



Quarterly Results

Q3 2023

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8 November 2023

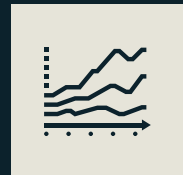
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Q3 HIGHLIGHTS

Continued growth momentum

Amounts in NOK

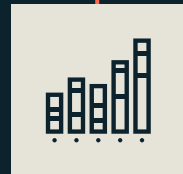


Continued growth across all markets



24%

Gross Profit
1 260m



Stable adjusted EBITDA margin with continued focus on profitability improvements



27%

Adj. EBITDA
143m



Below normal working capital performance – driven by accounts payable



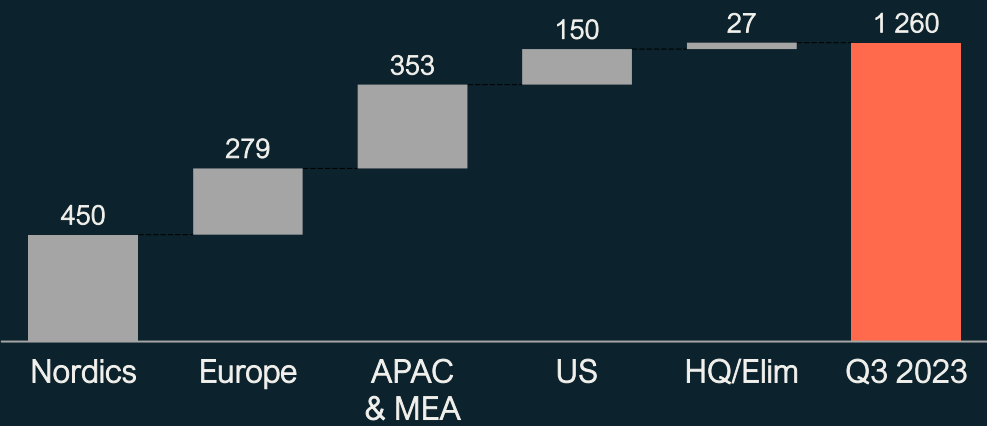
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Adj. EBITDA Margin¹
11.3%

¹ Adjusted EBITDA divided by Gross Profit

Solid growth momentum across markets

Q3 Gross Profit by market cluster
NOK million



Q3 Adj. EBITDA by market cluster
NOK million



Growth YoY	21%	38%	17%	19%	n/a	24%
	Constant Currency					16%

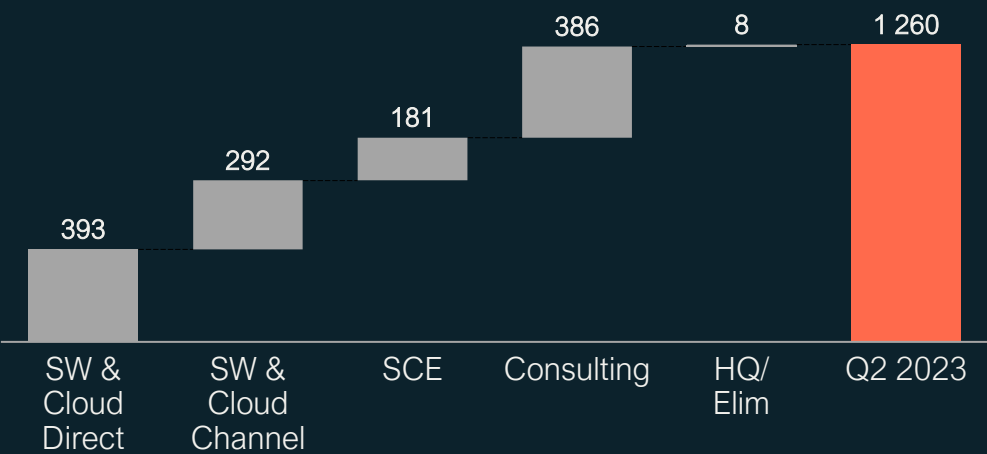
EBITDA Margin ¹	31%	8%	15%	-8%	n/a	11.3%
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¹ Adjusted EBITDA divided by Gross Profit

