



Q3 2024 Financial Report



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Highlights

In Q3 2024:

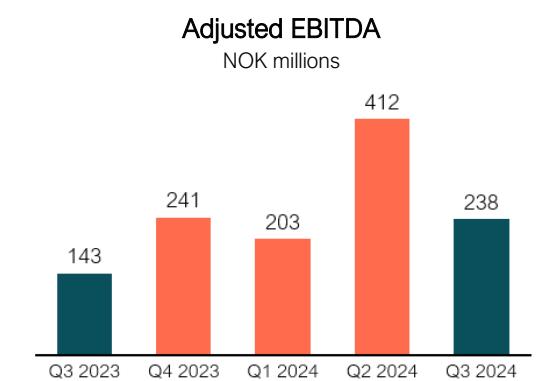
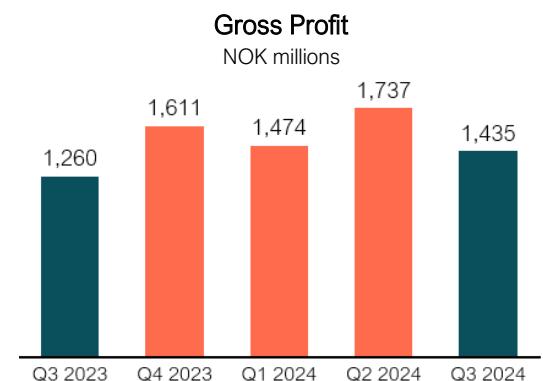
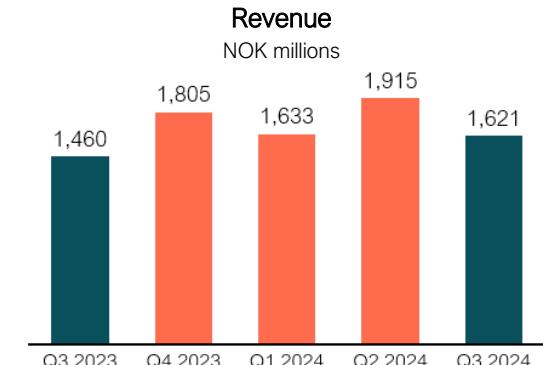
- Gross Profit increased 14% (12% in constant currency) to NOK 1,435m.
- Adjusted EBITDA grew by NOK 95m to NOK 238m, corresponding to a margin of 16.6% (11.3%).
- Net working capital ended at NOK 157m, an improvement of NOK 748m compared to Q3, 2023.
- Net income ended at NOK 82m, an improvement of NOK 95m compared to Q3, 2023.

Key figures

(NOK millions)	Q3 2024		Year to date		Full year 2023
	Unaudited	Q3 2023 Unaudited	Q3 2024 Unaudited	Q3 2023 Unaudited	
Gross Sales	11,508	9,568	43,611	36,605	49,077
Revenue	1,621	1,460	5,169	4,592	6,397
Gross profit	1,435	1,260	4,645	4,050	5,662
EBITDA	232	135	804	615	745
Adjusted EBITDA	238	143	853	679	919
Operating profit/EBIT	147	69	556	388	442
Net income	82	-13	225	-37	-159
Cash flow from operations	-1,286	-946	-590	-707	1,413
Adjusted EBITDA margin (%)	16.6%	11.3%	18.4%	16.8%	16.2%
Basic earnings per share (NOK)	0.86	-0.09	2.40	-0.42	-1.29
Diluted earnings per share (NOK)	0.85	-0.09	2.37	-0.42	-1.29

	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Net interest-bearing debt		2,143	2,979
Liquidity reserve		1,825	1,465
Leverage ratio (multiple)		1.9	3.2
Net working capital		157	905
Full time equivalents (FTE)		4,129	4,044

See the last section for details on Alternative Performance Measures.



Business review

(Figures in parentheses refer to the same period in the previous year)

Gross Profit grew 14% in the quarter to NOK 1,435m. Growth was solid across regions driven in particular by strong performance in Nordic and Europe growing at 12% and 23% respectively.

Adj. EBITDA increased from NOK 143m to NOK 238m, reflecting a margin of 16.6% (11.3%). The strong improvement in Adj. EBITDA is driven by improved profitability in the Consulting business as well as improved profitability in software and cloud as international markets continue to scale.

Net working capital ended at NOK 157m, a solid improvement from Q3, 2023. The Q3 performance is in line with normal seasonality and reflects the inherent working capital dynamics of Crayons business model. The company continues to focus on implementing changes to improve net working capital performance.

Market Clusters

Gross Profit in the Nordics ended at NOK 506m, reflecting a growth of 12%. While performance in the software and cloud business continues to be strong, the overall growth was negatively impacted by a softer consulting market. The Consulting business declined 1% compared to Q3, 2023 as a result of the soft market as well as lower headcount at the back of the restructuring done in Q1, 2024. Adj. EBITDA increased with NOK 46m to NOK 186m reflecting a margin of 37%. This is a strong improvement of 6 percentage points compared to Q323 and is driven mainly by improved profitability in the Consulting business.

Europe continues to deliver a strong performance with Gross Profit growing 23% to NOK 342m. The growth was driven in particular by Software and Cloud Direct and Consulting growing at 37% and 41% respectively. Growth was negatively impacted by a 4% decline in the Channel business. Adj. EBITDA ended at NOK 30m, reflecting a margin of 9%, an increase of 1 percentage point compared to the same quarter in the previous year.

Gross Profit in APAC & MEA increased by 8% driven by 12% growth in the Direct business and 6% in Channel. Gross Profit in the Consulting business ended at NOK 92m, a growth of 1%. Adj. EBITDA margin ended at 19%, a strong improvement from 15% in the same quarter prior year.

