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www.crayon.com/en/about-us/investor-relations

Annual Report 2020

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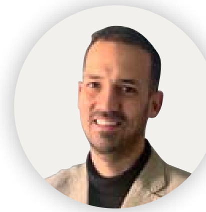
Faces of Crayon

RAKHEE POPAT
Director of Global Inside Sales Operations
Woodburn Green, England

CHRES RENE JENSEN
Account Executive
Copenhagen, Denmark



BADIH AL KODSI
Sales Manager
Dubai, United Arab Emirates

ROBERTH STRAND
Cloud Architect
Oslo, Norway

ANFERNEE BONDS
Marketing Specialist
Dallas, United States

NUMBER OF OFFICES WORLDWIDE

50

ADDRESSABLE MARKET COVERAGE

80%

HILDA KOSORUS
Head of Data Insights
Vienna, Austria

RIA BANERJEE
Enterprise Account Manager
Bangalore, India

JERRY GAERLAN
Business Development Manager
Manila, Phillippines

KARINA CIREAP
Sales Executive
Bucharest, Romania

AKVILE ZUBERNYTE
Marketing and Insight Sales Manager
Vilnius, Lithuania

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Key figures

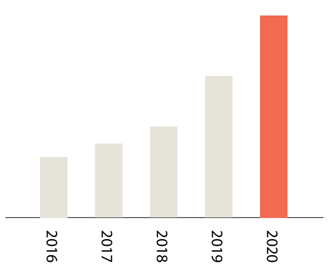
(NOK in thousands, unless stated)	2020	2019	2018
Revenue	19 599 455	13 618 020	9 047 526
Gross profit	2 344 785	1 808 711	1 486 108
EBITDA	381 414	249 926	177 055
Adjusted EBITDA	412 902	292 242	188 141
EBIT	241 112	77 057	100 576
Net income	126 831	(19 289)	11 000
Cash flow from operations	941 630	190 977	114 746
Gross profit margin (%)	12.0%	13.3%	16.4%
Adjusted EBITDA margin (%)	2.1%	2.1%	2.0%
Adjusted EBITDA / Gross profit margin (%)	17.6%	16.2%	12.7%
Basic earnings per share (NOK per share)	1.52	(0.16)	0.20

	31 December 2020	31 December 2019	31 December 2018
Liquidity reserve	1 582 313	466 646	515 708
Net working capital	(979 161)	(337 712)	(343 216)
Average headcount (number of employees)	1 727	1 354	1 128

(See Alternative Performance Measures and Note 14)

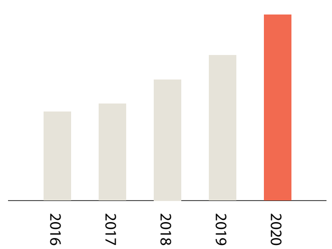
OPERATING REVENUE

In NOK billions



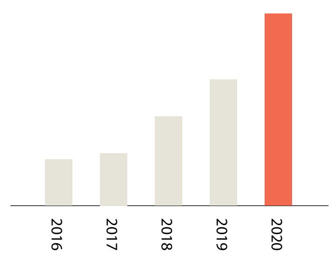
GROSS PROFIT

In NOK billions



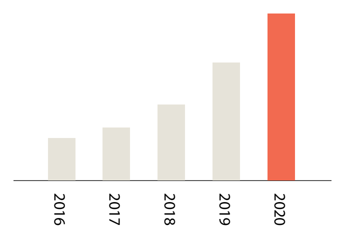
EBITDA

In NOK millions



ADJUSTED EBITDA

In NOK millions



KEY FINANCIAL FIGURES

GROSS PROFIT GROWTH

+30%

ADJUSTED EBITDA GROWTH

+41%

OPERATING CASH CONVERSION

+228%

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Highlights 2020

January

Norway's Minister of Digitalization visited headquarters to discuss the country's digitalization strategy with Crayon executives.

February

More than 1 400 participants attended the annual Nordic Infrastructure Conference.

March

After the global workforce was interrupted by the pandemic, Crayon provided a special offer for productivity tools that resulted in us issuing more than 1 million licenses.

April

Acquired IT operations and support unit from Techstep.

May

Hosted a global webinar for industry leaders on how AI uncovers key opportunities for businesses to leverage with nearly 200 registrants.

June

Unveiled new corporate brand identity that better reflects our service-oriented approach.

July

Signed agreement EUR 140 million agreement with the Ministry of Defense in the Netherlands to deliver software and software-related services to its 64 000 employees.

Landed two M&A deals in Australia: Winc and Navicle.

August

Crayon and its subsidiary Angelpoint were positioned as a Leader in Gartner Magic Quadrant for Software Asset Management Managed Services.

Entered into Strategic Collaboration Agreement with Amazon Web Services (AWS) that focused on expanding more services globally.

September

Conducted virtual executive summit with 50 leaders across dozens of countries on 2021 growth strategy.

Became main sponsor of the Vålerenga hockey club, Norway's most winning sports team.

October

Expanded partnership with Workplace from Facebook to help connect remote and deskless workers.

November

Announced $100 million agreement with the Philippine government as part of the growth strategy in Asia Pacific.

Hosted a global webinar for industry leaders on IoT and AI, with nearly 500 registrants.

December

Announced acquisition of Sensa, an Icelandic IT services company, to accelerate global service operations and multicloud strategy.

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"You can truly build a long-term career at Crayon as the leadership team is invested in your personal growth and development. I have been so thankful to be part of the Crayon family, where hard work and hustle are rewarded with more opportunity."

Laura McGinnis
Partner Development Manager
Austin, Texas

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CEO letter

Dear Friends of the Company,

From our very beginning in 2002, we have been customer-centric and committed to providing the best technology to create true business value. We've done this by understanding our customers' needs and helping them modernize their IT infrastructure to the cloud.

It has been a monumental year for both the world and Crayon as the pandemic has affected every aspect of our daily lives. Businesses across the globe had to quickly enable a remote workforce as employees needed to work from home, and some had to do so while homeschooling.

It hasn't been easy.

But I am proud of our employees for quickly responding to change as more and more businesses had to support remote-work scenarios. The pandemic pushed companies to accelerate their digitalization efforts and we were fortunate to be able to help.

Our ongoing commitment to deliver value to customers through world-class services and solutions is foundational to our business and long-term growth.

Customers expect quality, consistency, and innovation, all of which we provide. We are well-positioned to address our customers' needs with cloud-based capabilities such as cost optimization, data and AI, cloud migration and more.

I'd like to share with you the key business highlights from 2020, discuss some of our contributions to society, reflect on how we managed the COVID 19 pandemic, and then I will explain why we have a positive outlook for Crayon and the market overall.

GLOBAL EXPANSION AND SUCCESS

We are a fast-growing global company that has now expanded into more than 30 markets and employs more than 2,000 people worldwide.

Our 2020 accomplishments include:

- Delivering four record-breaking financial quarters.
- Revenue growth of 44% YoY in 2020, from NOK 13.6b in 2019 to NOK 19.6b
- Crossing a market cap of $1b
- Being two of the four companies named as Leaders in the Gartner Magic Quadrant for SAM Managed Services.
- Numerous significant public sector wins including $100 million in the Philippines, EUR 140 million in the Netherlands and a sizeable deal in Finland.
- Expanding our AI Center of Excellence to deliver more world-class solutions globally.
- Jumping 22 points on the SHE Index, reflecting our commitment to diversity.
- We completed several strategic acquisitions including Sensa, Navicle and Winc.
- Signed strategic agreements to strengthen our partnership with AWS and Workplace from Facebook.
- Relaunching a more optimized website with our new corporate brand identity.

CORPORATE RESPONSIBILITY

While we've had a fantastic year on the business side, I am also proud of what Crayon has been able to accomplish in the area of corporate social responsibility. We value diversity, fairness and inclusion as well as taking care of our employees and their communities.

The United Nations continues to recognize our efforts in these areas by certifying us as a UN Global Compact company. This prestigious designation is part of the world's largest corporate citizenship initiative, with thousands of business participants in over 160 countries. We had several initiatives that reinforced this honor and this year many of them were in response to the pandemic.

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- Our office in India distributed food and medical supplies to communities disproportionately affected by COVID-19 in India.
- A team of 30 people across 21 countries committed to contributing a percentage of their gross profits to help those in need during the pandemic. This resulted in the CSCS/COR team successfully distributing 1200 food bags in the Philippines.
- Created "fAIr by Design" project along with the Austrian government to use machine learning to reduce bias in creating AI solutions.
- In Germany, our employees decided to use funding set aside for the annual holiday office party to be donated to the Bärenherz children's hospice in Leipzig instead.
- The US team organized a food drive that garnered nearly 160 kilos of food for families during the holidays.
- We also have ongoing efforts in many of our regions to raise money for fighting cancer and other illnesses.

A POWERFUL STEP FORWARD

Our employees' altruistic efforts have been nothing short of inspiring and I look forward to achieving even more in 2021 because at Crayon we take care to use technology to drive the greater good.

Though our world was forever changed by the pandemic, I am extremely proud of our employees for quickly transitioning to a remote-work environment and going the extra mile to support each other and our customers during an unprecedented time.

In fact, Crayon held up exceptionally well in 2020, which speaks to the strength of the market and our business model. As many organizations had to quickly adapt to a new way of work, they gained new insights into the benefits and effectiveness of cloud-based solutions.

The result has been that companies are accelerating their digital transformations. That, coupled with the market demands for more data and more applications, means digitalization will become more complex. Crayon is well-positioned to help:

- We are very cost-effective, and our customers trust us to best optimize their IT services.
- We enjoy strong vendor relationships that foster our intrinsic understanding of all the global technology platforms: Microsoft, AWS, Oracle and IBM.
- We have deep technical expertise combined with a consulting practice that meets organizations' operational and strategic demands.
- Plus, we are the premier data experts. We know where the data is, how to obtain key insights from it and how to manage those insights. These attributes are also what solidifies us as a leader in data and AI within the modern enterprise.

OUR 2021 PRIORITIES INCLUDE:

- Maintaining our strategy that highlights cost optimization in multicloud environments while increasing business value through new technologies.
- Continue to highlight our recurring services and drive more optimized customer engagements.
- An ongoing focus on growth and market share gains, while also gradually improving profitability.
- Furthering our investments in our people and capabilities to remain the trusted partner for our customers.
- Providing a more diverse, equitable and inclusive workplace.

None of the successes of 2020 nor the vision for 2021 would be possible without our talented teammates, partners and investors. I would like to thank every one of you for driving exceptional service and innovation, particularly in this unprecedented time, to propel us further in being the most trusted and qualified partner for the digitalization journey.

Thank you.

Melissa Mulholland, CEO

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Crayon management

MELISSA MULHOLLAND
Chief Executive Officer

Melissa Mulholland is the interim Chief Executive Officer to Crayon. She was appointed to the executive management in September 2020 as Chief Services & Solutions Officer and has been responsible for leading the global strategy to drive long-term customer success and innovation in the cloud. An acknowledged global expert in digital transformation, Ms. Mulholland joined the company after a distinguished 12-year career at Microsoft where she led the global strategy and business development on how companies can be profitable in the cloud with an additional focus on talent development. Prior to Microsoft, Melissa worked at Intel Corporation as a Finance Manager.

Melissa holds an MA in Business Administration and Strategic Management from Regis University in Colorado and is the author of no less than 12 books focusing on building cloud businesses. A US national, Ms. Mulholland lives in Oslo, Norway.

RUNE SYVERSEN
Founder and Deputy Chief Executive Officer

Rune Syversen is the Deputy CEO of the company and co-founded Crayon Group alongside Jens Rugseth. Prior to Crayon's launch, Mr. Syversen held several senior positions within Telenor Group, Norway's leading telecoms company. A successful serial entrepreneur with deep experience of the global IT, data services, and financial sectors, Mr. Syversen was instrumental in the creation and growth of, amongst other companies, Link Mobility and Sikri. In addition to Crayon Group, he sits on the board of Link Mobility Group ASA, Sevencs AS, and Calusa AS. 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 Group in March 2018 as Chief Financial Officer ("CFO"). Before this, Mr. Syvertsen was the CFO of Kebony AS and he also held management/business development roles at FMC Health & Nutrition and Epax AS. He was Engagement Manager at McKinsey & Company, where he was a member of the Corporate Finance practice serving 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
Chief Operating Officer

Bente Liberg joined Crayon in March 2002 and has held various positions in the company, operating first as Consulting Manager and then, from 2007, as Director of HR & Business Development. In 2010 she was appointed Chief operating officer ("COO"). 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.

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MATTIAS ÖDLUND
Chief Technology Officer

Mattias Ödlund joined Crayon in 2007 as operations director for the Swedish subsidiary Crayon AB before being appointed Chief Technology Officer ("CTO"). Mr. Ödlund has over 20 years of experience in the IT industry, and has held senior positions at Song Networks AB (TDC), and also Wineasy AB, where he served as CTO and VP. He is a Swedish citizen, residing in Stockholm, Sweden.

NABIL CHEBBI
Chief Marketing Officer & Global Alliances

Nabil Chebbi was appointed Chief Marketing Officer & Global Alliances in January 2019, a role that is focused on ensuring customers fully exploit Crayon solutions to optimize, evolve, and innovate in their markets. He is also responsible for building strategic alliances with global software vendors. He joined Crayon in 2016 as Crayon's Vice President Cloud Sales & Marketing Enablement. Before joining Crayon, Mr. Chebbi spent almost 18 years with Microsoft, in various Sales and Marketing roles in MEA, Asia and France, including Country lead for Microsoft Tunisia and COO for Microsoft Thailand. He holds a Masters in Engineer from ESTP Paris and a BA in Business Administration from the University of Paris Sorbonne. A Tunisian national, Mr. Chebbi lives in Paris, France.

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Values and sustainability

We at Crayon are committed to building a greener and better future for our employees and our global society

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. Having 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 COLLABORATES WITH THE UNITED NATIONS

Crayon has been admitted into the UN Global Compact, which is an initiative that aims to "advance universal principles on human rights, Labor, environment and anti-corruption through the active engagement of the corporate community."

As part of this compact, Crayon is committed to internalize the ten key UN principles within our strategies, policies and operations. We also have taken on projects to advance the UN's Sustainable Development Goals (SDG.) The UN established 17 SDGs to achieve by 2030 that aim to end poverty, fight inequality and injustice and protect the planet.

CRAYON COMMUNITIES

We have 50 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. This became especially important in a challenging year like 2020.

Our team in India distributed food and medical supplies to communities disproportionately affected by COVID-19 in India.

A team of 30 people across 21 countries committed to contributing a percentage of their gross profits to help those in need during the pandemic. This resulted in the CSCS/COR team successfully distributing 1 200 food bags in the Philippines.

In Germany, our employees decided to use funding set aside for the annual holiday office party to be donated to the Bärenherz children's hospice in Leipzig instead.

The US team organized a food drive that garnered nearly 160 kilos of food for families during the holidays.

We also have ongoing efforts in many of our regions to raise money for fighting cancer and other illnesses.

DEVELOPMENT AND DIVERSITY

Our biggest asset is our employees, and it is imperative for them to have the necessary tools to work efficiently and effectively on a global scale. That is why in 2020 we successively launched a new talent management tool, Talentsoft. This platform will further support our employees' career development.

In 2021, we will increase the technical development and competence of our employees through targeted trainings, upskilling, and certifications across our cloud vendors, which strengthens our multicloud capabilities.

Crayon has a continuous focus to improve the gender equality within the company and since 2019 has been participating in the SHE Index, which measures and

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compares the gender balance in organizations, fostering transparency and motivating action. In 2020, Crayon improved its standing on the SHE Index by jumping 22 places.

CORPORATE SOCIAL RESPONSIBILITY

Crayon Group's wider Corporate Social Responsibility (CSR) status is evaluated by an independent, third party named EcoVadis. The rating acknowledges how well our company has integrated the principles of CSR into our overall business.

