



Quarterly Results

Q1 2022

Melissa Mulholland, CEO

Jon Birger Syvertsen, CFO

11 May 2022



A large, 3D orange '20' is the central focus, with the words 'Years' and 'of Crayon' in a matching orange sans-serif font. The entire graphic is set against a dark navy blue background. Several stylized fireworks in white and orange burst around the '20'. At the base of the numbers, there are small green bushes and a pool of blue liquid with orange and white confetti floating on its surface.

20 Years of Crayon

Thank you, **employees**, **customers**, **partners**, and **vendors** for trusting Crayon.

ANNIVERSARY

Our accomplishments over the past 20 years

- ● “Our business strategy has remained the same since we started. From Day 1 we said we always sit on the same side of the table as the customer.”

– Rune Syversen, Chairman and Co-founder



2002

Crayon is founded in Oslo, Norway with 6 employees



2009

Crayon expands outside the Nordics into Europe



2015

Crayon expands globally



2017

Crayon is listed on Oslo Børs



2021

Crayon acquires Sensa and rhipe



2022

Where we are now:

- 3,300 Employees across 47 countries
- Innovative Crayon platforms
- NOK 3.3bn gross profit, 708m Adj. EBITDA¹
- Leader in the Gartner MQ for SAM & Managed Services
- Three ISO certifications worldwide
- Rising Star Award on SHE Index
- 7,000 certifications on a wide range of technology solutions

¹ Reported figures for the last twelve months as of Q1 2022

Q1 HIGHLIGHTS

Continued strong performance based on business resiliency

Amounts in NOK



46%

Gross profit
928m



57%

Adj. EBITDA
146m



1.1pp

Adj. EBITDA margin ¹
15.7%



¹ Adjusted EBITDA divided by Gross Profit

BUSINESS AREAS

Q1 performance

Software and Cloud – Direct



22%

Gross profit growth

47%

Adj. EBITDA margin

- Strong momentum with growth across all market clusters, Microsoft's New Commerce Experience (NCE) a positive driver
- Particularly strong growth in the US, India, and Europe
- US win with global leader in media technology and services with a 5-year Azure commitment of USD 122 million

Software and Cloud – Channel



127%

Gross profit growth

50%

Adj. EBITDA margin

- Strong growth momentum across all geographies, positive contribution from rhipe
- Integration with rhipe continued, moving customers to Cloud-iQ
- One of the largest Cloud channel partner for Microsoft – accelerated with rhipe acquisition and strong performance

BUSINESS AREAS

Q1 performance

Software & Cloud Economics Services



16%

Gross profit growth

9%

Adj. EBITDA margin

- Growth across all market clusters with increased managed service delivery of cloud economics
- Increased market interest in FinOps & SaaSOPs
- First Cloud Economics delivery on Google Cloud Platform (GCP) with Cognite in Norway

Consulting Services



57%

Gross profit growth

14%

Adj. EBITDA margin

- Service-focused strategy continues to demonstrate consistent GP growth driven by strong demand for cloud, data, and AI
- Growth in multicloud capability with AWS, GCP, and Microsoft momentum, dedicated centers of excellence in place
- Acceleration of Cloud managed services

CUSTOMER STORY – LICENSING

Ministry of Finance of Denmark

Location: Denmark

About the customer: The Ministry of Finance supports the government in pursuing sound economic policies and contributes to innovation and efficiency in the public sector.



About the win

- The Danish Finance Agency awarded Crayon a contract for a three-year intergovernmental framework agreement on standard Microsoft software products (value of up to DKK 1.6bn).
- The EU Tender includes 25 government entities in Denmark and covers Microsoft Software.



Outcome

- Crayon has optimized and ensured that the public customers have minimal administrative workloads by delivering an efficient day-to-day administration of the agreement.
- We have focused on delivering solutions contributing to the highest level of security.
- Crayon's involvement will support the overall governmental goal to accelerate the digital transformation as a lever for growth, welfare, and green transition.



"It is our hope that the new solutions we offer can help to create a simpler everyday life for the employees in the State for the benefit of the citizens of Denmark."

– Marina Lønning, Denmark GM

CUSTOMER STORY – DATA & AI

Downer Group | Zero Harm AI Platform

Location: Australia

About the company: Downer Group employs 44,000 people across ANZ and specializes in urban services. Projects range across transport, energy, telco, hospitals, aged care, and education



Business Challenge

- Centralizing thousands of data points to give clarity on major risks, what causes them, how to manage them and how to ensure what they do is working to ensure everyday that staff return home healthy and safe.



Crayon Solution

- In 2021, Downer Group partnered with Crayon and Microsoft to start building an AI-powered health, safety, and environment management system.
- Data Insights and Language Technologies Group leveraged state-of-the-art Natural Language Understanding techniques to support safety specialists to consistently and accurately classify and cluster safety documents.



Outcome

- Zero Harm AI Platform created in 5 weeks via agile methodology. Machine Learning operations also created to train the model on new data.
- We are now working with Downer to take the solution further forward.



