



# Quarterly Results

Q2 2022

Melissa Mulholland, CEO

Jon Birger Syvertsen, CFO

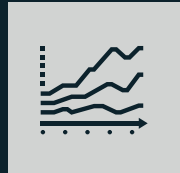
17 August 2022



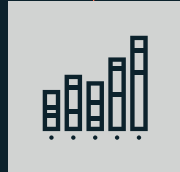
## FINANCIAL REVIEW

# Record second quarter

Amounts in NOK



Continued growth across all business areas



Profitability improvements as international markets continue to scale



Q2 results affirm 2022 outlook



53%

Gross sales  
12,309m



39%

Gross profit  
1,130m



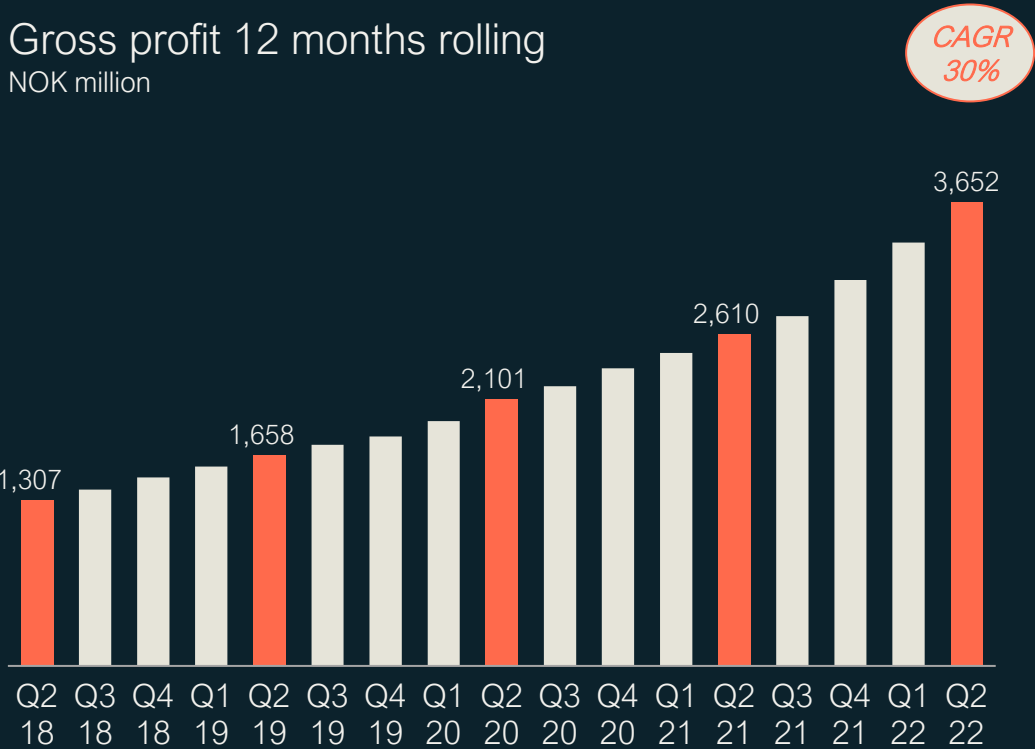
29%

Adj. EBITDA  
330m

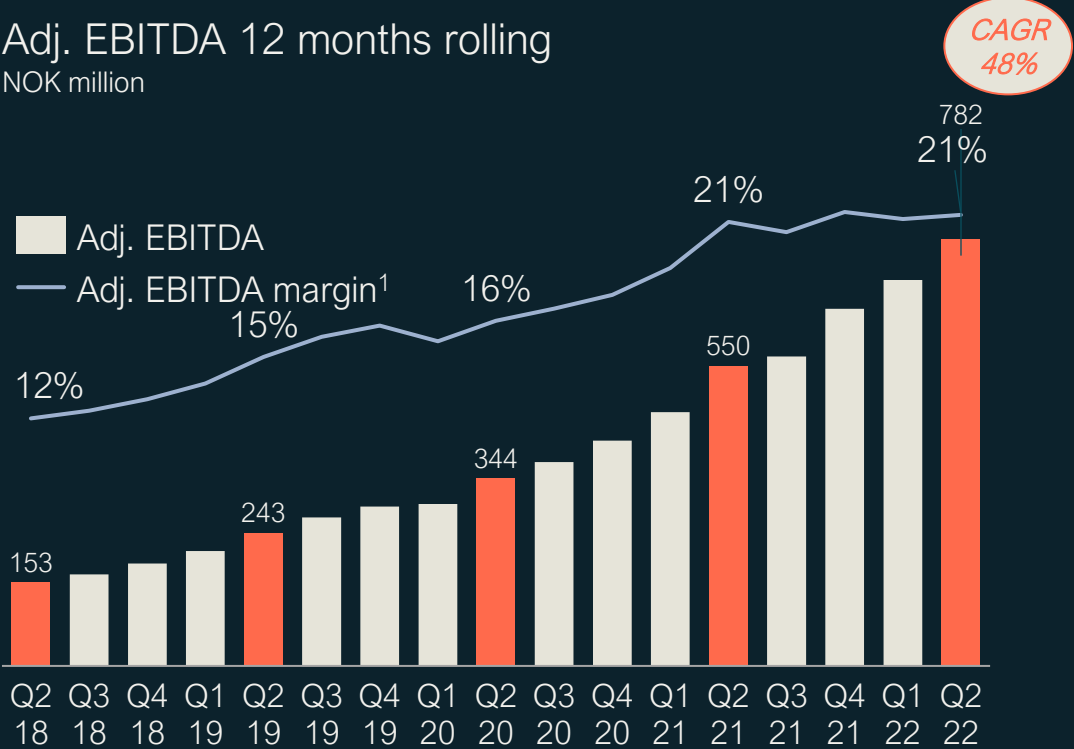
FINANCIAL REVIEW

Continued strong growth momentum and value creation

