



Annual Report
2017



**Front page: Dubai skyline,
U.A.E is part of Crayon Growth
Markets. Growth Markets gross
profit 204 NOK millions, EBITDA
growth 252%.**

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Presence



NUMBER OF
OFFICES WORLD WIDE

43

ADDRESSABLE MARKET
COVERAGE

~80%

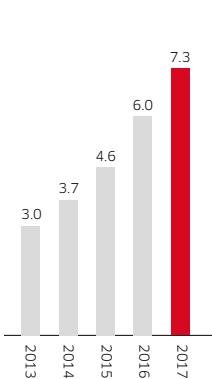
Key Figures

(NOK in thousands, unless stated)

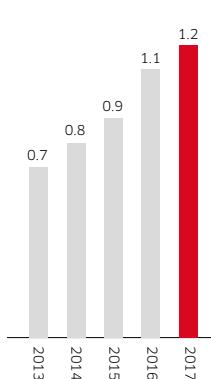
	2017	2016	2015
Revenue	7 301 712	6 015 162	4 687 943
Gross profit	1 215 776	1 128 404	914 909
EBITDA	103 842	91 719	97 464
Adjusted EBITDA	130 600	105 175	113 748
EBIT	32 158	(7 299)	(20 978)
Net income	(50 734)	(30 213)	(64 518)
Cash flow from operations	152 859	139 662	13 915
Gross profit margin (%)	16.7%	18.8%	19.5%
Adjusted EBITDA / Gross profit margin (%)	10.7%	9.3%	12.4%
Earnings per share (NOK per share)	(0.59)	(0.21)	(0.63)
	31 December 2017	31 December 2016	31 December 2015
Liquidity reserve	518 868	288 400	236 293
Net working capital	(405 301)	(339 605)	(256 047)
Average headcount (FTEs)	977	945	782

See Alternative Performance Measures section in the note disclosure for definitions, note 25.

OPERATING REVENUE In NOK billions



GROSS PROFIT In NOK billions

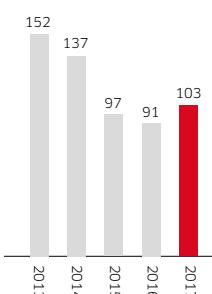


KEY FINANCIAL FIGURES

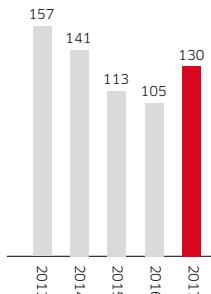
GROSS PROFIT
GROWTH

+ 8%

EBITDA In NOK millions



ADJUSTED EBITDA In NOK millions



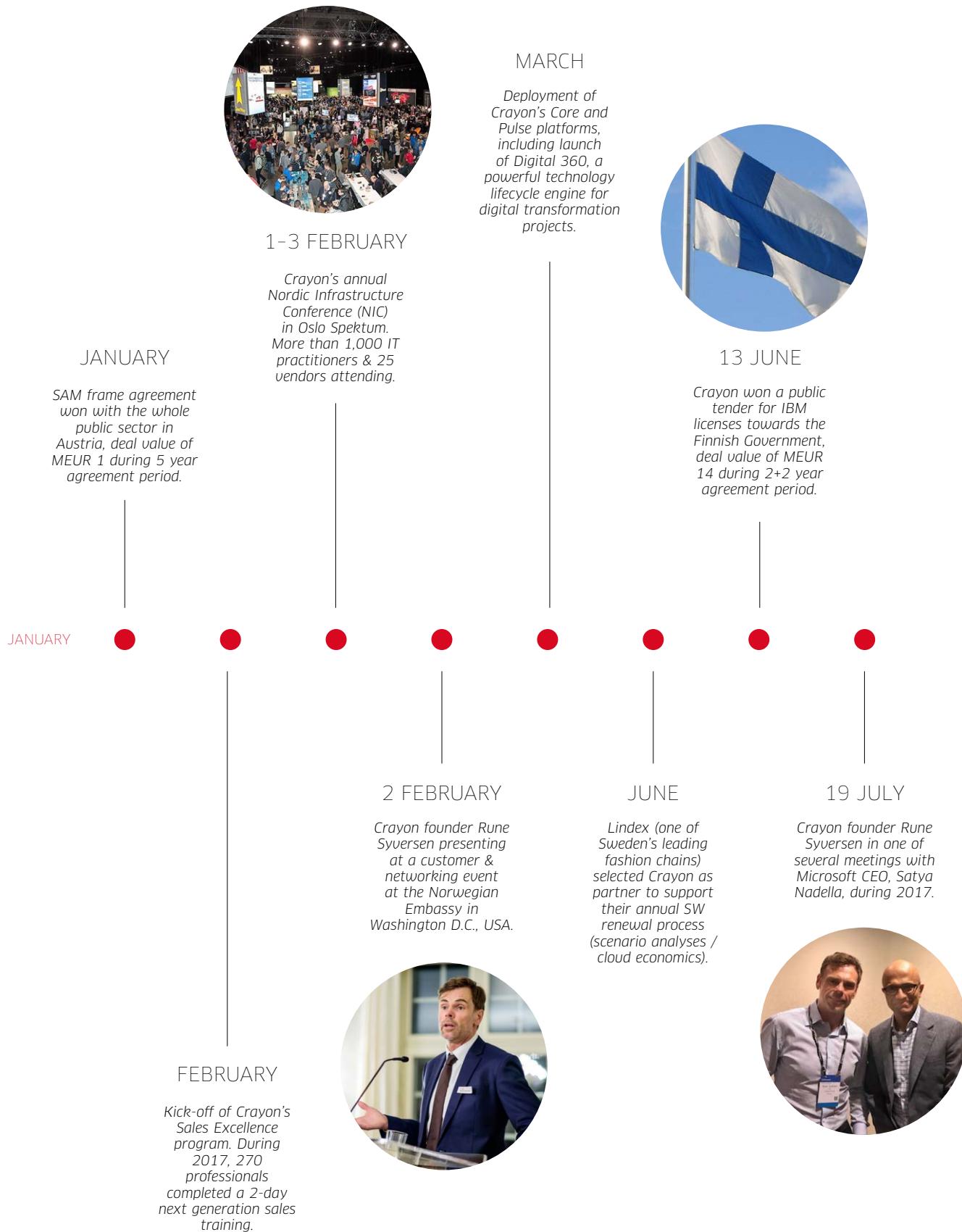
ADJUSTED EBITDA
GROWTH

+ 24%

OPERATING CASH
CONVERSATION

117%

Selected Highlights of 2017





11 OCTOBER

Torgrim Takle (CEO) at Crayon's annual Partner Summit Event in London, UK. More than 40 SW/IT vendors attending.



8 NOVEMBER

Crayon becoming a listed company at the Oslo Stock Exchange with listing price per share of NOK 15.5. 21.9 million new shares issued, raising gross proceeds of MNOK 340.

SEPTEMBER

Crayon's new General Data Protection Regulation ("GDPR") service finalized and ready for market launch.

8-12 OCTOBER

Crayon participating at Gitex Technology Week in Dubai, UAE.

7 NOVEMBER

Crayon hosting a successful CXO Digital Strategy Forum in Manila, Philippines.

21 NOVEMBER

Crayon hosting Artificial Intelligence event in Oslo ("AI: From hype to business"). More than 70 professionals attending.



22 AUGUST

Crayon hosting a cybersecurity event in London (UK) with more than 100 IT security professionals attending.

CEO Letter

Dear Friends of the Company,

When I joined Crayon in 2013, I was excited to be part of an organisation known for its agility, entrepreneurial spirit, and determination to optimize value for the customer through world-class products and services.

Since then, we have steadily been making strategic changes to build upon our company's strong foundation, with significant investments made into establishing a global business footprint which now serves around 80% of the worldwide addressable IT market. In addition, we have developed an extensive portfolio of Intellectual Property (IP) to allow us to scale the delivery of our services and support regardless of the physical location of the customer.

2017 marked another milestone as Crayon successfully accomplished an IPO on the Oslo Stock Exchange, providing the financial flexibility to execute on our strategic plan and objectives. As a result, the foundation for future value creation for our customers, partners and shareholders has never been stronger. Now it's all about execution!

2017 Highlights

- Posted record revenues of NOK 7,302 million, translating to an organic revenue growth of 21% compared to the previous year.
- Improved adjusted EBITDA to MNOK 131 (+24% compared to prior year), and similarly the EBITDA margin by 1.4 pps to 10.7% (EBITDA as percentage of gross profit).
- Continued to deliver strong profitability improvement in new markets (established during 2013-

2016), with a combined EBITDA improvement of NOK 56 million compared to prior year.

- Experienced triple-digit year-over-year revenue growth for strategically important new service areas such as cloud economics, machine learning and cyber security.
- Continued to lead the cloud and digital transformation in the global software market with a "best-in-class" cloud mix of 54% (1.5x better than peers).
- Continued to invest in own IP portfolio including the launch of several new services (GDPR, Digital 360, Partner-iQ and Pulse).
- Delivered a strong cash conversion ratio of 117% (operating cash flow as percentage of adjusted EBITDA).
- Successfully accomplished an IPO on the Oslo Stock Exchange, raising gross proceeds of approximately NOK 340 million.
- Welcomed around 50 new teammates to the company. Out of Crayon's approximately 1,100 team members, 60% of our customer facing representatives are Software Asset Management (SAM), cloud and technical consultants.

Unique business model

Over the past 16 years, Crayon's core value proposition has been founded on its deep heritage and expertise in truly unique Software Asset Management (SAM) services, and IP; We help organizations to optimize software license usage, reduce costs and stay compliant with appropriate legislation, such as GDPR, and with the complex licensing terms from the hyper-scale vendors such as IBM, Microsoft and Oracle.

Our SAM first...Cloud First Strategy allows us to optimise customer acquisition and retention, in fact, Crayon enjoys unparalleled customer loyalty with an

average year-over-year repeat customer gross profit of 96%. SAM is not only the strategic foundation of our business it also differentiates us from the rest of the market. Today, Crayon has the world's largest independent SAM practice consisting of more than 250 consultants, delivering an ROI (Return on Investment) to our customers of ~30x for every dollar spent on our services.

This unique business model also provides for the delivery of end-to-end services along the software & cloud value chain, with a balanced mix between consulting and transactional support (organized within our Services and Software business division, respectively). This creates deep customer relationships as we can optimize value through all phases of the technology lifecycle while concurrently ensuring tactical and strategic considerations are aligned. Value to the customer is value to Crayon, with the latter manifested through highly efficient customer monetization and the leveraging of upsell opportunities. Our unique business model constitutes the cornerstone of our ability to scale value creation.

Exciting market outlook

In my letter to you last year, I described the opportunities for Crayon in a time of digital transformation, a megatrend that is fundamentally reshaping global industry and commerce as well as transforming the way we live and how our societies function.

During 2017 we saw this trend continue to accelerate. Whereas digital transformation may once have been just a buzzword in some boardrooms, it is now an imperative and essential to staying relevant and competitive in rapidly changing markets. As a result, many organizations no longer see IT and software expenditure solely as a cost driver, but as a strategic consideration and part of their business transformation objectives. It's no surprise that this trend will have positive implications for Crayon's business. Let's take a closer look. Cloud computing is the key enabler for digital transformation, and our Software division is heavily impacted by this paradigm shift in how customers



are providing both IT productivity and technical infrastructure capacities. In some cloud segments we are experiencing high double-digit revenue growth, and with a current market cloud-mix of only 25-30% globally, we expect to see sustained strong cloud centric segment growth for many years to come. More importantly, the complexity involved to optimise the acquisition and deployment of cloud technology allows Crayon to deliver more services and IP to our customers, thereby increasing the margin substantially compared to the situation for traditional software provision. Plus, regardless of cloud transition and end-state, there will always be relentless cycles of new software products/versions being launched. In other words, there will always be a need for a licensing advisor, or as Crayon calls it, a "Software Expert".

In our Services division, the digital transformation trend will reposition our SAM services to become more strategic, thereby providing us with better pricing and fee opportunities. However, just as our customers' needs are evolving, so too is Crayon. We are now steadily expanding our practices within new service areas such as cloud economics, AI/machine learning and cyber security. As we evolve, we will ensure that we maintain our recognized industry leadership in SAM, and continue to invest in new service areas where we can offer the most value to our customers.

“

The foundation for value creation for our customers, partners and shareholders has never been stronger! Our investment in unique IP and teammate skills has delivered innovation and scaled access to both products and services that help our customers optimise their digital transformation whilst providing a material monetisation opportunity and compelling differentiation for Crayon within the dynamic global IT market. Now it's all about execution!

In short, we have significant business opportunities ahead of us as a trusted partner to support our customers on their cloud and digital transformation journey.

Scalability

Crayon is a growth company. We believe there is a competitive advantage in upholding the momentum of growth, and consequently, building a scalable business is one of the most important strategic priorities for Crayon. The basic foundation for scalability in Crayon is a resilient business model with high customer loyalty (96% repeat gross profit) and a share of recurring business (60-65% of existing gross profit is contractually recurring or delivered through frame agreements). To further build on this we are scaling our business across two other important dimensions; Strengthening our IP portfolio and leveraging our fully invested geographical platform.

Over the last 3-4 years, we have made significant investment in our own services and IP (capabilities, tools and sales & delivery platforms), growing our share of gross profit related to the use of Crayon's own IP portfolio from ~5% in 2014 to around 20% in 2017 (benefiting approximately 50% of our customer base). IP is important for Crayon not only from a scalability perspective, but it also helps us to differentiate ourselves from our competition and lower the cost to serve our customers. We have a firm plan to continue investments in IP and thereby to increase the related share of gross profit.

Crayon is now present in more than 20 markets, covering approximately 80% of the global IT addressable market. This fully invested geographical platform provides a strong foundation to further scale our business; Crayon operates in a global market with customers facing the same challenges and needs across borders, yielding scale advantages in procurement, operations and capabilities.

IPO, capitalization and consolidation opportunity

During 2017, the Company decided to pursue an initial public offering (IPO) for two reasons; 1) To become a more visible company to elevate our capability to

attract top talent whilst retaining high performing teammates through a share purchase and option program, and 2) To raise additional capital to execute on the Company's strategic objectives. On 8 November 2017, Crayon successfully accomplished an IPO on the Oslo Stock Exchange with 22.9 million new shares issued, raising gross proceeds of approximately MNOK 340. This capital injection gives us a clear runway to positively participate in the ongoing trend of industry consolidation and acquire companies with either attractive customer portfolios or bespoke services and IP that can be scaled across our existing business footprint. We are extremely confident that our new position as a listed company will give us a competitive advantage and allow us to optimise on the opportunities that we see in the market today.

It's been an eventful year in 2017; I want to thank our teammates and partners for all of their efforts that helped in the building of our solid foundation for future value creation. I look forward to working alongside all of you in 2018 and beyond to execute and excel against our ambitious objectives!

Thank you all for supporting our efforts.



Torgrim Takle
CEO Crayon Group Holding ASA



USA
KEY FIGURES

GROSS PROFIT

133

NOK millions

EBITDA GROWTH

74%



Crayon Management



TORGRIM TAKLE
Chief Executive Officer

Torgrim Takle joined Crayon in September 2013 as the Company's chief financial officers ("CFO") before he became the CEO of the Company and Crayon Group AS in 2015. Prior to 2013, Mr. Takle served as CFO of Thin Film Electronics ASA (a publicly listed technology company in Norway). Previously, Mr. Takle was an Associate Principal at McKinsey & Company which he joined in 2004,

managing corporate finance-related projects for clients across Europe and the USA. Mr. Takle has ten years of experience with the industry and management. Mr. Takle holds a Master of Science degree from the Norwegian University of Science and Technology's Department of Industrial Economics and Technology Management. He is a Norwegian citizen, residing in Oslo, Norway.



RUNE SYVERSEN
Founder and Deputy Chief Executive Officer

Rune Syversen co-founded Crayon in 2002. Mr. Syversen is the deputy CEO of the Company. Prior to leading the establishment of Crayon, he held a number of senior positions in the Telenor group in Norway and Sweden as well as establishing several companies involved with IT and financing. Mr. Syversen has over 20 years of experience with the industry and management. Mr. Syversen

studied at the Norwegian School of Management. He is a Norwegian citizen, residing in Oslo, Norway.



JON BIRGER SYVERTSEN
CFO

Jon Birger Syvertsen joined Crayon in March 2018 as CFO of Crayon Group. Before joining Crayon, Mr. Syvertsen was the CFO of Kebony AS and held management/business development roles at FMC Health and Nutrition and Epax AS. Prior to this he was an Engagement Manager at McKinsey&Company, where he was a member of the Corporate Finance practice and served clients in multiple

industries across Europe. Mr. Syvertsen holds a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU) and Universität St. Gallen in Switzerland. He is a Norwegian citizen, residing in Oslo, Norway.



BENTE LIBERG
COO

Bente Liberg joined Crayon in March 2002 and has held various positions in the Company, first as Consulting Manager and then as Director of HR & Business Development from 2007. In 2010 she was appointed as chief operating officer ("COO"). Ms. Liberg came from the post of consultant manager in Eterra. Ms. Liberg has 15 years of experience as an IT infrastructure consultant and nine

years as a manager for IT consultants. Her previous employers include Netcenter, EDB, and Eterra/Getronics. Ms. Liberg studied at the NKI computer college (DPH). She is a Norwegian citizen, residing in Oslo, Norway.

Mattias Ödlund joined Crayon in 2007 as operations director for the Swedish subsidiary Crayon AB. He has later been appointed as chief technology officers (“CTO”) of the Group. Before joining Crayon, he worked as an IT manager consultant for five years and had engagements in industries like IT & Telecom, Retail and Logistics. Mr. Ödlund has 20 years of experience from the IT

& Telecom industry and has held senior positions at Song Networks AB (TDC) and at Wineasy AB as CTO and VP. He is a Swedish citizen, residing in Stockholm, Sweden.



MATTIAS ÖDLUND
CTO

Knut Ansten was appointed EVP, Head of Business Transformation and M&A in March 2018 to drive the Group’s M&A agenda and further efficiencies across Crayon’s global footprint. Mr. Ansten joined Crayon in September 2014 as Vice President of Finance, before being appointed Group CFO in August 2015. Prior to joining Crayon, Mr. Ansten worked for Wallenius Wilhelmsen Logistics in the global Corporate Finance & Strategy team focusing on corporate strategy, investments and M&A projects. Previously, Mr. Ansten worked as a

management consultant at McKinsey & Company serving European and Asian clients across multiple industries including telco, private equity, high tech and retail, providing consulting services on projects including corporate finance, marketing & sales strategy support. Mr. Ansten holds a Master of Science degree from the Norwegian School of Economics specializing in finance, with a minor degree from Vanderbilt University. He is a Norwegian citizen, residing in Oslo, Norway.



KNUT ANSTEN
EVP, Head of Business Transformation and M&A

Values and Sustainability

Crayon wants to build a greener and more sustainable future with IT through digitalization. We must ensure long-term sustainability of our business and take responsibility for the impact we have on the planet. This means to acknowledge our impact and striving to continuously improve our efforts within areas of environment, labor practices, fair business practices and responsible sourcing.

Crayon Values & Sustainability

Crayon seeks to discharge its corporate responsibility to its teammates, partners and the wider environment to the highest possible standard. To this effect our Crayon Values of Integrity, Pace, Agility and Quality provide a framework for how the organisation conducts itself and are embedded within our high performance culture and in our annual President's Club teammate reward and recognition program which seeks to recognise excellence in teammate performance and behaviour.

1. **Integrity** is important because:
It allows us to sustain our position as an integral and trusted part of our customer's IT solutions team.
2. **Pace** is important because:
We have to identify opportunities rapidly and execute value propositions to customers faster than our competition.
3. **Agility** is important because:
We must continue to innovate to be the global leader in the provision of intelligent technology & cloud based solutions for our customers.

4. **Quality** is important because:
We require operational and delivery excellence to drive successful project outcomes and ongoing customer retention.

