Crayon

Q1 2025 Financial Report

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Highlights

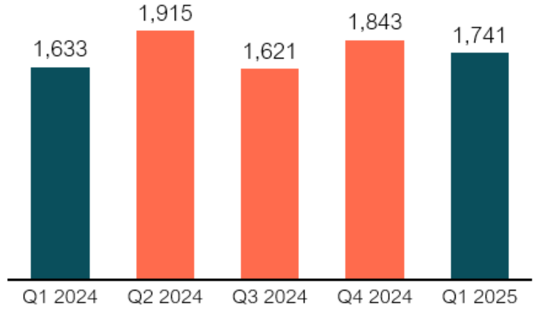
In Q1, 2025:
- Gross Sales increased 25% to NOK 17.4bn.
- Gross Profit increased 5% (3% in constant currency) to NOK 1,546m.
- Adjusted EBITDA ended at NOK 186m, corresponding to a margin of 12% (14%).
- Net working capital ended at minus NOK 1,486m, an improvement of NOK 401m compared to Q1, 2024.

Key figures

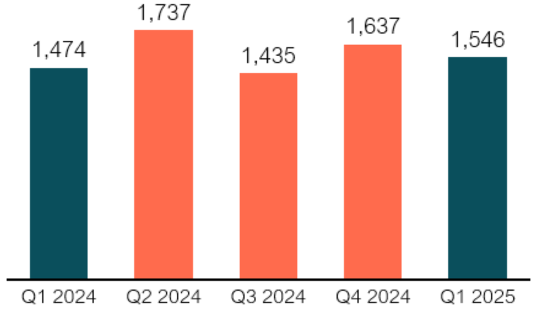
(NOK millions)	Q1 2025 Unaudited	Q1 2024 Unaudited	Full year 2024 Audited
Gross Sales	17,354	13,936	59,601
Revenue	1,741	1,633	7,012
Gross profit	1,546	1,474	6,283
EBITDA	170	178	1,090
Adjusted EBITDA	186	203	1,174
Operating profit/EBIT	82	98	753
Net income	43	10	267
Cash flow from operations	87	97	1,333
Adjusted EBITDA margin (%)	12.1%	13.8%	18.7%
Basic earnings per share (NOK)	0.54	0.14	2.90
Diluted earnings per share (NOK)	0.53	0.14	2.86
	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Net interest-bearing debt	415	1,214	361
Liquidity reserve	3,348	2,669	3,518
Leverage ratio (multiple)	0.4	1.2	0.3
Net working capital	-1,486	-1,085	-1,473
Full time equivalents (FTE)	4,058	4,057	4,182

See the last section for details on Alternative Performance Measures (APM).

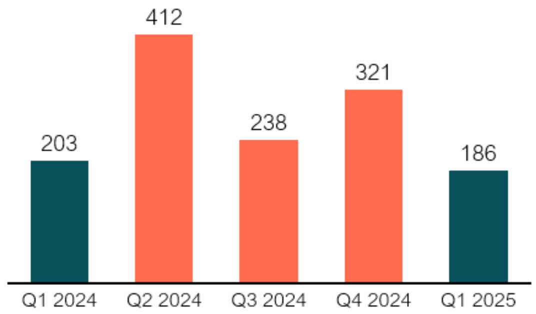
Revenue
NOK millions



Gross Profit
NOK millions



Adjusted EBITDA
NOK millions



Business review

(Figures in parentheses refer to the same period in the previous year)

In Q1, 2025 Gross Sales grew 25%, while Gross Profit grew 5% to NOK 1,546m. Activity remains high, and the company is securing new contract wins to ensure future up and cross sell opportunities. While growth in the Nordics was a bit soft at 7%, Gross Profit growth was strong in the international markets with Europe growing 19% and APAC & MEA 12%.

In addition, the groups Gross Profit was impacted by the development in the HQ line item, as Q1, 2024 had an exceptionally high incentive payout, mainly in the form of marketing support in connection with the launch of Copilot of approximately NOK 60m. Consequently, year over year Adj. EBITDA development was negative, and decreased from NOK 203m to 186m, reflecting a margin of 12.1% (13.8%).

Net working capital ended at minus NOK 1,486m, another record-setting level. Crayon continued to focus on implementing changes to improve net working capital performance and has as a result delivered a strong improvement six consecutive quarters in a row.

Market Clusters

Gross Profit in the Nordics grew 7% to NOK 612m. Growth in the Software and Cloud Direct business was soft, with only 3% growth. The Consulting business, which represents around 45% of Nordics Gross Profit grew by 5% compared to Q1, 2024. Adj. EBITDA increased by NOK 35, ending at NOK 183m, reflecting a margin of 30%. This is a strong improvement of 4 percentage points compared to Q1, 2024 and is driven mainly by improved profitability in the Consulting business.

In Europe Gross Profit grew 19% to NOK 362m. Software and Cloud Direct grew 15%, while Consulting grew 71%. Adj. EBITDA ended at NOK 7m, reflecting a margin of 2%, an increase of 3 percentage points compared to the same quarter in the previous year.

Gross Profit in APAC & MEA increased by 12% to NOK 368m. The region experienced strong growth in the Software and Cloud business with Direct and Channel growing by 14% and 16% respectively. Adj. EBITDA margin ended at 15%, a strong improvement from 11% in the same quarter of the previous year.

In the US Gross Profit grew 15% to NOK 181m. Direct grew 14% and Channel grew 31%. Gross Profit in Software and Cloud Economics remains solid with 14% growth, while Consulting grew 10%. Adj. EBITDA ended at minus NOK 8m, a decline from last year.

