

# Quarterly Report



Q4 2020

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# Q4 in brief

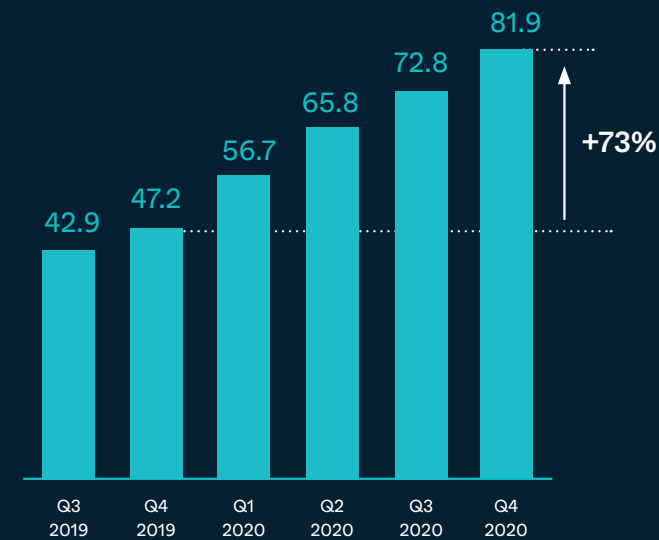
## Strong topline growth

- NOK 679 million in revenue for 2020, +83% compared to 2019
- Strong revenue growth across all geographies
- Continued strong ARR growth with USD 9.1 million in Q4
- EBITDA of NOK 50 million (22% EBITDA margin) for Q4 2020

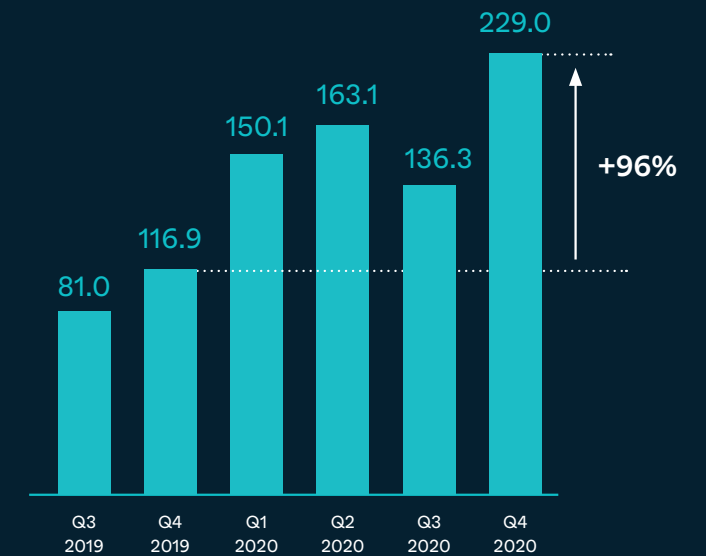
## Executing on the acceleration plan

- Launched Pexip Private Cloud and announced launch of Pexip Room through strategic partnership with Logitech in January
- Continue to build sales and R&D capacity - reached 361 employees at the end of Q4 2020
- Solid cash position to invest in further growth

Annual recurring revenue  
USD millions



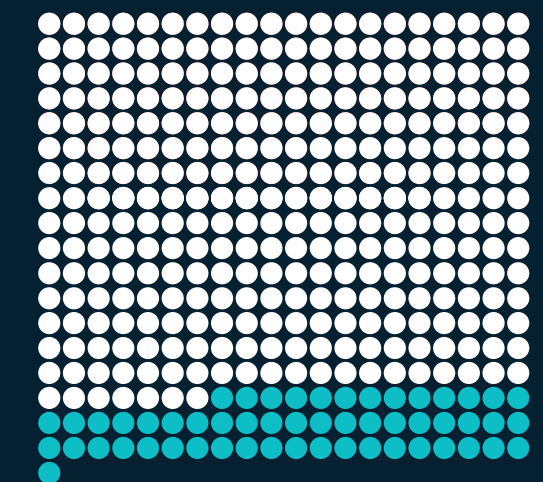
Quarterly revenue  
NOK millions



Quarterly adjusted EBITDA  
NOK millions



Number of employees



54 Net new employees (361 total)

# Operational review

Pexip continued its strong performance in the fourth quarter of 2020, delivering a year-on-year growth in Annual Recurring Revenue (ARR) of 73%. With this, Pexip grew ARR to USD 81.9 million in Q4 2020, up from USD 47.2 million in Q4 2019. The Company enjoyed several key customer wins including the United States Government Defense Health Agency (US DHA) and The German Aerospace Center

(Deutsches Zentrum für Luft- und Raumfahrt - DLR). On innovation, the launch of the Pexip Private Cloud, a unique offering in the video conferencing market, was well received by customers, partners and industry analysts. It provides customers with unparalleled flexibility in a deployment option that combines the control and privacy of a self-hosted software with the ease and scalability of a shared cloud service.

