

Q2 2018 Presentation

CEO Torgrim Takle | CFO Jon Birger Syversen, 22 August 2018

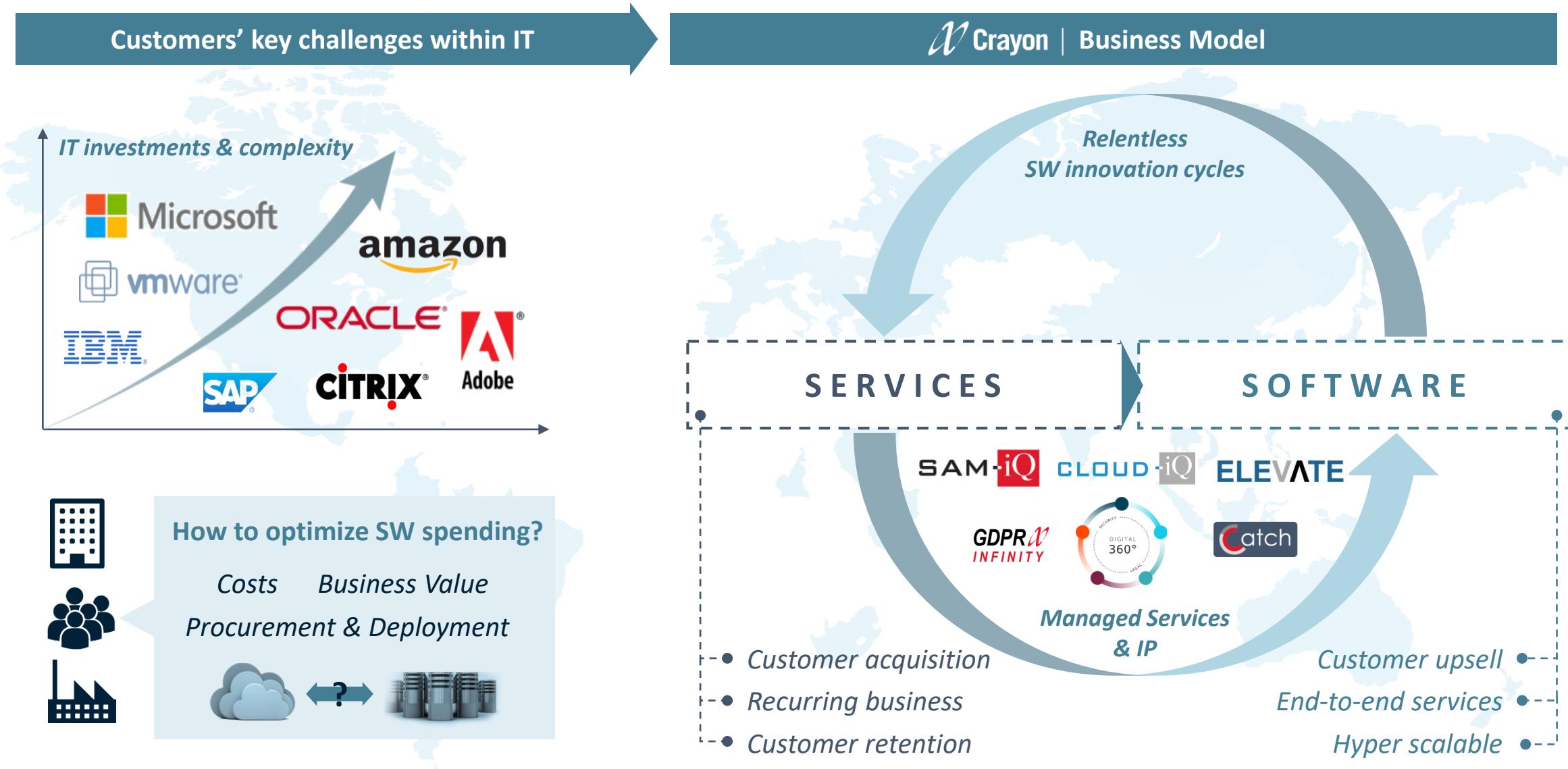
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Unique Business Model



Business Update

Q2 2018 | CEO Torgrim Takle



Q2 2018 Highlights

1 STRONG MARKET MOMENTUM

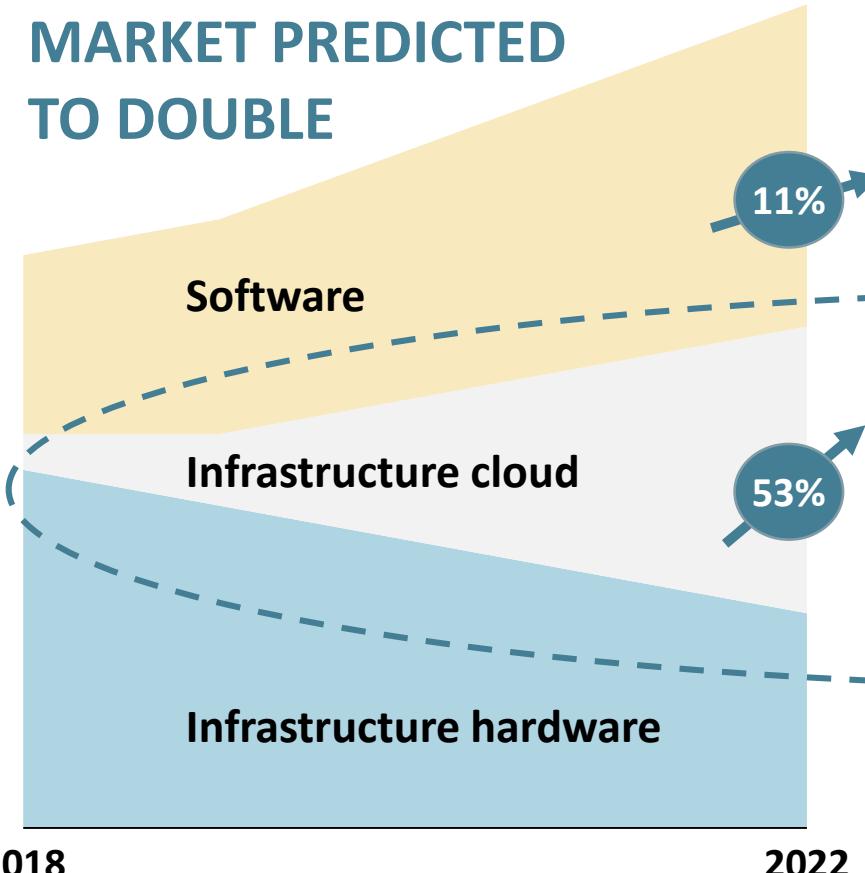
2 RECORD FINANCIAL QUARTER

3 SIGNIFICANT NEW CUSTOMER WINS

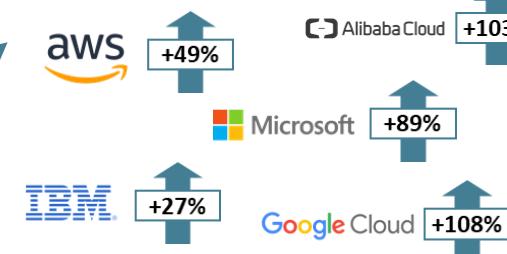
4 STRATEGIC AGREEMENT WITH MICROSOFT



CRAYON ADDRESSABLE MARKET PREDICTED TO DOUBLE



Cloud Infrastructure Services
YoY growth, Q2 2018



Market growth, 2017-2018



- New, fast growing market
- Strategically positioned
- More services
- Better margins

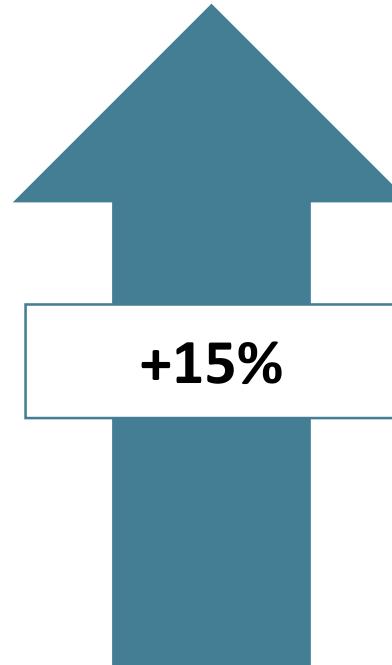
2 Record Financial Quarter

Compared to corresponding period last year



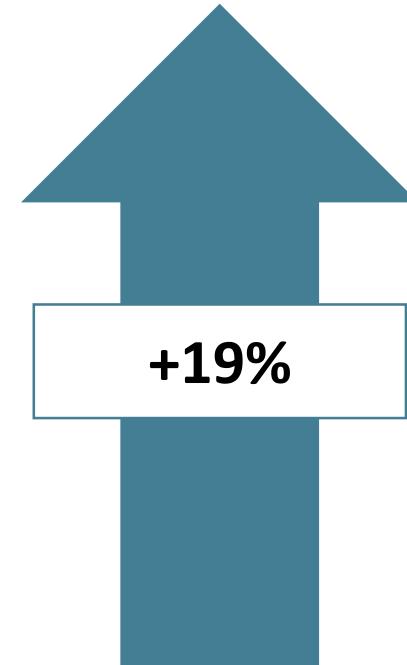
Revenue

(MNOK 3,125)



Gross Profit

(MNOK 408)

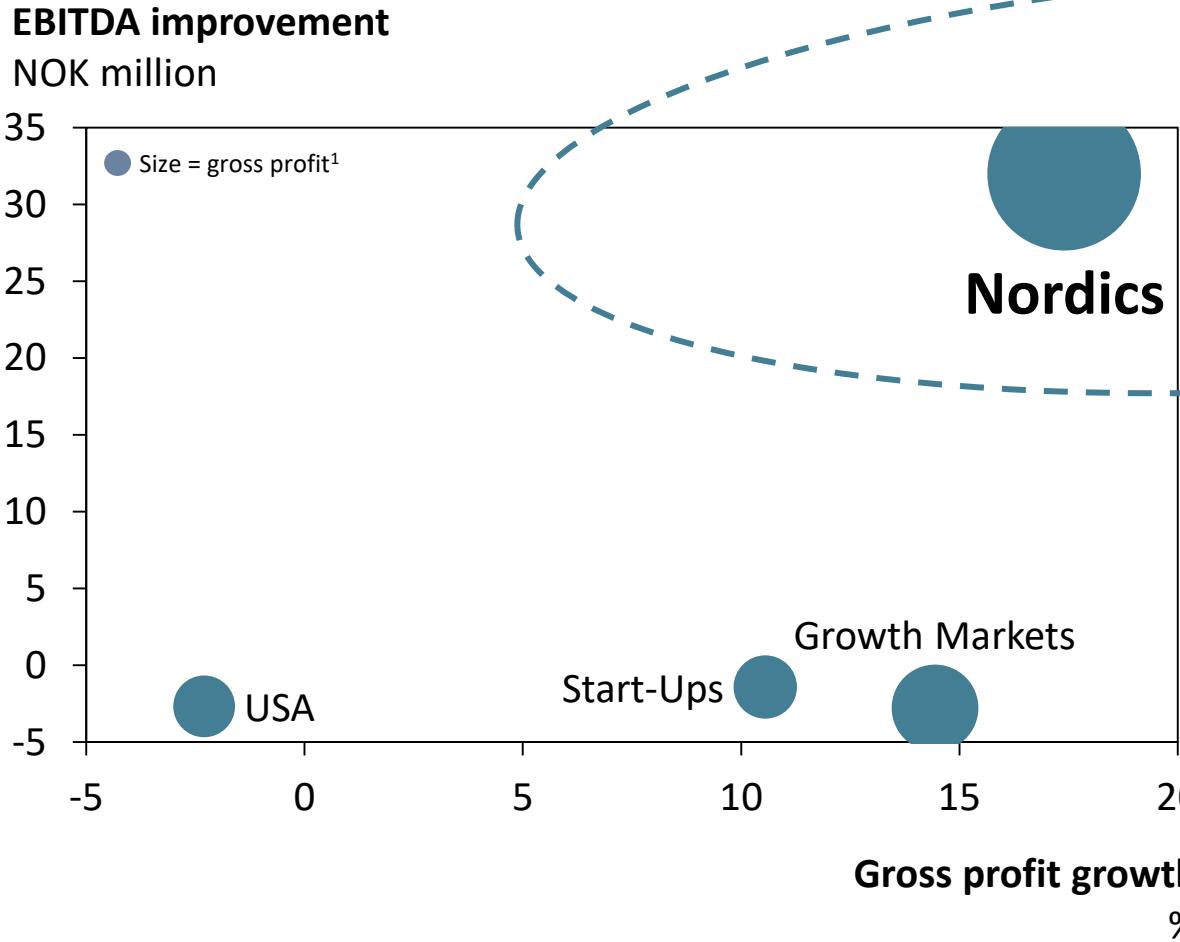


EBITDA¹

(MNOK 92)

