

**Q4 2017 presentation**

**20 February 2018**



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# Investor Relations



## Update

- Main communications channels
  - Crayon IR webpages  
(<https://www.crayon.com/en/about-us/investor-relations/>)
    - Group fact & figures
    - Reports & Presentations
    - Share and bond information
  - Newsweb
- **Financial calendar 2018:**
  - 08.05.2018 - Annual General Meeting
  - 15.05.2018 - Quarterly Report - Q1
  - 22.08.2018 - Half-yearly Report
  - 13.11.2018 - Quarterly Report - Q3
  - 12.02.2019 - Quarterly Report - Q4

*"Communicating with current and future shareholders, both in Norway and abroad, is a high priority for Crayon Group Holding ASA"*

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# Crayon is assisting its clients to address key IT challenges

## Clients faced with key questions...

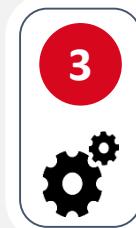
Organizations facing 3 main challenges within IT:



*How to **optimize/reduce** total **IT spending** while ensuring **compliance**?*



*How to utilize **software** and **technology** to maximize value and ensure that **new layers** of technology works **end-to-end**?*



*How to **simplify** ordering, provisioning, billing and administration of **software licenses**?*

## ...that Crayon helps to address

Crayon's business tailored to address the challenges:



- Leading global specialist in managing software complexity & optimizing clients' IT spend
- Own software helping customers stay compliant



- Experts in cloud and predictive analytics, assisting clients through all phases of digital transformation



- Global software expert supporting clients' with license advisory and transactional fulfilment
- Global software distributor for ~2,700 channel partners, enabling automated provisioning and administration

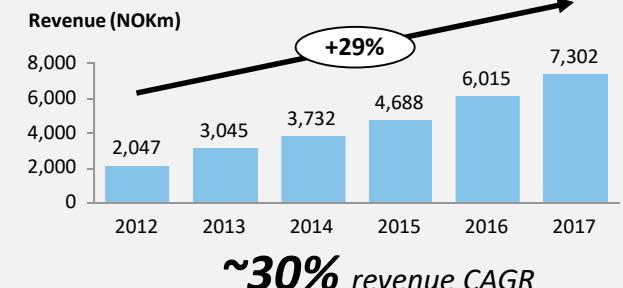
## NUMBERS



~1100 teammates



21 countries



## BUSINESS

Software Asset Management (SAM)

Cloud Consulting & Solutions

## SERVICES

## SOFTWARE

Software Direct

Software Indirect

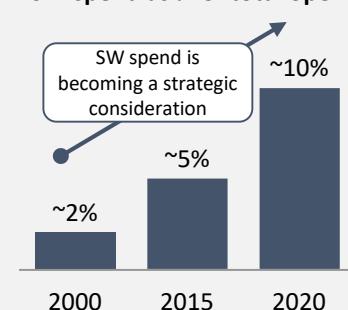
## MARKET

Underlying megatrend:  
**Digital Transformation**

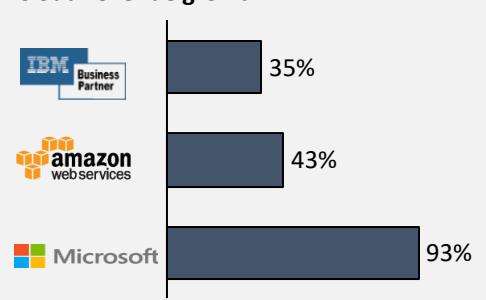
- Exponential growth in software spending and complexity
- Global market – customers facing same challenges everywhere



SW spend as % of total opex



Cloud revenue growth



# Operational highlights Q4 2017



Crayon's annual Nordic Infrastructure Conference (NIC) in Oslo Spektrum, 29 Jan – 2 Feb 2018; 1,300 IT practitioners & 30 vendors attending 100 sessions with 65 speakers

- **Continued strong commercial momentum across all business areas and market clusters**
  - Revenue and GP growth of 25% and 9% (YoY), respectively
  - EBITDA improved across market clusters, except the Nordics
- **Best-in-class growth & cloud mix within Software Division**
  - Cloud mix of 54%, 17 pps higher than global benchmark group<sup>1</sup>
  - Fastest growing licensing partner with ~24% YoY growth<sup>1</sup>
- **First GDPR<sup>2</sup> services successfully delivered to customers, and several new material SAM deals secured**
- **Accelerating customer growth on own IP (Cloud-iQ & SAM-iQ)**
  - Cloud-iQ: ~300 new partners & customers onboarded (total 1,800)
  - SAM-iQ: ~40 new customer subscriptions
- **10+ SAM projects delivered through own IP (Elevate)**
  - Standardized delivery platform improving efficiency by 30-50%
  - Project deliveries doubled compared to previous quarter (Q3)
- **Certain unexpected partner incentive changes within Software Indirect resulting in a negative short term profitability impact**
  - “Double digit” like-for-like EBITDA impact (vs Q4 2016)
  - Positive long term impact driven by continued cloud transition

1) Microsoft strategic partners; Cloud Revenue Metrics includes Public Cloud + Hybrid Cloud (SPLA & System Center)

2) General Data Protection Regulation

# Financial highlights Q4 2017



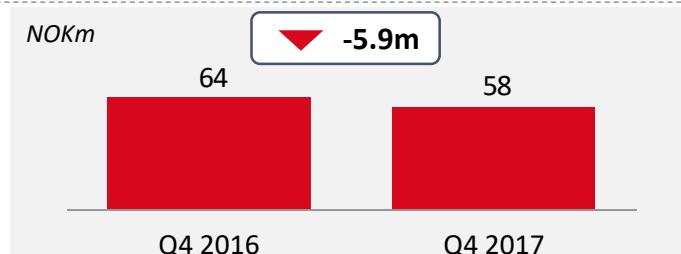
- Revenue **growth driven by Software Division** which grew 24% (or NOK 401m) from Q4 2016 to Q4 2017
- The strong growth primarily driven by;
  - New contract wins in less established markets**
  - Increased share of direct billing**



- Gross profit growth fueled by **Software Division which grew 9% YoY**
  - Software growth driven by contract wins within Growth Markets and Start-Ups
- Software Direct grew 8% YoY and **strategically important Software Indirect grew 16% YoY**
- Services Division grew 7% YoY**; Both SAM (+4% YoY) and Consulting (+9% YoY) had healthy growth
- All market clusters**, with the exception of USA, had positive growth YoY



- Profitability in Q4 2017 shows YoY decline of NOK -5.9m, explained by the Nordics;
  - The Nordics** effected by changes in incentive programs and framework agreements, resulting in a negative YoY development. Partially offset by EBITDA from **less established markets and Growth Markets** showing continued **positive development** in Q4 2017 YoY
- Adj. EBITDA relative to gross profit **declined from 19.1% (Q4 2016) to 16.0% (Q4 2017)**



- Strong cash flow from operating activities in Q4 2017(NOK 350m), resulting in a FY 2017 cash conversion ratio of 117% (operating cash flow as percentage of adjusted EBITDA)
- Increase in cash from **operating activities** (NOK +127m YoY) driven by **trade working capital<sup>2</sup>** release (NOK +100m YoY). Increase in cash flow from **financing activities** (NOK +190m YoY) due to **proceedings from IPO and deleveraging CRAYON02**
- Cash and cash equivalents was **NOK 368m** as of **Q4 2017**, compared to **NOK 228m** in **Q4 2016<sup>3</sup>**



1) Adjusted EBITDA is reported EBITDA adjusted for other income & expenses. Other income & expenses are included as a separate line item and adjusted for in HQ/admin, hence not reflected on Market Cluster / Business Area level

2) Trade working capital = Accounts receivable (AR) + inventory – Accounts payable (AP)

3) The Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")

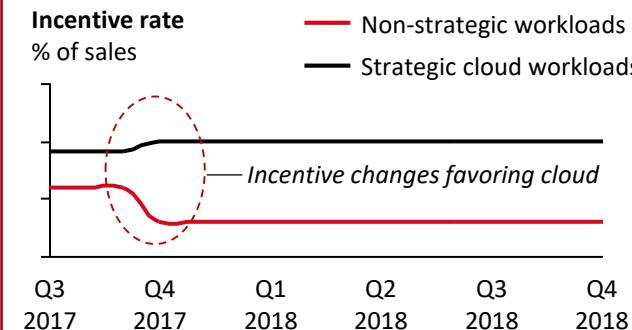
## Incentive background

- Crayon monetizes business through “front-end” margin and “back-end” margin;
  - Front-end: Own uplift on cost price
  - Back-end: Incentives from SW vendors
- SW vendors determine and use partner incentive rates to support their strategy & business priorities
- Historically, partner incentives have been relatively stable. However, with cloud agenda becoming increasingly important, incentives are increasingly moved from “traditional” to cloud workloads
- Crayon, being “best-in-class” on cloud conversion, will benefit from this. However there is a timing effect (due to the impact on installed customer base vs net new customers)



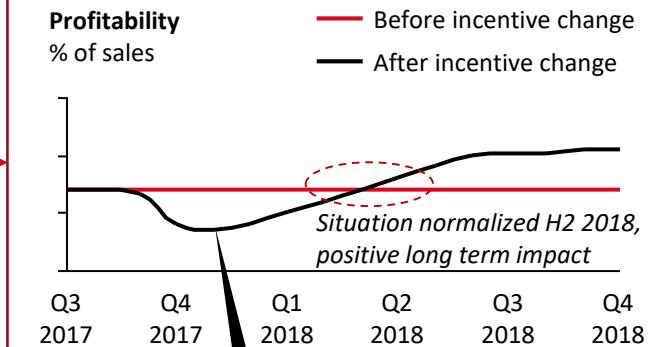
## Incentive changes and profitability impact

### Unexpected incentive changes in Q4 2017....

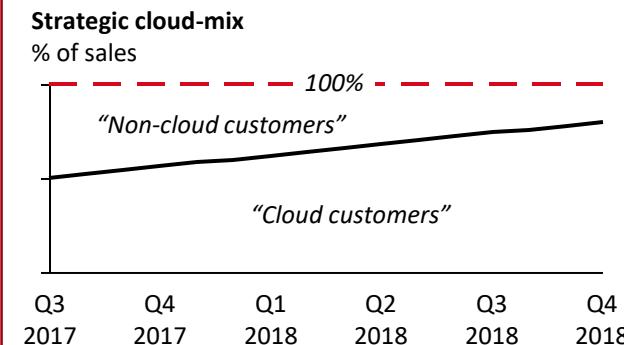


ILLUSTRATIVE

...resulting in a “profitability timing shift”



...on a steady converting customer base...

