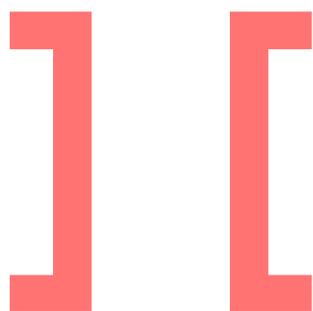


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Quarterly Report

Q3
2021



Q3 Highlights

- Solid growth in ARR, driven especially by sales to government and federal organizations
- ARR reached USD 99.8 million, reflecting a 37% growth year-on-year
- Revenues at NOK 183 million, 34% growth year-on-year
- EBITDA at negative 40 million, developing as expected, and in line with investment plan and strategy
- Named a “Challenger” in the Gartner Magic Quadrant for Meeting Solutions
- Sales pipeline continues to be strong for the remainder of the year and into 2022

“Q3 is typically a strong quarter for Pexip in the public and federal sectors and this year was no exception. The Company saw continued interest from key public sector institutions looking for secure solutions for mission-critical communication requiring strict privacy and security. In addition, Pexip’s unique interoperability capabilities remain a key selling point for many large organizations. This, together with the Company’s unique self-hosted deployment option, is winning the trust of complex organizations such as The Defense Information Systems Agency (DISA) in the United States. This success is something that we are replicating with other similar customers across the world”



Øystein Hem
CFO and Interim CEO

Key Figures

		Q3 2021	Q3 2020	YTD 2021	YTD 2020
Revenue	NOK million	182.9	136.3	539.7	449.5
Cost of goods sold	NOK million	22.7	11.0	58.7	26.0
Salary and personnel expenses	NOK million	152.1	117.3	476.2	269.7
Other operating expenses	NOK million	48.6	31.7	139.2	147.6
EBITDA	NOK million	-40.5	-23.8	-134.2	6.1
EBITDA margin	%	-22.1%	-17.5%	-24.9%	1.4%
Reported profit for the period	NOK million	-31.8	-35.6	-124.3	-61.5
Earnings per share	NOK per share	-0.31	-0.35	-1.21	-0.68
ARR	USD million	99.8	72.8		
Number of employees end of period	#	492	307		

Q3 Operational review

Q3 Summary

In Q3, Pexip Holding ASA (“Pexip” or “The Company”) demonstrated solid year-on-year growth despite a continued delay in sales as a result of uncertainty around office openings in some key geographies. Pexip’s subscription base measured in Annual Recurring Revenue (ARR) reached USD 99.8 million in Q3 2021, up from USD 72.8 million in Q3 2020, representing a year-on-year increase of 37%. This was driven by strong sales to public sector organizations, such as the Defense Information Systems Agency, looking for secure video solutions for mission-critical communication requiring strict privacy and security. Pexip was delighted to move up from a “Visionary” to “Challenger” position in the Gartner Magic Quadrant for Meeting Solutions and the Company sees this as a validation of the uniqueness of its product portfolio and extensive global customer base, as well as a recognition of the Company’s ability to execute on its growth plans. On the organizational front, Øystein Hem, CFO, has led the Company as Interim CEO during Q3 and continue to do so heading into Q4.

Key Wins in the Public Sector Demonstrate Demand for Security and Privacy Solutions

Pexip delivered solid growth in Q3 2021, with an increase in ARR of 37% year-on-year to USD 99.8 million. Of the 37% year-on-year growth in ARR, the full 37 percentage points (pp) were from new customers and part of the growth in ARR is related to customer portfolio acquisition. The customer portfolio acquisition contributed to approximately 20% of gross new sales in Q3. Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 100.1% year-on-year, including churn of 10.8% last twelve months. The higher churn, up from 10.0% in Q3 2020, is impacted by higher churn in non-core areas outside of Pexip’s three main focus areas, which is expected to have a smaller impact going forward as it is becoming a smaller part of the subscription base. Pexip has also increased the capacity and structure around customer success with the objective to improve

customer onboarding and adoption, which is expected to have a positive impact on churn going forward.