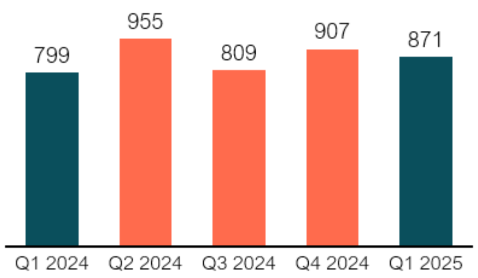
Business areas

Software & Cloud Direct grew 7% to NOK 514m. Adj. EBITDA increased by NOK 26m, to a margin of 44% (42%). Gross profit in the Channel business grew 12%, while Adj. EBITDA ended at NOK 244, an increase of NOK 22m compared to the same quarter the prior year. Combined, the Software & Cloud businesses grew 9% and Adj. EBITDA increased with NOK 48m, reflecting a margin of 54% (54%). Demand remains solid across multiple vendors.

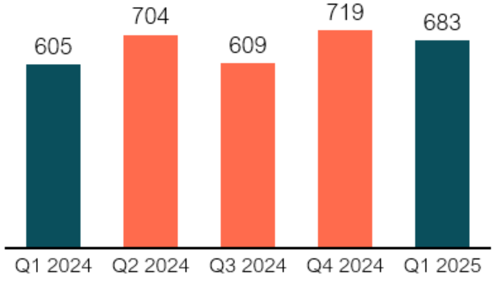
Gross Profit in the Service segments increased 13% to NOK 683m. The increase was driven by strong performance in the Consulting segment, which grew 16% to NOK 463m. Consulting in the Nordics which represents approximately 60% of the Gross Profit in the Consulting business, grew 5%, having a slow start to the quarter, but with increasing utilization throughout the quarter.

Adj. EBITDA margin in services combined increased from minus 1% to 9% in Q1, 2025. This reflects an increase of NOK 67m. The improvement is driven by the actions taken in the beginning of 2024 to increase utilization in the Consulting business.

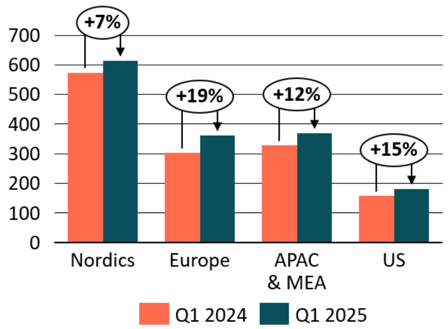
Software & Cloud Gross Profit
NOK millions



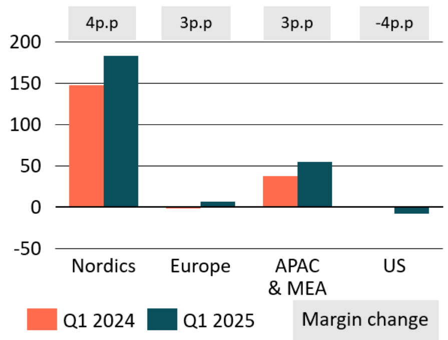
Services Gross Profit
NOK millions



Gross Profit by Market Cluster
NOK millions



Adj. EBITDA by Market Cluster
NOK millions



Financial review

(Figures in parentheses refer to the same period in the previous year)

Revenue and Gross Profit

Revenue in the quarter increased 7% YoY to NOK 1,741m. Gross Profit increased 5% to NOK 1,546m. The overall activity was high and gross sales increased 25%.

Revenue, Gross Profit and EBITDA are impacted by seasonality largely due to recurring annual agreements and holiday seasons. Historically, Q2 and Q4 provide higher volume and EBITDA compared to Q1 and Q3. The change in Gross Profit from NOK 1,637m in Q4, 2024 to NOK 1,546m in Q1, 2025, is impacted by seasonality.

Adjusted EBITDA

Adjusted EBITDA was NOK 186m for the quarter compared to NOK 203m last year. The decrease is mainly due to the payroll expenses increasing slightly higher than the Gross Profit in addition to an exceptionally high incentive payout last year of approximately NOK 60m related to the launch of Copilot marketing support. The adjusted EBITDA margin ended at 12.1% (13.8%).

Net adjustments for the quarter consist of expenses related to M&A, discontinuing certain operations in APAC and share-based compensation. The M&A expenses are mainly related to the ongoing SoftwareOne process. See the APM section for further information.

Net income

Depreciation and amortization amounted to NOK 88m, a slight decrease from the last quarter and NOK 7m increase from last year.

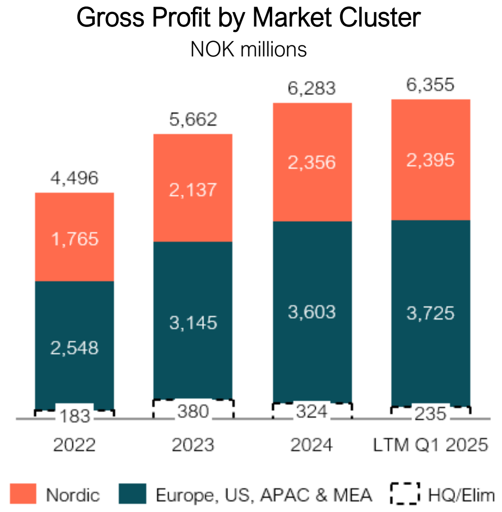
Interest expense for the quarter decreased YoY by NOK 9m to NOK 63m. The interest expense is positively impacted by the refinancing in Q2, 2024, and the beneficial development of the NWC, partly offset by increased interest cost on cash pool arrangements. The increased use of multi-currency cash pool arrangements improve flexibility and access to our cash cross border and provides opportunities for fair value hedging arrangements, but also increases the net interest cost due to the marginal cost on overdrafts versus deposits in the different currencies.

