

]pexip[

Quarterly Presentation Q3 2023

November 2, 2023

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Q3 highlights and key areas of focus

Transformation continues

- Successful transformation conducted with new leaner organization delivering improved results
- Further optimization executed in Q3, and continues going forward

Revenue and ARR development

- Q3 revenue of NOK 215 million, up 14% y-o-y
- Total ARR at USD 99.8 million, up USD 1.1 million q-o-q

Results and cash

- Q3 Adjusted EBITDA of NOK 11 million, up 67 million¹ y-o-y
- Q3 cash flow of NOK -13 million, with a resulting cash position of NOK 494 million out of Q3

Growth in Connected Spaces

- Growth for Connected Spaces in Q3, benefiting from the HP|Poly partnership, the BlueJeans sunset and the launch of FedRamp

Beginning capital distribution

- Announcing capital distribution policy of 50-100% of FCF to be approved by AGM in 2024
- Additional extraordinary dividend of NOK 0.5 per share to be recommended to AGM 2024

On track on financial targets

- Flat to positive development in full year recurring revenues with 20%+ growth in ARR in Secure & custom spaces
- NOK 100-150 million EBITDA
- Full year cash-flow target of NOK 85-100 million

1) Excluding restructuring costs

Pexip has a unique video technology platform

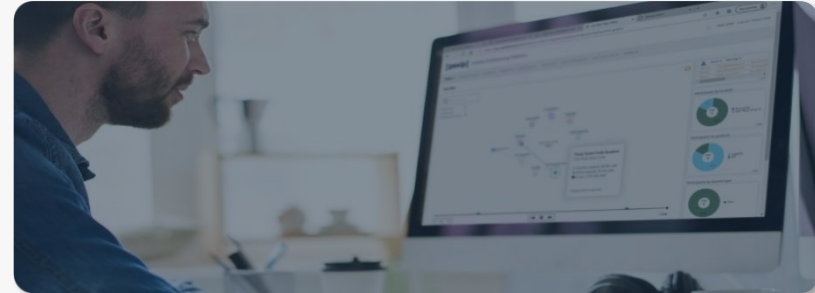
Patented **transcoding** architecture



Centralized data processing

- Gives improved interoperability & browser experience
- Enables AI applications

Run on **any compute** platform



Works in all environments, including self hosted and sovereign clouds

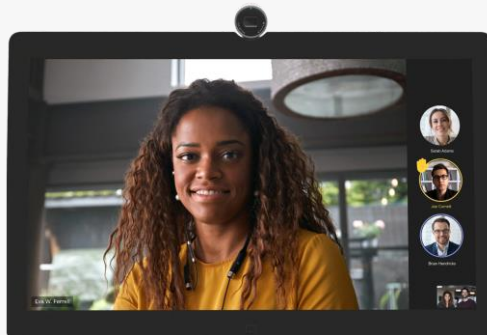
- Enables total data privacy and control
- Easy to customize

Flexible **video technology** that powers everything from business communication to ultra secure government meetings, doctor's appointments and court proceedings

Powered by Pexip

To make seamless video communication available to all organizations regardless of technology platforms and security requirements

Pexip Connected Spaces Video meeting interoperability



When several video technologies need to work seamlessly together

Selected partners



Pexip Secure & custom Spaces Video meetings for self hosting or private clouds



When complete privacy and control over data is required

Selected partners



Beneficial market trends underpin Pexip's growth ambitions

Pexip Connected Spaces Video meeting interoperability

15% p.a. video conferencing device growth¹

- Well-established and consolidating market for SIP video infrastructure
 - Pexip targets increasing market share through product innovation and having a focused position in the collaboration eco-system
- The need for video interoperability is increasing as more video end-points are installed, with a clear opportunity for Pexip to take a leadership position also for service specific devices
 - First launch: Pexip Connect for Teams Rooms

Pexip Secure & Custom Spaces Video meetings for self hosting or private clouds

30% p.a. private cloud revenue growth²

- Increased Government awareness on data sovereignty and privacy expands market for secure video platforms, often as a complement to e.g., Teams
- Industry analysts expects 30% growth in global private cloud market from 2023 to 2029, which in turn will drive demand for platforms that can operate in them
- Clear expectations from customers/users on having high-quality video collaboration tools available

Increased competitiveness with several new products and features

Teams-like layout deployed broadly on the Pexip SaaS platform



Version 33 giving a range of new Secure and Custom features

| | | | |
|---|---|---|---|
| 2 | 3 | 4 | 5 |
| 0 | | 1 | |
| 6 | 7 | 8 | 9 |

- Flexible custom layout generator
- AI-powered noise removal
- Breakout room management

AI translation



The Pexip and Nvidia partnership focuses on bringing the benefit of AI to secure deployments.

Pilot feature: Co-developing live translation with selected large customers.

Enhanced product management with more distinct product packaging to improve go-to-market capabilities

Multiplatform meeting room interoperability:
PEXIP CONNECT

PEXIP CONNECT for Teams Rooms

PEXIP CONNECT Essentials

Most Popular

PEXIP CONNECT Standard

PEXIP CONNECT for Government

Secure and Custom meetings
PEXIP SECURE MEETINGS
PEXIP VIDEO PLATFORM
PEXIP ENGAGE

