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# Capital Markets Day 2021

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December 9, 2021



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# Game-Changing Pandemic





# Climate Consciousness



A stylized globe of the Earth is centered in the image, rendered in a golden-brown color with a textured, wireframe-like appearance. The globe is surrounded by a complex network of thin, light blue lines and small circular nodes, suggesting a global network or data flow. The background is a dark, deep blue with a subtle pattern of faint, glowing particles or stars. The overall aesthetic is futuristic and technological.

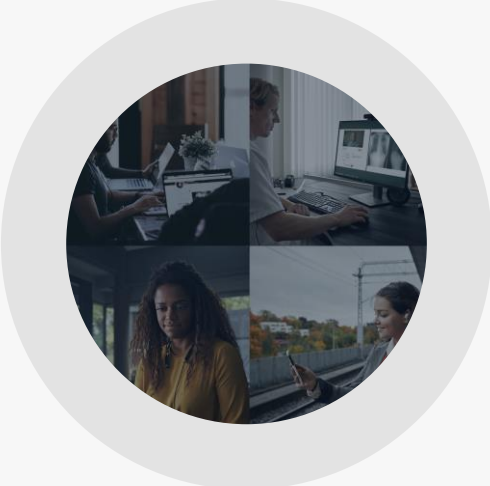
# Geopolitical Complexity

# Cyber Vulnerability



# Mega Trends Shaping Pexip's Business and Product Strategy

- addressing the needs of our customers



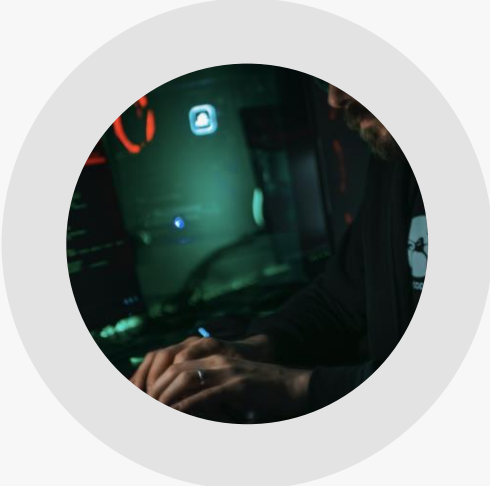
Game Changing  
Pandemic



Climate  
Consciousness



Geopolitical  
Complexity



Cyber  
Vulnerability

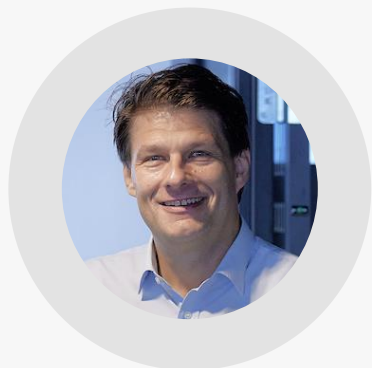


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# **Powering the Video Economy**



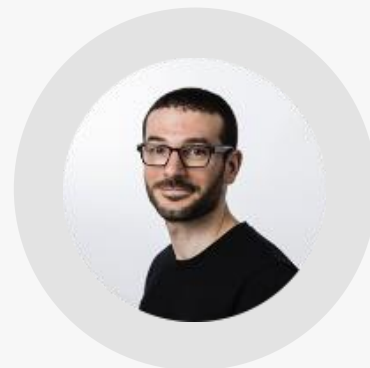
# Presenters



**Michel Sagen**  
Chair of the Board



**Øystein Dahl Hem**  
Interim CEO and CFO



**Nico Cormier**  
Chief Technology Officer



**Åsmund O. Fodstad**  
President Global Sales & Marketing



**Ingrid Woodhouse**  
Chief People Officer



**Jordan Owens**  
Vice President Architecture



**Peter McCarthy**  
Vice President Public Sector Sales

# Agenda





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# Strategy

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Presenter: Øystein Dahl Hem



# Pexip is a global technology company

535+ Employees in 35 countries

4,400 Enterprise and public sector customers

300+ Channel partners

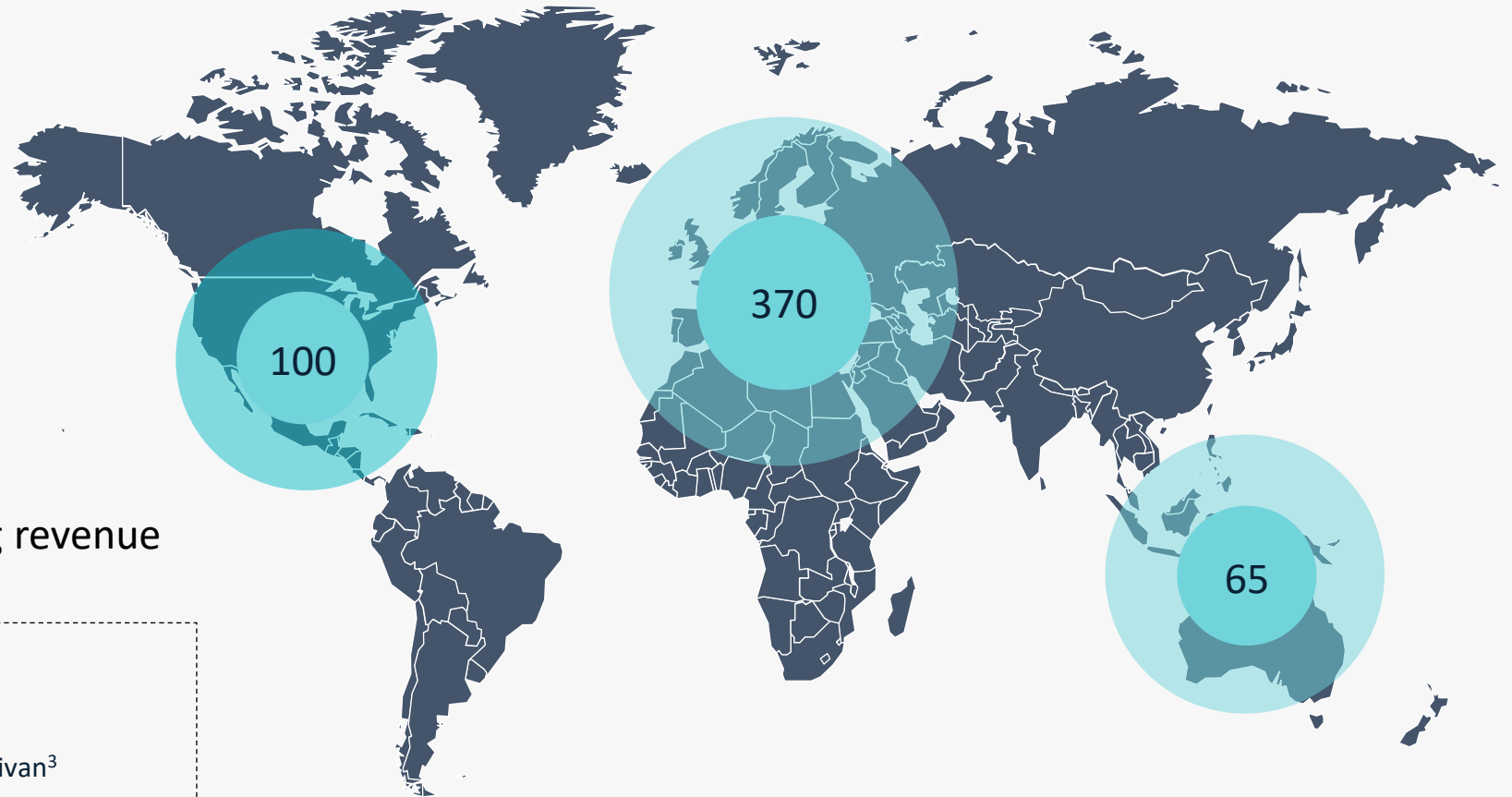
100% Net revenue retention rate

2021 \$100,000,000+ annual recurring revenue

Challenger in Gartner Magic Quadrant<sup>1</sup>

Ranked #1 in Wainhouse user survey<sup>2</sup>

Entrepreneurial company of the year by Frost & Sullivan<sup>3</sup>



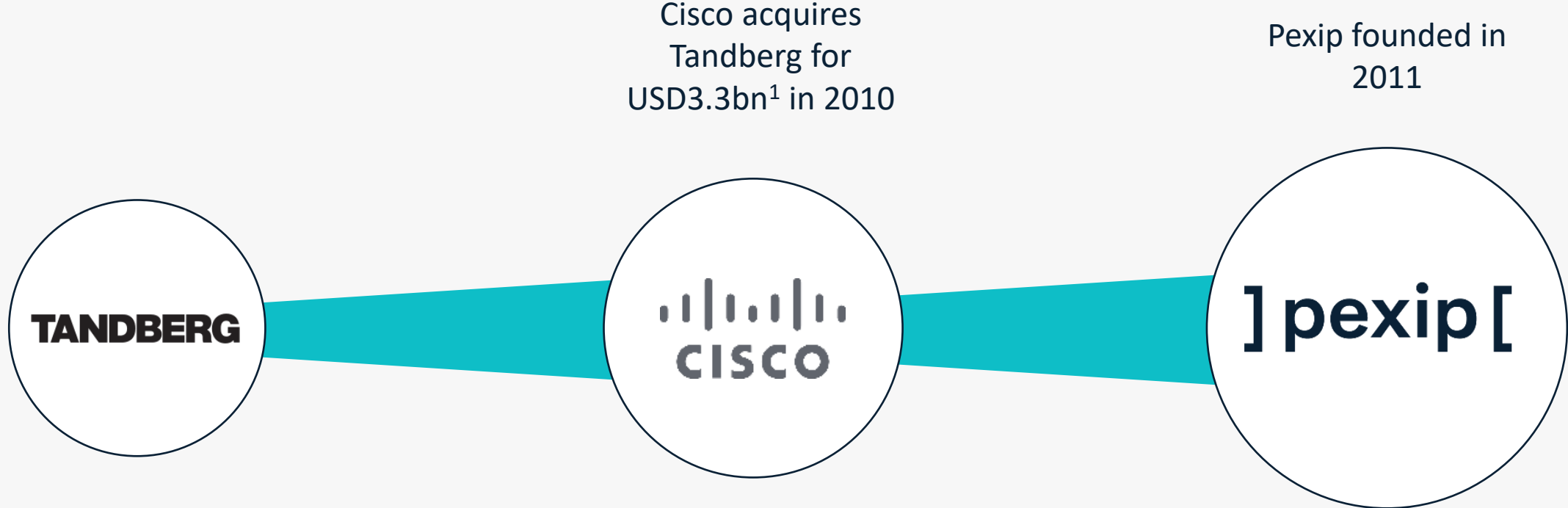
1) Gartner Quadrant for Meeting Solutions 2020, by Mike Fasciani, Tom Eagle, Adam Preset, Brian Dohert

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



# Pexip represents the Norwegian video communication heritage



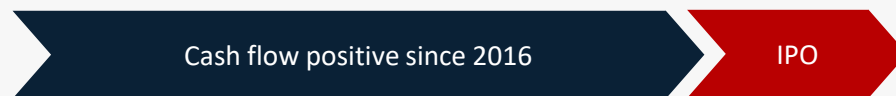
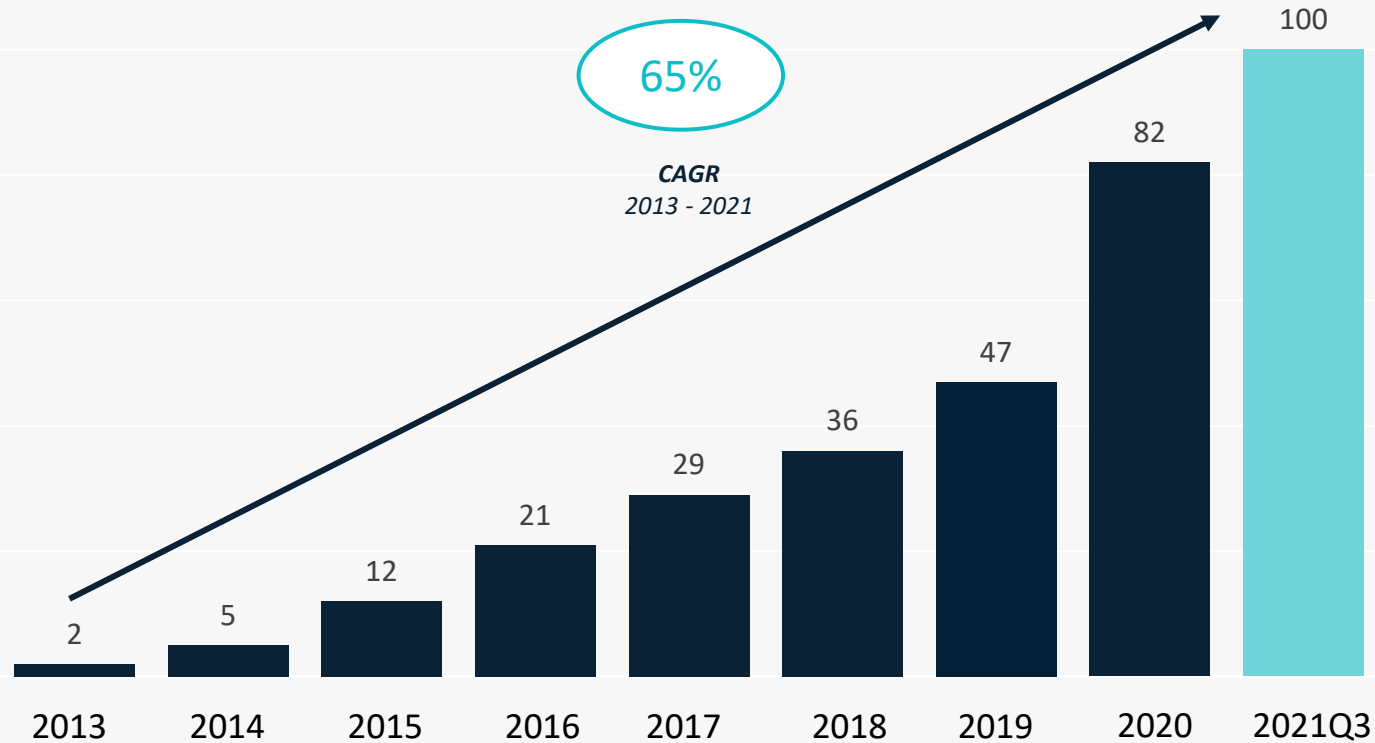
**Pexip represents knowledge, talent and culture built up over 30 years**

