



Quarterly Results

Q1 2023

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23 May 2023

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Q1 HIGHLIGHTS

Strong business performance

Amounts in NOK

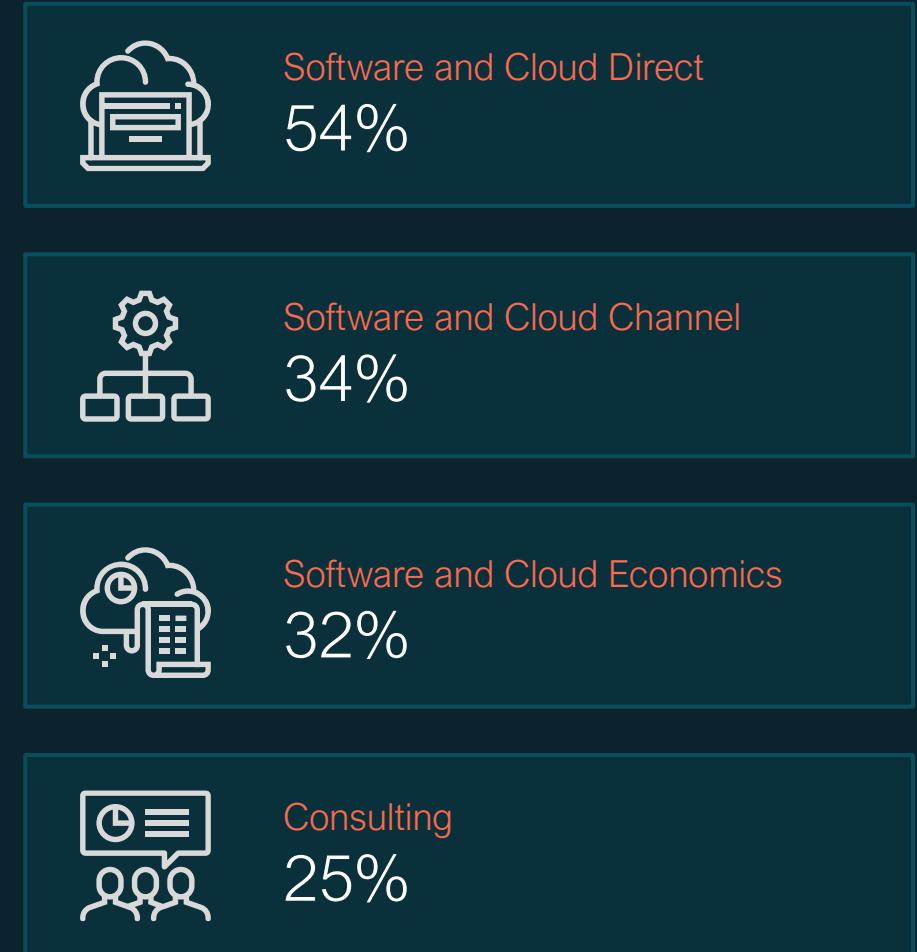
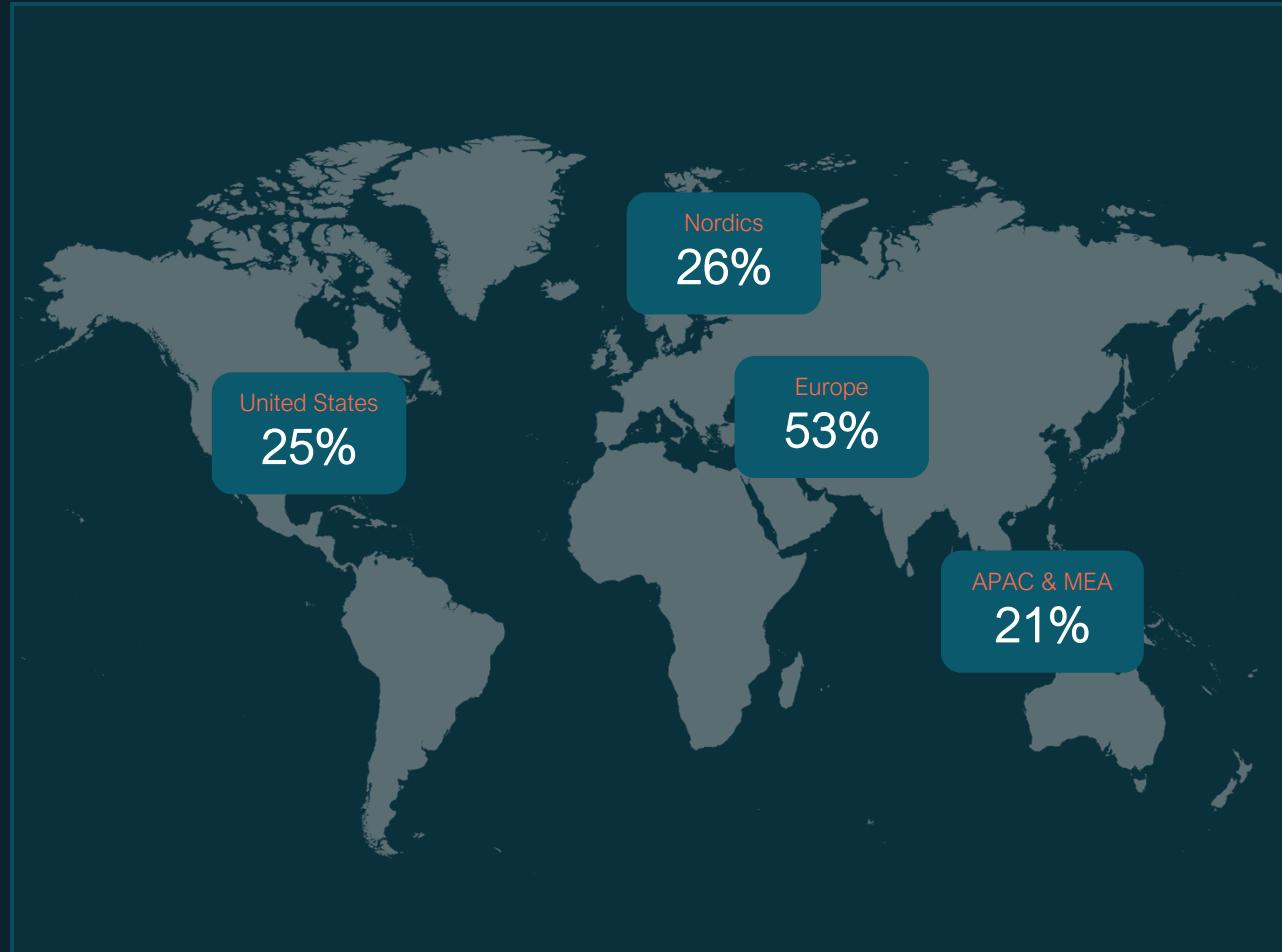
	Global IT market demand remains robust
	Solid gross profit growth driven by Nordics and Europe
	Profitability improvement in line with plan
	High attention to efficient cash collection yielding results