PEXIP SECURE MEETINGS Enterprise

PEXIP SECURE MEETINGS Government

PEXIP SECURE MEETINGS Defense

PEXIP SECURE MEETINGS Health

PEXIP SECURE MEETINGS Justice

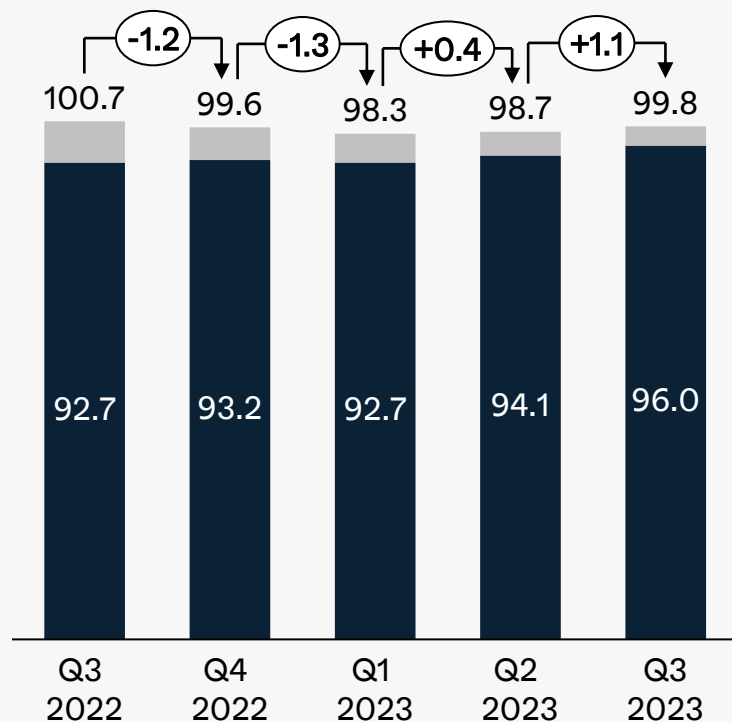
PEXIP VIDEO PLATFORM Video Platform as a Service

