



# Quarterly Results – Q1 2021

Melissa Mulholland & Jon Birger Syvertsen

11.05.21

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Q1 2021

# Business Update

Melissa Mulholland



# Q1 2021 highlights



Strong financial quarter & market performance

1

Significant public sector wins

2

Acceleration in global data & AI practice

3

Global ISO certification achieved

4

Sensa acquisition

5



# Continued record-breaking performance



Q1 2021:

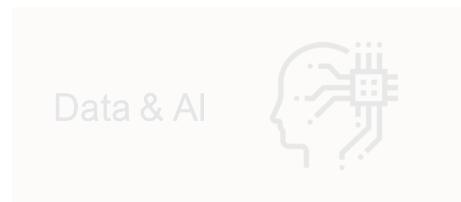
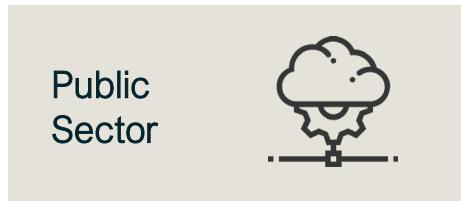
- +31%** Revenue MNOK 5,522
- +23%** Gross Profit MNOK 635
- +129%** EBITDA<sup>1</sup> MNOK 93

1 Adjusted EBITDA – EBITDA adjusted for share based compensation and other one-off income and expenses

# Strong performance across business areas

	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics Services	Consulting Services
Gross profit growth <sup>1</sup>	+25%	+18%	+15%	+27%
Significant customer wins	 <small>REPUBLIC OF THE PHILIPPINES PROCUREMENT SERVICE</small>	  		 
Q1 drivers and outlook	<ul style="list-style-type: none"> <li>Market share gains (MS revenue growth 2x the market)</li> <li>Product mix improvements (e.g. non-MS, Premium Cloud)</li> <li>Compelling USP (bundling cost saving services)</li> <li>Growth in public sector</li> </ul>	<ul style="list-style-type: none"> <li>Strong performance of partner channel delivering solid CSP cloud results</li> <li>Channel growth in India, Nordics, UK</li> <li>Focus on partners upskilling resulting in higher upsell of products and services</li> <li>Growth in ISV partner segment – fastest growing in Microsoft Western Europe</li> </ul>	<ul style="list-style-type: none"> <li>Strong market demand for cost optimization driven by COVID</li> <li>40% YoY growth in recurring contracts</li> <li>Exceptionally strong performance in US, Nordics, Germany &amp; Switzerland</li> <li>Strong onboarding of managed service customers to the service delivery portal Service-iQ</li> </ul>	<ul style="list-style-type: none"> <li>Growth in Cloud Services driven by solid US performance</li> <li>Continued demand for remote delivery globally</li> <li>Acceleration of Data &amp; AI in MEA, South America, and Europe</li> <li>ISO Certification and Service Delivery Framework</li> </ul>

# Q1 customer stories



## Q1 customer stories

### Significant Public Sector Wins in all Global Regions



- More than 500k additional Cloud Users – PS accelerates Cloud adoption with Covid-19
- Crayon market share gains 2x higher than Commercial Sector average

## Strategic value creation levers

- ✓ PS accelerates Cloud adoption much faster than pre-Covid-19
- ✓ Massive incremental demand for Cloud services
- ✓ Lower risk for liquidity and bad debt compared to commercial sector

# Q1 customer stories



## Q1 customer stories

Cost savings strength with multicloud capability

**Nordic Choice Hotels**

**US\$ 26,3K**  
Annual Savings  
22 %  
of est. annual spend

**US\$ 22,5K**  
Annual Savings  
18 %  
of est. annual spend

**Azure**

**aws**

## Strategic value creation levers

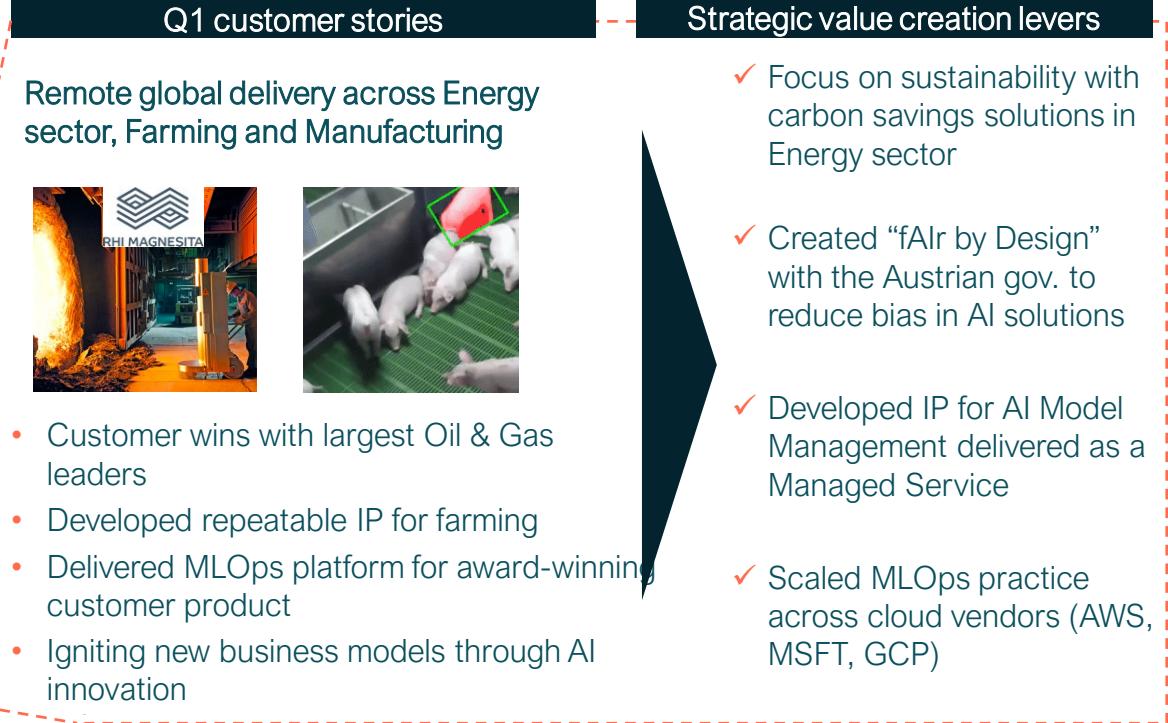
**Nordic Choice Hotels:**

- ✓ 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

# Q1 customer stories





# 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



# Sensa at a glance



~150 MNOK gross profit  
Always profitable



20 years  
in operation servicing the  
Icelandic enterprise market



120+ employees  
Who are experts  
in their field



Compliance  
ISO/IEC 27001:2013  
Certified



Services  
Managed, hosted and  
professional services  
in IT infrastructure



# Corporate Responsibility

- UN Global Compact Company
- Our office in India distributed food and medical supplies to communities disproportionately affected by COVID-19 in India
- A team of 30 people across 21 countries committed to contributing a percentage of their gross profits to help those in need during the pandemic. This resulted in the CSCS/COR team successfully distributing 1200 food bags in the Philippines
- Created “fAIr by Design” project along with the Austrian government to use machine learning to reduce bias in creating AI solutions
- In Germany, employees donated funding to the Bärenherz children’s hospice in Leipzig
- The US team organized a food drive that garnered nearly 160 kilos of food for families
- We also have ongoing efforts in many of our regions to raise money for fighting cancer and other illnesses.
- Donated 22 screens and 4 computers to school in the UK for children with special needs



