



Q2 2022 Financial Report



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Highlights

- Continued strong growth with positive margin development across international markets.
- Gross sales¹⁾ grew 53% YoY to NOK 12,309m and gross profit increased by 39%.
- Adj. EBITDA grew by 29% to NOK 330m corresponding to a margin of 29% (32%).
- International expansion efforts continue and markets outside the Nordics comprised 55% of gross profit for the last 12 months, up from 49% last year and 50% for the full year 2021.

Key figures

(NOK thousands)	Q2 2022	Q2 2021	Year to date	Year to date	Full year
	Unaudited	Unaudited	Unaudited	Unaudited	2021 Restated
Gross Sales ¹⁾	12,308,602	8,071,296	20,845,046	13,593,753	26,438,331
Revenue ²⁾	1,300,185	940,411	2,340,313	1,651,207	3,533,831
Gross profit	1,129,547	811,617	2,058,361	1,446,558	3,039,747
EBITDA	327,173	259,737	466,308	340,946	590,973
Adjusted EBITDA	329,560	255,847	475,547	348,876	654,899
Operating profit/EBIT	253,029	219,967	323,463	265,091	416,431
Net income	11,454	164,809	85,930	179,981	253,947
Cash flow from operations	448,759	629,915	120,953	228,899	25,758
Adjusted EBITDA margin (%)	29.2%	31.5%	23.1%	24.1%	21.5%
Earnings per share (NOK)	(0.08)	1.77	0.78	1.96	2.58

	June 30, 2022	Jun 30, 2021	Dec 31, 2021
Liquidity reserve	1,626,629	1,620,513	1,992,143
Leverage ratio (multiple)	1.6	(1.5)	1.8
Net working capital	(522,375)	(916,799)	(712,601)
Full time employees (FTE)	3,219	2,172	2,900

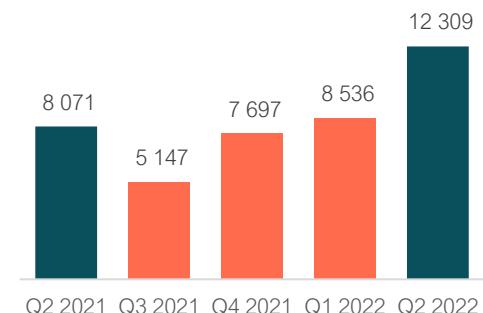
1) Gross Sales: presented historically as revenue, before change of accounting principle, see Note 3 for further information.

2) Revenue: restated with revenue from the Software & Cloud division recognized on a net basis, following change in accounting principle. See Note 3 for further information.

See page 22 for details on Alternative Performance Measures.

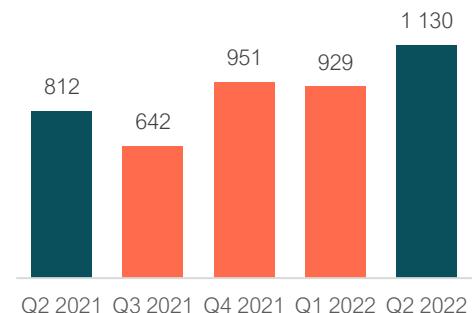
Gross Sales

NOK million



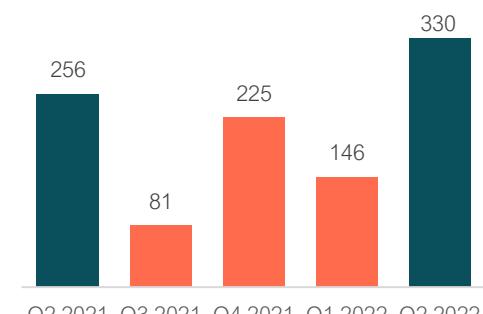
Gross Profit

NOK million



Adjusted EBITDA

NOK million



Business review

(Figures in parentheses refer to the same period in the previous year)

Crayon continued its positive development in the second quarter, with growth across market clusters and business areas. Gross profit grew by 39% year-over-year (YoY) to NOK 1,130m, while Adj. EBITDA ended at NOK 330m, up 29% YoY and corresponding to an Adj. EBITDA margin of 29% (32%).

The strong results were driven by continued organic growth as well as positive effects from the recent acquisition of Australia-based cloud and licensing specialist company, rhipe, which closed in early November 2021. Organic gross profit growth was 19% YoY.

Market Clusters

All market clusters grew YoY, with the strongest gross profit growth coming from APAC & MEA, with strong positive impact from the rhipe acquisition, which also positively affected profitability in the region.

The Nordics remains Crayon's largest market cluster and reported strong gross profit of NOK 468m (411m), up 14% YoY in Q2. Adj. EBITDA in the Nordics grew to NOK 180m (156m) for a stable margin of 38% YoY.

In Europe, gross profit was NOK 227m, up 27% YoY. Adj. EBTIDA was NOK 64m (55m), corresponding to a margin of 28% (31%).

APAC & MEA underwent the strongest growth, owing to the acquisition of rhipe in Q4 2021. Gross profit in the quarter was NOK 306m, up 151% from NOK 122m in Q2 2021, with an Adj. EBITDA of NOK 112m, corresponding to a margin of 37% (51%).

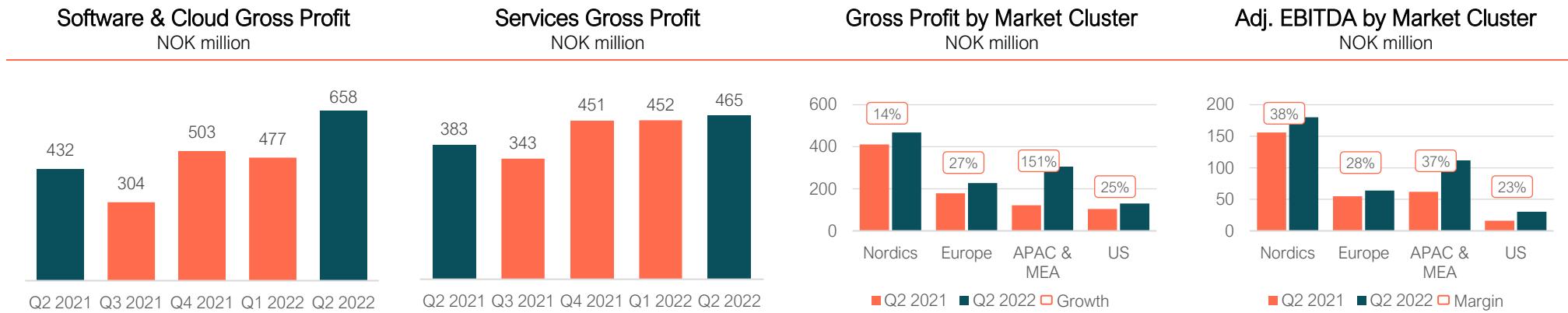
The US continued its positive development and reported NOK 130m in gross profit for the quarter, up 25% YoY, driven by both Services and Software & Cloud. Adj. EBITDA came in at NOK 30m with a positive margin of 23% (16%).

