Q1 2018

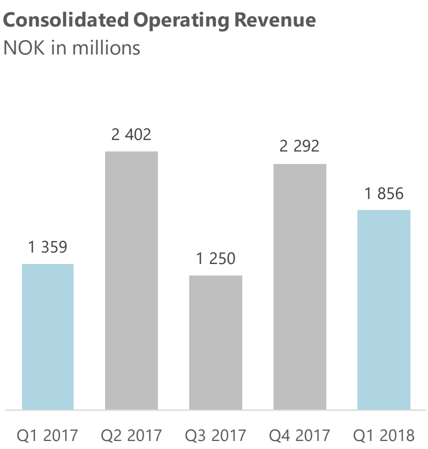
Crayon Group – Interim financial report

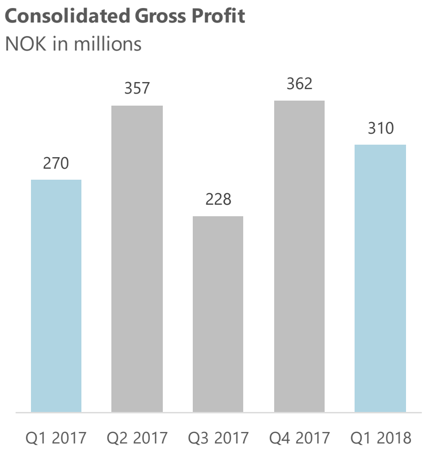
Content

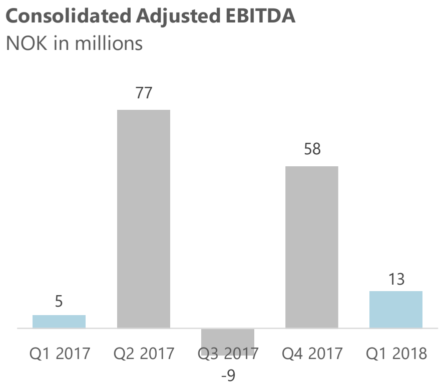
This document contains the un-audited consolidated quarterly financial statements and notes for Crayon Group Holding ASA. The below commentary should be read in conjunction with definitions and further disclosure as provided in the notes.

Highlights

- Solid commercial momentum across all business areas and market clusters. Q1 2018 gross profit grew by 15% compared to the same quarter last year (year-over-year, “YoY”), driven by strong growth in the Software Direct and the Consulting business areas. From a market cluster perspective, Nordics was the most significant growth driver.
- Continued positive adjusted EBITDA development delivering a MNOK 8.4 improvement YoY, leading to last twelve months (“LTM”) adjusted EBITDA of NOK 139m. The major contributor to the YoY EBITDA improvement was the Nordics market cluster
- Seasonality in cash flow patterns in line with expectations with a negative cash flow from operations in Q1 2018.







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

Key consolidated figures

(NOK in thousands, unless stated)	**Q1 2018** Un-audited	**Q1 2017** Un-audited	**Full year 2017** Audited
Revenue	1 855 712	1 358 532	7 301 712
Gross profit	310 223	269 804	1 215 776
EBITDA	10 511	4 654	103 842
Adjusted EBITDA	13 328	4 926	130 600
EBIT	(7 200)	(10 623)	32 158
Net profit	(12 188)	(21 675)	(50 734)
Cash flow from operations	(251 195)	(139 100)	152 859
Gross profit margin (%)	16,7 %	19,9 %	16,7 %
Adjusted EBITDA margin (%)	0,7 %	0,4 %	1,8 %
Adjusted EBITDA / Gross profit margin (%)	4,3 %	1,8 %	10,7 %
Earnings per share (Nok per share)	(0,15)	(0,35)	(0,59)

	31 March 2018	**31 March 2017**	**31 December 2017**
Net interest bearing debt	388 662	608 773	105 878
Liquidity reserve	221 989	133 218	518 868
Net working capital	(137 507)	(205 440)	(405 301)
Average headcount (number of employees)	1 008	970	977

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

Business review

Q1 2018 represents another quarter of continued gross profit and adjusted EBITDA growth for Crayon, demonstrating the value of the global footprint and the strong market position in Nordics. Q1 2018 YoY revenue growth was 37% while gross profit growth was 15%, leading to a total Q1 2018 gross profit of NOK 310m. Adjusted EBITDA in Q1 2018 was NOK 13.3m, an increase of NOK 8.4m compared with Q1 2017.

The Group regularly reports on operating segments and geographical market clusters. The market clusters are composed of operating countries with similar maturity from inception. See Note 4 for additional information.

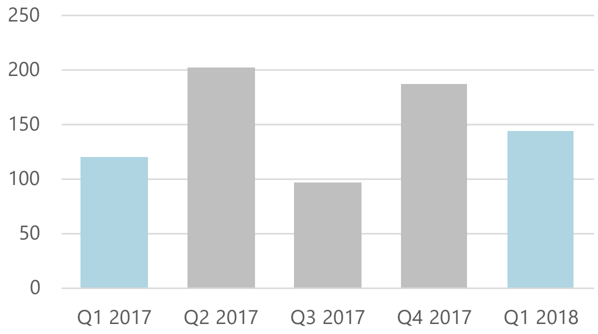
All market clusters had positive gross profit growth in Q1 2018 compared to Q1 2017. Nordics is the largest market cluster and delivered a strong 12% gross profit growth, while the Growth Markets and Start-Ups market cluster both delivered strong gross profit YoY growth of 23% and 39% respectively. The US market cluster had a slower gross profit YoY growth rate of 5%, driven the Software business segment due to management changes and a refocused strategy in this segment.