Teammate Enablement

Crayon appreciates that the largest and most powerful asset we have are our people and the business significantly upgraded its teammate development program during 2017 with the deployment of the SalesEx Program. SalesEx is a custom built program for Crayon combining best practice consultative sales techniques with specific elements to reflect Crayon's business structure and culture. Designed to empower our client facing teammates to engage as effectively as possible with global business decision makers it was delivered via an expert third party consultant. 2017 saw over 240 of our sales teammates transition through the 2 day SalesEx workshops with over 98% of them rating the content and delivery "Impactful" or "highly Impactful".

The success of this initial phase of SalesEx will see the deployment of distance learning modules of the program deployed to all Crayon client facing teammates in 2018 and also the construction and delivery of an executive development program related to SalesEx designed to upgrade the performance and capability of the organisations' management and leadership teams to coach and nurture outstanding performance from all Crayon teammates.

In addition, Crayon progressed the deployment of its new Microsoft AX ERP System and Microsoft Dynamics CRM Platform throughout 2017, with the latter starting to deploy during the second half of the year. The projects are some of the largest and most impactful investments



that Crayon has ever made in its teammate enablement infrastructure and will allow for significant improvements in both effectiveness and efficiency once they are fully deployed by 2019.

Corporate Social Responsibility

Crayon Group's wider Corporate Social Responsibility (CSR) status is evaluated by an independent 3rd party; Eco Vadis. Our rating acknowledges how well our company has integrated the principles of CSR into its overall business.

The Eco Vadis methodology covers 21 criteria across four themes – environment,

fair labour practices, ethics/fair business practices, and supply chain. The methodology is built on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000, and the Eco Vadis report for 2017 is available on Crayon's homepage.

Crayon's current rating of Silver is one point below gold and the company will be taking steps throughout 2018 to seek to achieve Gold status as soon as practicable.

AREAS COVERED BY ECO VADIS METHODOLOGY

SOCIAL	ETHICS	CORRUPTION & BRIBERY	SUPPLY CHAIN
Energy consumption	Health & safety	Anti-competitive practices	Environment
Water	Working conditions	Fair marketing	Labor practices & Human rights
Biodiversity	Labor relations		
Local pollution	Career management		
Materials, chemicals & waste	Child & forced labor		
Air emissions	Freedom of association		
Green house gases	Non discrimination		
Product use / End of life	Fundamental human rights		
Customer health & safety			

Strategy in Action

Crayon is ideally situated to help our customers navigate this complex and potentially hazardous landscape and allow them to optimise the economics, continuity and transformation of their software estate. Our deep heritage in Software Asset Management (SAM) coupled with our ongoing strategy of investing in unique IP and skills ensures our customers deploy the right technology, at the right time, from the right vendor and at the optimum price in order to maximize their return on investment.

The global IT market is undergoing a paradigm shift, driven by multiple converging and accelerating trends. Enterprise and commerce are digitally transforming their business models rapidly in order to stay competitive and relevant to their customers and technology and data are the enablers that will define success. Innovation driven by artificial Intelligence (AI) and machine learning (ML) is delivering changes to the way we work and live whilst the threat of malicious cyber activity in order to manipulate competitive advantage, market sentiment or social disruption has never been greater.

Our ongoing investment in the construction and deployment of our “Intelligent Cloud” customer enablement platforms, including SAM-iQ and Cloud-iQ, provide worldwide access to Crayon capabilities and technical resources

24/7, across all the main customer need siloes including governance & control, agile procurement and provisioning and technical and non-technical support and training. This was augmented in Q4 2017 with the establishment of a single support organisation, Cloud Desk to help onboard and support our customers within the Crayon Intelligent Cloud, across all geographies, languages and time zones. These investments are allowing Crayon to support our customers and project our value add offer on a global basis regardless of the location of our physical assets.

Throughout the past year Crayon have also continued to invest in building our technical capabilities with 100 new teammates, many of them in technical consulting roles. This is reflected in the expansion of our Services Catalogue which now offers over 60 IT services covering Cloud Migration, Cloud Economics, Unified Communications, Security, Mobility and Modern Workplace solutions as well as SAM Services and multiple support and non-technical user enablement packages. A priority is being placed on the formulation and deployment of managed service / subscription based solutions such as the new Modern Workplace as a Service (MWaaS) and GDPR Infinity offers to provide an ongoing deep engagement with our customers along with recurring high margin yield business for Crayon.

2018 will see this process accelerate with the roll out of our Digital360 platform, a ‘dynamic shop window’ for all our technical services which presents Crayon service solutions based on the project or IT estate maturity level of the customer and provides seamless access to our technical consulting teams. Successfully piloted in the Nordics in 2017, Digital 360 will ultimately provide easy intuitive access for customers across our entire



global business to our entire Services Catalogue. Crayon's technical strength in depth allows us therefore not only to chart the route maps to success for our customers but to provide the support and service delivery to help them optimise IT project delivery and to ensure the secure continuity of their business.

Crayon are also expanding and accelerating the deployment of our AI and Machine Learning Practice which, in conjunction with our customers and main partners such as Microsoft, is developing transformative AI based IP within specific vertical markets such as the Healthcare sector. Outcomes from initial Proof of Concept Engagements (POCs) will be seen during 2018 with the objective of identifying opportunities for scale commercial monetization for 2019 and beyond.

Lastly, the public cloud market is forecast by Gartner to increase to over \$133billion by 2020, representing an \$80billion incremental market opportunity over the coming three years. Crayon therefore continue to collaborate effectively with

our partners extending the depth of commercial support from Microsoft, with particular focus on their Azure offering, along with others throughout 2017. This will continue and Crayon are committed to add additional cloud technology offerings from technology providers such as Amazon Web Services (AWS), Facebook, Google and Alibaba as they become relevant to our customers in 2018.

Crayon's SAM First...Cloud First strategy places the organisation at the heart of a rapidly escalating global technology driven value chain where our ability to optimise our customer's economic deployment of digital and cloud technology whilst securing the efficient running and continuity of their business and helping them transform to maximize the opportunities presented continues to win and drive material value for our teammates, partners and investors.

Financial Highlights 2017

Financially, 2017 represented a significant year for Crayon with continued growth on the operational level and a significant change to the capital structure following the refinancing of the CGH01 bond and the successful IPO in November 2017.

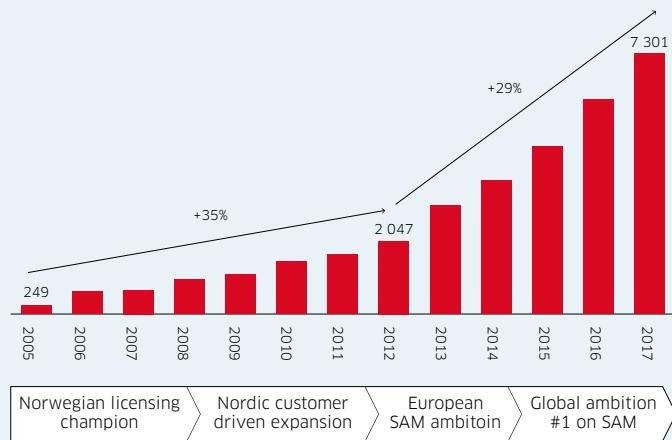
Revenue grew with 21% YoY in 2017, from NOK 6.0b to NOK 7.3b in 2017, while gross profit grew with 8% YoY from NOK 1 128m in 2016 to NOK 1 216m in 2017 and adjusted EBITDA grew with 24% from NOK 105m in 2016 to NOK 131m in 2017. For measuring performance across segments the most appropriate indicator is gross profit and EBITDA, as this is net of cost of goods sold (typically, software licenses) and is thus comparable across the different business divisions (software / services) in Crayon Group.

The group operates and reports based in four geographical segments - Nordics (Norway, Sweden, Denmark and Finland), Growth Markets (Germany, Middle East, France, UK), Start-ups (Countries with inception point in 2014 and 2015) and US.

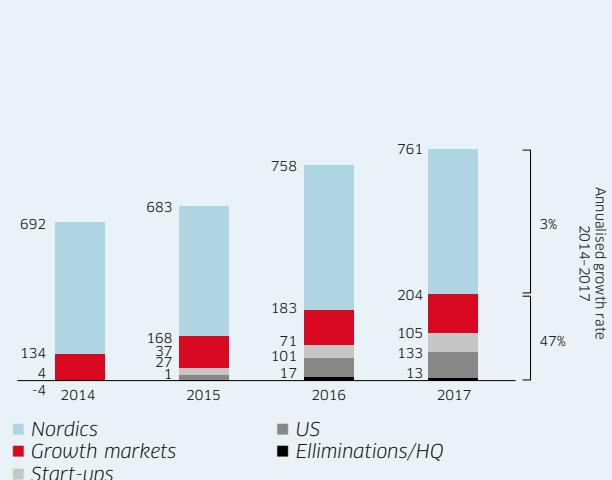
Crayon experienced strong growth in gross profits in 2017 across all geographies outside Nordics, (Growth markets + 21m, Start-ups + 34m, US +32m NOK YoY vs 2016), again highlighting the consistent pattern of leveraging the footholds established internationally, building the market presence and leveraging economies of scale on the local organizations and the global Crayon organization.

This gross profit growth is also reflected in the EBITDA development. Adjusted EBITDA grew from NOK 105m in 2016 to NOK 131m in 2017, a growth of 24% / NOK 26m. This growth was driven by the markets outside Nordics, where in particular the US made a strong contribution as EBITDA improved from

THE CRAYON GROWTH JOURNEY
NOK millions



GROSS PROFIT GROWTH BY INTERNATIONAL MARKETS
NOK millions



NOK -50m in 2016 to NOK -13m in 2017. The solid improvement in EBITDA was somewhat offset by a reduction of EBITDA in the Nordics by NOK 23m from 2016 to 2017. This reduction is primarily a result of incentive changes from the software providers, who is shifting their incentives programs towards cloud based solutions. Over time Crayon expects this to be a positive contributor as Crayon has a leading position on cloud services, but the short-term impact is negative as revenue / gross profits from cloud services are shifted out in time.

Within these geographic segments, the business operates in two business divisions, each comprising two segments. Services consists of Consulting and Software Asset Management ("SAM") and software licensing consists of Software Direct (Software licenses sold to end user) and Indirect (sales through intermediary, e.g., hosters/system integrators/ISVs).

Across the geographies, Crayon continued to pursue its "SAM first - Cloud first" strategy. As a result, Crayon achieved a best-in-class cloud mix of 54% in Q4 2017 and strong momentum on the SAM business.

Cash conversion remained strong in 2017, with cash flow from operations at 117% of Adjusted EBITDA, compared with 133% in

2016. This is a result of continued focus on working capital management, which the business will continue to address going forward.

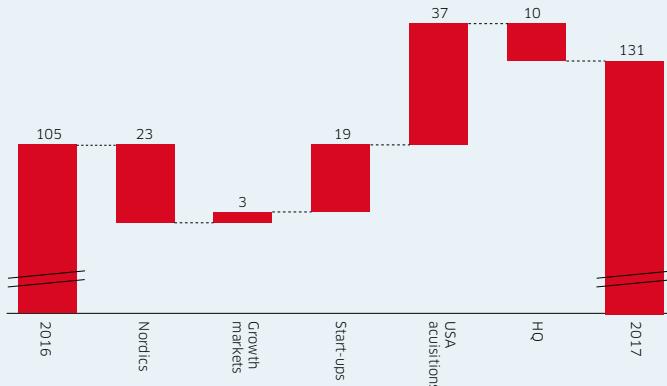
Furthermore, the balance sheet of the company was strengthened with the IPO of Crayon Group Holding ASA on the Oslo Stock Exchange on November 8, 2017 ("CRAYON.OL").

During 2017, the group also refinanced the NOK 650m bond maturing in July 2017 ("CGH01") with a NOK 600m bond raised in April ("CRAYON02"), which was significantly oversubscribed. Following the IPO, the Company exercised an Equity Claw-Back mechanism in the CRAYON02 bond, redeeming NOK 150m at a price equal to 102% of par value, leaving a current outstanding amount of NOK 450m.

¹⁾ Cloud Mix defined as sales of products / licenses hosted by Microsoft in the cloud.

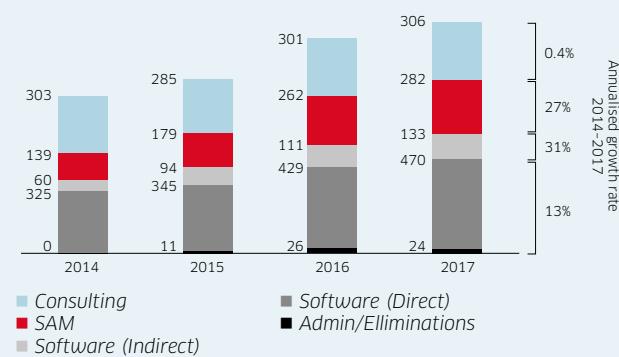
EBITDA GROWTH ALSO DRIVEN BY NEW GEOGRAPHIES

NOK millions



GROSS PROFIT GROWTH DRIVEN BY SAM AND LICENSING

NOK millions





START-UPS
KEY FIGURES

GROSS PROFIT

105

NOK millions

EBITDA GROWTH

58%





Board of Directors



JENS RUGSETH
Chairman of the Board

Jens Rugseth was a co-founder of Crayon Group AS in 2002. He has been an entrepreneur and investor in a large number of companies within the IT-sector over the past 30 years. Jens Rugseth is also co-founder and chairman of the Board of Link Mobility ASA (OSE: Link). Mr. Rugseth has also held the position as chief executive officer in some of the largest IT-companies in Norway, including ARK

ASA, Cinet AS and Skriversvik Data AS. Mr. Rugseth studied business economics at the Norwegian School of Management. Jens Rugseth is a Norwegian citizen, currently residing in Oslo, Norway.



GRETHE VIKSAAS
Board Member

Since May 2017, *Grethe Viksaas* has served as board member in the board of directors of Telenor ASA. Ms. Viksaas has had a long career in the Northern European-managed service provider Basefarm AS, first as founder and chief executive officer, then from 2016 as working chair of the board of directors. Prior to her career in Basefarm, Viksaas served as CEO for SOL System AS and

Infostream ASP. Ms. Viksaas currently serves as the chair of the board of directors in Norsk Regnesentral and as a board member of IKT-Norge. Ms. Viksaas has a master's degree in computer science from the University of Oslo. She is a Norwegian citizen, currently residing in Oslo, Norway.



DAGFINN RINGÅS
Board Member

Dagfinn Ringås is the chief executive officer of Schneider Electric Norge AS, a global leader within energy management and automation, with over 170,000 employees in 100 countries. Mr. Ringås has more than 20 years of experience within the IT-industry, of which the past 10 years have been with Microsoft Norway, where he was responsible for the corporate market and partners. Mr. Ringås

also holds board positions in Elko and EFO. Mr. Ringås has a bachelors' degree in American studies and political science from the University of Oslo. Mr. Ringås also has an MBA from Sydney Business School and an Executive Leadership Program from INSEAD. Dagfinn Ringås is a Norwegian citizen, currently residing in Asker, Norway.



EIVIND ROALD
Board Member

Eivind Roald is a Senior Industrial Advisor with Altor Equity Partners, supporting their portfolio companies in commercial and digital transformations. Prior to this Mr. Roald was the Executive Vice President and Chief Commercial Officer at SAS (Scandinavian Airlines System) for six years, Managing director of HP Norway for seven years and has also held several positions in Accenture as

partner. Mr. Roald started his career in the managing consulting company Railo International. Eivind Roald holds a bachelors' degree in Business and administration from the Norwegian School of Management, with focus on strategy and developing performance. Eivind Roald is a Norwegian citizen, currently residing in Asker, Norway.

Camilla Magnus is a lawyer and a partner of the Norwegian law firm Advokatfirmaet Selmer DA and head the Corporate and Finance Department. Ms. Magnus also serves on the board of directors of TechStep ASA, a position she has held since November 2016. Ms. Magnus' area of expertise includes M&A, contract law and corporate law. She regularly holds lectures and seminars on transaction

related legal subjects for Norwegian and foreign lawyers, the business community and students. Ms. Magnus has a master's degree in law from the University of Oslo. She is a Norwegian citizen, currently residing in Oslo, Norway.



CAMILLA MAGNUS
Board Member

Bjørn Henry Rosvoll is an employee of Crayon, working as a sales manager for Inmeta Consulting AS. Mr. Rosvoll has previous experience as Sales Director in Q-Free, EMGS, Aptomar, Lithicon and Rapp Marine. Mr. Rosvoll have previously been employee representative in the board of directors in Q-Free ASA (1999-2000) and EMGS ASA (2008-2009). Mr. Rosvoll has a bachelor's degree in computer software

engineering from Trondheim School of Engineering. Mr. Rosvoll is a Norwegian citizen, residing in Trondheim, Norway.



BJØRN HENRY ROSVOLL
Employee Representative

David Ulvær is an employee of Crayon, working as Head of IT Operations. Mr. Ulvær is responsible for all server/systems operations as well as the IT support function in Crayon. He manages a server/infrastructure operations team as well as a support team. Mr. Ulvær has previous experience from other IT companies. He has a bachelor's degree in nursing from Diakonhjemmet

University College in Oslo, Norway. He is a Norwegian citizen, currently residing in Asker, Norway.



DAVID ULVÆR
Employee Representative

Brit Smestad is an employee of Crayon AS, where she currently is Customer Engagement Manager. Before this, she has worked for more than 15 years as Bid Manager and Key Account Manager at Crayon AS. Prior to her career in Crayon, Brit Smestad held the position as Sales Manager in Eterra and in Merkantildata. Brit Smestad has taken classes in project management at BI Norwegian Business

School. She is a Norwegian citizen, currently residing in Slattum, Norway.



BRIT SMESTAD
Employee Representative

Crayon Group Holding ASA

Report from the Board of Directors

Crayon Group Holding ASA is the holding and parent company of the Crayon Group, headquartered in Oslo, Norway.

Crayon Group Holding ASA is a leading IT advisory firm in software and digital transformation services. With unique IP tools and skilled employees, Crayon help optimize its clients' ROI from complex software technology investments. Crayon have long experience within volume software licensing optimization, digital engineering, predictive analytics and assists the clients through all phases of the process of a digital transformation. Headquartered in Oslo, Norway, the company has approximately 1,100 team members in 43 offices worldwide.

MARKET – POSITION AND DEVELOPMENT

There is a shift towards cloud services in the market in which the Group operates, the so-called digital transformation. This shift, combined with business IT solutions becoming increasingly complex, and consequently, IT spending becoming more difficult for companies to control, results in Crayon seeing a trend towards software and IT spending becoming strategic for business across all sectors and IT spending moving from Capex to Opex, i.e. IT spending becoming less reliable on committing upfront funds for investments, and rather allowing payment

as they go only for the services they use. Crayon's strategic focus is to respond to these markets trends; with Crayon's core strategy called "SAM First...Cloud First", the Group works upon the fundamental belief that Software Asset Management ("SAM") is the foundation of all intelligent IT decision making, including an optimized digital transformation into the cloud. Through its business divisions Services and Software, Crayon's goal is to help customers optimize, manage and utilize the relationship with software vendors through the IT lifecycle, thus, establishing long lasting and trusted positions with customers.

Crayon divides its geographic focus areas into different vintages with respect to maturity, with the U.S. as an own segment. Crayon's strategy towards geographical expansion is currently characterized as complete. The strategic focus of the Group therefore continued in 2017 to concentrate on turning immature geographic markets where Crayon is present profitable. In the start-up phase of a new geography, the Group seeks to achieve this by first building/increasing the customer base, then focusing on strengthening the Group's vendor positioning and monetize the customer base, before subsequently focusing on improving the cost structure within the organization. More specifically, Crayon's strategy is focusing on scaling the existing cost base, both through the organizational set-up and through optimization of the current employee base in all geographies. As markets mature, the ability to increase gross profit entails operating leverage in EBITDA.

FINANCIAL SUMMARY

Crayon Group Holding ASA has during 2017 proven its ability to deliver growth in gross profit and EBITDA based on the international footprint established in previous years. No new markets were

entered in 2017, but the markets where Crayon established positions in 2014 and 2015 improved their results significantly.

