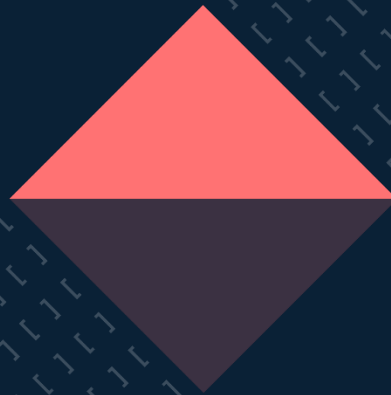] pexip [

Pareto TechSaaS conference

November 01, 2022

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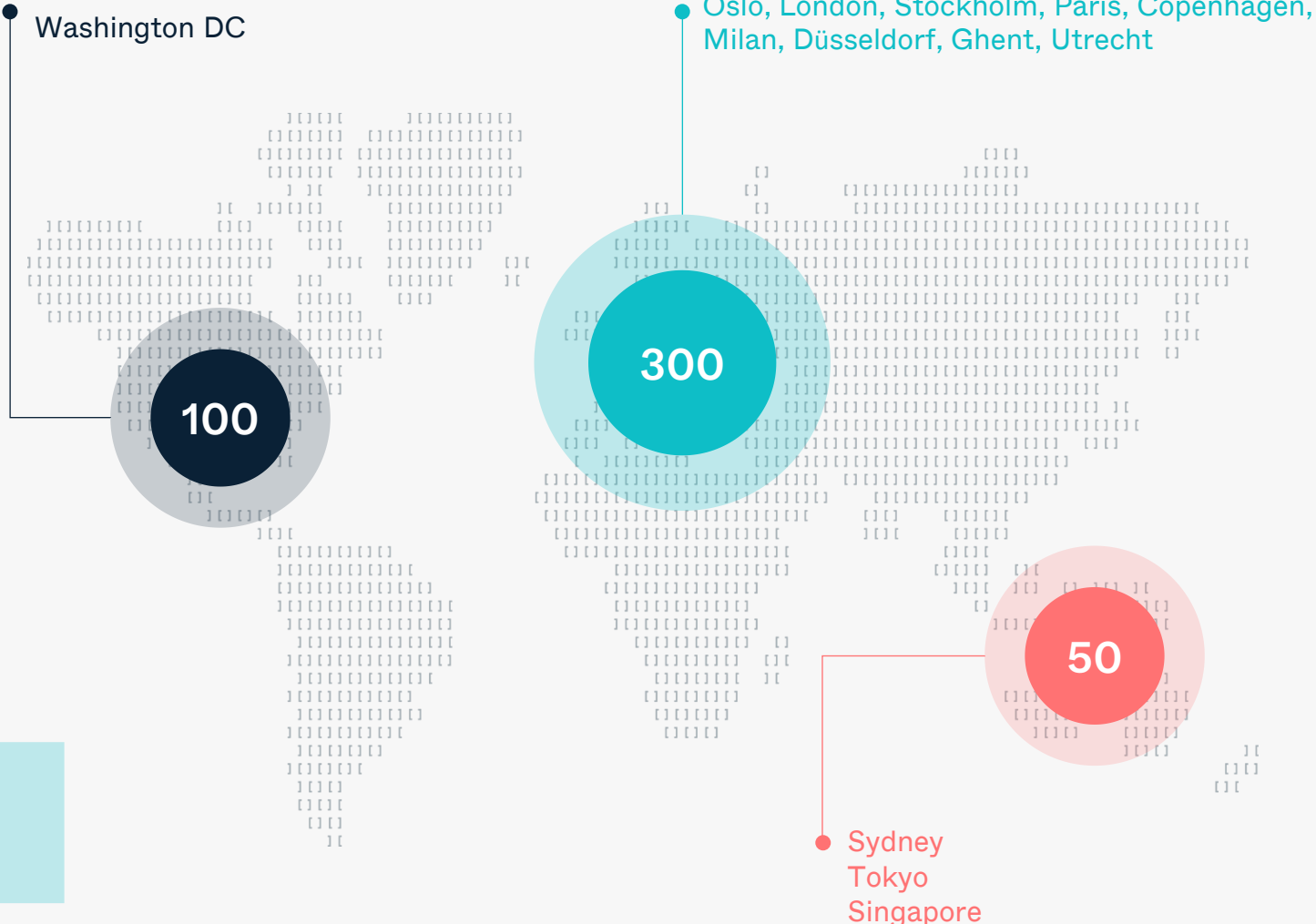
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Pexip at a glance

