

CRAYON GROUP HOLDING AS  
**FINANCIAL REPORT**  
**Q1 2016**

## Management commentary – Q1 2016

In Q1 2016, Crayon continued its accelerating growth with gross profit growing from MNOK 193.4 in Q1 2015 to MNOK 249.3 in Q1 2016 (+29% year-over-year (“YoY”)). Investments in geographic expansion are centred on Software Asset Management (SAM) and cloud first, providing customers and key strategic vendors global reach with local execution concentrated around value adding products and services. Unlike many other traditional licensing players, around 60% of Crayon’s customer facing representatives are SAM and technical specialist, making Crayon a natural go to partner and trusted advisor for many clients.

On the geographical dimension, Crayon continued to ramp up operations in newly established markets with gross profit growing triple digit. Additionally, gross profit stemming from prioritized growth markets<sup>1</sup> grew from MNOK 32.8 in Q1 2015 to MNOK 40.6 in Q1 2016 (+24% YoY), while gross profit coming from established Nordic markets<sup>2</sup> grew from MNOK 168.5 in Q1 2015 to MNOK 189.0 in Q1 2016 (+12% YoY). The gross profit growth experienced across all markets demonstrates the company’s unique go to market model centred on SAM and cloud supported by a distinctive pool of people, systems and tools.

In Q1 2016, Crayon continued to invest and provide additional value and bespoke services to its clients with the launch of the ‘SAM-iQ’ platform. SAM-iQ is a subscription based SAM as a Service (SAMaaS) offer based on a per user per month agreement structure that is specifically designed to provide a best practice framework for the establishment and maintenance of a world class enterprise wide SAM environment. SAM-iQ is a comprehensive proprietary platform providing customers with detailed workflow management support, reporting, dashboarding, and access to an exhaustive online library of ready to use documents and procedures. In addition, the unique ‘services module’ attached to all subscriptions provides access to Crayon’s leading SAM consulting teams who ensure that the functionality of the SAM-iQ platform is fully leveraged by every customer.

### Financials

As mentioned above, gross profit in Q1 2016 was MNOK 249.3 compared to MNOK 193.4 in Q1 2015. From a geographical perspective, the newly established markets are growing fastest, showing triple digit growth. However, prioritized growth markets and established Nordic markets demonstrate solid double digit growth.

Q1 2016 EBITDA<sup>3</sup> was MNOK -8.0 compared to MNOK 8.3 in Q1 2015 (MNOK -16.3 YoY). The principal drivers for the negative YoY EBITDA development were the following:

- 1) Increased operations in the US incl. Anglepoint, generated a negative Q1 2016 EBITDA of MNOK 16.3 compared to MNOK 0 in Q1 2015.
- 2) Newly established markets in 2015 excl. US (e.g. Spain, Portugal, and Switzerland) contributed with a negative Q1 2016 EBITDA of MNOK 6.5 compared to MNOK -1.0 in Q1 2015.
- 3) Increased administrative costs to manage increased global operations in addition to investments in strategic Group personnel to develop and roll out new capabilities and service offerings incl. IP (e.g. ‘SAM-iQ’), contributed with a negative Q1 2016 EBITDA of MNOK 5.6 compared to MNOK -2.8 in Q1 2015.

The above negative YoY EBITDA performance drivers were partially offset by the following:

- 1) Established Nordic markets<sup>2</sup> generated a positive Q1 2016 EBITDA of MNOK 27.1 compared to MNOK +23.1 in Q1 2015.
- 2) Prioritized growth markets<sup>1</sup> generated a negative Q1 2016 EBITDA of MNOK 2.0 compared to MNOK -4.2 in Q1 2015.
- 3) Newly established markets with inception point in 2014 (e.g. Austria, Netherlands, India, Malaysia and Singapore) contributed with a negative Q1 2016 EBITDA of MNOK 4.4 compared to MNOK -6.6 in Q1 2015.