# Chief Compliance Officer



Abbey Lin

Chief Compliance Officer

Driving Training + Awareness

Global Compliance + ESG



Q1 2021

# Financial Review

Jon Birger Syvertsen



# Q1 2021 - Summary

1

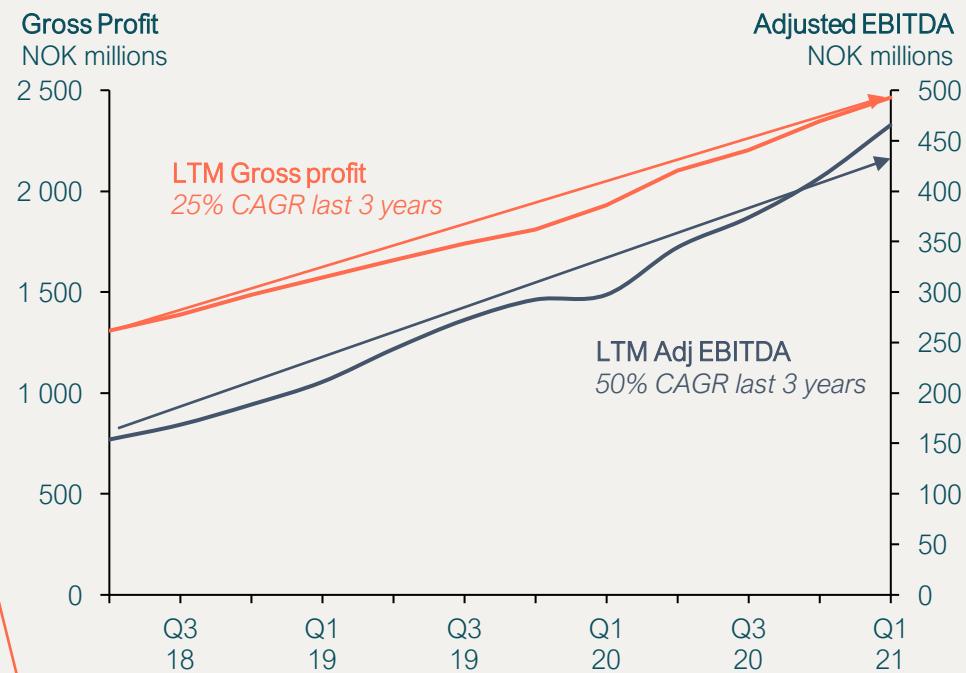
Sustained GP and EBITDA growth

2

Strong Q1 EBITDA

3

Updated FY 2021 guidance

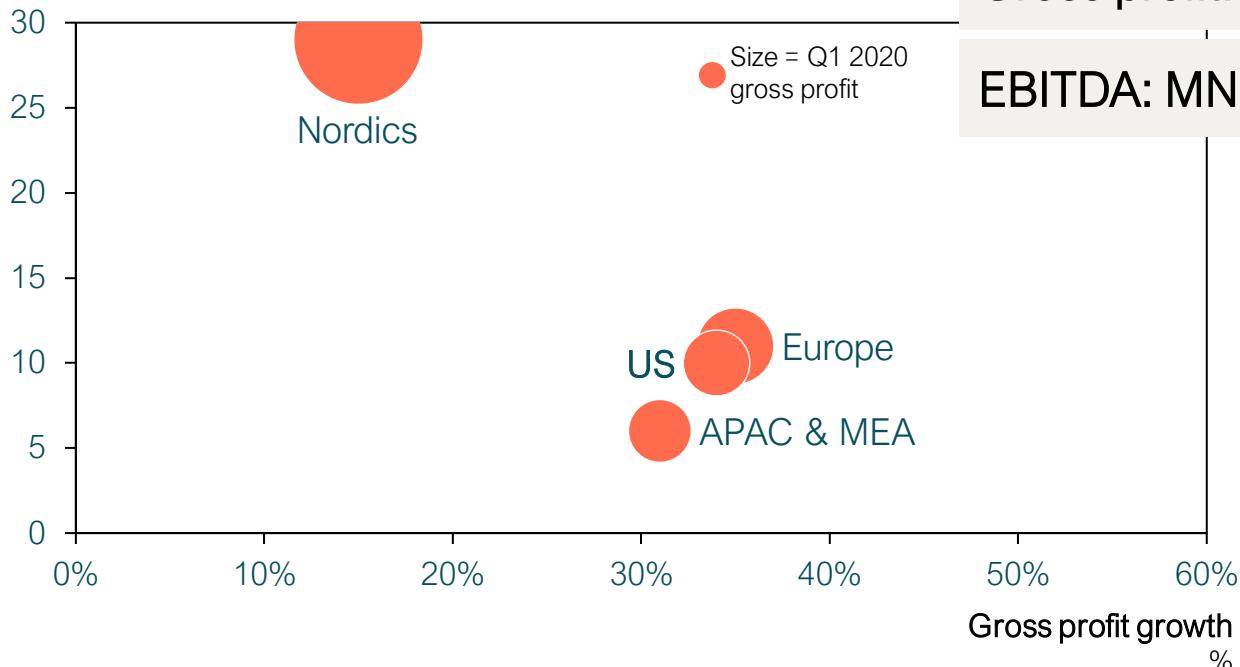


# Strong growth across markets in Q1

Compared to corresponding period last year

EBITDA improvement

NOK millions

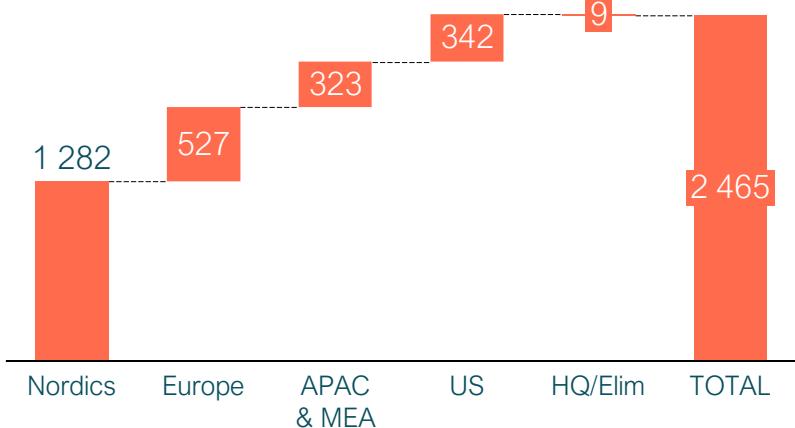


Gross profit: +23% 