Gross profit 12 months rolling  
NOK million



Adj. EBITDA 12 months rolling  
NOK million

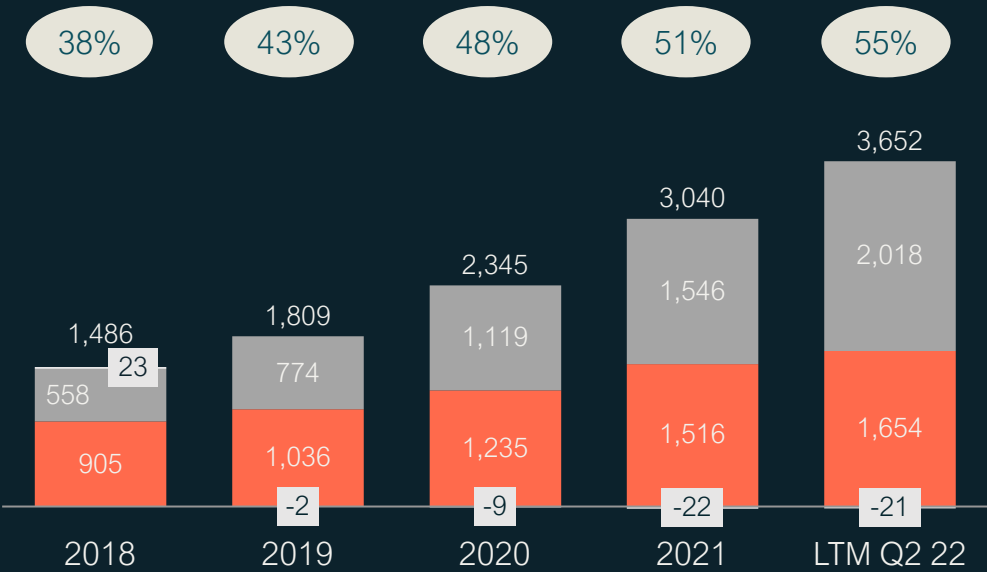


<sup>1</sup> Adjusted EBITDA divided by Gross Profit

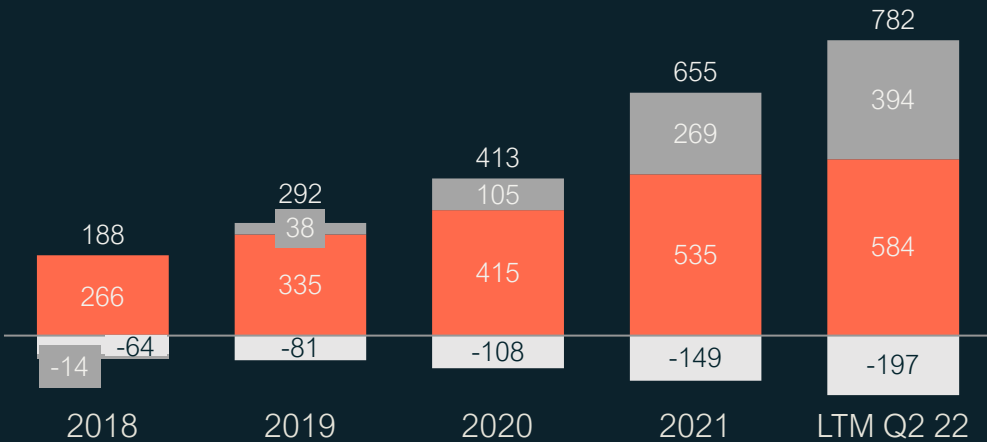
FINANCIAL REVIEW

# Executing on strategy for profitable international growth

Gross profit  
NOK million



Adj. EBITDA <sup>1</sup>  
NOK million



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

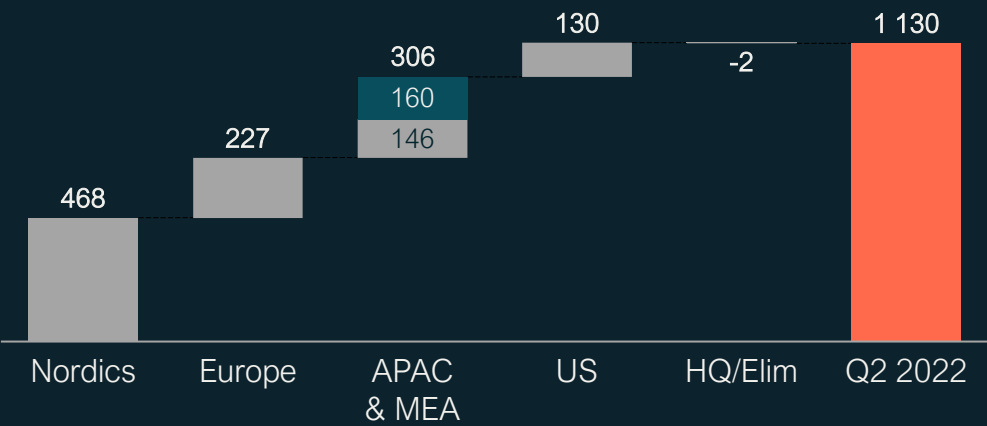
<sup>1</sup> Adjusted EBITDA divided by Gross Profit

FINANCIAL REVIEW

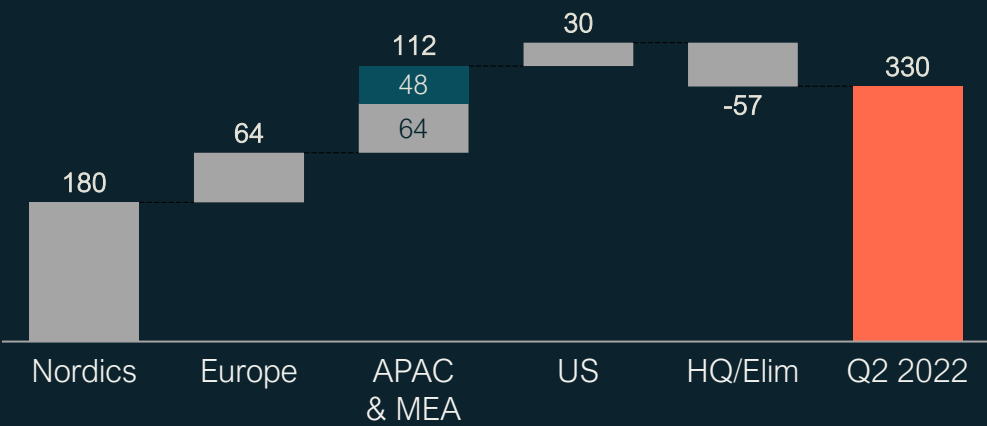
Strong growth momentum across all market clusters