Pexip added new ARR (delta ARR) of USD 7.1 million in Q3 2021, compared to USD 7.0 million in Q3 2020, and USD 2.7 million in Q3 2019. ARR from Pexip’s Self-hosted Software reached USD 56.4 million in Q3 2021, up 23% year-on-year, while ARR from Pexip as-a-Service reached USD 43.4 million, up 61% year-on-year.

Key wins included:

The Defense Information Systems Agency (DISA)

A significant Enterprise Agreement was signed with the Defense Information Systems Agency (DISA) in the United States. The contract is an Enterprise Agreement for one year with options to extend for two more years and it builds on the contract between DISA and Pexip which was originally signed in 2019. This contract demonstrates how Pexip continues to build relationships with key organizations over several years.

DISA is a US Department of Defense (DoD) combat support agency composed of military, federal civilians, and contractors. DISA provides information technology (IT) and communications support to the US President, Vice President, Secretary of Defense, the military services, combatant commands, and any individual or system contributing to the defense of the US. With the extension, Pexip will provide DISA with self-hosted software that will power their main videoconferencing service, as well as support interoperability with Microsoft Teams. Pexip’s technology aligns with DISA’s need for customized user interfaces and flexible deployment options across multiple global time zones and missions. Pexip is JITC-certified, which documents that Pexip is secure and interoperable per the requirements set by the US Department of Defense.

“ I am proud that an organization of such public importance and with such complex needs as DISA is recognizing Pexip’s capability to enable their secure and flexible video communication. This contract proves that customers value our unique deployment models, including allowing the software to run inside the customer’s own organization, while at the same time providing industry-leading interoperability capabilities. This is something that no other manufacturer can provide ”



Øystein Hem
CFO and Interim CEO



US Department of Labor (DOL)

The United States Department of Labor (DOL) is a cabinet level department of the U.S. Federal government, responsible for occupational safety, salary standards, and benefits.

DOL selected Pexip-as-a-service as its collaboration solution for its new Hybrid Workplace initiative for its almost 18,000 employees. Pexip was chosen for its interoperability capabilities, connecting Microsoft Teams and Google Meet, as well as its One Touch Join functionality, enabling easy connection with all DOL’s existing videoconferencing systems.

Leading Central-European Car Manufacturer

Pexip has secured a contract with one of the leading Central European car manufacturers. The contract was signed for Pexip Self-hosted software supplying both Pexip meetings, Microsoft Teams interoperability and One Touch Join functionality. Pexip will provide an integrated platform for its multiple locations and various

video conferencing solutions around the world. Pexip’s One Touch Join and interoperability capability enables the customer to solve the challenge of coherent collaboration between locations. Pexip was chosen for its reliable and high-quality software, deployment architecture and for providing the required privacy and security to a customer with strict and complex needs.

EU Institution

Pexip has secured a contract with a central EU institution. The contract was signed for Pexip’s Self-hosted software, including Cloud Video Interoperability (CVI) for Microsoft Teams interoperability. Because of the nature of the business, including a high degree of confidentiality of information across the world, the customer puts strict requirements on security and data privacy. Pexip was chosen due to its secure and reliable product offering.

Achieved a Strong Position as a “Challenger” in the Gartner Magic Quadrant for Meeting Solutions

Pexip moved up to a position as a “Challenger” in the 2021 Gartner Magic Quadrant for Meeting Solutions, after two consecutive years as a “Visionary”. Pexip believes this position validates the uniqueness of the Company’s product portfolio and extensive global customer base, as well as recognizing the Company’s growth plans and ability to execute on them. Over the past year, Pexip has met ambitious growth goals and launched one-of-a-kind offerings like Pexip Private Cloud to give customers more data privacy and control. Pexip believes that the improved execution score shows that the Company is now a major player in the Meeting Solutions sector with a credible market position and the necessary resources to sustain continued growth. It also demonstrates that the Company has a strong core set of products with strength within interoperability, security and customization, and a proven ability to take those products to market at scale.