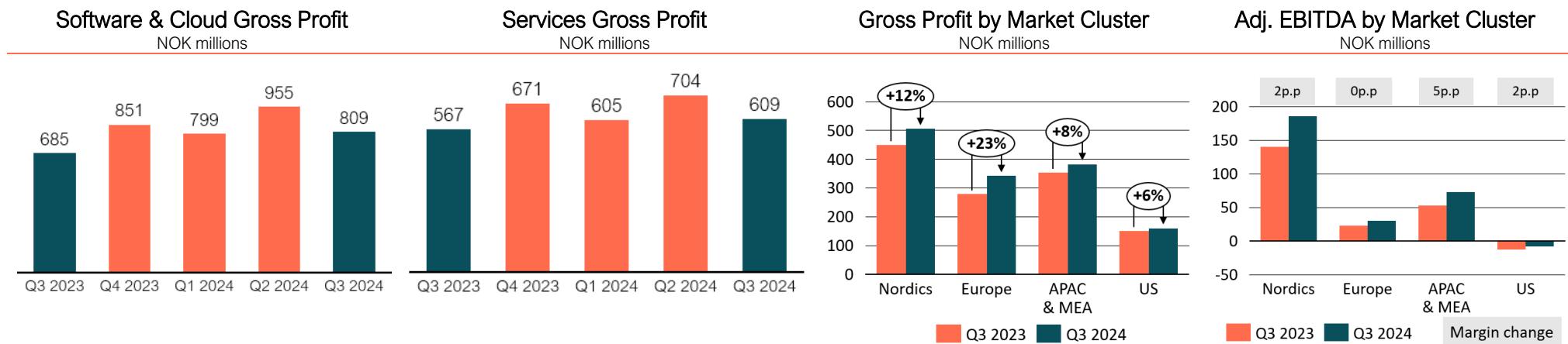
In the US Gross Profit grew 6% to NOK 160m. The low growth was mainly impacted by soft performance in software and cloud with Direct and Channel business growing 7% and minus 3% respectively. Gross Profit in Software and Cloud Economics remain solid with 13% growth. Adj. EBITDA ended at NOK minus 8m, an improvement from NOK minus 12m last year.

Business areas

Software and Cloud Direct continues the strong performance with a 28% growth to NOK 504m. Demand remains strong across multiple vendors. Gross profit in the Channel business grew 4%, negatively impacted by Europe. Adj. EBITDA for software and cloud as a whole increased by NOK 124m, and the margin increased from 45% to 54%, driven by the continued scaling of the international markets.

Gross Profit in the Service segments increased 7% to NOK 609m. The Nordics represents approximately 60% of Gross Profit in Consulting and grew -1% in a continued soft market. Software and Cloud Economics grew 12%. The strong growth is a result of focused investments as well as a strong drive from customers to optimize and reduce costs in their IT infrastructure.

Adj. EBITDA margin in services combined increased from 6% to 8% in Q3. The strong improvement comes as a result of the actions taken in the beginning of the year to increase profitability in the Consulting business.



Financial review

(Figures in parentheses refer to the same period in the previous year)

Revenue and Gross Profit

Revenue in Q3, 2024 increased 11% YoY to NOK 1,621m. Gross Profit increased 14% to NOK 1,435m.

Revenue, Gross Profit and EBITDA are impacted by seasonality largely due to recurring annual agreements and holiday seasons. Historically, Q2 and Q4 provide higher volume and EBITDA compared to Q1 and Q3. The change in Gross Profit from NOK 1,731m in Q2 to NOK 1,435m in Q3, mainly relates to the seasonal variations. The same is true to gross sales amounting to NOK 11,508m in Q3 versus NOK 18,167m in Q2.

Adjusted EBITDA

Adjusted EBITDA was NOK 238m compared to NOK 143m last year, corresponding to an increase of 67%. The increase derives from lower increase of payroll (+8%) and other operating expenses (+2%) compared to the growth in Gross Profit of 14%, resulting in an adjusted EBITDA margin of 16.6% (11.3%).

Net adjustments for the quarter consist of share-based compensations only.

Net income

Depreciation and amortization amounted to NOK 85m, at the same level as last quarter. The total expense in Q3 last year of NOK 66m was positively impacted by timing of investments versus fully written off assets.

Interest expense decreased YoY by NOK 5m in Q3 to NOK 65m. The interest expense is positively impacted by the refinancing in Q2, and the beneficial development of the NWC, but offset by increased interest cost on cash pool arrangements. Increased use of the multi-currency cash pool improves flexibility and access to our cash cross border and provides broader opportunities for hedging currency positions in the balance sheet, but also increases the net interest cost due to the marginal cost on overdrafts versus deposits in the different currencies.

Net other financial items contributed with an income for the quarter of NOK 29m compared to an expense of NOK 17m last year. This mainly consists of net currency exchange gain or losses net of interest income. Year to date net other financial expenses of NOK 37m include termination cost related to the refinancing of the bond amounting to NOK 34m. The comparable cost of NOK 227m last year, mainly derives from net currency losses in the first months of 2023 and before mitigating measures to reduce the profit and loss exposure were implemented.

Income tax expense ended at NOK 30m for the quarter, compared to a tax income of NOK 3m last year.

Net income amounted to NOK 82m for the quarter, compared to a net loss of NOK 13m last year. Year to date net income amounts to NOK 225m compared to a net loss of NOK 37m last year. The improvement mainly relates to improved EBITDA and reduced foreign currency loss, net of increased tax expense.

Basic and diluted earnings per share for the quarter amounted to NOK 0.86 and 0.85 respectively (-0.09 and -0.09).

Gross Profit by Market Cluster

NOK millions



Adj. EBITDA by Market Cluster

NOK millions



Balance sheet

Total non-current assets increased slightly by NOK 11m to NOK 4,987m during the quarter.

Total current assets increased by 19% to NOK 11,273m compared to Q3, 2023, somewhat less than the increase in gross sales of 20% for the same periods.

Net working capital improved with NOK 748m from Q3 last year and closed at NOK 157m at the end of the quarter. Non-recourse factoring agreements reducing the accounts receivable ended at NOK 125m versus NOK 237m last year. The net working capital is significantly impacted by the seasonality of our business. Historically, our gross sales peak in Q2 and Q4 followed by reduction in Q3 and Q1. Considering an average negative net working capital, we grow the negative net working capital in periods of gross sales growth (i.e. Q2 and Q4), peaking our cash position while reducing the cash position for periods with decline in gross sales. Following our seasonal trends the gross sales was reduced in Q3 compared to Q2 and by that increased the net working capital with NOK 1,560m over the quarter.

There have been no material changes in the process of collecting the significant delayed public sector receivable in the Philippines amounting to approximately USD 45m. The Department of Budget and Management Procurement Services ("PS-DBM") was in 2023 subject to an audit by the Commission of Audit (CoA). The audit led to a stop in payments, as timing was dependent on official audit completion. The Annual Audit Report was released in July 2023 and CoA recommended PS-DBM to proceed with the payment of about USD 37m. The remaining outstanding amount of USD 8m relates to new taxation included in the price of the licenses, where PS-DBM is recommended to coordinate with NEDA (National Economic and Development Authority) and endorses the request for the pricing change. The process of having PS-DBM to clarify approval of payments with CoA is still ongoing. A provision of NOK 30m has been considered as part of the bad debt provision on September 30, 2024, unchanged from last quarter. The assessments of the management and our legal advisor have not changed, and we expect the full payment to be processed. The provision is calculated based on the time value of the expected settlement applying a scenario analysis where the timing of the payment is the main variable.

