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Q4 2023

Quarterly Report

Highlights

- Q4 2023 revenue of NOK 285 million, up 10% y-o-y. Pexip's subscription base measured in ARR was USD 102.8 million at the end of Q4 2023, up 3% y-o-y and up 3% since Q3 2023. EBITDA excluding other gains and losses amounted to NOK 59.2 million, up NOK 37.5 million from Q4 2022.
- Cash flow of NOK 28 million in the quarter, with a cash position of NOK 523 million and no material interest-bearing debt. This is up from NOK 419 million at the end of Q4 2022.
- Improved Connected Spaces momentum, resulting from strategic partnerships, product innovation as well as improved competitive situation with BlueJeans by Verizon exiting the market.
- Improved new sales in Secure and Custom, in particular from Secure Spaces growing 22% year-on-year. Combined Secure and Custom year-on-year growth of 13%, below ambition of 20% annual growth.
- Pexip continues to drive operational excellence. In Q4 2023 we executed a cost reduction in the Pexip Engage business area, which will have a positive contribution to overall cash flow and profitability.

“We are pleased to end the year with a positive development in ARR for the year, as well as positive EBITDA in all four quarters. Our focus going forward is on generating profitable growth through our market leading positions in our two key segments, targeting double-digit growth and solid profitability.”



Trond K. Johannessen
Chief Executive Officer

Key Figures

		Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	NOK million	285.2	260.4	993.6	867.1
Cost of Sale	NOK million	28.1	17.7	99.0	93.8
Salary and personnel expenses	NOK million	161.2	166.0	621.4	719.7
Other operating expenses	NOK million	36.7	55.0	159.9	237.5
Other gains/losses	NOK million	(4.5)	(29.2)	(10.9)	(61.3)
EBITDA	NOK million	54.6	(7.5)	102.4	(245.3)
EBITDA margin	%	19%	-3%	10%	-28%
Reported profit for the period	NOK million	(58.6)	(63.2)	(79.8)	(262.2)
Earnings per share	NOK per share	(0.6)	(0.6)	(0.8)	(2.6)
ARR	USD million	102.8	99.6		
Number of employees end of period	#	304	329		

Operational Review

Q4 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 102.8 million in Q4 2023, representing a year-on-year increase of 3% from USD 99.6 million in Q4 2022. Pexip grew its overall ARR base with USD 3.0 million from Q3 2023.

Connected spaces ARR amounted to USD 63.1 million at the end of Q4 2023, up 3% from Q4 2022. The net revenue retention rate, reflecting the percentage of retained revenue from existing customers, was 98% in Q4 2023 excluding legacy areas. Secure and Custom ARR amounted to USD 36.3 million at the end of Q4 2023, up 13% from Q4 2022. The net revenue retention rate was 99% in Q4 2023 due to lower upsell compared to previous quarters. ARR from Pexip as-a-Service was at USD 48.8 million in Q4 2023, up 5% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 53.9 million, up 1% year-on-year.

Pexip has delivered on the financial targets for 2023. The Company delivered 3% growth in ARR against the target of flat to positive development in ARR. On EBITDA the Company delivered NOK 113 million adjusted for other gains and losses against a target of NOK 100-150 million. Lastly, the company delivered NOK 105 million in free cash flow against an updated target of NOK 85-100 million (original target of NOK 40-60 million).

Our secure solutions are increasingly relevant and awareness around sovereignty and privacy for Government data is increasing, with more countries issuing specific recommendations and regulations. Within interoperability and infrastructure solutions, we continue to capture new accounts, and saw quarter-on-quarter growth in this segment in Q4. The development in the strategic partnerships with both Microsoft and Poly continues to show that Pexip's focused approach to our key markets makes us an attractive partner in our industry.

Pexip announced a new cash distribution policy in November 2023. In line with this policy, the Board

of Directors will recommend to the Annual General Meeting a dividend of NOK 1.1 per share, consisting of an ordinary dividend of 0.6 NOK per share and an extraordinary dividend of NOK 0.5 per share.

