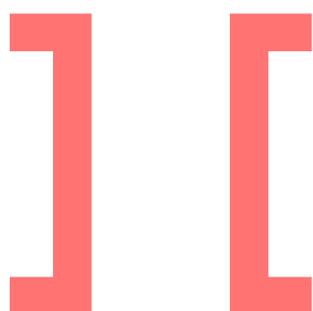


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Quarterly Report

**Q1  
2021**



# Q1 Highlights

- Continued strong growth, driven by strong sales to new customers
- ARR reached USD 87.2 million, 54% growth year-on-year
- Revenues at NOK 180 million, 20% growth year-on-year, driven by higher revenues from Pexip as-a-Service and seasonally lower Self-hosted Software revenues
- Early market traction on several new technology innovations, including Pexip Private Cloud, Pexip Health and Epic healthcare integration
- EBITDA at negative NOK 53 million in line with investment plan and growth strategy
- Outlook remains strong as large organizations are starting to plan for their return to the office resulting in significant opportunities for Pexip's product offerings

“I am pleased with the performance of the team in Q1, delivering continued strong growth. As a large portion of renewals were signed in the previous quarter, it is good to note our strong ability to attract new customers this quarter. This clearly demonstrates the attractiveness of our solutions for enterprise and public sector customers with high requirements. While most businesses have still not returned to the office in the wake of the Covid-19 pandemic, the new normal of hybrid working is right around the corner. This will require flexible and secure videoconferencing of high quality, which we are particularly well positioned to deliver,” said Pexip CEO, Odd Sverre Østlie, and continued:

“We have recently seen a solid development in our sales pipeline, and are on track to reach our ARR target of USD 300 million by 2024. We are executing forcefully on our previously communicated plan for long-term growth, and are investing in growing our team when it comes to sales and product development”



**Odd Sverre Østlie**  
CEO, Pexip

## Key Figures

		Q1 2021	Q1 2020	FY 2020
Revenue	NOK million	179.7	150.1	678.5
Cost of goods sold	NOK million	15.0	4.9	42.6
Salary and personnel expenses	NOK million	175.6	72.6	400.5
Other operating expenses	NOK million	42.4	36.8	180.0
EBITDA	NOK million	- 53.1	35.8	55.6
EBITDA margin	%	- 30%	24%	8%
Reported profit for the period	NOK million	- 55.6	37.7	- 89.0
Earnings per share	NOK per share	- 0.55	0.47	- 0.95
ARR	USD million	87.2	56.7	81.9
Number of employees end of period	#	416	215	361

# Q1 Operational review

## Q1 Summary

Pexip continued its strong performance in the first quarter (Q1) of 2021, with an increase in Annual Recurring Revenue (ARR) of 54% year-on-year to USD 87.2 million, driven by strong sales to new customers. The Company enjoyed several key customer wins including: New South Wales Health in Australia, to help power virtual healthcare visits; the UK Foreign, Commonwealth & Development Office, to enable connectivity between their video conferencing equipment and Microsoft Teams; and Honeywell, the American Fortune 500 conglomerate, to provide the company's video rooms with features such as Microsoft Teams interoperability and One Touch Join functionality. On the innovation front, the launch of a native integration with Epic, the world's largest Electronic Health Record System provider, marked the latest addition to the Pexip Health solution for virtual healthcare meetings and consultations.

## Product Releases Strengthen Focus on Vertical Industry Applications

In Q1, Pexip continued to deliver on its vision to make virtual meetings better than in-person meetings with product launches and announcements that support both vertical industry applications of the Pexip solution through Application Programming Interfaces (APIs) and research into the future of video meetings, reimagining the user experience.

## Pexip Health and Epic Integration

Building on Pexip's long-standing work in the healthcare space, Pexip Health was launched in February 2021.

Pexip Health allows healthcare providers to extend the reach of their practice by providing secure, easy-to-join video visits for patients from any device or location. Pexip also announced the launch of native integration with Epic, the world's largest electronic health record system. Epic is currently used by more than 250 million patients worldwide and this integration makes it easier for patients and healthcare providers to conduct video visits that fit seamlessly into their daily workflow. In Q1, Pexip signed new contracts where the Epic integration was essential, including St Antonius Hospital in Utrecht and Norsk Helsenett SF (Norwegian Health Network).

