



Crayon A/S

Tobaksvejen 2A, 3.
DK-2860 Søborg

CVR no. 28 71 61 84

Annual report 2023

The annual report was presented and approved at
the Company's annual general meeting on

8 March 2024

Jon Birger Syvertsen
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Cash flow statement	13
Notes	14

Crayon A/S
Annual report 2023
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Crayon A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Gladsaxe, 8 March 2024
Executive Board:

Allan Krogsgaard Jakobsen

Board of Directors:

Rune Syversen
Chairman

Melissa Ann Mulholland

Jon Birger Syvertsen

Independent auditor's report

To the shareholder of Crayon A/S

Opinion

We have audited the financial statements of Crayon A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

Independent auditor's report

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, 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 internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 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 to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 8 March 2024

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Niklas R. Filipsen
State Authorised
Public Accountant
mne47781

Crayon A/S
Annual report 2023
CVR no. 28 71 61 84

Management's review

Company details

Crayon A/S
Tobaksvejen 2A, 3.
2860 Søborg
Denmark

CVR no.:	28 71 61 84
Established:	1 June 2005
Registered office:	Gladsaxe
Financial year:	1 January – 31 December

Board of Directors

Rune Syversen, Chairman
Melissa Ann Mulholland
Jon Birger Syvertsen

Executive Board

Allan Krogsgaard Jakobsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
8000 Aarhus C
Denmark
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Gross profit	169,857	141,507	108,745	97,490	85,794
Profit before financial income and expenses	54,558	66,841	39,291	31,799	23,721
Profit/loss from financial income and expenses	721	-4,421	-729	-1,609	856
Profit for the year	42,932	48,677	29,928	23,470	18,840
Total assets					
Total assets	558,948	387,001	338,457	267,689	198,130
Equity					
Equity	68,334	70,120	46,613	36,505	30,742
Investment in property, plant and equipment	563	816	387	360	170
Ratios					
Return on invested capital	11.5%	18.4%	13.0%	13.7%	14.1%
Return on equity	62.0%	83.4%	72.0%	69.8%	71.8%
Solvency ratio	12.2%	18.1%	13.8%	13.6%	15.5%

The financial ratios have been calculated as follows:

With reference to section 101(3) of the Danish Financial Statements Act, comparative figures for 2019 and 2020 have not been restated in connection with the change in accounting policies in 2022 related to the Company's recognition of revenue from software and cloud licenses by accounting for these on an agent basis and recognising revenue net of related costs.

Return on invested capital

$$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$$

Return on equity

$$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity} \times 100}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating review

Principal activities

The Company resells cloud and software solutions and provides an extensive range of consultancy and managed services within software asset management, cloud migration services, a market leading suite of cloud and software optimisation services as well as Data, BI (Business Intelligence) and FinOps services fuelled by artificial intelligence (AI) enabling the optimisation of our customers' Cloud, Software and IT infrastructure environments.

Development in activities and financial position

Profit for the year

The Company's income statement for 2023 shows a profit of DKK 42,932 thousand as against DKK 48,677 thousand in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK 68,334 thousand as against DKK 70,120 thousand at 31 December 2022.

2023 was a year when the industry was characterised by challenging macro environments, rising inflation and war in Europe just to name a few of the challenges facing the industry in which Crayon A/S operates. Despite challenging market surroundings, our business model showed its resilience once again and led to several large new customers and ISVs/partners choosing Crayon A/S as their partner for BI and AI-enabled optimisation services, cloud, software services and cost optimisation services, and we once again managed to gain significant market shares in both the private and public segments. This enabled us to grow our business significantly once again.

Crayon Denmark launched several new services focusing on helping customers on their digital transformation journey and at the same time optimising the ROI (Return on Investment) of cloud and software investments. Our most popular bestsellers in 2023 were cloud and software optimisation services, license management services, contract negotiation services, FinOps services as well as Data, BI and AI services enabling our customers to increase their ROI on standard cloud and software purchase and implementation. Our indirect business, where we support ISVs (Independent Software Vendors), partners as well as cloud and hosting partners, continued to grow, and we saw a continuous growth in the consumption of services in the cloud across all our segments fuelling the growth of Crayon A/S as a result.

