



# Quarterly Results

## Q4 2021

CEO Melissa Mulholland  
CFO Jon Birger Syvertsen

15 February 2022



Q4 HIGHLIGHTS

# Continued value creation through services and innovation

Amounts in NOK unless stated

↑ 43%

Gross Profit  
951m

↑ 64%

Adj. EBITDA  
225m

↑ 3.1 pp

Adj. EBITDA margin<sup>1</sup>  
24%



<sup>1</sup> Adjusted EBITDA divided by Gross Profit

# Key achievements



## People-centric strategy

- Investment in employee development
- Stronger leadership acumen
- Increased companywide communication

## Customer-first focus

- 95% customer retention
- ISO 9001, 27001, 27701 certifications
- 2<sup>nd</sup> consecutive year of being a Leader in **Gartner Magic Quadrant** for SAM Managed Services

## Accelerated M&A activity

- NOK 2.5 billion investments in 2021
- Building scale and service capabilities
- Sensa | Cloud Direct | rhipe

## Increased value creation

- Profitable growth across all business areas
- Maximize customer value with our services

# Employees are our greatest asset



## Culture

- All-time high employee survey (total 4.3/5.0)
- Initiatives implemented to support employee well-being



## Diversity

- Sharp increase in SHE diversity index score to 98/100
- 3-year plan to strengthen diversity, equity and inclusion



## Leadership Competency

- Increased talent across our management team
- Strategic promotions in growth markets

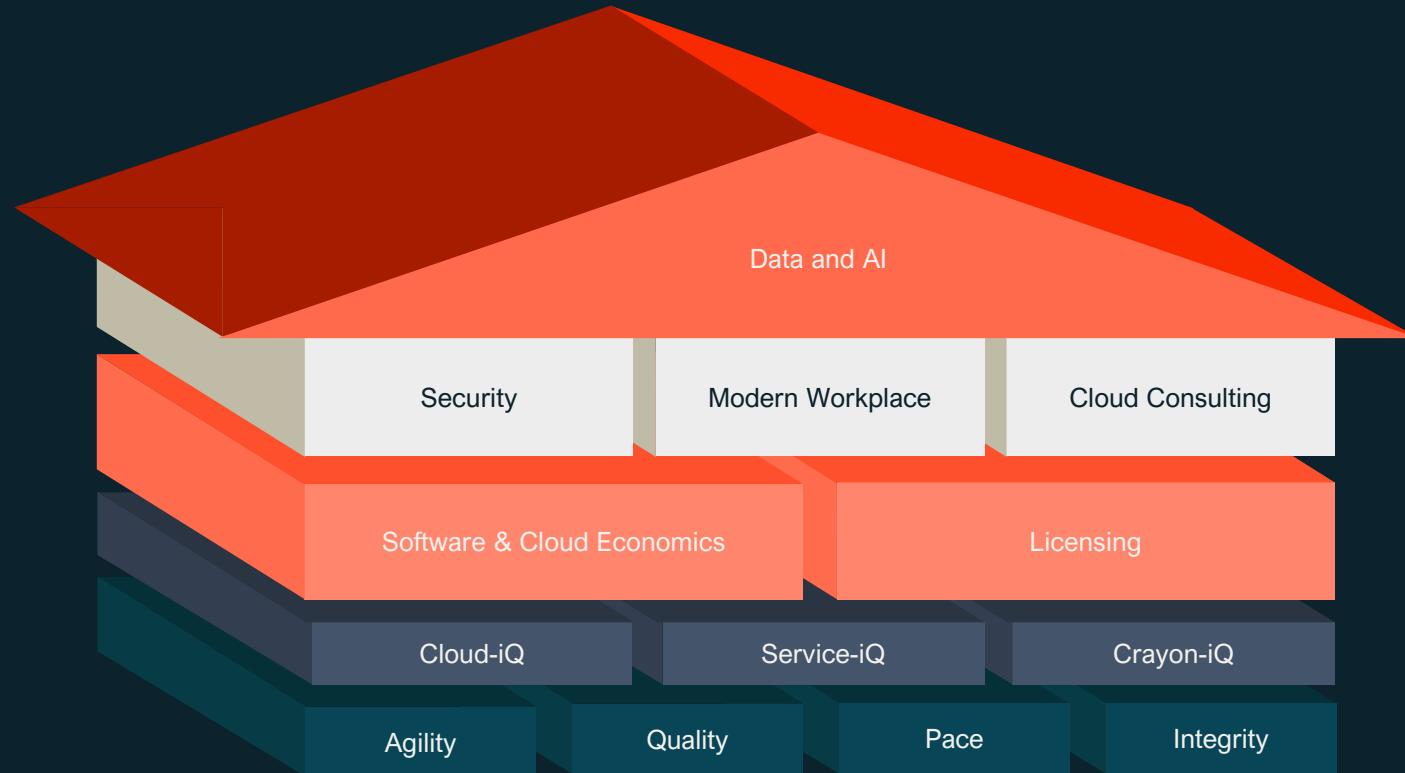


## Talent recruitment and retention

- 30% HC 4-year CAGR
- 855 new hires in 2021
- 98% Q4 employee retention

CUSTOMER-FIRST FOCUS

# The House of Crayon



CUSTOMER-FIRST FOCUS

# Services to accelerate customer value

*The power of technology to drive the greater good*



## Optimize Tech ROI

Best-in-class benchmarking and cost optimization for licenses and cloud consumption



## Accelerate Cloud Adoption

From cloud strategy, migration and modernization to managed operations and security



## Data-driven Enterprise

Unlock the value of data with scalable data platforms and AI solutions

~50% of Gross Profit

## CUSTOMER-FIRST FOCUS

# Driving customer value creation

### Company Overview



Location: US, India, and Philippines



Industry: Financial Services



Company Size: 8 000+



About the company: Ocwen Financial Corporation is a leading financial services company that originates and services mortgage loans.