Overall, the Software division saw growth of 20% YoY, primarily driven by Software Direct with 23% gross profit growth YoY, but also the Software Indirect business contributed positively with 10% gross profit growth YoY. Within the Software division overall, Start-Ups, Growth Markets, and the Nordics grew its gross profit in Q1 2018 with +9% YoY, +44% YoY and +48% YoY respectively, in line with expected underlying commercial momentum seen in these market clusters. Software in the USA grew by 30% YoY, but then again from a small base of NOK 5m in Q1 2017. Within the Services division, the overall gross profit growth was 12%, driven by both Consulting with 18% YoY growth and Software Asset Management ("SAM") with 7% YoY growth. Within the Services division, Nordics grew by 17% YoY, while Growth Markets and Start-Ups grew by 5% YoY and 14% YoY respectively. Services gross profit in the USA grew by 1%.

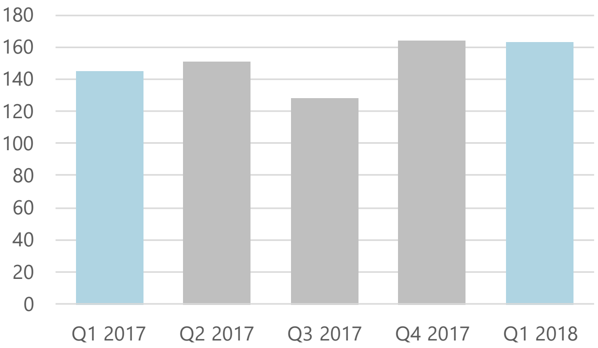
Q1 2018 adjusted EBITDA was NOK 13.4m (NOK +8.4m YoY). The YoY adjusted EBITDA improvement was driven by the Nordics (NOK +22m YoY), with strong positive momentum also from Growth Markets (NOK +10m YoY) and Start-Ups (NOK +7m YoY). In the business area dimension, the adjusted EBITDA improvement was driven by Software Direct (NOK +11m YoY) and Consulting (NOK +3m YoY). This was partly offset by lower EBITDA from Software Indirect as a consequence of the headwind from the incentive changes in Software Indirect in Q4 2017. SAM also had a negative adjusted EBITDA development in Q1 2018, reflecting the investments in new services and customer acquisition.

The strong 2018 Q1 results is a clear product of the efforts and investments into the global footprint during the past three years. Gross profit from less established markets (Start-Ups and USA) has grown 3.7x over two years, while the adjusted EBITDA margin from the same markets have improved from -65% in 2016 to -10% LTM Q1 2018.

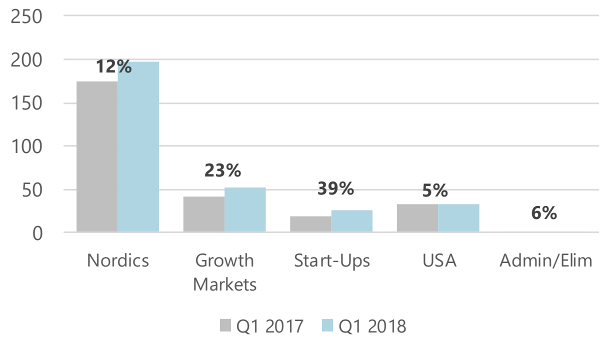
Software Gross Profit
In millions of NOK



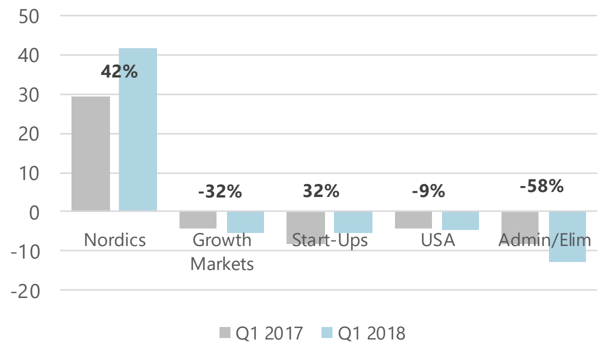
Services Gross Profit
In millions of NOK



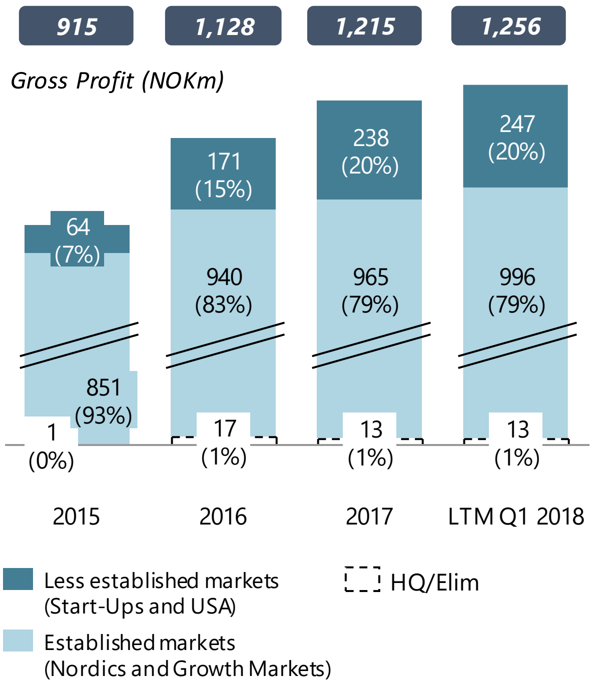
Gross Profit per Market Cluster and growth (%)
In millions of NOK



