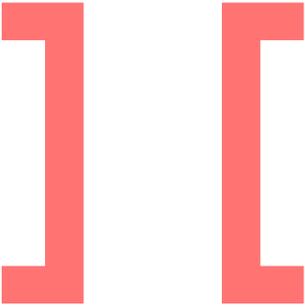


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Quarterly Report

**Q4
2021**



Q4 Highlights

- ARR reached USD 106.4 million in Q4 2021, representing a year-on-year increase of 30%
- Of the 30% year-on-year growth in ARR, 29 percentage points (pp) are from new customers. Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 101% year-on-year, including churn of 9.7% year-on-year
- Pexip generated new ARR of USD 6.6 million in Q4 2021, compared to USD 9.1 million in Q4 2020 and USD 4.4 million in Q4 2019
- Achieved positive EBITDA of NOK 9.9 million
- In November, Pexip acquired Skedify to enhance Pexip's capabilities in Video Enablement
- Recognized by Frost & Sullivan as a Leader in Healthcare Enablement

“I am pleased to report continued strong growth for Pexip in 2021. For Q4, I am particularly satisfied with the profitability development of the company, with an EBITDA margin of 4%, which is ahead of schedule in our investment plan. We also had a reduction in year-on-year churn which is now back below 10%, and I am happy to report that we landed some significant new customers. We experienced growth across all our core business pillars, however, the video infrastructure area was negatively impacted by the limited use of offices and delays in roll-out of new video rooms. This is due to the renewed Covid-19 restrictions, as well as delays in our customers' video hardware deliveries due to chip shortages. Moving into 2022, we have redefined our strategy to focus specifically on the three main business areas where Pexip has clear competitive differentiators – video infrastructure, critical meetings and video enablement. We feel confident that executing on this renewed focus and capitalizing on the growth investments made in 2020 and 2021 will enable us to deliver on our ambitions to return to positive EBITDA during 2023 and reach USD 300 million in ARR by the end of 2024”

Øystein Hem
CFO and Interim CEO

Key Figures

		Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	NOK million	265.9	229.0	805.5	678.5
Cost of goods sold	NOK million	18.3	16.5	76.9	42.6
Salary and personnel expenses	NOK million	158.2	130.7	634.4	400.5
Other operating expenses	NOK million	79.4	32.3	218.6	180.0
EBITDA	NOK million	9.9	49.5	-124.3	55.6
EBITDA margin	%	4%	22%	-15%	8%
Reported profit for the period	NOK million	-33.1	-27.5	-157.3	-89.0
Earnings per share	NOK per share	-0.32	-0.27	-1.53	-0.95
ARR	USD million	106.4	81.9		
Number of employees end of period	#	537	361		

Q4 Operational review

Q4 Summary

In Q4, 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. Pexip’s subscription base measured in Annual Recurring Revenue (ARR) reached USD 106.4 million in Q4 2021, up from USD 81.9 million in Q4 2020, representing a year-on-year increase of 30%. This was driven by key wins in both the public and private sectors. In November, Pexip announced the acquisition of Skedify. 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. In December, the Company held its first Capital Markets Day, using this event to outline a renewed strategic direction with a focus on three key business areas - infrastructure, critical meetings, and video enablement - and key product differentiators, including core transcoding, agnostic infrastructure, and as-a-platform technology. The Company was awarded the 2021 Australia Video Conferencing Services in

Healthcare Leadership Award by global research and consulting firm, Frost & Sullivan. Pexip was also recognized as a Growth and Innovation Leader in the Frost & Sullivan Radar for Global Cloud Meetings and Team Collaboration Services.

Pexip delivered solid growth in Q4 2021, with an increase in ARR of 30% year-on-year to USD 106.4 million. Of the 30% year-on-year growth in ARR, 29 percentage points (pp) are from new customers. Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 101% year-on-year, including churn of 9.7% year-on-year, demonstrating a positive reduction in year-on-year churn to below 10%. Pexip added new ARR (delta ARR) of USD 6.6 million in Q4 2021, compared to USD 9.1 million in Q4 2020, and USD 4.4 million in Q4 2019. ARR from Pexip’s self-hosted Software reached USD 58.8 million in Q4 2021, up 20% year-on-year, while ARR from Pexip as-a-Service reached USD 47.6 million, up 45% year-on-year. The acquisition of Skedify, announced on November 8, 2021, accounted for slightly more than USD 0.9 million of the growth in ARR.

