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Q2 & First Half 2023

Interim Report

Highlights

- Q2 2023 revenue of 232.9 million, up 19% y-o-y. Pexip's subscription base measured in ARR was USD 98.7 million in Q2 2023, down 7% y-o-y but up 0.4% since Q1 2023. EBITDA amounted to NOK 7.7 million, up NOK 105 million since Q2 2022, excluding restructuring costs.
- Cash flow of NOK 42 million in the quarter, with a cash position of NOK 508 million. We have revised our full-year cash flow target, and the updated, increased target for 2023 free cash flow is NOK 85-100 million.
- Pexip's transformation over the last quarters has been successful, and the new lean organization is delivering strong tangible results. We continue to drive operational improvements across the business going forward and with a continued focus on our core markets to enhance market and technology leadership.
- Good start of the Poly partnership, with high joint sales and marketing activity across regions. Through Q2 we saw strong pipeline development and the first sales are already won, although limited conversion to date with only three months operation.
- We continue to launch technology innovations and in Q2 we launched direct calling (SIP P2P) for Microsoft Team Rooms and SIP Guest Join for Microsoft Teams (announced in the Q1 presentation). We are also piloting AI-powered translation with some of our top customers.

“We are pleased to be back to positive ARR growth and to continue to deliver a strong cash flow. Our continued focus on secure and custom solutions yields results, demonstrating the value that we create for our customers. We remain confident that these areas will be of great importance in the years to come.”



Trond K. Johannessen
Chief Executive Officer

Key Figures

		Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	NOK million	232.9	195.0	493.6	417.4
Cost of Sale	NOK million	24.4	29.1	45.7	54.9
Salary and personnel expenses	NOK million	157.0	204.0	316.6	392.1
Other operating expenses	NOK million	42.8	59.5	87.8	119.9
Other gains/losses	NOK million	(1.0)	(26.8)	(0.7)	(26.8)
EBITDA	NOK million	7.7	(124.4)	42.8	(176.3)
EBITDA margin	%	3%	-64%	9%	-42%
Reported profit for the period	NOK million	(19.2)	(89.5)	3.0	(153.3)
Earnings per share	NOK per share	(0.19)	(0.88)	0.03	(1.51)
ARR	USD million	98.7	106.1		
Number of employees end of period	#	319	474		

Operational Review

Q2 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 98.7 million in Q2 2023, representing a year-on-year decline of 7% from USD 106.1 million in Q2 2022. The development in year-on-year ARR continues to be affected by the large US Government customer not renewing the contract as the program lost its funding, as well as a decline in legacy areas.

The net revenue retention rate, reflecting the percentage of retained revenue from existing customers, was 82% year-on-year, including churn of 14.9 percentage points (p.p.) year-on-year. Net down-sell was at a negative 2.8 p.p., remaining stable compared to Q1 2023 (negative 2.9 p.p.). Legacy continues to decline in line with expectation, contributing both churn and down-sell. ARR from Pexip as-a-Service was at USD 46.7 million in Q2 2023, stable at +0.1% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 52.0 million, down 13% year-on-year.

We announced the new strategic partnership with Poly, an HP Company, in the last quarterly presentation. The strategic collaboration supports private unified business communications for government, public, and private sector customers. Poly partners have been enabled to order Pexip through Poly, and there is high activity on sales training and opportunity generation. We have participated in several joint tradeshow events, with Pexip supporting the Poly booth. We have a strong pipeline development, and the first sale was completed already in Q2 - two months after the launch, although still limited conversion due to the sales cycle.



After three months in operations, there is strong progress on the Government Cloud solution. The solution was FedRamp authorized on April 19 and StateRamp authorized on June 19, 2023, which allows US Government customers to use a Pexip-provided cloud service as a supplement to our Self-hosted offering. We see solid results so far, with USD 600 thousand in new ARR in a long buy cycle segment, and a growing pipeline.

