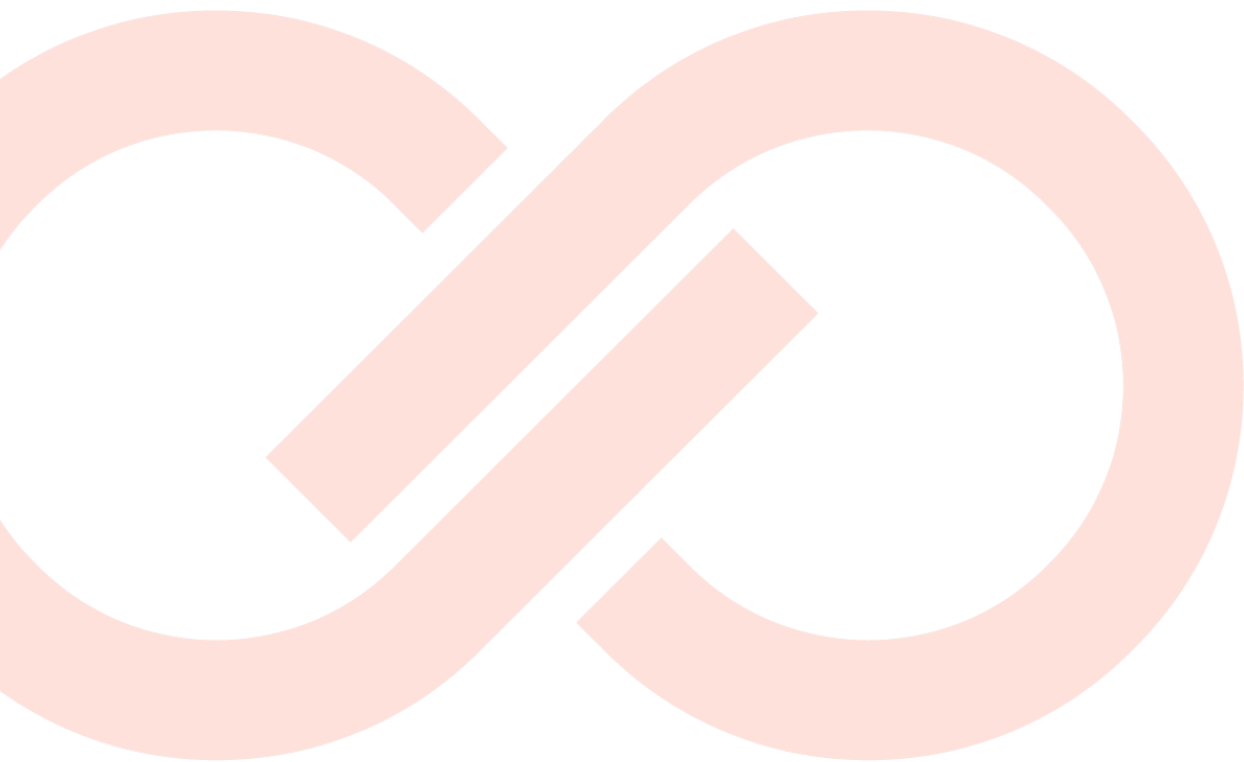




Q2 2021

Crayon Group Interim Financial Report



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Highlights

- Gross profit growth across all business areas and market clusters in Q2 2021. Gross profit grew by 21.9% compared to the same quarter last year (year-over-year, "YoY"), driven by strong growth in the segments Consulting (NOK 80.9m/ +46.4% YoY) and Software & Cloud Direct (NOK 50.3m/ +17.1% YoY). All market clusters delivered solid gross profit growth.
- Adjusted EBITDA has a positive development, and in Q2 2021 adjusted EBITDA¹ increased with NOK 84.7m YoY to NOK 255.8m. The improvement was primarily driven by Software & Cloud (NOK 62.1m), and Services EBITDA (NOK 36.6m)

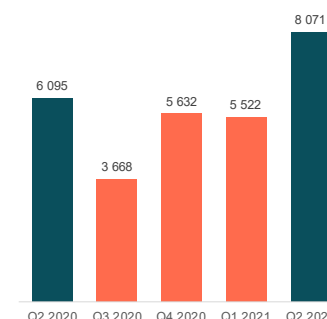
Key consolidated figures

	Q2 2021	Q2 2020	Year to date Q2 2021	Year to date Q2 2020	Full year 2020
(NOK in thousands, unless stated)	Un-audited	Un-audited	Un-audited	Un-audited	Audited
Operating revenue	8 071 296	6 095 044	13 593 753	10 298 997	19 599 455
Gross profit	811 617	665 839	1 446 558	1 181 045	2 344 785
EBITDA	259 737	164 425	340 946	202 921	381 414
Adjusted EBITDA	255 847	171 187	348 876	211 789	412 902
Operating (loss)/profit/EBIT	219 967	129 816	265 091	135 684	241 112
Net (loss) income	164 809	102 552	179 981	50 965	126 831
Cash flow from operations	629 915	1 090 001	228 899	1 206 756	941 630
Gross profit margin (%)	10,1 %	10,9 %	10,6 %	11,5 %	12,0 %
Adjusted EBITDA margin (%)	3,2 %	2,8 %	2,6 %	2,1 %	2,1 %
Adjusted EBITDA/ Gross profit margin (%)	31,5 %	25,7 %	24,1 %	17,9 %	17,6 %
Earnings per share (NOK per share)	1,77	1,22	1,96	0,63	1,48

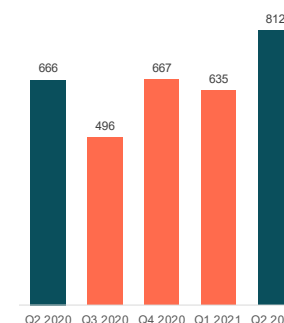
	June 30, 2021	June 30, 2020	December 31, 2020
Liquidity reserve	1 620 513	1 946 778	1 582 313
Net working capital	(916 799)	(1 363 154)	(979 161)
Average headcount (number of employees)	2 061	1 653	1 727

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

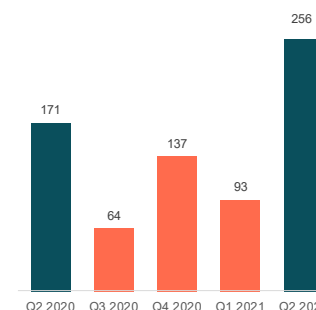
Consolidated Operating Revenue In millions of NOK



Consolidated Gross Profit In millions of NOK



Consolidated Adjusted EBITDA¹ In millions of NOK



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

Business review

Crayon continues to demonstrate strong financials and Q2 2021 is another quarter of gross profit and EBITDA growth. Q2 2021 YoY revenue growth was +32.4% while gross profit growth was +21.9%/ NOK 145.8m, leading to a total Q2 2021 gross profit of NOK 811.6m. Adjusted EBITDA in Q2 2021 was NOK 255.8m, an increase of NOK 84.7m compared with Q2 2020.

