



# Crayon A/S

Tobaksvejen 2A, 3.  
2860 Søborg  
Denmark

CVR no. 28 71 61 84

## Annual report 2019

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

24 April 2020

Heidi Rosborg Bertelsen  
chairman of the meeting

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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 2019.

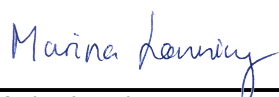
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations 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, 24 April 2020  
Executive Board:



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Marina Lønning

Board of Directors:



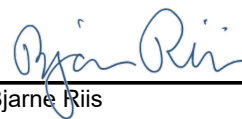
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Torgrim Takle  
Chairman



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Rune Syversen



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Bjarne Riis



## **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 2019 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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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.



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## Independent auditor's report

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, 24 April 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Mikkel Trabjerg Knudsen'.

Mikkel Trabjerg Knudsen  
State Authorised  
Public Accountant  
mne34459

**Crayon A/S**  
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## **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**

Torgim Takle, Chairman  
Rune Syversen  
Bjarne Riis

### **Executive Board**

Marina Lønning

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V  
Denmark

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Gross profit	85,793	77,259	60,703	69,277	56,755
Operating profit	23,720	16,859	11,549	18,439	9,691
Profit/loss from financial income and expenses	857	-115	-543	313	631
Profit for the year	18,840	13,293	8,561	14,598	7,848
<b>Balance sheet</b>					
Total assets	235,058	138,578	148,379	153,873	126,558
Equity	30,742	21,769	16,906	22,998	16,400
Investment in property, plant and equipment	170	1,004	722	1,798	421
<b>Ratios</b>					
Return on invested capital	12.7%	11.8%	7.6%	13.2%	7.9%
Return on equity	71.8%	68.7%	42.9%	74.1%	49.1%
Solvency ratio	13.1%	15.7%	11.4%	15.0%	13.0%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

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 software and provide consultancy services and managed services within Software Asset Management, Cloud services, IT infrastructure and IT architecture.

#### **Development in activities and financial position**

##### ***Profit for the year***

Profit for the year after tax amounted to DKK 18,840 thousand in 2019 as against DKK 13,293 thousand in 2018.

2019 was a year when the Company has expanded its position on the Danish market. The sale of licenses and software services to large companies has developed positively. Several new large companies have chosen Crayon as their advisor on our core competencies. Our indirect business, where we support hosting and cloud partners, continue to grow, and we see continuous growth in the use of cloud services.

We have maintained tight cost control, and overall results for the year are satisfactory and above expectations.

#### **Events after the balance sheet date**

No events have occurred from the balance sheet data and to this date that will change the assessment of the financial statements.

#### **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 will occur relatively faster in services which require an increase in staff. The Company delivered strong earnings growth in 2019 and expects continued growth and positive results for 2020.

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organization, and most governments are taking restrictive measures to curtail its further spread affecting free movement of people and goods.

These events, which occurred subsequent to the balance sheet date, together are material without requiring any adjustments in these financial statements.

While no material effects on the Company's financial position or results of operations have yet been identified at the date of these financial statements, Management will continue to monitor and evaluate them during the 2020 financial year.

#### **Particular risks**

Risks and uncertainties in the business are the continuing access to qualified personnel within the areas we operate. Specialist expertise is a decisive factor in gaining new and retaining existing customers and in maintaining certifications and authorisations from significant suppliers.

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## **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 counteracted by corruption, is covered by our Parent Company, Crayon Group AS org. No. 981125592, with registered office in Oslo, Norway. The CSR report is available via [www.crayon.com](http://www.crayon.com).

