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Financial highlights

30%

Gross profit growth

59%

Adj. EBITDA growth

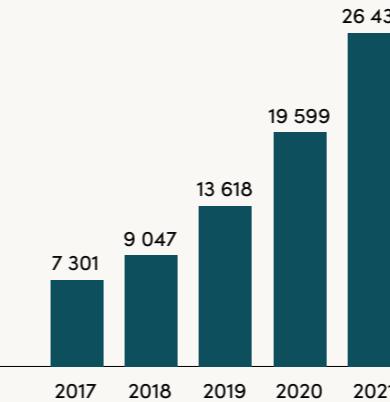
22%

Adj. EBITDA margin

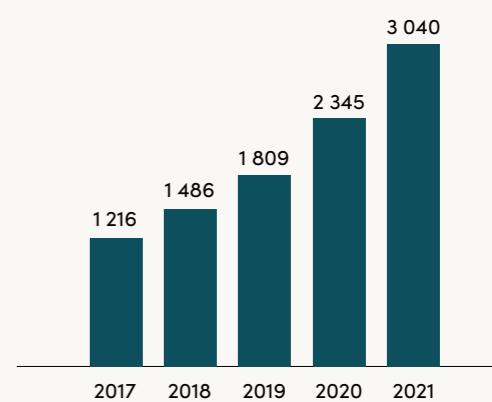
2 904

FTEs

Operating revenue
NOK million



Gross profit
NOK million



Key figures

(In thousands of NOK)

	2021	2020	2019	2018
Operating revenue	26 438 331	19 599 455	13 618 020	9 047 526
Gross profit	3 039 747	2 344 785	1 808 711	1 486 108
EBITDA	590 973	381 414	249 926	177 055
Adj. EBITDA	654 899	412 902	292 242	188 141
EBIT	416 431	241 112	77 057	100 576
Net income	253 947	126 831	(19 289)	11 000
Earnings per share	2.70	1.52	(0.16)	0.20
Gross profit margin	11.5%	12.0%	13.3%	16.4%
Adj. EBITDA margin	21.5%	17.6%	16.2%	12.7%
<hr/>				
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Liquidity reserve	1 992 143	1 582 313	466 646	515 708
Net working capital	(712 601)	(979 161)	(337 712)	(343 216)
Leverage ratio (multiple)	1.6	(2.2)	0.0	0.7
Full time employees (FTE)	2 904	1 835	1 484	1 205

For further details see [Alternative Performance Measures](#).

Adj. EBITDA and margin

NOK million/%

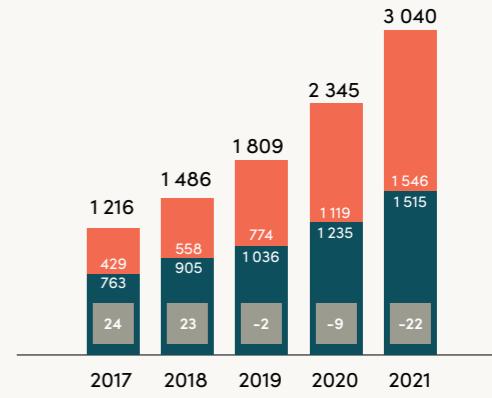


Adj. EBITDA

Adj. EBITDA margin

Gross profit by market clusters

NOK million



Nordic

Europe, US, APAC & MEA

HQ/Elim.

CEO letter

Dear shareholders, customers, partners, and colleagues,

We have had a phenomenal and inspiring year. Our employee retention rates are high, our gross profit has never been greater, and our profitability has never been stronger.

Though we live in a volatile time, as a business we are performing at our very best. This is built on the foundation we set 20 years ago and thanks to our customer-centric business model, ability to drive organic and inorganic growth, new services areas, and our people-first culture.

It is truly an honor to work at Crayon.

We are in a unique position as companies across all industries are investing in digitalization as a competitive advantage. We are fortunate to be able to help those companies draw value from their investments through our services, transactions, and capabilities in software and cloud.

Our 2021

Throughout the year, we've continued to sustain growth and profitability, develop industry-leading innovations, and implement a global environmental, social, and governance (ESG) strategy. I'm proud that we've been able to achieve all of this and more during a pandemic.

This was our second year of hybrid work environments due to Covid-19 and as we've gone through different phases of the pandemic, one constant is how impressive the team has been.

Thanks to our employees' dedication, the trust of our customers and partners, the collaborative efforts from our vendors, and the support of our shareholders, 2021 was another record-breaking financial year. We had a record revenue of NOK 26.4 billion and a gross profit of 3.0 billion, a 30% increase from 2020. There was continued growth across all business areas, largely due to the strengthening of our value-creating services.

Our innovation and services

Our commitment to value creation is how we support our customers to thrive today, and scale for tomorrow.

Businesses are under immense pressure to succeed in this digitalized workforce. They must keep up with technological advancements while balancing hybrid work environments, security demands, and figuring out how to best leverage cloud capabilities.

According to Gartner, IT spending continues to climb globally. In 2022, it's projected to total USD 4.5 trillion, which is up 5% from the year before.

Crayon is well-positioned in the market because we use our expertise in optimizing our customers' budgets, allowing them to reinvest into areas that fuel innovation. This enables us to provide long-term value whether it's protecting customers with cybersecurity, migrating into the cloud, managing complex data estates or using AI to streamline processes.

Our ability to provide a holistic value chain of services was strengthened in 2021 through strategic acquisitions and investments:

- **Sensa** boosts our cloud-managed services and professional services offerings.
- **Cloud Direct** comes with deep Azure migration and support services, plus platform innovations.
- **rhipe** scales our global channel business, increases our APAC market presence, and enhances our operational capabilities.

Bringing in these three companies has expanded the skills and proficiencies needed to better power our platforms and drive more revenue.

As we take our platforms to the next level, we are working closely with our customers to build solutions that strengthen our software-as-a-service delivery. We're focusing on software licensing, cybersecurity, data and automation, and an enhanced approach to cloud economics called finops.

Our investment in these key areas deepens our managed services portfolio and ultimately creates more value for our customers and partners.



• • We've had incredible growth in our profitability, our global footprint, and most importantly, our culture.

– Melissa Mulholland, CEO

Our customer-focused, partner-first approach

We're embarking on the 20th anniversary of the company and our business model has always been customer-centric, a focus that includes our partners as well. That commitment is the reason behind our phenomenal customer retention rate of 95%. We are dedicated to keep delivering upon expectations to help businesses grow.

To do so, we've achieved many milestones this year that speak to our operational excellence:

- **ISO Framework.** We've achieved three global ISO frameworks to ensure we have full governance control across our information security, privacy, and quality management systems.
- **Gartner Magic Quadrant.** Crayon and our subsidiary Anglepoint were both named a Leader in Software Asset Management (SAM) Managed services for the second year.
- **Microsoft Azure Expert MSP.** We again received this prestigious designation that is a customer promise of our expertise in delivering high-quality, repeatable solutions.

We also recognize that to best serve our customers and partners, we must first be committed to our employees and their well-being.

Through our investment in our employees, our certifications grew this year to more than 8 500 globally. Our most recent employee retention rate is 92% and we have received national recognition in several countries for our inclusive culture, being a best place to work, and for our fast growth. Crayon also was ranked No. 2 out of 124 companies on the global SHE Index for our success in gender diversity.

Our culture

I have focused my first year as CEO not just on growing the business, but our culture too. Having a strong culture ensures our success and it keeps us focused on the bigger picture.

At Crayon, we believe in the power of technology to drive the greater good and it's been inspiring to see it in action.

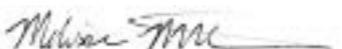
I humbly watched as our colleagues around the world rolled up their sleeves to personally serve their community's most needy with food and Covid-19 prevention efforts.

Even more recently, I've been touched by the outpouring of support for those affected by the war in Ukraine. It was heartwarming to know that we were able to evacuate and relocate, not just our teammates in Ukraine, but also the relatives of anyone in the entire Crayon organization, including our subsidiaries.

We are a global family that shows up for one another and it's an honor to be part of a company that has come closer together no matter our backgrounds, beliefs, or experiences.

I've long been passionate about diversity, equity, and inclusion because I believe that when we create an environment where people can be their full selves and know that they are listened to and appreciated, we all win.

Thank you for a wonderful 2021, we could not have had such an incredible year without each one of our talented teammates, customers, partners, and shareholders.



Melissa Mulholland, CEO



•• Our commitment to value creation is how we support our customers to thrive today, and scale for tomorrow.

– Melissa Mulholland, CEO

Highlights of the year



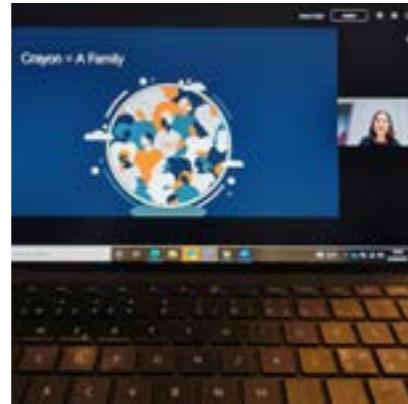
Q1

February

- Won Microsoft H1 Teams Top Partner Contest for our Teams practice

March

- Hosted global cybersecurity forum.
- Jumped 19 points on the SHE Index.
- Melissa Mulholland appointed CEO



Q2

April

- Acquired Icelandic IT services company, Sensa ehf.
- Achieved global ISO certification frameworks for ISO 27001, ISO 27701, and ISO 9001.
- Announced one of the largest US public sector contracts in Microsoft history, valued at USD 250m.

May

- Crayon Norway became world's first certified Expert partner in Snow software.
- Launched global integrity employee training program.

June

- Launched company Value Awards recognizing employees who exemplify our core values.



Q3

July

- Crayon and Anglepoint both named as a Leader in the 2021 Gartner Magic Quadrant.
- Crayon was the main sponsor of global We Are Developers conference.

August

- Launched NOK 1m Innovation fund to support ESG-related products and services.
- Awarded Microsoft Partner of the Year for Saudi Arabia, Philippines, and corporate accounts in Portugal.
- Honored by the President of Singapore for diversity and inclusion practices.

September

- Won three Microsoft Norway Partner of the Year Awards.
- Invested GBP 3m for minority stake in Cloud Direct



Q4

October

- Crayon India won Great Place To Work® Certification and named Best Workplaces™ for Women.
- Became first Microsoft partner to sign the Western Europe Partner Pledge across entire region.

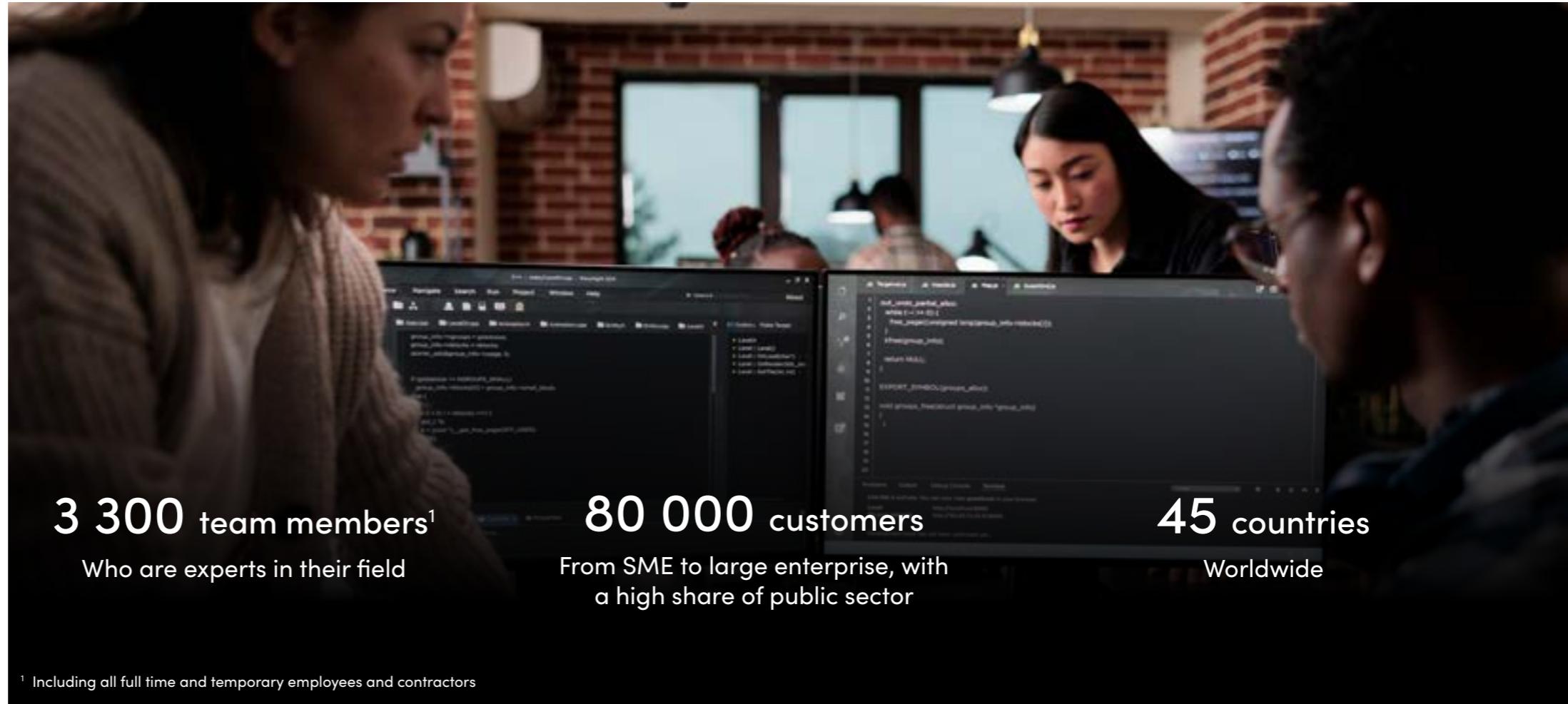
November

- Acquired Australian cloud and licensing specialist, rhipe ltd.
- Raised NOK 700m new equity.
- Crayon US ranked as one of the fastest-growing tech companies in North America.

Crayon in brief

Crayon is a customer-centric innovation and IT services company that **believes in the power of technology to drive the greater good**.

Whether it's licensing, software and cloud economics, security, modern workplace, or data and AI, we create business value for our customers and partners. Our approach helps them to thrive today, and scale for tomorrow.



INTEGRITY

With our actions we show integrity we are accountable for our actions and inactions

QUALITY

What we do, we do with excellence and better than anyone else

PACE

We are customer focused and act and execute with urgency

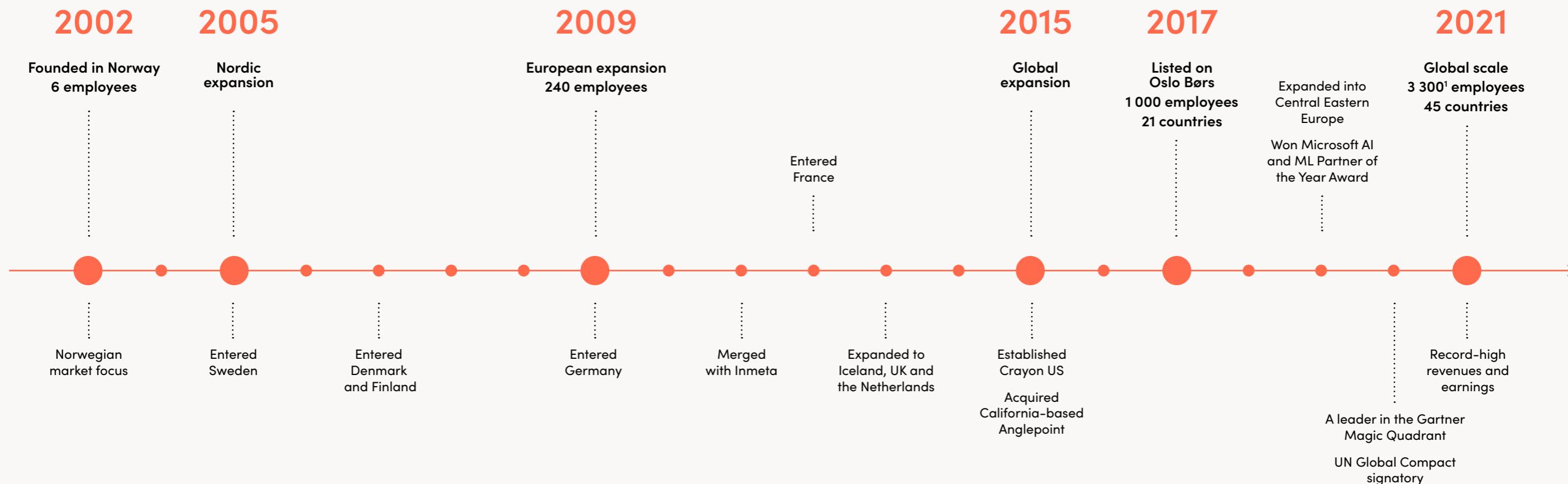
AGILITY

We innovate through continuous improvement & adapt quickly to change

Our 20-year growth journey

•• Our business strategy has remained the same since we started. From Day 1 we said that we always sit on the same side of the table as the customer.

– Rune Syversen, Chairman and Co-founder



¹ Including all full time and temporary employees and contractors

Executive management



Melissa Mulholland

Chief Executive Officer

Appointed: 2021

Employed since: 2020

Experience: Melissa joined Crayon as Chief Services & Solutions Officer in 2020 before being appointed as CEO in 2021. Before Crayon, Melissa had a distinguished 12-year career at Microsoft, where she led the global strategy on how companies can be profitable in the cloud with additional focus on talent development. She has also authored 12 books on building cloud businesses. Prior to Microsoft, Melissa worked in finance at Intel Corporation.

Melissa has an MBA in Strategic Management from Regis University and a BSc. in Finance from the University of Portland. She is a member of the Boards of Techstep ASA and SHE community.



Jon Birger Syvertsen

Chief Financial Officer

Appointed: 2018

Employed since: 2018

Experience: Jon Birger joined Crayon as Group CFO in 2018. He has deep knowledge of business and finance from more than 15 years of experience including five years with McKinsey & Company as well as several management and CFO roles with companies such as Kebony, FMC Corporation and Epax.

Jon Birger has an MSc. in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU) and Universität St. Gallen in Switzerland



Bente Liberg

Chief Operating Officer

Appointed: 2010

Employed since: 2002

Experience: Bente Liberg joined Crayon in March 2002 and held various before being appointed COO in 2010. Bente's prior experience includes 15 years of experience as an IT infrastructure consultant and nine years as a manager for IT consultants with companies such as Netcenter, EDB, and Eterra.

Bente studied at the Norwegian School of Information Technology



Florian Rosenberg

Chief Technology Officer

Appointed: 2021

Employed since: 2019

Experience: Florian is responsible for leading the global services business, product strategy, and group IT. He has over 15 years of IT experience including several leadership roles, most notably at IBM in the US and Europe, where he was responsible for developing innovative solutions in cloud, DevOps, and AI. He holds several patents and is the author of numerous highly cited and peer-reviewed publications.

Florian has a PhD in Computer Science from Technical University in Vienna



Gudmundur Adalsteinsson

Chief Sales Officer

Appointed: 2021

Employed since: 2013

Experience: Since joining Crayon in 2013, Gudmundur has held several positions in management and business development. He last served as VP Software & Cloud Channel, before taking on the role of CSO in 2021. He also founded Crayon Iceland and established Ice Distribution in the European market. Prior to joining Crayon, he spent ten years at Microsoft in various sales positions.

Gudmundur has a BSc. in Hospitality Management and Business Administration and an Associate's Degree in Economics from École hôtelière de Lausanne (EHL)



Abbey Lin

Chief ESG and Integrity Officer

Appointed: 2021

Employed since: 2021

Experience: Abbey is responsible for global sustainability, risk and compliance. She has over 18 years of international experience from Microsoft, KPMG, Yara International, and Grameen Foundation, where she held roles focused on ethics & compliance, risk management and corporate responsibility. To maintain independence, Abbey reports to the Chairman of the Board.

Abbey has an MA. in International Affairs with a specialization in International Development from UC San Diego and a double BA in International Economics and Chinese from UCLA.



Tor Ødegaard

Chief Marketing Officer

Appointed: 2021

Employed since: 2004

Experience: Tor Ødegaard first joined the company in 2004, after which he has held several key positions, including Group Marketing Director and Director of Training Operations. Tor led the relaunch of Crayon's new website and brand refresh and modernized the company's global marketing operations. He also founded the Nordic Infrastructure Conference, better known as NIC, one of Europe's leading technology conferences.

The Crayon share

Crayon aims to provide value creation and attractive, long-term return to shareholders by delivering on its business plan and maintaining timely and accurate communications with the capital markets. The objective of Crayon's investor relations to ensure that the share price accurately reflects the Company's value, risk and growth opportunities.

Communicating with investors and analysts is a high priority for Crayon Group Holding ASA. The objective is to ensure fair valuation of the company's securities by providing existing and potential investors and other stakeholders with simultaneous access to timely, relevant, and up-to-date information about Crayon. All investor relations activities are conducted in compliance with relevant rules, regulations and recommended practices.

The Group publishes quarterly financial results with live earnings presentations held by senior management. All reports and presentations are open to the wider investor community and made available online at www.crayon.com/investor-relations.

Share capital and ownership

Crayon's share is listed on Oslo Børs (the Oslo Stock Exchange) under the ticker code CRAYN. As of December 31, 2021, the share capital in the company was NOK 88 071 987, divided into 88 071 987 shares, each with a nominal value of NOK 1.00. Crayon has one share class, and each share carries a right to one vote.

As of December 31, 2021, Crayon had 4 064 private and institutional investors, of which approximately 28% Norwegian, 26% from the US, and 13% German. The remaining 33% were spread across various international markets.

The share capital increased by NOK 6 384 468 in 2021, primarily related to a NOK 700m share issue completed in November, 2021, in which 3 685 000 new shares were issued. In addition, 408 123 shares were issued in relation to Crayon's employee stock purchase plan and 699 635 shares were issued as part of the acquisition of Sensa Ehf in May, 2021. Lastly, 1 591 710 shares issued related to management options exercised in December 2020, but which had not yet been registered as share capital as of December 31, 2020.

Share performance

At year-end, the share price was NOK 183.00, corresponding to a market capitalization of NOK 16.12bn. The share price peaked at NOK 202.20 in November, while the lowest price of NOK 114.80 was recorded in June. Total return on the share in 2021 was 43%, outperforming the OSEBX Index¹, which increased by 24% over the same period.

Employee Stock Purchase Plan

Crayon Group Holding ASA has established an Employee Stock Purchase Plan (ESPP) through which all employees annually are given an opportunity to acquire stocks at a 20% discount to market price. After a two-year lock-up period, employees are awarded one additional bonus share for every three shares acquired. In 2021, Crayon issued a total of 408 123 new shares in relation to the program, each with a nominal value of NOK 1.00.

