Pexip Company Presentation

12. October 2020

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Meet the world

Our Mission

Empower people to be seen and to engage with each other in a better way

Our Vision

To make virtual meetings better than meeting in-person

Our Promise

Meet the World with video communications as it should be

The Pexip Way

Professional & Fun
We are committed to our partners and customers
We are passionate and fun to work with
We strive for excellence

No Bullshit
We say it as it is
We do what needs to be done
We stand for honesty and integrity

Freedom & Responsibility
We encourage initiative and innovation
We are all leaders
We act like owners

One Team
We make each other better
We respect, support and care for each other
We appreciate diversity

Pexip at a glance

2011 Company founded

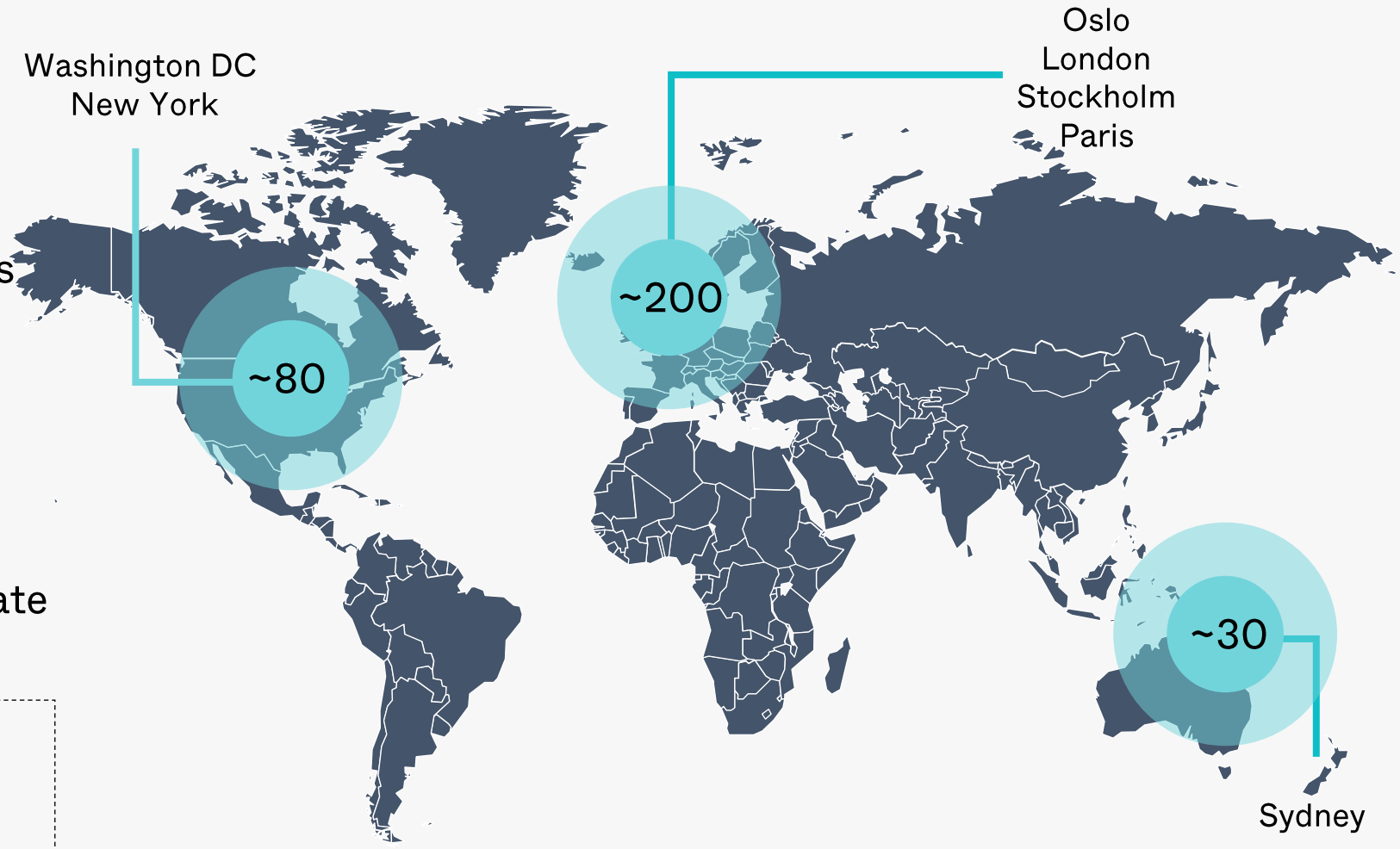
~310 Employees in 20 countries

300 Partners in 75 countries

3600 Customers

190 Countries with users

115% Net customer retention rate



Visionary in Gartner Magic Quadrant[1]

Ranked #1 in Wainhouse user survey[2]

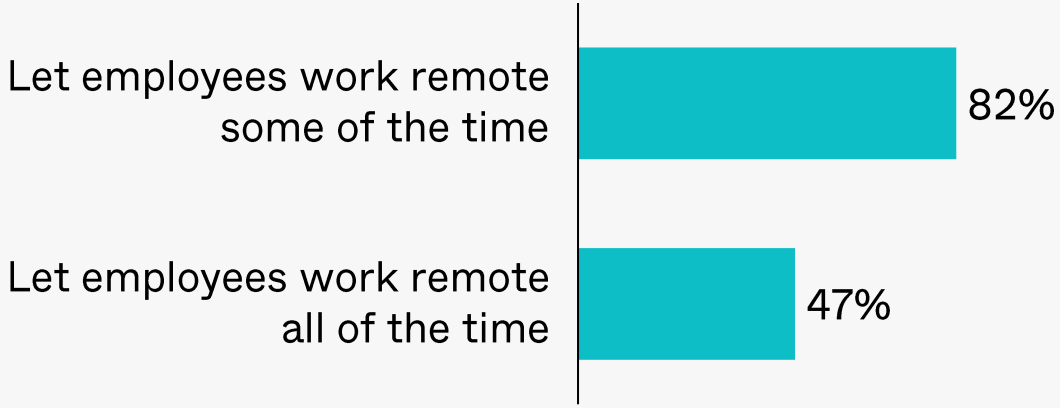
Frost & Sullivan Entrepreneurial company of the year[3]

