

CRAYON GROUP HOLDING AS  
**FINANCIAL REPORT**  
**Q4 2016**

## Management commentary – Q4 2016 / YTD December 2016

Fourth quarter 2016 marked a strong finish to the year with organic revenue and EBITDA increase of 18% and 17% compared to same period the previous year, respectively. During 2016, Crayon continued to pursue its “SAM first – Cloud first” strategy, which was manifested through a year-on-year (“YoY”) gross profit growth of 46% for business area Software Asset Management (SAM) and a global “best-in-class” cloud mix of more than 45% of products sold been categorized as cloud products within the Software business (+12 pp. compared to end of 2015). The strong results in these areas demonstrate that return on investments are starting to materialize. Similarly, Crayon has over the last years invested significantly, financed over the P&L, in establishing a global position which in FY 2016 had a negative EBITDA<sup>2</sup> impact of approximately MNOK 77. Going forward, Crayon expects to see positive contributions from these markets in 2017 and beyond. Towards the end of 2016, Crayon covered ~80% of the global addressable market and no additional market entries are planned.

Crayon has a proven, robust and scalable business model, demonstrated by strong growth and profitability in core markets; For the full year 2016, the Nordics<sup>3</sup> delivered a YoY gross profit growth of 11% while at the same time improving the combined EBITDA by approximately 16% compared to FY 2015. Furthermore, the Nordics have a large and stable customer base, with c.30% of gross profit being contractually recurring. The strong performance in the Nordics is largely explained by a mature organization that optimizes the use of Crayon IP & tools to deliver high quality services to customers.

Financial performance outside the Nordics continued to improve in 2016, with the exception of Start-ups 2015<sup>6</sup> and US which were still in a start-up phase. Growth Markets<sup>4</sup> and Start-ups 2014<sup>5</sup> improved its EBITDA in 2016 with MNOK 4 and 17 compared to FY 2015, respectively. Significant investments were made in US during 2016 (negative EBITDA<sup>2</sup> impact of MNOK 44), fueled by a strong commercial momentum and customer interest. Current investment rate is substantially reduced as a strong team is right sized and the business model is established (demonstrated by first month with positive EBITDA in December 2016 in the US). There is a strong strategic rationale behind Crayon’s geographic expansion plan, which was further reinforced in 2016 through several international customer wins, strengthened vendor positioning and improved economies of scale.

During the last couple of years, Crayon has made significant investments in developing cloud IP & capabilities, e.g., self-provisioning portal, automating SAM and cloud services. As a result, Crayon is now leading the cloud transformation in the global software market with a cloud mix that is 1.4x better than peers. Furthermore, Crayon has invested in and introduced hyper scalable indirect business models that allow partners to more effectively provision and administrate cloud services to their end-customers. As these business models are recurring by nature (typically monthly invoicing), significant recurring business is expected going forward.

During 2016, Crayon also implemented a set of comprehensive cost leadership and working capital programs to improve the company’s profitability and cash situation. These group-wide programs are expected to yield an annual cost savings of MNOK 30-40 and continue to improve the working capital position. In July 2017, Crayon’s existing MNOK 650 senior secured bond matures, and the company and its owners are confident that refinancing will be secured in full within maturity of the bond.

## Financials

### Q4 2016

The underlying gross profit growth in Q4 2016 was strong across all markets and business segments, totalling up to gross profit in Q4 2016 of MNOK 332.5 vs. MNOK 324.0 in Q4 2015, i.e. +3% YoY. However, when adjusting for one-offs related to intercompany eliminations in Q4 2015, YoY gross profit growth was around +10% on like for like basis. Gross profit growth YoY in Q4 2016 from a geographical perspective was primarily driven by:

- 1) Established Nordic Markets<sup>3</sup> grew from MNOK 207.0 in Q4 2015 to MNOK 226.7 in Q4 2016, i.e. +9% YoY.
- 2) Growth Markets<sup>4</sup> had a negative gross profit growth from MNOK 55.2 in Q4 2015 to MNOK 49.6 in Q4 2016, i.e. -10% YoY. The YoY decline in Q4 was mainly driven by the German subsidiary (MNOK ~6 YoY gross profit decline) as some licensing deals were pushed into q1 2017.
- 3) Start-ups 2014<sup>5</sup> grew from MNOK 10.1 in Q4 2015 to MNOK 15.6 in Q4 2016, i.e. +54% YoY.
- 4) Start-ups 2015 excl. US<sup>6</sup> grew from MNOK 1.5 in Q4 2015 to MNOK 3.2 in Q4 2016, i.e. +116% YoY.
- 5) US (incl. Anglepoint) grew from MNOK 26.9 in Q4 2015 to MNOK 30.7 in Q4 2016, i.e. +14% YoY.