Continued Strong Performance In The Nordics

Compared to corresponding period last year



Gross profit: +17%

EBITDA: +53%

Significant New Customer Wins

NET NEW CUSTOMERS:

+689

(+12% new customers YoY)



Statens vegvesen



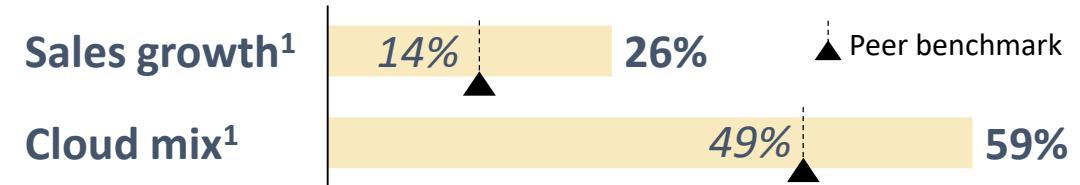
Strategic Agreement With Microsoft



- Cloud transition is seen as a “must-win battle” for software vendors
- Microsoft has initiated a multi-year strategic program with key global partners
- Program objective is to accelerate key strategic productivity and business applications

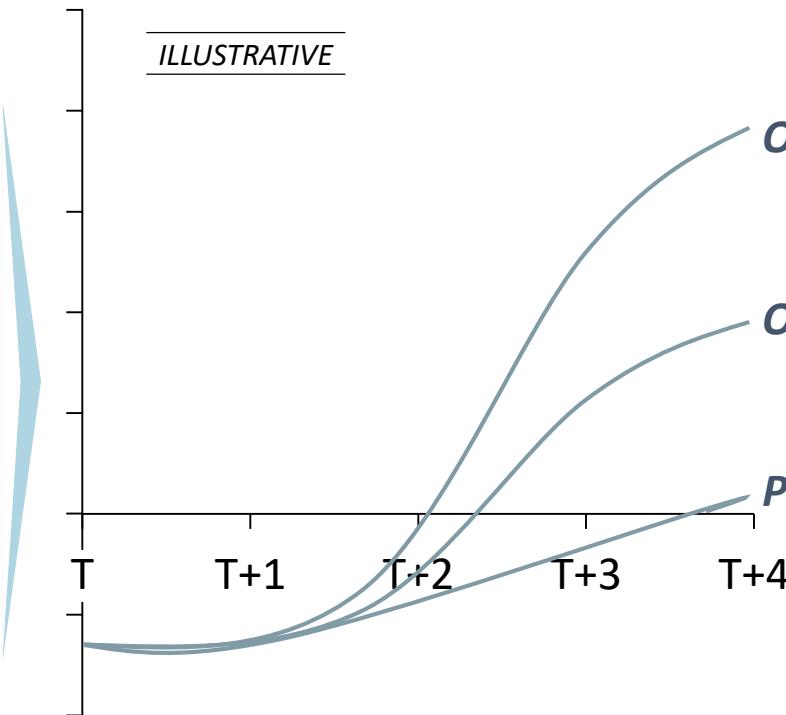
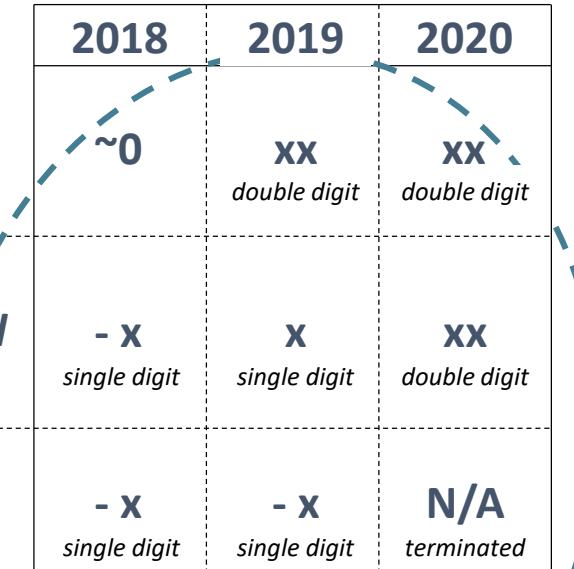


- Agreement signed July 2018
- Demonstrating Crayon's unique business model and capabilities
- Fastest growing global Microsoft partner & highest cloud mix



Strategic Agreement With Microsoft: Business Impact

- No change in Crayon strategy – only acceleration/scaling of existing mutual business
- 50/50 investment structure (resources, sales & AI engines)
- Initial investment from Microsoft of MNOK ~30
- Significant additional investment support available over time if Crayon delivers on plan;
 - New customer recruitments
 - Azure & Microsoft365

Quarterly EBITDA impact¹FY EBITDA impact (MNOK)¹

Significant financial upside
Not reflected in 2018 and medium term guiding due to current execution uncertainty

¹ Incremental EBITDA impact from the strategic agreement with Microsoft. Assuming all investments booked as costs in P&L statement

Q2 2018 Business Area Summary



	SW Direct		SW Indirect		SAM		Consulting	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Gross profit growth ¹	+13%	+23%	+13%	+36%	+0%	+4%	+29%	-9%
EBITDA margin ²	57%	56%	41%	44%	8%	17%	14%	2%
Q2 drivers	<ul style="list-style-type: none"> Strong underlying market growth Several significant customer wins Increased scope of cross-border arbitrage 	<ul style="list-style-type: none"> Accelerated partner recruitment, cloud migration & consumption Tracking well, and Reiterate outlook & impact of incentive changes communicated in Q4 2017 	<ul style="list-style-type: none"> YoY figures negatively impacted by project-end in USA Transition to cloud economics Investments in new services and customer onboarding 	<ul style="list-style-type: none"> Resource build-up and proactive pipeline management Attractive market dynamics and significant customer wins Continued investments for building global AI/Machine Learning practice 				

¹ Gross profit growth Year over Year ("YoY")