The EcoVadis methodology covers 21 criteria across four themes – environment, fair Labor 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 EcoVadis report for 2020 is available on Crayon's homepage.

Crayon's current rating for 2020 is Silver.

According to EcoVadis, Crayon Group scores the best in Labor and Human Rights and Environment and is considerably above average in the industry.

EcoVadis points out that Crayon's strengths are that the company has performed energy audits and carbon assessments. Crayon has implemented specific measures to reduce the amount of CO2 emissions related to business travel, reduced the consumption of energy related to its activities and reduced waste.

Crayon is also scored highly in Labor and Human Rights measures. The company has established a stock ownership plan available to all employees. Work-life-balance is taken seriously and Crayon supports flexible working hours, provides training to employees and has a transparent recruitment process in place that is clearly communicated to all candidates.

Areas Covered by the EcoVadis methodology

1. Environment
   a. Operations
      i. Energy consumption & GHGs
      ii. Water
      iii. Biodiversity
      iv. Local & Accidental Pollution
      v. Materials Chemicals & Waste
   b. Products
      i. Product Use
      ii. Product End-of-Life
      iii. Customer Health & Safety
      iv. Environmental Services & Advocacy
2. Labor & Human Rights
   a. Human Resources
      i. Employee Health & Safety
      ii. Working Conditions
      iii. Social Dialogue
      iv. Career Management & Training
   b. Human Rights
      i. Child Labor, Forces Labor & Human Trafficking
      ii. Diversity, Discrimination & Harassment
      iii. External Stakeholders Human Rights
3. Ethics
   a. Corruption
   b. Anticompetitive Practices
   c. Responsible Information Management
4. Sustainable Procurement
   a. Supplier Environmental Practices
   b. Supplier Social Practices

AREAS COVERED BY ECOVADIS METHODOLOGY

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

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Financial highlights 2020

Financially, 2020 was another year for Crayon with very strong growth and profitability improvements across the board, despite the challenges of the Covid-19 pandemic.

Revenue grew by 44% YoY in 2020, from NOK 13.6b in 2019 to NOK 19.6b in 2020, while gross profit grew with 30% YoY from NOK 1 809m in 2019 to NOK 2 345m in 2020 and adjusted EBITDA grew with 41% from NOK 292m in 2019 to NOK 413m in 2020. For measuring performance across segments the most appropriate indicator is gross profit and EBITDA, as gross profit 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, Europe, APAC&MEA and US. Crayon experienced strong growth in gross profits in 2020 across all geographies with Nordics delivering +199m/19% YoY growth; Europe +142m/40%, APAC&MEA +106m/54% and US +96m/43% YoY growth. In 2020, 48% of the gross profit was delivered by the markets outside the Nordics, against 43% in 2019. This development is encouraging as it demonstrates the globalization of Crayon and the value of the international footprint by continuing to build market presence organically 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 292m in 2019 to NOK 413m in 2020, a growth of 41%/ NOK 104m which results in the Adjusted EBITDA to gross profit margin improving from 16.2% in 2019 to 17.6% in 2020.

All geographic segments contribute positively to the EBITDA development, and it is also encouraging to see that all four market clusters improved their EBITDA margin as a consequence of gross profit growth and improving scale. EBITDA margins outside the Nordics are still at a lower level given the lower maturity of these markets, but as these markets mature EBITDA margins should over time trend towards the levels seen in the Nordics.

Within these geographic segments, the business operates in two business divisions, each compromising two operating segments. Services consists of Consulting and Software and Cloud Economics , while software licensing consists of Software & Cloud Direct (Software licenses sold to end user) and Software & Cloud Channel (sales through intermediary, e.g., hosters/system integrators/ISVs). All operating delivered growth in Adjusted EBITDA during 2020.

Cash flow from operations was very strong in 2020 with NOK 942m, up from NOK 191m in 2019. This improvement was driven by strong working capital performance combined with a growth in the underlying EBITDA. Working capital continues to be a focus area for management in order to sustain the improvements achieved during 2020.

As a consequence of the strong working capital performance and a 300 million equity raise in June 2020, the liquidity position of the company has improved significantly, with a liquidity reserve on December 31, 2020 of NOK 1.6bn, against NOK 467m on December 31, 2019.

This, combined with the 300m CRAYON03 bond gives the company a very strong balance sheet position, creating significant opportunities for further organic and inorganic investment in the business going forward.

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"In Crayon every employee has unlimited opportunity to grow, to learn and to help each other. It's up to you how you manage that opportunity."

Marrian Lontonc
Cloud Desk Director
Singapore

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Board of Directors

JENS RUGSETH
Chairman of the Board

Jens Rugseth was a co-founder of Crayon Group AS in 2002. He is a serial entrepreneur, having founded multiple companies in the IT sector over the past 25 years. He has operated as the chief executive officer in some of the largest IT-companies in Norway, including ARK ASA, Cinet AS, and Skrivervik Data AS. Mr. Rugseth studied business economics at the Norwegian School of Management. He is a Norwegian citizen, currently residing in Oslo, Norway.

Jens is affiliated with Karbon Invest.

DAGFINN RINGÅS
Board Member

Dagfinn Ringås is the Group CEO of SYSCO, a Nordic technology company in the energy sector. He has more than 20 years of experience in the IT-industry, a career which has seen him hold leadership roles at Microsoft and operate as Country President of Schneider Electric Norway. Mr. Ringås has an MBA from Sydney Business School, an Executive Leadership Program from Instead, and a bachelors' degree in American Studies & Political Science from the University of Oslo. He is a Norwegian citizen, currently residing in Asker, Norway.

Dagfinn is an independent board member.

CAMILLA MAGNUS
Board Member

Camilla Magnus is a lawyer and partner of Norwegian law firm Advokatfirmaet Selmer DA and leads 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. Her area of expertise includes M&A, contract law, and corporate law. She regularly holds lectures and seminars on transaction-related legal subjects for Norwegian and international lawyers, the business community, and students. 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 is an independent board member.

EIVIND ROALD
Board Member

Eivind Roald is CEO in QNTM Group, an ecosystem of companies working with digitalization, owned by Altor Equity partners. Prior to this, Mr. Roald was the Executive Vice President and Chief Commercial Officer at SAS (Scandinavian Airlines System) for six years, Managing director of HP Norway for seven years, and has held several positions in Accenture as a partner. He started his career with the consulting company Railo International. Mr. Roald holds a bachelors' degree in Business and Administration from the Norwegian School of Management, with a focus on strategy and developing performance. He is a Norwegian citizen, currently residing in Asker, Norway.

Eivind is an independent board member.

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GRETHE VIKSAAS
Board Member

Grethe Viksaas has a long career from the Northern European managed service provider Basefarm AS. First as founder and CEO, and later as executive chair and member of the board of directors. Prior to Basefarm, Ms Viksaas served as CEO for SOL System AS and in several management positions in IT companies. She has experience from numerous board positions, including Telenor ASA. She is currently a non-executive director on the boards of Link Mobility Group Holding ASA and Polight ASA. She also serves as Chair of the Board in No Isolation AS and Farmforce AS. Ms Viksaas has a master's degree in computer science from the University of Oslo.

Grethe is an independent board member.

BJØRN HENRY ROSVOLL
Board Member, Employee Representative

Bjørn Henry Rosvoll is an employee of Crayon, currently operating as the COO for Inmeta Consulting AS. He has significant experience in the commercial IT sector, having operated as Sales Director for Q-Free, EMGS, Aptomar, Lithicon, and Rapp Marine. Mr. Rosvoll was previously the employee representative on the board of directors of Q-Free ASA (1999-2000) and EMGS ASA (2008-2009). He 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 is an independent board member.

JAN HENRIK EMANUELSEN
Board Member, Employee Representative

Jan Henrik Emanuelsen is Director: Delivery & Cloud Services at Crayon Group. He has more than 20 years of experience in the IT industry, where he has previously worked as a consultant and fulfilled various roles within IT transformation/operations for substantial public and private enterprises. Among his previous roles, Mr. Emanuelsen worked for Telecomputing AS, establishing, standardizing, and automating repeatable services from a centralized managed services perspective long before cloud computing was a defined term. At Crayon, Emanuelsen has worked as a consultant and has covered multiple management roles with strong technical authority – within both traditional infrastructure and modern cloud technology. Over the last few years, Mr. Emanuelsen has worked actively in Crayon's development towards customers and the global hyperscale vendors.

Jan Henrik is an independent board member.

BRIT SMESTAD
Board Member, Employee Representative

Brit Smestad is an employee, operating as a Customer Success Manager for Crayon Managed Cloud Services. She is responsible for ensuring that all Operational Level Agreements and Underpinning Contracts are appropriate. She is also responsible for ensuring that every IT service being provided is delivered as agreed. Prior to this position, Brit was a Bid Manager for Crayon, leading multi-disciplined teams as they tendered for complex software and cloud contracts in the public and private arena. She has deep experience in the software licensing sales/audit sector having worked for Merkantildata and Eterra, before joining Crayon Group AS in 2002. Ms. Smestad studied Project Management at BI Norwegian Business School and resides in Oslo, Norway.

Brit is an independent board member.

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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. Crayon has long experience within volume software licensing optimization, digital engineering, predictive analytics and assists the clients through all phases of the process of a digital transformation.

2020 has been a year of significant global upheavals, challenges and opportunities across industries as the Covid-19 pandemic continues to unfold. The situation has acted as a catalyst to accelerate digitalization across industries and geographies, but with significant localized and sector-specific impacts as the impact of pandemic and the measures to contain has varied significantly between markets and industry sectors. Crayon has taken advantage of the market opportunity and invested in accelerating growth across our markets, and as a consequence Crayon has delivered both a strong 2020 financial performance and a strong platform for further growth and profitability improvements in 2021 and beyond.

The Group grew gross profit by 29.6%, to NOK 2.3b for 2020, with strong growth in particular outside the Nordics. Adjusted EBITDA improved by 121 million to NOK 413m for 2020, driven by continued strong margins in the Nordics and Europe while also improving EBITDA margins in the less established markets in APAC&MEA and US.

The Board of Crayon Group Holding ASA would like to thank all Crayon employees for their contributions, both to towards the strong financial performance in 2020 but more importantly, also to the contributions to the global efforts to mitigate the Covid-19 pandemic by adopting to all recommendations by local health authorities such as remote work, social distancing and use of face masks.

ABOUT CRAYON

Crayon is a leading IT advisory player in software and digital transformation services. With unique IP tools and skilled employees, Crayon helps 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 approximately 2 000 team members across 50 offices worldwide at the end of 2020. Crayon Group Holding ASA is the parent company of the Crayon Group.

Crayon is positioned deep within the digital transformation, where the shift towards cloud services positively affects 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.

Crayon's strategy is positioned around these market trends; with Crayon's core strategy of putting our customers' value creation first by focusing on both the business benefits and the costs through a TCO approach. This strategy is driven by the fundamental belief that Software and Cloud Economics ("SCE", previously often referred to as 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 geography, clustering the individual countries and legal entities into regions. Crayon's geographic footprint has

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been stable during 2020, as Crayon has continued to capitalize on the investments into geographical expansion in previous years. The strategic focus of the Group during 2020 was to develop 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 scaling of 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

The Group has during 2020 once again 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.

Income Statement

In the year under review the Group posted sales of NOK 19.6b, and gross profit grew 29.6% from NOK 1 809m in 2019 to NOK 2 345m in 2020. The year-over-year ("YoY") gross profit growth was strong across all geographic clusters and business areas, with gross profit growth across all dimensions during 2020.

Adjusted EBITDA in 2020 was NOK 413m, up from NOK 292m in 2019. The primary driver was the NOK +80m positive YoY development in the Nordics, while Europe, APAC&MEA and US contributed positive EBITDA development of NOK +20m, +35m and +12m respectively. Increased Group costs due to strategic resources and centralisation of functions had a negative EBITDA contribution of NOK -26m.

The Group had other income and expenses (adjustments) in 2020 of NOK 31.5m, compared to 42.3m in 2019. In 2020 these costs primarily related to share-based compensation which was partly offset by a positive contribution from a forgivable loan in the US, while the 2019 costs were driven by share-based compensation and M&A costs.

EBIT increased from NOK 77.1m in 2019 to NOK 241.1m in 2020 driven by the underlying increase in EBITDA and the YoY effect of the impairment charges in 2019 related to the FAST acquisition in the UK in 2013.

Net financial items decreased from NOK –67.5m in 2019 to NOK -47.5m in 2020 as a consequence of the refinancing of the bond in November 2019 and lower market interest rates during 2020.

Income tax expenses increased from NOK 28.9m in 2019 to NOK 66.8m in 2020. This tax cost is a reflection of the maturity of Crayon's overall portfolio of markets, as a number of local subsidiaries are profitable and in a taxable position, while other subsidiaries are still not profitable and unable to book the tax loss carry forward at this stage.

The Group's net income was NOK 126.8m in 2020, compared to a net loss of NOK 19.3m in 2019. This represents earnings per share of NOK 1.52, compared to NOK -0.16 in 2019.

Cash flow statement

The Group's cash flow from operating activities increased from NOK 191m in 2019 to NOK 942m in 2020, driven by strong EBITDA improvement and a strong improvement in working capital. Managing working capital remains a critical priority for management, given the significant turnover of the company. During 2020 the company has further increased its focus on working capital management in order to improve cash flow and reduce credit risk, which has allowed the company to deliver significant growth while improving the working capital, and the company will continue to focus on optimising the working capital level.

The total cash flow from investments in 2020 was NOK -94.0m in 2020, compared to NOK -85.2m in 2019. The major driver of the cash flow from investments in 2020 is acquisition of assets, which primarily relates to development of intangible assets in the form of both customer-facing and internal use systems. In addition, there has been selected minor acquisitions in Norway and Australia.

Cash from financing activities was NOK 311.7m in 2020, compared to NOK -243.7m in 2019. The cash flow from financing in 2020 is driven by the new equity issued in May 2020, where the company raised NOK 300m through issuing new shares.

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At the end of the year, the Group's cash and cash equivalents totalled NOK 1 394m in 2020 compared to NOK 239m in 2019, an increase of NOK 1 155m driven by the strong results, new equity issued and the strong improvement in working capital situation. 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 December 31, 2020, the Group had total assets of NOK 6 315m. Current assets such as cash, receivables and inventory represented NOK 5 060m. Non-current assets represented NOK 1 255m, and consisted primarily of goodwill (NOK 851m), intangible assets separable from goodwill which relates to technology, software and development activities (NOK 107m) and identified customer contracts in acquired entities (NOK 60m).

The Group had total liabilities of NOK 5 211m as of December 31, 2020, of which NOK 4 752m were current liabilities such a payables and public duties. Total equity was NOK 1 103m at the end of 2020. Long-term liabilities amount to NOK 460m, which primarily relates to the long-term bond loan and deferred lease liabilities, primarily related to rental of premises.

The Group had a net cash position of NOK 1 394m, 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, 2020.

Parent company accounts
The parent company, Crayon Group Holding ASA, had a net profit of NOK 7.7m for 2020, compared to a net loss of NOK -31.8m for 2019. 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 bond loan.

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 impacts 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 131.8m. The parent company posted a net profit of NOK 7.7m. The allocation of the net profit for the year is shown in the Annual Financial Statement.

RISK MANAGEMENT

The Board is careful to secure systematic and concerted management of risk in all parts of the business and regards this as critical for long-term value creation. Growth opportunities shall always be weighed against associated risks. The Board of Directors regularly reviews 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 the NIBOR reference rate, which means that the company is exposed to interest rate fluctuations as there is no interest hedging on the borrowings. The interest rate risk is considered to be at an acceptable level.

Liquidity risk
Management of liquidity risk is accorded high priority as part of measures to secure financial flexibility. 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, 2020 the Group has long-term interest-bearing debt related to the CRAYON03 bond loan of NOK 295m, other long-term liabilities relating to ordinary course of business of NOK 47.5m, short-term interest bearing debt relating to a credit facility in India and a government loan in the US amounting to NOK 75.9m and a net cash position (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")) of NOK 1 394m.