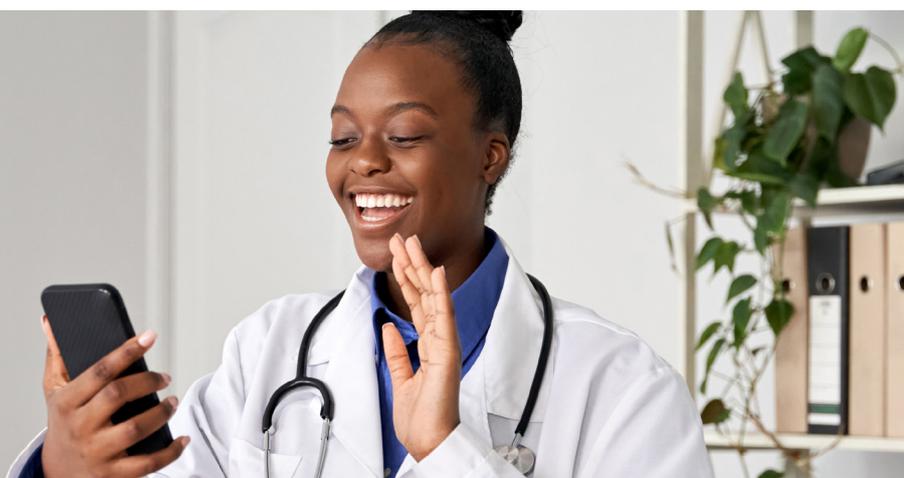
In addition, Pexip signed several additions to existing contracts with healthcare customers, such as the US Department of Veterans Affairs and Medcom in Denmark, increasing the ARR within healthcare by USD 1.8 million in Q1 2021.

“ At Pexip we have worked with healthcare organizations and caregivers since 2013 to help extend their reach by providing secure, easy-to-join video visits for patients from any device or location. Epic is currently being used by more than 250 million patients worldwide and this integration makes it easier for patients and healthcare providers to conduct video visits that fit seamlessly into their daily workflow ”

**Tom-Erik Lia**  
Co-founder and Chief Commercial Officer, Pexip

] pexip [ health

Epic



## First Pexip Private Cloud Customer

Pexip launched Pexip Private Cloud in December 2020, an offering targeting the unique needs of large public sector and enterprise organizations. Pexip Private Cloud is a new deployment option for Pexip's videoconferencing platform and combines the best elements of both self-hosted software and software-as-a-service, by allowing organizations to maintain full data control and privacy in combination with ease of management and scale. In Q1, Pexip secured its first customer, a public sector organization and has developed a promising pipeline of prospective customers.

## Nvidia Collaboration

In March, Pexip announced a collaboration with NVIDIA, a leading company in graphics processing units (GPU) for the gaming and professional markets, to explore how advanced technologies such as conversational artificial intelligence (AI) and deep learning can create a more immersive and engaging video meeting experience for everyone, regardless of device.

One of the areas the two companies are exploring is innovative noise cancellation technology. Audio quality is even more important than video quality in virtual meetings and removing background noise can make meeting experiences more powerful. With an increasing number of people in remote and hybrid work environments prone to distractions, it is important to optimize the virtual experience and bring the focus back to the meeting.

## Industry Analyst Recognition

Pexip has again hosted praise from industry analysts for innovative design and business growth, which is an important factor in raising Pexip awareness amongst potential customers.

In February, Pexip won the Frost & Sullivan's 2021 Customer Value Leadership Award, a testament to the Company's secure and flexible solutions which, combined with its strong technology leadership and customer-centric culture, are helping organizations around the world modernize their workplace collaboration.

In March, Pexip was recognized by Frost & Sullivan as a Growth and Innovation Leader in the 2020 Frost Radar™ for Cloud Meetings and Team Collaboration Services. The Company was ranked for its high pace of innovation within video conferencing as well as company growth following its 2020 stock exchange listing.

“ The potential of combining NVIDIA's advanced AI computing features with Pexip's unique architecture will allow us to reimagine virtual meetings for richer, more human interactions. Pexip transcodes live media in real time during meetings to give each and every participant the best possible audio and video experience on whichever device they're using. We look forward to exploring the further extension and application of our server-side transcoding technology with NVIDIA Maxine ”

**Giles Chamberlin**

Co-founder and Chief Technology Officer, Pexip

“ Today's customers want simple, intuitive meeting solutions with enterprise-grade security and quality. Pexip has risen to the challenge to support its fast-growing customer base across the enterprise, healthcare, and government sectors. With a complete range of end-to-end meeting solutions, Pexip leads the way in helping its customers adapt to changing workplace needs ”