NEW CERTIFICATION

AI and ML expertise

Crayon is now a Microsoft AI and Machine Learning Advanced Specialization Partner



We are one out of a small handful in Europe to have this status



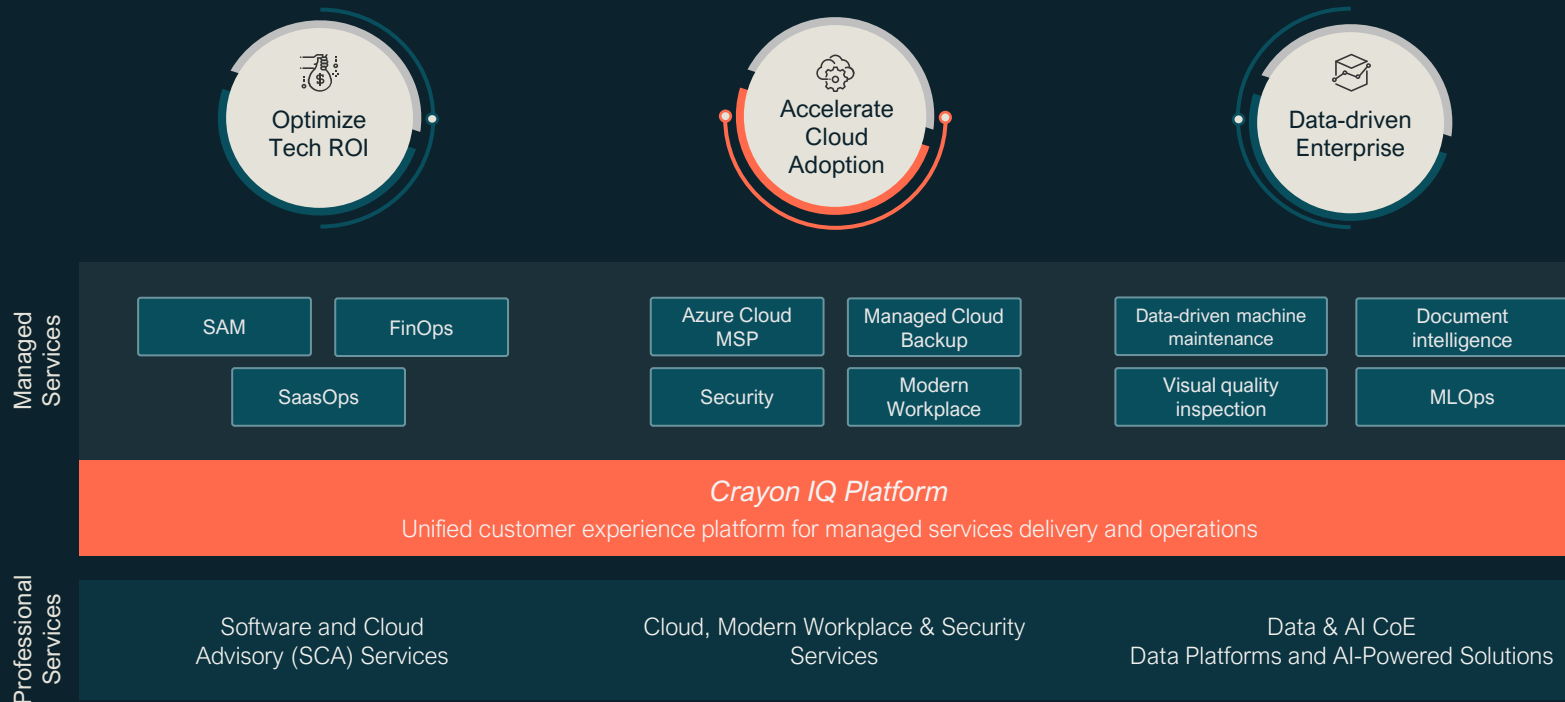
The auditors positively highlighted our global Center of Excellence approach



We have more than 80 data and AI experts who have delivered AI solutions to 100+ customers

SCALE AND STANDARDIZE OUR SERVICE DELIVERY THROUGH A UNIFIED PLATFORM

Services and platform strategy



HIRING AND TALENT RETENTION

People momentum

Q1 gross new headcount:



Q1 retention:



SHE Index:



98/100

Rising Star Award
Winner



900 team members

27% of eligible employees
participated in the employee
stock purchase plan (ESPP)

- ● “In an inflationary environment
the only deflationary force is
software.”

- Satya Nadella

PEOPLE FOCUS

Ukraine efforts

Evacuation efforts:

- More than 28 people including Crayon and rhipe family members have been evacuated from Ukraine
- All evacuees have found new homes with the support of employee volunteers and Crayon donation fund
- Established a safehouse near the Poland-Ukraine border

Donation fund:

500 people have raised €44,965.⁶⁵

* Crayon matches 100% of all donations

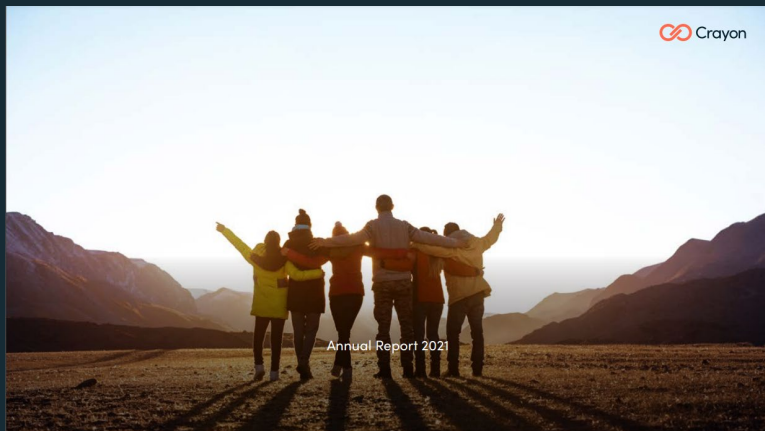


Above all else, Crayon is a family.