The extended terms on certain accounts payables achieved by the Company at year end of 2023 are still valid, offsetting the negative Net Working Capital effect of the overdue receivable in the Philippines.

Total bad debt provisions increased during the quarter by NOK 9m to NOK 256m at the end of the quarter. The increase relates to net allowance for bad debt of NOK 4m and currency effects of NOK 5m. Realized losses for the quarter amounted to NOK 7m.

Interest-bearing debt increased by NOK 1,330m to NOK 3,439m during the quarter, by increased utilization of credit facilities, mainly the RCF. Total cash of NOK 1,346m decreased with NOK 89m from the last quarter, and net interest-bearing debt increased by NOK 1,419m to NOK 2,143m, mainly because of the seasonal negative operating cash flow in the quarter.

Total equity increased by NOK 149m to NOK 2,899m during the quarter driven by the net income of NOK 82m and other comprehensive income. The equity ratio was 18%.

Cash flow

Cash flow from operations in Q3 was NOK -1,286m (NOK -946m) due to the negative NWC change in the quarter related to the seasonality in our business and coming from a record strong position in Q2. The seasonality is further described in the Revenue and gross profit and the Balance sheet sections.

Net cash paid for investing activities amounted to NOK 21m in the quarter (NOK 32m) and mainly relates to ordinary CAPEX less changes in other investment activities.

Cash flow from financing activities amounted to NOK 1,204m (NOK 521m), mainly due to increased utilization of the revolving credit facility and cash-pool arrangement. Interest paid includes initial cost of NOK 8m related to refinancing of RCF in Q3. Repayment of bond loan relate to transactions taking place in Q2.

The liquidity reserve consisting of non-restricted cash and available credit facilities ended at NOK 1,825m compared to NOK 1,465m last year.

Leverage

Net interest-bearing debt as of September 30, 2024, was NOK 2,143m, with a corresponding leverage ratio of 1.9x Adj. EBITDA¹⁾, providing significant headroom with regards to bank covenants (4.0x Adj. EBITDA¹⁾) at the end of the quarter.

Employees

Our people are our greatest asset, and we strive to continuously attract, develop, and retain top talent, but even more importantly, we empower our employees to perform at the best of their abilities every day.

The number of full-time equivalents on September 30, 2024, increased by 2% to 4,129 compared to 4,044 on September 30, 2023. In the Software & Cloud business division, full-time equivalents increased by 66, representing a 6% increase, while in the Services business division, it decreased by 29 employees, a decrease of -1%. Other employees increased by 48 YoY.

1) On an LTM basis, excluding non-controlling interests.

Condensed Consolidated Statement of Income

(NOK millions)	Note			Year to date		Year to date		Full year	
		Q3 2024 Unaudited	Q3 2023 Unaudited	Q3 2024 Unaudited	Q3 2023 Unaudited	2023 Audited			
Revenue	6	1,621	1,460	5,169	4,592	6,397			
Cost of sales		-186	-200	-524	-542	-735			
Gross profit		1,435	1,260	4,645	4,050	5,662			
Payroll and related expenses		-1,002	-926	-3,193	-2,849	-3,986			
Other operating expenses		-195	-191	-599	-522	-756			
Share based compensation		-6	-1	-29	-27	-42			
Other income and expenses		0	-7	-20	-37	-132			
EBITDA		232	135	804	615	745			
Adjustments	6	7	49	64	175				
Adjusted EBITDA		238	143	853	679	919			
Depreciation, amortization and impairment	4	-85	-66	-248	-227	-302			
Operating profit/EBIT		147	69	556	388	442			
Share of profit (loss) from associated companies		1	1	1	1	-0			
Interest expense		-65	-70	-203	-198	-276			
Other financial expense, net	5	29	-17	-37	-227	-249			
Net income before tax		112	-16	317	-35	-82			
Income tax expense on ordinary result		-30	3	-91	-1	-77			
Net income		82	-13	225	-37	-159			
Comprehensive income									
Items that are or may be reclassified subsequently to profit or loss									
Currency translation		66	-108	154	211	189			
Comprehensive income net of tax		148	-121	380	174	29			
Allocation of net income									
Non-controlling interests		5	-5	11	1	-44			
Owners of Crayon Group Holding ASA		77	-8	215	-38	-115			
Net income allocated		82	-13	225	-37	-159			
Earnings per share (NOK)		0.86	-0.09	2.40	-0.42	-1.29			
Diluted earnings per share (NOK)		0.85	-0.09	2.37	-0.42	-1.29			
Allocation of comprehensive income									
Non-controlling interests		5	-5	11	5	-41			
Owners of Crayon Group Holding ASA		143	-116	369	169	70			
Comprehensive income allocated		148	-121	380	174	29			

Condensed Consolidated Balance Sheet Statement

(NOK millions)		Sep 30, 2024	Sep 30, 2023	Dec 31, 2023	(NOK millions)		Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
ASSETS	Note	Unaudited	Unaudited	Audited	LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Unaudited	Unaudited	Audited
Non-current assets:									
Goodwill	9	3,381	3,255	3,262	Shareholders' equity:				
Other intangible assets	8	627	674	660	Share capital		90	90	90
Deferred tax asset		155	287	117	Own shares		-23	-0	-100
Equipment		103	98	103	Share premium		1,821	1,821	1,821
Right-of-use assets	12	515	488	547	Total paid-in equity		1,888	1,910	1,810
Investment in associated companies		44	43	43	Retained earnings		1,017	784	686
Other non-current assets		163	73	156	Total equity attributable to parent company shareholders		2,905	2,694	2,497
Total non-current assets		4,987	4,917	4,888	Non-controlling interests		-6	35	-17
Current assets:									
Inventory		0	21	18	Total shareholders' equity		2,899	2,729	2,479
Accounts receivable	11	7,320	6,352	7,847	Non-current liabilities:				
Other current receivables and current assets	13	2,607	2,187	2,324	Interest-bearing liabilities	10	2,333	1,791	1,792
Cash & cash equivalents	10	1,346	907	1,467	Deferred tax liabilities		125	234	115
Total current assets		11,273	9,467	11,656	Lease liabilities	10	449	437	488
Total assets		16,260	14,384	16,544	Other non-current liabilities		27	28	33
Non-current liabilities:									
Accounts payable					Total non-current liabilities		2,934	2,490	2,428
Income taxes payable					Current liabilities:				
Public duties					Accounts payable		7,158	5,293	8,753
Current lease liabilities					Income taxes payable		115	75	74
Other current interest-bearing liabilities					Public duties		427	550	659
Other current liabilities					Current lease liabilities	10	110	84	93
Total current liabilities					Other current interest-bearing liabilities	10	547	1,426	233
Total liabilities					Other current liabilities		2,071	1,735	1,824
Total equity and liabilities					Total current liabilities		10,427	9,165	11,636
					Total liabilities		13,361	11,655	14,065
					Total equity and liabilities		16,260	14,384	16,544