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

All market clusters (See Note 6 for additional information) had positive gross profit growth in Q2 2021 compared to Q2 2020. Nordics is the largest market cluster and delivered a +16.9% gross profit growth. Europe and US market clusters both delivered strong gross profit YoY growth of +25.3% and +27.8% respectively, while APAC & MEA had a gross profit YoY development of +26.4%.

The Software & Cloud division overall had a growth of +14.2% YoY, composed of Software & Cloud Direct with +17.1% gross profit growth YoY and Software & Cloud Channel with +4.2% gross profit growth YoY.

Within the Software & Cloud segment, gross profit in the Nordics grew with +3.0% YoY and Europe with +20.2% YoY. Gross profit in APAC & MEA increased with 25.2% YoY, and US increased with 38.1%. Within the Services segment, the overall gross profit growth was +32.8%, driven by Consulting with +46.4% YoY growth and Software & Cloud Economics ("SAM") of +12.1% YoY growth. Within the Services segment, Nordics grew by +33.2% YoY, while Europe, APAC & MEA and US grew by +38.7% YoY, +34.4% YoY and +26.8% YoY respectively.

Q2 2021 adjusted EBITDA was NOK +255.8m (2020: NOK +171.2m YoY). The YoY adjusted EBITDA improvement was driven by the Nordics (NOK +12.4m YoY), Europe (NOK +27.3m YoY), APAC & MEA (NOK +29.8m YoY) and US (NOK 16.6m YoY). In the business area segment, the adjusted EBITDA improvement was driven by Software & Cloud Direct (NOK +41.3m YoY), Software & Cloud Channel (NOK +20.8m YoY), Software & Cloud Economics (NOK +12.5m YoY) and Consulting (NOK +24.1m YoY).

In the light of the Q2 2021 financial results and outlook, Crayon has assessed whether there are indicators of impairment of the cash generating units (CGU) related to goodwill and for the recognised intangible assets. The Group has not recognised any impairment of goodwill or intangible assets during Q2 2021.

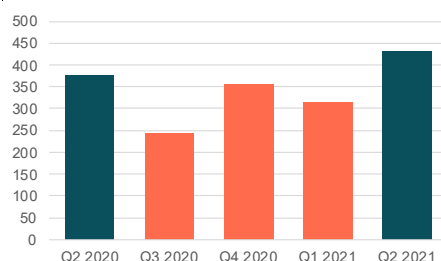
COVID-19

Crayon has not experienced any major disruption to its operations nor significant financial effects due to COVID-19. Management will continue to monitor the development in order to both address any new market opportunities and implement mitigating measures on our business if deemed necessary.

In the light of the ongoing pandemic, Crayon has focused on ensuring accurate identification and estimation of credit risk and potential losses on accounts receivables. However, Crayon has not identified any significant COVID-19 impact to the interim consolidated financial statements as of Q2 2021.

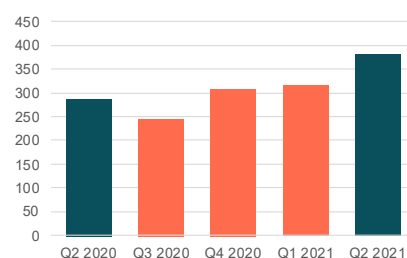
Software Gross Profit

In millions of NOK



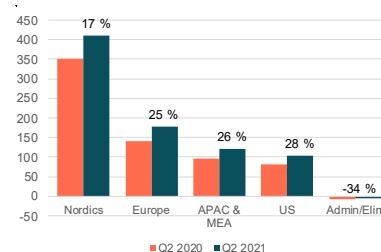
Services Gross Profit

In millions of NOK



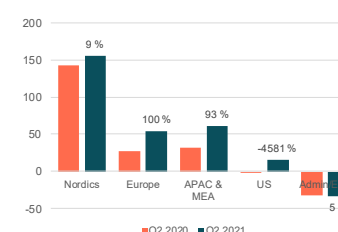
Gross Profit per Market Cluster and Growth

In millions of NOK



Adj. EBITDA per market cluster and growth (%)

In millions of NOK



Financial review

Items below the EBITDA line

Depreciation and amortisation increased NOK 5.2m YoY. The increase of depreciation is primarily driven by higher investments in recent periods into platforms and ERP systems, but also affected of impact from Sensa of NOK 2.3m.

Interest expenses increased YoY with NOK 1.7m, primarily due to a lower interest on borrowings and settlement of swap in Q2 2020. Other financial expenses increased with NOK 36.2m due to currency movements. The net income before tax increases YoY by NOK 52.3m to NOK 184.1m, mainly due to increase EBITDA of NOK 95.3m and increase of other financial expense, net of NOK -36.2m. Income tax expense for Q2 2021 amounts to NOK 19.3m.

Net profit in the period was NOK 164.8m, compared with the Q2 2020 result of NOK 102.6m. Basic earnings per share increased from NOK 1.22 per share in Q2 2020 to NOK 1.77 per share in Q2 2021.

Adjusted EBITDA

Adjusted EBITDA is adjusted for share based compensation and other income and expenses, totaling NOK -3.9m in Q2 2021. Other income and expenses in Q2 are mainly driven by share-based compensation and forgivable loan (see note 14). Share-based compensation programs in Crayon relates to the option program from the IPO in 2017, the broad-based Employee Share Purchase Program in 2019 and 2020 and an option-based management performance program for strategic KPIs during 2020 and 2021.