Solid growth - profitability in consulting improving as expected

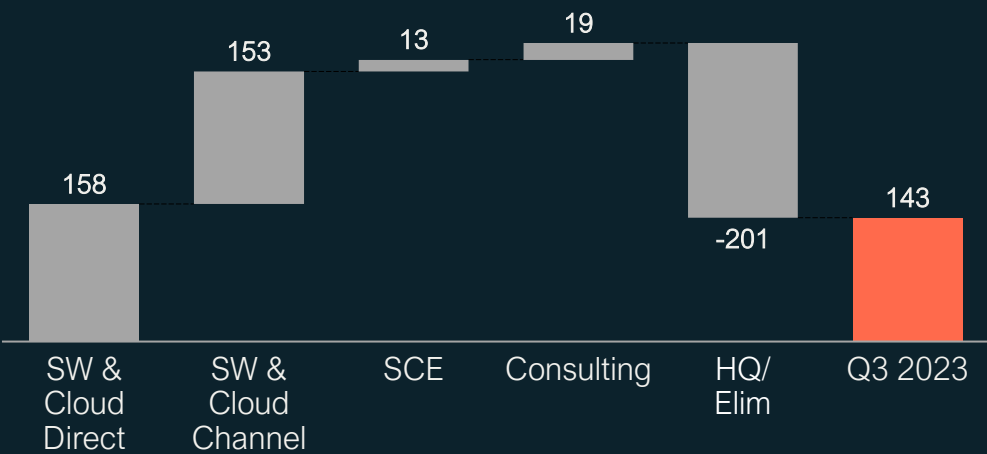
Q3 Gross Profit by business area

NOK million

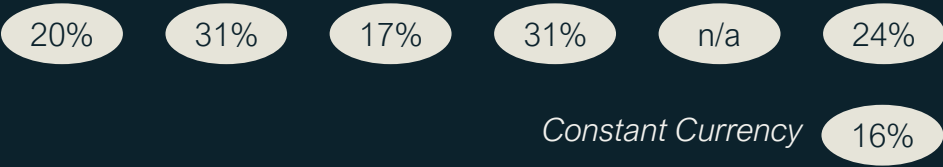


Q3 Adj. EBITDA by business area ¹

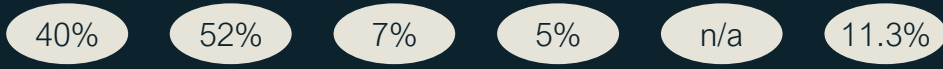
NOK million



Growth
YoY



EBITDA
Margin ¹



¹ Adjusted EBITDA divided by Gross Profit

2023 OUTLOOK

Revised 2023 outlook

	2022	LTM	Revised 2023 Outlook	Medium term	Comment
Gross Profit growth	42%	~26%	~25%	~20%	2023 outlook implies organic growth in line with medium-term outlook
Adj. EBITDA margin ¹	18.7%	17.6%	18-19% (19-20%)	Gradual increase to 25%	Continuing growth while also improving cost efficiency
Net working capital ²	-1%	2%	~0% (-5% to -10%)	-15% to -20%	Expected to normalize medium-term driven by working capital improvements
Capex	NOK 142m	NOK 153m	NOK ~125m	NOK ~125m	Capex YTD NOK 107m - in line with FY guidance

¹ Adjusted EBITDA divided by Gross Profit

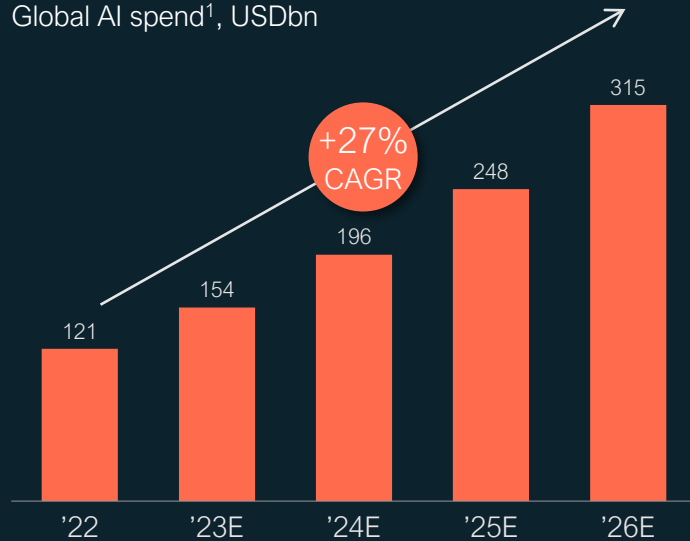
² Average NWC last 4 quarters as share of gross profit last 4 quarters

MARKET DYNAMICS AND DIFFERENTIATION

Data & AI is accelerating, opening a major market for services that help enterprises realize business value