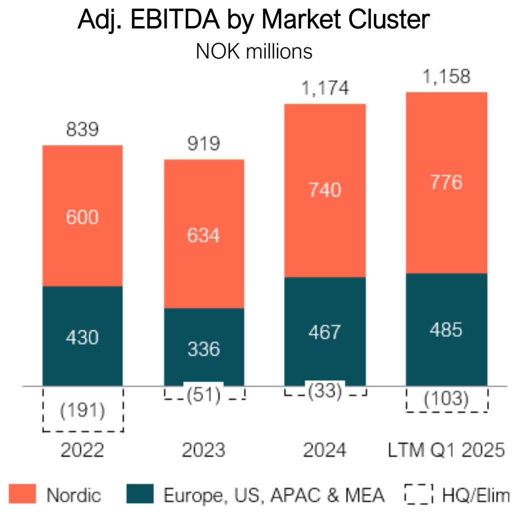
Net other financial items ended at an income for the quarter of NOK 28m compared to an expense of NOK 10m last year. Net currency gain amounted to NOK 24m in the quarter compared to a loss of NOK 10m last year.

Income tax expense ended at NOK 4m for the quarter, compared to NOK 7m last year.

Net income amounted to NOK 43m for the quarter, versus NOK 10m last year. The improvement mainly relates to decreased interest expenses and turning the net currency effect from loss to gain.

Basic and diluted earnings per share for the quarter amounted to NOK 0.54 and 0.53 respectively (0.14 and 0.14).





Crayon

Balance sheet

Total non-current assets decreased by NOK 167m to NOK 4,756m during the quarter, mainly due to currency effects on goodwill.

Total current assets increased by 12% to NOK 14,423m compared to last year, less than the increase in gross sales of 25% for the same period being the main driver for the growth in the working capital.

Net working capital improved by NOK 401m from Q1 last year and closed at NOK -1,486m at the end of the quarter. Non-recourse factoring agreements reduced accounts receivable by NOK 122m end of the quarter, compared to NOK 247m last year. Underlying net working capital year over year improvements, adjusted for factoring, were NOK 526m.

The seasonality of our business significantly impacts our net working capital. Historically, gross sales, negative net working capital and cash peak in Q2 and Q4, with reductions in Q3 and Q1. Due to the Q1 strong year-over-year gross sales growth, the net working capital slightly decreased during the quarter.

The process of collecting the significant overdue public sector receivables toward the Department of Budget and Management Procurement Services ("PS-DBM") in the Philippines developed positively during Q4, 2024 but with no further significant changes during Q1, 2025. The receivables originate from 2022 at about USD 45m. To be able to release the payment, Microsoft and Crayon have filed a money claim under an accelerated process that is expected to be resolved within 3-6 months. The money claim combines both Crayon's and Microsoft's unsettled receivables for license and cloud consumption from the start of the agreement until a new partner agreement was operating. The extended payment terms on certain accounts payables offsetting most of the negative net working capital impact for Crayon continue and are expected to be valid until the receivables are settled. A bad debt provision of NOK 7m has been considered related to the time value of the expected settlement. The provision is unchanged from Q4, 2024.

Total bad debt provision decreased during the quarter by NOK 3m to NOK 163m at the end of the quarter. Allowance for doubtful accounts increased by NOK 9m, offset by currency effects.

Interest-bearing debt decreased by NOK 112m to NOK 1,849m during the quarter. Total cash & cash equivalents of NOK 1,459m decreased by NOK 195m from the last quarter, and net interest-bearing debt increased by NOK 54m to NOK 415m.

Total equity decreased by NOK 254m to NOK 2,701m during the quarter driven by the negative other comprehensive income exceeding the NOK 43m net income. The equity ratio was 14%.

Cash flow

Cash flow from operations in Q1 was NOK 87m, compared to NOK 97m last year.

Net cash paid for investing activities amounted to NOK 61m in the quarter (NOK 42m) and mainly relates to ordinary CAPEX of tangible and intangible assets.

Net cash flow from financing activities in the quarter amounted to NOK -150m (NOK -169m).

The liquidity reserve consisting of non-restricted cash and available credit facilities ended at NOK 3,348m compared to NOK 2,669m last year.

Leverage

Net interest-bearing debt as of March 31, 2025, was NOK 415m, with a corresponding leverage ratio of 0.4x Adj. EBITDA[1)], providing significant headroom with regards to bank covenants at 4.0x Adj. EBITDA[1] at the end of the quarter.

Employees

Our people are our greatest asset and we strive to continuously attract, develop, and retain top talent, but even more importantly, we empower our employees to perform at the best of their abilities every day.

The number of full-time equivalents on March 31, 2025 was 4,058, compared to 4,057 full-time equivalents on March 31, 2024. In the Software & Cloud business division, full-time equivalents increased by 126, while in the Services business division decreased by 205 employees. The decrease in Service business division is affected by the wind-down of non-core operations in Philippines end of 2024. Adjusted for the wind-down, there is an increase of 44 FTEs. Other employees increased by 80 YoY.

1) On an LTM basis, excluding non-controlling interests.

