



Quarterly Results

Q3 2024

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6th November 2024

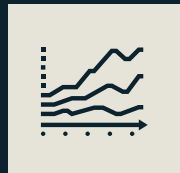
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Q3 HIGHLIGHTS

Significant profitability growth and strong working capital improvement

Amounts in NOK

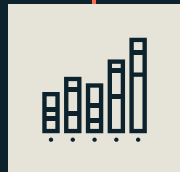


Continued solid growth in a cautious market environment



1,435m

Gross Profit
+14% growth

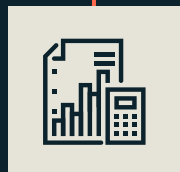


Strong profit expansion and record Q3 margin



17%

Adj. EBITDA Margin ¹
5 pp increase



Working capital improvement continues



157m

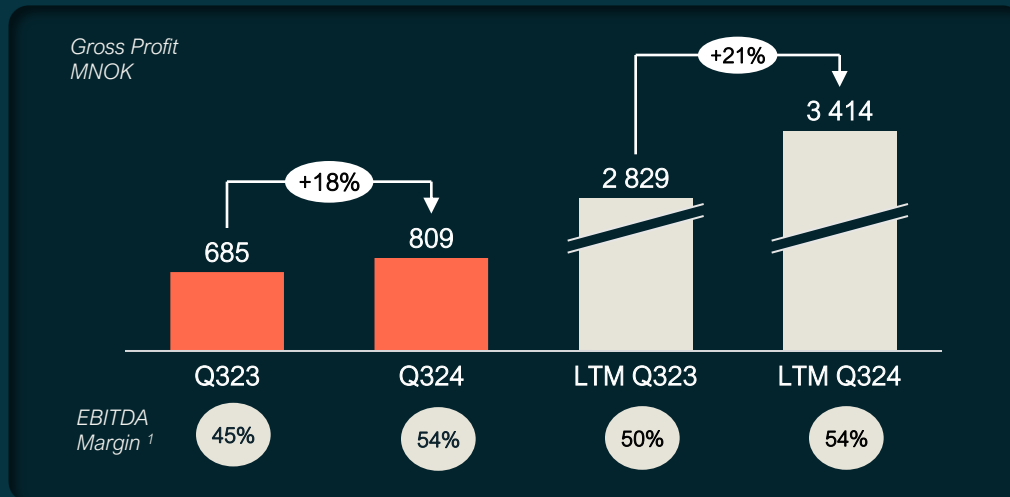
Net working capital
748m improvement

¹ Adjusted EBITDA divided by Gross Profit

MARKET DYNAMICS

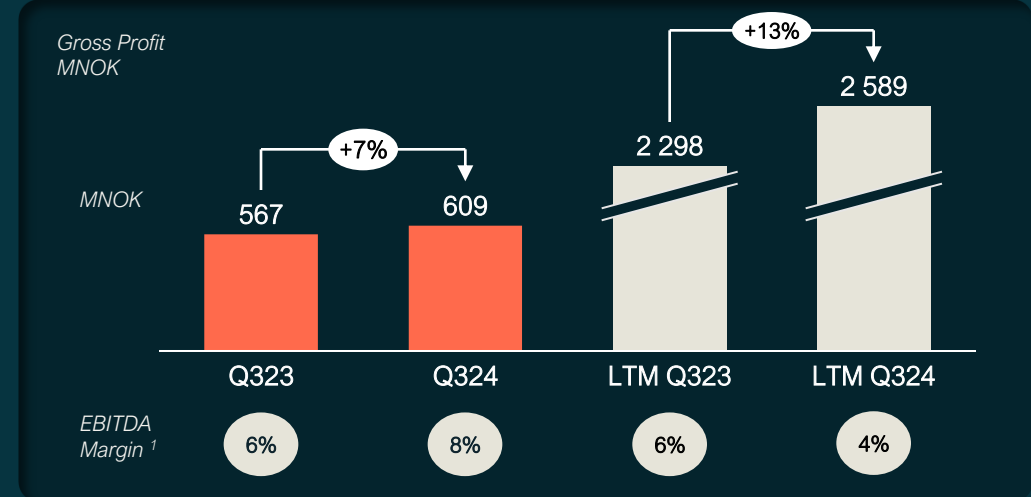
Strong growth in software and cloud and continued profit expansion

