

] pexip [

Q3 2024

Quarterly Report

Highlights

- Q3 2024 revenue of 228 million, up 6% y-o-y. Pexip's subscription base measured in ARR was USD 109.5 million at the end of Q3 2024, up 10% y-o-y.
- Good development in both business areas with several significant new customer wins in the quarter. Secure and Custom grew 15% year-on-year. Connected Spaces ARR grew 10% year-on-year.
- Good development with the product Connect for Zoom Rooms, which launched in Q2. Connect for Zoom Rooms contributed USD 0.7 million in ARR in Q3 2024, including a Fortune 500 company win.
- EBITDA excluding other gains and losses amounted to NOK 18.1 million, up NOK 7.5 million from the same quarter last year. EBITDA including other gains and losses amounted to NOK 14.6 million, up NOK 9.8 million y-o-y.
- Free cash flow of NOK 7.8 million in the quarter, up NOK 18.0 million compared to Q3 2023, with a cash position of NOK 593.2 million and no material interest-bearing debt exiting Q3 2024.

“We continue to build momentum in both business areas, providing secure video solutions and strengthening our clear position as the interoperability specialist in the industry. I am very excited to see the customer interest in our Connect for Zoom Rooms product, and how the Zoom partnership is opening new opportunities.”



Trond K. Johannessen
Chief Executive Officer

Key Figures

		Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue	<i>NOK million</i>	228.5	214.9	786.0	708.4
Cost of Sale	<i>NOK million</i>	24.8	25.2	78.9	70.9
Salary and Personnell expenses	<i>NOK million</i>	151.0	143.6	476.3	460.2
Other operating expenses	<i>NOK million</i>	34.6	35.4	112.3	123.2
Adjusted EBITDA	<i>NOK million</i>	18.1	10.6	118.6	54.1
Other gains/losses	<i>NOK million</i>	(3.4)	(5.7)	(13.2)	(6.4)
EBITDA	<i>NOK million</i>	14.6	4.9	105.3	47.7
EBITDA-margin	%	6%	2%	13%	7%
Free cash flow	<i>NOK million</i>	7.2	(10.3)	175.4	71.5
Reported profit for the period	<i>NOK million</i>	5.8	(24.2)	58.2	(21.2)
Earnings per share	<i>NOK per share</i>	0.06	-0.24	0.57	-0.21
ARR USD million	<i>USD million</i>	109.5	99.7		
Number of employees end of period	#	286	315		

Operational Review

Q3 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 109.5 million at the end of Q3 2024, representing a year-on-year increase of 9.8% from USD 99.8 million at the end of Q3 2023. Pexip grew its overall ARR base with USD 2.4 million from the end of Q2 2024.

Connected spaces ARR amounted to USD 66.8 million at the end of Q3 2024, up 10% from Q3 2023. The net revenue retention rate, reflecting the percentage of retained revenue from existing customers, was 95% in Q3 2024. Secure and

Custom ARR amounted to USD 41.0 million at the end of Q3 2024, up 15% from Q3 2023. The net revenue retention rate was 100% in Q3 2024. ARR from Pexip as-a-Service was at USD 56.4 million in Q3 2024, up 19% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 53.1 million, up 1% year-on-year while down USD 0.8 million from Q2 2024. This is due to rotation to Pexip's Software-as-a-Service offering. In Q3 Pexip saw good uptake of our FedRAMP Authorized cloud service, delivering a secure interoperability solution to the US Federal government.

Key Wins

Leading global financial institution

A leading global financial institution and a Fortune 500 company bought Pexip's new Connect for Zoom Rooms to connect their ~4,000 Zoom Rooms to Microsoft Teams meetings. They selected the solution because of its ability to deliver a great dual-screen experience, full support for Zoom Room screen sharing and easy user experience.

Fortune 500 Consumer Goods company

Pexip was selected to provide its Connect for Teams solution to a leading global Consumer Goods company and iconic global brand. The customer chose Pexip for its ability to seamlessly integrate various room platforms when joining Microsoft Teams meeting

US Federal government agency

Pexip has won a large contract with a US federal agency, delivering its FedRAMP authorized interoperability solutions for Impact Level 2 Microsoft Teams meetings. Pexip was chosen due to the great user experience, the ability to deliver the service as a FedRAMP authorized cloud service and the ease of administration and management of the solution.