Condensed Consolidated Statement of Cash Flows

	Q3 2024 (NOK millions)	Year to date		Full year 2023	
		Q3 2024 Unaudited	Q3 2023 Unaudited		
Cash flows from operating activities:					
Net income before tax	112	-16	317	-35	-82
Taxes paid	-13	-18	-49	-83	-167
Depreciation, amortization and impairment	85	66	248	227	302
Net interest expense	53	61	181	177	252
Interest received	12	9	22	21	23
Changes in trade working capital	-1,363	-1,251	-1,051	-1,062	905
Changes in other working capital and other adjustments	-173	204	-258	50	179
Net cash flow from operating activities	-1,286	-946	-590	-707	1,413
Cash flows from investing activities:					
Payment for capitalized assets	-31	-32	-102	-105	-153
Acquisition of subsidiaries - (net of cash acquired)	0	0	0	-31	-31
Change in other investments	11	0	-3	0	-87
Net cash flow from investing activities	-21	-32	-106	-137	-271
Cash flows from financing activities:					
Interest paid	-73	-70	-221	-194	-270
Share issues	0	3	0	3	3
Repurchase of shares	0	0	38	0	-100
Acquisition/disposal of non-controlling interests	0	2	-15	-22	-42
Repayment of bond loan	-37	0	-637	0	0
Payment of lease liability	-28	-21	-79	-57	-80
Change in RCF utilization	1,150	100	1,150	-400	-900
Net change in other credit facilities utilization	199	506	296	797	109
Dividends paid to non-controlling interests	-7	0	-7	0	0
Net cash flow from financing activities	1,204	521	525	127	-1,280
Net increase (decrease) in cash and cash equivalents	-103	-457	-170	-716	-139
Cash and cash equivalents at beginning of period	1,435	1,405	1,467	1,530	1,530
Currency translation	14	-41	49	94	76
Cash and cash equivalents at end of period	1,346	907	1,346	907	1,467

Condensed Consolidated Statement of Changes in Shareholder's Equity

Year to date period ending

Sep 30, 2023

	Attributable to equity holders of Crayon Group Holding ASA						Non-controlling interests	Total equity
	Share capital (NOK millions)	Own shares	Share premium	Translation difference	Other Equity	Total		
Balance at Jan 1, 2023	89	-0	1,818	209	395	2,511	30	2,540
Net income	0	0	0	0	-38	-38	1	-37
Other comprehensive income	0	0	0	207	0	207	4	211
Total comprehensive income	0	0	0	207	-38	169	5	174
Share issues	0	0	3	0	0	3	0	3
Share-based compensation	0	0	0	0	32	32	1	34
Transactions with non-controlling interests	0	0	0	0	-22	-22	-1	-23
Transactions with owners	0	0	3	0	11	14	0	15
Balance as of end of period	90	-0	1,821	415	368	2,694	35	2,729

Sep 30, 2024

	Attributable to equity holders of Crayon Group Holding ASA						Non-controlling interests	Total equity
	Share capital (NOK millions)	Own shares	Share premium	Translation difference	Other Equity	Total		
Balance at Jan 1, 2024	90	-100	1,821	394	292	2,497	-17	2,479
Net income	0	0	0	0	215	215	11	225
Other comprehensive income	0	0	0	154	0	154	1	154
Total comprehensive income	0	0	0	154	215	369	11	380
Share repurchase (net)	0	77	0	0	-39	38	0	38
Share-based compensation	0	0	0	0	20	20	1	21
Cash dividends	0	0	0	0	0	0	-7	-7
Transactions with non-controlling interests	0	0	0	0	-13	-13	-1	-14
Other changes	0	0	0	0	-6	-6	7	1
Transactions with owners	0	77	0	0	-38	39	0	39
Balance as of end of period	90	-23	1,821	548	469	2,905	-6	2,899

Notes

Note 1 – Corporate information

The Board of Directors has approved the condensed interim financial statements as at September 30, 2024, for publication on November 6, 2024. These Group financial statements have not been subject to audit or review.

Crayon Group Holding ASA is a public limited company registered in Norway. The headquarters is located at Gullhaug Torg 5, 0484 Oslo, Norway. Crayon Group Holding ASA is listed on Oslo Stock Exchange (Oslo Børs) under the ticker "CRAYN".

Crayon specializes in supporting customers across all industry sectors with complex local, regional and global IT estates. Crayon helps clients specify, plan, deploy, manage and optimize technology ecosystems.

Crayon had 4,129 full-time equivalents across 46 countries at the end of the period.

Note 2 – Basis of preparation

The consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 "Interim Financial Reporting". The condensed interim financial statements do not include all information and disclosures required in the annual financial statement and should be read in accordance with the Group's Annual Report for 2023, which has been prepared according to IFRS as adopted by EU.

The preparation of interim financial statements requires the Group to make certain estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated by the management based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. Actual results may differ from these estimates. The most significant judgements used in preparing these interim financial statements and the key areas of estimation uncertainty are the same as those applied in the consolidated annual report for 2023.

Note 3 – Significant accounting principles

The accounting policies applied in the preparation of the consolidated interim financial statement are consistent with those applied in the preparation of the annual IFRS financial statement for the year ended December 31, 2023.

Note 4 – Depreciation, amortization and impairment

Depreciation, amortization and impairment consist of the following:

(NOK millions)	Year to date		Year to date		Full year 2023
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	
Depreciation	42	33	124	93	129
Amortization of intangibles	43	33	125	134	173
Total	85	66	248	227	302

See Note 8 for breakdown of intangible assets. See Note 12 for more information on Right-of-use assets.

