



Crayon A/S

Tobaksvejen 2A, 3.
DK-2860 Søborg

CVR no. 28 71 61 84

Annual report 2022

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

31 March 2023

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 2022
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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 2022.

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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

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, 31 March 2023
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 2022 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 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, 31 March 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Niklas R. Filipsen
State Authorised
Public Accountant
mne47781

Crayon A/S
Annual report 2022
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	2022	2021	2020	2019	2018
Key figures					
Gross profit	145,265	108,745	97,490	85,794	77,259
Profit before financial income and expenses	66,841	39,291	31,799	23,721	16,859
Profit/loss from financial income and expenses	-4,421	-729	-1,609	856	-115
Profit for the year	48,677	29,928	23,470	18,840	13,293
Total assets					
Equity	70,120	46,613	36,505	30,742	21,769
Investment in property, plant and equipment	816	387	360	170	1,004
Ratios					
Return on invested capital	18.4%	13.0%	13.7%	14.1%	11.8%
Return on equity	83.4%	72.0%	69.8%	71.8%	68.7%
Solvency ratio	18.1%	13.8%	13.6%	15.5%	15.7%

The financial ratios have been calculated as follows:

With reference to section 101 (3) of the Danish Financial Statements Act, comparative figures for 2018, 2019 and 2020 have not been restated in connection with the changes in accounting policies. Refer to the accounting policies section of the annual report for an explanation of the restatements recognised related to 2022 and 2021.

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

The Company's income statement for 2022 shows a profit of DKK 48,677 thousand as against DKK 29,928 thousand in 2021. Equity in the Company's balance sheet on 31 December 2022 stood at DKK 70,120 thousand as against DKK 46,613 thousand on 31 December 2021.

2022 was a year when our Industry rose to the ongoing challenges of rapid rates of innovation and responding to what our customers required in a new normal hybrid working environment. Several major new customers and partners chose Crayon A/S as their partner for cloud, software services and cost optimisation services, and we kept almost all existing customers and partners in our portfolio and as such took significant market shares in both private and public segments.

Crayon Denmark launched several new services focusing on helping customers on their digital transformation journey and at the same time optimising ROI on cloud and software investments. Our most popular bestsellers in 2022 were cloud migration and cloud & software optimisation services, software asset management, cloud economics, audit support and cost optimisation. Our indirect business, where we support cloud and hosting partners, continued to grow, and we saw continuous growth in the consumption of services in the cloud across all our segments fueling the growth of Crayon A/S as a result.

Results for the year were significantly better than expected. Earnings were better than expected as a result of the focused execution of our strategies. As a result, the Company experienced double digit growth rates in all cloud and license areas as well as cloud and managed services across all customer segments and service areas.

The Company has changed its accounting policies related to the recognition and measurement of revenue. A reference is made to note 1 to the financial statements for clarity over the changes in accounting policies.

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 be seen relatively faster in cloud, BI and software optimisation services. The Company delivered strong double-digit earnings growth in 2022 and expects continued growth and positive results in 2023. The overall expectation is yearly growth in gross profit and results for the year of 5-10%.

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.

Management's review

Operating review

The Company's risk exposure

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, required by larger software vendors.

Most of our customers have adapted to the new normal post COVID-19 and have a constant need to automate and accelerate their digital transformation to stay competitive. Cloud, software and adoption of new technologies is a key enabler for this, and the need to migrate, optimise, operate, innovate and secure IT environments remains strong. Crayon A/S' knowledge and insights are at the epicenter of this development.

Further uncertainty relates to 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 almost 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, and we constantly develop our competencies and services and focus on delivering high-quality services to our customers.

Financial risks

Major transactions exposed to currency risks are hedged by means of forward contracts. The Company did not have any financial instruments in foreign currency by end of the year 2022.