) Gartner (Magic Quadrant for Meeting Solutions), Mike Fasciani, Tom Eagle, Adam Preset, 5 September 2019;
2) Wainhouse Research; Brand Perception Ratings Overview – Video Meeting Solutions, 1 February 2019. NPS, collected from 2,002 users
3) Frost & Sullivan Entrepreneurial Company of the Year Award 2020, the Global Video Conferencing Industry, Author: Robert Arnold, Principal Analyst and Program Manager

Why Pexip

Covid-19 has opened enterprise's eyes to the benefits of a hybrid workforce

The share of employees working partly remote is exploding



Benefits from a hybrid workforce are likely to make a long-term material change in work routines

- The need for social distancing is likely to be present for several quarters to come
- Enterprises building first-hand experience with benefits of having a hybrid workforce, such as:
  - Contribute to a range of sustainability goals, e.g., reducing travel emissions
  - Increases productivity
  - Enables work flexibility

Pexip is uniquely positioned with its capabilities in enabling everyone to meet across all types of PC-based and meeting room video endpoints

Source: Gartner Group (July 2020), Pexip analysis

Pexip is uniquely positioned with its capabilities in enabling everyone to meet across all types of technologies

High-quality video meetings with focus on privacy and security

The European Council

Vertical market applications and integrations

HM Courts & Tribunal Service

Expanding access to Microsoft Teams and Google Meet

Mattel

Key reasons to use Pexip in your organization

Source: Gartner, September 2019

- Enhance face-to-face meetings
- Reduce geographical barriers
- Increase engagement with remote workers
- Unify organizations by delivering key corporate communications events
- Save time and money by minimizing travel

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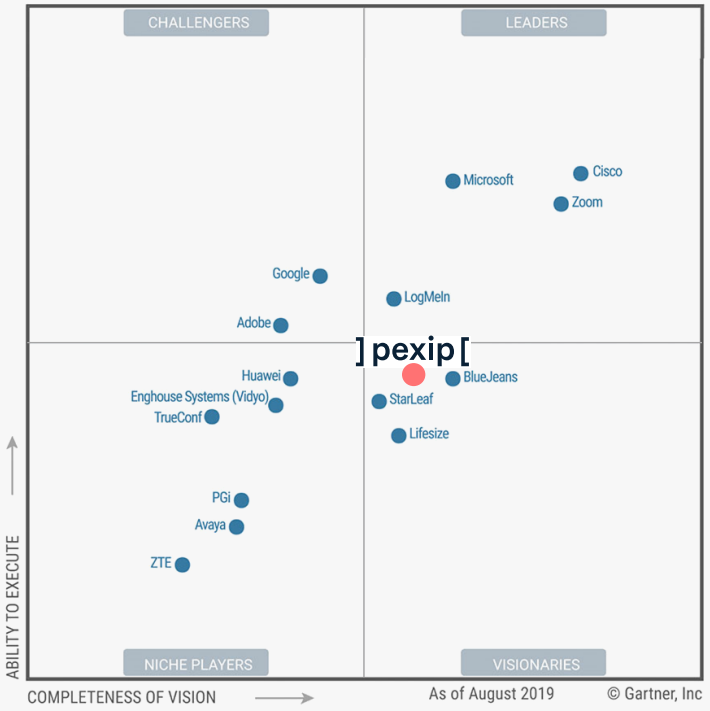
Video contributes to sustainable development

Pexip supports the green economy

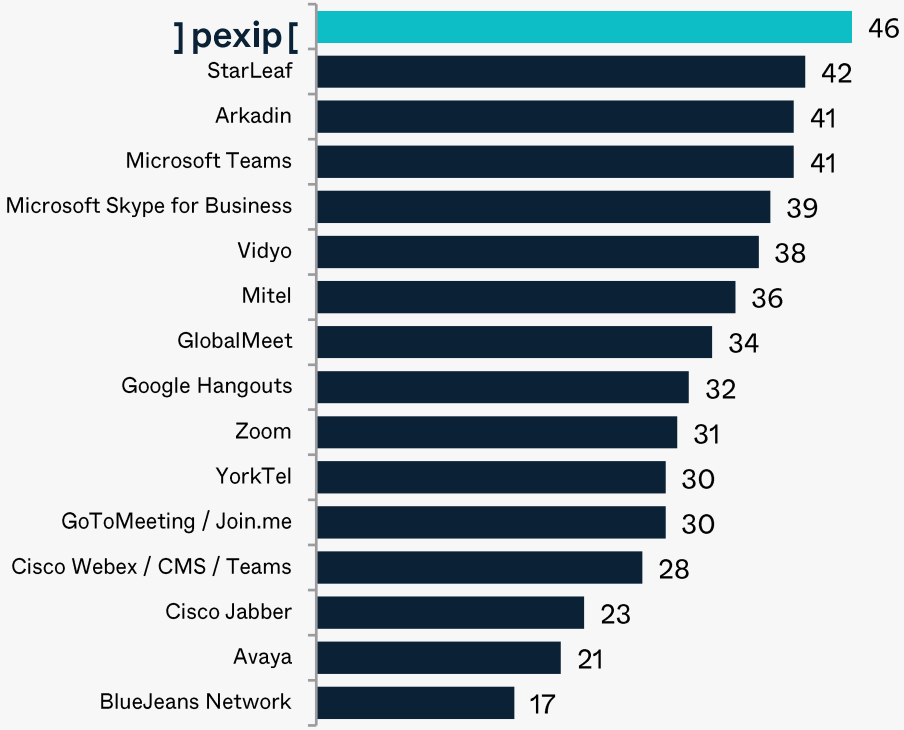
- Enables meetings without physical presence, and increases ability to work at home, reducing business related travel and emissions
- One round-trip from London to New York generates about **1 metric ton (MT)** of CO2 per passenger, in addition to travel-related waste from meals, hotels etc.
- British Telecom have reduced their carbon emissions by almost **100,000 MT** per year by using phone and video conferencing, a reduction of 15% in their carbon emissions
- Boston Consulting Group estimates that American businesses could eliminate **500 million MT** of greenhouse gas emissions per year, saving about $170 billion
- World Wildlife Fund estimates that by 2030, the constant improvement of video conferencing facilities could reduce global emissions by **a billion MT** every year

Recognized by analysts and users

Pexip: A Visionary in the 2019 Gartner Magic Quadrant for Meeting Solutions[1]



Ranked #1 overall in 2019 by leading industry researchers at Wainhouse[2]



Entrepreneurial Company of the Year Award[3]

