



Meet the world  
with video communication as it should be

# Q1 2022 ARR Update

April 7, 2022



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- ✓ Delivering video conferencing software targeting large enterprises and government sector
- ✓ Unique video technology
- ✓ Deep industry partnerships with Microsoft and Google, as well as the top global AV and IT system integrators

# Unique technology drives our success in three core market



## Video infrastructure

including interoperability to Microsoft  
Teams and Google Meet



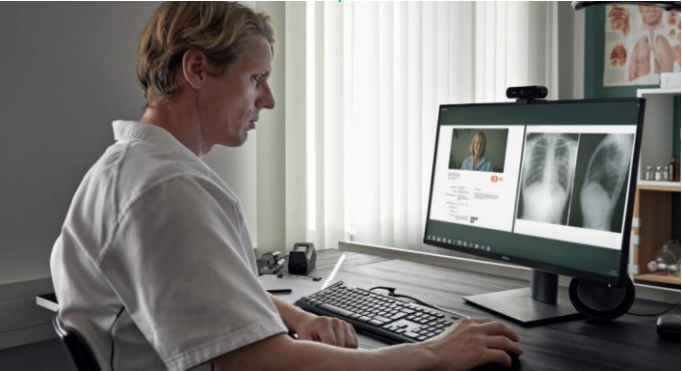
## Critical video meetings

for secure environments



## Video enablement

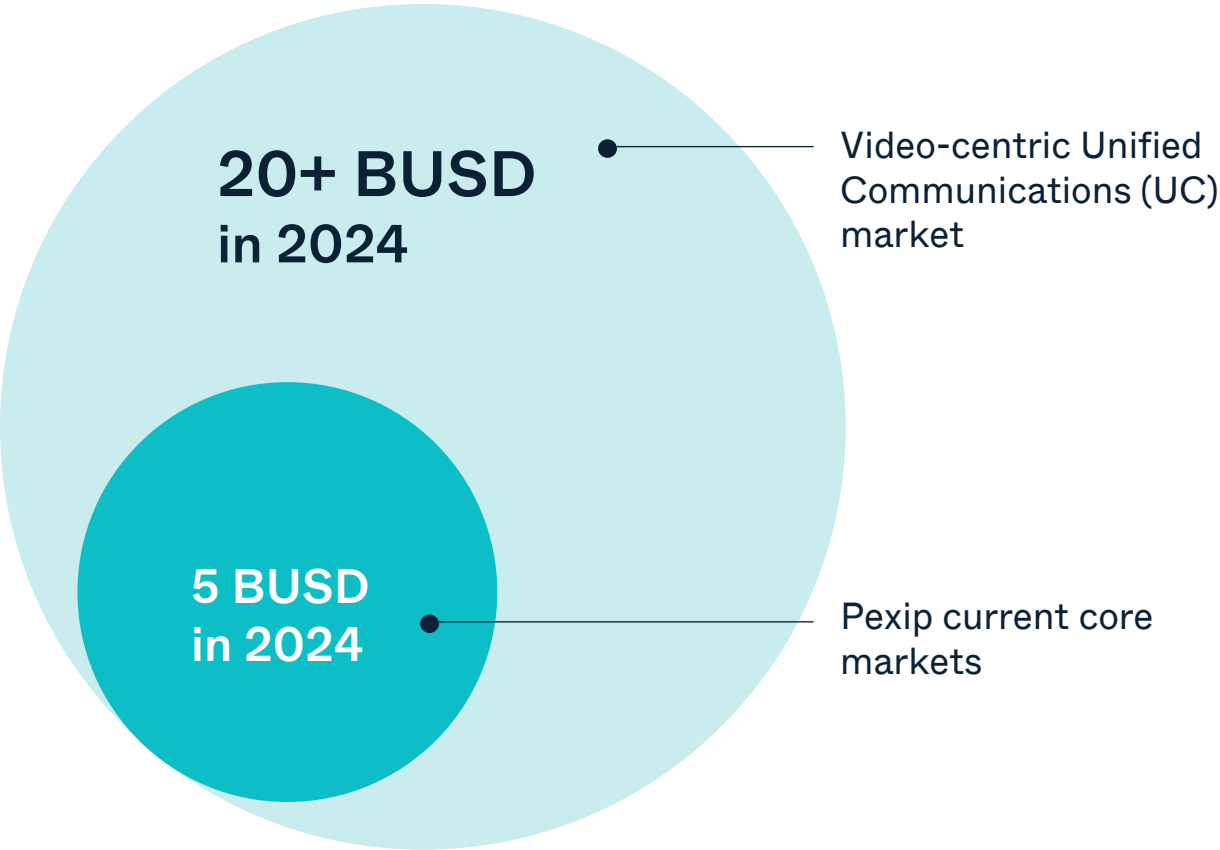
for healthcare, judiciary, government,  
retail and finance



