

# Q1 2019 Presentation

CEO Torgrim Takle | CFO Jon Birger Syversen, 9 May 2019

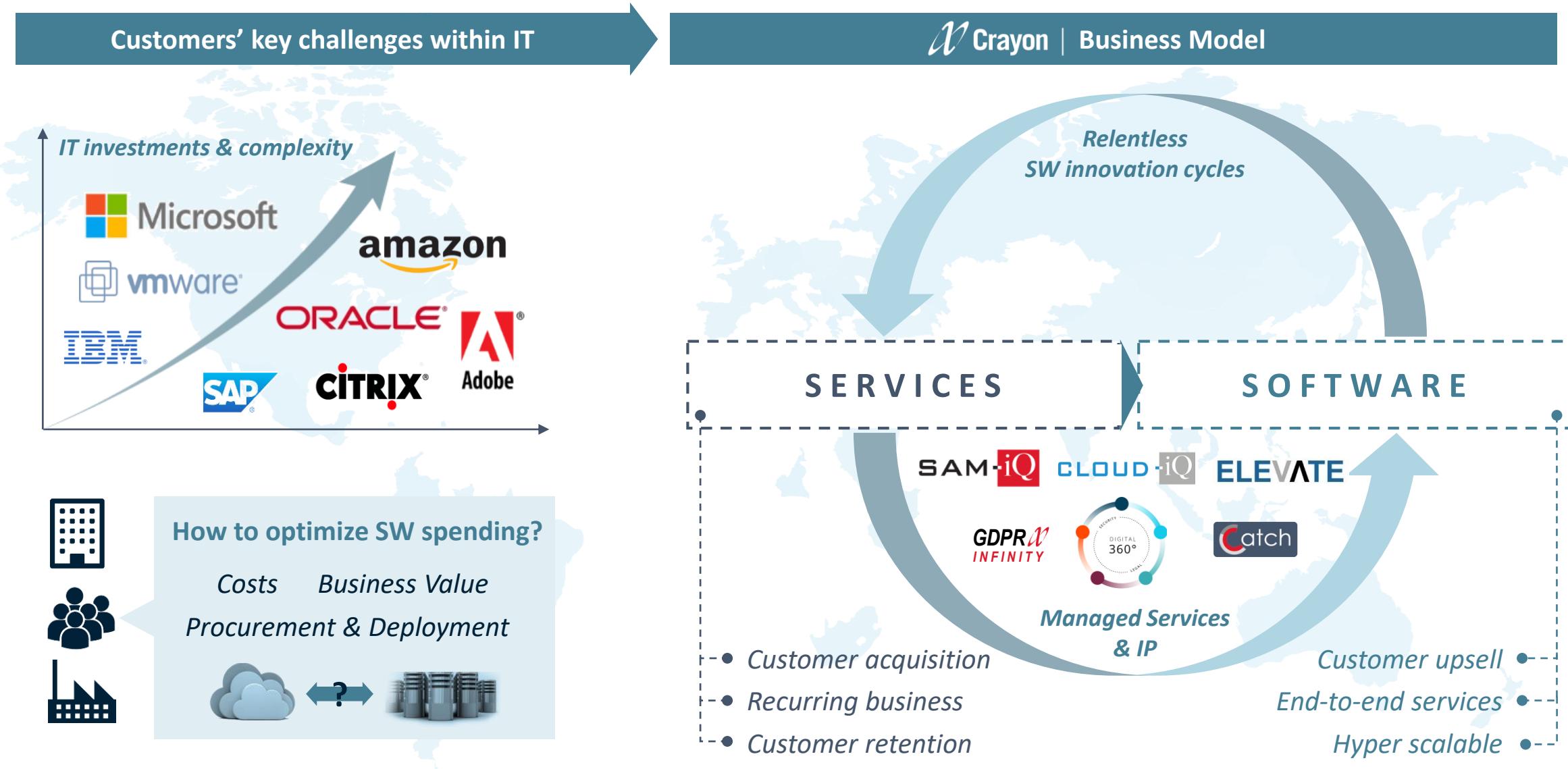
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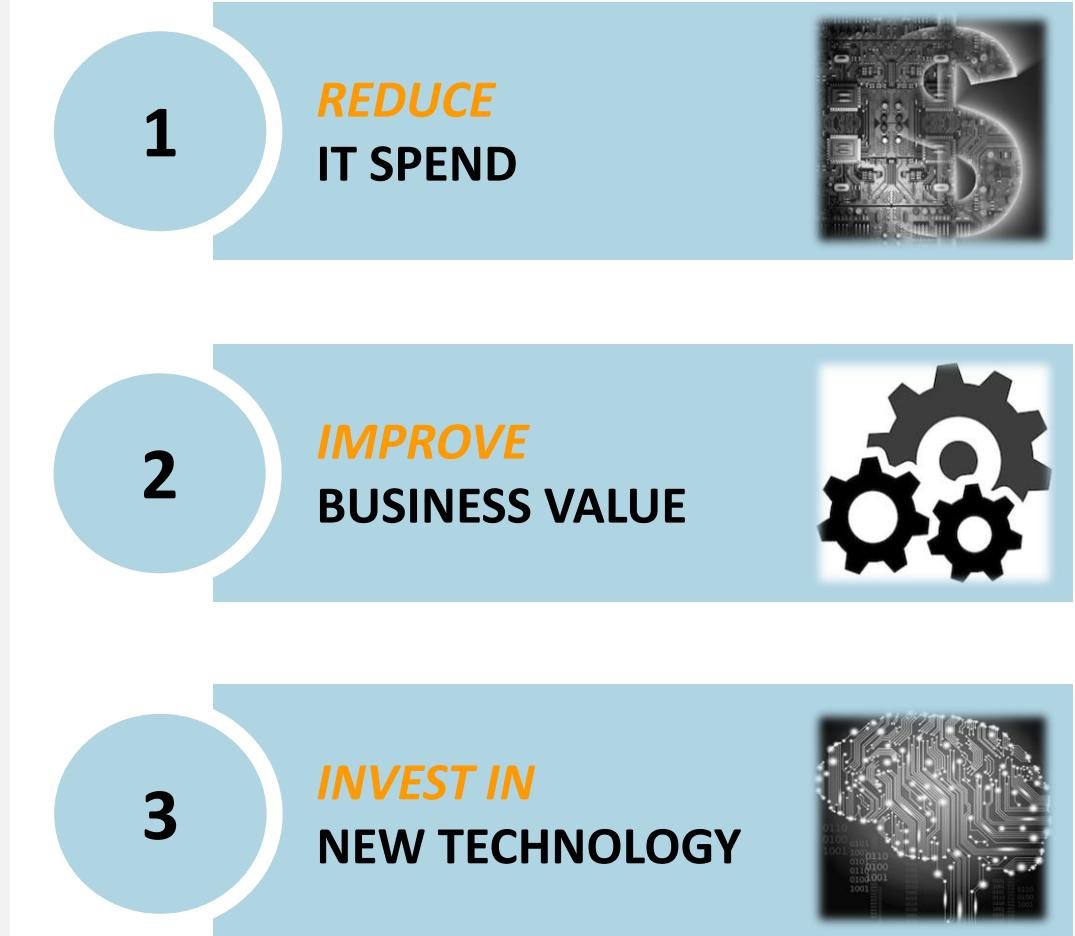
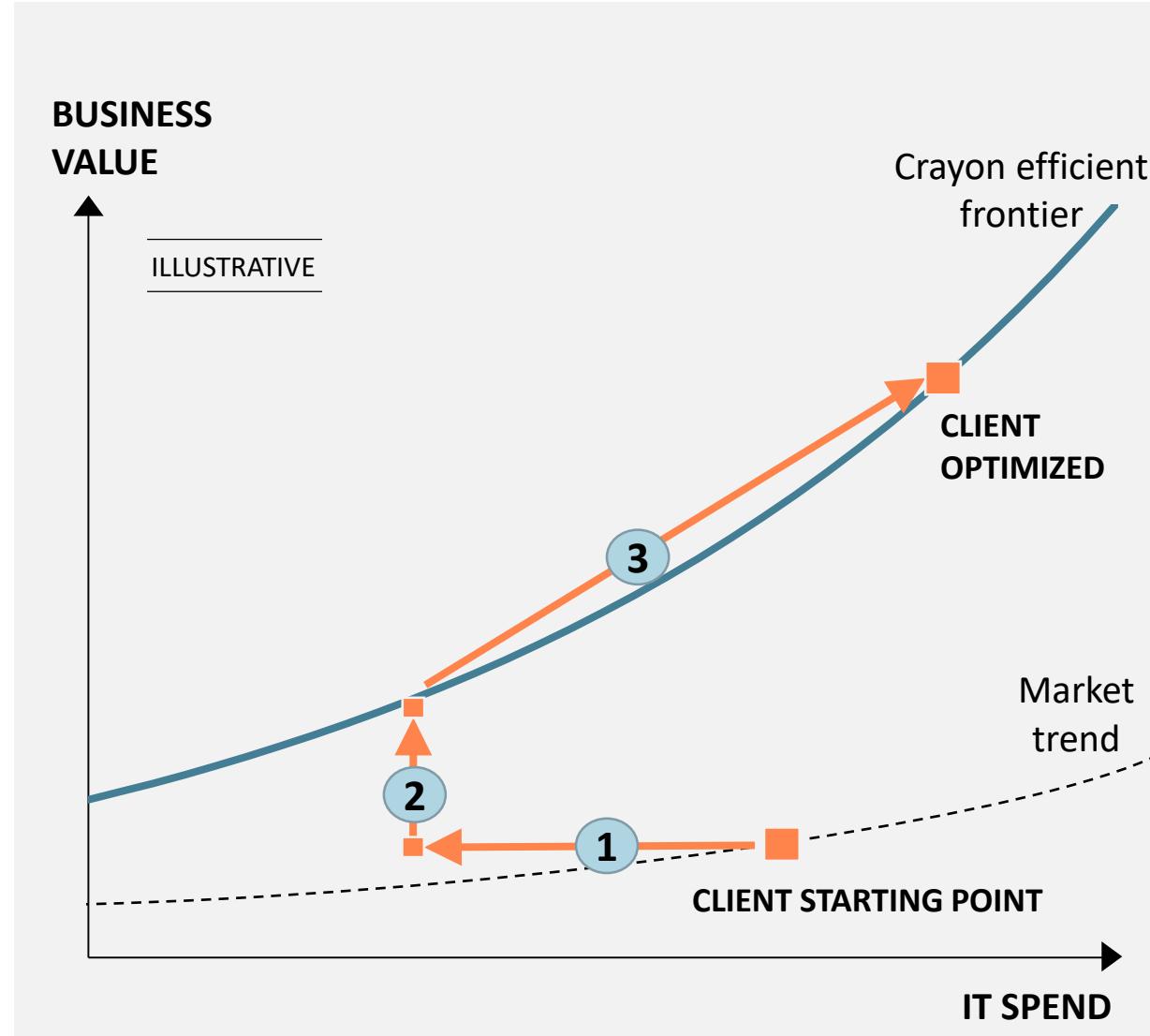
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# Unique Business Model