Q4 2016 EBITDA<sup>2</sup> was MNOK 63.6 compared to MNOK 54.3 in Q3 2015 (MNOK +9.4, or +17.3% YoY). The YoY decrease in Q4 2016 EBITDA was primarily driven by:

- 1) Decreased profitability among the Growth Markets<sup>4</sup>. EBITDA decreased from MNOK 6.5 in Q4 2015 to MNOK 4.5 in Q4 2016, driven by the German subsidiary (MNOK 4.6 YoY decline) as some licensing deals were pushed into q1 2017.
- 2) Increased investments in Start-ups 2015 excl. US<sup>6</sup>. EBITDA decreased from MNOK -3.9 in Q4 2015 to MNOK -5.4 Q4 2016.

The above negative Q4 YoY drivers were more than offset by:

- 1) Increased profitability in the Established Nordics Markets<sup>3</sup>, growing EBITDA from MNOK 72.7 in Q4 2015 to MNOK 83.8 Q4 2016.
- 2) Increased profitability in Start-ups 2014<sup>5</sup>, growing EBITDA from MNOK -8.6 in Q4 2015 to MNOK -3.3 in Q4 2016. The positive YoY development is in line with historical vintage development of new countries signifying the future embedded EBITDA among the relatively new markets entered.
- 3) Increased profitability in the US (incl. Anglepoint), growing EBITDA from MNOK -4.3 in Q4 2015 to MNOK -3.3 Q4 2016.

The US experienced a very strong finish of the year, with encouraging Q4 and December 2016 EBITDA results with MNOK -3.3 and +2.2, respectively (first month with positive EBITDA in US combined). In wake of weak trading YTD September 2016, several initiatives were put in motion in the US. About 25% of the workforce were terminated and stringent cost focus and savings plan are put in place. These initiates have now started to materialize in terms of reduced cost base. On the commercial side, both Crayon US and Anglepoint experience a very strong commercial momentum which will yield improved results in 2017.

## **YTD Dec. / FY 2016**

Gross profit growth for FY2016 was strong across all markets and business segments, growing from MNOK 914.9 FY 2015 to MNOK 1,128.4 FY 2016, i.e. +23% YoY and +16% YoY pro-forma adjusted<sup>1</sup>. From a geographical perspective, the newly established markets (Start-ups 2014<sup>5</sup> and 2015<sup>6</sup>) are growing fastest, while the Established Nordic Markets<sup>3</sup> continue to show strong double digit growth numbers which underpins Crayon's unique offering and go to market model across all markets independent of maturity. Gross profit growth from FY 2015 to FY 2016 from a geographical perspective was primarily driven by:

- 1) Established Nordic<sup>3</sup> Markets grew from MNOK 684.0 FY 2015 to MNOK 757.7 FY 2016, i.e. +11% YoY.
- 2) Growth Markets<sup>4</sup> grew from MNOK 167.5 FY 2015 to MNOK 182.8 FY 2016, i.e. +9% YoY.
- 3) Start-ups 2014<sup>5</sup> grew from MNOK 35.0 FY 2015 to MNOK 60.4 FY 2016, i.e. +72% YoY.
- 4) Start-ups 2015 excl. US<sup>6</sup> grew from MNOK 1.8 FY 2015 to MNOK 10.3 FY 2016, i.e. +470% YoY.
- 5) US (incl. Anglepoint) grew from MNOK 88.7<sup>1</sup> FY 2015 to MNOK 100.7 FY 2016, i.e., +13%<sup>1</sup>.

FY 2016 EBITDA<sup>2</sup> was MNOK 105.2 compared to MNOK 113.7 FY 2015 (MNOK -8.6 or -8% YoY). The YoY decrease was primarily driven by:

- 1) Increased investments in the US (incl. Anglepoint), reducing EBITDA from MNOK 10.4<sup>1</sup> FY 2015 to MNOK -44.0 FY 2016.
- 2) Increased investments Start-ups 2015 excl. US<sup>6</sup>, reducing EBITDA from MNOK -9.7 FY 2015 to MNOK -21.2 FY 2016.
- 3) Increased HQ costs driven by IP and structural capital investments, reducing EBITDA from MNOK -21.2 FY 2015 to MNOK -25.3 FY 2016.

