

# Q1 2019 Presentation

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

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# Unique Business Model

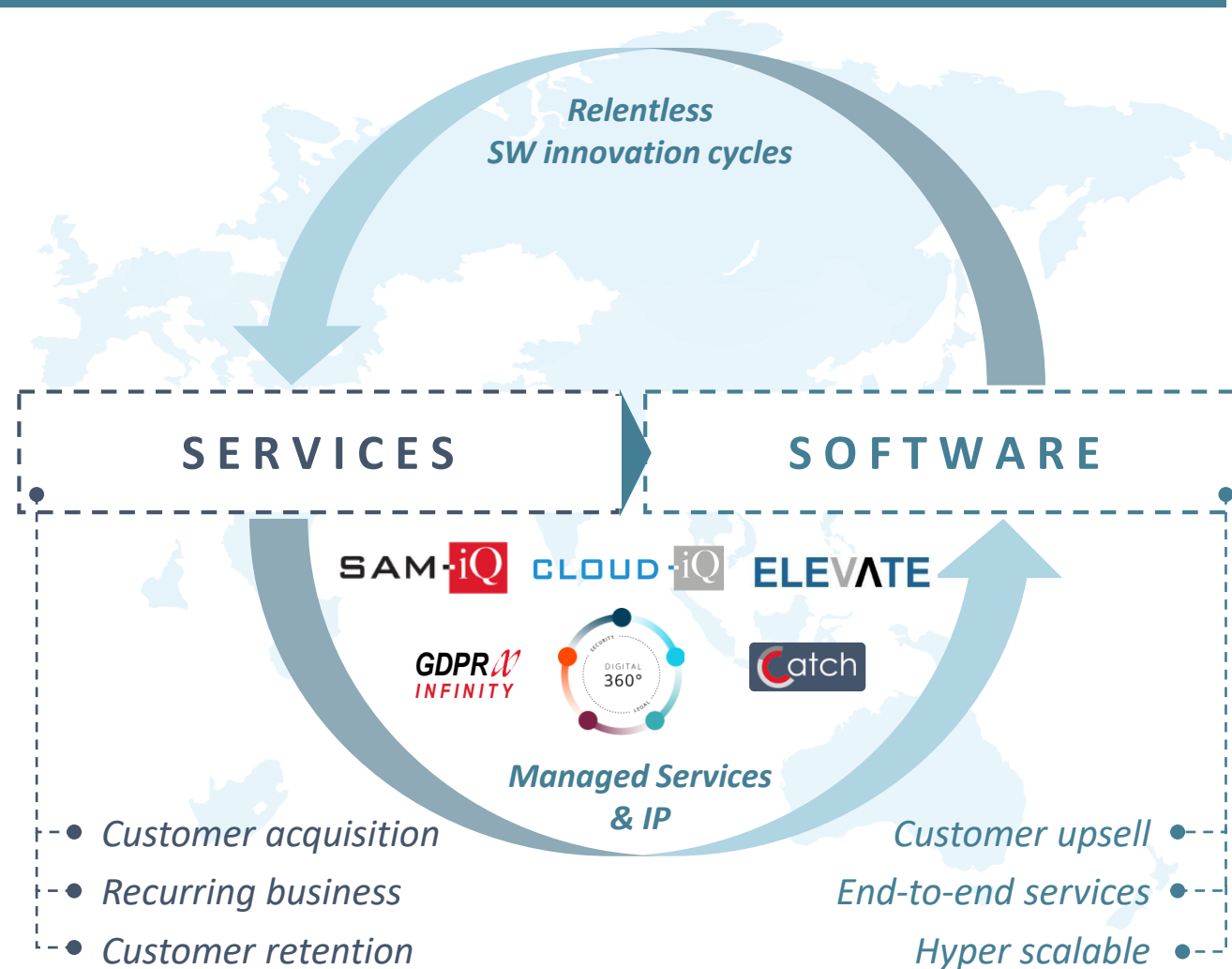
Customers' key challenges within IT

 Crayon | Business Model

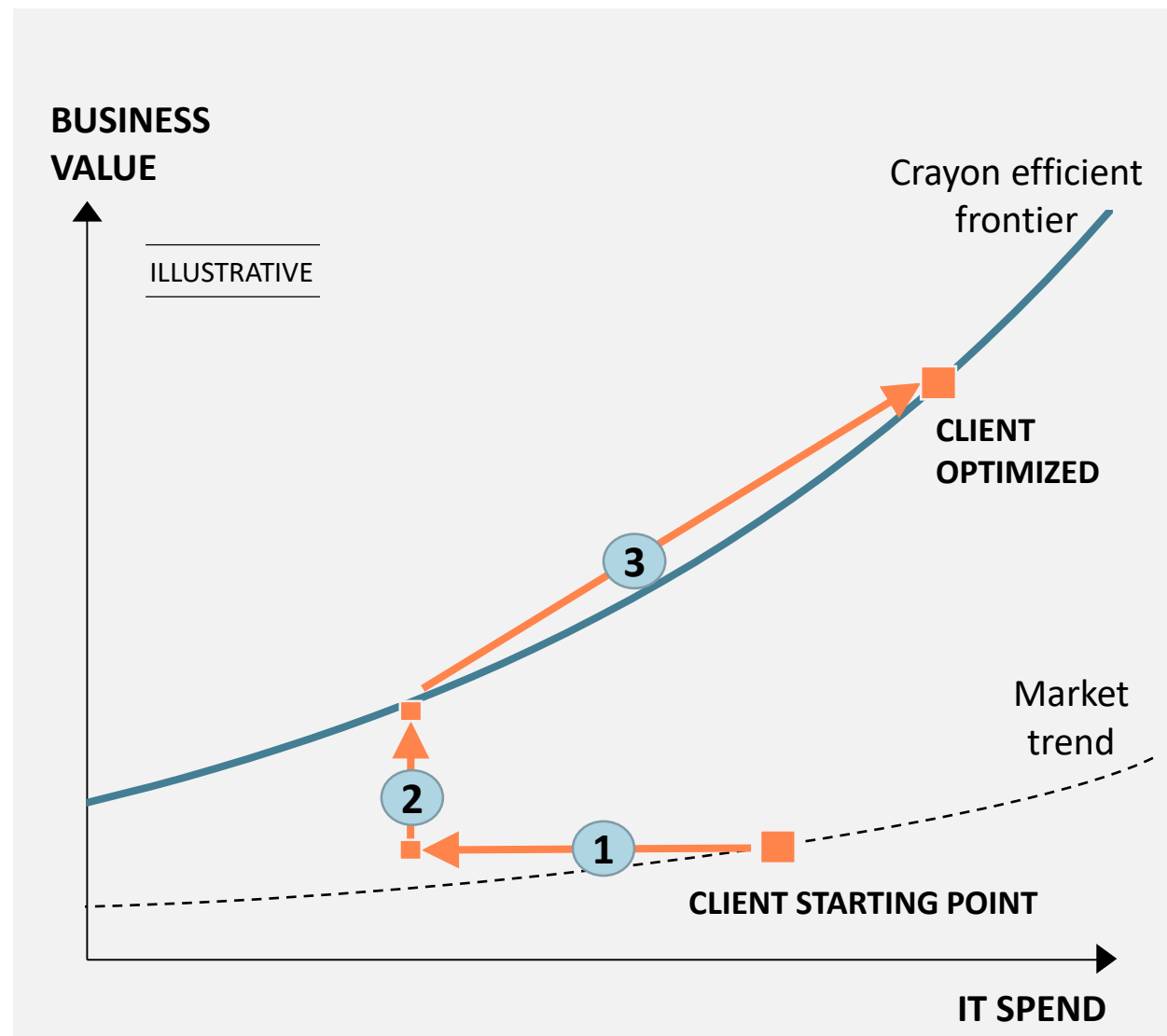


How to optimize SW spending?

Costs    Business Value  
Procurement & Deployment



# Crayon – The Preferred Partner on The Digitalization Journey



1

**REDUCE**  
**IT SPEND**



2

**IMPROVE**  
**BUSINESS VALUE**



3

**INVEST IN**  
**NEW TECHNOLOGY**





# 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)

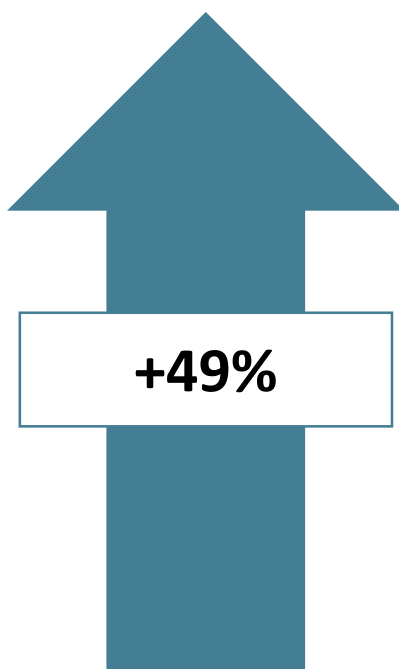
*“Cloud services are definitely shaking up the industry.... What we see now is only the beginning, though. Through 2022, Gartner projects the market size and growth of the cloud services industry at nearly three times the growth of overall IT services.”*

**Gartner®** April 2019

# Another Record Financial Quarter

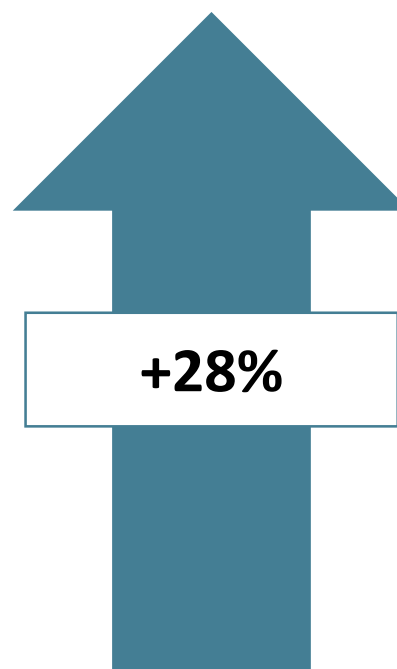


*Compared to corresponding period last year*



**Revenue**

MNOK 2,674



**Gross Profit**

MNOK 395



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

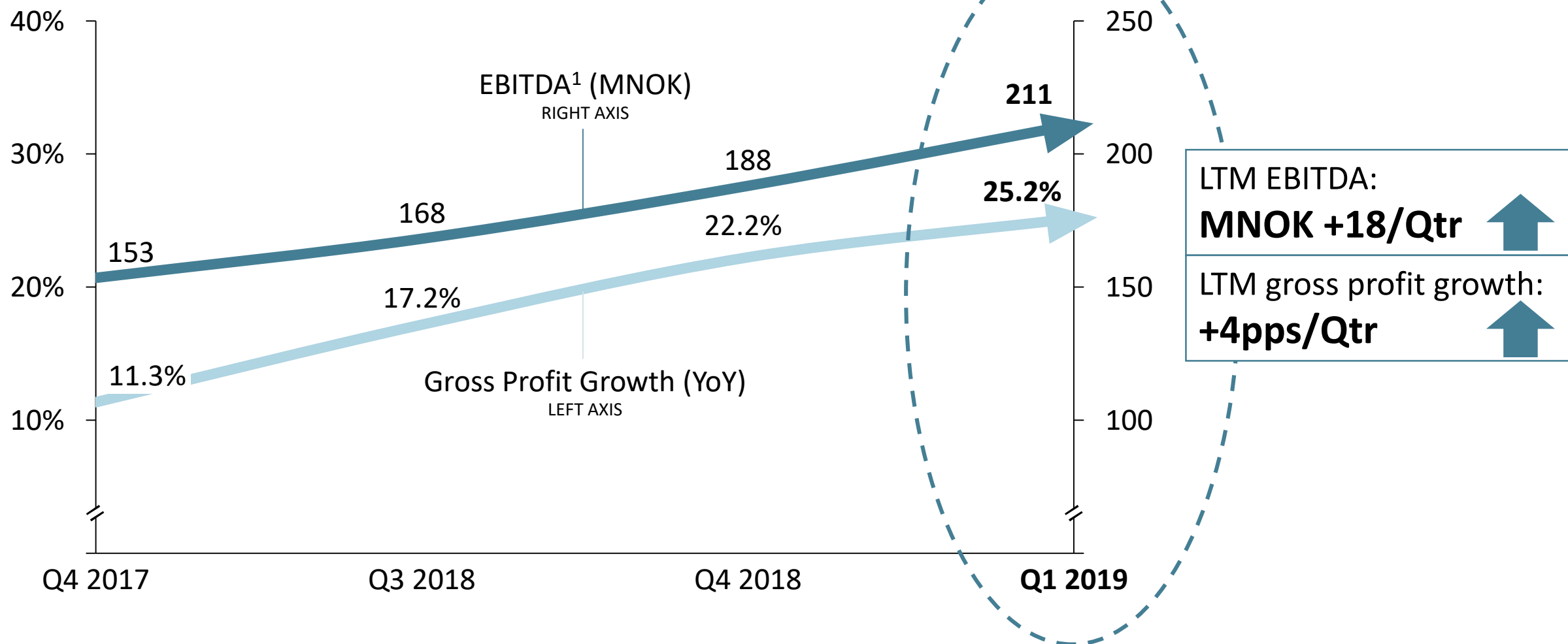
MNOK 36

<sup>1</sup> Adjusted EBITDA – EBITDA adjusted for share based compensation and other one-off income and expenses.