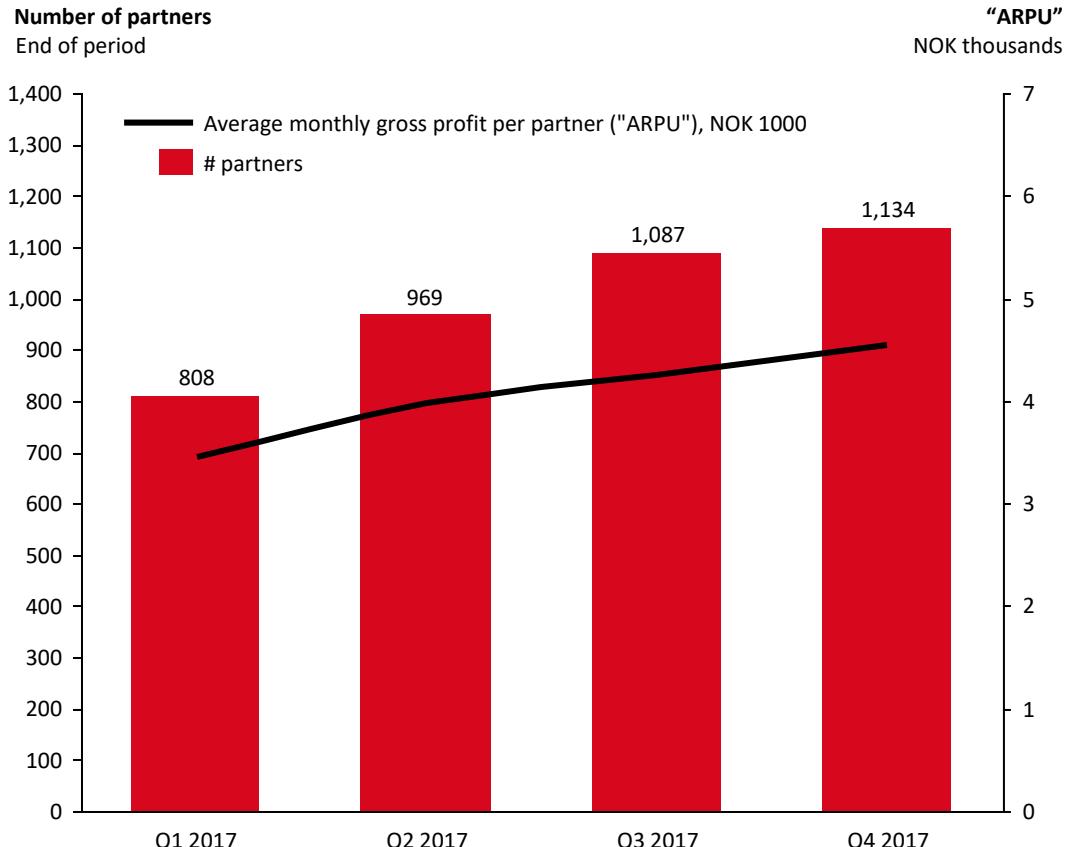


### Actions & initiatives to offset short term impact:

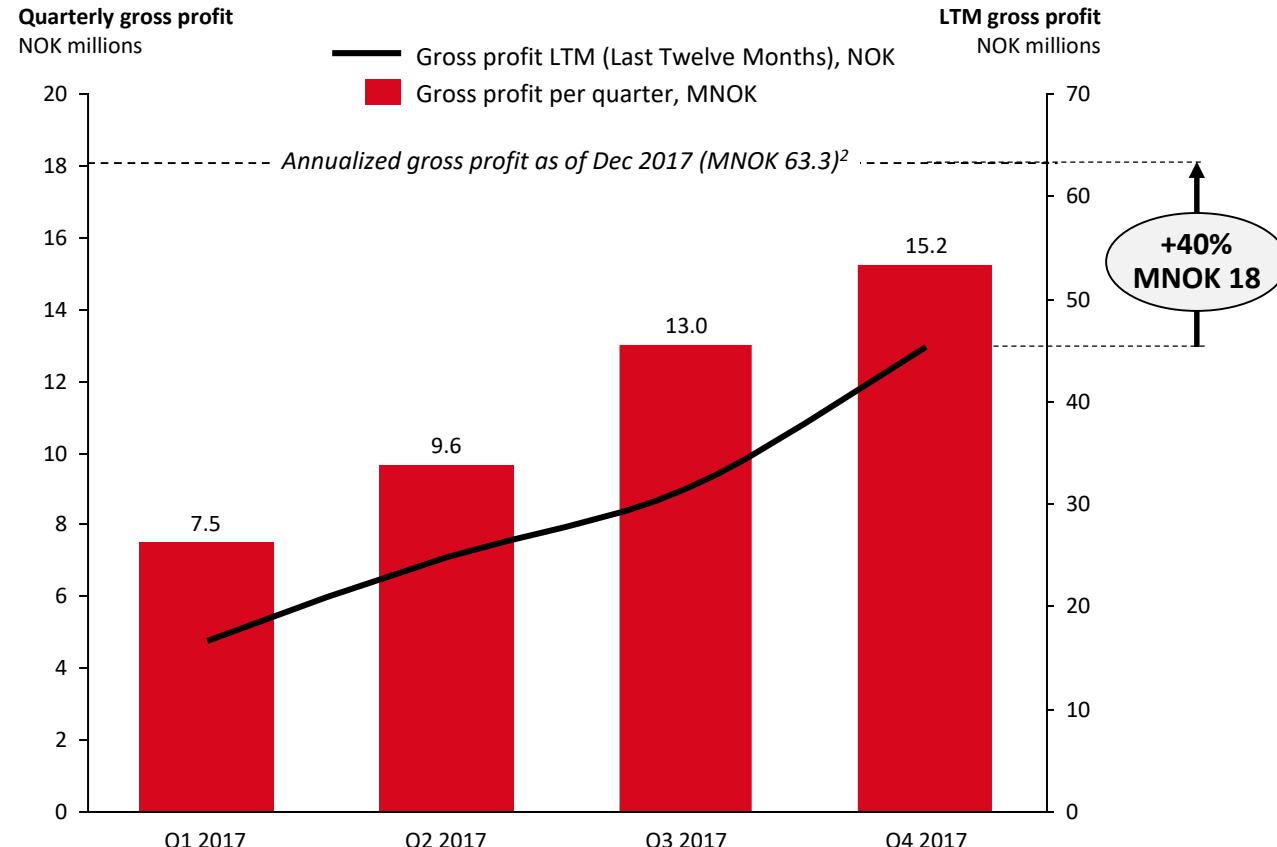
- Price increases (i.e., improve front-end margins)
- Cloud migration team (~30 specialists with centralized technical capabilities supporting all markets globally)
- Cloud support desk in 4 regions (APAC, WE, US & MEA)
- Broaden vendor mix (AWS, Facebook, Google etc.)

# Example SW Indirect (CLOUD-iQ)<sup>1</sup>: Annualized EBITDA reserve of MNOK +18

## Commercial Momentum



## Financial Impact

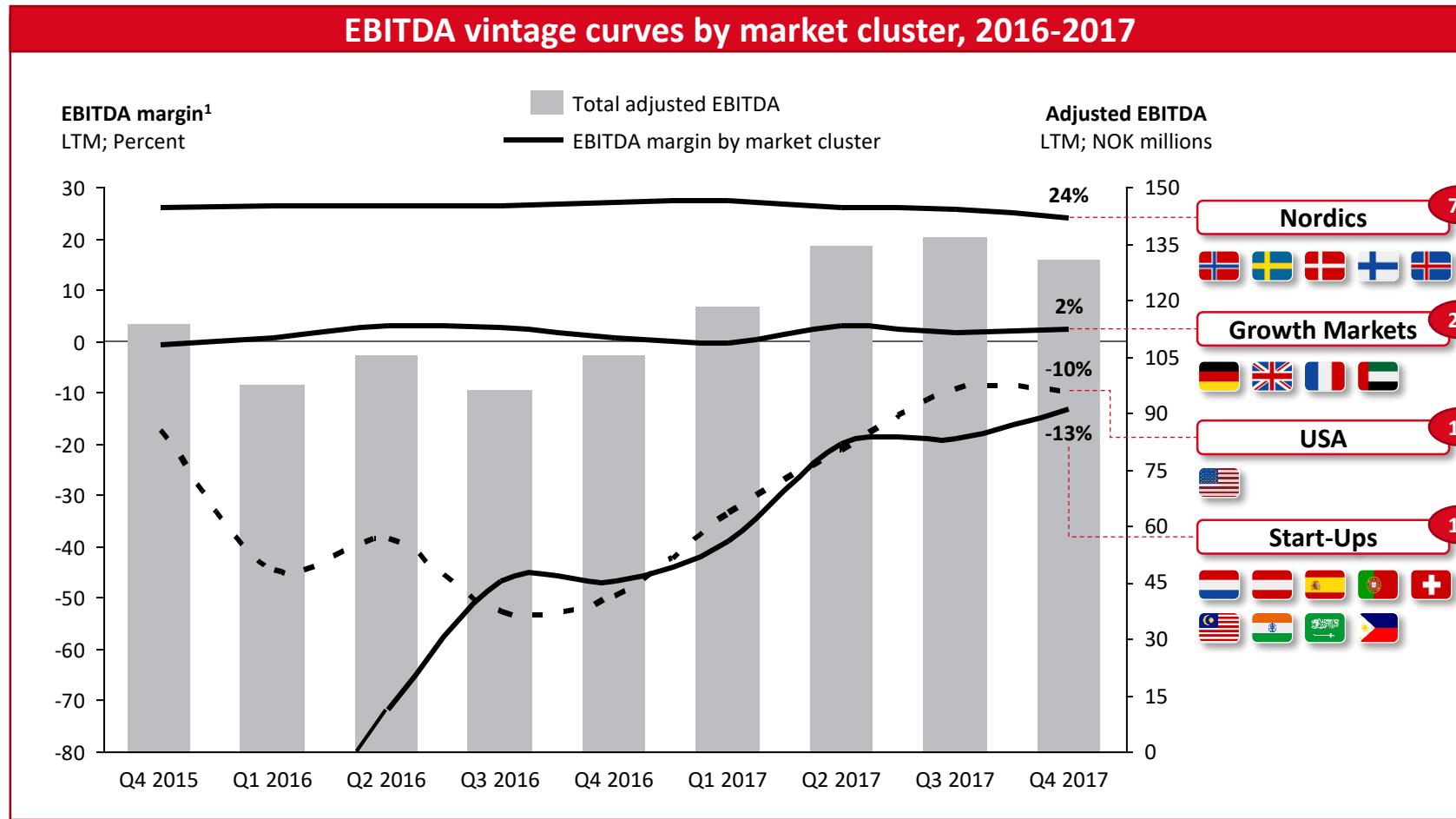


<sup>1</sup> Only including Microsoft software provisioned on Cloud-iQ (i.e., excluding other software vendors such as IBM and AWS)

<sup>2</sup> December gross profit x 12 months

# Business review by market cluster

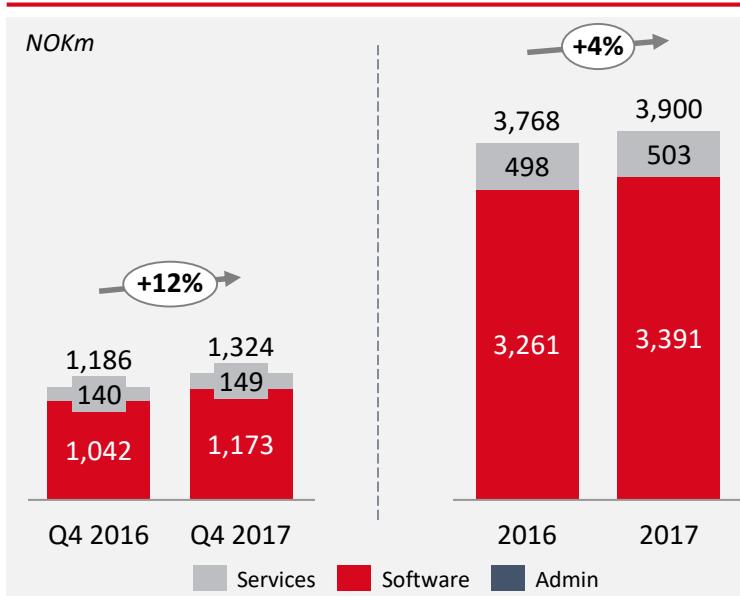
X EBITDA sensitivity, EBITDA impact by 1pps  
change in EBITDA margin<sup>1</sup>, FY 2017; MNOK



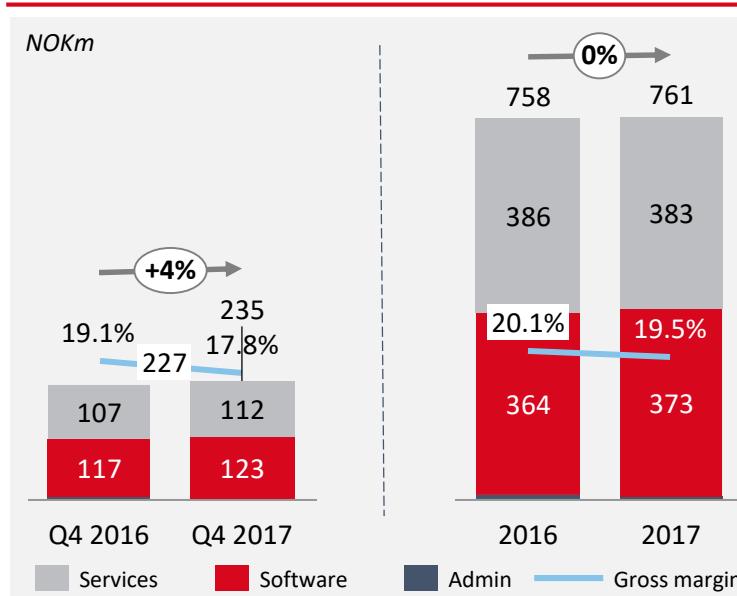
- **Nordics: Relatively stable margins**
- **Growth Markets: Positive margin development, yet from small base**
- **USA: Margin set-back in Q4 2017, positive long-term trend**
- **Start-Ups: Continued positive trend**

# Nordic Markets

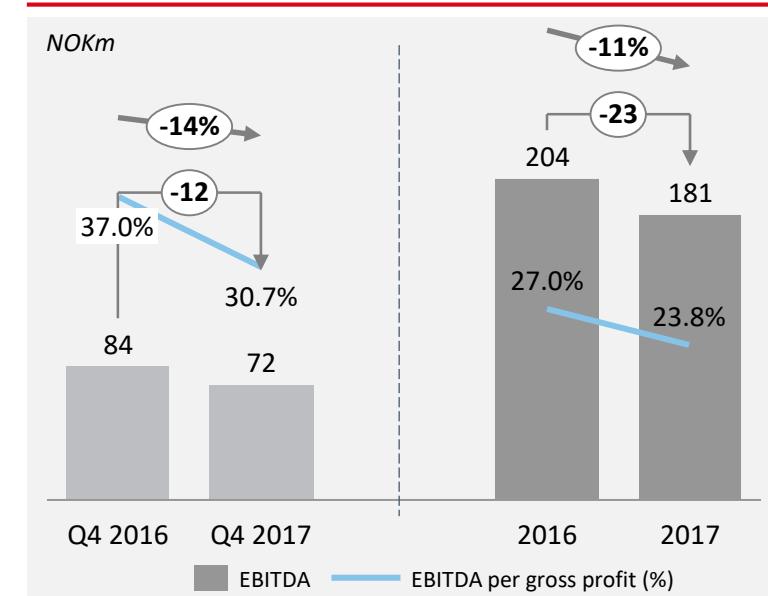
## Revenue



## Gross profit



## EBITDA

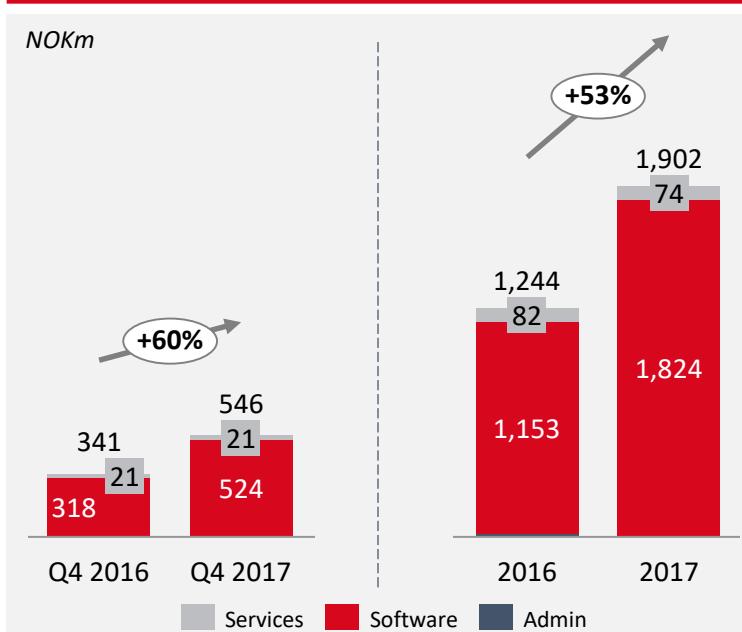


- Positive development in Q4 2017 due to **Contract wins** and increased share of direct billing within **Software**

- Services: positive** Q4 2017 YoY development driven by Consulting (NOK +5.1m)
- Software: YoY development positive**, due to Software Direct (NOK +7.2m)
- Q4 YoY positive growth: Norway** (NOK +9.7m), **Sweden** (NOK +1.4m) and **Iceland** (NOK +0.4m)
- Q4 YoY negative growth: Finland** (NOK -2.6m) and **Denmark** (NOK -0.4m)
- Q4 YoY decrease driven by particularly Finland** (NOK -4.6m) and **Norway** (NOK -3.8m)
  - Partially offset by Iceland** (NOK +0.7m)
- Q4 YoY Finland decline driven by Software Direct** (changes in government framework agreements)
- Q4 YoY Norway decline driven by Software Indirect** (temporary effect due to vendor incentive change, ie. less than expected SW Indirect GP contribution)

