



# Investor presentation

28 June 2021

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# Summary of risk factors

## Risk Factors

An investment in the Bonds involves a high degree of financial risk. The below is a summary of relevant risk factors. Although the order in which the risk factors are presented is intended to reflect the importance or likelihood of occurrence, no assurance or confirmation can be given in respect of the ultimate precision of the ranking, as this is, to a large extent, based on subjective assumptions about future occurrences. An investment in the Issuer is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. Furthermore, the risk factors presented herein are not exhaustive and other factors currently not known to the Issuer or which the Issuer currently does not deem to be material could also in the future have a material adverse effect on the Issuer. A full text of the risks factors is attached to this Presentation.

## Risks related to the implementation of the Group's strategy

The Group's results of operations could be negatively affected if the Group cannot adapt, expand and develop its services in response to changes in technology or customer demand

Any inability to manage the Group's growth could disrupt the Group's business and reduce the Group's profitability

The markets in which the Group competes are highly competitive, and the Group might not be able to compete effectively

The contemplated acquisition may not materialize, and acquisitions, investments and other strategic transactions could result in operating difficulties and other negative consequences

## Risk relating to operational activities

The Group's success depends upon its management team and highly skilled IT professionals and the Group's ability to hire, attract, motivate, retain and train these personnel

The Group has been granted various licenses and authorizations, and a disadvantageous amendment or termination of any license agreement or authorization may have an adverse or even destructive effect on the Group's operations

The Group could be subject to liabilities if the Group's strategic partners, software vendors, service providers or subcontractors do not perform their obligations or deliver their project contributions on time or at all

The Group's business and business strategy are tied to its intellectual property rights, however, no assurances can be given as to the adequacy of the protection of the Group's intellectual property rights

The Group is exposed to the risk of breaching international sanctions and anti-bribery/anti-corruption laws, any of which may have a negative impact to the Group's reputation and financial condition

The Group faces risks of non-compliance with applicable laws and regulations, such as laws and regulations relating to data protection, privacy, consumer and other contractual protection laws, public procurement and labour laws. and the applicable legislation and standards are subject to changes

The Group is exposed to risk relating to data protection and data privacy regulations, licenses etc., such as the General Data Protection Regulation (EU) 2016/679 ("GDPR") and the local law implementations of GDPR in the EU member states that the Group operates in, including the Norwegian Data Protection Act of 15 June 2018 no. 38

The Group may be negatively affected by a continued Covid-19 pandemic and the Covid-19 situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force

Any system failures could harm the Group's ability to provide its services and solutions, damage the Group's reputation or otherwise adversely affect the Group's business

The Group may not be sufficiently prepared to manage cyber threats that have the potential to significantly disrupt the Group and its customers' services

Undetected errors or defects in the Group's products or in any third party products could contain errors or defects that could adversely affect the performance of the products, software or solutions and negatively impact the demand therefore

# Summary of risk factors (cont'd)

## Risk relating to customer relationships and third parties

The Group's success depends on its ability to retain customers and procure additional work from existing clients, and any failure to do so may have a material adverse effect on the Group's business, financial condition and prospects

The Group's work with public sector customers exposes the Group to additional risks inherent in the public sector contracting environment

Any failure in a customer's infrastructure or applications as a result, or alleged result, of the Group's consulting services' failure could result in a claim for substantial damages against the Group or result in significant reputational harm, and the Group's liability insurance coverage may not cover all potential losses

Contractual default by counterparties could impair the Group's liquidity and cause significant losses, which in turn could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects

## Risks relating to financing and accounts

The Issuer's revenues, operating results and working capital may fluctuate significantly which could cause the Issuer to fail to meet or exceed the expectations of the market

The Group conducts its business in currencies other than its functional reporting currency, making its results of operations, financial position and future prospect vulnerable for currency fluctuations

Interest rate fluctuations could affect the Group's cash flow and financial condition

## Risk relating to international and macroeconomic developments

New markets and international sales pose additional risks to the Group's operations and if the Group is unsuccessful in sufficiently mitigating these risks, they may have a material adverse effect on the Group's business and operations

The distribution of the Group's technology and applications across a wide variety of jurisdictions exposes the Group to risks inherent to operating internationally and in regions with political tension and/or surveillance of digital technology, any of which may negatively affect the Group's results of operations

## Risks relating to the Bonds

The Bonds are unsecured and rank behind certain lenders which means that there is a risk that the bondholders' claims against the Issuer in an event of insolvency or liquidation may not be covered in full, partly or at all

The Bond Terms impose significant operating and financial restrictions which may prevent the Issuer from taking actions that they believe would be in the best interest of the Issuer's and the Group's business, and may make it difficult for the Issuer to execute its business strategy successfully or compete effectively with companies that are not similarly restricted

The Bonds can be repaid prior to maturity where the amount to be paid to each bondholder, if such option is exercised, equals the outstanding principal amount of the Bonds, plus accrued and unpaid interest to the date of redemption and a premium calculated in accordance with the terms and conditions of the Bond Terms

Issuer' ability to redeem the Bonds with cash in a change of control event may be limited and it is possible that the Issuer will not have sufficient funds at the time of the change of control event to make the required redemption of the Bonds

Applicable law as well as contractual limitations may limit the amounts that some of the members of the Group will be permitted to pay as dividends or distributions on their equity interests and the timing for such payments

There is no existing market for the Bonds, and no assurances can be provided as regards the future development of a market for the Bonds, and, therefore, the liquidity of the Bond and the volume it is traded in cannot be guaranteed. This may apply even if the Bonds are listed and there are no market-makers agreements in place or intended to be established in order to secure a liquid market for the Bonds after the Issue date

The Bonds may be transferred or resold in the United States only in a transaction registered under or exempt from the registration requirements of the securities act and applicable state securities law, and the seller may be required to bear the risk of holding the Bond investment for an indefinite period of time, and similar restrictions may apply in other jurisdictions

The Bond Terms will contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority, thus preventing individual bondholders from taking individual action



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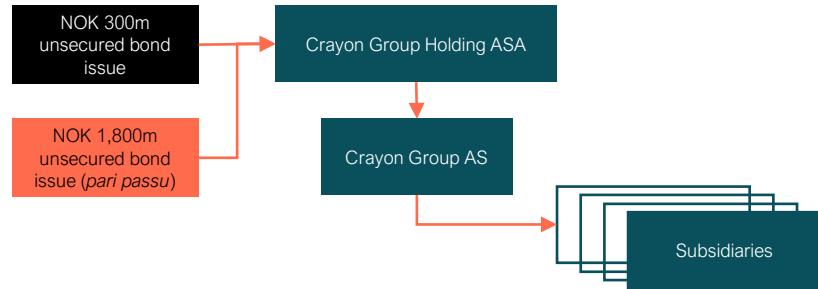


# Transaction summary

## Transaction summary

- Crayon Group Holding ASA, listed on Oslo Børs with a market capitalization of approximately NOK 10.1bn, contemplates issuing a new NOK 1,800 million in senior unsecured bonds with a tenor of 4 years
- The net proceeds will be used for an acquisition of a leading software advisory firm which will cement Crayon's position as a global leader in direct and indirect software cloud licensing, Cloud Services, Data and AI, and Software cloud Economics
- Crayon has delivered an outstanding growth with a 25% and 50% GACR for the LTM Gross profit and adjusted EBITDA, respectively. Pro forma post the contemplated acquisition, the adjusted EBITDA is approximately NOK 630 million, based on Q1 2021 figures
- The Company has a conservative leverage profile with a pro forma post Bond Issue NIBD/LTM Q1 2021 adj. EBITDA of 2.8x (not considering that the bond proceeds will be placed on an escrow account until fulfilment of all condition precedents) and pro forma post the contemplated acquisition of ~3.0x
- The new senior unsecured 4-year bond issue will rank *pari passu* with the existing bond issue CRAYON03 (ISIN: NO0010868433)
- The contemplated Bond Issue in line with Crayon's financial policy of having a maximum leverage ratio of 3.0x through the cycle

## Consolidated corporate structure



## Post transaction overview

Debt capital structure	NOKm
LTM Q1 2021 adj. pro forma EBITDA <sup>1</sup> (not including the contemplated acquisition)	505
Senior unsecured bonds	2,100
Leasing liabilities	114
Other interest-bearing debt	107
Cash and cash equivalents (less restricted cash)	-918
<b>Net Debt</b>	<b>1,404</b>
NIBD/LTM Q1 2021 adj. pro forma EBITDA	~2.8x
<b>LTM Q1 2021 adj. pro forma EBITDA (post the contemplated acquisition)</b>	<b>~630</b>
NIBD/LTM Q1 2021 adj. pro forma EBITDA (post contemplated acquisition)	~3.0x

# Main bond terms

Issuer	Crayon Group Holding ASA
Status	Senior unsecured
Initial issue amount	NOK 1,800 million
Max issue amount	NOK 2,500 million
Use of Proceeds	Net proceeds from the Bond Issue will be used to i) part financing of an acquisition and ii) for general corporate purposes
Tenor	4 years
Coupon	3m NIBOR + [●] % p.a., quarterly interest payments
Issue price	100%
Amortization	None, bullet repayment at the maturity date
Issuer's call options (American)	Make whole first 2 years, thereafter callable (in whole or parts) at par plus 50.0% / 37.5% / 25.0% / 12.5% / 0.0% of the Coupon after 24 / 30 / 36 / 42 / 47 months, respectively
Incurrence test	<p><b><i>For new financial indebtedness</i></b></p> <ul style="list-style-type: none"> <li>Net interest bearing debt / PF adj. EBITDA &lt; 3.50x &amp; Interest Coverage Ratio &gt; 3.00x</li> </ul> <p><b><i>For distributions</i></b></p> <ul style="list-style-type: none"> <li>Net interest bearing debt / PF adj. EBITDA &lt; 2.50x &amp; Interest Coverage Ratio &gt; 3.00x</li> </ul>
Permitted additional debt	<p><b><i>Negative pledge with carve out for <i>inter alia</i></i></b></p> <ul style="list-style-type: none"> <li>Secured revolving credit facility not exceeding the higher of 2.0x EBITDA and NOK 1,000 million (with clean down twice each year)</li> <li>Financial arrangements with local financial institutions not exceeding the higher of NOK 50 million or 0.2x EBITDA</li> <li>Hedging and other debt related to ordinary course of business</li> <li>Basket for other financial indebtedness not exceeding the higher of NOK 25 million or 0.1x EBITDA</li> </ul> <p><b><i>No additional debt, with carve out for <i>inter alia</i></i></b></p> <ul style="list-style-type: none"> <li>Tap issues of the bond and new unsecured financial indebtedness with longer tenor, subject to the incurrence test</li> <li>Leasing, hedging and other debt related to ordinary course of business</li> <li>Subordinated loans</li> <li>Basket for other financial indebtedness not exceeding the higher of NOK 50 million or 0.2x EBITDA</li> </ul>
Mandatory redemption	Mandatory redemption at 101% (plus any accrued and unpaid interest) if conditions for disbursement of the net proceeds from escrow have not been fulfilled by 31 December 2021 (the "Long Stop Date")
Distribution restrictions	Maximum 50% of the consolidated annual net profit, subject to the incurrence test
Change of control	Bondholder's put option at 101%
Listing	Oslo Børs within 6 months from the issue date, otherwise coupon step up of 1.0% p.a. until the bonds have been listed
Governing law / Trustee	Norwegian law / Nordic Trustee

# Credit highlights

<b>The global leader in software asset management and cloud optimization</b>	<ul style="list-style-type: none"><li>▪ Crayon, listed on Oslo Børs with a market capitalization of NOK ~10.1bn, is a global leading IT advisory firm in software and digital transformation services, covering 80% of the addressable market through its highly scalable and recurring revenue-based business model</li><li>▪ With unique IP tools and skilled employees, Crayon help optimize its clients' ROI from complex software technology investments. Crayon have long experience within volume software licensing optimization, digital engineering, predictive analytics and assists the clients through all phases of the process of a digital transformation</li><li>▪ Over 2,000 employees who are experts in their field has led to ~1,000 certifications on a wide range of technology solutions</li></ul>
<b>Large and diversified customer portfolio with a high share of public sector counterparties</b>	<ul style="list-style-type: none"><li>▪ Client portfolio of ~60,000 customers from SMBs to large global enterprises and with a high share of public sector counterparties with typically signed contracts on a 3-5 year basis</li><li>▪ Highly diversified customer base with top 10 largest customers only accounting for 12% of gross profit<sup>1</sup></li><li>▪ Crayon's revenue streams are recurring in nature with unmatched customer loyalty illustrated by 94% repeat buy<sup>1</sup></li><li>▪ Crayon has strategic partnerships with all the global software vendors such as Microsoft, AWS, IBM/RedHat and Oracle and scores high on vendor KPIs</li></ul>
<b>Profitable business model with a strong growth and robust balance sheet</b>	<ul style="list-style-type: none"><li>▪ Strong growth from business model with Gross profit CAGR of 25% and adjusted EBITDA CAGR of 50% since 2018</li><li>▪ Healthy and positive EBITDA margins in all market segments with unmatched profitability in the Nordic home markets. 83% cash conversion on a Q1 2021 LTM basis (&gt; 100% if adjusted for changes in net working capital)</li><li>▪ Robust and conservative balance sheet with a leverage ratio of ~2.8x pro forma post the Bond Issue and ~3.0x pro forma post the contemplated acquisition</li></ul>
<b>Strong market with rapid growth supported by digitalization and cloud mega trends</b>	<ul style="list-style-type: none"><li>▪ Favorable mega trends driven by cloud transition and digitalization with global IT spending expected to surpass USD 2 trillion in 2022</li><li>▪ Underlying demand further driven by increased digitalization resulting in increased complexity creating higher demand for Crayon's services</li><li>▪ FactSet consensus indicates ~21% average YoY growth in revenues each year until 2025 for the leading cloud providers, growth unlocked through partners such as Crayon</li></ul>
<b>Experienced management with founders still on the board</b>	<ul style="list-style-type: none"><li>▪ Highly experienced management and board of directors with founders still active at board level</li></ul>



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# Crayon at a glance

## Company in brief



**20 years**  
of expertise in software and  
cloud advisory



**~1,000 certifications**  
on a wide range  
of technology solutions



**80% global market**  
coverage with over  
50 offices across  
35 countries



**2,000 employees**  
Who are experts in their  
field



**Publicly listed**  
on the Oslo Stock  
Exchange with a  
market cap of NOK  
10.1 billion



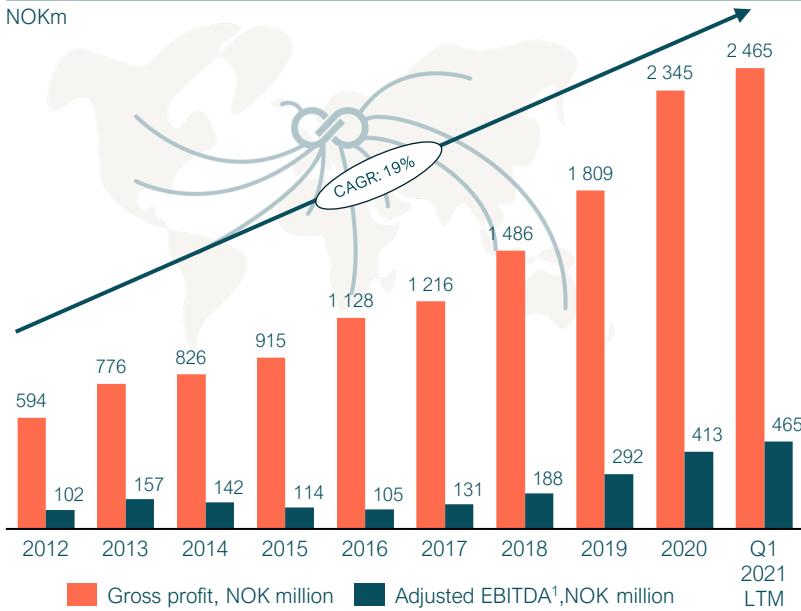
**~60,000 customers**  
from SMB to enterprise  
across all industries segments  
with high share from public  
sector