² EBITDA as a percentage of gross profit

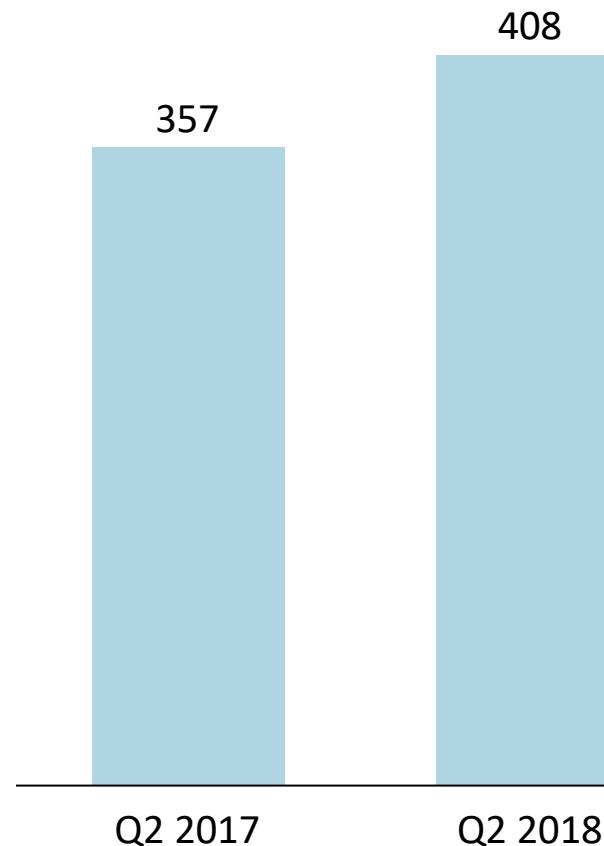
Financial Review

Q2 2018 | CFO Jon Birger Syvertsen

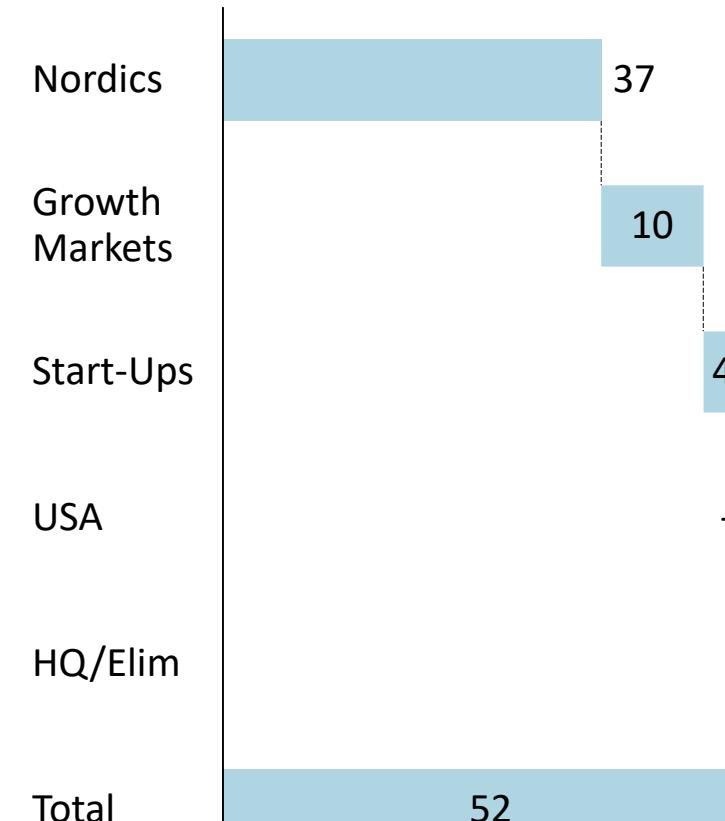
Gross profit growth driven by Nordics

Gross profit
NOK million

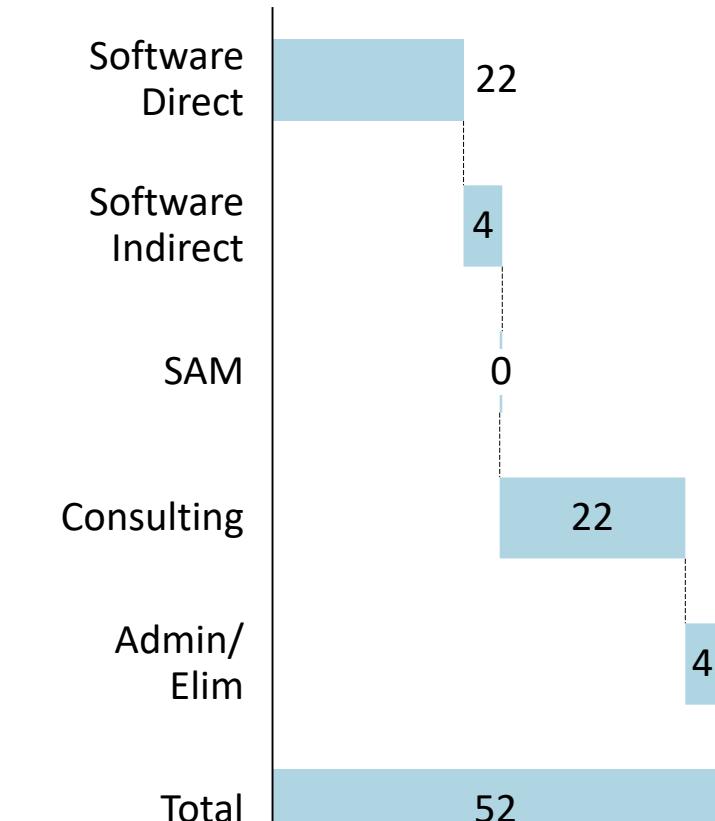
+15% / NOK 52m



YoY gross profit growth by market cluster
NOK million



YoY gross profit growth by business area
NOK million



Q2 2018

EBITDA growth driven by Nordics



Adjusted EBITDA

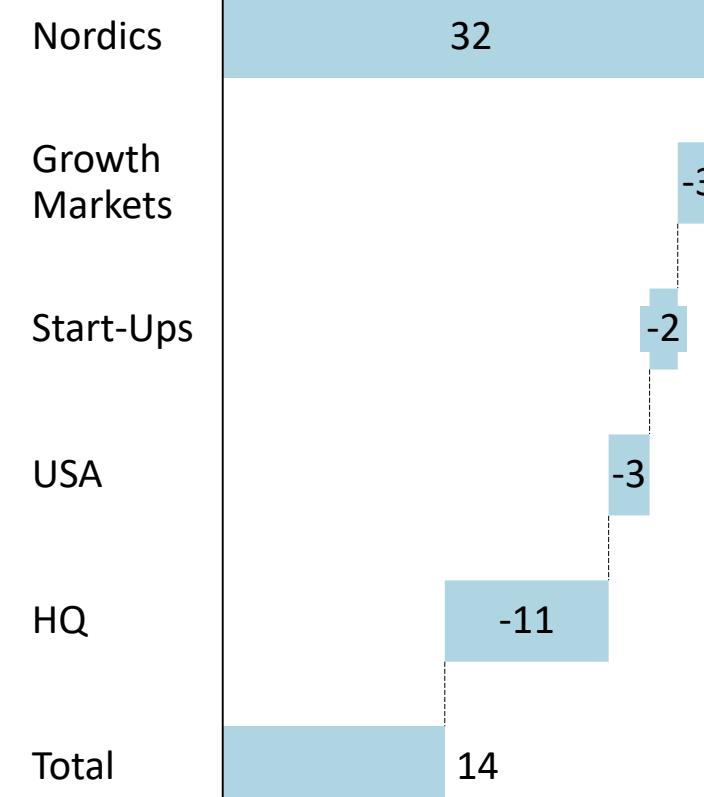
NOK million

NOK 14m / +19%



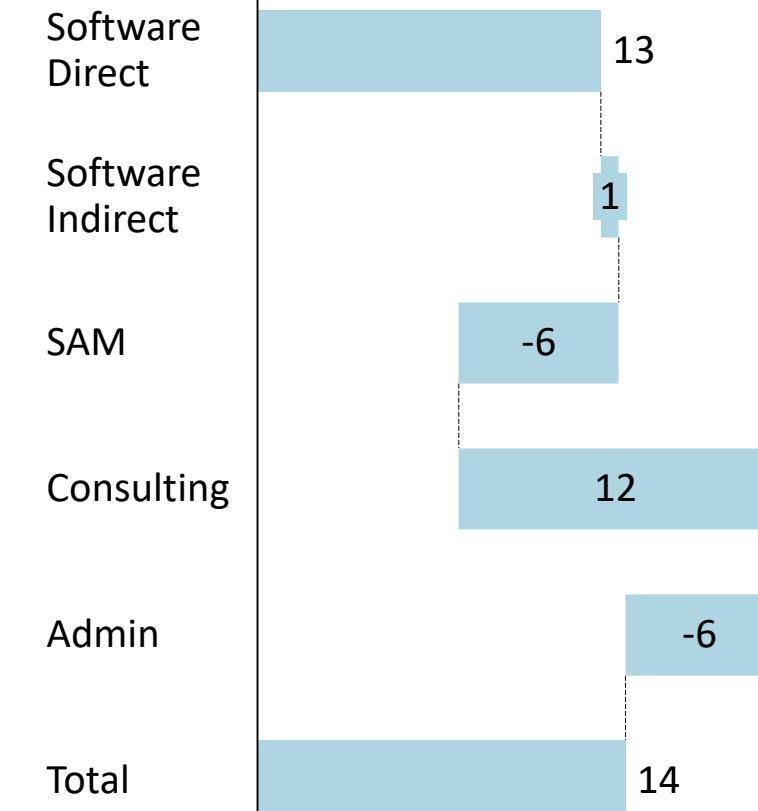
YoY Adj EBITDA growth by market cluster

NOK million

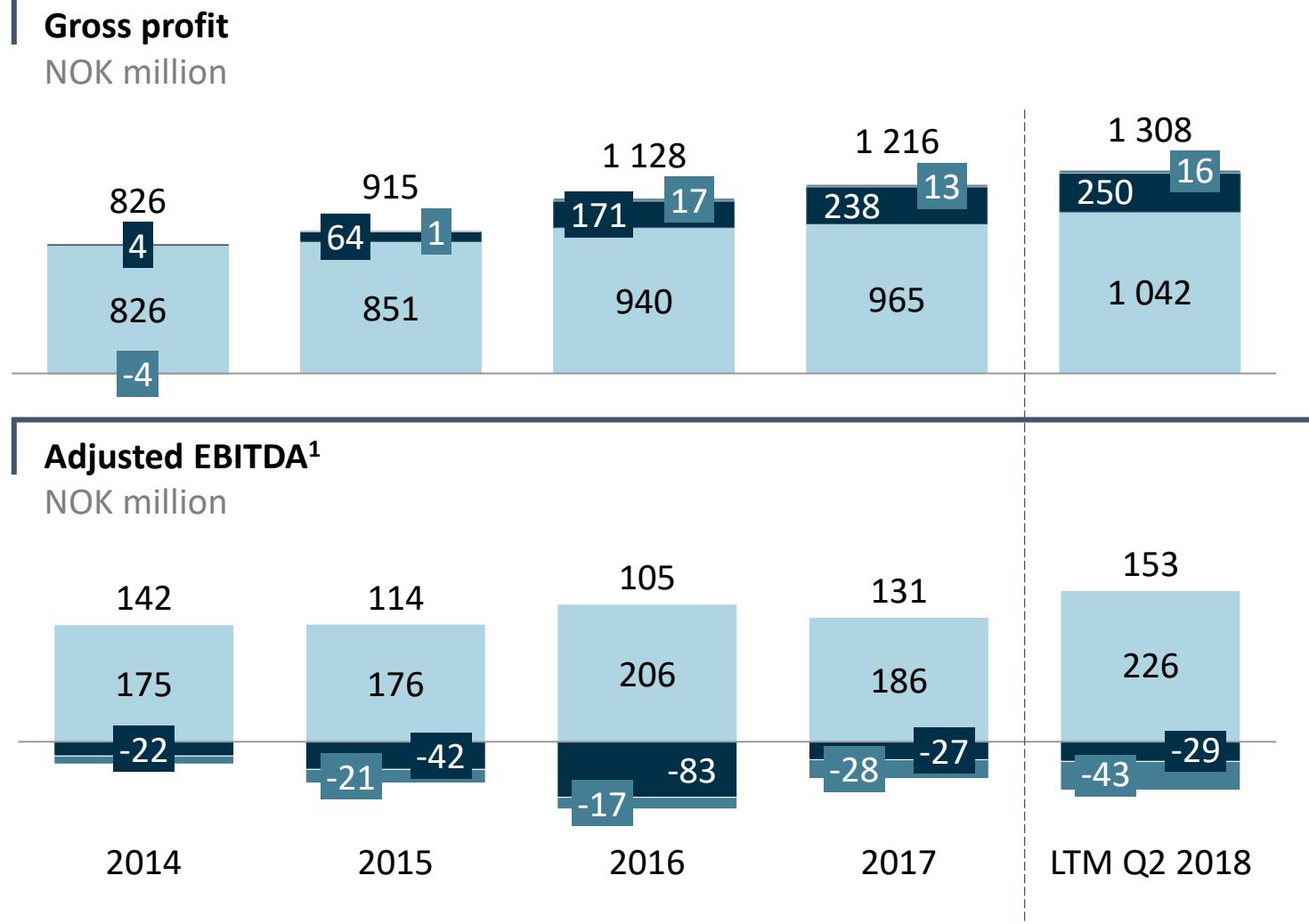


YoY Adj EBITDA growth by business area

NOK million



International expansion momentum continues



Established Markets²

Less Established Markets²

HQ/Elim.

- Continued gross profit growth in less established markets, with a 3.9x growth since 2015
- Despite negative EBITDA development in less established markets H1 2018, Adjusted EBITDA margin has improved from -65% to -12%
- Expect to continue to drive gross profit growth while continuing trend of improving EBITDA margin

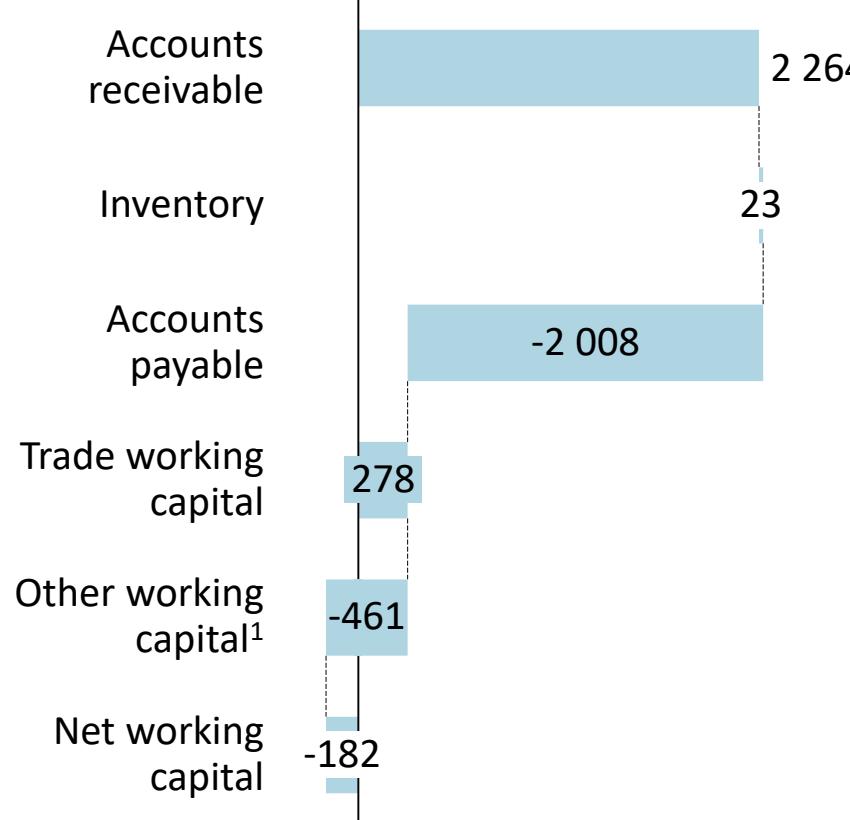
¹ Adjusted EBITDA is reported EBITDA less other income & expenses items netted under HQ, hence not reflected on Market Cluster / Business Area level