Crayon  
rhipe

Q2 gross profit by market cluster  
NOK million



Q2 adj. EBITDA by market cluster  
NOK million



Growth	14%	27%	151%	25%	n/a	39%
Organic growth	14%	27%	20%	25%	n/a	19%

EBITDA Margin <sup>1</sup>	38%	28%	37%	23%	n/a	29%
Change YoY	-0.5pp	-2.5pp	-14.3pp	7.8pp	n/a	-2.3pp

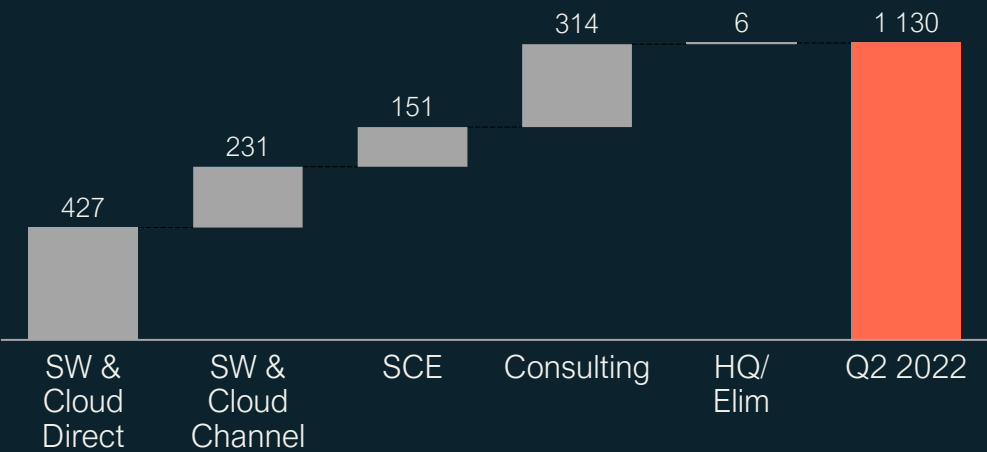
<sup>1</sup> Adjusted EBITDA divided by Gross Profit

APPENDIX

# Improved profitability driven by scale and synergy effects

Q2 gross profit by business area

NOK million

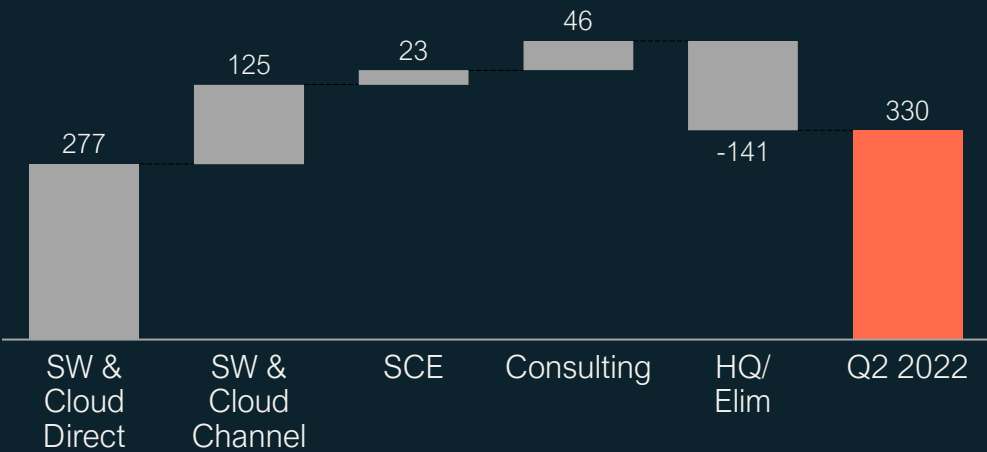


Growth  
YoY



Q2 adj. EBITDA by business area

NOK million



EBITDA  
Margin <sup>1</sup>



Change  
YoY



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

## BUSINESS AREAS

# Q2 performance

### Software and Cloud – Direct



**24%**

Gross profit growth

**65%**

Adj. EBITDA margin

- Growing 2x faster than the market with strong momentum across all market clusters
- Accelerated performance from Nordics, CEE and APAC
- Large public-sector win in Denmark contributed to results

### Software and Cloud – Channel



**165%**

Gross profit growth

**54%**

Adj. EBITDA margin

- Record quarter in revenue, GP, and EBIDTA
- EBIDTA margin improvement across mature countries
- rhiipe integration doubles size of the channel business

## BUSINESS AREAS

# Q2 performance

### Software and Cloud Economics Services



**19%**

Gross profit growth

**15%**

Adj. EBITDA margin

- Continued growth with margin improvement in mature markets
- Anglepoint remains Gartner MQ leader in SAM
- Increased market interest in FinOps & SaaSOps

### Consulting Services



**23%**

Gross profit growth

**15%**

Adj. EBITDA margin

- Sensa and rhipe deliver Q2 EBITDA and GP performance
- Launched global compliance managed service
- Growth in multicloud capability with AWS premier partner status and migration capability





# People

## PEOPLE

# People are the foundation

### Strong culture

- Celebrated 20-year anniversary across 47 countries
- Ranked best place to work in India
- Named among top companies in France for best employee experience
- Implemented long-term incentive program to support ongoing retention
- Launched global employee awards

20 Years  
of Crayon

Company  
Culture



Diversity Equity  
Inclusion

### Diversity, equity and inclusion

- Celebrated Pride month in June
- Launching Crayon Cares philanthropic program as part of ESG focus
- Conducted unconscious bias training
- Implemented DEI hiring practices
- Hosted global diversity panel focused on Asian and Pacific Islander communities

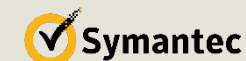
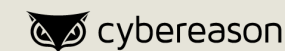


# Vendor Competencies and Recognitions



# Strategic Partnerships

- ✓ We have significant accreditations and strategic relationships with all major leading technology vendors globally to help our customers make informed decisions and optimize their IT estate.