Figure1. Magic Quadrant for Meeting Solutions



Source: Gartner (October 2021)

Q3 Organizational Changes and Continued Growth

At the beginning of Q3, Odd Sverre Østlie, the CEO of Pexip at the time, came to an agreement with the Pexip Board that he would step down from his position and leave the Company. Øystein Hem, CFO, was appointed immediately as Interim CEO and continues to lead the Company during the succession process.

Pexip continues to expand its team to fulfil its long-term growth ambitions. By the end of Q3, the Company had 492 employees. The employee turnover ratio for full time employees in the period September 2020 to September 2021 has remained stable at 9.9% and is in line with the previous twelve months.

Financial review

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

Income statement Q3 2021

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 182.9 million in Q3 2021 (NOK 136.3 million). The increase was driven by growth in revenue from both product areas, but mainly from the self-hosted software due to strong sales in the quarter. 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. Americas was the largest sales theatre, accounting for NOK 82.8 million (NOK 60.9 million) representing 45% of group revenue in Q3 (45%), followed by Europe, Middle-East and Africa (EMEA), accounting for NOK 81.8 million (NOK 67.1 million) representing 45% (49%), and Asia-Pacific (APAC), accounting for NOK 18.3 million (NOK 8.3 million) representing 10% (6%).

Pexip self-hosted software was the largest revenue area in Q3 2021 with NOK 104.7 million (NOK 72.9 million). Revenue from Pexip as-a-Service was NOK 78.2 million in Q3 2021 (NOK 63.4 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 22.7 million in Q3 2021 (NOK 11.0 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. Cost of sale is expected to grow less than revenues from Pexip as-a-Service going forward, as some of the costs related to the platform modernization are fixed and not volume driven.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 152.1 million in Q3 2021 (NOK 117.3 million), which is 83% of the quarterly revenue (86%). The increase in the total level of salary and personnel expenses is mainly due to high growth in employees over the last twelve months, in line with Pexip's growth strategy. In Q3 2021 the cost related to employee options and related employer tax costs was NOK 2.9 million compared to NOK 1.1 million in Q2 2021 and NOK 14.7 million in Q3 2020, due to the fluctuation in the Pexip share price. Pexip had 492 employees at the end of Q3 2021 (307 at the end of Q3 2020).

Other operating expenses amounted to NOK 48.6 million (NOK 31.7 million), which reflects a level at 27% of revenue (23%). The increase from the same period last year is in line with Pexip's growth strategy and is mostly due to sales and marketing expenses.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to negative NOK 40.5 million in Q3 2021 (negative NOK 23.8 million), reflecting a negative 22% EBITDA margin (negative 17% EBITDA margin). The development in the EBITDA margin is as expected, as the Company invests into growth initiatives where the expected increase in revenue will trail the increase in operating expenses by 9-12 months due to ramp-up time, according to strategy.

Depreciation and amortization costs were NOK 18.2 million in Q3 2021 (NOK 10.9 million).

Net financial income was NOK 9.5 million (net expense of NOK 7.9 million).

Profit before tax was negative NOK 49.2 million for Q3 2021 (negative NOK 42.6 million). Profit after tax was negative NOK 31.8 million (negative NOK 35.6 million).

Year to date (as per 30.09)

Consolidated revenue was NOK 539.7 million for Q3 YTD in 2021 (NOK 449.5 million). The increase of 20% was driven by growth in revenue from Pexip as-a-Service. Europe, Middle-East and Africa (EMEA) was the largest sales theatre as per Q3 YTD, accounting for NOK 285.9 million (NOK 247.4 million) representing 53% of group revenue in the period (55%), followed by Americas, accounting for NOK 204.4 million (NOK 162.2 million) representing 38% (36%), and Asia-Pacific (APAC), accounting for NOK 49.4 million (NOK 39.9 million) representing 9% (9%).

Cost of sale amounted to NOK 58.7 million for Q3 YTD in 2021 (NOK 26.0 million), reflecting a gross margin of 89% (94%). Cost of sale has mainly increased due to a shift towards cloud compute compared to investing in own or renting hardware, which also reduces 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. The Company expects cost of sale to grow less than revenues forward, as some of the costs related to the platform modernization are fixed and not volume driven.

