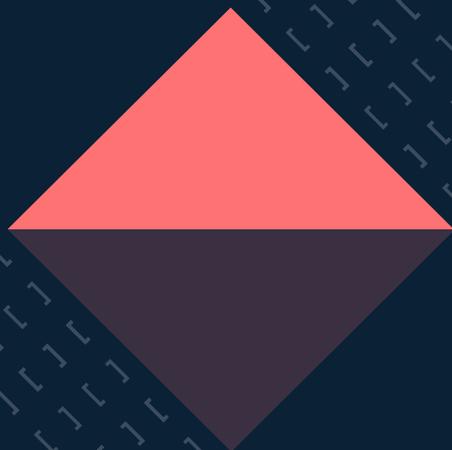


] pexip [

Q2 & First Half 2022

Interim Report



Q2 Highlights

- Pexip's subscription base measured in ARR reached USD 106.1 million in Q2 2022, up from USD 92.7 million in Q2 2021, representing a year-on-year increase of 14%.
- Growth from new customers accounted for USD 18.2 million over the last twelve months, representing 20% growth. Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 95% year-on-year, including churn of 8.8% 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 Q2 2022.
- ARR from Pexip's Self-hosted Software reached USD 60 million in Q2 2022, up 9% year-on-year, while ARR from Pexip as-a-Service reached USD 46 million, up 21% year-on-year.
- Continued momentum in the Video Innovation and Secure Spaces sectors reflected a growth of 30% and 80% year-on-year respectively. ARR growth in these two areas was USD 2.8 million in Q2 2022.
- Pexip has undergone a restructuring in Q2 2022 in order for the organization to be closer aligned to current company strategy and market needs. This has resulted in a reduction in the number of employees in permanent positions to 474 at the end of Q2 2022 from 550 at the end of Q1 2022 and 571 mid-Q2 2022.
- A cost-effectiveness program was put in place in Q2, and the Company is ahead of plan for EBITDA neutral operations for the full year of 2023, and plan for becoming cash neutral run-rate after Q1 2023.

Key Figures

		Q2 2022	Q2 2021	YTD 2022	YTD 2021
Revenue	NOK million	194 993	177 077	417 444	356 801
Cost of goods sold	NOK million	29 140	20 935	54 921	35 953
Salary and personnel expenses	NOK million	203 999	148 556	392 083	324 121
Other operating expenses	NOK million	59 522	48 201	119 932	90 615
Restructuring costs		26 768	-	26 765	-124
EBITDA	NOK million	-124 436	-40 615	-176 259	-93 763
EBITDA margin	%	-64%	-23%	-42%	-26%
Reported profit for the period	NOK million	-89 498	-36 846	-153 314	-92 487
Earnings per share	NOK per share	-0.88	-0.35	-1.51	-0.90
ARR	USD million	106.1	92.7	106.1	92.7
Number of employees end of period	#	474	451	474	451

“In Q2 2022, we put in place an organizational restructuring and cost evaluation and reduction program to help us become better aligned with our core strategy of pursuing a market-leading position in the areas of Secure Spaces, Video Innovation and Connected Spaces. We see strong customer interest in these areas and believe that this restructuring will allow us to be closer aligned to market needs and help us accelerate our return to profitability by Q4 2022. As we shift focus to high-growth opportunities, we have seen that ARR growth in Q2 continued to reflect the slow development from Q1. Going forward we will balance our focus on both growth and cost reduction, and with the initiatives already executed we are confident of reaching our goal of EBITDA profitability in Q4 and FY 2023, and we have plans in place to reach cash positive run rate out of Q1 2023.”



Trond K. Johannessen
Chief Executive Officer

Operational Review

Q2 Summary

In Q2, Pexip's subscription base measured in Annual Recurring Revenue (ARR) reached USD 106.1 million in Q2 2022, up from USD 92.7 million in Q2 2021, representing a year-on-year increase of 14%. 20 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 8.8% year-on-year. The reduction in net revenue retention rate was driven by a decline in net upsell, which was at 4 p.p. in Q2. ARR from Pexip's Self-hosted Software reached USD 60 million in Q2 2022, up 9% year-on-year, while ARR from Pexip as-a-Service reached USD 46 million, up 21% year-on-year.