Three Key Business Areas



Critical video meetings
for secure environments



Video infrastructure
including interoperability
to Microsoft Teams and
Google Meet



Video enablement
for healthcare, judiciary,
government, retail
and finance

Key wins included:

The US Federal Reserve

The US Federal Reserve is the central bank of the United States. Its purpose is to promote the effective operation of the U.S. economy and, more generally, the public interest. For the Federal Reserve, data sovereignty and privacy were key components in their decision to utilize Pexip as their critical meetings video platform.



Charter Communications

Charter Communications is an American telecommunications and mass media company. With over 26 million customers in 41 states, it is the second-largest cable operator and the fifth-largest telephone provider in the United States, with 100,000 employees across North America. The company currently uses Pexip primarily as a disaster recovery communication platform, and their CXOs rely heavily on video for their day-to-day business. Pexip was chosen for its ability to be deployed in their many data centers across the US and made immediately available as a failover service. Charter Communications views Pexip as a mission critical disaster recovery platform.



GM Financial

GM Financial is a global provider of auto finance solutions and is the wholly owned captive finance subsidiary of General Motors, with operations in North America, South America, and Asia. The company chose Pexip to facilitate communication between different video platforms and for the sustainability aspect that Pexip provides, allowing them to make the most of their existing video hardware, and manage it more effectively without needing to deploy extra internal resources.



Technip Energies

Technip Energies is a leading Engineering & Technology company for the energy transition, with leadership positions in Liquefied Natural Gas (LNG), hydrogen and ethylene as well as growing market positions in blue and green hydrogen, sustainable chemistry, and CO2 management. The Company operates in 34 countries and has 15,000 employees. The company chose Pexip for its Microsoft integration, registration and management of video hardware, and platform flexibility and quality.



Recognized by Frost & Sullivan as a Leader in Healthcare Enablement

In Q4, Pexip was awarded the 2021 Australia Video Conferencing Services in Healthcare Competitive Strategy Leadership by global research and consulting firm, Frost & Sullivan, for enhancing healthcare services for 13 million Australian residents.

The need to provide increased access and continuity of care in a physically distanced world has never been more profound. Security of information, interoperability and ease of use are essential requirements for video conferencing solutions in the healthcare space. Pexip Health allows patients – regardless of the device or platform they use - to join virtual clinics with a single click, delivering healthcare services from the hospital to the home. Healthcare organizations able to launch the virtual telehealth solution from any web browser, thus eliminating the need to invest in costly video conferencing devices. The one-click meeting capability for web browsers allows healthcare providers to improve the accessibility and delivery of healthcare services

to patients, including those residing in hard-to-reach locations far away from physical clinics. In addition, the Pexip platform helps patients save on travel time and costs to healthcare facilities. NSW Health, Queensland Health and Telehealth Tasmania are all examples of organizations utilizing Pexip video technologies.

This type of video enablement solution is a key strategic focus for Pexip and is a rapidly growing market.



Pexip recognized as 2021 Competitive Strategy Leader in the Australia Video Conferencing Services in Healthcare industry

Q4 Organizational Changes and Continued Growth

Øystein Hem, CFO, continued to lead the Company as Interim CEO during Q4 2021. On February 7, 2022, Pexip announced the appointment of Trond K. Johannessen as CEO, following an extensive international search process. He will join Pexip in May 2022. Øystein Hem will continue to lead the Company until Mr. Johannessen assumes the role as CEO and will thereafter continue with Pexip as CFO.

Following the announcement of the Skedify acquisition in November, Pexip has put in place an integration plan to ensure that the Skedify team is fully integrated into Pexip.

Pexip continued to expand its team in Q4 to fulfil its long-term growth ambitions. By the end of Q4, the Company had 535 employees. The employee turnover ratio for full time employees in the period December 2020 to December 2021 has remained stable at 10.5%.



Financial review

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

Income statement Q4 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 265.9 million in Q4 2021 (NOK 229.0 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. Europe, Middle-East and Africa (EMEA) was the largest sales theatre, accounting for NOK 153.3 million (NOK 131.2 million) representing 58% of group revenue in Q4 (57%), followed by Americas, accounting for NOK 95.5 million (NOK 72.3 million) representing 36% (32%), and Asia-Pacific (APAC), accounting for NOK 17.1 million (NOK 25.6 million) representing 6% (11%).