Q2 development continues to provide momentum to reach the financial targets set for 2023, and the results from the first half of 2023 are in line with the guidance given of cash flow positive operations and an EBITDA of NOK 100-150 million for the whole year. The 2023 cash flow target was exceeded in the first half of 2023, and we have therefore updated our target for the year to NOK 85-100 million. Within secure and custom solutions there was a USD 1.8 million growth in ARR in Q2 and significant renewals in the quarter have gone well. 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 although overall decline due to churn and capacity reductions from legacy and Connected Spaces. 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.

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Q2 Key Wins

One of the largest telecommunication providers in the US

A major provider of wireless voice, messaging, and data services with 60+ million customers recently chose Pexip to provide for Microsoft Teams interop. They chose Pexip as we were able to demonstrate our ability to add value within their current environment with features such as Pexip CVI and integrations to existing video conferencing hardware, and Pexip's interoperability solutions contribute to a seamless experience.

One of the world's largest gold-mining companies

A global organization with 14,000 employees needed a solution to maximize their experience on all their 800+ Cisco endpoints, with numerous video platforms such as Microsoft Teams, Webex, and Zoom. They chose Pexip because of Pexip's interoperability solutions and the features of Pexip Enterprise Room Connector (ERC), which covers the customer's need to interoperate with any type of environment.

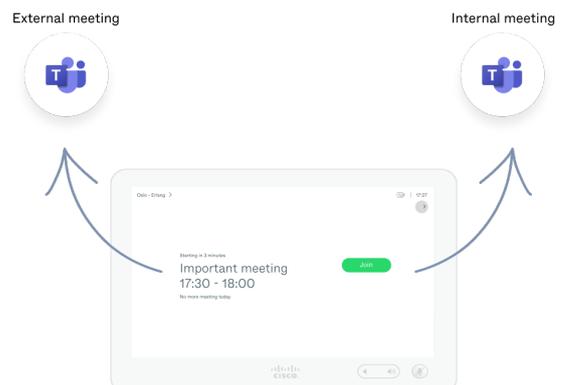
A new service provider within telehealth

We have signed a 3-year contract with a new rising service provider within telehealth. The company has partnered with Pexip to become a market leader for video conferencing-based telehealth in their region and has built a health insurance-certified multi-use-case platform powered by Pexip. The platform serves a variety of mission-critical telehealth use cases for practitioners, clinics, and other care providers. Together with Pexip, they have launched an ongoing co-creation working relationship to jointly advance the video capabilities of their locally hosted platform further.