Further, as of December 31, 2020, the Group had a credit facility of NOK 350m. 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, 2020, the company had significant headroom to its covenants and leveraged NOK 68m for bank guarantees, leaving NOK 282m 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.

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Foreign currency risk

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

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

ORGANISATION, WORKING ENVIRONMENT AND EQUALITY

In 2020, the average number of FTEs in the Group was 1 727, an increase of 373 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 2.5% in 2020. No material personal injuries or damage to material was registered in 2020. 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, 30.0% 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 colour, language, orientation, religion or belief. The Group endeavours 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 and human rights. The company shall be aware of the impact of technology on society and the environment. The Group also has a written anti-corruption policy in place which is approved by the board of directors and distributed across the Group.

For further information on the Group's Corporate Social Responsibility program and the practical implementation of these principles, please see the separate Corporate Social Responsibility section in the annual report.

Crayon's 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 Crayon Group.

Crayon Group Holding ASA is incorporated and registered in Norway and is subject to Norwegian law. The shares of Crayon are listed on the Oslo Stock Exchange (Nw.: Oslo Børs). As a Norwegian public limited liability company listed on Oslo Børs, Crayon must comply with the Norwegian Securities Trading Act, the 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 October 17, 2018.

The applicable governance principles in Crayon are articulated in a set of corporate governance principles which is approved by the BoD and made available

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publicly on the Group's webpage. These apply to all of Crayon's subsidiaries as well as Crayon itself. Key elements of these policies are included in this report.

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 a 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 a 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 three members elected by the General Assembly of Crayon. The nomination committee shall recommend candidates for the election of members and chairman of the board of directors, candidates for the election of members and chairman of the nomination committee, and remuneration of the members of the board of directors and the nomination committee. The current members of the Nomination Committee are Tor Malmo (Chairman), Ole-Morten Settevik and Paul C. Schorr. 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 2020, Crayon Group Holding increased its share capital by 5 063 455 to NOK 81 687 519 allocated to 81 687 519 shares, each with a nominal value of NOK 1. The increase was driven by an issue of 4 615 385 new shares related to the NOK 300m in new equity in June 2020 and 448 070 new shares in relation to a broad-based employee share purchase program. In addition, the BoD has authorised to issue 1 591 710 shares in relation with the exercise of management options. The share capital increase was not registered at the end of 2020.

The Annual General Meeting on April 24, 2020 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 2021 and June 30, 2021.

- 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 4 597 444 provided however that the authorisation cannot be used for an amount in excess of 6.0% of the Company's share capital.
- In connection with acquisitions etc the Board is granted an authorisation to increase the Company's share capital with up to NOK 7 662 406, 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 7 662 406, 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 2021 will be to continue the growth by capitalising on the investments made in previous periods 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, where the acquisition of Sensa is expected to close during 2021, adding significant managed cloud service capabilities to the Group. 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 Crayon's favour. As a result, the Group targets further growth in gross profit and EBITDA during 2021. 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.

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In terms of business impact from the Covid-19 pandemic, the demand for software, cloud services and related consulting services has remained strong. Crayon has throughout 2020 successfully managed all operational challenges imposed by the Covid-19 pandemic, including transition to remote work, remote delivery of consulting services and sales processes and onboarding of new employees. However, there are still significant uncertainties to how the pandemic will unfold and the path to normalization, and as such there are still macroeconomic scenarios that could impact Crayon through lower growth rates, increasing credit risk and operational challenges from continued social distancing and restrictions on travel. The board continues to monitor the situation carefully in order to ensure that appropriate actions are taken as the situation unfolds during 2021.

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, March 24, 2021

Jens Rugseth
(Chairman)

Eivind Roald
(Board Member)

Dagfinn Ringås
(Board Member)

Grethe H. Viksaas
(Board Member)

Camilla E. Magnus
(Board Member)

Jan Henrik Emanuelsen
(Employee Representative)

Bjørn H. Rosvoll
(Employee Representative)

Brit B. Smestad
(Employee Representative)

Melissa Mulholland
(CEO)

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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, 2020 (Annual Report 2020).

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, 2020.

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 2020 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, 2020.
- 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, March 24, 2021

Jens Rugseth
(Chairman)

Eivind Roald
(Board Member)

Dagfinn Ringås
(Board Member)

Grethe H. Viksaas
(Board Member)

Camilla E. Magnus
(Board Member)

Jan Henrik Emanuelsen
(Employee Representative)

Bjørn H. Rosvoll
(Employee Representative)

Brit B. Smestad
(Employee Representative)

Melissa Mulholland
(CEO)

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"There's new challenges every day and no day is the same. I enjoy the interactions with my colleagues, customers and we have exciting projects, plus it's awesome to be able to work with the latest and greatest of technology instead of just reading about it."

Jan Egil Ring
Lead Architect
Microsoft MVP
Oslo, Norway

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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.

EMPLOYEE SHARE PURCHASE PROGRAM

During 2020 the company delivered for the 2nd year an annual employee share purchase program for all employees. The program offered shares at a 20% discount to market price with an additional bonus share per each three shares purchased after a two-year lock-up period. 531 employees participated in the second round of the Employee Share Purchase Program. The company issued 448 070 new shares in relation to the second round, each with a nominal value of NOK 1 under the program.

SHARE CAPITAL

At December 31, 2020, the share capital in the company was 81 687 519, divided into 81 687 519 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 and 29.5% of the share capital.

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TOP SHAREHOLDERS

	NAME OF SHAREHOLDERS	SHARES	PER CENT
1	OEP ITS Holding B.V.	24 100 307	29.5%
2	SIX SIS AG	9 117 431	11.1%
3	KARBON INVEST AS	5 365 186	6.5%
4	FOLKETRYGDFONDET	2 860 368	3.5%
5	Nordnet Bank AB	2 279 290	2.7%
6	Credit Suisse (Switzerland) Ltd.	2 057 519	2.5%
7	State Street Bank and Trust Comp	1 739 343	2.1%
8	State Street Bank and Trust Comp	1 276 893	1.5%
9	Danske Invest Norge Vekst	1 219 581	1.4%
10	The Bank of New York Mellon SA/NV	1 168 770	1.4%
	Other	30 502 831	37.3%
Total shares		81 687 519	

FINANCIAL CALENDER

Crayon Group Holding ASA will publish its quarterly financial statements for 2021 on the following dates:

Quarterly Report Q1	May 11 2021
Half-yearly Report	August 11 2021
Quarterly Report Q3	October 26 2021
Quarterly Report Q4	February 15 2022

ANALYST COVERAGE

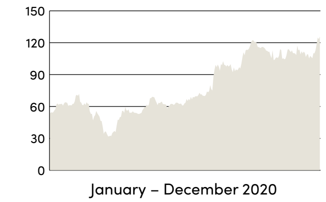
DNB	Christoffer Wang Bjørnsen	+47 24 16 91 43
SpareBank 1	Petter Kongslie	+47 98 41 10 80
Danske Bank	Erik Ehrenpohl Sand	+47 85 40 61 31
Arctic Securities	Kristian Spetalen	+47 95 10 08 87

OWNERSHIP STRUCTURE

NUMBER OF SHARES HELD	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PROPORTION OF SHARE CAPITAL
1–1 000	2 935	598 263	0.7%
1 001–10 000	652	1 961 260	2.4%
10 001–100 000	172	5 666 245	6.9%
100 001–500 000	48	9 392 843	11.5%
500 001–	28	63 760 908	78.1%

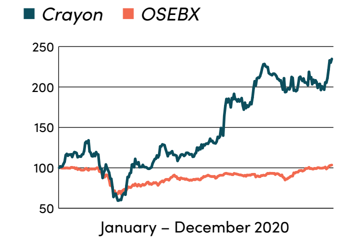
SHARE DEVELOPMENT

NOK

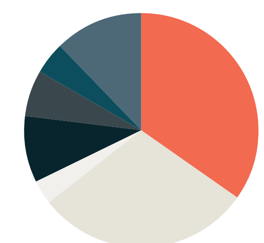


SHARE DEVELOPMENT

Index = 100 per 1.1.2020



SHAREHOLDERS BY COUNTRY OF RESIDENCE



Norway (34.5%)
The Netherlands (29.5%)
Switzerland (3.5%)
Sweden (9.0%)
United States (6.2%)
Belgium (4.4%)
Other (12.1%)

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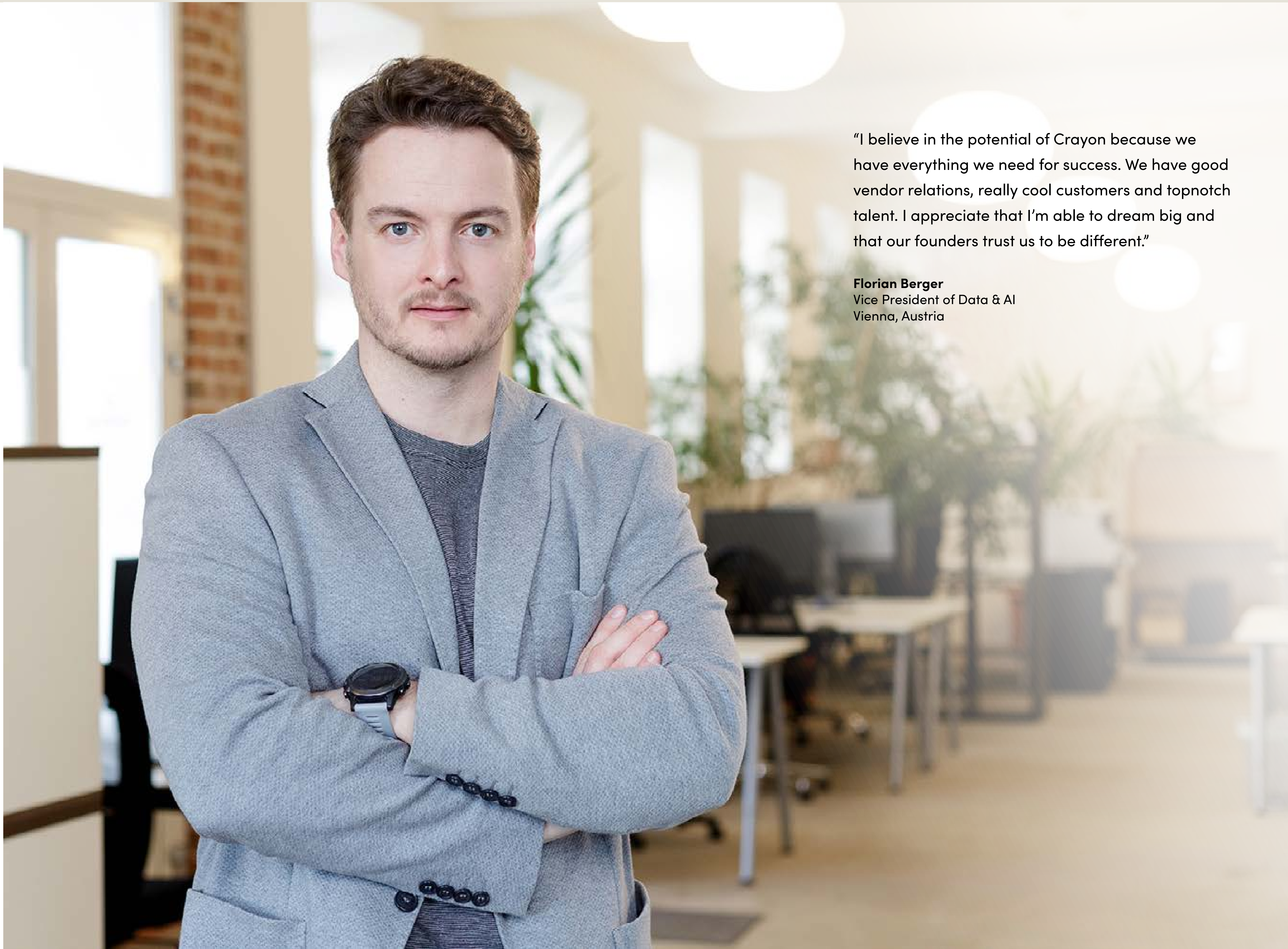

"I believe in the potential of Crayon because we have everything we need for success. We have good vendor relations, really cool customers and topnotch talent. I appreciate that I'm able to dream big and that our founders trust us to be different."

Florian Berger
Vice President of Data & AI
Vienna, Austria

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Crayon Group Holding ASA

Consolidated statement of profit or loss and other comprehensive income

(In thousands of NOK)	Note	2020	2019
Operating revenue	3	19 599 455	13 618 020
Cost of sales		17 254 670	11 809 309
Payroll and related cost	4	1 685 629	1 292 875
Other operating expenses	13	246 254	223 594
Share based compensation	6	48 684	19 813
Other (income) and expenses	4	(17 196)	22 503
EBITDA		381 414	249 926
Depreciation and amortisation	7, 8	140 302	113 491
Impairment	9	-	59 378
Operating profit/EBIT		241 112	77 057
Interest income	10	8 449	11 688
Other financial income	10	-	154
Total financial income	10	8 249	11 842
Interest expense	10	41 125	59 810
Other financial expenses	10	14 785	19 500
Total financial expenses	10	55 709	79 310
Net financial income and expenses		(47 460)	(67 468)
Net income before tax		193 652	9 589
Income tax expense	12	66 821	28 878
Net income (loss)		126 831	(19 289)

(In thousands of NOK)	Note	2020	2019
Comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation		4 995	8 859
Total comprehensive income - net of tax		131 826	(10 430)
Allocation of net income			
Non-controlling interests		6 336	(7 054)
Owners of Crayon Group Holding ASA		120 495	(12 235)
Total net income (loss) allocated		126 831	(19 289)
Basic earnings (loss) per share (NOK per share)	11	1.52	(0.16)
Diluted earnings (loss) per share (NOK per share)	11	1.48	(0.16)
Allocation of Total comprehensive income			
Non-controlling interests		5 680	(4 576)
Owners of Crayon Group Holding ASA		126 146	(5 854)
Total comprehensive income - net of tax		131 826	(10 430)

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Crayon Group Holding ASA

Consolidated statement of financial position as of 31.12

(In thousands of NOK)	Note	2020	2019
ASSETS			
Non-current assets:			
Intangible assets			
Development costs	8	88 756	86 552
Technology and software	8	18 515	26 797
Contracts	8	60 379	69 810
Software licenses (IP)	8	2 215	1 000
Goodwill	9	850 933	829 341
Deferred tax asset	12	35 458	23 195
Total intangible assets		1 056 255	1 036 695
Tangible assets			
Equipment	7	38 624	35 415
Right of use assets	7	120 051	118 291
Total tangible assets		158 676	153 706
Financial assets			
Other non-current receivables	18	39 962	25 617
Total financial assets		39 962	25 617
Total non-current assets		1 254 893	1 216 018
Current assets:			
Inventory		8 846	13 968
Total inventory		8 846	13 968
Accounts receivable	13, 18, 19	3 393 421	2 553 506
Other current receivables	18	263 347	156 327
Total receivables		3 656 768	2 709 832
Cash & cash equivalents	14, 18	1 394 120	238 817
Total current assets		5 059 733	2 962 617
Total assets		6 314 626	4 178 636

(In thousands of NOK)	Note	2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Share capital	15, 11	81 688	76 624
Own shares	15, 11	(10)	(10)
Share premium		976 887	622 150
Sum paid-in equity		1 058 565	698 764
Retained earnings			
Other equity		41 276	(105 292)
Total retained earnings		41 276	(105 292)
Total equity attributable to parent company shareholders		1 099 840	593 472
Non-controlling interests		3 334	(8 059)
Total shareholders' equity		1 103 174	585 413
Non-current liabilities:			
Bond loan	16, 18, 19	295 215	293 188
Derivative financial liabilities	16, 18, 19	-	114
Deferred tax liabilities	12	21 505	29 703
Lease liabilities	16, 19	95 340	95 517
Other non-current liabilities	17, 18	47 503	41 958
Total non-current liabilities		459 562	460 480
Current liabilities:			
Accounts payable	18	3 560 040	2 361 188
Income taxes payable	12	49 812	24 405
Public duties	17	250 918	235 188
Current lease liabilities	16, 19	31 230	26 142
Other current interest bearing debt	16	75 884	45 088
Other current liabilities	17	784 004	440 730
Total current liabilities		4 751 889	3 132 742
Total liabilities		5 211 452	3 593 223
Total equity and liabilities		6 314 626	4 178 636

