Crayon

Annual Report 2023

Contents

Financial highlights

26%
Gross profit growth

16%
Adjusted EBITDA margin

10%
Adjusted EBITDA growth

4,021
FTEs

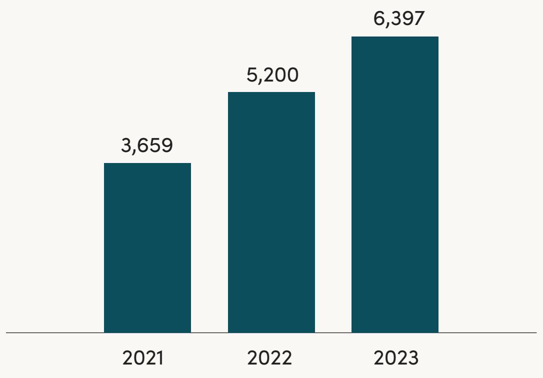
Key figures

(NOK millions)	2023	2022	2021
Revenue	6,397	5,200	3,659
Gross profit	5,662	4,496	3,165
EBITDA	745	751	580
Adjusted EBITDA	919	839	644
EBIT	442	417	405
Net income	-159	23	245
Earnings per share	-1.29	0.29	2.59
Adjusted EBITDA margin	16.2%	18.7%	20.3%

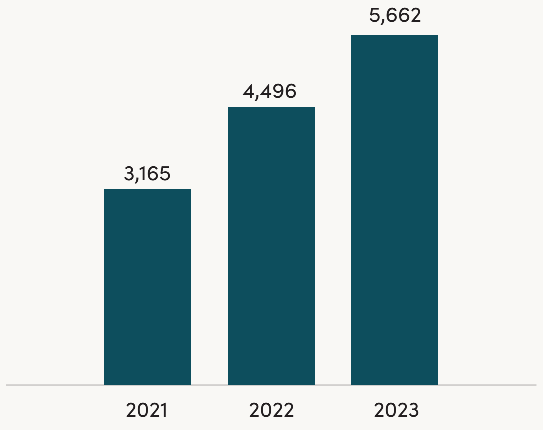
(NOK millions)	2023	2022	2021
Liquidity reserve	2,726	1,487	1,992
Net working capital	-1,121	-121	-463
Leverage ratio (multiple)	1.3	2.2	1.8
Full time employees (FTE)	4,021	3,447	2,900

For further details see Alternative performance measures.

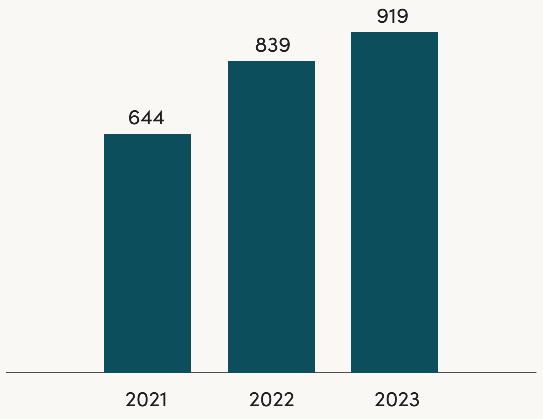
Revenue
NOK millions



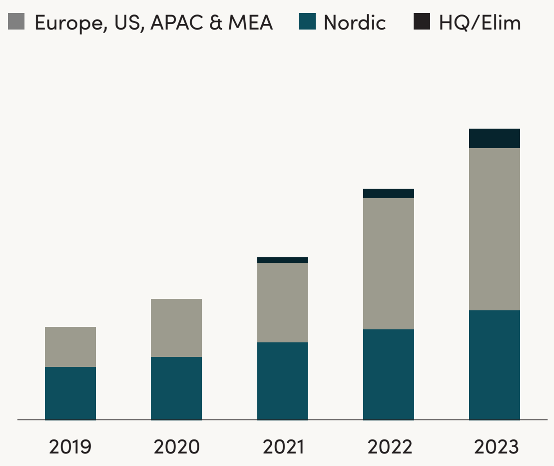
Gross profit
NOK millions



Adjusted EBITDA
NOK millions



Gross profit by market clusters
NOK millions



CEO letter

The year 2023 at Crayon was one of strategic growth and investments in a dynamic market impacted by uncertainty in both the geopolitical arena and the global economic environment. We continued to focus on helping customers reduce costs, optimize their software and cloud, and leverage new opportunities in AI to improve productivity.

Our growth remains impressive. In the last three years we have more than doubled our gross profit and EBITDA. We ended 2023 with a 26% YoY for the year, driven in particular by strong growth in the Nordics, which was up 21%, and Europe, which increased 40%. The 2023 results clearly demonstrate our continued competitiveness and solid position in our most mature market and our ability to replicate our success in newer geographies.

We have a resilient business model because of our 22-year commitment to sit on our customers' side. Always.

Global market

According to Gartner[1]: "global IT spending growth slowed down to 4.8% in constant currency, after a strong 2022 performance of 8.7%, partly due to a cautious response to a tepid macroenvironment." This led some companies to reassess their consulting spend.

Our growth of 26% reflects the strength of our business model, particularly in meeting the demand for software and cloud, which is foundational to our operations.

Our business focus

As we navigate through dynamic market conditions, our company remains focused on four key areas:

Software Procurement: We assist customers in procuring and purchasing software, negotiating contracts, and ensuring software compliance.

IT Cost Management: We help customers achieve ROI on their spend across software and cloud with extensive SAM and FinOps capabilities.

Cloud Services: We aid our customers in adopting technology and managing their IT estates effectively, providing expertise in modern work, cybersecurity, and cloud migration and modernization.

Data and AI Solutions: We deliver innovative solutions in data platforms, computer vision, language technologies, and machine learning, enhancing business efficiency and productivity.

[1] Gartner®: Gartner Market Databook 4Q23 update. Published: 21 December 2023. By John-David Lovelock, Linglan Wang, Adrian O'Connell, Ranjit Atwal, Srujan Akurathi, Amarendra, Arunasree Cheparthi, Grigory Betskov, Megan Fernandez.

In 2023, we saw the rapid acceleration in generative AI with productivity solutions such as Microsoft 365 Copilot, Google Gemini, and Amazon Q. Our investments in AI and machine learning over the last nine years put Crayon in a unique position to help our customers reap the benefits of GenAI and create innovative solutions whatever their chosen platform.

Our market performance

We are pleased to report growth in Gross Profit across all markets for 2023. The Nordics, our largest market, continues to exhibit strong demand, driven in particular by our software and cloud business. Performance in Europe demonstrates the continued investments in service capabilities with the consulting business, growing 54%.

The APAC and MEA regions saw a mixed performance during 2023 growing 9% in total. In the US, ongoing investments support planned growth, and we continue to execute our growth strategy for that market.

Adjusted EBITDA growth was 10% YoY. While this reflects the resiliency of software and cloud in our business, profitability performance was negatively impacted by the consulting business. Crayon has always been growth-oriented and invested ahead of the curve and 2023 was no exception. We strongly believe the market for consulting will grow in 2024 and we will continue to be mindful of balancing growth and profitability.

Improving our working capital has been a key focus area throughout the year and I am very happy to see the result of this work materializing in an operating cash flow of NOK 1.4 billion. This is an improvement of NOK 1.3 billion compared to 2022. I am confident that the actions we have taken will continue to deliver improved performance also in 2024.

We have been on an international growth journey since our IPO, and we are well-positioned to support our customers with long-term market opportunities given our scale and global strength. We remain committed to our growth, profitability, and strengthening our cash generation to improve shareholder value.

Our sustainability

In 2023 our environmental, social, and governance (ESG) program remained on a positive trajectory, adding value to the business by contributing to meeting customer and investor expectations, strengthening our reputation in the ESG space, and informing the management of regulatory and other risks.

We achieved groupwide ISO 37001 certification, affirming we have robust systems in place to manage bribery-related risks and incidents. As our workforce grew, we continued to offer employees safe working conditions with opportunities for learning, development, and career progression. In addition, we cultivated a culture of diversity, equity, and inclusion, with 65 nationalities represented in our workforce and women fulfilling 32% of all roles at Crayon.

We measured our greenhouse gas emissions, recognizing the significant effects of climate change. We practiced circular economy principles by launching our global sustainable device management program to purchase more environmentally friendly equipment for employees.

Please refer to our separate 2023 ESG Report for more detailed information on our ESG achievements.

Our people

Our success is attributed to our people – the most crucial asset of our organization. The Crayon culture, characterized by a hunger to win, customer obsession, passion, and a willingness to support, will always be our driving force.

Our global team of Crayonites share the company's commitment to the greater good. That is reflected through our Crayon Cares volunteer program, which grew in 2023 to include nearly half of our workforce that volunteered for a total of 16,400 hours.

Teams around the world helped their communities by planting trees, supporting people with disabilities, donating clothes and shoes as well as raising funds for mental health programs, breast cancer awareness, impoverished families, and more.

Our appreciation

I would like to take this moment to showcase my gratitude for being able to lead a company as incredible as Crayon. I'm humbled by the more than 4000 Crayonites who inspire me to give my best each and every day because I know they do the same. That commitment has fueled our growth this year and will continue to do so in the years to come.

Thank you for a wonderful 2023 and I am looking forward to more in 2024.

Kind regards,

Melissa

Our growth reflects the strength of our business model, particularly in meeting the demand for software and cloud, which is foundational to our operations.

– Melissa Mulholland, CEO

Highlights of the year

Q1

January

- Crayon strengthens its extended management team with Michael Jacobs joining as Executive Vice President of Nordics and Martin Modl as the Executive Vice President of Western Europe.
- Global Diversity, Equity, and Inclusion training series is released to the entire company.

February

- Established the Crayon Trust Unit, a one stop shop that includes privacy, compliance, security, integrity, and more.
- India wins Great Place to Work certification for 3rd consecutive year.

March

- Visited the UN as part of providing technology solutions for the United Nations Environment Program.

Q2

April

- Crayon US wins Great Place to Work certification.
- Crayon places No. 5 on the SHE Index, Europe's largest gender diversity index.

May

- Crayon United Arab Emirates and Crayon Africa win Great Place to Work certification.

June

- Introduction of One Crayon Sales Methodology to have a consistent approach to sales activities and customer/ partner engagements.
- Global Value Awards ceremony in Oslo for selected employees.

Q3

July

- Crayon featured prominently at Microsoft Inspire through videos, presentations and awards.

August

- Crayon appoints Brede Huser as Chief Financial Officer and Jon Birger Syvertsen as Chief Strategy Officer.
- The launch of Crayon's FinOps platform called Optima-iQ.
- New cohort of Female Leadership Program begins.
- New office in Arendal, Norway opens.

September

- Crayon and our subsidiary company Anglepoint were named as Leaders in the Magic Quadrant for Software Asset Management Managed Services[1].

[1] Gartner®: Magic Quadrant for Software Asset Management Managed Services. Published 05 September 2023. By: Yoann Bianic, Stephen White, Jaswant Kalay, and Yolanda Harris

Q4

October

- Crayon becomes one of the select few partners with early access to Microsoft 365 Copilot.
- Announcement of new partnership with Google Cloud.

November

- Crayon Norway for hosting a successful NIC Cloud Connect event with about 1,600 participants.
- Global Employee Feedback survey finds employees score Crayon 4.2 out of 5.0.

December

- Crayon hosts AI session at the prestigious United Nations Climate Change Conference in Dubai.
- Fadzai Munyaradzi appointed as the global Vice President of Environmental, Social and Governance (ESG).

Crayon in brief

Crayon is a customer-centric innovation and IT services company that **believes in the power of technology to drive the greater good**.

We help our customers reduce costs, manage software and cloud services, and leverage advanced technology to create business value.

4,021 FTEs

Full-time equivalent employees worldwide

4 Main service offerings

- Software procurement
- IT cost management
- Cloud services
- Data and AI solutions

46 countries

Where Crayon is located

80,000 customers

From SMEs to large enterprises, with a high share in public sector

49.1 NOK billion

Gross sales

6.4 NOK billion

Revenue

Executive management

Melissa Mulholland
Chief Executive Officer

Melissa was appointed as CEO in March 2021 after joining Crayon in September 2020 as Chief Services & Solutions Officer, responsible for leading the global strategy to drive long-term customer success and innovation in the cloud. An acknowledged global expert in digital transformation, Melissa 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, she lives in Oslo, Norway.

Gudmundur Adalsteinsson
Chief Sales Officer

Gudmundur Adalsteinsson joined Crayon in 2013 and has since filled several roles including founding Crayon Iceland and serving as vice president of Channel. He also founded Ice Distribution, a subsidiary of Crayon. Prior to Crayon, Gudmundur spent 10 years at Microsoft, where he worked in Denmark, Iceland, and New Zealand in different sales and partner management roles.

Gudmundur holds a bachelor's degree from Ecole Hoteliere de Lausanne. He is an Icelandic citizen who studied and worked in Switzerland, US, and New Zealand and currently resides in Copenhagen, Denmark.

Erwin Heinrich
Chief Operating Officer

Erwin Heinrich was appointed COO in November 2022, where his focus is on strengthening Crayon's global ability to execute and scale efficiently. He has a proven record in business transformation, expansion, and unlocking business potential, as demonstrated in several senior management positions.

As a General Manager for Crayon Austria, he previously rebuilt the organization and established the office to host Crayon's Data and AI Center of Excellence.

Erwin has a Master's degree in Economics and Computer Science from the Technical University of Vienna. He is an Austrian citizen, residing in Vienna.

Brede Huser
Chief Financial Officer

Brede Huser joined Crayon in September 2023 as the Chief Financial Officer. He previously was the CEO and CFO at Flyr starting in November 2022 and before that, he had been Flyr's CFO since 2020.

Brede has over 15 years of experience from Norwegian Air Shuttle, including being a part of the financial management from 2006 to 2015, and as the managing director of Norwegian Reward from 2015 to 2020. In addition, he has 10 years of experience in financial and consultant positions in Orkla, Arthur Andersen, and Ernst & Young. He has a master of science in finance from the BI Norwegian Business School.

He is a Norwegian citizen, residing in Oslo, Norway.

Executive management

Bente Liberg
Chief Human Resources 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 COO. Bente has 15 years of experience as an IT infrastructure consultant and nine years as a manager for IT consultants. Since 2022 she has been our CHRO, focusing on our employees. Her previous employers include Netcenter, EDB, and Eterra/Getronics. Bente studied at the NKI Computer College (DPH). She is a Norwegian citizen, residing in Oslo, Norway.

Florian Rosenberg
Chief Technology Officer

Florian is responsible for leading the global services business, product/IP strategy, and group IT. He joined Crayon in June 2019 and previously served as Vice President for Data & AI Technologies where he led Crayon's global technical strategy and delivery for data and AI.

Florian has over 15 years of IT experience and a strong passion for technology leadership. Before Crayon, he held several leadership roles, most notably at IBM in the US and Europe, where he was responsible for developing innovative solutions in cloud, DevOps, and AI to enable long-term customer success. Additionally, he has vast experience in leading IT and support teams as well as running critical enterprise systems.

Florian has a PhD in Computer Science from Technical University in Vienna, Austria and has lived and worked in Austria, Australia, and the US. He holds several patents and is the author of numerous highly cited and peer-reviewed publications. He is an Austrian national living in Vienna.

Jon Birger Syvertsen
Chief Strategy Officer

Jon Birger became Crayon's Chief Strategy Officer in September 2023. He joined Crayon in March 2018 as CFO. During his tenure as a CFO in Crayon he built a global finance organization and oversaw the expansion of Crayon into 28 new markets while also making several large acquisitions including rhipe in Australia/APAC, leading to a 4x growth in gross profit and a 7x growth in EBITDA.

Before joining Crayon, he was the CFO of Kebony AS, held management/business development roles at FMC Health & Nutrition and Epax AS, and spent 5 years as a management consultant at McKinsey & Company, where he was a member of the Corporate Finance practice.

Jon Birger 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.

The Crayon Share

Crayon aims to provide value creation and attractive, long-term return to shareholders by delivering on its business plan and maintaining timely and accurate communications with the capital markets. The objective of Crayon's investor relations is to ensure that the share price accurately reflects the Company's value, risk, and growth opportunities.

Communicating with investors and analysts is a high priority for Crayon Group Holding ASA. The objective is to ensure fair valuation of the Company's securities by providing existing and potential investors and other stakeholders with simultaneous access to timely, relevant, and up-to-date information about Crayon. All investor relations activities are conducted in compliance with relevant rules, regulations, and recommended practices.

During 2023 the Company completed a broad range of investor activities, participating in several investor conferences and held around 150 investor meetings.

The Group publishes quarterly financial results with live earnings presentations held by senior management. All reports and presentations are open to the wider investor community and made available online at www.crayon.com/investor-relations.

Share capital and ownership

Crayon's share is listed on Oslo Børs (the Oslo Stock Exchange) under the ticker code CRAYN. As of December 31, 2023, the share capital in the Company was NOK 89 574 924, divided into 89 574 924 shares, each with a nominal value of NOK 1.00. Crayon has one share class, and each share carries a right to one vote.

As of December 31, 2023, Crayon had 5,879 private and institutional investors, of which approximately 48% Norwegian, 12% from Sweden, and 10% from the US. The remaining 23% were spread across various international markets.

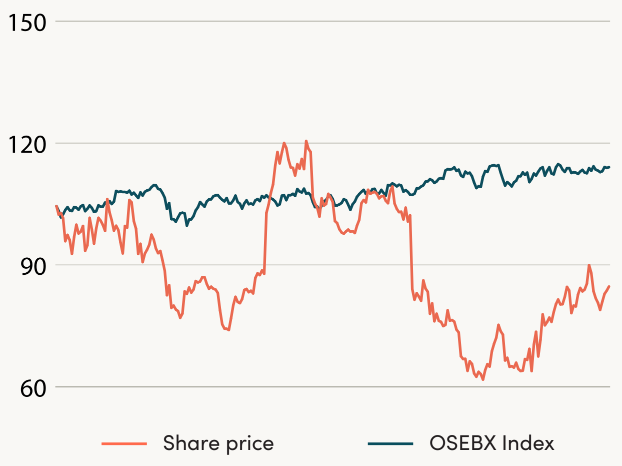
The share capital increased by NOK 289 156 in 2023, related to shares issued in relation to Crayon's employee stock purchase plan.

During 2023, the Company repurchased 1 274 700 shares in connection with the Company's employee share based compensation programs.

Share performance

At year-end, the share price was NOK 84.70, corresponding to a market capitalization of NOK 7.6bn. The highest share price achieved was NOK 121 in June, while the lowest price of NOK 62 was recorded in September. Total return on the share in 2023 was minus 15%.

