Crayon

Quarterly Results – Q1 2021

Melissa Mulholland & Jon Birger Syvertsen

11.05.21

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Crayon

Q1 2021

Business Update

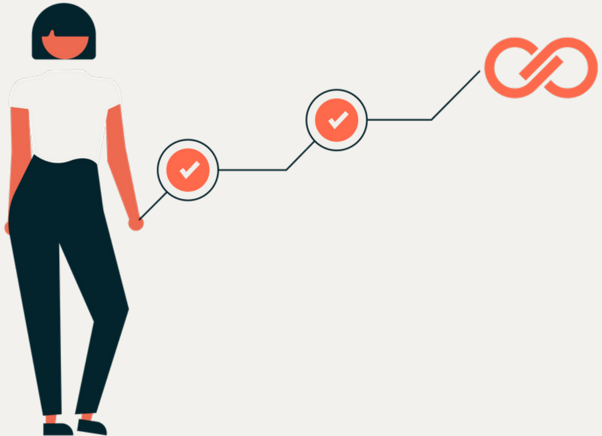
Melissa Mulholland

Q1 2021 highlights

1. Strong financial quarter & market performance
2. Significant public sector wins
3. Acceleration in global data & AI practice
4. Global ISO certification achieved
5. Sensa acquisition

1

Continued record-breaking performance



Q1 2021:

+31% Revenue MNOK 5,522

+23% Gross Profit MNOK 635

+129% EBITDA[1] 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[1]	+25%	+18%	+15%	+27%
Significant customer wins	Republic of the Philippines Procurement Service	FUNN, 24SevenOffice, fotoware	Nordic Choice Hotels	RHI Magnesita, Palfinger, Skidata
Q1 drivers and outlook	• Market share gains (MS revenue growth 2x the market) • Product mix improvements (e.g. non-MS, Premium Cloud) • Compelling USP (bundling cost saving services) • Growth in public sector	• Strong performance of partner channel delivering solid CSP cloud results • Channel growth in India, Nordics, UK • Focus on partners upskilling resulting in higher upsell of products and services • Growth in ISV partner segment – fastest growing in Microsoft Western Europe	• Strong market demand for cost optimization driven by COVID • 40% YoY growth in recurring contracts • Exceptionally strong performance in US, Nordics, Germany & Switzerland • Strong onboarding of managed service customers to the service delivery portal Service-iQ	• Growth in Cloud Services driven by solid US performance • Continued demand for remote delivery globally • Acceleration of Data & AI in MEA, South America, and Europe • ISO Certification and Service Delivery Framework

1 Gross profit growth Year over Year ("YoY")

2 EBITDA as a percentage of gross profit

Q1 customer stories

Public Sector

Cloud Economics

Data & AI

Q1 customer stories

Significant Public Sector Wins
in all Global Regions

REPUBLIC OF THE PHILIPPINES
PROCUREMENT SERVICE

MINISTÈRE DE L'ENSEIGNEMENT SUPÉRIEUR, DE LA RECHERCHE ET DE L'INNOVATION
Liberté
Égalité
Fraternité

HANSEL

- 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

Public Sector

Cloud Economics

Data & AI

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

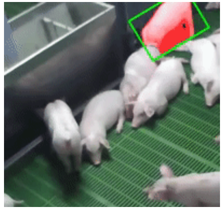
Public Sector

Cloud Economics

Data & AI

Q1 customer stories

Remote global delivery across Energy sector, Farming and Manufacturing



- Customer wins with largest Oil & Gas leaders
- Developed repeatable IP for farming
- Delivered MLOps platform for award-winning customer product
- Igniting new business models through AI innovation

Strategic value creation levers

- ✓ Focus on sustainability with carbon savings solutions in Energy sector
- ✓ Created “fAIr by Design” with the Austrian gov. to reduce bias in AI solutions
- ✓ Developed IP for AI Model Management delivered as a Managed Service
- ✓ Scaled MLOps practice across cloud vendors (AWS, MSFT, GCP)

