



Quarterly Results

Q4 2023

Melissa Mulholland, CEO
Brede Huser, CFO



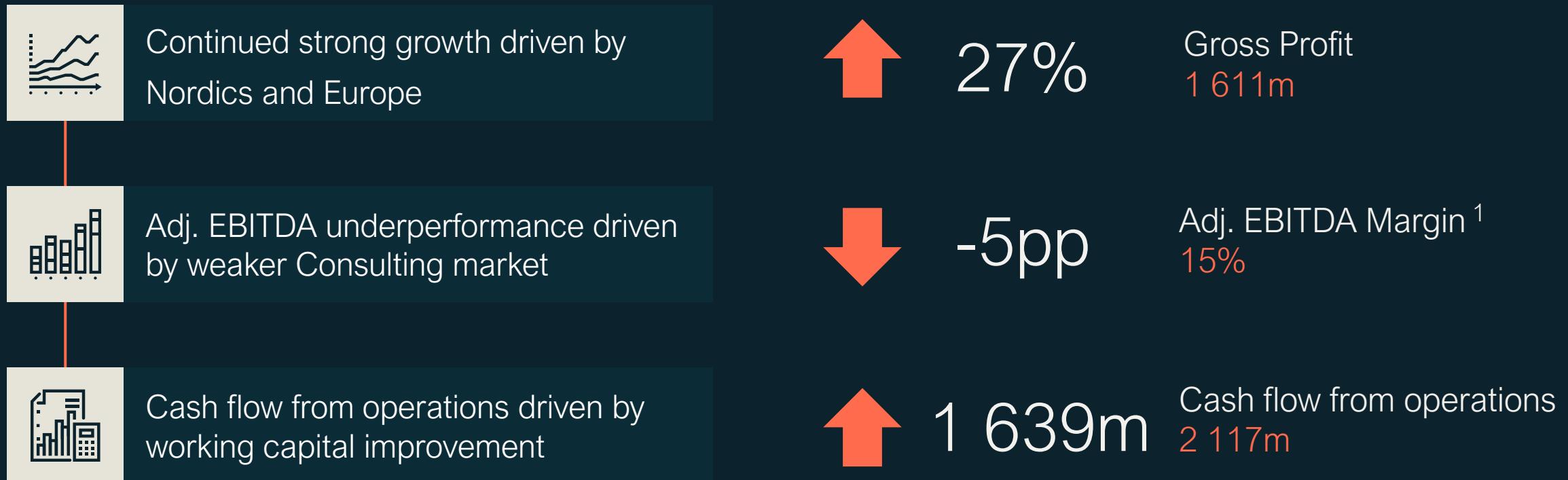
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Q4 HIGHLIGHTS