PEXIP VIDEO PLATFORM Self-hosted Video Platform

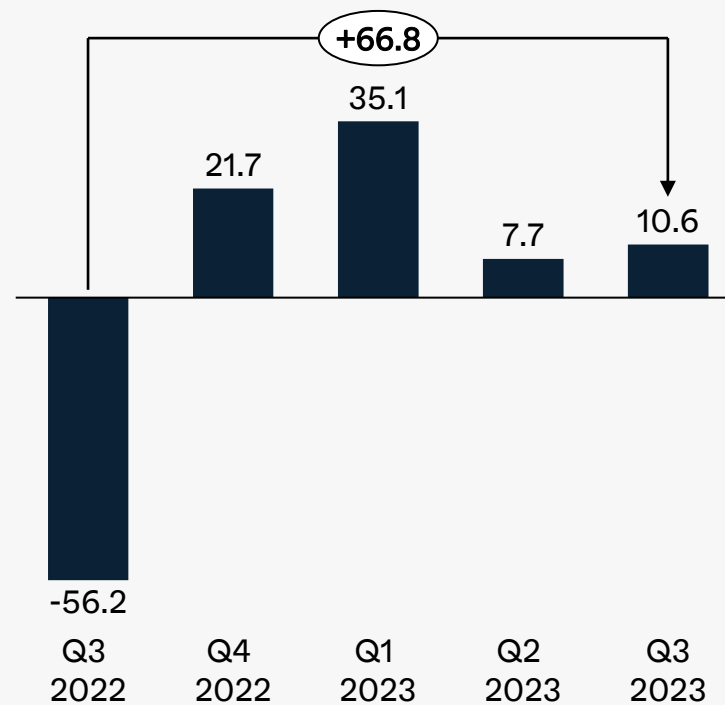
PEXIP ENGAGE Enterprise Scheduling

Step-change in financial performance

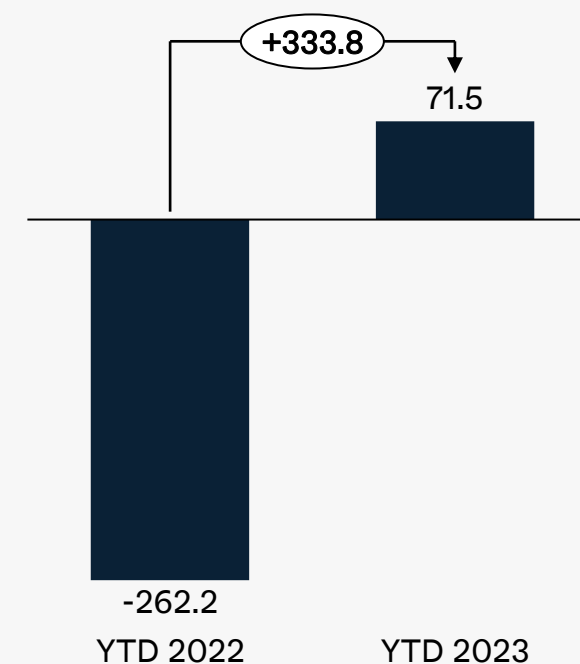
Total ARR
USDm



Adjusted EBITDA¹
NOKm



Free Cash flow²
NOKm

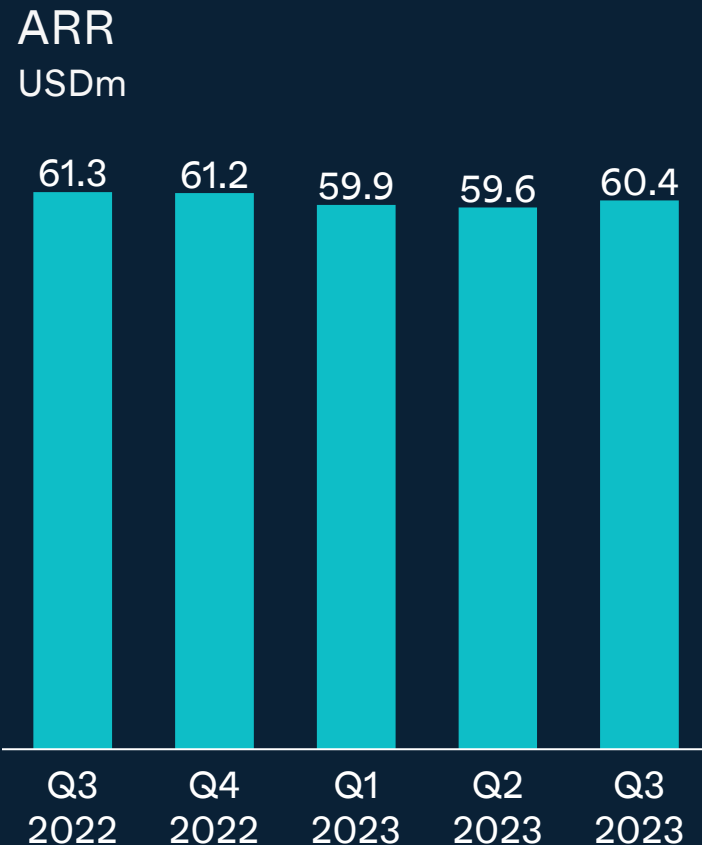


Legacy Underlying ARR

¹ EBITDA less Other gains and losses
² Operating cash flow, investment cash flow and leases

Sales update

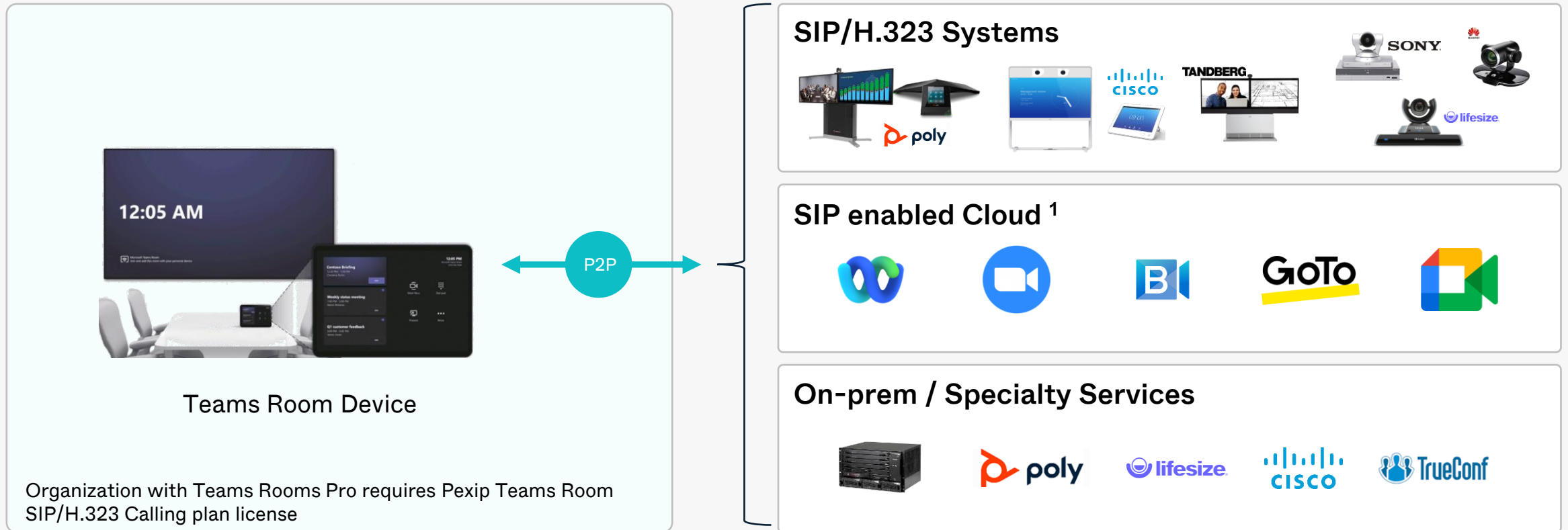
Connected Spaces



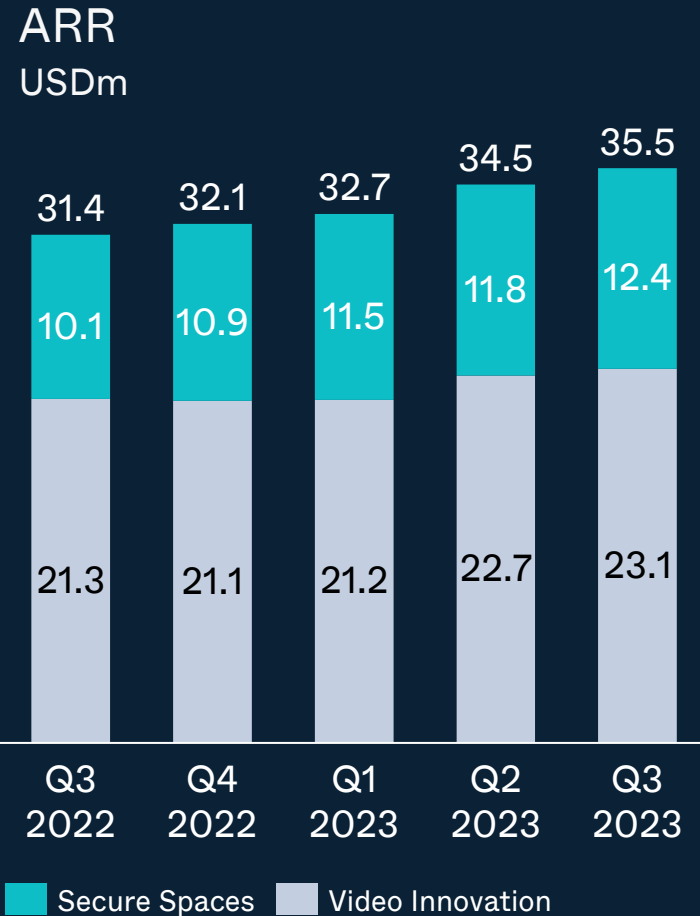
- Growth in Connected Spaces in Q3 following a negative development in the past quarters
- BlueJeans sunset has triggered several customers to find new solutions
- Positive feedback on SIP Point to Point for Microsoft Teams Rooms – opens up a new market opportunity for Pexip for the next generation of video interoperability
- In Q3, Pexip signed several large customers in Connected spaces, including:
 - A major energy company
 - A major banking group
 - A major pharmaceutical company