Pexip is executing on its revised business strategy focusing on the unique value propositions it can bring to large organizations in three core areas: Secure Spaces, Connected Spaces and Video Innovation. 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 making sure that its partner network has the capabilities to meet the needs of customers in each of these areas. For Q2, this meant an organizational restructure and corresponding downsizing, as well as a cost-effectiveness program.

On the product side and to support sales efforts in the public sector, a new purpose-built Virtual Courts product was launched to meet the needs of judiciary customers.

The Company also attended several in-person trade shows during the quarter, including a number of specialized events for specific vertical markets. The team has experienced a high degree of interest from prospects, customers and partners attending these shows, most especially within the secure spaces and connected spaces sectors.

Q2 Key Wins

Region Östergötland

Region Östergötland is a large county in the south of Sweden, with responsibility for providing healthcare, and other public services to its 500,000 inhabitants. One of the county's key missions is to provide equal healthcare coverage to all citizens and they chose Pexip to ensure that their requirements for secure patient-doctor video calls are met. In addition, Pexip's native Microsoft integration was a key consideration in their decision as it allows them to fully utilize their existing Microsoft deployments. This is a strong public sector win for Pexip with the initial contract spanning three years.

A Large Multinational Consultancy Company

This information technology services and consulting company chose Pexip to ensure secure and seamless internal communications and to support their corporate IT team in their move to the cloud. Pexip was chosen for its interoperability capabilities, which was especially important for this consultancy company to be able to support its own customers.