Key product launches

Launch of SIP Guest Join

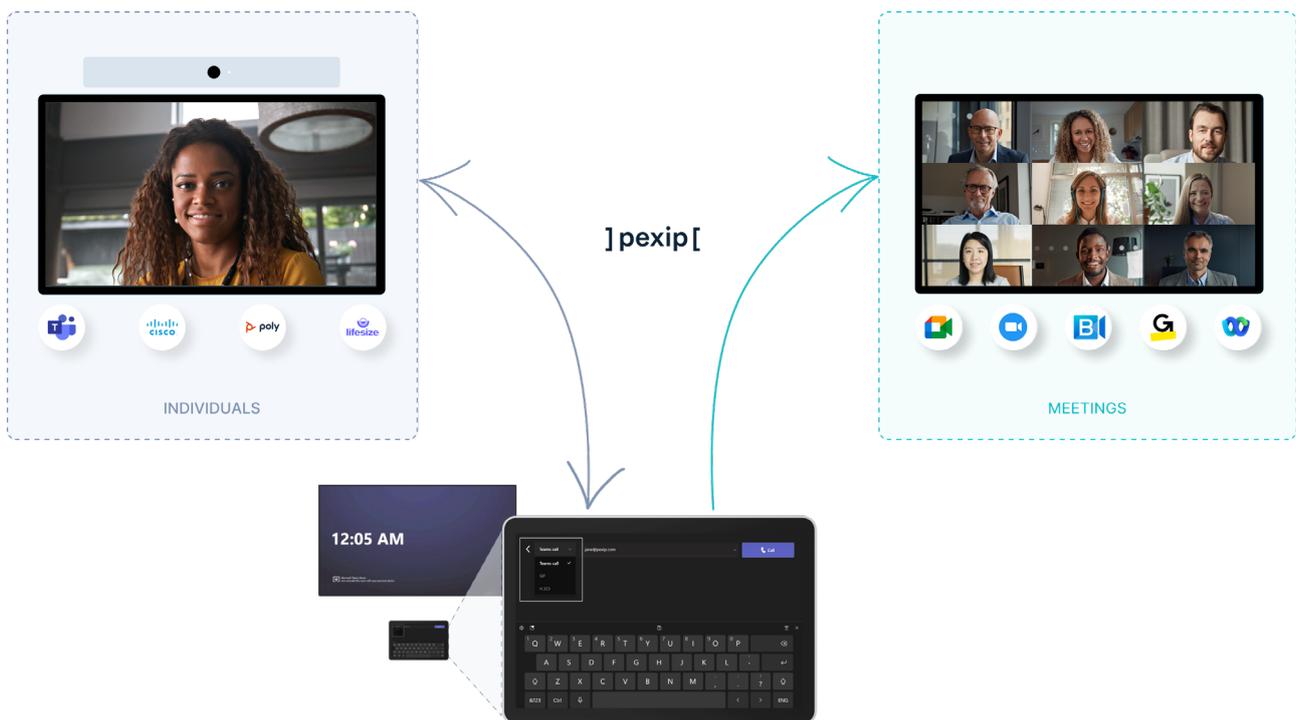
SIP Guest Join was announced in the Q1 presentation and launched at the beginning of Q2. SIP Guest Join enables anyone in an organization with CVI capabilities to join meetings from anyone inside or outside their organization. You are no longer limited to joining meetings that have the so-called CVI coordinates in them (additional join details), a standard Teams invite is all it takes. The technology you have will figure out and enable your video conferencing system to join that meeting with one single press of a button.



Launch of direct calling for Microsoft Teams Rooms

Pexip launched direct calling for Microsoft Teams Rooms, which enables direct one-to-one calling from Microsoft Teams Rooms to all other video conferencing devices. With Pexip, users can now simply go to a Teams Room, dial the address (“number”) of the person

they want to call, and hit the call button. The opposite is also possible, meaning that anyone with a SIP or H.323-enabled device can call a Teams Room. You no longer need to schedule a meeting in advance to call your colleague, reseller, vendor, or friend.



AI translation

Pexip has a partnership with Nvidia that focuses on bringing the benefit of AI to secure deployments. We are co-developing live translation with several large customers, and this is currently a pilot feature.

New version of Pexip Infinity with improved features and enhancements

In Q2, Pexip launched version 32 of its core Pexip Infinity platform. Key additions and updates include a makeover of multiple features related to Microsoft Teams interoperability:

- **Major updates to the Teams-like experience - introducing support for Microsoft’s Large Gallery view:** The Teams-like layout now supports video participants across multiple

screens and dynamically displays presented content as part of the layout. Large Gallery view allows VTC participants to toggle between their standard view and Microsoft’s Large Gallery view.

- **All-new Microsoft Teams SIP Guest Join meeting type for One-Touch Join:** Adding a Microsoft Teams SIP Guest Join option for the meeting type for One-Touch Join simplifies meeting join for users and configuration work for administrators.
- **Customizable display names for Epic telehealth appointments:** Users can now customize the provider and patient display names for Epic telehealth appointments when configuring an Epic telehealth profile.

