

] pexip [

Q4 2024

Quarterly Report

Highlights

- Q4 2024 revenue of NOK 333 million, up 17% y-o-y. Pexip's subscription base measured in ARR was USD 113.1 million at the end of Q4 2024, up 10% y-o-y.
- Good development in both business areas with several significant new customer wins in the quarter. Secure and Custom ARR grew 24% year-on-year. Connected Spaces ARR grew 5% year-on-year.
- Good development with the product Connect for Zoom Rooms, which launched in Q2. Connect for Zoom Rooms contributed USD 0.5 million in ARR in Q4 2024, including another large Fortune 500 company win.
- EBITDA excluding other gains and losses amounted to NOK 88.2 million, up from NOK 59.2 million in the same quarter last year. EBITDA including other gains and losses amounted to NOK 85.5 million, up from NOK 54.6 million in the same quarter last year.
- Free cash flow of NOK 21.1 million in the quarter, down from NOK 33.1 million in Q4 2023, with a cash and money market fund position of NOK 628.2 million and no material interest-bearing debt exiting Q4 2024.
- Proposed dividend for 2024 of NOK 2.5 per share, consisting of NOK 2.0 in ordinary dividend (103% of 2024 free cash flow) and NOK 0.5 million in extraordinary dividend.

“2024 has delivered a clear step-change in performance, reaping the results of the strategy Pexip has executed on since 2022. We continue to build momentum in both business areas and are well on our way to build global leadership positions in the markets we operate in. Based on this we are launching a new long-term financial ambition to reach Rule of 40 performance.”



Trond K. Johannessen
Chief Executive Officer

Key Figures

		Q4 2024	Q4 2023	FY 2024	FY 2023
Revenue	NOK million	332.5	285.2	1,118.6	993.6
Cost of Sale	NOK million	26.2	28.1	105.1	99.0
Salary and Personnell expenses	NOK million	177.7	161.2	654.0	621.4
Other operating expenses	NOK million	40.5	36.7	152.8	159.9
Adjusted EBITDA	NOK million	88.2	59.2	206.7	113.3
Other gains/losses	NOK million	(2.7)	(4.5)	(15.9)	(10.9)
EBITDA	NOK million	85.5	54.6	190.8	102.4
EBITDA-margin	%	26%	19%	17%	10%
Free cash flow	NOK million	21.1	33.1	197.1	104.6
Reported profit for the period	NOK million	59.7	(58.6)	117.9	(79.8)
Earnings per share	NOK per share	0.59	-0.58	1.16	-0.79
ARR USD million. end of period	USD million	113.1	102.8		
Number of employees end of period	#	282	304		

Operational Review

Q4 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 113.1 million at the end of Q4 2024, representing a year-on-year increase of 10% from USD 102.8 million at the end of Q4 2023. Pexip grew its overall ARR base with USD 3.5 million from the end of Q3 2024.

Connected spaces ARR amounted to USD 66.4 million at the end of Q4 2024, up 5% from Q4

2023. The net revenue retention rate, reflecting the percentage of retained revenue from existing customers, was 96% in Q4 2024. Secure and Custom ARR amounted to USD 44.9 million at the end of Q4 2024, up 24% from Q4 2023. The net revenue retention rate was 106% in Q4 2024. ARR from Pexip as-a-Service was at USD 56.6 million in Q4 2024, up 16% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 56.5 million, up 5% year-on-year.

Key Wins

Leading financial institution

A leading US 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.

Nordic Public agency

Pexip was selected to provide its Secure Meetings product for a major Nordic public agency. The customer chose Pexip for its ability to deliver a modern video collaboration experience while maintaining full sovereign control of the solution and any data related to the solution.

European Armed Forces

Pexip had a significant ARR increase from one of its Armed Forces customers. The customer is expanding the use of video from mostly administrative meetings to tactical in-field use and chose Pexip for the flexibility and robustness of the solution, as well as the ability to operate the solution in a completely air gapped environment.