In the 2022 outlook, projected growth of 5-10 % in gross profit and results for the year was projected. Gross profit and results for the year were down on forecast, but are considered acceptable given the macroeconomic challenges. The Company's earnings were positively impacted by a focused execution of strategies. In addition, the year was characterised by positive tendencies across all cloud and license areas as well as cloud and managed optimisation services across all customer segments and service areas. On this basis, Management has a positive outlook for 2024.

Outlook

The business is expected to enjoy continued stable growth with a continued increase in the number of customers, sales, and earnings. In line with the Company's strategy, growth is expected to occur faster in cloud, AI, Data & BI and software/cloud optimisation services. The overall expectation is yearly growth in gross profit and results for the year of 5-10% in 2024 compared to 2023.

Management's review

Operating review

Environmental matters

Sustainability report and information on how the Company takes a position on issues relating to the environment, social conditions, human rights and anti-corruption is covered by our Parent Company, Crayon Group AS org. No. 981125592, with registered office in Oslo, Norway. The CSR report is available on www.crayon.com.

Risks and uncertainties

Business risks

Risks and uncertainties in the business are access to qualified personnel in the areas we operate. Specialist expertise is a decisive factor in gaining new and retaining existing customers and in maintaining certifications and authorisations to operate as required by large software vendors.

Most of our customers have adapted to the new normal in post COVID-19 times and have a constant need to automate and accelerate their digital transformation to stay competitive. Optimisation and implementation through the help of AI of cloud and software and adoption of innovative technologies is a key enabler for this, and the need to migrate, optimise, operate, innovate and secure IT environments remains strong. Crayon's knowledge and insights are at the epicenter of this development.

Further uncertainty revolves around how the current economic climate will impact on our customers and their willingness to buy our services. We remain optimistic as most customers and partners are looking for cost savings and optimisation of their software and cloud assets. In addition, the current economic climate has accelerated the need for digital transformation in all industries to sell and develop a good customer experience.

Our employees have shown an impressive resilience and ability to adapt to changing customer needs and demands, develop new competencies as well as services and continuously focus on delivering high-quality services to our customers.

Financial risks

Large transactions involving currency risk are hedged by means of forward contracts. The Company does not have any financial instruments in foreign currencies as of the end of the financial year.

The fact that the Company purchases in the same currency in which the sales are made mitigates currency exposure resulting in a neutral financial risk for the Company.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023	2022
Gross profit		169,857	141,507
Staff costs	2	-114,727	-73,051
Depreciation and amortisation		-563	-1,615
Other operating costs		<u>-9</u>	<u>0</u>
Profit before financial income and expenses		54,558	66,841
Financial income	3	7,113	1,833
Financial expenses	4	<u>-6,392</u>	<u>-6,254</u>
Profit before tax		55,279	62,420
Tax on profit for the year	5	<u>-12,347</u>	<u>-13,743</u>
Profit for the year	6	<u><u>42,932</u></u>	<u><u>48,677</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment	7	828	844
Leasehold improvements		11	6
		<u>839</u>	<u>850</u>
Financial assets			
Deposits	8	1,707	1,521
Total fixed assets		<u>2,546</u>	<u>2,371</u>
Current assets			
Receivables			
Trade receivables		333,147	195,124
Receivables from group entities		3,698	4,361
Services in progress	9	968	676
Other receivables		229	0
Deferred tax asset	10	60	128
Prepayments	11	1,306	119
		<u>339,408</u>	<u>200,408</u>
Cash at bank and in hand		<u>216,994</u>	<u>184,222</u>
Total current assets		<u>556,402</u>	<u>384,630</u>
TOTAL ASSETS		<u><u>558,948</u></u>	<u><u>387,001</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		532	532
Retained earnings		67,802	69,588
Total equity		<u>68,334</u>	<u>70,120</u>
Liabilities			
Non-current liabilities			
Other credit institutions		0	6,495
Other payables		5,486	0
		<u>5,486</u>	<u>6,495</u>
Current liabilities			
Banks		8,885	29,822
Other credit institutions		6,664	6,678
Prepayments received from customers		8,548	13,921
Trade payables		316,674	183,149
Payables to group entities		69,142	23,225
Corporation tax		4,329	9,079
Other payables		70,631	44,257
Deferred income	12	255	255
		<u>485,128</u>	<u>310,386</u>
Total liabilities		<u>490,614</u>	<u>316,881</u>
TOTAL EQUITY AND LIABILITIES		<u>558,948</u>	<u>387,001</u>
Contractual obligations, contingencies, etc.	13		
Mortgages and collateral	14		
Related party disclosures	15		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2023	532	69,588	70,120
Equity movements	0	282	282
Transferred over the profit appropriation	0	42,932	42,932
Extraordinary dividend	0	-45,000	-45,000
Equity at 31 December 2023	532	67,802	68,334