The fact that the Company's purchases and sales are made in the same currency mitigates currency exposure resulting in natural hedging 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 2022.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Gross profit		145,265	108,745
Staff costs	2	-76,809	-67,718
Depreciation and amortisation		<u>-1,615</u>	<u>-1,736</u>
Profit before financial income and expenses		66,841	39,291
Financial income	3	1,833	1,045
Financial expenses		<u>-6,254</u>	<u>-1,774</u>
Profit before tax		62,420	38,562
Tax on profit for the year	4	<u>-13,743</u>	<u>-8,634</u>
Profit for the year	5	<u><u>48,677</u></u>	<u><u>29,928</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Intangible assets	6		
Goodwill		0	1,200
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		844	426
Leasehold improvements		6	23
		850	449
Financial assets	8		
Deposits		1,521	1,496
Total fixed assets		2,371	3,145
Current assets			
Receivables			
Trade receivables	9	195,124	207,943
Receivables from group entities		4,361	4,663
Services in progress	10	676	1,140
Deferred tax asset	11	128	0
Prepayments	12	119	100
		200,408	213,846
Cash at bank and in hand		184,222	121,466
Total current assets		384,630	335,312
TOTAL ASSETS		387,001	338,457

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		532	532
Retained earnings		69,588	21,081
Proposed dividends for the financial year		<u>0</u>	<u>25,000</u>
Total equity		<u>70,120</u>	<u>46,613</u>
Provisions			
Provisions for deferred tax	11	<u>0</u>	<u>100</u>
Total provisions		<u>0</u>	<u>100</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other credit institutions		<u>6,495</u>	<u>12,827</u>
Current liabilities other than provisions			
Current portion of non-current liabilities		6,678	6,664
Banks		29,822	988
Prepayments received from customers		13,921	9,606
Trade payables		183,149	215,302
Payables to group entities		23,225	7,451
Corporation tax		9,079	2,152
Other payables		44,257	36,499
Deferred income	13	<u>255</u>	<u>255</u>
		<u>310,386</u>	<u>278,917</u>
Total liabilities other than provisions		<u>316,881</u>	<u>291,744</u>
TOTAL EQUITY AND LIABILITIES		<u>387,001</u>	<u>338,457</u>
Contractual obligations, contingencies, etc.	14		
Mortgages and collateral	15		
Related party disclosures	16		

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 2022	532	21,081	25,000	46,613
Equity movements	0	-170	0	-170
Ordinary dividends paid	0	0	-25,000	-25,000
Transferred over the profit appropriation	0	48,677	0	48,677
Equity at 31 December 2022	532	69,588	0	70,120

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2022	2021
Profit for the year		48,677	29,928
Other adjustments of non-cash operating items	17	17,994	10,042
Depreciation and amortisation		1,615	1,736
Cash generated from operations before changes in working capital		68,286	41,706
Changes in working capital	18	2,917	30,424
Cash generated from operations		71,203	72,130
Interest income		1,833	1,045
Interest expense		-6,254	-1,774
Corporation tax paid		-7,044	-8,969
Cash flows from operating activities		59,738	62,432
Acquisition of property, plant and equipment		-816	-387
Cash flows from investing activities		-816	-387
Shareholders:			
Distributed dividends		-25,000	-20,500
Cash flows from financing activities		-25,000	-20,500
Cash flows for the year		33,922	41,545
Cash and cash equivalents at the beginning of the year		120,478	78,933
Cash and cash equivalents at year-end		154,400	120,478

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Crayon A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The Company's accounting class has changed from C large to C medium during 2022 as a result of the change in accounting policies. A reference is made to the following section for clarity over the change in accounting policies and the impact on the financial statements. The change in accounting policies have not effected the Company's recognition and measurement in the financial statements.

Change in accounting policies

In May 2022, the IFRS Interpretation Committee (IFRIC) formally published the final agenda decision providing guidance to principal versus agent assessment under IFRS 15 for Software Resellers. The new guidance provided by the IFRIC clarifies that the software reseller presales advice (while important) is not an implicit promise in a contract with a customer. At the time of entering into a contract with the customer, the reseller has already provided the advice. There is no further advice to be provided by the reseller, and the advice already provided will not be transferred to the customer after contract inception. Accordingly, the IFRIC concluded that, at the time when a contract is entered into with a customer, there is no valid expectation of the customer that the reseller will transfer goods or services to the customer other than the software licenses provided by the software company.