Share price and OSEBX Index[1] development 2023



Share price development since IPO

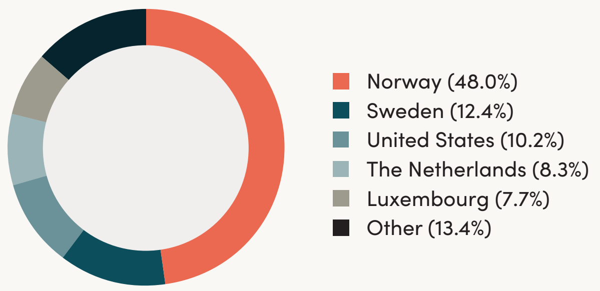
472.3%

Return on investments since IPO

5,879

Number of shareholders

Geographical shareholder distribution



Shareholders

Name	Shares	Ownership (%)
OEP ITS Coöperatief Holding U.A	7,400,000	8.26%
Karbon Invest AS	4,800,000	5.36%
Skandinaviska Enskilda Banken AB	4,117,358	4.60%
Nordnet Bank AB	3,789,728	4.23%
State Street Bank and Trust Comp	2,807,160	3.14%
The Bank of New York Mellon	2,700,354	3.01%
J.P. Morgan SE	2,289,174	2.56%
Folketrygdfondet	2,091,719	2.34%
Hvaler Invest AS	2,000,340	2.23%
Verdipapirfondet DNB Norge	1,903,226	2.12%
Ten largest shareholders	**33,899,059**	**37.8 %**
Other shareholders	55,675,865	62.2 %
Total	**89,574,924**	**100%**

Ownership structure

Number of shares held	Number of shareholders	Total number of shares	Proportion of share capital
1–1,000	4,260	1,090,841	1.22%
1,001–10,000	1,218	4,240,152	4.73%
10,001–100,000	294	8,204,865	9.16%
100,001–500,000	74	17,102,959	19.09%
500 001–	33	58,936,107	65.80%

Analyst coverage

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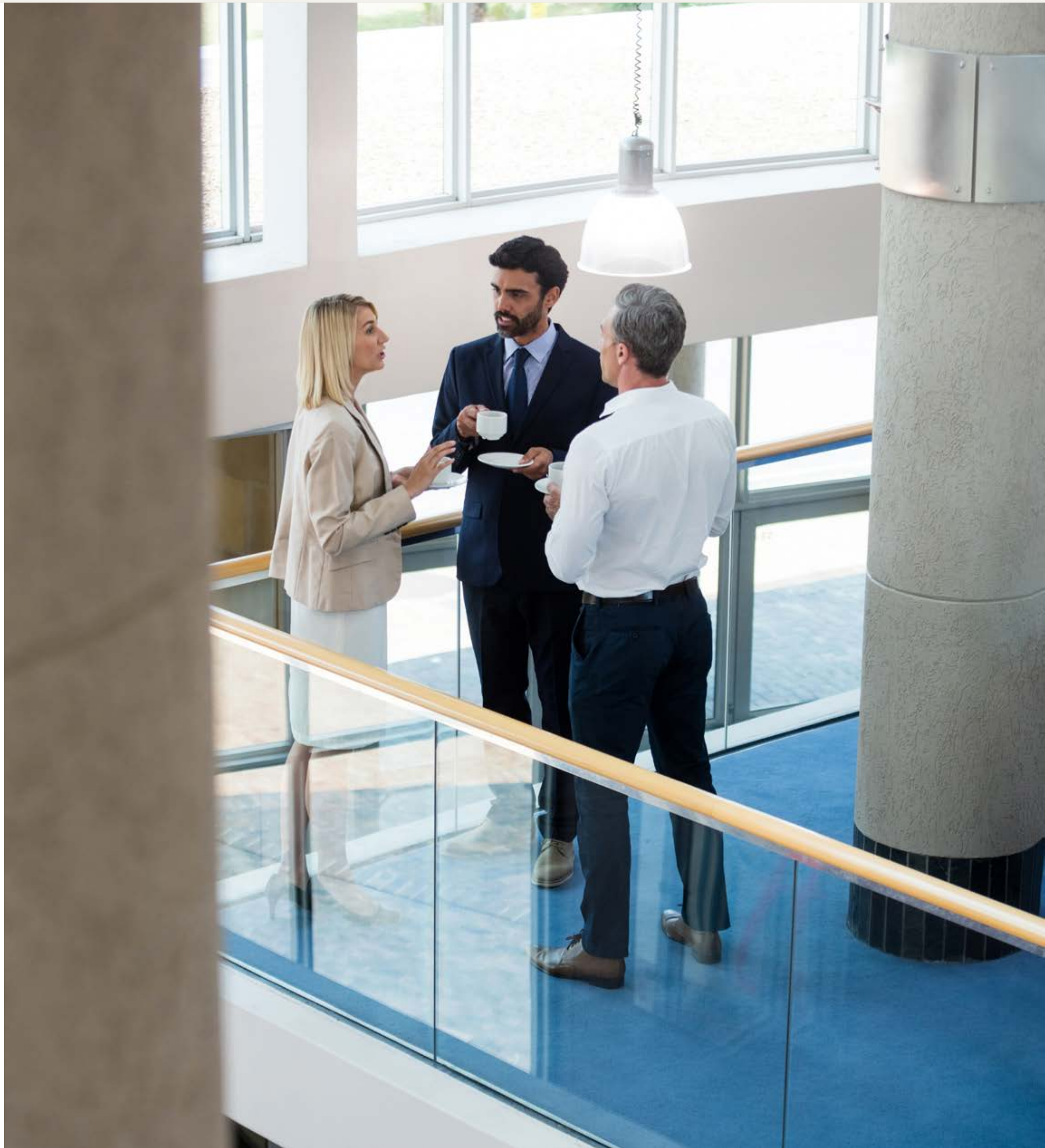
Financial calendar

Q1 2024 report	May 7, 2024
Annual general meeting	May 15, 2024
Q2 2024 report	August 29, 2024
Q3 2024 report	November 6, 2024
Q4 2024 report	February 12, 2025



Board of Directors' report

Summary

2023 marked yet another year with strong growth across all markets and businesses. Crayon's international expansion journey continues and during the year the Company made strong progress in scaling up its international businesses.

The market for software and cloud remained strong and the introduction and commercialization of AI also supported the company's demand in services. Customers are working together with their software suppliers to plan and understand how to best utilize new technologies to provide positive business outcome and efficiency.

Increased inflation as well as significant investments in the service business has impacted profitability during the year. Actions have already been initiated to improve profitability going forward.

Working capital performance has been a key priority during 2023. Several actions have been taken to strengthen working capital and in Q4, the Company delivered a record high operating cash flow driven by working capital changes. Working capital remains a key priority going forward.

The Company continued to invest in new tech resources during the year, adding a total of 574 new FTEs. Changes were also made to strengthen the management team. In September, Jon Birger Syvertsen took on the position as Chief Strategy Officer, while Brede Huser came in as Chief Financial Officer. Expanding the leadership capacity is an important step toward capturing the strong demand for Crayon's services.

About Crayon

Crayon is a leading global innovation and IT services company that helps customers reduce cost, manage software and cloud services, and leverage advanced technology to create business value.

Crayon Group Holding ASA is the holding and parent company of the Crayon Group. The Company is headquartered in Oslo, Norway, and had 4,021 full time equivalent (FTE) employees across 46 countries at the end of 2023.

Through licensing, software and cloud economics, security, modern workplace, or data and AI, Crayon aims to create business value for customers and partners. We have a unique customer-centric go-to-market strategy, combining skilled expert consultants and high-quality tools.

Crayon's core strategy of putting our customers' value creation first by focusing on both the business benefits and the costs is driven by the fundamental belief that Software and Cloud Economics ("SCE") is the foundation of all intelligent IT decision-making. Through the business divisions of Services and Software, Crayon's goal is to help customers optimize, manage, and utilize the relationship with software vendors through the IT lifecycle, thus establishing long-lasting and trusted relationships with customers.

Market environment

During 2023, the macro-economic climate continued to be challenging. Economic growth remained muted in many parts of the world and inflationary pressure continued. Central banks hiked rates and continue to monitor developments, adjusting their monetary policy accordingly.

Global IT spending growth slowed down from 8.7% in 2022 to 4.8% in 2023, partly driven by a cautious response to the tepid macroenvironment. Hardware and datacenter systems declined significantly, while software remained robust growing by 13%. Growth in IT services decelerated during the second half of the year. While companies increased attention on leveraging AI-enabled technology, demand for traditional services was muted as companies took a cautious approach towards new investments. Facing these conditions, in 2023 Crayon continued to focus on capitalizing and strengthening the positions in each of our geographic markets, improving growth and profitability based on our goto-market strategy, as well as continuing to invest in new technologies and capabilities to further support our customers.

The commercialization of AI through Chat GPT, Microsoft 365 Copilot, Google Duet, including hundreds of ISVs' AI applications will drive increased software cost both on productivity and cloud consumption. This will also increase demand for bespoke AI solutions, whether it's specialized prebuilt for certain purpose or development for new solutions. Crayon's customers continue to invest in digital transformation to enable further cost efficiencies into their IT budgets. However, to enable AI several prerequisites are needed. Crayon can help them assess using Copilot on its own and what features and additional data sources are required. Furthermore, assessing compliance and governance requirements to access data and information is critical. Ensuring their role-based access controls and governance is up to par as well as identifying gaps in the current setup and how to prevent unintentional oversharing of information is a key priority for customers. In addition, innovative AI workloads such as Copilot and Google Duet require businesses to maintain their data on cloud. For example, Copilot applies data in Outlook, Teams, OneDrive and SharePoint. To access the features, Crayon supports customers in their migration efforts where they don't have data fully in the cloud. Investing in AI capabilities is costly and to offset the cost impact, customers will be looking for ways to create further efficiency in their software spend.

Complexity in acquiring the right software solution will increase. More choices, more licensing complexity, and potentially more cost will lead to increased scrutiny on IT budgets.

Competition between hyperscalers is increasing, and customers embrace and accelerate the use of multiload for both cost and technology reasons. The rapid technological development substantially increases the complexity and putting risk toward the traditional smaller distributors as larger software vendors push for fewer and stronger global relationships. As one of the largest global partners, Crayon is in a unique position to build stronger relationships with the key global software vendors as well as utilizing the expertise to help customers navigate the complexity in their IT estates.

Business areas and market clusters

Crayon's geographical presence is divided into four market clusters: the Nordics, Europe, APAC & MEA, and the US. As a result of increased international expansion, the international markets have been the primary driver of gross profit growth over the last few years and now represents 56% of gross profit in 2023, while the Nordics remains the largest and most mature market.

Crayon is divided into four primary business areas: Software & Cloud Direct, Software & Cloud Channel, Software & Cloud Economics and Consulting.

Software & Cloud Direct and Software & Cloud Channel make up the Group's software license offering through which Crayon provides customers with software and cloud infrastructure platforms developed by global software vendors, such as Microsoft, Google, and AWS. Together, these two business areas form the Software division, which made up 53% of Gross Profit in 2023. These are two distinct businesses where Crayon in its Direct business offers licenses directly from vendors to customers, whereas Channel is the license offering toward Channel partners, typically hosters and ISVs.

Software and Cloud Economics represents 13% of Gross Profit and consists of a combination of services, processes, and tools to optimize customers' IT infrastructure and software license spend, ensuring compliance with the vendors' terms and conditions and enabling clients to build in-house Software Asset Management capabilities. The Consulting segment represents 29% of Gross Profit and consists of managed cloud and professional services and solutions related to infrastructure consulting, bespoke software deployment, and cloud migration and deployment.

In 2023, Software and Cloud Direct revenue grew 37% driven by strong performance in the Nordics and Europe. Software and Cloud Channel grew 17% in 2023. Growth remained solid in the Nordics and in Europe, but offset by slower demand in APAC & MEA. Channel business in Australia continued to be strong, growing in line with historical trends, but southeast Asia and MEA was more mixed. Software and Cloud Economics continued its strong performance growing 21% organically. Growth in Consulting was 24%, driven in particular by the Nordics and Europe.

Research and development
The Group has development costs primarily related to development of the Group's platforms supporting the cloud and software businesses, as well as development of back-office platforms such as ERP and CRM systems. Costs that relate to maintaining those systems do not meet the criteria for recognition and are expensed as incurred. The Group does not have any material research expenses.

Environmental, social, and governance

This section presents an overview of our progress towards becoming a more socially responsible company in 2023. We publish a separate in-depth report with coverage of more topics, performance indicators and information on our efforts to manage potentially negative impacts. Please refer to our 2023 ESG Report (available on our website) for more detailed information.

The interplay between ESG and corporate social responsibility
We use the term environmental, social and governance (ESG) as the planning and implementation framework for all our corporate social responsibility activities. Crayon strives to maximize its positive impacts, and to minimize its negative impacts.

Promoting integrity, legal compliance, and transparency

Crayon is committed to adhering to all applicable laws and regulations affecting our operations, and ensuring our employees understand the importance of honest and ethical conduct.

Crayon's Trust Unit oversees commercial compliance, (e.g. anti-bribery, international sanctions), integrity, safety, security and privacy. Our Secured Productivity Policy provides instructions to enable our employees to implement the right business practices in the areas within the Trust Unit's remit. All employees are trained on the policy annually.

Our anti-bribery management system was certified to the ISO 37001 standard following an independent audit in 2023. Our employees and other stakeholders can therefore rest assured that we have a robust and world-class system in place to identify, mitigate and remediate bribery-related risks and incidents.

The Trust Unit's third-party assessments incorporate technology-enabled automation and risk-based triggers to assess business relationships. Our business partners and suppliers are assessed based on their compliance with international sanctions, as well as their consideration of ethics, security, privacy and other obligations.

We promote a 'speak-up' culture for employees to feel comfortable raising concerns about any potential integrity-related matters. We offer a variety of confidential ways to report concerns, including:

- A trust desk where employees can directly reach out to our dedicated specialists.
- A whistleblower channel where employees and external parties can submit an anonymous report through a link on our website at Crayon.com/Trust.

Enhancing employee well-being
Crayon values its employees and strives to create a safe and rewarding work environment for them. Our network of local human resources (HR) representatives, led by the Chief Human Resources Officer, develops, and implements policies and strategies to recruit, select and engage employees.

Our group-wide people and culture strategy is updated annually and has clear objectives and metrics to enable the HR function to support employees and the organization.

Engaging our employees
To measure the success of our engagement efforts, we conduct a global annual employee feedback survey with the support of an independent third party. Employees participate anonymously, giving Crayon a score out of five across seven different categories.

In 2023, the survey participation rate was 69% (2022: 55%), and the overall survey score was 4.2 out of 5.0 (2022: 4.2 out of 5.0). According to the survey, team spirit and manager capabilities are Crayon's greatest strengths. We have created action plans and regularly follow up on them.

Creating learning and development opportunities
We support our employees' personal career development and invest heavily in training for our teams. In 2023, the content and target audiences of the training sessions varied and included internal masterclasses on software asset management for all services staff. We also trained all sales staff on an internally developed sales development program.

Monitoring employee health and safety
Responsibility for employee health and safety at Crayon is shared between the Human Resources and Trust Unit teams. Sound safety and health practices are integral to our operations, and we comply with all local workplace safety regulations. We had no work-related fatalities or injuries in 2023, and the rate of absence from work due to sickness was 1.2%.

Advocating for diversity, equity, and inclusion
Crayon values and encourages diversity, equity and inclusion (DEI) in its workforce. We believe that DEI broadly covers gender, age, disability and other attributes.

The Crayon Integrity Handbook outlines behaviours expected of our employees such as treating others with respect, being inclusive and examining unconscious biases.

Focusing on gender-based diversity and equity, in 2023 women made up 32% of our entire workforce and men 68%. The Board of Directors consisted of ten members in 2023, five (50%) of whom were women. There were seven members of the executive management team, two (29%) of whom were women. In 2023 Crayon implemented various measures to improve gender equity and reduce the risk of gender-based discrimination in our organization. These included launching the third instalment of our internal Women in Leadership program which offers coaching and mentoring to female employees. We also initiated a multi-year pay equity project to evaluate and standardize remuneration for similar roles, and in the process, identify and eliminate discrimination and bias. Gender and other attributes will be taken into account to ensure fairness and equity. The global salary benchmarking project will be rolled out to Crayon's subsidiaries in early 2024.

Respecting labour and human rights
In accordance with our reporting obligations under Norway's Transparency Act of 2022 and the United

Kingdom Modern Slavery Act of 2015, Crayon's 2023 Human Rights Transparency Statement can be accessed on our global website as well as our UK website. The statement describes our labour and human rights due diligence activities in 2023.

Crayon believes in the treatment of employees with respect and dignity in our own operations and in our supply chain.

Crayon strictly abides by the applicable local labor laws and our own internal policies (e.g. the Crayon Integrity Handbook) throughout our operations. Enforced by our global network of HR representatives, our recruitment and employment systems and controls aim to avoid child labor, human trafficking, unsafe working conditions and other forms of exploitation in our workforce. Appropriate measures are taken to censure employees who act in breach of the law or our policies, to remediate employees who are unjustly and negatively impacted, and to improve the robustness of Crayon's policies and procedures.

Crayon's Partner Integrity Policy describes the behavior and practices we expect the partners in our supply chain to exhibit, including upholding labor and human rights and protecting the environment. We assess our business partners throughout the lifecycle of our relationships with them. Crayon's due diligence assessments emphasize crucial aspects such as human rights, child labour, environmental governance, decent working conditions and DEI. In 2023, Crayon's Trust Unit led the continued expansion and refinement of our supply chain due diligence process.

Protecting the planet
We strive to do our part to monitor and manage the environmental impacts associated with our services.

Crayon's Environmental Policy encourages all employees to conduct business in an environmentally responsible manner within their domains (e.g. by replacing business travel with virtual meetings and improving recycling rates). In 2023, Crayon held a group-wide ISO 14001:2015 certification covering 57 Crayon sites around the world. ISO 14001 certification is an audit-based and site-specific environmental management system.

We measured our greenhouse gas emissions (scope 1,2,3) in 2023, and plan to set science-based emission reduction targets in 2024. In 2023 we launched a sustainable device management program focused on hardware used by our employees, applying circular economy principles. Our EU Taxonomy reporting is available in the separate 2023 ESG Report

Financial summary

In 2023, Crayon continued to deliver strong growth in revenue with 23%. Europe and US were contributing most growing 35% and 32% respectively, while APAC and MEA grew 19%. Crayon has increased its investments and efforts in the international market over several years and the international expansion is a key building block in continuing to grow and scale the business.

The Nordic market remains the largest market and cornerstone of the business and continued its good performance with 15% revenue growth.

Profit or Loss
In 2023, revenue reached NOK 6,397m (NOK 5,200m).

Adj. EBITDA was NOK 919m (NOK 839m), up 10% from 2022. The resulting Adj. EBITDA margin was 16.2% (18.7%). Nordics remains the most profitable market cluster with EBITDA margins of 30% (34%). The margin in Nordics as well as in the international markets were negatively impacted by weak performance in Consulting.

Share based compensation amounted to NOK 42m (NOK 13m). Last year included significant reversals for social security provisions due to reduced share price. Other income and expenses were NOK 132m (NOK 74m) and include a provision for possible losses related to a franchise partnering agreement in Oman and Qatar amounting to NOK 102m. Under the agreement, the partner has collected on behalf of Crayon without settling the full amount. Crayon has filed criminal charges against the partner and started own operations in the markets in 2023. The intention was to take over the business, but as no agreements have been signed it is likely to end up as a legal claim. As collection under any such legal claim is considered highly uncertain, a full provision has been made for all outstanding balances. Crayon has historically not had, and are not planning for, any similar business set up that was used to access the market in a period with political instability in the region. The remaining NOK 30m consists of fair value adjustments of contingent considerations related to prior acquisitions and other M&A related expenses.

Operating profit grew 6% YoY to NOK 442m (NOK 417m).

Interest expenses were NOK 276m up from NOK 194m in 2022, driven by increased net interest-bearing debt and increased market rates. Net other financial expenses were NOK 249m compared to NOK 164m in 2022. The increase is driven mainly by foreign currency losses due to volatile global currencies, and in particular NOK fluctuations significantly towards other significant trading currencies. The cost includes revaluation of balance sheet items translating from foreign to functional currency, impacting receivables and payables as well as cash balances. The strong negative impact for both 2022 and 2023 is driven mainly by depreciation of NOK towards both USD and EUR. Mitigating measures balancing the main risk in certain subsidiaries were implemented during 2023.

Income tax expense was NOK 77m (NOK 42m) and the resulting net loss was NOK 159m compared to a net income of NOK 23m last year. Basic earnings per shares amounted NOK –1.29 (NOK 0.29).

Cash flows
The Group's cash flow from operating activities increased to NOK 1,413m from NOK 132m in 2022. The cash flow from operating activities in 2022 was driven by the EBITDA and beneficial changes in the net working capital. Managing net working capital efficiently remains a critical priority for management and the Group continuously strive to improve collection processes through both new tooling as well as increased internal focus on cash KPIs.

Cash flows from investments were NOK -271m (NOK -225m).

Cash flows from financing activities amounted to NOK -1,280m (NOK 369m), mainly relating to full repayment of the last year end RCF utilization of NOK 900m, interest paid of NOK 270m and repurchase of shares of NOK 100m.

At the end of the year, Crayon had a strong cash position of NOK 1,467m (NOK 1,530m). The Board continuously monitors the Group's cash generation and will continue its efforts to maximize cash flows and the Group's liquidity position.

Financial position
As of December 31, 2023, the Group had total assets of NOK 16,544m (NOK 14,833m). Current assets such as cash and receivables represented NOK 11,656m (NOK 10 187m). Non-current assets represented NOK 4,888m (NOK 4,646m). Intangible assets, mainly goodwill, amounted to NOK 3,922m (NOK 3,846m). The increase is due to currency adjustments. Total liabilities as of December 31, 2023 were NOK 14,065m (NOK 12,293m), of which NOK 11,636m were current. Non-current liabilities amounted to NOK 2,428m, mainly related to a NOK 1,800m four-year senior unsecured bond issued in July 2021, and lease liabilities.

Net interest-bearing debt amounted to NOK 1,189m, reduced from NOK 1,805m last year due to the significant operating cash flow.

Total equity was NOK 2,479m (NOK 2,540m).

The Group had significant headroom with regards to its bank covenants as of December 31, 2023.

Attribution of earnings for the year
Crayon follows a growth strategy with significant opportunities for investments in both organic and inorganic growth. Profits are therefore reinvested into driving growth initiatives and there are no plans to distribute an annual dividend in the medium term.

Consolidated comprehensive income for the year was NOK 29m and has been attributed to other equity. For more details see the Consolidated statement of changes in equity on page 27 of this report.

The parent company net income of NOK 68m has been allocated to other equity.

Parent company accounts
The parent company, Crayon Group Holding ASA, had a net income of NOK 68m, compared to a net loss of NOK 72m in 2022. 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 bond financing. The parent company's main asset is its shareholdings in Crayon Group AS, while the main liability is bond debt.

Going concern
The Board confirms that the annual financial statements have been prepared under the assumption that the Group is a going concern, in accordance with §3-3a of the Norwegian Accounting Act and that such an assumption is appropriate, based on the Group's reported results, business strategy, financial positions and outlook.

