amortization schedule	Straight line	Straight line	Straight line	Straight line	

Spesification of expensed research and development costs

Amounts in NOK (thousands)	2023	2022
Wages and personell costs	25 287	27 128
Consultancy	6 024	4 163
Total expenses	**31 311**	**31 291**

NOTE 14 GOVERNMENT GRANTS

Amounts in NOK (thousands)	2023	2022
Government grant booked as reduction in payroll expences	511	489
Government grant booked as reduction of the carrying value of the asset	980	571
Total government grants	**1 491**	**1 060**

The 2023 government grant has not been received and is included in the Group's receivables.

NOTE 15 ACCOUNTS RECEIVABLE

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Accounts receivable	65 490	30 477
Loss allowance	878	1 000
Total	**64 612**	**29 477**

Accounts receivables are initially recognized at transaction price, subsequently accounted for at amortized cost and are reviewed for impairment on an ongoing basis. Individual significant accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. The remaining receivables are impaired based on an Estimated Credit Loss-model (ECL). The SmartCraft Group's business model for accounts receivable is to hold the receivables to collect the contractual cash flows.

Distribution by currency

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Accounts receivable NOK	31 773	6 528
Accounts receivable SEK	26 126	18 966
Accounts receivable EUR	7 589	4 983
Total	**65 490**	**30 477**

Aging of gross trade receivables

Amounts in NOK (thousands)	**Total**	**Not overdue**	**< 30 days**	**30-60 days**	**60-90 days**	**>90 days**
31.12.2023	65 490	53 641	9 388	1 387	466	599
Loss allowance	878	107	21	226	143	381
Book value 31.12.2023	**64 612**	**53 534**	**9 367**	**1 161**	**323**	**217**
31.12.2022	30 477	24 649	3 544	1 064	391	829
Loss allowance	1 000	84	14	150	199	553
Book value 31.12.2022	**29 477**	**24 564**	**3 530**	**915**	**192**	**276**

Loss and loss allowances

The Group has minor losses historically, which also is expected going forward. The Group tests for loss allowance by reviewing historical losses against each interval of aging receivables. As of December 31st 2023, the Group has estimated TNOK 878 in loss allowance based on the ECL-model.

Amounts in NOK (thousands)	31.12.2023	31.12.2022
Opening balance 01.01.	1 000	742
Foreign currency translation effect	63	(4)
Acquired in business combinations	-	21
Net allowance / (reversal)	(186)	240
Closing balance 31.12.	**878**	**1 000**
Realised losses	**786**	**786**

NOTE 16 OTHER CURRENT ASSETS

Other current assets

Amounts in NOK (thousands)	31.12.2023	31.12.2022
Prepaid expenses	5 640	5 769
Accrued revenue	395	416
Inventory	175	182
Other accruals	1 902	1 394
Total Other current asset	**8 112**	**7 761**

Other current accruals consist primarily of accrued revenue, tax claim and prepayments to employees.

NOTE 17 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following on December 31st:

Amounts in NOK (thousands)	31.12.2023	31.12.2022
Cash at banks and on hand	203 111	188 873
Restricted cash balances	2 913	2 714
Total cash and cash equivalents	**206 024**	**191 587**

The Group has restricted cash related to employees' tax withholding account. The restricted cash can only be deposited to the Norwegian tax authorities.

Changes in liabilities arising from financing activities

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Balance at the beginning of the period	14 604	18 023
Cash changes		
Principal payment to lender/lessor	(9 964)	(15 371)
Interest payment to lender/lessor	(776)	(560)
Non-cash changes		
Buisniess combinations	1 185	6 677
Inital recognition	4 530	4 513
Change in liability	39	
Changes in accrued interest	778	560
Lease modifications	13 491	948
Foreign currency translation effect	501	(185)
Balance at the end of the period	**25 163**	**14 604**

NOTE 18 ACCOUNTS PAYABLE

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Accounts payable	8 628	7 829
Total	**8 628**	**7 829**

All accounts payable to suppliers are due within 12 months.

NOTE 19 OTHER CURRENT LIABILITIES

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Payroll related liabilities	25 809	24 306
VAT	16 176	10 971
Accrued operating expenses	4 492	4 106
Earn-out for acqusitions	4 000	20 048
Pre-payments from customers*	3 769	3 093
Accrued payroll and bonuses	2 656	1 962
Other	725	1 251
Total Other current liabilities	**57 626**	**65 736**

**Pre-payments from customers are payments made from customers to register credits that later can be converted into transaction-based services or special reports. The prepayments are converted to revenue when the service is acquired. If the customers doesn't utilize the credits they are entitled to a payback of the outstanding amount.*

The liability for the earn-out for acquisitions pr 31.12.2023 are related to Inprog AS. The liability related to Inprog AS is estimated to TNOK 4 000 and have been included in the purchase price allocation. The earn-out is a contingent liability related to the financial performance of Inprog AS by the end of 31.12.2023. The earn-out is not discounted as the time effects from initial recognition and time for settlement is considered not significant.

