

# Q2 2019 Presentation

CEO Torgrim Takle | CFO Jon Birger Syversen, 13 August 2019

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# Unique Business Model

Customers' key challenges within IT

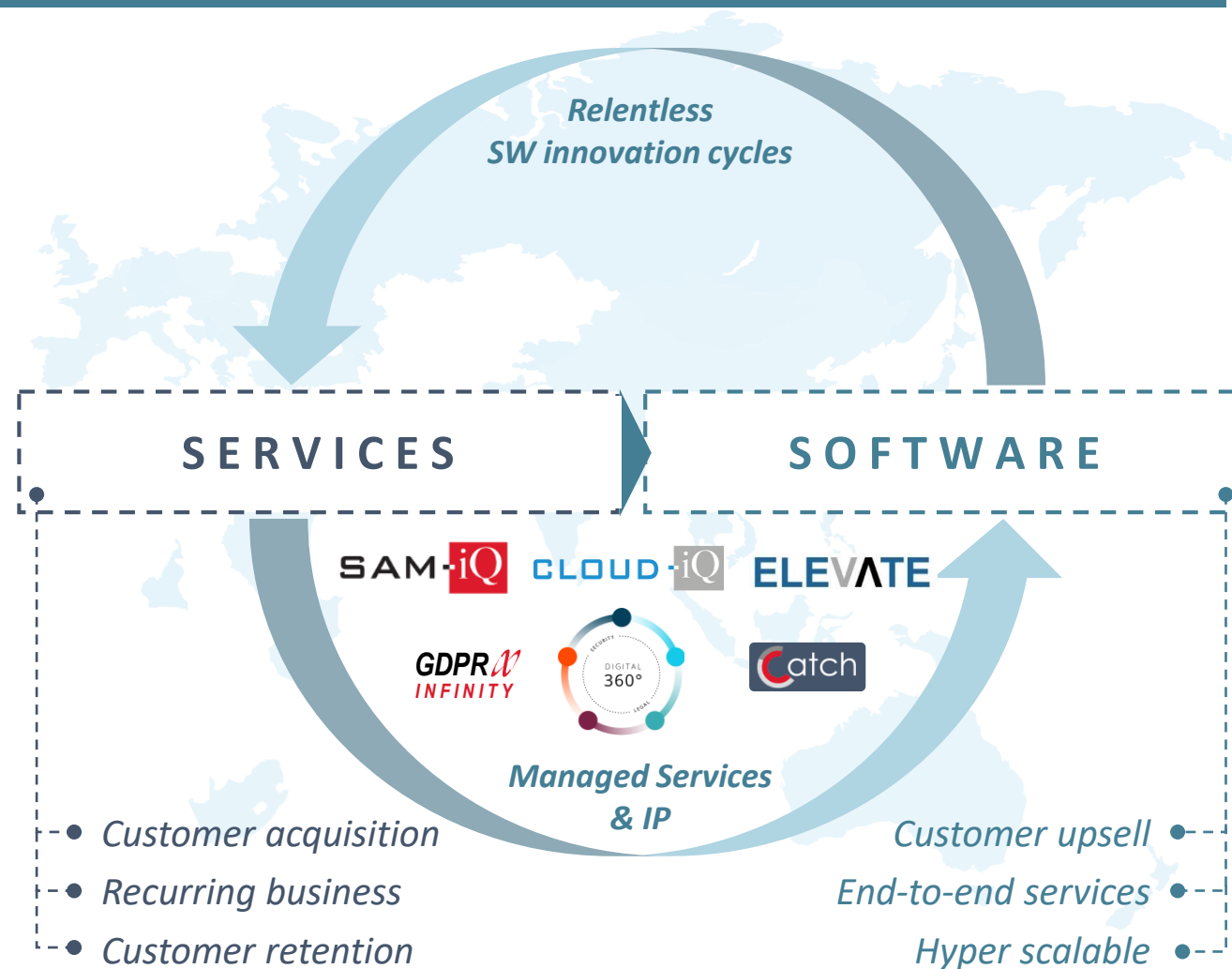
 Crayon | Business Model



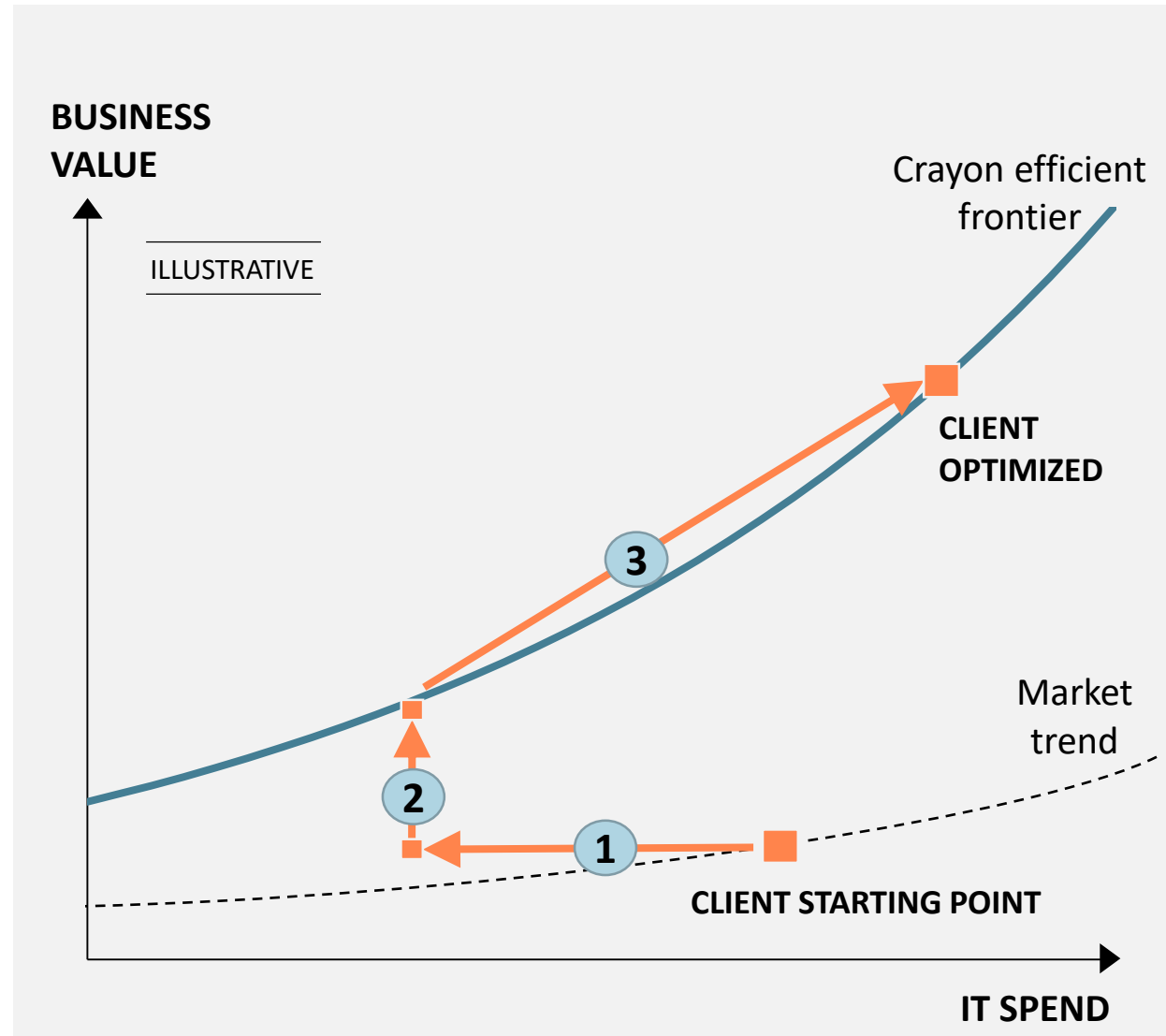
How to optimize SW spending?

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

Q2 2019 | CEO Torgrim Takle





# Q2 2019 Highlights



1 RECORD FINANCIAL QUARTER & LIFTED GUIDANCE

2 GLOBAL AI & ML PARTNER OF THE YEAR

3 CLOUD LEADERSHIP & NEW SERVICES

4 STRATEGIC POTENTIAL IN US DEMONSTRATED

*“As a AI & ML winner, Crayon has demonstrated breakthrough customer impact, solution innovation, speed-to-market, deployment and utilization of advanced features in Microsoft technologies over the past year.”*

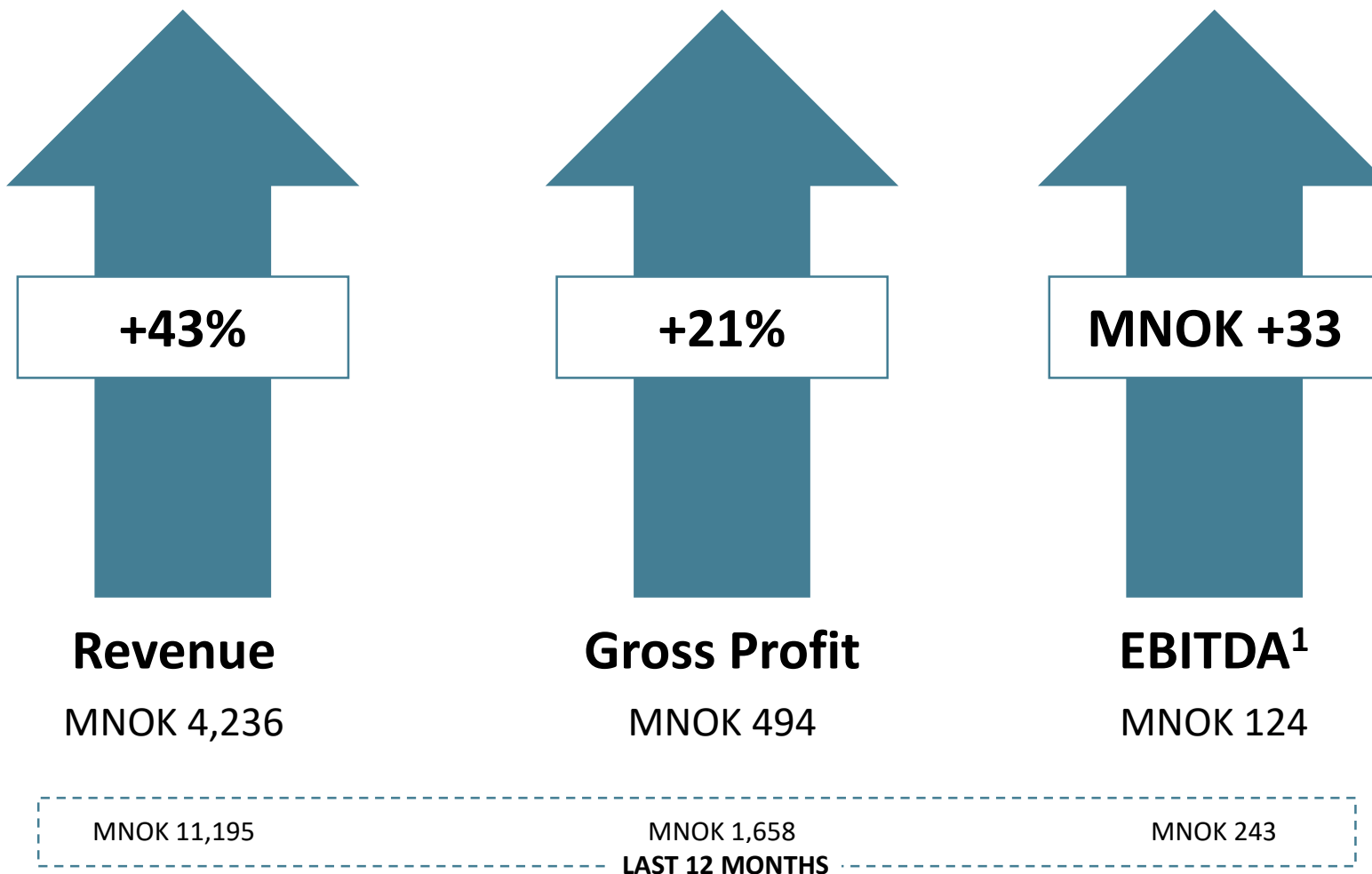


**Judson Althoff,**  
EVP Worldwide Commercial Business  
15 July, 2019

# Another Record Financial Quarter



*Compared to corresponding period last year*



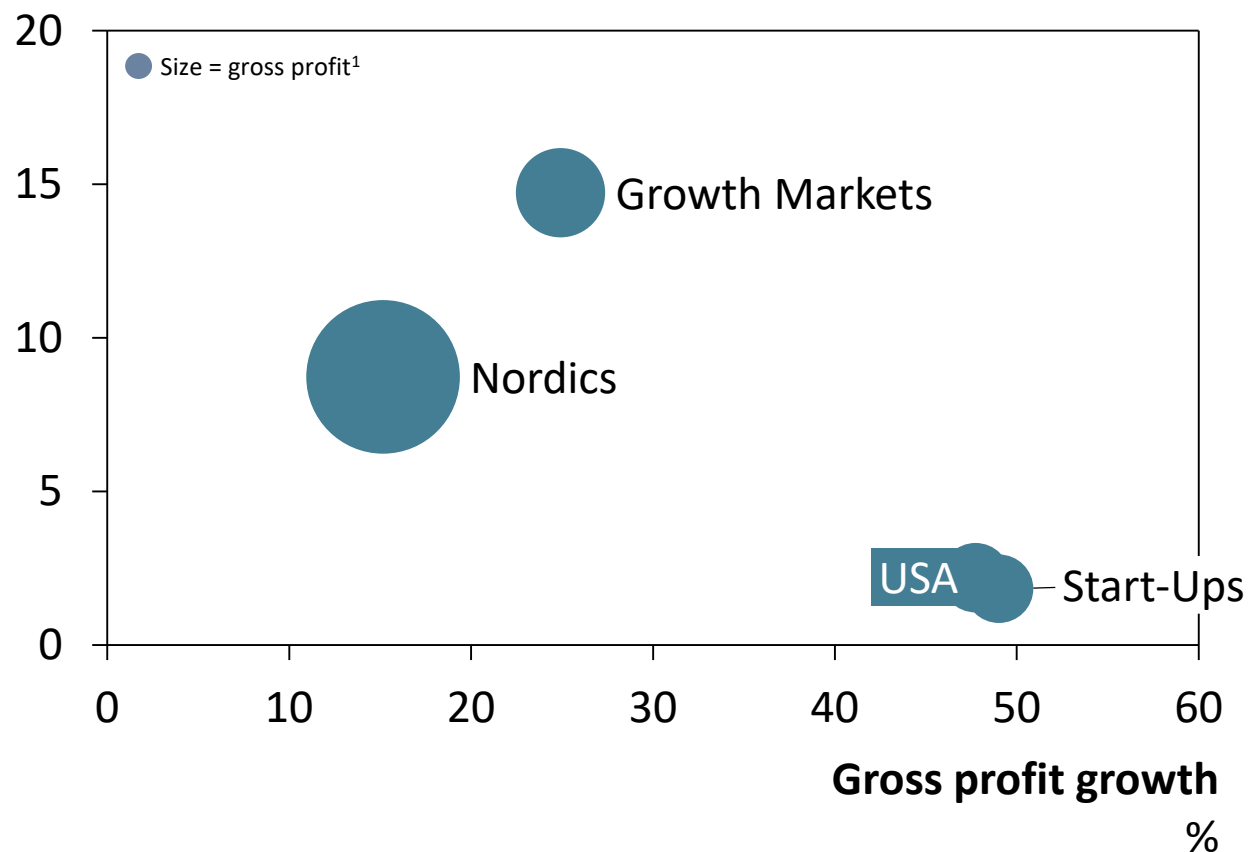
<sup>1</sup> Adjusted EBITDA – EBITDA adjusted for share based compensation and other one-off income and expenses.