Financial Review

(Figures in brackets = same period prior year or relevant balance sheet date).

Income statement

Q3 2024

Consolidated revenue amounted to NOK 228.5 million in Q3 2024 (NOK 214.9 million in Q3 2023), representing a 6% increase year-on-year. The increase is a result of the ARR increase over the last year, while the higher growth from Pexip-as-a-Service has delayed revenue recognition compared to self-hosted software.

Pexip operates in two main product areas. Pexip self-hosted software, which mainly consists of sales from software licenses and related maintenance contracts, and Pexip as-a-Service, which consists of sales from Pexip's public cloud service. Self-hosted software revenue accounted for NOK 87.7 million in Q3 2024 (NOK 101.2 million, -13%). The decline is due to rotation towards software-as-a-service, as well as a multi-year contract delivered in Q3 2023. Revenue from Pexip as-a-Service was NOK 140.8 million in Q3 2024 (NOK 113.7 million, +24%). Software revenue is mainly recognized at the time of delivery, which leads to variations in revenue recognition across periods and drives seasonal variations of software revenue.

EMEA was the largest sales area with NOK 112.2 million in revenue (NOK 105.0 million, +7%), followed by Americas, accounting for NOK 99.1 million (NOK 97.5 million, +2%), and Asia-Pacific (APAC), accounting for NOK 17.2 million (NOK 12.3 million, 39%).

Cost of sale consists mainly of network, data center and hosting for the Pexip as-a-Service, as well as some 3rd party commissions and software licenses. Cost of sale amounted to NOK 24.8 million in Q3 2024 (NOK 25.2 million), reflecting a gross margin of 89% (88%). The reduction in cost of sale from previous quarters was from a combination of lower usage during the summer as well as received cloud provider rebates.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 151.0 million in Q3 2024 (NOK 143.6 million), which is 66% of the quarterly revenue (67%). The increase is mostly related to higher share option cost accruals related to the share price appreciation in the quarter as well as higher variable salary achievement, while

fixed salary cost is reduced. Pexip had 286 employees employed at the end of Q3 2024 (315).

Other operating expenses amounted to NOK 34.6 million (NOK 35.4 million), which reflects a level of 15% of the quarterly revenue (16%). The reduction is due to the cost-cutting initiatives, in particular on external consultants.

Other gains and losses amounted to a loss of NOK 3.4 million (NOK 5.7 million). The costs in Q3 2024 are mainly related to the termination of employees in order to secure long-term cost reductions by reducing the number of middle management and overhead roles.

Earnings before interest, tax, depreciation, and amortization (EBITDA) excluding Other gains and losses was NOK 18.1 million (NOK 10.6 million), up NOK 7.5 million from Q3 2023, reflecting a 8% margin (5%). This includes share option related costs of NOK 16 million, up NOK 8 million from Q3 2023 due to increase in share price during Q3 2023. EBITDA including other gains and losses amounted to NOK 14.6 million in Q3 2024 (NOK 4.9 million), reflecting a 6% EBITDA margin (2%).

Depreciation and amortization costs were NOK 18.6 million in Q3 2024 (NOK 27.1 million). The reduction is a result of lower depreciation of intangible assets and lower right of use depreciation related to leasing.

Net financial income was NOK 13.0 million (loss of NOK 3.2 million). Pexip had financial income of NOK 6.6 million related to interest on cash holdings (NOK 4.7 million), while the net impact of foreign exchange differences gave a gain of NOK 7.0 million (loss of NOK 7.3 million).

Profit before tax was NOK 9.0 million (loss of NOK 25.4 million). Profit after tax was NOK 5.8 million (loss of NOK 24.2 million).

First three quarters of 2024

Consolidated revenue amounted to NOK 786.0 million year-to-date 2024 (NOK 708.4 million same period in 2023), representing a 11% increase year-on-year. The increase is a result of the ARR increase

over the last year. EMEA was the largest sales area with NOK 369.6 million in revenue (NOK 340.7 million, +8%), followed by Americas, accounting for NOK 352.1 million (NOK 309.0 million, +14%), and Asia-Pacific (APAC), accounting for NOK 64.4 million (NOK 58.8 million, +10%).