NOTE 20 TAXES

Calculation of deferred tax/deferred tax benefit

Amounts in NOK (thousands)	2023	2022
Differences evaluated to be offset:		
Intangible assets arising from business combinations	154 781	147 589
Property, plant and equipment	(1 403)	1 684
Non-current receivables	5 046	4 382
Liabilities	-	381
Tax losses carry -forward	(58)	-
Other differences	17 190	3 933
Total	**175 555**	**157 969**
Deferred tax assets (-)	**-**	**-**
Deferred tax (+)	**36 580**	**35 015**
Deferred tax (-) / tax assets (+) in balance sheet of 31.12.		
Tax assets (-)/ deferred tax (+) Norwegian companies	10 012	11 347
Tax assets (-)/ deferred tax (+) foreign companies	26 568	23 668
Total tax assets (-) / deferred tax (+)	**36 580**	**35 015**

Basis for income tax expense, changes in deferred tax and tax payable

Amounts in NOK (thousands)	2023	2022
Total tax expense for the period		
Taxes payable on this years profit	31 630	24 291
Adjusted allocated tax from last year	409	-
Change in deferred tax for Norwegian companies	(1 349)	(834)
Change in deferred tax for foreign companies	(2 049)	(2 374)
Total	**28 641**	**21 083**
Tax rate	22%	22%
Taxes payable for the year		
Profit before tax	136 268	89 173
Permanent differences	(2 955)	14 443
Change in temporary differences	16 776	11 498
Utilisation of previously unrecognised tax losses	-	(13 655)
Basis for taxes payable	**150 089**	**101 459**

Amounts in NOK (thousands)	**2023**	**2022**
Specification of taxes payable		
Taxes payable on this years profit	31 865	21 262
Advance tax payment, foreign companies	(8 034)	(8 424)
Tax reduction by SkatteFunn grant	(1 491)	(1 233)
Tax obligation related to merger or acquisition	63	-
Carried forward tax compensation	-	3 239
Total taxes payable	**22 402**	**14 845**

Amounts in NOK (thousands)	**2023**	**2022**
Reconciling the tax cost		
Earnings before tax	136 268	89 173
Calculated tax at 22 %	29 979	19 618
Tax result permanent differences and tax rate difference	(1 910)	3 580
Use of previously unrecognised loss carried forward (-) / Increase in valuation allowance	(351)	(2 129)
Adjusted allocated tax from last year	922	13
Tax expense	**28 640**	**21 083**

Deferred tax assets are recognized when the Group can document future taxable profits to utilize the tax asset per company. The deferred tax asset is recognized for the amount corresponding to the expected taxable profit based on the convincing evidence. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that convincing evidence no longer exists for the utilization. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that convincing evidence exists supporting that taxable profits will allow the deferred tax asset to be recovered. The actual outcome of future tax costs may deviate from these estimates.

NOTE 21 OTHER OPERATING EXPENSES

Amounts in NOK (thousands)	**2023**	**2022**
Miscellaneous office expenses	3 505	2 825
Office premises	4 930	4 186
Fixtures and fittings	4 238	4 434
External services	17 459	13 841
Travel and vehicle expenses	3 436	3 942
Marketing	14 937	11 217
Loss on receivables	828	786
Transaction costs on acquisitions	221	952
Other	8 061	6 813
Total	**57 616**	**48 996**

Audit fees

The Group has the following audit related fees, provided by our elected auditor, included in the legal and audit fees in the table above (all figures excl. VAT). The table below shows the remuneration to the group auditors in 2023 and 2022. Other audit related services in 2022 are mainly related to attestation required as part of the restructuring of the Group.

Amounts in NOK (thousands)	**2023**	**2022**
Statutory audit	1 723	1 220
Other audit related services	-	261
Total	**1 723**	**1 482**

NOTE 22 FINANCIAL ITEMS

Financial items

Amounts in NOK (thousands)	2023	2022
Interest income	3 544	895
Exchange rate gains	25 795	16 289
Other financial income	180	4
Financial income	**29 520**	**17 188**
Interest expense	388	544
Interest expense on lease liabilties	776	560
Exchange rate losses	21 554	15 187
Other financial expense	51	122
Financial expense	**22 768**	**16 414**
Change in earnout	-	12 364
Net financial items	**6 752**	**(11 589)**

When acquiring Elverdi Norge AS and Inprog AS the Group also acquired financial liabilities to financial institutions that were repaid during 2022.

NOTE 23 TANGIBLE ASSETS

Tangible assets consisting of office equipment and vehicles are recognized at acquisition cost. The carrying value is comprised of the historical cost less accumulated depreciation and accumulated impairment losses (if any).

Depreciation expenses are measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use.

At each financial year-end SmartCraft reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Amounts in NOK (thousands)	Vehicles	Office equipment	Total
Balance SmartCraft 01.01.2023	1 122	9 676	10 797
Additions	-	1 474	1 474
Acquisitions of a subidiary	-	34	34
Disposals	-	-	-
Foreign currency translation effect	-	273	273
Acquried cost 31.12.2023	**1 122**	**11 457**	**12 578**
Accumulated depreciation and impairment			
Balance SmartCraft 01.01.2023	353	7 131	7 483
Depreciation of the year	207	1 691	1 898
Impairment of the year	-	-	-
Accumulated depreciation disposals	-	-	-
Foreing currency translation effect	-	196	196
Accumulated depreciation and impairments 31.12.2023	**560**	**9 018**	**9 578**
Carrying value 31.12.2023	**562**	**2 439**	**3 001**