## VENDOR COMPETENCIES AND RECOGNITIONS

# A closer look at our strategic partners

### AWS

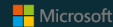


#### Credentials and Competencies:

- Immersion Day
- Solution Provider
- ML Services
- IoT Services
- DevOps Services
- Migration Services
- Well-Architected Partner Program
- AWS Microsoft Workplace Services

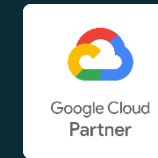
### Microsoft

Gold  
**Microsoft Partner**  
Azure Expert MSP



- 15+ Gold Competencies
- AI & ML Advanced Specialization Partner
- Recent recognitions around the globe:
  - Norway – Partner of the Year Winner
  - Estonia and Romania – Partner of the Year Winner
  - rhiipe – Operational Excellence Partner of the Year Finalist

### Google Cloud



#### Credentials and Certifications:

- Google Cloud Sales
- Chrome Enterprise and SMB Deployment & Sales
- Google Education Deployment & Sales
- Google Workspace Deployment & Sales
- Professional Cloud Architect Certification
- Professional Cloud Security Engineer Certification

### Oracle



- Crayon is a global market leader on SAM services for Oracle
- Strong Oracle growth toward our MSP and ISV channel partners
- Crayon's Oracle license and SAM business has been continually growing, including expansion into new countries

### IBM



- Assets and operations
- Data science and business analytics
- Spectrum storage software
- Threat management
- Unified governance and integrations

### Adobe



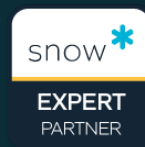
- Crayon is a Platinum-level reseller, guaranteeing the highest level of benefits for customers and partners
- Significant growth in revenue and geographical reach

### DocuSign



- Crayon has a growing presence across the globe as DocuSign partner
- Crayon won the DocuSign EMEA Strategic Reseller Partner of the Year award

### Snow



- Crayon was the first partner in the world to achieve Snow Expert Partner Status
- Delivering recurring Snow Technical and Operational/Licensing Support for Snow on-premise customers
- 200+ Certified Consultants in all aspects of Snow License Manager

### Workplace from Meta



- Crayon is a Workplace from Meta Elite Partner (the highest partner status a partner can reach)
- Crayon helps organizations keep their employees connected, engaged, and informed wherever they are.

## CUSTOMER STORY – SOFTWARE AND CLOUD

# Global win | Multivendor competency

Location: Global

About the customer: Publicly listed, multinational mining company with over 40,000 employees worldwide



### Business Problem

- The customer needed help optimizing core software vendors
  - Key vendors: Oracle, Microsoft, and Flexera
  - Needed guidance to use the correct licenses under the right agreements
  - Ensuring compliance and governance



### Business Solution

- Software Asset Management
- Software vendor reconciliation
- Software agreement management
  - Software licensing
- ITAM
  - Overall asset management



### Outcome

- Millions of dollars in cost savings
- Increased compliance operations
- More governance

