]pexip[

2024

Annual Report

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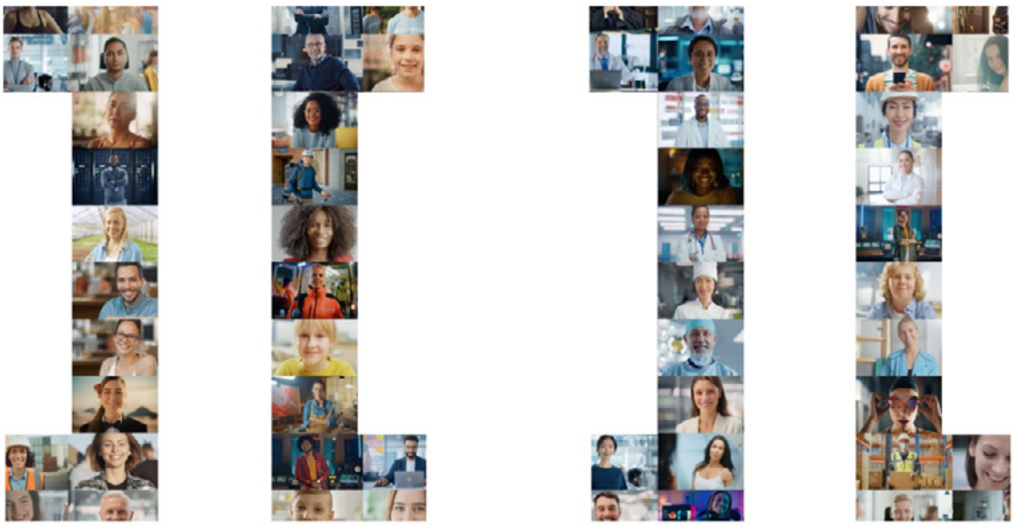
About Pexip

Pexip was founded in Norway in 2011 and currently operates in 26 countries worldwide. As a specialist in video technology, Pexip is a leading provider of both video meeting infrastructure and secure, customized video meetings. Pexip solutions allow organizations to connect any meeting room with any meeting platform, to implement strong security measures, ensure full privacy in meetings, and maintain complete control over all meeting related data.



Pexip solutions are software-only and can be self-hosted or utilized as a service. Today, Pexip serves large government and enterprise organizations, supporting a wide range of applications, including business communication, ultra-secure government meetings, medical appointments, and legal proceedings.

Pexip is a renowned player in the video meeting ecosystem, recognized for its strong partnerships with leading technology companies such as Microsoft, Zoom, Google, Nvidia, and Cisco. Pexip's technology enhances and complements their widely used meeting solutions. Typical customers use a variety of communication technologies and rely on Pexip to provide a seamless user experience across rooms and devices for both internal and external meetings. Pexip ensures that all meeting platforms work together smoothly, eliminating barriers to cross-platform communication. This allows users to enjoy a superior and hassle-free experience, regardless of the tools they use.

Organizations that prioritize trust and security choose Pexip as an ideal solution for confidential meetings. Pexip offers a comprehensive virtual meeting solution with advanced security features. Additionally, Pexip offers extensive customization capabilities, allowing organizations to create tailored meeting experiences while maintaining full control over their data. Today, leading enterprises, government agencies, utilities, courts, and defense organizations all depend on Pexip to facilitate their secure video meetings.

Pexip is known for its strong people culture built on values, attitudes, and mindsets that are reflected in The Pexip Way. This is what guides the Pexip team in its focus, behaviors, and how they deliver on company ambitions.

Pexip employed 282 people at the end of 2024 and has offices in the USA, Norway, Sweden, the UK, Australia, France, Spain, and Italy.

Global presence

282
employees across 26 countries

300+
partners

3,000+
customers enterprise & public sector

Technology partners

Microsoft
Google
hp | poly
NVIDIA
zoom
cisco
AVAYA
Lenovo
rocket.chat
Mattermost
GENESYS

Key figures

113.1 MUSD
ARR end of 2024

1,119 MNOK
Revenue 2024

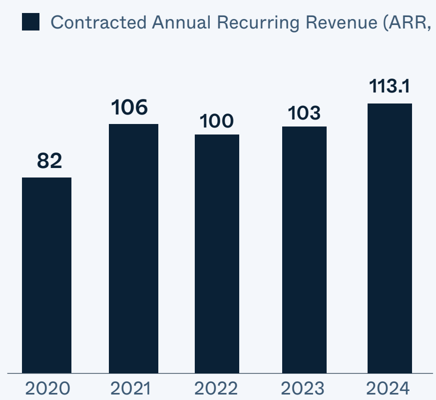
207 MNOK
EBITDA adjusted 2024

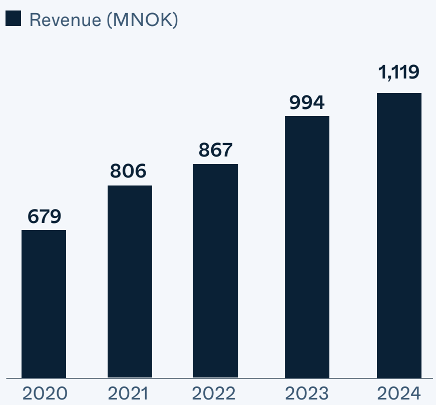
196 MNOK
Free cash flow 2024

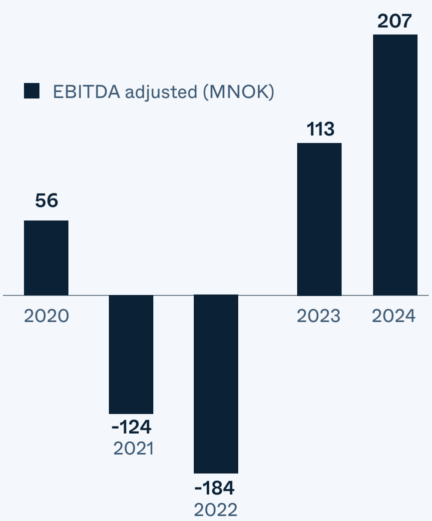
91%
Gross Margin 2024

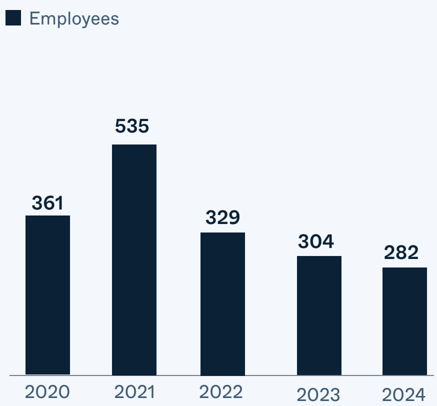
18%
EBITDA margin excl. other gains and losses 2024

282
Employees end of 2024









Definition of free cash flow can be found in the APM section

LETTER FROM THE CEO

Pexip in 2024: A year of progress, partnership, and impact

A strong position in an attractive market with relevant products, driven by an efficient and committed organization that's ready to capture growth in 2025.

While 2023 was about laying the groundwork for growth with a return to profitability, 2024 centered on streamlining the organization around a single mission: to make seamless communication available to all organizations, regardless of technology platforms or security requirements. This approach has led to outstanding performance across sales and product innovation. Our collaboration with partners including Microsoft, Zoom, Nvidia, Google, and HP/Poly has created significant market momentum, and the Pexip team has truly embraced our 'world championship' mindset. We earned the trust of a range of large global enterprises and government organizations, including healthcare and defense institutions, that count on Pexip to solve their complex communication challenges. These significant wins are evidence that we are operating in attractive markets, with relevant products – putting us in an excellent position to kick off a new year of opportunities.

Video interoperability is increasingly important

Interoperability is a key requirement, as it is clear that there will be more than one video meeting platform in the market. End users expect seamless interoperability, and in delivering this we hold a leading position due to our solid partnerships with major industry players. Our belief is that every video meeting room should be able to connect seamlessly to any type of video meeting, ensuring high quality while leveraging the key native features of the room system. We aim to provide an easy and intuitive user experience, which is at the heart of our mission and the reason we build the solutions we do.

For the past 12 years, Pexip has been a leading provider of interoperability solutions for large organizations around the world. Our extensive experience and expertise have led major players in the digital workspace, such as Microsoft and Zoom, to choose us as partners in developing future solutions. In 2024, we launched new solutions that enhance the capabilities of Teams Rooms and Zoom Rooms, allowing users to easily join and take advantage of the meeting experience of any other platform, directly from their meeting rooms. By introducing these next-generation solutions, we are reinforcing our position as the global leader in this space.

Some meetings are more private than others

Not all video meetings are the same, and there is an increasing demand for private solutions, either as alternatives or supplements to public hosted platforms like Teams. Customers want control over their data, and with rising cyber threat levels, organizations are turning to Pexip for self-hosted and private cloud solutions that provide ultimate ownership. We empower organizations with secure-by-design solutions for their private, confidential, or classified meetings, ensuring that the meeting platform remains under their control at all times. It's their meeting, their content, their data, and their rules.

We also see AI functionality has become integral to video conferencing, but with the rise of AI-powered productivity tools come new challenges related to compliance and privacy. In response to security-conscious organizations seeking a more private way to use AI, we launched Pexip Private AI in 2024. We did this in partnership with Nvidia, offering a fully self-hosted platform that delivers AI capabilities, such as live captions and real-time translations, while giving organizations complete control over their AI data. The first use case for this solution is around captioning – speech-to-text – and by the end of the year we closed our first major sale of Pexip Private AI to a large healthcare provider.

Growing demand for custom video workflows

In client and citizen engagement, video will replace voice and physical in-branch meetings, creating a need for customized and private solutions. To provide our customers with a solution that lets them easily build secure video apps across their workflows, Pexip launched a completely new platform: VPaaS (Video Platform as a Service). This solution meets the growing need for sovereign and geo-fenced hosting to ensure data control within a specific territory. We are seeing increasing demand for this level of flexibility and control, particularly in the global healthcare sector.

Return to growth

In 2024, we delivered both our financial and operational targets. We started the year with the ambition to deliver 5-10% ARR growth and 13-18% Adjusted EBITDA margin, and I am pleased to see that we closed 2024 in the high end of both ranges delivering 10% ARR growth and 18% Adjusted EBITDA margin. This puts us in a great position to exceed our previous mid-term targets of delivering more than 10% ARR growth and more than 20% EBITDA margin. This is why we are now raising the bar for ourselves, with a new long-term financial ambition of achieving Rule of 40.

Collaboration is fundamental to everything we do

Pexip plays a central role in the collaboration ecosystem as a specialist provider of solutions that complement and enhance the value propositions of major platforms like Microsoft, Zoom, Google, HP/Poly, Cisco, and Nvidia, without directly competing against them. Through our open and collaborative partnership approach, we are uniquely positioned as the leading provider of video interoperability across all endpoints and technologies. This has allowed us to establish a solid foundation for growth in an expanding market, offering customers certified solutions with exceptional reliability and support.

The future is still customer-first

Exceptional experiences turn customers into lifelong fans. At Pexip, we believe that being customer-focused is not just a competitive advantage – it's who we are. We seize every opportunity to deliver a personal touch and premium care when it matters most, and our dedication to customers has never been stronger. As technology rapidly advances, our large customers often face complex challenges. That's why our customers find it crucial working with a vendor who understands what they face and is willing to meet them on their terms. Providing excellent service to our customers is a key part of how we measure our success, and it's the reason Pexip has earned such loyal fans.

Finding the right success formula matters

At Pexip, we are committed to creating a welcoming workplace for individuals who thrive on challenges and are eager to tackle significant problems in large organizations around the world. Our goal is to establish and maintain a strong leadership position in our markets, collaborating with renowned technology companies and solving communication challenges for some of the most important organizations in the world.

As we navigate a rapidly changing landscape, we recognize the importance of agility and innovation. We are dedicated to improving our technology while prioritizing the highest standards of security and reliability. Our team is composed of passionate individuals who are driven to think like 'world champions,' and we are committed to nurturing their growth and helping them achieve their full potential. Our core values are central to who we are; they guide our actions and decisions every day.

For the past two years, we have embraced a success formula that reflects our commitment to collaboration and support, and we will continue this approach going forward. Together, we are building Pexip into a successful, inspiring, and caring place to work.

All about performance

2024 has been a rewarding year for Pexip, and we want to take a moment to reflect on our journey together. We've made meaningful strides and achieved our goals, launched new products, and developed deeper connections with our strategic partners and customers. None of this would have been possible without the dedication and belief of our incredible team.

On behalf of everyone at Pexip, I want to express our gratitude to our partners, customers, shareholders, and all our teammates. Your support is invaluable to us, and we recognize that our shared success relies on our ability to work together to create value. We are truly thankful for your trust and collaboration, and we look forward to continuing this journey alongside you as we shoot for growth in 2025. *This is our moment! And we plan on taking it.*

Trond K. Johannessen, CEO

Pexip as an investment

Proven and scalable business model with unique technology

Pexip is a certified video communication platform that offers a combination of unique technology and industry partnerships to serve a broad range of companies and governments around the world. The platform's distinctive technology sets it apart from its competitors, as it offers a level of quality and security that is unmatched in the industry. This makes Pexip an attractive option for companies and governments looking for a robust and reliable video communication platform.

Strong position in growing niche markets

Pexip uses its unique technology in two niche markets, video interoperability and secure and custom video meetings. Pexip has a strong position in both of these markets in terms of product differentiation, a distinguished large enterprise and government customer list and strong industry partnerships with others in the industry, such as Microsoft, Google and HP/Poly. Pexip has a clear focus on large organizations and has focused its product development and its go-to-market to meet this segment's needs. Pexip's strategy is to continue expanding its presence in these markets, leveraging its unique position to drive growth and increase its market share.

Strong organization with value-driven culture

Pexip is led by an experienced management and technical team with a history of industry-defining innovation and key competence to propel our continued growth. Pexip also has a strong company culture that values performance and sets the customer first. The company has an open and inclusive work environment, where all employees are given equal opportunities to succeed.

Solid positioning for further growth

Pexip exited 2024 with a subscription base of over USD 113 million in annual recurring revenue, and 18% Adjusted EBITDA margin. It is targeting above 10% growth and above 20% Adjusted EBITDA margins in the near-term, and has a long-term ambition to reach Rule of 40 performance. Pexip is committed to deliver strong financial results to its shareholders. In addition to its EBITDA target, Pexip aims to achieve a strong cash conversion rate and generate significant cash flow from its operations. This strong financial performance, combined with the company's position in high-growth markets and focus on the lucrative enterprise segment, makes Pexip an attractive investment opportunity for those looking to invest in the video communication industry.

Our mission

Providing ***seamless*** communication to all organizations ***regardless*** of technology platforms and security requirements

Our journey

In a world where video meetings are a fundamental part of work, secure and seamless communication is critical. We have spent a decade creating the world's most flexible and universal video technology. Making any room connect to any meeting—seamlessly—is our priority. Making it private is our default. And making it secure is by design. In doing so, we give customers the ultimate level of control over their data. This is our journey.

Step 1: Make it interoperable

Since day one, we have made video work on just about everything, ensuring that people and technology can connect anytime, anywhere, from the device of their choice.

Step 2: Safeguard everything

We have long understood that what happens on video is important, and often critical. This information must be safeguarded, which is why, for us, security is not just a feature. It is what we do. Our technology has been tried and tested for more than a decade in the strictest and toughest security environments, meeting the world's toughest requirements for privacy and data control.

Step 3: Never stop innovating

Video technology has the power to disrupt industries, reinvent brands, and reimagine how companies engage. We are committed to giving companies and people a better way to interact. A virtual court proceeding. A tactical battlefield operation. A remote doctor-patient consultation. An online mortgage consultation. An extended reality utility maintenance inspection.

Video technology puts the human touch back into our increasingly digital lives

We have always been at the forefront of video evolution. We keep our eyes on 'what's next' and we are obsessed with staying a few steps ahead because that's just who we are. Now we are unleashing the potential of a secure video experience across industries, and environments, and customized to individual workflows. All to ensure that the human touch is not lost in a sea of digitalization.

Pexipers climbing a mountain in Lofoten, May 2024

2011
Videxio AS (pre-merger entity) founded by former TANDBERG engineers.

2012
Pexip AS (pre-merger entity) founded by former TANDBERG engineers.

Launch of the Videxio video communication service.

Business established in the United States through Pexip Inc. (2012) and Videxio Inc (2013).

2013
Launch of the Pexip Infinity software platform.

2017
Video interoperability solution for Microsoft Teams and Skype for Business Server launched, as well as interoperability for Google Hangouts Meet.

2018
Merger between Pexip AS and Videxio AS approved.

2019
New company HQ in Oslo opened.

2020
Pexip listed on the Oslo Stock Exchange in the world's first virtual IPO.

2020
Pexip acquires Skedify for business-to-consumer scheduling applications.

2022
Pexip appoints Trond Johannessen as CEO.

2023
Pexip enters strategic partnership with HP/Poly, and launches FedRAMP authorized service.

2024
Pexip enters strategic partnership with Nvidia to launch Private AI. Pexip also launches Video Platform as a Service.

The Pexip Way

Our company values form the foundation of everything we do. They guide our daily interactions with each other, our customers, and our partners. These values influence our business decisions, product development, and brand identity. As Pexip continues to grow and evolve, adhering to the Pexip Way is essential for achieving success. From the beginning, Pexip has fostered an inclusive and transparent work culture that provides equal opportunities for all. We take pride in our diverse workforce and believe that diversity is a competitive advantage.

Professional & Fun

We are highly committed to ensuring the success of our partners and customers. They are the key to our success.

We are professional without being boring. We have and spread fun while behaving responsibly. We believe in what we do and let that shine through in our interactions with colleagues, partners, and customers.

We really care for what we do and achieve – we stay hungry!

No Bullshit

We say and do what we think is right, with no hidden agenda, and own up to it. We speak our minds in a considered and constructive manner.

We do what needs to be done to help our colleagues, partners, and customers. We take on tedious or difficult work if it is the right thing to do for Pexip, our team, our customers, or our partners. We balance progress and perfection, delivering high-quality and well-tested products.

We tell the truth and deliver on our promises. We are authentic when dealing with each other and our customers. We work and communicate in a transparent and non-corporate way.

1

One Team

We work together across functions, roles, geographies, and product lines. We are all on the same team, working together and contributing our talents towards the same goal. We are non-hierarchical.

We understand that we are all human, and we all make mistakes. We take care of each other and treat each other as we would like to be treated. We offer each other help and support where it's needed.

We are a diverse team that are all highly skilled and knowledgeable in our areas. We appreciate and respect that we all have different backgrounds and points of view.

Freedom & Responsibility

We hire great people and empower them with the trust and autonomy to do what they do best. We are free to use our initiative and make decisions to work where, how, and when we want because we take responsibility for doing what is right. We understand our common goals and need for innovation.

We are all leaders and take ownership of staying excited, remaining distinctive in our area/function, and doing what is holistically right. We are brave and take the initiative to find a solution rather than complaining.

We act like owners, making decisions that are best for Pexip. We spend our money wisely.

2024 Highlights

Pexip introduces Connect for Teams Rooms

Pexip connects Teams Rooms to other meetings like Zoom and Webex, with a seamless user experience.

Pexip introduces Connect for Zoom Rooms

Pexip connects Zoom Rooms to other Teams Rooms with a seamless user experience. Pexip also joins the Zoom ISV partners program.

Pexip strengthens and extends its security management

As of November 2024, Pexip has transitioned to the 2022 version of the ISO 27001 standard.

Microsoft awarded Pexip as Partner of the Year Finalist

Microsoft Partner of the Year Awards ia a prestigious honor that celebrates the exceptional work and contributions of Microsoft partners. Pexip also won the Partner of the Year in Norway.

Pexip teams up with Cisco to increase security for U.S. Federal government

To ensure that U.S. Federal government customers can securely and seamlessly connect to Teams from their Cisco meeting devices with with a secure interop solution for impact level (IL) 4 and above.

]pexip[+ CISCO

Avaya selects Pexip to deliver secure video meetings

Pexip's secure meetings is now offered in Avaya's communication and collaboration suite to support the strict compliance needs of customers in government and regulated industries.

]pexip[+ AVAYA

Pexip launches a Private AI platform powered by NVIDIA

Pexip provides secure AI-powered live captioning with more features to come for security-conscious customers.

]pexip[+ NVIDIA.

Pexip partners with RingCentral to power Teams interop

RingCentral delivers state-of-the-art video-enabled meeting rooms worldwide and partnered with Pexip to ensure Rooms were compatible with other meeting services, specifically Microsoft Teams.

]pexip[+ RingCentral

Pexip first to receive FIPS 140-3 certification

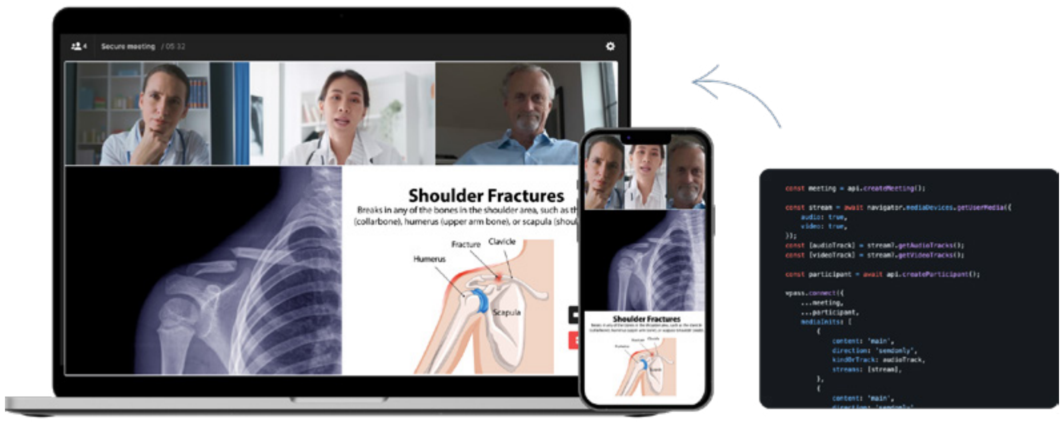
Pexip is among a handful of companies that has received the next-gen cryptographic security certification, FIPS 140-3, established by and for the US Government.

Pexip partners with Orange Business and Kinly for sovereign Secure Meetings as a Service

The partnership now enables customers in the Nordics with Kinly SecureMeet, a completely sovereign and secure meetings solution managed by Kinly, powered by Pexip and Orange Buisness.

Pexip launches Video Platform as a Service (VpaaS)

VPaaS makes it easy to build and embed secure video apps. The solution is designed for highly regulated industries that demand geo-fenced data control and highly advanced video meeting features.



Market and customers

The global video conferencing market is undergoing a significant transformation, driven by technological advancements and the lasting impact of the pandemic. As hybrid work models have become a mainstay, the demand for versatile and secure communication solutions continues to rise. In this landscape, Pexip remained a key player in 2024, reinforcing its position as a vital partner for organizations seeking secure and seamless user experiences to meet their complex communication needs.