# Crayon – The Preferred Partner on The Digitalization Journey



# Business Update

Q1 2019 | CEO Torgrim Takle



# Q1 2019 Highlights



## 1 FINANCIAL MOMENTUM CONTINUES

## 2 STRONG BUSINESS FUNDAMENTALS

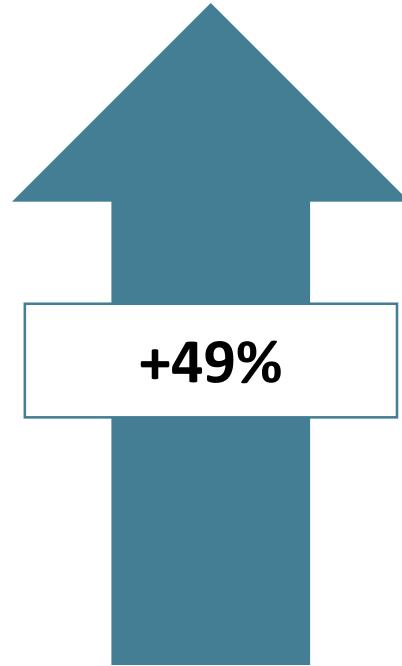
## 3 INNOVATIVE CUSTOMER WINS

## 4 ACCRETIVE ACQUISITION (SEQUINT)



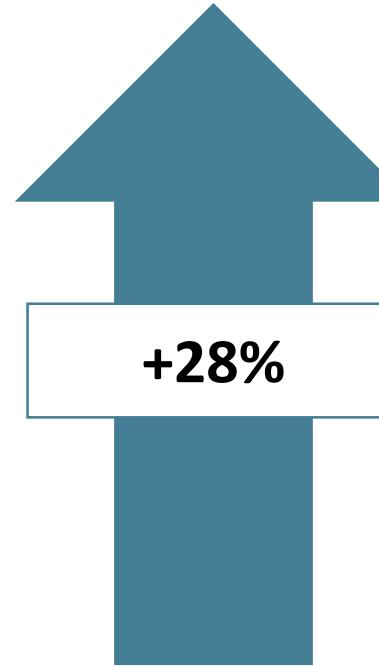
# Another Record Financial Quarter

*Compared to corresponding period last year*



**Revenue**

MNOK 2,674



**Gross Profit**

MNOK 395



**EBITDA<sup>1</sup>**

MNOK 36

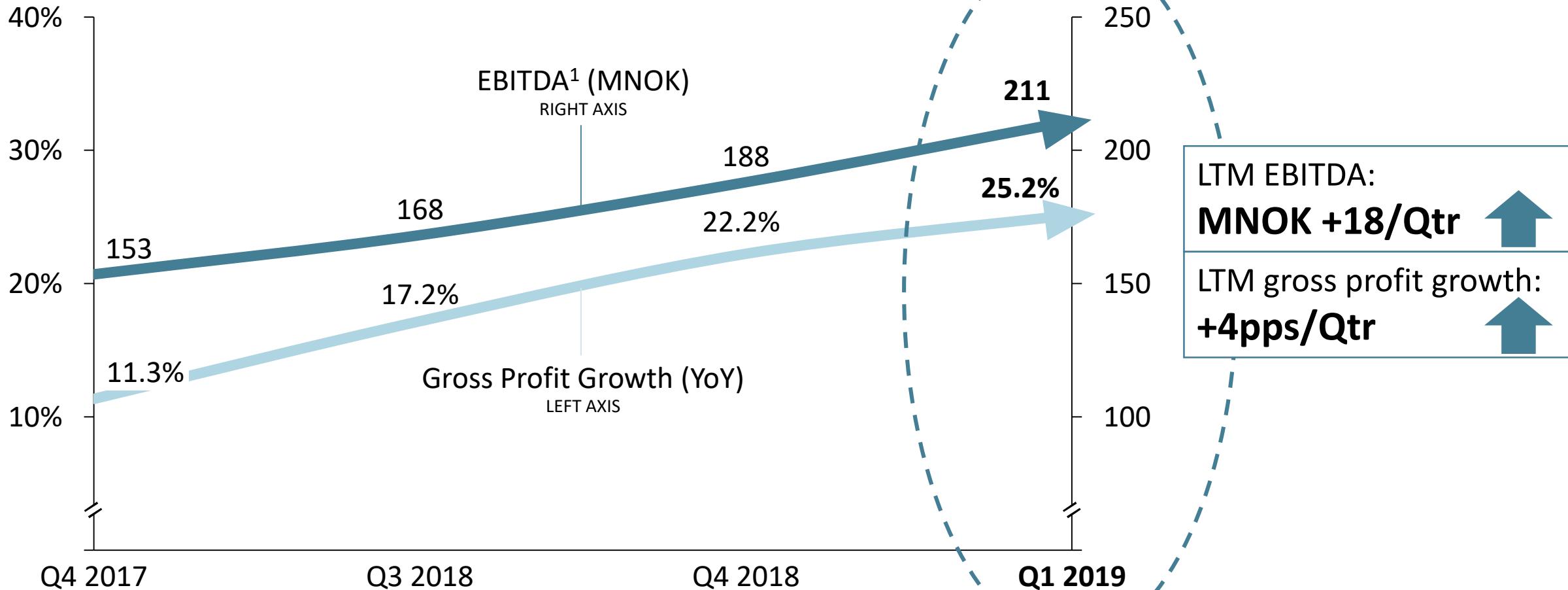
Q1 2019 Highlights

1

# Financial Momentum Continues



Last Twelve Months (LTM)

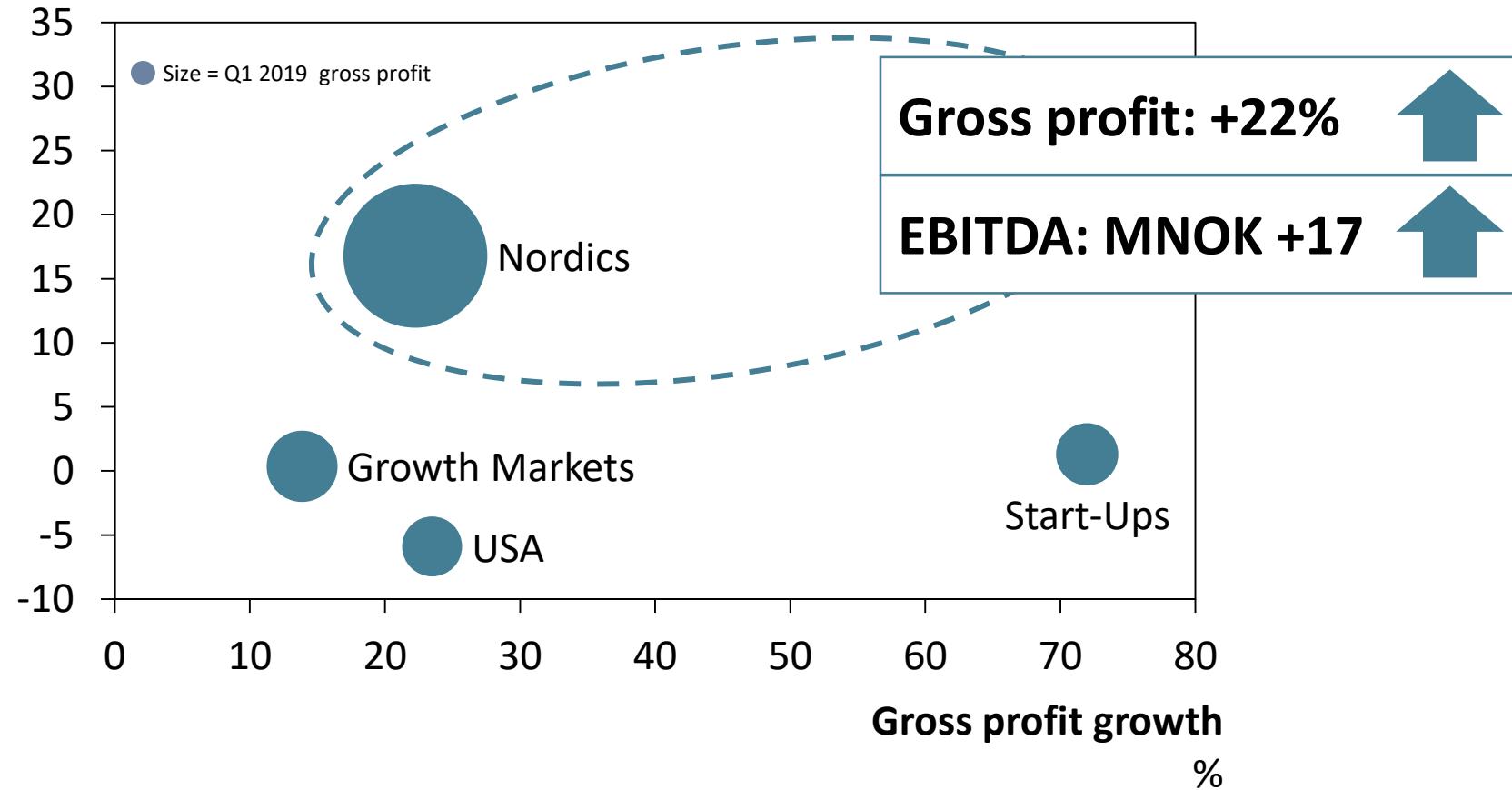


# Strong Performance in The Nordics

Compared to corresponding period last year

## EBITDA improvement

NOK millions



## Q1 2019 Highlights

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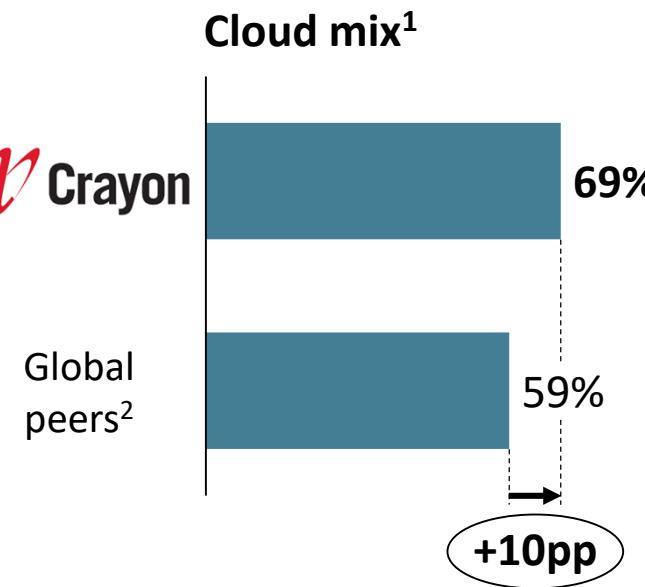
## Strong Business Fundamentals



	SW Direct		SW Indirect (channel)		SAM		Consulting	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Gross profit growth <sup>1</sup>	+21%	+23%	+39%	+10%	+11%	+7%	+37%	+18%
EBITDA margin <sup>2</sup>	37%	29%	42%	32%	2%	10%	18%	11%
Significant client wins	  		   	 				
Q1 drivers and outlook	<ul style="list-style-type: none"> <li>Continued strong market growth and share gains</li> <li>Product mix shift (cloud &amp; new vendors)</li> <li>Increased cloud penetration &amp; service attach justifies higher margins</li> </ul>	<ul style="list-style-type: none"> <li>Growth on new technology platforms (AWS)</li> <li>Azure revenues quadrupled YoY</li> <li>Continued strong partner/ISV recruitment (+116)</li> </ul>	<ul style="list-style-type: none"> <li>Strong market demand for in Cloud Economics &amp; optimization services</li> <li>SAM-iQ subscription growth (+156% YoY)</li> <li>Profitability negatively impacted by US</li> </ul>	<ul style="list-style-type: none"> <li>Strong market growth</li> <li>Improved utilization &amp; hourly rates</li> <li>Strong growth in Cloud Adoption &amp; AI/ML services</li> </ul>				

<sup>1</sup> Gross profit growth Year over Year ("YoY")<sup>2</sup> EBITDA as a percentage of gross profit

# Continued Global Cloud Leadership



- More than 2/3 of gross profit in Software Division is generated by cloud solutions
- Fastest growing global Microsoft partner & highest cloud mix

<sup>1</sup> Cloud Revenue Metrics includes Public Cloud + Hybrid Cloud (SPLA & System Center); Percent of total Microsoft revenue Q1 2019.

<sup>2</sup> Microsoft Strategic Global Partners

## Q1 2019 Highlights

3

## Innovative Wins

NEW SERVICES/  
VENDORS

- Crayon won RFP to deploy Workplace by Facebook at Vy (~11,000 employees) following ongoing SAM engagement
- Crayon developed unique solutions for integrating Workplace with Microsoft O365 ("TeamWorks")

## Q1 2019 CASES

CLOUD  
ECONOMICS

- Crayon recognized as global thought leader in the field of SAM and Cloud Economics
- Market-leading Flexera team, located in Australia, joined Crayon to strengthen, and broaden, current service offering in the APAC region

SOFTWARE &  
CLOUD  
DEPLOYMENT

- Crayon won significant public deal (MNOK ~900) with Region Hovedstaden in Denmark to deploy Microsoft workloads
- Showcases Crayon operational excellence to effectively procure and deploy software & cloud in large organizations



# Sequent Acquisition: Model for Accretive M&A Deals



## SOLID COMPANY

- Dutch channel software service provider (SW Indirect)
- 300 partners, and 2<sup>nd</sup> largest Microsoft reseller in the Netherlands
- Experienced management and team



## WITH SYNERGIES/POTENTIAL

- Attractive market, right-sized merged organisation
- Significant potential through utilizing Crayon IP, vendor authorizations and infrastructure



## ATTRACTIVE DEAL FUNDAMENTALS

- Equity value of MNOK 40; MNOK 25 related to 2 year earn-out model
- Financial year 2018; Gross profit of MNOK ~18 and EBITDA of MNOK ~8
- Plan to double EBITDA within 2 years, with limited risk (still accretive at 50% of 2018 EBITDA performance)