OUR YEAR

Annual reporting

Annual Report 2021



[See report](#)

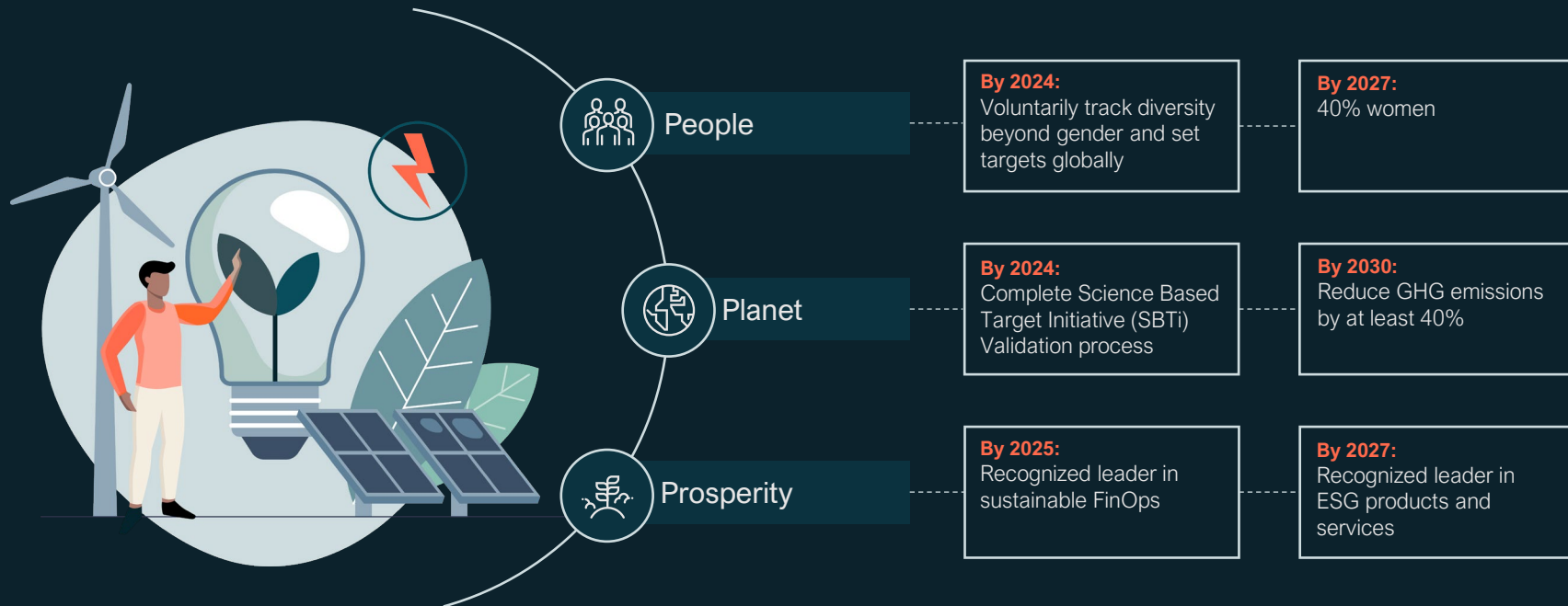
Environmental, Social, and Governance Report 2021



[See report](#)

ESG

Our big ambitions



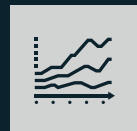


Financial Review

FINANCIAL REVIEW

Record first quarter

Amounts in NOK



Continued growth across all business areas



Margin improvements as international markets continue to scale



Q1 results clearly in line with 2022 outlook



55%

Gross sales
8,536m



46%

Gross Profit
928m



57%

Adj. EBITDA
146m



1.1pp

Adj. EBITDA margin ¹
15.7%

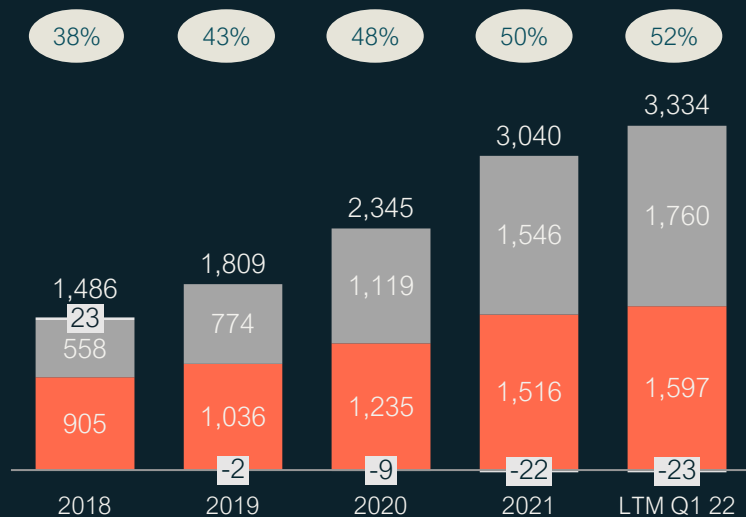
¹ Adjusted EBITDA divided by Gross Profit