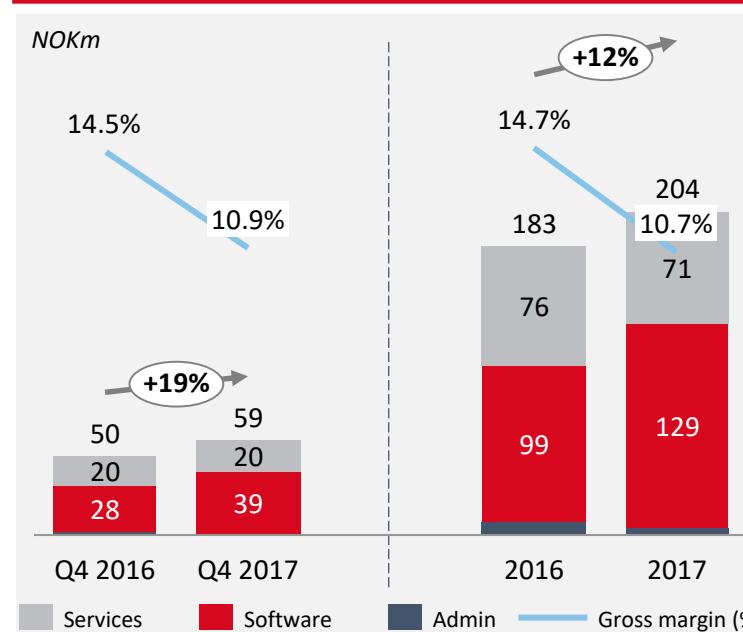
# Growth Markets

## Revenue



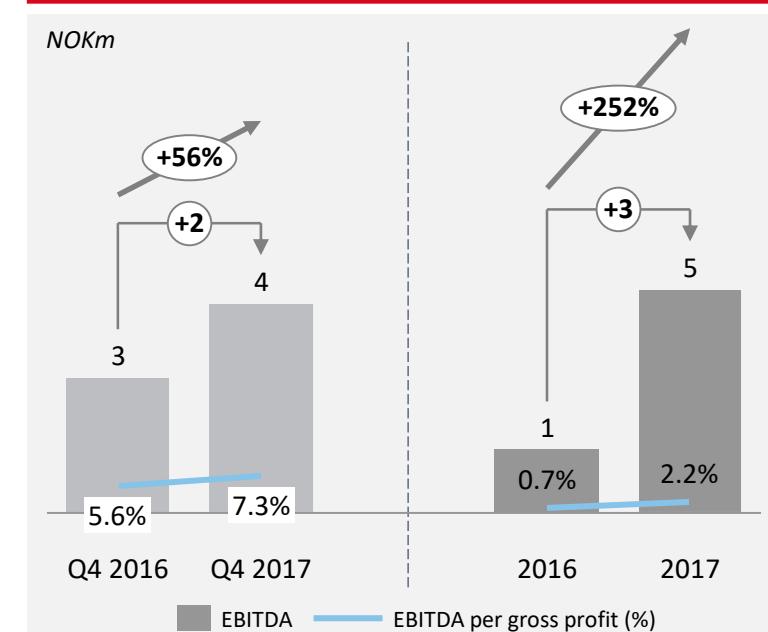
- Q4 2017 growth driven by **contract wins and increased direct billing within Software**
  - Especially positive development in the Middle East and Germany

## Gross profit



- **Services: Positive** Q4 YoY (NOK +0.5m), but negative impacted on SAM due to **UK legacy operations** (NOK -3.4m).
- **Software: Positive** Q4 YoY development from **SW Direct** (NOK +8.5m) and **SW Indirect** (NOK +1.8m)
- **Q4 YoY positive growth: Germany** (NOK +7.7m) and **Middle East** (NOK +4.7m)
- **Q4 YoY negative growth: France** (NOK -2.9m)

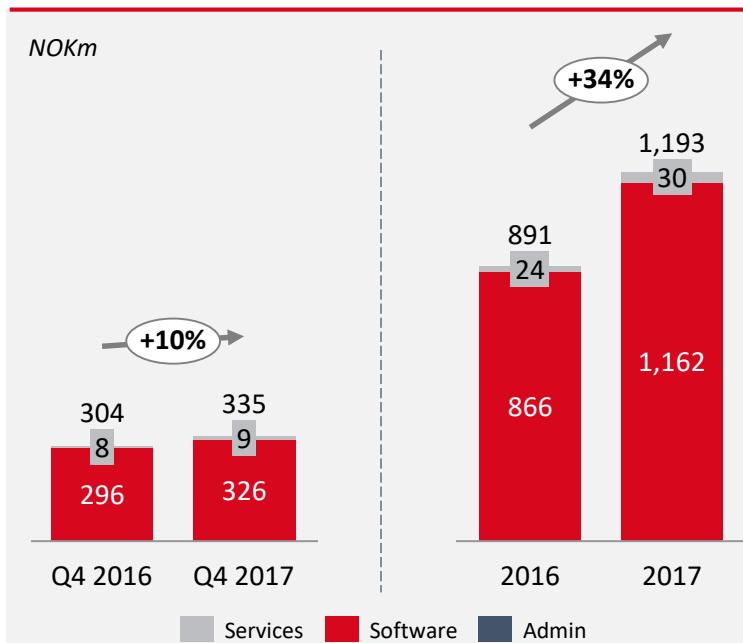
## EBITDA



- **Q4 YoY increase driven by Germany** (NOK +4.5m) and **Middle East** (NOK +1.6m)
  - **Partially offset by France** (NOK -3.9m) and **UK** (NOK -0.7m)
- **France driven by SW Direct** and deals not up for renewal/-or renewed, **UK affected by legacy operations**

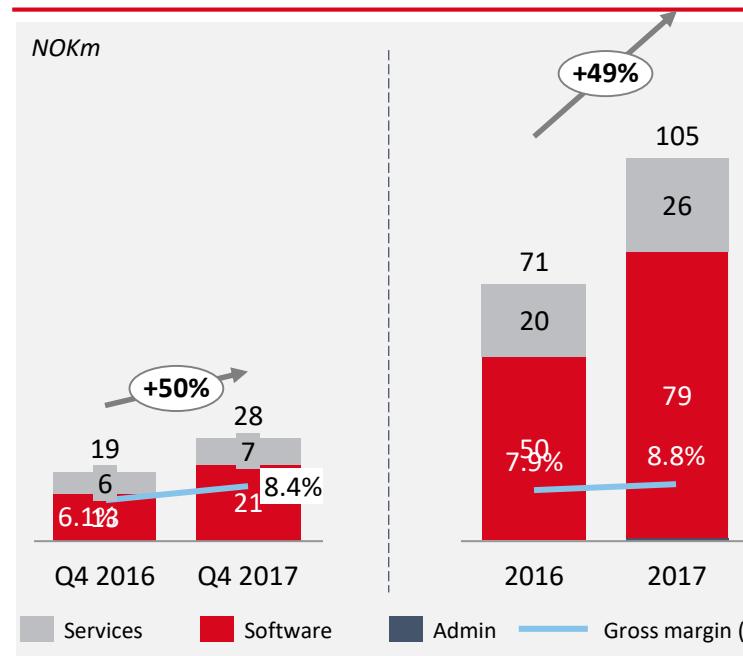
# Start-ups

## Revenue



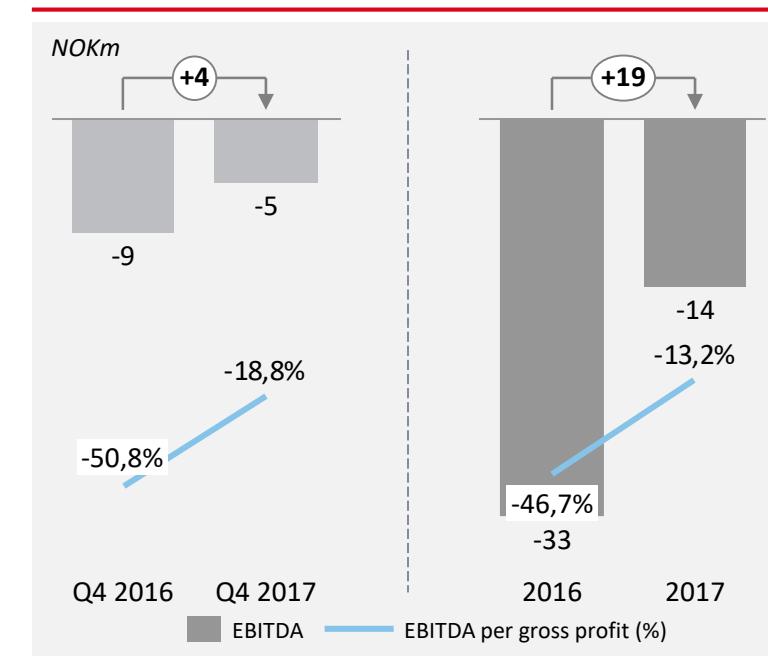
- Q4 2017 growth driven by **contract wins and increased direct billing within Software**
  - Especially positive development in India

## Gross profit



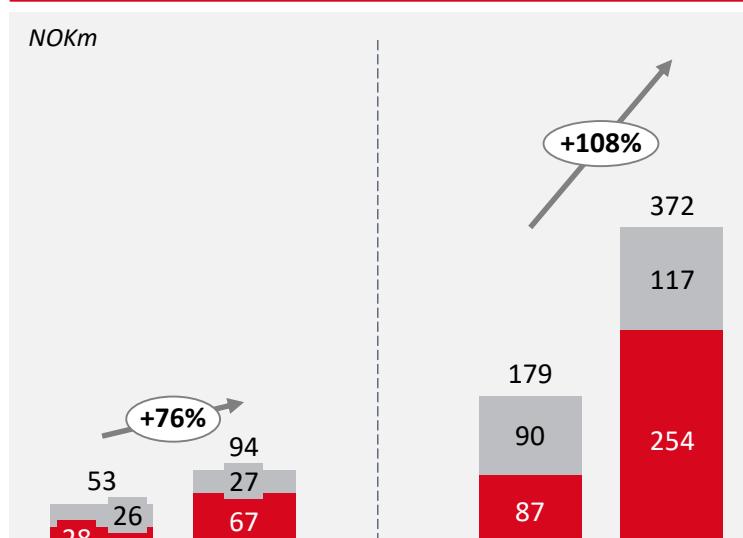
- **Services: positive** Q4 YoY development from **SAM** (NOK +1.2m)
- **Software: positive** Q4 YoY development from **SW Indirect** (NOK +4.2m) and **SW Direct** (NOK +3.7m)
- **Q4 YoY positive growth: India** (NOK +3.8m), **Switzerland** (NOK +2.5m) and **Malaysia** (NOK +1.8m)
- **No countries with YoY negative growth in Q4 2017**

## EBITDA



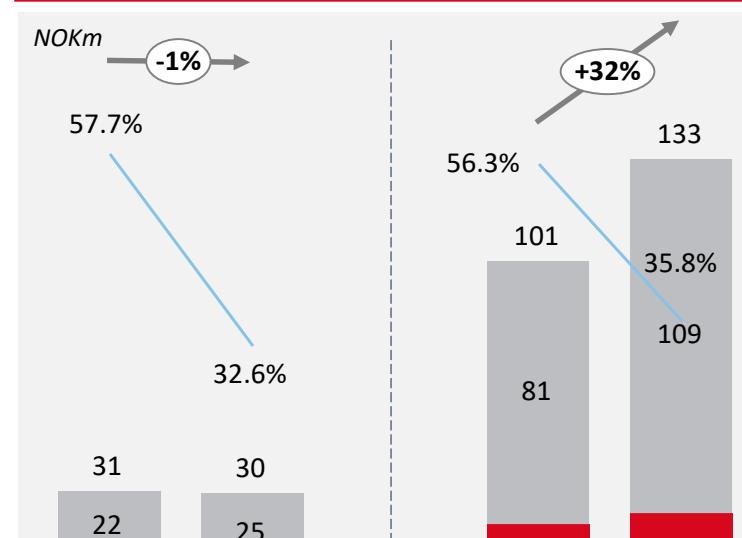
- **Q4 YoY increase driven by Malaysia** (NOK +1.5m), **Switzerland** (NOK +1.3m) and **India** (NOK +1.1m)

## Revenue



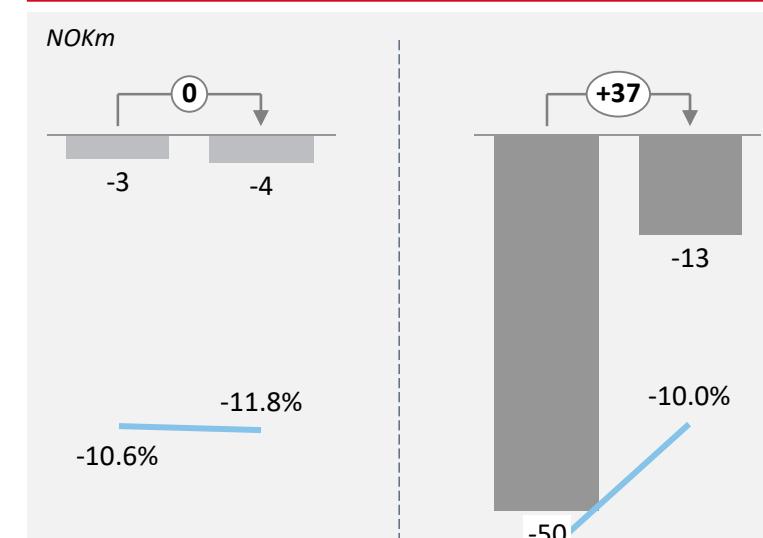
- Q4 2017 growth driven by **contract wins** and **increased direct billing** within Software

## Gross profit



- **Services: Q4 increase driven by SAM** and new contract wins / expanded scope of existing agreements
- **Software:** Negative development in Q4 due to contracts not renewed in Q4 2017 (exceptional strong Q4 2016)

## EBITDA



- Flattish profitability growth with a negative **quarterly EBITDA contribution YoY** of NOK -0.4m
- **100% of the YoY decrease in Q4 2017 is contributable to Software division**

# P&L summary and items below EBITDA

## P&L

NOKm	2016	2017	Q4 2016	Q4 2017
<b>Operating revenue</b>	<b>6,015.2</b>	<b>7,301.7</b>	<b>1,827.1</b>	<b>2,291.7</b>
Materials and supplies	-4,886.8	-6,085.9	-1,494.6	-1,930.1
<b>Gross profit</b>	<b>1,128.4</b>	<b>1,215.8</b>	<b>332.5</b>	<b>361.7</b>
Payroll and related costs	-877.9	-950.6	-231.4	-273.6
Other operating expenses	-158.8	-161.4	-39.4	-45.9
<b>Total operating expenses</b>	<b>-1,036.7</b>	<b>-1,111.9</b>	<b>-270.8</b>	<b>-319.5</b>
<b>EBITDA</b>	<b>91.7</b>	<b>103.8</b>	<b>61.7</b>	<b>42.1</b>
Depreciation	-9.2	-9.7	-3.3	-2.5
Amortization	-80.9	-54.3	-28.2	-14.3
Goodwill impairment	-8.9	-7.7	-8.9	-6.4
<b>EBIT</b>	<b>-7.3</b>	<b>32.2</b>	<b>27.8</b>	<b>19.0</b>
<b>Net financial expense</b>	<b>-32.5</b>	<b>-85.8</b>	<b>-14.0</b>	<b>-6.3</b>
<b>Ordinary result before tax</b>	<b>-39.8</b>	<b>-53.7</b>	<b>13.8</b>	<b>12.7</b>
Income tax expense on ordinary result	9.6	0.8	19.5	10.7
<b>Net income</b>	<b>-30.2</b>	<b>-54.5</b>	<b>-5.7</b>	<b>2.0</b>
<b>Adjusted EBITDA reconciliation</b>				
<b>Reported EBITDA</b>	<b>91.7</b>	<b>103.8</b>	<b>61.7</b>	<b>42.1</b>
Other income and expenses	13.5	26.8	1.9	15.6
<b>Adjusted EBITDA</b>	<b>105.2</b>	<b>130.6</b>	<b>63.6</b>	<b>57.7</b>