Continued strong growth and operating cash flow

Amounts in NOK

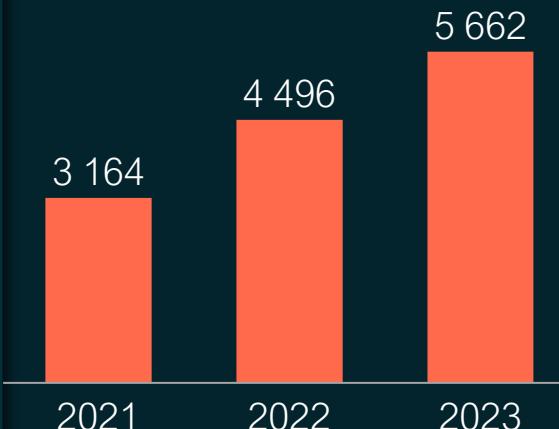


¹ Adjusted EBITDA divided by Gross Profit

Software and Cloud demand remain strong

Gross Profit

NOK 5.7bn
+26% YOY



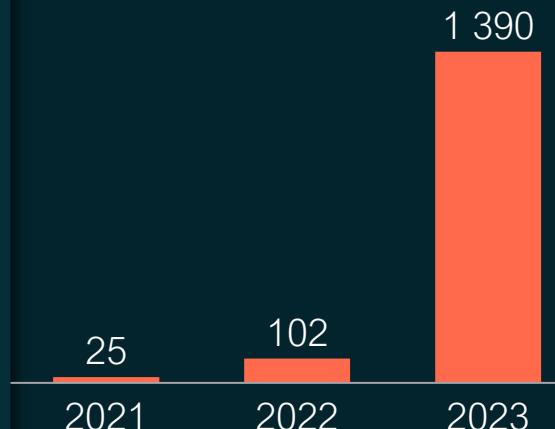
Adjusted EBITDA

NOK 919m
+10% YOY

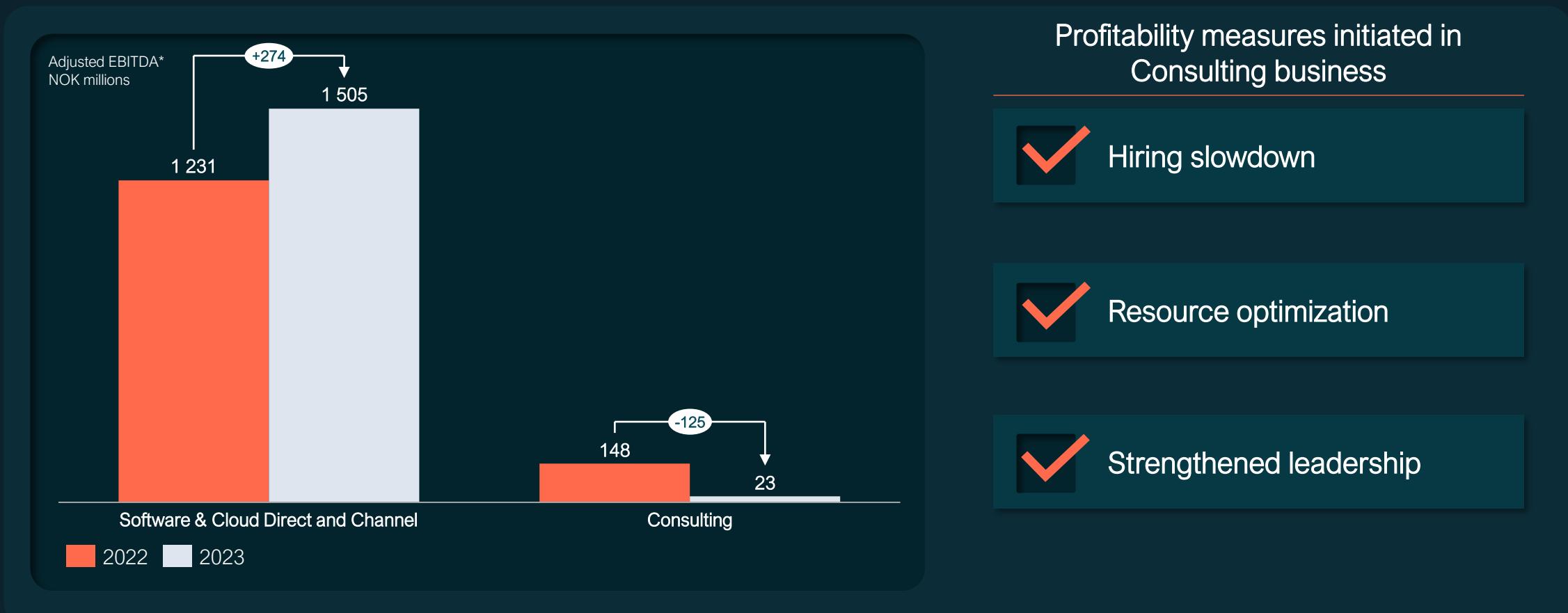


Operating Cash Flow

NOK 1 390m
+NOK 1 288m YOY



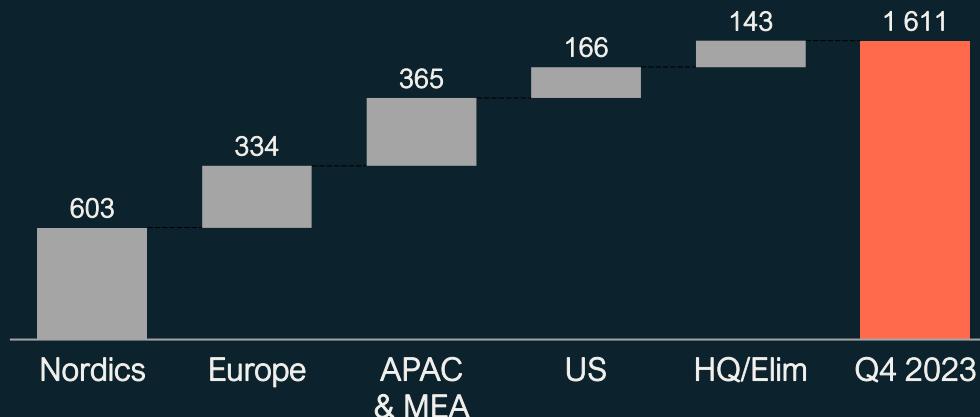
Consulting negatively impacting profitability – Software business performing as expected



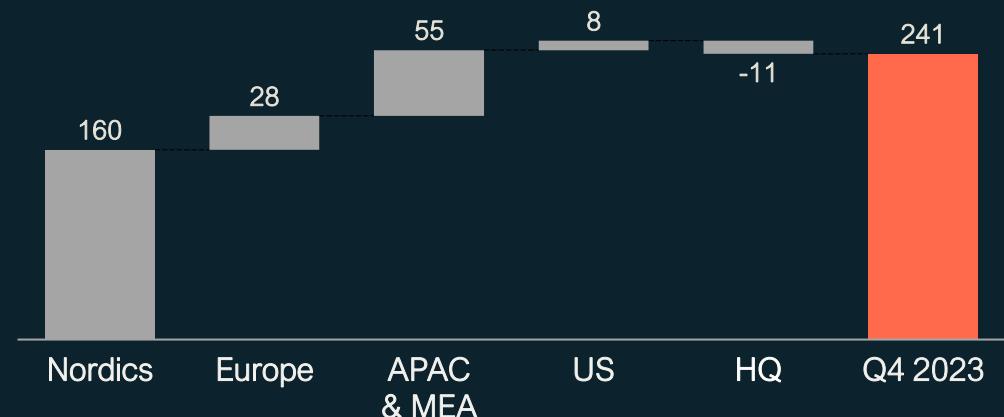
FINANCIAL REVIEW

Strong growth driven by Nordics and Europe

Q4 Gross Profit by market cluster
NOK million



Q4 Adj. EBITDA by market cluster
NOK million



Growth
YoY

22% 26% 9% 12% n/a 27%

Constant Currency 21%

EBITDA
Margin¹

27% 8% 15% 5% n/a 15%

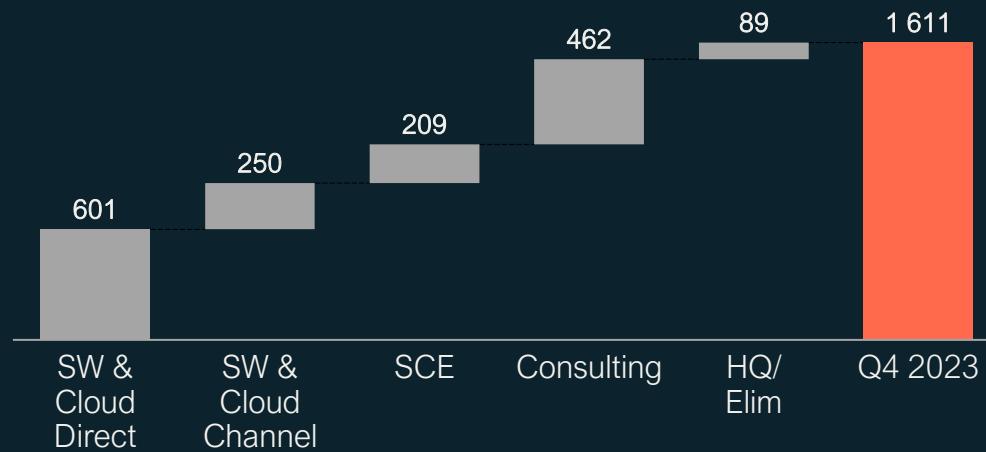
¹ Adjusted EBITDA divided by Gross Profit