Pexip Connect for Teams Rooms

First Fortune 500 win for the next generation of interoperability



Secure and custom solutions



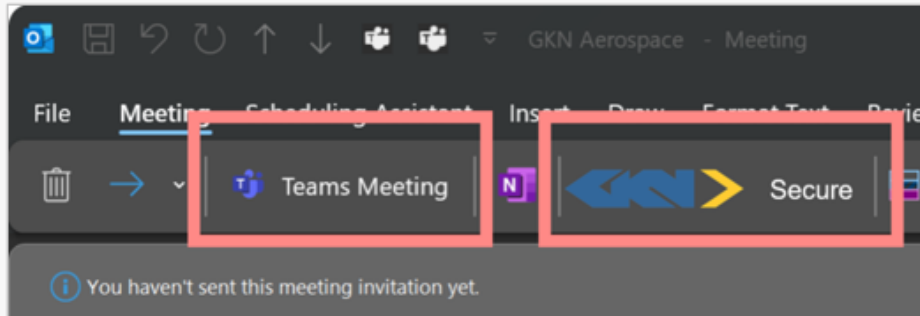
- Secure and custom solutions growing 3% in Q3 and 13% y-o-y, driven largely by strong upsell across several accounts in Secure and Custom
- Secure spaces was the main source of growth in Q3, with 5% growth in Q3 and 23% y-o-y. Large wins include:
 - Secure meetings to a European energy company
 - Secure meetings to the armed forces in an Asian country
 - A custom video platform to a Service Provider in the collaboration space

Pexip Secure meetings for Defense

Win with with GKN Aerospace complementing their Teams meeting solution



GKN AEROSPACE

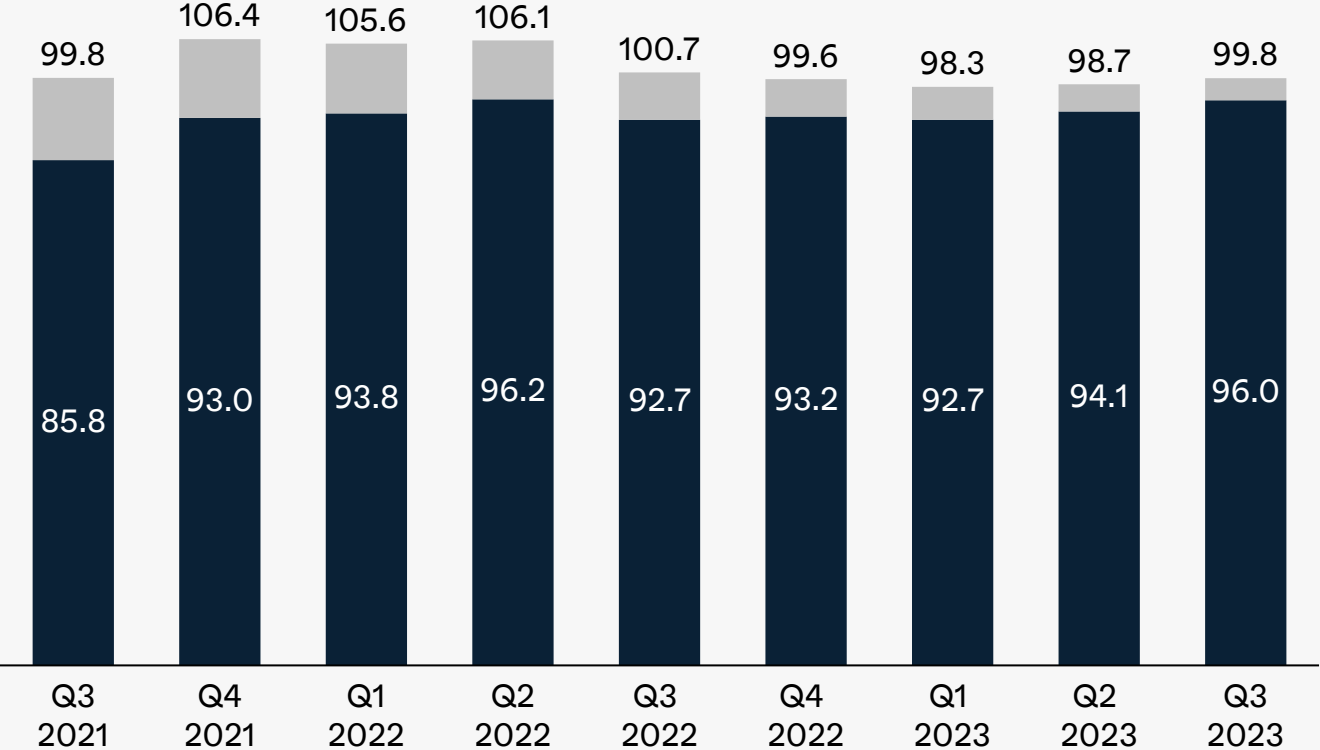


- Need for a secure on-premises video platform with full opportunity to audit access to information to comply with customer regulation demands
- Adopting Pexip Secure Meetings as a complementary video meeting platform for meetings that require an extra level of security. The application is an Outlook plug-in, alongside Teams.