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 476.2 million for Q3 YTD in 2021 (NOK 269.7 million), which is 88% of revenue in the period (60%). The increase is mainly due to high growth in employees over the last twelve months, in line with Pexip's growth strategy.

Other operating expenses amounted to NOK 139.2 million (NOK 147.6 million) for Q3 YTD in 2021, which reflects 26% of revenue (33%). The decrease from the same period last year is mainly due to one-time costs related to Pexip's listing on Oslo Børs in Q2 2020. During the IPO process, NOK 47.8 million were related to the secondary offering, professional advisors, and other related

fees. Adjusted for these one-time costs in Q2 2020, other operating expenses in the period increased in line with overall activity growth in the business, as well as investments in marketing to raise the awareness of Pexip amongst potential customers.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to negative NOK 134.2 million for Q3 YTD in 2021 (positive NOK 6.1 million), reflecting a negative 25% EBITDA margin (positive 1%). The development in the EBITDA margin is as expected, as the Company invests into growth initiatives where the expected increase in revenue will trail the increase in operating expenses due to ramp-up time, according to strategy.

Depreciation and amortization costs were NOK 53.2 million for Q3 YTD in 2021 (NOK 32.6 million).

Net financial income was NOK 2.6 million (net expense of NOK 44.8 million).

Profit before tax was negative NOK 184.9 for Q3 YTD in 2021 (negative NOK 71.3 million). Profit after tax was negative NOK 124.3 million (negative NOK 61.5 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 2,328 million (NOK 2,436 million at the end of Q4 2020), and total equity amounted to NOK 1,925 million (NOK 2,022 million at the end of Q4 2020).

Current assets amounted to NOK 1,098 (NOK 1,321 million at the end of Q4 2020). Trade and other receivables decreased to NOK 139 million (NOK 193 million at the end of Q4 2020). Cash and cash equivalents decreased to NOK 923 million (NOK 1,101 million at the end of Q4 2020).

Non-current assets increased to NOK 1,230 million (NOK 1,114 million at the end of Q4 2020). Contract costs increased to NOK 245 million (NOK 211 million at the end of Q4 2020).

Total liabilities were at NOK 403 million (NOK 413 million at the end of Q4 2020). Of this, NOK 6.6 million are borrowings (NOK 9 million at the end of Q4 2020).

Current liabilities decreased to NOK 316 million (NOK 327 million at the end of Q4 2020).

Non-current liabilities were flat at NOK 87 million (NOK 87 million at the end of Q4 2020).

Cash flow Q3 2021

Cash flow from operating activities was negative NOK 88.7 million for Q3 2021 (negative NOK 48.5 million for Q3 2020). The negative cash flow reflects the investments the Company is making into strengthening its growth capacity. The change from Q3 2020 is mainly due to timing effects on receivables and payables.

Cash flow from investing activities was negative NOK 16.6 million in Q3 2021 (Negative NOK 10.7 million in Q3 2020). The decrease in cash flow from investing activities is related to payment to software development.

Cash flow from financing activities was negative NOK 5.6 million for Q3 2021 (positive NOK 3.4 million for Q3 2020).

In total, Pexip had a negative cash flow of NOK 110.9 million in Q3 2021 (negative NOK 55.8 million in Q3 2020).

Subsequent events

On November 8, 2021, Pexip announced the acquisition of Skedify, a Belgium based Software-as-a-Service customer engagement solution. The addition of the Skedify customer engagement platform to the Pexip portfolio enables Pexip to provide an end-to-end solution to meet the needs of customers in key verticals, such as Financial Services, High-Involvement Retail and HR & Recruitment. Pexip will acquire 100% of the shares in Skedify BV, for an enterprise value of EUR 8.00 million on a cash and debt-free basis and an equity value of EUR 3.95 million, settled in 275,917 shares valued at NOK 85, in addition to EUR 1.58 million in cash.