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2019	2018
<b>Gross profit</b>		85,793	77,259
Staff costs	2	-59,891	-58,175
Depreciation, amortisation and impairment losses		-2,167	-2,078
<b>Ordinary operating profit</b>		23,735	17,006
Other operating costs		-15	-147
<b>Operating profit</b>		23,720	16,859
Financial income	3	1,958	1,500
Financial expenses		-1,101	-1,615
<b>Profit before tax</b>		24,577	16,744
Tax on profit for the year		-5,737	-3,451
<b>Profit for the year</b>	4	18,840	13,293

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	5		
Goodwill		3,600	4,800
Software		<u>2</u>	<u>6</u>
		<u>3,602</u>	<u>4,806</u>
<b>Property, plant and equipment</b>	6		
Fixtures and fittings, tools and equipment		801	1,488
Leasehold improvements		<u>279</u>	<u>411</u>
		<u>1,080</u>	<u>1,899</u>
<b>Financial assets</b>	7		
Other receivables		<u>1,437</u>	<u>1,427</u>
<b>Total fixed assets</b>		<u>6,119</u>	<u>8,132</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		142,130	103,970
Receivables from group entities		4,755	7,042
Service in progress	8	0	99
Other receivables		2,108	0
Corporation tax		0	496
Prepayments	9	<u>130</u>	<u>474</u>
		<u>149,123</u>	<u>112,081</u>
<b>Cash at bank and in hand</b>		<u>79,816</u>	<u>18,365</u>
<b>Total current assets</b>		<u>228,939</u>	<u>130,446</u>
<b>TOTAL ASSETS</b>		<u>235,058</u>	<u>138,578</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	10	532	532
Retained earnings		12,210	11,237
Proposed dividends for the financial year		18,000	10,000
<b>Total equity</b>		<b>30,742</b>	<b>21,769</b>
<b>Provisions</b>			
Provisions for deferred tax	11	622	1,046
<b>Total provisions</b>		<b>622</b>	<b>1,046</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Other credit institutions		36,928	0
Prepayments received from customers		11,158	9,604
Trade payables		121,273	71,012
Payables to group entities		6,767	13,483
Corporation tax		3,196	412
Other payables		24,372	20,769
Deferred income	12	0	483
		203,694	115,763
<b>Total liabilities other than provisions</b>		<b>203,694</b>	<b>115,763</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>235,058</b>	<b>138,578</b>
<b>Contractual obligations, contingencies, etc.</b>	13		
<b>Mortgages and collateral</b>	14		
<b>Related party disclosures</b>	15		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2019	532	11,237	10,000	21,769
Ordinary dividends paid	0	0	-10,000	-10,000
Transferred over the profit appropriation	0	840	18,000	18,840
Value adjustments of equity	0	133	0	133
<b>Equity at 31 December 2019</b>	<b>532</b>	<b>12,210</b>	<b>18,000</b>	<b>30,742</b>

## Financial statements 1 January – 31 December

### Cash flow statement

DKK'000	Note	2019	2018
Profit for the year		18,840	13,293
Other adjustments of non-cash operating items	16	5,013	3,635
Depreciation and amortisation		2,167	2,078
Cash flows from operations before changes in working capital		26,020	19,006
Changes in working capital	17	47,599	1,842
Cash flows from ordinary activities		73,619	20,848
Interest income		1,958	1,500
Interest expense		-1,101	-1,615
Corporation tax paid		-2,880	-4,554
<b>Cash flows from operating activities</b>		<b>71,596</b>	<b>16,179</b>
Acquisition of intangible assets		0	-8
Sale of intangible assets		0	11
Acquisition of property, plant and equipment		-170	-1,004
Disposal of property, plant and equipment		25	157
<b>Cash flows from investing activities</b>		<b>-145</b>	<b>-844</b>
External financing:			
Repayment of payables to group entities		0	-15,375
Shareholders:			
Distributed dividends		-10,000	-8,500
<b>Cash flows from financing activities</b>		<b>-10,000</b>	<b>-23,875</b>
<b>Cash flows for the year</b>		<b>61,451</b>	<b>-8,540</b>
Cash and cash equivalents at the beginning of the year		18,365	26,905
<b>Cash and cash equivalents at year end</b>		<b>79,816</b>	<b>18,365</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Crayon A/S for 2019 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.