FROST & SULLIVAN

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Global Business Video Conferencing Industry

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2) Wainhouse Research; Brand Perception Ratings Overview – Video Meeting Solutions, 1 February 2019. NPS, collected from 2,002 users
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What we provide

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Video communications as it should be

Works everywhere for everyone

- ✓A better way to meet with business-quality audio/video
- ✓Securely join from anywhere across multiple technologies
- ✓Brings everyone together integrated with existing workflows
- ✓Flexible set-up, easy to use and manage

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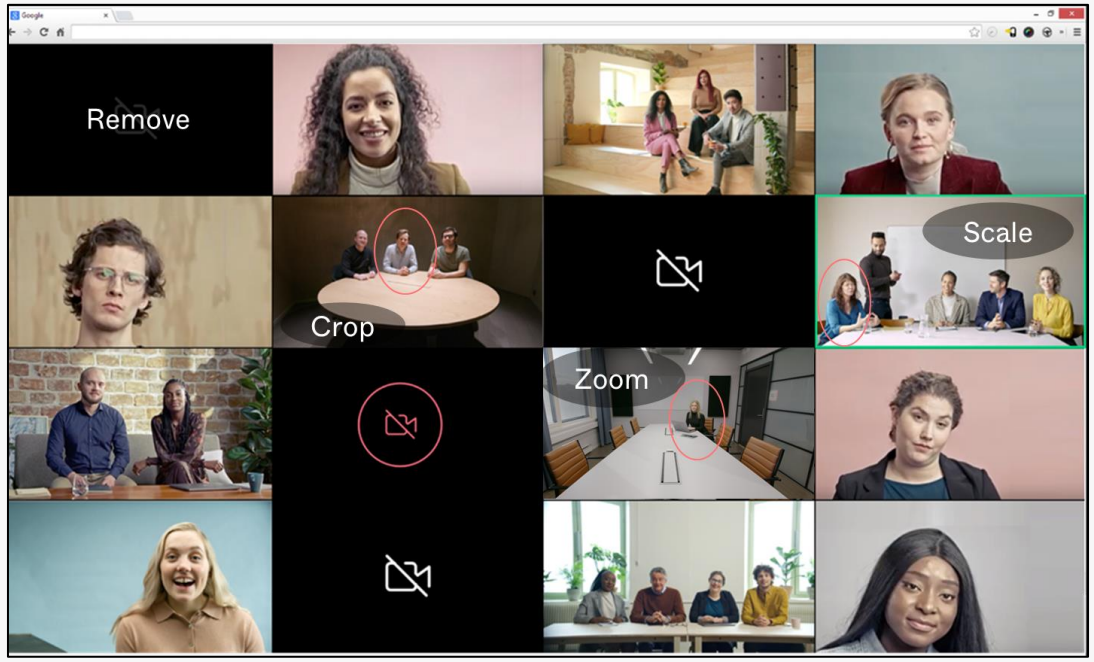
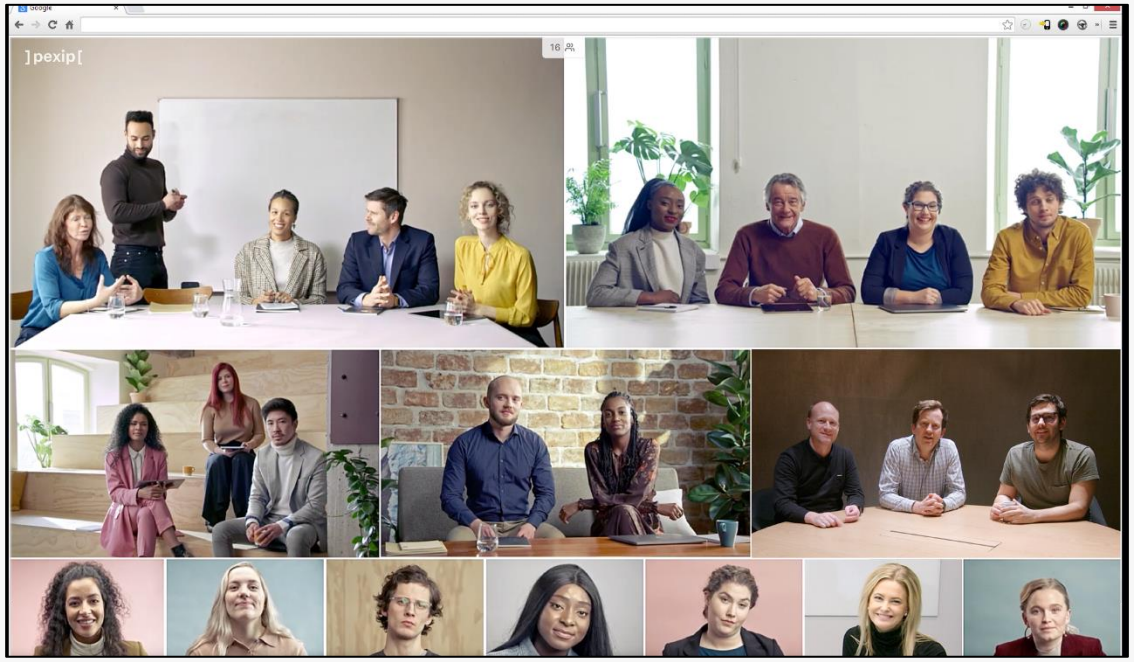
A better way to meet

A natural, engaging meeting experience provided by AI-driven adaptive experience



Bring meetings to life

Say goodbye to black screens and hard-to-see faces. Naturally arrange your screen layout to elevate large groups and active speakers, creating a more immersive meeting experience.