Oslo, March 24, 2021

Jens Rugseth (Chairman)

Eivind Roald (Board Member)

Dagfinn Ringås (Board Member)

Grethe H. Viksaas (Board Member)

Camilla E. Magnus (Board Member)

Jan Henrik Emanuelsen (Employee Representative)

Bjørn H. Rosvoll (Employee Representative)

Brit B. Smestad (Employee Representative)

Melissa Mulholland (CEO)

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Crayon Group Holding ASA

Consolidated statement of cash flow

(In thousands of NOK)	Note	2020	2019
Cash flows from operating activities:			
Net (loss) income before tax		193 652	9 589
Taxes paid		(34 504)	(30 495)
Depreciation, amortisation and impairment	7, 8, 9	140 302	172 869
Net interest expense	10	32 675	48 122
Changes in inventory, accounts receivable/payable		364 059	(109 044)
Changes in other current assets/liabilities		245 446	99 937
Net cash flow from operating activities		941 630	190 977
Cash flows used in investing activities:			
Payment for capitalised assets	7, 8	(81 362)	(76 336)
Acquisition of subsidiaries - net of cash acquired		(4 616)	(8 852)
Other business combinations		(8 000)	-
Net cash flow from investing activities		(93 978)	(85 188)
Cash flow from financing activities:			
Interest paid to credit institutions and interest to bond loan	10	(43 899)	(55 561)
Share issues		335 130	34 966
Share capital increase not registered		24 672	-
Acquisition/disposal of non-controlling interest		8 497	(31 547)
Proceeds from issuance of interest bearing debt	18	33 922	300 000
Repayment of interest bearing debt	18	(42 863)	(488 848)
Other financial items		(3 762)	(2 706)
Net cash flow from financing activities		311 697	(243 696)
Net increase (decrease) in cash & cash equivalents		1 159 349	(137 906)
Cash & cash equivalents at beginning of period		238 817	379 282
Currency translation		(4 046)	(2 559)
Cash and cash equivalents at end of period[1]		1 394 120	238 817

The bond was refinanced in November 2019. New Bond, CRAYON03 is at MNOK 300, and CRAYON02 was repaid on the basis of MNOK 450.

[1] Restricted cash is part of the Cash & cash equivalents, see split in Note 14.

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Crayon Group Holding ASA

Consolidated statement of changes in equity

		Attributable to owners of the company						
(In thousands of NOK)	Note	Share capital	Own shares	Share premium	Other equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2019		75 394	(35)	588 051	(72 520)	590 890	(4 581)	586 309
Adjustment[1]		-	-	-	(5 049)	(5 049)		(5 049)
Net (loss) income		-	-	-	(12 235)	(12 235)	(7 054)	(19 289)
Currency translation		-	-	-	6 381	6 381	2 478	8 859
Total comprehensive income		-	-	-	(5 854)	(5 854)	(4 576)	(10 430)
Share repurchase (net)		-	25	363	-	388	-	388
Share issues	15	1 230	-	33 736	-	34 966	-	34 966
Equity-settled share-based payments		-	-	-	10 763	10 763	384	11 147
Transactions with non-controlling interests		-	-	-	(32 632)	(32 632)	714	(31 918)
Transactions with owners		1 230	25	34 099	(21 869)	13 485	1 098	14 582
Balance as of end of period		76 624	(10)	622 150	(105 292)	593 472	(8 059)	585 413

		Attributable to owners of the company						
(In thousands of NOK)	Note	Share capital	Own shares	Share premium	Other equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2020		76 624	(10)	622 150	(105 292)	593 472	(8 059)	585 413
Adjustment		-	-	-	(33)	(33)	-	(33)
Net (loss) income		-	-	-	120 495	120 495	6 336	126 831
Currency translation		-	-	-	5 651	5 651	(656)	4 995
Total comprehensive income		-	-	-	126 146	126 146	5 680	131 826
Share repurchase (net)		-			-	-	-	-
Share issues	15	5 063	-	330 066	-	335 130	-	335 130
Share capital increase not registered[2]				24 672		24 672	-	24 672
Equity-settled share-based payments		-	-	-	18 613	18 613	761	19 374
Transactions with non-controlling interests		-	-	-	1 841	1 841	4 951	6 793
Transactions with owners		5 063	-	354 738	20 454	380 256	5 712	385 968
Balance as of end of period		81 688	(10)	976 887	41 276	1 099 841	3 334	1 103 174

[1] Mainly adjustment to opening balance on tax corrections from 2018.
[2] Includes amount of NOK 1 591 710 to be allocated to share capital when registered.

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NOTE 1 General information

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

These consolidated financial statements of Crayon Group Holding ASA and its subsidiaries (collectively referred to as "Crayon" or "the Group") for the year ended December 31, 2020 were authorised for issue by the Company's board of directors and CEO on March 24, 2021.

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

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

NOTE 2 Accounting principles, critical estimates & judgements

Basis of preparation of the consolidated financial statements

The consolidated financial statements of Crayon have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2020.

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

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

Changes in accounting policies and disclosures

New standards, interpretations and amendments adopted by the Group

The following new standards and amendments became effective for annual periods beginning on or after January 1, 2020:

Amendments to IFRS 3 Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. No material impact on the consolidated financial statements of the Group for 2020.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships by the end of 2020.

Amendments to IAS 1 and IAS 8 Definition of Material

These amendments had no impact on the consolidated financial statements of Crayon, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The amendment does not have a material impact on the consolidated financial statements of the Group for the 2020 financial year.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – January 2021
- Onerous Contracts – cost of fulfilling a Contract (Amendments to IAS 37) – January 1, 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – January 1, 2022.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – January 1, 2023.
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts – January 1, 2023.

Accounting principles

Basis of consolidation

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

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

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

Non-controlling interests

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

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

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

Business combinations

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

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If the sum of the consideration, book value of non-controlling owners interests and fair value at the time of acquisition of the previous owner's interests exceeds the fair value of identifiable net assets of the acquired entity, the difference is recognised as goodwill in the consolidated statement of the financial position. If the sum is less than the entity's net assets, the difference is immediately recognised under profit or loss. Transaction costs are expensed as incurred, except if related to the issuance of debt or equity securities.

Current/Non-current classification
An asset is classified as current when it is expected to be realised or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded or it is expected/due to be 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 on hand and bank deposits. Cash equivalents are short-term investments that can be converted into a known amount in cash within three months and which contain insignificant risk elements.

Trade and other receivables
Trade receivables arise from the sale of licenses or services that are within the ordinary course of business. Loans, trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables without a significant financing component are initially measured at the transaction price. For some portfolios of trade receivables, Crayon has entered into factoring agreements. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

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

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

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

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

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

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are measured at fair value, and subsequently to initial recognition changes are generally recognised in profit or loss. The Group does not apply hedge accounting.

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

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

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

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

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

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

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Impairment

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

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Equity

For repurchases of own shares, the purchase price, including directly attributable costs, such as changes in equity, is recorded. Own shares are presented as a reduction of equity. Gains or losses on transactions in own shares are not 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. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Foreign operations

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

Government grants

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

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

The Group receives Government grants as part of the "Skattefunn" arrangement in Norway. "Skattefunn" is a government tax benefit arrangement intended to stimulate research and development in Norway.

Income tax

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

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

Provisions

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

Contingent liabilities and assets

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

Employee benefits

Short-term employee benefits

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

Pensions

The Group operates defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions to the pension plan for benefits relating to employee service in the current and prior periods. The contributions are recognised as payroll and related costs as incurred. 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.

Leases

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

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

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

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

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

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

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

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

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

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

The Group presents right-of-use assets and lease liabilities in separate lines in the statement of financial position.

The Group has elected to use the exemptions in the standard on short-term lease contracts and for lease contracts where the underlying asset is of low value. These leases are recognised as other operating expenses in profit or loss.

Revenue from contracts with customers

Revenue recognition

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

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

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

Sale of software and cloud direct licenses

Crayon sells software and cloud licenses from software vendors to customers. The emphasis is towards standard software which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes. Crayon distinguishes between two types of software and cloud licenses:

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

Software licenses

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

Cloud licenses

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

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

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

Sale of software and cloud channel licenses

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

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Principal/agent

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

Distinct licenses

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

Software and Cloud Economics

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

Consulting

Crayon provides cloud consulting and solution consulting services related to infrastructure, cloud migration and deployment, bespoke software deployment and follow-up applications. Revenue is 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. Crayon assesses whether there are multiple performance obligations within each consulting services contract and assesses revenue recognition accordingly. Invoices are issued once the performance obligation is satisfied and usually payable within 14 to 30 days.

Contract balances

Contract asset is the right to consideration in exchange for goods or services to the customer. In cases where goods or services are transferred to a customer before the consideration is charged, a contract asset is recognised for the earned consideration that is conditional. There are no material contract assets at 31 December 2020 and 2019.

Contract liabilities is the obligation to transfer goods or services to the customer for which Crayon has charged consideration from the customer. In cases where consideration is charged before any goods or services are transferred. Contract liabilities are recognised as revenue when performance obligations are satisfied under the contract. There are no material contract assets at 31 December 2020 and 2019.

Critical accounting estimates and judgements

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

Changes in accounting estimates are 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 following summarizes the assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year.

Impairment of non-financial 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 2020 is based on management assumptions using best estimates with regard to future cash flows and discount rates.

Credit risk and trade receivable recoverability

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

Contingent consideration

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

Deferred tax

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 utilized. 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.

Revenue recognition

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

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NOTE 3 Segment information

The Group regularly reports operating revenue, gross profit and adjusted EBITDA in functional operating segments and geographical market clusters to the Board of Directors (the Group's chief operating decision makers). While Crayon uses all three measures to analyse performance, the Group's strategy of profitable growth means that adjusted EBITDA is the prevailing measure of performance. Operating segments are reported in the consolidated financial statements in the same manner as internal reporting to the chief operating decision makers. In the segment reporting, the elimination of internal profit on sales between the various segments is presented separately.

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

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

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

Operating revenue from the operating segments Software & Cloud Economics and Consulting is recognised over time as explained under IFRS accounting principles in Note 2. Operating revenue from the operating segments Software & Cloud Direct and Software & Cloud Channel is recognised point in time for software licenses and over time for cloud licenses, see Note 2 for additional information.

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

SEGMENT INFORMATION 2020

	Software & Cloud		Services			
(In thousands of NOK)	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin/ eliminations	Total
Operating revenue						
Nordics	5 210 278	1 594 795	139 446	861 514	13 899	7 819 932
Europe	3 550 239	1 028 488	120 769	72 654	2 270	4 774 420
APAC & MEA	2 728 601	1 387 815	47 340	84 285	4 796	4 252 838
US	1 443 537	1 370 529	219 231	23 725	759	3 057 780
HQ	-	62	-	53	53 915	54 029
Eliminations	-	-	-	-	(359 544)	(359 544)
Operating revenue	12 932 655	5 381 689	526 785	1 042 231	(283 905)	19 599 455
Gross profit						
Nordics	443 534	139 087	109 256	538 966	4 614	1 235 457
Europe	264 465	78 288	102 257	47 815	3 663	496 488
APAC & MEA	132 603	76 903	36 061	51 473	6 661	303 700
US	71 203	26 245	202 254	17 796	985	318 483
HQ	-	4 688	353	(533)	58 405	62 913
Eliminations	-	-	-	-	(72 257)	(72 257)
Gross profit	911 805	325 211	450 181	655 516	2 071	2 344 785
Operating expenses	505 010	188 493	408 124	556 066	305 678	1 963 371
EBITDA	406 795	136 718	42 056	99 450	(303 606)	381 414
Depreciation and amortisation						140 302
Net financial income and expenses						(47 460)
Net income before tax						193 652
Adjustments	-	-	-	-	31 488	31 488
Adjusted EBITDA	406 795	136 718	42 056	99 450	(272 118)	412 902

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SEGMENT INFORMATION 2019

	Software & Cloud		Services			
(In thousands of NOK)	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin/ eliminations	Total
Operating revenue						
Nordics	4 081 364	1 318 478	126 501	565 291	3 117	6 094 752
Europe	2 160 747	680 051	112 175	25 079	2 238	2 980 291
APAC & MEA	1 651 684	1 138 958	35 677	24 361	1 779	2 852 459
US	1 092 617	612 923	160 955	11 514	753	1 878 762
HQ	108	-	-	112	46 024	46 244
Eliminations	-	-	-	-	(234 487)	(234 487)
Operating revenue	8 986 520	3 750 412	435 308	626 357	(180 576)	13 618 020
Gross profit						
Nordics	375 791	102 208	99 240	455 763	3 000	1 036 002
Europe	183 883	46 889	99 741	21 848	1 922	354 283
APAC & MEA	90 419	62 143	20 810	19 569	4 720	197 660
US	56 976	11 457	142 783	9 682	1 387	222 286
HQ	108	(2 313)	-	100	57 001	54 896
Eliminations	-	-	-	-	(56 415)	(56 415)
Gross profit	707 176	220 383	362 574	506 962	11 615	1 808 711
Operating expenses	362 725	140 401	342 412	414 250	298 996	1 558 784
EBITDA	344 451	79 982	20 162	92 712	(287 381)	249 926
Depreciation and amortisation						113 491
Impairment						59 378
Net financial income and expenses						(67 468)
Net income before tax						9 589
Adjustments	-	-	-	-	42 316	42 316
Adjusted EBITDA	344 451	79 982	20 162	92 712	(245 065)	292 242

During 2020, the total segment reporting was reviewed resulting in distribution changes per segment. Comparative figures were consequently also reviewed and amended.

	Year to date ended December 31	
(In thousands of NOK)	2020	2019
Assets per market cluster		
Nordics	3 052 220	2 301 085
Europe	1 501 192	768 564
APAC & MEA	1 614 933	971 788
US	742 553	663 630
HQ/eliminations	(596 271)	(526 432)
Total	6 314 626	4 178 636

NOTE 4 Payroll and other income and expenses

(In thousands of NOK)	2020	2019
Payroll expenses		
Wages and salaries	1 328 951	1 008 573
Social security	185 851	148 857
Pension expenses	61 475	42 060
Other benefits	109 352	93 385
Payroll expenses	1 685 629	1 292 875
Average number of full time employees (unaudited)	1 727	1 354
Women (unaudited)	30.0%	25.0%

Pensions
Crayon Group companies have pension schemes that satisfy the provisions of mandatory occupational pensions, for all employees. These are defined contribution schemes with a total pension cost of NOK 61.5m in 2020 (2019: NOK 42.1m). The Group obligations are limited to the annual contributions to the scheme.

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

NOTE 5 Audit fee

(In thousands of NOK)	2020	2019
Expensed audit fee (excl VAT), parent company		
Audit fee	2 609	1 529
Other assurance services	555	-
Tax services	130	186
Other services	-	7 463
Total	3 294	9 178
Expensed audit fee (excl VAT), consolidated		
Audit fee	6 534	4 464
Other assurance services	737	489
Tax services	597	1 018
Other services	-	7 649
Total	7 868	13 620

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NOTE 6 Share options

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

Exercised options
In December 2020, 1.6 million options related to IPO Share incentive scheme were exercised. Share price at date of excercise was NOK 106,60. Excersice of options do not affect the option cost recognised.

