

] pexip [

# Q2 & First Half 2024

Interim Report

# Highlights

- Q2 2024 revenue of 266 million, up 14% y-o-y. Pexip's subscription base measured in ARR was USD 107.1 million at the end of Q2 2024, up 8.5% y-o-y.
- Good development in Secure & Custom ARR with several key wins in the quarter. Secure and Custom grew 15% year-on-year. Connected Spaces ARR grew 10% year-on-year.
- EBITDA excluding other gains and losses amounted to NOK 36.0 million, up NOK 27.3 million from the same quarter last year. EBITDA including other gains and losses amounted to NOK 33.0 million, up NOK 25.3 million.
- Free cash flow of NOK 67.7 million in the quarter, up NOK 26.6 million, with a cash position of NOK 586.5 million and no material interest-bearing debt exiting Q2 2024.
- Microsoft announced cross-platform guest join using SIP for Microsoft Teams Rooms, with Pexip as a launch partner. The new Pexip Connect for Microsoft Teams Rooms enables a high-quality guest join experience for Microsoft Teams Rooms when joining Zoom, Webex, Google Meet, Amazon Chime as well as other meeting providers.
- Pexip launched Pexip Connect for Zoom Rooms, which enables Zoom Rooms to have a high-quality guest join experience when invited to Microsoft Teams Meetings.

**“We continue to build momentum in providing secure video solutions to our customers, with record-high new sales in this segment. We have also strengthened our position in the global video conferencing ecosystem with a clear position as the interoperability specialist working with all the major players.”**



**Trond K. Johannessen**  
Chief Executive Officer

## Key Figures

		Q2 2024	Q2 2023	YTD 2024	YTD 2023
Revenue	NOK million	265.6	232.9	557.6	493.6
Cost of Sale	NOK million	27.1	24.4	54.1	45.7
Salary and Personnell expenses	NOK million	163.8	157.0	325.3	316.6
Other operating expenses	NOK million	38.7	42.8	77.7	87.8
Adjusted EBITDA	NOK million	36.0	8.7	100.5	43.5
Other gains/losses	NOK million	(3.0)	(1.0)	(9.8)	(0.7)
EBITDA	NOK million	33.0	7.7	90.7	42.8
EBITDA-margin	%	12%	3%	16%	9%
Free cash flow	NOK million	67.7	41.1	168.2	81.8
Reported profit for the period	NOK million	7.0	(19.2)	52.4	3.0
Earnings per share	NOK per share	0.07	-0.19	0.52	0.03
ARR USD million	USD million	107.1	98.7		
Number of employees end of period	#	295	319		

# Operational Review

## Q2 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 107.1 million at the end of Q2 2024, representing a year-on-year increase of 8.5% from USD 98.7 million at the end of Q2 2023. Pexip grew its overall ARR base with USD 2.3 million from Q1 2024.

Connected spaces ARR amounted to USD 65.3 million at the end of Q2 2024, up 10% from Q2 2023. The net revenue retention rate, reflecting the percentage of retained revenue from existing customers, was 96% in Q2 2024 excluding legacy areas. Secure and Custom ARR amounted to USD 39.7 million at the end of Q2 2024, up 15% from Q2 2023. The net revenue retention rate was 99% in Q2

2024. ARR from Pexip as-a-Service was at USD 53.1 million in Q2 2024, up 14% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 53.9 million, up 4% year-on-year.

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. 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.

## Key Wins

### Multi-national defence organization

Pexip was chosen together with HP|Poly to modernize the secure meetings platform of a key defence organization. The Pexip self-hosted software capabilities and the modern user experience was key for selecting Pexip.

### European car manufacturer

Pexip was selected to provide interoperability services to a tier 1 European car manufacturer. The customer chose Pexip Connect for its ability to support a range of endpoints when joining Microsoft Teams meetings, and for the ability to have Microsoft Teams Rooms join other meeting platforms.

### Global semiconductor giant

Pexip has won a large contract with a US semiconductor giant to provide video infrastructure for their video endpoints. Pexip was chosen due to the user experience of its interoperability products.