Q2 Product Launches and Awards Support Business Area Strategy

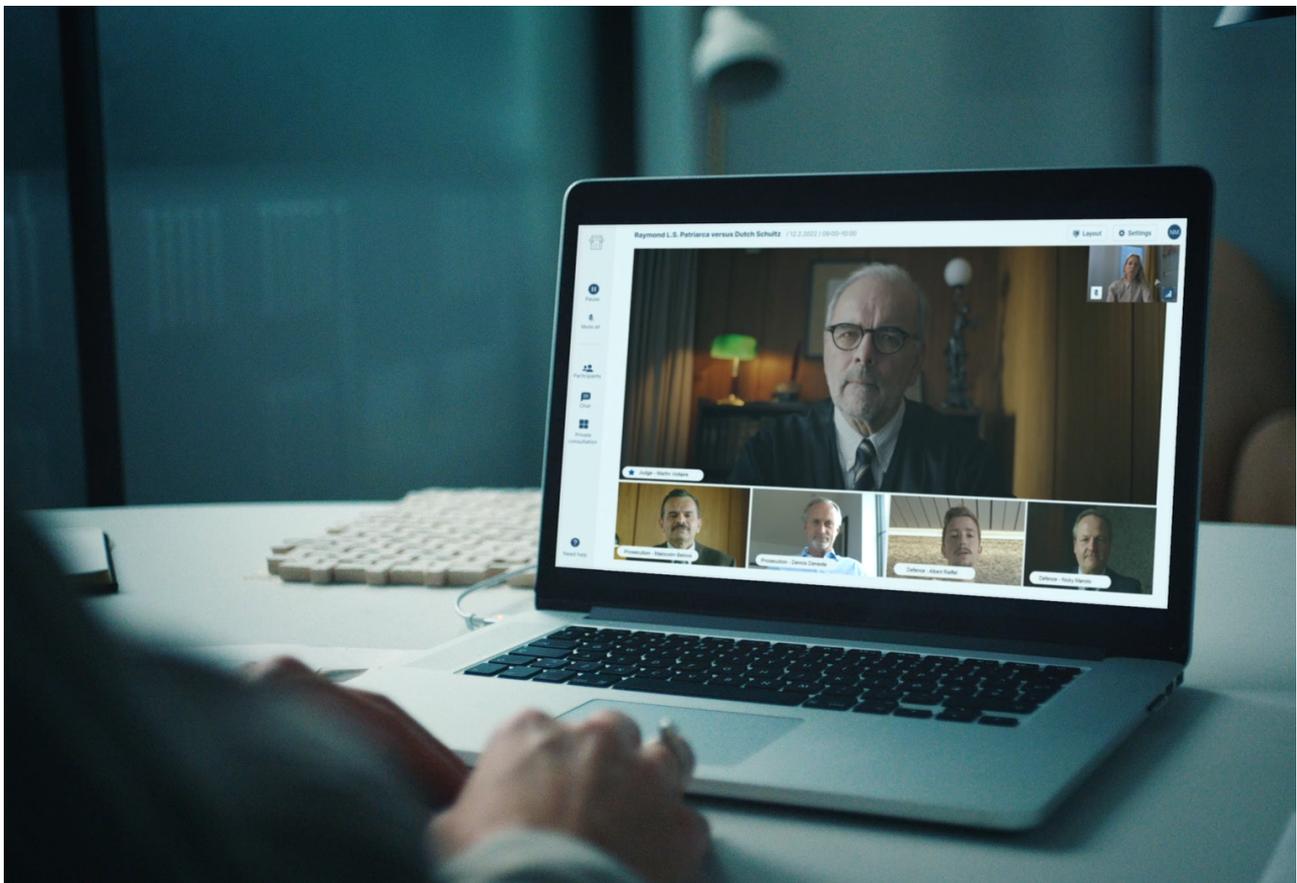
Launch of Pexip Virtual Courts

In Q2, Pexip launched its unique [Virtual Courts](#) product, which is purpose-built for judiciaries looking to simplify, modernize, and enhance communications and proceedings in courtrooms, enabling courts to virtualize their workflows and improve them through automation. Pexip already has several customers within the judicial sector across the globe and this application has been developed based on customer demand for a purpose-built solution for virtual and hybrid court hearings.

While some justice systems were already using virtual court solutions prior to the pandemic, Covid-19 accelerated a worldwide shift toward modernizing legal procedures and the search for the best technology to enable these changes. Customers such

as the HM Courts and Tribunal Service in England and Wales, the New Mexico Justice System in the US, and Paulding County Georgia, rely on Pexip for a platform that maintains data privacy and levels the playing field for all participants, regardless of where they are located or how they are joining a remote court proceeding. Customers can create tailored experiences including branding and integrations for scheduling, authentication and compliance.

The benefits of virtual courts are highly evident and include improved safety for defendants, plaintiffs and legal representatives, more efficient processes such as flexible scheduling that reduce case backlog, cost reductions associated with transportation of prisoners and witnesses, and a reduction in court overheads. Pexip is seeing traction for this product in many countries, across the EU, the UK, the US and in several Asian markets.



Pexip Won MedTech Breakthrough Award for “Best Virtual Care Solution”

The award for “Best Virtual Care Solution” was granted by MedTech Breakthrough, an independent market intelligence organization that recognizes top companies, technologies, and products in the global health and technology market. Pexip is used as an application to help hospitals and health systems deliver virtual care. With its flexible platform, Pexip provides a seamless user experience allowing patients to join calls from the device of their choice, without the need to download any software or plugins, while providers can use the technologies they already own to meet with patients. With extensive integrations and customization options from Pexip, organizations can easily extend their care from hospital to home. Virtual health is a key focus area for Pexip and the Company has a range of healthcare customers that have grown to trust and rely on Pexip health solutions that video-enable their unique inpatient, outpatient, and at-home delivery care models.



Upgraded Version of Pexip Infinity with New Features and Enhancements

In Q2, Pexip also launched a new version of its core Pexip Infinity software with a range of new features and enhancements, including an extra focus on Cloud Video Interop (CVI) integration with Microsoft Teams

that takes the Microsoft Teams user experience on meeting room video endpoints to the next level.

Other enhancements included improved admin experience features and privacy and security upgrades. In particular, Pexip launched support for end-to-end encryption calling, a key requirement in several use-cases such as telehealth and further strengthening Pexip’s security leadership.

