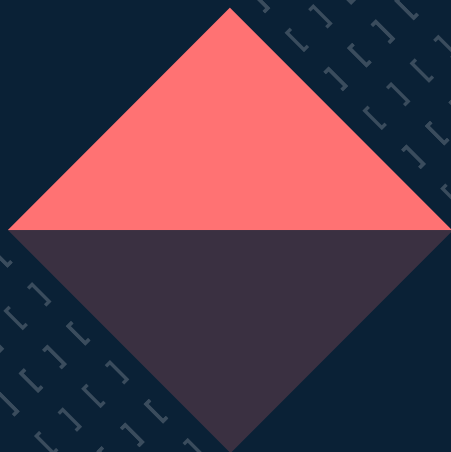


]pexip[

Q1 2022

Quarterly Report



Q1 Highlights

- Pexip's ARR reached USD 105.6 million, reflecting a 21% growth year-on-year
- ARR was reduced quarter-on-quarter by USD 0.8 million. Underlying ARR growth was USD 1.2 million, adjusted for a change in pricing model with a strategic partner. This change is expected to drive more than USD 4 million ARR growth during 2022
- Revenues were at NOK 222.5 million, 24% growth year-on-year, driven by both product areas
- EBITDA was at negative NOK 51.8 million, representing a negative 23% EBITDA margin compared to a negative 30% EBITDA margin in Q1 2021
- Non-recurring cash outflows of total NOK 147 million for share buyback and portfolio purchases drove extraordinary negative cash flow in the quarter. Current cash reserves considered sufficient to drive growth and return to profitability
- Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 95% year-on-year, including churn of 9.2% year-on-year. The reduction in net revenue retention rate was driven by a decline in net upsell
- Pexip closed its first customers through Microsoft Azure marketplace and had a strong momentum within Secure Spaces and in public sector sales in the quarter

Key Figures

		Q1 2022	Q1 2021
Revenue	NOK million	222.5	179.7
Cost of goods sold	NOK million	25.8	15.0
Salary and personnel expenses	NOK million	188.1	175.6
Other operating expenses	NOK million	60.4	42.4
EBITDA	NOK million	-51.8	-53.1
EBITDA margin	%	-23%	-30%
Reported profit for the period	NOK million	-63.8	-55.6
Earnings per share	NOK per share	-0.62	-0.54
ARR	USD million	105.6	87.2
Number of employees end of period	#	551	413

“The Covid 19 pandemic has changed the videoconferencing market landscape. Organizations across the globe have started to see the full potential of a video-enabled world, not just for internal company communication but also for mission-critical applications and high-security meetings. Video has become an integral part of many organizations’ operations, strategies, and workflows. Pexip has created a focused strategy built on its core technology strengths to take advantage of these opportunities, and we are uniquely positioned to succeed. In order to do this in the most effective way, the Company needs to adapt its organizational structure to be able to better execute on the defined strategy and capitalize on the identified growth opportunities. At the same time, Pexip needs to reduce its overall cost level to accelerate the Company’s return to profitable growth. Doing so will ensure a return to positive EBITDA in Q4 2022 and for the whole year of 2023. I am excited to have taken over as Pexip’s CEO on April 20, and I am truly impressed with the capabilities of Pexip’s technology and people as well as the high-caliber customers we serve. I look forward to working with the team to fully implement the planned changes that will fuel Pexip’s return to profitability and future growth”



Trond K. Johannessen
Chief Executive Officer

Operational Review

Q1 Summary

In Q1, Pexip's subscription base measured in Annual Recurring Revenue (ARR) reached USD 105.6 million in Q1 2022, up from USD 87.2 million in Q1 2021, representing a year-on-year increase of 21%; 26 percentage points (pp) were from new customers. Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 95% year-on-year, including churn of 9.2% year-on-year. The reduction in net revenue retention rate was driven by a decline in net upsell, which was at USD 3.4 million in Q1. ARR from Pexip's Self-hosted Software reached USD 59.4 million in Q1 2021, up 15% year-on-year, while ARR from Pexip as-a-Service reached USD 46.2 million, up 30% year-on-year.