## Comments

### Depreciation and amortization

- Depreciation driven by wrong classification (vs. amortization) in Q3 2016 which was reversed and corrected for in Q4 2016
- Amortizations reduced YoY due to one fully amortized intangible asset arising from Inmeta-Crayon delisting in 2012
- Goodwill impairment related to Software Licences (IP) in Q4 2017 (NOK -6.4m)

### Net financial expenses

- Increase due to net other financial expenses
  - Increase due to currency effects and refinancing costs
  - Currency effects driven by net unrealized FX loss from intercompany funding

### Income tax

- Income tax expenses inline with management expectations

### Adjusted EBITDA

- Of total other income and expense items in Q4 2017 of NOK 15.6m, **NOK 10.5m was related to the IPO in November 2017, and NOK 5.1m was related to extraordinary personnel costs incl. share based compensation (NOK 3.9m)**

# Cash flow development

## Cash flow

NOKm	2016	2017	Q4 2016	Q4 2017
Net income before tax	-40	-54	14	13
Taxes paid	-18	-12	-3	2
Depreciation and amortization, incl. write-down	99	72	34	23
Net interest to credit institutions	49	51	10	11
Changes in inventory, AR/AP <sup>1</sup>	78	33	88	188
Changes in other current assets	-29	63	80	113
<b>Net cash flow from operating activities</b>	<b>140</b>	<b>153</b>	<b>223</b>	<b>350</b>
Adj. EBITDA	105	131	64	58
Capex	51	51	12	15

### Cash flow from operations (NOKm):



## Comments

### Capex

- Capex in Q4 2017 of NOK 14.8m **mainly related to investments in new ERP system and IP** (Cloud IQ, Elevate, Catch)
  - NOK 12.5m of capex related to intangible assets** (vs. NOK 11.0 m in Q4 2016), of which **NOK 4.1m are capitalized personnel costs** (vs. NOK 6.8m in Q4 2016)

### Net working capital and cash

- Two main aspects affecting the Q4 2017 working capital development and cash balance:
  - Starting to see results from intensified efforts on trade working capital management** (NOK -33m in Q4 2017 vs. NOK 0.2m in Q4 2016)
  - Public duties payable**

### Cash flow from operations fluctuations

- Seasonality in line with historical patterns and in line with expectations**
  - Contract renewals are skewed towards Q2 and Q4** driven by year-end campaigns by key software partners (Microsoft's fiscal year ends 30 June, Oracle fiscal year ends 31 May)
- Operational expenses are relatively stable quarter-to-quarter, resulting in seasonality** in cash flow from operations
- Seasonal patterns, with **strong operational cash flow in Q2 and Q4, expected to continue**

# Balance sheet and net interest bearing debt

NOKm	2016	2017
<b>Assets</b>		
Inventory	17.5	26.3
Accounts receivable	1,206.8	1,541.4
Income tax receivable	1.1	0.0
Other receivables	56.1	60.0
Net cash and cash equivalents <sup>1</sup>	227.9	368.4
<b>Total current assets</b>	<b>1,509.4</b>	<b>1,996.2</b>
Technology, software and R&D	104.3	109.3
Contracts	101.0	83.3
Goodwill <sup>2</sup>	827.1	831.0
Software licenses (IP)	7.4	1.0
Deferred tax assets	29.6	33.8
Equipment	18.7	20.2
Other receivables	3.2	4.8
<b>Total non-current assets</b>	<b>1,091.4</b>	<b>1,083.5</b>
<b>Total assets</b>	<b>2,600.8</b>	<b>3,079.7</b>
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>272.4</b>	<b>566.0</b>
Short-term debt	661.0	0.0
Trade creditors	1,224.1	1,600.6
Public duties payable	186.9	229.1
Other current liabilities	210.0	194.4
<b>Total current liabilities</b>	<b>2,282.1</b>	<b>2,029.0</b>
Long-term debt	0.0	445.7
Deferred tax liabilities	44.8	31.8
Other long-term liabilities	1.5	7.2
<b>Total long-term liabilities</b>	<b>46.3</b>	<b>484.7</b>
<b>Total liabilities</b>	<b>2,328.4</b>	<b>2,513.7</b>
<b>Total equity &amp; liabilities</b>	<b>2,600.8</b>	<b>3,079.7</b>

Net interest bearing debt - NOKm	2017
Bond loan <sup>3</sup>	450.0
Other debt	5.6
Net cash and cash equivalents <sup>1</sup>	-368.4
Restricted cash	18.7
<b>Net interest bearing debt (NIBD)</b>	<b>105.9</b>

## Crayon debt items

- Crayon has a bond of **NOK 450m outstanding**
  - In November Crayon **redeemed NOK 150 million of the bond** at 102% of par value under an equity claw-back call option allowed for in the bond agreement
- **NOK 200m RCF with Danske Bank**
  - No drawdown as of Q4 2017

## Cash balance and net debt

- **Cash and cash equivalents** was NOK 368m as of Q4 2017, compared to NOK 228m in Q4 2016
- **Interest bearing debt** was NOK 456m in Q4 2017 vs. 665m Q4 2016
- Corresponding to **Net interest bearing debt** (corrected for restricted cash) of **NOK 106m in Q4 2017 vs. NOK 452m in Q4 2016**
  - NIBD / LTM Adj. EBITDA ratio of 0.77x as of Q4 2017

1) The Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")

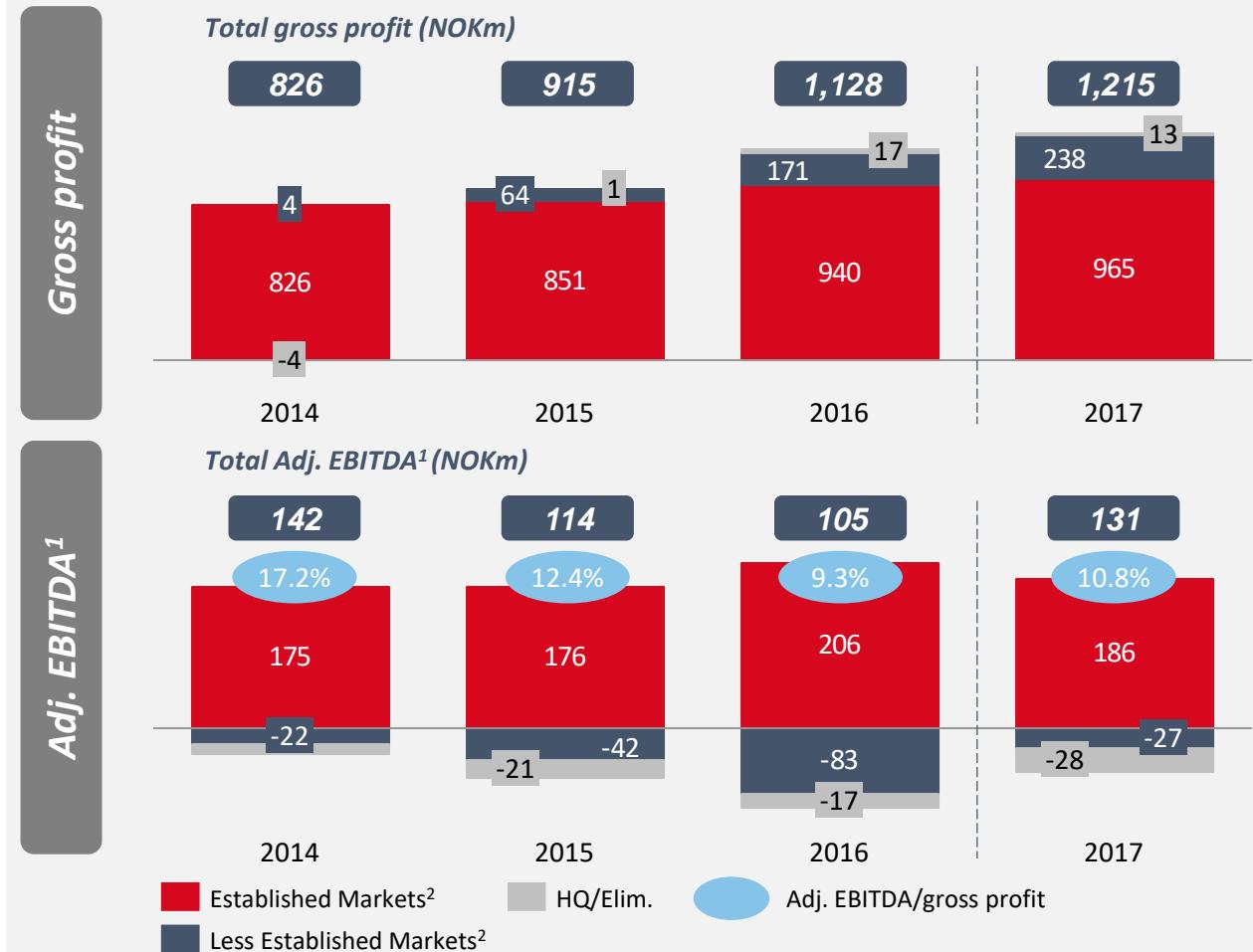
2) Approx. NOK 556m of goodwill as of year-end 2016 relates to the Oslo Stock Exchange delisting of Inmeta-Crayon in 2012

3) Note that bond transactional costs of around NOK 10m are capitalized, and accretion expensed over the lifetime of the bond, cf. IAS 39

4) Based on estimated total IPO costs of NOK 35m, as communicated in prospectus

# Financial year 2017 key financial figures and metrics

## Geo summary



## Financial summary



- Revenue and gross profit growth of 21% and 8% YoY, respectively in 2017, compared to 2016.
- Driven by the less established markets (Start-Ups and USA) (39% YoY growth), and the established markets (Nordics and Growth Markets) (3% YoY growth)
- Highlighting the **strong commercial momentum in the business**. Gross profit growth slightly below management expectations. Largely explained by partner incentive changes



- Adj. EBITDA growth in 2017 of 24% compared to 2016.
- Driven by the less established markets (Start-Ups and USA) (NOK +56m YoY), partially offset by the established markets (Nordics and Growth Markets) (NOK -20m YoY)
- 2017 Adj. EBITDA as a percentage of gross profit of 11%, compared to 9% in 2016**
  - Emphasizing management continued focus on profitable growth

1) Adjusted EBITDA is reported EBITDA less other income & expenses items netted under HQ, hence not reflected on Market Cluster / Business Area level

2) Established Markets includes Nordic Markets and Growth Markets. Less Established Markets includes Start-Ups and US

3) Cloud mix defined as sales of products/licenses hosted by Microsoft in the cloud

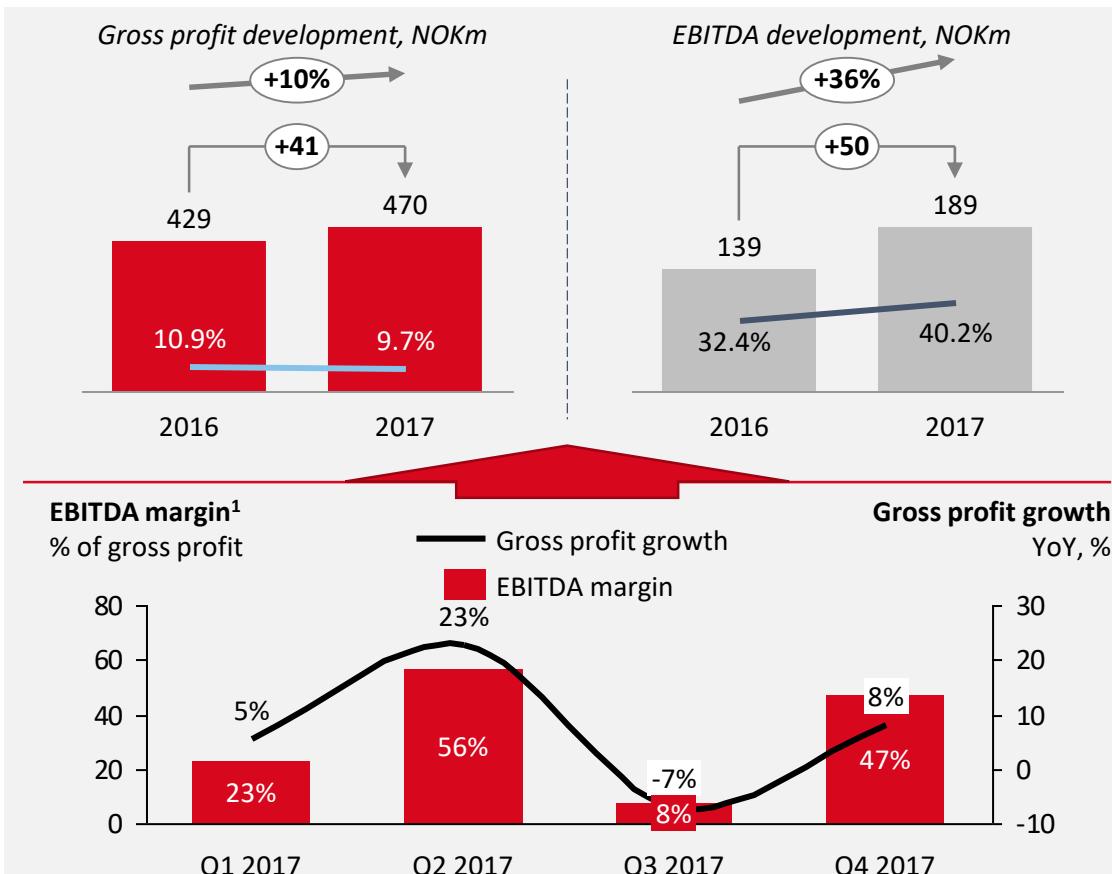
4) MS = Microsoft and figures are based on Crayon MS revenue. Microsoft fiscal year ending 30 June. Microsoft Q1 2017 FY corresponds to Crayon Q3 2017

