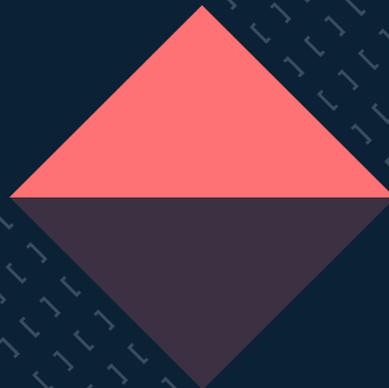


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Quarterly Presentation Q2 2022

August 11, 2022



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Pexip at a glance

2011
Company founded

300+
Partners in 75 countries

4,400
Enterprise and public sector customers

\$106 million
Annual Recurring Revenue 2021

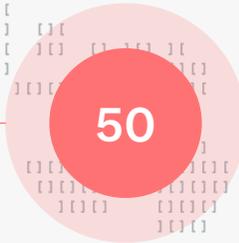
● Washington DC
New York



● Oslo, London, Stockholm, Paris, Ghent, Utrecht



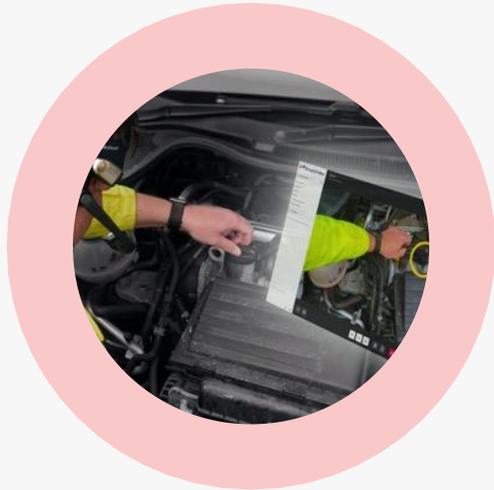
● Sydney
Tokyo
Singapore



Challenger in Gartner Magic Quadrant¹
Strong Position in Frost & Sullivan FrostRadar²

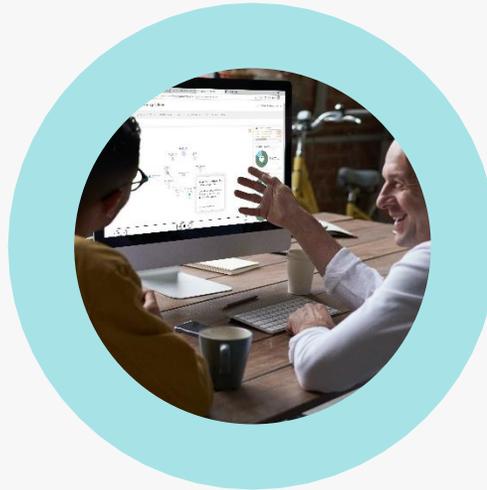
1) Gartner Quadrant for Meeting Solutions 2021, by Mike Fasciani, Tom Eagle, Adam Preset, Brian Doherty
2) Source: Frost & Sullivan, Frost Radar for Cloud meetings and Team Collaboration Services 2021, January 2022

Pexip has a unique patented core technology platform



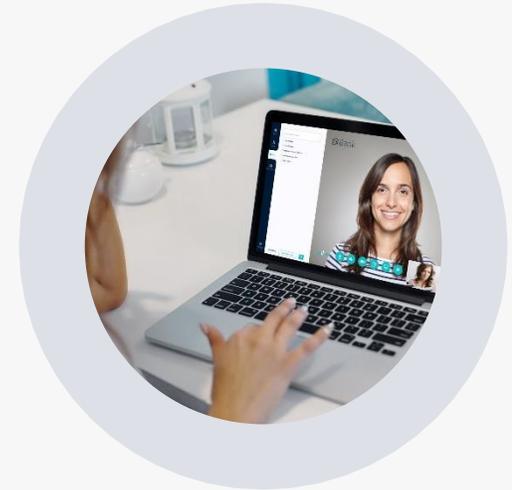
Core transcoding architecture

- Processing happens in the network and not on the device
- Facilitates interoperability across platforms and devices
- Works well with devices that run on batteries or have limited processing capacity (thin clients)



Self-hosted and cloud-hosted capabilities

- Enables complete control of data & business continuity
- Perfect for organizations with a need to bypass the internet or operate with a sovereign cloud