In Q1, Pexip started to execute on the revised business strategy presented at the Company's Capital Markets Days in December 2021. Pexip is now focusing on the unique value propositions it can bring to large organizations in three core areas: Secure Spaces (formerly referred to as Critical Meetings), Video Innovation (formerly

named Video Enablement) and Connected Spaces (formerly Video Infrastructure). The targeted focus on these three areas is being well received and momentum is strong. The Company is undergoing a process of ensuring that its organization is fully aligned and enabled to execute on this strategy in the best possible way, as well as ensuring that its partner network has the capabilities to meet the needs of customers in each of these areas. This is an ongoing process that will continue in the following quarters. To support this strategy, the Company completed its integration of Skedify, acquired in November 2021, by launching a fully integrated product, Pexip Engage in the Video Innovation space.

To support sales efforts in the Connected Spaces area, Pexip announced in Q1 the availability of its Enterprise Room Connector (ERC) solution in the Microsoft Azure Marketplace, a portal that is the most comprehensive online global software market, providing applications and services certified to run in the Microsoft Azure cloud. Being available in the Azure Marketplace enables



customers to simply and efficiently procure Pexip through their existing contracts with Microsoft, extending Pexip's reach to a broader customer base and making it easier for customers to both subscribe to and get started with Pexip. Pexip has been the only Certified Video Interoperability Partner (CVI) for both Microsoft Teams and Skype for Business for several years. The usage of Microsoft Teams has skyrocketed as a result of the Covid-19 pandemic and customers now see a greater need to connect their existing video conferencing solutions with their Teams meetings. The Pexip Enterprise Room Connector enables that integration, and, at the same time, enhances the capabilities of their video rooms and allows them to retire existing video infrastructure. When buying through the Azure Marketplace, customers and channel partners benefit from simpler decision processes as a result of standardized procurement contracts that are covered by their existing agreements with Microsoft. In addition, because Pexip is a trusted and Preferred Independent Software Vendor (ISV) Partner of Microsoft, customers can rest assured that the product is vetted and validated by Microsoft solution experts. About 95% of Fortune 500 companies use Microsoft Azure and are able to procure their solutions via the Marketplace. Pexip has a number of customers such as Accenture, Beiersdorf, Nvidia and LinkedIn that are already utilizing the potential that lies in the Pexip ERC offering, seamlessly connecting third-party video conferencing systems with Microsoft Teams meetings and integrating with existing workflows.

In Q1, the war in Ukraine impacted Pexip in several ways. First and foremost, Pexip's main concern has been to ensure the safety of its three employees based in the region, as well as the wellbeing of employees from the countries involved in the conflict who are based in other Pexip offices. Secondly, Pexip has worked to ensure adherence to all EU and Norwegian sanctions imposed on Russia. Pexip has ten customers in Russia and three in Ukraine, of which all have purchased the self-hosted software, generating around USD 0.3 million in annual recurring revenue. One third of this amount was scheduled for renewal in Q1; this did not happen due to the ongoing conflict and sanctions.

Pexip has also stopped all new sales and renewals to companies in Russia. Pexip had around USD 65,000 in unpaid invoices from the region in Q1. Finally, several customers in countries surrounding the conflict area are affected by the situation and some have postponed purchase decisions for video solutions. This may impact the growth in annual recurring revenue and revenue for the time ahead.

Q1 Key Wins



Department of Veterans Affairs

Pexip secured an upsell deal with the US Department of Veterans Affairs. Building on a strong existing customer relationship, the upsell in Q1 2022 was related to significant growth in the usage of Pexip for telehealth calls.



Västra Götaland Regional Council

Pexip secured a new contract with Västra Götaland Regional Council in Sweden for secure meetings, Microsoft Teams interoperability and integration to their healthcare journal system. This important new public customer for Pexip has approximately 55,000 employees with over 550 dedicated videoconferencing systems.

Central European Ministry of Justice

Pexip secured a contract with a new Central European Ministry of Justice for Pexip's Self-hosted software. Pexip will solve the need for secure meetings within the organization, as well as replacing their existing video infrastructure and becoming the customer's main videoconferencing provider.