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. In 2020, Pexip has especially developed its approach to risk assessment and risk mitigation within financial reporting in preparation

for the listing, 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 2020 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 third parties, financial and market, among others. The Risk and Risk Management section in the 2020 Annual Report contains detailed description and mitigating actions.

Covid-19 has created disruption to the global economy, and continues to impact the usage of videoconferencing, usage of office meeting rooms and enterprise buying behavior.

Own operations have pivoted to an all-digital workflow, and most Pexip locations have been in various lockdown situations since the pandemic outbreak in 2020. 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 as demand and usage of videoconferencing spiked. 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.

Outlook

In the long-term, Pexip believes that the growth of enterprise-grade video communication will increase due to the explosive adoption and usage of video communication following Covid-19, and implementation of sustainability measures. Many enterprises plan to adopt hybrid working models as they return to the office, combining office and remote working, that will provide benefits far beyond the need for social distancing, such as reducing travel and related emissions, enabling work flexibility and increasing productivity. Furthermore, Pexip believes in increased use of video in organizations' workflows with their clients/customers, creating additional new and significant market opportunities.

To accelerate growth Pexip has invested in increasing the Company's sales and marketing presence as well as R&D capabilities since the IPO. Pexip intends to deploy up to 70% of the net proceeds from the IPO over the next two to three years. This implies returning to a neutral EBITDA in 2023, and an estimated negative EBITDA-rate in 2021 and 2022 in the range of negative 25-35%. Going forward, Pexip expects to have a more normalized investment level from 2022, allowing ARR growth to overtake growth in costs going forward. As Pexip exits the investment period, the Company expects above 25% EBITDA-rate in 2025 together with revenue growth above 25%. The key enabler for all these initiatives is strengthening the Pexip team, and Pexip is targeting 550-600 employees by the end of 2021.

In an environment that is adapting to a more decentralized working environment with focus on sustainability, Pexip believes that it is uniquely positioned to address the new technology needs of customers, with our ability to provide a great

meeting experience regardless of the device or platform in use. This is reflected in Pexip's long-term ambition to reach an ARR of USD 300 million by 2024.

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, November 11, 2021

Board of Directors and CEO of Pexip Holding ASA



Michel Sagen
Chair of the Board



Per Haug Kogstad
Board Member



Irene Kristiansen
Board Member



Kjell Skappel
Board Member



Marianne Wergeland Jensen
Board Member



Øystein Hem
CFO and Interim CEO

Consolidated statement of profit or loss

(NOK 1.000)	Third Quarter		YTD		
	Q3 2021	Q3 2020	YTD 2021	YTD 2020	
Revenue	3	182 855	136 283	539 656	449 467
Cost of sale		22 719	11 032	58 672	26 038
Salary and personnel expenses		152 083	117 341	476 204	269 742
Other operating expenses		48 571	31 707	139 185	147 618
Other gains (losses)		-45	-	-168	-15
EBITDA		-40 473	-23 796	-134 236	6 083
Depreciation and amortization		18 188	10 912	53 198	32 623
Operating profit or loss		-58 661	-34 709	-187 434	-26 539
Financial income		6	6 238	54	28
Financial expenses		-1 344	-7 365	-4 584	-27 691
Net gain and loss on foreign exchange differences		10 826	-6 812	7 087	-17 105
Financial income/(expenses) - net		9 487	-7 938	2 557	-44 768
Profit or loss before income tax		-49 174	-42 647	-184 877	-71 307
Income tax expense		-17 400	-7 084	-60 617	-9 844
Profit or loss for the year		-31 774	-35 563	-124 260	-61 463
Profit or loss is attributable to:					
Owners of Pexip Holding ASA		-31 774	-35 563	-124 260	-61 463
Earnings per share					
Basic earnings per share		-0,31	-0,35	-1,21	-0,68
Diluted earnings per share		-0,31	-0,35	-1,21	-0,68

Consolidated statement of comprehensive income

	Third Quarter		Year	
	Q3 2021	Q3 2020	YTD 2021	YTD 2020
(NOK 1.000)				
Profit or loss for the year	-31 774	-35 563	-124 260	-61 463
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	1 328	-878	2 520	-30
Total comprehensive income for the year	-30 446	-36 442	-121 740	-61 492
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	-30 446	-36 442	-121 740	-61 492