Business Areas

All business areas developed positively in the quarter, with Software & Cloud Channel contributing the most to gross profit growth, growing by 165% YoY, positively impacted by acquisitions in 2021.

Gross profit in the Services division grew by 21.7% to NOK 465m, driven primarily by growth in the Nordics and APAC & MEA market clusters. Adj. EBITDA came in at NOK 69m with a positive margin of 15%, which is a reduction from 20% in Q2 2021. The reduction in margins is driven by continued investments in new service capabilities, driven by the ramp-up time of new resources.

Software & Cloud Direct and Software & Cloud Channel were the main contributors to gross profit growth. Gross profit in Software & Cloud Channel was NOK 231m (87m), with strong positive impact from the rhipe acquisition in November 2021. Software & Cloud Direct also delivered solid gross profit growth of 24% YoY. Profitability remains strong for the Software & Cloud division with an Adj. EBITDA of NOK 401m (260m), corresponding to a margin of 61% (60%).



Financial review

(Figures in parentheses refer to the same period in the previous year)

Revenue

During 2022, revenue from the resale of software licenses within the Software & Cloud division is recognized on a net basis. See Note 3 for more details on changes in accounting policies.

Revenue in Q2 2022 increased by 38% YoY to NOK 1,300m, with a gross profit of NOK 1,130m, up from NOK 812m in Q2 2021. Revenue in first half 2022 increased by 42% YoY to NOK 2,340m, with a gross profit of NOK 2,058m, up from NOK 1,447m first half 2021. Gross Sales, corresponding to historically reported revenue, grew by 53% YoY to reach NOK 12,309m in Q2, compared to NOK 13,594m in Q2 2021.

Items below EBITDA

Depreciation and amortization increased by NOK 34m YoY in Q2, primarily driven by increased depreciation from the acquisition of rhipe.

Interest expenses increased by NOK 35m YoY in Q2, primarily related to interest on a new NOK 1,800m senior unsecured bond issued on July 1, 2021. Other financial expense, net increased by NOK 161m, mainly due to currency impact from exchange rate movements on the balance sheet. Net income before tax decreased by NOK 163m to NOK 21m YoY, mainly due to higher sales and improved EBITDA-margin, which has been more than offset by currency loss under other financial expense, net. Income tax expense for the quarter amounted to NOK 10m.

Net profit for the quarter was NOK 11m, compared to NOK 165m last year. Earnings per share allocated to owners decreased to NOK -0.08 from NOK 1.77 in Q2 2021 and decreased to NOK 0.78 from 1.96 for first half year.

Adjusted EBITDA

Adjusted EBITDA excludes share-based compensation and other income and expenses and amounted to NOK 330m in Q2 2022. Other income and expenses mainly consisted of post-acquisition expenses from rhipe acquisition. Share-based compensation programs in Crayon relates to the option program from the IPO in 2017, the broad-based Employee Stock Purchase Plan in 2019, 2020 and 2022 and an option and share-based management performance program for strategic KPIs during 2020-2022.

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

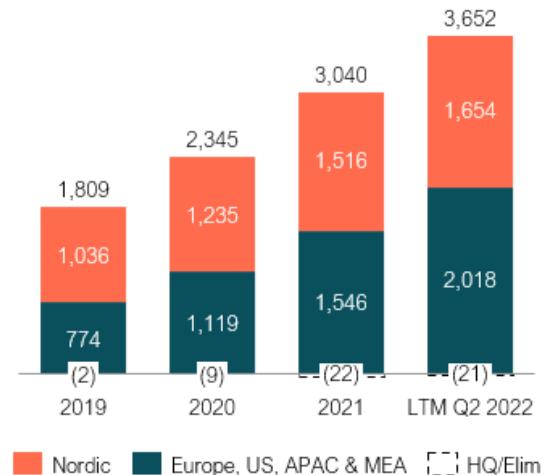
Balance sheet

As of June 30, 2022, Crayon had total assets of NOK 15,786m (NOK 8,767), primarily composed of accounts receivable NOK 7,965m (NOK 5,218m), Goodwill NOK 3,152m (NOK 927m) and Cash & Cash Equivalents NOK 1,213m (NOK 1,415m). Total liabilities as of June 30, 2022, amounted to NOK 13,297m (NOK 7,405m) and consisted primarily of Accounts Payable NOK 8,340m (NOK 5,341m) and Interest-bearing liabilities NOK 1,774m (NOK 296m).

Net working capital increased by NOK 394m YoY, mainly due to contributions from acquisition of rhipe, depreciation of NOK against other currencies and gross profit growth, partially offset by decreased net trade working capital. Management is continuing its efforts to control working capital, particularly considering the growth in emerging markets with varying credit risks and payment cycles.

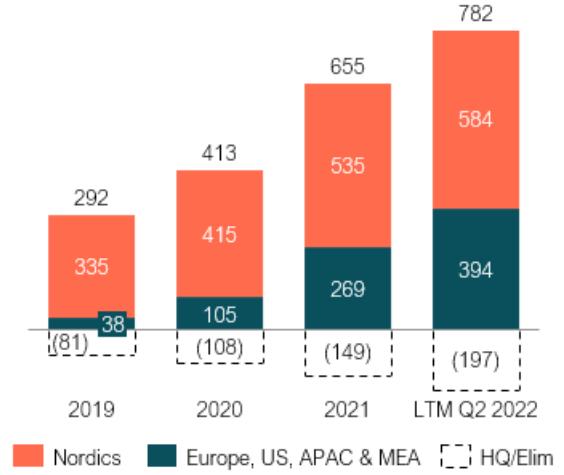
Gross Profit by Market Cluster

NOK million



Adj. EBITDA by Market Cluster

NOK million



The provision for bad debt increased by NOK 30m (including currency impact) compared to Q2 2021 from 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.

Crayon has a large number of customers spread across several countries and industries and there is no specific concentration of credit risk with respect to accounts receivable, but in general the APAC & MEA region has higher credit risk.