	31%	Gross Profit 1 258m
	50%	Adj. EBITDA 185m
	1.9pp	Adj. EBITDA margin ¹ 14.7%
	397m	Cash flow from operation NOK 69m

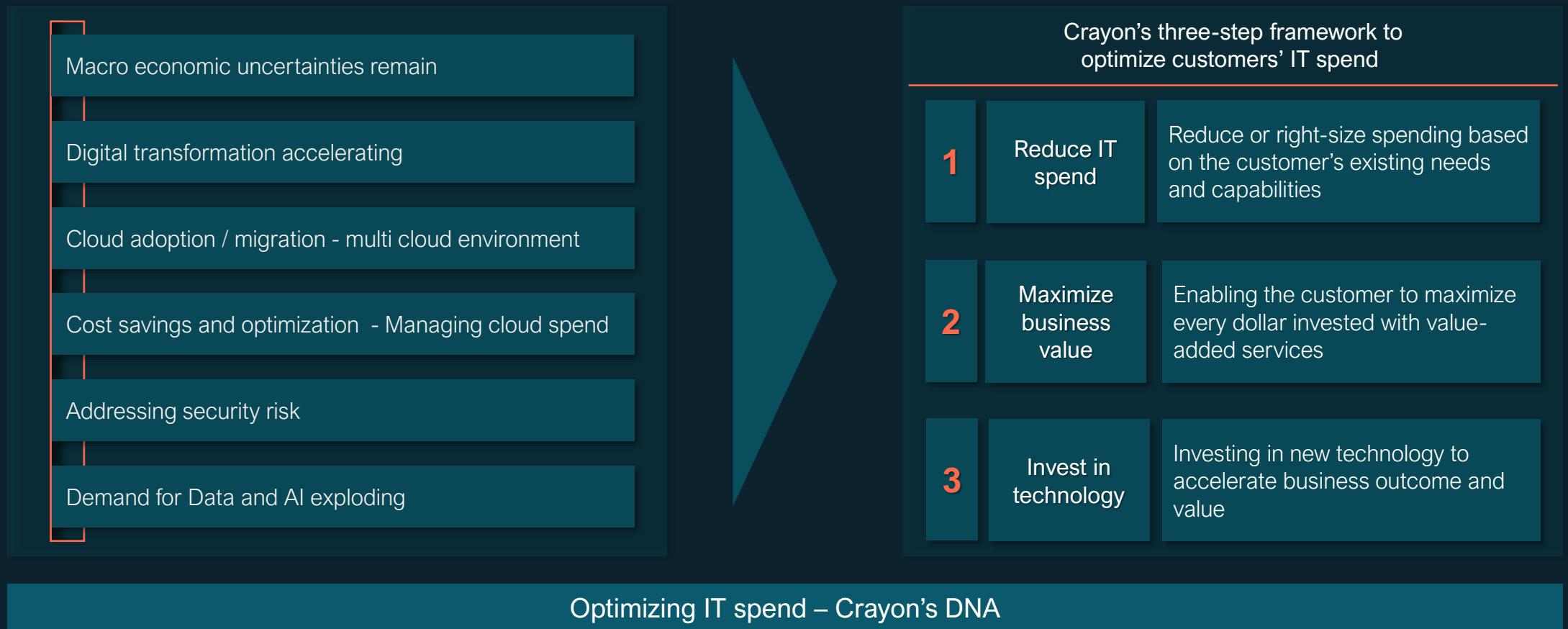
¹ Adjusted EBITDA divided by Gross Profit

Q1 HIGHLIGHTS

Strong gross profit growth across geos and businesses



Customers challenged by increased complexity in IT ecosystems and uncertain macro economic climate



MARKET

Macroeconomic environment uncertainties remain but global IT market continues to be resilient

Nordics

- Nordic economies still solid – strong digitalization drive
- Nordics frontrunners in cloud – high demand for cloud migration and optimization capabilities
- Demand for Data & AI capabilities accelerating
- Highly competitive talent market

United States

- Challenging economic environment: Increased interest rates, wage inflation, and recessionary pressures
- Cost optimization, Data and AI, and security among top CIO priorities
- Highly competitive market
- Significant tech sector layoffs but talent market remains competitive for certain skills

Europe

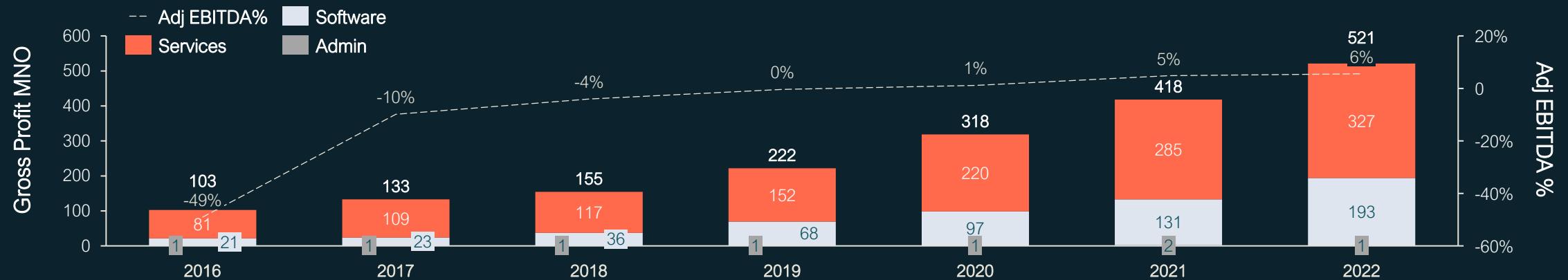
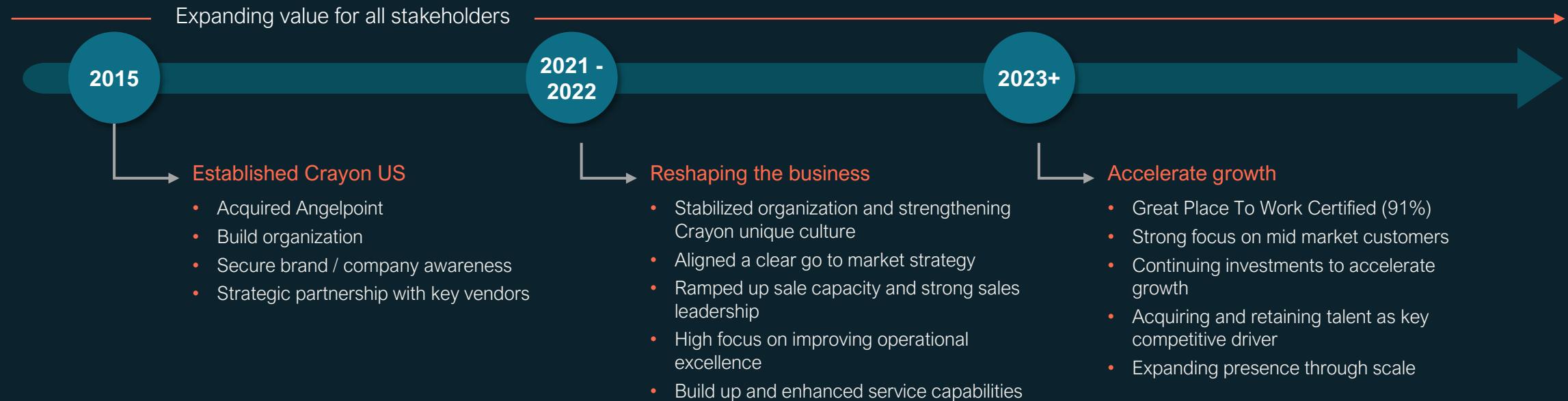
- Demand in DACH region remain strong
- Highly competitive market situation
- Strong drive in UK tech sector
- Eastern Europe demand strong despite Ukraine war