Furthermore, in order to amongst other best position the Company for the upcoming refinancing in 2017 in addition to addressing the impact of the ongoing cloud transition which impacts the distribution of profits stemming from licensing in the short-term as profits are spread out in time, the Company has initiated a cost leadership program. The scope of the cost leadership program is to align the overall cost base of the Company with the increasingly changing competitive landscape that the Company is operating in, focusing on directly controllable expenses with a short, and a consequently long term, effect. Total savings in scope is MNOK ~20 in 2016, with an expected increase in 2017. As per Q1 2016, the cost leadership is delivering on plan harmonizing cost policies and sharing best practice cost leadership across the group.

In line with seasonality, where Q1 and Q3 are the weakest quarters from a liquidity point of view, the net cash position as of 31 March 2016 was MNOK 68.6 compared to MNOK 236.3 at the beginning of the year (MNOK -167.7) and MNOK 167.2 as of end Q1 2015 (MNOK -98.6). The negative YoY cash balance is mainly driven by higher investments (geographic, IP and capabilities), M&A activity in 2015 in addition to a build-up of trade working capital stemming from increased direct customer billing, increased service based revenue, and increased activity in markets with longer payment cycles. In order to address the trade working capital build up, the company is amongst others increasing awareness and training among the sales representatives, in addition to continued focus on harmonizing payment terms between vendors and customers.

### Business areas - Review

As per Q1 2016, all business areas demonstrated a positive YoY gross profit growth, where SAM (+64% YoY), licensing (+34% YoY) and XSP<sup>4</sup> (+34% YoY) showed the largest YoY growth. Consulting experienced a gross profit growth of +2% YoY, driven by solution consulting which grew its gross profit from MNOK 42.4 in Q1 2015 to MNOK 45.1 in Q1 2016 (+6% YoY). Solution consulting has during 2015 undergone a turnaround, and the positive momentum experienced during H2 2015 continued in Q1 2016.

<sup>1</sup> Germany, France, UK and Middle East

<sup>2</sup> Norway, Sweden, Finland, Denmark and Iceland

<sup>3</sup> Excluding exceptional items

<sup>4</sup> Crayon’s offering towards hosters, system integrators and ISVs

Crayon Group Holding AS  
 Condensed Consolidated Statement of Income

| (In thousands of NOK)                       | Note | Quarter ended   |                 | Year to date ended |                 | Year ended      |            |
|---|------|-----------------|-----------------|--------------------|-----------------|-----------------|------------|
|   |      | 31 March,       |                 | 31 March,          |                 | 31 December,    |            |
|   |      | Un-audited      | Un-audited      | Un-audited         | Un-audited      | Un-audited      | Un-audited |
| Operating revenue                           | 2,5  | 1 242 233       | 960 139         | 1 242 233          | 960 139         | 4 687 943       |            |
| Materials and supplies                      |      | 992 892         | 766 717         | 992 892            | 766 717         | 3 773 034       |            |
| <b>Gross profit</b>                         |      | <b>249 341</b>  | <b>193 422</b>  | <b>249 341</b>     | <b>193 422</b>  | <b>914 909</b>  |            |
| Payroll and related cost                    |      | 221 149         | 150 995         | 221 149            | 150 995         | 668 332         |            |
| Other operating expenses                    |      | 36 165          | 34 113          | 36 165             | 34 113          | 132 829         |            |
| <b>EBITDA</b>                               | 5    | <b>(7 973)</b>  | <b>8 313</b>    | <b>(7 973)</b>     | <b>8 313</b>    | <b>113 748</b>  |            |
| Exceptional items                           |      | 671             | 4 721           | 671                | 4 721           | 16 283          |            |
| Depreciation and amortization               | 6    | 21 215          | 17 849          | 21 215             | 17 849          | 118 443         |            |
| <b>Operating profit/EBIT</b>                |      | <b>(29 859)</b> | <b>(14 257)</b> | <b>(29 859)</b>    | <b>(14 257)</b> | <b>(20 978)</b> |            |
| Interest expense                            |      | 17 757          | 16 042          | 17 757             | 16 042          | 62 796          |            |
| Other financial expense, net                | 7    | 8 816           | 7 329           | 8 816              | 7 329           | 39 273          |            |
| <b>Ordinary result before tax</b>           |      | <b>(38 800)</b> | <b>(22 969)</b> | <b>(38 800)</b>    | <b>(22 969)</b> | <b>(44 501)</b> |            |
| Income tax expense on ordinary result       |      | (14 254)        | (12 076)        | (14 254)           | (12 076)        | (11 581)        |            |
| <b>Net income</b>                           |      | <b>(24 547)</b> | <b>(10 893)</b> | <b>(24 547)</b>    | <b>(10 893)</b> | <b>(32 920)</b> |            |
| Comprehensive income                        |      | (21 853)        | (1 054)         | (21 853)           | (1 054)         | 35 079          |            |
| <b>Total comprehensive income</b>           |      | <b>(46 400)</b> | <b>(11 947)</b> | <b>(46 400)</b>    | <b>(11 947)</b> | <b>2 159</b>    |            |
| <b>Allocation of comprehensive income</b>   |      |                 |                 |                    |                 |                 |            |
| Owners of Crayon Group Holding AS           |      | (40 304)        | (7 634)         | (40 304)           | (7 634)         | 10 564          |            |
| Minority interest                           |      | (6 096)         | (4 313)         | (6 096)            | (4 313)         | (8 404)         |            |
| <b>Total comprehensive income allocated</b> |      | <b>(46 400)</b> | <b>(11 947)</b> | <b>(46 400)</b>    | <b>(11 947)</b> | <b>2 159</b>    |            |