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

Balance sheet

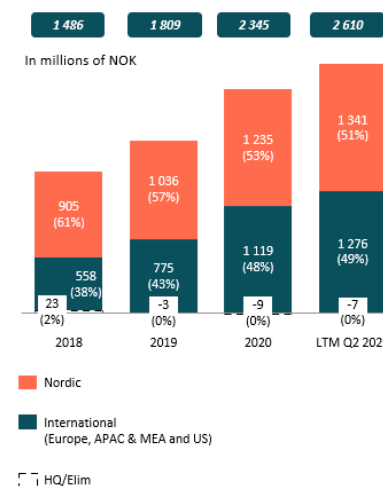
As of June 30, 2021 Crayon had assets of NOK 8 767m (2020: NOK 7 163m) which is primarily composed of accounts receivables NOK 5 218m (2020: NOK 4 031m), goodwill NOK 927m (2020: NOK 870m) and Cash & cash equivalents NOK 1 415m (2020: NOK 1 689m). Total liabilities as of June 30, 2021 amounts to NOK 7 405m (2020: NOK 6 155m), consisting primarily of accounts payables NOK 5 341m (2020: NOK 4 703m) and a bond loan NOK 296m (2020: NOK 294m).

Trade working capital increased YoY with NOK 539m, compared to the 32.4% / NOK 1 976m YoY revenue growth. In general, the increase is driven by a normalization of a very strong trade working capital situation in Q2 2020, which is partly offset by continued improvement on credit and collection performance with customers.

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

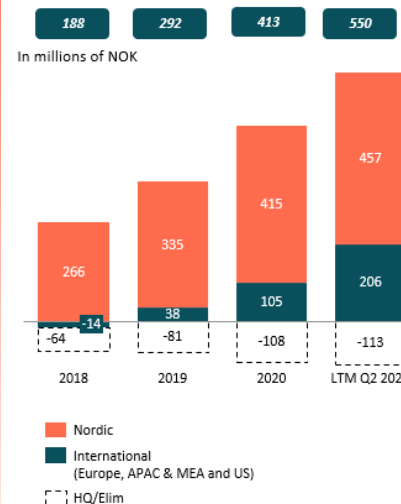
There is no specific concentration of credit risk with respect to account receivables, but in general the APAC & MEA region has a higher credit risk. The Group has a large number of customers spread across several countries and industries. Account receivables increased from Q1 2021 related to the cyclical nature of the business. The provision for bad debt increased with NOK 8.4m (including currency impact) compared to Q2 2020. This is due to provisions for specific customers at risk, general provisions and currency translation of NOK fluctuation against foreign currencies. Crayon continues to closely follow up the level and nature of the trade receivables to mitigate any recoverability risk.

Total Gross Profit per Market Cluster



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

Total Adj. EBITDA per Market Cluster



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

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

Crayon has a non-recourse factoring agreement with BNP. This has been implemented for a set of customers in Norway and in Denmark. As of June 30, 2021, factoring is improving our accounts receivables of NOK 131m (2020: NOK 159).

Equity increased by NOK 259.4m from year-end 2020 consisting primarily a total net income of NOK 180.0m and share issue of NOK 78.9m.

Leverage

Net interest-bearing debt as end of June 30, 2021 was NOK -953m with a net cash position of NOK 1 415m (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")), corresponding to a leverage ratio of -1.7x EBITDA¹. The Group had significant headroom with regards to its bank covenants as of quarter end.

Cash flow

Cash flow from operations in Q2 2021 was NOK -630m, compared with NOK 1 090m in Q2 2020 mainly due changes in net income and net working capital.

The net cash position as of June 30, 2021 was NOK 1 415 (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")) compared to NOK 1 689m as of June 30, 2020.

The liquidity position of the group remains strong, with a total liquidity reserve as of June 30, 2021 of NOK 1 621m, compared to NOK 1 947m as of June 30, 2020. For more information on the definition of liquidity reserve, please see the 'Alternative Performance Measures' section in this report. See note 11 for updated information of liquidity risk.

Employees

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

The average number of employees during Q2 2021 was 2 061, compared to an average during Q2 2020 of 1 653. This represents a YoY increase of 409 employees /+24.7%. The Software & Cloud business division had a total increase in average employees of 131 YoY, representing a 23.9% increase. The average number of employees in the Services business division increased YoY by 258 employees ², whilst other employees increased YoY by 19 employees. At the date of this report, all Crayon employees are safe and remains productive. Crayon has taken measures to protect employees and support ongoing efforts to contain the COVID-19 pandemic in line with local and global health authorities. The transition to remote work has so far been seamless for our employees, customers and business partners.

¹ On a LTM basis, excluding share based compensation and other income and expenses and non-controlling interest. Also, adjusted for restricted cash of NOK 61.0m, including not registered shares issued.

² Includes impact of organic growth and acquisitions.

Condensed Consolidated Statement of Income

	Note	Quarter ended		Year to date ended		Year ended
		30-Jun		30-Jun		31-Dec
		Un-audited	Audited	Un-audited	Un-Audited	Audited
(In thousands of NOK)		2021	2020	2021	2020	2020
Operating revenue	6	8 071 296	6 095 044	13 593 753	10 298 997	19 599 455
Cost of sales		7 259 678	5 429 205	12 147 194	9 117 952	17 254 670
Gross profit		811 617	665 839	1 446 558	1 181 045	2 344 785
Payroll and related cost		484 242	443 129	961 992	836 793	1 685 629
Other operating expenses		71 528	51 523	135 690	132 464	246 254
Share based compensation		10 225	6 751	19 107	8 574	48 684
Other income and expenses		(14 115)	12	(11 177)	294	(17 196)
EBITDA		259 737	164 425	340 946	202 921	381 414
Depreciation and amortisation	4	39 770	34 608	75 855	67 237	140 302
Operating (loss)/profit/EBIT		219 967	129 816	265 091	135 684	241 112
Interest expense		9 506	7 845	19 804	23 243	41 125
Other financial expense, net	5	26 349	(9 837)	32 211	22 096	6 336
Net (loss) income before tax		184 111	131 809	213 076	90 345	193 652
Income tax expense on ordinary result		19 303	29 256	33 095	39 380	66 821
Net (loss) income		164 809	102 552	179 981	50 965	126 831
Comprehensive income						
Items that are or may be reclassified subsequently to profit or loss						
Currency translation		6 362	(56 784)	(4 586)	60 112	4 995
Total comprehensive income -net of tax		171 171	45 768	175 395	111 077	131 826
Allocation of net income						
Non-controlling interests		16 001	3 607	15 607	(440)	6 336
Owners of Crayon Group Holding ASA		148 808	98 945	164 374	51 405	120 495
Total net income (loss) allocated		164 809	102 552	179 981	50 965	126 831
Earnings (loss) per share (NOK per share)		1,77	1,22	1,96	0,63	1,48
Allocation of Total comprehensive income						
Non-controlling interests		15 916	5 589	15 972	(2 284)	5 680
Owners of Crayon Group Holding ASA		155 255	40 179	159 423	113 361	126 146
Total comprehensive income allocated		171 171	45 768	175 395	111 077	131 826