## Technology Innovation Supports both IT Admin and User Experience Needs

In Q4, Pexip continued to deliver on its vision to make virtual meetings better than in-person meetings with product launches

that support both the needs of company IT administrators and video conferencing users.

***“Pexip’s roadmap and product developments are impressive. With recent announcements, Pexip has established a strong market differentiation for secure, flexible end-to-end video conferencing”***

Roopam Jain, Senior Director - Information & Communications Technologies, Frost & Sullivan

### The Pexip Private Cloud

Designed to help IT administrators facilitate their company’s migration to the cloud while supporting robust security levels required by large organizations

The launch of the Pexip Private Cloud introduced a new deployment option for customers, providing them with the ease and scalability of a shared cloud service with the control, security and privacy of a self-hosted software, features that are mission critical to industries with strict regulatory compliance including finance, healthcare and government services. The

increased volumes of remote working as a result of the Covid-19 pandemic continues to put a stress on large organizations’ traditional infrastructure. At the same time, customers are looking for the possibility to expand their video conferencing services the same day, not weeks down the road. The Pexip Private Cloud bridges the self-hosted/ cloud service trade-off by allowing organizations to easily add capacity in a location or extend locations from the moment it is set up from their dashboards.

## Customer trials have shown the Pexip Private Cloud can speed up time-to-deployment by a factor of 10X and reduce managed IT overheads by an estimated 60-80%

***“We recognized a growing need with customers for control over their data without the headache and lead time of expanding and managing servers and compute capacity. The Pexip Private Cloud option fills the void, allowing customers to focus on growth instead of infrastructure and compute management, and supporting them on their cloud migration journey. At the same time, it expands Pexip’s potential to target new customer segments and use cases”***

Odd Sverre Østlie, CEO Pexip



Pexip Room

Designed to support organizations that are facilitating a hybrid workforce where multiple solutions are being used to connect employees in offices and home offices around the globe. Pexip Room is a software application to be run on meeting room devices, which will deliver a seamless end-to-end meeting experience, improving usability and simplifying the job of the IT admin. This solution expands the existing offering of meeting room cloud services for video devices from amongst others Cisco and Polycom.

Pexip has partnered with Logitech® for its roll out of the Pexip Room, announced on 14 January 2020. Pexip natively integrates with Logitech’s new Rally family of devices of all-in-one video bars and modular

conference camera systems.  
User benefits include:

- All users can connect, no matter the location or device. Users can enjoy the same immersive, high-quality video meetings from their mobile, laptop or meeting room
- Stress-free joining of any type of meeting supported by Pexip interop with the click of a button, thanks to One-Touch Join
- Integrations with users’ existing calendar tools and meeting preview makes keeping track of meetings easy
- Private, secure meetings without having to enter a pin number or remembering to lock the room



*“We are thrilled to partner with Logitech to bring the Pexip meeting room experience to market. With its new Rally devices, Logitech has created integrated, compact, smart, high-quality video room hardware that enables us, for the first time ever, to bring our AI and video stack to meeting rooms of all sizes for a fully native Pexip experience. Logitech’s design and engineering philosophy is a perfect complement to Pexip’s, and together, we’re excited to help teams collaborate smarter, whether working from the office or at home”*

Giles Chamberlin, CTO and Co-founder Pexip

Key Wins Demonstrate Pexip’s Ability to Meet the Complex Requirements of Large Organizations

Pexip enjoyed key wins in Q4 within both the enterprise segment and in the public sector. This enabled Pexip to grow its subscription base measured in ARR to USD 81.9 million in Q4 2020, 73% up from USD 47.2 million in Q4 2019. The Company experienced an increase in ARR of USD 9.1 million during Q4 2020, compared with USD 4.4 million in Q4 2019.

Net revenue retention rate, showing the percent of retained revenue from existing customers, was 114% year-on-year, including churn of -10% year-on-year. Net new sales accounted for 59 p.p. of the year on-year growth, or USD 28 million over the last twelve months. ARR from Infinity, Pexip’s software platform, grew 55% year-on-year, and ARR from Pexip’s Cloud Service grew 108% year-on-year.