APAC & MEA

- Economic challenges drive demand for cost savings and optimization services
- Recent Deloitte study shows roughly 84% enterprises in India prefer hybrid or multi-cloud environment
- India seeing continued strong growth in public cloud spending- Gartner forecast 27% in 2023

STRATEGY AND AMBITION

US status



AWS and Crayon: A renewed and expanded partnership

- ● Crayon signs four-year Strategic Collaboration Agreement with Amazon Web Services

New agreement expands existing **AWS Premier Tier Services Partnership** to help accelerate cloud adoption and cloud migration for Crayon customers.

This significant agreement:

-  Creates a Crayon team of 500 certified AWS experts worldwide
-  Strengthens our Crayon Cloud Center of Excellence
-  Recognizes Crayon's deep technical expertise
-  Provides easier access to best-in-class services



Our Global Data & AI Practice

Mission

We enable our customers to become data-driven enterprises by generating value from data with scalable data platforms and AI powered solutions.

Purpose

The Crayon Data & AI Practice was established to serve the increasing global demand on data-driven business.

Delivery



Specialized sales in local subsidiaries.



Delivery is executed through a globally managed Center of Excellence.

Crayon Differentiators



Close relationship to customers



Proven, industry-specific solutions



Certified, highest quality services



Managed services

Center of Excellence Stats

140

FTEs dedicated resources

300+

Projects successfully delivered

10

Years average of experience in the field

4 Locations:



Oslo



Vienna



Singapore



Saudi Arabia

ISO

certified delivery blueprint with **responsible AI** at its core



100+

Solutions in production

80+

Dedicated certifications

Our Global Data & AI Practice

Purpose-built AI Solutions



Decision Intelligence



Computer Vision



Language Technologies

Industry-specific Solutions



Manufacturing
Visual Quality
Inspection



Data-driven
Maintenance
for Production



Incident &
Safety
Management



Agricultural
Remote
Sensing

Data & AI Platforms



Cloud Data Platform Advisory



Cloud Data Platforms Delivery



Machine Learning Operations
(MLOps)

Maintenance
and Support

Production
Start

Technical
Updates

Bug Fixing

Operations

Change
Management

CUSTOMER STORY

Data & MLOps platform for biotech industry

Agritech's Data-Driven Future: Enabling ML-powered gene editing with a modern Data and MLOps Platform

Customer Challenge

- Limited governance over machine learning experiments and data assets
- Diverse tooling hinders maintainability of the platform and incurs cost
- Existing setup had limited scalability potential

Crayon Solution

- Building scalable and unified Data Platform for efficient data governance
- Building MLOps Platform to optimize costs, performance and maintainability
- Moving several gene-editing projects into production on the new architecture

Outcome

- Better performance: running the experiments up to 10 times faster
- Cost optimization due to unified tool stack
- Scalability and operationalization of research for production: more resilient solution for scaling into production with high operational visibility
- Time saving with easier maintainability of the solution



INARI™

Crayon AI & remote sensing aids conservation efforts

The ESG innovation fund was launched in 2021 as an internal initiative to inspire employees to be creative and introduce ESG-related innovation to support non-governmental organizations (NGOs) in becoming more impactful.

Since launching, Crayon has delivered the first funded project in collaboration with Fauna & Flora and AI for Good.



About the client:

Fauna & Flora is an international conservation charity and non-governmental organization dedicated to protecting the diversity of life on Earth.



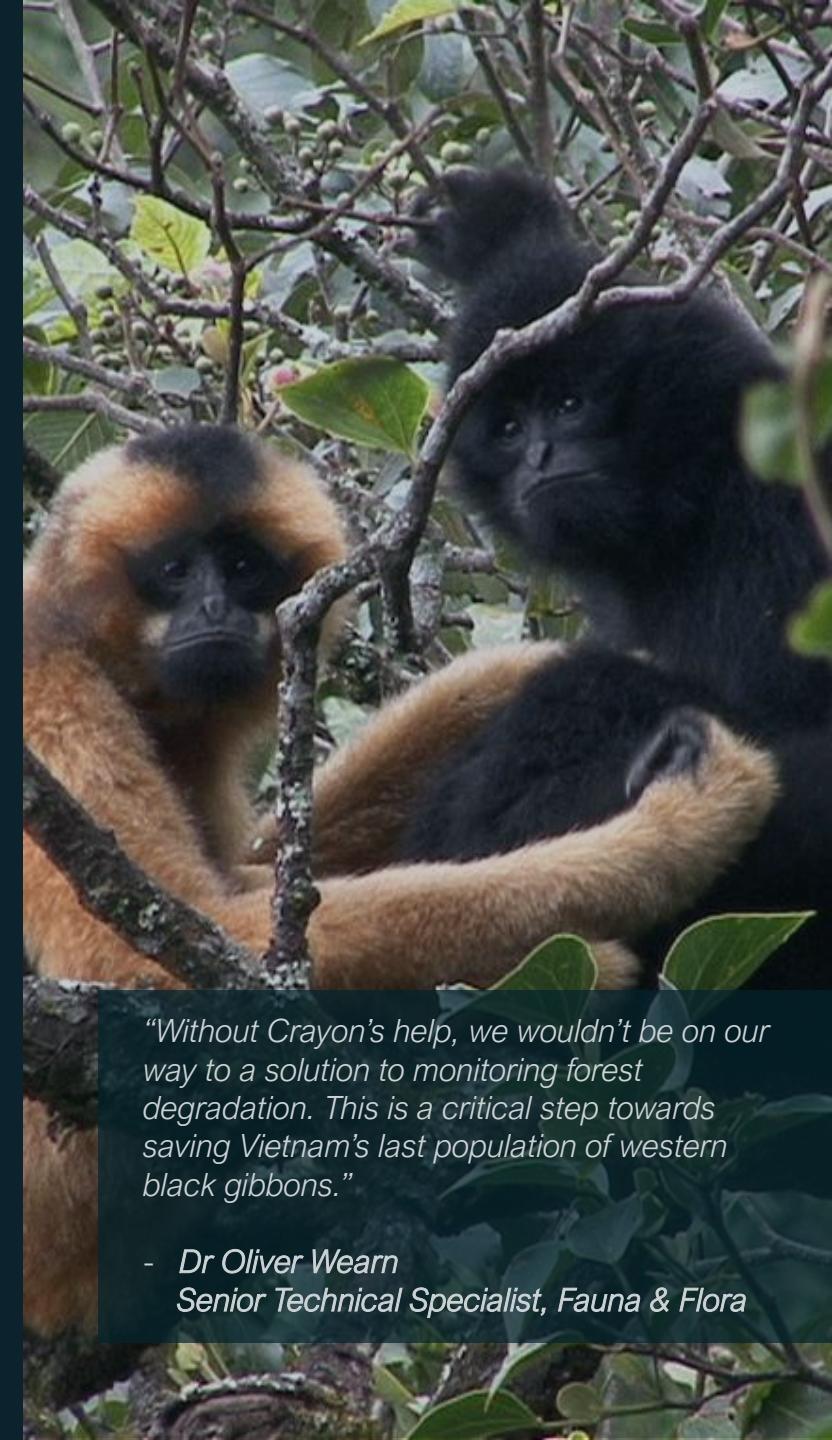
Key business challenges:

- Track changes in the fragile ecosystem of Mu Cang Chai forest, home to Vietnam's last population of western black gibbons
- Measure the extent of degradation in the gibbon's habitat caused by cardamom cultivation



The Crayon solution:

Crayon developed a cost-effective Proof-of-Concept computer vision-based solution that utilized remote sensing and machine learning to detect illegal cardamom cultivation in satellite imagery.

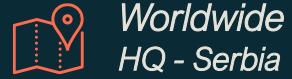


"Without Crayon's help, we wouldn't be on our way to a solution to monitoring forest degradation. This is a critical step towards saving Vietnam's last population of western black gibbons."

*- Dr Oliver Wearn
Senior Technical Specialist, Fauna & Flora*

CUSTOMER STORY

STADA cloud journey



Worldwide
HQ - Serbia



STADA is a leading manufacturer of high-quality pharmaceuticals. Worldwide, STADA operates in 120 countries. Infrastructure is spread into more than 40 local on-prem Data Centers and 13,000 users.



Client Challenges

- STADA wanted to consolidate distributed data centers, provide robust and cost-optimized IT services to enable easier, faster, and more flexible integrations.



Crayon Solution

- Crayon helped STADA develop a cloud strategy based on cost optimization, standardization, and innovation. A unified approach for management, governance, and compliance for all distributed data center.
- Crayon acted as a consultant during the RFP process between AWS and Azure.



Outcome

- Through Crayon's Cloud Migration Assessment, TCO Analysis and Business Value Assessment, STADA says savings of €3.3M (USD3.6M)
- Moving to Cloud through the established cost economics and FinOps processes STADA saved 43% of Cloud revenue, €1M (USD1.1M)



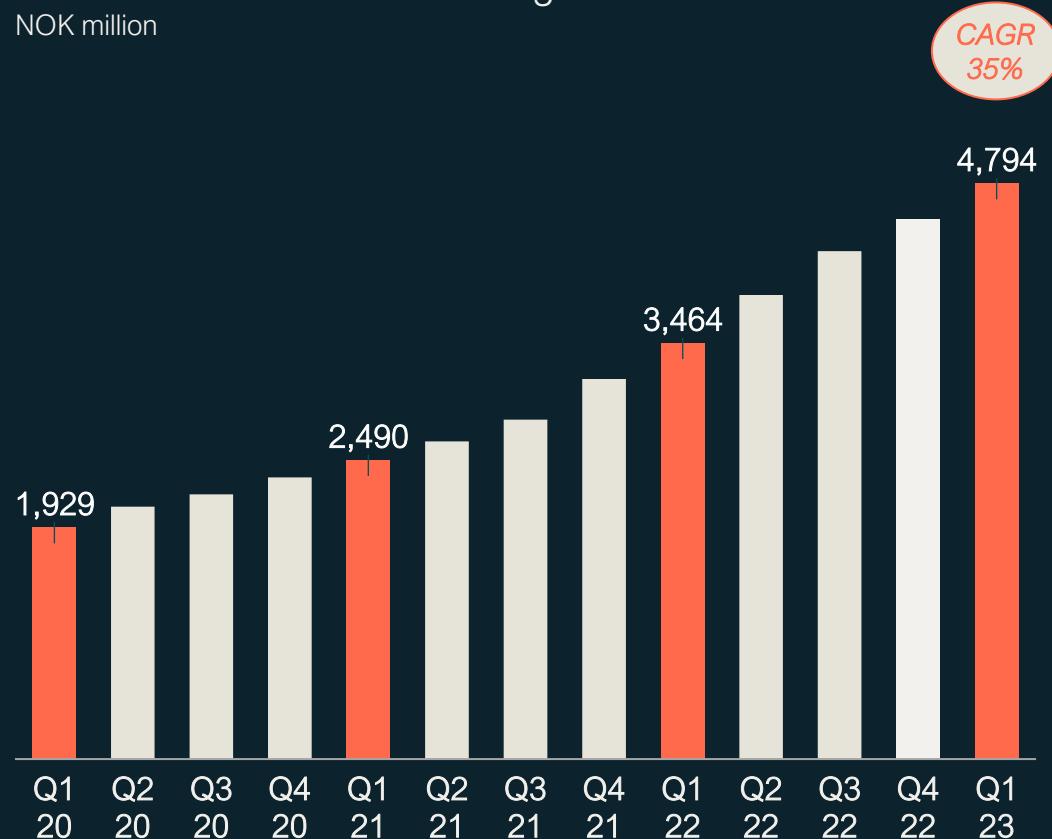
TOTAL SAVINGS:
€4.3M (USD4.7M)



