



Quarterly Results

Q4 2023

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14 February 2024

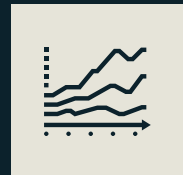
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Q4 HIGHLIGHTS

Continued strong growth and operating cash flow

Amounts in NOK

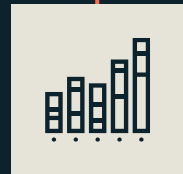


Continued strong growth driven by Nordics and Europe



27%

Gross Profit
1 611m

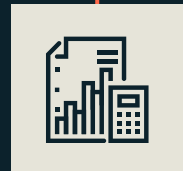


Adj. EBITDA underperformance driven by weaker Consulting market



-5pp

Adj. EBITDA Margin ¹
15%



Cash flow from operations driven by working capital improvement



1 639m

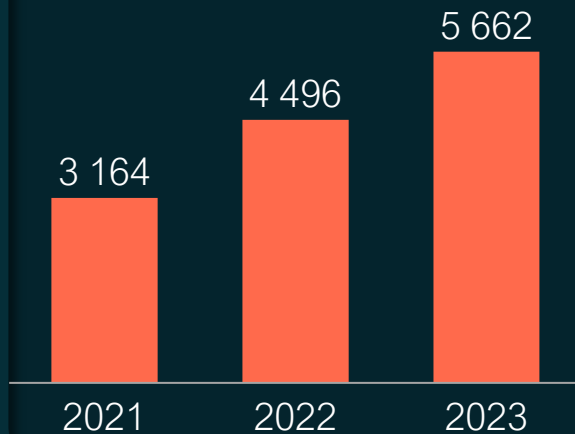
Cash flow from operations
2 117m

¹ Adjusted EBITDA divided by Gross Profit

Software and Cloud demand remain strong

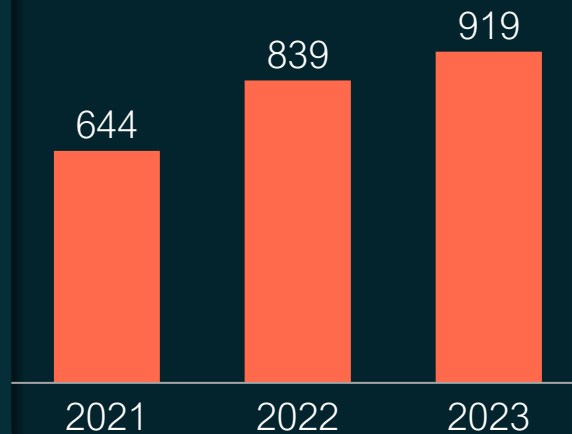
Gross Profit

NOK 5.7bn
+26% YOY



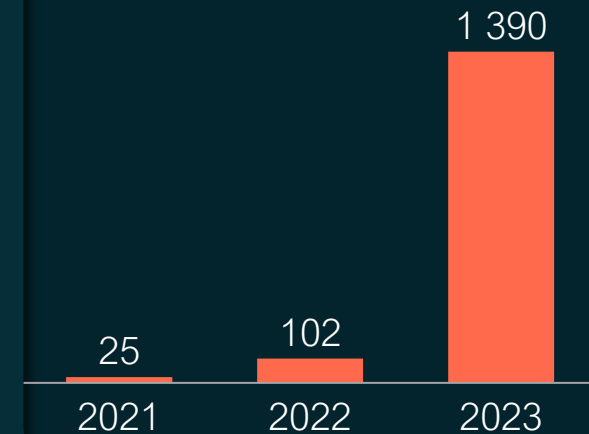
Adjusted EBITDA

NOK 919m
+10% YOY



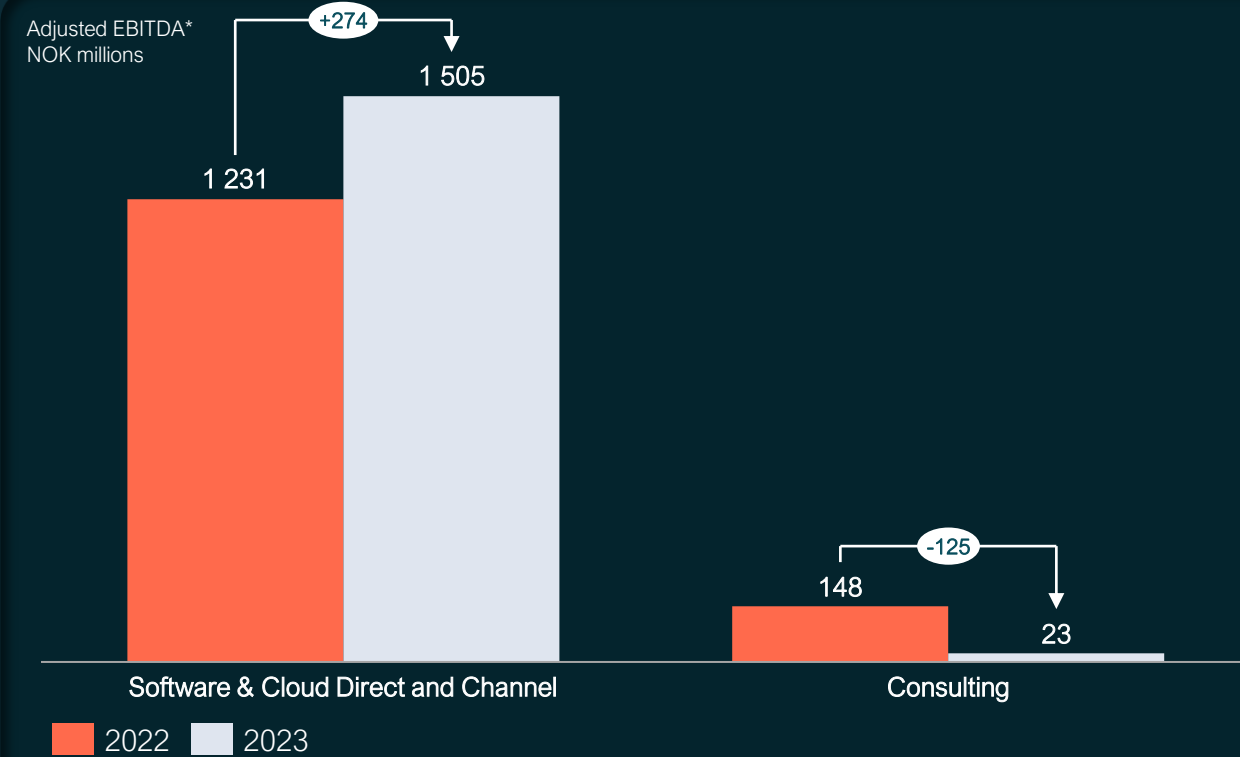
Operating Cash Flow

NOK 1 390m
+NOK 1 288m YOY



FINANCIAL REVIEW

Consulting negatively impacting profitability – Software business performing as expected