Amounts in NOK (thousands)	Vehicles	Office equipment	Total
Balance SmartCraft 01.01.2022	1 424	8 981	10 405
Additions	-	1 003	1 003
Acquisitions of a subidiary	-	16	16
Disposals	(302)	(269)	(571)
Foreign currency translation effect	-	(55)	(55)
Acquried cost 31.12.2022	**1 122**	**9 676**	**10 798**
Accumulated depreciation and impairment			
Balance SmartCraft 01.01.2022	146	5 527	5 673
Depreciation of the year	207	1 662	1 869
Impairment of the year	-	-	-
Accumulated depreciation disposals	-	(58)	(58)
Accumulated depreciation and impairments 31.12.2022	**353**	**7 131**	**7 483**
Carrying value 31.12.2022	**769**	**2 545**	**3 314**

NOTE 24 LEASING

Office buildings consist of leased assets (right-of-use assets). The Group has contracts divided into the category's office buildings, vehicles and machinery. Short-term and low-value leases are excluded from the lease accounting. When measuring leases, SmartCraft includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts, and not recognized but expensed in the period when the lease expense is incurred. Judgement is applied in assessing whether renewal options are reasonably certain to be utilized.

Depreciation expenses are measured on a straight-line basis over the contract period of the asset, commencing when the asset is ready for its intended use.

Amounts in NOK (thousands)	**Office buildings (Right-of-use assets)**	**Vehicles (Right-of-use assets)**	**Machinery (Right-of-use assets)**	**Total**
Balance SmartCraft 01.01.2023	32 931	4 863	645	38 439
Additions and adjustments	15 772	3 340	-	19 112
Acquisitions of a subidiary	571	613	-	1 185
Disposals	(619)	(282)	-	(901)
Foreign currency translation effect	932	6	(0)	938
Acquried cost 31.12.2023	**49 587**	**8 540**	**645**	**58 772**
Accumulated depreciation and impairment				
Balance SmartCraft 01.01.2023	20 401	3 242	645	24 288
Depreciation of the year	7 629	1 945	-	9 574
Impairment of the year	-	-	-	-
Accumulated depreciation disposals	(236)	(110)	-	(345)
Foreign currency translation effect	655	(55)	-	600
Accumulated depreciation and impairments 31.12.2023	**28 450**	**5 022**	**645**	**34 117**
Carrying value 31.12.2023	**21 137**	**3 519**	**0**	**24 656**
Balance SmartCraft 01.01.2022	28 264	4 286	645	33 195
Additions	4 081	616	-	4 697
Acquisitions of a subidiary	764	-	-	764
Disposals	-	-	-	-
Foreign currency translation effect	(178)	(39)	-	(217)
Acquried cost 31.12.2022	**32 931**	**4 863**	**645**	**38 439**
Accumulated depreciation and impairment				
Balance SmartCraft 01.01.2022	13 628	2 021	537	16 186
Depreciation of the year	6 773	1 221	107	8 101
Impairment of the year	-	-	-	-
Accumulated depreciation disposals	-	-	-	-
Accumulated depreciation and impairments 31.12.2022	**20 401**	**3 242**	**645**	**24 288**
Carrying value 31.12.2022	**12 530**	**1 621**	**0**	**14 152**

Lease liabilities

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Current lease liabilities	10 360	7 602
Non-current lease liabilites	14 764	7 002
Balance at the beginning of the period	14 604	16 865
Cash changes		
Payment to lessor	(9 964)	(8 097)
Non-cash changes		
Initial recognition	4 530	4 513
Buisness combinations	1 185	
Accrued interest	778	560
Lease modifications	13 491	948
Foreign currency translation effect	501	(185)
Balance at the end of the period	**25 124**	**14 604**

Total undiscounted lease liabilities

Amounts in NOK (thousands)	**Maturity analysis**	**Total 2023**
Less than 1 year	10 234	10 234
1-2-years	6 540	6 540
2-3 years	5 658	5 658
3-4 years	1 822	1 822
4-5 years	1 715	1 715
More than 5 years	196	196
Total undiscounted lease liability	**26 165**	**26 165**

The SmartCraft Group has some leases that are not accounted for as right-of-use assets and lease liabilities at the balance sheet date because they are exempted as low-value or short-term leases. The amount of the future minimum lease payments due under these leases is considered to not be material.

Expenses related to the right of use assets and lease liabilites recongized in the P&L

	2023	**2022**
Total lease expenses related to short-term or low value leases	972	1 367
Depreciation	9 574	8 101
Interest on lease liabilites	778	560
Total expenses from leases recognized in the P&L	**11 324**	**10 028**

The Group has not included any extension options in recognizing right-of-use assets and lease liabilities, based on the high level of uncertainty regarding future needs.

NOTE 25 SUBSIDIARIES AND SHAREHOLDERS

The consolidated Group financial statements include the financial statements of SmartCraft ASA and the subsidiaries listed in the following table:

	Ownership	Voting rights	Acquired	Location	Functional currency
SMCRT MGMT 1 AS	81 %	81 %	2022	Hønefoss, Norway	NOK
SmartCraft Software AS	99.8 %	99.8 %	2022	Hønefoss, Norway	NOK
SmartCraft Norway AS (indirect)	100 %	100 %	2021	Hønefoss, Norway	NOK
Cordel Norge AS (indirect)	100 %	100 %	2017	Ålesund, Norway	NOK
Kvalitetskontroll AS (indirect)	100 %	100 %	2021	Rong, Norway	NOK
Inprog AS (indirect)	100 %	100 %	2022	Verdal, Norway	NOK
SmartCraft Sweden AB (indirect)	100 %	100 %	2018	Gothenburg, Sweden	SEK
Bygglet AB (indirect)	100 %	100 %	2018	Gothenburg, Sweden	SEK
El-Info i Växjö AB (indirect)	100 %	100 %	2019	Växjö, Sweden	SEK
Coredination AB (indirect)	100 %	100 %	2023	Stockholm, Sweden	SEK
Congrid Oy (indirect)	100 %	100 %	2020	Helsinki, Finland	EUR
Homerunbynet OY (indirect)	100 %	100 %	2021	Iisalmi, Finland	EUR

When establishing the LTIP invited personnel signed up for 20 % of the shares in SMCRT MGMT AS. The signing was a total of TNOK 4 881. Changes in non-controlling interests is due to changes in participants in the LTIP during 2023.