# Strong Performance Across Market Clusters

*Compared to corresponding period last year*

## EBITDA improvement

NOK millions



## All market clusters demonstrated:

Double digit gross profit growth



Improved EBITDA performance





# Strong Performance Across Business Areas



	SW Direct Q2 2019	SW Indirect (channel) Q2 2019	SAM Q2 2019	Consulting Q2 2019
Gross profit growth <sup>1</sup>	+23%	+38%	+16%	+27%
EBITDA margin <sup>2</sup>	60%	38%	4%	16%
Significant client wins				
Q2 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>Multi-tier scalability (# partners, #customers per partner, and end-user consumption)</li> <li>Growth on new technology platforms (AWS)</li> <li>Azure revenues quadrupled YoY</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</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>Capacity increase</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

# AI & ML: Significant Momentum and Market Opportunity



## Momentum



**2019 Global AI & ML Partner of the Year**

*No. 1 among ~3,000 partners worldwide*



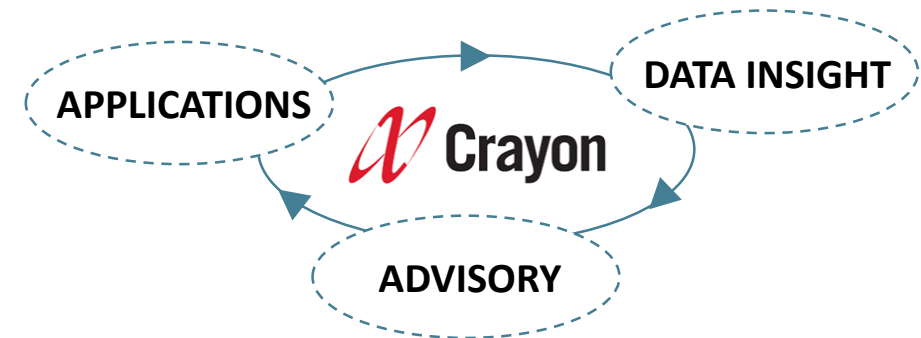
**First European ML Competency Partner**

*Currently one of two partners*

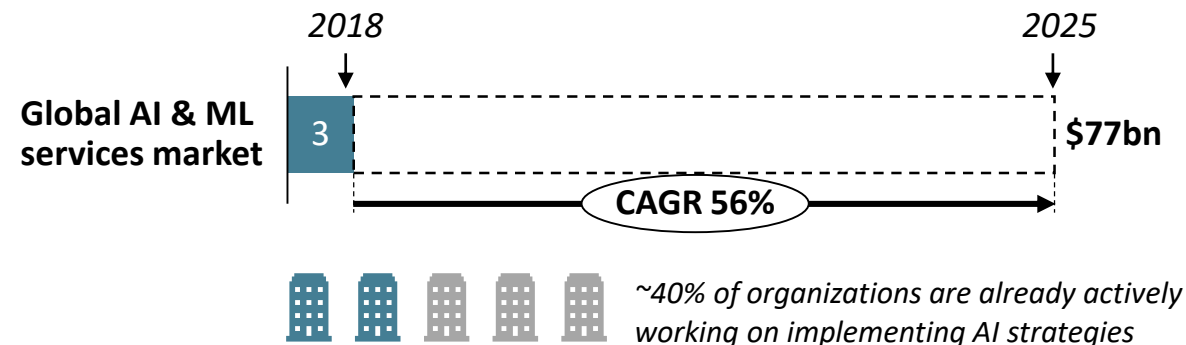
## Market opportunity

### Crayon AI & ML services

*Point services  
& managed  
services*



### Market expected to double every 2<sup>nd</sup> year



# Cloud Evolution Creates New Service Opportunities



*Cloud infrastructure evolution*

## On-premise

- ~\$150bn market
- Not addressable for Crayon (HW)

## Cloud transition

- ~\$80bn market
- Crayon market leader with cloud mix of ~70%<sup>1</sup>

## Multi-cloud environment

- ~2/3 of large enterprises using more than three clouds (private & public)
- Increasingly complex to manage (cost, control & functionality)



## Service opportunities for Crayon:

- ~\$150bn on-premise workloads to be migrated to the cloud
- Increased complexity is driving increased demand for SAM & Cloud Economics services
- Multi-cloud management services becoming increasingly relevant; Crayon closed several managed services contracts during Q2 2019

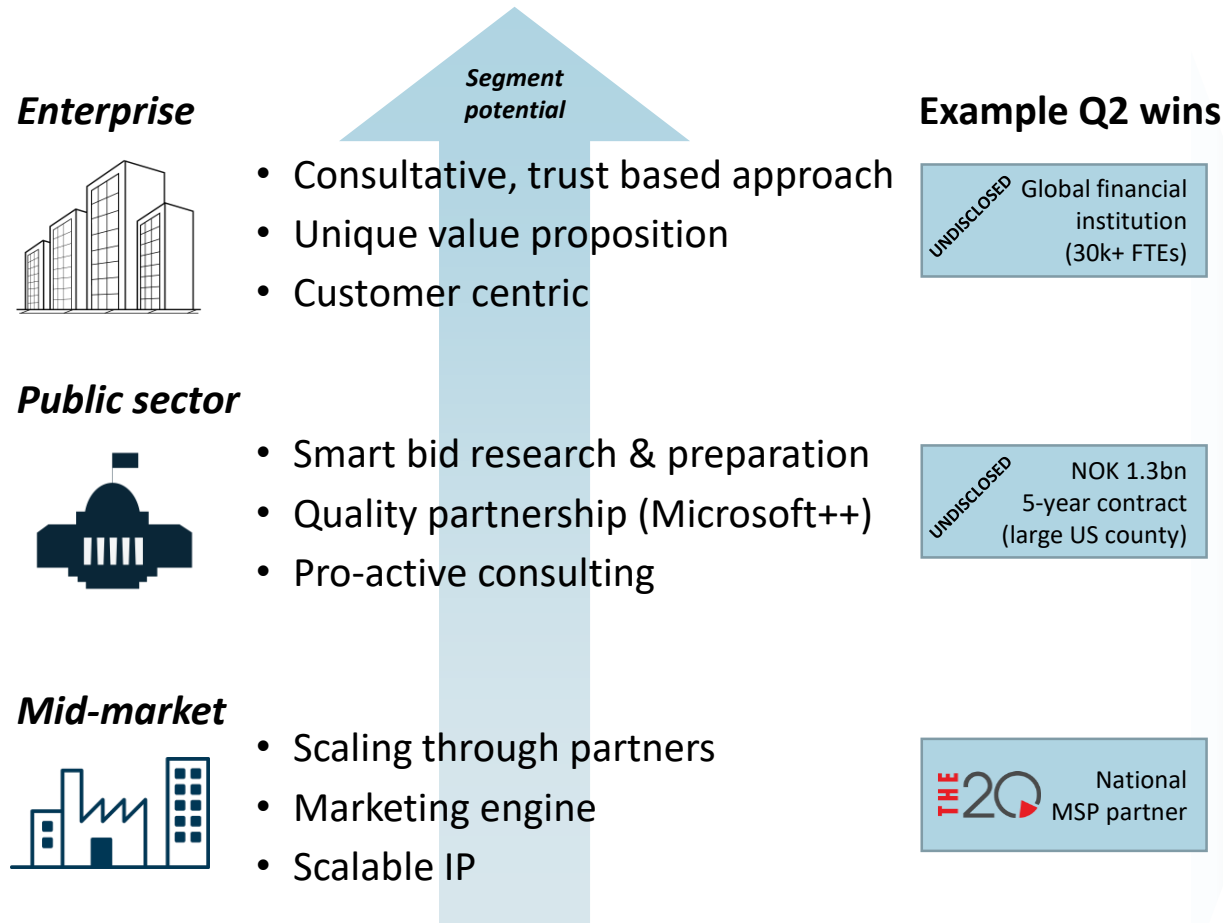
<sup>1</sup> Cloud Revenue Metrics includes Public Cloud + Hybrid Cloud (SPLA & System Center); Percent of total Microsoft revenue FY 2019.  
<sup>2</sup> Microsoft Strategic Global Partners



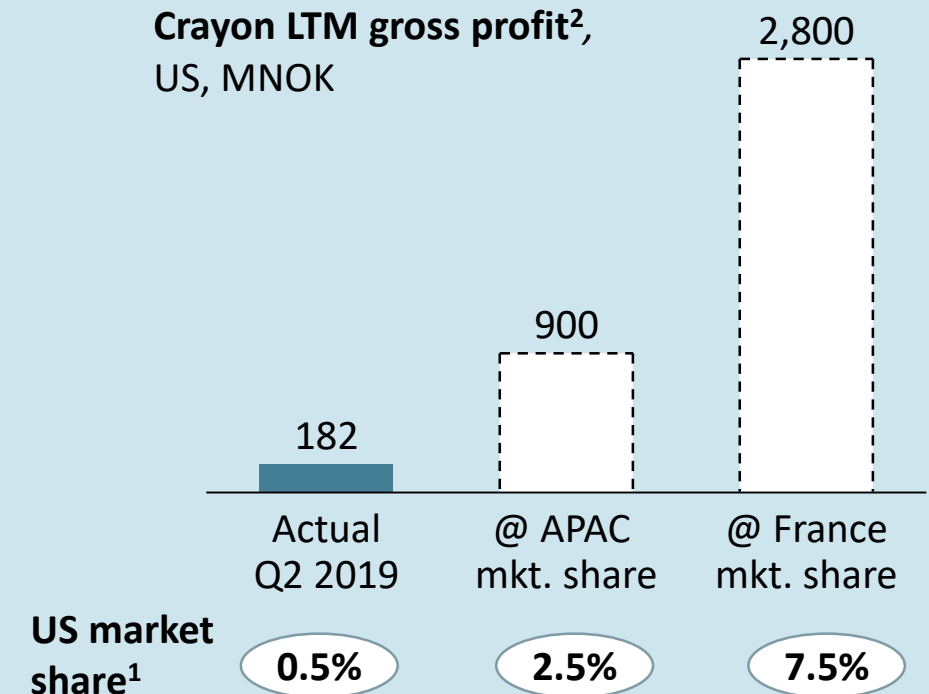
# Strategic Potential In US Demonstrated During Q2



## How we win customers



## Market opportunity



<sup>1</sup> Based on Microsoft revenue FY 2019 (applied as proxy for market share across software and services business)