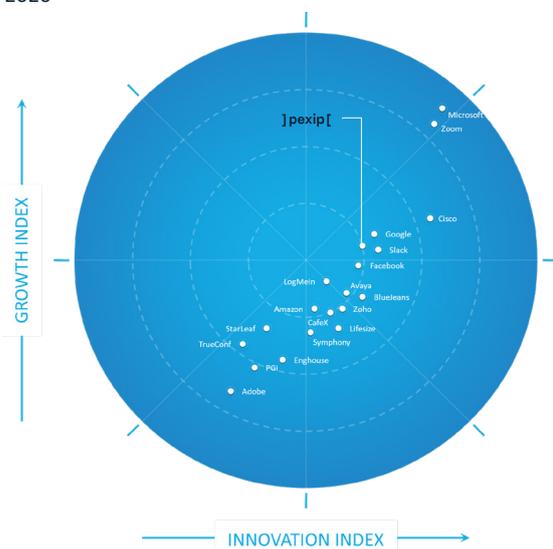
**Roopam Jain**

Senior Director, ICT, Frost & Sullivan

F R O S T  S U L L I V A N

**Frost Radar™**

Cloud Meetings and Team Collaboration Services Market 2020



## Key Wins Demonstrate Strong Offering for both Public and Private Sector Organizations

Pexip enjoyed key wins in Q1 within both the enterprise segment and in the public sector. This enabled Pexip to grow its subscription base measured in ARR to USD 87.2 in Q1 2021, up from USD 56.7 in Q1 2020.

Net revenue retention rate, showing the percent of retained revenue from existing customers, was

104% year-on-year, including churn of 9% year-on-year. Net new sales accounted for 50 percentage points (pp) of the year on-year growth, or USD 28.4 million over the last twelve months. ARR from Pexip's Self-hosted Software grew 39% year-on-year, and ARR from Pexip as-a-Service grew 82% year-on-year.

### Key wins included:



#### **New South Wales Health Australia**

Pexip has secured a new contract with New South Wales Health in Australia to enable virtual healthcare visits based on Pexip's Self-hosted Software. The value of the contract is USD 2.4 million over three years (USD 800,000 per year).



#### **Foreign, Commonwealth & Development Office**

#### **Foreign, Commonwealth & Development Office UK**

Pexip won its first contract with the Foreign, Commonwealth & Development Office, a UK Government department, to enable its videoconferencing equipment to interoperate with Microsoft Teams. Pexip will deliver its Pexip as-a-Service Enterprise Room Connector, which enriches standard-based video-conferencing equipment with a range of features including Microsoft Teams Interoperability and One-touch Join. The value of the contract is above USD 1 million over three years.

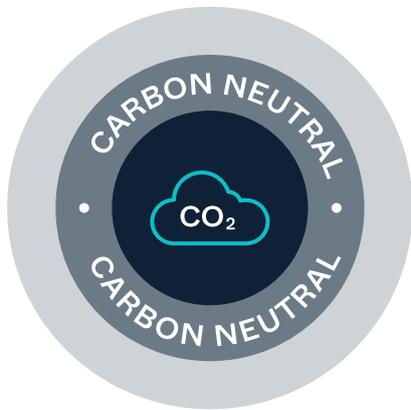
## Honeywell

#### **Honeywell USA**

Pexip secured its first contract with Honeywell, the American Fortune 500 conglomerate, for Pexip's Self-hosted Software. Honeywell will use Pexip to enable their video rooms with features such as Microsoft Teams Interoperability and One-Touch-Join.

## Committed to Sustainable Growth through Carbon Neutrality

Pexip's videoconferencing solutions provide flexibility and can help reduce travel and commuting. Avoided emissions from increased use of videoconferencing represent a significant opportunity for customers. To ensure that the reduced emissions are not moved somewhere else, and to support our customers' ambitions to source from sustainable vendors, Pexip has committed to being carbon neutral in direct and energy-related emissions (Scope 1 and Scope 2) from mid-2021. Pexip is proud to announce that this goal of carbon neutrality has been achieved when publishing this report!



Pexip will continue to work to establish a baseline for scope 3 emissions as well as set a target in line with the Paris agreement and ICT industry commitments for its full direct and indirect emissions.

## Continued Organizational Growth

A key enabler to deliver on Pexip's long term ambitions is growing the team. By the end of Q1, the Company had 416 employees. Sales and Marketing account for 237 of these employees, up from 113 at the end of Q1 2020, reflecting the strong focus on increasing sales capacity. Pexip is also continuing to add software engineers to deliver on its product roadmap, as well as strengthening corporate functions within People development, 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. Pexip started the year 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 March 2020 to March 2021 was 9%, which is an average of 0.8% per month.