Financial review

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

Income statement

Q2 2023

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

Consolidated revenue amounted to NOK 232.9 million in Q2 2023 (NOK 195.0 million in Q2 2022), representing a 19% increase from Q2 2022. The increase was largely driven by currency effects. Europe, Middle East, and Africa (EMEA) was the largest sales theatre, accounting for NOK 117.4 million (NOK 113.0 million) representing 50% of group revenue in Q2 (58%), followed by Americas, accounting for NOK 90.1 million (NOK 57.2 million) representing 39% (29%), and Asia-Pacific (APAC), accounting for NOK 25.4 million (NOK 24.8 million) representing 11% (13%).

Self-hosted software was the largest revenue area in Q2 2023 with NOK 118.9 million (NOK 94.8 million). Revenue from Pexip as-a-Service was NOK 114.0 million in Q2 2023 (NOK 100.2 million). Software revenue is mainly recognized at the time of delivery, which leads to variations in revenue recognition across periods and drives seasonal variations of software revenue.

Cost of sale consists mainly of 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 24.4 million in Q2 2023 (NOK 29.1 million), reflecting a gross margin of 90% (85%).

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 157.0 million in Q2 2023 (NOK 204.0 million), which is 67% of the quarterly revenue (105%). In Q2 2023 the cost related to employee options and related employer tax costs was NOK 8.8 million compared

to NOK 6.6 million in Q2 2022. Pexip had 319 employees in permanent positions at the end of Q2 2023 (474 at the end of Q2 2022).

Other operating expenses amounted to NOK 42.8 million (NOK 59.5 million), which reflects a level of 18% of the quarterly revenue (31%). The reduction is due to the cost-cutting initiatives and the effects were realized across multiple cost categories, including a reduction in spending on sales and marketing, travel, and other professional fees such as R&D, licensing, and HR.

Other gains and losses amounted to a loss of NOK 1.0 million (NOK 26.8 million). The costs in Q2 2023 are mainly related to the termination fee of a subcontractor, while Q2 2022 costs were largely related to restructuring.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to NOK 7.7 million in Q2 2023 (negative NOK 124.4 million), reflecting a 3% EBITDA margin (-64%).

Depreciation and amortization costs were NOK 42.8 million in Q2 2023 (NOK 24.4 million). The increase is due to the increased activation of intangible assets and leasing contracts.

Net financial income was NOK 10.1 million (NOK 34.3 million), mainly related to currency.

Profit before tax was negative NOK 25.0 million (negative NOK 114.5 million). Profit after tax was negative NOK 19.2 million (negative NOK 89.5 million).

First half 2023

Consolidated revenue was NOK 493.6 million for the first half of 2023 (NOK 417.4 million). The increase was largely driven by currency effects.

Europe, Middle East, and Africa (EMEA) was the largest sales theatre, accounting for NOK 240.5 million (NOK 218.6 million) representing 49% of group revenue in the period (52%), followed by Americas, accounting for 208.6 million (NOK 150.4 million) representing 42% (36%), and Asia-Pacific (APAC), accounting for NOK 44.5 million (NOK 48.5 million) representing 9% (12%).

Cost of sale amounted to NOK 45.7 million (NOK 54.9 million), reflecting a gross margin of 91% (87%). Cost of sales decreased due to lower hosting and network costs, as well as lower costs of hardware and equipment.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 316.6 million in the first half of 2023 (NOK 392.1 million), which is 64% of revenues in the period (94%). The reduction is mainly due to the reduction in employees over the last twelve months.

Other operating expenses amounted to NOK 87.8 million (NOK 119.9 million) for the first half of 2023, which reflects 18% of revenue (29%). The reduction is due to the cost-cutting initiatives and the effects were realized across multiple cost categories.

Other gains and losses amounted to a loss of NOK 0.7 million (NOK 26.8 million).

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to NOK 42.8 million for the first half of 2023 (negative NOK 176.3 million), reflecting a 9% EBITDA margin (negative 42%).

Depreciation and amortization costs were NOK 72.0 million for the period (NOK 47.7 million).

Net financial income was NOK 36.0 million in the first half of 2023 (NOK 26.8 million) and was mainly related to currency gains.