# Financial Review

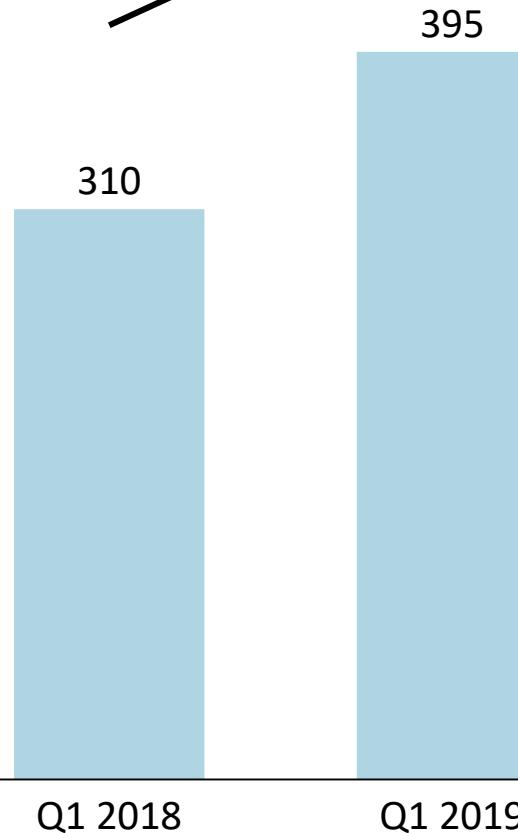
Q1 2019 | CFO Jon Birger Syvertsen

# Strong GP growth across markets

## Gross profit

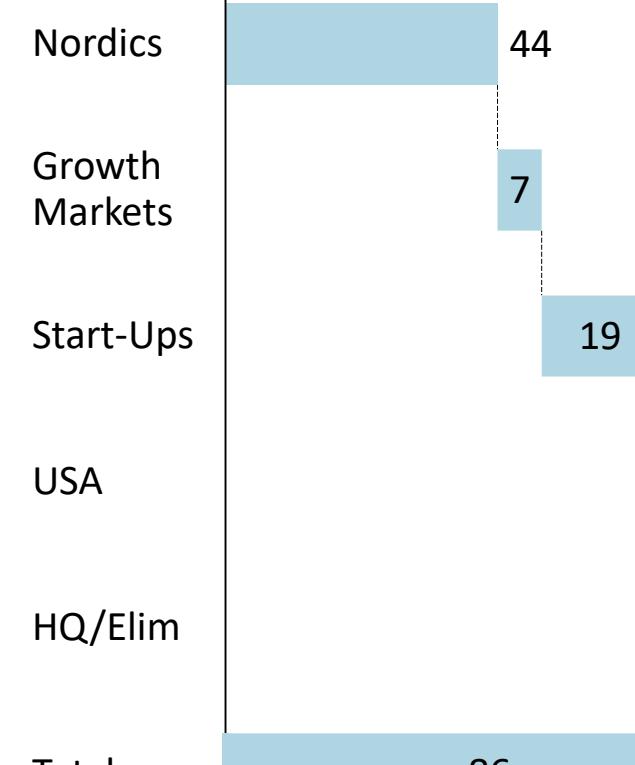
NOK million

+28% / NOK 86m



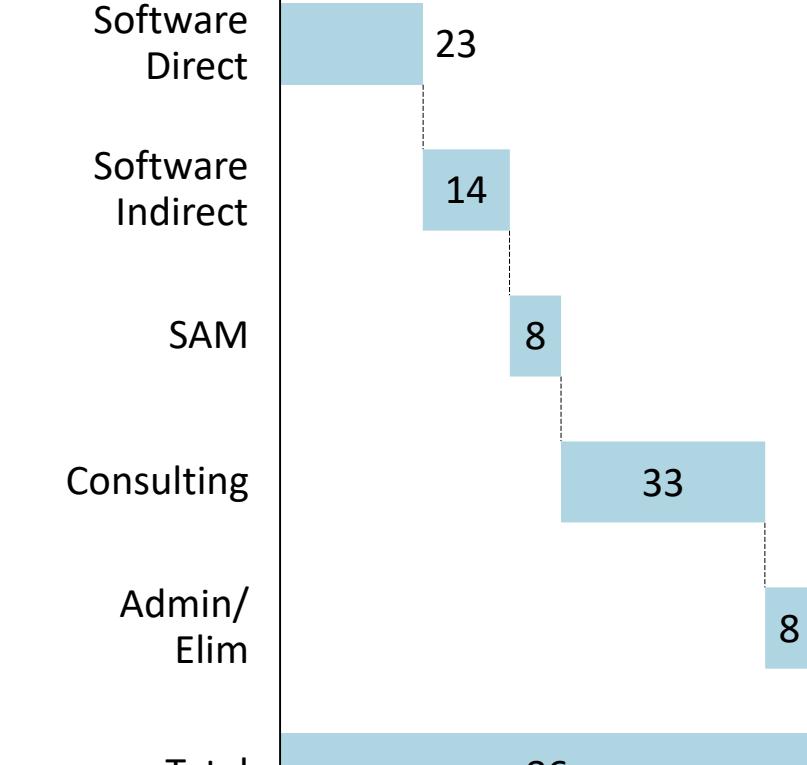
## YoY gross profit growth by market cluster

NOK million



## YoY gross profit growth by business area

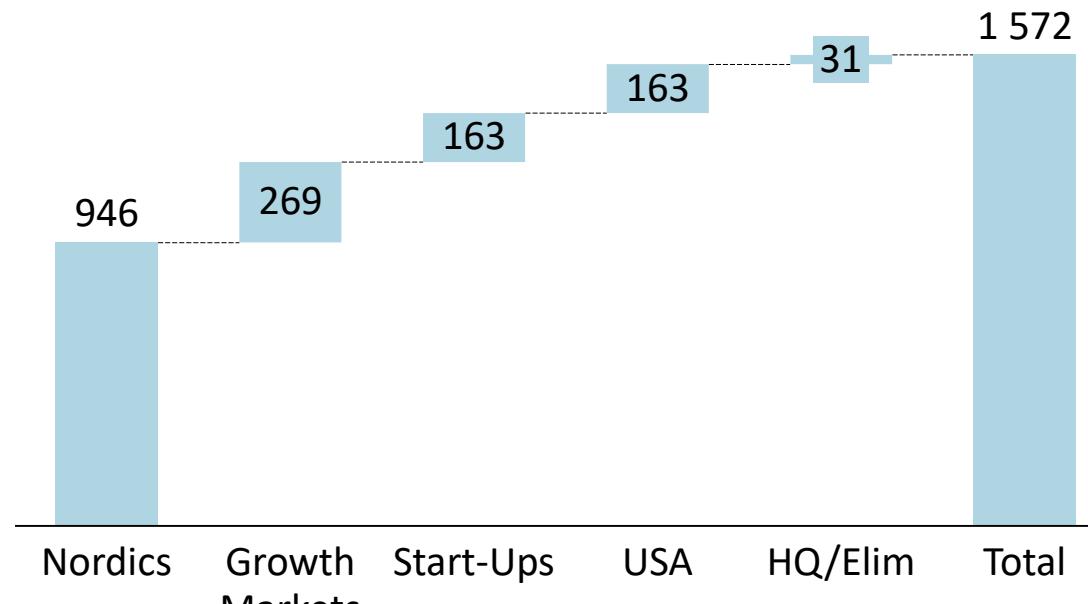
NOK million



# Strong Q1 leads to 25% gross profit growth LTM

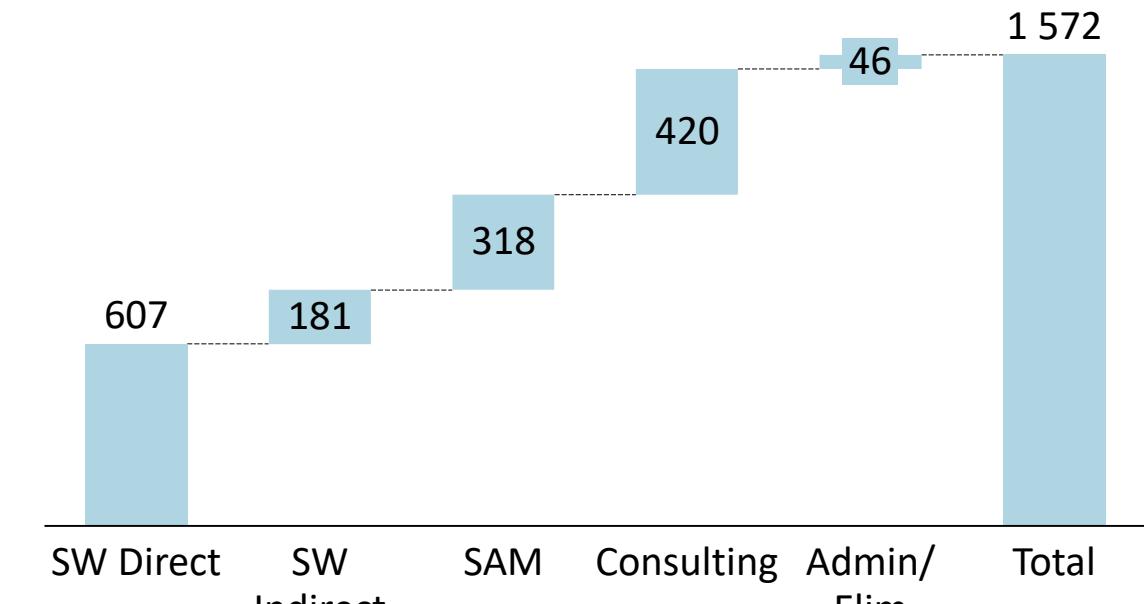
## LTM gross profit by market cluster

NOK million



## LTM gross profit by business area

NOK million



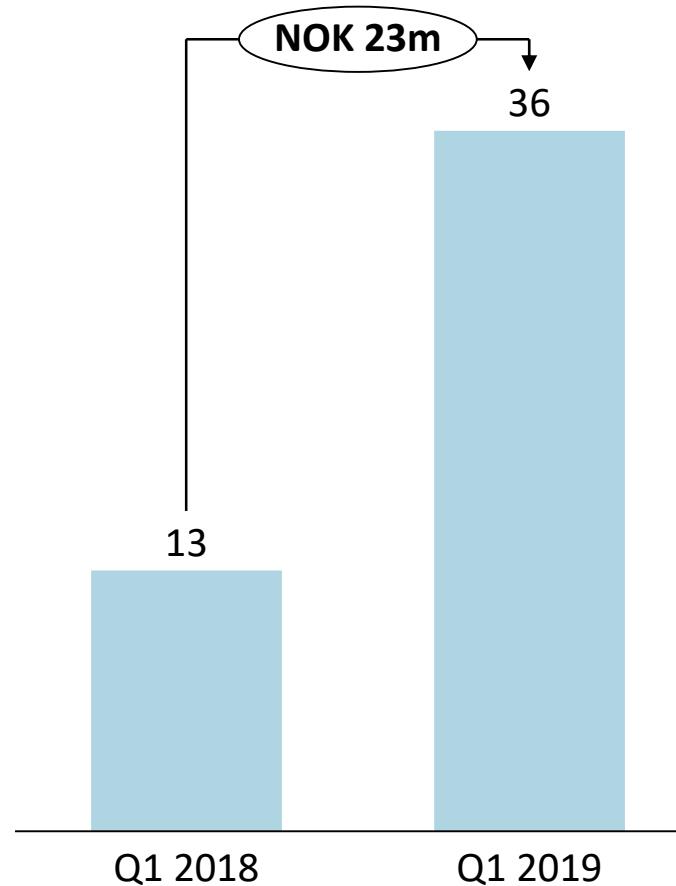
*Growth rate<sup>1</sup>*



# Strong EBITDA growth in Q1 2019

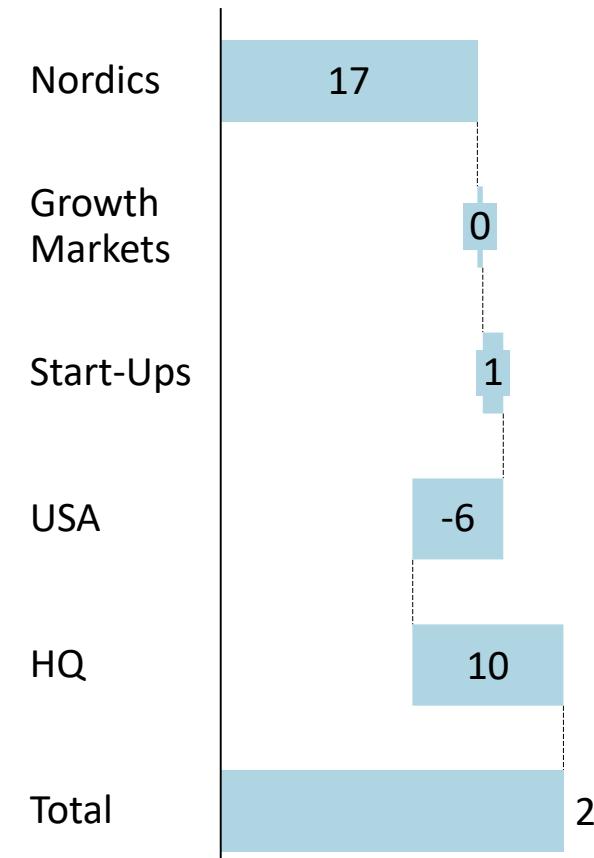
## Adjusted EBITDA

NOK million



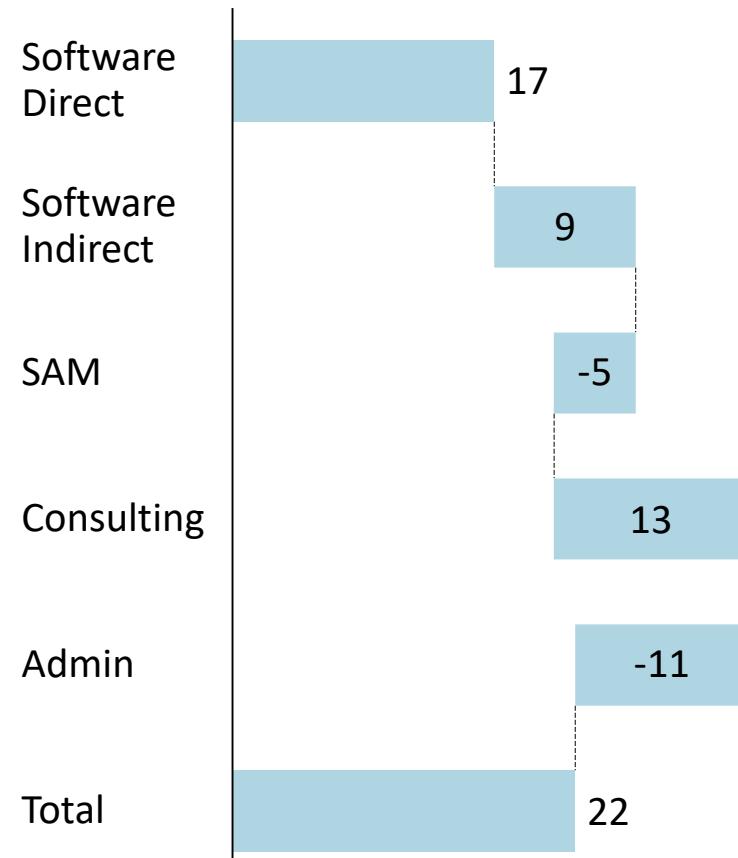
## YoY Adj EBITDA growth by market cluster