Profitability measures initiated in Consulting business



Hiring slowdown



Resource optimization



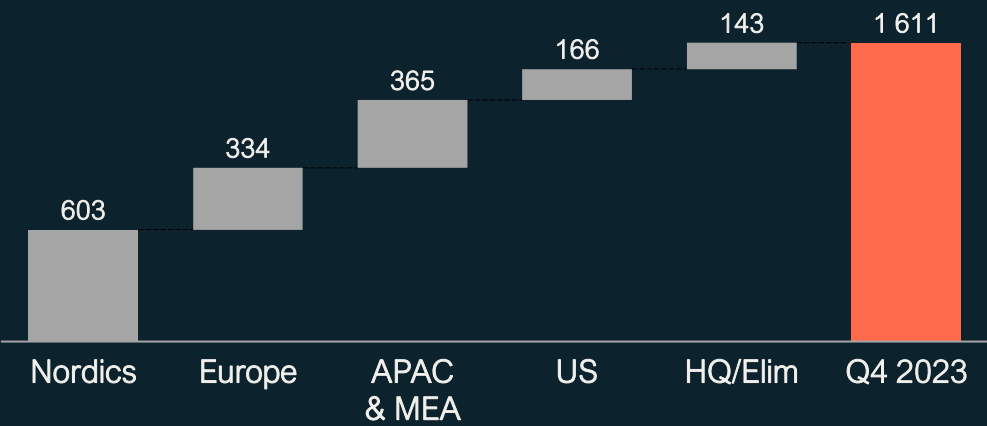
Strengthened leadership

FINANCIAL REVIEW

Strong growth driven by Nordics and Europe

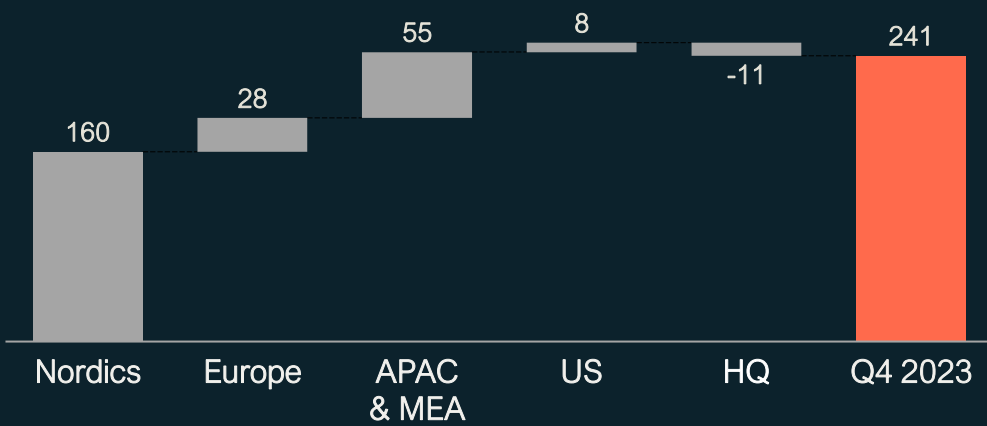
Q4 Gross Profit by market cluster

NOK million



Q4 Adj. EBITDA by market cluster

NOK million



Growth YoY	22%	26%	9%	12%	n/a	27%
						Constant Currency 21%

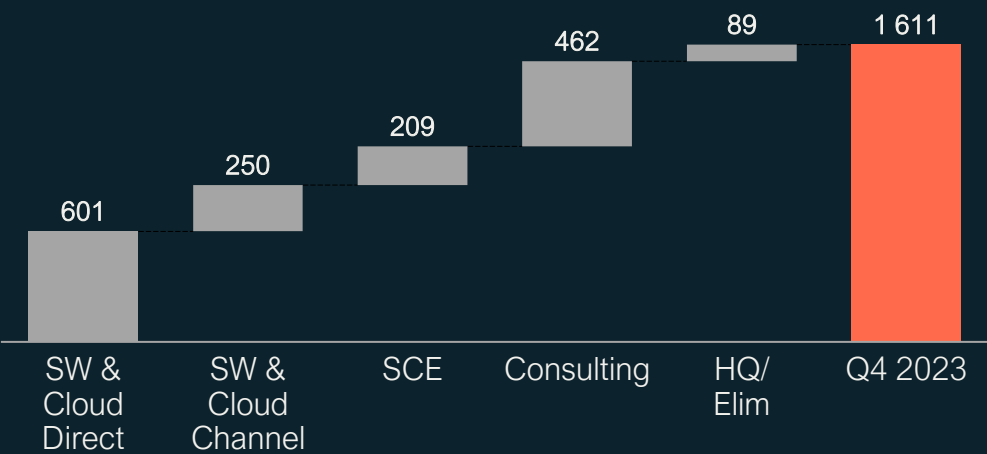
EBITDA Margin ¹	27%	8%	15%	5%	n/a	15%
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1 Adjusted EBITDA divided by Gross Profit