These results highlight the strong strategic rationale behind Crayon's geographic expansion plan, which was further reinforced in 2017 through international customer wins, strengthened vendor positioning and improved economies of scale.

The Group has grown significantly over the past couple of years, e.g. revenue has grown more than 3.5x, from approximately NOK 2.0bn in 2012 to NOK 7.3bn in 2017, and team members more than 2x, from c. 500 in 2012 to c. 1,100 in 2017. In addition, during the last couple of years Crayon has started operations in 11 new countries. Furthermore, the information technology industry Crayon is part of is one of the most dynamic, fast changing and competitive industries in the world, characterized by relentless cycles of innovation and commoditization. With this context the Board continuously strives to find the right balance in terms of protecting the core and maintaining short-term profitability, while investing for the future to drive long-term value creation. In order to achieve this, the company needs to continue its efforts on institutionalization and drive operational excellence across its operating entities, whilst being agile enough to keep pace with the dynamic industry itself.

Income Statement

In the year under review the Group posted sales of NOK 7.3bn, and gross profit grew 8% from NOK 1,128m in FY 2016 to NOK 1,216m in FY 2017. The year-over-year ("YoY") growth was mainly driven by organic growth among the Group's less established markets¹⁾, but also the Group's established markets showed positive organic year-over-year development in 2017.

EBITDA before other income and expenses in FY 2017 was NOK 131m, up from NOK 105m in FY 2016. The primary driver was the NOK +56m positive YoY development in the less established markets, due to the above mentioned gross profit growth. The positive delta was partially

offset by a disappointing NOK -20m YoY development among the established markets. The Board of Directors deem the development in the established markets to be a transition due to temporary effects, not a structural change within the market clusters.

The Group had extraordinary costs in 2017 (primarily related to the bond refinancing and the IPO) of NOK 26.8m in FY 2017, compared to NOK 13.5m in FY 2016.

EBIT increased from NOK -7.3m in 2016 to NOK 32.2m in 2017 due to increased EBITDA and a decrease in depreciation and amortization (incl. impairments of NOK 8.9m and 7.7m in FY2016 and FY2017 respectively) from NOK 99.0m in 2016 to NOK 71.7m in 2017, mainly driven by one intangible asset arising from Inmeta-Crayon delisting in 2012 becoming fully amortized during 2016.

Net financial items increased from NOK 32.5m in 2016 to NOK 85.8m in 2017. Other financial expenses drove the increase due to refinancing costs related to the issue of CRAYON02, a new revolving credit facility and currency effects driven by net unrealized FX loss from intercompany funding.

The Group's net income was NOK -50.7m in 2017, compared to NOK -30.2m in 2016. This represents earnings per share of NOK -0.59 in 2017 compared to NOK -0.21 in 2016.

Cash flow and balance sheet items

The Group's cash flow from operating activities was NOK 152.9m in 2017 compared to NOK 139.7m in 2016. During 2017 the company has increased its focus on working capital management, which has yielded positive results, and the company will continue to focus on optimizing the working capital level. Cash conversion from operations in FY 2017 corresponds to 117% of adjusted EBITDA²⁾ which signify the company's strong cash generation from operations.

The total CAPEX in FY 2017 was NOK 51.2m, which was approximately the same as FY 2016. CAPEX is primarily driven

¹⁾ Established Markets includes Nordic Markets and Growth Markets. Less Established Markets includes Start-Ups and US.

²⁾ For definition, see Note 25 Alternative Performance Measures.

by investments in intangible assets, i.e., technology, software and capitalization of research and development cost.

Cash from financing activities was NOK 50.3m in 2017, compared to NOK -54.8m in 2016. This was driven by the IPO in November 2017, offset by deleveraging of long-term debt by issuing a NOK 600m bond ("CRAYON02") to replace the NOK 650m ("CGH01") bond maturing in 2017. Furthermore, following the IPO CRAYON02 was deleveraged by NOK 150m using the Equity Claw-back mechanism as described in the bond agreement.

At the end of the year, the Group's cash and cash equivalents totaled NOK 368.4m in 2017 compared to NOK 227.9m in 2016. The Board continuously monitors the cash generation of the company, and will continue its efforts to maximize the cash position.

As of 31 December 2017, the Group had total assets of NOK 3,087m. Current assets such as cash, receivables and inventory represented NOK 1,992m. Non-current assets represented NOK 1,095m, and consisted primarily of Goodwill (NOK 831m), intangible assets separable from Goodwill which relates to technology, software and R&D (NOK 109m) and Contracts (NOK 83m).

The Group had total liabilities of NOK 2,521m as of 31 December 2017, of which NOK 2,029m were current liabilities such as payables and public duties. Total equity was NOK 566m at the end of 2017.

The group had a net cash position of MNOK 368.4, where the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF"). The Group had significant headroom with regards to its bank covenants as of December 31, 2017.

Going concern

In the opinion of the Board, the Annual Financial Statements provide a true and fair view of the Group's financial position at the end of the year. In light of the ongoing industry transformation mentioned above, the Board is satisfied with the overall financial result and liquidity position in 2017. The Board

deems the Group's liquidity and financing to be satisfactory.

Based on the Annual Financial Statements and the Group's performance, the Board has the view that there is a basis for the Group to continue as a going concern.

Parent company accounts

The parent company, Crayon Group Holding ASA, had a net loss of NOK 47.3m for 2017, compared to a net income of NOK 21.0m for 2016. Crayon Group Holding ASA has no employees, and the operating expenses are primarily shareholder related costs for the parent company and finance costs related to the bond. The parent company's main asset is shareholdings in Crayon Group AS, while the main liability is the CRAYON02 bond issued in March 2017.

Allocation of loss for the year

The consolidated accounting loss, post other comprehensive income ended at NOK 41.5m. The parent company posted a loss at NOK 47.3m. The allocation of the net loss for the year is shown in the Annual Financial Statement.

ORGANIZATION, PERSONNEL AND WORKING ENVIRONMENT

In 2017, the average number of FTEs in the Group was 977, an increase of 32 compared to last year. The Group is satisfied with the working environment, and continuously strives to further improve the working environment. Sickness absence in the Group amounted to 4.2% in 2017. No material personal injuries or damage to material was registered in 2017. Each year employees are offered the opportunity to attend first-aid courses, which includes training in how to use defibrillators. The company's management have implemented an HSE course, and have drawn up an associated plan to maintain compliance with HSE issues. Employee representatives serve on the company's board.

At the end of the year, 27.2% of the Group's employees were women. The IT industry in general is characterized by a low share of female employees. In order to counter this, the Group works systematically to improve the share of

female employees at all levels. One of the company's objectives is to offer equal salary levels and career opportunities regardless of gender. The Board of Directors comprises of 5 men and 3 women.

The purpose of the Norwegian Anti-Discrimination Act is to promote equality, safeguard equal opportunities and rights, and prevent discrimination on the grounds of ethnicity, national origin, descent, skin color, language, orientation, religion or belief. The Group endeavors to promote the objectives of the Act in its operations including with regard to recruitment, wages and working conditions, promotion, development opportunities and protection against harassment. The Group strives to be a workplace where there is no discrimination on grounds of disability.

ETHICS

The Crayon Group's business concept is based on improving clients' competitiveness through value-increasing services and solutions.

All Crayon Group employees shall display respect and integrity in dealing with their business contacts, colleagues or others with whom they come in contact with through their work. The Crayon Group does not accept any form of harassment, discrimination or other conduct that could be deemed to be threatening or demeaning.

The Crayon Group aims to provide an attractive workplace with good working conditions a safe working environment and to promote diversity, equal gender distribution and inclusive recruitment.

The Crayon Group's employees shall assume responsibility for the market and the society that the company serves by conducting operations to a high ethical standard and in accordance with applicable legislation. The company shall be aware of the impact of technology on society and the environment. The Group also has a written anti-corruption policy in place which is distributed across the Group.

CORPORATE GOVERNANCE

Crayon considers good corporate

governance to be a prerequisite for value creation, trustworthiness and access to capital. In order to secure strong and sustainable corporate governance, it is important that Crayon ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Crayon Group.

Crayon is incorporated and registered in Norway and is subject to Norwegian law. The shares of Crayon shares are listed on the Oslo stock exchange (Nw.: Oslo Børs). As a Norwegian public limited liability company listed on Oslo Børs, Crayon must comply with the Norwegian Securities Trading Act, the Continuing obligations for companies listed on Oslo Børs, the Norwegian Public Limited Liability Companies Act and all other applicable laws and regulations.

The Company endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014.

Crayon has governance documents setting out principles for how its business should be conducted. These apply to all of Crayon's subsidiaries as well as Crayon itself. References to certain more specific policies are included in this corporate governance policy, where relevant. Crayon's governance regime is approved by the board of directors of Crayon, and is available in the Corporate Governance section of the Groups homepage.

Crayon has a nomination committee of two or three members elected by the General Assembly of Crayon. The nomination committee shall recommend candidates for the election of members and chairman of the board of directors, candidates for the election of members and chairman of the nomination committee, and remuneration of the members of the board of directors and the nomination committee. The current members of the Nomination Committee are Tor Malmo (Chairman) and Henning Hansen. None of the members of the

Nomination Committee are board members or executive personnel.

Crayon has an Audit Committee that consist of Board members who are independent of management. The Audit Committee follows up the financial report process, monitor the systems for internal control and risk, maintain ongoing contact with Crayon's elected auditor regarding the audit of the annual accounts, and evaluate and monitor the auditor's independence.

Crayon has a Compensation Committee that consist of Board members who are independent of management. The Compensation Committee is to prepare guidelines and issues regarding remuneration for senior executives.

EXTERNAL ENVIRONMENT

Crayon line of business is business-to-business ("B2B") consulting services and reselling of software licenses. The company's activities do not involve manufacturing of products or physical distribution. For this reason, there is relatively low pollution associated with Crayon's operations.

RESEARCH AND DEVELOPMENT

The company continues to develop its own IP and software solutions within the SAM and Cloud area. Research and development that is expected to generate revenue at a later date is capitalized in the balance sheet.

EQUITY AND SHAREHOLDER ISSUES

In 2017, Crayon Group Holding increased its share capital by 22,918,573 to NOK 75,394,108 allocated to 75,394,108 shares, each with a nominal value of NOK 1. The increase was driven by an issue of 22,918,573 new shares in relation with the IPO and the preceding exercise of employee incentives and conversion of B-shares into a single share class.

The Extraordinary General Meeting on October 18, 2017 authorized the board of directors to increase the share capital in four different settings. All four authorizations are valid until the earlier of Crayon's annual general meeting in 2018 and June 30th, 2018.

- In relation to the Company's incentive schemes, the Board is granted an authorization to increase the Company's share capital with up to NOK 2,200,000, provided however that the authorization cannot be used for an amount in excess of 4.2% of the Company's share capital.
- In connection with acquisitions etc the Board is granted an authorization to increase the Company's share capital with up to NOK 7,200,000, provided however that the authorization cannot be used for an amount in excess of 10% of the Company's share capital following the share capital increase in the Company in connection with the listing of the Company.
- In connection with IPO bonuses, the Board is granted an authorization to increase the Company's share capital with up to NOK 700,000, provided however that the authorization cannot be used for an amount in excess of 1% of the Company's share capital following the share capital increase in the Company in connection with the listing of the Company.
- The board of directors is granted an authorization to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 5,269,104.70, corresponding to 10% of the Company's share capital prior to the share capital increase in the Company in connection with the listing of the Company.

642 255 shares has been issued in relation to the IPO bonus scheme.

The shares in Crayon Group are freely tradable, and to the knowledge of the Board there are no shareholders' agreement in the company regarding exercise of voting power or limiting trading in the shares. However, in connection with the IPO on November 8 2017, selling shareholders entered into a set of lock-up undertakings with the Joint Global Coordinators for the offering, limiting their ability to sell their remaining shares for six months after start of trading for the share.

Furthermore, the company and its Primary Insiders at the time entered into a similar

lock-up arrangement for 12 months after the start of trading for the share.

RISK MANAGEMENT

The Board is keen to secure systematic and concerted management of risk in all parts of the business, and regards this as critical for long-term value creation. Growth opportunities shall always be weighed against associated risks. The Board of Directors regularly reviews the Crayon Group's risk profile. This includes risk relating to profitability, HSE, security, market, financial reporting, interest rates, foreign currency, credit and liquidity.

Foreign currency risk

The company is exposed to currency fluctuations due to the international nature of its operations. Major transactions in foreign currency are hedged according to policy.

As of December 31, 2017, the Group had swapped approximately 22% of its CRAYON02 bond principal into the following currencies; SEK 51.0m and DKK 39.0m. There is no currency hedging related to these currency swaps because the Group has income in SEK and DKK. Hence, a natural hedge is achieved as the bond principal swapped into non-NOK currencies reflects the underlying cash generation by the Group. Further, larger transactions involving currency risk are hedged by the means of forward contracts.

Other than the above, the Group does not have any financial instruments in foreign currency beyond the ordinary trade creditors arising from ordinary operation.

The Group buys most of its products in EUR, SEK, DKK and USD. The inventory is minimal, but the exchange rate on the company's key currency pairs, e.g., NOK/EUR, NOK/SEK, NOK/DKK and NOK/USD, can have an impact on the financials as the exchange rate may appreciate or depreciate in value. To counteract this, significant orders are secured by means of confirmed orders.

Interest rate risk

The company's borrowings are linked to

NIBOR, STIBOR and CIBOR, which means that the company is exposed to interest rate fluctuations. Approximately 17% of the principal amount of the CRAYON02 bond loan was interest hedged in 2017, while the remaining borrowings use floating interest. The interest rate risk is considered to be at an acceptable level, but will be reviewed in 2018.

Liquidity risk

Management of liquidity risk is accorded high priority as part of measures to secure financial flexibility. The cash flow from operating activities is managed at the operational level by the individual companies. The Finance Department monitors liquidity flows in its short-term and long-term reporting. The Group has significant liquid assets, and as a result of this the liquidity risk is deemed to be low.

In March 2017, the company successfully completed the issuance of a MNOK 600 senior secured bond in the Nordic market. Net proceeds from the bond issue was used to refinance the outstanding MNOK 650 bond issued in July 2014. On the 22 November the Company exercised an Equity Claw-back mechanism in CRAYON02 following the IPO, redeeming NOK 150 million of the Bond Issue at price equal to 102% of par value. As of December 31, 2017, the Group has long-term interest-bearing debt of NOK 456m and a net cash position (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")) of NOK 368m.

Further, as of December 31, 2017, the Group had a credit facility of NOK 200m. The credit facility is used for working capital and other short-term financing purposes. Quarterly covenant tests are attached to the credit facility. As of December 31, 2017, the company had significant headroom to its covenants and no drawdown on its revolving credit facility.

Credit risk

As in previous years, the Group has low losses on receivables. However, the increased operations of the Group in new markets outside the core Nordic region

exposes the business to different credit risk environments, and as a consequence the Group has intensified its efforts to collect outstanding receivables. The Board of Directors deems credit risk to be at an acceptable level.

GROUP OUTLOOK

The key focus for 2018 will be to capitalize on the investments done in terms of capabilities, IP and new markets in addition to protecting the strong position in the Nordics. The Group focuses on organic growth in combination with strategic acquisitions. As a result,

the Group targets further growth in gross profit and EBITDA during 2018. The Board will continue to focus on balancing profitability and growth, with key emphasis towards capitalizing on the investments done.

The company satisfies the conditions necessary to continue as a going concern, and the Annual Financial Statements have been prepared on this basis. There have been no events since the end of the reporting period that materially impact the presentation or interpretation of the Annual Financial Statements.

Oslo, April 12, 2018



Jens Rugseth
(Chairman)



Eivind Roald
(Board Member)



Dagfinn Ringås
(Board Member)



Grethe Viksaas
(Board Member)



Camilla Magnus
(Board Member)



David Ulvær
(Employee Representative)



Bjørn Rosvoll
(Employee Representative)



Brit Smestad
(Employee Representative)



Torgrim Takle
(CEO)

Crayon Group Holding ASA

Statement by the Board and CEO

The Board and CEO have today considered and approved the Director's Report and Annual Financial Statements for CRAYON GROUP HOLDING ASA and parent company as of December 31, 2017 (Annual Report 2017).

Consolidated Financial Statements have been prepared in accordance with the EU-approved IFRS and interpretations, and Norwegian disclosures arising from accounting law to be applied as of December 31, 2017.

Annual Financial Statements in the parent company have been prepared in accordance with the Accounting Act (Norway) and generally accepted accounting principles.

To the best of our knowledge:

- The Annual Financial Statements for 2017 for the parent company and Group have been prepared in accordance with applicable accounting standards.
- The information in the Annual Financial Statements gives a true picture of the assets, liabilities, financial position and overall results as of December 31, 2017.
- The Director's Report gives the Group and the parent company a true picture of:
 - The development, result and position of the Group and parent company.
 - The principal risks and uncertainties faced by the Group and the company.

Oslo, April 12, 2018


Jens Rugseth
(Chairman)


Eivind Roald
(Board Member)


Dagfinn Ringås
(Board Member)


Grethe Viksaas
(Board Member)


Camilla Magnus
(Board Member)


David Ulvær
(Employee Representative)


Bjørn Rosvoll
(Employee Representative)


Brit Smestad
(Employee Representative)


Torgrim Takle
(CEO)

Shareholder Information

Crayon's objective is to provide a long-term return to shareholders which exceeds the inherent risk in the company. The Company plans to achieve this by delivering on its business plan and through precise communication ensuring that the share price accurately reflects the value and growth prospects of the Company.

Investor relations

Communicating with investors and analysts in Norway and internationally is a high priority for Crayon Group Holding ASA.

The Company's objective is to ensure that investors, potential investors, the market in general and other stakeholders gain simultaneous access to accurate, clear, relevant, and up-to-date information about Crayon.

To facilitate this, the Group will hold quarterly presentations of its most recent quarterly results, with attendance from senior management. These presentations will be open to the investor community and the public, and will also be available online.

All investor relation activities are conducted in compliance with relevant rules, regulations and recommended practices. Crayon continually provides its investors, Oslo Børs, the securities market and financial market in general with timely and precise information about Crayon and its operations.

Devoted to good Corporate Governance

Crayon considers good corporate

governance to be a prerequisite for value creation, trustworthiness and for access to capital.

In order to secure strong and sustainable corporate governance, it is important that Crayon ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Crayon Group.

Crayon has governance documents setting out principles for how its business should be conducted. These apply to all of Crayon's subsidiaries as well as Crayon itself. References to certain more specific policies are included in this corporate governance policy, where relevant. Crayon's governance regime is approved by the board of directors of Crayon.

The Company endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014.

Share capital

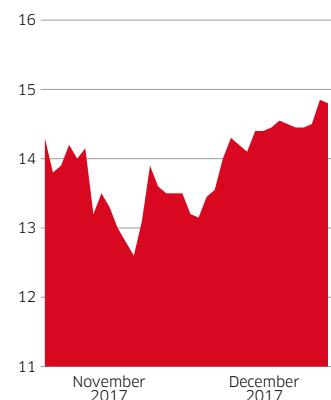
At 31 December 2017, the VPS registered share capital in the company was NOK 75,394,108, divided into 75,394,108 shares with a nominal value of NOK 1 per share. Crayon has one class of shares, with each share carrying one vote. Norvestor Holding 1 AS was the largest shareholder controlling 21.8% of the shares at the end of 2017.

As per the current bond agreement (CRAYON02), no dividend distributions is permitted. This policy will be evaluated as the bond matures or is otherwise resolved.