NOK million



## YoY Adj EBITDA growth by business area

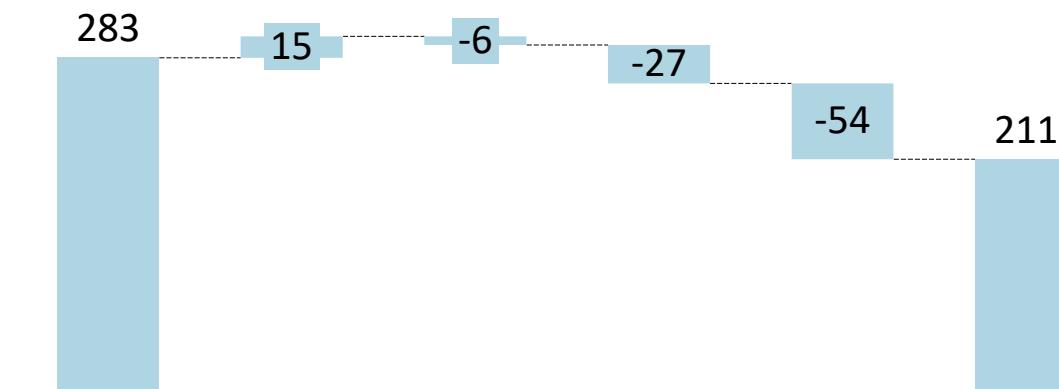
NOK million



# LTM Adjusted EBITDA of NOK 211 million

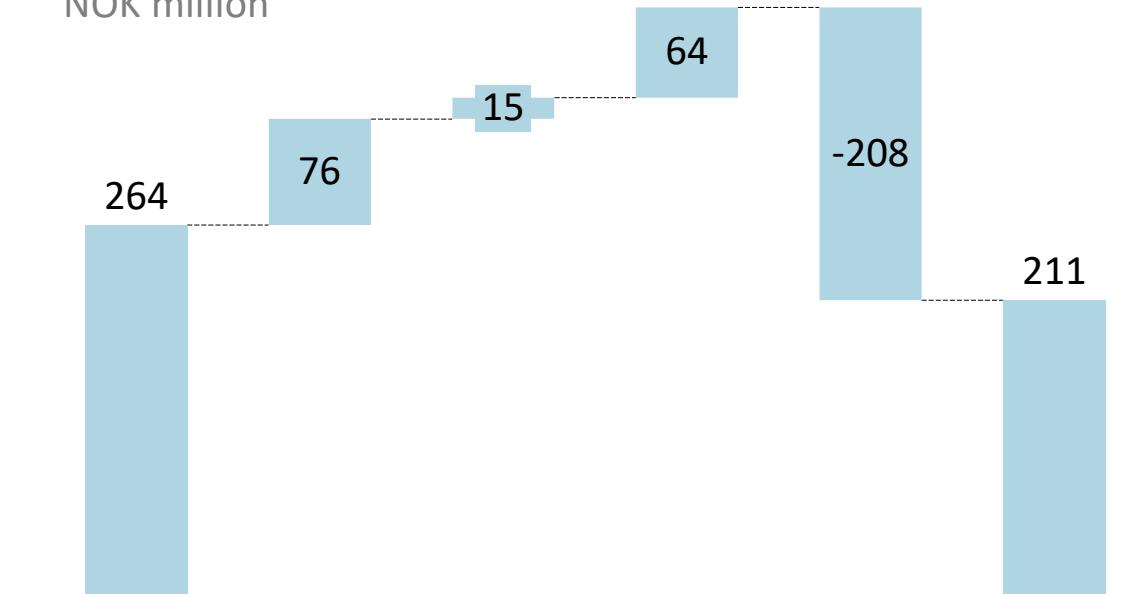
## LTM adjusted EBITDA by market cluster

NOK million



## LTM adjusted EBITDA by business area

NOK million



Nordics      Growth Markets      Start-Ups      USA      HQ/Elim      Total

SW Direct      SW Indirect      SAM      Consulting      Admin/Elim      Total

EBITDA margin<sup>1</sup>      30%      6%      -4%      -17%      n/a      13.4%

43%      42%      5%      15%      n/a      13.4%

Change in EBITDA margin<sup>2</sup>      +6.1 pp      +3.4 pp      +9.5 pp      -6.8 pp      n/a      +2.3 pp

+2.7 pp      +6.8 pp      -4.5 pp      +6.2 pp      n/a      +2.3 pp

<sup>1</sup> Adjusted EBITDA as share of Gross Profit

<sup>2</sup> LTM vs previous LTM period

# International expansion momentum continues



<sup>1</sup> Adjusted EBITDA is reported EBITDA less other income & expenses items netted under HQ, hence not reflected on Market Cluster / Business Area level  
<sup>2</sup> International includes market clusters Growth Markets, Start-Ups and USA

- Nordic
- International<sup>2</sup>
- HQ/Elim.

- Continued gross profit growth in international markets, with a 3x growth since 2015
- Negative EBITDA impact from international expansion rapidly diminishing as EBITDA margin outside Nordics continue to improve as the international market positions continue to scale

# Positive EBITDA impact from IFRS 16



## IFRS 16

- IFRS 16 is a new standard for accounting of lease contracts, effective from 1.1.2019
- Operating leases (e.g., long-term rent) are now included as an asset and a liability in the balance sheet, and impacts the P&L through depreciation instead of Opex
- IFRS 16 improves Q1 2019 EBITDA by NOK 6.8 m, with an estimated full year effect of approximately NOK 28 m
- Management will provide full transparency during 2019 on the IFRS 16 effect in order to facilitate a true year-over-year comparison

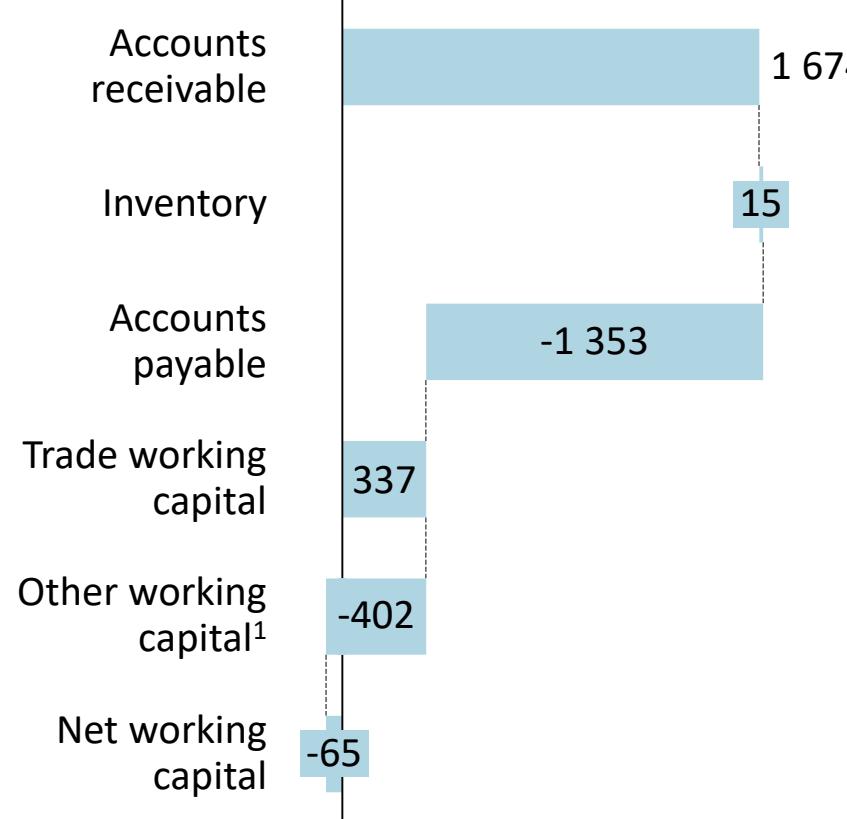
## IFRS 15

- IFRS 15 is a new standard for revenue recognition, effective from 1.1.2018
- Implementing IFRS 15 in 2018 led to a NOK 208 m reduction of revenue with no impact on gross profit, EBITDA or net profit

# Working capital is seasonal, but consistently negative

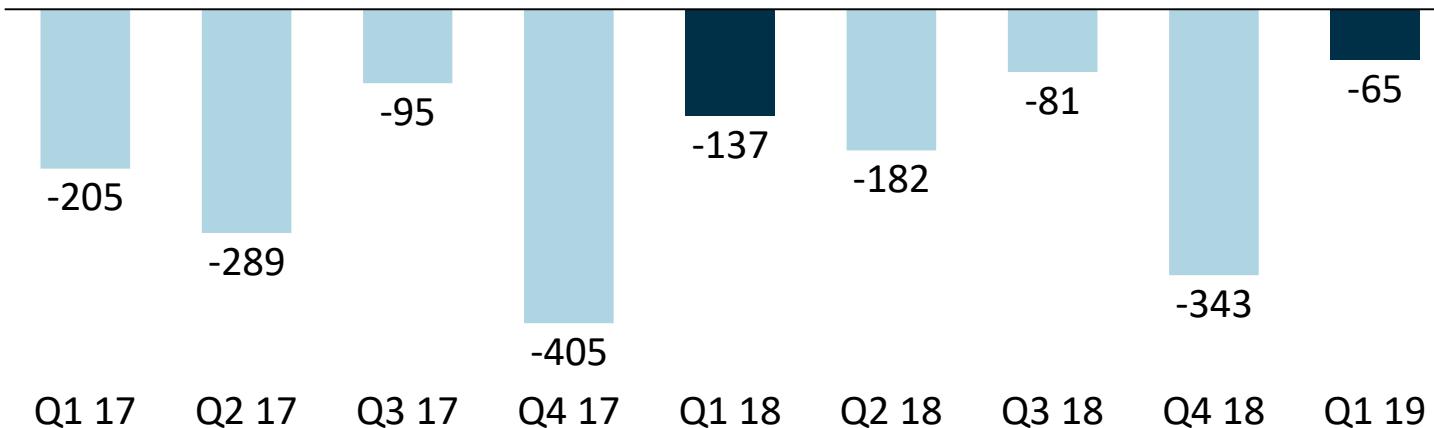
## 2019 Q1 net working capital

NOK million



## Net working capital over time

NOK million



- Q1 2019 net working capital is 72 MNOK less negative than in Q1 2018
- This change driven by an increase in Trade working capital of 184 MNOK, which is only partly offset by a 112 MNOK decrease in Other working capital

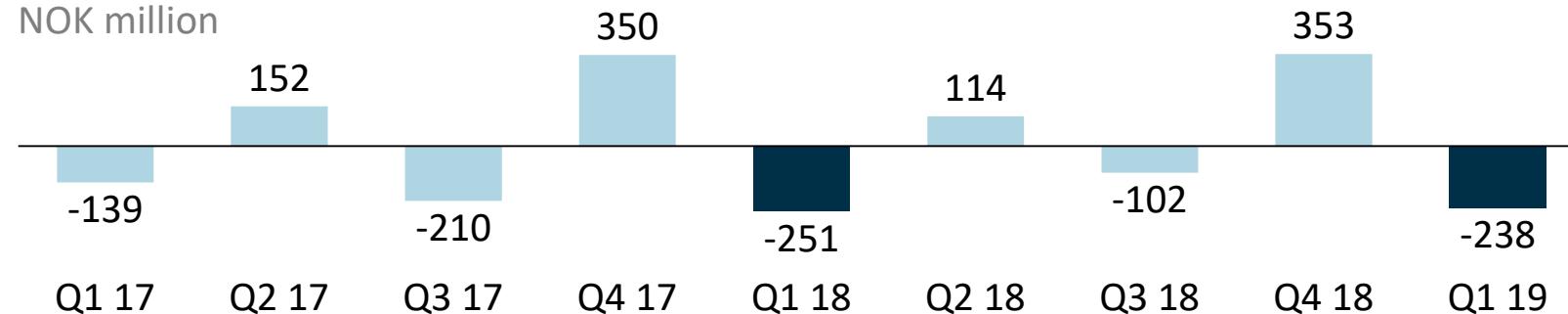
<sup>1</sup> Other working capital includes other receivables, income tax payable, public duties payable and other short-term liabilities