1) By end-of-Q1 2022

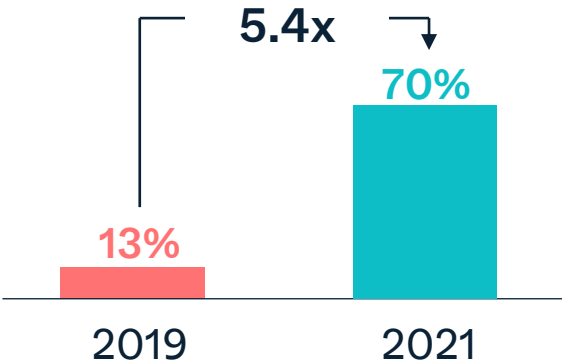
# Pexip's core markets represent a massive market opportunity

Pexip intends to have a leadership position in a 5 BUSD segment by 2024



Well-positioned to benefit from mass adoption of video communication

End-user video adoption in the western world during Covid-19



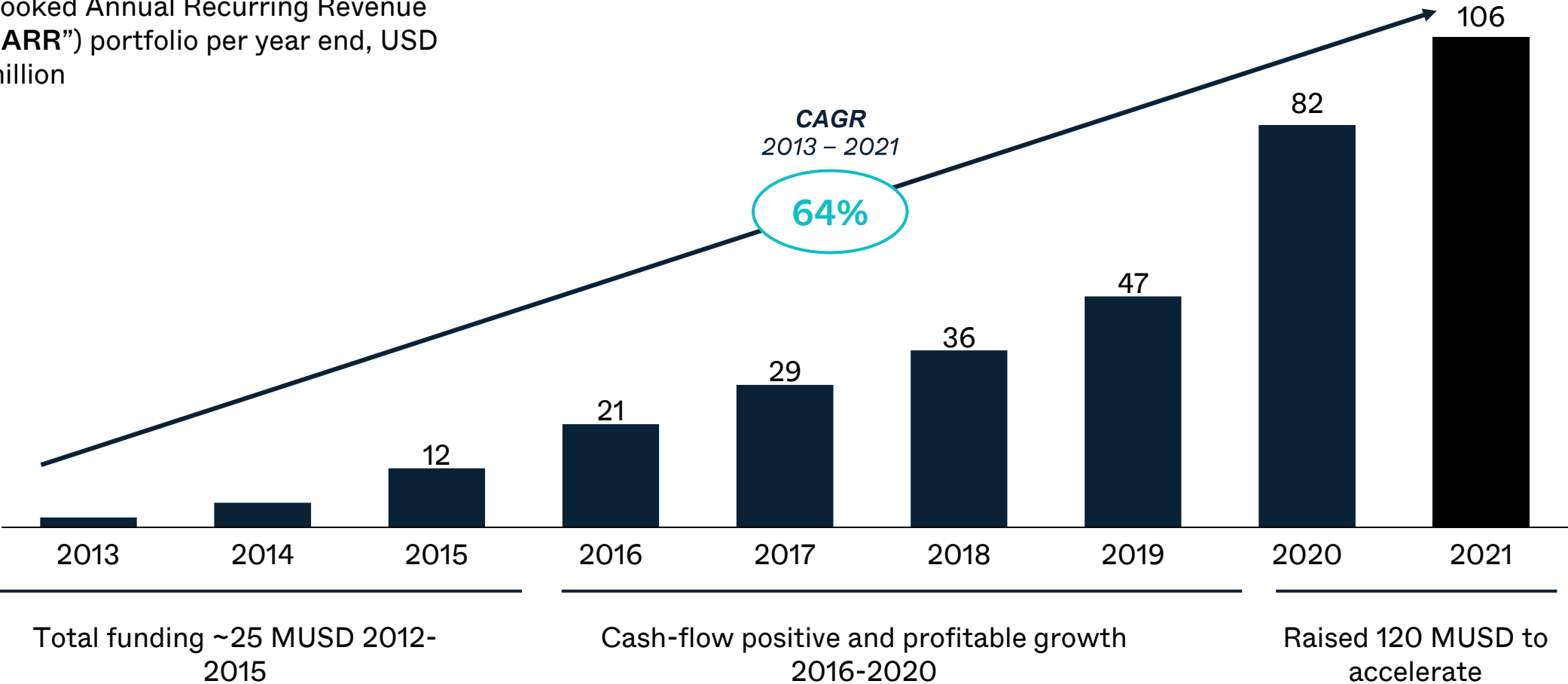
Offices still need to adjust to a hybrid world