Subsequent events
On March 15, 2024, the Company announced it had mandated Danske Bank and Pareto Securities as Joint Lead Managers to arrange a series of fixed income investor meetings commencing March 18, 2024, where a new 4-year NOK 1,200m senior unsecured floating rate bond issue may follow, subject to market conditions. The net proceeds from the contemplated bond issue will be used to refinance the outstanding NOK 1,800m issued under the 2021/2025 senior unsecured bond framework due July 15, 2025, with ISIN NO0011045478 ("Existing Bonds").

Risk management

Financial risk
The Board is careful to secure systematic management of risk in all parts of the business and regards this as critical for long-term value creation. The Board of Directors regularly reviews Crayon Group's risk profile through the lens of the organization's lines of business and control functions. See also the Corporate Governance Statement for more information about risk management other than the financial risks. For further information, see Note 19 Financial risk to the financial statements

Market risk
Foreign currency risk
Currency exposure occurs to Crayon following its global expansion and business growth. A rather comprehensive volume of transactions and balances in foreign currencies make the Group volatile for exchange rate changes. The overall currency fluctuation and risk impact are studied, monitored and managed at the Group level. The Group Treasury policy sets the standard for daily operations across regions and business areas with the revenue and cost of goods sold shall remain in the same currency, seeking natural hedge to the extent possible to mitigate any currency exposure. The Group assesses business opportunities carefully to mitigate any future currency risk, any possible currency hedging is mainly conducted by hedge accounting through forward contracts. Crayon Group stands as the sole external counterparty for all FX trading while the local subsidiaries have the option of entering spot trading with the Group.

Interest rate risk
The Crayon Group's main external borrowing is in NOK, and it fluctuates with NIBOR reference rate. The Group currently does not have any interest rate hedge, hence the Group is impacted by interest rate risk. In the current marked with increasing reference rates globally, the Group experienced significant impact on interest paid during 2023. The Group also have interest bearing debt in other currencies, mainly lease liabilities and currency cash-pool balances.

Liquidity risk
Crayon Group is impacted by liquidity fluctuation associated with its gross sales and growth. The cash flow from operating activities is mainly impacted by changes in the net working capital managed by the subsidiaries. The Group Treasury Department is responsible for liquidity forecasting and optimizing cash flows centrally. Group Treasury safeguards and ensures that the operational requirements are met as well as always maintaining sufficient headroom on debt facilities.

The growth in developing markets has been working capital intensive in general. Working capital improvement remains a top priority in Crayon. We strive not only for timely and accurate collection but also to maintain an efficient management of the payables, both equally crucial to ensure sufficient liquidity.

On 31st December 2023, Crayon holds one senior unsecured bond of NOK 1,800m that matures July 2025.

On 31st January 2023, Crayon established an overdraft facility with Danske Bank – an instrument that adds more flexibility to manage short-term liquidity fluctuation throughout Crayon's business cycles. In addition to a revolving credit facility with the same bank, total flexible credit facilities amount to NOK 1,400m. None of the facilities were utilized at the end of the year.

Crayon remained compliant with the covenant reporting required by the credit facilities in 2023. As of December 31, 2023, the Group had significant headroom to the threshold in accordance with its financial covenants.

Cash and available undrawn credit facilities at year end amounted to NOK 2,726m providing flexibility and the liquidity risk is therefore considered low.

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. Credit risk exposure is largely impacted by outstanding receivables including unbilled revenues and contract assets.

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 has deposits with sound financial institutions.

Crayon faces credit risk for the full amount of any gross sales invoiced on behalf of the software supplier, even when acting as an agent and only recognizing net revenues. This also includes situations with disputes between the software vendor and the end user related to services delivered or consumed. In such cases, Crayon engages in dialogue with the end user and with the software vendor in order to agree on balanced solutions.

A significant overdue receivable related to a governmental customer of approximately NOK 490m in the Philippines, caused by administrative procedures following the change in government, remain to be unpaid. The receivables relate to invoicing in 2022. Crayon expects no impairment, and no provision is made. See Note 13 Current receivables and current assets for further information.

The Group Treasury overlooks the credit risk on a centralized level whilst the subsidiaries are responsible for performing credit check and control, enforcing payment terms and conditions towards the clients.

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, we work continuously to implement good and healthy business practices, reliable financial reporting and

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 Continuous 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, issued by the Norwegian Corporate Governance Board, most recently revised on October 14, 2021.

The annual statement on corporate governance for 2023 has been approved by the Board and can be found on page 19 of this report.

Shareholders exercise the ultimate authority in Crayon through the Annual General Meeting, which all shareholders are entitled to attend. The Board encourages all investors to participate in the AGM. Crayon has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and Company officers. The insurance includes controlled subsidiaries and is issued by a reputable insurer.

Equity and shareholder issues

In 2023, Crayon Group Holding increased its share capital by 289,156 shares in relation to a broad-based employee stock purchase plan.

The Annual General Meeting on April 26, 2023, authorized the Board of Directors to increase the share capital in connection with the Company's incentive schemes.

The Board granted an authorization to increase the Company's share capital with up to NOK 8,940,134, provided however that the authorization cannot be used for an amount in excess of 10.0% of the Company's share capital. The authorization is valid from the time of registration with the Norwegian Register of Business Enterprises and until the earlier of the Company's annual general meeting in 2024 and 30 June 2023. 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.

Outlook

In 2024, Crayon will continue its focus on driving growth across markets by capitalizing on past investments into strengthened capabilities and strategic acquisitions. The Group will maintain its focus on organic growth in combination with strategic acquisitions, which are made to strengthen group-wide service capabilities and local capacity or to add scale in international sub-scale markets. Furthermore, a key focus in 2024 will be to ensure profitable growth and margin expansion driven both by a scalable business model, improving profitability in the Consulting business as well as improved cost efficiency. The Group sees clear margin improvement potential as the businesses continue to scale in local markets and regions.

Oslo, March 20, 2024

Rune Syversen
(Chairman)

Wenche Agerup
(Board Member)

Jennifer Koss
(Board Member)

Jens Moberg
(Board Member)

Dagfinn Ringås
(Board Member)

Jens Rugseth
(Board Member)

Grethe H. Viksaas
(Board Member)

Liv Hege Jensen
(Employee Representative)

Lars Larhammer
(Employee Representative)

Mette Wam
(Employee Representative)

Melissa Mulholland
(CEO)

Board of Directors

Rune Syversen (1968)
Chairman of the Board, Dependent

Rune Syversen co-founded Crayon Group alongside Jens Rugseth. Prior to Crayon's launch, he 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, Rune was instrumental in the creation and growth of, amongst other companies, Link Mobility and Sikri. In addition to Crayon Group, he is Chairman of the Board at Cyviz ASA, Board Member at Karbon Invest AS, LINK Mobility Group ASA, Sevencs AS, and Calusa AS.

Rune has a BSc. in Business Administration from BI Norwegian Business School. He is a Norwegian citizen, currently residing in Luzern, Switzerland.

Wenche Agerup (1964)
Board Member, Independent

Wenche is currently EVP and CPO in Wallenius Wilhelmsen ASA. She has previously more than 30 years of experience in international, operational and executive positions in various industries such as telecom, aluminium and oil and gas. She has lived and worked abroad in both Asia and Australia. Wenche has also served on several boards as a director since 2005, and most recently served at the board of Equinor ASA (2015-20) and TGS ASA (2015-22). She holds a Master's in Law from the University of Oslo and an MBA from Babson College, Massachusetts, USA. She is a Norwegian citizen residing in Oslo, Norway.

Jennifer Koss (1977)
Board Member, Independent

Jennifer is the Founder and CEO of BRIKA, a retail agency, and a Founding Partner of Springbank Collective, a fund that focuses on building the critical infrastructure to eliminate the gender gap. She serves on several boards, including Komplett Group, Active Brands, Møller Eiendom and Dream Unlimited. She has spent the majority of her professional career focused on the consumer and retail sectors having worked over a decade in management consulting, investment banking, and private equity.

A graduate of Harvard University, Oxford University, and Harvard Business School, she is a US national who lives in Oslo, Norway.

Jens Moberg (1962)
Board Member, Independent

Jens has more than 20 years of experience in executive positions in technology companies, including Microsoft and IBM. He is the owner and founder of Leadership Institute and serves as Chairman of the Board of Grundfos. He is also chairman of Adapteo and a board member at Kirk Kapital and the Poul Due Jensen Foundation.

Jens worked for 14 years at Microsoft, first in Nordic positions, later on as CEO of Microsoft Denmark, and then as Head of Western Europe. From 2005 to 2008 he was Head of Enterprise and Partner Group at Microsoft USA. During 2008 and 2009 he was responsible for development and growth of Microsoft's Enterprise business in Russia, India, and China.

Jens is a Danish citizen and has a Diploma (HD) in Marketing from Copenhagen Business School.

Dagfinn Ringås (1974)
Board Member, Independent

Dagfinn Ringås is the Group CEO of Cegal SYSCO, a Nordic technology company in the energy sector. He has more than 25 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.

Dagfinn has an MBA from Sydney Business School, an Executive Leadership Program from Instead, and a BSc. degree in American Studies & Political Science from the University of Oslo. He is a Norwegian citizen, currently residing in Asker, Norway.

Jens Rugseth (1962)
Board Member, Dependent

Jens Rugseth co-founded Crayon in 2002 together with Rune Syversen. He is a serial entrepreneur, having founded multiple companies in the IT sector over the past 25 years. He has operated as the CEO of some of the largest IT companies in Norway, including ARK ASA, Cinet AS, and Skrivervik Data AS.

Jens studied business economics at BI Norwegian Business School. He is a Norwegian citizen, currently residing in Luzern, Switzerland.

Grethe H. Viksaas (1958)
Board Member, Independent

Grethe Viksaas has had a long career in 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, she held 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 CatalystONE Solutions Holding AS. She chairs the boards of PoLight ASA, Farmforce AS and Norkart AS.

Grethe has a master's degree in computer science from the University of Oslo. She is a Norwegian citizen, currently residing on Oslo, Norway.

Liv Hege Jensen (1973)
Board Member, Employee Representative

Liv Hege Jensen started at Crayon AS in 2011. She has over 20 years of experience in roles within, administration & management in the private sector, both from the USA and Norway. As COO, Liv Hege is responsible for the Administrative and Operational functions in Crayon AS, with particular focus on Internal management and business processes, Finance, Bid, HR and Privacy and Compliance.

Liv Hege is educated at the Norwegian School of Marketing/BI and Florida Atlantic University.

Lars Larhammer (1993)
Board Member, Employee Representative

Lars Larhammer is the Finance Manager of Crayon AS, overseeing accounting and salary functions for a prominent Group entity. Joining in 2017, he has devoted his professional career to Crayon, demonstrating commitment and variability across pivotal roles within the Finance division. Lars holds a Bachelor's degree in Business Administration from BI Norwegian Business School and a Master's degree in Finance, Economics, and International Finance from Oslo Metropolitan University and Rennes School of Business.

He is a Norwegian citizen, residing in Oslo, Norway.

Mette Wam (1963)
Board Member, Employee Representative

Mette Wam is COO in Inmeta Consulting AS. She joined the company in 2011 and has been CEO of Esito AS, a subsidiary of Inmeta Consulting AS, and a leader in Inmeta's engineering department. She has significant expertise within project management, software product development, and leadership, with past experience from companies such as Software Innovation AS, Transmit Medical AS, and Sysdeco.

She has a BSc. in Computer Science from Strathclyde University and the University of South-Eastern Norway.

Statement of Corporate Governance

Introduction

The Board of Directors of Crayon Group Holding ASA (the Company) has approved this Statement of Corporate Governance.

The Statement of Corporate Governance addresses the framework of guidelines and principles regulating to the interaction between the Company's shareholders, the Board of Directors (the Board), the Chief Executive Officer (the CEO) and the Company's executive management team.

The Statement of Corporate Governance is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board. The Company will, in accordance with applicable legislation and stock exchange listing rules, provide a report on the Company's corporate governance in the Board of Directors' report or in a document that is referred to in the Board of Directors' report in connection with its annual financial statement report.

During 2023 the Board held 16 board meetings.

Business

The Company's Articles of Association (the Articles) describes the business that the Company shall operate. The business objective stated in the Articles of Association is as follows: The company's objective is to invest in and hold shares, as well as other financial instruments and ownership interests in other entities, participation in and operation of other entities, as well as other business activities related hereto. The Articles are available on the company's website.

The Board have defined clear objectives, strategies, and risk profiles for the Group's business activities such that the Group creates value for shareholders in a sustainable manner. When carrying out this work, the Board have taken into account financial, social, and environmental considerations. The Board of Directors conducts a full-day meeting with Management on an annual basis to evaluate the Group's business strategy. During the meeting, clear objectives, strategies, and risk profiles for the Group's business activities are defined in order to create value for shareholders. The business strategy provides Management with a basis for carrying out investments and other structural measures. The Board evaluates these objectives, strategies, and risk profiles at least once a year.

Company capital and dividends

The Board is committed to maintaining a satisfactory equity ratio in the Group according to the Group's objectives, strategy, and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously assess the Group's capital requirements related to the Group's strategy and risk profile. Currently the company aims to continue to invest in capabilities to drive future growth and does not distribute dividends.

Any proposal for the Board to be given authorization to approve the distribution of dividends shall be explained. When considering proposals for a dividend, the executive management and the board will take account of the following considerations. The Group shall have adequate reserve liquidity in the form of bank deposits or credit facilities and be a group with good capital adequacy and balanced financing. General authorizations for the Board to increase the share capital and buy own shares shall normally be restricted to defined purposes and will, in general, be limited in time to no later than the date of the next Annual General Meeting of the Company.

Equal treatment of shareholders

There is only one class of shares in the Company and all shares carry equal rights. Each share carries one vote. The Company emphasise equal treatment of its shareholders.

All shareholders are treated on an equal basis unless there is a just cause for treating them differently in accordance with applicable laws and regulations.

In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorization granted by the General Meeting, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the shares issue. The reasons for any deviation from equal treatment of all shareholders in capital transaction shall be included in the stock exchange announcement made in connection with the transaction.

Any transactions carried out by the Company in the Company's own shares shall be carried out through Oslo Børs and in any case at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of shareholders. Any transactions in own shares shall be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

The Board of Directors has adopted instructions for the Group's employees and primary insiders relating to inside information and trading in financial instruments, including the duty of confidentiality, prohibition of trading, investigation, and reporting requirements, and ban on giving advice.

Shares and negotiability

The shares of the Company are freely negotiable.

The General meeting

All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The Annual General Meeting (AGM) shall normally be held before 30 June each year.

The full notice for General Meetings is sent to shareholders no later than 21 calendar days prior to the meeting. Notices for such meetings include documents providing the shareholders with comprehensive, specific, and sufficient details in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance and voting. The notice and the documents may be sent to or made available to the shareholders through electronic communication. The Board ensures that members of the Board and the chair of the Nomination Committee attends the general meetings. The Company's auditor shall normally be present. In addition, the Board ensures that the General Meeting is able to elect an independent chair for the meeting.

Notices for general meetings provides information on the procedures shareholders shall observe in order to participate in and vote at the General Meeting. The notices also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting. Shareholders have the right to attend by electronic means unless the Board has sufficient cause to refuse electronic participation. In addition, the shareholders have the right to vote during a specific period in advance of the General Meeting, to the extent allowed in the Articles for the Company.

The cut-off for confirmation of attendance shall be set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. A form of proxy will be distributed with the notice.

At a minimum, the Board Chair, CEO, CFO, participate at the General Meeting. The General Meeting is chaired by an independent chairperson elected in the meeting.

Nomination Committee

The Company have a Nomination Committee as set out in the Articles. The General Meeting stipulates guidelines for the duties of the Nomination Committee, elects the chairperson and members of the Nomination Committee, in addition to determining the committee's remuneration. The members of the Nomination Committee shall be elected to take into account the interests of shareholders in general, and the majority of the Nomination Committee shall be independent of the Board and the executive management team. Members of the Board and the executive management team shall not be members of the Nomination Committee. The Company's General Meeting shall approve Instructions for the Nomination Committee.

The Nomination Committee's duties are to propose candidates for election to the Board and Nomination Committee and to propose the fees to be paid to members of these bodies. The Nomination Committee shall have contact with the shareholders, the Board and the Company's executive personnel as part of its work on proposing candidates for election to the Board. Furthermore, the Nomination Committee shall justify why it is proposing each candidate separately.

The Company shall provide information on the members of the Nomination Committee and any deadline for proposing candidates. The Company will make this information available on its website.

The Board – composition and independence

The composition of the Board ensures that the Board attends the common interests of all shareholders and meet the Company's need for expertise, capacity, and diversity. In appointing members to the Board, it is emphasised that the Board shall have the necessary competence to independently evaluate the subject presented by the executive management team. It is also considered important that the Board can function well as a team. Board members are elected for periods not exceeding two years at a time, with the possibility of re-election. Board members are encouraged to own shares in the Company.

The Board complies with applicable requirements as set out in the Norwegian Public Limited Liability Companies Act and the listing rules of Oslo Børs. Acknowledging that the Board is ultimately appointed by and at the shareholders' discretion, the composition of the Board should also seek to comply with the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

The Company does not have a corporate assembly.

The work of the Board

The Board prepares an annual plan for its work with special emphasis on goals and strategy. The Board's primary responsibilities are to (i) participating in the development and approval of the Company's strategy, (ii) performing necessary control functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus shall depend on the Company's ongoing needs. The chair of the Board is responsible for ensuring that the Board's work is performed effectively and correctly.

The Board ensures that the Company has proper management with a clear internal distribution of responsibilities and duties. A division of work is established between the Board and the executive management team. The CEO is responsible for the executive management of the Company. Furthermore, the Board issues instructions that state how the Board and the executive management shall handle agreements with related parties.

The Board ensures that members of the Board and executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board. In order to ensure a more independent consideration of matters of a material character in which the chair of the Board is or has been personally involved, the Board's consideration of such matters shall be chaired by other members of the Board.

All members of the Board regularly receive information about the Company's operational and financial development. The Company's strategies are regularly reviewed and evaluated by the Board. Additionally, the Board prepares an annual evaluation of its own work, including its performance, expertise, composition and how its members function (both individually and as a team) in relation to the objectives set out for its work.

The Board of Directors shall, inter alia, deliberate and decide on the following:

a. Such matters as required by statutory law, the Articles of Association, these Rules, or the resolutions of the General Meeting;
b. Matters outside the scope of the statutory responsibilities of the CEO (i.e. matters that given the situation of the Company are unusual in character or of major importance);
c. Matters outside the scope of the general authority granted to the CEO, such as major investments, borrowings, sales or purchases of real estate, and similar agreements that commit the Company for an amount in excess of the authority granted to the CEO;
d. The prudent organization of the activities of the Company;
e. Satisfactory control of the ongoing activities of the Company, including the approval of contract formations that exceed the authority granted to the CEO;
f. Strategy and objectives;
g. Budget and financing plans for the Company and the Crayon Group;
h. Appointment/dismissal of the CEO and fixing of salary or other remuneration to the Chief Executive Officer, adoption of instructions for the CEO and determining of the remuneration policy for key employees;
i. Major changes in the business activities of the Company and organizational changes of substantial importance;
j. Safeguarding the financial statutes and appropriate equity, including the financial policy of the Crayon Group and review and deliberation of any management letters from the Company's auditor;
k. Legal disputes of major importance;
l. Annual accounts and Annual Reports of the Company and the Crayon Group;
m. Acquisitions, investments and divestments;
n. Proposal for the allocation of profits or losses in accordance with the provisions of the Norwegian Accounting Act;
o. Agreements between the Company and a member of the Board or the CEO or any agreement between the Company and a third party in which a member of the Board or the CEO has a distinct interest; and
p. Other matters that the Board or the CEO considers of importance to decide upon

Board committees

The Company have an Audit and Risk committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act and the listing rules of Oslo Børs. The majority of the members of the committee are independent of the Company.

The Board has established a Remuneration Committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act. The Remuneration Committee shall review and recommend to the Board the remuneration policies/framework for the Company's executive/senior management, and provide general advice related to compensation paid to executive personnel. Membership of such committee shall be restricted to members of the Board who are independent of the Company's executive personnel.

Risk management and internal control

The objective of the risk management and the internal control is to manage and eliminate exposure to risks in order to ensure successful conduct of the Group's business and to support the quality of its financial reporting.

The Board carries out an annual review of the Group's key areas of exposure to risk and its internal control arrangements. The Board provides an account in the Annual Report of the main features of the Group's internal control and risk management systems as they relate to the Groups' financial reporting.

The Board ensures that the Group has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Group's activities.

Remuneration of the Board

The General Meeting determines the Board's remuneration annually, normally in advance. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, expertise, time invested and the complexity of the enterprise. The remuneration of the Board shall not be linked to the Company's performance. The Company shall not grant options to members of its Board.

The Board shall be informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

The Company's financial statements shall provide information regarding the Board's remuneration. Any remuneration in addition to normal director's fee shall be specifically identified in the Annual Report.

