



Q3 2021

Crayon Group Interim Financial Report

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# Highlights

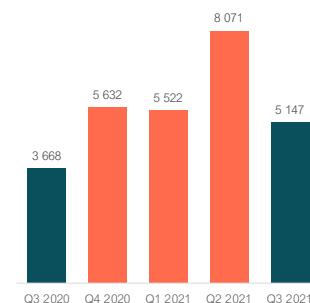
- Gross profit growth across all business areas and market clusters in Q3 2021. Gross profit grew by 29.3% compared to the same quarter last year (year-over-year, "YoY"), driven by strong growth in the segments Consulting (NOK 76.5m/ +55.7% YoY) and Software & Cloud Direct (NOK 43.0m/ +25.9% YoY). All market clusters delivered solid gross profit growth.
- Adjusted EBITDA has a positive development, and in Q3 2021 adjusted EBITDA<sup>1</sup> increased with NOK 17.4m YoY to NOK 81.4m. The improvement was primarily driven by Software & Cloud (NOK 29.0m), and Services EBITDA (NOK 17.9m)

## Key consolidated figures

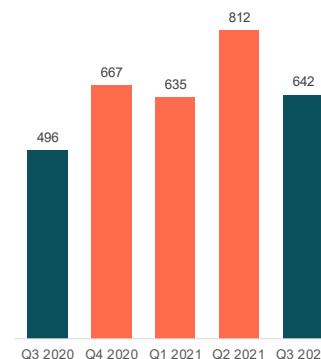
(NOK in thousands, unless stated)	Q3 2021		Year to date		Full year 2020 Audited
	Un-audited	Q3 2020	Q3 2021 Un-audited	Q3 2020 Un-audited	
Operating revenue	5 147 231	3 668 149	18 740 983	13 967 146	19 599 455
Gross profit	641 771	496 305	2 088 330	1 677 350	2 344 785
EBITDA	60 404	32 341	401 350	235 262	381 414
Adjusted EBITDA	81 363	63 953	430 238	275 742	412 902
Operating (loss)/profit/EBIT	19 055	(3 532)	284 145	132 152	241 112
Net (loss) income	(140 032)	(18 817)	39 949	32 148	126 831
Cash flow from operations	(543 829)	(1 240 537)	(314 930)	(33 781)	941 630
Gross profit margin (%)	12,5 %	13,5 %	11,1 %	12,0 %	12,0 %
Adjusted EBITDA margin (%)	1,6 %	1,7 %	2,3 %	2,0 %	2,1 %
Adjusted EBITDA / Gross profit margin (%)	12,7 %	12,9 %	20,6 %	16,4 %	17,6 %
Earnings per share (NOK per share)	(1,67)	(0,20)	0,28	0,43	1,48
			September 30, 2021	September 30, 2020	December 31, 2020
Liquidity reserve			942 538	651 699	1 582 313
Net working capital			(455 878)	(98 584)	(979 161)
Average headcount (number of employees)			2 124	1 691	1 727

(See Alternative Performance Measures section in the note disclosure for definitions)

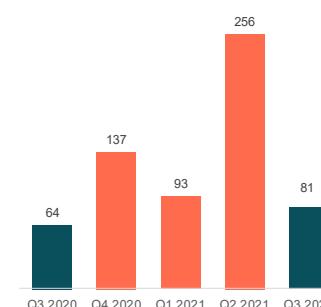
## Consolidated Operating Revenue In millions of NOK



## Consolidated Gross Profit In millions of NOK



## Consolidated Adjusted EBITDA<sup>1</sup> In millions of NOK



<sup>1</sup>Adjusted EBITDA is EBITDA excluding other income and expenses. Reference made to Alternative Performance Measures Section in note disclosure.

# Business review

Crayon continues to demonstrate strong financials and Q3 2021 is another quarter of gross profit and EBITDA growth. Q3 2021 YoY revenue growth was +40.3% while gross profit growth was +29.3% NOK 145.5m, leading to a total Q3 2021 gross profit of NOK 641.8m. Adjusted EBITDA in Q3 2021 was NOK 81.4, an increase of NOK 17.4m compared with Q3 2020.

As outlined in note 13, Crayon has a strong underlying seasonality to its financial results driven by external factors, with Q2 and Q4 being the strongest quarters, while Q1 and Q3 are typically slower quarters. To compare the performance of the business across this seasonality the relevant comparison is YoY.

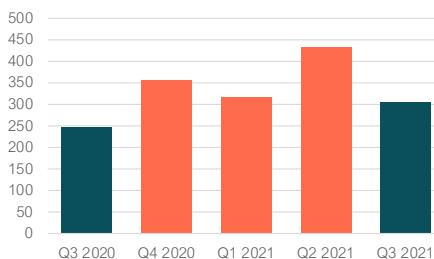
All market clusters (See Note 6 for additional information) had positive gross profit growth in Q3 2021 compared to Q3 2020. Nordics is the largest market cluster and delivered a +36.0% gross profit growth. Europe and US market clusters both delivered strong gross profit YoY growth of +24.8% and +34.7% respectively, while APAC & MEA had a gross profit YoY development of +23.0%.

The Software & Cloud division overall had a growth of +24.1% YoY, composed of Software & Cloud Direct with +25.9% gross profit growth YoY and Software & Cloud Channel with +20.1% gross profit growth YoY.

Within the Software & Cloud segment, gross profit in the Nordics grew with +23.8% YoY and Europe with +16.0% YoY. Gross profit in APAC & MEA increased with 22.6% YoY, and US increased with 65.8%. Within the Services segment, the overall gross profit growth was +38.7%, driven by Consulting with +55.7% YoY growth and Software & Cloud Economics ("SAM") of +17.6% YoY growth. Within the Services segment, Nordics grew by +45.5% YoY, while Europe, APAC & MEA and US grew by +46.0% YoY, +27.6% YoY and +21.5% YoY respectively.

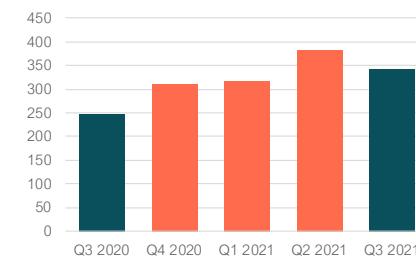
## Software Gross Profit

In millions of NOK



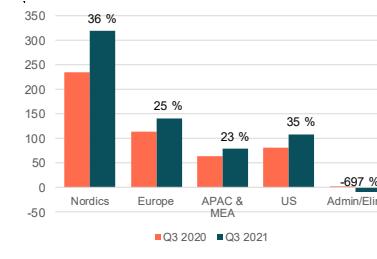
## Services Gross Profit

In millions of NOK



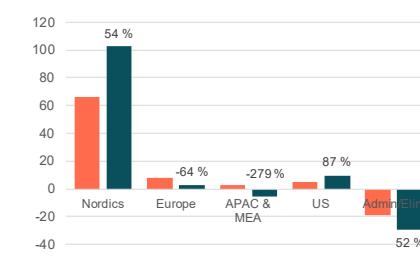
## Gross Profit per Market Cluster and Growth

In millions of NOK



## Adj. EBITDA per market cluster and growth (%)

In millions of NOK



# Financial review

## Items below the EBITDA line

Depreciation and amortisation increased NOK 5.4m YoY. The increase of depreciation is primarily driven by higher investments in recent periods into platforms and ERP systems, but also affected of impact from Sensa of NOK 2.5m.