TOP SHAREHOLDERS

NAME OF SHAREHOLDERS	SHARES	PER CENT
1 Norvestor Holding I AS	16 456 268	21.8%
2 JPMorgan Chase Bank, N.A., London	5 483 871	7.3%
3 Sevens AS	4 592 366	6.1%
4 Skandinaviska Enskilda Banken AB	3 500 000	4.6%
5 RUGZ II AS	3 357 985	4.5%
6 Morgan Stanley & CO. Int. Plc.	2 580 645	3.4%
7 First Generator	2 485 570	3.3%
8 HSBC TTEE Marlborough European Trust	1 800 000	2.4%
9 Nordnet Bank AB	1 651 480	2.2%
10 Danske Invest Norge Vekst	1 600 000	2.1%
Other	31 885 923	42.3%
Total shares	75 394 108	

SHARE DEVELOPMENT NOK



FINANCIAL CALENDAR

Crayon Group Holding ASA will publish its quarterly interim financial statements on the following dates for 2018:

First quarter 2018	May 15 2018
Second quarter 2018	August 22 2018
Third quarter 2018	November 13 2018
Fourth quarter 2018	February 12 2019
Annual general meeting	May 8 2018

SHARE DEVELOPMENT

Index = 100 per 08.11.2017



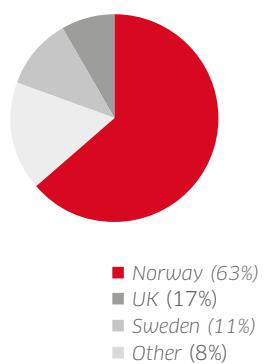
ANALYST COVERAGE

Carnegie	Håvard Nilsson	+47 93 40 93 78
Danske Bank	Martin Stenshall	+47 47 33 83 31
DNB	Christoffer Wang Bjørnsen	+47 46 96 51 85
SpareBank 1	Petter Kongslie	+47 98 41 10 80

OWNERSHIP STRUCTURE

NUMBER OF SHARES HELD	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PROPORTION OF SHARE CAPITAL
1-1 000	356	208 230	0.3%
1 001-10 000	533	1 766 395	2.3%
10 001-100 000	165	5 481 038	7.3%
100 001-500 000	29	8 173 974	10.8%
500 001-	26	59 764 471	79.3%

SHAREHOLDERS BY COUNTRY OF RESIDENCE







NORDIC
KEY FIGURES

GROSS PROFIT

761

NOK millions



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Statements
2017

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Crayon Group Holding ASA

Consolidated Statement of

Profit and Loss 1.1 - 31.12

(In thousands of NOK)	Note	2017	2016
Operating revenue	3	7 301 712	6 015 162
Materials and supplies	3	6 085 935	4 886 757
Gross profit		1 215 776	1 128 404
Payroll and related cost	5	940 464	870 183
Other operating expenses	5, 13, 21	144 711	153 046
Share based compensation	25	3 945	-
Other income and expenses	25	22 813	13 456
EBITDA		103 842	91 719
Depreciation and amortization	7, 8	71 684	99 018
Operating profit / EBIT		32 158	(7 299)
Interest income		7 829	13 639
Other financial income		1 445	22 142
Total financial income	20	9 274	35 780
Interest expenses		60 721	63 022
Other financial expenses		34 383	5 278
Total financial expenses	20	95 105	68 300
Net financial income and expenses		(85 831)	(32 520)
Net income before tax		(53 673)	(39 818)
Income tax expense on net income	19	(2 939)	(9 605)
Net income		(50 734)	(30 213)
Allocation of net income			
Non-controlling interests		(6 105)	(19 444)
Owners of Crayon Group Holding ASA		(44 629)	(10 769)
Total net income allocated		(50 734)	(30 213)
Earnings per share (NOK per share)	12	(0.59)	(0.21)
Comprehensive income			
Currency translation		9 263	(39 752)
Total comprehensive income		(41 471)	(69 966)
Allocation of Total comprehensive income			
Non-controlling interests		(6 873)	(18 312)
Owners of Crayon Group Holding ASA		(34 598)	(51 653)
Total comprehensive income allocated		(41 471)	(69 966)

Crayon Group Holding ASA

Consolidated Balance Sheet

Statement as of 31.12

(In thousands of NOK)	Note	2017	2016
ASSETS			
<i>Non-current assets:</i>			
Intangible assets			
Development costs	8	68 950	56 093
Technology and software	8	40 361	48 255
Contracts	8	83 324	101 034
Software licenses (IP)	8	1 000	7 421
Goodwill	9	831 044	827 057
Deferred tax asset	19	45 252	29 644
Total intangible assets		1 069 931	1 069 503
Tangible assets			
Equipment	7	20 204	18 704
Total tangible assets		20 204	18 704
Financial assets			
Other long-term receivables		4 771	3 203
Total financial assets		4 771	3 203
Total non-current assets		1 094 906	1 091 410
<i>Current assets:</i>			
Inventory			
Inventory	4	26 287	17 546
Accounts receivable	13, 15	1 541 436	1 206 783
Other receivables		55 815	54 448
Income tax receivable	19	-	2 701
Total receivables		1 623 539	1 281 478
Cash & cash equivalents	14, 25	368 442	227 905
Total current assets		1 991 981	1 509 383
Total assets		3 086 887	2 600 793

Crayon Group Holding ASA

Consolidated Balance Sheet

Statement as of 31.12

(In thousands of NOK)	Note	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Shareholders' equity:</i>			
Share capital	11, 12	75 394	52 476
Own shares	11, 12	(3)	(12)
Share premium		588 051	262 320
Sum paid-in equity		663 442	314 784
 <i>Retained earnings</i>			
Other equity		(105 597)	(53 605)
Total retained earnings		(105 597)	(53 605)
 Total equity attributable to parent company shareholders		557 845	261 179
Non-controlling interests		8 153	11 194
Total shareholders' equity		565 998	272 373
 <i>Long-term liabilities:</i>			
Bond loan	15, 16, 22	442 058	-
Derivative financial liabilities	15, 16, 22	3 638	-
Deferred tax liabilities	19	39 167	44 818
Other long-term liabilities	17	7 188	1 472
Total long-term liabilities		492 050	46 290
 <i>Current liabilities:</i>			
Bond loan	15, 16, 22	-	650 000
Derivative financial liabilities	15, 16, 22	-	11 047
Accounts payable		1 600 566	1 224 108
Income taxes payable	19	4 800	-
Public duties		229 057	186 949
Other current liabilities		194 416	210 026
Total current liabilities		2 028 839	2 282 130
Total liabilities		2 520 889	2 328 420
Total equity and liabilities		3 086 887	2 600 793

Oslo, April 12, 2018



Jens Rugseth
(Chairman)



Eivind Roald
(Board Member)



Dagfinn Ringås
(Board Member)



Grethe Viksaas
(Board Member)



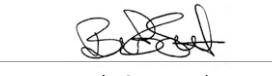
Camilla Magnus
(Board Member)



David Ulvær
(Employee Representative)



Bjørn Rosvoll
(Employee Representative)



Brit Smestad
(Employee Representative)



Torgrim Takle
(CEO)

Crayon Group Holding ASA

Consolidated Statement of Cash Flows

(In thousands of NOK)	Note	2017	2016
Cash flows provided by operating activities:			
Net income before tax		(53 673)	(39 818)
Taxes paid	19	(11 869)	(17 608)
Depreciation and amortization	7, 8, 9	71 684	99 018
Net interest to credit institutions and interest to bond loan	20	50 645	49 384
Changes in inventory, accounts receivable/payable		33 064	77 767
Changes in other current accounts		63 008	(29 080)
Net cash flow from (used in) operating activities		152 859	139 662
Cash flows used in investing activities:			
Acquisition of assets	7, 8	(51 238)	(51 212)
Acquisition of subsidiaries	24	(22 656)	(29 620)
Divestments	7	378	146
Net cash flow from (used in) investing activities		(73 516)	(80 686)
Cash flow used in financing activities:			
Net interest paid to credit institutions and interest to bond loan	20	(56 982)	(51 112)
New equity		348 612	-
Proceeds from issuance of interest bearing debt	16	589 746	-
Repayment of interest bearing debt	16	(827 663)	(73)
Other financial items		(3 405)	(3 578)
Net cash flow from (used in) financing activities		50 308	(54 762)
Net increase (decrease) in cash and cash equivalents		129 651	4 214
Cash and cash equivalents at beginning of period		227 905	236 293
Currency translation		10 886	(12 602)
Cash and cash equivalents at end of period		368 442	227 905

Crayon Group Holding ASA

Consolidated Statement of

Changes in Shareholders' Equity

(In thousands of NOK)	Note	Attributable to equity holders of Crayon Group Holding ASA					Total equity
		Share capital	Own shares	Share premium	Other equity	Non-controlling interests	
Year to date period ending 31 December							
Balance at January 1, 2016		52 476	(43)	262 163	36 354	12 989	363 938
Opening balance adj.		-	-	-	(13 581)	13 580	(1)
Share repurchase (net)			31	157	-	-	189
Net income		-	-	-	(10 769)	(19 444)	(30 213)
Reclassification		-	-	-	(2 089)	2 089	-
Prior year tax expense true-up		-	-	-	(13 093)	-	(13 093)
Interest swap true-up		-	-	-	(4 100)	-	(4 100)
Currency translation		-	-	-	(40 885)	1 132	(39 752)
Other		-	-	-	(5 442)	848	(4 594)
Balance as of end of period		52 476	(12)	262 320	(53 605)	11 194	272 373
(In thousands of NOK)		Attributable to equity holders of Crayon Group Holding ASA					Total equity
		Share capital	Own shares	Share premium	Other equity	Non-controlling interests	
Year to date period ending 31 December							
Balance at January 1, 2017		52 476	(12)	262 320	(53 605)	11 194	272 373
Adjustment					(13 467)	3 832	(9 635)
Share repurchase (net)		-	9	38	29	-	76
Capital increase expenses		-	-	-	(9 516)	-	(9 516)
Share based compensation		-	-	-	4 639	-	4 639
Net income		-	-	-	(44 629)	(6 105)	(50 734)
Share issues	11	22 919	-	325 693	-	-	348 612
Currency translation		-	-	-	10 031	(768)	9 263
Balance as of end of period		75 394	(3)	588 051	(105 597)	8 153	565 998

Crayon Group Holding ASA is a public limited company registered in Norway.
The company's headquarters are located in Sandakerveien 114A, 0484 Oslo, Norway.

Crayon Group Holding ASA is listed on Oslo Stock Exchange (Oslo Børs). These consolidated financial statements were authorised for issue by the Board of Directors and CEO on April 12, 2018.

NOTE 1 Basis of preparation

The consolidated financial statements of Crayon Group ASA and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and are effective as of December 31, 2017.

The principal accounting policies adopted in the preparation of the consolidated financial statements for Crayon Group Holding ASA are set out in note 2. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Consolidated Financial Statements are presented in Norwegian kroner (NOK), which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of Consolidated Financial Statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and

estimates have been made are disclosed in note 2.2.

Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details): *Financial derivatives – measured at fair value.*

NOTE 2 Accounting principles, critical estimates & judgements

2.1 - ACCOUNTING PRINCIPLES

Basis of consolidation

The consolidated financial statements include Crayon Group Holding ASA and subsidiaries, which are entities in which Crayon has the power to govern the financial and operating policies of the entity (control). Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Currently, Crayon has more than 50 percent of the voting power in all subsidiaries. Subsidiaries are included from the date control commences until the date control ceases.

Intercompany transactions and balances have been eliminated. Profits and losses resulting from intercompany transactions have been eliminated.

Non-controlling Interests

Non-controlling interests represent equity interests in subsidiaries held by other owners than Crayon. Non-controlling interests are reported as a separate section of the Group's equity in accordance with IFRS 10 Consolidated Financial Statements. Results attributed to non-controlling interests are based on ownership interest, or other method of allocation if required by contract.

Business combinations

Business acquisitions are accounted for using the acquisition method in accordance with IFRS 3. Consideration provided is measured at fair value of the transferred assets, liabilities incurred and issued equity instruments. Included in the consideration is

also fair value of all the assets or liabilities as a result of agreed conditions. Expenses related to the business acquisitions are recorded in the Consolidated Financial Statements as they incur. Identifiable assets and liabilities are recorded in the Consolidated Financial Statements at fair value at the time of acquisition. Non-controlling interests in the acquired entity are measured from time to time either at fair value or at their share of the acquired entity's net assets.

If the sum of the consideration, book value of non-controlling owners and fair value at the time of acquisition of the previous owner's interests exceeds the fair value of identifiable net assets of the acquired entity, the difference is recognized as Goodwill in the balance sheet. If the sum is less than the entity's net assets, the difference is immediately recognized in the profit and loss accounts.

Current / non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption in the group's normal operating cycle, is held primarily for the purpose of being traded or it is expected/ due to be realised or settled within twelve months after the reporting date.

Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the group's normal operating cycle, is held primarily for the purpose of being traded, if the liability is due to be settled within twelve months after the reporting period or if the group does not have an unconditional right to

defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current. Financial instruments are classified based on maturity.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits. Cash equivalents are short-term investments that can be converted into a known amount in cash within three months and which contain insignificant risk elements.

Trade and other receivables

Trade receivables arise from the sale of licenses or services that are within the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value, and subsequently measured at amortised cost less provision for impairment.

Inventories

Inventories mainly consist of licenses which are valued at the lower of acquisition cost and net realisable value. Acquisition is assigned using the average method and includes expenditure incurred in acquiring the inventories and costs of bringing goods to their present location.

Net realisable value is the estimated selling price in the ordinary course of business

minus estimated cost of completion, marketing and distribution. Write-downs are made for any inventory that is assumed to be obsolete.

Equipment

Equipment are measured at acquisition cost, minus accumulated depreciation and impairments. When assets are sold or disposed, the carrying value is reversed. Any gain or loss is recognized in the income statement.

Acquisition cost of equipment is the purchase price and expenses directly related to making the asset ready for use. Expenses incurred after the asset is put to use, such as ongoing maintenance, are recognized in the income statement, while other expenses that are expected to generate future economic benefits are recognized in the balance sheet.

Equipment is depreciated linearly over the expected useful life.

Financial assets

Classification

The Group classifies its financial assets as loans and receivables. The classification reflects the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed payments not traded in an active market. They are classified as current assets, except for maturities greater than 12 months after the balance sheet date, in which case they are classified as non-current assets.

Financial derivatives consist of interest rate and cross-currency swaps relating to the Group's bond loan.

Intangible assets

Intangible assets are recognized in the balance sheet if it is likely that the expected future economic benefits attributable to the asset will accrue to the company and the asset's acquisition cost can be measured reliably.

Intangible assets with limited useful life are measured at their acquisition cost, minus accumulated amortization and impairments. Amortization is recognized linearly over the estimated useful life. Amortization period and method are reviewed annually. Intangible assets with an indefinite useful economic life are not amortized, but are tested annually for impairment.

The difference between acquisition cost by purchase and fair value of net identifiable assets at the time of acquisition is classified as goodwill.

Goodwill

Goodwill is recognized in the balance sheet at acquisition cost, minus any accumulated amortization. Goodwill is tested annually for impairment, and is capitalized at acquisition cost with deduction of impairment. Impairment of goodwill cannot be reversed. Impairment of goodwill will be allocated to current cash-generating units. Allocation is made to those cash-generating units expected to benefit from the acquisition.

Contractual customer relationships

Contractual customer relationships acquired in business combinations are recognized in the balance sheet at fair value at the time of acquisition. The contractual customer relationships have limited useful life and are stated at acquisition cost minus accumulated amortization. Linear amortization is carried over expected useful life.

Research & development

Expenses related to research activities are expensed as incurred. Expenses related to development activities are capitalized if the product or process is technically and commercially feasible, and the Group has adequate resources to complete the development.

Expenses capitalized include material cost, direct wage costs and a share of directly attributable overhead costs. Capitalized development costs are stated at acquisition cost minus accumulated depreciation and amortization. Capitalized development costs are depreciated linearly over the estimated useful life.

Equity

For repurchases of own shares, the purchase price, including directly attributable costs, such as changes in equity, is recorded. Own shares are presented as a reduction of equity. Gains or losses on transactions in own shares are not recognized in the P&L. Transactions directly related to an equity transaction are recognized directly in equity net of tax.

As part of the IPO in November 2017, cost related to the issuance of new shares was recognized directly towards equity. Cost related to both the issuance of new share and the IPO, was recognized towards OPEX or equity following the split:

- Equity = Issue of new shares / Shares post IPO
- OPEX = Shares prior to IPO / Shares post IPO

Revenue recognition principles

In accordance with IAS 18, income is defined as the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Revenue is income that arises in the course of ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends and royalties.

Revenue is to be recognized in the statement of profit or loss when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Sale of goods

Goods includes goods produced by the entity for the purpose of sale and goods purchased for resale, such as merchandise purchased by a retailer. Revenue from the sale of goods shall be recognized in full when all the criteria below have been satisfied.

Revenue recognition criteria:

1. Crayon has transferred to the buyer the significant risks and rewards of ownership of the goods.
2. Crayon retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
3. the amount of revenue can be measured reliably.
4. it is probable that the economic benefits associated with the transaction will flow to Crayon.
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

The rendering of services typically involves the performance by the entity of a contractually agreed task over an agreed period of time. The services may be rendered within a single period or over more than one period.

Revenue from the rendering of services shall be recognized based on the percentage of completion method when the outcome of the transaction can be estimated reliably, ie. the criteria below are met. The percentage of completion method entails recognizing the proportion of services performed to date as a percentage of total services to be performed. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognized on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion (ie. 1/12 recognized per month over the course of a 1 year agreement).

Revenue recognition criteria:

1. the amount of revenue can be measured reliably.
2. it is probable that the economic benefits associated with the transaction will flow to Crayon.
3. the stage of completion of the transaction at the end of the reporting period can be measured reliably.
4. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable. When the outcome of a transaction cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are converted at the exchange rate on the transaction date. Monetary items in a foreign currency are converted to NOK using the exchange rate at the balance sheet date. Non-monetary items measured at the historical rate expressed in a foreign currency are converted into NOK using the exchange rate on the transaction date. Non-monetary items measured at fair value expressed in a foreign currency are converted at the exchange rate determined at the balance sheet date. Changes in

exchange rates are recognized in the accounting period.

Foreign operations

The presentation currency in the consolidated financial statements is NOK, which is similar to the functional currency of the parent company. Assets and liabilities in foreign companies, whose functional currency differ from the presentation currency, are converted to NOK using the exchange rate from Central Bank of Norway (Norges Bank) at the balance sheet date. Income and expenses from foreign companies are converted to NOK using the monthly average rate of exchange from Central Bank of Norway (Norges Bank) (if the average is not a reasonable estimate of the cumulative effects of using transaction rate, transaction rate is used). All resulting exchange differences are recognized in comprehensive income.

Government grants

The Group receives Government grants as part of the "Skattefunn" arrangement in Norway. "Skattefunn" is a government tax benefit arrangement intended to stimulate research and development in Norway. The government grant is accounted for by deducting the grant from the carrying amount of an asset acquired and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

The Group entities Crayon AS, Crayon Group AS, Inmetra Consulting AS, and Esito AS receive R&D tax credits from the Norwegian "Skattefunn" program for hours and operating expenses spent on approved projects relating to R&D.

Income tax

Tax expenses consist of taxes payable and changes in deferred tax. Deferred tax/deferred tax assets are calculated on all differences between carrying amount and tax base of assets and liabilities, with the exception of temporary differences relating to goodwill not deductible for tax purposes.

Deferred tax assets are recognized when it is probable that the company will have sufficient taxable profit in future periods to utilize the tax benefit. Deferred tax liabilities and deferred tax assets are calculated based on enacted tax rates of the companies in the Group for which temporary differences have arisen.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax payable and changes in deferred tax are directly included in comprehensive income or recognized in equity to the extent that they relate to factors that have been included or recognized this way.

Segments

Operating segments are reported in the same manner as internal reporting to the chief operating decision maker. The chief operating decision maker, who is

responsible for allocating resources to and assessing performance of operating segments, is defined as the corporate management. In the segment reporting, the elimination of internal profit on sales between the various segments is presented separately.

Provisions

Provisions are recognized when Crayon Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that Crayon Group will be required to settle the obligation, and a reliable estimate can be made of the amount, taking into account the risks and uncertainties. The provision is measured as the present value of the cash flows estimated to settle the obligation. Uncertain outcomes are measured as the expected value of reasonably possible outcomes.

Contingent liabilities and assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements.

