



Annual Report 2018

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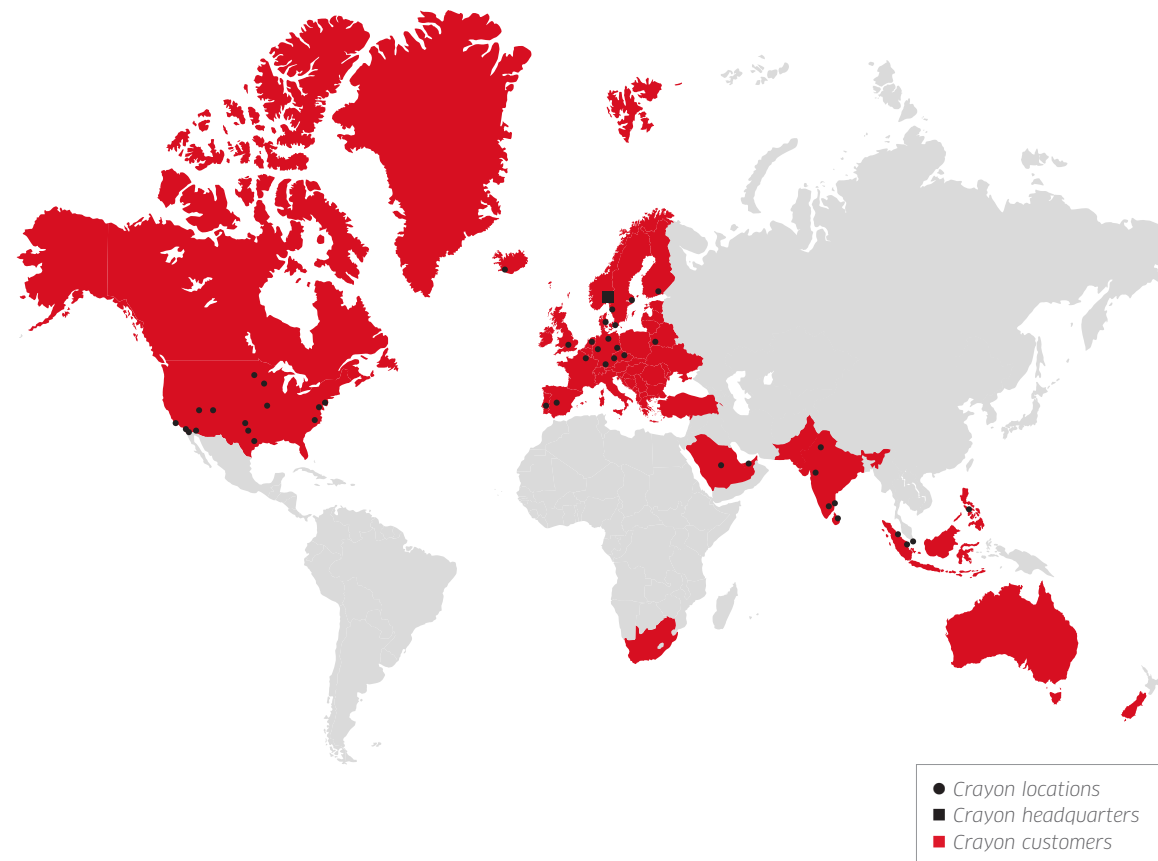
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Investor relations:
[www.crayon.com/en/about-us/
investor-relations](http://www.crayon.com/en/about-us/investor-relations)

Presence



NUMBER OF
OFFICES WORLD WIDE

45

ADDRESSABLE MARKET
COVERAGE

~80%

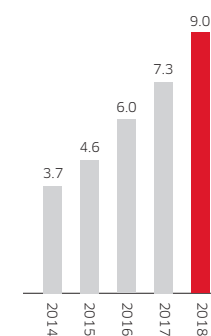
Key Figures

(NOK in thousands, unless stated)	2018	2017	2016
Revenue	9 047 526	7 301 712	6 015 162
Gross profit	1 486 108	1 215 776	1 128 404
EBITDA	177 055	103 842	91 719
Adjusted EBITDA	188 141	130 600	105 175
EBIT	100 576	32 158	(7 299)
Net income	11 000	(50 734)	(30 213)
Cash flow from operations	114 746	152 859	139 662
Gross profit margin (%)	16.4%	16.7%	18.8%
Adjusted EBITDA margin (%)	2.1%	1.8%	1.7%
Adjusted EBITDA / Gross profit margin (%)	12.7%	10.7%	9.3%
Earnings per share (NOK per share)	0.20	(0.59)	(0.21)

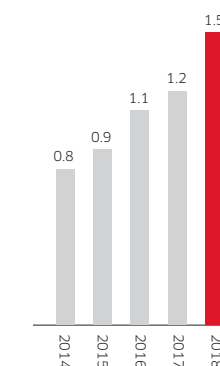
	31 December 2018	31 December 2017	31 December 2016
Liquidity reserve	515 708	548 770	288 400
Net working capital	(343 216)	(405 301)	(339 605)
Average headcount (number of employees)	1 128	977	945

See note disclosure for definitions, note 14 and 25

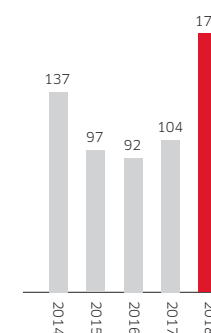
OPERATING REVENUE
In NOK billions



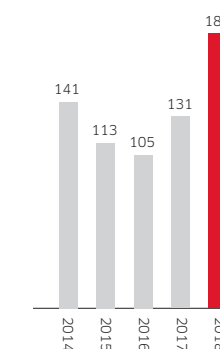
GROSS PROFIT
In NOK billions



EBITDA
In NOK millions



ADJUSTED EBITDA
In NOK millions



KEY FINANCIAL FIGURES

GROSS PROFIT
GROWTH

+22%

ADJUSTED EBITDA
GROWTH

+44%

Selected Highlights of 2018



JANUARY

Had our first worldwide service launch, which was Modern Workplace as a Service (MWaaS)

JANUARY

FEBRUARY

Cybersecurity event with our new partner, Cybereason, a leading cybersecurity data analytics platform, where we explored latest threats to organisations



MAY

Crayon hosted its World Summit in Singapore, where we showcased our IP and advisory services, plus issued partner awards



OCTOBER

Annual Partner Summit in London where more than 50 SW/IT vendors attended

MARCH

Crayon CEO Rune Syversen speaks at the SHE conference, Europe's largest gender diversity conference



JULY

Crayon was among the thousands of partners at Microsoft Inspire in Las Vegas, where we were able to discuss strategies and best practices

FEBRUARY

Crayon's annual Nordic Infrastructure Conference (NIC) had more than 1 000 attendees and 25 vendors



NOVEMBER

Awarded AWS Microsoft Workloads Competency Partner 2018-2019



DECEMBER

Microsoft Norway named Crayon Partner of the Year for the Data & AI Award and the Modern Workplace Award



DECEMBER

Awarded Oracle Partner of the Year



OCTOBER

Crayon Iceland celebrated its 5-year anniversary with more than 120 attendees

NOVEMBER

Crayon World in Finland hosted 130 customers, channel partners and sponsors

DECEMBER

Crayon became CSP and LSP for every country in Africa, except South Africa

CEO Letter

Dear Friends of the Company,

Crayon was founded on the beliefs of value creation, innovation, and transformation. As we look at the various forces affecting businesses today such as rapid change, digitalisation, security and emerging technologies, we have never been in a better position to capitalise on the environment in which we compete.

As digital transformations are increasingly a cornerstone of businesses' strategies, Crayon is perfectly poised for success. When you think about it, all companies, regardless of industry, are essentially becoming software companies. As more companies automate services, collect and analyse more data, streamline processes, and create new innovations, they are increasingly more digital and require more complex technologies.

In addition, the sheer number of devices that are connected to the internet is forecast to double over the next three years, while the amount of data stored is expected to triple over the next five years.

The inevitable result of these market trends is that IT spending will substantially increase.

Clearly, this is nothing but good news for us. More businesses will need our unique IP to efficiently move their data storage from on-site premises to the cloud, which also means they will need our expertise in expanding and refining their IT infrastructure.

Our deep knowledge of managing data

and clients' ROI on their IT investments also perfectly positions us to use emerging technologies to create real business value. Through artificial intelligence (AI) and machine learning (ML) we can sharpen the value created from IT estates, which ensures that both cost and revenue are optimised.

A History of Success

When Crayon began 17 years ago, our mission was simple: Provide clients with the IT services they truly need. Through evolving technologies and increased demand, that goal is more and more complex, however we have kept pace.

2018 marked our first full year as a publicly traded company, and as I said in my letter last year, our initial public offering would help achieve our strategic objective of scalability in customer loyalty and strengthening our IP portfolio as well as our international reach. This past year, we did that and more:

- We posted the best full-year financial results in our history with an organic gross profit growth of 22% and adjusted EBITDA of MNOK 188 (up MNOK 58 compared to 2017).
- Demonstrated strong commercial momentum across all business areas and market clusters. We are particularly proud of the continued strong performance in the Nordics (+19% YoY gross profit growth) and Start-Ups(+38%). We also experienced significant acceleration within our services, with Consulting (+26% YoY gross profit growth).
- Won significant awards from key partners: AI Competency partner of AWS; Microsoft Norway's Partner of the Year in Data & AI and Partner of the Year for Modern Workplace.

- We hired about 150 new teammates across 23 markets, bringing our numbers to nearly 1 200 worldwide.
- We secured more than 1,000 new customers in 2018 and continued our impressive customer loyalty of 96% with > 80% win-rate.
- We continued to support our customers' goals to migrate their data and applications from on-premises to the cloud, moving more than 300 000 TB of data to the cloud. That means eliminating a football-field size of data center floor space.
- Delivered nearly 50 AI/ML projects, including improving cancer diagnostics, milk-production forecasting and drastically reducing the workload for a global maritime energy company.
- Added more than 700 000 new customers to our highly scalable, provisioning platform Cloud-iQ, ending the year with more than 1.1 million end-user subscriptions.
- Continued to deepen our software and cloud economics capabilities, helping customers optimise ROI from IT spending by an estimated annual value of 1.28 billion NOK

Our Unique Business Model

At Crayon, we take pride in our uniqueness. We are the unparalleled leader in software and cloud economics and known for helping organisations optimise license usage, reduce costs and stay compliant with legislation like GDPR and intricate licensing terms from vendors such as Microsoft, IBM, SAP, AWS and Oracle.

In fact, our ability to seamlessly navigate complex licensing was among the reasons Henkel AG & Company became a new customer in 2018.

The DAX-listed German chemical and consumer goods company with 53 000 employees wanted to transform and optimise its software services. We've been able to provide a hybrid solution of cloud and on-premise technologies and implement a transparent and efficient digital transformation.

Many companies, like Henkel, are looking to sharpen their digitalisation journey.



As the market demands more data and more applications, these journeys will only get more complex. Luckily for those companies, Crayon is well-positioned to help.

- We are very cost-effective, and our customers trust us to best optimise their IT services.
- We have deep technical expertise combined with a consulting practice that meets organisations' operational and strategic demands.
- We enjoy strong vendor relationships that foster our intrinsic understanding of all the global technology platforms: Microsoft, AWS, Oracle and IBM.
- Plus, we are the premier data experts. We know where the data is, how to obtain key insights on that data and how to manage those insights.

These attributes are also what solidify us as a leader in emerging technologies within the modern enterprise today as well as tomorrow.

Artificial Intelligence and Machine Learning

Artificial Intelligence has long been more than just a buzzword and it's now widely recognised as a key factor in growing IT budgets. Instead of investing in existing IT infrastructure, nearly half of future IT spend will be driven by new business applications.

“

We are really starting to see businesses across the globe accelerate their digital transformations, which means we are surrounded by exceptional market opportunities, and it's exciting to be in a position to guide our clients step by step through this complicated journey.

That's why we have and will continue to invest heavily in emerging technologies. Through building up our AI Centers of Excellence, our ambition is to be in dozens of markets around the world deploying deep data science and AI consulting capabilities to our clients.

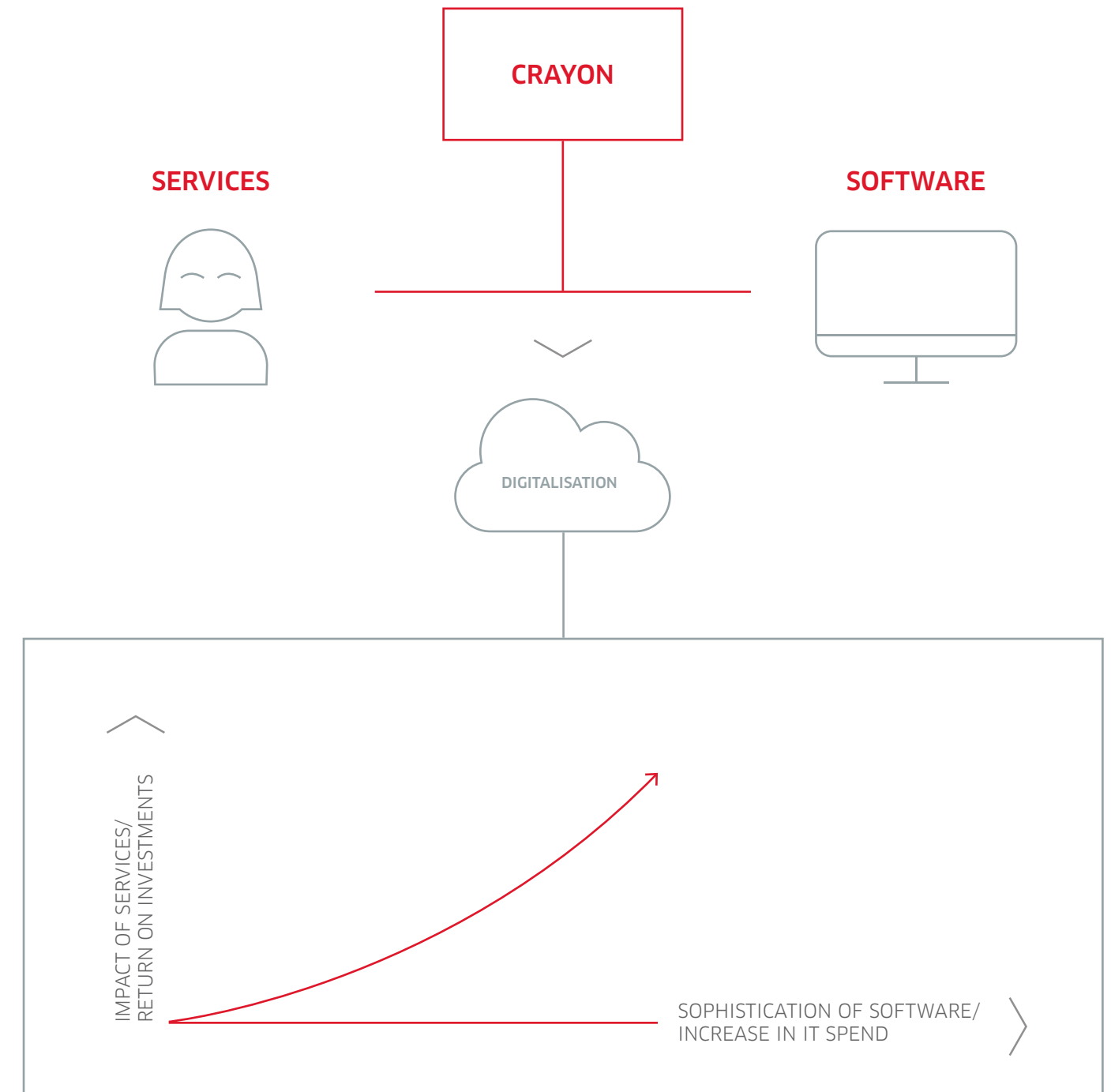
With about 50 data scientists, data engineers, and AI advisors, we enable clients to reap the benefits from big data, analytics and machine-learning solutions.

This past year we collaborated with Norway's national hospital to transform their diagnostic approach to colon cancer. Our data scientists also worked with Norway's largest dairy producer, Tine, to create a machine-learning solution that improved farms' ability to forecast milk production. In addition, our award-winning AI team created a new IP for DNV-GL, a global maritime energy company.

There are many more projects planned for the coming year and we are excited to be perfectly situated to grow our AI practice to create real business value.

It's our deep technical expertise, combined with our business objectives with data maturity, and strong vendor relationships that ensure we are surrounded by exceptional market opportunities.

None of this would be possible without our talented teammates, partners and investors. I would like to thank every one of you for driving quality service and innovation to propel us further in being the world's foremost technology experts.



CRAYON

Crayon specialises in supporting customers across all industry sectors with complex local, regional and global IT estates. Our mission is to help our clients navigate complicated technologies through our unique talents, tools and systems to optimise clients' ROI on their technology investments.

CLIENT

The rapid rate of change in the global IT market demands that enterprise and commerce digitally transform to keep pace with a world filled with disruption and volatility. Emerging technologies and data-driven innovation enable businesses to thrive in these ever-changing times.

MAIN OFFERING

Given the market trends and the increasingly complexity involving all technologies, it's critical for businesses to have expert guidance. Studies have shown that businesses across all industries and of all sizes simply cannot keep up with the advancements alone.

MARKET

Already a global leader in IT and digital transformation services, we operate the world's largest independent cloud economics practice. Our approach to cloud economics also dovetails perfectly with our artificial intelligence and machine learning strategies, which creates a winning combination for our customers.

