



Meet the world
with video communication as it should be

Quarterly Presentation Q4 2020

11 February 2021



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Recent highlights

**73% y-o-y
growth in ARR to
USD 82 million**

**Full-year revenue of
NOK 679 million (+83%)
and 15% EBITDA
adjusted for IPO costs**

**New record deal with US
Defense Health Agency at
approx. USD 2 million in
ARR**

**Launched Pexip Private
Cloud**

**Announced launch of
Pexip Room with
Logitech**

**Increased sales and R&D
capacity,
+98% y-o-y growth to 361
employees**

Business update



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Video communications as it
should be



- ✓ A better way to meet with business-quality audio/video
- ✓ Securely join from anywhere across multiple technologies
- ✓ Customize the platform to meet the unique needs for the organization and IT
- ✓ Full control of data privacy and sovereignty, and compliance with data security standards

Large organizations choose Pexip for three main use cases

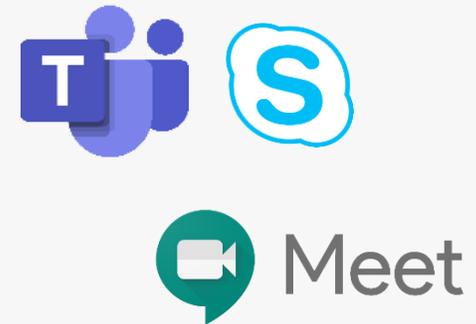
High-quality video meetings with focus on privacy and security



Vertical market applications and integrations

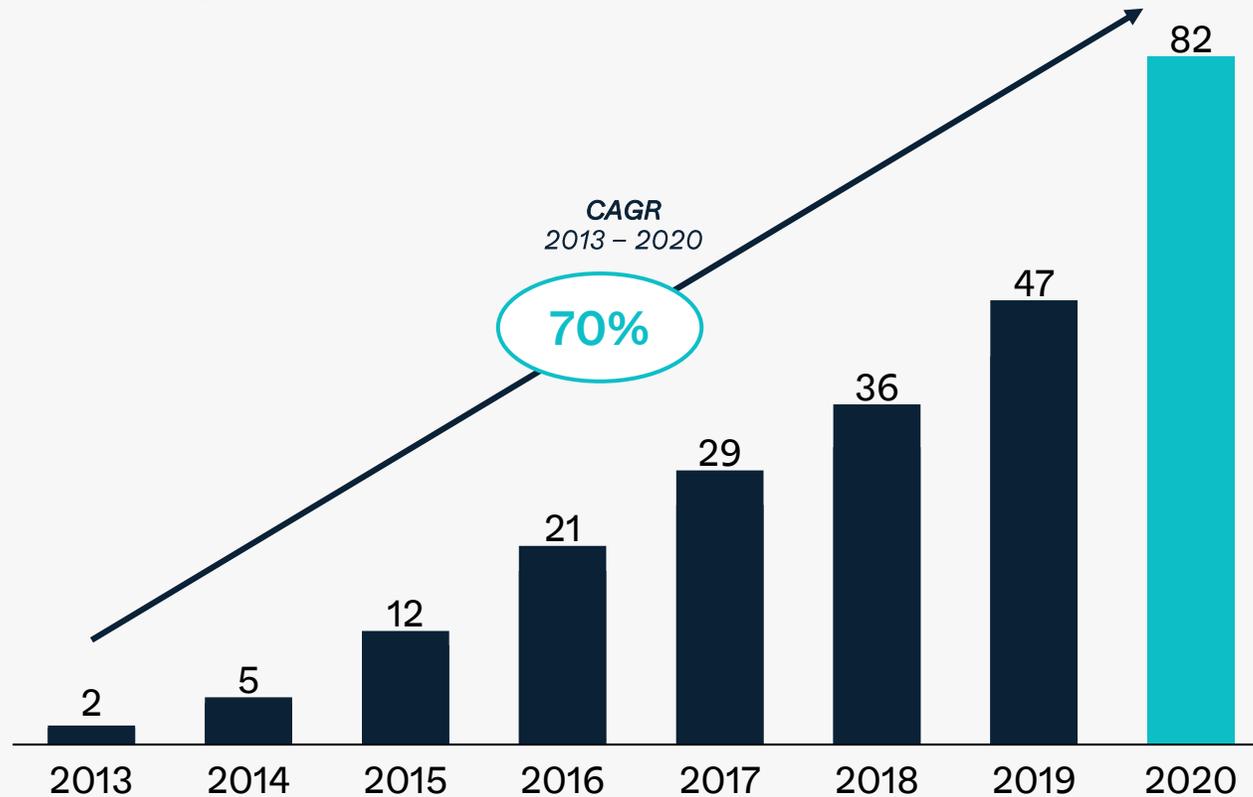


Expanding access to Microsoft Teams and Google Meet



Pexip is a high-growth subscription-based video communication company

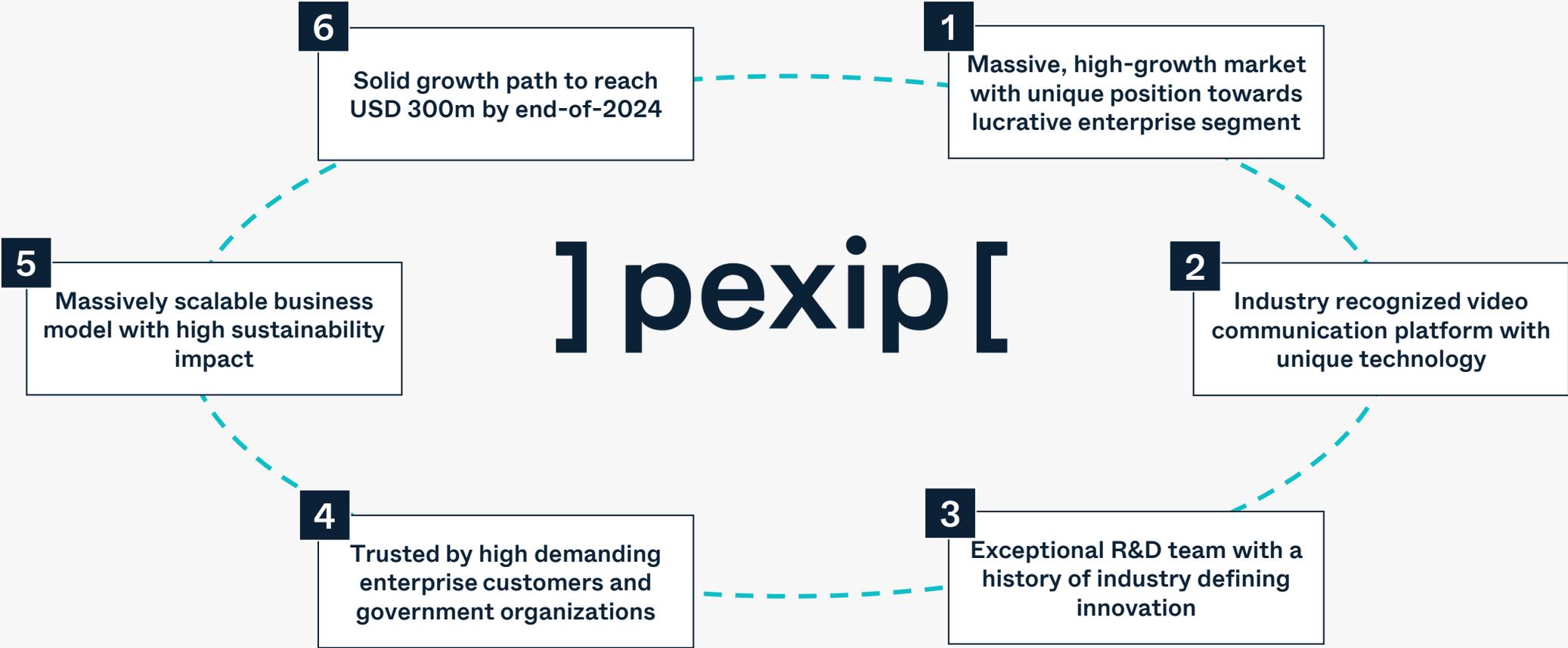
Booked Annual Recurring Revenue (“ARR”) portfolio per year end, USD million



- Users in ~190 countries
- Over 300 partners in 75 countries
- Over 350 employees in 20+ countries
- 97% of revenue from subscriptions

	EMEA	Americas	APAC
Share of ARR	56%	34%	10%

Solid growth path to long-term value creation



Pexip is targeting reaching USD 300 million by end of 2024

Revenue growth

ARR of USD 300 million by end-of-2024

Long-term profitability

2025 EBITDA of +25% with +25% revenue growth

Plan for negative 25-35% EBITDA margin in 2021/2022, neutral to positive EBITDA in 2023

Market recognition

Recognized leader position in the Meeting Solutions market within 3-4 years

Pexip continues to win the trust of new large enterprises and public organizations