# Financial Momentum Continues



Last Twelve Months (LTM)



1 Adjusted EBITDA, excluding extraordinary costs

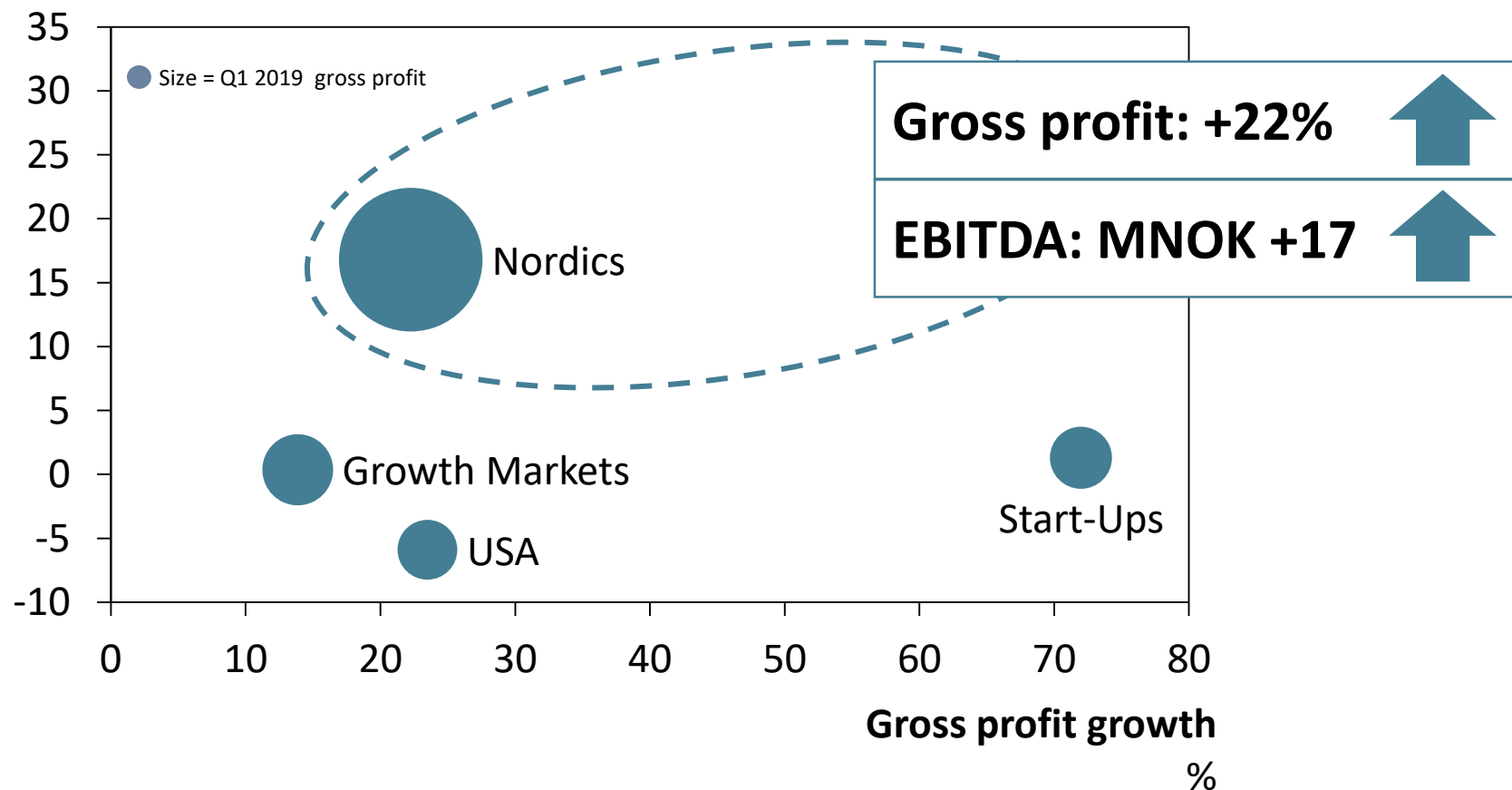


# Strong Performance in The Nordics











*Compared to corresponding period last year*

## EBITDA improvement

NOK millions



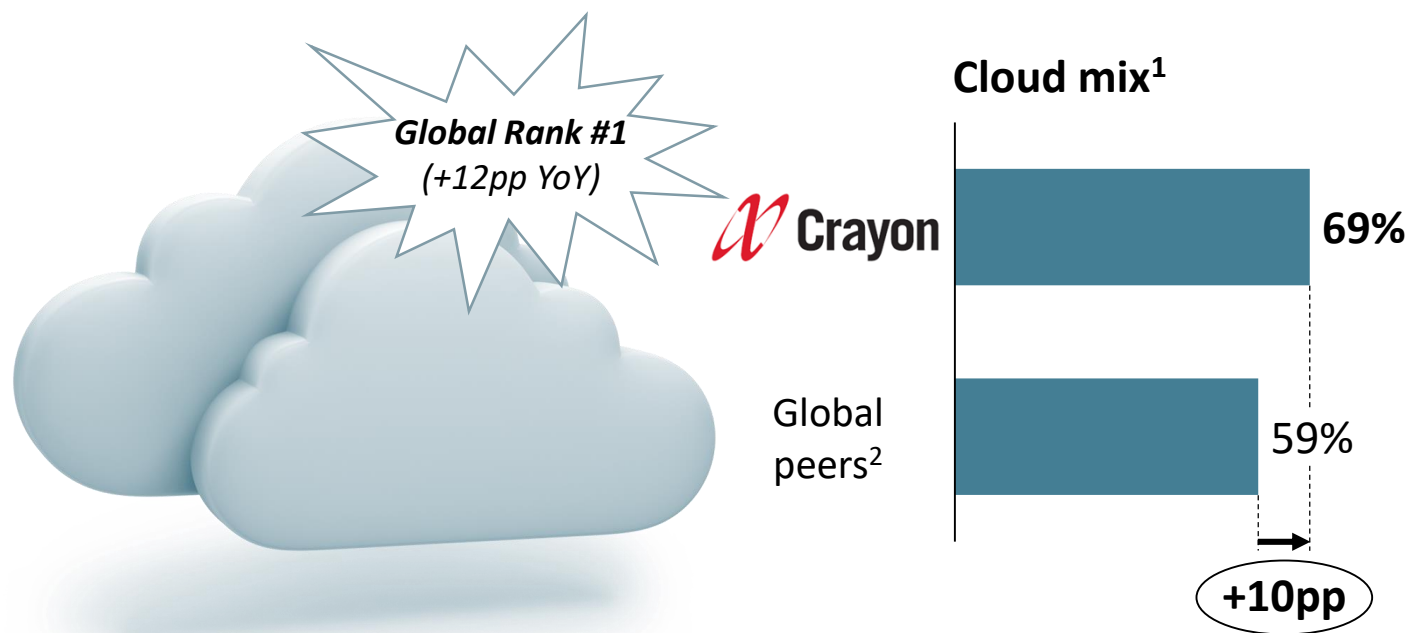
# 2 Strong Business Fundamentals

	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	 <b>Norsk Tipping</b>  				   		 	
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



# 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



## SEQUINT

### 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

Microsoft  
SPLA Partner

CITRIX®

Microsoft  
Cloud Solution Provider (CSP)