Software and Cloud



- Strong growth of 28% in Direct driven by the Nordics and Europe
- Improved profitability as international businesses continue to scale
- Demand for software and cloud remain strong across multiple vendors
- Public sector growth in Europe and the Nordics remain strong

Services

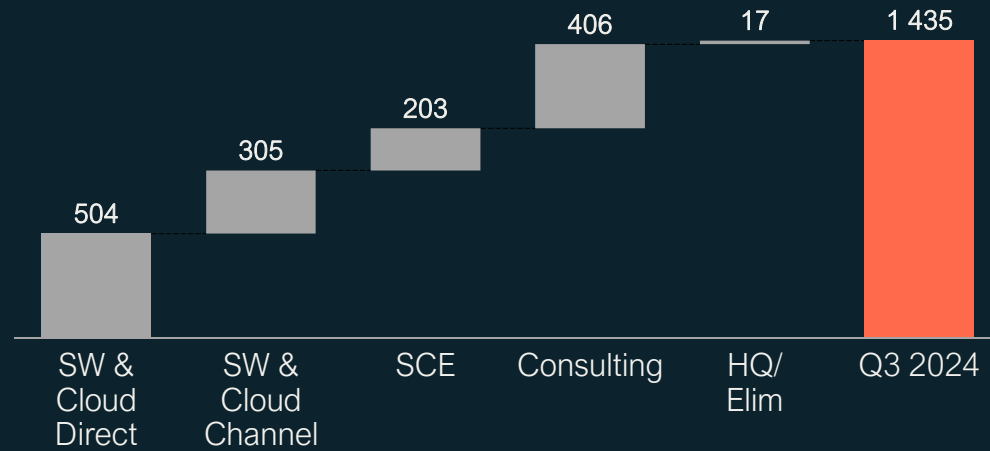


- 7% growth driven by strong performance in Europe, while offset by muted consulting market in the Nordics
- Strong improvement in Consulting profitability as planned
- GenAI / CoPilot activity ramping as customer see improving ROI
- Strong demand for security and cloud migration services

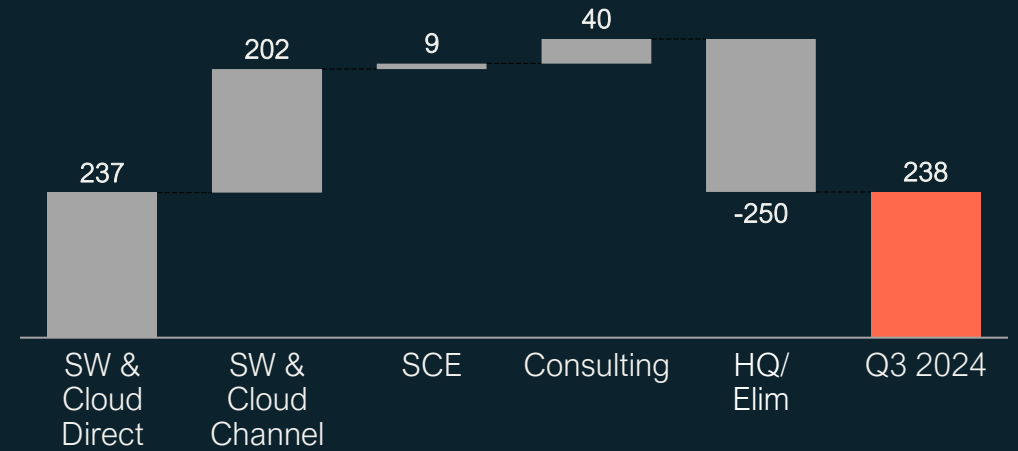
¹ Adjusted EBITDA divided by Gross Profit