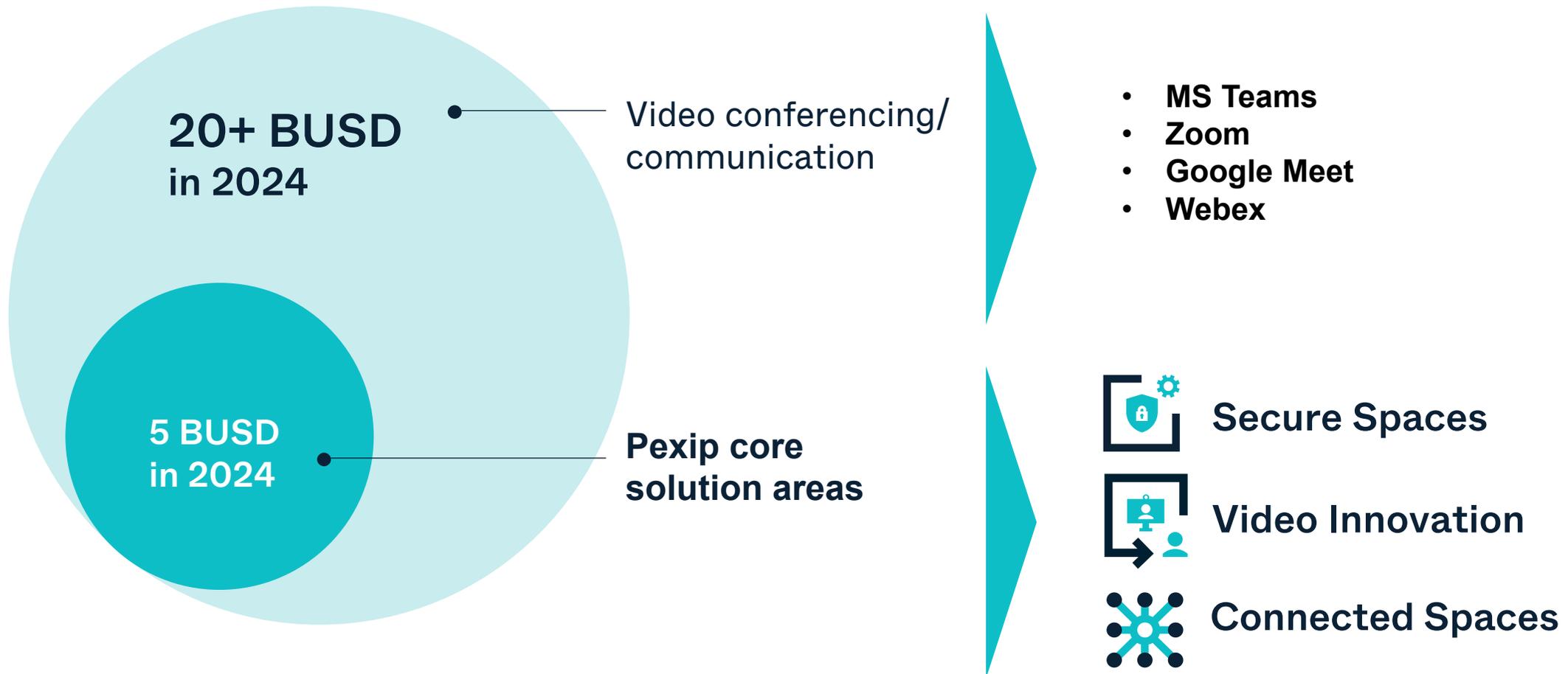


Built as a platform: Highly customizable

- Enables complete customization
- Ideal for new applications of video in sectors such as healthcare, video banking and virtual courts

~50 patents

Pexip's focused and clearly differentiated approach addresses a massive market opportunity



Pexip is focused on addressing customer needs in three core solution areas



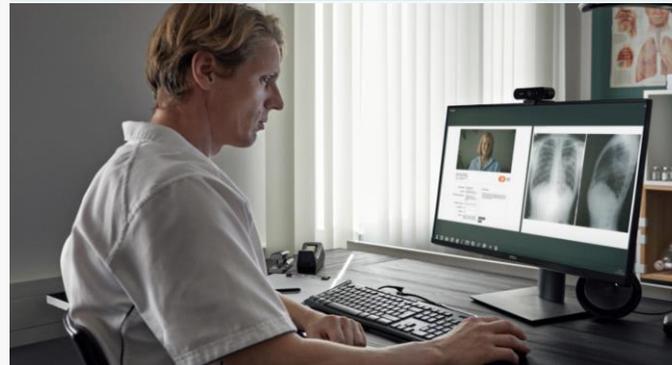
Secure Spaces

When complete privacy and control over data is required



Video Innovation

When an embedded or custom video solution is required



Connected Spaces

When you have several video solutions that need to work together



Q2 highlights and key areas of focus

Organization & costs

- Reorganization of commercial organization completed
- Annual cost reductions of app MNOK 200 realized and committed
- Plans in place for additional MNOK 100 in savings

Focus and target

- Ahead of plan for EBITDA neutral operations for FY 2023
- Plan for cash positive run-rate out of Q1 2023

Results & cash

- EBITDA of NOK -99 million adjusted for restructuring costs
- Cash flow of NOK -65 million