EBITDA: MNOK +52 

# Strong Q1 performance leads to 28% LTM growth

LTM gross profit by market cluster  
NOK million



Growth rate<sup>1</sup>

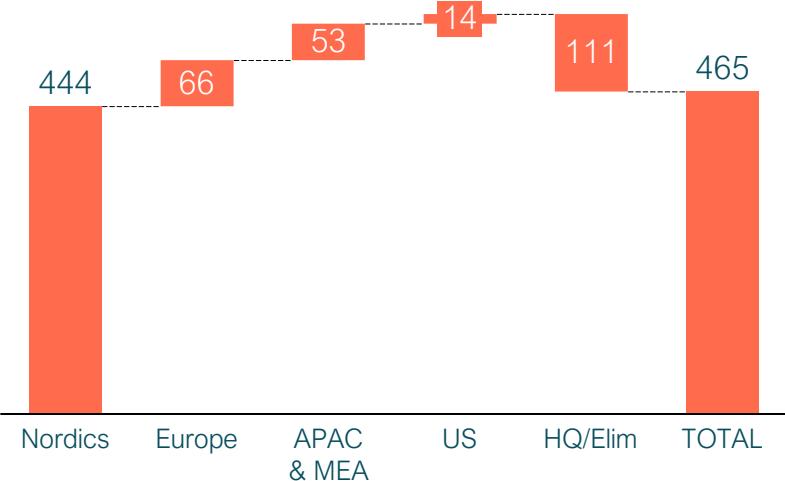
17% 38% 49% 38% n/a 28%

1 LTM vs previous LTM period

2 Adjusted EBITDA as share of Gross Profit

3 LTM vs previous LTM period

LTM adjusted EBITDA by market cluster  
NOK million



EBITDA margin<sup>2</sup>

35% 13% 16% 4% n/a 19%

Change in EBITDA margin<sup>3</sup>

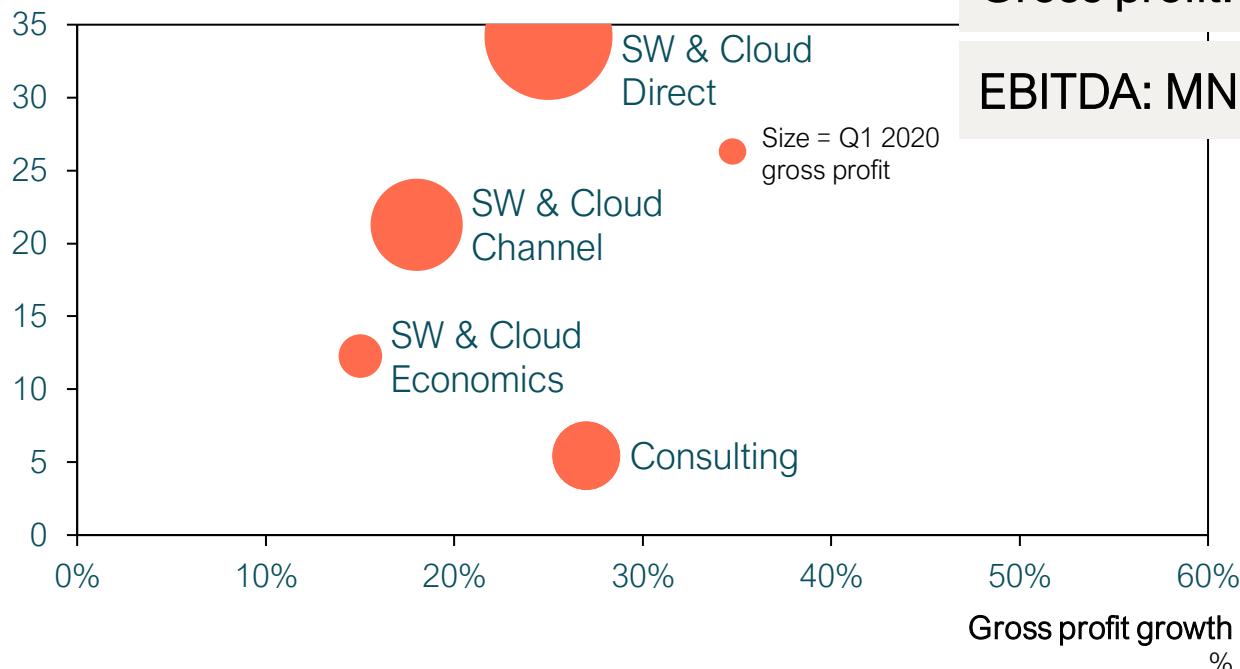
+1.2 pp +3.6 pp +13.9 pp +7.6 pp n/a +3.5 pp