Market overview

The global video conferencing market is evolving rapidly, marked by significant growth, technological innovation, and changes in competitive positioning. Alongside broader market trends, Pexip's solutions have become increasingly relevant in 2024.

Since the onset of the pandemic, the video conferencing market has experienced significant expansion. Forecasts suggest the market will grow from approximately USD 10–12 billion in the early 2020s to well over USD 20 billion by 2030, with compound annual growth rates (CAGR) ranging from 9% to 11%.

Pexip Secure & Custom Spaces

Video meetings that are self-hosted on-premise or in a private cloud – and that can run on any device

When complete privacy and control over data is required.

Pexip Connected Spaces

Video meeting room interoperability enables any meeting room to connect to any meeting platform

When several video technologies need to work seamlessly together

Pexip addresses two major challenges in video communication: universal interoperability and security. It allows seamless connections across platforms like Microsoft Teams, Zoom, and Google Meet, while also offering advanced security features for self-hosted meetings in private or air-gapped environments. This makes Pexip ideal for organizations that need both cross-platform communication and high-level security, such as enterprise businesses and government agencies.

Secure & Custom Spaces. Due to the sensitive nature of communications, organizations are raising their requirements for encryption, advanced authentication, access control, and data compliance measures to support Zero Trust principles. Additionally, there is a growing demand for private, sovereign, or geo-fenced solutions as control of data becomes a more important topic for organizations and governments. A notable trend in the market is the integration of artificial intelligence (AI) into video conferencing platforms. AI is employed to automate routine tasks such as real-time transcription, language translation, and meeting summarization, leading to improved overall productivity. However, with these advancements come new concerns regarding the privacy of AI data.

Beyond corporate communications, sectors such as healthcare, intelligence, defense, and justice are increasingly utilizing secure video meetings, each with tailored requirements to meet specific needs and drive further innovation.

Connected Spaces. As companies transition back to the office, the shift towards hybrid work is driven by B2B and B2C client and citizen engagement. This shift increases the demand for cross-platform interoperability, as users increasingly meet across multiple platforms, such as when connecting to a Teams Meeting from a Zoom Room. Another trend is the need to embed video apps in workflows. This is particularly relevant for healthcare, justice, and citizen engagement.

Customers

Large enterprise organizations

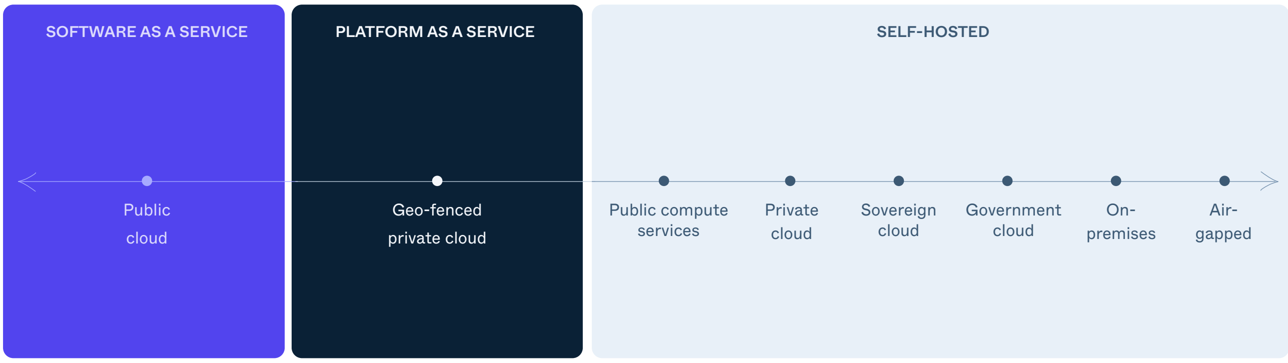
These organizations often use multiple meeting platforms and room devices within their locations, facilitating internal meetings across different systems while also connecting with clients and partners externally. Pexip effectively resolves interoperability issues and provides an exceptional user experience. It is favored by customers and highly recommended by leading meeting platforms and workspaces such as Teams, Meet, and Zoom, which can be enhanced through Pexip's solutions.

Large enterprises, such as those in banking, pharmaceuticals, and manufacturing, typically prefer hybrid or multi-cloud environments to balance security with flexibility and scalability. The growing demand for compliance and control has created a need for Pexip's Secure Meeting solutions, especially in industries that handle sensitive data and must adhere to strict regulations like GDPR, HIPAA, or ISO.

Government and Defense

Pexip is a leading solution provider for governments and defense organizations worldwide. Many of its customers require private clouds or government-certified infrastructure to address national security and sovereignty concerns. Some governments mandate that citizen data remains within their jurisdiction. As a result, solution providers like Pexip must adhere to the highest standards of quality, control, and security. They are also expected to offer global delivery capabilities, outstanding service, and excellent user experiences, documentation, and support.

In 2024, Pexip addressed sector-specific needs by introducing innovative solutions, including enhancements for the justice system. Furthermore, Pexip's offerings for custom applications and secure video integration into workflows further solidified its leadership in telehealth. The company has also strengthened its position in the defense sector by partnering with one of the world's largest defense alliances, onboarding new defense contractors, and collaborating with key partners on sector-specific standards such as the Federated Mission Network.



Flexible deployment options

Technology Service Providers
Pexip collaborates with Service Providers to assist customers with complex needs. These providers can customize Pexip's solutions, whether by integrating with existing workflows or deploying solutions across different environments. Overall, Pexip's global partnership with service providers is based on its commitment to delivering flexible, secure, and interoperable video conferencing solutions that address diverse customer requirements across various industries and regions.

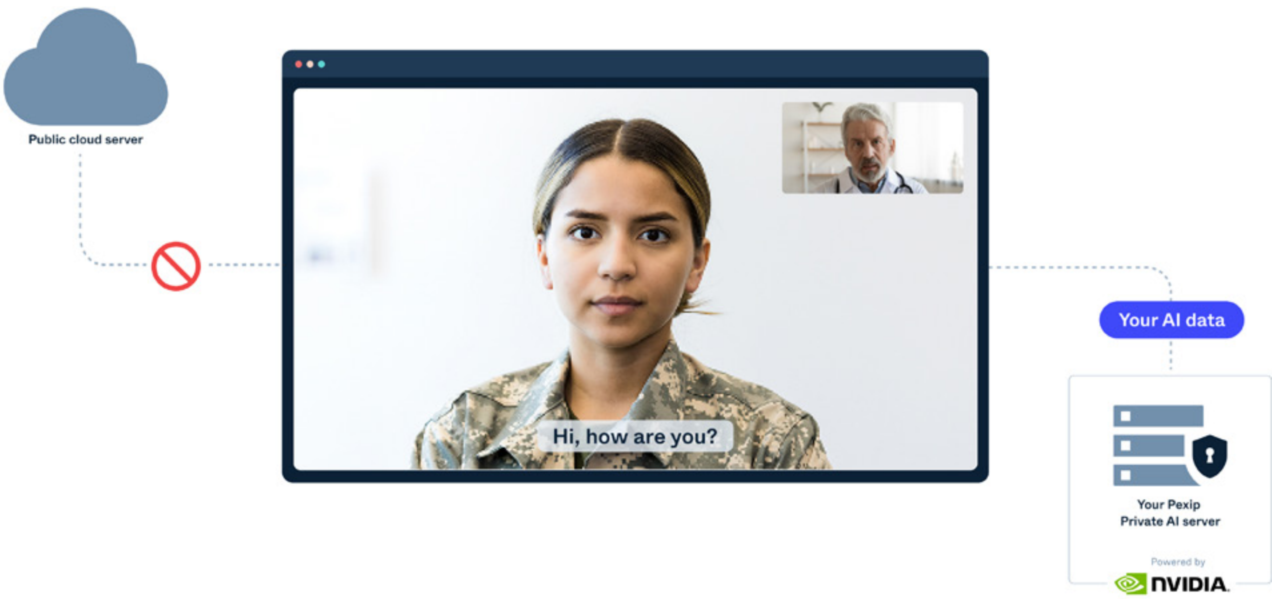
Pexip's strategic impact in 2024:

Interoperability Champion: Pexip has established itself as a critical enabler for customers by offering a platform that connects any video meeting room to any meeting platform. This interoperability is highly valuable as organizations increasingly support multiple tools (such as Zoom, Teams, Webex, Meet, and others) to facilitate work. By focusing on seamless integration and a user-friendly experience, Pexip has become the preferred partner for organizations looking to modernize their communication infrastructures.

Unique Partnerships: Pexip does not compete with major players like Microsoft, Zoom, Cisco, and Google; instead, it enhances their value proposition by providing a superior and seamless interoperability experience for their user base. By positioning itself as an enabler of seamless cross-platform interoperability, Pexip has become a trusted partner to several of the world's leading meeting applications. Additionally, Pexip has introduced a partnership with NVIDIA to develop the market's first private AI solution for meetings.

Secure & Custom Solutions: In 2024, Pexip's modern self-hosted Infinity platform, which powers the solutions for secure and custom meetings, experienced significant growth. The solution is recognized for its advanced security features and complete data control. To further develop its leadership position, Pexip launched a new offering: Video Platform as a Service. This solution addresses the need for customers to build secure video apps that can be embedded in their workflows. A typical use case is within healthcare and client/doctor meetings. The solution offers geo-fencing, and advanced features tailored to specific sector needs.

Pioneering Private AI: Pexip, leveraging NVIDIA's Riva SDKs, introduced live captions in secure meetings in 2024, providing customers with complete control and ownership of their AI data. This is just the beginning of the Private AI features that are set to be released. As a result, Pexip has established a unique position in serving organizations that require such control over their private AI capabilities



Offering

Every room connected. Every meeting secured.

Pexip solves two major challenges in video communication. First, it provides universal interoperability **(Connect Portfolio)** allowing you to seamlessly connect platforms like Microsoft Teams, Zoom, Google Meet, and legacy systems. This ensures all your devices and meeting platforms work together effortlessly. Second, Pexip delivers secure meetings **(Secure and Custom Meeting Portfolio),** a modern solution with advanced access and authorization controls, as well as the ability to self-host in private or air-gapped environments. This combination makes Pexip ideal for organizations that need both cross-platform connectivity and the highest level of data privacy and control

Pexip Connect Product Portfolio

Join any meeting from any meeting room. The Pexip Connect portfolio provides interoperability between meetings and meeting devices.

Pexip Connect Standard

Pexip Connect Standard offers best-in-class interoperability between traditional meeting room devices like Cisco, HP/Poly and Avaya – that are based on the SIP/H323 standard – and connects them to Teams using Cloud Video Interop (CVI) with an unmatched user experience. The solution is both certified by and supported by Microsoft. Pexip Connect Standard includes interoperability combined with modern software-based infrastructure. Complete management and analytics, all in one place.

Pexip Connect Essentials

This solution connects traditional meeting room devices like Cisco, HP/Poly and Avaya to Teams Microsoft Teams or Google Meet meetings, while excluding some of the benefits from Pexip Connect Standard, such as complete infrastructure.

Pexip Connect for Teams Rooms

As more and more organizations move to Teams as their preferred workspace, they are replacing traditional meeting room devices based on the SIP/H323 standard with Teams Rooms. Teams is a proprietary standard and can be challenging to connect to other meeting platforms. Pexip Connect for Teams Rooms is a unique solution that lets users join any meeting, or place and receive calls to and from anyone, complete with a native experience from their Teams Rooms devices.

Pexip Connect for Zoom Rooms.

As more and more organizations move to Zooms as their preferred workspace, they are replacing traditional meeting room devices based on the SIP/H323 standard with Zoom Rooms. Zoom is a proprietary standard and can be challenging to connect to other meeting platforms. Pexip Connect for Zoom Rooms is a unique solution that lets users join Teams Meeting and enjoy a native experience from their Zoom Rooms devices.

Pexip Connect for Government

FedRAMP® and StateRAMP® Authorized Interop for Microsoft Teams, employing IL2 security.

Pexip Secure Meetings Product Portfolio

A Pexip Secure Meeting is a self-hosted, high-quality virtual meeting solution that can run on any device, meeting both industries and government demands for privacy, control, security, sovereignty, certification, and business continuity. Pexip offers several industry-specific solutions.

Pexip Secure Meetings for Defense

Collaboration you can rely on for Defense. Unified communications for secret and above.

Pexip Secure Meetings for Government

Sovereign and compliant video meeting solution providing secure and private communication for government officials, agencies, and citizens.

Pexip Secure Meetings for Justice

Enable remote justice procedures with a secure, private, and tailored solution to solve the unique challenges of the court system.

Pexip Secure Meetings for Health

Secure, reliable video visits for healthcare providers and patients.

Pexip Private AI platforme

Enable AI-powered live captions and translations in secure video meetings. Maintain regulatory compliance with unparalleled privacy and control of AI data.

Pexip Secure Scheduler for Web

For organizations that value high-security and are unable to use Microsoft Exchange, Pexip Secure Scheduler for Web is designed to offer flexible, secure scheduling for virtual meetings.

Pexip Video Platforms

Pexip Video Platforms both offer a modern solution for industry-leading flexibility and customization, with full ownership and control of users, deployment, and data.

Pexip Video Platform Self-Hosted

The only customizable, high quality and secure video platform designed for complete control and flexibility.

Pexip Video Platform as a Service

Easily build secure video apps. An easy-to-use video engine designed for regulated industries. A highly customizable, integrator-friendly video platform as a service, with top-tier privacy and compliance.

Strategy and targets

Pexip's mission is to provide seamless video communication to all organizations regardless of technology platforms and security requirements. We do that through developing software technologies within video communications and in selling this technology to partners and end-customers. Due to the capabilities of Pexip's technology, we serve two main markets with our solutions.

Within the **video infrastructure and interop market**, Pexip has a clear leadership in interoperability between different video platforms. As one of two main players and the only independent provider in this segment, we are well positioned to create and develop partnerships with other industry players, such as Microsoft, Google, HP and others. Pexip is serving this market through system integrator partners that often serve the customers' full collaboration needs. This is a mature market with clearly defined customer needs, and we are focusing on developing our leadership in this space and maintaining a healthy and profitable business. Pexip addresses this market through the product offering for Connected Spaces.

Within the market for **secure and customized video solutions**, Pexip is well positioned for growth with our unique capabilities to deliver a self-hosted video platform which is easy to integrate and is interoperable with a range of video technologies. This is a fast-growing market with mostly public-sector customers, and we are investing in strengthening our technology leadership and focusing our go-to-market activities towards public sector customers and system integrator partners that operate in this market.

Pexip's short 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. In the longer term Pexip has an ambition to deliver Rule of 40 performance across annual recurring revenue growth. 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.

NEAR TERM TARGETS

+10%
growth in annual recurring revenues

+20%
EBITDA margin with a high cash conversion

LONG-TERM AMBITION

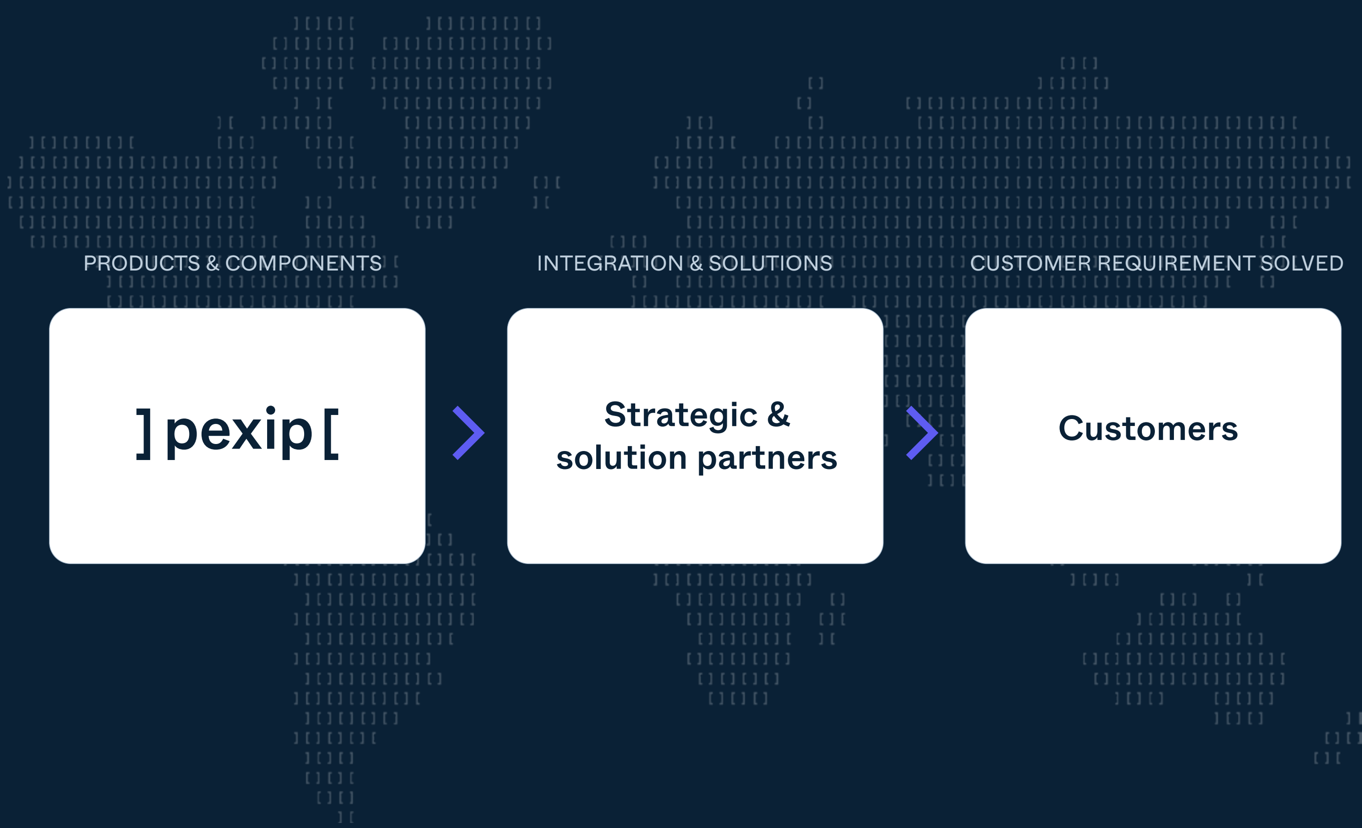
Rule of 40 performance
across ARR growth and EBITDA

Clear market leader
Technology leader in core markets

Business model

The software is developed by Pexip's own employees, and the Intellectual Property is protected by a set of patents and proprietary know-how. The software is delivered both as a software product for customers to run and operate themselves, and as a Software-as-a-Service (SaaS) offering operated by Pexip. Both offerings are delivered as a recurring subscription-based model, and the vast majority of Pexip's revenue is recurring revenue from subscriptions.

Pexip serves a global market and has customers across the world with its main focus in Europe, North America and the Asia Pacific region. Pexip is serving its customers through its own high-touch sales and technology experts as well as a global community of authorized channel partners and service providers. These channel partners, which include companies such as Orange Business Services, the global technology and business solution provider, ConvergeOne, the US IT service provider and Kinly, the audio-video specialist integrator, provide Pexip solutions to their existing and new customers and possess the technical knowledge and relationships to manage those customers throughout the sales process, from IT business strategy development to trials to onboarding and support. This strategy also provides the most scalable in-country sales and support capability such as local language, time zone coverage, and so on.



Pexip's Sustainability Report

Pexip's Environmental, Social, and Governance (ESG) efforts are detailed in the 2024 Sustainability Report. This report offers an overview of Pexip's key ESG topics and performance metrics for the year 2024. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards.

Sustainability at Pexip

Pexip aims to create sustainable value by fully integrating Environmental, Social, and Governance (ESG) principles into its business strategy.

In today's world, video communication has become essential for organizations to operate effectively. Pexip's mission is to provide seamless communication solutions that cater to all organizations, regardless of their technology platforms or security requirements. Our video technology connects everything from business meetings to ultra-secure government sessions, medical appointments, and court proceedings.

As video communication becomes increasingly prevalent, organizations must carefully consider who they share their data with and who controls the technology they use. With hybrid working now a fundamental part of corporate culture, users depend on a video communication platform that allows them to do so easily and securely.

Strategic Focus Areas

The Sustainable Development Goals (SDGs) are a collection of 17 interlinked objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet now and into the future". The SDGs were adopted by all UN member states in 2015, and represent an urgent call for action by all countries in a global partnership to make the world a better place by 2030. A key component of the SDGs is the principle of collaboration for their achievement, including between Government, Civil Society, and Business.

We have identified the following SDGs as ones Pexip can contribute to:

These are Pexip baseline measures for the following material topics:

- Data security and privacy
- Talent attraction and retention
- Greenhouse gas emissions and energy use
- Ethical business practices
- Diversity and equal opportunity
- Digital inclusion and positive industry impacts
- Health, safety and wellbeing
- Supply chain management
- Intellectual property rights

Pexip is actively addressing critical areas, such as diversity, inclusion and equal opportunity. Pexip learns from its partnership with Team Aker Dæhlie how to deliver equal opportunity to perform, and has several ongoing practices and forums to assess, plan, and improve initiatives that ensure diversity and equal opportunity and in recruitment, succession planning, and leadership.

Pexip's commitment to secure communication through privacy and control of data is unique. The collaboration with NVIDIA further positions Pexip as a leader in providing private AI in self-hosted and private-cloud environments. The growing political tension worldwide has increased the need for sovereign solutions where organizations own and control their data.

Pexip has conducted a human rights due diligence assessment for its suppliers in compliance with the Norwegian Transparency Act. The account of this can be found in the sustainability report.

For more information, the full sustainability report can be downloaded at investor.pexip.com.

Statement from the Board of Directors

In 2024 Pexip continued to deliver on its strategy of building market-leading positions in its target markets, and through that delivering growth and profitability. Industry partnerships continue to play a central role, and in 2024 Pexip has both strengthened the partnerships with its existing partners such as Microsoft and HP/Poly and launched new cooperations with Zoom and Cisco.

The Board sees a strong market opportunity for Pexip, with increased awareness of security and sustainability among large organizations. Companies and public sector organizations continue to increase their investments to improve and secure digital communication and interaction both with their customers and internally, and Pexip is in a good position to support our customers with this. We continue to see the emergence of several markets adjacent to the global video and collaboration market where we believe Pexip really has an edge and the technology to be a key player.

Market environment

Pexip's ambition is to be the industry leader within its core markets, which for Pexip is the market for video infrastructure and interoperability, and the market for secure and customized communication solutions.

Within video infrastructure and interoperability, Pexip believes that technology should work with existing workflows and systems. With Pexip's solutions, users can securely join meetings with any device and from any location, without the need for expensive hardware upgrades, downloads or software installations. With Pexip, organizations can connect the tools and workflows already in use and utilize native integrations with Google Meet and Microsoft Teams, as well as SIP interoperability to a large range of other platforms. The result is an optimal user experience, ease of management for administrators, enhanced return on investment on existing infrastructure and a reduction in e-waste as organizations extend the lifetime of their video conferencing equipment and upgrade it in the most efficient and sustainable way possible.