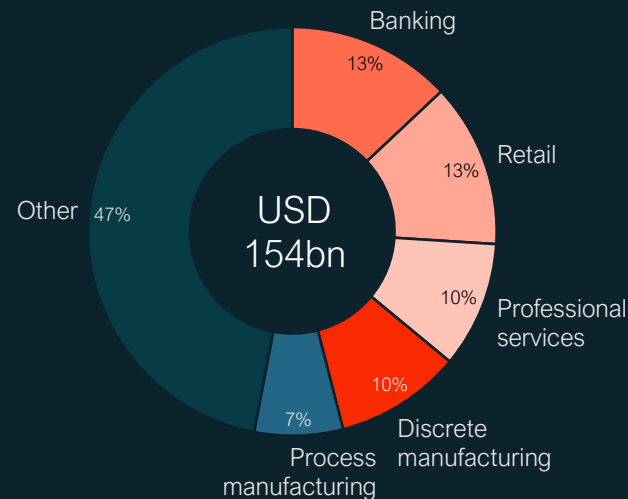
AI spend to grow at a rapid pace

Global AI spend¹, USDbn



Spend diversified across industries

Share of global AI spend¹, 2023E

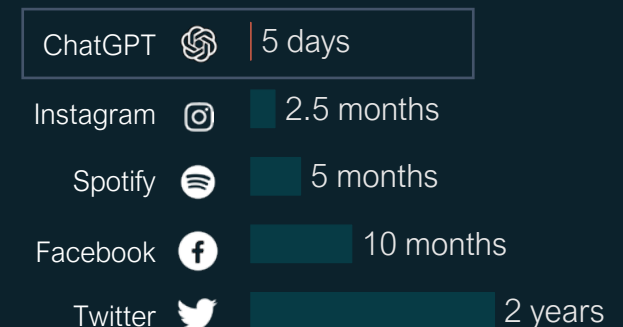


It is happening as we speak

Google Trends, "AI", L10Y



Days to one million users



Source: IDC, Google Trends, Gartner

1. Includes software, hardware and services for AI-centric systems



STRATEGY AND AMBITION

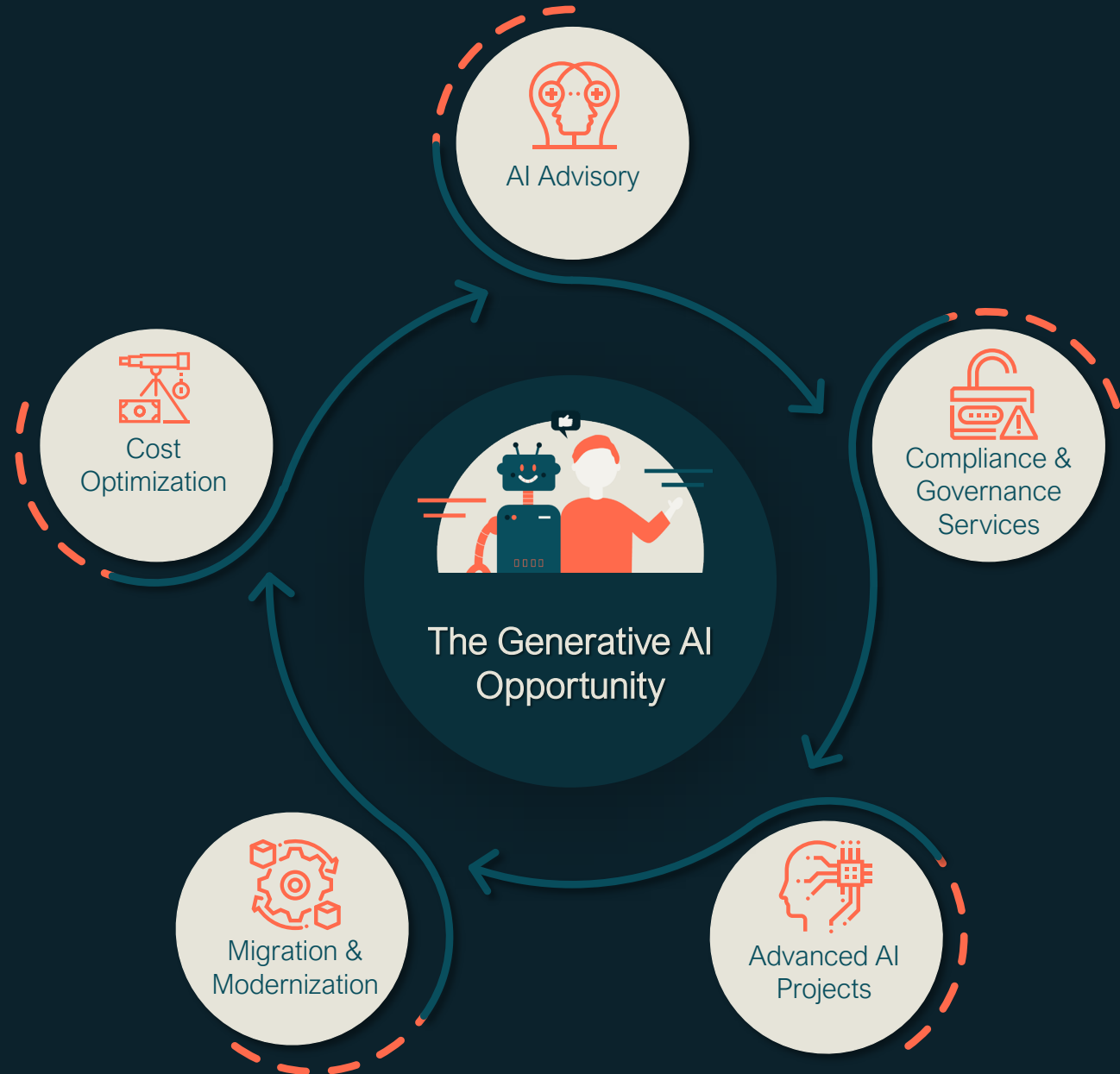
Significant AI opportunities



Microsoft Copilot



Google Duet AI



CUSTOMER STORY

Managing Change in Digital Transformation



Germany



Zahnradfabrik Friedrichshafen (ZF) is a global technology company that supplies systems for passenger cars, commercial vehicles, and industrial technology with 165,000+ employees worldwide.



Client Problem

- ZF needed to undertake a comprehensive digital transformation to leverage technology advancements, specifically cloud and AI, for improving productivity and global operations.



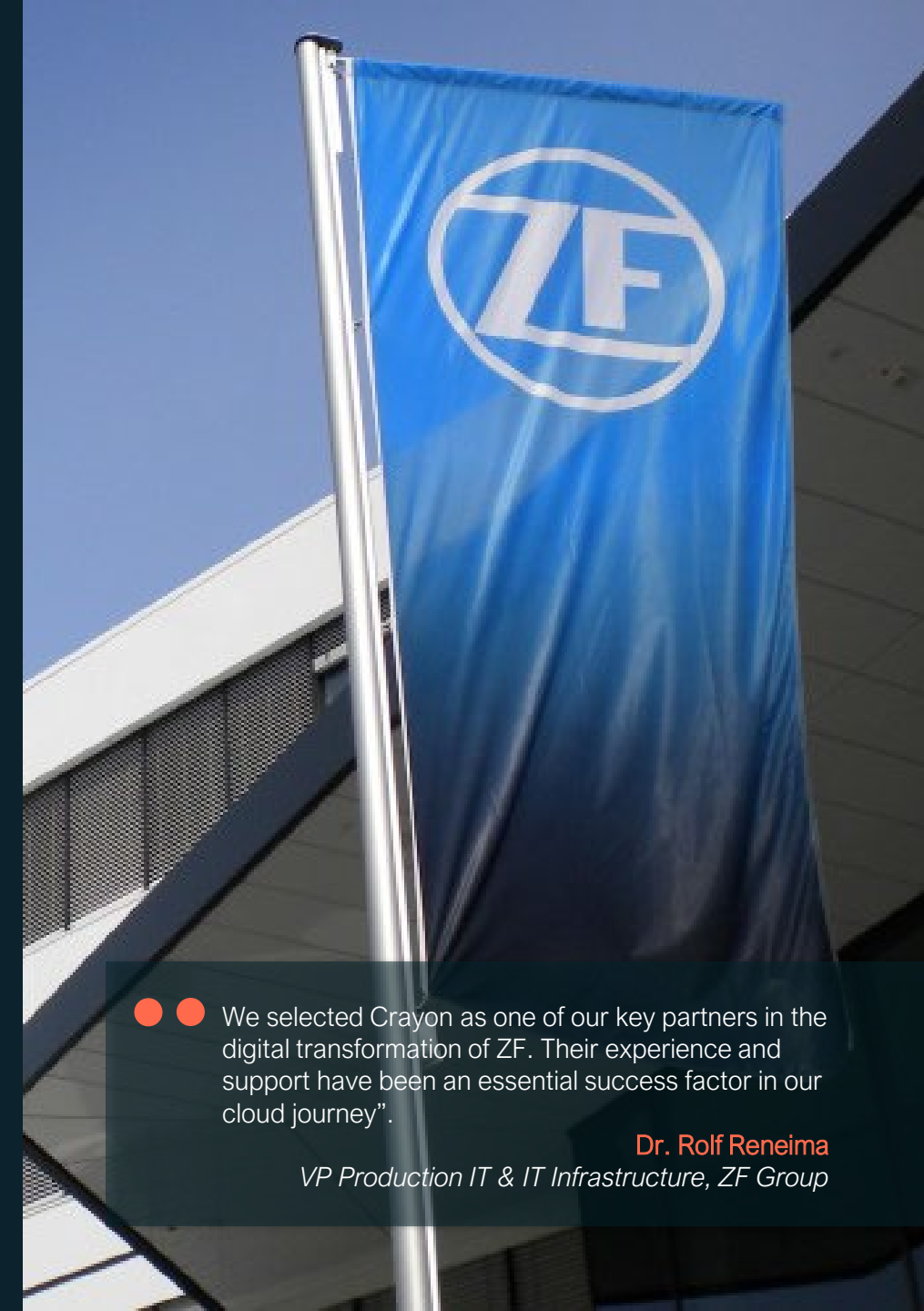
Crayon Solution

- Crayon became ZF's trusted advisor in their innovation journey. Our solutions simplified the process by translating high-level strategies into executable roadmaps, optimizing technology costs, while implementing FinOps solutions.
- We are working with the customer to derive a suitable operating model and relevant processes for ZF. These new ways of working involve decentralizing responsibilities and empowering employees to utilize technology to their benefit.