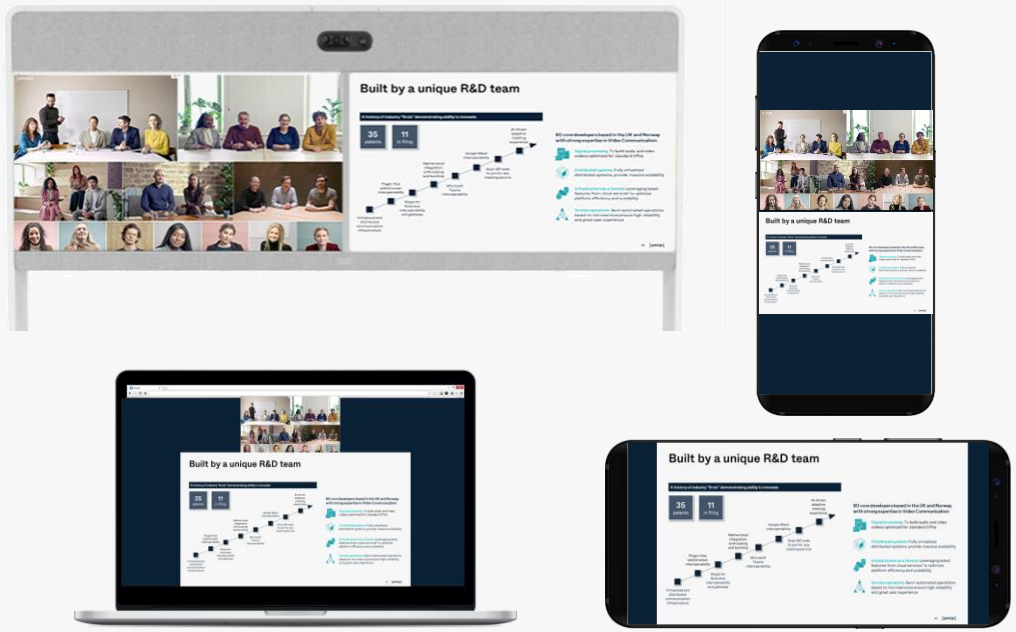


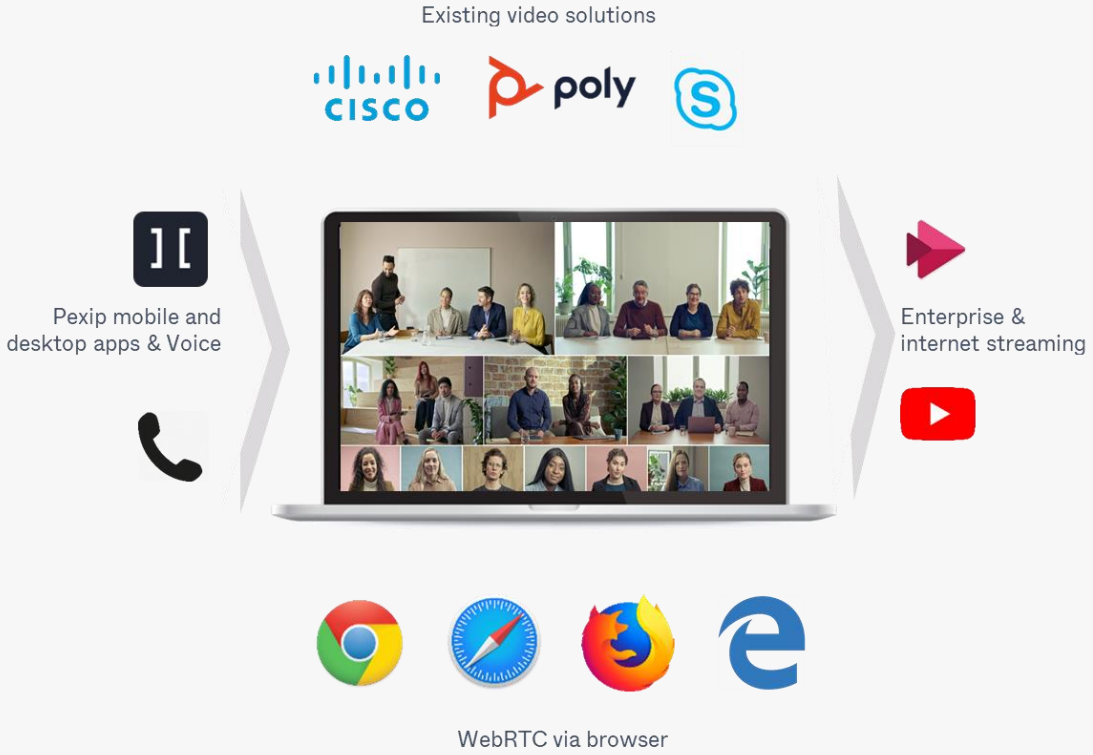
Focus on your conversation

With real-time image framing that automatically crops, pans, and tilts, you can maintain better eye contact and focus on your conversation for more productive, engaging meetings.

Securely join from anywhere

Join from any device and location with the confidence that your meeting data is secure and private.





Optimized experience on any device

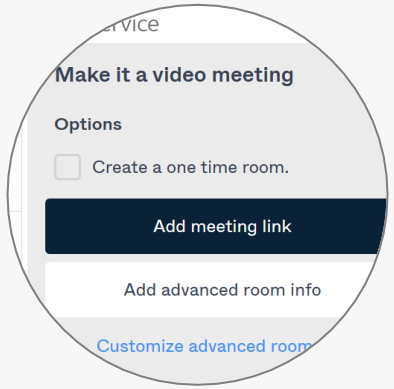
High-performance video experience in every meeting on any device. Super wideband audio offers crisp communication, so you hear every vocal nuance, catch important information, and become less tired in meetings.

Privacy and security maintained

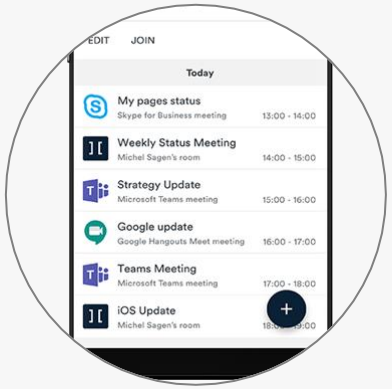
Using your preferred client or browser. Have guests join without any installation or plug-in download while maintaining security and privacy. Meet one-to-one, or stream to thousands from the same familiar experience.

Brings everyone together

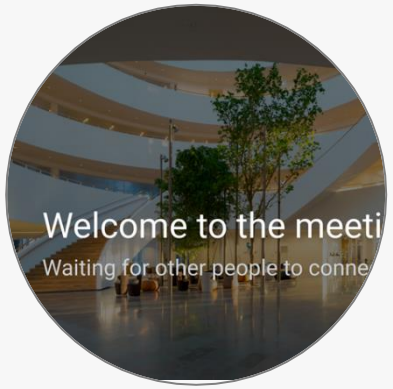
We all have our favorite collaboration tools and platforms that we use today.
Pexip breaks down the barriers between solutions so you can bring everyone into the same meeting.
Interoperability...simplified.



