

Pexip Q2 2023 report – Back to positive ARR growth and strong cash flow

Oslo, Norway, 10 August 2023 - Pexip Holding ASA ("Pexip" or "The Company", Oslo Børs Ticker: PEXIP), today presented its quarterly results for the second quarter of 2023, showing revenue of NOK 232.9 million and an EBITDA of NOK 7.7 million.

“We are pleased to be back to positive ARR growth and to continue to deliver a strong cash flow. Our continued focus on secure and custom solutions yields results, demonstrating the value that we create for our customers. We remain confident that these areas will be of great importance in the years to come.” said Trond K. Johannessen, Pexip CEO.

Q2 development continues to provide momentum to reach the financial targets set for 2023, and the results from the first half of 2023 are in line with the guidance given of cash flow positive operations and an EBITDA of NOK 100-150 million for the whole year. The 2023 cash flow target was exceeded in the first half of 2023, and we have therefore updated our target for the year to NOK 85-100 million.

Within secure and custom solutions there was a USD 1.8 million growth in ARR in Q2 and significant renewals in the quarter have gone well. Our secure solutions are increasingly relevant and awareness around sovereignty and privacy for Government data is increasing, with more countries issuing specific recommendations and regulations. Within interoperability and infrastructure solutions, we continue to capture new accounts although overall decline due to churn and capacity reductions from legacy and Connected Spaces. The development in the strategic partnerships with both Microsoft and Poly continues to show that Pexip's focused approach to our key markets makes us an attractive partner in our industry.

Q2 2023 – Key figures

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 98.7 million in Q2 2023, representing a year-on-year decline of 7% from USD 106.1 million in Q2 2022, but up 0.4% since Q1 2023. The development in year-on-year ARR continues to be affected by the large US Government customer not renewing the contract as the program lost its funding, as well as a decline in legacy areas.

Key highlights for the quarter include:

- Q2 2023 revenue of 232.9 million, up 19% y-o-y. Pexip's subscription base measured in ARR was USD 98.7 million in Q2 2023, down 7% y-o-y but up 0.4% since Q1 2023. EBITDA amounted to NOK 7.7 million, up NOK 105 million since Q2 2022 excluding restructuring costs.
- Cash flow of NOK 42 million in the quarter, with a cash position of NOK 508 million. We have revised our full-year cash flow target, and the updated, increased target for 2023 free cash flow is NOK 85-100 million.
- Pexip's transformation over the last quarters has been successful, and the new lean organization is delivering strong tangible results. We continue to drive operational

improvements across the business going forward and with a continued focus on our core markets to enhance market and technology leadership.

- Good start to the Poly partnership, with high joint sales and marketing activity across regions. Through Q2 we saw strong pipeline development and the first sales are already won, although limited conversion to date with only three months of operation.
- We continue to launch technology innovations and in Q2 we launched direct calling (SIP P2P) for Microsoft Team Rooms and SIP Guest Join for Microsoft Teams (announced in the Q1 presentation). We are also piloting AI-powered translation with some of our top customers.

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 the preparation of the consensus estimates are published on the Company's IR web pages here: <https://investor.pexip.com/consensus>

Q2 results presentation

The second quarter results for 2023 will be presented by video webcast today, Thursday, 10 August, at 08:00 CEST. The presentation will be held by Trond K. Johannessen (CEO), Øystein Hem (CFO), and Åsmund Fodstad (Chief Revenue Officer) The presentation will be held in English and conducted as a webcast. Questions can be submitted to IR@pexip.com in advance of the presentation or live during the presentation.

Please join the webcast via the following link: <https://www.pexip.com/events/q2-2023-results-presentation>

A recorded version of the presentation will also be available after the webcast is concluded.

For questions, please contact:

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About Pexip | [pexip.com](https://www.pexip.com)

Pexip is a video technology company that offers multi-platform software for various purposes such as business meetings, secure government communication, doctor's appointments, and court proceedings. It is an excellent tool for organizations that want seamless, secure, and scalable meetings that enhance the video experience. Pexip (PEXIP) is listed on the Oslo Stock Exchange. Visit us at www.pexip.com or on [LinkedIn](#)

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5 -12 of the Norwegian Securities Trading Act.

This stock exchange announcement was published by Christine Arnesen Karsrud, Investor Relations, Pexip Holding ASA, on 10 August 2023 at 07:00 CEST.