Financial Review

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

Income statement

Q4 2024

Consolidated revenue amounted to NOK 332.5 million in Q4 2024 (NOK 285.2 million in Q4 2023), representing a 17% increase year-on-year. The increase is a result of the ARR increase over the last year, as well as a high share of the ARR growth in Q4 from Software subscriptions.

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 188.0 million in Q4 2024 (NOK 167.3 million, +12%). The increase is due to increased sales. Revenue from Pexip as-a-Service was NOK 144.5 million in Q4 2024 (NOK 117.8 million, +23%).

EMEA was the largest sales area with NOK 184.2 million in revenue (NOK 154.8 million, +19%), followed by Americas, accounting for NOK 130.0 million (NOK 114.3 million, +14%), and Asia-Pacific (APAC), accounting for NOK 18.3 million (NOK 16.1 million, 14%).

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 26.2 million in Q4 2024 (NOK 28.1 million), reflecting a gross margin of 92% (90%). The reduction in cost of sale year-on-year is mostly related from operational efficiency gains in the Pexip software-as-a-service cloud achieved despite traffic and revenue growth.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 177.7 million in Q4 2024 (NOK 161.2 million), which is 53% of the quarterly revenue (57%). The increase is mostly related to higher variable salary costs due to full-year bonuses (NOK 10.8 million higher y-o-y) and a reduction in capitalization of own R&D compared to Q4 2023 (NOK 4.8 million lower y-o-y). Pexip had 282 employees employed at the end of Q4 2024 (304).

Other operating expenses amounted to NOK 40.5 million (NOK 36.7 million), which reflects a level of 12% of the quarterly revenue (13%). The increase is related to higher marketing expenses as well as higher internal IT costs.

Other gains and losses amounted to a loss of NOK 2.7 million (NOK 4.5 million). The costs in Q4 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 financial items, tax, depreciation, amortization and impairment (EBITDA) excluding Other gains and losses was NOK 88.2 million (NOK 59.2 million), up NOK 29.0 million from Q4 2023, reflecting a 27% margin (21%). EBITDA including other gains and losses amounted to NOK 85.5 million in Q4 2024 (NOK 54.6 million), reflecting a 26% EBITDA margin (19%).

Depreciation and amortization costs were NOK 20.1 million in Q4 2024 (NOK 27.3 million). The reduction is a result of lower depreciation of intangible assets and lower right of use depreciation related to leasing. Impairment costs were NOK 3.1 million in Q4 2024 (NOK 72.7 million) from impairment of the remaining right-of-use asset of the old UK office.

Net financial income was NOK 20.1 million (NOK 0.4 million). Pexip had financial income of NOK 9.0 million related to interest on cash holdings (NOK 7.4 million), while the net impact of foreign exchange differences gave a gain of NOK 12.1 million (loss of NOK 6.3 million).

Profit before tax was NOK 82.3 million (loss of NOK 45.0 million). Profit after tax was NOK 59.7 million (loss of NOK 58.6 million).

Full Year 2024

Consolidated revenue amounted to NOK 1,118.6 million in 2024 (NOK 993.6 million in 2023), representing a 13% 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

567.0 million in revenue (NOK 501.5 million, +13%), followed by Americas, accounting for NOK 468.7 million (NOK 416.5 million, +13%), and Asia-Pacific (APAC), accounting for NOK 82.8 million (NOK 75.6 million, +10%).

Pexip-as-a-Service revenue accounted for NOK 545.2 million in 2024 (NOK 458.7 million, +19%). Revenue from self-hosted software was NOK 573.3 million in 2024 (NOK 534.9 million, +7%).

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 105.1 million in 2024 (NOK 99.0 million), reflecting a gross margin of 91% (90%).

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 654.0 million in 2024 (NOK 621.4 million), which is 58% of revenue (63%).

Other operating expenses amounted to NOK 152.8 million (NOK 159.9 million), which reflects a level of 14% of the revenue (16%). 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 15.9 million (NOK 10.9 million). The costs in 2024 are mainly related to the termination of employees in order to secure long-term cost reductions.