Profit before tax was NOK 6.9 million for the first half of 2023 (negative NOK 197.1 million). Profit after tax was NOK 3.0 million (negative NOK 153.3 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 2,077 million (NOK 2,087 million at the end of Q4 2022), and **total equity** amounted to NOK 1,631 million (NOK 1,597 million at the end of Q4 2022).

Current assets amounted to NOK 689 million (NOK 679 million at the end of Q4 2022). **Trade and other receivables** decreased to NOK 146 million (NOK 199 million at the end of Q4 2022). **Cash and cash equivalents** increased to NOK 508 million (NOK 419 million at the end of Q4 2022).

Non-current assets amounted to NOK 1,388 million (NOK 1,408 million at the end of Q4 2022). **Contract costs** increased to NOK 304 million (NOK 286 million at the end of Q4 2022).

Total liabilities were at NOK 446 million (NOK 490 million at the end of Q4 2022). Of this, NOK 4 million are borrowings (NOK 4 million at the end of Q4 2022).

Current liabilities decreased to NOK 371 million (NOK 415 million at the end of Q4 2022). Of this, NOK 237 million are contract liabilities (NOK 231 million at the end of Q4 2022).

Non-current liabilities amounted to NOK 76 million (NOK 75 million at the end of Q4 2022).

Cash flow

Q2 2023

Net cash flow from operating activities was NOK 55.5 million in Q2 2023 (negative NOK 65.9 million in Q2 2022) driven by the positive EBITDA and positive development in the working capital.

Cash flow from investing activities was negative NOK 9.2 million for Q2 2023 (negative NOK 16.5 million). The main driver is investments in software development.

Cash flow from financing activities was negative NOK 7.1 million for Q2 2023 (negative NOK 8.0 million).

In total, Pexip had a net cash flow of NOK 39.2 million for Q2 2023 (negative NOK 90.4 million). In

addition, there was an exchange gain of NOK 2.6 million, resulting in a positive cash flow of NOK 41.8 million (negative NOK 65.3 million)

First half 2023

Cash flow from operating activities was NOK 128.9 million for the first half of 2023 (negative NOK 96.5 million for the first half of 2022). The positive cash flow reflects the positive operating result, and positive development in the working capital.

Cash flow from investing activities was negative NOK 35.3 million for the first half of 2023 (negative NOK 96.4 million). The main driver is investments in software development.

Cash flow from financing activities was negative NOK 14.8 million for the first half of 2023 (negative NOK 105.0 million).

In total, Pexip had a positive net cash flow of NOK 78.8 million for the first half of 2023 (negative NOK 297.9 million). In addition, there was an exchange gain of NOK 9.6 million, resulting in a positive cash flow of NOK 88.4 million (negative NOK 278.9 million)

Subsequent events

There were no subsequent events after June 30, 2023.

Risk and uncertainty

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

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

The global economic situation has faced increasing challenges into 2023, with slowing growth and higher inflation in Pexip's key markets.

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

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

Outlook

In the long-term, Pexip believes that the market for enterprise-grade video communication will continue to increase due to the 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 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 Connected Spaces, Secure Spaces, and Video Innovation.

Pexip's solutions can be categorized into both mature markets and growth stage markets, two markets with different structural demands and required strategies. Pexip focuses its business areas into two main areas: Interoperability and infrastructure solutions - comprising Connected Spaces including legacy areas, and secure, custom solutions - comprising Video Innovation and Secure Meetings. Pexip targets growth of 20% in Secure Spaces and Video Innovation while estimating a stable development in Connected Spaces.

Pexip is targeting an EBITDA of NOK 100-150 million and a positive free cash flow of NOK 85-100 million for 2023. Going forward beyond this, Pexip will balance growth and profitability.