1) At the time of acquisition

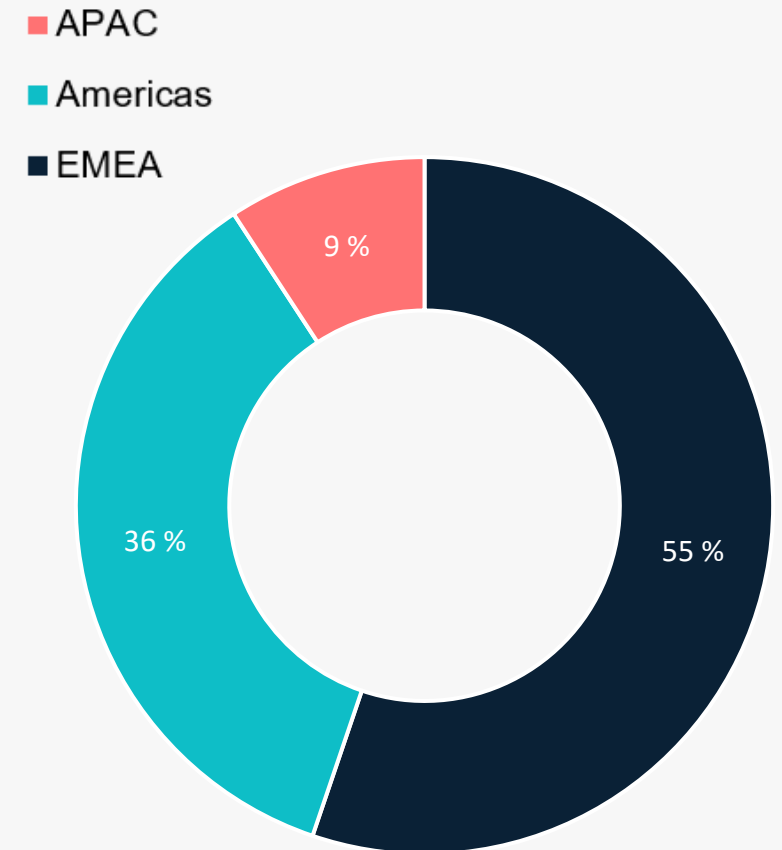
# Solid and strong business momentum

100% reinvested in sales, marketing, products & engineering

Booked annual recurring revenue (“ARR”) portfolio  
per year end, USDM



ARR per geography





# Proud to serve the most demanding organizations

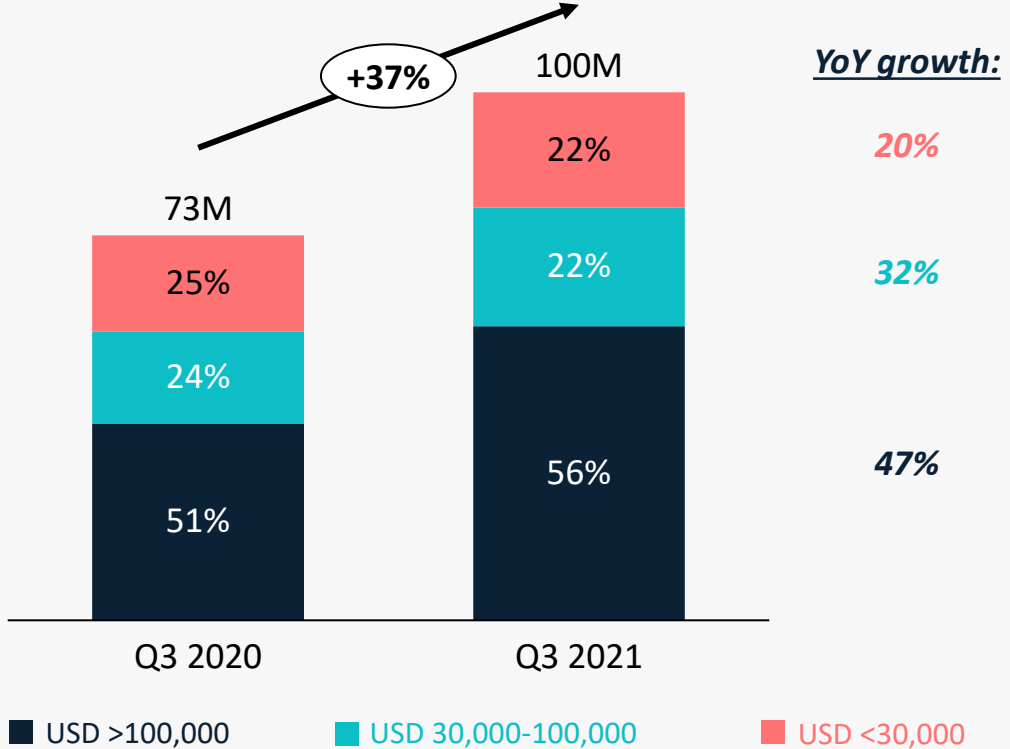
## Selected by a range of large organizations