Schedule meetings from Outlook and Google Calendar or directly from your mobile phone.



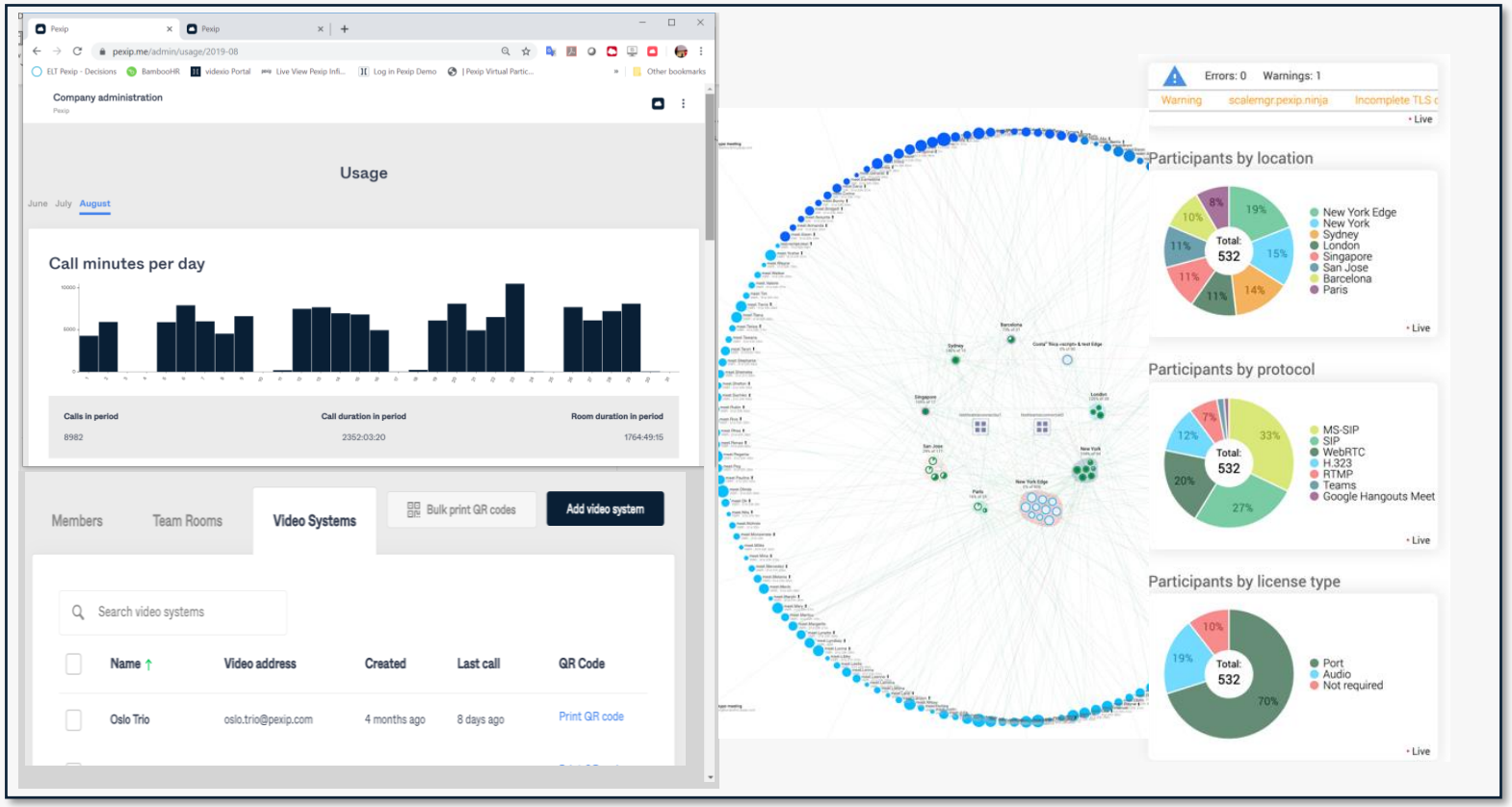
All of your video meetings in one place. Reads your calendar and collects all video meetings. Join from conference rooms, desktop, or smartphones using Pexip One-Touch Join



Make it yours. Familiar branding lets employees and guests know they're in the right place.

Join Microsoft Teams, Google Meet, Zoom and other meetings with Pexip Interoperability

With powerful administration controls

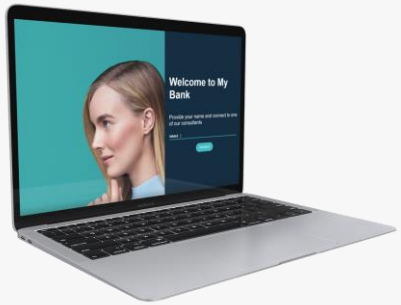


- Easy deployment and conference capacity scaling with a single management interface
- Integrate and authenticate with internal IT systems
- Access live view, control and oversight dashboards for management and support of the video conference infrastructure
- Range of reporting tools to provide overview of usage, endpoint subscriptions, virtual meeting rooms and more

Complies with recognized data security and privacy standards

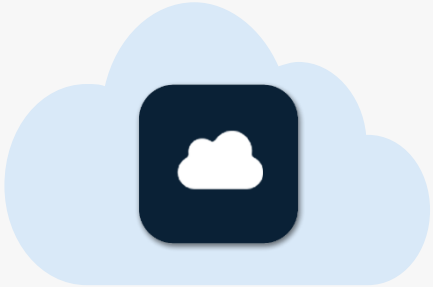
- **Security and Privacy**
  - Compliant with GDPR
  - ISO 27001 certified
  - All media encrypted by default
  - Enables HIPAA compliance for US Healthcare
- **Highest US military security certifications**
  - JITC-certified
  - FIPS 140-2 and 508 compliance
- **Secure and Reputable data centres**
  - SOC2, SSAE16 and ISO 27001
  - Data from Service stored in Norway
  - Media maintained in regions

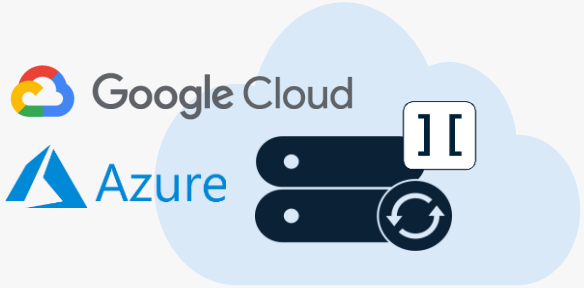
Wide portfolio with flexible deployment options