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

Working capital is seasonal , but consistently negative

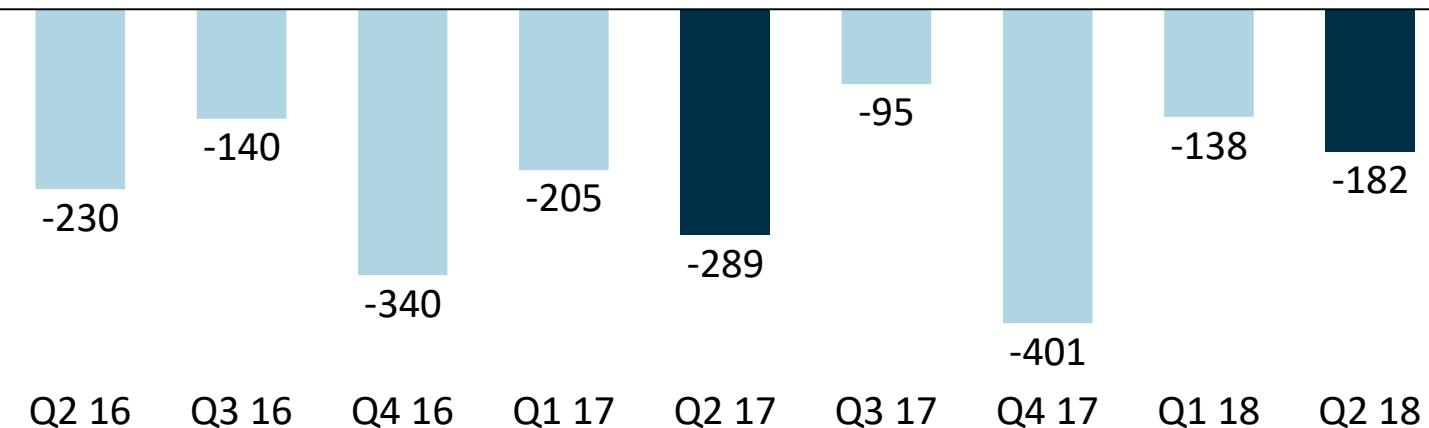
2018 Q2 net working capital

NOK million



Net working capital over time

NOK million



- Q2 2018 net working capital is less negative than Q2 2017 net working capital, which implies more funds are tied up in working capital
- This is driven by an increase in trade working capital of 134 MNO^K y-o-y, driven by strong sales momentum end of quarter

¹ Other working capital includes other receivables, income tax payable, public duties payable and other short-term liabilities

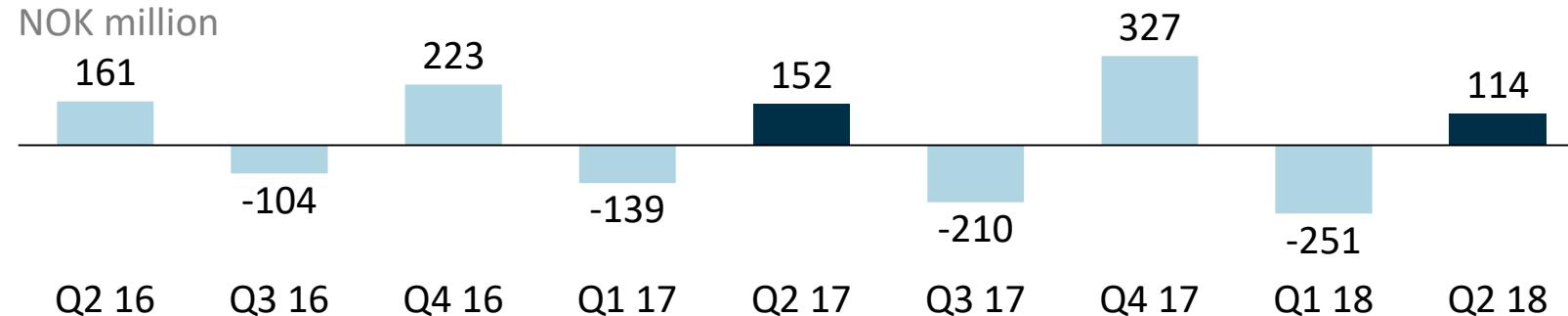
Q2 2018

Cash flow from operations affected by working capital buildup

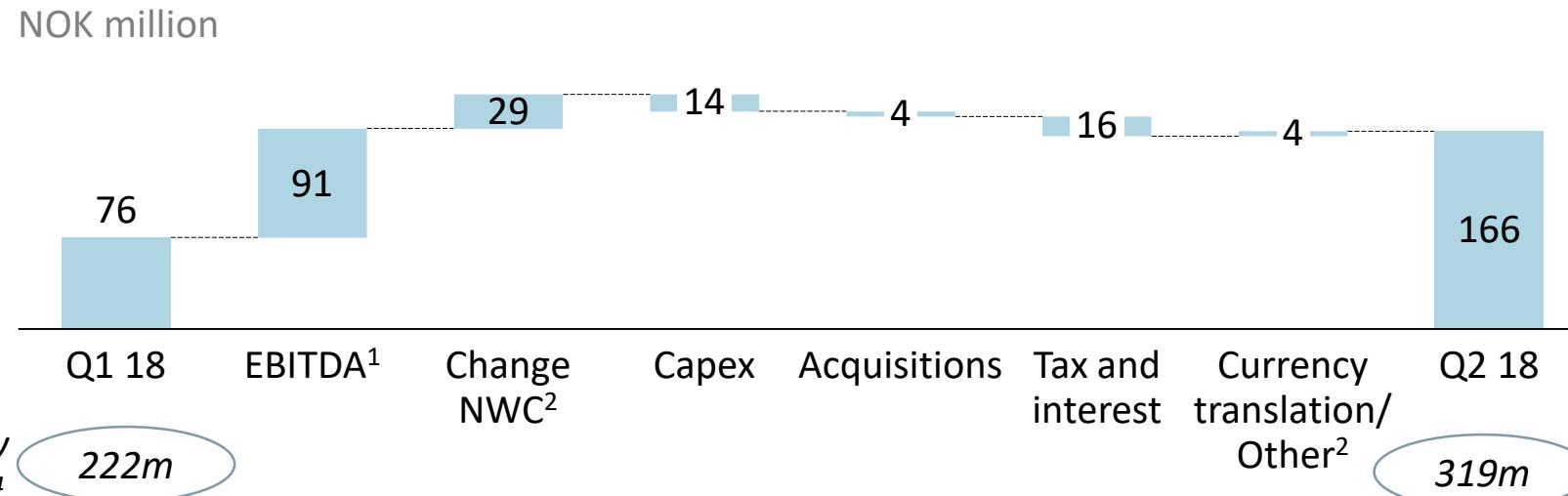
The Software Experts



Cash flow from operating activities



Q2 cash development

¹ EBITDA (non-adjusted)² As seen from the cash flow statement³ Average liquidity defined as the daily arithmetic average of available cash and undrawn RCF facility; available liquidity end of quarter was MNOK ~350⁴ Liquidity reserve is reported in the 'Alternative Performance Measures' section in the quarterly report, and is defined as the sum of freely available cash and available credit facilities

- Cash flow from operations is seasonal and driven by changes to net working capital
- Positive cash development though quarter, however smaller contribution from change in NWC than in Q2 2017
- Pilot on factoring in Norway underway – expect to expand pilot to Sweden during Q3
- Strong liquidity position through Q2 18 – daily average of available liquidity was NOK ~410m³, compared to NOK ~80m in Q2 17

Q2 2018

P&L - summary



NOKm	Q2 2017	Q2 2018	YTD Q2 17	YTD Q2 18
Operating revenue	2 401.7	3 125.3	3 760.3	4 981.0
Materials and supplies	-2 045.2	-2 716.9	-3 133.9	-4 262.3
Gross profit	356.6	408.5	626.4	718.7
Payroll and related costs	-244.0	-269.5	-472.4	-525.9
Other operating expenses	-35.3	-47.2	-71.7	-87.7
Other income and expenses	-0.2	-0.6	-0.5	-3.4
Total operating expenses	-279.4	-317.3	-544.6	-617.0
EBITDA	77.1	91.2	81.8	101.7
Depreciation	-2.4	-2.6	-4.9	-5.1
Amortization	-13.4	-15.9	-26.2	0.0
Goodwill impairment	-1.3	0.0	-1.3	0.0
EBIT	60.0	72.7	49.4	65.5
Net financial expense	-36.2	-8.0	-52.3	-18.9
Ordinary result before tax	23.8	64.7	-3.0	46.6
Income tax expense on ordinary	-6.4	-15.6	-1.3	-9.6
Net income	17.4	49.2	-4.3	37.0
Adjusted EBITDA reconciliation				
Reported EBITDA	77.1	91.2	81.8	101.7
Other income and expenses	0.2	0.6	0.5	3.4
Adjusted EBITDA	77.3	91.8	82.2	105.1

- Depreciation and amortization in line with plan, with amortizations increasing y-o-y due to historic development costs
- Net financial expenses decreases following refinancing of bond / deleverage after IPO
- Income tax expenses in line with management expectations
- Adjusted EBITDA – adjustments of NOK 0.6 m primarily related to share-based compensation

Balance sheet and net interest bearing debt

NOKm	30.06.2017	30.06.2018
Assets		
Inventory	24.0	22.6
Accounts receivable	1 573.7	2 263.8
Income tax, other receivables	45.9	54.5
Net cash and cash equivalents	204.7	165.5
Total current assets	1 848.4	2 506.4
Technology, software and R&D	106.8	112.7
Contracts	92.2	73.3
Goodwill	828.4	827.7
Software licenses (IP)	7.4	1.0
Deferred tax assets	0.0	49.9
Equipment	20.4	23.2
Other receivables	4.8	11.0
Total non-current assets	1 060.1	1 098.8
Total assets	2 908.5	3 605.2
Equity and liabilities		
Total equity	273.7	592.5
Short-term debt	100.5	0.0
Trade creditors	1 453.6	2 008.0
Public duties payable	254.5	254.2
Income tax, other current liabilities	224.2	260.9
Total current liabilities	2 032.8	2 523.1
Long-term debt	591.7	442.3
Deferred tax liabilities	8.9	32.9
Other long-term liabilities	1.4	14.4
Total long-term liabilities	602.0	489.6
Total liabilities	2 634.8	3 012.7
Total equity & liabilities	2 908.5	3 605.2

Net interest bearing debt - NOKm	30.06.2017	30.06.2018
Long-term interest bearing debt	605.5	454.2
Cash and cash equivalents	-204.7	-165.5
Restricted cash	117.4	15.8
Net interest bearing debt (NIBD)	518.2	304.5

- Long-term debt (CRAYON02) matures in April 2020 with outstanding principal of NOK 450m
- Comparing with Q2 2017, the final NOK 100.5m payment on the matured CGH01 was classified as short-term debt
- In addition, Crayon has a NOK 200m RCF – no drawdowns as of Q2 2018
- Trade working capital increased with NOK 134m compared to Q2 2017 driven by strong sales, while other working capital is reduced with 28 MNO