Crayon Group Holding AS  
 Condensed Consolidated Balance Sheet Statement

| (In thousands of NOK)                             | Note | 31 March           |                    | 31 December        |                    |  |
|---|------|--------------------|--------------------|--------------------|--------------------|--|
|   |      | Un-audited<br>2016 | Un-audited<br>2015 | Un-audited<br>2016 | Un-audited<br>2015 |  |
| <b>ASSETS</b>                                     |      |                    |                    |                    |                    |  |
| <i>Current assets:</i>                            |      |                    |                    |                    |                    |  |
| Inventory   |      | 21 929             | 21 424             |                    |                    |  |
| Accounts receivable                               |      | 654 137            | 962 359            |                    |                    |  |
| Other receivables                                 |      | 37 789             | 35 102             |                    |                    |  |
| Cash & cash equivalents                           |      | 68 565             | 236 293            |                    |                    |  |
| <b>Total current assets</b>                       |      | <b>782 419</b>     | <b>1 255 178</b>   |                    |                    |  |
| <i>Non-current assets:</i>                        |      |                    |                    |                    |                    |  |
| Technology, software and R&D                      |      | 97 199             | 98 655             |                    |                    |  |
| Contracts   |      | 142 187            | 158 723            |                    |                    |  |
| Software licenses                                 |      | 7 421              | 7 421              |                    |                    |  |
| Goodwill  |      | 843 754            | 862 203            |                    |                    |  |
| Deferred tax asset                                |      | -                  | -                  |                    |                    |  |
| Property & equipment                              |      | 19 084             | 19 691             |                    |                    |  |
| Investment in associates                          |      | -                  | 0                  |                    |                    |  |
| Other long-term receivables                       |      | 3 352              | 3 535              |                    |                    |  |
| <b>Total non-current assets</b>                   |      | <b>1 112 998</b>   | <b>1 150 228</b>   |                    |                    |  |
| <b>Total assets</b>                               |      | <b>1 895 416</b>   | <b>2 405 406</b>   |                    |                    |  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |      |                    |                    |                    |                    |  |
| <i>Current liabilities:</i>                       |      |                    |                    |                    |                    |  |
| Accounts payable                                  |      | 503 505            | 905 795            |                    |                    |  |
| Income taxes payable                              |      | (3 231)            | (2 662)            |                    |                    |  |
| Public duties                                     |      | 161 289            | 180 776            |                    |                    |  |
| Dividends   |      | -                  | -                  |                    |                    |  |
| Other current liabilities                         |      | 175 919            | 191 024            |                    |                    |  |
| <b>Total current liabilities</b>                  |      | <b>837 482</b>     | <b>1 274 933</b>   |                    |                    |  |
| <i>Long-term liabilities:</i>                     |      |                    |                    |                    |                    |  |
| Long-term debt                                    | 3,4  | 671 703            | 679 956            |                    |                    |  |
| Deferred tax liabilities                          |      | 27 254             | 41 365             |                    |                    |  |
| Other long-term liabilities                       |      | 33 685             | 37 425             |                    |                    |  |
| <b>Total long-term liabilities</b>                |      | <b>732 641</b>     | <b>758 746</b>     |                    |                    |  |
| <i>Shareholders' equity:</i>                      |      |                    |                    |                    |                    |  |
| Share capital                                     |      | 52 476             | 52 476             |                    |                    |  |
| Own shares  |      | (12)               | (43)               |                    |                    |  |
| Share premium                                     |      | 262 320            | 262 163            |                    |                    |  |
| <i>Sum paid-in equity</i>                         |      | 314 784            | 314 595            |                    |                    |  |
| Funds   |      | 13 238             | 54 612             |                    |                    |  |
| Minority interest                                 |      | (2 728)            | 2 520              |                    |                    |  |
| <b>Total shareholders' equity</b>                 |      | <b>325 293</b>     | <b>371 727</b>     |                    |                    |  |
| <b>Total liabilities and shareholders' equity</b> |      | <b>1 895 416</b>   | <b>2 405 406</b>   |                    |                    |  |