Within secure and customized solutions, the potential use cases of video stretch far beyond traditional videoconferencing and Pexip is at the core of this, enabling organizations to make the most of these possibilities. Video now plays a critical role in critical communication inside organizations, safely connecting patients with healthcare providers, making public services more accessible to citizens and facilitating business continuity by enabling both internal meetings and customer-facing interactions to securely happen from anywhere. Organizations are impacted by the heightened global security focus, driven by both increased geopolitical complexity and cyber vulnerability, and increasing awareness around topics such as data security and data sovereignty. It is becoming more important to have control over your own data, in addition to the ability to be compliant with new laws and regulations.

Pexip can deliver solutions that allow organizations to maintain full data control with an integrated chat, video and file-sharing solution to ensure secure communications. In addition, with Pexip, organizations can use application programming interfaces (APIs) to build custom branded experiences and integrate with their chosen technology and workflows to provide video-enabled consultations that are easy to join from any device

or location, and that remain secure.
In total Pexip grew its subscription base in 2024 to USD 113.1 million dollars at the end of 2024, up from USD 102.8 million at the end of 2023. This is a 10% year-over-year growth, which is in the upper end of the 5-10% ARR growth ambition the Company announced for 2024.

Organization and management

There have been no changes to senior management during 2024. The company's two main teams are the commercial team responsible for sales and customer success in Pexip's target markets, and the engineering team responsible for software development, service operations, support and product development. In addition the company has a small headquarter team responsible for people and development, finance and marketing.

Pexip has worked to continuously optimize its operations during 2024 by consolidating roles and removing support functions. This has led to a modest reduction in staff from 304 at the start of 2024 to 282 at the end of the year. The current organization is designed to further execute on Pexip's revenue strategy going into 2025 and deliver on the company's strategic and financial targets.

Pexip has a global sales organization, with R&D centered in Norway and in England and most HQ functions in Norway. Pexip has legal entities in Norway, UK, USA, Germany, France, Netherlands, Belgium, Italy, Spain, Japan, Singapore, Australia and Malaysia, as well as a registered branch in Sweden.

Financial review

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

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 interest, tax, depreciation, and amortization (EBITDA) excluding impairment losses amounted to NOK 190.8 million for 2024 (NOK 102.4 million), reflecting a 17% EBITDA margin (10%). EBITDA adjusted for impairment and other gains and losses was NOK 206.7 million (NOK 113.3 million), reflecting a 18% margin (11%). This is in the upper end of the initial 2024 outlook of 13-18% EBITDA margin excluding other gains and losses.

Depreciation, amortization and impairment costs were NOK 81.2 million for 2024 (NOK 199.1 million), of which NOK 3.1 million is related to impairment of a right-of-use asset. 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 impairment cost in 2023.

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 of 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 2023), and total equity amounted to NOK 1,608 million (NOK 1,555 million at the end of 2023).

Current assets amounted to NOK 988 million (NOK 769 million at the end of 2023). **Cash and cash equivalents** decreased to NOK 422 million (NOK 523 million at the end of 2023) and Financial assets (money market funds) is NOK 206 million (NOK 0 in 2023). Combined cash and money market funds increased to NOK 628 million (NOK 523 million). **Trade and other receivables** increased to NOK 333 million (NOK 184 million at the end of 2023), while Contract Assets decreased to NOK 7 million (NOK 39 million at the end of 2023) due to timing of invoicing at year-end versus at the start of the year.

Non-current assets amounted to NOK 1,237 million (NOK 1,252 million at the end of 2023). Contract costs increased to NOK 325 million (NOK 299 million), with the increase being from NOK 5 million in net 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 2023). NOK 2 million are borrowings (NOK 2 million).

Current liabilities increased to NOK 532 million (NOK 405 million at the end of 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 2023) from increased lease liabilities from a new long-term lease of Pexip's UK office.

Cash flow

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. In addition, Pexip had a positive fair value adjustment on its money market funds of NOK 6.1 million.

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 that are held to cover short-term cash needs.

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 (net cash flow was NOK 422 and money market fund position was NOK 206) at the end of 2024 (NOK 522.7 million), which is a net change of NOK 105.5 million.

As a result of the positive cash flow for the year and the strong liquidity position of the Company, the Board of Directors will propose a dividend of NOK 2.5 per share for 2024 to the Annual General Meeting in April 2025, which will be executed as a repayment of capital upon shareholders approval. At the issue of this report, the Company has 104,429,671 shares outstanding, of which 2,842,867 are held by the Company itself.

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. This is driven by a demand for more flexible work, efficiency 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 medium 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. In the long-term Pexip aims to deliver Rule of 40 performance across EBITDA and ARR growth rate. 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.

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.

Subsequent Events

There were no subsequent events after December 31, 2024.

Parent Company and Allocation of Net Profit

Pexip Holding ASA is a public limited liability company. It has 0 employees, and its activities are limited to being listed on Oslo Børs and being the parent company of Pexip AS. Pexip Holding ASA had a profit of NOK 10.5 million in 2024 (NOK 10.4 million in 2023), mainly related to fees for external services and operating expenses as well as financial income.

For 2024 the Pexip Group had a net profit of NOK 117.9 million. The Pexip Group had a free cash flow of NOK 196.5 million, and a positive change in cash and money market funds of NOK 105.5 million. As a result, and due to the strong balance sheet, the Board will recommend a dividend of NOK 2.5 per share for 2024 to be paid in Q2 2025.

The gain for the year of the parent company, Pexip Holding ASA, of NOK 10.5 million has been allocated in its entirety to dividend.

Environmental, Social and Governance

Pexip's ambition within Environmental, Social and Governance (ESG) is to run the business in a responsible and sustainable manner over time, and in a way that contributes to a positive, trust-based relationship between Pexip, Pexip's stakeholders and society. Material topics included in Pexip's Sustainability Report were identified in alignment with GRI's materiality principle. Pexip uses SASBs Software and IT Services Standard and the disclosures contained within it to represent material ESG topics for the company. All disclosures from the Standard have been included in this report. The Sustainability Report can be found on Pexip's webpage under https://investor.pexip.com/ and includes the following material topics:

- Data security and privacy
- Talent attraction and retention
- Greenhouse gas emissions and energy use
- Ethical business practices
- Diversity and equal opportunity
- Digital inclusion and positive industry impacts
- Health, safety, and wellbeing
- Supply chain management
- Intellectual property rights

Pexip has during 2024 performed a double materiality analysis in line with the new EU CSRD regulation. Pexip will publish this and report its sustainability impact in line with the new regulation as and if the regulation becomes mandatory for companies of Pexip's size, which currently is estimated at 2025 or later.

Reducing both Pexip's and the customers' impact on the environment when using Pexip's products and services is an important focus for Pexip and the Board, and it will become even more important in the future. The Board considers Pexip's operations to have an overall positive effect on the global environment. Pexip delivers videoconferencing services, which can be used to reduce business travel and commuting, thereby reducing carbon emissions, and improving the environment. Pexip's software also allows enterprises to increase the lifetime of their technical equipment through interoperability, giving the opportunity to reduce e-waste. Pexip only produces software and software-as-a-service and does not use products or materials which are harmful to the natural environment in the production of its services. Pexip uses waste sorting and recycling schemes for supplies and materials. On the other hand, Pexip's cloud services and software has a significant power consumption which has a negative impact. Pexip is using vendors with clear net zero strategies for their datacenter operations.

The direct impact of climate change is not expected to have a material impact on Pexip's financial performance and accounts in the short term, as Pexip has a limited carbon footprint and limited physical infrastructure which can be impacted. In the mid-term Pexip expects climate change awareness to have a positive effect on revenue due to the positive nature of videoconferencing when it comes to reducing travel and commuting, improving the environment as described above. Similarly, it may negatively impact the cost of operations, mainly related to data centers and compute due to increasing cost of electricity. Pexip continues to monitor potential risks and opportunities related to climate change.

People and organization

Pexip aims to be a leading People organization in the industry and focuses heavily on people and a culture of accountability and performance. We rely on a diverse workforce to succeed, and our goal is to offer an equal opportunity, safe, and risk-free working environment, fostering individual growth and enjoyment at work.

Pexip is an equal opportunity employer that evaluates applicants and treats employees equally regardless of an individual's age, race, color, gender, religion, national origin, sexual orientation, disability, or veteran status. We are committed to creating a diverse and inclusive environment at work and are proud to be an equal-opportunity employer. All qualified applicants will receive the same level of consideration for employment; everyone we hire will receive the same ability for training, compensation, and promotion. Promotion-processes includes involvement from HR to ensure equal opportunities for all. We have a leadership training program, where one of the sessions is dedicated to the theme

Employees	2024		2023	
	Male	Female	Male	Female
# of total employees	227	55	240	64
# of full-time employees at end of year	225	53	237	61
# of part-time employees at end of year	2	2	3	3
# of temporary employees at end of year	0	0	0	0
# of involuntary part-time employees at end of year	0	0	0	0

One Team, where diversity and inclusion is an important topic.

Employees and gender balance

At year end, the number of employees in Pexip in permanent positions amounted to 282 (2023: 304), of which 227 were male and 55 were female. The employees are located in 26 countries. Pexip has offices in Norway, Sweden, Belgium, Spain, France, Italy, Netherlands, Germany, UK, Australia, USA, Singapore and Japan.

At the end of 2024, the percentage of female employees was 20%, compared to 21% at the end of 2023. Pexip has a long-term ambition to increase the share of women, aligned to the gender balance in the industry as a whole. In Norway, women working in the private sector represent around 37%[1] of the workforce, but only around 29%[2] of employees and 33% of leaders in IT companies are women.

[1] *Statistics Norway, Last updated 2023*

[2] *KANTAR / ODA-Nettverk 2019*

The senior leadership team comprises seven employees, of which two are female. The Board currently has five members, of which two are female. A detailed breakdown of the gender distribution per leadership type and wage differences is given below.

	Gender distribution		Wage differences: Female share of men's compensation in %
	Female	Male	On-target earnings
Total	20%	80%	77%
Senior leadership team	29%	71%	53%
Employees in leadership roles	18%	82%	72%
Other employees	20%	80%	80%

Going forward, our goal is to be a diverse company, offering equal opportunities, and a good working environment for all employees. We recognize there is still work to do, but we are committed to creating more opportunities for a more balanced representation. We work actively in each recruitment process to ensure we create equal opportunities for all and to increase female representation in all divisions and levels of the organization.

Our work for equality is underpinned by several policies. Our code of conduct includes our commitment to creating an equal opportunity workplace, free from discrimination, harassment, and victimization. Our human capital policy outlines our principle of gender pay equality, and our belief in equal pay for equal work. Ensuring work-life balance is also strongly embedded in our culture, and meetings and events shall be held virtually where this is appropriate and possible.

Through 2024, Pexip has collaborated with Team Aker Dæhlie to support BEYOND. Team Aker Dæhlie is the first professional athletic team to include athletes from both genders across long-distance running, FIS/allround, talents and para-crossing. The venture is called BEYOND and is also about performing beyond going fast on the cross-country track. Pexip is proud to have joined this collaboration, and the joint ambition and action for equal opportunities.

Flexible working and healthy working conditions

Pexip works to offer a safe and risk-free working environment that promotes a healthy workplace and facilitates work-life balance. The company offers flexible working hours and flexible workplace schemes to facilitate work-life balance and better conditions for, for example, combining work and parenting. In 2024, the average sick-leave was 0.6% (2023: 0.9%). During the year, 3 male and 5 female employees were on parental leave for more than a month, and male employees took 16 weeks in total, while the female employees took 117 weeks.

Parental leave	2024		2023	
	Male	Female	Male	Female
Employees entitled to parental leave	227	55	240	64
Employees that took parental leave of more than one month	3	5	2	7
Weeks of parental leave during the year	16	117	37	122

Sick leave	2024		2023	
	Male	Female	Male	Female
# of employees on sick leave during the year	55	26	68	39
# of days of sick leave during the year	305	137	470	315

Research and Development (R&D)

A core activity for Pexip is R&D related to distributed software platforms for videoconferencing and collaboration. During 2024 Pexip has delivered several important innovations, as described elsewhere in this report. The technology is developed with the aim of making the company the industry leader within Connected Spaces and Secure and Custom video solutions for large international corporations and public sector organizations. Of the total R&D in 2024, Pexip capitalized NOK 26 million (NOK 35 million) and the remaining cost has been classified as operating expenses.

Risk and Risk Management

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 within information security, where Pexip holds ISO 27001 and 27701 certifications as an external recognition of its approach. Pexip's key commercial, technological, and operational risk factors are summarized here.

Operational and Market activities

Pexip may be unable to retain or replace its management and/or key IT, sales and marketing professionals. Retaining Pexip's strong talent and leadership is vital due to their extensive experience and skill sets within the videoconferencing and collaboration industry, which is required to support and develop Pexip's projects. It is also vital for Pexip's operations to retain or replace its IT professionals with expertise within information security and privacy, as well as certain IT professionals within R&D with skills required to sustain and develop Pexip's competitive differentiation. There is a shortage of, and intense competition for, sales and marketing professionals with ability and expertise to sell products and services to large worldwide businesses and organizations with lengthy procurement cycles and severe evaluation and negotiation processes.

Pexip may not be able to respond to rapid technological changes, extend its platform or develop new services in a highly competitive market. The communications and collaboration technologies market is highly competitive and characterized by rapid technological change and frequent new product and service introductions. Pexip's future profitability depends heavily on its ability to enhance and improve the platform, introduce new features and products and interoperate across an increasing range of devices, operating systems and third-party applications. There can be no assurance that any attempts on enhancements to the platform or new product experiences, features or capabilities will be compelling to users or gain market acceptance in a timely and cost-effective manner.

Pexip is exposed to risk related to high upfront sales and marketing costs, lengthy sales cycles and unexpected deployment challenges due to its sales and marketing to large businesses and organizations. As Pexip's main focus is on large enterprise customers, a large proportion of the sales and marketing costs are related to such customers. These customers and potential customers have lengthy procurement cycles and severe evaluation and negotiation processes due to their leverage, size, organizational structure, and approval requirements, and often demand additional features, support services and pricing concessions or require additional security management or control features. Pexip spends substantial time, effort and funds on sales and marketing efforts to potential customers without any assurance that this will produce any sales.

Pexip is exposed to risk related to cyber-threats. As a technology group that delivers an end-to-end videoconferencing platform and digital infrastructure, Pexip and its customers are subject to cyber-attacks from cybercriminals. Rapid changes in attack vectors makes it difficult to stop attacks and adapt to new threats and the increased social hacking creates a cyber-threat risk for Pexip.

Pexip is exposed to risk relating to system failures, defects, or errors. Certain applications offered to customers are hosted on Pexip's own servers, running in co-located data centers. Pexip must maintain continuous data center operations (including network, storage, and server operations) to ensure adequate delivery of services. Pexip's data center operations may experience disruptions or outages as a result of human error, equipment error, cyberattacks, software failure or natural disasters. Pexip's platform and services are based on inherently complex software technology, which may have real or perceived defects, errors, failures, vulnerabilities, or bugs in the platform and Pexip's products could result in negative publicity or lead to data security, access, retention, or other performance issues.

Operational Activities Risk Mitigation

To retain and attract talent, Pexip continuously invests in strengthening the corporate culture, the Pexip Way, as well as making sure Pexip is taking advantage of all available talent through its diversity initiatives. Pexip has developed a strong sales and R&D capacity to stay ahead of competition. To mitigate risks within cyber security and system errors, Pexip invests in strengthening its system architecture, as well as investing in competence development and awareness training. Since the founding of the company Pexip has invested in automated software testing to ensure a robust, enterprise-grade product offering.

Customer Relationships and Third Parties

Pexip depends highly on existing customers renewing their subscriptions. Pexip's offerings are in a highly competitive communications and collaboration market, with fluctuating user satisfaction, demand for products and/or services, financial position of customers and acceptance and use of communications and collaboration technologies in general. Pexip's business operations depend highly on renewed subscription by its existing customer base.

Pexip is exposed to risk related to the interoperability of Pexip's platform across devices, operating systems, and third-party applications. Compared to its competitors' solutions, Pexip's platform is accessible irrespective of technology and device, and has integrations with traditional video equipment, via browser, collaboration tools, enterprise & internet streaming, and telephony. Pexip is highly dependent on the accessibility of its platform across these and other third-party operating systems and applications that it does not control. Third-party services and products are constantly evolving, and Pexip may not be able to modify its platform to assure compatibility with that of other third parties following development changes.

Customer Relationships and Third Parties Risk Mitigation

Pexip invests substantial resources into R&D to further develop its offering, and has also invested in strengthening the Customer Success methodology. In addition, Pexip has a dedicated alliance team working with strategic partners to build joint customer value and explore new areas of cooperation with its alliance partners.

Laws Regulations and Compliance

Pexip is exposed to risk relating to data protection and data privacy regulations, licenses, etc. Pexip receives, stores and processes personal information and other user data through its business and operations in multiple jurisdictions. This makes Pexip exposed to data protection and data privacy laws and regulations it must comply with, which all impose stringent data protection requirements and provides possibly high penalties for non-compliance, in particular relating to storing, sharing, using, processing, disclosing and protecting personal information and other user data on its platforms.

Pexip is subject to laws and regulations in several jurisdictions, including governmental export and import controls. Pexip's platform and products are subject to governmental export and import controls that could impair Pexip's ability to compete in international and/or national markets due to specific licensing requirements. Any change in export or import laws and regulations could result in decreased use of the Pexip platform or decreased ability to export or sell subscriptions to the platform to existing and/or potential customers with international operations.

Pexip is exposed to risks of claims and legal proceedings, including intellectual property right disputes. Pexip may be party to various legal proceedings that arise in the ordinary course of its business, including intellectual property rights disputes. The value of intellectual property rights is of high importance for Pexip, as it operates in a highly competitive commercial environment where the strength of the intellectual property rights may be an important feature that distinguishes Pexip from its competitors. It is therefore important for Pexip to ensure the value and commercial use of its intellectual property rights. There can be no assurance that third parties have not or may not infringed intellectual property rights owned by Pexip, who may have to challenge such parties' rights to continue to use or sell certain products and/or may seek damages from such parties. Moreover, there can be no assurance that Pexip may not infringe or be alleged to have infringed intellectual property rights owned by third parties who may challenge Pexip's right to continue to use or sell certain products and/or may seek damages from Pexip. Any infringement or other intellectual property claims made by or against Pexip could be time-consuming, result in costly litigation processes that may result in substantial monetary damages, cause product delays, divert its management from their regular responsibilities or require Pexip to enter into royalty or licensing agreements.

Laws Regulations and Compliance Risk Mitigation

Pexip actively monitors and adapts to the development of laws and regulations in the markets it operates in, especially within the data privacy area which has seen significant development in recent years. Industry standard insurance policies are also in place.

Financial and Market Risk

Pexip's profitability, operating results and working capital may fluctuate significantly. Operating in a global, fast-changing market, Pexip's profitability, results of operations and working capital may fluctuate significantly on a quarterly and annual basis. The subscription-based revenues may also fluctuate significantly, both in the short-term and long-term. Pexip has counterparty risk with regards to its account receivables, its cash placement in banks as well as funds held in money market funds. Working capital may also fluctuate significantly on a quarterly and on an annual basis, which could have a material adverse effect on Pexip's business and financial performance. This may be caused by factors beyond Pexip's control, such as variations in the timing of orders and deliveries, new product introductions by Pexip and its competitors, variations in spending budgets of customers, shifts in market and industry emphasis and end user demands, and general economic conditions and economic conditions.

Pexip is exposed to foreign currency exchange risk. Because a significant part of Pexip's business is conducted in currencies other than its functional reporting currency (NOK, as defined below) and Pexip has its majority of ARR in contracts denominated in USD, Pexip will be exposed to volatility associated with foreign currency exchange rates. Exchange rate fluctuations may affect Pexip's financial results through translation of the profit and loss accounts and balance sheets of foreign subsidiaries into NOK. Currency risks may also arise when Group companies enter into transactions that are denominated in currencies other than their functional currency. Pexip itself is also invoiced in other currencies than its functional currency, thus resulting in currency exposure from both a customer and supplier position. Currency exposure is the result of purchases of goods and services in other currencies than Pexip's functional currency (transaction exposure) and of the conversion of the balance sheets and income statements in foreign currencies into NOK (translation exposure). Such translation exposure does not give rise to an immediate cash effect. Pexip does not use financial instruments to hedge its exposure to foreign exchange rate risks, and there is no guarantee that Pexip's financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by Pexip to engage in currency hedging activities will be effective.

Pexip is exposed to risk relating to impairment of intangible assets, including goodwill. The company's audited consolidated financial statement for the year ended December 31, 2024 was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. As of December 31, 2024, Pexip's non-current assets amounted to NOK 1,237 million, most of which are intangible assets including NOK 599 million in goodwill. Goodwill acquired in a business combination is not amortized pursuant to IFRS, but is tested for impairment annually, or more often, if an event or circumstance indicates that an impairment loss may have been incurred. The key assumptions affecting the present value of cash flows are the development of the net sales (expected growth rate), profitability, the discount rate and the growth rate. Changes in the development of the key assumptions could lead to impairment losses on goodwill, which could weaken Pexip's financial conditions, results of operations, equity and/or its ability to pay dividends or distributions. At the end of 2024 there is solid headroom giving a moderate risk of impairment in the case of an adverse development in the key assumptions. This is further described in the notes to the Annual Accounts for 2024.

Financial and Market Risk mitigation

Pexip maintains a robust balance sheet with a significant cash position in order to fund its growth investments and working capital needs. In addition, the company has very limited interest-bearing debt. Pexip does not use hedging instruments, but holds its cash holdings in a range of currencies according to its main cash outflows and holds money market funds with low risk counterparties. Pexip currently has positive headroom in its impairment tests, but this is sensitive to both changes in cost of capital as well as future cash flow estimates.

Impact of Russia's Invasion of Ukraine

The ongoing situation in Ukraine, and the impact on business in the region is still ongoing. The war in Ukraine has impacted Pexip in several ways. Pexip has two remote employees based in the conflict area and several employees from the involved countries in other offices. Pexip's main concern has been to ensure their safety and offer support to them in the best way. The financial effect from this is limited until this date due to a modest market presence in the region, with the main impact being loss of potential opportunity. In response to the attack on Ukraine, several extensive packages of sanctions towards Russia have been launched. The imposed sanctions are far-reaching. Norway has adhered to all EU sanctions. To ensure compliance, Pexip has ceased all commercial activities in Russia, Donetsk, Luhansk, and Belarus. The company regularly assesses, and maps exposures related to these regions, including relationships with banks, resellers, and customers with ties to Russian interests or sanctioned individuals. All such relationships are thoroughly reviewed to ensure adherence to international sanctions.

Impact from the current market situation

The global economic and geopolitical situation has faced challenges during 2024 and remains uncertain for 2025. In particular there is increased uncertainty with regards to sanctions and trade barriers, which may impact Pexip which delivers its software and software-as-a-service in several markets across the world. Pexip has a local presence in its key markets and is continuously monitoring the development in order to adjust to and seek to mitigate any regulatory changes.