#### 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

##### Net revenue

Net revenue is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Income is considered realised when an agreement has been signed with the customer and the company is considered to have delivered its service. Income is accrued over the term of the contract because the customers may change supplier during the contract period. The income of the year corresponds to 12 months of income for contracts on which the company is supplier. Income for a year is recognised at the time when the customer has decided to use the customer as supplier for another 12 months period.

##### Indirect sales

In indirect sales arrangements, Crayon invoices the customer and receives payment from the customer, while the software vendor bills and receives payment from Crayon. Crayon has a risk of delinquency by the customer, whilst having a financial commitment to the supplier. The gross amount billed to the customer is therefore recognised as revenue in the financial statements and the purchase from the supplier is recognised as cost of sales.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Direct sales

In direct sales arrangements, the vendor invoices customers directly, not through Crayon. Crayon A/S recognises incentive fees in the same month as the sales agreement is signed.

##### Sales of licences

Income from sale of licences is recognised at the time of delivery. As regards sale of licences on a long-term contract where the customers pay annual fees, the income is recognised in the relevant period.

As regards sale of licences, Crayon A/S invoices the gross amount and receives an invoice from the relevant software provider. The Company bears the debtor risk concerning its customers and the Company therefore recognises sale of licences by a gross presentation under revenue.

##### 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.

##### 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.

##### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

##### 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. Repayments 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

##### Intangible assets

###### *Goodwill*

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life, which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile and the industry-specific conditions.

###### *Software*

Software is measured at the lower of cost less accumulated amortisation or the recoverable amount. Software is amortised on a straight-line basis over the expected useful life, which is estimated to 3 - 5 years.

##### 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.

Depreciation is recognised in the income statement as depreciation and amortisation.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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.

#### Other receivables - fixed assets

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

#### 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.

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.

#### Service in progress

Service in progress is 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 service contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual contract.

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 service in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of service in progress where progress billings exceed the selling price.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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.

#### 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.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

#### 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.

##### *Dividends*

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

#### Liabilities other than provisions

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 net realisable value.

## **Financial statements 1 January – 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **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.

#### **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 short-term overdrafts.

## Financial statements 1 January – 31 December

### Notes

#### 2 Staff costs

DKK'000	2019	2018
Wages and salaries	50,967	49,636
Pensions	6,231	6,023
Other social security costs	454	396
Other staff costs	2,239	2,120
	<u>59,891</u>	<u>58,175</u>
Average number of full-time employees	<u>85</u>	<u>80</u>

Staff costs include remuneration of the Company's Executive Board of DKK 3,967 thousand (2018: DKK 3,699 thousand). The Company's Board of Directors did not receive any remuneration in 2019 (2018: DKK 0).

The Executive Board has received options under the share option program in 2019 amounting to DKK 133 thousand (2018: DKK 69 thousand).

#### Incentive schemes

##### Share option program (IPO)

In connection with the listing on group level in Norway, the Board of Directors resolved to establish a new option program in order to tie key personnel closer to the Company and to enhance the economic incentive related to value creation within the Group. The new options have been granted to employees and consultants in the Group as well as to the Board of Directors. The duration of the program is five years from the grant date on 18 October 2017. The size of the option program is up to 200,000 options relating to Crayon A/S, Denmark. The program consists of three tranches with a earnings period of 1, 2 and 3 years. The options will vest in the three tranches, whereby each tranche consisting of 1/3 of the options will vest on the first, second and third anniversary of the grant date, respectively (i.e 18 October 2018, 2019 and 2020).

A cost of DKK 133 thousand has been charged as an expense in the income statement for 2019.

##### Fair value of options

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

Total fair value regarding Crayon A/S, Denmark is DKK 5,908 thousand with a strike price of NOK 52.00.

The expiry date of all three tranches is October 2022.