Strong improvement in profitability

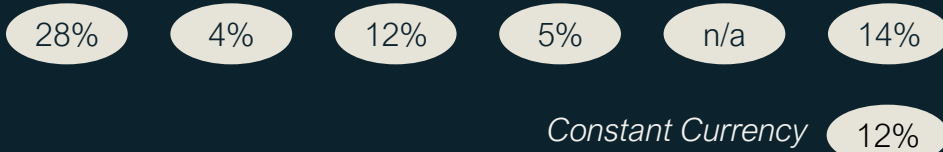
Q3 Gross Profit by business area
NOK million



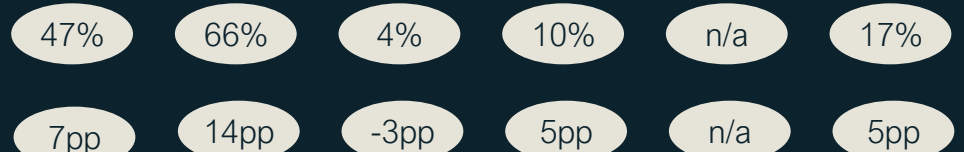
Q3 Adj. EBITDA by business area
NOK million



Growth YoY



EBITDA Margin ¹



Change YoY



¹ Adjusted EBITDA divided by Gross Profit

Profit improvement across all regions

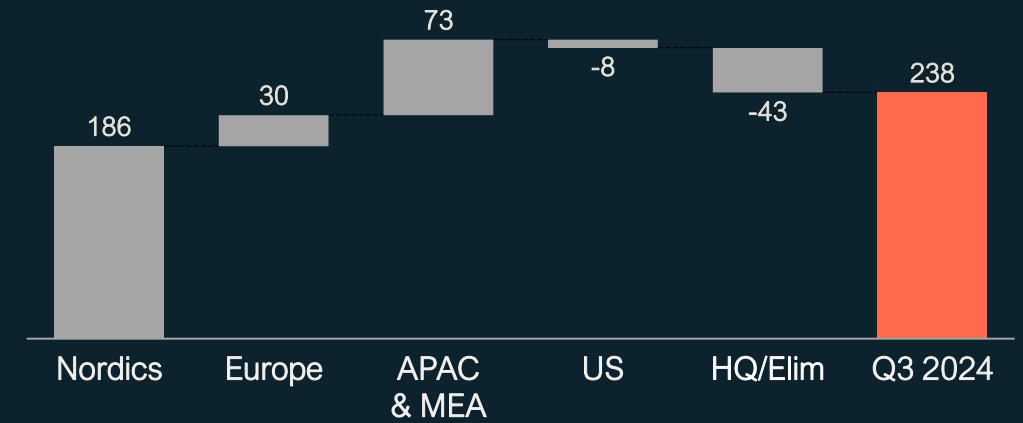
Q3 Gross Profit by market cluster

NOK million

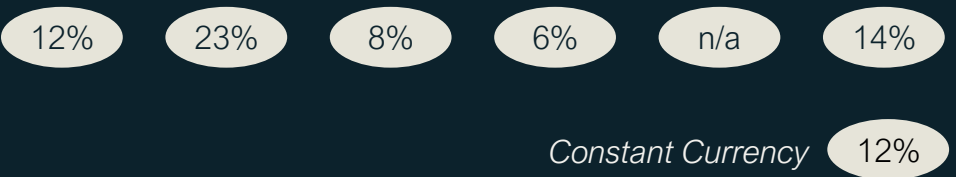


Q3 Adj. EBITDA by market cluster

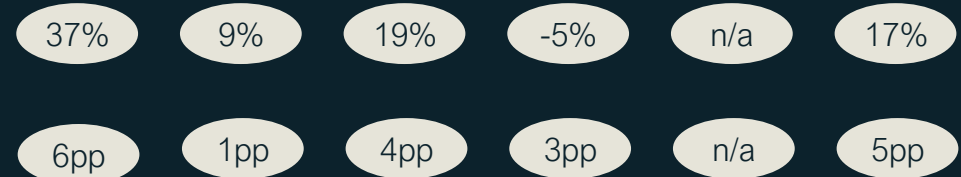
NOK million



Growth YoY



EBITDA Margin ¹