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

ISO

Information Security
ISO/IEC 27001:2013

Privacy
ISO/IEC 27701: 2019

Quality
ISO 9001:2015

Sensa at a glance

Sensa By Crayon

20 years
in operation servicing the Icelandic enterprise market

120+ employees
Who are experts in their field

~150 MNOK gross profit
Always profitable

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

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Chief Compliance Officer

Abbey Lin

Chief Compliance Officer

- Driving Training + Awareness
- Global Compliance + ESG

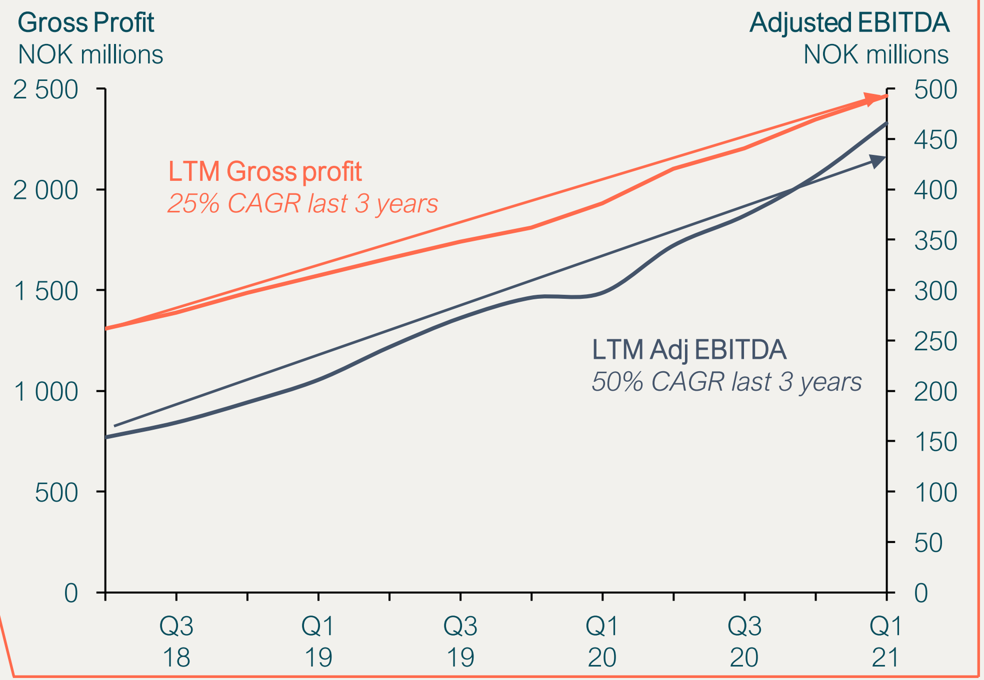
Q1 2021

Financial Review

Jon Birger Syvertsen

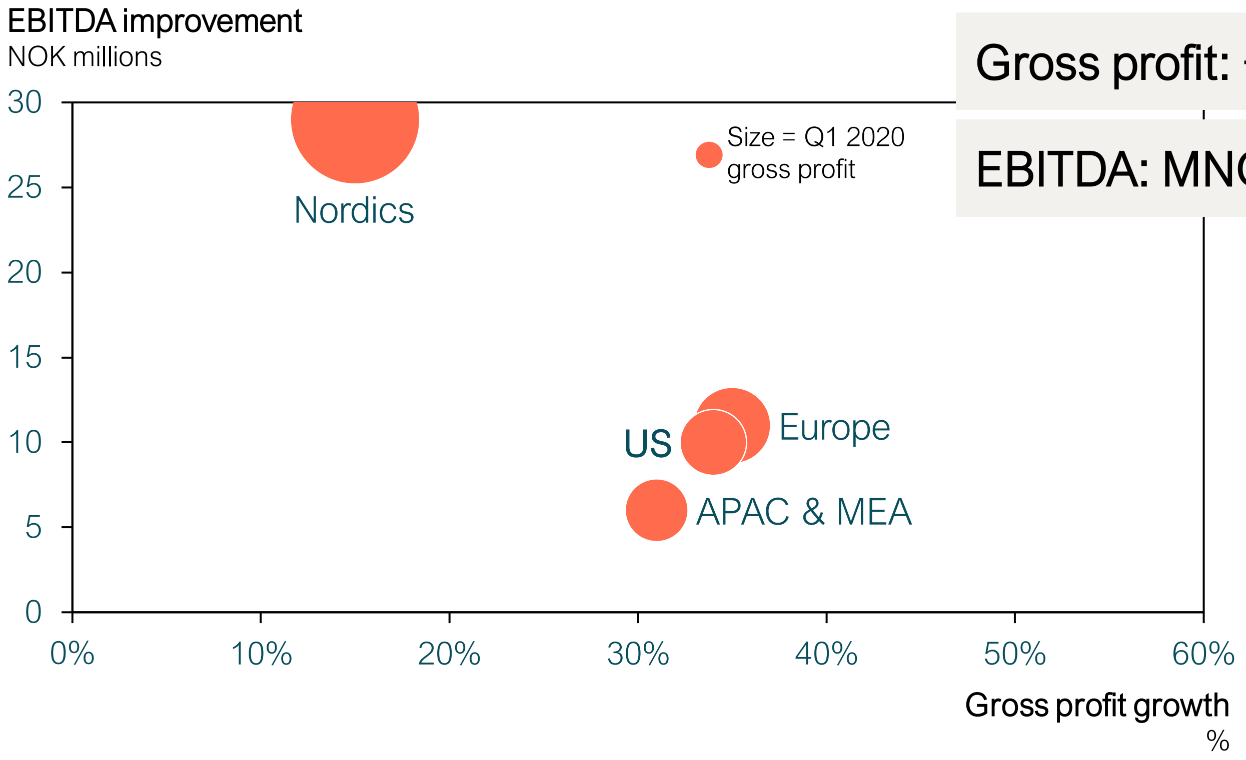
Q1 2021 - Summary

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