All subsidiaries follow the same financial calendar as the Group with year end on December 31st.

As of December 31st 2023, SmartCraft ASA has 171 522 305 issued common shares, each with a nominal value of NOK 0,01. Each share grants 1 voting right. Total share capital amounts to NOK 1 715 223.

SmartCraft ASA shareholders as of December 31st, 2023

Shareholders	Number of common shares	Percent of shareholding
Valedo Partners III AB	67 903 692	39.6 %
State Street Bank and Trust Comp	25 103 311	14.6 %
Bernt Ulstein (via B. Ulstein AS)	11 306 975	6.6 %
HSBC Bank Plc	4 264 661	2.5 %
Svenska Handelsbanken AB	3 082 918	1.8 %
SmartCraft ASA (Treasury shares) [1]	3 053 862	1.8 %
The Northern Trust Comp, London Br	2 760 410	1.6 %
Swedbank AB	2 654 120	1.5 %
BNP Paribas	2 377 564	1.4 %
Skandinaviska Enskilda Banken AB	2 344 420	1.4 %
State Street Bank and Trust Comp	2 336 700	1.4 %
BNP Paribas	2 335 165	1.4 %
J.P. Morgan SE	2 211 887	1.3 %
Gustav Line (via Line Invest AS)	2 078 025	1.2 %
CACEIS Bank	2 066 831	1.2 %
State Street Bank and Trust Comp	2 060 271	1.2 %
Mustad Industrier AS	1 900 000	1.1 %
Gunnar Haglund, Chairman of the Board (via Skarvhagen Förvaltning AB)	1 004 800	0.6 %
Marianne Bergman Røren, Board member	5 617	0.0 %
Maria Danell, Board member	5 617	0.0 %
Isabella Alveberg, Board member	575	0.0 %
Kjartan Bø, CFO (via KBI AS)	298 000	0.2 %
Christian Saleki, CTO	18 149	0.0 %
Katja Widlund, CMO	70 809	0.0 %
Other (< 1%)	30 277 926	17.7 %
Total	**171 522 305**	**100.0 %**

1. There were performed transactions 28.12.2023 and 29.12.2023 where SmartCraft ASA purchased additionally 7 423 and 14 964 treasury shares. Due to holidays these transactions were not registered in VPS pr 31.12.2023.

SmartCraft ASA shareholders as of December 31st, 2022

Shareholders	Number of common shares	Percent of shareholding
Valedo Partners III AB	67 903 692	39.6 %
State Street Bank and Trust Comp	24 018 025	14.0 %
Bernt Ulstein (via B. Ulstein AS)	10 736 010	6.3 %
The Northern Trust Comp, London Br	4 475 443	2.6 %
Skandinaviska Enskilda Banken AB	3 938 930	2.3 %
Svenska Handelsbanken AB	3 501 241	2.0 %
HSBC Bank Plc	3 491 134	2.0 %
Swedbank AB	3 061 264	1.8 %
J.P. Morgan SE	2 880 411	1.7 %
BNP Paribas	2 411 904	1.4 %
Clearstream Banking S.A.	2 297 996	1.3 %
State Street Bank and Trust Comp	2 289 190	1.3 %
BNP Paribas SA Luxembourg	2 243 964	1.3 %
J.P. Morgan SE	2 211 887	1.3 %
Gustav Line (via Line Invest AS)	2 078 025	1.2 %
State Street Bank and Trust Comp	2 020 557	1.2 %
CACEIS Bank	1 662 344	1.0 %
Gunnar Haglund, Chairman of the Board (via Skarvhagen Förvaltning AB)	1 004 800	0.6 %
Marianne Bergman Røren, Board member	5 617	0.0 %
Maria Danell, Board member	5 617	0.0 %
Christine Skogster Stange, Board member	589	0.0 %
Kjartan Bø, CFO (via KBI AS)	298 000	0.2 %
Christian Saleki, CTO	18 149	0.0 %
Other (< 1%)	28 967 516	16.9 %
Total	**171 522 305**	**100.0 %**

NOTE 26 EARNING PER SHARE

The calculation of earnings per share is based on the profit of the year attributable to the shareholders of the parent company and a weighted average number of shares outstanding during the year ending 31st December. Treasury shares purchased during the period is excluded in the calculation of weighted average number of shares from the date the shares are purchased.

Amounts in NOK (thousands)	**2023**	**2022**
Profit for the year	107 628	68 090
Profit for the year attributable to non-controlling interests	-	-
Profit for the year attributable to equity holders of SmartCraft ASA	107 628	68 090
Average numbers of common shares	169 575 195	171 484 845
Earning per share and diluted earnings per share NOK	***0,63***	***0,40***

SmartCraft ASA has during 2023 bought 2 625 248 own shares at total of TNOK 53 508. In 2022, SmartCraft ASA bought 451 001 own shares at total of TNOK 7 012 as part of a share buy-back program. The buy-back program was authorized by the Extraordinary General Meeting held November 2nd 2022 and is managed by Carnegie AS.