### 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



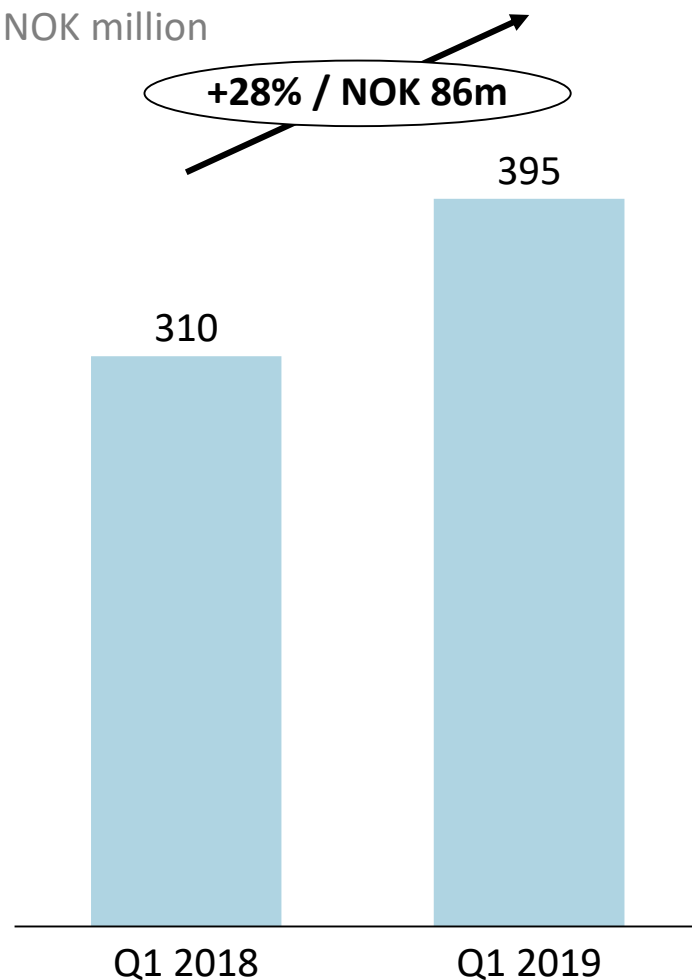
Q1 2019

# Strong GP growth across markets



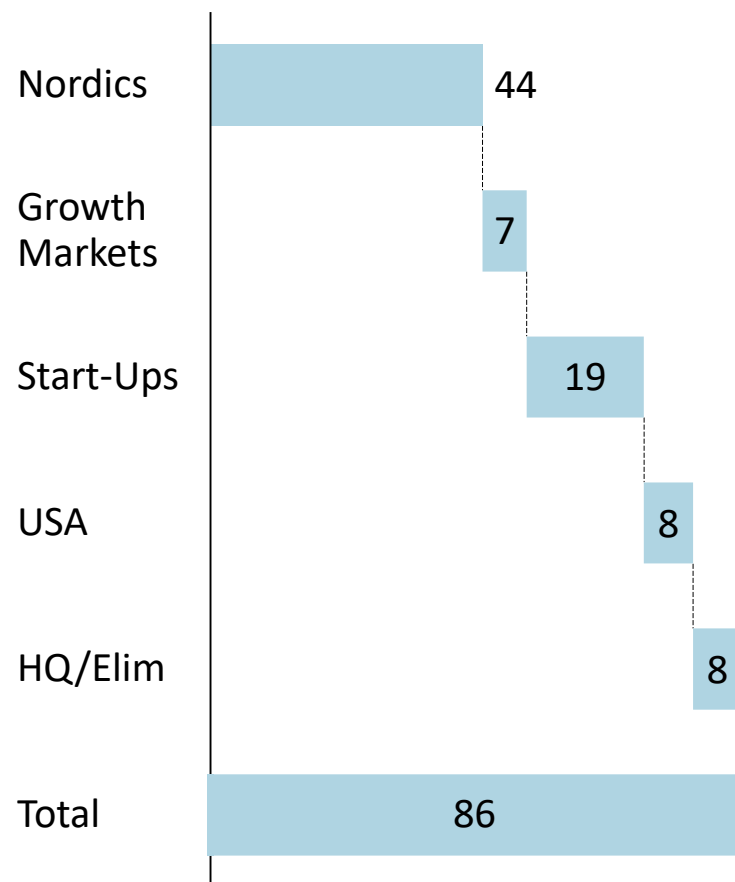
## Gross profit

NOK million



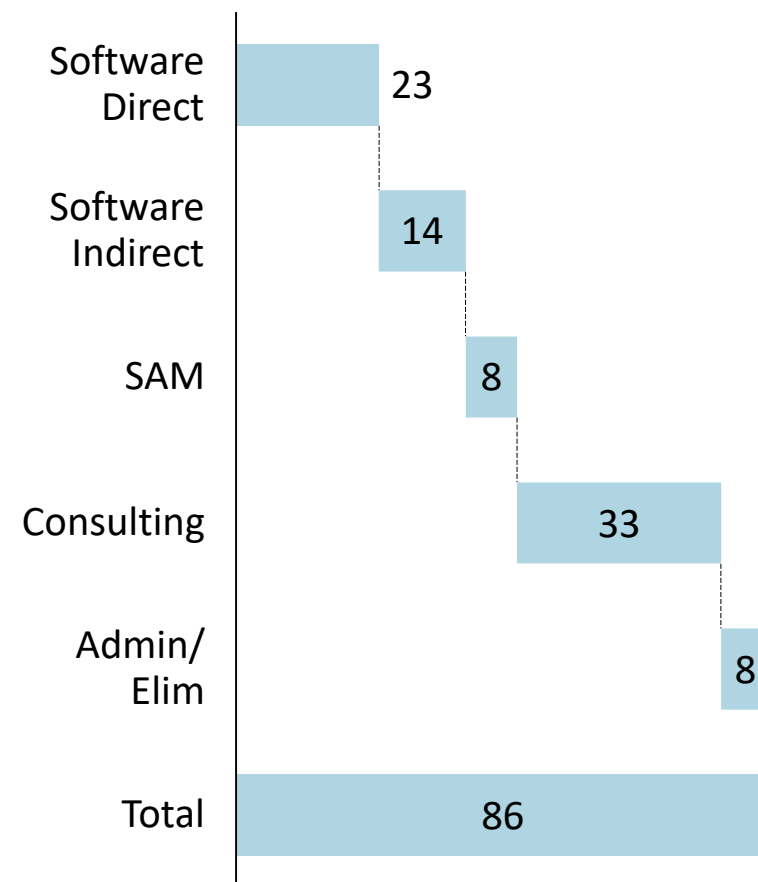
## YoY gross profit growth by market cluster

NOK million



## YoY gross profit growth by business area

NOK million



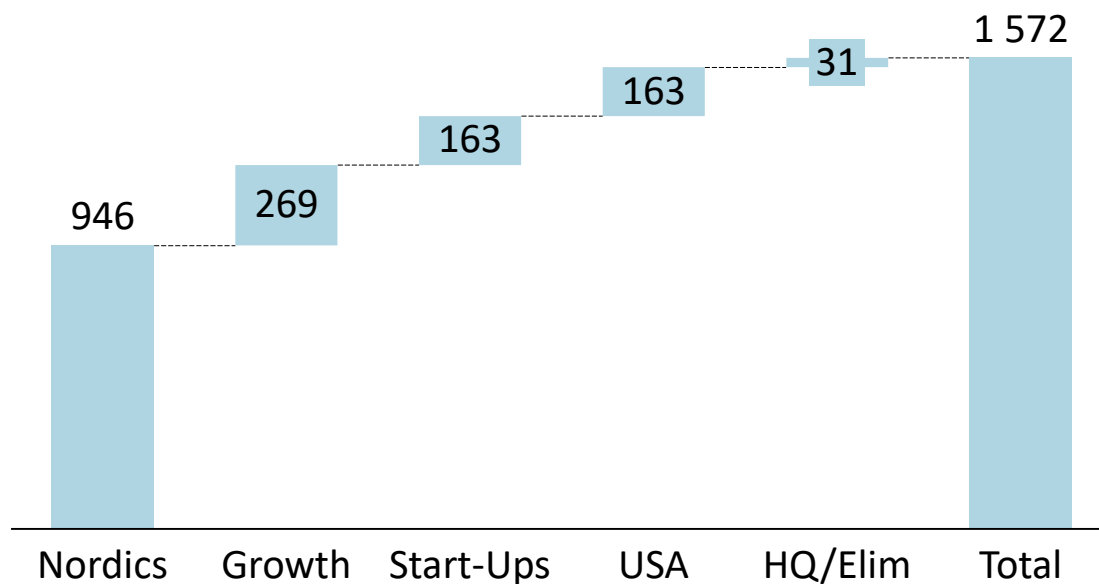
Q1 2019

# Strong Q1 leads to 25% gross profit growth LTM



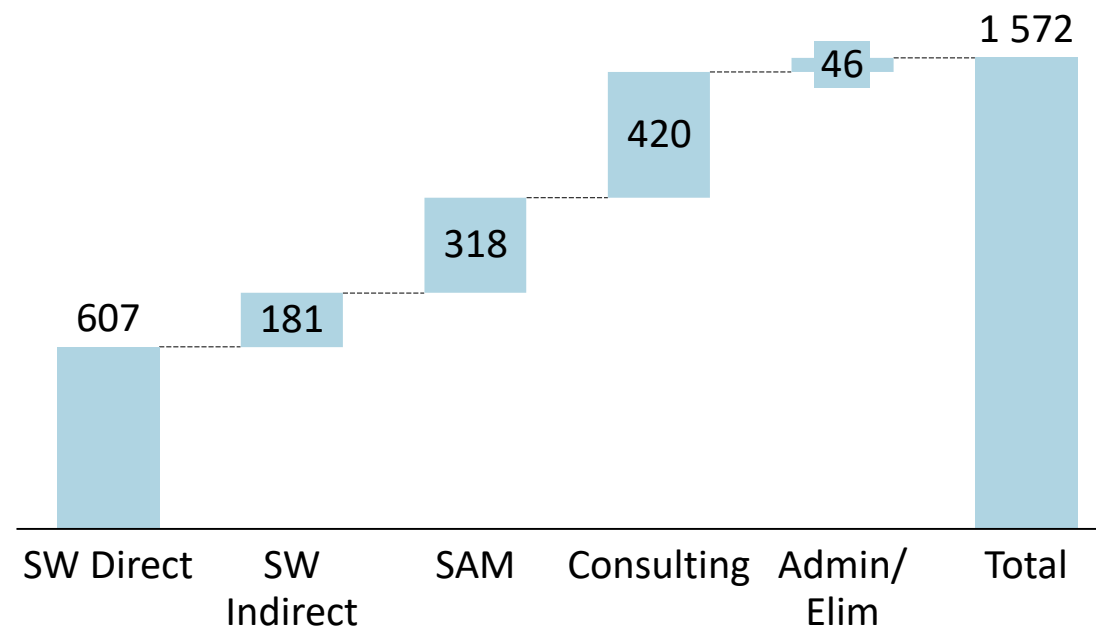
## LTM gross profit by market cluster

NOK million



## LTM gross profit by business area

NOK million



Growth  
rate<sup>1</sup>

21%

26%

46%

21%

n/a

25%

24%

32%

11%

31%

n/a

25%

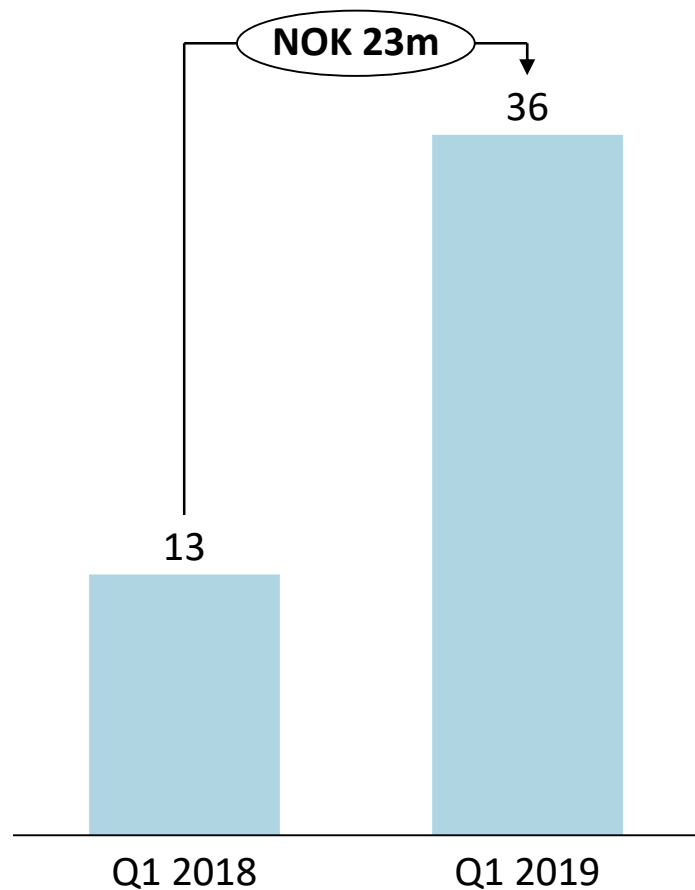
Q1 2019

# Strong EBITDA growth in Q1 2019



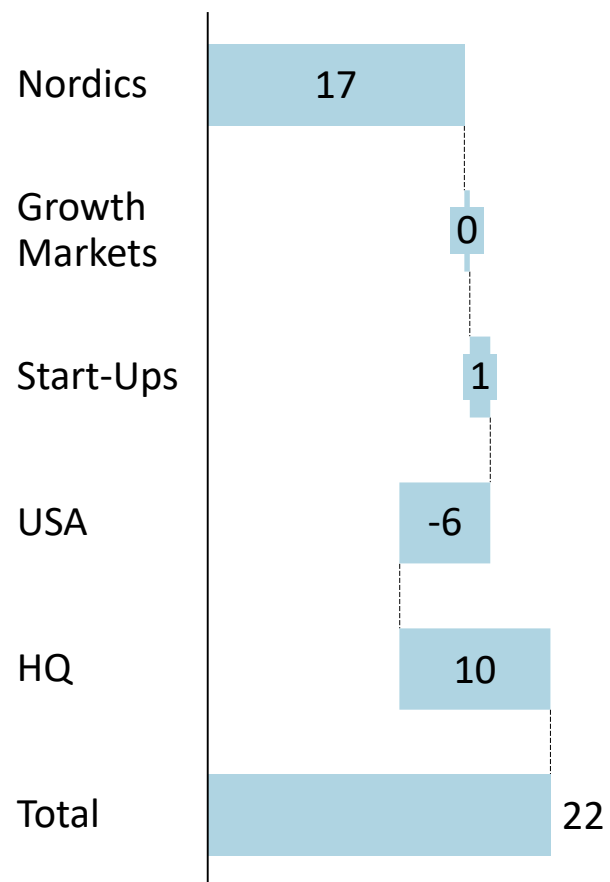
## Adjusted EBITDA

NOK million



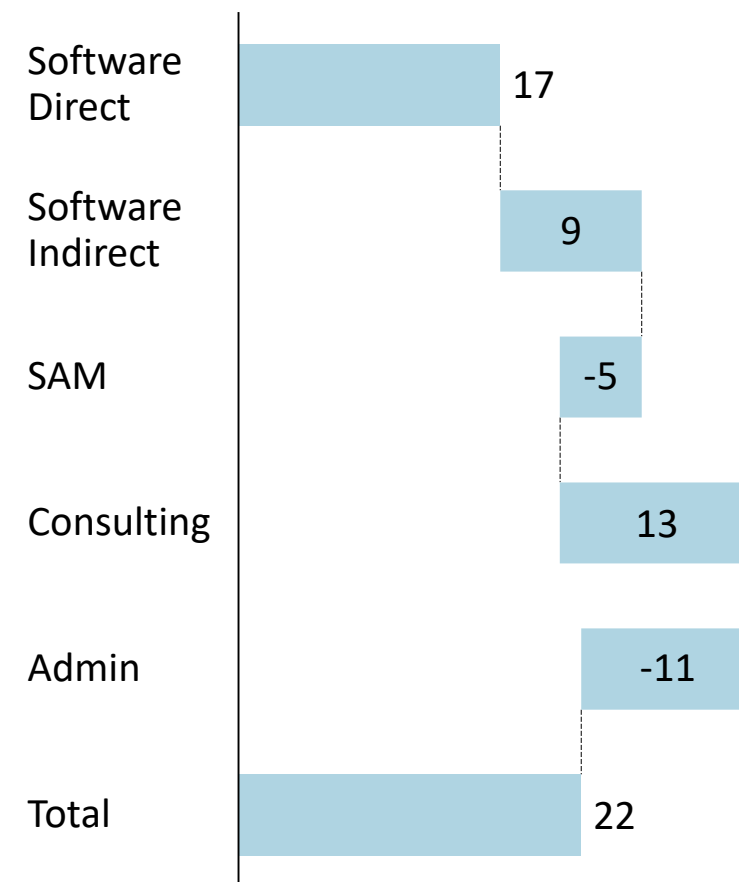
## YoY Adj EBITDA growth by market cluster