# Growth across all business areas

Compared to corresponding period last year

## EBITDA improvement

NOK millions



Gross profit: +23% 

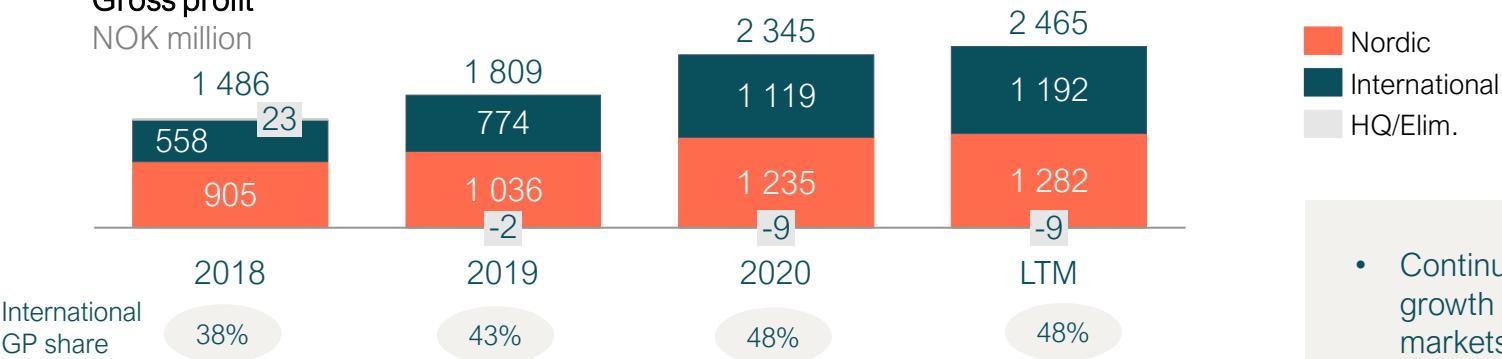
EBITDA: MNOK +52 

Q1 2021

# International expansion momentum continues

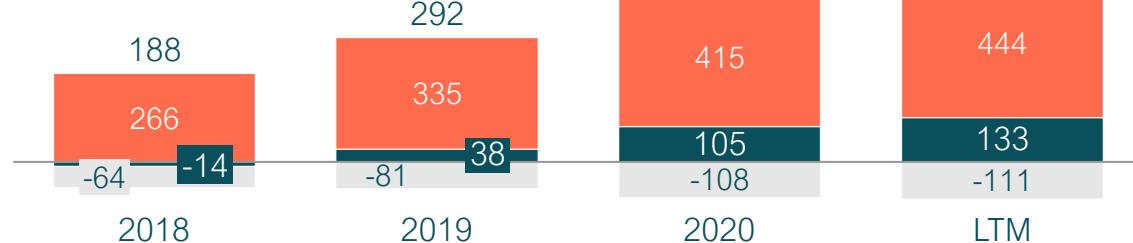
## Gross profit

NOK million



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

NOK million



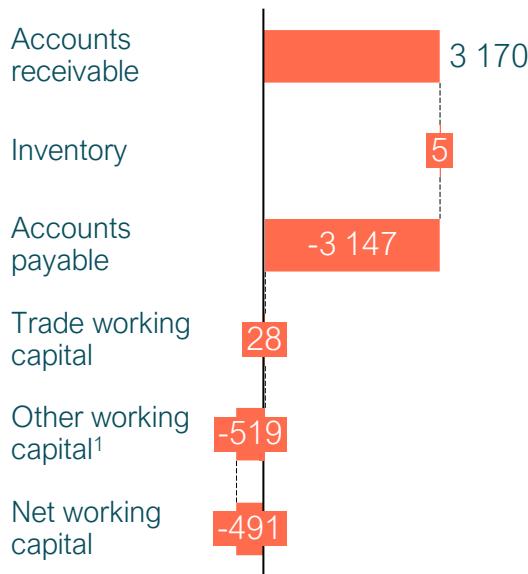
Nordic  
International  
HQ/Elim.

- Continued gross profit growth in international markets – doubled last three years
- EBITDA contribution from International markets continue to improve as the

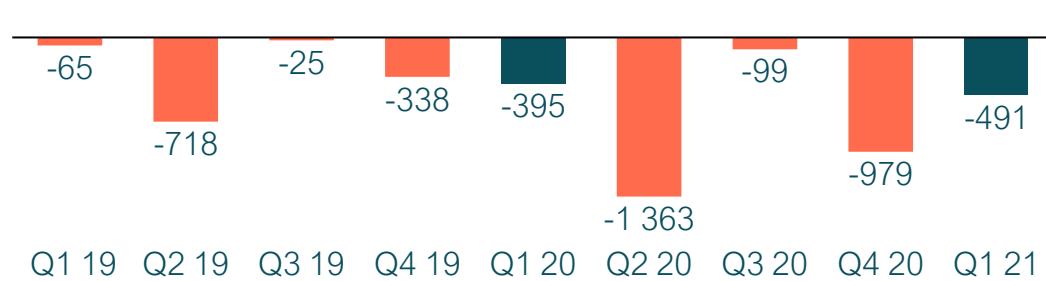
<sup>1</sup> Adjusted EBITDA is reported EBITDA less other income & expenses items netted under HQ, hence not reflected on Market Cluster / Business Area level

# Working capital driven by seasonality

2021 Q1 net working capital  
NOK million



Net working capital over time  
NOK million



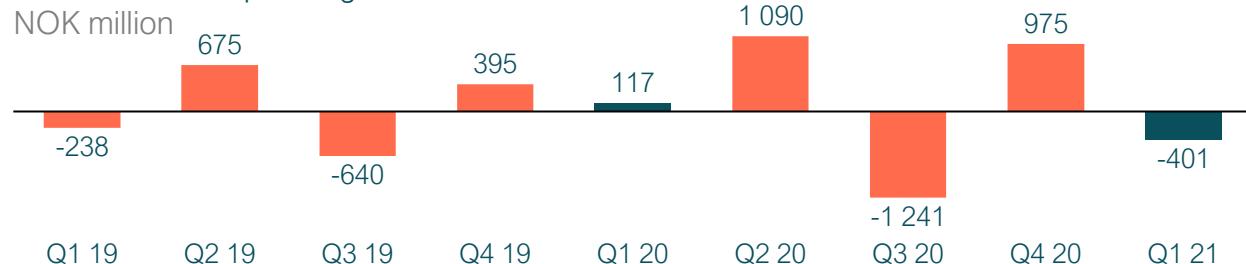
- Q1 2021 net working capital is NOK 96m more negative than Q1 2020, driven by a decrease of trade working capital of NOK 80m and a decrease in other working capital of NOK 16m
- Improvement in net working capital of NOK 96m driven by a combination improved credit and collection processes and increase in factoring

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

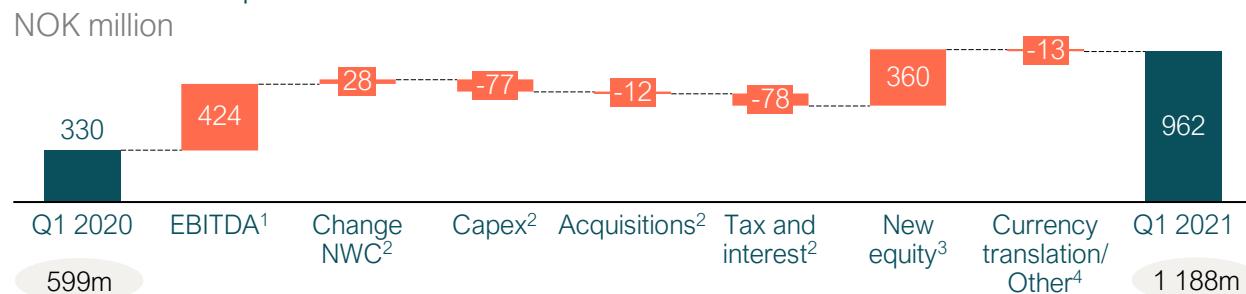
## Q1 2021 FINANCIAL REVIEW

# Strong liquidity position end Q1

### Cash flow from operating activities



### LTM cash development



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

<sup>2</sup> As seen from the cash flow statement; Acquisitions include business combinations.

<sup>3</sup> NOK 297m new equity from share issue June 2020, NOK 24.6m in December 2020 from option exercise and NOK 38.5m in Q4 2020 from ESPP program

<sup>4</sup> Also includes cash flow effects from IFRS 16, cash flow from financing activities, etc..