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 9, 2023

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 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	3	232 930	194 993	493 567	417 444
Cost of sale		24 387	29 140	45 700	54 921
Salary and personnel expenses		156 999	203 999	316 586	392 083
Other operating expenses		42 829	59 522	87 781	119 932
Other gains and losses		1 002	26 768	665	26 765
EBITDA		7 713	-124 436	42 835	-176 259
Depreciation and amortization		42 845	24 384	71 986	47 652
Operating profit or loss		-35 132	-148 820	-29 150	-223 911
Financial income		4 014	763	7 033	1 223
Financial expenses		-739	-1 518	-1 395	-2 052
Net gain and loss on foreign exchange differences		6 866	35 065	30 371	27 646
Financial income/(expenses) - net		10 141	34 311	36 010	26 817
Profit or loss before income tax		-24 991	-114 509	6 859	-197 094
Income tax expense		-5 795	-25 011	3 904	-43 780
Profit or loss for the year		-19 196	-89 498	2 955	-153 314
			-		
Profit or loss is attributable to:					
Owners of Pexip Holding ASA		-19 196	-89 498	2 955	-153 314
Earnings per share					
Basic earnings per share		-0.19	-0.88	0.03	-1.51
Diluted earnings per share		-0.19	-0.88	0.03	-1.51

Consolidated Statement of Comprehensive Income

(NOK 1.000)	Second Quarter		Year	
	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Profit or loss for the year	-19 196	-89 498	2 955	-153 314
Items that may be reclassified to profit or loss:				
Exchange difference on translation of foreign operations	15 132	18 009	15 132	15 296
Total comprehensive income for the year	-4 064	-71 489	18 087	-138 018
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	-4 064	-71 489	18 087	-138 018

Consolidated Statement of Financial Position

(NOK 1.000)	06/30/2023	12/31/2022
ASSETS		
Non-current assets		
Property, plant and equipment	24 335	29 039
Right-of-use assets	56 648	77 154
Goodwill	662 645	662 645
Other intangible assets	149 501	178 606
Deferred tax asset	187 350	169 279
Contract costs	303 612	285 779
Receivables	1 202	1 602
Other assets	2 989	4 041
Total non-current assets	1 388 282	1 408 145
Current assets		
Trade and other receivables	145 920	198 727
Contract assets	13 507	37 233
Other current assets	21 614	23 326
Cash and cash equivalents	507 706	419 306
Total current assets	688 747	678 592
TOTAL ASSETS	2 077 029	2 086 736
EQUITY AND LIABILITIES		
Equity		
Total equity	1 630 906	1 596 571
Non-current liabilities		
Borrowings	1 659	16
Lease liabilities	38 347	57 560
Deferred tax liabilities	35 470	15 388
Other payables	54	2 526
Total non-current liabilities	75 531	75 490
Current liabilities		
Trade and other payables	106 028	148 153
Contract liabilities	236 652	231 004
Current tax liabilities	2 416	5 002
Borrowings	2 436	4 077
Lease liabilities	23 059	26 439
Total current liabilities	370 592	414 675
Total liabilities	446 123	490 166
TOTAL EQUITY AND LIABILITIES	2 077 029	2 086 736

Consolidated Statement of Changes in Equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at January 1, 2022	1 556	2 115 938	86 018	-3 553	-291 770	1 908 191
Profit or loss for the year					-262 248	-262 248
Other comprehensive income for the year				11 416		11 416
Total comprehensive income for the year				11 416	-262 248	-250 831
Capital increase/share issue			-270			-270
By/sell treasury share	-35		-87 404			-87 439
Share-based payments			26 920			26 920
Balance at December 31, 2022	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Balance at January 1, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the period					2 955	2 955
Other comprehensive income for the year				15 132		15 132
Total comprehensive income for the year				15 132	2 955	18 087
Capital increase/share issue	-3		111			109
By/sell treasury share						
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
Balance at January 1, 2022	1 556	2 115 938	86 018	-3 553	-291 770	1 908 189
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