BUSINESS REVIEW

Market demand in Consulting slower than anticipated

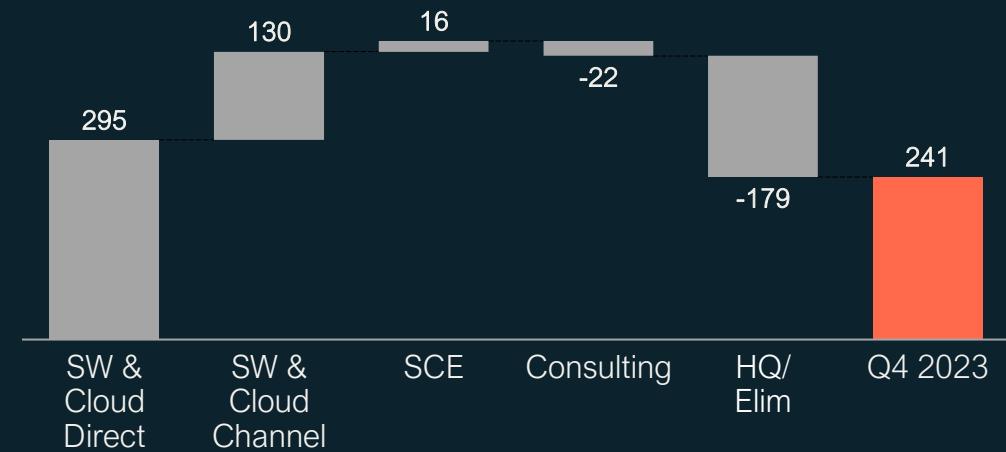
Q4 Gross Profit by business area

NOK million



Q4 Adj. EBITDA by business area ¹

NOK million



Growth
YoY

47%

-3%

11%

25%

n/a

27%