Selected by a range of large organizations

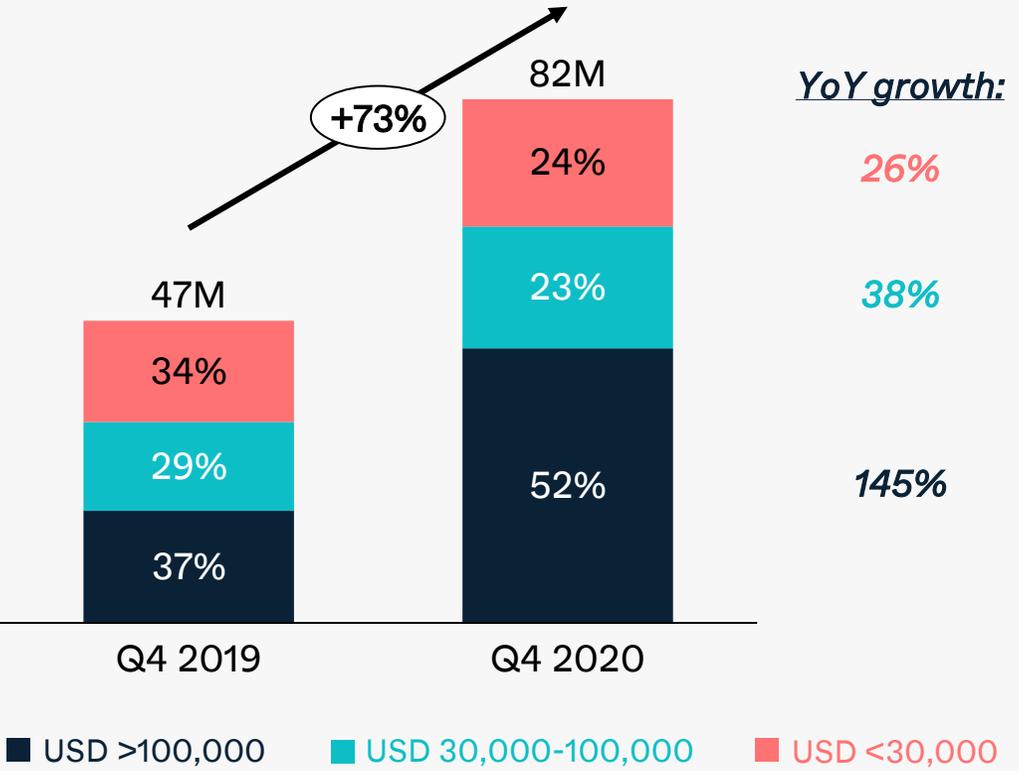
Selected customer wins in Q4 2020



+ 10 new Fortune 500 accounts in Q4 2020

Large organizations driving growth

Share of ARR by account size in ARR, USD



Note: Global Fortune 500 and Fortune 500

Pexip ideally positioned for enterprises' reality as organizations return to the office

Conference rooms



]pexip[

The new normal will be hybrid working

- People combining working from home and the office
- “Every” room in the office will have a video device
- “Every” meeting will be a video meeting
- Need to connect everything from the browser to the board room – internally and externally

“Returning to the office shouldn’t be a matter of simply opening the door. Instead, it needs to be part of a systematic reconsideration of what exactly the office brings to the organization.”

– McKinsey Global Institute

[...] executives anticipate operating their businesses with a hybrid model of some sort, with employees working remotely and from an office during the workweek

– McKinsey Global Institute

Small huddle rooms



Working from home



Enabling sustainable development for our customers and users



Pexip contributes to the green economy

- Pexip is committed to supporting our customers in making their business processes more sustainable
 - Enabling vital healthcare or educational service delivery
 - Enabling significant reductions in travel and commuting
 - Prolong the life of video and other IT equipment
- Will publish first sustainability report as part of the 2020 annual report

Pexip Private Cloud has been very well received by potential customers, partners and industry analysts

Unique value proposition for large enterprise

Speed

Pexip Private Cloud can be configured and deployed rapidly at whatever scale required.

Security

Pexip Private Cloud is dedicated enterprise-grade. Coming with robust security that is as effective as on-premise security.

Flexibility

Pexip Private Cloud enables flexible customizations to fit the needs of each organization

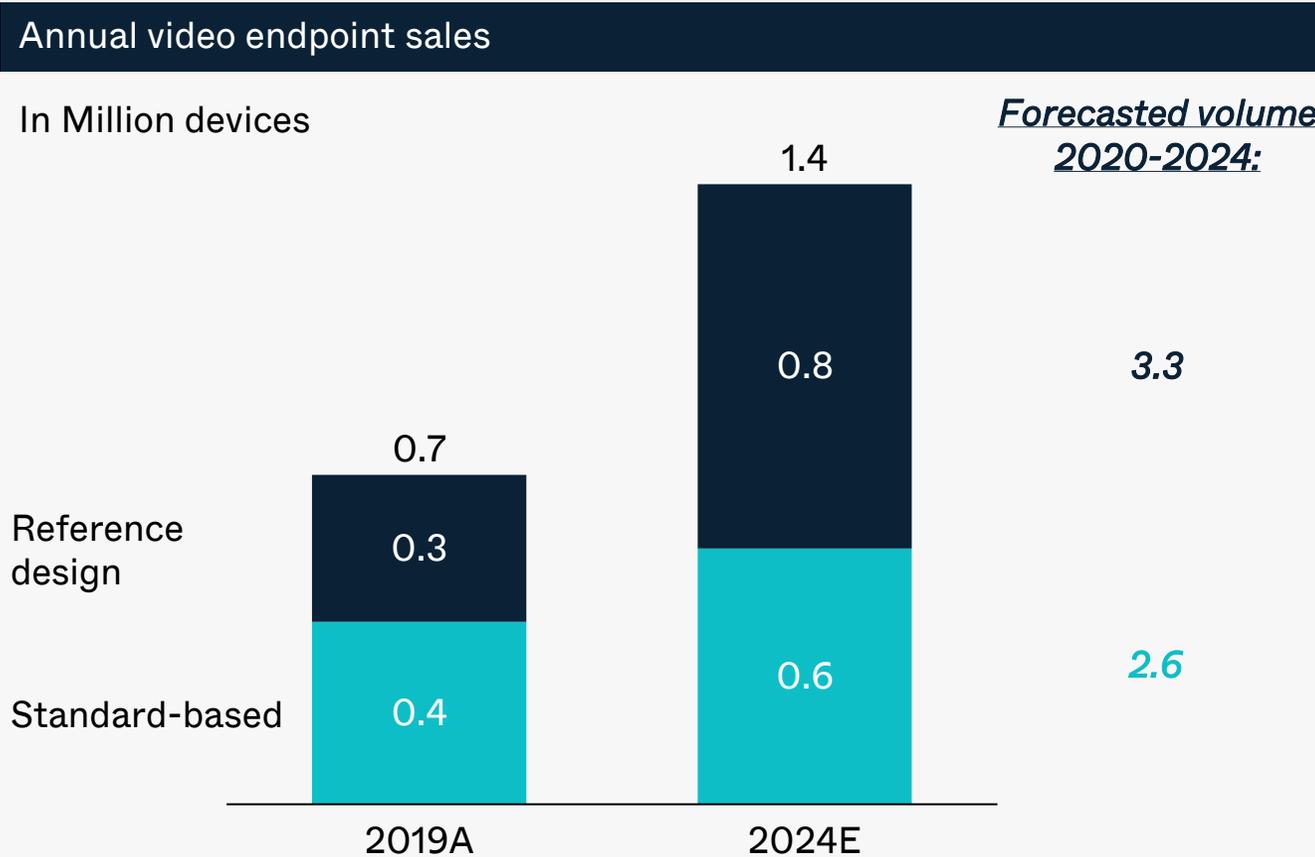
The launch of the Pexip Private Cloud comes at an ideal time to address a real market demand that Frost & Sullivan has been tracking. There has been a reticence among large organizations to move to the cloud due to data privacy and control concerns. The new Pexip Private Cloud meets this heads-on.