In Q1, Pexip won the Best Place to Work award for the second year in a row, recognized by the Washington Business Journal for high employee ratings on company culture and benefits. In addition, the Company has released its first sustainability report in Q2 and as part of that, has increased its focus on continuing to build diversity within the company. In Q1, Pexip made a commitment to Diversity and Inclusion in Norway through "The CEO Commitment" an initiative driven by Oda, Norway's leading Women in Tech Network and MAK, a leading Norwegian organization working on systemic change around diversity, equity and inclusion. In addition, Pexip played an active role in the She conference, an event and movement focused on closing the gender gap, through a belief that diversity drives profitability and progress.



# Financial review

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

## Income statement

**Consolidated revenue** was NOK 179.7 million in Q1 2021 (NOK 150.1 million). The increase of 20% was driven by growth in revenue from Pexip as-a-Service. As expected, Pexip did not see the same upsell volume in Q1 2021 as in 2020. As several Pexip Self-hosted Software contracts upsold in Q1 2020 were renewed in Q4 2020, this affected revenue in Q4 2020 positively and revenue in Q1 2021 negatively. Currency exchange differences between NOK, Pexip's reporting currency, and USD, Pexip's main invoicing currency, has had a negative impact on revenue in Q1 2021 compared to the same period last year, as the NOK appreciated significantly during the last twelve months. Europe, Middle-East and Africa (EMEA) continues to be the largest sales theatre, accounting for NOK 92.0 million (51% of total) of group revenue in Q1, followed by Americas, accounting for NOK 70.1 million (39% of total) and Asia-Pacific (APAC), accounting for NOK 17.7 million (10% of total).

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. Pexip Self-hosted software was the largest revenue area in Q1 2021 with NOK 107.5 million (NOK 111.7 million). Revenue from Pexip as-a-Service was NOK 72.2 million in Q1 2021 (NOK 38.3 million).

**Cost of sale** consist 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 15.0 million in Q1 2020 (NOK 4.9 million), reflecting a gross margin of 92% (97%). Cost of sale increased due to higher hosting and network cost related to higher usage of Pexip as-a-Service, as well as a shift towards cloud compute from investing in own hardware. A higher share of Pexip as-a-Service revenue in Q1 2021 compared to Q1 2020, contributed to the lower gross margin.

**Operating expenses** consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 175.6 million in Q1 2021 (NOK 72.6 million), which is 98% of revenue in the quarter (48%). The increase is mainly due to high growth in employees over the last twelve months, in line with Pexip's growth strategy. In Q1 2021 the cost related to employee options and related employer tax costs increased with NOK 32 million compared to Q4 2020 and NOK 14 million compared to Q3 2020, due to the fluctuation in share price between 31 March 2021, 31 December 2020 and 30 September 2020. Pexip had 416 employees at the end of Q1 2021 (215 at the end of Q1 2020).

**Other operating expenses** amounted to NOK 42.4 million (NOK 36.8 million), which reflects a stable level at 24% of revenue (25%). The increase from the same period last year is mainly due to 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 53.1 million in Q1 2021 (positive NOK 35.8 million), reflecting a negative 30% EBITDA margin (positive 24% 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 OPEX due to ramp-up time, according to strategy.

**Depreciation and amortization** costs were NOK 16.9 million in Q1 2021 (NOK 10.7 million). Net financial expenses were negative NOK 9.1 million (positive NOK 24.8 million). Net financial expenses in Q1 2021 were mainly related to currency exchange losses.

**Profit before tax** was negative NOK -79.1 million for Q1 2021 (positive NOK 49.9 million). Profit after tax was negative NOK -55,6 million (positive NOK 37.7 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 2,457 million (NOK 2,436 million at the end of Q4 2020), and total equity amounted to NOK 2,050 million (NOK 2,022 million at the end of Q4 2020).

Current assets amounted to NOK 1,302 (NOK 1,321 million at the end of Q4 2020). Trade and other receivables decreased to NOK 128 million (NOK 193 million at the end of Q4 2020). Cash and cash equivalents increased to NOK 1,147 million (NOK 1,101 million at the end of Q4 2020).

Non-current assets increased to NOK 1,155 million (NOK 1,114 million at the end of Q4 2020). Contract costs increased to NOK 220 million (NOK 211 at the end of Q4 2020).