Salary and other remuneration for the executive personnel

The Board prepares clear and comprehensible guidelines on the remuneration to the Company's CEO, other executive personnel or employees who are members of the Board or the corporate assembly (if any). The guidelines shall contribute to the Company's commercial strategy, long-term interests, and financial viability. The content of the guidelines shall be in accordance with the Norwegian Regulations on Guidelines and Reports on the Remuneration of Executive Personnel.

Any material change to the guidelines is considered and approved by the General Meeting. The guidelines are subject to review and approval by the General Meeting at least every fourth year. Guidelines approved by the General Meeting, including the result of the vote and the date of approval, are to be published on the Company's website. The Company's arrangements in respect of salary and other remuneration shall help ensure the executive personnel and shareholders have convergent interests and should be simple.

Performance-related remuneration shall be subject to an absolute limit.

In addition to the above, the Board, for every financial year, ensures that a report is prepared which provides a comprehensive overview of paid and outstanding remuneration covered by the remuneration guidelines. The specific requirements for the content of the reports are supplemented by the Norwegian Regulations on Guidelines and Reports on the Remuneration of Executive Personnel. The report is subject to advisory vote by the General Meeting and report shall be published on the Company's website after the annual meeting has been held.

Information and communication

The Board and the executive management team assigns considerable importance to giving the shareholders relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive the same and simultaneous information. Furthermore, the Board has established guidelines for the Company's reporting of financial or other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

Sensitive information is handled internally in a manner that minimizes the risk of leaks.

The Board has a policy on who is entitled to speak on behalf of the Company on various subjects. The Company have a contingency plan for information management in response to events of a particular character or of interest to the media. The CEO, CFO, Head of Investor Relations, and Head of Communication will be the main contact persons of the Company in such respects.

The Board has ensured that the shareholders are given the opportunity to make known their points of view at and outside the General Meeting. The Board shall establish guidelines for shareholders communication with the Company other than through general meetings.

Take-overs

The Board has established guiding principles for how it will act in the event of a take-over bid.

In a take-over process, should it occur, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board have a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

a) the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so;
b) the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
c) the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
d) the Board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance unless there are reasons not to. This includes obtaining a valuation from an independent expert. On this basis, the Board will seek to make a recommendation as to whether the shareholders should accept the bid.

Auditor

Each year, the Auditor presents to the Board a plan for the implementation of the audit work and submit to the Audit Committee an annual additional report in which it declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit.

The Auditor is invited to be present at Board meetings where the annual accounts are dealt with. At these meetings, the Auditor shall report on any material changes in the Company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the Auditor and the Company's executive management. The Board and/or Audit Committee shall meet with the Auditor at least once a year to review the Company's accounting principles, risk areas, internal control routines, including weaknesses identified by the Auditor and proposals for improvement.

The Auditor is only used as a financial advisor to the Company where such use does not affect or reasonably question the Auditor's independence and objectiveness as auditor for the Company. Only the Company's CEO and/or CFO have the authority to enter into agreements in respect of such counselling assignments. The Bord shall establish guidelines in respect of the use of the Auditor by the Company's executive management for other services than the audit.

At the Annual General Meeting and/or in the annual financial statements, the Board presents a review of the Auditor's compensation as paid for auditory work required by law and remuneration associated with other concrete assignments.

In connection with the Auditor's presentation to the Board of the annual work plan, the Board are responsible for reviewing the Auditors plan and the results of the audit performed and also assess the quality of the external auditors' work including inspections of the audit form by the regulator.

The Board shall invite the Auditor to attend all General Meetings.

Transactions with related parties or close associates

Any transactions, agreements or arrangements between the Group and the Company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act. The Board shall arrange for an evaluation to be obtained from an independent third party for transactions with related parties if so is required, including agreements that are considered immaterial or covered by section 3-16 of the Norwegian Public Limited Liability Companies Act. The Company's financial statements shall provide further information about transactions with related parties in accordance with applicable accounting principles.

The Company may engage in business activities with, or in cooperation with, its shareholders. Such activities shall be handled at the board level, with a view of securing a foreseeable and consistent practice which prevents potential conflict of interest situations, arm's-length treatment, and sound governance. Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction entered into by the Company.

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Crayon Group Holding ASA

Consolidated statement of profit or loss and other comprehensive income

		Year ended December 31	
(NOK millions)	Note	2023	2022
Revenue	3	6,397	5,200
Cost of sales		-735	-704
Gross Profit		**5,662**	**4,496**
Payroll and related cost	4	-3,986	-3,077
Other operating expenses	5	-756	-580
Share based compensation	6	-42	-13
Other income and expenses (-)	5	-132	-74
EBITDA		**745**	**751**
Depreciation, amortization and impairment	7, 8	-302	-334
Operating profit (EBIT)		**442**	**417**
Share of results from associates	24	-0	7
Interest income	10	23	29
Other financial income	10	4	2
Interest expense	10	-276	-194
Other financial expenses	10	-276	-196
Net income before tax		**-82**	**65**
Income tax expense on ordinary result	12	-77	-42
Net income		**-159**	**23**
Comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation		189	134
Total comprehensive income - net of tax		**29**	**157**
Net income attributable to			
Non-controlling interests	24	-44	-2
Owners of Crayon Group Holding ASA		-115	25
Total net income/loss (-)		**-159**	**23**
Basic earnings/loss (-) per share (NOK per share)	11	-1.29	0.29
Diluted earnings/loss (-) per share (NOK per share)	11	-1.29	0.28
Comprehensive income attributable to			
Non-controlling interests		-41	7
Owners of Crayon Group Holding ASA		70	150
Total comprehensive income		**29**	**157**

Crayon Group Holding ASA

Consolidated statement of financial position as of December 31

(NOK millions)	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS:			
Goodwill	9	3,262	3,147
Other intangible assets	8	660	700
Deferred tax asset	12	117	145
Equipment	7	103	90
Right-of-use assets	7	547	451
Investment in associates	24	43	43
Other non-current assets	18	156	71
Total non-current assets		**4,888**	**4,646**
CURRENT ASSETS:			
Inventory		18	17
Accounts receivable	13, 18	7,847	6,563
Other current receivables and current assets	13, 18	2,324	2,077
Cash & cash equivalents	14, 18	1,467	1,530
Total current assets		**11,656**	**10,187**
Total assets		**16,544**	**14,833**

(NOK millions)	Note	2023	2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY:			
Share capital	11, 15	90	89
Own shares	11, 15	-100	-0
Share premium		1,821	1,818
Total paid-in equity		**1,810**	**1,907**
Retained earnings		686	604
Total equity attributable to parent company shareholders		**2,497**	**2,511**
Non-controlling interests	24	-17	30
Total shareholders' equity		**2,479**	**2,540**
NON-CURRENT LIABILITIES:			
Bond loan	18	1,792	1,778
Lease liabilities	18	488	410
Other interest-bearing liabilities	16, 18, 19	0	900
Deferred tax liabilities	12	115	200
Other non-current liabilities	17, 18	33	33
Total non-current liabilities		**2,428**	**3,321**
CURRENT LIABILITIES:			
Accounts payable	18	8,753	6,563
Income taxes payable		74	76
Public duties		659	613
Current lease liabilities	16, 18	93	73
Other current interest-bearing liabilities	16, 18	233	122
Other current liabilities	16, 18	1,824	1,525
Total current liabilities		**11,636**	**8,972**
Total liabilities		**14,065**	**12,293**
Total equity and liabilities		**16,544**	**14,833**

Oslo, March 20, 2024

Rune Syversen *(Chairman)*
Wenche Agerup *(Board Member)*
Jennifer Koss *(Board Member)*
Jens Moberg *(Board Member)*
Dagfinn Ringås *(Board Member)*
Jens Rugseth *(Board Member)*
Grethe H. Viksaas *(Board Member)*
Liv Hege Jensen *(Employee Representative)*
Lars Larhammer *(Employee Representative)*
Mette Wam *(Employee Representative)*
Melissa Mulholland *(CEO)*

Crayon Group Holding ASA

Consolidated statement of cash flows

(NOK millions)	Note	**2023**	2022
Cash flows from operating activities:			
Net income/loss (-) before tax		-82	65
Taxes paid		-167	-118
Depreciation, amortization and impairment	7,8,9	302	334
Net interest expense	10	252	164
Interest received	10	23	29
Changes in inventory, accounts receivable/payable		905	-333
Changes in other current assets/liabilities		179	-11
Net cash flow from operating activities		**1,413**	**132**
Cash flows used in investing activities:			
Payment for capitalized assets		-153	-142
Acquisition of subsidiaries - net of cash acquired	20	-31	-57
Disposal of subsidiaries - net of cash disposed		0	-26
Change in deposits	18	-87	0
Net cash flow from investing activities		**-271**	**-225**
Cash flow from financing activities:			
Interest paid		-270	-203
Share issues	15	3	73
Repurchase of shares	15	-100	0
Acquisition/disposal of non-controlling interest	24	-42	-50
Repayment of bond loan	16,18	0	-300
Payment of lease liability	16,18	-80	-51
Change in RCF utilization	16,18	-900	900
Net change in other credit facilities utilization	16,18	109	0
Net cash flow from financing activities		**-1,280**	**369**
Net increase/decrease (-) in cash & cash equivalents		**-139**	**275**
Cash & cash equivalents at beginning of period[1]		1,530	1,217
Currency translation		76	38
Cash and cash equivalents at end of period[1]		**1,467**	**1,530**

[1] Restricted cash is part of the Cash & cash equivalents, further details in note 14.

Crayon Group Holding ASA

Consolidated statement of changes in equity

Year to date period ending December 31, 2023

		Attributable to owners of the Company							
(NOK millions)	Note	Share capital	Own shares	Share premium	Translation difference	Other equity	Total	Non-controlling interests	**Total equity**
Balance at January 1, 2022		**88**	**0**	**1,734**	**83**	**411**	**2,316**	**36**	**2,353**
Net (loss) income		0	0	0	0	25	25	-2	23
Currency translation		0	0	0	125	0	125	9	134
Total comprehensive income		**0**	**0**	**0**	**125**	**25**	**150**	**7**	**157**
Share issues	15	1	0	84	0	0	85	0	85
Equity-settled share-based payments	6	0	0	0	0	27	27	2	29
Transactions with non-controlling interests	24	0	0	0	0	-68	-68	-15	-83
Transactions with owners		**1**	**0**	**84**	**0**	**-41**	**44**	**-13**	**31**
Balance as of end of period		**89**	**0**	**1,818**	**209**	**395**	**2,511**	**30**	**2,540**

		Attributable to owners of the Company							
(NOK millions)	Note	Share capital	Own shares	Share premium	Translation difference	Other equity	Total	Non-controlling interests	**Total equity**
Balance at January 1, 2023		**89**	**0**	**1,818**	**209**	**395**	**2,511**	**30**	**2,540**
Net (loss) income		0	0	0	0	-115	-115	-44	-159
Currency translation		0	0	0	186	0	186	3	189
Total comprehensive income		**0**	**0**	**0**	**186**	**-115**	**70**	**-41**	**29**
Share issues	15	0	0	3	0	0	3	0	3
Equity-settled share-based payments	6	0	0	0	0	41	41	2	43
Treasury shares	15	0	-100	0	0	0	-100	0	-100
Transactions with non-controlling interests	24	0	0	0	0	-29	-29	-8	-37
Transactions with owners		**0**	**-100**	**3**	**0**	**13**	**-84**	**-6**	**-90**
Balance as of end of period		**90**	**-100**	**1,821**	**394**	**292**	**2,497**	**-17**	**2,479**

NOTE 1 Corporate information, basis of preparation, basis of consolidation and significant judgement and estimation uncertainty

1.1 CORPORATE INFORMATION

Crayon Group Holding ASA is a public limited company registered in Norway. The Company's headquarters are located at Gullhaug Torg 5, 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, 2023, were authorized for issue by the Company's Board of Directors and CEO on March 20, 2024. The financial statements will be subject for approval in the Annual General Meeting on May 15, 2024.

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

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

1.2 BASIS OF PREPARATION

Accounting policies applied by the Group in the preparation of the consolidated financial statements are largely incorporated into the individual notes. General accounting policies are described below. The policies have been applied consistently to the periods presented, unless otherwise stated.

The consolidated financial statements of Crayon have been prepared in accordance with IFRS® Accounting Standards as adopted by the European Union (EU), effective as of December 31, 2023. Crayon also provides the disclosures as specified under the Norwegian Accounting Act.

The consolidated financial statements have been prepared on a historical cost principle, except for certain financial instruments measured at fair value.

The financial statements are presented in Norwegian kroner (NOK), which is also the Parent Company's functional currency. Amounts are presented in NOK millions, 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.

There are no new standards, interpretations, or amendments in 2023 with significant impact on the Group's consolidated financial statements.

1.3 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. 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.
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 a separate agreement.

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

Assets and liabilities in foreign subsidiaries, whose functional currency differ from the presentation currency, are converted to NOK using the exchange rate in effect at the reporting date. Income and expenses from foreign companies are converted to NOK using the monthly average rate of exchange. All translation differences are recognized in Other comprehensive income and accumulated in the translation reserve. Long-term receivables from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, is considered a part of the net investment. Translation differences are recognized in other comprehensive income.

1.4 SIGNIFICANT JUDGEMENT AND ESTIMATION UNCERTAINTY

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.

The assumptions and estimation uncertainties on December 31, 2023 that have most significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year are deferred tax assets as outlined in Note 12 and bad debt provision as outlined in Note 13.

NOTE 2 Revenue

P ACCOUNTING POLICY

Revenue from contracts with customers

Revenue recognition

Revenue from contracts with customers comprises revenue for sale of software and cloud licenses, software and cloud economics and consulting services. Revenue from customer contracts is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. The amount of revenue recognized reflects the amount of consideration to which Crayon is entitled for each performance obligation.

For license reseller contracts, Crayon determines whether the nature of our promise is to provide the license (we act as a principal) or to arrange for the license to be provided by another party (we act as an agent for the software vendor providing the license).

The promised amount of consideration is not adjusted for any financing component when at contract inception it is expected that the customer pays for that good or service within one year or less. Financing component for contracts expected to be settled after one year is only adjusted when considered material.

Sale of software and cloud licenses, acting as an agent

Our performance obligation is to arrange for the licenses to be provided by the software company. We normally only have one performance obligation that is satisfied upon the initial completion of the contract towards the software vendor. Revenues consist of transactional agent fees from the software company.

Gross sale of software and cloud licenses, acting as an agent

Our performance obligation is to arrange for the licenses to be provided by the software company. We invoice the gross sales on behalf of the software vendor and incur credit risk towards the end user or hosters. We normally only have one performance obligation that is satisfied upon the initial completion of the contract towards the software vendor. This also relate to multi-period contracts, for which future revenues are estimated and recognized as contract assets. Our revenues consist of transactional agent fees from the software company and the net sales proceeds from the end user/ hoster, less costs from the software company.

Consumption based licenses, acting as an agent

Our performance obligation is to arrange for the consumption-based license, such as cloud consumption, to be provided by the software company. We normally only have one performance obligation that is satisfied on a monthly basis. Our revenues consist of transactional agent fees from the software company and the net sales proceeds from the end user/ hoster, less costs from the software company.

Software and Cloud Economics

Crayon sells services related to process and tools for enabling clients to build in-house capabilities, license spend optimization 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. Method for recognition depends on the agreement and is consistently applied for similar contracts. Most common is by milestones as defined in the contracts, billable hours or on a straight-line basis for subscription type of contracts when the performance obligation is satisfied evenly over time.

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 recognized 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. Most agreements are recognized over time by milestones as defined in the contracts or based on billable hours. Crayon assesses whether there are multiple performance obligations within each consulting services contract and assesses revenue recognition accordingly.

Variable consideration

For multiperiod agreements, the consideration promised in the contract related to following years include variable consideration related to changes in such as volume, price and exchange rates. Variable consideration is estimated based on the sum of probability-weighted amounts or the single most likely outcome, depending on which method better predicts the amount of consideration, and is consistently applied throughout the contract. Variable consideration is only considered to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Cost of sales consists of activities in consulting and Software and Cloud Economic segments.

Gross sales as presented in the table below represent gross amounts billed by Crayon, on behalf of the software vendor, to the end-users in the relevant period. Crayon normally remains with the credit risk of these gross sales.

Gross sales

(NOK millions)	**2023**	2022
Gross Sales	49,077	38,761
Netting of Gross Sales and Gross Purchase	-42,680	-33,561
Revenue	**6,397**	**5,200**

Countries with material part of the Group's revenue are presented in the table below:

Revenue in material countries

(NOK millions)	**2023**	2022
Total revenue per country		
Norway	2,071	1,404
US	717	547
Australia	592	582
Other	3,017	2,667
Total	**6,397**	**5,200**

Please refer to Note 3 Segment Information for the split of revenue per reporting segment. For the segment Software and cloud Crayon act as an agent and revenue is recognized point in time. For the segment Services Crayon acts as a principal and revenue is mainly recognized over time.

Direct and indirect revenues related to our largest customer, Microsoft, constitute approximately 43% of our total revenues in 2023, compared to 42% in 2022. The revenue mainly derives from our Software and Cloud segments. Microsoft is our only customer aggregating more than 10% of our total revenues.

Contract assets relates to multi-period licensing contracts where performance obligation is satisfied upon the initial completion of the contract towards the agent. Contract assets consist of the future cash flows in these contracts.

Payment terms

Sale of software and cloud licenses, acting as an agent

Agent fees are normally due within 30-60 days after completion. Multiple-year agreements commonly include annual settlements with similar due dates based on the annual anniversary date of the contract.

Gross sale of software and cloud licenses, acting as an agent

Agent fees are normally due within 30-60 days after completion. Any license cost to be paid to the software company are payable upon 30-60 days, and any gross sales proceeds are normally due within 30 days upon completion. Multiple-year agreements commonly include annual settlements with similar due dates based on the annual anniversary date of the contract.

Consumption based licenses, acting as an agent

Invoices are issued periodically, usually monthly. Invoices are payable within 14-45 days. Any license cost to be paid to the software company are payable upon 30-60 days.

Software and Cloud Economics

Invoices are issued periodically, usually monthly, and payable within 14 to 30 days.

Consulting

Invoices are issued once the performance obligation is satisfied or periodically, usually monthly and payable within 14 to 45 days.

NOTE 3 Segment information

The Group regularly reports revenue, gross profit and adjusted EBITDA in functional operating segments and geographical market clusters to the Board of Directors and Group executive management (the Group's chief operating decision makers). While Crayon uses all three measures to analyze performance, the Group's strategy of profitable growth means that adjusted EBITDA is the prevailing measure of performance. Operating segments are presented in this note in the same manner as internal reporting to the chief operating decision makers.

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

- Software & Cloud Direct is Crayon's license offering from software vendors (e.g Microsoft, Adobe, Symantec, Citrix, Vmware, Oracle, IBM and others). The emphasis is towards standard software, which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes.
- Software & Cloud Channel is Crayon's offering towards hosters, system integrators and ISVs, which includes license advisory/optimization, software license sales and access to Crayons proprietary tool and IP.
- Software & Cloud Economics services include processes and tools for enabling clients to build in-house SAM (Software Asset Management) capabilities, license 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) and unallocated global shared costs.
- The market clusters are composed of operating countries in the different geographical areas. HQ includes corporate admin costs excluding other income and expenses and unallocated global shared costs, while Eliminations includes IFRS 15 adjustments for Software & Cloud (change in contract assets) and eliminations.

Refer to Note 2 Revenue for the revenue recognition policy for the different segments.

Adjustment to arrive to Adjusted EBITDA is the total of Share-based compensation, see Note 6 Share-based compensation, and other income and expenses, see Note 5 Other operating expenses and other income and expenses.