Interest expenses increased YoY with NOK 16.7m, primarily due to interest on the bond informed of July 1, 2021. Other financial expenses increased with NOK 110.9m due to currency movements, in special related to currency hedging for the upcoming acquisition of rhipe. (See note 10 for further information). The net income before tax decreases YoY by NOK -105.0m to NOK -127.7m, mainly due to increase EBITDA of NOK 28.1m and decrease of other financial expense, net of NOK -110.9m. Income tax expense for Q3 2021 amounts to NOK 12.3m.

Net loss in the period was NOK -140.0m, compared with the Q3 2020 result of NOK -18.8m. Basic earnings per share changed from NOK -0.2 per share in Q3 2020 to NOK -1.67 per share in Q3 2021.

## Adjusted EBITDA

Adjusted EBITDA is adjusted for share based compensation and other income and expenses, totaling NOK 21.0m in Q3 2021. Other income and expenses in Q3 are mainly driven by share-based compensation. Share-based compensation programs in Crayon relates to the option program from the IPO in 2017, the broad-based Employee Share Purchase Program in 2019 and 2020 and an option-based management performance program for strategic KPIs during 2020 and 2021.

For more details, see the 'Alternative Performance Measures' section in this report.

## Balance sheet

As of September 30, 2021 Crayon had assets of NOK 7 972m (2020: NOK 4 418m) which is primarily composed of accounts receivables NOK 3 267m (2020: NOK 2 529m), goodwill NOK 927m (2020: NOK 870m), short term deposit NOK 1 782 (2020: NOK 0m), and Cash & cash equivalents NOK 796m (2020: NOK 413m). Total liabilities as of September 30, 2021 amounts to NOK 6 723m (2020: NOK 3 427m), consisting primarily of accounts payables NOK 3 106m (2020: NOK 2 253m) and a bond loan NOK 297m (2020: NOK 295m).

Trade working capital decreased YoY with NOK 123m, compared to the 40.3% / NOK 1 479m YoY revenue growth.

Management is continuing its efforts to control working capital, particular in light of the growth in emerging markets with varying credit risks and payment cycles and the overall credit risk implied by the COVID-19 situation.

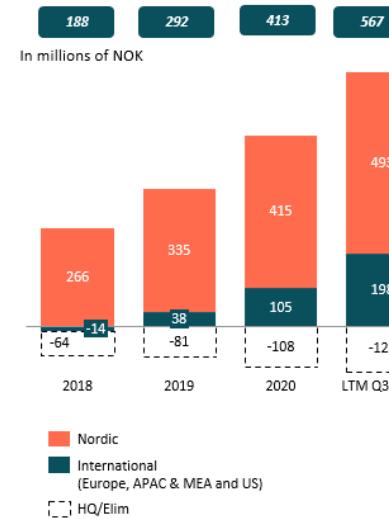
There is no specific concentration of credit risk with respect to account receivables, but in general the APAC & MEA region has a higher credit risk. The Group has a large number of customers spread across several countries and industries. Account receivables decreased from Q2 2021 related to the cyclicity of the business. The provision for bad debt increased with NOK 21.9m (including currency impact) compared to Q3 2020. This is due to provisions for specific customers at risk, general provisions and currency translation of NOK fluctuation against foreign currencies. Crayon continues to closely follow up the level and nature of the trade receivables to mitigate any recoverability risk.

### Total Gross Profit per Market Cluster



The first figure shows gross profit per Market Cluster and the percentage of total gross profit per period, with the total gross profit for the period in the box above each bar.

### Total Adj. EBITDA per Market Cluster



The second figure shows adjusted EBITDA per Market Cluster, with the total adjusted EBITDA for the period in the box above each bar.

The need for additional provisions for expected credit losses has been assessed and the level has increased from last quarter. See note 11 for updated information on credit risk.

Crayon has a non-recourse factoring agreement with BNP. This has been implemented for a set of customers in Norway and in Denmark. As of September 30, 2021, factoring is improving our accounts receivables of NOK 108.8m (2020: NOK 86.1).

Equity increased by NOK 145.7m from year-end 2020 consisting primarily a total net income of NOK 39.9m and share issue of NOK 78.9m.

## **Leverage**

Net interest-bearing debt as end of September 30, 2021 was NOK -197.2m with a net cash position of NOK 796m (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")), corresponding to a leverage ratio of -0.35x EBITDA<sup>1</sup>. The Group had significant headroom with regards to its bank covenants as of quarter end.

## **Cash flow**

Cash flow from operations in Q3 2021 was NOK -544m, compared with NOK -1 241m in Q3 2020 mainly due changes in net income and net working capital.

The net cash position as of September 30, 2021 was NOK 796 (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")) compared to NOK 413m as of September 30, 2020.

The liquidity position of the group remains strong, with a total liquidity reserve as of September 30, 2021 of NOK 943m, compared to NOK 652m as of September 30, 2020. For more information on the definition of liquidity reserve, please see the 'Alternative Performance Measures' section in this report. See note 11 for updated information of liquidity risk.

## **Employees**

Crayon is a people business with teammates being our greatest asset. We strive to continuously attract, develop, and retain top talent, but perhaps even more importantly, we empower our employees to do their best every single day at work.

The average number of employees during Q3 2021 was 2 124, compared to an average during Q3 2020 of 1 691. This represents a YoY increase of 433 employees /+25.6%. The Software & Cloud business division had a total increase in average employees of 134 YoY, representing a 23.9% increase. The average number of employees in the Services business division increased YoY by 273 employees<sup>2</sup>, whilst other employees increased YoY by 27 employees. At the date of this report, all Crayon employees are safe and remains productive. Crayon has taken measures to protect employees and support ongoing efforts to contain the COVID-19 pandemic in line with local and global health authorities. The transition to remote work has so far been seamless for our employees, customers and business partners.

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<sup>1</sup> On a LTM basis, excluding share based compensation and other income and expenses and non-controlling interest. Also, adjusted for restricted cash of NOK 63.6m, including not registered shares issued. Current and non-current lease liabilities have been included in the calculation of the Net interest bearing debt.

<sup>2</sup> Includes impact of organic growth and acquisitions.