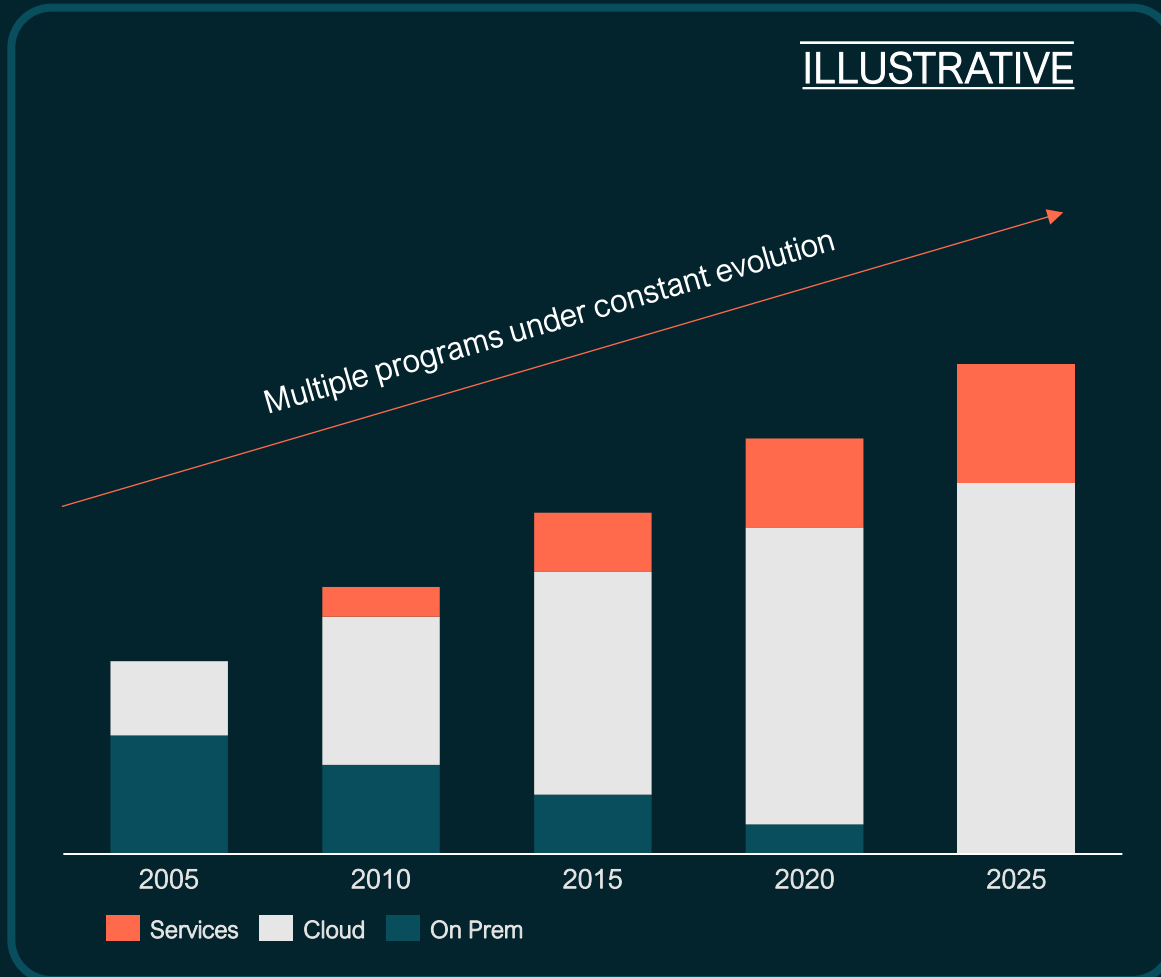
Change YoY



¹ Adjusted EBITDA divided by Gross Profit

MARKET DYNAMICS

Microsoft incentive program continues to support growth



“With the increased demand for AI transformation, supported by copilot, security and cloud migration, **we have increased our partners’ incentives** – both in general and in these areas. Incentives are at a record high and focused more than ever on enabling partners to deliver the business outcomes of our customers in each solution area, customer segment and geography. This move is all about helping our partners innovate and grow in these crucial areas”