Condensed Consolidated Statement of Income

(NOK millions)	Note	Q1 2025 Unaudited	Q1 2024 Unaudited	Full year 2024 Audited
Revenue	6	1,741	1,633	7,012
Cost of sales		-195	-159	-729
Gross profit		**1,546**	**1,474**	**6,283**
Payroll and related expenses		-1,168	-1,081	-4,329
Other operating expenses		-191	-190	-779
Share-based compensation	7	-2	-8	-35
Other income and expenses		-15	-17	-49
EBITDA		**170**	**178**	**1,090**
Adjustments		17	25	84
Adjusted EBITDA		**186**	**203**	**1,174**
Depreciation and amortization	4	-88	-81	-337
Operating profit/EBIT		**82**	**98**	**753**
Share of profit (loss) from associated companies		0	0	2
Interest expense		-63	-71	-279
Other financial income/expense (-), net	5	28	-10	-81
Net income before tax		**48**	**16**	**396**
Income tax expense on ordinary result		-4	-7	-128
Net income		**43**	**10**	**267**
Comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation		-299	91	167
Comprehensive income net of tax		**-256**	**100**	**435**
Allocation of net income				
Non-controlling interests		-4	-3	10
Owners of Crayon Group Holding ASA		48	12	258
Net income allocated		**43**	**10**	**267**
Earnings per share (NOK)		0.54	0.14	2.90
Diluted earnings per share (NOK)		0.53	0.14	2.86
Allocation of comprehensive income				
Non-controlling interests		-5	-2	11
Owners of Crayon Group Holding ASA		-251	103	424
Comprehensive income allocated		**-256**	**100**	**435**

Condensed Consolidated Balance Sheet Statement

(NOK millions)		Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
ASSETS	Note	Unaudited	Unaudited	Audited
Non-current assets:				
Goodwill	9	3,162	3,314	3,331
Other intangible assets	8	574	657	613
Deferred tax asset		228	133	170
Equipment		113	107	106
Right-of-use assets	12	462	554	502
Investment in associated companies		45	43	45
Other non-current assets		172	176	156
Total non-current assets		4,756	4,984	4,923
Current assets:				
Accounts receivable	11	9,956	8,385	10,113
Other current receivables and current assets	13	3,007	2,389	2,860
Cash & cash equivalents	10	1,459	1,402	1,654
Total current assets		14,423	12,176	14,627
Total assets		19,179	17,160	19,550

(NOK millions)		Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Unaudited	Unaudited	Audited
Shareholders' equity:				
Share capital		90	90	90
Own shares		-12	-100	-12
Share premium		1,821	1,821	1,821
Total paid-in equity		1,898	1,810	1,898
Retained earnings		814	797	1,063
Total equity attributable to parent company shareholders		2,712	2,607	2,961
Non-controlling interests		-11	-17	-6
Total shareholders' equity		2,701	2,590	2,955
Non-current liabilities:				
Interest-bearing liabilities	10	1,182	1,793	1,185
Deferred tax liabilities		157	120	166
Lease liabilities	10	400	492	434
Other non-current liabilities		23	27	21
Total non-current liabilities		1,761	2,432	1,807
Current liabilities:				
Accounts payable		11,246	9,311	11,313
Income taxes payable		36	57	60
Public duties		620	600	816
Current lease liabilities	10	108	101	113
Other current interest-bearing liabilities	10	160	177	230
Other current liabilities		2,548	1,891	2,256
Total current liabilities		14,717	12,138	14,788
Total liabilities		16,478	14,569	16,595
Total equity and liabilities		19,179	17,160	19,550

Condensed Consolidated Statement of Cash Flows

(NOK millions)	Q1 2025 Unaudited	Q1 2024 Unaudited	Full year 2024 Audited
Cash flows from operating activities:			
Net income before tax	48	16	396
Taxes paid	-47	-19	-125
Depreciation, amortization and impairment	88	81	337
Net interest expense	54	66	247
Interest received	9	5	32
Changes in trade working capital	89	38	313
Changes in other working capital and other adjustments	-153	-90	133
Net cash flow from operating activities	**87**	**97**	**1,333**
Cash flows from investing activities:			
Payment for capitalized assets	-56	-32	-150
Acquisition of subsidiaries - (net of cash acquired)	0	0	-34
Change in other investments	-6	-14	-10
Net cash flow from investing activities	**-61**	**-46**	**-194**
Cash flows from financing activities:			
Interest paid	-64	-71	-298
Repurchase of shares	0	0	46
Acquisition/disposal of non-controlling interests	0	0	-15
Repayment of bond loan	0	0	-637
Payment of lease liability	-28	-24	-107
Proceeds from RCF drawdown	1,300	400	4,480
Repayment of RCF	-1,300	-400	-4,480
Proceeds from supplier financing	334	299	1,605
Repayment of supplier financing	-358	-287	-1,547
Proceeds from other credit facilities utilization	1,290	1,158	5,751
Repayment of other credit facilities	-1,324	-1,244	-5,832
Dividends paid to non-controlling interests	0	0	-7
Net cash flow from financing activities	**-150**	**-169**	**-1,043**
Net increase (decrease) in cash and cash equivalents	**-124**	**-118**	**96**
Cash and cash equivalents at beginning of period	1,654	1,467	1,467
Currency translation	-71	53	91
Cash and cash equivalents at end of period	**1,459**	**1,402**	**1,654**

Condensed Consolidated Statement of Changes in Shareholder's Equity

Year to date period ending

Mar 31, 2024	Attributable to equity holders of Crayon Group Holding ASA							
(NOK millions)	Share capital	Own shares	Share premium	Translation difference	Other Equity	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2024	90	-100	1,821	394	292	2,497	-17	2,479
Net income	0	0	0	0	12	12	-3	10
Other comprehensive income	0	0	0	90	0	90	1	91
Total comprehensive income	0	0	0	90	12	103	-2	100
Share-based compensation	0	0	0	0	8	8	0	8
Transactions with non-controlling interests	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	-0	-0	2	2
Transactions with owners	0	0	0	0	8	8	3	10
Balance as of end of period	90	-100	1,821	484	312	2,607	-17	2,590

Mar 31, 2025	Attributable to equity holders of Crayon Group Holding ASA							
(NOK millions)	Share capital	Own shares	Share premium	Translation difference	Other Equity	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2025	90	-12	1,821	561	502	2,961	-6	2,955
Net income	0	0	0	0	48	48	-4	43
Other comprehensive income	0	0	0	-299	0	-299	-1	-299
Total comprehensive income	0	0	0	-299	48	-251	-5	-256
Share-based compensation	0	0	0	0	3	3	0	3
Transactions with non-controlling interests	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	-1	-1	-0	-1
Transactions with owners	0	0	0	0	2	2	0	2
Balance as of end of period	90	-12	1,821	262	552	2,712	-11	2,701

Notes

Note 1 – Corporate information

The Board of Directors has approved the condensed interim financial statements as at March 31, 2025, for publication on May 21, 2025. These Group financial statements have not been subject to audit or review.