#### 3 Financial income

DKK'000	2019	2018
Interest income from group entities	401	310
Other financial income	1,557	1,190
	<u>1,958</u>	<u>1,500</u>

## Financial statements 1 January – 31 December

### Notes

#### 4 Profit for the year

DKK'000	2019	2018
Proposed dividends for the year	18,000	10,000
Retained earnings	840	3,293
	<u>18,840</u>	<u>13,293</u>

#### 5 Intangible assets

DKK'000	Goodwill	Software	Total
Cost at 1 January 2019	12,000	8	12,008
Cost at 31 December 2019	12,000	8	12,008
Amortisation and impairment losses at 1 January 2019	-7,200	-2	-7,202
Amortisation for the year	-1,200	-4	-1,204
Amortisation and impairment losses at 31 December 2019	-8,400	-6	-8,406
<b>Carrying amount at 31 December 2019</b>	<u>3,600</u>	<u>2</u>	<u>3,602</u>

#### 6 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2019	3,007	643	3,650
Additions for the year	147	23	170
Disposals for the year	-70	0	-70
Cost at 31 December 2019	3,084	666	3,750
Depreciation and impairment losses at 1 January 2019	-1,519	-232	-1,751
Depreciation for the year	-809	-155	-964
Reversed depreciation and impairment losses on assets sold	45	0	45
Depreciation and impairment losses at 31 December 2019	-2,283	-387	-2,670
<b>Carrying amount at 31 December 2019</b>	<u>801</u>	<u>279</u>	<u>1,080</u>

## Financial statements 1 January – 31 December

### Notes

#### 7 Financial assets

DKK'000	<u>Other receivables</u>
Cost at 1 January 2019	1,427
Additions for the year	11
Disposals for the year	<u>-1</u>
Cost at 31 December 2019	<u>1,437</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>1,437</u></b>

#### 8 Service in progress

DKK'000	<u>31/12 2019</u>	<u>31/12 2018</u>
Selling price of work performed	<u>0</u>	<u>99</u>
that can be specified as follows:		
Service in progress (assets)	<u>0</u>	<u>99</u>

#### 9 Prepayments

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

#### 10 Contributed capital

All shares rank equally.

#### 11 Deferred tax

DKK'000	<u>31/12 2019</u>	<u>31/12 2018</u>
Deferred tax at 1 January	1,046	962
Deferred tax adjustment for the year in the income statement	<u>-424</u>	<u>84</u>
	<u>622</u>	<u>1,046</u>

#### 12 Deferred income

No deferred income was recognised at 31 December 2019. As of 31 December 2018, deferred income amounted to DKK 483 thousand comprising payments received regarding income in subsequent years.



## Financial statements 1 January – 31 December

### Notes

#### 13 Contractual obligations, contingencies, etc.

##### Operating lease obligations

The Company has entered into contractual obligations, including leases and rent agreements with a residual term of up to 57 months. The liability at 31 December 2019 totalled DKK 18,684 thousand, of which DKK 4,673 thousand falls due for payment in 2019.

##### 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.

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

The Company has provided trade receivables with a total value at the balance sheet date of DKK 142,130 thousand as collateral for loan from factoring company of total DKK 36,928 thousand as of 31 December 2019.

#### 15 Related party disclosures

##### Control

Craon A/S' related parties comprise the following:

Crayon Group AS, Sandakervejen 114A, 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 AS, 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 AS can be obtained by contacting the companies at the above address or on the Company's website [www.crayon.com](http://www.crayon.com).

## Financial statements 1 January – 31 December

### Notes

#### Related party transactions

The Company recognised the following transactions with related parties in 2019:

Sale of services to related parties amounts to DKK 47,493 thousand.

Cost of services purchased from related parties amounts to DKK 336,483 thousand.

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

Payables/receivables to/from related parties are disclosed in the balance sheet.

Financial income from related parties is disclosed in note 3.

Dividends paid in 2019 to Crayon A/S' shareholder amounts to DKK 10,000 thousand.

DKK'000	2019	2018
<b>16 Other adjustments</b>		
Financial income	-1,958	-1,500
Financial expenses	1,101	1,615
Tax on profit for the year	5,737	3,451
Equity movements	133	69
	<u>5,013</u>	<u>3,635</u>
<b>17 Change in working capital</b>		
Change in receivables	-37,548	3,502
Change in trade and other payables	85,147	-1,660
	<u>47,599</u>	<u>1,842</u>