Market demand in Consulting slower than anticipated

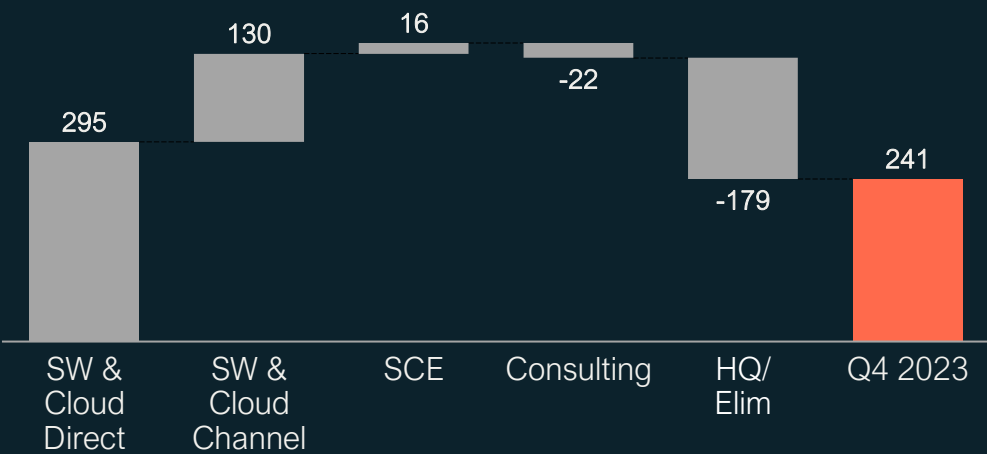
Q4 Gross Profit by business area

NOK million

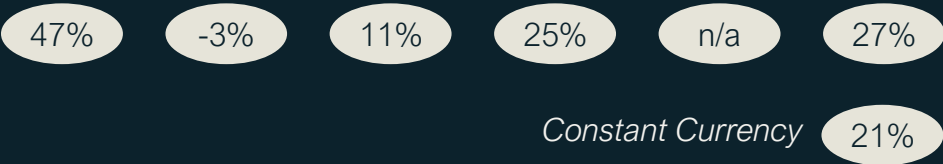


Q4 Adj. EBITDA by business area ¹

NOK million



Growth
YoY



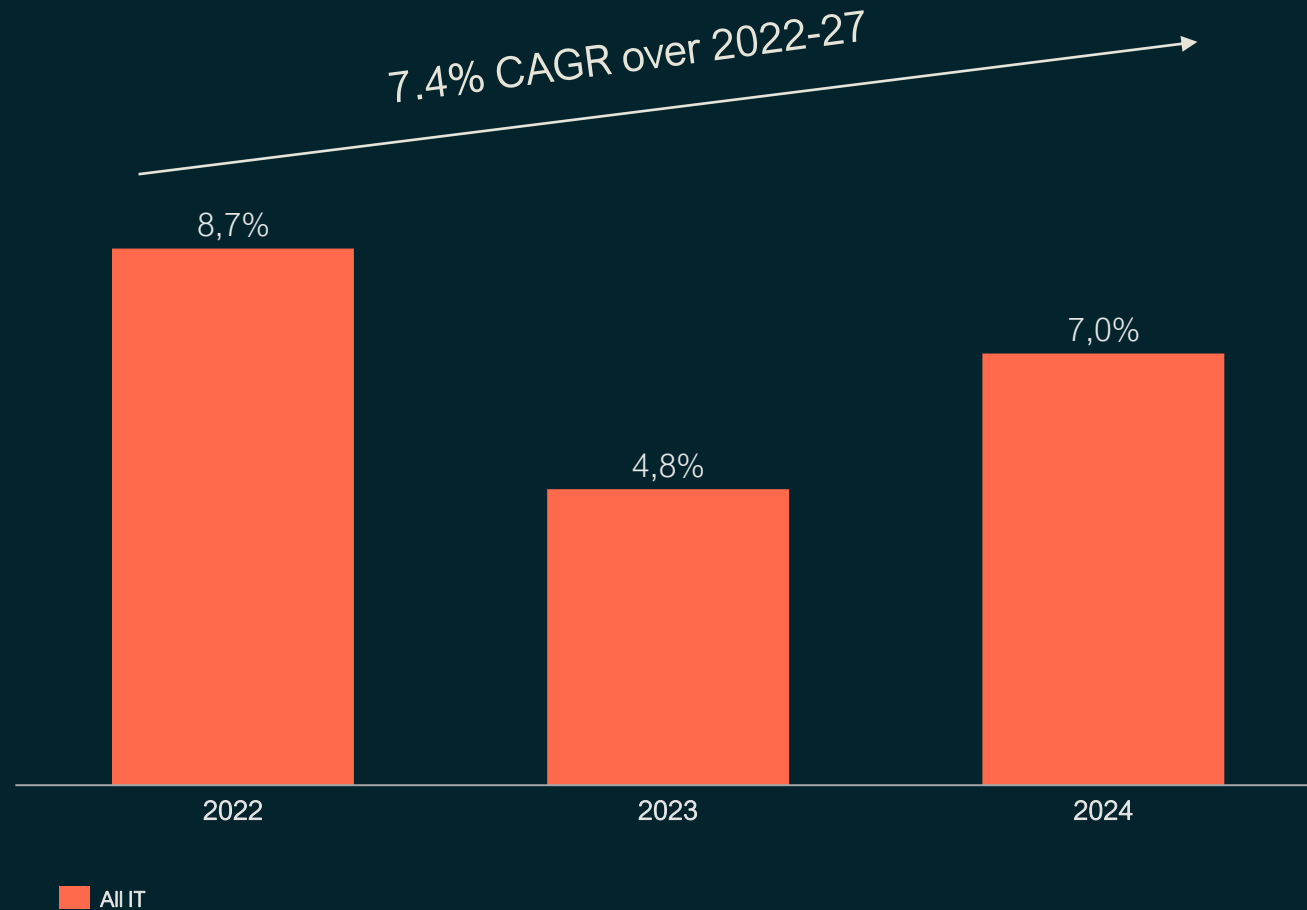
EBITDA
Margin ¹



¹ Adjusted EBITDA divided by Gross Profit

STRATEGY AND AMBITION