Written put options in non-controlling interests

When non-controlling interests hold put options related to shares in subsidiaries and Crayon Group is required to acquire such shares by cash considerations, a financial liability is recognized.

When non-controlling interests hold put options related to shares in subsidiaries and Crayon Group is required to acquire such shares by equity considerations, a financial liability is recognized.

Financial liabilities are recognized based on fair value measurement and changes are recognized in profit or loss.

Employee benefits

Pensions

The Group operates defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions to the pension plan for benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share based compensation

Share options have been granted to management and selected key employees. Each share option allows for the subscription of one share in Crayon Group Holding ASA at a future date at a predetermined strike price. Subscribing normally requires continued employment. The fair value of the options is calculated when they are granted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form

of the Black Scholes Model, that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk free interest. For further information, see note 6.

The fair value of the options is calculated when they are allotted and expensed over the vesting period.

Operating lease

Leases for which most of the risk rests with the other contracting party, are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement during the contract period.

Events after the balance sheet date

Information received after the balance sheet date relating to the group's financial position at the balance sheet date has been taken into consideration in preparing the annual financial statements. Events occurring after the balance sheet date that do not affect the group's financial position at the balance sheet date, but that will affect the group's financial position in the future are disclosed in if these are material.

2.2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and associated assumptions are based on historical experience and other reasonable factors, considering the circumstances. These calculations form the basis for assessment of the book value of assets and liabilities that are not clearly observable from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed. Changes in accounting estimates are recognized in the period when the changes occurred, if they only apply to that period. If the changes also apply to future periods, the effect will be distributed between the current period and future periods.

The most important estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to impairment assessment of goodwill and other intangible assets. Goodwill has an indefinite useful life and is tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The

assessment of impairment for 2016 is based on management assumptions using conservative estimates with regard to future cash flows and discount rates.

Contingent consideration in business combinations related to non-controlling interests' put options are recognized as financial liabilities, see note 24. The liabilities are estimated, as the consideration to be paid is dependent upon future fair value and / or future results.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable the taxable profit will be available which the losses can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

2.3 - CHANGES IN ACCOUNTING POLICIES AND NEW PRONOUNCEMENTS

New pronouncements

As of the date of authorization of these financial statements, the following standards relevant to Crayon Group have been issued by the IASB.

- IFRS 9 Financial Instruments - Classification and Measurement; effective date January 1, 2018.
- IFRS 15 Revenue from Contracts with Customers; effective date January 1, 2018.
- IFRS 16 Leases; effective date January 1, 2019.

As of the date of issue of Crayon Group's financial statements, all of these standards were endorsed by the EU.

IFRS 9 Financial Instruments

The implementation of IFRS 9 is mandatory from 1 January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, replacing IAS 39. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cashflow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. The standard is not expected to have a significant impact on the financial statements of Crayon Group.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for recognition of revenue, IFRS 15 Revenue from Contracts with Customer. The new standard replaces the current revenue recognition guidance in IAS 11 Construction Contracts and IAS 18 Revenue. IFRS 15 introduces a new five-step model that applies to revenue from contracts with customers. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

Software Direct

Through Software Direct Crayon offers software licenses to customers directly from multiple software vendors. Revenue will be recognized when the customer obtains control over the goods. Crayon's assessment

is that the customer obtains control over the goods when the use of the software license is made available for the customer. Crayon has no remaining risk toward the customer after the customer obtains control, and the revenue will be recognized at the same point in time as under IAS 18.

Revenue from Software Direct will be presented on gross or net basis in the statement of comprehensive income, dependent on Crayon acting as principal or agent.

a) Acting as principal

Crayon is acting as principal when customers are billed directly from Crayon. For the purpose of Direct Billing, Crayon invoices the customer and receives payment from the customer. Hence, Crayon has a risk of delinquency by the customer, whilst having a financial commitment to the software supplier. The gross amount billed to the customer is recognized as revenue and the purchase from the supplier is presented as cost of sales.

b) Acting as agent

Crayon is acting as agent when customers are billed directly from software vendors. For the purpose of Indirect Billing, Crayon receives incentive fees from software vendors. Crayon does not receive any payment from customers and there is no corresponding cost of goods sold. Hence, the revenue from Indirect Billing is presented on net basis representing the incentive fee from software vendors.

Software Indirect

Through Software Indirect Crayon offers software licenses through a diverse group of leading channel partners. Hence, Crayon is not the customer direct point-of-contact. Revenue will be recognized when the channel partner obtains control over the goods. Crayon has no remaining risk toward the channel partner after the contract has been signed, and the revenue will be recognized at the same point in time as under IAS 18.

Software Asset Management (SAM)

SAM services include process & tools for enabling clients to build in-house SAM capabilities, license spend optimization and support for clients in vendor audits. The performance obligations related to SAM services are principally satisfied over time, because the customer simultaneously receives and benefits of the services provided. Revenue from Managed Service Contracts is recognized on a straight-line basis over the life of the contract. Revenue from SAM IQ subscriptions is recognized on a straight-line basis over the subscription period.

Crayon expects that the current methods of recognizing revenue from SAM services will not change significantly as a result of implementing IFRS 15.

Consulting services

Crayon provides consulting services either as time and material projects or as fixed price projects. With regard to time and material projects, the customer simultaneously receives and benefits of the services rendered by Crayon. Consequently, revenue is recognized over time as each individual consulting hour is rendered to

the customer. Revenue from fixed price consulting projects is recognized over time by using the input method. Progress is measured based on the number of delivered consulting hours as a percentage of total hours agreed in the customer contract. Crayon expects that the current methods of recognizing revenue from consulting services will not change significantly as a result of implementing IFRS 15.

Bundles of goods and services

Crayon provides bundles of software licenses and services to customers. Currently, revenue from bundles of licenses and services are normally recognized separately for each component. Under IFRS 15 the transaction price should be allocated to each performance obligation (or distinct good or service) based on relative stand-alone selling price. Hence, Crayon does not expect any significant changes in revenue recognition of bundles of goods and services as a result of implementing IFRS 15.

Transition

Crayon will adopt IFRS 15 on 1 January 2018, and plan to apply the modified retrospective method. This method requires the cumulative effect of initially applying IFRS 15 to be recognized in retained earnings, with no restating of comparative periods.

The evaluated impact on equity from implementing IFRS 15 as at 1 January 2018, is not material. However, the actual impact may change if new information and guidance becomes known before the group presents its first financial statements using the new standard.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in most leasing contracts being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

Crayon Group's preliminary assessment of IFRS 16 indicates increased recognized fixed assets and debt, with a corresponding shift of certain amounts from Other operating expenses partly to depreciation and amortization expense, partly to interest expense. The amounts of change will depend on Crayon Group's portfolio of leasing contracts at the time of transition.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, Crayon Group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Furthermore, Crayon Group will utilize the practical expedites available for measuring lease arrangements at transition and to utilize the practical expedites allowing to exclude leases with a duration of less than 12 months or covering assets of a low value (small asset leases) from lease accounting.

NOTE 3 Segment information

The group regularly reports revenue, gross profit and adjusted EBITDA in functional operating segments and geographical market clusters to the Board of Directors (the group's chief operating decision makers). While Crayon uses all three measures to analyse performance, the Group's strategy of profitable growth means that adjusted EBITDA is the prevailing measure of performance.

The operating units that form a natural reporting segment are Software (Software Direct and Software Indirect), Services (SAM and Consulting) and Admin/Eliminations (Admin & Shared Services and Eliminations).

- Software Direct is Crayon's licence offering from software vendors (e.g Microsoft, Adobe, Symantec, Citrix, Vmware, Oracle, IBM and others). The emphasis is towards standard software, which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes.

- Software Indirect is Crayon's offering towards hosters, system integrators and ISVs, which includes licence advisory/optimization, software licence sales and access to Crayons proprietary tool and IP.
- Software Asset Management (SAM) services include processes and tools for enabling clients to build in house SAM capabilities, licence spend optimization and support for clients in vendor audits.
- Consulting consists of cloud consulting and solutions consulting services related to infrastructure consulting, cloud migration and deployment, bespoke software deployment and follow up of applications.
- Admin & shared services includes administrative income and costs, corporate administrative costs (excluding other income and expenses), unallocated global share costs and eliminations.
- The geographical market clusters are composed of operating countries with similar maturity. Nordics is composed

of Norway, Sweden, Denmark, Finland and Iceland (excluding Ice Distribution). Growth Markets is composed of Germany, Middle East, France and UK. Start-ups is composed of markets with an inception point during 2014-2015 timeframe (i.e. India, Singapore, Malaysia, Philippines, Austria, Netherlands, Spain, Portugal, Switzerland and Ice Distribution). USA represents the post-closing financial contributions from the Anglepoint and SWI acquisitions, as well as Crayon US. HQ & Eliminations includes corporate admin costs (excluding other income and expenses), unallocated global share cost and eliminations.

See definitions of Alternative Performance Measures in note 25.

Operating Revenue per Market Cluster and Operating Segment

(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Operating Revenue
Year to date ended 31 December, 2017				
Nordics	3 391 276	503 413	5 797	3 900 486
Growth	1 823 518	74 481	4 488	1 902 487
Start-Ups	1 162 184	29 844	526	1 192 554
USA	254 094	116 810	885	371 789
HQ	60	-	87 711	87 771
Eliminations	-	-	(153 376)	(153 376)
Total Operating Revenue	6 631 132	724 548	(53 968)	7 301 712

Operating Revenue per Market Cluster and Operating Segment

(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Operating Revenue
Year to date ended 31 December, 2016				
Nordics	3 260 993	498 002	8 907	3 767 902
Growth	1 152 844	82 294	8 376	1 243 515
Start-Ups	865 849	24 453	551	890 852
USA	87 017	89 826	1 961	178 804
HQ	10 200	(14)	57 742	67 929
Eliminations	(0)	-	(133 839)	(133 839)
Total Operating Revenue	5 376 904	694 561	(56 303)	6 015 162

Gross Profit per Market Cluster and Operating Segment

(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Gross Profit
Year to date ended 31 December, 2017				
Nordics	373 077	383 061	4 465	760 603
Growth	129 139	70 510	4 335	203 984
Start-Ups	78 576	25 881	495	104 953
USA	23 212	108 879	884	132 975
HQ	(235)	-	63 742	63 507
Eliminations	-	-	(50 246)	(50 246)
Total Gross Profit	603 769	588 331	23 676	1 215 776

Gross Profit per Market Cluster and Operating Segment

(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Gross Profit
Year to date ended 31 December, 2016				
Nordics	364 448	386 326	6 896	757 670
Growth	99 235	75 793	7 736	182 764
Start-Ups	50 257	20 246	78	70 581
USA	20 860	80 815	(986)	100 688
HQ	4 836	14	49 041	53 891
Eliminations	-	-	(37 190)	(37 190)
Total Gross Profit	539 636	563 193	25 575	1 128 404

Operating Revenue per Operating Segment

(In thousands of NOK)	Year to date ended 31 December, 2017	2016
Software Direct	4 856 457	3 935 677
Software Indirect	1 774 675	1 441 226
Total Revenue - Software	6 631 132	5 376 904
SAM	310 680	291 175
Consulting	413 869	403 386
Total Revenue - Services	724 548	694 561
Admin & shared services	99 407	77 536
Eliminations	(153 376)	(133 839)
Total Operating Revenue	7 301 712	6 015 162

Gross Profit per Operating Segment

(In thousands of NOK)	Year to date ended 31 December, 2017	2016
Software Direct	470 411	429 095
Software Indirect	133 359	110 541
Total Gross profit - Software	603 769	539 636
SAM	282 213	261 987
Consulting	306 118	301 206
Total Gross profit - Services	588 331	563 193
Admin & shared services	73 922	62 765
Eliminations	(50 246)	(37 190)
Total Gross Profit	1 215 776	1 128 404

Adjusted EBITDA per Operating Segment

(In thousands of NOK)	Year to date ended 31 December, 2017	2016
Software Direct	189 030	139 138
Software Indirect	50 055	50 323
Total EBITDA - Software	239 084	189 461
SAM	27 862	13 380
Consulting	25 760	33 551
Total EBITDA - Services	53 623	46 931
Admin & shared services	(162 107)	(131 217)
Eliminations	-	-
Total Adjusted EBITDA*	130 600	105 175

* Note 25 APM.

Operating Revenue per Market Cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2017	2016
Nordics	3 900 486	3 767 902
Growth Markets	1 902 487	1 243 515
Start-Ups	1 192 554	890 852
USA	371 789	178 804
HQ	87 771	67 929
Eliminations	(153 376)	(133 840)
Total Operating Revenue	7 301 712	6 015 162

Gross Profit per Market Cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2017	2016
Nordics	760 603	757 670
Growth Markets	203 984	182 764
Start-Ups	104 953	70 581
USA	132 975	100 688
HQ	63 507	53 891
Eliminations	(50 246)	(37 190)
Total Gross Profit	1 215 776	1 128 404

Adjusted EBITDA per Market Cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2017	2016
Nordics	181 013	204 377
Growth Markets	4 576	1 301
Start-Ups	(13 855)	(32 951)
USA	(13 245)	(50 148)
HQ	(27 889)	(17 404)
Eliminations	-	-
Total Adjusted EBITDA*	130 600	105 175

* Note 25 APM

Assets per market cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2017	2016
Nordics	1 689 755	1 441 982
Growth Markets	512 001	357 957
Start-Ups	354 749	274 652
USA	314 572	287 529
HQ/eliminations	215 810	238 674
Total	3 086 887	2 600 793

NOTE 4 Inventory

Inventories in Crayon Group only consist of finished goods such as software programs, CDs and documentation. The inventory is valued at the lower of cost and net realisable value.

(In thousands of NOK)	2017	2016
Historical cost	26 287	17 546
Write-down and provisions for obsolescence	-	-
Carrying amount	26 287	17 546

NOTE 5 Wages and employee benefit expenses, management remuneration and auditor's fee

Payroll expenses

(In thousands of NOK)	2017	2016
Wages and salaries	704 734	708 421
Social security	111 267	98 638
Pension expenses	33 231	33 476
Other benefits	97 396	37 392
Other income and expense*	(6 164)	(7 743)
Payroll expenses	940 464	870 183

Average number of full time employees	977	945
Women	27.2%	26.5%

* A part of adjusted EBITDA, see note 25 APM for more information.

In 2017, the Group had cost outside the scope of ordinary business (other income and expenses) of NOK 26.8m, hereby personnel expense by 6.2m. These items mainly relate to the initial public offering as well as strategy projects. These items are reclassified compared to Annual Report 2016 for payroll expenses.

Compensation to the members of the Board amounted to NOK 0.4 in 2017, compared to NOK 0.1 in 2016.

Compensation to the executive management in 2017 is detailed below. The Group CEO is entitled to 6 months salary in the event of termination initiated by the company. None of the Board Members or the CEO have executive loans or guarantees in the company.

(In thousands of NOK)	Name	Salary	Bonus*	Pension	Other benefits	Total
2017						
Chief Executive Officer (CEO) of Crayon Group Holding ASA and Crayon Group AS	Torgrim Takle	2 200	1 250	66	11	3 527
Deputy CEO of Crayon Group AS	Rune Syversen	2 805	2 718	68	11	5 602
Chief Financial Officer (CFO)	Knut Ansten	1 238	942	65	11	2 256
Chief Operating Officer (COO)	Bente Liberg	1 283	368	68	15	1 735
Chief Technology Officer (CTO)	Mattias Ödlund	1 378	438	374	-	2 190
Total		8 903	5 716	642		15 310
2016						
CEO of Crayon Group Holding	Torgrim Takle	2 169	-	67		2 236
Deputy CEO of Crayon Group/Chairman of Crayon AS	Rune Syversen	2 766	-	68		2 833
CFO of Crayon Group AS	Knut Ansten	1 077	188	66		1 331
COO of Crayon Group AS	Bente Liberg	1 220	110	69		1 399
CTO of Crayon Group AS	Mattias Ödlund	1 427	200	327		1 954
Total		8 659	498	596		9 753

* Includes payroll benefit of discounted shares.

The above mentioned functions represent the Group's executive leadership.

(In thousands of NOK)	2017	2016
Audit fee		
Statutory audit	3 435	1 822
Other audit related services	481	776
Total	3 915	2 598

Pensions

All of the Group companies have pension schemes that satisfy the provisions of the Act on mandatory occupational pensions, for all employees. These are defined contribution schemes with a total pension cost of NOK 33.2m in 2017 (2016: NOK 33.5m). The Group obligations are limited to the annual contributions to the scheme.

Share options

Share options have been allotted to management and selected key employees, please see note 6 Share options for further information.

NOTE 6 Share options

Share options

There are two share option programs, one granted to the Vice President, Digital & Cloud Services Strategy prior to the IPO and one granted in relation to the IPO. The two share option programs consists of three tranches each, as displayed in the tables below.

Share options have been allotted to management and selected key employees. Each share option allows for the subscription of one share in Crayon Group Holding ASA.

The fair value of the options is calculated when they are allotted and expensed over the vesting period.

Share option program (IPO)

In connection with the Listing, the Board of Directors resolved to establish a new option program in order to tie key personnel closer to the Company and to enhance their economic incentive related to the value creation within the Group. The new options have been granted to Employees and consultants in the Group, as well as to the Board of Directors. The program has a duration of 5 years from grant date October 18th 2017. The size of the option program is up to approximately 4.2% of the share capital in the Company prior to completion of the Offering, i.e. up to 2,200,000 options. The program consists of three tranches, each of 733 333 options, with a earnings period of 1, 2 and 3 years respectively. The options will vest in three tranches, whereby each tranche consisting of 1/3 of the options will vest on the first, second and third anniversary of the grant date, respectively (i.e October 18th 2018, 2019 and 2020).

A cost of NOK 0.682m (incl accrued social security tax) has been charged as an expense in the profit and loss statement in 2017.

Share option program (Vice President, Digital & Cloud Services Strategy)

The Group has in the past granted options to Employees on a case-to-case basis. Prior to the share option program established in connection with the IPO, the Group entered into an option agreement with the Vice President, Digital & Cloud Services Strategy. The options are divided into three tranches, each consisting of 20 000 options. All has a strike price of NOK 7.00. The options will vest in three tranches, whereby each tranche consisting of 1/3 of the options will vest on the first, second and third anniversary of the grant date, respectively (i.e December 10th 2016, 2016 and 2017).

A cost of NOK 0.142m (incl accrued social security tax) has been charged as an expense in the profit and loss statement in 2017.

Fair value of options

The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk free interest. The expected volatility is based on historical volatility for a selection of comparable listed companies. Risk free interest rate is based on treasury bond with same maturity as the option program.

In order to take into account the option holders exercise behaviour, the fair value calculation is based on the weighted average of two scenarios. Scenario I (early redemption) assumes that the options are exercised as early as possible. Scenario II (late redemption) assumes that the options are exercised as late as possible. The variables used are displayed in the table below.