<sup>2</sup> LTM = Last Twelve Months



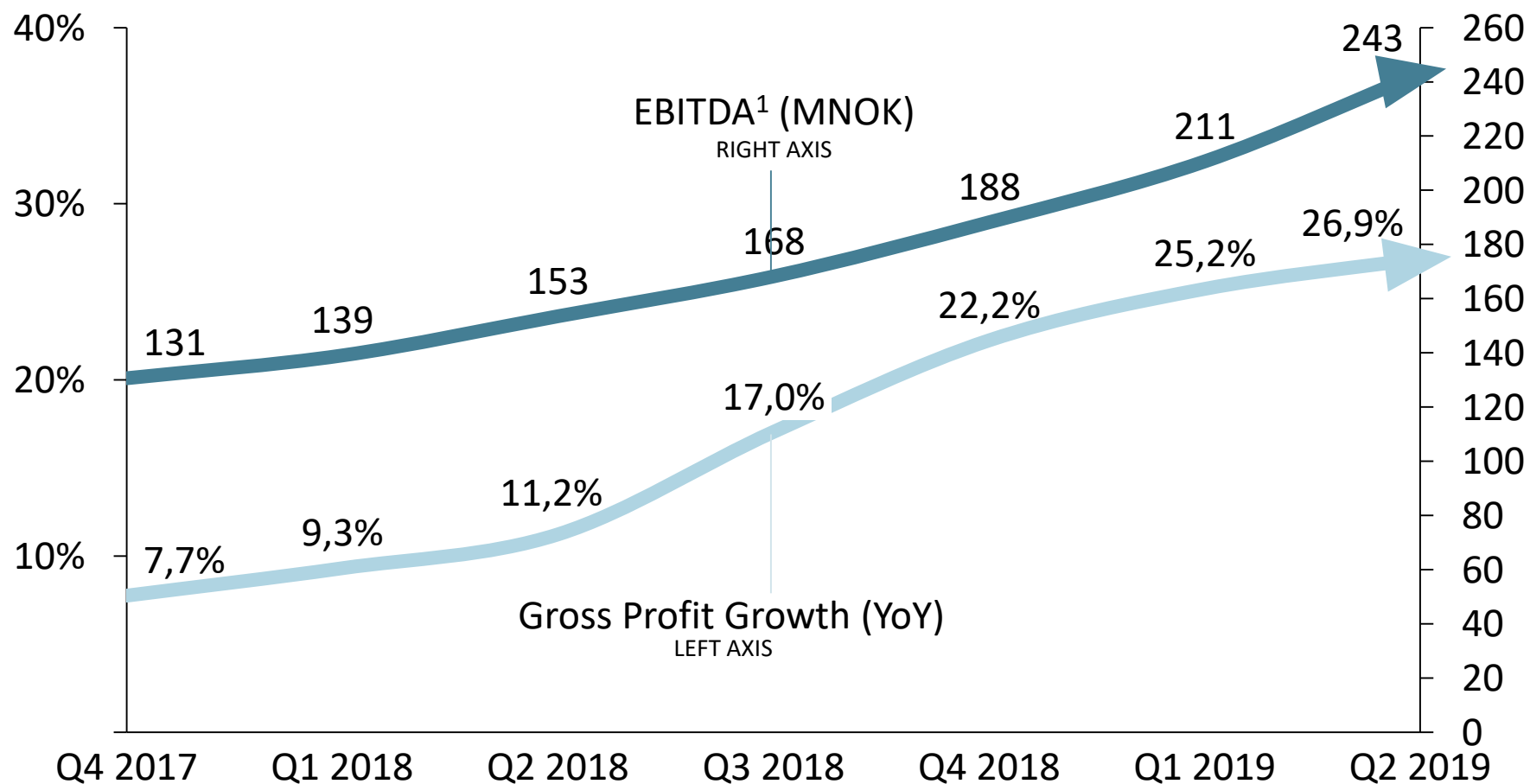
# Financial Review

Q2 2019 | CFO Jon Birger Syvertsen



Q2 2019

# Financial Momentum Continues

*Last Twelve Months (LTM)*

LTM EBITDA:  
**MNOK +19/Qtr** ↑

LTM gross profit growth:  
**+3pps/Qtr** ↑

1 Adjusted EBITDA, excluding extraordinary costs



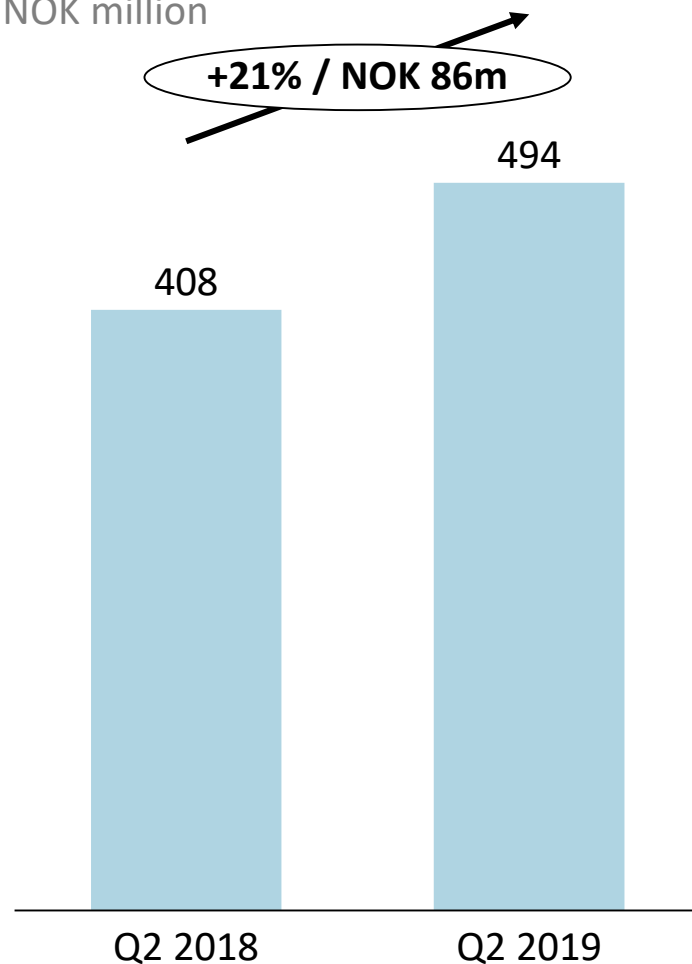
Q2 2019

# Strong GP growth driven by international markets



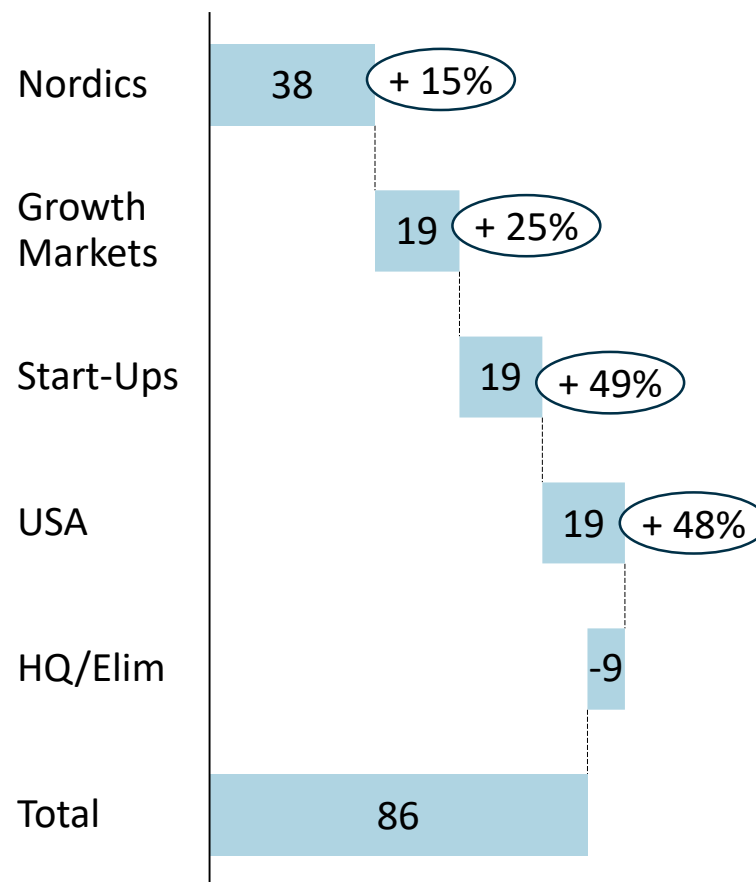
## Gross profit

NOK million



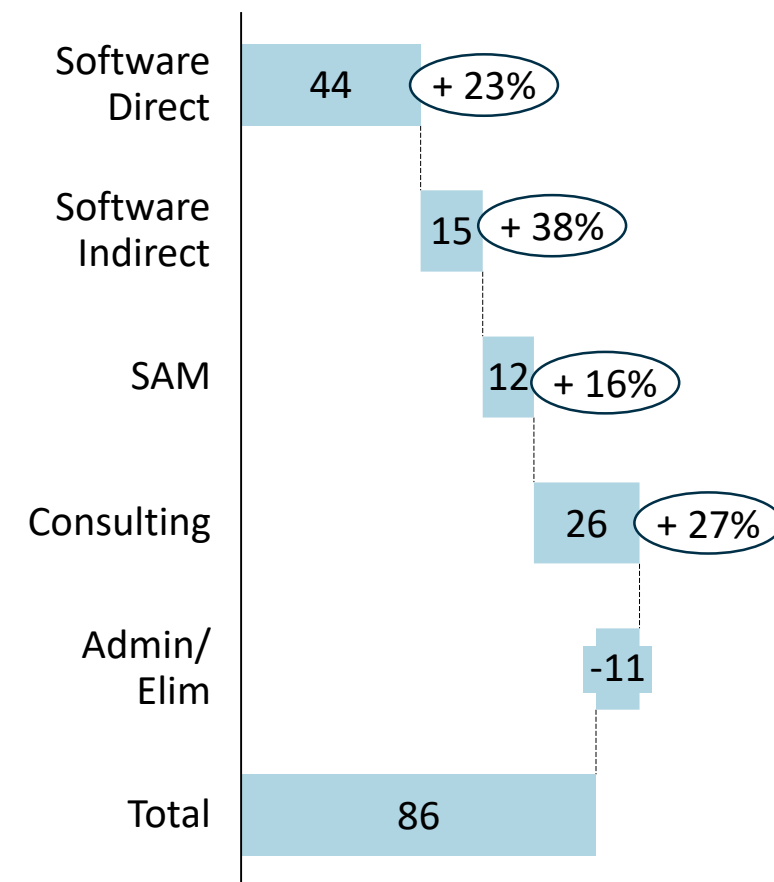
## YoY gross profit growth by market cluster

NOK million



## YoY gross profit growth by business area

NOK million



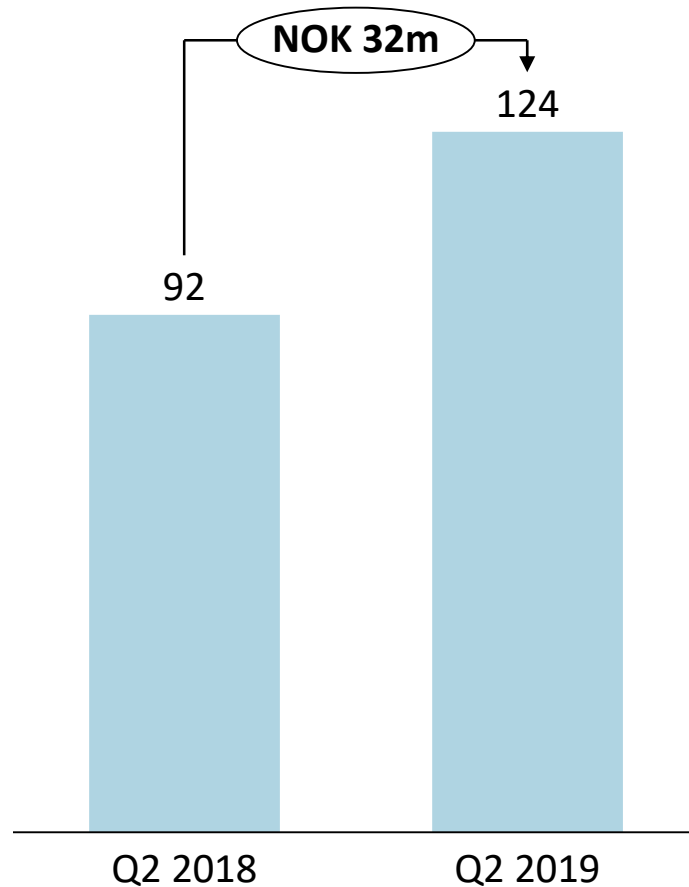
Q2 2019

# Strong EBITDA growth in Q2 2019



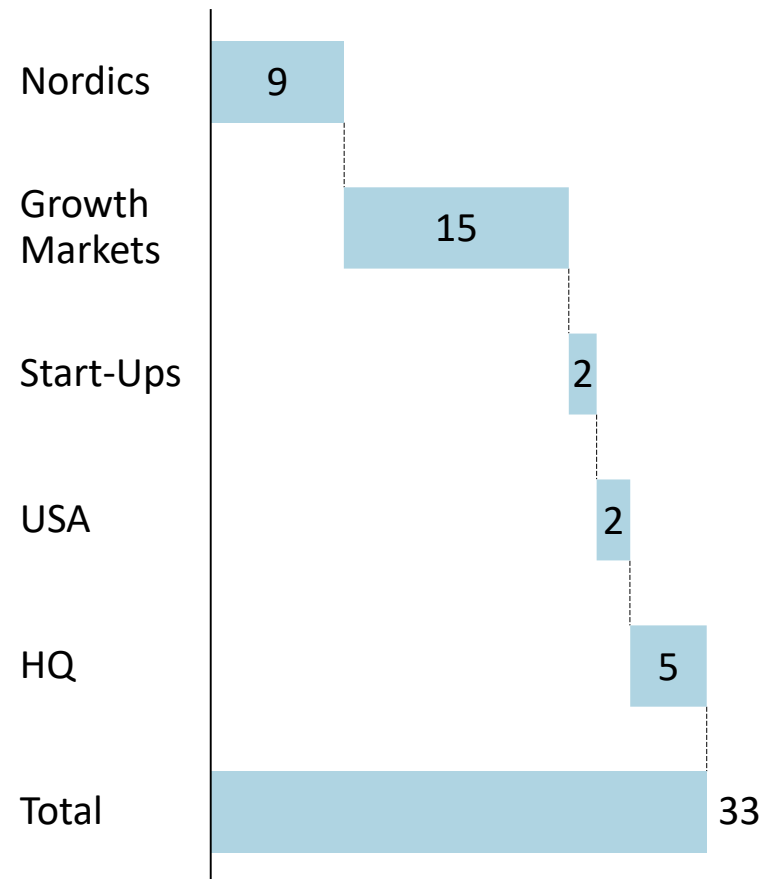
## Adjusted EBITDA

NOK million



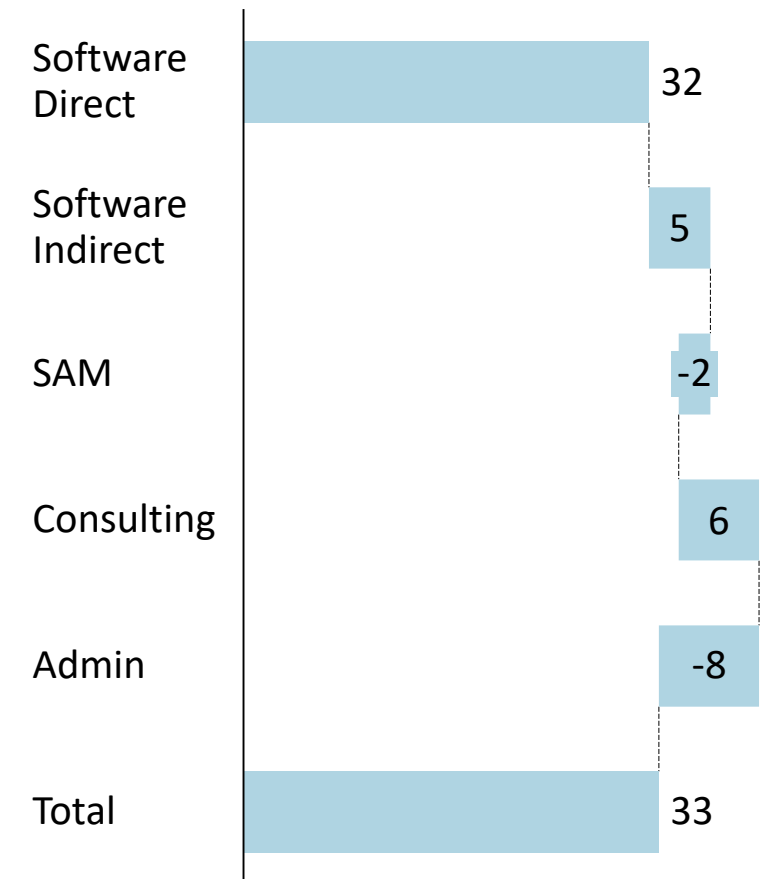
## YoY Adj EBITDA growth by market cluster