2011
Company founded

300+
Partners in 75 countries

4,400
Enterprise and public sector customers

$106 million
Annual Recurring Revenue 2021

Challenger in Gartner Magic Quadrant[1]

Strong Position in Frost & Sullivan FrostRadar[2]

Washington DC

Oslo, London, Stockholm, Paris, Copenhagen, Milan, Düsseldorf, Ghent, Utrecht

100

300

50

Sydney
Tokyo
Singapore

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

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Pexip is on a transformation journey back to a focused technology company

PEXIP 1.0

PEXIP 2.0

PEXIP 3.0

Origin

Technology Company

Covid strategy

Video Conferencing company

Back to the roots:

Technology Company within Meetings and Missions

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 ———————→

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

20+ BUSD in 2024 — Video conferencing/communication

- **MS Teams**
- **Zoom**
- **Google Meet**
- **Webex**

5 BUSD in 2024 — **Pexip core solution areas**
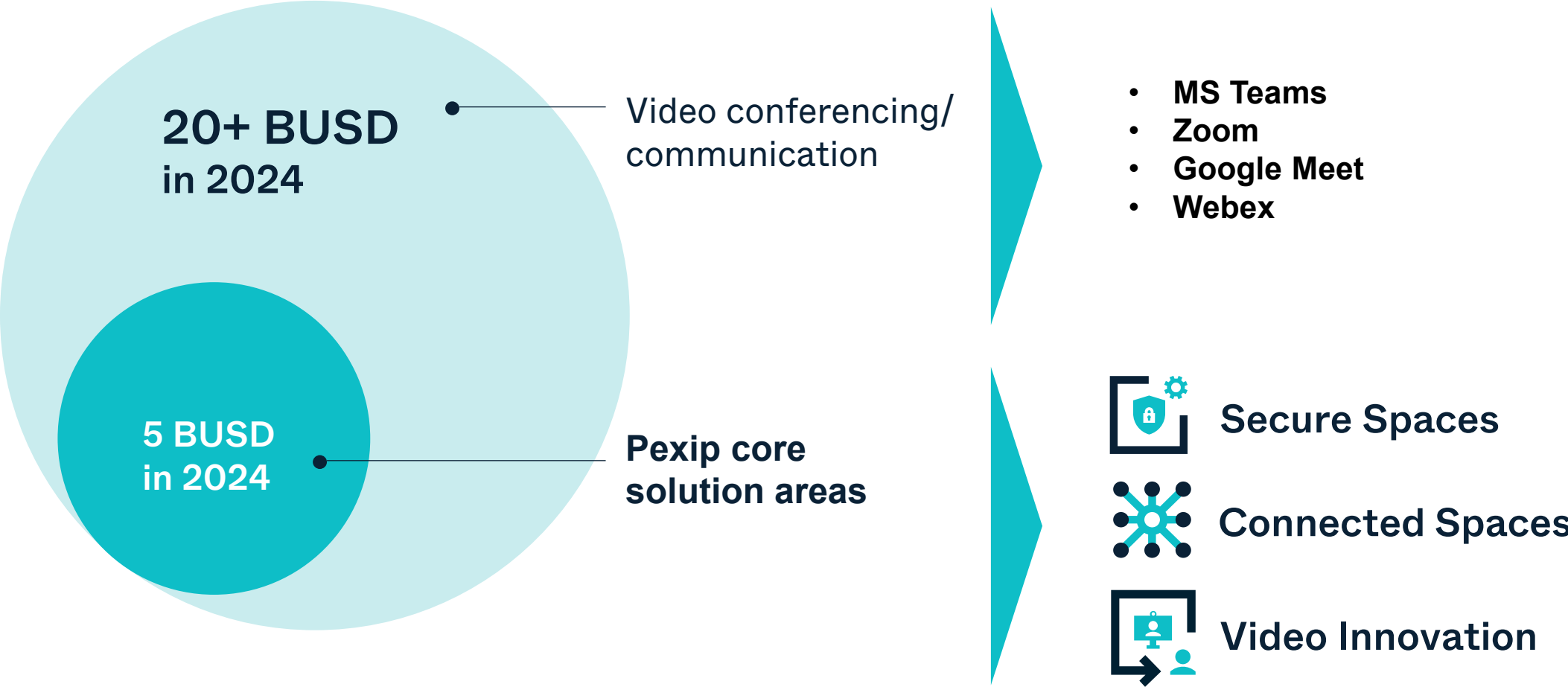
- Secure Spaces
- Connected Spaces
- Video Innovation

