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Pexip company presentation

16 May, 2023

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Pexip at a glance

2011
founded

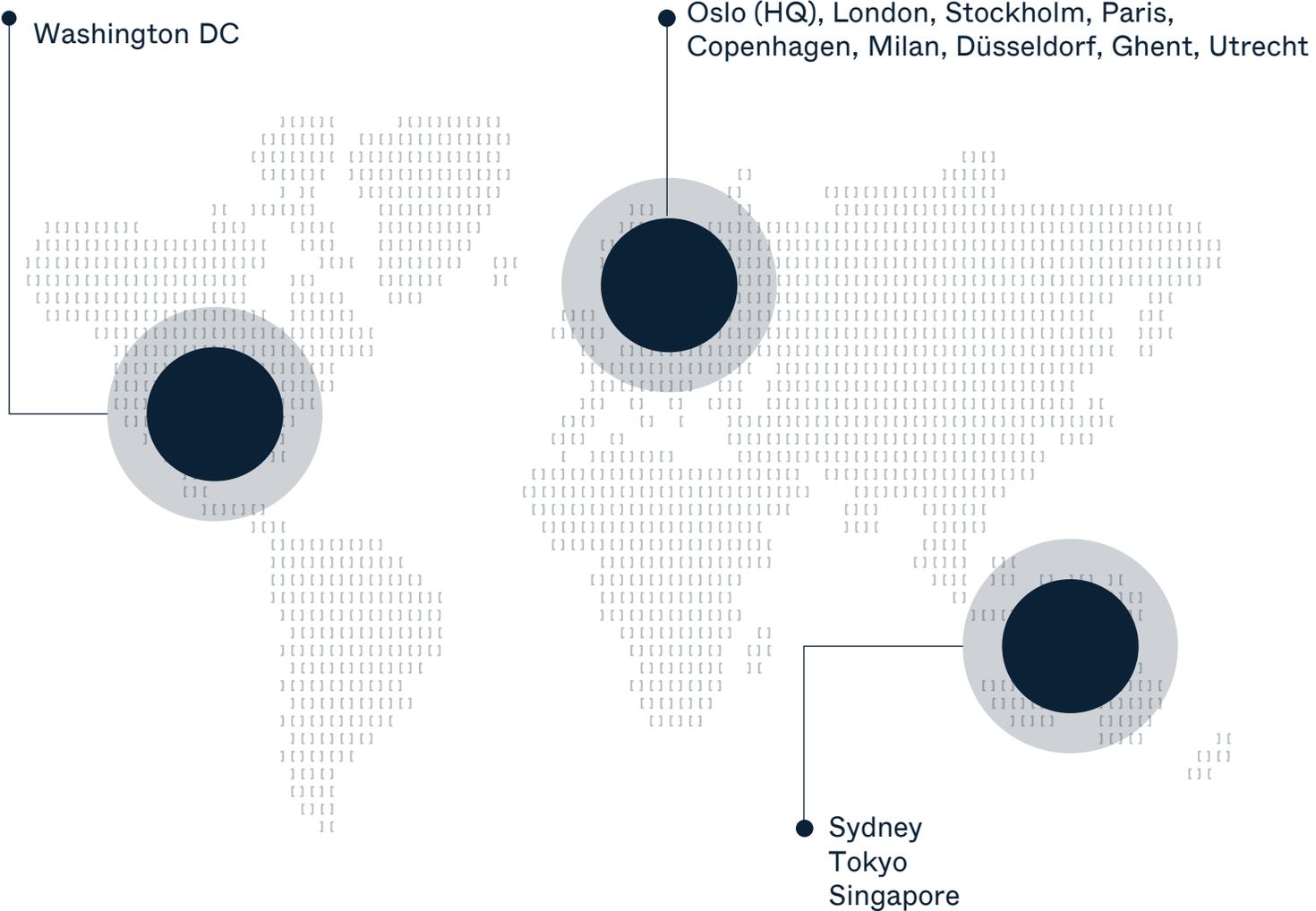
325
employees across 26 countries

12
offices across the world

300+
partners in 75 countries

4,000
enterprise and public sector customers

~\$100 million
in Annual Recurring Revenue (ARR)



Powering video everywhere with unique multi-platform video technology

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

Focused on customer needs in two core solution areas, and are strengthening our position in both