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 non-recourse factoring agreements, which has been implemented for a set of customers in Norway and in Denmark. As of June 30, 2022, factoring reduced accounts receivable by NOK 424m (NOK 131m).

Equity increased by NOK 331m from year-end 2021, primarily driven by net income of NOK 86m and gain on currency translation of NOK 218m due to depreciation of NOK against foreign currencies.

Cash flow

Cash flow from operations in Q2 2022 was positive NOK 449m, compared to positive NOK 630m in Q2 2021, mainly due to increased net working capital YoY.

The net cash position as of June 30, 2022, was NOK 1,213m compared to NOK 1,415m as of June 30, 2021, and NOK 1,217m as of December 31, 2021. The cash balance is reported net of drawdown on the revolving credit facility ("RCF").

The liquidity position remained strong, with a total liquidity reserve of NOK 1,627m as of June 30, 2022 (NOK 1,621m) down from NOK 1,992m as of December 31, 2021. 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.

Leverage

Net interest-bearing debt as of June 30, 2022, was NOK 1,253m, with a corresponding leverage ratio of 1.6x Adj. EBITDA¹⁾, providing significant headroom with regards to bank covenants as of the end of the quarter.

Employees

Our people are our greatest asset, and we strive to continuously attract, develop, and retain top talent, but even more importantly, we empower our employees to perform at the best of their abilities every day.

The number of full-time employees on June 30, 2022, increased by 60.7% to 3,219 compared to 2,172 on June 30, 2021. In the Software & Cloud business division, full-time employees increased by 350, representing 50% increase, while in the Services business division, it increased by 533 employees, and increase of 46%. Other employees increased by 163 YoY.

The invasion of Ukraine by Russia in February 2022 introduced new risks to the health and safety of Crayon's employees in the region. Crayon has taken significant measures to ensure the safety and well-being of its employees and their families as well as to safeguard customers, partners, and society.

¹⁾ On an LTM basis, excluding share-based compensation and other income and expense. Also, including restricted cash and lease liabilities in the calculation of net interest-bearing debt.

Condensed Consolidated Statement of Income

(NOK thousands)	Note	Q2 2022		Year to date		Full year
		Unaudited	Q2 2021	Unaudited	Q2 2022	
Revenue ¹⁾	6	1,300,185	940,411	2,340,313	1,651,207	3,533,831
Cost of sales		(170,639)	(128,794)	(281,953)	(204,648)	(494,083)
Gross profit		1,129,547	811,617	2,058,361	1,446,558	3,039,747
Payroll and related expenses		(660,666)	(484,242)	(1,326,145)	(961,992)	(2,067,845)
Other operating expenses		(139,321)	(71,528)	(256,668)	(135,690)	(317,004)
Share based compensation		1,274	(10,225)	(3,299)	(19,107)	(55,002)
Other income and expenses		(3,661)	14,115	(5,940)	11,177	(8,923)
EBITDA		327,173	259,737	466,308	340,946	590,973
Adjustments		2,387	(3,890)	9,239	7,930	63,926
Adjusted EBITDA		329,560	255,847	475,547	348,876	654,899
Depreciation and amortization	4	(74,143)	(39,770)	(142,845)	(75,855)	(174,543)
Operating profit/EBIT		253,029	219,967	323,463	265,091	416,431
Share of profit (loss) from associated companies		79	-	(692)	-	(1,172)
Interest expense		(44,301)	(9,506)	(83,222)	(19,804)	(83,067)
Other financial expense, net	5	(187,375)	(26,349)	(115,935)	(32,211)	(29,090)
Net income before tax		21,432	184,111	123,615	213,076	303,101
Income tax expense on ordinary result		(9,979)	(19,303)	(37,685)	(33,095)	(49,155)
Net income		11,454	164,809	85,930	179,981	253,947
Comprehensive income						
Items that are or may be reclassified subsequently to profit or loss						
Currency translation		243,481	6,362	217,820	(4,586)	11,488
Comprehensive income net of tax		254,935	171,171	303,750	175,395	265,434
Allocation of net income						
Non-controlling interests		18,518	16,001	17,093	15,607	27,020
Owners of Crayon Group Holding ASA		(7,064)	148,808	68,837	164,374	226,926
Net income allocated		11,454	164,809	85,930	179,981	253,947
Earnings per share (NOK)		(0.08)	1.77	0.78	1.96	2.58
Allocation of comprehensive income						
Non-controlling interests		20,262	15,916	19,217	15,972	27,525
Owners of Crayon Group Holding ASA		234,673	155,255	284,533	159,423	237,910
Comprehensive income allocated		254,935	171,171	303,750	175,395	265,434

1) Revenue restated as net based on revised accounting principle, for further information see Note 3

See Alternative Performance Measures section in the Note disclosure for definitions

Condensed Consolidated Balance Sheet Statement

(NOK thousands)	30-Jun			31-Dec			30-Jun			31-Dec												
	Note	Unaudited	Unaudited	Restated	Unaudited	Unaudited	Note	Unaudited	Unaudited	Restated	Unaudited	Unaudited										
		2022	2021		2021	2021		2022	2021		2021	2021										
ASSETS																						
<i>Non-current assets:</i>																						
Intangible assets																						
Development Costs	8	105,886	94,492	98,165			Share capital	88,614	83,979			88,072										
Technology and software	8	91,438	14,709	99,487			Own shares	(10)	(10)			(10)										
Contracts	8	598,204	175,787	598,831			Share premium	1,806,306	1,053,515			1,734,159										
Software licenses (IP)	8	1,861	2,058	1,941			Total paid-in equity	1,894,911	1,137,484			1,822,221										
Goodwill	9	3,151,691	926,701	2,998,258			Retained earnings	545,598	206,645			299,285										
Deferred tax asset		76,666	39,261	81,201			Total equity attributable to parent company shareholders	2,440,508	1,344,128			2,121,506										
Total intangible assets		4,025,744	1,253,007	3,877,883			Non-controlling interests	48,427	18,450			36,440										
Tangible assets																						
Equipment		72,497	43,087	59,753			Total shareholders' equity	2,488,935	1,362,579			2,157,946										
Right of use assets	12	151,480	128,591	114,958			<i>Non-current liabilities:</i>															
Total tangible assets		223,977	171,678	174,711			Interest-bearing liabilities	10	1,774,420	296,438	1,771,052											
Investment in associated companies		35,879	-	36,571			Deferred tax liabilities		131,908	16,832	135,021											
Other non-current receivables		42,176	61,159	68,574			Lease liabilities		119,913	104,846	87,164											
Total financial assets		78,055	61,159	105,145			Other non-current liabilities		24,941	71,160	58,197											
Total non-current assets		4,327,776	1,485,845	4,157,739			Total non-current liabilities		2,051,182	489,276	2,051,434											
<i>Current assets:</i>																						
Inventory		3,589	9,591	2,869			Current liabilities:															
Accounts receivable	11	7,964,533	5,218,175	4,492,969			Accounts payable		8,339,995	5,341,244	4,813,772											
Other current receivables	14	2,276,764	639,192	1,421,421			Income taxes payable		62,174	60,588	58,171											
Total receivables		10,241,297	5,857,367	5,914,390			Public duties	14	882,069	561,915	458,898											
Cash & cash equivalents	10	1,213,014	1,414,619	1,216,618			Current lease liabilities		43,548	31,609	39,064											
Total current assets		11,457,900	7,281,578	7,133,877			Other current interest-bearing liabilities	10	434,750	100,201	413,311											
Total assets		15,785,676	8,767,422	11,291,616			Other current liabilities		1,483,023	820,010	1,299,019											
LIABILITIES AND SHAREHOLDERS' EQUITY																						
<i>Shareholders' equity:</i>																						
Total equity and liabilities																						