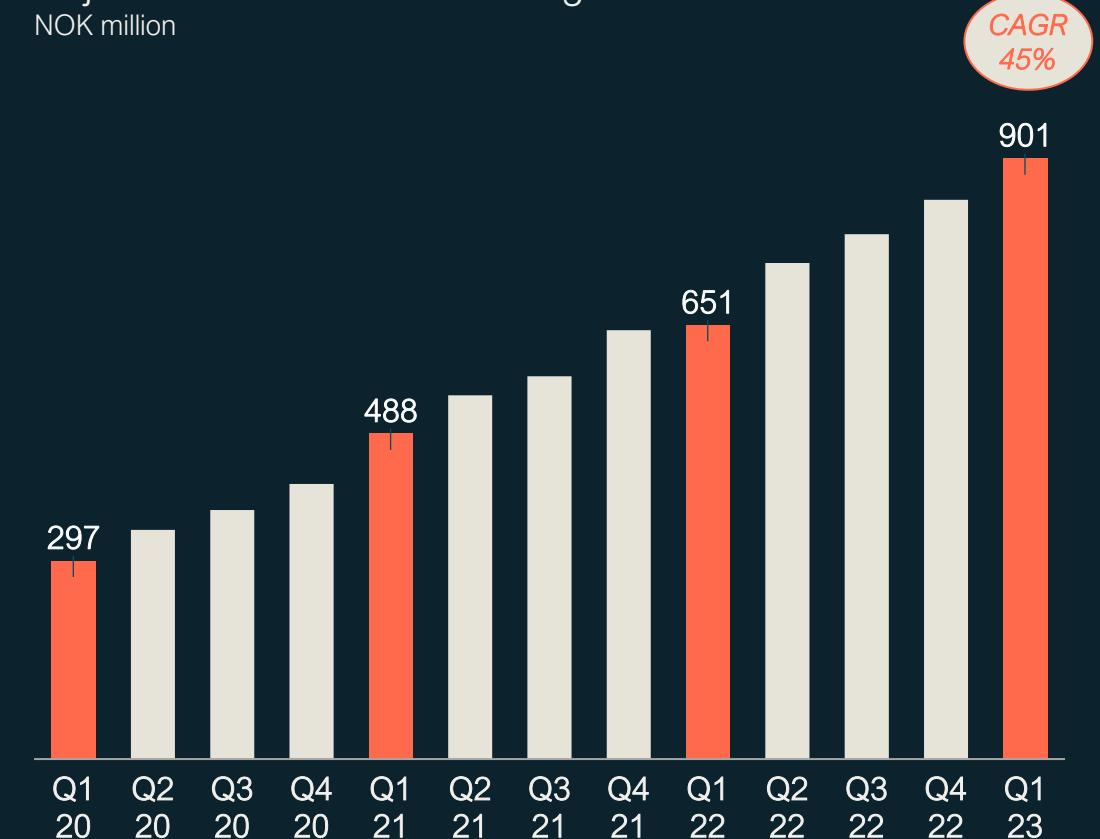
Financial Review

Continued strong growth momentum and value creation

Gross Profit 12 months rolling
NOK million



Adj. EBITDA 12 months rolling
NOK million



FINANCIAL REVIEW

56% of Gross Profit coming from international markets

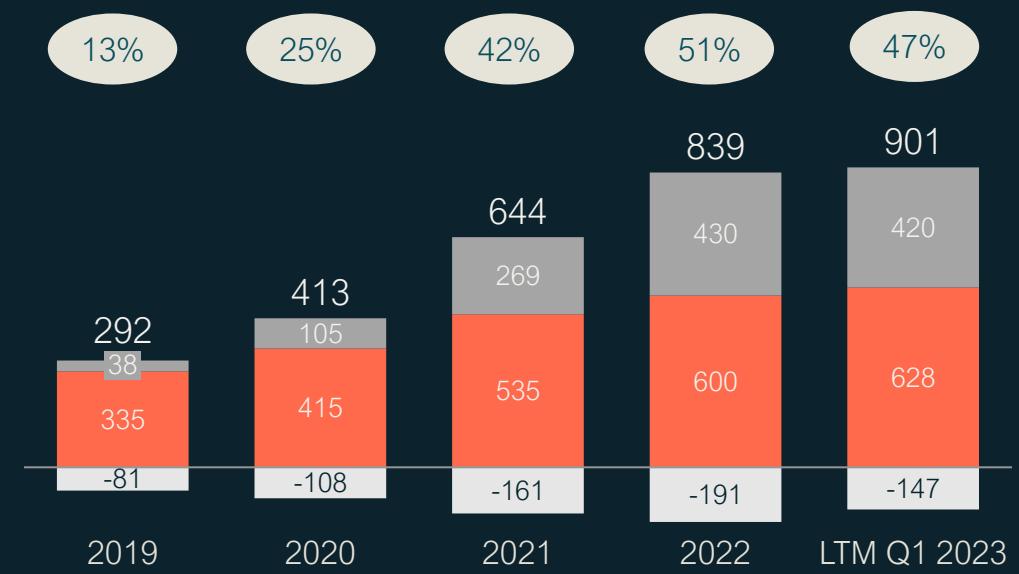
Gross Profit¹

NOK million



Adj. EBITDA¹

NOK million



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

1) 2018 – 2020 based on reporting as principle - restated as agent in 2021

FINANCIAL REVIEW

Strong growth momentum across all market clusters

Q1 Gross Profit by market cluster

NOK million



Q1 Adj. EBITDA by market cluster

NOK million



Growth
YoY

26% 53% 21% 25% n/a 31%

Constant Currency 23%

EBITDA
Margin¹

33% 8% 12% -6% n/a 15%

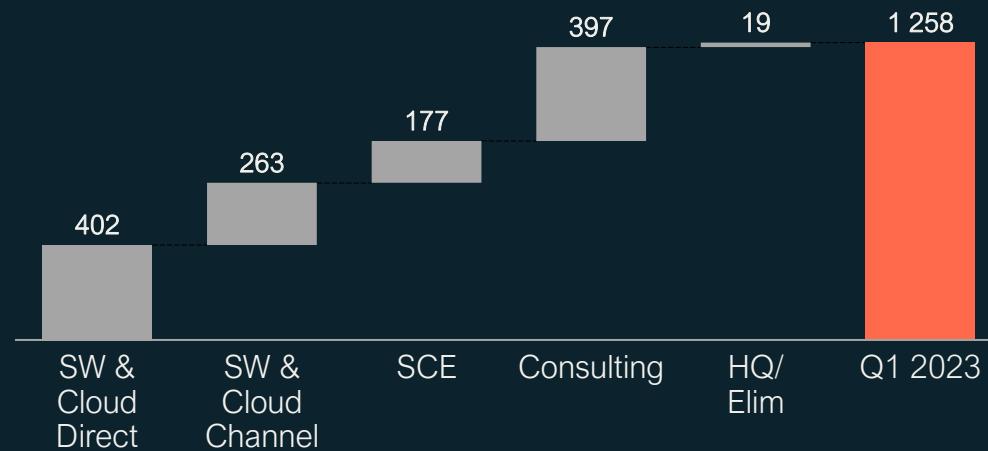
¹ Adjusted EBITDA divided by Gross Profit