### Challenges

- Managing an Enterprise Agreement (EA) in the US while most users were in India
- Productivity was greatly reduced because of the complexity of managing an EA in one country while the users were in another

### Solution

- Crayon delivered an M365 Rightsize engagement to optimize Ocwen's IT environment
- Crayon helped Ocwen negotiate with Microsoft on their discount percentage
- Crayon will offer post-sales support for the next three years

### Results

- Unprecedented efficiencies across their IT environment
- Identified new managed services opportunities
- One of the biggest Crayon India direct deals in terms of maximum seats of M365 E3

## ACCELERATED M&A ACTIVITY

# Crayon acquires rhapsody, Sensa and Cloud Direct

### Market Scalability



Australia (HQ)



600+ employees



NOK 502m gross profit <sup>1</sup>

- Channel scale
- Operational capabilities
- Market presence

### Service Capabilities



Iceland



120+ employees



NOK 176m gross profit <sup>1</sup>

- Professional services
- Cloud managed services
- Infrastructure & networking



United Kingdom & South Africa



200+ employees

- Azure migration & support services
- Cloud management capability
- Platform innovation

<sup>1</sup> 2021 FY pro forma

## ACCELERATED M&A ACTIVITY

# rhipe integration



### Geographical reach in high growth market

- Expected 10-15% growth in APAC<sup>1</sup>



### Leader in the APAC region

- Combined entity has strong market presence as 3<sup>rd</sup> largest in the region
- No. 1 in the APAC channel segment



### Integrated People

- Highlighting synergies around go-to-market strategies
- Sharing of best practices and business processes



<sup>1</sup> Source: Gartner

## INCREASED VALUE CREATION

# Strong Q4 performance

**22%**  
Gross profit  
growth

**56%**  
Adj. EBITDA  
margin

- Strong growth momentum and improved profitability in Germany, APAC, US
- Increased revenue performance in MEA, France, Finland
- Significant wins with leading French IT consultancy, largest Enterprise Agreement in Crayon history

## Software & Cloud Direct



## Software & Cloud Channel

**99%**  
Gross profit  
growth

**53%**  
Adj. EBITDA  
margin

- Strong growth with positive contribution from rhipe
- Improved profitability from scale and synergy effects
- Strong growth and performance in Nordics, US and India

## INCREASED VALUE CREATION

# Strong Q4 performance

**25%**  
Gross profit  
growth

**22%**  
Adj. EBITDA  
margin

- Continued strong performance with increased managed service delivery of cloud economics across Norway, Germany, and Denmark
- Significant customer win with global aerospace company, realizing significant cost-savings that they can then use to innovate and grow the business

## Software & Cloud Economics Services



## Consulting Services

**59%**  
Gross profit  
growth

**18%**  
Adj. EBITDA  
margin

- Service focus strategy continues to demonstrate consistent GP growth driven by strong demand for cloud, data, and AI
- Multi-cloud growth with key customer wins in Google Cloud, AWS, and Azure

# Crayon ESG initiatives

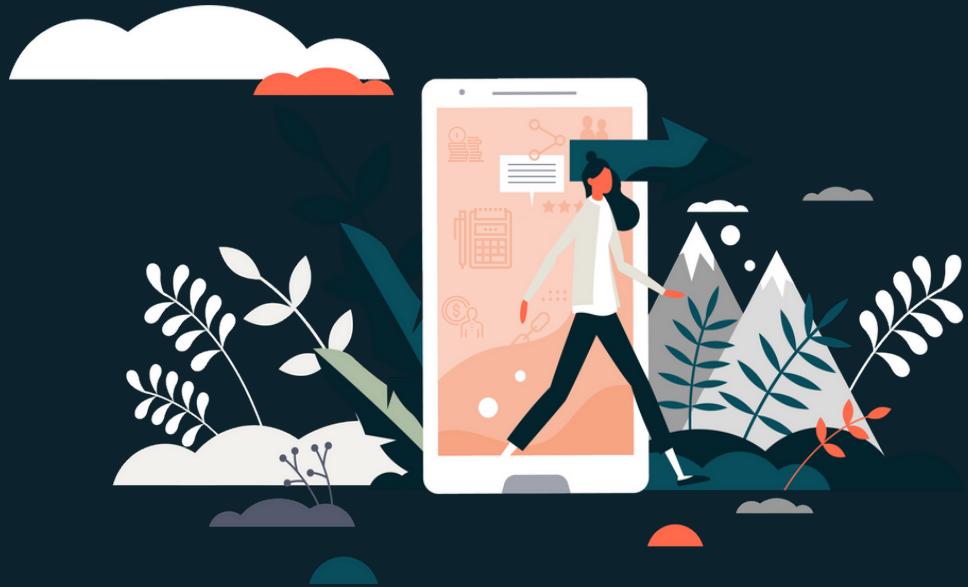


# Employee-led community service





# Financial Review



## FINANCIAL REVIEW

# Rounding out a successful year

Figures in NOK million



Profitable growth and expansion driven by strong sales, services, and M&A



Q4 2021 growth across all business areas and markets



2022 guidance for 35-40% gross profit growth

| Q4 2021                        |                        |  |
|--------------------------------|------------------------|--|
| Revenue                        | Gross Profit           | Adj. EBITDA  |
| <b>7 697</b><br>+36.7%         | <b>951</b><br>+42.5%   | <b>225</b><br>23.6% margin <sup>2</sup><br>+3.0pp    |
| FY 2021                        |                        |  |
| Revenue                        | Gross Profit           | Adj. EBITDA  |
| <b>26 438</b><br>+34.9%        | <b>3 040</b><br>+29.6% | <b>655</b><br>21.5% margin <sup>2</sup><br>+3.9 p.p. |
| FY 2021 Pro Forma <sup>1</sup> |                        |  |
| Revenue                        | Gross Profit           | Adj. EBITDA  |
| <b>29 433</b><br>+50.2%        | <b>3 502</b><br>+49.3% | <b>766</b><br>21.9% margin <sup>2</sup>              |