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

Condensed Consolidated Balance Sheet Statement

		30-Jun		31-Dec			30-Jun		31-Dec
		Un-audited	Un-Audited	Audited			Un-audited	Un-Audited	Audited
(In thousands of NOK)	Note	2021	2020	2020	(In thousands of NOK)	Note	2021	2020	2020
ASSETS					LIABILITIES AND SHAREHOLDERS' EQUITY				
<i>Non-current assets:</i>					<i>Shareholders' equity:</i>				
Development Costs	8	94 492	87 611	88 756	Share capital		83 979	81 239	81 688
Technology and software	8	14 709	24 273	18 515	Own shares		(10)	(10)	(10)
Contracts	8	175 787	68 115	60 379	Share premium		1 053 515	914 175	976 887
Software licenses (IP)	8	2 058	2 366	2 215	Sum paid-in equity		1 137 484	995 404	1 058 565
Goodwill	9	926 701	869 533	850 933					
Deferred tax asset		39 261	29 623	35 458	Retained Earnings				
Total intangible assets		1 253 007	1 081 520	1 056 255	Other Equity		206 645	19 315	41 276
					Total retained earnings		206 645	19 315	41 276
Tangible assets									
Equipment		43 087	39 057	38 624	Total equity attributable to parent company shareholders		1 344 128	1 014 719	1 099 840
Right of use assets	12	128 591	120 375	120 051	Non-controlling interests		18 450	(6 961)	3 334
Total tangible assets		171 678	159 433	158 676	Total shareholders' equity		1 362 579	1 007 758	1 103 174
Other non-current receivables		61 159	21 693	39 962	<i>Long-term liabilities:</i>				
Total financial assets		61 159	21 693	39 962	Bond loan	10	296 438	294 028	295 215
					Deferred tax liabilities		16 832	28 365	21 505
Total non-current assets		1 485 845	1 262 646	1 254 893	Lease liabilities		104 846	95 780	95 340
					Other non-current liabilities		71 160	76 173	47 503
<i>Current assets:</i>					Total long-term liabilities		489 276	494 346	459 562
Inventory		9 591	19 016	8 846	<i>Current liabilities:</i>				
Total inventory		9 591	19 016	8 846	Accounts payable		5 341 244	4 702 574	3 560 040
					Income taxes payable		60 588	39 533	49 812
Accounts receivable	11	5 218 175	4 030 650	3 393 421	Public duties	15	561 915	286 380	250 918
Other current receivables	15	639 192	160 871	263 347	Current lease liabilities		31 609	29 622	31 230
Total receivable		5 857 367	4 191 522	3 656 768	Other current interest bearing debt	10	100 201	57 127	75 884
					Other current liabilities		820 010	545 205	784 004
Cash & cash equivalents	10	1 414 619	1 689 361	1 394 120	Total current liabilities		6 915 567	5 660 441	4 751 889
Total current assets		7 281 578	5 899 899	5 059 733	Total liabilities		7 404 844	6 154 787	5 211 452
Total assets		8 767 422	7 162 544	6 314 626	Total equity and liabilities		8 767 422	7 162 544	6 314 626

Condensed Consolidated Statement of Cash Flows

(In thousands of NOK)	30-Jun		30-Jun		31-Dec
	Un-audited 2021	Un-audited 2020	Un-audited 2021	Un-audited 2020	Audited 2020
Cash flows from operating activities:					
Net (loss) income before tax	184 111	131 809	213 076	90 345	193 652
Taxes paid	(9 840)	(5 138)	(25 248)	(15 371)	(34 504)
Depreciation, amortisation and impairment	39 770	34 608	75 855	67 237	140 302
Net interest expense	8 074	4 666	15 791	17 019	32 675
Changes in inventory, accounts receivable/payable	141 271	760 458	(44 296)	859 193	364 059
Changes in other current accounts	266 528	163 598	(6 279)	188 334	245 446
Net cash flow from operating activities	629 915	1 090 001	228 899	1 206 756	941 630
Cash flows from investing activities:					
Payment for capitalised assets	(21 504)	(17 196)	(35 049)	(34 930)	(81 362)
Acquisition of subsidiaries - net of cash acquired	(122 575)	(3 617)	(122 575)	(4 617)	(4 616)
Other business combinations	-	(8 000)	-	(8 000)	(8 000)
Net cash flow from investing activities	(144 079)	(28 813)	(157 624)	(47 547)	(93 978)
Cash flow from financing activities:					
Net interest paid to credit institutions and interest to bond loan	(7 520)	(21 078)	(12 657)	(31 548)	(43 899)
Share issues	-	296 641	-	296 641	335 130
Share capital increase not registered	-	-	-	-	24 672
Acquisition/disposal of non-controlling interest	-	3	(3 816)	7 759	8 497
Proceeds from issuance of interest bearing debt	-	33 922	-	33 922	33 922
Repayment of interest bearing debt	(14 048)	(10 481)	(25 443)	(20 307)	(42 863)
Other Financial items	-	968	-	662	(3 762)
Net cash flow from financing activities	(21 568)	299 974	(41 916)	287 128	311 697
Net increase (decrease) in cash and cash equivalents	464 268	1 361 162	29 359	1 446 338	1 159 349
Cash and cash equivalents at beginning of period	962 059	330 433	1 394 120	238 817	238 817
Currency translation	(11 708)	(2 234)	(8 859)	4 206	(4 046)
Cash and cash equivalents at end of period	1 414 619	1 689 361	1 414 619	1 689 361	1 394 120

Condensed Consolidated Statement of Changes in Shareholder's Equity

Year to date period ending
June 30, 2020

(In thousands of NOK)

Balance at January 1, 2020

Adjustment ¹

Net (loss) income

Currency translation

Total comprehensive income

Share repurchase (net)

Share issues

Capital increase expenses

Share based compensation

Transactions with non-controlling interests

Transactions with owners

Balance as of end of period

December 31, 2020

(In thousands of NOK)

Balance at January 1, 2020

Adjustment ¹

Net (loss) income

Currency translation

Total comprehensive income

Share repurchase (net)

Share issues

Share capital increase not registered

Capital increase expenses

Share based compensation

Transactions with non-controlling interests

Transactions with owners

Balance as of end of period

June 30, 2021

(In thousands of NOK)

Balance at January 1, 2021

Adjustment ¹

Net (loss) income

Currency translation

Total comprehensive income

Share repurchase (net)

Share issues

Share based compensation

Transactions with non-controlling interests

Transactions with owners

Balance as of end of period

¹Mainly adjustment to opening balance

Currency translation in Q2 2021 includes also fair value of cashflow hedging.