Q4 customer wins include:

The United States Government Defense Health Agency (US DHA)

Building further on an existing relationship, Pexip was awarded an additional contract with the United States Government Defense Health Agency (US DHA) taking the account to approximately USD 2 million in annual recurring revenue to Pexip. The contract is an enterprise-wide license agreement for Pexip’s Infinity software platform and will enable US DHA to provide virtual healthcare visits to all active-duty members. The contract was signed through the systems integrator Leidos, a Fortune 500 technology provider with 38,000 employees.



### The German Aerospace Center (Deutsches Zentrum für Luft- und Raumfahrt - DLR)

The DLR has chosen Pexip's Infinity software platform as their strategic video conferencing solution. The product's licensing has been set up in a first installment for the duration of the coming five years. The DLR is the Federal Republic of Germany's research center for aeronautics, space, energy, transport, security and digitalisation with about 10,000 employees. This contract will help strengthen Pexip's brand awareness in the public sector in Germany. The contract value is confidential.



### The US Coast Guard

The US Coast Guard chose Pexip Infinity to be part of their "Care Anywhere" platform deployed in AWS GovCloud. This is a clinical application that will help USCG personnel and dependents connect with their 200+ healthcare providers throughout the country. Pexip was chosen for security, scalability and ability to customize using the API.



### Multi-national, European industrial manufacturer

The customer chose Pexip's cloud service offering to manage their meeting room devices and to enable interoperability with their Google Meet platform. Pexip was chosen due to its unique capability to enable interoperability between standards-based devices and Google Meet, as well as its video system enablement software. customize using the API.

## Continued Organizational Growth

A key enabler to deliver on Pexip's long term ambitions is growing the team. By the end of Q4, the Company had 361 employees. Sales and Marketing account for 197 of these employees, up from 96 at the end of Q4 2019, reflecting the strong focus on increasing sales capacity for the years to come. Pexip is also continuing to add software engineers to deliver on its product roadmap, as well as strengthening corporate functions within HR, Accounting and Operations.

Building and strengthening the company culture as defined by the Pexip Way remains a top priority, as well as training and

enablement for employees and partners. The Company started 2021 with a global virtual kick-off highlighting corporate culture, strategy and goals as well as addressing sales and product training. The employee turnover ratio for full time employees in the period December 2019 to December 2020 was 10.3%, which is an average of 0.8% per month. Since the beginning of the pandemic, no employees have been on temporary leave due to the Covid-19 pandemic.

# Financial review

## Quarterly highlights

(NOK 1.000)	Q4 2020	Q4 2019	FY 2020	YTD 2019
Operating revenue	229 046	116 915	678 513	369 954
Gross Margin	212 501	112 506	635 930	351 175
EBITDA	49 545	31 990	55 629	76 330
Adjusted EBITDA*	49 545	31 990	103 397	76 330
EBIT (Operating Profit)	34 838	21 584	8 299	31 860
Cash flow from operating activities	35 592	29 915	71 347	57 480
Cash and cash equivalents end of period	1 100 657	75 515	1 100 657	75 515
Gross margin (%)	93%	96%	94%	95%
EBITDA (%)	22%	27%	8%	21%
Adjusted EBITDA (%)	22%	27%	15%	21%

\*Adjusted EBITDA YTD 2020 is adjusted for IPT transaction cost of NOK 47.8 million

Pexip's (Pexip or the Group) consolidated revenue was NOK 229.0 million in Q4 2020, compared to NOK 116.9 million in Q4 2019. The increase of 96 % was mainly driven by higher revenue from Pexip's Infinity software platform to new customers, but also by a strong growth in revenue from the cloud solution. Although Pexip's strategy is to invest heavily in further revenue growth near-term, strong sales in the quarter resulted in solid profitability with an EBITDA of NOK 49.5 million (22 % EBITDA margin), up from NOK 32.0 million (27 % of revenue) in Q4 2019. For the full year (FY) of 2020, Pexip's revenue was NOK 678.5 million, up 83% from NOK 370.0 million in FY 2019. EBITDA for FY 2020 was NOK 55.6 million and EBITDA adjusted for IPO transaction costs was NOK 103.4 million, compared to NOK 76.3 million in FY 2019.