**Strong relationships**  
and strategic partnerships  
with leading technology  
vendors and cloud partners

## An international growth story with strong momentum

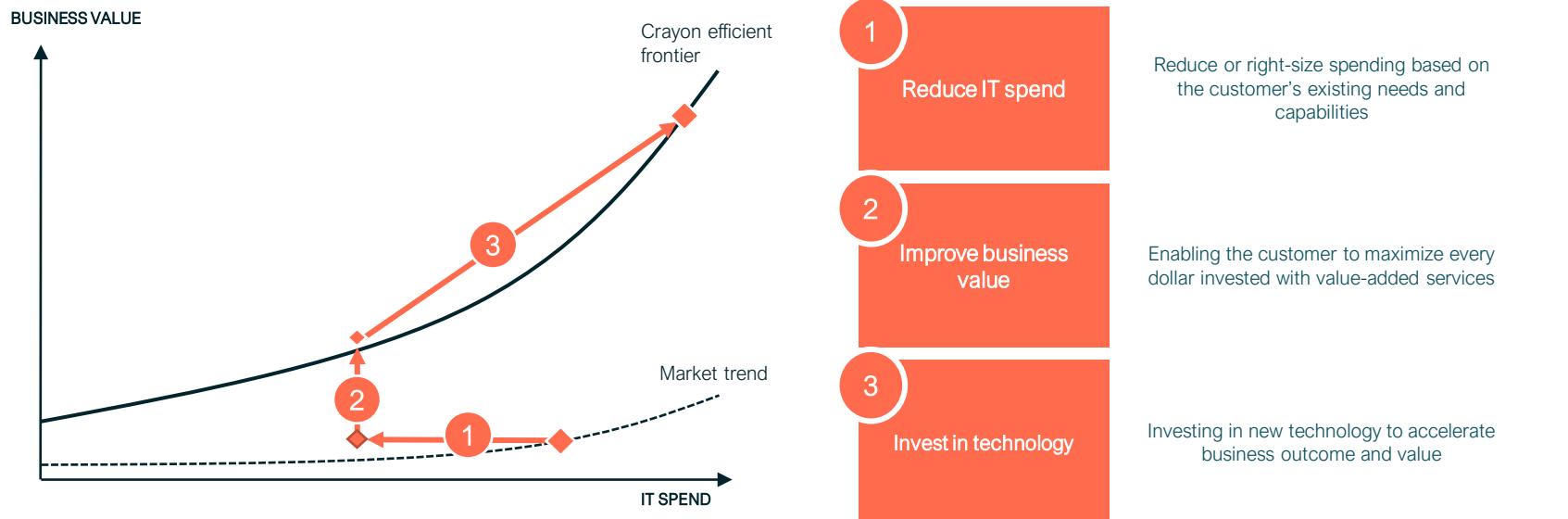
NOKm



Crayon helps its customers build the commercial and technical foundation for a successful and secure cloud-first, digital transformation journey

# Crayon is the preferred digital transformation partner...

## Crayon's three-step framework to optimize customers' IT spend



Crayon successfully manages the “dual relationship” with customers and software vendors by obtaining higher business value for clients and higher IT spend

# ...assisting its clients to address key IT challenges

## Clients faced with key questions...

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

2 *How to enable the customer to get more business value of every dollar invested in new layers of technology?*

3 *How to invest in new technologies to accelerate business outcome and value?*

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

## ...that Crayon helps to address

Software and Cloud Economics

Consulting

Cloud Services

Software

- Leading global specialist in optimizing clients' IT spend and managing software complexity
- Crayon's own software helps customers stay compliant
- Experts in cloud and predictive analytics assisting clients through all phases of digital transformation
- Enabling the customer to get more business value out of every dollar invested
- Experts in cloud migration
- Helping customers implement more complex solutions based on AI, ML and IoT
- Global software experts supporting clients with license advisory and transactional fulfilment
- Global software distributor for 2,800 channel partners, enabling automated provisioning and administration

Services  
Software

# Crayon adds value for both end customers and software vendors

## Crayon's end customers



- ✓ Provides an overview and expertise in an IT environment with increasing complexity and costs
- ✓ Helps customers get control over and manage IT spend through compliance and rightsizing of IT assets
- ✓ Proprietary IP solutions to help streamlining and integrate IT solutions
- ✓ Crayon further helps clients maximize return on IT investments aligning investments with strategic initiatives

## Crayon



- ✓ Help customers obtain control of their software spend and deliver «turn-key» solutions
- ✓ Efficient intermediary connecting vendors and customers for a successful digital shift
- ✓ Always in the end customer's corner working with a vendor agnostic view maximizing value creation for Crayon's customers

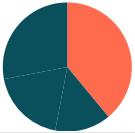
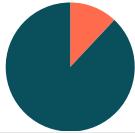
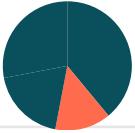
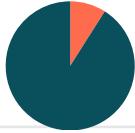
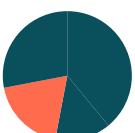
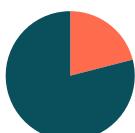
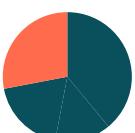
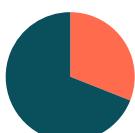
## Software vendors



- ✓ Increased complexity and solution possibilities demand higher competence in sales organization and tighter collaboration with end user through local presence
- ✓ Outsourcing of services and competence brings the highest product distribution power for software vendors
- ✓ Through partnership networks, software vendors obtain a global access and increased software sales

Valuable intermediary between software vendors and end customers

# Crayon has four separate business areas

Business area	Description	Value proposition	% of GP <sup>1</sup>	Top 10 client's share of segment GP <sup>2</sup>
Software	<p>1 Software &amp; Cloud Direct</p> <ul style="list-style-type: none"> <li>Software license offering from partners (e.g. Microsoft, Adobe, Symantec, Citrix, VMware, Oracle, IBM etc.)</li> <li>Cloud infrastructure from hyperscale cloud platforms – Azure, AWS, GCP</li> <li>Revenues from software and cloud sales to end customers</li> </ul>	<ul style="list-style-type: none"> <li>Lower total software and cloud costs</li> <li>Simplify usage/consumption reporting to software vendors</li> </ul>	 39%	 12%
	<p>2 Software &amp; Cloud Channel</p> <ul style="list-style-type: none"> <li>Crayon's service offering towards Channel partners which includes license advisory/optimization, sale of software licenses and cloud products and access to Crayon's reporting portal</li> <li>Revenues from software and cloud sales through partners</li> </ul>	<ul style="list-style-type: none"> <li>Lower total software and cloud costs</li> <li>Simplify usage/consumption reporting to software vendors</li> </ul>	 14%	 9%
Service	<p>3 Software &amp; Cloud Economics</p> <ul style="list-style-type: none"> <li>SAM focuses on license spend optimization and support for clients in vendor audits</li> <li>Cloud economics focuses on optimizing costs of cloud platforms and infrastructure</li> <li>Revenues from consulting/advisory, recurring services and licensing subscription</li> </ul>	<ul style="list-style-type: none"> <li>Reduce software and cloud cost</li> <li>Ensure compliance with license terms, thereby eliminate risk and substantial penalties from vendors for being under-licensed</li> </ul>	 19%	 21%
	<p>4 Consulting</p> <ul style="list-style-type: none"> <li>Consulting services is related to deployment and application services</li> <li>IT infrastructure services and tailored software</li> <li>Revenues from consulting hours and managed services</li> <li>Data and AI solutions and services</li> </ul>	<ul style="list-style-type: none"> <li>Resolve complex IT problems/issues that the client can not solve internally</li> </ul>	 28%	 31%

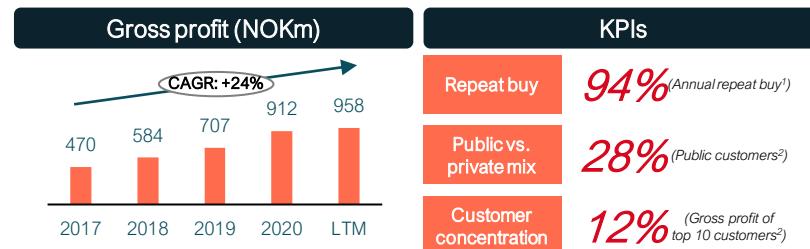
1. Based on LTM figures excluding Admin/Eliminations

2. Based on 2020 figures

# Software & Cloud – Direct and Channel

## 1 Direct – license offering directly from vendor to customers

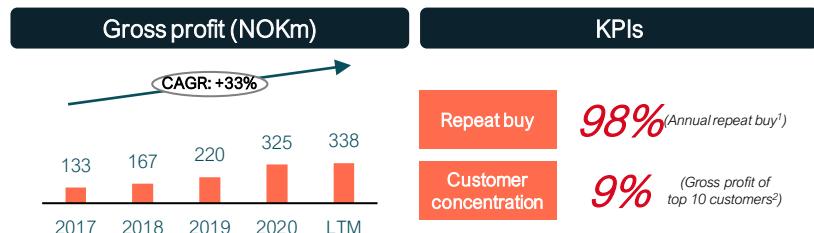
- Provides customers with standard software that the customers use consistently year after year, and which play a key role in their technical platforms and critical commercial processes
- Also provides customers with access to cloud infrastructure platforms such as Azure, AWS, GCP
- 521 sales and 1st line support employees per year end 2020 (FTEs)
- Clients acquired through Crayon's customer acquisition tool; - Software and Cloud Economics
- Majority of billing is done through Crayon – meaning Crayon are billing clients directly, strengthening client relationships
- 63.4% direct billing per 2020
- Solid level of recurring revenues from 3-5 year agreements with customers



## 2 Channel – license offering towards channel partners

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

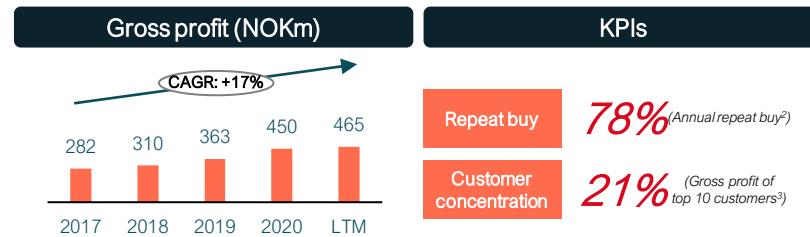
- Crayon not the customers direct point-of-contact, hence Crayon revenue is generated through channel partner network
- 146 sales and 1st line support employees per year end 2020 (FTEs)
- ~100% recurring revenue driven by multi-year agreements with monthly invoicing
- Business model is based on the Cloud-IQ platform, which is Crayon proprietary IP



# Services – Software & Cloud Economics and Consulting

## 3 Software & Cloud Economics; Crayon's customer acquisition

- Crayon's offering seeks to optimize the IT structure of customers by
  - improving software ROI
  - helping customers stay compliant (w.r.t. license terms and usage.)
- SCE is the go-to-market model and has been deployed as a customer acquisition tool when Crayon have entered new geographical markets
- SCE comprise both tactical advisory to mid-level management and strategic advice with customer top management as counterparts
- 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 ~ 340 SAM consultants, Crayon is a leading global player on SAM, and has the highest number of SAM consultants in the world<sup>1</sup>



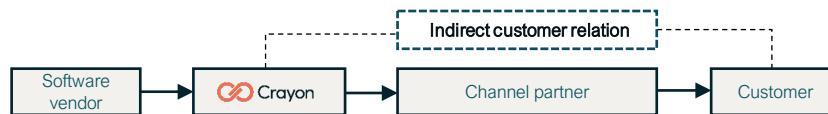
1. Crayon Management estimates based on number of independent SAM consultants (independent SAM consultants meaning consultants working for the customer, not the software vendor)

2. Repeat buy equals 1 minus logo churn. Source: Sales data

3. Based on 2020 figures. Source: Crayon sales report

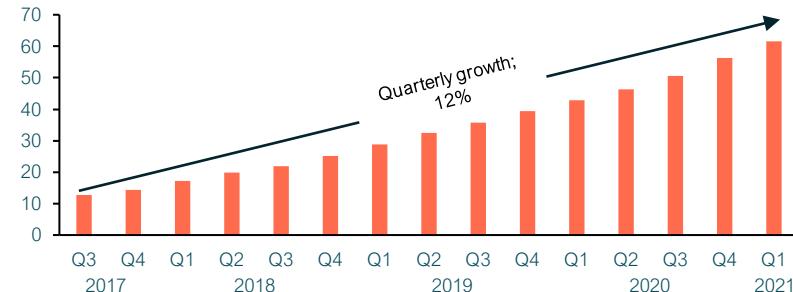
# SW&Cloud Channel: Strong growth from hyper-scalable, low-risk indirect cloud models

## Software & Cloud channel value chain



## Hyper-scalable model with monthly recurring revenue

# of end customers through Channel model (in thousands)<sup>1</sup>



## Software and Cloud channel at a glance

- Software and Cloud channel is Crayon's license offering towards channel partners
- License advisory/optimization, software license sales and access to Crayon's reporting portal
- Crayon sells software licenses through channel partner companies such as: TeleComputing, TDC Hosting, CGI, Tata Consultancy, Braathe Gruppen and others
- Crayon is not the customers direct point-of-contact, hence Crayon revenue is generated through the channel partner network
- ~100% recurring revenue driven by multi-year agreements with monthly invoicing

### Channel partner business model

#### Hosters & ISPs

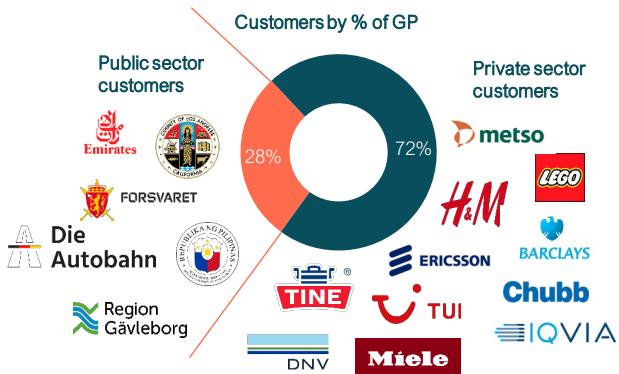
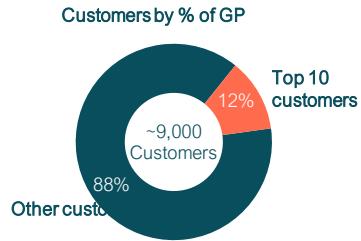
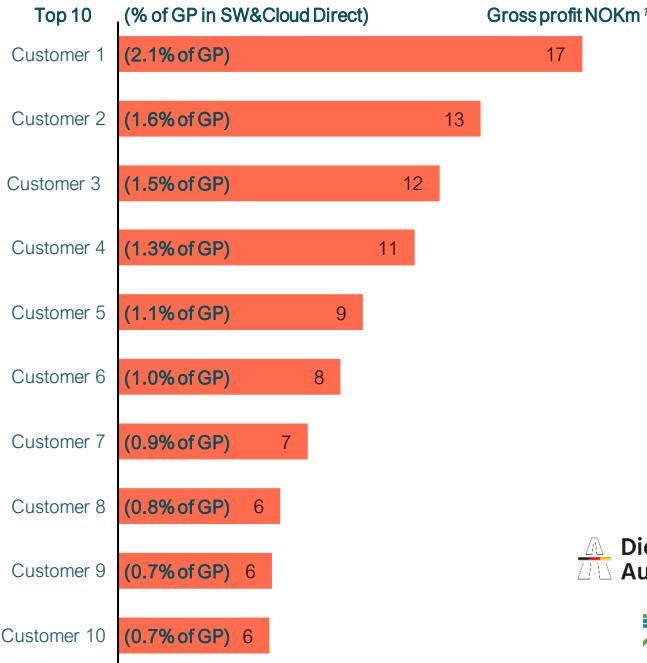
- Owns and operates data centers where Crayon typically serves them through a [hosting model](#)

#### Independent Software vendors (ISVs)

- Have naturally migrated and hosts their applications through a [cloud model](#)

# SW&Cloud Direct: Well diversified and sticky customer base with 28% of gross profit from public sector counterparties

Low customer concentration...