Corporate Governance

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees and other stakeholders.

The Board has established a set of governance principles to ensure a clear division of roles between the Board, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance. Pexip is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on October 14, 2021, may be found at www.nues.no. Pexip is subject to the Norwegian Transparency Act, and the assessment can be found together with the other financial reports at www.pexip.com/investor. The annual statement on corporate governance for 2024 has been approved by the Board and can be found in this annual report.

A Directors and Officers Liability Insurance is in place for members of the Board of Directors and the CEO for their potential liability towards the Company and third parties. The insurance covers the Board's and the CEO's legal personal liability for financial damage caused by the performance of their duties. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialized insurer with appropriate rating.

Share and Shareholder Matters

The Pexip share is listed on Oslo Børs under the ticker PEXIP. The company was listed on Oslo Børs on May 14, 2020 with a subscription price of NOK 63.00 per share.

Pexip has only one share class, and all shares have equal rights in the company.

On December 31, 2024, the share capital of Pexip Holding ASA was NOK 1,566,445.065 divided into 104,429,671 ordinary shares with a par value of NOK 0.015. The share had a closing price on December 30, (last day the share was traded in 2024) of NOK 43.9, up from NOK 25.9 per share at the end for 2023.

The turnover of shares is a measure of traded volumes. On average, 218,566 Pexip shares were traded on Oslo Børs every trading day in 2024.

As of December 31, 2024, Pexip had 4,947 shareholders registered in the Euronext Securities. The shareholders were from 47 different countries across the world, with 28.4% of holdings were held by shareholders outside Norway. The top 20 shareholders held 47.2 of the registered shares excluding shares held by the company.

The shares are registered in the Norwegian Central Securities Depository. The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 0010840507.

Pexip aims to have an open and transparent dialogue with shareholders and investors. Pexip has a set of guidelines for investor relations. The purpose of the investor relations guidelines is to ensure that relevant, accurate and timely information is made available to the market as a basis for fair pricing and regular trading of the company's shares, and the company is perceived as a visible, accessible, reliable and professional company by the capital market, while at the same time always observing the rules and legislation for listed companies on Oslo Børs.

Pexip ensured that all relevant information required for external evaluation of the company was published in accordance with applicable rules and guidelines set by Oslo Børs. The company also conducted investor roadshows with investors across the globe in connection with the interim results and participated on several industry and investment seminars during the year.

Going Concern

The Board confirms that Pexip qualifies as a going concern and the financial statements have been prepared on this basis. The Board has confirmed that this assumption can be made on the basis of the group's strategy, outlook and budget.

SIGNATURE PAGE

Board of Directors

Oslo, March 26, 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

Corporate governance

Good corporate governance provides the basis for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The Board of Pexip has established a set of governance principles in order to ensure a clear division of roles between the Board, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Pexip is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on October 14, 2021, may be found at www.nues.no.

The annual statement on corporate governance for 2024 follows below. The statement was approved by the Board on March 26, 2025.

1. Implementation and Reporting on Corporate Governance

The Board is committed to building a sound and trust-based relationship between Pexip and the company's shareholders, the capital market participants, and other stakeholders.

Pexip's overall principles for corporate governance are approved by the Board and can be found at https://investor.pexip.com/corporate-governance.

Pexip complies with the Norwegian Code of Practice for Corporate Governance (the code) issued by the Norwegian Corporate Governance Board, latest edition of October 14, 2021.

The Board's annual statement on how Pexip has implemented the code is set out below. The statement covers each section of the code, and deviations from the code, if any, are specified under the relevant section.

2. Business

Pexip's articles of association are available on Pexip's website.

Article 3 of these articles, Pexip's business objectives states: "The company's objective is to operate, own and/or invest in businesses or development related to telecommunication services and telecommunication solutions, investment in other companies or development of other businesses, and anything related to the foregoing". Within the framework of its articles of association, Pexip has established goals and strategies for its business.

Pexip's objectives and strategies are presented in the annual report in section "About Pexip". The evaluation of Pexip's objectives and strategies as well as risk and risk management are described in the Board's report. The "Environmental, Social and Governance" section in the Board's report covers considerations on sustainable value creation.

When carrying out its work on defining objectives, strategies, and risk profiles to create value for shareholders in a sustainable manner, the Board takes into account financial, social and environmental considerations. The Board has guidelines for how it integrates considerations related to its stakeholders into its value creation. The Board evaluates these objectives, strategies and risk profiles at least yearly.

3. Equity and Dividends

Equity

As of December 31, 2024, Pexip had a consolidated equity of NOK 1,608 million, corresponding to an equity ratio of 72%.

The Board considers that Pexip has a capital structure that is appropriate for its objectives, strategy and risk profile.

Dividends

In deciding whether to propose a dividend and in determining the dividend amount, the Board will comply with the legal restrictions set out in the Norwegian Public Limited Liabilities Companies Act and take into account the company's capital requirements, including capital expenditure requirements, the company's financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility.

The proposal to pay a dividend in any year is, in addition to any legal restrictions further subject to any restrictions in the company's borrowing arrangements or other contractual arrangements in place at the time.

The company introduced a policy in 2023 to distribute 50-100% of the free cash flow generated in the previous calendar year. For the financial year of 2024, the Board has recommended a dividend of NOK 2.5 per share, consisting of an ordinary dividend of NOK 2.0 and an extraordinary dividend of NOK 0.5 as the board recognizes that the company has excess liquidity. The company paid a dividend of NOK 1.1 for 2023 after the AGM in 2024, and did not pay any dividends on its Shares for the financial years that ended December 31, 2022, 2021, 2020 and 2019.

Board Mandates to Increase the Share Capital

At the Annual General Meeting of the company on April 12, 2024 the Board was authorized to increase the share capital of Pexip for general purposes by up to NOK 156,000 in one or more share capital increases through issuance of new shares. The authorization was only to be used in connection with (i) capital raisings for the financing of the company's business; and (ii) in connection with acquisitions and mergers. The authorization can be used in situations described in the Norwegian Securities Trading Act section 6-17. The authorization is valid until the annual general meeting in 2025, however no longer than until June 30, 2025. The Board did not issue any shares in relation to this authorization since the Annual General Meeting on April 12, 2024 and up to the date of this report.

At the Annual General Meeting of the company on April 12, 2024 the Board was authorized to increase the share capital of Pexip by up to NOK 156,000 in one or more share capital increases through issuance of new shares. The authorization was only be used in connection with issuance of shares to the group's employees or board members in relation with option and incentive programs, both individual and general. The authorization can be used in situations as described in the Norwegian Securities Trading Act section 6-17. The authorization is valid until the annual general meeting in 2025 however no longer than until June 30, 2025. No new shares have been issued by the Board in relation to this authorization since the Annual General Meeting on April 12, 2024 and up to the date of this report.

4. Equal Treatment of Shareholders

The company's share capital is NOK 1,566,445.065, divided into 104,429,671 shares, each with a nominal value of NOK 0.015.

The company held 2,588,729 own shares at the end of 2024.

The Board and the executive management are committed to ensure equal treatment of all the company's shareholders and that transactions with related parties take place on an arm's length basis. The notes to the consolidated financial statements for 2024 provides details about transactions with related parties as well as financial relationships related to the directors and executive personnel.

5. Shares and Negotiability

The company's shares are freely negotiable. The articles of association do not impose any restriction on the negotiability of the shares. There are no general restrictions on the purchase or sale of shares by members of the company's management as long as they comply with the regulations on insider trading and in the Market Abuse Regulation. Each share carries one vote.

6. General Meetings

All shareholders have the right to participate in the general meetings of the company, which exercise the highest authority of the company. The Board ensures that its shareholders can attend and participate in the general meeting. The annual general meeting will take place on April 25, 2025. The Group's financial calendar is published via Oslo Børs and in the investor relations section of Pexip's website.

Notice, Registration and Participation

The full notice for general meetings shall be sent to shareholders no later than 21 calendar days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient detail in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance and voting. The notice and the documents may be sent to or made available for the shareholders by electronic communication, to the extent allowed in the company's articles of association. The Chair of the Board and the Chair of the nomination committee are present at the general meeting. The company's auditor shall normally be present at general meetings. The right to participate and vote at general meetings of the Company can only be exercised by those who are shareholders five business days prior to the general meeting (the registration date). Shareholders who wish to attend a general meeting of the Company shall give the Company written notice of attendance within a time limit given in the notice of the general meeting, which cannot expire earlier than two days before the general meeting.

Proxy Form, Advance Voting and Voting Restrictions

Notices with documentation are made available on Pexip's website immediately after the documentation has been issued as a stock exchange announcement.

The Board may allow for shareholders to cast written votes in advance in matters to be discussed at the general meetings of the company. Such votes may also be cast through electronic communication. The access to cast votes in advance is subject to the presence of a safe method of authenticating the sender.

General-meeting notices provide information on the procedures for attendance and voting, including the use of proxies or permission to cast written votes in advance. Shareholders who cannot attend in person are encouraged to cast written votes in advance or appoint a proxy.

A proxy form, where a proxy has been named, is framed in such a way that the shareholder can specify how the proxy should vote on each issue to be considered. The notices include information on the right to raise issues for consideration at the general meeting, including the relevant deadlines.

Chairing Meetings, Elections, etc.

General Meetings will normally be chaired by the General Counsel. The Board will evaluate prior to each General Meeting whether it is appropriate to engage an external Chair to chair the meeting.

The Chair of the Board and Chief Executive Officer (CEO) are required to attend. Other members of the Board are entitled to attend.

Upon elections of Nomination Committee and Directors of the Board. The general meeting will be facilitated for separate voting for each individual candidate

Minutes from general meetings are published as soon as practicable via the stock exchange's reporting system (www.newsweb.no, ticker code: PEXIP) and in the investor relations section of Pexip's website.

7. Nomination Committee

The nomination committee is laid down in article 8 of the company's articles of association. The company shall have a nomination committee, elected by the general meeting. The members of the nomination committee should be selected to take into account the interests of shareholders in general, and the majority of the nomination committee should be independent of the Board and the executive management team. No board member or member of the executive management team should serve on the nomination committee. Members of the executive management team should not be members of the nomination committee.

The nomination committee shall present proposals to the general meeting regarding (i) election of the Chair of the Board, board members and any deputy members, and (ii) election of members of the nomination committee. The nomination committee shall also present proposals to the general meeting for remuneration of the Board and the nomination committee, which is to be determined by the general meeting.

In its work, the nomination committee may contact shareholders, members of the Board, the management and external advisers. Shareholders should be given the opportunity to propose board member candidates to the Nomination Committee. The nomination committee shall give considerable weight to the wishes of the shareholders when making its recommendations. Members of the nomination committee are elected for a term of two years but may be reelected. The members may be removed or replaced at any time by a resolution of the general meeting. In order to ensure continuity, a maximum of two members should be up for election at any time. The annual general meeting stipulates the remuneration to be paid to the nomination committee. The nomination committee's expenses shall be covered by the company.

The general meeting shall adopt instructions for the nomination committee.

The Annual General Meeting on April 12, 2024 re-elected Dag S. Kaada (Chair), Oddvar Fosse and Arild Resen as members of the nomination committee for a period up to the annual general meeting in 2024. There have been no changes to the composition of the committee since 2020. No directors or members of executive management are represented in the nomination committee.

8. Board of Directors: Composition and Independence

Pursuant to the articles of association, the Board shall consist of between 3 and 7 board members, as decided by the general meeting. The Board currently has five shareholder-elected directors. Directors and the Chair of the Board are currently elected by the general meeting for a one or two year term. The composition of the Board is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background as well as in-depth sector understanding and expertise in investment, financing and capital markets. Weight is also given to the Board's ability to make independent judgements of the business in general and of the individual matters presented by the executive management. Consideration has also been given to gender representation and independence of directors from the company and its management. The Board does not include executive personnel.

All shareholder elected directors are independent of Pexip's executive management and commercial partners. No shareholder elected directors has done paid work for or on behalf of the company during 2024 beyond their responsibilities as board members, which is compensated in line with the decision of the annual general meeting.

Details on background, experience and independence of directors are presented on Pexip's website.

12 board meetings were held in 2024, in addition to several Board workshops and committee meetings. Each board member's attendance at Board meetings is recorded by the company.

Members of the Board are encouraged to own shares. The shareholding of each board member can be found in notes to the consolidated financial statements and in the biography of each board member on https://investor.pexip.com/corporate-governance-Board.

9. The Work of the Board

The Board shall prepare an annual plan for its work with special emphasis on goals, strategy and implementation. The Board's primary responsibility shall be (i) participating in the development and approval of the company's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the company's ongoing needs. The Board is also responsible for ensuring that the operation of the company is compliant with the company's values and ethical guidelines. The Chair of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner. The Board shall ensure that the company has proper management with clear internal distribution of responsibilities and duties. A clear division of work has been established between the Board and the executive management team. The CEO is responsible for the executive management of the company. All members of the Board shall regularly receive information about the company's operational and financial development. The company's strategies shall regularly be subject to review and evaluation by the Board. The Board shall prepare an annual evaluation of its work.

The Role of the Board

The Board shall contribute with expertise and experience to management. It shall set the vision, values and long-term objectives of the company.

The Duties of the Board

The duties of the Board are subject to the existing laws, the company's articles of association, powers and instructions given by the general meeting, these instructions and the company's

Corporate Governance Policy. The main duties of the Board may be divided in:

- The Board's administration of the company, cf. the Norwegian Public Limited Liability Companies Act (the Companies Act) Section 6-12
- The Board's supervisory responsibility, cf. the Companies Act Section 6-13

The Board shall in general get involved and consider all matters that are significant to the company's financing, operational performance and long-term development.

The Board's Administration of the Company

The Board shall ensure an adequate organization of the business, including appointment and discharge of the CEO and issuing of instructions to him (the Companies Act Section 6-2) The Board is responsible for issuing any incentive programs for the management of the company.

The Board shall approve the overall strategy, business plans and budgets for the company. The strategy discussions shall be finalized well in time before the yearly budget process is started. The Board shall, when necessary, timely initiate discussions on strategic areas, especially within re-structuring and/or change of the administration and/or the management.

Through an adequate monthly reporting system, the Board members shall keep themselves fully updated on the company's operational and financial development. The information shall be given in a meeting and/or in writing.

The annual report, sustainability report and the annual accounts shall be submitted to the Board for approval within relevant legal time frames. The Board shall submit its annual report, which shall include information about net profit or loss and prospects for the future (c.f the Accounting Act Section 3-2).

The Board shall, in cooperation with the executive management team, issue the company's dividend policy and is responsible for submitting proposals (if any) for distribution of dividend to the general meeting.

The Board has established specific sub-committees to follow up the administration of the Company. The Board has an audit committee and a remuneration committee.

The Board's Supervisory Responsibility

The Board shall supervise the management of the company's business in general. The Board may issue instructions for the CEO.

Adequate Equity

The Board shall see to that the company is at all times funded and financed adequately in terms of the risk and scope of the company's business.

The Board's Duties in Relation to the General Meeting

The general meetings are convened by the Board (the Companies Act Section 5-8). The Board shall prepare all matters which shall be considered by the general meeting.

Directors of the Board and the CEO have the right to attend and speak at general meetings. The Chair of the Board and the CEO shall, save in case of legal absence, attend general meetings unless the general meeting in each case decides otherwise (the Companies Act Section 5-5).

The Board shall submit its proposal to profit and loss account and balance sheet, and its proposal to application of profit or coverage of loss to each shareholder (the Companies Act Section 5-6 third paragraph) preferably together with the notice to the general meetings, but not later than one week before the matter shall be considered by the general meeting.

Related Parties

Any transactions, agreements or arrangements between the Group and the Company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall where relevant comply with the procedures set out in the Norwegian Public Limited Liability Companies Act. The Board will arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is considered to be immaterial. The Company's financial statements shall provide further information about transactions with related parties in accordance with applicable accounting principles. Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who where relevant will notify the Board) if they have any material direct or indirect interest in any transaction entered into by the Group.

Other Responsibilities

The Board shall be responsible for all other duties which are attributed to the Board pursuant to laws or the articles of association, and the Board shall keep itself informed about or resolve matters which in the opinion of the administration or the Chair of the Board is natural or required.

10. Risk Management and Internal Control

As set out in the corporate governance guidelines of Pexip Holding ASA, the company's Board shall ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. This document sets out the routines for such internal control and risk management.

Objective of the risk management and internal control

The objective for the company's risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the company's business and to support the quality of its financial reporting and sustainability reporting. Effective risk management and good internal control contribute to securing shareholders' investment in the company and the company's assets.

The Board's Responsibility for Risk Management and Internal Control

The Board shall ensure that the company's internal control comprises guidelines, processes, duties, conduct and other matters that:

- facilitate targeted and effective operational arrangements for the company and also make it possible to manage commercial risk, operational risk, the risk of breaching applicable legislation and regulations as well as all other forms of risk that may be material for achieving the company's commercial objectives
- contribute to ensuring the quality of internal and external reporting
- contribute to ensuring that the company operates in accordance with the relevant legislation and regulations as well as with its internal guidelines for its activities, including the company's ethical guidelines and corporate values

The Board shall form its own opinion on the company's internal controls, based on the information presented to the Board. Reporting by executive management to the Board shall be prepared in a format which gives a balanced presentation of all risks of material significance, and of how the internal control system handles these risks.

Internal Control and Risk Management System

The Board shall develop and assess the need for internal control systems which address the organization and execution of the company's financial and sustainability reporting. These systems shall be continuously developed in light of the company's growth and situation.

The Board shall also focus on the need for developing ethical guidelines ensuring that employees can safely communicate to the Board matters related to illegal or unethical conduct by the company. The Board shall ensure that the company has the necessary routines and hired personnel to ensure that any outsourced functions are handled in a satisfactory manner.

Pexip's primary internal control routines related to financial reporting are as follows: The Finance department prepares a monthly financial report which also contains the most important operational KPIs and qualitative developments, comparing the results to previous period and to budget. This report is reviewed by the CEO, the management team and the Board. The Board Audit Committee reviews each quarterly and annual financial statement and other company reports such as the sustainability report with a particular focus on risk elements, such as special transactions and estimates, and the Board reviews and approves quarterly and annual reports.

Each year, the external auditor performs tests of the company's internal control routines and presents the findings to the Board. On this basis, the Board reviews management's plan for further development of the company's internal control system.

Annual Review by the Board

The Board shall carry out an annual review of the company's most important areas of exposure to risk and of the company's internal control systems. The Board's review shall cover all matters included in reports to the Board during the course of the year, together with any additional information that may be necessary to ensure that the Board has taken into account all matters related to the company's internal control.

When conducting their review, the Board shall pay attention to:

- changes relative to previous years' reports in respect of the nature and extent of material risks and the company's ability to cope with changes in its business and external changes
- the extent and quality of management's routine monitoring of risks and the internal control system and, where relevant, the work of the internal audit function
- the extent and frequency of management's reporting to the Board on the results of such monitoring, and whether this reporting makes it possible for the Board to carry out an overall evaluation of the internal control situation in the company and how risks are being managed
- instances of material shortcomings or weaknesses in internal control that come to light during the course of the year which have had, could have had or may have had a significant effect on the company's financial results or financial standing
- to which extent the company's external reporting process functions

The Board shall provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting.

11. Remuneration of the Board of Directors

The general meeting determines the Board's remuneration annually, normally in advance, on the basis of recommendations from the nomination committee. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The Board shall be informed if individual Board members perform tasks for the company other than exercising their role as Board members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership. This is further described in the Pexip's Remuneration Guidelines and Remuneration report for 2024.

With the exception of the Chair of the Board, none of the directors have undertaken any special assignments for Pexip other than their work on the Board and Board committees. Directors are unable to accept such assignments without approval from the Board in each case.

12. Salary and Other Remuneration of Executive Personnel

The Board has a remuneration committee. The main responsibilities of the committee are to evaluate and propose the remuneration guidelines and issue an annual report on the compensation of the executive management team, which shall be included in the company's annual accounts pursuant to applicable rules and regulations, including accounting standards, promulgated from time to time. This is further described in Pexip's Remuneration Guidelines and Remuneration report for 2024.

Changes to the Executive Management and the Board

The annual general meeting on April 12, 2024 re-elected the following Board, in accordance with the nomination committee's proposal:

i. Kjell Skappel, chair
iv. Irene Kristiansen
v. Phillip Austern
vi. Geir Langfeldt Olsen
vii. Silvija Seres

Kjell Skappel, Irene Kristiansen, Philip Austern, Geir Langfeldt Olsen and Silvija Seres were elected for a term of one year. No deputy members were elected.

There were no changes to the Executive Management in 2024.

13. Information and Communications

The Board has established guidelines for investor communication. Pexip's communication with the capital markets is based on the principles of transparency, full disclosure and equality. These guidelines are published on investor.pexip.com.

The CEO and CFO are responsible for the main dialogue with the investor community, hereunder the company's shareholders.

Pexip follows the Norwegian corporate governance code. This includes the code's policy and principles for publication of relevant information. Therefore, information shall at all times be available on Pexip's investor website (investor.pexip.com).

English will be the primary language used for investor communication. Stock exchange notices and other formal communications will be published in English. Information to the stock market is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information considered relevant and significant for valuing the company's shares will be distributed and published in English via Oslo Børs disclosure system, www.newsweb.no, and via Pexip's investor website (investor.pexip.com) simultaneously.

Pexip holds public presentations in connection with the announcement of quarterly and annual financial results as well as strategic updates. The presentations are available as live presentations via the internet. Presentation material is made available via Oslo Børs' news site www.newsweb.no and investor.pexip.com.

Pexip gives weight to maintaining an open and ongoing dialogue with the investor community, hereunder frequent meetings with investors, fund managers, analysts and journalists. The company is also present at relevant investor conferences and seminars. Presentations held at such events are made public via investor.pexip.com.

The guidelines for investor communication state that in the last three weeks prior to distribution and publication of company results, no meetings with shareholders, investors or analyst are to be held. Pexip also has the right to put into effect Silent Periods in connection with other corporate events. In Silent Periods, no comments will be given to other stakeholders, such as the press, on Pexip's results and future development.

Reporting of financial and other information shall be timely and accurate. The main purpose of this information presents a complete picture of Pexip's financial results and position as well as articulating Pexip's long-term goals and potential, including its strategy, value drivers and important risk factors.

The Group publishes a financial calendar every year with an overview of the dates of important events, including the general meeting, publication of interim reports and open presentations. This calendar is made available as a stock exchange announcement and on Pexip's website as soon as it has been approved by the Board.

14. Takeovers

The Board has established guiding principles for responding to possible takeover bids.

In a take-over process, should it occur, the Board and the executive management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

- the Board will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so;
- the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance unless there are particular reasons not to. This includes obtaining a valuation from an independent expert. On this basis, the Board will seek make a recommendation as to whether or not the shareholders should accept the bid.