# Financial Review

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

## Income statement

### Q2 2024

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 265.6 million in Q2 2024 (NOK 232.9 million in Q2 2023), representing a 14% 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 124.9 million in revenue (NOK 117.4 million, +6%), followed by Americas, accounting for NOK 115.7 million (NOK 90.1 million, +28%), and Asia-Pacific (APAC), accounting for NOK 25.0 million (NOK 25.4 million, -1%).

Self-hosted software revenue accounted for NOK 130.9 million in Q2 2024 (NOK 118.9 million, +10%). Revenue from Pexip as-a-Service was NOK 134.6 million in Q2 2024 (NOK 114.0 million, +18%). 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 27.1 million in Q2 2024 (NOK 24.4 million), reflecting a gross margin of 90% (90%).

**Operating expenses** consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 163.8 million in Q2 2024 (NOK 157.0 million), which is 62% of the quarterly revenue (67%). Pexip had 295 employees employed at the end of Q2 2024 (319).

Other operating expenses amounted to NOK 38.7 million (NOK 42.8 million), which reflects a level of 15% of the quarterly revenue (18%). 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 3.0 million (NOK 1.0 million). The costs in Q2 2024

are mainly related to the termination of employees in order to secure long-term cost reductions.

**Earnings before interest, tax, depreciation, and amortization (EBITDA)** amounted to NOK 33.0 million in Q2 2024 (NOK 7.7 million), reflecting a 12% EBITDA margin (3%). EBITDA adjusted for Other gains and losses was NOK 36.0 million (NOK 8.7 million), reflecting a 14% margin (4%).

**Depreciation and amortization** costs were NOK 19.5 million in Q2 2024 (NOK 42.8 million). The reduction is a result of lower depreciation of intangible assets, lower right of use depreciation related to leasing as well as a one-off depreciation cost in Q2 2023.

**Net financial income** was negative NOK 1.0 million (positive NOK 10.1 million). Pexip had financial income of NOK 6.4 million related to interest on cash holdings (NOK 4.0 million), while the net impact of foreign exchange differences gave a loss of NOK 6.6 million (gain of NOK 6.9 million).

**Profit before tax** was NOK 12.5 million (loss of NOK 25.0 million). Profit after tax was NOK 7.0 million (loss of NOK 19.2 million).

### First half 2024

**Consolidated revenue** amounted to NOK 557.6 million year-to-date 2024 (NOK 493.6 million same period 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 258.2 million in revenue (NOK 240.5 million, +7%), followed by Americas, accounting for NOK 251.9 million (NOK 208.6 million, +21%), and Asia-Pacific (APAC), accounting for NOK 47.4 million (NOK 44.5 million, 7%).

Self-hosted software revenue accounted for NOK 297.6 million year-to-date 2024 (NOK 266.4 million, +12%). Revenue from Pexip as-a-Service was NOK 260.0 million year-to-date 2024 (NOK 227.1 million, +14%). 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 54.1 million in year-to-date 2024 (NOK 45.7 million), reflecting a gross margin of 90% (91%).

**Operating expenses** consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 325.3 million year-to-date 2024 (NOK 316.6 million), which is 58% of revenue (64%).

Other operating expenses amounted to NOK 77.7 million (NOK 87.8 million), which reflects a level of 14% of the quarterly revenue (18%). 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 9.8 million (NOK 0.7 million). The costs in 2024 are mainly related to the termination of employees in order to secure long-term cost reductions.

**Earnings before interest, tax, depreciation, and amortization (EBITDA)** amounted to NOK 90.7 million year-to-date 2024 (NOK 42.8 million), reflecting a 16% EBITDA margin (9%). EBITDA adjusted for Other gains and losses was NOK 100.5 million (NOK 43.5 million), reflecting a 18% margin (9%).

**Depreciation and amortization** costs were NOK 39.3 million year-to-date 2024 (NOK 72.0 million). The reduction is a result of lower depreciation of intangible assets, lower right of use depreciation related to leasing as well as a one-off depreciation cost in 2023.