Attributable to equity holders of Crayon Group Holding ASA						
Share capital	Own shares	Share premium	Other Equity	Total	Non-controlling interests	Total equity
76 624	(10)	622 150	(105 292)	593 472	(8 059)	585 413
-	-	-	(103)	(103)	-	-103
-	-	-	51 405	51 405	(440)	50 965
-	-	-	61 956	61 956	(1 844)	60 112
-	-	-	113 361	113 361	(2 284)	111 077
-	-	-	-	-	-	-
4 615	-	292 025	-	296 640	-	296 640
-	-	-	-	-	-	-
-	-	-	5 998	5 998	209	6 207
-	-	-	5 351	5 351	3 173	8 524
4 615	-	292 025	11 349	307 989	3 382	311 371
81 239	(10)	914 175	19 315	1 014 719	(6 962)	1 007 757

Attributable to equity holders of Crayon Group Holding ASA						
Share capital	Own shares	Share premium	Other Equity	Total	Non-controlling interests	Total equity
76 624	(10)	622 150	(105 292)	593 472	(8 059)	585 413
-	-	-	(33)	(33)	0	(33)
-	-	-	120 495	120 427	6 336	126 831
-	-	-	5 651	5 657	(656)	4 995
-	-	-	126 146	126 146	5 680	131 826
-	-	-	-	-	-	-
5 063	-	330 066	-	335 130	-	335 130
-	-	24 672	-	24 672	-	24 672
-	-	-	-	-	-	-
-	-	-	18 613	18 613	761	19 374
-	-	-	1 841	1 841	4 951	6 793
5 063	-	354 738	20 454	380 256	5 712	385 968
81 688	(10)	976 887	41 276	1 099 841	3 334	1 103 174

Attributable to equity holders of Crayon Group Holding ASA						
Share capital	Own shares	Share premium	Other Equity	Total	Non-controlling interests	Total equity
81 688	(10)	976 887	41 276	1 099 841	3 334	1 103 174
-	-	-	83	83	0	83
-	-	-	164 374	164 374	15 607	179 981
-	-	-	(4 951)	(4 951)	364	(4 586)
-	-	-	159 423	159 423	15 972	175 395
-	-	-	-	-	-	-
2 291	-	76 628	-	78 919	-	78 919
-	-	-	13 352	13 352	764	14 116
-	-	-	(7 490)	(7 490)	(1 618)	(9 108)
2 291	-	76 628	5 863	84 781	(855)	83 927
83 979	(10)	1 053 515	206 644	1 344 128	18 451	1 362 579

Notes

Note 1 – Corporate information

The Board of Directors approved the condensed interim financial statements for the six months ended June 30, 2021 for publication on August 11, 2021. These Group financial statements have not been subject to audit or review.

Crayon Group Holding ASA ("Crayon") is a public limited company registered in Norway. The Company is a leading IT advisory firm in software and digital transformation services. Crayon optimises its clients' return on investment ("ROI") from complex software technology investments by combining extensive experience within volume software licensing optimization, digital engineering, and predictive analytics. Headquartered in Oslo, Norway, the company has approximately 2 061 employees in 51 offices worldwide.

Note 2 – Basis of preparation

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

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

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

Note 3 – Significant accounting principles

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

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

Note 4 – Depreciation, amortisation

Depreciation and amortisation consist of the following:

	Quarter ended 30-Jun		Year to date ended 30-Jun		Year ended 31-Dec
	2021	2020	2021	2020	2020
(In thousands of NOK)					
Depreciation	17 202	13 142	31 706	25 636	54 078
Amortisation of intangibles	22 568	21 466	44 149	41 601	86 224
Total	39 770	34 608	75 855	67 237	140 302

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

Note 5 – Other financial income and expenses

Other financial income and expenses, consists of the following:

	Quarter ended 30-Jun		Year to date ended 30-Jun		Year ended 31-Dec
	2021	2020	2021	2020	2020
(In thousands of NOK)					
Interest income	1 432	3 179	4 013	6 225	8 449
Other financial income	280 436	85 345	401 843	210 845	478 259
Other financial expenses	(308 217)	(78 686)	(438 067)	(239 166)	(493 044)
Other total financial income / (Expense)	(26 349)	9 837	(32 211)	(22 096)	(6 336)

Foreign currency gain/loss is presented in the note on a gross basis. In the Consolidated Statement of Income 1.1-30.06 foreign currency is presented net.

Note 6 – Segment information

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

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

- **Software & Cloud Direct** is Crayon's licence offering from software vendors (e.g Microsoft, Adobe, Symantec, Citrix, Vmware, Oracle, IBM and others). The emphasis is towards standard software, which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes.
- **Software & Cloud Channel** is Crayon's offering towards hosters, system integrators and ISVs, which includes licence advisory/optimization, software licence sales and access to Crayons proprietary tools and IP.
- **Software & Cloud Economics** services include processes and tools for enabling clients to build in house SAM (SAM: Software Asset Management) capabilities, licence spend optimisation and support for clients in vendor audits.
- **Consulting** consists of Cloud Consulting and Solution Consulting services related to infrastructure consulting, cloud migration and deployment, bespoke software deployment and follow-up of applications.
- **Admin & Shared services** includes administrative income and costs, corporate administrative costs (excluding other income and expenses), unallocated global shared costs and eliminations.
- The market clusters are composed of operating countries in the different geographical areas. The Nordics is composed of Norway, Sweden, Denmark, Finland, Iceland and Ice Distribution. Europe is composed of Austria, Switzerland, Germany, Netherlands, Spain, France, Portugal, UK, Bulgaria, Macedonia, Serbia, Russia, Czech, Ukraine, Poland and Latvia. APAC & MEA is composed of India, Malaysia, Philippines, Singapore, Middle East, Sri Lanka, Mauritius, Australia and South Africa. US represents the post-closing financial contributions from the Anglepoint and SWI acquisitions, as well as Crayon US. HQ & Eliminations includes corporate admin costs (excluding other income and expenses), unallocated global shared cost and eliminations.