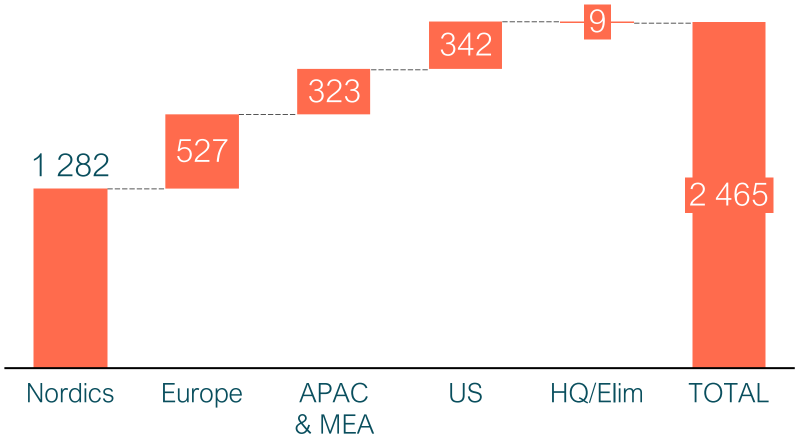
Gross profit: +23%

EBITDA: MNOK +52

Strong Q1 performance leads to 28% LTM growth

LTM gross profit by market cluster

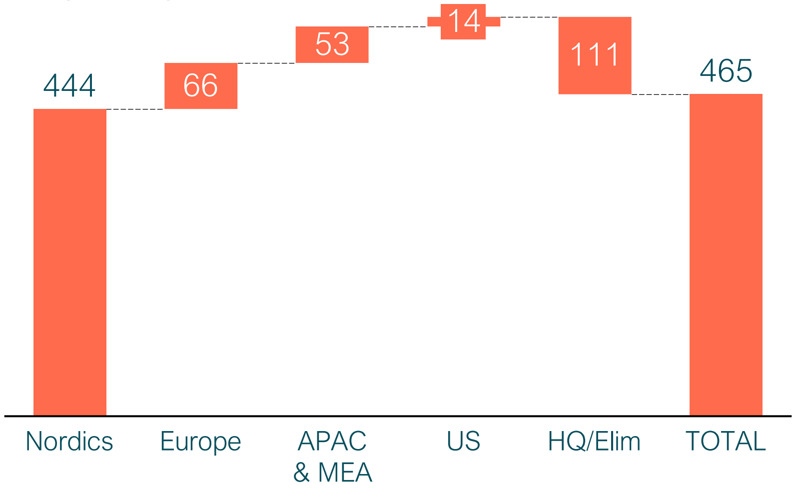
NOK million



	Nordics	Europe	APAC & MEA	US	HQ/Elim	TOTAL
Growth rate[1]	17%	38%	49%	38%	n/a	28%

LTM adjusted EBITDA by market cluster

NOK million



	Nordics	Europe	APAC & MEA	US	HQ/Elim	TOTAL
EBITDA margin[2]	35%	13%	16%	4%	n/a	19%
Change in EBITDA margin[3]	+1.2 pp	+3.6 pp	+13.9 pp	+7.6 pp	n/a	+3.5 pp

1 LTM vs previous LTM period
2 Adjusted EBITDA as share of Gross Profit
3 LTM vs previous LTM period

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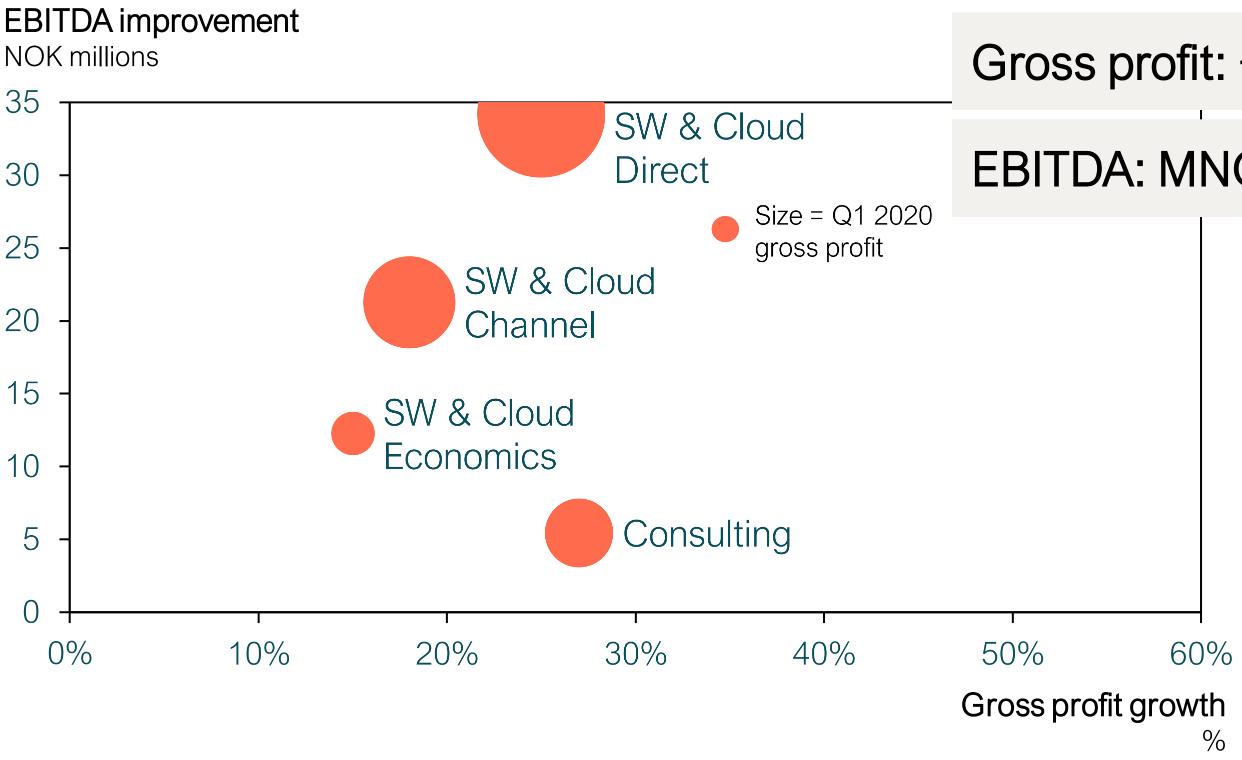
Growth across all business areas