Currently ~15% of Fortune 500<sup>1</sup> as customers

## Large organizations driving growth

Share of ARR by account size in ARR, USD



1) Fortune 500 and Global 500

# COVID-19 fueled the hyper adoption of video

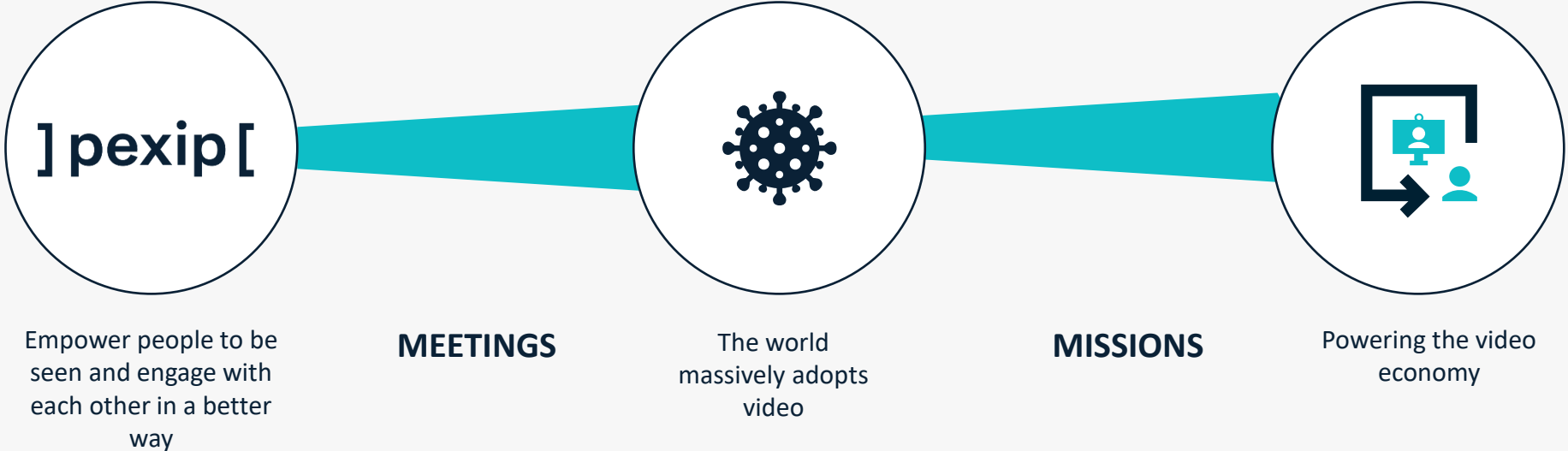
3 Years

Global adoption acceleration  
Digitization of customer  
interactions\*

5.4x

From 13% to 70% end-user video  
adoption over the period in  
the western world

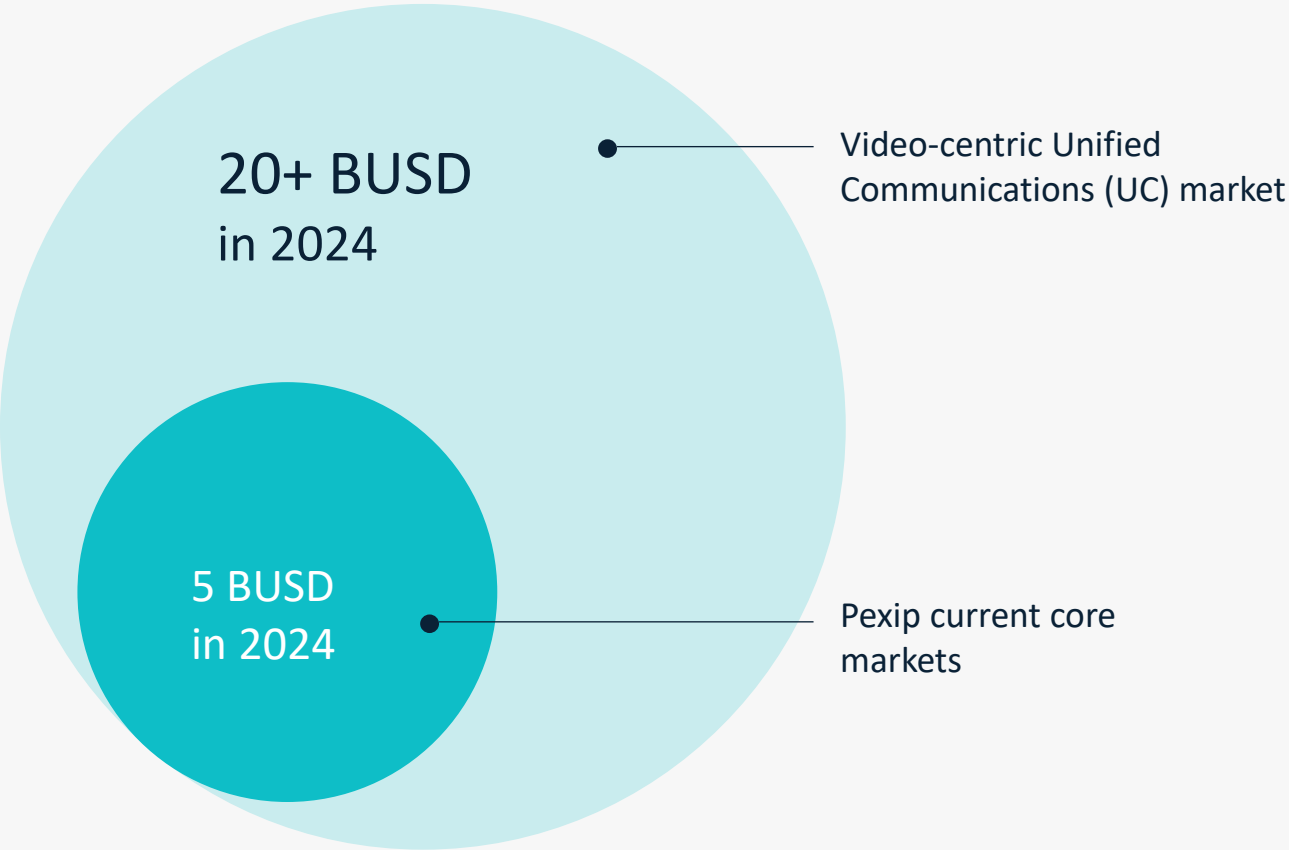
# Enabling business innovation



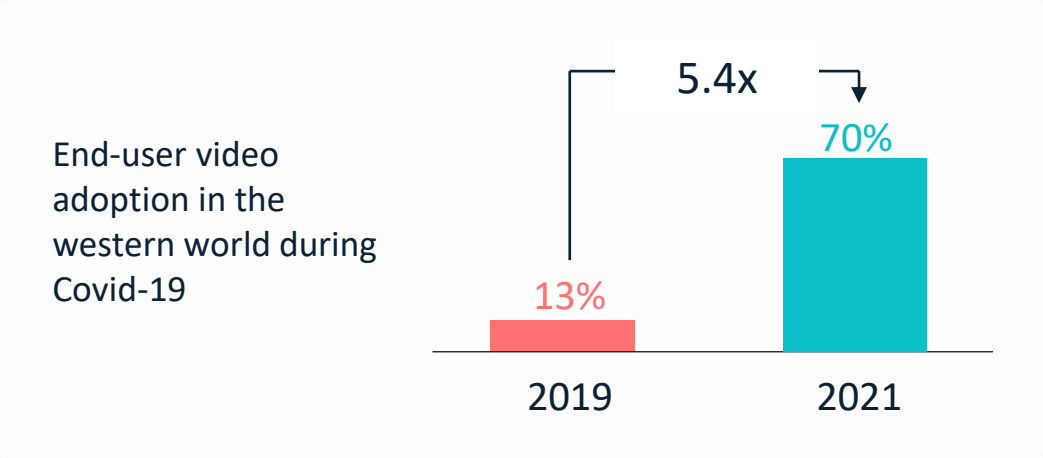


# Pexip's core markets represent a massive market opportunity

Pexip intends to have a leadership position in a 5 BUSD segment by 2024



Well-positioned to benefit from mass adoption of video communication



1) 2020 estimate  
Source: McKinsey, Wainhouse, company estimates

# Unique technology drives our success in three core markets



## Video infrastructure

including interoperability to Microsoft Teams and Google Meet



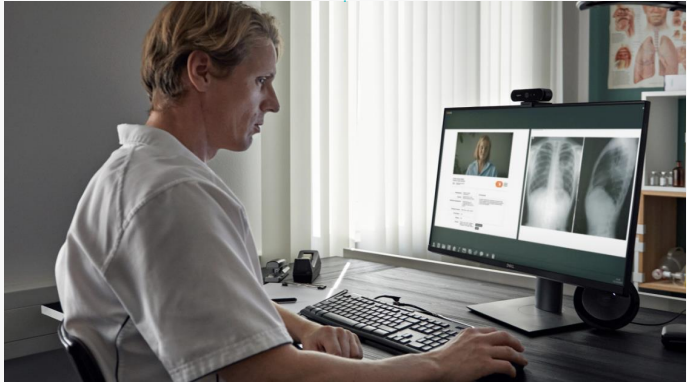
## Critical video meetings

for secure environments

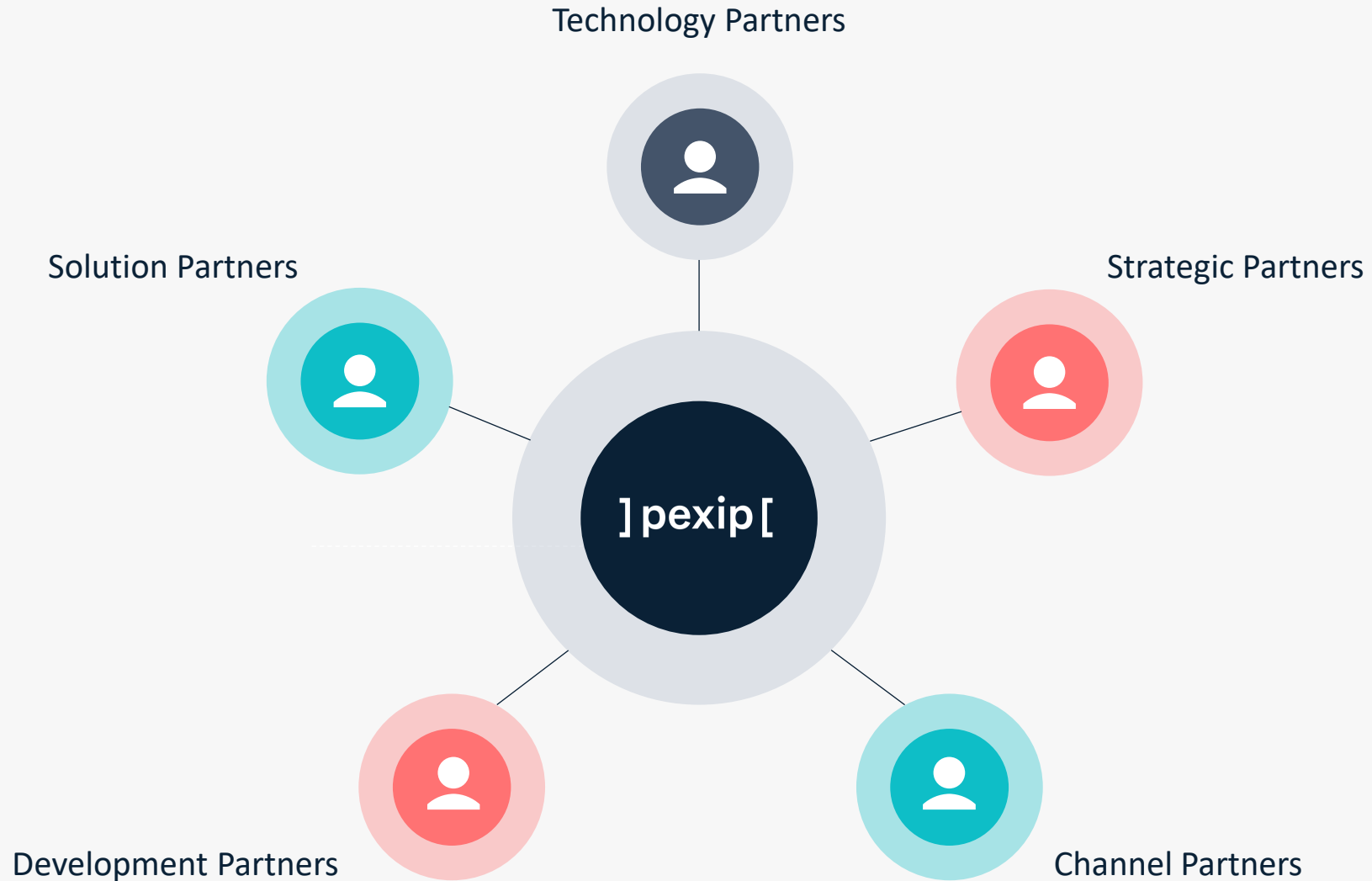


## Video enablement

for healthcare, judiciary, government, retail and finance

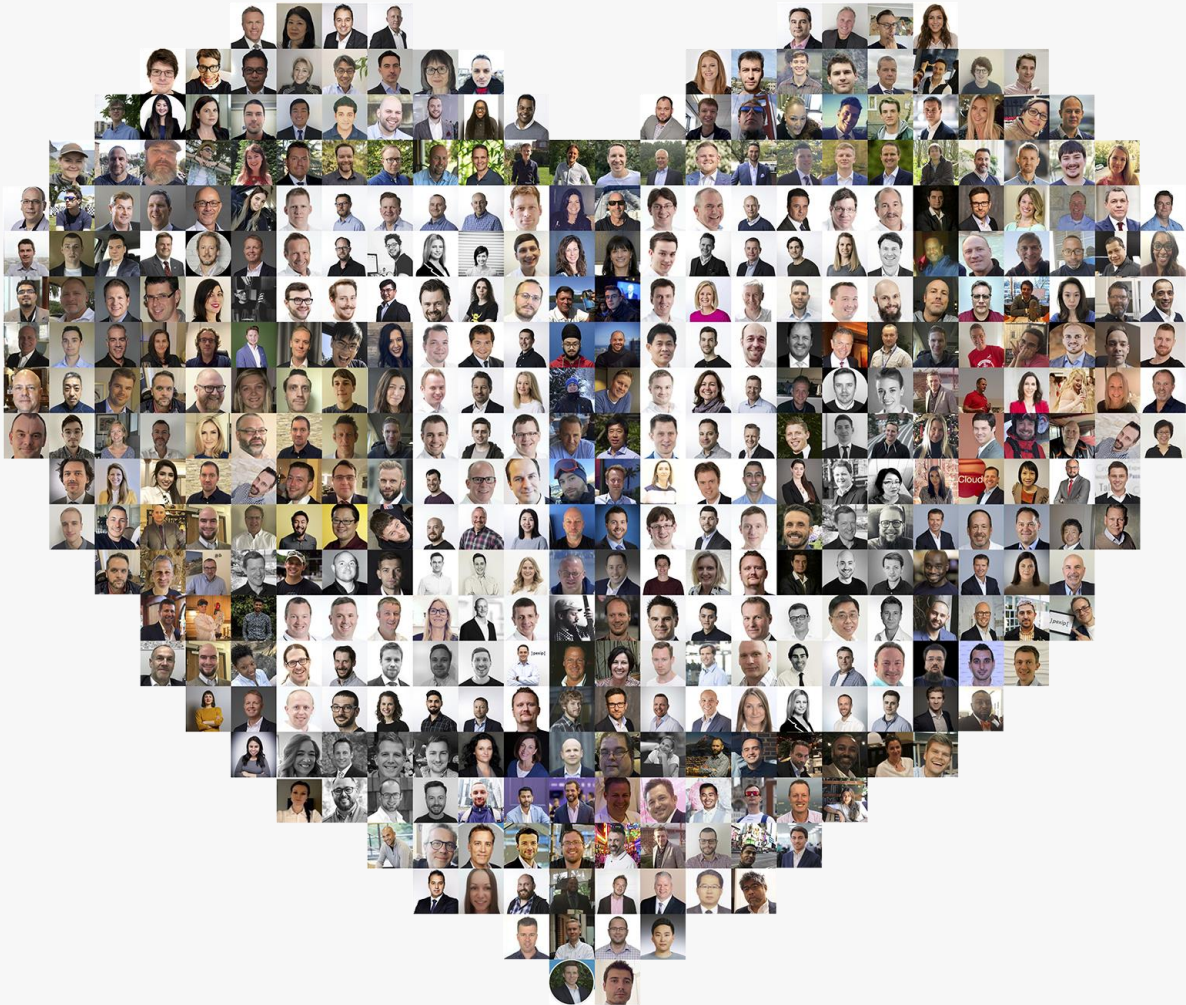


# A strong and growing ecosystem of partners

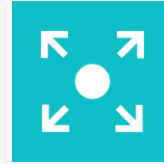




# Outstanding team with a great culture



Professional & Fun



Freedom & Responsibility

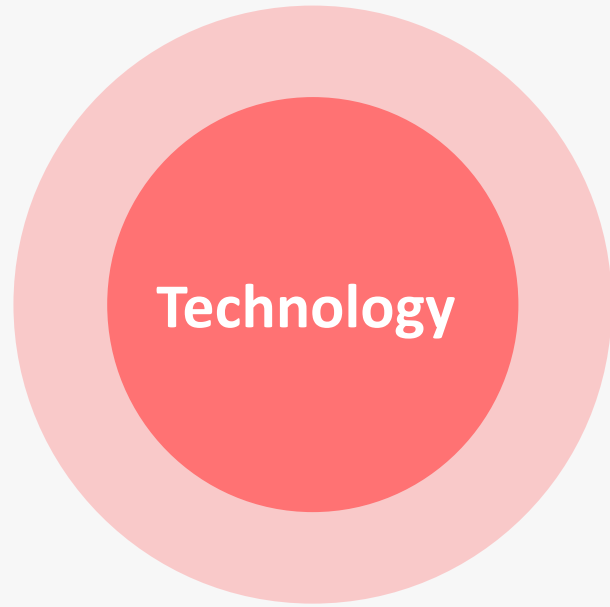


No Bullshit



One Team

# Why we win



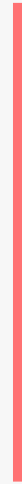
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# Technology

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Presenter: Nico Cormier





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# Study on the Effect of Delay on Human Voice Perception

*“ if delays can be kept below 150ms, most applications, both speech and non-speech, will experience essentially transparent interactivity ”*

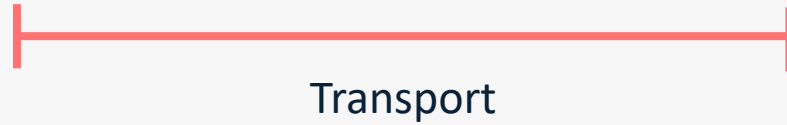
# 150ms - the magic number for innovation in our industry



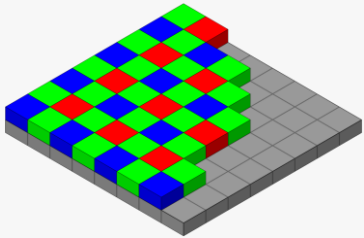
150ms



# Transport - a significant chunk of 150ms



# Compute – where the magic happens



Capture



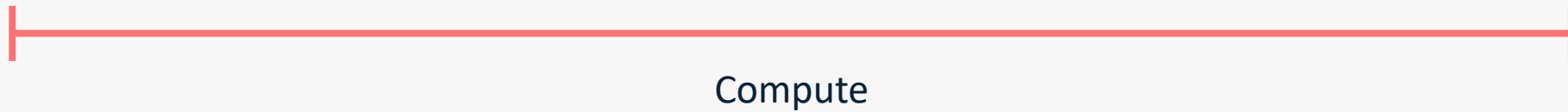
AI

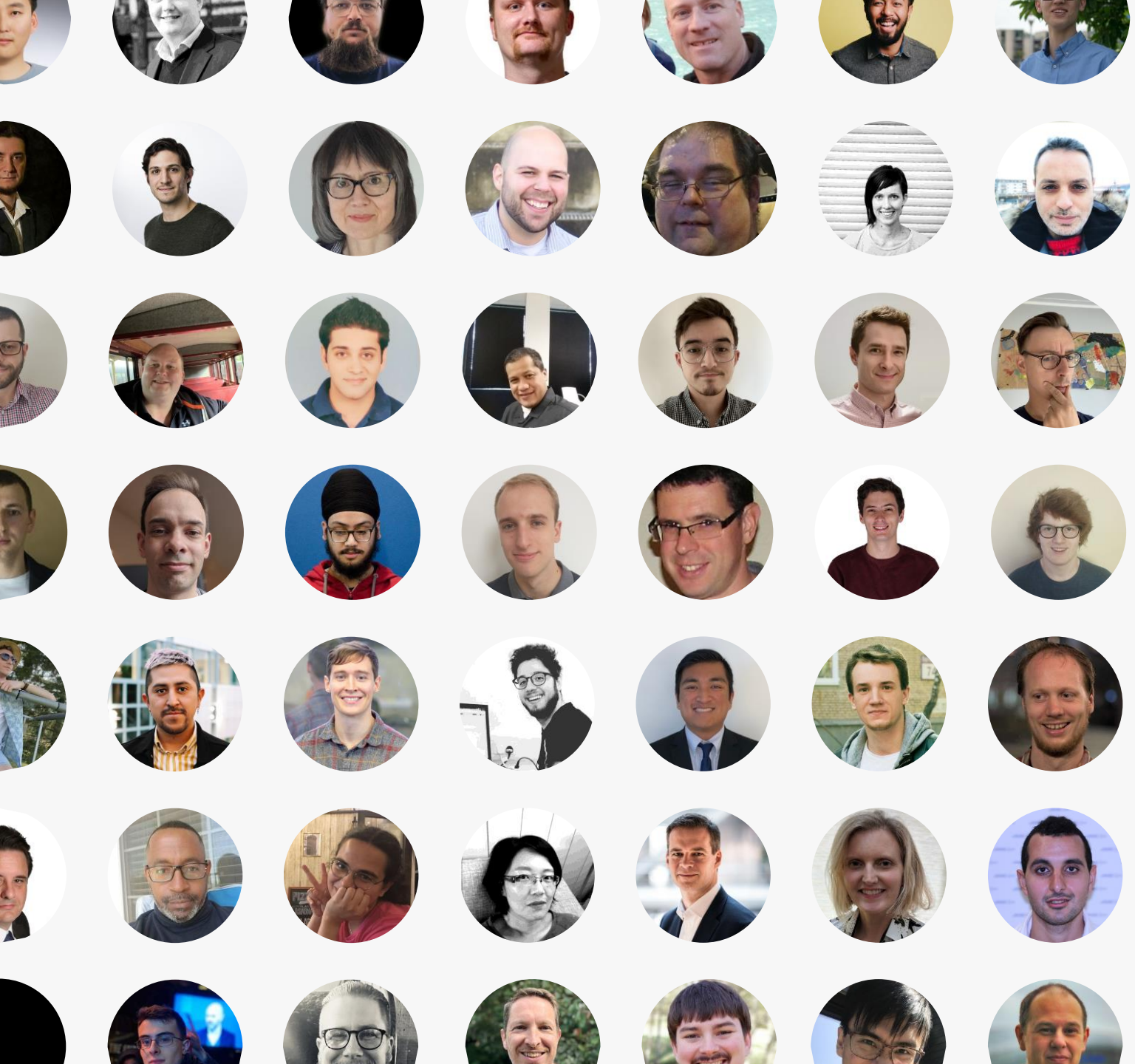


Compression Algorithms



Render





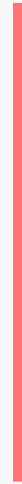
## 180 R&D engineers

- experts in signal processing
- 34 nationalities; 20-30% relocations
- 3-4% turn-over

52 patents in real time video processing  
and highly distributed real time systems

One strong engineering  
culture





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Core Transcoding



Agnostic Infrastructure



Built as-a-platform

1

# Core Transcoding

## Switching

Compute done on end-user device  
Heavyweight client architecture



## Core Transcoding

Compute done in the network  
Lightweight client architecture



1

# Core Transcoding – implications & benefits



Download application

Limited to one protocol

AI and compression on the end-user device

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Lightweight, no download experience

Unique interoperability

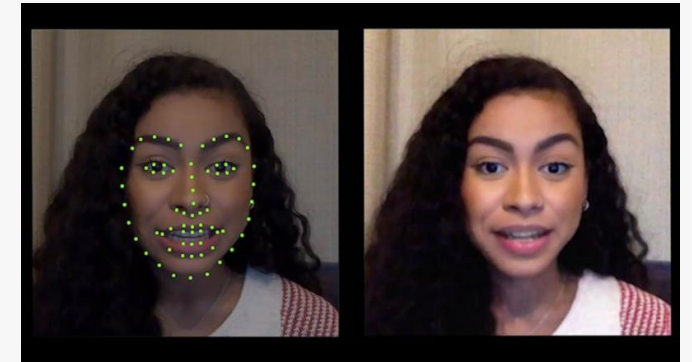
AI and compression in the network

# 1 Core Transcoding – implications & benefits



**Mixed reality** and augmented reality on low power devices. 8 hours with AI on Pexip vs 30 minutes for competition

**AI in the network** on any device/browser with no download



**Sustainability** thanks to lower bandwidth usage, extended equipment lifetime and improved battery life



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Core Transcoding



Agnostic Infrastructure



Built as-a-platform

## Proprietary Shared SaaS

Tightly bound to a single cloud  
Runs only on the public internet  
Customers' data mingled together



## Agnostic Infrastructure

Runs on all cloud providers and on-prem  
Can by-pass the internet  
Customer controls data exposure



# Agnostic Infrastructure – privacy and security benefits



JITC  
Certified



## Security and Privacy

- Compliant with GDPR and ISO 27001
- All media encrypted by default
- 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
- Cloud data stored in Norway
- Media maintained in regions

## Sovereign cloud

- Fedramp (USA)
- CCN-STIC (Spain)
- CSPN (France)
- BSI (Germany)

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Core Transcoding



Agnostic Infrastructure



Built as-a-platform

3

## Built as a platform

Built as an end-user application

Technology and applications tightly coupled  
Very limited branding/customization



Built as a “technology inside” platform

Decoupled technology and applications  
License technology allowing total customization

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# Target markets

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Presenters: Nico Cormier, Åsmund O. Fodstad

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# Unique technology powers our success in three core markets



## Video infrastructure

with interoperability to Microsoft Teams and Google Meet



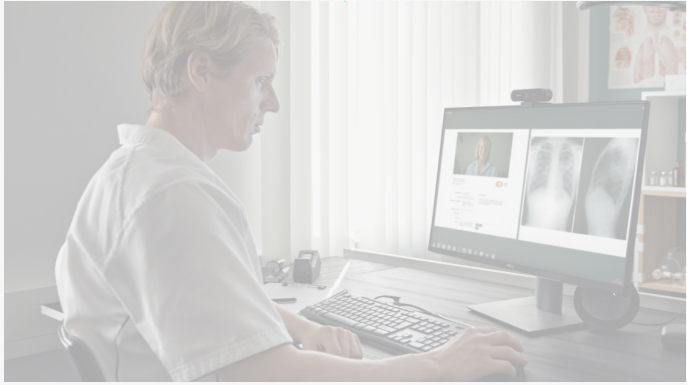
## Critical video meetings

for secure environments



## Video enablement

for healthcare, judiciary, government, retail and finance





## Enterprise Room Connector

Pexip upgrades existing rooms to the cloud

Customer is moving to a SaaS and has incompatible meeting room equipment.