As of December 31st 2023, the SmartCraft Group has no share options, share incentive schemes or employee share purchase programs.

2023	**Own shares**	**Number of shares**	**Ytd average**
01.01.2023	451 001	171 071 304	468 689
January	181 932	170 889 372	14 052 480
February	308 406	170 580 966	13 097 738
March	317 364	170 263 602	14 475 943
April	103 325	170 160 277	14 457 058
May	340 678	169 819 599	13 969 068
June	353 348	169 466 251	14 875 986
July	388 840	169 077 411	13 445 339
August	159 231	168 918 180	14 352 398
September	114 446	168 803 734	14 340 746
October	115 240	168 688 494	13 869 878
November	126 784	168 561 710	13 858 821
December	115 654	168 446 056	14 311 051
Shares outstanding 31.12	**3 076 249**	**168 446 056**	**169 575 195**

2022	**Own shares**	**Number of shares**	**Ytd average**
01.01.2022		171 522 305	143 796 782
November	216 759	171 305 546	13 149 273
December	234 242	171 071 304	14 538 791
Shares outstanding 31.12	**451 001**	**171 071 304**	**171 484 845**

NOTE 27 RELATED PARTIES

The sales to and purchases from related parties are made at arm's length prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

There are no such transactions in 2023 and 2022. All transactions are at arm's length market prices.

NOTE 28 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current financial liabilities

Amounts in NOK (thousands)	**31.12.2023**	**31.12.2022**
Current portion of loan facilities	-	-
Accrued interest	-	-
Current portion of lease liabilities	10 360	7 602
Other current financial liabilities	39	-
Total current financial liabilities at 31.12	**10 399**	**7 602**

Non-current financial liabilities

Amounts in NOK (thousands)	**Lease liabilities**	**Financial liabilities**	**Total 2022**
Less than 1 year	10 234	-	10 234
1-2-years	6 540	-	6 540
2-3 years	5 658	-	5 658
3-4 years	1 822	-	1 822
4-5 years	1 715	-	1 715
More than 5 years	196	-	196
Total undiscounted financial liabilities at 31.12	**26 165**	**-**	**26 165**

Covenants

There are no financial liabilities related to external loans as of December 31st 2023. The Group has no covenants regarding its financial liabilities.

Collateral

The Groups had no collateral related to the financial liabilities as of December 31st 2023.

NOTE 29 SUBSEQUENT EVENTS

There have been no significant subsequent events that could affect the Group financial statements as of 31st December 2023.

Alternative Performance Measures (APMs)

The following terms are used by the Group in definitions of APMs:

- **EBITDA:** Is defined as operating income before depreciation of tangible and intangible non-current assets.
- **Adjusted EBITDA:** Is defined as EBITDA adjusted for special operating items that distorts comparison, such as acquisition related expenses, listing preparation costs and other items which are special in nature compared to ordinary operational income or expenses.
- **Adjusted EBITDA margin (%):** Is defined as Adjusted EBITDA divided by sales, expressed as a percentage.
- **Adjusted EBITDA – Capex margin (%):** Is defined as Adjusted EBITDA – R&D capex divided by sales, expressed as a percentage.
- **Annual Recurring Revenue ("ARR"):** Is defined as a 12 month subscription value of the Group's customer base at the end of the reporting period. The ARR metric only includes fixed price subscriptions.
- **Recurring Revenue (%):** Is defined as subscription revenue generated over the historical period divided by sales for the same period, expressed as a percentage. Recurring Revenue includes both fixed price and transaction-based subscription revenues.
- **Average Revenue Per Customer ("ARPC"):** Is defined as the annualized monthly total operating revenue divided by the number of customers at the end of the month.
- **Churn Rate (%):** Is a measure of loss of ARR on a rolling 12-month basis, expressed as a percentage of average monthly ingoing ARR for the same 12-month period.

Amounts in NOK (thousands)	Note	2023	2022
Revenue from customers	8	401 654	333 423
Total operating revenue		**401 654**	**333 423**

Amounts in NOK (thousands)	Note	2023	2022
EBITDA		165 721	128 419
Adjustments of special items		1 525	2 911
Adjusted EBITDA		**167 245**	**131 331**
EBITDA-margin		41.3 %	38.5 %
Adjusted EBITDA-margin		41.6 %	39.4 %

Amounts in NOK (thousands)	Note	2023	2022
Adjusted EBITDA		167 245	131 331
Capitalized development expenses		37 472	23 857
Adjusted EBITDA - CAPEX margin		**32.3 %**	**32.2 %**

		2023	2022
Annual Recurring Revenue (ARR) (EoP)	TNOK	386 641	318 348
Recurring revenue		96.9 %	96.1 %
Average Revenue per Customer (ARPC)	NOK	32 452	27 857
Churn rate (R12m)		7.2 %	6.1 %