]pexip[

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

Secure Spaces
When complete privacy and control over data is required

Target customers:
Governments, defence organizations, public sector players and large enterprises
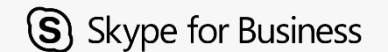
Connected Spaces
When you have several video solutions that need to work together

Target customers:
Organizations operating with several video communication systems

Video Innovation
When an embedded or custom video solution is required

Target customers:
Judicial, Health Care, Finance and Retail sectors

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Productization of our offering

Connected Spaces

Enterprise Room Connector for Microsoft Teams
Bring the Microsoft Teams experience to any meeting room, enabling easy-to-join and manage meetings for everyone.

Enterprise Room Connector for Google Meet
Connect any non-Google room system to Google Meet to bring the same easy-to-join and manage meeting experience to everyone.

Enhanced Room Management
Manage many meeting rooms from a single interface – serving as your one-stop-shop for branding, software upgrades and system health checks.

Secure Spaces

Secure Meetings
Keep your mission-critical communication secure with our private and customizable meeting platform with flexible deployment.

Secure Collaboration
Power secure, on-premises communication including chat, file sharing and video with Pexip and Rocket.Chat.

Business Continuity
Set up the ultimate back-up for times of disaster recovery or temporary failure of other collaboration tools. Pexip delivers secure and scalable communication you can count on.

Video Innovation

Build-your-own solutions

Video Technology Platform
- Create custom workflows with frictionless in-app video using our industry-proven and developer-friendly platform (VPaaS).
- Video Technology Licensing to organizations for inclusion in their offerings

Ready-made solutions

Engage
Connect prospects, customers and clients to the best-suited agent in a brandable engagement tool that features smart scheduling and CRM integrations.

Virtual Courts
Virtualize courtroom operations for efficient, cost-effective hearings that mimic in-person court proceedings.

] pexip [

Connected Spaces

- Connected Spaces has a large market potential

- Pexip has a unique product, as well as the only solution that enables a user experience mirroring using Teams

- Partnership with Microsoft and Google puts us in a position to stay ahead

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Pexip bridges the gap between different technologies

4+ million
video systems

270+ million
Teams users

Pexip Connected Spaces allows enterprises to simplify video collaboration while reducing cost and waste

Best Microsoft Teams interop user experience

- Enables you to bring Teams to every meeting room
- Seamless, intuitive experience
- Familiar meeting features

Cost savings

- Reduce costs on expensive video infrastructure
- Postpones investments into new video hardware when moving to a new video platform

Sustainability and easy user adoption

- Users can continue to use existing video hardware to join their video meeting of choice – no need for training
- Maintaining existing hardware longer reduces eWaste and carbon footprint