...with sticky recurring revenue



# SW&Cloud: Crayon has strategic partnerships with the global software vendors

## High scores on vendor KPIs...



~75%

Cloud mix<sup>1</sup>  
Clients facing increased complexity and compliance requirements



~80%  
Addressable market coverage<sup>2</sup>

Proven international expansion strategy, now in 35 markets



~30%  
Gross profit growth YoY<sup>3</sup>

A result of international expansion and high customer retention



~60,000  
Different customers

Strong customer base built on successful client relationships



~94%  
Avg. repeat customers<sup>4</sup>

Sticky customer base driven by high customer satisfaction

## ...while fulfilling key criteria...

1

Consultative capabilities to drive cloud sales and support the full life cycle of cloud workloads

2

Deep technical competencies supporting sale of complex licensing workloads

3

Global reach and scale



## ...safeguards Crayon's position as strategic partner.

Technical and commercial complexity increase when customers shift to cloud...

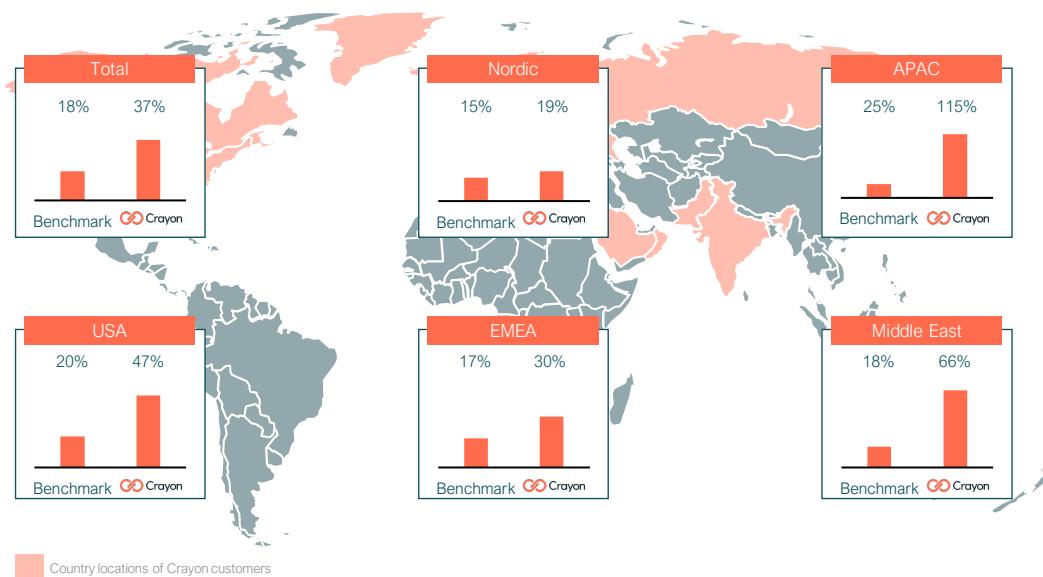
...as a consequence, global software vendors work deeper with a select group of global partners as an integrated part of their go-to-market model to support end customers on their cloud journey...

...Crayon is one of those partners...

...end result, 94%<sup>5</sup> of Microsoft's commercial revenue flow through the partner network

# SW&Cloud: Market position is growing on the back of strong momentum

Crayon continues to outgrow its market<sup>1</sup>...



..with positive momentum in all markets<sup>2</sup>

Market	Rank FY 2018	Rank FY 2019	Rank FY 2020
Nordic	#2	#2	#1
EMEA	#4	#3	#3
Middle East	#6	#4	#2
APAC	#20+	#20	#6
USA	#14	#12	#10
<b>Total</b>	<b>#9</b>	<b>#7</b>	<b>#6</b>

1. Benchmark based on top 20 industry players (revenue growth YoY)

2. Based on Microsoft license sale through partners

# SW&Cloud Economics: Significant savings potential – customer example

## Cost savings strength with multicloud capability

Nordic Choice Hotels

USD 26.3k  
Annual savings  
22%  
of est. annual spend

USD 22.5k  
Annual savings  
18%  
of est. annual spend



## Strategic value creation levers

### Nordic Choice Hotels:

16,500 employees faced with business impact from COVID-19 and need to reduce IT cost

Focus on Cost and Compliance Risk reduction

### Crayon Cloud Economics:

Expanded Crayon IP Service-iQ platform across Azure and AWS

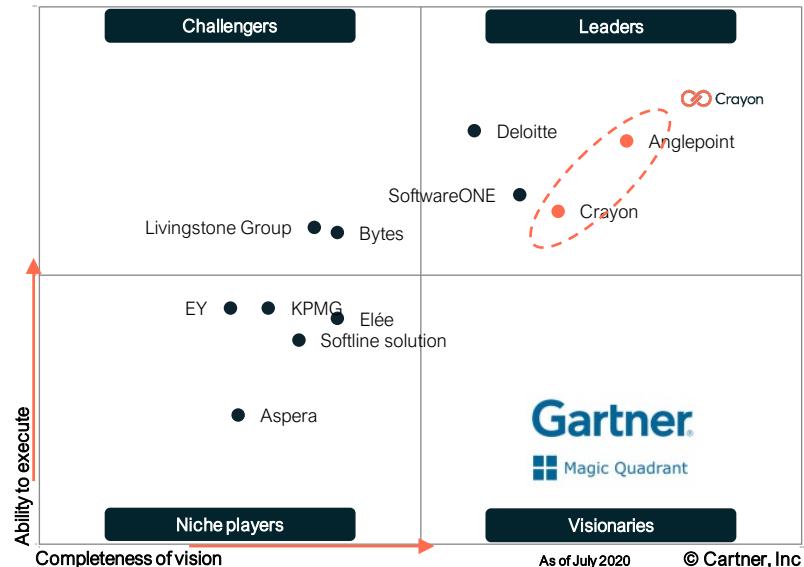
Leveraging best practice for multicloud governance and optimization to our clients

# SW&Cloud Economics: Crayon named market leader by Gartner's Magic Quadrant

## Crayon demonstrated benefit delivery beyond its peers

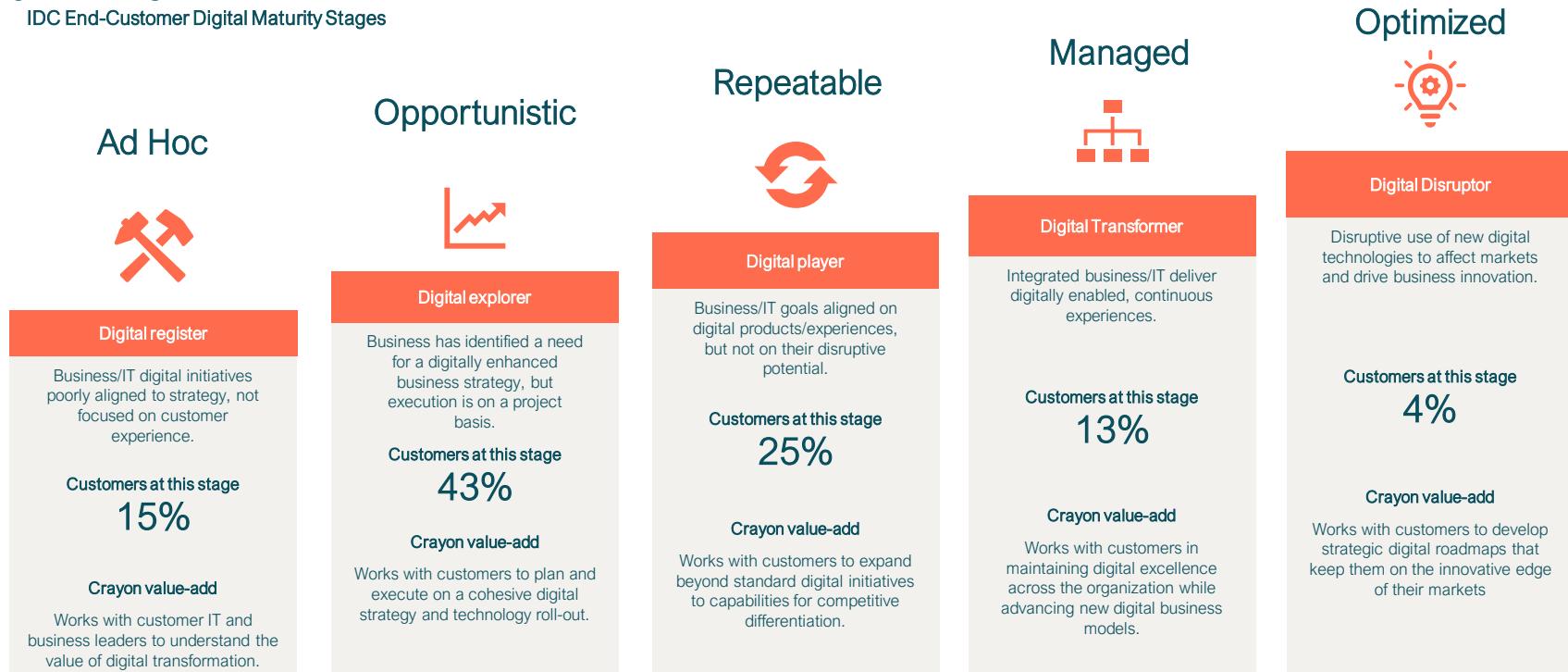
- ✓ The report is the first of its kind, and therefore a recognition of the fact that software asset management (SAM) is officially an established industry
- ✓ The market leader position is a confirmation of Crayon's success in helping customers optimize, manage, and innovate their IT estates
- ✓ The report highlights that managed software asset management is a discipline Crayon have been perfecting for almost 18 years
- ✓ Crayon's SAM managed service client volume, contract maturity and proportion of continuous SAM service delivery are each among the highest in the industry
- ✓ Crayon scored especially within innovation and IP, and is praised by reference clients for service methodology and execution
- ✓ The Crayon subsidiary Anglepoint is the only provider with no bottom-three scores across the 15 assessed criteria in the report

## Crayon claimed the number 1 spot

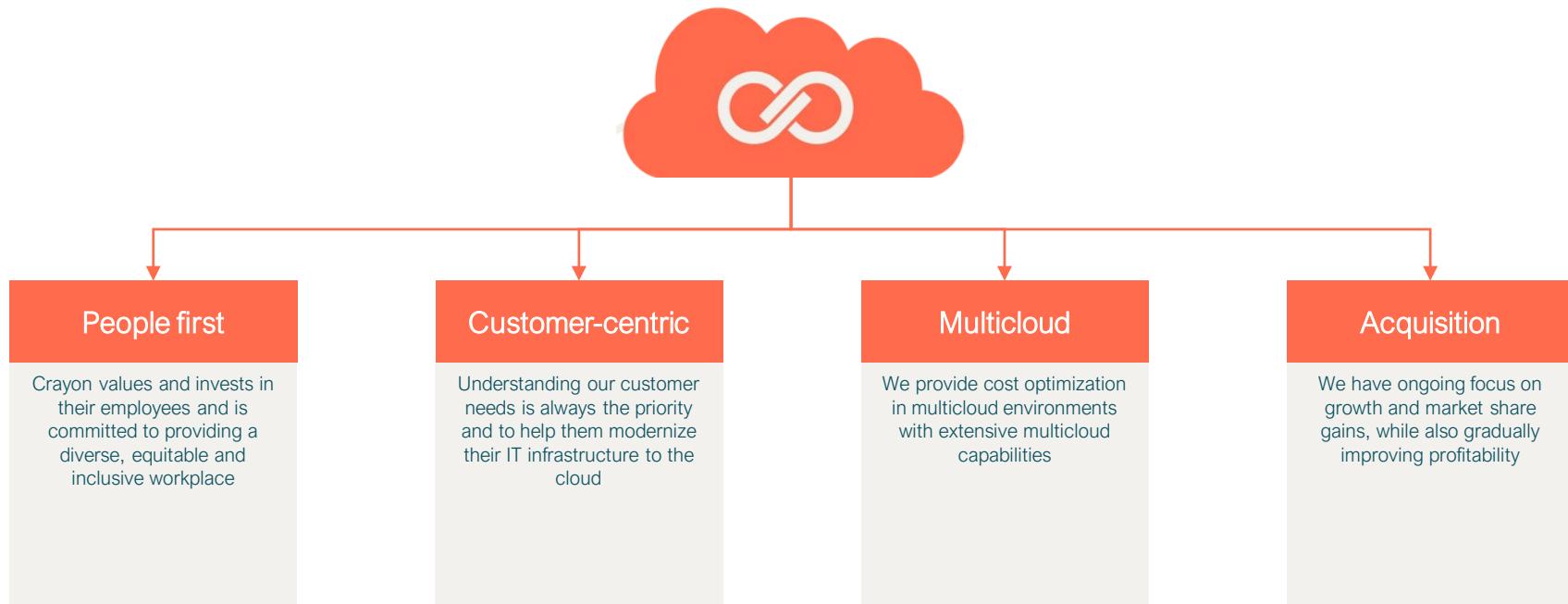


# Consulting: Crayon adds value along the customer's digital maturity journey

IDC End-Customer Digital Maturity Stages



# The Crayon strategy for continuous global success



# Committed to build a greener and more sustainable future



## Environment

- ✓ Reports on GHG footprint in terms of CO2 emission by Eco Light House (Miljøfyrtn) since 2011 and plans to expand the tracking to other countries based on applicable frameworks
- ✓ Focus on local environmental certifications such as ISO14001 in Czech Republic and EcoVadis in Norway
- ✓ Collaborates on projects with the UN Global Compact to advance the Sustainable Development goals
- ✓ Has implemented specific measures to reduce the amount of CO2 emissions related to business travel, reduced the consumption of energy and reduced waste
- ✓ Training of buyers on environmental issues within the supply chain
- ✓ Sustainable procurement policies on environment issues



## Social

- ✓ Crayon's team in India distributed food and medical supplies to communities disproportionately affected by COVID-19
- ✓ In Germany, employees donated funding to the Bärenherz children's hospice in Leipzig, the CSCS/COR team successfully distributed 1200 food bags in the Philippines and the US team organized a food drive that garnered nearly 160 kilos of food for families
- ✓ Donated equipment to schools in the UK for children with special needs and ongoing efforts in many regions to raise money for fighting cancer and other illnesses
- ✓ Established a stock ownership plan for employees and taken measures to incentivize a good work-life-balance
- ✓ 40% women in executive management and female CEO



## Governance

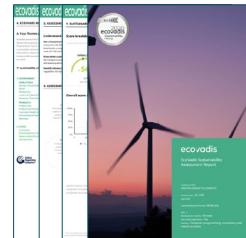
- ✓ Good corporate governance is considered a prerequisite in the Crayon Group, and therefore the company endorses the Norwegian Code of Practice for Corporate Governance
- ✓ Whistleblower procedure to report business ethics issues
- ✓ Specific approval procedure for sensitive transactions (e.g. gifts, travel)
- ✓ Awareness training on business ethics issues
- ✓ Regular supplier assessment
- ✓ Implemented high standards in relation to advertising, marketing and public relations



ESG part of Annual reports<sup>1</sup>



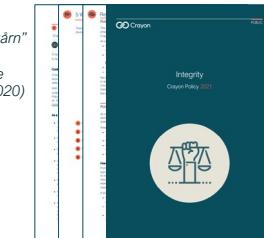
Corporate Governance Principles



EcoVadis Sustainability Report 2020<sup>2</sup>



Annual "Miljøfyrtn" report (example pages 2020)  
Klimaregnskap for Crayon Group AS  
Certified "Environmental Lighthouse" since 2011