Financial statements - SmartCraft ASA

REVENUE STATEMENT

Amounts in NOK (thousands)	Note	2023	2022
Operating income and operating expenses			
Revenue	2	14 289	11 332
Total income		**14 289**	**11 332**
Employee benefits expense	3	15 719	11 334
Depreciation and amortisation expenses	4	50	19
Other expenses	3, 5	7 640	17 866
Total expenses		**23 409**	**17 866**
Operating profit		**(9 120)**	**(6 534)**
Financial income and expenses			
Income from subsidiaries		1 911	31 455
Interest income from group companies		6 818	2 728
Other interest income	6	3 237	875
Other financial income	6	25 108	16 190
Interest expense to group companies		5 332	686
Other interest expenses	6	278	1 406
Other financial expenses	6	20 961	14 718
Net financial items		**10 503**	**34 437**
Net profit before tax		1 383	27 903
Income tax expense	7	290	6 143
Net profit / loss	**8**	**1 093**	**21 760**
Distributed profit / loss			
Other equity		1 093	21 760
Total distributed		**1 093**	**21 760**

BALANCE SHEET

Assets

Amounts in NOK (thousands)	Note	2023	2022
Non-current assets			
Trademark and other intangible assets		399	446
Total intangible assets		**399**	**446**
Fixtures and office equipment	4	12	16
Total property, plant and equipment	**4**	**12**	**16**
Non-current financial assets			
Investments in subsidiaries	9	508 119	507 786
Total non-current financial assets		**508 119**	**507 786**
Total non-current assets		**508 531**	**508 248**
Current assets			
Debtors			
Other short-term receivables		371	435
Receivables from group companies	10	128 100	184 728
Total receivables		**128 471**	**185 163**
Cash and cash equivalents	11	178 616	67 617
Total current assets		**307 087**	**252 780**
Total assets		**815 618**	**761 028**

Equity and liabilities

Amounts in NOK (thousands)	Note	2023	2022
Equity			
Contributed equity			
Share capital	12	1 715	1 715
Treasury stock	12, 13	(31)	(5)
Share premium reserve		605 893	605 893
Total contributed equity		**607 577**	**607 603**
Retained earnings			
Other equity		8 910	61 299
Total retained earnings		**8 910**	**61 299**
Total equity	**8**	**616 487**	**668 902**
Liabilities			
Deferred tax	7	1 113	1 069
Total provisions		**1 113**	**1 069**
Current liabilities			
Trade payables		324	232
Tax payable	7	247	6 462
Public duties payable		512	545
Liabilities to group companies	10	194 125	79 990
Other current liabilities	14	2 810	3 826
Total current liabilities		**198 018**	**91 056**
Total liabilities		**199 131**	**92 125**
Total equity and liabilities		**815 618**	**761 028**

April 10th, 2024
Board of Directors and CEO, SmartCraft ASA

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

INDIRECT CASH FLOW

Amounts in NOK (thousands)	Note	2023	2022
Cash flows from operating activities			
Profit/loss before tax		27 903	27 903
Taxation paid		(1 146)	(1 146)
Loss/gain on the sale of fixed assets	5	(131)	-
Ordinary depreciation		50	19
Change in accounts payable		92	(969)
Items classified as investment or financing activities		-	1 406
Change in other accrual items		(985)	647
Net cash flows from operating activities		**6 053**	**27 861**
Cash flows from investment activities			
Payments to buy tangible assets		-	(481)
Proceeds from sale of shares		331	-
Payments to buy shares and participations in other companies		(533)	(19 663)
Group contributions		24 166	64 194
Net cash flows from investment activities		**23 964**	**44 050**
Cash flows from financing activities			
Change in intercompany debt		(39 647)	(17 580)
Change in cashpool account		186 244	(46 537)
Interest paid		-	(1 406)
Other financial items	13	(53 508)	(7 012)
Net cash flows from financing activities		**93 089**	**(72 536)**
Net change in cash and cash equivalents		111 000	(1 105)
Cash and cash equivalents at the start of the period		67 617	68 242
Cash and cash equivalents at the end of the period	**11**	**178 616**	**67 617**

ACCOUNTING PRINCIPLES

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice.

Use of estimates

In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Revenues

Services are posted as income as they are delivered. The company provides management services for the other companies in the SmartCraft Group.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalised and appreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Revenues

Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered. Income from the sale of services and long-term manufacturing projects (construction contracts) are posted to the profit and loss account in line with the project's degree of completion, when the outcome of the transaction can be estimated in a reliable manner. When the transaction's outcome cannot be estimated reliably, only income corresponding to a projects' incurred costs can be posted as revenue. At the time when it is identified that the project will give a negative result, the estimated loss on the contract is posted in full to the profit and loss account.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

NOTE 1 FINANCIAL MARKET RISK

Smartcraft ASA have a limited activity other than management of group companies.

Credit risk

The company has a credit risk related to receivables from group companies. The risk of a counterpart not having the financial capacity to fulfil its obligations is considered to be low. Historically, there have been no losses on intercompany receivables.

Currency risk

The company's currency exposure is related to intercompany balances being booked in the local currency of the counterpart. As of December 31, 2023 SmartCraft ASA has financial liabilities of TSEK 51 315, and financial assets of TEUR 5 654 and TSEK 64 397. The exposure of foreign currency is concidered low.