Financial update

Total ARR base at USD 100m in Q3 2023

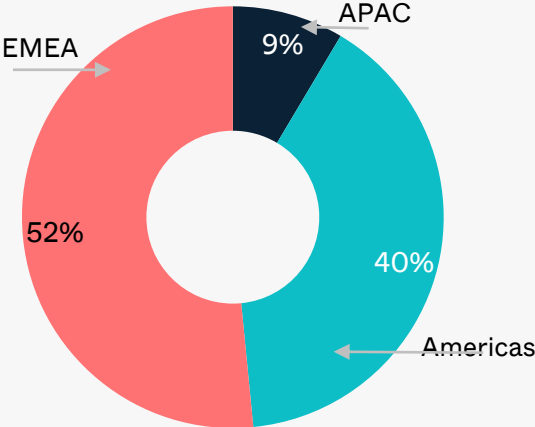
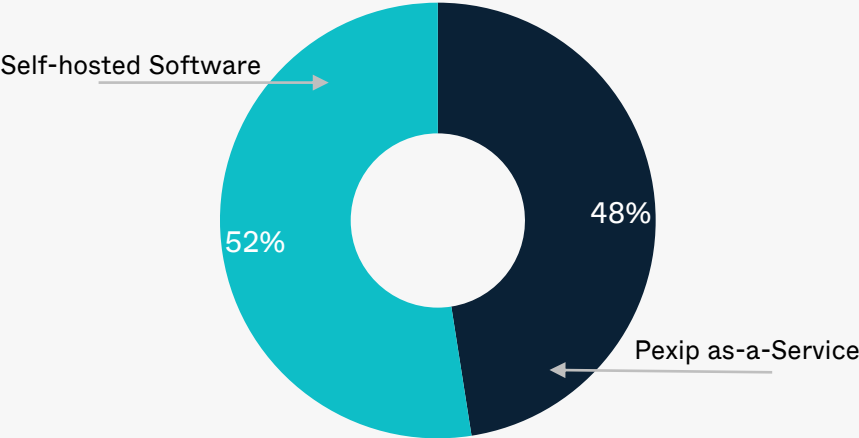
Total ARR
USDm



Legacy
Underlying ARR

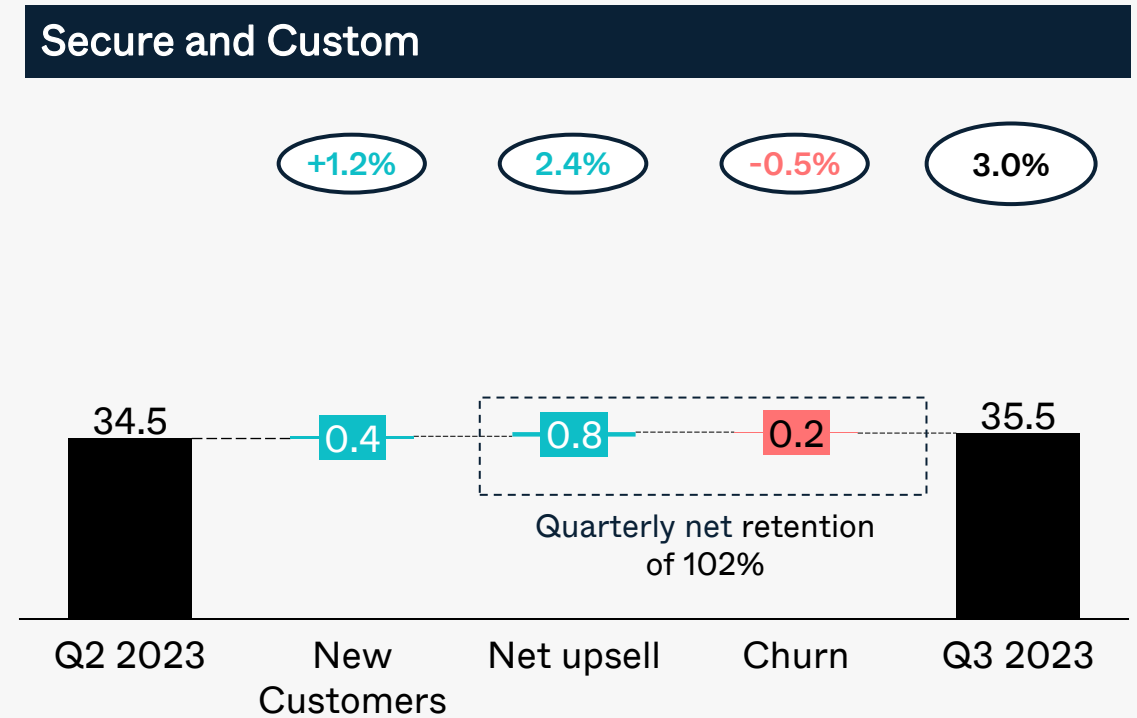
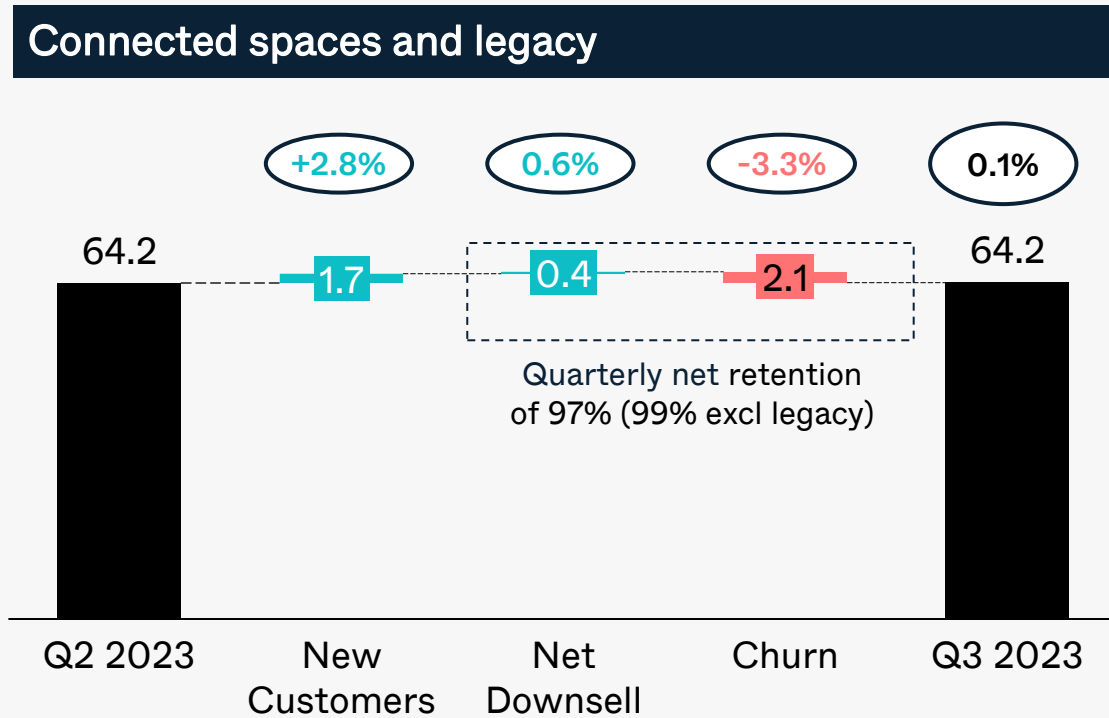
Booked Annual Recurring Revenue (ARR) development