Growth y-o-y

- ARR up 14% y-o-y to USD 106 million
- Revenue up 10% y-o-y to NOK 195 million

Growth Q2

- Quarterly delta ARR of USD 0.5 million in line with underlying Q1 performance

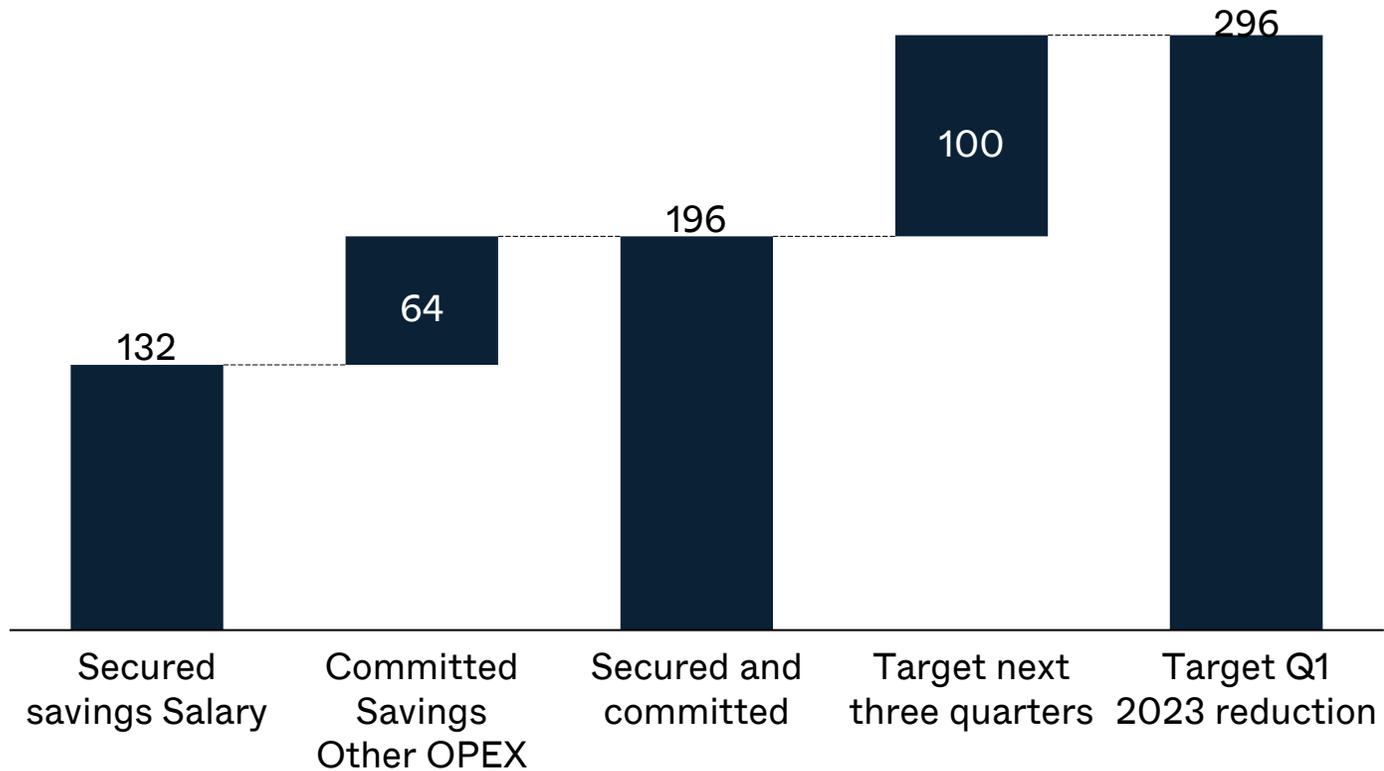
Sales update

- Strong underlying momentum for Secure Spaces and Video Innovation and Public Sector
- Launched Virtual Courts product

On the path to EBITDA-positive run-rate, and cash flow positive run-rate after Q1 2023

Cost reduction program

Estimated cost savings, NOK million, annualized



Comments

- Have reduced annual run-rate salary and personnel expenses with over NOK 130 million
 - Currently 474 employees, down from peak of 571 in Q2
- Identified and committed savings on other cost areas such as IT, Cost of Goods Sold and marketing for an additional NOK 64 million which will take effect through Q3 and Q4 2022
- Current secured and committed savings takes Pexip ahead of plan to reach run-rate EBITDA neutral operations
- Plans in place for additional NOK 100 million in savings to support run-rate cash flow positive operations out of Q1 2023

Reorganization completed with new P&L units

Flatter and focused organization....

- From sales Theaters to focused business units with P&L responsibility
- Organized into Squads by customer type and solution area
- Significantly reduced number of layers to get closer to the customer

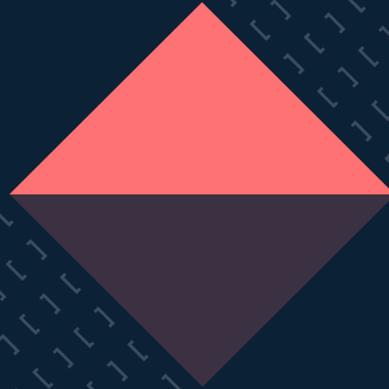


...increases speed and agility

- Drive growth in target verticals
- Prioritize resource allocation – invest where we have momentum
- Adjust cost levels on a continuous basis

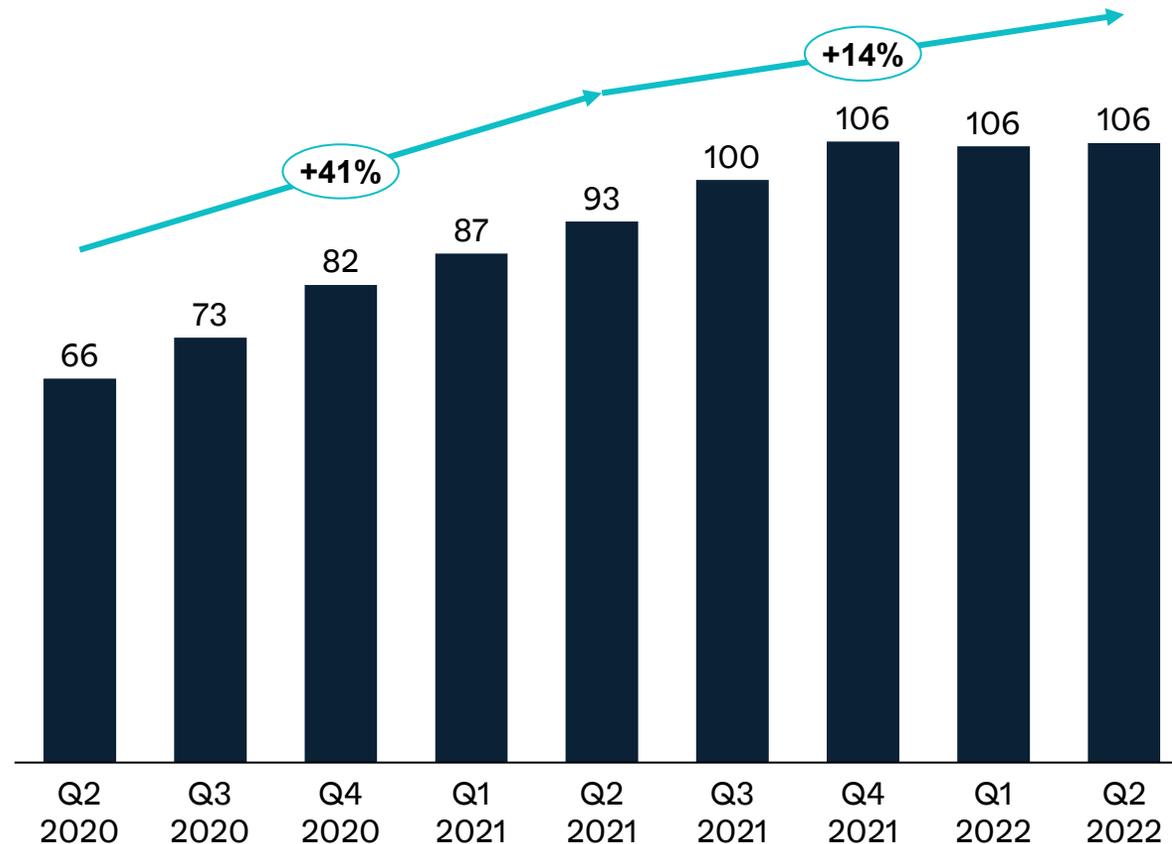
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Q2 2022 Sales Development