Note 5 – Other financial income and expenses

Other financial income and expenses consist of the following:

(NOK millions)	Year to date		Year to date		Full year 2023
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	
Interest income	12	9	22	21	23
Other financial expense, net	17	-26	-59	-248	-272
Total	29	-17	-37	-227	-249

Other financial income or expenses largely relate to currency exchange effects from foreign to functional currencies in each unit on monetary transactions, assets and liabilities such as accounts receivables, accounts payables, loans and cash, including group internal balances. Measures were implemented during 2023 to reduce the sensitivity of our currency exposure and is the main reason for the significant decrease year to date in 2024 versus last year. Included in other financial expense year to date is a termination cost related to refinancing the bond of NOK 34m.

Note 6 – Segment information

The Group regularly reports revenue, gross profit and adjusted EBITDA in operating segments and geographical market clusters to the Board of Directors and executive management (the Group's chief operating decision makers). While Crayon uses all three measures to analyze performance, the Group's strategy of profitable growth means that adjusted EBITDA is the prevailing measure of performance.

The reporting segments are Software & Cloud Direct, Software & Cloud Channel, Software & Cloud Economics and Consulting in addition to General & Administration. Further information is found in Note 2 in the Annual report for 2023.

- **Software & Cloud Direct** is Crayon's license offering from software vendors (e.g., Microsoft, Adobe, Symantec, Citrix, Broadcom, Oracle, IBM and others). The emphasis is towards standard software, which customers consistently use year after year, and which plays a key role in their technological platforms and critical commercial processes.
- **Software & Cloud Channel** is Crayon's offering towards hosters, system integrators and independent software vendors (ISV) which includes license advisory/optimization, software license sales and access to Crayon's proprietary tools and IP.
- **Software & Cloud Economics** services include processes and tools for enabling clients to build in-house Software Asset Management (SAM) capabilities, license spend optimization, and support for clients in vendor audits.
- **Consulting** consists of Cloud Consulting and Solution Consulting services related to infrastructure consulting, cloud migration and deployment, bespoke software deployment and follow-up of applications.
- **General & Administration** includes certain Group incentives and internal and external administrative income and expenses.

The market clusters are composed of operations in the different geographical areas. Crayon operates with five main geographical areas: Nordics, Europe, APAC & MEA and US in addition to HQ.

HQ includes certain Group incentives and internal and external administrative income and expenses.

Group Adjustments include certain IFRS 15 adjustments related to timing of revenue recognition following the IFRIC decision incorporated in 2022.

Segment information September 30, 2024

(NOK millions)	Q3 2024						Year to date Q3 2024							
	Software & Cloud			Services			Software & Cloud			Services				
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	General & Administration	Eliminations	Total	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	General & Administration	Eliminations	Total
Revenue														
Nordics	171	67	47	319	1	0	605	606	190	153	1,068	5	0	2,022
Europe	153	57	63	161	1	0	435	503	156	224	411	4	0	1,297
APAC & MEA	104	165	25	180	3	0	478	298	477	68	505	8	0	1,354
US	40	18	106	19	0	0	182	140	42	321	71	0	0	575
HQ	21	1	-3	0	91	0	110	69	1	-3	-1	358	0	424
Group Adjustments	16	-4	0	0	0	0	12	37	44	0	0	0	0	81
Eliminations	0	0	0	0	0	-201	-201	0	0	0	0	-586	-586	
Revenue	504	305	238	679	95	-201	1,621	1,653	910	762	2,055	375	-586	5,169
Gross profit														
Nordics	171	67	43	224	1	0	506	606	190	135	758	5	0	1,694
Europe	153	57	56	76	1	0	342	503	156	196	215	4	0	1,073
APAC & MEA	104	165	18	92	3	0	383	298	477	50	252	8	0	1,084
US	40	18	89	14	0	0	160	140	42	267	49	0	0	499
HQ	21	1	-3	0	91	0	110	69	1	-3	0	358	0	424
Group Adjustments	16	-4	0	0	0	0	12	37	44	0	0	0	0	81
Eliminations	0	0	0	0	0	-79	-79	0	0	0	0	-210	-210	
Gross profit	504	305	203	406	95	-79	1,435	1,653	910	644	1,274	375	-210	4,645
Payroll and other operating expenses	-267	-103	-194	-366	-345	79	-1,197	-840	-305	-601	-1,199	-1,057	210	-3,792
Adjusted EBITDA	237	202	9	40	-250	0	238	813	605	43	75	-682	0	853

Segment information September 30, 2023

(NOK millions)	Q3 2023						Year to date Q3 2023							
	Software & Cloud			Services			Software & Cloud			Services				
	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	General & Administration	Eliminations	Total	Software & Cloud Direct	Software & Cloud Channel	Software & Cloud Economics	Consulting	General & Administration	Eliminations	Total
Revenue														
Nordics	129	57	44	332	-1	0	561	491	164	143	1,092	-1	0	1,888
Europe	111	59	59	94	2	0	325	411	149	178	229	5	0	972
APAC & MEA	93	156	14	205	2	0	471	262	418	54	502	0	0	1,237
US	37	19	93	24	0	0	173	131	46	277	73	0	0	528
HQ	33	0	-1	-0	72	0	104	57	0	-5	8	329	0	389
Group Adjustments	-11	1	0	0	0	0	-10	3	31	0	-1	0	0	34
Eliminations	0	0	0	0	0	-164	-164	0	0	0	0	-456	-456	
Revenue	393	292	208	656	75	-164	1,460	1,355	808	647	1,904	333	-456	4,592
Gross profit														
Nordics	129	57	40	225	-1	0	450	491	164	126	755	-1	0	1,534
Europe	111	59	53	54	2	0	279	411	149	148	139	5	0	852
APAC & MEA	93	156	10	91	2	0	353	262	418	41	241	0	0	963
US	37	19	79	16	0	0	150	131	46	241	46	0	0	465
HQ	33	0	-1	-0	72	0	104	57	0	-5	8	329	0	389
Group Adjustments	-11	1	0	0	0	0	-10	3	31	0	0	0	0	34
Eliminations	0	0	0	0	0	-67	-67	0	0	0	0	-186	-186	
Gross profit	393	292	181	386	75	-67	1,260	1,355	808	551	1,189	333	-186	4,050
Payroll and other operating expenses	-235	-139	-167	-367	-276	67	-1,117	-714	-370	-498	-1,144	-832	186	-3,371
Adjusted EBITDA	158	153	13	19	-201	0	143	641	439	53	45	-499	0	679