¹ Oslo Stock Exchange Benchmark Index

Share price and OSEBX Index¹ development 2021



43%

Return on investment 2021

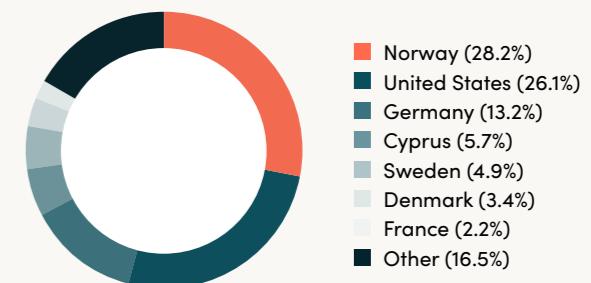
4 064

Number of shareholders

Share price development since IPO



Geographical shareholder distribution



Shareholders

Name	Shares	Ownership (%)
OEP ITS Coöperatief Holding U.A	10 720 546	12.17
SIX SIS AG	9 141 090	10.38
State Street Bank and Trust Comp	7 225 724	8.20
FOLKETRYGDFONDET	5 524 206	6.27
Axion BidCo Holding B.V.	4 979 761	5.65
KARBON INVEST AS	4 800 000	5.45
Nordnet Bank AB	2 313 926	2.63
Credit Suisse (Switzerland) Ltd.	2 067 607	2.35
State Street Bank and Trust Comp	1 703 020	1.93
JPMorgan Chase Bank, N.A., London	1 256 720	1.43
Ten largest shareholders	49 732 600	56.47
Other shareholders	38 339 387	43.53
Total	88 071 987	100.00

Ownership structure

No. of shares held	No. of shareholders	Total number of shares	% of share capital
1-1 000	3 140	646 312	0.73
1 001-10 000	654	2 178 926	2.47
10 001-100 000	171	4 995 164	5.67
100 001-500 000	70	16 017 732	18.19
500 001-	29	64 233 853	72.93

Analyst coverage

Company	Analyst	Phone	Email
ABG Sundal Collier	Eirik Thune Ørtsland	+47 22 01 61 40	eirik.oritsland@abgsc.no
Arctic Securities	Henriette Trondsen	+47 21 01 32 84	henriette.trondsen@arctic.com
Berenberg	Karl-Oskar Vikström	+44 20 3465 2647	karl-oskar.vikstroem@berenberg.com
Carnegie	Oliver Pisani	+47 22 00 94 25	oliver.pisani@carnegie.no
Danske Bank	Mads Ek Strøm	+47 970 94 175	madstr@danskebank.com
DNB Markets	Christoffer Wang Bjørnsen	+47 24 16 91 43	christoffer.wang.bjornsen@dnb.no
SpareBank 1 Markets	Petter Kongslie	+47 24 14 74 96	petter.kongslie@sb1markets.no

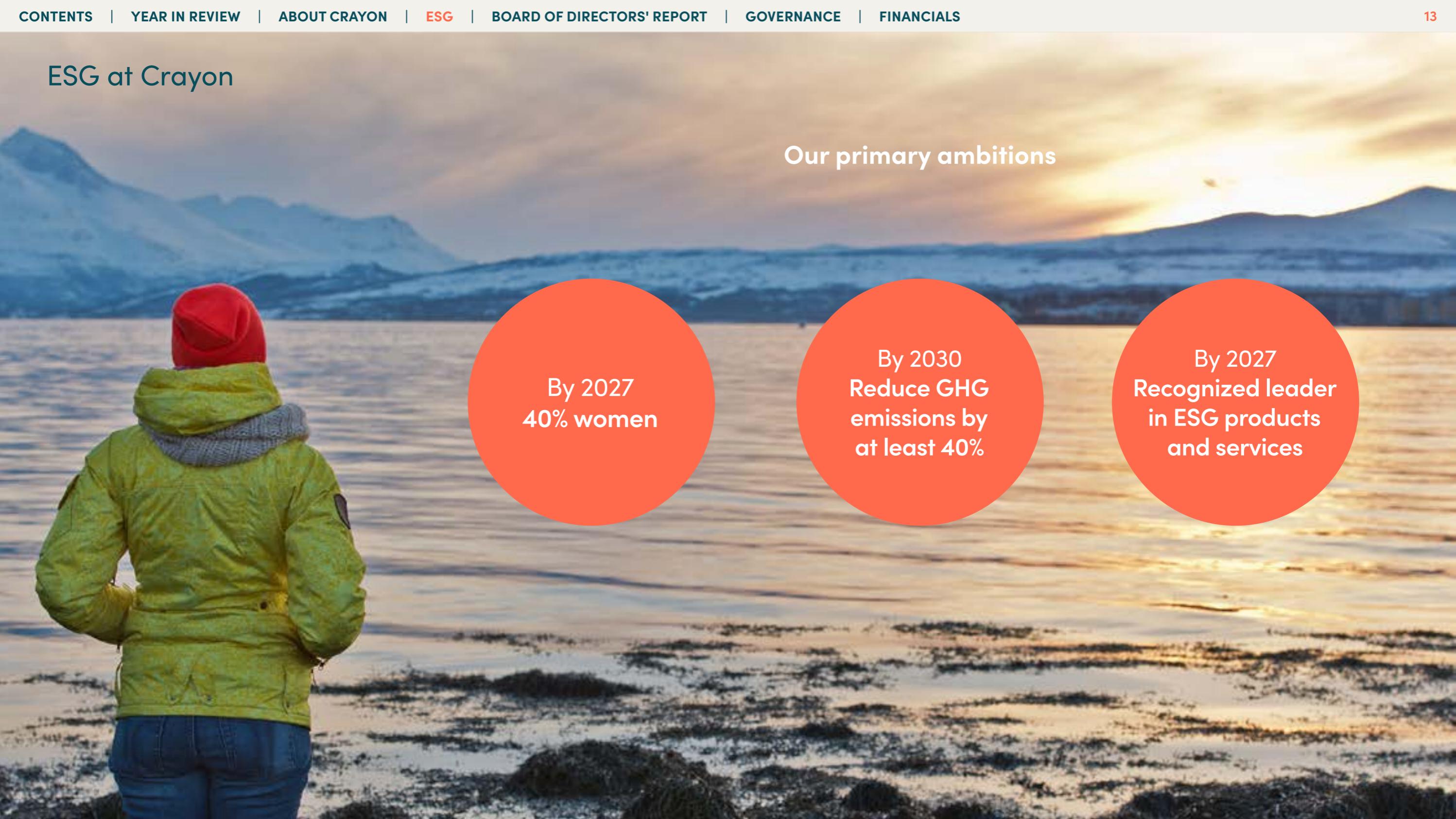
Financial calendar

Annual general meeting	May 19, 2022
Q1 2022 report	May 11, 2022
Q2 2022 report	August 17, 2022
Q3 2022 report	October 25, 2022
Q4 2022 report	February 14, 2023



ESG at Crayon

Our primary ambitions

A photograph of a person from behind, wearing a green jacket, a grey beanie, and a red knit cap, looking out over a body of water with mountains in the background. The scene is bathed in the warm light of a sunset or sunrise.

By 2027
40% women

By 2030
Reduce GHG
emissions by
at least 40%

By 2027
Recognized leader
in ESG products
and services

ESG reporting

As we increase our Environmental, Social, and Governance (ESG) efforts and initiatives around the world, we also want to be open and transparent in our communications. We have therefore gathered our initiatives, targets, and ambitions in our first global ESG report which can be accessed on our [website](#).

We have always been a company that believes in the power of technology to drive the greater good. As our ESG initiatives grow, we are excited about the impact we can have on the transition to a greener, more equitable, and more inclusive society.

We worked with KPMG Sustainability to conduct an independent materiality assessment and stakeholder review. The ESG report is structured around the 12 primary material issues relating to the World Economic Forum reporting framework of People, Planet, Prosperity, and Governance.

People

Diversity, equity, and inclusion are a big priority for Crayon, and we are proud that 50% of our board are women and that 43% of our executive management team are women. We have an ambitious target to achieve 40% women across the company by 2027.

Planet

We have a clear ambition toward net zero and are taking steps to get there. Crayon has a target of reducing GHG emissions by at least 40% by 2030. We have enlisted specialized climate change consultancy Cemasys to support our 2021 global GHG reporting in our 40+ countries in order to track our global GHG emissions.

Crayon has also committed to setting near-term companywide emission reductions in line with climate science with the Science Based Target initiative by 2024. Through the process, we may adjust our current reduction plan, baseline year assumptions and targets to meet the requirements related to the short- and long-term goals and ensure a representative dataset for our net zero journey. For more detailed information see our 2021 ESG report.

•• **As a technology company, it's natural for us to support our customers to achieve their goals through the development and adoption of new technology solutions - whether these goals are cost optimization or carbon reduction.**

– Abbey Lin, Chief ESG and Integrity Officer

Prosperity

We want to support our customers achieve their own sustainability goals through the development and adoption of modern technologies. Some of our existing services lend naturally to supporting our customers on our ESG journey. In our ESG report, you find several examples where our data and AI expertise was used

to support our partners and customers on their ESG goals. Cybersecurity, one of our service areas, is becoming an increasingly social and governance concern as cyberattacks increase in frequency and severity. One of our key focus areas to develop is our Sustainable FinOps (Financial Operations) service to enable our customers to analyze complex cloud usage. From this information, they can discover actionable insights that reduce costs and, increasingly, promote environmental accountability.

We have the ambition to be a recognized leader in sustainable FinOps by 2025 and be a recognized leader in ESG Products and services by 2027. This is an exciting journey for us and we are committed to investing in this space and working on these initiatives in close collaboration with our customers, partners, and vendors.

Our 12 material issues



PEOPLE

- Employee well-being
- Diversity, equity, and inclusion
- Supporting local communities



PLANET

- The race to net zero
- Environmental management
- Green IT and circular Economy



PROSPERITY

- Product and services for ESG
- Innovating for social impact
- Responsible AI



GOVERNANCE

- Integrity, risk, and compliance
- Third party management
- Data privacy and cybersecurity

Driving the greater good

Crayon's commitment to the greater good isn't just in our innovation and services, but it's demonstrated through our employees and how they give back to society. Every year our colleagues donate time and funding to support numerous charities, volunteer organizations and causes. The following is a snapshot of some that dedication.

• **Volunteered to support**

20% of our employees have volunteered to support our global ESG initiatives.

• **Mentor program**

Several employees are part of mentor program in the Philippines for college students with disabilities.

• **Covid-19**

Helped create Norway's emergency registry for Covid-19 that ensured a central support system for handling the pandemic with real-time data.

• **Thanksgiving food drive**

Crayon US donated nearly 160kg (500 pounds) of food during annual Thanksgiving food drive.

• **Raising awareness**

Teammates joined a group in France that swam 12km to raise awareness for increasing accessibility and inclusion of people with disabilities

• **Innovation fund**

Established up to NOK 1m Innovation fund to support the development of ESG-related products and services.

• **Food and medical supplies**

Distributed food and medical supplies to communities disproportionately affected by Covid-19 in India.

• **Supporting French Telethon**

Crayon France participated in the Cross du Figaro to support the Telethon, which benefits patients and their families who are affected by genetic, rare, and progressive diseases.

• **Charity donation**

Donated holiday funds to a charity in Denmark focused on helping children and young people.

• **Improving patient care**

Our data and AI team developed a custom-built solution that improved patient care for millions in the US.

• **Supporting Norwegian Refugee Council**

Provided significant support to the Norwegian Refugee Council to help provide shelter and supplies to the world's most vulnerable.

• **Food distribution**

A team across 21 countries worked to supply and distribute 1 200 food bags in the Philippines.

• **Special needs school equipment**

Donated computers and other equipment to special needs school in the UK

• **Supporting lower-income families**

Supported 100 lower-income households in Malaysia through the White Flag Movement.

• **Donated to help terminally ill children**

In Germany, employees donated to an organization that helps terminally ill children and their families.

• **Standing with Ukraine**

In 2022, Crayon established a donation tool for employees, with 100% matching by Crayon, that goes directly to our colleagues and their families affected by the war in Ukraine.

• • **Our people are our greatest asset and their commitment to the greater good is nothing short of incredible.**

– Melissa Mulholland, CEO

Food drive for the Artha Dream Foundation, Bangalore, India, November 2021



Board of Directors' report

Crayon had a historic 2021, with considerable operational and financial improvements, as well as substantial M&A activity, building scale in important markets as well as group-wide service capabilities.

Over the last two years, the Covid-19 pandemic has resulted in significant global upheavals with challenges and opportunities across industries. It has been a catalyst to accelerate digitalization across industries and geographies and Crayon has taken advantage of this market opportunity by investing in accelerating growth throughout its markets.

Crayon delivered record-high earnings in 2021, driven by strong organic growth across all market clusters and business areas as well as the acquisitions of Icelandic company, Sensa ehf, which closed in the second quarter, an Australia-based cloud and licensing company, rhiipe Ltd., which closed in early November 2021. As a people-centric company, Crayon also continues to invest in employee development and recruitment, with 855 new hires in 2021, a key factor toward driving future growth.

The Board of Crayon Group Holding ASA would like to thank all Crayon employees for their contributions toward the strong operational and financial performance throughout the year.

About Crayon

Crayon is a leading global innovation and IT services company that optimizes its customers' Return on Investment (ROI) for complex software and cloud technology. Whether it's licensing, software and cloud economics, security, modern workplace, or data and AI, Crayon's focus is to create business value for customers and partners. This is achieved through a unique and customer-centric go-to-market strategy, enabled by skilled consultants who are experts in

understanding the customers' needs and by utilizing high-quality proprietary IP tools.

Crayon Group Holding ASA is the holding and parent company of the Crayon Group. The Company is headquartered in Oslo, Norway, and had 2 904 full time employees across 45 countries at the end of 2021.

Market environment

Digitalization is becoming an integrated aspect of companies' business strategies amid ongoing cloud-migration and digital transformations that are combined with progressively complex software and IT solutions. This means that IT spending is moving from Capex to Opex, and companies are shifting toward pay-as-you-go solutions to allow for increased control and monitoring of IT solutions and services usage and spending.

Crayon's strategy is positioned around these market trends with a strong belief in using Software & Cloud Economics as a foundation for all intelligent IT decision-making. 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. To do this, Crayon places the customers' priorities and value creation first, focusing on both the business benefits and the costs of IT solutions through a TCO approach.

The IT industry is one of the most dynamic, fast-changing, and competitive industries in the world, characterized by relentless cycles of innovation and commoditization. Within this context the Board continuously strives to find the right balance between protecting the core business strategy, maintaining short-term profitability, and investing in new opportunities to drive long-term value creation. To achieve this, the company needs to continue its efforts

in developing capabilities and driving operational excellence across its operating entities, while remaining agile enough to keep pace with the industry itself.

Over the last two years, the Covid-19 pandemic has resulted in significant global upheavals with challenges and opportunities across industries. It has been a catalyst to accelerate digitalization across industries and geographies and Crayon has taken advantage of this market opportunity by investing in accelerating growth throughout its markets.

Business areas and markets

Crayon is divided into four primary business areas: Software & Cloud Direct, Software & Cloud Channel, Software & Cloud Economics (SCE) and Consulting.

Software & Cloud Direct and Software & Cloud Channel make up the Group's software license offering, through which Crayon provides customers with software and cloud infrastructure platforms developed by global software vendors, such as Microsoft, Google, and AWS. Together, these two business areas form the Software division, which made up 51% of gross profit in 2021.

SCE consists of a combination of services, processes and tools to optimize customers' IT infrastructure and software license spend, ensuring compliance with the vendors' terms and conditions and enabling clients to build in-house Software Asset Management capabilities.

Consulting consists of managed cloud and professional services and solutions related to infrastructure consulting, bespoke software deployment, and cloud migration and deployment.

SCE and Consulting form the Services division, which made up 49% of gross profit in 2021.

Crayon's geographical presence is divided into four market clusters: the Nordics, Europe, APAC & MEA, and the US. The Nordics are Crayon's largest market cluster with the longest history and in 2021 made up approx. 49% of gross profit. As a result of increased international expansion, the remaining market clusters have been the primary driver of gross profit growth over the last few years, growing from 37% of gross profit in 2017 to 51% of gross profit in 2021.

For several years, Crayon has undergone strong international expansion as a strategic effort to drive growth and strengthen the Company's global competitive position. This strategy has been highly successful, with strong sales growth and continuous EBITDA margin improvements across all market clusters over the last few years.

In November 2021, Crayon completed the acquisition of rhiipe, an Australia-based cloud and licensing company that, with more than 600 employees and approximately NOK 500m in annual gross profit, contributed to building significant scale in the region. rhiipe is a market leader within the Software & Cloud Channel segment that distributes and aggregates subscription licensing models for Service Providers from many of the world's leading software vendors. Following the acquisition, Crayon is the third largest Software and Cloud company in the APAC region and the largest within the Channel segment.

The acquisition opens up for operational synergies through the sharing of best practices and business processes, a combination of IP platform functionalities, strong organizational benefits, and significantly enhanced growth capacity across the region. From the date of acquisition, rhiipe contributed NOK 537m revenue, NOK 92m gross profit and NOK 22m adjusted EBITDA to the Crayon's annual financial results. For more details, see [Note 20 Acquisition of business](#).

Financial summary

(amounts in parentheses refer to fiscal year 2020 results)

In 2021, Crayon continued to deliver strong growth while improving margins and overall financial performance. The Nordic market remains the cornerstone of the business while international markets in which Crayon has a shorter history of operations are in an aggressive ramp-up phase.

Profit or Loss

In 2021 operating revenue reached NOK 26 438m, up 35% year-over-year, and gross profit grew 29.6% to NOK 3 039m from NOK 2 345m in 2020, with strong growth across all market clusters and business areas.

Adj. EBITDA was NOK 655m, up 58.6% from NOK 413m in 2020. The resulting Adj. EBITDA margin¹ was 21.5% (17.6%), with improved profitability driven mainly by continued scale and profitable growth in the Software & Cloud division, which reported an Adj. EBITDA margin of 51% for the full year.

The most profitable market cluster remains the Nordics, with stable high Adj. EBITDA margins of 35% (34%). Overall margin expansion for the Group was primarily driven by continued scale improvements in international markets, with the strongest improvements in Europe and APAC & MEA with 19% (11%) and 23% (15%) Adj. EBITDA margins, respectively.

Increased Group costs due to strategic resources and centralization of functions had a negative EBITDA contribution of NOK -42m.

Other income and expenses (adjustments) were NOK 64m (32m) and consisted primarily of share-based compensation and M&A costs related to the acquisition of rhiipe in November 2021.

EBIT grew 73% to NOK 416m (241m). Interest expenses were NOK 83m up from NOK 41m in 2020, driven by interest on the NOK 1 800m senior unsecured bond issued on July 1, 2021. Net other financial expenses were NOK 29m compared to NOK 6m in 2020, mainly

as a result of currency fluctuations and the related impact on balance sheet values.

Income tax expense was NOK 49m (67m) and the resulting net income was NOK 254m (127m), representing diluted earnings per share of NOK 2.64, up 78% from NOK 1.48 in 2020.

Cash flows

The Group's cash flow from operating activities decreased to NOK 26m from NOK 942m in 2020. The cash flow from operating activities in 2020 was driven by strong improvements in the working capital position, while in 2021, there was a degree of normalization of working capital levels, leading to a lower cash flow from operating activities. Managing working capital efficiently remains a critical priority for management.

Cash flows from investments were NOK -2 561m (94m), driven by substantial M&A activity in 2021 and consisting mainly of a NOK 2 450m cash settlement related to the acquisition of rhiipe in November 2021. For more details, see [Note 20 Acquisition of Business](#).

Cash flows from financing activities amounted to NOK 2 375m (312m) and consisted largely of new share issues of NOK 686m and the issuance of a NOK 1 800m senior unsecured bond in July 2021.

At the end of the year, Crayon had a strong cash position of NOK 1 217m, down from NOK 1 394m in 2020. The Board continuously monitors the Company's cash generation and will continue its efforts to maximize cash flows and the Company's liquidity position.

Financial position

As of December 31, 2021, the Group had total assets of NOK 11 292m. Current assets such as cash and receivables represented NOK 7 134m, of which Cash & Cash Equivalents made up NOK 1 217m and Accounts Receivable made up NOK 4 493m. Non-current assets represented NOK 4 158m and consisted primarily of NOK 2 998m in Goodwill, NOK 198m in Intangible

Assets relating to Technology and Software and Development Costs, and NOK 599m from identified customer contracts in acquired entities.

Total liabilities as of December 31, 2021 were NOK 9 134m, of which NOK 7 082m were current liabilities such as payables and public duties and an outstanding senior unsecured bond with notional value NOK 300m, which matures in November, 2022. Non-current liabilities amounted to NOK 2 051m, mainly related to a NOK 1 800m four-year senior unsecured bond issued in July 2021.

Total equity was NOK 2 158m at the end of 2021. The Group had significant headroom with regards to its bank covenants as of December 31, 2021.

Parent company accounts

The parent company, Crayon Group Holding ASA, had a net loss of NOK -53m, compared to a net profit of NOK 8m in 2020. 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 bond financing. The parent company's main asset is its shareholdings in Crayon Group AS, while the main liability is bond debt.

Allocation of earnings for the year

Consolidated comprehensive income for the year was NOK 265m. Crayon follows a growth strategy with significant opportunities for investments in both organic and inorganic growth. Profits are therefore reinvested into driving growth initiatives and there are no plans to distribute an annual dividend in the medium term.

Comprehensive income has been allocated to other equity. For more details see the [Consolidated statement of changes in equity](#) of this report.

Going concern

The Board confirms that the annual financial statements have been prepared under the assumption that the Company is a going concern, in accordance with §3-3a of the Norwegian Accounting Act and that

such an assumption is appropriate, based on the Group's reported results, business strategy, financial situation and established budgets.

IFRS 15-principal vs agent IASB Interpretation

Committee tentative agenda decision

In November 2021, the IASB Interpretation Committee (IC) released a tentative agenda decision related to principal versus agent-assessment under IFRS 15 for Software Resellers. A final agenda decision is not expected before the second quarter of 2022, after which Crayon will make a final evaluation of the considerations and its impact on the Group's accounting policy. For more information, see [Note 2 Accounting principles, critical estimates & judgements](#).

Risk management

The Board is careful 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 Crayon Group's risk profile. This includes risk relating to profitability, HSE, security, market, financial reporting, interest rates, foreign currency, credit, and liquidity.

Interest rate risk

The Company's borrowings are linked to the NIBOR reference rate, which means the Company is exposed to interest rate fluctuations as there is no interest hedging on the borrowings. The interest rate risk is considered to be at an acceptable level.

Liquidity risk

Management of liquidity risk is accorded high priority as part of measures to secure financial flexibility. Cash flows from operating activities are managed at the operational level by the individual companies. The Group finance department monitors liquidity flows in its short-term and long-term reporting. The timely collection of receivables is critical to ensure

¹ See [Alternative Performance Measures](#) for details.

sufficient liquidity to meet payables, and it is a key focus of finance departments at local and group level to monitor and drive efficient collection processes. The Group has significant liquid assets, and as a result of this the liquidity risk is deemed to be low.