Constant Currency
21%

EBITDA
Margin ¹

49%

52%

8%

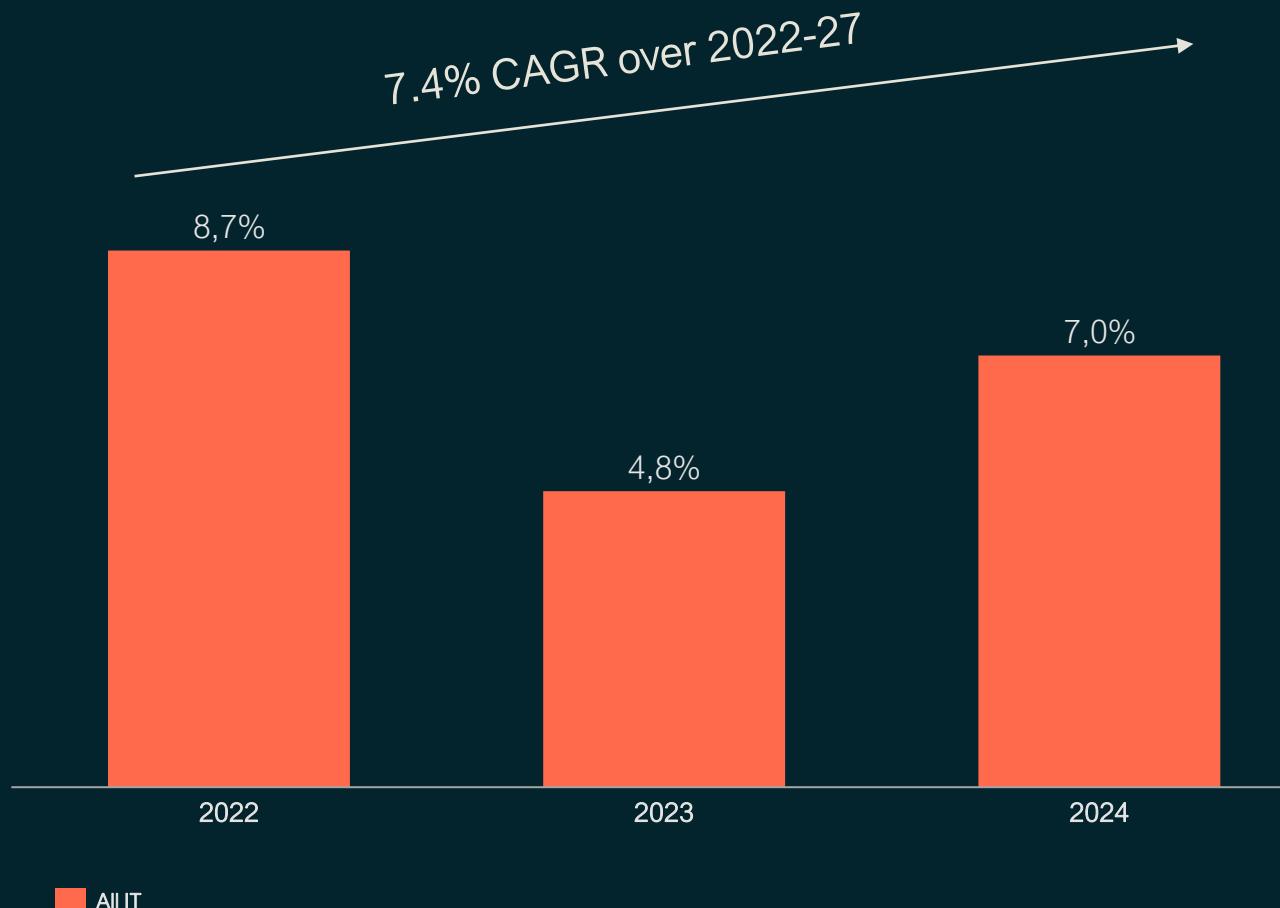
-5%

n/a

15%

¹ Adjusted EBITDA divided by Gross Profit

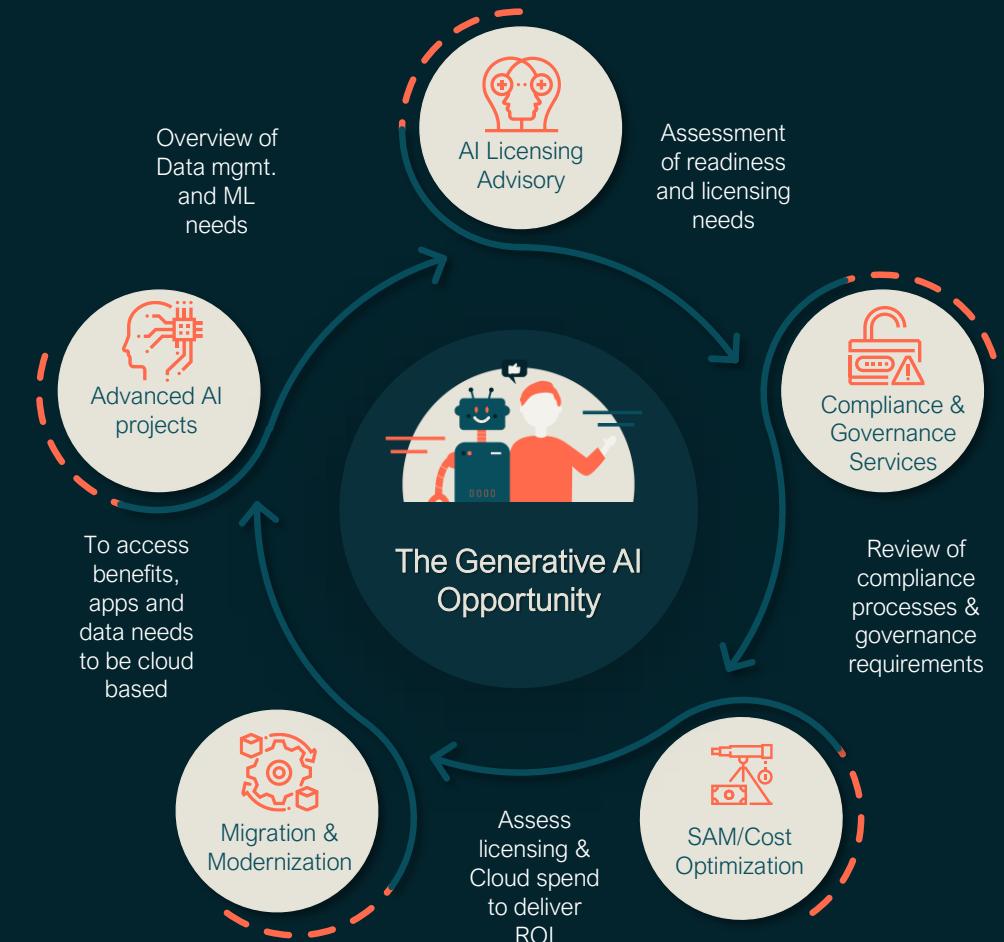
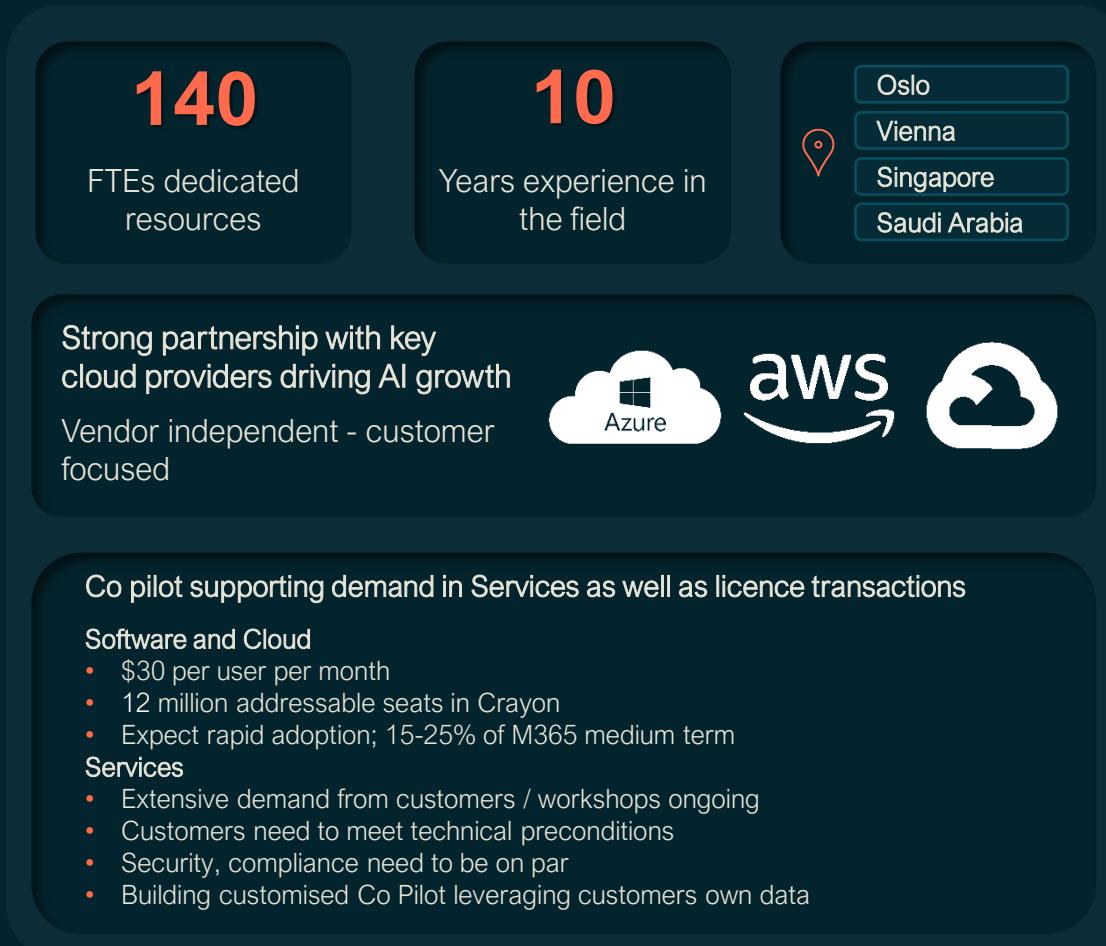
Continuous strong market growth