FROST & SULLIVAN

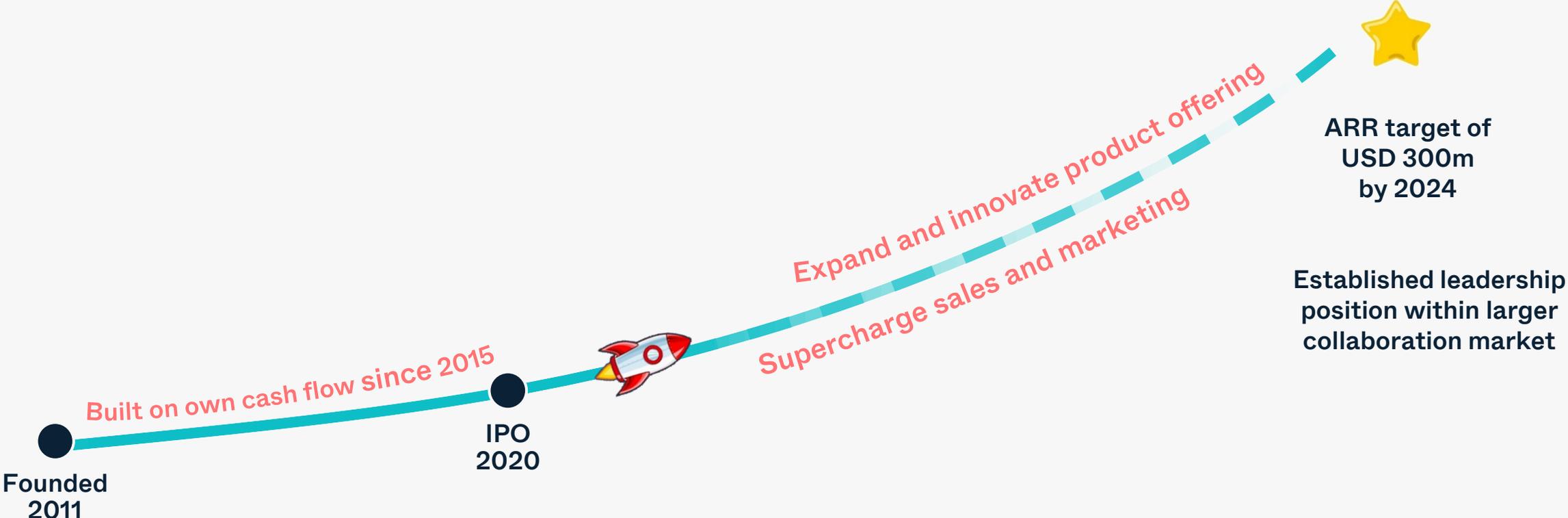
*Rob Arnold, Program Manager,
Unified Communications and
Collaboration*

Pexip Room and Logitech partnership significantly adds to growth potential



- Pexip has since inception offered subscription services for standard-based video systems
- Pexip Room is Pexip's first application to be run on reference design video systems
- Reference design rooms are already a material share of the annual video endpoint sales, and are projected to be 3.3 million for 2020-2024
- Logitech is the market leader in terms of devices sold
- Pexip application price point of \$49 per month in line with existing price points in the market

Pexip has started on the next phase of our video communication adventure



Product update

Launched Pexip room together with Logitech

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Launched Pexip room together with Logitech – first Android-based video device app

- + Pexip software for Android based room devices
- + Pexip in full control of the experience
- + Sold as a Cloud Service license per device
- + Hardware devices are sold by Logitech
- + Mutual channel partners can offer bundled solutions



Strong value proposition to both Pexip Meeting customers and customers using multiple video platforms

+ Stress-free joining

- Join all meetings with a single touch
- One common experience across all devices

+ Meet smarter

- Pexip's AI enhanced meeting experience
- People centric to reduce meeting fatigue

+ Secure by design

- Designed to deliver enterprise-grade Security and Privacy



Launch of Epic partnership for Telehealth

- Epic is a major global provider of electronic patient journals for healthcare providers
- With Pexip's new integration, providers can easily enable a Pexip video appointment as part of their existing workflows
- More than 250 million patients have a current electronic patient record in Epic across a range of healthcare providers

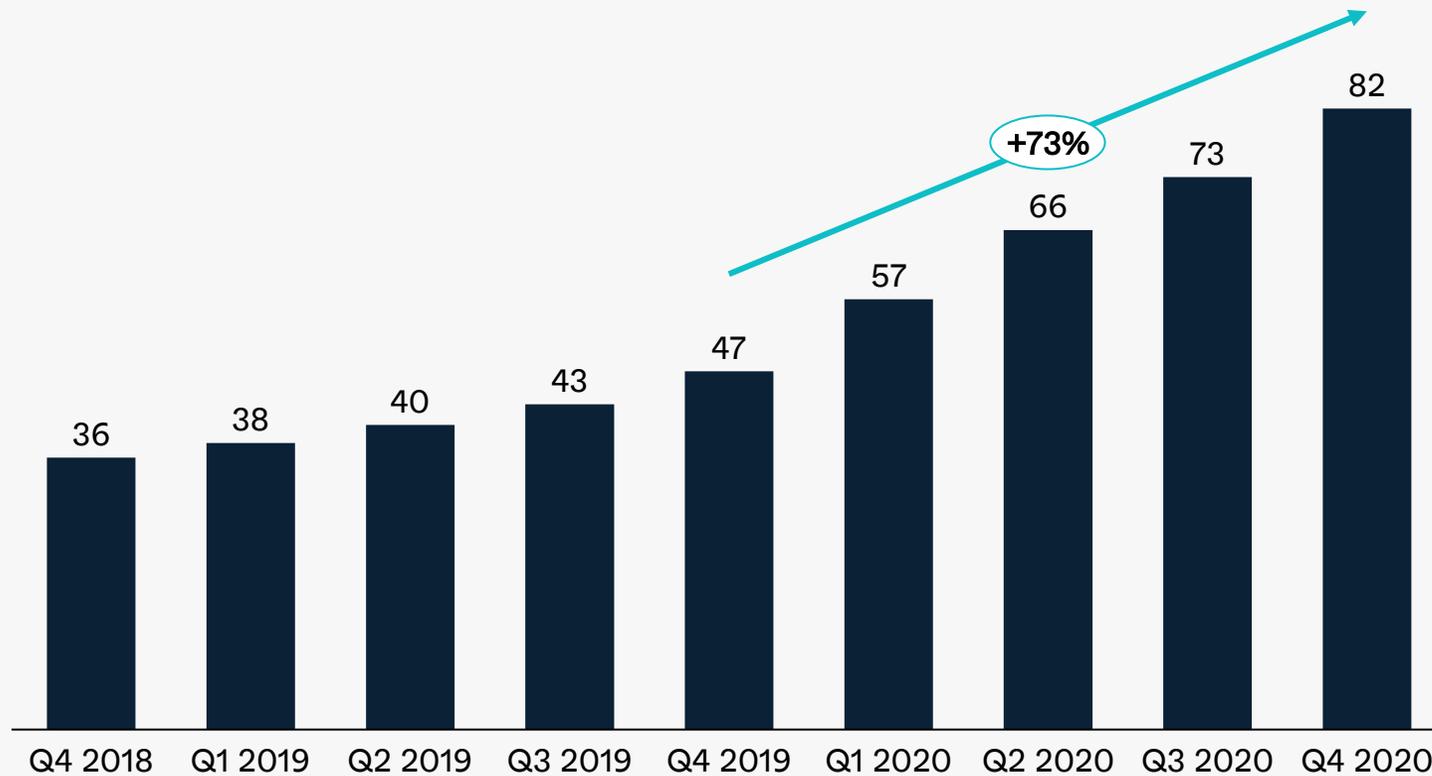


Financial review

Strong development in Annual Recurring Revenue with 73% growth YoY

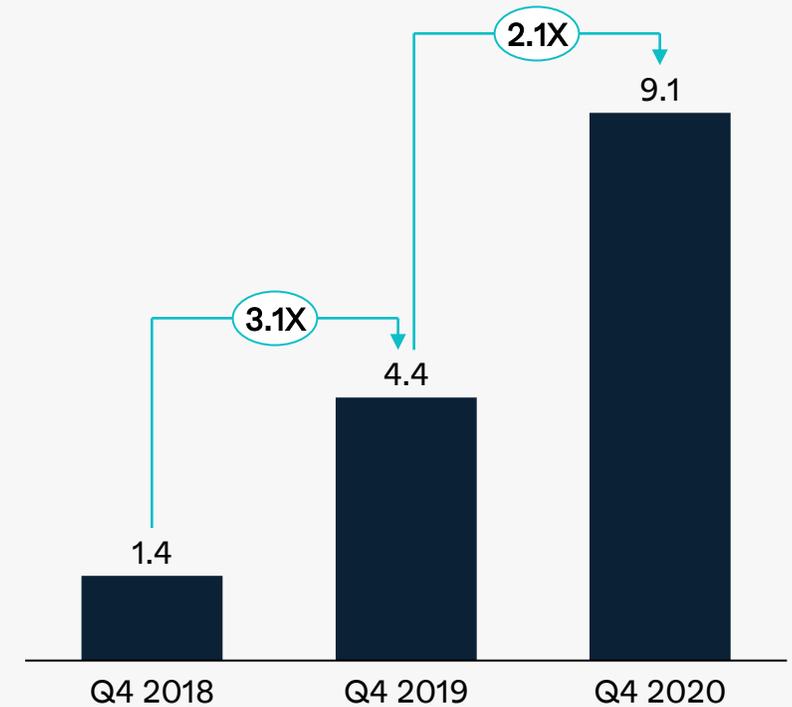
Booked Annual Recurring Revenue (ARR) development