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

- 1) Increased profitability in the Established Nordics Markets<sup>3</sup>, growing EBITDA from MNOK 176.8 FY 2015 to MNOK 204.4 FY 2016.
- 2) Increased profitability in Growth Markets<sup>4</sup>, growing EBITDA from MNOK -1.1 FY 2015 to MNOK 3.1 FY 2016.
- 3) Increased profitability in Start-ups 2014<sup>5</sup>, growing EBITDA from MNOK -26.7 FY 2015 to MNOK -9.4 FY 2016. The positive YoY development is in line with historical vintage development of new countries signifying the future embedded EBITDA among the relatively new markets entered.

## **Business areas - Review**

For FY 2016, all business areas demonstrated a positive YTD gross profit growth, where SAM (+46%), licensing (+24%) and XSP<sup>7</sup> (+17%) showed the largest YoY growth. Consulting experienced a gross profit growth of +6% YoY, driven by both Cloud and Solution consulting. Cloud consulting grew its gross profit from MNOK 125.3 in FY 2015 to MNOK 130.8 FY 2016 (+4% YoY), while Solution consulting grew its gross profit from MNOK 159.7 in FY 2015 to MNOK 170.4 FY 2016 (+7% YoY).

## **Balance sheet items**

Working capital is seasonal, yet fairly predictable through the year with a seasonal pattern of working capital build up in q1 and q3 and unwinding of working capital in q2 and q4. Over the last 36 months, trade working capital (incl. public duties) has on average increased with MNOK ~20 per year driven by gross profit growth and changed product mix, yet partly offset via other working capital levers. During 2016 the Company has increased its focus on working capital management, which has continued to yield positive results, and the Company will continue to focus on optimizing the working capital level.

The net cash position as of 31 December 2016 was MNOK 227.9 compared to MNOK 236.3 at the beginning of the year, and MNOK 23.4 as of end Q3 2016. Cash conversion from operations in FY 2016 corresponds to 133% of EBITDA<sup>2</sup> which signify the Company's strong cash generation from operations.

Net interest bearing debt incl. Anglepoint's interest bearing promissory note, as of end December 2016 was MNOK 451.7 (excluding restricted cash), corresponding to a leverage ratio of 3.66x EBITDA<sup>8</sup>. The Company had headroom with regards to its bank covenants.

1 Pro-forma adjusted for the Anglepoint acquisition

2 Excluding non-recurring costs

3 Norway, Sweden, Finland, Denmark and Iceland

4 Germany, France, UK and Middle East

5 Newly established markets with inception point in 2014 (e.g. Austria, Netherlands, India, Malaysia and Singapore)

6 Newly established markets (excl. US) with inception point in 2015 (e.g. Spain, Portugal and Switzerland)

7 Crayon's offering towards hosters, system integrators and ISVs

8 On a LTM basis, excluding non-recurring costs and minority interest

Note: Un-eliminated numbers are applied to both market cluster performance and business area performance in above commentary

Crayon Group Holding AS  
 Condensed Consolidated Statement of Income

(In thousands of NOK)	Note	Quarter ended		Year to date ended		Year ended
		31 December,		31 December,		31 December,
		Un-audited	Un-audited	Un-audited	Un-audited	Audited
Operating revenue	2,5	1 827 060	1 543 382	6 015 162	4 687 943	4 687 943
Materials and supplies		1 494 578	1 219 419	4 886 757	3 773 034	3 773 034
<b>Gross profit</b>		<b>332 482</b>	<b>323 963</b>	<b>1 128 404</b>	<b>914 909</b>	<b>914 909</b>
Payroll and related cost		229 827	225 807	870 183	668 332	668 332
Other operating expenses		39 026	43 899	153 046	132 829	132 829
<b>EBITDA</b>	5	<b>63 629</b>	<b>54 257</b>	<b>105 175</b>	<b>113 748</b>	<b>113 748</b>
Exceptional items		1 949	4 186	13 456	16 283	16 283
Depreciation and amortization	6	33 866	63 728	99 018	118 443	118 443
<b>Operating profit/EBIT</b>		<b>27 814</b>	<b>(13 656)</b>	<b>(7 299)</b>	<b>(20 978)</b>	<b>(20 978)</b>
Interest expense		14 825	7 692	63 022	62 796	62 796
Other financial expense, net	7	787	29 755	30 503	39 273	39 273
<b>Ordinary result before tax</b>		<b>13 776</b>	<b>8 407</b>	<b>(39 818)</b>	<b>(44 501)</b>	<b>(44 501)</b>
Income tax expense on ordinary result		17 246	12 819	(11 822)	(11 581)	(11 581)
<b>Net income</b>		<b>(3 469)</b>	<b>(4 412)</b>	<b>(27 996)</b>	<b>(32 920)</b>	<b>(32 920)</b>
Comprehensive income		9 676	33 902	(39 752)	35 079	35 079
<b>Total comprehensive income</b>		<b>6 207</b>	<b>29 490</b>	<b>(67 748)</b>	<b>2 159</b>	<b>2 159</b>
<b>Allocation of comprehensive income</b>						
Owners of Crayon Group Holding AS		10 055	29 862	(49 436)	10 564	10 564
Minority interest		(3 848)	(372)	(18 312)	(8 404)	(8 404)
<b>Total comprehensive income allocated</b>		<b>6 207</b>	<b>29 490</b>	<b>(67 748)</b>	<b>2 159</b>	<b>2 159</b>