Cost control program implemented

As announced at the Q1 earnings call, Pexip has been undergoing an organizational restructure in Q2. The purpose of this has been to design a flatter organization that is closer to the market, and is able to respond to customer needs and demands in a more agile way, as well as create teams with clear P&L responsibilities. Pexip has created a focused strategy built on its core technology strengths to take advantage of the opportunities in Secure Spaces, Connected Spaced and Video Innovation. The new organizational structure will allow the Company to better execute on the defined strategy and capitalize on the identified growth opportunities.

The new organization has been announced and is operational. As part of the restructure, the Company has undertaken a downsizing. At the end of Q2, the Company had 474 employees in permanent positions. The employee turnover ratio for full-time employees in the period June 2021 to June 2022 was 18.1%. This included both those whose employment was terminated as part of the restructuring and those who resigned. In addition, a cost evaluation and reduction program was put in place to ensure operational effectiveness. This has included a streamlining of digital tools and an evaluation of all activities to ensure that they are focused on achieving core business goals.

The Company is ahead of plan to return to EBITDA profitability in Q4 2022 and for the whole year 2023

Financial Review

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

Income statement

Q2 2022

Pexip operates with 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 was NOK 195.0 million in Q1 2022 (NOK 177.1 million), representing a 10% increase from Q2 2021. The increase was driven by growth in revenue from the Pexip as-a-Service product area, and is in line with the ARR growth. Currency exchange differences between NOK, Pexip's reporting currency, and USD, Pexip's main invoicing currency, has had a small positive impact on revenue compared to the same period last year. Europe, Middle-East and Africa (EMEA) was the largest sales theatre, accounting for NOK 113.0 million (NOK 114.1 million) representing 57% of group revenue in Q2 (64%), followed by Americas, accounting for NOK 57.1 million (NOK 49.8 million) representing 29% (28%), and Asia-Pacific (APAC), accounting for NOK 24.8 million (NOK 13.1 million) representing 13% (7%).

Pexip as-a-Service was the largest revenue area in Q2 2022 with NOK 100.2 million (NOK 75.0 million). Revenue from Self-hosted software was NOK 94.8 million in Q2 2022 (NOK 102.0 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 29.1 million in Q1 2022 (NOK 20.9 million), reflecting a gross margin of 85% (88%). 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 year-on-year.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 204.0 million in Q2 2022 (NOK 148.6 million). The increase in the total level of salary and personnel expenses is mainly due to the growth in number of employees over the last twelve months, in addition to salary increases and some impact from a higher USD/NOK exchange rate. In Q2 2022 the cost related to employee options and related employer tax costs was NOK 9.4 million compared to NOK 1.1 in Q2 2021. Pexip had 474 employees in permanent positions at the end of Q2 2022 (550 at the end of Q1 2022, and 571 mid-Q2 2022).

Other operating expenses amounted to NOK 59.5 million (NOK 48.2 million). The increase from the same period last year is mainly due to Pexip's growth and increased activity. The increase is mainly related to increased sales and marketing costs as physical tradeshows have been re-introduced, as well as an increase in travel costs which were NOK 5.8 million in Q2 2022 compared to NOK 1.0 million in Q2 2021.

Other gains and losses related to restructuring amounted to NOK 26.8 million (NOK 0 million). The costs are related to the cost of the restructuring executed in Q2 2022, which reduced headcount from 571 during mid-Q2 2022 to 474 continued positions at the end of Q2 2022.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to negative NOK

97.7 million in Q2 2022 (negative NOK 40.6 million) adjusted for restructuring costs, and NOK 124.4 million including restructuring costs.

Depreciation and amortization costs were NOK 24.4 million in Q2 2022 (NOK 18.1 million). The increase is due to increased activation of intangible assets as well as leasing contracts.

Net financial expense was NOK 34.3 million (NOK 2.2 million) related to currency gains.

Profit before tax was negative NOK 114.5 million for Q2 2022 (negative NOK 56.6 million). Profit after tax was negative NOK 89.5 million (negative NOK 36.8 million).