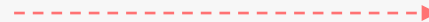
Equipment registers against the Pexip cloud, making them easy to manage, able to dial into meetings (such as Teams or Meet) and upgrades their experience with AI

1

# Core Transcoding used to connect incompatible protocols

## Core transcoding allows Pexip to talk all protocols

- Translate any real time media signal on the fly
- Leverage our media and protocol expertise
- Added end user value with AI
- Consumable both as a SaaS or self-hosted



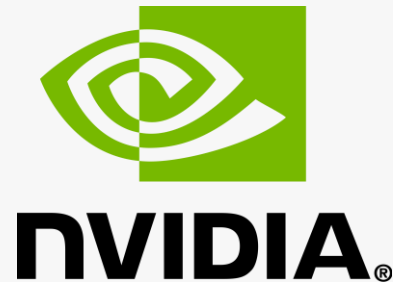




London  
Stock Exchange



Foreign &  
Commonwealth  
Office





# Standards-based Video Infrastructure

## Why Pexip?

1

**Core Transcoding** allows us to transcode on the fly incompatible protocols and support brand both new and upgrade old equipment

2

**Agnostic compute** allows customers to consume ERC as a SaaS (shared) or self-hosted

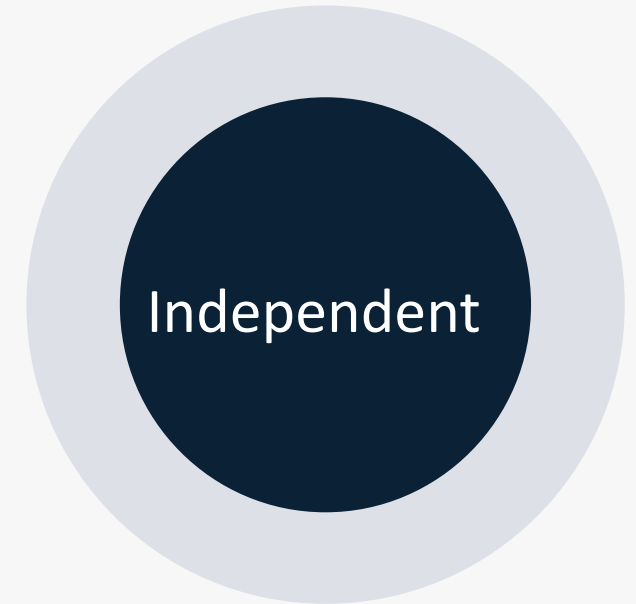
3

**Certified** by MSFT and Google. Tight commercial, GTM and engineering relationship

4

**GTM** with Microsoft, Google and channel partners

# Future opportunity





# Unique technology powers our success in three core markets



## Video infrastructure

with interoperability to Microsoft Teams and Google Meet



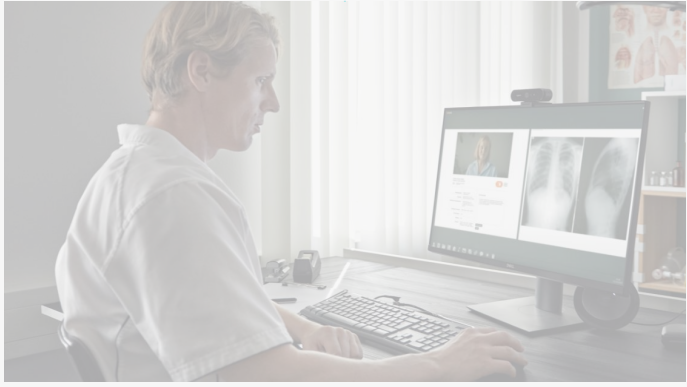
## Critical video meetings

for secure environments



## Video enablement

for healthcare, judiciary, government, retail and finance





## Pexip for Critical Meetings

Video meetings for environments with stringent privacy & security

Customer is government or large organizations with clear focus on privacy

Pexip provides a self-hosted (on-prem & cloud native) platform optimised for critical video meetings

# Agnostic infrastructure guarantees complete privacy



## Agnostic Infrastructure

Runs on all cloud providers and on-prem

Can by-pass the internet

Customer controls data exposure

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# The growing market for critical infrastructure

*“ By 2024, 80% of critical infrastructure organizations will abandon their existing siloed security solutions providers in order to bridge cyber-physical and IT risks by adopting hyper-converged solutions. ”*

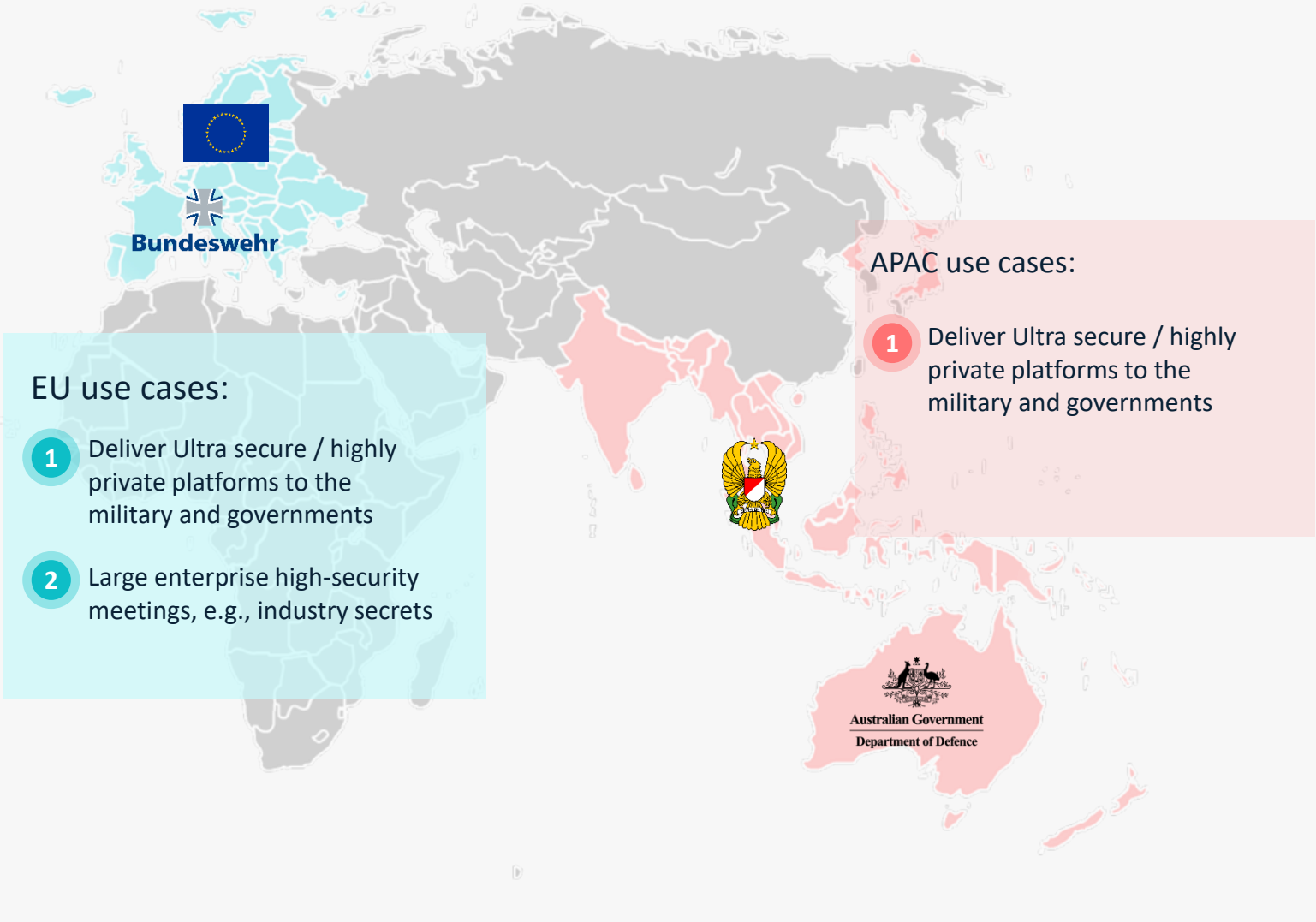


# Pexip is finding great success in ultra secure meetings segment



### Americas use cases:

- 1 Deliver Ultra secure / highly private platforms to the military and government
- 2 Becoming Fedramp certified to deliver a US sovereign cloud service



### EU use cases:

- 1 Deliver Ultra secure / highly private platforms to the military and governments
- 2 Large enterprise high-security meetings, e.g., industry secrets

### APAC use cases:

- 1 Deliver Ultra secure / highly private platforms to the military and governments



## Critical video meetings

What do we deliver to CIO/IT

1

**Core Transcoding** allows us to support brand both new and upgrade old equipment

2

**Agnostic compute** allows customers for total privacy

3

**Branding & Customisation.** Meetings your way. Your brand. Your customer experience.

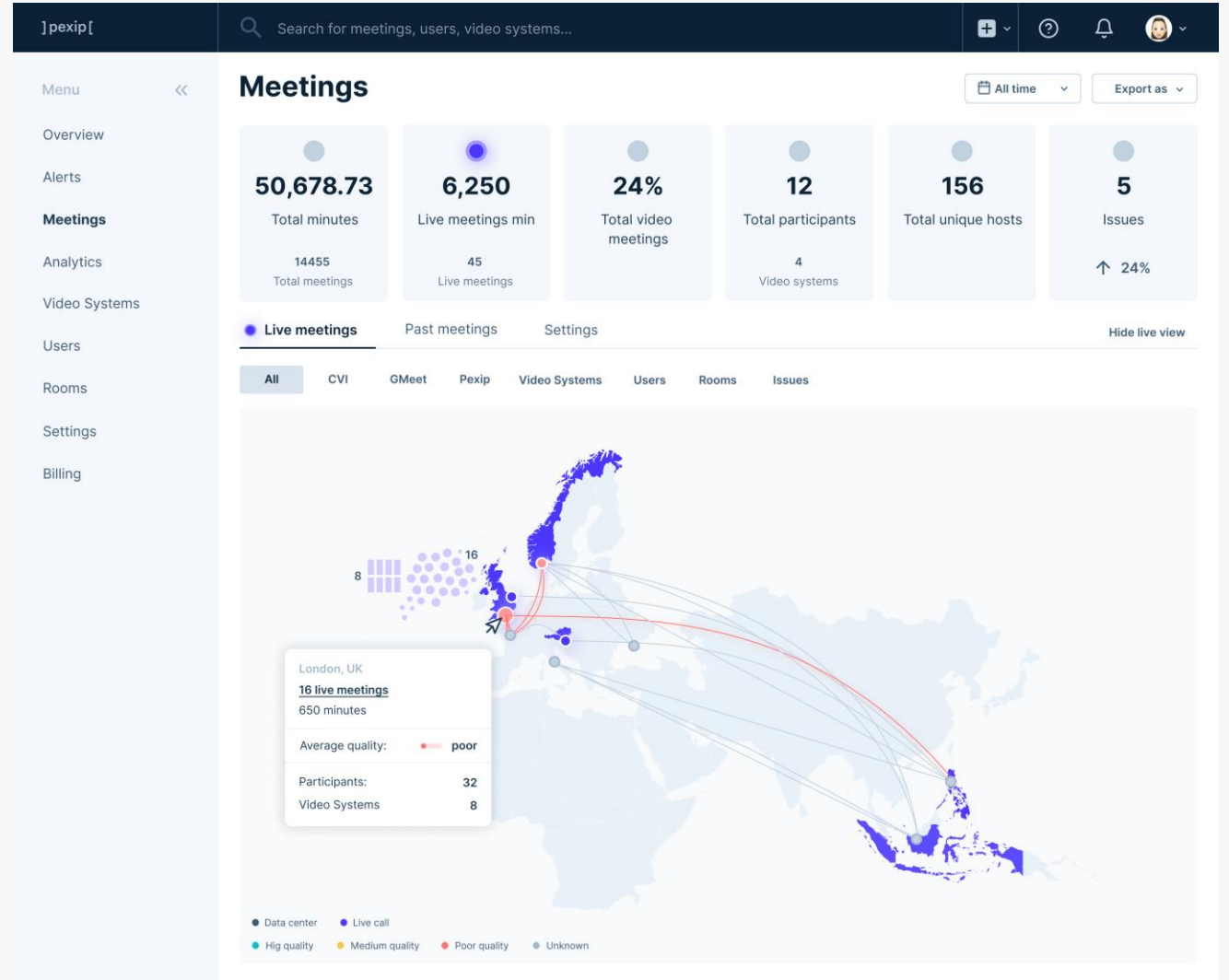
4

**Security.** In and beyond the meeting. From encryption and data sharing to certification requirements and rigorous testing.