Crayon Group Holding AS  
 Condensed Consolidated Balance Sheet Statement

(In thousands of NOK)	Note	31 December	
		Un-audited	Audited
<b>ASSETS</b>			
<i>Current assets:</i>			
Inventory		17 546	21 424
Accounts receivable		1 206 783	962 359
Other receivables		56 065	35 102
Cash & cash equivalents		227 905	236 293
<b>Total current assets</b>		<b>1 508 299</b>	<b>1 255 178</b>
<i>Non-current assets:</i>			
Technology, software and R&D		104 347	98 655
Contracts		101 034	158 723
Software licenses		7 421	7 421
Goodwill		834 848	862 203
Property & equipment		18 704	19 691
Investment in associates		0	0
Other long-term receivables		3 203	3 535
<b>Total non-current assets</b>		<b>1 069 557</b>	<b>1 150 228</b>
<b>Total assets</b>		<b>2 577 857</b>	<b>2 405 406</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<i>Current liabilities:</i>			
Accounts payable		1 224 108	905 795
Income taxes payable		(1 084)	(2 662)
Public duties		186 949	180 776
Other current liabilities		211 491	191 024
Debt due within 12 months	3,4	659 582	-
<b>Total current liabilities</b>		<b>2 281 046</b>	<b>1 274 933</b>
<i>Long-term liabilities:</i>			
Long-term debt	3,4	-	679 956
Deferred tax liabilities		9 253	41 365
Other long-term liabilities		1 472	37 425
<b>Total long-term liabilities</b>		<b>10 725</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		(15 845)	54 612
Minority interest		(12 855)	2 520
<b>Total shareholders' equity</b>		<b>286 085</b>	<b>371 727</b>
<b>Total liabilities and shareholders' equity</b>		<b>2 577 857</b>	<b>2 405 406</b>

Crayon Group Holding AS  
 Condensed Consolidated Statement of Cash Flows

(In thousands of NOK)	Quarter ended 31 December,		Year to date ended 31 December,		Year ended 31 December,
	Un-audited 2016	Un-audited 2015	Un-audited 2016	Un-audited 2015	Audited 2015
<b>Cash flows provided by operating activities:</b>					
Ordinary result before tax	13 776	8 407	(39 818)	(44 501)	(44 501)
Taxes paid	(2 943)	(7 019)	(17 608)	(21 436)	(21 436)
Depreciation and amortisation	33 866	63 728	99 018	118 443	118 443
Net interest to credit institutions	10 436	10 695	49 384	44 395	44 395
Changes in inventory, accounts receivable/payable	88 036	(14 030)	77 767	(97 113)	(97 113)
Changes in other current assets	79 827	78 320	(29 080)	45 725	45 725
<b>Net cash flow from (used in) operating activities</b>	<b>222 999</b>	<b>140 101</b>	<b>139 662</b>	<b>45 513</b>	<b>45 513</b>
<b>Cash flows used in investing activities:</b>					
Acquisition of assets	(12 222)	(16 257)	(51 212)	(34 639)	(34 639)
Acquisition of subsidiaries	(327)	(7 515)	(29 620)	(64 698)	(64 698)
Divestments	46	1 024	146	1 197	1 197
Repurchase of own shares	-	-	-	(115)	(115)
<b>Net cash flow from (used in) investing activities</b>	<b>(12 503)</b>	<b>(22 748)</b>	<b>(80 686)</b>	<b>(98 254)</b>	<b>(98 254)</b>
<b>Cash flow used in financing activities:</b>					
Net interest paid to credit institutions	(11 662)	(12 231)	(51 112)	(43 888)	(43 888)
New equity	-	-	-	-	-
Change in subsidiaries	-	4 515	-	19 298	19 298
Proceeds from issuance of interest bearing debt	-	-	-	-	-
Repayment of interest bearing debt	-	-	(73)	(607)	(607)
Change in other long-term debt	5 218	4 781	(3 578)	6 072	6 072
<b>Net cash flow from (used in) financing activities</b>	<b>(6 444)</b>	<b>(2 934)</b>	<b>(54 762)</b>	<b>(19 125)</b>	<b>(19 125)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>204 053</b>	<b>114 419</b>	<b>4 214</b>	<b>(71 866)</b>	<b>(71 866)</b>
Cash and cash equivalents at beginning of period	23 382	122 372	236 293	296 938	296 938
Currency translation	471	(497)	(12 602)	11 221	11 221
<b>Cash and cash equivalents at end of period</b>	<b>227 905</b>	<b>236 293</b>	<b>227 905</b>	<b>236 293</b>	<b>236 293</b>