NOK million



## YoY Adj EBITDA growth by business area

NOK million



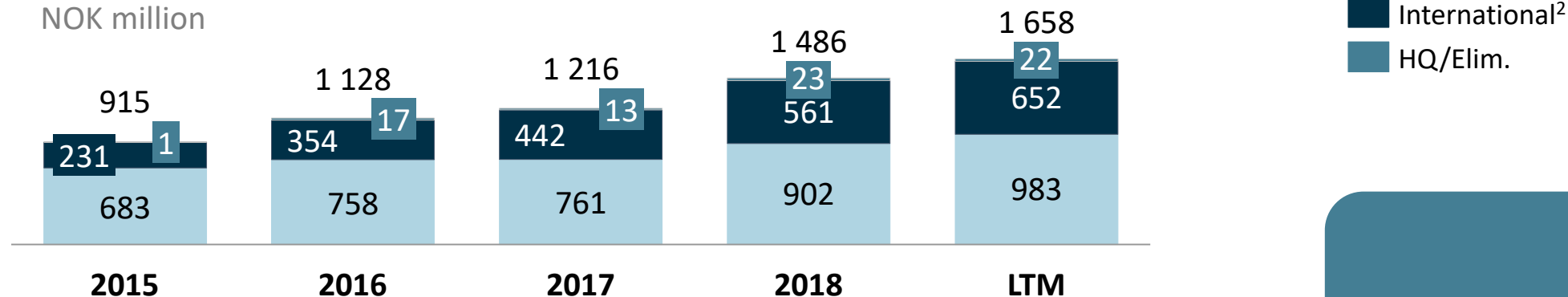
Q2 2019

# International expansion momentum continues



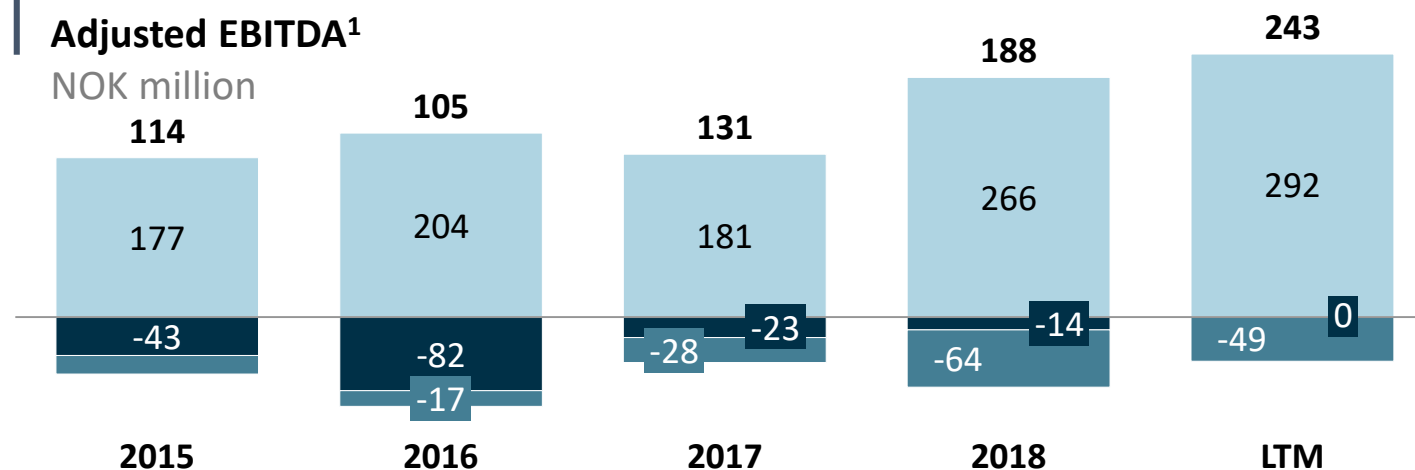
## Gross profit

NOK million



## Adjusted EBITDA¹

NOK million



- Continued gross profit growth in international markets, with a 3x growth since 2015
- International expansion now break-even on an LTM EBITDA basis

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



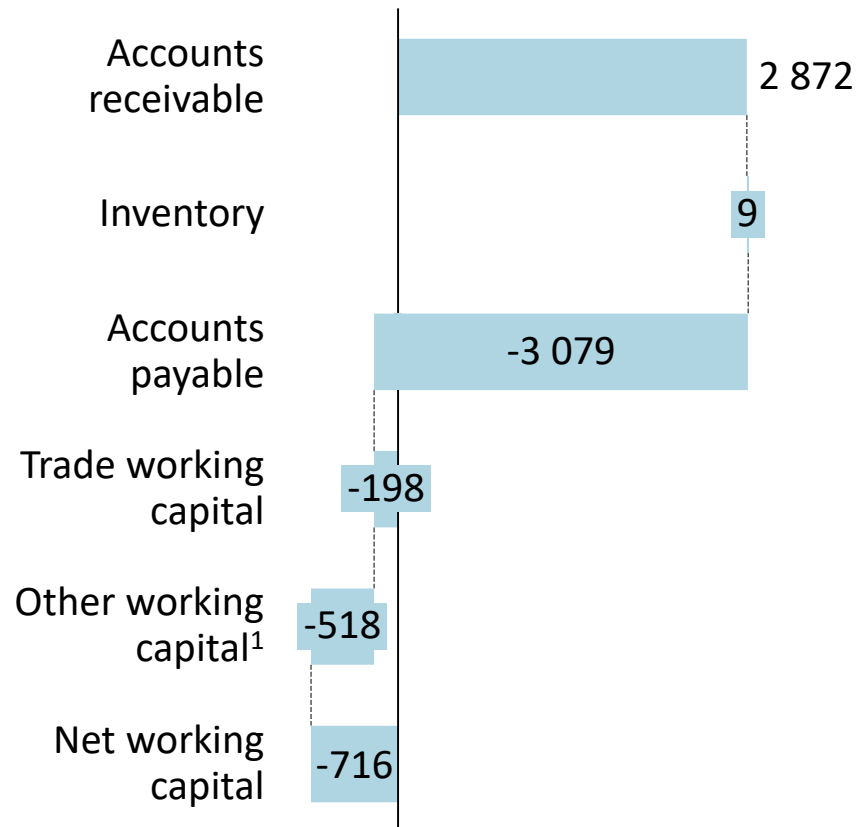
Q2 2019

# Very strong working capital performance in Q2



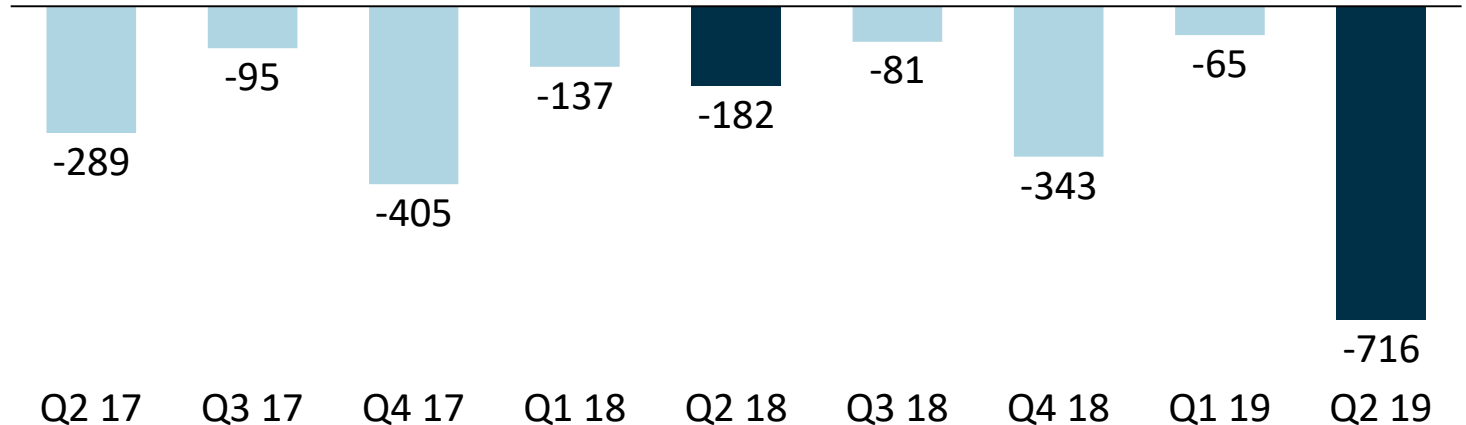
## 2019 Q2 net working capital

NOK million



## Net working capital over time

NOK million



- Q2 2019 net working capital is 534 MNOK more negative than in Q2 2018
- This improvement is driven by a decrease in Trade working capital of 478 MNOK and a decrease of 56 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

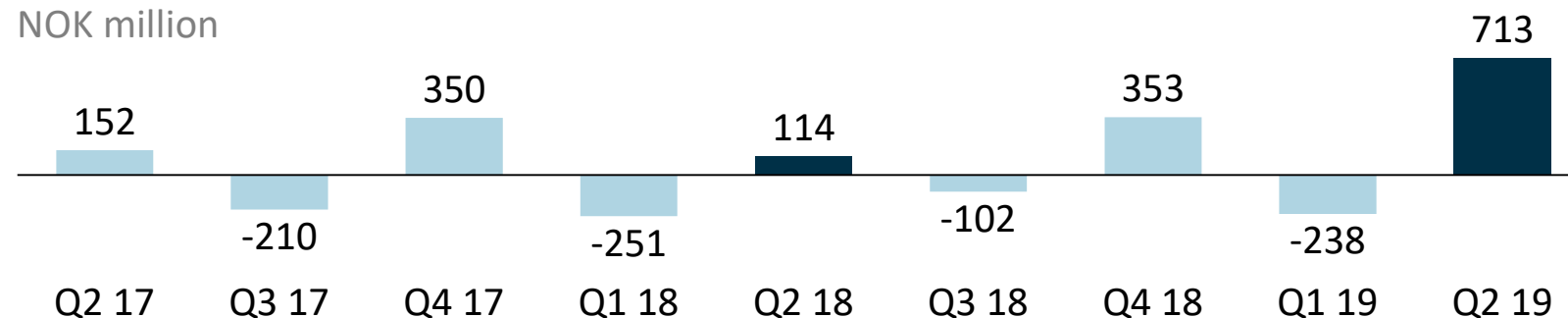
Q2 2019

# Strong cash flow driven by working capital



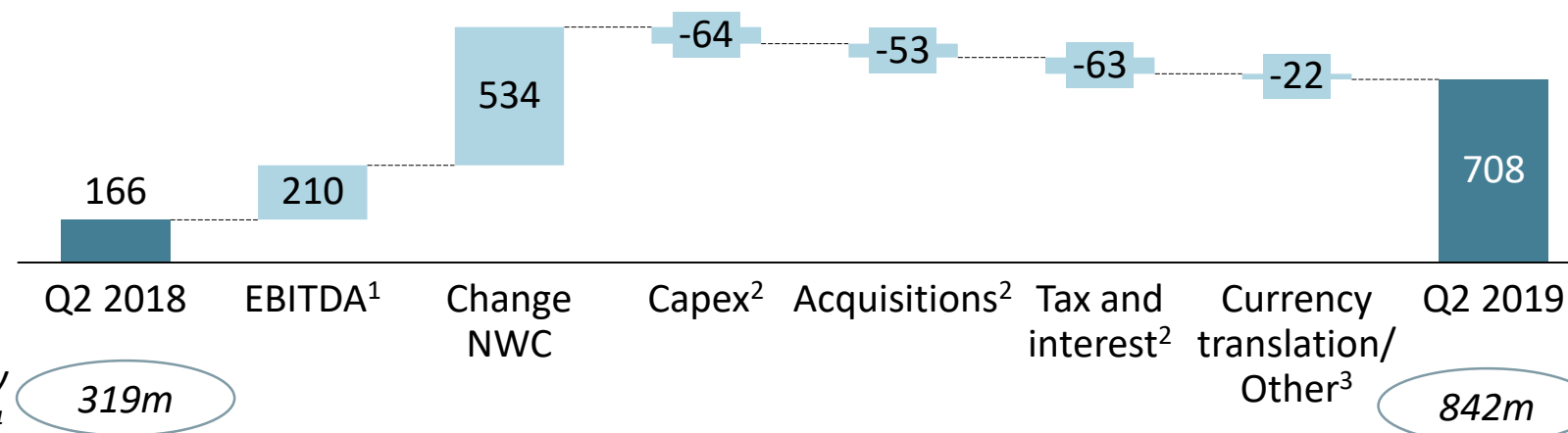
## Cash flow from operating activities

NOK million



## LTM cash development

NOK million



- Cash flow from operations is seasonal and driven by changes to net working capital
- Q2 2019 cash flow from operations is a significant improvement over Q2 2018, driven by positive changes to net working capital

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

<sup>2</sup> As seen from the cash flow statement; excluding the approximate 38 MNOK earn-out related to Sequint

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

<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

Q2 2019

# P&L - summary



NOKm	Q2 2018	Q2 2019	YTD Q2 18	YTD Q2 19
Operating revenue	2 966.9	4 235.7	4 762.0	6 909.9
Cost of sales	-2 559.4	-3 742.0	-4 044.8	-6 020.9
<b>Gross profit</b>	<b>407.5</b>	<b>493.7</b>	<b>717.3</b>	<b>889.0</b>
Payroll and related costs	-269.5	-333.1	-528.1	-640.8
Other operating expenses	-46.9	-55.2	-87.5	-113.5
<b>Total operating expenses</b>	<b>-316.4</b>	<b>-388.3</b>	<b>-615.6</b>	<b>-754.2</b>
<b>EBITDA</b>	<b>91.2</b>	<b>105.5</b>	<b>101.7</b>	<b>134.8</b>
Depreciation	-2.6	-10.9	-5.1	-20.0
Amortization	-15.9	-18.1	-31.1	-35.4
Goodwill impairment	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>72.7</b>	<b>76.5</b>	<b>65.5</b>	<b>79.4</b>
Net financial expense	-8.0	-17.4	-18.9	-29.8
<b>Ordinary result before tax</b>	<b>64.7</b>	<b>59.2</b>	<b>46.6</b>	<b>49.6</b>
Income tax expense on ordinary result	-15.6	-13.3	-9.6	-12.7
<b>Net income</b>	<b>49.2</b>	<b>45.9</b>	<b>37.0</b>	<b>36.9</b>
<b>Adjusted EBITDA reconciliation</b>				
Reported EBITDA	91.2	105.5	101.7	134.8
Other income and expenses	0.6	18.8	1.2	21.5
<b>Adjusted EBITDA</b>	<b>91.8</b>	<b>124.3</b>	<b>105.1</b>	<b>160.1</b>