As of December 31, 2021, Crayon had non-current interest-bearing debt related to a NOK 1 800m four-year senior unsecured bond loan issued in July, 2021. It also had non-current liabilities relating to ordinary course of business of NOK 58m. Current interest-bearing debt consisted primarily of an outstanding NOK 300m senior unsecured bond maturing in November 2022 as well as other current interest-bearing debt of NOK 113m. Crayon had NOK 1 217m in cash & cash equivalents as of December 31, 2021.

In 2021, Crayon increased its revolving credit facility from NOK 350m to NOK 1 000m. 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, 2021, the Company had significant headroom to its covenants and had drawn NOK 152m for bank guarantees, leaving NOK 848m in available credit.

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, which is also reflected in increased bad debt provisions in the annual accounts. Outstanding credit to customers represent a credit risk. To mitigate this risk, a key focus of finance departments at local and group level is to monitor and drive efficient collection processes.

The Board of Directors deems credit risk to be at an acceptable level.

Foreign currency risk

The Company is exposed to currency fluctuations due to the international nature of its operations. In general, the revenue and cost of goods sold are in the same

currency, limiting the currency exposure. Furthermore, across the business, major transactions in foreign currency are hedged according to a pre-defined policy using forward contracts.

Other than the above, the Group does not have any significant financial instruments relating to foreign currency.

Directors and Officers liability

Crayon has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and Company officers. The insurance includes controlled subsidiaries and is issued by a reputable insurer.

War in Ukraine

The invasion of Ukraine by Russia in February 2022 introduced geopolitical risk to global markets and business operations. Crayon's top priority remains to ensure the safety and well-being of its employees and their families as well as to safeguard customers, partners, and society. Crayon has investments in both Ukraine and Russia, which in 2021 constituted 0.8% of total gross profit with an approximately breakeven Adj. EBITDA. Thus, any negative consequences of the war on Crayon's operations in Russia or Ukraine will not have a material impact on the financial results of the Group.

Organization, working environment, and equality

Crayon continued to invest in its organization in 2021 and reached 2 904 full-time employees (FTE) at year-end, a net increase of 1 065 from 1 835 FTEs in 2020. The average number of FTEs in 2021 was 2 318, up from 1 727 in 2020.

Group-wide recruitment activities are overseen and quality-checked by an in-house team of trained recruitment professionals and the Company has programs to ensure employee training and development. Crayon has also implemented online onboarding programs for all new employees to

ensure knowledge and understanding the Company's values, vision, business strategy, and key policies covering areas such as GDPR, Security, Integrity, and Sustainability. All new employees are required to review and sign the Code of Conduct for Employees. Crayon annually conducts a group-wide employee survey to gauge and assess employee fulfillment, happiness, and well-being. Despite challenges related to Covid-19, the results of the employee survey reached an all-time high in 2021, with improvements across all categories and an overall score of 4.3/5.0. For more details on the employee survey and employee well-being, see the 2021 ESG Report published on Crayon.com.

Health and safety

The health and well-being of Crayon employees are paramount to maintaining successful operations and we ensure sound safety and health practices throughout organization and comply with all local workplace safety regulations.

Sickness absence amounted to 2.2% in 2021, a decrease from 2.5% in 2020 and no material personal injuries or damage to material was registered. Each year employees are offered the opportunity to attend first-aid courses, which includes training in how to use defibrillators. The Company's management has implemented an HSE course and drawn up an associated plan to maintain compliance with HSE issues. Employee representatives serve on the company's board.

Diversity, equity, and inclusion

We value a diverse workforce and are committed to attracting, retaining, and promoting women across our operations. The IT industry in general is characterized by a low share of female workers and Crayon works systematically to increase the share of female employees at all levels and offers equal salary levels and career opportunities regardless of gender. At the end of the year, 32% of Crayon's FTEs were women, up from 30% at the end of 2020. The Board of Directors consists of ten members, of which 50% are women. There are six members of the executive

management team, of which 43% are 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 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.

Corporate responsibility

All Crayon 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. Crayon does not accept any form of harassment, discrimination, or other conduct that could be deemed to be threatening or demeaning.

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

Crayon'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 and human rights. 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 approved by the Board of Directors and distributed across the Group.

Crayon's line of business is business-to-business consulting services and reselling of software licenses. The company's activities do not involve the manufacturing of products or physical distribution. For this reason, there is a very low impact on the external environment from Crayon's operations.

In early 2022, the Board of Directors established an ESG Board Committee to ensure that ESG is fully integrated into the company's long-term strategy, and to support the Board in safeguarding the interests of the company's key stakeholders, including employees, customers, shareholders, business partners, governments, and civil society.

For further information on Corporate Social Responsibility please see the 2021 ESG Report published on [Crayon.com](https://www.crayon.com).

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 compliance with legislation and regulations across Crayon Group. Crayon Group Holding ASA is incorporated and registered in Norway and is subject to Norwegian law. The shares of Crayon 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 Continuous 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, issued by the Norwegian Corporate Governance Board, most recently revised on October 14, 2018.

For more information, see the annual [statement of corporate governance](#).

Shareholders exercise the ultimate authority in Crayon through the Annual General Meeting, which all shareholders are entitled to attend. The Board encourages all investors to participate in the AGM.

Equity and shareholder issues

In 2021, Crayon Group Holding increased its share capital by NOK 6 384 468 to NOK 88 071 987 allocated to 88 071 987 shares, each with a nominal value of NOK 1. The increase was primarily the result of a NOK 700m share issue completed in November 2021, in which 3 685 000 new shares were issued. In addition, 408 123 shares were issued in relation to a broad-based employee stock purchase plan and 699 635 shares were issued as part of the acquisition of Sensa in May 2021. In addition, 1 591 710 new shares relate to management options exercised in December 2020, but which had not yet been registered as share capital as of December 31, 2020.

The Annual General Meeting on April 16, 2021 authorized the Board of Directors to increase the share capital in two different settings. Both authorizations are valid until the earlier of Crayon's Annual General Meeting in 2022 and June 30, 2022.

- In connection with acquisitions etc. the Board is granted an authorization to increase the Company's share capital with up to NOK 8 327 923, provided however that the authorization cannot be used for an amount in excess of 10% of the Company's share capital.

- The Board of Directors is granted an authorization, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 8 327 923, corresponding to 10% of the Company's share capital.

At an Extraordinary General Meeting held on November 23, 2021, the Board of Directors was granted authorization to increase the Company's share capital in connection with the company's incentive schemes with up to NOK 4,996,754, provided that the authorization cannot be used for an amount in excess of 6.0% of the Company's share capital. The authorization is valid until the earlier of Crayon's Annual General Meeting in 2022 and June 30, 2022.

The shares in Crayon Group are freely tradable, and to the knowledge of the Board there are no shareholders' agreements in the company regarding exercise of voting power or limiting trading in the shares.

Outlook

In 2022, Crayon will continue its focus on driving growth across markets by capitalizing on past investments into strengthened capabilities and strategic acquisitions. The company will maintain its focus on organic growth in combination with strategic acquisitions, which are made to strengthen Group-wide service capabilities and local capacity or to add scale in international sub-scale markets. In 2021, the acquisition of Sensa, added significant managed cloud service capabilities to the Group, while the acquisition of rhiipe toward the end of the year contributed to building substantial scale in APAC

& MEA, establishing a strong platform for continued growth in the region.

Crayon will also continue to invest in further development and improvements to its proprietary IP portfolio, with particular focus on Cloud-iQ, Crayon's market-leading customer platform for digital procurement and management of cloud software and resources. Read more about Crayon-iQ on our website.

Future financial performance will depend both on market demand for products and services offered by Crayon and Crayon's ability to address this market demand. The Board expects both of these elements to continue to develop in Crayon's favor. As a result, the Group targets further growth in gross profit and EBITDA during 2022. The Board will continue to focus on balancing profitability and growth.


Rune Syversen
(Chairman)


Jennifer Koss
(Board Member)


Camilla E. Magnus
(Board Member)

Oslo, April 25, 2022

Dagfinn Ringås
(Board Member)


Eivind Roald
(Board Member)


Jens Rugseth
(Board Member)


Grethe H. Viksæs
(Board Member)


Brit B. Smestad
(Employee Representative)


Mette Wam
(Employee Representative)


Christian B. Ødemark
(Employee Representative)


Melissa Mulholland
(CEO)

Board of Directors



Rune Syversen (1968)

Chairman of the Board

Member of Remuneration Committee

Year elected: 2021

Independent: No

Experience: Rune Syversen is a co-founder of Crayon and has been with the company since 2002. Before founding Crayon, Rune held several senior positions within Telenor Group. He has also been instrumental in the creation and growth of companies such as LINK Mobility Group ASA and Sikri AS. Rune served as Deputy CEO at Crayon until 2020.

Education: BSc. Business Administration, BI Norwegian Business School

Other positions: Chairman of the Board at Cyviz ASA, Board Member at Karbon Invest AS, LINK Mobility Group ASA, Sevens AS, and Calusa AS

Shareholding: Part-owner of Karbon Invest AS, which owns 4 800 000 shares, corresponding to 5.45%, in Crayon Group Holding ASA



Jennifer Koss (1977)

Board member

Chair of ESG Committee (from 2022)

Year elected: 2021

Independent: Yes

Experience: Jennifer Lee Koss has deep international board experience with a passion for sustainability, diversity, equity and inclusion. She is a Founding Partner of Springbank Collective, an early-stage investment firm building the infrastructure to support women and working families to eliminate the gender gap.

Education: MBA from Harvard Business School, MPhil from the University of Oxford, Bachelor's degree from Harvard University

Other positions: Board Member at Komplett Group AS, Active Brands AS, Møller Eiendom AS, Sneakersnstuff, Dream Unlimited, and Reservoir Media

Shareholding: 0



Camilla E. Magnus (1972)

Board member

Year elected: 2017

Independent: Yes

Experience: Camilla Magnus is a lawyer and partner of Norwegian law firm Advokatfirmaet Selmer DA where she leads the Corporate and Finance Department. Her 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 international lawyers, the business community, and students.

Education: Master of Law, University of Oslo

Other positions: Board Member at Kalera AS

Shareholding: 44 043



Dagfinn Ringås (1974)

Board member

Member of Audit & Risk Committee

Year elected: 2015

Independent: Yes

Experience: Dagfinn Ringås is the Group CEO of Cegal SYSCO, a Nordic technology company operating in the energy sector. He has more than 25 years of experience within the IT-industry, including leadership roles at Microsoft and Country President of Schneider Electric Norway.

Education: MBA from Sydney Business School, BSc. Political Science and North American Studies from University of Oslo

Shareholding: 25 806



Eivind Roald (1966)

Board member

Chair of Remuneration Committee

Year elected: 2014

Independent: Yes

Experience: Eivind Roald is CEO at QNTM Group AB, an ecosystem of companies working with digitalization, owned by Altor Equity partners. Prior to this, Eivind was Executive Vice President and CCO at SAS AB for six years, Managing Director of HP Norway for seven years, and held several positions in Accenture as a partner.

Education: BSc. Business Administration, BI Norwegian Business School

Other positions: Chairman of the Board at Qmatic, Ibexa, Raptor Services and Hesehus and Board Member at SeenThis.

Shareholding: 149 410

**Jens Rugseth (1962)**

Board member
Chair of Audit & Risk Committee

Year elected: 2015

Independent: No

Experience: A co-founder of Crayon, Jens has been part of the Company since 2002. He is a serial entrepreneur, having founded multiple IT companies over the past 25 years. He has operated as the chief executive officer in some of the largest IT-companies in Norway, including ARK ASA, Cinet AS, and Skrivervik Data AS.

Jens served as a Board Member from 2002-2011 and from 2015-2017 and as Chairman from 2017-2021.

Education: Business Economics, BI Norwegian Business School

Other positions: Chairman of the Boards of Karbon Invest AS, LINK Mobility Group ASA, Techstep ASA, Sprell AS, Ecura AS, Sikri AS, Oche AS, FreshCo AS and Petworld Norge AS

Shareholding: Part-owner of Karbon Invest AS, which owns 4 800 000 shares, corresponding to 5.45%, in Crayon Group Holding ASA. He also owns 11 111 shares directly through Rugz AS.

**Grethe H. Viksaas (1958)**

Board member
Member of Audit & Risk Committee, Remuneration Committee, and ESG Committee (from 2022)

Year elected: 2017

Independent: Yes

Experience: Grethe Viksaas has a long career from the Northern European managed service provider Basefarm AS, first as founder and CEO, and later as Executive Chair and Board Member. Prior to Basefarm, Grethe served as CEO for SOL System AS and held several management positions in IT companies. She has board experience from numerous companies, including Telenor ASA.

Education: Cand. Scient. Computer Science, University of Oslo

Other positions: Chairman of the Board at Farmforce AS, House of Nerds and No Isolation. Board Member at poLight ASA, and LINK Mobility Group ASA

Shareholding: 39 599

**Brit B. Smestad (1966)**

Employee Representative
Member of ESG Committee (from 2022)

Year elected: 2017

Experience: Brit Smestad joined Crayon in 2002 and is currently working as Customer Success Manager for Crayon Managed Cloud Services. Brit has deep experience within software licensing sales and audit and has previously held positions such as Licensing Specialist and Bid Manager at Crayon and Sales Manager and Team Lead of the Licensing Group at Eterra.

Education: Project Management, BI Norwegian Business School

Shareholding: 147 775

**Christian B. Ødemark (1977)**

Employee Representative
Member of ESG Committee (from 2022)

Year elected: 2021

Experience: Christian Ødemark joined Crayon in 2017 as Finance Manager of Crayon Norway AS. Christian has broad experience from financial and project management roles in companies such as Gunnebo Nordic AS, REMA 1000 Norway AS, and Lidl Norway.

Education: MSc. Business and Economics from BI Norwegian Business School, Corporal in the Norwegian Army's Special Forces

Shareholding: 11 468

**Mette Wam (1963)**

Employee Representative
Member of ESG Committee (from 2022)

Year elected: 2021

Independent: Yes
Experience: Mette Wam is the CEO of Esito AS, which is part of Crayon subsidiary, Inmeta Consulting, and she is a leader in Inmeta's engineering department. She joined the company in 2011 and has significant expertise within project management, software product development, and leadership, with past experience from companies such as Software Innovation AS, Transmit Medical AS, and Sysdeco.

Education: BSc. in Computer Science from Strathclyde University and the University of South-Eastern Norway

Shareholding: 5 610

Statement of Corporate Governance

Introduction

The Board of Directors of Crayon Group Holding ASA (the Company) has approved this statement of corporate governance.

The statement of corporate governance addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors (the Board), the Chief Executive Officer (the CEO) and the Company's executive management team.

The statement of corporate governance is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board. The Company will, in accordance with applicable legislation and stock exchange listing rules, provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report in connection with its annual financial statements and report.

Business

The Company's articles of association shall clearly describe the business that the Company shall operate.

The Board shall define clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders in a sustainable manner. When carrying out this work, the Board shall take into account financial, social and environmental considerations.

The Board shall evaluate these objectives, strategies and risk profiles at least once a year.

Company capital and dividends

The Board is committed to maintain a satisfactory equity ratio in the Company according to the Company's objectives, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously assess the Company's capital requirements related to the Company's strategy and risk profile. In addition, the Board shall establish and disclose a clear and predictable dividend policy.

The Company is committed to create long-term value for its shareholders. The Company shall, at all times, have a clear and predictable dividend policy established by the board of directors. The dividend policy forms the basis for the board of directors' proposals on dividend payments to the Company's general meeting. The dividend policy shall be disclosed to the shareholders. The background for any proposal to grant the board of directors an authorization to approve distribution of dividends should be explained.

Any proposal for the Board to be given authorization to approve the distribution of dividends shall be explained. General authorizations for the Board to increase the share capital and buy own shares will normally be restricted to defined purposes and will, in general, be limited in time to no later than the date of the next annual general meeting of the Company.

Equal treatment of shareholders

There is only one class of shares in the Company and all shares carry equal rights. Each share carry one vote. The Company emphasise equal treatment of its shareholders.

All shareholders shall be treated on an equal basis, unless there is a just cause for treating them differently in accordance with applicable laws and regulations.

In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorization granted by the general meeting, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the shares issue. The reasons for any deviation from equal treatment of all shareholders in capital transactions will be included in the stock exchange announcement made in connection with the transaction.

Any transactions carried out by the Company in the Company's own shares shall be carried out through Oslo Børs and in any case at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of shareholders. Any transactions in own shares will be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

Shares and negotiability

The shares of the Company are freely negotiable.

The general meeting

All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The annual general meeting shall normally be held before 30 June each year.

The full notice for general meetings shall be sent to shareholders no later than 21 calendar days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with comprehensive, specific and sufficient details in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance and voting. The notice and the documents may be sent to or made available to the shareholders through electronic communication. The Board shall ensure that the members of the Board and the chair of the nomination committee attends the general meetings. The Company's auditor will normally be present. In addition, the Board shall ensure that the general meeting is able to elect an independent chair for the general meeting.

Notices for general meetings shall provide information on the procedures shareholders shall observe in order to participate in and vote at the general meeting. The notices will also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting. Shareholders shall have the right to attend by electronic means unless the Board has sufficient cause to refuse electronic participation. In addition, the shareholders have the right to vote during a specific period in advance of the general meeting, to the extent allowed in the Company's article of association. The cut-off for confirmation of attendance shall be

set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. A form of proxy will be distributed with the notice.

Nomination committee

The Company shall have a nomination committee as set out in the articles of association. The general meeting shall stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, in addition to determining the committee's remuneration.

The members of the nomination committee shall be elected to take into account the interests of shareholders in general, and the majority of the nomination committee shall be independent of the Board and the executive management team. Members of the Board and the executive management team shall not be members of the nomination committee. Instructions for the nomination committee shall be approved by the Company's general meeting.

The nomination committee's duties shall be to propose candidates for election to the Board and nomination committee and to propose the fees to be paid to members of these bodies. The nomination committee shall have contact with the shareholders, the Board and the company's executive personnel as part of its work on proposing candidates for election to the Board. Furthermore, the nomination committee shall justify why it is proposing each candidate separately.

The Company shall provide information on the members of the committee and any deadline for proposing candidates. The Company will make this information available on its website.

The board – composition and independence

The composition of the Board shall ensure that the Board can attend the common interests of all shareholders and meet the Company's need for

expertise, capacity and diversity. In appointing members to the Board, it is emphasised that the Board shall have the necessary competence to independently evaluate the subject presented by the executive management team. It is also considered important that the Board can function well as a team. Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Board members are encouraged to own shares in the Company.

The Board shall comply with all applicable requirements as set out in the Norwegian Public Limited Liability Companies Act and the listing rules of Oslo Børs. Acknowledging that the Board is ultimately appointed by and at the shareholders' discretion, the composition of the Board should also seek to comply with the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

The Company does not have a corporate assembly.

The work of the board

The Board shall prepare an annual plan for its work with special emphasis on goals and strategy. The Board's primary responsibilities shall be (i) participating in the development and approval of the Company's strategy, (ii) performing necessary control functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The chair of the Board is responsible for ensuring that the Board's work is performed effectively and correctly.

The Board shall ensure that the Company has proper management with a clear internal distribution of responsibilities and duties. A division of work has been established between the Board and the executive management team. The CEO is responsible for the executive management of the Company. Furthermore, the Board shall issue instructions that state how the Board and the executive management shall handle agreements with related parties, including whether an

independent valuation must be obtained. The Board shall present any such agreements in their annual director's report.

The Board shall ensure that the members of the Board and executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board. In order to ensure a more independent consideration of matters of a material character in which the chair of the Board is or has been personally involved, the Board's consideration of such matters shall be chaired by other members of the Board.

All members of the Board shall regularly receive information about the Company's operational and financial development. The Company's strategies shall regularly be subject to review and evaluation by the Board. Additionally, the Board shall prepare an annual evaluation of its own work, including its performance, expertise, composition and how its members function (both individually and as a team) in relation to the objectives set out for its work.

The board of directors shall, *inter alia*, deliberate and decide on the following:

- a. Such matters as required by statutory law, the articles of association, these Rules, or the resolutions of the general meeting;
- b. Matters outside the scope of the statutory responsibilities of the chief executive officer (i.e. matters that given the situation of the Company are unusual in character or of major importance);
- c. Matters outside the scope of the general authority granted to the chief executive officer, such as major investments, borrowings, sales or purchases of real estate, and similar agreements that commit the Company for an amount in excess of the authority granted to the chief executive officer;
- d. The prudent organization of the activities of the Company;
- e. Satisfactory control of the ongoing activities of the Company, including the approval of contract formations that exceed the authority granted to the chief executive officer;

- f. Strategy and objectives;
- g. Budget and financing plans for the Company and the Crayon Group;
- h. Appointment/dismissal of the chief executive officer and fixing of salary or other remuneration to the chief executive officer, adoption of instructions for the chief executive officer and determining of the remuneration policy for key employees;
- i. Major changes in the business activities of the Company and organizational changes of substantial importance;
- j. Safeguarding the financial statutes and appropriate equity, including the financial policy of the Crayon Group and review and deliberation of any management letters from the Company's auditor;
- k. Legal disputes of major importance;
- l. Annual accounts and annual reports of the Company and the Crayon Group;
- m. Acquisitions, investments and divestments;
- n. Proposal for the allocation of profits or losses in accordance with the provisions of the Norwegian Accounting Act;
- o. Agreements between the Company and a member of the board of directors or the chief executive officer or any agreement between the Company and a third party in which a member of the board of directors or the chief executive officer has a distinct interest; and
- p. Other matters that the board of directors or the chief executive officer considers of importance to decide upon.

Board committees

The Company shall have an audit & risk committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act and the listing rules of Oslo Børs. The majority of the members of the committee shall be independent of the Company.

The Board has established a remuneration committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act. The remuneration committee shall review and recommend to the Board the remuneration policies/framework for

the Company's executive/senior management, and provide general advice related to compensation paid to executive personnel. Membership of such committee shall be restricted to members of the Board who are independent of the Company's executive personnel.

Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

The objective of the risk management and the internal control is to manage, rather than eliminate, exposure to risks in order to ensure successful conduct of the Company's business and to support the quality of its financial reporting.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The Board shall provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

The Audit and Risk Committee shall

- a. oversee the Company's compliance and risk management processes and financial reporting procedures;
- b. support the board of directors in assessing and determining the Company's risk appetite;
- c. keep abreast of the most up to date information available to it within the areas of financial reporting, compliance and risk;
- d. with respect to financial reporting processes, monitor the systems for internal control, risk management and internal audit without compromising the Committee's independent role

Remuneration of the board

The general meeting shall determine the Board's remuneration annually, normally in advance. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, expertise, time invested and the complexity of the enterprise. The remuneration of the Board shall not be linked to the Company's performance. The Company shall not grant options to members of its Board.