First half 2022

Consolidated revenue was NOK 417.4 million in the first half 2022 (NOK 356.8 million). The increase of 17% was driven by growth in revenue from Pexip as-a-Service of 32% and a growth in Self-hosted Software of 7%. Europe, Middle-East and Africa (EMEA) continues to be the largest sales theatre, accounting for NOK 218.6 million (NOK 206.1 million) representing 52% of group revenue in the period (58%), followed by Americas, accounting for NOK 150.4 million (NOK 120.2 million) representing 36% (34%), and Asia-Pacific (APAC), accounting for NOK 48.5 million (NOK 30.8 million) representing 12% (9%).

Cost of sale amounted to NOK 54.9 million in the first half 2021 (NOK 36.0 million), reflecting a gross margin of 87% (90%). Cost of sale increased due to higher hosting and network cost related to higher usage of Pexip as-a-Service, as well as a shift towards cloud compute from investing in own hardware. This is driven by a modernization of the Pexip as-a-Service platform, intended to increase service robustness and ensure a better long-term cost structure.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 392.1 million in the first half 2021 (NOK 324.1

million), which is 110% of revenue in the period (91%). The increase is mainly due to growth in employees over the last twelve months.

Other operating expenses amounted to NOK 119.9 million (NOK 90.6 million) in the first half 2022, which reflects 29% of revenue (25%). The increase in the period is related to overall activity growth in the business, while marketing and travel costs are higher due to reopening of physical events.

Other gains and losses related to restructuring amounted to NOK 26.8 million (NOK 0 million). The costs are related to the cost of the restructuring executed in Q2 2022, which reduced headcount from 571 during mid Q2 2022 to 474 at the end of Q2 2022.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to negative NOK 176.3 million in the first half 2022 (negative NOK 93.8 million), reflecting a negative 42% EBITDA margin (negative 26% EBITDA margin). EBITDA adjusted for restructuring costs amounted to negative NOK 149.5.

Depreciation and amortization costs were NOK 47.7 million in the first half 2022 (NOK 35.0 million).

Net financial income was NOK 26.8 million (negative NOK 6.9 million). Net financial income in first half 2022 was related to currency gains.

Profit before tax was negative NOK 197.1 million in the first half 2022 (negative NOK 135.7 million). Profit after tax was negative NOK 153.1 million (negative NOK 92.5 million).

Financial position

Pexip continues to be well capitalized as the company has executed and initiated a set of activities to improve cash flow. Total assets amounted to NOK 2,203 million (NOK 2,388 million at the end of Q4 2021), and total equity amounted to NOK 1,701 million (NOK 1,908 million at the end of Q4 2021).

Current assets amounted to NOK 758 (NOK 1,067 million at the end of Q4 2021). Trade and other receivables decreased to NOK 179 million (NOK 218 million at the end of Q4 2021). Cash and cash equivalents decreased to NOK 525 million (NOK 804 million at the end of Q4 2021).

Non-current assets increased to NOK 1,456 million (NOK 1,321 million at the end of Q4 2021). Contract costs increased to NOK 290 million (NOK 262 million at the end of Q4 2021).

Total liabilities were at NOK 502 million (NOK 479 million at the end of Q4 2021). Of this, NOK 5 million are borrowings (NOK 6 million at the end of Q4 2021).

Current liabilities increased to NOK 396 million (NOK 376 million at the end of Q4 2021). Of this, NOK 209 million is Contract liabilities (NOK 202.3 million at the end of Q4 2021).

Non-current liabilities increased to NOK 105 million (NOK 104 million at the end of Q4 2021).

Cash flow

Q2 2022

Cash flow from operating activities was negative NOK 65.9 million for Q2 2022 (negative NOK 35.2 million for Q2 2021). The negative cash flow reflects the a negative operating results. Pexip benefited from a positive development in working capital of NOK 12.4 million.

Cash flow from investing activities was negative NOK 16.5 million in Q2 2022 (negative NOK 12.0 million in Q2 2021). The main driver is investments in software development.