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

Cash flow development

NOKm	Q2 2017	Q2 2018	YTD Q2 17	YTD Q2 18
Net income before tax	23.8	64.7	-3.0	46.6
Taxes paid	-1.4	-6.4	-10.9	-13.0
Depreciation and amortization, incl. write-down	17.1	18.5	32.4	36.2
Net interest to credit institutions	15.1	8.8	27.3	17.6
Changes in inventory, AR/AP ¹	-63.9	-127.1	-143.9	-311.2
Changes in other current assets	161.6	155.7	111.2	86.8
Net cash flow from operating activities	152.3	114.2	13.2	-137.0
Net cash flow from financing activities	-4.8	-2.9	-17.4	-12.6
Acquisition of assets	-14.5	-14.3	-24.6	-32.5
Acquisition of subsidiaries	0.0	-4.3	0.0	-7.5
Divestments / Purchases of own shares / Other	0.0	0.0	0.0	0.0
Net cash flow from investing activities	-14.5	-18.6	-24.6	-40.0

- Q2 2018 cash flow from operations NOK 39m lower than Q2 2017, with improved operational performance offset by increase in trade working capital driven by strong momentum end of quarter
- Capex in Q2 2018 of NOK 14.3m mainly related to investments in new ERP system and Cloud IQ

Outlook

Q2 2018

In sum – Q2 leads to increased GP growth guidance for 2018

	2017 actuals	LTM	2018 outlook	Medium term
Gross profit growth	+7.7%	+11.3%	+10-12%	8-10%
Adjusted EBITDA as share of gross profit	10.7%	11.7%	12-14%	Gradually increase to 15%
NWC¹	-20.4%	-15.6%	Around -20%	Around -15%
Capex	NOK 51 mn	NOK 59 mn	NOK 45-50 mn	NOK 40-45 mn

Increased from +8-10% based on underlying commercial momentum

Q&A session



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:

- 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

For IR-related requests:

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Datapack

Introduction to key P&L drivers

NOK million	2014	2015	2016	2017
Operating revenue	3 731.8	4 687.9	6 015.2	7 301.7
<i>Growth</i>		25.6%	28.3%	21.4%
Materials and supplies	-2 905.5	-3 773.0	-4 886.8	-6 086.9
Gross profit	826.3	914.9	1,128.4	1,215.8
<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
Total operating expenses	-688.4	-817.4	-1,036.7	-1,085.2
EBITDA	137.8	97.5	91.7	103.8
<i>EBITDA % of gross profit</i>	16.7%	10.7%	8.1%	8.5%
Exceptional items	4.0	16.3	13.5	26.8
Adjusted EBITDA	141.8	113.7	105.2	130.6
<i>Adj. EBITDA % of gross profit</i>	17.2%	12.4%	9.3%	10.7%

#FTEs

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 billing¹

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



NOK million	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018
Operating revenue	6 015.2	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3
<i>Growth</i>	28.3%	9.4%	23.1%	25.5%	25.4%	21.4%	36.6%	68.4%
Materials and supplies	-4 886.8	-1 088.7	-2 045.2	-1 022.0	-1 930.1	-6 085.9	-1 545.5	-2 716.9
Gross profit	1 128.4	269.8	356.6	227.8	361.7	1 215.8	310.2	408.5
<i>Gross margin</i>	18.8%	19.9%	14.8%	18.2%	15.8%	16.7%	16.7%	13.1%
Payroll and related costs	-877.9	-228.4	-244.0	-204.5	-273.6	-950.6	-258.9	-269.5
Other operating expenses	-158.8	-36.7	-35.5	-43.3	-45.9	-161.4	-41.1	-47.2
Total operating expenses	-1 036.7	-265.2	-279.4	-247.8	-319.5	-1 111.9	-299.7	-317.3
EBITDA	91.7	4.7	77.1	-20.1	42.1	103.8	10.5	91.2
<i>EBITDA margin</i>	1.5%	0.3%	3.2%	-1.6%	1.8%	1.4%	0.6%	2.9%
Depreciation	-9.2	-2.4	-2.4	-2.4	-2.5	-9.7	-2.5	-2.6
Amortization	-80.9	-12.8	-13.4	-13.8	-20.7	-60.7	-15.2	-15.9
Goodwill impairment	-8.9	0.0	-1.3	0.0	0.0	-1.3	0.0	0.0
EBIT	-7.3	-10.6	60.0	-36.2	19.0	32.2	-7.2	72.7
<i>EBIT margin</i>	-0.1%	-0.8%	2.5%	-2.9%	0.8%	0.4%	-0.4%	2.3%
Financial income	35.8	35.0	17.5	27.7	34.0	114.3	25.3	4.9
Financial expense	-68.3	-51.2	-53.7	-54.9	-40.4	-200.1	-36.3	-12.9
Net financial expense	-32.5	-16.2	-36.2	-27.2	-6.3	-85.8	-11.0	-8.0
Ordinary result before tax	-39.8	-26.8	23.8	-63.4	12.7	-53.7	-18.2	64.7
Income tax expense on ordinary result	9.6	5.1	-6.4	11.2	10.7	0.8	-6.0	-15.6
Net income	-30.2	-21.7	17.4	-52.2	2.0	-54.5	-12.2	49.2
Adjusted EBITDA reconciliation								
Reported EBITDA	91.7	4.7	77.1	-20.1	42.1	103.8	10.5	91.2
Exceptional items ¹	13.5	0.3	0.2	10.7	15.6	26.8	2.8	0.6
Adjusted EBITDA	105.2	4.9	77.3	-9.3	57.7	130.6	13.3	91.8
<i>Adj. EBITDA % of gross profit</i>	9.3%	1.8%	21.7%	-4.1%	16.0%	10.7%	4.3%	22.5%

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

Balance sheet



NOK million	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Assets							
Inventory	17.5	18.8	24.0	13.6	26.3	23.6	22.6
Accounts receivable	1 206.8	722.0	1 573.7	769.8	1 541.4	1 147.0	2 263.8
Income tax receivable	2.7	6.1	2.9	1.6	-	-	0.0
Other receivables	54.4	36.0	45.9	43.4	60.0	56.4	54.5
Net cash and cash equivalents ¹	227.9	66.5	204.7	-136.4	368.4	76.4	165.5
Total current assets	1 509.4	849.4	1 851.2	692.0	1 996.2	1 303.5	2 506.4
Technology, software and R&D	104.3	104.4	106.8	104.9	109.3	112.3	112.7
Contracts	101.0	96.1	92.2	85.9	83.3	77.9	73.3
Goodwill ²	827.1	829.1	828.4	819.4	831.0	823.8	827.7
Software licenses (IP)	7.4	7.4	7.4	7.4	1.0	1.0	1.0
Deferred tax assets	29.6	33.8	28.7	29.4	33.8	54.1	49.9
Equipment	18.7	19.2	20.4	19.8	20.2	20.9	23.2
Other receivables	3.2	4.1	4.8	3.4	4.8	6.5	11.0
Total non-current assets	1 091.3	1 094.1	1 088.8	1 070.0	1 083.5	1 096.5	1 098.8
Total assets	2 600.7	1 943.5	2 940.0	1 762.0	3 079.7	2 400.0	3 605.2
Equity and liabilities							
Share capital	52.5	52.5	52.5	52.5	75.4	75.4	75.4
Own shares	-	-	-	-	-	-	0.0
Share premium reserve	262.3	262.3	262.3	262.3	588.1	588.1	588.1
Other equity	-53.6	-69.4	-50.0	-99.0	-105.6	-123.7	-82.0
Minority interest	11.2	7.0	8.9	3.2	8.2	9.5	11.1
Total equity	272.4	252.4	273.7	219.0	566.0	549.3	592.5
Short-term debt	661.0	661.1	100.5	-	-	-	0.0
Trade creditors	1 224.1	660.5	1 453.6	628.2	1 600.6	1 019.4	2 008.0
Public duties payable	186.9	119.0	254.5	109.6	229.1	156.1	254.2
Other current liabilities	210.0	208.8	227.0	186.0	194.4	182.9	260.9
Total current liabilities	2 282.0	1 649.4	2 035.6	923.8	2 029.0	1 364.6	2 523.1
Long-term debt	0.0	0.0	591.7	590.3	445.7	444.2	442.3
Deferred tax liabilities	44.8	40.1	37.6	27.4	31.8	34.7	32.9
Other long-term liabilities	1.5	1.6	1.4	1.5	7.2	7.2	14.4
Total long-term liabilities	46.3	41.7	630.7	619.2	484.7	486.1	489.6
Total liabilities	2 328.3	1 691.1	2 666.3	1 543.0	2 513.7	1 850.7	3 012.7
Total equity & liabilities	2 600.7	1 943.5	2 940.0	1 762.0	3 079.7	2 400.0	3 605.2

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



NOK million	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018
Cash flow from operating activities								
Net income before tax	-39.8	-26.8	23.8	-63.4	12.7	-53.7	-18.2	64.7
Taxes paid	-17.6	-9.5	-1.4	-3.3	2.3	-11.9	-6.6	-6.4
Depreciation and amortization	99.0	15.3	17.1	16.2	23.1	71.7	17.7	18.5
Net interest to credit institutions	49.4	12.3	15.1	12.4	10.9	50.6	8.8	8.8
Changes in inventory, accounts receivable/payable	77.8	-80.1	-63.9	-11.1	188.1	33.1	-184.1	-127.1
Changes in other current assets	-29.1	-50.4	161.6	-160.7	112.5	63.0	-68.9	155.7
Net cash flow from operating activities	139.7	-139.1	152.3	-210.0	349.6	152.8	-251.2	114.2
Cash flow from investing activities								
Acquisition of assets	-51.2	-10.1	-14.5	-11.4	-14.8	-50.8	-18.3	-14.3
Acquisition of subsidiaries (cash paid net of cash in acquired entity)	-29.6	0.0	0.0	0.0	-22.7	-22.7	-3.2	-4.3
Divestments	0.1	0.0	0.0	0.0	-	-	-	-
Net cash flow from investing activities	-80.7	-10.1	-14.5	-11.4	-37.5	-73.5	-21.4	-18.6
Cash flow from financing activities								
Net interest paid to credit institutions	-51.1	-12.7	-14.9	-13.6	-15.7	-57.0	-9.8	-10.0
New equity					348.6	348.6	-	-
Change in subsidiaries	0.0	0.0	0.0	0.0	-	-	-	-
Proceeds from issuance of interest bearing debt	0.0	0.0	591.6	-1.9	-	589.7	-	-
Repayment of interest-bearing debt	-0.1	0.0	-571.8	-100.5	-155.3	-827.7	-	-
Change in other long-term debt	-3.6	0.1	-9.7	0.6	5.6	-3.4	-	7.1
Purchase of own shares	0.0	0.0	0.0	0.0	-	-	-	-
Net cash (used in) provided by financing activities	-54.8	-12.6	-4.8	-115.4	183.2	50.3	-9.8	-2.9
Net increase (decrease) in cash and cash equivalents	4.2	-161.8	133.0	-336.8	495.3	129.7	-282.4	92.7
Cash and cash equivalents at beginning of period	236.3	227.9	66.5	204.7	-136.4	227.9	368.4	76.4
Currency translation on cash and cash equivalents	-12.6	0.5	5.2	-4.3	9.6	10.9	-9.6	-3.7
Cash and cash equivalents at end of period	227.9	66.5	204.7	-136.4	368.4	368.4	76.4	165.5

