

Pexip Q4 2021 – Growth in Annual Recurring Revenues (ARR) and good cost control resulted in a profitable quarter

Oslo, Norway, February 10, 2022 - The video communications provider, Pexip Holding ASA ("Pexip" or "The Company", Oslo Børs Ticker: PEXIP), today presented its quarterly results for the fourth quarter and full year of 2021.

Q4 2021

Pexip's subscription base measured in Annual Recurring Revenue (ARR) reached USD 106.4 million in Q4 2021, up from USD 81.9 million in Q4 2020, representing an increase of 30%, driven by strong software sales. Key highlights for the quarter include:

- ARR reached USD 106.4 million, reflecting a 30% growth year-on-year
- Revenues at NOK 266 million, 16% growth year-on-year
- EBITDA at positive NOK 10 million, developing better than guidance, due to strong Pexip self-hosted software revenues and overall cost control, despite growth investments
- Recognized by Frost & Sullivan as a Leader in Healthcare Enablement, a key strategic focus area for Pexip

Key new customers from Q4 include:

- The US Federal Reserve - the central bank of the United States.
- Charter Communications - an American telecommunications and mass media company.
- GM Financial - a global provider of auto finance solutions and the wholly owned captive finance subsidiary of General Motors
- Technip Energies - a leading Engineering & Technology company for the energy transition

The percent of retained revenue from existing customers was 101% year-on-year, including churn of 9.7% over the last twelve months.

"I am pleased to report continued strong growth for Pexip in 2021. For Q4, I am particularly satisfied with the profitability development of the company, with an EBITDA margin of 4%, which is ahead of schedule in our investment plan. We also had a reduction in year-on-year churn which is now back below 10%, and I am happy to report that we landed some significant new customers. We experienced growth across all our core business pillars, however, the video infrastructure area was negatively impacted by the limited use of offices and delays in roll-out of new video rooms. This is due to the renewed Covid-19 restrictions and as well as delays in our customers' video hardware deliveries due to chip shortages. Moving into 2022, we have redefined our strategy to focus specifically on the three main business areas where Pexip has clear competitive differentiators – video infrastructure, critical meetings and video enablement. We feel confident that executing on this renewed focus and capitalizing on the growth investments made in 2020 and 2021 will enable us to deliver on our ambitions to return to positive EBITDA during 2023 and reach USD 300 million in ARR by the end of 2024", said Pexip Interim CEO and CFO, Øystein Dahl Hem.

Q4 2021 Financial Highlights

Revenue in Q4 2021 was NOK 265.9 million, up 16% from NOK 229.0 million in Q4 2020, driven by strong sales in the quarter from Pexip's self-hosted software.

Cost of sale in Q4 2021 was NOK 18.3 million, reflecting a gross margin of 93%. The increase from NOK 16.5 million in Q4 2020 was due to a shift towards cloud compute compared to investing in own or renting hardware, which also reduces investments and operating expenses.

Salary and personnel expenses amounted to NOK 158.2 million in the quarter (60% of revenue), up from NOK 130.7 million (57% of revenue). The increase is mainly due to high growth in number of employees over the last twelve months, in line with Pexip's growth strategy.

Reported EBITDA in Q4 was positive NOK 9.9 million, reflecting a positive 4% margin, down from positive NOK 49.5 million in Q4 2020. The development in the EBITDA margin is better than guidance, due to strong Pexip self-hosted software revenues and overall cost control despite planned growth investments.

Full year 2021 Financial Highlights

For the full year 2021, Pexip grew revenue by 18.7% to NOK 805.5 million from NOK 678.5 million in 2020.

Cost of sales was NOK 76.9 million in 2021 compared to NOK 42.6 million in 2020, reflecting a 90% gross margin for 2021.

Reported EBITDA was negative NOK 124.3 million in 2021, compared to NOK 55.6 million in 2020, reflecting a negative 15% margin.

Pexip has through 2021 focused on expanding sales and R&D capacity, and finished 2021 with a total of 537 employees, up 49% from the end of 2020.

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, and implementation of sustainability measures. 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. In the short term, renewed Covid-19 restrictions will cause limited use of offices and delays in roll-out of new video rooms. In addition, Pexip's customers have experienced delays in video hardware deliveries due to chip shortages.

To accelerate growth Pexip has invested in increasing the Company's sales and marketing presence as well as R&D capabilities since the IPO. During 2022 Pexip expects ARR growth to again overtake growth in employees and cost. This will support returning to a positive EBITDA during 2023. In the mid-term, the Company expects above 25% EBITDA-rate in 2025 together with revenue growth above 25%. The key enabler for all these initiatives is the robust strengthening of the Pexip team during 2020 and 2021.

Analyst consensus estimates

Every quarter ahead of the earnings announcement, Pexip collects earnings estimates from the equity analysts currently covering the company. The consensus estimates and the methodology used in preparation of the consensus estimates are published on the company's IR webpages here:

<https://investor.pexip.com/consensus>.

Q4 results presentation

The fourth quarter results for 2021 will be presented by a video webcast on Thursday, February 10, at 17:00 CET. The presentation will be held in English by Øystein Dahl Hem (Interim CEO and CFO), Karl Hantho (President Americas), John Thorneycroft (SVP of Business Development), and Michel Sagen (Chair of the Board). Please register using this form: <https://www.pexip.com/q4-2021-results-presentation-registration>. Questions can be submitted to IR@pexip.com or in the chat function on the stream. The presentation will be streamed via investor.pexip.com.

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

Contact persons:

Investors: Mirza Koristovic, Director Investor Relations, IR@pexip.com, +47 93 87 05 25

Media: Lars-Einar Petterson, Communication Manager Norway, Lars.einar.petterson@pexip.com, +47 93 44 88 27