<sup>1</sup> Pro forma figures include full-year results of Sensa, acquired in Q2 2021, and rhipe, acquired in Q4 2021.

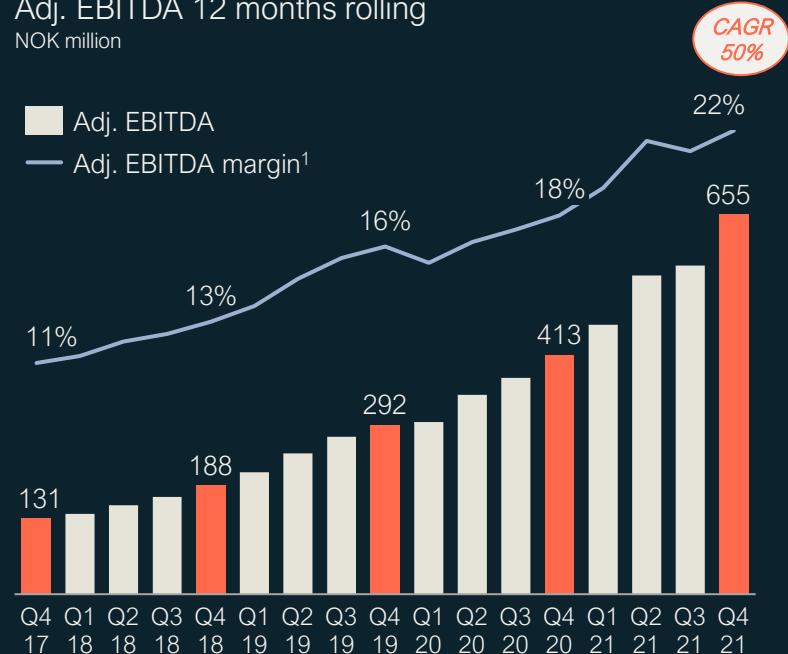
## FINANCIAL REVIEW

# Continued strong growth momentum and value creation

Gross Profit 12 months rolling  
NOK million



Adj. EBITDA 12 months rolling  
NOK million



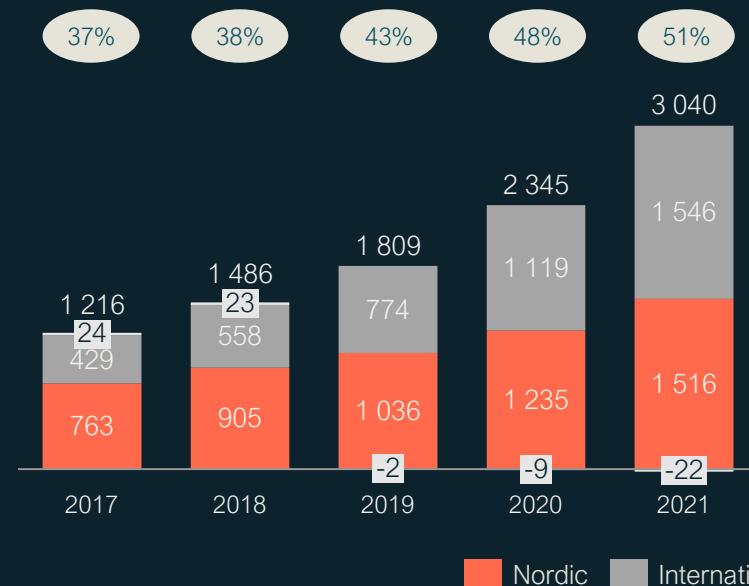
1 Adjusted EBITDA divided by Gross Profit