Segment information 2023

	Software & Cloud		Services			
(NOK millions)	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin / Eliminations	**Total**
Revenue						
Nordics	707	221	201	1,493	-1	2,621
Europe	566	201	256	367	7	1,397
APAC & MEA	384	557	73	698	31	1,742
US	174	60	380	105	1	720
HQ	90	0	-7	8	411	501
Eliminations	35	19	-2	-12	-624	-584
Revenue	**1,957**	**1,057**	**900**	**2,657**	**-175**	**6,397**
Gross profit						
Nordics	707	221	173	1,037	-1	2,137
Europe	566	201	211	200	7	1,186
APAC & MEA	384	557	55	329	4	1,328
US	174	60	327	69	1	631
HQ	90	0	-7	7	440	530
Eliminations	35	19	0	10	-214	-150
Gross profit	**1,957**	**1,057**	**760**	**1,651**	**237**	**5,662**
Operating expenses	-1,020	-489	-691	-1,628	-1,089	-4,917
EBITDA	**936**	**568**	**69**	**23**	**-852**	**745**
Depreciation, amortization and impairment						-302
Share of results from associates						0
Net financial income and expenses						-524
Net income before tax						**-82**
Adjustments	0	0	0	0	175	175
Adjusted EBITDA	**936**	**568**	**69**	**23**	**-677**	**919**

Segment Information 2022

	Software & Cloud		Services			
(NOK millions)	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	Admin / Eliminations	Total
Revenue						
Nordics	574	184	171	1,328	17	2,274
Europe	429	127	205	245	29	1,035
APAC & MEA	309	535	88	501	25	1,459
US	150	44	279	75	1	547
HQ	0	0	0	1	102	103
Eliminations	-33	18	0	0	-202	-218
Revenue	**1,428**	**908**	**742**	**2,150**	**-28**	**5,200**
Gross profit						
Nordics	574	184	138	861	7	1,765
Europe	429	127	159	130	3	848
APAC & MEA	309	535	54	254	27	1,179
US	150	44	278	49	1	521
HQ	0	0	0	0	102	102
Eliminations	-33	18	0	0	96	81
Gross profit	**1,428**	**908**	**629**	**1,295**	**235**	**4,496**
Operating expenses	-701	-404	-541	-1,147	-951	-3,744
EBITDA	727	504	88	148	-715	751
Depreciation, amortization and impairment						-334
Share of results from associates						7
Net financial income and expenses						-358
Net income before tax						**65**
Adjustments	0	0	0	0	88	88
Adjusted EBITDA	**727**	**504**	**88**	**148**	**-627**	**839**

Assets presented below consist of the sum of assets, except for shares in subsidiaries.

(NOK millions)	Year to date ended December 31, 2023	2022
Assets per market cluster		
- Nordics	5,991	5,023
- Europe	3,337	2,314
- APAC & MEA	7,092	7,405
- US	893	1,190
- HQ/eliminations	-768	-1,099
Total	**16,544**	**14,833**

(NOK millions)	Year to date ended December 31, 2023	2022
Assets per country		
Norway	5,947	5,987
Australia	1,801	1,351
Other	8,797	7,495
Total	**16,544**	**14,833**

NOTE 4 Payroll and related cost

(NOK millions)	**2023**	2022
Payroll expenses		
Wages and salaries	3,247	2,496
Social security	344	269
Pension expenses	165	130
Other benefits	231	181
Total	**3,986**	**3,077**
Average number of full time employees	3,915	3,288
Women	32%	32%

Pensions
Crayon Group companies covered by Norwegian legislation have pension schemes that satisfy the provisions of mandatory occupational pensions, for all employees. These are part of defined contribution schemes with a total pension cost of NOK 165m in 2023 (2022: NOK 130m). The Group obligations are limited to the annual contributions to the scheme.

NOTE 5 Other operating expenses and other income and expenses

(NOK millions)	**2023**	2022
Other operating expenses		
Premise, furniture and office expenses	252	168
External assistance	167	148
Travel expenses	57	40
Insurance	15	12
Sales, advertising and entertainment costs	102	72
Bad debt expenses	82	58
Other	81	81
Total	**756**	**580**

(NOK millions)	**2023**	2022
Expensed audit fee		
Audit fee	15.6	13.4
Other assurance services	0.2	0.1
Other non-audit services	0.4	0.6
Total	**16.1**	**14.0**

Audit fee is included in External assistance in the table specifying Other operating expenses above. KPMG is the Group auditor of Crayon and the statutory auditor for a major part of our subsidiaries. Total audit fee includes fees for all our auditors.

(NOK millions)	**2023**	2022
Other income and expenses		
M&A expenses	10	5
Contingent considerations, fair value adjustments	18	28
Restructuring expenses	1	11
Other non-recurring items	102	30
Other income and expenses	**132**	**74**

Other income and expenses consist of M&A expenses and directly related reorganizations, subsequent adjustment of contingent considerations or other subsequent adjustments in business combinations including earn-out payments recognized in profit or loss and any other significant non-recurring items.

Other non-recurring items for 2023 include a provision for possible losses related to a franchise partnering agreement in Oman and Qatar amounting to NOK 102m. Under the agreement, the partner has collected on behalf of Crayon but not fulfilled the agreement towards Crayon. Crayon started own operations in the respective markets in 2023 and intended to take over the business of the partner but has not succeeded in getting any agreements. As collection under the legal claim is considered uncertain, a full provision has been made for any outstanding receivables. Crayon has historically not had, and are not planning for, any similar business set up. The possible loss is therefore considered as significant and non-recurring. Fair value adjustments of contingent considerations related to earn-out agreements for the previous acquisitions of Navicle Pty Ltd and emt Distribution Pty Ltd amounted to a net cost of NOK 18m. Also refer to Note 17 Other non-current and current liabilities and Note 20 Business combinations.

NOTE 6 Share-based compensation

ACCOUNTING POLICY

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

Accrual for estimated employee social security tax is booked for all jurisdictions where relevant. The estimate is based on the difference between market share price and strike price for the option or share grant at year end. Changes to the accrual is presented as part of the share-based compensation in profit or loss.

Share options
There are two option programs, one granted in 2017 in relation to the IPO (IPO) and one share-based incentive scheme implemented in 2020 to general managers and executive management (Management share option program). In 2023, no options were awarded under the program, while a 100,000 options were awarded during 2022. The management share option program includes both employment and performance vesting conditions. The options will vest in three tranches, with 1/3 vesting annually. Each share option allows for the subscription of one share in Crayon Group Holding ASA.

General manager share grant program (GMSP)
A share grant program has been implemented as part of annual bonus scheme for general managers from 2021. The program includes both employment and performance vesting conditions. The shares will vest in three tranches, with 1/3 vesting annually. In 2023, a total of 264,301 options were granted under the program. In 2022, 86,061 options were granted.

Employee share purchase program
In the employee share purchase program (ESPP), all employees in the Company and its subsidiaries in which an offer could be lawfully made, have been offered to participate. Under the program, employees are able to subscribe for a number of shares to a pre-set subscription price (average share price a given period before start of the subscription period) with a 20% discount. Shares are subject for a lock-up period of two years after subscription date.

Latest offer was given Q2,2022, with a subscription price of NOK 117.70. The employees were offered to subscribe for amounts between NOK 10,000 to NOK 100,000 (including the 20% discount). Some employees did subscribe for amounts up to NOK 450,000 after specific approval from Board of Directors, in line with the Remuneration Policy. In 2022, 913 employees participated in the program and a total of 540,000 shares were subscribed for. Board of Directors and executive management were allotted 17,000 and 7,000 shares, respectively.

Bonus shares
Bonus shares could be granted to employees under different programs. Bonus shares are granted with a strike price of NOK 1 and are subject to employment vesting conditions.

Under the ESPP program, 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 ESPP. The bonus shares vest over two years (the lock-up period).

Fair value
The fair value of the options and shares granted is calculated at grant date and expensed over the vesting period. For the IPO Share incentive scheme, the expected volatility used in the Black Scholes Model 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.

Granted instruments
A total of 264,301 shares were granted under the General manager share grant program during 2023. At grant date the share price was NOK 85.70. A total of 210,126 bonus shares were granted to employees during 2023. Fair value per instrument equals share price at grant date as best estimate, as the shares only holds vesting restrictions at grant date.

Cost related to share-based compensation is displayed in the tables below.

(NOK millions)	**2023**	2022
Cost related to equity-settled share-based compensation transactions	43	29
Change in accrued employee social security tax	-1	-15
Total cost related to share-based compensation	**42**	**13**

	Options		GMSP		Bonus shares	
	Number of instruments	Weighted Average Strike Price (NOK)	Number of instruments	Weighted Average Strike Price (NOK)	Number of instruments	Weighted Average Strike Price (NOK)
Outstanding Jan 1, 2023	1,767,458	56.53	132,801	1.00	172,147	1.00
Granted	0	0	264,301	1.00	210,126	1.00
Exercised	-57,494[1]	53.60	-46,200[1]	1.00	-69,965[1]	1.00
Performance Adjusted	0	0	35,400	1.00	0	0
Terminated	-21,590	53.79	-13,658	1.00	-18,150	1.00
Outstanding Dec 31, 2023	1,688,374	56.67	372,644	1.00	294,158	1.00
Vested Dec 31, 2023	1,621,707	53.85	0	0	0	0

[1] Share price at date of exercise was NOK 74.09.

	Outstanding instruments			Vested instruments	
Strike price (NOK)	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price (NOK)	Vested instruments Dec 31, 2023	Weighted Average Strike Price (NOK)
Options					
15.50	50,000	0.41	15.50	50,000	15.50
53.60	1,538,374	1.19	53.60	1,538,374	53.60
125.20	100,000	3.52	125.20	33,333	125.20
GMSP					
1.00	372,644	1.21	1.00	0	0
Bonus shares					
1.00	294,158	0.66	1.00	0	0

NOTE 7 Equipment and right-of-use assets

	Equipment			Right-of-use assets		
(NOK millions)	IT systems and equipment	Office furnishings, fixtures and cars	**Total**	Leased premises	Other leased items	**Total**
Acquisition cost Jan 1, 2023	207	107	314	612	18	630
Additions	43	11	54	145	15	161
Additions from business combinations	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Disposals	-65	-1	-66	-80	-13	-92
Adjustments	0	0	0	7	0	7
Currency translation	6	5	11	19	1	20
Acquisition cost Dec 31, 2023	**192**	**121**	**313**	**704**	**21**	**725**
Accumulated depreciation Jan 1, 2023	165	59	224	163	15	178
Depreciation	28	13	41	83	5	89
Depreciation from business combinations	0	0	0	0	0	0
Disposals	-65	-1	-66	-80	-13	-92
Currency translation	8	3	11	4	0	4
Accumulated depreciation Dec 31, 2023	**136**	**73**	**210**	**171**	**8**	**179**
Net value per Dec 31, 2023	**55**	**48**	**103**	**533**	**13**	**547**
Depreciation period	1-5 years	1-5 years		1-10 years	1-5 years	
Depreciation method	Linear	Linear		Linear	Linear	

	Equipment			Right-of-use assets		
(NOK millions)	IT systems and equipment	Office furnishings, fixtures and cars	**Total**	Leased premises	Other leased items	**Total**
Acquisition cost Jan 1, 2022	171	69	239	222	16	238
Additions	42	33	75	396	2	398
Additions from business combinations	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Disposals	-1	-0	-1	-16	-1	-17
Currency translation	-4	6	1	10	0	11
Acquisition cost Dec 31, 2022	**207**	**107**	**314**	**612**	**18**	**630**
Accumulated depreciation Jan 1, 2022	134	44	179	114	12	126
Depreciation	28	12	40	65	3	68
Depreciation from business combinations	0	0	0	0	0	0
Disposals	-1	0	-1	-16	-1	-17
Currency translation	4	2	6	1	0	1
Accumulated depreciation Dec 31, 2022	**165**	**59**	**224**	**163**	**15**	**178**
Net value per Dec 31, 2022	**42**	**48**	**90**	**449**	**3**	**451**
Depreciation period	1-5 years	1-5 years		1-10 years	1-10 years	
Depreciation method	Linear	Linear		Linear	Linear	

Leases

P ACCOUNTING POLICY

At the lease commencement date, the Group recognizes a right-of-use asset equal to the measurement of the lease liability less any lease incentives received, and a lease liability measured at the present value of future lease payments. As the interest rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate to measure the lease liability.

The incremental borrowing rate is determined for each lease using interest rates acquired from external financing sources and adjusted to provide a borrowing rate that is representative of a collateralized amortizing loan.

Costs in leasing contracts for offices that relate to the provision of services such as maintenance and utilities are identified and treated separately as non-lease components. These costs are expensed as incurred.

For office leases, the Group applies judgement in assessing whether it is likely to exercise to options to extend or terminate a lease. All factors that create an economic incentive to exercise options, such as the market conditions that impact the price, the entity's demand for office space, contractual incentives and penalties, are considered. The Group assesses each lease on a running basis and recognizes an adjustment when it is reasonably certain to exercise an option.

The lease contracts that the Group has for offices are often subject to periodic adjustments based on consumer price indexes. In such cases, the Group remeasures the lease liability with an unchanged discount rate and recognizes the adjustment against the right-of-use asset. The adjustment is recognized when the change in payments is in effect.

The Group has elected to exempt leases that have a shorter duration than one year and leases where the value of the underlying asset is below USD 5,000 from the above treatment.

The Group has lease contracts predominantly for offices in the countries in which it operates. Other lease items relate to cars and various office machinery.

The costs associated with short duration and low-cost leases are expensed systematically over the duration of the lease. In 2023, the Group expensed NOK 9m (2022: NOK 9m) relating to low-cost and short-term leases.

Total cash outflows for leases in 2023 was NOK 111m (2022: NOK 80m).

Interest expense relating to leases recognized in the statement of profit or loss for 2023 was NOK 31m (2022: NOK 17m). A specification of lease liabilities can be found in Note 16 Interest bearing debt and derivatives.

NOTE 8 Intangible assets

Intangible assets 2023

(NOK millions)	Software licenses (IP)	Development costs	Customer relationships	Technology and software	Total
Acquisition cost Jan 1, 2023	9	479	1,011	215	1,714
Additions	0	100	0	0	100
Disposals	0	-25	-313	0	-339
Currency translation	0	2	31	2	34
Acquisition cost Dec 31, 2023	**9**	**555**	**728**	**217**	**1,509**
Amortization and impairment Jan 1, 2023	7	359	469	179	1,015
Amortization	0	74	83	16	173
Impairment	0	0	0	0	0
Disposals	0	-25	-313	0	-339
Accumulated amortization and impairment Dec 31, 2023	**7**	**408**	**239**	**195**	**849**
Net value Dec 31, 2023	**1**	**148**	**489**	**22**	**660**
Amortization period	0-5 years	3 years	5-20 years	3-10 years	
Amortization method	Linear	Linear	Linear	Linear	

A significant part of the Group's carrying amount of intangibles assets relates to Customer relationships recognized in the acquisition of rhipe in 2021. The carrying amount of this asset is NOK 315m and has a remaining lifetime of 6 years.

Disposals in Customer relationships relate to assets that were fully amortized during 2022 and 2023.

Additions to development costs are primarily related to development of the Group's platforms supporting the cloud and software businesses, as well as development of back-office platforms such as ERP and CRM systems. Costs that relate to maintaining those systems do not meet the criteria for recognition and are expensed as incurred. The Group does not have any material research expenses.

Intangible assets 2022

(NOK millions)	Software licenses (IP)	Development costs	Customer relationships	Technology and software	Total
Acquisition cost Jan 1, 2022	9	386	986	209	1,590
Additions	0	91	0	0	91
Additions from business combinations	0	0	0	0	0
Currency translation	0	2	24	7	34
Acquisition cost Dec 31, 2022	**9**	**479**	**1,011**	**215**	**1,714**
Amortization and impairment Jan 1, 2022	7	288	387	109	791
Amortization	0	71	82	38	192
Impairment	0	0	0	31	31
Accumulated amortization and impairment Dec 31, 2022	**7**	**359**	**469**	**179**	**1,015**
Net value Dec 31, 2022	**2**	**120**	**541**	**37**	**700**
Amortization period	0-5 years	3 years	5-20 years	3-10 years	
Amortization method	Linear	Linear	Linear	Linear	

NOTE 9 Goodwill

P ACCOUNTING POLICY

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is recognized as the aggregate of the consideration transferred less the fair value of the net of the acquisition-date amounts of the identifiable assets acquired, and the liabilities assumed. For each business combination, the Group elects whether to measure any non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Goodwill is not depreciated but tested at least annually for impairment by determining the recoverable amount. The recoverable amount of the cash generating units (CGU) is determined by estimating the value-in-use using a discounted forecast cash flow model. The model use several key assumptions, including estimates of future sales volumes and operating costs, terminal value growth rates and the pre-tax weighted-average cost of capital (WACC).

Goodwill

(NOK millions)	2023	2022
Acquisition cost Jan 1	3,256	3,108
Additions	4	40
Currency translation	110	109
Acquisition cost Dec 31	**3,371**	**3,256**
Impairment Jan 1	110	110
Impairment	0	0
Accumulated impairment Dec 31	**110**	**110**
Net value Dec 31	**3,262**	**3,147**

The Group tests goodwill for impairment annually in Q4. Based on the value-in-use calculation, the estimated recoverable amount exceeds the carrying amount with a significant headroom for most CGUs. No impairment losses are recognized during 2023.

The assumptions are described below:

Budget and forecast 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

All CGUs 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). 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. Assumptions for terminal growth are between 4.1 and 4.5% and is derived from the long-term risk-free interest rates also applied in the WACC assumption which the Group believes is a good measure for the general economic growth rate considering other assumptions in the calculation. Industry-specific growth rates are difficult to estimate due to the large variety of companies within the IT and software sectors.

EBITDA margins

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

Sensitivity

In connection with the impairment testing of goodwill, a sensitivity analysis has been carried out. The sensitivity analysis tested changes in WACC, gross profit growth rates, net working capital, EBITDA margins and CAPEX. At December 31, 2023, the Group's value in use for each CGU was significantly higher than the carrying amount of tested goodwill. The calculation is most sensitive to changes in EBITDA and gross profit (GP) margins. No reasonably likely change in the key assumptions listed above would cause the carrying value to materially exceed the recoverable amount for any of the CGUs.

Goodwill split by CGU

	2023	5 year sales CAGR assumption	Pre-tax WACC assumption	2022	5 year sales CAGR assumption	Pre-tax WACC assumption
Licensing Norway [1]	271	10.5%	13.5%	271	12.4%	12.8%
Consulting Norway [1]	150	11.2%	13.5%	150	13.2%	12.8%
Puzzlepart	6	14.2%	13.5%	6	21.7%	12.8%
Licensing Sweden [1]	53	7.9%	13.5%	53	-12.0%	12.8%
Crayon Denmark [1]	102	8.2%	13.5%	96	8.8%	12.8%
Crayon Finland [1]	54	18.4%	13.5%	53	27.1%	12.8%
Crayon Germany [1]	16	18.2%	13.5%	16	16.3%	12.8%
Crayon UK (Fast PPA)	47	28.7%	14.5%	43	41.7%	13.6%
Kryptos Networks	23	31.7%	13.5%	23	0.3%	12.8%
Angelpoint (Anglepoint PPA) [5]	100	16.2%	13.5%	91	11.1%	12.8%
Crayon US [2]	10	28.2%	13.5%	9	29.7%	12.8%
Kryptos Technologies (India) [3]	3	30.3%	13.5%	3	61.1%	12.8%
Crayon SG (Tribal Knowledge PPA) [3]	3	23.1%	13.5%	3	43.9%	12.8%
Complit AS (Norway) [3]	4	27.0%	13.5%	4	5.3%	12.8%
Sequint BV (the Netherlands) [3]	43	20.2%	13.5%	40	46.8%	12.8%
Navicle [4]	17	4.9%	13.5%	16	-21.4%	12.8%
Sensa	113	9.1%	13.5%	105	25.1%	12.8%
rhipe	2,247	10.6%	15.1%	2,164	15.9%	13.4%
Total	**3,262**			**3,147**		

[1] Inmeta Crayon PPA
[2] Software Wholesale International PPA
[3] These are related to acquisitions from 2018 and 2019
[4] Related Navicle Pty Ltd (Australia) acquisition in 2020
[5] Includes NOK 12m Goodwill related to the Fisher IT acquisition

NOTE 10 Financial income and expenses

P ACCOUNTING POLICY

Transactions in foreign currency (other than the unit's functional currency) are converted at the exchange rate on the transaction date. Monetary items in foreign currency are converted to functional currency using the exchange rate at the balance sheet date. Foreign currency differences are netted and recognized in profit or loss generally as a financial item.

(NOK millions)	**2023**	2022
Financial income		
Interest income from bank deposits	18	27
Interest income from accounts receivable	5	2
Total interest income	**23**	**29**
Other financial income	4	2
Other financial income	**4**	**2**
Total financial income	**28**	**31**

(NOK millions)	**2023**	2022
Financial expenses		
Interest expense credit institutions	105	62
Interest expense leases	31	17
Interest expense bond loan	140	115
Total interest expense	**276**	**194**
Foreign currency loss	238	148
Impairment losses on financial assets	0	14
Other financial expenses	38	34
Total other financial expenses	**276**	**196**
Total financial expenses	**552**	**389**

Impairment losses on financial assets in 2022 relate to impairment on loans to our former Russian subsidiary. Currency losses in 2022 and 2023 are largely impacted by Norway and effects related to net foreign currency liabilities impacted by the weakening of NOK towards other significant trading currencies such as EUR and USD. For the same period, currency translation gains reported in OCI for translating subsidiaries to NOK amounted to NOK 322m. Measures have been implemented to reduce the net income volatility from foreign gain and losses, effective from Q3, 2023.

NOTE 11 Earnings per share

The Group's earnings per share are calculated as:

(NOK millions)	**2023**	2022
Net income/loss(-) allocated to owners of Crayon Group Holding ASA	-115	25
Basic earnings per share (NOK)	**-1.29**	**0.29**
Diluted earnings per share (NOK)	**-1.29**	**0.28**
Weighted average number of ordinary shares (basic) at Dec 31	**89,305,765**	**88,607,776**
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	89,305,765	88,607,776
Effect of dilution from share options	1,221,218	1,236,403
Weighted average number of ordinary shares (diluted) at Dec 31	**90,526,984**	**89,844,179**
Number of outstanding ordinary shares per Jan 1	89,275,668	88,061,823
Number of outstanding ordinary shares per Dec 31	**88,290,124**	**89,275,668**

Number of outstanding shares are reduced by treasury shares, see Note 15 Equity.