Based on a control assessment of the standard software license as the promised goods rather than a combination with an implied promise of providing a service, arising from the new guidance, Crayon has decided to reassess whether the Company acts as a principal or an agent for transactions under the software and cloud divisions. Management concluded that Crayon for a significant part of our operations does not control the software licenses from the software provider before they are transferred to the customer and therefore acts as an agent for the software and cloud license business for these agreements. Consequently, the Company has revised its accounting policy for the software and cloud license business and has from 2022 accounted for this as an agent and recognize revenue net of related costs.

Incentives and rebates from vendors previously recognised as a reduction in cost of sales will be recognised as revenue. Principal vs. agent assessments depend on the specific facts and circumstances and can be very complex and judgmental. An assessment of the effects of this change on the accounting policy was ongoing during 2022. Crayon A/S' operating model focuses on us acting as a principal rather than an agent, and consequently our assessment of certain accounting impacts of the change in accounting principle must be based on Management estimates. When reporting as a principal, we assessed the end user as our customer, and our performance obligation related to delivering software licenses. Upon the change, the Company acts as an agent for the software company, and our performance obligation relates to Crayon A/S arranging for the sale of licenses on behalf of the software company.

The change in accounting policies have affected current and comparative figures as follows:

2021:

Revenue, decrease of DKK 1,067,819 thousand
Cost of sales, decrease of DKK 1,067,819 thousand.

2022:

Revenue, decrease of DKK 1,604,323 thousand
Cost of sales, decrease of DKK 1,604,323 thousand.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The effect on the financial statements are limited to the above reclassification of gross profit. As a result of the change in accounting policies, the Company no longer prepares its financial statements in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C large entities and on this basis is no longer under an obligation to disclose revenue and cost of sales in the income statement.

Besides the change in accounting policies, 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

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 act as agent, the cost related to the licenses are reduced in the 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. Repayments from public authorities are deducted from staff costs.

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.

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 depreciated.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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 amortised cost.

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 income

Deferred income comprises advance invoicing regarding income in subsequent years.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2022	2021
Wages and salaries	62,240	56,679
Pensions	10,198	7,747
Other social security costs	613	525
Other staff costs	3,758	2,767
	<u>76,809</u>	<u>67,718</u>
Average number of full-time employees	<u>97</u>	<u>83</u>

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. The total remuneration to the Executive Board and Board of Directors in 2022 amounted to DKK 3,215 thousand of which DKK 224 thousand relates to pension.

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company did not disclose remuneration of Management for 2021 as only one member of the Board of Directors and Executive Board is remunerated.

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 scheme), 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 and 2022 (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 income of DKK 171 thousand (2021: expense of DKK 680 thousand) has been recognised in the income statement for 2022.

Financial statements 1 January – 31 December

Notes

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.

The fair value of issued options was as follows as of 31 December 2022:

GM options 2020: NOK 424,342
ESPP 2019: NOK 190,383
ESPP 2020: NOK 258,717
ESPP 2022: NOK 159,550