Crayon Group Holding AS  
 Condensed Consolidated Statement of Cash Flows

| (In thousands of NOK)                                       | Quarter ended<br>31 March, |                    | Year to date ended<br>31 March, |                    | Year ended<br>31 December, |
|---|----------------------------|--------------------|---------------------------------|--------------------|----------------------------|
|   | Un-audited<br>2016         | Un-audited<br>2015 | Un-audited<br>2016              | Un-audited<br>2015 | Un-audited<br>2015         |
| <b>Cash flows provided by operating activities:</b>         |                            |                    |                                 |                    |                            |
| Ordinary result before tax                                  | (38 800)                   | (22 969)           | (38 800)                        | (22 969)           | (44 501)                   |
| Taxes paid  | (3 125)                    | (2 939)            | (3 125)                         | (2 939)            | (21 436)                   |
| Depreciation and amortisation                               | 21 215                     | 17 849             | 21 215                          | 17 849             | 118 443                    |
| Net interest to credit institutions                         | 13 144                     | 11 335             | 13 144                          | 11 335             | 44 395                     |
| Changes in inventory, accounts receivable/payable           | (88 297)                   | (98 309)           | (88 297)                        | (98 309)           | (97 113)                   |
| Changes in other current assets                             | (44 538)                   | (9 869)            | (44 538)                        | (9 869)            | 45 725                     |
| <b>Net cash flow from (used in) operating activities</b>    | <b>(140 401)</b>           | <b>(104 902)</b>   | <b>(140 401)</b>                | <b>(104 902)</b>   | <b>45 513</b>              |
| <b>Cash flows used in investing activities:</b>             |                            |                    |                                 |                    |                            |
| Acquisition of assets                                       | (9 232)                    | (5 587)            | (9 232)                         | (5 587)            | (34 639)                   |
| Acquisition of subsidiaries                                 | (1 546)                    | (3 624)            | (1 546)                         | (3 624)            | (64 698)                   |
| Divestments   | 50                         | 137                | 50                              | 137                | 1 197                      |
| Repurchase of own shares                                    | -                          | -                  | -                               | -                  | (115)                      |
| <b>Net cash flow from (used in) investing activities</b>    | <b>(10 728)</b>            | <b>(9 074)</b>     | <b>(10 728)</b>                 | <b>(9 074)</b>     | <b>(98 254)</b>            |
| <b>Cash flow used in financing activities:</b>              |                            |                    |                                 |                    |                            |
| Net interest paid to credit institutions                    | (12 309)                   | (9 282)            | (12 309)                        | (9 282)            | (43 888)                   |
| New equity  | -                          | -                  | -                               | -                  | -                          |
| Change in subsidiaries                                      | -                          | -                  | -                               | -                  | 19 298                     |
| Proceeds from issuance of interest bearing debt             | -                          | -                  | -                               | -                  | -                          |
| Repayment of interest bearing debt                          | -                          | 67                 | -                               | 67                 | (607)                      |
| Change in other long-term debt                              | (334)                      | (1 697)            | (334)                           | (1 697)            | 6 072                      |
| <b>Net cash flow from (used in) financing activities</b>    | <b>(12 642)</b>            | <b>(10 912)</b>    | <b>(12 642)</b>                 | <b>(10 912)</b>    | <b>(19 125)</b>            |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(163 771)</b>           | <b>(124 888)</b>   | <b>(163 771)</b>                | <b>(124 888)</b>   | <b>(71 866)</b>            |
| Cash and cash equivalents at beginning of period            | 236 293                    | 296 938            | 236 293                         | 296 938            | 296 938                    |
| Currency translation  | (3 957)                    | (4 881)            | (3 957)                         | (4 881)            | 11 221                     |
| <b>Cash and cash equivalents at end of period</b>           | <b>68 565</b>              | <b>167 169</b>     | <b>68 565</b>                   | <b>167 169</b>     | <b>236 293</b>             |