Leading Multinational Law Firm

Pexip has secured a contract with a leading multinational law firm with offices in more than 40 countries, for Pexip-as-a-Service. Pexip is replacing all the customer's existing video

endpoint infrastructure and enabling them to move everything to the cloud. Pexip will also deliver interoperability with Microsoft Teams, videoconferencing endpoint management and a branded virtual lobby experience. Together, these Pexip services will enable the customer to have a simple unified user joining experience for all video-enabled meetings. This contract is an example of Pexip's unique technology possibilities.

Product Launches to Support Revised Strategy

Launch of Pexip Engage - Completes Skedify Acquisition Process

In Q1, Pexip launched Pexip Engage, an innovative new customer engagement application. Following the acquisition of Skedify in November 2021, the joint Pexip and Skedify development teams have worked to combine the former Skedify product with Pexip video to create a fully integrated customer engagement and video application, allowing companies to form closer relationships with their customers.

Companies in industries such as high-end retail, financial services and HR, are in the process of digitizing their traditionally face-to-face services and are looking for tools that meet both customer expectations and the needs of their own customer service and sales teams. With Pexip Engage, companies can stay close to their customers' needs



throughout the entire lifecycle, from pre-meeting scheduling, through in-meeting interaction to post-meeting insights and performance reporting. Pexip Engage provides a frictionless experience that enables advisors to meet customers in their preferred channel at a time that suits both parties.

Pexip Engage is one of the applications offered by Pexip in the Video Innovation pillar. The sales enablement market where this application fits has an estimated total addressable market potential of 1.5 billion US dollars.

New Version of Pexip Infinity with Advanced Video Innovation and Privacy Features

In Q1, Pexip also launched a new version of its core Pexip Infinity software. Features include:

- **Far End Camera Control (FECC)** “control me” functionality - individual participants can now enable their own local camera for Far End Camera Control (FECC), meaning that they can allow their own camera to be controlled (pan/tilt/zoom) by a remote meeting participant. This is important, for example, in healthcare scenarios where a doctor needs to ensure a better virtual view of the patient.
- **SAML integration / authentication** - this feature improves privacy and security by requiring participants who are attempting to access an individual Virtual Meeting Room (VMR) or Virtual Auditorium to verify their identity using Single Sign On (SSO) before joining the meeting.

Q1 Organizational Status

On February 7, 2022, Pexip announced the appointment of Trond K. Johannessen as CEO, following an extensive international search process. Mr Johannessen officially took over on April 20, 2022. Øystein Hem has returned full-time to his role as CFO.

Pexip has had markedly lower growth in people as the Company is preparing its return to profitability. By the end of Q1, the Company had 551 employees. The employee turnover ratio for full time employees in the period April 2021 to March 2022 was 13.3%.

Financial Review

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

Income statement

Q1 2022

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

Consolidated revenue was NOK 222.5 million in Q1 2022 (NOK 179.7 million), representing a 24% increase from Q1 2021. The increase was driven by growth in revenue from both product areas. Currency exchange differences between NOK, Pexip's reporting currency, and USD, Pexip's main invoicing currency, has had a small negative impact on revenue compared to the same period last year. Europe, Middle-East and Africa (EMEA) was the largest sales theatre, accounting for NOK 104.1 million (NOK 92.0 million) representing 47% of group revenue in Q1 (51%), followed by Americas, accounting for NOK 95.2 million (NOK 70.1 million) representing 43% (39%), and Asia-Pacific (APAC), accounting for NOK 23.2 million (NOK 17.7 million) representing 10% (10%).

Pexip self-hosted software was the largest revenue area in Q1 2022 with NOK 129.0 million (NOK 107.5 million). Revenue from Pexip as-a-Service was NOK 93.5 million in Q1 2022 (NOK 72.2 million).