- In 2023, global IT spending growth slowed down to **4.8%** partly due to a cautious response to a tepid macroenvironment.
- Growth is forecast to rebound to **7.0%** in 2024
 - Software 12.7%
 - Services 8.7%
- 7.4% CAGR over 2022-27

STRATEGY AND AMBITION

Significant market opportunity from strong position in AI



CUSTOMER STORY

Microsoft 365 Copilot win in Asia Pacific



Singapore



Rajah & Tann is a prominent Singapore law firm established in 1976 that is recognized for its extensive legal expertise and employs about 1,000 lawyers. With a strong focus on innovation and client-centric solutions, they play a significant role in shaping the legal landscape in 10 countries.



Client Problem

- To keep up with their customers' expectations, Rajah & Tann recognized the need to explore technologies to minimize mundane tasks, like managing emails and numerous documents. The firm recognized large language models to be beneficial for summarizing documents and emails and creating meeting minutes. However, they were concerned about the security of the information.



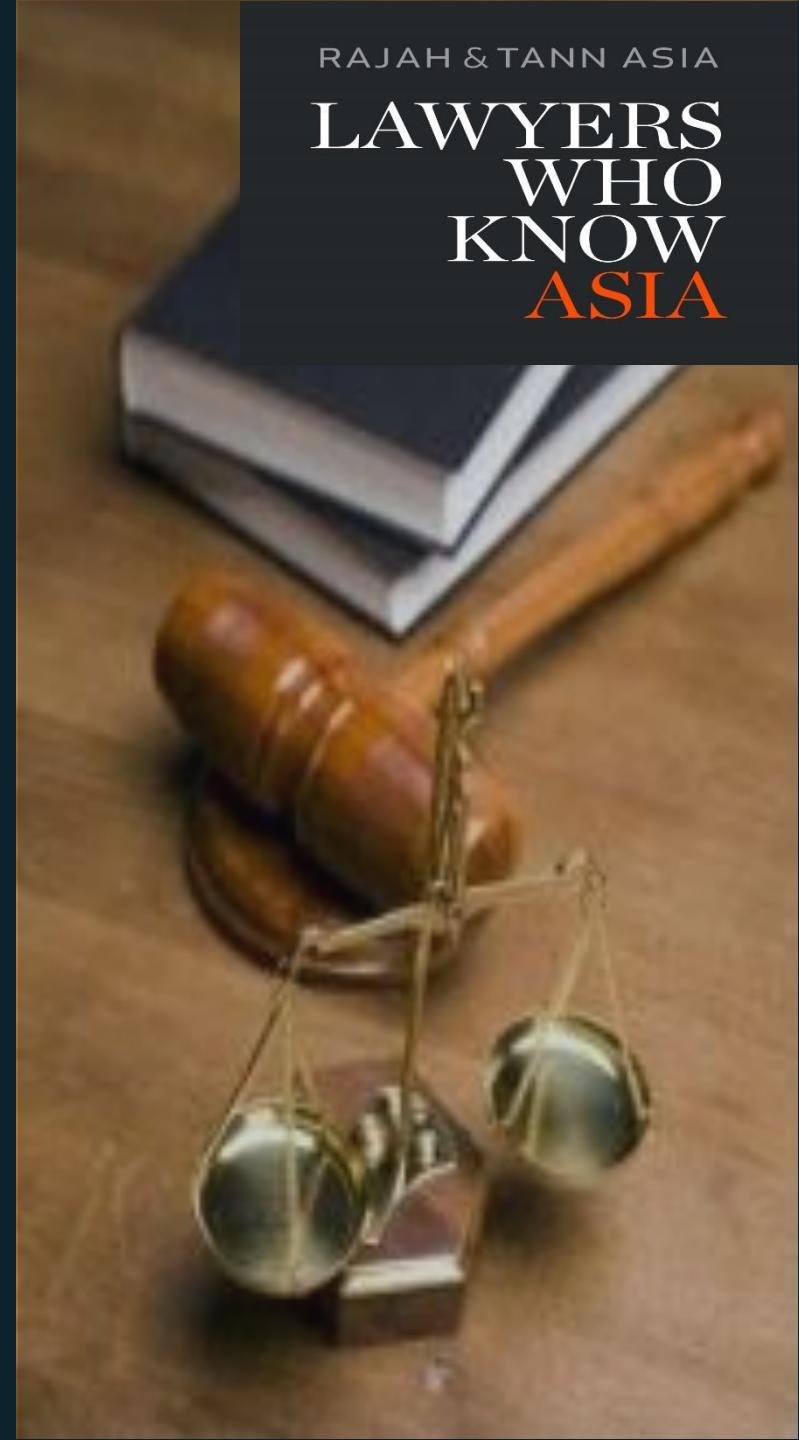
Crayon Solution

- Crayon delivered Copilot Readiness and Adoption workshops.
- Through the ongoing deployment of Copilot and a security workshops, we addressed their security concerns.
- Close collaboration with Microsoft to have latest updates on availability and prerequisites