Crayon Management



TORGRIM TAKLE
Chief Executive Officer

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

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



RUNE SYVERSEN
Founder and Deputy Chief Executive Officer

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

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



JON BIRGER SYVERTSEN
Chief Financial Officer

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

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

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

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



BENTE LIBERG
Chief Operating Officer

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

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



MATTIAS ÖDLUND
Chief Technology Officer

Values and Sustainability

Our world is facing some of the greatest social and environmental challenges of our time. Crayon is committed to building a greener and more sustainable future through recognising our impact on the planet and improving our efforts in fair labour and business practices, responsible use of resources and ensuring equality for all.

As a global company, we can make the biggest change by empowering our teammates and partners to exemplify our values in their local communities. As a framework, the Crayon Values are: Integrity, Pace, Agility and Quality.

1. Integrity builds trust, which is essential to sustaining our position as an integral part of our customers’ IT solutions team.

2. Pace ensures we identify opportunities rapidly and execute value propositions to customers faster than our competitors.

3. Agility fuels our innovations to remain the global leader in intelligent technology and cloud-based solutions.

4. Quality is tied to integrity, as we have exacting and high standards to drive successful project outcomes and ongoing customer retention.

Crayon Communities

We have 45 offices around the world, and in each of those cities our employees are encouraged to volunteer their time and effort to help make a difference. From our Oslo team’s participation in a race to raise money for children in developing countries to our colleagues

in India who supported flood victims in Chennai, Kerala and Karnataka; our culture of caring is making a global impact. Many of our teammates have also participated in fundraisers to support those fighting cancer. In the US, our team in Dallas ran a race and our colleagues in the UK participated in the world’s largest coffee morning, a fundraiser that brought in more than £26 million.

Nearly 20 of our UK team also volunteered at a local public school, painting the classrooms because the school couldn’t afford it. And we are particularly proud of one of our US teammates who spends his time helping disabled military service personnel through a fishing program.

Teammate Enablement

Our biggest asset is our employees, and its imperative for them to have the necessary tools to work efficiently and effectively on a global scale.

That is why we have the new Microsoft AX ERP System and Microsoft Dynamics CRM Platform. The new ERP system is the future backbone of the company and paves the way to integrated and efficient global operations. We will be rolling it out successively in 2019, as it’s the largest and most impactful investment in our history.

To further drive home our motto of “One Company... One Team,” we hosted our annual Back To Work sessions. This program takes place shortly after the New Year, where offices around the world discuss highlights from the previous year and goals for the new year.

Corporate Social Responsibility

Crayon Group’s wider Corporate Social Responsibility (CSR) status is evaluated by an independent 3rd party named Eco

Vadis. Our rating acknowledges how well our company has integrated the principles of CSR into its overall business.

The Eco Vadis methodology covers 21 criteria across four themes – environment, fair labour practices, ethics/fair business practices, and supply chain. The methodology is built on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000, and the Eco Vadis report for 2018 is available on Crayon’s homepage.

Crayon’s current rating of Silver is only one point below a Gold rating, and we will continue to advance our CSR strategies to achieve Gold status.

According to Eco Vadis, Crayon Group is in the top 6% of companies that the organisation rated in our industry. With respect to our policies involving the environment, we are also in the top 6% when compared to other companies in our sector. Eco Vadis noted our strength in our efforts to reduce CO2 emissions from business travel, reduce our paper consumption, manage battery waste and recycling of IT equipment and related items.

Eco Vadis pointed to our whistleblower procedure on discrimination and/or harassment issues and internal audits on health and safety issues, as examples of strengths in the labour and human rights theme.

For supply chain, Eco Vadis noted our regular supplier assessment on environmental or social practices. In the ethics category, the independent agency mentioned our strong restrictions relating to how confidential information is collected and stored.

AREAS COVERED BY ECO VADIS METHODOLOGY

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



Financial Highlights 2018

Financially, 2018 represented a major achievement for Crayon with very strong growth and profitability improvements across the board.

Revenue grew by 24% YoY in 2018, from NOK 7.3b to NOK 9.0b in 2018, while gross profit grew with 22% YoY from NOK 1 216m in 2017 to NOK 1 486m in 2018 and adjusted EBITDA grew with 44% from NOK 131m in 2017 to NOK 188m in 2018. For measuring performance across segments the most appropriate indicator is gross profit and EBITDA, as this is net of cost of goods sold (typically, software licenses) and is thus comparable across the different business divisions (software/services) in Crayon Group.

The group operates and reports based in four geographical segments – Nordics (Norway, Sweden, Denmark and Finland), Growth Markets (Germany, Middle East,

France, UK), Start-ups (Countries with inception point in 2014 and later) and US.

Crayon experienced strong growth in gross profits in 2018 across all geographies with Nordics delivering +141m/19% YoY growth; Growth markets +58m/28%, Start-ups +40m/38% and US +22m/17% YoY growth. This demonstrates the ability of the business to both reinforce the cornerstone position in the Nordic markets while also leveraging the footholds established internationally, building the market presence and leveraging economies of scale on the local organisations and the global Crayon organisation.

This gross profit growth is also reflected in the EBITDA development. Adjusted EBITDA grew from NOK 131m in 2017 to NOK 188m in 2018, a growth of 44%/ NOK 58m. This growth was driven primarily by the Nordics, but also Growth Markets and Start-ups contributed positively. Across all these geographic clusters, it is also encouraging to note the

improvement in the EBITDA margin during 2018. The EBITDA development in the US market is still reflecting the investments into the business, with the Gross Profit growth more than offset by increased costs in to further accelerate drive growth long term.

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

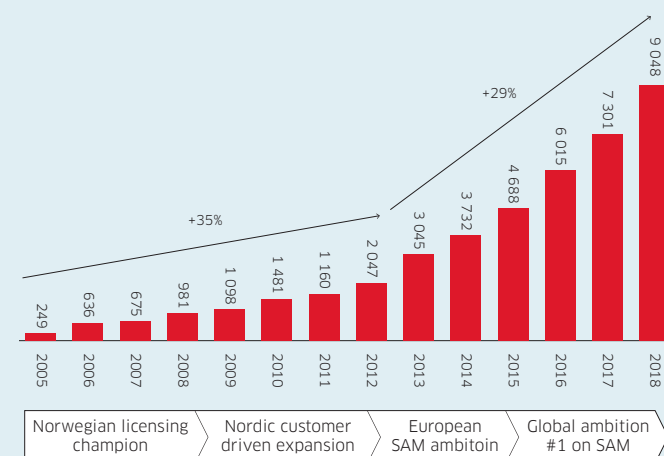
Across the geographies, Crayon continued to pursue its “SAM first – Cloud first” strategy. As a result, Crayon achieved a best-in-class cloud mix (measured based on Microsoft sales) of 70% in Q4 2018 and a continued strong momentum on the SAM business.

Cash flow from operations remained strong in 2018 with NOK 115m, although somewhat negatively affected by a build-up of trade working capital compared to the 2017 result of NOK 153m. Working capital continues to be a focus area for management, and the business will continue to address this going forward.

Furthermore, the balance sheet of the company remained strong, with a decrease in leverage ratios driven by the strong EBITDA growth against a constant long term debt position.

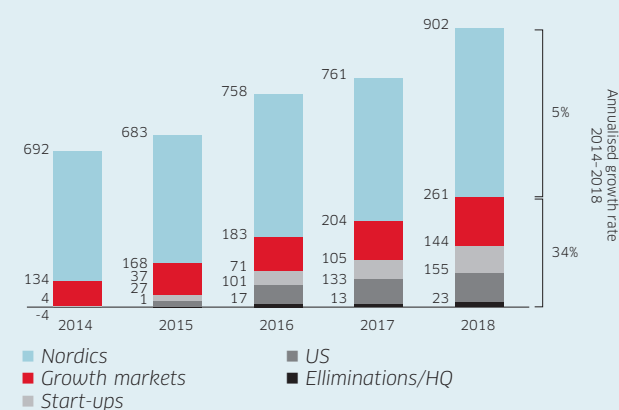
THE CRAYON GROWTH JOURNEY

NOK millions



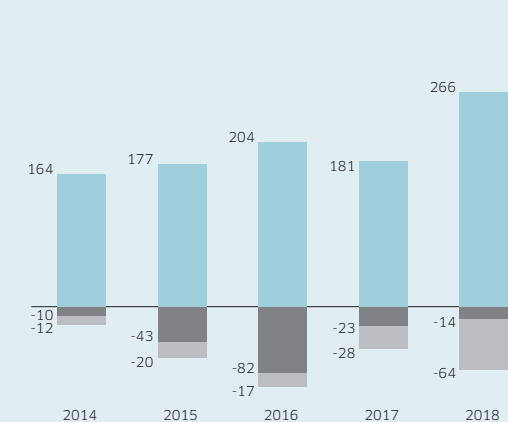
GROSS PROFIT GROWTH BY INTERNATIONAL MARKETS

NOK millions



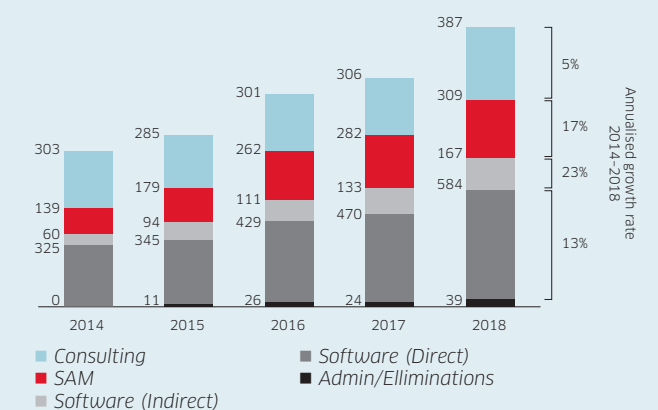
EBITDA GROWTH ALSO DRIVEN BY NEW GEOGRAPHIES

NOK millions



GROSS PROFIT GROWTH DRIVEN BY SAM AND LICENSING

NOK millions



DIGITALISATION TRANSFORMATIONS

CRAYON'S PLATFORMS are specifically designed to help customers deploy digital and cloud technology while securing the efficient running and continuity of their business.

Our cloud services are key to empowering clients to transform and maximise new opportunities and drive material value for our teammates, partners and investors.

With a history that is steeped in Software Asset Management (SAM) services and IP, we also help organisations properly manage their software licenses, including staying compliant with the complex licensing terms from vendors such as Microsoft, IBM, SAP, AWS and Oracle.

CRAYON 2018 YOY
GROWTH IN CLOUD
ECONOMICS

200%

Board of Directors



JENS RUGSETH
Chairman of the Board

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

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



GRETHE VIKSAAS
Board Member

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

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



DAGFINN RINGÅS
Board Member

Dagfinn Ringås is the chief executive officer of Sysco AS. Mr. Ringås has more than 20 years of experience within the IT-industry, of which the past 10 years have been with Microsoft Norway, where he was responsible for the corporate market and partners. Mr. Ringås also holds board positions in Elko and EFO. Mr. Ringås has a bachelors' degree in American studies and political science from the University

of Oslo. Mr. Ringås also has an MBA from Sydney Business School and an Executive Leadership Program from INSEAD. Dagfinn Ringås is a Norwegian citizen, currently residing in Asker, Norway.



EIVIND ROALD
Board Member

Eivind Roald is a Senior Industrial Advisor with Altor Equity Partners, supporting their portfolio companies in commercial and digital transformations. Prior to this Mr. Roald was the Executive Vice President and Chief Commercial Officer at SAS (Scandinavian Airlines System) for 6 years, Managing Director of HP Norway for 7 years and has also held several positions in Accenture as

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

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

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



CAMILLA MAGNUS
Board Member

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

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



BJØRN HENRY ROSVOLL
Employee Representative

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

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



DAVID ULVÆR
Employee Representative

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

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



BRIT SMESTAD
Employee Representative

Crayon Group Holding ASA

Report from the Board of Directors

Crayon Group Holding ASA is the holding and parent company of the Crayon Group, headquartered in Oslo, Norway. Crayon is a leading IT advisor in software and digital transformation services. With unique IP tools and skilled employees, Crayon helps optimise its clients' ROI from complex software technology investments.

The Board of Crayon Group Holding ASA would like to thank all Crayon employees for their contribution towards the strong financial performance in 2018.

ABOUT CRAYON

Crayon is a leading IT advisory player in software and digital transformation services. With unique IP tools and skilled employees, Crayon help optimise its clients' ROI from complex software technology investments. Crayon has long experience within volume software licensing optimisation, digital engineering, predictive analytics and assists the clients through all phases of the process of a digital transformation. Headquartered in Oslo, Norway, the company has nearly 1,200 team members across 45 markets worldwide. Crayon Group Holding ASA is the parent company of the Crayon group.

Crayon is positioned deeply within the digital transformation, where the shift towards cloud services positively affect the markets in which Crayon operates. This shift, combined with increasingly complex IT solutions and IT spending is

becoming harder to control, which results in Crayon seeing a trend towards software and IT spending being more strategic for business across all sectors and IT spending moving from Capex to Opex, i.e. IT spending becoming less reliable on committing upfront funds for investments, and rather allowing payment as they go only for the services they use.

Crayons strategy is positioned around these market trends; with Crayon's core strategy of "SAM First...Cloud First", the Group works upon the fundamental belief that Software Asset Management ("SAM") is the foundation of all intelligent IT decision making, including an optimised digital transformation into the cloud. Through its business divisions Services and Software, Crayon's goal is to help customers optimise, manage and utilise the relationship with software vendors through the IT lifecycle, thus, establishing long lasting and trusted positions with customers.

Crayon divides its markets into segments based on the maturity of Crayon's operations in the market. Crayon's strategy towards geographical expansion is currently characterised as complete. The strategic focus of the Group therefore continued in 2018 to concentrate on developing the immature geographic markets towards sustainable profitability. In the start-up phase of a new geography, the Group seeks to achieve this by first building/increasing the customer base, then focusing on strengthening the Group's vendor positioning and monetising the customer base, before subsequently focusing on improving the cost structure within the organisation. More specifically, Crayon's strategy is focusing on delivering growth while limiting the existing cost base, which results in EBITDA improvements as gross profit grows.

Furthermore, the IT industry is one of the most dynamic, fast-changing and competitive industries in the world, characterised by relentless cycles of innovation and commoditisation. With this context the Board continuously strives to find the right balance in terms of protecting the core and maintaining short-term profitability, while investing for the future to drive long-term value creation. In order to achieve this, the company needs to continue its efforts on developing institutional capabilities and drive operational excellence across its operating entities, whilst being agile enough to keep pace with the industry itself.

FINANCIAL SUMMARY

Crayon Group Holding ASA has during 2018 proven its ability to deliver growth in gross profit and EBITDA both in the Nordic market representing the cornerstone of the business and in the international markets, where Crayon has entered the market more recently and is still in an aggressive ramp-up phase.

The Group has grown significantly over the past couple of years, for example revenue has grown more than 2.4x while the number of team members has increased with 61% since 2014.

Income Statement

In the year under review the Group posted sales of NOK 9.0bn, and gross profit grew 22% from NOK 1,216m in FY 2017 to NOK 1,486m in FY 2018. The year-over-year ("YoY") gross profit was strong across all geographic segments, and all segments delivered positive YoY gross profit growth in 2018.

Adjusted EBITDA in FY 2018 was NOK 188m, up from NOK 131m in FY 2017. The primary driver was the NOK +85m positive YoY development in the Nordics, while also Growth Markets and Start-Ups delivered positive EBITDA development of NOK +10m and +6m respectively. The NOK -8m negative EBITDA development in the US reflects the continued investments in the US market, while increased Group costs due to strategic resources and centralisation of functions had a negative EBITDA contribution of NOK -36m.

The Group had other income and expenses in 2018 of NOK 11.1m compared to 26.8m in FY 2017. In 2018 these costs primarily related to extraordinary personnel costs and share-based compensation, while the 2017 costs were driven by the IPO and the refinancing of the bond.

EBIT increased from NOK 32.2m in 2017 to NOK 100.6m in 2018 due to increased EBITDA with only a very limited increase in depreciation and amortisation from NOK 71.7m in 2017 to NOK 76.5m.

Net financial items decreased from NOK 95.1 in 2017 to NOK 56.3m in 2018 as a consequence of the IPO in November 2017 and the subsequent deleverage.

Income tax increased significantly from NOK -2.9m in 2017 to NOK 42.8m in 2018. The primary driver of this increase is the reversal of the deferred tax asset in the US. Management will reassess the recoverability of the tax losses carried forward in the future as the profitability of the US operations improve.

The Group's net income was NOK 11.0m in 2018, compared to -50.7m in 2017. This represents earnings per share of NOK 0.20 in 2018, compared to -0.59 in 2017.

Cash flow statement

The Group's cash flow from operating activities was NOK 114.7m compared to NOK 152.9m in 2017 with the reduction in cash flow from operations driven by an increase in trade working capital. Managing working capital remains a critical priority for management.

During 2018 the company has increased it's focus on working capital management, which has yielded positive results, and the company will continue to focus on optimising the working capital level.

The total cash flow from investments in 2018 was NOK 69.5m in 2018 compared to NOK 73.5m in 2017. The major driver of the cash flow from investments in 2018 is acquisition of assets, which primarily relates to development of intangible assets in the form of both customer facing and internal use systems.

Cash from financing activities was NOK -40.1m in 2018, compared to NOK 50.3m in 2017. The cash flow from financing in 2018 predominantly relates to interest paid to credit institutions and bondholders, while the 2017 cash flow was driven by the IPO in November 2017, offset by deleveraging of long-term debt by issuing a NOK 600m bond ("CRAYON02") to replace the NOK 650m ("CGH01") bond maturing in 2017 and a further deleverage after the IPO by NOK 150m.

At the end of the year, the Group's cash and cash equivalents totalled NOK 379.3m in 2018 compared to NOK 368.4m in 2017. The Board continuously monitors the cash generation of the company and will continue its efforts to maximise the cash flow and the liquidity position of the company.