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

140

FTEs dedicated
resources

10

Years experience in
the field



Oslo

Vienna

Singapore

Saudi Arabia

Strong partnership with key
cloud providers driving AI growth

Vendor independent - customer
focused



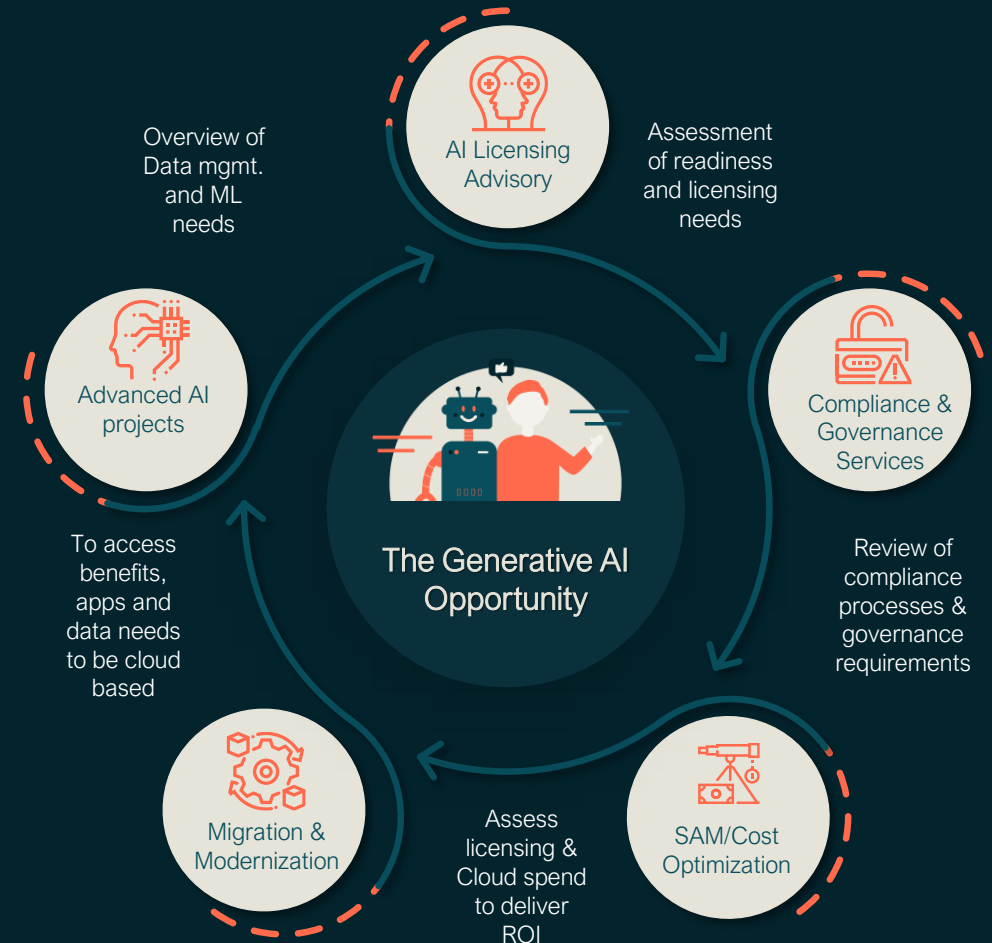
Co pilot supporting demand in Services as well as licence transactions