Outcome and next steps

- Security Copilot advisory and adoption in Q4
- Data Security workshop in Q1 to drive the upsell to M365 E5
- Accelerating other Azure AI opportunities and assist customer in shifting their MVP to production
- Discussions around shifting the remaining licenses under CSP to EA





Financial Review

Strong working capital performance

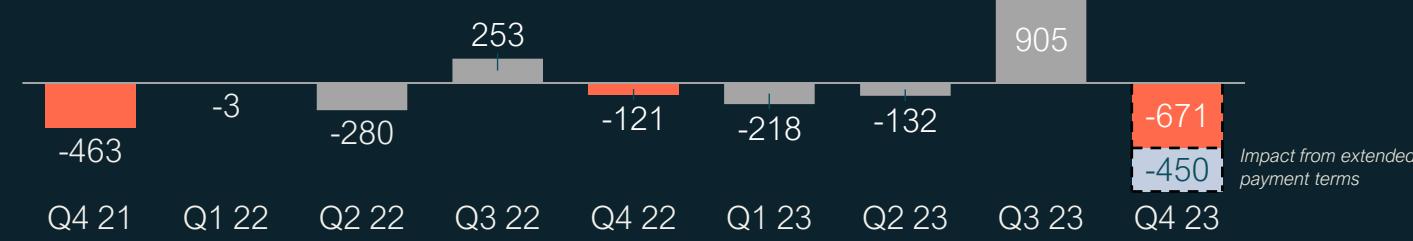
Net working capital Q4 2023

NOK million

Accounts receivable	7,847
Inventory	18
Accounts payable	-8,753
Trade working capital	-888
Other working capital	-233
Net working capital	-1,121

Net working capital over time

NOK million



Average LTM NWC as share of LTM gross profit ended at -2.6% for 2023

DSO development illustrates significant impact from process improvement measures

DPO process improvement – optimize timely payment

NOK 450m impact from extended vendor payment terms

High attention to net working capital yielding results

Accounts receivable

- High focus on net working capital throughout the global organization
- Deal governance to maximize cash flow performance
- Invoice process efficiency
- Streamline and automate collection processes globally
- Skewing incentives towards cash related metrics

Accounts payable

- No structural change in payment term from key vendors
- Payment compliance towards key software vendors essential
- No advance payments

Process improvement and focus across the global organization driving sustainable improvement

FINANCIAL REVIEW

Profit and loss – Q4 2023

NOK million	Q4 2023	Q4 2022	2023	2022
Gross Sales	12 472	10 141	49 077	38 761
Revenue	1 805	1 507	6 397	5 200
Cost of sales	-193	-234	-735	-704
Gross profit	1 611	1 273	5 662	4 496
Operating expenses	-1 482	-1 088	-4 917	-3 744
EBITDA	130	185	745	751
Adjustments	111	73	175	88
Adj EBITDA	241	258	919	839
Depreciation and amortization	-76	-119	-302	-334
EBIT	54	66	442	417
Share of profit (loss) from assc.	-1	0	0	7
Interest expense	-78	-58	-276	-194
Other financial income/expense	-22	55	-249	-164
Net income before tax	-47	63	-82	65
Tax	-76	-40	-77	-42
Net income	-123	24	-159	23
EPS	-0,87	0,38	-1,29	0,29
Comprehensive income				
Currency translation	-22	-166	189	134
Comprehensive income, net of tax	-145	-143	29	157

- EBITDA adjustments include share-based payments, impairment effects, Navicle earn out and other M&A expenses
- Interest expenses increased from Q323 largely due to increased market rates and higher debt level throughout the quarter

FINANCIAL REVIEW

Balance sheet – Q4 2023

Assets	31 Dec 2023	31 Dec 2022
Contracts	489	541
Goodwill	3 262	3 147
Deferred tax asset	117	145
Other intangible assets	171	158
Total tangible	650	542
Investments in assoc.comp.	43	43
Non-current receivables	156	71
Total non-current assets	4 888	4 646
Inventory	18	17
Accounts receivable	7 847	6 563
Other current receivables	2 324	2 077
Cash and cash equivalents	1 467	1 530
Total current assets	11 656	10 187
Total assets	16 544	14 833

Equity and liabilities	31 Dec 2023	31 Dec 2022
Shareholders' equity	2 479	2 540
Long term lease liability	488	410
Other interest-bearing debt	1 792	2 678
Deferred tax liabilities	115	200
Other non-current debt	33	33
Total non-current liabilities	2 428	3 321
Accounts payable	8 753	6 563
Public duties payable	659	613
Current lease liabilities	93	73
Income taxes payable	74	76
Other interest-bearing debt	233	122
Other current liabilities	1 824	1 525
Total current liabilities	11 636	8 972
Total equity and liabilities	16 544	14 833

- Other current receivables includes:
 - Unbilled Gross Sales of 1,297m mainly related to 1 month accrual of consumption-based sales
- Other Current liabilities include:
 - Accruals of NOK 1,249m, mainly accruals of COGS related to consumptions-based sales
- Other interest-bearing debt includes:
 - Supplier financing NOK 127m, down from NOK 541m in Q323
- Both RCF and overdraft undrawn at year end