Compared to corresponding period last year

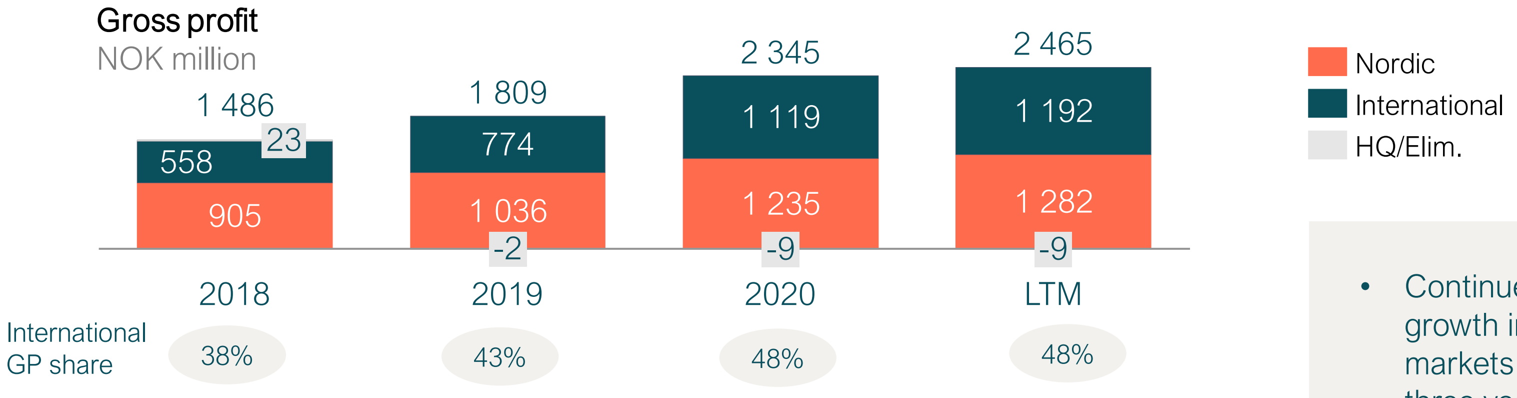


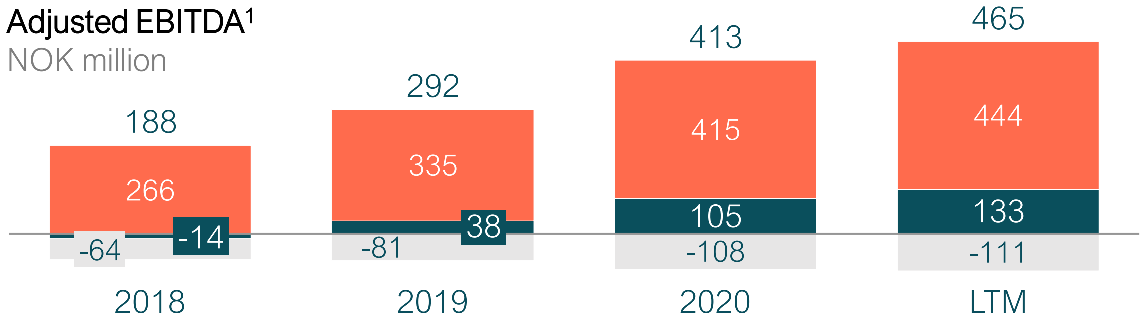
Gross profit: +23%

EBITDA: MNOK +52

Q1 2021

International expansion momentum continues





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

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

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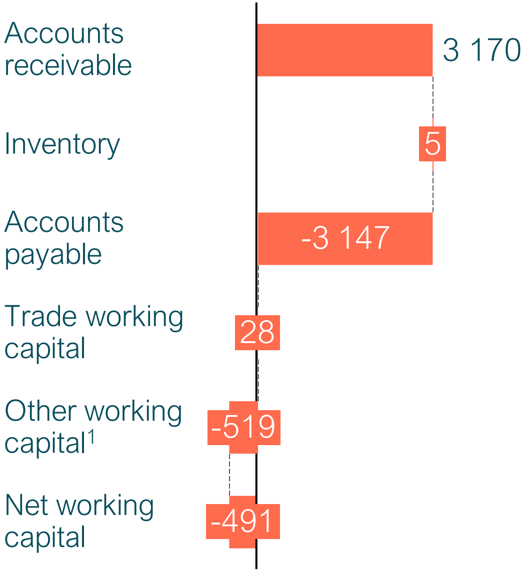
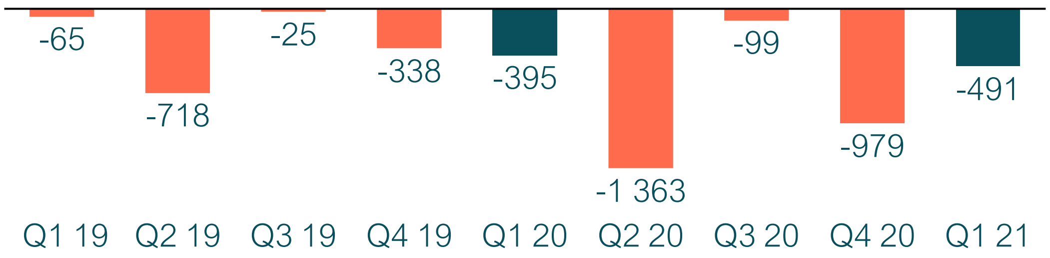
Working capital driven by seasonality

2021 Q1 net working capital
NOK million



Net working capital over time
NOK million



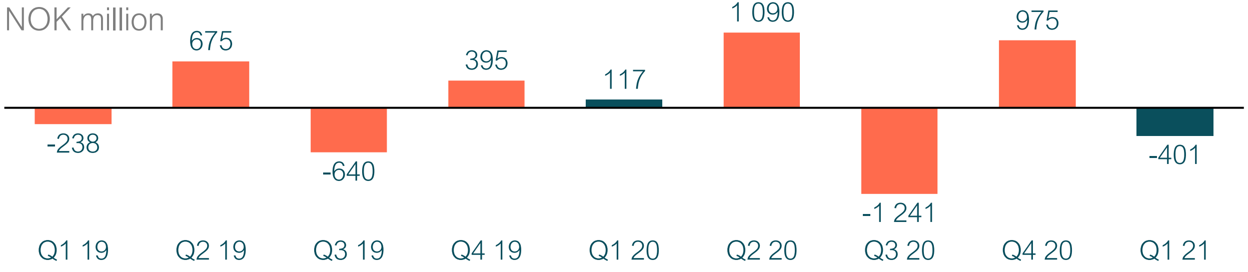
- Q1 2021 net working capital is NOK 96m more negative than Q1 2020, driven by a decrease of trade working capital of NOK 80m and a decrease in other working capital of NOK16m
- Improvement in net working capital of NOK 96m driven by a combination improved credit and collection processes and increase in factoring