Adjusted EBITDA per Market Cluster and growth (%)
In millions of NOK

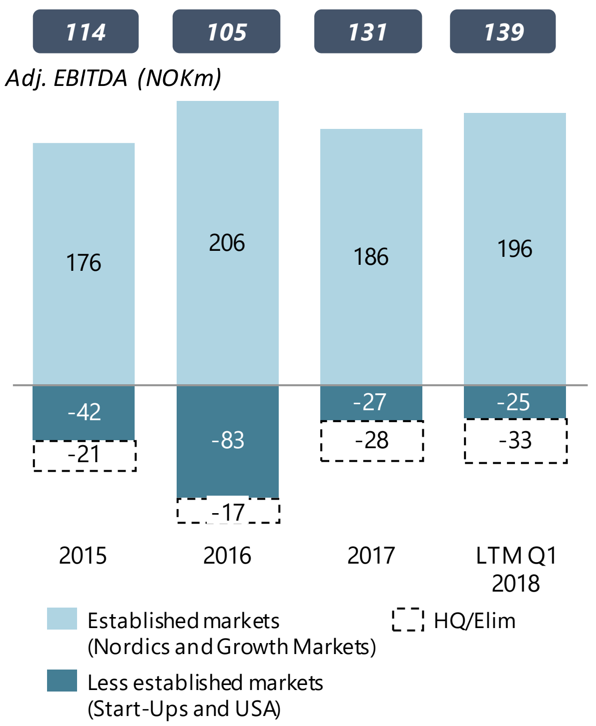


Total Gross Profit per Market Cluster



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

Total Adj. EBITDA per Market Cluster



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

Financial review

Items below the EBITDA line

Depreciation and amortization was in line with expectations, with the NOK 2.3m YoY increase in amortizations driven by investments in recent periods into platforms and ERP systems.

Finance costs are reduced YoY with NOK 5.3m, primarily because of the refinancing of the bond in April 2017 and the deleveraging of the bond following the IPO in November 2017.

Taxes in the period was in line with management's expectations.

This results in net earnings in the period of NOK -12.2m, an improvement of NOK 9.5m from Q1 2017.

Because of this improvement in net earnings and a larger number of shares following the IPO in November 2017, earnings per share improved from -0.35 per share in Q1 2017 to -0.15 per share in Q1 2018.

Other income and expenses

EBITDA adjusted for other income and expenses. Other income and expenses are one off items outside of the ordinary course of business. For Q1 2018 other income and expenses totaled NOK 2.8m, and consisted primarily of extraordinary personnel costs (NOK 1.4m), share based compensation (NOK 0.8m) and costs relating to the IPO in November 2017 (NOK 0.5m).

Adjusted EBITDA excludes these other income and expenses.

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

Balance sheet

As of Q1 2018 Crayon had assets of NOK 2 394m which primarily is composed of accounts receivables (NOK 1 147m) and goodwill (NOK 824m). Total liabilities as of Q1 2018 is NOK 1 845m, consisting primarily of accounts payable (NOK 1 019m) and a bond loan (NOK 445m)

Trade working capital[1] in Q1 2018 increased with NOK 71m compared to Q1 2017. This increase is driven by the quarter closing during Easter, where multiple markets had multiple bank holidays before. This affected Crayon's conversion of accounts receivables into cash, while it did not have the same effect on our accounts payables due to the timing of the due dates for those.

Management is continuing its efforts to control working capital, in particular in light of the growth in emerging markets with different credit risks and payment cycles.

Crayon has also finalized a non-recourse factoring arrangement with BNP with a potential EUR 120m scope. As a first step, management is implementing a pilot during Q2/Q3 for a set of customers in the Norwegian market to ensure the use of factoring does not interfere with our operations or customer relationships.

Leverage

Net interest-bearing debt as end of end March 2018 was NOK 388.7m with a net cash position of NOK 76.4m (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF"), corresponding to a leverage ratio of 2.8x EBITDA[1]. The company had no drawdown on the RCF as of the end of Q1 2018, and the Group had significant headroom with regards to its bank covenants as of quarter end.

Cash flow

In line with the underlying seasonality of the business, Q1 2018 had negative cash flow from operations. Cash flow from operations in Q1 2018 was NOK -251m, compared with NOK -139 in Q1 2017. The difference of NOK 112m is largely explained by differences in change of NWC (NOK 104m), where Q1 2018 is affected by (i) Easter holidays at the end of the quarter and (ii) a very strong NWC situation at the end of Q4 2017, which was normalized during Q1 2018.

The net cash position as of 31 March 2018 was NOK 76m (the Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")) compared to NOK 368m at the beginning of the quarter and NOK 67m on 31 March 2017.

The liquidity position of the group remains strong, with a total liquidity reserve as of March 31, 2018 of NOK 222m, compared to NOK 519fam as of 31 December 2017 and NOK 133m as of end Q1 2017. For more information on the definition of liquidity reserve, please the 'Alternative Performance Measures' section in this report.

Employees

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

The average number of employees for Q1 2018 was 1 008, compared to an average for Q1 2017 of 970. This represents a YoY increase of 38 employees (an increase of 4%). The biggest increase was among client facing employees within the Software business division with a total increase in average employees of 17 YoY, representing a 5% increase. The average number of employees in the Services business division increased YoY by 7 employees, whilst other employees increased by 14 from an average of 139 in Q1 2017 to 153 in Q1 2018.