# Condensed Consolidated Statement of Income

(In thousands of NOK)	Note	Quarter ended		Year to date ended		Year ended	
		30-Sep		30-Sep		31-Dec	
		Un-audited	Audited	Un-audited	Un-Audited	Audited	
Operating revenue	6	5 147 231	3 668 149	18 740 983	13 967 146	19 599 455	
Cost of sales		4 505 460	3 171 844	16 652 654	12 289 796	17 254 670	
<b>Gross profit</b>		<b>641 771</b>	<b>496 305</b>	<b>2 088 330</b>	<b>1 677 350</b>	<b>2 344 785</b>	
Payroll and related cost		486 103	378 409	1 448 096	1 215 202	1 685 629	
Other operating expenses		74 305	53 943	209 996	186 406	246 254	
Share based compensation		20 771	31 492	39 878	40 066	48 684	
Other income and expenses		188	120	(10 990)	414	(17 196)	
<b>EBITDA</b>		<b>60 404</b>	<b>32 341</b>	<b>401 350</b>	<b>235 262</b>	<b>381 414</b>	
Depreciation and amortisation	4	41 349	35 873	117 204	103 110	140 302	
<b>Operating (loss)/profit/EBIT</b>		<b>19 055</b>	<b>(3 532)</b>	<b>284 145</b>	<b>132 152</b>	<b>241 112</b>	
Interest expense		25 364	8 684	45 167	31 927	41 125	
Other financial expense, net	5	121 428	10 512	153 640	32 609	6 336	
<b>Net (loss) income before tax</b>		<b>(127 738)</b>	<b>(22 728)</b>	<b>85 338</b>	<b>67 616</b>	<b>193 652</b>	
Income tax expense on ordinary result		12 294	(3 911)	45 389	35 469	66 821	
<b>Net (loss) income</b>		<b>(140 032)</b>	<b>(18 817)</b>	<b>39 949</b>	<b>32 148</b>	<b>126 831</b>	
<b>Comprehensive income</b>							
<b>Items that are or may be reclassified subsequently to profit or loss</b>							
Currency translation		16 745	(1 212)	12 159	58 900	4 995	
<b>Total comprehensive income -net of tax</b>		<b>(123 287)</b>	<b>(20 029)</b>	<b>52 108</b>	<b>91 048</b>	<b>131 826</b>	
<b>Allocation of net income</b>							
Non-controlling interests		531	(2 269)	16 138	(2 708)	6 336	
Owners of Crayon Group Holding ASA		(140 563)	(16 549)	23 811	34 856	120 495	
<b>Total net income (loss) allocated</b>		<b>(140 032)</b>	<b>(18 817)</b>	<b>39 949</b>	<b>32 148</b>	<b>126 831</b>	
Earnings (loss) per share (NOK per share)		(1,67)	(0,20)	0,28	0,43	1,48	
<b>Allocation of Total comprehensive income</b>							
Non-controlling interests		507	(2 184)	16 479	(4 468)	5 680	
Owners of Crayon Group Holding ASA		(123 794)	(17 846)	35 629	95 516	126 146	
<b>Total comprehensive income allocated</b>		<b>(123 287)</b>	<b>(20 029)</b>	<b>52 108</b>	<b>91 048</b>	<b>131 826</b>	

For description of other income and expenses, see Alternative Performance Measures section

# Condensed Consolidated Balance Sheet Statement

(In thousands of NOK)	Note	30-Sep		31-Dec		(In thousands of NOK)	Note	30-Sep		31-Dec		
		Un-audited 2021	Un-Audited 2020	Audited 2020	Un-audited 2021	Un-Audited 2020	Audited 2020	Un-audited 2021	Un-Audited 2020	Audited 2020	Un-audited 2021	
<b>ASSETS</b>												
<i>Non-current assets:</i>												
Development Costs	8	92 680	86 548	88 756				83 979	81 239	81 688		
Technology and software	8	12 862	21 996	18 515				(10)	(10)	(10)		
Contracts	8	164 118	61 669	60 379				1 053 515	914 175	976 887		
Software licenses (IP)	8	1 971	2 312	2 215								
Goodwill	9	926 574	869 975	850 933								
Deferred tax asset		50 267	36 010	35 458								
<b>Total intangible assets</b>		<b>1 248 471</b>	<b>1 078 510</b>	<b>1 056 255</b>				<b>1 137 484</b>	<b>995 404</b>	<b>1 058 565</b>		
<b>Tangible assets</b>												
Equipment		43 137	39 811	38 624								
Right of use assets	12	118 812	133 904	120 051								
<b>Total tangible assets</b>		<b>161 949</b>	<b>173 715</b>	<b>158 676</b>								
Investment in associated companies												
<b>Total investment in associated companies</b>		<b>36 015</b>	<b>-</b>	<b>-</b>								
Other non-current receivables		70 110	22 439	39 962								
<b>Total financial assets</b>		<b>70 110</b>	<b>22 439</b>	<b>39 962</b>								
<b>Total non-current assets</b>		<b>1 516 544</b>	<b>1 274 665</b>	<b>1 254 893</b>								
<i>Current assets:</i>												
Inventory		5 485	13 390	8 846								
<b>Total inventory</b>		<b>5 485</b>	<b>13 390</b>	<b>8 846</b>								
Accounts receivable	11	3 267 435	2 528 614	3 393 421								
Other current receivables	14	604 383	188 160	263 347								
<b>Total receivable</b>		<b>3 871 819</b>	<b>2 716 774</b>	<b>3 656 768</b>								
Short term deposits		1 782 000	-	-								
Cash & cash equivalents	10	796 286	412 794	1 394 120								
<b>Total current assets</b>		<b>6 455 590</b>	<b>3 142 958</b>	<b>5 059 733</b>								
<b>Total assets</b>		<b>7 972 134</b>	<b>4 417 623</b>	<b>6 314 626</b>								
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>												
<i>Shareholders' equity:</i>												
Share capital							83 979	81 239	81 688			
Own shares							(10)	(10)	(10)			
Share premium												
<b>Sum paid-in equity</b>							<b>1 053 515</b>	<b>914 175</b>	<b>976 887</b>			
<b>Retained Earnings</b>							<b>1 137 484</b>	<b>995 404</b>	<b>1 058 565</b>			
Other Equity								92 364	2 731	41 276		
<b>Total retained earnings</b>							<b>92 364</b>	<b>2 731</b>	<b>41 276</b>			
<b>Total equity attributable to parent company shareholders</b>							<b>1 229 848</b>	<b>998 135</b>	<b>1 099 840</b>			
Non-controlling interests								19 047	(7 432)	3 334		
<b>Total shareholders' equity</b>							<b>1 248 895</b>	<b>990 703</b>	<b>1 103 174</b>			
<i>Long-term liabilities:</i>												
Bond loan							10	297 123	294 617	295 215		
Deferred tax liabilities								13 851	23 664	21 505		
Lease liabilities								96 151	108 644	95 340		
Other non-current liabilities								61 656	72 742	47 503		
<b>Total long-term liabilities</b>								<b>468 781</b>	<b>499 668</b>	<b>459 562</b>		
<i>Current liabilities:</i>												
Accounts payable								3 106 045	2 252 520	3 560 040		
Income taxes payable								64 360	38 261	49 812		
Public duties							14	330 073	96 987	250 918		
Current lease liabilities								31 326	31 181	31 230		
Other current interest bearing debt							10	1 889 950	67 323	75 884		
Other current liabilities								832 704	440 980	784 004		
<b>Total current liabilities</b>								<b>6 254 458</b>	<b>2 927 252</b>	<b>4 751 889</b>		
<b>Total liabilities</b>								<b>6 723 239</b>	<b>3 426 920</b>	<b>5 211 452</b>		
<b>Total equity and liabilities</b>								<b>7 972 134</b>	<b>4 417 623</b>	<b>6 314 626</b>		