Pexip self-hosted software was the largest revenue area in Q4 2021 with NOK 176.7 million (NOK 159.2 million). Revenue from Pexip as-a-Service was NOK 89.2 million in Q4 2021 (NOK 69.9 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 18.3 million in Q4 2021 (NOK 16.5 million), reflecting a gross margin of 93% (93%). 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 Q4 we have started to see cost savings effects in line with expectations as the transformation period is coming to an end. Going forward this development is expected to continue, 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 158.2 million in Q4 2021 (NOK 130.7 million), which is 60% of the quarterly revenue (57%). The increase in the total level of salary and personnel expenses is mainly due to high growth in number of employees over the last twelve months, in line with Pexip's growth strategy. The growth in salary and personnel expenses in Q4 is offset by a reversal of employer tax cost on stock options due to reduction in share price in Q4, in addition to increased capitalization of R&D projects and some accrual effects on commissions. In Q4 2021 the cost related to employee options and related employer tax costs was NOK 1.1 million compared to NOK 2.9 million in Q3 2021 and NOK 1.7 million in Q4 2020, due to the fluctuation in the Pexip share price. Pexip had 537 employees at the end of Q4 2021 (361 at the end of Q4 2020).

Other operating expenses amounted to NOK 79.4 million (NOK 32.3 million), which reflects a level at 30% of revenue (14%). The increase from the same period last year is mainly due to Pexip's growth strategy and increased activity. In Q4 there has also been several spikes in activity related to sales and marketing activities and events, implementation projects by external providers and cost related to Skedify and Kinly portfolio acquisitions. We expect that other operating expenses going forward will be in line with quarter average for 2021 adjusted for normal growth.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to positive NOK 9.9 million in Q4 2021 (positive NOK 49.5 million), reflecting a positive 4% EBITDA margin (positive 22% EBITDA margin). The development in the EBITDA margin is better than expected and we expect to continue our move towards profitability during 2022.

Depreciation and amortization were NOK 20.5 million in Q4 2021 (NOK 14.7 million). There are still some accounting details from the Skedify acquisition to be clarified around allocation between goodwill and technology assets. In line with purchase price allocation accounting standards there is potential for a limited and immaterial effect in increased depreciation in Q4 from this. This has no EBITDA or cash effect and we expect this to be finalized in the annual report.

Net financial income was NOK 0.2 million (net expense of NOK 65.5 million).

Profit before tax was negative NOK 10.4 million for Q4 2021 (negative NOK 30.7 million). Profit after tax was negative NOK 33.1 million (negative NOK 27.5 million).

Full year

Consolidated revenue was NOK 805.5 million for FY 2021 (NOK 678.5 million). The increase of 19% was driven by growth in revenue both from Pexip as-a-Service and self-hosted software. Europe, Middle-East and Africa (EMEA) was the largest sales theatre for FY 2021, accounting for NOK 439.1 million (NOK 378.6 million) representing 55% of group revenue in the period (56%), followed by Americas, accounting for NOK 299.9 million (NOK 234.5 million) representing 37% (35%), and Asia-Pacific (APAC), accounting for NOK 66.4 million (NOK 65.5 million) representing 8% (10%).

Cost of sale amounted to NOK 76.9 million for FY 2021 (NOK 42.6 million), reflecting a gross margin of 90% (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. In Q4 we have started to see cost savings effects in line with expectations

as the transformation period is coming to an end. Going forward this development is expected to continue, 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 634.4 million for FY 2021 (NOK 400.5 million), which is 79% of revenue in the period (59%). 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 218.6 million (NOK 180.0 million) for FY 2021, which reflects 27% of revenue (27%). 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 124.3 million for FY 2021 (positive NOK 55.6 million), reflecting a negative 15% EBITDA margin (positive 8%). The development in the EBITDA margin is better than expected in the guidance previously given between negative 25-35% for 2021 and 2022.

Depreciation and amortization costs were NOK 73.7 million for FY 2021 (NOK 47.3 million).

Net financial income was NOK 2.8 million (net expense of NOK 110.3 million).

Profit before tax was negative NOK 195.2 for FY 2021 (negative NOK 102.0 million). Profit after tax was negative NOK 157.3 million (negative NOK 89.0 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 2,376 million (NOK 2,436 million at the end of Q4 2020), and total equity amounted to NOK 1,908 million (NOK 2,022 million at the end of Q4 2020).