Continued flat development in Annual Recurring Revenue

USD million



- **ARR of USD 106.1 million at the end of Q2 2022**

- USD 0.5 million above Q1 2022

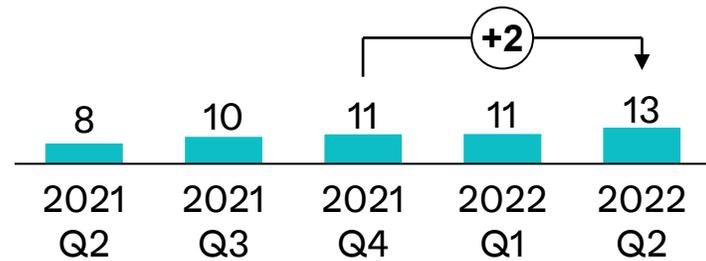
- **Lower new sales and upsell due to:**

- Continued competition in Connected Spaces, and continued 3rd party supply chain problems delaying projects
- Lower net upsell due to strong growth in capacity last two years

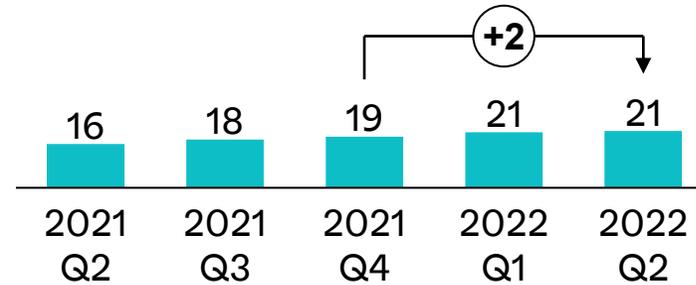
Year-to-date growth in Secure Spaces and Video Innovation