15. Auditor

The external auditor, Deloitte, annually presents its overall plan for the audit of Pexip for the audit committee's consideration.

The external auditor's involvement with the Board during 2024 related to the following:

Presented the main features of the audit work.

- Attended all audit committee meetings approving the financial statements, reviewing possible significant changes in accounting principles, assessing significant accounting estimates, and considering all possible disagreements between the external auditor and executive management.
- Reviewed Pexip's internal control procedures and systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the Board without the presence of the executive management.
- Confirmed its independence and provided an overview of non-audit services provided to Pexip.
- During 2024, the external auditor attended 5 meetings with the audit committee in addition to one meeting with the Board.

Pursuant to the code, the Board has established guidelines for Pexip's management use of the external auditor for non-audit services.

The Board reports annually to the annual general meeting on the external auditor's total fees, split between audit and non-audit services. The annual general meeting approves the auditor's fees for the holding company.

SIGNATURE PAGE

Board of Directors

Oslo, March 26, 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

Executive Management

Trond K. Johannessen
Chief Executive Officer

Øystein Hem
Chief Financial Officer

Åsmund O. Fodstad
Chief Revenue Officer

Ingrid Woodhouse
Chief People Officer

Patricia Auseth
Chief Marketing Officer

Ian Mortimer
Chief Technology Officer

Helge Hoff Hansen
Chief Operations Officer

Board of Directors

Kjell Skappel
Chair of the Board

Irene Kristiansen
Board Member

Phillip Austern
Board Member

Silvija Seres
Board Member

Geir Langfeldt Olsen
Board Member

Financial Statements

Pexip Group 2024

Consolidated Statement of Profit or Loss

Period January 1 - December 31

(NOK 1,000)	Notes	2024	2023
Revenue	3	**1 118 562**	993 582
Cost of sale		**105 102**	99 004
Salary and personnel expenses	4,23,24	**653 959**	621 435
Other operating expenses	5	**152 787**	159 880
Other gains and losses	29	**15 936**	10 908
EBITDA		**190 778**	102 355
Depreciation and amortization	9,10,12	**78 137**	126 425
Impairment losses*	9, 11, 30	**3 104**	72 687
Operating profit or loss		**109 537**	-96 756
Financial income	6	**28 665**	19 194
Financial expenses	6	**-3 397**	-2 707
Net gain and loss on foreign exchange differences	6	**29 352**	16 737
Financial income/- expenses - net		**54 620**	33 224
Profit or loss before income tax		**164 156**	-63 532
Income tax expense	7	**46 251**	16 253
Profit or loss for the year		**117 905**	-79 786
Profit or loss is attributable to:			
Owners of Pexip Holding ASA		**117 905**	-79 786
Earnings per share			
Basic earnings per share	8	**1.16**	-0.79
Diluted earnings per share	8	**1.12**	-0.79

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

* The line item depreciation and amortization and impairment losses have been reclassified for 2023. More information in note 30.

Consolidated Statement of Comprehensive Income

Period January 1 - December 31

(NOK 1,000)	2024	2023
Profit or loss for the year	**117 905**	-79 786
Items that may be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	**20 301**	7 113
Total comprehensive income for the year	**138 206**	-72 672
Total comprehensive income is attributable to:		
Owners of Pexip Holding ASA	**138 206**	-72 672

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

Date as of December 31

(NOK 1,000)	Notes	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	3,9	**20 124**	11 580
Right-of-use assets	3,10	**51 793**	42 730
Goodwill	11	**598 998**	598 998
Other intangible assets	3,12	**95 749**	125 516
Deferred tax asset	7	**140 225**	170 629
Contract costs	3,18	**325 086**	299 000
Receivables	4,13,19	**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	4,13,19	**332 832**	183 716
Contract assets	18	**6 737**	39 210
Other current assets	14	**19 778**	23 716
Financial Investments	19	**206 066**	
Cash and cash equivalents	15,19	**422 100**	522 692
Total current assets		**987 514**	769 334
TOTAL ASSETS		**2 224 882**	2 021 059

(NOK 1.000)		2024	2023
EQUITY AND LIABILITIES			
Equity			
Total equity	16	**1 607 952**	1 554 823
Non-current liabilities			
Borrowings	17,19	**1 984**	2 190
Lease liabilities	10,19	**43 510**	31 427
Deferred tax liabilities	7	**39 755**	27 193
Other payables	19	**28**	69
Total non-current liabilities		**85 277**	60 879
Current liabilities			
Trade and other payables	19,21	**156 534**	130 374
Contract liabilities	18	**354 892**	255 258
Current tax liabilities	7	**2 104**	3 525
Borrowings	17,19		132
Lease liabilities	10,19	**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

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

SIGNATURE PAGE

Board of Directors

Oslo, March 26, 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 Changes in Equity

(NOK 1,000)	Notes	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	16	3		106			109
Share-based payments	23,4			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	16						
Buy/sell treasury share	16	4		605			609
Dividend paid to company's shareholders	22		-111 745				-111 745
Share-based payments	23, 4			26 060			26 060
Balance at December 31, 2024		**1 527**	**2 004 193**	**82 851**	**35 277**	**-515 898**	**1 607 952**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Period January 1 - December 31

(NOK 1,000)	Notes	2024	2023
Cash flow from operating activities			
Profit or loss before income tax		**164 156**	-63 532
Adjustments for			
Depreciation, amortization and net impairment losses	9,10,12	**81 241**	199 112
Non-cash - share based payments	24	**26 060**	36 431
Interest income/expenses - net	6	**-19 312**	-16 500
Net exchange differences	6	**-16 654**	-7 936
Fair value movements on Financial Assets at fair value through profit and loss	19	**-6 066**	
Other adjustments		**629**	139
Change in operating assets and liabilities			
Change in trade, other receivables and other assets	4,13,18,19	**-110 197**	-2 596
Change in trade, other payables and contract liabilities	18,19,21	**109 390**	20 718
Interest received	6	**22 472**	19 004
Income taxes paid/refunded	7	**-7 241**	-7 247
Net cash inflow/outflow from operating activities		**244 478**	177 593
Cash flow from investing activities			
Payment for property, plant and equipment	9	**-16 122**	-16 571
Payment of software development cost	12	**-25 700**	-34 629
Proceeds from sale of property, plant and equipment		**1 163**	
Payment for financial assets at fair value through profit or loss	19	**-200 000**	
Net cash inflow/outflow from investing activities		**-240 660**	-51 201
Cash flow from financing activities			
Dividend paid to company's shareholder	22	**-111 745**	
Proceeds from issuance of ordinary shares	16,20		-3
Proceeds from borrowings	17,20	**301**	
Repayment of borrowings	10,20	**-470**	-4 000
Principal element of lease payments	6	**-13 405**	-21 737
Interest paid	16	**-3 160**	-2 505
Sale/(purchase) of treasury shares		**609**	
Net cash inflow/outflow from financing activities		**-127 871**	-28 244
Net increase/(decrease) in cash and cash equivalents		**-124 052**	98 148
Cash and cash equivalents start of the period		**522 692**	419 306
Effects of exchange rate changes on cash and cash equivalents		**23 460**	5 238
Cash and cash equivalents end of the period		**422 100**	522 692

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. General

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

Pexip is a global technology company that delivers a leading, end-to-end video conferencing platform and digital infrastructure. Pexip offers both the self-hosted software application and as-a-service deployment options for enterprise video conferencing, built on Pexip's proprietary Infinity technology. Both offerings are delivered as a recurring subscription-based model.

The consolidated financial statements of Pexip Holding ASA and its subsidiaries (collectively, the Group) for the year ended December 31, 2024 was authorized for issue by a resolution of the directors on March 26, 2025.

1.1 Adoption of new and revised accounting standards

There are no new or changed standards and amendments for the annual report period commencing on the 1st of January 2024 that have any material impact on the amounts recognized or disclosed. The following new standards have been adopted, through no effect has been identified;

- Classification of Liabilities as current or Non-current liabilities with covenants – amendments to IAS 1
- Lease Liability in Sale and leaseback – Amendments to IFRS 16
- Supplier Finance arrangements – amendments to IAS 7 and IFRS 7

1.1.2 New and revised IFRS standards in issue but not yet effective

The Group has not early adopted new and revised IFRS standards published but not mandatory for December 31, 2024 reporting periods.

- Amendments to IAS 21 – lack of exchangeability of currencies, effective for periods beginning after January 1, 2025
- Amendments to the Classification and measurement of Financial instruments – Amendments to IFRS 9 and IFRS 7, effective for periods beginning after January 1, 2026
- IFRS 19 Subsidiaries without public accountability: Disclosures, effective for periods beginning after January 1, of 2027
- IFRS 18 Presentation and Disclosure in Financial statements, effective for periods beginning after January 1, 2027

The Group does not expect that the adoption of these Standards will have a material impact on the financial statements in future periods. The implementation of IFRS 18 is expected to be pervasive on presentation and disclosures, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Note 2. Accounting principles

2.1 Basis for preparation

The financial accounts for Pexip Holding ASA "the Parent company" together with its subsidiary Pexip AS, and its wholly-owned and controlled subsidiaries, together called "the Group", have been prepared following IFRS® Accounting Standards adopted by the EU (IFRS), relevant interpretations, and the Norwegian Accounting Act.

The consolidated financial statements have been prepared on a historical cost basis, except where IFRS explicitly requires the use of other values.

The Parent company has NOK as its functional currency; the financial accounts are presented in NOK, rounded to the nearest thousand if nothing else is noted. As a result of the rounding differences, it is possible that amounts and percentages do not add up to the total.

2.2 Basis of consolidation

The consolidated financial statements comprise the Parent Company's financial statements and subsidiaries as of December 31, 2024.

Control is established when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity.

Consolidation is done using the acquisition method and begins when control over the subsidiary is obtained. The consolidation stops when the control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other equity components, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of significant accounting policies

2.3.1 Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred.
- liabilities incurred to the former owners of the acquired business.
- equity interests issued by the group.
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

On the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for:

- Deferred tax assets or liabilities are recognized and measured under IAS 12 - Income taxes.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree, are measured per IFRS 2 at the acquisition date.
- the value of a reacquired right is recognized as an intangible asset based on the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value.

Acquisition-related costs are recognized in profit or loss as incurred.

Contingent consideration is classified either as equity or financial liability. Amounts classified as financial liabilities are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred over the fair value of the net of the acquisition date amounts of the identifiable assets acquired, and the liabilities assumed.

Goodwill arising in a business combination is not amortized. Initially, goodwill is recognized at cost. Thereafter, goodwill is measured at cost less accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The carrying amount of goodwill is tested for impairment at least annually. Impairment losses are recognized directly in profit for the year and are not subsequently reversed. on reasonable, relevant, and supportable information and represent the management's best estimate.

2.3.2 Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences in settlement or translation of monetary items are generally recognized in profit or loss.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Non-monetary items that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively.)

Group companies

The Group's presentation currency is NOK. The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

2.3.3 Current versus non-current classification

An asset is classified as current when it is expected to be realized or intended for sale or consumption in the Group's normal operating cycle. It is held primarily to be traded or expected/due to be realized or settled within twelve months after the reporting date. Other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily to be traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.4 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue from the sale of software licenses

Infinity software licenses are classified as software licenses where the customer is provided with a right to use the software for a period of time, typically one year, as it exists when made available to the customer. Revenue from distinct software licenses is recognized at the point in time when the software is made available to the customer and the right to use the software has commenced. Most of the Infinity license agreements with customers are annual contracts. Invoices are generated when the license key is made available to the customers (at a point in time), and most invoices are payable within 30 days.

Revenue from the sale of cloud services

Cloud service licenses, "software as a service", entitle the customers to use the Pexip software together with the Group's IP and production network over the contract period. Revenues from the sale of Cloud Services are recognized overtime on a straight-line basis over the license period. More than 90 % of these license agreements are yearly prepaid contracts. Invoices are generated monthly or yearly, and most invoices are payable within 30 days.

Partner fees

The Group has a partner program that provides the partner with the right to sell The Group's services. The partner receives support, training and access to the service, and the performance obligations related to partner fees are satisfied on an ongoing basis. Revenue related to partner fees is thus recognized linearly over time.

Most of the partner fees are invoiced, as are annual agreements. Invoices are generated at contract inception and payable within 30 days.

Revenue from the sale of support and maintenance

The Group offers support and maintenance services to its customers. For services related to the software licenses, the performance obligations related to support and maintenance are satisfied on an ongoing basis, and revenue related to the sales of services are thus recognized on a linear basis over time.

Most of the maintenance and support agreements are related to the license period. Proof of concept (POC) is a professional service offered for up to 6 months. Revenue from these contracts is recognized linearly throughout the contract period. The Group also has customers with service contracts of 1-3 months. Revenues related to the sale of services are recognized on a linear basis over time.

Transaction price
The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales-related taxes. Sales related taxes are regarded as collected on behalf of the authorities. When the contract includes a variable amount, the Group estimates the amount of consideration expected to receive from the customer using either the expected value method or the most likely method. The method is used consistently throughout the contract. The Group has few contracts with variable consideration.

The Group uses the practical expedient in IFRS 15 not adjust for a financing component. Where applicable, the variable consideration is estimated using the most likely amount method. The estimate is revised and updated every quarter.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract balances
Contract balances consist of client-related assets and liabilities. Contract assets relate to consideration for work complete but not yet invoiced at the reporting date. The contract assets are transferred to trade receivables when the right to payment has become unconditional, usually when invoices are issued to the customers.

When a client pays consideration in advance, or an amount of consideration is due contrac¬tually before transferring of the license or ser¬vice. The amount received in advance is presented as a liability. Contract liabilities rep¬resent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations concerning licenses and services.

Contract assets are within the scope of impairment requirements in IFRS 9. For con¬tract assets, the simplified approach is applied, and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

Costs of obtaining or fulfilling contracts with customers
The Group pays sales commission to its employees based on actual sales. Commissions that are incremental costs of obtaining a contract with a customer are recognized as an asset if the costs are expected to be recovered. Subsequently, the asset is amortized on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates. This is usually the expected total contract period and includes expected renewals. The expected contract period is seven and half years for software licenses and about five years for Cloud services. Further information regarding commission and salary is disclosed in note 4.

2.3.5 Government grants
Government grants are recognized with reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an asset, it reduces its carrying amount. The grant is then recognized in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge. All government grants in Pexip has been related to the intangible asset own software development.

2.3.6 Employee benefits
Share Based payment transactions
The Group provides incentives to employees in the form of equity-settled share-based instruments.
None of the awards that have been issued as equity settled have been settled in cash previously.

The Company has two incentive programs: share-based programs for employees and management and key employees.

Equity-settled share based compensation are measured at fair value at the grant date and recognized in the income statement under salary and personnel expenses over the period—the final right of the options vest. The balancing item is recognized directly in equity.

The number of options expected to vest at expiry is estimated on the initial recognition of share options. Subsequently, the estimated number of vested options is revised for changes so that the total recognition is based on the actual number of vested options.

The fair value of the instruments granted is estimated using either the Black-Scholes model or Monte-Carlo simulation with the parameters stated in *note 24.*

The dilutive effect of outstanding options is reflected as additional share dilution in diluted earnings per share (further details are given in *note 8).*

Termination benefits
Termination benefits are payable when employment is terminated by the group before normal retirement date,

or when the employee accepts voluntary redundancy in exchange for these benefits. The group recognized termination benefits at the earliest of a) when the group no longer can withdraw the offer of termination benefits and b) when the Group recognizes a restructuring cost according to IAS 37 that involves termination benefits. In the case where not all employees have signed a termination contract as of reporting period, Pexip will measure the remaining termination benefits based on expected number of employees that will accept the offer.

2.3.7 Other intangible assets

Intangible assets other than goodwill acquired separately are measured on initial recognition at cost. Other intangible assets include software, trademarks, and client contracts. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite useful lives are amortized straight-line over their estimated useful lives. The amortization expense is recognized in the statement of profit or loss. The estimated useful life and amortization method is reviewed at the end of each reporting period, with the effect of any changes on estimates being accounted for on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the asset's carrying amount. They are recognized in the statement of profit or loss when the asset is derecognized.

The estimated useful lives of intangible assets are as follows:

- Software: 5 years
- Client contracts: 5 years
- Trademarks: 5 years

Research and development costs

Development expenditures are capitalized only when the following criterion for recognition is met;

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

The assets are amortized over their expected useful life once the assets are available for use. During the period of development, the asset is tested for impairment annually. Development costs that do not meet the criteria for capitalization are expensed as incurred.

2.3.8 Property, plant, and equipment

Tangible assets are recorded at historical cost, less accumulated depreciation, and possible impairment. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset, which is as follows:

- Land and buildings: 5 years
- Plant and machinery: 3 to 5 years
- Fittings and fixtures: 3 to 5 years

Gains or losses on the disposal of tangible assets are included in the statement of profit or loss. The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.3.9 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease at the contract's inception.

The Group recognizes a right-of-use asset and a corresponding lease liability concerning all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term. The Group presents interest expense on lease liabilities under finance expenses and the depreciation charge on the right-of-use asset under depreciation and amortization in the profit and loss statement.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings: 2-10 years
- Equipment: 3-5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *2.3.11 Impairment of intangible assets and property, plant, and equipment.*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

At the commencement date, the Group assesses whether they are reasonably certain to exercise an option to extend the lease or purchase the underlying asset or not to exercise an option to terminate the lease. This assessment is reflected in the initial measurement of the lease contract.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

The lease liability and right-of-use asset are presented as separate lines in the consolidated statement of financial position.

2.3.10 Impairment of intangible assets and property, plant, and equipment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher asset's fair value, lower disposal costs, and value in use. To assess impairment, assets are grouped at the lowest levels. There are separately identifiable cash inflows largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that have historically been impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Disclosures relating to impairment testing are found in *note 11.*

2.3.11 Taxes

The period's income tax expense or credit is the tax payable on the current period's taxable income, based on each jurisdiction's applicable income tax rate, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences, and unused tax losses.

Current income tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns regarding situations in which applicable tax regulation is subject to interpretation. Management establishes appropriate provisions based on amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between assets and liabilities' tax bases and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they emerge from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize the temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. The deferred tax balances relate to the same taxation authority. Existing tax assets and tax liabilities are offset. The entity has a legally enforceable right to offset and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the income statement, except that it relates to items recognized in other comprehensive income or directly in equity.

2.3.12 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value plus transaction costs in the case of a financial instrument not at fair value through profit or loss.

The Group has classified its financial instruments as either measured at amortized cost or fair value through profit or loss for subsequent measurement. The classification depends on the Group's business model for managing them and the contractual cash-flow characteristics of the instrument.

At amortized cost, financial assets are held to collect the contractual cash-flow and where the cash-flows are solely payments of principal and interest on the outstanding principal. The category is included in the consolidated statement of financial position financial line items Trade and other receivables (current and non-current), Other assets, Other current assets and cash and cash equivalents. Non-current assets are measured at amortized cost using the effective interest method, reduced by any impairment loss. Due to their short-term nature, the carrying amounts of line items classified as current are assumed to be the same as their fair values. Short-term loans and receivables are for practical reasons not amortized unless the effect is material.

The category financial liabilities at amortized cost are included in the consolidated statement of financial position line items Borrowings (current and non-current), and Trade and other payables. Non-current financial liabilities are measured at amortized cost using the effective interest method. Effective interest is recognized in the income statement as financial expenses. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. Borrowings and trade and other payables are removed from the balance sheet when the obligation in the contract is discharged. Current items in the category are for practical reasons not amortized unless the effect is material.

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire, and the Group has transferred substantially all the risks and rewards of ownership. If it is not apparent that the entity has transferred or retained all risks and rewards substantially, the Group evaluates by comparing the entity's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows on the transferred asset. In the securitization facility agreement to which the group is a party, the receivables are derecognized (see *note 13*). Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. Any rights and obligations created or retained in such a transfer are recognized separately as assets or liabilities.

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL for trade receivables and contract assets. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past status in terms of the provision matrix.

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and an intent to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The fair value of financial instruments

The fair value of financial instruments is based on quoted prices as at the balance sheet date in an active market if such markets exist. If an active market does not exist, fair value is established using valuation techniques that are expected to provide a reliable estimate of the fair value.

Financial instruments measured at fair value are classified according to the valuation method:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation based on inputs other than quoted prices included within level 1 observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Valuation based on the asset or liability inputs that are unobservable market data.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

Changes in fair value are presented in profit or loss in the line-item Financial expenses.

2.3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

2.3.14 Cash flow statement

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include cash and non-cash line items. Interest paid is classified as cash flows from financing activities and interest received as cash flows from operating activities.

2.3.15 Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to consider:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.3.16 Contributed Equity

Equity is presented as a single line item in the balance sheet and is disclosed in the statement of changes in Equity showing the reconciliation of changes for each component of contributed Equity.

The components presented are the Groups share capital and premium, other reserves, translation differences and retained earnings. Other reserves includes transactions related to shares such as treasury shares, share based payments and similar transactions. The Group has chosen to present share capital as only the external owned shares.

2.4 Significant accounting judgements, estimates and assumptions

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably sure to exercise the option to extend. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise or not to exercise the option.

The Group has not included the renewal period as part of the lease term for the office lease as the options are not reasonably certain to be exercised. Refer to note 10 for information on potential future rental payments relating to periods following the exercise date of the extension option that is not included in the lease term.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of assets

The Group has investments in intangible assets such as customer contracts and internally generated software, Goodwill, and Right-of-Use Assets (ROU assets). Before each quarterly report, all assets are assessed for any indication of impairment. If such movement exists, the Group estimates the asset's recoverable amount according to IAS 36.

Factors that indicate impairment include significant underperformance in revenue-generating operation relative to historical data and future projections, substantial changes in the use of the asset or any malfunctions, substantial changes in the market and economy, in general, affecting the future economic benefit of the asset and significant fall in market values. Regardless of any indication of impairment, Goodwill and internally generated intangible assets not yet in use are tested for impairment in the fourth quarter of the year (Q4).

The recoverable amount of an asset is the higher its fair value, less cost of disposal, and its value in use. Value in use is the present value of the future cash flows expected from an asset. This valuation consists of different estimates that the Group makes, such as estimates of the future cash flows the entity expects to derive from the asset, expectations about possible variations in the amount or timing of those future amounts, time value of money and other relevant factors. All estimates are based on reasonable, relevant, and supportable information and represent the management's best estimate.

Deferred tax assets from tax losses
Deferred tax asset is recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilized. The Group has projected future taxable profits pr jurisdiction for which the tax losses can be utilized based on approved budgets and forecasts. Refer to *note 7* for further disclosures.

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 2.3.4 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.

Full year 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 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**

Timing of revenue recognition

	2024	2023
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. 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). No channel partner represent more than 10% of the Group's revenue.

Information about share of recurring revenue from own products

Recurrring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring in nature. 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 a customer-specific proof-of-concept project or installation project, are considered non-recurring.