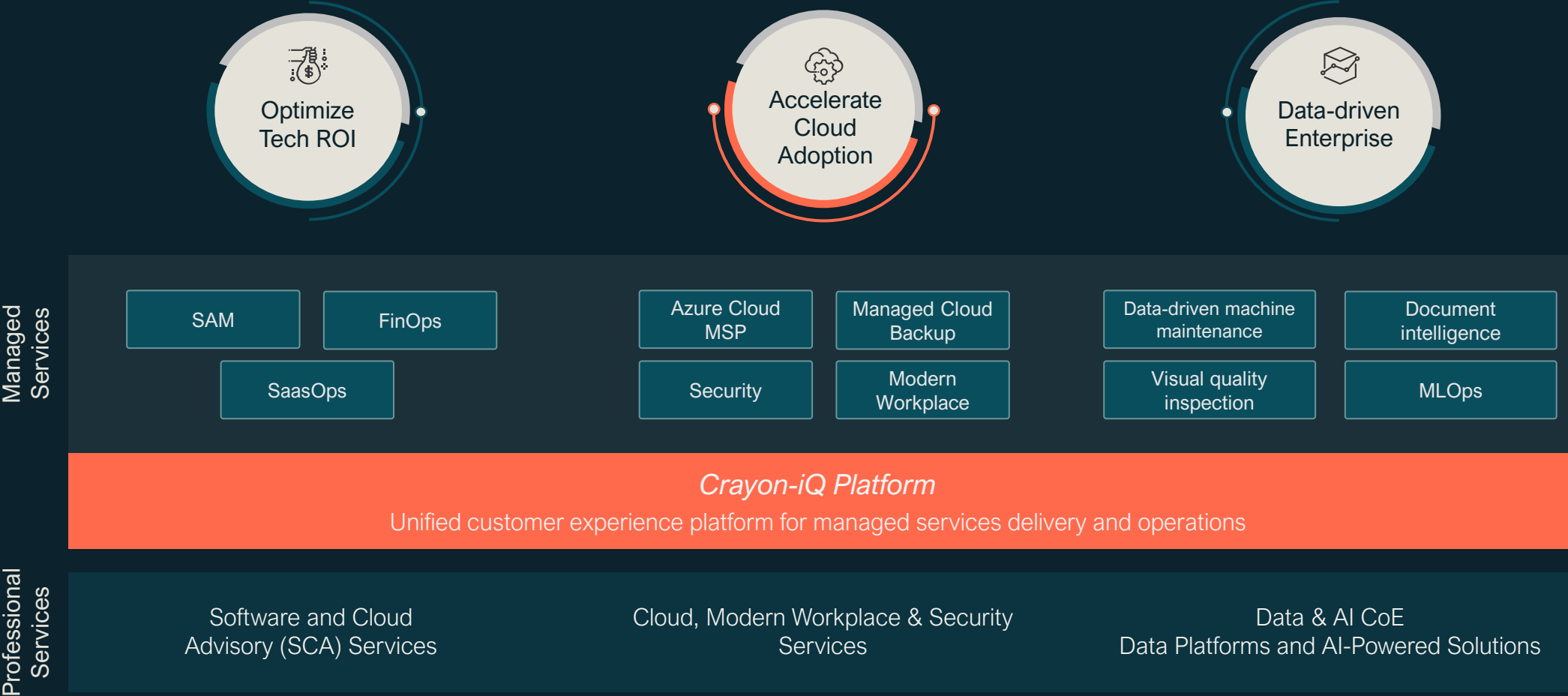




# Services

SCALE AND STANDARDIZE OUR SERVICE DELIVERY THROUGH A UNIFIED PLATFORM

# Services and platform strategy





## SERVICES

# Compliance recording

## What is the Crayon Compliance Recording offer?

Crayon's Compliance Recording Service offers an automated Teams Recording capture based on centrally governed policies. The solution allows the recording of all communication modes (voice, video, text), and provides powerful transcription and analytics functionalities.

## Why Compliance Recording?

### Reduced compliance risk

Adhere to regulations by capturing records, surveilling regulated interactions and producing compliance evidence

### Internal controls

Monitor employee conduct and adherence to policies from the back office to the trading floor

### Faster investigations

Speed up the reconstruction of the full context of interactions for investigations and auditing

### Significant ROI

Simplify deployment, free up resources and avoid compliance fines and penalties



CUSTOMER STORY - MODERN WORKPLACE UNIFIED COMMUNICATION

# Íslandsbanki | Compliance recording

*A leading bank in Iceland required a solution that enabled compliance recording within Microsoft Teams*



## Business Problem

- Bank employs 450 highly regulated users (financial institutions + MIFID II)
- Skype for Business is outdated and had to be migrated to Microsoft Teams
- Microsoft Teams current recording functionality does not meet compliance requirements



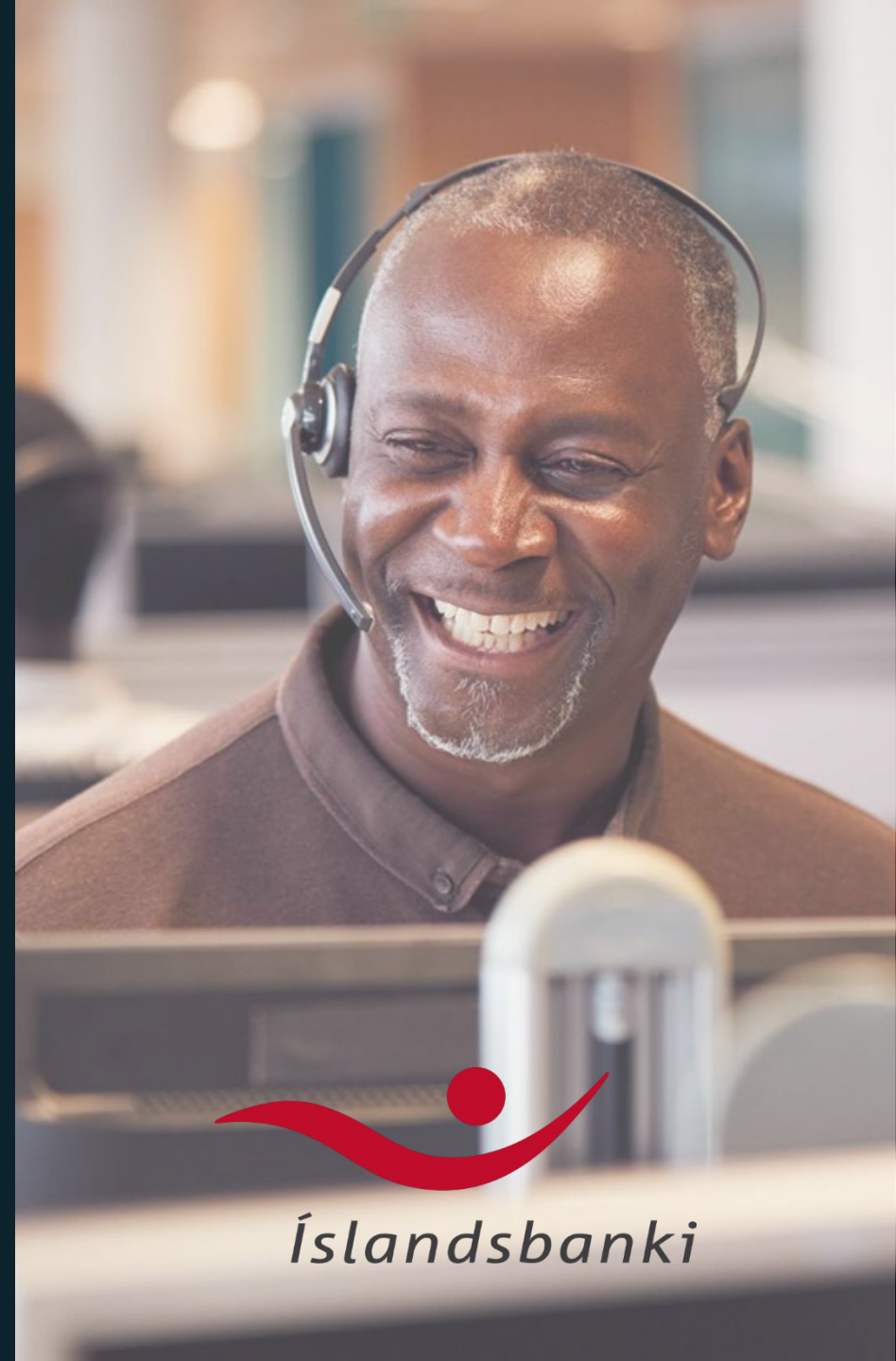
## Business Solution

- Professional service delivery of Recording for Microsoft Teams
  - Partly built on Azure and their own datacenter infrastructure
  - Operated and managed by Íslandsbanki
  - Monitoring extended to the bank NOC systems