NOK million



## YoY Adj EBITDA growth by business area

NOK million





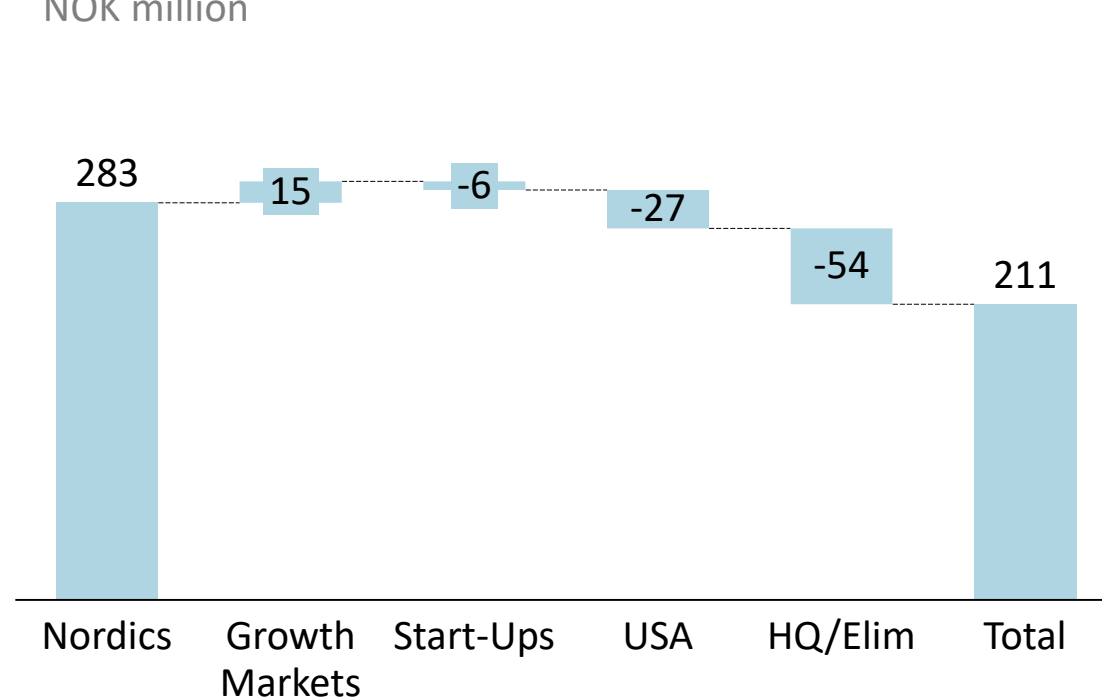
Q1 2019

# LTM Adjusted EBITDA of NOK 211 million



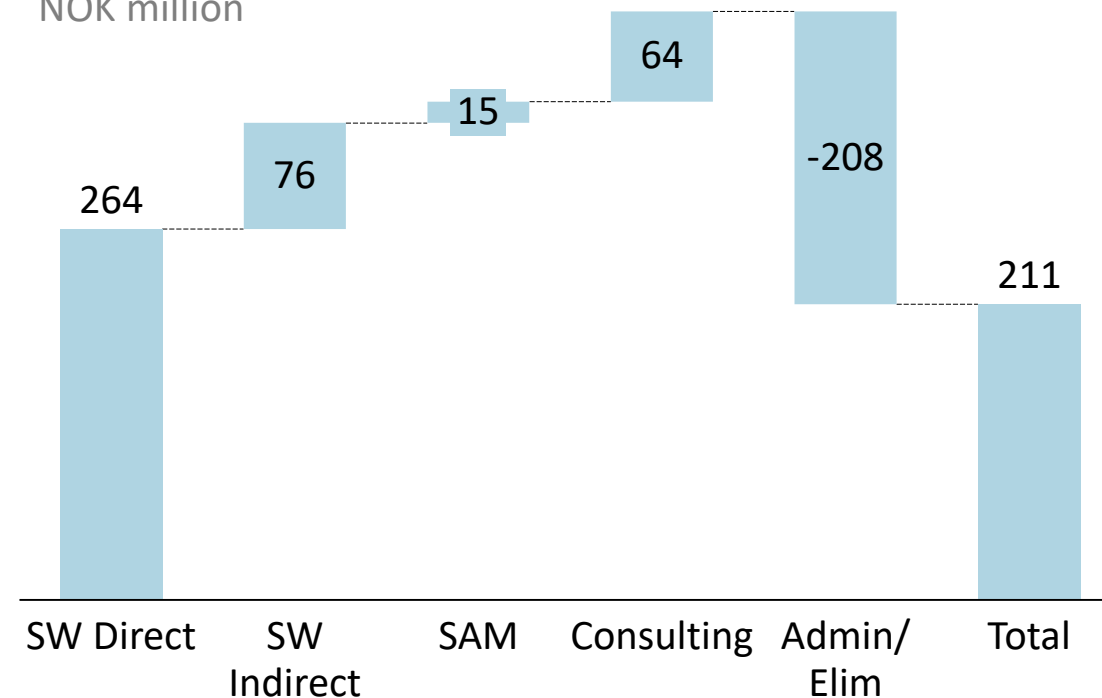
## LTM adjusted EBITDA by market cluster

NOK million



## LTM adjusted EBITDA by business area

NOK million



EBITDA  
margin<sup>1</sup>



Change in  
EBITDA  
margin<sup>2</sup>



<sup>1</sup> Adjusted EBITDA as share of Gross Profit  
<sup>2</sup> LTM vs previous LTM period