NOTE 12 Tax

P ACCOUNTING POLICY

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 subject to uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Deferred tax and deferred tax assets are recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and on tax losses carried forward. Deferred tax is not recognized 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 realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is not calculated for temporary differences from investments in subsidiaries, except when the Group cannot control the timing of the reversal of the temporary differences, and it is probable that these will be reversed in the foreseeable future. In the balance sheet, deferred taxes are reported net if the Group has a legal right to offset deferred tax assets against deferred taxes and if the deferred taxes are owed to the same tax authority.

E ESTIMATION UNCERTAINTY

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Recognized net deferred tax assets amounts to NOK 117m in 2023, whereof deferred tax assets from tax losses amounts to NOK 128m. Recognized deferred tax assets from tax losses mainly relates to tax losses in Norway (NOK 56m), Australia (NOK 36m) and the US (NOK 18m), whereas the estimate related to US, in addition to unrecognized deferred tax assets are considered the most uncertain.

The basis for the Group's total unrecognized deferred tax assets as of December 31, 2023, is NOK 495m (2022: NOK 157m). Total unrecognized deferred tax assets as of December 31, 2023 amounted to NOK 123m.

Net income tax expense consists of the following:

Tax expense

(NOK millions)	**2023**	2022
Income tax on net profit	149	106
Change in deferred taxes	-72	-64
Total	**77**	**42**

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

(NOK millions)	**2023**	2022
Net income before income tax expense	-82	65
Norwegian statutory rate	22%	22%
Estimated income taxes at statutory rate	**-18**	**14**
Increase (decrease) in income taxes from:		
Effect of tax rates other than statutory tax rate in Norway	6	-2
Permanent differences	42	12
Unrecognised deferred tax assets	48	18
Total income tax expense	**77**	**42**

The tax impact from permanent differences of NOK 42m in 2023 mainly consist of losses in jurisdictions which have 0% corporate income tax rate, non-deductible share-based compensation and other non-deductible expenses.

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

Basis for recognized deferred tax assets

(NOK millions)	**2023**	2022
Current assets	69	3
Equipment	68	72
Interest limitation	32	0
Accruals	109	117
Non-current debt/receivables	-105	-59
Tax losses carried forward	526	404
Purchase price allocations (intangible assets)	-215	0
Other	19	26
Total basis for recognized deferred tax assets	**503**	**564**
Deferred tax asset	117	145

Basis for recognized deferred tax liabilities

(NOK millions)	**2023**	2022
Current assets	254	307
Purchase price allocations (intangible assets)	259	493
Equipment	9	5
Accruals	-2	-4
Other	1	1
Total basis for recognized deferred tax liabilities	**521**	**801**
Deferred tax liabilities	115	200

The Group recognizes 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 experience, future taxable profit supporting the recognized deferred tax assets is assessed as probable.

The basis for the Group's total unrecognized tax assets as of December 31, 2023, is NOK 495m (2022: NOK 157m).

Reconciliation of net deferred tax assets/liability (-)

(NOK millions)	**2023**	2022
Opening balance as of Jan 1	-55	-109
Tax expense/income recognized in profit and loss	72	64
Tax expense/income recognized in other comprehensive income	-17	19
Currency on balances	2	-3
Deferred tax assets and liabilities attributable to business combinations	0	-26
Net deferred tax liability as of Dec 31	**2**	**-55**

NOTE 13 Current receivables and current assets

P ACCOUNTING POLICY

Accounts receivables (invoiced amounts) and unbilled revenue are unconditional right to consideration, that is right to payment even though that amount may be subject to refund in the future.

When the Group transfer services to a customer before the payment is due under the contract, the revenue is presented as contract assets. This mainly relates to subsequent period payments for multiple-period contracts. Change in contract assets during the year relates to changes in the remaining subsequent net payments for the relevant contracts.

E ESTIMATION UNCERTAINTY

Even when acting as an agent, Crayon has the transaction and credit risk for the full amount of any gross sales invoiced on behalf of the software supplier (our customer), with limited opportunities to reclaim our customer for any losses. Crayon operates in many jurisdictions and is increasing its presence in growth markets outside of the Nordic region. Management makes assessments of the credit risk and updates its estimates of losses and the corresponding provision for bad debt on a regular basis. Historical losses and ageing are analyzed, and additional credit risk premium based on geographical analysis and other statistic information on country risk have been incorporated in the loss provision model. Crayon measures allowance or bad debt based on lifetime expected credit losses (ECLs). This involves both backward and forward-looking information and analysis. The management estimate is most sensitive to the forward-looking analysis.

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 non-current receivables.

Accounts receivables outstanding

(NOK millions)	**2023**	%	2022	%
Not due	5,110	64%	4,358	65%
1-30 days overdue	1,176	15%	876	13%
30-60 days overdue	395	5%	367	5%
60-90 days overdue	245	3%	178	3%
90-120 days overdue	157	2%	213	3%
More than 120 days overdue	962	12%	687	10%
Total	**8,045**		**6,679**	

Allowance for doubtful accounts in the balance sheet

(NOK millions)	2023	2022
Opening balance Jan 1	116	86
Currency translation	6	-0
Net allowance/reversal (-)	76	30
Closing balance Dec 31	**197**	**116**

Profit or loss effect of bad debt

(NOK millions)	2023	2022
Realized losses	6	28
Allowance for doubtful accounts	76	30
Net accounting losses on receivables	**82**	**58**

The Group's credit risk exposure is mainly related to accounts receivables, unbilled revenue and contract assets. Losses on receivables are reported as other operating expenses in profit or loss. Historical realized bad debt losses are limited, and a significant part of the bad debt expense consists of increased allowances based on forward-looking analysis, mainly considering ageing and any other impairment indicators. Total bad debt expense constituted 0.17% of gross sales for 2023 versus 0.15% in 2022. Bad debt allowance made up 2.50% of total accounts receivables end of 2023 compared to 1.75% end of 2022. Contract assets refer to multi-period contracts, largely consisting of public customers carrying lower credit risk. The credit risk of the contracts assets has been considered applying a factor of 0,05% on relevant gross sales, netted to the contract assets.

The analysis related to the Group's bad debt impairment testing is performed on each subsidiary by determining appropriate groupings, considering estimated future economic factors, and adjusting historical loss rates for current and forward-looking information. Relevant grouping of receivables is mainly geographical, aging of the balances and difference between public and private end-users. The impairment analysis is based on the matrix presented below, with an extra 5% allowance included for balances overdue more than 180 days in geographical areas considered as higher risk. Based on specific assessment, governmental receivables can be excluded from this analysis. In addition to the matrix analysis, the bad debt allowance can be considered on specific assessment of any balances outstanding.

Number of days overdue

(NOK millions)	General allowance
1-90	0%
91-120	2.5%
121-150	5%
151-180	10%
Above 180	20%

Bad debt provision based on the matrix analysis amount to NOK 102m. In addition, specific assessments aggregate to NOK 96m. A credit risk concentration related to the APAC & MEA region is considered in the assessment, see Note 19 Financial risk.

Included in the receivables more than 120 days overdue is an approximately NOK 490m delayed public sector receivables from the Philippines. The receivables relate to invoicing in 2022. During 2023, there has been no material change in the process of collecting the receivable. The Department of Budget and Management Procurement Services ("PS-DBM") was in 2022 subject to an audit by the Commission of Audit (CoA). The audit led to a stop in payments, as timing was dependent on official audit completion. The Annual Audit Report was released in July 2023 and CoA recommended PS-DBM to proceed with the payment of USD 37m. The remaining outstanding amount of USD 8m relates to new taxation included in the price of the licenses, where PS-DBM is recommended to coordinate with NEDA (National Economic and Development Authority) and endorses the request for the pricing change. The process of having PS-DBM to clarify approval of payments with CoA is still ongoing. The assessments of the management and our legal advisor have not changed, and we expect the full payment to be processed. The software licenses are still in use by the relevant Government agencies and the software vendor support our claim. No bad debt provision has been made for this agreement.

The Group continues to intensify collection efforts over accounts receivable as a precaution against risk brought about by increased operations in new markets outside the core Nordic region.

The current provision is in accordance with IFRS 9 and assessed to be best estimate when taking into consideration a cautious approach.

Crayon has non-recourse factoring agreements implemented for a set of customers in Norway, Denmark and India. As of December 31, 2023, accounts receivables are reduced by NOK 460m (2022: NOK 311m) compared to a situation without the factoring agreements. Upon sale to factoring company, the accounts receivables are derecognized.

Other current receivables and current assets

(NOK millions)	2023	2022
Unbilled revenue	1,297	1,010
Public duty receivables	553	490
Total other current receivables	**1,851**	**1,500**
Contract assets	253	199
Prepaid expenses and other	220	378
Total current assets	**473**	**577**
Total	**2,324**	**2,077**

Please refer to Note 19 Financial risk for further details on the credit risk.

NOTE 14 Cash and cash equivalents

P ACCOUNTING POLICY

Cash and cash equivalents include cash and demand deposits available for immediate use. 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.

NOK 49.4m of the total bank deposits as of December 31, 2023, is restricted cash. As of December 31, 2022, restricted cash was NOK 52.3m. Restricted cash consists both of employee taxes withheld and cash as collateral for bank financing. Further information regarding liquidity reserve is shown in detail in Note 18 Financial instruments.

(NOK millions)	2023	2022
Cash and cash equivalents	1,467	1,530
Restricted cash	-49	-52
Free available cash	1,418	1,477
Available credit facility	1,308	10
Liquidity reserve Dec 31	**2,726**	**1,487**

NOTE 15 Equity

P ACCOUNTING POLICY

The purchase price for own shares recognized in equity includes directly attributable costs. Own shares are presented as a reduction of equity, and gains or losses on transactions in own shares are not recognized in the P&L. Transactions directly related to an equity transaction are recognized directly in equity net of tax.

Crayon Group Holding ASA has 89,574,924 issued shares at a nominal value of NOK 1 (December 31, 2022; 89,285,768 shares at nominal value of NOK 1). In 2023 the Company increased the share capital with 289,156 shares at nominal value of NOK 1. Each share gives right to one vote. The total share capital amounts to NOK 89,574,924.

Transaction costs are accounted for as deduction of equity. No transaction costs are deducted in equity in 2023 and 2022.

Reconciliation of the number of shares as follows:

	Ordinary shares		Treasury shares		Total	
	2023	2022	**2023**	2022	**2023**	2022
Issued at Jan 1	89,285,768	88,071,987	-10,100	-10,100	89,275,668	88,061,887
Issued for payment of shares in Rewired at Sept 7	0	315,168	0	0	0	315,168
Exercised share options and bonus shares at May 27	0	542,498	0	0	0	542,498
Exercised share options and bonus shares at Aug 29	0	356,115	0	0	0	356,115
Exercised share options and bonus shares at Jan 19	115,576	0	0	0	115,576	0
Exercised share options and bonus shares at Sept 25	173,580	0	0	0	173,580	0
Repurchase of own shares	0	0	-1,274,700	0	-1,274,700	0
Issued Dec 31 - fully paid	**89,574,924**	**89,285,768**	**-1,284,800**	**-10,100**	**88,290,124**	**89,275,668**

A total of 115,576 shares were issued January 19, 2023, related to bonus shares that vested in December 2022. September 25, 2023, 173,580 shares were issued related to both bonus shares and share options. Repurchase of own shares were executed in the period from November 8, 2023 to December 18, 2023. Payment for the repurchase of own shares amounts to NOK 100m.

The Company owns 1,284,800 of its own shares which is around 1% of total shares, for the purpose of facilitating the Company's share-based compensation programs for employees.

The General Meeting on April 26, 2023, authorized the Board of Directors to increase the share capital in three different settings. The authorizations are valid until the earlier of Crayon's annual general meeting in 2024 and June 30, 2024.

In relation to the Group's incentive schemes, the Board is granted an authorization to increase the Group's share capital with up to NOK 5,364,080, provided however that the authorization cannot be used for an amount in excess of 6% of the Group's share capital.

In connection with acquisitions, the Board is granted an authorization to increase the Group's share capital with up to NOK 8,940,134, provided however that the authorization cannot be used for an amount in excess of 10% of the Group's share capital.

The Board of Directors is granted an authorization to, on behalf of the Company, repurchase treasury shares with a total nominal value of NOK 8,940,134, corresponding to 10% of the Group's share capital at the time of the approval. The maximum amount to be paid per share is NOK 250 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.

NOTE 16 Interest bearing debt and derivatives

In November 2019, the Company issued a NOK 300m senior unsecured bond, with a NOK 600m borrowing limit. The bond has a floating coupon rate of 3 months NIBOR + 350 bps p.a. Maturity date and settlement was November 21, 2022.

On July 1, 2021, Crayon entered a NOK 1,800m 4-year senior unsecured floating rate bond with a coupon of 3 months NIBOR + 375 bps. The bond was issued July 15, 2021, and matures July 15 2025 and is listed on the Oslo Stock Exchange (CRAYON 04).

The Group has revolving credit facility (RCF) of NOK 1,000m, not utilized on December 31, 2023, except for a NOK 91m secured guarantees. The facilities mature on April 15, 2025. The facility has an interest rate of 3 months NIBOR + 275 bps at leverage ratio below 2.5. Refer to Note 19.

The Group entered into short term supplier financing agreements Q2, 2023. Total liability at reporting date amounted to NOK 127m.

An overdraft facility agreement was entered during 2023, providing a credit facility to the cash pool. The overdraft facility has a limit of NOK 400m which was not utilized at the reporting date.

Other interest-bearing debt relates to net working capital financing in India.

Total interest-bearing debt liabilities as of Dec 31:

	2023			2022		
(NOK millions)	Non-current	Current	Total	Non-current	Current	Total
Bond loan	1,800	0	1,800	1,800	0	1,800
Amortization cost [1]	-8	0	-8	-22	0	-22
Revolving credit facility	0	0	0	900	0	900
Overdraft facility	0	0	0	0	0	0
Supplier financing	0	127	127	0	0	0
Lease liabilities	488	93	582	410	73	483
Other interest-bearing debt	0	106	106	0	122	122
Total financial liabilities	**2,280**	**326**	**2,607**	**3,088**	**194**	**3,282**

[1] Amortization costs are capitalized and recognized in Profit or loss over the lifetime of the bond. Carrying amount of the non-current bond loan will be equal to principal amount of NOK 1,800m at maturity in FY 2025.

NOTE 17 Other non-current and current liabilities

Other non-current liabilities

(NOK millions)	**2023**	2022
Contingent consideration from business combinations	3	8
Customer contract financing	0	1
Liabilities to employees	20	5
Other	10	19
Total	**33**	**33**

Other current liabilities

(NOK millions)	**2023**	2022
Contingent consideration from business combinations	28	23
Customer contract financing	0	23
Employee benefits related accruals	440	367
Prepayments	59	63
Accruals	1,249	973
Other	48	77
Total	**1,824**	**1,525**

Contingent consideration from business combinations of NOK 28m relates to last payment of earn-out from the acquisition of Navicle Pty Ltd. Final amount to be agreed and paid during 2024.

NOTE 18 Financial instruments

P ACCOUNTING POLICY

Financial assets
The financial assets of the Group are generally measured at amortized cost as 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 liabilities
Financial liabilities are classified at amortized cost or at 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 recognized in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any gain and loss on derecognition are recognized in profit and loss.

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.

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 amortized 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 such as significant financial difficulty of the debtor, a breach in the contract and the probability of the debtor entering bankruptcy.

The Group recognizes loss allowance for lifetime expected credit losses (ECLs) on financial assets measured at amortized 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).

Financial instruments by category

(NOK millions)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total carrying amount
2023				
Financial assets				
Other non-current receivables	0	156	0	156
Accounts receivable	0	7,847	0	7,847
Other current receivables	0	2,113	0	2,113
Cash and cash equivalent	0	1,467	0	1,467
Total financial assets	**0**	**11,584**	**0**	**11,584**
Financial liabilities				
Bond loan	0	0	1,792	1,792
Lease liability	0	0	582	582
Other non-current liabilities	3	0	25	28
Other current interest bearing debt	0	0	233	233
Other current liabilities	28	0	0	28
Accounts payable	0	0	8,753	8,753
Total financial liabilities	**31**	**0**	**11,385**	**11,415**

(NOK millions)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total carrying amount
2022				
Financial assets				
Other non-current receivables	0	71	0	71
Accounts receivable	0	6,563	0	6,563
Other current receivables	0	1,721	0	1,721
Cash and cash equivalent	0	1,530	0	1,530
Total financial assets	**0**	**9,884**	**0**	**9,884**
Financial liabilities				
Bond loan	0	0	1,778	1,778
Lease liability	0	0	483	483
Revolving credit facility	0	0	900	900
Other non-current liabilities	8	0	25	33
Other current-interest bearing debt	0	0	122	122
Other current liabilities	24	0	12	36
Accounts payable	0	0	6,563	6,563
Total financial liabilities	**33**	**0**	**9,882**	**9,915**

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.

Amounts presented in the table below relates to contingent consideration from business combinations.

Financial liabilities at fair value through profit or loss

(NOK millions)	2023	2022
Level 1	0	0
Level 2	0	2
Level 3	31	31
Total	**31**	**33**

Reconciliation of liabilities arising from financing activities

(NOK millions)	Transaction costs	Non-current bond loan	Other interest-bearing debt	Lease liabilities	Total liabilities from financing activities
Dec 31, 2022	-22	2,700	122	483	3,282
Repayment of RCF	0	-900	0	0	-900
Proceeds from supplier financing	0	0	127	0	127
New lease agreements, net of additions and terminations	0	0	0	168	168
Amortizations	14	0	0	0	14
Payment of lease liabilities	0	0	0	-80	-80
Credit facility	0	0	-16	0	-16
Currency effect	0	0	0	11	11
Dec 31, 2023	**-8**	**1,800**	**233**	**582**	**2,607**

NOTE 19 Financial risk

The Group activities involve various types of financial risk, including market risk, credit risk and liquidity risk. The Group Treasury department mitigates risk that can be controlled, in close cooperation with the subsidiaries.

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. The Group's market risk mostly comprises interest rate risk and currency risk.

1.a Interest risk

The Group interest-bearing liability consists of floating rates; hence the Group is impacted by interest cash flow risk. In the current marked with increasing reference rates globally, the Group experienced significant impact on interest paid during 2023. The interest rate risk largely relates to the bond loan, revolving credit facility (RCF) and cash pool facilities sensitive to NIBOR, lease liability and certain foreign credit facilities sensitive to global reference rates. Based on the liability at the end of the year, an increase of 100 basis points in relevant reference rates would have an annual effect of approximately NOK 26m (33m) on financial expenses

1.b Foreign exchange risk

Crayon has gross sales, revenues and operating costs in various currencies. The global expansion of Crayon has led to significant business growth as well as currency exposure. The gross cost of licenses and proceeds for incentives are to a large extent determined in international markets, primarily denominated in Euro (EUR), US Dollar (USD), Swedish Kroner (SEK) and Australian Dollar (AUD) in addition to Norwegian kroner (NOK), while our operating cost and any gross sales and revenues more often are denominated in local currencies. A rather comprehensive volume of transactions and balances in foreign currencies make the Group volatile for exchange rate changes. The Group assesses business opportunities carefully to mitigate any current and future currency risks. Crayon seeks primarily natural hedges to the extent it is economically viable and to reduce volume of transactions in other than functional currencies.

By having operational units in different functional currencies, the Group is exposed to currency translation risks related to net investments in subsidiaries. Crayon aims to establish natural hedging positions if this is possible and economically viable.

See sensitivity analysis below for details on the currency translation risk exposure.

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.

The Group Treasury overlooks the credit risk on a centralized level whilst the subsidiaries are responsible for enforcing standard payment and delivery terms and conditions towards the clients. Credit check and control procedure conducted by local subsidiaries ensure the credit quality of the costumers of Crayon. Credit risk exposure is largely impacted by accounts receivables, unbilled revenues and contract assets. The Group continues to intensify collection efforts over accounts receivable as a precaution against risk brought about by increased operations in new markets outside the core Nordic region. At the end of 2023, the largest concentration of accounts receivables, unbilled revenues and contracts assets were in APAC & MEA, followed by the Nordics and Europe. The credit risk is largely concentrated to certain countries in APAC & MEA region, that make up a large part of the outstanding accounts receivables overdue more than 90 days as reported in Note 13 Current receivables and current assets. Private customers carry a higher risk than public customers. The Group has several larger public customer agreements.

A significant overdue receivable related to a governmental customer of approximately NOK 490m in the Philippines, caused by administrative procedures following the change in government, remain to be unpaid. Crayon expects no impairment, and no provision is made. See further information in Note 13 Current receivables and current assets.