5) Based on 2016 gross profit from sales reports

6) Based on 2016 figures from sales reports. Average repeat customers defined as (1-customer churn in %)

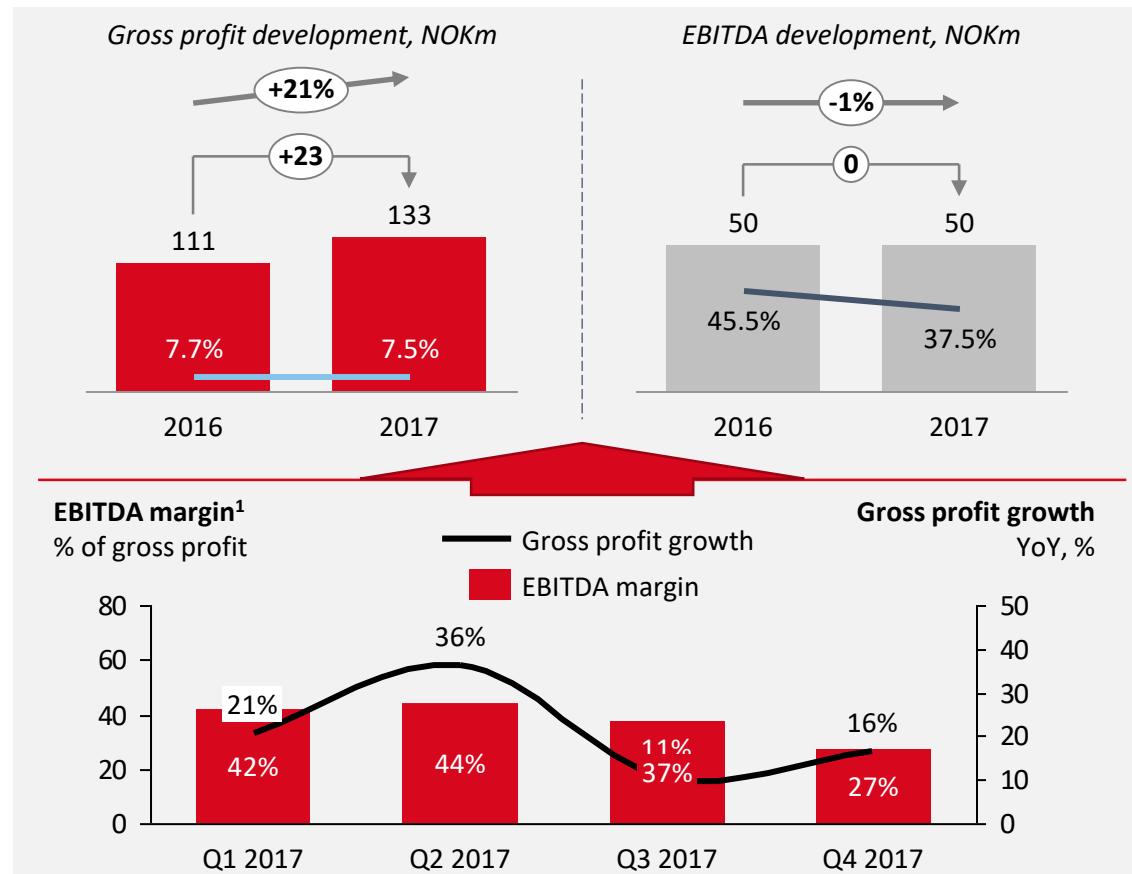
# Software

## Software Direct



Stable/improving profitability, yet “deal slippage” in Q4 2017 resulting in lower YoY gross profit growth rate (compared to same quarter the previous year)

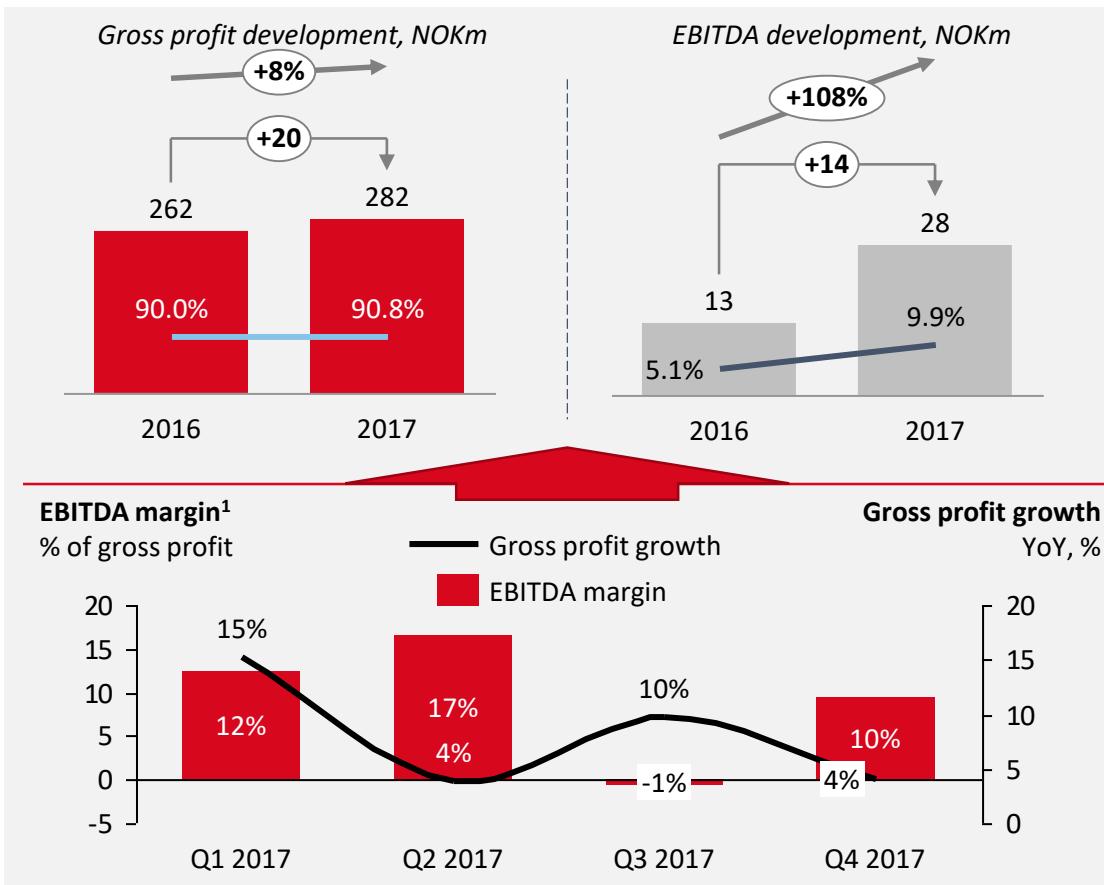
## Software Indirect



Positive YoY gross profit growth momentum, yet profitability in Q4 2017 impacted by partner incentive changes

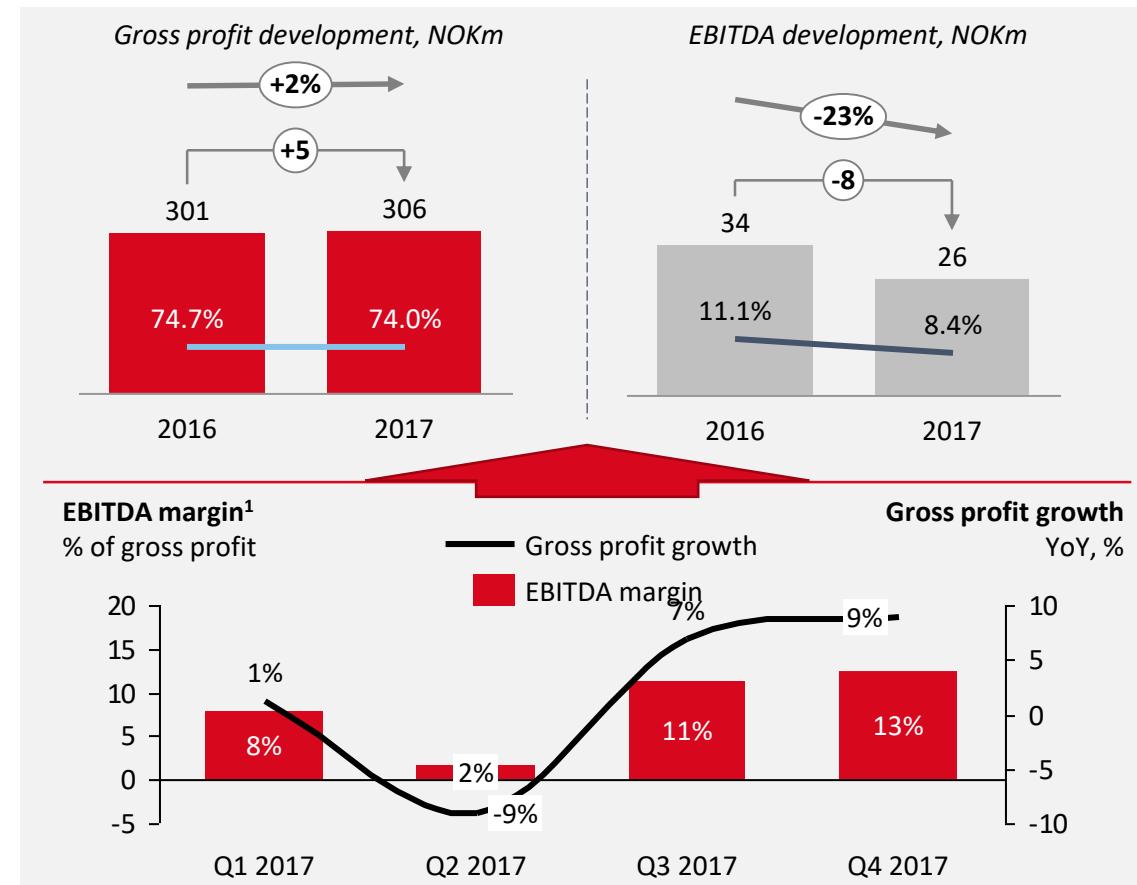
# Services

## SAM



Relatively stable YoY gross profit growth and profitability in Q4 2017 compared to same period the previous year. OPEX investments in new services (e.g., GDPR)

## Consulting



Positive YoY gross profit growth and profitability trend in H2 2017. Weak Q2 2017 impacting FY 2017 figures (restructuring within Cloud Solutions)

# Financial targets

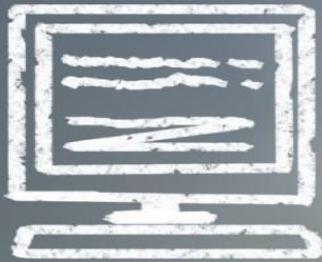
	2017	2018 target	Medium-term target
<b>Gross profit</b>	<i>NOK 1,216m</i> <i>Growth from 2016: 8%</i>	<ul style="list-style-type: none"> <li>• Around 8-10% growth compared to 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Around 8-10% growth</li> </ul>
<b>Gross margin</b>	16.7%	<ul style="list-style-type: none"> <li>• 15-16%</li> </ul>	<ul style="list-style-type: none"> <li>• Around 14-15%</li> </ul>
<b>Adj. EBITDA % of gross profit</b>	10.7%	<ul style="list-style-type: none"> <li>• 12-14%</li> </ul>	<ul style="list-style-type: none"> <li>• Gradually increase to 15%</li> </ul>
<b>Depreciation and amortization</b>	<i>Depreciation: NOK 9.7m</i> <i>Amortization: NOK 54.3m<sup>1</sup></i> <i>Total D&amp;A: NOK 64.0m<sup>1</sup></i>	<ul style="list-style-type: none"> <li>• Depreciation around 2017 absolute level</li> <li>• Amortization around NOK ~55-60m<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Depreciation around 2017 absolute level</li> <li>• Amortization around NOK ~50-55m<sup>1</sup></li> </ul>
<b>Capex</b>	<i>NOK 50.8m</i>	<ul style="list-style-type: none"> <li>• Target around NOK 40-45m</li> </ul>	<ul style="list-style-type: none"> <li>• Target around NOK 40-45m</li> </ul>
<b>NWC</b>	~20% <sup>2</sup>	<ul style="list-style-type: none"> <li>• Around -20%</li> </ul>	<ul style="list-style-type: none"> <li>• Around -15%</li> </ul>

1) Excluding goodwill impairment

2) Average 4 quarter rolling NWC as % of LTM gross profit.



Datapack



# Introduction to key P&L drivers

NOKm	2014	2015	2016	2017
<b>Operating revenue</b>	<b>3,731.8</b>	<b>4,687.9</b>	<b>6,015.2</b>	<b>7,301.7</b>
<i>Growth</i>		25.6%	28.3%	21.4%
Materials and supplies	-2,905.5	-3,773.0	-4,886.8	-6,085.9
<b>Gross profit</b>	<b>826.3</b>	<b>914.9</b>	<b>1,128.4</b>	<b>1,215.8</b>
<i>Gross margin</i>	22.1%	19.5%	18.8%	16.7%
Payroll and related costs	-586.3	-668.3	-877.9	-940.5
Other operating expenses	-102.1	-149.1	-158.8	-144.7
<b>Total operating expenses</b>	<b>-688.4</b>	<b>-817.4</b>	<b>-1,036.7</b>	<b>-1,085.2</b>
<b>EBITDA</b>	<b>137.8</b>	<b>97.5</b>	<b>91.7</b>	<b>103.8</b>
<i>EBITDA % of gross profit</i>	16.7%	10.7%	8.1%	8.5%
Exceptional items	4.0	16.3	13.5	26.8
<b>Adjusted EBITDA</b>	<b>141.8</b>	<b>113.7</b>	<b>105.2</b>	<b>130.6</b>
<i>Adj. EBITDA % of gross profit</i>	17.2%	12.4%	9.3%	10.7%
<b>#FTEs</b>	700	807	945	1,009

- Revenue will be subject to fluctuations that do not impact absolute gross profit level as customers shift between direct and indirect billing<sup>1</sup>

## Revenue model

### Services

- 3-5 years managed service agreements (SAM)
- Frame agreements
- Hours sold

### Software

- ~3 year subscription/ARPU model where a certain percentage is contractually recurring
- Frame agreements
- Traditional licensing deals (one-time fee)

### Services

- Number of FTEs
- Hourly rate / Fixed price agreements
- Utilization
- Recurring agreements

### Software

- Number of FTEs
- Gross profit per FTE
- Vendor, product, new vs. existing customers etc.