Condensed Consolidated Statement of Cash Flows

(NOK thousands)	Q2 2022	Q2 2021	Year to date	Year to date	Full year
	Unaudited	Unaudited	Q2 2022 Unaudited	Q2 2021 Unaudited	2021 Restated
Cash flows from operating activities:					
Net income before tax	21,432	184,111	123,615	213,076	303,101
Taxes paid	(34,036)	(9,840)	(72,163)	(25,248)	(72,103)
Depreciation, amortization and impairment	74,143	39,770	142,845	75,855	174,543
Net interest expense	36,619	8,074	68,307	15,791	69,119
Changes in inventory, accounts receivable/payable	294,742	141,271	53,939	(44,296)	43,088
Changes in other current accounts	55,859	266,528	(195,591)	(6,279)	(491,990)
Net cash flow from operating activities	448,759	629,915	120,953	228,899	25,758
Cash flows from investing activities:					
Payment for capitalized assets	(35,677)	(21,504)	(59,317)	(35,049)	(82,807)
Acquisition of subsidiaries - (net of cash acquired) and associated companies	(9,400)	(122,575)	(9,400)	(122,575)	(2,477,900)
Net cash flow from investing activities	(45,078)	(144,079)	(68,718)	(157,624)	(2,560,707)
Cash flows from financing activities:					
Net interest paid on interest-bearing liabilities	(33,541)	(7,520)	(63,355)	(12,657)	(42,057)
Share issues	63,852	-	63,852	-	685,892
Share capital increase not registered	8,838	-	8,838	-	-
Acquisition/disposal of non-controlling interests	(1,874)	-	(41,744)	(3,816)	(4,964)
Proceeds from issuance of interest bearing liabilities	-	-	-	-	1,800,000
Repayment of interest-bearing liabilities	(16,421)	(14,048)	(29,922)	(25,443)	(53,385)
Other financial items	-	-	-	-	(10,000)
Net cash flow from financing activities	20,854	(21,568)	(62,331)	(41,915)	2,375,485
Net increase (decrease) in cash and cash equivalents	424,536	464,269	(10,095)	29,359	(159,464)
Cash and cash equivalents at beginning of period	784,651	962,059	1,216,618	1,394,120	1,394,120
Currency translation	3,827	(11,708)	6,491	(8,859)	(18,038)
Cash and cash equivalents at end of period	1,213,014	1,414,620	1,213,014	1,414,620	1,216,618

Condensed Consolidated Statement of Changes in Shareholder's Equity

June 30, 2021		Attributable to equity holders of Crayon Group Holding ASA						
(NOK thousands)		Share capital	Own shares	Share premium	Other Equity	Total	Non-controlling interests	Total equity
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 income		-	-	-	164,374	164,374	15,607	179,981
Currency translation		-	-	-	(4,951)	(4,951)	364	(4,586)
Total comprehensive income		-	-	-	159,423	159,423	15,972	175,395
Share repurchase (net)					-	-	-	-
Share issues		2,291	-	76,628	-	78,919	-	78,919
Share-based compensation		-	-	-	13,352	13,352	764	14,116
Transactions with non-controlling interests		-	-	-	(7,490)	(7,490)	(1,618)	(9,108)
Transactions with owners		2,291	-	76,628	5,863	84,781	(855)	83,927
Balance as of end of period		83,979	(10)	1,053,515	206,644	1,344,128	18,451	1,362,579
June 30, 2022		Attributable to equity holders of Crayon Group Holding ASA						
(NOK thousands)		Share capital	Own shares	Share premium	Other Equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2022		88,072	(10)	1,734,159	299,285	2,121,506	36,440	2,157,946
Adjustment ¹		-	-	-	-	-	-	-
Net income		-	-	-	68,837	68,837	17,093	85,930
Currency translation		-	-	-	215,696	215,696	2,124	217,820
Total comprehensive income		-	-	-	284,533	284,533	19,217	303,750
Share repurchase (net)		-	-	-	-	-	-	-
Share issues		542	-	63,310	-	63,852	-	63,852
Share capital increase not registered		-	-	8,838	-	8,838	-	8,838
Share-based compensation		-	-	-	12,169	12,169	444	12,612
Transactions with non-controlling interests		-	-	-	(50,389)	(50,389)	(7,674)	(58,063)
Transactions with owners		542	-	72,147	(38,220)	34,470	(7,230)	27,240
Balance as of end of period		88,615	(10)	1,806,306	545,598	2,440,509	48,427.036	2,488,936

¹⁾Mainly adjustment to opening balance

Notes

Note 1 – Corporate information

The Board of Directors has approved the condensed interim financial statements for the three-month period ended June 30, 2022, for publication on August 17, 2022. These Group financial statements have not been subject to audit or review.

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".

Crayon specializes 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.

Crayon had 3,219 full time employees across 47 countries at the end of the period.

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 2021, 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 2021, except for those following the change in accounting policy described in Note 3.

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, 2021, except for the change in accounting policy due to IFRS 15 principal vs agent IASB Interpretation Committee agenda decision described below.

New standards, amendments to standards, and interpretations that have been published, but not effective as of December 31, 2021, have not been applied in preparing these condensed financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

Change in accounting policy due to IFRS 15-principal vs agent IASB Interpretation Committee agenda decision

With reference to Note 2 in the 2021 annual report and Note 3 in the Q1 2022 report.