Balance sheet

As of 31 December 2018, the Group had total assets of NOK 3,435m. Current assets such as cash, receivables and inventory represented NOK 2,340m. Non-current assets represented NOK 1,095m and consisted primarily of Goodwill (NOK 840m), intangible assets separable from Goodwill which relates to technology, software and development activities (NOK 111m) and identified customer contracts in acquired entities (NOK 66m).

The Group had total liabilities of NOK 2,849m as of 31 December 2018, of which NOK 2,344m were current liabilities such as payables and public duties. Total equity was NOK 586m at the end of 2018. Long-term liabilities amounts to NOK 505m, which primarily relates to the long-term bond loan CRAYON02.

The group had a net cash position of MNOK 379.3, where the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF"). The Group had significant headroom with regards to its bank covenants as of December 31, 2018.

Parent company accounts

The parent company, Crayon Group Holding ASA, had a net income of NOK 8.7m for 2018, compared to a net loss

of NOK 47.3m for 2017. Crayon Group Holding ASA has no employees and the operating expenses are primarily shareholder related costs for the parent company and finance costs related to the bond. The parent company's main asset is shareholdings in Crayon Group AS, while the main liability is the CRAYON02 bond issued in March 2017 with an outstanding principal of NOK 450m.

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

Allocation of loss/earnings for the year

The consolidated accounting income, after other comprehensive income ended at NOK 18.0m. The parent company posted an income at NOK 8.7m. The allocation of the net profit for the year is shown in the Annual Financial Statement.

RISK MANAGEMENT

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

Interest rate risk

The company's borrowings are linked to NIBOR, STIBOR and CIBOR, which means that the company is exposed to interest rate fluctuations. Approximately 17% of the principal amount of the CRAYON02 bond is interest hedged, while the remaining borrowings use floating interest. The interest rate risk is considered to be at an acceptable level, but will be reviewed in 2019.

Liquidity risk

Management of liquidity risk is accorded high priority as part of measures to

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

As of December 31, 2018 the Group has long-term interest-bearing debt related to the CRAYON02 bond loan of NOK 450m, other liabilities relating to ordinary course of business of NOK 25.0m, short-term interest bearing debt relating to a credit facility in India amounting to NOK 40m and a net cash position (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF") of NOK 379m.

Further, as of December 31, 2018, the Group had a credit facility of NOK 200m. The credit facility is used for working capital and other short-term financing purposes. Quarterly covenant tests are attached to the credit facility. As of December 31, 2018, the company had significant headroom to its covenants and no drawdown on its revolving credit facility while leveraging NOK 46m for bank guarantees, leaving NOK 154m available on the credit facility.

Credit risk

As in previous years, the Group has low losses on receivables. However, the increased operations of the Group in new markets outside the core Nordic region exposes the business to different credit risk environments, which is also reflected in increased bad debt provisions in the annual accounts. The Board of Directors deems credit risk to be at an acceptable level.

Foreign currency risk

The company is exposed to currency fluctuations due to the international nature of its operations. In general, the revenue and cost of goods sold are in the same currency, limiting the currency exposure. Furthermore, across the business, major transactions in foreign currency are hedged according to a pre-defined policy using forward contracts.

As of December 31, 2018, the Group had swapped approximately 22% of its CRAYON02 bond principal into the following currencies; SEK 51.0m and DKK 39.0m. There is no currency hedging related to these currency swaps because the Group has income in SEK and DKK. Hence, a natural hedge is achieved as the bond principal swapped into non-NOK currencies reflects the underlying cash generation by the Group.

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

ORGANISATION, WORKING ENVIRONMENT AND EQUALITY

In 2018, the average number of FTEs in the Group was 1 128, an increase of 151 compared to last year. The Group is satisfied with the working environment, and continuously strives to further improve the working environment. Sickness absence in the Group amounted to 2.4% in 2018. No material personal injuries or damage to material was registered in 2018. Each year employees are offered the opportunity to attend first-aid courses, which includes training in how to use defibrillators. The company's management have implemented an HSE course, and have drawn up an associated plan to maintain compliance with HSE issues. Employee representatives serve on the company's board.

At the end of the year 25.0% of the Group's employees were women. The IT industry in general is characterised by a low share of female employees. In order to counter this, the Group works systematically to improve the share of female employees at all levels. One of the company's objectives is to offer equal salary levels and career opportunities regardless of gender. The Board of Directors comprises of 5 men and 3 women.

The purpose of the Norwegian Anti-Discrimination Act is to promote equality, safeguard equal opportunities and rights, and prevent discrimination on the grounds of ethnicity, national origin, descent, skin color, language, orientation, religion or belief. The Group endeavors

to promote the objectives of the Act in its operations with regard to recruitment, wages and working conditions, promotion, development opportunities and protection against harassment. The Group strives to be a workplace where there is no discrimination on grounds of disability.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

For further information on the Group's Corporate Social Responsibility program, please see the separate Corporate Social Responsibility section in the annual report

Crayon line of business is business-to-business ("B2B") consulting services and reselling of software licenses. The company's activities do not involve manufacturing of products or physical distribution. For this reason, there is a very low impact on the external environment from Crayon's operations.

CORPORATE GOVERNANCE

Crayon considers good corporate governance to be a prerequisite for value creation, trustworthiness and access to capital. In order to secure strong and

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

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

The Company endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 17 October 2018.

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

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

Financial reporting in Crayon is built on the reporting from the individual legal entities, which are reported on a monthly basis according to pre-defined process and reported to the Group Finance team in a standardised format. These financial statements are reviewed by the Group finance team before being consolidated into a set of consolidated financial statements for the Group. On the basis of these consolidated financial statements,

management in Crayon reports on the financial performance of the Group to the BoD on monthly basis. Furthermore, management prepares detailed quarterly financial reporting which is approved by the BoD and published externally.

Crayon has an Audit Committee that consists of Board members who are independent of management. The Audit Committee follows up the financial reporting process, monitors the systems for internal control and risk, maintains ongoing contact with Crayon's elected auditor regarding the audit of the annual accounts, and evaluates and monitors the auditor's independence. The audit committee reviews the quarterly results ahead of the board meetings and makes a recommendation to the BoD based on this review.

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

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

EQUITY AND SHAREHOLDER ISSUES

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

The Annual General Meeting on May 8, 2018 authorised the board of directors to increase the share capital in three different settings. All three authorisations are valid until the earlier of Crayon's annual general meeting in 2019 and June 30th, 2019.

- In relation to the Company's incentive schemes, the Board is granted an authorisation to increase the Company's share capital with up to NOK 2 200 000, provided however that the authorisation cannot be used for an amount in excess of 2.9% of the Company's share capital.
- In connection with acquisitions etc the Board is granted an authorisation to increase the Company's share capital with up to NOK 7 200 000, provided however that the authorisation cannot be used for an amount in excess of 10% of the Company's share capital.
- The board of directors is granted an authorisation to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 7 539 410, corresponding to 10% of the Company's share capital.

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

GROUP OUTLOOK

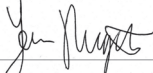
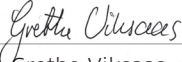
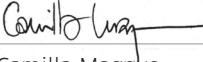
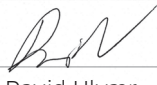
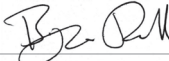
The key focus for 2019 will be to capitalise on the investments made in terms of capabilities, IP and new markets and leverage this for further growth of gross profits and EBITDA both in the Nordics and in the international segments. The Group focuses on organic growth in combination with strategic acquisitions. Future financial performance for Crayon will depend both on the market demand for the products and services offered by Crayon and Crayon's ability to address this market demand, and the BoD expects both of these elements to play in Crayons favour. As a result, the Group targets further growth in gross profit and EBITDA during 2019. The Board will continue to focus on balancing profitability and growth, with emphasis towards capitalising on the investments

done in establishing new market positions globally.

In the opinion of the Board, the Annual Financial Statements provide a true and fair view of the Group's financial position

at the end of the year. The Board deems the Group's liquidity and financing to be satisfactory, and views the Annual Financial Statements and the Group's performance as a basis for the Group to continue as a going concern.

Oslo, April 3, 2019

 Jens Rugseth (Chairman)	 Eivind Roald (Board Member)	 Dagfinn Ringås (Board Member)
 Grethe Viksaas (Board Member)	 Camilla Magnus (Board Member)	 David Ulvær (Employee Representative)
 Bjørn Rosvoll (Employee Representative)	 Brit Smestad (Employee Representative)	 Torggrim Takle (CEO)

Crayon Group Holding ASA

Statement by the Board and CEO

The Board and CEO have today considered and approved the Director's Report and Annual Financial Statements for CRAYON GROUP HOLDING ASA as of December 31, 2018 (Annual Report 2018).

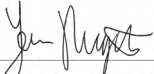
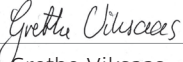
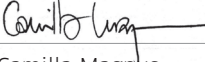
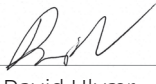
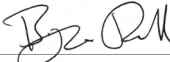
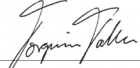
Consolidated Financial Statements have been prepared in accordance with the EU-approved IFRS and interpretations, and Norwegian disclosures arising from accounting law to be applied as of December 31, 2018.

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

To the best of our knowledge:

- The Annual Financial Statements for 2018 for the parent company and Group have been prepared in accordance with applicable accounting standards.
- The information in the Annual Financial Statements gives a true and fair view of the assets, liabilities, financial position and overall results as of December 31, 2018.
- The Director's Report gives the Group and the parent company gives a true and fair view of:
 - The development, result and position of the Group and parent company.
 - The principal risks and uncertainties faced by the Group and the company.

Oslo, April 3, 2019

 Jens Rugseth (Chairman)	 Eivind Roald (Board Member)	 Dagfinn Ringås (Board Member)
 Grethe Viksaas (Board Member)	 Camilla Magnus (Board Member)	 David Ulvær (Employee Representative)
 Bjørn Rosvoll (Employee Representative)	 Brit Smestad (Employee Representative)	 Torggrim Takle (CEO)

Shareholder Information

Crayon's objective is to provide positive value creation and long-term return to shareholders that reflects the inherent risk in the company.

The Company plans to achieve this by delivering on its business plan and through precise communication ensuring that the share price accurately reflects the value, and growth prospects, of the Company.

Investor relations

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

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

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

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

Devoted to good Corporate Governance

Crayon considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital.

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

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

The Company endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 17 October 2018.

Share capital

At 31 December 2018, the VPS registered share capital in the company was NOK 75 394 108, divided into 75 394 108 shares with a nominal value of NOK 1 per share. Crayon has one class of shares, with each share carrying one vote. OEP ITS Holding B.V. was the largest share owner with 24 100 307, or 32%, of the share capital.

TOP SHAREHOLDERS

NAME OF SHAREHOLDERS		SHARES	PER CENT
1	OEP ITS Holding B.V.	24 100 307	32%
2	SIX SIS AG	7 020 332	9%
3	SEVENCS AS	4 722 204	6%
4	FIRST GENERATOR	3 936 037	5%
5	RUGZ II AS	3 357 985	4%
6	Skandinaviska Enskilda Banken AB	2 607 728	3%
7	Morgan Stanley & Co. Int. Plc.	2 580 645	3%
8	HSBC TTEE MARLB EUROPEAN TRUST	1 986 889	3%
9	Danske Invest Norge Vekst	1 805 067	2%
10	Skandinaviska Enskilda Banken AB	1 502 707	2%
Other		21 774 207	29%
Total shares		75 394 108	

FINANCIAL CALENDER

Crayon Group Holding ASA will publish its quarterly interim financial statements on the following dates for 2019:

First quarter 2019	May 9 2019
Second quarter 2019	August 13 2019
Third quarter 2019	October 29 2019
Fourth quarter 2019	February 11 2020
Annual general meeting	April 25 2019

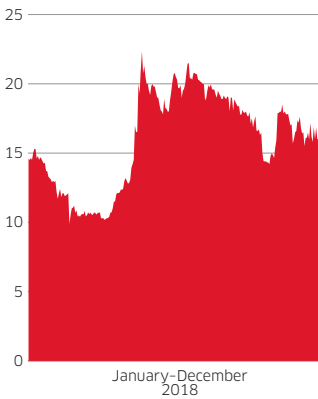
ANALYST COVERAGE

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Carnegie	Hans Rettedal Christiansen	+47 22 00 93 21

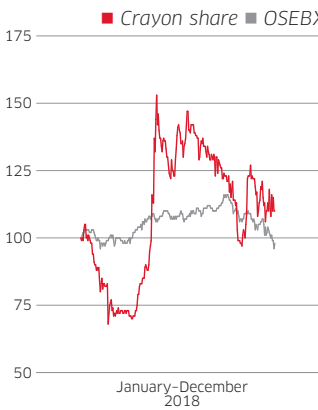
OWNERSHIP STRUCTURE

NUMBER OF SHARES HELD	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PROPORTION OF SHARE CAPITAL
1-1 000	341	158 131	0.2%
1 001-10 0000	341	1 160 006	1.5%
10 001-100 000	147	4 395 337	5.8%
100 001-500 000	27	6 650 318	8.8%
500 001-	21	63 030 316	83.6%

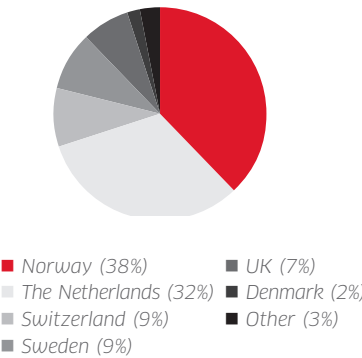
SHARE DEVELOPMENT NOK

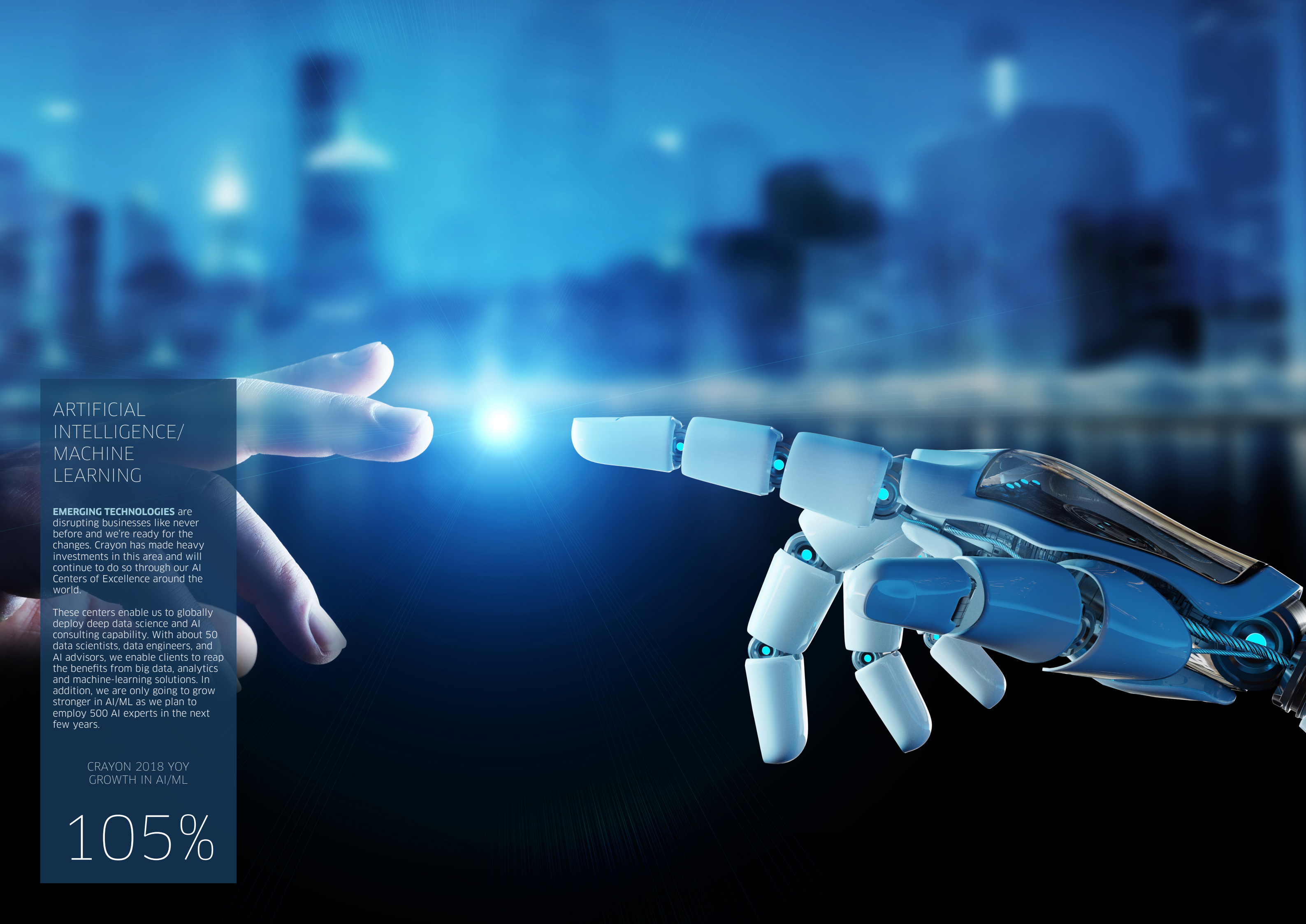


SHARE DEVELOPMENT Index = 100 per 1.1.2018



SHAREHOLDERS BY COUNTRY OF RESIDENCE





ARTIFICIAL INTELLIGENCE/ MACHINE LEARNING

EMERGING TECHNOLOGIES are disrupting businesses like never before and we're ready for the changes. Crayon has made heavy investments in this area and will continue to do so through our AI Centers of Excellence around the world.