The Board shall be informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

The Company's financial statements shall provide information regarding the Board's remuneration. Any remuneration in addition to normal director's fee shall be specifically identified in the annual report.

Salary and other remuneration for the executive personnel

The Board shall prepare clear and comprehensible guidelines on the fixing of salaries and other remuneration to the Company's CEO, other executive personnel or employees who are members of the Board or the corporate assembly (if any). The guidelines shall contribute to the Company's commercial strategy, long-term interests and financial viability. The content of the guidelines shall be in accordance with the Norwegian Regulations on Guidelines and Reports on the Remuneration of Executive Personnel.

Any material change to the guidelines shall be considered and approved by the general meeting. The guidelines are subject to review and approval by the general meeting at least every fourth year. Guidelines approved by the general meeting, including the result of the vote and the date of approval, shall be published on the Company's website. The Company's arrangements in respect of salary and

other remuneration shall help ensure the executive personnel and shareholders have convergent interests and should be simple.

Performance-related remuneration shall be subject to an absolute limit.

In addition to the above, the Board shall, for every financial year, ensure that a report is prepared which provides a comprehensive overview of paid and outstanding remuneration covered by the remuneration guidelines. The specific requirements for the content of the reports are supplemented by the Norwegian Regulations on Guidelines and Reports on the Remuneration of Executive Personnel. The report is subject to advisory vote by the general meeting and report shall be published on the Company's website after the annual meeting has been held.

Information and communication

The Board and the executive management team assign considerable importance to giving the shareholders relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive the same and simultaneous information. Furthermore, the Board shall establish guidelines for the Company's reporting of financial or other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

Sensitive information will be handled internally in a manner that minimizes the risk of leaks.

The Board shall have a policy on who is entitled to speak on behalf of the Company on various subjects. The Company shall have a contingency plan for information management in response to events of a particular character or of interest to the media. The CEO, CFO and Head of Investor Relations will be the main contact persons of the Company in such respects.

The Board should ensure that the shareholders are given the opportunity to make known their points of view at and outside the general meeting. The Board shall establish guidelines for shareholders communication with the Company other than through general meetings.

Take-overs

The Board have established guiding principles for how it will act in the event of a take-over bid.

In a take-over process, should it occur, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

- a. the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so;
- b. the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- c. the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- d. the Board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate

Governance unless there are particular reasons not to. This includes obtaining a valuation from an independent expert. On this basis, the Board will seek to make a recommendation as to whether or not the shareholders should accept the bid.

Auditor

Each year, the auditor shall present to the Board a plan for the implementation of the audit work and submit to the audit & risk committee an annual additional report in which it declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit.

The auditor shall be invited to be present at Board meetings where the annual accounts are dealt with. At these meetings the auditor shall report on any material changes in the Company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the Company's executive management. The Board and/or audit & risk committee shall meet with the auditor at least once a year to review the Company's accounting principles, risk areas, internal control routines, including weaknesses identified by the auditor and proposals for improvement.

The auditor should only be used as a financial advisor to the Company where such use does not affect or reasonably question the auditor's independence and objectiveness as auditor for the Company. Only the Company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments. The Board shall establish guidelines in respect of the use of the auditor by the Company's executive management for other services than the audit.

At the annual general meeting and/or in the annual financial statements, the Board shall present a review of the auditor's compensation as paid for auditory

work required by law and remuneration associated with other concrete assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function.

The Board shall invite the auditor to attend all general meetings.

Transactions with related parties or close associates

Any transactions, agreements or arrangements between the Group and the Company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act. The Board shall, in principle, arrange for a valuation to be obtained from an independent third party for transactions with related parties, including agreements that are considered immaterial or covered by section 3-16 of the Norwegian Public Limited Liability Companies Act. The Company's financial statements shall provide further information about transactions with related parties in accordance with applicable accounting principles.

The Company may engage in business activities with, or in cooperation with, its shareholders. Such activities shall be handled at the board level, with a view of securing a foreseeable and consistent practice which prevents potential conflict of interest situations, arm's-length treatment, and sound governance. Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction entered into by the Company.

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Consolidated statement of profit or loss and other comprehensive income

(In thousands of NOK)	Note	2021	2020	(In thousands of NOK)	Note	2021	2020
Operating revenue	3	26 438 331	19 599 455	Comprehensive income			
Cost of sales		23 398 584	17 254 670	Items that are or may be reclassified subsequently to profit or loss			
Payroll and related cost	4	2 067 845	1 685 629	Currency translation ¹		11 488	4 995
Other operating expenses		317 004	246 254	Total comprehensive income – net of tax		265 434	131 826
Share based compensation	6	55 002	48 684				
Other (income) and expenses		8 923	(17 196)				
EBITDA		590 973	381 414				
Depreciation and amortization	7, 8	174 543	140 302				
Impairment	9	–	–				
Operating profit/EBIT		416 431	241 112				
Share of results from associates	24	1 172	–				
Interest income	10	13 948	8 449				
Other financial income	10	807	–				
Total financial income	10	14 755	8 449				
Interest expense	10	83 067	41 125				
Other financial expenses	10	43 845	14 785				
Total financial expenses	10	126 912	55 910				
Net financial income and expenses		(112 158)	(47 460)				
Net income before tax		303 101	193 652				
Income tax expense	12	49 155	66 821				
Net income		253 947	126 831				

¹ Currency translation in 2021 includes fair value changes of cash flow hedging.

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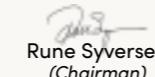
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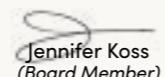
Consolidated statement of financial position as of 31.12

(In thousands of NOK)	Note	2021	2020	(In thousands of NOK)	Note	2021	2020
ASSETS							
Non-current assets:							
Intangible assets				Shareholders' equity:			
Development costs	8	98 165	88 756	Share capital	15, 11	88 072	81 688
Technology and software	8	99 487	18 515	Own shares	15, 11	(10)	(10)
Contracts	8	598 831	60 379	Share premium		1 734 159	976 887
Software licenses (IP)	8	1 941	2 215	Sum paid-in equity		1 822 221	1 058 565
Goodwill	9	2 998 258	850 933	Retained earnings			
Deferred tax asset	12	81 201	35 458	Other equity		299 285	41 276
Total intangible assets		3 877 883	1 056 255	Total retained earnings		299 285	41 276
Tangible assets							
Equipment	7	59 753	38 624	Total equity attributable to parent company shareholders		2 121 506	1 099 840
Right-of-use assets	7	114 958	120 051	Non-controlling interests		36 440	3 334
Total tangible assets		174 711	158 676	Total shareholders' equity		2 157 946	1 103 174
Investment in associates							
Total investment in associates	24	36 571	-	Non-current liabilities:			
Financial assets				Bond loan	16, 18, 19	1 771 052	295 215
Other non-current receivables	18	68 574	39 962	Deferred tax liabilities	12	135 021	21 505
Total financial assets		68 574	39 962	Lease liabilities	16, 19	87 164	95 340
Total non-current assets		4 157 739	1 254 893	Other non-current liabilities	17, 18	58 197	47 503
Current assets:				Total non-current liabilities		2 051 434	459 562
Inventory		2 869	8 846	Current liabilities:			
Total inventory		2 869	8 846	Accounts payable	18	4 813 772	3 560 040
Accounts receivable	13, 18, 19	4 492 969	3 393 421	Income taxes payable		58 171	49 812
Other current receivables	18	1 421 421	263 347	Public duties		458 898	250 918
Total receivables		5 914 390	3 656 768	Current lease liabilities	16, 19	39 064	31 230
Cash & cash equivalents	14, 18	1 216 618	1 394 120	Other current interest bearing debt	16	413 311	75 884
Total current assets		7 133 877	5 059 733	Other current liabilities	17	1 299 019	784 004
Total assets		11 291 616	6 314 626	Total current liabilities		7 082 235	4 751 889
				Total liabilities		9 133 669	5 211 452
				Total equity and liabilities		11 291 616	6 314 626

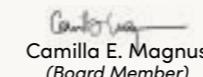
Oslo, April 25, 2022



Rune Syversen
(Chairman)



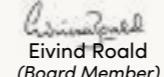
Jennifer Koss
(Board Member)



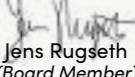
Camilla E. Magnus
(Board Member)



Dagfinn Ringås
(Board Member)



Eivind Roald
(Board Member)



Jens Rugseth
(Board Member)



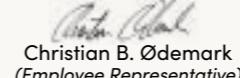
Grethe H. Viiksaas
(Board Member)



Brit B. Smestad
(Employee Representative)



Mette Wam
(Employee Representative)



Christian B. Ødemark
(Employee Representative)



Melissa Mulholland
(CEO)

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Consolidated statement of cash flows

(In thousands of NOK)

	Note	2021	2020
Cash flows from operating activities:			
Net (loss) income before tax		303 101	193 652
Taxes paid		(72 103)	(34 504)
Depreciation and amortization	7, 8, 9	174 543	140 302
Net interest expense	10	69 119	32 675
Changes in inventory, accounts receivable/payable		43 088	364 059
Changes in other current assets/liabilities		(491 990)	245 446
Net cash flow from operating activities		25 758	941 630
Cash flows used in investing activities:			
Payment for capitalized assets		(82 807)	(81 362)
Acquisition of subsidiaries - (net of cash acquired) and associates	20	(2 477 900)	(4 616)
Other business combinations		-	(8 000)
Net cash flow from investing activities		(2 560 707)	(93 978)
Cash flow from financing activities:			
Interest paid to credit institutions and interest to bond loan		(42 057)	(43 899)
Share issues	15	685 892	335 130
Share capital increase not registered	15	-	24 672
Acquisition/disposal of non-controlling interest	24	(4 964)	8 497
Proceeds from issuance of interest bearing debt	16	1 800 000	33 922
Repayment of interest bearing debt	18	(53 385)	(42 863)
Other financial items		(10 000)	(3 762)
Net cash flow from financing activities		2 375 485	311 697
Net increase (decrease) in cash & cash equivalents		(159 463)	1 159 349
Cash & cash equivalents at beginning of period ¹		1 394 120	238 817
Currency translation		(18 038)	(4 046)
Cash and cash equivalents at end of period¹		1 216 618	1 394 120

¹ Restricted cash is part of the Cash & cash equivalents, further details in note 14.

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Consolidated statement of changes in equity

Year to date period ending December 31, 2021

(In thousands of NOK)		Note	Attributable to owners of the company					Non-controlling interests	Total equity
			Share capital	Own shares	Share premium	Other equity	Total		
Balance at January 1, 2020			76 624	(10)	622 150	(105 292)	593 472	(8 059)	585 413
Adjustment ¹			-	-	-	(33)	(33)	-	(33)
Net (loss) income			-	-	-	120 495	120 495	6 336	126 831
Currency translation			-	-	-	5 651	5 651	(656)	4 995
Total comprehensive income			-	-	-	126 146	126 146	5 680	131 826
Share repurchase (net)			-	-	-	-	-	-	-
Share issues	15		5 063	-	330 066	-	335 130	-	335 130
Share capital increase not registered ²			-	-	24 672	-	24 672	-	24 672
Equity-settled share-based payments			-	-	-	18 613	18 613	761	19 374
Transactions with non-controlling interests			-	-	-	1 841	1 841	4 951	6 793
Transactions with owners			5 063	-	354 738	20 454	380 256	5 712	385 968
Balance as of end of period			81 688	(10)	976 887	41 276	1 099 841	3 334	1 103 174
(In thousands of NOK)		Note	Attributable to owners of the company					Non-controlling interests	Total
			Share capital	Own shares	Share premium	Other equity	Total		
Balance at January 1, 2021			81 688	(10)	976 887	41 276	1 099 841	3 334	1 103 174
Adjustment ¹			-	-	-	83	83	0	83
Net (loss) income			-	-	-	226 926	226 926	27 020	253 947
Currency translation ³			-	-	-	10 983	10 983	504	11 488
Total comprehensive income			-	-	-	237 910	237 910	27 525	265 434
Share repurchase (net)			-	-	-	-	-	-	-
Share issues	15		6 384	-	757 272	-	763 656	-	763 656
Equity-settled share-based payments			-	-	-	33 443	33 443	2 146	35 589
Transactions with non-controlling interests			-	-	-	(13 426)	(13 426)	3 436	(9 990)
Transactions with owners			6 384	-	757 272	20 017	783 673	5 582	789 255
Balance as of end of period			88 072	(10)	1 734 159	299 285	2 121 506	36 440	2 157 946

¹ Mainly adjustments to opening balance² Includes amount of NOK 1 591 710 to be allocated to share capital when registered³ Currency translation in 2021 includes fair value changes of cash flow hedging

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FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS****NOTE 1 General information**

Crayon Group Holding ASA is a public limited company registered in Norway. The company's headquarters are located at Sandakerveien 114A, 0484 Oslo, Norway. Crayon Group Holding ASA is listed on Oslo Stock Exchange (Oslo Børs) under the ticker "CRAYN".

These consolidated financial statements of Crayon Group Holding ASA and its subsidiaries (collectively referred to as "Crayon" or "the Group") for the year ended December 31, 2021, were authorised for issue by the Company's board of directors and CEO on April 25, 2022.

Crayon specialises in supporting customers across all industry sectors with complex local, regional and global IT estates. Crayon helps clients specify, plan, deploy, manage and optimize technology ecosystems.

The principal activities for the Group's various business areas are described in more detail in Note 3.

NOTE 2 Accounting principles, critical estimates & judgements**BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of Crayon have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2021.

The consolidated financial statements have been prepared on a historical cost principle, except for financial derivatives which are measured at fair value. In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made are disclosed in section 2.3.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the Parent Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated. The subtotals and totals in some of the tables in the note disclosures may not equal the sum of the amounts shown in the primary financial statements due to rounding. Certain comparative figures have been reclassified to conform to the current year presentation.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**New standards, interpretations and amendments adopted by the Group**

The following new standards and amendments became effective for annual periods beginning on or after January 1, 2021:

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include practical expedients.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for

the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021.

The Group has received Covid-19-related rent concessions to a very limited extend, practical expedient is applied.

Pending agenda decisions**IFRS 15-principal vs agent IASB Interpretation Committee tentative agenda decision**

In November 2021, the IASB Interpretation Committee (IC) released a tentative agenda decision related to principal versus agent-assessment under IFRS 15 for Software Resellers. The theme and fact pattern described in the tentative decision is relevant for Crayon's sale of licenses.

A final agenda decision is not expected before the second quarter of 2022, after which Crayon will make a final evaluation of the considerations and its impact on the Group's accounting policy.

Earlier assessments have concluded that Crayon acts as a principal in most transactions and contracts where Crayon acts as a reseller of licenses. If an updated assessment after a final agenda decision concludes that Crayon acts as an agent in these transactions, Crayon expects this to result in a shift from gross to net presentation of the majority of revenue in the Software & Cloud division. A potential change is not expected to have any impact on gross profit or earnings before interest, taxes, depreciation and amortization (EBITDA).

Standards issued but not yet effective

Several new standards are effective for annual periods beginning after January 1, 2021 and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). Effective date, January 1, 2022.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). Effective date, January 1, 2023.
- Annual Improvements to IFRS Standards 2018–2020. Effective date, January 1, 2022.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). Effective date, January 1, 2022.
- Reference to Conceptual Framework (Amendments to IFRS 3). Effective date, January 1, 2022.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1). Effective date, January 1, 2023.
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts. Effective date, January 1, 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). Effective date, January 1, 2023.
- Definition of Accounting Estimates (Amendments to IAS 8). Effective date, January 1, 2023.

ACCOUNTING PRINCIPLES**Basis of consolidation**

The consolidated financial statements comprise the financial statements of Crayon Group Holding ASA and its subsidiaries. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included from the date control commences until the date control ceases.

When the Group loses control over a subsidiary, it derecognizes the related assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized as fair value.

When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions between group units, are eliminated.

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Non-controlling interests

Non-controlling interests represent equity interests in subsidiaries held by other owners than Crayon. Results attributed to non-controlling interests are based on ownership interest, or other methods of allocation if required by the contract. 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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

Business combinations

Business combinations are accounted for using the acquisition method as of the acquisition date, which is when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Goodwill that arises from the acquisition is tested annually for impairment. Any contingent consideration is measured at fair value at the date of acquisition. Changes in fair value of the contingent consideration from acquisition of a subsidiary will be recognized in profit or loss.

If the sum of the consideration, book value of non-controlling owners' interests 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 consolidated statement of the financial position. If the sum is less than the entity's net assets, the difference is immediately recognized under profit or loss. Transaction costs are expensed as incurred, except if related to the issuance of debt or equity securities.

Current / non-current classification

An asset is classified as current when it is expected to be realized or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded or it is expected/due to be realized 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 on 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, trade 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 without a significant financing component are

initially measured at the transaction price. For some portfolios of trade receivables, Crayon has entered into factoring agreements. The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Inventories

Inventories mainly consist of licenses which are depreciated on a straight-line bases over the estimated useful life of the asset.

Net realizable value is the estimated selling price in the ordinary course of business minus any selling expenses. Write-downs are made for any inventory that is assumed to be obsolete.

Property, plant and equipment

Equipment is measured at acquisition cost, minus accumulated depreciation and impairments. Any gain or loss on disposal of an item of equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits with the expenditure will flow to the Group. Equipment is depreciated linearly over the expected useful life.

Financial assets and liabilities

Financial assets

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset is measured at amortized cost if the business model is to hold the asset to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interests (SPPI criterion). Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.

Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognized in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any gain and loss on derecognition are recognized in profit and loss.

A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. In the case of recognizing a new liability, the fees are treated as part of the amortized cost. Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date, whereas liabilities with the legal right to be settled more than 12 months after the balance sheet date are classified as non-current liabilities.

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial liabilities when the fair value is negative.

According to the group's policy derivatives can be designated as hedging instruments for fair value hedges and cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

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- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Realised effects are recognized through statement of profit or loss, in the same line as the hedge objects.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as hedging instruments in fair value hedges, are recognized in the statement of profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets may be impaired. Financial assets are impaired when there is objective evidence that the Group is not likely to recover all the amounts in connection with contractual terms related to loans and receivables. A financial asset carried at amortized cost is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data as: significant financial difficulty of the debtor, a breach in the contract, the probability of the debtor entering bankruptcy.

The Group recognizes loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Intangible assets**Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is recognized as the aggregate of the consideration transferred and the amount of any non-controlling interest and deducted by the net of the acquisition- date amounts of the identifiable assets acquired, and the liabilities assumed. Goodwill is not depreciated but is tested at least annually for impairment.

Contractual customer relationships

Contractual customer relationships that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the asset's estimated useful life. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research & development

Expenditure related to research activities are expensed as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

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. Amortization is recognized in profit or loss on a straight-line basis over the asset's estimated useful life. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

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. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

Foreign operations

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 and accumulated in the translation reserve in Other equity.

Government grants

The Group recognizes government grants that compensate the Group for expenses incurred in profit or loss as reduction of costs on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable. Grants are offset against the expenses the grant is meant.

Grant received related to assets is accounted for by deducting the grant from the carrying amount of the related asset/s if there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant. Grants are then credited to profit or loss on a straight-line basis over the expected lives of the related assets.

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.

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Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are only offset if certain criteria are met. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent it has become probable that future taxable profits will be available against which they can be used.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that Crayon 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. Provisions are measured at best estimate, reviewed on each reporting date and adjusted as necessary.

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.

Employee benefits**Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 payroll and related costs as incurred. 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.

Leases

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

As a lessee, Crayon leases office premises, vehicles and equipment.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in separate lines in the statement of financial position. The Group has elected to use the exemptions in the standard on short-term lease contracts and for lease contracts where the underlying asset is of low value. These leases are recognized as other operating expenses in profit or loss.

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Revenue from contracts with customers comprises revenue from sale of software and services, including software licenses and value-added services and consulting. Revenue from customer contracts is recognized when the performance obligation in the contract has been performed, either as "point in time" or "over time". A performance obligation is satisfied when control of the promised good or service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Crayon has identified several types of contracts as described below. Timing of revenue recognition under each contract or type of contract is determined by the timing of the transfer of promised goods and services to the customer. The amount of revenue recognized reflects the amount of consideration to which Crayon is entitled for each performance obligation.

Crayon considers whether there are other promises in the contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for sale of software and cloud licenses with value-added services, the Group considers the effect of variable considerations, the existence of significant financing components and consideration payable to the customer (if any).

Sale of software and cloud direct licenses

Crayon sells software and cloud licenses from software vendors to customers. 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. Crayon distinguishes between two types of software and cloud licenses:

Software and cloud - principal:

Such licenses are sold as a bundled with value-added services, which includes license advisory/optimisation, software licence sales and access to Crayon's proprietary tools and IP.

Software licenses

Revenue from sale of software licenses and value-added services is recognized point in time control transfers to the customer and the performance obligation is satisfied. This is usually when the customer obtains the right to use the license rights. Invoices are generated at that point in time and are usually payable within 14 to 30 days.

Cloud licenses

Revenue from the sale of cloud licenses and value-added services is recognized when control transfers to the customer and the performance obligation is satisfied over time. This is usually when the customer obtains the right to access the license rights. Invoices are issued periodically, usually on a monthly basis and payable within 14 to 30 days.

Under these contracts, Crayon acts as a principal and revenue is recognized gross with incentives and rebates from vendors being reflected as a reduction in cost of sales.

Software and cloud - agent:

Under these contracts, Crayon acts as a reseller by providing a service of arranging for the software vendor to transfer licenses to a customer. Thus, we do not control the specified license and do not assume responsibility for the licenses towards the customer. Under such contracts, Crayon acts as an agent and recognises commission from the vendor as revenue net of related costs.

Sale of software and cloud channel licenses

Crayon sells software and cloud channel licenses to hosters, system integrators and independent software vendors (ISVs), which includes license advisory/optimisation, software licence sales and access to Crayon's proprietary tools and IP. Revenue from the sale of software and cloud channel license subscriptions is recognized point in time when control transfers to the customer and the performance obligation is satisfied. This is usually when the customer obtains the right to use the license rights. As this is sale of subscriptions, Crayon has several recurring performance obligations towards the customer. Invoices are issued periodically, usually on a monthly basis and payable within 14 to 30 days. Under these contracts, Crayon acts as principal and revenue is recognized gross with any incentives and rebates from vendors being reflected as a reduction in cost of sales.

Principal/agent

Management has applied judgment in assessing the principal/agent considerations, see [Note 2.3](#) for significant judgments. Crayon may act as a principal or an agent in its contracts to sell software and cloud licenses. This depends particularly on the primary responsibility for fulfilling the promise to provide the goods or services, inventory risk and the entity's discretion in establishing the price, all of which are relevant considerations under the guidance. When acting as principal, Crayon assumes responsibility for the licenses delivered and the support provided to the customer in connection with the sale and/or the subsequent license period. In addition, under such contracts, Crayon assesses that other factors such as the ability to set prices and inventory risk support the conclusion that the Company is acting as principal. Crayon acts as principal under most of its contracts to resell licenses.