Allotment of share options

	Fair value	Strike price	Grant date	Earnings date	Expiry date
Tranche I (IPO)	1 759 157	15.50 NOK	Oct. 2017	Oct. 2018	Oct. 2022
Tranche II (IPO)	1 899 100	15.50 NOK	Oct. 2017	Oct. 2019	Oct. 2022
Tranche III (IPO)	1 980 042	15.50 NOK	Oct. 2017	Oct. 2020	Oct. 2022
Tranche I (VP, Digital & Cloud Services Strategy)	20 387	7.00 NOK	Dec. 2015	Dec. 2016	Dec. 2018
Tranche II (VP, Digital & Cloud Services Strategy)	22 492	7.00 NOK	Dec. 2015	Dec. 2016	Dec. 2018
Tranche III (VP, Digital & Cloud Services Strategy)	27 456	7.00 NOK	Dec. 2015	Dec. 2017	Dec. 2018
Total	5 708 634				

	Latest exercise schedule	Total number of share options	Exercised share options	Average excercise price	Remaining share options
Tranche I (IPO)	NA	733 333	-	-	733 333
Tranche II (IPO)	NA	733 333	-	-	733 333
Tranche III (IPO)	NA	733 333	-	-	733 333
Tranche I (VP, Digital & Cloud Services Strategy)	NA	20 000	-	-	20 000
Tranche II (VP, Digital & Cloud Services Strategy)	NA	20 000	-	-	20 000
Tranche III (VP, Digital & Cloud Services Strategy)	NA	20 000	-	-	20 000
Total		2 259 999	-	-	2 259 999

Strike price

	Remaining share options
15,50 NOK	2 199 999
7,00 NOK	60 000
	2 259 999

Variables in the model for the allotment of options

	IPO			VP Delivery SAM & Cloud Services		
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III
Expected life (yrs)	1 - 5	2 - 5	3 - 5	1 - 3	1 - 4	2 - 5
Risk free interest rate	0.41% - 1.12%	0.61% - 1.12%	0.81% - 1.12%	0.56% - 0.92%	0.60% - 0.92%	0.63% - 0.92%
Volatility	0.26	0.26	0.26	0.26	0.26	0.26

As of 31.12.2017, the following primary insiders currently holds options:

	Number of share options
Rune Syversen (founder and deputy CEO)	300 000
Torgrim Takle (CEO)	200 000
Knut Ansten (CFO)	150 000
Bente Liberg (COO)	100 000
Mattias Ödlund (CTO)	100 000
Jens Rugseth (chairman)	200 000
Eivind Roald (board member)	100 000
Dagfinn Ringås (board member)	60 000
Grethe Viksaas (board member)	40 000

NOTE 7 Tangible assets

Tangible assets 2017

(In thousands of NOK)	Equipment		
	IT systems and equipment	Office furnishings, fixtures and cars	Total
Acquisition cost 01.01.2017	32 302	27 767	60 069
Additions	6 210	4 678	10 888
Disposals	(315)		(315)
Acquisition cost 31.12.2017	38 197	32 445	70 642
Accumulated depreciation 01.01.2017	22 292	18 003	40 294
Reclassifications	-	-	-
Depreciation/impairment 2017	6 002	3 700	9 702
Disposals	(315)		(315)
Accumulated depreciation 31.12.2017	27 979	21 703	49 682
Net value per 31.12.2017 excl currency translation	10 218	10 742	20 960
Currency translation	(768)	12	(756)
Net value per 31.12.2017 excl currency translation	9 450	10 754	20 204
Depreciation period	1-5 years	1-5 years	
Depreciation method	Linear	Linear	

Tangible assets 2016

(In thousands of NOK)	Equipment		
	IT systems and equipment	Office furnishings, fixtures and cars	Total
Acquisition cost 01.01.2016	27 384	24 516	51 900
Additions	5 695	3 276	8 971
Reclassifications	(147)	147	-
Disposals	(631)	(172)	(802)
Acquisition cost 31.12.2016	32 302	27 767	60 069
Accumulated depreciation 01.01.2016	17 790	14 418	32 208
Reclassifications	-	-	-
Depreciation/impairment 2016	4 993	4 265	9 258
Disposals	(492)	(680)	(1 172)
Accumulated depreciation 31.12.2016	22 292	18 003	40 294
Net value per 31.12.2016 excl currency translation	10 010	9 764	19 774
Currency translation	(1 082)	12	(1 070)
Net value per 31.12.2016	8 928	9 776	18 704
Depreciation period	1-5 years	1-5 years	
Depreciation method	Linear	Linear	

Tangible assets are tested for impairment when there are indications that future earnings cannot justify the carrying amount. The difference between the carrying amount and recoverable amount is recognized as impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. When assessing impairment, assets are grouped at the lowest levels where it is possible to distinguish independent cash flows (cash generating units). Possible reversal of previous impairment of non-financial assets (excluding goodwill) is evaluated on each reporting date.

NOTE 8 Intangible assets

Intangible assets 2017

(In thousands of NOK)

	Software licenses (IP)	Development costs
Acquisition cost 01.01.2017	7 421	119 393
Additions	-	40 350
FX translation	-	37
Acquisition cost 31.12.2017	7 421	159 780
Amortization and impairment 01.01.2017	-	63 300
Amortization	-	27 530
Impairment	6 421	-
Accumulated amortization and impairment 31.12.2017	6 421	90 830
Net value 31.12.2017	1 000	68 950

Amortization period

None

1-10 years

Amortization method

None

Linear

Intangible assets 2017

	Contracts	Technology and software	Total
Acquisition cost 01.01.2017	360 079	66 354	553 247
Additions	-	-	40 350
FX translation	1 646	(480)	1 203
Acquisition cost 31.12.2017	361 725	65 874	594 800
Amortization 01.01.2017	259 045	18 099	340 444
Amortization	19 356	7 414	54 300
Impairment	-	-	6 421
Accumulated amortization 31.12.2017	278 401	25 513	401 165
Net value 31.12.2017	83 324	40 361	193 635

Amortization period

1-10 years

Amortization method

Linear

In 2017, the total capitalized development costs of NOK 40.3m consist of NOK 16.3m from capitalized internal hours and NOK 24m from capitalized external operating expenses.

Total non-capitalized R&D costs amounted to NOK 16.1m relating to the Norwegian SkatteFUNN projects.

Intangible assets 2016

(In thousands of NOK)

	Software licenses (IP)	Development costs
Acquisition cost 01.01.2016	7 421	77 931
Additions	-	43 939
FX translation	-	(2 477)
Acquisition cost 31.12.2016	7 421	119 393
Amortization and impairment 01.01.2016	-	41 828
Amortization	-	21 472
Impairment	-	-
Accumulated amortization and impairment 31.12.2016	-	63 300
Net value 31.12.2016	7 421	56 093

Amortization period

None

1-10 years

Amortization method

None

Linear

Intangible assets 2016

(In thousands of NOK)	Contracts	Technology and software	Total
Acquisition cost 01.01.2016	366 111	72 912	524 375
Additions	-	-	43 939
FX translation	(6 032)	(6 558)	(15 067)
Acquisition cost 31.12.2016	360 079	66 354	553 247
Amortization 01.01.2016	207 388	10 360	259 576
Amortization	51 657	7 739	80 868
Impairment	-	-	-
Accumulated amortization 31.12.2016	259 045	18 099	340 444
Net value 31.12.2016	101 034	48 255	212 803

Amortization period	1-10 years	1-10 years
Amortization method	Linear	Linear

In 2016, the total capitalized development costs of NOK 43.9m consist of NOK 29.0m from capitalized internal hours and NOK 14.9m from capitalized external operating expenses.

Total non-capitalized R&D costs amounted to NOK 38.2m relating to the Norwegian SkatteFUNN projects.

NOTE 9 Goodwill

Goodwill is not amortized, but tested annually for impairment. The difference between the carrying amount and recoverable amount is recognized as impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. When assessing impairment, assets are grouped at the lowest levels where it is possible to distinguish independent cash flows (cash generating units).

The impairment assessment is built on a discounted cashflow model (DCF), with the model assumptions relating to WACC and CAGR specified per CGU below. Future cash flows have been determined on the basis of board approved budgets for 2018.

Based on the value-in-use calculation, the estimated recoverable amount exceeds the carrying amount with a significant headroom.

Goodwill impairments of NOK 1.3m in 2017 relate to the following CGUs: Consulting Sweden (NOK 0.9m) and Other (NOK 0.4m).

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. The sensitivity analysis have tested changes in WACC, sales growth and terminal growth.

If any of the following changes were made an impairment of CGU Crayon UK would be required:

- An increase in the DCF model WACC by 1 percentage point
- A reduction in 5-year sales growth by 1 percentage point
- A reduction in terminal growth with 1 percentage point

The estimates used to determine future cash flows and WACC when calculating value in use are subject to uncertainty. The assumptions are described below:

Growth rate

Average rates of growth in operating revenue are based on management's expectations of future conditions in the markets in which the business operates.

Gross Profit

Gross Profit margin are based on the volume/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). For 2017, pre-tax WACC was assumed to be 11.9%. As a general principle, the Group pretax WACC is used for each CGU, but when there are material differences in the local market where the CGU operates (e.g. the corporate tax rate, or the general market conditions), the WACC is adjusted accordingly.

According to IAS 21 47, any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are to be treated as assets and liabilities of the foreign operation. They are expressed in the functional currency of the foreign operation and are translated in the consolidated balance sheet at the closing rate.

Goodwill

(In thousands of NOK)

	2017	2016
Acquisition cost 01.01	875 934	894 398
Additions		8 720
Currency translation	5 249	(27 184)
Acquisition cost 31.12	881 183	875 934
Impairment 01.01	48 877	39 986
Impairment	1 262	8 891
Accumulated impairment 31.12	50 139	48 877
Net value 31.12	831 044	827 057

Amortization period	None	None
Amortization method	None	None

Goodwill split by CGU

	2017	5 year sales CAGR assumption	Pre-tax WACC assumption	2016	5 year sales CAGR assumption	Pre-tax WACC assumption
Licensing Norway (Inmeta Crayon PPA)	267 967	5.0%	11.9%	267 967	4.2%	12.2%
Consulting Norway (Inmeta Crayon PPA)	149 713	5.1%	11.9%	149 713	3.3%	12.2%
Puzzelpart	5 927	18.7%	11.9%	5 927	10.6%	12.2%
Licensing Sweden (Inmeta Crayon PPA)	52 991	3.9%	11.9%	52 991	2.7%	12.2%
Consulting Sweden (Inmeta Crayon PPA)		22.6%	11.9%	875	18.7%	12.2%
Crayon Denmark (Inmeta Crayon PPA and Again PPA)	91 679	6.0%	11.9%	86 343	3.2%	12.2%
Crayon Finland (Inmeta Crayon PPA)	47 623	11.1%	11.9%	47 623	5.5%	12.2%
Crayon Germany (Inmeta Crayon PPA)	15 948	24.7%	11.9%	15 948	10.6%	12.2%
Cloud Consulting (Germany)	-	20.5%	11.9%	-	19.8%	12.2%
Crayon UK (Fast PPA)	96 917	-5.0%	11.9%	93 229	-3.3%	12.2%
Kryptos Networks	24 540	25.1%	15.2%	24 291	20.5%	15.4%
Angelpoint (Anglepoint PPA)	69 805	26.4%	14.1%	73 423	12.8%	14.4%
Software Wholesale International	7 936	51.4%	14.1%	8 342	47.6%	14.4%
Other	-	N/A	N/A	387	N/A	N/A
Total	831 044			827 057		

NOTE 10 Acquisition of business**Infrahouse A/S**

In January 2016, Crayon Group AS acquired the Danish consulting company InfraHouse, as part of its ongoing expansion of the firm's global cloud-based services business. The acquisition was completed as an purchase of assets and the activities meet the definition of a business in accordance with IFRS 3, including 10 highly skilled cloud and infrastructure consultants hired into the Danish subsidiary Crayon Consulting A/S.

There were no further acquisitions performed during 2016 or 2017.

NOTE 11 Equity

The company has 75 394 108 shares at a nominal value of NOK 1. The total share capital amounts to NOK 75 394 108.

The company owns 3 100 of its own shares to facilitate management of employee share purchases.

The company reduced the numbers of own shares with 8 643, or 0.01% of total share capital, driven by employee share purchases and sales of shares as part of the IPO. Crayon received compensation of NOK 0.09m.

Shares

	Number of shares	Total nominal value	Statutory provisions on voting
Shares 2017	75 394 108	75 394 108	One share – one vote

The Extraordinary General Meeting on October 18, 2017 authorized the board of directors to increase the share capital in four different settings. All four authorizations are valid until the earlier of Crayon's annual general meeting in 2018 and June 30th, 2018:

In relation to the Company's incentive schemes, the Board is granted an authorization to increase the Company's share capital with up to NOK 2,200,000, provided however that the authorization cannot be used for an amount in excess of 4.2% of the Company's share capital.

In connection with acquisitions etc the Board is granted an authorization to increase the Company's share capital with up to NOK 7,200,000, provided however that the authorization cannot be used for an amount in excess of 10% of the Company's share capital following the share capital increase in the Company in connection with the listing of the Company.

In connection with IPO bonuses, the Board is granted an authorization to increase the Company's share capital with up to NOK 700,000, provided however that the authorization cannot be used for an amount in excess of 1% of the Company's share capital following the share capital increase in the Company in connection with the listing of the Company.

The board of directors is granted an authorization to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 5,269,104.70, corresponding to 10% of the Company's share capital prior to the share capital increase in the Company in connection with the listing of the Company.

The company issued 22 918 573 new shares in 2017.

In accordance with the company's Articles of Association, the number of shares is the same as the number of ordinary shares issued and fully paid-up.

The company's major shareholders as of 31.12.2017, who own more than 1% of the share capital, are:

Shareholder's name	Total Shareholding
Norvestor Holding I AS	21.8%
JPMorgan Chase Bank, N.A., London	7.3%
Sevencs AS	6.1%
Skandinaviska Enskilda Banken AB	4.6%
RUGZ II AS	4.5%
Morgan Stanley & CO. Int. Plc.	3.4%
First Generator	3.3%
HSBC TTEE Marl European Trust	2.4%
Nordnet Bank AB	2.2%
Danske Invest Norge Vekst	2.1%
Danske Bank A/S	2.0%
Skandinaviska Enskilda Banken AB	1.8%
JPMorgan Chase Bank, N.A., London	1.8%
Regents Of The University Of Michi	1.7%
Verdipapirfondet First Globalt	1.7%
Sniptind Invest AS	1.7%
Skandinaviska Enskilda Banken AB	1.6%
The Northern Trust Comp, London BR	1.4%
Verdipapirfondet Fondsfirman NOR	1.3%

Officer	Total number of shares
Rune Syversen, Sevencs AS	4 592 366
Jens Rugseth*	3 894 790
Torgrim Takle	308 901
Knut Ansten	157 489

* Jens Rugseth: Ownership through the companies Rugz AS and Rugz II AS and in private.

NOTE 12 Earnings per share

The Group's earnings per share are calculated as:

(In thousands of NOK)	2017	2016
Net income	(50 734)	(30 213)
Non-controlling interests	(6 105)	(19 444)
Owners of Crayon Group Holding ASA	(44 629)	(10 769)
Outstanding common shares (in thousands)	75 394	52 476
Earnings per share (NOK)	(0.59)	(0.21)*
Own shares (in thousands)	3	12
Weighted average shares outstanding minus own shares (in thousands)	55 235	52 464
Net earnings per weighted average shares outstanding	(0.81)	(0.21)
Weighted average number of shares outstanding minus own shares, diluted (in thousands)	55 265	52 464
Net diluted earnings per weighted average shares outstanding	(0.81)	(0.21)
Number of outstanding shares per 01.01	52 475 535	52 475 535
Number of outstanding shares per 31.12	75 394 108	52 475 535

* Income owners of Crayon Group Holding ASA divided outstanding common shares.

NOTE 13 Accounts receivable

Accounts receivable relate to the sale of licenses or services that are within the normal operating cycle. If the settlement is expected within one year or less, the receivable is classified under current assets. If exceeding more than one year, the receivable is classified under fixed assets.

Receivables outstanding

(In thousands of NOK)	2017	%	2016	%
Not due	1 247 117	81%	1 049 350	87%
1-30 days overdue	206 716	13%	113 145	9%
30-60 days overdue	33 090	2%	41 886	3%
60-90 days overdue	23 884	2%	(19 172)	(2%)
90-120 days overdue	8 805	1%	(11 293)	(1%)
More than 120 days overdue	21 825	1%	32 868	3%
Closing balance 31.12	1 541 436		1 206 783	

The ageing split excludes intercompany receivables.

Allowance for doubtful accounts in the balance sheet

(In thousands of NOK)	2017	2016
Opening balance 01.01	(1 883)	(2 174)
Currency effect	184	200
Net reversal / (allowance) YTD	(1 134)	91
Closing balance 31.12	(2 833)	(1 883)

Profit & loss effect of bad debt

(In thousands of NOK)	2017	2016
Realized losses	1 365	769
Reversal of allowance	(678)	(472)
Allowance for doubtful accounts	1 812	381
Net accounting losses on receivables	2 499	678

The Group has historically had low losses on receivables. In 2017, the Group continued the intensified efforts to collect outstanding receivables. Regarding credit risk please see note 23 and related parties in note 18 regarding account receivables.

NOTE 14 Cash & cash equivalents

NOK 18.7m of the total bank deposits as of 31.12.2017 is restricted cash. As of 31.12.2016 restricted cash was NOK 14.5m. The amounts consist in full of employee taxes withheld. Further information regarding liquidity reserve is shown in detail in note 25.

NOTE 15 Collateral and guarantees

Debt

(In thousands of NOK)	2017	2016
Bond loan	450 000	650 000
Transactional costs*	(7 942)	-
Debts secured by collateral	442 058	650 000

* The bond loan is initially measured at fair value net of transaction costs, and is subsequently measured at amortised cost using the effective interest rate method. Consequently, the transaction cost will be amortised over the life of the bond loan. Carrying amount of the bond loan will be equal to principal amount of NOK 450 million at maturity in FY 2020.

Pledged assets

Accounts receivable	-	2 000 000
Property, plant and equipment	-	2 000 000
Inventories	-	-
Total assets pledged	-	2 000 000

The book values of pledged assets are as specified in the balance sheet.

As security for the Crayon Group Holding ASA' bond, FRN Crayon Group Holding ASA Senior Secured Callable Bond Issue 2017/2020 (ISIN: N00010789985), where Nordic Trustee ASA is functioning as a bond trustee, and the company's Super Senior Multicurrency Revolving Facility Agreement, Crayon Group Holding ASA has provided a first priority assignment agreement with respect to the top account in the cash pool agreement to which it is a party. Furthermore, the liability of each Guarantor, listed below, shall be limited to NOK 1.2 billion plus any unpaid amount of interest, fees, liability, premium and expenses in respect of the Secured Obligations, regarding agreement with Nordic Trustee ASA.

List of guarantors

Crayon Group Holding ASA
 Crayon Group AS
 Crayon AS
 Inmeta Consulting AS
 Crayon A/S
 Crayon AB
 Crayon Oy
 Crayon Limited

Crayon Group has provided guarantees for the following creditors:

(In thousands)	Creditor	Amount	Currency
Guarantee for			
Business associates			
Purchase of goods			
	Citrix Syst. Int Gmbh	500	USD
	Adobe	1 500	USD
	Microsoft	20 000	USD
Subsidiaries			
Crayon DMCC			
	Kofax, Primary Guarantee	3 000	USD
Crayon India, Guarantee credit facility			
	Indsind bank Limited	283 000	INR
Crayon Group, House rental			
	Sandakerveien 114 A	6 380	NOK
Crayon UK			
	Bacstel, UK	350	GBP
Crayon DE, Rental guarantee			
	Yann Baden	12	EUR
Crayon DE, Rental guarantee			
	Buro Focus	30	EUR
Crayon DE, Rental guarantee			
	Graf Wanheim	17	EUR
Crayon DE, Rental guarantee			
	Kapfinger	2	EUR

NOTE 16 Debt

In March 2017, the company successfully completed the issuance of a MNOK 600 senior secured bond in the Nordic market. Net proceeds from the bond issue was used to refinance the outstanding MNOK 650 bond issued in July 2014. In light of the refinancing mentioned above, the Group has also successfully increased its revolving credit facility to MNOK 200.

Settlement for the initial loan amount was 6 April 2017, with final maturity 6 April 2020. The initial loan amount has a coupon of 3 months NIBOR +550 bps. p.a. Any outstanding bonds is to be repaid in full at the maturity date. The bond was listed on the Oslo Stock Exchange at the start of October 2017, for further information about the Bond we refer to the Bond terms and the prospectus available at www.crayon.com/en/about-us/investor-relations.

In connection with the IPO in November 2017, NOK 150 million of the proceeds from the equity issue was used to settle parts of the initial NOK 600 million Bond loan. Thus, as of December 31, 2017, the total amount outstanding is NOK 450 million nominal value with maturity in FY 2020.

The bond loan is initially measured at fair value net of transaction costs, and is subsequently measured at amortised cost using the effective interest rate method. Consequently, the transaction cost will be amortised over the life of the bond loan. Carrying amount of the bond loan will be equal to principal amount of NOK 450 million at maturity in FY 2020.