USD million

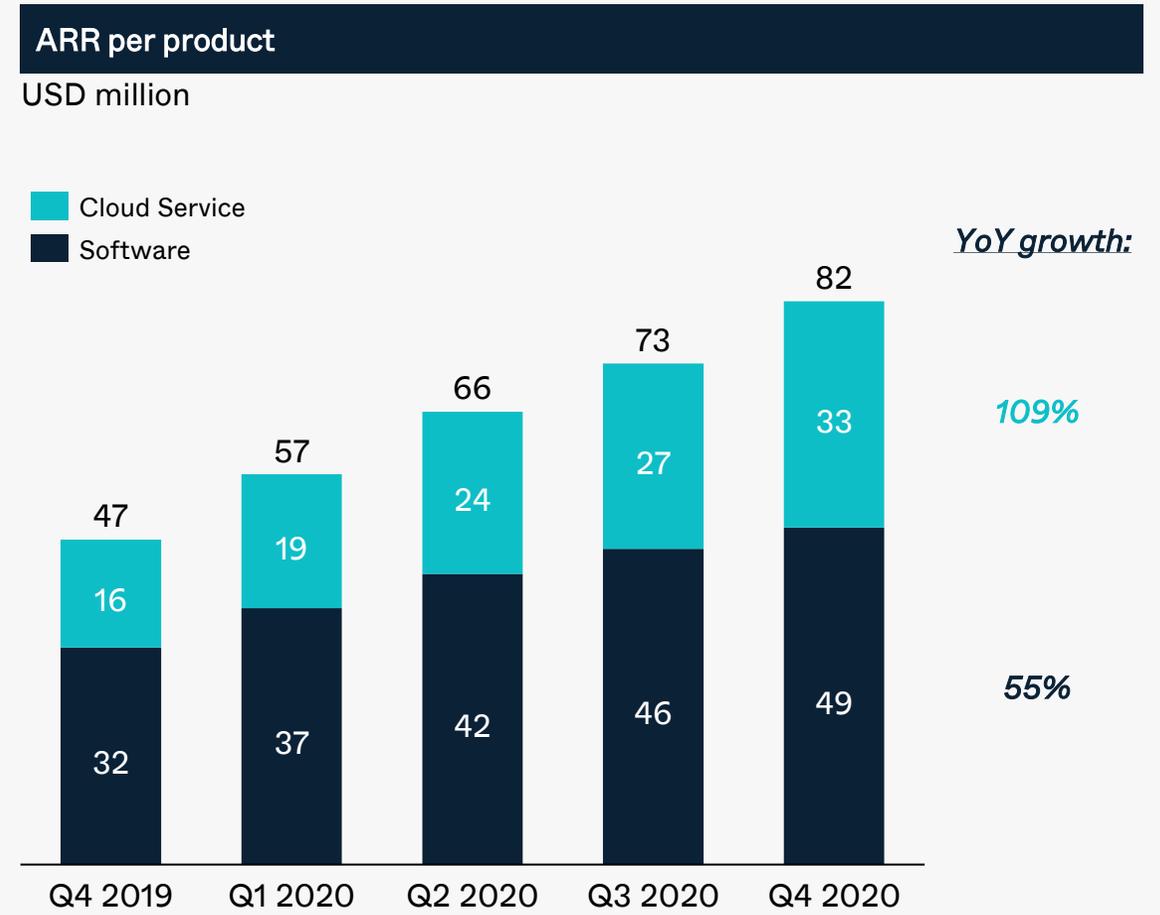
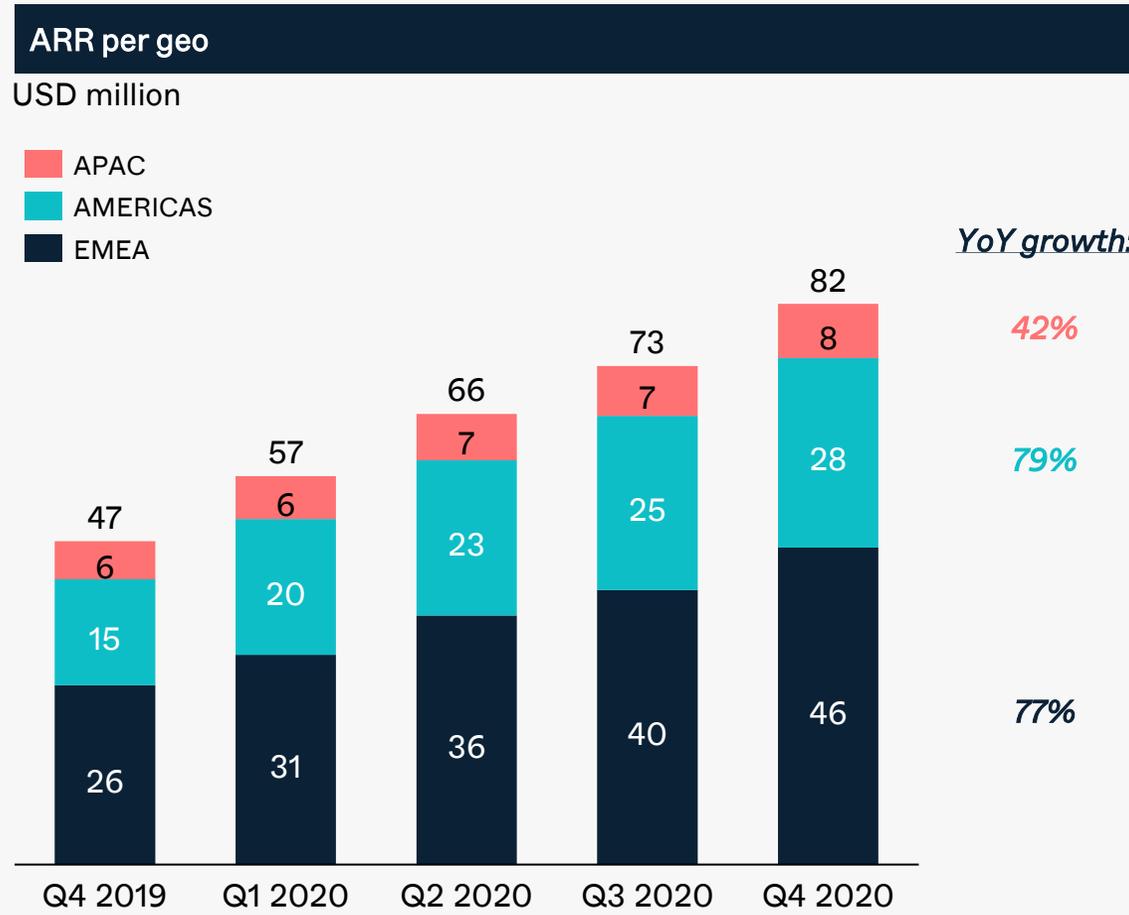


Q-o-Q growth in ARR

USD million



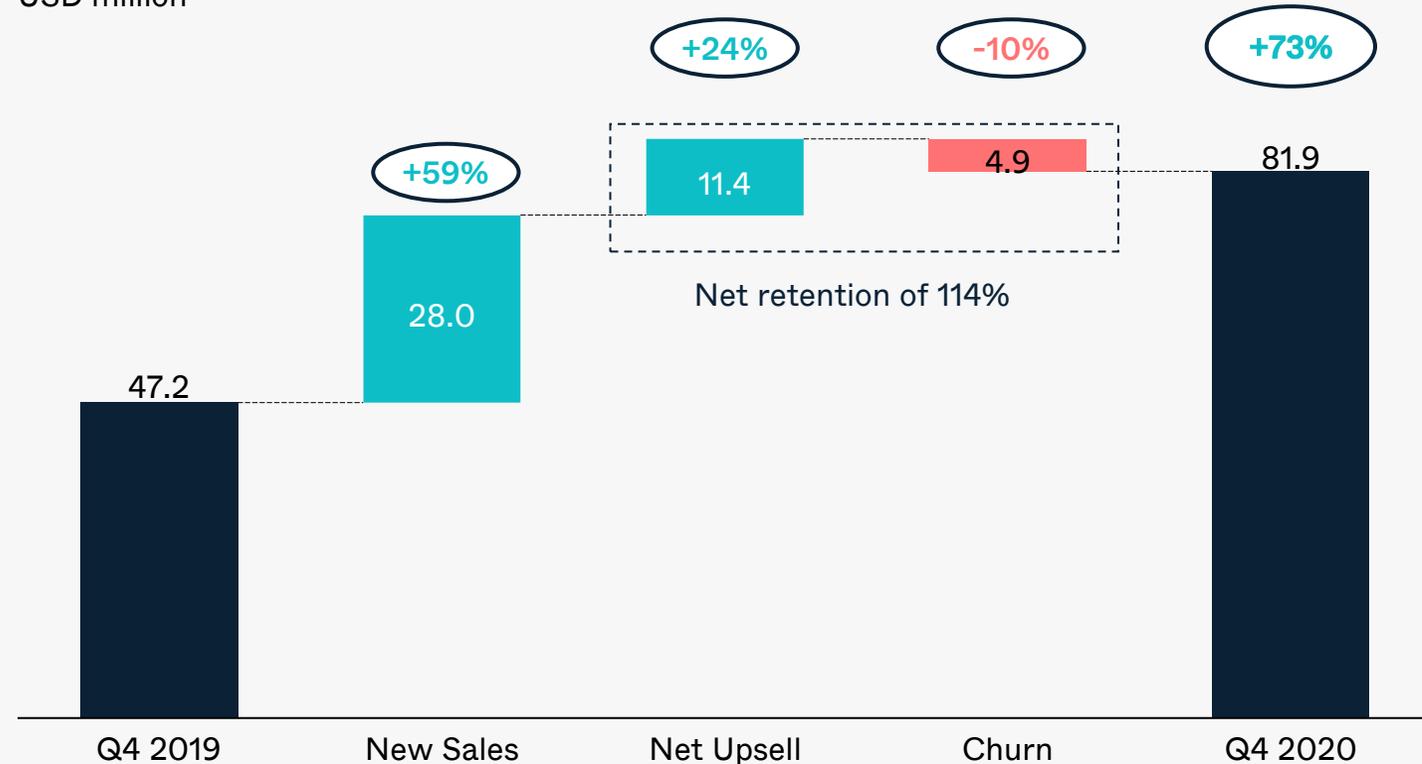
Growth across all geographies and product lines