Cash flow from financing activities was negative NOK 8.0 million for Q2 2022 (negative NOK 76.9 million for Q2 2021). In the same period in 2021, Pexip executed a share buy-back, which is the main driver for the improved cash flow compared to Q2 2021. Pexip also had a positive impact of currency fluctuations of NOK 25.1 million on non-NOK holdings.

In total, Pexip had a negative cash flow of NOK 90.4 million in Q2 2022 (negative NOK 123.6 million in Q2 2021).

First half 2022

Cash flow from operating activities was negative NOK 96.5 million for first half 2022 (negative NOK 22.1 million for first half 2021). The negative cash flow reflects the negative operating results. Pexip benefited from a positive development in working capital of NOK 12.4 million.

Cash flow from investing activities was negative NOK 96.4 million in first half 2022 (negative NOK 38.7 million in first half 2021). The main driver is investments in a portfolio acquisition as well as own software development.

Cash flow from financing activities was negative NOK 105.0 million for first half 2022 (negative NOK 8.9 million for first half 2021). The main driver was the share buy back in Q1 2022.

In total, Pexip had a negative change in cash flow of NOK 297.8 million in first half 2022 (negative NOK 69.8 million in Q2 2021).

Subsequent events

There were no subsequent events after June 30, 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 operate well, 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.

The development in Ukraine, and the impact on business in the region is still developing. 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. 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.

The outlook for the global economy and growth rate in Pexip's key markets have deteriorated during the first half of 2022. This may impact purchasing decisions for new projects, impacting sales to new customers, although it has not had a significant impact on the first half of 2022. Pexip provides video technology that extend the lifetime of existing equipment and reduces the need for travel. Consequently, Pexip is less exposed to cut-back in spending amongst existing customers as it may lead to increased costs elsewhere.

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.

The business areas Secure Spaces and Video Innovation are expected to develop positively, building on strong pipeline in the Public Sector globally and Pexip's dedicated solutions for target verticals Judicial, Health, Finance and Retail. At the

same time the business area Connected Spaces and other legacy areas are likely to continue the trend from Q1 and Q2. Overall ARR development is expected to be flat or negative for Q3 2022, in particular due to risk of a large public sector customer not renewing due to program funding loss. This potential loss will have an impact of up to USD 4.4 million. To adjust for lower visibility on revenue growth in the near-term, Pexip has executed several initiatives to accelerate its return to profitability. The impact of the activities already executed will impact from Q3 2022, while further initiatives are ongoing. Pexip expect that the executed and

initiated cost reductions puts Pexip ahead of plan to reaching EBITDA neutral operations in 2023, and have plans in place to reach a cash positive run rate out of Q1 2023.

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, August 11, 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
Vice Chair of the Board



Marianne Wergeland Jenssen
Board Member



Phil Austern
Board Member



Asta Ellingsen Stenhagen
Board Member



Trond K. Johannessen
CEO

Consolidated Statement of Profit or Loss

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	Notes	Second Quarter		YTD	
(NOK 1,000)		Q2 2022	Q2 2021	YTD 2022	YTD 2021
Revenue	3	194 993	177 077	417 444	356 801
Cost of sale		29 140	20 935	54 921	35 953
Salary and personnel expenses		203 999	148 556	392 083	324 121
Other operating expenses		59 522	48 201	119 932	90 615
Other gains (losses)	4	26 768	-	26 765	-124
EBITDA		-124 436	-40 615	-176 259	-93 763
Depreciation and amortization		24 384	18 135	47 652	35 010
Operating profit or loss		-148 820	-58 750	-223 911	-128 774
Financial income		763	6	1 223	48
Financial expenses		-1 518	-1 354	-2 052	-3 240
Net gain and loss on foreign exchange differences		35 065	3 511	27 646	-3 739
Financial income/(expenses) - net		34 311	2 163	26 817	-6 931
Profit or loss before income tax		-114 509	-56 587	-197 094	-135 704
Income tax expense		-25 011	-19 741	-43 780	-43 217
Profit or loss for the year		-89 498	-36 846	-153 314	-92 487
			-		
Profit or loss is attributable to:					
Owners of Pexip Holding ASA		-89 498	-36 846	-153 314	-92 487
Earnings per share					
Basic earnings per share		-0.88	-0.35	-1.51	-0.90
Diluted earnings per share		-0.88	-0.35	-1.51	-0.90