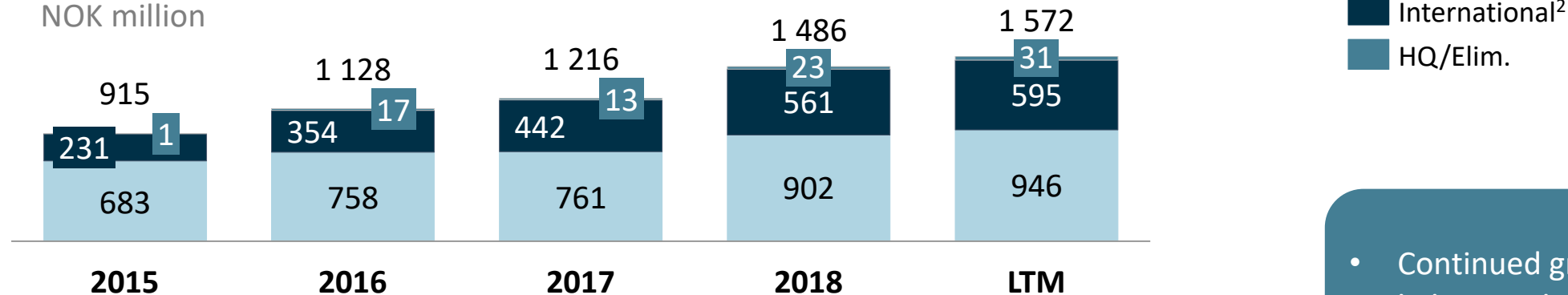
Q1 2019

# International expansion momentum continues



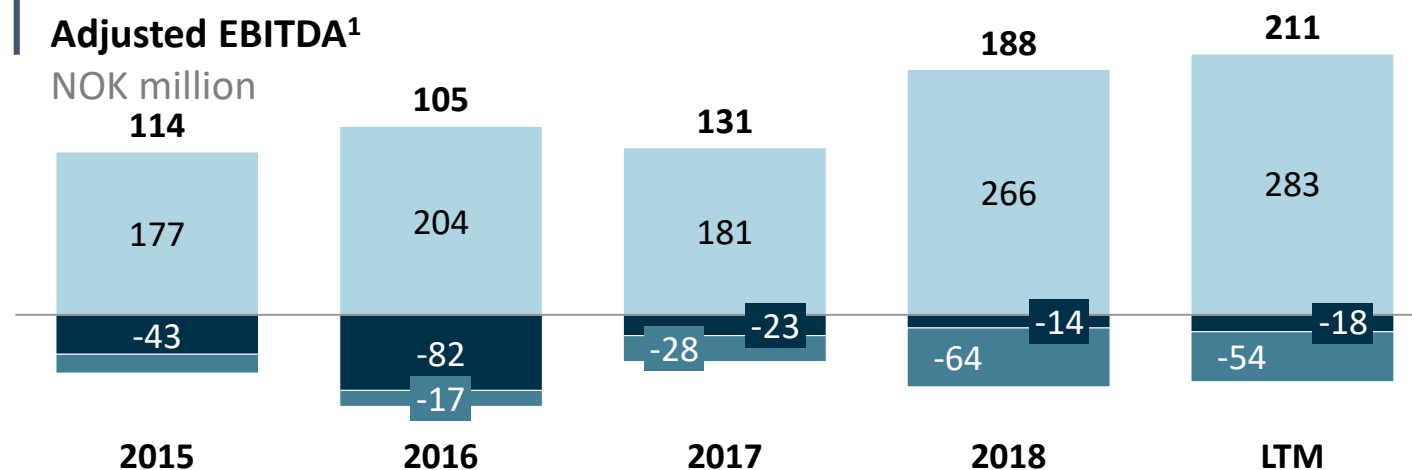
## Gross profit

NOK million



## Adjusted EBITDA¹

NOK million



- 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

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

² International includes market clusters Growth Markets, Start-Ups and USA

# 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



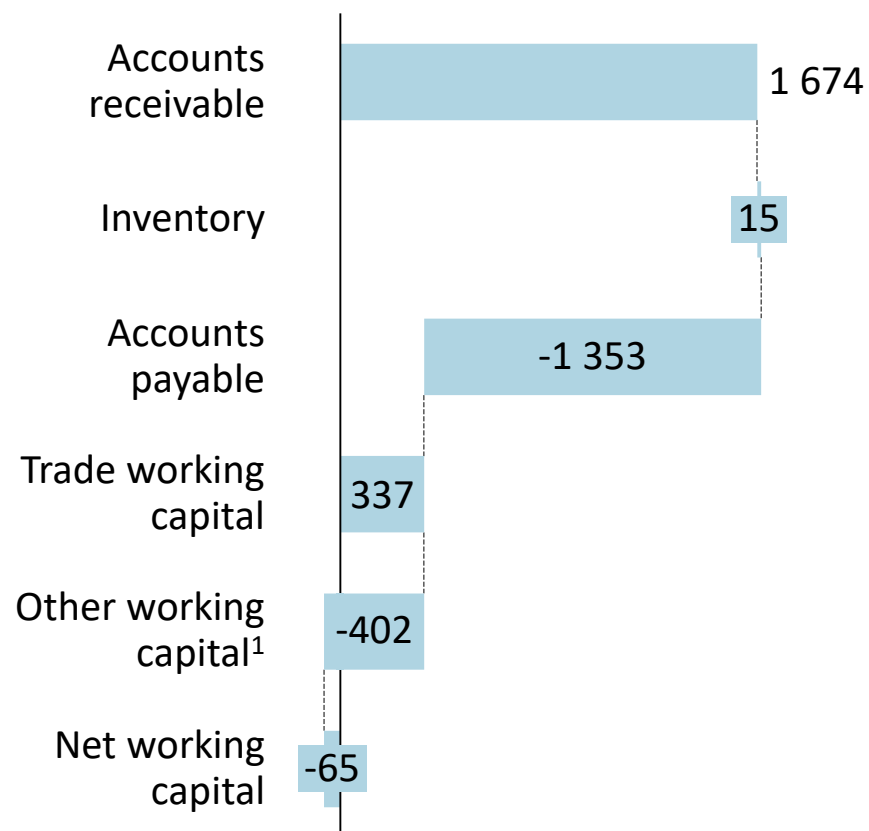
Q1 2019

# Working capital is seasonal, but consistently negative



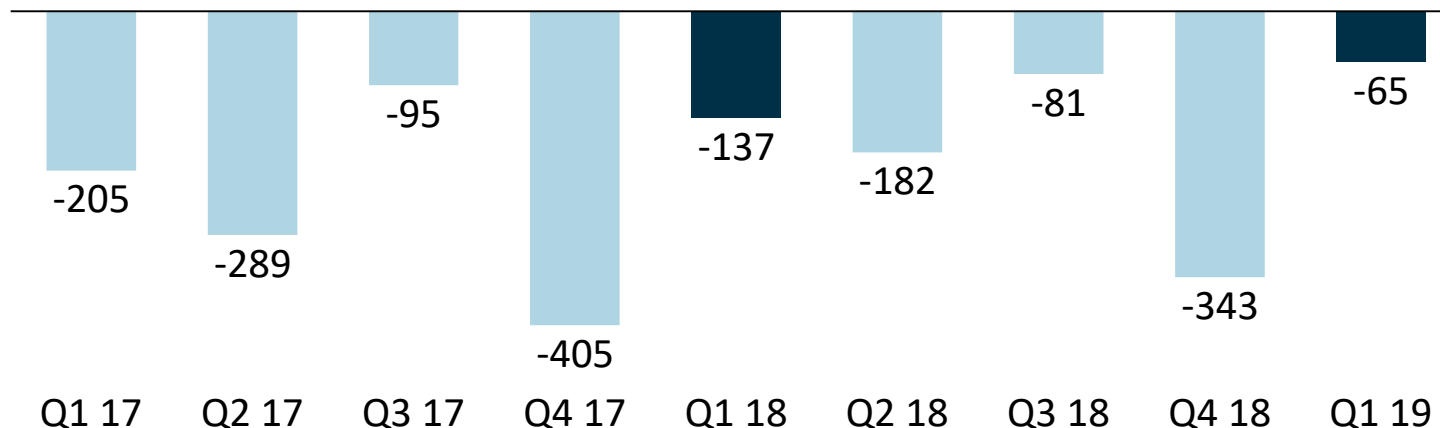
## 2019 Q1 net working capital

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

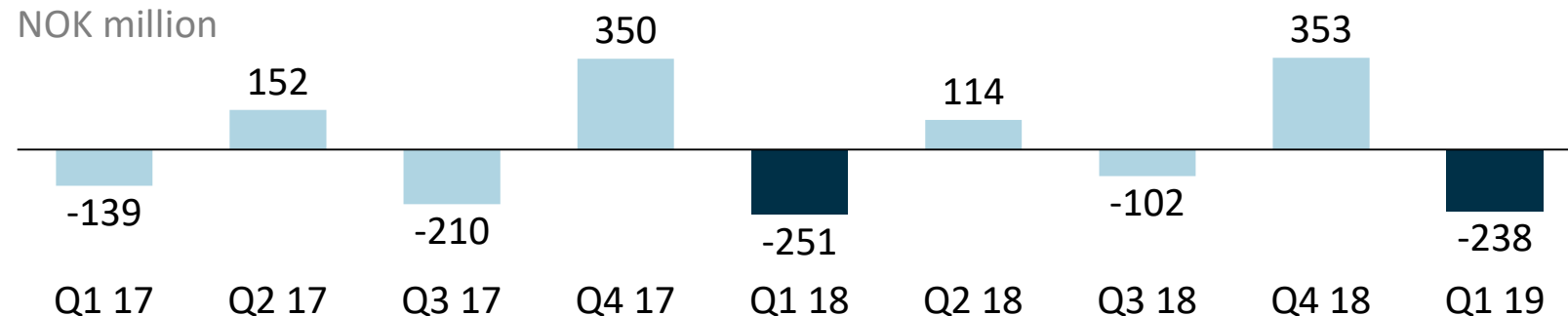
Q1 2019

# Cash flow from operations driven by working capital



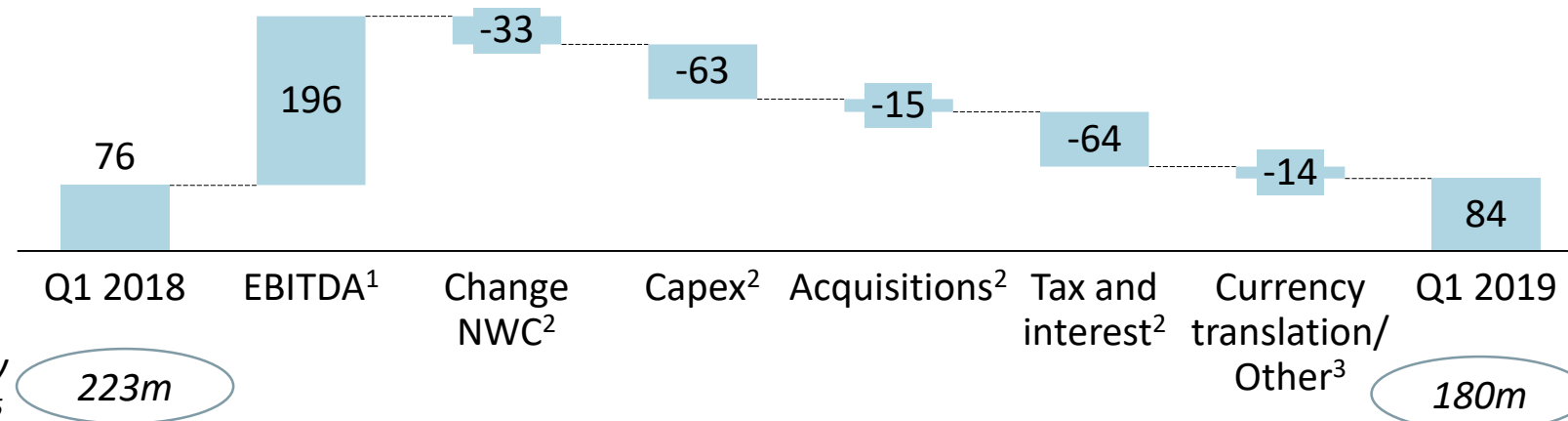
## Cash flow from operating activities

NOK million



## LTM cash development

NOK million



- 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>4</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>5</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

Q1 2019

# 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

Q1 2019

# 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

Q1 2019

# Cash flow development



NOKm	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/AP <sup>1</sup>	-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

<sup>1</sup> AR = Accounts Receivable, AP = Accounts Payable



# Outlook

Q1 2019

# 2019 guiding reaffirmed

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

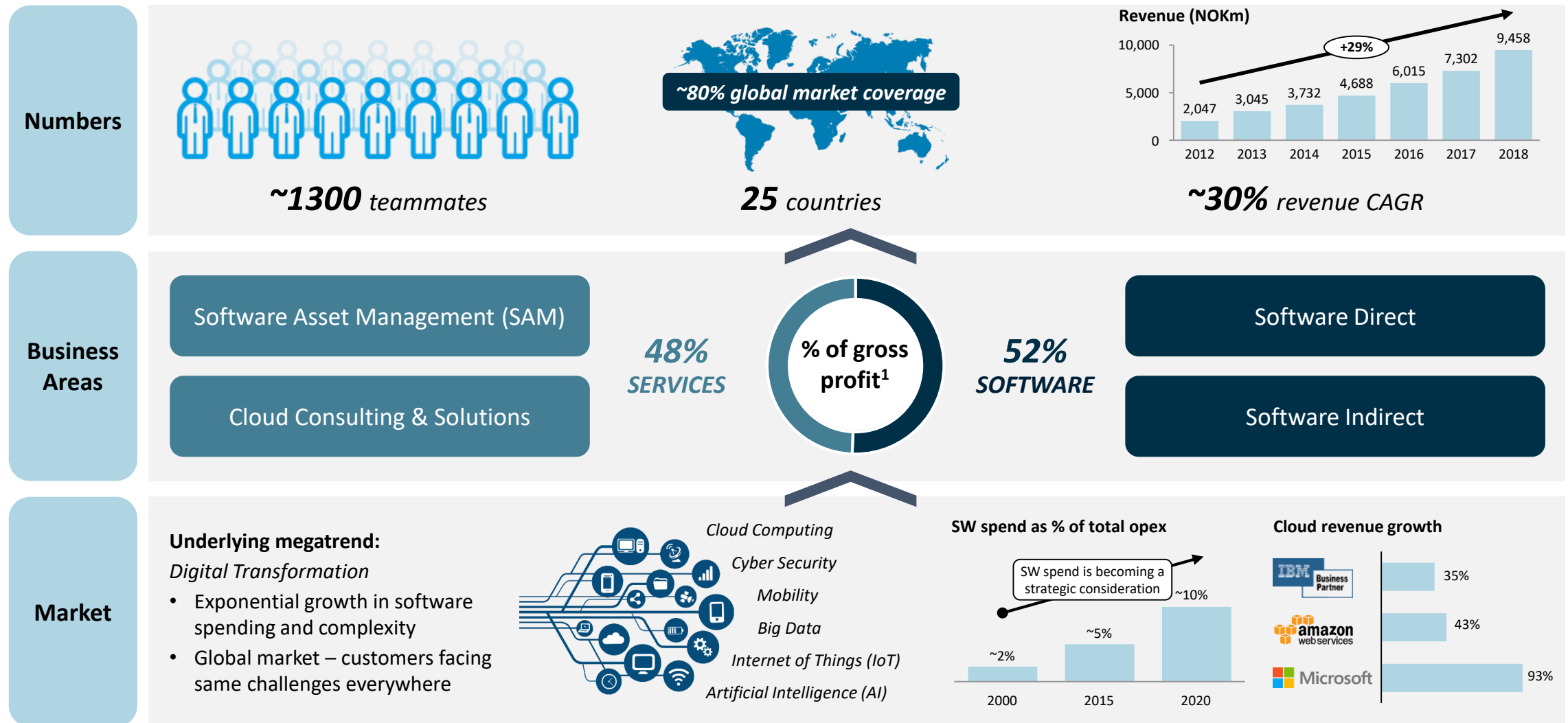
### Software

- 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

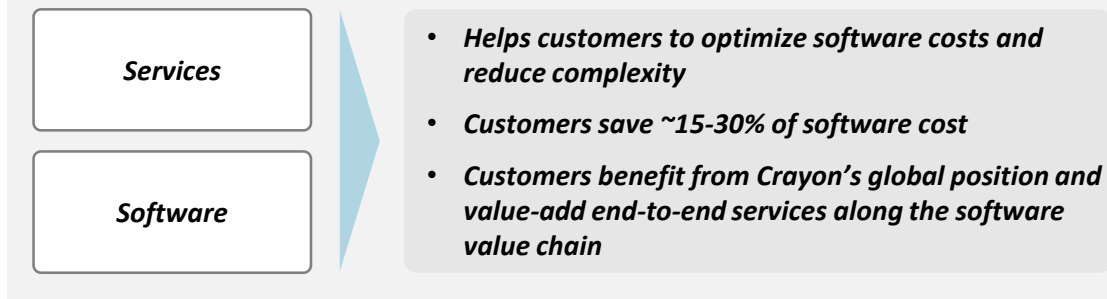
# Crayon – a fast growing global software and services expert