Pexip-as-a-Service revenue accounted for NOK 400.7 million year-to-date 2024 (NOK 340.8 million, +18%). Revenue from self-hosted software was NOK 385.3 million year-to-date 2024 (NOK 367.6 million, +5%). Software revenue is mainly recognized at the time of delivery, which leads to variations in revenue recognition across periods and drives seasonal variations of software revenue.

Cost of sale consists mainly of network, data center and hosting for the Pexip as-a-Service, as well as some 3rd party commissions and software licenses. Cost of sale amounted to NOK 78.9 million year-to-date 2024 (NOK 70.9 million), reflecting a gross margin of 90% (90%).

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 476.3 million year-to-date 2024 (NOK 460.2 million), which is 61% of revenue (65%).

Other operating expenses amounted to NOK 112.3 million (NOK 123.2 million), which reflects a level of 14% of the revenue (17%). The reduction is due to the cost-cutting initiatives and the effects were realized across multiple cost categories, in particular on external consultants.

Other gains and losses amounted to a loss of NOK 13.2 million (NOK 6.4 million). The costs in 2024 are mainly related to the termination of employees in order to secure long-term cost reductions.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to NOK 105.3 million year-to-date 2024 (NOK 47.7 million), reflecting a 13% EBITDA margin (7%). EBITDA adjusted for Other gains and losses was NOK 118.5 million (NOK 54.1 million), reflecting a 15% margin (8%).

Depreciation and amortization costs were NOK 58.0 million year-to-date 2024 (NOK 99.1 million). The reduction is a result of lower depreciation of intangible assets, lower right of use depreciation related to leasing as well as a one-off depreciation cost in 2023.

Net financial income was NOK 34.5 million (NOK 32.8 million). Pexip had financial income of NOK 19.6 million related to interest on cash holdings (NOK 11.8 million), while the net impact of foreign exchange differences gave a gain NOK 17.2 million (gain of NOK 23.1 million). **Profit before tax** was NOK 81.9 million (negative NOK

18.6 million). Profit after tax was NOK 58.2 million (loss of NOK 21.2 million).

Financial position

Pexip continues to have a very robust financial position as the company has a solid cash buffer, no material interest bearing debt and a positive cash flow. **Total assets** amounted to NOK 2,024 million (NOK 2,021 million at the end of Q4 2023), and **total equity** amounted to NOK 1,530 million (NOK 1,555 million at the end of Q4 2023).

Current assets amounted to NOK 792 million (NOK 769 million at the end of Q4 2023). **Cash and cash equivalents** increased to NOK 593 million (NOK 523 million at the end of Q4 2023). **Trade and other receivables** decreased to NOK 163 million (NOK 184 million at the end of Q4 2023), while **Contract Assets** decreased to NOK 18 million (NOK 39 million at the end of Q4 2023).

Non-current assets amounted to NOK 1,232 million (NOK 1,252 million at the end of Q4 2023). **Contract costs** increased to NOK 311 million (NOK 299 million at the end of Q4 2023), mostly related to foreign exchange differences in the subsidiary companies.

Total liabilities were at NOK 494 million (NOK 466 million at the end of Q4 2023), with the increase being related to contract liabilities from pre-paid software and SaaS contracts. NOK 2 million are borrowings (NOK 2 million at the end of Q4 2023).

Current liabilities increased to NOK 426 million (NOK 405 million at the end of Q4 2023).

Non-current liabilities amounted to NOK 67 million (NOK 61 million at the end of Q4 2023).

Cash flow

Q3 2024

Net cash flow from operating activities was NOK 21.4 million in Q3 2024 (negative NOK 1.7 million in Q3 2023) compared to an EBITDA of NOK 18.1 million.

Cash flow from investing activities was negative NOK 11.0 million for Q3 2024 (negative NOK 3.4 million). The main driver is investments in own software development, while Pexip also received tax credits related to R&D investments of NOK 5 million in Q3 2023 which are expected in Q4 2024.