Connected Spaces



- Market and technology leadership strengthened through Q1
- Interoperable Multi-platform product for meeting rooms well received in the market
- FedRAMP and Poly partnership will amplify position and increase market share



Google



FedRAMP

Secure, customized solutions



- Pexip offers unique solution for self hosted and private cloud deployment—enabling complete privacy and security
- Technology alliances with Genesys, Realwear, etc broadens solution space
- Poly partnership will increase market share within the secure segment

GENESYS



NOKIA



poly | hp

Investment case

]pexip[Investment highlights

1

Certified video communication platform with unique technology and industry partnerships serving a broad range of companies and governments globally

2

Approx. USD 100 million in ARR – targeting large, high-growth markets with unique position towards lucrative enterprise segment

3

Rightsizing program completed Q4 2022 with resulting healthy cost base and clear path to profitability and positive Cash Flow

4

Targets EBITDA of NOK 100-150 million for 2023 and EBITDA cash conversion¹ of 40%

1) Free cash flow from operating cash flow and investing activities excluding one-off items
Note: Assuming constant currency (LTM basis)

Unique technology makes Pexip a preferred partner for the leading collaboration platforms

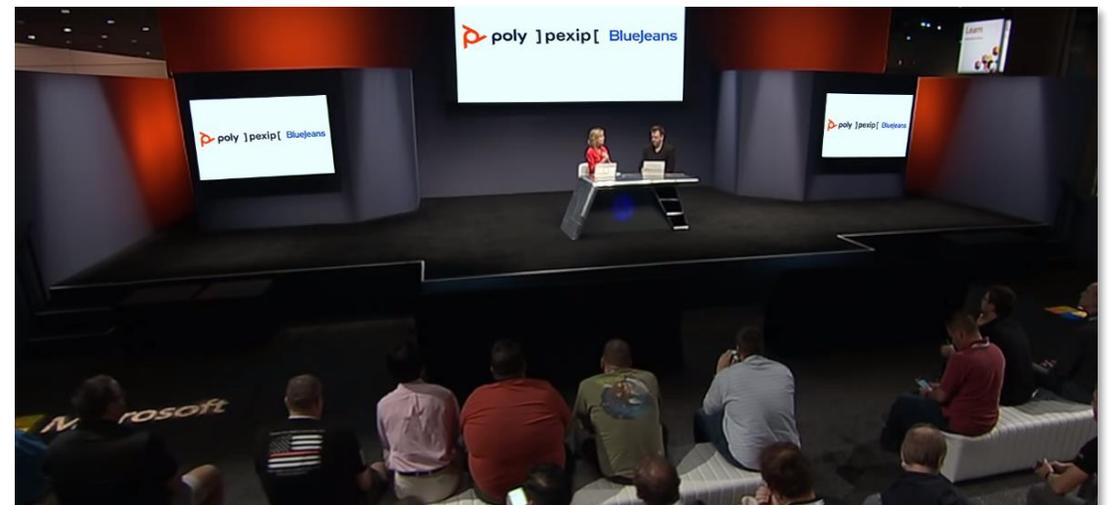
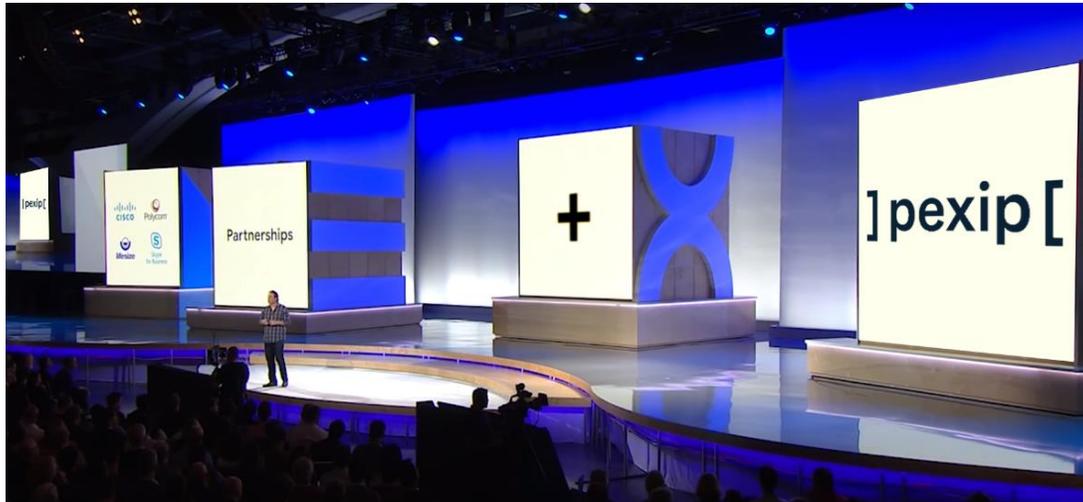