<sup>5</sup> Liquidity reserve is reported in the 'Alternative Performance Measures' section in the quarterly report, and is defined as the sum of freely available cash and available credit facilities

- Cash flow from operations is seasonal and driven by changes to net working capital
- Negative cash flow from operations in Q1 21 in line with normal seasonality as Q1 NWC is less negative than Q4 NWC
- Strong liquidity position of NOK 1.2 bn as a consequence of strong business and working capital performance combined with the NOK 300m equity raise in June

# P&L - summary

NOKm	Q1 2021	Q1 2020
Operating revenue	5 522,5	4 204,0
Cost of sales	-4 887,5	-3 688,7 <sup>1</sup>
<b>Gross profit</b>	<b>634,9</b>	<b>515,2</b>
Payroll and related costs	-489,4	-395,5 <sup>1</sup>
Other operating expenses	-64,4	-81,2 <sup>1</sup>
<b>Total operating expenses</b>	<b>-553,7</b>	<b>-476,7</b>
<b>EBITDA</b>	<b>81,2</b>	<b>38,5</b>
Depreciation	-14,5	-12,5 <sup>1</sup>
Amortisation	-21,6	-20,1 <sup>1</sup>
<b>EBIT</b>	<b>45,1</b>	<b>5,9</b>
Interest expense	10,3	15,4 <sup>1</sup>
Other financial expense, net	5,9	31,9 <sup>1</sup>
<b>Ordinary result before tax</b>	<b>29,0</b>	<b>-41,5</b>
Income tax expense on ordinary result	-13,8	-10,1 <sup>1</sup>
<b>Net (loss) income</b>	<b>15,2</b>	<b>-51,6</b>
<b>Adjusted EBITDA reconciliation</b>		
Reported EBITDA	81,2	38,5
Other income and expenses	11,8	2,1
<b>Adjusted EBITDA</b>	<b>93,0</b>	<b>40,6</b>

- Depreciation and amortization in line with plan
- Interest expenses reduced YoY as Q1 2020 was impacted by realizations of hedging positions on the previous bond loan
- Income tax expenses increases as a consequence of the significant improvement in profitability
- EBITDA adjustments in Q1 2021 increase EBITDA with NOK 11.8m, driven by NOK 8.9m related to share-based compensation and NOK 2.9m other personnel cost.
- Net profit in Q1 2021 of NOK 15.2m

# Balance sheet and net interest-bearing debt

	31.03.2021	31.03.2020
<b>ASSETS</b>		
Development Costs	86,9	88,6
Technology and software	16,6	28,9
Contracts	52,9	72,8
Software licenses (IP)	2,1	1,0
Goodwill	846,0	874,7
Deferred tax asset	37,6	36,0
<b>Total intangible assets</b>	<b>1 042,1</b>	<b>1 102,1</b>
Equipment	36,2	40,5
Right of use assets	107,5	127,6
<b>Total tangible assets</b>	<b>143,7</b>	<b>168,1</b>
Other non-current receivables	36,4	20,3
Inventory	4,5	18,9
Accounts receivable	3 170,2	2 397,7
Other current receivables	316,1	158,1
Cash & cash equivalents	962,1	330,4
<b>Total current assets</b>	<b>4 452,9</b>	<b>2 905,2</b>
<b>Total assets</b>	<b>5 675,1</b>	<b>4 195,6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	83,3	76,6
Own shares	0,0	0,0
Share premium	975,3	622,1
<b>Sum paid-in equity</b>	<b>1 058,6</b>	<b>698,8</b>
Retained Earnings	48,3	-24,7
<b>Total equity attributable to parent company shareholders</b>	<b>1 106,9</b>	<b>674,1</b>
Non-controlling interests	1,8	-12,9
<b>Total shareholders' equity</b>	<b>1 108,7</b>	<b>661,2</b>
Bond loan	295,8	293,7
Derivative financial liabilities	0,0	13,9
Deferred tax liabilities	19,1	31,8
Lease liabilities	85,0	102,9
Other non-current liabilities	47,8	42,7
<b>Total long-term liabilities</b>	<b>447,7</b>	<b>485,0</b>
Accounts payable	3 147,0	2 309,0
Income taxes payable	41,4	25,1
Public duties	66,4	156,2
Current lease liabilities	29,3	29,2
Other current interest bearing debt	107,3	50,1
Other current liabilities	727,3	479,7
<b>Total current liabilities</b>	<b>4 118,7</b>	<b>3 049,4</b>
<b>Total liabilities</b>	<b>4 566,4</b>	<b>3 534,4</b>
<b>Total equity and liabilities</b>	<b>5 675,1</b>	<b>4 195,6</b>

	31.03.2021	31.03.2020
Long-term interest bearing debt	300,0	303,8
Other current interest bearing debt	107,3	50,1
Cash and cash equivalents	-962,1	-330,4
Restricted cash	44,3	13,1
<b>Net interest bearing debt (NIBD)</b>	<b>-510,4</b>	<b>36,6</b>

- Underlying business growth increases accounts receivables and payables but overall decrease in net working capital
- Increase in equity primarily driven by NOK 300m equity raise in May 2020 and ESPP/option exercise
- Liquidity is seasonal with Q1 being a strong quarter – Q1 2021 still represents a clear improvement year over year
- The strong balance sheet supports the current M&A strategy

- The Company reports its cash balance net of drawdown on its revolving credit facility ("RCF")
- Approx. NOK 556m of goodwill relates to the Oslo Stock Exchange delisting of Inmeta-Crayon in 2012
- Note that bond transactional costs of around NOK 7m are capitalized, and accretion expensed over the lifetime of the bond, cf. IAS 39

# Cash flow development

NOKm	Q1 2021	Q1 2020
Net income before tax	29,0	-41,5 <sup>1</sup>
Taxes paid	-15,4	-10,2 <sup>1</sup>
Depreciation and amortisation, incl. impairment	36,1	32,6 <sup>1</sup>
Net interest expense	7,7	12,4 <sup>1</sup>
Changes in inventory, AR/AP <sup>1</sup>	-185,6	98,7 <sup>1</sup>
Changes in other current assets/liabilities	-272,8	24,7 <sup>1</sup>
<b>Net cash flow from operating activities</b>	<b>-401,0</b>	<b>116,8</b>
Interest paid to credit institutions and interest to bond loan	-5,1	-10,5
New Equity / Other	-3,8	7,8
Net new debt	-11,4	-10,1
<b>Net cash flow from financing activities</b>	<b>-20,3</b>	<b>-12,8</b>
Acquisition of assets	-13,5	-17,7 <sup>1</sup>
Acquisition of subsidiaries - net of cash acquired/ Business combinations	0,0	-1,0
<b>Net cash flow from investing activities</b>	<b>-13,5</b>	<b>-18,7</b>

- Cash flow from operations in Q1 driven by change in net working capital performance and strong underlying business performance.
- Acquisition of assets in Q1 2021 of NOK 13.5m mainly relates to investments in new ERP system and Cloud IQ platform.