Pexip's Infinity software platform was the largest revenue area in Q4 2020 with NOK 159.2 million, up from NOK 89.6 million in Q4 2019. Revenue from Pexip's cloud service was NOK 69.9 million in Q4 2020, up from NOK 27.3 million in Q4 2019. The market, where Pexip focuses on the large enterprise and public sector segments, continues to show increased demand for video communication services. In particular, we see a high customer focus on security and adaptation to a hybrid working future with more video usage as organizations return to the office. Europe, Middle-East and Africa (EMEA) continues to be the largest sales theatre, accounting for NOK 131.2 million (57 % of total) of group revenue in Q4, followed by Americas, accounting for NOK 72.3 million (32 % of total) and Asia-Pacific (APAC), accounting for NOK 25.6 million (11 % of total).

Cost of sale amounted to NOK 16.5 million in Q4 2020, up from NOK 4.4 million in Q4 2019. The resulting gross margin was 93 % in Q4 2020, compared to 96 % in Q4 2019. Cost of sale increased in the quarter due to higher hosting and network cost related to higher usage of Pexip's cloud service offering.

Salary and personnel expenses amounted to NOK 130.7 million in Q4 2020 (57 % of revenue), compared to NOK 59.2 million in Q4 2019 (51 % of revenue). The increase is mainly due to high growth in employees in 2020, in line with Pexip's growth strategy. The somewhat lower growth in salary and personnel expenses from Q3 to Q4 is due to a reversal of a provision for employer tax costs on employee options. This is due to the lower share price as of 31 December 2020 compared to 30 September 2020 and reduces employee benefit expenses with about NOK 10 million. With the development in share price after the reporting date, this provision is expected to be reversed in Q1 2021. Pexip had 361 employees at the end of Q4 2020, up from 182 at the end of Q4 2019 and 307 at the end of Q3 2020.

Other Operating Expenses amounted to NOK 32.3 million (14 % of revenue) in Q4 2020, compared to NOK 21.4 million in Q4 2019 (18 % of revenue). The increase is mainly due to growth in operating cost in line with overall activity growth in the business, as well as investments in marketing to raise the awareness of the Pexip brand. Compared to 2019, costs related to travel are lower due to Covid-19 effects on travel.



Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to NOK 49.5 million in Q4 2020 (22 % margin), compared to NOK 32.0 million in Q4 2019 (27 % margin).

Pexip had depreciation and amortization costs of NOK 14.7 million in Q4 2020, compared to NOK 10.4 million in Q4 2019. Net financial expenses was negative NOK 65.5 million, compared to negative NOK 15.2 million in Q4 2019. Net financial expenses in Q4 2020 were mainly related to currency exchange losses.

Profit before tax was negative NOK 30.7 million for Q4 2020, compared to positive NOK 6.4 million in Q4 2019. Profit after tax was negative NOK 27.5 million in Q4 2020, compared to positive NOK 5.4 million in Q4 2019.

## Full year

Total revenue for FY 2020 was NOK 678.5 million, compared to NOK 370.0 million for FY 2019, representing an 83 % growth resulting from strong sales to new and existing customers during 2020. Revenue in EMEA was NOK 378.6 million in FY 2020, compared to NOK 189.3 million for FY 2019, with revenue in Americas increasing to NOK 234.5 million for FY 2020 from NOK 124.1 million in FY 2019. Revenue from APAC increased to NOK 65.5 million for 2020, up from NOK 56.5 million for FY 2019.

Growth has been strong across Pexip's two main product lines. Revenue from the Infinity software platform was NOK 465.8 million for FY 2020, up 74 % from NOK 268.2 million for FY 2019. Revenues from Cloud services was NOK 212.7 million for FY 2020, up 109 % from NOK 101.7 million for FY 2019.

Gross margin was 94 % for FY 2020 with cost of sale amounting to NOK 42.6 million, up from NOK 18.8 million for FY 2019 and a gross margin of 95 %. The increase in cost of sale is in full related to increased sales and usage of Pexip's products, and in

particular the cloud service offering which has somewhat higher cost of sales.

Salary and personnel expenses for FY 2020 was NOK 400.5 million, compared to NOK 190.2 million for FY 2019, a 111% increase. This is due to a 99 % increase in employees to increase capacity in both R&D and sales to accelerate growth, with a large portion of experienced hires. Other operating expenses for FY 2020 was NOK 180.0 million, compared to NOK 84.6 million for FY 2019 giving an 113 % increase. Of this, NOK 47.8 million was IPO transaction costs. The remaining increase is mainly due to a strong growth and higher activity in the company.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to NOK 55.6 million for FY 2020 (8% EBITDA margin), compared to NOK 76.3 million for FY 2019 (21 % margin). Adjusted for transaction costs of NOK 47.8 million related to the IPO in Q1 and Q2, the EBITDA amounts to NOK 103.4 million for FY 2020 (15% margin).