May 2022, the IFRS Interpretation Committee (IFRIC) formally published the final agenda decision providing guidance to principal versus agent-assessment under IFRS 15 for Software Resellers. The new guidance provided by the IFRIC clarifies that the software reseller pre-sales advice (while important) is not an implicit promise in a contract with a customer. At the time of entering into a contract with the customer, the reseller has already provided the advice. There is no further advice to be provided by the reseller and the advice already provided will not be transferred to the customer after contract inception. Accordingly, the IFRIC concluded that, at the time of entering into a contract with a customer, there is no valid expectation of the customer that the reseller will transfer a good or service to the customer other than the software licenses.

Based on a control assessment of the standard software license as the promised goods rather than a combination with an implied promise of providing a service, arising from the new guidance, Crayon has decided to reassess whether the group acts as a principal or an agent for transactions under the software and cloud division. Management concluded that Crayon does not control the software licenses from the software provider before they are transferred to the customer and therefore acts as an agent on the software and cloud licenses business. Consequently, the Group has revised its accounting policy for the software and cloud licenses business and is from Q1 2022 accounting for this as agent and recognizes revenue net of related costs. Incentives and rebates from vendors previously recognized as a reduction in cost of sales will be recognized as revenue. Assessment of any further indirect effects of this change on the accounting policy is still ongoing.

Prior period(s) have been restated according to IAS 8. The adjusted amounts for current and comparative periods are presented in the table below. Gross profit, EBITDA, Operating profit, Net income, Balance sheet, Equity and Cash Flow statements are unchanged.

Results of change in accounting policy

(NOK thousands)	Q2 2021			Year to date Q2 2021			Full year 2021			Full year 2020
	Reported	Adjustments	Restated	Reported	Adjustments	Restated	Reported	Adjustments	Restated	Restated
Revenue	8,071,296	(7,130,885)	940,411	13,593,753	(11,942,546)	1,651,207	26,438,331	(22,904,501)	3,533,831	2,688,349
Cost of sales	(7,259,678)	7,130,885	(128,794)	(12,147,194)	11,942,546	(204,648)	(23,398,584)	22,904,501	(494,083)	(343,564)
Gross profit	811,617	-	811,617	1,446,558	-	1,446,558	3,039,747	-	3,039,747	2,344,785
EBITDA	259,737		259,737	340,946		340,946	590,973		590,973	381,414
Adjusted EBITDA	255,847		255,847	348,876		348,876	654,899		654,899	412,902
Operating profit/EBIT	219,967		219,967	265,091		265,091	416,431		416,431	241,112
Net income before tax	184,111		184,111	213,076		213,076	303,101		303,101	193,652
Net income	164,809		164,809	179,981		179,981	253,947		253,947	126,831

Segment Information June 30, 2021 – RESTATED

(NOK thousands)	Q2 2021						Year to date Q2 2021					
	Software & Cloud			Services			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
Revenue												
Nordics	1,980,912	447,795	35,288	311,281	(346)	2,774,930	3,688,468	848,390	70,362	558,428	805	5,166,453
Europe	2,000,482	305,561	36,927	22,608	174	2,365,751	2,784,136	596,455	67,325	45,225	770	3,493,911
APAC & MEA	1,418,974	366,137	21,921	39,919	522	1,847,473	2,213,635	704,322	31,849	58,603	1,160	3,009,570
US	751,180	340,880	62,416	17,965	193	1,172,634	1,275,769	650,945	123,574	31,938	397	2,082,623
HQ	-	-	-	434	15,101	15,535	-	-	-	686	31,059	31,745
Eliminations	-	-	-	-	(105,027)	(105,027)	-	-	-	(190,549)	(190,549)	
Revenue Reported	6,151,548	1,460,373	156,551	392,207	(89,384)	8,071,296	9,962,008	2,800,112	293,110	694,880	(156,358)	13,593,753
Adjustment	(5,806,588)	(1,373,280)			48,983	(7,130,885)	(9,386,744)	(2,626,471)			70,670	(11,942,546)
Revenue Restated	344,960	87,093	156,551	392,207	(40,400)	940,411	575,264	173,641	293,110	694,880	(85,688)	1,651,207
Gross profit												
Nordics	146,564	38,331	30,563	196,346	(500)	411,303	262,999	74,163	60,679	359,067	606	757,515
Europe	100,639	22,303	31,328	23,571	617	178,459	156,643	45,477	54,823	40,294	1,193	298,429
APAC & MEA	68,272	19,237	11,032	22,077	1,088	121,705	108,905	40,958	18,074	32,216	1,990	202,141
US	29,485	7,222	54,481	13,168	193	104,549	46,718	13,043	109,385	25,311	397	194,854
HQ	-	-	-	(63)	15,453	15,390	-	-	-	(92)	31,616	31,524
Eliminations	-	-	-	-	(19,789)	(19,789)	-	-	-	(37,904)	(37,904)	
Gross Profit Reported	344,960	87,093	127,404	255,099	-2,939	811,617	575,264	173,641	242,960	456,795	-2,102	1,446,558
Adjustment	(171)	(340)	(116)	(2,411)	3,038	(0)	(526)	(308)	(342)	(3,204)	4,381	(0)
Gross Profit Restated	344,789	86,753	127,289	252,688	99	811,617	574,738	173,332	242,618	453,592	2,279	1,446,558

Note 4 – Depreciation, amortization

Depreciation and amortization consist of the following:

(NOK thousands)	Q2 2022	Q2 2021	Year to date Q2 2022	Year to date Q2 2021	Full year 2021
Depreciation	26,660	17,202	49,917	31,706	68,923
Amortisation of intangibles	47,483	22,568	92,928	44,149	105,620
Total	74,143	39,770	142,845	75,855	174,543

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:

(NOK thousands)	Q2 2022	Q2 2021	Year to date Q2 2022	Year to date Q2 2021	Full year 2021
Interest income	7,682	1,432	14,915	4,013	13,948
Other financial income	383,014	280,436	892,229	401,843	1,238,779
Other financial expenses	(578,071)	(308,217)	(1,023,078)	(438,067)	(1,281,818)
Other total financial income / (expense)	(187,375)	(26,349)	(115,935)	(32,211)	(29,090)

Foreign currency gain/loss is presented in the note on a gross basis. In the Consolidated Statement of Income January 1 – June 30 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 analyze 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 2021).

- Software & Cloud Direct** is Crayon's license 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 license advisory/optimization, software license sales and access to Crayons proprietary tools and IP.