NOTE 2 SALES INCOME

Amounts in NOK (thousands)	**2023**	**2022**
By business area		
Management services	14 289	11 332
Total	**14 289**	**11 332**
Geographic breakdown		
Norway	14 178	7 867
Sweden	53	2 401
Finland	58	1 065
Total	**14 289**	**11 332**

NOTE 3 SALARY COSTS AND BENEFITS, REMUNERATION TO THE CHIEF EXECUTIVE, BOARD AND AUDITOR

Salary cost

Amounts in NOK (thousands)	**2023**	**2022**
Salaries	7 795	7 522
Employment tax	1 486	1 067
Pension costs	285	138
Other benefits	6 153	2 498
Total	**15 719**	**11 225**

In 2023 the company employed 4 full time employees.

Pension liabilities

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes are defined contribution schemes and satisfy the requirements of this Act.

Remuneration to leading personnel

Amounts in NOK (thousands)	**Chief Executive Officer**	**Board**
Salaries	2 530	-
Pension costs	85	-
Other remuneration	889	1 150
Total	**3504**	**1 150**

If the company terminates the employment the CEO is entitled to 6 monts' salary after a 6 month termination period. There are no loans or collateral granted the CEO or members of the Board. SmartCraft ASA has prepared a report for remuneration to leading personnel in accordance with the Accounting Act § 7-31b.

Auditor

Remuneration to the elected auditor for 2023 amount to TNOK 838 ex. vat. where TNOK 381 is remuneration for auditors elected at the Annual General Meeting in 2023.

NOTE 4 NON-CURRENT ASSETS

Amounts in NOK (thousands)	**Fixtures and office equipment**	**Trademark and other intangible assets**	**Total**
Purchase cost as of 01.01.23	17	464	481
Acquisition cost 31.12.2023	**17**	**464**	**481**
Accumulated depreciations 31.12.23	5	65	70
Book value 31.12.2023	**12**	**399**	**411**
This year's ordinary depreciation	3	47	50
Economic lifetime	5 years	10 years	
Decreciation plan	Linear	Linear	

NOTE 5 INDIVIDUAL TRANSACTIONS

In 2022 the company performed a restructuring of the Group companies as part of implementing a Management Investment Program. As part of the restructuring the shares in SmartCraft Norway AS, SmartCraft Sweden AB and Congrid Oy were transferred to SmartCraft Software AS, while the shares in Cordel Norge AS were transferred to SmartCraft Norway AS. The transfer was booked at fair value but due to the requirement of continuity for non-transactions in accordance with the Accounting Act the gains of TNOK 2 052 255 were reversed.

NOTE 6 ITEMS THAT ARE AGGREGATED IN THE ACCOUNTS

Finacial income

Amounts in NOK	**2023**	**2022**
Interest income CashPool	3 237	875
Agio	25 108	16 190
Total financial income	***28 344***	***17 065***

Financial costs

Amounts in NOK	**2023**	**2022**
Interest costs from companies in the same group	-	-
Interest and provisions for CashPool	213	1 402
Other interest expenses	65	5
Disagio	20 961	14 718
Total financial costs	***21 239***	***16 124***

NOTE 7 TAX

This year's tax expense

Amounts in NOK (thousands)	**2023**	**2022**
Entered tax on ordinary profit/loss:		
Payable tax	247	6 462
Changes in deferred tax	43	(319)
Tax expense on ordinary profit/loss	**290**	**6 143**
Taxable income:		
Ordinary result before tax	1 383	27 903
Permanent differences	(1 843)	(31 435)
Changes in temporary differences	(197)	1 450
Received intra-group contribution	1 780	31 455
Taxable income	**1 123**	**29 373**
Payable tax in the balance:		
Payable tax on this year's result	(145)	(458)
Payable tax on received Group contribution	392	6 920
Total payable tax in the balance	**247**	**6 462**
Calculation of effective tax rate		
Profit before tax	1 383	27 903
Calculated tax on profit before tax	304	6 139
Tax effect of permanent differences	(14)	4
Total	**290**	**6 143**
Effective tax rate	21.0%	22.0%

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

Amounts in NOK (thousands)	**2023**	**2022**	**Difference**
Tangible assets	12	4	(8)
Long-term receivables and liabilities in foreign currency	5 046	4 857	(189)
Total	**5 058**	**4 860**	**(197)**
Basis for deferred tax	**5 058**	**4 860**	**(197)**
Deferred tax (22%)	**1 113**	**1 069**	**(43)**

NOTE 8 EQUITY

	Share capital	Own shares	Share premium	Other equity captial	Total equity capital
Pr. 31.12.2022	1 715	(5)	605 893	61 299	668 902
Purchase of own shares	-	(26)	-	(53 482)	(53 508)
Result of the year	-	-	-	1 093	1 093
Pr. 31.12.2023	**1 715**	**(31)**	**605 893**	**8 910**	**616 487**

NOTE 9 SUBSIDIARIES, ASSOCIATED COMPANIES ETC.

Amounts in NOK (thousands) Subsidiary	Office	Acquisition registered	Ownership interest	Book value	Share of equity	Share of result
SmartCraft Software AS	Hønefoss, NOR	2022	99 %	488 263	507 927	-
SMCRT MGMT 1 AS	Hønefoss, NOR	2022	81 %	19 856	19 759	3
Total				**508 119**		

NOTE 10 INTERCOMPANY ITEMS BETWEEN COMPANIES IN THE SAME GROUP ETC.