**Net financial income** was NOK 21.5 million (NOK 36.0 million). Pexip had financial income of NOK 13.0 million related to interest on cash holdings (NOK 7.0 million), while the net impact of foreign exchange differences gave a gain NOK 10.2 million (gain of NOK 30.4 million).

**Profit before tax** was NOK 72.9 million (NOK 6.9 million). Profit after tax was NOK 52.4 million (NOK 3.0 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 2,021 million (NOK 2,021 million at the end of Q4 2023), and total equity amounted to NOK 1,520 million (NOK 1,555 million at the end of Q4 2023).

**Current assets** amounted to NOK 791 million (NOK 769 million at the end of Q4 2023). **Cash and cash equivalents** increased to NOK 587 million (NOK

523 million at the end of Q4 2023). **Trade and other receivables** decreased to NOK 171 million (NOK 184 million at the end of Q4 2023), while **Contract Assets** decreased to NOK 18 million (NOK 39 million at the end of Q4 2023).

**Non-current assets** amounted to NOK 1,230 million (NOK 1,252 million at the end of Q4 2023). **Contract costs** increased to NOK 305 million (NOK 299 million at the end of Q4 2023), mostly related to foreign exchange differences in the subsidiary companies.

**Total liabilities** were at NOK 501 million (NOK 466 million at the end of Q4 2023), with the increase being related to contract liabilities from pre-paid software and SaaS contracts. NOK 2 million are borrowings (NOK 2 million at the end of Q4 2023).

**Current liabilities** increased to NOK 433 million (NOK 405 million at the end of Q4 2023).

**Non-current liabilities** amounted to NOK 69 million (NOK 61 million at the end of Q4 2023).

## Cash flow

### Q2 2024

**Net cash flow from operating activities** was NOK 78.9 million in Q2 2024 (NOK 55.5 million in Q2 2023) compared to an EBITDA of NOK 33.0 million.

**Cash flow from investing activities** was negative NOK 7.2 million for Q2 2024 (negative NOK 9.2 million). The main driver is investments in own software development.

**Cash flow from financing activities** was negative NOK 115.7 million for Q2 2024 (negative NOK 7.1 million). The main cash outflow was related to the dividend of NOK 111.7 million. There was also a cash flow of NOK 0.6 million related to an employee share option exercise window.

In total, Pexip had a net cash flow of negative NOK 44.0 million for Q2 2024 (positive NOK 39.2 million). In addition, there was an exchange gain of NOK 2.4 million (NOK 2.6 million), resulting in a net change in cash of negative NOK 41.6 million (positive NOK 41.8 million).

## Year to date

**Net cash flow from operating activities** was NOK 191.2 million year to date 2024 (NOK 128.9 million year to date in 2023), mainly benefiting from higher profits before tax.

**Cash flow from investing activities** was negative NOK 16.0 million year to date 2024 (negative NOK 35.3

million). The main reduction is from a purchase of a service provider portfolio in 2023.

**Cash flow from financing activities** was negative NOK 120.0 million year to date 2024 (negative NOK 14.8 million). The main cash outflow was related to the dividend of NOK 111.7 million.

In total, Pexip had a net cash flow of NOK 55.3 million year to date 2024 (NOK 78.8 million). In addition, there was an exchange gain of NOK 8.5 million (NOK 9.6 million), resulting in a net change in cash of NOK 63.8 million (NOK 88.4 million).

## Subsequent events

There were no subsequent events after June 30, 2024.