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

Strong liquidity position end Q1

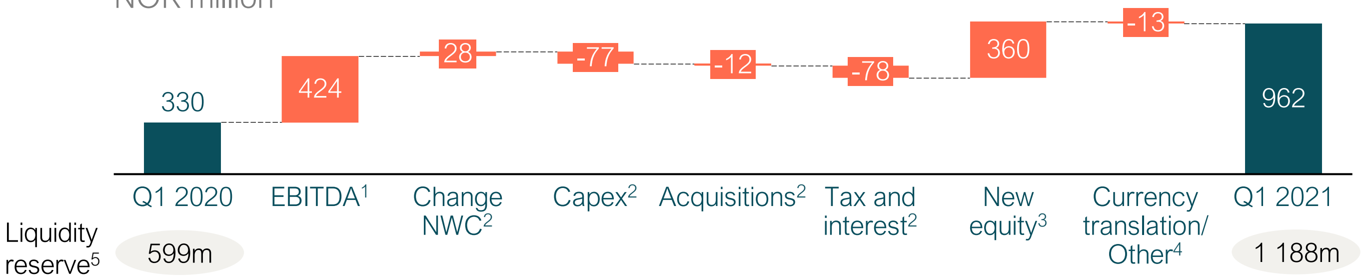
Cash flow from operating activities

NOK million



LTM cash development

NOK million



- 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

1 EBITDA (non-adjusted)
2 As seen from the cash flow statement; Acquisitions include business combinations.
3 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
4 Also includes cash flow effects from IFRS 16, cash flow from financing activities, etc..
5 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

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
Gross profit	**634,9**	**515,2**
Payroll and related costs	-489,4	-395,5
Other operating expenses	-64,4	-81,2
Total operating expenses	**-553,7**	**-476,7**
EBITDA	**81,2**	**38,5**
Depreciation	-14,5	-12,5
Amortisation	-21,6	-20,1
EBIT	**45,1**	**5,9**
Interest expense	10,3	15,4
Other financial expense, net	5,9	31,9
Ordinary result before tax	**29,0**	**-41,5**
Income tax expense on ordinary result	-13,8	-10,1
Net (loss) income	**15,2**	**-51,6**
Adjusted EBITDA reconciliation		
Reported EBITDA	81,2	38,5
Other income and expenses	11,8	2,1
Adjusted EBITDA	**93,0**	**40,6**

- Depreciation and amortization in line with plan
- Interest expenses reduced YoY as Q1 20 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

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Balance sheet and net interest-bearing debt

NOKm	31.03.2021	31.03.2020
ASSETS		
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
Total intangible assets	1 042,1	1 102,1
Equipment	36,2	40,5
Right of use assets	107,5	127,6
Total tangible assets	143,7	168,1
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
Total current assets	4 452,9	2 905,2
Total assets	5 675,1	4 195,6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	83,3	76,6
Own shares	0,0	0,0
Share premium	975,3	622,1
Sum paid-in equity	1 058,6	698,8
Retained Earnings	48,3	-24,7
Total equity attributable to parent company shareholders	1 106,9	674,1
Non-controlling interests	1,8	-12,9
Total shareholders' equity	1 108,7	661,2
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
Total long-term liabilities	447,7	485,0
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
Total current liabilities	4 118,7	3 049,4
Total liabilities	4 566,4	3 534,4
Total equity and liabilities	5 675,1	4 195,6

	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
Net interest bearing debt (NIBD)	-510,4	36,6

- 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
Taxes paid	-15,4	-10,2
Depreciation and amortisation, incl. impairment	36,1	32,6
Net interest expense	7,7	12,4
Changes in inventory, AR/AP[1]	-185,6	98,7
Changes in other current assets/liabilities	-272,8	24,7
Net cash flow from operating activities	**-401,0**	**116,8**
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
Net cash flow from financing activities	**-20,3**	**-12,8**
Acquisition of assets	-13,5	-17,7
Acquisition of subsidiaries - net of cash acquired/ Business combinations	0,0	-1,0
Net cash flow from investing activities	**-13,5**	**-18,7**

- 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.

1 AR = Accounts Receivable, AP = Accounts Payable

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%	Accellerating productivity ramp-up of growth investments in new resources
NWC[1]	-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

[1]Average NWC last 4 quarters as share of gross profit last 4 quarters

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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

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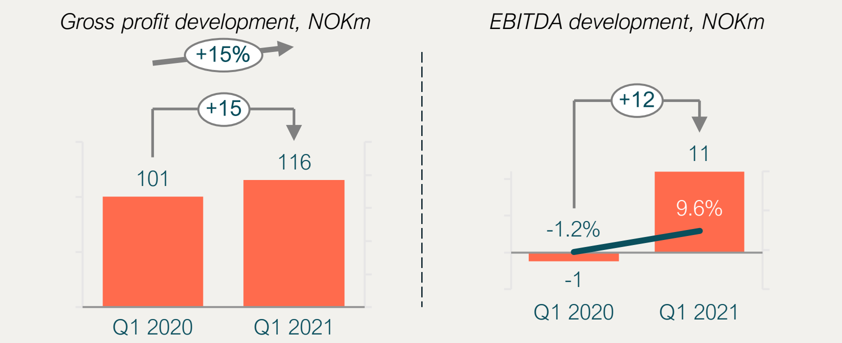
CRAYON GROUP