Cash flow from financing activities was negative NOK 4.0 million for Q3 2024 (negative NOK 6.4 million). The main cash outflow was related to lease payments for office space.

In total, Pexip had a net cash flow of NOK 6.5 million

for Q3 2024 (negative NOK 11.5 million). In addition, there was an exchange gain of NOK 0.2 million (negative NOK 1.9 million), resulting in a net change in cash of NOK 6.7 million (negative NOK 13.4 million).

Year to date

Net cash flow from operating activities was NOK 212.6 million year to date 2024 (NOK 127.2 million year to date in 2023), mainly benefiting from higher profits before tax.

Cash flow from investing activities was negative NOK 26.9 million year to date 2024 (negative NOK 38.7 million). The main reduction is from a purchase of a service provider portfolio in 2023.

Cash flow from financing activities was negative NOK 123.9 million year to date 2024 (negative NOK 21.2 million). The main cash outflow was related to the dividend of NOK 111.7 million.

In total, Pexip had a net cash flow of NOK 61.8 million year to date 2024 (NOK 67.3 million). In addition, there was an exchange gain of NOK 8.7 million (NOK 7.7 million), resulting in a net change in cash of NOK 70.5 million (positive NOK 75.0 million).

Subsequent events

There were no subsequent events after September 30, 2024.

Risk and uncertainty

Risk management in Pexip is based on the principle that risk evaluation is an integral part of all business activities and is a part of the annual strategy review. Pexip has developed its approach to risk assessment and risk mitigation within financial reporting and information security, where Pexip holds ISO 27001 and 27701 certifications as external recognition of its approach.

Pexip is exposed to several risk factors related to operational and market activities, customer relationships and third parties, laws, regulations, and compliance, financial and market, among others. The Risk and Risk Management section in the 2023 Annual Report contains detailed descriptions and mitigating actions.

Pexip has not identified any further significant risk exposures beyond the ones described in the 2023 Annual Report.

Outlook

Pexip believes that the market for enterprise-grade video communication will continue to increase due to the increased adoption and usage of video

communication, and increased awareness of sustainability. Pexip has unique video technology with capabilities within security, interoperability, and flexible deployments. This makes the company well-positioned as enterprises and public sector organizations continue to adopt hybrid working models. Furthermore, Pexip believes in the increased use of video in organizations' workflows with their clients/customers, creating additional new and significant market opportunities. In particular, the use of video for mission-critical, high-security meetings has increased. This is the foundation of the focused strategy Pexip is executing, pursuing market-leading positions in Secure and Custom Video and Connected Spaces.

Pexip's financial targets from 2025 are to consistently deliver above 10% growth in annual recurring revenues and have an EBITDA margin above 20% with a high cash conversion. The company aims to do this by focusing on niches where Pexip has a unique competitive advantage and a path to become the clear market leader. For 2024 our outlook is to deliver 8-11% ARR growth and 17-20% EBITDA margin.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties, and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this section. Readers are cautioned not to put undue reliance on forward-looking statements.