Consolidated statement of financial position

(NOK 1.000)	30/09/2021	31/12/2020
ASSETS		
Non-current assets		
Property, plant and equipment	35 848	25 177
Right-of-use assets	83 741	87 765
Goodwill	598 998	598 998
Other intangible assets	134 815	133 709
Deferred tax asset	126 023	54 615
Contract costs	245 471	211 077
Receivables	5 114	2 919
Total non-current assets	1 230 009	1 114 261
Current assets		
Trade and other receivables	139 478	192 916
Contract assets	12 563	9 069
Other current assets	23 213	18 680
Cash and cash equivalents	923 015	1 100 656
Total current assets	1 098 270	1 321 322
TOTAL ASSETS	2 328 278	2 435 582

(NOK 1.000)	30/09/2021	31/12/2020
EQUITY AND LIABILITIES		
Equity		
Share capital	1 549	1 523
Share premium	2 027 779	2 027 206
Paid in equity	100 776	100 776
Other equity	-205 134	-107 380
Total equity	1 924 970	2 022 125
Non-current liabilities		
Borrowings	4 500	6 000
Lease liabilities	69 376	78 220
Deferred tax liabilities	9 808	-
Other payables	3 459	2 622
Total non-current liabilities	87 143	86 842
Current liabilities		
Trade and other payables	127 178	154 595
Contract liabilities	162 711	155 180
Current tax liabilities	418	209
Borrowings	2 125	2 500
Lease liabilities	23 734	14 130
Total current liabilities	316 165	326 614
Total liabilities	403 308	413 456
TOTAL EQUITY AND LIABILITIES	2 328 278	2 435 582

Consolidated statement of changes in equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Other Equity	Total equity
Balance at 1 January 2020	1 198	860 073	-	-1 078	-36 116	824 077
Profit or loss for the year					-89 009	-89 009
Other comprehensive income for the year				-5 463		-5 463
Total comprehensive income for the year				-5 463	-89 009	-94 472
Contribution of equity net of transaction cost	325	1 167 133	100 776		399	1 268 634
Share-based payments					23 887	23 887
Balance at 31 December 2020	1 523	2 027 206	100 776	-6 541	-100 839	2 022 125
Balance at 1 January 2021	1 523	2 027 206	100 776	-6 541	-100 839	2 022 125
Profit or loss for the period					-124 260	-124 260
Other comprehensive income for the year				2 520		2 520
Total comprehensive income for the year				2 520	-124 260	-121 740
Capital increase/share issue	43	88 732				88 775
By/sell treasury share	-18	-88 159				-88 177
Share-based payments					23 986	23 986
Balance at 30 September 2021	1 549	2 027 779	100 776	-4 021	-201 113	1 924 970
Balance at 1 January 2020	1 198	860 073	-	-1 078	-36 116	824 077
Profit or loss for the period					-61 463	-61 463
Currency translation differences				-30		-30
Contribution of equity net of transaction costs	325	1 167 133	100 776		399	1 268 633
Share-based payments					16 760	16 760
Balance at 30 September 2020	1 523	2 027 206	100 776	-1 108	-80 420	2 047 978