New sales is the main driver for ARR growth with 59% in 2020

Development in ARR portfolio last twelve months

USD million

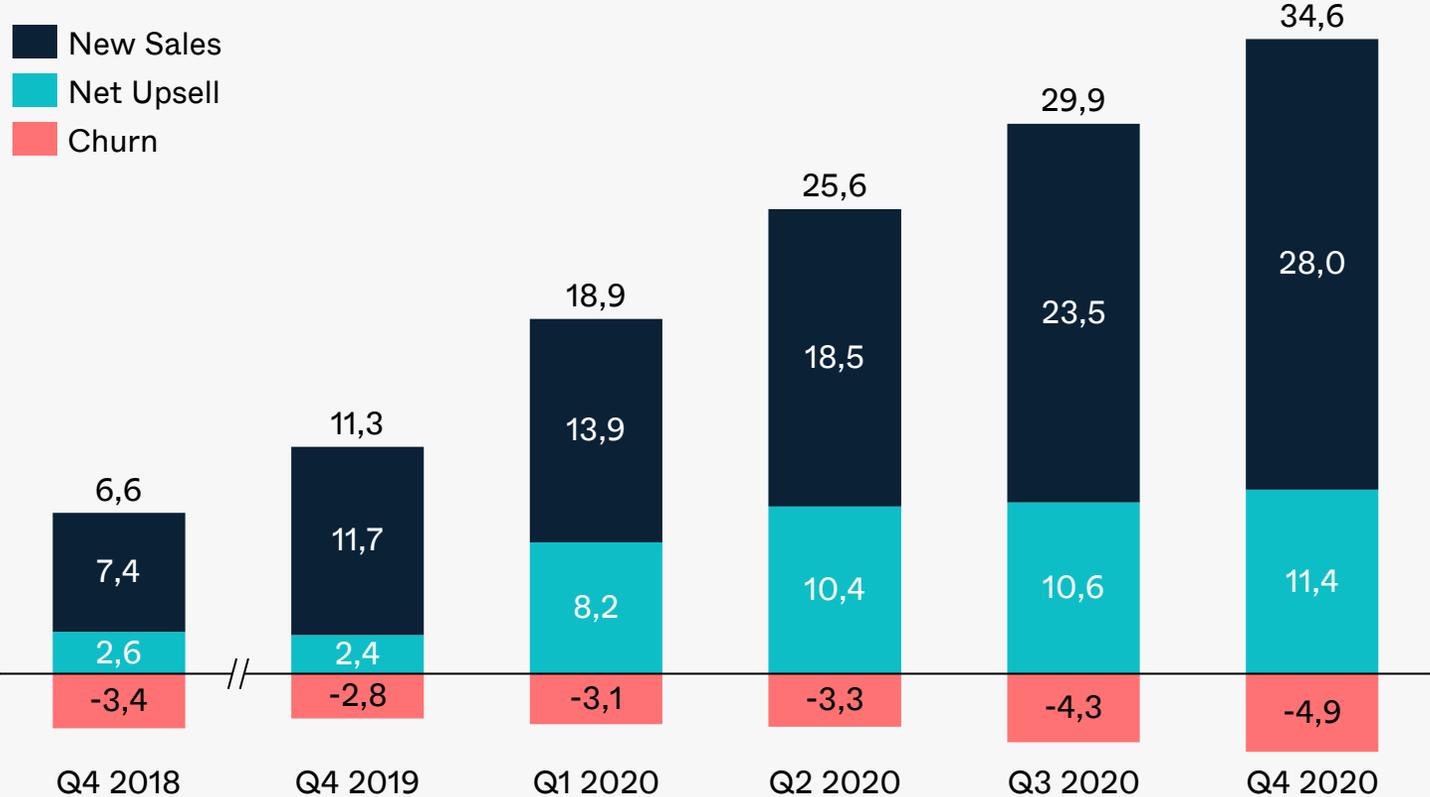


- Year-on-year growth increased to 73% end of 2020
- Majority of growth driven by sales to new customers at 59%.
- Net retention at 114%, including stable churn at 10% year-on-year

Development in ARR bridge shows continued momentum in net new sales

Development in year-on-year growth in ARR by quarter

USD million, Last twelve months

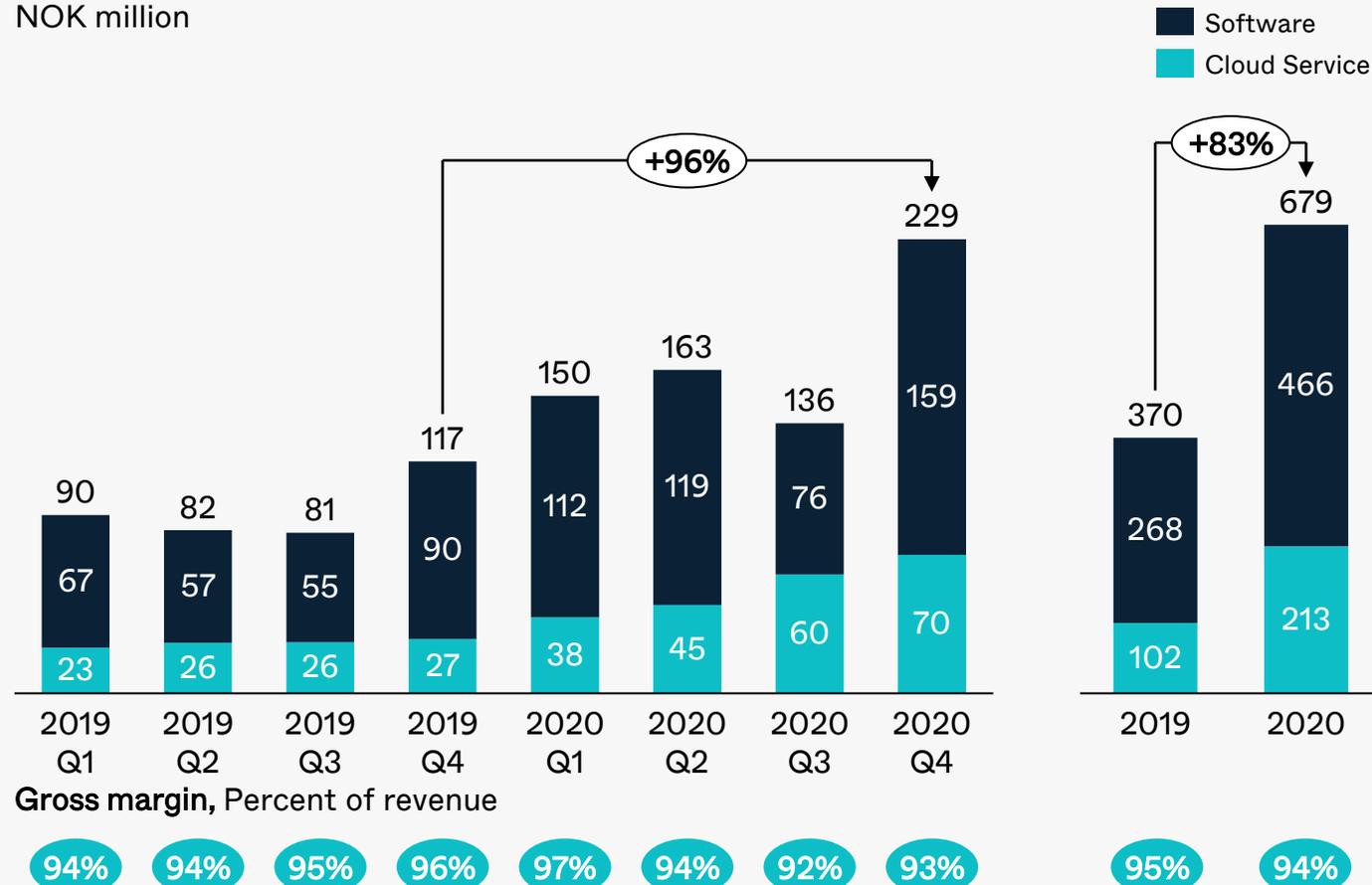


- New sales has increased consistently quarter by quarter through 2020
- Net upsell saw an increase of USD 5.8 million in Q1 2020 due to Covid-19
- Growth in subscription base main driver for increase in churn, stable churn rate from Q3 2020

Q4 2020 revenue of NOK 229 million, corresponding to 96% revenue growth

Quarterly and annual revenue development

NOK million



Comments

Operating revenues – Cloud service

- Overall growth of 155% Q4 2020 over Q4 2019 to NOK 70 million due to strong sales across a number of accounts. Benefit from higher USD/NOK exchange rate last twelve months.
- Full year growth of 109% to NOK 213 million.
- Cloud service revenues are recognized over the lifetime of the subscription contract