# Outlook



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

<sup>1</sup>Average NWC last 4 quarters as share of gross profit last 4 quarters



# Q&A Session

# Investor Relations

## Main communications channels

- Crayon IR webpages  
<https://www.crayon.com/investor-relations/>
- Group fact & figures
  - Reports & Presentations
  - Share and bond information
- Newsweb , Oslo Stock Exchange

## Financial calendar 2021:

- 11.05.21 – Quarterly Report Q1
- 11.08.21 – Half-yearly Report
- 26.10.21 – Quarterly Report Q3
- 15.02.21 – Quarterly Report Q4

## For IR-related requests:

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CRAYON GROUP

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

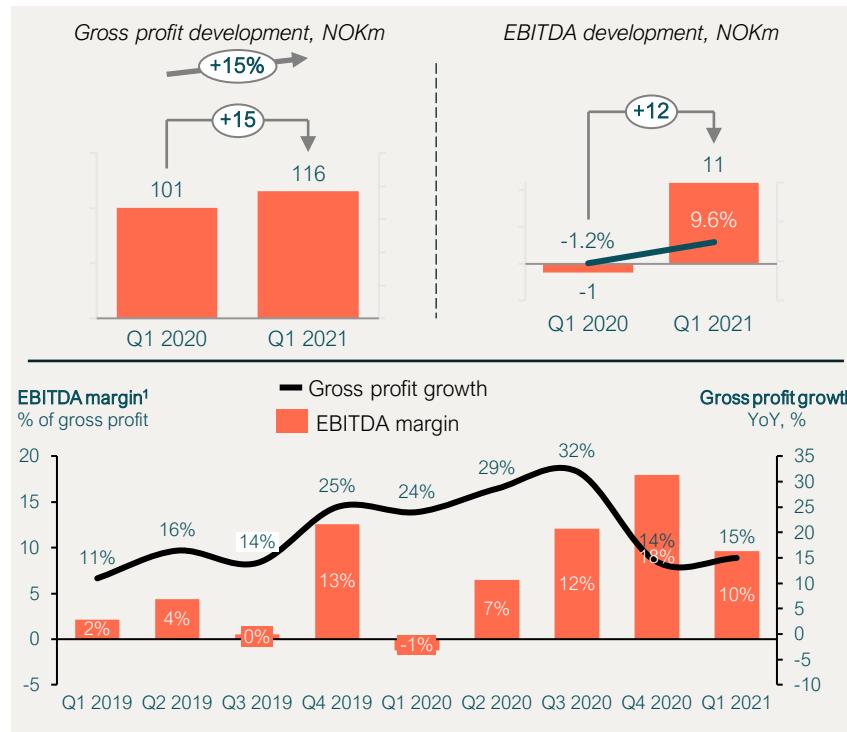




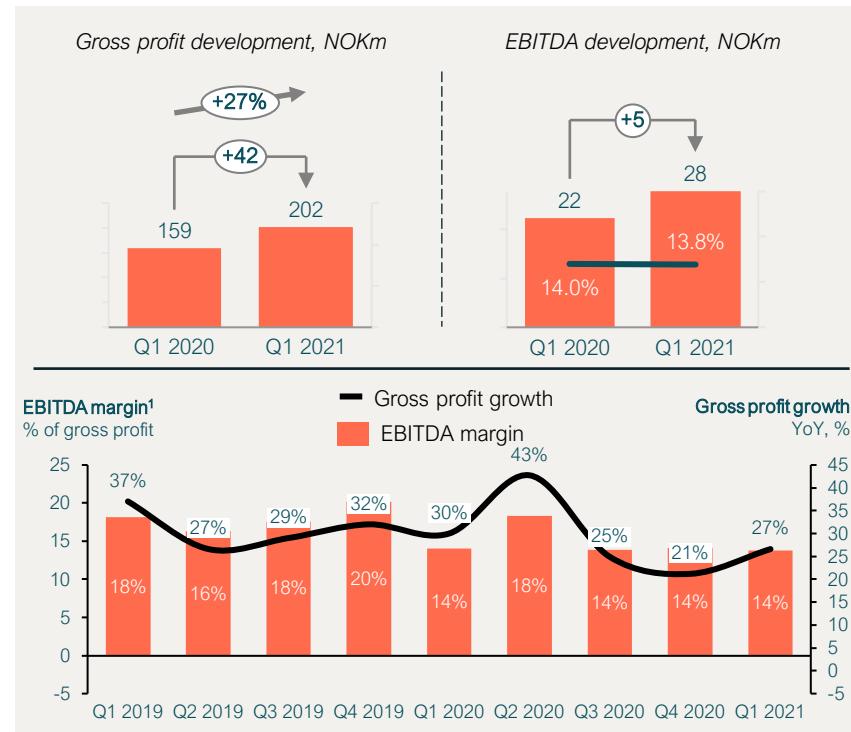
# Appendix

# Services

## SW & Cloud Economics

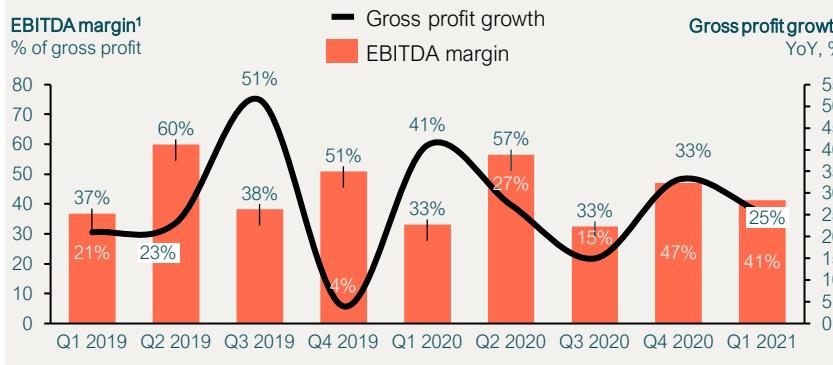
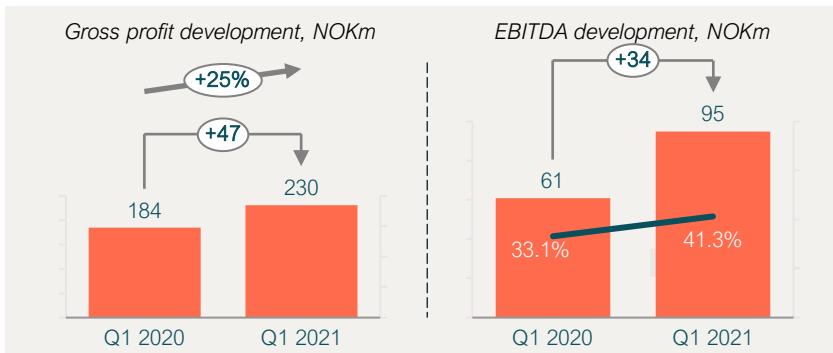