USD million

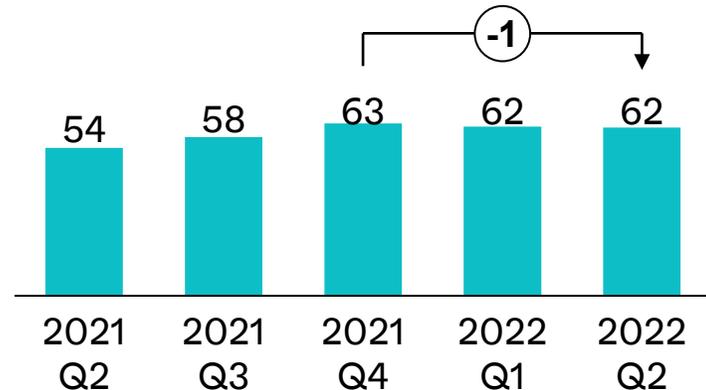
Secure Spaces



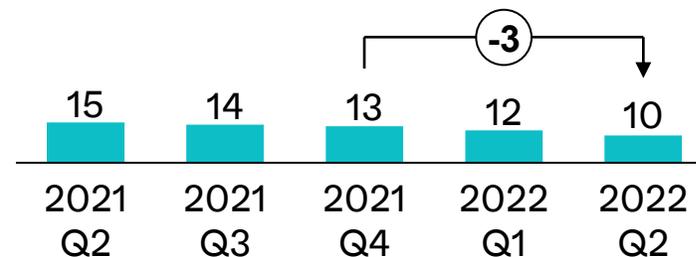
Video Innovation



Connected Spaces

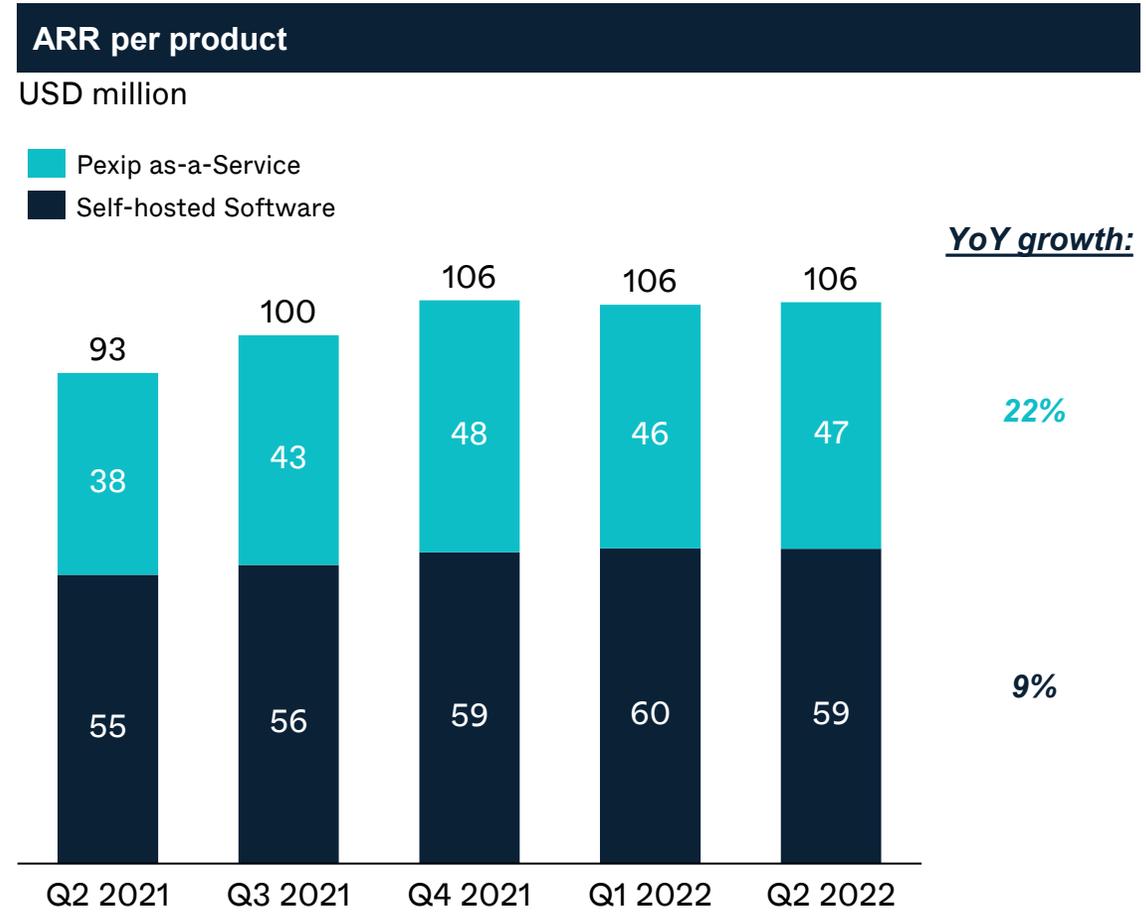
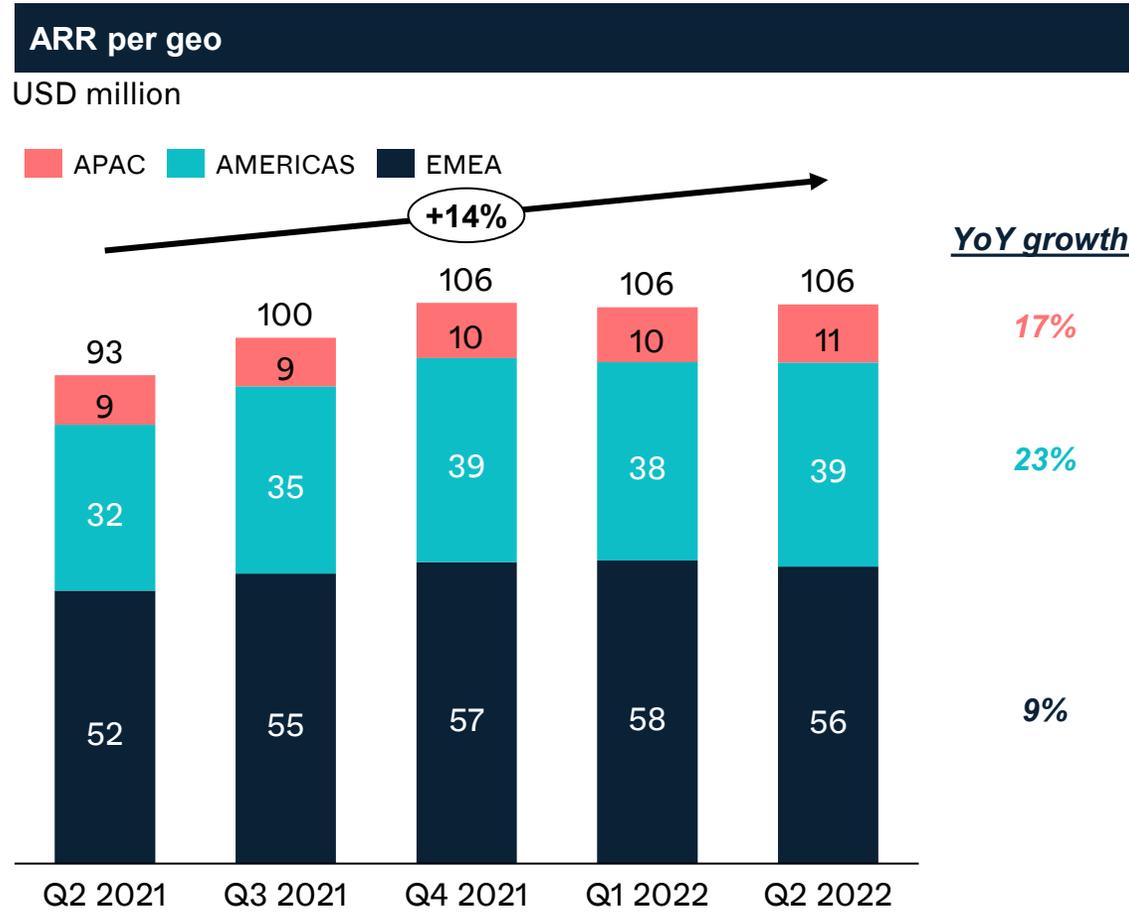


Legacy areas



- Continue strong growth in Secure Spaces and Video Innovation
 - USD 2.8 million of ARR growth in total across the two areas in Q2
- Stable development in Connected spaces over the last three quarters, which is the main driver for lower growth overall compared to 2021
- Legacy areas continue to reduce in line with expectations

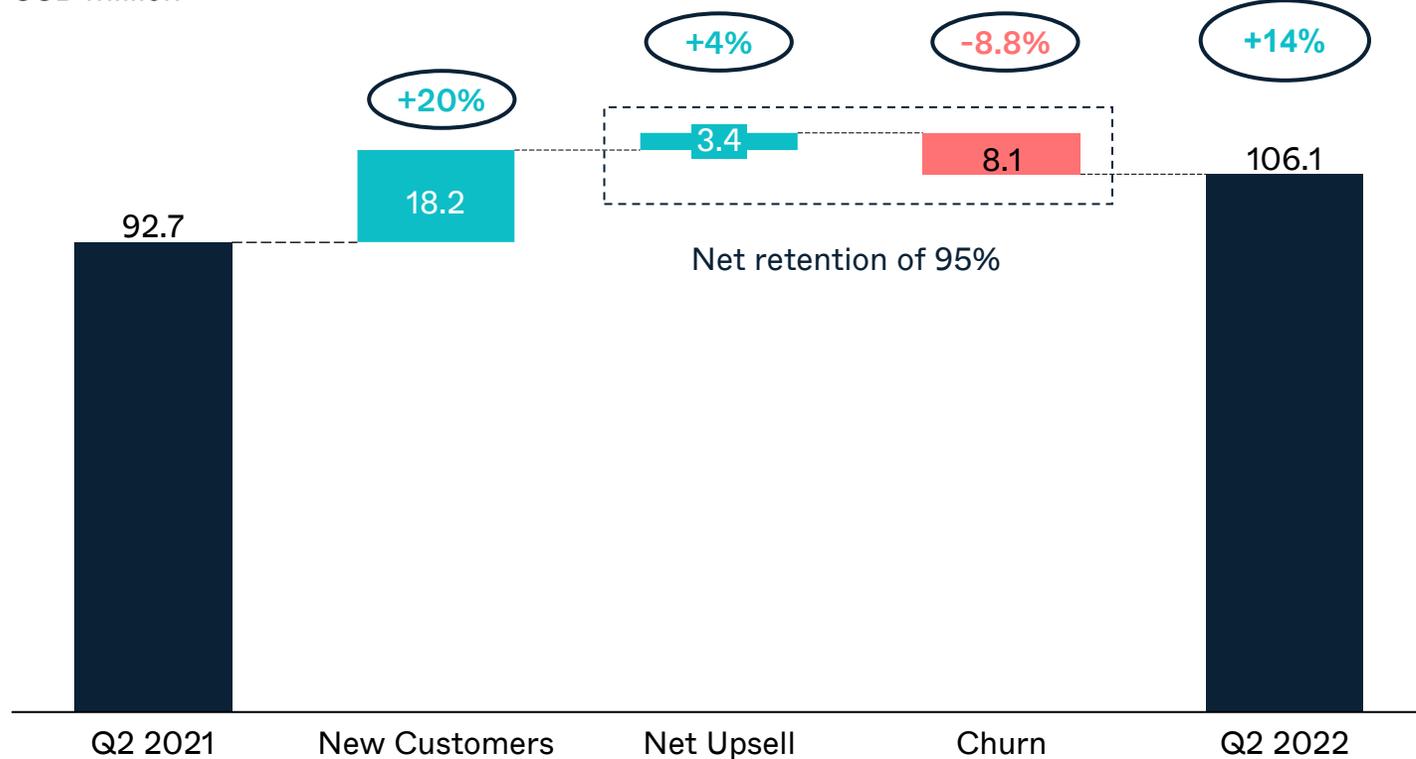
Consistent development across geographies and products