[1] On a LTM basis, excluding other income and expenses and non-controlling interest. Also, adjusted for restricted cash of MNOK 9.5

Condensed Consolidated Statement of Income

(In thousands of NOK)	Note	Quarter ended 31 March, Un-audited 2018	Quarter ended 31 March, Un-audited 2017	Year ended 31 December, Audited 2017
Operating revenue	4	1 855 712	1 358 532	7 301 712
Materials and supplies		1 545 489	1 088 728	6 085 935
Gross profit		**310 223**	**269 804**	**1 215 776**
Payroll and related cost		256 373	228 431	940 464
Other operating expenses		40 522	36 448	144 711
Share based compensation		835	-	3 945
Other income and expenses		1 982	272	22 813
EBITDA		**10 511**	**4 654**	**103 842**
Depreciation and amortization	6	17 711	15 276	71 684
Operating profit/EBIT		**(7 200)**	**(10 623)**	**32 158**
Interest expense		10 995	16 320	60 721
Other financial expense, net	7	(5)	(170)	25 109
Net Income before tax		**(18 190)**	**(26 773)**	**(53 673)**
Income tax expense on net income		(6 002)	(5 098)	(2 939)
Net Income		**(12 188)**	**(21 675)**	**(50 734)**
Allocation of net income				
Non-controlling interests		(1 021)	(3 177)	(6 105)
Owners of Crayon Group Holding ASA		(11 167)	(18 498)	(44 629)
Total net income allocated		**(12 188)**	**(21 675)**	**(50 734)**
Earnings per share (NOK per share)		(0,15)	(0,35)	(0,59)
Comprehensive income		(8 938)	604	9 263
Total comprehensive income		**(21 126)**	**(21 071)**	**(41 471)**
Allocation of Total comprehensive income				
Non-controlling interests		(955)	(3 407)	(6 873)
Owners of Crayon Group Holding ASA		(20 171)	(17 664)	(34 598)
Total comprehensive income allocated		**(21 126)**	**(21 071)**	**(41 471)**

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

Condensed Consolidated Balance Sheet Statement

		31 March		31 December
		Un-audited	Un-audited	Audited
(In thousands of NOK)	Note	2018	2017	2017
ASSETS				
Non-current assets:				
Development Costs	9	74 879	57 921	68 950
Technology and software	9	37 446	46 459	40 361
Contracts	9	77 946	96 146	83 324
Software licenses (IP)	9	1 000	7 421	1 000
Goodwill	10	823 757	829 091	831 044
Deferred tax asset		54 062	-	45 252
Total intangible assets		**1 069 090**	**1 037 039**	**1 069 931**
Tangible assets				
Equipment		20 877	19 182	20 204
Total tangible assets		**20 877**	**19 182**	**20 204**
Other long-term receivables		6 494	4 073	4 771
Total financial assets		**6 494**	**4 073**	**4 771**
Total non-current assets		**1 096 461**	**1 060 294**	**1 094 906**
Current assets:				
Inventory		23 595	18 802	26 287
Accounts receivable		1 147 037	721 973	1 541 436
Other receivables		50 615	36 001	55 815
Income tax receivable		-	-	-
Total receivable		**1 221 246**	**776 777**	**1 623 539**
Cash & cash equivalents		76 441	66 515	368 442
Total current assets		**1 297 687**	**843 292**	**1 991 981**
Total assets		**2 394 148**	**1 903 586**	**3 086 887**

		31 March		31 December
		Un-audited	Un-audited	Audited
(In thousands of NOK)	Note	2018	2017	2017
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity:				
Share capital		75 394	52 476	75 394
Own shares		(3)	(9)	(3)
Share premium		588 051	262 334	588 051
Sum paid-in equity		**663 442**	**314 801**	**663 442**
Retained Earnings				
Other Equity		(123 664)	(69 437)	(105 597)
Total retained earnings		**(123 664)**	**(69 437)**	**(105 597)**
Total equity attributable to parent company sharegolders		**539 778**	**245 364**	**557 845**
Non-controlling interests		9 539	7 008	8 153
Total shareholders' equity		**549 318**	**252 372**	**565 998**
Long-term liabilities:				
Bond loan	11	444 658	-	442 058
Derivative financial liabilities		(425)	-	3 638
Deferred tax liabilities		34 690	6 343	39 167
Other long-term liabilities		7 154	1 566	7 188
Total long-term liabilities		**486 077**	**7 909**	**492 050**
Current liabilities:				
Bond loan		-	661 088	-
Accounts payable		1 019 402	660 495	1 600 566
Income taxes payable		278	(6 104)	4 800
Public duties		156 149	118 988	229 057
Other current liabilities		182 924	208 837	194 416
Total current liabilities		**1 358 753**	**1 643 305**	**2 028 839**
Total liabilities		**1 844 831**	**1 651 214**	**2 520 889**
Total equity and liabilities		**2 394 148**	**1 903 586**	**3 086 887**

