

Pexip Announces Annual Recurring Revenue Growth of 73%

(Oslo, Norway, 7 January 2021) In this trading update, Pexip presents its Annual Recurring Revenue (ARR) for the fourth quarter (Q4) of 2020. In Q4 2020, Pexip increased its ARR with 73% year-on-year to USD 81.9 million.

- Pexip's subscription base measured in ARR reached USD 81.9 million in Q4 2020, up from USD 47.2 million in Q4 2019, representing a year-on-year increase of 73%.
- Of the 73% year-on-year growth in ARR, 59 percentage points (pp) are from new customers and 14 pp are from existing customers. Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 114% year-on-year, including churn of -10% year-on-year.
- Pexip generated new ARR (delta ARR) of USD 9.1 million in Q4 2020, compared to USD 4.4 million in Q4 2019, representing an increase in delta ARR of 108% year-on-year.
- USD 1.6 million of the delta ARR in Q4 2020 was the result of a customer base acquisition in July 2020, which is now completed.
- ARR from Pexip's Infinity software platform reached USD 49.0 million in Q4 2020, up 55% year-on-year, while ARR from Pexip's cloud service reached USD 32.9 million, up 109% year-on-year.
- The company is on track to reach USD 300 million in ARR by 2024.

"I am very pleased with the excellent performance of the team in Q4 and throughout 2020, providing a strong momentum for Pexip going into 2021. We are experiencing a high demand from large enterprise customers and public sector organizations with complex requirements that are preparing for a post Covid-19 working environment, where video conferencing will play a central role in the new normal of hybrid working", said Pexip CEO, Odd Sverre Østlie.

Key Contracts Awarded in Q4

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 and space with over 9,000 employees. This contract will help strengthen Pexip's brand awareness in the public sector in Germany. The contract value is confidential and cannot be disclosed.

Multi-national, European industrial manufacturer

- On 7 December 2020, Pexip announced a new contract with a multi-national, European industrial manufacturer for Pexip's cloud service Enterprise room connector for Google Meet. Pexip is the only provider globally that can enable video interoperability with the Google Meet platform. The total gross value of the contract is USD 580,000 per year including partner margin, and was won together with Pexip's partner, NTT, a global ICT provider employing more than 40,000 people.

IR Policy for Announcements of New Contracts

In addition to announcements required by the Norwegian Securities Trading Act § 5-2, Pexip will announce, on an ongoing basis, new contract awards that the company deems substantial. The significance of the contract will be determined by the contract value relative to the total Annual Recurring Revenue as well as other market or strategic aspects of the contract.

Pexip will present the full fourth quarter 2020 interim report on 11 February 2021.

This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

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Pexip simplifies complex videoconferencing to empower organizations with face-to-face collaboration, no matter the location or technology. Our scalable platform enables high-quality video meetings, with enterprise-grade security, and is easily adapted to fit customers' IT requirements and existing infrastructure. This makes Pexip the leading provider for large enterprises and public sector organizations. The solution is sold through 300 channel partners in 75 countries and used in more than 190 countries. Pexip was listed on the Oslo Børs in May 2020.