Software and Cloud

- \$30 per user per month
- 12 million addressable seats in Crayon
- Expect rapid adoption; 15-25% of M365 medium term

Services

- Extensive demand from customers / workshops ongoing
- Customers need to meet technical preconditions
- Security, compliance need to be on par
- Building customised Co Pilot leveraging customers own data



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.



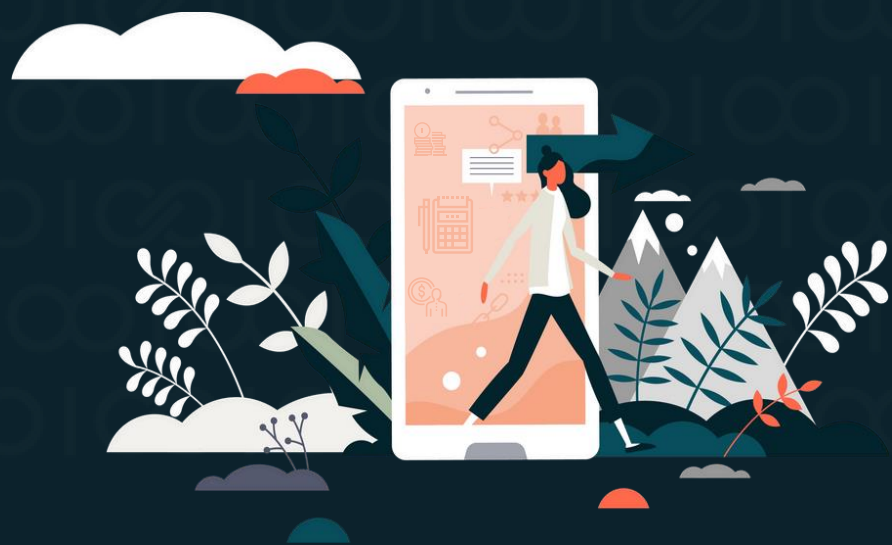
Crayon Solution

- 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

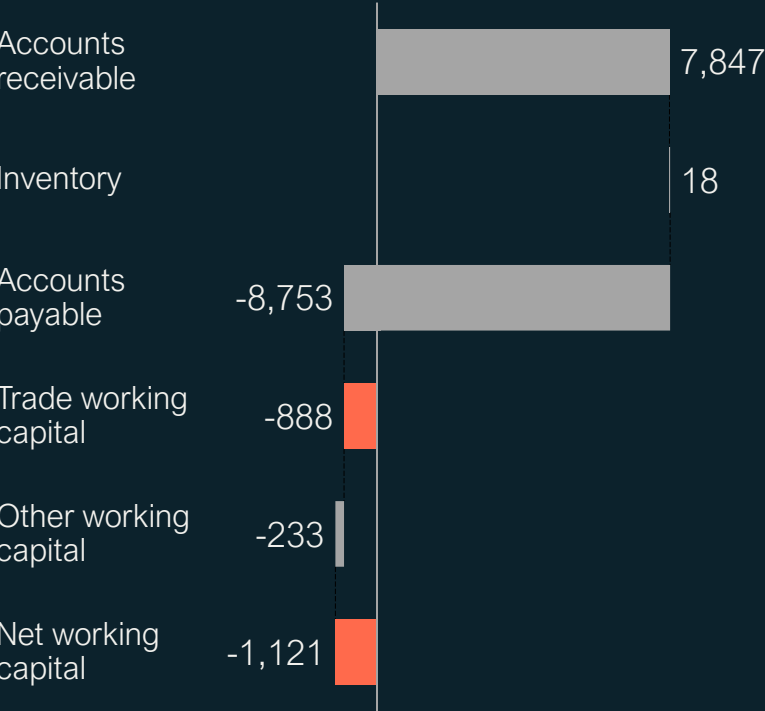


Financial Review

Strong working capital performance