Pexip had depreciation and amortization costs of NOK 47.3 million for FY 2020, compared to NOK 44.5 million for FY 2019. Financial income was NOK 68.3 million for FY 2020, compared to NOK 14.9 million for FY 2019. Financial expenses amounted to NOK 178.6 million for FY 2020, compared to NOK 30.1 million for FY 2019. Financial income and expenses were mainly related to currency exchange gains and losses. For financial expenses, NOK 24.0 million was related to realization of outstanding options on Pexip's own shares at fair value as part of the IPO. These options were settled in equity as part of the IPO transaction.

Profit before tax was negative NOK 102.0 million for FY 2020, compared to positive NOK 16.7 million for FY 2019. Profit after tax was negative NOK 89.0 million for FY 2020, compared to positive NOK 12.2 million for FY 2019.

## Financial Position

Pexip's total assets at the end of Q4 2020 was NOK 2,440.6 million, up from NOK 1,070.1 million at the end of Q4 2019.

Current assets amounted to NOK 1,326.4 million, compared to NOK 206.2 million at the end of Q4 2019. Cash and cash equivalents amounted to NOK 1,100.7 million, up from NOK 75.5 million at the end of Q4 2019, mainly as a result of the capital raise in May 2020. Cash and cash equivalents are held in a range of currencies matching the distribution of cash outflows to minimize currency risk.

Trade and other receivables increased to NOK 192.9 million at the end of Q4 2020 from NOK 105.6 million at the end of Q4 2019. The increase is due to high sales in 2020, and particularly in Q4. Contract assets declined to NOK 9.1 million at the end of Q4 2020 from NOK 14.0 million at the end of Q4 2019 as previously non-invoiced revenue was invoiced. Other current assets increased to NOK 23.7 million at the end of Q4 2020 from NOK 11.1 million at the end of Q4 2019.

Non-current assets amounted to NOK 1,114.3 million at the end of Q4 2020, up from NOK 863.9 million at the end of Q4 2019. This is mainly explained by the increase in contract costs to NOK 211.1 million at the end of Q4 2020 from NOK 74.2 million at the end of Q4 2019, and an increase in Other intangible assets to NOK 133.7 million at the end of Q4 2020 from NOK 101.8 million at the end of Q4 2019. The increase in Contract costs is related to growth in paid and periodized commissions in line with strong growth in sales staff and activity in 2020, and the increase in Other intangible assets is mostly related to the purchase price of acquired customer contracts. Property, plant and equipment increased to NOK 25.2 million at the end of Q4 2020 from NOK 7.2 million at the end of Q4 2019, and right of use assets increased to NOK 87.8 million in Q4 2020 from NOK 52.4 million at the end of Q4 2019 due to increase in offices leased. Deferred tax assets increased to NOK 54.6 million at the end of Q4 2020 from NOK 27.6 million at

the end of Q4 2019. Other items saw small changes over the period.

Pexip had total liabilities of NOK 418.5 million at the end of Q4 2020, compared to NOK 246.0 million at the end of Q4 2019.

Current liabilities amounted to NOK 343.6 million at the end of Q4 2020, compared to NOK 192.0 million at the end of Q4 2019. Trade and other payables increased to NOK 159.0 million at the end of Q4 2020 from NOK 51.1 million at the end of Q4 2019. Contract liabilities increased to NOK 155.2 million at the end of Q4 2020, compared to NOK 47.9 million at the end of Q4 2019 due to high increase in sales and deferred revenue. Lease liabilities increased to NOK 26.7 million at the end of Q4 2020, compared to NOK 10.0 million at the end of Q4 2019. The Derivative financial liabilities related to outstanding options on Pexip's own shares were settled as part of the IPO transaction, and is NOK 0 million at the end of Q4 2020, compared to NOK 76.8 million at the end of Q4 2019. Other items saw small changes over the period.

Non-current liabilities amounted to NOK 74.9 million at the end of Q4 2020, compared to NOK 54.0 million at the end of Q4 2019. Lease liabilities amounted to NOK 65.7 million at the end of Q4 2020, compared to NOK 45.5 million at the end of Q4 2019 mainly due to increase in offices rented. Non-current borrowings decreased to NOK 6.0 million at the end of Q4 2020, compared to NOK 8.5 million at the end of Q4 2019. Trade and other payables increased to NOK 3.3 million at the end of Q4 2020, compared to NOK 0 million at the end of 2019, which is related to long term payables of the purchased customer contracts in Q3 2020. This payable has been transferred from non-current to current liabilities from Q3 to Q4 2020.