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2023	2022
Profit for the year		42,932	48,677
Other adjustments of non-cash operating items	16	11,906	17,994
Depreciation and amortisation		563	1,615
Cash generated from operations before changes in working capital		55,401	68,286
Changes in working capital	17	60,168	2,917
Cash generated from operations		115,569	71,203
Interest income		7,113	1,833
Interest expense		-6,392	-6,254
Corporation tax paid		-17,029	-7,044
Cash flows from operating activities		99,261	59,738
Acquisition of property, plant and equipment		-563	-816
Disposal of property, plant and equipment		11	0
Cash flows from investing activities		-552	-816
Shareholders:			
Distributed dividends		-45,000	-25,000
Cash flows from financing activities		-45,000	-25,000
Cash flows for the year		53,709	33,922
Cash and cash equivalents at the beginning of the year		154,400	120,478
Cash and cash equivalents at year-end		208,109	154,400

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Crayon A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Change in comparative figures

With reference to the true and fair view laid down in the Danish Financial Statements Act, the Company has made some reclassifications to individual items in the income statement and balance sheet. The reclassifications have no impact on results before tax, results for the year or equity. Comparative figures have been restated accordingly.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Sale of software and cloud licenses acting as an agent

Sale of software and cloud licenses acting as an agent is recognised in the income statement if supply and risk transfer to the purchaser has taken place before the end of the year. Sale of software and cloud licenses acting as an agent is recognised exclusive of VAT, duties and less discounts related to the sale.

For the majority of the Company's license reseller contracts, the Company acts as an agent. The performance obligation is to arrange for the licenses to be provided. The Company normally only has one performance obligation that is satisfied upon the initial completion of the contract towards the agent. Revenue consists of any agent fees from the software company and any sales proceeds from the end user less any costs from the software company.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Agent fees are normally due within 30-60 days after completion. Any license costs 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.

Variable consideration

Any 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.

Rendering of services

The rendering of services typically involves the performance by the entity of a contractually agreed task over an agreed period of time. The services may be rendered within a single period or over more than one period. Revenue from the rendering of services is to be recognised based on the percentage-of-completion method when the outcome of the transaction can be estimated reliably.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. For licenses where the Company acts as agent, the cost related to the licenses is reduced from revenue.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment and sales of services to group entities.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the Company's employees. Refunds from public authorities are deducted from staff costs.

Other operating costs

Other operating costs include items of a secondary nature in relation to the entity's principal activities, including loss from the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial assets

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not amortised.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as financial assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Other receivables consists of accrued services and other short term receivables.