Q1 2019

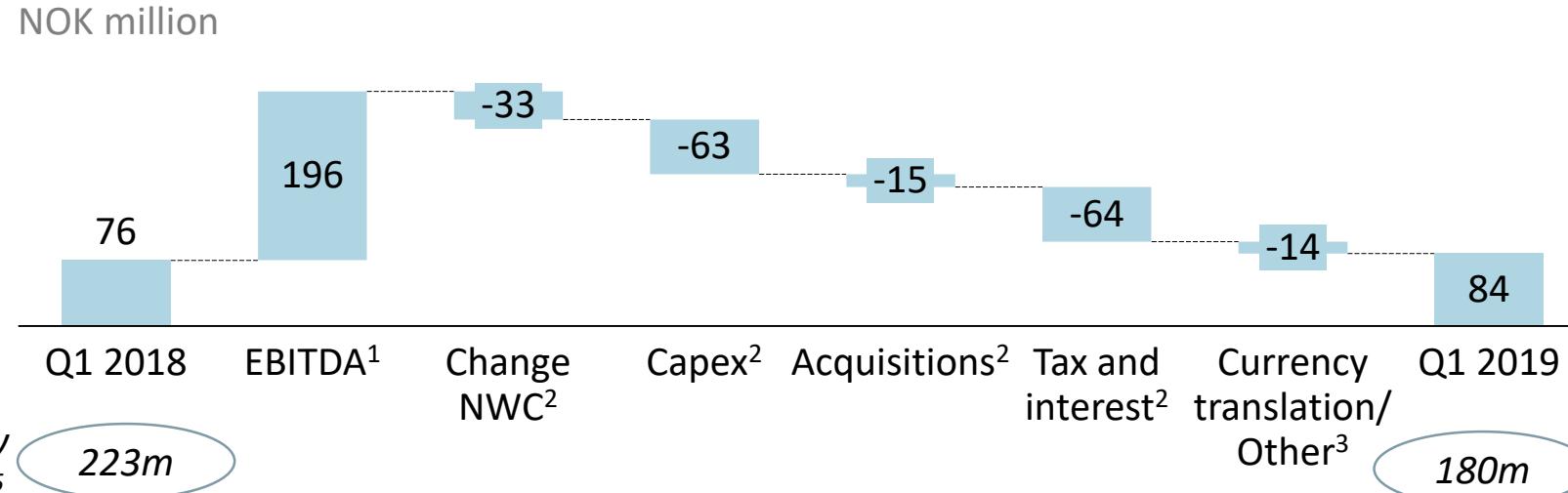
# Cash flow from operations driven by working capital



## Cash flow from operating activities



## LTM cash development



- Cash flow from operations is seasonal and driven by changes to net working capital
- Q1 2019 cash flow from operations less negative than Q1 2018, driven by improving EBITDA

<sup>1</sup> EBITDA (non-adjusted)

<sup>2</sup> As seen from the cash flow statement

<sup>3</sup> Also includes cash flow effects from IFRS 16, cash flow from financing activities etc

<sup>3</sup> Average liquidity defined as the daily arithmetic average of available cash and undrawn RCF facility; available liquidity end of quarter was MNOK ~350

<sup>4</sup> 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

# P&L - summary

NOKm	Q1 2018	Q1 2019
Operating revenue	1 795.1	2 674.1
Materials and supplies	-1 485.3	-2 278.9
<b>Gross profit</b>	<b>309.7</b>	<b>395.3</b>
Payroll and related costs	-258.6	-307.7
Other operating expenses	-40.6	-58.3
<b>Total operating expenses</b>	<b>-299.2</b>	<b>-365.9</b>
<b>EBITDA</b>	<b>10.5</b>	<b>29.3</b>
Depreciation	-2.5	-9.2
Amortization	-15.2	-17.3
Goodwill impairment	0.0	0.0
<b>EBIT</b>	<b>-7.2</b>	<b>2.9</b>
Net financial expense	-11.0	-12.5
<b>Ordinary result before tax</b>	<b>-18.2</b>	<b>-9.6</b>
Income tax expense on ordinary	6.0	0.6
<b>Net income</b>	<b>-12.2</b>	<b>-9.0</b>
<b>Adjusted EBITDA reconciliation</b>		
Reported EBITDA	10.5	29.3
Other income and expenses	2.8	6.5
<b>Adjusted EBITDA</b>	<b>13.3</b>	<b>35.8</b>

- Depreciation and amortization in line with plan, with higher depreciation driven by IFRS 16
- Net financial expenses marginally higher than Q1 2018 as a consequence of IFRS 16 – no changes to overall capital structure
- Income tax expenses increases as a consequence of improving profitability in multiple markets
- EBITDA adjustments of NOK 6.5 m in Q1 2019 primarily related to share-based compensation, M&A and legal costs

# Balance sheet and net interest bearing debt



NOKm	31.03.2018	31.03.2019
<b>Assets</b>		
Inventory	23,6	15,4
Accounts receivable	1 131,6	1 673,9
Income tax, other receivables	48,6	75,4
Net cash and cash equivalents	76,4	84,0
<b>Total current assets</b>	<b>1 280,2</b>	<b>1 848,8</b>
Technology, software and R&D	37,4	110,7
Contracts	77,9	61,4
Goodwill	823,8	840,1
Software licenses (IP)	1,0	1,0
Deferred tax assets	54,1	30,6
Equipment	20,9	28,6
Right of use assets	0,0	102,7
Other receivables	6,5	17,1
<b>Total non-current assets</b>	<b>1 096,5</b>	<b>1 192,3</b>
<b>Total assets</b>	<b>2 376,6</b>	<b>3 041,2</b>
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>549,3</b>	<b>568,1</b>
Short-term debt	0,0	0,0
Trade creditors	1 002,7	1 352,6
Public duties payable	156,1	190,5
Other short- term interest bearing debt	0,0	46,9
Current lease liabilities	0,0	14,7
Income tax, other current liabilities	182,4	287,0
<b>Total current liabilities</b>	<b>1 341,2</b>	<b>1 891,6</b>
Long-term debt	444,2	446,0
Deferred tax liabilities	34,7	28,5
Other long-term liabilities	7,2	18,3
Lease liabilities	0,0	88,7
<b>Total long-term liabilities</b>	<b>486,1</b>	<b>581,4</b>
<b>Total liabilities</b>	<b>1 827,3</b>	<b>2 473,1</b>
<b>Total equity &amp; liabilities</b>	<b>2 376,6</b>	<b>3 041,2</b>

Net interest bearing debt - NOKm	31.03.2018	31.03.2019
Long-term interest bearing debt	455,6	451,4
Short-term interest bearing debt		46,9
Cash and cash equivalents	-76,4	-84,0
Restricted cash	9,5	12,6
<b>Net interest bearing debt (NIBD)</b>	<b>388,7</b>	<b>426,9</b>

- Long-term debt (CRAYON02) matures in April 2020 with outstanding principal of NOK 450m
- In addition, Crayon has a NOK 200m RCF which in total implies a strong liquidity position
- Equipment and other long-term liabilities have both increased by approx NOK 100m as a consequence of IFRS 16
- NIBD to LTM EBITDA of 2.0x vs 2.8x at March 31 2018

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

# Cash flow development

NO Km	Q1 2018	Q1 2019
Net income before tax	-18.2	-9.6
Taxes paid	-6.6	-8.3
Depreciation and amortization, incl. write-down	17.7	26.4
Net interest to credit institutions	8.8	11.8
Changes in inventory, AR/AP1	-184.1	-239.5
Changes in other current assets	-68.9	-18.9
<b>Net cash flow from operating activities</b>	<b>-251.2</b>	<b>-238.1</b>
 <b>Net cash flow from financing activities</b>	 <b>-9.8</b>	 <b>-17.9</b>
Acquisition of assets	-18.3	-19.4
Acquisition of subsidiaries	-3.2	-10.8
Divestments / Purchases of own shares / Other	0.0	0.0
<b>Net cash flow from investing activities</b>	<b>-21.4</b>	<b>-30.2</b>

- Q1 2019 cash flow improved with from operations improved compared to Q1 2018, driven by EBITDA improvement
- Lower cash flow from financing primarily driven by IFRS 16 implementation
- Capex in Q1 2019 of NOK 15.9m mainly related to investments in new ERP system and Cloud IQ
- Acquisition of subsidiaries primarily relates to acquisition of minority shareholdings

# Outlook

# 2019 guiding reaffirmed

	2018 actuals	LTM actuals	2019 outlook	Medium term	Comment
<b>Gross profit growth</b>	+22.4 %	+25.2 %	+15-20 %	+10-15 %	Above market growth from scaling up international markets
<b>Adjusted EBITDA as share of gross profit</b>	12.6 %	13.0 % <sup>2</sup>	13-14 %	Gradually increase to 15%	Continued margin improvement, driven by International markets
<b>NWC<sup>1</sup></b>	-12.5 %	-10.7%	-10% to -15%	-10% to -15%	Expect NWC to fluctuate around current level
<b>Capex</b>	NOK 62 mn	NOK 63 mn	NOK ~60 mn	NOK ~60 mn	Increased opportunity space from platforms

1 Average NWC last 4 quarters as share of gross profit last 4 quarters

2 Adjusted EBITDA margin excluding IFRS 16 effects

# Q&A session





# Investor Relations

## 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 2019:

- 09.05.2019 – Quarterly Report – Q1
- 13.08.2019 – Half-yearly Report
- 29.10.2019 – Quarterly Report – Q3
- 11.02.2020 – Quarterly Report – Q4

## Analysts covering Crayon:

Company	Analyst	Telephone
Carnegie	Hans Rettedal Christiansen	<a href="tel:+4722009321">+47 22 00 93 21</a>
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SpareBank 1	Petter Kongslie	<a href="tel:+4798411080">+47 98 41 10 80</a>

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Data pack available at  
[crayon.com](http://crayon.com)

# Appendix

# Introduction to key P&L drivers

NOK million	2015	2016	2017	2018
<b>Operating revenue</b>	<b>4 687.9</b>	<b>6 015.2</b>	<b>7 301.7</b>	<b>9 047.5</b>
<i>Growth</i>	25.6%	28.3%	21.4%	23.9%
Materials and supplies	-3 773.0	-4 886.8	-6 086.9	-7 561.4
<b>Gross profit</b>	<b>914.9</b>	<b>1 128.4</b>	<b>1 215.8</b>	<b>1 486.1</b>
<i>Gross margin</i>	19.5%	18.8%	16.7%	16.4%
Payroll and related costs	-668.3	-877.9	-940.5	-1 105.8
Other operating expenses	-149.1	-158.8	-144.7	-203.3
<b>Total operating expenses</b>	<b>-817.4</b>	<b>-1 036.7</b>	<b>-1 085.2</b>	<b>1 309.1</b>
<b>EBITDA</b>	<b>97.5</b>	<b>91.7</b>	<b>103.8</b>	<b>177.1</b>
<i>EBITDA % of gross profit</i>	10.7%	8.1%	8.5%	11.9%
Exceptional items	16.3	13.5	26.8	11.1
<b>Adjusted EBITDA</b>	<b>113.7</b>	<b>105.2</b>	<b>130.6</b>	<b>188.1</b>
<i>Adj. EBITDA % of gross profit</i>	12.4%	9.3%	10.7%	12.7%