Distinct licenses

Crayon has considered whether the sale of licenses and the corresponding services offered to the customers are distinct and therefore represent different performance obligations. Under contracts where we combine license sale with our value-added service (principal), Crayon assesses that these are not distinct. These value-added services can be defined as advisory and know-how that ensures that the software meets with the customer's defined criteria. The value-added services are an integrated component of the performance obligation that exist towards the customer, since it provides no "stand-alone" use to the customer and would therefore not be regarded as a distinct performance obligation. In conclusion, Crayon provides the customer with a promise to perform, holds the power of disposition for the license rights prior to the transfer and has full discretion in establishing the price.

Software and Cloud Economics

Crayon sells services related to process and tools for enabling clients to build in-house capabilities, license spend optimisation and support for clients in vendor audits. The performance obligations related to these services are satisfied over time, because the customer simultaneously receives and benefits from the services provided. Revenue is recognized on a straight-line basis over the subscription period. Invoices are issued periodically, usually on a monthly basis and payable within 14 to 30 days.

Consulting

Crayon provides cloud consulting and solution consulting services related to infrastructure, cloud migration and deployment, bespoke software deployment and follow-up applications. Revenue is recognized when a customer can obtain the benefits from the service which may be over time or on final delivery of a product or service depending on the nature of the promise. Crayon assesses whether there are multiple performance obligations within each consulting services contract and assesses revenue recognition accordingly. Invoices are issued once the performance obligation is satisfied and usually payable within 14 to 30 days.

Contract balances

Contract asset is the right to consideration in exchange for goods or services to the customer. In cases where goods or services are transferred to a customer before the consideration is charged, a contract asset is recognized for the earned consideration that is conditional. There are no material contract assets on December 31, 2021 and 2020.

Contract liabilities is the obligation to transfer goods or services to the customer for which Crayon has charged consideration from the customer. In cases where consideration is charged before any goods or services are transferred. Contract liabilities are recognized as revenue when performance obligations are satisfied under the contract. There are no contract liabilities on December 31, 2021 and 2020.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires management to make judgements, estimates and assumptions in determining the amount of certain assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, judgements and underlying assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 following summarizes the assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year.

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FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS****Impairment of non-financial 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 2021 is based on management assumptions using best estimates with regard to future cash flows and discount rates.

Credit risk and trade receivable recoverability

Crayon operates in many jurisdictions and is increasing its presence in growth markets outside of the Nordic region. Management makes assessments of credit risk and updates its estimates of losses and the corresponding provision for outstanding receivables on a regular basis. Crayon measures the 12-month expected credit losses based on the historical data of realized credit losses in the Group. In addition, Crayon incorporates additional credit risk premium based on geographical analysis and other statistic information on country risk.

Deferred tax

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.

Revenue recognition

For software and cloud license arrangements bundled with value-added services (direct business), the assessment whether the Group acts a principal, or an agent is judgmental and requires careful consideration of the individual factors in reaching a conclusion. Management determined that Crayon is the principal with respect to such arrangements as the license and value-added service offering is not distinct within the context of the contract. Management concluded that Crayon controls the specified license and service before it is transferred to the customer, since Crayon is primary responsible for fulfilling the performance obligation to the customer. Accordingly, Crayon ensures compatibility of software licenses and services to customer requirements. Additionally, Crayon has the discretion to set the prices for the specified software license or bundled software service. To support this conclusion and ensure consistency in financial reporting, management has verified that the assessment and conclusion is in line with Crayon's peers in the software reseller industry. By contrast, in arrangements where Crayon does not have control over the traded software license (i.e. indirect business), it qualifies as an agent.

NOTE 3 Segment information

The group regularly reports operating 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. Operating segments are reported in the consolidated financial statements in the same manner as internal reporting to the chief operating decision makers. In the segment reporting, the elimination of internal profit on sales between the various segments is presented separately.

The operating units that form a natural reporting segment are Software & Cloud Direct, Software & Cloud Channel, Software & Cloud Economics and Consulting in addition Admin/Eliminations (Administration & Shared Services and Eliminations). The Group resources are organised according to both the products or services below and the different geographical areas the Group operate into.

- Software & Cloud 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 & Cloud Channel is Crayon's offering towards hosters, system integrators and ISVs, which includes licence advisory/optimization, software licence sales and access to Crayon's proprietary tool and IP.
- Software & Cloud Economics services include processes and tools for enabling clients to build in-house SAM (SAM: Software Asset Management) 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 market clusters are composed of operating countries in the different geographical areas.

Nordics is composed of Norway, Sweden, Denmark, Finland and Iceland. Europe is composed of Austria, Switzerland, Germany, Netherlands, Spain, France, Portugal, United Kingdom, Bulgaria, Macedonia, Serbia, Russia, Romania, Czech Republic, Poland, Latvia and Ukraine. APAC & MEA is composed of India, Malaysia, Philippines, Singapore, United Arab Emirates, Sri Lanka, Mauritius, Australia, South Africa, Saudi Arabia, Indonesia, New Zealand, Thailand, Hong Kong, Japan and South Korea. US represents the post-closing financial contributions from the Anglepoint Group Inc. and Software Wholesale International Inc. acquisitions, as well as Crayon Software Experts LLC. HQ & Eliminations includes corporate admin costs (excluding other income and expenses), unallocated global shared cost and eliminations.

Operating revenue from the operating segments Software & Cloud Economics and Consulting are recognized over time as explained under IFRS accounting principles in Note 2. Operating revenue from the operating segments Software & Cloud Direct and Software & Cloud Channel are recognized point in time for software licenses and over time for cloud licenses, see [Note 2](#) for additional information.

The Group has no individual customer contributing on 10% or higher to the total revenue.

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	Segment information 2021							Segment information 2020						
	(In thousands of NOK)	Software & Cloud			Services			(In thousands of NOK)	Software & Cloud			Services		
		Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin/eliminations	Total		Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin/eliminations	Total
Operating revenue														
Nordics	6 779 500	1 810 677	141 444	1 190 387	3 343	9 925 351		Nordics	5 210 278	1 594 795	139 446	861 514	13 899	7 819 932
Europe	5 299 043	1 276 037	146 677	110 829	3 280	6 835 866		Europe	3 550 239	1 028 488	120 769	72 654	2 270	4 774 420
APAC & MEA	4 233 682	2 054 326	93 464	184 712	3 789	6 569 972		APAC & MEA	2 728 601	1 387 815	47 340	84 285	4 796	4 252 838
US	1 823 285	1 384 699	267 397	62 833	972	3 539 185		US	1 443 537	1 370 529	219 231	23 725	759	3 057 780
HQ	(0)	-	-	1 012	64 428	65 440		HQ	-	62	-	53	53 915	54 029
Eliminations	-	-	-	-	(497 483)	(497 483)		Eliminations	-	-	-	-	(359 544)	(359 544)
Operating revenue	18 135 510	6 525 739	648 982	1 549 772	(421 672)	26 438 331		Operating revenue	12 932 655	5 381 689	526 785	1 042 231	(283 905)	19 599 455
Gross profit														
Nordics	494 448	153 409	118 543	746 289	3 620	1 516 311		Nordics	443 534	139 087	109 256	538 966	4 614	1 235 457
Europe	322 810	94 788	124 127	91 210	4 043	636 978		Europe	264 465	78 288	102 257	47 815	3 663	496 488
APAC & MEA	192 238	166 577	46 001	82 316	4 495	491 626		APAC & MEA	132 603	76 903	36 061	51 473	6 661	303 700
US	100 199	30 707	240 921	44 414	972	417 213		US	71 203	26 245	202 254	17 796	985	318 483
HQ	(0)	116	-	(18)	65 255	65 353		HQ	-	4 688	353	(533)	58 405	62 913
Eliminations	-	-	-	-	(87 733)	(87 733)		Eliminations	-	-	-	-	(72 257)	(72 257)
Gross profit	1 109 695	445 598	529 592	964 212	(9 349)	3 039 747		Gross profit	911 805	325 211	450 181	655 516	2 071	2 344 785
Operating expenses	559 146	195 948	445 263	795 137	453 279	2 448 774		Operating expenses	505 010	188 493	408 124	556 066	305 678	1 963 371
EBITDA	550 549	249 649	84 329	169 075	(462 628)	590 973		EBITDA	406 795	136 718	42 056	99 450	(303 606)	381 414
Depreciation and amortization						174 543		Depreciation and amortization						140 302
Share of results from associates						1 172		Net financial income and expenses						(47 460)
Net financial income and expenses						(112 158)		Net income before tax						193 652
Net income before tax						303 101								
Adjustments	-	-	-	-	-	63 926	63 926	Adjustments	-	-	-	-	-	31 488
Adjusted EBITDA	550 549	249 649	84 329	169 075	(398 703)	654 899		Adjusted EBITDA	406 795	136 718	42 056	99 450	(272 118)	412 902

	Year to date ended 31 December	
	2021	2020
<i>(In thousands of NOK)</i>		
Assets per market cluster		
- Nordics	3 669 498	3 052 220
- Europe	1 624 811	1 501 192
- APAC & MEA	5 682 118	1 614 933
- US	1 028 482	742 553
- HQ/eliminations	(713 293)	(596 271)
Total	11 291 616	6 314 626

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NOTE 4 Payroll and other income and expenses

(In thousands of NOK)

	2021	2020
Payroll expenses		
Wages and salaries	1 633 684	1 328 951
Social security	222 996	185 851
Pension expenses	85 595	61 475
Other benefits	125 570	109 352
Payroll expenses	2 067 845	1 685 629
Average number of full time employees (unaudited)	2 318	1 727
Women (unaudited)	32.0%	30.0%

Pensions

Crayon Group companies have pension schemes that satisfy the provisions of mandatory occupational pensions, for all employees. These are defined contribution schemes with a total pension cost of NOK 85.6m in 2021 (2020: NOK 61.5m). The Group obligations are limited to the annual contributions to the scheme.

Forgivable loan

Crayon has received forgivable loans in US, assessed according to IAS 20 on terms of government grant. Loan amounting to NOK 14m is fully forgiven as of December 31, 2021 (NOK 18m as of December 31, 2020) and recognized as a cost reduction in the profit or loss statement in 2021. Cost reduction related to the fully forgiven loan is recognized as Other income and expenses in the profit or loss statement.

NOTE 5 Audit fee

(In thousands of NOK)

	2021	2020
Expensed audit fee (excl VAT), parent company		
Audit fee	2 694	2 609
Other assurance services	29	555
Other non-audit services	123	130
Total	2 846	3 294
Expensed audit fee (excl VAT), consolidated		
Audit fee	8 041	6 534
Other assurance services	275	737
Other non-audit services	2 029	597
Total	10 346	7 868

NOTE 6 Share options

Share options

There are two share option programs, one granted in relation to the IPO (IPO Share incentive scheme) and one share-based incentive scheme implemented in 2020 to general managers and to executive management (Management share option programs). In 2021 also a share grant program is implemented for general managers (General manager share grant program). The management share option program and share grant program include both employment and performance vesting conditions. Each share option allows for the subscription of one share in Crayon Group Holding ASA. The fair value of the options and share grant is calculated at grant date and expensed over the vesting period. In 2021, executive management were allotted 400 thousand share options.

Exercised options

In December 2021, 75 thousand options related to IPO Share incentive scheme were exercised. Share price at date of exercise was NOK 183.50. Exercise of options do not affect the option cost recognized.

Employee share purchase program (ESPP)

There are two employee share purchase programs, where all employees in the Company and its subsidiaries in which an offer could be lawfully made, have been offered to participate. First offer was given in Q4 2019 (ESPP 2019) and a second offer in Q4 2020 (ESPP 2020). The subscription price was equal to 3-month average share price at the start of the subscription period with a 20% discount. The employees have been offered to subscribe for amounts between NOK 10 000 to NOK 100 000 (all amounts including the 20% discount). In aggregate, 407 and 533 employees participated in the ESPP 2019 and ESPP 2020, respectively. Additional bonus shares will be granted to employees participating in the ESPP and remaining employed by Crayon by the end of the lock-up period. One bonus share will then be granted for every third share subscribed for under the program. The bonus shares vest over two years. The fair value of the shares is calculated at grant date and expensed over the vesting period.

Released shares

In December 2021, the bonus shares related to ESPP 2019 program were released. A total of 333 thousand bonus shares were released to employees participating in the program. Share price at date of release was NOK 183.50. Release of bonus shares do not affect the option cost recognized.

Fair value

The fair value at grant date is determined using an adjusted form of the Black Scholes Model, which considers the exercise price/subscription price, the term of the option/lock-up, 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 the IPO Share incentive scheme, the expected volatility is based on historical volatility for a selection of comparable listed companies. For the remaining programs, the expected volatility is based on historical volatility for listed Crayon shares from November 8, 2017 up until the grant date. Risk free interest is based on treasury bond with same maturity as the option program. The variables used are displayed in the table "Variables" on the next page.

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	Allotment of share options	Share options start of period	Allocated share options	Forfeited share options	Exercised share options	Released shares	Average excercise price	Remaining share options	Exercisable share options at the end of the period
Share incentive scheme (IPO)	425 000	-	-	(75 000)	-	NOK 15.50	350 000	350 000	350 000
Management share option program - GM and Ext.mng	1 443 704	733 601	(396 680)	-	-	NOK 53.60	1 780 625	597 967	-
Management share grant program	-	101 200	-	-	-	-	-	101 200	-
ESPP 2019 - bonus shares	379 185	-	(46 062)	-	(333 123)	NOK 1	-	-	-
ESPP 2020 - bonus shares	142 535	-	(1 794)	-	-	NOK 1	140 741	-	-
Total	2 390 424	834 801	(444 536)	(75 000)	(333 123)			2 372 566	947 967

	(In thousands of NOK)	Fair value	Strike price	Grant date	Earnings date	Expiry date	Latest exercise schedule
Share incentive scheme (IPO)	5 707	NOK 15.50	Oct. 2017	Oct. 2018- Oct. 2020	Oct. 2022	NA	NA
Management share option program - GM and Ext.mng	47 845	NOK 53.60	Jan. 2020	Dec. 2021 - Dec. 2023	Dec. 2025	NA	NA
General manager share grant program	11 982	-	Jan. 2021	March 2022 - March 2024	Jan. 2027	NA	NA
ESPP 2019 - bonus shares	14 155	NOK 1	Dec. 2019	Dec. 2021	Dec. 2021	NA	NA
ESPP 2020 - bonus shares	11 299	NOK 1	Nov. 2020	Nov. 2022	Nov. 2022	NA	NA
Total	90 988						

	Variables	Share incentive scheme (IPO)	Management share option program - General managers and Executive management	General management share grant program	ESPP 2019	ESPP 2020
Number of share options allotted	1.92m options		1.8m options	-	-	-
Exercise price	NOK 15.50		NOK 53.60	-	-	-
Term of the option	5 years		5 years	-	-	-
Volatility	0.26		0.45	-	0.50	0.50
Risk-free rate	0.41%-1.44%		1.38%	-	1.28%	0.18%
Share price at grant date	NOK 15.50		NOK 53.60	NOK 118.40	NOK 52.00	NOK 112.40
Numbers of shares allotted	-		-	Maximum 0.1m shares (estimate)	1.23m shares	0.5m shares
Subscription price	-		-	-	NOK 30.00	NOK 85.90
Lock-up period	-		-	0-2 years	2 years	2 years

Cost related to share based compensation as displayed in the table below includes employee social security tax.

	2021	2020
(In thousands of NOK)		
Share incentive scheme (IPO)	4 488	21 648
Employee share purchase program 2019 and 2020	12 320	10 369
Management share option and share grant program 2020 and 2021	38 195	16 667
Total	55 002	48 684

	Number of share options
Melissa Mulholland (CEO)	300 000
Jon Birger Syvertsen (CFO)	200 000
Bente Liberg (COO)	200 000
Gudmundur Adalsteinson (CSO)	100 000
Eivind Roald (Board member)	100 000

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NOTE 7 Equipment and right-of-use assets

Tangible assets 2021

(In thousands of NOK)	Equipment			Right-of-use assets		
	IT systems and equipment	Office furnishings, fixtures and cars	Total	Leased premises	Other leased items	Total
Acquisition cost 01.01.2021	73 742	55 615	129 357	164 301	13 094	177 395
Additions	21 483	7 923	29 406	28 852	2 599	31 450
Additions from business combinations	84 240	14 988	99 228	29 087	-	29 087
Disposals	(8 621)	(9 987)	(18 608)	-	-	-
Acquisition cost 31.12.2021	170 843	68 540	239 383	222 240	15 693	237 932
Accumulated depreciation 01.01.2021	56 291	34 992	91 283	54 554	7 390	61 944
Depreciation	16 514	7 809	24 323	39 498	5 102	44 600
Depreciation from business combinations	70 629	10 338	-	19 843	-	19 843
Disposals	(9 225)	(8 795)	(18 020)	-	-	-
Accumulated depreciation 31.12.2021	134 210	44 344	178 554	113 895	12 492	126 386
Net value per 31.12.2021 excl. currency translation	36 634	24 196	60 829	108 345	3 201	111 546
Currency translation	(331)	(745)	(1 076)	3 314	98	3 412
Net value per 31.12.2021 incl. currency translation	36 302	23 451	59 753	111 659	3 299	114 958
Depreciation period	1-5 years	1-5 years	-	1-12 years	1-12 years	-
Depreciation method	Linear	Linear	-	Linear	Linear	-

Tangible assets 2020

(In thousands of NOK)	Equipment			Right-of-use assets		
	IT systems and equipment	Office furnishings, fixtures and cars	Total	Leased premises	Other leased items	Total
Acquisition cost 01.01.2020	59 289	50 019	109 308	132 880	11 855	144 735
Additions	15 971	5 607	21 578	31 421	1 239	32 660
Additions from business combinations	-	-	-	-	-	-
Disposals	(1 519)	(11)	(1 530)	-	-	-
Acquisition cost 31.12.2020	73 742	55 615	129 357	164 301	13 094	177 395
Accumulated depreciation 01.01.2020	43 927	30 389	74 316	23 535	2 909	26 444
Depreciation 2020	13 970	4 608	18 579	31 019	4 481	35 500
Disposals	(1 606)	(6)	(1 612)	-	-	-
Accumulated depreciation 31.12.2020	56 291	34 992	91 283	54 554	7 390	61 944
Net value per 31.12.2020 excl. currency translation	17 450	20 624	38 074	109 747	5 705	115 451
Currency translation	29	522	551	4 372	227	4 599
Net value per 31.12.2020 incl. currency translation	17 479	21 145	38 624	114 119	5 932	120 051
Depreciation period	1-5 years	1-5 years	-	1-12 years	1-12 years	-
Depreciation method	Linear	Linear	-	Linear	Linear	-

Lease agreements

The total cash outflow for leases for 2021 amounted NOK 54m.

The lease agreements do not impose any covenants. The weighted average discounted on lease liabilities is 7%.

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NOTE 8 Intangible assets

Intangible assets 2021

(In thousands of NOK)	Software licenses (IP)	Development costs	Contracts	Technology and software	Total
Acquisition cost 01.01.2021	8 769	316 823	401 684	67 741	795 017
Additions	-	57 960	-	-	57 960
Additions from business combinations	-	266	582 563	143 621	726 450
FX translation	(9)	11 081	1 953	(2 778)	10 248
Acquisition cost 31.12.2021	8 760	386 130	986 201	208 585	1 589 675
Amortization and impairment 01.01.2021	6 554	228 067	341 305	49 226	625 152
Amortization	265	59 704	35 844	9 807	105 620
Amortization from business combinations	-	194	10 220	50 065	60 479
Accumulated amortization and impairment 31.12.2021	6 820	287 965	387 370	109 098	791 252
Net value 31.12.2021	1 940	98 165	598 831	99 487	798 424
Amortization period	0-5 years	3-10 years	5-10 years	3-10 years	
Amortization method	Linear	Linear	Linear	Linear	

In 2021, the total capitalised development costs of NOK 58m consist of NOK 46.1m from capitalised internal hours and NOK 11.8m from capitalised external operating expenses. Total non-capitalised development costs amounted to NOK 1m relating to the Norwegian SkatteFUNN projects.

Intangible assets 2020

(In thousands of NOK)	Software licenses (IP)	Development costs	Contracts	Technology and software	Total
Acquisition cost 01.01.2020	7 421	262 269	385 797	67 600	723 088
Additions	1 366	54 603	7 454	-	63 424
Additions from business combinations	-	-	5 262	-	5 262
FX translation	(18)	(50)	3 171	141	3 244
Acquisition cost 31.12.2020	8 769	316 823	401 684	67 741	795 017
Amortization and impairment 01.01.2020	6 421	175 718	315 987	40 803	538 929
Amortization	133	52 349	25 318	8 423	86 224
Accumulated amortization and impairment 31.12.2020	6 554	228 067	341 305	49 226	625 152
Net value 31.12.2020	2 215	88 756	60 379	18 515	169 865
Amortization period	0-5 years	3-10 years	5-10 years	3-10 years	
Amortization method	Linear	Linear	Linear	Linear	

In 2020, the total capitalized development costs of NOK 54.6m consist of NOK 33.3m from capitalized internal hours and NOK 21.3 m from capitalized external operating expenses. Total non-capitalized development costs amounted to NOK 6.1m relating to the Norwegian SkatteFUNN projects.

NOTE 9 Goodwill

Goodwill

(in thousands of NOK)	2021	2020
Acquisition cost 01.01	960 450	938 858
Additions	2 134 174	18 537
Currency translation	13 151	3 055
Acquisition cost 31.12	3 107 775	960 450
Impairment 01.01	109 517	109 517
Impairment	-	-
Accumulated impairment 31.12	109 517	109 517
Net value 31.12	2 998 258	850 933

The group tests goodwill for impairment annually (at year-end) by determining the recoverable amount. The recoverable amount of the cash generating units (CGU), which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes and operating costs, terminal value growth rates and the weighted-average cost of capital (WACC).

Based on the value-in-use calculation, the estimated recoverable amount exceeds the carrying amount with a significant headroom for most CGU's. No impairment losses are recognized during 2021.

In connection with the impairment testing of goodwill, sensitivity analysis has been carried out. The sensitivity analysis has tested changes in WACC, gross profit, net working capital and EBITDA margins. The estimates used to determine future cash flows and WACC when calculating value in use are subject to uncertainty. The assumptions are described below:

Budget and forecast period

The basis for the projection of the future cash flows estimated is based on the financial budget of one year. The budget in combination with the forecasts represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Previous year budgets are tested for reliability and adjusted in case of underperformance. The remaining four years of the forecast period are estimated based on budget and projected performance.

Local currency and FX rates

All CGU's forecasted projections are done using the functional currency of the CGU.

Growth rate

Growth rate is represented by five-year CAGR (Compound Annual Growth Rate), which is defined as the average annual gross profit growth over a five-year forecasting period. Average rates of growth in operating revenue and gross profit are based on management's expectations of future conditions in the markets in which the business operates.

EBITDA margins

EBITDA margins 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). The Group pre-tax WACC is based on average interest rate applied by management and adjusted for country specific risks where necessary.