These centers enable us to globally deploy deep data science and AI consulting capability. With about 50 data scientists, data engineers, and AI advisors, we enable clients to reap the benefits from big data, analytics and machine-learning solutions. In addition, we are only going to grow stronger in AI/ML as we plan to employ 500 AI experts in the next few years.

CRAYON 2018 YOY
GROWTH IN AI/ML

105%

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Crayon Group Holding ASA

Consolidated Statement of Income 1.1 - 31.12

<i>(In thousands of NOK)</i>	<i>Note</i>	2018	2017
Operating revenue	2, 3, 25	9 047 526	7 301 712
Cost of sales	3	7 561 419	6 085 935
Gross profit	25	1 486 108	1 215 776
Payroll and related cost	5	1 105 772	940 464
Other operating expenses	5, 13, 21	192 194	144 711
Share based compensation	25	3 261	3 945
Other income and expenses	25	7 825	22 813
EBITDA		177 055	103 842
Depreciation and amortisation	7, 8	76 479	71 684
Operating profit/EBIT		100 576	32 158
Interest income	20	8 864	7 829
Other financial income	20	610	1 445
Total financial income	20	9 473	9 274
Interest expenses	20	44 077	60 721
Other financial expenses	20	12 201	34 383
Total financial expenses	20	56 277	95 105
Net financial income and expenses		(46 804)	(85 831)
Net income before tax		53 773	(53 673)
Income tax expense on net income	19	42 773	(2 939)
Net income		11 000	(50 734)
Allocation of net income			
Non-controlling interests		(4 364)	(6 105)
Owners of Crayon Group Holding ASA		15 364	(44 629)
Total net income allocated		11 000	(50 734)
Earnings per share (NOK per share)	12	0.20	(0.59)
Net diluted earnings per weighted average shares outstanding	12	0.20	(0.81)
Comprehensive income			
Currency translation		6 953	9 263
Total comprehensive income		17 953	(41 471)
Allocation of Total comprehensive income			
Non-controlling interests		(6 832)	(6 873)
Owners of Crayon Group Holding ASA		24 785	(34 598)
Total comprehensive income allocated		17 953	(41 471)

Craxon Group Holding ASA

Consolidated Balance Sheet

Statement as of 31.12

(In thousands of NOK)	Note	2018	2017
Assets			
<i>Non-current assets:</i>			
Intangible assets			
Development costs	8	77 556	68 950
Technology and software	8	33 601	40 361
Contracts	8	66 109	83 324
Software licenses (IP)	8	1 000	1 000
Goodwill	9	840 301	831 044
Deferred tax asset	19	29 417	45 252
Total intangible assets		1 047 983	1 069 931
Tangible assets			
Equipment	7	24 729	20 204
Total tangible assets		24 729	20 204
Financial assets			
Other long-term receivables	2, 26	22 658	4 771
Total financial assets		22 658	4 771
Total non-current assets		1 095 370	1 094 906
<i>Current assets:</i>			
Inventory	4, 25	8 625	26 287
Total inventory		8 625	26 287
Accounts receivable	13, 15, 25, 26	1 875 963	1 541 436
Other receivables	25, 26	75 998	55 815
Total receivables		1 951 961	1 597 251
Cash & cash equivalents	14, 25, 26	379 282	368 442
Total current assets		2 339 867	1 991 981
Total assets	25	3 435 237	3 086 887

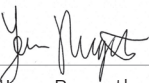
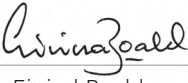
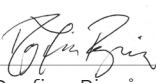
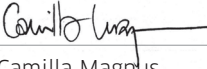
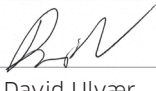
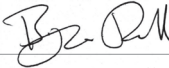
Craxon Group Holding ASA

Consolidated Balance Sheet

Statement as of 31.12

(In thousands of NOK)	Note	2018	2017
Liabilities and shareholders' equity			
<i>Shareholders' equity:</i>			
Share capital	11, 12	75 394	75 394
Own shares	11, 12	(35)	(3)
Share premium		588 051	588 051
Sum paid-in equity		663 410	663 442
Retained earnings			
Other equity		(72 521)	(105 597)
Total retained earnings		(72 521)	(105 597)
Total equity attributable to parent company shareholders		590 890	557 845
Non-controlling interests		(4 581)	8 153
Total shareholders' equity		586 309	565 998
<i>Long-term liabilities:</i>			
Bond loan	15, 16, 22, 26	446 558	442 058
Derivative financial liabilities	15, 16, 22, 26	3 260	3 638
Deferred tax liabilities	19	30 336	39 167
Other long-term liabilities	17, 26	24 982	7 188
Total long-term liabilities		505 136	492 050
<i>Current liabilities:</i>			
Accounts payable	25, 26	1 787 346	1 600 566
Income taxes payable	19, 25	20 311	4 800
Public duties	25	209 594	229 057
Other short term interest bearing liabilities	16, 28	39 992	-
Other current liabilities	25	286 549	194 416
Total current liabilities		2 343 793	2 028 839
Total liabilities		2 848 929	2 520 889
Total equity and liabilities		3 435 237	3 086 887

Oslo, April 3, 2019

 Jens Rugseth (Chairman)	 Eivind Roald (Board Member)	 Dagfinn Ringås (Board Member)
 Grethe Viksaas (Board Member)	 Camilla Magnus (Board Member)	 David Ulvær (Employee Representative)
 Bjørn Rosvoll (Employee Representative)	 Brit Smestad (Employee Representative)	 Torgrim Takle (CEO)

Crayon Group Holding ASA

Consolidated Statement of Cash Flows

<i>(In thousands of NOK)</i>	<i>Note</i>	2018	2017
Cash flows from operating activities:			
Net income before tax		53 773	(53 673)
Taxes paid	19	(23 625)	(11 869)
Depreciation and amortisation	7, 8, 9	76 479	71 684
Net interest to credit institutions and interest to bond loan	20	35 213	50 645
Changes in inventory, accounts receivable/payable**	28	(130 084)	33 064
Changes in other current accounts	28	102 990	63 008
Net cash flow from operating activities		114 746	152 859
Cash flows used in investing activities:			
Acquisition of assets	7, 8, 24	(69 510)	(73 894)
Divestments	7	-	378
Net cash flow from investing activities		(69 510)	(73 516)
Cash flow from financing activities:			
Net interest paid to credit institutions and interest to bond loan	20	(40 709)	(56 982)
New equity		-	348 612
Proceeds from issuance of interest bearing debt	16	-	589 746
Repayment of interest bearing debt	16	-	(827 663)
Other financial items		616	(3 405)
Net cash flow from financing activities		(40 093)	50 308
Net increase (decrease) in cash & cash equivalents		5 143	129 651
Cash & cash equivalents at beginning of period *		368 442	227 905
Currency translation		5 697	10 886
Cash and cash equivalents at end of period *	28	379 282	368 442

* Restricted cash is part of the Cash & cash equivalents, see split in note 14
** Reclassification due to deconsolidation, see note 28

Crayon Group Holding ASA

Consolidated Statement of
Changes in Shareholders' Equity

<i>(In thousands of NOK)</i>	<i>Note</i>	Share capital	Own shares	Share premium	Other equity	Non-controlling interests	Total equity
Year to date period ending 31 December							
Balance at January 1, 2017		52 476	(12)	262 320	(53 605)	11 194	272 373
Opening balance adj.		-	-	-	920	-	920
Adjustment					(13 467)	3 832	(9 635)
Share repurchase (net)		-	9	38	29	-	76
Capital increase expenses		-	-	-	(9 516)	-	(9 516)
Share based compensation		-	-	-	4 639	-	4 639
Net income		-	-	-	(44 629)	(6 105)	(50 734)
Share issues	11	22 919	-	325 693	-	-	348 612
Currency translation		-	-	-	10 031	(768)	9 263
Balance as of end of period		75 394	(3)	588 051	(105 597)	8 153	565 998
Year to date period ending 31 December							
Balance at January 1, 2018		75 394	(3)	588 051	(105 597)	8 153	565 998
Adjustment					194	(750)	(556)
Share repurchase (net)		-	(32)	-	(520)	-	(552)
Share based compensation		-	-	-	3 261	-	3 261
Net income		-	-	-	15 364	(4 364)	11 000
Acquisitions & divestments		-	-	-	5 357	(5 152)	205
Currency translation		-	-	-	9 421	(2 467)	6 954
Balance as of end of period		75 394	(35)	588 051	(72 521)	(4 581)	586 309

NOTE 1 General information

Crayon Group Holding ASA ("Crayon") is a public limited company registered in Norway. Crayon specialise in supporting customers across all industry sectors with complex local, regional and global IT estates. Our experts help clients specify, plan, deploy, manage and optimise technology ecosystems.

The principal activities for the Group's various business areas are described in more details in note 3 – Segment information.

The company's headquarters are located in Sandakerveien 114A, 0484 Oslo, Norway. Crayon Group Holding ASA is listed on Oslo Stock Exchange (Oslo Børs). These

consolidated financial statements were authorised for issue by the Board of Directors and CEO on April 3, 2019.

NOTE 2 Accounting principles, critical estimates & judgements

2.0 – BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Crayon have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU) and are effective as of December 31, 2018.

The Consolidated Financial Statements have been prepared on a historical cost principle, with the exception of financial derivatives which are measured at fair value. Refer to individual accounting policies for further details. The Consolidated Financial Statements are presented in Norwegian kroner (NOK), which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made are disclosed in note 2.1.

2.1 - ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

New pronouncements

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

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

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

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the new standard for financial instruments IFRS 9 Financial Instruments. The new standard is effective from 1 January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, replacing IAS 39. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cashflow characteristics and the business model they are managed in. The standard contains, among other things, a new impairment model based on expected credit losses, which could be relevant for the Company due to the high volumes of accounts receivables. However, the assessment of the Group is that the bad debt provision is at a satisfactory level and no material changes have been implemented. Please see note 13 for further information regarding bad debt provision.

The standard has not had any material effect on the Group.

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 introduces a new five-step model that applies to revenue arising from contracts with customers and emphasises the transfer of the power of disposition (control) to the customer as a key consideration for the revenue realisation date. Further it needs to be determined whether the transfer of control takes place at a particular point in time or over a period of time.

The standard has replaced IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

Transition method: The implementation of IFRS 15 has not had any material effects for Crayon Group, except for certain income previously recognised as revenue that does not meet the requirements under IFRS 15 and which has been reclassified from operating revenue to cost of sales. For

further information please see note 3 and note 28.

The group has recognised contract assets (31.12.2018 NOK 26.9m) and contract liabilities (31.12.2018 NOK 29.7) under IFRS 15. This relates to both short-term and long-term items. As of 1 January 2018 there were contract liabilities of NOK 5.6m. There were no contract assets identified at 1 January 2018.

The implementation of IFRS 15 has not had a significant impact on the Group's consolidated financial statements, with the exception of the presentation of contract assets and contract liabilities, and a reclassification of NOK 208m from Operating revenue to cost of sales as at 31 December 2018.

The Group has assessed the impact of IFRS 15. Timing of revenue recognition under each contract or type of contract is determined by the timing of the transfer of promised goods and services to the customer. The amount of revenue recognised reflects the amount of consideration to which Crayon is entitled for each performance obligation. Judgement is applied when assessing the criteria which determine the timing and amounts of revenue to be recognised under each contract. Crayon has identified a number of types of contracts as described below. The Group recognises revenues from following main sources:

Sale of licenses

Crayon sells software licenses to customers (Software Direct) or through a diverse group of leading channel partners (Software Indirect). Under such contracts Crayon assumes the responsibility for the license delivery and acts as the direct point of contact for the customer during the license period. In other cases, also classified as Software Direct, Crayon facilitates the sale of licenses on behalf of a software vendor. When Crayon sells licenses directly to channel partners on behalf of software vendors (Software Indirect), sales-support is also provided as part of the license sale, but not during the subsequent license period.

Principal/agent

Management has applied judgement in assessing the principal/agent considerations. Crayon may act as a principal or an agent in its contracts to sell software licenses. This depends particularly

on the primarily responsibility for fulfilling the promise to provide the goods or services, inventory risk and the entity's discretion in establishing the price, all of which are relevant considerations under the guidance. When acting as principal, Crayon assumes responsibility for the licenses delivered and the support provided to the customer in connection with the sale and/or the subsequent license period. In addition, under such contracts, Crayon assesses that other factors such as the ability to set prices and inventory risk support the conclusion that the Company is acting as principal. Crayon acts as principal under the majority of its contracts to resell licenses.

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

Revenue from contracts where Crayon acts as principal is recognised gross with incentives and rebates from vendors being reflected as a reduction in cost of sales. Revenue from contracts where Crayon is acting as an agent are recognised net.

Distinct licenses

Crayon has considered whether or not the sale of licenses and the corresponding service offered to the customer are distinct and therefore represent different performance obligations. Under contracts where we combine license sale with our value-added service (principal), Crayon assesses that these are not distinct. However this may vary depending on the nature of the subsequent deliveries during the license period.

Under software direct contracts, Crayon sells the right to use the manufacturer's software directly to the customer in combination with its own value-added services. These value-added services can be defined as advisory and know-how that ensures that the software meets with the customer's defined criteria. The value-added services are an integrated component of the performance obligation that exist towards the customer, since it provides no "stand-alone" use to the customer, and would therefore not be regarded as a distinct performance obligation. In conclusion, Crayon therefore provides the customer with a promise to perform, holds the power of disposition for the license rights prior to the transfer and has full discretion in establishing the price. The same line of reasoning has been applied for software indirect contracts, as the value-added services are provided in advance of the purchase, Crayon acts as the main contracting party towards the customer and controls the price to the customer.

Right to use/access licenses

The assessment of whether or not a license is a right to use or right to access license determines the timing of revenue recognition. Crayon has assessed the criteria and has determined that the majority of licenses sold to customers do not qualify as right to access due to the

nature of the licenses and agreements with the customers as, neither Crayon nor the customer undertake activities that will impact the license, therefore the licenses are right to use. Revenue from the sale of right to use licenses are recognised at the point in time, whereas revenue from sale of right to access licenses are recognised over the time the license is delivered to the customer.

Services

Software Asset Management (SAM)

SAM services include process & tools for enabling clients to build in-house SAM capabilities, license spend optimisation and support for clients in vendor audits. The performance obligations related to SAM services are satisfied over time, because the customer simultaneously receives and benefits from the services provided. Revenue from SAM IQ subscriptions is recognised on a straight-line basis over the subscription period. The Group has not recognised any significant impact on the timing of the revenue recognition from SAM services.

Consulting services

Crayon provides consulting services either as time and material projects or as fixed price projects. Crayon assesses whether or not there are multiple performance obligations within each consulting services contract and assesses revenue recognition accordingly. Under IFRS 15, revenue is recognised when a customer can obtain the benefits from the service which may be over time or on final delivery of a product or service depending on the nature of the promise. The Group has not recognised any significant impact on the timing of the revenue recognition from Consulting services.

IFRS 16 Leases

The standard changes the accounting principles for many lease contracts, including leased premises, vehicles and equipment leases, and subleases. . The new standard will result in most leasing contracts being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. During the term of the lease, the right to use asset is depreciated and an interest expense is recognised on the lease liability.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019, and Crayon will apply the standard accordingly. The changeover effect will mainly affect leased offices as well as the fleet of leased vehicles. The Group does not operate as lessor. Crayon Group will utilise the practical expedients available for measuring lease arrangements at transition by utilising the practical expedients allowing the exclusion of leases with a duration of less than 12 months and assets of a low value (small asset leases) from lease accounting.

According to IFRS 16, the lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate (IBR).

Lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

Crayon has chosen to use the modified retrospective approach for implementing IFRS 16, and has therefore used the IBR as the discount rate on the opening balance and will not restate comparative amounts for the year prior to first adoption. Going forward, the IBR will be used for subsequent measurement for new contracts, as long as the implicit interest rate is not readily determined.

According to a projection based on the current portfolio of operating leases, a lease asset and liability of NOK 129.1 million on implementation. Furthermore, this results in a shift of the recognition of the cost associated with operating leases currently presented within the operating result to amortisation expense and financial items.

2.2 – ACCOUNTING PRINCIPLES

BASIS OF CONSOLIDATION

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

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

Non-controlling Interests

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

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as of the acquisition date, in accordance with IFRS 3. This is the the date when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Goodwill that arises from the aquisition is tested annually for impairment.

If the sum of the consideration, book value of non-controlling owners and fair value at the time of acquisition of the previous owner's interests exceeds the fair value of identifiable net assets of the acquired entity, the difference is recognised as

Goodwill in the balance sheet. If the sum is less than the entity’s net assets, the difference is immediately recognised in the profit and loss accounts.

Current / Non-current classification

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

Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the group’s normal operating cycle, is held primarily for the purpose of being traded, if the liability is due to be settled within twelve months after the reporting period or if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current. Financial instruments are classified based on maturity.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables arise from the sale of licenses or services that are within the ordinary course of business and recognised in the balance sheet at their nominal value less an allowance for bad debt. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost less provision for impairment in accordance with IFRS 9. Factoring has been implemented in the Norwegian market during 2018. See note 13 for further information.

Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business minus estimated cost of completion, marketing and distribution. Write-downs are made for any inventory that is assumed to be obsolete.

Property, plant and equipment

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

Acquisition cost of equipment is the

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

Equipment is depreciated linearly over the expected useful life.

Financial assets

Classification

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

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

Financial derivatives consist of interest rate and cross-currency swaps relating to the Group’s bond loan. Please refer to note 16.

Intangible assets

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

Intangible assets with limited useful life are measured at their acquisition cost, minus accumulated 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.