- Jeffrey York (Vice President of Global Partner Investments, Global Partner Solutions Microsoft) – October 2024

Background

- Microsoft's incentives programs align with its strategic ambitions
- Current changes emphasize increased focus on cloud consumption and services

Value opportunities for Crayon

- Accelerated shift to consumption-based agreements → Crayon 3rd largest CSP provider globally
- Drive cloud sales and high margin services → Increased service engagements
- Favoring larger global partners → Strengthen competitive position

MARKET DYNAMICS

Deepening the relationship and collaboration with AWS



Crayon signs a **four-year Strategic Collaboration Agreement with AWS**, accelerating cloud adoption and cloud migration for Crayon customers

Crayon signs its **1,250th** customer as it builds its strategic collaboration with AWS in 2024

Crayon joins AWS **Generative AI Partner Innovation Alliance** to Globally Scale Success of its Generative AI Innovation Center

Nine global competencies such as **AWS SaaS competency and Generative AI Competency**

"As generative AI capabilities continue rapidly evolving, ensuring trust and compliance is paramount for enterprise adoption - especially in highly-regulated industries," said Florian Rosenberg, Chief Technology Officer, Crayon Group.

"Through the Partner Innovation Alliance, we'll collaborate closely with AWS to implement rigorous security, risk management and governance frameworks that allow our customers across Europe to confidently and responsibly leverage generative AI's power."



Crayon's image recognition app helped Coca-Cola bottler identify 220,000 spare parts

After PoC and a phased roll-out, Coca-Cola HBC is planning to onboard the app across all its European and African bottling sites by mid-2025, with ROI achievable in under two years



Location: Greece



Industry: Manufacturing

Challenges

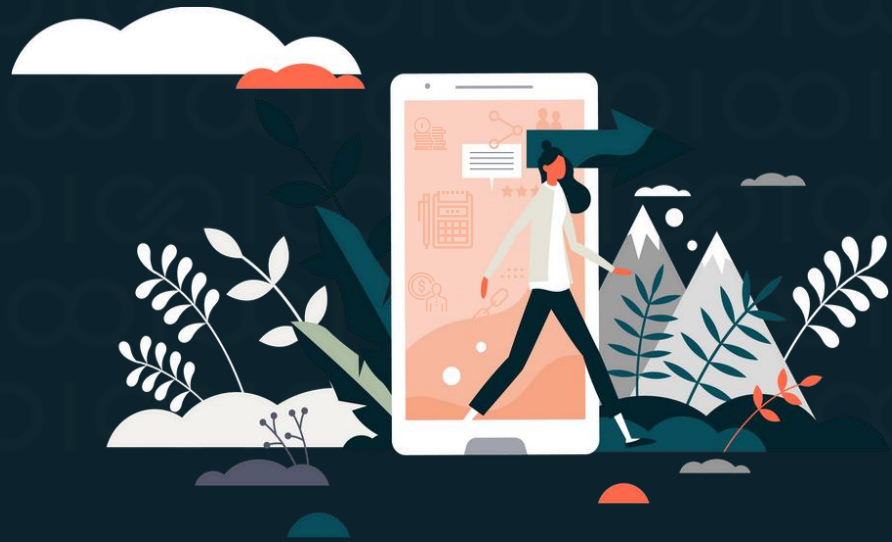
- A huge and geographically extended manufacturing infrastructure using more than 200,000 spare parts
- Technicians spending too much time identifying and sourcing the correct machine part, reducing the production lines' efficiency
- Uncertainty about the willingness of plant technicians to commit to a long process of photographing spare parts

Solution

- RFI to explore vendor capabilities, resulting in the selection of Crayon
- PoC process to explore the feasibility of the approach
- At 97% accuracy for 200 parts, the application was rolled out to eight plants
- Buy-in from plants who are building up a database of photographs
- Goal to onboard all bottling plants in 2025.