Current assets amounted to NOK 1,067 (NOK 1,321 million at the end of Q4 2020). Trade and other receivables increased to NOK 218 million (NOK 193 million at the end of Q4 2020). Cash and

cash equivalents decreased to NOK 804 million (NOK 1,101 million at the end of Q4 2020).

Non-current assets increased to NOK 1,309 million (NOK 1,114 million at the end of Q4 2020).

Contract costs increased to NOK 263 million (NOK 211 million at the end of Q4 2020).

Total liabilities were at NOK 467 million (NOK 413 million at the end of Q4 2020). Of this, NOK 6 million are borrowings (NOK 9 million at the end of Q4 2020).

Current liabilities increased to NOK 374 million (NOK 327 million at the end of Q4 2020).

Non-current liabilities increased to NOK 94 million (NOK 87 million at the end of Q4 2020).

Cash flow Q4 2021

Cash flow from operating activities was negative NOK 43.6 million for Q4 2021 (positive NOK 35.6 million for Q4 2020). The negative cash flow reflects the investments the Company is making into strengthening its growth capacity. The change from Q4 2020 is mainly due to timing effects on receivables and payables.

Cash flow from investing activities was negative NOK 44.4 million in Q4 2021 (negative NOK 39.1 million in Q4 2020). The decrease in cash flow from investing activities is related to payment to software development.

Cash flow from financing activities was negative NOK 31.1 million for Q4 2021 (negative NOK 3.1 million for Q4 2020).

In total, Pexip had a negative cash flow of NOK 119.1 million in Q4 2021 (negative NOK 6.6 million in Q4 2020).

Subsequent events

On February 7, 2022, Pexip announced the appointment of Trond K. Johannessen as CEO, following an extensive international search process. He will join Pexip in May 2022. Øystein Hem will continue to lead the Company until Mr. Johannessen assumes the role as CEO and will thereafter continue with Pexip as CFO.

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 market for enterprise-grade video communication will increase due to the explosive adoption and usage of video communication following Covid-19, and increased awareness of sustainability. 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. In the short term, renewed Covid-19 restrictions will cause limited use of offices and delays in roll-out of new video rooms. In addition, Pexip's customers have experienced delays in video hardware deliveries due to chip shortages.

To accelerate growth Pexip has invested in increasing the Company's sales and marketing presence as well as R&D capabilities since the IPO. During 2022 Pexip expect ARR growth to again overtake growth in employees and cost. This will support returning to a positive EBITDA during 2023. In the mid-term, the Company expects above 25% EBITDA-rate in 2025 together with revenue growth above 25%. The key enabler for all these initiatives is the robust strengthening of the Pexip team during 2020 and 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, February 10, 2022

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 Jenssen
Board Member



Øystein Hem
CFO and Interim CEO

Consolidated statement of profit or loss

(NOK 1.000)	Forth Quarter		FY	
	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	265 862	229 046	805 518	678 513
Cost of sale	18 268	16 545	76 940	42 583
Salary and personnel expenses	158 218	130 741	634 422	400 483
Other operating expenses	79 429	32 341	218 615	179 960
Other gains (losses)	7	-126	-161	-141
EBITDA	9 939	49 545	-124 297	55 628
Depreciation and amortization	20 528	14 707	73 726	47 330
Operating profit or loss	-10 589	34 838	-198 023	8 298
Financial income	464	-23 800	517	68 286
Financial expenses	-54	-41 708	-4 638	-178 562
Net gain and loss on foreign exchange differences	-190		6 897	
Financial income/(expenses) - net	220	-65 508	2 776	-110 276
Profit or loss before income tax	-10 369	-30 670	-195 247	-101 978
Income tax expense	22 694	-3 124	-37 923	-12 968
Profit or loss for the year	-33 063	-27 546	-157 324	-89 010
Profit or loss is attributable to:				
Owners of Pexip Holding ASA	-33 063	-27 546	-157 324	-89 010
Earnings per share				
Basic earnings per share	-0,32	-0,27	-1,53	-0,95
Diluted earnings per share	-0,32	-0,27	-1,53	-0,95

Consolidated statement of comprehensive income

(NOK 1.000)	Forth Quarter		Year	
	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit or loss for the year	-33 063	-27 546	-157 324	-89 010
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations	468	-5 435	2 988	-5 464
Total comprehensive income for the year	-32 595	-32 981	-154 336	-94 473
Total comprehensive income is attributable to:				
Owners of Pexip Holding ASA	-32 595	-32 981	-154 336	-94 473