# Condensed Consolidated Statement of Cash Flows

(In thousands of NOK)	Quarter ended		Year to date ended		Year ended
	30-Sep		30-Sep		31-Dec
	Un-audited 2021	Un-audited 2020	Un-audited 2021	Un-audited 2020	Audited 2020
<b>Cash flows from operating activities:</b>					
Net (loss) income before tax	(127 738)	(22 728)	85 338	67 616	193 652
Taxes paid	(27 082)	(5 335)	(52 330)	(20 706)	(34 504)
Depreciation, amortisation and impairment	41 349	35 873	117 204	103 110	140 302
Net interest expense	22 775	7 488	38 565	24 507	32 675
Changes in inventory, accounts receivable/payable	(280 354)	(942 392)	(324 649)	(83 199)	364 059
Changes in other current accounts	(172 780)	(313 444)	(179 059)	(125 110)	245 446
<b>Net cash flow from operating activities</b>	<b>(543 829)</b>	<b>(1 240 537)</b>	<b>(314 930)</b>	<b>(33 781)</b>	<b>941 630</b>
<b>Cash flows from investing activities:</b>					
Payment for capitalised assets	(18 230)	(17 687)	(53 279)	(52 617)	(81 362)
Acquisition of subsidiaries - (net of cash acquired) and associated companies	(36 015)	-	(158 590)	(4 617)	(4 616)
Other business combinations	-	-	-	(8 000)	(8 000)
<b>Net cash flow from investing activities</b>	<b>(54 245)</b>	<b>(17 687)</b>	<b>(211 869)</b>	<b>(65 233)</b>	<b>(93 978)</b>
<b>Cash flow from financing activities:</b>					
Net interest paid to credit institutions and interest to bond loan	(3 718)	(6 002)	(16 375)	(37 550)	(43 899)
Share issues	-	-	-	296 641	335 130
Share capital increase not registered	-	-	-	-	24 672
Acquisition/disposal of non-controlling interest	(1 405)	1 151	(5 220)	8 909	8 497
Proceeds from issuance of interest bearing debt	-	-	-	33 922	33 922
Repayment of interest bearing debt	(12 995)	(11 348)	(38 438)	(31 655)	(42 863)
Other Financial items	-	(2 061)	-	(1 399)	(3 762)
<b>Net cash flow from financing activities</b>	<b>(18 118)</b>	<b>(18 260)</b>	<b>(60 033)</b>	<b>268 869</b>	<b>311 697</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(616 192)</b>	<b>(1 276 483)</b>	<b>(586 832)</b>	<b>169 855</b>	<b>1 159 349</b>
Cash and cash equivalents at beginning of period	1 414 619	1 689 361	1 394 120	238 817	238 817
Currency translation	(2 142)	(84)	(11 001)	4 122	(4 046)
<b>Cash and cash equivalents at end of period</b>	<b>796 286</b>	<b>412 794</b>	<b>796 286</b>	<b>412 794</b>	<b>1 394 120</b>

# Condensed Consolidated Statement of Changes in Shareholder's Equity

Year to date period ending

September 30, 2020

(In thousands of NOK)

Balance at January 1, 2020

Adjustment <sup>1</sup>

Net (loss) income

Currency translation

Total comprehensive income

Share repurchase (net)

Share issues

Capital increase expenses

Share based compensation

Transactions with non-controlling interests

Transactions with owners

Balance as of end of period

December 31, 2020

(In thousands of NOK)

Balance at January 1, 2020

Adjustment <sup>1</sup>

Net (loss) income

Currency translation

Total comprehensive income

Share repurchase (net)

Share issues

Share capital increase not registered

Share based compensation

Transactions with non-controlling interests

Transactions with owners

Balance as of end of period

September 30, 2021

(In thousands of NOK)

Balance at January 1, 2021

Adjustment <sup>1</sup>

Net (loss) income

Currency translation

Total comprehensive income

Share repurchase (net)

Share issues

Share based compensation

Transactions with non-controlling interests

Transactions with owners

Balance as of end of period

<sup>1</sup> Mainly adjustment to opening balance

Currency translation in Q3 2021 includes also fair value of cashflow hedging.

# Notes

## Note 1 – Corporate information

The Board of Directors approved the condensed interim financial statements for the nine months ended September 30, 2021 for publication on October 26, 2021. These Group financial statements have not been subject to audit or review.

Crayon Group Holding ASA (“Crayon”) is a public limited company registered in Norway. The Company is a leading IT advisory firm in software and digital transformation services. Crayon optimises its clients' return on investment (“ROI”) from complex software technology investments by combining extensive experience within volume software licensing optimization, digital engineering, and predictive analytics. Headquartered in Oslo, Norway, the company has approximately 2 124 employees in 51 offices worldwide.

## Note 2 – Basis of preparation

The consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 “Interim Financial Reporting”. The condensed interim financial statements do not include all information and disclosures required in the annual financial statement and should be read in accordance with the Group's Annual Report for 2020, which has been prepared according to IFRS as adopted by EU.

The preparation of interim financial statements requires the Group to make certain estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated by the company based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. Actual results may differ from these estimates. The most significant judgements used in preparing these interim financial statements and the key areas of estimation uncertainty are the same as those applied in the consolidated annual report for 2020.

The annual report for 2020 provides a description of the uncertainties and potential business impact from the COVID-19 pandemic outbreak. The Business Review section of this report describes updated information of the COVID-19 situation and how Crayon can be impacted. The extraordinary situation and risk which the COVID-19 pandemic represents, affects estimates and judgments of future outlook, and thus significant estimates and judgments applied in these interim financial statements. See note 9 and 11 for further information related to potential risk of impairment of goodwill and increased credit risk affecting provisions for bad debt.

## Note 3 – Significant accounting principles

The accounting policies applied in the preparation of the consolidated interim financial statement are consistent with those applied in the preparation of the annual IFRS financial statement for the year ended December 31, 2020.

New standards, amendments to standards, and interpretations that have been published, but not effective as of December 31, 2020, have not been applied in preparing these condensed financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

## Note 4 – Depreciation, amortisation

Depreciation and amortisation consist of the following:

(In thousands of NOK)	Quarter ended		Year to date ended		Year ended 31-Dec 2020
	2021	2020	2021	2020	
Depreciation	16 696	13 928	48 402	39 564	54 078
Amortisation of intangibles	24 653	21 945	68 802	63 546	86 224
<b>Total</b>	<b>41 349</b>	<b>35 873</b>	<b>117 204</b>	<b>103 110</b>	<b>140 302</b>

See note 8 for breakdown of intangible assets. See note 12 for more information on Right-of-use-assets.

## Note 5 – Other financial income and expenses

Other financial income and expenses, consists of the following:

(In thousands of NOK)	Quarter ended		Year to date ended		Year ended 31-Dec 2020
	2021	2020	2021	2020	
Interest income	2 589	1 195	6 602	7 420	8 449
Other financial income	360 332	132 709	762 175	343 554	478 259
Other financial expenses	(484 349)	(144 416)	(922 417)	(383 582)	(493 044)
<b>Other total financial income / (Expense)</b>	<b>(121 428)</b>	<b>(10 512)</b>	<b>(153 640)</b>	<b>(32 609)</b>	<b>(6 336)</b>

Foreign currency gain/loss is presented in the note on a gross basis. In the Consolidated Statement of Income 1.1-30.09 foreign currency is presented net.