FINANCIAL REVIEW

Solid growth across all business areas

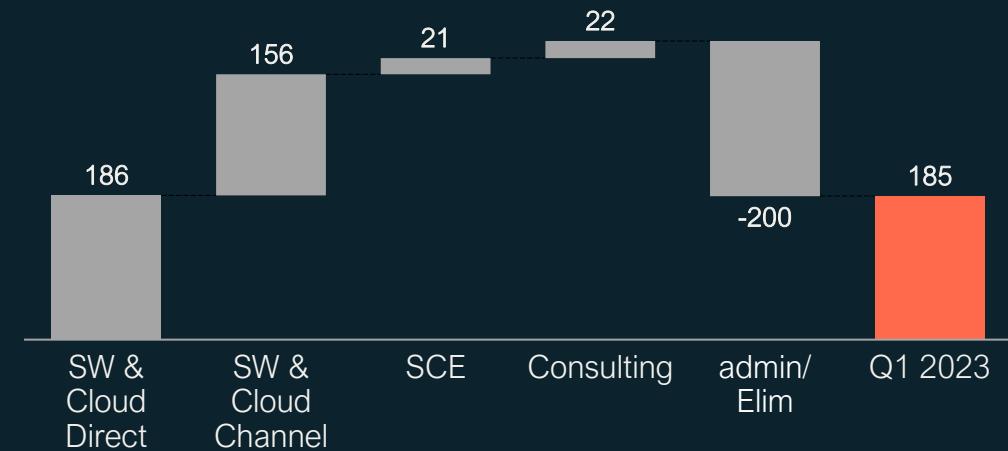
Q1 Gross Profit by business area

NOK million



Q1 Adj. EBITDA by business area ¹

NOK million



Growth
YoY

54% 34% 32% 25% n/a 31%

Constant Currency 23%

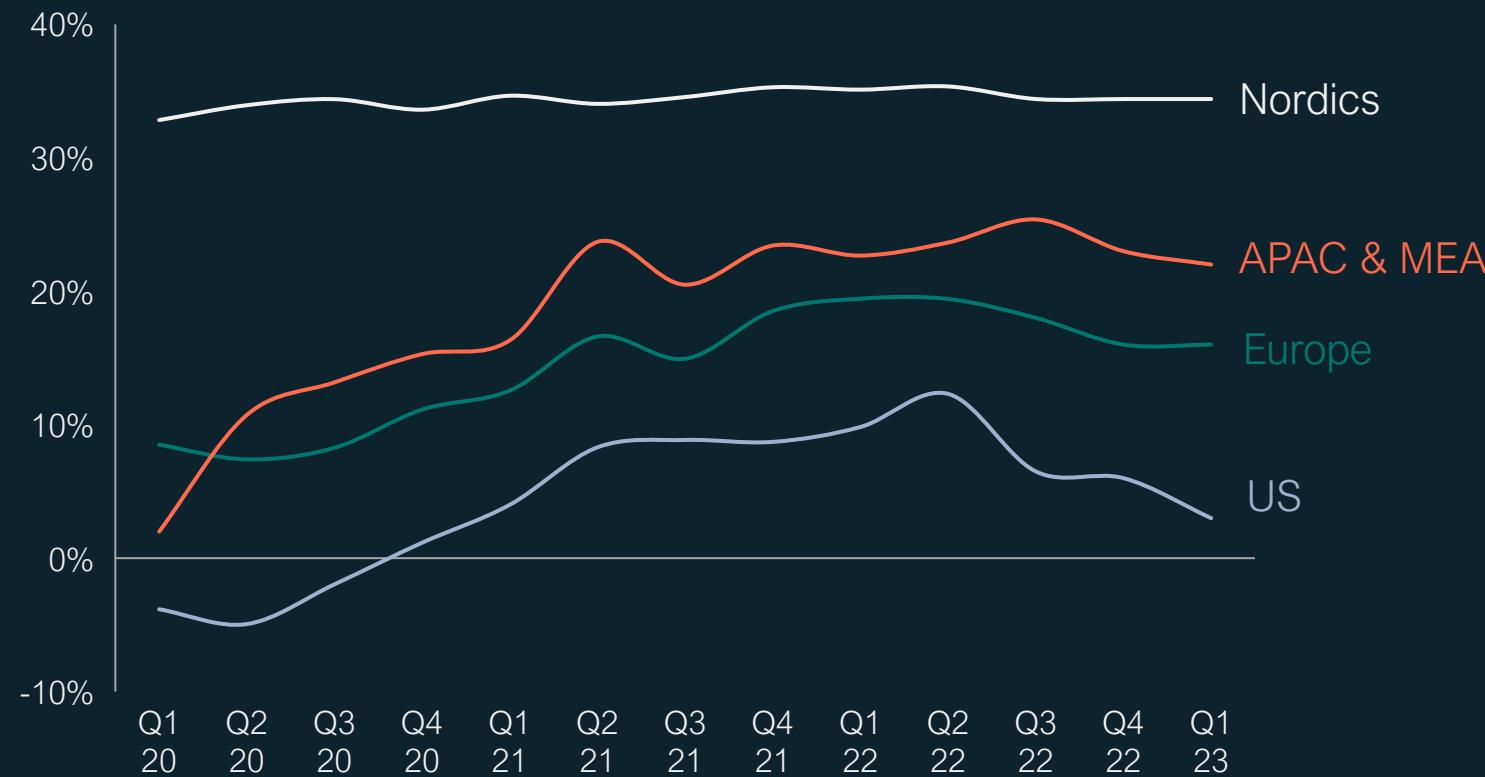
EBITDA
Margin ²

46% 59% 12% 5% n/a 15%

¹ Adjusted EBITDA divided by Gross Profit

Margin development

12-months rolling EBITDA margin ¹



- Nordic margin stable - representing margin potential for businesses operating at scale
- Stable development in APAC & MEA - impacted by significant one-time cost in Q4 22 of NOK 40m
- Scale benefits materializing in Europe
- US continues to invest in growth

¹ EBITDA divided by Gross Profit

Improved working capital performance

Net working capital Q1 2023
NOK million

Accounts receivable	6,617
Inventory	19
Accounts payable	-7,281
Trade working capital	-645
Other working capital ¹	427
Net working capital	-218

Net working capital over time
NOK million



Change in net working capital driven by a NOK 567m decrease in trade working capital while offset by NOK 469m increase in other working capital mainly due to VAT accruals.

Adjusted for outstanding Philippine public sector receivables net working capital totals appr. NOK -670m.

Average LTM NWC as share of LTM gross profit -2% (-4% adjusted for Philippine's public sector receivables)

1) Other working capital Unbilled revenue, contract assets, public duty receivables and payables and other accruals

FINANCIAL REVIEW

Cash flow in Q1 2023 reflecting improving working capital

Cash flow from operating activities

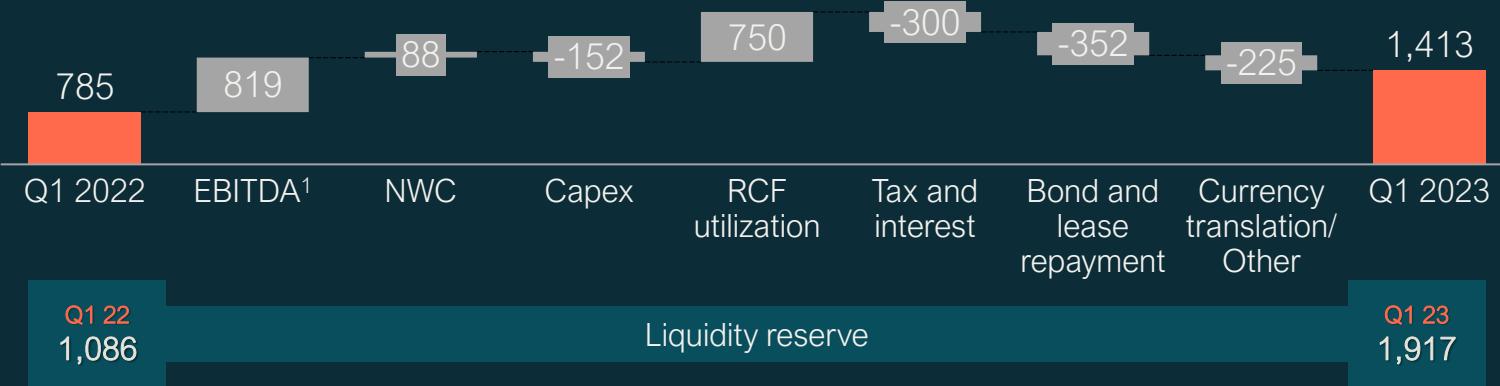
NOK million



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 1,917m included undrawn credit facilities