- ● We selected Crayon as one of our key partners in the digital transformation of ZF. Their experience and support have been an essential success factor in our cloud journey".

Dr. Rolf Reneima

VP Production IT & IT Infrastructure, ZF Group



CUSTOMER STORY

Data Platform for Maritime Industry



Norway



Brunvoll is a global leader in design, manufacture and support systems for propulsion, positioning and maneuvering of advanced, seagoing vessels.



Client Problem

- Existing solution had limited scalability potential due to on-premises deployment
- Considerable amount of manual labor needed to maintain existing systems
- Existing legacy tech stack needed modernization to enable future developments



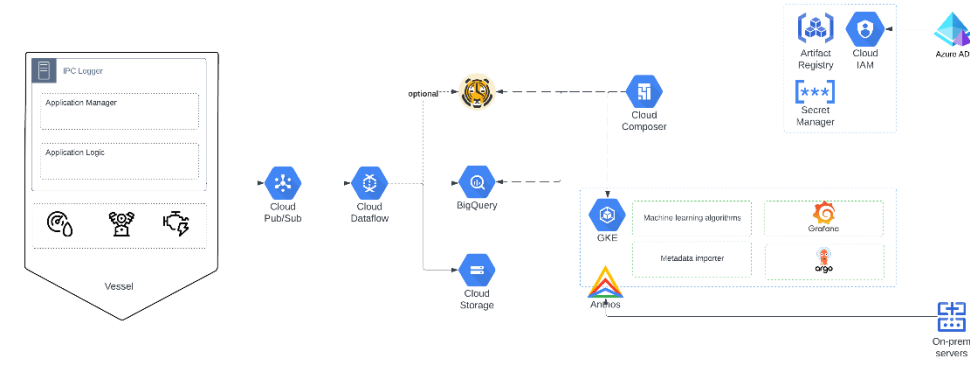
Crayon Solution

- Scalable Data Platform for efficient data ingestion and governance on GCP
- Building robust real-time data ingestion system using PubSub and Dataflow
- Moving multiple vessel data sources and analytic tools on the new architecture



Outcome and next steps

- Scalable and easy to maintain Data Platform solution, allowing the customer to scale to large number of vessels within three years
- Significant improvement on data resiliency
- Lower maintainability efforts of the solution
- Unified permission control model
- Lower vessel onboarding period and unified control





Financial Review

FINANCIAL REVIEW

Profit and loss – Q3 2023

NOK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue	1 460	1 206	4 592	3 693
Cost of sales	-200	-188	-542	-470
Gross profit	1 260	1 018	4 050	3 223
Operating expenses	-1 125	-910	-3 435	-2 656
EBITDA	135	108	615	567
Adjustments	7	5	64	15
Adj. EBITDA	143	113	679	581
Depreciation & Amortization	-66	-73	-227	-215
EBIT	69	35	388	351
Share of profit (loss) from assc.	1	7	1	6
Interest expense	-70	-53	-198	-136
Other financial income/expense	-17	-103	-227	-219
Net income before tax	-16	-114	-35	2
Tax expense	3	33	-1	-3
Net income	-13	-80	-37	0
EPS	-0.09	-0.8	-0.42	0.09
Comprehensive income				
Currency translation	-108	82	211	300
Comprehensive income, net of tax	-121	2	174	300

- EBITDA adjustments include share based compensation of NOK 1m and NOK 7m related to M&A
- Interest expenses increased from Q3 prior year largely due to increased market rates
- Other financial expense NOK -17m. Significant reduction year on year
- Net income NOK -13m an improvement of NOK 67m compared to Q322