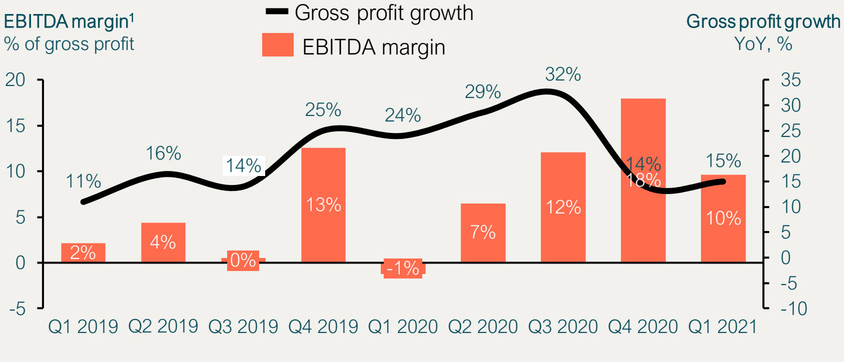
Data pack available at crayon.com

Appendix

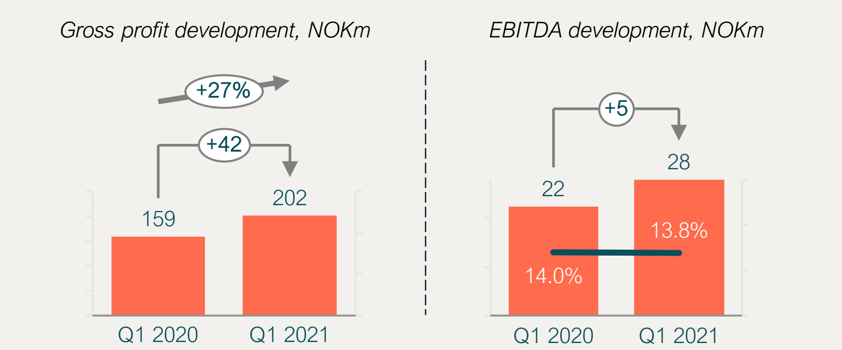
Services

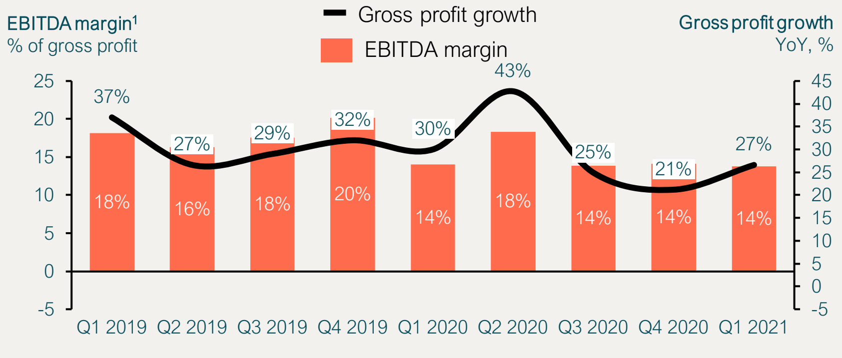
SW & Cloud Economics





Consulting



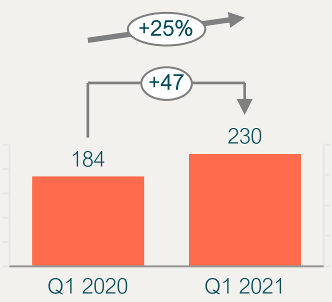


- 1 Adj. EBITDA divided by reported gross profit

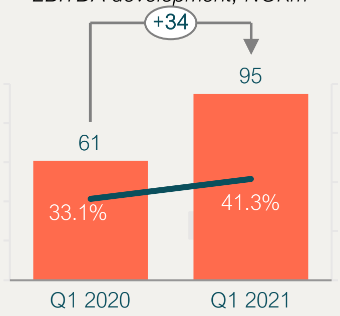
Software

SW & Cloud Direct

Gross profit development, NOKm



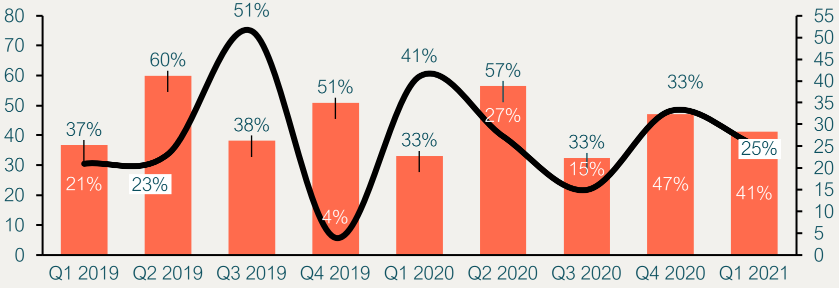
EBITDA development, NOKm



EBITDA margin[1]
% of gross profit

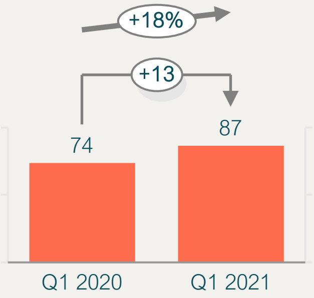
Gross profit growth
EBITDA margin

Gross profit growth
YoY, %

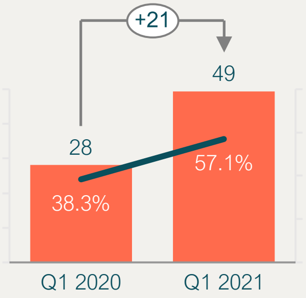


SW & Cloud Channel