Operating revenues - Software

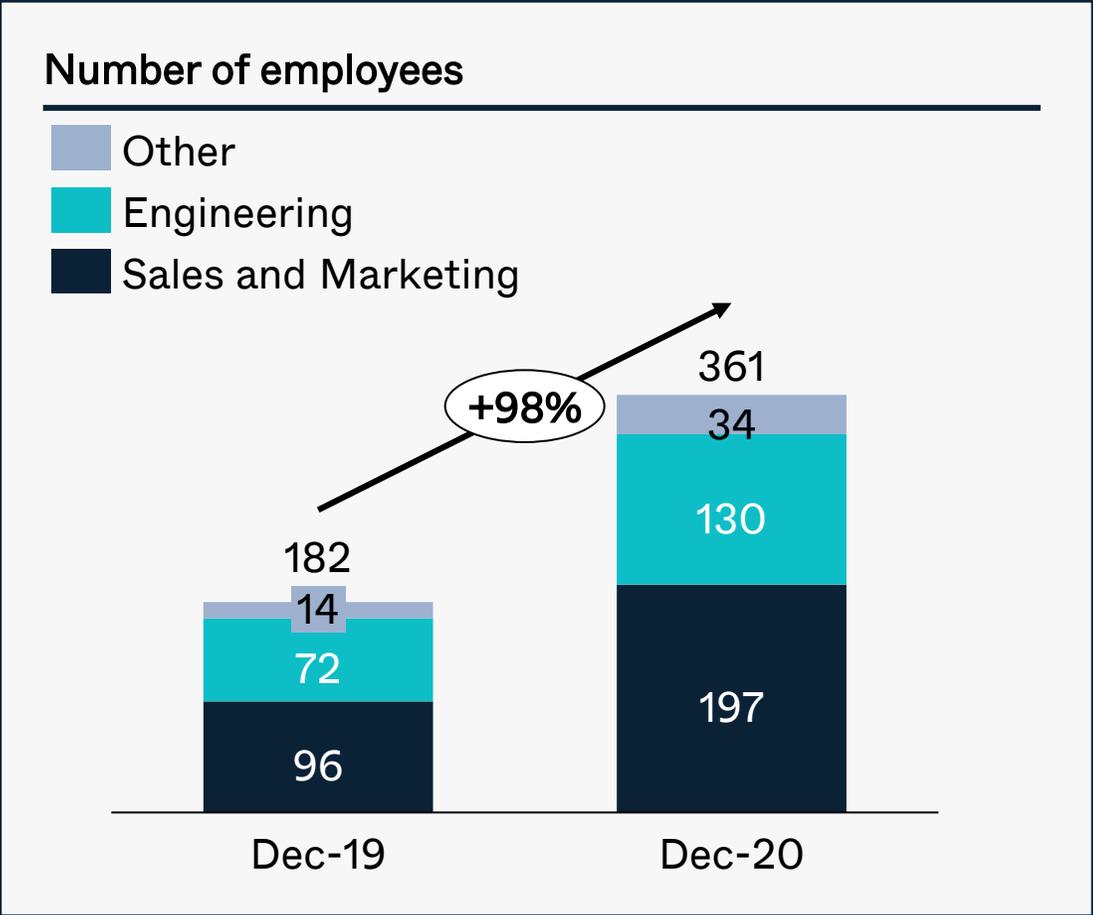
- Overall growth of 78% Q4 2020 over Q4 2019 to NOK 159 million.
- Full year growth of 74% to NOK 466 million.
- Software revenue mainly recognized at time of delivery, which leads to some quarterly seasonality in revenue recognition.

Gross margin

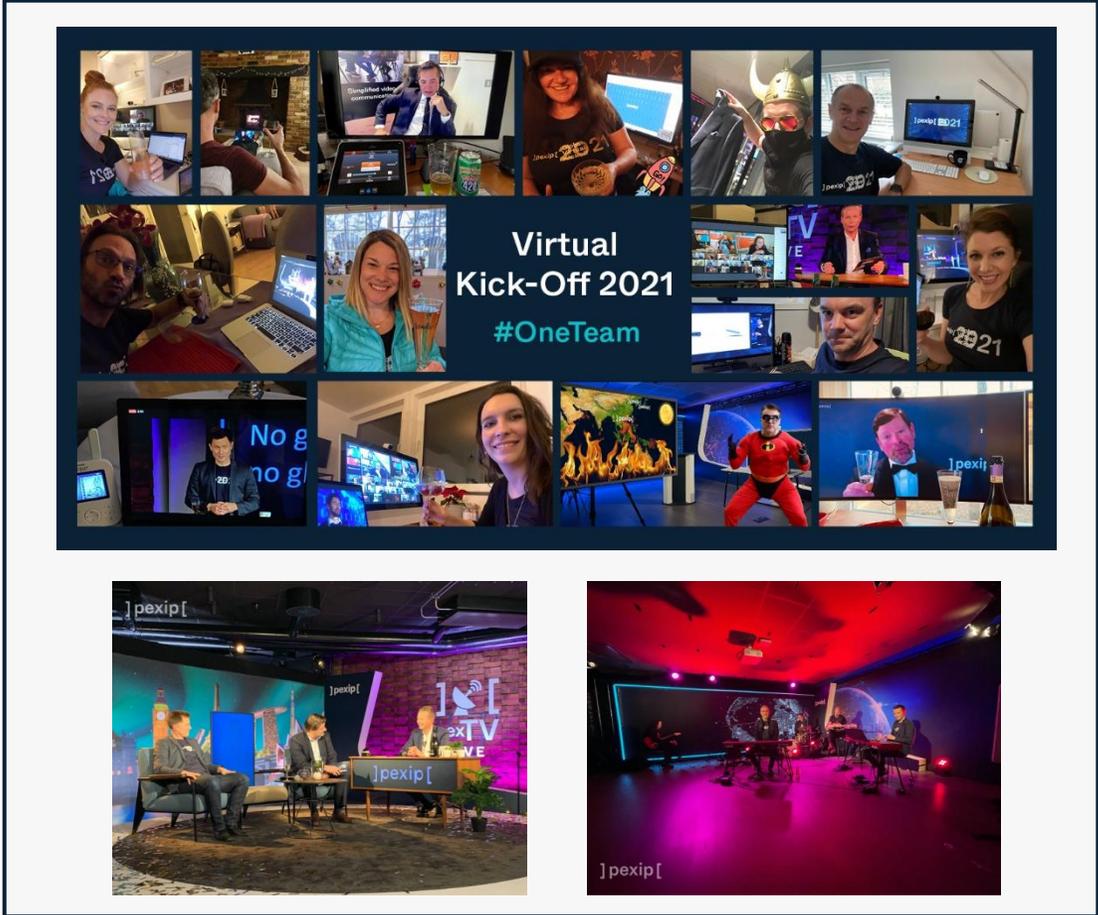
- Gross margin somewhat down y-o-y due to higher Cloud Service revenue and higher usage in Q4 2020 compared to Q4 2019.

Continue to scale the team in terms of adding leading talent and investing in culture and training

Scaling the team



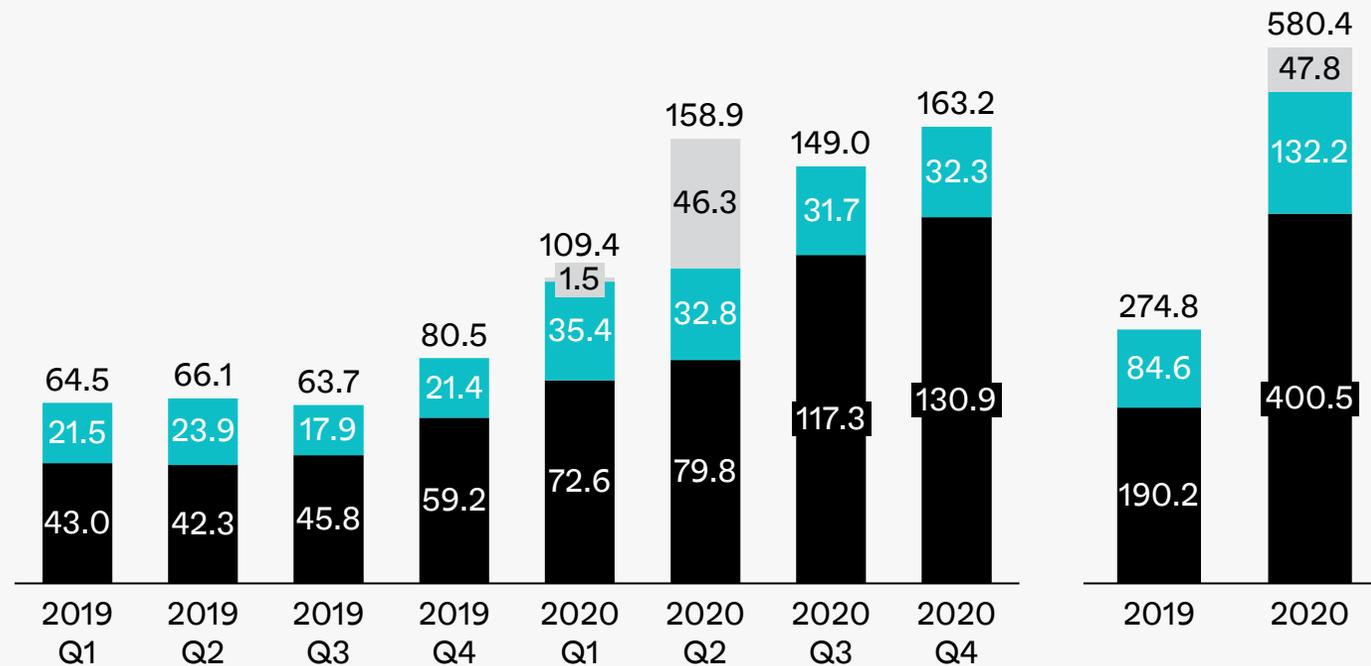
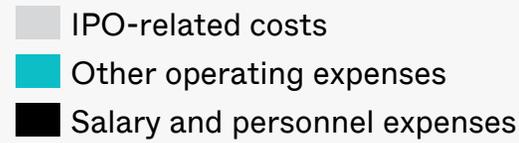
Scaling the culture