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

*Year to date period ending*

*31 December,*

(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

- - - (24 516) (8 404) (32 920)

Currency translation

- - - 35 079 35 079

Other

- 173 (140) 35 160 13 575 48 767

**Balance as of end of period**

<b>52 476</b>	<b>(43)</b>	<b>262 163</b>	<b>54 612</b>	<b>2 520</b>	<b>371 727</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.

(0) - 1 (14 016) (1) (14 016)

Adjustment

- - - (2 906) 2 939 33

Share repurchase (net)

- 31 156 - - 188

Net income

- - - (8 552) (19 444) (27 996)

Currency translation

- - - (40 885) 1 132 (39 752)

Other

0 -0 -0 -4 100 0 (4 100)

**Balance as of end of period**

<b>52 476</b>	<b>(12)</b>	<b>262 320</b>	<b>(15 845)</b>	<b>(12 855)</b>	<b>286 085</b>
---------------	-------------	----------------	-----------------	-----------------	----------------

## Notes to the Condensed Interim Consolidated Financial Statements - Period ended 31 December, 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 2015.

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 December,	
	2016	2015
Long-term interest debt	665 107	679 956
Cash and cash equivalents	227 905	236 293
Net interest bearing debt	<b>437 202</b>	<b>443 663</b>

**Note 5 - Segment information**

"Other" includes administration costs, unallocated Global Shared Cost, intercompany transactions and corrections for exceptional items.

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 December, 2016	2015
Gross profit by operating segment:		
- Licensing	429 095	345 421
- XSP	110 541	94 222
- SAM	261 987	178 907
- Consulting	301 206	285 041
Gross profit from operations	<b>1 102 829</b>	<b>903 590</b>
- Other	25 575	11 318
Total gross profit	<b>1 128 404</b>	<b>914 909</b>

(In thousands of NOK)	Year to date ended	
	31 December, 2016	2015
Gross profit by country classification:		
- Established markets	940 433	851 501
- New markets	171 270	63 739
Gross profit from operations	<b>1 111 703</b>	<b>915 240</b>
- Other	16 701	(331)
Total gross profit	<b>1 128 404</b>	<b>914 909</b>

EBITDA by operating segment and country classification:

(In thousands of NOK)	Year to date ended	
	31 December, 2016	2015
EBITDA by operating segment:		
- Licensing	139 138	127 580
- XSP	50 323	53 027
- SAM	13 380	2 171
- Consulting	33 551	42 178
EBITDA from operations	<b>236 392</b>	<b>224 957</b>
- Other	(131 217)	(111 209)
Total EBITDA	<b>105 175</b>	<b>113 748</b>

(In thousands of NOK)	Year to date ended	
	31 December, 2016	2015
EBITDA by country classification:		
- Established markets	205 678	175 652
- New markets	(83 099)	(41 510)
EBITDA from operations	<b>122 579</b>	<b>134 142</b>
- Other	(17 405)	(20 394)
Total EBITDA	<b>105 175</b>	<b>113 748</b>

**Note 6 -Depreciation and amortization**

Depreciation and amortization consists of the following:

(In thousands of NOK)	Year to date ended 31 December,		Quarter ended 31 December,		Year ended 31 December,	
	2016	2015	2016	2015	2015	2015
Depreciation	9 214	18 114	(3 271)	2 648	18 114	18 114
Amortization of intangibles (incl. write-down)	89 804	100 329	37 137	61 080	100 329	100 329
<b>Total</b>	<b>99 018</b>	<b>118 443</b>	<b>33 866</b>	<b>63 728</b>	<b>118 443</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 31 December,		Quarter ended 31 December,		Year ended 31 December,	
	2016	2015	2016	2015	2015	2015
Interest income	13 639	18 400	4 389	(3 002)	18 400	18 400
Other financial income	107 214	112 993	25 655	10 093	112 993	112 993
Other financial expenses	90 350	92 120	29 256	(22 665)	92 120	92 120
<b>Total</b>	<b>30 503</b>	<b>39 273</b>	<b>787</b>	<b>29 755</b>	<b>39 273</b>	<b>39 273</b>

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