ARR split
Q3 2023



Breakdown of ARR development

USD million, quarter-over-quarter

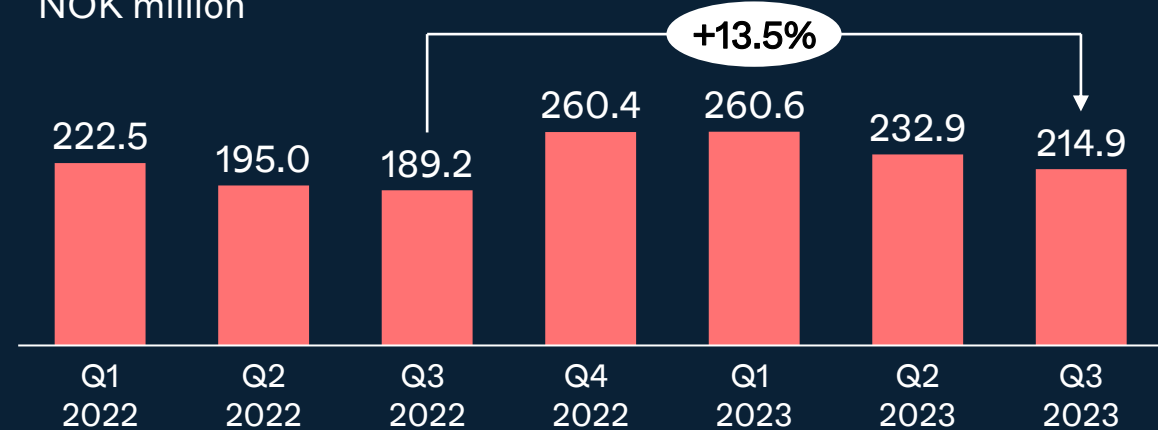


- Continue solid net retention in Secure and Custom
- New sales compensating for churn in Connected Spaces and Legacy as a whole due to connected spaces growth

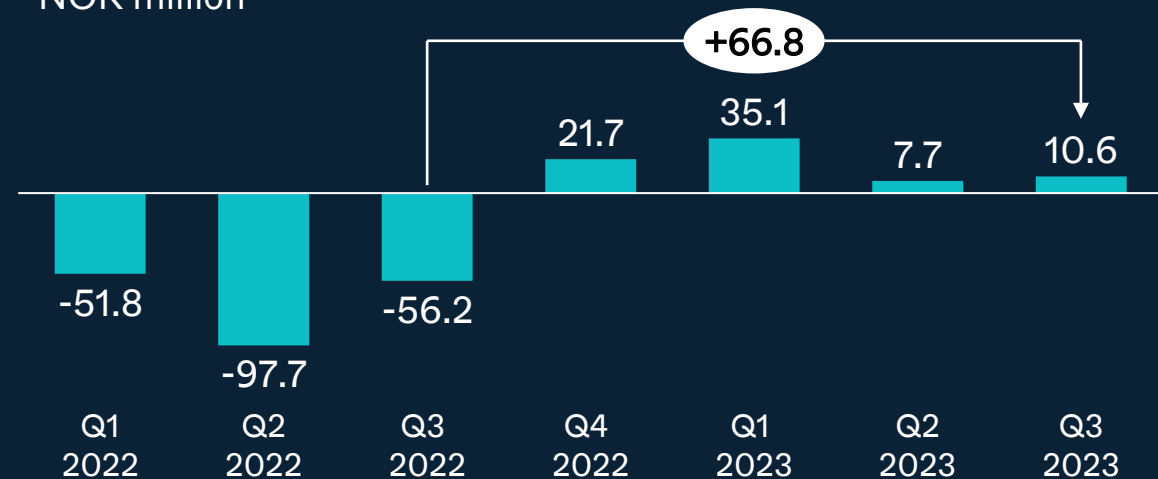
Continued improvement in y-o-y EBITDA

- Positive revenue increase of 14% compared to Q3'22, of which 4 p.p. are driven by currency effects
- Continued positive EBITDA development despite seasonal lower revenues in Q3, driven by realized effects of the cost reduction program and revenue growth
- Rightsizing program have given good results and a significantly lower cost base