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Sensitivity

At December 31, 2021, the Group's value in use for each CGU was significantly higher than the carrying amount of tested goodwill and intangible assets with indefinite useful lives, except for Crayon UK which was partially impaired during 2019 and Crayon SG. The calculation is most sensitive to changes in EBITDA and Gross profit (GP) margins. Reductions in both EBITDA and GP margins by 15 percent will only indicate impairment losses for Kryptos Tech (IN) and for Crayon SG of about NOK 5m and NOK 2.8m respectively.

Goodwill split by CGU

	2021	5 year sales CAGR assumption	Pre-tax WACC assumption	2020	5 year sales CAGR assumption	Pre-tax WACC assumption
Licensing Norway ¹	270 705	10.4%	9.1%	267 967	8.4%	8.8%
Consulting Norway ¹	164 729	12.7%	9.1%	152 451	8.1%	8.8%
Puzzelpart	7 172	22.4%	9.1%	5 927	18.0%	8.8%
Licensing Sweden ¹	52 991	10.3%	9.1%	52 991	8.2%	8.8%
Crayon Denmark ¹	84 954	12.5%	9.1%	96 451	9.4%	8.8%
Crayon Finland ¹	47 623	10.0%	9.1%	47 623	16.2%	8.8%
Crayon Germany ¹	15 948	20.0%	9.1%	15 948	18.4%	8.8%
Crayon UK (Fast PPA)	43 326	17.9%	8.3%	42 385	9.3%	8.0%
Kryptos Networks	22 597	23.6%	11.0%	22 284	22.2%	12.1%
Angelpoint (Anglepoint PPA)	79 722	19.4%	9.1%	72 635	16.7%	8.8%
Crayon US ²	10 504	53.7%	9.1%	8 258	55.9%	8.8%
Kryptos Technologies (India) ³	5 055	175.0%	11.0%	3 326	100.0%	12.1%
Crayon SG (Tribal Knowledge PPA) ³	2 873	86.8%	9.1%	2 846	196.4%	8.8%
Complit AS (Norway) ³	3 810	11.9%	9.1%	3 810	26.2%	8.8%
Sequent BV (the Netherlands) ³	21 136	4.8%	9.1%	40 422	30.4%	8.8%
Navicle ⁴	15 189	(1.9%)	9.1%	15 610	44.7%	8.8%
Sensa (acquired 2021)	77 342	24.6%	9.1%	-	-	-
rhipe (acquired 2021)	2 072 583	9.0%	10.1%	-	-	-
Total	2 998 258			850 933		

¹ Inmeta Crayon PPA

² Software Wholesale International PPA

³ These are related to acquisitions from 2018 and 2019

⁴ Related Navicle Pte Ltd (Australia) acquisition in 2020

Consulting Norway includes Goodwill acquired in 2020 of NOK 2.7m (Techstep AS business unit).

NOTE 10 Financial income and expenses

	(In thousands of NOK)	2021	2020
Financial income			
Interest income from bank deposits		12 659	3 262
Interest swap income		-	3 727
Interest income from accounts receivable		1 289	1 460
Total interest income		13 948	8 449
Foreign currency gain¹		1 236 801	463 134
Other financial income		1 979	-
Other financial income		1 238 779	463 134
Total financial income		1 252 727	471 584
(In thousands of NOK)		2021	2020
Financial expenses			
Interest expense credit institutions		24 432	17 311
Interest swap expense		-	26
Interest leases		11 430	10 383
Interest bond loan		47 205	13 405
Total interest expense		83 067	41 125
Foreign currency loss ¹		1 247 996	455 150
Other financial expenses		33 821	22 770
Total other financial expenses		1 281 818	477 920
Total financial expenses		1 364 885	519 044

¹ Foreign currency gain/loss is presented in the note on a gross basis. In the Consolidated Statement of Profit or Loss 1.1-31.12 foreign currency is presented net.

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The Group's earnings per share are calculated as:

<i>(In thousands of NOK)</i>	2021	2020
Net income	253 947	126 831
Non-controlling interests	27 020	6 336
Owners of Crayon Group Holding ASA	226 926	120 495
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 January	81 688	76 624
Effect of shares issued June 2020	-	2 655
Effect of shares issued Nov 2020	-	52
Effect of shares issued Jan 2021	1 487	-
Effect of shares issued April 2021	513	-
Effect of shares issued Nov 2021	445	-
Effect of shares issued Jan 2021	26	-
Effect of own shares held	(10)	(10)
Weighted average number of ordinary shares (basic) at 31 December	84 150	79 321
Basic earnings/(loss) per share (NOK)	2.70	1.52
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	84 150	79 321
Effect of share options on issue	1 820	1 950
Weighted average number of ordinary shares (diluted) at 31 December	85 970	81 271
Diluted earnings/(loss) per share (NOK)	2.64	1.48
Number of outstanding ordinary shares per 01.01	81 687 519	76 624 064
Number of outstanding ordinary shares per 31.12	88 061 823	81 687 519

NOTE 12 Tax

Net income tax expense consists of the following:

Tax expense <i>(In thousands of NOK)</i>	2021	2020
Income tax on net profit	116 927	87 281
Change in deferred taxes	(67 773)	(20 460)
Total	49 155	66 821

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 <i>(In thousands of NOK)</i>	2021	2020
Net income before income tax expense	303 101	193 652
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	66 682	42 603

Increase (decrease) in income taxes from:

Effect of tax rates other than statutory tax rate in Norway	543	3 848
Permanent differences/unrecognized deferred tax assets	(18 070)	20 370
Total income tax expense	49 155	66 821

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

Basis for recognized deferred tax assets

(In thousands of NOK)

	2021	2020
Current assets	59 780	2 467
Fixed assets	19 273	27 887
Interest limitation	5 138	5 138
Provision	85 677	43 610
Non-current debt	(11 630)	1 654
Tax losses carried forward	171 755	75 815
Total basis for recognized deferred tax assets	329 993	156 571
Deferred tax asset	81 201	35 458

Basis for recognized deferred tax liabilities

(In thousands of NOK)

	2021	2020
Current assets	16 566	270
Purchase price allocations (intangible assets)	479 999	67 172
Fixed assets	10 400	3 973
Non-current liabilities	-	410
Total basis for recognized deferred tax liabilities	506 965	71 825
Deferred tax liabilities	135 021	21 505

The Group recognises deferred tax assets when it is probable that future tax profits will be available to be utilized against existing tax losses carried forward. Based on past experience, future taxable profit supporting the recognized deferred tax assets is assessed as probable.

The basis for the Group's total unrecognized tax assets as of December 31, 2021, is NOK 139m.

NOTE 13 Accounts receivable

Accounts receivables 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 non-current receivables.

Receivables outstanding

(In thousands of NOK)	2021	%	2020	%
Not due	3 278 338	73%	2 659 372	78%
1-30 days overdue	700 102	16%	388 450	11%
30-60 days overdue	199 560	4%	135 093	4%
60-90 days overdue	101 259	2%	65 661	2%
90-120 days overdue	121 793	3%	43 229	1%
More than 120 days overdue	91 915	2%	101 615	3%
Closing balance 31.12	4 492 969		3 393 421	

Allowance for doubtful accounts in the balance sheet

(In thousands of NOK)	2021	2020
Opening balance 01.01	52 492	30 113
Additions from acquisitions	15 223	-
Currency translation	1 163	(2 575)
Net (reversal) / allowance	16 744	24 954
Closing balance 31.12	85 623	52 492

Profit or loss effect of bad debt

(In thousands of NOK)	2021	2020
Realised losses	10 042	11 676
Allowance for doubtful accounts ¹	16 744	24 954
Net accounting losses on receivables	26 786	36 630

¹ Reported as other operating expenses in profit or loss

The Group has historically recognized few losses on receivables. Regarding credit risk please see [Note 19](#).

The Group has applied the IFRS 9 simplified approach to trade receivables with no significant financing component. The analysis is performed on each subsidiary by determining appropriate groupings, considering estimated future macro-economic factors and adjusting historical loss rates for current and forward-looking information.

The conclusion is that there are minor losses historically, which is also expected going forward taken into consideration forward looking information. However, the cyclical business model with high volumes, some major clients and some countries where there are higher acceptance for longer repayments indicates caution and higher provisions.

The current provision is in accordance with IFRS 9 and assessed to be best estimate when taking into consideration a cautious approach. (See [Note 2](#) regarding further information of IFRS 9).

In 2018 Crayon finalized a non-recourse factoring agreement with BNP. This has been implemented for a set of customers in Norway and in Denmark. As of December 31, 2021, accounts receivables are reduced with NOK 282m (2020: NOK 165m) compared to a situation without the factoring agreement.

The factoring agreement reduces the credit risk for Crayon, as the credit risk is transferred to BNP when customer invoices are sold to BNP.

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NOK 72.3m of the total bank deposits as of December 31, 2021, is restricted cash. As of December 31, 2020, restricted cash was NOK 93.7m. Restricted cash consists both of employee taxes withheld and cash as collateral for bank guarantees. Further information regarding liquidity reserve is shown in detail in note 18.

Free available cash: Cash and cash equivalents less restricted cash

Liquidity reserve: Free available cash and available credit facilities

Available credit facility: Credit facility less guarantees

(In thousands of NOK)	2021	2020
Cash & cash equivalents	1 216 618	1 394 120
Restricted cash	(72 261)	(93 676)
Free available cash	1 144 357	1 300 444
Available credit facility	847 786	281 869
Liquidity reserve 31.12	1 992 143	1 582 313

NOTE 15 Equity

Crayon group Holding ASA has 88 071 987 issued shares at a nominal value of NOK 1 (December 31, 2020; 81 687 519 shares at nominal value of NOK 1).

In 2021 the company increased the share capital with 6 384 468 shares at nominal value of NOK 1. Each share gives right to one vote.

The total share capital amounts to NOK 88 071 987.

Transaction costs accounted as of deduction of equity amounts to NOK 16.9m.

Reconciliation of the number of shares as follows:

	Ordinary shares		Treasury shares		Total	
	2021	2020	2021	2020	2021	2020
Issued at 1 January	81 688	76 624	(10)	(10)	81 678	76 614
Issued for cash	3 685	5 063	-	-	3 685	5 063
Issued for acquisition of Sensa	700	-	-	-	700	-
Exercised shares options and bonus shares	2 000	-	-	-	2 000	-
Issued December 31, 2021 – fully paid	88 072	81 688	(10)	(10)	88 062	81 677

The company owns 10 100 of its own shares to facilitate management of employee share purchases.

The General Meeting on April 16, 2021 authorized the board of directors to increase the share capital in three different settings. All three authorizations are valid until the earlier of Crayon's annual general meeting in 2022 and June 30, 2022.

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 4 996 754, provided however that the authorization cannot be used for an amount in excess of 6.0% 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 8 327 923, provided however that the authorization cannot be used for an amount in excess of 10.0% of the Company's share capital.

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 8 327 923, corresponding to 10% of the Company's share capital at the time of the approval. The maximum amount to be paid per share is NOK 250 and the minimum is NOK 1.

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.

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In November 2019, the company successfully completed the issuance of a NOK 300m senior unsecured bond, with a NOK 600m borrowing limit.

The bonds have a floating coupon rate of 3 months NIBOR + 350 bps. p.a. (CRAYON 03). Any outstanding bonds is to be repaid in full at maturity date.

The net proceeds from the bond issue was used to refinance CRAYON02 in November 2019, with a total principal of NOK 450m at a coupon of 3 months NIBOR +550bps. p.a.

On July 1, 2021 Crayon issued a NOK 1 800m 4-year senior unsecured floating rate bond issue with a coupon of 3 months NIBOR + 375bps. This was settled July 15, 2021 and is presented as non-current interest-bearing debt.

In consideration of the refinancing mentioned above, the group also increased its revolving credit facility from NOK 350m to NOK 1 000m in October 2021. Transaction costs of NOK ~29m related to the bond issue and RCF are amortized over the lifetime of the loans.

The outstanding bond principal (NOK) was up to April 2020 hedged against the relevant currencies comprising the underlying cash flow of the company. The currency swap was realised in April 2020 and a realised currency loss of NOK 13.7m was recognized in profit or loss.

The group terminated all hedging derivatives during 2020 and has not entered new hedging instruments during 2021 linked to the bond loan.

Total interest bearing debt liabilities as of 31.12:

(In thousands of NOK)	2021			2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond principal	1 800 000	300 000	2 100 000	300 000	-	300 000
Amortization cost ¹	(28 948)	-	(28 948)	(4 785)	-	(4 785)
Lease liabilities ²	87 164	39 064	126 228	95 340	31 230	126 570
Forgivable loan ³	-	-	-	2 283	11 175	13 457
Other current interest bearing debt	-	113 311	113 311	-	64 710	64 710
Total financial liabilities	1 858 216	452 375	2 310 591	392 837	107 115	499 951

¹ Amortization cost are capitalized and recognized in Profit or loss over the lifetime of the bond. Carrying amount of the non current bond loan and the current bond loan will be equal to principal amounts of NOK 1 800m at maturity in FY 2025 and NOK 300m at maturity in FY 2021, respectively.

² Future cash outflows related to lease agreements not reflected in the measurements of lease liabilities amount to NOK 374m. Cash outflows are related to signed lease agreements where the leases are not yet commenced and relates to a period of 5-10 years starting 2022.

³ Crayon has received forgivable loans in US, assessed according to IAS 20 on terms of government grant. Loan amounting to NOK 14m is fully forgiven as of December 31, 2021 (NOK 18m as of December 31, 2020) and recognized as a cost reduction in the profit or loss statement in 2021. Cost reduction related to the fully forgiven loan is recognized as Other income and expenses in the profit or loss statement.

NOTE 17 Other non-current and current liabilities**Other non-current liabilities**

(In thousands of NOK)

Deferred consideration from business combinations ¹	11 613	18 077
Customer contract financing	12 724	10 698
Liabilities to employees	4 338	-
Other	29 523	18 729
Total	58 197	47 503

¹ See Note 20 for further details.**Other current liabilities**

(In thousands of NOK)

Deferred consideration from business combinations	27 187	18 077
Customer contract financing	41 792	10 698
Employee benefits related accruals	338 422	234 638
Prepayments	130 818	101 331
Accruals	713 471	253 245
Other current liabilities	47 330	166 016
Total	1 299 019	784 004

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(in thousands of NOK)	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
2021				
Financial assets				
Other non-current receivables	-	68 574	-	68 574
Accounts receivable	-	4 492 969	-	4 492 969
Other current receivables	-	1 421 421	-	1 421 421
Cash and cash equivalent	-	1 216 618	-	1 216 618
Total financial assets	-	7 199 582	-	7 199 582
Financial liabilities				
Bond loan	-	-	1 771 052	1 771 052
Other non-current liabilities	12 465	-	45 733	58 197
Other current interest bearing debt	-	-	413 311	413 311
Other current liabilities	28 083	-	41 792	69 876
Accounts payable	-	-	4 813 772	4 813 772
Total financial liabilities	40 548	-	7 085 660	7 126 208
 (in thousands of NOK)				
2020				
Financial assets				
Other non-current receivables	-	39 962	-	39 962
Accounts receivable	-	3 393 421	-	3 393 421
Other current receivables	-	263 347	-	263 347
Cash and cash equivalent	-	1 394 120	-	1 394 120
Total financial assets	-	5 090 850	-	5 090 850
Financial liabilities				
Bond loan	-	-	295 215	295 215
Derivative financial liabilities	-	-	-	-
Other non-current liabilities	20 359	-	27 144	47 503
Other current interest bearing debt	11 175	-	-	11 175
Other current liabilities	48 445	-	-	48 445
Accounts payable	-	-	3 560 040	3 560 040
Total financial liabilities	79 979	-	3 882 399	3 962 377

Fair value measurement

The following tables present the Group's financial assets and liabilities measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Financial liabilities at fair value through profit or loss:

	2021	2020
Level 1	-	-
Level 2	1 749	-
Level 3	38 799	79 979
Total	40 548	79 979

Reconciliation of liabilities arising from financing activities

(in thousands of NOK)	Transaction costs	Non-current bond loan	Other interest-bearing debt	Lease liabilities	Total liabilities from financing activities
December 31, 2020	(4 785)	300 000	78 220	126 570	504 790
Proceeds from issuance of interest bearing debt	-	1 800 000	-	42 098	1 842 098
Amortizations/installments	(24 163)	-	(13 457)	(42 440)	(55 897)
Credit facility	-	-	48 548	-	48 548
Reclassifications	-	(300 000)	300 000	-	-
December 31, 2021	(28 948)	1 800 000	413 311	126 228	2 339 539

Hedging (derivatives)

According to the group's policy derivatives can be designated as hedging instruments for fair value hedges and cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

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The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Realised effects are recognized through statement of profit or loss, in the same line as the hedge objects.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as hedging instruments in fair value hedges, are recognized in the statement of profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

During 2021 Crayon entered a currency forward derivative to hedge the currency fluctuations of a future firm commitment. The currency forward is designated as a hedging instrument in a cash flow hedge. Hence changes in its fair value are from the same date, recognised under other comprehensive income (OCI). Currency forward realised gain or loss will be reclassified to statement of profit or loss in the same line as the hedged object. Total unrealised losses recognised in 2021 recognised under OCI amounts to NOK 1.7m. There is no effectiveness to be recognised.

During 2021 Crayon also entered another currency forward contract for an unrecognised firm commitment to acquire share in rhipe. The currency forward in this case has been designated as a fair value hedge where unrealised changes in fair value of the currency forward have been recognised in the statement of profit or loss. Since separately identifiable assets acquired and liabilities assumed must be recognised on initial consolidation at fair value in the consolidated financial statements of Crayon, the loss attributable to the hedged risk (NOK 76.4m) has been included as part of the consideration paid.

NOTE 19 Financial risk

The Group's covenants are attached to the revolving credit facilities and bond loan. The credit facilities of NOK 1 000m are used for working capital and short-term financing purposes. The Group's interest-bearing bond loan is shown in detail in Note 16. The Group is exposed to the following financial risks from ordinary operations.

1. Market risk

- 1.a Cash flow interest risk
- 1.b Foreign exchange risk

2. Credit risk**3. Liquidity risk****1. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: cash flow interest rate risk, fair value interest rate risk and currency risk. Crayon was not exposed to fair value interest risk during 2021.

1.a Cash flow interest risk

The Group's interest rate risk arises from non-current borrowings at floating rate (cash flow interest rate risk). The Group considers the interest rate risk to be at an acceptable level. An increase of 100 basis points in the NIBOR had an effect of about NOK 11.3m on financial expenses during 2021 (NOK 3.0m in 2020).

1.b Foreign exchange risk

Crayon has revenues and operating costs in various currencies. The prices of sale of goods are to a large extent determined in international markets, primarily denominated in US Dollar and Euro. This is partly offset by purchases denominated in the same currencies. Crayon aims to establish natural hedging positions if this is possible and economically viable. Financial derivatives are then used to hedge the remaining net currency risk exposures. Larger transactions involving currency exposure are hedged by means of currency forwards.

During 2021, The Group used financial derivatives in order to mitigate risks on currency fluctuations. Changes in the market value of financial derivatives are recognized through Profit or loss. Crayon designated the currency forwards entered in 2021 as hedging instruments applying hedge accounting. See [Note 18](#) for further information on hedge accounting.

See sensitivity analysis below for details on the foreign exchange risk exposure.

2. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. The Group have deposits with sound financial institutions.

Historically, the Group has had minimal losses on trade receivables. Even though in 2021 the Group has not experienced losses materially greater than those experienced in previous years, the Group has intensified collection efforts over outstanding receivables as a precaution against risk brought about by increased operations in new markets outside the core Nordic region and increased economic risk effectuated by the Covid-19 pandemic. The Group deems credit risk to be at an acceptable level. See further information in [Note 13](#).

3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. To secure financial flexibility, liquidity risk management is given high priority inside the Group. The cash flow from operating activities is impacted by a number of factors including changes in working capital, and this is managed primarily at operational level by the individual companies.

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The Finance Department monitors the global liquidity flows on a consolidated level, both on a short and long-term perspective. The Group has significant liquidity reserves available both through bank deposits and credit facilities, and liquidity risk is therefore deemed to be low.

Sensitivity

The Group has identified currency risk (foreign exchange risk, primarily with respect to EUR, SEK, DKK, INR, CHF, AUD, ISK and USD) and floating interest rate risk as the two important financial risk factors it is exposed to and discloses the respective sensitivity analysis as follows:

Table A

	NOK (in thousands of NOK)	2021 EBITDA ¹ appreciates 10%	NOK depreciates 10%	2020 EBITDA* appreciates 10%	NOK depreciates 10%
Currency					
SEK	98 593	(9 859)	9 859	84 176	(8 418)
DKK	63 786	(6 379)	6 379	56 600	(5 660)
EUR	112 744	(11 274)	11 274	57 261	(5 726)
USD	57 582	(5 758)	5 758	3 694	(369)
INR	46 850	(4 685)	4 685	34 599	(3 460)
CHF	19 545	(1 955)	1 955	13 066	(1 307)
AUD	14 052	(1 405)	1 405	(3 338)	334
ISK	40 716	(4 072)	4 072	7 005	(701)
Effect of sensitivity	(45 387)	45 387		(25 306)	25 306

¹ Note 3**Table B**

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 2021

	2022	2023	2024	2025->	Total
Interest-bearing bond loan	311 880	-	-	2 085 735	2 397 615
Other financial liabilities	40 104	18 429	5 908	-	64 440
Accounts payable	4 813 772	-	-	-	4 813 772
Non-cancellable lease commitments ¹	48 908	36 659	29 164	78 963	193 694
Total	5 214 664	55 088	35 072	2 164 698	7 469 521

¹ No purchase options are part of the estimated maturity analysis. See Note 16.**NOTE 20 Acquisition of business****2021 Acquisitions****Sensa Ehf. (Iceland)**

On April 8, 2021 Crayon Group acquired 100% of the voting shares in Sensa Ehf. Sensa is a leading IT services company for providing hosting and operations services as well as communications and security solutions to the corporate market. The company is based in Reykjavik, Iceland and has 120 employees working within consultancy and IT support. The company provides services and solutions on Microsoft, Amazon Web Services, Cisco and NetApp among other industry leaders. The acquisition will support Crayon in expanding the value chain into cloud managed services for multicloud environments and further accelerate Crayon's global service operations. The total consideration amounted to ISK 3 484m (NOK 236m) and was settled as follows (i) 2/3 in cash (ii) 1/3 in shares in Crayon Group Holding ASA subject to a 12-month lock-up from date of the agreement. There is a monthly release of 1/12 of shareholding during the lock-up period. The total amount of shares issued was 699 636. The fair value of the shares is calculated with reference to the quoted price of the company shares as of November 30, 2020 (NOK 112.80).