Condensed Consolidated Statement of Cash Flows

	Quarter ended 31 March,		Year ended 31 December,
	Un-audited	Un-audited	Audited
(In thousands of NOK)	2018	2017	2017
Cash flows provided by operating activities:			
Net income before tax	(18 190)	(26 773)	(53 673)
Taxes paid	(6 595)	(9 460)	(11 869)
Depreciation and amortization	17 711	15 276	71 684
Net interest to credit institutions and interest to bond loan	8 819	12 267	50 645
Changes in inventory, accounts receivable/payable	(184 072)	(80 059)	33 064
Changes in other current accounts	(68 867)	(50 352)	63 008
Net cash flow from (used in) operating activities	**(251 195)**	**(139 100)**	**152 859**
Cash flows used in investing activities:			
Acquisition of assets	(18 256)	(10 129)	(51 238)
Acquisition of subsidiaries	(3 172)	-	(22 656)
Divestments	-	-	378
Net cash flow from (used in) investing activities	**(21 428)**	**(10 129)**	**(73 516)**
Cash flow used in financing activities:			
Net interest paid to credit institutions and interest to bond loan	(9 770)	(12 720)	(56 982)
New equity	-	-	348 612
Proceeds from issuance of interest bearing debt	-	-	589 746
Repayment of interest bearing debt	-	-	(827 663)
Other financial items	-	104	(3 405)
Net cash flow from (used in) financing activities	**(9 770)**	**(12 616)**	**50 308**
Net increase (decrease) in cash and cash equivalents	**(282 394)**	**(161 845)**	**129 651**
Cash and cash equivalents at beginning of period	368 442	227 905	227 905
Currency translation	(9 608)	455	10 886
Cash and cash equivalents at end of period	**76 441**	**66 515**	**368 442**

Condensed Consolidated Statement of Changes in Shareholder's Equity

Year to date period ending

31 March, 2017

	Attributable to equity holders of Crayon Group Holding ASA					
(In thousands of NOK)	Share capital	Own shares	Share premium	Other Equity	Non-controlling interests	Total equity
Balance at January 1, 2017	**52 476**	**(12)**	**262 320**	**(53 605)**	**11 194**	**272 373**
Share repurchase (net)	-	3	14	3	-	20
Net income	-	-	-	(18 498)	(3 177)	(21 675)
Currency translation	-	-	-	834	(231)	604
Other	-	-	-	1 828	(778)	1 050
Balance as of end of period	**52 476**	**(9)**	**262 334**	**(69 437)**	**7 008**	**252 371**

Year End 2017

	Attributable to equity holders of Crayon Group Holding ASA					
(In thousands of NOK)	Share capital	Own shares	Share premium	Other Equity	Non-controlling interests	Total equity
Balance at January 1, 2017	**52 476**	**(12)**	**262 320**	**(53 605)**	**11 194**	**272 373**
Opening balance adj.	-	-	-	920	-	920
Adjustment	-	-	-	(13 467)	3 832	(9 635)
Share repurchase (net)	-	9	38	29	-	76
Capital increase expenses	-	-	-	(9 516)	-	(9 516)
Share based compensation	-	-	-	4 639	-	4 639
Net income	-	-	-	(44 629)	(6 105)	(50 734)
Share issues	22 919	-	325 693	-	-	348 612
Currency translation	-	-	-	10 031	(768)	9 263
Balance as of end of period	**75 394**	**(3)**	**588 051**	**(105 597)**	**8 153**	**565 998**

Year to date period ending

31 March, 2018

	Attributable to equity holders of Crayon Group Holding ASA					
(In thousands of NOK)	Share capital	Own shares	Share premium	Other Equity	Non-controlling interests	Total equity
Balance at January 1, 2018	**75 394**	**(3)**	**588 051**	**(105 597)**	**8 153**	**565 998**
Opening balance adj.	-	-	-	1 270	-	1 270
Adjustment	-	-	-	-	(750)	(750)
Share based compensation	-	-	-	835	-	835
Net income	-	-	-	(11 167)	(1 021)	(12 188)
Acquisitions & divestments	-	-	-	-	3 091	3 091
Currency translation	-	-	-	(9 004)	66	(8 938)
Balance as of end of period	**75 394**	**(3)**	**588 051**	**(123 664)**	**9 539**	**549 318**

Notes

Note 1 Corporate information

The condensed interim consolidated financial statements of Crayon Group Holding ASA for the three months ended 31 March 2018 were authorised for issue on 14 May 2018. These Group financial statements have not been subject to audit or review.

Crayon Group Holding ASA ("Crayon") is a public limited company registered in Norway. The Company is a leading IT advisory firm in software and digital transformation services. Crayon optimises its clients' return on investment ("ROI") from complex software technology investments by combining extensive experience within volume software licensing optimization, digital engineering, and predictive analytics. Headquartered in Oslo, Norway, the company has approximately 1,100 team members in 43 offices worldwide.

Note 2 Basis of preparation

The consolidated condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU.

They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year end 31 December 2017.

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its Consolidated Financial Statements for the year ended 31 December 2017.

Assessment of effects of the new and revised International Financial Reporting Standards (IFRS) from 1 January 2018 are described in Note 2 – Summary of significant accounting principles – in the Annual report for 2017. The implementation of these accounting policies, IFRS 15, 'Revenue from Contracts with Customers' and IFRS 9, 'Financial instruments' do not have any significantly impact on the financial statement of Crayon Group.

The implementation of IFRS 16, Leases is mandatory from 1 January 2019. The new standard requires companies to bring most of its leases on-balance sheet. Preliminary assessment of this new standard indicates that a significant portion of the groups operational lease commitments disclosed in note 21 of the 2017 annual report will be presented as a financial lease in the balance sheet.

Note 3 Estimates

The preparation of interim financial statements requires the Group to make certain estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated by the company based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. Actual results may differ from these estimates. The most significant judgments used in preparing these interim financial statements and the key areas of estimation uncertainty are the same as those applied in the consolidated annual report for 2017.

Note 4 Segment information

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

The operating units that form a natural reporting segment are Software (Software Direct and Software Indirect), Services (SAM and Consulting) and Admin/Eliminations (Admin & Shared services and Eliminations).