(NOK millions)	Q3 2024	Q3 2023	Year to date Q3 2024	Year to date Q3 2023	Full year 2023
Adj EBITDA - Operating Segment					
- Software & Cloud Direct	237	158	813	641	936
- Software & Cloud Channel	202	153	605	439	568
Total Adj EBITDA - Software & Cloud	439	311	1,418	1,080	1,505
- Software & Cloud Economics	9	13	43	53	69
- Consulting	40	19	75	46	23
Total Adj EBITDA - Services	49	33	117	99	93
General & Administration	-250	-201	-682	-500	-678
Total Adjusted EBITDA	238	143	853	679	919

(NOK millions)	Q3 2024	Q3 2023	Year to date Q3 2024	Year to date Q3 2023	Full year 2023
Adj EBITDA per Market Cluster					
- Nordics	186	140	522	473	634
- Europe	30	23	136	126	154
- APAC & MEA	73	53	180	130	185
- US	-8	-12	5	-11	-3
- HQ	-55	-51	-72	-73	-106
- Group Adjustments	12	-10	81	34	54
Total Adjusted EBITDA	238	143	853	679	919

Note 7 – Share based compensation

Please refer to Note 6 in Annual Report 2023 for overview and details on the different ongoing option and employee share purchase programs.

In Q3 2024, a new long-term share-based incentive program was introduced for management, based on 2024 performance. The program includes both employment and performance vesting conditions. The shares will vest in six tranches, with 1/6 vesting semi-annually. The total value of the program is NOK 10.5m.

Cost related to share-based compensation is displayed in the table below.

(NOK millions)	Q3 2024	Q3 2023	Year to date Q3 2024	Year to date Q3 2023	Full year 2023
Cost related to equity-settled share-based compensation transactions	8	10	21	32	43
Change in accrued employee social security tax	-2	-9	9	-6	-1
Total	6	1	29	27	42

Note 8 – Intangible assets

(NOK millions)	Software licenses (IP)	Development costs	Customer relationships	Technology and software	Total
Cost at Jan 1, 2024	9	555	728	217	1,509
Additions	0	70	0	0	70
Currency translation	0	8	28	10	46
Cost at Sep 30, 2024	9	633	756	227	1,625
Amortization and impairment Jan 1, 2024	7	408	239	195	849
Amortization	0	63	60	2	125
Currency translation	0	7	8	9	25
Accumulated amortization and impairment at Sep 30, 2024	8	478	307	206	998
Net book value at Sep 30, 2024	1	155	449	21	627

The company recognizes intangible assets if it is likely that the expected future economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Intangible assets with a limited useful life are measured at cost less accumulated amortization and any impairments. Amortization is recognized on a straight-line basis over the estimated useful life. Amortization period is reviewed annually.

Amortization of intangible assets identified as fair value adjustments as part of purchase price allocation from acquisitions amount to NOK 62m year to date.

The company divides its Intangible assets into the following categories in the balance sheet:

Software licenses (IP):

Intangible assets from historical acquisitions.

Development cost:

Crayon capitalizes expenses related to development activities according to IAS 38. Expenses capitalized include costs of materials and services used or consumed in generating the intangible asset and costs of employee benefits arising from the generation of the intangible asset. Capitalized development costs are amortized on a straight-line basis over the estimated useful life.

Customer relationships:

The intangible asset value related to customer relationships is mainly from the acquisitions of Sensa and rhipe. These assets are amortized on a straight-line basis over the estimated useful lifetime.

Technology and software:

Technology and software include intangible assets arising from the business combinations of Anglepoint and rhipe. Anglepoint contains capitalized software and technology developed internally by Anglepoint. Intangible assets from the rhipe acquisition are related to an internally developed subscription management platform used in the licensing business.

Note 9 – Goodwill

Goodwill arising on business combinations is initially measured at cost, being the excess of the cost of an acquisition over the net identifiable assets (including intangible assets) and liabilities assumed at the date of acquisition and relates to the future economic benefits arising from assets which are not capable of being identified and separately recognized. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Reconciliation of the carrying amount of goodwill is presented below:

(NOK millions)	Goodwill
Acquisition cost at Jan 1, 2024	3,371
Additions	0
Currency translation	119
Acquisition cost at Sep 30, 2024	3,490
Impairment at Jan 1, 2024	110
Impairment during the period	0
Accumulated Impairment at Sep 30, 2024	110
Net book value at Sep 30, 2024	3,381

The Group performs an impairment test for goodwill on an annual basis or when there are impairment indicators. There were no impairment indicators during Q3, 2024. See Note 9 in the Annual Report for 2023 for further information.

Note 10 – Net interest-bearing debt

Interest-bearing debt is recognized at amortized cost.

On April 8, 2024, the company completed a senior unsecured bond loan of NOK 1,200m within a maximum borrowing limit of NOK 2,500. The tenor of the bond is 4 years with maturity date 8 April 2028. The bonds carry an interest rate at 3M NIBOR + 2.75% margin. Transaction costs of NOK 10m related to the NOK 1,200m bond are carried at amortized cost.

On July 2, 2024, Crayon signed and entered a NOK 1,500m revolving credit facility (RCF) through a bank syndication. It is a senior secured facility with a 3-year tenor and two 1-year extension options. The new facility is available for general purposes and replaces the RCF with similar amount with original maturity on April 15, 2025, with Danske Bank. The syndication consists of three international banks – Danske Bank as the facility agent, ING and Citibank, reflecting Crayon's growth footprint with a need of expansion on banking coverage provided globally. Previous RCF was presented as part of current liabilities in the balance sheet, as the facility had to be repaid to zero on a regular basis. The new NOK 1,500m RCF do not include such requirements and the 1,150m drawdown as of September 30, 2024, is therefore presented as part of non-current liabilities regardless of any intention for repayment. Transaction costs of NOK 8m related to the RCF are carried at amortized cost.

In addition to the RCF, Crayon established secured ancillary facilities including an overdraft of NOK 300m and a guarantee facility of NOK 100m with Danske Bank. A new unsecured EUR 10m overdraft facility was also established with ING which was technical available for overdraft first on October 9, 2024, and therefore not part of liquidity reserve as of September 30, 2024. With the finalized senior unsecured bond issuance of NOK 1,200m in Q2, Crayon has thus successfully completed its refinancing process.