The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the 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.

Net interest-bearing debt means senior debt to credit institutions and other interest-bearing debt less freely available cash. Net interest-bearing debt is not adjusted for normalized working capital to the issuance of new shares, are recognised as change in equity.

Both the bond and the credit facility have covenants related to financial charges and leverage ratio. As of December 31, 2017, the Group had significant headroom with regards to the covenants.

Reconciliation of liabilities arising from financing activities

(in thousands of NOK)	Long-term bond loan	Short-term bond loan	Total liabilities from financing activities
December 31, 2016	0	650 000	650 000
Cash flows	439 746	-650 000	(210 254)
Non-cash changes:			
Amortizations	2 312	0	2 312
December 31, 2017	442 058	0	442 058

NOTE 17 Other long-term liabilities

Other long-term liabilities

(in thousands of NOK)	2017	2016
Deferred revenue	607	983
Other	6 581	489
Total	7 188	1 472

NOTE 18 Related parties

A related party is defined as being either a member of the same group, having significant influence over the entity, or being a member of the key management personnel. Relationships between related parties must be regarded as normal in business activities. Related parties are, however, in a position to make transactions with the company that would not be made between unrelated parties. A company's result and financial position could, in principle, be affected by the relationship even though, in reality, there have been no transactions with related parties. The existence of a relationship may be sufficient to affect the perception of the company's other transactions.

Crayon Group Holding ASA has transactions with related parties in 2017. They are being carried out in accordance with the arm's length principle. The most important ones are listed below:

- Two promissory notes toward minority shareholders. The promissory notes total USD 650k principal and were paid in full December 2017. The annual interest rate charged is 4%, and 5% annual interest rate from September to December.
- Transactions with company Complit AS have been carried out as part of normal operations. Shareholders in this company are, among others, Sevens AS (Rune Syversen, Founder and deputy CEO of Crayon Group), and Ruzg AS (Jens Ruzg, Chairman of Crayon Group Holding ASA). Sales to this Complit AS was NOK 1.9m in 2017, and accounts receivables as of 31.12.2017 of NOK 0.6. Expenses from Complit AS was NOK 2.6m, and accounts payable at 31.12.2017 was at NOK 0.9m.

NOTE 19 Tax

Net income tax expense consists of the following:

Tax expense

(In thousands of NOK)	2017	2016
Income tax on net profit	4 818	5 443
Deferred taxes	(7 757)	(15 048)
Total	(2 939)	(9 605)

The income tax expense differs from the amounts computed when applying the Norwegian statutory tax rate to income before income taxes as a result of the following:

Reconciliation of tax charge

(In thousands of NOK)	2017	2016
Net income before income tax expense	(53 673)	(39 818)
Norwegian statutory rate	24%	25%
Provision for income taxes at statutory rate	(12 881)	(9 955)
<i>Increase (decrease) in income taxes from:</i>		
Effect of tax rates other than statutory tax rate in Norway	(695)	(3 437)
Changes in unrecognized deferred tax assets	3 449	7 126
Other permanent items	7 189	(3 340)
Total income tax expense	(2 939)	(9 605)

The Group subsidiaries Crayon AS, Crayon Group AS, Inmeta Consulting AS, and Esito AS receive tax deductions from the Norwegian SkatteFUNN scheme for hours and operating expenses spent on approved projects relating to R&D. Under the SkatteFUNN scheme, business enterprises engaged in research and development activity may apply for a tax deduction. As described by the Research Council of Norway, the primary objective of the SkatteFUNN scheme is to provide support to R&D projects carried out by companies, enhance innovation in Norwegian trade, industry, and services, foster the development of good business ideas, motivate Norwegian companies to make their R&D efforts more strategic and targeted, and encourage greater use of development and research as strategic instruments to improve competitiveness. The total tax receivable from the SkatteFUNN scheme amounted to NOK 5.1m as of 31.12.2017.

The tax effects of the Group's temporary differences are as follows:

Basis for recognized deferred tax assets

	2017	2016
Current assets	4 104	131
Fixed assets	7 726	9 156
Shares and other securities	3 638	-
Interest restriction IC	5 138	-
Long-term debt	(7 942)	-
Tax losses carried forward	167 683	71 749
Deferred tax assets	180 346	81 036
Deferred tax assets	45 252	29 644
Effective tax rate	25%	37%

Basis for recognized deferred tax liabilities

	2017	2016
Current assets	1 404	266
Purchase price allocations	123 034	149 043
Other fixed assets	6 150	6 165
Deferred tax liabilities	130 589	155 474
Deferred tax liabilities	39 167	44 818
Effective tax rate	30%	29%

Deferred taxes on purchase price allocations in countries other than Norway are calculated at the time of acquisition based on local tax rates:

Acquisition

	Country	Tax rate
Fast Compliance Ltd	UK	24%
Again A/S	Denmark	25%
Anglepoint Group Inc	USA	44%
Inmeta	Norway, Sweden, Denmark, Finland	24%

NOTE 20 Financial income and expenses**Financial income**

(In thousands of NOK)	2017	2016
Interest income from bank deposits	6 718	3 642
Interest swap income	-	8 396
Interest income from accounts receivable	1 111	1 601
Total other interest income	7 829	13 639
Net foreign currency gain	-	18 431
Other financial income	1 445	3 710
Total other financial income	1 445	22 142
Total financial income	9 274	35 780

Financial expenses

(In thousands of NOK)	2017	2016
Interest expense credit institutions	18 557	10 784
Interest swap expense	235	11 279
Interest promissory note	1 887	505
Interest bond loan	40 042	40 453
Total other interest expenses	60 721	63 022
Net foreign currency loss	7 410	-
Other financial expenses	26 973	5 278
Total other financial expenses	34 383	5 278
Total financial expenses	95 104	68 300

NOTE 21 Operating leases

Total leasing cost for 2017 was NOK 40.6m, split on buildings NOK 36.1m, cars NOK 4.1m and other NOK 0.4m. The Company has operating lease commitments expiring at various dates through 2024. Future minimum payments related to non-cancellable operating leases were as follows:

(In thousands of NOK)	2017
2018	39 593
2019	26 797
2020	23 198
2021	19 308
2022	18 991
thereafter	8 775
Total	136 663

The future minimum payments under the Company's operating leases are for the following types of property:

Buildings	129 992
Cars	5 874
Office Equipment	797
Total	136 663

NOTE 22 Financial instruments

Currency swaps

Crayon Group Holding ASA has swapped approximately 22% of the NOK 450.0m bond principal (ref. note 16) into the following currencies: SEK and DKK. The outstanding bond principal (NOK) has been hedged against the aforementioned currencies reflecting the underlying cash flow of the company.

The currency swap is recognised in the balance sheet at fair value, representing future liabilities based on the exchange rates at the balance sheet date. Given the development of these currencies vs NOK, the total obligation to be repaid at maturity in NOK has increased by NOK 3.6m from when the swap agreements were executed to 31.12.2017.

Interest swaps

Approximately 17% of the NOK 450.0m bond principal is interest hedged. The effective interest rate for the bond as of December 31, 2017 was approximately 6.30%.

The interest swap is recognised in the balance sheet at fair value, representing future liabilities based on the interest rates at the balance sheet date. As a consequence of a higher interest on the company's fixed interest products compared to the floating rate, the company per 31.12.2017 has as a future liability until due date of the fixed interest products amounting to NOK 0.003m.

The total financial liabilities relating to the bond loan amounted to the following as at 31.12:

(In thousands of NOK)	2017	2016
Bond principal	450 000	650 000
Currency swap	3 635	9 582
Interest swap	3	1 465
Transactional cost*	(7 942)	-
Total financial liabilities	445 696	661 047

* The bond loan is initially measured at fair value net of transaction costs, and is subsequently measured at amortised cost using the effective interest rate method. Consequently, the transaction cost will be amortised over the life of the bond loan. Carrying amount of the bond loan will be equal to principal amount of NOK 450 million at maturity in FY 2020. The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the 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.

Financial liabilities at fair value through profit or loss

(In thousands of NOK)	2017	2016
Level 1	-	-
Level 2	3 638	11 047
Level 3	-	-
Total	3 638	11 047

The fair value hierarchies are defined as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. [IFRS 13:76]

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. [IFRS 13:81]

Level 3 inputs are unobservable inputs for the asset or liability. [IFRS 13:86]

NOTE 23 Financial risk

The Group has adequate capitalization to secure freedom of action. Covenants are attached to the Group's loans. As of December 31, 2017, the Group had credit facilities of NOK 200.0m. The credit facility is used for working capital and other short-term financing purposes. The Group's interest-bearing bond loan is shown in detail in note 16.

Currency risk

1 Currency risk

The Company is exposed to currency fluctuations due to the international nature of its operations. Major transactions in foreign currency are hedged according to policy. As of 30 June 2017, the Group had swapped approximately 17% of its bond principal into the following currencies: SEK 51.0m and DKK 39.0m.

There is no currency hedging related to these currency swaps because the Group has income in SEK and DKK. Hence, a natural hedge is achieved as the bond principal swapped into non-NOK currencies reflects the underlying cash generation by the Group. Further, larger transactions involving currency risk are hedged by the means of forward contracts. Other than the above, the Group does not have any financial instruments in foreign currency beyond the ordinary trade creditors arising from ordinary operation. The Group buys most of its products in EUR, SEK, DKK and USD.

The inventory is minimal, but the exchange rate on the Company's key currency pairs, e.g. NOK/EUR, NOK/SEK, NOK/DKK and NOK/USD, can have an impact on the financials as the exchange rate may appreciate or depreciate in value. To counteract this, significant orders are secured by means of confirmed orders.

2 Interest rate risk

The Company's borrowings are linked to NIBOR, STIBOR and CIBOR, which means that the Company is exposed to interest rate fluctuations. Approximately 17% of the principal amount of the loan was interest hedged in 2017, while the remaining borrowings use floating interest. The interest rate risk is at an acceptable level.

3 Liquidity risk

Management of liquidity risk is accorded high priority as part of measures to secure financial flexibility. The cash flow from operating activities, which is impacted by a number of factors including changes in working capital, is managed at the operational level by the individual companies. The Finance Department monitors liquidity flows in its short-term and long-term reporting. The Group also has significant liquidity reserves available through credit facilities with its primary bank, as a result of which liquidity risk is deemed to be low.

4 Credit risk

The Group has historically had low losses on receivables. The Group has not experienced materially greater losses on receivables in 2017 than in previous years, however given increased operations of the Group in new markets outside the core Nordic region, which also entails different credit risk environments, the Group has intensified its efforts to collect outstanding receivables. The Group deems credit risk to be at an acceptable level. See further informatin in note 13.

5 Sensitivity

The Group has identified currency risk (foreign exchange risk, primarily with respect to EUR, SEK, DKK, GBP and USD) and floating interest rate risk as the two important financial risk factors it is exposed to.

Currency

(in thousands of NOK)	2017 EBITDA*	NOK appreciates 10%	NOK depreciates 10%	2016 EBITDA*	NOK appreciates 10%	NOK depreciates 10%
SEK	50 477	(5 048)	5 048	42 643	(4 264)	4 264
DKK	15 664	(1 566)	1 566	24 688	(2 469)	2 469
GBP	532	(53)	53	6 493	(649)	649
EUR	(1 116)	112	(112)	(279)	28	(28)
USD	(11 418)	1 142	(1 142)	(51 300)	5 130	(5 130)
Effect of sensitivity		(5 414)	5 414		(2 224)	2 224

* Note 3

Interest rate risk

(in thousands of NOK)	Effect on net financial income and expenses*	
	+100bps	-100bps
NIBOR	(3 500)	3 500
STIBOR	113	(113)
CIBOR	110	(110)
LIBOR	-	-
EURIBOR	-	-
Effect of sensitivity	(3 277)	3 277

* Compared to interest levels as of 31.12.2017

The following table presents the maturity profile of the group's financial liabilities based on contractual payments and non-cancellable lease commitments. All amounts presented in the table are undiscounted cash flows in NOK thousands:

Maturity profile

(In thousands of NOK)	2018	2019	2020	Effect on net financial income and expenses*	
				2021 ->	Total
Interest-bearing bond loan	28 485	28 485	458 585	-	515 555
Other financial liabilities	-	7 188	-	-	7 188
Accounts payable	1 600 566	-	-	-	1 600 566
Non-cancellable lease commitments	39 593	26 797	23 198	47 075	136 663
Total	1 668 644	62 470	481 783	47 075	2 259 972

NOTE 24 Subsidiaries and non-controlling interests

The Crayon Group consists of the following subsidiaries as of 31.12:

Subsidiary

	Office location	Ownership % 2017	Ownership % 2016
Nordics			
Crayon Group AS	Oslo	100%	100%
Crayon AS	Oslo	100%	100%
Inmeta Consulting AS	Oslo	100%	100%
Esito AS	Oslo	51%	51%
Map License AS	Oslo	100%	100%
Puzzelpart AS	Oslo	50.1%	50.1%
Crayon Consulting A/S	Copenhagen	69.5%	69.5%
Crayon A/S	Copenhagen	100%	100%
Crayon AB	Stockholm	100%	100%
Crayon OY	Helsinki	100%	100%
Crayon Iceland ehf.	Reykjavik	100%	100%
Growth Markets			
Crayon UK Ltd	London	100%	100%
Crayon France SAS	Paris	75%	75%
Crayon Deutschland GmbH	Munich	100.0%	74.2%
Crayon Cloud Consulting GmbH	Munich	100.0%	74.2%
Crayon DMCC	Dubai	80%	100%
Start Ups			
Crayon Austria GmbH	Vienna	87.5%	87.5%
Crayon Schweiz AG	Altdorf	87.5%	87.5%
Crayon Software Experts Spain SL	Madrid	86%	84%
Crayon Software Licensing Unipessoal LDA	Lisbon	86%	84%
Crayon BV	Amsterdam	80%	100%
Atria Technologies Pte Ltd	Singapore	100%	100%
Crayon Pte Ltd	Singapore	100%	90%
Kryptos Networks Pvt Ltd	Chennai	100%	100%
Kryptos Networks Pte Ltd	Singapore	100%	90%
Crayon Software Experts India Pvt Ltd	New Delhi	100%	100%
Crayon Software Experts Philippines Inc	Makati City	100%	100%
Atria Solutions Sdn Bhd	Kuala Lumpur	100%	100%
Crayon Software Experts Malaysia Sdn Bhd	Kuala Lumpur	92.5%	85%
Ice Distributions hf	Reykjavik	100%	100%
Crayon Abu Dhabi	Abu Dhabi	100.0%	-

U.S.

Crayon Software Experts Holding LLC	Dallas	100%	100%
Crayon Software Experts LLC	Dallas	76.7%	74%
Anglepoint Group Inc	San Francisco	76.7%	74%
Software Wholesale International Inc	Denver	76.7%	74%
Crayon Global Services GmbH	Munich	76.7%	74%

The non-controlling interest share of the net income for 2017 and equity as of 31.12.2017 is detailed below:

Specification of non-controlling interests 2017

	NCI ownership share	NCI share of equity (kNOK)	NCI share of net income (kNOK)
Crayon Consulting A/S	30.5%	636	778
Crayon Schweiz AG	12.5%	2 892	782
Crayon Software Experts Malaysia Sdn Bhd	7.5%	279	-255
Crayon Software Licensing Unipessoal LDA	14%	1 009	173
Crayon Software Experts Spain SL	16%	1 593	272
Crayon France SAS	25%	4 224	836
Crayon Austria GmbH	12.5%	2 822	411
Crayon DMCC	20%	2 828	(181)
Crayon BV	20%	3 383	1 151
Crayon Software Experts LLC	23.3%	(16 364)	7 566
Anglepoint Group Inc	23.3%	(2 464)	(1 714)
Software Wholesale International Inc	23.3%	628	12
Crayon Global Services GmbH	23.3%	1 750	21
Esito AS	49%	(7 055)	(1 434)
Puzzelpart AS	49.9%	(4 313)	(2 312)
Total		(8 153)	6 105

In September 2016, Crayon Group AS purchased 100% of the shares in Anglepoint Group Inc. through the 74% owned US subsidiary Crayon Software Experts LLC. The transfer of funds related to the purchase of Anglepoint was split into different periods, where the last deferred consideration was done in 2017.

Written Put Options over Non-Controlling Interests**Anglepoint**

In September 2015, Crayon Group Holding ASA acquired 100% of the shares in Anglepoint Group Inc. through its wholly owned subsidiary Crayon Software Experts LLC. As part of the consideration, the shareholders of Anglepoint received a 26% (in 2017 reduced to 23.3%) non-controlling interest in Crayon Software Experts LLC. Simultaneously, Crayon Group Holding ASA issued written put options over the non-controlling interests in Crayon Software Experts LLC. The put options will be settled by non-controlling interests selling their shares in Crayon Software Experts LLC in exchange for cash or shares in Crayon Group Holding ASA.

The written put options over non-controlling interest are a current obligation for Crayon Group Holding ASA to purchase equity instruments from non-controlling interest with settlement in own shares (or cash at the discretion of the group), and classified as derivative financial liabilities and presented on net basis at fair value. The accounting policy applied for written put options over non-controlling interests is stated in note 2.

The number of put shares to be issued shall be such number of put shares whose fair market value is equal to the fair market value of the share units being exchanged by the non-controlling interests. Hence, the fair value of the written put options over non-controlling interests is zero as at 31 December 2017.

Puzzelpart

In December 2015, Crayon Group AS bought 50.1% of the shares in Puzzelpart AS. Crayon Group AS has issued written put options over the non-controlling interests in Puzzelpart. The put options will be settled by non-controlling interests selling their shares in Puzzelpart in exchange for cash.

The written put options over non-controlling interests are a current obligation for Crayon Group Holding ASA to purchase its own equity instruments for cash and classified as derivative financial liabilities and presented on net basis at fair value. The accounting policy applied for written put options over non-controlling interests is stated in note 2.

The amount of cash to be paid shall be such an amount whose fair market value is equal to the fair market value of the share units being exchanged by the non-controlling interests. Hence, the fair value for the written put options over the non-controlling interests is zero as of 31 December, 2017.

NOTE 25 Alternative performance measures

Crayon Group Holding's financial information in this report is prepared under International Financial Reporting Standards (IFRS), as adopted by the EU.

To enhance the understanding of Crayon's performance, the company has presented a number of alternative performance measures (APMs) that are regularly reviewed by management. An APM is defined by ESMA guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the relevant accounting rules (IFRS).

Crayon uses the following APM's:

Gross Profit

Gross profit is calculated as operating revenue less materials and supplies. The Group's revenue is recognised either gross or net depending on revenue streams. As a result, management make budgets on gross profit rather than gross revenue. The management use gross profit as a key performance measure due to different revenue recognition.

We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:

- it displays the Group's performance independently of types of revenue streams
- it is necessary in order to understand the Group's financials
- it is used for internal performance analysis

EBIT: Earnings before interest expense, other financial items and income taxes

EBITDA: Earnings before interest expense, other financial items, income taxes, depreciation and amortization

EBITDA before other income and other expenses (Adjusted EBITDA)

Earnings before interest, tax, depreciations and amortisations (EBITDA) is a key financial parameter for Crayon. EBITDA before other income and other expenses is defined as EBITDA less refinancing cost, M&A and strategy cost and extraordinary personnel cost.. This measure is useful to users of Crayon's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortisation expense related primarily to capital expenditures and acquisitions that occurred in the past, non-recurring items, as well as evaluating operating performance in relation to Crayon's competitors.