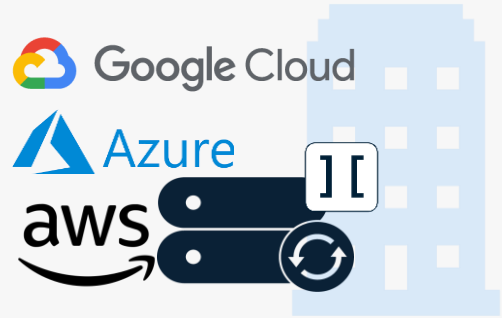


Teams Skype Meet

Meetings	Vertical Meeting Engine	VC Infrastructure	Meeting Interop







Service (SaaS)	Private Service (IaaS)	Self-hosted (Cloud/On-premise)

Financials
Last Quarter Update

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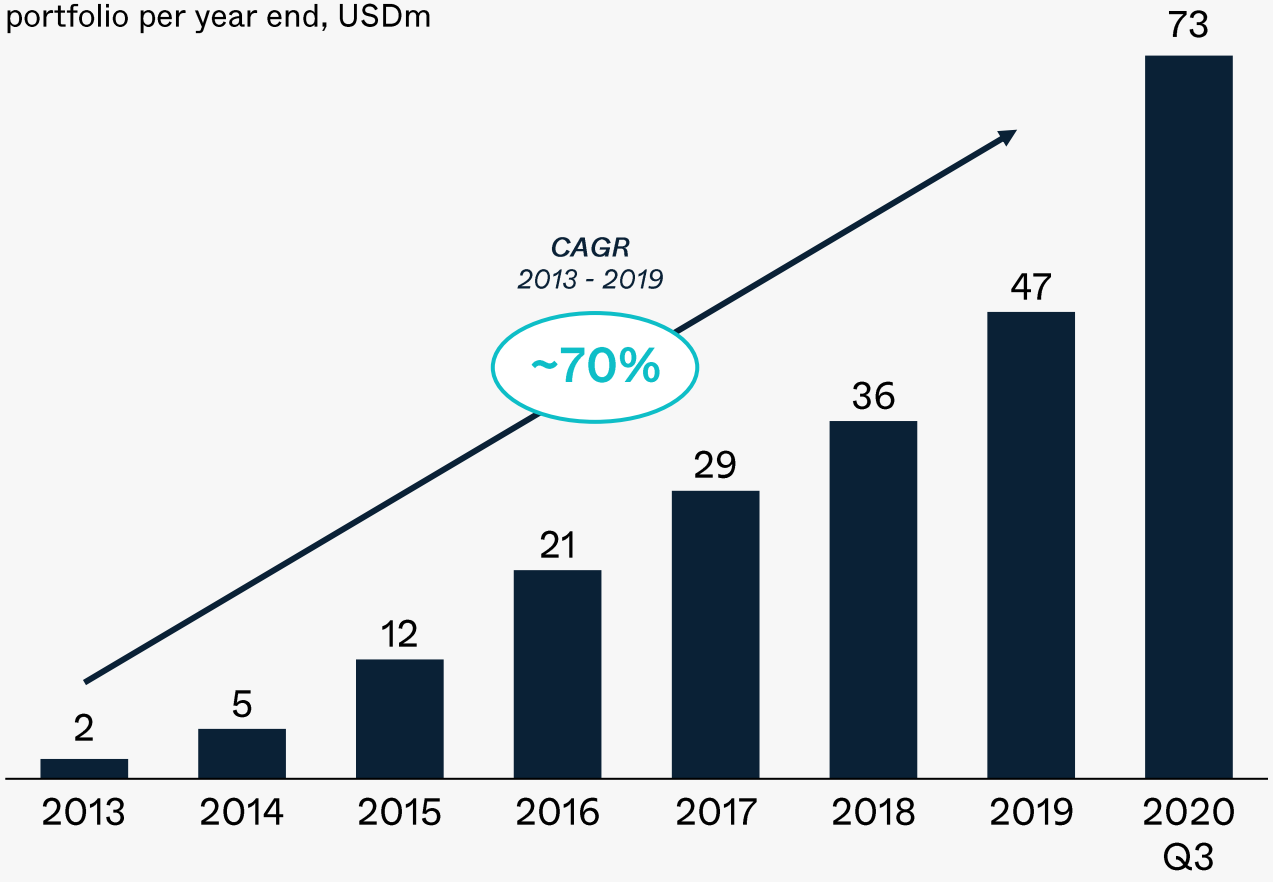
Solid and strong business momentum

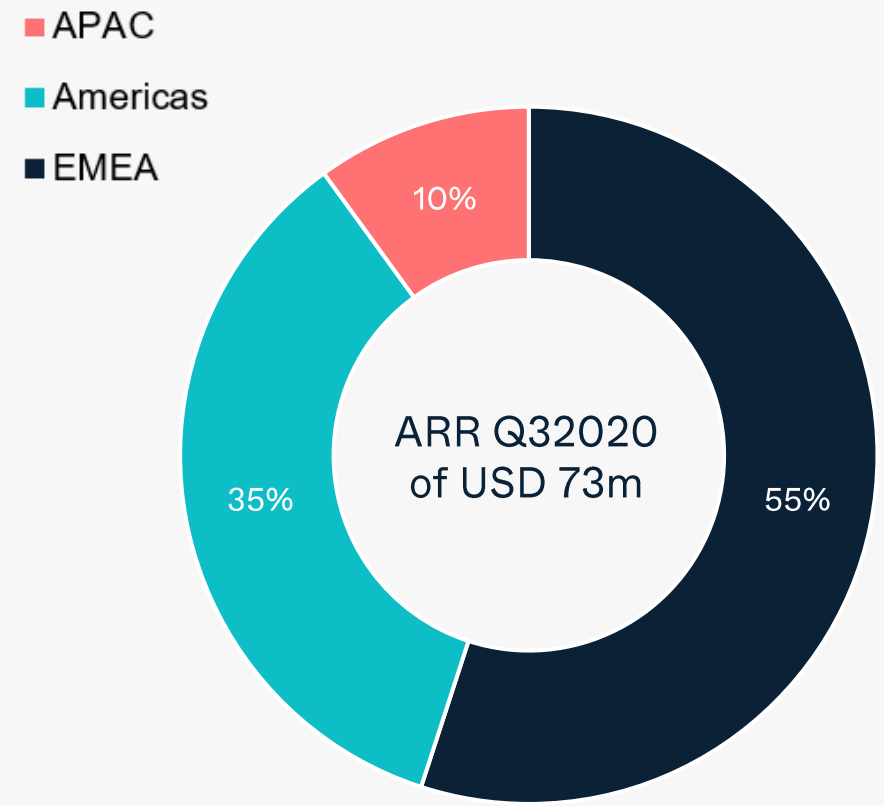
100% reinvested in sales, marketing and products