## FINANCIAL REVIEW

# Executing on strategy for profitable international growth

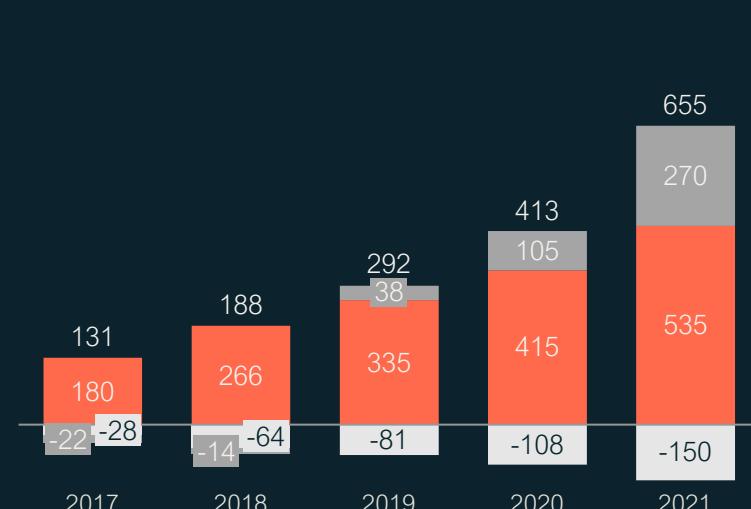
### Gross Profit

NOK million



### Adj. EBITDA<sup>1</sup>

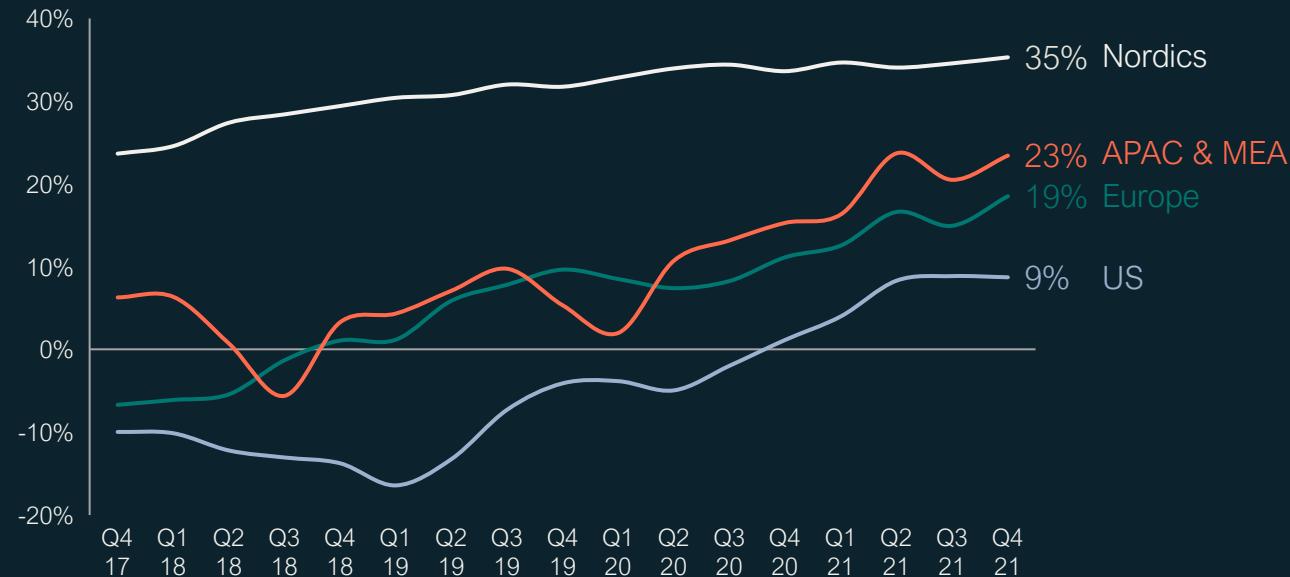
NOK million



<sup>1</sup> Adjusted EBITDA divided by Gross Profit

# Margin expansion driven by increased scale and cost optimization

12-months rolling adj. EBITDA margin <sup>1</sup>



- Nordics improving, strong margins
- Margin improvement in APAC driven both by rhipe acquisition and increased profitability
- Europe improving as business scales
- US margin still reflecting continued investments in driving growth

<sup>1</sup> Adjusted EBITDA divided by Gross Profit

## FINANCIAL REVIEW

# Significant growth and profitability improvements in 2021

### 2021 pro forma gross profit breakdown

NOK million



### 2021 pro forma adj. EBITDA breakdown

NOK million



Growth YoY

27% 28% 197% 31% n/a 49%

EBITDA Margin <sup>1</sup>

35% 19% 24% 9% n/a 22%

■ Reported figures ■ Sensa and rhipe pro forma

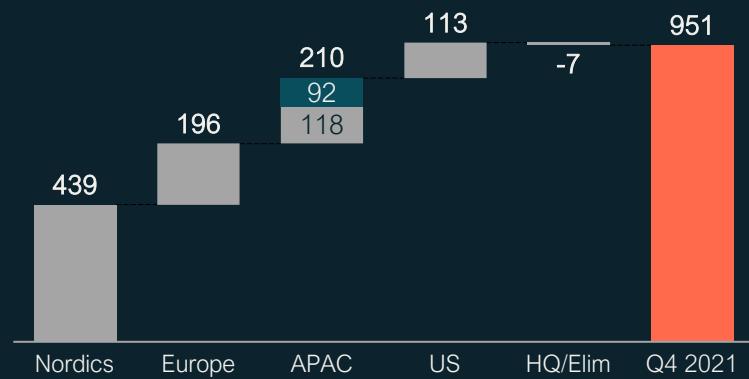
<sup>1</sup> Adjusted EBITDA divided by Gross Profit