#FTEs

807

945

977

1,128

- 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

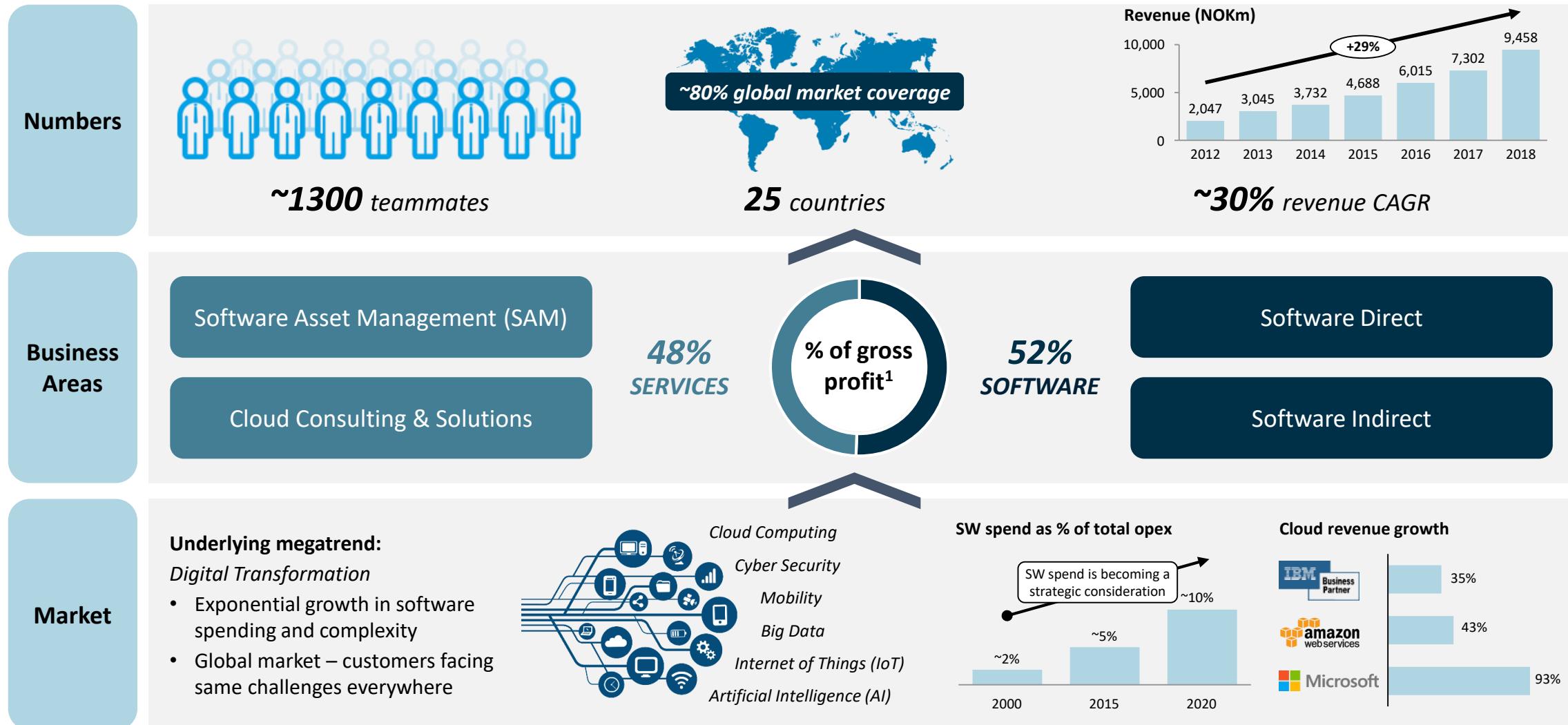
### Software

- 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

# Crayon at a glance



<sup>1</sup> Based on 2018 gross profit, excl. admin & eliminations

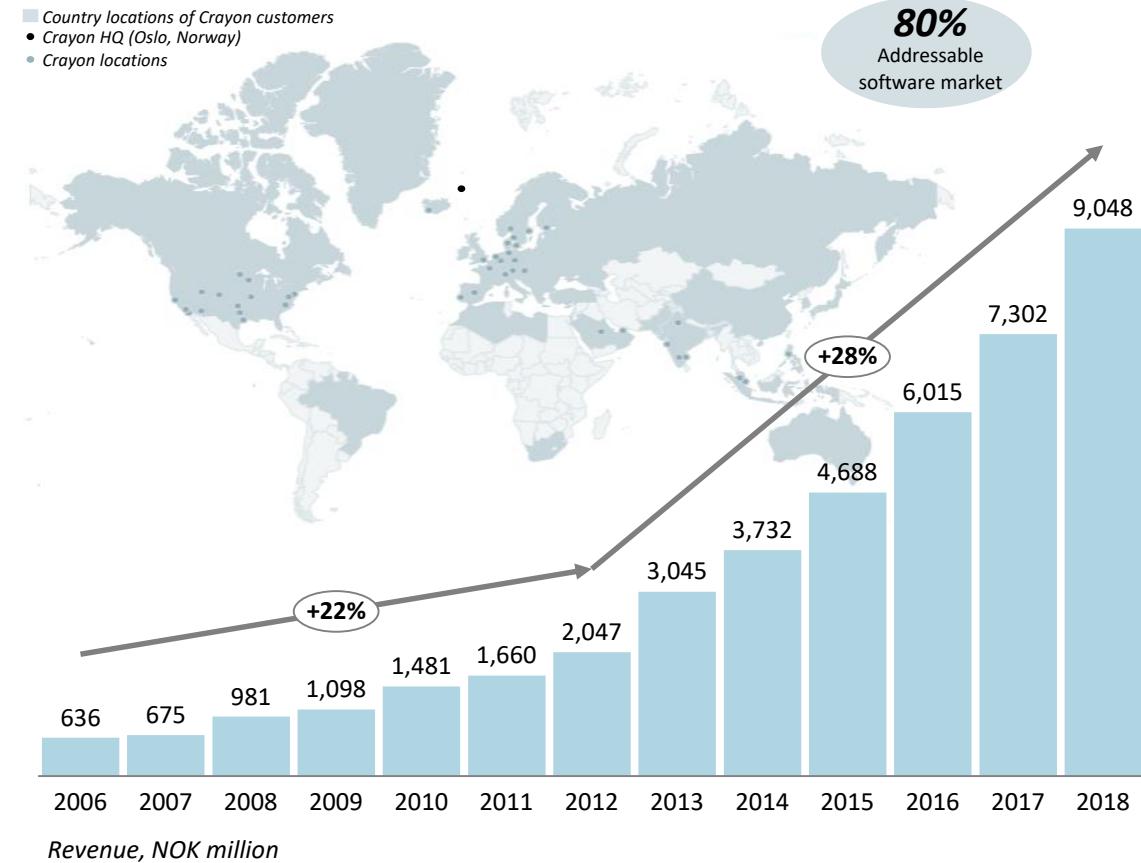
# Crayon – a fast growing global software and services expert



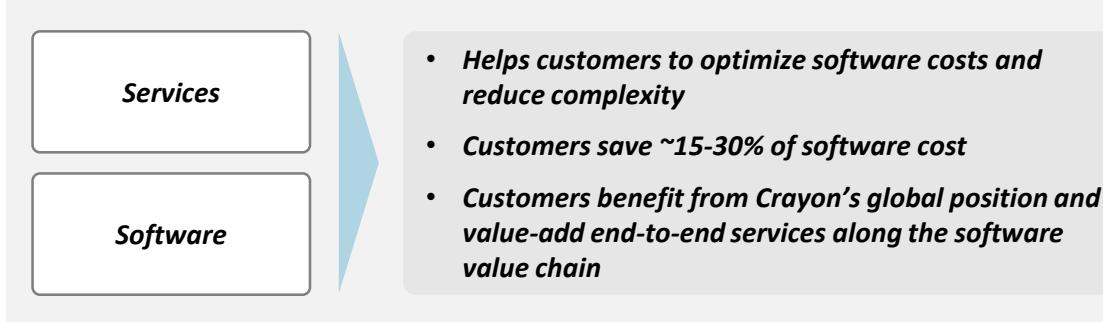
## Company at a glance

- Founded in 2002 with headquarters in Oslo, Norway
- Publicly listed company in 2017
- ~1,300 employees and ~9,000 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 23 countries covering 80% of addressable market
- Revenues of NOK 9.5bn with high growth and strong cash conversion

## An international growth story with strengthening momentum



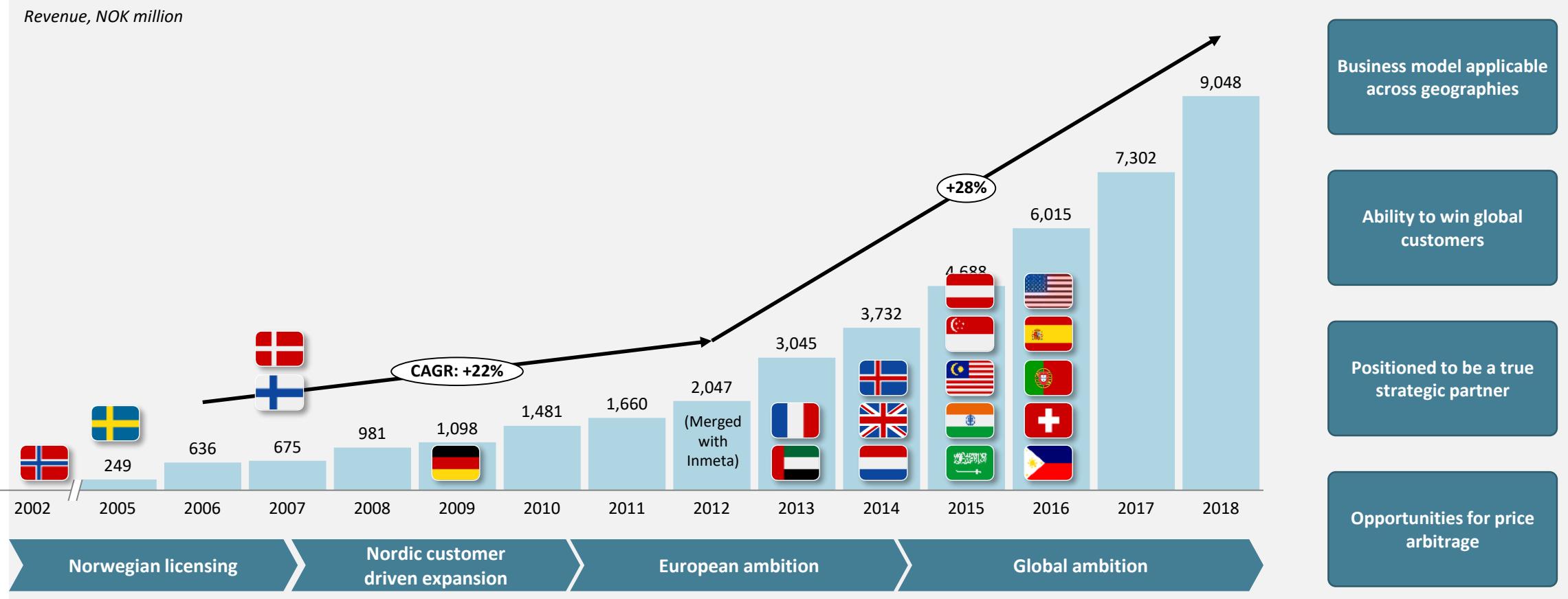
## Offering and value proposition



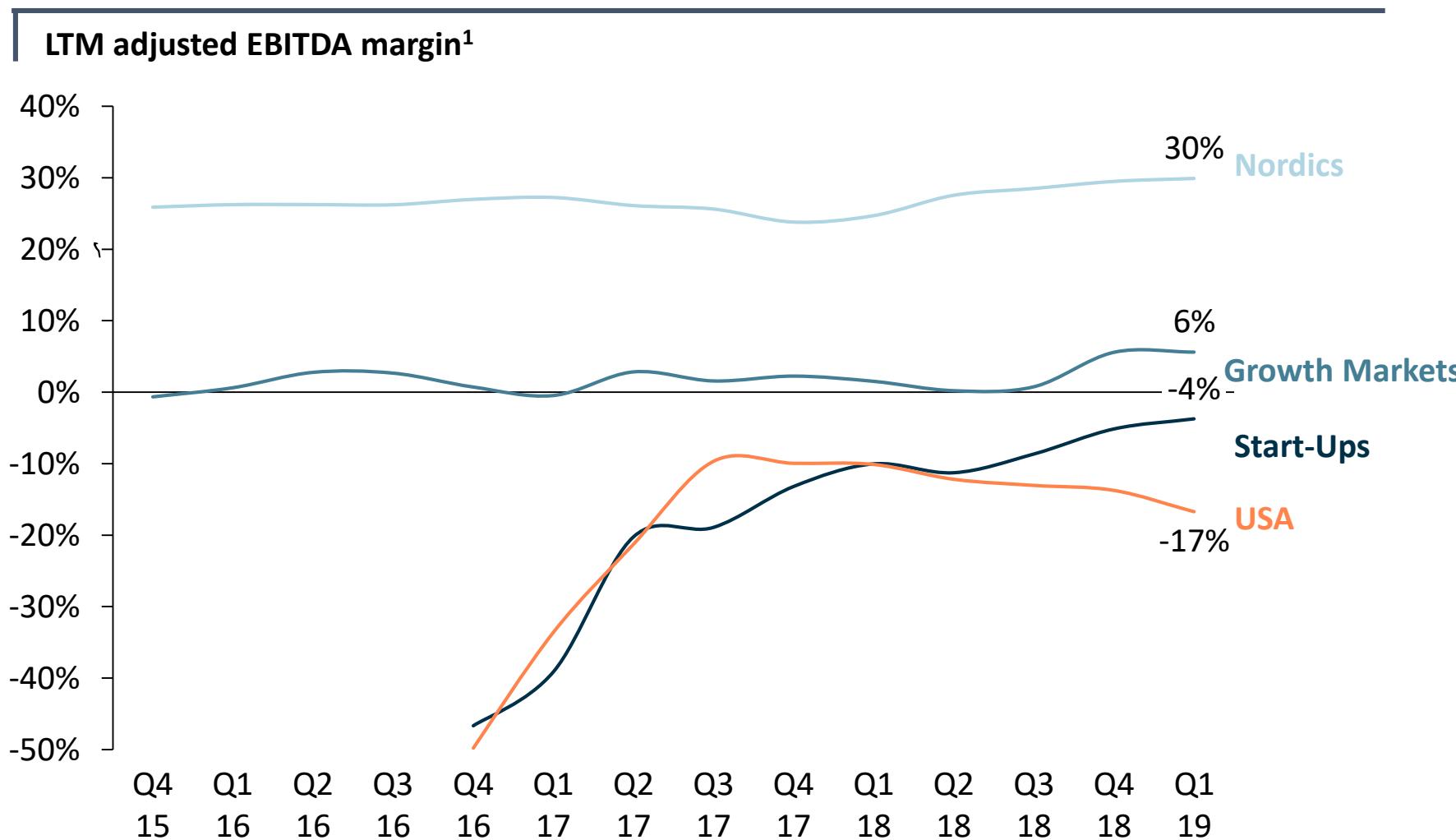
*Crayon is a trusted advisor for customers in their digital transformation journey*