Booked annual recurring revenue ("**ARR**") portfolio per year end, USDm



Funded on own cashflow since 2015

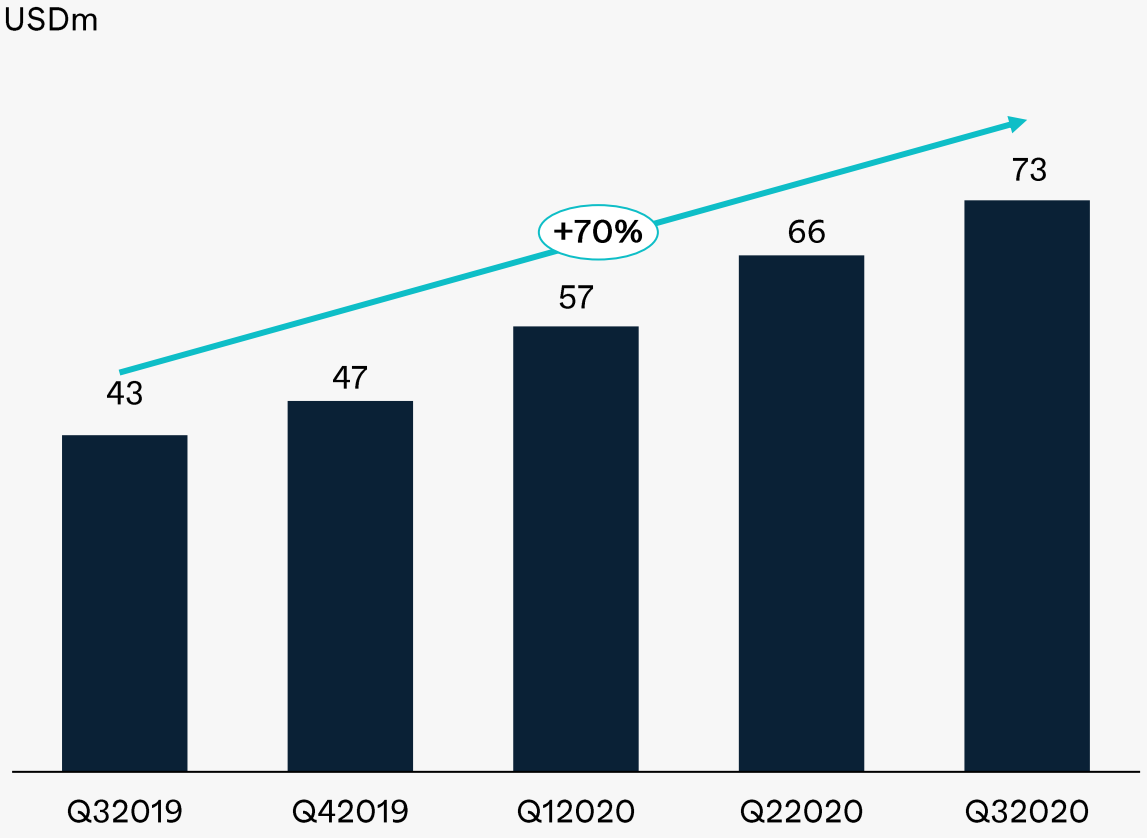
Revenue per geography



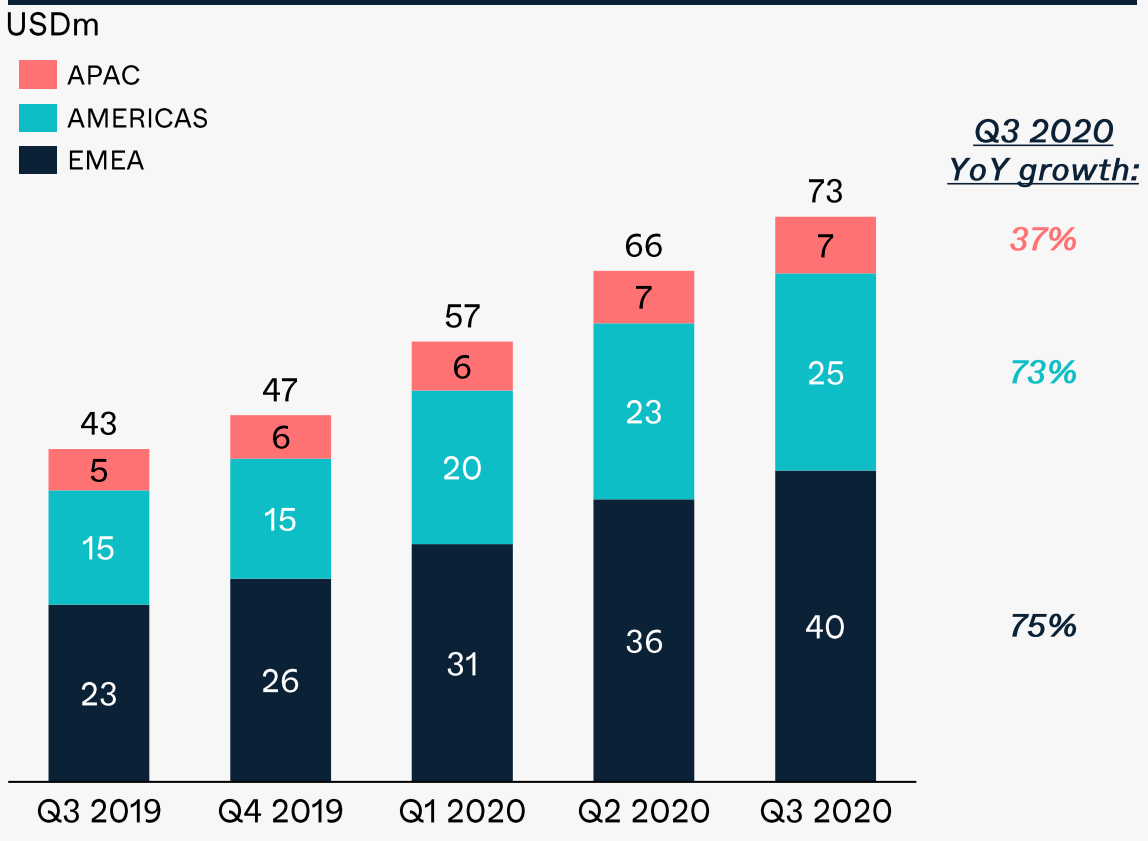
Third quarter 2020 sales highlights

Strong development in ARR with 70% growth YoY across all geographies

Contracted Annual Recurring Revenue (ARR) development Q3 2019 – Q3 2020



ARR per geo Q3 2019 – Q3 2020



Financials
2019

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Key financial highlights 2019A