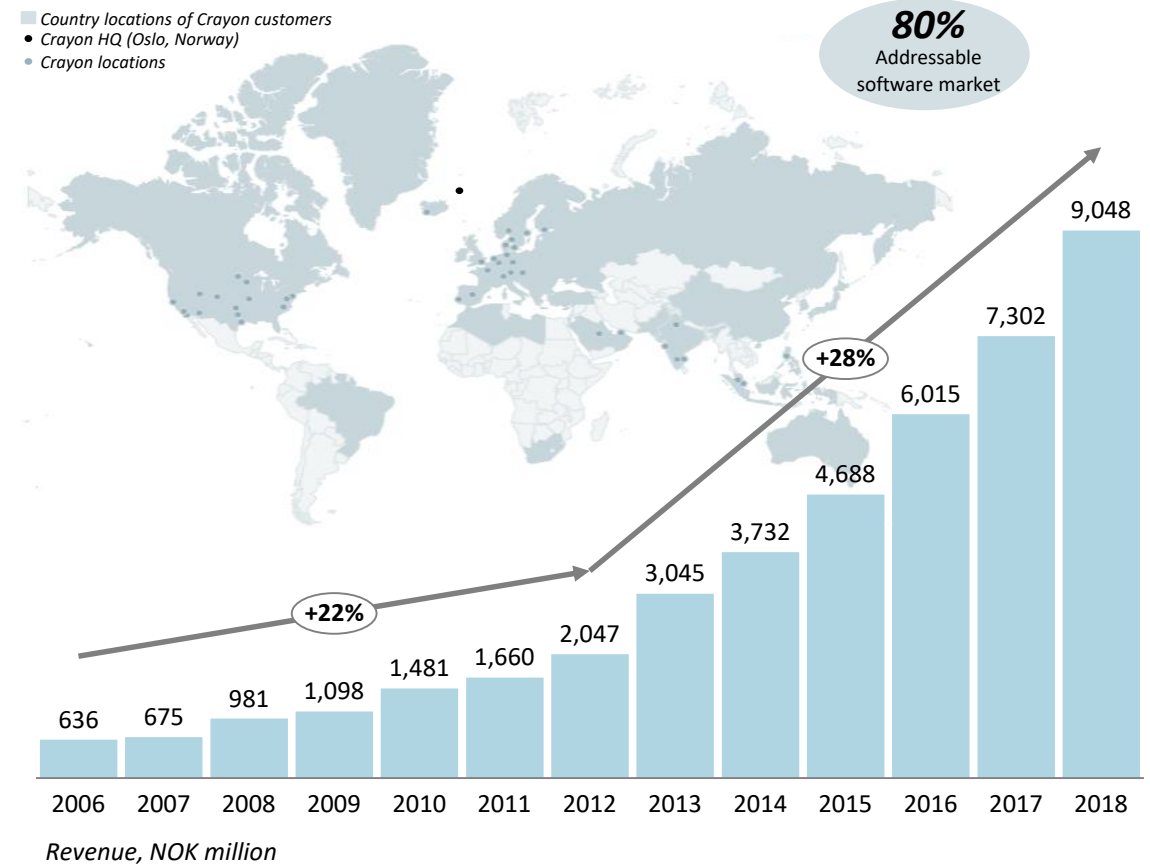
## Company at a glance

- 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

## Offering and value proposition



## An international growth story with strengthening momentum



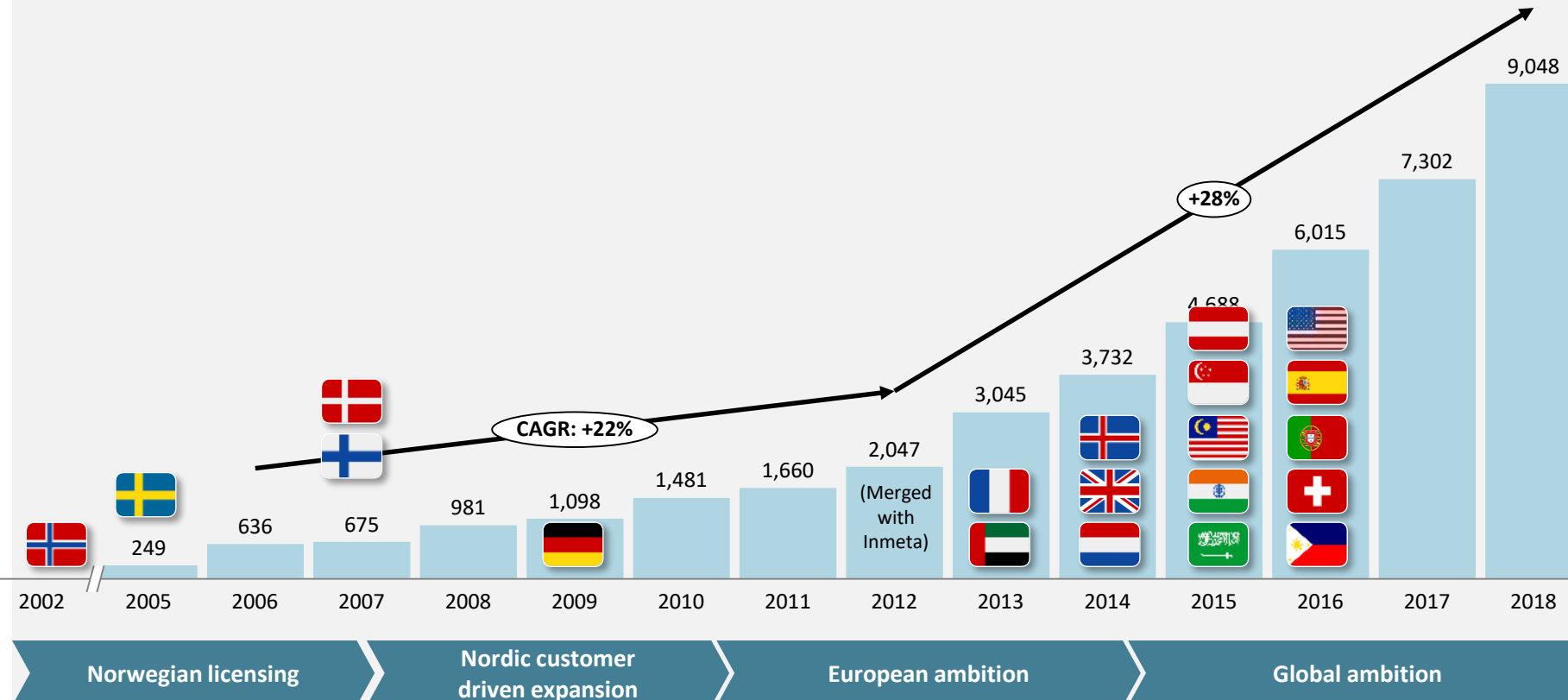
*Crayon is a trusted advisor for customers in their digital transformation journey*

<sup>1</sup> Based on share of gross profit 2018

# Proven execution of international expansion strategy

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

Revenue, NOK million



Business model applicable  
across geographies

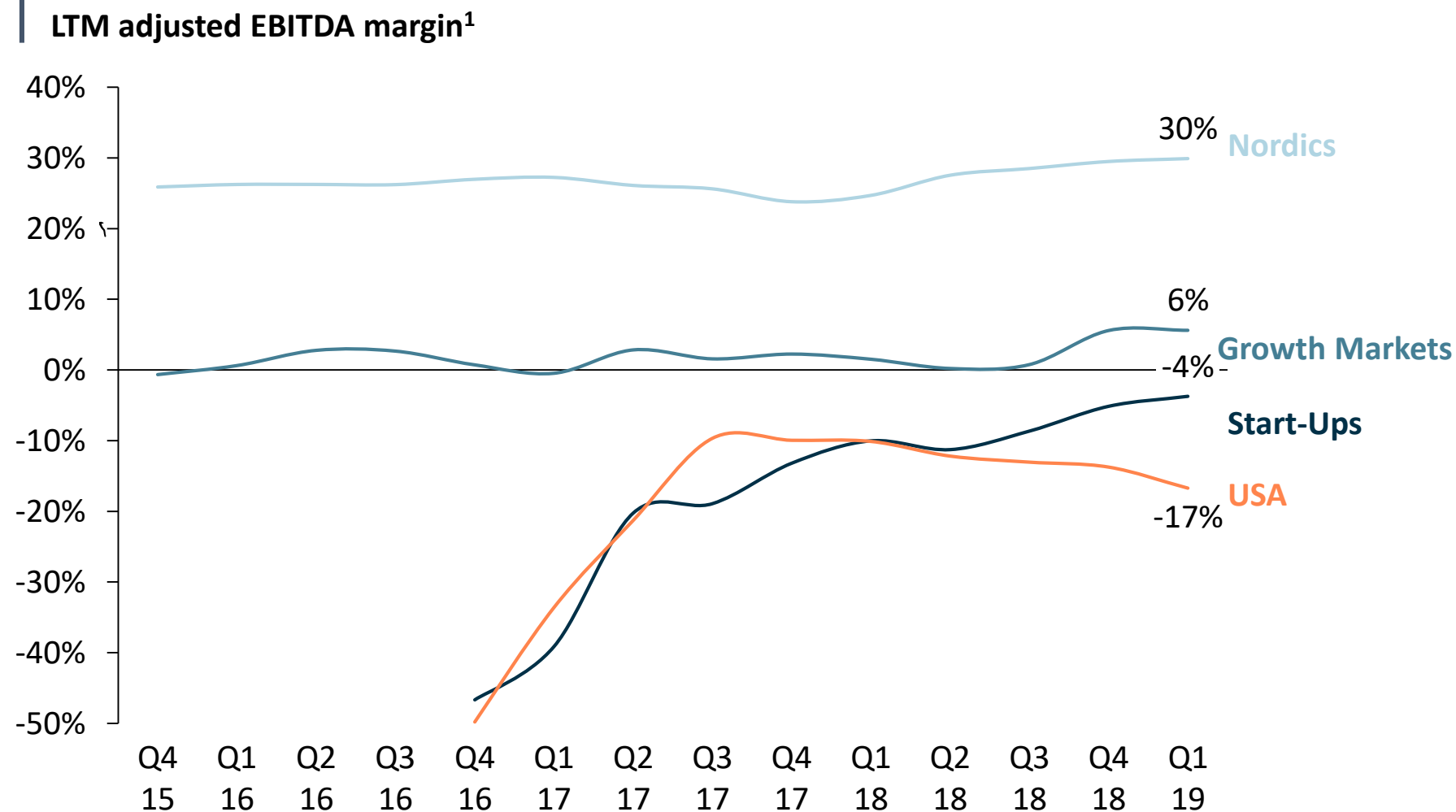
Ability to win global  
customers

Positioned to be a true  
strategic partner

Opportunities for price  
arbitrage



# LTM adjusted EBITDA margin

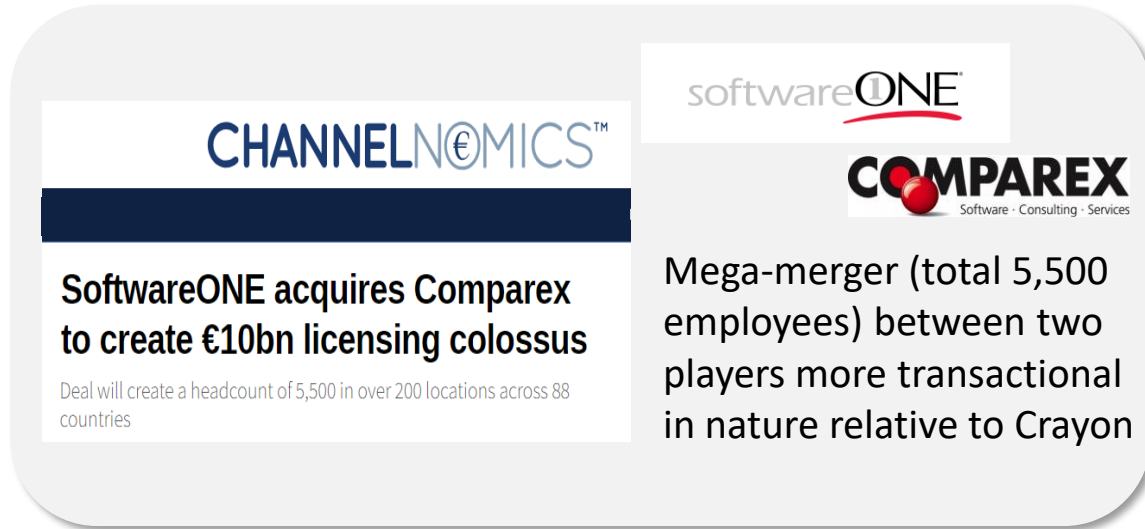


- Strong commercial performance in Nordics further improves EBITDA margin
- Growth Markets EBITDA margin reflects continued investments in resources to drive growth
- USA, Start-Ups margin expected to improve as operations scale up and establish market position

# Consolidation Trend: Significant Value Potential for Crayon



## Consolidation trend demonstrated by SW1/Comparex merger



## Crayon has an attractive consolidation platform

### M&A play

Scale

IP<sup>2</sup>

Services

### Value lever

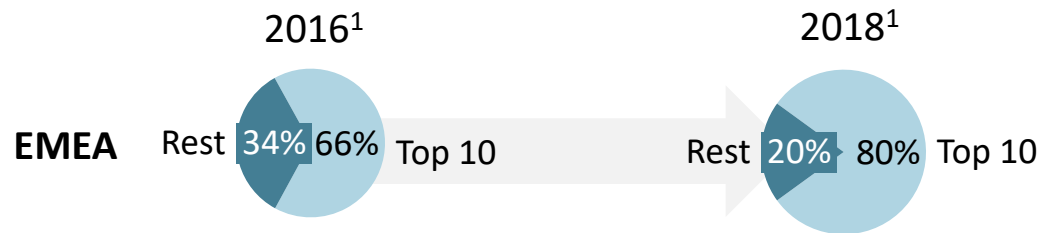
- Economies of scale
- Cost synergies
- Reduce cost to sell
- Leverage existing sales & distribution network
- Customer upsell
- Share of mind & wallet