New customers represent the main driver for ARR growth

Development in ARR portfolio last twelve months

USD million



- Sales to new customers continue to be main driver behind growth, in line with previous period
- Improved churn at 8.8% continuing positive development from last quarters
- Lower ARR net retention due to lower net upsell from excess capacity

New win: Capgemini



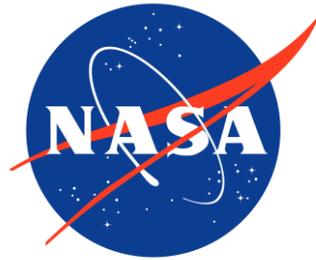
- Pexip was selected by Capgemini, a global consulting and technology company with 290,000 employees.
- They chose Pexip for seamless internal and external communication for Microsoft Teams. Pexip's interoperability capabilities are especially important for Capgemini in collaborating with their customers

New win: Region Östergötland



- Pexip was selected by another Swedish county, serving 500,000 inhabitants for a three year contract, now serving 10 out of 21 such entities in Sweden.
- Sweden is leading in Europe on data security and privacy awareness, and have done a thorough recommendation on approved vendors in 2021, including Pexip
- They chose Pexip for applications in all 3 solutions areas, where the ability to run secure internal and patient-doctor video calls were key factors in selecting Pexip

Solid momentum in public sector building on technology leadership and solid customer references



FORSVARET

VA



U.S. Department of Veterans Affairs



Bundeswehr



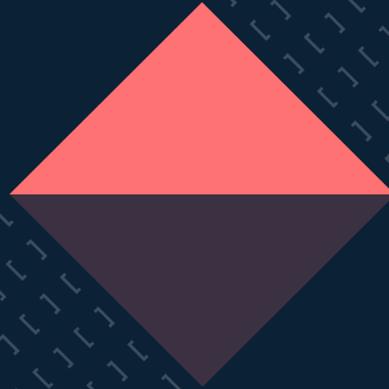
Have launched Pexip Virtual Courts

- **Proven customer value.** Court systems have already adopted non-purpose built video solutions to cope with the pandemic, which has proven cost efficiencies for the justice system and is essential to deal with large case backlogs
- **Proven solution.** Pexip is already being used as the backbone of one major European court system, and this experience has helped us develop true-to-life court workflows beyond what is available in standard video meeting platforms
- **Proven opportunity.** The pilot virtual courts customer is above 1 MUSD in ARR to Pexip, and the new virtual court system has helped us close two more justice systems in H1 2022



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Q2 2022 Financial Results



Q2 2022 Financial results

Profit and Loss

NOK million

P&L item	Q2 2022	Q2 2021	Development Percent
Revenue	195.0	177.1	10%
Cost of sale	29.1	20.9	39%
Salary and personnel expenses	204.0	148.6	37%
Other operating expenses	59.5	48.2	23%
Restructuring costs	-26.8	0	n.a.
EBITDA	-125.6	-53.1	-41 p.p.
EBITDA excluding restructuring costs	-98.9	-53.1	-28 p.p.
Depreciation and amortization	24.2	18.1	34%
Operating loss	-149.9	-59.0	-44 p.p.