Crayon Group Holding ASA is a public limited company registered in Norway. The headquarters is located at Gullhaug Torg 5, 0484 Oslo, Norway. Crayon Group Holding ASA is listed on Oslo Stock Exchange (Oslo Børs) under the ticker “CRAYN”.

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

Crayon had 4,058 full-time equivalents across 46 countries at the end of the period.

Note 2 – Basis of preparation

The consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 “Interim Financial Reporting”. The condensed interim financial statements do not include all information and disclosures required in the annual financial statement and should be read in accordance with the Group’s Annual Report for 2024, which has been prepared according to IFRS as adopted by EU.

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 management 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 judgements 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 2024.

Note 3 – Significant accounting principles

The accounting policies applied in the preparation of the consolidated interim financial statement are consistent with those applied in the preparation of the annual IFRS financial statement for the year ended December 31, 2024.

In the quarterly cash flow statement, comparative figures related to proceeds and repayment of RCF, supplier financing and other credit facilities are changed from net to gross presentation to conform to the current year presentation, implemented for the 2024 annual report and from the Q1, 2025 reporting. The change was included to provide better information on the total cash flows from financing activities.

Note 4 – Depreciation, amortization and impairment

Depreciation, amortization and impairment consist of the following:

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Depreciation	43	40	167
Amortization of intangibles	45	40	170
Total	88	81	337

See Note 8 for breakdown of intangible assets. See Note 12 for more information on Right-of-use assets.

Note 5 – Other financial income and expenses

Other financial income and expenses consist of the following:

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Interest income	9	5	32
Foreign currency gain/loss (-), net	24	-10	-26
Other financial expense	-4	-5	-87
Total	28	-10	-81

Included in the other financial expense full year 2024 is non-recurring termination costs related to refinancing the bond and the RCF of NOK 38m and an expense of NOK 20m related to write-off of a loan to the owners of our prior subsidiary in Russia.

Note 6 – Segment information

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

The reporting segments are Software & Cloud Direct, Software & Cloud Channel, Software & Cloud Economics and Consulting in addition to General & Administration. Further information is found in Note 2 Revenue and Note 3 Segment information in the Annual report 2024.

- Software & Cloud Direct is Crayon's license offering directly towards end-user, e.g. under Enterprise Agreements (EA). Sale of software and cloud licenses including advisory, support and access to Crayon's reporting portal.
- Software & Cloud Channel is Crayon's offering towards channel partners (hosters, MSPs and ISVs), who are the end-users point-of-contact, e.g. under Service Provider License Agreements (SPLA). Sale of software and cloud licenses including access to Crayon's CloudIQ platform.
- Software & Cloud Economics services include processes and tools for optimizing costs of cloud platforms and infrastructure, license spend optimization 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.
- General & Administration includes certain Group incentives and internal and external administrative income and expenses.

The market clusters are composed of operations in the different geographical areas. Crayon operates with five main geographical areas: Nordics, Europe, APAC & MEA and US in addition to HQ.

HQ includes certain Group incentives and internal and external administrative income and expenses.

Group Adjustments include certain IFRS 15 adjustments related to timing of revenue recognition following the IFRIC decision related to the principal versus agent assessment for software resellers incorporated in 2022.

Segment information March 31, 2025

(NOK millions)	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	General & Administration	Eliminations	Total
	Q1 2025						
	Software & Cloud		Services				
Revenue							
Nordics	210	73	57	373	3	0	716
Europe	143	59	69	190	4	0	466
APAC & MEA	101	180	17	149	4	0	450
US	50	18	113	19	0	0	200
HQ	21	0	0	6	97	0	123
Group Adjustments	-11	27	0	0	0	0	16
Eliminations	0	0	0	0	0	-230	-230
Revenue	514	357	256	736	108	-230	1,741
Gross profit							
Nordics	210	73	51	275	3	0	612
Europe	143	59	56	99	4	0	362
APAC & MEA	101	180	14	70	4	0	368
US	50	18	99	14	0	0	181
HQ	21	0	0	6	97	0	123
Group Adjustments	-11	27	0	0	0	0	16
Eliminations	0	0	0	0	0	-116	-116
Gross profit	514	357	220	463	108	-116	1,546
Payroll and other operating expenses	-289	-113	-203	-419	-452	116	-1,360
Adjusted EBITDA	225	244	17	44	-344	0	186

Segment information March 31, 2024

(NOK millions)	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	General & Administration	Eliminations	Total
	Q1 2024						
	Software & Cloud		Services				
Revenue							
Nordics	203	65	47	367	3	0	685
Europe	125	54	70	100	3	0	353
APAC & MEA	88	155	20	133	1	0	399
US	44	14	104	23	0	0	186
HQ	22	0	-0	-1	140	0	161
Group Adjustments	-4	32	0	0	-0	0	28
Eliminations	0	0	0	0	0	-177	-177
Revenue	479	320	241	623	148	-177	1,633
Gross profit							
Nordics	203	65	41	262	3	0	574
Europe	125	54	63	57	3	0	303
APAC & MEA	88	155	14	69	1	0	328
US	44	14	87	12	0	0	158
HQ	22	0	-0	-1	140	0	161
Group Adjustments	-4	32	0	0	0	0	28
Eliminations	0	0	0	0	0	-77	-77
Gross profit	479	320	204	400	148	-77	1,474
Payroll and other operating expenses	-280	-98	-192	-417	-360	77	-1,271
Adjusted EBITDA	199	222	12	-17	-212	-0	203