Q4 Key Wins

A Global Fortune 500 pharmaceutical company

A global Fortune 500 pharmaceutical expanded their Pexip services to include Pexip Connect with Microsoft Teams interoperability, utilizing the Pexip Teams-like layout.

One of the world's largest audit and consulting companies

A Big Four Audit firm substantially expanded their Pexip footprint, utilizing all elements of the Pexip Connect value proposition. They will utilize both interoperability to Teams and Google Meet, as well as registration and one-button-to-push capability to easily join all video meetings.

European police force

The police force of a major European country expanded their video infrastructure for secure meetings with Pexip, completely replacing their existing Cisco on-premises solution.

A major biotechnology company

Pexip has won a large biotechnology company based in the US. They selected Pexip Connect in order to provide high-quality interoperability into Microsoft Teams.

Financial Review

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

Income statement

Q4 2023

Pexip operates in two main product areas. Pexip self-hosted software, which mainly consists of sales from software licenses and related maintenance contracts, and Pexip as-a-Service, which consists of sales from Pexip's public cloud service.

Consolidated revenue amounted to NOK 285.2 million in Q4 2023 (NOK 260.4 million in Q4 2022), representing a 10% increase from Q4 2022. The increase is a result of the ARR increase in Q4 2023 as well as some currency impact. Pexip delivered approx. NOK 25 million less in large multi-year pre-paid software contracts in Q4 2023 compared to Q4 2022, impacting revenues negatively. This is due to a shift towards annual and annual pay multi-year contracts. Europe, Middle East, and Africa (EMEA) was the largest sales theatre, accounting for NOK 154.8 million (NOK 153.0 million) representing 54% of group revenue in Q4 (59%), followed by Americas, accounting for NOK 114.3 million (NOK 93.0 million) representing 40% (36%), and Asia-Pacific (APAC), accounting for NOK 16.1 million (NOK 14.3 million) representing 6% (5%).

Self-hosted software revenue accounted for NOK 167.3 million in Q4 2023 (NOK 152.3 million). Revenue from Pexip as-a-Service was NOK 117.8 million in Q4 2023 (NOK 108.1 million). Software revenue is mainly recognized at the time of delivery, which leads to variations in revenue recognition across periods and drives seasonal variations of software revenue.

Cost of sale consists mainly of network, data center and hosting for the Pexip as-a-Service, as well as some 3rd party commissions and software licenses. Cost of sale amounted to NOK 28.1 million in Q4 2023 (NOK 17.7 million), reflecting a gross margin of 90% (93%).

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 161.2 million in Q4 2023 (NOK 166.0 million), which is 56% of the quarterly revenue (64%). In Q4 2023 Pexip had higher costs related to employee share options. This is related to the increase in share price in Q4 2023 as well as lower than usual cost in Q4 2022 due to several voided contracts from restructuring. This amounts to NOK 10.8 million for Q4 2023 compared to negative NOK 1.1 million in reversed costs in Q4 2022. Pexip had 304 employees

employed at the end of Q4 2023 (329 at the end of Q4 2022).

Other operating expenses amounted to NOK 36.7 million (NOK 55.0 million), which reflects a level of 13% of the quarterly revenue (21%). The reduction is due to the cost-cutting initiatives and the effects were realized across multiple cost categories, including a reduction in spending on sales and marketing, travel, and other professional fees such as R&D, licensing, and HR.

Other gains and losses amounted to a loss of NOK 4.5 million (NOK 29.2 million). The costs in Q4 2023 are mainly related to the termination of employees in order to secure long-term cost reductions, as in Q4 2022.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to NOK 54.6 million in Q4 2023 (negative NOK 7.5 million), reflecting a 19% EBITDA margin (-3%).

Depreciation and amortization costs were NOK 100.0 million in Q4 2023 (NOK 44.3 million). The amount is higher than previous quarters, which is related to an impairment of goodwill.

Net financial income was NOK 0.4 million (expenses of NOK 7.5 million). Pexip had financial income of NOK 7.4 million related to interest on cash holdings (NOK 3.8 million), while the net impact of foreign exchange differences gave a loss of NOK 6.3 million (loss of 10.5 million).