## Outcome

- Cope with regulatory pressure
- Effective risk management
- Ensured financial compliance across critical communications needs
- Íslandsbanki can now delegate regular recording checks to compliance team





CUSTOMER WIN - MODERN WORKPLACE UNIFIED COMMUNICATION

# Kvika | Compliance recording win

*Kvika is a financial conglomerate in the UK with the purpose to foster competition and simplify customer finance by utilizing infrastructure and financial strength.*



## Business Problem

- Kvika needed to securely outsource their IT functions
- Required to follow compliance laws such as MIFID II
- Their compliance and audit team needed support



## Business Solution

- Managed Compliance Recording for Microsoft Teams
  - Built on Azure
  - Operated and managed by Crayon
  - Customized configuration across different areas of operations



## Outcome

- Effective risk management
- Reduction of total cost of ownership, freeing up IT resources
- Ensured financial compliance across critical communications requirements
- Compliance team is empowered to conduct regular, efficient, and thorough recording checks



## SERVICES

# Crayon Cloud Financial Operations (FinOps)

A well-implemented FinOps practice:



Provides better cross-company collaboration between finance, technology and business leadership



Encourages and enables agility, innovation, decentralized decision-making, and more effective adaptation to change



Increases visibility of cloud cost distribution and resources enabling decision-making that drives efficiencies and optimization



Allows businesses to make smart technology investment decisions yielding significant cost savings in an agile way with little or no compromise to service delivery



## SERVICES

# Gartner Magic Quadrant 2022

Crayon and its subsidiary Anglepoint are named in Gartner's 2022 Magic Quadrant for SAM Managed Services

- Anglepoint named a Leader for third consecutive year
  - Praised for ability to handle large enterprises and excellent customer-success management
- Crayon named a Visionary
  - Crayon's commitment to leading innovative FinOps and SaaSOps solutions have earned it the position as Visionary
  - Crayon is also praised for its strong customer retention
- Crayon and Anglepoint will continue significant investments in services and IP in FinOps and SaaSOps
  - Gartner says by 2024, 60% of enterprises will underestimate consumption rates, leading to higher costs and missed savings



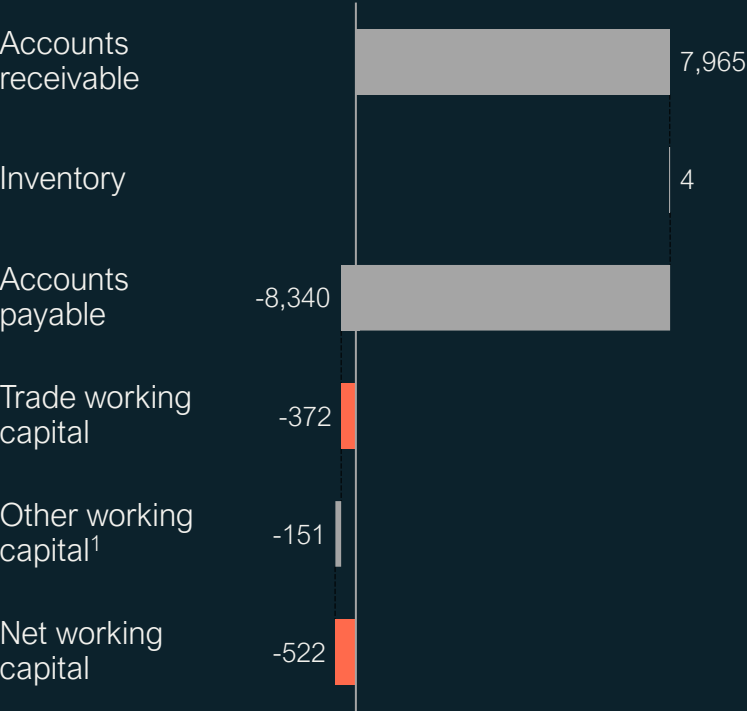


# Financial Review

# Continued strong working capital position

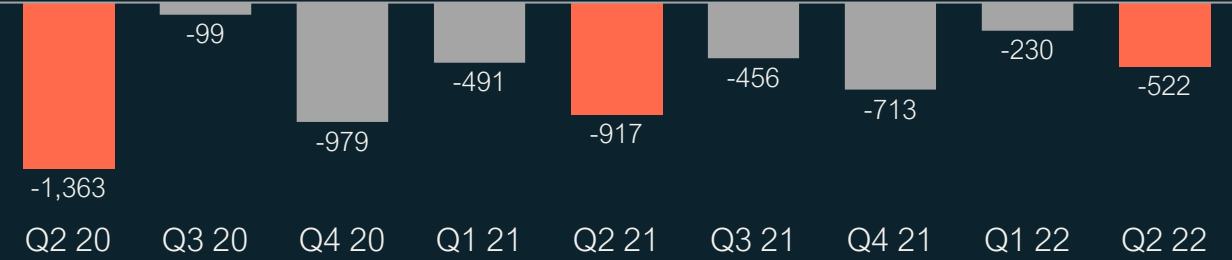
Net working capital Q2 2022

NOK million



Net working capital over time

NOK million



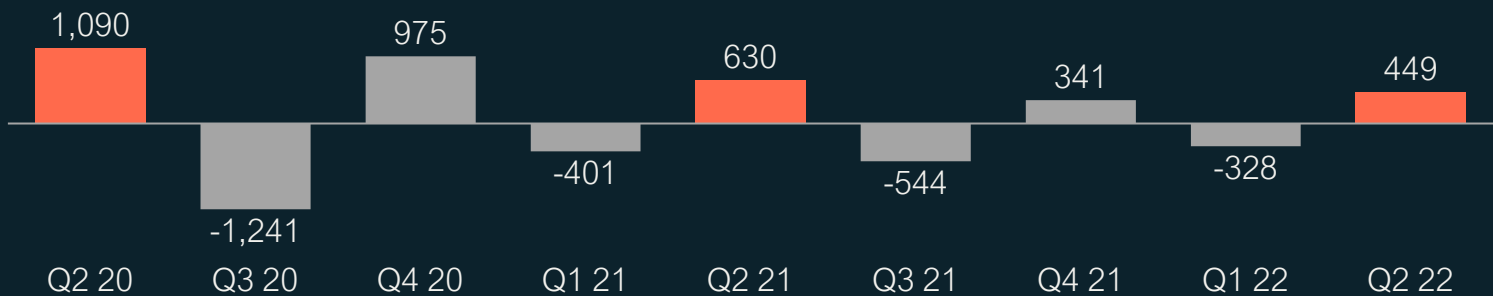
Change in net working capital in Q2 2022 compared with Q2 2021 is driven by a NOK 653m increase in other working capital