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Adj EBITDA - Operating Segment			
- Software & Cloud Direct	225	199	1,199
- Software & Cloud Channel	244	222	757
Total Adj EBITDA - Software & Cloud	469	420	1,957
- Software & Cloud Economics	17	12	49
- Consulting	44	-17	142
Total Adj EBITDA - Services	62	-5	191
General & Administration	-344	-212	-974
Total Adjusted EBITDA	186	203	1,174

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Adj EBITDA per Market Cluster			
- Nordics	183	148	740
- Europe	7	-2	203
- APAC & MEA	55	37	256
- US	-8	-1	7
- HQ	-65	-7	-109
- Group Adjustments	16	28	77
Total Adjusted EBITDA	186	203	1,174

Note 7 – Share based compensation

Please refer to Note 6 in Annual Report 2024 for overview and details on the different ongoing option and employee share purchase programs.

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

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Cost related to equity-settled share-based compensation transactions	3	9	28
Change in accrued employee social security tax	-1	-1	7
Total	2	8	35

Note 8 – Intangible assets

(NOK millions)	Software licenses (IP)	Development costs	Customer relationships	Technology and software	Total
Cost at Jan 1, 2025	9	668	715	143	1,535
Additions	0	32	0	0	32
Currency translation	-0	-16	-39	-10	-65
Cost at Mar 31, 2025	9	684	677	133	1,502
Amortization and impairment Jan 1, 2025	8	496	290	129	922
Amortization	0	23	20	2	45
Currency translation	0	-13	-16	-9	-38
Accumulated amortization and impairment at Mar 31, 2025	8	506	293	122	929
Net book value at Mar 31, 2025	1	178	383	11	574

The company recognizes intangible assets if it is likely that the expected future economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Intangible assets with a limited useful life are measured at cost less accumulated amortization and any impairments. Amortization is recognized on a straight-line basis over the estimated useful life. Amortization period is reviewed minimum annually.

Amortization of intangible assets identified as fair value adjustments as part of purchase price allocation from acquisitions amount to NOK 22m year to date.

The company divides its Intangible assets into the following categories in the balance sheet:

Software licenses (IP):

Intangible assets from historical acquisitions.

Development cost:

Crayon capitalizes expenses related to development activities according to IAS 38. Expenses capitalized include costs of materials and services used or consumed in generating the intangible asset and costs of employee benefits arising from the generation of the intangible asset. Capitalized development costs are amortized on a straight-line basis over the estimated useful life.

Customer relationships:

The intangible asset value related to customer relationships is mainly from the acquisitions of Sensa and rhipe. These assets are amortized on a straight-line basis over the estimated useful lifetime.

Technology and software:

Technology and software include intangible assets arising from the business combinations of Anglepoint and rhipe. Anglepoint contains capitalized software and technology developed internally by Anglepoint. Intangible assets from the rhipe acquisition are related to an internally developed subscription management platform used in the licensing business.

Note 9 – 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 (including intangible 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 recognized. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Reconciliation of the carrying amount of goodwill is presented below:

(NOK millions)	Goodwill
Acquisition cost at Jan 1, 2025	3,441
Additions	0
Currency translation	-169
Acquisition cost at Mar 31, 2025	3,271
Impairment at Jan 1, 2025	110
Impairment during the period	0
Accumulated impairment at Mar 31, 2025	110
Net book value at Mar 31, 2025	3,162

The Group performs impairment test for goodwill on an annual basis or when there are impairment indicators. There were no impairment indicators during Q1, 2025. See Note 9 in the Annual Report for 2024 for further information.

Note 10 – Net interest-bearing debt

Interest-bearing debt is recognized at amortized cost.

On April 8, 2024, the company completed a senior unsecured bond loan of NOK 1,200m within a maximum borrowing limit of NOK 2,500. The tenor of the bond is 4 years with maturity date 8 April 2028. The bonds carry an interest rate at 3M NIBOR + 2.75% margin. Transaction costs of NOK 10m related to the NOK 1,200m bond are carried at amortized cost. The previous bond of NOK 1,800m was simultaneously settled.

On July 2, 2024, Crayon signed and entered a NOK 1,500m revolving credit facility (RCF) through a bank syndication. It is a senior secured facility with a 3-year tenor and two 1-year extension options. The syndication consists of three international banks – Danske Bank as the facility agent, ING and Citibank, reflecting Crayon's growth footprint with a need of expansion on banking coverage provided globally. Any drawdown on the RCF is presented as non-current liabilities. As of March 31, 2025, the RCF was not utilized. Transaction costs of NOK 10m related to the RCF are carried at amortized cost.

During 2024, Crayon established secured ancillary facilities including an overdraft of NOK 300m and a guarantee facility of NOK 100m with Danske Bank, in addition to an unsecured EUR 10m overdraft facility established with ING. The overdraft facilities are not utilized as of March 31, 2025.

The Group entered into short-term supplier financing agreements during Q2, 2023. Total liability at the end of the quarter amounted to NOK 159m.

Total unused credit facilities (RCF and cash pool) amounted to NOK 1,913m at the end of the quarter.