## Consulting

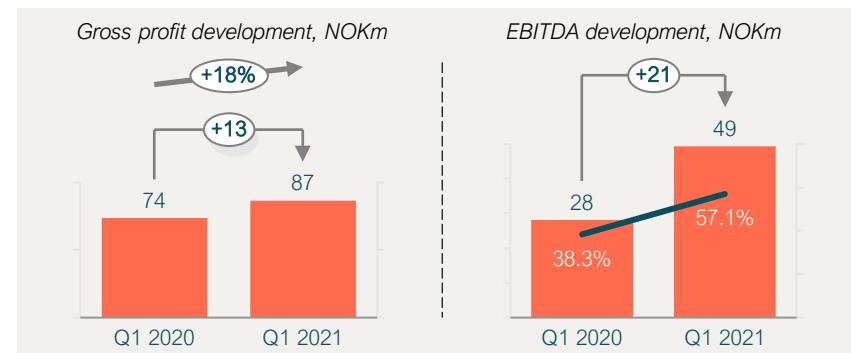


# Software

## SW & Cloud Direct

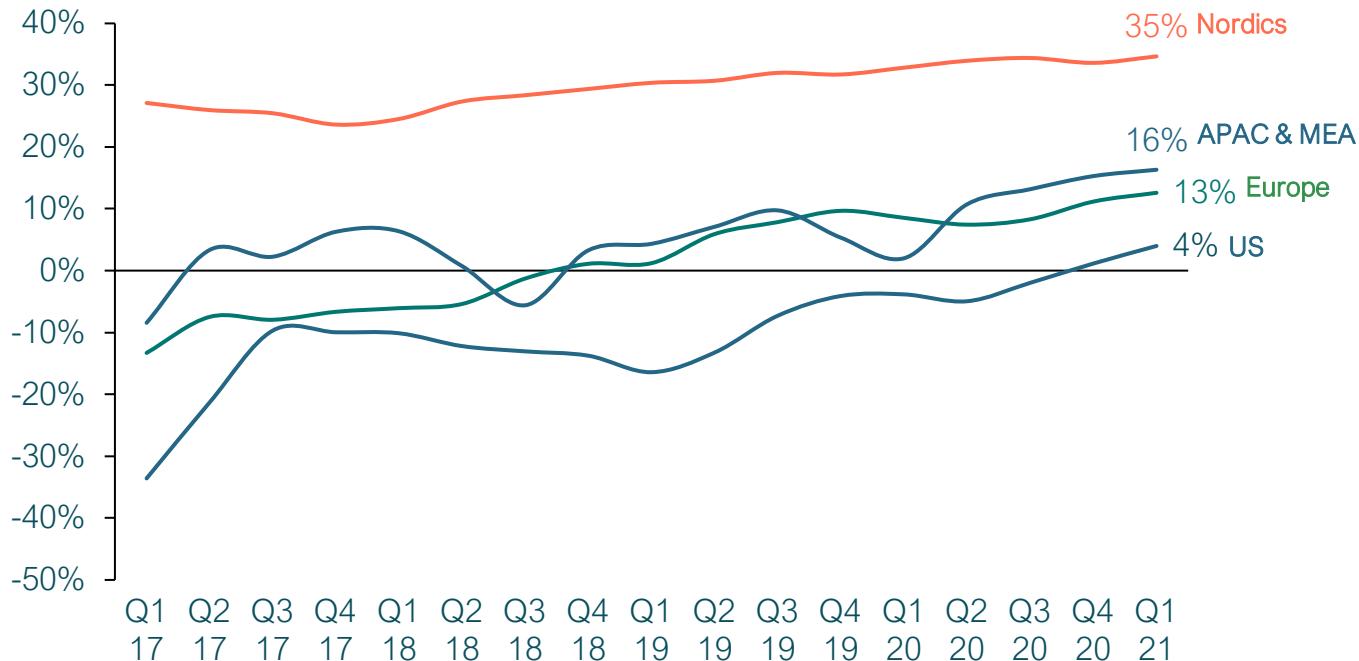


## SW & Cloud Channel



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

# International EBITDA margins continue to improve

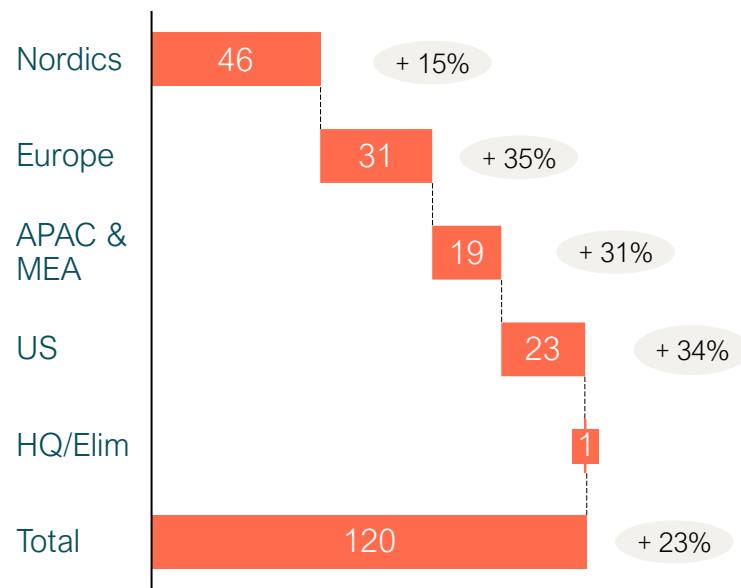
LTM adjusted EBITDA margin<sup>1</sup>

- Nordics with continued strong EBITDA margins
- APAC&MEA EBITDA margins improving
- Europe EBITDA margins negatively influenced by investments into CEE
- Positive EBITDA margin in the US

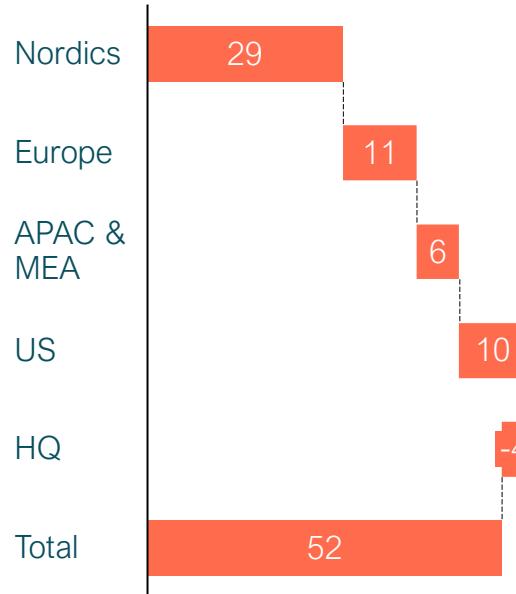
<sup>1</sup> Adjusted EBITDA as share of Gross Profit