Cost of sale consists mainly of data center and hosting for the Pexip as-a-Service, network services, commissions and software licenses, and hardware and equipment. Cost of sale amounted to NOK 25.8 million in Q1 2022 (NOK 15.0 million), reflecting a gross margin of 88% (92%). Cost of sale has mainly increased due to a shift towards cloud compute compared to investing in own or renting hardware, which also reduces investments and operating expenses. This is driven by an increase in service

robustness and to ensure a better long-term cost structure. Higher revenues and related hosting and network cost from products requiring cloud compute is also a driver for higher cost of sale, while it reduces investments in own infrastructure. In Q1, Pexip also assumed the responsibility of an acquired service portfolio which contributed to the increase in COGS.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 188.1 million in Q1 2022 (NOK 175.6 million), which is 85% of the quarterly revenue (98%). The increase in the total level of salary and personnel expenses is mainly due to high growth in number of employees over the last twelve months. In Q1 2022 the cost related to employee options and related employer tax costs was NOK 6.6 million compared to NOK 1.1 in Q4 2021, NOK 2.9 million in Q3 2021 and NOK 32.6 million in Q1 2021, due to the fluctuation in the Pexip share price. Pexip had 551 employees at the end of Q1 2022 (416 at the end of Q1 2021).

Other operating expenses amounted to NOK 60.4 million (NOK 42.4 million), which reflects a level at 27% of revenue (24%). The increase from the same period last year is mainly due to Pexip's growth strategy and increased activity. The increase is in part in external services in part related to R&D, as well as an increase in travel costs which were NOK 4.5 million in Q1 2022 compared to NOK 0.6 million in Q1 2021 as COVID-restrictions have been partially reduced.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to negative NOK 51.8 million in Q1 2022 (negative NOK 53.1 million), reflecting a negative 23% EBITDA margin (negative 30% EBITDA margin).

Depreciation and amortization costs were NOK 23.3 million in Q1 2022 (NOK 16.9 million). The

increase is due to increased activation of intangible assets as well as in leasing contracts from.

Net financial expense was NOK 7.5 million (net expense of NOK 9.1 million).

Profit before tax was negative NOK 82.6 million for Q1 2022 (negative NOK 79.1 million). Profit after tax was negative NOK 63.8 million (negative NOK 55.6 million).

Financial position

Pexip continues to have a robust balance sheet and is well capitalized to fund the planned growth investments. Total assets amounted to NOK 2,244 million (NOK 2,388 million at the end of Q4 2021), and total equity amounted to NOK 1,762 million (NOK 1,908 million at the end of Q4 2021).

Current assets amounted to NOK 834 (NOK 1,067 million at the end of Q4 2021). Trade and other receivables decreased to NOK 188 million (NOK 218 million at the end of Q4 2021). Cash and cash equivalents decreased to NOK 590 million (NOK 804 million at the end of Q4 2021).

Non-current assets increased to NOK 1,411 million (NOK 1,321 million at the end of Q4 2021). Contract costs increased to NOK 271 million (NOK 262 million at the end of Q4 2021).

Total liabilities were at NOK 482 million (NOK 479 million at the end of Q4 2021). Of this, NOK 5.2 million are borrowings (NOK 6 million at the end of Q4 2021).

Current liabilities increased to NOK 367 million (NOK 376 million at the end of Q4 2021).

Non-current liabilities increased to NOK 115 million (NOK 104 million at the end of Q4 2021).

Cash flow

Q1 2022

Cash flow from operating activities was negative NOK 30.6 million for Q1 2022 (positive NOK 12.5 million for Q1 2021). The negative cash flow reflects the investments the Company is making into

strengthening its growth capacity. Pexip benefited from a positive development in account receivables, as Pexip invoices a larger share of its revenue late Q4, which is collected in Q1.

Cash flow from investing activities was negative NOK 79.9 million in Q1 2022 (negative NOK 26.7 million in Q1 2021). The decrease in cash flow from investing activities is related to payment to property, plant and equipment, which is related to a purchase of a service provider portfolio which was completed in Q1 2022, as well as the final payment of the service provider portfolio Pexip purchased in Q3 2020.