### # of processes

2-3

3-5

5-10

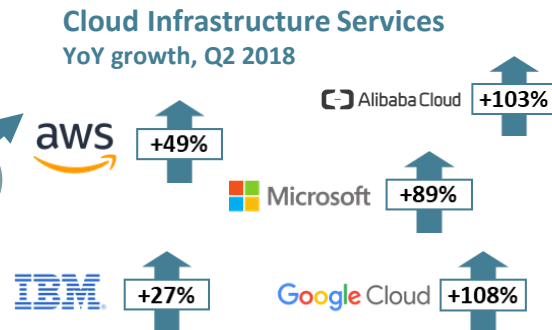
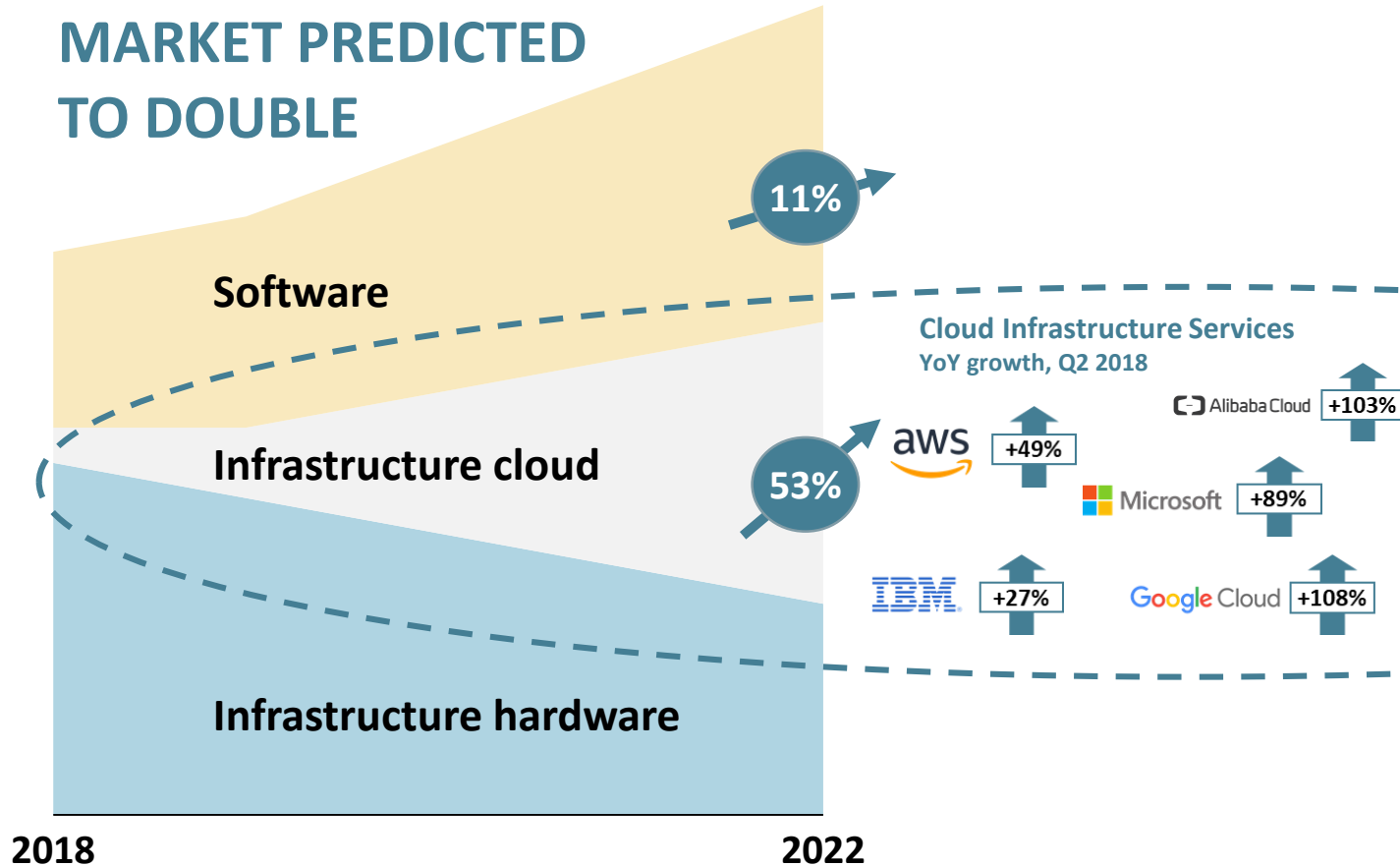


<sup>1</sup> Management estimate based on Microsoft revenue numbers for LSP  
<sup>2</sup> Intellectual Property (i.e., bespoke products, systems, tools etc.)

# Strong Market Momentum

 Market growth, 2017-2018

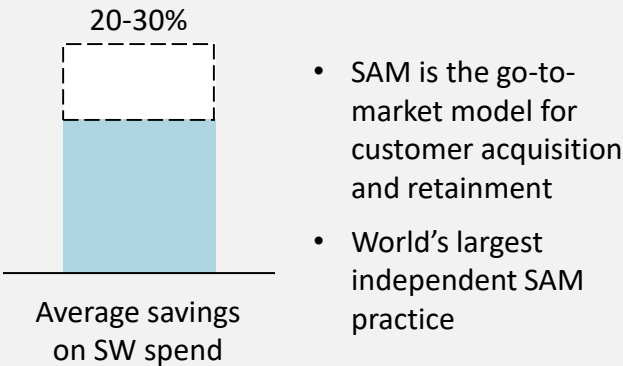
## CRAYON ADDRESSABLE MARKET PREDICTED TO DOUBLE



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

# Unique business model resulting in strong & loyal customer base

## Unique customer value proposition



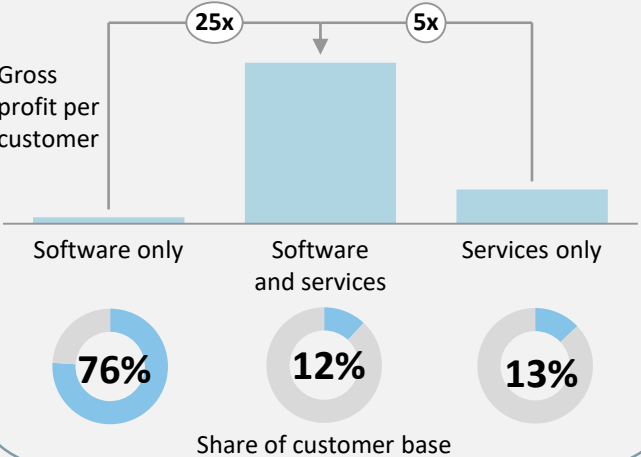
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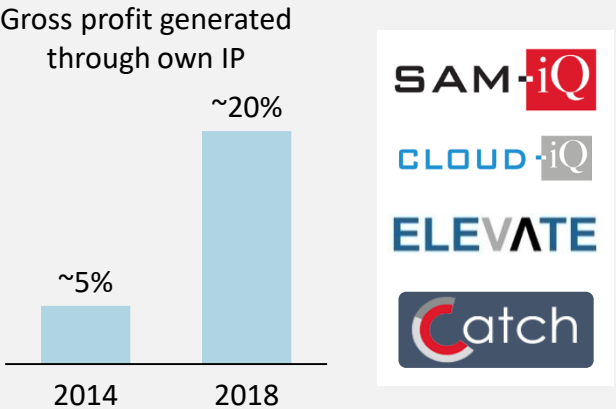
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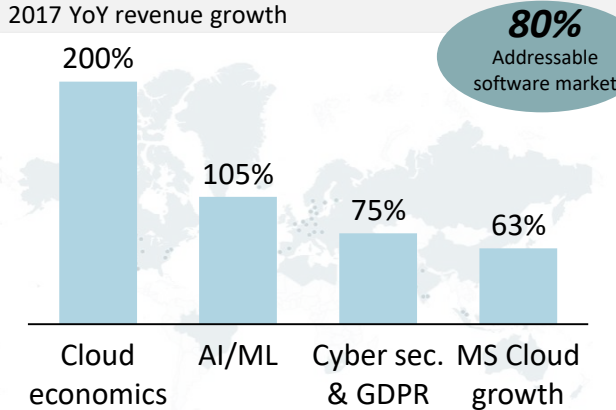
## End-to-end services with upsell potential



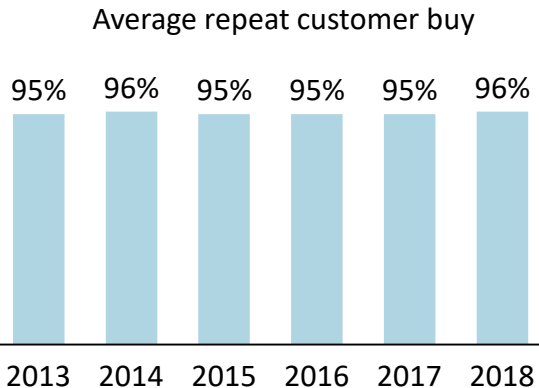
## Extensive portfolio of Intellectual Property (IP)



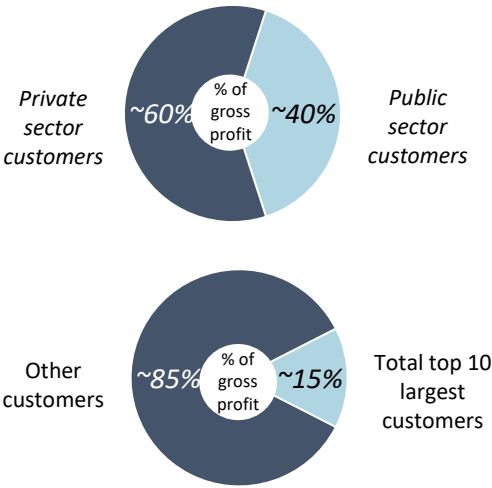
## Strategically positioned in attractive market



## Unparalleled customer loyalty



## Diversified customer portfolio





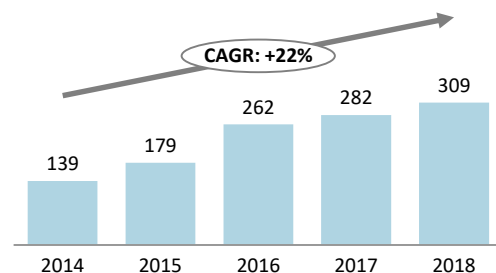
# Services – SAM and Consulting



## 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>

### Gross profit<sup>2</sup> (NOKm)



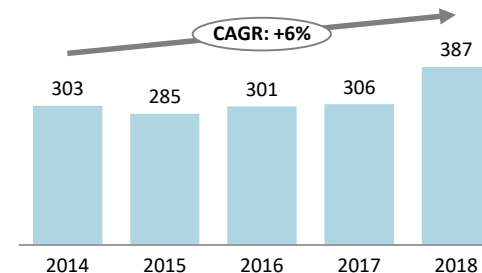
### KPIs

Repeat buy	<b>87%</b> (Annual repeat buy <sup>3</sup> )
Public vs. private mix	<b>20%</b> (Public customers <sup>4</sup> )
Customer concentration	<b>30%</b> (Gross profit of top 10 customers <sup>4</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

### Gross profit<sup>2</sup> (NOKm)



### KPIs

Repeat buy	<b>93%</b> (Annual repeat buy <sup>3</sup> )
Public vs. private mix	<b>45%</b> (Public customers <sup>4</sup> )
Customer concentration	<b>50%</b> (Cloud) <b>52%</b> (Solutions) (Gross profit of top 10 customers <sup>4</sup> )

<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

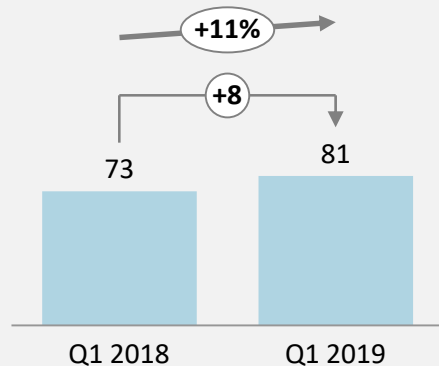
<sup>4</sup> Based on 2018 figures. Source: Crayon sales report