## FINANCIAL REVIEW

# Strong growth momentum across all markets in Q4

Q4 gross profit by market cluster

NOK million

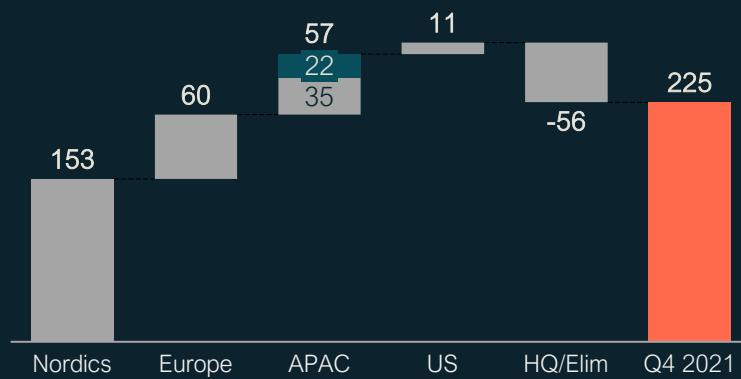


Growth  
YoY

26% 30% 158% 28% n/a 43%

Q4 adj. EBITDA by market cluster

NOK million



EBITDA  
Margin<sup>1</sup>

35% 31% 27% 9% n/a 24%

■ Crayon incl. Sensa ■ rhiipe

<sup>1</sup> Adjusted EBITDA divided by Gross Profit

## FINANCIAL REVIEW

# Improved profitability driven by scale and synergy effects

Q4 gross profit by business area

NOK million

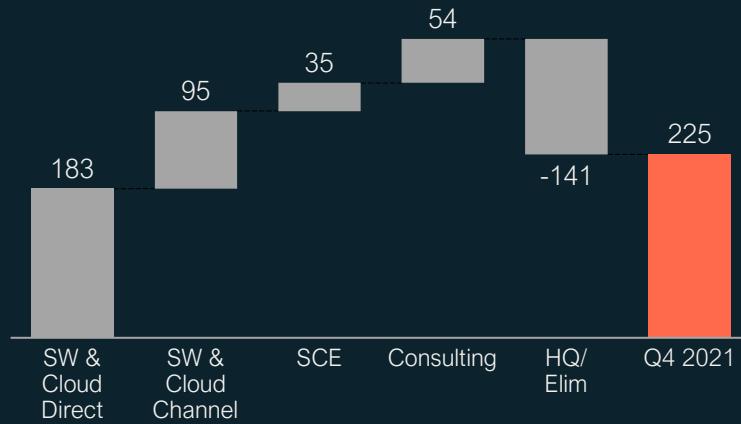


Growth  
YoY

22% 99% 25% 59% n/a 43%

Q4 adj. EBITDA by business area

NOK million



EBITDA  
Margin <sup>1</sup>

56% 53% 22% 18% n/a 24%

Change  
YoY

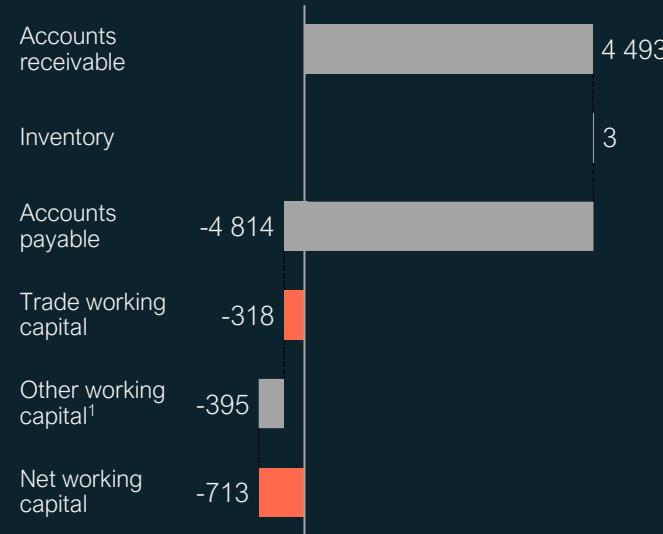
9.1pp 6.7pp 4.1pp 4.2pp n/a 3.1pp

<sup>1</sup> Adjusted EBITDA divided by Gross Profit

## FINANCIAL REVIEW

# Continued strong working capital position

Net working capital Q4 2021  
NOK million



Net working capital over time  
NOK million



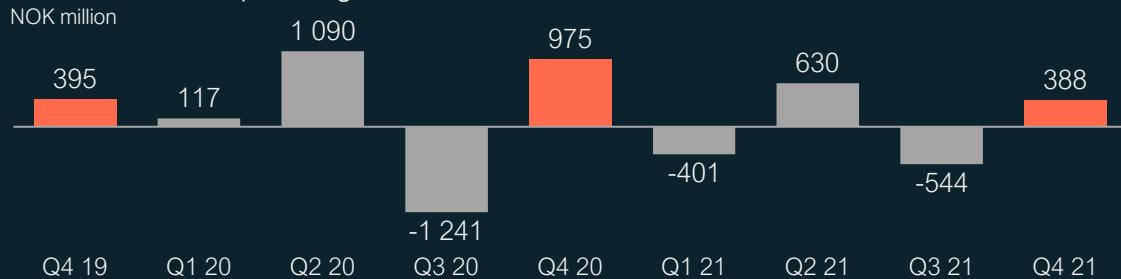
The difference between net working capital in Q4 2021 compared with Q4 2020 is due to a decrease in trade working capital of NOK -160m and a NOK 427m increase in other working capital

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

## FINANCIAL REVIEW

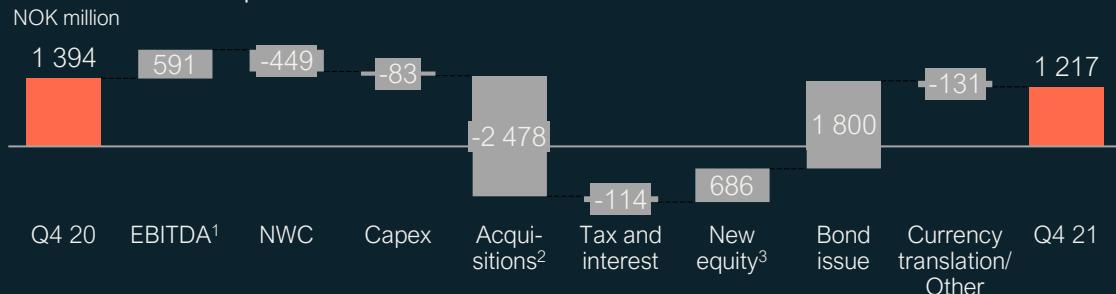
# Strong cash development despite high M&A activity

### Cash flow from operating activities



Cash flow from operations is seasonal and driven mainly by changes to net working capital

### LTM cash development



Strong cash position and liquidity reserve of NOK 1 992m (1 582m)

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

<sup>2</sup> Acquisitions include business combinations.