Cash flow from financing activities was negative NOK 97.0 million for Q1 2022 (positive NOK 68.0 million for Q1 2021). In the same period in 2021, the Company had proceeds from issuance of ordinary shares of NOK 72.3 million, while in Q1 2022 the Company purchased treasury shares for NOK 87.7 million, impacting the cash flow from financing activity accordingly.

In total, Pexip had a negative cash flow of NOK 207.5 million in Q1 2022 (positive NOK 53.8 million in Q1 2021).

Subsequent events

There were no subsequent events after March 31, 2022.

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 within information security, where Pexip holds an ISO 27001 certification as an external recognition of its approach.

Pexip has not identified significant additional risk exposures beyond the ones described in the 2021 Annual Report.

Pexip is exposed to a number of 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 2021 Annual Report contains detailed description and mitigating actions.

Covid-19 has created disruption to the global economy. Pexip's business has continued to develop well in 2021, partly due to the fact that Pexip's products and services are within videoconferencing, an industry that has seen a significant increase in use-cases during the pandemic. Pexip's own operations have pivoted to an all-digital workflow where required, and most Pexip locations have been in some lockdown situations during 2021. Moreover, Pexip employees' expertise within videoconferencing and hybrid-working solutions has contributed to a smooth transition for the Pexip workforce to the required changes in ways of working that the pandemic has caused. The pandemic has required extraordinary efforts from the organization to support existing and new customers. This has enabled many of Pexip's customers to maintain business continuity and deliver vital services in industries such as healthcare, public services and pharmaceuticals. In the short term, renewed Covid-19 restrictions will cause limited use of offices and delays in roll-out of new video rooms.

The development in Ukraine, and the impact on business in the region is continuously changing and the following statements apply up to the date of the release of this report and may not be applicable after the date of release. The war in Ukraine has impacted Pexip in several ways. Pexip has three 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. 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 and has transposition sanctions into Norwegian law. To ensure compliance with the abovementioned measures, Pexip continuously

maps our exposures to Russia, Donetsk and Luhansk and Belarus. This includes, for example, systematic identification and assessment of current relationships with banks, Resellers and Customers based in Russia or wholly or partly owned by Russian interest. All such relations are thoroughly considered to ensure compliance with sanctions.

Pexip has ten end customers in Russia and three in Ukraine, of which all have purchased the self-hosted software, with around USD 0.3 million in annual recurring revenue from these customers. One third of this was scheduled for renewal in Q1, which did not happen due to the ongoing conflict and sanctions. As of this date, Pexip has around USD 65,000 in unpaid invoices, in which we see increased risk in getting paid. The war has affected Pexip as Pexip has stopped all new sales and renewals to companies in Russia. Further, many companies in the corresponding countries and regions are affected by the situation and some have postponed purchase decisions for video solutions. This is likely to impact the growth in annual recurring revenue and revenue.

Outlook

In the long-term, Pexip believes that the market for enterprise-grade video communication will continue to increase due to the explosive adoption and usage of video communication following Covid-19, and increased awareness of sustainability. Pexip has unique video technology with capabilities within security, interoperability and for flexible deployments. This makes the company well-positioned as enterprises adopt hybrid working models as they return to the office. Furthermore, Pexip believes in 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 more focused strategy we have been executing on since late 2021, pursuing market leading positions in Connected Spaces, Secure Spaces and Video Innovation.

To accelerate growth Pexip has invested in increasing the Company's sales and marketing presence as well as R&D capabilities since the IPO. At the present, Pexip has less visibility on ARR growth than expected due to delays in roll-out of new video systems as well as an increase in focus towards more complex use-cases with longer lead-times. As a consequence, Pexip will seek to accelerate its return to profitability through growth and a reduced overall cost level. This will support returning to a positive EBITDA in Q4 2022 and for the whole year 2023. Going forward beyond this,

Pexip will balance growth and profitability, like the strategy prior to 2020.