Crayon's Employee and Partner Integrity Policy



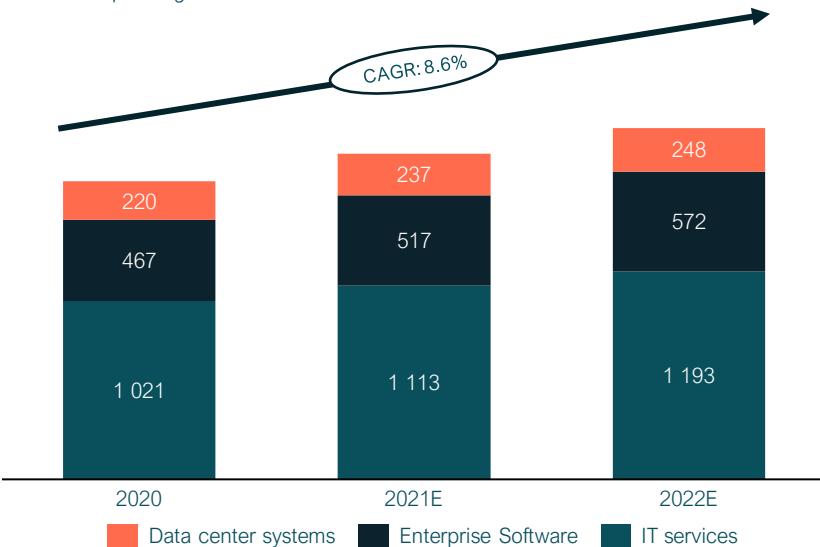
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# Global IT spending is growing and becoming increasingly important

## Global IT spending expected to reach over USD 2 trillion in 2022

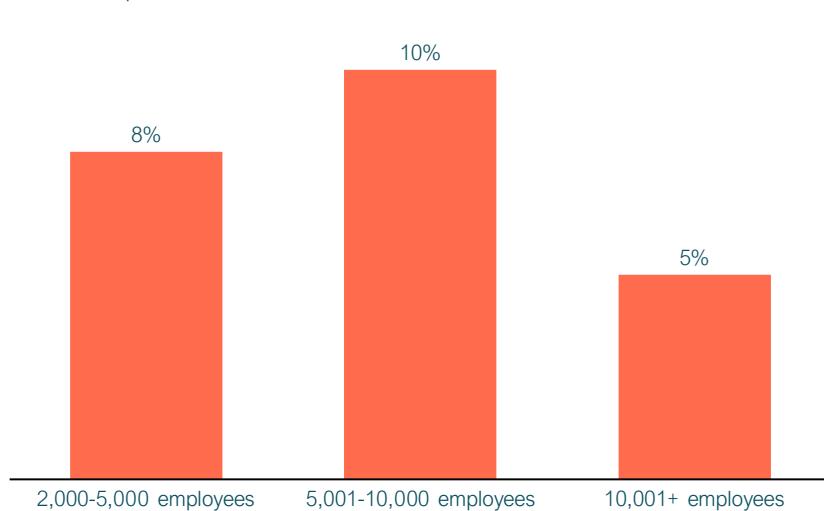
Global IT spending in USDbn<sup>1</sup>



Strong growth in IT spending with an expected CAGR of 8.6% from 2020 to 2022<sup>1</sup>

## IT spending is becoming a strategic consideration

Median IT spend as % of revenue<sup>2</sup>



Strong underlying demand for IT cost optimization as clients require «more and better» IT advice

# IT projects have an increasing priority – driving IT budgets

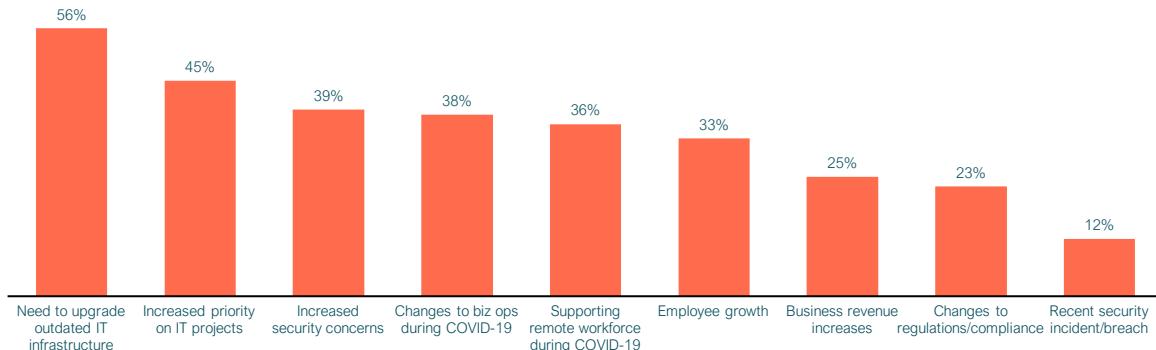
## Top cloud challenges

Main challenges listed by % of companies surveyed



## Most important factors for increased IT budgets

Main factors listed by % of companies surveyed



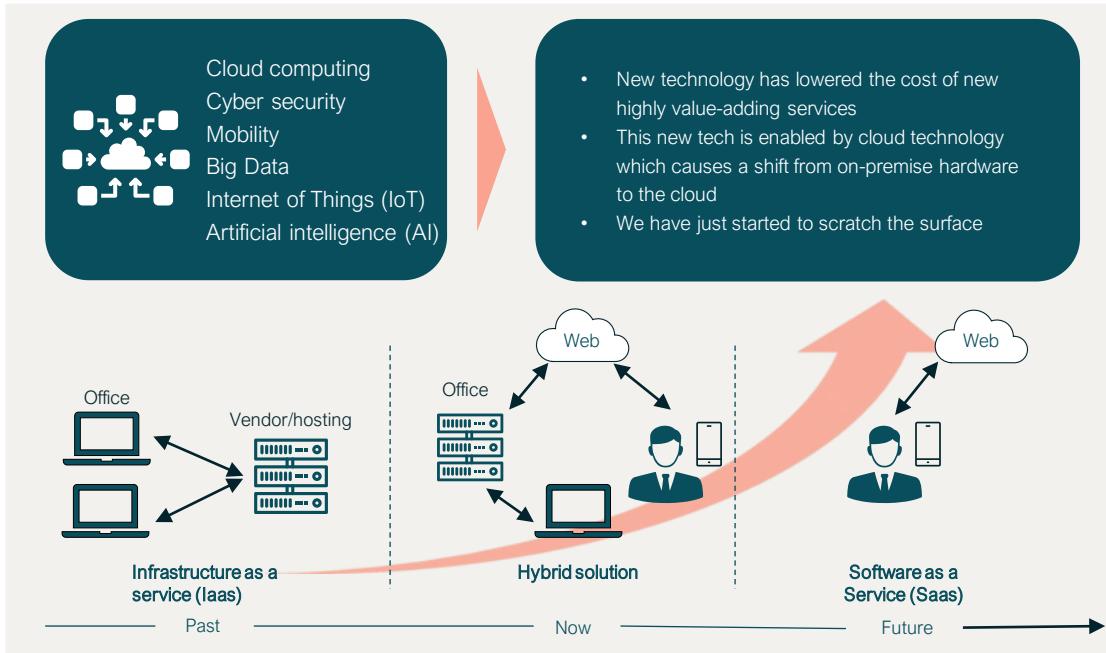
**Approximately 80% of companies expects their IT budgets to increase or remain stable**

% of companies surveyed

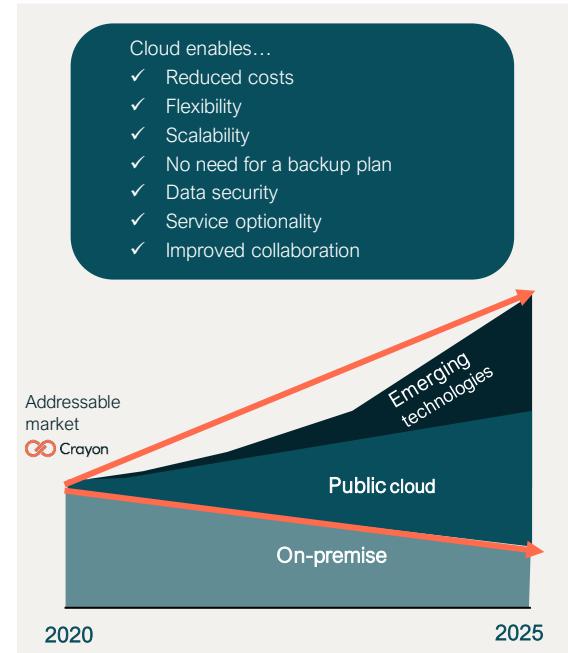


# Transition to cloud

## Digital transformation brings new value adding services, all made possible by cloud

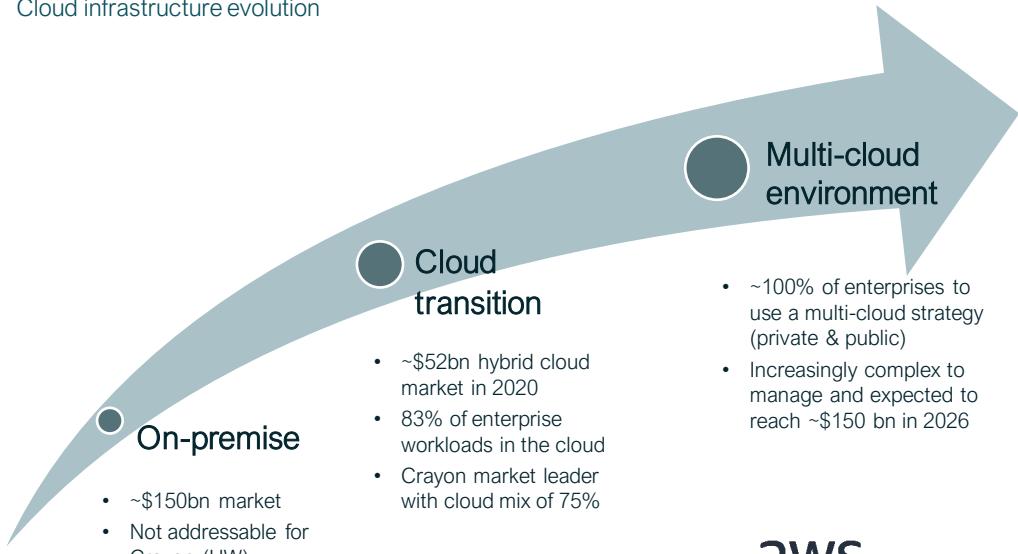


## Strong cloud growth in coming years



# Cloud evolution creates new service opportunities

## Cloud infrastructure evolution

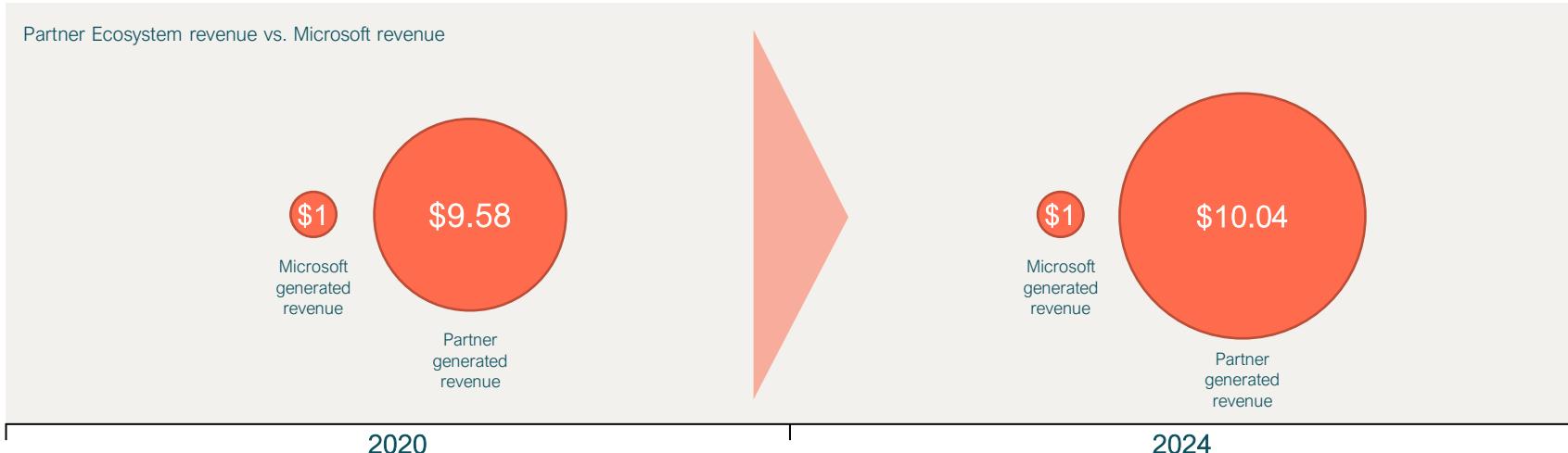


## Service opportunities for Crayon:

- USD ~100bn workloads to be migrated to hybrid clouds
- Increased complexity is driving increased demand for SAM & Cloud Economics services
- Multi-cloud management services becoming increasingly relevant

# Microsoft is highly dependent on and expects significant growth from partner network

The Partner Ecosystem is expected to outgrow Microsoft revenue and reach USD 1.2 trillion



# Artificial Intelligence and Machine Learning are gaining momentum

## Crayon is on the forefront of innovation



...the 2019 Global Artificial Intelligence & Machine Learning Partner of the Year

No. 1 among ~3,000 partners worldwide

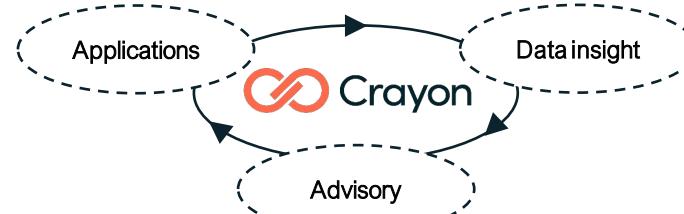


...the first European Machine Learning Competency Partner

Currently 1 of 12 partners

## Taking advantage of market opportunities

### Crayon AI & ML services



Significant growth expected in the market

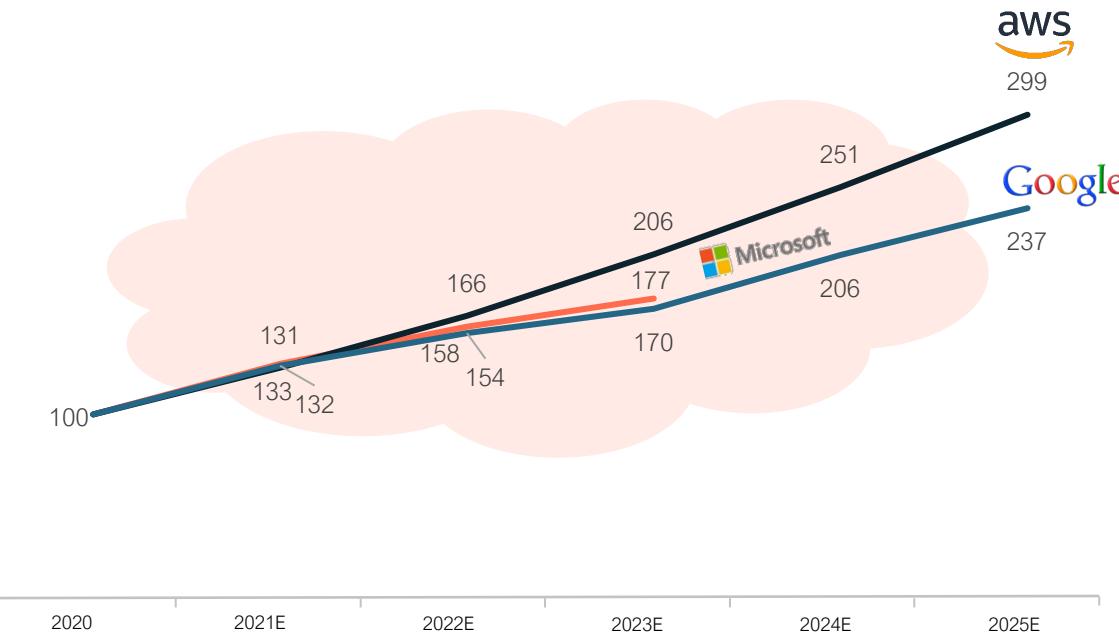


~50% of organizations are already actively working on implementing AI strategies

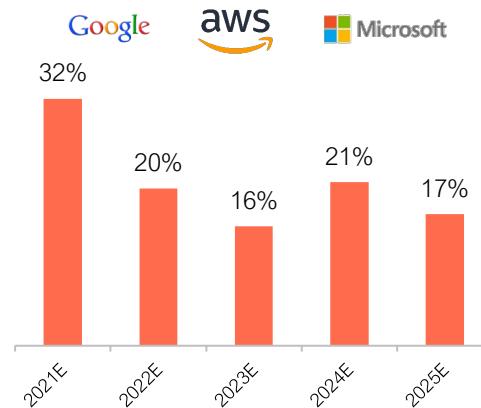
# Significant growth for hyperscale cloud platforms expected to continue