Services in progress

Services in progress are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of a service contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual service contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of services in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of services in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Share-based incentive schemes

Share-based incentive schemes for the Group's Management and employees with the option to subscribe for shares in the Parent Company (options) are considered a matter of the relevant shareholders, and the fair value of options granted is therefore not recognised in the income statement as estimated payroll costs on an ongoing basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Leases

Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, installments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank overdrafts.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2023	2022
Wages and salaries	99,912	62,240
Pensions	13,958	10,198
Other social security costs	857	613
	<u>114,727</u>	<u>73,051</u>
Average number of full-time employees	<u>114</u>	<u>97</u>

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of the Executive Board and the Board of Directors for the current financial year.

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has decided to disclose remuneration to the Board of Directors and the Executive Board for 2022 assembled. In 2022, the remuneration of the Executive Board and Board of Directors totalled DKK 3,215 thousand of which DKK 224 thousand related to pension.

Incentive schemes

Share option program (IPO):

In connection with the listing on Group level in Norway, there are two option programs, one granted in relation to the IPO (IPO Share Incentive sScheme), and one share-based incentive scheme implemented in 2020 to general managers and executive management (Management share option program). A share grant program was implemented as part of a bonus scheme for general managers in 2021-23 (General manager share grant program). The management share option program and share grant program include both employment and performance vesting conditions. The fair value of the options and shares granted is calculated at grant date and expensed over the vesting period.

Employee share purchase program (ESPP):

In the employee share purchase program, all employees in the Company and its subsidiaries in which an offer could be lawfully made have been offered to participate. First offer was given in conjunction with the share incentive scheme (ESPP 2019), and a second offer was given in Q4 2020 (ESPP 2020). Latest offer was given in Q2 2022 (ESPP 2022). The subscription price was equal to the three-month average share price at the beginning of the subscription period with a 20% discount. The employees have been offered to subscribe for amounts between NOK 10,000 to NOK 100,000 (all amounts including the 20% discount). Additional bonus shares will be granted to employees participating in the ESPP and remaining staff employed by Crayon at the end of the lock-up period. One bonus share will then be granted for every third share subscribed for under the program. The bonus shares vest over two years. The fair value of the shares is calculated at grant date and expensed over the vesting period.

An expense of DKK 280 thousand (2022: income of DKK 171 thousand) has been recognised in the income statement for 2023.

Fair value of options:

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

Financial statements 1 January – 31 December

Notes

The fair value of issued options was as follows as of 31 December 2023:

GM options 2020: NOK 424,342
ESPP 2019: NOK 190,383
ESPP 2020: NOK 258,717
ESPP 2022: NOK 399,925
GM PSU 2023: NOK 188,394

DKK'000	<u>2023</u>	<u>2022</u>
3 Financial income		
Interest income from group entities	6,352	471
Other financial income	<u>761</u>	<u>1,362</u>
	<u>7,113</u>	<u>1,833</u>
4 Financial expenses		
Interest expense to group entities	991	0
Other financial expenses	<u>5,401</u>	<u>6,254</u>
	<u>6,392</u>	<u>6,254</u>
5 Tax on profit for the year		
Current tax for the year	12,279	13,945
Deferred tax for the year	68	-228
Adjustment of tax concerning previous years	<u>0</u>	<u>26</u>
	<u>12,347</u>	<u>13,743</u>
6 Proposed profit appropriation		
Retained earnings	<u>42,932</u>	<u>48,677</u>
	<u>42,932</u>	<u>48,677</u>

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2023	4,288	697	4,985
Additions for the year	550	13	563
Disposals for the year	-11	0	-11
Cost at 31 December 2023	4,827	710	5,537
Depreciation and impairment losses at 1 January 2023	-3,444	-691	-4,135
Depreciation for the year	-555	-8	-563
Reversed depreciation and impairment losses on assets sold	0	0	0
Depreciation and impairment losses at 31 December 2023	-3,999	-699	-4,698
Carrying amount at 31 December 2023	828	11	839