Crayon Group Holding AS  
Condensed Consolidated Statement of Changes in Shareholders' Equity

**Year to date period ending**

**31 March,**

(In thousands of NOK)

**Balance at January 1, 2015**

|                                   | Attributable to equity holders of Crayon Group Holding AS |              |                |              |                |                |
|-----------------------------------|---|--------------|----------------|--------------|----------------|----------------|
|                                   | Share capital   | Own shares   | Share premium  | Funds        | Minority       | Total equity   |
| <b>Balance at January 1, 2015</b> | <b>52 476</b>   | <b>(216)</b> | <b>262 303</b> | <b>8 889</b> | <b>(2 650)</b> | <b>320 801</b> |

Net income

- - - (6 580) (4 313) (10 893)

Currency translation

- - - (1 054) (1 054)

Other

- - - (0) - (0)

**Balance as of end of period**

|               |              |                |              |                |                |
|---------------|--------------|----------------|--------------|----------------|----------------|
| <b>52 476</b> | <b>(216)</b> | <b>262 303</b> | <b>1 254</b> | <b>(6 963)</b> | <b>308 853</b> |
|---------------|--------------|----------------|--------------|----------------|----------------|

(In thousands of NOK)

**Balance at January 1, 2016**

|                                   | Attributable to equity holders of Crayon Group Holding AS |             |                |               |              |                |
|-----------------------------------|---|-------------|----------------|---------------|--------------|----------------|
|                                   | Share capital   | Own shares  | Share premium  | Funds         | Minority     | Total equity   |
| <b>Balance at January 1, 2016</b> | <b>52 476</b>   | <b>(43)</b> | <b>262 163</b> | <b>54 613</b> | <b>2 520</b> | <b>371 729</b> |

Opening balance adj.

- - - (1 073) - (1 073)

Adjustment

- - - 3 847 850

Share repurchase (net)

- 31 156 - - 188

Net income

- - - (18 719) (5 828) (24 547)

Currency translation

- - - (21 585) (268) (21 853)

Other

- (0) 1 (0) - 0

**Balance as of end of period**

|               |             |                |               |                |                |
|---------------|-------------|----------------|---------------|----------------|----------------|
| <b>52 476</b> | <b>(12)</b> | <b>262 320</b> | <b>13 238</b> | <b>(2 728)</b> | <b>325 293</b> |
|---------------|-------------|----------------|---------------|----------------|----------------|

## Notes to the Condensed Interim Consolidated Financial Statements - Period ended 31 March, 2016

### **Note 1 - General**

The Company is a Norwegian limited liability company and has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") No. 34 "Interim Financial Reporting". The interim financial information has not been subject to audit or review.