Income statement by market cluster



NOK million	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018
Revenue								
Nordic Markets	3 767.9	869.8	1 106.7	600.2	1 323.8	3 900.5	1 127.9	1 434.9
Growth Markets	1 243.5	230.7	697.8	428.4	545.6	1 902.5	357.9	1 017.9
Start-Ups	890.9	202.8	483.3	171.6	334.8	1 192.6	273.1	483.6
USA	178.8	72.3	139.6	66.3	93.6	371.8	127.1	225.5
HQ	67.9	5.8	27.7	19.3	35.0	87.8	18.7	22.6
Eliminations	-133.8	-22.9	-53.4	-36.1	-41.0	-153.4	-49.0	-59.3
Total revenue	6 015.2	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3
Gross profit								
Nordic Markets	757.7	175.1	212.2	138.1	235.3	760.6	197.0	93.3
Growth Markets	182.8	42.3	68.5	34.0	59.2	204.0	51.8	13.6
Start-Ups	70.6	18.9	34.7	23.2	28.1	105.0	26.2	3.1
USA	100.7	32.1	40.5	29.9	30.5	133.0	33.8	0.8
HQ	53.9	13.3	13.6	15.0	21.7	63.5	14.8	-18.9
Eliminations	-37.2	-11.9	-12.9	-12.4	-13.0	-50.2	-13.3	0.0
Total gross profit	1 128.4	269.8	356.6	227.8	361.7	1 215.8	310.2	91.8
EBITDA								
Nordic Markets	204.4	29.3	60.9	18.6	72.2	181.0	41.5	93.3
Growth Markets	1.3	-4.2	16.3	-11.9	4.3	4.6	-5.5	13.6
Start-Ups	-33.0	-8.1	4.9	-5.4	-5.3	-13.9	-5.5	3.1
USA	-50.1	-4.1	3.5	-9.0	-3.6	-13.2	-4.5	0.8
HQ	-17.4	-8.0	-8.2	-1.7	-9.9	-27.9	-12.7	-18.9
Eliminations	0.0	0.0	0.0	0.0	-	-	-	0.0
Adjusted EBITDA¹	105.2	4.9	77.3	-9.3	57.7	130.6	13.3	91.8

¹ Other income and expense items netted under "HQ"

Income statement by business area



NOK million	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018
Revenue								
SAM	291.2	75.2	85.4	67.6	82.4	310.7	78.8	83.7
Consulting	403.4	101.0	101.4	87.5	123.9	413.9	121.9	133.7
Software (Direct)	3 935.7	790.0	1 774.5	694.9	1 597.0	4 856.5	1 156.0	2 317.6
Software (Indirect)	1 441.2	394.2	473.3	414.7	492.5	1 774.7	526.2	622.0
Admin	77.5	21.0	20.4	21.0	36.9	99.4	21.8	27.6
Eliminations	-133.8	-22.9	-53.4	-36.1	-41.0	-153.4	-49.0	-59.3
Total revenue	6 015.2	1 358.5	2 401.7	1 249.7	2 291.7	7 301.7	1 855.7	3 125.3
Gross profit								
SAM	262.0	68.4	76.3	62.6	75.0	282.2	72.9	76.0
Consulting	301.2	76.3	74.9	65.4	89.5	306.1	89.8	96.4
Software (Direct)	429.1	87.5	166.4	65.1	151.4	470.4	107.8	188.6
Software (Indirect)	110.5	32.1	35.6	30.6	35.1	133.4	35.4	40.0
Admin	62.8	17.3	16.4	16.5	23.7	73.9	17.6	20.1
Eliminations	-37.2	-11.9	-12.9	-12.4	-13.0	-50.2	-13.3	-12.7
Total gross profit	1 128.4	269.8	356.6	227.8	361.7	1 215.8	310.2	408.5
EBITDA								
SAM	13.4	8.5	12.7	-0.4	7.1	27.9	7.1	6.4
Consulting	33.6	5.9	1.2	7.4	11.2	25.8	9.5	13.6
Software (Direct)	139.1	19.9	93.5	5.0	70.7	189.0	30.8	107.0
Software (Indirect)	50.3	13.5	15.6	11.4	9.5	50.1	11.5	16.3
Admin	-131.2	-42.9	-45.6	-32.6	-40.9	-162.1	-45.5	-51.4
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Adjusted EBITDA¹	105.2	4.9	77.3	-9.3	57.7	130.6	13.3	91.8

¹ Other income and expense items netted under "Admin"

Revenue – Market cluster by business area



NOK million	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018
Nordic Markets								
Services	498.0	121.4	126.7	105.9	144.1	503.4	143.7	153.4
Software	3 261.0	745.2	978.8	493.8	939.9	3 391.3	982.6	1 279.3
Admin	8.9	3.2	1.2	0.5	2.9	5.8	1.6	2.2
Nordic Markets revenue	3 767.9	869.8	1 106.7	600.2	1 086.9	3 900.5	1 127.9	1 434.9
Growth Markets								
Services	82.3	19.1	18.1	15.7	22.6	74.5	20.7	22.2
Software	1 152.8	209.7	678.6	411.6	54.7	1 823.5	336.4	994.8
Admin	8.4		1.1	1.0	1.3	4.5	0.9	0.9
Growth Markets revenue	1 243.5	230.7	697.8	428.4	78.5	1 902.5	357.9	1 017.9
Start-Ups								
Services	24.5	5.8	8.5	6.7	6.1	29.8	7.0	10.8
Software	865.8	196.9	474.6	164.9	48.1	1,162.2	265.6	472.1
Admin	0.6	1.9	0.3	0.0	-0.1	0.5	0.5	0.7
Start-Ups revenue	890.9	202.8	483.3	171.6	54.4	1 192.6	273.1	483.6
USA								
Services	89.8	29.9	33.6	26.8	22.8	116.8	29.4	31.1
Software	87.0	42.2	105.9	39.3	3	254.1	97.7	194.5
Admin	2.0	0.2	0.1	0.1	0.6	0.9	0.1	-0.8
USA revenue	178.8	72.3	139.6	66.3	26.3	371.8	127.1	225.6
HQ								
Services	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Software	10.2	-9.9	9.9	-0.0	-19.7	0.1	0.0	-1.2
Admin	57.7	15.6	17.8	19.3	32.8	87.7	18.7	23.8
HQ revenue	67.9	5.8	27.7	19.3	13.1	87.8	18.7	22.6
Group								
Services	694.6	176.2	186.9	155.2	195.5	724.5	200.7	217.4
Software	5 376.9	1 184.2	2 247.8	1 109.6	1 025.9	6 631.1	1 682.2	2 939.6
Admin	77.5	21.0	20.4	21.0	37.6	99.4	21.8	49.4
Eliminations	-133.8	-22.9	-53.4	-36.1	-10.5	-153.4	-49.0	-108.3
Group revenue	6 015.2	1 358.5	2 401.7	1 249.7	1 248.6	7 301.7	1 855.7	3 125.3

Gross profit – Market cluster by business area

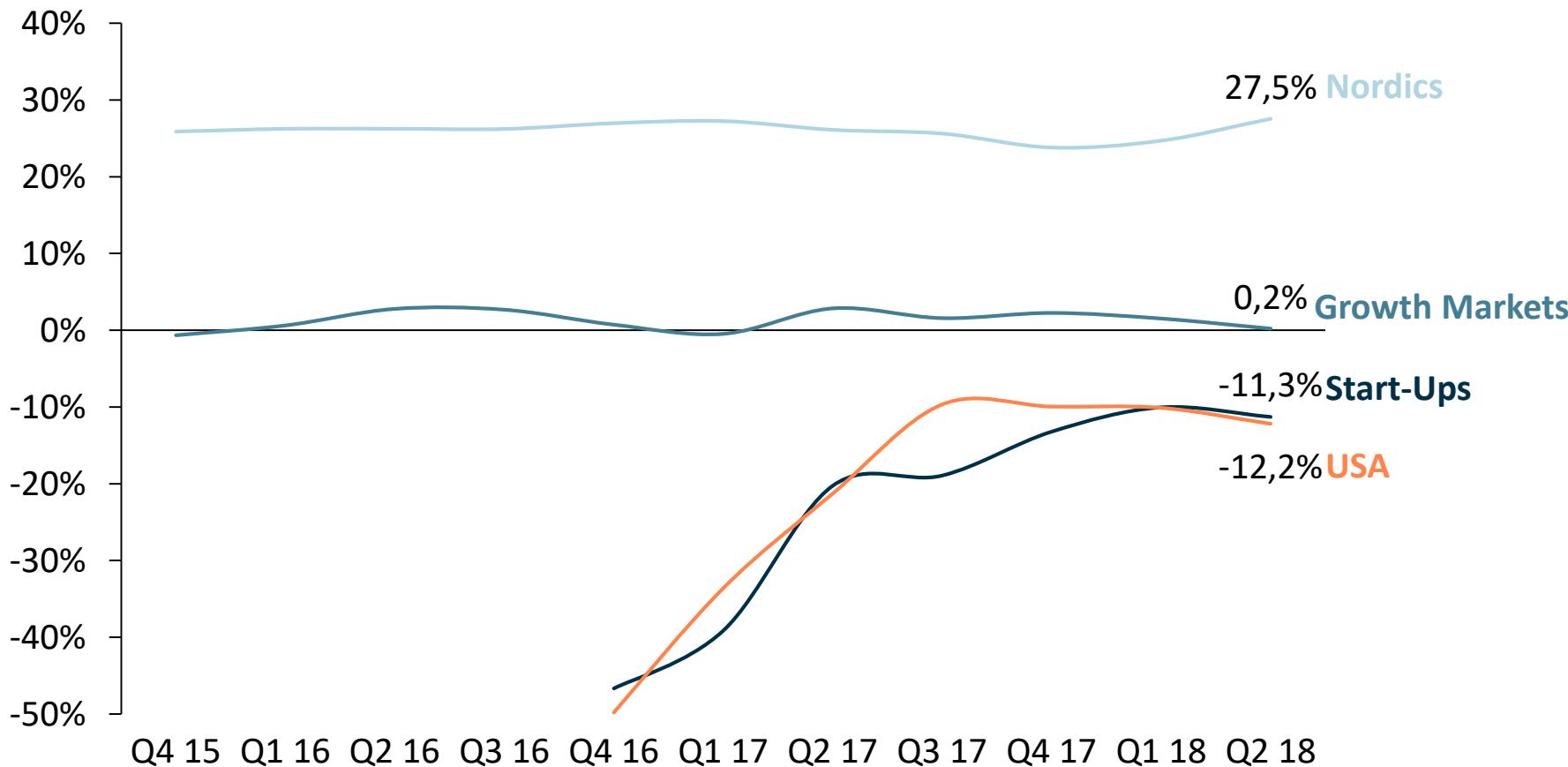


NOK million	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018
Nordic Markets								
Services	386.3	93.8	95.2	82.1	112	383.1	109.8	115.4
Software	364.4	78.6	116.4	55.6	122.5	373.1	86.0	131.5
Admin	6.9	2.7	0.6	0.4	0.8	4.5	1.2	1.9
Nordic Markets gross profit	757.7	175.1	212.2	138.1	235.2	760.6	197.0	248.8
Growth Markets								
Services	75.8	18.2	17.5	14.7	20.1	70.5	19.0	19.2
Software	99.2	22.2	49.9	18.3	38.7	129.1	31.9	58.3
Admin	7.7	1.9	1.1	1.0	0.3	4.3	0.9	0.9
Growth Markets gross profit	182.8	42.3	68.5	34.0	59.2	204.0	51.8	78.4
Start-Ups								
Services	20.2	5.5	7.2	5.9	7.3	25.9	6.3	9.9
Software	50.3	13.3	27.3	17.3	20.7	78.6	19.6	28.3
Admin	0.1	0.2	0.3	0.0	0	0.5	0.3	0.3
Start-Ups gross profit	70.6	18.9	34.7	23.2	28.2	105.0	26.2	38.5
USA								
Services	80.8	27.3	31.2	25.3	25.1	108.9	27.6	28.0
Software	20.9	4.7	9.2	4.6	4.7	23.2	6.1	11.7
Admin	-1.0	0.2	0.1	0.1	0.5	0.9	0.1	-0.8
USA gross profit	100.7	32.1	40.5	29.9	30.5	133.0	33.8	39.6
HQ								
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Software	4.8	0.9	-0.8	-0.0	-0.3	-0.2	-0.4	-1.2
Admin	49.0	12.4	14.4	15.0	21.9	63.7	15.2	17.1
HQ gross profit	53.9	13.3	13.6	15.0	21.6	63.5	14.8	15.9
Group								
Services	563.2	144.8	151.1	128.0	164.4	588.3	162.7	172.4
Software	539.6	119.6	201.9	95.7	186.6	603.8	143.2	228.6
Admin	62.8	17.3	16.4	16.5	13.5	63.7	17.6	20.1
Eliminations	-37.2	-11.9	-12.9	-12.4	-13	-50.2	-13.3	-12.7
Group gross profit	1 128.4	269.8	356.6	227.8	361.6	1 215.8	310.2	408.5