## Risk and uncertainty

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

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

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

## Outlook

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

Pexip's 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 we see upside to our previous outlook, and our updated outlook is to deliver 8-10% ARR growth and 16-20% EBITDA margin, up from 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.*

SIGNATURE PAGE

# Board of Directors

Oslo, August 15, 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	Second Quarter		YTD	
(NOK 1.000)		Q2 2024	Q2 2023	YTD 2024	YTD 2023
Revenue	3	265 582	232 930	557 560	493 567
Cost of sale		27 053	24 387	54 108	45 700
Salary and personnel expenses		163 837	156 999	325 260	316 586
Other operating expenses		38 662	42 829	77 722	87 781
Other gains and losses		3 038	1 002	9 785	665
<b>EBITDA</b>		<b>32 992</b>	<b>7 713</b>	<b>90 685</b>	<b>42 835</b>
Depreciation and amortization		19 543	42 845	39 345	71 986
<b>Operating profit or loss</b>		<b>13 449</b>	<b>-35 132</b>	<b>51 340</b>	<b>-29 150</b>
Financial income		6 439	4 014	13 013	7 033
Financial expenses		-837	-739	-1 720	-1 395
Net gain and loss on foreign exchange differences		-6 598	6 866	10 239	30 371
<b>Financial income/(expenses) - net</b>		<b>-996</b>	<b>10 141</b>	<b>21 532</b>	<b>36 010</b>
<b>Profit or loss before income tax</b>		<b>12 454</b>	<b>-24 991</b>	<b>72 872</b>	<b>6 859</b>
Income tax expense		5 422	-5 795	20 433	3 904
<b>Profit or loss for the year</b>		<b>7 031</b>	<b>-19 196</b>	<b>52 440</b>	<b>2 955</b>
<b>Profit or loss is attributable to:</b>					
Owners of Pexip Holding ASA		7 031	-19 196	52 440	2 955
<b>Earnings per share</b>					
Basic earnings per share		0.07	-0.19	0.52	0.03
Diluted earnings per share		0.50	-0.19	0.50	0.03

## Consolidated Statement of Comprehensive Income

(NOK 1.000)	Second Quarter		Year	
	Q2 2024	Q2 2023	YTD 2024	YTD 2023
<b>Profit or loss for the year</b>	<b>7 031</b>	<b>-19 196</b>	<b>52 440</b>	<b>2 955</b>
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	<b>9 425</b>	15 132	<b>9 425</b>	15 132
<b>Total comprehensive income for the year</b>	<b>16 456</b>	<b>-4 064</b>	<b>61 865</b>	<b>18 087</b>
<b>Total comprehensive income is attributable to:</b>				
Owners of Pexip Holding ASA	<b>16 456</b>	<b>-4 064</b>	<b>61 865</b>	<b>18 087</b>

## Consolidated Statement of Financial Position

(NOK 1.000)	Notes	06/30/2024	12/31/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9 451	11 580
Right-of-use assets		45 298	42 730
Goodwill		598 998	598 998
Other intangible assets		109 952	125 516
Deferred tax asset		158 758	170 629
Contract costs	4	304 608	299 000
Receivables		3	1 163
Other assets		2 592	2 109
<b>Total non-current assets</b>		<b>1 229 660</b>	<b>1 251 725</b>
<b>Current assets</b>			
Trade and other receivables		171 169	183 716
Contract assets		17 679	39 210
Other current assets		16 025	23 716
Cash and cash equivalents		586 506	522 692
<b>Total current assets</b>		<b>791 379</b>	<b>769 335</b>
<b>TOTAL ASSETS</b>		<b>2 021 039</b>	<b>2 021 059</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Total equity</b>		<b>1 519 557</b>	<b>1 554 823</b>
<b>Non-current liabilities</b>			
Borrowings		1 861	2 190
Lease liabilities		31 330	31 427
Deferred tax liabilities		35 591	27 193
Other payables		13	69
<b>Total non-current liabilities</b>		<b>68 795</b>	<b>60 879</b>
<b>Current liabilities</b>			
Trade and other payables		134 852	130 374
Contract liabilities		275 779	255 258
Current tax liabilities		2 377	3 525
Borrowings		21	132
Lease liabilities		19 658	16 069
<b>Total current liabilities</b>		<b>432 687</b>	<b>405 357</b>
<b>Total liabilities</b>		<b>501 482</b>	<b>466 238</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 021 039</b>	<b>2 021 059</b>