Profit before tax was negative NOK 45.0 million (negative NOK 59.3 million). Profit after tax was negative NOK 58.6 million (negative NOK 63.2 million).

FY 2023

Consolidated revenue was NOK 993.6 million for the full year 2023 (NOK 867.1 million). The increase was driven by currency effects as well as underlying sales growth. Europe, Middle East, and Africa (EMEA) was the largest sales theatre, accounting for NOK 501.5 million (NOK 471.9 million) representing 50% of group revenue in the period (54%), followed by Americas, accounting for 416.5 million (NOK 316.9 million) representing 42% (37%), and Asia-Pacific

(APAC), accounting for NOK 75.6 million (NOK 78.2 million) representing 8% (9%).

Cost of sale amounted to NOK 99.0 million (NOK 93.8 million), reflecting a gross margin of 90% (89%). Cost of sales increased due to higher hosting and network costs driven by increased traffic and usage of the Pexip as-a-Service offering.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 621.4 million (NOK 719.7 million), which is 63% of revenues in the period (83%). The reduction is mainly due to the reduction in employees over the last twelve months.

Other operating expenses amounted to NOK 159.9 million (NOK 237.5 million), which reflects 16% of revenue (27%). The reduction is due to the cost-cutting initiatives and the effects were realized across multiple cost categories.

Other gains and losses amounted to a loss of NOK 10.9 million (NOK 61.3 million) and is related to restructuring.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to NOK 102.4 million in 2023 (negative NOK 245.3 million), reflecting a 10% EBITDA margin (negative 28%).

Depreciation and amortization costs were NOK 199.1 million for the period (NOK 115.1 million).

Net financial income was NOK 33.2 million (NOK 43.6 million) and was mainly related to interest income and exchange differences.

Profit before tax was negative NOK 63.5 million in 2023 (negative NOK 316.8 million). Profit after tax was negative NOK 79.8 million (negative NOK 262.2 million).

Financial position

Pexip continues to have a very robust financial position as the company has a solid cash buffer, no material interest bearing debt as of Q4 2023 and a positive cash flow. **Total assets** amounted to NOK 2,025 million (NOK 2,087 million at the end of Q4 2022), and **total equity** amounted to NOK 1,555 million (NOK 1,597 million at the end of Q4 2022).

Current assets amounted to NOK 773 million (NOK 679 million at the end of Q4 2022). **Trade and other receivables** decreased to NOK 188 million (NOK 199 million at the end of Q4 2022). **Cash and cash equivalents** increased to NOK 523 million (NOK 419 million at the end of Q4 2022).

Non-current assets amounted to NOK 1,252 million (NOK 1,408 million at the end of Q4 2022). The main

change is the reduction in goodwill to NOK 599 million (NOK 663 million). **Contract costs** increased to NOK 299 million (NOK 286 million at the end of Q4 2022).

Total liabilities were at NOK 470 million (NOK 490 million at the end of Q4 2022). Of this, NOK 2 million are borrowings (NOK 4 million at the end of Q4 2022).

Current liabilities decreased to NOK 409 million (NOK 415 million at the end of Q4 2022). Of this, NOK 255 million are contract liabilities (NOK 231 million at the end of Q4 2022).

Non-current liabilities amounted to NOK 61 million (NOK 75 million at the end of Q4 2022).

Cash flow

Q4 2023

Net cash flow from operating activities was NOK 50.4 million in Q4 2023 (negative NOK 42.3 million) compared to an EBITDA of NOK 54.6 million.

Cash flow from investing activities was negative NOK 12.5 million for Q4 2023 (negative NOK 7.6 million). The main driver is investments in software development.

Cash flow from financing activities was negative NOK 7.0 million for Q4 2023 (negative NOK 10.0 million), mainly related to leasing.

In total, Pexip had a net cash flow of NOK 30.8 million for Q4 2023 (negative NOK 60.0 million). In addition, there was an exchange loss of NOK 2.5 million (negative NOK 7.2 million), resulting in a net change in cash of NOK 28.3 million (negative NOK 67.2 million).