# Strong growth across markets in Q1

YoY gross profit growth by market cluster  
NOK million

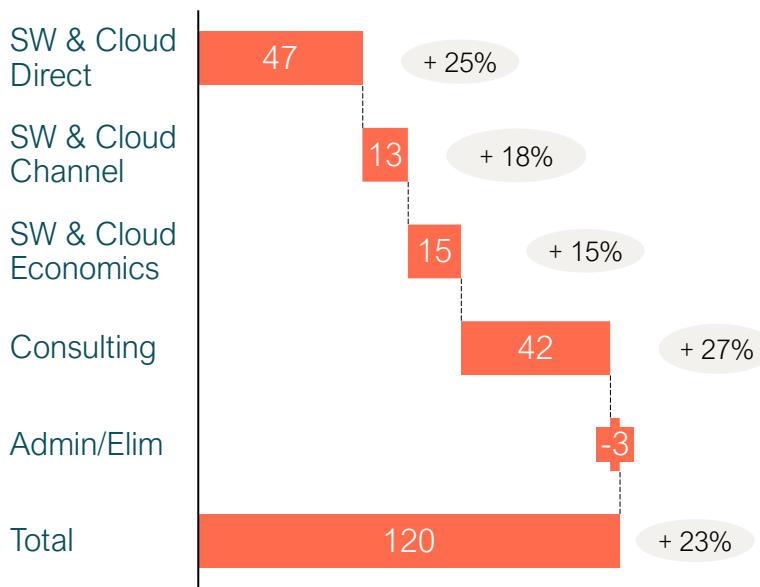


YoY Adj EBITDA growth by market cluster  
NOK million

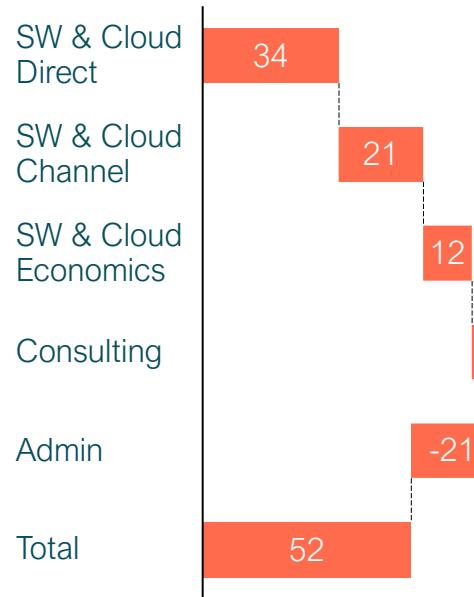


# Strong GP growth across markets and segments

YoY gross profit growth by business area  
NOK million



YoY Adj EBITDA growth by business area  
NOK million



# Strong performance across SW & Cloud and Services

LTM gross profit by business area  
NOK million



LTM adjusted EBITDA by business area  
NOK million



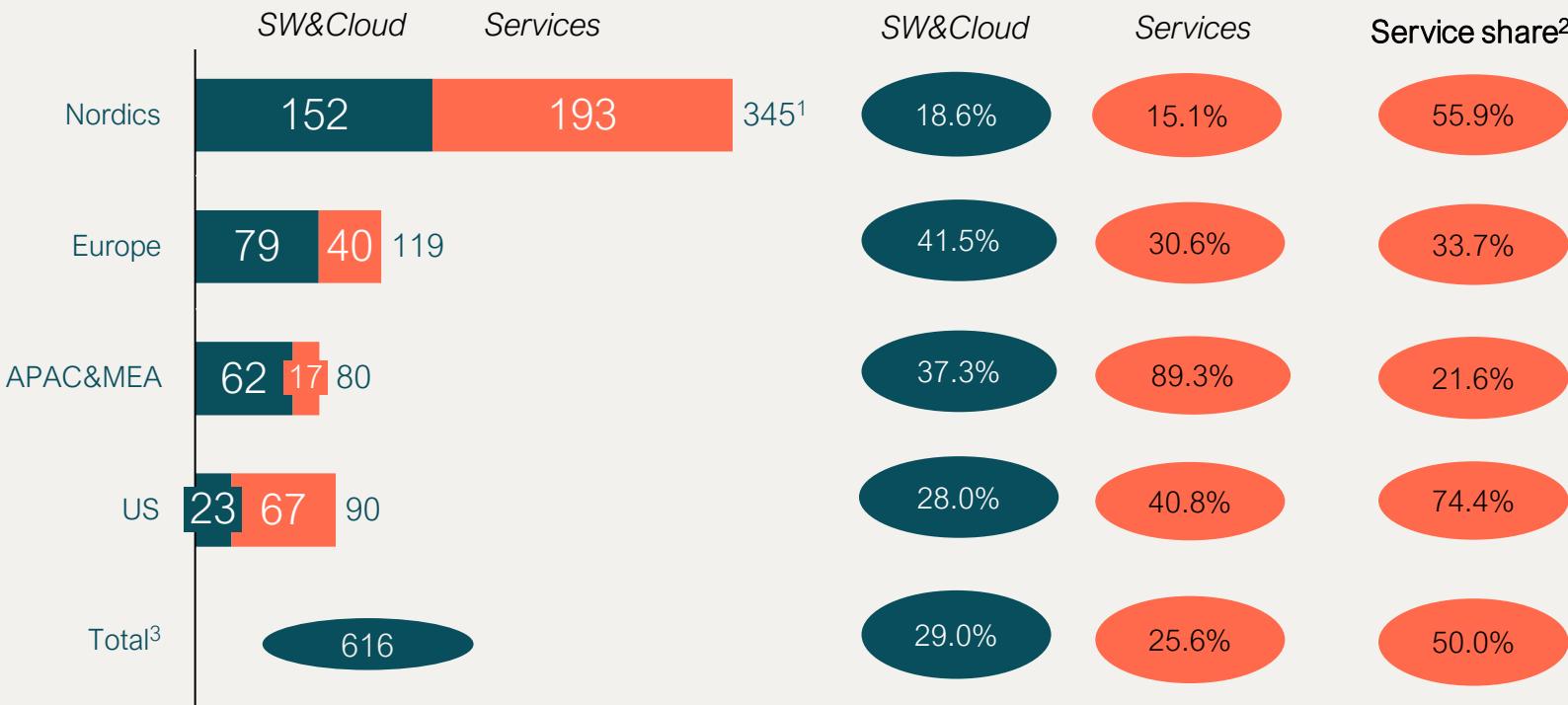
1 LTM vs previous LTM period

2 Adjusted EBITDA as share of Gross Profit

3 LTM vs previous LTM period

# Global SW & Cloud vs Services split

Gross Profit, NOK millions

<sup>1</sup> Total excludes admin costs<sup>2</sup> Service GP as share of total service and SW&Cloud GP<sup>3</sup> Total includes HQ and eliminations



# About Crayon



# Crayon at a glance



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



**Over 600  
certifications**  
on a wide range  
of technology  
solutions



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



**2000+ employees**  
Who are experts in  
their field



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



**Publicly listed**  
on the Oslo Stock  
Exchange



**Over 58,000  
customers**  
from SMB to  
enterprise across  
all industries  
segments



We believe in  
the power of  
technology  
to drive the  
greater good



# Our mission

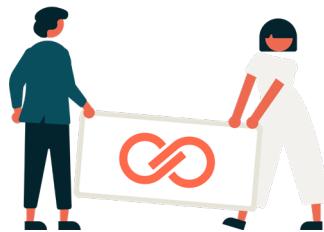


Crayon helps its customers build the commercial and technical foundation for a successful and secure cloud-first, digital transformation journey.

With a global team of accredited experts, we assist our clients with services to plan, rightsize, optimize, manage, and innovate their IT estates throughout the entire lifecycle.

As such we'll help businesses make data-driven and cost-saving decisions while navigating the digital future.

# Our values



## Integrity

With our actions we show integrity – we are accountable for our actions and inactions



## Quality

What we do, we do with excellence and better than anyone else

## Pace

We are customer-focused and act and execute with urgency



## Agility

We innovate through continuous improvement & adapt quickly to change