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

Google Cloud

Sole interoperability provider for **Google** Meet

Microsoft

Microsoft certification for **Skype for Business**

One of four certified providers for
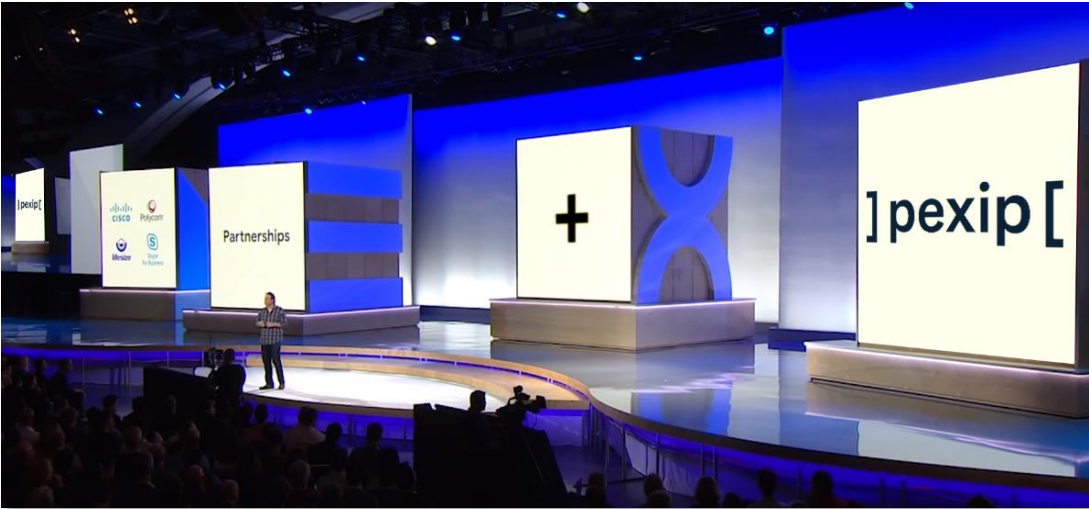
] pexip [

Secure Spaces

- Secure Spaces covers a large and growing market driven by the global situation and cyber trends

- Pexip has unique solutions – the only modern on premise solution with full interoperability capabilities on the market today

- Several recent customer wins supporting Pexip momentum

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Security is becoming top of mind

Geopolitical Complexity
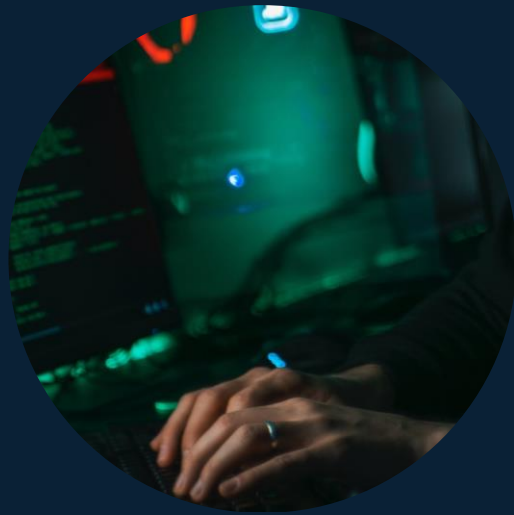
Cyber Vulnerability

"Attacks on organizations in critical infrastructure sectors have increased dramatically, from less than 10 in 2013 to almost 400 in 2020 — **a 3,900% change.**"

- Gartner

- Many organizations are prohibited from using cloud solutions
- Business continuity and redundancy solutions are becoming top of mind
- Increased awareness in both public and private sector

Virtual Meeting Room Experience: Only modern on-premise option

TRUSTED
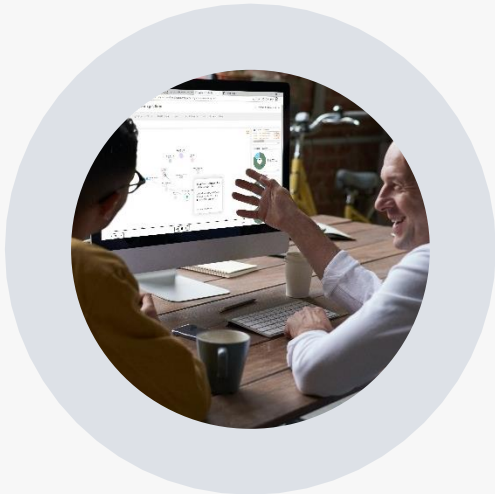
SECURE

FLEXIBLE

On-premise solution
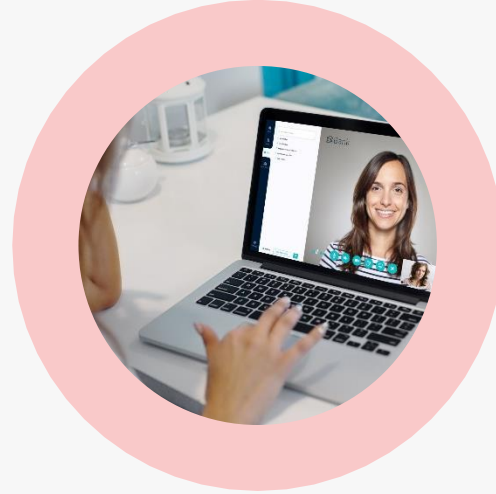
Secure and highly private solution