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its Consolidated Financial Statements for the year ended 31 December 2014, with the exception of goodwill. According to IAS 21 47, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate. Other than the above mentioned, there are no changes in accounting policy effective from 1 January 2015 that have impact on the Group accounts.

Gross profit means operating income less direct cost, i.e. raw materials and supplies.

EBIT or "operating profit" means Operating Income less Total operating expenses. EBITDA, when used by the Company, means EBIT adjusted for exceptional items, impairment of non-current assets and depreciation and amortization. EBITDA may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA as a supplemental disclosure because management believes it provides useful information regarding the Company's ability to service debt and to fund capital expenditures, and provides investors with a helpful measure for comparing its operating performance with that of other companies. Exceptional items is defined as extraordinary and non-recurring items in accordance with GAAP.

### **Note 2 - Seasonality**

As with all licensing service providers, Crayon is heavily dependent upon successful sales during the final quarter of the year. Activity normally declines again at the beginning of the new year, before normally increasing again in the second quarter. However, usually the fourth quarter outweighs the second quarter, resulting in lower revenue for the first half year and increased revenue for the second half year.

### **Note 3 - Issue of new Bond**

Crayon Group Holding AS issued in July 2014 a NOK 650 million Bond Issue (initial loan amount) with a potential tap issue of up to NOK 350m, with maturity in July 2017. The bond is to be repaid in full at the maturity date. Interest is set quarterly at NIBOR + 500bps. The proceeds from the initial loan amount was used for refinancing and for general corporate purposes. The proceeds from any tap issue shall be used for Permitted Acquisitions and for general corporate purposes of the Group. The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising underlying cash flow of the company, and is booked as the actual value representing future liabilities based on the exchange rates at the balance sheet date. The bond is listed on the Oslo Stock Exchange. For further information about the Bond we refer to the Bond agreement.

### **Note 4 - Net interest-bearing debt**

Net interest-bearing debt means long-term interest bearing debt less cash. Net interest-bearing debt is not adjusted for normalized working capital.

| (In thousands of NOK)     | As of 31 March, |                |
|---------------------------|-----------------|----------------|
|                           | 2016            | 2015           |
| Long-term interest debt   | 677 228         | 660 245        |
| Cash and cash equivalents | 68 565          | 167 169        |
| Net interest bearing debt | <b>608 663</b>  | <b>493 076</b> |

**Note 5 - Segment information**

"Other" includes administration costs, unallocated Global Shared Cost and intercompany transactions.

Depreciation and amortization, Interest expense, Other financial expense (net), income tax expense and Other comprehensive income are not included in the measure of segment performance.

Licensing is Crayon's license offering from its partners (e.g. Microsoft, Adobe, Symantec, Citrix, VMware, Oracle, IBM and others). The emphasis is towards standard software which customers use consistently year after year, and which play a key role in their technological platforms and critical commercial processes. XSP is Crayon's service offering towards hosters which include license advisory/optimization, software license sale and access to Crayon's reporting portal. Software Asset Management (SAM) services include process & tools for enabling clients to build in-house SAM capabilities, license spend optimization and support for clients in vendor audits.

Consulting services is related to deployment and application services. Crayon offers IT infrastructure services (planning and analysis support related to larger IT upgrade projects) and tailored software or application development.

Established markets is defined as markets where operations begun before FY 2014, while New markets is defined as markets where the Company has been operating since FY 2014.