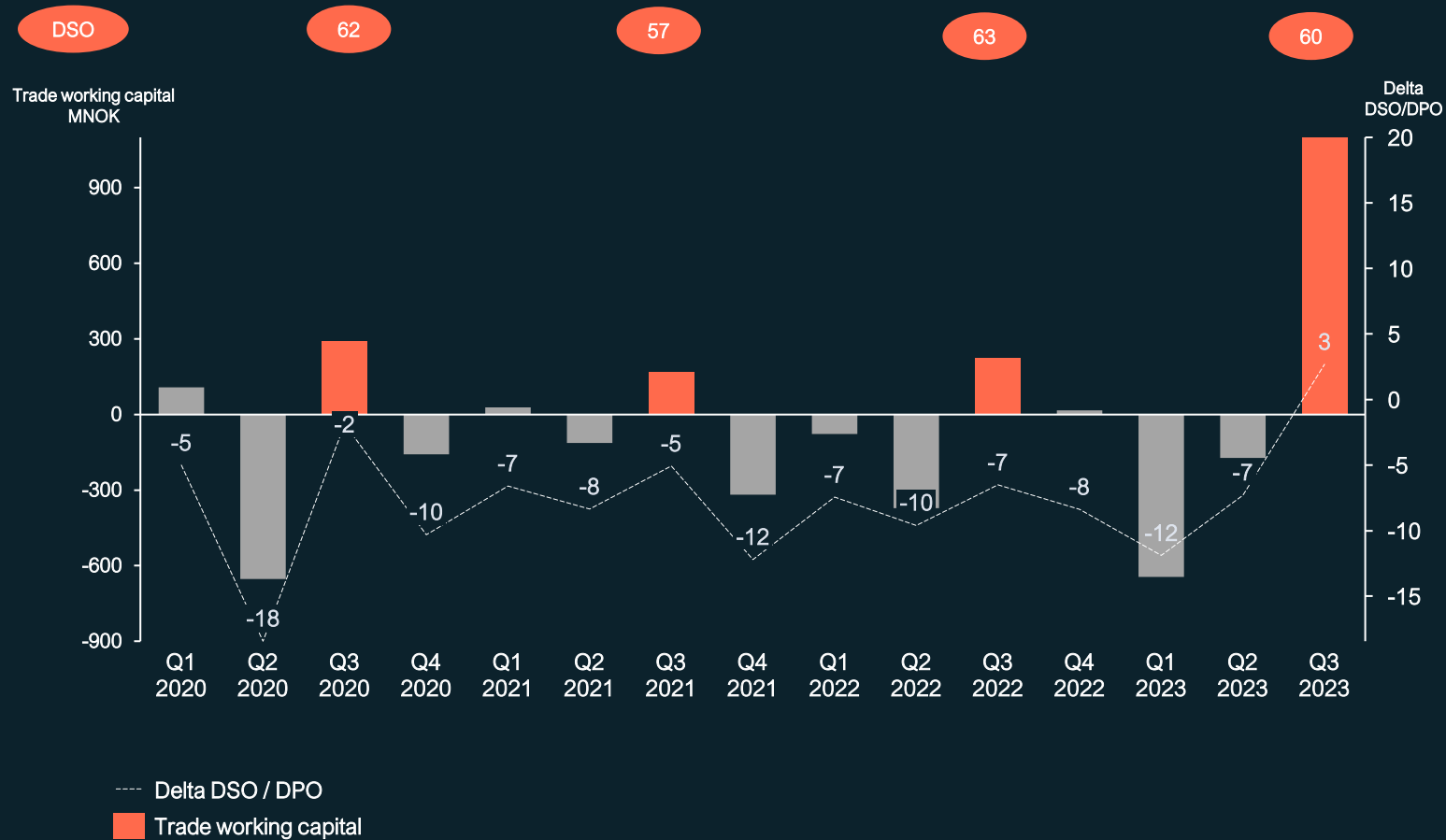
Balance sheet – Q3 2023

Assets	30 Sept. 2023	30 Sept. 2022
Contracts	511	589
Goodwill	3 255	3 224
Other intangible assets	164	197
Tangible assets	587	471
Deferred tax assets	287	100
Non-current receivables	73	42
Investments in assoc. comp.	43	43
Total non-current assets	4 917	4 666
Inventory	21	4
Accounts receivable	6 352	5 407
Other current receivables	2 187	2 081
Cash & cash equivalents	907	605
Total current assets	9 467	8 097
Total assets	14 384	12 762

Equity and Liabilities	30 Sept. 2023	30 Sept. 2022
Shareholders' equity	2 729	2 697
Lease liabilities	437	343
Other interest-bearing debt	1 791	1 776
Deferred tax liabilities	234	174
Other non-current liabilities	28	26
Total non-current liabilities	2 490	2 319
Accounts payable	5 293	5 187
Public duties	550	546
Current lease liabilities	84	60
Income taxes payables	75	65
Other interest-bearing debt	1 426	448
Other current liabilities	1 735	1 440
Total current liabilities	9 165	7 746
Total equity and liabilities	14 384	12 762

- Other current receivables includes:
 - Unbilled Gross Sales of 1,309m mainly related to 1 month accrual of consumption-based sales
- Other Current liabilities include:
 - Accruals of NOK 1,220m, mainly accruals of COGS related to consumptions-based sales
- Other interest-bearing debt includes:
 - RCF drawdown NOK 500m
 - Supplier financing NOK 541m
 - Overdraft facility NOK 103m

Delta between DSO and DPO driving Trade Working Capital

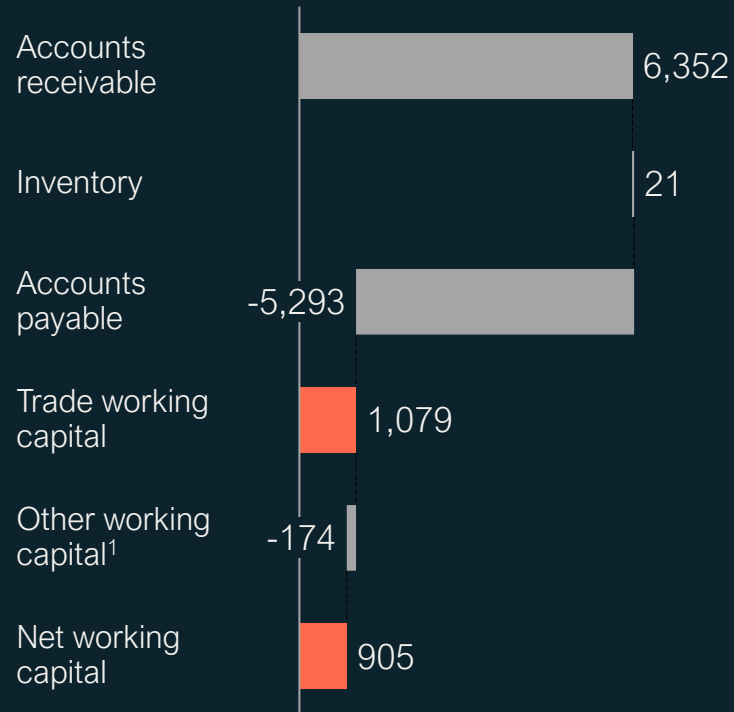


- Large variability in delta DSO and DPO impacting Trade Working Capital
- High sensitivity due to timing of individual contracts and “snapshot effect” last day of month
- Potential for further improvement in both DSO and DPO
- Increased management focus on Cash related KPIs

Change in Trade Working Capital impacted by decreased DPO

Net working capital Q3 2023

NOK million



Net working capital over time

NOK million



Change in net working capital driven by a NOK 855m decrease in trade working capital

Q3 seasonally weak

Compared to Q322, Trade Working Capital was negatively impacted by :

- Change in contract period for one large public sector deal in Western Europe - appr NOK 350m
- PH receivable - appr NOK 200m as not all payments towards MS was settled

Average LTM NWC as share of LTM gross profit ended at 2%. FY 2023 guidance revised to +/- 0%