## Consensus revenue growth estimates for the largest cloud suppliers

Growth estimates, indexed



## Average YOY growth



- Crayon's main suppliers are Microsoft, AWS and Google
- FactSet consensus indicates ~21% average YoY growth in revenues each year until 2025

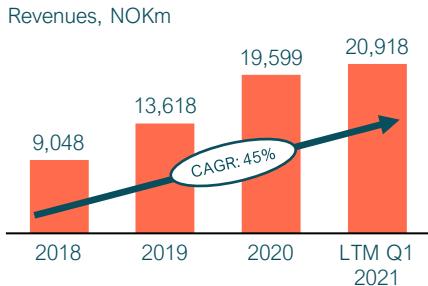


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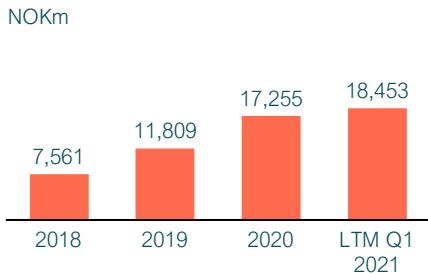
# Gross profit is the key performance measure

## Revenues underpins scale and footprint...



- Revenues includes the gross cost of software licences which is invoiced by Crayon's partners and does therefore not reflect the actual value creation in the company
- However, a growing revenue base indicates an increased traction and footprint

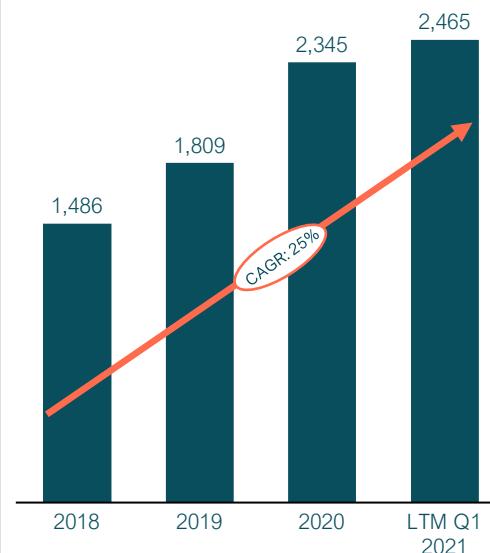
## Cost of sales



- Cost of sales typically includes cost of licenses etc. to Crayon's vendor partners
- The increase in cost of sales as a % of revenues is mainly driven by Crayon taking on larger contracts with higher gross revenue and corresponding cost of sales – however, at attractive gross profit characteristics

## ...however gross profit is the key performance measure

### Gross profit, NOKm



- Crayon has grown its gross profit with 25% CAGR since 2018
- Crayon consider gross profit to be the appropriate KPI as this is comparable across the different business segments
- When evaluating new projects and business, Crayon considers the total gross profit compared to the input factors, rather than gross revenues
- For example, larger enterprise or public contracts tends to have high revenue potentials, but also relatively high related cost of sales. This implies that the gross profit margin decreases, even though the project is clearly accretive from a gross profit and EBITDA perspective

# Strong focus on profitability drives EBITDA

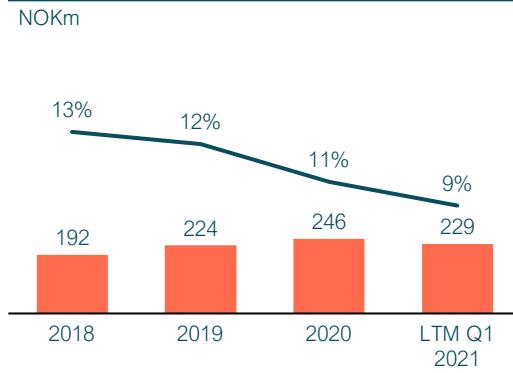
## Payroll and related expenses



Payroll and related costs — % of gross profit

- Payroll and related costs includes all payroll expenses as reported in the income statement
- Due to the scalability of the business model, Crayon has been able to significantly grow the business footprint combined with a relatively stable personnel cost base

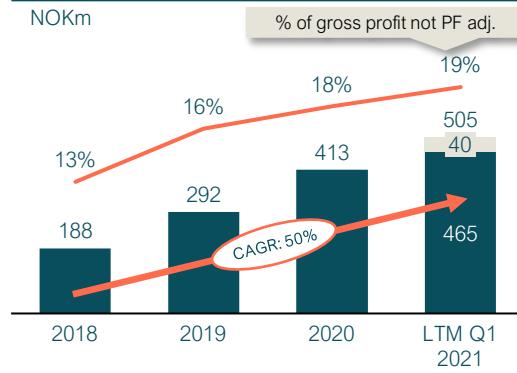
## Other operating expenses



Other operating expenses — % of gross profit

- Other operating expenses are primarily related to
  - Facilities and associated costs
  - IT operations costs, including communications, licenses and platform costs
  - Travel
  - Other external services

## Adj. EBITDA development



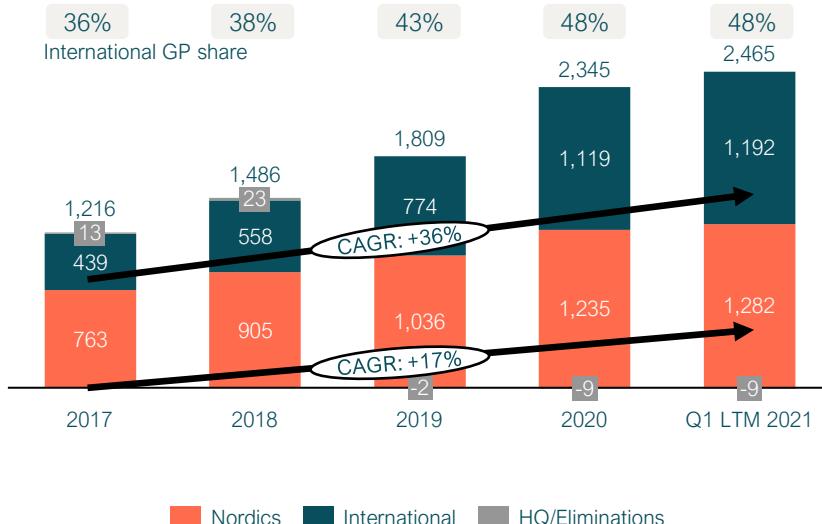
Adj. EBITDA — PF adj. — % of gross profit

- Crayon has experienced a significant adj. EBITDA increase combined with margin expansion
- This has been driven by stringent cost control and increased gross profit footprint
- From 2019, IFRS leasing adjustments was implemented in reported figures. The EBITDA effect in 2019 was NOK 32 million

# International expansion momentum continues

## Gross profit development

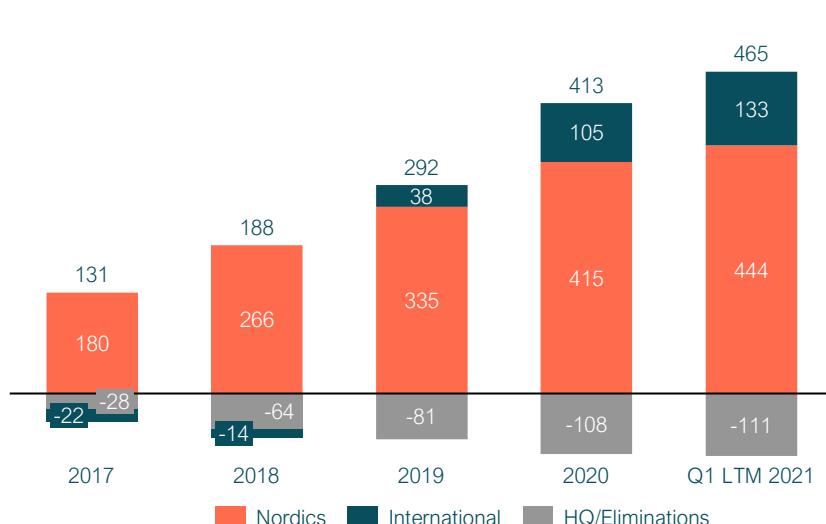
NOKm



- Continued gross profit growth in international markets – doubled last three years

## Adjusted EBITDA<sup>1</sup> development

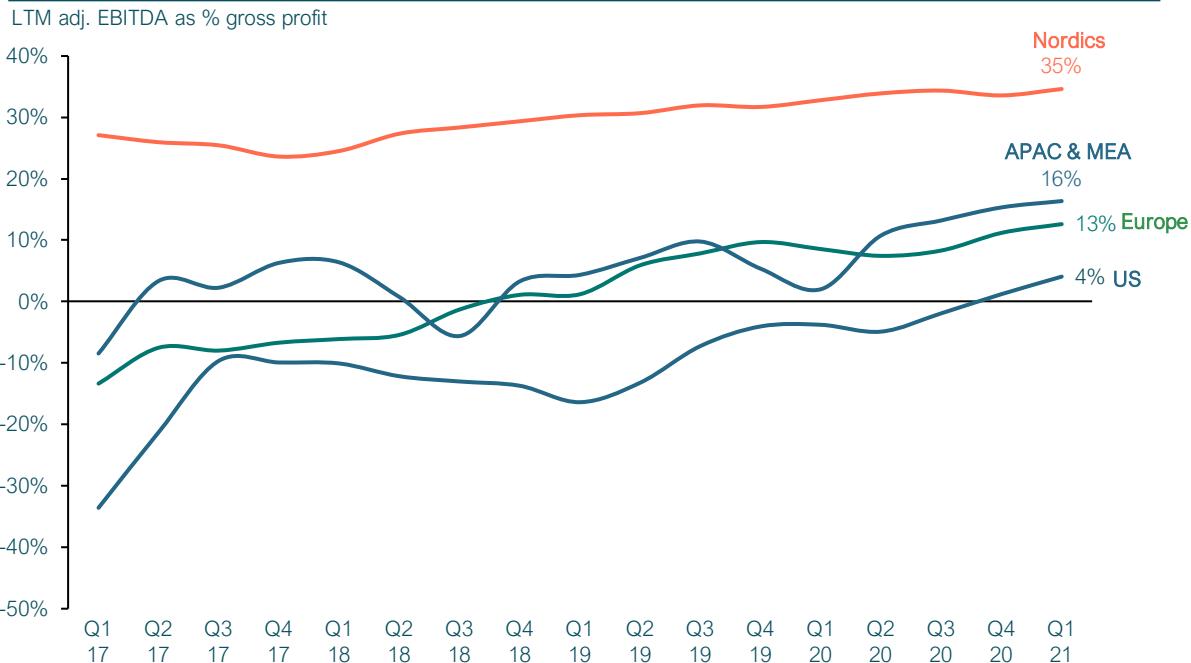
NOKm



- EBITDA contribution from International markets continue to improve

# International EBITDA margins continue to improve

## Positive EBITDA margins across geographies

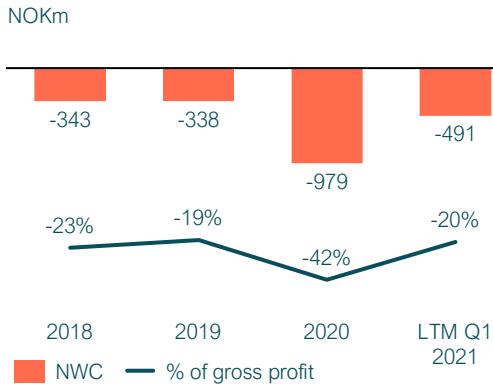


## Comments

- Nordics with continued strong and growing EBITDA margins
- The Nordic adj. EBITDA margin as % of gross profit represent the margin in a fully scaled market
- Germany and India is nearing the same margins as the Nordics
- The profitability for the APAC and MEA regions are strong and improving
- Europe EBITDA margins negatively influenced by investments into CEE
- Another key achievement is that the EBITDA margin in the US has now reached positive levels. Given the market potential and the strong fundamentals, Crayon expect to continue to invest in growth
- While investments will continue to have an impact on the margin, Crayon expects to continue to improve the EBITDA margin from the international markets as they are scaled

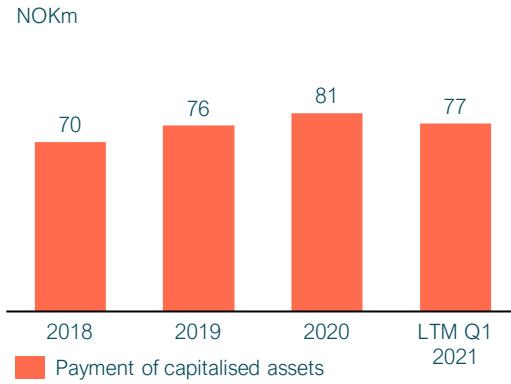
# Strong cash generative business model

## Net working capital



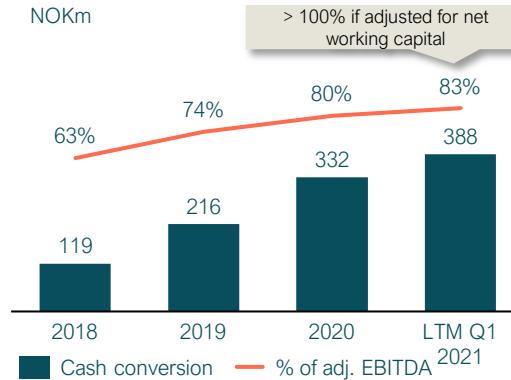
- Crayon has a track record of operating with negative net working capital
- Trade working capital decreased in Q1 2021 compared to Q1 2020 driven by a combination of improved credit and collection performance with customers

## Capex (non-acquisition related)



- Crayon has a stable non-acquisition related capex of between NOK 70-80m
- Capex LTM was NOK 77m and for the full year 2021, Crayon guides a capex of NOK 80-85m to continue to invest into its platforms, such as the new ERP system, the Cloud IQ platform and other globally scalable service offerings in order to drive growth and improve margins

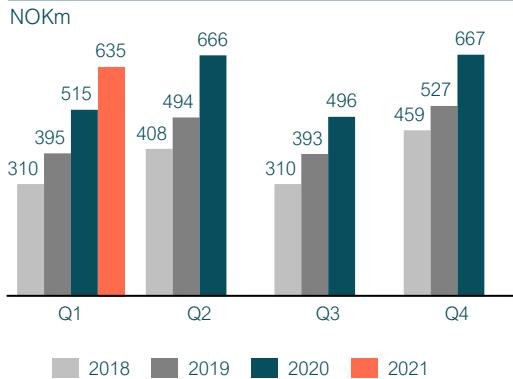
## Cash conversion<sup>1</sup>



- Crayon has an attractive cash conversion profile with an increasing cash conversion percentage
- Cash conversion defined as adj. EBITDA less payment of capitalised assets
- Crayon has seen a strong growth cash conversion driven by improved EBITDA margins and relatively limited need for non-acquisition related capex

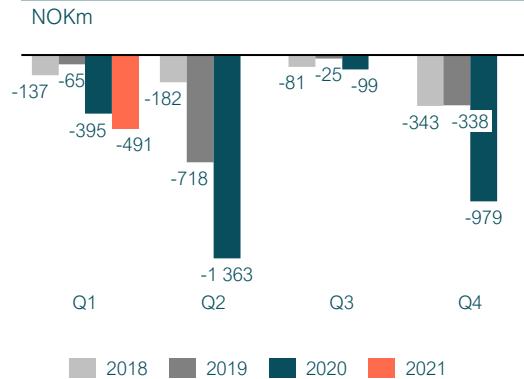
# Inherent seasonality in the business model