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

# Strong cash development despite increased net working capital

## Cash flow from operating activities

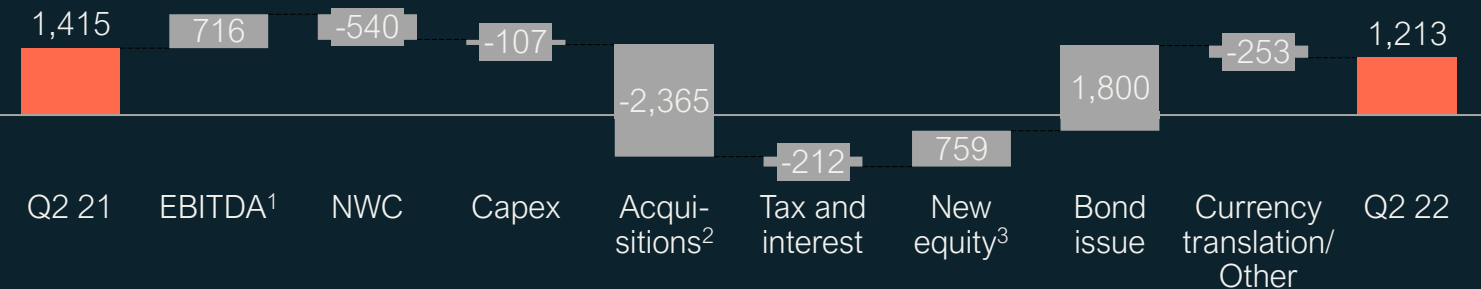
NOK million



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

## LTM cash development

NOK million



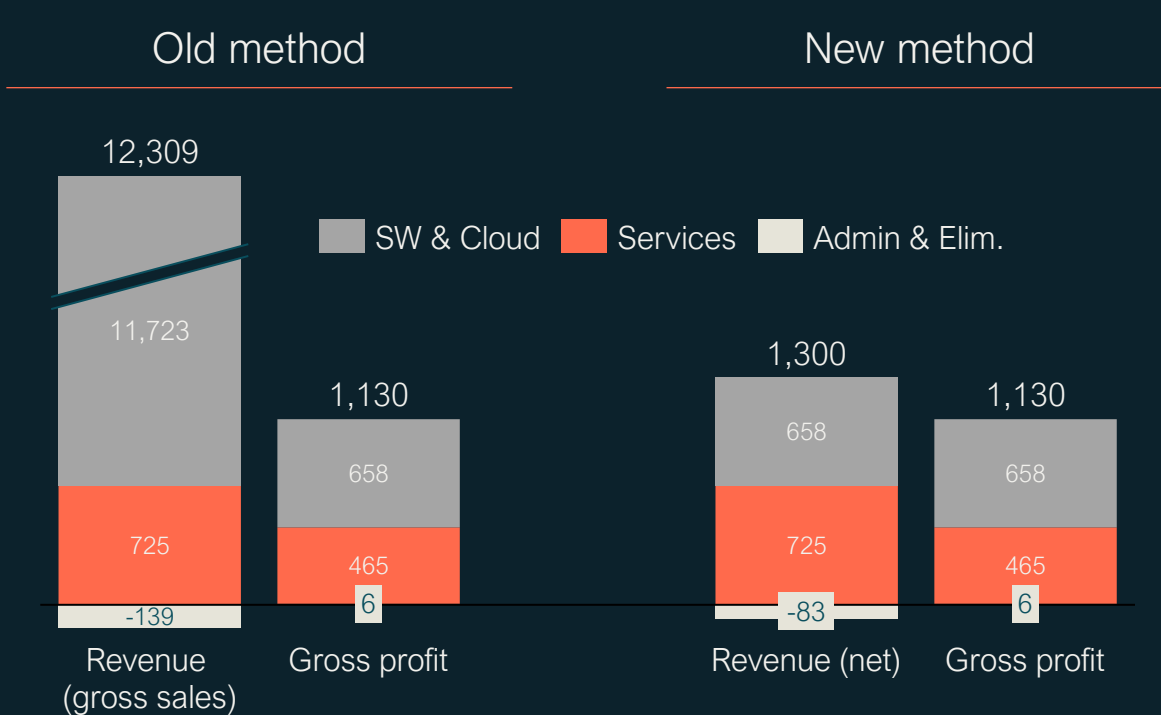
Strong cash position and liquidity reserve of NOK 1,627m (1,621m)

1 EBITDA (non-adjusted)  
2 Acquisitions include business combinations.  
3 Includes cash flow effects from IFRS 16 and cash flow from financing activities



## FINANCIAL REVIEW

# 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 Q2 2022 financial report
- Will continue to report Gross Sales, which is comparable historical revenues

## FINANCIAL REVIEW

# Improved profitability and value creation

NOK million	Q2 2022	Q2 2021	2021
Gross sales	12,308.6	8,071.3	26,438.3
<b>Revenue</b>	<b>1,300.2</b>	<b>940.4</b>	<b>3,533.8</b>
Cost of sales	(170.6)	(128.8)	(494.1)
<b>Gross profit</b>	<b>1,129.5</b>	<b>811.6</b>	<b>3,039.7</b>
Operating expenses	(802.3)	(551.9)	(2,448.8)
<b>EBITDA</b>	<b>327.2</b>	<b>259.7</b>	<b>591.0</b>
Adjustments	2.4	(3.9)	63.9
<b>Adj. EBITDA</b>	<b>329.6</b>	<b>255.9</b>	<b>654.9</b>
Depreciation & Amortization	(74.1)	(39.8)	(174.5)
<b>EBIT</b>	<b>253.0</b>	<b>219.9</b>	<b>416.4</b>
Interest expense	(44.3)	(9.5)	(83.1)
Other financial income/expense	(187.3)	(26.3)	(30.3)
<b>Net income before tax</b>	<b>21.4</b>	<b>184.1</b>	<b>303.1</b>
Tax expense	(9.9)	(19.3)	(49.2)
<b>Net income</b>	<b>11.5</b>	<b>164.8</b>	<b>253.9</b>
EPS	(0.08)	1.77	2.58