Non-current assets

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

	2024	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 - Salary and personnel expense and management remuneration

(NOK 1,000)

	2024	2023
Wages and salaries	369 694	388 776
Social security tax	63 469	67 454
Commission and bonus employees	147 894	115 271
Share-based payment expense (note 24)	46 077	36 431
Pension costs (note 23)	43 088	38 875
Other personnel cost	10 464	9 901
Salary cost capitalised	-26 727	-35 273
Total	**653 959**	**621 435**

Average number of labour-years employed during the year	296	354

Loan to employees

There were no unsecured loans to employees at December 31, 2024 (2023: NOK 50.6 thousand).

Management remuneration

The remuneration to management including bonus agreements and severance pay is disclosed in the management remuneration report for 2024.

The Management remuneration report for 2024 will be published at the same time as the annual report for 2024 and can be found on Pexip.com under section Investor relations (reports and presentations).

The table below outlines key management compensation for 2024 and 2023 by categories. The figures presented in each category are the total remuneration for the management group.

	2024	2023
Base salary[1)]	15 622	14 362
Pension	510	474
Short term incentives[2)]	7 176	5 219
Other remuneration[3)]	1 123	1 181
Long term incentives[4)]	7 134	3 246
Total	**31 565**	**24 482**

1) Base salary includes holiday pay, if applicable

2) The STI amounts reflect the bonus paid in the respective year.

3) Other remuneration include any type of cash or benefit in kind provided, such as travel expenses, broadband and phone and insurances.

4) The LTI amounts reflect the cash incentives for share purchase based on the options or RSU agreements.

Remuneration to board of directors in the parent company

The remuneration to board of directors is disclosed in the management remuneration report for 2024.

Share option plan

The Group has share-based payment programs to employees. The share option plan is further presented in note 24. An overview of management share options is disclosed in the management remuneration report for 2024.

Of the share based payment cost under salary and personnel expenses NOK 26,060 thousand was recognised against Equity (2023: NOK 30,815 thousand). The rest of the share based payment cost is social security cost for the period.

Note 5 - Other operating expenses

(NOK 1,000)

	2024	2023
Sales and marketing	27 117	27 655
Computers and software	50 023	45 765
Fees for external services	35 996	48 718
Travel expenses	14 535	15 228
Other operating expenses	21 547	18 526
Other lease expense	3 570	3 989
Total	**152 787**	**159 880**

Auditor's fees

The remuneration breakdown (excl. VAT) paid to Deloitte AS and their associates is as follows:

	2024	2023
Statutory audit	3 529	4 047
Assurance services	148	
Total	**3 677**	**4 047**

Note 6 - Financial Income and expenses

(NOK 1,000)

	2024	2023
Interest income	22 472	19 004
Other financial income	126	190
Financial instruments at fair value through profit and loss	6 066	
Financial income	**28 665**	**19 194**
Interest expense	-872	-631
Interest expense on lease liabilities (note 10)	-2 241	-2 020
Other financial expenses	-284	-56
Financial expenses	**-3 397**	**-2 707**
Net foreign currency gains and losses	**29 352**	**16 737**
Net financial income (expense)	**54 620**	**33 224**

Note 7 - Income tax expense

(NOK 1,000)

Specification of income tax expense:	**2024**	**2023**
Current tax on profits for the year	5 695	4 656
Changes in deferred tax	41 479	10 482
Adjustments for current tax of prior periods	-923	1 116
Tax on profit/(loss)	**46 251**	**16 253**

Reconciliation from nominal to effective income tax rate:	**2024**	**2023**
Profit/(loss) before tax	164 156	-63 532
Estimated income tax according to nominal tax rate of 22 %	**36 114**	**-13 977**
Effect from different tax rate in other countries	-252	-1 070
Effect of changes in tax rules and rates	-898	-279
The tax effect of the following items:		
Non-deductible expenses	1 680	9 310
Non-taxable income	-1 991	-639
Share-based payment expenses	3 845	6 217
Change in unrecognised deferred tax assets	5 762	14 573
Adjustments for prior period tax	55	188
Other items	1 934	1 930
Income tax expense	**46 251**	**16 253**
Effective income tax rate	28%	-26%

Changes in tax rate

There are no material changes in tax rates in the Group for 2024

Deferred tax balances:	2024	2023
Deferred tax assets:		
Tax losses	159 632	212 006
Tangible and intangible assets	4 093	-6 878
Receivables	1 718	1 034
Contract liabilities	49 821	34 373
Current and non-current liabilities	11 167	4 229
Other	992	
Set-off tax	-47 132	-36 106
Net deferred tax assets after set-off	180 291	208 657
Unrecognised deferred tax assets	-40 067	-38 028
Net deferred tax assets	**140 224**	**170 629**
Deferred tax liabilities:		
Tangible and intangible assets	86 887	63 299
Current assets		
Contract liabilties		
Other differences		
Set-off tax	-47 132	-36 106
Net deferred tax liabilities	**39 755**	**27 193**

Pexip reclassifies the Deferred tax asset and liability position according to IAS 12. This reclassification is reflected in the line item 'Set-off tax'.

Deferred tax assets Movements	Tax losses	Contract liabilities	Current and non-current liabilities	Other	Total
At januar 2023	211 324	26 947	13 457	-10 458	241 270
- to profit or loss	-12 985	7 426	-9 229	4 614	-10 173
- not recognized	13 667				13 667
At januar 2024	212 006	34 373	4 229	-5 844	244 764
(Charged)/credited					
- to profit or loss	-58 136	15 448	6 938	12 646	-23 103
- not recognized	5 762				5 762
At december 2024	159 632	49 821	11 167	6 802	227 423

Deferred tax liability Movements	Tangible and intangible assets	Total
At januar 2023	63 018	63 018
- to profit or loss	281	281
At januar 2024	63 299	63 299
(Charged)/credited		
- to profit or loss	23 588	23 588
At december 2024	86 887	86 887

Utilisation of taxable temporary differences are assessed by taxation authority and by taxable entity if the temporary differences can't be utilised across different entities within the same taxation authority. As of December 31, 2024 and 2023 a deferred tax asset is recognised for all the individual taxation authorities where the Group conduct business, with the exception for Pexip Belgium.

The deferred tax asset is included in the balance sheet based on an assessment of the probability that sufficient taxable profit will be available in the future to allow the deferred tax asset to be utilised (see accounting principle in 2.3.11).

Deferred tax assets on tax losses arising in Norway, the US and UK, in total NOK 119.6 million as at December 31, 2024 (2023: NOK 177.7 million) have been recognised based on the same assessment of the probability for sufficient taxable profit in the future.

Tax losses relating to the Pexip Belgium for which deferred tax assets have not been recognised was in the amount of NOK 40.0m in 2024 (2023: 34.3m).

Tax losses carried forward	**2024**	**2023**
Expire (2035 and forward)		5 177
Never expires	689 587	924 762
Total tax losses carried forward	**689 587**	**929 939**
Tax losses for which deferred tax asset is recognised	529 320	784 156
Tax losses for which no deferred tax asset is recognised	160 267	145 783
Potential tax benefit from unrecognized assets	40 067	36 446

Tax losses incurred in the US after January 1, 2018 do not expire, but are limited to 80% usage in one year. Tax losses carried forward from the US business with no expiration date amount to NOK 47.4 million at December 31, 2024 (December 31, 2023: NOK 53.8 million). The expiring tax losses have priority over the never-expiring losses and are used earliest-first. In 2024, all the tax losses with expiration date is used. The main part of the losses carried forward is from Pexip Holding ASA (NOK 135.9 in 2024 and NOK 149.9 million in 2023) and Pexip AS (NOK 318.5 in 2024 and NOK 553.2 million in 2023).

Pexip is not in the scope for the GloBE rules, as the consolidated annual revene of the ultimate parent entity (Pexip Holding ASA Group) is below EUR 750 million. The pillar II tax reform is not applicable for the year ending 2024.

Note 8 - Earnings per share

(NOK 1,000)

Earnings	2024	2023
Earnings for the purpose of basic earnings per share being		
net profit attributable to the owners of the company	117 905	-79 786
Effect of dilutive potential ordinary shares		
Earnings for the purpose of diluted earnings per share	**117 905**	**-79 786**
Number of shares		
Weighted average number of ordinary shares for the purpose		
of basic earnings per share	101 570 239	101 343 895
Effect of dilutive potential ordinary shares:		
Share options	3 579 250	922 946
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**105 149 489**	**102 266 841**
Earnings per share		
Basic earnings per share	1.16	-0.79
Diluted earnings per share	1.12	-0.79

	2024	2023
Overview of outstanding share options		
Share-based payments awards (refer to note 24)	7 148 906	8 730 775
Total options and RSUs outstanding	**7 148 906**	**8 730 775**

Dilutive potential ordinary shares of 3,579,250 for 2024 (2023: 922,946) differs from total outstanding options at December 31, 2024 (and December 31, 2023). The main reasons for this is that potential ordinary shares used to calulated diluted earnings per share are a weighted average for the year, the use of the treasury method when calculating dilutive potential ordinary shares and that the options over own equity instruments are anti-dilutive.

Note 9 - Property, plant & equipment

(NOK 1,000)

	Plant and machinery	Fittings and fixtures	Total
Acquisition cost January 1, 2023	21 300	48 547	69 945
Additions	3 564	2 464	6 027
Disposals cost	-1 995	-2 923	-4 918
Reclassification between categories	15 875	-15 875	
Exchange differences	791	1 885	2 579
Acquisition cost December 31, 2023	**39 534**	**34 098**	**73 632**
Additions	3 194	12 928	16 122
Disposals cost	-1 142	-3 218	-4 360
Exchange differences	501	234	735
Acquisition cost December 31, 2024	**42 087**	**44 042**	**86 129**
Accumulated depreciation and impairment losses January 1, 2023	15 582	25 146	40 728
Depreciation for the period	8 022	14 393	22 415
Disposals	-1 818	-265	-2 083
Reclassification between categories	10 982	-10 982	
Exchange differences	614	378	992
Accumulated depreciation and impairment losses December 31, 2023	**33 381**	**28 671**	**62 052**
Depreciation for the period	4 330	2 538	6 868
Disposals	-1 092	-1 986	-3 078
Exchange differences	438	-275	162
Accumulated depreciation and impairment losses December 31, 2024	**37 057**	**28 947**	**66 004**
Carrying value at December 31, 2023	6 153	5 427	11 580
Carrying value at December 31, 2024	5 030	15 094	20 124

Estimated useful life and depreciation plan is as follows:		
Useful life	3 - 5 years	3 - 5 years
Depreciation plan	Linear	Linear

Property, plant and equipment was pledged as security for liabilities in 2022, this obligation was resolved by the end of 2023.

Note 10 - Leases

(NOK 1,000)

Set out below are the carrying amount of right-of-use assets recognised and the movements during the period:

	Land and Buildings	Plant and machinery	Total
As at January 1, 2023	**71 413**	**5 741**	**77 154**
Additions (new leases)	4 859	135	4 994
Adjustments	-19 518		-19 518
Depreciation expense	-21 240	-905	-22 145
Exchange differences	2 051	195	2 245
As at December 31, 2023	**37 564**	**5 166**	**42 730**
Additions (new leases)	27 639		27 639
Modification of contract	-391	-92	-483
Derecognition	-3 858		-3 858
Depreciation expense	-13 976	-1 123	-15 099
Exchange differences	790	74	864
As at December 31, 2024	**47 769**	**4 024**	**51 793**
Lower of remaining lease term or useful life	2-10 years	3-5 years	
Depreciation method	Linear	Linear	

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
As at January 1	**47 495**	**83 999**
Additions (new leases)	27 639	4 994
Modification of contract	-483	-20 238
Derecognition	-934	
Principal element of lease payments	-13 405	-21 737
Exchange differences	1 321	477
As at December 31	**61 633**	**47 495**

Maturity analysis of lease liabilities	**2024**	**2023**
Less than 6 months	10 525	6 953
6-12 months	7 942	9 453
1-2 years	14 301	12 836
2-5 years	33 872	20 646
Over 5 years	3 951	963
Total face value	**70 590**	**50 853**
Carrying amount	**61 633**	**47 495**
Current	18 123	16 069
Non-current	43 510	31 427

The following are the amounts recognised in profit or loss and other comprehensive income:

	2024	2023
Depreciation expense for the right-of-use asset	18 102	22 145
Interest expense on lease liabilities	2 241	2 015
Exchange difference (included in OCI)	324	288
Exchange difference (included in financial income)	-67	69
Expense related to short-term leases (included in other operating expenses)	3 570	3 989
Total expenses recognised in profit or loss	**24 170**	**28 507**

The Group had total cash outflows for leases of NOK 19.2 million in 2024 (NOK 29.9 million in 2023).

An incremental borrowing rate (IBR) of Nowa + 3% has been applied on all new leases during the 2024 accounting year. We have selected Nowa as the risk-free rate as a starting point to determine the IBR. We have also chosen to apply a constant financing spread adjustment of 3% to a portfolio of leases with reasonably similar characteristics (such as leases with a similar class of underlying assets). This approach will change if we observe the material differences in financing costs in the specific region we operate.

Refer to note 2.3.9 for a summary of significant accounting policies and note 2.4 for significant accounting judgements, estimates and assumptions for the Group leases.

Extension and purchase options

The Group's lease of lands and buildings have lease terms that vary from initially 12 months to 10 years, and some agreements involve a right of renewal which may be exercised during the last period of the lease term. The Group assesses whether it is reasonably certain to exercise the renewal right at the commencement date. Most of the leases are one year leases with renewal options. The lease contract with longer durations does not have any renewal options. The Group's potential future lease payments not included in the lease liabilities related to extension options is NOK 3.5 million (gross) on December 31, 2024 (NOK 6.2 million on December 31, 2023).

The Group leases plant and machinery with 3 to 5 years lease terms. These contracts include a right to purchase the asset at the end of the contract term. The Group assesses whether it is reasonably certain to exercise the purchase option at the commencement date. The Group has estimated that all the purchase options will be exercised. No potential future lease payments are included in the lease liabilities related to purchasing options on December 31 in 2024 and 2023.

Note 11 - Goodwill

(NOK 1,000)

	2024	2023
Carrying amount of Goodwill January 1	598 998	662 645
Impairment of Goodwill		-63 647
Carrying amount of Goodwill December 31	598 998	598 998

The carrying amount of goodwill in the Group amounts to NOK 599 million as of December 31, 2024. Goodwill is derived from the acquisition of Videxio AS (599 million), which was completed in 2018. Goodwill is tested on an aggregate (Group) level since the synergies stemming from the business combination will materialize on the group level that means that there is only one single reportable CGU acording to IFRS 8 definitions of reportable CGUs.

Goodwill is tested for impairment annually or more frequently if there are indications that goodwill might be impaired, and has been assessed on a quarterly basis through 2024. Testing was most recently conducted in Q4 2024 based on the updated business plan for the company at this time and the balance sheet per 30 September 2024. The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax, using a discount rate reflecting the timing of the cash flows and the expected risk.

Assumptions

Future cash flows

Revenue development and operating profits are estimated based on past performance and management expectations for 2025 to 2029. The expectations for the overall economic conditions and market outlook are in line with industry analysts, expecting continued strong growth within the collaboration market. The forward-looking revenue assumptions are overall in line with 2024, as are the assumption on cost development. These are in line with the stated strategy and current financial targets of the company. Capital investments and depreciation are estimated to align with historic values relative to revenues.

Pre-tax discount rate

Cash flows were discounted to a weighted average cost of capital (WACC) corresponding to 12.37% (before tax) (2023: 11.42%). The asset beta is based on the average of peer companies in the segment with a small company premium. The risk-free interest rate applied is the the daily observable rate for the 10-year Norwegian government bonds, dated 9 December, i.e. the date of board approval of the 2025-2029 business plan. The long-term optimal weight of equity of 95% is used in WACC calculation.

Growth rate

The expected growth in revenue is based on historical performance as well as the expected future development in line with the Company's approved business plan. This includes management's best estimate of cash flows for the next 5 years. Cash flows beyond the five-year forecast period have been extrapolated using a steady 2.934% per annum growth rate, in line with previous years.

Sensitivity analysis

Review for the CGU indicated that the recoverable amount exceeds carrying value by NOK 2,558 million at the balance sheet date. The Group has prepared a sensitivity analysis of the impairment test for key assumptions: terminal growth rate, discount rate and EBITDA change.

The following changes in key assumptions, in isolation, would result in recoverable amount being close to equal to the carrying amount of goodwill. Change in one of the key assumptions may impact the development of others, however, due to the significant uncertainties and judgement in determining such dependency, this has not been done.

The sensitivities, which result in the recoverable amount being equal to the carrying value, are summarised below:

- an absolute increase in the WACC of 29.77%, from 12.37% to 42.14%, or
- an absolute reduction of 38.46 percentage ponts in the business plan growth rate (not including the terminal growth rate), or
- a reduction of 75% in the forecasted EBITDA.

Changes beyond those described may thus lead to a impairment situation.

An alternative way to assess the sensitivity of key assumptions is to assess the potential impairment need from a negative development in the key assumptions. For 2024 the company's standard sensitivity ranges (+- 4% for growth and WACC, +- 40% for EBITDA) does not lead to the carrying amount of goodwill exceeding the recoverable amounts.

Note 12 - Intangible assets

(NOK 1,000)

	Software	Customer contracts	Patents	Re-aquired rights	Total
Acquisition cost January 1, 2023	**325 212**	**63 214**	**238**	**5 354**	**394 018**
of which internally generated	*159 830*				*159 830*
Additions *(internally generated)*	39 406				39 406
Additions	1 095				1 095
Translation differences	3 741				3 741
Disposals	-20 166				-20 166
Government grants	-4 750				-4 750
Acquisition cost December 31, 2023	**344 538**	**63 214**	**238**	**5 354**	**413 344**
of which internally generated	*194 487*				*194 487*
Additions *(internally generated)*	30 197				30 197
Reclassification between categories	1 134	-1 135			-1
Government grants	-4 497				-4 497
Acquisition cost December 31, 2024	**371 371**	**62 079**	**238**	**5 354**	**439 043**
of which internally generated	*224 684*				*224 684*
Accumulated amortisation and impairment losses January 1, 2023	**166 842**	**42 600**	**238**	**5 354**	**215 034**
of which internally generated	*88 327*				*88 327*
Amortisation of internally generated assets	31 235				31 235
Amortisation of other assets	43 855	15 554			59 409
Translation differences	1 938				1 938
Disposal	-19 790				-19 790
Accumulated amortisation and impairment losses December 31, 2023	**224 081**	**58 154**	**238**	**5 354**	**287 827**
of which internally generated	*119 562*				*119 562*
Amortisation of internally generated assets	31 747				31 747
Amortisation of other assets	22 177	2 348			24 524
Translation differences	-806				-806
Accumulated amortisation and impairment losses December 31, 2024	**277 198**	**60 502**	**238**	**5 354**	**343 292**

	Software	Customer contracts	Patents	Re-aquired rights	Total
of which internally generated	*151 309*				*151 309*
Carrying value as at January 1, 2023	**157 993**	**20 614**			**178 607**
of which internally generated	*71 503*				*71 503*
Carrying value as at December 31, 2023	**120 457**	**5 060**			**125 516**
of which internally generated	*74 925*				*74 925*
Carrying value as at December 31, 2024	**94 171**	**1 577**			**95 748**
of which internally generated	*73 375*				*73 375*

Estimated useful life and amortisation plan is as follows:				
Useful life	5 years	5 years	5 years	1 year
Amortisation plan	straight-line	straight-line	straight-line	straight-line

The development expenditures that do not meet the criteria for capitalisation are recognised as salary and personnel expenses and other operating expenses in profit and loss. The aggregate employee cost within software and product development, operations and support for 2024 which is not capitalized is NOK 155,6 million (2023: NOK 143,5 million).

The Group has received government grants related to development of software of NOK 4,5 million in 2024 and NOK 4,75 million in 2023. The grants have been subtracted from the carrying amount of internally generated software.

Note 13 - Trade and other receivables

(NOK 1,000)

	2024	2023
Trade receivables	333 716	181 829
Provisions for bad debt	-7 210	-4 593
Public taxes and funds	4 586	6 383
Other current receivables	1 740	96
Total current trade and other receivables	**332 832**	**183 716**
Deposits	4 983	2 252
Total non-current trade and other receivables	**4 983**	**2 252**

Aging of trade receivables	**2024**	**2023**
Current	240 998	138 164
1-30 days past due	39 900	27 565
31-60 days past due	27 425	4 960
61-90 days past due	3 677	1 383
More than 90 days past due	21 716	9 758
Less provision for bad debt	-7 210	-4 593
Total	**326 506**	**177 236**

Movements in the provision for impairment of trade receivables	**2024**	**2023**
Opening balance provision for bad debt as at January 1	4 593	5 413
Change in provision for the year	2 769	1 412
Receivables written off during the year	-140	-2 246
Translation differences	-12	14
Closing balance provision for bad debt as at December 31	**7 210**	**4 593**

Note 14 - Other current assets

(NOK 1,000)

	2024	2023
Other prepayments	17 931	18 996
Other current assets	1 847	4 721
Total	**19 778**	**23 716**

Note 15 - Cash and cash equivalents

(NOK 1,000)

	2024	2023
Bank deposits	422 100	522 692
Total cash and cash equivalents	**422 100**	**522 692**

Restricted cash

These deposits are subject to regulatory restrictions and are therefore not available for general use.

	2024	2023
Taxes withheld	7 653	6 515
Total restricted cash	**7 653**	**6 515**

As of December 31, 2024, NOK 4 815 is held as a bank guarantee at DNB bank for the lease contract with Mustad Eiendom AS regarding rental of offices in Lysaker.

Note 16 - Share capital, shareholder information and dividend

(NOK 1,000)

The Parent Company's registered share capital as at December 31, 2024 was NOK 1,566 thousand, divided into 104,429.671 ordinary shares with a par value of NOK 0.015. All issued shares have equal voting rights. The parent company holds treasury shares of 2,588,729 making the presented share capital NOK 1,528 thousand.

The Parent Company's registered share capital as at December 31, 2023 was NOK 1,566 thousand divided into 104,429.671 ordinary shares with a par value of NOK 0.015. All issued shares have equal voting rights. The parent company held treasury shares of 2,842,867 making the presented share capital NOK 1,524 thousand.