Consolidated statement of financial position

(NOK 1.000)	12/31/2021	12/31/2020
ASSETS		
Non-current assets		
Property, plant and equipment	36 033	25 177
Right-of-use assets	91 399	87 765
Goodwill	645 720	598 998
Other intangible assets	155 199	133 709
Deferred tax asset	109 096	54 615
Contract costs	262 721	211 077
Receivables	6 859	2 919
Other assets	1 522	
Total non-current assets	1 308 549	1 114 261
Current assets		
Trade and other receivables	217 875	192 916
Contract assets	17 431	9 069
Other current assets	27 913	18 680
Cash and cash equivalents	803 852	1 100 656
Total current assets	1 067 071	1 321 322
TOTAL ASSETS	2 375 620	2 435 582

(NOK 1.000)	12/31/2021	12/31/2020
EQUITY AND LIABILITIES		
Equity		
Share capital	1 553	1 523
Share premium	2 115 938	2 027 206
Paid in equity	100 776	100 776
Other equity	-310 077	-107 380
Total equity	1 908 191	2 022 125
Non-current liabilities		
Borrowings	4 000	6 000
Lease liabilities	74 804	78 220
Deferred tax liabilities	12 338	
Other payables	2 703	2 622
Total non-current liabilities	93 845	86 842
Current liabilities		
Trade and other payables	138 586	154 595
Contract liabilities	202 302	155 180
Current tax liabilities	3 935	209
Borrowings	2 000	2 500
Lease liabilities	26 762	14 130
Total current liabilities	373 584	326 614
Total liabilities	467 430	413 456
TOTAL EQUITY AND LIABILITIES	2 375 620	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					-157 323	-157 323
Other comprehensive income for the year				2 988		2 988
Total comprehensive income for the year				2 988	-157 323	-154 335
Capital increase/share issue	43	88 732			255	89 030
By/sell treasury share	-13	-78 981				-78 994
Share-based payments					30 365	30 365
Balance at 31 December 2021	1 554	2 036 957	100 776	-3 553	-227 542	1 908 191

Consolidated statement of cash flows

(NOK 1.000)	Fourth quarter		FY	
	Q4 12/31/2021	Q4 12/31/2020	FY 12/31/2021	FY 12/31/2020
Cash flow from operating activities				
Profit or loss before income tax	-10 368	-30 670	-195 246	-101 977
<i>Adjustments for</i>				
Depreciation, amortization and net impairment losses	20 528	14 707	73 726	47 330
Non-cash - share based payments	6 379	7 126	30 365	23 887
Fair value adjustment to derivatives				23 992
Interest income/expenses - net	-58	-632	3 710	1 801
Net exchange differences	-2 470	46 305	-2 962	66 233
Other adjustment	-161		-161	43 155
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-102 367	-84 100	-89 566	-230 526
Change in trade, other payables and contract liabilities	45 918	87 222	26 701	201 791
Interest received	26	91	41	119
Income taxes paid/refunded	-1 001	-4 458	-1 001	-4 458
Net cash inflow/outflow from operating activities	-43 574	35 592	-154 394	71 347
Cash flow from investing activities				
Payment for property, plant and equipment	-13 250	-27 925	-35 324	-40 094
Payment of software development cost	-15 058	-11 161	-48 308	-33 661
Payment for acquisition of subsidiary, net of cash acquired	-16 089		-16 089	
Net cash inflow/outflow from investing activities	-44 397	-39 086	-99 721	-73 754
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	5 711		94 486	1 209 873
Repayment of borrowings	-32 845	-625	-34 720	-2 500
Principal element of lease payments	-4 187	-1 507	-13 688	-9 269
Interest paid	31	-984	-3 751	-1 920
Transaction cost IPO				-97 020
Sale/(purchase) of treasury shares	182		-87 995	
Net cash inflow/outflow from financing activities	-31 108	-3 116	-45 668	1 099 163
Net increase/(decrease) in cash and cash equivalents	-119 079	-6 610	-299 784	1 096 756
Cash and cash equivalents start of the period	923 015	1 159 297	1 100 656	1 100 657
Effects of exchange rate changes on cash and cash equivalents	-84	-52 031	2 979	-71 613
Cash and cash equivalents end of the period	803 852	1 100 657	803 852	2 125 800

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, 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 December 31, 2021, authorised for issue by the board of directors on February 10, 2022.