Interoperable and future-proof

Enables complete control of data & business continuity

Enable added layer of security with embedded identity control methods

Enables a seamless user experience between people, technologies and services

Collaboration solution hosted on-premise, in private cloud and/or public cloud

Pexip's technology uniquely suited for flexible deployment

Interoperability capabilities enable flexible use of secure meeting platform also for connecting to other meeting services

Public and private sector organizations increasingly require such solutions

] pexip [

Pexip is finding great success in ultra secure meetings segment through our unique on-premise solution

Americas use cases:
Deliver ultra-secure and highly private platforms to the military and government

FedRamp certified to deliver a US sovereign cloud service

EU use cases:
Deliver ultra-secure and highly private platforms to the military and government

We provide large enterprises with high-security meetings to protect e.g., industry secrets, M&A, call records

APAC use cases:
Deliver ultra-secure and highly private platforms to the military and government

15-25% work in public sector in the OECD
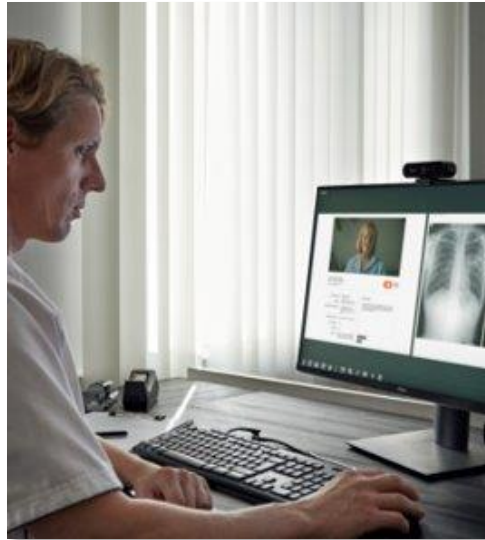
] pexip [

Video Innovation

- Large and growing market driven by technology enabled innovations in work-flows and processes