Consolidated statement of cash flows

(NOK 1.000)	Third quarter		YTD	
	Q3 30/09/2021	Q3 30/09/2020	YTD Q3 30/09/2021	YTD Q3 30/09/2020
Cash flow from operating activities				
Profit or loss before income tax	-49 173	-42 647	-184 877	-71 307
<i>Adjustments for</i>				
Income tax				9 844
Depreciation, amortization and net impairment losses	18 188	10 912	53 198	32 623
Non-cash - share based payments	6 111	8 916	23 986	16 760
Fair value adjustment to derivatives	-	-		23 992
Interest income/expenses - net	1 266	837	3 767	2 433
Net exchange differences	-2 976	-6 274	-493	7 772
IPO cost adjustment	-			43 155
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-47 961	-48 990	12 801	-144 114
Change in trade, other payables and contract liabilities	-14 167	18 907	-19 213	114 569
Interest received	3	-	15	28
Income taxes paid	-		-	-
Transaction cost	-			
Net cash inflow/outflow from operating activities	-88 710	-48 493	-110 820	35 755
Cash flow from investing activities				
Payment for property, plant and equipment	-3 084	-3 193	-22 074	-12 169
Payment of software development cost	-13 500	-7 500	-33 250	-22 500
Net cash inflow/outflow from investing activities	-16 584	-10 693	-55 324	-34 669
Cash flow from financing activities				
Proceeds from issuance of ordinary shares		8 848	88 775	1 209 873
Repayment of borrowings	-625	-625	-1 875	-1 875
Principal element of lease payments	-3 749	-5 543	-9 501	-7 763
Interest paid	-1 269	687	-3 782	-936
Transaction cost IPO				-97 020
Sale/(purchase) of treasury shares	-		-88 177	
Net cash inflow/outflow from financing activities	-5 643	3 367	-14 560	1 102 279
Net increase/(decrease) in cash and cash equivalents	-110 936	-55 819	-180 704	1 103 365
Cash and cash equivalents start of the period	1 029 636	1 217 460	1 100 656	75 515
Effects of exchange rate changes on cash and cash equivalents	4 316	-2 344	3 063	-19 583
Cash and cash equivalents end of the period	923 015	1 159 297	923 015	1 159 297

Note 1 - General

Pexip Holding ASA is the parent company in 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 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 September 30, 2021, authorised for issue by the board of directors on November 11, 2021.

The condensed interim financial statements are unaudited.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months period ending on September 30, 2021 has been prepared in accordance with IAS 34 Interim Financial reporting. This quarterly report does not include the complete set of accounting principles and disclosures and should hence be read in conjunction with the Annual Financial Statement for 2020. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2020. 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.

Third quarter 2021

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	48 463	24 159	5 532	78 154
Self-hosted software	33 355	58 605	12 741	104 701
Total revenue	81 818	82 764	18 273	182 855

Third quarter 2020

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	34 269	21 188	4 523	59 980
Self-hosted software	32 808	39 730	3 765	76 303
Total revenue	67 077	60 918	8 287	136 283

Year to date 2021

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	139 264	71 029	15 074	225 367
Self-hosted software	146 614	133 380	34 295	314 289
Total revenue	285 878	204 409	49 369	539 656

Year to date 2020

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	86 055	47 161	9 664	142 880
Self-hosted software	161 316	115 031	30 240	306 587
Total revenue	247 371	162 192	39 904	449 467

Third quarter

Timing of revenue recognition	2021	2020
Products and services transferred at a point in time	79 856	55 682
Products and services transferred over time	102 999	80 601
Total revenue	182 855	136 283

Year to date

Timing of revenue recognition	2021	2020
Products and services transferred at a point in time	241 419	243 561
Products and services transferred over time	298 237	205 906
Total revenue	539 656	449 467

¹⁾ Europe, Middle East and Africa

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

Information about major customers

The Group conducts its sales through channel partners. No channel partner represent more than 10% of the Group's revenue as of September 2021. In Q3 2021 the 5 largest represent approximately 32% (27% in Q3 2020) of total revenue, while the 10 largest represent 42% (38% in Q3 2020). Of the Group's total channel partner base per Q3 2021, the five largest represent approximately 24% of total revenue (26% per Q3 2020), and the ten largest represent approximately 35% (41% per Q3 2020).

Non-current assets

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

	30/09/2021	30/09/2020
Norway	306 284	295 195
Europe (other than Norway)	78 611	27 679
Americas	107 295	77 992
APAC	7 685	4 813
Total non-current operating assets	499 875	405 679

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 following terms are used by the Group 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 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 in nature. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licenses, perpetual software-licenses and project-based professional services, such as a customer-specific proof-of-concept project 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 is corresponding to Pexip's order backlog.

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

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