## Consolidated Statement of Changes in Equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at January 1, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the year					-79 786	-79 786
Other comprehensive income for the year				7 113		7 113
<b>Total comprehensive income for the year</b>				7 113	-79 786	-72 672
Buy/sell treasury share	3		106			109
Share-based payments			30 815			30 815
Balance at December 31, 2023	1 523	2 115 938	56 186	14 977	-633 803	1 554 823
Balance at January 1, 2024	1 523	2 115 938	56 186	14 977	-633 803	1 554 823
Profit or loss for the period					52 440	52 440
Other comprehensive income for the year				9 425		9 425
<b>Total comprehensive income for the year</b>				9 425	52 440	61 865
Buy/sell treasury share	4					4
Dividend paid to company's shareholders		-111 745				-111 745
Share-based payments			14 611			14 611
Balance at June 30, 2024	1 527	2 004 193	70 797	24 402	-581 364	1 519 557
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					2 955	2 955
Other comprehensive income for the year				15 132		15 132
<b>Total comprehensive income for the year</b>				15 132	2 955	18 087
Capital increase/share issue	-3		111			109
Share-based payments			16 139			16 139
Balance at June 30, 2023	1 518	2 115 938	41 515	22 995	-551 062	1 630 906

## Consolidated Statement of Cash Flows

(NOK 1.000)	Second Quarter		YTD	
	Q2 2024	Q2 2023	06/30/2024	06/30/2023
<b>Cash flow from operating activities</b>				
Profit or loss before income tax	12 454	-24 991	72 872	6 859
<i>Adjustments for</i>				
Depreciation, amortization and net impairment losses	19 543	42 845	39 345	71 986
Non-cash - share based payments	4 572	8 527	14 006	18 009
Interest income/expenses - net	-5 642	-3 285	-11 242	-5 659
Net exchange differences	-9 999	4 580	-6 837	4 043
Other adjustments	3 818	73	3 806	-756
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	69 111	36 717	48 366	61 464
Change in trade, other payables and contract liabilities	-20 321	-7 329	20 405	-28 428
Interest received	6 465	4 014	12 944	7 033
Income taxes paid/refunded	-1 148	-5 604	-2 495	-5 604
<b>Net cash inflow/outflow from operating activities</b>	<b>78 853</b>	<b>55 546</b>	<b>191 170</b>	<b>128 947</b>
<b>Cash flow from investing activities</b>				
Payment for property, plant and equipment	-959	-1 063	-2 205	-14 695
Payment of software development cost	-6 500	-8 101	-14 000	-20 632
Proceeds from sale of property, plant and equipment	255		255	
<b>Net cash inflow/outflow from investing activities</b>	<b>-7 204</b>	<b>-9 164</b>	<b>-15 950</b>	<b>-35 327</b>
<b>Cash flow from financing activities</b>				
Dividend paid to company's shareholder	-111 745		-111 745	
Proceeds from borrowings	301		301	
Repayment of borrowings	-28	-1 140	-395	-1 640
Principal element of lease payments	-3 975	-5 266	-7 019	-11 813
Interest paid	-822	-729	-1 701	-1 374
Sale/(purchase) of treasury shares	609		609	
<b>Net cash inflow/outflow from financing activities</b>	<b>-115 660</b>	<b>-7 135</b>	<b>-119 950</b>	<b>-14 827</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-44 013</b>	<b>39 247</b>	<b>55 269</b>	<b>78 792</b>
Cash and cash equivalents start of the period	628 074	465 885	522 692	419 306
Effects of exchange rate changes on cash and cash equivalents	2 446	2 574	8 546	9 609
<b>Cash and cash equivalents end of the period</b>	<b>586 506</b>	<b>507 706</b>	<b>586 506</b>	<b>507 706</b>

## Note 1 - General

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

The consolidated condensed interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as of June 30, 2024, authorised for issue by the board of directors on August 15, 2024.

The condensed interim financial statements are unaudited.