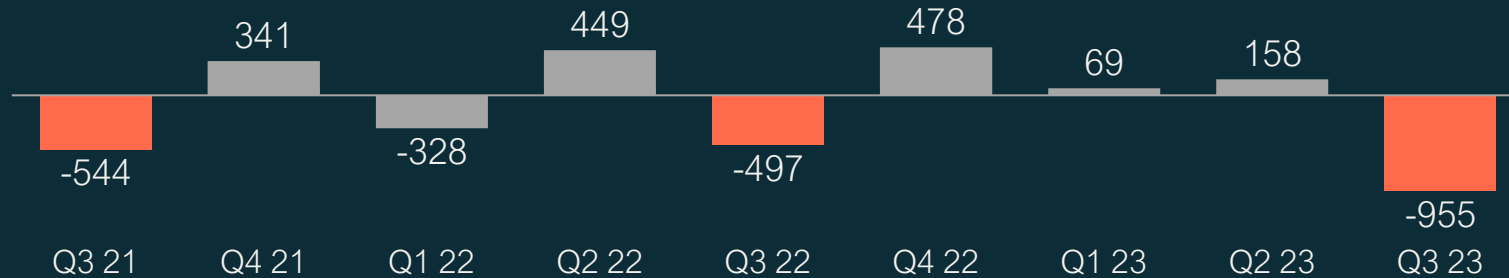
1) Other working capital Unbilled revenue, contract assets, public duty receivables and payables and other accruals

FINANCIAL REVIEW

Cash flow impacted by trade working capital

Cash flow from operating activities

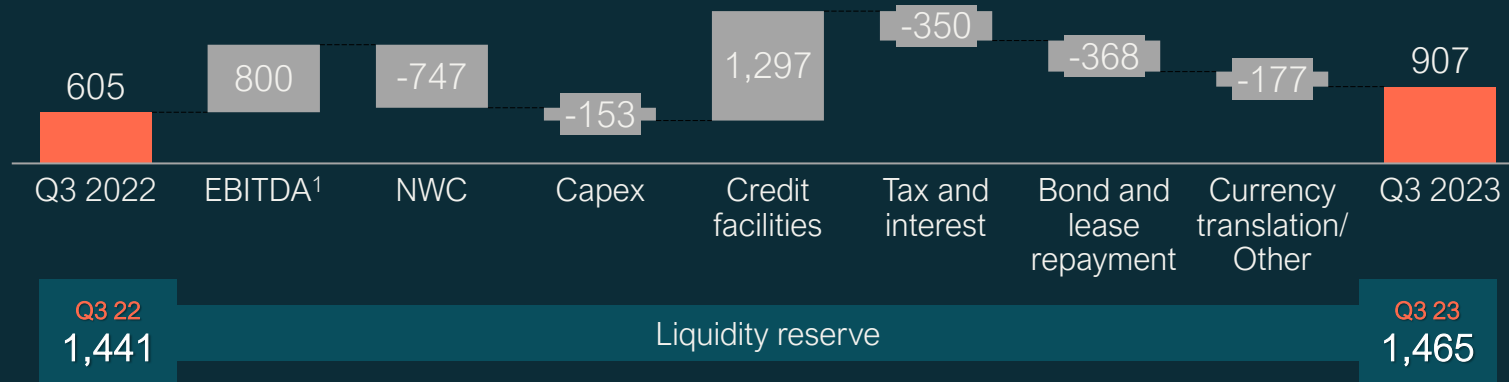
NOK million



Cash flow from operations impacted by net working capital

LTM cash development

NOK million



Strong cash position and liquidity reserve of NOK 1,465m included undrawn credit facilities

Net debt / EBITDA 3.2x

¹ EBITDA (non-adjusted)