Earnings before financial items, tax, depreciation, amortization and impairment (EBITDA) amounted to NOK 190.8 million for 2024 (NOK 102.4 million), reflecting a 17% EBITDA margin (10%). EBITDA adjusted for Other gains and losses was NOK 206.7 million (NOK 113.3 million), reflecting a 18% margin (11%).

Depreciation and amortization costs were NOK 78.1 million for 2024 (NOK 126.4 million). The reduction is a result of lower depreciation of intangible assets, lower right of use depreciation related to leasing.

Impairment costs were NOK 3.1 million in 2024 (NOK 72.7 million).

Net financial income was NOK 54.6 million (NOK 33.2 million). Pexip had financial income of NOK 28.7

million related to interest on cash and money market funds (NOK 19.2 million), while the net impact of foreign exchange differences gave a gain NOK 29.4 million (gain of NOK 16.7 million).

Profit before tax was NOK 164.2 million (negative NOK 63.5 million). Profit after tax was NOK 117.9 million (loss of NOK 79.8 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 2,225 million (NOK 2,021 million at the end of Q4 2023), and **total equity** amounted to NOK 1,608 million (NOK 1,555 million at the end of Q4 2023).

Current assets amounted to NOK 988 million (NOK 769 million at the end of Q4 2023). **Cash and cash equivalents.** The Company's holdings of money market funds have been reclassified from cash equivalents to financial investments during Q4 2024. Combined cash and money market funds increased to NOK 628 million (NOK 523 million), with a cash balance of NOK 422 million and financial assets (money market funds) of NOK 206 million at the end of Q4 2024. **Trade and other receivables** increased to NOK 333 million (NOK 184 million at the end of Q4 2023), while **Contract Assets** decreased to NOK 7 million (NOK 39 million at the end of Q4 2023).

Non-current assets amounted to NOK 1,237 million (NOK 1,252 million at the end of Q4 2023). **Contract costs** increased to NOK 325 million (NOK 299 million at the end of Q4 2023), with NOK 5 million from higher additions and NOK 21 million from foreign exchange translation differences in the subsidiary companies.

Total liabilities were at NOK 617 million (NOK 466 million at the end of Q4 2023). NOK 2 million are borrowings (NOK 2 million at the end of Q4 2023).

Current liabilities increased to NOK 532 million (NOK 405 million at the end of Q4 2023), with the increase being mainly related to increased contract liabilities from pre-paid software and SaaS contracts as well as a smaller impact of increased trade payables.

Non-current liabilities amounted to NOK 85 million (NOK 61 million at the end of Q4 2023). The increase

is related to increased lease liabilities from a new long-term lease of Pexip's UK office.

Cash flow

Q4 2024

In Q4 2024 Pexip re-classified its money market funds from cash equivalents to financial investments. This has an impact on the cash flow statement for Q4, where the full fair value adjustment for 2024 is recognized in Q4 2024 reducing operating cash flow. This has previously been considered an increase in cash equivalents equal to interest income.

Net cash flow from operating activities was NOK 31.9 million in Q4 2024 (NOK 50.4 million in Q4 2023) compared to an EBITDA of NOK 85.5 million. In addition, the Company had a positive fair value adjustment on its money market funds of NOK 6.1 million.

Cash flow from investing activities was negative NOK 13.8 million for Q4 2024 (negative NOK 12.5 million). The main driver is PPE investments related to fitting a new UK office. Investments in own software development is NOK 1.1 million compared to NOK 11.0 million in Q4 2023, however, this included a cash inflow of NOK 4.5 million in R&D tax credits received in Q4 2024 which in 2023 was received in Q3.

Cash flow from financing activities was negative NOK 4.0 million for Q4 2024 (negative NOK 7.0 million). The main cash outflow was related to lease payments for office space.

In total, Pexip had a free cash flow of NOK 21.1 million (NOK 33.1 million), and a net change in cash position of NOK 28.9 million (NOK 28.3 million). The combined cash and money market fund position was NOK 628.2 million at the end of Q4 2024 (NOK 522.7 million).