## Quarterly gross profit seasonality



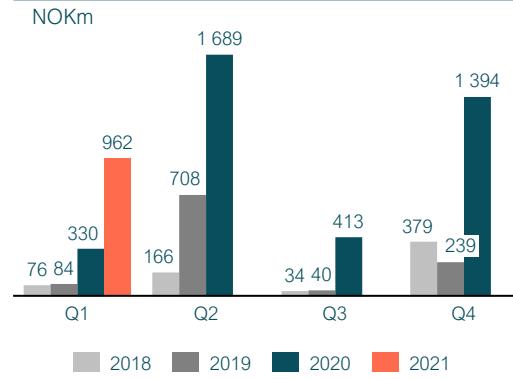
- Crayon has a strong underlying seasonality to its financial results driven by external factors, with Q2 and Q4 being the strongest quarters, while Q1 and Q3 being the slowest quarters
- The seasonal fluctuations have resulted from a variety of factors including contract renewals being skewed towards Q2 and Q4, year-end campaigns by key vendors and the number of working days in a quarter resulting in shorter production periods for consultants

## Quarterly net working capital



- Net working capital follows the same seasonality as gross profit
- However, Crayon has a consistent track record of negative working capital, which implies that working capital is a source of funds and not a use of funds
- Net working capital affected by policy of always paying vendors on time. Crayon typically collect before time, but timing may affect net working capital

## Quarterly cash balance



- The embedded seasonality in gross profit and net working capital is visible in the company's cash balance
- Crayon has a robust cash balance that fluctuates with the quarterly trends
- Such cash fluctuations is the main reason that Crayon has established a working capital facility. To align the facility with the seasonal fluctuations, it is required to be cleaned down twice during the year

# Financial policies

## Dividends

- The company does not expect to distribute dividends, but a potential dividend payment will be restricted to maximum 50% of consolidated net profits
- Any distributions will only happen when it is strategically optimal, subject to a satisfactory underlying financial performance and the incurrence test in the bond terms (leverage ratio (NIBD / pro forma adj. EBITDA) < 2.5x & ICR > 3.0x)

## Leverage ratio

- Crayon considers a leverage ratio (NIBD / pro forma adj. EBITDA) of 3.0x to be the maximum leverage over a longer period
- Due to the inherent seasonality in working capital between quarters, there might be shorter periods with higher levels

## Hedging

- The company is exposed to currency fluctuations due to the international nature of its operations, but this exposure is limited by a natural hedge where most revenue and goods sold are in the same currency
- Major transactions in foreign currency are hedged according to a pre-defined policy using forward contracts



- I Transaction summary
- II Company introduction
- III Industry overview
- IV Financial overview
- V Appendix
- VI Risk factors



# Management overview

## Executive management – highly experienced within the respective fields



**Melissa Mulholland**

**Chief Executive Officer**

- Joined the company as Chief Services & Solutions officer in 2020
- 12 years experience from Microsoft leading global strategy and business development in the cloud segment
- Additional experience as Finance manager in Intel
- Author of 12 books focusing on building cloud businesses
- MA in Business Administration from Regis University



**Jon Birger Syvertsen**

**Chief Financial Officer**

- Joined the company as CFO in 2018
- Experience as CFO in FMC Health & Nutrition and Epax AS
- Additional experience as Engagement Manager at McKinsey & Company
- MSc. in Industrial Economics and Technology Management from NTNU and St. Gallen



**Bente Liberg**

**Chief Operating Officer**

- Joined the company in 2002 as Consulting Manager and has held various positions
- 15 years of experience as IT infrastructure manager
- Additional 9 years experience as manager for IT consultants
- Education from NKI Computer College



**Mattias Ödlund**

**Chief Technology Officer**

- Joined the company as Operations Director in 2007 for the Swedish subsidiary Crayon AB
- +20 years experience in the IT industry and has held senior positions at Song Networks AB and Wineasy AB where he served as CTO and VP



**Abbey Lin**

**Chief Compliance Officer**

- Joined the company as CCO in 2021
- +15 years international ethics and compliance-related experience, most recent as a Control and Compliance Lead in Microsoft
- She was also the Head of Compliance and Business Integrity at KPMG and Ethics & Compliance manager at Yara International
- MA from University of California (UCSD)

# Board of directors

## Board of directors



Rune Syversen

- Chairman of the board and Co-founder of Crayon Group
- Held several senior positions in Telenor Group
- Successful serial entrepreneur instrumental in creation and growth of Link Mobility and Skri
- Sits on the board of Link mobility Group ASA, Sevens AS and Calusa AS
- Studied at the Norwegian School of Management



Camilla Magnus

- Lawyer and partner of Norwegian law firm Selmer DA, and leads the Corporate and Finance department
- Also serves on the board of directors of TechStep ASA
- Area of expertise includes M&A, contract law, and corporate law
- Master's degree in law from University of Oslo



Eivind Roald

- Senior Industrial Advisor with Altior Equity partners
- Experience as CCO at SAS (Scandinavian Airlines) for six years, Managing director for HP and partner in Accenture
- Bachelors degree from the Norwegian School of Management focusing on strategy and developing performance



Brit Smestad

- Employee, serving as Customer Success Manager for Crayon Managed Cloud Services
- Responsible for ensuring that operational level agreements and underpinning contracts are appropriate
- Previously held various positions in Crayon
- Studied project management at BI Norwegian Business School



Jennifer Lee Koss

- Jennifer Lee Koss serves as a board member
- Graduate from Harvard University, Oxford University and Harvard Business School
- She has spent the majority of her professional career focused on the consumer and retail sectors having worked over a decade in management consulting, investment banking, and private equity before starting a retail agency BRIKA in 2012



Jens Rugseth

- Co-founder of Crayon group alongside Rune Syversen
- Serial entrepreneur, having founded multiple companies in the IT sector the last 25 years
- Experience as CEO in some of the largest IT-companies in Norway, including ARK ASA, Cinet AS, and Skrivervik Data AS
- Studied business economics at the Norwegian School of Management



Dagfinn Ringås

- Group CEO of SYSCO, a Nordic technology company in the energy sector
- +20 years experience in the IT-industry. Including leadership roles at Microsoft and the role as Country President of Schneider Electric Norway
- MBA from Sydney Business School, Executive leadership program from Insead and bachelors' degree from University of Oslo



Grethe Viksæs

- Long career with Basefar, first as founder and CEO, and subsequently as a board member
- Experience as CEO for SOL System AS and Infostream ASP, as well as director of the board of Telenor ASA
- Also serves as chair of the board of Norsk Regnesentral and board member of PoLight AS
- Master's degree in computer science from University of Oslo



Christian Ødemark

- Employee, serving as head of Finance in Crayon Norway
- Part of management team in Crayon Norway
- Experience as Finance Manager for both Gunnebo Nordic and REMA 1000 Oslo as well as Project Manager and Administration officer at Lidl Norway
- Masters degree in Business and Economics from BI Norwegian business School



Mette Wam

- Mette Wam serves as employee representative on the board of directors
- Mette Wam is a graduate from University of South-Eastern Norway and Strathclyde University, Glasgow
- She has experience from several senior positions in IT consultancy

## FINANCIAL REVIEW

# Quality of earnings

### Comments

- The financial figures throughout this presentation are based on the consolidated figures for the operational company Crayon Group Holding ASA and are unadjusted as reported in the audited and financial statements
- Q1 2021 LTM figures are based on the unaudited Q1 report 2021
- The independent auditor's reports are carried out by KPMG AS and reported in accordance with IFRS as adopted by the EU
- Adjusted EBITDA is a key financial parameter for Crayon. Adjusted EBITDA is normally defined as EBITDA less refinancing cost, M&A and strategy cost, extraordinary personnel cost and share based compensation
- The forgivable loan is assessed according to IAS 20 on terms of government grant and has been fully forgiven

### EBITDA

NOKm	2017	2018	2019	2020	Q1 2021 LTM <sup>1</sup>
<b>Reported EBITDA</b>	103.8	177.1	249.9	381.4	424.1
<b>Adjustments</b>					
Refinancing	0.2	-	-	-	-
Specific M&A costs and legal structuring	0.3	1.0	22.1	0.4	0.3
IPO Cost 2017 (Project Elevate)	16.1	0.3	0.5	-	-
Share based compensation	3.9	3.3	19.7	48.7	55.7
Extraordinary personnel cost	6.2	6.6	-	-	2.7
Forgivable loan (US)	-	-	-	17.6	17.6
<b>Adjusted EBITDA</b>	130.6	188.1	292.2	412.9	465.3

46 1 Crayon Group Holding ASA unaudited Q1 report 2021  
Note: All EBITDA figures according to IFRS, IFRS 16 in effect from 2019 with a NOK 32 million impact

## FINANCIAL REVIEW

# Profit & loss

## Comments

- Right-of-use assets recognized and depreciated from 2019, increasing depreciation by NOK 26.4m and 35.5m in 2019 and 2020 respectively
- Increase in amortization and depreciation in 2019 due to increased impairment of goodwill related to FAST acquisition in 2013
- The total effect on EBITDA in 2019 from leasing adjustments was NOK 32 million
- Income tax expenses increases as a consequence of the significant improvement in profitability
- Payroll and related costs are driven by number of FTEs, which will increase as activity accelerates
- Under sale of software and cloud, Crayon acts as a reseller. Under such contracts, Crayon acts as an agent and recognizes commission from the vendor as revenue net of related costs. The revenue is recognized gross with any incentives and rebates from vendors being reflected as a reduction in cost of sales. As a result, management prepares budgets on gross profit rather than gross revenue

## Income statement

NOKm	2017	2018	2019	2020	Q1 2021 LTM <sup>1</sup>
<b>Operating revenue</b>	7,301.7	9,047.5	13,618.0	19,599.5	20,918.0
<b>Cost of sales</b>	-6,085.9	-7,561.4	-11,809.3	-17,254.7	-18,453.4
<b>Gross profit</b>	<b>1,215.8</b>	<b>1,486.1</b>	<b>1,808.7</b>	<b>2,344.8</b>	<b>2,464.5</b>
Payroll and related costs	-950.6	-1,114.7	-1,312.7	-1,716.7	-1,810.6
Other operating expenses	-161.4	-194.3	-246.1	-246.7	-223.8
<b>Total operating expenses</b>	<b>-1,111.9</b>	<b>-1,309.1</b>	<b>-1,558.8</b>	<b>-1,963.4</b>	<b>-2,040.4</b>
<b>EBITDA</b>	<b>103.8</b>	<b>177.1</b>	<b>249.9</b>	<b>381.4</b>	<b>424.1</b>
Depreciation	-9.7	-11.6	-40.6	-54.1	-56.1
<b>EBITA</b>	<b>94.1</b>	<b>165.5</b>	<b>209.3</b>	<b>327.3</b>	<b>368.0</b>
Amortisation	-60.7	-64.9	-132.2	-86.2	-87.7
Goodwill impairment	-1.3	-	-	-	-
<b>EBIT</b>	<b>32.2</b>	<b>100.6</b>	<b>77.1</b>	<b>241.1</b>	<b>280.4</b>
Financial income	114.3	31.5	165.4	486.7	482.2
Financial expense	-200.1	-78.3	-232.8	-534.2	-498.4
Net financial expense	-85.8	-46.8	-67.5	-47.5	-16.3
<b>Ordinary result before tax</b>	<b>-53.7</b>	<b>53.8</b>	<b>9.6</b>	<b>193.7</b>	<b>264.1</b>
Income tax expense on net income	2.9	-42.8	-28.9	-66.8	-70.5
<b>Net (loss) income</b>	<b>-50.7</b>	<b>11.0</b>	<b>-19.3</b>	<b>126.8</b>	<b>193.6</b>

## FINANCIAL REVIEW

# Balance sheet

### Comments

- Development costs are stated at acquisition cost minus accumulated depreciation and amortization. Expenses capitalized as development costs include material cost, direct wage costs and a share of directly attributable overhead costs
- Goodwill is the excess of cost over net identifiable assets and liabilities assumed at the date of acquisition and is measured at cost less accumulated impairment losses, subject to yearly impairment tests
- Increase in equity primarily driven by NOK 300m equity raise in May 2020 and ESPP/option exercise
- Overall decrease in net working capital from 2019-2020, and strong cash position Q1 2021
- Right-of-use assets has been recognized in accordance with IFRS16 from 2019 and is measured at NOK 107.4m Q1 2021
- Other long-term liabilities is related to ordinary course of business and short-term interest bearing debt relates to a credit facility in India and a government loan in the US which has been fully forgiven on April 28, 2021

### Assets

NOKm	2017	2018	2019	2020	Q1 2021 <sup>1</sup>
<b>ASSETS</b>					
Development Costs	68.9	77.6	86.6	88.8	86.9
Technology and software	40.4	33.6	26.8	18.5	16.6
Contracts	83.3	66.1	69.8	60.4	52.9
Software licenses (IP)	1.0	1.0	1.0	2.2	2.1
Goodwill	831.0	840.3	829.3	850.9	846.0
Deferred tax asset	-	29.4	23.2	35.5	37.6
<b>Total intangible assets</b>	<b>1,024.7</b>	<b>1,048.0</b>	<b>1,036.7</b>	<b>1,056.3</b>	<b>1,042.1</b>
Equipment	20.2	24.7	35.4	38.6	36.2
Right of use assets	-	-	118.3	120.1	107.5
Investment in associates					
<b>Total tangible assets</b>	<b>20.2</b>	<b>24.7</b>	<b>153.7</b>	<b>158.7</b>	<b>143.7</b>
Other long-term receivables	4.8	22.7	25.6	40.0	36.4
<b>Total non-current assets</b>	<b>1,049.7</b>	<b>1,095.4</b>	<b>1,216.0</b>	<b>1,254.9</b>	<b>1,222.2</b>
Inventory	26.3	8.6	14.0	8.8	4.5
Accounts receivable	1,541.4	1,876.0	2,553.5	3,393.4	3,170.2
Other receivables	60.0	76.0	156.3	263.3	316.1
Cash & cash equivalents	368.4	379.3	238.8	1,394.1	962.1
<b>Total current assets</b>	<b>1,996.2</b>	<b>2,339.9</b>	<b>2,962.6</b>	<b>5,059.7</b>	<b>4,452.9</b>
<b>Total assets</b>	<b>3,045.9</b>	<b>3,435.2</b>	<b>4,178.6</b>	<b>6,314.6</b>	<b>5,675.1</b>

### Equity & Liabilities

NOKm	2017	2018	2019	2020	Q1 2021 <sup>1</sup>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Share capital	75.4	75.4	76.6	81.7	83.3
Own shares	-0.0	-0.0	-0.0	-0.0	-0.0
Share premium	588.1	588.1	622.1	976.9	975.3
<b>Sum paid-in equity</b>	<b>663.4</b>	<b>663.4</b>	<b>698.8</b>	<b>1,058.6</b>	<b>1,058.6</b>
Retained Earnings	105.6	72.5	105.3	41.3	48.3
<b>Total equity attributable to parent company shareholders</b>	<b>557.8</b>	<b>590.9</b>	<b>593.5</b>	<b>1,099.8</b>	<b>1,106.9</b>
Non-controlling interests	8.2	-4.6	-8.1	3.3	1.8
<b>Total shareholders' equity</b>	<b>566.0</b>	<b>586.3</b>	<b>585.4</b>	<b>1,103.2</b>	<b>1,108.7</b>
Bond loan	442.1	446.6	293.2	295.2	295.8
Derivative financial liabilities	3.6	3.3	0.1	-0.0	-0.0
Deferred tax liabilities	-6.1	30.3	29.7	21.5	19.1
Lease liabilities	-	-	95.5	95.3	85.0
Other long-term liabilities	7.2	25.0	42.0	47.5	47.8
<b>Total long-term liabilities</b>	<b>446.8</b>	<b>505.1</b>	<b>460.5</b>	<b>459.6</b>	<b>441.7</b>
Accounts payable	1,600.6	1,787.3	2,361.2	3,560.0	3,147.0
Income taxes payable	9.0	20.3	24.4	49.8	41.4
Public duties	229.1	209.6	235.2	250.9	66.4
Current lease liabilities	-	-	26.1	31.2	29.3
Other short-term interest bearing debt	-	40.0	45.1	75.9	107.3
Other current liabilities	194.4	286.5	440.7	784.0	727.3
<b>Total current liabilities</b>	<b>2,033.1</b>	<b>2,343.8</b>	<b>3,132.7</b>	<b>4,751.9</b>	<b>4,118.7</b>
<b>Total liabilities</b>	<b>2,479.9</b>	<b>2,848.9</b>	<b>3,593.2</b>	<b>5,211.5</b>	<b>4,566.4</b>
<b>Total equity and liabilities</b>	<b>3,045.9</b>	<b>3,435.2</b>	<b>4,178.6</b>	<b>6,314.6</b>	<b>5,675.1</b>