- **Software Direct** is Crayon's licence offering from software vendors (e.g Microsoft, Adobe, Symantec, Citrix, Vmware, Oracle, IBM and others). The emphasis is towards standard software, which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes.
- **Software Indirect** is Crayon's offering towards hosters, system integrators and ISVs, which includes licence advisory/optimization, software licence sales and access to Crayons proprietary tools and IP.
- **Software Asset Management (SAM)** services include processes and tools for enabling clients to build in house SAM capabilities, licence spend optimisation and support for clients in vendor audits.
- **Consulting** consists of Cloud Consulting and Solution Consulting services related to infrastructure consulting, cloud migration and deployment, bespoke software deployment and follow-up of applications.
- **Admin & Shared services** includes administrative income and costs, corporate administrative costs (excluding other income and expenses), unallocated global shared costs and eliminations.
- The geographical market clusters are composed of operating countries with similar maturity. The Nordics is composed of Norway, Sweden, Denmark, Finland and Iceland (excluding Ice Distribution). Growth Markets is composed of Germany, Middle East, France and UK. Start-Ups is composed of markets with an inception point during 2014-2015 timeframe (i.e. India, Singapore, Malaysia, Philippines, Austria, Netherlands, Spain, Portugal, Switzerland and Ice Distribution). USA represents the post-closing financial contributions from the Anglepoint and SWI acquisitions, as well as Crayon US. HQ & Eliminations includes corporate admin costs (excluding other income and expenses), unallocated global shared cost and eliminations.

Year to date ended 31 March, 2018	**Operating Revenue per Market Cluster and Operating Segment**			
(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Operating Revenue
- Nordics	982 596	143 693	1 625	1 127 914
- Growth	336 355	20 650	870	357 875
- Start-Ups	265 607	7 018	488	273 113
- USA	97 668	29 353	111	127 132
- HQ	-	-	18 697	18 697
- Eliminations	-	-	(49 019)	(49 019)
Total Operating Revenue	**1 682 226**	**200 714**	**(27 228)**	**1 855 712**

Year to date ended 31 March, 2017	**Operating Revenue per Market Cluster and Operating Segment**			
(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Operating Revenue
- Nordics	745 192	121 413	3 193	869 798
- Growth	209 732	19 121	1 893	230 746
- Start-Ups	196 902	5 758	159	202 820
- USA	42 241	29 898	163	72 302
- HQ	(9 866)	-	15 630	5 764
- Eliminations	-	-	(22 899)	(22 899)
Total Operating Revenue	**1 184 201**	**176 190**	**(1 860)**	**1 358 531**

Year to date ended 31 March, 2018	**Gross Profit per Market Cluster and Operating Segment**			
(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Gross Profit
- Nordics	85 965	109 835	1 156	196 956
- Growth	31 930	19 042	871	51 843
- Start-Ups	19 618	6 253	316	26 186
- USA	6 067	27 572	111	33 751
- HQ	(380)	-	15 151	14 771
- Eliminations	-	-	(13 284)	(13 284)
Total Gross Profit	**143 200**	**162 703**	**4 320**	**310 223**

Year to date ended 31 March, 2017	**Gross Profit per Market Cluster and Operating Segment**			
(In thousands of NOK)	Software	Services	Admin/ Eliminations	Total Gross Profit
- Nordics	78 604	93 812	2 693	175 109
- Growth	22 229	18 218	1 857	42 304
- Start-Ups	13 288	5 468	151	18 907
- USA	4 651	27 262	163	32 076
- HQ	875	-	12 434	13 309
- Eliminations	-	-	(11 900)	(11 900)
Total Gross Profit	**119 646**	**144 760**	**5 397**	**269 804**

See Alternative Performance Measures section in the note disclosure for definitions.

(In thousands of NOK)	Quarter ended 31 March,	
Operating Revenue per Operating Segment	2018	2017
- Software Direct	1 156 034	790 045
- Software Indirect	526 193	394 156
Total Revenue - Software	1 682 226	1 184 201
- SAM	78 793	75 217
- Consulting	121 921	100 974
Total Revenue - Services	200 714	176 190
Admin & shared services	21 791	21 039
Eliminations	(49 019)	(22 899)
Total Operating Revenue	**1 855 712**	**1 358 531**

(In thousands of NOK)	Quarter ended 31 March,	
Gross Profit per Operating Segment	2018	2017
- Software Direct	107 784	87 507
- Software Indirect	35 416	32 139
Total Gross profit - Software	143 200	119 646
- SAM	72 901	68 411
- Consulting	89 802	76 349
Total Gross profit - Services	162 703	144 760
Admin & shared services	17 605	17 298
Eliminations	(13 284)	(11 900)
Total Gross Profit	**310 223**	**269 804**

(In thousands of NOK)	Quarter ended 31 March,	
Adjusted EBITDA per Operating Segment	2018	2017
- Software Direct	30 817	19 878
- Software Indirect	11 451	13 545
Total EBITDA - Software	42 268	33 423
- SAM	7 062	8 484
- Consulting	9 472	5 947
Total EBITDA - Services	16 534	14 431
Admin & shared services	(45 475)	(42 928)
Eliminations	-	-
Total Adjusted EBITDA	**13 328**	**4 926**

See Alternative Performance Measures section in the note disclosure for definitions.