- Payroll and related costs driven by number of FTEs – of which ~15-20% is variable salary
- Other opex driven by size and geographical width of organization
- Other opex primarily consisting of rented premises (~25%), professional services e.g. accounting and legal (~25%), travel (~20%) and IT and office equipment (~15%)

- Adjusted EBITDA as percentage of gross profit a suitable metric for comparison across Market Clusters and Business Areas due to gross margin variation

# Income statement

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
<b>Operating revenue</b>	<b>1,242.2</b>	<b>1,950.5</b>	<b>995.4</b>	<b>1,827.1</b>	<b>6,015.2</b>	<b>1,358.5</b>	<b>2,401.7</b>	<b>1,249.7</b>	<b>2,291.7</b>	<b>7,301.7</b>
<i>Growth</i>					28.3%	9.4%	23.1%	25.5%	25.4%	21.4%
Materials and supplies	-992.9	-1,619.9	-779.4	-1,494.6	-4,886.8	-1,088.7	-2,045.2	-1,022.0	-1,930.1	-6,085.9
<b>Gross profit</b>	<b>249.3</b>	<b>330.6</b>	<b>216.0</b>	<b>332.5</b>	<b>1,128.4</b>	<b>269.8</b>	<b>356.6</b>	<b>227.8</b>	<b>361.7</b>	<b>1,215.8</b>
<i>Gross margin</i>	20.1%	16.9%	21.7%	18.2%	18.8%	19.9%	14.8%	18.2%	15.8%	16.7%
Payroll and related costs	-221.1	-226.7	-198.6	-231.4	-877.9	-228.4	-244.0	-204.5	-273.6	-950.6
Other operating expenses	-36.8	-43.3	-39.3	-39.4	-158.8	-36.7	-35.5	-43.3	-45.9	-161.4
<b>Total operating expenses</b>	<b>-258.0</b>	<b>-270.0</b>	<b>-237.9</b>	<b>-270.8</b>	<b>-1,036.7</b>	<b>-265.2</b>	<b>-279.4</b>	<b>-247.8</b>	<b>-319.5</b>	<b>-1,111.9</b>
<b>EBITDA</b>	<b>-8.6</b>	<b>60.6</b>	<b>-21.9</b>	<b>61.7</b>	<b>91.7</b>	<b>4.7</b>	<b>77.1</b>	<b>-20.1</b>	<b>42.1</b>	<b>103.8</b>
<i>EBITDA margin</i>	-0.7%	3.1%	-2.2%	3.4%	1.5%	0.3%	3.2%	-1.6%	1.8%	1.4%
Depreciation	-3.8	-4.1	-4.6	3.3	-9.2	-2.4	-2.4	-2.4	-2.5	-9.7
Amortization	-17.4	-18.4	-16.8	-28.2	-80.9	-12.8	-13.4	-13.8	-20.7	-60.7
Goodwill impairment	0.0	0.0	0.0	-8.9	-8.9	0.0	-1.3	0.0	0	-1.3
<b>EBIT</b>	<b>-29.9</b>	<b>38.1</b>	<b>-43.3</b>	<b>27.8</b>	<b>-7.3</b>	<b>-10.6</b>	<b>60.0</b>	<b>-36.2</b>	<b>19.0</b>	<b>32.2</b>
<i>EBIT margin</i>	-2.4%	2.0%	-4.4%	1.5%	-0.1%	-0.8%	2.5%	-2.9%	0.8%	0.4%
Financial income	23.3	17.1	50.5	30.0	35.8	35.0	17.5	27.7	34.0	114.3
Financial expense	-32.2	-27.5	-49.6	-44.1	-68.3	-51.2	-53.7	-54.9	-40.4	-200.1
<b>Net financial expense</b>	<b>-8.9</b>	<b>-10.4</b>	<b>0.9</b>	<b>-14.0</b>	<b>-32.5</b>	<b>-16.2</b>	<b>-36.2</b>	<b>-27.2</b>	<b>-6.3</b>	<b>-85.8</b>
<b>Ordinary result before tax</b>	<b>-38.8</b>	<b>27.7</b>	<b>-42.5</b>	<b>13.8</b>	<b>-39.8</b>	<b>-26.8</b>	<b>23.8</b>	<b>-63.4</b>	<b>12.7</b>	<b>-53.7</b>
Income tax expense on ordinary result	14.3	-2.5	17.3	-19.5	9.6	5.1	-6.4	11.2	10.7	0.8
<b>Net income</b>	<b>-24.5</b>	<b>25.1</b>	<b>-25.1</b>	<b>-5.7</b>	<b>-30.2</b>	<b>-21.7</b>	<b>17.4</b>	<b>-52.2</b>	<b>2.0</b>	<b>-54.5</b>
<b>Adjusted EBITDA reconciliation</b>										
<b>Reported EBITDA</b>	<b>-8.6</b>	<b>60.6</b>	<b>-21.9</b>	<b>61.7</b>	<b>91.7</b>	<b>4.7</b>	<b>77.1</b>	<b>-20.1</b>	<b>42.1</b>	<b>103.8</b>
Exceptional items <sup>1</sup>	0.7	0.4	10.5	1.9	13.5	0.3	0.2	10.7	15.6	26.8
<b>Adjusted EBITDA</b>	<b>-8.0</b>	<b>61.0</b>	<b>-11.4</b>	<b>63.6</b>	<b>105.2</b>	<b>4.9</b>	<b>77.3</b>	<b>-9.3</b>	<b>57.7</b>	<b>130.6</b>
<i>Adj. EBITDA % of gross profit</i>	-3.2%	18.4%	-5.3%	19.1%	9.3%	1.8%	21.7%	-4.1%	16.0%	10.7%

1) Exceptional items are one-off costs mainly related to strategy projects, restructurings, and the acquisition of businesses

# Balance sheet

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
<b>Assets</b>								
Inventory	21.9	21.8	16.4	17.5	18.8	24.0	13.6	26.3
Accounts receivable	654.1	1,224.9	637.0	1,206.8	722.0	1,573.7	769.8	1,541.4
Income tax receivable	3.2	3.7	7.1	2.7	6.1	2.9	1.6	0.0
Other receivables	37.8	31.2	35.6	54.4	36.0	45.9	43.4	60.0
Net cash and cash equivalents <sup>1</sup>	68.6	180.2	23.4	227.9	66.5	204.7	-136.4	368.4
<b>Total current assets</b>	<b>785.6</b>	<b>1,461.8</b>	<b>719.5</b>	<b>1,509.4</b>	<b>849.4</b>	<b>1,851.2</b>	<b>692.0</b>	<b>1,996.2</b>
Technology, software and R&D	97.2	100.8	100.2	104.3	104.4	106.8	104.9	109.3
Contracts	142.2	127.9	112.5	101.0	96.1	92.2	85.9	83.3
Goodwill <sup>2</sup>	843.8	843.4	831.8	827.1	829.1	828.4	819.4	831.0
Software licenses (IP)	7.4	7.4	7.4	7.4	7.4	7.4	7.4	1.0
Deferred tax assets	10.1	19.1	26.0	29.6	33.8	28.7	29.4	33.8
Equipment	19.1	18.3	19.1	18.7	19.2	20.4	19.8	20.2
Other receivables	3.4	3.4	2.6	3.2	4.1	4.8	3.4	4.8
<b>Total non-current assets</b>	<b>1,123.2</b>	<b>1,120.3</b>	<b>1,099.6</b>	<b>1,091.3</b>	<b>1,094.1</b>	<b>1,088.8</b>	<b>1,070.0</b>	<b>1,083.5</b>
<b>Total assets</b>	<b>1,908.7</b>	<b>2,582.1</b>	<b>1,819.2</b>	<b>2,600.7</b>	<b>1,943.5</b>	<b>2,940.0</b>	<b>1,762.0</b>	<b>3,079.7</b>
<b>Equity and liabilities</b>								
Share capital	52.5	52.5	52.5	52.5	52.5	52.5	52.5	75.4
Own shares	-	-	-	-	-	-	-	-
Share premium reserve	262.3	262.3	262.3	262.3	262.3	262.3	262.3	588.1
Other equity	13.2	20.0	-7.1	-53.6	-69.4	-50.0	-99.0	-105.6
Minority interest	-2.7	0.5	-10.6	11.2	7.0	8.9	3.2	8.2
<b>Total equity</b>	<b>325.3</b>	<b>335.3</b>	<b>297.1</b>	<b>272.4</b>	<b>252.4</b>	<b>273.7</b>	<b>219.0</b>	<b>566.0</b>
Short-term debt	-	-	-	661.0	661.1	100.5	-	-
Trade creditors	503.5	1,111.4	555.0	1,224.1	660.5	1,453.6	628.2	1,600.6
Public duties payable	161.3	207.9	102.3	186.9	119.0	254.5	109.6	229.1
Other current liabilities	175.9	191.9	178.5	210.0	208.8	227.0	186.0	194.4
<b>Total current liabilities</b>	<b>840.7</b>	<b>1,511.2</b>	<b>835.8</b>	<b>2,282.0</b>	<b>1,649.4</b>	<b>2,035.6</b>	<b>923.8</b>	<b>2,029.0</b>
Long-term debt	671.7	666.1	656.1	0.0	0.0	591.7	590.3	445.7
Deferred tax liabilities	37.3	40.6	27.5	44.8	40.1	37.6	27.4	31.8
Other long-term liabilities	33.7	28.9	2.7	1.5	1.6	1.4	1.5	7.2
<b>Total long-term liabilities</b>	<b>742.7</b>	<b>735.6</b>	<b>686.3</b>	<b>46.3</b>	<b>41.7</b>	<b>630.7</b>	<b>619.2</b>	<b>484.7</b>
<b>Total liabilities</b>	<b>1,583.4</b>	<b>2,246.8</b>	<b>1,522.1</b>	<b>2,328.3</b>	<b>1,691.1</b>	<b>2,666.3</b>	<b>1,543.0</b>	<b>2,513.7</b>
<b>Total equity &amp; liabilities</b>	<b>1,908.7</b>	<b>2,582.1</b>	<b>1,819.2</b>	<b>2,600.7</b>	<b>1,943.5</b>	<b>2,940.0</b>	<b>1,762.0</b>	<b>3,079.7</b>

1) The Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")

2) Approx. NOK 556m of goodwill as of year-end 2016 relates to the Oslo Stock Exchange delisting of Inmeta-Crayon in 2012

# Cash flow statement

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
<b>Cash flow from operating activities</b>										
Net income before tax	-38.8	27.7	-42.5	13.8	-39.8	-26.8	23.8	-63.4	12.7	-53.7
Taxes paid	-3.1	-7.1	-4.5	-2.9	-17.6	-9.5	-1.4	-3.3	2.3	-11.9
Depreciation and amortization	21.2	22.5	21.4	33.9	99.0	15.3	17.1	16.2	23.1	71.7
Net interest to credit institutions	13.1	11.7	14.2	10.4	49.4	12.3	15.1	12.4	10.9	50.6
Changes in inventory, accounts receivable/payable	-88.3	39.5	38.5	88.0	77.8	-80.1	-63.9	-11.1	188.1	33.1
Changes in other current assets	-44.5	66.6	-130.9	79.8	-29.1	-50.4	161.6	-160.7	112.5	63.0
<b>Net cash flow from operating activities</b>	<b>-140.4</b>	<b>160.8</b>	<b>-103.7</b>	<b>223.0</b>	<b>139.7</b>	<b>-139.1</b>	<b>152.3</b>	<b>-210.0</b>	<b>349.6</b>	<b>152.8</b>
<b>Cash flow from investing activities</b>										
Acquisition of assets	-9.2	-18.5	-11.2	-12.2	-51.2	-10.1	-14.5	-11.4	-14.8	-50.8
Acquisition of subsidiaries (cash paid net of cash in acquired entity)	-1.5	-6.7	-21.1	-0.3	-29.6	0.0	0.0	0.0	-22.7	-22.7
Divestments	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-	-
<b>Net cash flow from investing activities</b>	<b>-10.7</b>	<b>-25.2</b>	<b>-32.3</b>	<b>-12.5</b>	<b>-80.7</b>	<b>-10.1</b>	<b>-14.5</b>	<b>-11.4</b>	<b>-37.5</b>	<b>-73.5</b>
<b>Cash flow from financing activities</b>										
Net interest paid to credit institutions	-12.3	-13.6	-13.6	-11.7	-51.1	-12.7	-14.9	-13.6	-15.7	-57.0
New equity									348.6	348.6
Change in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Proceeds from issuance of interest bearing debt	0.0	0.0	0.0	0.0	0.0	0.0	591.6	-1.9	-	589.7
Repayment of interest-bearing debt	0.0	-0.1	0.0	0.0	-0.1	0.0	-571.8	-100.5	-155.3	-827.7
Change in other long-term debt	-0.3	-4.4	-4.1	5.2	-3.6	0.1	-9.7	0.6	5.6	-3.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
<b>Net cash (used in) provided by financing activities</b>	<b>-12.6</b>	<b>-18.0</b>	<b>-17.7</b>	<b>-6.4</b>	<b>-54.8</b>	<b>-12.6</b>	<b>-4.8</b>	<b>-115.4</b>	<b>183.2</b>	<b>50.3</b>
Net increase (decrease) in cash and cash equivalents	-163.8	117.6	-153.7	204.1	4.2	-161.8	133.0	-336.8	495.3	129.7
Cash and cash equivalents at beginning of period	236.3	68.6	180.2	23.4	236.3	227.9	66.5	204.7	-136.4	227.9
Currency translation on cash and cash equivalents	-4.0	-6.0	-3.1	0.5	-12.6	0.5	5.2	-4.3	9.6	10.9
<b>Cash and cash equivalents at end of period</b>	<b>68.6</b>	<b>180.2</b>	<b>23.4</b>	<b>227.9</b>	<b>227.9</b>	<b>66.5</b>	<b>204.7</b>	<b>-136.4</b>	<b>368.4</b>	<b>368.4</b>