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

(In thousands of NOK)	Quarter ended 30-Jun		Year to date ended 30-Jun	
	2021	2020	2021	2020
Adjusted EBITDA per Operating Segment				
- Software & Cloud Direct	207 688	166 403	302 690	227 197
- Software & Cloud Channel	52 616	31 782	102 072	59 960
Total Adjusted EBITDA - Software & Cloud	260 305	198 185	404 762	287 157
- Software & Cloud Economics	19 851	7 369	30 902	6 161
- Consulting	56 080	31 949	83 906	54 323
Total Adjusted EBITDA - Services	75 931	39 318	114 807	60 484
Admin & shared services	(80 388)	(66 315)	(170 694)	(135 852)
Total Adjusted EBITDA	255 847	171 187	348 876	211 789

(In thousands of NOK)	Quarter ended 30-Jun		Year to date ended 30-Jun	
	2021	2020	2021	2020
Adjusted EBITDA per Market Cluster				
- Nordics	155 967	143 576	279 330	237 996
- Europe	54 758	27 424	54 711	16 460
- APAC & MEA	61 913	32 076	63 569	27 495
- US	16 249	(363)	15 988	(10 601)
- HQ	(33 040)	(31 526)	(64 723)	(59 561)
Total Adjusted EBITDA	255 847	171 187	348 876	211 789

Segment information June 30, 2021, Quarter ended

(In thousands of NOK)

	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Operating revenue						
Nordics	1 980 912	447 795	35 288	311 281	-346	2 774 930
Europe	2 000 482	305 561	36 927	22 608	174	2 365 751
APAC & MEA	1 418 974	366 137	21 921	39 919	522	1 847 473
US	751 180	340 880	62 416	17 965	193	1 172 634
HQ	-	-	-	434	15 101	15 535
Eliminations	-	-	-	-	(105 027)	(105 027)
Operating revenue	6 151 548	1 460 373	156 551	392 207	(89 384)	8 071 296
Gross profit						
Nordics	146 564	38 331	30 563	196 346	-500	411 303
Europe	100 639	22 303	31 328	23 571	617	178 459
APAC & MEA	68 272	19 237	11 032	22 077	1 088	121 705
US	29 485	7 222	54 481	13 168	193	104 549
HQ	-	-	-	(63)	15 453	15 390
Eliminations	-	-	-	-	(19 789)	(19 789)
Gross profit	344 960	87 093	127 404	255 099	-2 939	811 617
Operating expenses	137 272	34 476	107 553	199 020	73 560	551 880
EBITDA	207 688	52 616	19 851	56 080	(76 499)	259 737
Depreciation and Amortisation						39 770
Net financial income and expenses						35 855
Net income before tax						184 112
Adjustments	-	-	-	-	(3 890)	(3 890)
Adjusted EBITDA	207 688	52 616	19 851	56 080	(80 388)	255 847

Segment information June 30, 2020, Quarter ended

(In thousands of NOK)

	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Operating revenue						
Nordics	1 497 865	428 474	32 716	226 293	1 982	2 187 330
Europe	1 316 878	254 094	26 635	13 153	14 207	1 624 967
APAC & MEA	899 246	387 283	11 272	31 508	797	1 330 105
US	628 938	343 903	52 614	5 443	290	1 031 188
HQ	-	62	-	-	13 392	13 454
Eliminations	-	-	-	-	(92 001)	(92 001)
Operating revenue	4 342 927	1 413 815	123 237	276 398	(61 332)	6 095 044
Gross profit						
Nordics	141 465	38 024	28 015	142 361	2 095	351 959
Europe	82 533	19 762	25 972	13 614	578	142 459
APAC & MEA	50 931	18 943	9 297	15 331	1 800	96 302
US	19 774	6 814	50 409	2 938	1 859	81 794
HQ	-	62	-	-	15 048	15 110
Eliminations	-	-	-	-	(21 784)	(21 784)
Gross profit	294 702	83 605	113 692	174 244	(404)	665 839
Operating expenses	128 299	51 823	106 323	142 296	72 673	501 414
EBITDA	166 403	31 782	7 369	31 949	(73 077)	164 425
Depreciation and Amortisation						34 608
Net financial income and expenses						(1 992)
Net income before tax						131 809
Adjustments	-	-	-	-	6 762	6 762
Adjusted EBITDA	166 403	31 782	7 369	31 949	(66 315)	171 187

Segment information June 30, 2021

(In thousands of NOK)

	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Operating revenue						
Nordics	3 688 468	848 390	70 362	558 428	805	5 166 453
Europe	2 784 136	596 455	67 325	45 225	770	3 493 911
APAC & MEA	2 213 635	704 322	31 849	58 603	1 160	3 009 570
US	1 275 769	650 945	123 574	31 938	397	2 082 623
HQ	-	-	-	686	31 059	31 745
Eliminations	-	-	-	-	(190 549)	(190 549)
Operating revenue	9 962 008	2 800 112	293 110	694 880	(156 358)	13 593 753
Gross profit						
Nordics	262 999	74 163	60 679	359 067	606	757 515
Europe	156 643	45 477	54 823	40 294	1 193	298 429
APAC & MEA	108 905	40 958	18 074	32 216	1 990	202 141
US	46 718	13 043	109 385	25 311	397	194 854
HQ	-	-	-	(92)	31 616	31 524
Eliminations	-	-	-	-	(37 904)	(37 904)
Gross profit	575 264	173 641	242 960	456 795	(2 102)	1 446 558
Operating expenses	272 574	71 568	212 059	372 890	176 522	1 105 613
EBITDA	302 690	102 072	30 902	83 906	(178 624)	340 945
Depreciation and Amortisation						75 855
Net financial income and expenses						52 015
Net income before tax						213 076
Adjustments	-	-	-	-	7 931	7 931
Adjusted EBITDA	302 690	102 072	30 902	83 906	(170 694)	348 876

Segment information June 30, 2020

(In thousands of NOK)

	Software & Cloud		Services			Total
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin & Eliminations	
Operating revenue						
Nordics	2 704 405	791 051	71 634	439 621	10 349	4 017 060
Europe	1 909 403	468 546	46 289	36 724	14 776	2 475 739
APAC & MEA	1 351 744	752 023	19 476	43 381	1 768	2 168 392
US	965 213	693 321	101 695	6 876	542	1 767 648
HQ	-	62	(0)	2	27 258	27 322
Eliminations	-	-	-	-	(157 163)	(157 163)
Operating revenue	6 930 765	2 705 003	239 093	526 604	(102 469)	10 298 997
Gross profit						
Nordics	242 183	68 696	55 066	283 925	1 991	651 860
Europe	126 705	35 321	45 816	22 116	1 664	231 621
APAC & MEA	76 407	39 514	15 084	23 647	3 029	157 682
US	33 101	13 535	97 878	3 916	620	149 050
HQ	-	136	353	2	29 282	29 773
Eliminations	-	-	-	-	(38 940)	(38 940)
Gross profit	478 396	157 202	214 197	333 606	(2 355)	1 181 045
Operating expenses	251 199	97 242	208 036	279 283	142 364	978 124
EBITDA	227 197	59 960	6 161	54 323	(144 719)	202 921
Depreciation and Amortisation						67 237
Net financial income and expenses						45 339
Net income before tax						90 345
Adjustments	-	-	-	-	8 867	8 867
Adjusted EBITDA	227 197	59 960	6 161	54 323	(135 852)	211 788