Sole interoperability provider for  Google Meet



Microsoft certification for [Skype for Business](#)

One of four certified providers for 



Strategic partnership with Poly powering Poly's new video infrastructure solutions



Powered by Pexip



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Offerings will be available through Poly's sales channels, improving Pexip's market reach



“We're thrilled to work with Pexip, a leading player in the market. This collaboration enables us to deliver secure private video communications via on-premise and cloud-based solutions, catering especially to security-conscious organizations.”

- Chris Moss, Product and Portfolio Management, HP Hybrid Systems

A selection of organizations using Pexip

"It was important for us to have the capabilities to enable our people to communicate with our clients effectively. Given the large scale - 400,000 people - and over 4,000 video conferencing calls a month. Being able to bring those together is really important to us."

- David Petricca, Global Video & Collaboration Architecture Sr. Manager (Accenture)



Valtori Government ICT Centre



"Pexip enables our organization to maintain our high standards of privacy and security."

"Improved efficiency and interop for all in the organization."

"Seamless collaboration from anywhere to anywhere."



Nordea

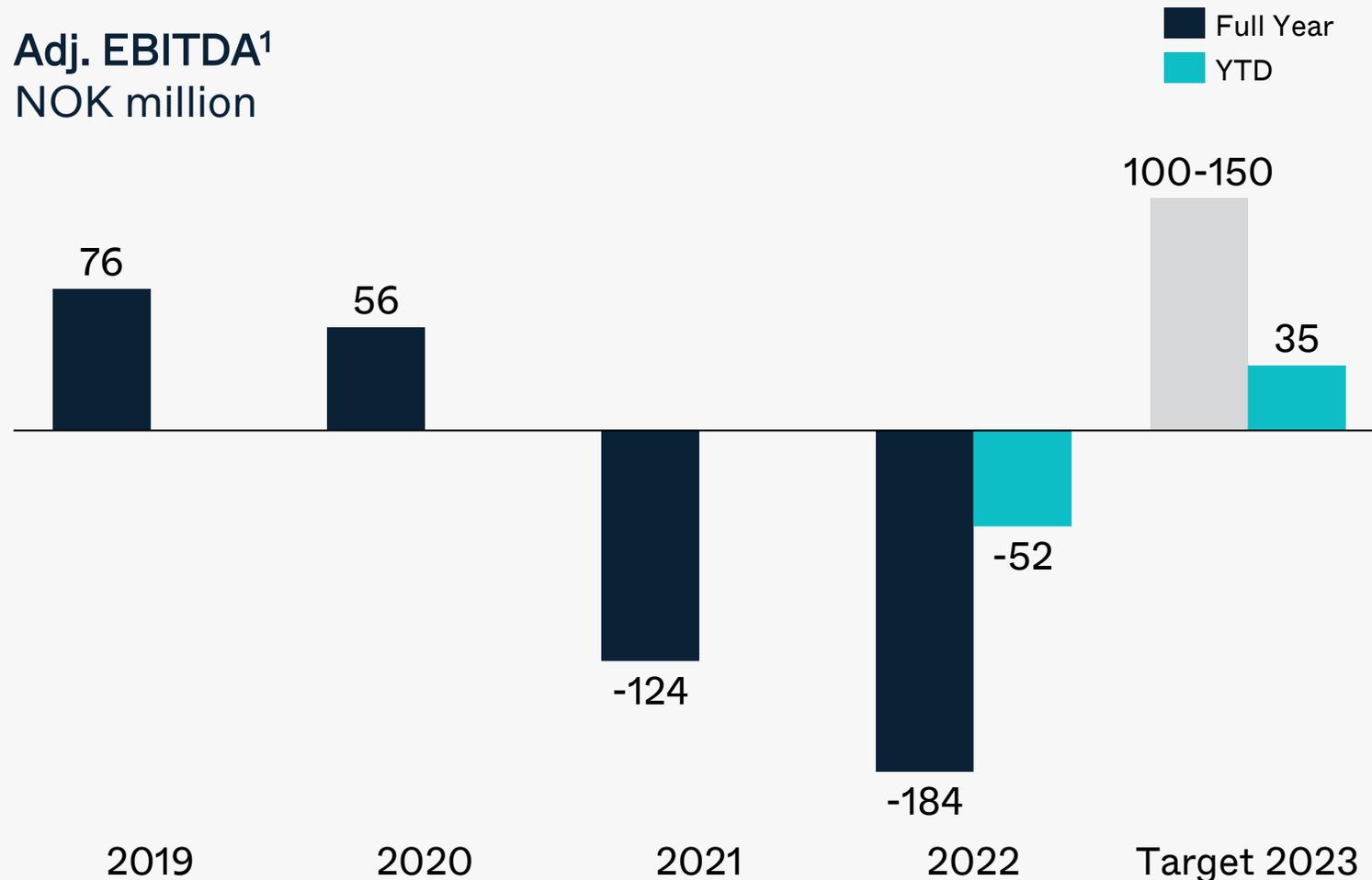


intel®



Turning around to a profitable company in 2023

Adj. EBITDA¹
NOK million



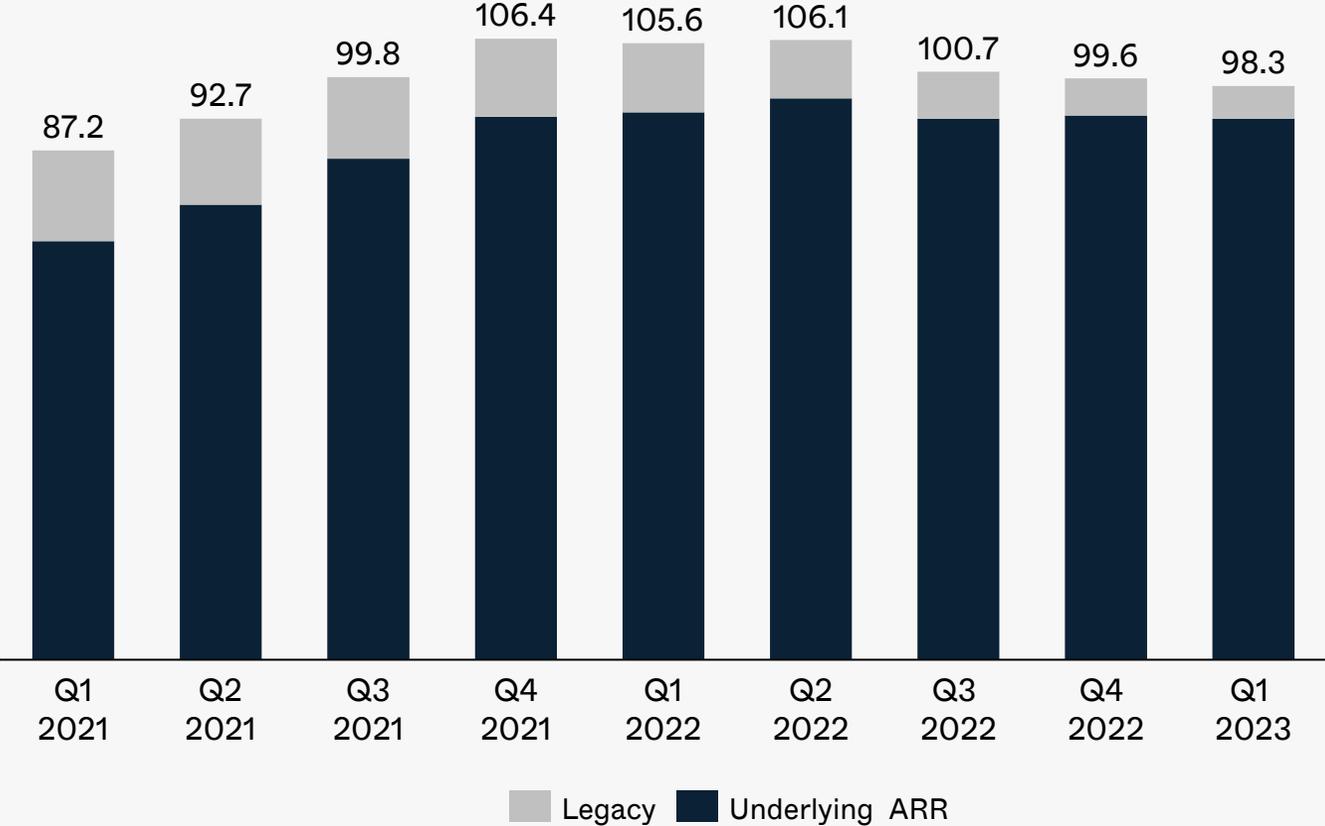
Transformation highlights

- Have adapted cost base to current revenues, giving positive EBITDA and cash flow
- More focused strategy has enabled Pexip to strengthen differentiators in core markets, and strengthen strategic partnerships
- On track to reach 2023 targets

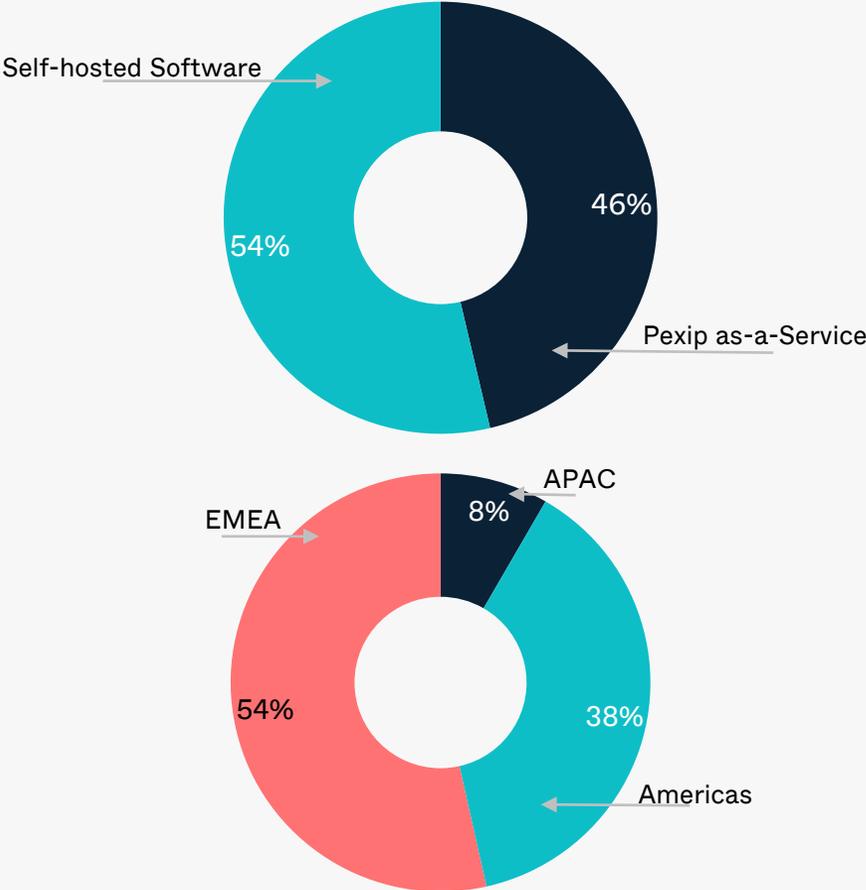
¹ Adjusted for IPO transaction costs in 2020 and restructuring costs in 2022

Total ARR base at USD 98m in Q1 2023

Total ARR
USDm



ARR split
Q1 2023



Clear progress of return to profitability

- Positive revenue increase of 17% compared to Q1'22, of which 11 p.p. are driven by currency effects
- Continued positive EBITDA development, driven by realized effects of the cost reduction program and revenue growth
- Rightsizing program have given good results and we see clear signs of a healthy cost base and clear path to profitability and positive cash flow



1) EBITDA in 2022 adjusted for restructuring costs

Cash flow - quarterly

- The overall cash flow is a net positive of 47 million NOK, driven largely by the improvement in our operating cash flow. Positive EBITDA, net working capital and exchange gains from receiving payments at a more favourable exchange rate main positive contributors to positive cash flow.
- Cash flow from investment activities is driven by investments in software developing, as well as an earn-out paid in relation to a portfolio acquisition which is non-recurring in nature.