<sup>3</sup> Includes cash flow effects from IFRS 16 and cash flow from financing activities

## FINANCIAL REVIEW

# Improved profitability and value creation

| NOK million                    | Q4 2021      | Q4 2020      | 2021           | 2020           |
|--------------------------------|--------------|--------------|----------------|----------------|
| Revenue                        | 7 697.3      | 5 632.3      | 26 438.3       | 19 599.5       |
| Cost of sales                  | -6 745.9     | -4 964.9     | -23 398.6      | -17 254.7      |
| <b>Gross profit</b>            | <b>951.4</b> | <b>667.4</b> | <b>3 039.7</b> | <b>2 344.8</b> |
| Operating expenses             | -761.8       | -521.3       | -2 448.8       | -1 963.4       |
| <b>EBITDA</b>                  | <b>189.6</b> | <b>146.2</b> | <b>591.0</b>   | <b>381.4</b>   |
| Adjustments                    | 35.0         | -9.0         | 63.9           | 31.5           |
| <b>Adj. EBITDA</b>             | <b>224.7</b> | <b>137.2</b> | <b>654.9</b>   | <b>412.9</b>   |
| Depreciation & Amortization    | -57.3        | -37.2        | -174.5         | -140.3         |
| <b>EBIT</b>                    | <b>132.3</b> | <b>109.0</b> | <b>416.4</b>   | <b>241.1</b>   |
| Interest expense               | -37.9        | -9.2         | -83.1          | -41.1          |
| Other financial income/expense | 123.4        | 26.3         | -30.3          | -6.3           |
| <b>Profit before tax</b>       | <b>217.8</b> | <b>126.0</b> | <b>303.1</b>   | <b>193.7</b>   |
| Tax expense                    | -3.8         | -31.4        | -49.2          | -66.8          |
| <b>Net income</b>              | <b>214.0</b> | <b>94.7</b>  | <b>253.9</b>   | <b>126.8</b>   |
| <b>EPS</b>                     | <b>2.31</b>  | <b>1.05</b>  | <b>2.58</b>    | <b>1.48</b>    |

- Depreciation & Amortization up NOK 20m YoY, of which NOK 15m directly related to Sensa and rhipe
- Interest expenses increased largely due to interest on new bond issuance (21.5m)
- Other financial income driven mainly by currency movements
- 74% growth in EPS for the full year compared to 2020

## FINANCIAL REVIEW

# Robust financial position

| Assets                          | 31 Dec 2021   | 31 Dec 2020  | Equity and Liabilities               | 31 Dec 2021  | 31 Dec 2020  |
|---------------------------------|---------------|--------------|--------------------------------------|--------------|--------------|
| Contracts                       | 599           | 60           | Shareholders' equity                 | 2 158        | 1 103        |
| Goodwill                        | 2 998         | 851          | Bond debt                            | 1 771        | 295          |
| Other intangible assets         | 281           | 145          | Deferred tax liabilities             | 135          | 22           |
| Non-current receivables         | 69            | 40           | Other non-current liabilities        | 145          | 143          |
| Investments in assoc. comp.     | 37            | 0            | <b>Total non-current liabilities</b> | <b>2 051</b> | <b>460</b>   |
| <b>Total non-current assets</b> | <b>4 158</b>  | <b>1 255</b> | Accounts payable                     | 4 814        | 3 560        |
| Inventory                       | 3             | 9            | Public duties                        | 459          | 251          |
| Accounts receivable             | 4 493         | 3 393        | Current interest-bearing debt        | 452          | 107          |
| Other current receivables       | 1 421         | 263          | <b>Other current liabilities</b>     | <b>1 299</b> | <b>784</b>   |
| Cash & cash equivalents         | 1 217         | 1 394        | <b>Total current liabilities</b>     | <b>7 082</b> | <b>4 752</b> |
| <b>Total current assets</b>     | <b>7 134</b>  | <b>5 060</b> |                                      |              |              |
| <b>Total assets</b>             | <b>11 292</b> | <b>6 315</b> |                                      |              |              |

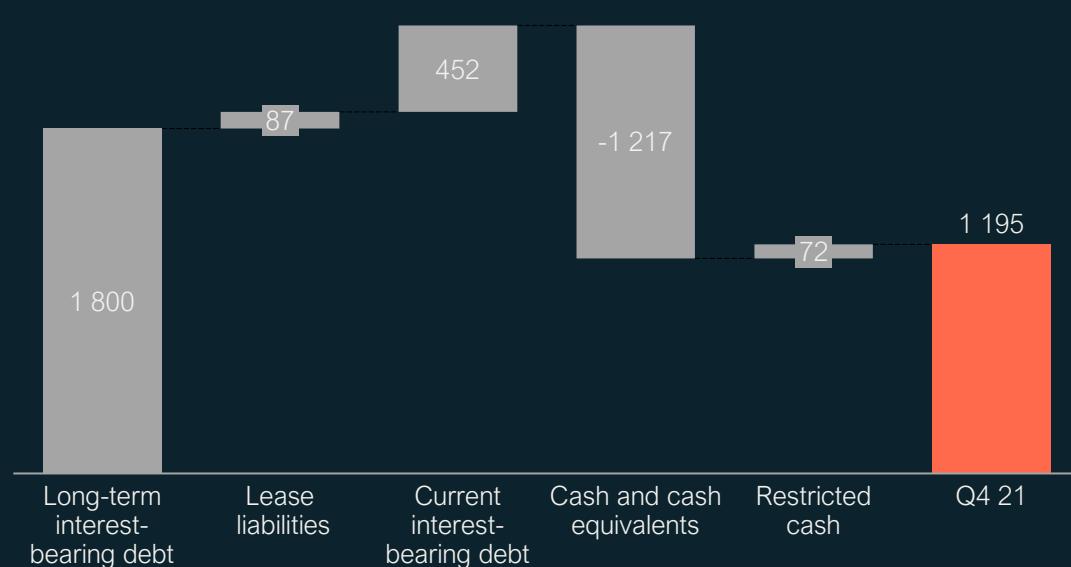
- Contracts and goodwill driven by Sensa and rhipe acquisitions
- Other current receivables and public duties driven by reclassification of VAT payable
- Strong balance sheet supports Crayon's M&A strategy
- NOK 300m bond issued in 2019 and maturing in November 2022 reclassified as current interest-bearing debt