- Pexip technology provides unique advantages in building custom video solutions

  - Certified platform

  - Interoperability

  - Flexible deployment

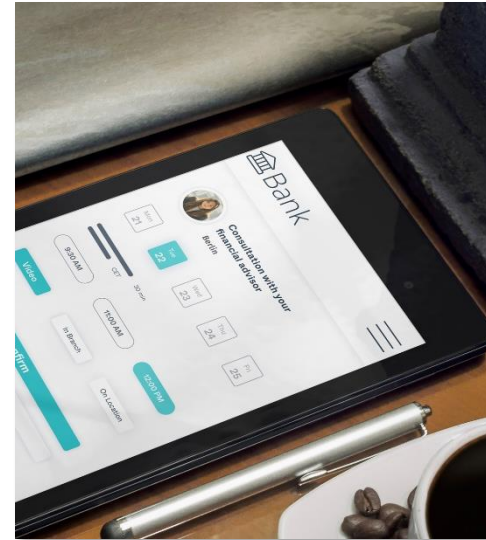- Several new key partnerships underpin the market opportunities
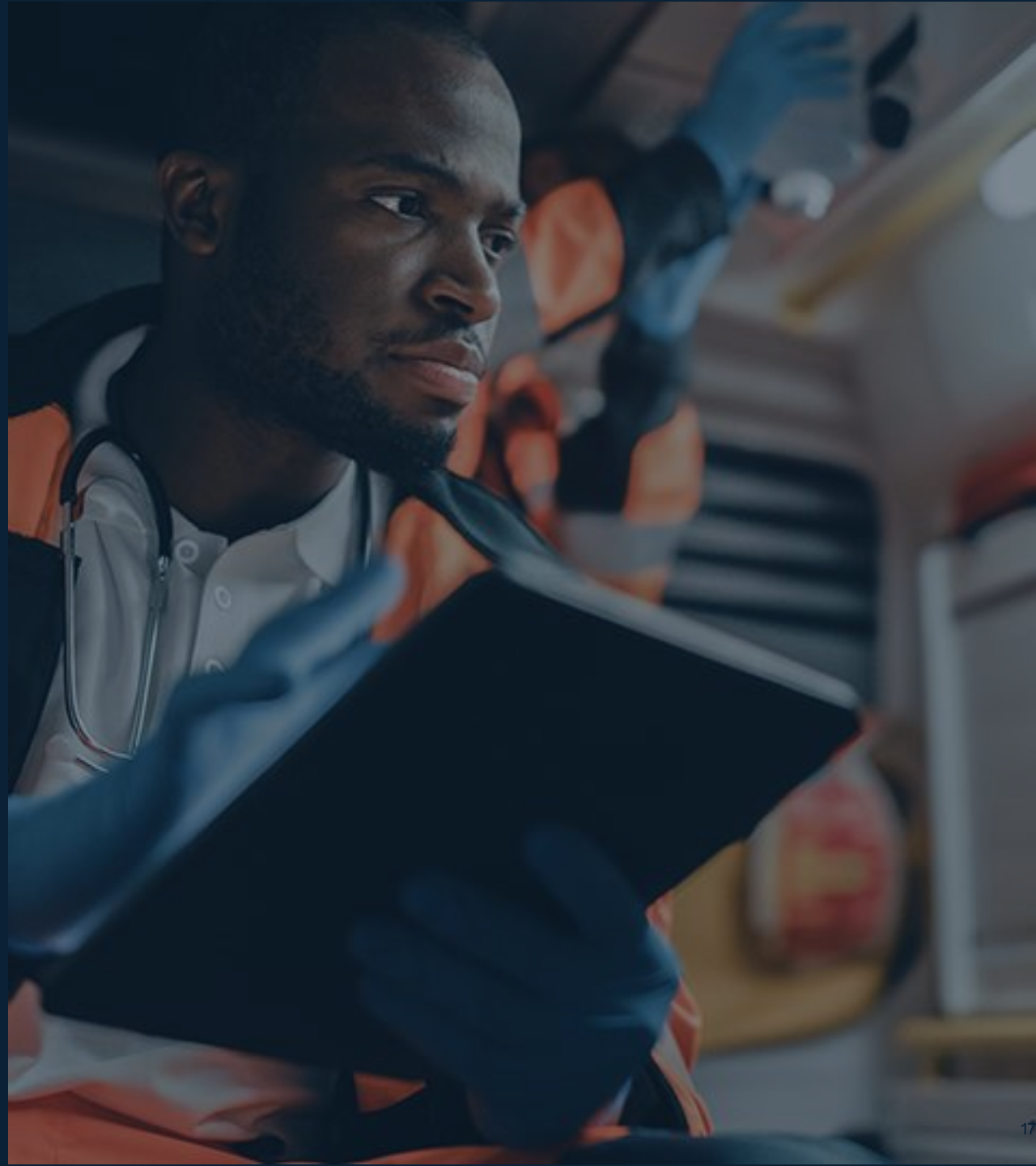
] pexip [

Pexip Video Innovation is focused around enabling companies to offer customized video solutions
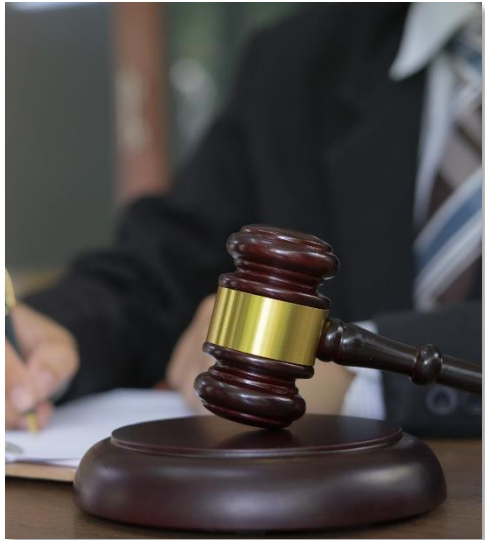
Digitize your organization's services to improve efficiency and accelerate growth

Build trust with patients and citizens

Improve customer service

Optimize customer engagement with the right experience for each and every conversation

] pexip [

Create custom workflows with frictionless in-app video using our industry-proven and developer-friendly platform (VPaaS)

Expand offerings by applying custom-built solutions into day-to-day business operations ...