- Depreciation and amortization in line with plan, with higher depreciation driven by IFRS 16
- Net financial expense increases due to currency effects
- Income tax expenses increases as a consequence of improving profitability in multiple markets
- EBITDA adjustments of NOK 18.8 m in Q2 2019 primarily related to share-based compensation, M&A and legal costs



Q1 2019

# Balance sheet and net interest bearing debt



NOKm	30.06.2018	30.06.2019
<b>Assets</b>		
Inventory	22.6	9.1
Accounts receivable	2 170.5	2 872.3
Income tax, other receivables	51.6	94.2
Net cash and cash equivalents	165.5	707.8
<b>Total current assets</b>	<b>2 410.2</b>	<b>3 683.4</b>
Technology, software and R&D	112.7	108.9
Contracts	73.3	78.4
Goodwill	827.7	876.9
Software licenses (IP)	1.0	1.0
Deferred tax assets	49.9	16.8
Equipment	23.2	31.3
Right of use assets	0.0	118.6
Other receivables	11.0	18.4
<b>Total non-current assets</b>	<b>1 098.7</b>	<b>1 250.4</b>
<b>Total assets</b>	<b>3 508.9</b>	<b>4 933.8</b>
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>592.5</b>	<b>584.0</b>
Short-term debt - bond loan	0.0	446.2
Trade creditors	1 913.3	3 079.2
Public duties payable	254.2	311.2
Other short-term interest bearing debt	0.0	12.5
Current lease liabilities	0.0	11.5
Income tax, other current liabilities	259.4	303.2
<b>Total current liabilities</b>	<b>2 426.9</b>	<b>4 163.6</b>
Long-term debt	442.3	0.0
Deferred tax liabilities	32.9	31.6
Other long-term liabilities	14.4	46.0
Lease liabilities	0.0	108.5
<b>Total long-term liabilities</b>	<b>489.6</b>	<b>186.1</b>
<b>Total liabilities</b>	<b>2 916.5</b>	<b>4 349.8</b>
<b>Total equity &amp; liabilities</b>	<b>3 508.9</b>	<b>4 933.8</b>

Net interest bearing debt - NOKm	30.06.2018	30.06.2019
Long-term interest bearing debt	454.2	1.4
Bond loan - short-term	0.0	450.0
Short-term interest bearing debt	0.0	12.5
Cash and cash equivalents	-165.5	-707.8
Restricted cash	15.8	19.1
<b>Net interest bearing debt (NIBD)</b>	<b>304.5</b>	<b>-224.8</b>

- Long-term debt (CRAYON02) matures in April 2020 with outstanding principal of NOK 450m and is reclassified to short term debt
- In addition, Crayon has a NOK 200m RCF which in total implies a strong liquidity position
- Right of use assets and other long-term liabilities have both as a consequence of IFRS 16
- NIBD to LTM EBITDA of minus 1.4x vs 2.9x at June 30 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	Q2 2018	Q2 2019	YTD Q2 18	YTD Q2 19
Net income before tax	64.7	59.2	46.6	49.6
Taxes paid	-6.4	-2.6	-13.0	-10.9
Depreciation and amortization, incl. write-down	18.5	28.9	36.2	55.4
Net interest to credit institutions	8.8	11.9	17.6	23.7
Changes in inventory, AR/AP <sup>1</sup>	-127.1	534.6	-311.2	295.0
Changes in other current assets	155.7	80.6	86.8	61.6
<b>Net cash flow from operating activities</b>	<b>114.2</b>	<b>712.5</b>	<b>-137.0</b>	<b>474.4</b>
<b>Net cash flow from financing activities</b>	<b>-2.9</b>	<b>6.7</b>	<b>-12.6</b>	<b>-11.2</b>
Acquisition of assets	-14.3	-15.1	-32.5	-34.4
Acquisition of subsidiaries	-4.3	-80.7	-7.5	-91.6
Divestments / Purchases of own shares / Other	0.0	0.0	0.0	0.0
<b>Net cash flow from investing activities</b>	<b>-18.6</b>	<b>-95.8</b>	<b>-40.0</b>	<b>-126.0</b>

- Q2 2019 cash flow from operations improved compared to Q2 2018, primarily driven by improved working capital
- Improvement in cash flow from financing driven by increase in long-term debt related to earn-out for Sequent acquisition
- Capex in Q2 2019 of NOK 15.1m mainly related to investments in new ERP system and Cloud IQ platform
- Acquisition of subsidiaries primarily relates to acquisition of Sequent and acquisition of minority shareholdings

# Outlook

Q2 2019

# Strong H1 and commercial momentum leads to increased FY2019 guidance

INCLUDES IFRS 16 EFFECTS

	2018 actuals	LTM actuals	2019 outlook	Medium term	Comment
Gross profit growth	+22.4 %	+26.9 %	<del>+15-20 %</del> <b>+20-25%</b>	+10-15 %	Above market growth from scaling up international markets
Adjusted EBITDA as share of gross profit	12.6 %	14.7% [13.7 % <sup>2</sup> ]	<del>13-14 %</del> <b>16-17%<sup>3</sup></b>	Gradually increase to <b>17%<sup>3</sup></b> <del>15%</del>	Continued margin improvement, driven by International markets
NWC <sup>1</sup>	-12.5 %	-18.2%	-10% to -15%	-10% to -15%	Expect NWC to fluctuate around current level
Capex	NOK 62 mn	NOK 64 mn	NOK ~60 mn	NOK ~60 mn	Continued investments in platforms and IP

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

2 Adjusted EBITDA margin excluding IFRS 16 effects

3 Application of IFRS 16 included in updated 2019 and medium term guidance; this accounts for approximately 2 percentage point improvement of EBITDA



# 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:

- 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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DNB	Christoffer Wang Bjørnsen	<a href="tel:+4724169143">+47 24 16 91 43</a>
SpareBank 1	Petter Kongslie	<a href="tel:+4798411080">+47 98 41 10 80</a>

## For IR-related requests:

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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

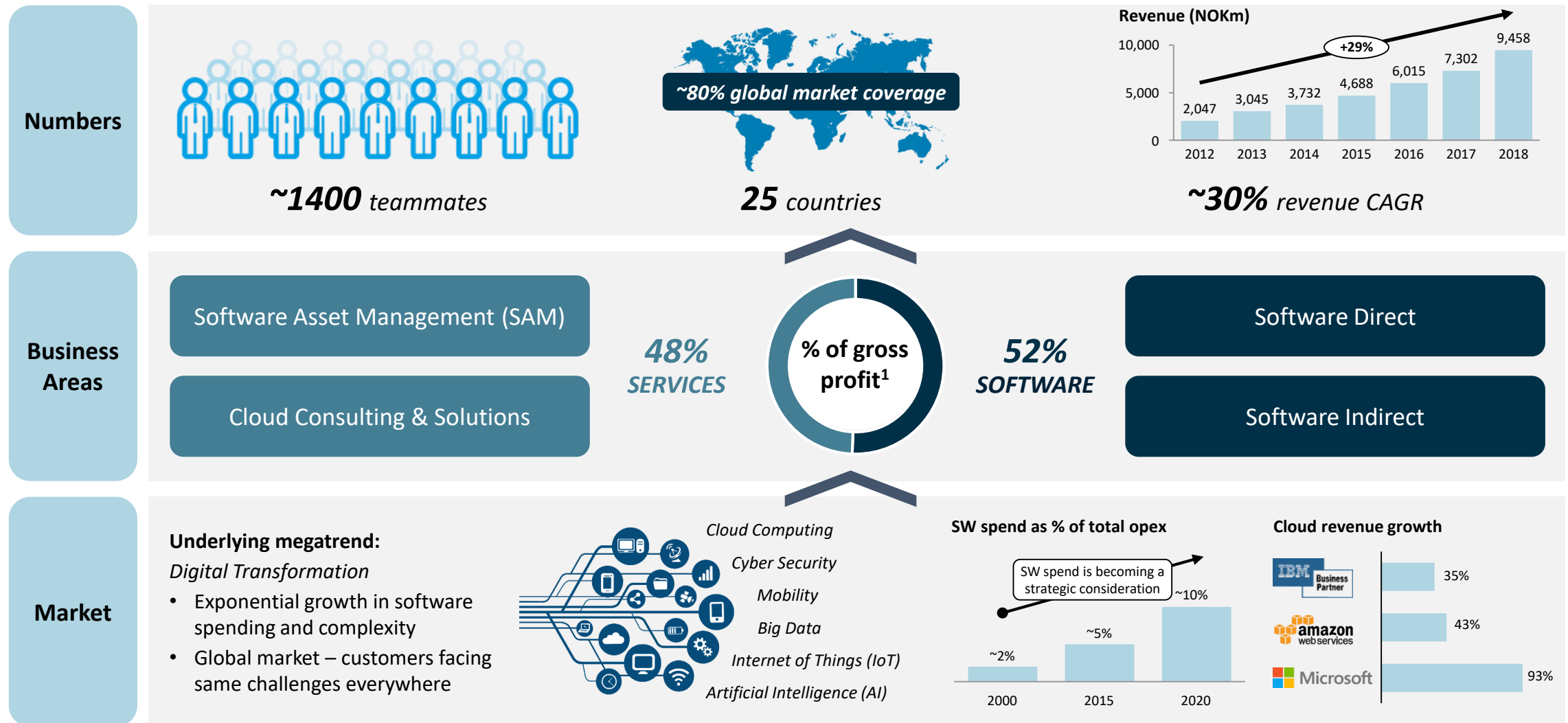
### Software

- 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

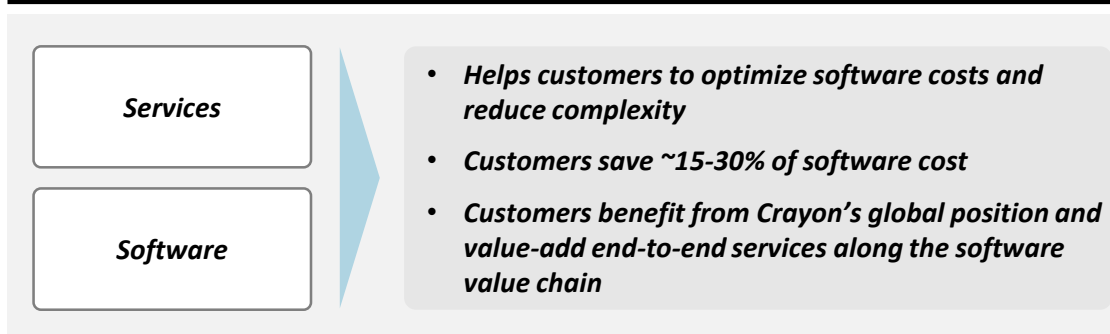
# Crayon – a fast growing global software and services expert



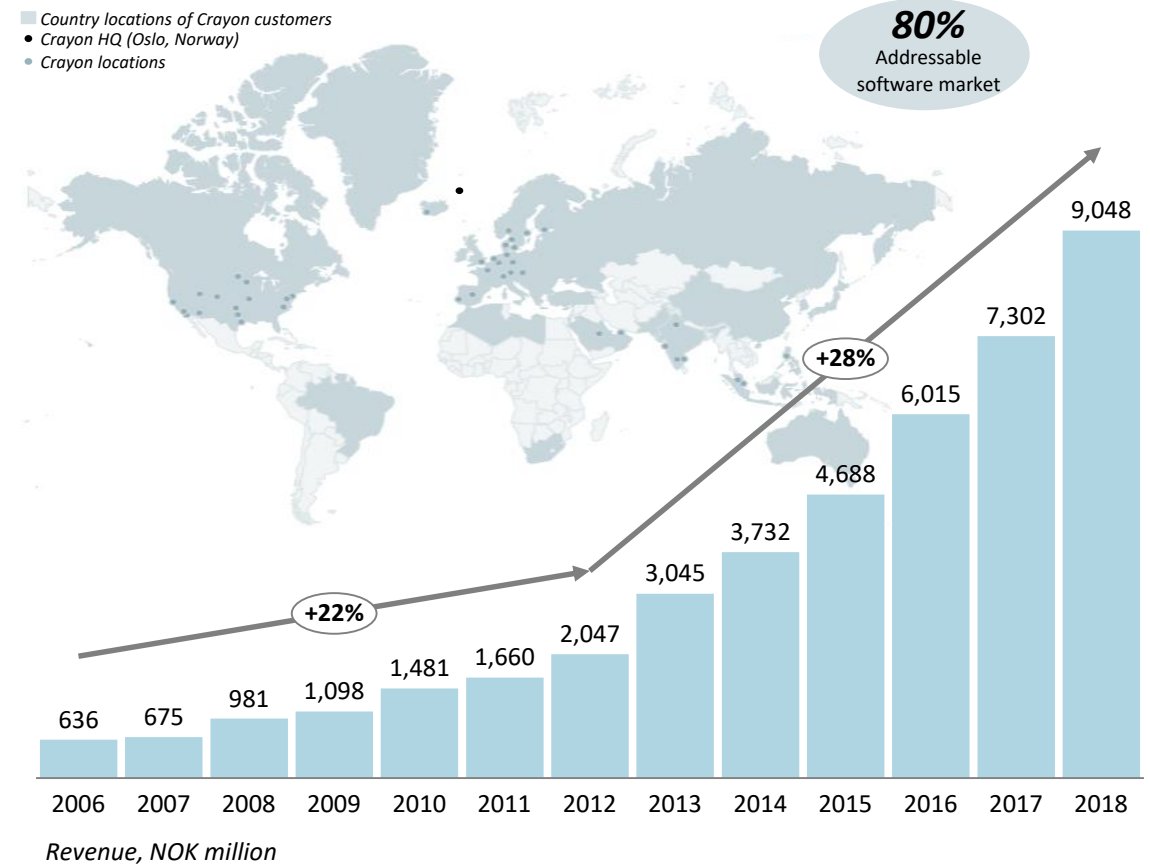
## Company at a glance

- Founded in 2002 with headquarters in Oslo, Norway
- Publicly listed company in 2017
- ~1,400 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 25 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