## FINANCIAL REVIEW

# Significant headroom for continued M&A activity

Net interest-bearing debt

NOK million



- NIBD/Adj. EBITDA 1.9x
- Pro forma NIBD/Adj. EBITDA 1.6x



# Outlook



## 2022 OUTLOOK

# Updated 2022 outlook

|                                  | 2021 outlook | 2021 actuals | 2022 outlook | Medium term             | Comment   |
|----------------------------------|--------------|--------------|--------------|-------------------------|---|
| Gross profit growth              | 28-30%       | 29.6%        | 35-40%       | ~20%                    | 2022 outlook implies organic growth in line with medium-term outlook  |
| Adj. EBITDA margin <sup>1</sup>  | 20-21%       | 21.5%        | 22-23%       | Gradual increase to 25% | Continuing to invest in resources to drive growth while realizing scale benefits across international markets |
| Net working capital <sup>2</sup> | -20% to -25% | -21.2%       | -15% to -20% | -15% to -20%            | Expected to normalize during 2022 at expected medium-term level   |
| Capex                            | NOK 80-85m   | NOK 81.4m    | NOK ~100m    | NOK ~100m               | Capex synergies from rhipe offset by accelerated investments into platforms                                   |

<sup>1</sup> Adjusted EBITDA divided by Gross Profit

<sup>2</sup> Average NWC last 4 quarters as share of gross profit last 4 quarters

# Summary & outlook



Attractive service-led business model in a rapidly growing market for cloud and software



Proven ability to drive profitable growth across a global market portfolio



Strong focus on talent retention, development and recruitment to drive multi-cloud strategy and services growth