FINANCIAL REVIEW

Executing on strategy for profitable international growth

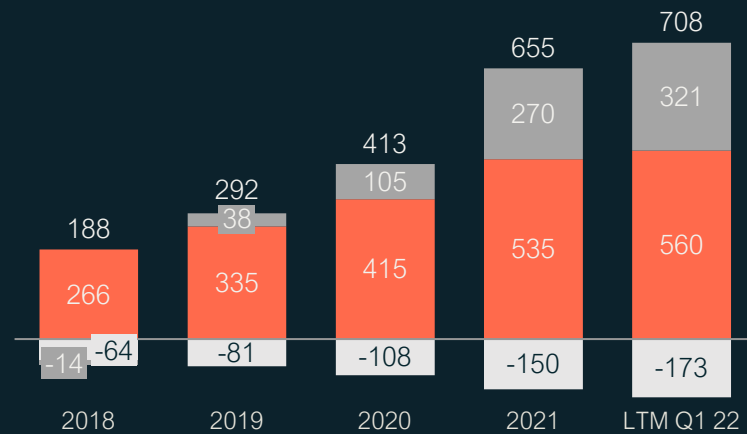
Gross Profit

NOK million



Adj. EBITDA ¹

NOK million



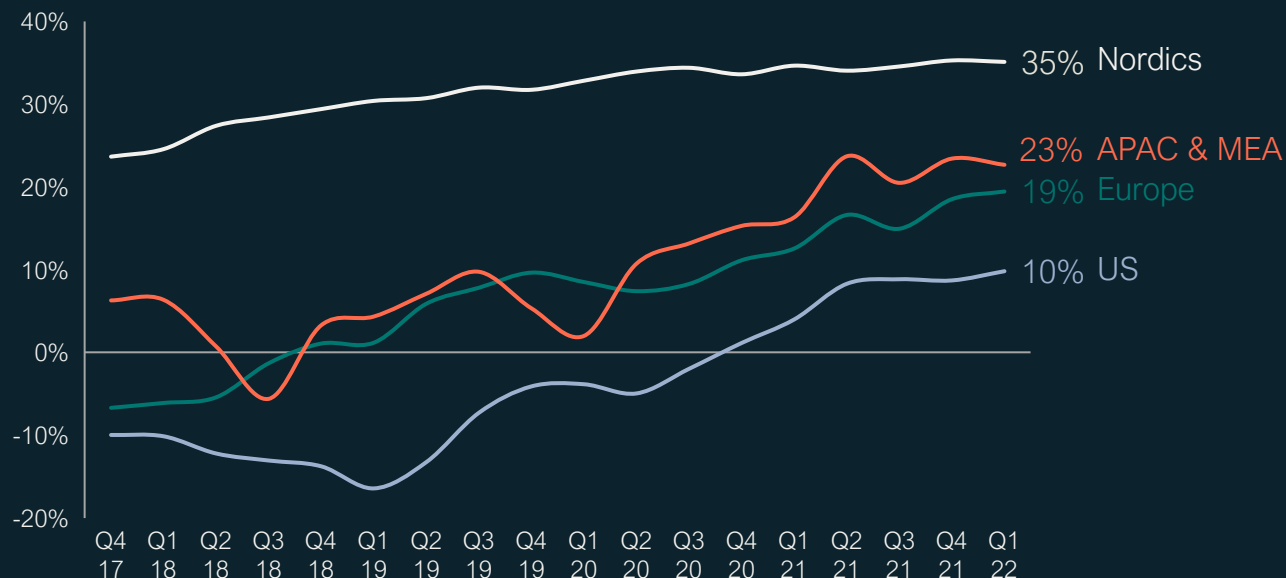
■ Nordic
 ■ International
 ■ HQ/Elim.
 % International share

¹ Adjusted EBITDA divided by Gross Profit

FINANCIAL REVIEW

Margin expansion driven by increased scale and cost optimization

12-months rolling adj. EBITDA margin ¹



- Nordics maintaining strong margins
- Stable margins in APAC, significant channel growth YoY driven by ripe acquisition
- Continued improvements in Europe as business scales

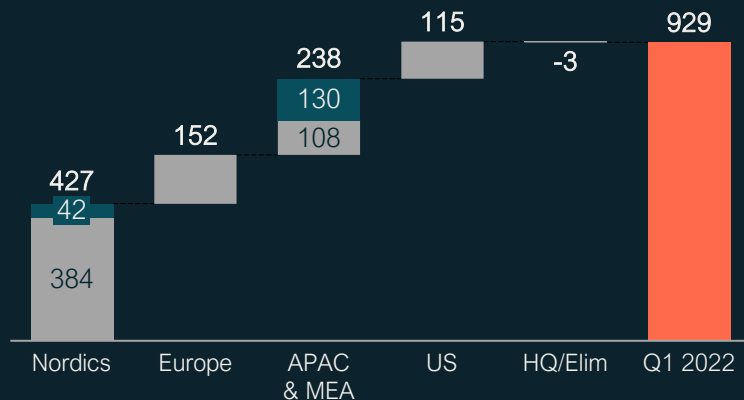
¹ Adjusted EBITDA divided by Gross Profit