Revenue
NOK million



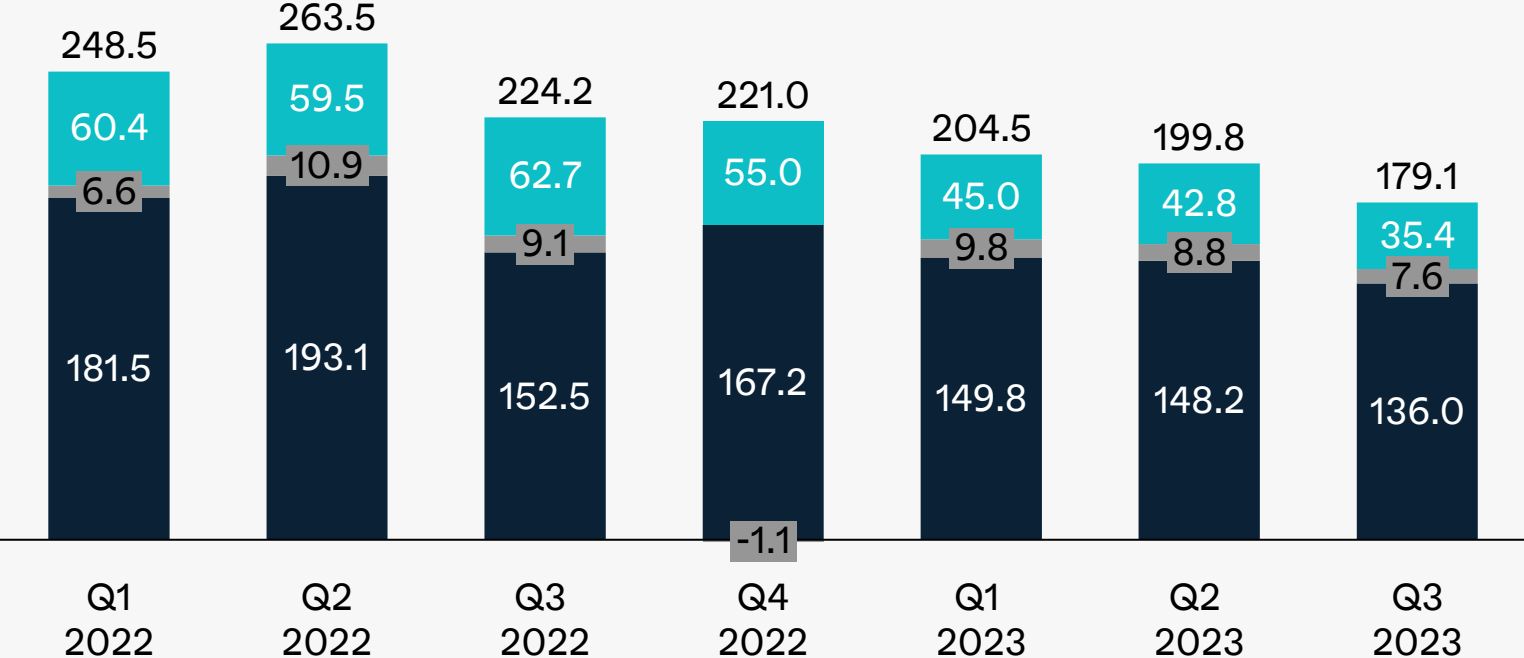
Adjusted EBITDA¹
NOK million



1) EBITDA adjusted for Other gains and losses

Q3 OPEX base below NOK 180 million for Q3 2023

Quarterly OPEX development
NOKm



■ Other operating expenses
 ■ Salary and personnel expenses
■ Share option related costs

Salary and personnel expenses

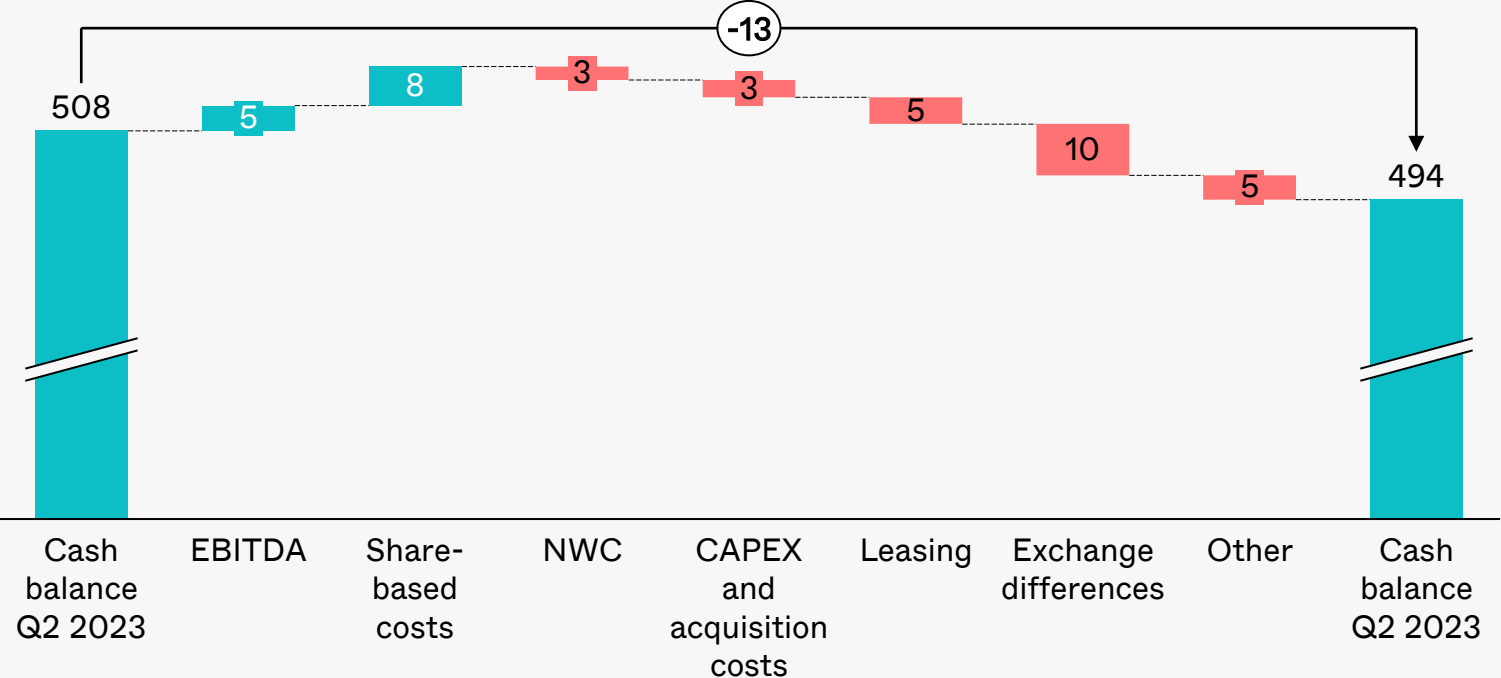
- Reduction of 11% compared to Q3 2022 excluding share option costs. Approximately NOK 10 million reduction in salary cost in Q3 from holiday taken in July

