

Pexip delivers strong growth and early market traction on new technology innovation

Oslo, Norway, May 6, 2021 - The video communications provider, Pexip, today presented its quarterly results for the first quarter of 2021.

Q1 2021

Pexip's subscription base measured in Annual Recurring Revenue (ARR) reached USD 87.2 million in Q1 2021, up from USD 56.7 million in Q1 2020, representing an increase of 54%. The growth was driven by several key customer wins including: New South Wales Health in Australia (USD 2.4 million over three years), to help power virtual healthcare visits; the UK Foreign, Commonwealth & Development Office (more than USD 1 million over three years), to enable connectivity between their video conferencing equipment and Microsoft Teams; and Honeywell, the American Fortune 500 conglomerate (undisclosed contract value), to provide the company's video rooms with features such as Microsoft Teams interoperability and One Touch Join functionality. At the same time, the percent of retained revenue from existing customers, was 104% year -on-year, including churn of 9% year-on-year.

"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."

During Q1 Pexip has made important advances when it comes to technology and products. 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 private, secure and brandable solutions for virtual healthcare meetings and consultations. In Q1, Pexip signed the first Pexip Private Cloud customer, a public sector organization, and has developed a promising pipeline of prospective customers.

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.

"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" says Giles Chamberlin, CTO and co-founder, Pexip.

Revenue in Q1 was NOK 179.7 million, up 20% from NOK 150.1 million in Q1 2020, driven by higher revenues from Pexip as-a-Service to new customers.

Cost of sale in Q1 was NOK 15.0 million, reflecting a gross margin of 92%, up from NOK 4.9 million in Q1 2020 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.

Salary and personnel expenses amounted to NOK 175.6 million in the quarter (98% of revenue), up from NOK 72.6 million (48% of revenue). The increase is mainly due to high growth in employees over the last twelve months, in line with Pexip's growth strategy.

Reported EBITDA in Q1 was negative NOK 53.1 million, reflecting a negative 30% margin, down from NOK 35.8 million in Q1 2020. The development in the EBITDA margin is as expected, as the company invests into growth initiatives where the expected increase in revenue will trail the increase in operating expenses due to ramp-up time, according to strategy.

Analyst consensus estimates

Every quarter ahead of the earnings announcement, starting with Q1 2021, Pexip will collect earnings estimates from the equity analysts currently covering the company. The consensus estimates and the methodology used in preparation of the consensus estimates will be published on the company's IR webpages here: <https://investor.pexip.com/consensus> .

Webcast presentation

The first quarter results for 2021 will be presented in a live video webcast Thursday, May 6, at 17:00 CET. The presentation will be held in English by Odd Sverre Østlie (CEO), Øystein Hem (CFO) and Tom Erik Lia (CCO). Please register using this form: <https://www.pexip.com/q1-2021-results-webinar-registration> . Questions can be submitted to IR@pexip.com.

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

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