(In thousands of NOK)	Quarter ended 31 March,	
Operating Revenue per Market Cluster:	2018	2017
- Nordics	1 127 914	869 798
- Growth Markets	357 875	230 746
- Start-Ups	273 113	202 820
- USA	127 132	72 302
- HQ	18 697	5 764
- Eliminations	(49 019)	(22 899)
Total Operating Revenue	**1 855 712**	**1 358 531**

(In thousands of NOK)	Quarter ended 31 March,	
Gross Profit per Market Cluster	2018	2017
- Nordics	196 956	175 109
- Growth Markets	51 843	42 304
- Start-Ups	26 186	18 907
- USA	33 751	32 076
- HQ	14 771	13 309
- Eliminations	(13 284)	(11 900)
Total Gross Profit	**310 223**	**269 804**

(In thousands of NOK)	Quarter ended 31 March,	
Adjusted EBITDA per Market Cluster	2018	2017
- Nordics	41 499	29 289
- Growth Markets	(5 532)	(4 179)
- Start-Ups	(5 501)	(8 095)
- USA	(4 469)	(4 083)
- HQ	(12 670)	(8 006)
- Eliminations	-	-
Total Adjusted EBITDA	**13 328**	**4 926**

See Alternative Performance Measures section in the note disclosure for definitions.

Note 5 Share options

Share incentive scheme:
2.3 million share options have been allotted to management and selected key employees. Each share option allows for the subscription of one share in Crayon Group Holding ASA. The fair value of the options is calculated when they are allotted and expensed over the vesting period. A cost of NOK 835 104 (including accrued social security tax) has been charged as an expense in the profit and loss statement in Q1 2018. The fair value at grant date is determined using an adjusted form of the Black Scholes Model, which considers the exercise price (NOK 15.50), the term of the option (5 years), the impact of dilution (where material), the share price at the grant date (NOK 15.50), expected price volatility of the underlying share and risk-free interest. The expected volatility is based on historical volatility for a selection of comparable listed companies. Risk free interest is based on treasury bond with same maturity as the option program. For further details, see stock exchange notifications regarding IPO, see www.newsweb.no. In total, the board of directors and management were allotted 0.4 million and 0.85 million share options, respectively.

IPO bonus scheme:
As part of the stock exchange listing, the Board of Directors decided to reward certain key personnel in the company and therefore, established an IPO bonus scheme whereby certain key personnel were given the opportunity to subscribe for shares in the offering to a subscription price of 50% of the final offer price in the offering. Approximately 30 key personnel, management and board of directors received in total 642 255 number of shares in the IPO bonus scheme. For further details, see stock exchange notifications regarding IPO, see www.newsweb.no. In total, the board of directors and management were rewarded 132 515 and 36 000 number of shares in the IPO scheme, respectively.

Note 6 Depreciation and amortization

Depreciation and amortization consists of the following:

	Quarter ended 31 March,		Year ended 31 December,
(In thousands of NOK)	2018	2017	2017
Depreciation	2 544	2 440	9 702
Amortization of intangibles (incl. write-down)	15 167	12 836	61 982
Total	**17 711**	**15 276**	**71 684**

Note 7 Other financial expense, net

Other financial expense, net consists of the following:

	Quarter ended 31 March,		Year ended 31 December,
(In thousands of NOK)	2018	2017	2017
Interest income	2 176	4 052	7 829
Other financial income	8 144	858	1 445
Other financial expenses	(10 316)	(4 740)	(34 383)
Total financial income / (Expense)	**5**	**170**	**(25 109)**

Note 8 Seasonality of Operations

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

Note 9 Intangible Assets

2018	Software licences (IP)	Development costs (R&D)	Contracts	Technology and software	Total
Aquisition cost 01.01	7 421	159 780	361 725	65 874	594 800
Additions	-	14 037	-	-	14 037
FX translation	-	736	(885)	(1 084)	(1 233)
Aquisitition cost at the end of the period	**7 421**	**174 552**	**360 840**	**64 790**	**607 603**
Amortization and impairment 01.01	6 421	90 830	278 401	25 513	401 165
Amortization	-	8 844	4 493	1 831	15 167
Impairment	-	-	-	-	-
Accumulated amortization and impairment	**6 421**	**99 674**	**282 894**	**27 344**	**416 332**
Net value at the end of the period	**1 000**	**74 879**	**77 946**	**37 446**	**191 271**
Amortization period	None	1-10 years	1-10 years	1-10 years	
Amortization method	None	Linear	Linear	Linear	

The company recognises intangible assets in the balance sheet if it is likely that the expected future economic benefits attributable to the asset will accrue to the company and the assets acquisition cost can be measured reliably.

Intangible assets with a limited useful life are measured at their acquisition cost, minus accumulated amortization and impairments. Amortization is recognised linearly over the estimated useful life. Amortization period and method are reviewed annually. Intangible assets with an indefinite useful economic life are not amortized, but are tested annually for impairment. The company divides its Intangible Assets into the following categories in the balance sheet:

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

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

Software Licences (IP):
Software Licences (IP) relates two intangible assets recognised in relation to Licman and Genova. Licman is an inventory licensing technology used in the Group, while Genova is part of Esito's developed software used as an internal tool to serve its customer base. Both Licman and Genova are expected to generate future economic benefits for the Group. The intangible assets both have an indefinite life and therefore, are not amortized. The assets are tested annually for impairment. Licman is expected to generate future economic benefits for the Group. The intangible asset has an indefinite life and therefore, is not amortised. The assets are tested annually for impairment.

Contracts:
Per IFRS 3, the Group has assessed if there are any identifiable intangible assets separable from Goodwill arising from business combinations.