Pexip had a total equity of NOK 2,022.1 million at the end of Q4 2020, compared to NOK 824.1 million at the end of 2019, mainly due to IPO and capital raise in May. The equity ratio was 83 % at the end of Q4 2020, compared to 77 % at the end of 2019.



## Cash flow

Pexip had a positive cash flow from operating activities of NOK 71.3 million for FY 2020, compared to NOK 57.5 million for FY 2019. The operating cash flow was impacted by non-cash transaction adjusting the profit before tax, mainly related to depreciations (NOK 47.3 million), share based payments (NOK 23.9 million), fair value adjustment of derivative (NOK 24.0 million) and net exchange differences (NOK 66.2 million). IPO transaction fee recognised in profit or loss (NOK 43.2 million) is classified as cash outflow in the financial activities and hence adjusted as other adjustments from the profit before tax. Change in operating assets and liabilities had a net change of negative NOK 28.7 million and impacting the cash flow from operating activities negatively.

Cash flow from investing activities was negative NOK 73.8 million in FY 2020, compared to negative NOK 35.1 million in FY 2019. The increase in cash out flow is related to higher payments for property, plant and equipment in YTD 2020 compared to YTD 2019, customer base acquisition announced July 2020 and investments in software development.

Cash flow from financing activities was NOK 1,099.2 million for FY 2020, compared to NOK -6.6 million for FY 2019. The increase in cash flow is mainly related to the listing on the Norwegian stock exchange 14th May 2020 with the issuance of new shares giving Pexip new funding of gross NOK 1,201.0 million. Further, transaction costs related to the issuance gives a cash out flow of NOK 97.0 million. Pexip also had a share issue related to vested employee options giving net proceeds of NOK 8.8 million in Q3 2020, giving Pexip net proceeds of NOK 1,112.9 million from share issues. The share capital of Pexip Holding ASA is 1,523,047.305, divided on 101,536,487 shares. Other effects are limited.

In total Pexip had a net increase in cash and cash equivalents of NOK 1,096.8 million for FY 2020, compared to a net increase of NOK 15.8 million for FY 2019. For FY 2020 Pexip had effects of exchange rate changes on NOK -71.6 million, taking the cash and cash equivalents to NOK 1,100.7 million at the end of 2020. equivalents to NOK 1,159.3 million at the end of Q3 2020.

## Outlook and events after end of Q4 2020

As part of the strategy to accelerate growth, Pexip executed a successful listing on the Oslo Stock Exchange on 14 May 2020 and raised net NOK 1.1 billion in capital for growth investments. To accelerate growth Pexip intends to invest the proceeds into increasing the company's sales and marketing presence as well as Research and Development capabilities. Pexip intends to deploy up to 70% of the net proceeds over the next 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%. As Pexip exits the investment period, we expect 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 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 during 2020. Many enterprises plan to adopt hybrid working models going forward, 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.

We believe Pexip is uniquely positioned to address the new customer needs, with our

technology's capabilities in providing a great meeting experience regardless of the device or platform in use. This is reflected in Pexip's long-term ambition to reach an Annual Recurring Revenue of USD 300 million by 2024.

There have not been any major events from 31 December 2020 to the publication of this report.