Increase in operating expenses from planned investments in Sales and R&D capacity

Quarterly OPEX development

NOK million



Comments

Other Operating expenses

- Have increased investments in marketing in order to capitalize on the increased demand for video collaboration technology
- Overall increased activity level, while travel expenses remain low

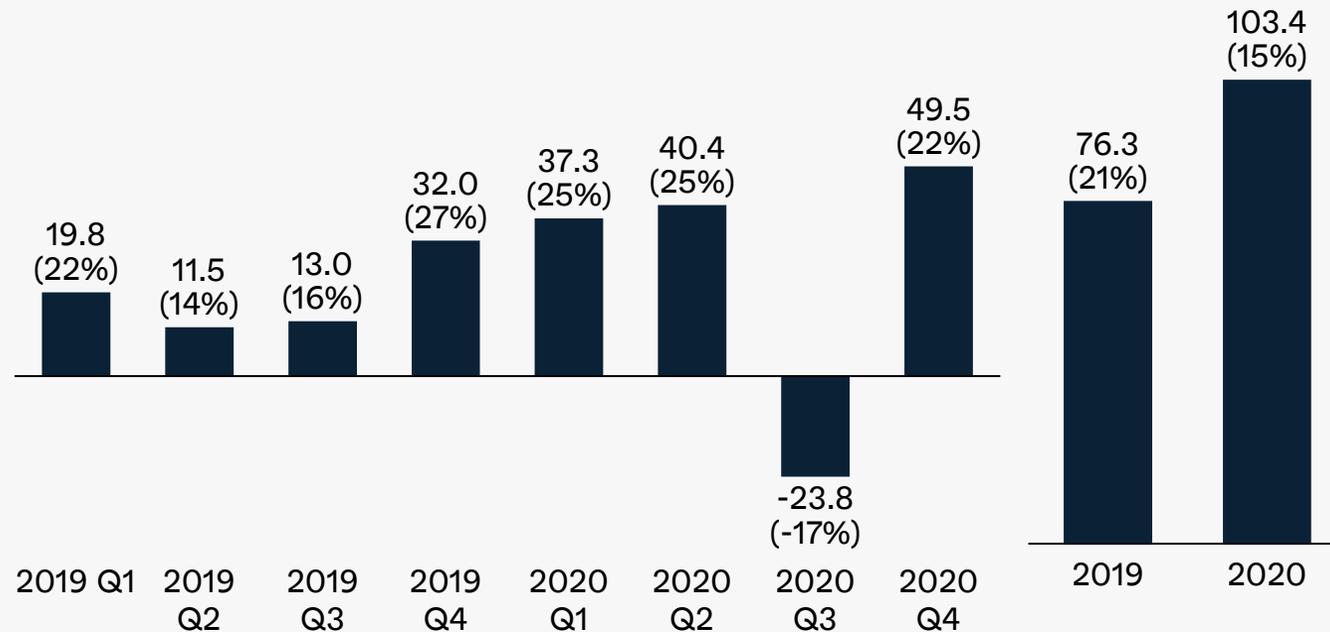
Salary and personnel expenses

- Increase in costs from increased headcount throughout 2019 and in 2020 as planned
- Q4 costs related to employee share options was NOK 10 million lower than in Q3 2020 mainly due to reversed provisions of social security costs estimated from the share price 31 December. Current outlook is that the provision will be reinstated in Q1 2021.

Solid EBITDA in Q4 2020 from strong sales

Quarterly Adjusted¹ EBITDA development

NOK million, (Percent of revenue)



Comments

- Q4 2020 reported EBITDA of NOK 49.5 million
- FY 2020 reported EBITDA of NOK 55.6 million
- FY 2020 adjusted EBITDA of NOK 103 million, or 15% margin
 - Adjusted for NOK 47.7 million in IPO transaction costs in Q1 and Q2 2020
- Increase in 2020 EBITDA due to higher sales, while reduction in EBITDA-margin is due to planned acceleration investments in Sales and R&D capacity in line with strategy
- For Q4 2020, strong revenue from the Software area is the main driver of the increase in EBITDA

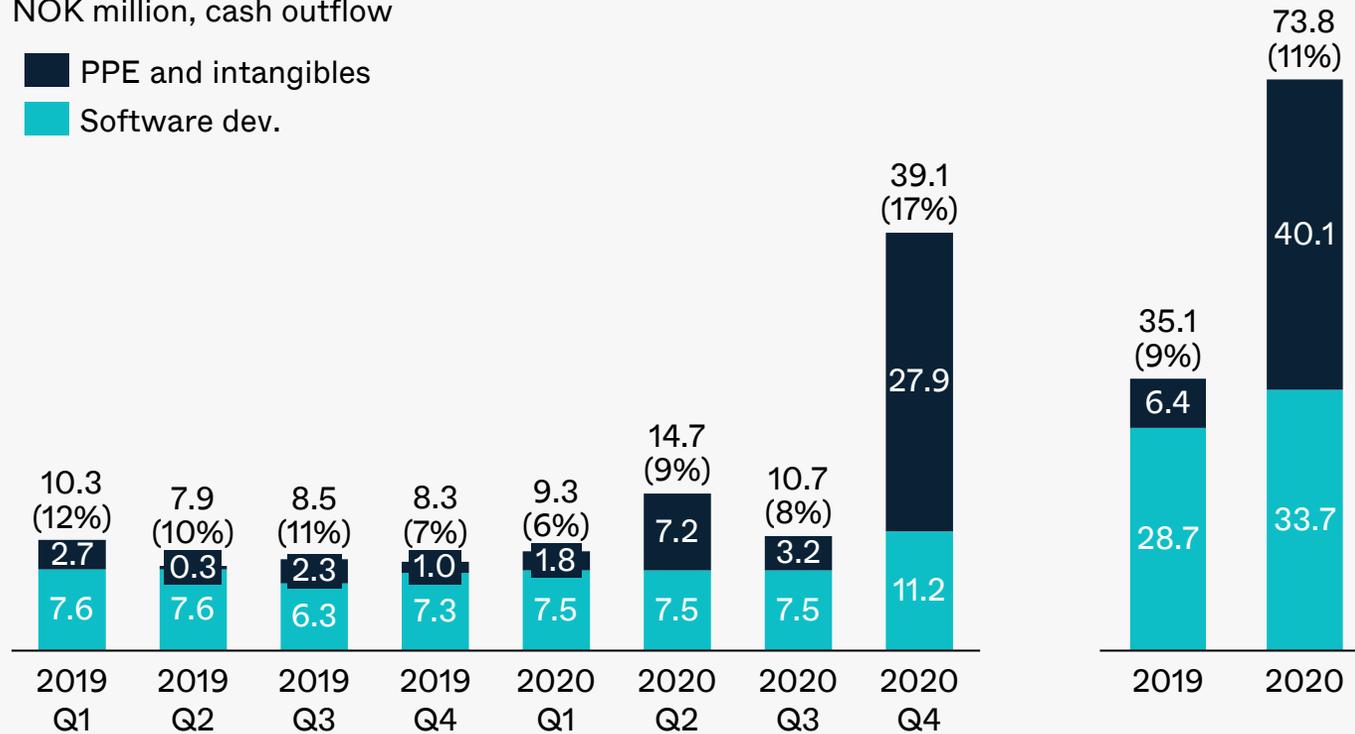
¹ Less of IPO transaction costs in Q1 and Q2 2020

Investments

Cash flow from investing activities per quarter

NOK million, cash outflow

■ PPE and intangibles
■ Software dev.