Summary



KEY TAKEAWAYS

Key takeaways



Solid growth across markets – demand environment remain resilient



Well positioned to benefit from long term market opportunities



Continued focus on efficiency measures to increase profitability



CRAYON EARNINGS Q3 2023

Q&A



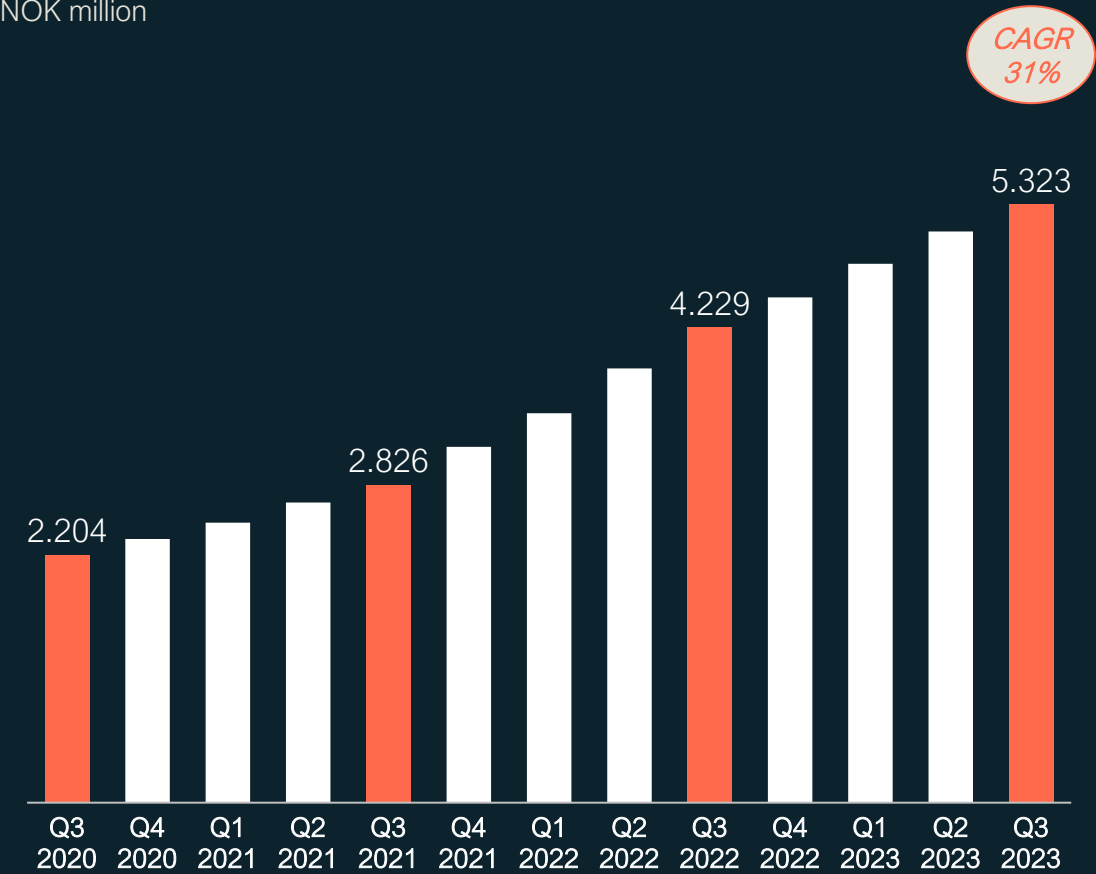


Appendix

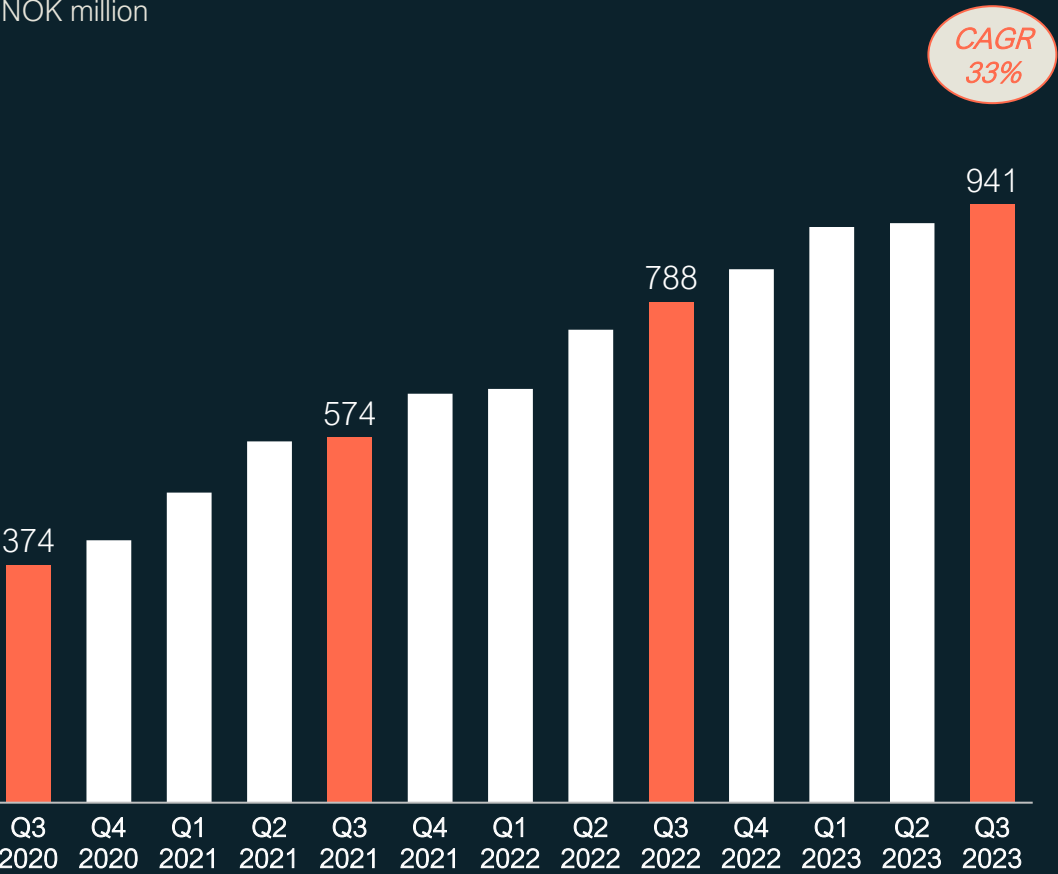
FINANCIAL REVIEW

Continued strong growth momentum and value creation

Gross Profit 12 months rolling
NOK million



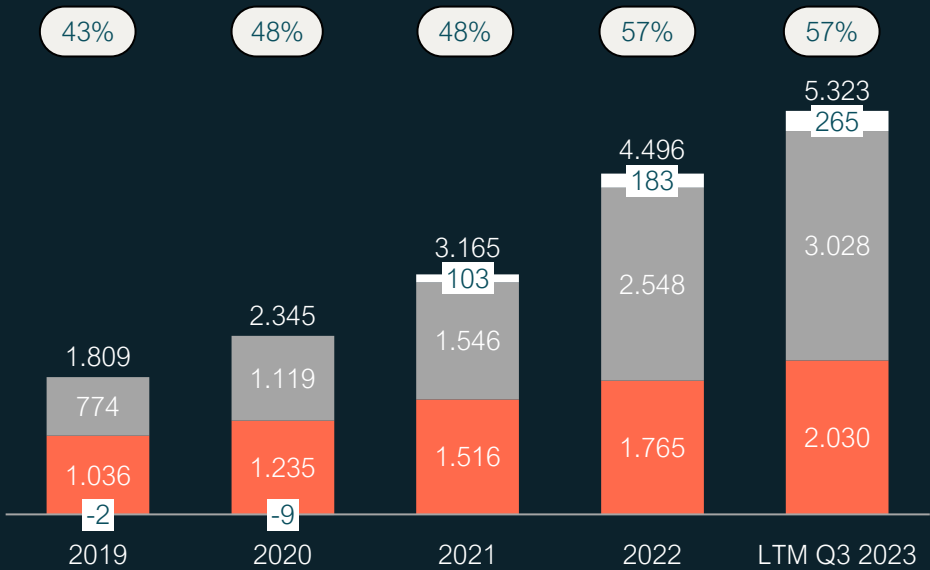
Adj. EBITDA 12 months rolling
NOK million