Development in the number of issued and outstanding shares

	Number of shares (1,000)	Share capital (1,000)
Outstanding at January 1, 2024	104 430	1 566
Outstanding at December 31, 2024	**104 430**	**1 566**

Treasury shares

	Number of shares (1,000)
Outstanding at January 1, 2024	2 842 867
Employee share scheme issue	-254 138
Outstanding at December 31, 2024	**2 588 729**

Ownership structure

The 20 largest shareholders as of December 31, 2024:

	Shares	Ownership
HOLMEN SPESIALFOND	9 945 040	9.52%
T D VEEN AS	6 146 946	5.89%
VERDIPAPIRFONDET DNB SMB	3 503 557	3.35%
Skandinaviska Enskilda Banken AB	3 417 607	3.27%
BJØBERG EIENDOM AS	3 000 200	2.87%
PEXIP HOLDING ASA	2 588 729	2.48%
VEEN EIENDOM AS	2 133 496	2.04%
STAVANGER VENTURE AS	2 102 000	2.01%
A HOLDINGS AS	2 010 000	1.92%
XFILE AS	1 850 000	1.77%
SYNESI AS	1 750 000	1.68%
SKANDINAVISKA ENSKILDA BANKEN AB	1 323 978	1.27%
Avanza Bank AB	1 310 696	1.26%
The Bank of New York Mellon SA/NV	1 259 570	1.21%
Tamorer ltd ATF Wylie Family Trust	1 189 000	1.14%
GLO CAPITAL AS	1 178 312	1.13%
LIA INVESTMENTS AS	1 161 252	1.11%
PEBRIGA AS	1 152 730	1.10%
SIRIUS AS	1 150 000	1.10%
CARABACEL AS	1 140 000	1.09%
Total top 20 shareholders	49 313 113	47.22%
Others	55 116 558	52.78%
Total	**104 429 671**	**100%**

Number of shares owned or controlled directly or indirectly by the Management Group and Board of Directors at December 31, 2024:

Persons discharging managerial responsibilities	Shares	Ownership
Kjell Skappel (Chair of the Board)	10 382 442	9.94%
Irene Kristiansen(Board Member)	150 000	0.14%
Geir Olsen (Board Member)	1 178 312	1.13%
Phillip Lester Austern (Board Member)	100 000	0.10%
Silvija Seres (Board Member)	0	0.00%
Trond Johannessen (CEO)	160 000	0.15%
Ian Mortimer (CTO)	54 667	0.05%
Patricia Auseth (CMO)	32 134	0.03%
Åsmund Fodstad (CRO)	557 275	0.53%
Ingrid Woodhouse (CPO)	68 180	0.07%
Øystein Hem (CFO)	161 468	0.15%
Helge Hansen (COO)	12 700	0.01%
Total	**12 857 178**	**12.31%**

Dividend paid and proposed

Proposal for approval at AGM for financial year 2024 is that NOK 2.5 per share is paid as a dividend.

Note 17 - Borrowings
(NOK 1,000)

	Interest rate	Year of maturity	2024	2023
Other borrowings	2.0%	2026	1 984	2 190
Total long-term debt			**1 984**	**2 190**

Other borrowings	132
Total short-term debt	**132**

The leasing liabilities are presented separately in note 10 - Leases

The fair value of external borrowings does not materially differ from the carrying amount since interest payable is close to current market rates.

Pledged as security
The Group did not have any assets pledged as collateral as of year ending 2023 and 2024.

Note 18 - Contract costs, contract assets and contract liabilities
(NOK 1,000)

Contract assets	2024	2023
Balance at January 1	39 211	37 233
Additions	6 737	39 210
Reclassifications to accounts recievables	-39 211	-37 233
Balance at December 31	**6 737**	**39 211**

Contract assets represent recognized revenue that has not yet been invoiced.

Contract liabilities	2024	2023
Balance at January 1	255 258	231 004
New contract liabilities	336 291	220 344
Revenue recognised from liability opening balance	-236 657	-196 091
Balance at December 31	**354 892**	**255 258**

For impairment of contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses. The provision matrix is disclosed in Note 21 - Financial risk. The accrual for losses for 2024 on contract assets is under NOK 0,1 million for 2024.

Contract costs	2024	2023
Balance at January 1	299 000	285 778
Additions	100 802	86 860
Depreciated during the year	-95 805	-83 944
Translation differences	21 089	10 307
Balance at December 31	**325 086**	**299 000**

Contract assets and liabilities

Of the contract liabilities as of December 31, 2024, NOK million 237 has been recognised as revenue in 2024 (2023: NOK million 196) corresponding to 93% (2023: 85%) of the contract liability the preceding year end. The increase of the contract liability in 2023 and 2024 is mainly due to increase in sales.

Of the contract assets as of December 31, 2024, NOK million 39 is reclassified to accounts receivables in 2024 (2023: NOK million 37). The decrease in contract asset to NOK million 7 in 2024 (2023: NOK million 39) is mainly due to timing of the invoices, going directly to AR in 2024.

The definition of contract assets and contract liabilities, together with a description of the relevant accounting principles can be found under the headline Contract balances in the description of the group's accounting principles (section 2.3.4).

Contract costs

The definition of contract costs, together with a description of the relevant accounting principles can be found under the headline Costs of obtaining or fulfilling contracts with customers in the description of the group's accounting principles (section 2.3.4).

In 2024, amortization of contract costs amounting to NOK million 93 was recognised as part of salary and personnel expenses and NOK million 1 as cost of sale. For 2023 the amounts were NOK million 82 and NOK million 2 respectively.

Note 19 - Categories of financial assets and financial liabilities

(NOK 1,000)

Categories of financial assets and financial liabilities

Financial assets	**2024**	**2023**
Financial assets at amortised cost:		
Cash & cash equivalents (note 15)	422 100	522 692
Trade and other receivables (note 13)	332 832	183 716
Total	**754 932**	**706 407**
Financial assets at fair value through profit and loss:		
Liquidity fund (note 21)	206 066	
Total	**206 066**	**0**
Total Financial assets	**960 998**	**706 407**

Financial liabilities	**2024**	**2023**
Liabilities at amortised cost:		
Borrowings (note 17)	1 984	2 323
Trade and other payables	156 534	130 374
Lease liabilities (note 10)	61 633	47 495
Total	**220 151**	**180 192**

The Group's exposure to various risks associated with financial instruments is discussed in note 21.
The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets presented above.

There are no or insignificant differences between the carrying amount and the amount that the company is contractually obligated to pay to the creditors on maturity.

Trade and other receivables and trade and other payables are considered to be a part of the working capital.
Cash and cash equivalents includes cash at bank*. For capital management purposes, both cash at bank and the liquidity fund is included in the definition of Free cash flow in the period. The liquidity fund provides the Group with interest income, see note 6.

**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.*

Fair value hierarchy

This overview explains the judgements made in determining the fair values of financial instruments in the financial statements.

	2024		**2023**	
	Level	amount	Level	Amount
Liquidity fund	Level 1	206 066		0
Total Financial instruments at fair value		206 066		

There was no transferred between levels in 2024 or 2023.
Level 1 fair value is based on quoted market prices at the end of the reported period.

Note 20 - Reconciliation for liabilities arising from financing activities
(NOK 1,000)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Liabilities from financing activities		
	Borrowings (Note 17)	Lease liabilities (Note 10)	Total
Net debt as of January 1, 2023	**4 093**	**83 999**	**88 092**
Financing cash flows	-4 000		-4 000
Additions (new leases)		4 994	4 994
Modification of contract		-20 238	-20 238
Derecognition			
Principal element of lease payments		-21 737	-21 737
Exchange differences	543	477	1 021
Other changes			
- Interest expense	-484	-2 020	-2 505
- Interest payments	484	2 020	2 505
Transfer between accounts*	1 686		1 686
Net debt as of December 31, 2023	**2 323**	**47 495**	**49 818**
Financing cash flows	-169		-169
Additions (new leases)		27 639	27 639
Modification of contract		-483	-483
Derecognition		-934	-934
Principal element of lease payments		-13 405	-13 405
Exchange differences	-253	1 321	1 068
Other changes			
- Interest expense	-919	-2 241	-3 160
- Interest payments	919	2 241	3 160
Transfer between accounts*	83		83
Net debt as of December 31, 2024	**1 984**	**61 633**	**63 617**

The group does not have any financial investments with cash flows included in fianancial activities in the cash flow.

* This amount was in 2022 presented as other provisions and was reclassified to borrowings in 2023

Note 21 - Financial risk
(NOK 1,000)

The most significant financial risks which affect the group are credit risk, liquidity risk and market risk related to foreign exchange rate risk, described further below. Management performs continuous evaluations of these risks and related processes established to manage them within the group.

Credit risk

The group is exposed to credit risk from its operating activities, primarily trade receivables and contract assets. The group does not have a specific procedure for assessing credit risks for its customers before transactions are entered, and mainly does business with large channel partner organizations. The group does not have significant credit risk associated with a single counterparty.

Most customer contracts are with channel partners, of which Pexip has multiple engagements. Such contracts are mainly invoiced yearly or monthly in advance with standard payment terms of 30 days. The group has a collection policy to ensure overdue invoices are taken action.

The group applies the IFRS 9 simplified approach to measuring expected credit losses, using a lifetime expected loss allowance for all trade receivables. Trade receivables have been grouped based on shared credit risk characteristics and the days past to measure the expected credit losses. The historical loss rate has been adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The following table provided information about the exposure to credit risk and expected credit losses for trade receivables and contract assets as of December 31 in 2024 and 2023:

For the year ended December 31, 2024

Trade receivables and contract assets	Current	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Loss rate	1.05%	1.80%	2.25%	3.00%	8.74%

For the year ended December 31, 2023

Trade receivables and contract assets	Current	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Loss rate	1.35%	1.80%	2.25%	3.00%	8.74%

The Group has historically had limited losses on receivables. However, the Group has considered the uncertainty in the market and the time value of money from later payments.

In addition to using the simplified approach, the Group has made an individual assessment of trade receivables above a particular value and adjusted the provision with specific allowances for doubtful accounts. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Cash and cash equivalents: The counterparts for the group's cash deposits are large banks considered to be solid. The group assesses no material credit risks associated with these deposits.

Financial investments in Liquidity Money market fund
In 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 corporations 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.

The maximum exposure at the end of the reporting period is the carrying amount of these investments, 2024: 206 million NOK, (2023: 0 MNOK).

Liquidity risk
The group monitors liquidity centrally across the group. It is the group's strategy to have sufficient cash and cash equivalents to at any time fund operations and investments according to the company's strategic plans. The group monitors its liquidity risk through a short-term and a long-term liquidity forecast to manage the target of a minimum position of cash imposed by the Board of Directors.

The group's financial liabilities are mainly traded payables. In addition, the group has a smaller loan in Pexip Belgium and multi-year leases on offices and IT equipment.

Maturities of financial liabilities
The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity profile of the Group's leasing liabilities can be found in note 10.

For the year ended December 31, 2024

	Current		Non-current		
(NOK 1,000)	1-6 months	6-12 months	1-2 years	2-5 years	Later than 5 years
Borrowings				1 984	
Trade and other payables	156 534				
Total liabilities	**156 534**			**1 984**	

For the year ended December 31, 2023

	Current		Non-current		
(NOK 1,000)	1-6 months	6-12 months	1-2 years	2-5 years	Later than 5 years
Borrowings	132			2 190	
Trade and other payables	130 119				
Total liabilities	**130 251**			**2 190**	

Market risk

Foreign exchange rates

The group operates globally and is exposed to foreign exchange risk regarding trade receivables, payables, and cash and cash equivalent holdings. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the group and the value of cash holdings in other currencies than the functional currency, which is NOK.

The carrying NOK amounts of the Group's financial assets and liabilities at the reporting date are as follows (in 1,000 NOK):

Financial assets	2024	% of total	2023	% of total
NOK	420 383	43.7 %	269 928	38.2 %
USD	329 057	34.2 %	358 313	50.7 %
GBP	57 822	6.0 %	45 654	6.5 %
Other currencies	153 736	16.0 %	32 512	4.6 %
Total	**960 998**	**100%**	**706 407**	**100%**

Financial liabilities	2024	% of total	2023	% of total
NOK	112 813	51.2 %	83 596	46.5 %
USD	32 536	14.8 %	18 263	10.1 %
GBP	32 479	14.8 %	16 954	9.4 %
Other currencies	42 323	19.2 %	61 379	34.0 %
Total	**220 151**	**100%**	**180 192**	**100%**

Sensitivity analysis

Based on the net exposure of the Group, the hypothetical impact of exchange rate fluctuations on the profit before tax for the year is as follows if all other variables are held constant:

		2024	2024	2023	2023
Foreign currency	**Change in rate**	**Effect on profit before tax (in 1,000 NOK)**	**Effect on Equity (in 1,000 NOK)**	**Effect on profit before tax (in 1,000 NOK)**	**Effect on Equity (in 1,000 NOK)**
USD	+/- 7%	20 756	16 190	23 803	18 567
GBP	+/- 7%	1 774	1 384	2 009	1 567

Note 22 - Capital management

(NOK 1,000)

The Group's objectives for capital management are to ensure that it maintains sufficient free liquidity with regards to cash and cash equivalents to support its business and obligations and have enough flexibility to invest in attractive investment opportunities. The group manages its capital structure, considering changes in economic and actual conditions and the development of its underlying business.

Pexip monitors both total cash flow position at period and, and the free cash flow in the period.

There are no externally imposed capital requirements.

Free cash flow

The Group monitors the free cash flow on a monthly basis. This consists of operating cash flow, investing cash flow and principal lease payments. As Pexip monitors the investment in liquidity funds as part of the cash positions, this has been adjusted out in the definition of free cash flow.

	2024	2023
Free cash flow	196 480	104 655

Cash position

The Group has a international cash pool to improve the capital management and optimize liquidity management across entities.

For capital management purposes, the Group monitors the total cash position and net debt position.

	2024	2023
Cash position (Note 15)	422 100	522 692
Highly liquid investments	206 066	
Total liquid assets	**628 166**	**522 692**
Total lease liabilities	61 633	47 495
Total other borrowings	1 984	2 323
Net debt	**-564 549**	**-472 874**

The highly liquid investments consists of the financial investment in Liquidity fund, see note 19.

Dividends

The Group have established a dividend policy where it aims to distribute 50-100% of the free cash flow generated in the previous calendar year as a dividend. In addition, the Board of Directors has recommended a extraordinary dividend of NOK 0.5 per share recognizing that the Group has excess liquidity for both 2032 and 2024. The total dividend for 2024 which is proposed for the Annual General Meeting is NOK 2.5 per share excluding shares held by Pexip Holding ASA,and will be distributed in Q2 2025 pending shareholder approval.

Final dividends distributed	**2024**	**2023**
Dividend pr share	1.1	0
Total dividend distributed to owners (million)	112	0

Dividends not distrubuted	**2024**	**2023**
Dividend pr share	2.5	1.1
Total dividend distributed to owners (million)	260	112

All dividends are paid in cash and presented under line item ‘Dividends paid to companys shareholder’ under financing activities.

Dividends not distributed is the recommended amount from the directors and will be proposed dividend expected to be approved by the general assembly. The amount is estimated based on an estimated outstanding number of external shares of 103,919.658.

Note 23 - Pensions and other long-term employee benefits

(NOK 1,000)

The employees of the group are covered by different pension schemes that vary from country to country and between the different companies in accordance with local law. All the plans are assessed to be defined contribution plans. The period’s contributions are recognised in the income statement as salary and personnel costs.

The Norwegian company in the group is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension arrangements fulfil the requirements of the law.

The pension plans in the group require that the company pays premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. There are no further obligations once the annual premiums are paid. The premiums are accounted for as salary and personnel expenses as soon as they are incurred. Prepaid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

The group also provides standard life insurance, health insurance and travel insurance to its employees, the terms of which vary across the countries the group operates in.

	2024	2023
Pension cost	43 088	38 875

Long-term employee benefits comprise loans to employees (refer to Note 4) and share-based payments (refer to Note 24).

Note 24 - Share-based payments

Pexip has two share-based compensation programs offered to employees: stock options and restricted stock units (RSUs). There were no new Options granted in 2024. Legacy stock option programs (granted prior to 2022) vest over a period of four years and fully vest, at earliest, in 2023 and at latest during 2025. Options expire 5 years after grant date – at earliest in 2024 and latest in 2026. Option granted after 2022 vests over 3 years, and Expire 4 years after the Grant Date. Exercise windows for stock options are currently offered once annually and are typically conditional upon active employment at the time of exercise.

Pexip has a past practice of settling all share based payment transactions is equity instruments, and has historically not settled any transactions in cash as of 31.12.2024. Pexip accounts for these transactions as Equity in 2024.

For RSUs granted in 2024, Monte-Carlo Simulation was used to correcly evaluate the Fair Value of the awards, given the contractual clauses.

In 2024, Employees were given an opportunity to convert their Options into RSUs. ~98% of the employees pursued this option and had their Employee Options converted into RSUs (1 302 825 Options converted into 521 130 RSUs). Senior Leadership Team was not eligible for this offer.

Options	2024	2024	2023	2023
	Weighted average exercise price	Number	Weighted average exercise price	Number
Outstanding at January 1	**23.63**	**6 660 450**	**26.14**	**5 252 950**
Granted during the year			19.65	2 285 000
Converted during the year	41.26	-1 302 825		-10 000
Forfeited during the year	41.77	-245 000	28.04	-860 000
Exercised during the year	22.14	-27 500	14.50	-7 500
Expired during the year	32.00	-35 000		
Outstanding at December 31	**19.20**	**5 050 125**	**23.63**	**6 660 450**

RSUs	2024	2024	2023	2023
		Number		Number
Outstanding at January 1		**2 070 325**		**1 234 532**
Granted during the year		68 000		1 310 000
Converted		521 130		4 000
Forfeited during the year		-334 036		-287 195
Adjusted				4 500
Exercised during the year		-226 638		-193 912
Expired during the year				-1 600
Outstanding at December 31		**2 098 781**		**2 070 325**

The exercise price of options outstanding at December 31, 2024 ranged beetween NOK 17.28 and NOK 85.00 (2023: NOK 14.5 and NOK 100) and their weighted average contractual life was 3.45 years (2023: 2,85 years). Weighted average contractual life for RSUs outstanding at December 31, 2024 was 3.05 years (2023: 1.97 years).

Of the total number of options outstanding at December 31, 2024 3 613 976 (2023: 1 333 225) had vested and were excercisable (Weighted average exercise price of NOK 18.96). No RSUs were vested at December 31, 2024. All exercised options was settled in equity.

The weighted average fair value of each option granted during the year is not applicable, since no Options were granted. The weighted average fair value of each RSU granted during the year was NOK 30.25 (2023: NOK 13.02).

The total expense recognised for the period arising from equity-settled share-based payment transactions was NOK 46.1 million (2023: NOK 36.4 million).

The following information is relevant in the determination of the fair value of instruments granted during the year.

Options	**2024**	**2023**
Option pricing model used Black-Scholes/Monte Carlo		
Weighted average share price at grant date (in NOK)	N/A	20
Excercise price (in NOK)	N/A	20
Weighted average expected life (in days)	N/A	1 230
Expected volatility	N/A	38.19%
Risk-free interest rate	N/A	3.91%

The expected volatility is based on the volatility for a selection of comparable listed peer companies.

As there are no expected dividend payments, the dividend parameter is not included in the calculations.

RSUs	**2024**	**2023**
Option pricing model used Monte-Carlo Simulation		
Weighted average share price at grant date (in NOK)	32	13
Excercise price (in NOK)		
Weighted average expected life (in days)	1077	1095
Weighted Average Expected volatility	58.83%	
Weighted Average Risk-free interest rate	3.64%	

Note 25 - Government grants
(NOK 1,000)

The Group is eligible for government grants of NOK 4,5 million in 2024 (2023: NOK 5,9 million). The total amount of NOK 4.5 million has been deducted from the carrying amount of other intangible assets. (software).

The 2024 government grants relate to a SkatteFUNN project in Pexip AS. In the project named "Ultrasecure videoconference" Pexip will develop a new video conferencing service for companies and organizations with particularly high security requirements.

All conditions and contingencies attached to the grants have been fulfilled.

Note 26 - List of subsidiaries

The consolidated financial statements for 2024 include the following subsidiaries:

Company	Registered office	Voting share	Ownership share
Pexip AS	Oslo, Norway	100%	100%
Pexip Ltd.	Berkshire, England	100%	100%
Pexip Inc.	Virginia, USA	100%	100%
Pexip Australia Pty Ltd	Sydney, Australia	100%	100%
Pexip Singapore Pte Ltd	Singapore, Singapore	100%	100%
Pexip Japan GK	Tokyo, Japan	100%	100%
Videxio Asia Pacific Ltd.	Kuala Lumpur, Malaysia	100%	100%
Pexip France SAS	Neuilly-sur- Seine, France	100%	100%
Pexip Germany GmbH	Düsseldorf, Germany	100%	100%
Pexip Netherlands B.V.	Utrecht, Netherlands	100%	100%
Pexip Belgium NV	Ghent, Belgium	100%	100%
Pexip Italy S.R.L.	Milan, Italy	100%	100%
Pexip Spain SL	Madrid, Spain	100%	100%

The consolidated financial statements for 2023 include the following subsidiaries:

Company	Registered office	Voting share	Ownership share
Pexip AS	Oslo, Norway	100%	100%
Pexip Ltd.	Berkshire, England	100%	100%
Pexip Inc.	Virginia, USA	100%	100%
Pexip Australia Pty Ltd	Sydney, Australia	100%	100%
Pexip Singapore Pte Ltd	Singapore, Singapore	100%	100%
Pexip Japan GK	Tokyo, Japan	100%	100%
Videxio Asia Pacific Ltd.	Kuala Lumpur, Malaysia	100%	100%
Pexip France SAS	Neuilly-sur- Seine, France	100%	100%
Pexip Germany GmbH	Düsseldorf, Germany	100%	100%
Pexip Netherlands B.V.	Utrecht, Netherlands	100%	100%
Pexip Belgium NV	Ghent, Belgium	100%	100%
Pexip Italy S.R.L.	Milan, Italy	100%	100%
Pexip Spain SL	Madrid, Spain	100%	100%

Note 27 - Transactions with related parties

The Group's related parties include Parent Company and subsidiaries (see note 26 for the list of companies in the Group), as well as members of the Board, Management Group and their related parties. Related parties also include companies in which the individuals mentioned above have significant influence.

The Group is not part in any agreements, deals, or other transactions in which the Parent company's Board of Directors or Management Group had a financial interest, except for transactions following from the employment relationship.

Remuneration to key personnel is disclosed in the remuneration report.

In note 4 salary and personnel expense and management remuneration, key management compensation by categories is disclosed.

Transactions and balances between the parent company and its subsidiaries, and between the subsidiaries, have been eliminated on consolidation, and are not disclosed in this note. The Group does not have other transactions with related parties, except for remuneration for their role in the Group.

Note 28 - Events after the balance sheet date

In February 2025, Pexip had an employee share option excercise window where part of the SLT share compensation program was settled in cash. As of 31.12.2024, this was recognized as an equity settled share based payment.

No other events that have significantly affected or may significantly affect the operations of the Group have occurred after December 31, 2024.

Note 29 - Restructuring costs

The restructuring costs from the reorganization undertaken in 2024 is recognized through profit and loss on line item 'other gains and losses'. The cost recognized mainly relates to remaining salary obligations after release date for terminated employees and legal costs directly related to restructuring activities. Total restructuring costs amounted to NOK 16,3 million.