Note 7 – Share options

Share options

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

Employee share purchase program (ESPP)

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

Fair value

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

	IPO Share incentive scheme	Management share option program	General manager share grant program	ESPP 2019	ESPP 2020
Number of share options allotted	1.92 m options	1.90 m options			
Exercise price	NOK 15.50	NOK 53.60			
Term of the option	5 years	5 years			
Share price at grant date	NOK 15.50	NOK 53.60	NOK 118.40	NOK 52.00	NOK 112.40
Numbers of shares allotted			160 k shares (estimate)	1.23 m shares	0.5 m shares
Subscription price			-	NOK 30.00	NOK 85.90
Lock-up period			0 - 2 years	2 years	2 years

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

	Quarter ended 30-Jun		Year to date ended 30-Jun		Year ended 31-Dec
(In thousands of NOK)	2021	2020	2021	2020	2020
Share incentive scheme (IPO)	218	3 651	665	2 451	21 648
Employee share purchase program 2019 and 2020	4 063	1 800	8 546	3 523	10 369
Management share options program 2020 and 2021	5 944	1 300	9 896	2 600	16 667
Share based compensation	10 225	6 751	19 107	8 574	48 684

Note 8 – Intangible assets

2020	Software licenses (IP)	Development costs	Contracts	Technology and software	Total
Acquisition cost 01.01	8 769	316 823	401 684	67 741	795 017
Additions	-	26 944	128 923	0	155 867
FX translation	(23)	6194	(843)	135	5 463
Aquisition cost at the end of the period	8 746	349 961	529 764	67 876	956 347
Amortisation and impairment 01.01	6 554	228 067	341 305	49 226	625 152
Amortisation	134	27 402	12 672	3 941	44 149
Impairment	-	-	-	-	0
Accumulated amortisation and impairment	6 688	255 469	353 977	53 167	669 301
Net value at the end of the period	2 058	94 492	175 787	14 709	287 046
Amortisation period	0-5 years	3-10 years	5-20 years	3-10 years	
Amortisation method	Linear	Linear	Linear	Linear	

The company recognises intangible assets in the balance sheet if it is likely that the expected future economic benefits attributable to the asset will accrue to the company and the assets acquisition cost can be measured reliably. Total amortisation of intangibles year to date June 30, 2021 amounts to NOK 44.1m. Of this, NOK 13.6m relates to impairments of intangible assets identified as part of purchase price allocation from acquisitions.

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

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

Technology and software:

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

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

Software licences (IP):

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

Contracts:

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

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

Note 9 – Goodwill

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

(In thousands of NOK)	Goodwill
Acquisition cost at 01.01	960 450
Additions	78 933
Currency translation	(3 166)
Acquisition cost at the end of the period	1 036 218
Impairment at 01.01	109 517
Impairment during the period	-
Accumulated Impairment at the end of the period	109 517
Net book value at the end of the period	926 701

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

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

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

Crayon assess indication of impairment at each reporting period. At June 30, 2021 no impairment indication has been identified. Regarding Covid-19 outlook, although hope is on the horizon with the roll-out of several vaccines across most countries, as well as third-party intervention from governments and central banks to stabilize economic conditions, impacts of the COVID-19 outbreak continue to evolve. However, Crayon's financial performance and operations has not negatively been affected during the pandemic, on the contrary, further business opportunities have raised and materialized. Crayon is not experiencing decreased

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

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

Note 10 – Debt

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

The bonds have a floating coupon rate of 3 months NIBOR + 350 bps. p.a. (CRAYON 03). Any outstanding bonds is to be repaid in full at maturity date. The bond was listed on the Oslo Stock Exchange April 3, 2020.

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

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

The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the underlying cash flow of the company and is booked as the actual value representing future liabilities based on the exchange rates at the balance sheet date. This ended in Q2 2020. In accordance with IFRS 9, the transactional costs (NOK ~ 7 m) related to the bond issue which was settled on November 22, 2019 are accretion expensed (i.e. added back) over the lifetime of the bond, thus reaching NOK 300m nominal value at maturity in Q4 2022.

See note 17 for an additional bond issue completed July 1, 2021.

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

	Year to date ended 30-Jun		Year ended 31-Dec
(In thousands of NOK)	2021	2020	2020
Bond loan, other non-current liabilities	300 000	303 761	302 283
Other current interest bearing debt	100 201	57 127	75 884
Cash & cash equivalents	(1 414 619)	(1 689 361)	(1 394 120)
Restricted cash	60 972	23 381	93 676
Net interest bearing debt	(953 447)	(1 305 091)	(922 277)

Note 11 – Financial Risk

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

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

Liquidity risk

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

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

Credit risk

At June 30, 2021, payments from customers are not significantly impacted by the COVID-19 pandemic. DSO (Days of Sales Outstanding) is as of June 30, 2021 is down 1 day compared to June last year.

Approximately 40% of revenues comes from public sector customers and a majority of the remaining revenue is from large corporate customers with satisfactory credit ratings. These customers are likely to maintain spending on IT infrastructure during the COVID-19 pandemic and any following economic downturn. Below 1% of accounts receivables to private sector customers at June 30, 2021 are considered as high- risk industries such as travel and transport of personnel, accommodation, hospitality and leisure.

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

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

COVID-19 pandemic. Within YTD Q2 2021 the impact of Net accounting losses on receivables was NOK 12.6m compared to last year of NOK 24.9m.