## Note 6 – Segment information

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

The operating units that form a natural reporting segment are Software & Cloud Direct, Software & Cloud Channel, Software & Cloud Economics and Consulting in addition to Admin/Eliminations (Admin & Shared services and Eliminations). (Further information is found in note 2 in the Annual report for 2020).

- **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 Crayons proprietary tools 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 optimisation and support for clients in vendor audits.
- **Consulting** consists of Cloud Consulting and Solution 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 shared costs and eliminations.
- The market clusters are composed of operating countries in the different geographical areas. The Nordics is composed of Norway, Sweden, Denmark, Finland, Iceland and Ice Distribution. Europe is composed of Austria, Switzerland, Germany, Netherlands, Spain, France, Portugal, UK, Bulgaria, Macedonia, Serbia, Russia, Czech, Ukraine, Poland and Latvia. APAC & MEA is composed of India, Malaysia, Philippines, Singapore, Middle East, Sri Lanka, Mauritius, Australia and South Africa. US represents the post-closing financial contributions from the Anglepoint and SWI acquisitions, as well as Crayon US. HQ & Eliminations includes corporate admin costs (excluding other income and expenses), unallocated global shared cost and eliminations.

Operating revenue from the operating segments Software & Cloud Economics and Consulting are recognised 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 recognised point in time for software licenses and over time for cloud licenses, see note 2 for additional information.

(In thousands of NOK)	Quarter ended		Year to date ended	
	30-Sep	2020	2021	2020
<b>Adjusted EBITDA per Operating Segment</b>				
- Software & Cloud Direct	65 171	53 888	367 862	281 085
- Software & Cloud Channel	52 684	34 940	154 756	94 900
Total Adjusted EBITDA - Software & Cloud	117 856	88 828	522 618	375 985
- Software & Cloud Economics	18 816	13 309	49 718	19 471
- Consulting	31 461	19 037	115 367	73 359
Total Adjusted EBITDA - Services	50 277	32 346	165 085	92 830
Admin & shared services	(86 771)	(57 221)	(257 464)	(193 073)
<b>Total Adjusted EBITDA</b>	<b>81 362</b>	<b>63 953</b>	<b>430 238</b>	<b>275 742</b>

(In thousands of NOK)	Quarter ended		Year to date ended	
	30-Sep	2020	2021	2020
<b>Adjusted EBITDA per Market Cluster</b>				
- Nordics	102 899	66 813	382 229	304 809
- Europe	2 922	8 072	57 633	24 532
- APAC & MEA	(5 220)	2 913	58 349	30 409
- US	9 640	5 158	25 629	(5 443)
- HQ	(28 878)	(19 003)	(93 602)	(78 564)
<b>Total Adjusted EBITDA</b>	<b>81 362</b>	<b>63 953</b>	<b>430 238</b>	<b>275 742</b>

Segment information September 30, 2021, Quarter ended

(In thousands of NOK)	Software & Cloud		Services			
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	Total
<b>Operating revenue</b>						
Nordics	1 021 261	452 840	30 358	271 159	888	1 776 506
Europe	1 098 348	334 609	35 005	23 361	727	1 492 050
APAC & MEA	842 624	393 402	15 506	41 668	789	1 293 990
US	230 820	373 171	69 255	13 443	244	686 935
HQ	-	-	-	162	16 379	16 541
Eliminations	-	-	-	-	(118 791)	(118 791)
<b>Operating revenue</b>	<b>3 193 053</b>	<b>1 554 023</b>	<b>150 124</b>	<b>349 793</b>	<b>(99 763)</b>	<b>5 147 231</b>
<b>Gross profit</b>						
Nordics	83 293	38 270	26 424	170 867	1 188	320 041
Europe	66 858	23 836	29 676	21 058	737	142 164
APAC & MEA	27 511	24 315	10 494	15 427	1 670	79 418
US	31 435	7 902	63 088	6 324	244	108 993
HQ	-	116	-	14	16 525	16 655
Eliminations	-	-	-	-	(25 499)	(25 499)
<b>Gross profit</b>	<b>209 097</b>	<b>94 439</b>	<b>129 682</b>	<b>213 689</b>	<b>-5 135</b>	<b>641 771</b>
Operating expenses	143 926	41 754	110 865	182 228	102 594	581 367
<b>EBITDA</b>	<b>65 171</b>	<b>52 684</b>	<b>18 816</b>	<b>31 461</b>	<b>(107 729)</b>	<b>60 404</b>
Depreciation and Amortisation						41 349
Net financial income and expenses						146 792
<b>Net income before tax</b>						<b>(127 737)</b>
Adjustments	-	-	-	-	20 959	20 959
<b>Adjusted EBITDA</b>	<b>65 171</b>	<b>52 684</b>	<b>18 816</b>	<b>31 461</b>	<b>(86 770)</b>	<b>81 363</b>

Segment information September 30, 2021

(In thousands of NOK)	Software & Cloud		Services			
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	Total
<b>Operating revenue</b>						
Nordics	4 709 729	1 301 230	100 721	829 587	1 692	6 942 959
Europe	3 882 484	931 064	102 330	68 586	1 497	4 985 961
APAC & MEA	3 056 259	1 097 724	47 355	100 272	1 950	4 303 559
US	1 506 589	1 024 116	192 829	45 382	642	2 769 558
HQ	-	-	-	848	47 439	48 287
Eliminations	-	-	-	-	(309 340)	(309 340)
<b>Operating revenue</b>	<b>13 155 061</b>	<b>4 354 135</b>	<b>443 234</b>	<b>1 044 674</b>	<b>(256 121)</b>	<b>18 740 983</b>
<b>Gross profit</b>						
Nordics	346 292	112 433	87 103	529 934	1 794	1 077 556
Europe	223 501	69 313	84 499	61 351	1 929	440 593
APAC & MEA	136 416	65 273	28 568	47 643	3 661	281 559
US	78 153	20 945	172 472	31 635	642	303 846
HQ	-	116	-	(79)	48 141	48 178
Eliminations	-	-	-	-	(63 403)	(63 403)
<b>Gross profit</b>	<b>784 361</b>	<b>268 079</b>	<b>372 642</b>	<b>670 484</b>	<b>(7 237)</b>	<b>2 088 330</b>
Operating expenses	416 499	113 323	322 924	555 118	279 116	1 686 980
<b>EBITDA</b>	<b>367 862</b>	<b>154 756</b>	<b>49 718</b>	<b>115 367</b>	<b>(286 353)</b>	<b>401 350</b>
Depreciation and Amortisation						117 204
Net financial income and expenses						198 807
<b>Net income before tax</b>						<b>85 338</b>
Adjustments	-	-	-	-	-	28 889
<b>Adjusted EBITDA</b>	<b>367 862</b>	<b>154 756</b>	<b>49 718</b>	<b>115 367</b>	<b>(257 464)</b>	<b>430 238</b>