Employee share purchase program (ESPP)
There are two employee share purchase programs, where all employees in the Company and its subsidiaries in which an offer could be lawfully made, have been offered to participate. First offer was given in Q4 2019 (ESPP 2019) and a second offer in Q4 2020 (ESPP 2020). The subscription price was equal to 3-month average share price at the start of the subscription period with a 20% discount. The employees have been offered to subscribe for amounts between NOK 10 000 to NOK 100 000 (all amounts including the 20% discount). In aggregate, 407 and 533 employees participated in the ESPP 2019 and ESPP 2020, respectivly. Additional bonus shares will be granted to employees participating in the ESPP and remaining employed by Crayon by the end of the lock-up period. One bonus share will then be granted for every third share subscribed for under the program. The bonus shares vest over two years. The fair value of the shares is calculated at grant date and expensed over the vesting period. In 2020, the board of directors and management were allotted 17.5 thousand and 11.6 thousand shares, respectively.

In 2020, Crayon offered available loans to employees in some markets participating in the ESPP. A total amount of NOK 5.5m is recognised as other short-term receivables from loans to employees other than executive management.

VARIABLES

	Share incentive scheme (IPO)	Management share option program - General managers	Management share option program - Executive management	ESPP 2019	ESPP 2020
Number of share options allotted	1.92m options	Maximum 1.48m options	Maximum 1.0m options		
Exercise price	NOK 15.50	NOK 53.60	NOK 53.60		
Term of the option	5 years	5 years	5 years		
Volatility	0.26	0.45	0.45	0.50	0.50
Risk-free rate	0.41%-1.44%	1.38%	1.38%	1.28%	0.18%
Share price at grant date	NOK 15.50	NOK 53.60	NOK 53.60	NOK 52.00	NOK 112.40
Numbers of shares allotted				1.23m shares	0.5m shares
Subscription price				NOK 30.00	NOK 85.90
Lock-up period				2 years	2 years

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

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

	2020	2019
Share incentive scheme (IPO)	21 648	8 516
ESPP 2019 and 2020	10 369	11 207
Management share option program	16 667	-
Total	48 684	19 723

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ALLOTMENT OF SHARE OPTIONS

	Fair value	Strike price	Grant date	Earnings date	Expiry date	Latest exercise schedule
Share incentive scheme (IPO)	5 707 439	NOK 15.50	Oct. 2017	Oct. 2018 - Oct. 2020	Oct. 2022	NA
Management share option program - GM	15 084 828	NOK 53.60	Jan. 2020	Mar. 2022 - Mar. 2024	Mar. 2026	NA
Management share option program - Ext.mng	18 370 619	NOK 53.60	Jan. 2020	Dec. 2021 - Dec. 2023	Dec. 2025	NA
ESPP 2019 - bonus shares	14 154 605	NOK 1	Dec. 2019	Dec. 2021	Dec 2021	NA
ESPP 2020 - bonus shares	11 091 130	NOK 1	Nov. 2020	Nov. 2022	Nov. 2022	NA
Total	64 408 622					

ALLOTMENT OF SHARE OPTIONS

	Share options start of period	Allocated share options	Forfeited share options	Exercised share options	Average excercise price	Remaining share options	Exercisable share options at the end of the period
Share incentive scheme (IPO)	2 016 667	-	-	1 591 662	NOK 15.50	425 005	425 005
Management share option program - GM[1]	-	647 024	-	-	NOK 53.60	647 024	-
Management share option program - Ext.mng[1]	-	796 680	-	-	NOK 53.60	796 680	-
ESPP 2019 - bonus shares	379 185	-	-	-	NOK 1	379 185	-
ESPP 2020 - bonus shares	-	138 155	-	-	NOK 1	138 155	-
Total	2 395 853	1 581 859	-	1 591 662		2 386 050	425 006

[1] Allocated share options based on estimated performance vesting conditions

As of 31.12.2020, the following primary insiders currently holds options:	Number of share options
Bente Liberg (COO)	100 000
Nabil Chebbi (CMO)	75 000
Eivind Roald (board member)	100 000

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NOTE 7 Equipment and right-of-use assets

TANGIBLE ASSETS 2020

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

TANGIBLE ASSETS 2019

	Equipment			Right-of-use assets		
(In thousands of NOK)	IT systems and equipment	Office furnishings, fixtures and cars	Total	Leased premises	Other leased items	Total
Acquisition cost 01.01.2019	48 048	38 949	86 997	101 646	6 677	108 323
Additions	12 628	11 105	23 733	31 234	5 178	36 412
Disposals	(1 387)	(35)	(1 422)	-	-	-
Acquisition cost 31.12.2019	59 289	50 019	109 308	132 880	11 855	144 735
Accumulated depreciation 01.01.2019	35 094	26 169	61 263	-	-	-
Depreciation 2019	9 926	4 255	14 180	23 535	2 909	26 444
Disposals	(1 093)	(35)	(1 128)	-	-	-
Accumulated depreciation 31.12.2019	43 927	30 389	74 316	23 535	2 909	26 444
Net value per 31.12.2019 excl currency translation	15 362	19 631	34 993	109 345	8 946	118 291
Currency translation	(50)	472	422	-	-	-
Net value per 31.12.2019 incl. currency translation	15 312	20 103	35 415	109 345	8 946	118 291
Depreciation period	1-5 years	1-5 years		1-12 years	1-12 years	
Depreciation method	Linear	Linear		Linear	Linear	

Lease agreements
The total cash outflow for leases for 2020 amounted NOK 43m.
The lease agreements do not impose any covenants. The weighted average discounted on lease liabilities is 7%.

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NOTE 8 Intangible assets

INTANGIBLE ASSETS 2020

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

In 2020, the total capitalised development costs of NOK 54.6m consist of NOK 33.3m from capitalised internal hours and NOK 21.3 m from capitalised external operating expenses.

Total non-capitalised development costs amounted to NOK 6.1 m relating to the Norwegian SkatteFUNN projects.

INTANGIBLE ASSETS 2019

(In thousands of NOK)	Software licenses (IP)	Development costs	Contracts	Technology and software	Total
Acquisition cost 01.01.2019	7 421	207 847	362 511	66 549	644 328
Additions	-	54 222	22 700	-	76 923
FX translation	-	200	586	1 051	1 837
Acquisition cost 31.12.2019	7 421	262 269	385 797	67 600	723 088
Amortisation and impairment 01.01.2019	6 421	130 292	296 402	32 948	466 062
Amortisation	-	45 426	19 585	7 855	72 866
Accumulated amortisation and impairment 31.12.2019	6 421	175 718	315 987	40 803	538 929
Net value 31.12.2019	1 000	86 552	69 810	26 797	184 159
Amortisation period	None	3-10 years	5-10 years	3-10 years	
Amortisation method	None	Linear	Linear	Linear	

In 2019, the total capitalised development costs of NOK 54.2m consist of NOK 19.5m from capitalised internal hours and NOK 34.7m from capitalised external operating expenses.

Total non-capitalised development costs amounted to NOK 8.7m relating to the Norwegian SkatteFUNN projects.

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NOTE 9 Goodwill

GOODWILL

(in thousands of NOK)	2020	2019
Acquisition cost 01.01	938 858	890 440
Additions	18 537	41 689
Currency translation	3 055	6 729
Acquisition cost 31.12	960 450	938 858
Impairment 01.01	109 517	50 139
Impairment	-	59 378
Accumulated impairment 31.12	109 517	109 517
Net value 31.12	850 933	829 341

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

Based on the value-in-use calculation, the estimated recoverable amount exceeds the carrying amount with a significant headroom for most CGU's. No impairment losses are recognised during 2020 (impairment loss of NOK 59.4m in 2019).

In connection with the impairment testing of goodwill, sensitivity analysis has been carried out. The sensitivity analysis has tested changes in WACC, gross profit, net working capital and EBITDA margins. There are relatively large headrooms on all CGUs except Crayon UK. 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 forcast period
The basis for the projection of the future cash flows estimated is based on the financial budget of one year. The budget in combination with the forecasts represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Previous year budgets are tested for reliability and adjusted in case of underperformance. The remaining four years of the forecast period are estimated based on budget and projected performance.

Local currency and FX rates
All CGU's forecasted projections are done using the functional currency of the CGU.

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

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

WACC
Future cash flows are discounted to present value using a discount rate based on a calculation of a weighted average cost of capital (WACC). The Group pre-tax WACC is based on average interest rate applied by management and adjusted for country specific risks where necessary.

Sensitivity
At December 31, 2020, the Group's value in use for each CGU was significantly higher than the carrying amount of tested goodwill, except for Crayon UK which returns a smaller headroom. A sensitivity analysis has been performed in order to determine if a reasonable change in key assumptions would cause the carrying amount to exceed the recoverable amount. If GP growth reduces by 15 percentage points, at the same time as the EBITDA margin would be reduced by 15 percentage points, the CGU Crayon UK and Crayon SG (immaterial) will show an impairment indication.

GOODWILL SPLIT BY CGU

	2020	5 year sales CAGR assumption	Pre-tax WACC assumption	2019	5 year sales CAGR assumption	Pre-tax WACC assumption
Licensing Norway[1]	267 967	8.4%	8.8%	267 967	8.8%	12.2%
Consulting Norway[1]	152 451	8.1%	8.8%	149 713	13.5%	12.2%
Puzzlepart	5 927	18.0%	8.8%	5 927	27.0%	12.2%
Licensing Sweden[1]	52 991	8.2%	8.8%	52 991	9.3%	12.2%
Crayon Denmark[1]	96 451	9.4%	8.8%	91 170	6.2%	12.2%
Crayon Finland[1]	47 623	16.2%	8.8%	47 623	15.9%	12.2%
Crayon Germany[1]	15 948	18.4%	8.8%	15 948	12.9%	12.2%
Crayon UK (Fast PPA)	42 385	9.3%	8.0%	42 411	2.8%	11.0%
Kryptos Networks	22 284	22.2%	12.1%	23 510	21.9%	15.3%
Angelpoint (Anglepoint PPA)	72 635	16.7%	8.8%	75 516	12.9%	12.2%
Crayon US[2]	8 258	55.9%	8.8%	8 490	59.5%	12.2%
Kryptos Technologies (India)[3]	3 326	100.0%	12.1%	3 509	41.3%	15.3%
Crayon SG (Tribal Knowledge PPA)[3]	2 846	196.4%	8.8%	2 877	49.6%	12.2%
Complit AS (Norway)[3]	3 810	26.2%	8.8%	3 810	-	-
Sequint BV (the Netherlands)[3]	40 422	30.4%	8.8%	37 879	-	-
Navicle (acquired 2020)	15 610	44.7%	8.8%	-	-	-
Total	850 933			829 341		

[1] Inmeta Crayon PPA.
[2] Software Wholesale International PPA.
[3] These are related to acquisitions from 2018 and 2019.

Consulting Norway includes Goodwill acquired in 2020 of NOK 2.7m (Techstep AS business unit). Acquisitions that occured during the fiscal year are considered at market value.

There are no new impairment indicators as of December 31, 2020.

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NOTE 10 Financial income and expenses

(In thousands of NOK)	2020	2019
Financial income		
Interest income from bank deposits	3 262	4 344
Interest swap income	3 727	5 106
Interest income from accounts receivable	1 460	2 237
Total interest income	8 449	11 688
Foreign currency gain[1]	463 134	153 515
Other financial income	-	154
Other financial income	463 134	153 669
Total financial income	471 584	165 356

(In thousands of NOK)	2020	2019
Financial expenses		
Interest expense credit institutions	17 311	19 500
Interest swap expense	26	1 260
Interest leases	10 383	8 945
Interest bond loan	13 405	30 105
Total interest expense	41 125	59 810
Foreign currency loss[1]	455 150	158 483
Other financial expenses	22 770	14 531
Total other financial expenses	477 920	173 015
Total financial expenses	519 044	232 825

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

NOTE 11 Earnings per share

The Group's earnings per share are calculated as:

(In thousands of NOK)	2020	2019
Net income	126 831	(19 289)
Non-controlling interests	6 336	(7 054)
Owners of Crayon Group Holding ASA	120 495	(12 235)
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 January	76 624	75 394
Effect of shares issued December 2019	-	27
Effect of shares issued June 2020	2 655	-
Effect of shares issued November 2020	52	-
Effect of own shares held	(10)	(14)
Weighted average number of ordinary shares (basic) at 31 December	79 321	75 407
Basic earnings/(loss) per share (NOK)	1.52	(0.16)
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	79 321	75 407
Effect of share options on issue	1 950	964
Weighted average number of ordinary shares (diluted) at 31 December	81 271	76 371
Diluted earnings/(loss) per share (NOK)	1.48	(0.16)
Number of outstanding ordinary shares per 01.01	76 624 064	75 394 108
Number of outstanding ordinary shares per 31.12	81 687 519	76 624 064

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NOTE 12 Tax

Net income tax expense consists of the following:

TAX EXPENSE

(In thousands of NOK)	2020	2019
Income tax on net profit	87 281	23 290
Change in deferred taxes	(20 460)	5 588
Total	66 821	28 878

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

RECONCILIATION OF TAX CHARGE

(In thousands of NOK)	2020	2019
Net income before income tax expense	193 652	9 589
Norwegian statutory rate	22%	22%
Provision for income taxes at statutory rate	42 603	2 110
Increase (decrease) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	3 848	1 603
Permanent differences/unrecognised deferred tax assets	20 370	25 165
Total income tax expense	66 821	28 878

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 6.8m as of December 31, 2020 (NOK 7.5m in 2019)

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

BASIS FOR RECOGNISED DEFERRED TAX ASSETS

	2020	2019
Current assets	2 467	1 975
Fixed assets	27 887	8 726
Shares and other securities	-	114
Interest limitation	5 138	5 138
Provision	43 610	-
Long-term debt	1 654	(6 812)
Tax losses carried forward	75 815	102 525
Total basis for recognized deferred tax assets	156 571	111 666
Deferred tax asset	35 458	23 195

Tax expense and changes in deferred tax assets posted as correction from 2018 direct to equity is NOK 3.4m.

BASIS FOR RECOGNIZED DEFERRED TAX LIABILITIES

	2020	2019
Current assets	270	(949)
Purchase price allocations (intangible assets)	67 172	98 997
Fixed assets	3 973	7 007
Long term liabilities	410	-
Total basis for recognized deferred tax liabilities	71 825	105 054
Deferred tax liabilities	21 505	29 703

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

The basis for the Group's total unrecognised tax assets as of December 31, 2020, is NOK 156.6m.

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NOTE 13 Accounts receivable

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

RECEIVABLES OUTSTANDING

(In thousands of NOK)	2020	%	2019	%
Not due	2 659 372	78%	1 919 396	75%
1-30 days overdue	388 450	11%	232 450	9%
30-60 days overdue	135 093	4%	75 593	3%
60-90 days overdue	65 661	2%	33 321	1%
90-120 days overdue	43 229	1%	60 557	2%
More than 120 days overdue	101 615	3%	232 189	9%
Closing balance 31.12	3 393 421		2 553 506	

ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE BALANCE SHEET

(In thousands of NOK)	2020	2019
Opening balance 01.01	30 113	11 051
Currency translation	(2 575)	(60)
Net reversal / (allowance)	24 954	19 122
Closing balance 31.12	52 492	30 113

PROFIT OR LOSS EFFECT OF BAD DEBT

(In thousands of NOK)	2020	2019
Realised losses	11 676	3 070
Allowance for doubtful accounts[1]	24 954	19 122
Net accounting losses on receivables	36 630	22 192

[1] Reported as other operating expenses in profit or loss

The Group has historically recognised few losses on receivables. Regarding credit risk please see Note 19.

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

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

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

In 2018 Crayon finalized a non-recourse factoring agreement with BNP. This has been implemented for a set of customers in Norway and in Denmark. As of December 31, 2020 accounts receivables are reduced with NOK 165m (2019: NOK 145m) compared to a situation without the factoring agreement.

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

NOTE 14 Cash & cash equivalents

NOK 93.7m of the total bank deposits as of December 31, 2020 is restricted cash. As of December 31, 2019 restricted cash was NOK 20.5m. Restricted cash only consist of employee taxes withheld. Further information regarding liquidity reserve is shown in detail in Note 18.