Goodwill

Goodwill is recognised in the balance sheet at acquisition. It is not amortised but instead tested annually for impairment, and is capitalised at acquisition cost with deduction of impairment. Impairment of goodwill cannot be reversed. Impairment of goodwill will be allocated to current cash-generating units. Allocation is made to those cash-generating units expected to benefit from the acquisition. When assessing impairment, assets are grouped at the lowest levels where it is possible to distinguish independent cash flows (cash generating units).

Contractual customer relationships

Contractual customer relationships acquired in business combinations are recognised 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.

Research & development

Expenses related to research activities are expensed as incurred. Expenses related to development activities are capitalised

if the product or process is technically and commercially 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 stated at acquisition cost minus accumulated depreciation and amortisation. Capitalised development costs are depreciated linearly over the estimated useful life.

Equity

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

Foreign currency

Transactions in foreign currency

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

Foreign operations

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

Government grants

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

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

Income tax

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

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

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

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

Segments

Operating segments are reported in the same manner as internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources to and assessing performance of operating segments, is defined as the corporate management. In the segment reporting, the elimination of internal profit on sales between the various segments is presented separately.

Provisions

Provisions are recognised when Crayon Group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that Crayon Group will be required to settle the obligation, and a reliable estimate can be made of the amount, taking into account the risks and uncertainties. The provision is measured as the present value of the cash flows estimated to settle the obligation. Provisions are measured at best estimate, reviewed on each reporting date and adjusted as necessary.

Contingent liabilities and assets

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

Written put options in non-controlling interests

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

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

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

Employee benefits

Pensions

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

Share based compensation

Share options have been granted to management and selected key employees. Each share option allows for the subscription of one share in Crayon Group Holding ASA at a future date at a predetermined strike price. Subscribing normally requires continued employment. The fair value of the options is calculated when they are granted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk free interest. For further information, see note 6.

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

Operating lease

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

Events after the balance sheet date

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

2.3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future,

actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

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

The most important estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to impairment assessment of goodwill and other intangible assets. Goodwill has an indefinite useful life and is tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment of impairment for 2018 is based on management assumptions using best estimates with regard to future cash flows and discount rates.

Crayon operates in many jurisdictions and is increasing its presence in growth markets outside of the Nordic region. Management makes assessments of credit risk and updates its estimates of losses and the corresponding provision for outstanding receivables on a regular basis.

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

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

NOTE 3 Segment information

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

The operating units that form a natural reporting segment are Software (Software Direct and Software Indirect), Services (SAM and Consulting) and Admin/Eliminations (Admin & Shared Services and Eliminations) (See note 2 for further descriptions).

- Software Direct is Crayon's licence offering from software vendors (e.g Microsoft, Adobe, Symantec, Citrix, Vmware, Oracle, IBM and others). The emphasis is towards standard software, which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes.
- Software Indirect is Crayon's offering towards hosters, system integrators and ISVs, which includes licence advisory/ optimisation, software licence sales and access to Crayons proprietary tool and IP.
- Software Asset Management (SAM) services include processes and tools for enabling clients to build in-house SAM capabilities, licence spend optimisation and support for clients in vendor audits.
- Consulting consists of cloud consulting and solutions consulting services related to infrastructure consulting, cloud migration and deployment, bespoke software deployment and follow up of applications.
- Admin & shared services includes administrative income and costs, corporate administrative costs (excluding other income and expenses), unallocated global share costs and eliminations.
- The geographical market clusters are composed of operating countries with similar maturity. Nordics is composed of Norway, Sweden, Denmark, Finland and Iceland (excluding Ice Distribution). Growth Markets is composed of Germany,

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

See note 28 regarding impact of Operating revenue, and Gross profit due to adjustments related to reported quarterly financial information.

Operating Revenue per Market Cluster and Operating Segment

<i>(In thousands of NOK)</i>	Software	Services	Admin/ Eliminations	Total Operating Revenue
Year to date ended 31 December, 2018				
Nordics	4 373 816	616 015	6 948	4 996 779
Growth	2 252 204	85 736	6 210	2 344 150
Start-Ups	1 340 577	47 750	4 000	1 392 327
USA	553 643	133 678	1 474	688 795
HQ	(1 521)	-	92 194	90 673
Eliminations	-	-	(256 877)	(256 877)
Adjustments (note 2, 28)	-	-	(208 322)	(208 322)
Total Operating Revenue	8 518 719	883 179	(354 373)	9 047 526

Operating Revenue per Market Cluster and Operating Segment

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

Gross Profit per Market Cluster and Operating Segment

<i>(In thousands of NOK)</i>	Software	Services	Admin/ Eliminations	Total Gross Profit
Year to date ended 31 December, 2018				
Nordics	433 307	464 340	4 318	901 965
Growth	178 687	77 734	5 040	261 460
Start-Ups	105 046	37 090	2 344	144 481
USA	36 272	117 257	1 474	155 003
HQ	(2 156)	(37)	75 063	72 869
Eliminations	-	-	(49 671)	(49 671)
Total Gross Profit	751 156	696 383	38 569	1 486 108

Gross Profit per Market Cluster and Operating Segment

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

Operating Revenue per Operating Segment

<i>(In thousands of NOK)</i>	Year to date ended 31 December,	
	2018	2017
Software Direct	6 096 690	4 856 457
Software Indirect	2 422 029	1 774 675
Total Revenue - Software	8 518 719	6 631 132
SAM	354 724	310 680
Consulting	528 456	413 869
Total Revenue - Services	883 179	724 548
Admin & shared services	110 827	99 407
Eliminations	(256 877)	(153 376)
Adjustment (Note 2, 28)	(208 322)	-
Total Operating Revenue	9 047 526	7 301 712

Gross Profit per Operating Segment

<i>(In thousands of NOK)</i>	Year to date ended 31 December,	
	2018	2017
Software Direct	584 443	470 411
Software Indirect	166 713	133 359
Total Gross profit - Software	751 156	603 769
SAM	309 456	282 213
Consulting	386 927	306 118
Total Gross profit - Services	696 383	588 331
Admin & shared services	88 240	73 922
Eliminations	(49 671)	(50 246)
Total Gross Profit	1 486 108	1 215 776

Adjusted EBITDA per Operating Segment

<i>(In thousands of NOK)</i>	Year to date ended 31 December,	
	2018	2017
Software Direct	246 875	189 030
Software Indirect	66 383	50 055
Total EBITDA - Software	313 258	239 084
SAM	20 390	27 862
Consulting	51 652	25 760
Total EBITDA - Services	72 042	53 623
Admin & shared services	(197 159)	(162 107)
Eliminations	-	-
Total Adjusted EBITDA*	188 141	130 600

* Note 25 APM

Operating Revenue per Market Cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2018	2017
Nordics	4 996 779	3 900 486
Growth Markets	2 344 150	1 902 487
Start-Ups	1 392 327	1 192 554
USA	688 795	371 789
HQ	90 673	87 771
Eliminations	(256 877)	(153 376)
Adjustments (note 2, 28)	(208 322)	-
Total Operating Revenue	9 047 526	7 301 712

Gross Profit per Market Cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2018	2017
Nordics	901 965	760 603
Growth Markets	261 460	203 984
Start-Ups	144 481	104 953
USA	155 003	132 975
HQ	72 869	63 507
Eliminations	(49 671)	(50 246)
Total Gross Profit	1 486 108	1 215 776

Adjusted EBITDA per Market Cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2018	2017
Nordics	266 032	181 013
Growth Markets	14 732	4 576
Start-Ups	(7 440)	(13 855)
USA	(21 316)	(13 245)
HQ	(63 868)	(27 889)
Eliminations	-	-
Total Adjusted EBITDA*	188 141	130 600

* Note 25 APM

Assets per market cluster

(In thousands of NOK)	Year to date ended 31 December,	
	2018	2017
Nordics	1 897 857	1 689 755
Growth Markets	668 689	512 001
Start-Ups	441 479	354 749
USA	393 215	314 572
HQ/eliminations	33 998	215 810
Total	3 435 237	3 086 887

NOTE 4 Inventory

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

(In thousands of NOK)	2018	2017
Historical cost	8 625	26 287
Write-down and provisions for obsolescence	-	-
Carrying amount	8 625	26 287

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

Payroll expenses

(In thousands of NOK)	2018	2017
Wages and salaries	824 792	704 734
Social security	127 360	111 267
Pension expenses	36 826	33 231
Other benefits	123 347	97 396
Other income and expense*	(6 554)	(6 164)
Payroll expenses	1 105 772	940 464

Average number of full time employees	1 128	977
Women	25.0%	27.2%

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

In 2018, the Group had cost defined as adjustments (other income and expenses) of NOK 11.1, herby personnel expense by 9.8m. These items mainly relate to share option agreements, annual capital deferred consideration and settlement agreements for leading employees.

Compensation to the members of the Board amounted to NOK 0.8 in 2018, compared to NOK 0.4 in 2017.

Compensation to the executive management in 2018 is detailed below. The Group CEO is entitled to 6 months salary in the event of termination initiated by the company. None of the Board Members or the CEO have executive loans or guarantees in the company.

(In thousands of NOK)	Name	Salary	Bonus*	Pension	Other benefits	Total
2018						
Chief Executive Officer (CEO) of Crayon Group Holding ASA and Crayon Group AS	Torgrim Takle	2 400	1 657	68	10	4 135
Deputy CEO of Crayon Group AS	Rune Syversen	3 060	218	68	10	3 355
Head of Business Transformation and M&A (EVP)	Knut Ansten	1 000	150	45	7	1 202
Chief Operating Officer (COO)	Bente Liberg	1 449	104	68	10	1 630
Chief Technology Officer (CTO)	Mattias Ödlund	1 595	224	446	86	2 350
Chief Financial Officer (CFO)	Jon Birger Syvertsen	1 275	421	68	9	1 771
Total		10 779	2 774	761	132	12 367

(In thousands of NOK)	Name	Salary	Bonus	Pension		Total
2017						
Chief Executive Officer (CEO) of Crayon Group Holding ASA and Crayon Group AS	Torgrim Takle	2 200	1 250	66	11	3 527
Deputy CEO of Crayon Group AS	Rune Syversen	2 805	2 718	68	11	5 602
Chief Financial Officer (CFO)	Knut Ansten	1 238	942	65	11	2 256
Chief Operating Officer (COO)	Bente Liberg	1 283	368	68	15	1 735
Chief Technology Officer (CTO)	Mattias Ödlund	1 378	438	374	-	2 190
Total		8 903	5 716	642	48	15 310

* Includes payroll benefit of discounted shares

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

For information regarding salary and remuneration to senior management, see following link:
www.crayon.com/globalassets/investor-relationship/agm2018/statutory-declaration-on-salary-and-other-remuneration-to-senior-management.pdf

(In thousands of NOK)	2018	2017
Audit fee		
Statutory audit	3 278	3 435
Other audit related services	964	481
Total	4 242	3 915

Crayon UK Ltd
Under section 479A of the UK Companies Act 2006, Crayon UK Ltd (registration number: 4055519) has availed exemption for audit of their statutory financial statements pursuant to guarantees issued by Crayon Group to indemnify the subsidiary of any losses towards third parties that may arise in the financial year ended 31 December 2018 for this subsidiary.

Pensions
All of the Group companies have pension schemes that satisfy the provisions of the Act on mandatory occupational pensions, for all employees. These are defined contribution schemes with a total pension cost of NOK 36.8m in 2018 (2017: NOK 33.2m). The Group obligations are limited to the annual contributions to the scheme.

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

NOTE 6 Share options

Share options
There are two share option programs, one granted in relation to the IPO and one granted following the appointment of new CFO in 2018. The two share option programs consists of three tranches each, as displayed in the tables below.

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

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

Exercised options
In December 3rd 2018 a third share option program was exercised, belonging to Vice President, Digital & Cloud Services Strategy. The options was devided into three tranches, each consisting of 20 000 options and with a strike price of NOK 7,00. 35 000 options were settled in cash, as per the agreement. The volume weighted share price as the basis for the exercise was NOK 15.96. A total of 25 000 options were settled in shares.

A cost of NOK 0.471m (incl accrued social security tax) has been charged as an expense in the profit and loss statement in 2018. The corresponding amout in 2017 was NOK 0.142m (incl accrued social security tax).

Share option IPO program 1
In connection with the Listing, the Board of Directors resolved to establish a new option program in order to tie key personnel closer to the Company and to enhance their economic incentive related to the value creation within the Group. The new options have been granted to Employees and consultants in the Group, as well as to the Board of Directors. The program has a duration of 5 years from grant date October 18th 2017. The size of the option program is up to approximately 3.9% of the share capital in the Company prior to completion of the Offering, i.e. up to 2,050,000 options. The program consists of three tranches, each of 683 333 options, with a earnings period of 1, 2 and 3 years respectively. The options will vest in three tranches, whereby each tranche consisting of 1/3 of the options will vest on the first, second and third anniversary of the grant date, respectively (i.e October 18th 2018, 2019 and 2020).

A cost of NOK 2.9m (incl accrued social security tax) has been charged as an expense in the profit and loss statement in 2018.

Share option IPO program 2
March 23rd 2018 the Group entered into a share option program following the appointment of new CFO. A total of 100,000 options with a strike price of NOK 15.50 per share were granted, as part of Crayon Group's existing share option program for leading employees. The share options granted will vest with 1/3 per year, as long as the option holder is still employed, with the first vesting date in March 2019. The options may be exercised in the period from March 2019 until March 2023.

A cost of NOK 0.4m (incl accrued social security tax) has been charged as an expense in the profit and loss statement in 2018.

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

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

Allotment of share options

	Fair value	Strike price	Grant date	Earnings date	Expiry date	Latest exercise schedule
Tranche I (IPO program 1)	1 759 157	15,50 NOK	Oct. 2017	Oct. 2018	Oct. 2022	NA
Tranche II (IPO program 1)	1 899 100	15,50 NOK	Oct. 2017	Oct. 2019	Oct. 2022	NA
Tranche III (IPO program 1)	1 980 042	15,50 NOK	Oct. 2017	Oct. 2020	Oct. 2022	NA
Tranche I (IPO program 2)	20 288	15,50 NOK	Mar. 2018	Mar. 2019	Mar. 2023	NA
Tranche II (IPO program 2)	23 034	15,50 NOK	Mar. 2018	Mar. 2020	Mar. 2023	NA
Tranche III (IPO program 2)	25 818	15,50 NOK	Mar. 2018	Mar. 2021	Mar. 2023	NA
Tranche I (VP, Digital & Cloud Services Strategy)	20 387	7,00 NOK	Dec. 2015	Dec. 2016	Dec. 2018	NA
Tranche II (VP, Digital & Cloud Services Strategy)	22 492	7,00 NOK	Dec. 2015	Dec. 2016	Dec. 2018	NA
Tranche III (VP, Digital & Cloud Services Strategy)	27 456	7,00 NOK	Dec. 2015	Dec. 2017	Dec. 2018	NA
Total	5 777 775					

	Share options start of period	Granted share options	Forfeited share Options	Exercised share options	Average exercise price	Remaining share options
Tranche I (IPO program 1)	733 333	-	50 000	-	-	683 333
Tranche II (IPO program 1)	733 333	-	50 000	-	-	683 333
Tranche III (IPO program 1)	733 333	-	50 000	-	-	683 333
Tranche I (IPO program 2)	-	33 333	-	-	-	33 333
Tranche II (IPO program 2)	-	33 333	-	-	-	33 333
Tranche III (IPO program 2)	-	33 333	-	-	-	33 333
Tranche I (VP, Digital & Cloud Services Strategy)	20 000	-	-	20 000	15.96	-
Tranche II (VP, Digital & Cloud Services Strategy)	20 000	-	-	20 000	15.96	-
Tranche III (VP, Digital & Cloud Services Strategy)	20 000	-	-	20 000	15.96	-
Total	2 260 000	100 000	150 000	60 000	48	2 150 000

Strike price

	Remaining share options	Exercisable share option at the end of the period
15.50 NOK	2 150 000	683 333
7.00 NOK		
	2 150 000	683 333

Variables in the model for the allotment of options

	IPO Program 1			IPO program 2		
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III
Expected life (yrs)	1 - 5	2 - 5	3 - 5	1 - 5	2 - 5	3 - 5
Risk free interest rate	0.41% - 1.12%	0.61% - 1.12%	0.81% - 1.12%	1.07% - 1.44%	1.07% - 1.44%	1.07% - 1.44%
Volatility	0.26	0.26	0.26	0.25	0.25	0.25

As of 31.12.2018, the following primary insiders currently holds options:

Number of share options

Rune Syversen (Founder and deputy CEO)	300 000
Torgrim Takle (CEO)	200 000
Jon Birger Syvertsen (CFO)	100 000
Bente Liberg (COO)	100 000
Mattias Ödlund (CTO)	100 000
Jens Rugseth (chairman)	200 000
Eivind Roald (board member)	100 000
Dagfinn Ringås (board member)	60 000
Grethe Viksaas (board member)	40 000

NOTE 7Tangible assets

Tangible assets 2018

(In thousands of NOK)	Equipment		
	IT systems and equipment	Office furnishings, fixtures and cars	Total
Acquisition cost 01.01.2018	38 197	32 445	70 642
Additions	9 851	6 505	16 356
Disposals*		(248)	(248)
Acquisition cost 31.12.2018	48 048	38 949	86 997
Accumulated depreciation 01.01.2018	27 979	21 703	49 682
Depreciation 2018	7 115	4 466	11 581
Accumulated depreciation 31.12.2018	35 094	26 169	61 263
Net value per 31.12.2018 excl currency translation	12 954	12 533	25 487
Currency translation	(162)	(595)	(757)
Net value per 31.12.2018 incl. currency translation	12 792	11 938	24 729
Depreciation period	1-5 years	1-5 years	
Depreciation method	Linear	Linear	

* Deconsolidated, see note 28.