1) 2020 estimate  
Source: McKinsey, Wainhouse, company estimates

# Pexip has successfully solved the complex video needs of large organizations since its inception

Booked Annual Recurring Revenue (“ARR”) portfolio per year end, USD million





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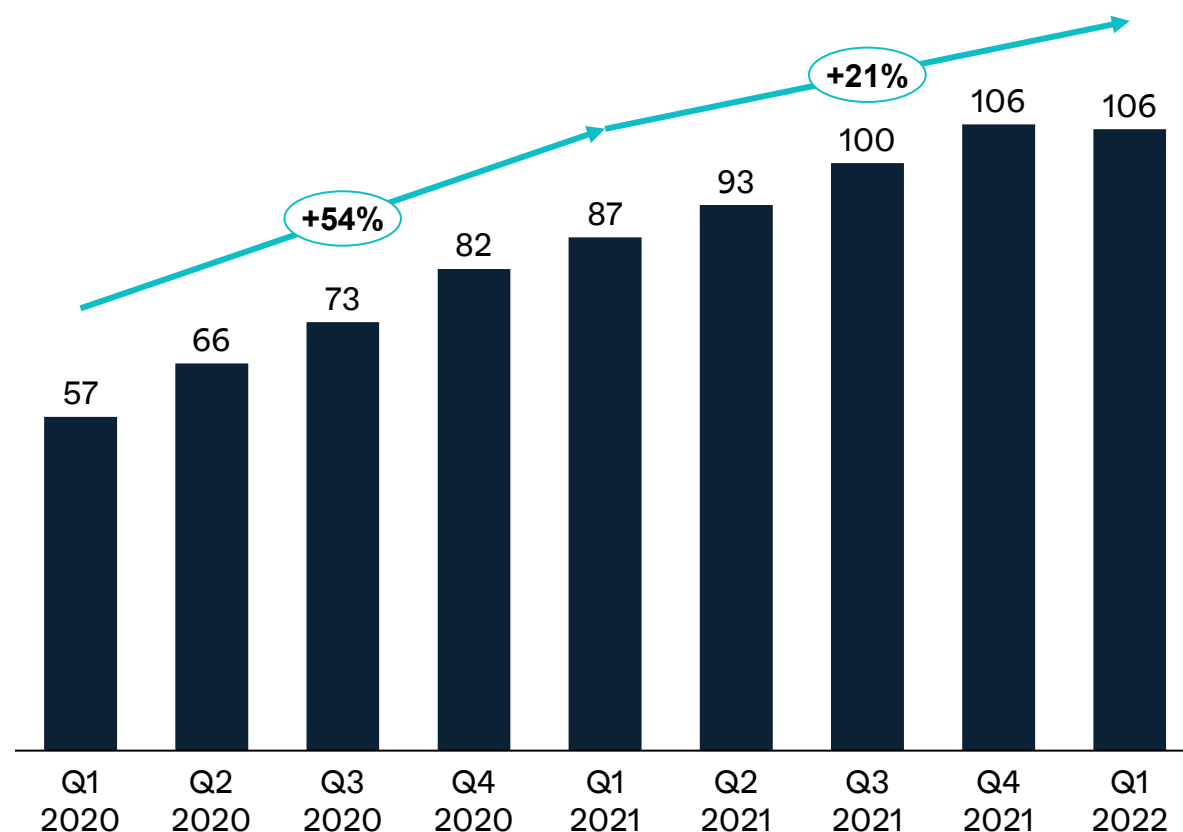
# Q1 2022 ARR Update