Oslo, 11 February 2021



**Michel Sagen**  
Chairman of the Board



**Odd Sverre Østlie**  
CEO



**Per Haug Kogstad**  
Board Member



**Irene Kristiansen**  
Board Member



**Marianne Wergeland Jensen**  
Board Member



**Kjell Skappel**  
Board Member

## Consolidated statement of profit and loss

		Fourth quarter		Year	
(NOK 1.000)		2020	2019	2020	2019
Revenue	3	229 046	116 915	678 513	369 954
Cost of sale		16 545	4 408	42 583	18 779
Salary and personnel expenses		130 741	59 151	400 483	190 234
Other operating expenses		32 341	21 365	179 960	84 611
Other gains and losses - net		-126	-	-141	-
EBITDA		49 545	31 990	55 629	76 330
Depreciation and amortization		14 707	10 405	47 330	44 470
<b>Operating profit or loss</b>		<b>34 838</b>	<b>21 584</b>	<b>8 299</b>	<b>31 860</b>
Financial income		9 296	6 949	68 286	14 897
Financial expenses		-74 804	-22 129	-178 562	-30 093
<b>Financial income/(expenses) - net</b>		<b>-65 508</b>	<b>-15 180</b>	<b>-110 276</b>	<b>-15 196</b>
<b>Profit or loss before income tax</b>		<b>-30 670</b>	<b>6 404</b>	<b>-101 977</b>	<b>16 664</b>
Income tax expense		-3 124	1 013	-12 968	4 427
<b>Profit or loss for the year</b>		<b>-27 546</b>	<b>5 391</b>	<b>-89 009</b>	<b>12 237</b>
<b>Profit or loss is attributable to:</b>					
Owners of Pexip Holding ASA		-27 546	5 391	-89 009	12 237
<b>Earnings per share</b>					
Basic earnings per share		-0,27	0,07	-0,95	0,15
Diluted earnings per share		-0,26	0,07	-0,92	0,15

## Consolidated statement of comprehensive income

		Fourth quarter		Year	
(NOK 1.000)		2020	2019	2020	2019
<b>Profit or loss for the year</b>		<b>-27 546</b>	<b>5 391</b>	<b>-89 009</b>	<b>12 237</b>
<i>Items that may be reclassified to profit or loss:</i>					
Exchange difference on translation of foreign operations		-5 435	203	-5 464	35
<b>Total comprehensive income for the year</b>		<b>-32 981</b>	<b>5 595</b>	<b>-94 473</b>	<b>12 272</b>
<b>Total comprehensive income is attributable to:</b>					
Owners of Pexip Holding ASA		-32 981	5 595	-94 473	12 272

**Consolidated statement of financial position**

(NOK 1.000)	31/12/2020	31/12/2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25 177	7 201
Right-of-use assets	87 765	52 419
Goodwill	598 998	598 998
Other intangible assets	133 709	101 783
Deferred tax asset	54 615	27 553
Contract costs	211 077	74 235
Receivable	2 919	1 715
<b>Total non-current assets</b>	<b>1 114 261</b>	<b>863 905</b>
<b>Current assets</b>		
Trade and other receivables	192 916	105 552
Contract assets	9 069	14 015
Other current assets	23 737	11 098
Cash and cash equivalents	1 100 656	75 515
<b>Total current assets</b>	<b>1 326 379</b>	<b>206 179</b>
<b>TOTAL ASSETS</b>	<b>2 440 639</b>	<b>1 070 085</b>

(NOK 1.000)	31/12/2020	31/12/2019
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Paid in equity	2 028 730	861 271
Other equity	-6 604	-37 194
<b>Total equity</b>	<b>2 022 126</b>	<b>824 077</b>
<b>Non-current liabilities</b>		
Borrowings	6 000	8 500
Lease liabilities	65 671	45 464
Other payables	3 278	
<b>Total non-current liabilities</b>	<b>74 949</b>	<b>53 964</b>
<b>Current liabilities</b>		
Trade and other payables	158 997	51 075
Contract liabilities	155 180	47 880
Current tax liabilities	209	3 781
Borrowings	2 500	2 500
Derivative financial liability	-	76 784
Lease liabilities	26 678	10 024
<b>Total current liabilities</b>	<b>343 565</b>	<b>192 044</b>
<b>Total liabilities</b>	<b>418 514</b>	<b>246 008</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 440 639</b>	<b>1 070 085</b>

## Consolidated statement of changes in equity

(NOK 1.000)	Total Share capital	Share premium	Other Share premium	Translation differences	Other Equity	Total equity
Balance at 1 January 2019	795	856 568	-	-1 114	-57 275	798 975
Profit or loss for the year					12 237	12 237
Currency translation differences				35		35
Contribution of equity net of transaction costs	4	3 504				3 508
Increase in par value of shares not registered	399				-399	-
Share-based payments					9 321	9 321
Balance at 31 December 2019	1 198	860 073	-	-1 078	-36 116	824 077
Balance at 1 January 2020	1 198	860 073	-	-1 078	-36 116	824 077
Profit or loss for the period					-89 009	-89 009
Currency translation differences				-5 463		-5 463
Contribution of equity net of- transaction costs	325	1 167 133	100 776		399	1 268 634
Registration of share capital						
Share-based payments					23 887	23 887
Balance at 31 December 2020	1 523	2 027 206	100 776	-6 541	-100 839	2 022 126