Strong balance sheet provides strategic flexibility



# Q&A





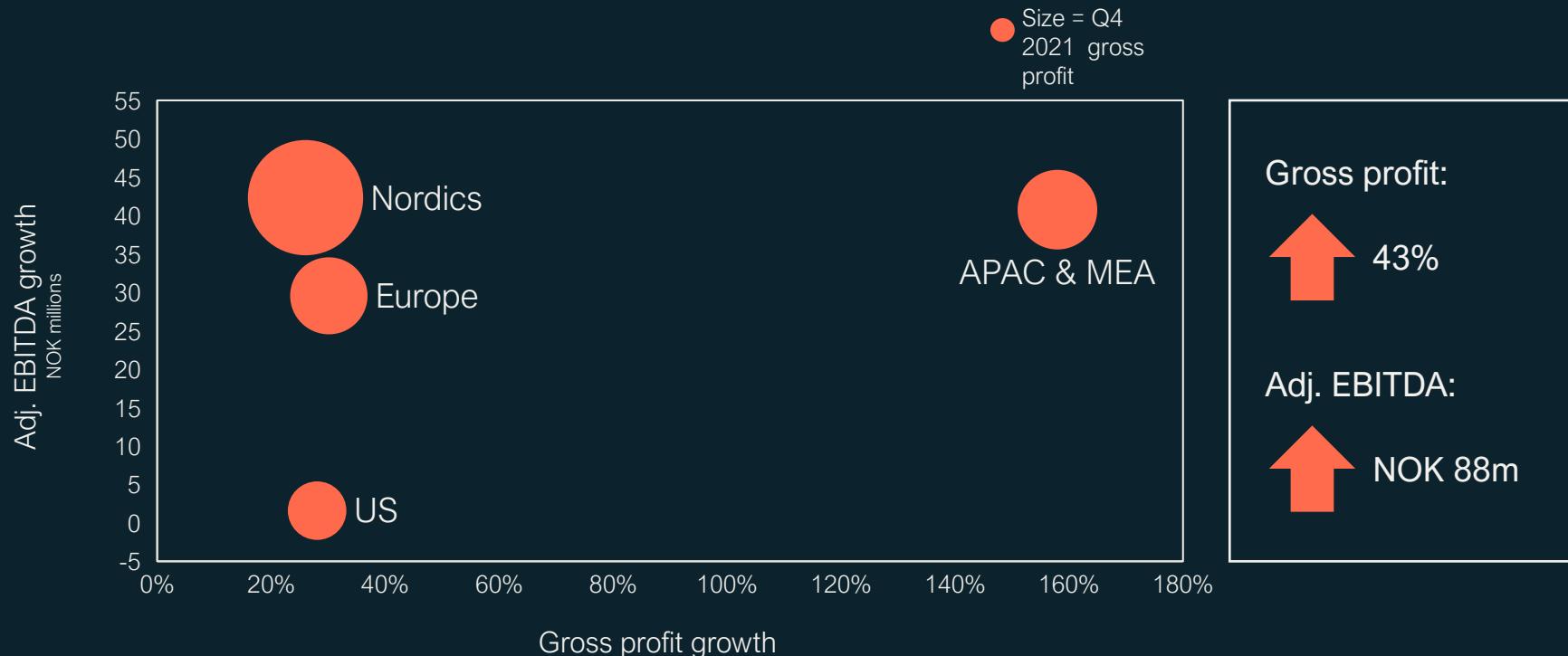
# Appendix



## APPENDIX

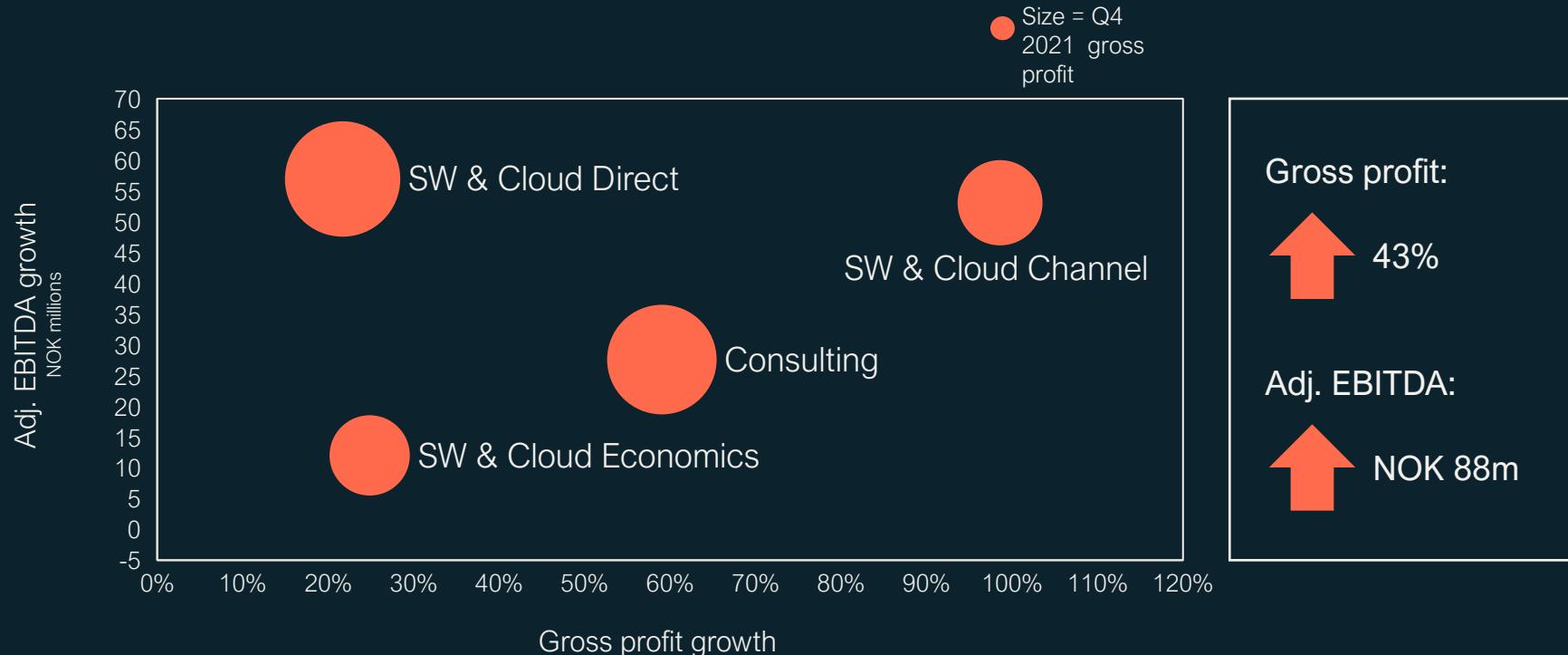
# Positive contributions from rhaps and Sensa acquisitions YoY

Compared to corresponding period last year



# Strong development across all business areas

Compared to corresponding period last year



# Forward-looking statements

These materials may contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact including, without limitation, those regarding Crayon Group Holding ASA's (the "Company") financial position, business strategy, plans and objectives of management for future operations is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, among others competition from Nordic and international companies in the markets in which the Company operates, changes in the demand for IT services and software licensing, changes in international, national and local economic, political, business, industry and tax conditions, the Company's ability to realize backlog as operating revenue, the Company's ability to correctly assess costs, pricing and other terms of its contracts, the Company's ability to manage an increasingly complex business, political and administrative decisions that may affect the Company's public customer group contracts, the Company's ability to retain or replace key personnel and manage employee turnover and other labor costs, unplanned events affecting the Group's operations or equipment, the Company's ability to grow the business organically, changes regarding the Company's brand reputation and brand image, fluctuations in the price of goods, the value of the NOK and exchange and interest rates, the Company's ability to manage its international operations, changes in the legal and regulatory environment and in the Company's compliance with laws and regulations, increases to the Company's effective tax rate or other harm to its business as a result of changes in tax laws, changes in the Company's business strategy, development and investment plans, other factors referenced in this report and the Company's success in identifying other risks to its business and managing the risks of the aforementioned factors. Should one or more of these risks or uncertainties materialize, or should any underlying estimates or assumptions prove to be inappropriate or incorrect, our actual financial condition, cash flows or results of operations could differ materially from what is expressed or implied herein. The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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