FINANCIAL REVIEW

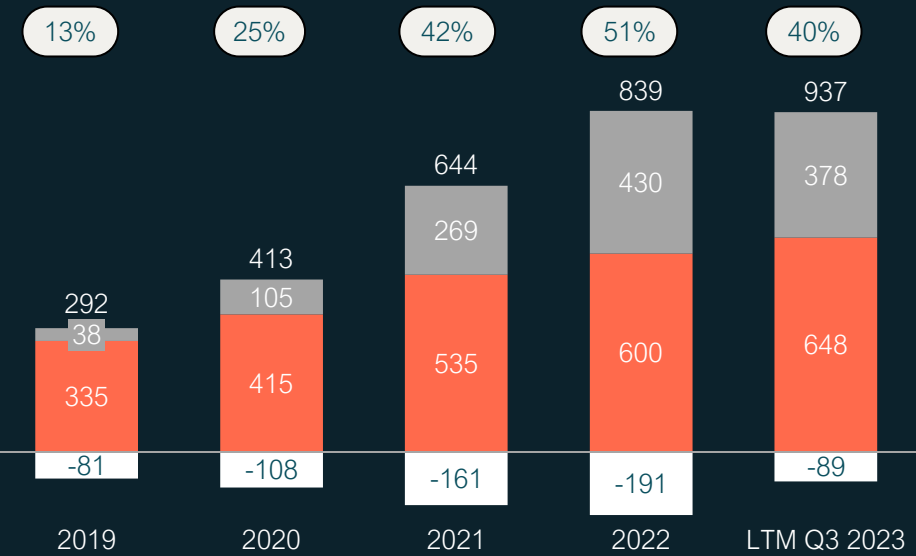
57% of Gross Profit coming from international markets

Gross Profit¹
NOK million



- HQ/Elim
- International
- Nordics
- International share

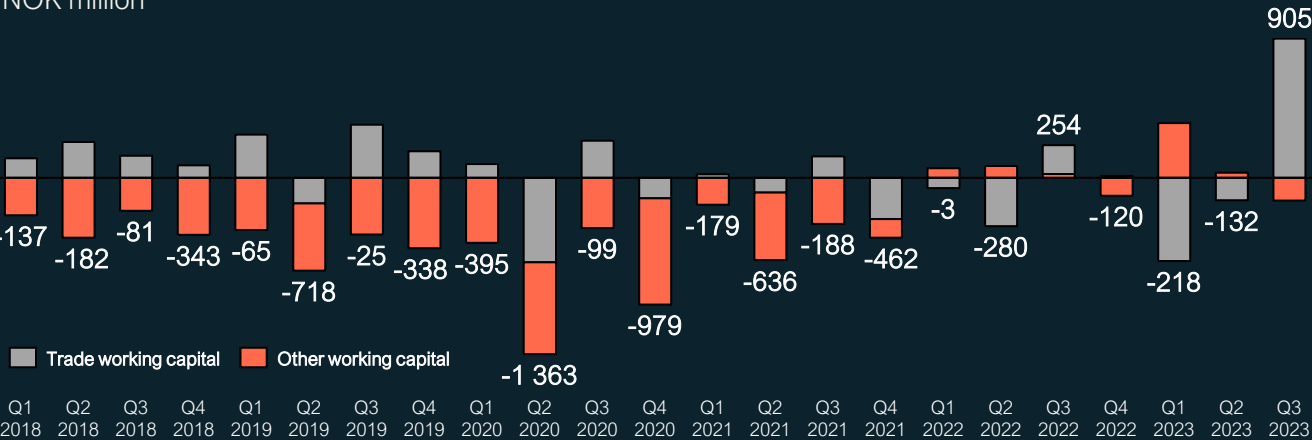
Adj. EBITDA¹
NOK million



¹2019-2020 based on reporting as principal – restated as agent in 2021

Inherent business seasonality impacting net working capital

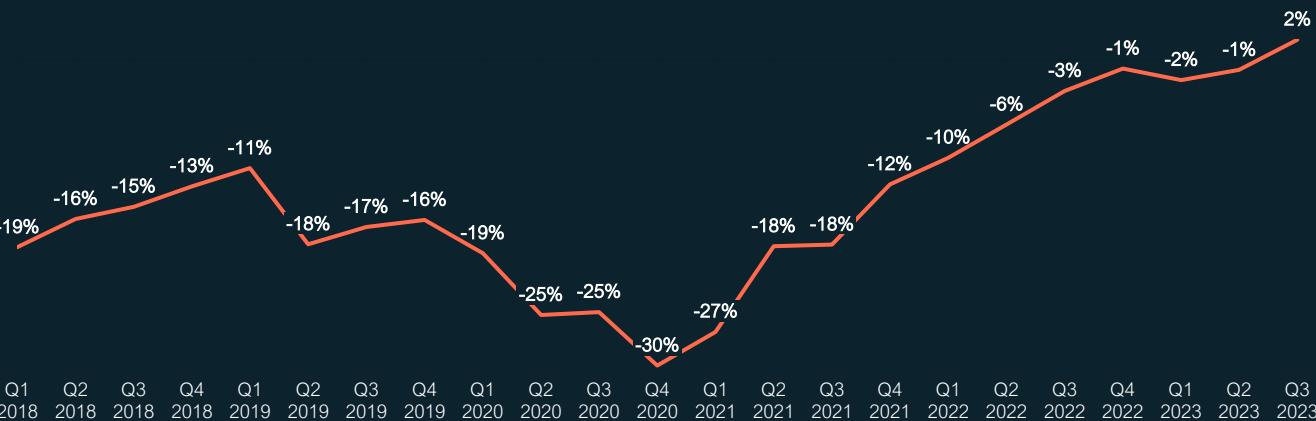
Net working capital ¹
NOK million



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

Average NWC as share of LTM gross profit ¹



Other Working Capital ²

- 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

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

APPENDIX

Foreign exchange impact

FX exposure

- 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

P&L impact – Other financial income and expense

- Other financial expense relates to currency changes (foreign to functional) in monetary assets such as:
 - Cash
 - Accounts receivables
 - Accounts payables
 - Loans
 - Group internal balances
- NOK weakening towards main currencies impacts negatively
- In Q3 23 Other financial expense, net negatively impacted the quarter with NOK 17m

P&L	Q3 23	Q3 22
Other financial expense, net	-17	-103

Equity impact – Other comprehensive income

- Other comprehensive income relates to positive effect from currency translation (functional to reporting) of subsidiaries to NOK;
 - Equity / net assets (including cash and other monetary assets)
 - Goodwill and other fair value adjustments
- In Q3 2023 currency translation in net comprehensive income amounted to NOK -108m, whereof cash related currency translation amounted to NOK -41m

Comprehensive income	Q3 23	Q3 22
Currency translation	-108	82
Cashflow statement	Q3 23	Q3 22
Currency translation, cash	-41	-14

APPENDIX

Foreign exchange impact - Illustrative example

Balance sheet 1/1 EURNOK 10	Crayon Norway NOK	Crayon France EUR	Crayon France NOK	Crayon Group NOK
Cashpool 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)