	Customer receivables		Other receivables	
Amounts in NOK (thousands)	2023	2022	2023	2022
Companies in the same group	-	-	128 100	184 728
Total	**-**	**-**	**128 100**	**184 728**

	Debt to suppliers		Other long-term liabilities	
Amounts in NOK (thousands)	2023	2022	2023	2022
Companies in the same group	-	-	194 125	79 990
Total	**-**	**-**	**194 125**	**79 990**

NOTE 11 BANK DEPOSITS

Funds standing on the tax deduction account (restricted funds) are TNOK 325.

SmartCraft ASA is the owner of the Cash Pool organized together with:

- SmartCraft Norway AS
- Cordel Norge AS
- Kvalitetskontroll AS
- Inprog AS
- SmartCraft Sweden AB
- Bygglet AB
- EL-Info AB
- Congrid Oy

NOTE 12 SHAREHOLDERS

Share capital in Smartcraft ASA pr. December 31st 2023 consists of:

	Total	Nominal value	Share capital
Common shares	171 522 305	0.01	1 715
Total	**171 522 305**		**1 715**

Shareholders

The largest shareholders as of December 31st 2023 were:

Shareholders	Number of common shares	Percent of shareholding
Valedo Partners III AB	67 903 692	39.6 %
State Street Bank and Trust Comp	25 103 311	14.6 %
B. Ulstein AS (Bernt Ulstein, Board member)	11 306 975	6.6 %
HSBC Bank Plc	4 264 661	2.5 %
Svenska Handelsbanken AB	3 082 918	1.8 %
SmartCraft ASA (treasury shares)	3 053 862	1.8 %
The Northern Trust Comp, London Br	2 760 410	1.6 %
Swedbank AB	2 654 120	1.5 %
BNP Paribas	2 377 564	1.4 %
Skandinaviska Enskilda Banken AB	2 344 420	1.4 %
State Street Bank and Trust Comp	2 336 700	1.4 %
BNP Paribas	2 335 165	1.4 %
J.P. Morgan SE	2 211 887	1.3 %
Line Invest AS (Gustav Line, CEO)	2 078 025	1.2 %
CACEIS Bank	2 066 837	1.2 %
State Street Bank and Trust Comp	2 060 271	1.2 %
Mustad Industrier AS	1 900 000	1.1 %
Shares owned by Boardmembers and leading personnel		
Gunnar Haglund, Chairman of the Board (via Skarvhagen Förvaltning AB)	1 004 800	0.6 %
Kjartan Bø, CFO (via KBI AS)	298 000	0.2 %
Katja Widlund, CMO	70 809	0.0 %
Christian Saleki, CTO	18 149	0.0 %
Marianne Bergmann Røren, Board member	5 617	0.0 %
Maria Danell, Board member	5 617	0.0 %
Isabella Alveberg, Board memeber	589	0.0 %
Other	24 310 605	14.2 %
Total	**171 522 305**	**100.0 %**

SmartCraft ASA is the parent company in the SmartCraft Group and prepares consolidated accounts which can be handed out at the company's offices in Hvervenmoveien 45, 3511 Hønefoss.

NOTE 13 TREASURY SHARES

During 2023 the company acquired 2 625 248 shares in the market at TNOK 53 508. The purchase of shares are in accordance with the share buy-back program authorized by the Annual General Meeting held April 28th 2023. The buy-back program is managed by Carnegie AS

Development in the company's purchase of treasury shares

Development in the company's own shares	Number of shares	Par value per share	Total amount	Amount of share capital
Holding as at 1.1.2023	451 001	0.01	5	0.3 %
Acquisition of own shares	2 625 248	0.01	26	1.5 %
Disposal of own shares	-	-	(5)	-
Holding as at 31.12.2023	**3 076 199**	**0.01**	**31**	**1.8 %**

NOTE 14 PROVISIONS FOR LIABILITIES

Short-term provisions

	Restructuring	Accrued costs	Total
Balance 01.01.2023	1 021	2 805	3 826
Provisions	-	2 810	2 810
Provisions utilised	(1 021)	(2 805)	(3 826)
Balance 31.12.2023	**-**	**2 810**	**2 810**

There are no contingent liabilites as of 31.12.2023.

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of SmartCraft ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SmartCraft ASA (the Company) which comprise the financial statement of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise balance sheet as at 31 December 2023 and revenue statement and indirect cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 years from the election by the general meeting of the shareholders on 28 April for the accounting year 2023.

Other matters

The financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment of goodwill

Basis for the key audit matter
Goodwill amounts to NOK 548 million in the consolidated financial statements as at 31 December 2023. In total, this accounts for 50 % percent of total assets of the Group. The Group performed impairment tests to determine the recoverable amounts and recorded no impairment in 2023. Goodwill impairment test was based of value-in use using estimated future cash flows. Due to the subjectivity involved in forecasting and discounting of future cash flows and the significance of the Group's recognized goodwill as at 31 December 2023, this was considered a key audit matter.

Our audit response
We evaluated management's assessment of impairment and management's estimates related to sales forecasts. We further inquired and evaluated management's assumptions regarding the current market situation and expectations about future sales. Furthermore, we evaluated the valuation methodology and the discount rate applied by using external market information. We also tested the mathematical accuracy of the value in use calculation. Our audit procedures further included analysis and evaluation of historical accuracy of prior year's forecasts. We refer to the Group's disclosures in notes 6 and 12 of the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and chief executive officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Building a better working world

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of SmartCraft ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name smartcraftasa-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 10 April 2024
ERNST & YOUNG AS

A. Bristol

Alexandra van der Zalm Bristol
State Authorised Public Accountant (Norway)

SmartCraft