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Best-in-class SaaS metrics

79%
ARR CAGR 2013A – 2019A

99%
net revenue retention 2019A

95%
gross–margin 2019A

21%
EBITDA margin 2019A

3,400+
customers per YE2019

5.8x
LTV:CAC ratio 2019A

Pexip Holding AS - consolidated financial information

Balance sheet 2018 – 2019 – assets, IFRS

Balance sheet, NOKm	*Audited* Dec-18	*Audited* Dec-19
ASSETS		
Non-current assets		
Property, plant and equipment	3.3	7.2
Right-of-use assets	10.1	52.4
Goodwill	599.0	599.0
Other intangible assets	110.4	101.8
Deferred tax asset	27.3	27.6
Contract costs	41.4	74.2
Receivables	1.6	1.7
Other assets	0.2	0.0
Total non-current assets	**793.4**	**863.9**
Current assets		
Trade and other receivables	77.4	105.6
Contract costs	8.2	14.0
Other current assets	9.1	11.1
Cash and cash equivalents	59.4	75.5
Total current assets	**154.1**	**206.2**
TOTAL ASSETS	**947.5**	**1,070.1**

Comments

- Fixed assets are primarily intangible in nature, such as capitalized development costs and goodwill from Merger between Pexip and Videxio
  - The merger resulted in a goodwill increase of NOK 599m
- Growth in trade and other receivables primarily due to the increased overall activity levels across the Group. Q4 has a high invoicing level, and has a correspondingly higher level of trade receivables compared to the rest of 2019
- Contract costs consists of paid commissions which are recognized over the contract lifetime (included in the NWC)

Source: Pexip audited financial statements. Videxio included from October 2018

Pexip Holding AS - consolidated financial information

Balance sheet 2018 – 2019 – Equity and liabilities, IFRS

Balance sheet, NOKm	*Audited* Dec-18	*Audited* Dec-19
EQUITY AND LIABILITIES		
Equity		
Share capital	0.8	1.2
Share premium	856.6	860.1
Other equity	-58.4	-37.2
Total equity	**799.0**	**824.1**
Non-current liabilities		
Borrowings	6.0	8.5
Lease liabilities	7.1	45.5
Deferred tax liabilities	0.0	0.0
Derivative financial liability	60.8	0.0
Total non-current liabilities	***73.9***	***54.0***
Current liabilities		
Trade and other payables	36.3	51.1
Contract liabilities	28.1	47.9
Current tax liabilities	0.3	3.8
Derivative financial liability	0.0	76.8
Borrowings	6.5	2.5
Lease liabilities	3.4	10.0
Total current liabilities	***74.6***	***192.0***
Total liabilities	**148.5**	**246.0**
TOTAL EQUITY AND LIABILITIES	**947.5**	**1,070.1**

Comments

- Substantial increase in share premium during 2018 mainly due to the merger
  - Due to the goodwill the company has a strong equity ratio
  - The Goodwill has been subjected to an impairment test during Q4 2019, with no need for amortization
- The company has limited interest-bearing debt, and redeemed a bond loan of NOK 6.5m during 2019. At the same time the company was awarded an additional loan from Innovation Norway of NOK 5.0m , and Innovation Norway is the sole creditor for the company outside factoring
- Lease liabilities increased during 2019 as the company signed a new rental-agreement for the head office in Oslo as well as a increased office in Herndon, VA and New York, NY USA
- Contract liabilities mainly arise from prepaid contracts with deferred revenue recognition

Source: Pexip audited financial statements. Videxio included from October 2018

Pexip Holding AS - consolidated financial information

Cash flow statement 2018 – 2019, audited IFRS

Cash flow statement, NOKm	*Audited* 2018	*Audited* 2019
Profit or loss before income tax	**14.7**	**16.7**
Taxes paid	0	0
Depreciation, amortization and net impairment lo	14.5	44.5
Non-cash-share based payments	5.2	9.3
Fair value adjustment to derivates	6.4	16.0
Interest income/expenses - net	1.3	2.8
Net exchange differences	-1.8	-1.5
Change in trade and other receivables	-35.3	-65.0
Change in trade and other payables	15.3	34.5
Interest received	0.4	0.5
Income taxes paid	0.0	-0.3
Net cash flow from operating activities	**20.7**	**57.5**
Payment for acquisition of subsidiary, net of cash a	24.0	0.0
Payment for property, plant and equipment	-1.7	-6.4
Payment of software development cost	-5.3	-28.7
Net cash flow from investing activities	**17.0**	**-35.1**
Proceeds from issuance of ordinary shares	1.7	3.5
Proceeds from borrowings	0.0	5.0
Repayment of borrowings	-5.5	-6.5
Principal element of lease payments	-2.8	-5.3
Interest paid	-1.7	-3.3
Net cash flow from financing activities	**-8.2**	**-6.6**

Comments

- Pexip's liquidity requirements arise primarily from operating expenses (expensed R&D and sales and marketing expenses), and investments in R&D
- Consolidated net cash flow from operational activities was NOK 57.5m in 2019, driven by growth in underlying operations
  - Net change in operating assets and liabilities contributed with NOK -30.5m
- Consolidated net cash flow from investing activities over the historical period relates to capitalisation of development costs, and purchase of standard office equipment
- Net borrowings was NOK -1.5m
- Issuance of shares was related to an employee option window
- Overall cash position was NOK 75.5m 31.12.2019, up NOK 16.1m

Source: Pexip audited financial statements. Videxio included from October 2018

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