Total liabilities were at NOK 407 million (NOK 413 million at the end of Q4 2020). Of this, NOK 8 million are borrowings (NOK 8.5 million at the end of Q4 2020).

Current liabilities decreased to NOK 323 million (NOK 327 million at the end of Q4 2020).

Non-current liabilities decreased to NOK 84 million (NOK 87 million at the end of Q4 2020).

## Cash flow

**Cash flow from operating activities** was of NOK 12.5 million for Q1 2021 (NOK 19.6 million for Q1 2020). Despite negative EBITDA, the improved working capital from reduced trade receivables contributed to the positive operating cash flow.

**Cash flow from investing activities** was negative NOK 26.7 million in Q1 2021 (Negative NOK 9.3 million in Q1 2020). The increase in investing activities is related to higher capitalized software development costs as well as higher investments in PPE, mainly related to office fittings and IT equipment.

**Cash flow from financing activities** was positive NOK 68.0 million for Q1 2021 (Negative NOK 3.3 million for Q1 2020). In Q1 2021 the company increased its share capital following the exercise of employee share options, which contributed NOK 72.3 million to the cash flow from financing activities.

In total, Pexip had a positive cash flow of NOK 53.8 million in Q1 2021 (NOK 7.1 million in Q1 2020).

## 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.

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. 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 intends to invest in increasing the company's sales and marketing presence as well as R&D capabilities. 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%. 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.

We believe Pexip 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. Due to an accelerated adoption in use of videoconferencing, driven in part by the Covid-19 outbreak, Pexip announced an acceleration of the USD 300 million long-term ARR target from 2025 to 2024 in Q4 2020. This is one year earlier than its previous target.

*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.*

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Oslo, May 6, 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 Jenssen**  
Board Member



**Odd Sverre Østlie**  
CEO

# Consolidated statement of profit or loss

		First Quarter	
(NOK 1.000)		Q1 2021	Q1 2020
Revenue	3	179 724	150 052
Cost of sale		15 018	4 880
Salary and personnel expenses	4	175 565	72 553
Other operating expenses		42 414	36 827
Other gains and losses - net		124	1
<b>EBITDA</b>		<b>-53 149</b>	35 794
Depreciation and amortization		16 875	10 675
<b>Operating profit or loss</b>		<b>-70 024</b>	25 118
Financial income		42	23
Financial expenses		-1 886	-6 878
Net gain and loss on foreign exchange differences		-7 250	31 613
<b>Financial income/(expenses) - net</b>		<b>-9 093</b>	24 757
<b>Profit or loss before income tax</b>		<b>-79 117</b>	49 875
Income tax expense		-23 476	12 161
<b>Profit or loss for the year</b>		<b>-55 641</b>	37 714
<b>Profit or loss is attributable to:</b>			
Owners of Pexip Holding ASA		-55 641	37 714
<b>Earnings per share</b>			
Basic earnings per share		-0,55	0,47
Diluted earnings per share		-0,55	0,46

# Consolidated statement of comprehensive income

First Quarter

(NOK 1.000)	Q1 2021	Q1 2020
<b>Profit or loss for the year</b>	<b>- 55 641</b>	<b>37 714</b>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference on translation of foreign operations	<b>234</b>	<b>1 426</b>
<b>Total comprehensive income for the year</b>	<b>- 55 407</b>	<b>39 140</b>
<b>Total comprehensive income is attributable to:</b>		
Owners of Pexip Holding ASA	<b>- 55 407</b>	<b>39 140</b>

# Consolidated statement of financial position

(NOK 1.000)	3/31/2021	12/31/2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36 854	25 177
Right-of-use assets	83 772	87 765
Goodwill	598 998	598 998
Other intangible assets	131 318	133 709
Deferred tax asset	81 609	54 615
Contract costs	219 596	211 077
Receivables	3 348	2 919
<b>Total non-current assets</b>	<b>1 155 493</b>	<b>1 114 261</b>
<b>Current assets</b>		
Trade and other receivables	128 344	192 916
Contract assets	5 519	9 069
Other current assets	20 755	18 680
Cash and cash equivalents	1 147 387	1 100 656
<b>Total current assets</b>	<b>1 302 006</b>	<b>1 321 322</b>
<b>TOTAL ASSETS</b>	<b>2 457 499</b>	<b>2 435 582</b>