Increase of RCF facility size with a reduction of the corporate bond is believed to provide better flexibility to meet the liquidity needs throughout the business cycles as well as optimizing funding cost.

The Group entered into short term supplier financing agreements during Q2, 2023. Total liability end of the quarter amounted to NOK 207m.

Total unused credit facilities (RCF and cash pool) amounted to NOK 529m at the end of the quarter.

Net interest-bearing debt means senior debt to credit institutions and other interest-bearing debt including leasing less non-restricted cash:

(NOK millions)	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Bond loan, non-current liabilities	1,190	1,791	1,792
Revolving credit facility	1,142	500	0
Overdraft facility	121	103	0
Supplier financing	207	541	127
Lease liabilities	449	437	488
Current lease liabilities	110	84	93
Other current interest-bearing liabilities	219	282	106
Cash & cash equivalents	-1,346	-907	-1,467
Restricted cash	50	148	49
Net interest-bearing debt	2,143	2,979	1,189

Note 11 – Financial Risk

Crayon Group is exposed to several financial risks, including foreign currency exchange risk, interest rate risk, liquidity risk and credit risk. For a detailed description of these risks and how they are managed, please see the 2023 Annual Report, Note 19.

On April 26, 2022, Crayon announced its decision to cease operations in Russia due to the war in Ukraine. An agreement was signed in December 2022 for a management buyout, and Crayon withdrew from any involvement in the operations. The sale transaction was recognized, and Russia deconsolidated in December 2022. The transaction is however still subject to governmental approval in Russia, considered being a formal matter only.

The completion of the refinancing of a senior secured RCF and a senior unsecured bond issuance throughout the past two quarters, has secured the longer-term financing of the group.

Market risk

Interest rate exposure

The Group's interest rate risk arises from interest-bearing debt at a floating rate (cash flow interest rate risk). The Group is sensitive to changes in NIBOR having an impact on the NOK 1,200m bond and utilized amounts under the NOK 1,500m revolving credit facility. The Group can also be sensitive to interest on other currencies due to multicurrency cash-pools and to other interest-bearing debt, including lease liabilities. No interest positions are hedged.

Foreign currency risk exposure

Crayon has revenues and operating costs in various currencies. The global expansion of Crayon has led to significant business growth as well as currency exposure. The gross cost and sales of licenses and proceeds for incentives are largely determined in international markets, primarily denominated in Euro (EUR), US Dollar (USD), Australian Dollar (AUD) and Swedish Kroner (SEK) in addition to Norwegian Kroner (NOK), while our gross sales, revenues and operating cost can be denominated in other local currencies. A rather comprehensive volume of transactions and balances in foreign currencies make the group volatile for exchange rate changes. The Group assesses business opportunities carefully to mitigate any current and future currency risks. Crayon seeks primarily natural hedge to the extent it is economically viable, e.g. by having gross sales and gross cost of licenses sold in same currency.

By having operational units in different functional currencies, the Group is exposed to currency translation risks related to subsidiaries. Crayon aims to establish natural hedging positions if this is possible and economically viable.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due, and that financing will not be available at a reasonable price. Crayon Group is impacted by liquidity fluctuation associated with its gross sales and growth. The cash flow from operating activities is mainly impacted by EBITDA and changes in the net working capital managed by the subsidiaries.

The Group's financial covenant is attached to the revolving credit facilities. Net interest-bearing debt as of September 30, 2024, was NOK 2,143m, with a corresponding leverage ratio of 1.9x of Adj. EBITDA, providing significant headroom with regards to bank covenants (4.0x Adj. EBITDA) as of the end of the quarter.

The Group Treasury Department is responsible for optimizing and monitoring liquidity flows centrally through reliable forecasting and cash concentration. The Group has significant liquidity reserves available both through cash, multicurrency cash-pools and RCF, amounting to NOK 1,825m at the end of the quarter and the liquidity risk is therefore considered low.

Credit risk

The Group is exposed to credit risk from its operational activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. The Group has deposits with sound financial institutions.

Management makes assessments of the credit risk and updates its estimates of losses and the corresponding provision for bad debt on a regular basis. Historical losses and ageing are analyzed, and additional credit risk premium based on geographical analysis and other statistic information on country risk have been incorporated in the loss provision model. Crayon measures allowance for bad debt based on lifetime expected credit losses (ELCs). This involves both backward and forward-looking information and analysis. The management estimate is most sensitive to the forward-looking analysis.

The Group Treasury overlooks the credit risk on a centralized level whilst the subsidiaries are responsible for enforcing standard payment and delivery terms and conditions towards the clients. Credit risk exposure is largely impacted by outstanding receivables related to gross sales and contract assets. Credit check and control procedures conducted by local subsidiaries ensure the credit quality of the

customers of Crayon. The Group continues to maximize the collection efforts over accounts receivable to reduce any risk.

Crayon presents losses on accounts receivable as operating expenses. The impact of accounts receivable is presented below.

Allowance for doubtful accounts in the balance sheet

(NOK millions)	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Balance at Jan 1	197	116	116
Currency translation	10	10	6
Net reversal/allowance	49	36	76
Closing balance	256	162	197

Profit or loss effect of bad debt

(NOK millions)	Q3 2024	Q3 2023	Year to date	Year to date	Full year
			Q3 2024	Q3 2023	
Realized losses	7	1	12	7	6
Allowance for doubtful accounts	4	28	49	36	76
Net accounting losses on trade receivables	11	29	61	43	82

There have been no material changes in the process of collecting the significant delayed public sector receivable in the Philippines amounting to approximately USD 45m. The Department of Budget and Management Procurement Services ("PS-DBM") was in 2023 subject to an audit by the Commission of Audit (CoA). The audit led to a stop in payments, as timing was dependent on official audit completion. The Annual Audit Report was released in July 2023 and CoA recommended PS-DBM to proceed with the payment of USD 37m. The remaining outstanding amount of USD 8m relates to new taxation included in the price of the licenses, where PS-DBM is recommended to coordinate with NEDA (National Economic and Development Authority) and endorses the request for the pricing change. The process of having PS-DBM to clarify approval of payments with CoA is still ongoing. A provision of NOK 30m has been considered as part of the bad debt provision as of Q3, 2024, unchanged from last quarter. The assessments of the management and our legal advisor have not changed, and we expect the full payment to be processed, but timing remains uncertain. The provision is calculated based on the time value of the expected settlement, applying a scenario analysis where the timing of the payment is the main variable.