8 Financial assets

DKK'000	Deposits
Cost at 1 January 2023	1,521
Additions for the year	186
Cost at 31 December 2023	1,707
Carrying amount at 31 December 2023	1,707

9 Services in progress

DKK'000	31/12 2023	31/12 2022
Selling price of work performed	968	676
that can be specified as follows:		
Services in progress (assets)	968	676

Financial statements 1 January – 31 December

Notes

10 Deferred tax

DKK'000	31/12 2023	31/12 2022
Deferred tax at 1 January	-128	100
Deferred tax adjustment for the year in the income statement	68	-228
	-60	-128
Fixed assets	-86	-154
Prepayments	26	26
	-60	-128

Deferred tax asset recognised at 31 December 2023 is expected to be realised as current tax in the coming years.

11 Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years including prepaid insurance, rent, licenses, etc.

12 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

13 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into contractual obligations related to rent agreements with a residual term of 44 months. The rental obligations at 31 December 2023 total DKK 11,931 thousand (31 December 2022: DKK 8,250 thousand), of which DKK 3,398 thousand (31 December 2022: DKK 4,826 thousand) falls due for payment in 2023.

The Company has entered into contractual obligations related to operating leases with a residual term of 32 months. The obligations at 31 December 2023 amount to DKK 2,242 thousand (31 December 2022: DKK 2,224 thousand), of which DKK 1,203 thousand (31 December 2022: DKK 907 thousand) falls due for payment in 2023.

Joint liabilities

The Company is jointly taxed with the other Danish companies in the Crayon Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends. Any subsequent correction of the taxable jointly taxed income or withholding taxes may entail an adjustment of the Company's liability.

Financial statements 1 January – 31 December

Notes

14 Mortgages and collateral

As a guarantor, the Company has provided joint collateral up to NOK 1.2 billion in favour of Crayon Group Holding AS' engagement with Nordic Trustee ASA.

The collateral was provided in connection with Crayon Group Holding AS' bonds, which are listed on the Oslo Stock Exchange.

Crayon A/S has a factoring agreement in place and has on this basis pledged related receivables towards the external factoring provider. The total liability and related receivables amounted to DKK 102,416 thousand as of 31 December 2023 (31 December 2022: DKK 41,063 thousand).

15 Related party disclosures

Control

Crayon A/S' related parties comprise the following:

Crayon Group AS, Gullhaug Torg 5, 0484 Oslo, Norway.

Crayon Group AS holds the majority of the contributed capital in the Company.

Crayon A/S is part of the consolidated financial statements of Crayon Group Holding ASA, Sandakerveien 114, 0484 Oslo, Norway, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Crayon Group Holding ASA can be obtained by contacting the Parent Company at the above address or on the Company's website: www.crayon.com

Related party transactions

The Company recognised the following transactions with related parties in 2023:

Sale of services to related parties amounted to DKK 7,846 thousand.

Cost of services purchased from related parties totalled DKK 814,202 thousand.

Remuneration of the Executive Board and Board of Directors is disclosed in note 2.

Payables/receivables to/from group entities are disclosed in the balance sheet.

Financial income and financial expenses from/to group entities are disclosed in notes 3 and 4.

Dividends paid in 2023 to Crayon A/S' shareholder amounted to DKK 45,000 thousand.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2023</u>	<u>2022</u>
16 Other adjustments		
Financial income	-7,113	-1,833
Financial expenses	6,392	6,254
Tax on profit for the year	12,347	13,743
Equity movements	<u>280</u>	<u>-170</u>
	<u>11,906</u>	<u>17,994</u>
17 Change in working capital		
Change in receivables	-139,254	13,541
Change in trade and other payables	<u>199,422</u>	<u>-10,624</u>
	<u>60,168</u>	<u>2,917</u>

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"By my signature I confirm all dates and content in this document."

Allan Krogsgaard Jakobsen

Adm. direktør

On behalf of: Crayon A/S and Crayon Consulting A/S

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