# Critical video meetings

What do we deliver to CIO/IT

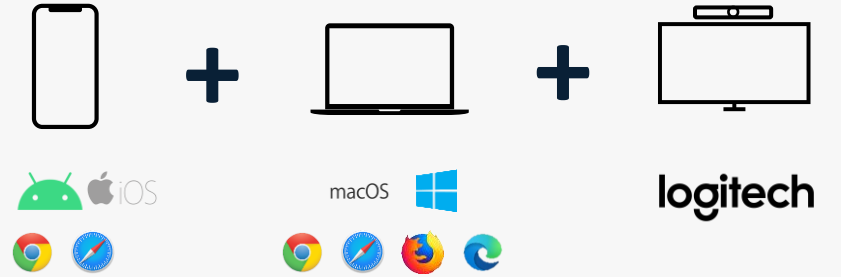




# Critical video meetings

What do we deliver to end users

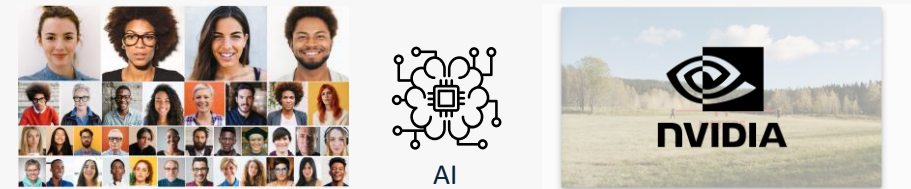
1



2



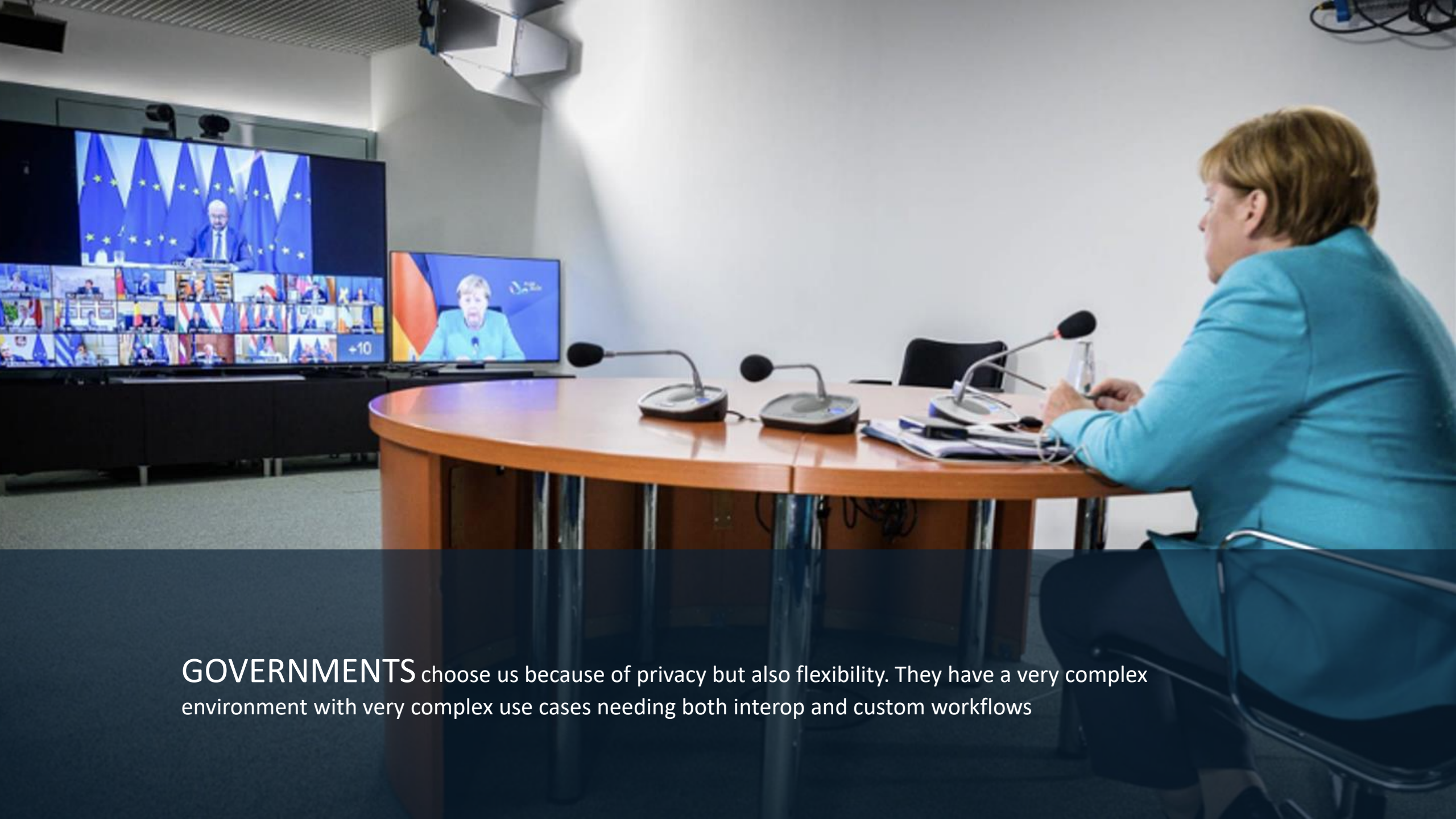
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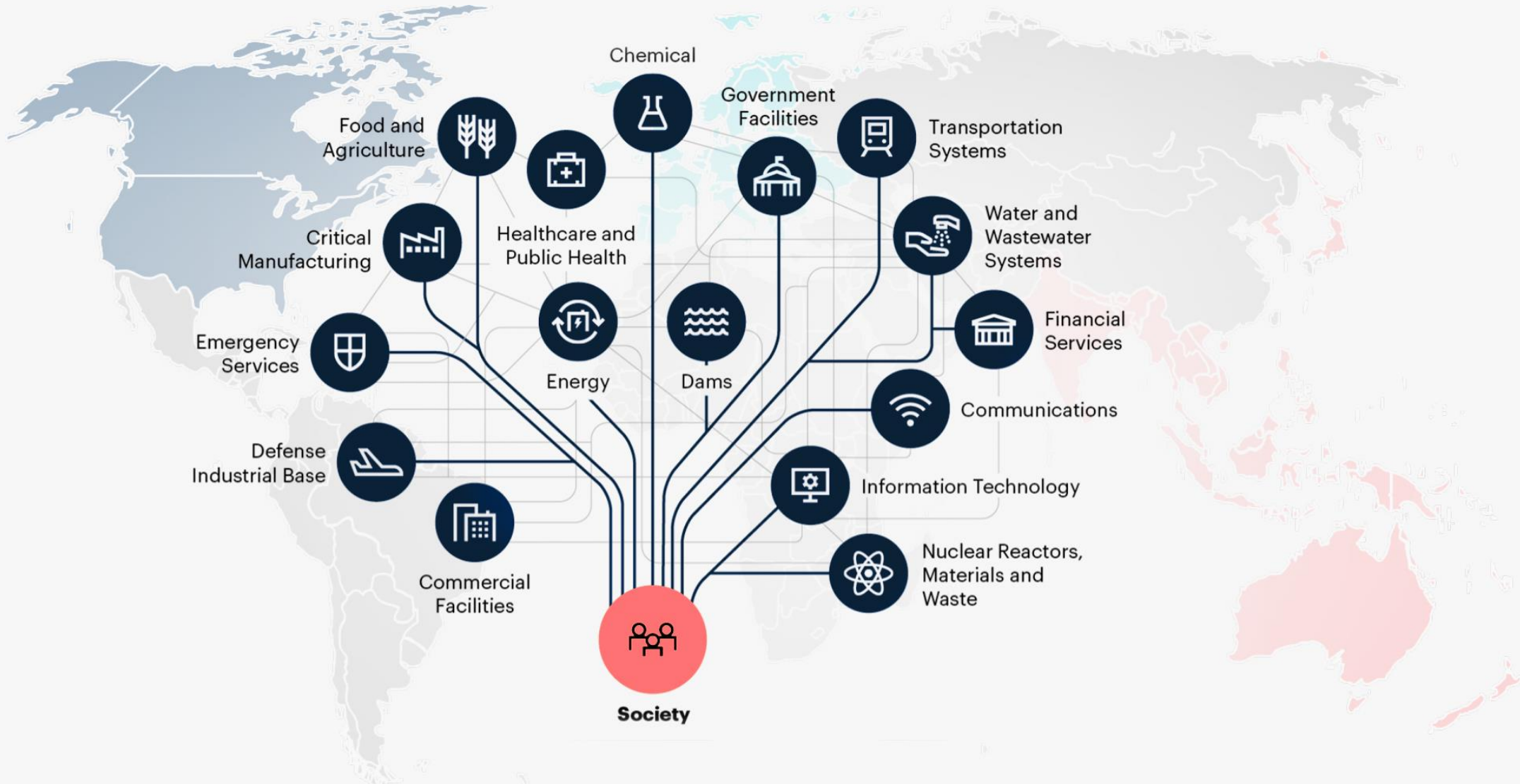






**GOVERNMENTS** choose us because of privacy but also flexibility. They have a very complex environment with very complex use cases needing both interop and custom workflows

# Future opportunity





# Unique technology powers our success in three core markets



## Video infrastructure

with interoperability to Microsoft Teams and Google Meet



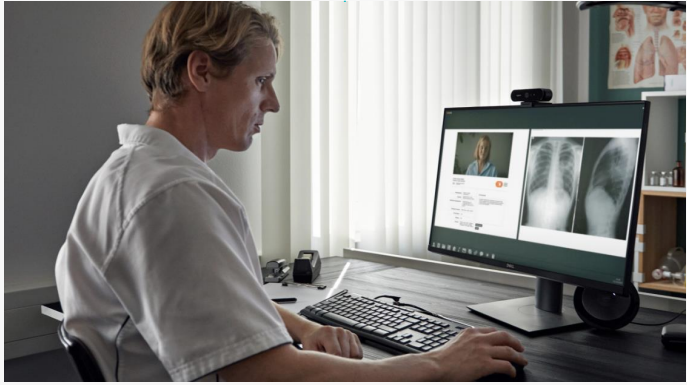
## Critical video meetings

for secure environments

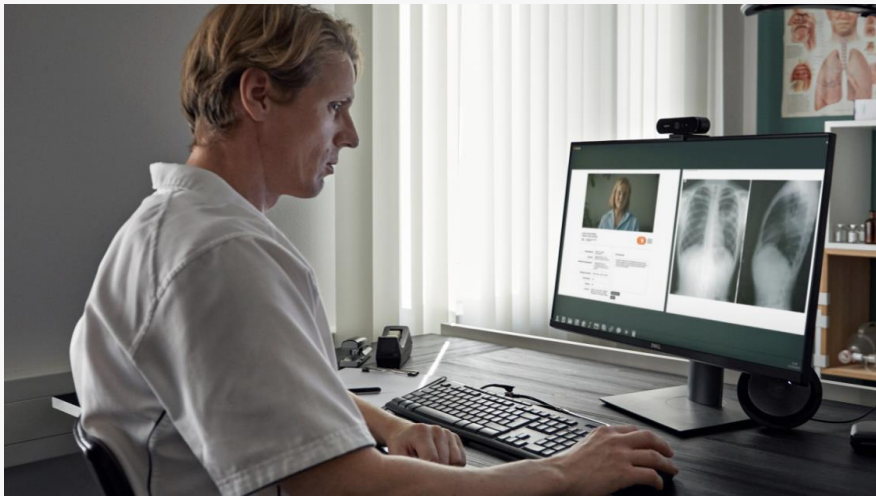


## Video enablement

for healthcare, judiciary, government, retail and finance







## Pexip for Video Enablement

Help digitalizing critical services

Customer is a Healthcare provider, Justice court or large organizations in Retail or Finance –

Pexip delivers a video enablement platform tailored for delivering these customers' services over video

# Leveraging key technological differentiators



## Agnostic Infrastructure

Runs on all cloud providers and on-prem  
Can by-pass the internet  
Customer controls data exposure

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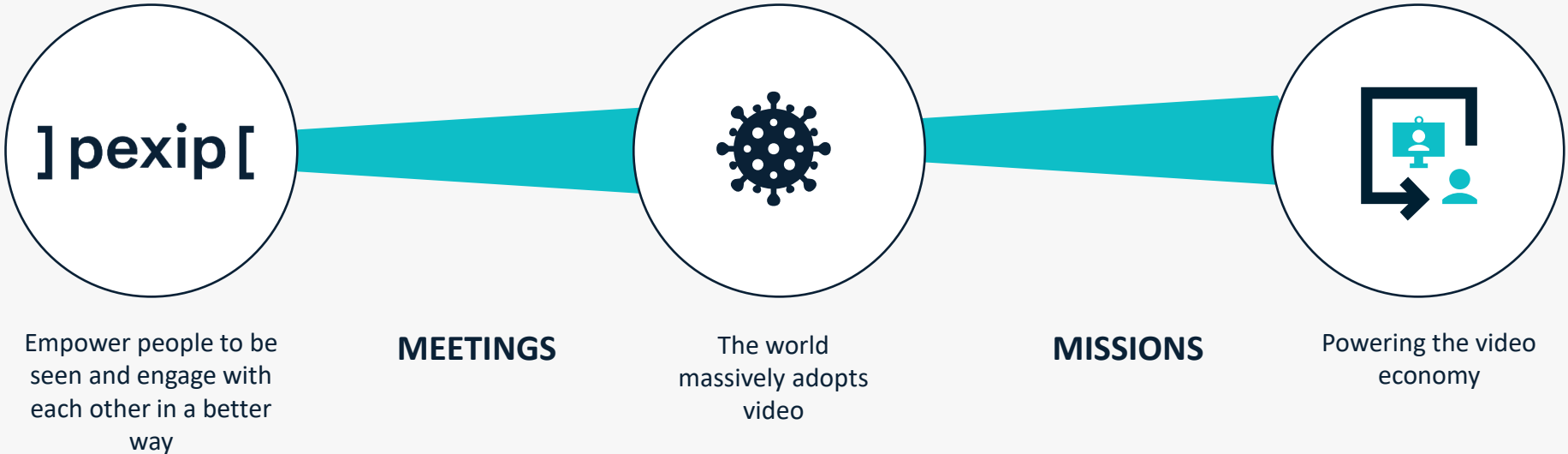
## Built as-a-platform

Decoupled technology and applications  
License technology allowing total customization  
Vanilla experience easily customizable

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# Enabling business innovation



Virtual Hearings

Online Public services



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Online retail

Telehealth

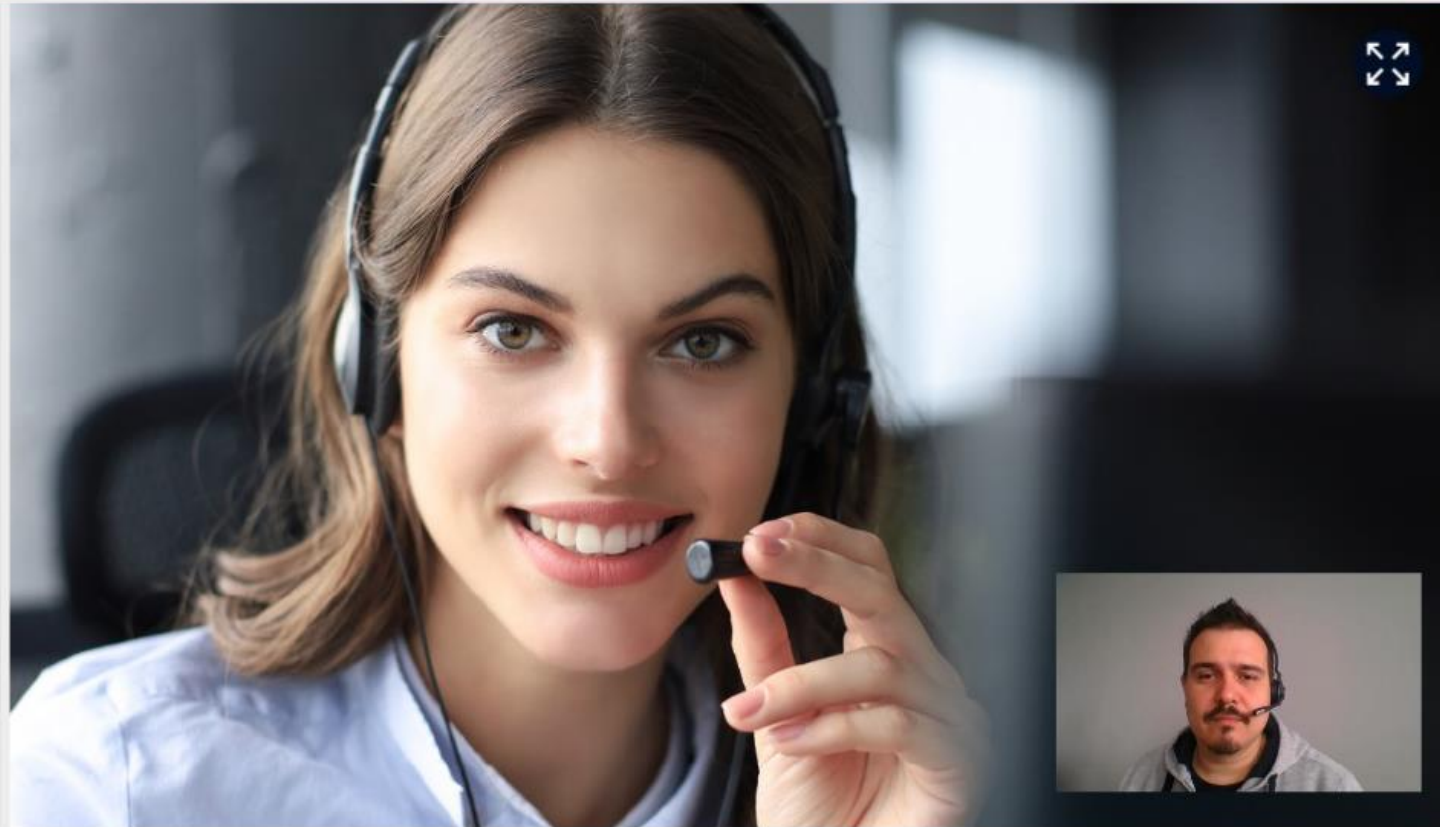
Web banking

**medcom**



**Bundesagentur  
für Arbeit**

Betreuer(in) um 15:49 Uhr  
Wir können das Formular gerne  
gemeinsam ausfüllen. Ich gebe  
Ihnen dazu meinen Bildschirm frei.