289.33

# 21% y-o-y growth in Annual Recurring Revenue

## Booked Annual Recurring Revenue (ARR) development

USD million



- **ARR of USD 105.6 million at the end of Q1 2022**
  - USD 0.8 million below Q4 2021
- **Underlying ARR is USD 1.2 million higher, adjusting for negative USD 2.0 million one-off booking from change in pricing model with a single partner contract**
  - Expect this change to drive more than USD 4 million ARR growth during 2022
- **Continued positive development on churn**
  - At 9.2% p.a. compared to 9.7% p.a. at the end of last quarter
- **Lack of acceleration on new sales and lower upsell due to:**
  - Strategic re-focus to three core business areas in early stage of execution
  - Lack of hardware endpoint deliveries to customers delaying projects
  - Lower net upsell due to strong growth in capacity last two years



## Continue to win in core business areas



### Video infrastructure

including interoperability to Microsoft Teams and Google Meet



### Critical video meetings

for secure environments



### Video enablement

for healthcare, judiciary, government, retail and finance

Secured major global law firm  
as a new account

**MUSD 62 in ARR**  
+21% y-o-y

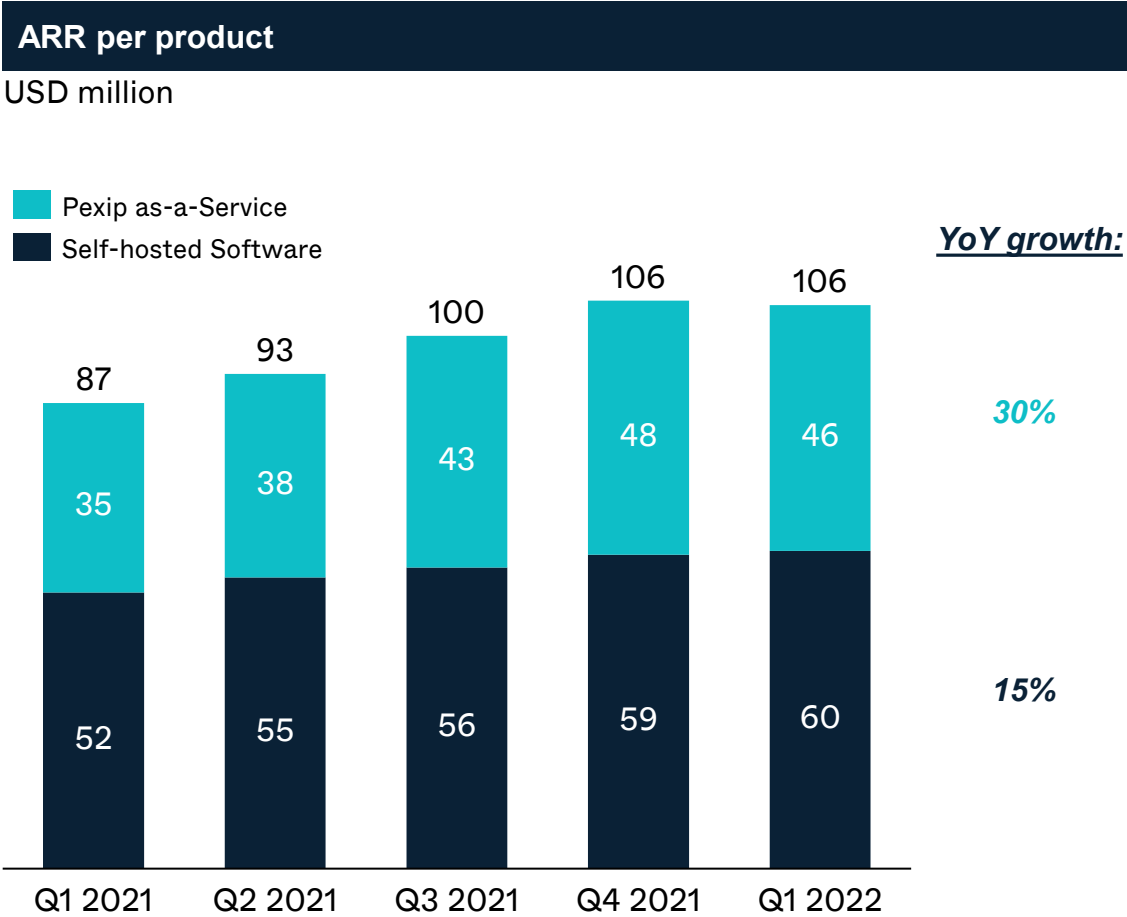
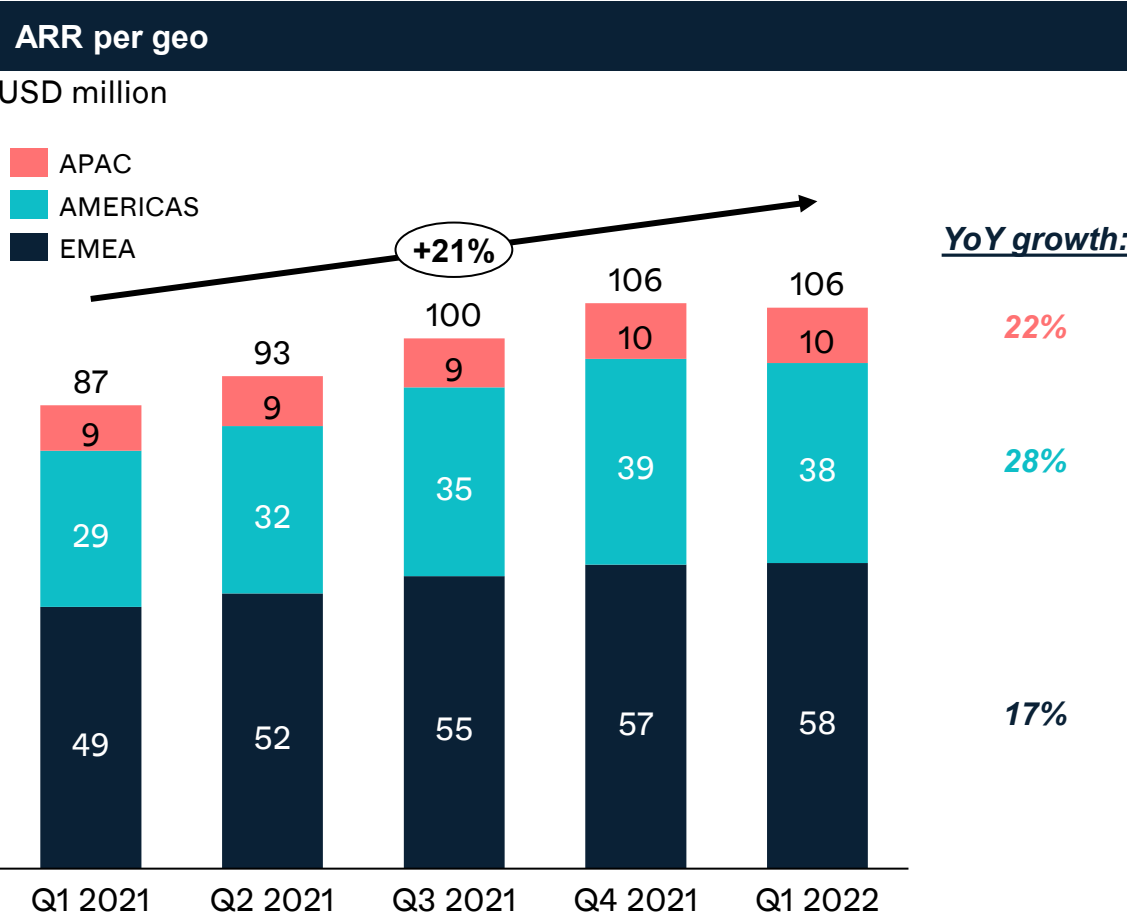
Won European Justice  
ministry, European Defense  
ministry and Regional Swedish  
Government