- Software & Cloud Economics** services include processes and tools for enabling clients to build in-house Software Asset Management (SAM) capabilities, license spend optimization, 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, Latvia, Slovenia and Hungary. APAC & MEA is composed of India, Malaysia, Philippines, Singapore, Middle East, Sri Lanka, Mauritius, Australia and South Africa. US represents the financial contributions from subsidiary, Anglepoint and 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 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.

(NOK thousands)	Year to date Q2 2022	Year to date Q2 2021	Year to date Q2 2022	Year to date Q2 2021
Adjusted EBITDA per Operating Segment				
- Software & Cloud Direct	276,527	207,688	407,677	302,690
- Software & Cloud Channel	125,012	52,616	222,381	102,072
Total Adjusted EBITDA - Software & Cloud	401,539	260,305	630,058	404,762
- Software & Cloud Economics	22,926	19,851	34,896	30,902
- Consulting	45,953	56,080	91,239	83,906
Total Adjusted EBITDA - Services	68,879	75,931	126,135	114,807
Admin & shared services	(140,858)	(80,388)	(280,645)	(170,694)
Eliminations	-	-	-	-
Total Adjusted EBITDA	329,560	255,847	475,547	348,876

(NOK thousands)	Year to date Q2 2022	Year to date Q2 2021	Year to date Q2 2022	Year to date Q2 2021
Adjusted EBITDA per Market Cluster				
- Nordics	179,980	155,967	328,856	279,330
- Europe	64,047	54,758	76,120	54,711
- APAC & MEA	111,864	61,913	145,445	63,569
- US	30,376	16,249	37,227	15,988
- HQ	(56,707)	(33,040)	(112,101)	(64,723)
Total Adjusted EBITDA	329,560	255,847	475,547	348,876

Segment information June 30, 2022, Quarter ended

(NOK thousands)	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Operating revenue						
Nordics	174,594	43,836	40,594	323,262	13,235	595,520
Europe	126,235	29,196	44,547	79,395	(109)	279,265
APAC & MEA	82,159	146,380	25,679	129,619	2,499	366,337
US	44,183	11,810	66,747	14,894	159	137,793
HQ	-	(53)	-	311	25,648	25,906
Eliminations	-	-	-	-	(124,635)	(124,635)
Operating revenue	427,170	231,170	177,568	547,480	(83,203)	1,300,185
Gross profit						
Nordics	174,594	43,836	33,256	213,067	3,688	468,441
Europe	126,235	29,196	37,900	32,846	888	227,065
APAC & MEA	82,159	146,380	14,624	59,416	3,465	306,044
US	44,183	11,810	65,293	8,755	154	130,195
HQ	-	(53)	-	221	25,711	25,879
Eliminations	-	-	-	-	(28,078)	(28,078)
Gross profit	427,170	231,170	151,074	314,305	5,828	1,129,547
Operating expenses	150,644	106,158	128,148	268,352	149,073	802,374
EBITDA	276,527	125,012	22,926	45,953	(143,245)	327,173
Depreciation and Amortisation					(74,143)	
Share of results from associates					79	
Net financial income and expenses					(231,676)	
Net income before tax						21,433
Adjustments	-	-	-	-	2,387	2,387
Adjusted EBITDA	276,527	125,012	22,926	45,953	(140,858)	329,560

Segment information June 30, 2021, Quarter ended

(NOK thousands)	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Operating revenue						
Nordics	146,564	38,331	35,288	311,281	(346)	531,118
Europe	100,639	22,303	36,927	22,608	174	182,650
APAC & MEA	68,272	19,237	21,921	39,919	522	149,871
US	29,485	7,222	62,416	17,965	193	117,281
HQ	-	-	-	434	15,101	15,535
Eliminations	-	-	-	-	(56,044)	(56,044)
Operating revenue	344,960	87,093	156,551	392,207	(40,400)	940,411
Gross profit						
Nordics	146,564	38,331	30,563	196,346	(500)	411,303
Europe	100,639	22,303	31,328	23,571	617	178,459
APAC & MEA	68,272	19,237	11,032	22,077	1,088	121,705
US	29,485	7,222	54,481	13,168	193	104,549
HQ	-	-	-	(63)	15,453	15,390
Eliminations	-	-	-	-	(19,789)	(19,789)
Gross profit	344,960	87,093	127,404	255,099	(2,939)	811,617
Operating expenses	137,272	34,476	107,553	199,020	73,560	551,880
EBITDA	207,688	52,616	19,851	56,080	(76,499)	259,737
Depreciation and Amortisation					(39,770)	
Share of results from associates					-	
Net financial income and expenses					(35,855)	
Net income before tax						184,112
Adjustments	-	-	-	-	(3,890)	(3,890)
Adjusted EBITDA	207,688	52,616	19,851	56,080	(80,388)	255,847

Segment information June 30, 2022

(NOK thousands)	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Revenue						
Nordics	297,251	92,911	80,818	666,541	7,791	1,145,312
Europe	195,941	56,816	71,888	116,716	665	442,026
APAC & MEA	139,818	256,911	41,050	236,115	4,340	678,234
US	74,520	21,082	135,033	27,732	218	258,584
HQ	-	(53)	-	428	50,348	50,723
Eliminations	-	-	-	-	(234,566)	(234,566)
Revenue	707,529	427,667	328,789	1,047,532	(171,205)	2,340,313
Gross profit						
Nordics	297,251	92,911	66,094	434,615	4,138	895,010
Europe	195,941	56,816	64,583	60,179	1,508	379,027
APAC & MEA	139,818	256,911	24,657	117,361	4,861	543,608
US	74,520	21,082	130,213	19,498	143	245,455
HQ	-	(53)	-	191	50,410	50,548
Eliminations	-	-	-	-	(55,287)	(55,287)
Gross profit	707,529	427,667	285,547	631,843	5,774	2,058,361
Operating expenses	299,852	205,286	250,652	540,604	295,658	1,592,053
EBITDA	407,677	222,381	34,896	91,239	(289,884)	466,308
Depreciation and Amortization					(142,845)	
Share of results from associates					(692)	
Net financial income and expenses					(199,156)	
Net income before tax						123,615
Adjustments	-	-	-	-	9,239	9,239
Adjusted EBITDA	407,677	222,381	34,896	91,239	(280,645)	475,547