Segment information September 30, 2020, Quarter ended

(In thousands of NOK)	Software & Cloud		Services			
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	Total
<b>Operating revenue</b>						
Nordics	751 134	394 720	28 947	180 451	1 591	1 356 843
Europe	552 347	257 586	31 001	12 671	1 028	854 634
APAC & MEA	612 784	308 321	14 184	13 997	1 584	950 869
US	177 996	331 372	57 154	6 359	-12	572 869
HQ	-	(0)	-	1	13 437	13 438
Eliminations	-	-	-	-	(80 504)	(80 504)
<b>Operating revenue</b>	<b>2 094 260</b>	<b>1 291 999</b>	<b>131 286</b>	<b>213 479</b>	<b>(62 875)</b>	<b>3 668 149</b>
<b>Gross profit</b>						
Nordics	64 406	33 802	24 348	111 256	1 575	235 386
Europe	58 839	19 359	24 270	10 486	986	113 940
APAC & MEA	24 544	17 744	9 328	10 986	1 990	64 593
US	18 264	5 464	52 337	4 788	51	80 903
HQ	-	2 259	-	-289	15 975	17 946
Eliminations	-	-	-	-	(16 464)	(16 464)
<b>Gross profit</b>	<b>166 054</b>	<b>78 628</b>	<b>110 284</b>	<b>137 227</b>	<b>4 113</b>	<b>496 305</b>
Operating expenses	112 166	43 687	96 974	118 190	92 946	463 963
<b>EBITDA</b>	<b>53 888</b>	<b>34 940</b>	<b>13 309</b>	<b>19 037</b>	<b>(88 833)</b>	<b>32 342</b>
Depreciation and Amortisation						35 873
Net financial income and expenses						19 196
<b>Net income before tax</b>						<b>(22 728)</b>
Adjustments	-	-	-	-	31 611	31 611
<b>Adjusted EBITDA</b>	<b>53 888</b>	<b>34 940</b>	<b>13 309</b>	<b>19 037</b>	<b>(57 221)</b>	<b>63 953</b>

Segment information September 30, 2020

(In thousands of NOK)	Software & Cloud		Services			
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	Total
<b>Operating revenue</b>						
Nordics	3 455 539	1 185 771	100 581	620 072	11 940	5 373 903
Europe	2 461 750	726 133	77 290	49 396	15 804	3 330 373
APAC & MEA	1 964 528	1 060 344	33 660	57 377	3 352	3 119 261
US	1 143 209	1 024 693	158 849	13 236	531	2 340 517
HQ	-	62	(0)	3	40 695	40 760
Eliminations	-	-	-	-	(237 667)	(237 667)
<b>Operating revenue</b>	<b>9 025 026</b>	<b>3 997 002</b>	<b>370 379</b>	<b>740 083</b>	<b>(165 345)</b>	<b>13 967 146</b>
<b>Gross profit</b>						
Nordics	306 589	102 497	79 413	395 181	3 565	887 246
Europe	185 544	54 680	70 087	32 601	2 650	345 562
APAC & MEA	100 951	57 259	24 412	34 633	5 019	222 275
US	51 365	18 999	150 215	8 704	670	229 953
HQ	-	2 395	353	-286	45 257	47 718
Eliminations	-	-	-	-	(55 403)	(55 403)
<b>Gross profit</b>	<b>644 450</b>	<b>235 830</b>	<b>324 481</b>	<b>470 833</b>	<b>1 757</b>	<b>1 677 350</b>
Operating expenses	363 364	140 930	305 010	397 473	235 310	1 442 087
<b>EBITDA</b>	<b>281 085</b>	<b>94 900</b>	<b>19 471</b>	<b>73 359</b>	<b>(233 553)</b>	<b>235 263</b>
Depreciation and Amortisation						103 110
Net financial income and expenses						64 536
<b>Net income before tax</b>						<b>67 617</b>
Adjustments	-	-	-	-	-	40 480
<b>Adjusted EBITDA</b>	<b>281 085</b>	<b>94 900</b>	<b>19 471</b>	<b>73 359</b>	<b>(193 073)</b>	<b>275 742</b>

## Note 7 – 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 executive management (Management share option program). 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 includes 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.

### 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 given in conjunction with Share incentive scheme (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 bonus shares is calculated at grant date and expensed over the vesting period.

### 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 8 November 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 below.

	IPO Share incentive scheme	Management share option program	General manager share grant program	ESPP 2019	ESPP 2020
Number of share options allotted	1.92 m options	1.70 m options			
Exercise price	NOK 15.50	NOK 53.60			
Term of the option	5 years	5 years			
Share price at grant date	NOK 15.50	NOK 53.60	NOK 118.40	NOK 52.00	NOK 112.40
Numbers of shares allotted			101 k shares (estimate)	1.23 m shares	0.5 m 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.

	Quarter ended		Year to date ended		Year ended
	30-Sep	2020	30-Sep	2020	31-Dec
(In thousands of NOK)					
Share incentive scheme (IPO)	2 455	24 758	3 119	27 201	21 648
Employee share purchase program 2019 and 2020	5 782	4 183	14 328	7 839	10 369
Management share options program 2020 and 2021	12 533	2 488	22 430	5 026	16 667
<b>Share based compensation</b>	<b>20 770</b>	<b>31 429</b>	<b>39 877</b>	<b>40 066</b>	<b>48 684</b>

## Note 8 – Intangible assets

2021	Software licenses (IP)	Development costs	Technology and software		Total
			Contracts		
Aquisition cost 01.01	8 769	316 823	401 684	67 741	795 017
Additions	-	40 079	128 747	0	168 825
FX translation	(44)	5475	(4 013)	325	1 743
<b>Aquisition cost at the end of the period</b>	<b>8 725</b>	<b>362 377</b>	<b>526 418</b>	<b>68 066</b>	<b>965 585</b>
Amortisation and impairment 01.01	6 554	228 067	341 305	49 226	625 152
Amortisation	200	41 629	20 995	5 978	68 802
Impairment	-	-	-	-	0
<b>Accumulated amortisation and impairment</b>	<b>6 754</b>	<b>269 696</b>	<b>362 300</b>	<b>55 204</b>	<b>693 954</b>
<b>Net value at the end of the period</b>	<b>1 971</b>	<b>92 681</b>	<b>164 118</b>	<b>12 862</b>	<b>271 631</b>
Amortisation period	0-5 years	3-10 years	5-20 years	3-10 years	
Amortisation method	Linear	Linear	Linear	Linear	

The company recognises intangible assets in the balance sheet if it is likely that the expected future economic benefits attributable to the asset will accrue to the company and the assets acquisition cost can be measured reliably. Total amortisation of intangibles year to date September 30, 2021 amounts to NOK 68.2m. Of this, NOK 22.3m relates to amortisation of intangible assets identified as part of purchase price allocation from acquisitions.

Intangible assets with a limited useful life are measured at their acquisition cost, minus accumulated amortisation and impairments. Amortisation is recognised linearly over the estimated useful life. Amortisation period and method are reviewed annually. Intangible assets with an indefinite useful economic life are not amortised but are tested annually for impairment. See note 9 for additional information of impairment assessment at December 31, 2020.

The company divides its Intangible assets into the following categories in the balance sheet:

### Technology and software:

According to IFRS 3, the Group has assessed if there are any identifiable intangible assets separable from Goodwill arising on business combinations. The Group has determined that intangible assets arising from the business combinations of Anglepoint and FAST meet the recognition requirements under IAS 38 as separately identifiable intangible assets. In the case of FAST, a set of technology and software primarily used in a subscription service to customers who need both Software & Cloud Economics (previous SAM) and IT compliance services was capitalised. This technology and software are expected to generate future economic benefits to the Group. In the case of the business combination with Anglepoint, the Group capitalised software and technology developed internally by Anglepoint. All qualifying intangible assets acquired during business combinations are recognised in the balance sheet at fair value at the time of acquisition. Technology, Software and R&D arising from business combinations are amortised linearly over the estimated useful life.