The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

(In thousands of NOK)	2017	2016
EBITDA	103 842	91 719
Other Income and Expenses	26 758	13 456
Adjusted EBITDA	130 600	105 175

Other income and expenses: Income and expenses which are considered special costs. See table below:

(In thousands of NOK)	2017	2016
Refinancing	152	244
General M&A and strategy costs	348	4 802
IPO Cost 2017 (Project Elevate)	16 149	-
Share based compensation	3 945	-
Extraordinary personnel costs	6 164	7 743
Other	667	
Other income and expenses	26 758	13 456

Net working capital: Current assets, net of cash and cash equivalents less current liabilities, net of short term debt. Net working capital gives a measure of the funding required by the operations of the business

(In thousands of NOK)	2017	2016
Inventory	26 287	17 546
Accounts receivable	1 541 436	1 206 783
Other receivables	55 815	54 448
Income tax receivable/payable (+/-)	(4 800)	2 701
Accounts payable	(1 600 566)	(1 224 108)
Public duties	(229 057)	(186 949)
Other current liabilities	(194 416)	(210 026)
Net working capital	(405 301)	(339 605)

Free available cash: Cash and cash equivalents less restricted cash

Liquidity reserve: Freely available cash and available credit facilities

Liquidity reserve is a useful measure as it provides information of the Group's financing capabilities.

(in thousands of NOK)	2017	2016
Cash and cash equivalents	368 442	227 905
Restricted cash	(18 725)	(14 505)
Freely available cash	349 717	213 400
Available credit facility	169 151	75 000
Liquidity reserve	518 868	288 400

NOTE 26 Financial assets and liabilities

Financial instruments, and contracts accounted for as such, are in the balance sheet included in several line items and classified in categories for accounting treatment. A reconciliation of the financial instruments in Crayon Group is presented below:

2017

	Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
Financial assets				
Accounts receivable	-	1 541 436	-	1 541 436
Other current receivables	-	55 815	-	55 815
Cash and cash equivalent	-	368 442	-	368 442
Total financial assets	-	1 965 693	-	1 965 693
Financial liabilities				
Bond loan (Long-term)	-	-	442 058	442 058
Derivative financial liabilities (Long-term)	3 638	-	-	3 638
Other long-term liabilities	-	-	7 188	7 188
Accounts payable	-	-	1 600 566	1 600 566
Total financial liabilities	3 638	-	2 049 812	2 053 450

2016

	Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
Financial assets				
Accounts receivable	-	1 206 783	-	1 206 783
Other current receivables	-	54 448	-	54 448
Cash and cash equivalent	-	227 905	-	227 905
Total financial assets	-	1 489 136	-	1 489 136
Financial liabilities				
Other long-term liabilities	-	-	1 472	1 472
Bond loan (Short-term)	-	-	650 000	650 000
Derivative financial liabilities (Short-term)	11 047	-	-	11 047
Accounts payable	-	-	1 224 108	1 224 108
Total financial liabilities	11 047	-	1 875 580	1 886 627

NOTE 27 Subsequent events

In March 2018, the company made an acquisition of Kryptos Technologies Pvt. Ltd ("Kryptos"), a specialist IT managed service provider headquartered in Chennai, India. Under the terms of the agreement, Crayon will initially acquire a majority stake in Kryptos at an enterprise value of NOK 8.5m, with the option to buy-out minority shareholders based on financial performance of the company during next 3-5 years. In 2017, Kryptos was in a ramp-up phase and posted revenues of approximately NOK 4m.

There were no other significant events after the balance sheet date which could affect the evaluation of the reported accounts.

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Crayon Group Holding ASA

Statement of Profit and Loss 1.1 - 31.12

(In thousands of NOK)	Note	2017	2016
OPERATING INCOME AND EXPENSES			
Payroll expenses	2, 3	12 756	480
Other operating expenses	3	9 058	5 274
Total operating expenses		21 814	5 754
OPERATING PROFIT		(21 814)	(5 754)
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries and other group entities	4	37 082	62 642
Interest income from group entities		64	67
Other interest income		3 432	9 042
Other financial income		5 730	32 848
Other Interest expenses		45 888	52 308
Other financial expenses		43 458	19 923
NET FINANCIAL INCOME AND EXPENSES		(43 037)	32 369
NET INCOME BEFORE TAX		(64 851)	26 614
Income tax expense on net income	5	(17 521)	5 622
NET INCOME		(47 330)	20 993
Brought forward			
To other equity	6	-	20 993
Loss brought forward		(47 330)	-
Net brought forward		(47 330)	20 993

Crayon Group Holding ASA

Balance Sheet as of 31.12

(In thousands of NOK)	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible assets</i>			
Deferred tax asset	5	17 537	16
Total intangible assets		17 537	16
<i>Financial assets</i>			
Investments in subsidiaries	4	784 783	784 154
Total financial assets		784 783	784 154
TOTAL NON-CURRENT ASSETS		802 320	784 170
CURRENT ASSETS			
Other receivables	1, 2, 10	195 384	215 451
Total debtors		195 384	215 451
Cash and cash equivalents	1, 10	137 972	49 028
TOTAL CURRENT ASSETS		333 357	264 479
TOTAL ASSETS		1 135 677	1 048 649

Crayon Group Holding ASA

Balance Sheet as of 31.12

(In thousands of NOK)	Note	2017	2016
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital	6, 7	75 394	52 476
Own shares	6, 7	(3)	(12)
Share premium	6	588 051	262 320
Total paid-in equity		663 442	314 784
Retained earnings			
Other equity	6	(6 581)	47 247
Total retained earnings		(6 581)	47 247
TOTAL EQUITY		656 861	362 031
<i>Liabilities</i>			
Bonds	8, 9	442 058	-
Derivative financial liabilities	8	3 638	-
Total other long-term liabilities		445 696	0
<i>Current liabilities</i>			
Bonds	8, 9	-	650 000
Derivative financial liabilities	8	-	11 048
Liabilities to financial institutions	10	-	-
Trade creditors		17 620	624
Taxes payable	5	-	1 009
Other short term liabilities		15 501	23 937
TOTAL CURRENT LIABILITIES		33 120	686 618
TOTAL LIABILITIES		478 816	686 618
TOTAL EQUITY AND LIABILITIES		1 135 677	1 048 649

Oslo, April 12, 2018

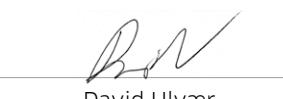

Jens Rugseth
(Chairman)

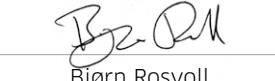

Eivind Roald
(Board Member)

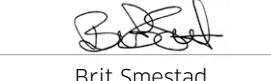

Dagfinn Ringås
(Board Member)


Grethe Viksaas
(Board Member)


Camilla Magnus
(Board Member)


David Ulvær
(Employee Representative)


Bjørn Rosvoll
(Employee Representative)


Brit Smestad
(Employee Representative)


Torgrim Takle
(CEO)

Crayon Group Holding ASA

Cash Flow Statement

	01.01-31.12 2017	01.01-31.12 2017
(In thousands of NOK)		
Cash flow from operating activities		
Profit before tax	(64 851)	26 614
Taxes paid	(1 512)	-
Net interest to credit institutions	42 456	43 328
Changes in invent., rec./payables	16 995	170
Changes in other current assets ¹⁾	(2 396)	(38 472)
Net cash provided by operating activities*	(9 308)	31 641
Cash flow from investing activities		
Sales/purchase of own shares	-	249
Net cash used in investing activities	0	249
Cash flow (used in) provided by financing activities		
Net interest paid to credit institutions	348 650	-
Proceeds from issuance of interest bearing debt	(207 942)	-
Change in other short term debt ¹⁾	-	-
Net cash (used in) provided by financing activities*	98 252	(43 328)
Net increase (decrease) in cash and cash equivalents*	88 943	(11 438)
Cash and cash equivalents at beginning of period*	49 028	60 466
Cash and cash equivalents end of period*	137 972	49 028

¹⁾ Cash flow has been restated due to changes in how cashpool bankaccounts are reported. Bankaccounts included in the cashpool are included in other receivables, but reported for 2016 this was included in Cash and cash equivalents.

* Regarding effects on cashflow, see note 10.

NOTE 1 Accounting principles

The financial statements have been prepared in accordance with the Accounting Act (Norway) and generally accepted accounting principles in Norway.

Non-current debt

Non-current debt is initially valued at transaction value less attributable transaction costs. Subsequent to initial recognition, interest-bearing long-term debt is recognised at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

Current assets and liabilities

Current assets and liabilities are comprised of items receivable/due within one year and items related to the circular flow of goods. Current assets are valued at the lower of cost and market value.

Investment in subsidiaries

Subsidiaries are valued at cost. If actual value is below cost value and this continues over time, the investment in subsidiaries will be impaired. Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends or group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and is recognised as a reduction in carrying value of the investment.

Foreign currency

Transactions in foreign currency are converted at the exchange rate applicable on the transaction date. Monetary items in a foreign currency are converted to NOK using the exchange rate applicable on the balance sheet date. Non-monetary items measured at the historical rate expressed in a foreign currency are converted into NOK using the exchange rate applicable on the transaction date. Non-monetary items measured at fair value expressed in a foreign currency are converted at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

Cash flow

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash in hand, bank deposits and other short-term, highly liquid investments.

Receivables

Accounts receivable and other receivables are recorded in the balance sheet at nominal value, minus a provision for bad debt. Provision for bad debt is determined on the basis of an individual assessment of receivables. Other receivables are valued using the same principle. Bank accounts included in cashpool are classified as other receivables.

Taxes

The income tax expense is comprised of both taxes payable (24%) for the period, which will be due in the next financial year, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between booked net income and taxable net income, including year-end loss carry-forwards, calculated at 23%. Temporary differences, both positive and negative, which will be reversed, or are likely to be reversed, in the same period, are recorded net.

NOTE 2 Transactions with related parties

Accounts receivable and payable to Group companies:

(In thousands of NOK)	2017	2016
Receivables		
Received group contribution	37 081	54 685
Other receivables	8 669	39 392
Total receivables	45 750	94 077
Liabilities		
Other payables	6 017	10 261
Total liabilities	6 017	10 261

Liabilities not recognized in the balance sheet

See note 8.

Transactions with related parties:

(In thousands of NOK)	2017	2016
Purchases of services:		
Purchases from Crayon Group AS	9 502	480
Guarantee fees	4 725	7 800
Total purchases	14 227	8 280

NOTE 3 Other operating expenses

The company has no employees. Compensation to the members of the Board amounted to NOK 0.4 in 2017, and NOK 0.1 in 2016. The company has paid remuneration to the auditor in the following amounts:

(In thousands of NOK)	2017	2016
Expensed auditor's fees	597	146
Other services related to auditing	296	416
Total	893	562

Fees are quoted excluding VAT.

Regarding employee benefit, please see group note 5.

NOTE 4 Investment in subsidiaries

The company is the parent company to Crayon Group AS. The company owns shares in:

(In thousands of NOK)	Registered office	Historical cost	Book value	Ownership interest and voting rights	Net profit/loss	Company's equity
Company						
Crayon Group AS	Oslo	783 903	784 532	100%	59 408	632 179
ICE Distribution hf	Reykjavik	3 145	251	100%	(1 024)	(3 099)
			784 783			

Crayon Group Holding ASA has received the following group contributions in 2017:

(In thousands of NOK)
Crayon Group AS
Inmeta Consulting AS
Total

Group accounts have been made for Crayon Group Holding ASA. Accounts are available from:
 Crayon Group Holding ASA
 Sandakerveien 114 A
 0484 OSLO

NOTE 5 Tax

(In thousands of NOK)	2017	2016
Taxes payable on profit for the year	-	1 009
Change in deferred tax	(17 521)	4 613
Total taxes for the year	(17 521)	5 622

Specification of the tax base:

Net income before income tax	(64 851)	26 614
+ Permanent differences	(39 705)	(66 773)
+ Changes in temporary differences	(7 942)	-
+ Received group contributions	37 082	62 642
- Use of losses carry-forward	-	(18 448)
+ Limited deduction for interest on related parties	-	-
= Tax base	(75 416)	4 036

Specification of tax expenses:

Taxes payable in the balance sheet	-	1 009
= Total taxes payable	-	1 009
+/- Changes in tax rate	762	1
+/- Change in deferred tax/tax assets	(18 284)	4 612
= Income tax expense	(17 521)	5 622

Taxes payable in the balance sheet consists of:

Total taxes payable	-	1 009
= Taxes payable in the balance sheet	-	1 009

Deferred tax/deferred tax assets

(In thousands of NOK)	2017	2016
Accumulated tax losses to be brought forward	(74 750)	-
Shares and other securities	(3 638)	-
Other differences	7 276	-
Limited deduction for interest on related parties	(5 138)	(5 138)
= Basis for deferred tax	(76 250)	(5 138)
Deferred tax	-	-
Negative basis for deferred tax	76 250	5 138
Tax assets not booked	-	(5 070)
= Basis for deferred tax asset	76 250	68
Deferred tax asset	17 537	16
Tax rate 31.12 (%)	23%	24%

Deferred tax assets can be set off against future income.

NOTE 6 Equity

(In thousands of NOK)	Share capital	Own shares	Share premium	Funds	Total equity
Per 01.01.17	52 476	(12)	262 320	47 247	362 031
Share issues	22 919		325 693		348 612
Share repurchase (net)		9	38	29	76
IPO costs				(9 516)	(9 516)
Sharebased compensation				3 489	3 489
Corr tax last year				(500)	(500)
+ net profit 2017				(47 330)	(47 330)
Per 31.12.17	75 394	(3)	588 051	(6 581)	656 861

NOTE 7 Share capital

The company has 75 394 108 shares at a nominal value of NOK 1. The total share capital amounts to NOK 75 394 108.

The company owns 3 100 of its own shares to facilitate management of employee share purchases.

The company reduced the numbers of own shares with 8 643, or 0.01% of total share capital, driven by employee share purchases and sales of shares as part of the IPO. Crayon received compensation of NOK 0.09m.

Shares	Number of shares	Total nominal value	Statutory provisions on voting
Shares	75 394 108	75 394 108	One share - one vote

The Extraordinary General Meeting on October 18, 2017 authorized the board of directors to increase the share capital in four different settings. All four authorizations are valid until the earlier of Crayon's annual general meeting in 2018 and June 30th, 2018:

In relation to the Company's incentive schemes, the Board is granted an authorization to increase the Company's share capital with up to NOK 2,200,000, provided however that the authorization cannot be used for an amount in excess of 4.2% of the Company's share capital.

In connection with acquisitions etc the Board is granted an authorization to increase the Company's share capital with up to NOK 7,200,000, provided however that the authorization cannot be used for an amount in excess of 10% of the Company's share capital following the share capital increase in the Company in connection with the listing of the Company.

In connection with IPO bonuses, the Board is granted an authorization to increase the Company's share capital with up to NOK 700,000, provided however that the authorization cannot be used for an amount in excess of 1% of the Company's share capital following the share capital increase in the Company in connection with the listing of the Company.

The board of directors is granted an authorization to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 5,269,104.70, corresponding to 10% of the Company's share capital prior to the share capital increase in the Company in connection with the listing of the Company.

The company issued 22 918 573 new shares in 2017.

In accordance with the company's Articles of Association, the number of shares is the same as the number of ordinary shares issued and fully paid-up.

The company's 11 major shareholders, who own more than 1% of the share capital, are:

Name of shareholder	Ownership interest
Norvestor Holding I AS	21.8%
JPMorgan Chase Bank, N.A., London	7.3%
Sevens AS	6.1%
Skandinaviska Enskilda Banken AB	4.6%
RUGZ II AS	4.5%
Morgan Stanley & CO. Int. Plc.	3.4%
First Generator	3.3%
HSBC TTEE Marl European Trust	2.4%
Nordnet Bank AB	2.2%
Danske Invest Norge Vekst	2.1%
Danske Bank A/S	2.0%
Skandinaviska Enskilda Banken AB	1.8%
JPMorgan Chase Bank, N.A., London	1.8%
Regents Of The University Of Michi	1.7%
Verdipapirfondet First Globalt	1.7%
Sniptind Invest AS	1.7%
Skandinaviska Enskilda Banken AB	1.6%
The Northern Trust Comp, London BR	1.4%
Verdipapirfondet Fondsfinans NOR	1.3%

The company's trustees (Board Members, general manager) hold ownership interests and rights to shares:

Officer	Total number of shares
Rune Syversen, Sevens AS	4 622 204
Jens Rugseth*	4 173 790
Torgrim Takle	373 417
Knut Ansten	222 005

* Jens Rugseth: Ownership through the companies Rugz AS and Rugz II AS and in private.

NOTE 8 Financial instruments

The total financial liabilities relating to the bond loan amounted to the following as at 31.12:

(In thousands of NOK)	2017	2016
Bond principal	450 000	650 000
Currency swap	3 635	9 582
Interest swap	3	1 465
Transaction cost *	(7 942)	-
Total financial liabilities	445 696	661 047

Further information regarding currency swap, interest swap and revolving credit facility, please see group note 22.

Guarantee for	Creditor	Amount	Currency
Business associates			
Purchase of goods	Microsoft	20 000	USD
Subsidiaries			
Crayon India, Guarantee credit facility	Indsind bank Limited	283 000	INR

NOTE 9 Issuance of bond loan

Settlement for the initial loan amount was 6 April 2017, with final maturity 6 April 2020. The initial loan amount has a coupon of 3 months NIBOR +550 bps. p.a. Any outstanding bonds is to be repaid in full at the maturity date. The bond was listed on the Oslo Stock Exchange at the start of October 2017, for further information about the Bond we refer to the Bond terms and the prospectus available at www.crayon.com/en/about-us/investor-relations.

The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the 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. In accordance with IAS 39, the transactional costs (NOK ~10 million) related to the bond issue which was settled on April 6th, 2017 are accretion expensed (i.e added back) over the lifetime of the bond, thus reaching nominal value at maturity in FY 2020.

NOTE 10 Restatement

Bankaccounts included in the cash pool are included in other receivables. 2016 figures have been restated from reported in 2016.

Balance sheet	Reported 2016	Restatements 2016	Adjusted 2016
Other receivables	106 354	109 097	215 451
Cash and cash equivalents	176 858	(127 830)	49 028
Liabilities to financial institutions	18 732	(18 732)	-
Cash flow			
Net cash provided by operating activities	94 202	(62 561)	31 641
Net cash (used in) provided by financing activities	(32 973)	(10 355)	(43 328)
Net increase (decrease) in cash and cash equivalents	61 478	(72 916)	(11 438)
Cash and cash equivalents at beginning of period	115 380	(54 914)	60 466
Cash and cash equivalents end of period	176 858	(127 830)	49 028

Auditors Report



BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the General Meeting of Crayon Group Holding ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crayon Group Holding ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included 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 as required by laws and regulations, 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.



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 of the current period. 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.

Description of key audit matter	How the key audit matter was addressed in the audit
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<p>Valuation and impairment of goodwill</p> <p>Carrying amount of goodwill resulting from the Group's acquisitions of subsidiaries, constitute the greater part of the assets in the Group's statement of financial position. As at 31 December 2017, the carrying amount of goodwill was NOK 831 million, which represents 27 % of total assets of the Group.</p> <p>Management performs an annual goodwill impairment test by estimating the recoverable amount of goodwill. The determination of recoverable amounts requires application of significant judgment by management, in particular with respect to cash flow forecast and the applied discount rate.</p> <p>Due to the materiality and estimation uncertainty concerning goodwill, we consider impairment of goodwill a key audit matter in the audit of the Group.</p> <p>See note 9 to the financial statements.</p> <p>The Group's accounting policy regarding impairment of intangible assets is disclosed in note 2 to the financial statements.</p>	<p>We involved our internal valuation specialists to assist us in our assessment of the discount rates, expected inflation rates and the appropriateness of the model used.</p> <p>In addition, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • we evaluated the reliability of estimates used by management by comparing forecasts made in prior years to actual outcomes • we assessed key inputs in the calculations such as revenue growth, EBITDA and discount rate, by reference to management's forecasts • we assessed management's sensitivity analysis focused on what impact on recoverable amount reasonable changes in assumptions such as revenue growth, EBITDA and discount rate would have • we tested the mathematical accuracy of the valuation model <p>Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering impairment.</p>
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Other information

Management is responsible for the other information. The other information comprises the information in the Annual report, but does not include the financial statements and our auditor's report thereon.

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 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and 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. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (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. We 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 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 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 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 Board of Directors 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 Requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 12 April 2018
BDO AS

A handwritten signature in blue ink that reads 'Børre Skisland'.

Børre Skisland
State Authorised Public Accountant

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