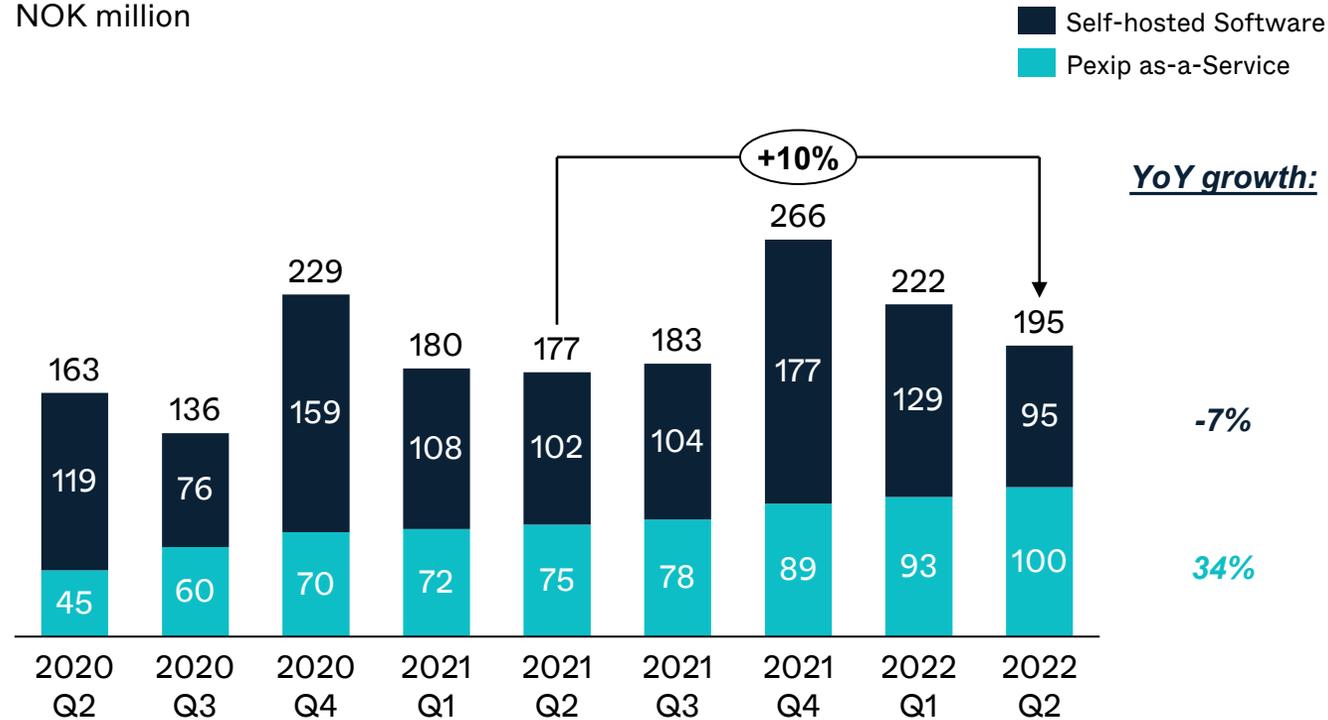
Comments

- 10% increase in year-on-year revenue in line with ARR increase driven by Pexip-as-a-Service
- Increased Cost of Sale from increased cloud service share of revenues, in addition to strengthening the robustness of the service platform
- Continued growth in employee benefit expenses following growth in employees
 - Restructuring impact will be seen from Q3 2022
- Significantly lower EBITDA, also impacted by restructuring costs of NOK 27 million, of a total of NOK -125.6 million

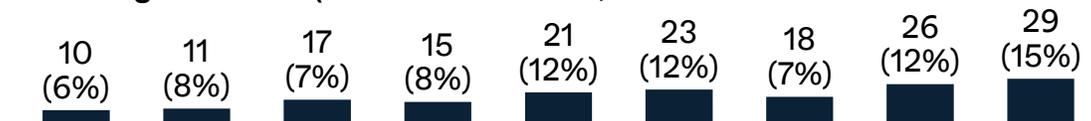
+10% revenue increase in line with ARR development

Quarterly revenue development

NOK million



Cost of goods sold (Percent of revenue)



Comments

Operating revenues – Pexip as-a-Service

- Overall growth of 34% year-on-year to NOK 100 million
- Development in line with ARR development

Operating revenues – Self-hosted Software

- Overall decline of -7% year-on-year to NOK 95 million due to seasonality
- Software revenue mainly recognized at time of delivery, which leads to quarterly variations in revenue recognition. This drives seasonal variation of software revenue

Gross margin

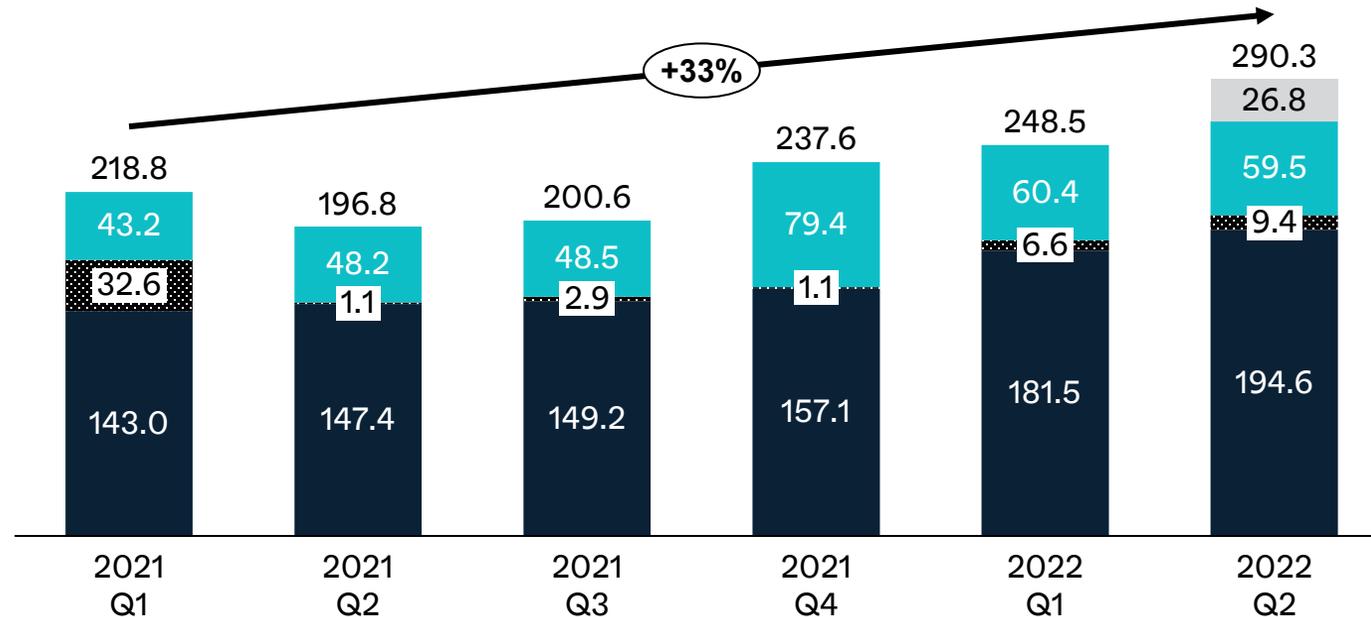
- Gross margin overall in line with Q1 2022, slight reduction driven by lower software revenues
- Higher usage of Pexip as-a-Service contributing to higher cost of goods sold

Increase in operating expenses from higher headcount and activity level

Quarterly OPEX development

NOK million

- Restructuring costs
- Other operating expenses
- Share option related costs
- Other Salary and personnel expenses