	2024	2023
Total restructuring	16 285	8 073

Note 30 - Restatement

In the annual accounts for 2023, Pexip Group had two impairment items in the profit and loss statement. One was related to impairment of Goodwill of NOK 63,6 million. This was presented under the line item impairment in the 2023 accounts. Pexip Group also had an impairment of fixed assets due to an office fire of NOK 9,0 million. This was presented under line item depreciation and amortization. For 2024 Pexip has reclassifed the impairment of fixed assets to the impairment line item to be more correct. This reclassification did not change the EBITDA or Net profit, and is only a reclassification between the tho line items in the table below. This reclassification only affects the 2023 amounts.

	2023 restated	2023	Change
EBITDA	102 355	102 355	
Depreciation and amortization	126 425	135 465	-9 040
Impairment losses	72 687	63 647	9 040
Operating profit or loss	**-96 756**	**-96 756**	

Financial Statements

Pexip Holding ASA 2024

Profit and Loss Statement

Period January 1 - December 31

(NOK 1,000)	Notes	2024	2023
Operating expenses	2,3	**19 901**	18 397
EBITDA		**-19 901**	-18 397
Operating profit or loss		**-19 901**	-18 397
Financial income	4	**28 718**	26 816
Net gain and loss on foreign exchange differences		**4 623**	4 940
Financial income/- expenses - net		**33 341**	31 756
Profit or loss before income tax		**13 439**	13 359
Income tax expense	5	**2 957**	2 939
Profit or loss for the year		**10 483**	10 420
Profit or loss is attributable to:			
Owners of Pexip Holding ASA		**10 483**	10 420

Allocation of net profit and equity transfers			
Dividends to shareholders	9	**259 799**	111 745
Transfers from equity		**-249 316**	-101 326
Total allocations and equity transfers		**10 483**	10 420

Consolidated Statement of Financial Position

Date as of December 31

(NOK 1.000)	Notes	2024	2023
ASSETS			
Non-current assets			
Deferred tax	5	**30 012**	32 969
Investments in group companies	6	**1 115 380**	1 090 038
Receivables from Group company	8		275 284
Total non-current assets		**1 145 393**	1 398 292
Current assets receivables			
Other current assets		**980**	1 041
Financial Investments	7	**206 066**	
Receivables from Group company	8	**15 871**	19 425
Cash and cash equivalents		**404 405**	503 255
Total current assets		**627 322**	523 721
TOTAL ASSETS		**1 772 715**	1 922 013

(NOK 1.000)		2024	2023
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders equity			
Paid-in equity			
Share capital	9,11	**1 528**	1 524
Share premium	9,10	**1 744 394**	2 115 938
Total paid-in equity		**1 745 921**	2 117 462
Equity			
Other equity	9	**-480 433**	-628 608
Total other equity		**-480 433**	-628 608
Total shareholders equity		**1 265 489**	1 488 854
Liabilities			
Current liabilities			
Trade and other payables		**-69**	-68
Debt to group Company	8	**247 496**	321 482
Dividends	9	**259 799**	111 745
Total current liabilities		**507 226**	433 159
Total liabilities		**507 226**	433 159
TOTAL EQUITY AND LIABILITIES		**1 772 715**	1 922 013

SIGNATURE PAGE

Board of Directors

Oslo, March 26, 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 Cash Flows

Period January 1 - December 31

(NOK 1.000)	**2024**	2023
Cash flow from operating activities		
Profit or loss before income tax	**13 439**	13 359
Adjustments for		
Depreciation, amortization and net impairment losses		
Interest income/expenses - net		
Fair value movements on financial instruments at fair value through profit and loss	**-6 066**	
Net exchange differences	**-4 634**	-4 908
Financial income/(expenes) - net	**-22 651**	-26 816
Other adjustments		
Change in operating assets and liabilities		
Change in trade payables	**-1**	14
Changes in intercompany balances	**-70 430**	8 719
Changes in other current assets and other liabilities	**61**	-11 006
Interest received	**22 651**	26 816
Net cash inflow/outflow from operating activities	**-67 631**	6 178
Cash flow from investing activities		
Cash out from loan to related parties	**-1 043**	-24 752
Cash in from intercompany borrowings	**276 327**	117 738
Payment for financial assets at fair value through profit or loss	**-200 000**	
Net cash inflow/outflow from investing activities	**75 284**	92 986
Cash flow from financing activities		
Proceeds from sale of treasury shares	**609**	109
Dividend paid to company's shareholder	**-111 745**	
Net cash inflow/outflow from financing activities	**-111 137**	109
Effects of currency rate changes on bank deposits, cash and equivalents		
Net increase/(decrease) in cash and cash equivalents	**-103 483**	99 273
Cash and cash equivalents start of the period	**503 255**	399 074
Effects of exchange rate changes on cash and cash equivalents	**4 634**	4 908
Cash and cash equivalents end of the period	**404 405**	503 255

Pexip Holding ASA

Notes to the accounts, year ended 31 December 2024

Note 1 - Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.
Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted acccounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of the equity-settled transactions with employees at the grant date, the Group uses the Black-Scholes-Merton option pricing model.

Revenue

Revenue is recognised when it is earned, i.e. when the claim to remuneration arises. This occurs when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction.

Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Dividends

Dividends proposed in the annual statement is recognised as a liability in the balance sheet of Pexip Holding AS at balance ending date.

Note 2 - Payroll costs, number of employees, benefits, loans to employees etc.

(NOK 1,000)

Pexip Holding ASA has no employees.

Chief Executive Officer is compensated from Pexip AS.
The remuneration to CEO is disclosed in the managment remuneration report for 2024.

Remuneration to board of directors in the parent company

The remuneration to board of directors is disclosed in the management remuneration report for 2024.

Auditor

Remuneration to Deloitte AS and their associates is as follows:

	2024	2023
Statutory audit	2 591	2 802

Amounts are excl. of VAT

Note 3 - Operating expenses

(NOK 1,000)

Other operating expenses	2024	2023
Operating expenses	10 971	9 831
Audit fees	2 591	2 802
Other professional fees	1 195	947
Other operating costs	5 144	4 817
Total	**19 901**	**18 397**

Note 4 - Financial Income and expenses

(NOK 1,000)

	2024	2023
Interest income	6 781	7 390
Exchange gains	4 623	4 940
Other financial income	6 066	
Interest income from Group company	15 871	19 425
Financial income	33 341	31 756

Net financial income(expense)	**33 341**	**31 756**

Of the Exchange gains and losses as of December 31 2024, NOK 4,623 thousand are related to currency changes (AUD, DKK, EUR, GBP, SEK, SGD, USD) for the bank accounts.

Note 5 - Income tax expense

(NOK 1,000)

Specification of income tax expense:	2024	2023
Current income tax payable		
Changes in deferred tax	2 957	2 939
Tax on profit/(loss)	**2 957**	**2 939**

Allocation of income tax expense between Norway	2024	2023
Tax on profit/(loss)	2 957	2 939

Reconciliation from nominal to real income tax rate:

	2024	2023
Profit/(loss) before taxation	13 439	13 359
Estimated income tax according to nominal tax rate (22%)	2 957	2 939
Tax effect of non deductible expenses		
Income tax expense	2 957	2 939
Effective income tax rate	**22%**	**22%**

Specification for the tax effect of temporary differences and losses carried forward	**2024 Asset**	**2023 Asset**
Tax losses	30 012	32 969
Total	**30 012**	**32 969**

Deferred tax is determined based on the amount differences between the accounting principles and the taxation purposes, of assets and liabilities at the reporting date. Deferred tax assets are generally recognised for all deductable temporary differences to the extent that it is probable that they can be offset by future taxable income for the Pexip Group.

The company has assesed that the tax losses will be recoverable in the future.

Note 6 - Investments in subsidiaries and associated companies

(NOK 1,000)

Company	Date of acquisition	Registered office	Voting share	Ownership share
Pexip AS	*10/22/2018*	Lysaker, Norway	100%	100%

Company	Equity latest financial statements	Profit/loss latest financial statements
Pexip AS	140 875	79 724

Note 7 - Financial assets

Financial assets	2024	2023
Financial assets at amortised cost:		
Cash & cash equivalents	404 405	503 255
Total	404 405	503 255
Financial assets at fair value through profit and loss		
Liquidity fund	206 066	
Total	206 066	
Total Financial assets	610 471	503 255

Fair value hierarchy

This overview explains the judgements made in determining the fair values of financial instruments in the financial statements.

	2024		2023	
	Level	Amount	Level	Amount
Liquidity fund	Level 1	206 066		
Total Financial instruments at fair value		206 066		

There was no transferred between levels in 2024 or 2023.

Level 1 fair value is based on quoted market prices at the end of the reported period.

Note 8 - Related party transactions and balances

(NOK 1,000)

Related party transactions, profit and loss

Related party balance items

Counterpart	Relationship to the counterpart	Intercompany borrowings 2024	Intercompany borrowings 2023
Pexip AS	Subsidiary	247 496	321 482
Total		**247 496**	**321 482**

Counterpart	Relationship to the counterpart	Intercompany receivables 2024	Intercompany receivables 2023
Pexip AS	Subsidiary	15 871	294 710
Total		**15 871**	**294 710**

Intercompany borrowings amounted to NOK 247,496 thousand and intercompany receivables to NOK 15 871 thousand. Of the total cash of NOK 404,405 thousand, 236,025 thousand is related to the established cash pool for the Pexip Group. Total cash amount within the cash pool for the Group per year end 2024 is booked in Pexip Holding ASA as the legal owner of the cash.

Note 9 - Equity

(NOK 1,000)

(NOK 1,000)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at January 1, 2023	1 521	2 115 938	-75 895	-482 307	1 559 257
Profit or loss for the period				10 420	10 420
Total comprehensive income for the year				**10 420**	**10 420**
Dividend to shareholders		-111 745			-111 745
By/sell treasury share	3		106		109
Share-based payments			30 815		30 815
Balance at December 31, 2023	**1 524**	**2 004 193**	**-44 974**	**-471 887**	**1 488 855**

Balance at January 1, 2024	1 524	2 004 193	-44 974	-471 887	1 488 855
Profit or loss for the period				10 483	10 483
Total comprehensive income for the year				**10 483**	**10 483**
Dividend to shareholders		-259 799			-259 799
By/sell treasury share	4		605		609
Share-based payments			25 342		25 342
Balance at December 31, 2024	**1 528**	**1 744 394**	**-19 027**	**-461 404**	**1 265 489**

Note 10 - Share-based payments

(NOK 1,000)

Pexip has two share-based compensation programs offered to employees: stock options and restricted stock units (RSUs). There were no new Options granted in 2024. Legacy stock option programs (granted prior to 2022) vest over a period of four years and fully vest, at earliest, in 2023 and at latest during 2025. Options expire 5 years after grant date – at earliest in 2024 and latest in 2026. Option granted after 2022 vests over 3 years, and Expire 4 years after the Grant Date. Exercise windows for stock options are currently offered once annually and are typically conditional upon active employment at the time of exercise.

Pexip has a past practice of settling all share based payment transactions is equity instruments, and has historically not settled any transactions in cash as of 31.12.2024. Pexip accounts for these transactions as Equity in 2024.

For RSUs granted in 2024, Monte-Carlo Simulation was used to correcly evaluate the Fair Value of the awards, given the contractual clauses.

In 2024, Employees were given an opportunity to convert their Options into RSUs. ~98% of the employees pursued this option and had their Employee Options converted into RSUs (1 302 825 Options converted into 521 130 RSUs). Senior Leadership Team was not eligible for this offer.

Options	**2024**	**2024**	**2023**	**2023**
	Weighted average exercise price	Number	Weighted average exercise price	Number
Outstanding at January 1	23.63	6 660 450	26.14	5 252 950
Granted during the year			19.65	2 285 000
Converted during the year	41.26	-1 302 825		-10 000
Forfeited during the year	41.77	-245 000	28.04	-860 000
Exercised during the year	22.14	-27 500	14.50	-7 500
Expired during the year	32.00	-35 000		
Outstanding at December 31	**19.20**	**5 050 125**	**23.63**	**6 660 450**

RSUs	2024	2024	2023	2023
		Number		Number
Outstanding at January 1		2 070 325		1 234 532
Granted during the year		68 000		1 310 000
Converted		521 130		4 000
Forfeited during the year		-334 036		-287 195
Adjusted				4 500
Exercised during the year		-226 638		-193 912
Expired during the year				-1 600
Outstanding at December 31		**2 098 781**		**2 070 325**

The exercise price of options outstanding at December 31, 2024 ranged beetween NOK 17.28 and NOK 85.00 (2023: NOK 14.5 and NOK 100) and their weighted average contractual life was 3.45 years (2023: 2,85 years). Weighted average contractual life for RSUs outstanding at December 31, 2024 was 3.05 years (2023: 1.97 years).

Of the total number of options outstanding at December 31, 2024 3 613 976 (2023: 1 333 225) had vested and were excercisable (Weighted average exercise price of NOK 18.96). No RSUs were vested at December 31, 2024. All exercised options was settled in equity.

The weighted average fair value of each option granted during the year is not applicable, since no Options were granted. The weighted average fair value of each RSU granted during the year was NOK 30.25 (2023: NOK 13.02).

The total expense recognised for the period arising from equity-settled share-based payment transactions was NOK 46.1 million (2023: NOK 36.4 million).

The following information is relevant in the determination of the fair value of instruments granted during the year.

Options	2024	2023
Option pricing model used		Black-Scholes/Monte Carlo
Weighted average share price at grant date (in NOK)	N/A	20
Excercise price (in NOK)	N/A	20
Weighted average expected life (in days)	N/A	1 230
Expected volatility	N/A	38.19%
Risk-free interest rate	N/A	3.91%

The expected volatility is based on the volatility for a selection of comparable listed peer companies.

As there are no expected dividend payments, the dividend parameter is not included in the calculations.

RSUs	2024	2023
Option pricing model used	Monte-Carlo Simulation	
Weighted average share price at grant date (in NOK)	32	13
Excercise price (in NOK)		
Weighted average expected life (in days)	1077	1095
Weighted Average Expected volatility	58 83%	
Weighted Average Risk-free interest rate	3.64%	

Note 11 - Share capital, shareholder information and dividend

(NOK 1,000)

The Parent Company's registered share capital as at December 31, 2024 was NOK 1,566 thousand, divided into 104,429.671 ordinary shares with a par value of NOK 0.015. All issued shares have equal voting rights. The parent company holds treasury shares of 2,588,729 making the presented share capital NOK 1,528 thousand.

The Parent Company's registered share capital as at December 31, 2023 was NOK 1,566 thousand divided into 104,429.671 ordinary shares with a par value of NOK 0.015. All issued shares have equal voting rights. The parent company held treasury shares of 2,842,867 making the presented share capital NOK 1,524 thousand.

Development in the number of issued and outstanding shares

	Number of shares (1,000)	Share capital (1,000)
Outstanding at January 1, 2024	104 430	1 566
Outstanding at December 31, 2024	**104 430**	**1 566**

Treasury shares

	Number of shares (1,000)
Outstanding at January 1, 2024	2 842 867
Employee share scheme issue	-254 138
Outstanding at December 31, 2024	**2 588 729**

Ownership structure

The 20 largest shareholders as of December 31, 2024:

	Shares	Ownership
HOLMEN SPESIALFOND	9 945 040	9.52%
T D VEEN AS	6 146 946	5.89%
VERDIPAPIRFONDET DNB SMB	3 503 557	3.35%
Skandinaviska Enskilda Banken AB	3 417 607	3.27%
BJØBERG EIENDOM AS	3 000 200	2.87%
PEXIP HOLDING ASA	2 588 729	2.48%
VEEN EIENDOM AS	2 133 496	2.04%
STAVANGER VENTURE AS	2 102 000	2.01%
A HOLDINGS AS	2 010 000	1.92%
XFILE AS	1 850 000	1.77%
SYNESI AS	1 750 000	1.68%
SKANDINAVISKA ENSKILDA BANKEN AB	1 323 978	1.27%
Avanza Bank AB	1 310 696	1.26%
The Bank of New York Mellon SA/NV	1 259 570	1.21%
Tamorer ltd ATF Wylie Family Trust	1 189 000	1.14%
GLO CAPITAL AS	1 178 312	1.13%
LIA INVESTMENTS AS	1 161 252	1.11%
PEBRIGA AS	1 152 730	1.10%
SIRIUS AS	1 150 000	1.10%
CARABACEL AS	1 140 000	1.09%
Total top 20 shareholders	49 313 113	47.22%
Others	55 116 558	52.78%
Total	104 429 671	100%

Number of shares owned or controlled directly or indirectly by the Management Group and Board of Directors at December 31, 2024:

Persons discharging managerial responsibilities	**Shares**	**Ownership**
Kjell Skappel (Chair of the Board)	10 382 442	9.94%
Irene Kristiansen(Board Member)	150 000	0.14%
Geir Olsen (Board Member)	1 178 312	1.13%
Phillip Lester Austern (Board Member)	100 000	0.10%
Silvija Seres (Board Member)	0	0.00%
Trond Johannessen (CEO)	160 000	0.15%
Ian Mortimer (CTO)	54 667	0.05%
Patricia Auseth (CMO)	32 134	0.03%
Åsmund Fodstad (CRO)	557 275	0.53%
Ingrid Woodhouse (CPO)	68 180	0.07%
Øystein Hem (CFO)	161 468	0.15%
Helge Hansen (COO)	12 700	0.01%
Total	**12 857 178**	**12.31%**

Dividend paid and proposed

Proposal for approval at AGM for financial year 2024 is that NOK 2.5 per share is paid as a dividend.

Note 12 - Events after the balance sheet date

No events that have significantly affected or may significantly affect the operations of the Company have occurred after December 31, 2024.

Declaration in Accordance with 5-5 of the Securities Trading Act

We confirm that the financial statements for the period January 1 to December 31, 2024, have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group.

We also hereby declare that the annual report provides a true and fair view of the financial performance and position of the company, as well as a description of the principal risks and uncertainties facing the company.

Oslo, March 26, 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

Auditor's Report

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To the General Meeting of Pexip Holding ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pexip Holding ASA, which comprise:

- The financial statements of the parent company Pexip Holding ASA (the Company), which comprise the statement of financial position as at 31 December 2024, the profit and loss statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Pexip Holding ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The company was listed in 2020. We have been the company's elected auditor since before the company was listed. We have been the company's elected auditor continuously for 5 years since the company was listed, including the listing year.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying amount of goodwill

Assessment of Key Audit Matter	**Audit response**
The carrying value of goodwill amounted to NOK 598,9 million on 31 December 2024 in the group financial statements. According to IFRS as adopted by the EU, the goodwill is required to be tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability of the goodwill is dependent on assumptions related to future cash flows and forecasts related to revenues, operating margins and long-term growth rates as well as discount rates. These assumptions are of particular importance due to the level of uncertainties and judgements involved. The outcome of impairment assessments could vary significantly if different assumptions were applied and as such have a significant impact on the accounts. Hence, this risk item is assessed to be a key audit matter.	We assessed the design and implementation of the controls Pexip has established related to assessment of the recoverability of goodwill. We assessed and challenged the reasonableness of management`s judgements, in particular: • the cash flow forecast; • the long-term growth rate; • and the discount rate used by reference to the most recent financial budget approved by management, past performance, externally derived data and forecast for economic factors. We evaluated the assumptions used and the sensitivity analysis related to changes in key assumptions. We used internal valuation specialists to assess discount rate assumptions used and to validate the mathematical accuracy of the cash flow models. We evaluated the appropriateness of related disclosures made in the financial statements.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our statement on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Pexip Holding ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name PexipHoldingASA-2024-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company’s processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management’s use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 March 2025
Deloitte AS

Torgeir Dahle
State Authorised Public Accountant
(electronically signed)

Appendix — Definitions

Revenue - Pexip as a service	Revenue from Pexip as a service is the revenue stream for all Pexip products that are delivered to customers as Software as a service. The customer is given access to Pexip Products on a subscription basis.
Revenue - Self hosted Software	Self-Hosted software revenue is revenue from delivering of software licenses to customers, either on a termed subscription or as a perpetual license. This also includes maintanence and installation services or other related consultancy services.
ARR - Contracted Annual Recurring Revenue	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.
Delta Annual Recurring Revenue (DARR)	The difference in ARR from one period to another
NRR - Net Revenue Retention Rate	The percentage of annual recurring revenue retained from customers' existing in the prior year, including upsell, downsell and churn.
FVTPL	Fair Value through profit or loss

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 and impairment.

This number can be directly read out of the Consolidated statement of profit or loss.

Adjusted EBITDA

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

	2024	2023	Change	Change in %
EBITDA	190 778	102 355	88 423	86%
Other gains and losses	15 936	10 908	5 029	46%
Adjusted EBITDA	**206 714**	**113 263**	**93 451**	**83%**

Appendix — Alternative performance measures (APMs)

EBITDA-margin

EBITDA in percentage of revenue in the same period.

	2024	2023	Change	Change in %
EBITDA	190 778	102 355	88 423	86%
Revenue	1 118 562	993 582	124 980	13%
EBITDA Margin	**17%**	**10%**	**7%**	**66%**

EBITDA margin excl other gains and losses

Adjusted EBITDA as a percentage of revenues in the same period.

	2024	2023	Change	Change in %
Adjusted EBITDA	206 714	113 263	93 451	83%
Revenue	1 118 562	993 582	124 980	13%
EBITDA margin excl other gains and losses	**18%**	**11%**	**7%**	**62%**

Gross Profit

Revenue less cost of goods sold

	2024	2023	Change	Change in %
Revenue	1 118 562	993 582	124 980	13%
Cost of Goods sold	105 102	99 004	6 098	6%
Gross Profit	**1 013 460**	**894 578**	**118 882**	**13%**

Gross Margin

Gross Profit as a percentage of revenues in the same period.

	2024	2023	Change	Change in %
Gross Profit	1 013 460	894 578	118 882	13%
Revenue	1 118 562	993 582	124 980	13%
Gross Margin	**91%**	**90%**	**1%**	**1%**

Appendix — Alternative performance measures (APMs)

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. Fair value changes to money market funds held for short-term cash needs is included similar to interest income from cash in bank.

The numbers can be derived out from the cash flow statement

	2024	2023	Change	Change in %
Operating cash flow	244 478	177 593	66 885	38%
Investing Cash flow	-240 659	-51 201	-189 458	370%
Principal element of lease payments	-13 405	-21 737	8 332	-38%
Fail value adjustment of financial investments at FVTPL	6 066		6 066	100%
Net cash investment of Financial investments at FVTPL	200 000		200 000	100%
Free cash flow	**196 480**	**104 655**	**91 825**	**88%**

Net debt

Net debt consist of both Non current and Current interest bearing liabilities less Financial Investments and Cash and Cash equivalents. The numbers can be derived from the balance sheet statement.

	2024	2023	Change	Change in %
Non Current Lease liability	43 510	31 427	12 083	38%
Non Current Borrowings	1 984	2 190	-207	-9%
Current Lease liabilities	18 123	16 069	2 054	13%
Current Borrowings		132	-132	-100%
Total interest bearing Liabilities	**63 617**	**49 818**	**13 799**	**28%**
Cash in bank	422 100	522 692	-100 592	-19%
Financial Investments	206 066		206 066	100%
Net debt	**-564 549**	**-472 874**	**-91 675**	**19%**

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