Net interest-bearing debt means senior debt to credit institutions and other interest-bearing debt including leasing less non-restricted cash:

(NOK millions)	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Bond loan, non-current liabilities	1,192	1,793	1,191
Other non-current interest-bearing liabilities	0	0	5
Revolving credit facility	-10	0	-11
Supplier financing	159	146	198
Lease liabilities	400	492	434
Current lease liabilities	108	101	113
Other current interest-bearing liabilities	0	32	31
Cash & cash equivalents	-1,459	-1,402	-1,654
Restricted cash	25	52	53
Net interest-bearing debt	415	1,214	361

Note 11 – Financial Risk

Crayon Group is exposed to several financial risks, including foreign currency exchange risk, interest rate risk, liquidity risk and credit risk. For a detailed description of these risks and how they are managed, please see the 2024 Annual Report, Note 19.

Market risk

Interest rate exposure

The Group's interest rate risk arises from interest-bearing debt at floating rates (cash flow interest rate risk). The Group is sensitive to changes in NIBOR having an impact on the NOK 1,200m bond, utilized amounts under the NOK 1,500m RCF and NOK balances in the multicurrency cash pool. The Group can also be sensitive to interest in other currencies due to separate currency balances in the multicurrency cash-pool arrangements and to other interest-bearing debt, including lease liabilities. No interest positions are hedged.

Foreign currency risk exposure

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

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

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due, and that financing will not be available at a reasonable price. Crayon Group is impacted by liquidity fluctuation associated with its gross sales and growth. The cash flow from operating activities is mainly impacted by EBITDA and changes in the net working capital managed by the subsidiaries.

The Group's financial covenant is attached to the RCF. Net interest-bearing debt as of March 31, 2025, was NOK 415m, with a corresponding leverage ratio of 0.4x of Adj. EBITDA, providing significant headroom with regards to bank covenants (4.0x Adj. EBITDA) as of the end of the quarter.

The completion of the refinancing of a senior secured RCF and a senior unsecured bond issuance throughout 2024, secured the long-term financing of the group. The Group Treasury Department is responsible for optimizing and monitoring liquidity flows centrally through reliable forecasting and cash concentration. The Group has significant liquidity reserves available both through cash, multicurrency cash-pools and RCF, amounting to NOK 3,348m at the end of the quarter and the liquidity risk is therefore considered low.

Credit risk

The Group is exposed to credit risk from its operational activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. The Group has deposits with sound financial institutions.

Management makes assessments of the credit risk and updates its estimates of losses and the corresponding provision for bad debt on a regular basis. Historical losses and ageing are analyzed, and additional credit risk premium based on geographical analysis and other statistic information on country risk have been incorporated in the loss provision model. Crayon measures allowance for bad debt based on lifetime expected credit losses (ELCs). This involves both backward and forward-looking information and analysis. The management estimate is most sensitive to the forward-looking analysis.

The Group Treasury overlooks the credit risk on a centralized level whilst the subsidiaries are responsible for enforcing standard payment and delivery terms and conditions towards the clients. Credit risk exposure is largely impacted by outstanding receivables related to gross sales and contract assets. Credit check and control procedures conducted by local subsidiaries ensure the credit quality of the customers of Crayon. The Group continues to maximize the collection efforts over accounts receivable to reduce any risk.

Crayon presents losses on accounts receivable as operating expenses. The impact of accounts receivable is presented below.

Allowance for doubtful accounts in the balance sheet

(NOK millions)	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Balance at Jan 1	166	197	197
Currency translation	-13	12	16
Net reversal/allowance	9	22	-47
Closing balance	163	231	166

Profit or loss effect of bad debt

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Realized losses	2	3	72
Allowance for doubtful accounts	9	22	-47
Net accounting losses on trade receivables	11	25	25

The process of collecting the significant overdue public sector receivables toward the Department of Budget and Management Procurement Services (“PS-DBM”) in the Philippines developed positively during Q4, 2024 but with no further significant changes during Q1, 2025. The receivables originate from 2022 at about USD 45m. To be able to release the payment, Microsoft and Crayon have filed a money claim under an accelerated process that is expected to be resolved within 3-6 months. The money claim combines both Crayon’s and Microsoft’s unsettled receivables for license and cloud consumption from the start of the agreement until a new partner agreement was operating. The extended payment terms on certain accounts payables offsetting most of the negative net working capital impact for Crayon continue and are expected to be valid until the receivables are settled. A bad debt provision of NOK 7m has been considered related to the time value of the expected settlement. The provision is unchanged from Q4, 2024.

Note 12 – Right-of-use assets

(NOK millions)	Right-of-use assets
Acquisition cost at Jan 1, 2025	791
Additions	4
Disposals	-9
Adjustments	-2
Currency translation	-21
Acquisition cost at Mar 31, 2025	762
Depreciation at Jan 1, 2025	290
Depreciation during the period	30
Disposals	-9
Currency translation	-10
Accumulated amortization at Mar 31, 2025	300
Net book value at Mar 31, 2025	462

Note 13 – Contract assets

Contract assets are included in Other current receivables and amount to:

(NOK millions)	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Contract assets	346	281	330
Total	346	281	330

Contract assets are subsequent period net payments for multiple-period contracts where Crayon transfers services to a customer before the customer pays consideration. The assets are related to contracts under the software and cloud divisions.

Note 14 – Seasonality of operations

The Group's operating results and cash flows exhibit strong seasonality effects, leading to volatility from quarter to quarter. These seasonal effects are expected to continue. The main driver of the seasonality is higher volumes in Q2 and Q4 compared to Q1 and Q3, as annual contract renewals have been skewed towards these quarters based on factors such as year-end for certain vendors and end of the calendar year incentives. Furthermore, holiday periods impact on the service delivery capacity leading to fluctuations in revenue from services. This seasonality in revenue and gross profit leads to a similar seasonality in EBITDA, as the cost base is more stable quarter by quarter. Finally, this also leads to seasonality in the cash and net working capital position, as both the underlaying gross sales seasonality and effects such as bank days toward the end of the period have an impact on collections and payments and as such the working capital position leads to significant volatility between quarters in the cash flow from operations.