Comments

Salary and personnel expenses

- 37% growth overall, underlying 32% y-o-y in Salary and personnel expenses excluding option related costs
 - 27% y-o-y growth in headcount (start of Q2 2022 vs Q2 2021)
- Currency fluctuation increased costs with NOK 5 million compared to Q1 2022 average

Other Operating expenses

- Stable Other Operating Expenses compared to Q1 2022
- Higher Sales and Marketing costs compared to Q2 2021 as trade shows have re-started, as well as higher related travel expenses

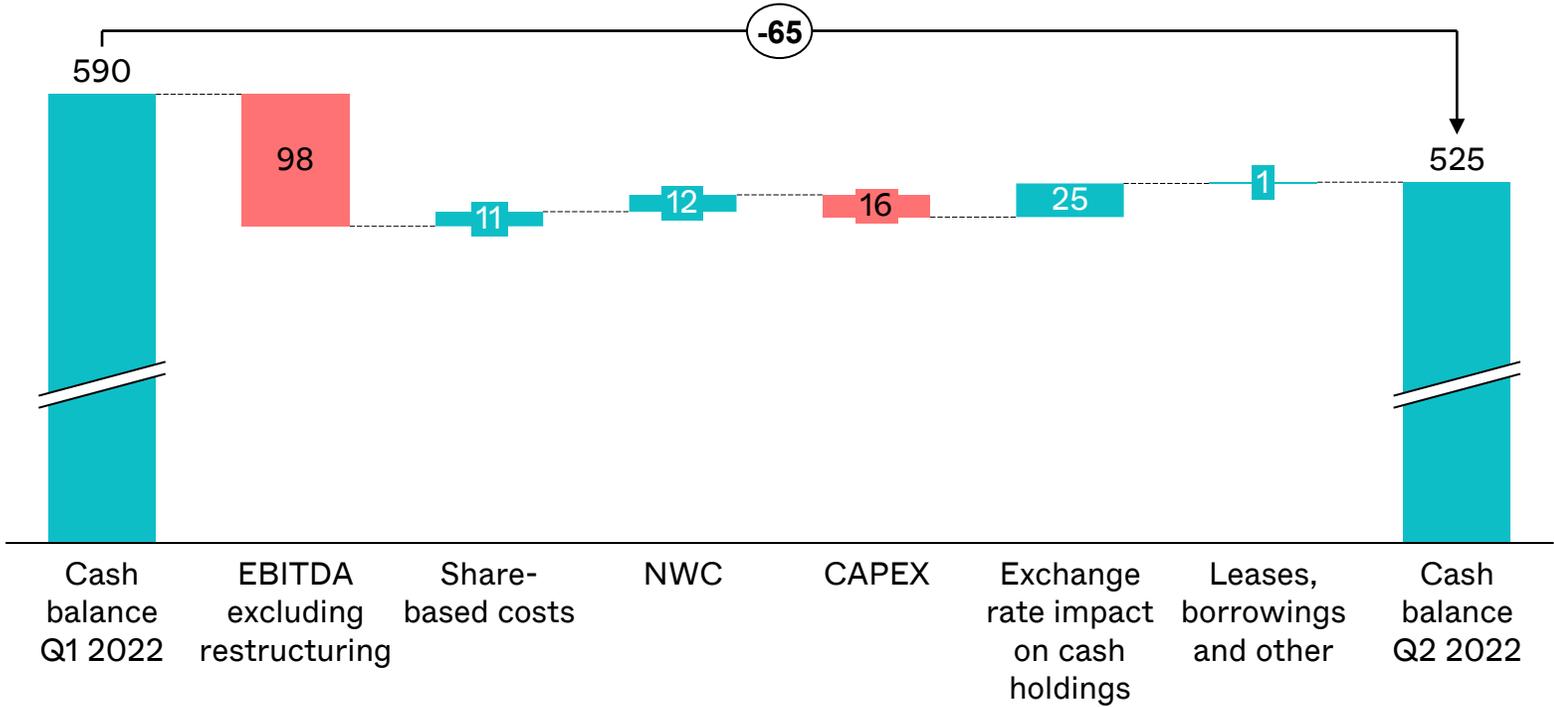
Restructuring costs

- NOK 26.8 million in restructuring costs related to layoffs
- Reduction in headcount has been managed in part through voluntary resignations as well as a structured headcount reduction
- Cash flow improvement will be seen gradually through H2 2022

Negative cash flow of NOK 65 million in Q2

Cash flow bridge Q2 2022

NOKm



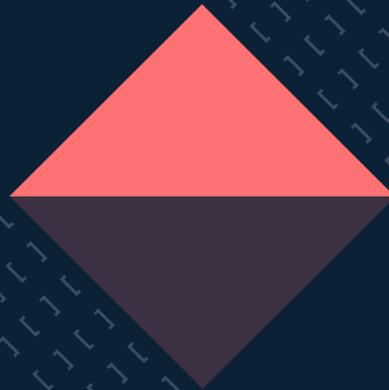
Comments

- Cash flow of negative NOK 65 million driven by a negative EBITDA with a seasonal improvement in working capital
- Positive impact on currency holdings in USD from the higher USD/NOK exchange rate

Current cash reserves considered sufficient to drive growth and return to profitability

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Outlook



Summary and Outlook

- Rapid return to profitability and profitable growth is #1 priority
- Continued good underlying momentum for Secure Spaces and Video Innovation
- Solid pipeline in the Public Sector globally, and Pexip's dedicated solutions for the target verticals Judicial, Health, Finance and Retail have good traction in the market
- Strategic partnerships within Connected Spaces develop positively, but supply chain issues and overcapacity continue to impact sales performance in the short term
- Overall ARR development in Q3 2022 is expected flat to negative driven by a single large customer not renewing its contract due to loss of program funding with impact on ARR up to USD 4.4 million
- Ahead of plan for EBITDA neutral operations for Q4 and the full year 2023, and plans in place for cash positive run rate exiting Q1 2023

Upcoming dates

NOV 10	Q3 2022 Report and Presentation
FEB 14	Q4 2022 Report and Presentation

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Q&A