# Income statement by market cluster

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
<b>Revenue</b>										
Nordic Markets	907.9	1,054.3	619.9	1,185.9	3,767.9	869.8	1,106.7	600.2	1 323.8	3 900.5
Growth Markets	168.7	529.7	204.3	340.8	1,243.5	230.7	697.8	428.4	545.6	1 902.5
Start-ups	135.8	313.3	137.3	304.4	890.9	202.8	483.3	171.6	334.8	1 192.6
US	33.7	51.8	40.2	53.2	178.8	72.3	139.6	66.3	93.6	371.8
HQ	15.3	22.9	16.0	13.7	67.9	5.8	27.7	19.3	35.0	87.8
Eliminations	-19.0	-21.6	-22.2	-71.0	-133.8	-22.9	-53.4	-36.1	-41.0	-153.4
<b>Total revenue</b>	<b>1,242.2</b>	<b>1,950.5</b>	<b>995.4</b>	<b>1,827.1</b>	<b>6,015.2</b>	<b>1,358.5</b>	<b>2,401.7</b>	<b>1,249.7</b>	<b>2 291.7</b>	<b>7 301.7</b>
<b>Gross profit</b>										
Nordic Markets	174.5	219.2	137.3	226.7	757.7	175.1	212.2	138.1	235.3	760.6
Growth Markets	40.6	57.1	35.5	49.6	182.8	42.3	68.5	34.0	59.2	204.0
Start-ups	12.9	19.6	19.3	18.7	70.6	18.9	34.7	23.2	28.1	105.0
US	19.7	28.0	22.2	30.7	100.7	32.1	40.5	29.9	30.5	133.0
HQ	14.5	16.4	14.4	8.6	53.9	13.3	13.6	15.0	21.7	63.5
Eliminations	-12.9	-9.9	-12.6	-1.7	-37.2	-11.9	-12.9	-12.4	-13.0	-50.2
<b>Total gross profit</b>	<b>249.3</b>	<b>330.6</b>	<b>216.0</b>	<b>332.5</b>	<b>1,128.4</b>	<b>269.8</b>	<b>356.6</b>	<b>227.8</b>	<b>361.7</b>	<b>1 215.8</b>
<b>EBITDA</b>										
Nordic Markets	27.1	71.4	22.1	83.8	204.4	29.3	60.9	18.6	72.2	181.0
Growth Markets	-2.0	9.9	-9.4	2.8	1.3	-4.2	16.3	-11.9	4.3	4.6
Start-ups	-11.1	-6.5	-5.9	-9.5	-33.0	-8.1	4.9	-5.4	-5.3	-13.9
US	-16.2	-7.8	-22.8	-3.3	-50.1	-4.1	3.5	-9.0	-3.6	-13.2
HQ	-5.6	-5.8	4.1	-10.2	-17.4	-8.0	-8.2	-1.7	-9.9	-27.9
Eliminations	-0.2	-0.2	0.4	0.0	0.0	0.0	0.0	0.0	-	-
<b>Adjusted EBITDA<sup>1</sup></b>	<b>-8.0</b>	<b>61.0</b>	<b>-11.4</b>	<b>63.6</b>	<b>105.2</b>	<b>4.9</b>	<b>77.3</b>	<b>-9.3</b>	<b>57.7</b>	<b>130.6</b>

1) Other income and expense items netted under "HQ"

# Income statement by business area

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
<b>Revenue</b>										
SAM	65.0	82.9	63.9	79.4	291.2	75.2	85.4	67.6	82.4	310.7
Consulting	97.3	107.4	83.3	115.4	403.4	101.0	101.4	87.5	123.9	413.9
Software (Direct)	748.1	1,398.6	485.8	1,303.2	3,935.7	790.0	1,774.5	694.9	1,597.0	4,856.5
Software (Indirect)	332.2	358.3	365.8	385.0	1,441.2	394.2	473.3	414.7	492.5	1,774.7
Admin	18.7	24.9	18.8	15.1	77.5	21.0	20.4	21.0	36.9	99.4
Eliminations	-19.0	-21.6	-22.2	-71.0	-133.8	-22.9	-53.4	-36.1	-41.0	-153.4
<b>Total revenue</b>	<b>1,242.2</b>	<b>1,950.5</b>	<b>995.4</b>	<b>1,827.1</b>	<b>6,015.2</b>	<b>1,358.5</b>	<b>2,401.7</b>	<b>1,249.7</b>	<b>2,291.7</b>	<b>7,301.7</b>
<b>Gross profit</b>										
SAM	59.4	73.5	57.0	72.1	262.0	68.4	76.3	62.6	75.0	282.2
Consulting	75.5	82.3	61.2	82.1	301.2	76.3	74.9	65.4	89.5	306.1
Software (Direct)	83.0	135.7	70.1	140.3	429.1	87.5	166.4	65.1	151.4	470.4
Software (Indirect)	26.7	26.1	27.6	30.2	110.5	32.1	35.6	30.6	35.1	133.4
Admin	17.8	22.7	12.7	9.5	62.8	17.3	16.4	16.5	23.7	73.9
Eliminations	-12.9	-9.9	-12.6	-1.7	-37.2	-11.9	-12.9	-12.4	-13.0	-50.2
<b>Total gross profit</b>	<b>249.3</b>	<b>330.6</b>	<b>216.0</b>	<b>332.5</b>	<b>1,128.4</b>	<b>269.8</b>	<b>356.6</b>	<b>227.8</b>	<b>361.7</b>	<b>1,215.8</b>
<b>EBITDA</b>										
SAM	1.2	10.9	-6.7	7.9	13.4	8.5	12.7	-0.4	7.1	27.9
Consulting	2.2	11.9	7.8	11.6	33.6	5.9	1.2	7.4	11.2	25.8
Software (Direct)	10.2	63.9	5.9	59.2	139.1	19.9	93.5	5.0	70.7	189.0
Software (Indirect)	11.0	12.5	12.6	14.2	50.3	13.5	15.6	11.4	9.5	50.1
Admin	-32.5	-38.0	-31.5	-29.2	-131.2	-42.9	-45.6	-32.6	-40.9	-162.1
Eliminations	-0.2	-0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adjusted EBITDA<sup>1</sup></b>	<b>-8.0</b>	<b>61.0</b>	<b>-11.4</b>	<b>63.6</b>	<b>105.2</b>	<b>4.9</b>	<b>77.3</b>	<b>-9.3</b>	<b>57.7</b>	<b>130.6</b>

1) Other income and expense items netted under "Admin"

# Revenue – Market cluster by business area

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
<b>Nordic Markets</b>										
Services	120.1	137.8	100.4	139.7	498.0	126.7	126.7	105.9	144.1	503.4
Software	786.8	913.0	518.9	1,042.3	3,261.0	978.8	978.8	493.8	939.9	3,391.3
Admin	1.0	3.6	0.6	3.8	8.9	1.2	1.2	0.5	2.9	5.8
<b>Nordic Markets revenue</b>	<b>907.9</b>	<b>1,054.3</b>	<b>619.9</b>	<b>1,185.9</b>	<b>3,767.9</b>	<b>1,106.7</b>	<b>1,106.7</b>	<b>600.2</b>	<b>1,086.9</b>	<b>3,900.5</b>
<b>Growth Markets</b>										
Services	20.0	21.0	20.0	21.3	82.3	18.1	18.1	15.7	22.6	74.5
Software	147.4	504.7	182.9	317.9	1,152.8	678.6	678.6	411.6	54.7	1,823.5
Admin	1.2	4.1	1.4	1.7	8.4	1.1	1.1	1.0	1.3	4.5
<b>Growth Markets revenue</b>	<b>168.7</b>	<b>529.7</b>	<b>204.3</b>	<b>340.8</b>	<b>1,243.5</b>	<b>697.8</b>	<b>697.8</b>	<b>428.4</b>	<b>78.5</b>	<b>1,902.5</b>
<b>Start-ups</b>										
Services	4.9	5.6	5.9	8.0	24.5	8.5	8.5	6.7	6.1	29.8
Software	130.1	307.9	131.5	296.4	865.8	474.6	474.6	164.9	48.1	1,162.2
Admin	0.8	-0.2	-0.1	0.1	0.6	0.3	0.3	0.0	-0.1	0.5
<b>Start-ups revenue</b>	<b>135.8</b>	<b>313.3</b>	<b>137.3</b>	<b>304.4</b>	<b>890.9</b>	<b>483.3</b>	<b>483.3</b>	<b>171.6</b>	<b>54.4</b>	<b>1,192.6</b>
<b>US</b>										
Services	17.2	25.8	21.0	25.8	89.8	33.6	33.6	26.8	22.8	116.8
Software	16.0	24.9	18.2	27.9	87.0	105.9	105.9	39.3	3	254.1
Admin	0.4	1.1	0.9	-0.5	2.0	0.1	0.1	0.1	0.6	0.9
<b>US revenue</b>	<b>33.7</b>	<b>51.8</b>	<b>40.2</b>	<b>53.2</b>	<b>178.8</b>	<b>139.6</b>	<b>139.6</b>	<b>66.3</b>	<b>26.3</b>	<b>371.8</b>
<b>HQ</b>										
Services	0.0	0.0	0.0	-0.0	-0.0	-	-	0.0	0.0	0.0
Software	-0.0	6.5	-0.0	3.7	10.2	9.9	9.9	-0.0	-19.7	0.1
Admin	15.3	16.4	16.0	10.0	57.7	17.8	17.8	19.3	32.8	87.7
<b>HQ revenue</b>	<b>15.3</b>	<b>22.9</b>	<b>16.0</b>	<b>13.7</b>	<b>67.9</b>	<b>27.7</b>	<b>27.7</b>	<b>19.3</b>	<b>13.1</b>	<b>87.8</b>
<b>Group</b>										
Services	162.3	190.2	147.2	194.8	694.6	186.9	186.9	155.2	195.5	724.5
Software	1,080.3	1,756.9	851.6	1,688.1	5,376.9	2,247.8	2,247.8	1,109.6	1,025.9	6,631.1
Admin	18.7	24.9	18.8	15.1	77.5	20.4	20.4	21.0	37.6	99.4
Eliminations	-19.0	-21.6	-22.2	-71.0	-133.8	-53.4	-53.4	-36.1	-10.5	-153.4
<b>Group revenue</b>	<b>1,242.2</b>	<b>1,950.5</b>	<b>995.4</b>	<b>1,827.1</b>	<b>6,015.2</b>	<b>2,401.7</b>	<b>2,401.7</b>	<b>1,249.7</b>	<b>1,248.6</b>	<b>7,301.7</b>

# Gross profit – Market cluster by business area

NOKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
<b>Nordic Markets</b>										
Services	95.8	106.3	77.6	106.6	386.3	93.8	95.2	82.1	112	383.1
Software	76.7	109.9	60.9	116.9	364.4	78.6	116.4	55.6	122.5	373.1
Admin	2.0	3.0	-1.3	3.2	6.9	2.7	0.6	0.4	0.8	4.5
<b>Nordic Markets gross profit</b>	<b>174.5</b>	<b>219.2</b>	<b>137.3</b>	<b>226.7</b>	<b>757.7</b>	<b>175.1</b>	<b>212.2</b>	<b>138.1</b>	<b>235.2</b>	<b>760.6</b>
<b>Growth Markets</b>										
Services	18.8	20.4	17.0	19.6	75.8	18.2	17.5	14.7	20.1	70.5
Software	21.1	32.6	17.1	28.5	99.2	22.2	49.9	18.3	38.7	129.1
Admin	0.7	4.0	1.4	1.6	7.7	1.9	1.1	1.0	0.3	4.3
<b>Growth Markets gross profit</b>	<b>40.6</b>	<b>57.1</b>	<b>35.5</b>	<b>49.6</b>	<b>182.8</b>	<b>42.3</b>	<b>68.5</b>	<b>34.0</b>	<b>59.2</b>	<b>204.0</b>
<b>Start-ups</b>										
Services	4.4	5.1	4.8	5.9	20.2	5.5	7.2	5.9	7.3	25.9
Software	8.0	14.9	14.7	12.7	50.3	13.3	27.3	17.3	20.7	78.6
Admin	0.4	-0.3	-0.2	0.1	0.1	0.2	0.3	0.0	0	0.5
<b>Start-ups gross profit</b>	<b>12.9</b>	<b>19.6</b>	<b>19.3</b>	<b>18.7</b>	<b>70.6</b>	<b>18.9</b>	<b>34.7</b>	<b>23.2</b>	<b>28.2</b>	<b>105.0</b>
<b>US</b>										
Services	15.7	24.0	18.9	22.2	80.8	27.3	31.2	25.3	25.1	108.9
Software	3.8	3.2	5.1	8.8	20.9	4.7	9.2	4.6	4.7	23.2
Admin	0.2	0.9	-1.7	-0.3	-1.0	0.2	0.1	0.1	0.5	0.9
<b>US gross profit</b>	<b>19.7</b>	<b>28.0</b>	<b>22.2</b>	<b>30.7</b>	<b>100.7</b>	<b>32.1</b>	<b>40.5</b>	<b>29.9</b>	<b>30.5</b>	<b>133.0</b>
<b>HQ</b>										
Services	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	-	0	0.0
Software	-0.0	1.3	-0.1	3.7	4.8	0.9	-0.8	-0.0	-0.3	-0.2
Admin	14.5	15.1	14.5	5.0	49.0	12.4	14.4	15.0	21.9	63.7
<b>HQ gross profit</b>	<b>14.5</b>	<b>16.4</b>	<b>14.4</b>	<b>8.6</b>	<b>53.9</b>	<b>13.3</b>	<b>13.6</b>	<b>15.0</b>	<b>21.6</b>	<b>63.5</b>
<b>Group</b>										
Services	134.9	155.8	118.3	154.2	563.2	144.8	151.1	128.0	164.4	588.3
Software	109.6	161.9	97.7	170.5	539.6	119.6	201.9	95.7	186.6	603.8
Admin	17.8	22.7	12.7	9.5	62.8	17.3	16.4	16.5	13.5	63.7
Eliminations	-12.9	-9.9	-12.6	-1.7	-37.2	-11.9	-12.9	-12.4	-13	-50.2
<b>Group gross profit</b>	<b>249.3</b>	<b>330.6</b>	<b>216.0</b>	<b>332.5</b>	<b>1,128.4</b>	<b>269.8</b>	<b>356.6</b>	<b>227.8</b>	<b>361.6</b>	<b>1,215.8</b>