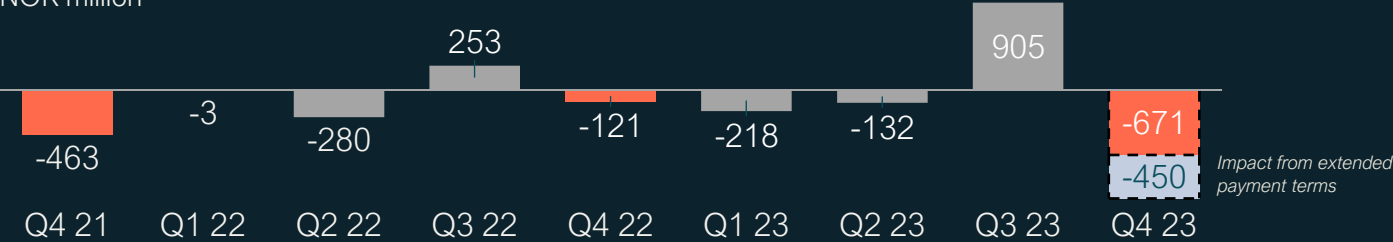
Net working capital Q4 2023

NOK million



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

Balance sheet – Q4 2023

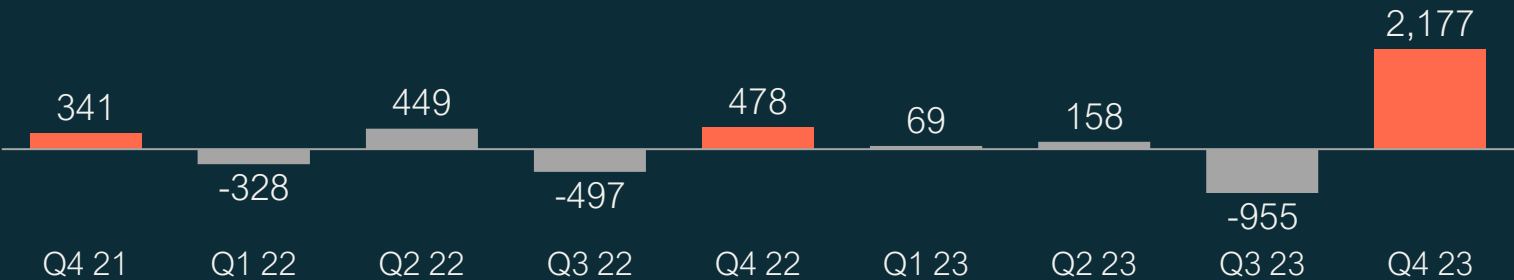
Assets	31 Dec 2023	31 Dec 2022
Contracts	489	541
Goodwill	3 262	3 147
Deferred tax asset	117	145
Other intangible assets	171	158
Total tangible	650	542
Investments in assoc.comp.	43	43
Non-current receivables	156	71
Total non-current assets	4 888	4 646
Inventory	18	17
Accounts receivable	7 847	6 563
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

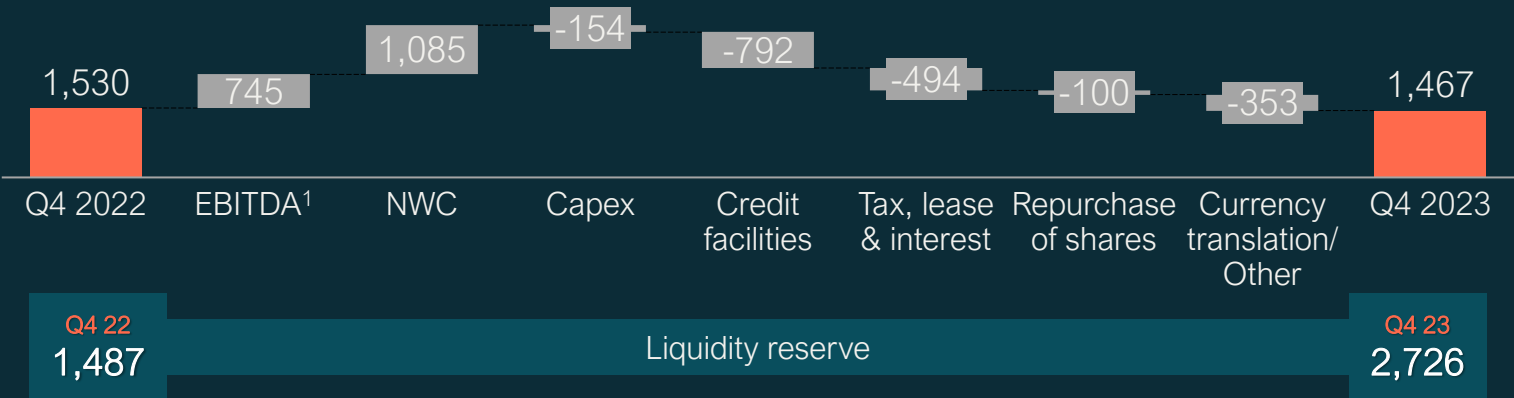
Strong operating cash flow driven by working capital