# Proven execution of international expansion strategy

Successful development from being a Norwegian licensing provider to global ambitions



# LTM adjusted EBITDA margin



- 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

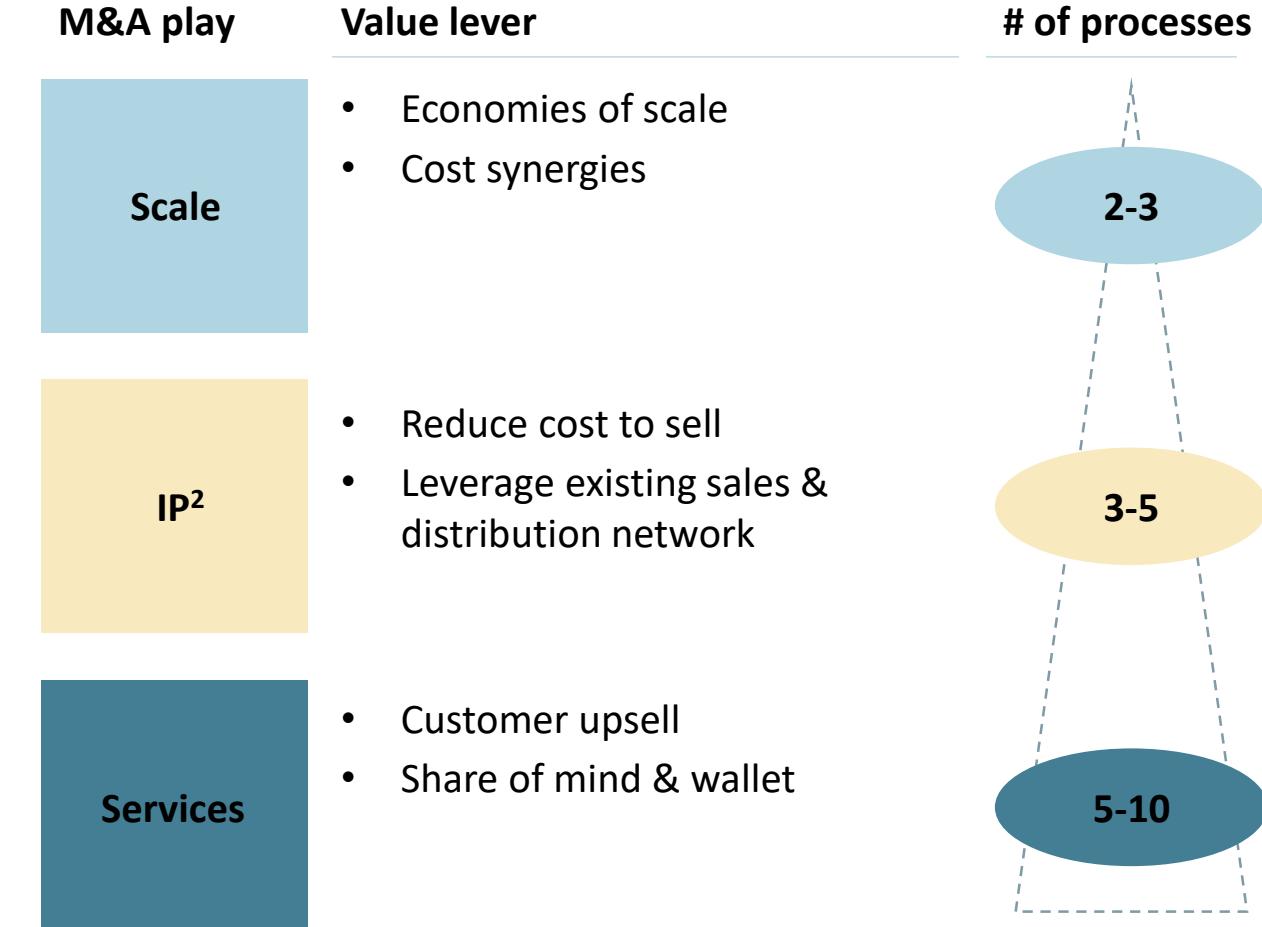
# Consolidation Trend: Significant Value Potential for Crayon



## Consolidation trend demonstrated by SW1/Comparex merger

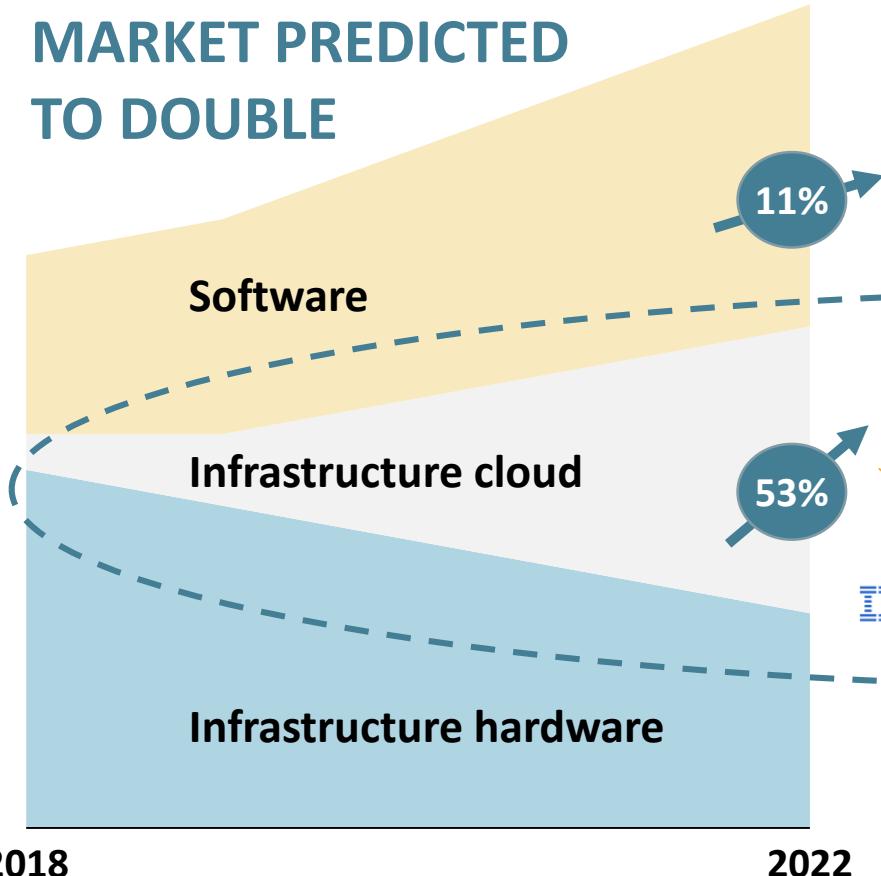


## Crayon has an attractive consolidation platform

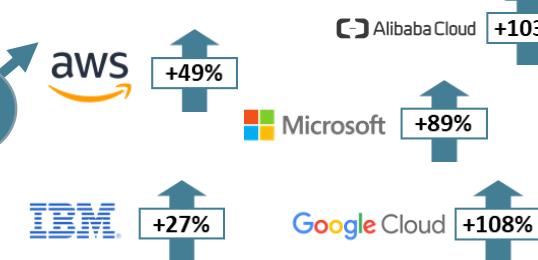


# Strong Market Momentum

CRAYON ADDRESSABLE  
MARKET PREDICTED  
TO DOUBLE



Cloud Infrastructure Services  
YoY growth, Q2 2018



Market growth, 2017-2018



# Unique business model resulting in strong & loyal customer base

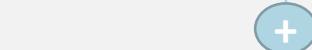
## Unique customer value proposition

20-30%

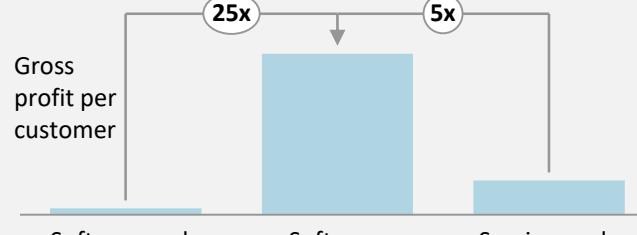


Average savings  
on SW spend

- SAM is the go-to-market model for customer acquisition and retention
- World's largest independent SAM practice



## End-to-end services with upsell potential



76%

12%

13%

Share of customer base

## Extensive portfolio of Intellectual Property (IP)

Gross profit generated  
through own IP

~20%

~5%

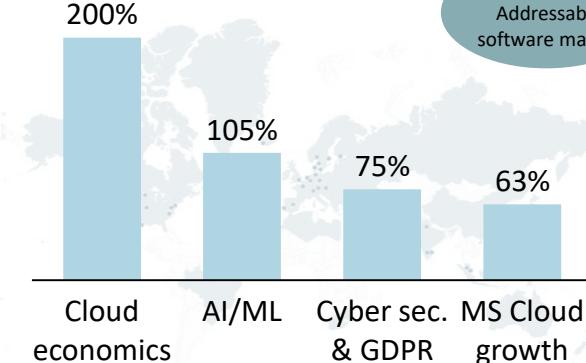
2014

2018



## Strategically positioned in attractive market

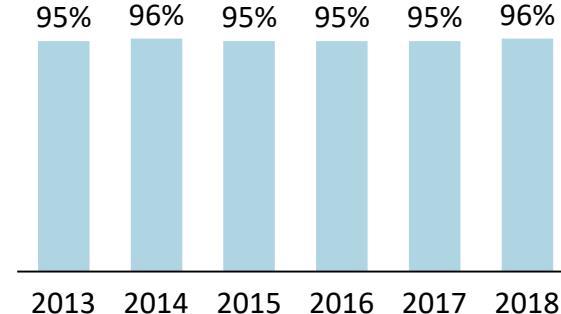
2017 YoY revenue growth



80%  
Addressable  
software market

## Unparalleled customer loyalty

Average repeat customer buy



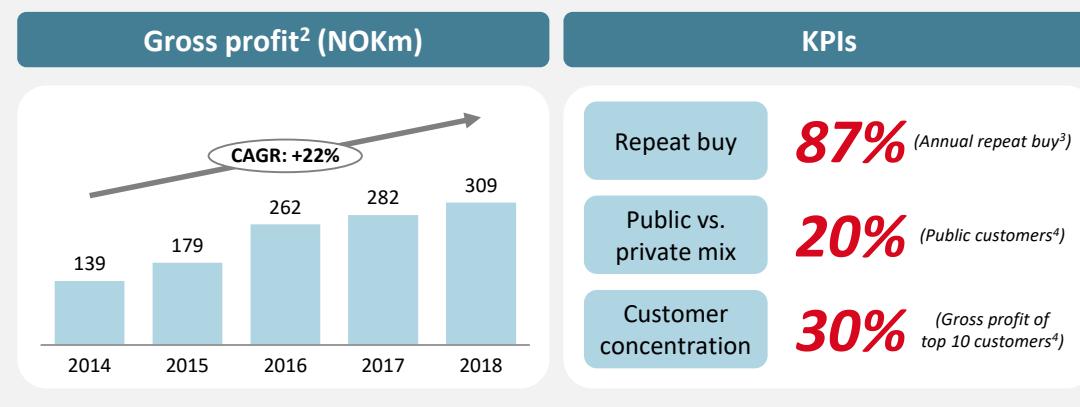
## Diversified customer portfolio



# Services – SAM and Consulting

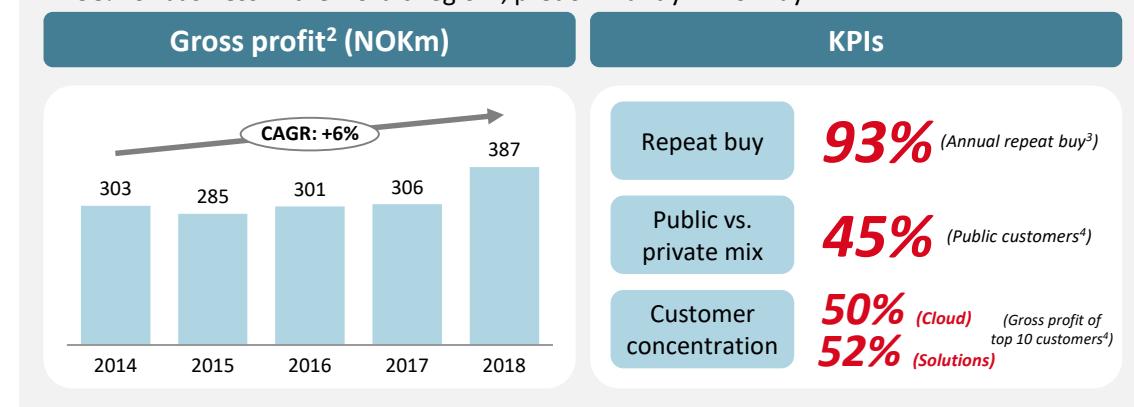
## SAM – IT optimization; Crayon's customer acquisition tool

- 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 +300 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 400 consultants per year end 2018 (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> 2014-2018 Source: Crayon Group Holding AS financial accounts.