Schreiben Sie eine Nachricht



# Success results & customer feedback



“Customers are very happy to be able to attend appointments from home. Above all the screen-sharing feature is very much appreciated. It allows them to work on documents with a staff member”

Lucas Albrecht, Product Manager  
Mein Videotermin, Federal Employment Agency



# HMCTS – Judicial sector

(Her Majesty's Courts and Tribunals Service)



## Core requirement:

- Increase efficiency in the courts system
- Save specific court cost, reduce back log and minimize society cost
- Enable hearings that otherwise could not take place
- Virtualize the entire Court service workflow
- Support for both Virtual and hybrid

## True to life experience

Virtualized the existing Court flow and integrated into existing scheduling and Gov authentication system through API's

## Tailored interfaces

Fully branded to increase trust and comfort level

## Accessibility

Service accessible for anyone without any software install (mobile or Web)

## Security and compliance

In country deployment for privacy and compliance  
Security and compliant with industry standards

## Scalability

Scalable on demand with fully virtualized architecture



# Virtual Hearings for Crown & Magistrates' courts



Central Briefing  
or Court room



Multiple User Roles with  
defined access rights



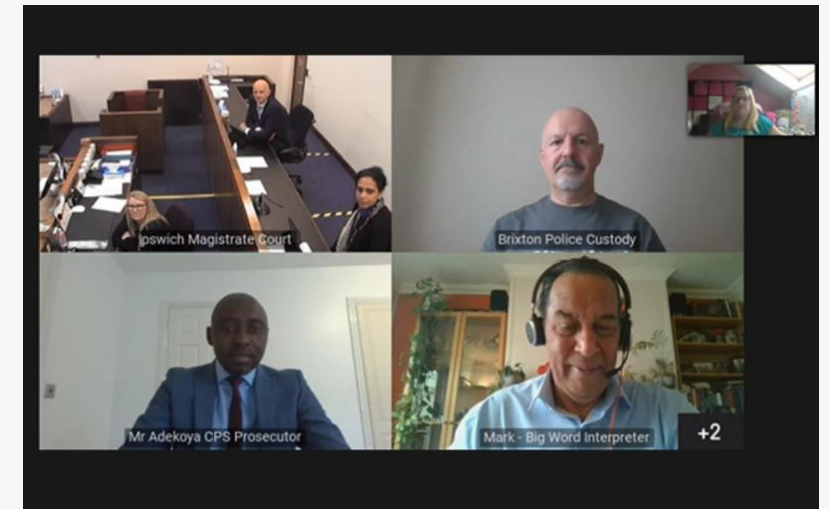
Multiple Room Types,  
configurable sub-rooms or  
discussions rooms



Workflow Automation Rules &  
Configurations for users and  
rooms



Fully secure and  
supported on the Infinity  
platform







Ørsted





Simply  
Video

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# Remote engineering



Drones



Underwater ROV



Microscopes



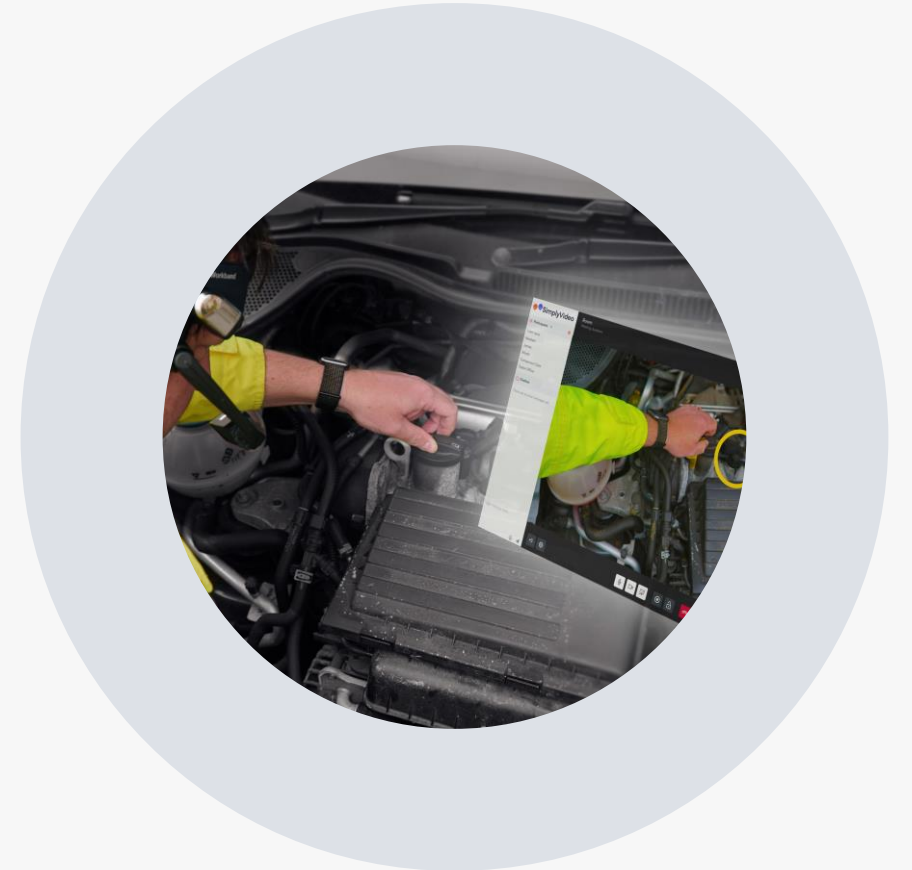
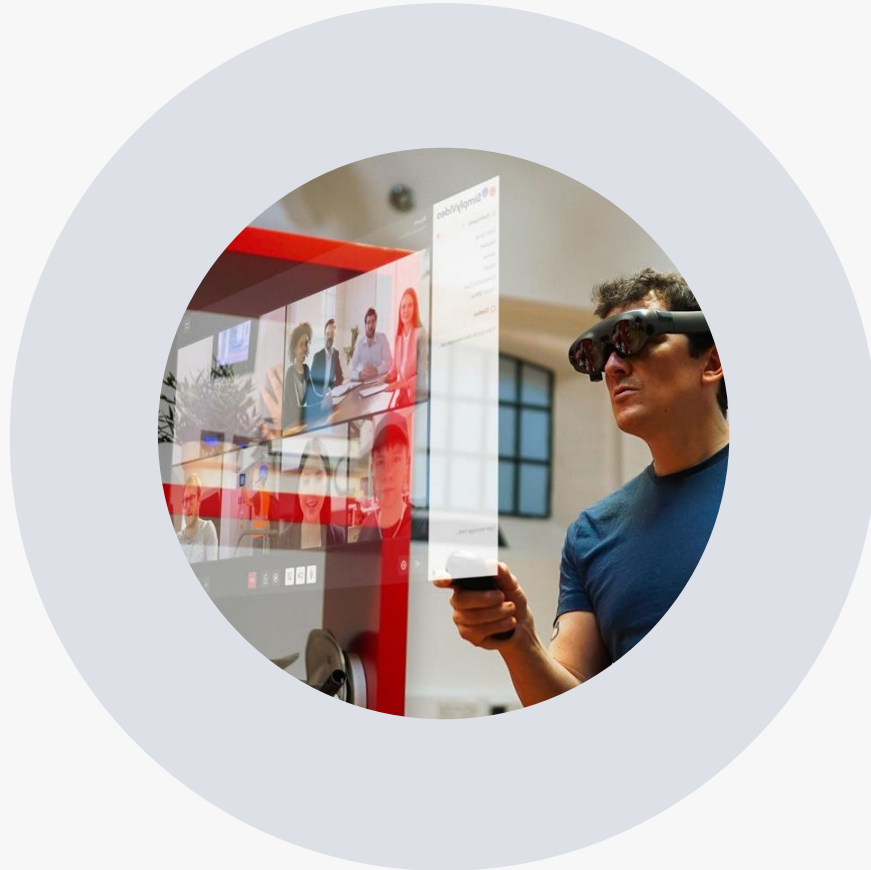
Thermal Imaging



Medical Cameras

# Assisted and Mixed Reality

- Remote Expert
- Remote Inspection
- Remote Audit
- Training
- Health & Safety
- Telehealth
- Remote Sales





Virtual Hearings

Online Public services



Online retail

Telehealth

Web banking

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acquires

**S skedify.me**

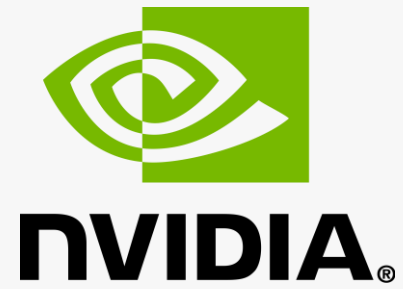


The logo for skedify.me, featuring a stylized blue 'S' icon followed by the text 'skedify.me' in a dark blue sans-serif font. The logo is centered within a white circle, which is itself surrounded by a thick, light gray ring.

## Sales Engagement Platform

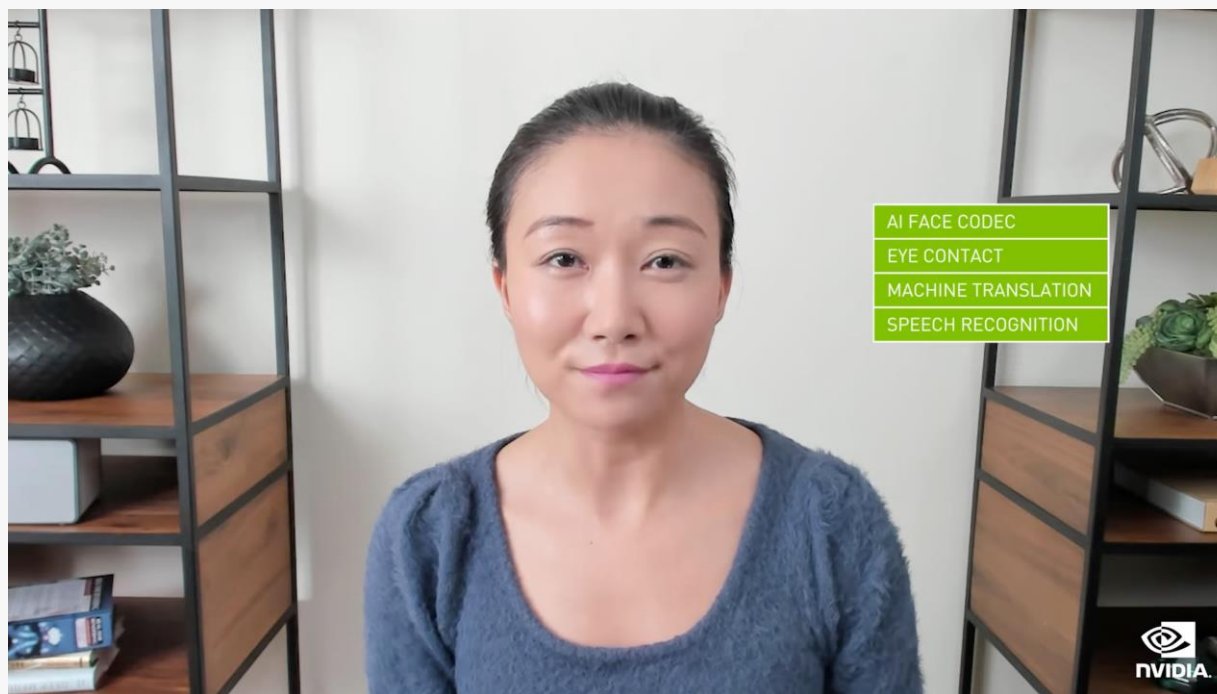
- Easy to schedule 'meet your expert' web plugins
- Primarily towards finance and retail
- Extensive CRM & CMS integrations





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## Video Effects SDK

- Super resolution
- Artifact reduction
- Video noise removal
- Virtual background

## Augmented Reality SDK

- Face tracking
- Face landmark tracking
- Face mesh
- Body pose estimation
- Eye contact
- Audio2Face

## Audio Effects SDK

- Noise removal
- Room echo removal

## NVIDIA Jarvis SDK

Conversational AI (transcription and translation)

# Video Enablement

## Why Pexip?

1

**Complex environment** means a lot of existing incompatible equipment/protocols/integrations

2

**Agnostic Infrastructure** translates into total privacy for data and data flows. Esp towards Healthcare – either by passing entirely the internet or operating in a sovereign way

3

**Built-as-a-Platform** allow us to provide the right level of customisation

a

**API & SDKs** allows customers to build in no time their own apps – with a time to market lower than competition

b

**Guest experience** experience is the best in the industry with no download required. Works on all versions of browsers and support for poor network conditions

c

**AI** on any devices allows for adding real value to these use cases: gaze correction, smart transcription, live captioning, etc...