Net debt / EBITDA 2x

¹ EBITDA (non-adjusted)

FINANCIAL REVIEW

Profit and loss – Q1 2023

NOK million	Q1 2023	Q1 2022	2022	2021
Revenue	1,416	1,071	5,200	3,650
Cost of sales	(159)	(111)	(704)	(494)
Gross Profit	1,258	960	4,496	3,165
Operating expenses	(1,074)	(844)	(3,744)	(2,585)
EBITDA	184	116	752	580
Adjustments	1.0	7	88	64
Adj. EBITDA	185	123	839	644
Depreciation & Amortization	(81)	(69)	(334)	(175)
EBIT	102	47	417	405
Interest expense	(59)	(39)	(194)	(83)
Other financial income/expense	(153)	70	(164)	(29)
Net income before tax	(110)	79	66	292
Tax expense	19	(23)	(42)	(47)
Net income	(91)	57	23	245
EPS	(1.01)	0.66	0.29	2.59
Comprehensive income	197	(26)	134	11
Currency translation				
Comprehensive income, net of tax	106	31	157	257

- Increased Depreciation & Amortization compared to Q1 22 but at same level as Q4 22 when excluding impairment of NOK 31m
- Interest expenses increased largely due to increased market rates but at same level as Q4 22
- Other financial expense driven by revaluation of balance sheet items due to currency movements – NOK depreciation of 7-8% towards main trading currencies
- Positive effect of NOK 197m in comprehensive income from currency translation of subsidiaries to NOK – booked against Equity

FINANCIAL REVIEW

Balance sheet – Q1 2023

Assets	31 Mar. 2023	31 Mar. 2022
Contracts	554	581
Goodwill	3,279	3,004
Other intangible assets	157	191
Tangible assets	552	168
Deferred tax assets	197	70
Non-current receivables	61	37
Investments in assoc. comp.	42	36
Total non-current assets	4,841	4,087
Inventory	19	2
Accounts receivable	6,617	4,866
Other current receivables	2,559	1,760
Cash & cash equivalents	1,413	785
Total current assets	10,608	7,413
Total assets	15,449	11,500

Equity and Liabilities	31 Mar. 2023	31 Mar. 2022
Shareholders' equity	2,630	2,350
Lease liabilities	414	80
Other interest-bearing debt	2,529	1,773
Deferred tax liabilities	203	185
Other non-current liabilities	39	31
Total non-current liabilities	3,184	2,069
Accounts payable	7,281	4,945
Public duties	484	415
Current lease liabilities	73	37
Income taxes payables	100	52
Other interest-bearing debt	147	413
Other current liabilities	1,549	1,219
Total current liabilities	9,634	7,081
Total equity and liabilities	15,449	11,500

- Other current receivables includes NOK 800m in public duty receivables relating to refundable VAT in Norway
- Bad debt provisions NOK 122m, an increase of NOK 6m due to currency effects
- RCF drawdown NOK 750m
- NIBD/Adj. EBITDA 2x – significant headroom to bank covenants

2023 OUTLOOK

2023 outlook

	2022	LTM	FY 2023 Outlook	Medium term	Comment
Gross Profit growth	42%	38% (32% org.)	~20%	~20%	2023 outlook implies organic growth in line with medium-term outlook
Adj. EBITDA margin ¹	18.7%	18.8%	20-21%	Gradual increase to 25%	Continuing growth while also improving cost efficiency
Net working capital ²	-1%	-2%	-5% to -15%	-15% to -20%	Expected to normalize medium-term driven by working capital improvements
Capex	NOK 142m	NOK 152m	NOK ~125m	NOK ~125m	Q1 capex NOK 34m - in line with FY guidance

1 Adjusted EBITDA divided by Gross Profit

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



Summary



KEY TAKEAWAYS

Key takeaways

-  Resilient market demand
-  Continued customer first approach
-  Focus on margin improvement