SIGNATURE PAGE

Board of Directors

Oslo, November 6, 2024

Board of Directors and CEO of Pexip Holding ASA



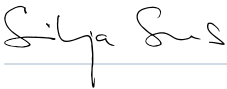
Kjell Skappel
Chair of the Board



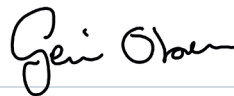
Irene Kristiansen
Board Member



Phillip Austern
Board Member



Silvija Seres
Board Member



Geir Langfeldt Olsen
Board Member



Trond K. Johannessen
CEO

Consolidated Statement of Profit or Loss

	Notes	Third Quarter		Year-to-date	
(NOK 1.000)		Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue	3	228 482	214 858	786 042	708 425
Cost of sale		24 782	25 185	78 890	70 885
Salary and personnel expenses		151 018	143 647	476 278	460 233
Other operating expenses		34 598	35 443	112 320	123 223
Other gains and losses		3 441	5 711	13 226	6 376
EBITDA		14 643	4 872	105 328	47 708
Depreciation and amortization		18 628	27 127	57 973	99 113
Operating profit or loss		-3 986	-22 255	47 355	-51 405
Financial income		6 631	4 739	19 644	11 772
Financial expenses		-639	-600	-2 359	-1 994
Net gain and loss on foreign exchange differences		6 997	-7 317	17 237	23 054
Financial income/(expenses) - net		12 989	-3 178	34 521	32 832
Profit or loss before income tax		9 003	-25 433	81 876	-18 573
Income tax expense		3 208	-1 247	23 641	2 657
Profit or loss for the year		5 795	-24 186	58 235	-21 230
Profit or loss is attributable to:					
Owners of Pexip Holding ASA		5 795	-24 186	58 235	-21 230
Earnings per share					
Basic earnings per share		0.06	-0.24	0.57	-0.21
Diluted earnings per share		0.06	-0.24	0.56	-0.21

Consolidated Statement of Comprehensive Income

(NOK 1.000)	Third Quarter		Year-to-date	
	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Profit or loss for the year	5 795	-24 186	58 235	-21 230
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	7 694	12 580	7 694	12 580
Total comprehensive income for the year	13 489	-11 606	65 929	-8 650
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	13 489	-11 606	65 929	-8 650

Consolidated Statement of Financial Position

(NOK 1.000)	Notes	09/30/2024	12/31/2023
ASSETS			
Non-current assets			
Property, plant and equipment		8 790	11 580
Right-of-use assets		42 299	42 730
Goodwill		598 998	598 998
Other intangible assets		107 656	125 516
Deferred tax asset		156 479	170 629
Contract costs	4	311 028	299 000
Receivables		551	1 163
Other assets		6 432	2 109
Total non-current assets		1 232 232	1 251 725
Current assets			
Trade and other receivables		162 760	183 716
Contract assets		17 899	39 210
Other current assets		17 877	23 716
Cash and cash equivalents		593 228	522 692
Total current assets		791 764	769 335
TOTAL ASSETS		2 023 997	2 021 059
EQUITY AND LIABILITIES			
Equity			
Total equity		1 530 288	1 554 823
Non-current liabilities			
Borrowings		1 740	2 190
Lease liabilities		29 773	31 427
Deferred tax liabilities		35 700	27 193
Other payables		19	69
Total non-current liabilities		67 232	60 879
Current liabilities			
Trade and other payables		119 913	130 374
Contract liabilities		288 333	255 258
Current tax liabilities		-518	3 525
Borrowings		42	132
Lease liabilities		18 708	16 069
Total current liabilities		426 477	405 357
Total liabilities		493 709	466 238
TOTAL EQUITY AND LIABILITIES		2 023 997	2 021 059

Consolidated Statement of Changes in Equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at January 1, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the year					-79 786	-79 786
Other comprehensive income for the year				7 113		7 113
Total comprehensive income for the year				7 113	-79 786	-72 672
Buy/sell treasury share	3		106			109
Share-based payments			30 815			30 815
Balance at December 31, 2023	1 523	2 115 938	56 186	14 977	-633 803	1 554 823
Balance at January 1, 2024	1 523	2 115 938	56 186	14 977	-633 803	1 554 823
Profit or loss for the period					58 235	58 235
Other comprehensive income for the year				7 694		7 694
Total comprehensive income for the year				7 694	58 235	65 929
Capital increase/share issue						
Buy/sell treasury share	4					4
Dividend paid to company's shareholders		-111 745				-111 745
Share-based payments			21 278			21 278
Balance at September 30, 2024	1 527	2 004 193	77 464	22 671	-575 569	1 530 288
Balance at January 1, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the period					-21 230	-21 230
Other comprehensive income for the year				12 580		12 580
Total comprehensive income for the year				12 580	-21 230	-8 650
Capital increase/share issue	-3		111			109
By/sell treasury share						
Share-based payments			24 087			24 087
Balance at September 30, 2023	1 518	2 115 938	49 464	20 443	-575 248	1 612 117