Consolidated Statement of Comprehensive Income

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(NOK 1,000)	Second Quarter		Year	
	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Profit or loss for the year	-89 498	-36 846	-153 314	-92 487
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	18 009	958	15 296	1 192
Total comprehensive income for the year	-71 489	-35 888	-138 018	-91 295
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	-71 489	-35 888	-138 018	-91 295

Consolidated Statement of Financial Position

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(NOK 1,000)	6/30/2022	12/31/2021
ASSETS		
Non-current assets		
Property, plant and equipment	36 212	36 033
Right-of-use assets	86 115	103 362
Goodwill	719 094	662 645
Other intangible assets	140 412	138 920
Deferred tax asset	165 785	109 096
Contract costs	289 776	262 076
Receivables	6 938	6 859
Other assets	1 393	1 522
Total non-current assets	1 445 725	1 320 512
Current assets		
Trade and other receivables	179 130	217 875
Contract assets	16 931	17 431
Other current assets	36 635	27 913
Cash and cash equivalents	524 998	803 852
Total current assets	757 696	1 067 071
TOTAL ASSETS	2 203 420	2 387 582

(NOK 1,000)	6/30/2022	12/31/2021
EQUITY AND LIABILITIES		
Equity		
Total equity	1 701 832	1 908 191
Non-current liabilities		
Borrowings	3 000	4 000
Lease liabilities	66 132	84 782
Deferred tax liabilities	26 352	12 338
Derivative financial liability		
Other payables	9 874	2 703
Total non-current liabilities	105 357	103 824
Current liabilities		
Trade and other payables	153 824	138 586
Contract liabilities	208 996	202 302
Current tax liabilities	3 423	3 935
Borrowings	2 000	2 000
Lease liabilities	27 989	28 745
Total current liabilities	396 231	375 567
Total liabilities	501 589	479 392
TOTAL EQUITY AND LIABILITIES	2 203 420	2 387 582

Consolidated Statement of Changes in Equity

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(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	1 523	2 027 206	134 383	-6 541	-134 446	2 022 125
Profit or loss for the period					-92 487	-92 487
Other comprehensive income for the year				1 192		1 192
Total comprehensive income for the year				1 192	-92 487	-91 295
Capital increase/share issue	43	88 732				88 775
By/sell treasury share	-18	-88 159				-88 177
Share-based payments					17 875	17 875
Balance at June 30, 2021	1 548	2 027 779	134 383	-5 349	-209 058	1 949 303
Balance at January 1, 2022	1 556	2 115 938	86 018	-3 553	-291 770	1 908 191
Profit or loss for the period					-153 314	-153 314
Other comprehensive income for the year				15 296		15 296
Total comprehensive income for the year				15 296	-153 314	-138 018
Capital increase/share issue	-	-	-256			-256
By/sell treasury share	-35		-87 404			-87 439
Share-based payments			19 356			19 356
Balance at June 30, 2022	1 521	2 115 938	17 715	11 743	-445 084	1 701 832