**MUSD 11 in ARR**  
+106% y-o-y

USD 1 million in upsell across  
three large accounts

**MUSD 21 in ARR**  
+38% y-o-y

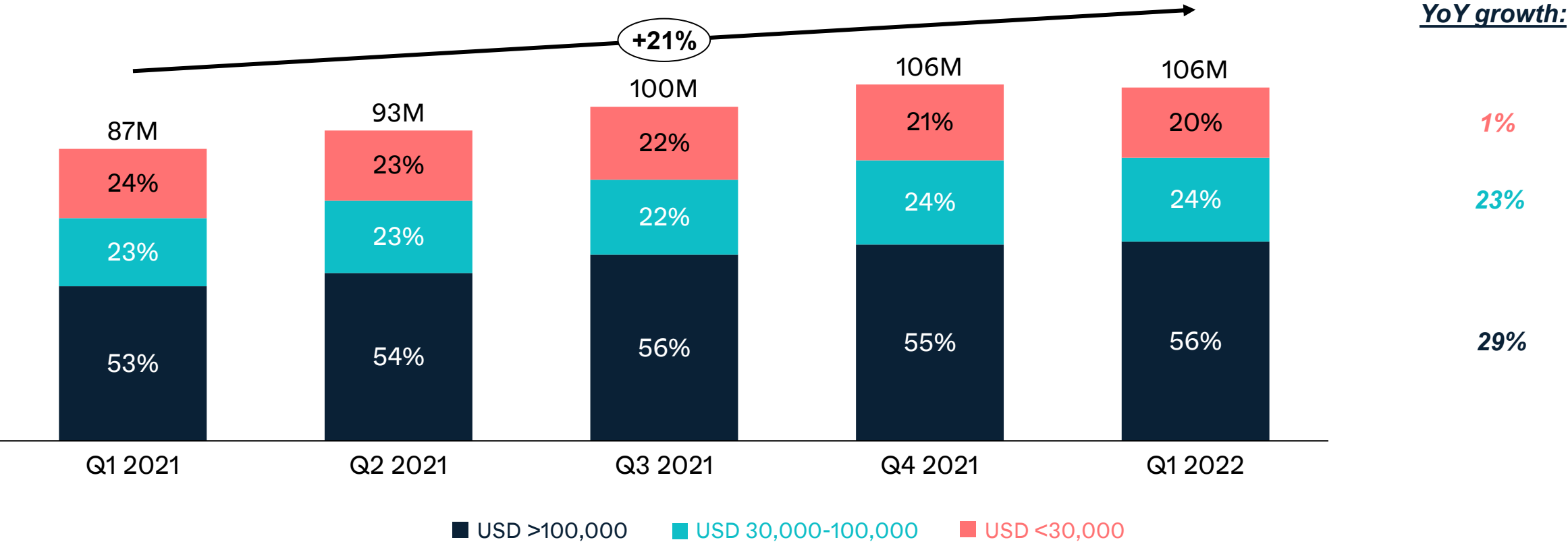
# Balanced growth across geographies and products