Full year 2023

Cash flow from operating activities was NOK 177.6 million for 2023 (negative NOK 182.5 million for 2022). The positive cash flow reflects the positive operating EBITDA as well as a positive development in working capital.

Cash flow from investing activities was negative NOK 51.2 million for 2023 (negative NOK 110.3 million). The main driver was investments in software development as well as a final payment from an acquisition of a service provider customer base.

Cash flow from financing activities was negative NOK 28.2 million for 2023 (negative NOK 121.0 million).

In total, Pexip had a net cash flow of NOK 98.1 for 2023 (negative NOK 413.8 million). In addition, there was an exchange gain of NOK 5.2 million, resulting in a positive change in cash position of NOK 103.4 million (negative NOK 384.5 million).

Subsequent events

There were no subsequent events after December 31, 2023.

Risk and uncertainty

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

Pexip is exposed to several risk factors related to operational and market activities, customer relationships and third parties, laws, regulations, and compliance, financial and market, among others. The Risk and Risk Management section in the 2022 Annual Report contains detailed descriptions and mitigating actions.

The global economic situation has faced increasing challenges into 2023, with slowing growth and higher inflation in Pexip's key markets. This impacts Pexip's customers, and several large enterprise companies have announced cost reduction programs. This has also had a negative impact on the financial markets with an increasing cost of capital. Pexip has acted through its cost reduction program to reduce its cost base, which has contributed to mitigating cost increases on key cost categories such as employee benefit expenses and the cost of cloud computing. Pexip had positive free cash flow in 2023 and has very limited interest-bearing debt and a strong balance sheet. As such, the company is less exposed to the increasing cost of capital.

Pexip has not identified any further significant risk exposures beyond the ones described in the 2022 Annual Report.

Outlook

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

Pexip's 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. The company aims to do this by focusing on niches where Pexip has a unique competitive advantage and a path to become the clear market leader. For 2024, the outlook is to deliver 5-10% ARR growth and 13-18% EBITDA margin.

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

Oslo, February 14, 2024

Board of Directors and CEO of Pexip Holding ASA



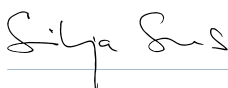
Kjell Skappel
Chair of the Board



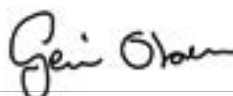
Irene Kristiansen
Board Member



Phillip Austern
Board Member



Silvija Seres
Board Member



Geir Langfeldt Olsen
Board Member



Trond K. Johannessen
CEO

Consolidated Statement of Profit or Loss

	Notes	Fourth Quarter		Full Year	
(NOK 1.000)		Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	3	285 157	260 367	993 582	867 056
Cost of sale		28 119	17 653	99 004	93 820
Salary and personnel expenses		161 202	166 027	621 435	719 687
Other operating expenses		36 657	54 953	159 880	237 544
Other gains and losses		4 532	29 230	10 908	61 290
EBITDA		54 647	-7 496	102 355	-245 285
Depreciation and amortization		99 999	44 265	199 112	115 120
Operating profit or loss		-45 351	-51 761	-96 756	-360 405
Financial income		7 422	3 803	19 194	7 959
Financial expenses		-713	-868	-2 707	-4 604
Net gain and loss on foreign exchange differences		-6 317	-10 452	16 737	40 264
Financial income/(expenses) - net		392	-7 517	33 224	43 619
Profit or loss before income tax		-44 959	-59 278	-63 532	-316 786
Income tax expense		13 597	3 929	16 253	-54 538
Profit or loss for the year		-58 555	-63 207	-79 786	-262 248
			-		
Profit or loss is attributable to:					
Owners of Pexip Holding ASA		-58 555	-63 207	-79 786	-262 248
Earnings per share					
Basic earnings per share		-0.58	-0.62	-0.79	-2.58
Diluted earnings per share		-0.58	-0.62	-0.79	-2.58