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

(In thousands of NOK)	2020	2019
Cash & cash equivalents	1 394 120	238 817
Restricted cash	(93 676)	(20 522)
Free available cash	1 300 444	218 295
Available credit facility	281 869	248 352
Liquidity reserve 31.12	1 582 313	466 646

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NOTE 15 Equity

Crayon group Holding ASA has 81 687 519 issued shares at a nominal value of NOK 1 (December 31, 2019; 76 624 064 shares at nominal value of NOK 1).

In 2020 the company increased the share capital with 5 063 455 shares at nominal value of NOK 1. Each share gives right to one vote.

The total share capital amounts to NOK 81 687 519.

Transction costs accounted as of deduction of equity amounts to NOK 3.4m.

Reconciliation of of the number of shares as follows:

	Ordinary shares		Treasury shares		Total	
	2020	2019	2020	2019	2020	2019
Issued at 1 January	76 624	75 394	(10)	(35)	76 614	75 359
Issued for cash	5 063	1 230	-	-	5 063	1 230
Repurchased shares	-	-	-	25	-	25
Issued 31 December - fully paid	81 688	76 624	(10)	(10)	81 677	76 614

On December 16, 2020, following the exercise of management's share options, the board of directors of the Company authorised to issue 1 591 710 shares.

The capital increase was not registered at the end of 2020 and is therefore disclosed as part of the share premium capital in the consolidated statement of equity. The share capital increase of NOK 1 591 710 was registered on January 25, 2021.

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

The General Meeting on April 24, 2020 authorized the board of directors to increase the share capital in three different settings. All three authorizations are valid until the earlier of Crayon's annual general meeting in 2021 and June 30, 2021.

In relation to the Company's incentive schemes, the Board is granted an authorization to increase the Company's share capital with up to NOK 4 597 444, provided however that the authorization cannot be used for an amount in excess of 6.0% of the Company's share capital.

In connection with acquistions, etc. The Board is granted an authorization to increase the Company's share capital with up to NOK 7 662 406, provided however that the authorization cannot be used for an amount in excess of 10.0% of the Company's share capital.

The board of directors is granted an authorization to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 7 662 406, corresponding to 10% of of the Company's share capital. The maximum amount to be paid per share is NOK 80 and the minimum is NOK 1.

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

NOTE 16 Interest bearing debt and derivatives

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

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

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

In light of the refinancing mentioned above, the group also increased its revolving credit facility (RCF) from NOK 200m to NOK 350m in November 2019.

The outstanding bond principal (NOK) was up to April 2020 hedged against the relevant currencies comprising the underlying cash flow of the company. The group terminated all hedging derivatives during 2020 and has not entered new heding instruments. The transactional costs (NOK ~ 7m) related to the bond issue which was settled on November 22, 2019 are capitalized and recognised in profit or loss over the lifetime of the bond, reaching NOK 300m nominal value at maturity in Q4 2022.

Currency swaps
Crayon Group Holding ASA had until April 2020 swapped approximately 33% of the NOK 300m bond principal into SEK and DKK.

The currency swap was realised in April 2020 and a realised currency loss of NOK 13.7m was recognised in profit or loss.

The Group has not entered new currency swaps.

Interest swaps
Approximately 27% of the NOK 300m bond principal was interest hedged until April 2020. The interest swaps were realised in April 2020 and the realised loss of NOK 0.03m was recognised in profit or loss.

The effective interest rate for the bond as of December 31, 2020 was approximately 3.9%.

Total interest bearing debt liabilities as of 31.12:

	2020			2019		
(In thousands of NOK)	Non-current	Current	Total	Non-current	Current	Total
Bond principal	300 000	-	300 000	300 000	-	300 000
Currency swap	-	-	-	35	-	35
Interest swap	-	-	-	80	-	80
Amortisation cost[1]	(4 785)	-	(4 785)	(6 812)	-	(6 812)
Lease liabilities	95 340	31 230	126 570	95 517	26 142	121 659
Forgivable loan[2]	2 283	11 175	13 457	-	-	-
Other current interest bearing debt	-	64 710	64 710	-	45 088	45 088
Total financial liabilities	392 837	107 115	499 951	388 819	71 230	460 049

[1] Amortisation cost are capitalized and recognised in Profit or loss over the lifetime of the bond. Carrying amount of the bond loan will be equal to principal amount of NOK 300m at maturity in FY 2022.
[2] Crayon has received two forgivable loans in US, assessed according to IAS 20 on terms of government grant. Loan amount to NOK 18m is fully forgiven as of December 31, 2020 and recognised as a cost reduction in the profit or loss statement in Q4 2020 (see Note 4). Remaining forgivable loan amount is presented as current interest-bearing debt and other non-current liabilities as of December 31, 2020.

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NOTE 17 Other non-current and current liabilities

OTHER NON-CURRENT LIABILITIES

(In thousands of NOK)	2020	2019
Deferred consideration from business combinations[1]	18 077	21 502
Customer contract financing	10 698	15 637
Forgivable loan	2 283	-
Other	16 446	4 819
Total	47 503	41 958

[1] See Note 20 Acquisitions for further details.

OTHER CURRENT LIABILITIES

(In thousands of NOK)	2020	2019
Employee benefits related accruals	234 638	172 882
Other accruals and prepayments	347 801	203 650
Other current liabilities	201 565	64 198
Total	784 004	440 730

The total amount of NOK 251m recognised as "public duties" in the consolidated statement of the financial position corresponds mainly to NOK 150m payable VAT (2019: NOK 176m) and employee taxes.

NOTE 18 Financial instruments

Financial instruments by category

2020

(in thousands of NOK)	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
Financial assets				
Other non-current receivables	-	39 962	-	39 962
Accounts receivable	-	3 393 421	-	3 393 421
Other current receivables	-	263 347	-	263 347
Cash and cash equivalent	-	1 394 120	-	1 394 120
Total financial assets	-	5 090 850	-	5 090 850
Financial liabilities				
Bond loan	-	-	295 215	295 215
Derivative financial liabilities	-	-	-	-
Other non-current liabilities	20 359	-	27 144	47 503
Other current-interest bearing debt	11 175	-	-	11 175
Other current liabilities	48 445	-	-	48 445
Accounts payable	-	-	3 560 040	3 560 040
Total financial liabilities	79 979	-	3 882 399	3 962 377

2019

(in thousands of NOK)	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
Financial assets				
Other non-current receivables	-	25 617	-	25 617
Accounts receivable	-	2 553 506	-	2 553 506
Other current receivables	-	156 327	-	156 327
Cash and cash equivalent	-	238 817	-	238 817
Total financial assets	-	2 974 267	-	2 974 267
Financial liabilities				
Bond loan	-	-	293 188	293 188
Derivative financial liabilities	114	-	-	114
Other non-current liabilities	21 502	-	20 456	41 958
Other current-interest bearing debt	-	-	-	-
Other current liabilities	15 997	-	-	15 997
Accounts payable	-	-	2 361 188	2 361 188
Total financial liabilities	37 614	-	2 674 833	2 712 446

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

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices).
Level 3: Inputs for the assets or liabilities that are not based on observable market data.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
Level 1	-	-
Level 2	-	114
Level 3	79 979	37 499
Total	79 979	37 614

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(in thousands of NOK)	Transaction cost[1]	Long-term bond loan	Other interest-bearing debt	Lease liabilities	Total liabilities from financing activities
December 31, 2019	(6 812)	300 000	45 088	121 659	466 747
Proceeds from issuance of interest bearing debt[2]	-	-	13 457	32 660	46 117
Amortisations/instalments	2 026	-	-	(32 481)	(32 481)
Credit facility India	-	-	19 675	-	19 675
Currency effect	-	-	-	4 732	4 732
December 31, 2020	(4 785)	300 000	78 220	126 570	504 790

[1] This is related to the repayment of the CRAYON02 in November 2019.
[2] Including forgivable loan of NOK 13.4m.

NOTE 19 Financial risk

The Group's covenants are attached to the credit facilities and bond loan. The credit facilities of NOK 350m are used for working capital and short-term financing purposes. The Group's interest-bearing bond loan is shown in detail in Note 16. The Group is exposed to the following financial risks from ordinary operations.

1. Market risk
   1.a Cash flow interest risk
   1.b Fair value interest risk
   1.c Foreign exchange risk
2. Credit risk
3. Liquidity risk

1. Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: cash flow interest rate risk, fair value interest rate risk and currency risk.

During 2019 and part of 2020, The Group used financial derivatives in order to mitigate risks from movements in interest rates. Changes in the market value of financial derivatives are recognised through the income statement (Fair value accounting). The Group does not apply IFRS hedge accounting. No derivative contracts are entered by year end 2020.

1.a and 1.b Cash flow interest risk and Fair value interest risk
The Group's interest rate risk arises from long-term borrowings at floating rate and the risk is therefore a cash flow interest rate risk. Approximately 27% of the principal amount of the loan (NOK 300m) was interest hedged from January to April 2020. The interest rate swaps were terminated in April 2020.The Group considers the interest rate risk to be at an acceptable level. An increase of 100 basis points in the NIBOR had an effect of about NOK 3m on financial expenses (NOK 3.4m in 2019).

Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group's fair value interest risk arised from floating-to-fixed interest rate swaps. Such interest rate swaps are terminated during 2020. The Group is therefore no longer exposed to such risk.

1.c Foreign exchange risk
The Group is exposed to currency fluctuations due to the international nature of its operations. The Group had swapped approximately 33% of its bond principal (NOK 300m) into the following currencies: SEK 51.0m and DKK 39.0m up to April 2020. The currency swaps were terminated in April 2020 and not new currency swaps contracts are entered into.

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 fact that the Group purchases in the same currency in which the sales are performed, mitigates the currency exposure resulting in a natural hedging for the Group.

See sensitivity analysis below.

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

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

Historically, the Group has had minimal losses on trade receivables. Even though in 2020 the Group has not experienced losses materially greater than those experienced in previous years, the Group has intensified

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collection efforts over outstanding receivables as a precaution against risk brought about by increased operations in new markets outside the core Nordic region and increased economic risk effectuated by the Covid-19 pandemic. The Group deems credit risk to be at an acceptable level. See further information in Note 13.

3. Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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

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

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

TABLE A

(In thousands of NOK)	2020 EBITDA[1]	NOK appreciates 10%	NOK depreciates 10%	2019 EBITDA[1]	NOK appreciates 10%	NOK depreciates 10%
SEK	84 176	(8 418)	8 418	67 024	(6 702)	6 702
DKK	56 600	(5 660)	5 660	40 828	(4 083)	4 083
GBP	1 121	(112)	112	3 492	(349)	349
EUR	57 261	(5 726)	5 726	51 072	(5 107)	5 107
USD	3 694	(369)	369	(9 087)	909	(909)
INR	34 599	(3 460)	3 460	22 306	(2 231)	2 231
CHF	13 066	(1 307)	1 307	6 848	(685)	685
Effect of sensitivity		(25 052)	25 052		(18 248)	18 248

[1] Note 3.

TABLE B
The following table presents the maturity profile of the group's financial liabilities based on contractual payments and non-cancellable lease commitments.

All amounts presented in the table are undiscounted cash flows in NOK thousands:

MATURITY PROFILE 2020

	2021	2022	2023	2024->	TOTAL
Interest-bearing bond loan	11 220	310 285	-	-	321 505
Other financial liabilities	74 438	10 083	5 099	1 130	90 749
Accounts payable	3 560 040	-	-	-	3 560 040
Non-cancellable lease commitments[1]	33 416	38 601	24 980	69 102	166 099
Total	3 679 114	358 969	30 078	70 232	4 138 394

[1] No purchase options are part of the estimated maturity analysis. See Note 16.

NOTE 20 Acquisition of business

2020 Acquisitions

Sensa Ehf. (Iceland)
On December 2, 2020 Crayon Group entered into a purchase agreement for Sensa Ehf., a company owned by Siminn hf. Sensa is a leading IT services company for providing hosting and operations services as well as communications and security solutions to the corporate market. The company is based in Reykjavík, Iceland and has 120 employees working within consultancy and IT support. The company provides services and solutions on Microsoft, Amazon Web Services, Cisco and NetApp among other industry leaders.

The agreement purchase price for 100% of shares is ISK 3.25 billion and will be settled as follows (i) 2/3 in cash (ii) 1/3 in shares in Crayon Group Holding ASA subject to a 12-month lock-up from date of agreement. There will be a monthly release of 1/12 of shareholding during the lock-up period. The agreement is conditional. Closing is expected in 2021 after completing competition review in Iceland.

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

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

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2019 Acquisitions

Sequint BV (the Netherlands)
The May 9, 2019 Crayon Group acquired 100% of the outstanding shares of Sequint, a leading Dutch IT channel software service provider. The acquisition cost of the shares was NOK 62.5m, out of which NOK 38.0m relates to an earn-out model based on the financial performance of the company. The earn-outs are deferred considerations were estimated to NOK 16.0m for 2019 performance and NOK 21.5m for 2020 performance, and are classified as short and long-term liabilities, accordingly. The Goodwill in the transaction EUR 3.8m which corresponds to NOK 37.8 m at year end 2019.

Identifiable assets acquired and liabilities assumed
The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

(in thousands of NOK)	Fair value
Customer contracts	22 700
Property plant and equipment	866
Receivables	16 597
Cash	21 282
Deferred tax liability	(5 424)
Trade payables	(24 009)
Payables to participants	(4 174)
Other payables	(3 229)
Total identifiable net assets acquired at fair value	24 610
Goodwill	37 869
Purchase consideration transferred	62 479
Earn-out	37 820
Cash	24 659
Total consideration	62 479
Paid in cash	24 659
Cash received	(21 282)
Net decrease/(increase) in cash	3 376

Sequint BV has from the date of acquisition contributed to the group's revenues and profit before tax by NOK 180.0m and NOK 6.0m respectively.

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

Saudi-Arabia
Saudi-Arabia Crayon Group has acquired control over a Company operating in Saudi-Arabia indirectly through a Fund-structure that are present and governed by the laws of Saudi-Arabia.The time of control was set to July 1, 2019, where the Group acquired control over the company by entering the Fund arrangement according to IFRS 10.

Complit AS (Norway)
On March 12, 2019 Crayon Group announced the acquisition of 100% of the shares in Complit AS, a leading Norwegian IT service desk company. The acquisition cost was NOK 8.3m, out of which NOK 3.3m is related to an earn-out model based on the financial performance of the company during the next 12 months. For the FY 2018, Complit posted revenues of approximately NOK 10.0m and an EBITDA of NOK 2.0m, implying a EV/EBITDA multiple of x4 as the company was acquired on a cash-free and debt-free basis. Complit AS is a related party acquisition, refer to Note 22 for information of related parties. The goodwill in the transaction was assessed to NOK 3.8m.

Iotplan AS
On September 9, 2019 Crayon Group announced the acquisition of 100% of the shares in Iotplan AS (previous Intelzone AS), and by that expanding into IoT market. Crayon acquired 100% of shares in Iotplan AS at a value of NOK 0.4m, which is equivalent to the invested share capital in the company. At the time of acquisition total equity was NOK -0.4m. For the FY 2018, Iotplan AS posted revenues of approximately NOK 0.7m and an EBITDA of NOK -1.0m. Iotplan AS is a related party acquisition, refer to Note 22 for information of related parties.

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NOTE 21 Management renumeration

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

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

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

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

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

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

Salaries and other remuneration are reviewed annually.

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

The financial targets are based on the Company's financial results, specifically gross profit and Adjusted EBITDA.
The strategic targets are set based on the strategic priorities as determined by the board of directors in order to drive the long-term value creation of the company.

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

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

The general meeting held April 24, 2020 authorised the board of directors to issue shares in connection with the Company's incentive program. The authorisation is valid until the first of the Annual General Meeting in 2021 and June 30, 2021 and enables the board of directors to issue up to 4 597 444 shares in the Company.

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

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

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

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

* * *
The senior management remuneration policy of Crayon proposed adopted for 2020 is consistent with existing senior management remuneration policy during 2019.