The Board will propose to the Annual General Meeting in 2025 a dividend of NOK 2.5 per share, consisting of NOK 2.0 in ordinary dividend and an extraordinary dividend of NOK 0.5 per share. This will amount to a total dividend of NOK 261 million for all shares currently outstanding, excluding the impact of the Company's holding of own shares, which if approved will be paid out in Q2 2025.

Full Year

Net cash flow from operating activities was NOK 244.5 million in 2024 (NOK 177.6 million in 2023),

mainly benefiting from higher profits before tax.

Cash flow from investing activities was negative NOK 240.7 million (negative NOK 51.2 million). This includes an investment of NOK 200 million in low-risk money market funds.

Cash flow from financing activities was negative NOK 127.9 (negative NOK 28.2 million). The main cash outflow was related to the dividend payment of NOK 111.7 million.

In total, Pexip had a free cash flow of NOK 196.5 million (NOK 104.7 million). The combined cash and money market fund position was NOK 628.2 million at the end of 2024 (NOK 522.7 million), which is a net change of NOK 105.5 million.

Subsequent events

There were no subsequent events after December 31, 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.

The beginning of 2025 has seen increased uncertainty in trade policies across countries. As a company operating in multiple countries, this may have an impact on Pexip's business although software and services are not product categories currently discussed publicly. The Company is continuously monitoring the situation and will seek to adapt to any changes in trade regulations.

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 near-term financial targets 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. Long-term the company aims to deliver Rule of 40 performance, with a combined ARR growth rate and EBITDA margin excluding other gains and losses of 40% or more. In Q1 2025 the company's outlook is to end on an ARR of USD 114-117 million from USD 113 million at the end of Q4 2024.

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, February 12, 2025

Board of Directors and CEO of Pexip Holding ASA



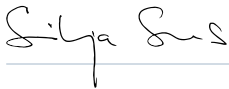
Kjell Skappel
Chair of the Board



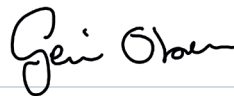
Irene Kristiansen
Board Member



Phillip Austern
Board Member



Silvija Seres
Board Member



Geir Langfeldt Olsen
Board Member



Trond K. Johannessen
CEO

Consolidated Statement of Profit or Loss

	Notes	Fourth Quarter		Full Year	
(NOK 1.000)		Q4 2024	Q4 2023	FY 2024	FY 2023
Revenue	3	332 519	285 157	1 118 562	993 582
Cost of sale		26 212	28 119	105 102	99 004
Salary and personnel expenses		177 681	161 202	653 959	621 435
Other operating expenses		40 467	36 657	152 787	159 880
Other gains and losses		2 710	4 532	15 936	10 908
EBITDA		85 450	54 647	190 778	102 355
Depreciation and amortization		20 164	27 312	78 137	126 425
Impairment*		3 104	72 687	3 104	72 687
Operating profit or loss		62 182	-45 351	109 537	-96 756
Financial income		9 021	7 422	28 665	19 194
Financial expenses		-1 038	-713	-3 397	-2 707
Net gain and loss on foreign exchange differences		12 115	-6 317	29 352	16 737
Financial income/(expenses) - net		20 099	392	54 620	33 224
Profit or loss before income tax		82 281	-44 959	164 156	-63 532
Income tax expense		22 610	13 597	46 251	16 253
Profit or loss for the year		59 671	-58 555	117 905	-79 786
Profit or loss is attributable to:					
Owners of Pexip Holding ASA		59 671	-58 555	117 905	-79 786
Earnings per share					
Basic earnings per share		0.59	-0.58	1.16	-0.79
Diluted earnings per share		0.56	-0.58	1.12	-0.79

*Comparable numbers have been reclassified from the line item Depreciation and amortization

Consolidated Statement of Comprehensive Income

(NOK 1.000)	Fourth Quarter		Full Year	
	Q4 2024	Q4 2023	FY 2024	FY 2023
Profit or loss for the year	59 671	-58 555	117 905	-79 786
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	20 301	7 113	20 301	7 113
Total comprehensive income for the year	79 971	-51 442	138 206	-72 672
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	79 971	-51 442	138 206	-72 672