Outcomes

- App identifies product SAP number and location(s) where the spare part is in stock
- The process of getting the right spare part into production is greatly speeded up
- App is set to increase production line efficiency, saving Coca-Cola HBC between €150K and €200K a year
- 48 plants onboarded and other departments are looking to leverage the app to change their processes.



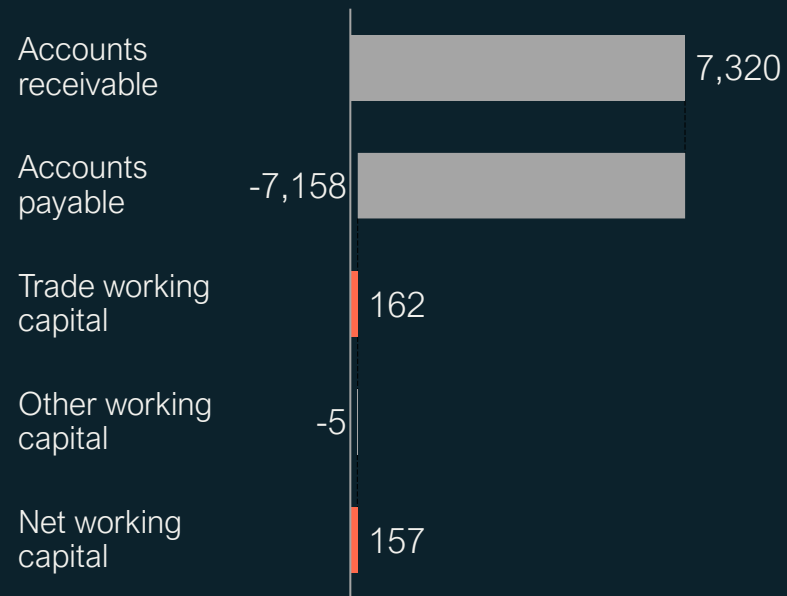
 Crayon

Financial Review

Continued improvement in working capital – outlook upgraded

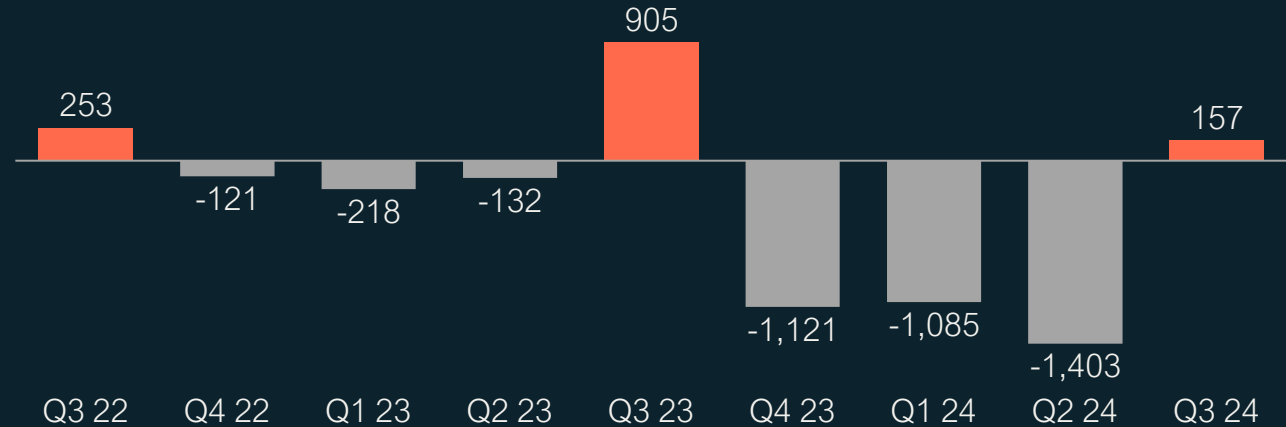
Net working capital Q3 2024

NOK million



Net working capital over time

NOK million



Improved working capital performance year over year

Q3 seasonally low and as expected

Average LTM NWC as share of LTM gross profit -14% end Q324

FY outlook upgraded to -10% to -15%

FINANCIAL REVIEW

Profit and loss – Q3 2024

NOK million	Q3 2024	Q3 2023	2023	2022
Gross Sales	11 508	9 568	49 077	38 761
Revenue	1 621	1 460	6 397	5 200
Cost of sales	-186	-200	-735	-704
Gross profit	1 435	1 260	5 662	4 496
Operating expenses	-1 202	-1 125	-4 917	-3 744
EBITDA	232	135	745	751
Adjustments	6	7	175	88
Adj EBITDA	238	143	919	839
Depreciation and amortization	-85	-66	-302	-334
EBIT	147	69	442	417
Share of profit (loss) from assc.	1	1	0	6
Interest expense	-65	-70	-276	-194
Other financial income/expense	29	-17	-249	-164
Net income before tax	112	-16	-82	65
Tax	-30	3	-77	-42
Net income	82	-13	-159	23
EPS	0.86	0.09	-1,29	0,29
Comprehensive income				
Currency translation	66	-108	189	134
Comprehensive income, net of tax	148	-121	29	157

- EBITDA adjustments include NOK 6m in share-based compensations