Compensation to the executive management in 2020 is detailed on next page. 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.

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2020

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

2019

(In thousands of NOK)	Name	Salary	Bonus	Pension	Other benefits	Total
Chief Executive Officer (CEO) of Crayon Group Holding ASA and Crayon Group AS	Torgrim Takle	3 000	1 236	70	11	4 317
Deputy CEO of Crayon Group AS	Rune Syversen	3 060	1 545	71	11	4 687
Chief Operating Officer (COO)	Bente Liberg	1 549	398	72	21	2 040
Chief Technology Officer (CTO)	Mattias Ödlund	1 526	333	465	88	2 412
Chief Financial Officer (CFO)	Jon Birger Syvertsen	1 615	546	68	37	2 266
Total		10 750	4 058	746	167	15 721

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

Deputy CEO Rune Syversen was not employed by Crayon during 2020, but have invoiced Crayon for services through the company Karbon Invest AS, totaling NOK 5m.

For further information see Note 22 on related parties transactions.

March 15, 2021, CEO Torgrim Takle stepped down as CEO. Melissa Mulholland (CSSO) will act as Interim CEO while the board evaluates new candidates.

For information regarding salary and remuneration to senior management, see following link: www.crayon.com/investor-relations/agm

Compensation to the members of the Board is detailed below. The board members receives remuneration fees, options and shares. For further information see Note 6 and 25.

(In thousands of NOK)	Name	Fee
Chairman of the Board	Jens Rugseth	465
Board member	Eivind Roald	275
Board member	Dagfinn Ringås	265
Board member	Grethe Helene Viksaas	290
Board member	Camilla Elisabeth Magnus	275
Board member	Bjørn Henry Rosvoll	65
Board member	Jan Henrik Emanuelsen	65
Board member	Brit Bergersen Smestad	65
Board member	Tor Malmo	40
Total		1 805

Compensation to the members of the Board amounted to NOK 1.8m in 2019.

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

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NOTE 22 Related parties

Crayon Group Holding ASA has entered into transactions with related parties in 2020. Related party transactions are carried out in accordance with the arm's length principle.

Significant transactions in 2020 are listed below:

- Transactions with Basefarm companies have been carried out as part of normal operations at market terms. Board of Director in this company is, among others, Grethe Helene 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 42.2m in 2020 and accounts receivables as of December 31, 2020 were NOK 1.9m. There were no expenses or Account payable as of December 31, 2020.

- Transactions with company CEGAL AS have been carried out as part of normal operations at market terms. Board of Director in this company is, among others, Dagfinn Ringås (member of Board of Directors in Crayon Group Holding ASA) is also a Board Member in CEGAL AS. Sales to CEGAL AS and/or one of its subsidiaries, amounted to NOK 24.9m in 2020 and accounts receivables as of December 31, 2020 were NOK 4.9m. There were no expenses as of December 31, 2020.

- Transactions with company Techstep Norway AS have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Rune Syversen, Founder and deputy CEO of Crayon Group, and Jens Rugseth, Chairman of Crayon Group Holding ASA. Sales to Techstep Norway AS and , or one of its subsidiaries, amounted to NOK 7.3m in 2020 and accounts receivables as of December 31, 2020 were 0.4m. There were no expenses or Account payable as of December 31, 2020.

- Transactions with company Sysco AS have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Dagfinn Ringås, Member of Board of Directors of Crayon Group. Sales to Sysco AS, or one of its subsidiaries, amounted to NOK 12.1m in 2020 and accounts receivables as of December 31, 2020 were NOK 1.0m. There were no expenses as of December 31, 2020.

- Transactions with company Karbon Invest AS have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Rune Syversen, Founder and deputy CEO of Crayon Group, and Jens Rugseth, Chairman of Crayon Group Holding ASA. Purchase of services from Karbon Invest AS amounted to NOK 5.5m in 2020 and accounts payable at December 31, 2020 were NOK 0.5m. Sales to Karbon Invest AS amounted to NOK 0.06m in 2020.

- Transactions with company Link Mobility Group ASA have been carried out as part of normal operations at market terms. Shareholders in this company is, among others, Jens Rugseth, Chairman of Crayon Group Holding ASA. Sales to Link Mobility Group ASA amounted to NOK 5.5m in 2020 and accounts receivables as of December 31, 2020 were NOK 0.7m.

For information related to remuneration to executive management and the Board of Directors see Note 21.

NOTE 23 Collateral and guarantees

DEBT

(In thousands of NOK)	2020	2019
Bond loan	300 000	300 000
Transactional costs[1]	(4 785)	(6 812)
Debts secured by collateral	295 215	293 188

[1] 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 300.0m at maturity in FY 2022.

As security for the Crayon Group's Super Senior Multicurrency Revolving Credit Facility Agreement (RCF), Crayon Group Group AS has provided a first priority assignment agreement with respect to the top account in the cash pool agreement to which it is a party. Furthermore, the liability of each Guarantor, listed below, shall be limited to NOK 750.0m plus any unpaid amount of interest, fees, liability, premium and expenses. For further information see Note 16.

List of guarantors
Crayon Group Holding ASA
Crayon Group AS
Crayon AS
Inmeta Consulting AS
Crayon A/S
Crayon AB

Crayon Group Holding ASA (parent company) guarantees to Microsoft the full and promptly payment of a number of the parent's company affiliates outstanding debt and performance obligations, related to the normal core of business of the Group and recognised as part of account payables in the statement of the financial position. At year end, the total outstanding debt and obligations of the relevant parent company affiliates amounted to NOK 751.0m.

SUBSIDIARIES

(In thousands)	Guarantee	Amount	Currency	Amount (NOK)
Crayon India, Guarantee credit facility	Indsind bank Limited	392 000	INR	45 752
Crayon Group, Rental guarantee	Sandakerveien 114 A	6 380	NOK	6 380
Crayon France, Rental guarantee	La Francaise Real Estate Managers	104	EUR	1 096
Inmeta Consulting, Rental guarantee	Utstillingsplassen Eiendom AS	479	NOK	479
Crayon UK, Rental guarantee	Bacstel, UK	350	GBP	4 072
Crayon DE, Rental guarantee	Kapfinger	2	EUR	21
Crayon DE, Rental guarantee	Dussten	17	EUR	174
Crayon DE, Rental guarantee	Schroder	12	EUR	126
Crayon DE, Rental guarantee	WCP Munich	106	EUR	1 113
Crayon SE, Rental guarantee	Fastighet AB	625	SEK	651
Crayon UK	Performance guarantees	15	EUR	160
Crayon UK	Tender guarantees	6	EUR	63
Crayon LT	Performance guarantees	7	EUR	74
Crayon PL	Performance guarantees	78	PLN	179
Crayon PL	Tender guarantees	703	PLN	1 612
Crayon RS	Performance guarantees	138	USD	1 182
Crayon CZ	Performance guarantees	191	EUR	2 003

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NOTE 24 Subsidiaries and non-controlling interests

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

SUBSIDIARY

	Office location	Ownership % 2020	Ownership % 2019
Nordics			
Crayon Group AS	Oslo	100%	100%
Crayon AS	Oslo	100%	100%
Inmeta Consulting AS	Oslo	89%	89%
Esito AS	Oslo	89%	89%
Rewired AS[1]	Oslo	72%	75%
Puzzlepart AS	Oslo	80%	100%
Crayon Consulting A/S	Copenhagen	100%	100%
Crayon A/S	Copenhagen	100%	100%
Crayon AB	Stockholm	100%	100%
Crayon OY	Helsinki	100%	100%
Crayon Iceland ehf.	Reykjavik	100%	100%
Ice Distributions hf	Reykjavik	100%	100%
COMPLIT AS	Oslo	100%	100%
Crayon IOT AS[2]	Oslo	100%	100%
Crayon Constellation AS	Oslo	100%	0%
Europe			
Crayon UK Ltd	London	100%	100%
Crayon France SAS	Paris	79%	79%
Crayon Deutschland GmbH	Munich	100%	100%
Crayon Austria GmbH	Vienna	100%	100%
Crayon Schweiz AG	Altdorf	88%	88%
Crayon Software Experts Spain SL	Madrid	86%	86%
Crayon Software Licensing Unipessoal LDA	Lisbon	86%	86%
Crayon BV	Amsterdam	80%	80%
Crayon doo Beograd	Beograd	100%	100%
Crayon Bulgaria OOD	Sofia	80%	90%
SEQUINT BV	Rotterdam	100%	100%
Krejon Makedonija DOO	Skopje	100%	100%
SIA «Crayon Latvia»	Riga	100%	100%
Crayon Software Experts Romania S.R.L.	Bucharest	99%	100%
Crayon Poland sp. z o.o.	Warszawa	99%	99%
Crayon Czech Republic and Slovakia s.r.o.	Prague	100%	100%
Crayon LLC	Moscow	99%	99%
LLC «Crayon Ukraine»	Kyiv	90%	0%

	Office location	Ownership % 2020	Ownership % 2019
APAC & MEA			
Crayon DMCC	Dubai	80%	80%
Crayon Abu Dhabi	Abu Dhabi	80%	100%
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%	50%
Crayon Software Experts India Pvt Ltd	New Delhi	100%	100%
Crayon Software Experts Philippines Inc	Makati City	100%	97%
Atria Solutions Sdn Bhd	Kuala Lumpur	100%	100%
Crayon Software Experts Malaysia Sdn Bhd	Kuala Lumpur	90%	90%
Crayon Australia PTY LTD	Sydney	84%	76%
Crayon Mauritius Ltd	Port Louis	100%	100%
Crayon Africa SA	Johannesburg	100%	100%
Wadi Al Omar CO	Riyadh	85%	95%
Crayon Sri Lanka	Colombo	99%	99%
Navicle Pty Ltd	Sydney	100%	0%
Crayon IT Services Private Limited	Mumbai	100%	0%
U.S.			
Crayon Software Experts Holding LLC	Dallas	100%	100%
Crayon Software Experts LLC	Dallas	77%	77%
Anglepoint Group Inc	San Francisco	77%	77%
Software Wholesale International Inc	Denver	77%	77%
Crayon Global Services GmbH	Munich	77%	77%

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 December 31, 2020 for this subsidiary.

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The non-controlling interest share of the net income for 2020 and equity as of December 31, 2020 is detailed below:

SPECIFICATION OF NON-CONTROLLING INTERESTS 2020

(in thousands of NOK)	NCI ownership share	NCI share of equity	NCI share of net income
Nordics			
Inmeta Consulting AS	10.8%	(9 092)	(1 782)
Rewired AS[1]	28.4%	(5 804)	(3 579)
Esito AS	10.8%	(126)	(124)
Puzzlepart AS	20.0%	(4 018)	(1 606)
Europe			
Crayon BV	20.0%	4 429	(180)
Crayon Schweiz AG	12.5%	450	(1 383)
Crayon Software Licensing Unipessoal LDA	14.0%	1 047	295
Crayon Software Experts Spain SL	14.0%	4 222	541
Crayon France SAS	21.0%	(2 049)	337
Crayon Software Experts Romania S.R.L.	1.0%	11	29
Crayon Poland sp. z o.o.	1.0%	(31)	(15)
Crayon LLC	1.0%	100	102
Crayon Bulgaria	20.0%	(1 048)	(87)
LLC «Crayon Ukraine»	10.0%	(47)	156
APAC & MEA			
Crayon DMCC	20.0%	1 979	(1 022)
Crayon Abu Dhabi	20.0%	21	(203)
Crayon Sri Lanka	1.0%	32	24
Kryptos Technologies Private Limited	49.9%	(686)	53
Crayon Software Experts Philippines Inc.	0.01%	-	-
Crayon Software Experts Malaysia Sdn Bhd	10.0%	591	(149)
Crayon Australia PTY LTD	16.0%	989	1 781
Wadi Al Omar CO	15.0%	(1 186)	(1 174)
U.S.			
Crayon Software Experts LLC	23.3%	11 905	7 336
Anglepoint Group Inc	23.3%	(7 605)	(5 734)
Software Wholesale International Inc	23.3%	601	-
Crayon Global Services GmbH	23.3%	1 981	49
Total		(3 334)	(6 336)

[1] formerly known as Map License AS
[2] formerly known as Iotplan AS

Written Put Options over Non-Controlling Interests
Anglepoint
In September 2015, Crayon Group AS acquired 100.0% 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 26.0% (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 December 31, 2020.

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NOTE 25 Largest shareholders

SHARES HELD BY MANAGEMENT AND BOARD OF DIRECTORS

The company's major shareholders as of December 31, 2020, who own more than 1.0% of the share capital, are:

Shareholder's name	Total shareholding
OEP ITS Holding B.V.	29.5%
SIX SIS AG	11.2%
KARBON INVEST AS	6.6%
FOLKETRYGDFONDET	3.5%
Nordnet Bank AB	2.8%
Credit Suisse (Switzerland) Ltd.	2.5%
State Street Bank and Trust Comp (Nominee)	2.1%
State Street Bank and Trust Comp (Nominee)	1.6%
Danske Invest Norge Vekst	1.5%
The Bank of New York Mellon SA/NV (Nominee)	1.4%
Skandinaviska Enskilda Banken AB	1.3%
VERDIPAPIRFONDET NORGE SELEKTIV	1.2%
VERDIPAPIRFONDET DNB NORGE	1.2%
The Bank of New York Mellon SA/NV (Nominee)	1.2%

The company's trustees have shares in the company:

Officer	Total number of shares
Karbon Invest AS (Jens Rugseth and Rune Syversen)	5 365 186
Bente Liberg (COO), Goodcharma AS	338 390
Torgrim Takle (CEO)	373 417
Brit Smestad (employee representative)	146 664
Eivind Roald (board member), CR Holding AS	141 077
Jon Birger Syvertsen (CFO)	103 334
Jens Rugseth (Chairman of the Board), Rugz AS	39 155
Camilla Magnus (board member)	38 488
Nabil Chebbi (CMO)	37 709
Jan Henrik Emanuelsen (employee representative)	27 147
Dagfinn Ringås (board member), CDR Holding AS	25 806
Grethe Viksaas (board member)	25 155
Mattias Ödlund (CTO)	11 462
Melissa Mulholland (CSSO)	5 821
Bjørn Henry Rosvoll (employee representative, COO Inmeta), Rosvoll AS	5 001

NOTE 26 Subsequent events

On December 16, 2020, following the exercise of management's share options, the board of directors of the Company authorised to issue 1 591 710 shares. The capital increase was not registered at the end of 2020 and is therefore disclosed as part of the share premium capital in the consolidated statement of changes in equity. The share capital increase of NOK 1 591 710 was registered on the January 25, 2021.

On December 2, 2020 Crayon Group entered into a purchase agreement with Siminn hf on the acquisition of Sensa ehf, refer to Note 20 for further information. On March 18, 2021 the Icelandic Competition Authority (ICA) announced that they do not see a reason to take any further action in relation to the transaction. In accordance with the purchase agreement, closing of the transaction is expected around the end of March 2021.

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"Crayon offers unlimited opportunities for learning and continuous discovery of capabilities that unlock so much potential. I am blessed to be part of a team that shares infinite knowledge, support and true care."