CRAYON EARNINGS Q1 2023

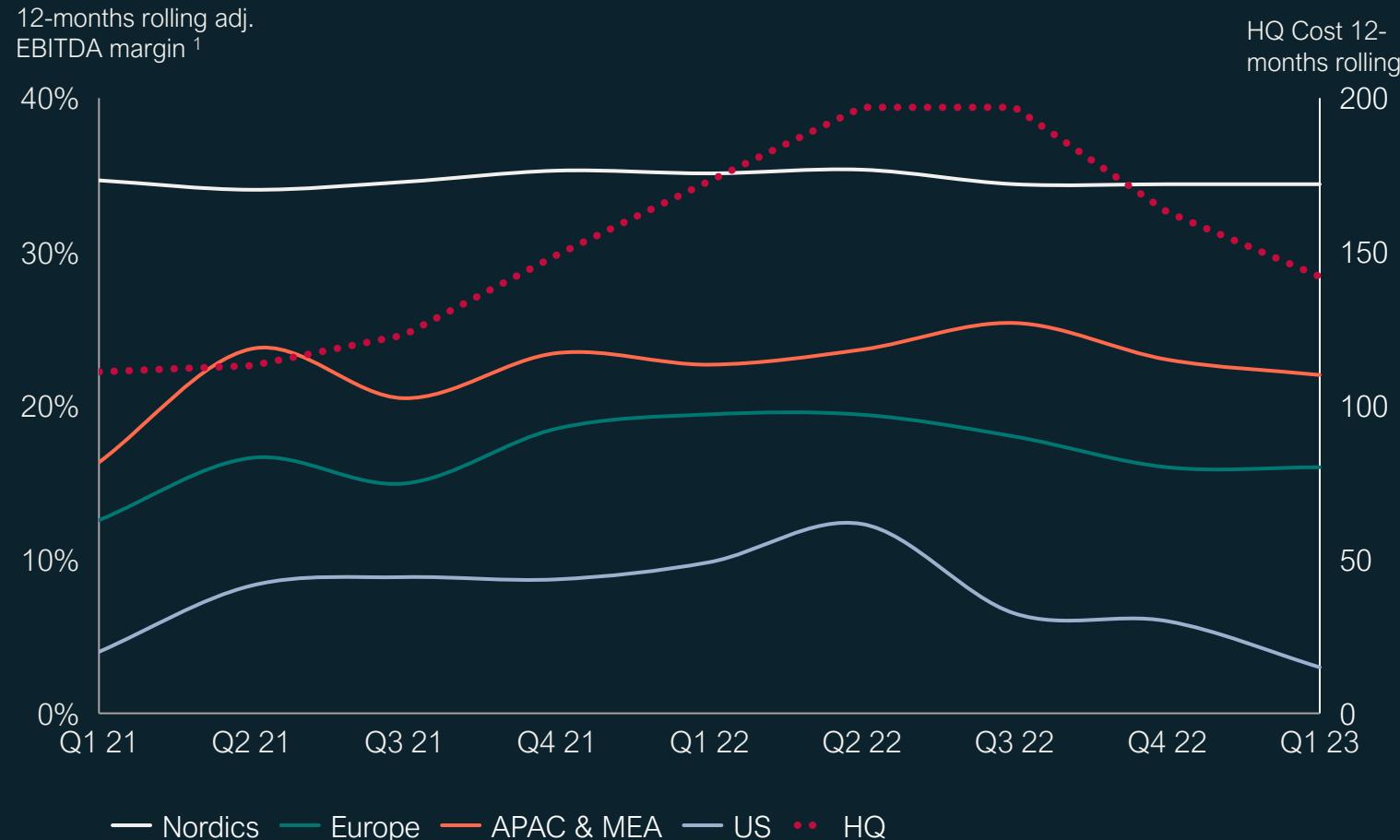
Q&A





Appendix

Margin development



- Nordic margin stable - representing margin potential for businesses operating at scale
- Stable development in APAC & MEA - impacted by significant one-time cost in Q4 22 of NOK 40m
- Scale benefits materializing in Europe
- US continues to invest in growth

¹ Adjusted EBITDA divided by Gross

Inherent business seasonality impacting net working capital

Net working capital¹

NOK million



Average NWC as share of LTM gross profit¹



1) 2018-2021 based on historic accounting policy – for comparability

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

Trade Working Capital

- Receivables collection and timing for vendor payments are key drivers for trade working capital
- Working capital sensitivities: timing of business during quarter and collection end of quarter
- Significant QoQ and YoY variability
- Structurally higher working capital intensity in growing international markets
- High focus on improving collection processes – implementing Crayon best practice across all businesses

Other Working Capital²

- Unbilled revenue relates to accruals for earned and recognized income that for various reasons are not invoiced to customer. Consumption based revenue, consulting hours, non invoiced due to early close etc.
- Other current liabilities include accruals for COGS, employee benefits related accruals, prepayments, other current accruals
- Timing of payment of public duties could give material swings
- Other working capital expected to grow in line with overall GP growth
- Longer billing cycles on consumption-based products

APPENDIX

Foreign exchange impact

FX exposure	P&L impact – Other financial income and expense	Equity impact – Other comprehensive income																		
<ul style="list-style-type: none">▪ Crayon Group Holding ASA uses NOK as reporting currency▪ Functional currency is the currency of the primary economic environment of the operations▪ Foreign currency – currency different to a units functional currency▪ Main software vendor settlement currencies in addition to NOK; USD, EUR, SEK, GBP, AUD,▪ Significant volumes of transactions and settlements in foreign currencies as a result of global operations▪ Large impact from FX as a result of NOK depreciation▪ FX impact both P&L through Other Financial Expense and Equity through Other Comprehensive Income	<ul style="list-style-type: none">▪ Other financial expense relates to currency changes (foreign to functional) in monetary assets such's as:<ul style="list-style-type: none">• Cash• Accounts receivables• Accounts payables• Loans• Group internal balances▪ During Q123 NOK weakened 7-8% towards main currencies▪ As a result other financial expense, net negatively impacted the quarter with NOK 159m <table><thead><tr><th>P&L</th><th>Q1 23</th><th>Q1 22</th></tr></thead><tbody><tr><td>Other financial expense, net</td><td>-152</td><td>71</td></tr></tbody></table>	P&L	Q1 23	Q1 22	Other financial expense, net	-152	71	<ul style="list-style-type: none">▪ Other comprehensive income relates to positive effect from currency translation (functional to reporting) of subsidiaries to NOK;<ul style="list-style-type: none">• Equity / net assets (including cash and other monetary assets)• Goodwill and other fair value adjustments▪ In Q1 2023 currency translation in net comprehensive income amounted to NOK 197m, whereof cash related currency translation amounted to NOK 86m <table><thead><tr><th>Comprehensive income</th><th>Q1 23</th><th>Q1 22</th></tr></thead><tbody><tr><td>Currency translation</td><td>197</td><td>-26</td></tr></tbody></table> <table><thead><tr><th>Cashflow statement</th><th>Q1 23</th><th>Q1 22</th></tr></thead><tbody><tr><td>Currency translation, cash</td><td>87</td><td>3</td></tr></tbody></table>	Comprehensive income	Q1 23	Q1 22	Currency translation	197	-26	Cashflow statement	Q1 23	Q1 22	Currency translation, cash	87	3
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Currency translation	197	-26																		
Cashflow statement	Q1 23	Q1 22																		
Currency translation, cash	87	3																		

APPENDIX

Foreign exchange impact - Illustrative example

Balance sheet 1/1 EURNOK 10	Crayon Norway NOK	Crayon France EUR	Crayon France NOK	Crayon Group NOK
Cash pool balance	-1000 NOK (-100EUR)	+100EUR	1000 NOK	0NOK
Other assets	2000 NOK	+100 EUR	1000 NOK	3000 NOK
Retained earnings	-1000 NOK	-200EUR	-2000 NOK	-3000 NOK
Balance sheet 31/3 EURNOK 11	Crayon Norway NOK	Crayon France EUR	Crayon France NOK	Crayon Group NOK
Cashpool balance	-1100 (-100EUR)	+ 100 EUR	1100 NOK	0NOK
Other assets	2000 NOK	+ 100 EUR	1100 NOK	3100 NOK
Retained earnings	-900 NOK	-200 EUR	- 2000 NOK	-2900 NOK
OCI Equity			-200NOK	-200 NOK
P&L period impact	Crayon Norway NOK	Crayon France EUR	Crayon France NOK	Crayon Group NOK
Other financial expense, net	-100 NOK			-100 NOK
Other comprehensive income			200	200 NOK

Consolidating Crayon Norway and Crayon France

- EURNOK changes from 10 to 11 during the period
- All other items unchanged

Two impacts from changes in EURNOK rate:

1. Negative 100 EUR cash (in cashpool) in Crayon Norway increases from NOK 1000 to NOK 1100. Currency impact through P&L / Other financial Expense (cost) 100NOK (foreign to functional)
2. Currency effect from translation of Crayon France EUR assets to NOK. 100 EUR cash and EUR 100 assets increases from NOK 2000 to NOK 2200. Positive currency translation of subsidiaries / Other comprehensive income 200 NOK booked against OCI Equity (functional to reporting)