Consolidated Statement of Financial Position

(NOK 1.000)	Notes	12/31/2024	12/31/2023
ASSETS			
Non-current assets			
Property, plant and equipment		20 124	11 580
Right-of-use assets		51 793	42 730
Goodwill		598 998	598 998
Other intangible assets		95 749	125 516
Deferred tax asset		140 225	170 629
Contract costs	4	325 086	299 000
Receivables		554	1 163
Other assets		4 841	2 109
Total non-current assets		1 237 369	1 251 725
Current assets			
Trade and other receivables		332 832	183 716
Contract assets		6 737	39 210
Other current assets		19 778	23 716
Financial Investments	5	206 066	
Cash and cash equivalents		422 100	522 692
Total current assets		987 514	769 334
TOTAL ASSETS		2 224 882	2 021 059

(NOK 1.000)		12/31/2024	12/31/2023
EQUITY AND LIABILITIES			
Equity			
Total equity		1 607 952	1 554 823
Non-current liabilities			
Borrowings		1 984	2 190
Lease liabilities		43 510	31 427
Deferred tax liabilities		39 755	27 193
Other payables		28	69
Total non-current liabilities		85 277	60 879
Current liabilities			
Trade and other payables		156 534	130 374
Contract liabilities		354 892	255 258
Current tax liabilities		2 104	3 525
Borrowings			132
Lease liabilities		18 123	16 069
Total current liabilities		531 653	405 357
Total liabilities		616 930	466 238
TOTAL EQUITY AND LIABILITIES		2 224 882	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					117 905	117 905
Other comprehensive income for the year				20 301		20 301
Total comprehensive income for the year				20 301	117 905	138 206
Capital increase/share issue						
Buy/sell treasury share	4		605			609
Dividend paid to company's shareholders		-111 745				-111 745
Share-based payments			26 060			26 060
Balance at December 31, 2024	1 527	2 004 193	82 851	35 277	-515 898	1 607 952

Consolidated Statement of Cash Flows

	Fourth Quarter		Full Year	
(NOK 1.000)	Q4 2024	Q4 2023	12/31/2024	12/31/2023
Cash flow from operating activities				
Profit or loss before income tax	82 281	-44 959	164 156	-63 532
<i>Adjustments for</i>				
Depreciation, amortization and net impairment losses	23 268	99 999	81 241	199 112
Non-cash - share based payments	5 387	10 817	26 060	36 431
Interest income/expenses - net	-1 957	-6 865	-19 312	-16 500
Net exchange differences	-4 627	-3 899	-16 654	-7 936
Fair value on Financial Assets at fair value through profit and loss	-6 066		-6 066	
Other adjustments	-2 069	930	629	139
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-156 582	-71 215	-110 197	-2 596
Change in trade, other payables and contract liabilities	90 757	58 886	109 390	20 718
Interest received	2 790	7 418	22 472	19 004
Income taxes paid/refunded	-1 301	-747	-7 241	-7 247
Net cash inflow/outflow from operating activities	31 880	50 365	244 478	177 593
Cash flow from investing activities				
Payment for property, plant and equipment	-12 781	-1 527	-16 122	-16 571
Payment of software development cost	-1 060	-10 962	-25 700	-34 629
Proceeds from sale of property, plant and equipment	84		1 162	
Payment for financial assets at fair value through profit or loss*			-200 000	
Net cash inflow/outflow from investing activities	-13 757	-12 489	-240 660	-51 201
Cash flow from financing activities				
Dividend paid to company's shareholder			-111 745	
Proceeds from issuance of ordinary shares		-3		-3
Proceeds from borrowings			301	
Repayment of borrowings	-52	-1 728	-470	-4 000
Principal element of lease payments	-3 082	-4 765	-13 405	-21 737
Interest paid	-833	-553	-3 160	-2 505
Sale/(purchase) of treasury shares			609	
Net cash inflow/outflow from financing activities	-3 967	-7 048	-127 871	-28 244
Net increase/(decrease) in cash and cash equivalents	14 156	30 827	-124 052	98 148
Cash and cash equivalents start of the period	393 228	494 349	522 692	419 306
Effects of exchange rate changes on cash and cash equivalents	14 714	-2 485	23 460	5 238
Cash and cash equivalents end of the period	422 099	522 692	422 099	522 692

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 December 31, 2024, authorised for issue by the board of directors on February 12, 2025.