Virtual Hearings

Online Public services



Online retail

Telehealth

Web banking

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Core Transcoding



Agnostic Infrastructure



Built as-a-platform

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# Execution and culture

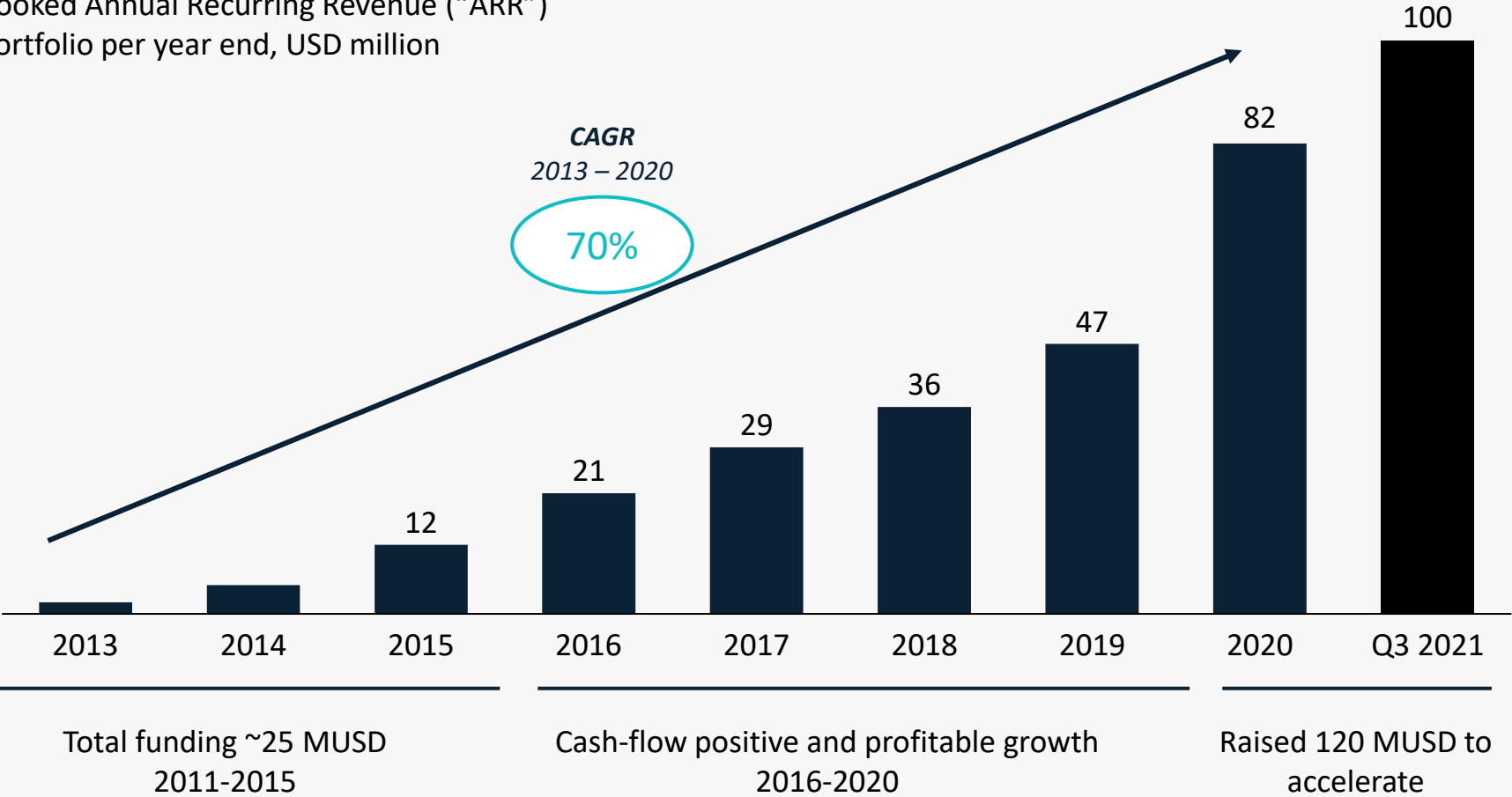
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Presenters: Øystein Hem, Ingrid Woodhouse






# Pexip has successfully solved the complex video needs of large organizations since its inception

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



- Investing raised capital for growth in 2020 and 2021
- Accelerated ARR growth and normalized investment level in 2022 improving profitability
- Return to profitable growth from 2023+

# Strong underlying performance in three core focus areas

	 <b>Video infrastructure</b>	 <b>Critical video meetings</b>	 <b>Video enablement</b>	<b>Other areas</b>
<b>Market size 2024E</b> MUSD	~700	~1,000	~3,000	N/A
<b>ARR<sup>1</sup></b> MUSD	58	10	18	14
<b>ARR growth LTM<sup>1</sup></b> Percent of ARR	54%	160%	90%	-37%
<b>Churn LTM<sup>1</sup></b> Percent of ARR	7%	5%	3%	26%
<b>Typical customer size<sup>2</sup></b> USD 1,000 ARR	50-150k	100-300k	400-600k	6-10k

1) From end of Q3 2020 to End of Q3 2021

2) Revenue mid-point

Source: Wainhouse, Gartner, company estimates

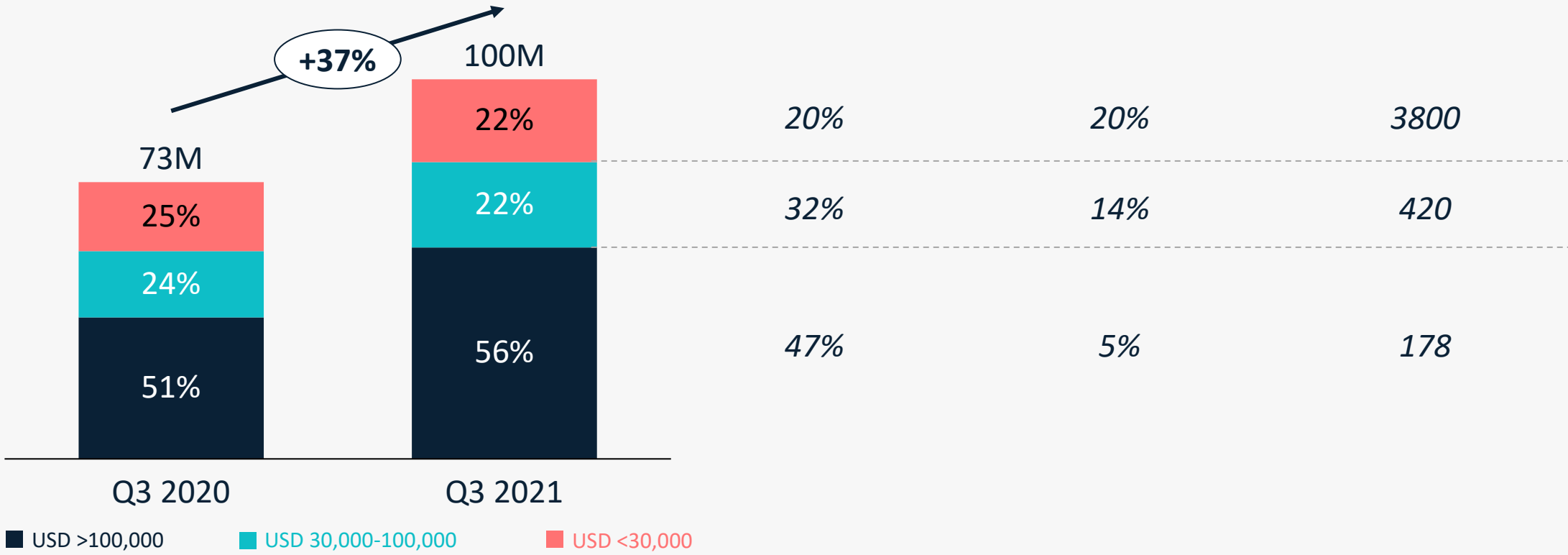
# Customer size development show strong performance among large customers

Share of ARR by account size in ARR USD

YoY growth Percent

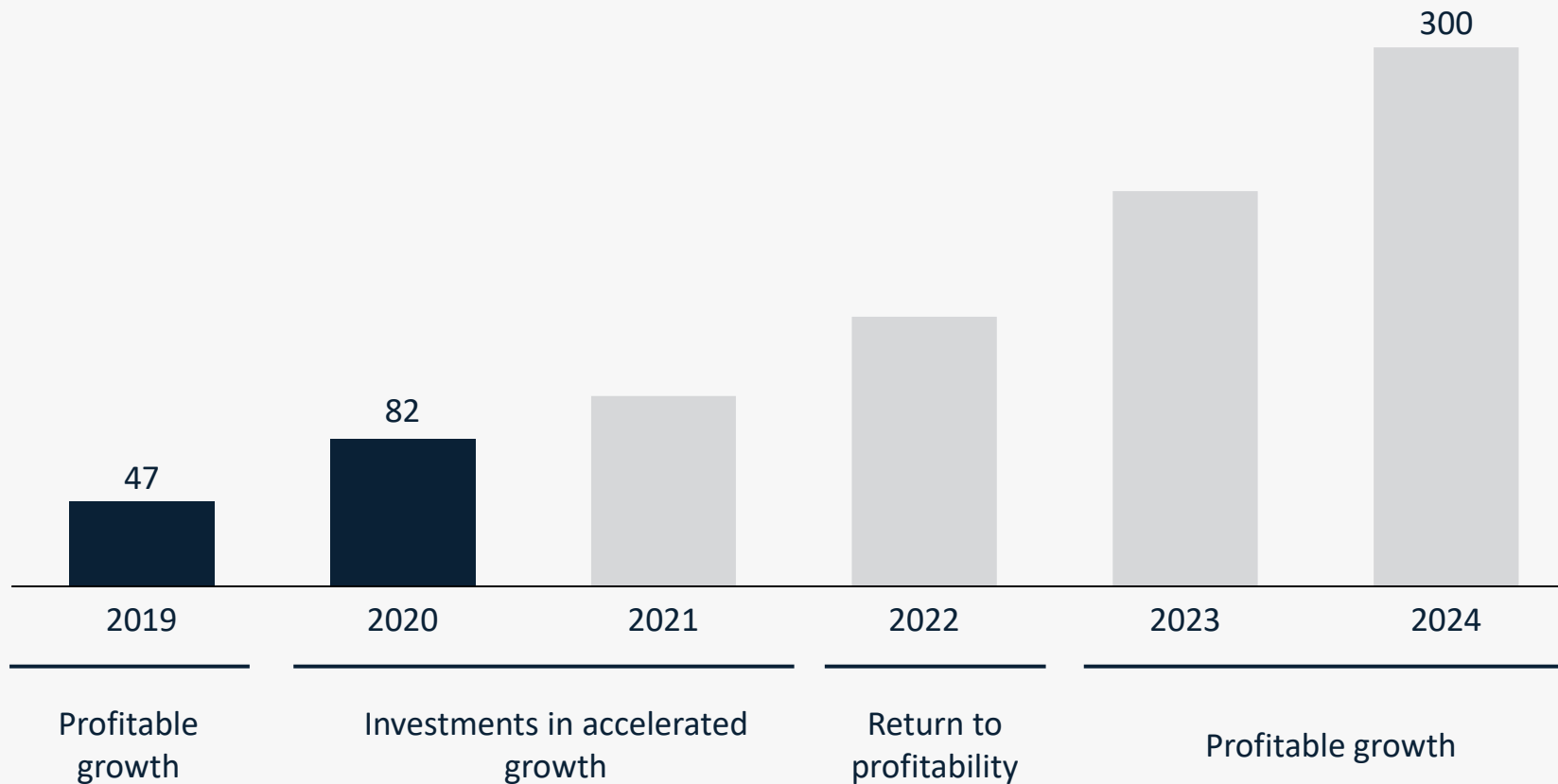
Churn LTM Percent p.a.

Number of customers



# Approaching the next phase of investment plan

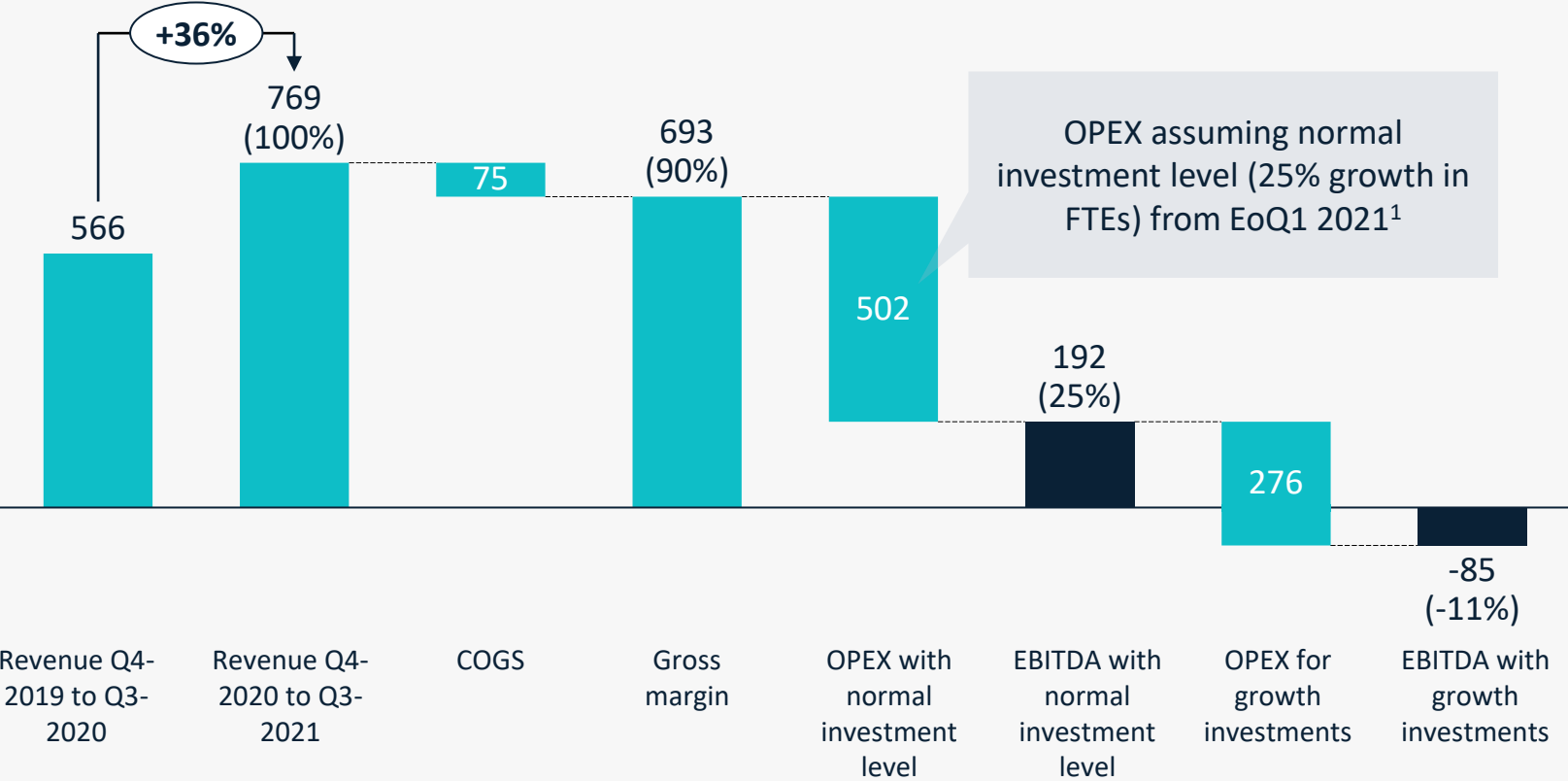
Booked Annual Recurring Revenue (“ARR”) portfolio per year end, USD million



- Investing raised capital for growth in 2020 and 2021
- Accelerated ARR growth and normalized investment level in 2022 improving profitability
- Return to profitable growth during 2023

# Robust underlying profitability in line with long-term ambition of growth + EBITDA above 50%

Illustrative EBITDA build-up  
 NOK million last twelve months (Percent of revenue)



- Last twelve months revenue growth of 36%, gross margin of 90% and EBITDA of 25% excluding accelerated growth investments
- Invested NOK 276 million in growth investments, while with limited revenue impact so far, that are essential to accelerate growth in a high-growth market

Note: Adjusting OPEX to employee staffing, assuming salary and other OPEX is scalable to number of employees. A normal long-term investment level would grow employees in Pexip to 300 in Q3 2021 from 215 in Q1 2020.