Gross profit by operating segment and country classification:

| (In thousands of NOK)                     | Year to date ended |                |
|---|--------------------|----------------|
|   | 31 March,<br>2016  | 2015           |
| <b>Gross profit by operating segment:</b> |                    |                |
| - Licensing                               | 82 955             | 61 871         |
| - XSP                                     | 26 656             | 19 844         |
| - SAM                                     | 59 357             | 36 153         |
| - Consulting                              | 75 515             | 74 283         |
| <b>Gross profit from operations</b>       | <b>244 483</b>     | <b>192 151</b> |
| - Other                                   | 4 857              | 1 271          |
| <b>Total gross profit</b>                 | <b>249 341</b>     | <b>193 422</b> |

| (In thousands of NOK)                          | Year to date ended |                |
|--|--------------------|----------------|
|  | 31 March,<br>2016  | 2015           |
| <b>Gross profit by country classification:</b> |                    |                |
| - Established markets                          | 229 653            | 201 374        |
| - New markets                                  | 32 629             | 4 461          |
| <b>Gross profit from operations</b>            | <b>262 281</b>     | <b>205 835</b> |
| - Other  | (12 940)           | (12 413)       |
| <b>Total gross profit</b>                      | <b>249 341</b>     | <b>193 422</b> |

EBITDA by operating segment and country classification:

| (In thousands of NOK)               | Year to date ended |               |
|-------------------------------------|--------------------|---------------|
|                                     | 31 March,<br>2016  | 2015          |
| <b>EBITDA by operating segment:</b> |                    |               |
| - Licensing                         | 10 219             | 14 375        |
| - XSP                               | 11 025             | 12 184        |
| - SAM                               | 1 226              | (1 370)       |
| - Consulting                        | 2 228              | 7 670         |
| <b>EBITDA from operations</b>       | <b>24 697</b>      | <b>32 859</b> |
| - Other                             | (32 671)           | (24 546)      |
| <b>Total EBITDA</b>                 | <b>(7 973)</b>     | <b>8 313</b>  |

| (In thousands of NOK)                    | Year to date ended |               |
|--|--------------------|---------------|
|  | 31 March,<br>2016  | 2015          |
| <b>EBITDA by country classification:</b> |                    |               |
| - Established markets                    | 25 087             | 18 884        |
| - New markets                            | (27 318)           | (7 571)       |
| <b>EBITDA from operations</b>            | <b>(2 232)</b>     | <b>11 313</b> |
| - Other                                  | (5 742)            | (2 999)       |
| <b>Total EBITDA</b>                      | <b>(7 973)</b>     | <b>8 313</b>  |

**Note 6 -Depreciation and amortization**

Depreciation and amortization consists of the following:

| (In thousands of NOK)                          | Year to date ended<br>31 March, |               | Quarter ended<br>31 March, |               | Year ended<br>31 December, |      |
|--|---------------------------------|---------------|----------------------------|---------------|----------------------------|------|
|  | 2016                            | 2015          | 2016                       | 2015          | 2015                       | 2015 |
| Depreciation                                   | 3 781                           | 4 766         | 3 781                      | 4 766         | 18 114                     |      |
| Amortization of intangibles (incl. write-down) | 17 434                          | 13 083        | 17 434                     | 13 083        | 100 329                    |      |
| <b>Total</b>                                   | <b>21 215</b>                   | <b>17 849</b> | <b>21 215</b>              | <b>17 849</b> | <b>118 443</b>             |      |

**Note 7 - Other financial expense, net**

Other financial expense, net consists of the following:

| (In thousands of NOK)    | Year to date ended<br>31 March, |              | Quarter ended<br>31 March, |              | Year ended<br>31 December, |      |
|--------------------------|---------------------------------|--------------|----------------------------|--------------|----------------------------|------|
|                          | 2016                            | 2015         | 2016                       | 2015         | 2015                       | 2015 |
| Interest income          | 4 613                           | 4 707        | 4 613                      | 4 707        | 18 400                     |      |
| Other financial income   | 18 655                          | 24 495       | 18 655                     | 24 495       | 112 993                    |      |
| Other financial expenses | 14 452                          | 21 872       | 14 452                     | 21 872       | 92 120                     |      |
| <b>Total</b>             | <b>8 816</b>                    | <b>7 329</b> | <b>8 816</b>               | <b>7 329</b> | <b>39 273</b>              |      |

\*\*\*END OF REPORT\*\*\*