Consolidated Statement of Comprehensive Income

	Fourth Quarter		Full Year	
(NOK 1.000)	Q4 2023	Q4 2022	FY 2023	FY 2022
Profit or loss for the year	-58 555	-63 207	-79 786	-262 248
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	7 113	-15 972	7 113	11 417
Total comprehensive income for the year	-51 442	-79 179	-72 672	-250 831
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	-51 442	-79 179	-72 672	-250 831

Consolidated Statement of Financial Position

(NOK 1.000)	12/31/2023	12/31/2022
ASSETS		
Non-current assets		
Property, plant and equipment	11 580	29 039
Right-of-use assets	42 730	77 154
Goodwill	598 998	662 645
Other intangible assets	125 516	178 606
Deferred tax asset	170 629	169 279
Contract costs	299 000	285 779
Receivables	1 163	1 602
Other assets	2 109	4 041
Total non-current assets	1 251 725	1 408 145
Current assets		
Trade and other receivables	187 666	198 727
Contract assets	39 210	37 233
Other current assets	23 716	23 326
Cash and cash equivalents	522 692	419 306
Total current assets	773 284	678 592
TOTAL ASSETS	2 025 010	2 086 736
(NOK 1.000)	12/31/2023	12/31/2022
EQUITY AND LIABILITIES		
Equity		
Total equity	1 554 823	1 596 571
Non-current liabilities		
Borrowings	2 190	16
Lease liabilities	31 427	57 560
Deferred tax liabilities	27 193	15 388
Other payables	69	2 526
Total non-current liabilities	60 879	75 490
Current liabilities		
Trade and other payables	134 324	148 153
Contract liabilities	255 258	231 004
Current tax liabilities	3 525	5 002
Borrowings	132	4 077
Lease liabilities	16 069	26 439
Total current liabilities	409 308	414 675
Total liabilities	470 187	490 166
TOTAL EQUITY AND LIABILITIES	2 025 010	2 086 736

Consolidated Statement of Changes in Equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at January 1, 2022	1 556	2 115 938	86 018	-3 553	-291 770	1 908 191
Profit or loss for the year					-262 248	-262 248
Other comprehensive income for the year				11 416		11 416
Total comprehensive income for the year				11 416	-262 248	-250 831
Capital increase/share issue			-270			-270
By/sell treasury share	-35		-87 404			-87 439
Share-based payments			26 920			26 920
Balance at December 31, 2022	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Balance at January 1, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the period					-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
Capital increase/share issue	-2	-	111			109
By/sell treasury share						-
Share-based payments			30 815			30 815
Balance at December 31, 2023	1 518	2 115 938	56 191	14 977	-633 803	1 554 823

Consolidated Statement of Cash Flows

	Fourth Quarter		Full Year	
(NOK 1.000)	Q4 2023	Q4 2022	12/31/2023	12/31/2022
Cash flow from operating activities				
Profit or loss before income tax	-44 959	-59 278	-63 532	-316 786
<i>Adjustments for</i>				
Depreciation, amortization and net impairment losses	99 999	44 265	199 112	115 120
Non-cash - share based payments	10 817	-3 218	36 431	25 130
Interest income/expenses - net	-6 865	-6 149	-16 500	-3 952
Net exchange differences	-3 899	-1 260	-7 936	-18 656
Other adjustments	930	-9	139	
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-71 215	-20 630	-2 596	-19 134
Change in trade, other payables and contract liabilities	58 886	-3 685	20 718	31 688
Interest received	7 418	7 660	19 004	7 958
Income taxes paid/refunded	-747		-7 247	-3 843
Net cash inflow/outflow from operating activities	50 365	-42 303	177 593	-182 475
Cash flow from investing activities				
Payment for property, plant and equipment	-1 527	-17	-16 571	-21 965
Payment of software development cost	-10 962	-7 620	-34 629	-32 318
Payment for acquisition of subsidiary, net of cash acquired				-56 009
Net cash inflow/outflow from investing activities	-12 489	-7 637	-51 201	-110 292
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	-3		-3	
Repayment of borrowings	-1 728	-419	-4 000	-1 919
Principal element of lease payments	-4 765	-9 237	-21 737	-27 399
Interest paid	-553	-401	-2 505	-4 006
Sale/(purchase) of treasury shares				-87 674
Net cash inflow/outflow from financing activities	-7 048	-10 057	-28 244	-120 998
Net increase/(decrease) in cash and cash equivalents	30 827	-59 997	98 148	-413 766
Cash and cash equivalents start of the period	494 349	486 548	419 306	803 852
Effects of exchange rate changes on cash and cash equivalents	-2 485	-7 245	5 238	29 219
Cash and cash equivalents end of the period	522 692	419 306	522 692	419 306