Consolidated Statement of Cash Flows

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(NOK 1,000)	Second Quarter		YTD	
	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Cash flow from operating activities				
Profit or loss before income tax	-114 509	-56 587	-197 094	-135 704
<i>Adjustments for</i>				
Taxes paid	-	-	-	-
Income tax				
Depreciation, amortization and net impairment losses	24 384	18 135	47 652	35 010
Non-cash - share based payments	10 897	6 467	19 356	17 875
Fair value adjustment to derivatives	-	-	-	-
Interest income/expenses - net	1 011	1 248	1 611	2 501
Net exchange differences	399	-4 803	198	2 483
				-
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-14 525	-961	2 873	60 762
Change in trade, other payables and contract liabilities	26 934	1 845	29 401	-5 049
				-
Interest received	77	3	105	12
Income taxes paid/refunded	-597	-	-597	-
Net cash inflow/outflow from operating activities	-65 929	-34 652	-96 495	-22 110
Cash flow from investing activities				
Payment for property, plant and equipment	-4 828	-4 491	-67 430	-18 990
Payment of software development cost	-11 625	-7 500	-28 931	-19 750
Payment for acquisition of subsidiary, net of cash acquired	-	-	-	-
Net cash inflow/outflow from investing activities	-16 453	-11 991	-96 361	-38 740
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	-	16 454	-	88 775
Repayment of borrowings	-269	-625	-1 000	-1 250
Principal element of lease payments	-6 668	-3 345	-14 614	-5 752
Interest paid	-1 088	-1 251	-1 716	-2 513
	-	-	-	-
Sale/(purchase) of treasury shares	-	-88 177	-87 674	-88 177
				-
Net cash inflow/outflow from financing activities	-8 026	-76 944	-105 004	-8 917
Net increase/(decrease) in cash and cash equivalents	-90 407	-123 587	-297 860	-69 767
Cash and cash equivalents start of the period	590 319	1 147 387	803 852	1 100 656
Effects of exchange rate changes on cash and cash equivalents	25 087	5 836	19 006	-1 253
Cash and cash equivalents end of the period	524 998	1 029 636	524 998	1 029 636

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 June 30, 2022, authorised for issue by the board of directors on August 11, 2022.

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, 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 - Revenue and segment information

(NOK 1,000)

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

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

Disaggregation of revenue

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

Second quarter 2022

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	60 138	33 265	6 819	100 223
Self-hosted Software	52 893	23 896	17 979	94 768
Total revenue	113 031	57 162	24 798	194 991

Second quarter 2021

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	45 866	24 089	5 081	75 036
Self-hosted Software	68 280	25 712	8 049	102 041
Total revenue	114 146	49 801	13 130	177 077

Year to date 2022

	EMEA¹⁾	Americas	APAC²⁾	Total
Pexip as-a-Service	117 122	63 310	13 253	193 686
Self-hosted Software	101 453	87 068	35 235	223 757
Total revenue	218 576	150 378	48 488	417 442

Year to date 2021

	EMEA¹⁾	Americas	APAC²⁾	Total
Pexip as-a-Service	90 981	46 655	9 577	147 213
Self-hosted Software	115 120	73 253	21 215	209 588
Total revenue	206 101	120 158	30 792	356 801

Timing of revenue recognition	Q2 2022	Q2 2021
Products and services transferred at a point in time	71 606	81 146
Products and services transferred over time	123 384	95 931
Total revenue	194 991	177 077

Timing of revenue recognition	YTD 2022	YTD 2021
Products and services transferred at a point in time	170 745	169 145
Products and services transferred over time	246 696	187 656
Total revenue	417 442	356 801

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. In Q2 2022 the 5 largest represent approximately 29% (24% in Q2 2021) of total revenue, while the 10 largest represent 42% (35% in Q2 2021). Of the Group's total channel partner base per Q2 2022, the five largest represent approximately 28% of total revenue (25% per Q2 2021), and the ten largest represent approximately 41% (36% per Q2 2021).

Non-current assets

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

	6/30/2022	6/30/2021
Norway	298 086	313 079
Europe (other than Norway)	103 909	70 309
Americas	121 866	87 137
APAC	28 655	11 144
Total non-current operating assets	552 515	481 669

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

Note 4 - Restructuring costs

The restructuring costs from the reorganization undertaken in Q2 2022 is recognized through profit and loss on line item 'Other gains and losses'. The cost recognized is mainly related to the reduction of employees and sums up to NOK 26.8 million

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 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.

Declaration In Accordance With § 5-5 Of The Securities Trading Act

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We confirm that the financial statements for the first half year of 2022 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the group as a whole. The board of directors' report includes a fair review of the development and performance of the business and the position of the company and the group as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, August 11, 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

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Lilleakerveien 2A, 0283 Oslo, Norway
www.pexip.com