- Interest expenses NOK 65m, reduced from NOK 70m in Q323 is driven by lower interest on new bond loan, and offset by increased cash pool interest as a consequence of mitigating FX risk on balance sheet
- Other financial items at NOK 29m, an increase from minus NOK 17m in Q323, driven by exchange rate movements
- Net profit ended at NOK 82m, an improvement of NOK 95m compared to Q323

Balance sheet – Q3 2024

Assets	Sep 30 2024	Sep 30 2023	Equity and liabilities	Sep 30 2024	Sep 30 2023
Goodwill	3 381	3 255	Shareholders' equity	2 899	2 729
Other intangible assets	627	674	Interest bearing liabilities	2 333	1 791
Deferred tax asset	155	287	Deferred tax liabilities	125	234
Equipment	103	98	Lease liabilities	449	437
Right of use assets	515	488	Other non-current liabilities	27	28
Investments in assoc.comp.	44	43	Total non-current liabilities	2 934	2 490
Other non –current assets	163	73	Accounts payable	7 158	5 293
Total non-current assets	4 987	4 917	Income taxes payable	115	75
Inventory	0	21	Public duties	427	550
Accounts receivable	7 320	6 352	Current lease liabilities	110	84
Other current receivables and current assets	2 607	2 187	Other current interest-bearing liabilities	547	1 426
Cash and cash equivalents	1 346	907	Other current liabilities	2 071	1 735
Total current assets	11 273	9 467	Total current liabilities	10 427	9 165
Total assets	16 260	14 384	Total equity and liabilities	16 260	14 384

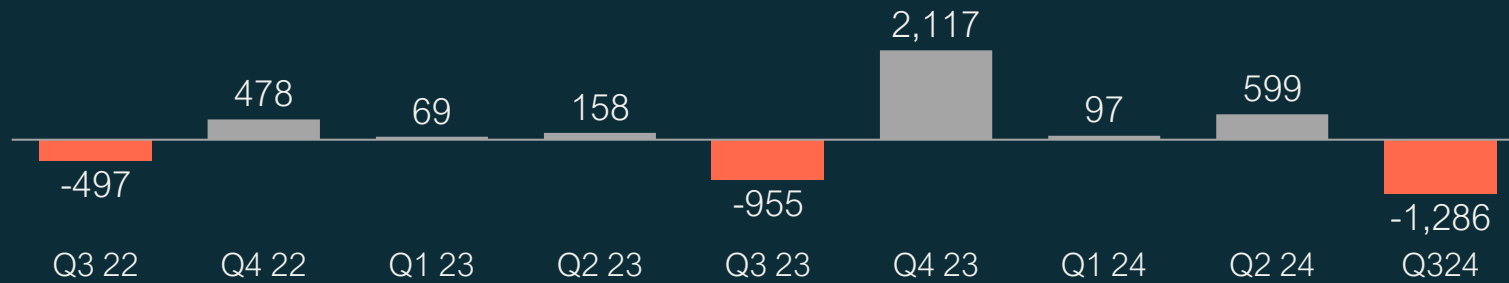
- RCF NOK 1,142m an increase from NOK 500 in Q323, reflects refinancing of bond loan from NOK 1,8bn to NOK 1,2bn completed in April
- Factoring totaled NOK 125m, down from NOK 237 in Q323
- Supplier financing totaled NOK 207m, down from NOK 541m in Q323