FINANCIAL REVIEW

Strong operating cash flow driven by working capital

Cash flow from operating activities

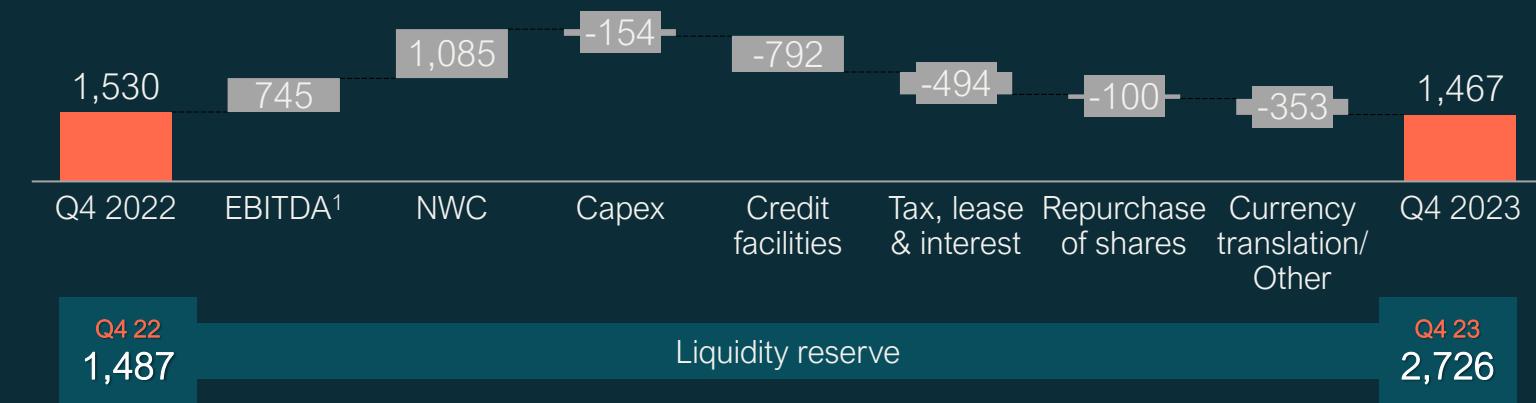
NOK million



Cash flow from operations driven by changes net working capital

LTM cash development

NOK million



Strong cash position and liquidity reserve of NOK 2,726m included undrawn credit facilities

Net debt / EBITDA 1.2x

¹ EBITDA (non-adjusted)

Impairment related to business in Oman and Qatar

- As announced in Q2 2023, Crayon initiated negotiations with the aim to acquire the business and transition from a franchise model to direct ownership.
- Due to the failed negotiations and uncertainty of remaining value in the current franchise business the company have decided to impair the remaining net book values of NOK 80m.
- The company have filed criminal charges against the Franchisee.
- As per the franchise agreement Crayon MEA transacted through the franchise partner and settled against the vendor while end user settled through the franchise company on Crayon MEAs behalf.
- During Q4 it became apparent that the negotiations would centre on settling outstanding balances towards Crayon MEA.
- There are no other franchise agreements in the group.
- There are no further liabilities in Qatar and Oman.

2024 OUTLOOK

2024 outlook

	2023	2024	Medium term	Comment
Gross Profit growth	26%	18-20%	~20%	2024 outlook implies organic growth in line with medium-term outlook
Adj. EBITDA margin ¹	16.2%	18-20%	Gradual increase to 25%	Continuing growth while also improving cost efficiency
Net working capital ²	-2.6%	-2.5% to -10%	~ -15%	Expected to normalize medium-term driven by working capital improvements