Note 12 – Right-of-use assets

(NOK millions)	Right-of-use assets
Acquisition cost at Jan 1, 2024	725
Additions	41
Disposals	-11
Adjustments	4
Currency translation	16
Acquisition cost at Sep 30, 2024	775
Depreciation at Jan 1, 2024	179
Depreciation during the period	86
Disposals	-11
Currency translation	7
Accumulated amortization at Sep 30, 2024	260
Net book value at Sep 30, 2024	515

Note 13 – Contract assets

Contract assets are included in Other current receivables and amount to:

(NOK millions)	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Contract assets	334	233	253
Total	334	233	253

Contract assets are subsequent period net payments for multiple-period contracts where Crayon transfers services to a customer before the customer pays consideration. The assets are related to contracts under the software and cloud divisions.

Note 14 – Seasonality of operations

The Group's operating results and cash flows exhibit a strong seasonality effect, leading to variation from quarter to quarter. This seasonality effect is expected to continue. The main driver of the seasonality is higher volumes in Q2 and Q4 compared to Q1 and Q3, as annual contract renewals have been skewed towards these quarters based on factors such as year-end for certain vendors and end of the calendar year. Furthermore, holiday periods impact the service delivery capacity leading to fluctuations in revenue from services. This seasonality in revenue and gross profit leads to a similar seasonality on EBITDA, as the cost base is more stable quarter over quarter. Finally, this also leads to seasonality in the working capital position, as both the underlying gross sales seasonality and effects such as bank days toward the end of the period has an impact on collections and payments and as such the working capital position, leading to significant variation between quarters on cash flow from operations.

Note 15 – Events after the balance sheet date

No significant events to report after the balance sheet date.

Alternative Performance Measures and definitions

The financial information in this report is prepared under International Financial Reporting Standards (IFRS), as adopted by the EU. To enhance the understanding of Crayon's performance, the company has presented several alternative performance measures (APMs). An APM is defined by ESMA guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the relevant accounting rules (IFRS). Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. The Group believes that APMs such as adjusted EBITDA are commonly reported by companies in the markets in which Crayon compete and are widely used by investors in comparing performance on a consistent basis without regard to factors such as other share-based payments and other income and expenses, which can vary significantly from period to period, especially due to M&A transactions, related reorganizations or other significant non-recurring items. Crayon discloses the APMs to permit a more complete and comprehensive analysis of its underlying operating performance relative to other companies and across periods. Because companies may calculate gross sales, gross profit, adjusted EBITDA, other income and expenses, net working capital and liquidity reserve differently, the Company's presentation of these APMs may not be comparable to similar titled measures used by other companies.

Crayon uses the following APM's and definitions:

Adjusted (Adj) EBITDA: EBITDA excluding share-based compensation and other income and expenses.

(NOK millions)			Year to date		Full year 2023
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	
EBITDA	232	135	804	615	745
<i>Adjustments:</i>					
Share based compensation	6	1	29	27	42
Other income and expenses	0	7	20	37	132
Adjusted EBITDA	238	143	853	679	919

Adjusted EBITDA margin: Adjusted EBITDA / Gross Profit.

CAPEX: Capital expenditures that mainly consist of office equipment and capitalizes expenses related to development activities according to IAS 38.

Constant currency: Foreign currency transactions converted to constant currency.

EBIT: Earnings before interest expense, other financial items, and income taxes.

EBITDA: Earnings before interest expense, other financial items, income taxes, depreciation, impairment and amortization.

Gross Profit: Operating Revenue less cost of goods or services sold.

Gross sales: Gross revenues assuming we were principal and not agent on all software resales being restated and reflect the actual billing for the relevant period.

(NOK millions)	Year to date		Year to date		Full year 2023
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	
Gross Sales	11,508	9,568	43,611	36,605	49,077

Leverage ratio: Net interest-bearing debt (Note 10), divided by LTM adjusted EBITDA.

Liquidity reserve: Non-restricted cash and available credit facilities in each company where Crayon operates. The liquidity reserve does not consider any restrictions on cross border cash transfers.

(NOK millions)	Sep 30, 2024		
	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Cash & cash equivalents	1,346	907	1,467
Restricted cash	-50	-148	-49
Non-restricted cash	1,296	759	1,418
Available credit facility	529	705	1,308
Liquidity reserve	1,825	1,465	2,726

LTM: Last twelve months.

Net interest-bearing debt: Interest-bearing debt including leasing less unrestricted cash (Note 10).

Net Working Capital: Non- interest-bearing current assets less non- interest-bearing current liabilities. Net Working Capital gives a measure of the funding required by the operations of the business.

(NOK millions)	Sep 30, 2024		
	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Inventory	0	21	18
Accounts receivable	7,320	6,352	7,847
Accounts payable	-7,158	-5,293	-8,753
Trade working capital	163	1,079	-888
Unbilled gross sales	1,579	1,309	1,297
Public duty receivables	432	425	553
Contract assets	334	233	253
Prepaid expenses & other	262	220	220
Income taxes payable	-115	-75	-74
Public duties	-427	-550	-659
Accruals	-1,469	-1,220	-1,249
Employee benefits related accruals	-453	-356	-440
Prepayments & other	-150	-160	-135
Other working capital	-5	-174	-233
Net working capital	157	905	-1,121

Other income and expenses: Other income and expenses consist of M&A expenses and directly related reorganizations, subsequent adjustment of contingent considerations or other subsequent adjustments in business combinations including earn-out payments recognized in profit or loss and any other significant non-recurring items.

(NOK millions)	Q3 2024	Q3 2023	Year to date	Year to date	Full year 2023
			Q3 2024	Q3 2023	
M&A expenses	-1	-6	-5	-31	-10
Contingent considerations, fair value adjustments	1	0	-4	-4	-18
Other non-recurring items	0	-1	-11	-1	-104
Other income and expenses	0	-7	-20	-37	-132

Other non-recurring items in 2024 consist of restructuring cost in Q1, 2024 related to severance packages for consultants made redundant.

Organic growth: Comparable growth excluding effect of business combinations.

Trade Working Capital: The net amount of inventory, accounts receivables and accounts payables.

Restricted cash: The amount consists of employee taxes withheld and cash as collateral for bank guarantees.

YoY: Year over year, i.e. comparable period (e.g. quarter or YTD) last year.

YTD: Year to date.

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