Cash flow from operations

NOK million



Cash flow from investments

NOK million



Outlook and 2023 targets

Generally positive market outlook across the business areas

Poly partnership and FedRAMP Authorization provide additional momentum into H2 2023

On track on EBITDA and revenue targets, trending above target for cash flow

Q2 2023 ARR expected 97-100 million

Target 2023 EBITDA of NOK 100-150 million

We aim to become a profitable business, with targets supported by the solid progress on the cost reduction program

Progress after Q1: On track

~40% EBITDA cash conversion in 2023

We target minimum NOK 40-60 million free cash flow¹

Progress after Q1: Trending above target

Flat to positive revenues

We target stable to positive development in annual recurring revenues

Progress after Q1: On track

¹) Free cash flow from operating cash flow and investing activities excluding one-off items

Thank you for listening!

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Appendix

Q1 2023 and full year 2022 Financial results

Profit and loss NOKm

	Q1 2023	Q1 2022	2022	2021
Revenue	260.6	222.5	867.1	805.5
Cost of goods sold	21.3	25.8	93.8	76.9
Gross Profit	239.3	196.7	773.2	728.6
Salary and personnel exp.	159.6	188.1	719.7	634.4
Other operating exp.	45.0	61.3	237.5	218.6
Other gains and losses	-0.3	0.0	61.3	-
EBITDA	35.1	-51.8	-245.3	-124.3
D&A	29.1	23.3	115.1	73.7
Operating profit	6.0	-75.1	-360.4	-198.0
Net financial income / (expenses)	25.9	-7.5	43.6	2.8
Profit before income tax	31.9	-82.6	-316.8	-196.2

- 17% increase in year-on-year Q1 revenue, driven by currency exchange changes and stronger Software-as-a-Service revenues
- COGS is mainly relating to sale of Pexip-as-a-Service and is lower year-on-year despite higher revenue. This is mainly due to underlying efficiency improvements.
- 2022 had 61 MNOK in restructuring costs
- Improved EBITDA of positive NOK 35 million from lower operating expenses, up from negative NOK 52 million in Q1 2022.

High gross margins across the business areas

Gross profit by segment

NOKm

	Q1 2023	Q1 2022	YoY dev.
Revenue from Connected Spaces	158	149	6%
COGS of Connected Spaces	18	21	-14%
Gross Profit from Connected Spaces	139	128	9%
<i>Gross margin Connected Spaces</i>	<i>88%</i>	<i>86%</i>	<i>3 p.p.</i>
	Q1 2023	Q1 2022	YoY dev.
Revenue from secure, custom solutions	103	73	40%
COGS of secure, custom solutions	3	4	-32%
Gross Profit from secure, custom solutions	100	69	45%
<i>Gross margin secure, custom solutions</i>	<i>97%</i>	<i>94%</i>	<i>3 p.p.</i>

- COGS are mainly related to Connected Spaces, however both business areas with high gross margins
- The gross margin in both areas are improving compared to Q1 2022, mainly due to underlying efficiency improvements

Connected Spaces

ARR
USDm



- Continuous innovation ongoing to increase technology leadership in Connected Spaces
- Continue to win major customers with our leading technology, in particular on Teams interoperability
 - Large US federal government agency – Social Security Administration (SSA)
 - Major US based Aerospace and Defense Systems Integration Company
 - Announced new strategic partnership with Poly

Secure and custom solutions



- Continued momentum for our Secure Collaboration products with recurring revenues in Secure Spaces growing 5% in Q1, and underlying y-o-y growth of 69%
- Increased awareness on cyber vulnerability and privacy gives Pexip an attractive position as a leading on-premise focused video collaboration provider
- Stable ARR in Video Innovation, with ARR of USD 21.2 million.
- Video innovation is still an immature market – however with large potential across several use cases and clear signals of increased market traction in attractive niches
- In Q1, we had several large renewals within secure and custom solutions. In addition, we had several new customers added this quarter, including:
 - A new service provider within TeleHealth
 - A new Swedish government agency within Secure Spaces