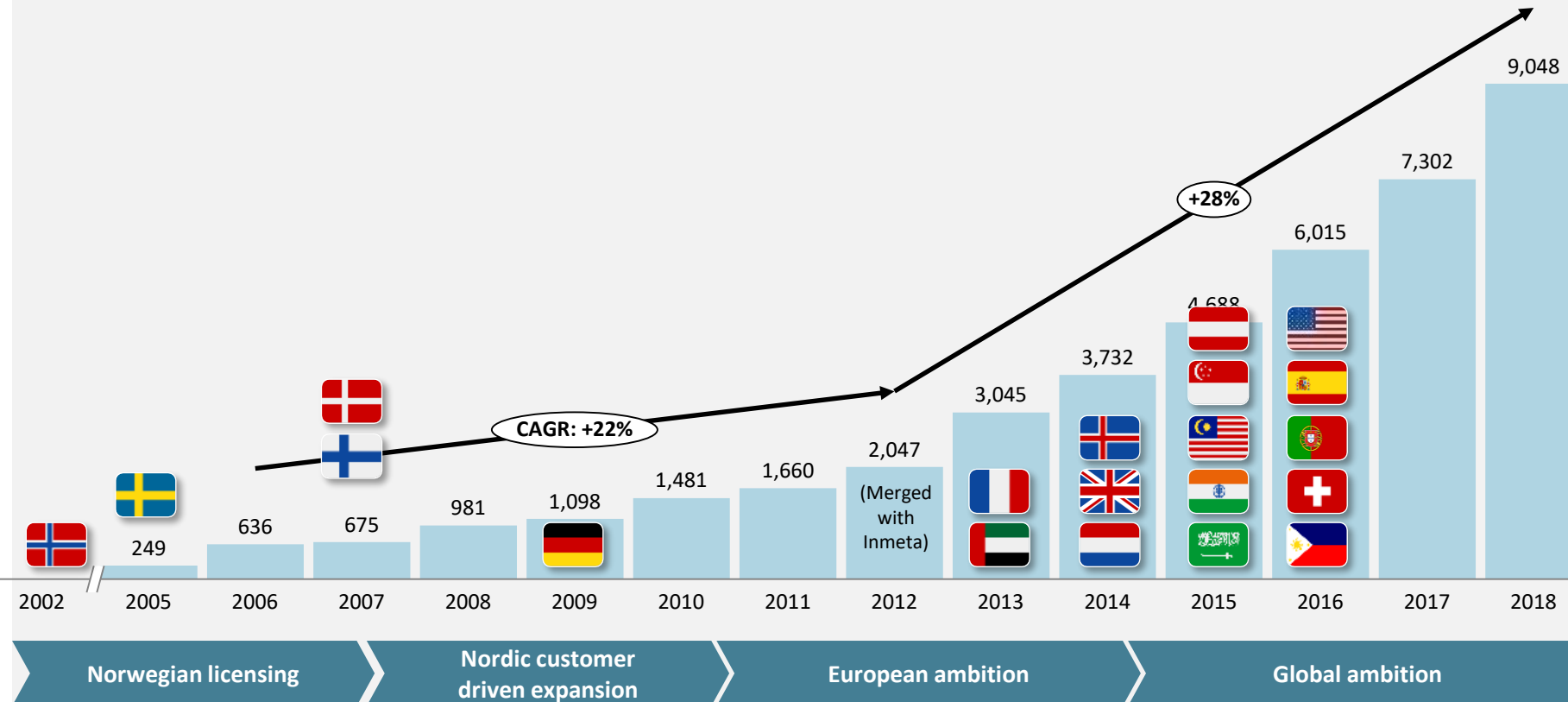
*Crayon is a trusted advisor for customers in their digital transformation journey*

<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

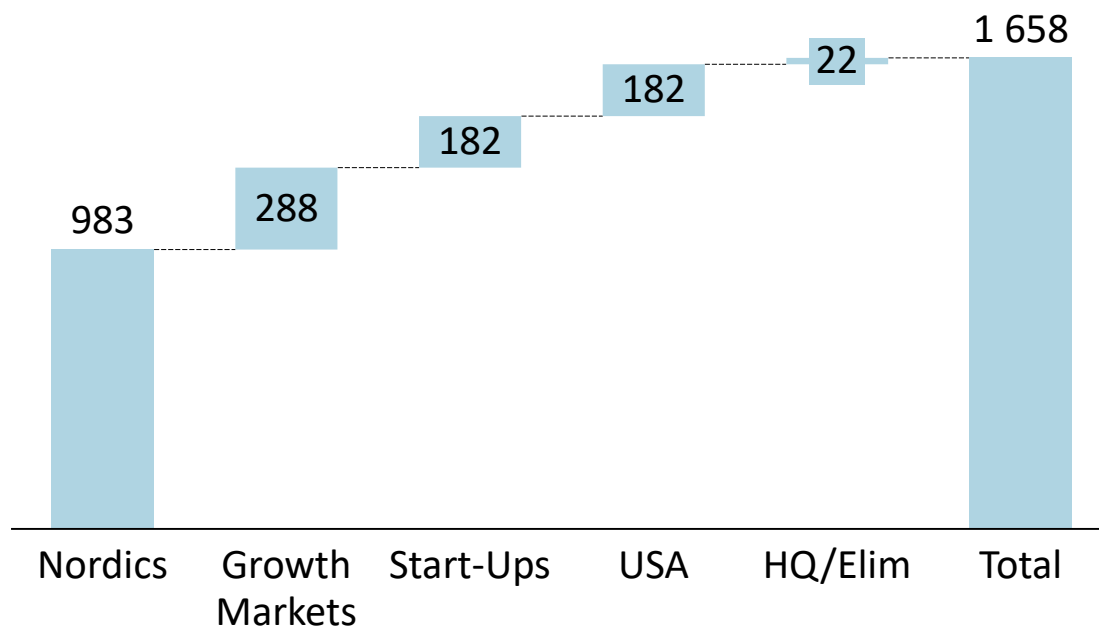
Q2 2019

# Strong Q2 leads to 27% gross profit growth LTM



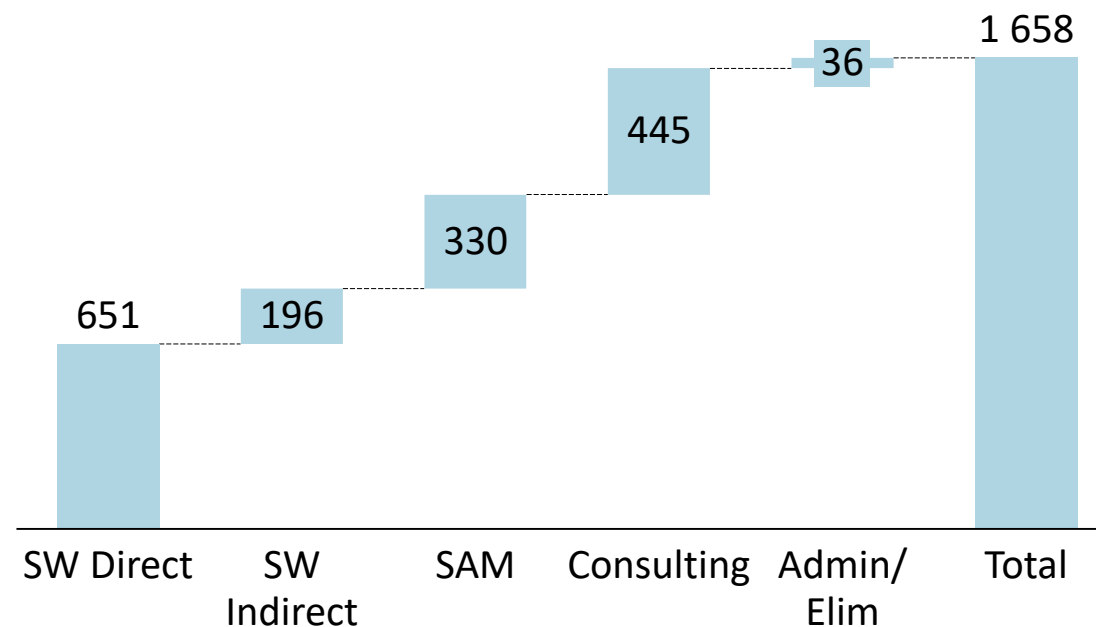
## LTM gross profit by market cluster

NOK million



## LTM gross profit by business area

NOK million



Growth  
rate<sup>1</sup>

20%

30%

57%

36%

n/a

27%

27%

39%

15%

31%

n/a

27%



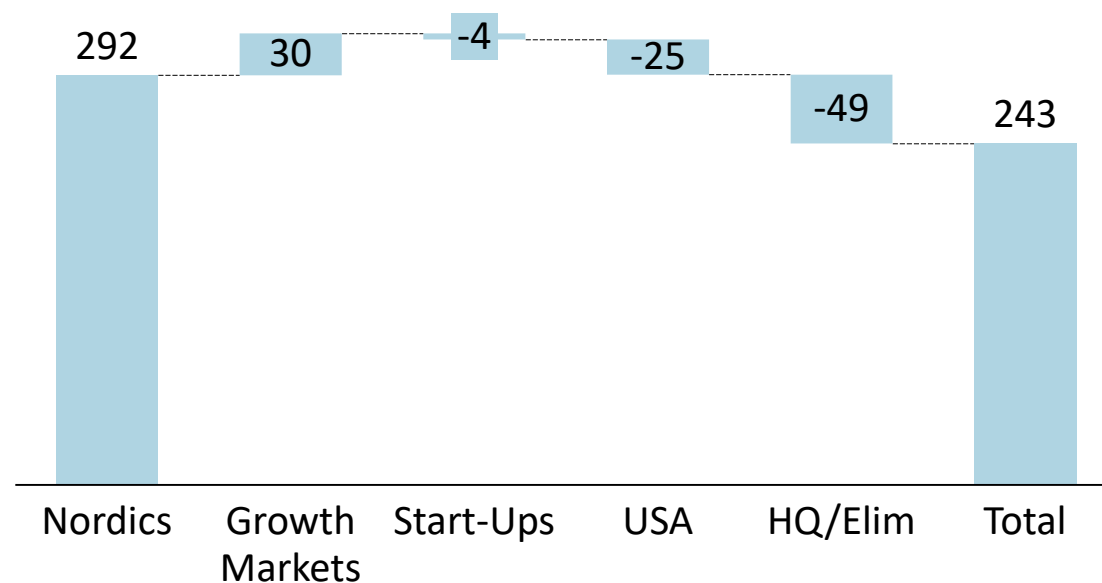
Q2 2019

# LTM Adjusted EBITDA of NOK 243 million



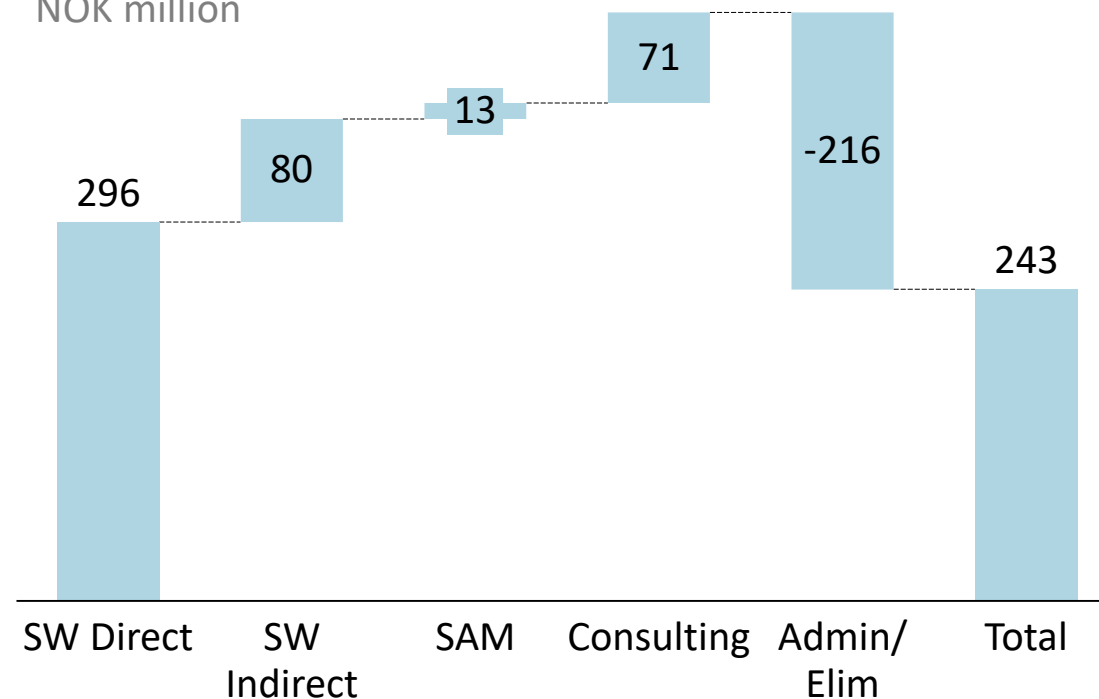
## LTM adjusted EBITDA by market cluster