Tangible assets 2017

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

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

NOTE 8Intangible assets

Intangible assets 2018

(In thousands of NOK)	Software licenses (IP)	Development costs
Acquisition cost 01.01.2018	7 421	159 780
Additions	-	48 079
FX translation	-	(12)
Acquisition cost 31.12.2018	7 421	207 847
Amortisation and impairment 01.01.2018	6 421	90 830
Amortisation	-	39 461
Impairment	-	-
Accumulated amortisation and impairment 31.12.2018	6 421	130 292
Net value 31.12.2018	1 000	77 556
Amortisation period	None	3-10 years
Amortisation method	None	Linear

Intangible assets 2018

	Contracts	Technology and software	Total
Acquisition cost 01.01.2018	361 725	65 874	594 800
Additions	535	-	48 614
FX translation	250	675	914
Acquisition cost 31.12.2018	362 511	66 549	644 328
Amortisation 01.01.2018	278 401	25 513	401 165
Amortisation	18 001	7 435	64 897
Impairment	-	-	-
Accumulated amortisation 31.12.2018	296 402	32 948	466 062
Net value 31.12.2018	66 109	33 601	178 266
Amortisation period	5-10 years	3-10 years	
Amortisation method	Linear	Linear	

In 2018, the total capitalised development costs of NOK 48.1m consist of NOK 16.6m from capitalised internal hours and NOK 31.5m from capitalised external operating expenses.

Total non-capitalised development costs amounted to NOK 31.5m relating to the Norwegian SkatteFUNN projects.

Intangible assets 2017

(In thousands of NOK)	Software licenses (IP)	Development costs
Acquisition cost 01.01.2017	7 421	119 393
Additions	-	40 350
FX translation	-	37
Acquisition cost 31.12.2017	7 421	159 780
Amortisation and impairment 01.01.2017	-	63 300
Amortisation	-	27 530
Impairment	6 421	-
Accumulated amortisation and impairment 31.12.2017	6 421	90 830
Net value 31.12.2017	1 000	68 950
Amortisation period	None	1-10 years
Amortisation method	None	Linear

Intangible assets 2017

(In thousands of NOK)	Contracts	Technology and software	Total
Acquisition cost 01.01.2017	360 079	66 354	553 247
Additions	-	-	40 350
FX translation	1 646	(480)	1 203
Acquisition cost 31.12.2017	361 725	65 874	594 800
			-
Amortisation 01.01.2017	259 045	18 099	340 444
Amortisation	19 356	7 414	54 300
Impairment	-	-	6 421
Accumulated amortisation 31.12.2017	278 401	25 513	401 165
Net value 31.12.2017	83 324	40 361	193 635
Amortisation period	1-10 years	1-10 years	
Amortisation method	Linear	Linear	

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

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

NOTE 9 Goodwill

The impairment assessment is built on a discounted cashflow model (DCF), with the model assumptions relating to weighted average cost of capital (WACC) and Compound Annual Growth Rate (CAGR) specified per Cash Generating Unit (CGU) below. Future cash flows have been determined on the basis of board approved budgets for 2018.

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

No goodwill impairments in 2018. Goodwill impairments of NOK 1.3m in 2017 relate to the following CGUs: Consulting Sweden (NOK 0.9m) and Other (NOK 0.4m).

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. The sensitivity analysis has tested changes in WACC, sales growth and terminal growth. There are relatively large headrooms on all CGUs except Crayon UK which is stated below.

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

- An increase in the DCF model WACC by 1,3 percentage point
- A reduction in 5-year sales growth by 5 percentage point
- A reduction in terminal growth with 2 percentage point

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

Budget and forecast period

The budget for each CGU is used as baseline for the financial prognosis according to IAS 36.33 and consist of one year. This is management's projected cash flow for each component. Previous year budget are tested for reliability and adjusted in case of underperformance. The remaning four years of the forecast period are estimated based on budget and historical performance.

Local currency and FX rates

All CGUs forecasted projections are done using the functional currency of the CGU according to IAS 36.54. FX rates between CGU and reporting currency (NOK) is projected using geometric average of the last three years (assuming fx rates are mean-reverting).

Growth rate

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

Gross Profit

Gross Profit margin are based on the volume/margins achieved historically, adjusted for expected future developments in market conditions.

WACC

Future cash flows are discounted to present value using a discount rate based on a calculation of a weighted average cost of capital (WACC). For 2019, pre-tax WACC was assumed to be 10.11%. As a general principle, the Group pretax WACC is used for all CGUs in the model applying the US interest rate, which is higher then all the countries where the CGUs are situated. However, when there are material differences in the local market where the CGU operates (e.g. the corporate tax rate, or the general market conditions), the WACC is adjusted accordingly.

Goodwill

(In thousands of NOK)	2018	2017
Acquisition cost 01.01	881 183	875 934
Additions	6 333	-
Currency translation	2 924	5 249
Acquisition cost 31.12	890 440	881 183
Impairment 01.01	50 139	48 877
Impairment	0	1 262
Accumulated impairment 31.12	50 139	50 139
Net value 31.12	840 301	831 044
Amortisation period	None	None
Amortisation method	None	None

Goodwill split by CGU

	2018	5 year sales CAGR assumption	Pre-tax WACC assumption	2017	5 year sales CAGR assumption	Pre-tax WACC assumption
Licensing Norway (Inmeta Crayon PPA)	267 967	3.2%	10.1%	267 967	5.0%	11.9%
Consulting Norway (Inmeta Crayon PPA)	149 713	9.8%	10.1%	149 713	5.1%	11.9%
Puzzlepart	5 927	18.9%	10.1%	5 927	18.7%	11.9%
Licensing Sweden (Inmeta Crayon PPA)	52 991	1.9%	10.1%	52 991	3.9%	11.9%
Crayon Denmark (Inmeta Crayon PPA and Again PPA)	91 897	4.5%	10.1%	91 679	6.0%	11.9%
Crayon Finland (Inmeta Crayon PPA)	47 623	8.2%	10.1%	47 623	11.1%	11.9%
Crayon Germany (Inmeta Crayon PPA)	15 948	20.5%	10.1%	15 948	24.7%	11.9%
Crayon UK (Fast PPA)	96 353	-10.9%	10.1%	96 917	-5.0%	11.9%
Kryptos Networks	23 699	31.4%	13.1%	24 540	25.1%	15.2%
Angelpoint (Anglepoint PPA)	73 493	18.9%	10.1%	69 805	26.4%	14.1%
Software Wholesale International	8 355	47.1%	10.1%	7 936	51.4%	14.1%
Kryptos Technologies (India) *	3 537	-	-	-	-	-
Tribal Knowledge *	2 796	-	-	-	-	-
Total	840 301			831 044		

* These are related to acquistions in 2018 and are considered to market value, and no new impairment indicators as of 31.12.2018.

** 5 year sales CAGR assumption are related to average yearly growth in period.

For Kryptos India we have entered a country risk premium which is set to 3,03% according to financial theory by Damodaran.

NOTE 10 Acquisition of business

Kryptos Technologies (India)

On 9 March 2018 Crayon Group announced the acquisition of Kryptos Technologies Pvt. Ltd ("Kryptos"). The Company is a specialist IT managed service provider headquartered in Chennai, India. Kryptos has approximately 60 employees and is a leading cloud migration specialist providing managed services centered around storage, server, network and applications. Under the terms of the agreement, Crayon will initially acquire a majority stake (50,1%) in Kryptos through an share issue which will be purchased at approximately 3,1 Mnok, with the option to buy-out minority shareholders based on financial performance of the company during next 3-5 years. In 2017, Kryptos was in a ramp-up phase and posted revenues of approximately MNOK 4. The acquisition meets the definition of a business in accordance with IFRS 3.

Tribal Knowledge

In June 2018, Crayon Group acquired the Singapore consulting company Tribal Knowledge. The company is engaged in the business of IT services, particularly Software Asset Management Consulting. The acquisition was completed as an purchase of assets and the activities meets the definition of a business in accordance with IFRS 3. The business consists of contracts, employees and assets. According to the asset purchase agreement, Crayon will purchase Tribal at a cash consideration of SGD 300 000, and a similar amount will be related to an earn-out model based on the financial performance of the Company during the next 12 months, which is reflected in our financial statements.

There were no further acquisitions of material impact performed during 2018.

NOTE 11

Equity

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

The company owns 35 100 of its own shares to facilitate management of employee share purchases.

The company increased the numbers of own shares with 32 000, or 0.04% of total share capital, driven by share purchase from an employee. Crayon paid a compensation of NOK 0.6m.

Shares	Number of shares	Total nominal value	Statutory provisions on voting
Shares 2018	75 394 108	75 394 108	One share – one vote

The General Meeting on May 8, 2018 authorised the board of directors to increase the share capital in four different settings. All three authorisations are valid until the earlier of Crayon's annual general meeting in 2019 and June 30th, 2019:

In relation to the Company's incentive schemes, the Board is granted an authorisation to increase the Company's share capital with up to NOK 2 200 000, provided however that the authorisation cannot be used for an amount in excess of 2.9% of the Company's share capital.

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

The board of directors is granted an authorisation to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 7 539 410, corresponding to 10% of the Company's share capital.

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

The company's major shareholders as of 31.12.2018, who own more than 1% of the share capital, are:

Shareholder's name	Total Shareholding
OEP ITS Holding B.V.	32.0%
SIX SIS AG	9.3%
SEVENCs AS	6.3%
FIRST GENERATOR	5.2%
RUGZ II AS	4.5%
Skandinaviska Enskilda Banken AB	3.5%
Morgan Stanley & Co. Int. Plc.	3.4%
HSBC TTEE MARLB EUROPEAN TRUST	2.6%
Danske Invest Norge Vekst	2.4%
Skandinaviska Enskilda Banken AB	2.0%
J.P. Morgan Bank Luxembourg S.A.	1.6%
Nordnet Bank AB	1.4%
SNIPTIND INVEST AS	1.4%
VERDIPAPIRFONDET FONDSFINANS NOR	1.3%
VERDIPAPIRFONDET FIRST GLOBALT	1.2%
DnB NOR Bank ASA	1.2%
RBC INVESTOR SERVICES BANK S.A.	1.2%
RUGZ A/S	1.0%

The company's trustees have shares in the company:

Officer	Total number of shares
Rune Syversen, Sevens AS	4 722 204
Jens Rugseth*	4 120 790
Bente Liberg, Goodcharma AS	515 898
Torgrim Takle	373 417

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

NOTE 12

Earnings per share

The Group's earnings per share are calculated as:

(In thousands of NOK)	2018	2017
Net income	11 000	(50 734)
Non-controlling interests	(4 364)	(6 105)
Owners of Crayon Group Holding ASA	15 364	(44 629)
Outstanding common shares (in thousands)	75 394	75 394
Earnings per share (NOK)	0.20	(0.59)
Own shares (in thousands)	35	3
Weighted average shares outstanding minus own shares (in thousands)	75 359	55 235
Net earnings per weighted average shares outstanding	0.20	(0.81)
Weighted average number of shares outstanding minus own shares, diluted (in thousands)	75 427	55 265
Net diluted earnings per weighted average shares outstanding	0.20	(0.81)
Number of outstanding shares per 01.01	75 394 108	52 475 535
Number of outstanding shares per 31.12	75 394 108	75 394 108

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

NOTE 13

Accounts receivable

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

Receivables outstanding	2018	%	2017	%
(In thousands of NOK)				
Not due	1 437 065	77%	1 247 117	81%
1-30 days overdue	260 914	14%	206 716	13%
30-60 days overdue	54 306	3%	33 090	2%
60-90 days overdue	30 471	2%	23 884	2%
90-120 days overdue	21 338	1%	8 805	1%
More than 120 days overdue	71 870	4%	21 825	1%
Closing balance 31.12	1 875 963		1 541 436	

Allowance for doubtful accounts in the balance sheet	2018	2017
(In thousands of NOK)		
Opening balance 01.01	(2 833)	(1 883)
Currency effect	-	184
Net reversal / (allowance)	(8 218)	(1 134)
Closing balance 31.12	(11 051)	(2 833)

Profit & loss effect of bad debt	2018	2017
(In thousands of NOK)		
Realised losses	978	1 365
Reversal of allowance	-	(678)
Allowance for doubtful accounts	8 437	1 812
Net accounting losses on receivables	9 415	2 499

The Group has historically had low losses on receivables. Regarding credit risk please see note 23.

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

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

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

Crayon has during 2018 finalised a non-recourse factoring arrangement with BNP with a potential EUR 120m scope. A set of customers in the Norwegian market was piloted to ensure the use of the factoring didn't interfere with our operations or customer relationship. Implementing factoring in the norwegian market has been successfull, and Crayon has thus the opprtunity to further expand use of factoring for funding future growth.

Implementing factoring by selling our invoices to BNP, Crayon is receiving most of the invoices upfront of the invoices sold. When customer has fully paid the invoice to BNP, Crayon receive the remaining part. This is risk minimising the payment process for outstanding receivables for Crayon.

NOTE 14 Cash & cash equivalents

NOK 17.4m of the total bank deposits as of 31.12.2018 is restricted cash. As of 31.12.2017 restricted cash was NOK 18.7m. The amounts consist in full of employee taxes withheld. Further information regarding liquidity reserve is shown in detail in note 25. Se note 28 regarding reclassification of other short term interest bearing debt.

Free available cash: Cash and cash equivalents less restricted cash
Liquidity reserve: Free available cash and available credit facilities
Free available cash: Credit facility less guarantees

Liquidity reserve is a useful measure as it provides information of the Groups financing capabilities.

(In thousands of NOK)	2018	2017
		Reclassified*
Cash and cash equivalents	379 282	368 442
Restricted cash	(17 358)	(18 725)
Free available cash	361 923	349 717
Available credit facility*	153 785	199 053
Liquidity reserve	515 708	548 770

* Available credit facility: 2017 figures are changed compared to previously reported figures as they now include an unused credit reserve in India.

	2017
	Reclassified*
Available credit facility*	199 053
Available credit facility	169 151
Adding unused credit facility in India 2017	29 902

NOTE 15 Collateral and guarantees

Debt	2018	2017
(In thousands of NOK)		
Bond loan	450 000	450 000
Transactional costs*	(3 442)	(7 942)
Debts secured by collateral	446 558	442 058

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

As security for the Crayon Group Holding ASA' bond, FRN Crayon Group Holding ASA Senior Secured Callable Bond Issue 2017/2020 (ISIN: NO0010789985), where Nordic Trustee ASA is functioning as a bond trustee, and the company's Super Senior Multicurrency Revolving Facility Agreement, Crayon Group Holding ASA has provided a first priority assignment agreement with respect to the top account in the cash pool agreement to which it is a party. Furthermore, the liability of each Guarantor, listed below, shall be limited to NOK 1.2 billion plus any unpaid amount of interest, fees, liability, premium and expenses in respect of the Secured Obligations, regarding agreement with Nordic Trustee ASA.

List of guarantors
Crayon Group Holding ASA
Crayon Group AS
Crayon AS
Inmeta Consulting AS
Crayon A/S
Crayon AB
Crayon Oy
Crayon UK Ltd.

The Group has provided guarantees for the following creditors:

(In thousands)	Creditor	Amount	Currency
Guarantee for Business associates			
Purchase of goods	Citrix Syst. Int Gmbh	500	USD
Purchase of goods	Adobe	1 500	USD
Purchase of goods	Microsoft	20 000	USD
Subsidiaries			
Crayon DMCC	Kofax, Primary Guarantee	3 000	USD
Crayon India, Guarantee credit facility	Indsind bank Limited	283 000	INR
Crayon Group, House rental	Sandakerveien 114 A	6 380	NOK
Crayon UK	Bacstel, UK	350	GBP
Crayon UK	National and Kapodistrian	1	EUR
Crayon UK	Aristotle University	1	EUR
Crayon UK	Greek Ministry of Health	2	EUR
Crayon DE, Rental guarantee	Buro Focus	45	EUR
Crayon DE, Rental guarantee	Kapfinger	2	EUR
Crayon DE, Rental guarantee	Dussten	17	EUR
Crayon DE, Rental guarantee	Schroder	12	EUR

NOTE 16 Debt

In beginning of 2017, the Group completed the issuance of a MNOK 600 senior secured bond in the Nordic market. The net proceeds from the bond issue was used to refinance the outstanding MNOK 650 bond issued in July 2014. In connection with the refinancing mentioned above, the Group also increased its revolving credit facility to MNOK 200.

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

In connection with the IPO in November 2017, NOK 150 million of the proceeds from the equity issue was used to settle parts of the initial NOK 600 million Bond loan. As of December 31, 2018, the total amount outstanding is NOK 450 million nominal value with maturity in Q2 2020.

The bond loan is initially measured at fair value net of transaction costs, and is subsequently measured at amortised cost using the effective interest rate method. Consequently, the transaction cost will be amortised over the life of the bond loan. Carrying amount of the bond loan will be equal to principal amount of NOK 450 million at maturity in Q2 2020.

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 to the issuance of new shares, are recognised as change in equity.

Both the bond and the credit facility have covenants related to financial charges and leverage ratio. As of December 31, 2018, the Group had significant headroom with regards to the covenants.

Reconciliation of liabilities arising from financing activities			
(in thousands of NOK)	Long-term bond loan	Short- term interest bearing debt	Total liabilities from financing activities
December 31, 2017	442 058	-	442 058
Credit facility India*	-	39 992	39 992
Amortisations	4 500	-	4 500
December 31, 2018	446 558	39 992	486 550

* See note 28, information of reclassification of credit facility India

NOTE 17

Other long-term liabilities

Other long-term liabilities	2018	2017
<i>(In thousands of NOK)</i>		
Deferred revenue	844	607
Contract liability	20 601	-
Other	3 536	6 581
Total	24 982	7 188

NOTE 18

Related parties

Crayon Group Holding ASA has entered into transactions with related parties in 2018. Related party transactions are carried out in accordance with the arm's length principle.