	Second Quarter		YTD	
(NOK 1.000)	Q2 2023	Q2 2022	06/30/2023	06/30/2022
Cash flow from operating activities				
Profit or loss before income tax	-24 991	-114 509	6 859	-197 094
<i>Adjustments for</i>				
Depreciation, amortization and net impairment losses	42 845	24 384	71 986	47 652
Non-cash - share based payments	8 527	10 897	18 009	19 356
Interest income/expenses - net	-3 285	1 011	-5 659	1 611
Net exchange differences	4 580	399	4 043	198
Other adjustments	73		-756	
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	36 717	-14 525	61 464	2 873
Change in trade, other payables and contract liabilities	-7 329	26 934	-28 428	29 401
Interest received	4 014	77	7 033	105
Income taxes paid/refunded	-5 604	-597	-5 604	-597
Net cash inflow/outflow from operating activities	55 546	-65 929	128 947	-96 494
Cash flow from investing activities				
Payment for property, plant and equipment	-1 063	-4 828	-14 695	-67 430
Payment of software development cost	-8 101	-11 625	-20 632	-28 931
Payment for acquisition of subsidiary, net of cash acquired				
Net cash inflow/outflow from investing activities	-9 164	-16 453	-35 327	-96 361
Cash flow from financing activities				
Proceeds from issuance of ordinary shares				
Repayment of borrowings	-1 140	-269	-1 640	-1 000
Principal element of lease payments	-5 266	-6 668	-11 813	-14 614
Interest paid	-729	-1 088	-1 374	-1 716
Sale/(purchase) of treasury shares				-87 674
Net cash inflow/outflow from financing activities	-7 135	-8 026	-14 827	-105 004
Net increase/(decrease) in cash and cash equivalents	39 247	-90 407	78 792	-297 860
Cash and cash equivalents start of the period	465 885	590 319	419 306	803 852
Effects of exchange rate changes on cash and cash equivalents	2 574	25 087	9 609	19 006
Cash and cash equivalents end of the period	507 706	524 998	507 706	524 998

Note 1 - General

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

The consolidated condensed interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as of June 30, 2023, authorised for issue by the board of directors on August 9, 2023.

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

Rounding differences may occur.

Note 3 - Segment reporting

(NOK 1,000)

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

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

Disaggregation of revenue

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

Second quarter 2023

	EMEA ¹⁾	Americas	APAC ²⁾	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

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

Year to date 2023

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

Year to date 2022

	EMEA ¹⁾	Americas	APAC ²⁾	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

Timing of revenue recognition	Q2 2023	Q2 2022
Products and services transferred at a point in time	82 591	71 606
Products and services transferred over time	150 339	123 384
Total revenue	232 930	194 991

Timing of revenue recognition	YTD 2023	YTD 2022
Products and services transferred at a point in time	194 050	170 745
Products and services transferred over time	299 517	246 696
Total revenue	493 567	417 442

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 2023 the 5 largest represent approximately 23% (29% in Q2 2022) of total revenue, while the 10 largest represent 34% (42% in Q2 2022). Of the Group's total channel partner base per Q2 2023, the five largest represent approximately 25% of total revenue (28% per Q2 2022), and the ten largest represent approximately 35% (41% per Q2 2022).

Non-current assets

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

	6/30/2023	6/30/2022
Norway	251 745	298 086
Europe (other than Norway)	124 477	103 909
Americas	125 699	121 866
APAC	32 175	28 655
Total non-current operating assets	534 096	552 515

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

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

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 9, 2023

Board of Directors and CEO of Pexip Holding ASA



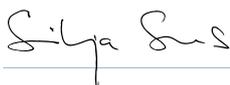
Kjell Skappel
Chair of the Board



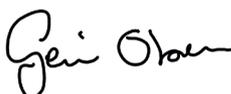
Irene Kristiansen
Board Member



Phillip Austern
Board Member



Silvija Seres
Board Member



Geir Langfeldt Olsen
Board Member



Trond K. Johannessen
CEO

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