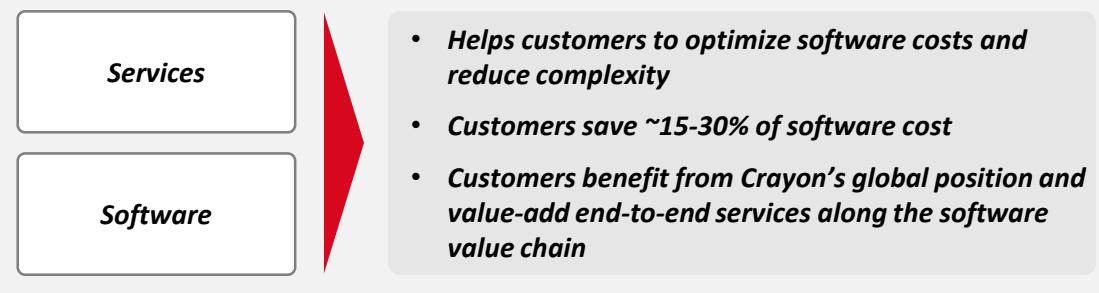
## Appendix

The Software Experts  
**Crayon**

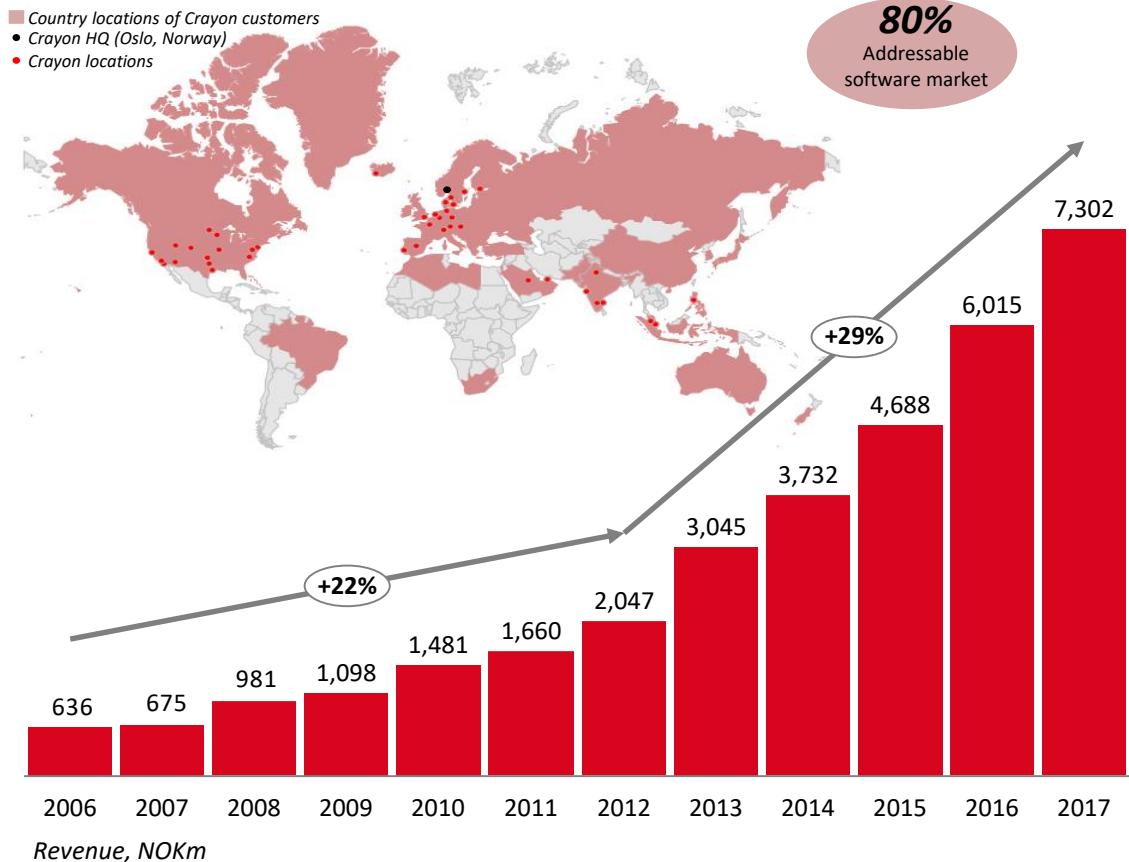
## Company at a glance

- Founded in 2002 with headquarters in Oslo, Norway
- Owned by management, PE firm Norvestor Equity and KLP since 2012
- ~1,000 employees and ~8,000 customers of which more than 40% public<sup>1</sup>
- Strategic partnerships with the largest software vendors globally
- Extensive IP portfolio yielding competitive advantages
- Presence in 21 countries covering 80% of addressable market
- Revenues of NOK 6.0bn with high growth and strong cash conversion

## Offering and value proposition



## An international growth story with strengthening momentum

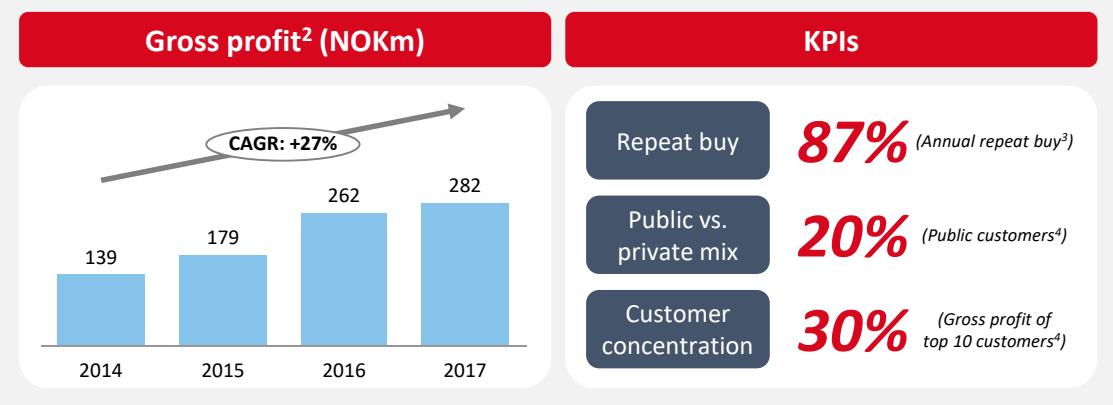


*Crayon is a trusted advisor for customers in their digital transformation journey*

<sup>1</sup>) Based on share of gross profit 2017

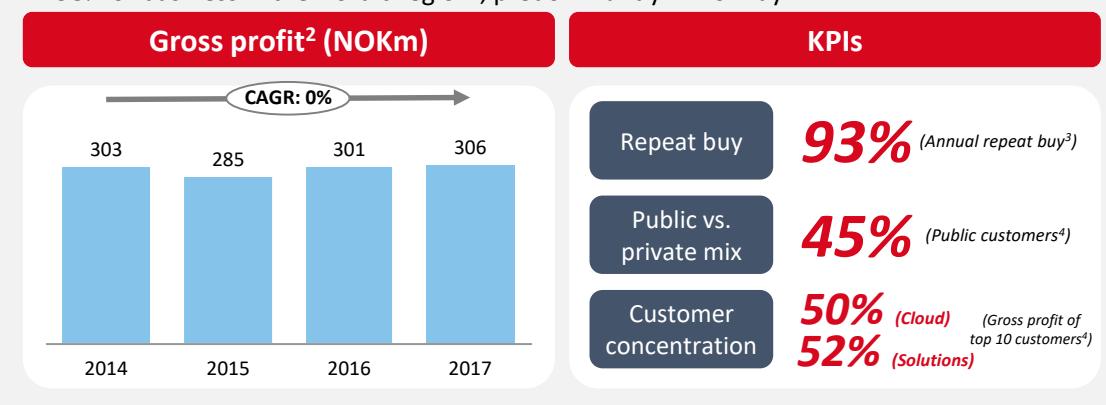
## SAM – IT optimization; Crayon's customer acquisition tool

- Crayon's offering seeks to optimize the IT structure of customers by
  - improving software ROI
  - helping customers stay compliant
  - and helping customer to avoid fines
- SAM is the go-to-market model and has been deployed as a customer acquisition tool when Crayon have entered new geographical markets
- SAM comprise both tactical advisory to mid-level management and strategic advice with customer top management as counterparties
- Crayon uses proprietary IP to differentiate from competitors and to build customer stickiness – IP applied in SAM offering comprises Elevate, SAM-IQ and Catch
- With +240 SAM consultants, Crayon is a leading global player on SAM, and has the highest number of SAM consultants in the world<sup>1</sup>



## Consulting – cloud and solutions consulting services

- Crayon offers consulting services in principally two areas: Cloud and Solutions
  - **Cloud Consulting:** Generic support and services on universal technology platforms
  - **Solutions Consulting:** Bespoke application development tailored to customers' needs
- Total of 247 consultants per year end 2016 (FTEs)
- Core offering includes:
  - IT infrastructure services (planning and analysis support related to larger IT upgrade projects)
  - Cloud Consulting: helping customer migrate to the cloud
  - Tailored software solution or application development and the resolving of complex IT problems including on-site support
- Providing value to customer through helping to solve complex problems that customers are unable to solve internally
- 98% of business in the Nordic region<sup>5</sup>, predominantly in Norway



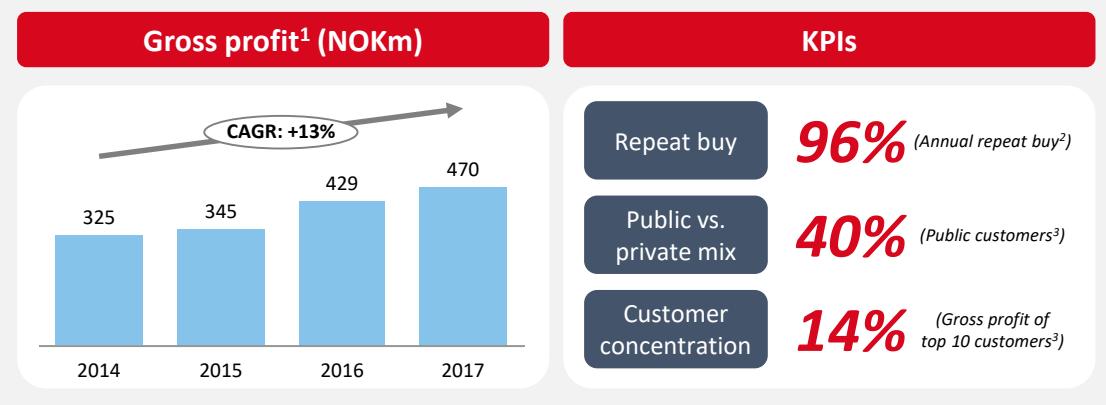
<sup>1</sup>) Crayon Management estimates based on number of independent SAM consultants (independent SAM consultants meaning consultants working for the customer, not the software vendor)

<sup>2</sup>) 2014-2016 Source: Crayon Group Holding AS financial accounts. Q3 LTM 2017 Source: Crayon sales report. Note: Payroll expenses are fully classified below gross profit  
<sup>3</sup>) 2016 gross profit repeat buy adjusted for FAST acquisition in the UK for SAM. Repeat buy

is (1-churn). Source: Sales data  
<sup>4</sup>) Based on 2016 figures. Source: Crayon sales report  
<sup>5</sup>) Gross profit 2016 figures excluding Admin and eliminations

## Direct – license offering directly from vendor to customers

- Focus on standard software that customers use consistently year after year, and which play a key role in their technological platforms and critical commercial processes
- 280 sales and 1<sup>st</sup> line support employees per year end 2016 (FTEs)
- Clients acquired through SAM approach
- Majority of billing is done through Crayon – meaning Crayon are billing clients directly, strengthening client relationships
  - 60% direct billing per 2016<sup>4</sup>
- Solid level of recurring revenues from 3-5 year agreements with customers
  - Base for recurring and sticky customer relationships further supported by proprietary IP applied (Navigator)
- License advisory and transactional support related to purchase of 3rd party software



<sup>1)</sup> 2014-2016 Source: Crayon Group Holding AS financial accounts. Q3 LTM 2017 Source: Crayon sales report. Note: Payroll expenses are fully classified below gross profit

<sup>2)</sup> 2016 gross profit repeat buy. Repeat buy is (1-churn). Source: Sales data

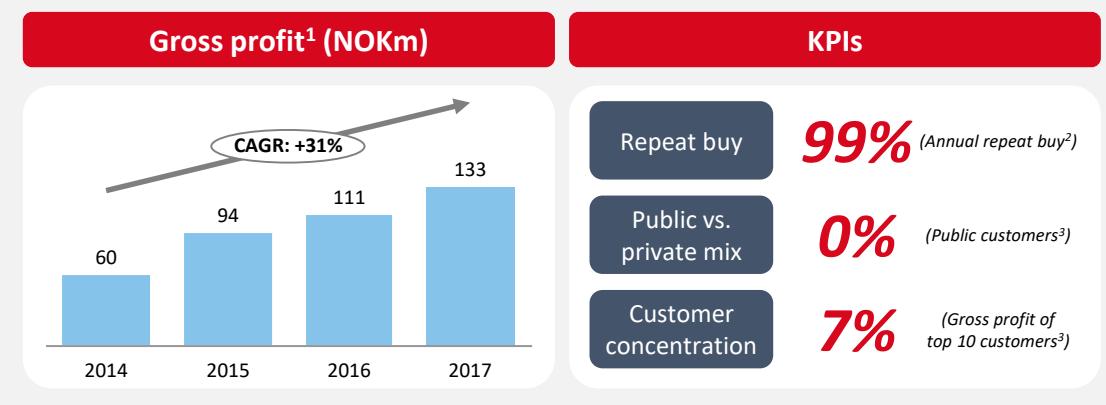
<sup>3)</sup> Based on 2016 figures. Source: Crayon sales report

<sup>4)</sup> Crayon direct billing of Microsoft's share of gross profit. Based on 2016 figures. Source: Crayon sales report

## Indirect – license offering towards channel partners

- Crayon's license offering towards channel partners:
  - License advisory / optimization, software license sale and access to Crayon's reporting portal
- Crayon sells software licenses through a diverse group of leading channel partners:
 


- Crayon not the customers direct point-of-contact, hence Crayon revenue is generated through channel partner network
- 73 sales and 1<sup>st</sup> line support employees per year end 2016 (FTEs)
- ~100% recurring revenue driven by multi-year agreements with monthly invoicing
- Proprietary IP applied comprise Cloud-IQ



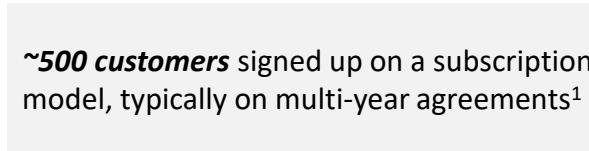
# Extensive portfolio of intellectual property

## Unique proprietary intellectual property portfolio...



- ✓ Help customers improve internal processes and capabilities
- ✓ Web portal providing tools and scripts

## ...providing differentiation and customer stickiness



~20%



- ✓ SAM delivery and collaboration platform

Used by Crayon for various SAM services

- ✓ License management tool for monitoring software usage and inventory

Used by Crayon and licensed to customers

- ✓ Self-provisioning web portal
- ✓ Effective provision and administration of cloud services for customers

~1,500 customers signed up on a monthly subscription model<sup>1</sup>

~50%

...of total gross profit relates to use of Crayon's own IP portfolio<sup>2,3</sup>

- ✓ Software webshop and self-provisioning portals for customers and partners

~2,000 customers signed up on a monthly subscription model<sup>1</sup>

...of the customers are signed up on subscription models for the Crayon IP<sup>1</sup>

# Proven execution of international expansion strategy

## Successful development from being a Norwegian licensing provider to global ambitions