Other Operating expenses

- Positive development with a 43% reduction compared to Q3 2022, mainly from reductions in Sales and Marketing and external services, as well as high event costs in Q3 2022

NOK 13 million in negative cash flow in Q3 – YTD free cash flow of NOK 72 million

Cash flow bridge Q3 2023
NOKm



- Continued positive EBITDA excluding non-cash share-based costs contributing to cash flow
- Neutral new working capital in Q3 compared to NOK 30 million gain year to date
- CAPEX benefiting from NOK 4.75 million received government investment grants
- YTD Pexip has a free cash flow of NOK 72 million from NOK 127 million in operational cash flow, negative 39 million in investing cash flow and negative 17 million in lease payments

Q3 2023 Financial results

Profit and loss

NOKm

| | Q3 2023 | Q3 2022 | Y-o-Y |
|--------------------------------------|-------------|-------------|-----------|
| Revenue | 215 | 189 | 26 |
| Cost of goods sold | 25 | 21 | 4 |
| Gross Profit | 190 | 168 | 22 |
| Salary and personnel exp. | 144 | 162 | (18) |
| Other operating exp. | 35 | 63 | (28) |
| Adjusted EBITDA | 11 | (56) | 67 |
| Other gains and losses | (6) | (5) | (1) |
| EBITDA | 5 | (62) | 67 |
| D&A | 27 | 23 | 4 |
| Operating profit | (23) | (85) | 62 |
| Net financials | (3) | 24 | (27) |
| Profit/loss before income tax | (25) | (60) | 35 |

- 14% increase in year-on-year revenue, driven by stronger Software and Software-as-a-Service revenues and currency
- COGS is mainly relating to sale of Pexip-as-a-Service with the increase being related to increased usage as well as activation of key AI features
- EBITDA excluding other gains and losses of NOK 11 million, NOK 67 million higher than in Q3 2022.
- NOK 6 million in other gains and losses from restructuring supporting long-term cost reductions
- Higher D&A in Q3 2023 compared to Q3 2023 in line with previous quarters.

Outlook and targets

Outlook and 2023 targets

Continued positive market outlook across the business areas

HP/Poly partnership, BlueJeans' exit, growth in video devices, growth in private clouds, geopolitical situation, and FedRAMP authorization are key drivers

Continue to be on track with EBITDA and revenue targets for the year

Q4 2023 ARR expected 100-103 million

Target 2023 EBITDA of NOK 100-150 million

Progress after Q3: On track

Target 2023 free cash flow¹ of NOK 85-100 million

Progress after Q3: On track with free cash flow of NOK 72 million YTD

Target flat to positive development in recurring revenues for FY 2023

Progress after Q3: On track

1) Cash flow from operating and investing activities excluding acquisitions, including principal lease payments

Introducing a new capital distribution policy and recommend dividend to AGM 2024

- Pexip has successfully executed a change in strategy, and will execute on a strategy of growing both top-line and bottom-line results going forward
- Pexip is cash flow positive, has a solid cash position, no material interest-bearing debt and a positive market outlook
- Based on this, the Board is introducing a new capital distribution policy and a dividend recommendation to AGM 2024



Recommended capital distribution policy by the Board

- Distribute 50-100% of free cash flow generated to shareholders as a dividend, with the concrete recommendation to be presented and approved by the AGM

2024 AGM recommendation

- Ordinary dividend in line with the above policy
- In addition, an extraordinary dividend of NOK 0.5 per share to be paid together with the ordinary dividend

Upcoming dates

Q4 2023 Quarterly Presentation

🕒 Feb 14, 2024

2024 AGM

🕒 April 24, 2024

Q&A

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Thank you for listening!

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High gross margins across the business areas

Gross profit by segment NOKm

| | Q3 2023 | Q3 2022 | YoY dev. |
|---|------------|------------|----------------|
| Revenue from Connected Spaces | 159 | 154 | 4% |
| COGS of Connected Spaces | 22 | 19 | 18% |
| Gross Profit from Connected Spaces | 137 | 135 | 2% |
| <i>Gross margin Connected Spaces</i> | <i>86%</i> | <i>88%</i> | <i>-2 p.p.</i> |
| | Q2 2023 | Q2 2022 | YoY dev. |
| Revenue from secure, custom solutions | 56 | 36 | 57% |
| COGS of secure, custom solutions | 3 | 2 | 29% |
| Gross Profit from secure, custom solutions | 53 | 34 | 58% |
| <i>Gross margin secure, custom solutions</i> | <i>95%</i> | <i>94%</i> | <i>1 p.p.</i> |

- Stable development in Connected Spaces, solid revenue and gross profit growth in Secure & Custom
- COGS is mainly related to Connected Spaces