(NOK 1.000)	3/31/2021	12/31/2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 557	1 523
Share premium	2 099 493	2 027 206
Paid in equity	100 776	100 776
Other equity	-151 380	-107 380
<b>Total equity</b>	<b>2 050 447</b>	<b>2 022 125</b>
<b>Non-current liabilities</b>		
Borrowings	5 500	6 000
Lease liabilities	72 731	78 220
Derivative financial liability	3 389	-
Other payables	2 622	2 622
<b>Total non-current liabilities</b>	<b>84 243</b>	<b>86 842</b>
<b>Current liabilities</b>		
Trade and other payables	141 945	154 595
Contract liabilities	161 060	155 180
Current tax liabilities	209	209
Borrowings	2 375	2 500
Lease liabilities	17 220	14 130
<b>Total current liabilities</b>	<b>322 809</b>	<b>326 614</b>
<b>Total liabilities</b>	<b>407 052</b>	<b>413 456</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 457 499</b>	<b>2 435 582</b>

## Consolidated statement of changes in equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Other Equity	Total equity
Balance at January 1, 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 costs	325	1 167 133	100 776		399	1 268 634
Share-based payments					23 887	23 887
Balance at December 31, 2020	1 523	2 027 206	100 776	-6 541	-100 839	2 022 125
Balance at January 1, 2021	1 523	2 027 206	100 776	-6 541	-100 839	2 022 125
Profit or loss for the period					-55 641	-55 641
Other comprehensive income for the year				234		234
Total comprehensive income for the year				234	-55 641	-55 407
Contribution of equity net of transaction costs	34	72 287				72 321
Share-based payments					11 407	11 407
Balance at March 31, 2021	1 557	2 099 493	100 776	-6 307	-145 073	2 050 447

# Consolidated statement of cash flows

First quarter

(NOK 1.000)	3/31/2021	3/31/2020
<b>Cash flow from operating activities</b>		
Profit or loss before income tax	-79 117	49 875
<i>Adjustments for</i>		
Depreciation, amortization and net impairment losses	16 875	10 676
Non-cash - share based payments	11 407	3 544
Fair value adjustment to derivatives	-	5 200
Interest income/expenses - net	1 253	895
Net exchange differences	7 286	-11 864
<i>Change in operating assets and liabilities</i>		
Change in trade, other receivables and other assets	61 722	-116 827
Change in trade, other payables and contract liabilities	-6 894	78 074
Interest received	9	25
<b>Net cash inflow/outflow from operating activities</b>	<b>12 542</b>	<b>19 598</b>
<b>Cash flow from investing activities</b>		
Payment for property, plant and equipment	-14 499	-1 788
Payment of software development cost	-12 250	-7 500
<b>Net cash inflow/outflow from investing activities</b>	<b>-26 749</b>	<b>-9 288</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of ordinary shares	72 321	1
Repayment of borrowings	-625	-625
Principal element of lease payments	-2 407	-1 705
Interest paid	-1 262	-920
<b>Net cash inflow/outflow from financing activities</b>	<b>68 026</b>	<b>-3 250</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>53 819</b>	<b>7 060</b>
Cash and cash equivalents start of the period	1 100 656	75 515
Effects of exchange rate changes on cash and cash equivalents	-7 089	9 148
<b>Cash and cash equivalents end of the period</b>	<b>1 147 387</b>	<b>91 723</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 has 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 March 31, 2021, authorized for issue by the board of directors on April 28, 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 March 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

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.

#### First quarter 2021

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	45 115	22 566	4 496	72 177
Self-hosted software	46 840	47 541	13 166	107 547
Total revenue	91 955	70 107	17 662	179 724

#### First quarter 2020

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	22 795	13 187	2 364	38 346
Self-hosted software	59 656	36 952	15 098	111 706
Total revenue	82 451	50 139	17 463	150 052

## 2020

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

	First quarter		Year
Timing of revenue recognition	Q1 2021	Q1 2020	2020
Products and services transferred at a point in time	87 999	89 264	392 941
Products and services transferred over time	91 725	60 788	285 572
<b>Total revenue</b>	<b>179 724</b>	<b>150 052</b>	<b>678 513</b>

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. Of the Group's total channel partner base as at 31 March 2021, the five largest represent approximately 26% (30% in Q1 2020) of total revenue in Q1 2021, and the ten largest represent approximately 38% (45% in Q1 2020) of total revenue.

### Non-current assets

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

	3/31/2021	12/31/2020
Norway	310 083	209 574
Europe (other than Norway)	66 578	16 997
Americas	82 747	53 256
APAC	13 771	-
<b>Total non-current operating assets</b>	<b>473 179</b>	<b>279 827</b>

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.

**]pexip[**

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