¹ Adjusted EBITDA divided by Gross Profit

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



Key take aways



KEY TAKEAWAYS

Key take aways



Significant growth opportunities



Consulting profitability



Continuous focus on working capital



CRAYON EARNINGS Q4 2023

Q&A



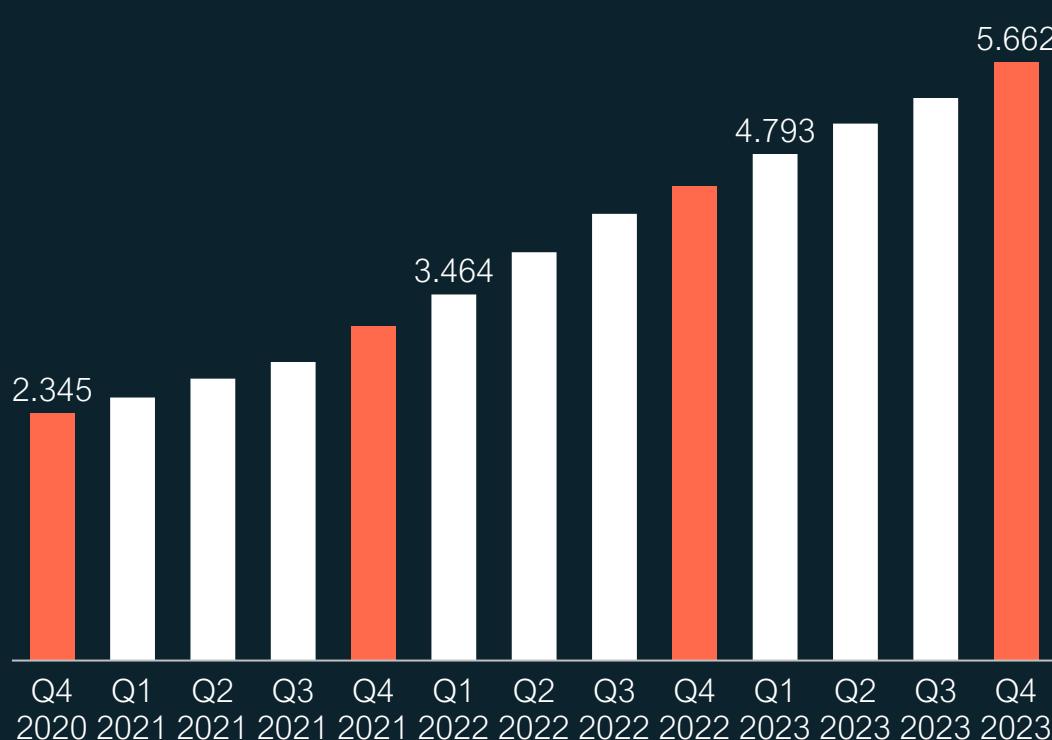


Appendix

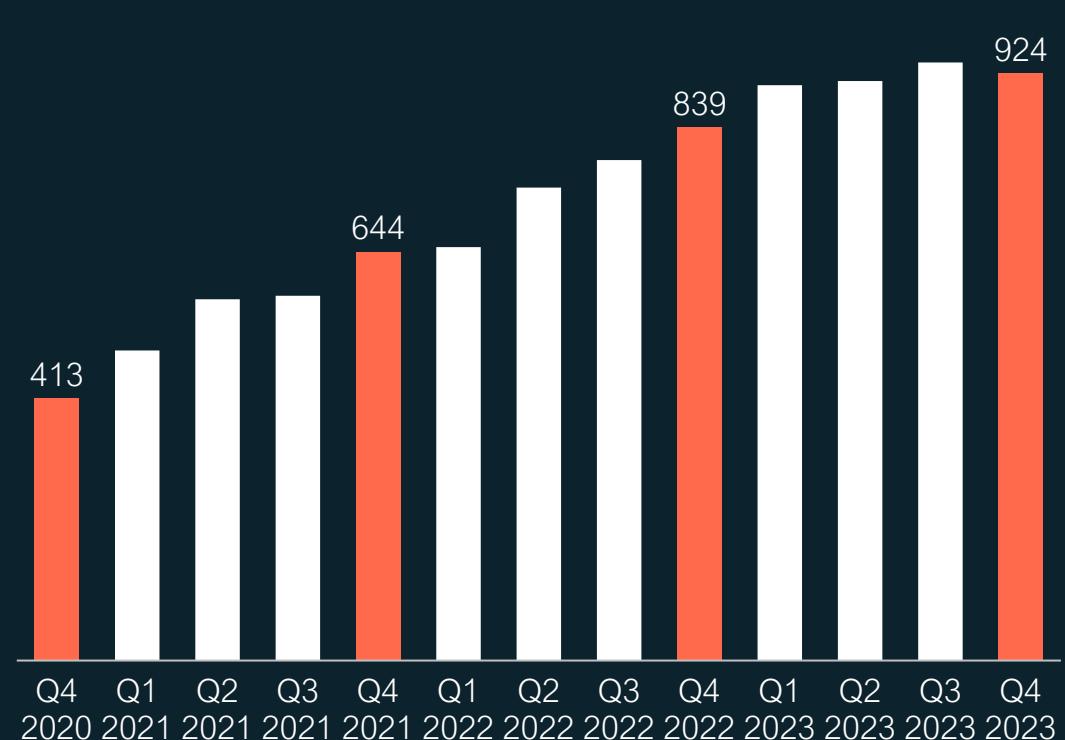
FINANCIAL REVIEW

Continued strong growth momentum and value creation

Gross Profit 12 months rolling
NOK million



Adj. EBITDA 12 months rolling
NOK million



FINANCIAL REVIEW

56% of Gross Profit coming from international markets

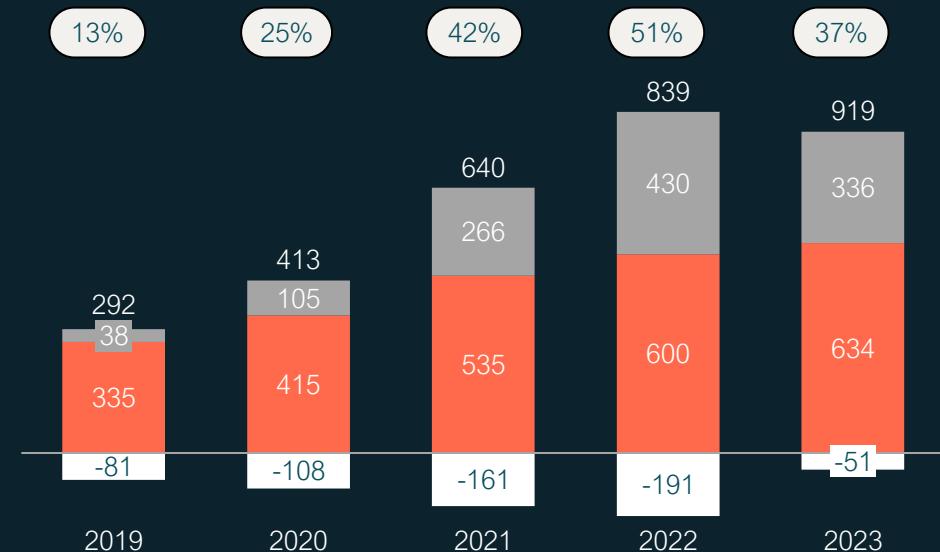
Gross Profit¹

NOK million



Adj. EBITDA¹

NOK million



- HQ/Elim
- International
- Nordics
- International share

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

Summary of adjustment items

Adjustment items (mnok)	Q4 2023	FY 2023
Share based compensation	-16	-42
M&A Expense	-	-10
Contingent considerations, fair value adjustments	-13	-18
Restructuring expenses	-1	-1
Other non-recurring items	-81	-102
Total	111	175

- Share based compensation related to accruals for options and bonus shares under ESPP program
- Earn outs relating to overperformance of historic acquisitions in Navicle
- Other non-recurring items includes NOK 80m related to impairment in Q423