Gross profit development, NOKm



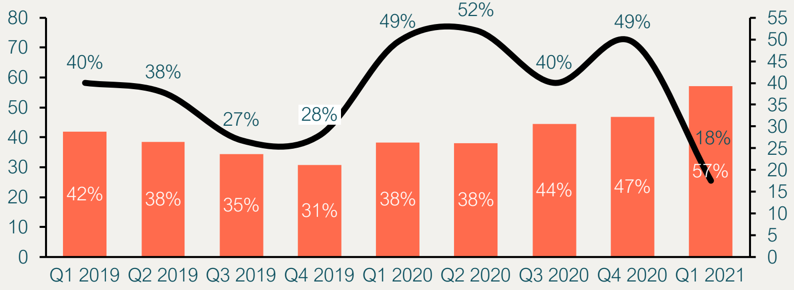
EBITDA development, NOKm



EBITDA margin[1]
% of gross profit

Gross profit growth
EBITDA margin

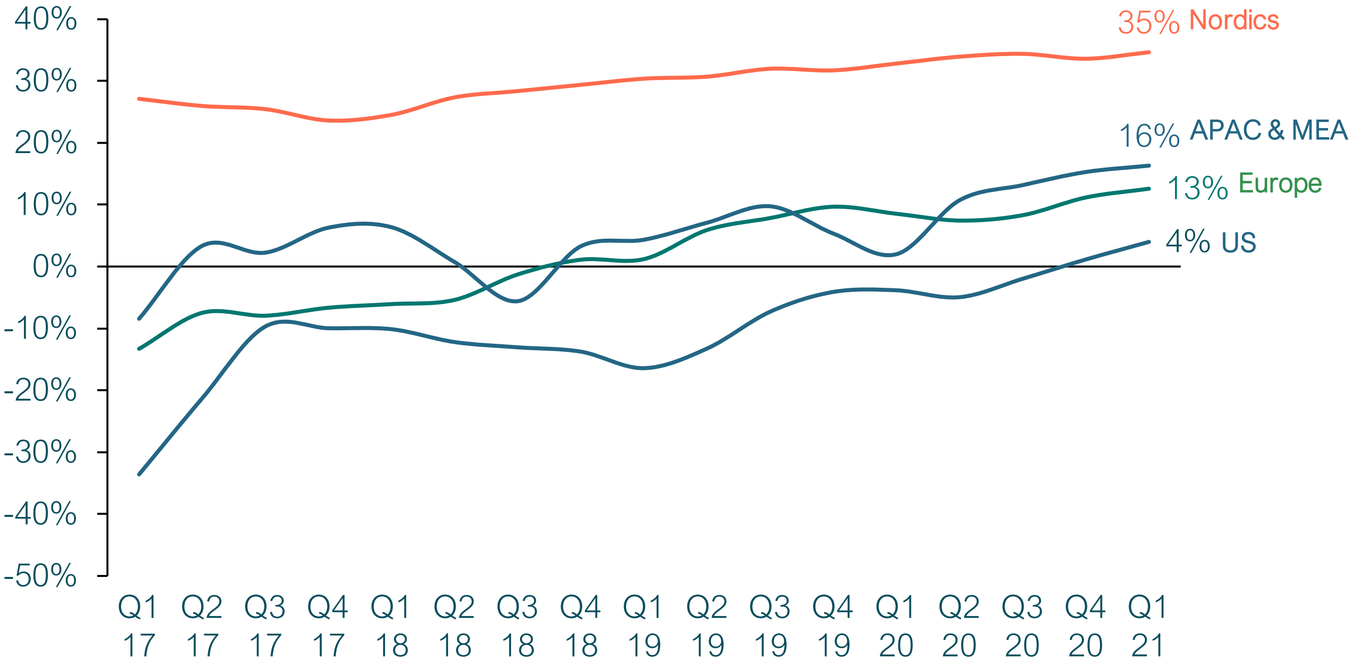
Gross profit growth
YoY, %



- 1 EBITDA divided by reported gross profit

International EBITDA margins continue to improve

LTM adjusted EBITDA margin[1]

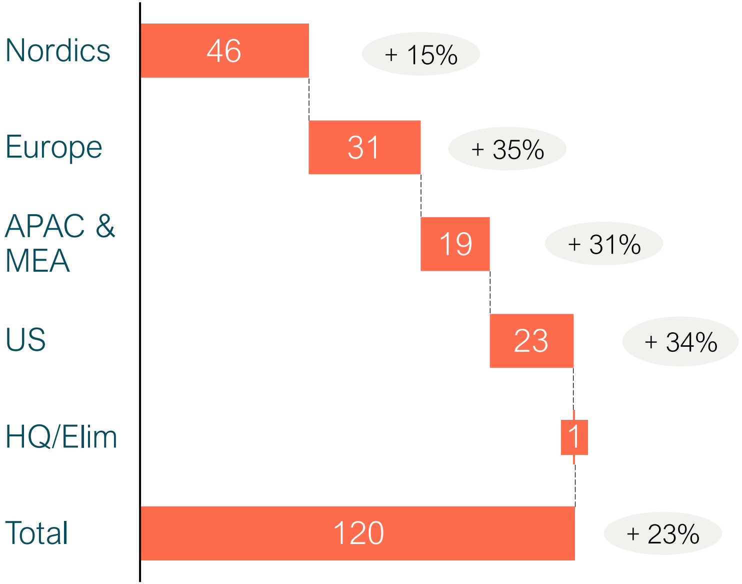


- Nordics with continued strong EBITDA margins
- APAC&MEA EBITDA margins improving
- Europe EBITDA margins negatively influenced by investments into CEE
- Positive EBITDA margin in the US

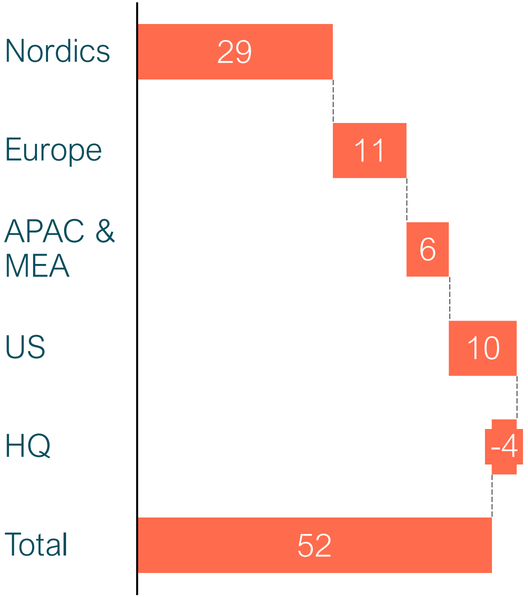
1 Adjusted EBITDA as share of Gross Profit