Significant transactions in 2018 are listed below:

- Transactions with Basefarm companies have been carried out as part of normal operations. Board of Director in this company is, among others, Grethe Helene Viksaas (member of Board of Directors in Crayon Group Holding ASA) is also Board member of Basefarm. Sales to Basefarm, or one of its subsidiaries, amounted to NOK 36.6m in 2018, and accounts receivables as of 31.12.2018 were NOK 3.4m. Expenses from Basefarm, or one of its subsidiaries, was NOK 0, and accounts payable at 31.12.2018 was at NOK 0.
- Transactions with company Complit AS have been carried out as part of normal operations. Shareholders in this company is, among others, Sevens AS (Rune Syversen, Founder and deputy CEO of Crayon Group), and Rugz AS (Jens Rugseth, Chairman of Crayon Group Holding ASA). Sales to Complit AS amounted to NOK 1m in 2018, and accounts receivables as of 31.12.2018 of NOK 0.2. Expenses from Complit AS were NOK 6.97m, and accounts payable at 31.12.2018 were NOK 0.6m.
- Crayon Germany has had sales to Sevenecs AS in 2018 of NOK 1.2m.

For information related to remuneration to executive management and the Board of Directors see note 5.

NOTE 19

Tax

Net income tax expense consists of the following:

Tax expense	2018	2017
<i>(In thousands of NOK)</i>		
Income tax on net profit	35 768	4 818
Deferred taxes	7 005	(7 757)
Total	42 773	(2 939)

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

Reconciliation of tax charge	2018	2017
<i>(In thousands of NOK)</i>		
Net income before income tax expense	53 773	(53 673)
Norwegian statutory rate	23%	24%
Provision for income taxes at statutory rate	12 368	(12 881)

Increase (decrease) in income taxes from:

Effect of tax rates other than statutory tax rate in Norway	(2 209)	(695)
Changes in unrecognised deferred tax assets	27 936	3 449
Other permanent items	4 678	7 189
Total income tax expense	42 773	(2 939)

The Group subsidiaries Crayon AS, Crayon Group AS, Puzzlepart AS, Inmeta Consulting AS, and Esito AS receive tax deductions from the Norwegian SkatteFUNN scheme for hours and operating expenses spent on approved projects relating to R&D. Under the SkatteFUNN scheme, business enterprises engaged in research and development activity may apply for a tax deduction. As described by the Research Council of Norway, the primary objective of the SkatteFUNN scheme is to provide support to R&D projects carried out by companies, enhance innovation in Norwegian trade, industry, and services, foster the development of good business ideas, motivate Norwegian companies to make their R&D efforts more strategic and targeted, and encourage greater use of development and research as strategic instruments to improve competitiveness. The total tax receivable from the SkatteFUNN scheme amounted to NOK 7.5m as of 31.12.2018.

Changes in unrecognised deferred tax assets have increased in 2018 due to mainly reversal of deferred tax assets in US, NOK 20m.

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

Basis for recognised deferred tax assets	2018	2017
Current assets	1 709	4 104
Fixed assets	9 745	7 726
Shares and other securities	3 260	3 638
Interest restriction IC	5 138	5 138
Long-term debt	(3 442)	(7 942)
Tax losses carried forward	117 630	167 683
Total basis for recognised deferred tax assets	134 039	180 346

Deferred tax assets	29 417	45 252
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Basis for recognised deferred tax liabilities	2018	2017
Current assets	169	1 404
Purchase price allocations	98 684	123 034
Other fixed assets	6 062	6 150
Total basis for recognised deferred tax liabilities	104 915	130 589

Deferred tax liabilities	30 336	39 167
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NOTE 20

Financial income and expenses

Financial income	2018	2017
<i>(In thousands of NOK)</i>		
Interest income from bank deposits	1 064	6 718
Interest swap income	6 563	-
Interest income from accounts receivable	1 236	1 111
Total other interest income	8 864	7 829
Foreign currency gain*	103 916	104 977
Other financial income	610	1 445
Total other financial income*	104 526	106 422
Total financial income	113 389	114 251
Financial expenses	2018	2017
<i>(In thousands of NOK)</i>		
Interest expense credit institutions	8 644	18 557
Interest swap expense	5 822	235
Interest promissory note	286	1 887
Interest bond loan	29 324	40 042
Total other interest expenses	44 077	60 721
Foreign currency loss*	107 128	112 387
Other financial expenses	8 989	26 973
Total other financial expenses*	116 116	139 360
Total financial expenses	160 193	200 081

* Foreign currency gain/loss is presented in the note on a gross basis. In the Consolidated Statement of Income 1.1-31.12 foreign currency is presented net. 2017 figures are reclassified in this note due to previously net presentation.

Interest swap is posted through the Statement of Income according to IFRS 9.

NOTE 21

Operating leases

Total leasing cost for 2018 was NOK 40.4m, split on buildings NOK 36.8m, cars NOK 3.4m and other NOK 0.2m. The Company has operating lease commitments expiring at various dates through 2031. Future minimum payments related to non-cancellable operating leases were as follows:

<i>(In thousands of NOK)</i>	2018
2019	37 902
2020	34 110
2021	28 495
2022	25 430
2023	14 080
thereafter	19 323
Total	159 339
The future minimum payments under the Company's operating leases are for the following types of property:	
Buildings	151 811
Cars	6 887
Office Equipment	641
Total	159 339

NOTE 22

Financial instruments

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

The currency swap is recognised in the balance sheet at fair value, representing future liabilities based on the exchange rates at the balance sheet date. Given the development of these currencies vs NOK, the total obligation to be repaid at maturity in NOK has increased by NOK 3.0m from when the swap agreements were executed to 31.12.2018.

Interest swaps
Approximately 17% of the NOK 450.0m bond principal is interest hedged. The effective interest rate for the bond as of December 31, 2018 was approximately 6.76%.

The interest swap is recognised in the balance sheet at fair value, representing future liabilities based on the interest rates at the balance sheet date. As a consequence of a higher interest on the company's fixed interest products compared to the floating rate, the company per 31.12.2018 has as a future liability until due date of the fixed interest products amounting to NOK 0.2m.

<i>(In thousands of NOK)</i>	2018	2017
Bond principal	450 000	450 000
Currency swap	3 041	3 635
Interest swap	219	3
Transaction cost *	(3 442)	(7 942)
Total financial liabilities	449 818	445 696

* The bond loan is initially measured at fair value net of transaction costs, and is subsequently measured at amortised cost using the effective interest rate method. Consequently, the transaction cost will be amortised over the life of the bond loan. Carrying amount of the bond loan will be equal to principal amount of NOK 450 million at maturity in FY 2020. The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the underlying cash flow of the company, and is booked as the actual value representing future liabilities based on the exchange rates at the balance sheet date.

Financial liabilities at fair value through the Statement of Income	2018	2017
<i>(In thousands of NOK)</i>		
Level 1	-	-
Level 2	3 260	3 638
Level 3	-	-
Total	3 260	3 638

The fair value hierarchies are defined as follows:
Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. [IFRS 13:76]
Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. [IFRS 13:81]
Level 3 inputs are unobservable inputs for the asset or liability. [IFRS 13:86]

NOTE 23

Financial risk

The Group's covenants are attached to the credit facilities and bond loan. The credit facilities of NOK 200m are used for working capital and short-term financing purposes. The Group's interest-bearing bond loan is shown in detail in note 16. Crayon's activities expose the company to financial risks such as market risks (including interest rate risk and currency risk), liquidity risk and credit risk.

1. Currency risk
The Group is exposed to currency fluctuations due to the international nature of its operations. The Group had swapped approximately 22% of its bond principal into the following currencies: SEK 51.0m and DKK 39.0m.

A natural hedge is achieved as the bond principal swapped into non-NOK currencies reflects the underlying cash generation by the Group. Further, larger transactions involving currency risk are hedged by the means of forward contracts. Other than the above, the Group does not have any financial instruments in foreign currency beyond the trading activities arising from ordinary operation.

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

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

3. Liquidity risk

To secure financial flexibility management of liquidity risk is an area awarded high priority. The cash flow from operating activities is impacted by a number of factors including changes in working capital, and this is managed at operational level by the individual companies.

The Finance Department monitors liquidity flows in its short-term and long-term reporting. The Group also has significant liquidity reserves available through credit facilities with its primary bank, as a result of which liquidity risk is deemed to be low.

4. Credit risk

The Group has historically had low losses on receivables. The Group has not experienced materially greater losses on receivables in 2018 than in previous years, however given increased operations of the Group in new markets outside the core Nordic region, which also entails different credit risk environments, the Group has intensified its efforts to collect outstanding receivables. The Group deems credit risk to be at an acceptable level. See further information in note 13.

5. Sensitivity

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

Table A

(In thousands of NOK)	2018 EBITDA*	NOK appreciates 10%	NOK depreciates 10%	2017 EBITDA*	NOK appreciates 10%	NOK depreciates 10%
SEK	62 872	(6 287)	6 287	50 477	(5 048)	5 048
DKK	22 781	(2 278)	2 278	15 664	(1 566)	1 566
GBP	(1 192)	119	(119)	532	(53)	53
EUR	18 753	(1 875)	1 875	(1 116)	112	(112)
USD	(16 929)	1 693	(1 693)	(11 418)	1 142	(1 142)
Effect of sensitivity		(8 629)	8 629		(5 414)	5 414

* Note 3

Table B

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

* Compared to interest levels as of 31.12.2018

Table C

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

Maturity profile

(In thousands of NOK)	2019	2020	2021	2022 ->	Total
Interest-bearing bond loan	29 520	457 845	-	-	487 365
Other financial liabilities	5 013	7 727	4 042	8 200	24 982
Accounts payable	1 787 346	-	-	-	1 787 346
Non-cancellable lease commitments	37 902	34 110	28 495	58 833	159 339
Total	1 859 781	499 681	32 537	67 033	2 459 032

NOTE 24 Subsidiaries and non-controlling interests

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

Subsidiary

	Office location	Ownership % 2018	Ownership % 2017
Nordics			
Crayon Group AS	Oslo	100%	100%
Crayon AS	Oslo	100%	100%
Inmeta Consulting AS	Oslo	89.2%	100%
Esito AS	Oslo	100%	51.0%
Rewired AS	Oslo	97.0%	100%
Puzzlepart AS	Oslo	53.6%	50.1%
Crayon Consulting A/S	Copenhagen	100%	69.5%
Crayon A/S	Copenhagen	100%	100%
Crayon AB	Stockholm	100%	100%
Crayon OY	Helsinki	100%	100%
Crayon Iceland ehf.	Reykjavik	100%	100%

Growth Markets

Crayon UK Ltd	London	100%	100%
Crayon France SAS	Paris	80.0%	75.0%
Crayon Deutschland GmbH	Munich	100%	100%
Crayon Cloud Consulting GmbH	Munich	100%	100%
Crayon DMCC	Dubai	80.0%	80.0%
Crayon Abu Dhabi	Abu Dhabi	100%	100%

Start Ups

Crayon Austria GmbH	Vienna	87.5%	87.5%
Crayon Schweiz AG	Altdorf	87.5%	87.5%
Crayon Software Experts Spain SL	Madrid	96.0%	86.0%
Crayon Software Licensing Unipessoal LDA	Lisbon	86.0%	86.0%
Crayon BV	Amsterdam	80.0%	80.0%
Atria Technologies Pte Ltd	Singapore	100%	100%
Crayon Pte Ltd	Singapore	100%	100%
Kryptos Networks Pvt Ltd	Chennai	100%	100%
Kryptos Technologies Private Limited	Mumbai	50.1%	100%
Crayon Software Experts India Pvt Ltd	New Delhi	100%	100%
Crayon Software Experts Philippines Inc	Makati City	82.0%	100%
Atria Solutions Sdn Bhd	Kuala Lumpur	100%	100%
Crayon Software Experts Malaysia Sdn Bhd	Kuala Lumpur	100%	92.5%
Ice Distributions hf	Reykjavik	100%	100%
Crayon Serbia	Beograd	90.0%	
Crayon Bulgaria	Sofia	90.0%	
Crayon Sri Lanka	Colombo	99.0%	

U.S.

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

The non-controlling interest share of the net income for 2018 and equity as of 31.12.2018 is detailed below:

Specification of non-controlling interests 2018

	NCI ownership share	NCI share of equity (kNOK)	NCI share of net income (kNOK)
Crayon Software Experts Philippines Inc.	18.0%	736	(35)
Crayon Schweiz AG	12.5%	2 216	(763)
Crayon Software Licensing Unipessoal LDA	14.0%	807	(168)
Crayon Software Experts Spain SL	4.0%	691	268
Crayon France SAS	20.0%	3 506	115
Crayon Austria GmbH	12.5%	3 529	669
Crayon DMCC	20.0%	2 179	(521)
Crayon BV	20.0%	3 639	261
Crayon Sri Lanka	1.0%	2	2
Crayon Software Experts LLC	23.3%	(1 567)	9 586
Anglepoint Group Inc	23.3%	(2 711)	(412)
Software Wholesale International Inc	23.3%	608	41
Crayon Global Services GmbH	23.3%	1 765	53
Kryptos Technologies Private Limited	49.9%	(489)	741
Crayon Bulgaria	10.0%	(5)	-
Crayon Serbia	10.0%	145	149
Inmeta Consulting AS	10.8%	(3 959)	(1 935)
Rewired AS	3.0%	(34)	(8)
Puzzlepart AS	46.4%	(6 478)	(3 679)
Total		4 581	4 364

In May 2018, Crayon Group AS purchased the assets in Tribal Knowledge Pvt. Ltd. The transfer of funds related to the purchase was split into different periods, where the last payment consist of a variable part. The expected variable part is included as a liability in the consolidated numbers for Crayon Group Holdig ASA.

Written Put Options over Non-Controlling Interests

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

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

The number of put shares to be issued shall be such number of put shares whose fair market value is equal to the fair market value of the share units being exchanged by the non-controlling interests. Hence, the fair value of the written put options over non-controlling interests is zero as at 31 December 2018.

Puzzlepart
In December 2015, Crayon Group AS bought 50.1% of the shares in Puzzlepart AS. Crayon Group AS has issued written put options over the non-controlling interests in Puzzlepart. The put options will be settled by non-controlling interests selling their shares in Puzzlepart in exchange for cash. In December 2018 non-controlling interests exercised put options for 3.5% of the shares according to the shareholder agreement.

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

The amount of cash to be paid shall be such an amount whose fair market value is equal to the fair market value of the share units being exchanged by the non-controlling interests. Hence, the fair value for the written put options over the non-controlling interests is zero as of 31 December, 2018.

NOTE 25 Alternative performance measures

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

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

Crayon uses the following APM's:

Gross Profit

Gross profit is calculated as operating revenue less materials and supplies. The Group's revenue is recognised either gross or net depending on revenue streams. As a result, management makes budgets on gross profit rather than gross revenue. Management uses gross profit as a key performance measure in order to create a unified performance measure across business areas. Crayon believes that the measure provides useful and necessary information to investors and other related parties for the following reasons:

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

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

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

EBITDA before other income and other expenses (Adjusted EBITDA)

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

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

	2018	2017
<i>(In thousands of NOK)</i>		
EBITDA	177 055	103 842
Other Income and Expenses	11 086	26 758
Adjusted EBITDA	188 141	130 600

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

	2018	2017
<i>(In thousands of NOK)</i>		
Refinancing	-	152
Specific M&A costs and legal structuring	962	348
IPO Cost 2017 (Project Elevate)	310	16 149
Share based compensation	3 261	3 945
Extraordinary personell costs	6 554	6 164
Other income and expenses	11 086	26 758

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

	2018	2017
<i>(In thousands of NOK)</i>		
Inventory	8 625	26 287
Accounts receivable	1 875 963	1 541 436
Other receivables	75 998	55 815
Income tax receivable/payable (+/-)	(20 311)	(4 800)
Accounts payable	(1 787 346)	(1 600 566)
Public duties	(209 594)	(229 057)
Other current liabilities	(286 549)	(194 416)
Net working capital	(343 216)	(405 301)

NOTE 26 Financial assets and liabilities

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

2018	Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
Financial assets				
Other long-term receivables*	-	22 658	-	22 658
Accounts receivable	-	1 875 963	-	1 875 963
Other current receivables	-	75 998	-	75 998
Cash and cash equivalent	-	379 282	-	379 282
Total financial assets	-	2 353 901	-	2 353 901
Financial liabilities				
Bond loan (Long-term)	-	-	446 558	446 558
Derivative financial liabilities (Long-term)	3 260	-	-	3 260
Other long-term liabilities**	-	-	24 982	24 982
Accounts payable	-	-	1 787 346	1 787 346
Total financial liabilities	3 260	-	2 258 886	2 262 145

2017	Fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
Financial assets				
Other long-term receivables	-	4 771	-	4 771
Accounts receivable	-	1 541 436	-	1 541 436
Other current receivables	-	55 815	-	55 815
Cash and cash equivalent	-	368 442	-	368 442
Total financial assets	-	1 970 465	-	1 970 465
Financial liabilities				
Other long-term liabilities	-	-	442 058	442 058
Bond loan (Short-term)	3 638	-	-	3 638
Derivative financial liabilities (Short-term)	-	-	7 188	7 188
Accounts payable	-	-	1 600 566	1 600 566
Total financial liabilities	3 638	-	2 049 812	2 053 450

* / ** See note 2, specification of Contract assets and contract liabilities according to IFRS 15

NOTE 27 Subsequent events

In march 2019 Crayon Group Holding ASA (“Crayon”) signed a Sales Purchase Agreement (“SPA”) with the shareholders of Complit A/S (“Complit”), a leading Norwegian IT service desk company, for the purchase of 100% of the outstanding shares of Complit (the “Transaction”). According to the SPA, Crayon will acquire Complit at an equity value of approximately MNOK 8, out of which MNOK 3 is related to an earn-out model based on the financial performance of the company during the next 12 months. The acquisition of Complit will enable Crayon to provide 24/7 cloud support services to its customers across majority of the European countries, which will provide significant customer upsell opportunities as well as more recurring business. Transactions with Complit AS is included in the note 18 Related parties, and the purchase is according to The Company Act §3-8.