Note 1 - General

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

The consolidated condensed interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2023, authorised for issue by the board of directors on February 14, 2024.

The condensed interim financial statements are unaudited.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months ending on December 31, 2023, have been prepared according to IAS 34 Interim Financial reporting. This quarterly report does not include the complete set of accounting principles and disclosures and should be read in conjunction with the Annual Financial Statement for 2022. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2022. The Group has not early adopted any new standards, interpretations or amendments issued but not yet effective.

Rounding differences may occur.

Note 3 - Segment reporting

(NOK 1,000)

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

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

Disaggregation of revenue

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

Fourth quarter 2023

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

Fourth quarter 2022

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	59 664	42 337	6 089	108 090
Self-hosted Software	93 352	50 701	8 224	152 277
Total revenue	153 016	93 038	14 313	260 367

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

Full year 2022

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	235 619	146 790	25 773	408 181
Self-hosted Software	236 286	146 790	52 433	458 875
Total revenue	471 905	316 946	78 206	867 056

	Fourth quarter 2023	Fourth quarter 2022
Timing of revenue recognition		
Products and services transferred at a point in time	129 645	129 399
Products and services transferred over time	155 512	130 968
Total revenue	285 157	260 367

	Year to date 2023	Year to date 2022
Timing of revenue recognition		
Products and services transferred at a point in time	413 130	368 629
Products and services transferred over time	580 452	498 426
Total revenue	993 582	867 056

¹⁾Europe, Middle East and Africa

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

Information about major customers

The Group conducts its sales through channel partners. No channel partner represent more than 10% of the Group's revenue as of December 2023. In Q4 2023 the 5 largest represent approximately 26% of total revenue (36% in Q4 2022), while the 10 largest represent 42% (48% in Q4 2022). Of the Group's total channel partner base for FY 2023, the five largest represent approximately 26% of total revenue (28% for FY 2022), and the ten largest represent approximately 41% (40% for FY 2022).

Non-current assets

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

	31/12/2023	31/12/2022
Norway	232 221	328 338
Europe (other than Norway)	98 706	95 155
Americas	118 625	116 276
APAC	29 275	30 808
Total non-current operating assets	478 826	570 578

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

Note 4 - Goodwill

(NOK 1,000)

Pexip continues to drive operational excellence. In Q4 2023 the company executed a cost reduction in the Pexip Engage business area, which will have a positive contribution to overall cash flow and profitability. While this improves the short-term results, it may have a negative impact on the future growth of the business unit, and due to this management finds it prudent to impair the value of the goodwill related to the Skedify acquisition.

Skedify was acquired on November 8, 2021 for a consideration of NOK 19.1 million and a net debt/working capital amount of NOK 44.5 million, for a total of NOK 63.6 million. This was accounted for as a net addition to goodwill of NOK 63.6 million. Further details on this can be found in the 2021 Annual Accounts.

The impairment of goodwill of NOK 63.6 million has been recognized in the P&L in Q4 2023, reducing Non-current assets with the same amount.

	Goodwill
Carrying amount of Goodwill December 31, 2022	662 645
Carrying amount of Goodwill December 31, 2023	598 998

Appendix — Alternative Performance Measures (APMs)

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

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

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

EBITDA-margin: EBITDA in the percentage of revenue.

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

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

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

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

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

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