Segment information June 30, 2021

(NOK thousands)	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Revenue						
Nordics	262,999	74,163	70,362	558,428	805	966,757
Europe	156,643	45,477	67,325	45,225	770	315,439
APAC & MEA	108,905	40,958	31,849	58,603	1,160	241,474
US	46,718	13,043	123,574	31,938	397	215,670
HQ	-	-	-	686	31,059	31,745
Eliminations	-	-	-	-	(119,879)	(119,879)
Revenue	575,264	173,641	293,110	694,880	(85,688)	1,651,207
Gross profit						
Nordics	262,999	74,163	60,679	359,067	606	757,515
Europe	156,643	45,477	54,823	40,294	1,193	298,429
APAC & MEA	108,905	40,958	18,074	32,216	1,990	202,141
US	46,718	13,043	109,385	25,311	397	194,854
HQ	-	-	-	(92)	31,616	31,524
Eliminations	-	-	-	-	(37,904)	(37,904)
Gross profit	575,264	173,641	242,960	456,795	(2,102)	1,446,558
Operating expenses	272,574	71,568	212,059	372,890	176,522	1,105,613
EBITDA	302,690	102,072	30,902	83,906	(178,624)	340,945
Depreciation and Amortization					(75,855)	
Share of results from associates					-	
Net financial income and expenses					(52,015)	
Net income before tax						213,076
Adjustments	-	-	-	-	7,930	7,930
Adjusted EBITDA	302,690	102,072	30,902	83,906	(170,694)	348,875

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). A share grant program has been implemented for general managers in 2021 and 2022 (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 Q2 2022, 250 000 options from the IPO Share incentive scheme and 92 332 options from Management share option program were exercised.

Employee share purchase program (ESPP)

In the employee share purchase program, 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). Latest offer was given in Q2 2022 (ESPP 2022). 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. In Q2 2022, 913 employees participated in the ESPP 2022 and a total of 542 498 shares were subscribed for. Board of directors and executive management subscribed for approximately 17 000 and 7 000 shares, 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. Bonus shares related to ESPP 2019-program vested in Q4 2021.

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 2021	General manager share grant program 2022	ESPP 2019	ESPP 2020	ESPP 2022
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 166.40 86 k shares (estimate)	NOK 52.00	NOK 112.40	NOK 126.70
Numbers of shares allotted	-	-	69 k shares	-	1.23 m shares NOK 30.00	0.5 m shares NOK 85.90	0.5 m shares NOK 117.70
Subscription price	-	-	-	-	2 years	2 years	2 years
Lock-up period	-	-	0 - 2 years	0 - 2 years	-	-	-

Cost related to share-based compensation, as displayed in the table below, includes employee social security tax. Negative amounts are related to reversal of accrued employee social security tax as a consequence of the reduction in share price during the quarter.

(NOK thousands)	Q2 2022	Q2 2021	Year to date		Full year 2021
			Q2 2022	Q2 2021	
Share incentive scheme (IPO)	(2,031)	218	(2,850)	665	4,488
Employee share purchase program 2019-2022	2,378	4,063	3,939	8,546	12,320
Management share options program 2020-2022	(1,621)	5,944	2,210	9,896	38,194
Share based compensation	(1,274)	10,225	3,299	19,107	55,002

Note 8 – Intangible assets

(NOK thousands)	Software licenses (IP)	Development costs	Contracts	Technology and software	Total
Aquisition cost 01.01	8,760	386,130	986,201	208,585	1,589,675
Additions	-	36,970	-	-	36,970
FX translation	55	7,896	39,782	7,189	54,922
Aquisition cost at the end of the period	8,815	430,996	1,025,983	215,773	1,681,568
Amortisation and impairment 01.01	6,820	287,965	387,370	109,098	791,252
Amortisation	135	37,145	40,410	15,238	92,928
Impairment	-	-	-	-	-
Accumulated amortisation and impairment	6,955	325,110	427,779	124,336	884,180
Net value at the end of the period	1,861	105,886	598,204	91,438	797,388
Amortisation period	0-5 years	3-10 years	5-20 years	3-10 years	
Amortisation method	Linear	Linear	Linear	Linear	

The company recognizes 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. NOK 51.2m relates to amortization 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 amortization and impairments. Amortization is recognized linearly over the estimated useful life. Amortization period and method are reviewed annually. Intangible assets with an indefinite useful economic life are not amortized but are tested annually for impairment. See Note 9 for additional information of impairment assessment on December 31, 2021.

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 capitalized. 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 capitalized software and technology developed internally by Anglepoint. All qualifying intangible assets acquired during business combinations are recognized in the balance sheet at fair value at the time of acquisition. Technology, Software and R&D arising from business

combinations are amortized linearly over the estimated useful life. The group has also determined that that technology arising from rhipe business combination meet the recognition criteria under IAS 38.

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

Software licenses (IP):

Software Licenses (IP) relates to intangible assets recognized 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 amortized 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 Senza and rhipe 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 amortization. Linear amortization 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 recognized. 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:

(NOK thousands)	Goodwill
Aquisition cost at 01.01	3,094,624
Additions	-
Currency translation	166,584
Aquisition cost at the end of the period	3,261,208
Impairment at 01.01	109,517
Impairment during the period	-
Accumulated Impairment at the end of the per	109,517
Net book value at the end of the period	3,151,691

The Group performs an impairment test for goodwill on an annual basis or when there are impairment indicators. 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. For 2021, pre-tax WACC used is 9.11% (2020: 8.82%).

Crayon assesses indication of impairment at each reporting period. On June 30, 2022, no impairment indication has been identified.

For more information on sensitivity analysis see Note 9 in the 2021 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 bond has a floating coupon rate of 3 months NIBOR + 350 bps p.a. (CRAYON 03). Any outstanding bond will 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 were used to refinance CRAYON02 in November 2019, with a total principal of NOK 450m at a coupon of 3 months NIBOR +550 bps p.a.

In accordance with IFRS 9, the transactional costs (NOK ~ 7m) 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 issued a NOK 1,800m 4-year senior unsecured floating rate bond issue with a coupon of 3 months NIBOR + 375 bps. 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 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.

Net interest-bearing debt means senior debt to credit institutions and other interest-bearing debt less freely available cash.

(NOK thousands)	Q2 2022	Q2 2021	Full year
Interest-bearing liabilities	1,774,420	300,000	1,771,052
Lease liabilities	119,913	104,846	87,164
Current lease liabilities	43,548	31,609	39,064
Other current interest-bearing liabilities	434,750	100,201	413,311
Cash & cash equivalents	(1,213,014)	(1,414,619)	(1,216,618)
Restricted cash	93,295	60,972	72,261
Net interest bearing debt	1,252,912	(816,992)	1,166,233

Note 11 – Financial Risk

Crayon Group is exposed to a number of risks, including foreign exchange 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 2021 annual report, Note 19.