Appendix

LTM adjusted EBITDA margin

LTM adjusted EBITDA margin¹



- Strong commercial performance in Nordics further improves EBITDA margin
- Growth Markets EBITDA margin reflects continued investments in resources to drive growth
- USA, Start-Ups margin expected to improve as operations scale up and establish market position

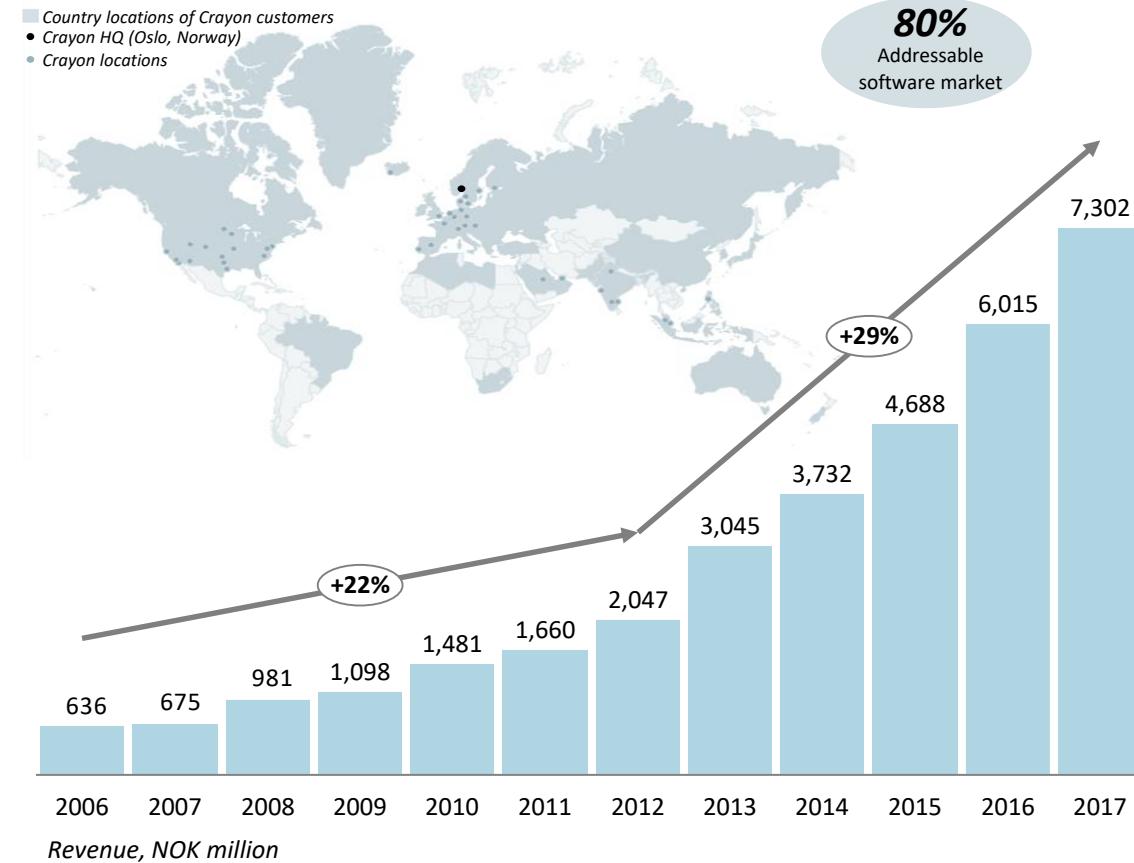
Crayon – a fast growing global software and services expert



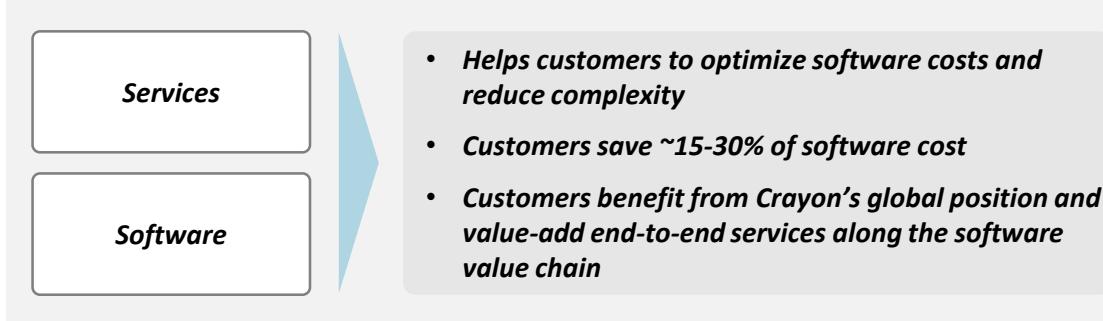
Company at a glance

- 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% public¹
- 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

An international growth story with strengthening momentum



Offering and value proposition

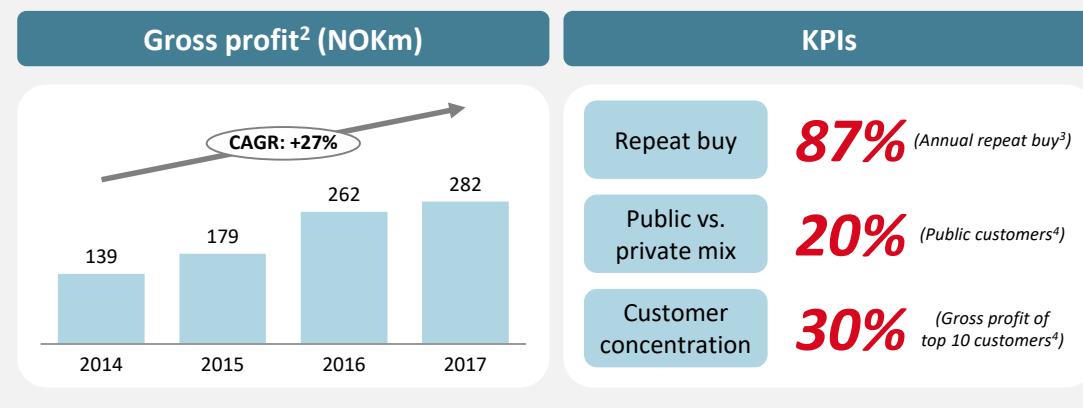


Crayon is a trusted advisor for customers in their digital transformation journey

Services – SAM and Consulting

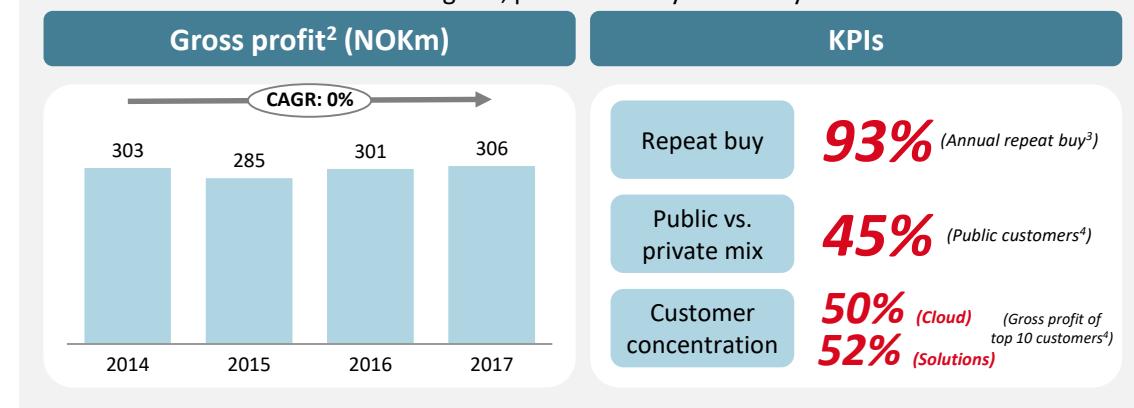
SAM – IT optimization; Crayon's customer acquisition tool

- 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 world¹



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 region⁵, predominantly in Norway



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

² 2014-2017 Source: Crayon Group Holding AS financial accounts.

³ 2017 gross profit repeat buy adjusted for FAST acquisition in the UK for SAM. Repeat buy is (1-churn). Source: Sales data

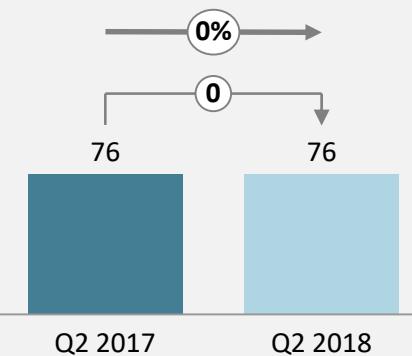
⁴ Based on 2017 figures. Source: Crayon sales report

⁵ Gross profit 2017 figures excluding Admin and eliminations

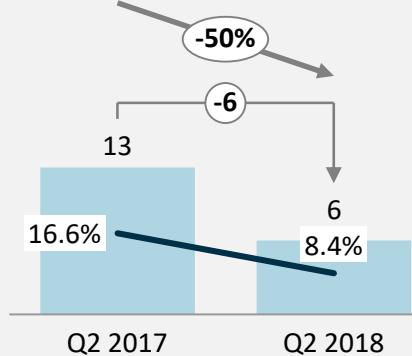
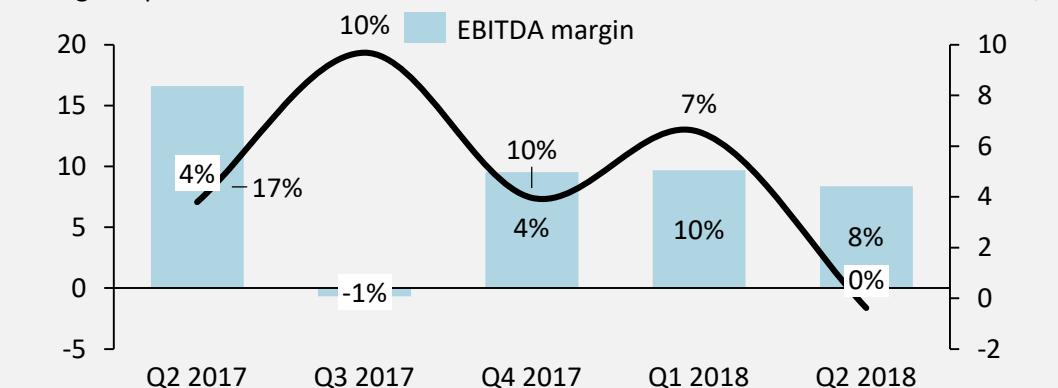
Services