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

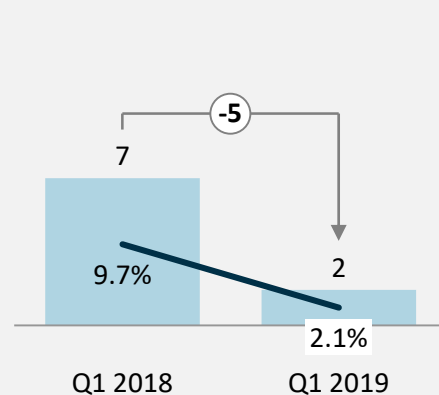
# Services

## SAM

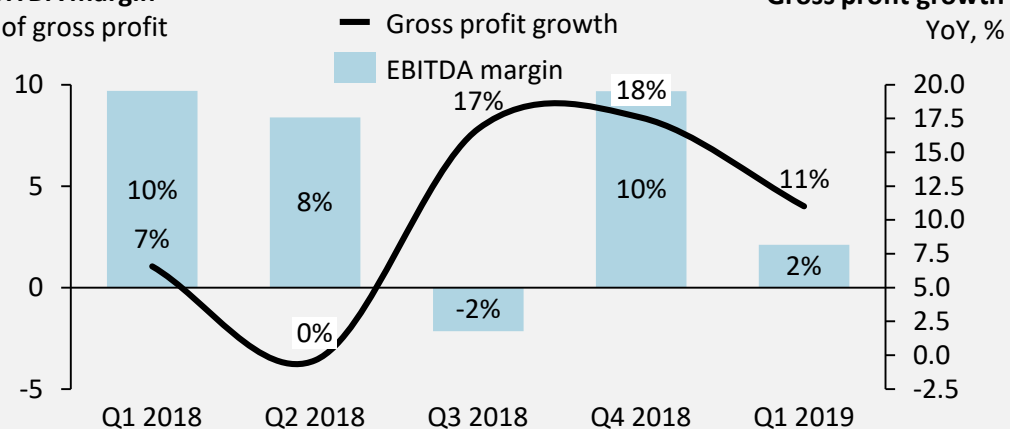
Gross profit development, NOKm



EBITDA development, NOKm

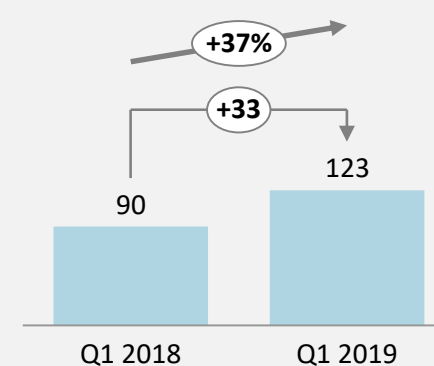


EBITDA margin<sup>1</sup>  
% of gross profit

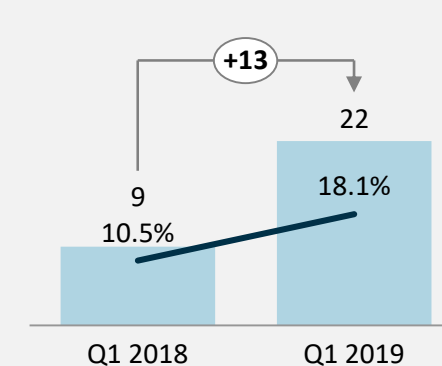


## Consulting

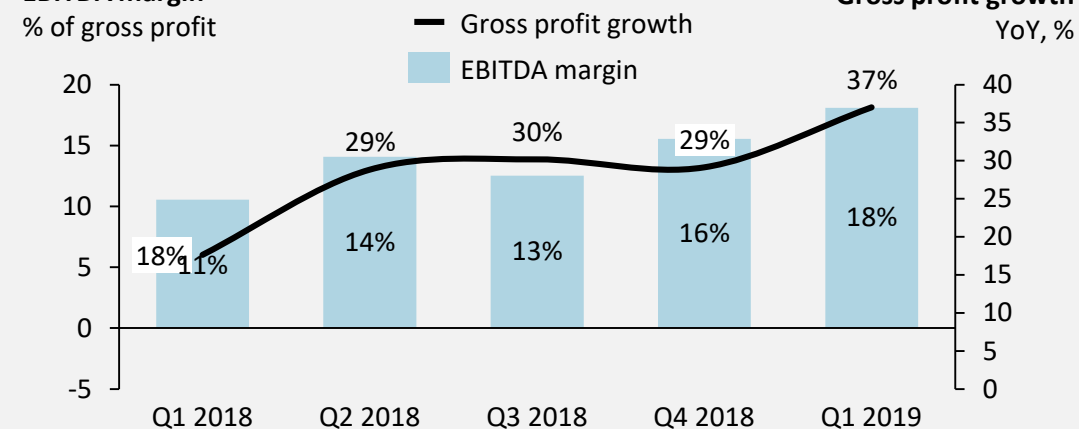
Gross profit development, NOKm



EBITDA development, NOKm



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



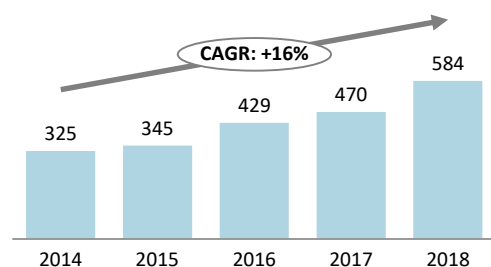
<sup>1</sup> EBITDA divided by reported gross profit

# 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


### Gross profit<sup>1</sup> (NOKm)



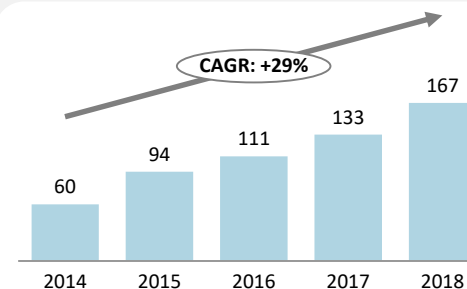
### KPIs

Repeat buy	<b>96%</b> (Annual repeat buy <sup>2</sup> )
Public vs. private mix	<b>40%</b> (Public customers <sup>3</sup> )
Customer concentration	<b>14%</b> (Gross profit of top 10 customers <sup>3</sup> )

## 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 1st 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

### Gross profit<sup>1</sup> (NOKm)



### KPIs

Repeat buy	<b>99%</b> (Annual repeat buy <sup>2</sup> )
Public vs. private mix	<b>0%</b> (Public customers <sup>3</sup> )
Customer concentration	<b>7%</b> (Gross profit of top 10 customers <sup>3</sup> )

<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

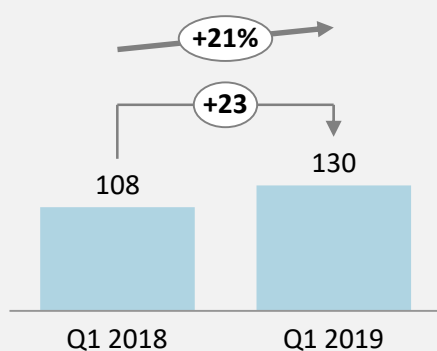
<sup>3</sup> Based on 2018 figures. Source: Crayon sales report

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

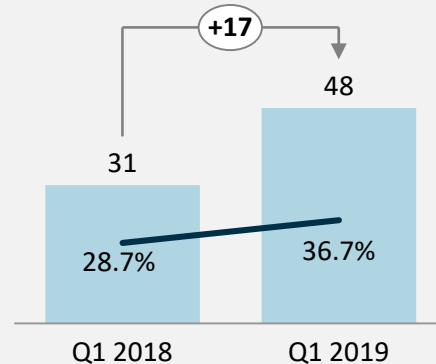
# Software

## Software Direct

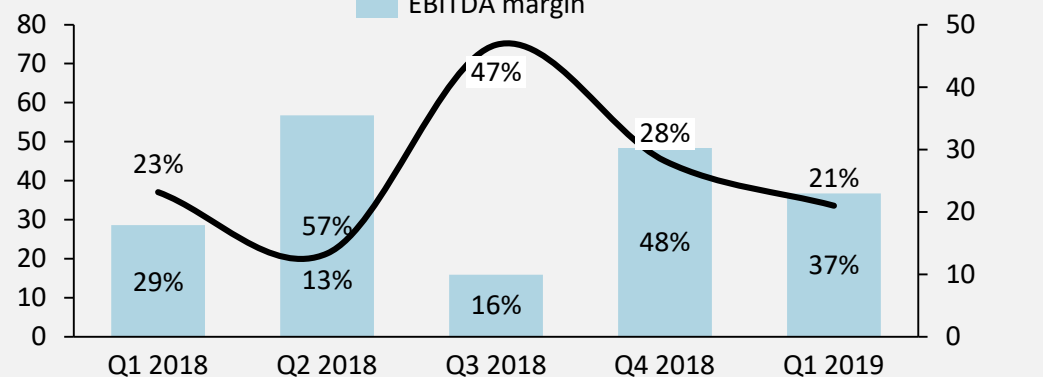
Gross profit development, NOKm



EBITDA development, NOKm

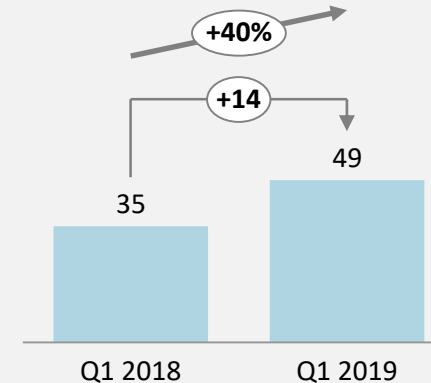
EBITDA margin<sup>1</sup>  
% of gross profit

— Gross profit growth  
 ■ EBITDA margin

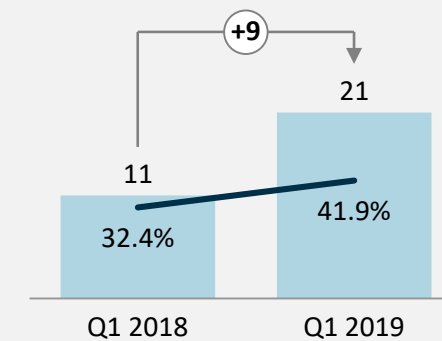
Gross profit growth  
YoY, %

## Software Indirect

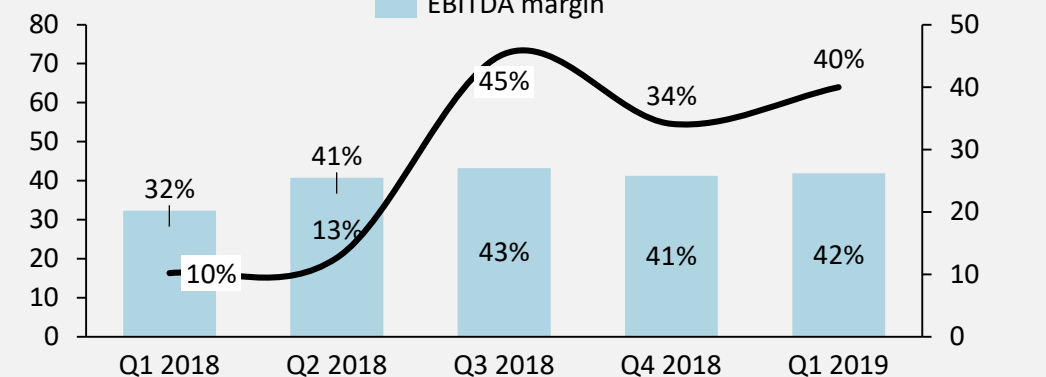
Gross profit development, NOKm



EBITDA development, NOKm

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

— Gross profit growth  
 ■ EBITDA margin

Gross profit growth  
YoY, %







<sup>1</sup> EBITDA divided by reported gross profit

# Extensive portfolio of intellectual property



## Unique proprietary intellectual property portfolio...

## ...providing differentiation and customer stickiness

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

Source: Sales reports

<sup>1</sup> Based on end of 2018 data<sup>2</sup> Based on 2018 gross profit<sup>3</sup> ~25% of total revenue relates to use of Crayon's own IP portfolio