In addition to intangible assets recognised as part of business combinations, the Group also capitalises expenses related to development activities if the product or process is technically feasible, and the Group has adequate resources to complete the development. Expenses capitalised include material cost, direct wage costs and a share of directly attributable overhead costs. Capitalised development costs are depreciated linearly over the estimated useful life.

### Software licences (IP):

Software Licences (IP) relates to intangible assets recognised in relation to Genova and from the acquisition of Navicle. Genova is part of Esito's developed software (with an indefinite lifetime), The IP allocated for Navicle is also used as an internal tool to serve its customer base and is expected to generate future economic benefits for the Group. This IP tool is amortised on straight line basis over the estimated useful lifetime.

### Contracts:

Per IFRS 3, the Group has assessed if there are any identifiable intangible assets separable from Goodwill arising from business combinations. The Group has determined that the contractual customer relationships identified in the business combinations of Anglepoint, Inmeta, FAST, Again, Sequint, Techstep, Winc and Sensa meet the recognition requirements under IAS 38 as separately identifiable intangible assets. These contractual relationships are all expected to generate future economic benefits to the Group.

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

### Note 9 – Goodwill

Goodwill arising on business combinations is initially measured at cost, being the excess of the cost of an acquisition over the net identifiable assets and liabilities assumed at the date of acquisition and relates to the future economic benefits arising from assets which are not capable of being identified and separately recognised. Following initial recognition, Goodwill is measured at cost less accumulated impairment losses. Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

(In thousands of NOK)	<b>Goodwill</b>
Aquisition cost at 01.01	960 450
Additions	76 891
Currency translation	(1 250)
<b>Aquisition cost at the end of the period</b>	<b>1 036 091</b>
Impairment at 01.01	109 517
Impairment during the period	-
<b>Accumulated Impairment at the end of the period</b>	<b>109 517</b>
<b>Net book value at the end of the period</b>	<b>926 574</b>

The Group performs an impairment test for goodwill on an annual basis or when there are circumstances which would indicate that the carrying value of goodwill may be impaired. When assessing impairment, assets are grouped into cash generating units (CGU's), the lowest levels at which it is possible to distinguish between cash flows.

Impairment of goodwill is tested by comparing the carrying value of goodwill for each CGU to the recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. The impairment assessment is built on a discounted cashflow model (DCF), with the model assumptions relating to WACC and CAGR.

Future cash flows are discounted to present value using a discount rate based on a calculation of a weighted average cost of capital (WACC). As a general principle, the Group pre-tax WACC is used for most CGUs in the model applying the US interest rate. However, when there are material differences in the local market where the CGU operates (e.g., the interest risk, or the general market conditions), the WACC is adjusted accordingly.

Crayon assess indication of impairment at each reporting period. At September 30, 2021 no impairment indication has been identified. Regarding Covid-19 outlook, the roll-out of the vaccine seems to have been relatively extensive as of Q3 2021 and many countries have opened to pre-covid levels which most likely will lead to stabilize economic conditions but impacts of the COVID-19 outbreak are still uncertain. However, Crayon's financial performance and operations has not negatively been affected during the pandemic, on the contrary, further business opportunities have raised and materialized. Crayon is not

experiencing decreased revenues, significant changes with adverse effect on the entity, or other factors described in IFRS 36 that indicate that their assets should be tested for impairment.

For more information on sensitivity analysis see Note 9 in the 2020 consolidated financial statements.

## Note 10 – Debt

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 bond was listed on the Oslo Stock Exchange April 3, 2020.

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.

Considering the refinancing mentioned above, the group also increased its revolving credit facility from NOK 200m to NOK 350m in November 2019.

In accordance with IFRS 9, the transactional costs (NOK ~ 7 m) related to the bond issue which was settled on November 22, 2019 are accretion expensed (i.e. added back) over the lifetime of the bond, thus reaching NOK 300m nominal value at maturity in Q4 2022.

On July 1, 2021 Crayon completed the issuance of a NOK 1.800 million 4- year senior unsecured floating rate bond issue with a coupon of 3 months Nibor + 375bps. This was settled July 15, 2021 and is reported as current interest- bearing debt (to be reclassified as non-current upon rhipe's acquisition completion). The cash received is in an escrow account also conditional to rhipe's acquisition completion and reported as a short-term deposit in the consolidated balance sheet statement and is not part of cash and cash equivalents.

Following the successful completion of the rhipe Limited, and the bond issued to finance the purchase, announced July 6, 2021, Crayon entered into an AUD 350m hedge contract in order to ensure the funds raised would match the expected outflow as part of the settlement. The NOK has depreciated relative to the AUD over this period, reducing the value of the AUD position in the consolidated financials. This leads to an unrealised loss presented as other financial expenses, at net NOK 92m as the value of the hedging position is adjusted to reflect the exchange rates as of date September 30, 2021. Hedge accounting is not applied for this contract.

Net interest-bearing debt means senior debt to credit institutions and other interest-bearing debt less freely available cash. Net interest-bearing debt is not adjusted for normalised working capital.

	Year to date ended		Year ended
	30-Sep	2020	31-Dec
(In thousands of NOK)			2020
Bond loan, other non-current liabilities	300 000	317 248	302 283
Lease liabilities	96 151	108 644	95 340
Current lease liabilities	31 326	31 181	31 230
Other current interest bearing debt	1 889 950	67 323	75 884
Short term deposits	(1 782 000)	-	-
Cash & cash equivalents	(796 206)	(412 794)	(1 394 120)
Restricted cash	63 624	17 310	93 676
<b>Net interest bearing debt</b>	<b>(197 235)</b>	<b>128 912</b>	<b>(795 707)</b>

## Note 11 – Financial Risk

Crayon Group is exposed to a number of risks, including currency risk, Interest rate risk, liquidity risk and credit risk. For a detailed description of these risks and how the group manages these risks, please see the 2020 annual report 20, note 19.

The COVID-19 pandemic has been considered a significant event with an uncertain economic impact with potential adverse effect on markets and economic environments in which Crayon operates, affecting financial risk considerations. As described in the business outlook section of this report, the software reseller and software consulting industries are so far less impacted by the COVID-19 pandemic than other industries.

### Liquidity risk

The risk to future revenue from customers not renewing software licenses is inherently seen as low due to the nature of the licenses sold, as software licenses are crucial for IT infrastructure and customers are expected to prioritise and maintain IT spending through the COVID-19 pandemic.

The liquidity risk assessment described in the annual report for 2020 is unchanged. Management believes that satisfactory mitigating actions are implemented.

### Credit risk

On September 30, 2021, payments from customers are not significantly impacted by the COVID-19 pandemic. DSO (Days of Sales Outstanding) is as of September 30, 2021 is down 5 days compared to September last year.

Approximately 40% of revenues comes from public sector customers and a majority of the remaining revenue is from large corporate customers with satisfactory credit ratings. These customers are likely to maintain spending on IT infrastructure during the COVID-19 pandemic and any following economic downturn. Below 2% of accounts receivables to private sector customers at September 30, 2021 are considered as high- risk industries such as travel and transport of personnel, accommodation, hospitality and leisure.