## FINANCIAL REVIEW

# Cash flow

### Comments

- During 2020 the company has further increased its focus on working capital management in order to improve cash flow and reduce credit risk, which has allowed the company to deliver significant growth while improving the working capital
- The major driver of the cash flow from operations in 2020 is acquisition of assets, which primarily relates to development of intangible assets in the form of both customer-facing and internal use systems. In addition there has been selected minor acquisitions in Norway and Australia
- Acquisition of assets in Q1 2021 of NOK 13.5m mainly relates to investments in new ERP system and Cloud IQ platform
- Cash flow from operations in Q1 is driven by change in net working capital and strong underlying business performance

### Cash flow

NOK (Millions)	2017	2018	2019	2020	Q1 YTD 2021 <sup>1</sup>
Net income before tax	-53.7	53.8	9.6	193.7	29.0
Taxes paid	-11.9	-23.6	-30.5	-34.5	-15.4
Depreciation and amortisation	71.7	76.5	172.9	140.3	36.1
Net interest to credit institutions and interest to bond loan	50.6	35.2	48.1	32.7	7.7
Changes in inventory, accounts receivable/payable	33.1	-107.9	-109.0	364.1	-185.6
Changes in other current assets	63.0	80.8	99.9	245.4	-272.8
<b>Net cash flow from operating activities</b>	<b>152.9</b>	<b>114.7</b>	<b>191.0</b>	<b>941.6</b>	<b>-401.0</b>
Acquisition of assets	-73.5	-69.5	-85.2	-94.0	-13.5
Divestments	0.4	0.0	0.0	0.0	0.0
<b>Net cash flow from investing activities</b>	<b>-73.5</b>	<b>69.5</b>	<b>-85.2</b>	<b>-94.0</b>	<b>-13.5</b>
Net interest paid to credit institutions and interest to bond loan	-57.0	-40.7	-55.6	-43.9	-5.1
New equity	348.6	0.0	35.0	359.8	0.0
Acquisition of non-controlling interests	0.0	0.0	-31.5	8.5	-3.8
Proceeds from issuance of interest bearing debt	589.7	0.0	300.0	33.9	0.0
Repayment of interest-bearing debt	-827.7	0.0	-488.8	-42.9	-11.4
Change in other long-term debt	-3.4	0.6	-2.7	-3.8	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow from financing activities</b>	<b>50.3</b>	<b>-40.1</b>	<b>-243.7</b>	<b>311.7</b>	<b>-20.3</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>129.7</b>	<b>5.1</b>	<b>-137.9</b>	<b>1159.3</b>	<b>-434.9</b>
Cash and cash equivalents at beginning of period	227.9	368.4	379.3	238.8	1,394.1
Currency translation on cash and cash equivalents	10.9	5.7	-2.6	-4.0	2.8
<b>Cash and cash equivalents at end of period</b>	<b>368.4</b>	<b>379.3</b>	<b>238.8</b>	<b>1394.1</b>	<b>962.1</b>

## Q1 2021 OUTLOOK

# 2021 margin outlook updated

	2020 actuals	LTM actuals	2021 outlook	Medium term	Comment
Gross profit growth	+29.6 %	+27.8%	+20-25%	+15-20 %	Continued strong momentum; Sensa included in guidance
Adjusted EBITDA as share of gross profit	17.6%	18.9%	16-17% 17-18%	Gradually increase to 19%	Accelerating productivity ramp-up of growth investments in new resources
NWC <sup>1</sup>	-30.2 %	-29.7%	-20% to -25%	-15% to -20%	Expect to sustain ~half of the 2020 NWC improvement medium term
Capex	NOK 81.4m	NOK 77.2m	NOK 80-85 m	NOK~85m	Continued investments in platforms and IP

# Crayon achieves global ISO certification



## Company wide certification

- 50+ legal entities included
- One centralized audit process



## Three different ISOs

- ISO 27001 – Information Security
- ISO 27701 – Privacy
- ISO 9001 – Quality



## Scope

Security + Compliance Integrated Services



### Information Security

ISO/IEC 27001:2013

### Privacy

ISO/IEC 27701: 2019

### Quality

ISO 9001:2015



# Shareholder overview and group structure

## Shareholder overview

### MAJOR SHAREHOLDERS

The company's top 20 shareholders as of June 25th 2021

Shareholder's name	Number of shares	% of total
OEP ITS HOLDING B.V.	24,100,307	28.7%
SIX SIS AG	9,113,550	10.9%
KARBON INVEST AS	6,382,149	7.6%
FOLKETRYGDFONDET	2,635,368	3.1%
STATE STREET BANK AND TRUST COMP	2,615,702	3.1%
CREDIT SUISSE (SWITZERLAND) LTD.	2,037,149	2.4%
NORDNET BANK AB	1,998,824	2.4%
STATE STREET BANK AND TRUST COMP	1,488,132	1.8%
THE BANK OF NEW YORK MELLON SA/NV	1,098,705	1.3%
DANSKE INVEST NORGE VEKST	1,035,581	1.2%
THE BANK OF NEW YORK MELLON SA/NV	1,027,405	1.2%
VERDIPAPIRFONDET NORGE SELEKTIV	942,453	1.1%
SAXO BANK A/S	811,557	1.0%
CITIBANK, N.A.	769,333	0.9%
J.P. MORGAN BANK LUXEMBOURG S.A.	722,945	0.9%
VERDIPAPIRFONDET DNB NORGE	698,677	0.8%
THE BANK OF NEW YORK MELLON SA/NV	690,021	0.8%
UBS SWITZERLAND AG	670,526	0.8%
STATE STREET BANK AND TRUST COMP	662,603	0.8%
JPMORGAN CHASE BANK, N.A., LONDON	657,616	0.8%
<b>Total number owned by top 20</b>	<b>60,158,603</b>	<b>71.6%</b>
<b>Total number of shares</b>	<b>83,978,864</b>	<b>100%</b>

## GENERAL INDUSTRY

# ESG check list (1/6)

Please list the industry's biggest sustainability-related challenges

- Energy management
- Privacy and Data Security
- Product Design
- Diversity and inclusion
- Risk management

How does the firm compare to industry peers regarding sustainability initiatives? Above, on par, or below?

- Crayon has a clear strategy to make sustainability our competitive advantage. Sustainability is anchored at the board and managed by a member of the executive management team. Crayon's ESG policy is modeled after the Triple bottom line strategy (3 Ps – People, Planet & Profit) and called the 3Cs with a focus on these three core ESG areas: Crayon Team members, Combatting Climate change, and Customer centric ESG support. Each of these areas address the issues identified in SASB Sustainability Map

Is the company a signatory of the UN Global Compact or Science Based Targets, report to the CDP or engage in any other relevant sustainability initiatives?

- We are a signatory of UN Global Compact and collaborate on projects to advance the sustainable development goals

## ENVIRONMENT

# ESG check list (2/6)

Please list, if any, the firm's climate-related opportunities

- Crayon's inherent nature of business of helping companies move from on-prem to the cloud is a climate reduction related opportunity. As part of our Combatting Climate change within the ESG strategy, we will measure the environmental impact of all of our countries of operations and will set targets for reductions over a period of time

Please list the firm's three primary risks related to climate change

- Being a digital organization with a virtual supply chain, Crayon does not have first order risks (such as factories, or industrial waste etc.) related to climate change. Our business model, on the contrary supports reducing climate change by helping companies move towards digitalization to the sustainable cloud vs inefficient on-prem solutions, or towards virtual work environment, reducing travel related emissions.
- The main risk towards climate change could be if regulatory bodies step back or reverse the regulatory landscape on ESG, as well as digitalization. We see these risks as low

Does the firm anticipate any climate-related investments?

- Yes, as part of our Customer Centric ESG support within our sustainability strategy, we are investing in helping our customers with their ESG transformation. We are investing in our own product development, as well as resources into tracking our own GHG emissions in our offices around the globe, as well as setting targets for reduction

## ENVIRONMENT

# ESG check list (3/6)

Does the firm rely on any scarce resources for its operations? If so, what efforts are made to mitigate the risk of those resources becoming even more scarce in the future, e.g. recycling, reusing, substitutes or improved resource efficiency?

- We do not rely on any scarce resources for our operations

Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively affected? If yes, is the firm well positioned to handle that risk?

- No, we do not see any risks of transitioning to a carbon-neutral society

Please list the firm's (1-2) primary means of making a positive environmental impact or minimizing negative environmental impact, and list the most relevant UN Sustainable Goals and how they are tracked and communicated?

- Crayon's commitments includes environmental awareness, complying with all applicable environmental laws and regulations, implementing policies to reduce, monitor, and eliminate emissions and waste of all types, using energy and natural resources more efficiently, and obtaining, maintaining, and keeping current all required environmental permits. We also expect our suppliers to share our commitment. We have also set up a Combatting Climate change initiative within our ESG Strategy which includes future ISO 14001 certification, mapping our own GHG emissions and setting targets for reduction
- Related UN Sustainable development goals will be tracked and reported in our next sustainability report that comes out at the same time as our annual report. These include 5) Gender Equality 8) Decent work and economic growth 9) Industry Innovation and infrastructure 10) Reduce inequalities and 13 (climate action) 17) Partnership for the goals

## ESG check list (4/6)

Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

- No, not relevant for our industry

Does the company conduct any other community engagement activities aside from those directly connected to the business?

- Yes, this includes among others distributing food, creating “fAir by Design”, donating to children’s hospice, raise money for fighting cancer and donating screens and computers to school for children with disabilities

How are purchases and waste managed? Please list the firm's demands on its suppliers, if applicable

- Not relevant

Are there any goals, policies, or codes of conduct applicable to the firm's suppliers? How often does the firm conduct audits of its suppliers?

- Yes, Crayon has a risk tiering of partner types and has compliance measures to manage the risks
- We have an Integrity Policy that applies to all Crayon partners, which means all employees of organizations with whom we collaborate as an integral part of our service delivery ecosystem, or we engage in a representative capacity as a sales agents, software or other types of vendors, financial advisors, brokers, joint ventures, suppliers, resellers, distributors and/or lawyers

## ESG check list (5/6)

**Do all staff members receive continuing education on anti-corruption? Is there an external whistleblower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?**

- Yes, there is mandatory annual training for all staff about our integrity policy. Crayon has their own employee integrity policy, and we support the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO). Crayon has a Chief Compliance officer responsible for anti-corruption that sits in the management team and reports to the board
- There is an external whistleblower function

**Please state the firm's business tax residence and explain why that specific tax residence was chosen**

- Norway

**Are there independent members on the Board of Directors?**

- Yes, there are independent members of the board. 4 of 6 shareholder representatives are independent.

**Please state if and to what extent, the company has transactions with related parties**

- No transaction with related parties, except Crayon Group holding ASA has transactions with the form of purchases of services and income from Crayon Group AS, subsidiaries and other group companies.

## GOVERNANCE

# ESG check list (6/6)

**Is the remuneration of the CEO and other members of the management team in line with industry peers? Which KPIs dictate the remuneration (particularly if sustainability and gender diversity are included)?**

- Yes, Crayon's policy in regard to determination of salaries and other remuneration for senior management is to pay market rates and provide other benefits that are commensurate with such senior management positions

**Please indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team**

- Board of directors: 5 women, 5 men
- Executive management team: 3 women, 2 men
- Employees: 27% women

**Is the Head of Sustainability a member of the management team? If not, who does that person report to?**

- The newly hired Chief Compliance Officer is also responsible for Global ESG strategy in Crayon. She is a member of the management team and reports to the chairman of the board

**Please state whether the firm has the following policies or agreements in place:**

- Union agreement: Yes
- Code of conduct: Yes
- Diversity policy: Yes
- Anti-corruption policy: Yes



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# Risk factors (1/7)

## Risk Factors

An investment in the Bonds involves a high degree of financial risk. Potential investors should carefully consider all information in this Presentation, including the risks described below, before deciding to make an investment in the Bonds. If the risks materialise, individually or together with other circumstances, they may substantially impair the business of the Group and have material adverse effects on the Group's business prospects, financial condition or results of operations and the price of the Issuer's securities may decline, causing investors to lose all or part of their invested capital. As certain of the assets of the Group are held by the Issuer's subsidiaries, the risks associated with the group will also be relevant for the Issuer, and references to the "Group" shall mean the Issuer, its subsidiaries and the Crayon Group in general. Although the order in which the risk factors are presented is intended to reflect the importance or likelihood of occurrence, no assurance or confirmation can be given in respect of the ultimate precision of the ranking, as this is, to a large extent, based on subjective assumptions about future occurrences. An investment in the Issuer is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. Furthermore, the risk factors presented herein are not exhaustive and other factors currently not known to the Issuer or which the Issuer currently does not deem to be material could also in the future have a material adverse effect on the Issuer.

The risks presented herein have been divided into six categories based on their nature. Within each category, the risk estimated to be the most material is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization. The order of the categories does not represent an evaluation of the materiality of the risk within that category, compared to risks in another category.

## Risks related to the implementation of the Group's strategy

*The Group's results of operations could be negatively affected if the Group cannot adapt, expand and develop its services in response to changes in technology or customer demand*

The market for the services offered by the Group is characterized by rapid technological changes, frequent new product introductions, technology enhancements, increasingly sophisticated customer

requirements and evolving industry standards. The Group's future success depends on its ability to continue to provide high quality consulting services and to develop, market and implement services and solutions that are attractive, timely and cost-efficient for its existing and new customers. If the Group fails to keep up with technological changes or to convince customers of the value of its services, intellectual property ("IT") and solutions in light of new technologies or new offerings by competitors, the Group's business, results of operations, financial condition, cash flow and/or prospects could be materially and adversely affected.

*Any inability to manage the Group's growth could disrupt the Group's business and reduce the Group's profitability*

The future growth of the Group will depend on the successful implementation of the Group's business strategy. The Group's ability to achieve its business and financial objectives is subject to a variety of factors, many of which are beyond the Group's control, such as market conditions, customer demand and regulatory and fiscal matters. Any failure to manage growth effectively and integrate new personnel and consultants on a timely basis could have material adverse effect on the Group's business, operating results and financial condition.

*The markets in which the Group competes are highly competitive, and the Group might not be able to compete effectively*

The Group operates in a highly competitive and rapidly changing global marketplace and competes with a variety of organizations that offer similar services to those the Group offers, such as large multinational IT services providers; offshore ("pureplay") IT service providers in lower-cost locations; providers of cloud services and solutions; accounting and management consulting firms; and niche service providers and local competitors. In addition, existing vertically integrated companies that provide hardware, software or equipment and services, or those formed through industry consolidation, may be able to provide a more attractive integrated offering, particularly where services are standardized. If the Group is unable to compete successfully, the Group could lose market share and customers to competitors, which could adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

# Risk factors (2/7)

*The contemplated acquisition may not materialize, and acquisitions, investments and other strategic transactions could result in operating difficulties and other negative consequences*

The Issuer intends to use part of the net proceeds from the Bonds to finance the contemplated acquisition. However, this transaction may never materialize, in which case the terms of the Bond (the "Bond Terms") provide for a mandatory redemption of the Bonds. Even if the mentioned transaction should complete, such transactions involve significant challenges and risks, including that the transaction fails to advance the Issuer's business strategy, that the Issuer does not realize a satisfactory return on its investment, that it acquires unknown liabilities, or that it experiences difficulties in the integration of business systems and technologies, the integration and retention of new employees, or in the maintenance of key business and customer relationships in the existing businesses it acquires, or diversion of management's attention from the Issuer's other businesses. Events as these may harm the Issuer's operating results or financial condition.