Maya El Husseni
HR Manager
Dubai, United Arab Emirates

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Crayon Group Holding ASA

Statement of income 1.1 – 31.12

(In thousands of NOK)	Note	2020	2019
Operating income and expenses			
Payroll expenses	2, 3	8 402	5 108
Other operating expenses	3	7 648	25 434
Total operating income and expenses		16 050	30 542
Operating profit/EBIT		(16 050)	(30 542)
Financial income and expenses			
Income from subsidiaries and other group companies	2, 4	52 924	-
Interest income from group companies	2	2 484	44 614
Other interest income		3 827	6 666
Other financial income		8 057	4 638
Total financial income		67 292	55 918
Other Interest expenses to group companies		3 361	13 391
Other Interest expenses		13 431	38 180
Other financial expenses		24 362	13 596
Total financial expenses		41 154	65 167
Net financial income and expenses		26 138	(9 249)
Net income before tax		10 088	(39 792)
Income tax expense on net income	5	2 427	(8 042)
Net income		7 661	(31 750)
Brought forward			
To other equity	6	7 661	-
Loss carried forward	6	-	(31 750)
Net carried forward		7 661	(31 750)

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Crayon Group Holding ASA

Balance sheet as of 31.12

(In thousands of NOK)	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax asset	5	14 953	17 473
Total intangible assets		14 953	17 473
Financial assets			
Investments in subsidiaries	4	815 747	797 040
Loan to group companies	2	4 282	4 352
Total financial assets		820 029	801 393
Total non-current assets		834 981	818 866
Current assets			
Accounts receivable		-	974
Other receivables	1, 2	544 122	151 565
Total receivables		544 122	152 538
Cash & cash equivalents	1	63 232	35 532
Total current assets		607 354	188 070
Total assets		1 442 335	1 006 936

(In thousands of NOK)	Note	2020	2019
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital	6, 7	81 688	76 624
Own shares	6, 7	(10)	(10)
Share premium	6	976 887	622 150
Total paid-in equity		1 058 565	698 764
Retained earnings			
Other equity	6	28 004	477
Total retained earnings		28 004	477
Total equity		1 086 569	699 240
Long-term liabilities			
Bond loan	8, 9	295 215	293 188
Derivative financial liabilities	8	-	114
Total long-term liabilities		295 215	293 303
Current liabilities			
Accounts payable		284	415
Other short term liabilities	2	60 268	13 978
Total current liabilities		60 552	14 393
Total liabilities		355 766	307 696
Total equity and liabilities		1 442 335	1 006 936

Oslo, March 24, 2021

Jens Rugseth
(Chairman)

Eivind Roald
(Board Member)

Dagfinn Ringås
(Board Member)

Grethe H. Viksaas
(Board Member)

Camilla E. Magnus
(Board Member)

Jan Henrik Emanuelsen
(Employee Representative)

Bjørn H. Rosvoll
(Employee Representative)

Brit B. Smestad
(Employee Representative)

Melissa Mulholland
(CEO)

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Crayon Group Holding ASA

Cash flow statement

(In thousands of NOK)	2020	2019
Net income before tax	10 088	(39 792)
Net interest paid to credit institutions and interest to bond loan	9 604	31 514
Paid interest to group companies	3 361	13 391
Received interest from group companies	(2 484)	(44 614)
Changes in inventory, accounts receivable/ payable	(1 105)	(982)
Changes in other current accounts	(54 230)	(9 942)
Net cash provided by operating activities	(34 766)	(50 424)
Cash flow from investing activities		
Purchase of own shares	-	388
Net cash from investing activities	-	388
Cash flow from financing activities		
Net interest paid to credit institutions and interest to bond loan	(9 604)	(31 514)
Paid interest to group companies	(3 361)	(13 391)
Received interest from group companies	2 484	44 614
New equity	359 801	34 966
Net change in cash pool, group companies	(341 806)	(102 581)
Proceeds from issuance of interest bearing debt	2 026	(153 370)
Reiceived group contribution	52 924	58 096
Net cash from financing activities	62 464	(163 180)
Net increase (decrease) in cash and cash equivalents	27 698	(213 216)
Cash and cash equivalents at beginning of period	35 535	248 750
Cash and cash equivalents end of period	63 232	35 535

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NOTE 1 Accounting principles

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

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

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

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

Foreign currency
Transactions in foreign currency are converted at the exchange rate applicable on the transaction date. Monetary items in a foreign currency are converted to NOK using the exchange rate applicable on the balance sheet date. Non-monetary items measured at the historical rate expressed in a foreign currency are converted into NOK using the exchange rate applicable on the transaction date. Non-monetary items measured at fair value expressed in a foreign currency are converted at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period, 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 recognised at transaction price, minus a provision for bad debt. Provision for bad debt is determined on the basis of an individual assessment of receivables.Other receivables are valued using the same principle. Bank accounts included in cashpool are classified as other receivables.

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

NOTE 2 Transactions with related parties

Accounts receivable and payable to Group companies:

(In thousands of NOK)	2020	2019
Receivables		
Received group contribution		
Other receivables[1]	494 372	152 635
Total receivables	494 372	152 635
Liabilities		
Other payables	-	-
Other short term liabilities[1]	15 980	8 293
Total liabilities	15 980	8 293

Liabilities not recognized in the balance sheet
See Note 8.

Transactions with related parties:

(In thousands of NOK)	2020	2019
Purchases of services		
Purchases from Crayon Group AS	4 177	1 900
Guarantee fees	–	3 874
Total purchases	4 177	5 774
Financial items		
Income from subsidiaries and other group companies	52 924	-
Interest income from group companies	2 484	44 614
Other Interest expenses to group companies	3 361	13 391
Total net financial items	52 048	31 223

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

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

Decrease of net income from group companies from 2019 to 2020 is due to changes in cash pool structure. Due to refinancing in November 2019, cash pool was transferred to Crayon Group AS. NOK 52.8m relates to group contribution from Crayon AS.

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NOTE 3 Other operating expenses

The company has no employees. Compensation to the members of the Board amounted to MNOK 1.8 in 2020, and MNOK 1.8 in 2019. The company has paid remuneration to the auditor in the following amounts:

(In thousands of NOK)	2020	2019
Audit fee	2 609	1 529
Other assurance services	555	-
Tax services	130	186
Other services	-	7 463
Total	3 294	9 178

Fees are quoted excluding VAT.

Regarding wages and benefits, please see group Note 4 and Note 21.

NOTE 4 Investment in subsidiaries

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

(In thousands of NOK)	Registered office	Historical cost	Book value	Ownership interest and voting rights	Net profit/loss	Company's equity
Company						
Crayon Group AS	Oslo	783 903	815 496	100%	88 997	785 207
ICE Distribution hf	Reykjavik	3 145	251	100%	(267)	(1 660)
			815 747			

Crayon Group Holding ASA has received the following group contributions:

(In thousands of NOK)	2020	2019
Crayon AS	52 924	-
Total	52 924	-

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

NOTE 5 Tax

(In thousands of NOK)	2020	2019
Taxes payable on profit for the year	-	-
Change in deferred tax	2 427	(8 042)
Total taxes for the year	2 427	(8 042)
Specification of the tax base:		
Net income before income tax	10 088	(39 792)
+ Permanent differences	(52 095)	94
+ Changes in temporary differences	6 578	(3 370)
+ Received group contributions	52 924	-
- Use of losses carry-forward	(17 495)	-
= Tax base	-	(43 068)
Specification of tax expenses:		
Taxes payable in the balance sheet	-	-
= Total taxes payable	-	-
+/- Changes in tax rate	-	-
+/- Change in deferred tax/tax assets	2 521	(4 452)
+/- Change in deferred tax/tax assets correction from last year	(94)	(3 590)
= Income tax expense	2 427	(8 042)

(In thousands of NOK)	2020	2019
Deferred tax/deferred tax assets		
Accumulated tax losses carried forward	(63 062)	(80 984)
Shares and other securities	-	(114)
Other differences	234	6 812
Limited deduction for interest on related parties	(5 138)	(5 138)
= Basis for deferred tax	(67 966)	(79 424)
Deferred tax	-	-
Negative basis for deferred tax	67 966	79 424
= Basis for deferred tax asset	67 966	79 424
Deferred tax asset	14 953	17 473
Tax rate 31.12 (%)	22%	22%

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

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NOTE 6 Equity

(In thousands of NOK)	Share capital	Own shares	Share premium	Other equity	Total equity
Per 01.01.2020	76 624	(10)	622 150	477	699 240
Share issues	5 063	-	330 066	-	335 130
Share capital increase not registered	-	-	24 672	-	24 672
Sharebased compensation	-	-	-	19 539	19 539
Corr last year	-	-	-	328	328
+ net profit 2020	-	-	-	7 661	7 661
Per 31.12.2020	81 688	(10)	976 887	28 004	1 086 569

NOTE 7 Share capital

The company has 81 687 519 shares at a nominal value of NOK 1. The total share capital amounts to NOK 81 687 519.

December 16, 2020, following the exercise of management's share options, the board of directors of the Company authorised to issue 1 591 710 shares.

The capital increase was not registered at the end of 2020 and is therefore disclosed as part of the share premium capital in the statement of equity. The share capital increase of NOK 1 592 710 was registered on the January 25, 2021.

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

	Number of shares	Total nominal value	Statutory provisions on voting
Shares	81 687 519	81 687 519	One share – one vote

The General Meeting on April 24, 2020 authorized the board of directors to increase the share capital in three different settings. All three authorizations are valid until the earlier of Crayon's annual general meeting in 2021 and June 30th, 2021.

In relation to the Company's incentive schemes, the Board is granted an authorization to increase the Company's share capital with up to NOK 4 597 444, provided however that the authorization cannot be used for an amount in excess of 6.0% of the Company's share capital.

In connection with acquistions, etc. The Board is granted an authorization to increase the Company's share capital with up to NOK 7 662 406, provided however that the authorization cannot be used for an amount in excess of 10% of the Company's share capital.

The board of directors is granted an authorization to, on behalf of the Company, to repurchase treasury shares with a total nominal value of NOK 7 662 406, corresponding to 10% of of the Company's share capital. The maximum amount to be paid per share is NOK 80 and the minimum is NOK 1.

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

The company's major shareholders as of December 31, 2020, who own more than 1% of the share capital, are:

Name of shareholder	Total shareholding
OEP ITS Holding B.V.	29.5 %
SIX SIS AG	11.2 %
KARBON INVEST AS	6.6 %
FOLKETRYGDFONDET	3.5 %
Nordnet Bank AB	2.8 %
Credit Suisse (Switzerland) Ltd.	2.5 %
State Street Bank and Trust Comp (Nominee)	2.1 %
State Street Bank and Trust Comp (Nominee)	1.6 %
Danske Invest Norge Vekst	1.5 %
The Bank of New York Mellon SA/NV (Nominee)	1.4 %
Skandinaviska Enskilda Banken AB	1.3 %
VERDIPAPIRFONDET NORGE SELEKTIV	1.2 %
VERDIPAPIRFONDET DNB NORGE	1.2 %
The Bank of New York Mellon SA/NV (Nominee)	1.2 %

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

Officer	Total number of shares
Karbon Invest AS (Jens Rugseth and Rune Syversen)	5 365 186
Bente Liberg (COO), Goodcharma AS	338 390
Torgrim Takle (CEO)	373 417
Brit Smestad (employee representative)	146 664
Eivind Roald (board member), CR Holding AS	141 077
Jon Birger Syvertsen (CFO)	103 334
Jens Rugseth (Chairman of the Board), Rugz AS	39 155
Camilla Magnus (board member)	38 488
Nabil Chebbi (CMO, Global Alliances)	37 709
Jan Henrik Emanuelsen (employee representative)	27 147
Dagfinn Ringås (board member), CDR Holding AS	25 806
Grethe Viksaas (board member)	25 155
Mattias Ödlund (CTO)	11 462
Melissa Mulholland (Chief Services & Solutions Officer)	5 821
Bjørn Henry Rosvoll (employee representative, COO Inmeta), Rosvoll AS	5 001

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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)	2020	2019
Bond principal	300 000	300 000
Currency swap	-	35
Interest swap	-	80
Transaction cost	(4 785)	(6 812)
Total financial liabilities	**295 215**	**293 303**

Further information regarding currency swap, interest swap and revolving credit facility, please see group Notes 16 and 19.

Guarantee
Crayon Group Holding ASA (parent company) guarantees to Microsoft the full and promptly payment of a number of the parent's company affiliates outstanding debt and performance obligations, related to the normal core of business of the Group and recognised as part of account payables in the statement of the financial position. At year end, the total outstanding debt and obligations of the relevant parent company affiliates amounted to NOK 751m.

NOTE 9 Issuance of bond loan

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

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

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

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

Transaction cost are capitalized and recognised in Profit or loss over the life time of the bond.

Further information regarding currency swap, interest swap and revolving credit facility, please see Group Notes 16 and 19.

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Auditor's report

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Enterprise 935 174 627 MVA

To the General Meeting of Crayon Group Holding ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Crayon Group Holding ASA (the Company), which comprise the balance sheet as at 31 December 2020, the statement of income 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 statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, 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 2020, 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 2020, 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, Alta, Arendal, Bergen, Bodø, Drammen, Elverum, Finnsnes, Hamar, Haugesund, Knarvik, Kristiansand, Mo i Rana, Molde, Skien, Sandefjord, Sandnessjøen, Stavanger, Stord, Straume, Tromsø, Trondheim, Tynset, Ålesund

Revenue recognition

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

The key audit matter	*How the matter was addressed in our audit*
The Group's revenue, which comprises revenue from sale of software and services, including software licenses and value-added services and consulting, totalled NOK 19.6 billion for the year ended 31 December 2020. The Group holds many different types of contracts with customers and has applied judgment in assessing key elements of the contracts in respect of revenue recognition. Significant management judgment can be required in determining the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages, particularly for software and cloud license arrangements bundled with value-add services. Furthermore, there is a high degree of judgement in determining the number of performance obligations which can impact the timing and amount of revenue recognition for certain contracts.	Our audit procedures in this area included: • Applying professional scepticism and critically assessing the accounting judgments against the requirements of IFRS 15; • Challenging management's assessment of revenue recognition criteria for licenses and services, and the identification of performance obligations; and • Inspecting a sample of contracts with customers, in order to assess whether the assessments regarding the identification of performance obligations and the method for revenue recognition was appropriate, with focus on the assessment of the contract under the licensing criteria, allocation of revenue to the individual performance obligations and timing of revenue recognition.

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.

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 a true and fair view 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 true and fair view 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

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

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

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, the going concern assumption and the proposed allocation of the result 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, 24 March 2021
KPMG AS

Julie Berg
State Authorised Public Accountant

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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 financial reporting framework (IFRS).

Crayon uses the following APM's:

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

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

(In thousands of NOK)	2020	2019
Operating revenue	19 599 455	13 618 020
Cost of sales	17 254 670	11 809 309
Gross profit	2 344 785	1 808 711

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.

(In thousands of NOK)	2020	2019
EBITDA	381 414	249 926
Other income and expenses	31 488	42 316
Adjusted EBITDA	412 902	292 242

Other income and expenses: Specification of items defined as adjustments. See table below.

(In thousands of NOK)	2020	2019
Specific M&A costs and legal structuring	416	22 112
IPO Cost 2017 (Project Elevate)	-	481
Share based compensation	48 684	19 723
Forgivable loan (US)	(17 612)	-
Other income and expenses	31 488	42 316

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

(In thousands of NOK)	2020	2019
Inventory	8 846	13 968
Accounts receivable	3 393 421	2 553 506
Other receivables	263 347	156 327
Income taxes payable	(49 812)	(24 405)
Accounts payable	(3 560 040)	(2 361 188)
Public duties	(250 918)	(235 188)
Other current liabilities	(784 004)	(440 730)
Net working capital	(979 161)	(337 712)

Contents

Main regional Crayon offices

Crayon Abu Dhabi
C2 AL Buttien Office 610, PO BOX 41449 Abu Dhabi, UAE

Crayon Africa
Workshop 17 Firestation, 16 Baker Street, Rosebank, Gauteng 2196, South Africa

Crayon Arabia
Al Tahlya street - Al Deghaither center, 1st floor, Office #115 | Riyadh, KSA

Crayon Australia
Level 1, 488 Botany Road Alexandria NSW 2015, Sydney, Australia

Crayon Austria
Liebermannstraße F04/201, 2345 Brunn am Gebirge, Austria

Crayon Bulgaria
82 Patriarh Evtimii blvd., Sofia, 1463 Bulgaria

Crayon Czech Republic and Slovakia
33a Evropska, 160 00 Prague 6, Czech Republic

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Tobaksvejen 2A, 3. sal, 2860 Søborg, Denmark

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11th Floor Net One Center, 26th Street corner 3rd Avenue, Bonifacio Global City, Taguig City, Philippines

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