Consolidated Statement of Cash Flows

	Third Quarter		Year-to-date	
(NOK 1.000)	Q3 2024	Q3 2023	09/30/2024	09/31/2023
Cash flow from operating activities				
Profit or loss before income tax	9 003	-25 433	81 876	-18 573
<i>Adjustments for</i>				
Depreciation, amortization and net impairment losses	18 628	27 127	57 973	99 113
Non-cash - share based payments	6 667	7 606	20 673	25 615
Interest income/expenses - net	-6 112	-3 976	-17 355	-9 634
Net exchange differences	-5 190	-8 080	-12 027	-4 038
Other adjustments	-1 108	-35	2 698	-791
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-1 980	7 155	46 386	68 619
Change in trade, other payables and contract liabilities	-1 773	-9 741	18 632	-38 169
Interest received	6 738	4 553	19 682	11 586
Income taxes paid/refunded	-3 446	-897	-5 941	-6 501
Net cash inflow/outflow from operating activities	21 427	-1 720	212 597	127 227
Cash flow from investing activities				
Payment for property, plant and equipment	-1 135	-349	-3 341	-15 044
Payment of software development cost	-10 640	-3 035	-24 640	-23 667
Proceeds from sale of property, plant and equipment	823		1 078	
Net cash inflow/outflow from investing activities	-10 952	-3 384	-26 903	-38 711
Cash flow from financing activities				
Dividend paid to company's shareholder			-111 745	
Proceeds from borrowings			301	
Repayment of borrowings	-22	-631	-417	-2 272
Principal element of lease payments	-3 305	-5 160	-10 324	-16 972
Interest paid	-626	-577	-2 327	-1 952
Sale/(purchase) of treasury shares			609	
Net cash inflow/outflow from financing activities	-3 953	-6 368	-123 904	-21 196
Net increase/(decrease) in cash and cash equivalents	6 522	-11 471	61 791	67 321
Cash and cash equivalents start of the period	586 506	507 706	522 692	419 306
Effects of exchange rate changes on cash and cash equivalents	200	-1 886	8 746	7 723
Cash and cash equivalents end of the period	593 228	494 349	593 228	494 349

Note 1 - General

Pexip Holding ASA is the parent company of the Pexip Group. The Group includes the parent company Pexip Holding ASA and its wholly owned subsidiary Pexip AS, which have the wholly owned subsidiaries Pexip Inc, Pexip Ltd, Pexip Australia Pty Ltd, Pexip Japan GK, Pexip Singapore Pte Ltd, Pexip Germany GmbH, Pexip France SAS, Pexip Netherlands B.V, Pexip Belgium NV, Pexip Italy S.R.L, Pexip Spain SL and Videxio Asia Pacific Ltd. The Group`s head office is located at Lilleakerveien 2a, 0283 OSLO, Norway. Pexip Holding ASA is listed on the Oslo Stock Exchange (Norway) under the ticker PEXIP.

The consolidated condensed interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as of September 30, 2024, authorised for issue by the board of directors on November 7, 2024.

The condensed interim financial statements are unaudited.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months ending on September 30, 2024, have been prepared according to IAS 34 Interim Financial reporting. This quarterly report does not include the complete set of accounting principles and disclosures and should be read in conjunction with the Annual Financial Statement for 2023. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2023. The Group has not early adopted any new standards, interpretations or amendments issued but not yet effective.

Rounding differences may occur.

Note 3 - Segment reporting

(NOK 1.000)

The Group has one segment, sale of collaboration services. The market for Pexip's software and services is global. The chief decision maker will therefore follow up revenue and profitability on a global basis. This is consistent with the internal reporting submitted to the chief operating decision maker, defined as the Management Group. The Management Group is responsible for allocating resources and assessing performance as well as making strategic decisions.

Principles of revenue recognition are stated in accounting principles to consolidated financial statements, *section 2.3.5 Revenue from contracts with customers*.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary service line, geography and timing of revenue recognition. In presenting the geographic information, revenue has been based on the geographic location of customers.