Accounts receivables and unbilled revenue are allocated to the different markets as presented below:

	2023		2022	
(NOK millions)	Accounts receivables	Unbilled revenue	Accounts receivables	Unbilled revenue
Nordics	2,100	195	1,822	162
Europe	1,876	224	1,366	160
APAC & MEA	3,552	601	2,965	541
US	506	162	513	147
HQ	11	115	12	0
Total	**8,045**	**1,297**	**6,679**	**1,010**

3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, and that financing will not be available at a reasonable price.

Crayon Group is impacted by liquidity fluctuation associated with its gross sales and growth. The cash flow from operating activities is mainly impacted by changes in the net working capital managed by the subsidiaries. The Group Treasury Department is responsible for Group cash flow forecasting and optimizing liquidity flows centrally. Group Treasury monitors forecasts of the Group's liquidity frequently and ensures that the operational requirements are met as well as always maintaining sufficient headroom on debt facilities.

The Group's covenants are attached to the revolving credit facilities and the bond loan. Net interest-bearing debt as of December 31, 2023, was NOK 1,189m, with a corresponding leverage ratio of 1.2x of Adj. EBITDA, providing significant headroom with regards to bank covenants (4.5x Adj. EBITDA) as of the end of the year. The Group's interest-bearing liabilities are shown in detail in Note 16.

Crayon has total current assets amounting to NOK 11,656m (NOK 10,187m) end of the year, NOK 20m more than the current liabilities (including interest-bearing liabilities due within 12 months) of NOK 11,636m (8,972m). The Group has significant liquidity reserves available both through bank deposits, multicurrency cash-pool and credit facilities amounting to NOK 2,726m at the end of the year and the liquidity risk is therefore considered low.

Sensitivity

The Group has identified currency risk (foreign currency translation risk, primarily with respect to EUR, SEK, DKK, INR, USD and AUD) and discloses the respective sensitivity analysis as follows:

	2023			2022		
(NOK millions)	Adjusted EBITDA	Appreciates 10%	Depreciates 0%	Adjusted EBITDA	Appreciates 10%	Depreciates 10%
Currency						
SEK	143	-14	14	118	-12	**12**
DKK	91	-9	9	99	-10	**10**
EUR	75	-8	8	114	-11	**11**
USD	0	0	0	61	-6	**6**
INR	90	-9	9	61	-6	**6**
AUD	87	-9	9	107	-11	**11**
Effect of sensitivity		**-49**	**49**		**-56**	**56**

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

Maturity profile 2023

(NOK millions)	H1 2024	H2 2024	H1 2025	H2 2025	H1 2026	H2 2026	2027->	Total
Bond loan	76	76	76	1,806	0	0	0	2,035
Other financial liabilities	19	19	16	16	0	0	0	71
Other current interest bearing debt	233	0	0	0	0	0	0	233
Accounts Payable	8,753	0	0	0	0	0	0	8,753
Lease payments	63	63	60	60	53	53	351	706
Total	**9,144**	**158**	**153**	**1,883**	**53**	**53**	**351**	**11,797**

NOTE 20 Business combinations

P ACCOUNTING POLICY

Business combinations are accounted for using the acquisition method as of the day the Group obtains control. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. For each business combination, the Group elects whether to measure any non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes to the contingent consideration as a result of additional information the Group obtained after that date about facts and circumstances that existed at the acquisition date are measurement period adjustments that will adjust the purchase price allocation until final, but no later than 12 months after the acquisition day.

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9 and presented as Other income and expenses, together with other direct expenses associated with the acquisition.

In 2023, no acquisitions have been carried out.

In 2023, payments related to subsequent earn-out from prior year acquisition of Navicle Pty Ltd amounts to NOK 27m and acquisition of Fischer amounts to NOK 4m. Refer to Note 5 for changes in fair value of earn-outs recognized in profit or loss in 2023 and Note 17 for provisions related to earn-out as of year-end 2023.

For 2022, additions include two smaller acquisitions; Finland (Solvit) and UK (Fisher) aggregating NOK 14m.

NOTE 21 Management remuneration

Remuneration to the executive management is summarized below. Only remuneration earned as part of executive management is included.

(NOK millions)	2023	2022
Salary	18.1	15.0
Bonus	3.5	4.6
Pension	0.6	1.1
Share-based compensation[1]	5.5	8.8
Other benefits	0.6	0.4
Total	**28.4**	**29.9**

[1] Cost based on Black-Scholes model.

Remuneration to the members of the Board is summarized below. The Board of Directors and committee fees are approved by the shareholders at the Annual General Meeting for the period until the next Annual General Meeting. Amounts presented below represent the fees approved by the Annual General Meeting in 2023 and 2022, respectively.

(NOK millions)	2023	2022
Board of Directors fee	3.4	3.2
Remuneration Committee fee	0.2	0.1
Audit and Risk Committee fee	0.3	0.5
Share-based compensation[1]	0.2	0.2
Total	**4.0**	**4.0**

[1] Cost based on Black-Scholes model

More detailed information on the compensation to the Group's directors including executive management as well as members of the Board of Directors is provided in a separate remuneration report prepared in accordance with the Norwegian Public Limited Liability Companies Act § 6-16b. The report for the financial year 2023 will be published on the Group's website subsequent to the general assembly.

NOTE 22 Related parties

Transactions with related persons are disclosed in Note 21 Management remuneration and in the Remuneration report. Overview of related companies are disclosed in Note 24 Subsidiaries, associates and non-controlling interests. During 2023, the Group had no other related parties.

Any transactions, agreements or arrangements between the Group and related parties are entered into as part of the ordinary course of business and on arm's length market terms.

NOTE 23 Collateral and guarantees

As security for the Crayon Group's Super Senior Multicurrency Revolving Credit Facility Agreement (RCF), Crayon Group AS has provided a first priority assignment agreement with respect to the RCF and the top account in the cash pool agreement to which it is a party. The liability of each Guarantor, listed below, shall be limited to NOK 1,200m plus any unpaid amount of interest, fees, liability, premium and expenses. The security included pledges over accounts receivable limited to NOK 450m for each guarantor in addition to pledges over shares and intercompany loans. Total carrying amount for the Group that has been pledged amounts to NOK 1,432m of accounts receivables, NOK 3,569m for shares and NOK 3,590 for intercompany loans. For further information see Note 16 Interest bearing debt and derivatives.

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 company's affiliates outstanding debt and performance obligations, related to the normal core of business of the Group and recognized 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 4,861m.

Other guarantees consist of:

(In millions)	Type of Guarantee	Guarantee	Amount	Currency	Amount (NOK)
Subsidiaries					
Crayon IN	Financial Security	ICICI Bank Limited	392	INR	48
Crayon Group Holding ASA	Skattetrekk	Skatteetaten	47	NOK	47
Crayon AS	Rental	Avantor Gullhaug Torg 5 AS	12	NOK	12
Crayon PL	Performance	Javno Preuzece 'Elektroprivreda	1	USD	11
Crayon LV	Performance		1	EUR	7
Rhipe AU	Rental	Sydney Rent-supplementary	1	AUD	7
Crayon PT	Performance	SPMS - Servicos Partilhados Do	0	EUR	5
Rhipe AU	Rental	Sydney Rent	1	AUD	5
Crayon UK	Payment	Bacstel, UK	0	GBP	5
Crayon PL	Performance		2	PLN	4
Crayon PT	Performance	Instituto de Informatica	0	EUR	4
Crayon DE	Rental	WCP Munich	0	EUR	1
Crayon FR	Rental	La Francaise Real Estate Managers	0	EUR	1
Crayon PL	Bid bond		0	PLN	1
Crayon FI	Rental	Eläkevakuutusosakeyhtiö Veritas	0	EUR	1
Rhipe AU	Rental	Melbourne Rent	0	AUD	1
Rhipe AU	Rental	Brisbane Rent	0	AUD	1
Crayon SE	Rental	Fastighet AB	1	SEK	1
Inmeta Consulting	Rental	Utstillingsplassen Eiendom AS	0	NOK	0
Crayon PL	Payment	DWS Grundbesitz GmbH Sp. z o.o.	0	PLN	0
Inmeta Consulting	Rental	Inger Bang Lunds vei 10-16 AS	0	NOK	0
Crayon PL	Performance		0	EUR	0
Crayon DE	Rental	Dussten	0	EUR	0
Crayon DE	Rental	Schroder	0	EUR	0
Crayon UK	Performance		0	EUR	0
Crayon FI	Rental	Y Unlimited	0	EUR	0
Crayon DE	Rental	Kapfinger Vermogensverwaltungs GmbH	0	EUR	0

NOTE 24 Subsidiaries, associates and non-controlling interests

P ACCOUNTING POLICY

Investments in associates are accounted for applying the equity method. The aggregate of the Group's share of profit or loss of associated companies is presented as a financial item.

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

Subsidiary	Office location	Ownership % 2023	Ownership % 2022
Nordics			
Crayon Group AS	Oslo	100%	100%
Crayon AS	Oslo	100%	100%
Inmeta Consulting AS	Oslo	100%	100%
Esito AS	Oslo	100%	100%
Puzzlepart AS	Oslo	100%	79%
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	Oslo	100%	100%
Crayon Constellation AS	Oslo	0%	100%
Inmeta Management Consulting AS	Oslo	70%	70%
Sensa Ehf	Reykjavík	100%	100%
Europe			
Crayon UK Ltd	London	100%	100%
Crayon France SAS	Paris	90%	79%
Crayon Deutschland GmbH	Munich	100%	100%
Crayon Austria GmbH	Vienna	100%	100%
Crayon Schweiz AG	Altdorf	99%	99%
Crayon Software Experts Spain SL	Madrid	100%	86%
Crayon Software Licensing Unipessoal LDA	Lisbon	100%	86%
Crayon BV	Amsterdam	100%	100%
Crayon doo Beograd	Beograd	80%	80%
Crayon Bulgaria OOD	Sofia	80%	80%
SEQUINT BV	Rotterdam	100%	100%
Krejon Makedonija DOO	Skopje	100%	90%
SIA "Crayon Latvia"	Riga	83%	83%

Subsidiary	Office location	Ownership % 2023	Ownership % 2022
Crayon Software Experts Romania S.R.L.	Bucharest	80%	80%
Crayon Poland sp. z o.o.	Warszawa	80%	80%
Crayon Czech Republic and Slovakia s.r.o.	Prague	80%	80%
LLC «Crayon Ukraine»	Kyiv	80%	80%
Crayon Magyarország Korlátolt Felelősségű Társaság	Budapest	80%	80%
CRAYON, celovite IT rešitve, d.o.o.	Ljubljana	80%	80%
Anglepoint (UK) Limited	London	77%	77%
Anglepoint Group (Germany) GmbH	Hamburg	77%	77%
Anglepoint (Ireland) Limited	Ballincollig	77%	77%
Fisher IT Services Holdings Limited	London	77%	77%
Fisher IT Asset Consulting Limited	London	77%	77%
Fisher Analytics and Control Technology Limited	London	77%	77%
Rhipe UK Pty Ltd	London	0%	100%
Crayon Lithuania UAB	Vilnius	100%	0%
Crayon Estonia OÜ	Tallinn	100%	0%
Anglepoint Group, Inc. (CH Branch)	Basel	77%	0%
APAC & MEA			
Crayon DMCC	Dubai	80%	80%
Crayon Abu Dhabi [1]	Abu Dhabi	39%	39%
Crayon Arab Company for Information Systems Technology LLC [1]	Doha	39%	39%
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	Mumbai	100%	100%
Crayon Software Experts Philippines Inc	Makati City	99%	99%
Crayon Software Experts Malaysia Sdn Bhd	Kuala Lumpur	90%	90%
Crayon Australia PTY LTD	Sydney	100%	87%
Crayon Mauritius Ltd	Port Louis	100%	100%
Crayon Africa SA	Johannesburg	100%	100%
Wadi Al Omar CO	Riyadh	100%	85%
Crayon Sri Lanka	Colombo	90%	90%
Navicle Pty Ltd	Sydney	100%	100%
Crayon IT Services Private Limited	Mumbai	100%	100%
PT Rhipe International Indonesia	Jakarta	99%	99%
rhipe Japan K. K.	Tokyo	80%	80%
PT Krayon Konsultan Indonesia	Jakarta	100%	100%
Crayon Australia Holding Pty Ltd (Holdco)	Melbourne	100%	100%
Crayon Software Experts Australia Pty Ltd (Bidco)	Melbourne	100%	100%
Rhipe Limited	Sydney	100%	100%
Rhipe Australia Pty Ltd	Sydney	100%	100%
Rhipe Dynamics Pty Ltd	Sydney	100%	100%

		Ownership %	
Subsidiary	Office location	2023	2022
Rhipe Technology(Thailand) Co. Ltd	Bangkok	100%	100%
rhipe Philippines, Inc	Manila	100%	100%
Rhipe Licensing Technology Korea Ltd	Seoul	100%	100%
Rhipe Singapore Pte Ltd	Singapore	100%	100%
Rhipe Malaysia Sdn. Bhd.	Kuala Lumpur	100%	100%
rhipe Technology Philippines, Inc	Manila	100%	100%
rhipe Lanka (Pvt) Limited	Colombo	100%	100%
Rhipe Hong Kong Limited	Hong Kong	100%	100%
Rhipe New Zealand Ltd	Auckland	100%	100%
Dynamic Business IT Solutions Pty Limited	Brisbane	100%	100%
SmartEncrypt Pty Ltd	Sydney	100%	100%
Parallo Limited	Auckland	100%	100%
Parallo Pty Ltd ATF Parallo Unit Trust	Sydney	100%	100%
emt Distribution Pty Ltd	Adelaide	100%	100%
emt Distribution Pte Ltd	Singapore	100%	100%
Rhipe Cloud Solutions Pty Ltd	Sydney	100%	100%
Rhipe Solutions Australia Pty Ltd	Sydney	100%	100%
Anglepoint Group, Inc	New South Wales	77%	77%
Anglepoint India Private Limited	Delhi	77%	77%
Crayon Software Consulting and Trading	Doha	49%	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%
Anglepoint International Holding LLC	Canada	77%	0%
Anglepoint ULC	Canada	77%	0%
Rhipe Solutions LLC	New York	100%	100%
Associates			
Cloud Direct Limited	England and Wales	23%	23%

[1] Crayon Group AS has control over the entities through 80% ownership in Crayon DMCC, which owns 49% of the shares.

The non-controlling interest and associates share of the net income for 2023 and 2022 and equity as of December 31, 2023 and 2022 are detailed below:

Specification of non-controlling interests

	2023			2022		
(NOK millions)	NCI ownership share	NCI share of equity	NCI share of net income	NCI ownership share	NCI share of equity	NCI share of net income
Nordics						
Inmeta Management Consulting AS	30%	-3	-2	30%	-2	-2
Puzzlepart AS	0%	0	0	21%	10	4
Europe						
Crayon Schweiz AG	2%	2	0	2%	2	0
Crayon Software Licensing Unipessoal LDA	0%	0	0	14%	0	0
Crayon Software Experts Spain SL	0%	0	0	14%	-4	0
Crayon France SAS	10%	2	2	21%	6	3
Crayon doo Beograd	20%	1	0	20%	0	1
Crayon Bulgaria OOD	20%	3	1	20%	2	0
SIA "Crayon Latvia"	17%	-1	-2	17%	0	-1
Crayon Software Experts Romania S.R.L.	20%	3	1	20%	2	0
Crayon Poland sp. z o.o.	20%	4	3	20%	1	1
Crayon Czech Republic and Slovakia s.r.o.	20%	-1	-3	20%	1	0
LLC "Crayon Ukraine"	20%	2	2	20%	0	-1
Crayon Magyarország Korlátolt Felelősségű Társaság	20%	1	0	20%	1	-1
CRAYON, celovite IT rešitve, d.o.o.	20%	-1	-1	20%	1	-1
Anglepoint (UK) Limited	23%	-2	-3	23%	1	-3
Anglepoint Group (Germany) GmbH	23%	0	0	23%	0	0
Anglepoint (Ireland) Limited	23%	0	0	23%	0	0
Fisher IT Services Holdings Limited	23%	0	0	23%	0	0
Fisher IT Asset Consulting Limited	23%	1	1	23%	0	0
Fisher Analytics and Control Technology Limited	23%	0	0	23%	0	0
Krejon Makedonija DOO	0%	0	0	10%	0	0
Anglepoint Group, Inc. (CH Branch)	23%	0	0	0%	0	0
APAC & MEA						
Crayon DMCC	20%	-5	-16	20%	7	4
Crayon Abu Dhabi	61%	-14	-22	61%	8	3
Crayon Arab Company for Information Systems Technology LLC	61%	12	11	61%	1	0
Kryptos Technologies Private Limited	50%	2	3	50%	-1	0
Crayon Software Experts Philippines Inc	1%	-2	-1	1%	-2	-2
Crayon Software Experts Malaysia Sdn Bhd	10%	-3	-2	10%	-1	-1
Crayon Sri Lanka	10%	-4	-1	10%	-2	-3
Crayon Australia PTY LTD	0%	0	0	13%	-5	-2
Wadi Al Omar CO	0%	0	0	15%	5	4
PT Rhipe International Indonesia	1%	0	0	1%	0	0
rhipe Japan K. K.	20%	-3	-1	20%	-2	-2
Anglepoint Group, Inc	23%	0	0	23%	0	0

	2023			2022		
(NOK millions)	NCI ownership share	NCI share of equity	NCI share of net income	NCI ownership share	NCI share of equity	NCI share of net income
Anglepoint India Private Limited	23%	0	0	23%	0	0
Crayon Software Consulting and Trading	51%	0	0	0%	0	0
U.S.						
Crayon Software Experts LLC	23%	-28	-19	23%	-10	-9
Anglepoint Group Inc	23%	20	5	23%	15	3
Software Wholesale International Inc	23%	-1	0	23%	-1	0
Crayon Global Services GmbH	23%	-2	0	23%	-2	0
Anglepoint International Holding LLC	23%	0	0	0%	0	0
Anglepoint ULC	23%	0	-1	0%	0	0
Total		**-17**	**-44**		**30**	**-2**

Specification of associates 2023

	2023			2022		
(NOK millions)	Ownership share	Share of investment	Share of net income	Ownership share	Share of investment	Share of net income
Cloud Direct Limited	23%	43	0	23%	43	7
Total		**43**	**0**		**43**	**7**

Transactions with non-controlling interests

Shares held by non-controlling interests have been acquired for a consideration of NOK 42m in 2023 and NOK 50m in 2022. Corresponding changes in equity of NOK 37m in 2023 and NOK 83m in 2022.

Written Put Options over Non-Controlling Interests

In September 2015, Crayon Group AS acquired 100 % of the shares in Anglepoint Group Inc. through its wholly owned subsidiary Crayon Software Experts LLC. As part of the consideration, the shareholders of Anglepoint received a 26 % (in 2017 reduced to 23.3%) non-controlling interest in Crayon Software Experts LLC. Simultaneously, Crayon Group Holding ASA issued written put options over the non-controlling interests in Crayon Software Experts LLC. The put options can 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 discretion of the group) and classified as derivative financial liabilities and presented on net basis at fair value. 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, 2023.

NOTE 25 Largest shareholders, numbers of shares held by management and Board of Directors

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

Shareholder name	Total Shareholding
OEP ITS Coöperatief Holding U.A	8.3%
Karbon Invest AS	7.5%
Skandinaviska Enskilda Banken AB	6.6%
Nordnet Bank AB	5.6%
State Street Bank and Trust Comp	5.4%
The Bank of New York Mellon	4.2%
J.P. Morgan SE	3.4%
Folketrygdfondet	2.9%
Hvaler Invest AS	2.3%
Verdipapirfondet DNB Norge	2.2%
Credit Suisse (Switzerland) Ltd.	2.1%
Verdipapirfondet Holberg Norge	2.1%
State Street Bank and Trust Comp	1.9%
VPF DNB AM Norske Aksjer	1.8%
Clearstream Banking S.A.	1.7%
J.P. Morgan SE	1.5%
Crayon Group Holding ASA	1.3%
Danske Invest Norske Instit. II.	1.3%
Verdipapirfondet DNB SMB	1.2%
Verdipapirfondet First Generator	1.2%
State Street Bank and Trust Comp	1.1%
Kverva Finans AS	1.1%
The Bank of New York Mellon SA/NV	1.0%

The Company's trustees have shares in the Company:

Officer	Total number of shares
Karbon Invest AS (Jens Rugseth and Rune Syversen)	4,800,000
Bente Liberg (CHRO), Goodcharma AS	440,690
Jon Birger Syvertsen (CSO)	108,070
Grethe Viksaas (board member)	43,664
Melissa Mulholland (CEO)	29,886
Gudmundur Adalsteinsson (CSO)	24,249
Dagfinn Ringås (board member), CDR Holding AS	20,000
Mette Wam (employee representative)	17,969
Jens Rugseth (board member), Rugz AS	15,176
Brede Huser (CFO)	8,000
Florian Rosenberg (CTO)	7,864
Erwin Heinrich (COO)	5,458
Liv Hege Jensen (employee representative)	5,377
Wenche Marie Agerup (board member)	2,500
Rune Syversen (board member), Sevencs AS	2,125
Jennifer Koss (board member), Firea AS	850

NOTE 26 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. In 2023, the Group has assessed climate-related matters to not have significant impact on estimates or assumptions. The Group is continuously monitoring relevant changes and developments, such as new climate-related legislation.