Note 15 – SoftwareOne transaction

On December 19, 2024, SoftwareOne Holding AG and Crayon Group Holding ASA, announced an agreement to combine. On March 14, 2025 SoftwareOne announced a takeover prospectus and launch of a recommended voluntary share and cash offer for all issued and outstanding shares in Crayon at a price of NOK 69 in cash and 0.8233 (rounded down) newly issued shares in SoftwareOne per Crayon share. The offer was subject to conditions such as minimum acceptance of 90% and regulatory approvals. It is expected that the offer will be concluded in Q2, 2025.

Any expenses, cash settlements or reclassifications contingent of the transaction to take place, are not considered in the Q1 report. This could include change of control conditions in loan agreements, cash settlement of the ongoing share-based payment programs and any other transaction cost. Ongoing expenses are recognised as they occur. External fees related to the transaction are reflected in adjusted EBITDA. Refer also to the “Other income and expenses” under the “Alternative Performance Measures”.

Note 16 – Events after the balance sheet date

On May 7, SoftwareOne announced a final result of acceptances under the offer, which, taken together with the shares already owned or controlled by SoftwareOne, aggregate 91.6% of the issued and outstanding share capital and voting rights in Crayon. The offer remains subject to the remaining closing conditions, including outstanding regulatory approvals. Subject to fulfilment of the remaining closing conditions, settlement of the offer will be made pursuant to the terms of the prospectus and take place no later than twenty business days after the date on which SoftwareOne has announced a settlement notification. Upon a successful completion of the offer, SoftwareOne intends to carry out a compulsory acquisition of the remaining Crayon shares pursuant to section 4-25 of the Norwegian Public Limited Liability Companies Act and section 6-22 of the Norwegian Securities Trading Act.

Alternative Performance Measures and definitions

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

Crayon uses the following APM's and definitions:

Adjusted (Adj) EBITDA: EBITDA excluding share-based compensation and other income and expenses. The measure is valuable for investors and other stakeholders in assessing operating profitability on a variable cost basis, excluding depreciation, amortization and impairment expenses, as well as other non-recurring items. This approach allows for a clearer evaluation of operating performance in comparison to Crayon's competitors.

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
EBITDA	170	178	1,090
Adjustments:			
Share based compensation	2	8	35
Other income and expenses	15	17	49
Adjusted EBITDA	186	203	1,174

Adjusted EBITDA margin: Adjusted EBITDA / Gross Profit. The measure enables comparison between segments and competitors.

CAPEX: Capital expenditures that mainly consist of office equipment and capitalizes expenses related to development activities according to IAS 38. Capex is a measure of investments made in the operations in the relevant period and is useful to investors and stakeholders evaluating the capital intensity of the operations.

Constant currency: Foreign currency transactions converted to constant currency.

EBIT: Earnings before interest expense, other financial items, and income taxes.

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

Gross Profit: Operating Revenue less cost of goods or services sold.

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

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Gross Sales	17,354	13,936	59,601

Leverage ratio: Net interest-bearing debt (Note 10) divided by LTM adjusted EBITDA corrected for net income attributed to non-controlling interests. The measure provides useful information about the strength of our financial position aligned to our bank covenant.

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
Net interest-bearing debt	415	1,214	361
LTM adjustment EBITDA	1,158	938	1,174
Net income attributable to non-controlling interests	8	-46	10
Leverage ratio	0.4	1.2	0.3

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

(NOK millions)	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Cash & cash equivalents	1,459	1,402	1,654
Restricted cash	-25	-52	-53
Non-restricted cash	1,434	1,350	1,601
Available credit facility	1,913	1,319	1,918
Liquidity reserve	3,348	2,669	3,518

LTM: Last twelve months.

Net interest-bearing debt: Interest-bearing debt including leasing less unrestricted cash (Note 10). Net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

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

(NOK millions)	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Accounts receivable	9,956	8,385	10,113
Accounts payable	-11,246	-9,311	-11,313
Trade working capital	-1,290	-926	-1,201
Unbilled gross sales	2,020	1,434	1,760
Public duty receivables	414	443	545
Contract assets	346	281	330
Prepaid expenses & other	228	231	225
Income taxes payable	-36	-57	-60
Public duties	-620	-600	-816
Accruals	-1,930	-1,344	-1,605
Employee benefits related accruals	-442	-429	-486
Prepayments & other	-176	-119	-166
Other working capital	-196	-159	-272
Net working capital	-1,486	-1,085	-1,473

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

(NOK millions)	Q1 2025	Q1 2024	Full year 2024
M&A expenses	-9	-1	-21
Contingent considerations, fair value adjustments	0	-5	-4
Expenses related to discontinued units	-6	0	-12
Other non-recurring items	0	-11	-11
Other income and expenses	-15	-17	-49

Expenses related to discontinued units mainly relates to wind-down of certain non-core operations in the Philippines, in addition to our subsidiary in South-Korea. Other non-recurring items in 2024 consist of restructuring cost in Q1, 2024 related to severance packages for consultants made redundant.

Organic growth: Comparable growth excluding effect of business combinations.

RCF: Revolving credit facility.

Trade Working Capital: The net amount of inventory, accounts receivables and accounts payables.

Restricted cash: The amount consists of employee taxes withheld and cash as collateral for bank guarantees.

YTD: Year to date.

YoY: Year over year, i.e. comparable period (e.g. quarter or YTD) last year.

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