FINANCIAL REVIEW

Strong growth momentum across all market clusters

Q1 gross profit by market cluster

NOK million



Growth

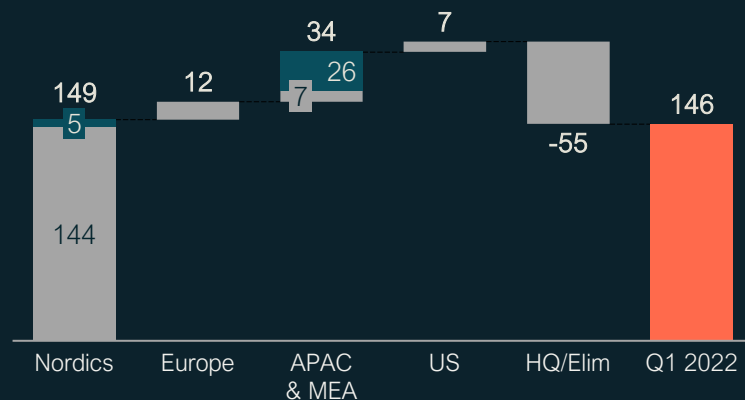
23% 27% 195% 28% n/a 46%

Organic growth

11% 27% 34% 28% n/a 19%

Q1 adj. EBITDA by market cluster

NOK million



EBITDA Margin ¹

35% 8% 14% 6% n/a 16%

Change YoY

-0.7pp 8.0pp 12.1pp 6.2pp n/a 1.1pp

¹ Adjusted EBITDA divided by Gross Profit

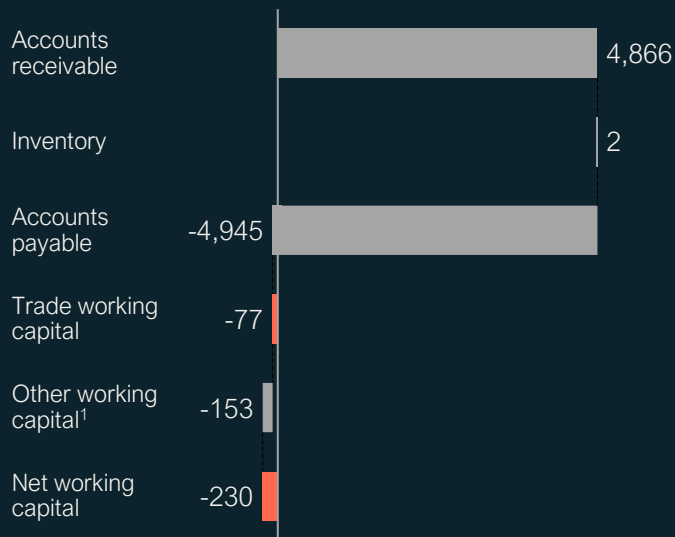
■ Crayon ■ rhipe and Sensa

FINANCIAL REVIEW

Continued strong working capital position

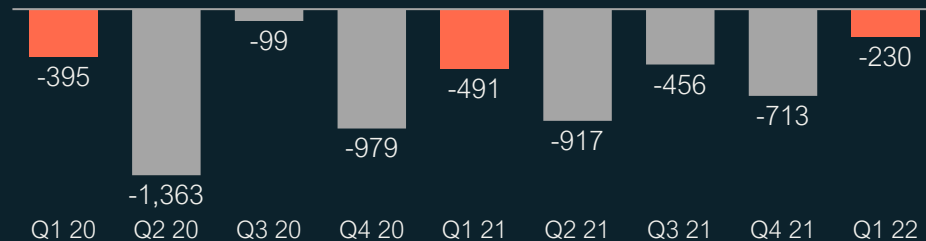
Net working capital Q1 2022

NOK million



Net working capital over time

NOK million



Change in net working capital in Q1 2022 compared with Q1 2021 driven by NOK 366m increase in other working capital

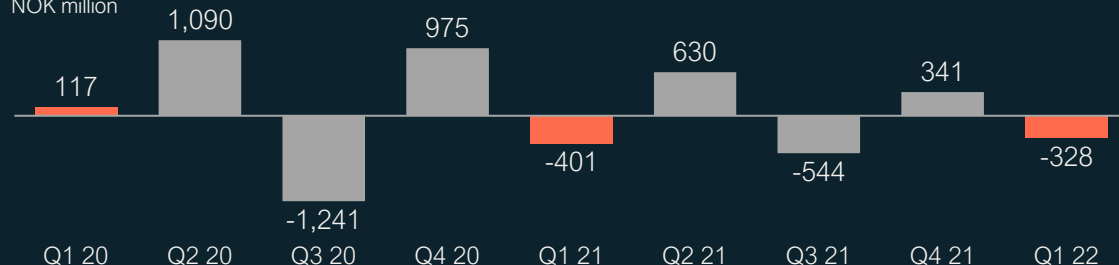
¹ Other working capital includes other receivables, income tax payable, public duties payable and other short-term liabilities

FINANCIAL REVIEW

Strong cash development despite increased net working capital

Cash flow from operating activities

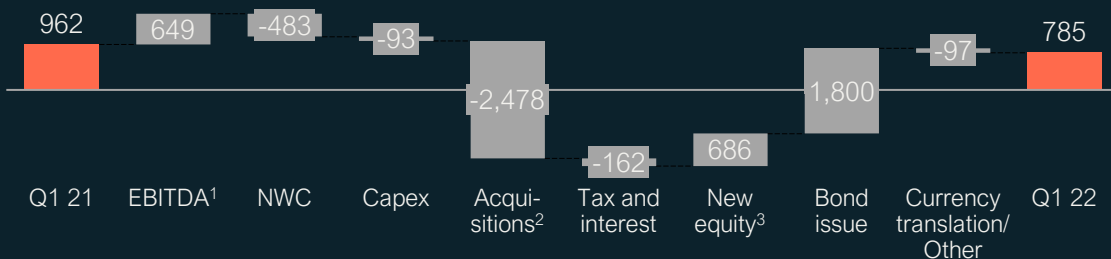
NOK million



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

LTM cash development

NOK million



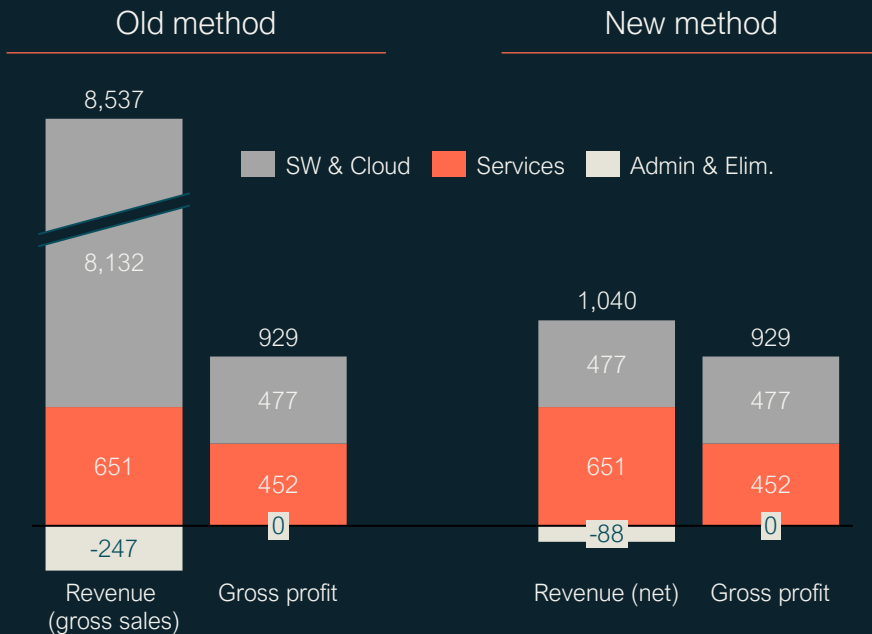
Strong cash position and liquidity reserve of NOK 1,086m (1,188m)