## Risk relating to operational activities

*The Group's success depends upon its management team and highly skilled IT professionals and the Group's ability to hire, attract, motivate, retain and train these personnel*

The Group's success to date has depended to a significant extent upon, and the Group's future success will also depend upon, the Group's ability to attract and retain members of its management team who are able to challenge today's technology and implement the Group's business strategy, and thereby further develop the Group's business. Further, the Group must attract, train and retain appropriate numbers highly qualified IT professionals with diverse skills, including project managers, consultants, IT engineers and other senior technical personnel, in order to serve customer needs and grow the Group's business. If the Group is unable to do so, the Group's ability to develop new business and effectively lead the Group's current projects could be jeopardized. Additionally, and although the Group seeks to diversify its interactions with its customers and ensure that no customer relationship is managed by one employee only, the loss of key employees could negatively affect the Group's ability to maintain and renew existing customer relationships.

*The Group has been granted various licenses and authorizations, and a disadvantageous amendment or termination of any license agreement or authorization may have an adverse or even destructive effect on the Group's operations*

The Group is using third party technology and various licenses and authorizations to produce, develop, publish and distribute its products, for instance from Microsoft and other software vendors,

which is essential for the Group in order to conduct its business in a profitable, even sustainable, manner. Any termination, non-renewal or renewal on disadvantageous terms and conditions, variation of fee structures or other contractual limitations in such reseller agreements, licenses or authorizations, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

*The Group could be subject to liabilities if the Group's strategic partners, software vendors, service providers or subcontractors do not perform their obligations or deliver their project contributions on time or at all*

The Group's ability to serve its customers and deliver and implement the Group's services and solutions in a timely manner depends on the ability of the Group's strategic partners, software vendors, service providers and subcontractors to perform their obligations and deliver their products and services in a timely manner and in accordance with contractual and project requirements. Changes in the pricing, incentives or other terms of the Group's agreements with its strategic partners, software vendors, service providers or subcontractors, or their failure to implement their services and deliverables in a correct and/or timely manner, could materially adversely affect the Group's ability to perform and subject the Group to additional liabilities, which could have an material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

*The Group's business and business strategy are tied to its intellectual property rights, however, no assurances can be given as to the adequacy of the protection of the Group's intellectual property rights*

The Group operates in a business segment that makes it dependent on copyright, trademark, industrial design, trade secret and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce its proprietary technology and IP rights and will rely on such in all jurisdictions it will operate in, in the future. The Group's failure to process, obtain or maintain adequate protection of its IP rights for any reason in foreign jurisdictions, as well as in Norway, may have a material adverse effect on the Group's business, results of operations and financial condition.

# Risk factors (3/7)

*The Group is exposed to the risk of breaching international sanctions and anti-bribery/anti-corruption laws, any of which may have a negative impact to the Group's reputation and financial condition*

The Group is exposed towards risk relating to international sanctions, in particular sanctions on trade and import/export, anti-bribery/anti-corruption laws through its operations in and trade across multiple jurisdictions. Furthermore, sanctions imposed on certain countries, companies or individuals by international and regional bodies (e.g. the World Trade Organization, United Nations, the United States, the European Union (the "EU") etc.) and the United Kingdom could materially adversely affect the Group's ability to establish its operations in or trade with those sanctioned countries or companies and/or individuals linked with such countries. Any of these events may result in loss of revenues, increased costs or decreased cash flows.

*The Group faces risks of non-compliance with applicable laws and regulations*

The Group operates in a highly regulated market, influenced by EU legislation, country level legislation and information security standards, such as laws and regulations relating to data protection, privacy, consumer and other contractual protection laws, public procurement and labour laws. The applicable legislation and standards are subject to changes. If the Group is unable to comply with any applicable laws, regulations or standards, it may lose existing customers and/or find it more difficult to win new customers. Depending on the nature of the changes to laws and regulations, the Group may be prohibited from offering its products and services to customers in certain countries or industries, and any non-compliance with applicable laws and regulations could have a material adverse effect on the Group's business operations, financial performance and financial condition.

*The Group is exposed to risk relating to data protection and data privacy regulations, licenses etc.*

The Group receives, stores, transfers and processes personal data, such as user data, through its business and operations in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and provides high possible penalties for noncompliance, in particular relating to storing, sharing, use, processing, disclosure, transfer and protection of personal data on its platforms. The main regulations are the General Data Protection Regulation (EU) 2016/679 ("GDPR") and the local law implementations of GDPR in the EU member states that the Group operates in, including the Norwegian Data Protection Act of 15 June 2018 no. 38. The Group is also subject to data protection regulations in other jurisdictions the Group operates in, such as the United States.

Any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, regulations on the use of cookies on websites or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, may result in governmental enforcement, actions, litigation or public statements against the Group, in addition to reputational risks. Any such failure could cause the users of the Group's services to lose trust in the Group. If third parties violate applicable laws or its policies, such violations may also put users of the Group's services at risk and could in turn have an adverse effect on the Group's business. Currently, the GDPR sets strict requirements with regards to transfers of personal data outside the EU/EEA, which may impact the Group's international operations. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security, transfer or disclosure of users' personal data, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such personal data is obtained, could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process user data or develop new services and features.

*The Group may be negatively affected by a continued Covid-19 pandemic*

The Group's performance has been and may in the future be affected by the outbreak of Covid-19, which was recognized as a pandemic by the World Health Organization in March 2020. The outbreak of Covid-19, and the extraordinary health measures and restrictions on local and global basis imposed by authorities across the world, has, and are expected to continue to, severely impact companies and markets globally and locally. A prolonged reduction in activity level, in particular in the US and Norway, may severely impact the Group's customers, and could in turn negatively affect the Group's revenues and operations going forward, including the Group's ability to raise capital or secure financing.

Prospective investors should note that the Covid-19 situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force. The effects of the Covid-19 situation could also in the future negatively affect the Group's revenue and operations going forward, where the severity of the Covid-19 situation and the exact impacts for the Group are highly uncertain.

# Risk factors (4/7)

*Any system failures could harm the Group's ability to provide its services and solutions, damage the Group's reputation or otherwise adversely affect the Group's business*

Certain of the IP-tools offered by the Group to its customers are hosted by the Group on the Group's servers, meaning that the Group must maintain continuous data center operations, including network, storage and server operations. Any significant disruption in operations and any major system failure could compromise the Group's ability to deliver services according to the Group's contracts or to complete projects for its customers on a timely basis (which could trigger penalty and/or damages payments by the Group), resulting in the loss of customers or curtailed operations, any of which could materially affect the Group's operating revenue and profitability.

*The Group may not be sufficiently prepared to manage cyber threats that have the potential to significantly disrupt the Group and its customers' services*

The Group and the Group's customers may become subject to attacks from cybercriminals and the sophistication and scope of cyber-attacks have developed such that cyber-attacks occur on a nearly daily basis. IT security breaches could lead to shutdowns or disruptions of the Group's systems and potential unauthorized disclosure of confidential information or data, including personal data. The Group may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. The theft or unauthorized use or publication of the Group's, or the Group's customers', confidential information or other proprietary business information as a result of an IT security incident could adversely affect the Group's competitive position and reputation.

*Undetected errors or defects in the Group's products or in any third party products*

The Group's products, software or solutions, as well as hardware, software and services provided by strategic partners, software vendors and channel partners, could contain errors or defects that could adversely affect the performance of the products, software or solutions and negatively impact the demand therefor. Any such errors or defects could result in adverse client reactions and negative publicity, because many of the Group's clients and potential clients are highly sensitive to defects in the products, software or solutions they use. Any defects or errors in the Group's products, software or solutions could result in the loss of orders or a delay in the receipt of orders and could result in

reduced operating revenue. Any claim brought against the Group could be expensive to defend and require the expenditure of significant resources, regardless of the result.

## **Risk relating to customer relationships and third parties**

*The Group's success depends on its ability to retain customers and procure additional work from existing clients, and any failure to do so may have a material adverse effect on the Group's business, financial condition and prospects.*

Several of the Group's customer contracts are long-term, but the contracts can usually be terminated by the customers without cause. The Group also enters into framework agreements, which typically relate to system development and consulting engagements. The Group's customers generally have no financial commitment or minimum spending requirement thereunder. Moreover, the Group's contracts generally do not give the Group a right to be the exclusive supplier of services and solutions to its customers. Consequently, the Group's results of operations in subsequent periods could be materially lower than expected.

*The Group's work with public sector customers exposes the Group to additional risks inherent in the public sector contracting environment*

The Group works with public sector entities, which include national, provincial, state and local governmental entities as well as state-owned entities. Projects involving public sector customers carry various risks inherent in the public sector contracting process. These risks include onerous terms and conditions, limited or no room for negotiation, more publicity, public procurement rules and the risk of losing the public sector customer as a result of the tender process and a higher risk of reduction in scope or termination.

# Risk factors (5/7)

*Any failure in a customer's infrastructure or applications as a result, or alleged result, of the Group's consulting services' failure could result in a claim for substantial damages against the Group or result in significant reputational harm, and the Group's liability insurance coverage may not cover all potential losses*

Many of the Group's engagements involve projects and services that are critical to the operations of the Group's customers' businesses and provide benefits that are difficult to quantify. Any failure in an infrastructure component or application that the Group designed, built, operates or supports, or operated or supported in the past, could result in a claim for substantial damages against the Group and significant reputational harm, regardless of the Group's responsibility for the failure. Although the Group has product liability insurance coverage and IT consulting insurance coverage, there can be no assurance that any such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

## *Risks related to contractual default by counterparties*

The ability of each counterparty to perform its obligations under a contract with the Group will depend on a number of factors that are beyond the Issuer's control including, for example, factors such as general economic conditions, the condition of the industry to which the counterparty is exposed and the overall financial condition of the counterparty. Should a counterparty fail to honour its obligations under its agreements with the Group, this could impair the Group's liquidity and cause significant losses, which in turn could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

## **Risks relating to financing and accounts**

*The Issuer's revenues, operating results and working capital may fluctuate significantly which could cause the Issuer to fail to meet or exceed the expectations of the market*

The Issuer's results of operation and working capital are likely to fluctuate significantly in the future on a quarterly basis and on an annual basis due to a number of factors, many of which are beyond the Issuer's control. This problem is particularly acute for the Issuer because of the novelty and dynamics of the industry and markets in which the Issuer operates. Therefore, period-to-period comparisons of the Issuer's results of operations may not be meaningful, and investors should not rely on them as indications of the Issuer's future performance.

*The Group conducts its business in currencies other than its functional reporting currency, making its results of operations, financial position and future prospect vulnerable for currency fluctuations*

Because a significant part of the Group's business is conducted in currencies other than its functional reporting currency (NOK), the Group will be exposed to volatility associated with foreign currency exchange rates. Exchange rate fluctuations may affect the Group's financial results through translation of the profit and loss accounts and balance sheets of foreign subsidiaries into NOK. Currency risks may also arise when Group companies enter into transactions that are denominated in other currencies other than their functional currency.

## *Interest rate fluctuations could affect the Group's cash flow and financial condition*

The Group faces interest rate risk from borrowings and deposits with a floating rate, to which it has a certain exposure. The Group has entered into certain hedging arrangements designed to fix or limit risk on a portion of these rates, but in the future such arrangements may not be available on commercially reasonable terms. If interest rates were to rise significantly the Group's interest expense would correspondingly increase, thus reducing free cash flow. Accordingly, fluctuations in interest rates could negatively affect the Group's business, results of operations, financial position and future prospects.

## **Risk relating to international and macroeconomic developments**

*New markets and international sales pose additional risks to the Group's operations and if the Group is unsuccessful in sufficiently mitigating these risks, they may have a material adverse effect on the Group's business and operations*

The Group has particularly since 2011 significantly expanded its presence in various geographical markets. The Group is subject to risks inherent in international business activities including the burdens of complying with a wide variety of foreign laws and regulations, import restrictions, tariffs and other trade barriers, difficulties in managing international operations and political and economic instability. Moreover if for any reason exchange or price controls or other restriction on conversion of foreign currencies were to be imposed, the Group's business could be adversely affected.

# Risk factors (6/7)

*The distribution of the Group's technology and applications across a wide variety of jurisdictions exposes the Group to risks inherent to operating internationally and in regions with political tension and/or surveillance of digital technology, any of which may negatively affect the Group's results of operations*

The Group currently has presence in multiple countries and it cannot be excluded that the Group will expand its geographical presence in the future. Any political involvement or local restrictions of the Group's operations may negatively affect the Group's results of operations in that jurisdiction, but also its overall financial performance.

## **Risks relating to the Bonds**

### *The Bonds are unsecured and rank behind certain lenders*

The Bond are unsecured obligations ranking at least pari passu with all other unsecured obligations of the issuer and ahead of subordinated debt. Thus, the Bonds will not have any security over any of the Issuer's assets or be guaranteed by any other entity. Additionally, the Bonds are structurally subordinated certain other financial indebtedness of the Group, as permitted by the Bond Terms, including the Revolving Credit Facility (as defined in the Bond Terms). Because of the unsecured nature of the Bonds and other secured and structurally senior indebtedness of the Group, there is a risk that the bondholders' claims against the Issuer in an event of insolvency or liquidation may not be covered in full, partly or at all.

### *The Bond Terms impose significant operating and financial restrictions*

The Bond Terms will contain certain restrictions on the Issuer's activities. These restrictions may prevent the Issuer from taking actions that they believe would be in the best interest of the Issuer's and the Group's business, and may make it difficult for the Issuer to execute its business strategy successfully or compete effectively with companies that are not similarly restricted.

### *The Bonds can be repaid prior to maturity*

Pursuant to the Bond Terms, the Issuer may prepay the Bonds prior to their maturity date. The amount to be paid to each bondholder, if such option is exercised, equals the outstanding principal amount of

the Bonds, plus accrued and unpaid interest to the date of redemption and a premium calculated in accordance with the terms and conditions of the Bond Terms. The call option mechanisms may limit the market value of the Bonds.

### *Issuer' ability to redeem the Bonds with cash in a change of control event may be limited*

Upon the occurrence of a change of control event (as defined in the Bond Terms), each individual bondholder has a right of pre-payment of the Bonds at a price of 101 per cent of par value plus all accrued and unpaid interest to the date of redemption. However, it is possible that the Issuer will not have sufficient funds at the time of the change of control event to make the required redemption of the Bonds. The Issuer's failure to redeem the Bonds would constitute an event of default under the Bond Terms.

### *Debt service and upstream capacity*

Applicable law as well as contractual limitations may limit the amounts that some of the members of the Group will be permitted to pay as dividends or distributions on their equity interests and the timing for such payments. Limitations on the ability to transfer cash among entities within the Group may mean that even though the entities in aggregate may have sufficient resources to meet their obligations, the Issuer may not be permitted to make the necessary transfers within the Group or to itself and hence not be able to pay its debts when due. Failure to pay any debt due under the Bond Terms, including any interest payment, constitute an event of default. Similarly, failure by any other member of the Group to pay its debt when due may result in a cross default against the Bonds.

# Risk factors (7/7)

## *Limited secondary market*

There is no existing market for the Bonds, and no assurances can be provided as regards the future development of a market for the Bonds, and, therefore, the liquidity of the Bond and the volume it is traded in cannot be guaranteed. This may apply even if the Bonds are listed and there are no market-makers agreements in place or intended to be established in order to secure a liquid market for the Bonds after the Issue date.

## *Resale restrictions*

The Bonds are being offered and sold pursuant to an exemption from registration under United States and applicable state security laws. Therefore, the Bonds may be transferred or resold in the United States only in a transaction registered under or exempt from the registration requirements of the securities act and applicable state securities law, and the seller may be required to bear the risk of holding the Bond investment for an indefinite period of time. Similar restrictions may apply in other jurisdictions.

## *Risks related to amendments of the Bonds Terms and remedies afforded to the bondholders*

The Bond Terms will contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority. The bond trustee (the "Bond Trustee") may agree, without the consent of the bondholders, to certain modifications to the Bond Terms and other Finance Documents (as defined in the Bond Terms). Pursuant to the Bond Terms, remedies afforded to the bondholders are vested with the Bond Trustee, thus preventing individual bondholders from taking individual action. The Bond Trustee will be required to act in accordance with instruction given by a relevant majority of bondholders, but is also vested with discretionary powers.



Thank you