SAM

Gross profit development, NOKm

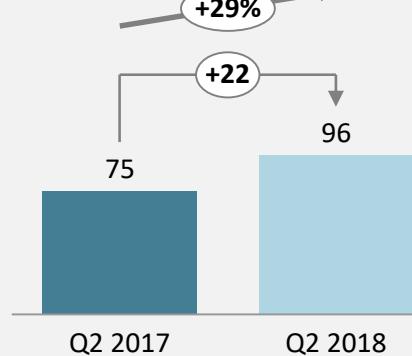


EBITDA development, NOKm

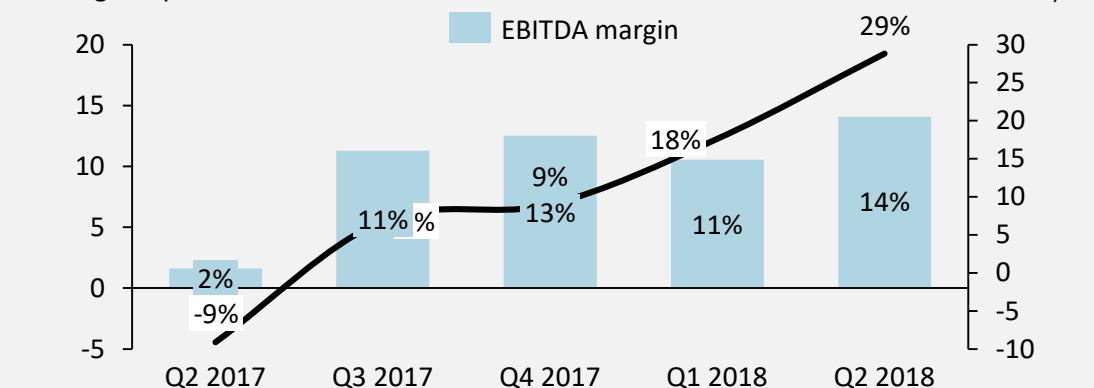
EBITDA margin¹
% of gross profit

Consulting

Gross profit development, NOKm



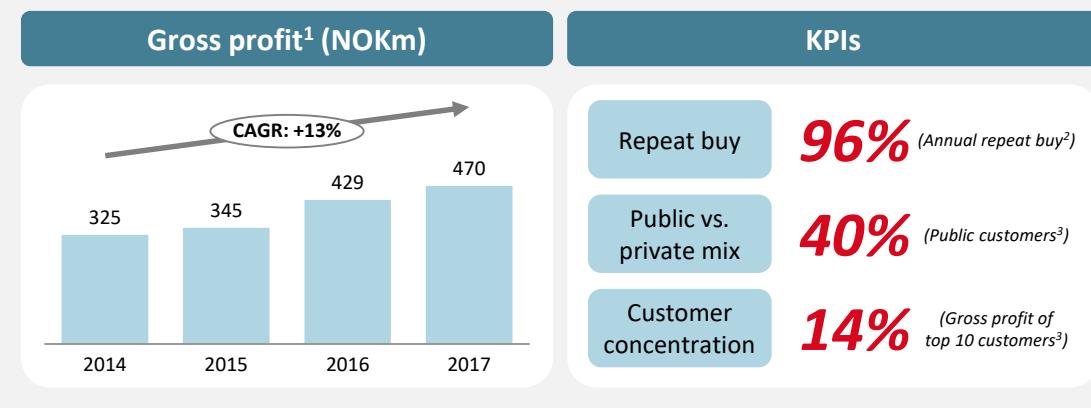
EBITDA development, NOKm

EBITDA margin¹
% of gross profit

Software – Direct and Indirect

Direct – license offering directly from vendor to customers

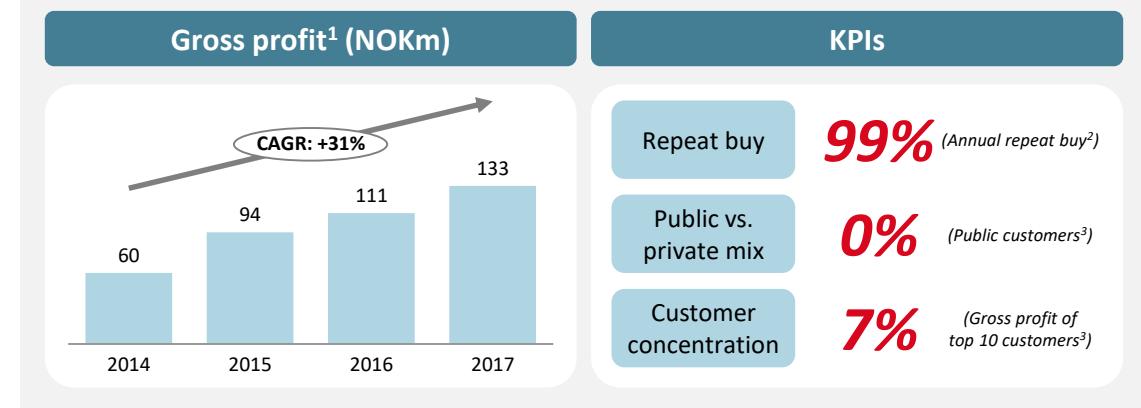
- Focus on standard software that customers use consistently year after year, and which play a key role in their technological platforms and critical commercial processes
- 280 sales and 1st line support employees per year end 2016 (FTEs)
- Clients acquired through SAM approach
- Majority of billing is done through Crayon – meaning Crayon are billing clients directly, strengthening client relationships
 - 60% direct billing per 2016⁴
- 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



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 1st 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



¹ 2014-2017 Source: Crayon Group Holding AS financial accounts

² 2017 gross profit repeat buy. Repeat buy is (1-churn). Source: Sales data

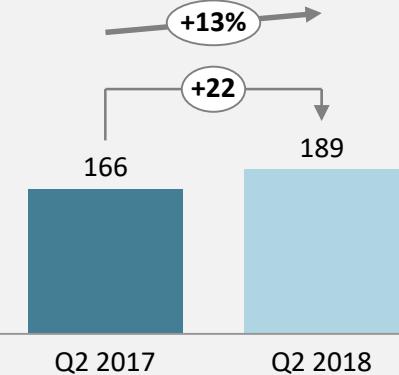
³ Based on 2017 figures. Source: Crayon sales report

⁴ Crayon direct billing of Microsoft's share of gross profit. Based on 2017 figures. Source: Crayon sales report

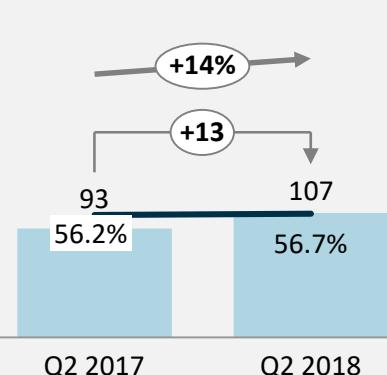
Software

Software Direct

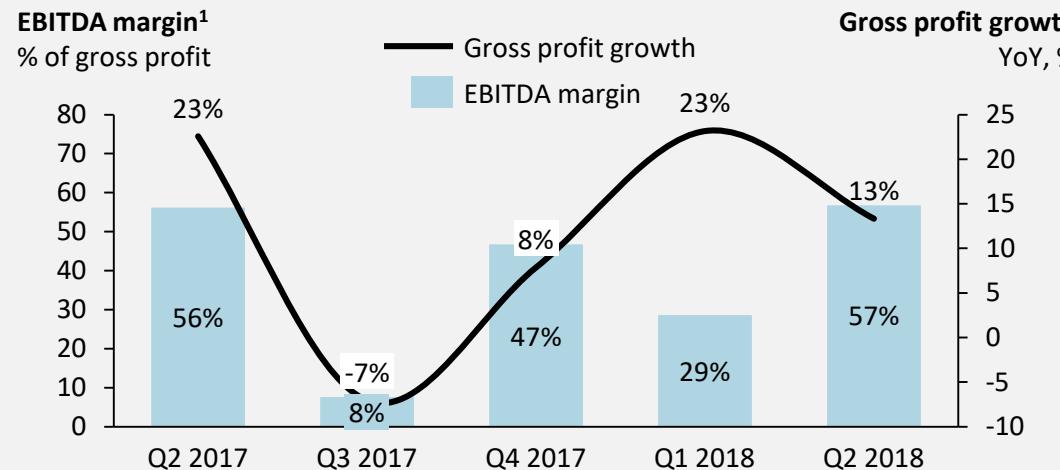
Gross profit development, NOKm



EBITDA development, NOKm



EBITDA margin¹
% of gross profit



Software Indirect

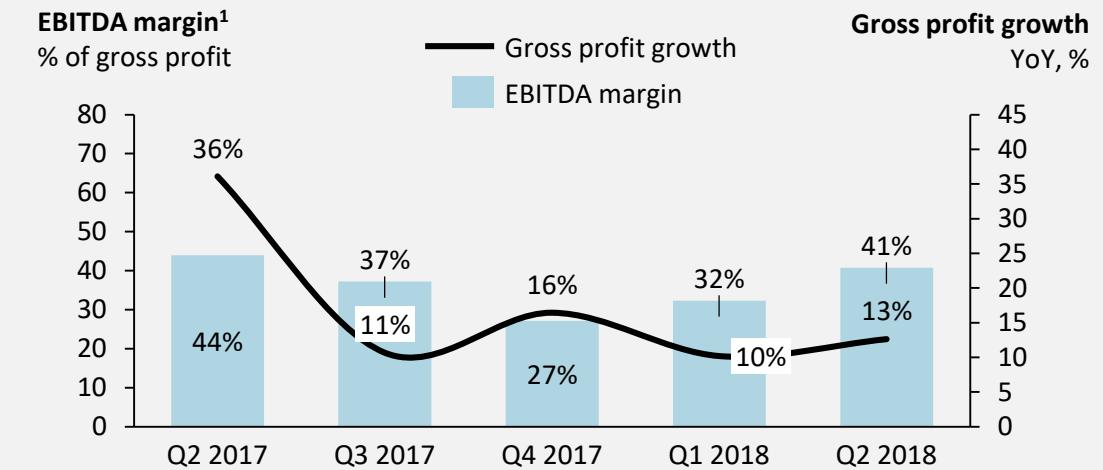
Gross profit development, NOKm



EBITDA development, NOKm



EBITDA margin¹
% of gross profit



Extensive portfolio of intellectual property



Unique proprietary intellectual property portfolio...

Services	SAM-iQ	<ul style="list-style-type: none"> ✓ Help customers improve internal processes and capabilities ✓ Web portal providing tools and scripts 	<p>~500 customers signed up on a subscription model, typically on multi-year agreements¹</p>	<p>...of total gross profit relates to use of Crayon's own IP portfolio^{2,3}</p> <p>~20%</p>
	ELEVATE	<ul style="list-style-type: none"> ✓ SAM delivery and collaboration platform 	Used by Crayon for various SAM services	
	Catch	<ul style="list-style-type: none"> ✓ License management tool for monitoring software usage and inventory 	Used by Crayon and licensed to customers	
	CLOUD-iQ	<ul style="list-style-type: none"> ✓ Self-provisioning web portal ✓ Effective provision and administration of cloud services for customers 	<p>~1,500 customers signed up on a monthly subscription model¹</p>	
Software	 	<ul style="list-style-type: none"> ✓ Software webshop and self-provisioning portals for customers and partners 	<p>~2,000 customers signed up on a monthly subscription model¹</p>	<p>...of the customers are signed up on subscription models for the Crayon IP¹</p> <p>~50%</p>

Source: Sales reports

1 Based on end of 2017 data

2 Based on 2017 gross profit

3 ~25% of total revenue relates to use of Crayon's own IP portfolio

Proven execution of international expansion strategy

Successful development from being a Norwegian licensing provider to global ambitions