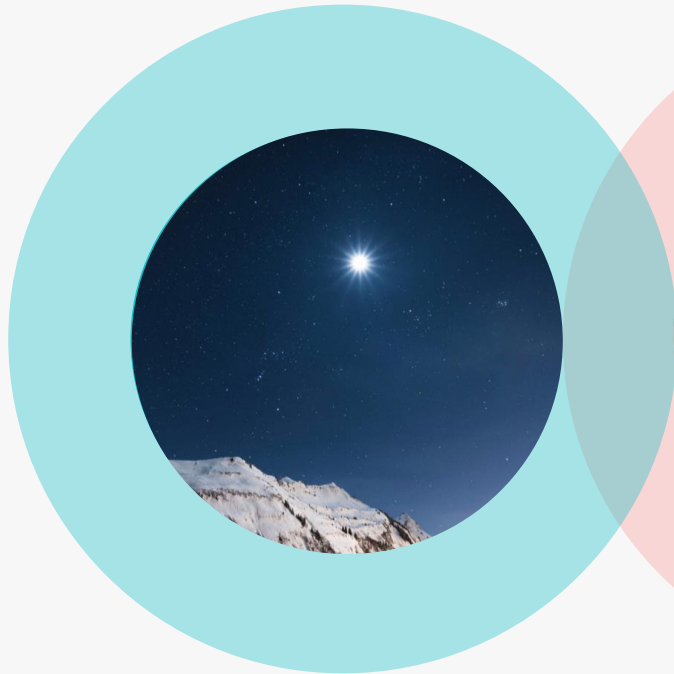
# Long term operating model

Percent of revenue

Business drivers	2019	2020	Last twelve months
Revenue growth	30% <sup>1</sup>	83%	36%
Gross margin	95%	94%	90%
Salary costs	51%	59%	79%
Other OPEX	23%	27%	22%
EBITDA	21%	8%	-11%



Long-term model
>25%
88-92%
45-50%
15-18%
>25%



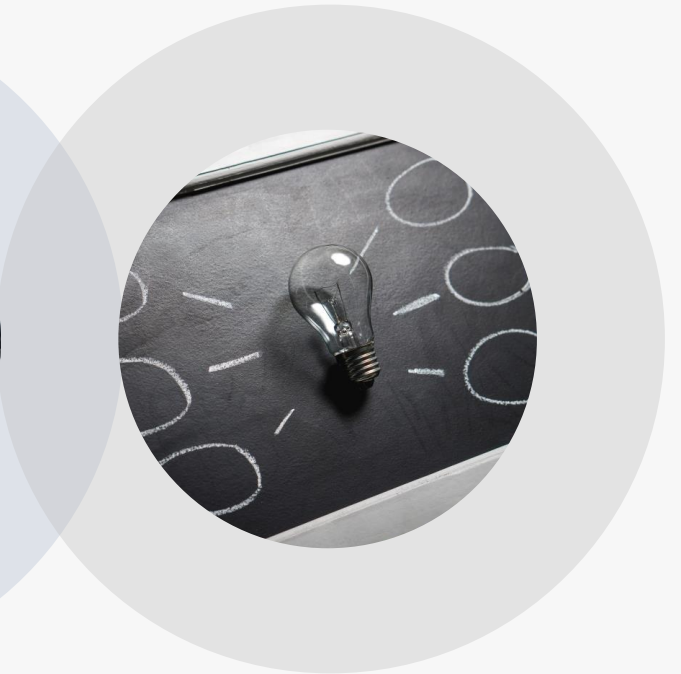
Purpose



Culture

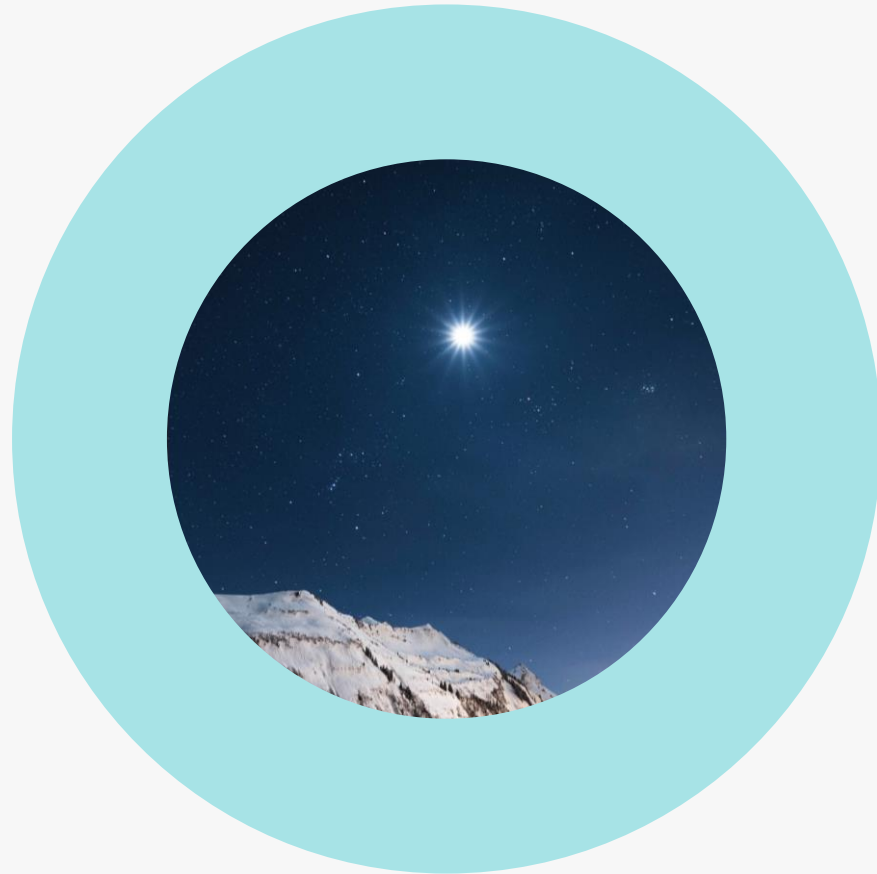


People



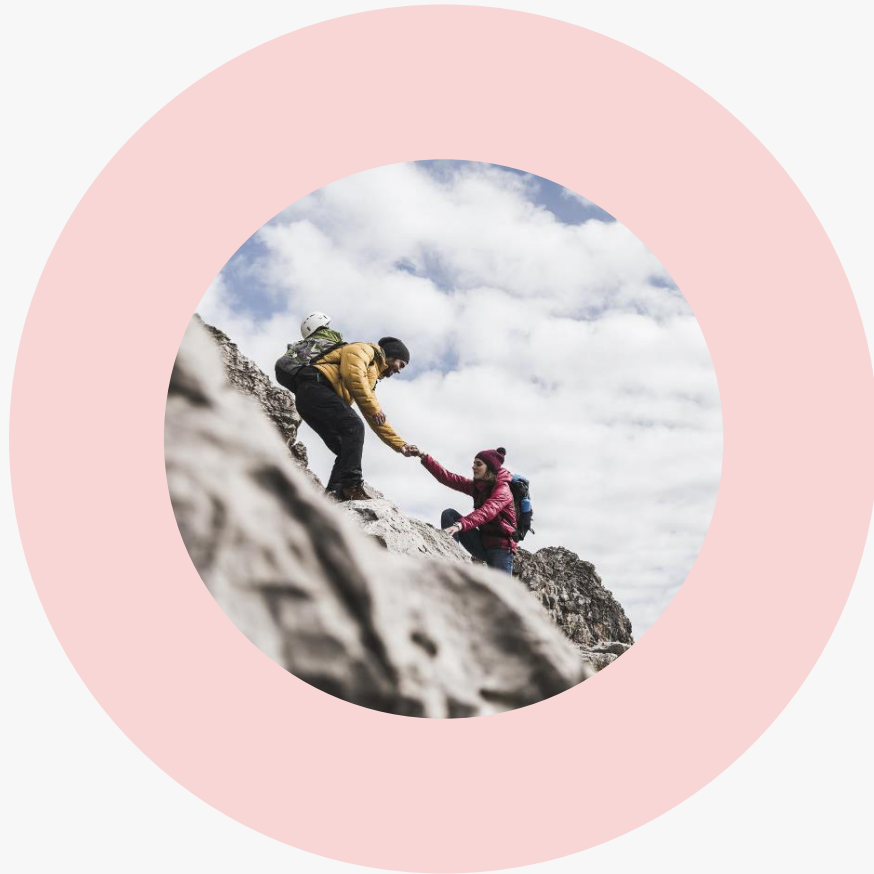
Organization





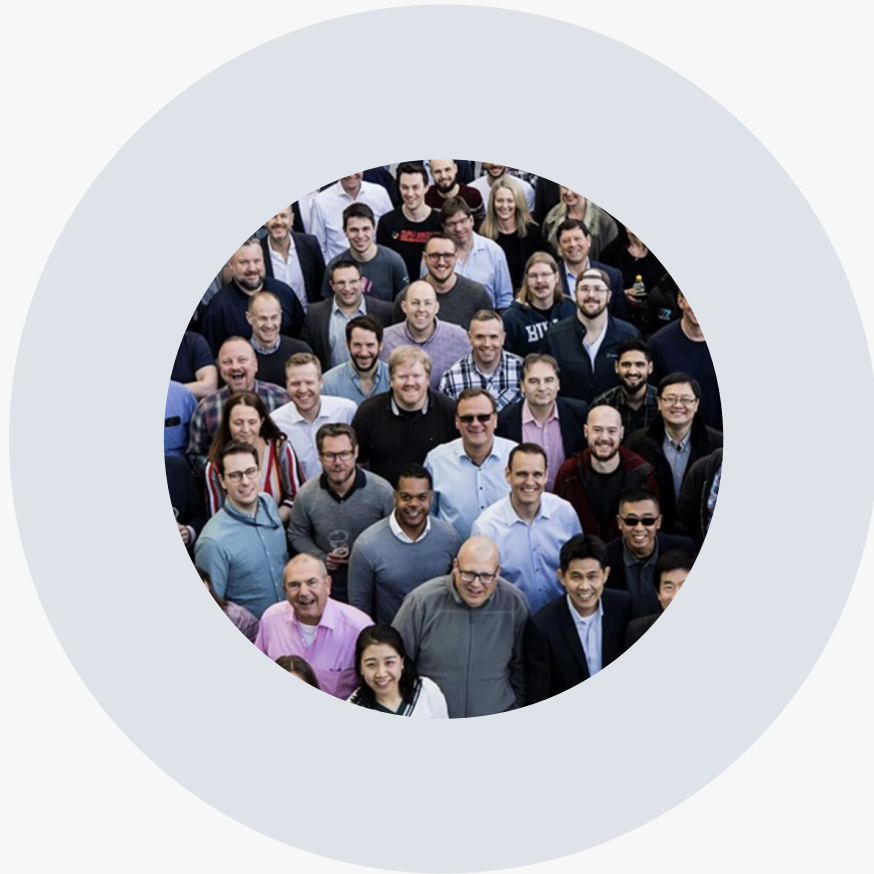
## Purpose

- Communication
- Guiding Star
- One Team



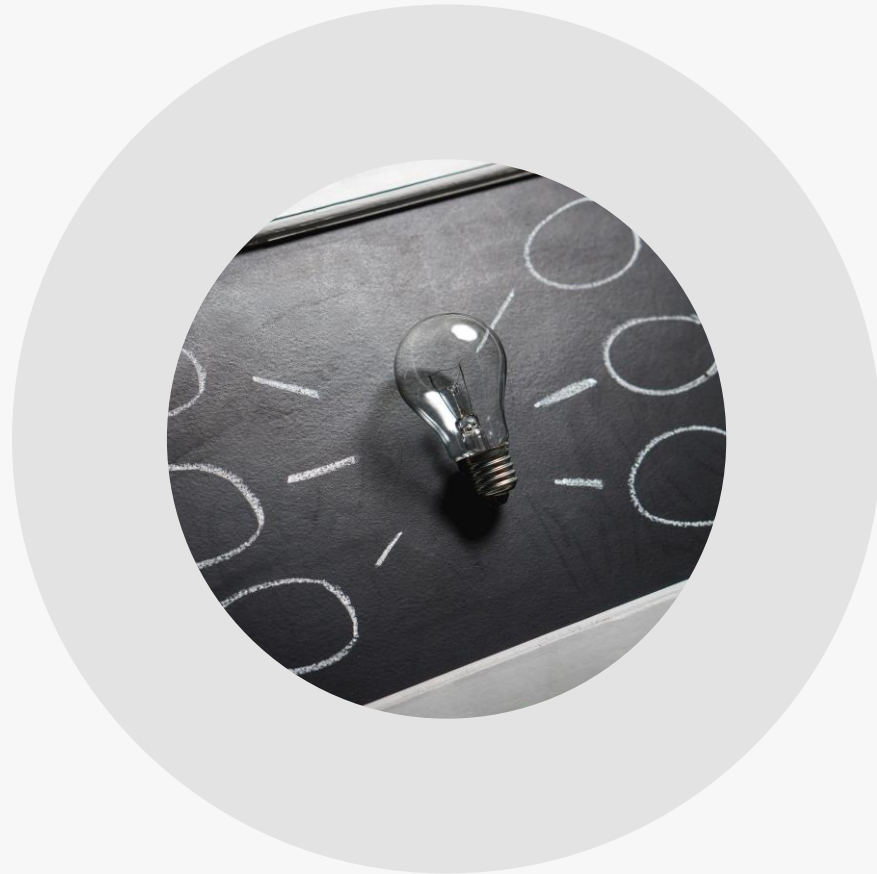
## Culture

- Innovation
- Excellence
- Collaboration
- Ownership



# People

- Thorough Recruiting
- Quality Growth
- Strong Foundation



## Organization

- Agile Organization
- Flat Structure
- Continuous Learning

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Massive USD 5 billion market opportunity in Pexip's core focus areas: video infrastructure, critical video meetings and video enablement – further opportunity to expand in adjacent markets over time

Strong underlying performance in core focus areas, already accounting for more than 85% of ARR

Core focus areas have higher growth and average revenue per customer and lower churn than average

Will start improving profitability in 2022 and be profitable again during 2023

Long-term track record, proven culture of execution and unique technology leadership underpin long-term guidance of 25% revenue growth and 25% EBITDA margin, as well as our target to reach 300 million dollars in ARR by the end of 2024

## Summary

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Q&A

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