DKK'000	<u>2022</u>	<u>2021</u>
3 Financial income		
Interest income from group entities	471	214
Other financial income	<u>1,362</u>	<u>831</u>
	<u>1,833</u>	<u>1,045</u>
4 Tax on profit for the year		
Current tax for the year	13,945	8,852
Deferred tax for the year	-228	-196
Adjustment of tax concerning previous years	<u>26</u>	<u>-22</u>
	<u>13,743</u>	<u>8,634</u>
5 Proposed profit appropriation		
Proposed dividends for the year	0	25,000
Retained earnings	<u>48,677</u>	<u>4,928</u>
	<u>48,677</u>	<u>29,928</u>
6 Intangible assets		
DKK'000		<u>Goodwill</u>
Cost at 1 January 2022		<u>12,000</u>
Cost at 31 December 2022		<u>12,000</u>
Amortisation and impairment losses at 1 January 2022		-10,800
Amortisation for the year		<u>-1,200</u>
Amortisation and impairment losses at 31 December 2022		<u>-12,000</u>
Carrying amount at 31 December 2022		<u>0</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 2022	3,511	697	4,208
Additions for the year	816	0	816
Disposals for the year	-39	0	-39
Cost at 31 December 2022	4,288	697	4,985
Depreciation and impairment losses at 1 January 2022	-3,085	-674	-3,759
Depreciation for the year	-398	-17	-415
Reversed depreciation and impairment losses on assets sold	39	0	39
Depreciation and impairment losses at 31 December 2022	-3,444	-691	-4,135
Carrying amount at 31 December 2022	844	6	850

8 Financial assets

DKK'000	Deposits
Cost at 1 January 2022	1,496
Additions for the year	25
Cost at 31 December 2022	1,521
Carrying amount at 31 December 2022	1,521

9 Trade receivables

Of total trade receivables of DKK 195,124 thousand, DKK 0 thousand (31 December 2021: DKK 7,076 thousand) falls due after 12 months from the balance sheet date.

10 Services in progress

DKK'000	31/12 2022	31/12 2021
Selling price of work performed	676	1,140
that can be specified as follows:		
Services in progress (assets)	676	1,140

Financial statements 1 January – 31 December

Notes

11 Deferred tax

DKK'000	31/12 2022	31/12 2021
Deferred tax at 1 January	100	296
Deferred tax adjustment for the year in the income statement	-228	-196
	<u>-128</u>	<u>100</u>
Intangible assets	0	264
Tangible assets	-154	-186
Prepayments	<u>26</u>	<u>22</u>
	<u>-128</u>	<u>100</u>

It is expected that deferred tax asset recognised at 31 December 2022 will be realised as current tax in the coming years.

12 Prepayments

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

13 Deferred income

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

14 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into contractual obligations, related to rent agreements with a residual term of 33 months. The rental obligations at 31 December 2022 total DKK 8,250 thousand (31 December 2021: DKK 11,282 thousand), of which DKK 4,826 thousand (31 December 2021: DKK 4,297 thousand) falls due for payment in 2022.

The Company has entered into contractual obligations related to operating leases with a residual term of 45 months. The obligations at 31 December 2022 amount to DKK 2,224 thousand (31 December 2021: DKK 1,243 thousand), of which DKK 907 thousand (31 December 2021: DKK 814 thousand) falls due for payment in 2022.

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

15 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.

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 amount to DKK 41,063 thousand as of 31 December 2022.

16 Related party disclosures

Control

Crayon A/S' related parties comprise the following:

Crayon Group AS, Sandakerveien 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 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 2022:

Sale of services to related parties amounted to DKK 20,025 thousand.

Cost of services purchased from related parties totalled DKK 629,905 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 from group entities is disclosed in note 3.

Dividends paid in 2022 to Crayon A/S' shareholder came in at DKK 25,000 thousand.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
17 Other adjustments		
Financial income	-1,833	-1,045
Financial expenses	6,254	1,774
Tax on profit for the year	13,743	8,633
Equity movements	<u>-170</u>	<u>680</u>
	<u>17,994</u>	<u>10,042</u>
18 Change in working capital		
Change in receivables	13,541	-29,584
Change in trade and other payables	<u>-10,624</u>	<u>60,008</u>
	<u>2,917</u>	<u>30,424</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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2023-03-31 08:57:42 UTC



Rune Syversen

Bestyrelsesformand

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

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2023-03-31 09:31:23 UTC



Jon Birger Syvertsen

Bestyrelsesmedlem

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Bestyrelsesmedlem

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Niklas Filipsen

Statsautoriseret revisor

On behalf of: KPMG Statsautoriseret Revisionspartners...

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Rune Syversen

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