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

	Year to date ended 30-Jun		Year ended 31-Dec
(In thousands of NOK)	2021	2020	2020
Opening balance 01.01	52 492	30 113	30 113
Currency translation	248	1 639	(2 575)
Net reversal/ allowance	9 896	22 450	24 954
Closing balance	62 636	54 202	52 492

Profit or loss effect of bad debt

	Year to date ended 30-Jun		Year ended 31-Dec
(In thousands of NOK)	2021	2020	2020
Realised losses	2 720	2 484	11 676
Allowance for doubtful accounts	9 896	22 450	24 954
Net accounting losses on receivables	12 617	24 934	36 630

Note 12 – Right-of-use assets

(In thousands of NOK)	Right of use assets
Aquisition cost at 01.01	177 395
Additions	30 957
Currency translation	3 465
Aquisition cost at the end of the period	211 817
Depreciation at 01.01	61 944
Depreciation during the period	21 283
Accumulated depreciation at the end of the period	83 227
Net book value at the end of the period	128 591

Depreciation period 1-12 years
Depreciation method Linear

Future cash outflows related to lease agreements not reflected in the measurements of lease liabilities amount to NOK 268m. Cash outflows are related to signed lease agreements where the leases are not yet commenced and relates to a period of 10 years starting 2022.

Note 13 – Seasonality of operations

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

Note 14 – Government grants

In 2020, Crayon received a forgivable loan in US of NOK 14m assessed according to IAS 20 on terms of government grant. On April 28, 2021 Crayon received confirmation that the forgivable loan was fully forgiven and recognised at a cost reduction in the profit or loss statement in Q2 2021.

Note 15 – Reclassification

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

	As reported Q2 2020	Comparable Q2 2020	Change
Other current receivables	160 871	298 158	137 286
Public duties	286 380	423 667	137 286

Note 16 – Business combination

On April 8, 2021 Crayon Group acquired 100% of the voting shares in Sensa Ehf. Sensa is a leading IT services company for providing hosting and operations services as well as communications and security solutions to the corporate market. The company is based in Reykjavik, Iceland and has 120 employees working within consultancy and IT support. The company provides services and solutions on Microsoft, Amazon Web Services, Cisco and NetApp among other industry leaders. The acquisition will support Crayon in expanding the value chain into cloud managed services for multicloud environments and further accelerate Crayon's global service operations.

The total consideration amounted to ISK 3 484m (NOK 236m) and was settled as follows (i) 2/3 in cash (ii) 1/3 in shares in Crayon Group Holding ASA subject to a 12-month lock-up from date of the agreement. There is a monthly release of 1/12 of shareholding during the lock-up period. The total amount of shares issued was 699 636. The fair value of the shares is calculated with reference to the quoted price of the company shares as of November 30, 2020 (NOK 112,80).

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

<i>(in thousands of NOK)</i>	Fair value
Customer contracts	101 393
Customer relationship	27 530
Development Cost	5 063
Right of use assets	1 487
Equipment	6 990
Inventory	2 459
Accounts receivable	31 986
Other receivable	4 946
Cash & cash equivalents	34 167
Lease liabilities	-1 487
Accounts payable	-19 160
Other current liabilities	-38 646
Total identifiable net assets acquired at fair value	156 727
Goodwill	78 933
Purchase consideration transferred	235 661
Cash	156 742
Subscription Shares in Crayon Group Holding ASA	78 919
Total consideration	235 661
Paid in cash	-156 742
Cash received	34 167
Net (decrease) / increase in cash	-122 575

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

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

From date of acquisition, Sensa Ehf. contributed to consolidated numbers, NOK 86m of revenue, NOK 42m to gross profit, NOK 8m adjusted EBITDA and NOK 5m to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue (year to date ended 30 June 2021) from continuing operations for the Group would have been NOK 13 674m, gross profit would have been NOK 1 494m, adjusted EBITDA would have been NOK 358m and profit before tax from continuing operations for the Group would have been NOK 219m.

Note 17 – Events after the balance sheet date

On July 1, 2021 Crayon completed the issuance of a NOK 1.800 million 4- year senior unsecured floating rate bond issue with a coupon of 3 months Nibor + 375bps. This was settled July 15, 2021.

On July 6, 2021 Crayon announced a signed binding agreement with Rhipe Limited, with a proposal of that Crayon will acquire 100% of the shares. The transaction is fully funded through a combination of available liquidity, the newly completed NOK 1.800 m senior unsecured floating rate bond issue and increased credit facilities. The completion is expected to be in Q4 2021.

Established in 2003, Rhipe Limited is a leading, Australian-based wholesale provider of subscription-based cloud licenses, infrastructure, and services in the APAC region. Rhipe Limited has about 500 employees and serves more than 3,000 IT resellers across 10 countries in the APAC region. On a combined basis, the acquisition is estimated to add approximately NOK 140 m to Crayon's LTM Q1 adjusted EBITDA.

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

Alternative Performance Measures

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

Crayon uses the following APM's:

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

(In thousands of NOK)	Year to date ended 30-Jun		Year ended 31-Dec
	2021	2020	2020
EBITDA	340 946	202 921	381 414
Other Income and Expenses	7 930	8 868	31 488
Adjusted EBITDA	348 876	211 789	412 902

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

(In thousands of NOK)	Year to date ended 30-Jun		Year ended 31-Dec
	2021	2020	2020
Business development expenses and legal structuring	(197)	294	416
Forgivable loan (US)	(13 718)	-	(17 612)
Share based compensation	19 107	8 574	48 684
Other personell costs	2 738	-	-
Other income and expenses	7 930	8 868	31 488

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

(In thousands of NOK)	Year to date ended 30-Jun		Year ended 31-Dec
	2021	2020	2020
Inventory	9 591	19 016	8 846
Accounts receivable	5 218 175	4 030 650	3 393 421
Other current receivables	639 192	160 871	263 347
Income taxes payable	(60 588)	(39 533)	(49 812)
Accounts payable	(5 341 244)	(4 702 574)	(3 560 040)
Public duties	(561 915)	(286 380)	(250 918)
Other current liabilities	(820 010)	(545 205)	(784 004)
Net working capital	(916 799)	(1 363 154)	(979 161)

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

Liquidity reserve: Freely available cash and credit facilities.

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

(In thousands of NOK)	Year to date ended 30-Jun		Year ended 31-Dec
	2021	2020	2020
Cash & cash equivalents	1 414 619	1 689 361	1 394 120
Restricted cash	(60 972)	(23 381)	(93 676)
Free available cash	1 353 647	1 665 980	1 300 444
Available credit facility	266 866	280 798	281 869
Liquidity reserve	1 620 513	1 946 778	1 582 313

Responsibility statement by the Board and CEO

The Board and CEO have considered and approved the condensed set of financial statements for the period 1 January to 30 June 2021. We confirm to the best of our knowledge that the condensed set of financial statements for the above-mentioned period:

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

Oslo, August 10, 2021

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Rune Syversen
Chairman

Dagfinn Ringås

Jennifer Koss

Eivind Roald

Camilla Magnus

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