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts acquired, and liabilities assumed at the date of acquisition (preliminary purchase price allocation):

(in thousands of NOK)	Fair value
Customer contracts	101 393
Customer relationship	27 530
Intangible assets recorded in Sensa	110
Operating Assets	11 917
Lease assets	1 448
Inventory	2 459
Accounts receivable	31 986
Other receivable	4 930
Cash	34 149
Lease liabilities	(1 486)
Accounts payable	(18 298)
Other current liabilities	(39 296)
Total identifiable net assets acquired at fair value	156 841
Goodwill	78 822
Purchase consideration transferred	235 663
Cash	156 742
Subscription Shares in Crayon Group Holding ASA	78 919
Total consideration	235 662
Paid in cash	(156 742)
Cash received	34 149
Net (decrease) / increase in cash	(122 593)

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Customer contracts and customer relationship are identified as intangible assets which fulfil the recognition criteria under IAS 38.

The goodwill of NOK 79m comprises the value of expected synergies arising from the acquisition, including employees and knowhow in Sensa.

From date of acquisition, Sensa Ehf. contributed to consolidated numbers, NOK 265m of revenue, NOK 124m to gross profit, NOK 26m adjusted EBITDA and NOK 18m to profit before tax from continuing operations of the Group.

Rhipe Limited (Australia)

On November 3, 2021 Crayon acquired 100% of the voting shares in Rhipe Limited (rhipe). rhipe is a leading distributor of cloud solutions and services, providing partners with business advisory and deep domain technical expertise to thrive in the growing cloud market. rhipe distributes and aggregates subscription licensing models for Service Providers from many of the world's leading software vendors including Microsoft, VMware, Red Hat, Citrix, Veeam, Trend Micro, Sinefa and DocuSign. rhipe's employs about 600 staff across 10 countries. This acquisition is very synergistic as it combines Crayon's business models empowering Crayon to help customers and partners solve their business needs with more solutions and services.

The total consideration amounted AUD 387m (NOK 2 450m) and was settled in cash.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts acquired, and liabilities assumed at the date of acquisition (preliminary purchase price allocation):

<i>(in thousands of NOK)</i>	Fair value
Customer relationship	445 752
Technology and software	97 497
Deferred tax assets	23 483
Other intangibles	10 769
Tangible assets	15 916
Accounts receivable	363 941
Other receivable	32 856
Cash & cash equivalents	214 813
Total assets	1 205 026
Other non current liabilities	(94 663)
Deferred tax liabilities	(122 439)
Current liabilities ¹	(516 646)
Total liabilities	(733 749)
 Total identifiable net assets acquired at fair value	471 277
Goodwill	2 055 352
Total consideration (cash)²	2 526 629
 Paid in cash	(2 526 629)
Cash received	214 813
Net (decrease) / increase in cash	(2 311 817)

¹ Includes a deferred consideration of NOK 21.9m

² Includes the loss attributable to the hedged risk (NOK 76.4m)

Customer relationship are identified as intangible assets which fulfil the recognition criteria under IAS 38.

The goodwill comprises the value associated with the skills and know-how of rhipe's employees, new customers and potential extensions of existing relationships. Transaction cost of approximately NOK 19m are recognised as other operating expenses.

From the date of acquisition, rhipe contributed NOK 537m of revenue, NOK 92m gross profit, NOK 22m adjusted EBITDA and NOK 6m profit before tax to continuing operations of the Group.

If the acquisitions of Sensa and rhipe had taken place at the beginning of the year, revenue from continuing operations for Group would have been NOK 27 056m, gross profit would have been NOK 3 180, adjusted EBITDA would have been NOK 682m and profit before tax from continuing operations would have been NOK 315m.

2020 Acquisitions**Navicle Pte. Ltd. (Australia)**

On June 25, 2020 Crayon Group AS acquired 100% of the shares of Navicle Pte Ltd. With this acquisition Crayon will take a leading position within Oracle Licensing and SCE services in Australia, New Zealand and South-East Asia. The total consideration includes payments based on an earn-out model based on the Navicle's financial performance. The fair value of the deferred consideration is estimated to NOK 23.8m at year end 2020, classified as current and non-current liabilities. The recognized goodwill in the transaction amounts to NOK 15.6m at year end 2020.

Techstep AS - Business unit (Norway)

Effectively April 1, 2020 Crayon Group acquired an IT Operations and Support business unit from Techstep Norway AS. The total consideration amounted to NOK 8m. The acquired business unit has 8 employees in the Nordics and comes with an IT Operations and Support contract with Recover Nordic. Crayon has also signed a 3-year IT operations and support agreement with Techstep AS. Techstep AS is defined as a related party. Total annual recurring gross profit under the above-mentioned contracts is about NOK 11m.

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The board of directors' statement regarding salaries and other remuneration to the management
This statement has been prepared by the board of directors of Crayon Group Holding ASA ("Crayon" or "Company") in accordance with the Norwegian Public Limited Companies Act Section 6-16a. The statement applies to 2021 and is presented to the ordinary general meeting in Crayon in accordance with the Norwegian Public Limited Companies Act Section 5-6, third paragraph.

Remuneration committee

The board of directors of Crayon has a remuneration committee, which functions as a preparatory and advisory committee for the board of directors in questions relating to the Company's strategy for the compensation of its employees.

The purpose of the remuneration committee is to ensure thorough and independent preparation of decisions relating to compensation, and in particular relating to compensation of the Company's executive personnel.

The remuneration committee also provides the board of directors with a guideline and recommendation for the remuneration of executive management (this document), which shall be made in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act.

The members of the remuneration committee are elected by and amongst the shareholder representatives of the board of directors for a term of up to two years.

Fixed salary

Crayon's policy in regard to determination of salaries and other remuneration for senior management is to pay market rates and provide other benefits that are commensurate with such senior management positions. It is important to attract the required competence and experience in order to promote value generation in the Company and to contribute to the mutual interests between owners and senior management. The policy and compensation will support sustainable results and the long-term interests of the shareholders; and ensure that remuneration in Crayon is aligned with efficient risk management, Crayon's Purpose and Values and applicable regulations.

Salaries and other remuneration are reviewed annually.

Variable compensation

The variable remuneration for senior management, shall be linked to long-term strategy and value creation for shareholders and the performance of the Company. All senior management has a variable component as part of their remuneration. The variable compensation is based on a combination of financial results and strategic targets.

The financial targets are based on the Company's financial results, specifically gross profit and Adjusted EBITDA.

The strategic targets are set based on the strategic priorities as determined by the board of directors in order to drive the long-term value creation of the company.

The chief executive officer of the Company and other members of senior management has a bonus agreement of up to 100.0% of ordinary salary.

The framework for granting stock options to senior management is determined by the board of directors within the authorisation adopted by the general assembly. The stock options are granted with an exercise price equal to the market value of the share at the allotment or as of January 1 in the current year. Furthermore, management has the opportunity to participate in the company's broad-based employee share purchase program.

The extraordinary general meeting held November 23, 2021 authorised the board of directors to issue shares in connection with the Company's incentive program. The authorisation is valid until the first of the Annual General Meeting in 2022 and June 30, 2022 and enables the board of directors to issue up to 4 996 754 shares in the Company.

Termination and severance

The current chief executive officer is, pursuant to specific requirements, entitled to severance salary for up to 6 months after the end of the period of notice. There are no agreements beyond the statutory requirements for other senior managers. It is not given additional remuneration for special services outside the normal functions of a leader.

The current notice periods for senior management are in accordance with the market standards.

Loans and guarantees

No loans have been granted, nor any security provided for members of the senior management team, the board of directors, employees or other persons in elected corporate bodies.

Benefits in kind

Senior management will normally be offered the benefits in kind in line with common market practice, i.e., free telephone, free broadband, a laptop, newspapers etcetera.

The senior management remuneration policy of Crayon proposed adopted for 2021 is in accordance with updated guidelines approved by the extraordinary general meeting held November 23, 2021.

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Compensation to the executive management in 2021 is detailed below. Amounts presented below are part of the remuneration for the executive management role.

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
2021						
Chief Executive Officer (CEO)	Melissa Mulholland (from March) ¹	2 500	1 394	71	12	3 977
Chief Executive Officer (CEO)	Torgrim Takle (until March)	2 400	-	55	8	2 463
Chief Operating Officer (COO)	Bente Liberg	1 626	610	76	21	2 334
Chief Technology Officer (CTO)	Florian Rosenberg (from October)	572	187	96	21	876
Chief Technology Officer (CTO)	Mattias Ödlund (until October)	1 203	417	419	77	2 115
Chief Financial Officer (CFO)	Jon Birger Syvertsen ²	2 150	1 100	72	207	3 529
Chief Marketing Officer (CMO)	Tor Ødegaard (from July)	688	150	36	6	879
Chief Marketing Officer (CMO)	Nabil Chebbi (until April)	797	174	-	51	1 021
Chief Sales Officer (CSO)	Gudmundur Adalsteinsson (from May)	1 550	609	128	179	2 466
Total		13 485	4 641	953	582	19 661

¹ Part of executive management as CSSO until March.

² Payroll benefit of bonus shares under ESPP reported in 2021 is included in Other benefits

(In thousands of NOK)	Name	Salary	Bonus	Pension	Other benefits	Total
2020						
Chief Executive Officer (CEO)	Torgrim Takle	3 218	1 440	73	16	4 746
Chief Operating Officer (COO)	Bente Liberg	1 587	499	76	23	2 186
Chief Technology Officer (CTO)	Mattias Ödlund	1 561	253	444	103	2 361
Chief Financial Officer (CFO)	Jon Birger Syvertsen	1 992	403	73	18	2 484
Chief Marketing Officer (CMO)	Nabil Chebbi	2 523	-	-	161	2 684
Chief Services & Solutions Officer (CSSO)	Melissa Mulholland	600	-	21	4	624
Total		11 480	2 595	687	324	15 086

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

March 15, 2021, Torgrim Takle stepped down as CEO. In addition to salary in a notice period of 6 months Takle is entitled to a severance pay of total NOK 2.4m with monthly payment from October 2021 to September 2022. Amounts presented in the table above are compensation paid in 2021.

For information regarding salary and remuneration to senior management, see Crayon.com.

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Compensation to the members of the Board is detailed below. The board members receives remuneration fees and are offered to participate in employee share purchase programs. For further information see [Notes 6](#) and [25](#). Remuneration fees are approved each year at the Annual General Meeting (AGM).

(In thousands of NOK)	Name	Fee ¹⁾
2021		
Chairman of the Board	Rune Syversen ²	720
Board member	Jens Rugseth ³	430
Board member	Grethe Helene Viksaa ^{2,3}	455
Board member	Camilla Elisabeth Magnus	350
Board member	Eivind Roald ²	415
Board member	Dagfinn Ringås ³	410
Board member	Jennifer Geun Koss	350
Board member	Brit Bergersen Smestad - Employee representative	70
Board member	Christian Baltzer Ødemark - Employee representative	70
Board member	Mette Wam - Employee representative	70
Total		3 340

¹ As approved in AGM 2021 (period from AGM 2021 - AGM 2022)

² Including fees earned from participation in remuneration committee

³ Including fees earned from participation in audit committee

Compensation to the members of the Board amounted to NOK 1.8m in 2020.

Share options

Share options have been allotted to management and selected key employees, please see [Note 6](#) Share options for further information.

NOTE 22 Related parties

Crayon Group Holding ASA has entered into transactions with related parties in 2021. Related party transactions are carried out in accordance with the arm's length principle.

Significant transactions in 2021 are listed below:

- Transactions with Basefarm companies have been carried out as part of normal operations at market terms. Board of Director in this company is, among others, Grethe Helene Viksaa (member of Board of Directors in Crayon Group Holding ASA) is also Board member of Basefarm. Sales to Basefarm, or one of its subsidiaries, amounted to NOK 22.8m in 2021 and accounts receivables as of December 31, 2021 were NOK 2.9m. There were no accounts payable as of December 31, 2021.
- Transactions with company CEGAL AS have been carried out as part of normal operations at market terms. Board of Director in this company is, among others, Dagfinn Ringås (member of Board of Directors in Crayon Group Holding ASA) is also a Board Member in CEGAL AS. Sales to CEGAL AS and/or one of its subsidiaries, amounted to NOK 16.2m in 2021 and accounts receivables as of December 31, 2021 were NOK 0.06m. There were no accounts payable as of December 31, 2021.
- Transactions with company Sikri AS have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Rune Syversen, Founder and Chairman of Crayon Group Holding ASA. Sales to SikriAS and/or one of its subsidiaries, amounted to NOK 8.2m in 2021 and accounts receivables as of December 31, 2021 were 0.3m. There were no expenses or Account payable as of December 31, 2021.
- Transactions with company Sysco AS have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Dagfinn Ringås, Member of Board of Directors of Crayon Group. Sales to Sysco AS and/or one of its subsidiaries, amounted to NOK 16.8m in 2021 and accounts receivables as of December 31, 2021 were NOK 0.8m. Accounts payable as of December 31, 2021 were NOK 0.01m.
- Transactions with company Karbon Invest AS have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Rune Syversen, Founder and Chairman of Crayon Group Holding ASA, and Jens Rugseth, member of Board of Directors in Crayon Group Holding ASA. Purchase of services from Karbon Invest AS amounted to NOK 3.6m in 2021. Sales to Karbon Invest AS amounted to NOK 0.01m in 2021. Accounts receivable were NOK 0.001m and there were no accounts payable as of December 31, 2021.
- Transactions with company Link Mobility Group ASA have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Jens Rugseth, member of Board of Directors in Crayon Group Holding ASA. Sales to Link Mobility Group ASA amounted to NOK 8.4m in 2021 and accounts receivables as of December 31, 2021 were NOK 1m.

For information related to remuneration to executive management and the Board of Directors see [Note 21](#).

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NOTE 23 Collateral and guarantees

(In thousands of NOK)

2021 2020

Debt

2 100 000 300 000

Bond loan

(28 948) (4 785)

Transactional costs¹

2 071 052 295 215

¹ The bond loans are 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 loans. Carrying amount of the bond loans will be equal to principal amount of NOK 300m at maturity in FY 2022, and NOK 1 800m at maturity in FY 2025.

As security for the Crayon Group's Super Senior Multicurrency Revolving Credit Facility Agreement (RCF), Crayon Group AS 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 200m plus any unpaid amount of interest, fees, liability, premium and expenses. For further information see [Note 16](#).

List of guarantors

Crayon Group Holding ASA

Crayon Group AS

Crayon AS

Inmeta Consulting AS

Crayon A/S

Crayon AB

Crayon Group Holding ASA (parent company) guarantees to Microsoft the full and promptly payment of a number of the parent's company affiliates outstanding debt and performance obligations, related to the normal core of business of the Group and recognised as part of account payables in the statement of the financial position. At year end, the total outstanding debt and obligations of the relevant parent company affiliates amounted to NOK 1 791m.

Subsidiaries

(In thousands)

Guarantee	Amount	Currency	Amount (NOK)	
Indsind bank Limited	392 000	INR	46 394	
Avantor Gullhaug Torg 5 AS	12 050	NOK	12 050	
Sandakerveien 114 A	6 380	NOK	6 380	
La Francaise Real Estate Managers	104	EUR	1 041	
Utstillingsplassen Eiendom AS	479	NOK	479	
Crayon UK, Payment facility guarantee	350	GBP	4 165	
Crayon DE, Rental guarantee	2	EUR	21	
Crayon DE, Rental guarantee	17	EUR	165	
Crayon DE, Rental guarantee	12	EUR	120	
Crayon DE, Rental guarantee	106	EUR	1 057	
Crayon SE, Rental guarantee	625	SEK	609	
Crayon PL, Rental guarantee	163	PLN	355	
Crayon DE, Performance guarantee	2 958	EUR	29 511	
Crayon DE, Performance guarantee	2 732	EUR	27 252	
Crayon RU, Performance guarantee	49 962	RUB	5 898	
Rhipe AU	Microsoft	2 300	AUD	14 690
Rhipe AU, Rental bond	Northpoint Tower Property Trust	371	AUD	2 371
Rhipe AU, Rental bond	Jones Lang Lasalle (VIC) P/L	107	AUD	684
Crayon UK	Performance guarantees	15	EUR	152
Crayon UK	Tender guarantees	1	EUR	10
Crayon LT	Performance guarantees	157	EUR	1 566
Crayon PL	Performance guarantees	728	PLN	1 582
Crayon PL	Performance guarantees	23	EUR	226
Crayon PL	Tender guarantees	1 070	PLN	2 325
Crayon RS	Performance guarantees	1 053	USD	9 272
Crayon CZ	Performance guarantees	191	EUR	1 902

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NOTE 24 Subsidiaries, associates and non-controlling interests

The Crayon Group Holding ASA consists of the following subsidiaries as of December 31:

Subsidiary	Office location	Ownership %		Subsidiary	Office location	Ownership %
		2021	2020			
Nordics						
Crayon Group AS	Oslo	100%	100%	Crayon DMCC	Dubai	80%
Crayon AS	Oslo	100%	100%	Crayon Abu Dhabi	Abu Dhabi	39%
Inmeta Consulting AS	Oslo	91%	89%	Atria Technologies Pte Ltd	Singapore	100%
Esito AS	Oslo	91%	89%	Crayon Pte Ltd	Singapore	100%
Rewired AS	Oslo	72%	72%	Kryptos Networks Pvt Ltd	Chennai	100%
Puzzelpart AS	Oslo	79%	80%	Kryptos Technologies Private Limited	Mumbai	50%
Crayon Consulting A/S	Copenhagen	100%	100%	Crayon Software Experts India Pvt Ltd	Mumbai	100%
Crayon A/S	Copenhagen	100%	100%	Crayon Software Experts Philippines Inc	Makati City	100%
Crayon AB	Stockholm	100%	100%	Atria Solutions Sdn Bhd	Kuala Lumpur	100%
Crayon OY	Helsinki	100%	100%	Crayon Software Experts Malaysia Sdn Bhd	Kuala Lumpur	90%
Crayon Iceland ehf.	Reykjavik	100%	100%	Crayon Australia PTY LTD	Sydney	84%
Ice Distributions hf	Reykjavik	100%	100%	Crayon Mauritius Ltd	Port Louis	100%
COMPLIT AS	Oslo	100%	100%	Crayon Africa SA	Johannesburg	100%
Crayon IOT AS ¹	Oslo	100%	100%	Wadi Al Omar CO	Riyadh	85%
Crayon Constellation AS	Oslo	100%	100%	Crayon Sri Lanka	Colombo	90%
Inmeta Management Consulting AS	Oslo	70%	0%	Navicle Pty Ltd	Sydney	100%
Sensa Ehf	Reykjavik	100%	0%	Crayon IT Services Private Limited	Mumbai	100%
Europe						
Crayon UK Ltd	London	100%	100%	PT Rhipe International Indonesia	Jakarta	99%
Crayon France SAS	Paris	79%	79%	rhipe Japan K. K.	Tokyo	0%
Crayon Deutschland GmbH	Munich	100%	100%	PT Krayon Konsultan Indonesia	Jakarta	100%
Crayon Austria GmbH	Vienna	100%	100%	Crayon Australia Holding Pty Ltd (Holdco)	Melbourne	0%
Crayon Schweiz AG	Altdorf	94%	88%	Crayon Software Experts Australia Pty Ltd (Bidco)	Melbourne	100%
Crayon Software Experts Spain SL	Madrid	86%	86%	Rhipe Limited	Sydney	0%
Crayon Software Licensing Unipessoal LDA	Lisbon	86%	86%	Rhipe Australia Pty Ltd	Sydney	100%
Crayon BV	Amsterdam	80%	80%	Rhipe Dynamics Pty Ltd	Sydney	0%
Crayon doo Beograd	Beograd	100%	100%	Rhipe Technology(Thailand) Co. Ltd	Bangkok	100%
Crayon Bulgaria OOD	Sofia	80%	80%	rhipe Philippines, Inc	Manila	0%
SEQUINT BV	Rotterdam	100%	100%	Rhipe Licensing Technology Korea Ltd	Seoul	100%
Krejon Makedonija DOO	Skopje	100%	100%	Rhipe Singapore Pte Ltd	Singapore	0%
SIA "Crayon Latvia"	Riga	83%	100%	Rhipe Malaysia Sdn. Bhd.	Kuala Lumpur	100%
Crayon Software Experts Romania S.R.L.	Bucharest	80%	99%	rhipe Technology Philippines, Inc	Manila	0%
Crayon Poland sp. z o.o.	Warszawa	80%	99%	rhipe Lanka (Pvt) Limited	Colombo	100%
Crayon Czech Republic and Slovakia s.r.o.	Prague	80%	100%	Rhipe Hong Kong Limited	Hong Kong	0%
Crayon LLC	Moscow	80%	99%	Rhipe New Zealand Ltd	Auckland	100%
LLC «Crayon Ukraine»	Kyiv	80%	90%	Pacific Custodians Pty Ltd ATF Rhipe Limited Employee Share Trust	Sydney	0%
				Dynamic Business IT Solutions Pty Limited	Brisbane	100%
				SmartEncrypt Pty Ltd	Sydney	0%
				Parallo Limited	Auckland	100%
				Parallo Pty Ltd ATF Parallo Unit Trust	Sydney	0%
				emt Distribution Pty Ltd	Adelaide	100%
				emt Distribution Pte Ltd	Singapore	100%
				Rhipe Cloud Solutions Pty Ltd	Sydney	0%

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Subsidiary	Office location	Ownership %		(in thousands of NOK)	NCI ownership share	NCI share of equity	NCI share of net income
		2021	2020				
APAC & MEA (cont'd)							
Rhipe Solutions Australia Pty Ltd	Sydney	100%	0%				
Rhipe Solutions LLC	New York	100%	0%				
Rhipe UK Pty Ltd	London	100%	0%				
Crayon Arabia LLC	Doha	39%	80%				
U.S.							
Crayon Software Experts Holding LLC	Dallas	100%	100%				
Crayon Software Experts LLC	Dallas	77%	77%				
Anglepoint Group Inc	San Francisco	77%	77%				
Software Wholesale International Inc	Denver	77%	77%				
Crayon Global Services GmbH	Munich	77%	77%				
Associates							
Group Direct Limited	England and Wales	23%	0%				
The non-controlling interest and associates share of the net income for 2021 and equity as of December 31, 2021 is detailed below:							
Specification of non-controlling interests 2021							
(in thousands of NOK)		NCI ownership share	NCI share of equity	NCI share of net income			
Nordics							
Inmeta Consulting AS		9%	(15 006)	(6 948)			
Rewired AS		28%	(11 222)	(5 343)			
Esito AS		9%	(306)	(180)			
Puzzelpart AS		21%	(6 705)	(2 636)			
Inmeta Management Consulting AS		9%	381	681			
Europe							
Crayon BV		20%	1 466	(2 754)			
Crayon Schweiz AG		7%	(301)	(888)			
Crayon Software Licensing Unipessoal LDA		14%	699	(220)			
Crayon Software Experts Spain SL		14%	3 963	(14)			
Crayon France SAS		21%	(2 221)	(131)			
Crayon Software Experts Romania S.R.L.		20%	(1 197)	(514)			
Crayon Poland sp. z o.o.		20%	(15)	196			
Crayon LLC		20%	(2 583)	(1 119)			
Crayon Bulgaria		20%	(1 709)	(689)			
LLC «Crayon Ukraine»		20%	(35)	440			
Specification of associates 2021							
Group Direct Limited					Ownership share	Share of investment	Share of net income
Total					23%	36 571	(1 172)
Total						36 571	(1 172)
Written Put Options over Non-Controlling Interests							
Anglepoint							
In September 2015, Crayon Group AS 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 December 31, 2021.							