Climate-related notes outside the Annual Report are disclosed in the ESG-report section Protecting the planet and Annex C.

NOTE 27 Subsequent events

On March 15, 2024, the Company announced it had mandated Danske Bank and Pareto Securities as Joint Lead Managers to arrange a series of fixed income investor meetings commencing March 18, 2024, where a new 4-year NOK 1,200m senior unsecured floating rate bond issue may follow, subject to market conditions. The net proceeds from the contemplated bond issue will be used to refinance the outstanding NOK 1,800m issued under the 2021/2025 senior unsecured bond framework due July 15, 2025, with ISIN NO0011045478 ("Existing Bonds").

No further significant events to report after the reporting date.

Crayon Group Holding ASA

Statement of income 1.1 – 31.12

(NOK millions)	Note	**2023**	2022
Operating income/expenses (-)			
Payroll expenses	2, 3	-7	-3
Other operating expenses	3	-24	-13
Total operating income/expenses (-)		**-30**	**-16**
Operating profit (EBIT)		**-30**	**-16**
Financial income and expenses			
Income from subsidiaries and other group companies	2, 4	71	0
Interest income from group companies	2	79	34
Other interest income		0	0
Other financial income	10	231	17
Total financial income		**381**	**51**
Other interest expenses to group companies		-1	-0
Other interest expenses	10	-141	-114
Other financial expenses	10	-121	-13
Total financial expenses		**-262**	**-128**
Net financial income/expenses (-)		**119**	**-76**
Net income/loss (-) before tax		**89**	**-93**
Income tax expense on net income	5	-21	20
Net income/loss (-)		**68**	**-72**
Brought forward			
To other equity	6	68	0
Loss carried forward	6	0	-72
Net carried forward		**68**	**-72**

Crayon Group Holding ASA

Balance sheet as of 31.12

(NOK millions)	Note	**2023**	2022
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	5	31	50
Investments in subsidiaries	4	922	880
Loan to group companies	2	4	4
Total non-current assets		**956**	**934**
CURRENT ASSETS			
Other receivables	1, 2	3,006	2,972
Total receivables		**3,006**	**2,972**
Cash & cash equivalents	1	3	1
Total current assets		**3,009**	**2,973**
Total assets		**3,965**	**3,907**

(NOK millions)	Note	**2023**	2022
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital	6, 7	90	89
Own shares	6, 7	-100	-0
Share premium	6	1,821	1,818
Total paid-in equity		**1,810**	**1,907**
Retained earnings	6	83	-30
Total equity		**1,893**	**1,877**
NON-CURRENT LIABILITIES			
Bond loan	8, 9	1,792	1,787
Total non-current liabilities		**1,792**	**1,787**
CURRENT LIABILITIES			
Accounts payable		3	1
Other current liabilities	2	277	242
Total current liabilities		**280**	**242**
Total liabilities		**2,072**	**2,030**
Total equity and liabilities		**3,965**	**3,907**

Oslo, March 20, 2024

Rune Syversen *(Chairman)*
Wenche Agerup *(Board Member)*
Jennifer Koss *(Board Member)*
Jens Moberg *(Board Member)*
Dagfinn Ringås *(Board Member)*
Jens Rugseth *(Board Member)*
Grethe H. Viksaas *(Board Member)*
Liv Hege Jensen *(Employee Representative)*
Lars Larhammer *(Employee Representative)*
Mette Wam *(Employee Representative)*
Melissa Mulholland *(CEO)*

Crayon Group Holding ASA

Cash flow statement

(NOK millions)	**2023**	2022
Cash flow from operating activities		
Net income before tax	89	-93
Net interest expense to credit institutions and interest to bond loan	141	114
Interest expense group companies	1	0
Interest income group companies	-79	-34
Changes in inventory, accounts receivable/ payable	2	0
Changes in other current accounts	-55	169
Net cash provided by operating activities	**98**	**157**
Cash flow from investing activities		
Received interest from group companies	79	34
Net change in cash pool, group companies	-11	143
Net cash from investing activities	**67**	**178**
Cash flow from financing activities		
Interest paid	-141	-114
Interest paid to group companies	-1	-0
New equity	3	73
Repurchase of shares	-100	0
Repayment of interest bearing debt	0	-300
Received group contribution	71	0
Other financial items	5	7
Net cash from financing activities	**-163**	**-335**
Net increase (decrease) in cash and cash equivalents	**2**	**-1**
Cash and cash equivalents at beginning of period	1	2
Cash and cash equivalents end of period	**3**	**1**

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 liabilities

Non-current liability is initially valued at transaction value less attributable transaction costs. Subsequent to initial recognition, interest-bearing non-current liabilities are recognised at amortized cost with any difference between cost and redemption value being recognized 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 recognized in the same year as they are recognized 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 recognized 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. 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 current, highly liquid investments.

Receivables

Accounts receivable and other receivables are recognized 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:

(NOK millions)	**2023**	2022
Receivables		
Other receivables[1]	3,007	2,976
Total receivables	**3,007**	**2,976**
Liabilities		
Other short term liabilities[1]	239	211
Total liabilities	**239**	**211**

Liabilities not recognized in the balance sheet. See Note 8 Financial instruments.

Transactions with related parties:

(NOK millions)	**2023**	2022
Purchases of services:		
Purchases from Crayon Group AS	-5	-4
Total purchases	**-5**	**-4**
Financial items		
Received Group Contribution	71	0
Interest income from group companies	79	34
Other Interest expenses to group companies	-1	-0
Total net financial items	**149**	**34**

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

Purchases from Crayon Group AS mainly relates to Board of Directors fee in both 2023 and 2022. Interest income and expenses are related to the receivables in the cash pool.

NOTE 3 Other operating expenses

The Board of Directors fee and committee fees are approved by the shareholders at the Annual General Meeting for the period until the next Annual General Meeting. Fees approved by the Annual General Meeting in 2023 amounted to NOK 3.8m (NOK 3.8m in 2022).

The Company has paid remuneration to the auditor in the following amounts:

(NOK millions)	**2023**	2022
Audit fee	3.4	3.6
Other assurance services	0.2	0.1
Other non-audit services	0.0	0.4
Total	**3.6**	**4.1**

Fees are quoted excluding VAT.

Regarding wages and benefits, please see group Note 4 Payroll and related cost.

NOTE 4 Investment in subsidiaries

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

(NOK millions)	Registered office	Book value	Ownership interest and voting rights	Net profit/loss	Company's equity
Company					
Crayon Group AS	Oslo	922	100%	112	1,256
ICE Distribution hf	Reykjavik	0	100%	0	-0
		922			

Group accounts have been made for Crayon Group Holding ASA. Accounts are available from:

Crayon Group Holding ASA
Gullhaug Torg 5
0484 OSLO

NOTE 5 Tax

(NOK millions)	**2023**	2022
Taxes payable on profit for the year	0	0
Change in deferred tax	-21	20
Total taxes for the year	**-21**	**20**
Specification of the tax base:		
Net income before income tax	89	-93
+ Permanent differences	6	0
+ Changes in temporary differences	6	3
+ Received group contributions	0	0
- Use of losses carry-forward	-101	0
+ Limited deduction for interest on related parties	0	0
= Tax base	**0**	**-90**
Specification of tax expenses:		
Taxes payable in the balance sheet	0	0
= Total taxes payable	0	0
+/- Changes in tax rate	0	0
+/- Change in deferred tax/tax assets	19	-20
+/- Change in deferred tax/tax assets correction from last year[1]	2	0
= Income tax expense	**21**	**-20**

[1] Recognized into equity

Deferred tax/deferred tax assets

	2023	2022
Accumulated tax losses carried forward	-136	-232
Shares and other securities	0	0
Other differences	2	10
Limited deduction for interest on related parties	-5	-5
= Basis for deferred tax	**-139**	**-227**
Deferred tax	**0**	**0**
Negative basis for deferred tax	-139	-227
= Basis for deferred tax asset	**-139**	**-227**
Deferred tax asset	**-31**	**-50**
Tax rate Dec 31, (%)	22%	22%

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

NOTE 6 Equity

(NOK millions)	Share capital	Own shares	Share premium	Other equity	Total equity
Value Jan 1, 2023	**89**	**-0**	**1,818**	**-30**	**1,877**
Share issues	0	0	3	0	3
Repurchase of shares	0	-100	0	0	-100
Sharebased compensation	0	0	0	43	43
Corr last year	0	0	0	2	2
Net income for the year	0	0	0	68	68
Value Dec 31, 2023	**90**	**-100**	**1,821**	**83**	**1,893**

NOTE 7 Share capital

Crayon group Holding ASA has 89,574,924 issued shares at a nominal value of NOK 1 (December 31, 2022; 89,285,768 shares at nominal value of NOK 1).

In 2023 the Company increased the share capital with 289,156 shares at nominal value of NOK 1. Each share gives right to one vote.

The total share capital amounts to NOK 89,574,924.

The Company owns 1,284,800 of its own shares to facilitate management of employee share purchases.

Shares	Number of shares	Total nominal value	Statutory provisions on voting
Shares	89,574,924	89,574,924	One share – one vote

The General Meeting on April 26, 2023 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 2024 and June 30, 2024.

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 5,364,080, provided however that the authorization cannot be used for an amount in excess of 6% 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 8,940,134, 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, repurchase treasury shares with a total nominal value of NOK 8,940,134, corresponding to 10% of of the Company's share capital at the time of the approval. The maximum amount to be paid per share is NOK 250 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, who own more than 1% of the share capital, are:

Shareholder name	Shareholding
OEP ITS Coöperatief Holding U.A	8.3%
Karbon Invest AS	7.5%
Skandinaviska Enskilda Banken AB	6.6%
Nordnet Bank AB	5.6%
State Street Bank and Trust Comp	5.4%
The Bank of New York Mellon	4.2%
J.P. Morgan SE	3.4%
Folketrygdfondet	2.9%
Hvaler Invest AS	2.3%
Verdipapirfondet DNB Norge	2.2%
Credit Suisse (Switzerland) Ltd.	2.1%
Verdipapirfondet Holberg Norge	2.1%
State Street Bank and Trust Comp	1.9%
VPF DNB AM Norske Aksjer	1.8%
Clearstream Banking S.A.	1.7%
J.P. Morgan SE	1.5%
Crayon Group Holding ASA	1.3%
Danske Invest Norske Instit. II.	1.3%
Verdipapirfondet DNB SMB	1.2%
Verdipapirfondet First Generator	1.2%
State Street Bank and Trust Comp	1.1%
Kverva Finans AS	1.1%
The Bank of New York Mellon SA/NV	1.0%

The Company's trustees have shares in the Company:

Officer	Number of shares
Karbon Invest AS (Jens Rugseth and Rune Syversen)	4,800,000
Bente Liberg (CHRO), Goodcharma AS	440,690
Jon Birger Syvertsen (CSO)	108,070
Grethe Viksaas (board member)	43,664
Melissa Mulholland (CEO)	29,886
Gudmundur Adalsteinsson (CSO)	24,249
Dagfinn Ringås (board member), CDR Holding AS	20,000
Mette Wam (employee representative)	17,969
Jens Rugseth (board member), Rugz AS	15,176
Brede Huser (CFO)	8,000
Florian Rosenberg (CTO)	7,864
Erwin Heinrich (COO)	5,458
Liv Hege Jensen (employee representative)	5,377
Wenche Marie Agerup (board member)	2,500
Rune Syversen (board member), Sevencs AS	2,125
Jennifer Koss (board member), Firea AS	850

NOTE 8 Financial instruments

The total financial liabilities relating to the bond loan amounted to the following at December 31:

(NOK millions)	**2023**	2022
Bond principal	1,800	1,800
Transaction cost	-8	-13
Total financial liabilities	**1,792**	**1,787**

Market value of the bond is equal to the bond principal during 2023 and 2022. The bond loan has quarterly interest periods and average interest during 2023 was 7.8% (2022: 5.6%).

Guarantee
Crayon Group Holding ASA (parent company) guarantees to Microsoft the full and promptly payment of a number of the parent company's 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 4,861m.

NOTE 9 Issuance of bond loan

In November 2019, the Company issued a NOK 300m senior unsecured bond, with a NOK 600m borrowing limit. The bond has a floating coupon rate of 3 months NIBOR + 350 bps p.a. Maturity date and settlement was November 21, 2022.

On July 1, 2021, Crayon entered a NOK 1,800m 4-year senior unsecured floating rate bond with a coupon of 3 months NIBOR + 375 bps. The bond was issued July 15, 2021, and matures July 15, 2025 and is listed on the Oslo Stock Exchange (CRAYON 04).

NOTE 10 Financial income and expenses

Other financial income and expenses are mainly related to currency revaluation of bank accounts into the cash pool arrangement. Other interest expenses are paid and accrued interest of the bond loan.

Responsibility statement from the Board of Directors

We hereby confirm that the annual accounts for the Group and the company for 2023 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

The Board of Directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

The Board of Directors of Crayon Group Holding ASA

Oslo, March 20, 2024

Rune Syversen
(Chairman)

Wenche Agerup
(Board Member)

Jennifer Koss
(Board Member)

Jens Moberg
(Board Member)

Dagfinn Ringås
(Board Member)

Jens Rugseth
(Board Member)

Grethe H. Viksaas
(Board Member)

Liv Hege Jensen
(Employee Representative)

Lars Larhammer
(Employee Representative)

Mette Wam
(Employee Representative)

Melissa Mulholland
(CEO)

Auditor's report

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P.O. Box 7000 Majorstuen
N-0306 Oslo

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Internet www.kpmg.no
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 2023, 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 consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including

International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 8 May 2018 for the accounting year 2018.

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.

Revenue recognition

Refer to Note *2 Revenue*

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 and cloud licenses and value-added services and consulting, totalled NOK 6 397 million for the year ended 31 December 2023. Revenue recognition in accordance with IFRS 15 can be complex and there is a risk revenue may be recognized inappropriately due to several factors including but not limited to: • The magnitude of individual contracts, contracts with multiple deliveries and performance obligations; • The assessment as to the timing of the fulfilment of performance obligations; • The fulfilment of significant performance obligations in the period close to year end; • The determination whether the performance obligation is satisfied at a point in time or over a period of time. Revenue recognition is considered to be a key audit matter due to the complexity and significance of individual contracts.	Our audit procedures in this area included: • Applying professional scepticism and critically assessing the accounting judgements against the requirements of IFRS 15 including an assessment of the timing of revenue recognised in the period; • Challenging management's assessment of revenue recognition criteria for licenses and services in particular in relation to new contracts and renewals, and the identification of performance obligations; • Assessing the appropriateness of the timing of revenue recognition based on a sample of contracts selected by component auditors for in-scope entities; • Testing of a sample of accrued and deferred revenue balances, to confirm existence and accuracy of the balances; • Testing of revenue recognized subsequent to period end, to verify the completeness of the revenue recognized in the period; • Assessing the consistency in application of the Group's revenue recognition principles across the Group under IFRS 15; • Assessing management's models for estimating timing impacts of presenting revenue as net under the agent method, understanding of assumptions and estimates applied, analysis of the inputs to the model, and mathematical accuracy of calculations; and

	• Assessing the adequacy and appropriateness of the disclosures in the financial statements related to revenues from contracts with customers.

Recoverability of accounts receivables

Refer to *Notes 1.4 Significant judgement and estimation uncertainty*, *13 Current receivables and current assets, and 19 Financial risk*

The key audit matter	*How the matter was addressed in our audit*
The Group's accounts receivables totalled NOK 7 847 million (net of allowance for doubtful accounts) for the year ended 31 December 2023. Management is required to assess the recoverability of these balances and recorded an allowance for doubtful accounts (expected credit losses) of NOK 197 million. Crayon bears the credit risk for the gross value of license sales that are invoiced to the end customer in agent transactions, resulting in high accounts receivables balances relative to revenue. Management measures allowance on receivables based on lifetime expected credit losses under IFRS 9. Assessing expected credit losses on accounts receivables are based on information about past events, current conditions and forecasts of future economic conditions which require significant judgement from management. The recoverability of accounts receivables and the level of provision for expected credit losses are considered to be a key risk due to the significance of these balances to the financial statements and the estimates required in making appropriate provisions. The following all lead to considering recoverability of accounts receivable as a key audit matter: • Significant growth in revenue and thus accounts receivable balances in growth markets with a mix of private and public customers, and new customers with limited payment history, and • Specific receivables balances including the delayed public sector receivables from the Philippines.	Our audit procedures in this area included: • Applying professional scepticism and critically assessing the accounting judgements against the requirements of IFRS 9 including an assessment of the change in credit risk; • Challenging management's assessment with respect to specific material accounts receivables and their change in credit risk over the period including obtaining external legal opinion as necessary; • Assessing management's model for estimating and calculating expected credit losses by understanding whether the associated provisions were calculated in accordance with IFRS 9, understanding the assumptions and estimates applied, analysis of the inputs to the model, and mathematical accuracy of calculations; and • Reviewing and assessing the reasonableness and accuracy of the disclosures provided pertaining to accounts receivables, and comparing the amounts of the disclosures to supporting schedules.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial

statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to Corporate Social Responsibility, as included in the ESG report, and the Statement of Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 and the Group's internal control.

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- 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's 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 Audit Committee 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

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Crayon Group Holding ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXI98043-2023-12-31-en have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 20 March 2024

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Monica Hansen
State Authorised Public Accountant

Alternative performance measures

The financial information in this report is prepared under International Financial Reporting Standards (IFRS), as adopted by the EU. To enhance the understanding of Crayon's performance, the Company has presented several alternative performance measures (APMs). An APM is defined by ESMA guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the relevant accounting rules (IFRS). Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. The Group believes that APMs such as adjusted EBITDA are commonly reported by companies in the markets in which Crayon compete and are widely used by investors in comparing performance on a consistent basis without regard to factors such as other share-based payments and other income and expenses, which can vary significantly from period to period, especially due to M&A transactions, related reorganizations or other significant non-recurring items. Crayon discloses the APMs to permit a more complete and comprehensive analysis of its underlying operating performance relative to other companies and across periods. Because companies may calculate gross sales, gross profit, adjusted EBITDA, other income and expenses, net working capital and liquidity reserve differently, the Company's presentation of these APMs may not be comparable to similar titled measures used by other companies.

Crayon uses the following APM's and definitions:

Gross sales
Gross revenues assuming we were principal and not agent on all software resale being restated and reflect the actual billing for the relevant period.

EBITDA
Earnings before interest expense, other financial items, income taxes, depreciation, impairment and amortization.

Adjusted EBITDA
EBITDA excluding share-based compensation and other income and expenses.

(NOK millions)	**2023**	2022
EBITDA	745	751
Adjustments:		
Share based compensation	42	13
Other income and expenses	132	74
Adjusted EBITDA	**919**	**839**

Adjusted EBITDA margin
Adjusted EBITDA / Gross profit.

(NOK millions)	**2023**	2022
Gross profit	5,662	4,496
Adjusted EBITDA	919	839
Adjusted EBITDA Margin	**16.2%**	**18.7%**

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

(NOK millions)	**2023**	2022
Inventory	18	17
Accounts receivable	7,847	6,563
Accounts payable	-8,753	-6,563
Trade working capital	**-888**	**17**
Unbilled gross sales	1,297	1,010
Public duty receivables	553	490
Contract assets	253	199
Prepaid expenses & other	220	378
Income taxes payable	-74	-76
Public duties	-659	-613
Accruals	-1,249	-973
Employee benefits related accruals	-440	-367
Prepayments & other	-135	-185
Other working capital	**-233**	**-138**
Net working capital	**-1,121**	**-121**

Liquidity reserve:
Non-restricted cash and available credit facilities in each company where Crayon operates. The liquidity reserve does not consider any restrictions on cross border cash transfers.

(NOK millions)	**2023**	2022
Cash & cash equivalents	1,467	1,530
Restricted cash	-49	-52
Free available cash	1,418	1,477
Available credit facility	1,308	10
Liquidity reserve	**2,726**	**1,487**

Other definitions:
CAPEX: Capital expenditures that mainly consist of office equipment and capitalizes expenses related to development activities according to IAS 38.
EBIT: Earnings before interest expense, other financial items, and income taxes.
Leverage ratio: Net interest-bearing debt (Note 16), divided by LTM adjusted EBITDA.
LTM: Last twelve months.
Restricted cash: The amount consists of employee taxes withheld and cash as collateral for bank guarantees.
Trade Working Capital: The net amount of inventory, accounts receivables and accounts payables.
YoY: Year over year, i.e. comparable period (e.g. quarter or YTD) last year.
YTD: Year to date.

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