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

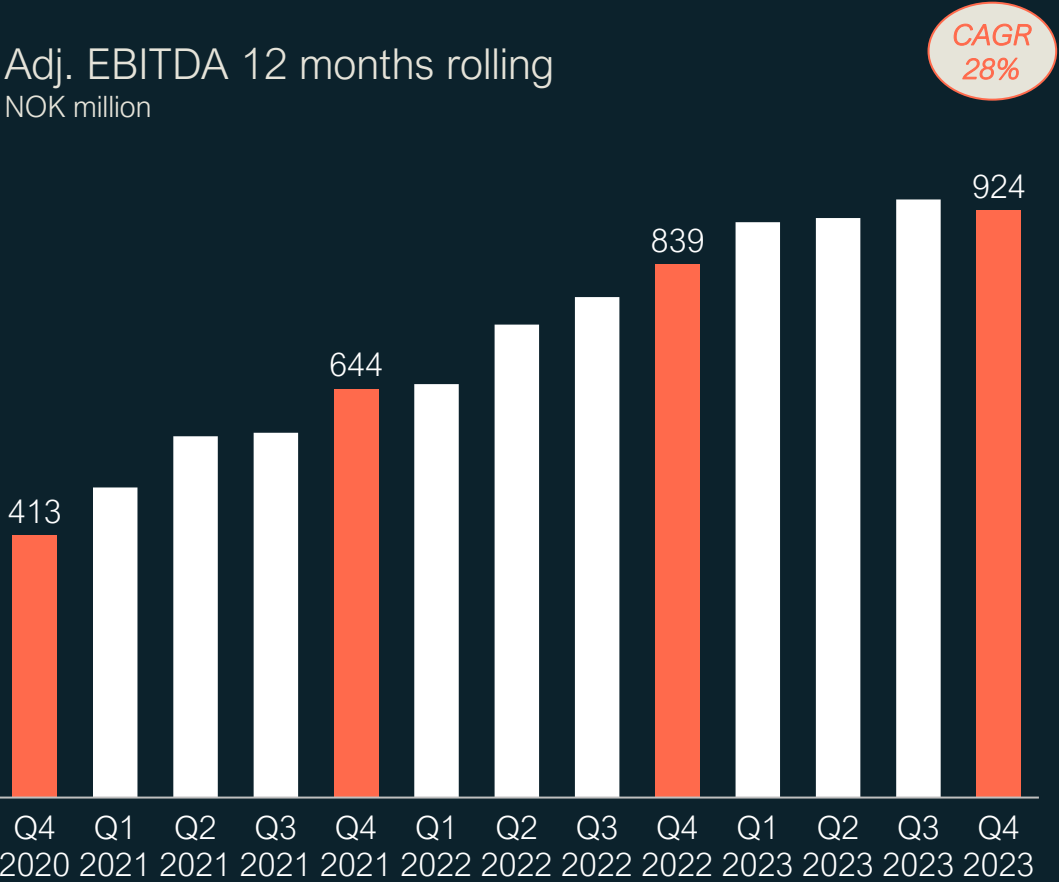
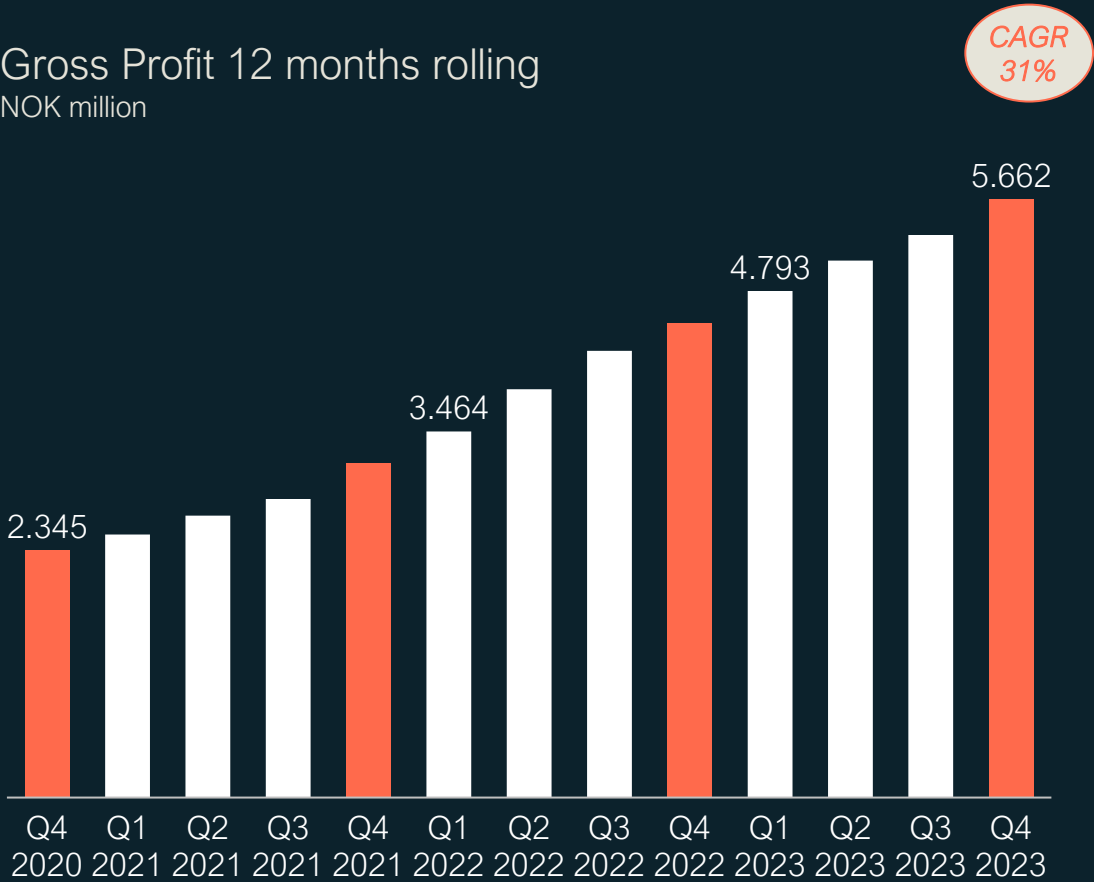