<sup>3</sup> 2018 gross profit repeat buy adjusted for FAST acquisition in the UK for SAM. Repeat buy is (1-churn). Source: Sales data

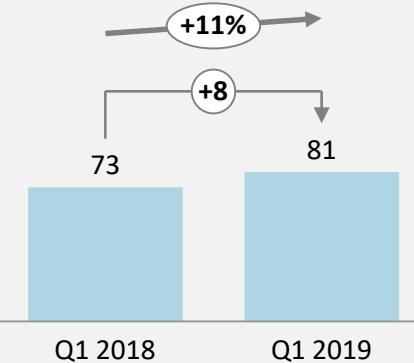
<sup>4</sup> Based on 2018 figures. Source: Crayon sales report

<sup>5</sup> Gross profit 2018 figures excluding Admin and eliminations

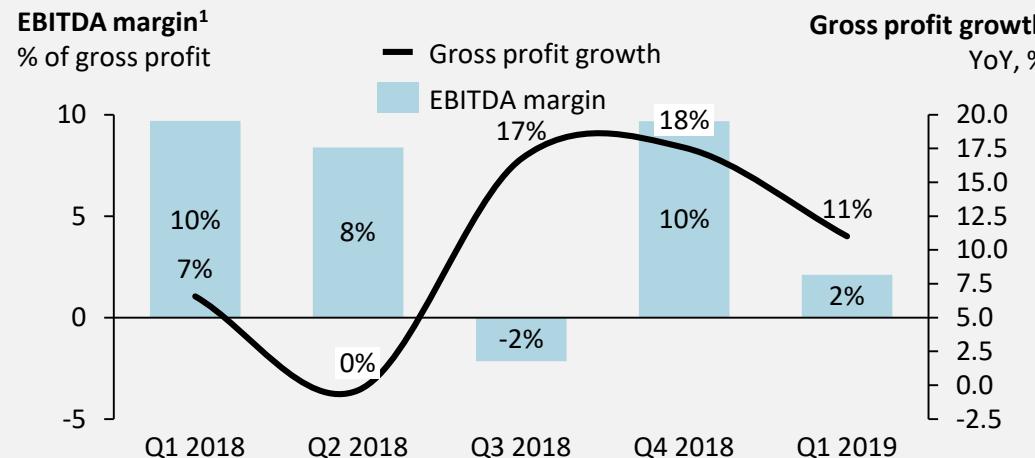
# Services

## SAM

Gross profit development, NOKm

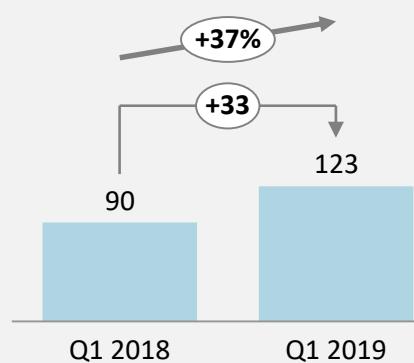


EBITDA development, NOKm

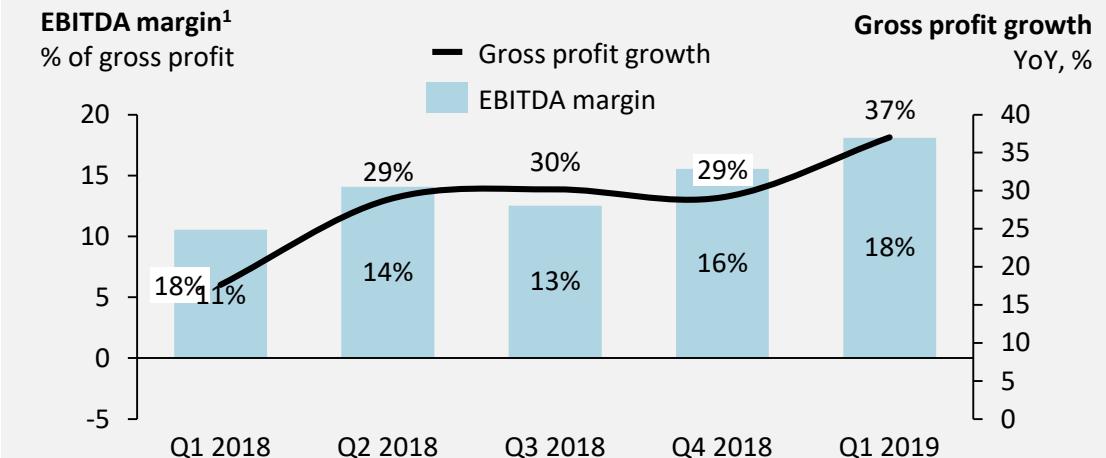
EBITDA margin<sup>1</sup>  
% of gross profit

## Consulting

Gross profit development, NOKm



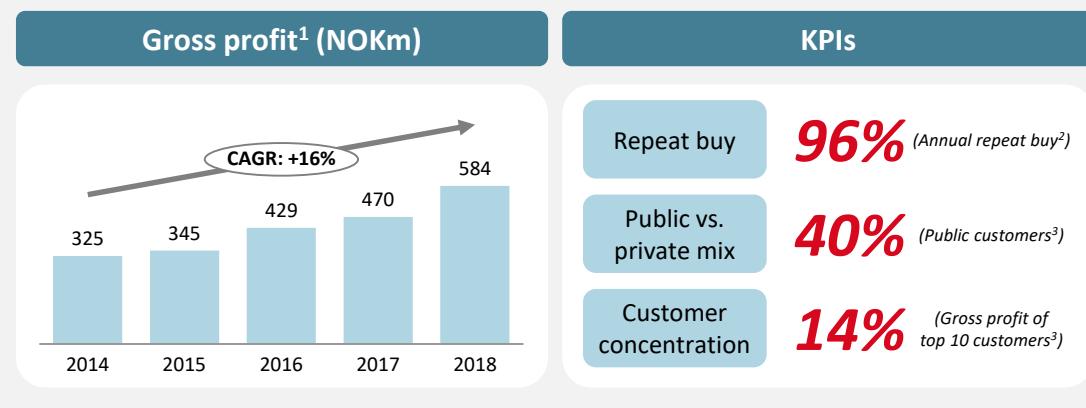
EBITDA development, NOKm

EBITDA margin<sup>1</sup>  
% of gross profit

# Software – Direct and Indirect

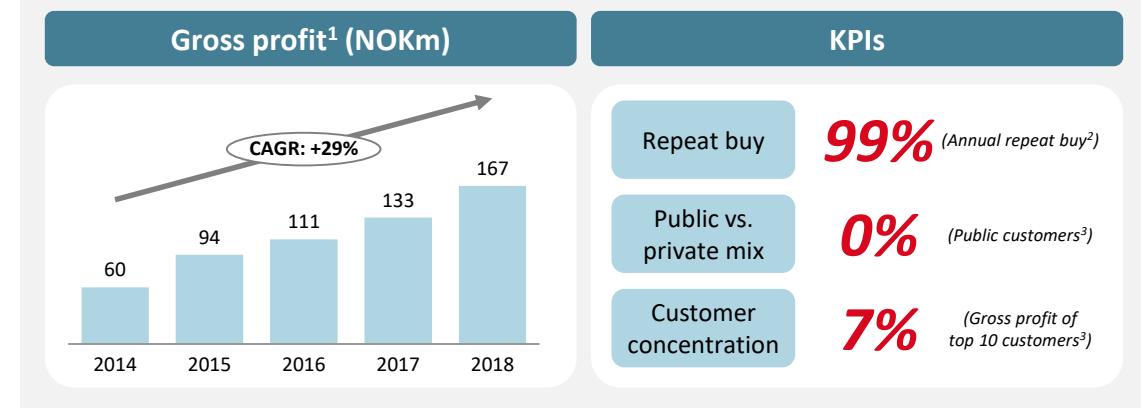
## Direct – license offering directly from vendor to customers

- 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
- 320 sales and 1<sup>st</sup> line support employees per year end 2018 (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 2018
- 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
- 100 sales and 1<sup>st</sup> line support employees per year end 2018 (FTEs)
- ~100% recurring revenue driven by multi-year agreements with monthly invoicing
- Proprietary IP applied comprise Cloud-IQ



<sup>1</sup> 2014-2018 Source: Crayon Group Holding AS financial accounts

<sup>2</sup> 2018 gross profit repeat buy. Repeat buy is (1-churn). Source: Sales data

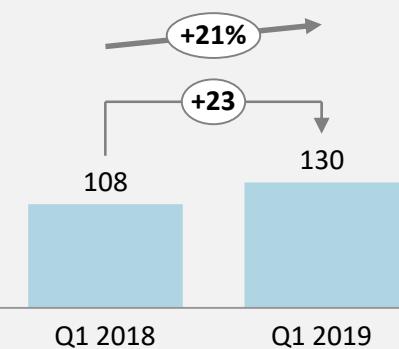
<sup>3</sup> Based on 2018 figures. Source: Crayon sales report

<sup>4</sup> Crayon direct billing of Microsoft's share of gross profit. Based on 2018 figures. Source: Crayon sales report

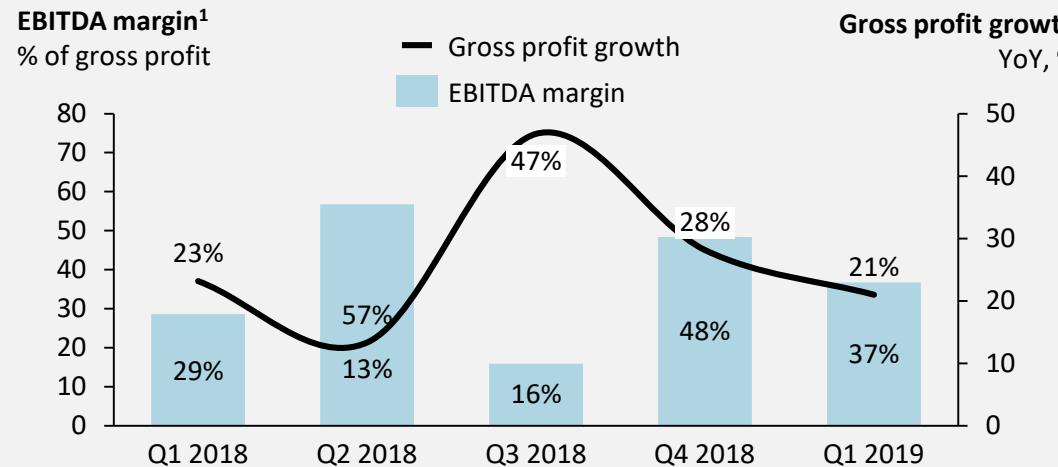
# Software

## Software Direct

Gross profit development, NOKm



EBITDA development, NOKm

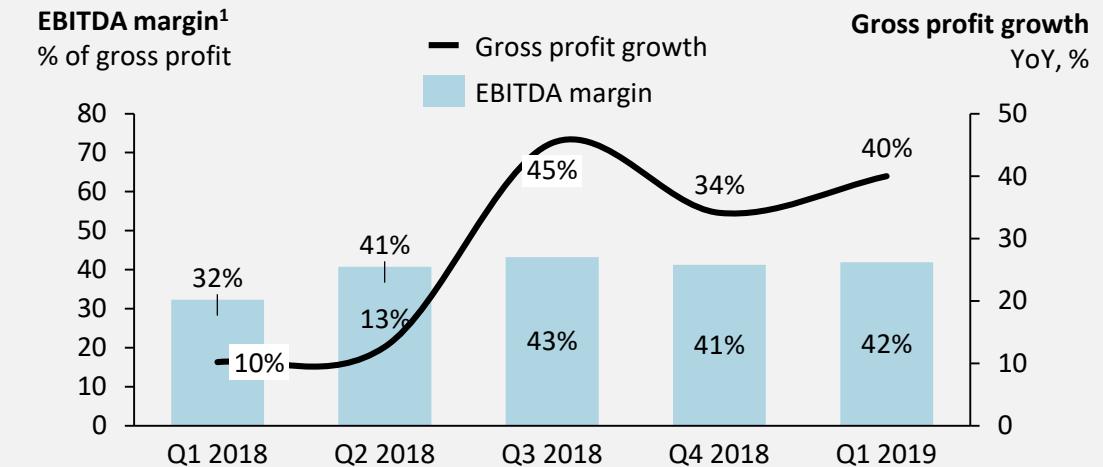
EBITDA margin<sup>1</sup>  
% of gross profit

## Software Indirect

Gross profit development, NOKm



EBITDA development, NOKm

EBITDA margin<sup>1</sup>  
% of gross profit<sup>1</sup> EBITDA divided by reported gross profit

# Extensive portfolio of intellectual property



## Unique proprietary intellectual property portfolio...

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

Source: Sales reports

1 Based on end of 2018 data

2 Based on 2018 gross profit

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