The condensed interim financial statements are unaudited.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months period ending on December 31, 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.

Fourth quarter 2021

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	54 504	27 990	6 697	89 191
Self-hosted software	98 766	67 535	10 370	176 671
Total revenue	153 270	95 525	17 067	265 862

Fourth quarter 2020

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	41 271	24 476	4 105	69 852
Self-hosted software	89 925	47 824	21 445	159 194
Total revenue	131 196	72 300	25 550	229 046

Full year 2021	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	193 768	99 019	21 771	314 558
Self-hosted software	245 380	200 915	44 665	490 960
Total revenue	439 148	299 934	66 436	805 518

Full year 2020	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	127 326	71 637	13 769	212 732
Self-hosted software	251 241	162 855	51 685	465 781
Total revenue	378 567	234 492	65 454	678 513

Fourth quarter

Timing of revenue recognition	2021	2020
Products and services transferred at a point in time	153 140	149 380
Products and services transferred over time	112 722	79 666
Total revenue	265 862	229 046

Full year

Timing of revenue recognition	2021	2020
Products and services transferred at a point in time	394 559	392 941
Products and services transferred over time	410 959	285 572
Total revenue	805 518	678 513

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 Q4 2021 the 5 largest represent approximately 19% (37% in Q4 2020) of total revenue, while the 10 largest represent 28% (51% in Q4 2020). Of the Group's total channel partner base per Q4 2021, the five largest represent approximately 21% of total revenue (28% per Q4 2020), and the ten largest represent approximately 30% (42% per Q4 2020).

Non-current assets

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

	31/12/2021	31/12/2020
Norway	302 848	316 350
Europe (other than Norway)	113 990	56 858
Americas	108 085	81 342
APAC	20 429	5 426
Total non-current operating assets	545 352	459 976

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

Note 4 - Business Combinations

Acquisition of Skedify

On November 8, 2021, the Company acquired a 100% equity interest in Skedify NV for total consideration of NOK 29,44 million. The transaction resulted in the Company obtaining control of Skedify.

Pexip acquired Skedify to accelerate the delivery of video-enabled business-to-consumer applications.

The Company accounts for acquisitions of subsidiaries using the acquisition method of accounting, including those acquisitions under common control and having commercial substance. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date. Pexip has engaged an independent valuer to determine the fair values of the assets and liabilities of Skedify as part of the purchase price allocation. Although IFRS 3 (section 45 “measurement period”) allows undertaking the fair value measurement within one year from the date of acquisition, the Company engaged itself with an independent valuer to undertake the fair value assessment to include Goodwill purchase price allocation into the 2021 Annual Report.

The fair values of the identifiable assets and liabilities and purchase price allocation are expected to be reported as part of the 2021 Annual Report.

Skedify net identifiable assets and liabilities at acquisition are as follows:

Skedify net identifiable assets

(NOK 1.000)

Total assets acquired*	29.402
Total liabilities assumed at acquisition	46.683
Net assets	-17.281
*Including Intangible assets	22.926
*Including trade and other receivables	2.924
Goodwill	46,722
Purchase consideration in the form of cash	23,351
Purchase consideration in the form of shares	3,471
Purchase consideration in the form of receivable/payable settlements	2,619

Purchase consideration in the form of cash included 15.64 million cash payments, NOK 5.07 million as debt cancellation to previous shareholders and NOK 2.64 million as a pre-acquisition bridge loan to Skedify. The provisional goodwill of NOK 46.72 million has been recognized for Q4 2021 reporting.

We expect goodwill to include synergies from the transaction, representing the value chain capture through Skedify technology integration, marketing, sales, future customer relationships, and intangibles such as the acquired workforce. Goodwill has been provisionally allocated to Pexip, which is expected to benefit from the synergies of the acquisition. Acquisition and transaction costs were expensed as general expenses in the Consolidated Statement of Income Statement. Skedify contributed revenues of NOK 1.82 million and a net loss of NOK 3.17 million to Pexip for the period from November 8, 2021, to December 31, 2021. If the acquisition had occurred on January 1, 2021, management estimates that consolidated Pro-forma revenue and net loss for the year ended December 31 would have been NOK 9.59 million and 22.4 million, respectively.

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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