## Consolidated statement of cash flow

(NOK 1.000)	Fourth quarter		Year	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Cash flow from operating activities</b>				
Profit or loss before income tax	-30 670	6 404	-101 977	16 664
<i>Adjustments for</i>				
Income tax		3 415		
Depreciation, amortization and net impairment losses	14 707	10 405	47 330	44 469
Non-cash - share based payments	7 126	193	23 887	9 321
Fair value adjustment to derivatives	-	16 000	23 992	16 000
Interest income/expenses - net	-632	520	1 801	2 821
Net exchange differences	46 305	-957	66 233	-1 510
Other adjustments	-		43 155	-
<i>Change in operating assets and liabilities</i>				
Change in trade, other receivables and other assets	-84 100	-37 993	-230 526	-65 010
Change in trade, other payables and contract liabilities	87 222	31 921	201 791	34 537
Interest received	91	-	119	466
Income taxes paid	-4 458	8	-4 458	-279
Transaction cost	-			
<b>Net cash inflow/outflow from operating activities</b>	<b>35 592</b>	<b>29 915</b>	<b>71 347</b>	<b>57 480</b>
<b>Cash flow from investing activities</b>				
Payment for property, plant and equipment	-27 925	-1 038	-40 094	-6 369
Payment of software development cost	-11 161	-7 270	-33 661	-28 729
<b>Net cash inflow/outflow from investing activities</b>	<b>-39 086</b>	<b>-8 308</b>	<b>-73 754</b>	<b>-35 098</b>
<b>Cash flow from financing activities</b>				
Proceeds from issuance of ordinary shares		-2	1 209 873	3 508
Proceeds from borrowings	-	5 000		5 000
Repayment of borrowings	-625	-125	-2 500	-6 500
Principal element of lease payments	-1 507	-2 376	-9 269	-5 334
Interest paid	-984	-1 963	-1 920	-3 286
Transaction cost IPO	-		-97 020	
<b>Net cash inflow/outflow from financing activities</b>	<b>-3,116</b>	<b>534</b>	<b>1 099 163</b>	<b>-6 612</b>
Net increase/(decrease) in cash and cash equivalents	-6 610	22 141	1 096 756	15 769
Cash and cash equivalents start of the period	1 159 297	54 805	75 515	59 421
Effects of exchange rate changes on cash and- cash equivalents	-52 031	-1 432	-71 613	324
<b>Cash and cash equivalents end of the period</b>	<b>1 100 657</b>	<b>75 515</b>	<b>1 100 657</b>	<b>75 515</b>



## 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 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 31 December 2020, authorised for issue by the board of directors on 11 February 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 the 31 December 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 2019. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2019. 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

(1000 NOK)

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 2020

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Cloud services	41 271	24 476	4 105	69 852
Software	89 925	47 824	21 445	159 194
Total revenue	131 196	72 300	25 550	229 046

## Fourth quarter 2019

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Cloud services	18 037	7 704	1 608	27 349
Software	44 425	33 154	11 986	89 566
Total revenue	62 463	40 858	13 594	116 915

## Year to date 2020

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Cloud services	127 326	71 637	13 769	212 732
Software	251 241	162 855	51 685	465 781
Total revenue	378 567	234 492	65 454	678 513

## Year to date 2019

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Cloud services	68 010	27 628	6 086	101 724
Software	121 333	96 484	50 413	268 230
Total revenue	189 343	124 112	56 499	369 954

Timing of revenue recognition	Q4 2020	Q4 2019
Products and services transferred at a point in time	149 380	75 897
Products and services transferred over time	79 666	41 018
Total revenue	229 046	116 915

Timing of revenue recognition	YTD 2020	YTD 2019
Products and services transferred at a point in time	392 941	225 756
Products and services transferred over time	285 572	144 198
Total revenue	678 513	369 954

<sup>1)</sup> EMEA — Europe, Middle East and Africa

<sup>2)</sup> APAC — 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 2020 the 5 largest represent approximately 37% (40% in Q4 2019) of total revenue, while the 10 largest represent 51% (55% in Q4 2019). Of the Group's total channel partner base per Q4 2020, the five largest represent approximately 28% of total revenue (29% per Q4 2019), and the ten largest represent approximately 42% (44% per Q4 2019).

Information about share of recurring revenue from own products

Recurrring 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 licences, perpetual software-licences and project-based professional services, such as a customer-specific proof-of-concept project or installation project, are considered non-recurring.

Non-current assets

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

	31/12/2020	31/12/2019
Norway	316 350	183 760
Europe (other than Norway)	56 858	12 182
Americas	81 342	39 589
APAC	5 426	108
Total non-current operating assets	459 976	235 638

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 licences, perpetual software-licences 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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