Strong growth across markets in Q1

YoY gross profit growth by market cluster
NOK million



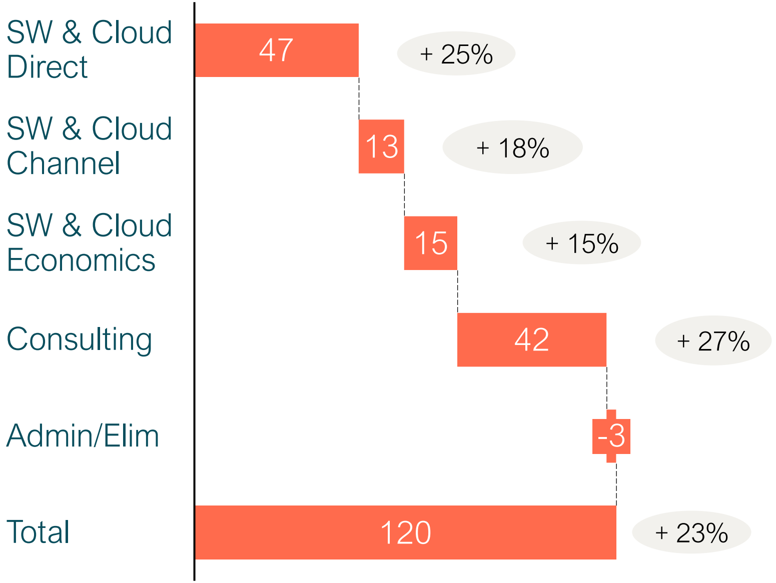
YoY Adj EBITDA growth by market cluster
NOK million



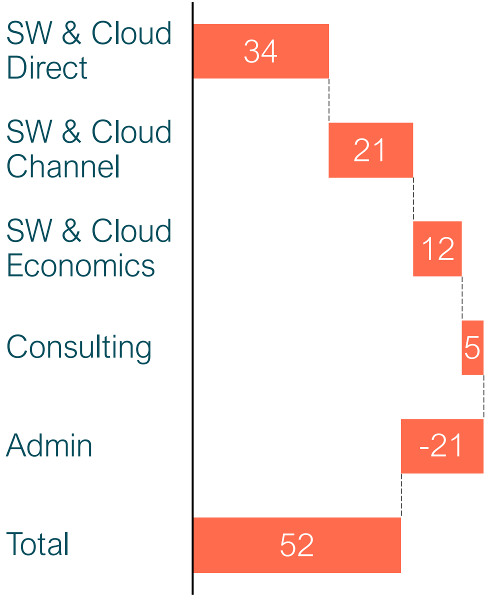
Q1 2021 APPENDIX

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



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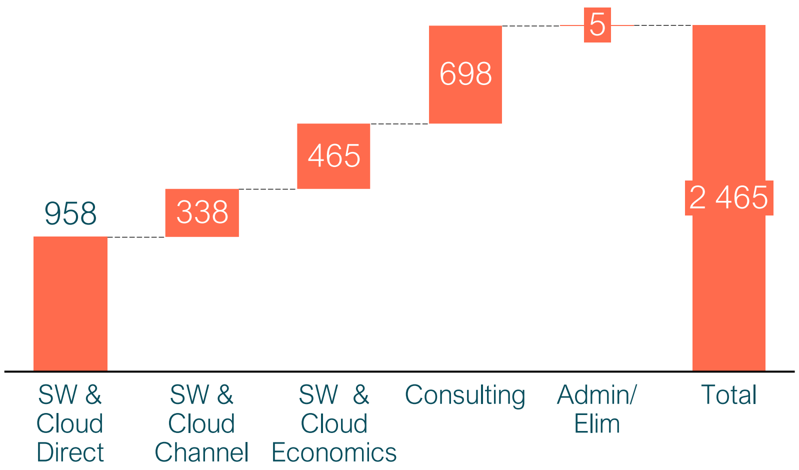
Strong performance across SW & Cloud and Services

LTM gross profit by business area
NOK million



	SW & Cloud Direct	SW & Cloud Channel	SW & Cloud Economics	Consulting	Admin/ Elim	Total
Growth rate[1]	26%	38%	22%	28%	n/a	28%

LTM adjusted EBITDA by business area
NOK million

	SW & Cloud Direct	SW & Cloud Channel	SW & Cloud Economics	Consulting	Admin/ Elim	Total
EBITDA margin[2]	46%	47%	12%	15%	n/a	19%
Change in EBITDA margin[3]	-1.0 pp	+11.0 pp	+7.2 pp	-2.0 pp	n/a	+3.5 pp

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: SW&Cloud	Gross Profit, NOK millions: Services	Gross Profit, NOK millions: Total	LTM GP growth rate, percent: SW&Cloud	LTM GP growth rate, percent: Services	Service share[2]
Nordics	152	193	345[1]	18.6%	15.1%	55.9%
Europe	79	40	119	41.5%	30.6%	33.7%
APAC&MEA	62	17	80	37.3%	89.3%	21.6%
US	23	67	90	28.0%	40.8%	74.4%
Total[3]			616	29.0%	25.6%	50.0%

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

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About Crayon

Crayon at a glance

20 years
of expertise in software and cloud advisory

Publicly listed
on the Oslo Stock Exchange

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

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