¹ EBITDA (non-adjusted)

² Acquisitions include business combinations.

³ Includes cash flow effects from IFRS 16 and cash flow from financing activities

Change of accounting principle from Q1 2022



- Starting in Q1 2022, revenue from the resale of Software and Cloud licenses is accounted for net of related costs (cost of sales)
- No impact on Gross profit, EBITDA, Operating profit or Net income
- Revenue for 2020 and 2021 have been restated according to IAS 8. Balance sheet, Equity and Cash Flow statements are unchanged
- For more information, see Note 3 in the Q1 2022 financial report
- Historical revenues shown as Gross sales

FINANCIAL REVIEW

Improved profitability and value creation

NOK million	Q1 2022	Q1 2021	2021
Gross sales	8,536.4	5,522.5	26,438.3
Revenue	1,040.1	710.8	3,533.8
Cost of sales	(111.3)	(75.9)	(494.1)
Gross profit	928.8	634.9	3,039.7
Operating expenses	(789.7)	(553.7)	(2,448.8)
EBITDA	139.1	81.2	591.0
Adjustments	6.9	11.8	63.9
Adj. EBITDA	146.0	93.0	654.9
Depreciation & Amortization	(68.7)	(36.1)	(174.5)
EBIT	70.4	45.1	416.4
Interest expense	(38.9)	(10.3)	(83.1)
Other financial income/expense	70.7	(5.9)	(30.3)
Net income before tax	102.2	29.0	303.1
Tax expense	(27.7)	(13.8)	(49.2)
Net income	74.5	15.2	253.9
EPS	0.86	0.19	2.58

- Depreciation & Amortization up NOK 33m YoY mainly related to Sensa and rhipe
- Interest expenses increased primarily due to interest on new bond issuance (22.5m)
- Other financial income driven mainly by currency movements
- Strong EPS growth compared to Q1 2021

Robust financial position

Assets	31 Mar 2022	31 Mar 2021
Contracts	581	53
Goodwill	3,004	846
Other intangible assets	261	143
Tangible assets	168	144
Non-current receivables	37	36
Investments in assoc. comp.	36	-
Total non-current assets	4,087	1,222
Inventory	2	5
Accounts receivable	4,866	3,170
Other current receivables	1,564	316
Cash & cash equivalents	785	962
Total current assets	7,217	4,453
Total assets	11,304	5,675

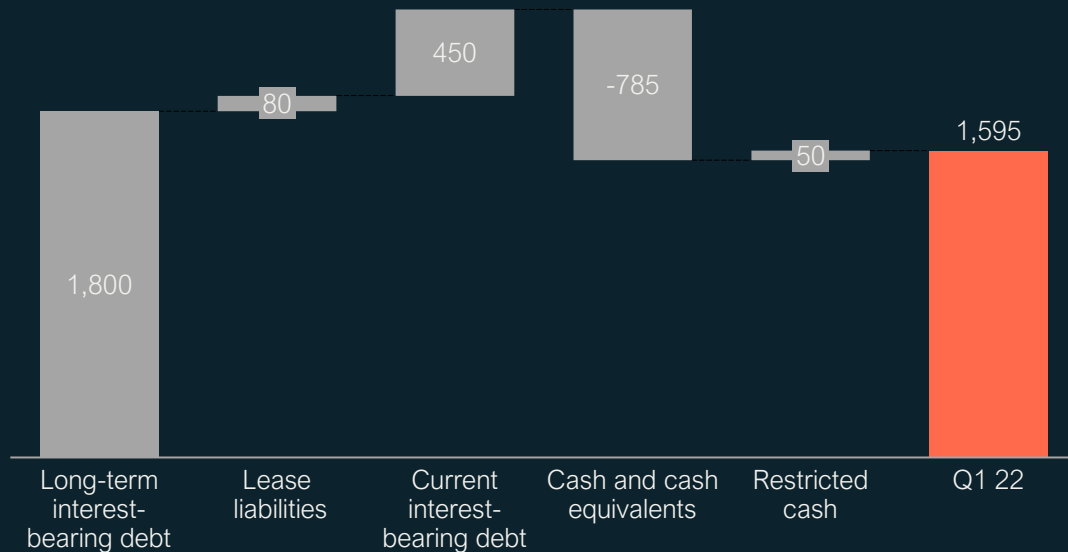
Equity and Liabilities	31 Mar 2022	31 Mar 2021
Shareholders' equity	2,173	1,109
Interest-bearing debt	1,773	296
Deferred tax liabilities	135	19
Other non-current liabilities	111	133
Total non-current liabilities	2,019	448
Accounts payable	4,945	3,147
Public duties	415	66
Current lease liabilities	37	29
Other interest-bearing debt	413	107
Other current liabilities	1,302	769
Total current liabilities	7,112	4,119
Total equity and liabilities	11,304	5,675