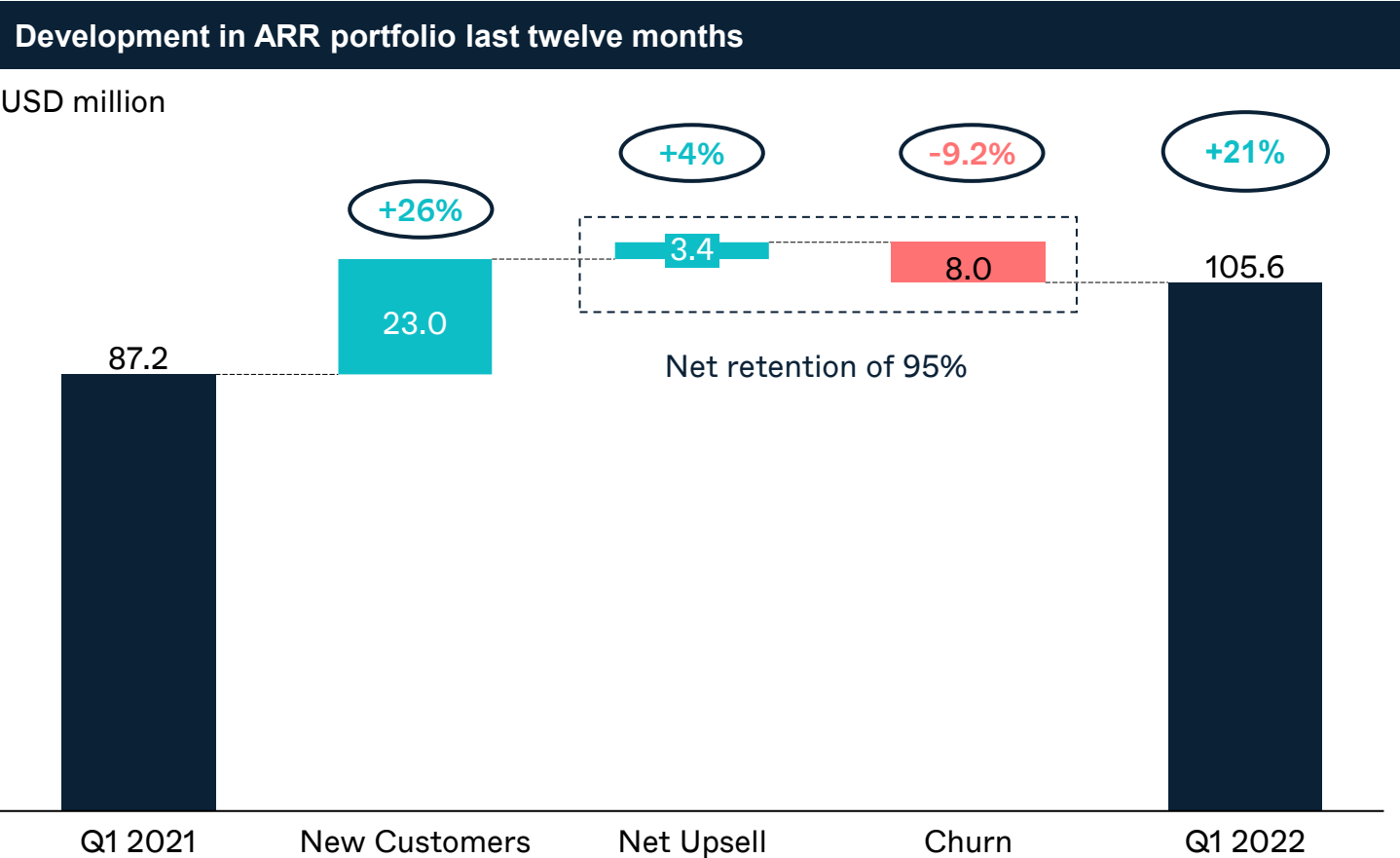
# Pexip continues to grow within large organizations

## Large organizations driving growth

Share of ARR by account size in ARR, USD



# New customers represent the main driver for ARR growth



- Sales to new customers continue to be main driver behind growth, in line with previous period
- Improved churn at 9.2% in line with trend over last quarters
- Lower ARR net retention due to lower net upsell driven by change in partner pricing model (USD -2 million) and excess capacity due to lower than planned video room usage



# Will adapt growth plan and targets to accelerate return to profitability

## **Will adapt growth plan and targets**

- Video adoption has been accelerated in the past two years, creating huge opportunities for future growth and strong customer interest in Pexip's core business areas
- Current growth rate below what is needed to reach existing target of USD 300 million by the end of 2024
- Less visibility on the timing of reaching USD 300 million compared to when setting the target in 2020

## **Accelerate return to profitability**

- Expect to return to quarterly ARR growth in Q2 and beyond
- Target being EBITDA profitable in Q4 2022 and for the whole year of 2023
- Will present updated growth plan and target later this year

# Upcoming dates

**Annual General Meeting**

April 21, 2022

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**Q1 2022 Quarterly  
Presentation**

May 12, 2022

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## Q&A