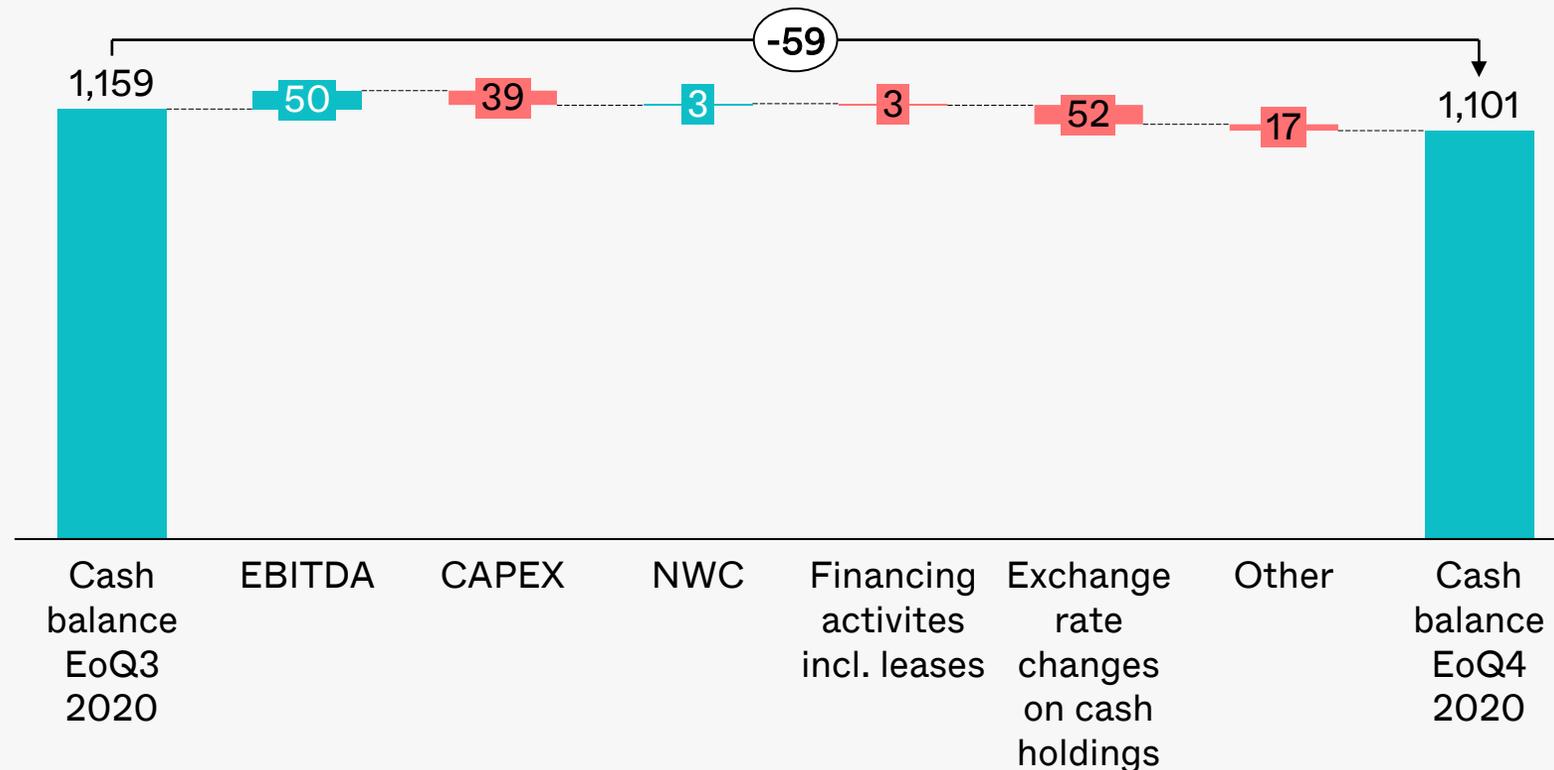
Comments

- Higher CAPEX in Q4 2020 mainly related to payments related to the customer base acquisition announced in Q3 2020, in addition to an increase in spend on servers and office fittings in Q4.
- Capitalization of own software development somewhat higher in Q4 2020 compared to previous quarters due to finalization of project accounts

Cash flow bridge

Cash flow bridge Q4 2020

NOKm



Comments

- Have a solid cash position to fund our acceleration plan, which is also impacting cash flow
- Positive operational cash flow for Q4 2020 and for FY 2020
- Exchange losses on cash holdings in other currencies from Q4 NOK appreciation of 52 MNOK
 - Cash position matching cash outflows to minimize real currency risk
- Cash position of NOK 1,101 million out of Q4 2020

Summary



Fourth quarter and 2020 in brief

Strong top line growth and solid profitability

- NOK 679 million in revenue for 2020, +83% compared to 2019
- Strong revenue growth across all geographies
- Continued strong ARR growth with USD 9.1 million in Q4 2020

Executing on the acceleration plan

- Launched Pexip Private Cloud
- Announced launch of Pexip Room through strategic partnership with Logitech in January
- Continue to build sales and R&D capacity - reached 361 employees end of Q4 2020
- Solid cash position to invest in further growth



Outlook

Positive outlook for video communication

- Majority of enterprises shifting to a hybrid workforce
- Organizations looking to embed video into their workflows towards customers
- Pexip's technology is uniquely positioned to meet these new customer needs

Will continue to execute on growth plan

- Increase investments in future growth by adding talent in sales and marketing as well as R&D – targeting 550-600 employees by end of 2021
- Deploy up to 70% of raised capital during the next three years

Expect to reach long-term target of USD 300 million in ARR by end-of-2024

Upcoming dates

Update on Annual Recurring
Revenue

8 April 2021

2020 Annual report

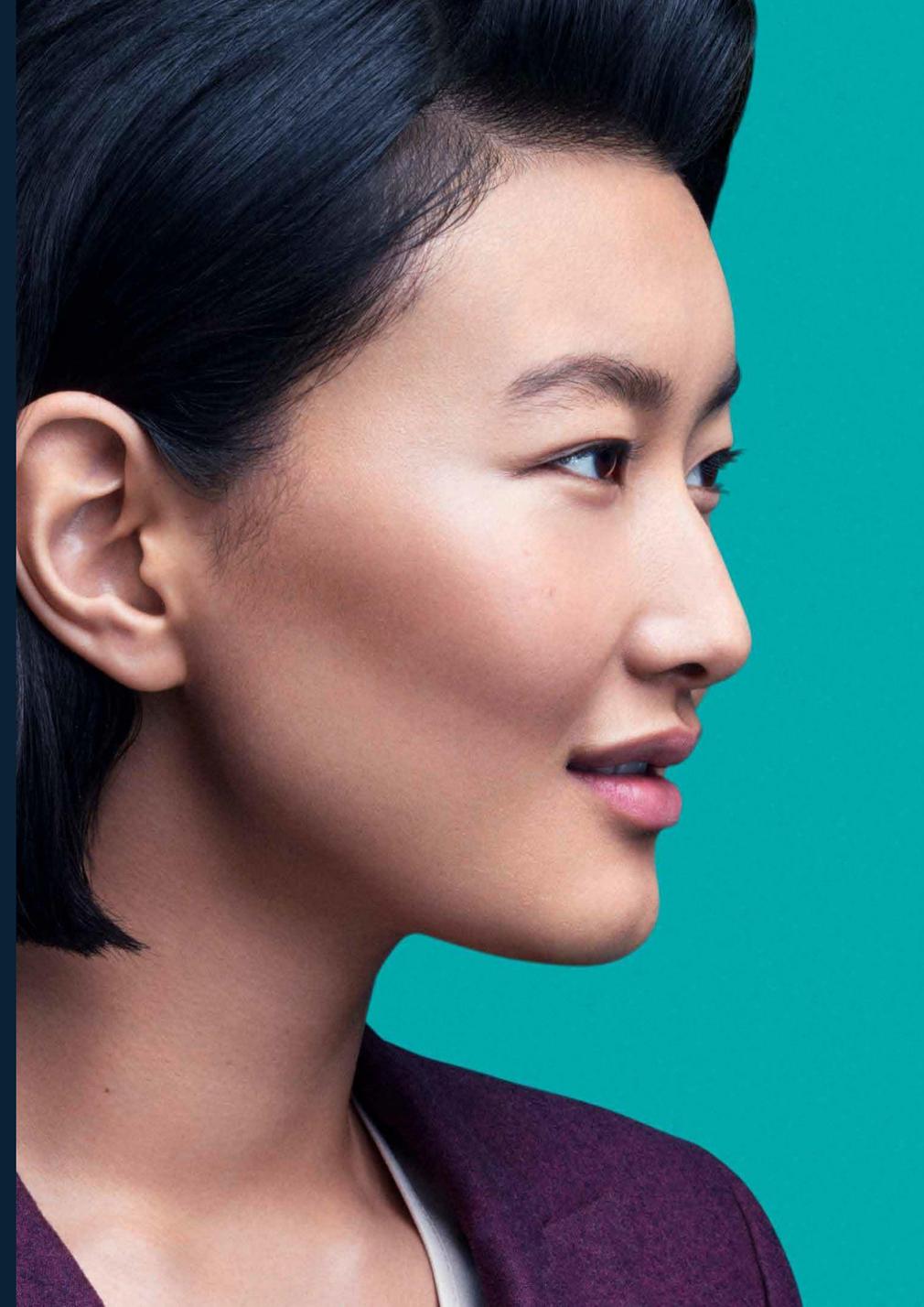
29 April 2021

Q1 2021 quarterly
presentation

13 May 2021

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Q&A





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