- Contracts and goodwill driven by Sensa and rhipe acquisitions
- Other current receivables and public duties driven by reclassification of VAT payable
- NOK 300m bond maturing in November 2022 classified as current interest-bearing debt

Headroom for continued M&A activity

Net interest-bearing debt

NOK million



- NIBD/Adj. EBITDA 2.2x
- Pro forma NIBD/Adj. EBITDA 2.0x



Outlook

2022 OUTLOOK

2022 outlook maintained

	2021	LTM Q1 2022	FY 2022 outlook	Medium term	Comment
Gross profit growth	29.6%	35.3%	35-40%	~20%	2022 outlook implies organic growth in line with medium-term outlook
Adj. EBITDA margin ¹	21.5%	21.2%	22-23%	Gradual increase to 25%	Continuing to invest in resources to drive growth while realizing scale benefits across international markets
Net working capital ²	-21.2%	-17.4%	-15% to -20%	-15% to -20%	Expected to normalize during 2022 at expected medium-term level
Capex	NOK 82.8m	NOK 92.9m	NOK ~100m	NOK ~100m	Capex synergies from rhipe offset by accelerated investments into platforms

¹ Adjusted EBITDA divided by Gross Profit

² Average NWC last 4 quarters as share of gross profit last 4 quarters



Q&A



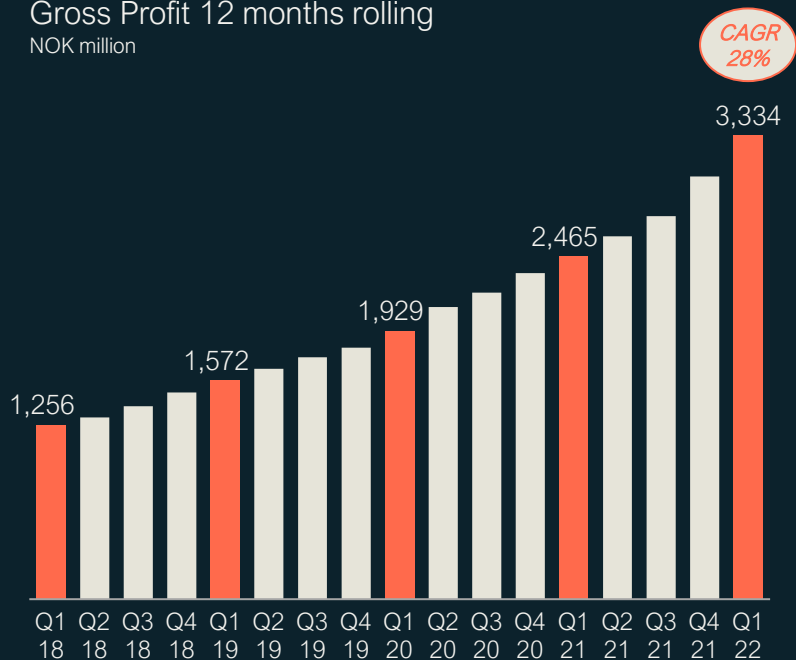


Appendix

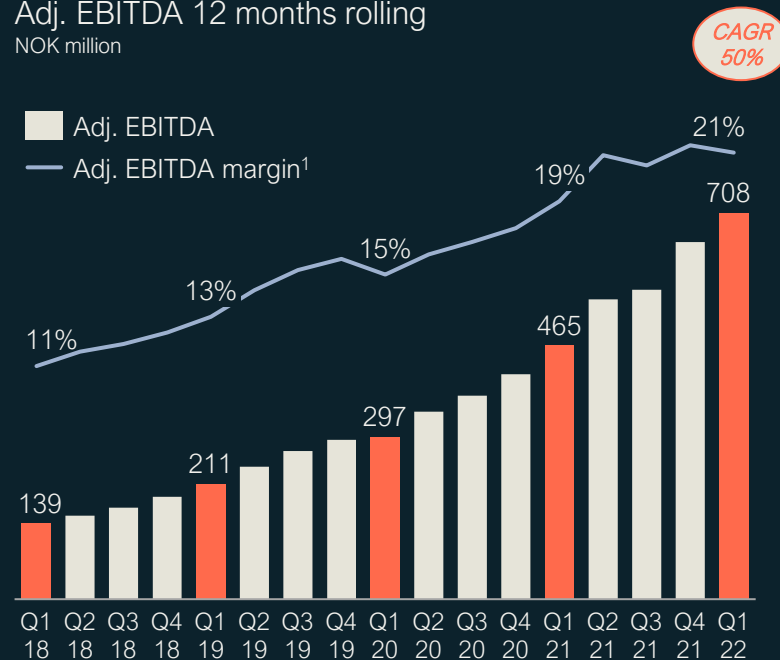
FINANCIAL REVIEW

Continued strong growth momentum and value creation

Gross Profit 12 months rolling
NOK million



Adj. EBITDA 12 months rolling
NOK million



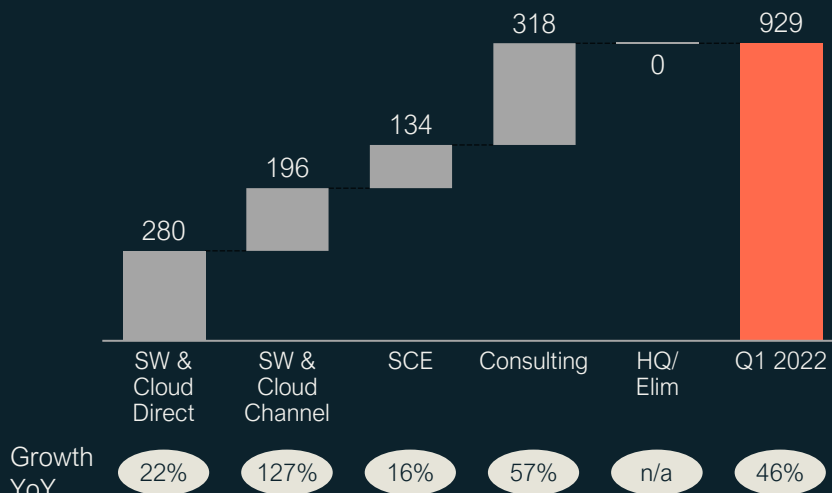
¹ Adjusted EBITDA divided by Gross Profit