FINANCIAL REVIEW

Robust financial position

Cash flow from operating activities

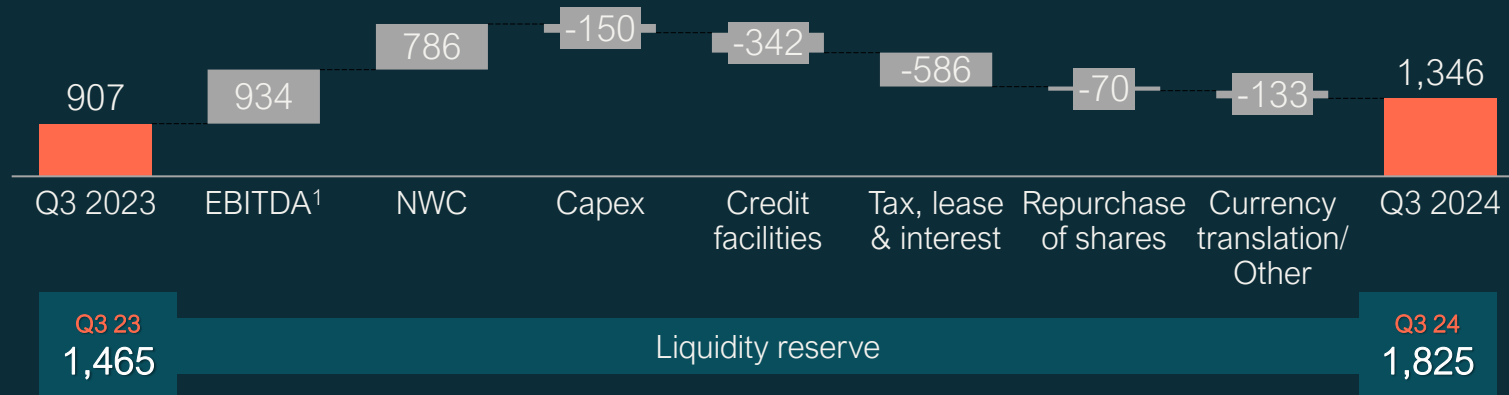
NOK million



Cash flow from operations driven by changes net working capital

LTM cash development

NOK million



Strong cash position and liquidity reserve of NOK 1,825m included undrawn credit facilities

Net debt / EBITDA 1.9x (3.2x)

¹ EBITDA (non-adjusted)

Outlook

	2023	LTM Q3 2024	2024	Medium term	Comment
Gross Profit growth	26%	17.5%	15-17% (18-20%)	~20%	2024 outlook implies organic growth in line with medium-term outlook
Adj. EBITDA margin ¹	16.2%	17.5%	19-20% (18-20%)	Gradual increase to 25%	Continuing growth while also improving profitability
Net working capital ²	-2.6%	-13.8%	-10% to -15% (-5% to -12.5%)	~ -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 takeaways



KEY TAKEAWAYS

Key takeaways



Uniquely positioned for long term sustainable growth



Significant margin potential from scaling international businesses



Continued focus on working capital and cash generation



CRAYON EARNINGS Q3 2024

Q&A