On April 26, 2022, Crayon announced its decision to cease operations in Russia due to the war in Ukraine. The company will support its customers and employees with the transition. The decision is not expected to have material impact on Crayon's financials, global operations or overall outlook and growth prospects. Operations in Ukraine are progressing as planned with limited financial risk for the group.

Market risk

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.

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.

Liquidity risk

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

Credit risk

The Group is exposed to credit risk from its operational 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. Also, during the Covid-19 pandemic, payments from customers was not significantly impacted. DSO (Days of Sales Outstanding) as of June 2022 is up 0.1 days compared to June last year. The Group continues to intensify collection efforts over outstanding receivables as a precaution against risk brought about by increased operations in new markets outside the core Nordic region. Crayon present losses on accounts receivable as operating expenses. The impact of accounts receivable is presented below.

Allowance for doubtful accounts in the balance sheet

(NOK thousands)	Q2 2022	Q2 2021	Year to date	Year to date	Full year
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	2021
Opening balance 01.01	85,622	52,492	85,622	52,492	52,492
Currency translation	12,220	4,220	5,351	248	16,386
Net reversal/ allowance	(4,854)	5,924	2,016	9,896	16,744
Closing balance	92,989	62,636	92,989	62,636	85,622

Profit or loss effect of bad debt

(NOK thousands)	Q2 2022	Q2 2021	Year to date	Year to date	Full year
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	2021
Realized losses	18,327	972	18,356	2,720	10,042
Allowance for doubtful accounts	(4,854)	5,924	2,016	9,896	16,744
Net accounting losses on receivables	13,473	6,896	20,371	12,617	26,786

Note 12 – Right-of-use assets and lease liabilities

(NOK thousands)	Right-of-use assets
Acquisition cost at 01.01	237,932
Additions	61,051
Currency translation	9,481
Acquisition cost at the end of the period	308,464
Depreciation at 01.01	126,386
Depreciation during the period	30,597
Accumulated depreciation at the end of the period	156,983
Net book value at the end of the period	151,480
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 374m. 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 during 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 June 30, 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.

(NOK thousands)	As reported Q2 2021	Comparable Q2 2021	Change
Other current receivables	639,192	1,097,828	458,636
Public duties	561,915	1,020,551	458,636

Note 15 – Hedge accounting

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.

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. Realized effects are recognized through statement of profit or loss, in the same line as the hedged objects.

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, recognized under other comprehensive income (OCI). Currency forward realized gain or loss will be reclassified to statement of profit and loss in the same line as the hedged object. Total unrealized gains recognized in Q2 2022 under OCI amounts to NOK 0.11m. There is no ineffectiveness to be recognized. There are not active designated fair value hedges as of Q2 2022.

Note 16 – Events after the balance sheet date

On July 7, 2022, Crayon announced a grant of 100,000 options to Chief Technology Officer Florian Rosenberg. Strike price of 125.20 NOK (equal to market price on June 30). The options will vest in three tranches, with 1/3 vesting annually, with a five-year overall term for the option agreements.

Responsibility statement by the Board and CEO

The Board and CEO have considered and approved the condensed set of financial statements for the period 1 January to 30 June 2022. We confirm to the best of our knowledge that the condensed set of financial statements for the above-mentioned period:

- Has been prepared in accordance with IAS 34 (Interim Financial Reporting)
- Gives a true and fair view of the Group's assets, liabilities, financial position, and overall result for the period viewed in in their entirety
- That the interim management report includes a fair review of any significant events that arose during the above-mentioned period and their effect on the financial report
- Gives a true picture of any significant related parties' transactions, principal risks and uncertainties faced by the Group

Oslo, August 16, 2022



Grethe Viksaas



Rune Syversen
Chairman



Dagfinn Ringås



Jennifer Koss



Wenche Marie Agerup



Jens Winther Moberg



Mette Wam



Jens Rugseth



Christian Ødemark



Melissa Mulholland
CEO



Brit Smestad

Alternative Performance Measures

The 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 several alternative performance measures (APMs). An APM is defined by ESMA guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the relevant accounting rules (IFRS).

Crayon uses the following APM's:

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

(NOK thousands)	Year to date	Year to date	Full year
	Q2 2022	Q2 2021	2021
EBITDA	466,308	340,946	590,973
<i>Adjustments:</i>			
Share based compensation	3,299	19,107	55,002
Other income and expenses	5,940	(11,177)	8,923
Adjusted EBITDA	475,547	348,876	654,899

Other Income and expenses: Specifications of items defined as adjustments. Other personnel costs are related to redundancy costs in rhipe for Q1 2022 and payout to former CEO in Crayon Group for prior periods. See table below.

(NOK thousands)	Year to date	Year to date	Full year
	Q2 2022	Q2 2021	2021
Business development expenses and legal structuring	1,412	(13,916)	20,148
Forgivable loan (US)	-	-	(13,963)
Share based compensation	3,299	19,107	55,002
Other personell costs	4,528	2,738	2,738
Other income and expenses	9,239	7,930	63,926

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.

(NOK thousands)	Year to date	Year to date	Full year
	Q2 2022	Q2 2021	2021
Inventory	3,589	9,591	2,869
Accounts receivable	7,964,533	5,218,175	4,492,969
Other current receivables	2,276,764	639,192	1,421,421
Income taxes payable	(62,174)	(60,588)	(58,171)
Accounts payable	(8,339,995)	(5,341,244)	(4,813,772)
Public duties	(882,069)	(561,915)	(458,898)
Other current liabilities	(1,483,023)	(820,010)	(1,299,019)
Net working capital	(522,375)	(916,799)	(712,601)

Leverage ratio: Net interest-bearing debt (Note 10), divided by LTM adjusted EBITDA (LTM: last twelve months)

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

Liquidity reserve: Free available cash and available credit facilities.

Restricted cash: The amount consists of employee taxes withheld and cash as collateral for bank guarantees.

(NOK thousands)	Year to date	Year to date	Full year
	Q2 2022	Q2 2021	2021
Cash & cash equivalents	1,213,014	1,414,619	1,216,618
Restricted cash	(93,295)	(60,972)	(72,261)
Free available cash	1,119,718	1,353,647	1,144,357
Available credit facility	506,911	266,866	847,786
Liquidity reserve	1,626,629	1,620,513	1,992,143

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