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, May 12, 2022

Board of Directors and CEO of Pexip Holding ASA



Michel Sagen
Chair of the Board



Per Kogstad
Board Member



Irene Kristiansen
Board Member



Kjell Skappel
Board Member



Marianne Wergeland Jenssen
Board Member



Phil Austern
Board Member



Asta Ellingsen Stenhagen
Board Member



Trond K. Johannessen
CEO

Consolidated Statement of Profit or Loss

11

	Notes	YTD	
(NOK 1,000)		Q1 2022	Q1 2021
Revenue	3	222 451	179 724
Cost of sale		25 781	15 018
Salary and personnel expenses		188 085	175 565
Other operating expenses		60 410	42 414
Other gains (losses)		-2	-124
EBITDA		-51 823	-53 149
Depreciation and amortization		23 268	16 875
Operating profit or loss		-75 091	-70 024
Financial income		459	42
Financial expenses		-534	-1 886
Net gain and loss on foreign exchange differences		-7 419	-7 250
Financial income/(expenses) - net		-7 494	-9 093
Profit or loss before income tax		-82 585	-79 117
Income tax expense		-18 769	-23 476
Profit or loss for the year		-63 816	-55 641
Profit or loss is attributable to:			
Owners of Pexip Holding ASA		-63 816	-55 641
Earnings per share			
Basic earnings per share		-0.62	-0.55
Diluted earnings per share		-0.62	-0.55

Consolidated Statement of Comprehensive Income

12

	Year	
(NOK 1,000)	Q1 2022	Q1 2021
Profit or loss for the year	-63 816	-55 641
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference on translation of foreign operations	-2 715	234
Total comprehensive income for the year	-66 531	-55 407
Total comprehensive income is attributable to:		
Owners of Pexip Holding ASA	-66 531	-55 407

Consolidated Statement of Financial Position

13

(NOK 1,000)	3/31/2022	12/31/2021
ASSETS		
Non-current assets		
Property, plant and equipment	35 448	36 033
Right-of-use assets	98 898	103 362
Goodwill	719 094	662 645
Other intangible assets	138 352	138 920
Deferred tax asset	139 696	109 096
Contract costs	270 692	262 076
Receivables	6 715	6 859
Other assets	1 594	1 522
Total non-current assets	1 410 490	1 320 512
Current assets		
Trade and other receivables	187 569	217 875
Contract assets	26 438	17 431
Other current assets	29 291	27 913
Cash and cash equivalents	590 319	803 852
Total current assets	833 617	1 067 071
TOTAL ASSETS	2 244 107	2 387 582

(NOK 1,000)	3/31/2022	12/31/2021
EQUITY AND LIABILITIES		
Equity		
Total equity	1 762 189	1 908 191
Non-current liabilities		
Borrowings	4 000	4 000
Lease liabilities	78 648	84 782
Deferred tax liabilities	23 890	12 338
Derivative financial liability		
Other payables	7 972	2 703
Total non-current liabilities	114 509	103 824
Current liabilities		
Trade and other payables	115 592	138 586
Contract liabilities	218 572	202 302
Current tax liabilities	3 470	3 935
Borrowings	1 269	2 000
Lease liabilities	28 505	28 745
Total current liabilities	367 409	375 567
Total liabilities	481 919	479 392
TOTAL EQUITY AND LIABILITIES	2 244 107	2 387 582

Consolidated Statement of Changes in Equity

14

(NOK 1,000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at January 1, 2021	1 523	2 027 206	134 383	-6 541	-134 446	2 022 125
Profit or loss for the year					-157 324	-157 324
Other comprehensive income for the year				2 988		2 988
Total comprehensive income for the year			-	2 988	-157 324	-154 336
Capital increase/share issue	43	88 732	255			89 030
By/sell treasury share	-10		-78 984			-78 994
Share-based payments			30 365			30 365
Balance at December 31, 2021	1 556	2 115 938	86 018	-3 553	-291 770	1 908 191
Balance at January 1, 2021	1 556	2 115 938	86 018	-3 553	-291 770	1 908 191
Profit or loss for the period					-63 816	-63 816
Other comprehensive income for the year				-2 715		-2 715
Total comprehensive income for the year				-2 715	-63 816	-66 531
Capital increase/share issue	-	-	-255			-255
By/sell treasury share	-36		-87 639			-87 674
Share-based payments			8 459			8 459
Balance at March 31, 2022	1 520	2 115 938	6 584	-6 268	-355 586	1 762 189