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

NOTE 28 Adjustment and reclassification

Adjustment to reported quarterly financial information:

- Reclassifications:
- 1) Reclassification of loan from cash & cash equivalents to other interest-bearing short-term liabilities, (see note 14).
- Credit facility in India was in 2017 reported as net Cash & cash equivalents. From 2018 this is reported as short-term interest bearing debt. Due to immateriality 2017 (NOK 20.1m) figures are not restated.
- 2) Reclassification of tax assets and liabilities to correct for netting
- Tax payables and tax receivables (included in other receivables) are presented gross from 2018, compared to 2017. Figures are not restated due to immateriality for 2017 (Gross value Tax payable NOK 9.0m).
- 3) Amount previous classified as operating revenue, does not meet requirement in IFRS 15, and has been reclassified to cost of sales. See note 2.1
- 4) Correction to accounts receivable and accounts payable – an adjustment was made to correctly reflect the balance sheet effects of a financing arrangement impacting accounts receivable and payable both with NOK 99.9m .
- 5) Adjustment related to revised assessment of control over an entity within the group. Crayon has reassessed the ability to control a certain entity within the group and has concluded that control does not exist as at 31 December 2018. An adjustment has been made to the consolidated financial information to reflect the revised assessment impacting revenues, cost of sales and accounts receivable and payable.

	As reported YTD Q4 2018	2018	Change
Operating revenue	9 458 293	9 047 526	(410 767)
Cost of sales	7 969 819	7 561 419	(408 400)
Gross profit	1 488 474	1 486 108	(2 366)
Opex	1 311 419	1 309 054	(2 366)
EBITDA	177 055	177 055	0

	As reported YTD Q4 2018	2018	Change
Equipment	24 978	24 729	(249)
Accounts receivable	2 061 931	1 875 963	(185 968)
Other receivables	100 460	75 998	(24 462)
Total assets	2 187 369	1 976 689	(210 680)
Accounts payable	1 995 466	1 787 346	(208 120)
Other current liabilities	289 109	286 549	(2 560)
Total liabilities	2 284 575	2 073 895	(210 680)

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Financial

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Crayon Group Holding ASA

Statement of Income 1.1 - 31.12

	Note	2018	2017
<i>(In thousands of NOK)</i>			
Operating income and expenses			
Payroll expenses	2, 3	2 110	12 756
Other operating expenses	3	5 848	9 058
Total operating income and expenses		7 958	21 814
Operating profit/EBIT		(7 958)	(21 814)
Financial income and expenses			
Income from subsidiaries and other group companies	4, 2	38 140	37 082
Interest income from group companies	2	30 175	64
Other interest income		6 962	3 432
Other financial income		8 216	5 730
Other Interest expenses to group companies		5 149	-
Other Interest expenses		39 402	45 888
Other financial expenses		17 729	43 458
Net financial income and expenses		21 214	(43 037)
Net income before tax		13 256	(64 851)
Income tax expense on net income	5	4 516	(17 521)
Net income		8 740	(47 330)
Brought forward			
To other equity	6	8 740	-
Loss brought forward		-	(47 330)
Net brought forward		8 740	(47 330)

Crayon Group Holding ASA

Balance Sheet as of 31.12

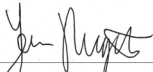
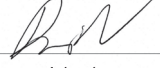
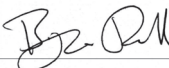
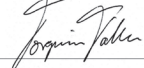
(In thousands of NOK)	Note	2018	2017
Assets			
Non-current assets			
Intangible assets			
Deferred tax asset	5	13 022	17 537
Total intangible assets		13 022	17 537
Financial assets			
Investments in subsidiaries	4	787 496	784 783
Loan to group companies	2	4 124	-
Total financial assets		791 620	784 783
Total non-current assets		804 641	802 320
Current assets			
Other receivables	1, 2	85 366	195 384
Total receivables		85 366	195 384
Cash & cash equivalents	1	248 749	137 972
Total current assets		334 115	333 357
Total assets		1 138 757	1 135 677

Crayon Group Holding ASA

Balance Sheet as of 31.12

(In thousands of NOK)	Note	2018	2017
Equity and liabilities			
Paid-in equity			
Share capital	6, 7	75 394	75 394
Own shares	6, 7	(35)	(3)
Share premium	6	588 051	588 051
Total paid-in equity		663 410	663 442
Retained earnings			
Other equity	6	5 036	(6 581)
Total retained earnings		5 036	(6 581)
Total equity		668 446	656 861
Long-term liabilities			
Bond loan	8, 9	446 558	442 058
Derivative financial liabilities	8	3 260	3 638
Total long-term liabilities		449 818	445 696
Current liabilities			
Accounts payable		423	17 620
Other short term liabilities	2	20 070	15 501
Total current liabilities		20 493	33 120
Total liabilities		470 310	478 816
Total equity and liabilities		1 138 757	1 135 677

Oslo, April 3, 2019

 Jens Rugseth (Chairman)	 Eivind Roald (Board Member)	 Dagfinn Ringås (Board Member)
 Grethe Viksaas (Board Member)	 Camilla Magnus (Board Member)	 David Ulvær (Employee Representative)
 Bjørn Rosvoll (Employee Representative)	 Brit Smestad (Employee Representative)	 Torgrim Takle (CEO)

Crayon Group Holding ASA

Cash Flow Statement

(In thousands of NOK)	01.01-31.12 2018	01.01-31.12 2017
Cash flow from operating activities		
Profit before tax	13 256	(64 851)
Taxes paid	-	(1 512)
Net interest paid to credit institutions and interest to bond loan	32 440	42 456
Paid interest to group companies	5 149	-
Received interest from group companies	(30 175)	(64)
Changes in inventory, accounts receivable/ payable	(17 197)	16 995
Changes in other current accounts**	(27 108)	(18 439)
Net cash provided by operating activities	(23 636)	(25 415)
Cash flow from investing activities		
Purchase of own shares	520	-
Net cash from investing activities	520	-
Cash flow from financing activities		
Net interest paid to credit institutions and interest to bond loan	(32 440)	(42 456)
Paid interest to group companies	(5 149)	-
Received interest from group companies	30 175	64
New equity	-	348 650
Net changes in cash pool, group companies	103 165	(21 037)
Proceeds from issuance of interest bearing debt	-	(207 942)
Reiceived group contribution*	38 140	37 081
Net cash from financing activities	133 892	114 360
Net increase (decrease) in cash and cash equivalents	110 776	88 943
Cash and cash equivalents at beginning of period	137 972	49 028
Cash and cash equivalents end of period	248 749	137 972

* Received group contribution has been reclassified from operating to financing activites

** Group receivables within the Cashpool, have been reclassified from operating activites to financing activities

NOTE 1

Accounting principles

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

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

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

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

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

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

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

Taxes
The income tax expense is comprised of both taxes payable (23%) for the period, which will be due in the next financial year, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between booked net income and taxable net income, including year-end loss carry-forwards, calculated at 22%. Temporary differences, both positive and negative, which will be reversed, or are likely to be reversed, in the same period, are recorded net.

NOTE 2

Transactions with related parties

Accounts receivable and payable to Group companies:	2018	2017
(In thousands of NOK)		
Receivables		
Received group contribution	38 140	37 081
Other receivables	49 826	157 536
Total receivables	87 966	194 617
Liabilities		
Other payables	4	6 017
Other short term liabilities	9 712	-
Total liabilities	9 716	6 017

Liabilities not recognised in the balance sheet
See note 8.

Transactions with related parties:

<i>(In thousands of NOK)</i>	2018	2017
Purchases of services		
Purchases from Crayon Group AS	1 529	9 502
Guarantee fees	4 332	4 725
Total purchases	5 862	14 227
Financial items		
Income from subsidiaries and other group companies	38 140	37 082
Interest income from group companies	30 175	64
Other Interest expenses to group companies	5 149	-
Total net financial items	63 167	37 146

* Other receivables consist of receivables within the cash pool, where the Top Account belongs to Crayon Group Holding ASA.

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

Increase in interest income from group companies from 2017 to 2018 is due to changes in cash pool structure.

NOTE 3Other operating expenses

The company has no employees. Compensation to the members of the Board amounted to MNOK 0.9 in 2018, and MNOK 0.4 in 2017. The company has paid remuneration to the auditor in the following amounts:

<i>(In thousands of NOK)</i>	2018	2017
Expensed auditor’s fees	800	597
Other services related to auditing	552	296
Total	1 352	893

Fees are quoted excluding VAT.

Regarding employee benefit, please see group note 5.

NOTE 4Investment in subsidiaries

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

<i>(In thousands of NOK)</i>	Registered office	Historical cost	Book value	Ownership interest and voting rights	Net profit/loss	Company’s equity
Company						
Crayon Group AS	Oslo	783 903	787 245	100%	72 637	707 258
ICE Distribution hf	Reykjavik	3 145	251	100%	(209)	(3 205)
			787 496			

Crayon Group Holding ASA has received the following group contributions in 2018:

<i>(In thousands of NOK)</i>	
Crayon Group AS	37 821
Rewired AS	319
Total	38 140

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

NOTE 5Tax

<i>(In thousands of NOK)</i>	2018	2017
Taxes payable on profit for the year	-	-
Change in deferred tax	4 516	(17 521)
Total taxes for the year	4 516	(17 521)

Specification of the tax base:

Net income before income tax	13 256	(64 851)
+ Permanent differences	(34 714)	(39 705)
+ Changes in temporary differences	4 500	(7 942)
+ Received group contributions	38 140	37 082
- Use of losses carry-forward	(21 182)	-
= Tax base	0	(75 416)

Specification of tax expenses:

Taxes payable in the balance sheet	-	-
= Total taxes payable	-	-
+/- Changes in tax rate	592	762
+/- Change in deferred tax/tax assets	3 924	(18 284)
= Income tax expense	4 516	(17 521)

Deferred tax/deferred tax assets

<i>(In thousands of NOK)</i>	2018	2017
Accumulated tax losses to be brought forward	(54 234)	(74 750)
Shares and other securities	(3 260)	(3 638)
Other differences	3 442	7 276
Limited deduction for interest on related parties	(5 138)	(5 138)
= Basis for deferred tax	(59 189)	(76 250)
Deferred tax	-	-
Negative basis for deferred tax	59 189	76 250
= Basis for deferred tax asset	59 189	76 250
Deferred tax asset	13 022	17 537
Tax rate 31.12 (%)	22%	23%

Deferred tax assets can be set off against future income.

NOTE 6Equity

<i>(In thousands of NOK)</i>	Share capital	Own shares	Share premium	Other equity	Total equity
Per 01.01.18	75 394	(3)	588 051	(6 581)	656 861
Share repurchase (net)		(32)		(520)	(552)
Other				136	136
Sharebased compensation				3 261	3 261
+ net profit 2018				8 740	8 740
Per 31.12.18	75 394	(35)	588 051	5 036	668 446

NOTE 7 Share capital

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

The company owns 35 100 of its own shares to facilitate management of employee share purchases.

The company increased the numbers of own shares with 32 000, or 0.04% of total share capital, driven by employee share purchases. Crayon received compensation of NOK 0.6m.

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

The General Meeting on May 8, 2018 authorised the board of directors to increase the share capital in three different settings. All three authorisations are valid until the earlier of Crayon's annual general meeting in 2019 and June 30th, 2019:

In relation to the Company's incentive schemes, the Board is granted an authorisation to increase the Company's share capital with up to NOK 2 200 000, provided however that the authorisation cannot be used for an amount in excess of 2.9% of the Company's share capital.

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

The board of directors is granted an authorisation to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 7 539 410, corresponding to 10% of of the Company's share capital.

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

The company's major shareholders as of 31.12.2018, who own more than 1% of the share capital, are:

Name of shareholder	Ownership interest
OEP ITS Holding B.V.	32.0%
SIX SIS AG	9.3%
SEVENCs AS	6.3%
FIRST GENERATOR	5.2%
RUGZ II AS	4.5%
Skandinaviska Enskilda Banken AB	3.5%
Morgan Stanley & Co. Int. Plc.	3.4%
HSBC TTEE MARLB EUROPEAN TRUST	2.6%
Danske Invest Norge Vekst	2.4%
Skandinaviska Enskilda Banken AB	2.0%
J.P. Morgan Bank Luxembourg S.A.	1.6%
Nordnet Bank AB	1.4%
SNIPTIND INVEST AS	1.4%
VERDIPAPIRFONDET FONDSFINANS NOR	1.3%
VERDIPAPIRFONDET FIRST GLOBALT	1.2%
DnB NOR Bank ASA	1.2%
RBC INVESTOR SERVICES BANK S.A.	1.2%
RUGZ A/S	1.0%

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

Officer	Total number of shares
Rune Syversen, Sevens AS	4 722 204
Jens Rugseth*	4 120 790
Bente Liberg, Goodcharma AS	515 898
Torgrim Takle	373 417

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

NOTE 8 Financial instruments

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

(In thousands of NOK)	2018	2017
Bond principal	450 000	450 000
Currency swap	3 041	3 635
Interest swap	219	3
Transaction cost	(3 442)	(7 942)
Total financial liabilities	449 818	445 696

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

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

NOTE 9 Issuance of bond loan

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

The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the underlying cash flow of the company, and is booked as the actual value representing future liabilities based on the exchange rates at the balance sheet date. Transactional costs (NOK ~ 10 million) related to the bond issue which was settled on April 6th, 2017 are accretion expensed (i.e added back) over the lifetime of the bond, thus reaching nominal value at maturity in Q2 2020.

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

Auditor's Report



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To the General Meeting of Crayon Group Holding ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Crayon Group Holding ASA (the Company), which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Crayon Group Holding ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knaresvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Crayon Group Holding ASA

Valuation of goodwill and intangible assets

Key audit matter

As disclosed in notes 8 and 9 of the consolidated financial statements, the Group has recognized goodwill of MNOK 840 and other intangible assets of MNOK 178, representing 29 % of the Group's total assets.

Management has performed impairment testing of goodwill for all the Group's CGUs in the fourth quarter. Impairment indicators related to intangible assets have been assessed. Where impairment indicators have been identified, management has assessed the recoverable amount of the relevant assets.

Management's determination of the recoverable amount of goodwill and intangible assets requires the exercise of significant judgement related to the expected timing of future cash flows and key assumptions, such as revenue growth rates, margins and discount rates.

The Group is operating in several markets, and their market position has reached different levels of maturity throughout the Group. Management applies a higher level of judgement in estimating future cash flows related to growth markets than in mature markets, as the timing of cash flows, growth rates and margins for CGUs in these markets are less predictable.

For this reason there is some degree of uncertainty related to the recoverable amount of some of the group's cash generating units and intangible assets in particular related to growth markets. Changes in key assumptions can lead to an impairment therefore valuation of goodwill and intangible assets is considered a key audit matter.

How the matter was addressed in our audit

Our procedures in this area include:

- Assessing management's process and results for identification and classification of CGU's and assessing whether they were appropriate and in accordance with relevant accounting standards.
- Challenging management's assessment of impairment indicators.
- Evaluating management's retrospective reviews of the accuracy of estimates in terms of timing of cash flows and other assumptions where historical data is available.
- Evaluating and challenging the forecasted cash flows including timing of future cash flows and growth rates applied in the models with reference to approved business plans.
- Testing the sensitivity of movements in key assumptions.
- Evaluating, with assistance from our valuation specialists, key assumptions such as growth rates and discount rates by reference to external sources and relevant benchmarks.
- Testing the mathematical accuracy of the models used to calculate value in use.
- Assessing the adequacy of the disclosures related to goodwill and impairment.

Revenue recognition

Key audit matter

As disclosed in notes 2 and 3 of the consolidated financial statements, the Group has adopted IFRS 15 Revenue from contracts with customers as at 1 January 2018 using the modified retrospective approach.

How the matter was addressed in our audit

Our audit procedures in this area include:

- Applying professional skepticism and critically assessing the accounting judgments against the requirements of IFRS 15.



Crayon Group Holding ASA

IFRS 15 requires management to assess their contracts with customers and apply judgment to several aspects of revenue recognition.

The Group holds many different types of contracts with customers and has applied judgment in assessing key elements. In particular with reference to contracts for the resale of licenses and whether or not there are multiple performance obligations. Judgement is also applied in assessing whether or not the group is acting as an agent or principal in its contracts with customers, which determines whether revenue is presented on a gross or net basis.

With reference to the specific application guidance in IFRS 15 related to licensing, the Group has assessed the nature of the contracts to sell licenses, and whether or not revenues associated with these contracts should be recognized over time or at a point in time. This in turn affects timing of revenue recognition.

- Challenging management's assumptions in determining the impact of IFRS 15 in key areas. In particular we assessed the areas where management has exercised judgement in determining the effect of implementing IFRS 15, including the assessment of agent versus principal, revenue recognition criteria for licenses and services, and the identification of performance obligations.
- Inspection of a sample of contracts with customers in order to assess whether the method for revenue recognition was consistent with IFRS 15, with focus on the assessment of the contract under the licensing criteria, allocation of revenue to the individual performance obligations and timing of revenue recognition.
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to IFRS 15 transition effects and revenues from contracts with customers.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Crayon Group Holding ASA

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Crayon Group Holding ASA

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 3. April 2019

KPMG AS

Julie Berg

State Authorised Public Accountant

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