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 December 31, 2021.

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The company's major shareholders as of December 31, who own more than 1.0% of the share capital, are:

Shareholder name	Shareholding
OEP ITS Coöperatief Holding U.A	12.2%
SIX SIS AG	10.4%
State Street Bank and Trust Comp (Nominee)	8.2%
FOLKETRYGDFONDET	6.3%
Axion BidCo Holding B.V.	5.7%
KARBON INVEST AS	5.5%
Nordnet Bank AB	2.6%
Credit Suisse (Switzerland) Ltd.	2.3%
State Street Bank and Trust Comp (Nominee)	1.9%
JPMorgan Chase Bank, N.A., London	1.4%
The Bank of New York Mellon SA/NV (Nominee)	1.4%
State Street Bank and Trust Comp (Nominee)	1.2%
Danske Invest Norge Vekst	1.2%
J.P. MORGAN BANK LUXEMBOURG S.A.	1.1%
Citibank, N.A.	1.1%
BNP Paribas Securities Services	1.1%
Skandinaviska Enskilda Banken AB	1.1%

Company trustees share ownership:

Officer	Number of shares
Karbon Invest AS (Jens Rugseth, board member and Rune Syversen, Chairman of the Board)	4 800 000
Bente Liberg (COO), Goodcharma AS	338 390
Eivind Roald (board member), CR Holding AS	149 410
Brit Smestad (employee representative)	147 775
Jon Birger Syvertsen (CFO)	104 445
Camilla Magnus (board member)	44 043
Grethe Viksaas (board member)	39 599
Dagfinn Ringås (board member), CDR Holding AS	25 806
Christian Ødemark (employee representative)	11 468
Jens Rugseth (board member), Rugz AS	11 111
Melissa Mulholland (CEO)	5 821
Mette Wam (employee representative)	5 610
Florian Rosenberg (CTO)	5 429

NOTE 26 Subsequent events

On January 11, 2022 the NOK 1 800m senior unsecured bonds issued on July 1, 2021, were admitted to trading on the Oslo Stock Exchange. A prospectus prepared in connection with the listing was published on January 10, 2022 and is available at www.crayon.com/investor-relations.

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Crayon Group Holding ASA

Statement of income 1.1 – 31.12

(In thousands of NOK)	Note	2021	2020
Operating income and expenses			
Payroll expenses	2, 3	4 400	8 402
Other operating expenses	3	8 865	7 648
Total operating income and expenses		13 265	16 050
Operating profit/EBIT		(13 265)	(16 050)
Financial income and expenses			
Income from subsidiaries and other group companies	2, 4	53 663	52 924
Interest income from group companies	2	2 551	2 484
Other interest income		73	3 827
Other financial income		21 268	8 057
Total financial income		77 555	67 292
Other interest expenses to group companies		308	3 361
Other interest expenses		47 208	13 431
Other financial expenses		85 850	24 362
Total financial expenses		133 366	41 154
Net financial income and expenses		(55 811)	26 138
Net income before tax		(69 076)	10 088
Income tax expense on net income	5	(16 262)	2 427
Net income		(52 815)	7 661
Brought forward			
To other equity	6	-	7 661
Loss carried forward	6	(52 815)	-
Net carried forward		(52 815)	7 661

¹ Currency translation in 2021 includes also fair value changes of cash flow hedging.

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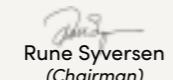
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Crayon Group Holding ASA
Balance sheet as of 31.12

(In thousands of NOK)	Note	2021	2020	(In thousands of NOK)	Note	2021	2020
ASSETS				EQUITY AND LIABILITIES			
<u>Non-current assets</u>				Paid-in equity			
Intangible assets				Share capital	6, 7	88 072	81 688
Deferred tax asset	5	29 955	14 953	Own shares	6, 7	(10)	(10)
Total intangible assets		29 955	14 953	Share premium	6	1 734 159	976 887
<u>Financial assets</u>				Total paid-in equity		1 822 221	1 058 565
Investments in subsidiaries	4	850 193	815 747	<u>Retained earnings</u>			
Loan to group companies	2	4 160	4 282	Other equity	6	11 784	28 004
Total financial assets		854 354	820 029	Total retained earnings		11 784	28 004
Total non-current assets		884 309	834 981	Total equity		1 834 005	1 086 569
<u>Current assets</u>				<u>Non-current liabilities</u>			
Other receivables	1, 2	3 180 382	544 122	Other non-current liabilities		852	
Total receivables		3 180 382	544 122	Bond loan	8, 9	1 780 796	295 215
Cash & cash equivalents	1	1 599	63 232	Derivative financial liabilities	8	-	-
Total current assets		3 181 981	607 354	Total non-current liabilities		1 781 648	295 215
Total assets		4 066 289	1 442 335	Current liabilities			
				Bond loan	8, 9	300 000	284
				Accounts payable		432	-
				Other current liabilities	2	150 204	60 268
				Total current liabilities		450 637	60 552
				Total liabilities		2 232 284	355 766
				Total equity and liabilities		4 066 289	1 442 335

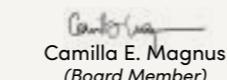
Oslo, April 25, 2022



Rune Syversen
(Chairman)



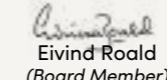
Jennifer Koss
(Board Member)



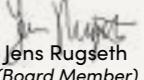
Camilla E. Magnus
(Board Member)



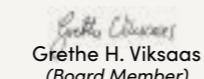
Dagfinn Ringås
(Board Member)



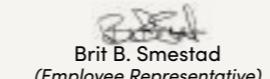
Eivind Roald
(Board Member)



Jens Rugseth
(Board Member)



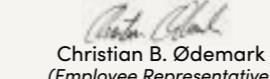
Grethe H. Viksaas
(Board Member)



Brit B. Smestad
(Employee Representative)



Mette Wam
(Employee Representative)



Christian B. Ødemark
(Employee Representative)



Melissa Mulholland
(CEO)

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Crayon Group Holding ASA
Cash flow statement

<i>(In thousands of NOK)</i>	2021	2020
Cash flow from operating activities		
Net income before tax	(69 076)	10 088
Net interest paid to credit institutions and interest to bond loan	47 135	9 604
Paid interest to group companies	308	3 361
Received interest from group companies	(2 551)	(2 484)
Changes in inventory, accounts receivable/ payable	432	(1 105)
Changes in other current accounts	(2 579 302)	(54 230)
Net cash provided by operating activities	(2 603 055)	(34 766)
Cash flow from investing activities		
Acquisition of subsidiary	-	-
Sales/purchase of own shares	-	-
Net cash from investing activities	-	-
Cash flow from financing activities		
Net interest paid to credit institutions and interest to bond loan	(47 135)	(9 604)
Paid interest to group companies	(308)	(3 361)
Received interest from group companies	2 551	2 484
New equity	685 892	359 801
Net change in cash pool, group companies	61 460	(341 806)
Proceeds from issuance of interest bearing debt	1 800 000	2 026
Received group contribution	53 663	52 924
Other financial items	(14 702)	-
Net cash from financing activities	2 541 421	62 464
Net increase (decrease) in cash and cash equivalents	(61 634)	27 698
Cash and cash equivalents at beginning of period	63 233	35 534
Cash and cash equivalents end of period	1 599	63 233

Restricted cash as of 31.12.2021 amounts to NOK 1.6m

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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 recognized at amortised cost with any difference between cost and redemption value being recognized 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 recognized in the same year as they are recognized 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 recognized 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, and are presented as financial items.

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 recognized at transaction price, 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 (22%) 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-forward, calculated at 22%. 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)

Receivables

	2021	2020
Other receivables ¹	3 184 542	548 100
Total receivables	3 184 542	548 100

Liabilities

Other payables	-	-
Other current liabilities ¹	145 283	15 980
Total liabilities	145 283	15 980

Liabilities not recognized in the balance sheet

See [Note 8](#).

Transactions with related parties:

(In thousands of NOK)

Purchases of services

Purchases from Crayon Group AS	2 448	4 177
Guarantee fees	-	-
Total purchases	2 448	4 177

Financial items

Income from subsidiaries and other group companies	53 663	52 924
Interest income from group companies	2 551	2 484
Other interest expenses to group companies	308	3 361
Total net financial items	55 906	52 048

¹ Other receivables/ other current liabilities consist of receivables/ liabilities within the cash pool, where the Top Account belongs to Crayon Group AS.

Interest income and expenses are related to the receivables in the cash pool.

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NOTE 3 Other operating expenses

The company has no employees. Compensation to the members of the Board amounted to NOK 2.4m in 2021, and NOK 1.8m in 2020. The company has paid remuneration to the auditor in the following amounts:

(In thousands of NOK)	2021	2020
Audit fee	2 694	2 609
Other assurance services	29	555
Other non-audit services	123	130
Total	2 846	3 294

Fees are quoted excluding VAT.

Regarding wages and benefits, please see group [Note 4](#).

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	849 943	100%	121 717	907 930
ICE Distribution hf	Reykjavik	3 145	251	100%	62	(100)
850 193						

Crayon Group Holding ASA has received the following group contributions:

(In thousands of NOK)	2021	2020
Crayon AS	54 043	52 924

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)

	2021	2020
Taxes payable on profit for the year	-	-
Change in deferred tax	(16 262)	2 427
Total taxes for the year	(16 231)	2 427
Specification of the tax base		
Net income before income tax	(69 076)	10 088
+ Permanent differences	(52 524)	(52 095)
+ Changes in temporary differences	(12 567)	6 578
+ Received group contributions	54 043	52 924
- Use of losses carry-forward	-	(17 495)
= Tax base	(80 125)	0

Specification of tax expenses

	2021	2020
Taxes payable in the balance sheet	-	-
= Total taxes payable	-	-
+/- Changes in tax rate	-	-
+/- Change in deferred tax/tax assets	(14 863)	2 521
+/- Change in deferred tax/tax assets correction from last year*	(1 399)	(94)
= Income tax expense	(16 262)	2 427

¹ Recognized into equity

Deferred tax/deferred tax assets

	2021	2020
Accumulated tax losses carried forward	(143 821)	(63 062)
Shares and other securities	-	-
Other differences	12 801	234
Limited deduction for interest on related parties	(5 138)	(5 138)
= Basis for deferred tax	(136 158)	(67 966)
Deferred tax		
Negative basis for deferred tax	(136 158)	(67 966)
= Basis for deferred tax asset	(136 158)	(67 966)
Deferred tax asset	(29 955)	(14 953)
Tax rate 31.12 (%)	22%	22%

Recognized deferred tax assets can be set off against future income.

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NOTE 6 Equity

(In thousands of NOK)

	Share capital	Own shares	Share premium	Other equity	Total equity
Per 01.01.2021	81 688	(10)	976 887	28 004	1 086 569
Share issues	6 384	-	757 272	-	763 656
Share capital increase not registered	-	-	-	-	-
Sharebased compensation	-	-	-	35 583	35 583
Corr last year	-	-	-	1 012	1 012
Net income for the year	-	-	-	(52 815)	(52 815)
Per 31.12.2021	88 072	(10)	1 734 159	11 784	1 834 005

NOTE 7 Share capital

The company has 88 071 987 shares at a nominal value of NOK 1. The total share capital amounts to NOK 88 071 987.

Crayon group Holding ASA has 88 071 987 issued shares at a nominal value of NOK 1 (December 31, 2020; 81 687 519 shares at nominal value of NOK 1). In 2021 the company increased the share capital with 6 384 468 shares at nominal value of NOK 1. Each share gives right to one vote.

The total share capital amounts to NOK 88 071 987.

The company owns 10 000 of its own shares to facilitate management of employee share purchases.

Shares	Number of shares	Total nominal value	Statutory provisions on voting
Shares	88 071 987	88 071 987	One share – one vote

The General Meeting on April 16, 2021 authorized the board of directors to increase the share capital in three different settings. All three authorizations are valid until the earlier of Crayon's annual general meeting in 2022 and June 30, 2022.

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 4 996 754, provided however that the authorization cannot be used for an amount in excess of 6% 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 8 327 923, provided however that the authorization cannot be used for an amount in excess of 10.0% of the Company's share capital.

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 8 327 923, corresponding to 10% of the Company's share capital at the time of the approval. The maximum amount to be paid per share is NOK 250 and the minimum is NOK 1.

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 December 31 who own more than 1% of the share capital, are:

Shareholder name	Shareholding
OEP ITS Coöperatief Holding U.A	12.2%
SIX SIS AG	10.4%
State Street Bank and Trust Comp (Nominee)	8.2%
FOLKETRYGDFONDET	6.3%
Axion BidCo Holding B.V.	5.7%
KARBON INVEST AS	5.5%
Nordnet Bank AB	2.6%
Credit Suisse (Switzerland) Ltd.	2.3%
State Street Bank and Trust Comp (Nominee)	1.9%
JPMorgan Chase Bank, N.A., London	1.4%
The Bank of New York Mellon SA/NV (Nominee)	1.4%
State Street Bank and Trust Comp (Nominee)	1.2%
Danske Invest Norge Vekst	1.2%
J.P. MORGAN BANK LUXEMBOURG S.A.	1.1%
Citibank, N.A.	1.1%
BNP Paribas Securities Services	1.1%
Skandinaviska Enskilda Banken AB	1.1%

Company trustees share ownership:

Officer	Number of shares
Karbon Invest AS (Jens Rugseth, board member and Rune Syversen, Chairman of the Board)	4 800 000
Bente Liberg (COO), Goodcharma AS	338 390
Eivind Roald (board member), CR Holding AS	149 410
Brit Smestad (employee representative)	147 775
Jon Birger Syvertsen (CFO)	104 445
Camilla Magnus (board member)	44 043
Grethe Viksas (board member)	39 599
Dagfinn Ringås (board member), CDR Holding AS	25 806
Christian Ødemark (employee representative)	11 468
Jens Rugseth (board member), Rugz AS	11 111
Melissa Mulholland (CEO)	5 821
Mette Wam (employee representative)	5 610
Florian Rosenberg (CTO)	5 429

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NOTE 8 Financial instruments

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

(In thousands of NOK)	2021	2020
Bond principal	2 100 000	300 000
Currency swap	-	-
Interest swap	-	-
Transaction cost	(19 204)	(4 785)
Total financial liabilities	2 080 796	295 215

Further information regarding currency swap, interest swap and revolving credit facility, please see group [Notes 16](#) and [19](#).

Guarantee

Crayon Group Holding ASA (parent company) guarantees to Microsoft the full and promptly payment of a number of the parent's company affiliates outstanding debt and performance obligations, related to the normal core of business of the Group and recognized as part of account payables in the statement of the financial position. At year end, the total outstanding debt and obligations of the relevant parent company affiliates amounted to NOK 1 791m.

NOTE 9 Issuance of bond loan

In November 2019, the company successfully completed the issuance of a NOK 300m senior unsecured bond, with a NOK 600m borrowing limit.

The bonds have a floating coupon rate of 3 months NIBOR + 350 bps. p.a.(CRAYON 03). Any outstanding bonds is to be repaid in full at maturity date.

The net proceeds from the bond issue was used to refinance CRAYON02 in November 2019, with a total principal of NOK 450m at a coupon of 3 months NIBOR +550bps. p.a.

On July 1, 2021 Crayon issued a NOK 1 800m 4-year senior unsecured floating rate bond issue with a coupon of 3 months NIBOR + 375bps. This was settled July 15, 2021 and is presented as non-current interest-bearing debt.

Considering the refinancing mentioned above, the group also increased its revolving credit facility from NOK 350m to NOK 1000m in October 2021. Transaction costs of NOK ~29m related to the bond issue and RCF are amortized over the lifetime of the loans.

The outstanding bond principal (NOK) was up to April 2020 hedged against the relevant currencies comprising the underlying cash flow of the company. The currency swap was realised in April 2020 and a realised currency loss of NOK 13.7m was recognised in profit or loss.

The Company terminated all hedging derivatives during 2020 and has not entered new hedging instruments during 2021 linked to the bond loan.

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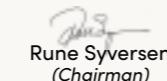
Responsibility statement from the Board of Directors

We hereby confirm that the annual accounts for the Group and the company for 2021 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

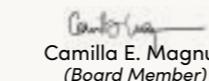
The Board of Directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group

The Board of Directors of Crayon Group Holding ASA

Oslo, April 25, 2022


Rune Syversen
(Chairman)


Jennifer Koss
(Board Member)


Camilla E. Magnus
(Board Member)


Dagfinn Ringås
(Board Member)

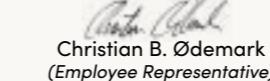

Eivind Roald
(Board Member)


Jens Rugseth
(Board Member)


Grethe H. Viksas
(Board Member)


Brit B. Smestad
(Employee Representative)


Mette Wam
(Employee Representative)


Christian B. Ødemark
(Employee Representative)


Melissa Mulholland
(CEO)

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Auditor's report



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0306 Oslo

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Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Crayon Group Holding ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crayon Group Holding ASA, which comprise:

- The financial statements of the parent company Crayon Group Holding ASA (the Company), which comprise the balance sheet as at 31 December 2021, 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 consolidated financial statements of Crayon Group Holding ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

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

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

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 8 May 2018 for the accounting year 2018.

Key Audit Matters

Offices in:
Oslo Alta Elverum Mo i Rana Stord
Finnmark Finnsnes Midt-Norge Strømstad
Hamar Skien Tromsø
Bergen Haugesund Sandefjord Trondheim
Bodø Knarvik Sandnessjøen Tynset
Drammen Kristiansand Stavanger Ålesund



Independent Auditor's Report - Crayon Group Holding ASA

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.

Revenue recognition

Refer to Note 2 Accounting principles, critical estimates and judgements, and Note 3 Segment information

The key audit matter	How the matter was addressed in our audit
The Group's revenue, which comprises revenue from sale of software and services, including software and cloud licenses and value-added services and consulting, totalled 26 438 MNOK for the year ended 31 December 2021.	Our audit procedures in this area included: <ul style="list-style-type: none"> Applying professional scepticism and critically assessing the accounting judgments against the requirements of IFRS 15 including an assessment of the timing of revenue recognised in the period;
The Group holds many different types of contracts with customers and has applied judgment in assessing key elements of the contracts in respect of revenue recognition. Significant management judgment can be required in determining the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages, particularly for software and cloud license arrangements bundled with value-add services. Furthermore, there is a high degree of judgement in determining the number of performance obligations which can impact the timing and amount of revenue recognition for certain contracts.	<ul style="list-style-type: none"> Challenging management's assessment of revenue recognition criteria for licenses and services in particular in relation to new contracts and renewals, and the identification of performance obligations; and Inspecting a sample of contracts with customers, in order to assess whether the assessments regarding the identification of performance obligations and the method for revenue recognition was appropriate, with focus on the assessment of the contract under the licensing criteria, allocation of revenue to the individual performance obligations and timing of revenue recognition.

Business Acquisition

Refer to Note 2 Accounting principles, critical estimates and judgements, Note 9 Goodwill and Note 20 Acquisition of Business

The key audit matter	How the matter was addressed in our audit
The Group's acquisition for the current year was valued at 2 762 MNOK consisting of Sensa Ehf (236 MNOK) and rhipe Limited (2 527 MNOK).	Our audit procedures in this area included: <ul style="list-style-type: none"> Reading and understanding the share purchase agreement and other relevant documents to assess the appropriateness of the accounting method applied, and to identify other factors which may impact the financial statements.
As part of the acquisition accounting, accounting standards require the purchase price to be allocated between the acquired assets and liabilities, resulting in the recognition of tangible and intangible assets and goodwill if applicable. The principal areas of judgement in management's purchase price allocation exercise relate to the valuation of intangible assets including goodwill and the identification of liabilities.	<ul style="list-style-type: none"> Assessing the timing of the transfer of control and the completeness and accuracy of the related entries to the consolidated financial statements.

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Due to the significance and complexity of the transactions there's a risk that erroneously developed or applied assumptions can lead to material misstatements in the financial statements.

- Agreeing consideration transferred to the share purchase agreement and the cash disbursements.
- Assessing management's purchase price allocation adjustments and the identification and valuation of acquired intangible assets including goodwill.
- Assessing the competence and independence of the valuation expert engaged by management by reference to their qualifications and experience.
- With assistance from KPMG valuation specialists, assessing the underlying valuation methodology and by reference to market data, assessing the inputs to and calculation of the discount rate used by management.
- Assessing the appropriateness of the disclosures in the consolidated financial statements with reference to the share purchase agreement and the purchase price allocation.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises 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 information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance and the Environmental, Social and Governance report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial

**Independent Auditor's Report - Crayon Group Holding ASA**

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 Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated 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 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 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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- 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.

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

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

[Report on Other Legal and Regulatory Requirements](#)[Report on compliance with Regulation on European Single Electronic Format \(ESEF\)](#)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXXXI98043-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandeloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 25 April 2022
KPMG AS



Julie Berg
State Authorised Public Accountant

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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 financial reporting framework (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 recognized either gross or net depending on revenue streams. As a result, management prepares budgets on gross profit rather than gross revenue. Management uses gross profit as a key performance measure in order to create a unified performance measure across business areas. Crayon believes that the measure provides useful and necessary information to investors and other related parties based on 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

(In thousands of NOK)	2021	2020
Operating revenue	26 438 331	19 599 455
Cost of sales	23 398 584	17 254 670
Gross profit	3 039 747	2 344 785

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 amortizations (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 amortization 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)	2021	2020
EBITDA	590 973	381 414
Other Income and Expenses	63 926	31 488
Adjusted EBITDA	654 899	412 902

(In thousands of NOK)	2021	2020
Specific M&A costs and legal structuring	20 148	416
Share based compensation	55 002	48 684
Forgivable loan (US)	(13 963)	(17 612)
Other personnel costs	2 738	-
Other income and expenses	63 926	31 488

Net working capital: Non interest bearing current assets, net of cash less non interest bearing current liabilities. Net working capital gives a measure of the funding required by the operations of the business.

(In thousands of NOK)	2021	2020
Inventory	2 869	8 846
Accounts receivable	4 492 969	3 393 421
Other current receivables	1 421 421	263 347
Income taxes payable	(58 171)	(49 812)
Accounts payable	(4 813 772)	(3 560 040)
Public duties	(458 898)	(250 918)
Other current liabilities	(1 299 019)	(784 004)
Net working capital	(712 601)	(979 161)

Adjusted EBITDA margin: Adjusted EBITDA divided by Gross Profit

(In thousands of NOK)	2021	2020
Gross profit	3 039 747	2 344 785
Adjusted EBITDA	654 899	412 902
Margin	22%	18%