## Note 2 - Basis of preparation

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

Rounding differences may occur.

## Note 3 - Segment reporting

(NOK 1,000)

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

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

### Disaggregation of revenue

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

#### Second quarter 2024

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	65 077	61 134	8 423	134 633
Self-hosted Software	59 849	54 524	16 576	130 949
Total revenue	124 925	115 658	24 999	265 582

#### Second quarter 2023

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	62 982	44 774	6 284	114 040
Self-hosted Software	54 454	45 344	19 092	118 890
Total revenue	117 436	90 118	25 376	232 930

**Year to date 2024**

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	126 854	116 783	16 338	259 975
Self-hosted Software	131 366	135 161	31 058	297 586
<b>Total revenue</b>	<b>258 220</b>	<b>251 944</b>	<b>47 396</b>	<b>557 560</b>

**Year to date 2023**

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	124 709	89 866	12 549	227 123
Self-hosted Software	115 802	118 719	31 923	266 444
<b>Total revenue</b>	<b>240 511</b>	<b>208 585</b>	<b>44 471</b>	<b>493 567</b>

	Second quarter	Second quarter
	2024	2023
Timing of revenue recognition		
Products and services transferred at a point in time	102 257	82 591
Products and services transferred over time	163 325	150 339
<b>Total revenue</b>	<b>265 582</b>	<b>232 930</b>

	Year to date	Year to date
	2024	2023
Timing of revenue recognition		
Products and services transferred at a point in time	238 219	194 050
Products and services transferred over time	319 342	299 517
<b>Total revenue</b>	<b>557 560</b>	<b>493 567</b>

<sup>1)</sup> Europe, Middle East and Africa

<sup>2)</sup> Asia Pacific (East and South Asia, Southeast Asia and Oceania)

**Information about major customers**

The Group conducts its sales through channel partners. No channel partner represents more than 10% of the Group's revenue. Of the Group's total channel partner base as of 30 June 2024, the five largest represent approximately 27% (23% in Q2 2023) of total revenue in Q2 2024, and the ten largest represent about 43% (42% in Q2 2023) of total revenue. Of the Group's total channel partner base per end of Q2 2024, the five largest represent approximately 26% of total revenue (25% per Q2 2023), and the ten largest represent approximately 40% (35% per Q2 2023).

**Non-current assets**

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

	6/30/2024	6/30/2023
Norway	203 743	251 745
Europe (other than Norway)	102 433	124 477
Americas	133 160	125 699
APAC	29 973	32 175
<b>Total non-current operating assets</b>	<b>469 309</b>	<b>534 096</b>

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

## Note 4 - Contract costs

### Contract costs

Movement on the balance sheet item Contract cost mainly relates to changes in foreign currencies in foreign operations. Total commission costs activated in the second quarter in 2024 was 24.6 million NOK (21.3 million NOK in 2023). Depreciated cost in the quarter was 24.1 compared to 21.7 in Q2 2023, which is mostly reflected in salary and personell expenses. The major currency change is related to USD.

<b>Contract costs Q2 movements</b>	<b>2024</b>	<b>2023</b>
Balance at April 1	307 381	297 668
Additions	24 651	21 266
Depreciated during the period	-24 112	-21 732
Translation differences	-3 311	6 409
<b>Balance at June 30</b>	<b>304 608</b>	<b>303 612</b>

<b>Contract costs YTD movements</b>	<b>2024</b>	<b>2023</b>
Balance at January 1	299 000	285 968
Additions	44 768	40 350
Depreciated during the period	-47 259	-41 689
Translation differences	8 099	18 982
<b>Balance at June 30</b>	<b>304 608</b>	<b>303 612</b>

## Appendix — Alternative Performance Measures (APMs)

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

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

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

**EBITDA-margin:** EBITDA in the percentage of revenue.

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

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

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

This corresponds to Pexip's order backlog.

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

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

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

] pexip [

Lilleakerveien 2A, 0283 Oslo, Norway  
[www.pexip.com](http://www.pexip.com)