Third quarter 2024

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	71 649	59 988	9 121	140 759
Self-hosted Software	40 560	39 090	8 073	87 723
Total revenue	112 209	99 078	17 194	228 482

Third quarter 2023

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	61 992	46 621	5 092	113 705
Self-hosted Software	42 975	50 923	7 254	101 152
Total revenue	104 967	97 544	12 346	214 857

Full year (YTD) 2024

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	198 021	177 316	25 396	400 733
Self-hosted Software	171 531	174 773	39 005	385 309
Total revenue	369 552	352 090	64 400	786 042

Full year (YTD) 2023

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	188 152	131 793	20 884	340 829
Self-hosted Software	152 528	177 186	37 882	367 596
Total revenue	340 681	308 979	58 766	708 425

	Third quarter 2024	Third quarter 2023
Timing of revenue recognition		
Products and services transferred at a point in time	65 606	73 590
Products and services transferred over time	162 877	141 267
Total revenue	228 482	214 857

	Year to date 2024	Year to date 2023
Timing of revenue recognition		
Products and services transferred at a point in time	303 904	279 081
Products and services transferred over time	482 139	429 344
Total revenue	786 042	708 425

¹⁾ Europe, Middle East and Africa

²⁾ Asia Pacific (East and South Asia, Southeast Asia and Oceania)

Information about major customers

The Group conducts its sales through channel partners. No channel partner represents more than 10% of the Group's revenue. Of the Group's total channel partner base as of September 30, 2024, the five largest represent approximately 23% (30% in Q3 2023) of total revenue in Q3 2024, and the ten largest represent about 38% (44% in Q3 2023) of total revenue. Of the Group's total channel partner base per end of Q3 2024, the five largest represent approximately 25% of total revenue (24% per Q3 2023), and the ten largest represent approximately 41% (36% per Q3 2023).

Non-current assets

The following geographic information of non-current assets is based on the geographic location of the assets.

	9/30/2024	9/30/2023
Norway	193 318	234 553
Europe (other than Norway)	107 999	117 001
Americas	135 642	123 687
APAC	32 815	30 791
Total non-current operating assets	469 773	506 032

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, other intangible assets and contract costs.

Note 4 - Contract costs

(NOK 1.000)

The increase of contract costs in Q3 relates to net additions of million NOK 3.7 and changes in foreign currencies in foreign operations of million NOK 2.7. Total commission costs activated in the third quarter in 2024 was 27.9 million NOK (18.9 million NOK in 2023). Depreciated cost in the quarter was 24.2 compared to 21.5 in Q3 2023, which is mostly reflected in salary and personell expenses.

Contract costs Q3 movements	2024	2023
Balance at July 1	304 608	303 984
Additions	27 917	18 850
Depreciated during the period	-24 203	-21 468
Translation differences	2 706	-5 347
Balance at September 30	311 028	296 019

Contract costs YTD movements	2024	2023
Balance at January 1	299 000	285 968
Additions	72 686	59 200
Depreciated during the period	-71 462	-62 596
Translation differences	10 805	13 446
Balance at September 30	311 028	296 019

Appendix — Alternative Performance Measures (APMs)

The Group uses the following terms in the definition of APMs in this Report:

EBITDA: Profit/(loss) for the period before net financial items, income tax expense, depreciation, and amortization.

Adjusted EBITDA: EBITDA adjusted for cost that are not related to the ordinary business and that are non-recurring costs.

EBITDA-margin: EBITDA in the percentage of revenue.

Share of recurring revenues: Recurring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licences, perpetual software licences and project-based professional services, such as customer-specific proof-of-concept projects or installation projects, are considered non-recurring.

Free cash flow: The sum of operating cash flow, investing cash flow and principal lease payments. This represents the free cash flow from the business, excluding potential equity or debt financing cash flows as well as potential cash flows related to company acquisitions/divestitures.

Contracted Annual Recurring Revenue (ARR): Annualized sales from all active subscriptions/contracts and ordered subscriptions with a future start date where the subscription is time-limited and recurring in nature.

This corresponds to Pexip's order backlog.

Gross Margin: Revenue after the cost of goods sold in the percentage of revenue.

Delta Annual Recurring Revenue (DARR): The difference in ARR from one quarter to another.

Net Revenue Retention (NRR) Rate is the percentage of annual recurring revenue retained from customers' existing in the prior year, including upsell, downsell and total churn.

] pexip [

Lilleakerveien 2A, 0283 Oslo, Norway
www.pexip.com