- Depreciation & Amortization up NOK 34m YoY, of which NOK 30m directly related to Rhiper.
- Interest expenses increased largely due to interest on new bond issuance.
- Other financial income driven mainly by currency movements

## FINANCIAL REVIEW

# Robust financial position

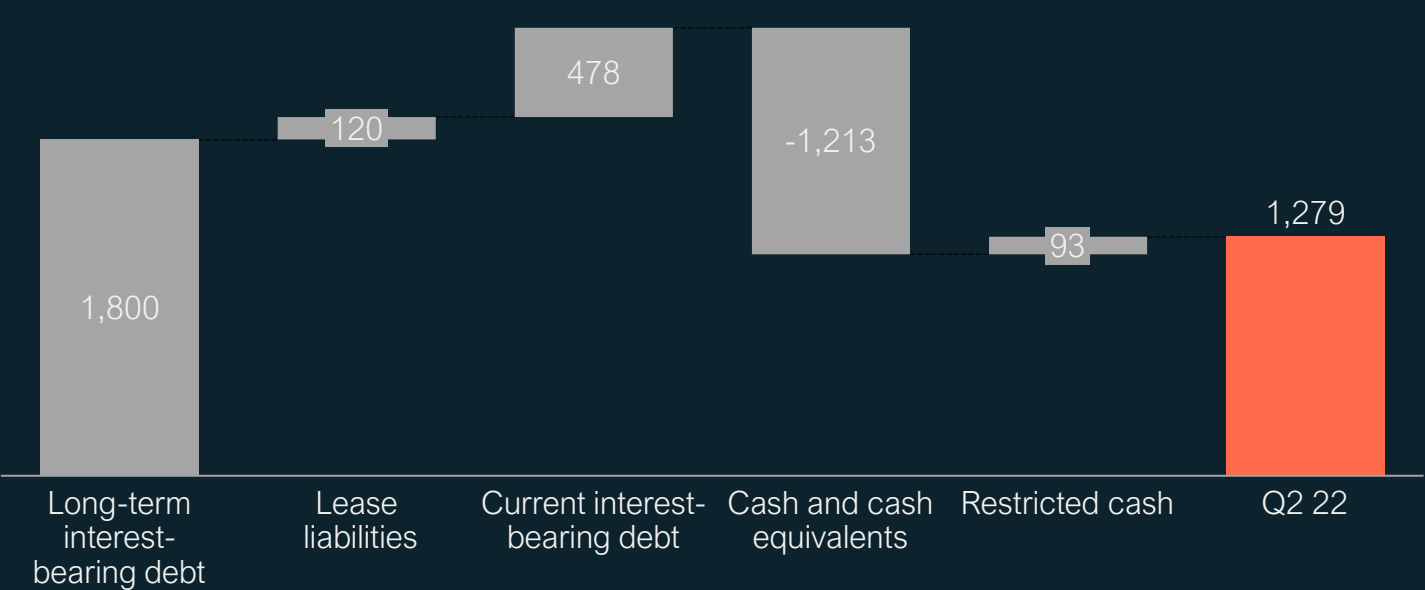
Assets	30 Jun 2022	30 Jun 2021
Contracts	598	176
Goodwill	3,152	927
Other intangible assets	276	151
Tangible assets	224	172
Non-current receivables	42	61
Investments in assoc. comp.	36	-
<b>Total non-current assets</b>	<b>4,328</b>	<b>1,486</b>
Inventory	4	10
Accounts receivable	7,965	5,218
Other current receivables	2,277	639
Cash & cash equivalents	1,213	1,415
<b>Total current assets</b>	<b>11,458</b>	<b>7,282</b>
<b>Total assets</b>	<b>15,786</b>	<b>8,767</b>

Equity and Liabilities	30 Jun 2022	30 Jun 2021
<b>Shareholders' equity</b>	<b>2,489</b>	<b>1,363</b>
Interest-bearing debt	1,774	296
Deferred tax liabilities	132	17
Other non-current liabilities	145	176
<b>Total non-current liabilities</b>	<b>2,051</b>	<b>489</b>
Accounts payable	8,340	5,341
Public duties	882	561
Current lease liabilities	44	32
Other interest-bearing debt	435	100
Other current liabilities	1,545	881
<b>Total current liabilities</b>	<b>11,246</b>	<b>6,916</b>
<b>Total equity and liabilities</b>	<b>15,786</b>	<b>8,767</b>

- 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 1.6x
- Pro forma NIBD/Adj. EBITDA 1.4x



# Outlook

## 2022 OUTLOOK

# 2022 outlook maintained

	2021	LTM Q2 2022	FY 2022 outlook	Medium term	Comment
Gross profit growth	29.6%	39.3%	35-40%	~20%	2022 outlook implies organic growth in line with medium-term outlook
Adj. EBITDA margin <sup>1</sup>	21.5%	21.4%	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>	-21.2%	-13.1%	-15% to -20%	-15% to -20%	Expected to normalize during 2022 at expected medium-term level
Capex	NOK 82.8m	NOK 107.1m	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



# Q&A







# 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.

This presentation does not constitute or form part of, and is not prepared or made in connection with, an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. The contents of this presentation have not been independently verified. The Company's securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), and are offered and sold only outside the United States in accordance with an exemption from registration provided by Regulation S of the US Securities Act. This presentation should not form the basis of any investment decision. Investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such company and the nature of the securities.