The condensed interim financial statements are unaudited.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months ending on December 31, 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 - Revenue and segment information

(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.

Fourth quarter 2024

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	69 276	65 576	9 635	144 487
Self-hosted Software	114 883	64 461	8 689	188 033
Total revenue	184 159	130 037	18 324	332 520

Fourth quarter 2023

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	60 849	50 120	6 852	117 822
Self-hosted Software	93 952	64 148	9 235	167 335
Total revenue	154 802	114 268	16 087	285 157

Full year (YTD) 2024

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	280 284	229 969	34 968	545 221
Self-hosted Software	286 764	238 754	47 824	573 342
Total revenue	567 048	468 723	82 792	1 118 563

Full year (YTD) 2023

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	245 915	187 456	25 279	458 651
Self-hosted Software	255 567	229 062	50 302	534 931
Total revenue	501 482	416 519	75 582	993 582

	Fourth quarter	Fourth quarter
	2024	2023
Timing of revenue recognition		
Products and services transferred at a point in time	154 243	129 645
Products and services transferred over time	178 278	155 512
Total revenue	332 520	285 157

	Year to date	Year to date
	2024	2023
Timing of revenue recognition		
Products and services transferred at a point in time	460 267	413 130
Products and services transferred over time	658 296	580 452
Total revenue	1 118 563	993 582

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 31 December 2024, the five largest represent approximately 27% (26% in Q4 2023) of total revenue in Q4 2024, and the ten largest represent about 45% (42% in Q4 2023) of total revenue. Of the Group's total channel partner base for FY 2024, the five largest represent approximately 25% of total revenue (26% for FY 2023), and the ten largest represent approximately 40% (41% for FY 2023).

Non-current assets

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

	12/31/2024	12/31/2023
Norway	175 355	232 221
Europe (other than Norway)	140 042	98 706
Americas	148 257	118 625
APAC	32 111	29 275
Total non-current operating assets	495 764	478 826

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 Q4 relates to net additions of million NOK 3.8 and changes in foreign currencies in foreign operations of million NOK 10.3. Total commission costs activated in the fourth quarter in 2024 was 28.1 million NOK (31.4 million NOK in 2023). Depreciated cost in the quarter was 24.3 compared to 22.7 in Q4 2023, which is mostly reflected in salary and personell expenses.

Contract costs Q4 movements	2024	2023
Balance at September 30	311 028	296 019
Additions	28 117	31 353
Depreciated during the period	-24 343	-22 704
Translation differences	10 284	-5 668
Balance at December 31	325 086	299 000

Contract costs YTD movements	2024	2023
Balance at January 1	299 000	285 968
Additions	100 802	90 553
Depreciated during the period	-95 805	-85 299
Translation differences	21 089	7 778
Balance at December 31	325 086	299 000

Note 5 - Financial Assets

In May 2024, Pexip Holding ASA invested 200 million NOK in a liquidity fund through a reputable Norwegian bank. This is an interest bearing investment in short term bonds (bonds and cash), mainly from Municipalities and Banking cooperations in Norway. This fund is categorized with the lowest risk of the interest bearing funds, as the goal is to give an slightly higher interest than high interest cash deposit on the company's cash holdings.

In Q2 and Q3 of 2024 this investment was presented as a cash equivalent in the balance sheet and hence also in the cash flow statement. This has in Q4 been reclassified to Financial Assets and adjusted in the ingoing cash position in the cash flow statement for the quarter.

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, amortization and impairment.

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