NOK million



## LTM adjusted EBITDA by business area

NOK million



EBITDA  
margin<sup>1</sup>



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

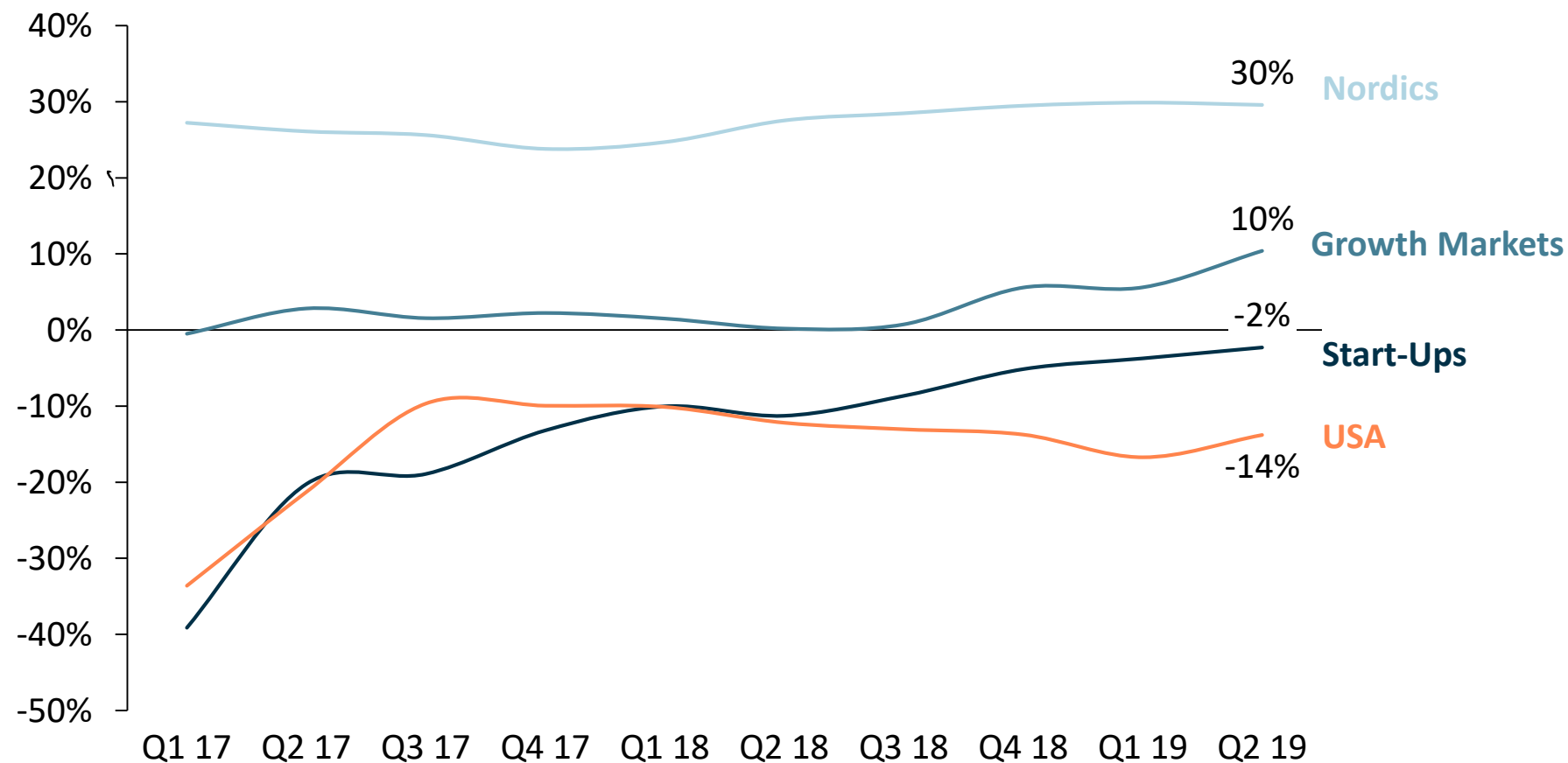


<sup>1</sup> Adjusted EBITDA as share of Gross Profit  
<sup>2</sup> LTM vs previous LTM period

# International EBITDA margins continues to improve



LTM adjusted EBITDA margin<sup>1</sup>

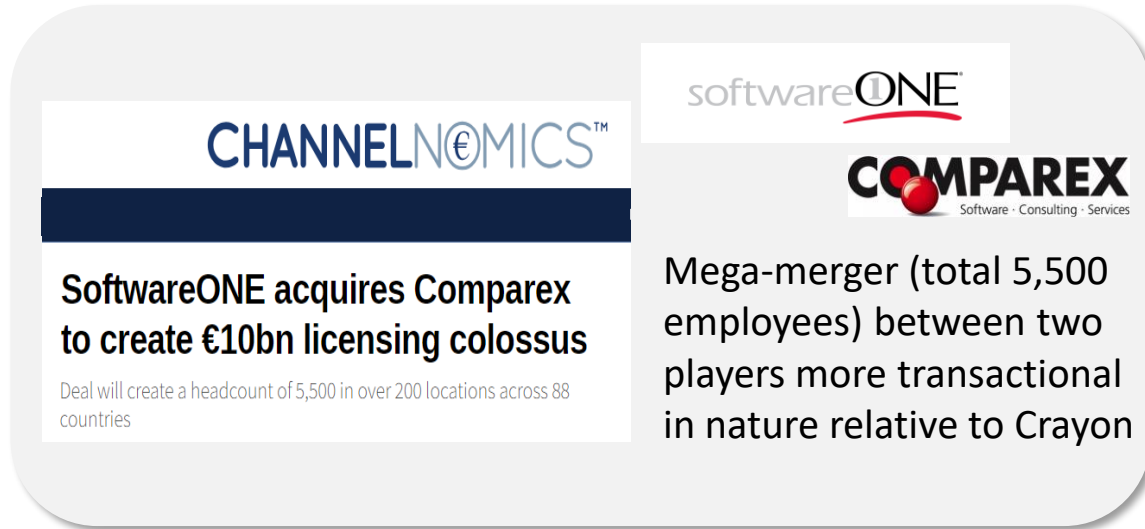


- Nordics with continued strong EBITDA margins
- Growth Markets EBITDA margin improvements driven by strong growth in reach and relevance in core markets such as Germany and Middle East
- USA, Start-Ups margins continue to improve despite significant investments in growth

# 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

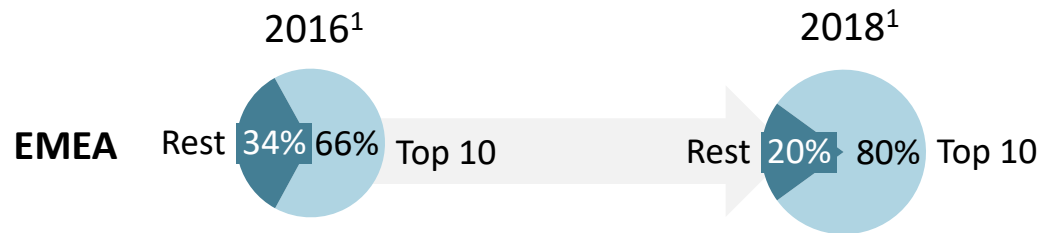
- Economies of scale
- Cost synergies
- Reduce cost to sell
- Leverage existing sales & distribution network
- Customer upsell
- Share of mind & wallet

### # of processes

2-3

3-5

5-10

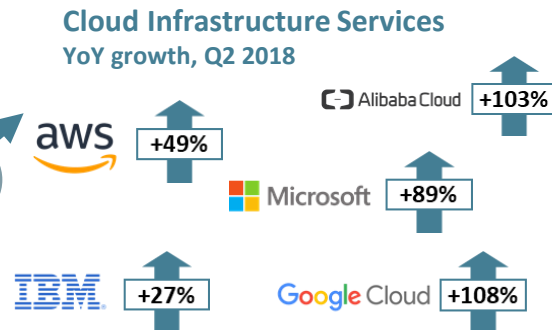
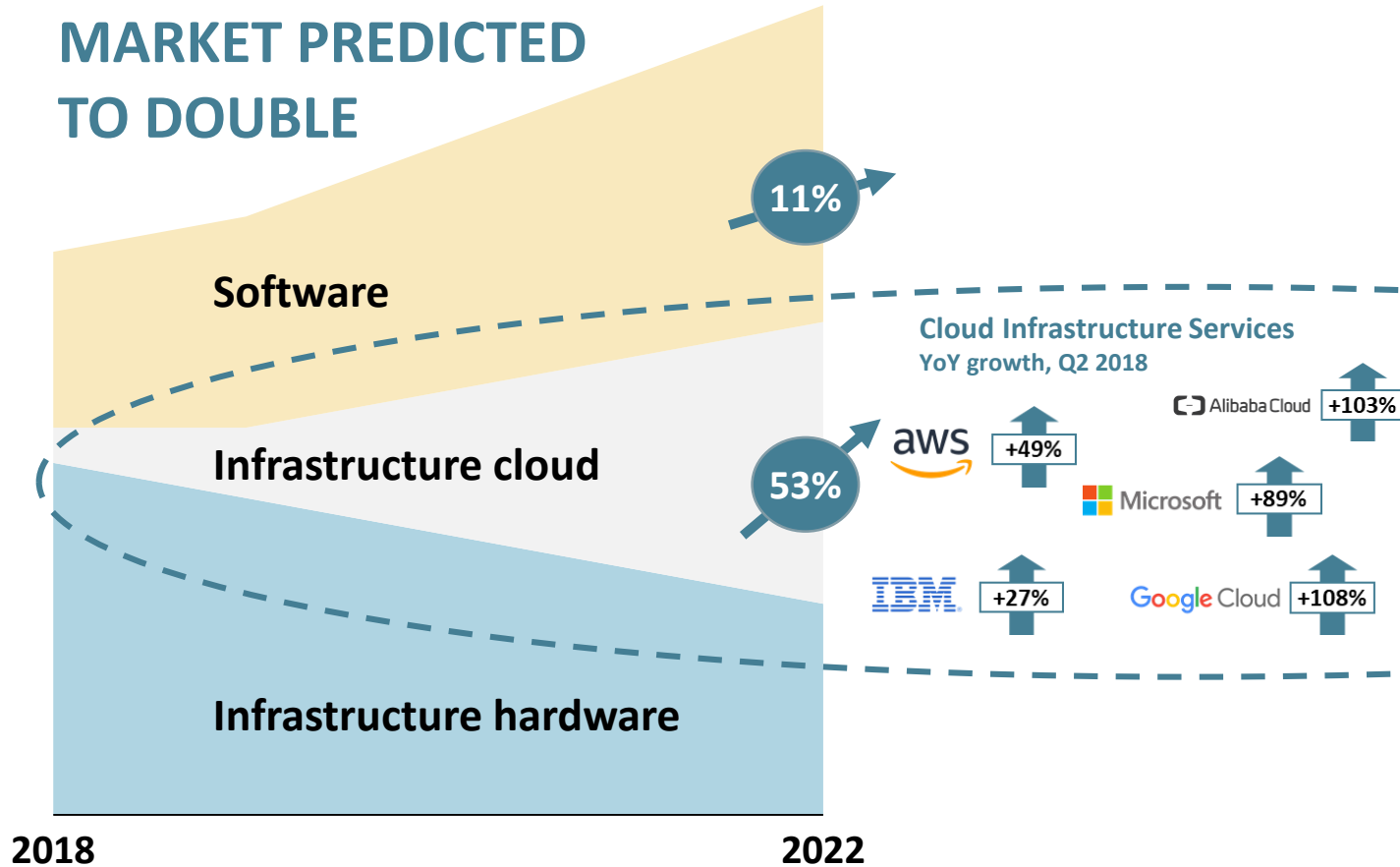


<sup>1</sup> Management estimate based on Microsoft revenue numbers for LSP  
<sup>2</sup> Intellectual Property (i.e., bespoke products, systems, tools etc.)

# Strong Market Momentum

 Market growth, 2017-2018

## CRAYON ADDRESSABLE MARKET PREDICTED TO DOUBLE

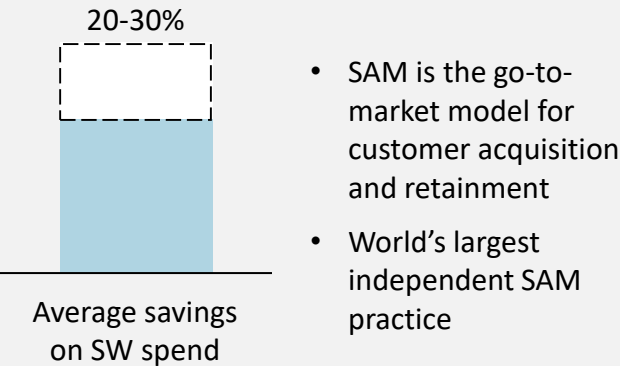


- New, fast growing market
- Strategically positioned
- More services
- Better margins



# Unique business model resulting in strong & loyal customer base

## Unique customer value proposition



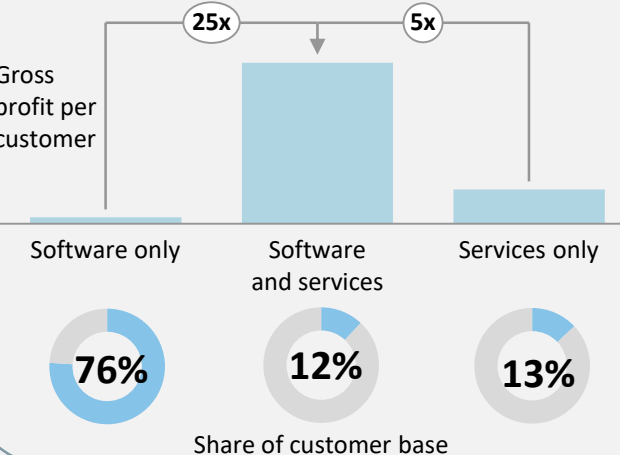
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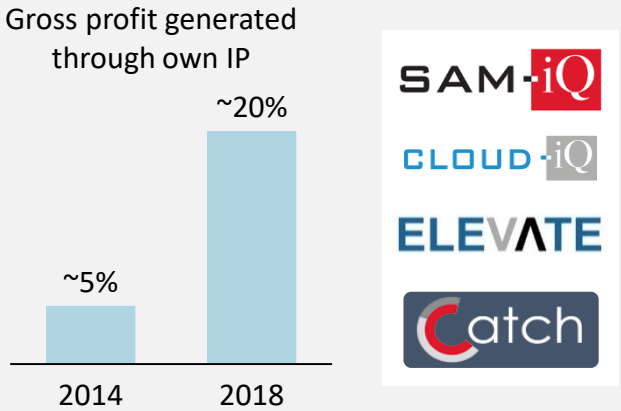
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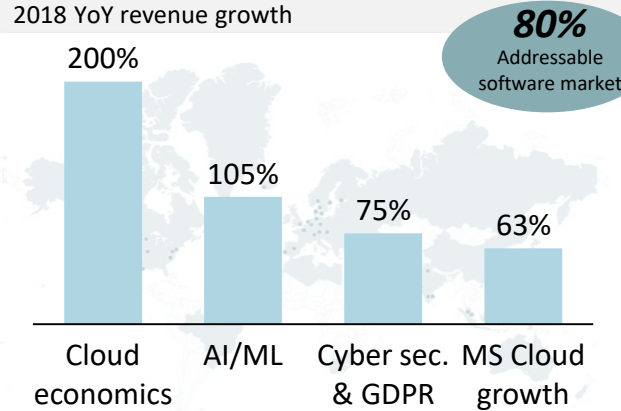
## End-to-end services with upsell potential