Consolidated Statement of Cash Flows

15

(NOK 1,000)	YTD	
	YTD 3/31/2022	YTD 3/31/2021
Cash flow from operating activities		
Profit or loss before income tax	-82 585	-79 117
<i>Adjustments for</i>		
Depreciation, amortization and net impairment losses	23 268	16 875
Non-cash - share based payments	8 459	11 407
Interest income/expenses - net	600	1 253
Net exchange differences	-201	7 286
<i>Change in operating assets and liabilities</i>		
Change in trade, other receivables and other assets	17 395	61 722
Change in trade, other payables and contract liabilities	2 469	-6 894
Interest received	27	9
Net cash inflow/outflow from operating activities	-30 567	12 542
Cash flow from investing activities		
Payment for property, plant and equipment	-62 602	-14 499
Payment of software development cost	-17 306	-12 250
Net cash inflow/outflow from investing activities	-79 908	-26 749
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	-	72 321
Repayment of borrowings	-731	-625
Principal element of lease payments	-7 946	-2 407
Interest paid	-628	-1 262
Sale/(purchase) of treasury shares	-87 674	-
Net cash inflow/outflow from financing activities	-96 978	68 026
Net increase/(decrease) in cash and cash equivalents	-207 452	53 819
Cash and cash equivalents start of the period	803 852	1 100 656
Effects of exchange rate changes on cash and cash equivalents	-6 081	-7 089
Cash and cash equivalents end of the period	590 319	1 147 387

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 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 March 31, 2022, authorised for issue by the board of directors on May 12, 2022.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months ending on March 31, 2022 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 2021. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2021. 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, the sale of collaboration services. The market for Pexip's software and services is global. Therefore, the chief decision maker will follow up on revenue and profitability on a worldwide 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, assessing performance, and 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.

First quarter 2022

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	56 983	30 045	6 434	93 462
Self-hosted software	48 561	63 172	17 256	128 988
Total revenue	105 544	93 217	23 690	222 450

First quarter 2021

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	45 115	22 566	4 496	72 177
Self-hosted software	46 840	47 541	13 166	107 547
Total revenue	91 955	70 107	17 662	179 724

2021 FY

	EMEA¹⁾	Americas	APAC²⁾	Total
Pexip as-a-Service	193 768	99 019	21 771	314 558
Self-hosted software	245 380	200 915	44 665	490 960
Total revenue	439 148	299 934	66 436	805 518

	First quarter		Year
	Q1 2022	Q1 2021	2021
Timing of revenue recognition			
Products and services transferred at a point in time	99 138	87 999	394 559
Products and services transferred over time	123 312	91 725	410 959
Total revenue	222 450	179 724	805 518

¹⁾ Europe, Middle East and Africa

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

Information about major customers

The Group conducts its sales through channel partners. No channel partner represents more than 10% of the Group's revenue. Of the Group's total channel partner base as of March 31, 2021, the five largest represent approximately 32% (26% in Q1 2021) of total revenue in Q1 2022, and the ten largest represent about 45% (38% in Q1 2021) of total revenue.

Non-current assets

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

	3/31/2022	3/31/2021
Norway	315 691	310 083
Europe (other than Norway)	92 619	66 578
Americas	109 656	82 747
APAC	25 425	13 771
Total non-current operating assets	543 391	473 179

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

Note 4 - Business Combinations**Portfolio Acquisition**

During Q1 2022 Pexip has acquired assets and liabilities that constitutes a business according to IFRS 3. The acquired assets consist mainly of Video technology and customers.

The total purchase price was NOK 56 million.

Goodwill has been provisionally allocated to Pexip, which is expected to benefit from the synergies of the acquisition. The provisional goodwill is estimated to be NOK 56 million, but this amount will be adjusted during 2022, following the valuation process and depending on further analysis of this transaction.

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 IPO-related, 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 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