Management considers the market cluster APAC & MEA with the highest risk when it comes to COVID-19 potential impact. Governments have imposed lock-down, increasing counterparty risk as financial and business processes are disrupted. These market clusters are more reliant on manual process, i.e payments, than Europe and the Nordic region. Crayon monitors the development in the region closely and continuously reviews provisions for bad debt.

Overall Crayon considers the financial risk as moderate, but by applying mitigating actions and proactive measures this is reduced to low. The currency and interest rate risk assessments described in the annual report for 2020 covers any adverse effects from the

COVID-19 pandemic. Within YTD Q3 2021 the impact of Net accounting losses on receivables was NOK 12.7m compared to last year of NOK 5.1m.

Crayon present losses on accounts receivables as operating expenses. The impact of accounts receivables is presented below.

	Year to date ended 30-Sep		Year ended 31-Dec
(In thousands of NOK)	2021	2020	2020
Opening balance 01.01	52 492	30 113	30 113
Currency translation	1 058	1 660	(2 575)
Net reversal/ allowance	20 194	20 061	24 954
<b>Closing balance</b>	<b>73 744</b>	<b>51 834</b>	<b>52 492</b>
Profit or loss effect of bad debt			
(In thousands of NOK)	Year to date ended 30-Sep	Year ended 31-Dec	Year ended 31-Dec 2020
Realised losses	5 147	10 003	11 676
Allowance for doubtful accounts	20 194	20 061	24 954
<b>Net accounting losses on receivables</b>	<b>25 341</b>	<b>30 064</b>	<b>36 630</b>

## Note 12 – Right-of-use assets

(In thousands of NOK)	Right of use assets
Aquisition cost at 01.01	177 395
Additions	31 488
Currency translation	4 042
<b>Aquisition cost at the end of the period</b>	<b>212 925</b>
Depreciation at 01.01	61 944
Depreciation during the period	32 169
<b>Accumulated depreciation at the end of the period</b>	<b>94 113</b>
<b>Net book value at the end of the period</b>	<b>118 812</b>

Depreciation period 1-12 years  
Depreciation method Linear

Future cash outflows related to lease agreements not reflected in the measurements of lease liabilities amount to NOK 325m. Cash outflows are related to signed lease agreements where the leases are not yet commenced and relates to a period of 5 to 10 years starting 2022.

### Note 13 – Seasonality of operations

The group's result of operations and cash flows has varied, and are expected to continue to vary, from quarter to quarter and period to period. These fluctuations have resulted from a variety of factors including contractual renewals being skewed towards Q2 and Q4, year-end campaigns by key vendors (Microsoft's fiscal year ends 30 June, Oracle fiscal year ends May 31) and the number of working days in a quarter resulting in shorter production periods for consultants.

### Note 14 – Reclassification

Net VAT has historically been reported as Public duties. This is changed from Q2 2021 and is presented gross in Public duties and in Other receivables. Last year's numbers are not restated, but are made comparable in this note.

	As reported Q3 2020	Comparable Q3 2020	Change
Other current receivables	188 160	374 220	186 060
Public duties	96 987	283 048	186 060

### Note 15 – Investment in associated company

On September 22, 2021, Crayon made a GBP 3 million investment for a minority ownership in On Direct Group Limited (23.08%), recognised as an associated company in the statement of the financial position as of Q3 2021.

### Note 16 – Events after the balance sheet date

On October 14, 2021, the rhiipe's shares purchase scheme was legally effective. Crayon's acquisition of rhiipe will, subject to Crayon's payment of the purchase price, be completed on November 3, 2021.

The agreed purchase price of the shares is AUD 387m and the transaction will be settled in cash.

rhiipe 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. rhiipe, the Cloud Channel Company, 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.

There were no other significant events that have occurred subsequent to the balance sheet date that would have an impact on the interim financial statements.

# Alternative Performance Measures

The financial information in this report is prepared under International Financial Reporting Standards (IFRS), as adopted by the EU. In order to enhance the understanding of Crayon's performance, the company has presented a number of alternative performance measures (APMs). An APM is defined as by ESMA guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the relevant accounting rules (IFRS).

Crayon uses the following APM's:

- **Gross profit:** Operating Revenue less materials and supplies
- **EBIT:** Earnings before interest expense, other financial items and income taxes
- **EBITDA:** Earnings before interest expense, other financial items, income taxes, depreciation and amortization
- **Adjusted EBITDA:** EBITDA adjusted for share based compensation and other income and expenses.

	Year to date ended		Year ended 31-Dec 2020
	30-Sep 2021	2020	
(In thousands of NOK)			
EBITDA	401 350	235 262	381 414
Other Income and Expenses	28 889	40 480	31 488
<b>Adjusted EBITDA</b>	<b>430 238</b>	<b>275 742</b>	<b>412 902</b>

**Other Income and expenses:** Specifications of items defined as adjustments. Other personnel costs are related to former CEO. See table below.

	30-Sep		31-Dec 2020
	2021	2020	
(In thousands of NOK)			
Business development expenses and legal structuring	(212)	414	416
Forgivable loan (US)	(13 516)	-	(17 612)
Share based compensation	39 878	40 066	48 684
Other personell costs	2 738	-	-
<b>Other income and expenses</b>	<b>28 888</b>	<b>40 480</b>	<b>31 488</b>

**Net Working Capital:** Non- interest - bearing current assets less non- interest - bearing current liabilities. Net Working Capital gives a measure of the funding required by the operations of the business.

	Year to date ended		Year ended 31-Dec 2020	
	30-Sep			
	2021	2020		
(In thousands of NOK)				
Inventory	5 485	13 390	8 846	
Accounts receivable	3 267 435	2 528 614	3 393 421	
Other current receivables	604 383	188 160	263 347	
Income taxes payable	(64 360)	(38 261)	(49 812)	
Accounts payable	(3 106 045)	(2 252 520)	(3 560 040)	
Public duties	(330 073)	(96 987)	(250 918)	
Other current liabilities	(832 704)	(440 980)	(784 004)	
<b>Net working capital</b>	<b>(455 878)</b>	<b>(98 584)</b>	<b>(979 161)</b>	

**Free available cash:** Cash and cash equivalents less restricted cash.

**Liquidity reserve:** Freely available cash and credit facilities.

**Restricted cash:** The amount consists of employee taxes withheld and balance on a client account due to not registered share issue.

	Year to date ended		Year ended 31-Dec 2020	
	30-Sep			
	2021	2020		
(In thousands of NOK)				
Cash & cash equivalents	796 286	412 794	1 394 120	
Restricted cash	(63 624)	(17 310)	(93 676)	
Free available cash	732 662	395 484	1 300 444	
Available credit facility	209 876	256 215	281 869	
<b>Liquidity reserve</b>	<b>942 538</b>	<b>651 699</b>	<b>1 582 313</b>	

Crayon Group Holding ASA  
Sandakerveien 114A  
P.O. box 4384 Nydalen, 0402 Oslo, Norway

Phone +47 23 00 67 00  
Fax +47 22 89 10 01

Org.nr. 997 602 234  
[www.crayon.com](http://www.crayon.com)

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