Appendix

FINANCIAL REVIEW

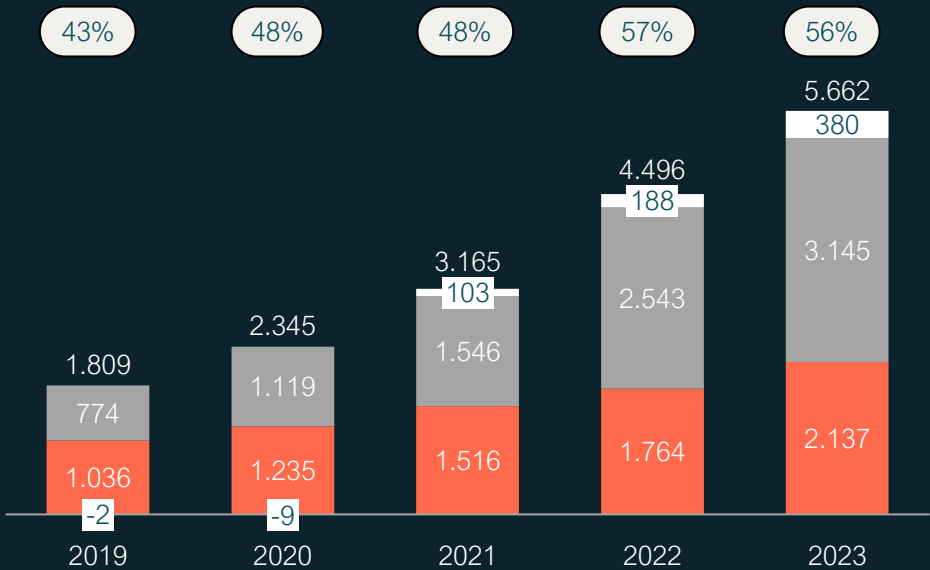
Continued strong growth momentum and value creation



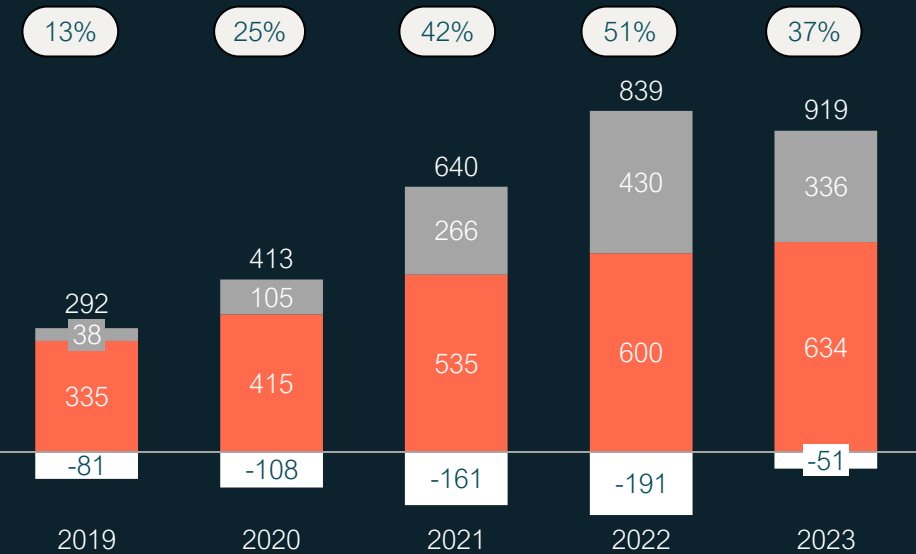
FINANCIAL REVIEW

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