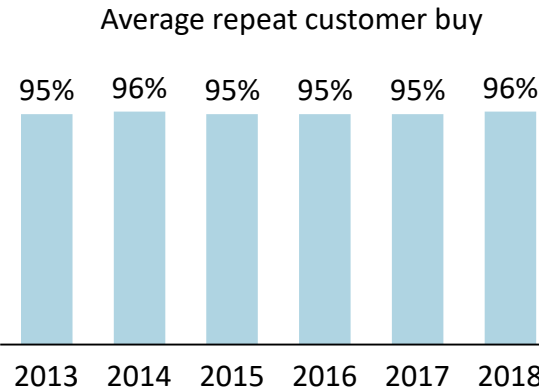
## Extensive portfolio of Intellectual Property (IP)



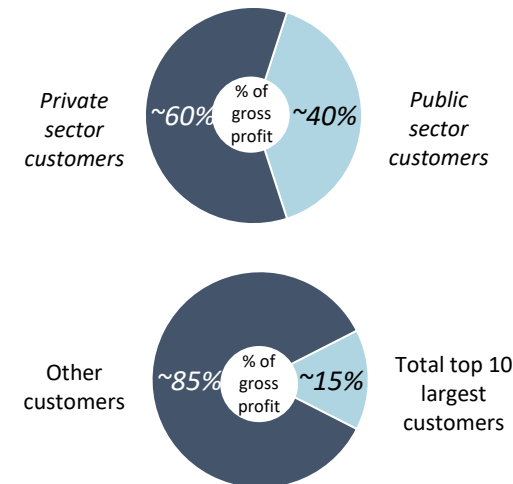
## Strategically positioned in attractive market



## Unparalleled customer loyalty



## Diversified customer portfolio



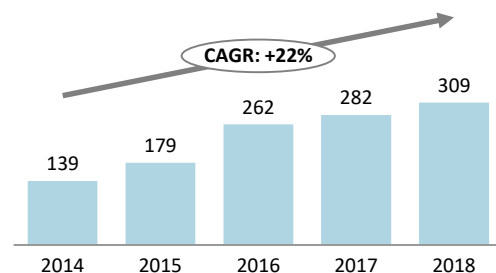
# Services – SAM and Consulting



## 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)



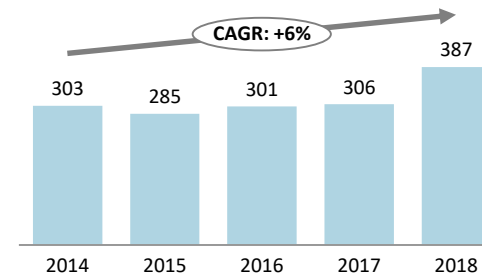
### KPIs

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 ~300 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

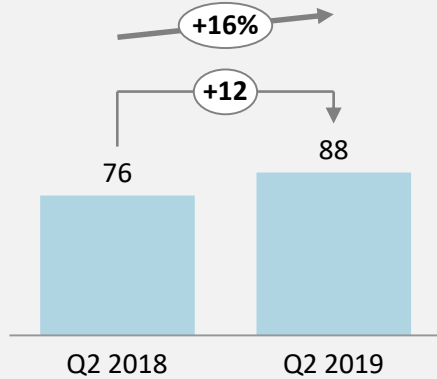
<sup>4</sup> Based on 2018 figures. Source: Crayon sales report

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

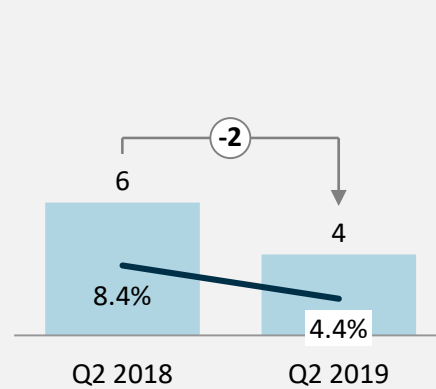
# Services

## SAM

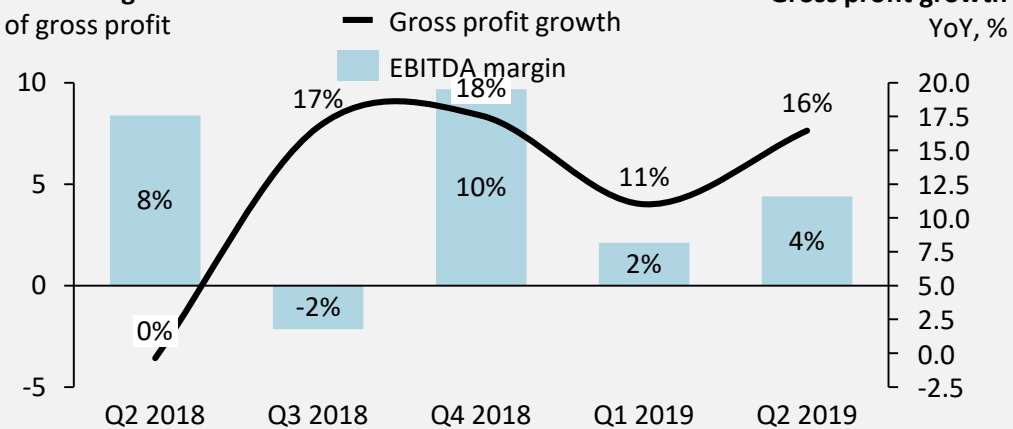
Gross profit development, NOKm



EBITDA development, NOKm

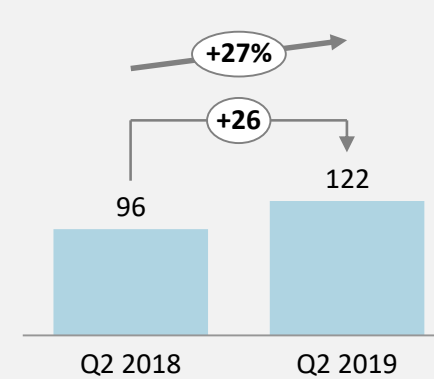


EBITDA margin<sup>1</sup>  
% of gross profit

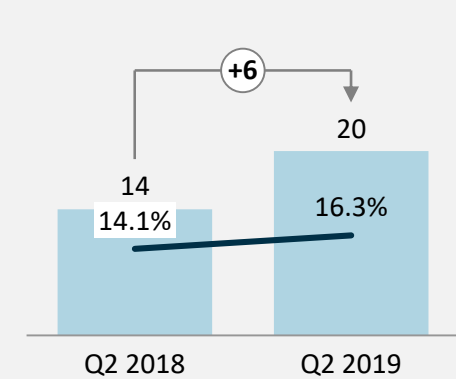


## Consulting

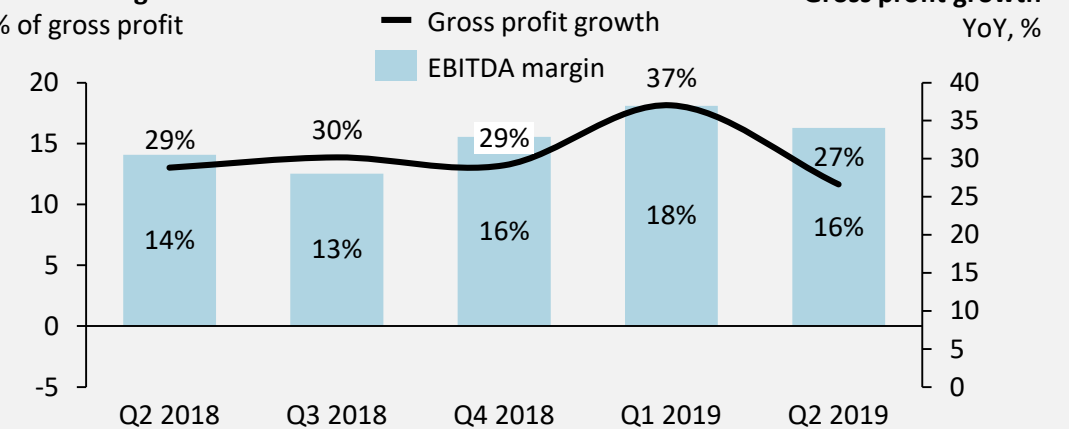
Gross profit development, NOKm



EBITDA development, NOKm



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



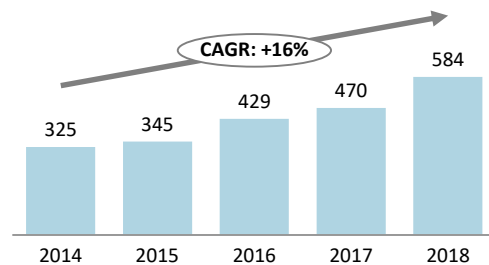
<sup>1</sup> EBITDA divided by reported gross profit

# 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)



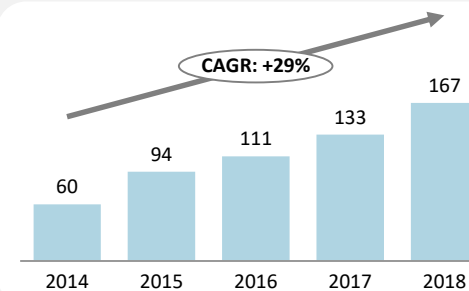
### KPIs

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

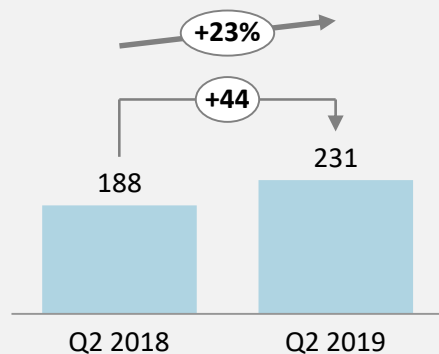
<sup>4</sup> Crayon direct billing of Microsoft's share of gross profit. Based on 2018 figures. Source: Crayon sales report



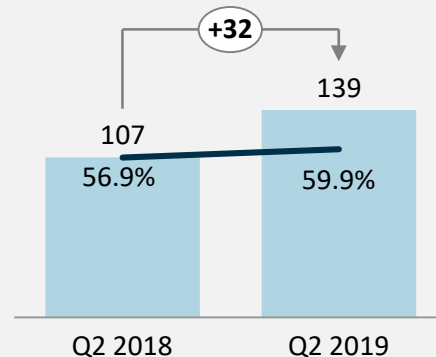
# Software

## Software Direct

Gross profit development, NOKm



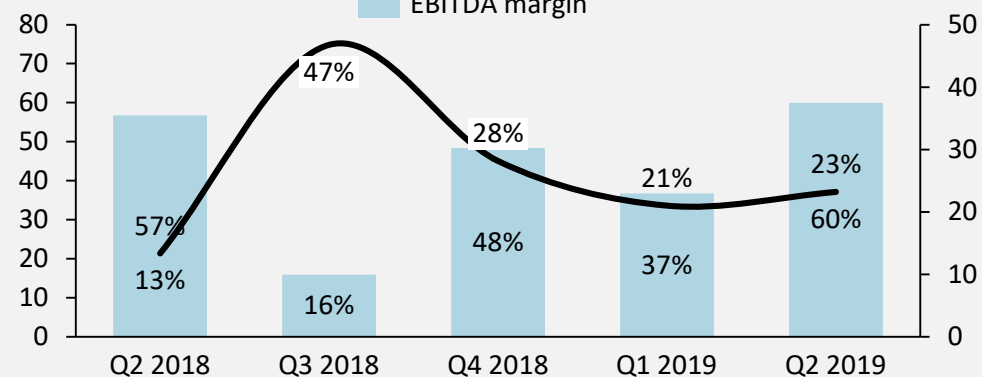
EBITDA development, NOKm



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

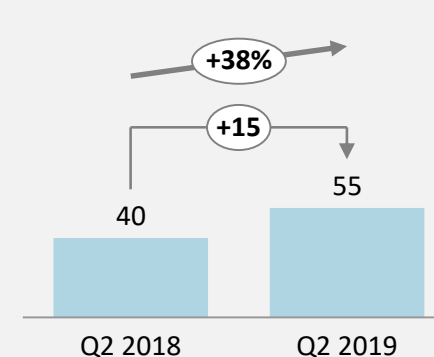
— Gross profit growth  
 ■ EBITDA margin

Gross profit growth  
YoY, %

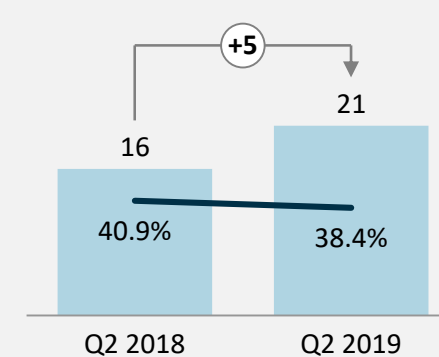


## Software Indirect

Gross profit development, NOKm



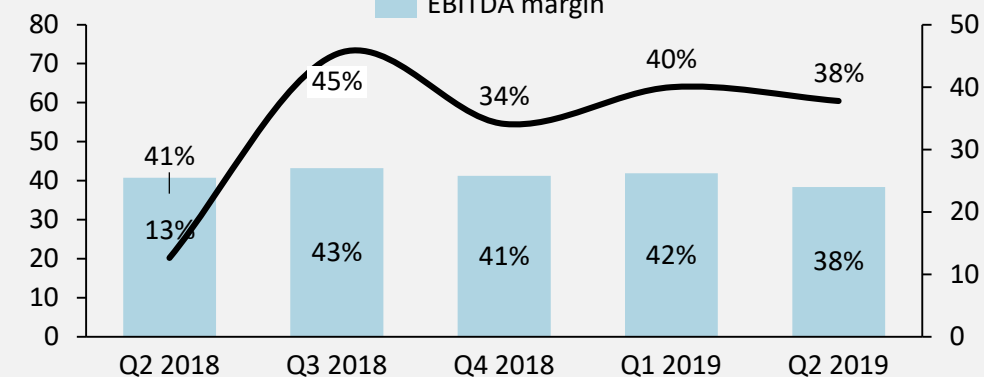
EBITDA development, NOKm



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