The Group has determined that the contractual customer relationships identified in the business combinations of Anglepoint, Inmeta, Fast and Again meet the recognition

requirements under IAS38 as separately identifiable intangible assets. These contractual relationships are all expected to generate future economic benefits to the Group.

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

Note 10 Goodwill

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

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

(In thousands of NOK)	**Goodwill**
Aquisition cost at 01.01	881 183
Additions	-
Currency translation	(7 287)
Aquisition cost at the end of the period	**873 896**
Impairment at 01.01	50 139
Impirment during the period	
Accumulated Impairment at the end of the period	**50 139**
Net book value at the end of the period	**823 757**

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

Impairment of goodwill is tested by comparing the carrying value of Goodwill for each CGU to the recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use.

The impairment assessment is built on a discounted cashflow model (DCF), with the model assumptions relating to WACCC and CAGR specified per CGU below.

Note 11 Debt

In March 2017, the company successfully completed the issuance of a NOK 600m senior secured bond in the Nordic market, which has since been deleveraged to NOK 450m with proceeds from the IPO. Net proceeds from the bond issues were used to refinance the outstanding NOK 650m bond issued in July 2014.

In light of the refinancing mentioned above, the group has also successfully increased its revolving credit facility to NOK 200m.

Settlement for the initial loan amount was 6 April 2017, with final maturity 6 April 2020. The initial loan amount has a coupon of 3 months NIBOR +550bps. p.a. Any outstanding bonds is to be repaid in full at maturity date. The bonds are in process to be listed on the Oslo Stock Exchange. For further information about the Bond, we refer to the Bond terms.

The outstanding bond principal (NOK) has been hedged against the relevant currencies comprising the underlying cash flow of the company, and is booked as the actual value representing future liabilities based on the exchange rates at the balance sheet date. In accordance with IAS 39, the transactional costs (NOK ~ 10 million) related to the bond issue which was settled on April 6th 2017 are accretion expensed (i.e. added back) over the lifetime of the bond, thus reaching NOK 450m nominal value at maturity in FY 2020.

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

	Quarter ended 31 March,		Year ended 31 December
(In thousands of NOK)	2018	2017	2017
Long-term interest debt	455 595	666 613	455 595
Cash and cash equivalents	(76 441)	(66 515)	(368 442)
Restricted cash	9 507	8 675	18 725
Net interest bearing debt	**388 662**	**608 773**	**105 878**

Note 12 Financial Risk

Crayon Group is exposed to a number of risks, including currency risk, Interest rate risk, liquidity risk and credit risk. For a detailed description of these risks and how the group manages these risks, please see the annual report for 2017.

Note 13 Events after the balance sheet

No significant events have occurred subsequent to the balance sheet date that would have an impact on the interim financial statements.

Alternative Performance Measures

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

Crayon uses the following APM's:

- **Gross profit:** Operating Revenue less materials and supplies
- **EBIT:** Earnings before interest expense, other financial items and income taxes
- **EBITDA:** Earnings before interest expense, other financial items, income taxes, depreciation and amortization
- **Adjusted EBITDA:** EBITDA adjusted for other income and expenses. Other income and expenses are considered to be one off items outside of the ordinary course of business

	Quarter ended 31 March,		Year ended 31 December,
(In thousands of NOK)	2018	2017	2017
EBITDA	10 511	4 654	103 842
Other Income and Expenses	2 817	272	26 758
Adjusted EBITDA	**13 328**	**4 926**	**130 600**

Other Income and expenses: Income and expenses which are considered to be special costs. See table below.

	Quarter ended 31 March,		Year ended 31 December,
(In thousands of NOK)	2018	2017	2017
Refinancing	-	51	152
General M&A and strategy costs	29	221	348
IPO Cost 2017 (Project Elevate)	531	-	16 149
Share based compensation	835	-	3 945
Extraordinary personell costs	1 423	-	6 164
Other income and expenses	**2 817**	**272**	**26 758**

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

	Quarter ended 31 March,		Year ended 31 December
(In thousands of NOK)	2018	2017	2017
Inventory	23 595	18 802	26 287
Accounts receivable	1 147 037	721 973	1 541 436
Other receivables	50 615	36 001	55 815
Income tax receivable/ payable	(278)	6 104	(4 800)
Accounts payable	(1 019 402)	(660 495)	(1 600 566)
Public duties	(156 149)	(118 988)	(229 057)
Other current liabilities	(182 924)	(208 837)	(194 416)
Net working capital	**(137 507)**	**(205 440)**	**(405 300)**

Freely available cash: Cash and cash equivalents less restricted cash.
Liquidity reserve: Freely available cash and credit facilities.

	Quarter ended 31 March,		Year ended 31 December
(In thousands of NOK)	2018	2017	2017
Cash and cash equivalents	76 441	66 515	368 442
Restricted cash	(9 507)	(8 675)	(18 725)
Freely available cash	66 933	57 840	349 717
Available credit facility	155 056	75 378	169 151
Liquidity reserve	**221 989**	**133 218**	**518 869**

Responsibility statement by the Board and CEO

The Board and CEO have considered and approved the condensed set of financial statements for the period 1 January to 31 March 2018. We confirm to the best of our knowledge that the condensed set of financial statements for the above-mentioned period:

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

Oslo, May 14, 2018

Grethe Viksaas	**Jens Rugseth** **Chairman**	**Dagfinn Ringås**
Eivind Roald	**Camilla Magnus**	**Bjørn Rosvoll**
David Ulvær	**Torgrim Takle** **CEO**	**Brit Smestad**

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