APPENDIX

Improved profitability driven by scale and synergy effects

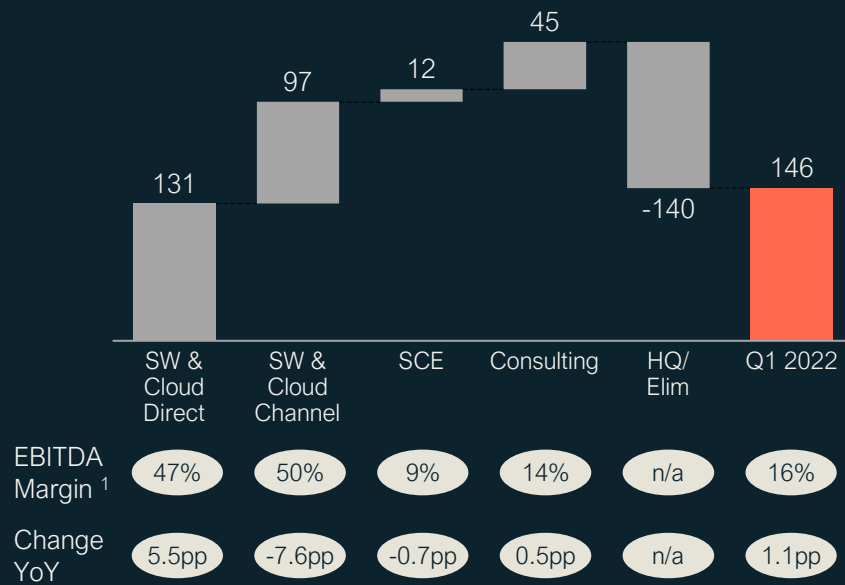
Q1 gross profit by business area

NOK million



Q1 adj. EBITDA by business area

NOK million



¹ Adjusted EBITDA divided by Gross Profit

APPENDIX

Positive contributions from rhipe and Sensa acquisitions YoY

Compared to corresponding period last year

● Size = Q1 2022
gross profit



Gross profit:

↑ 46%

Adj. EBITDA:

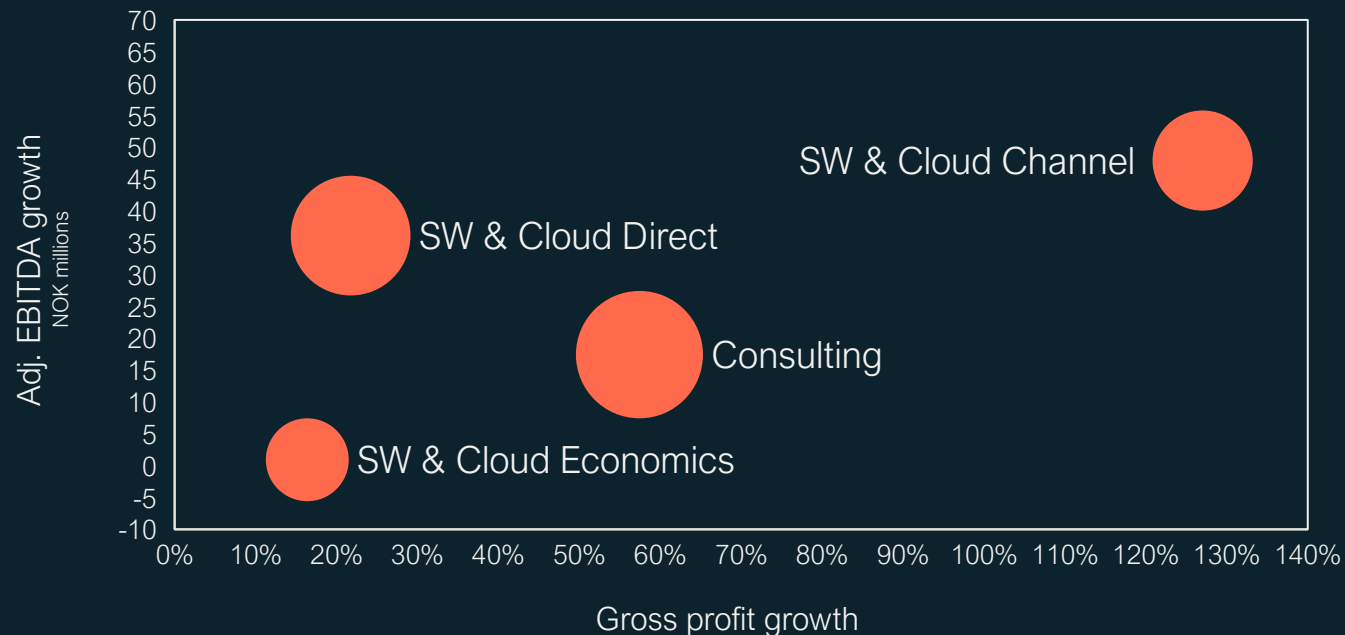
↑ 53m

APPENDIX

Strong development across all business areas

Compared to corresponding period last year

● Size = Q1 2022
gross profit



Gross profit:

↑ 43%

Adj. EBITDA:

↑ 88m

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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