Pexip integrates video into other solutions

Healthcare

Apply secure virtual care solutions to suit patients' unique needs

Government & Public Sector

Scale and customize sensitive inter-agency and government-to-citizen communications

Judiciaries & Virtual Courts

Enable hybrid and virtual court sessions with our trusted and scalable video platform

Finance & Banking

Deliver the 'personalization' of experiences across the financial sector

Retail

Enhance the full retail journey by advanced video customer engagement solutions

]pexip[

... or by applying ready-made solutions to facilitate a concrete gap in current offerings

Engage

Pexip Engage is a video solution to enable personalized customer engagement: Connect with prospects, customers, and clients through a user-friendly and intuitive scheduling interface, with high-quality integrated Pexip video meetings.
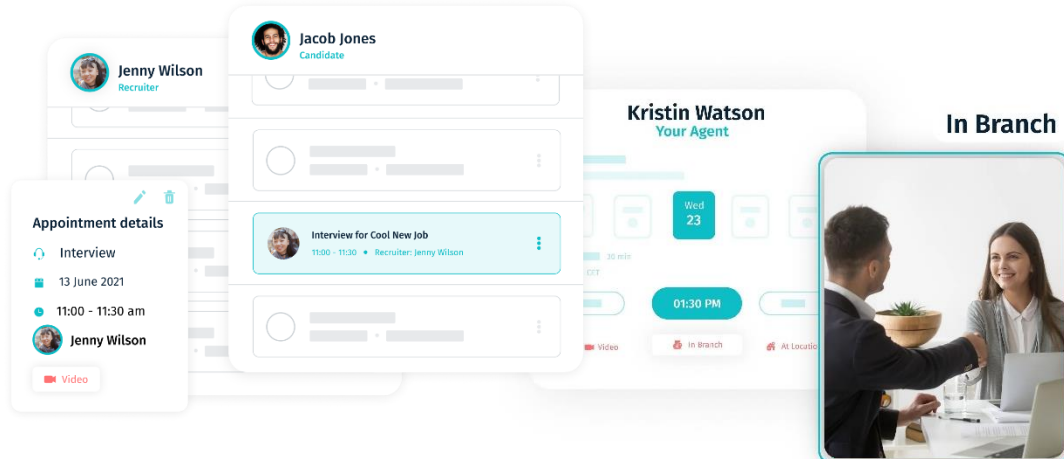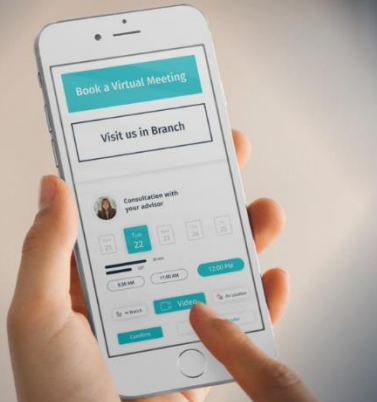
Virtual Courts

Pexip Virtual Courts is a solution that virtualizes key courtroom processes, mimicking in person services with:
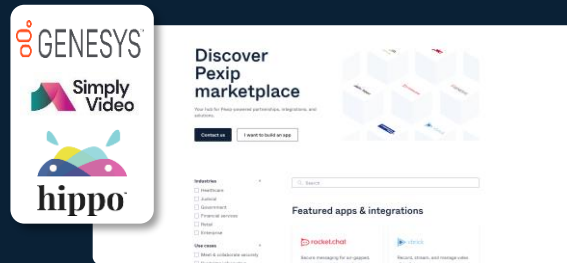
- Virtual Court Rooms
- Multiple User Roles
- Multiple Room Types
- Workflow Automation Rules and Configurations
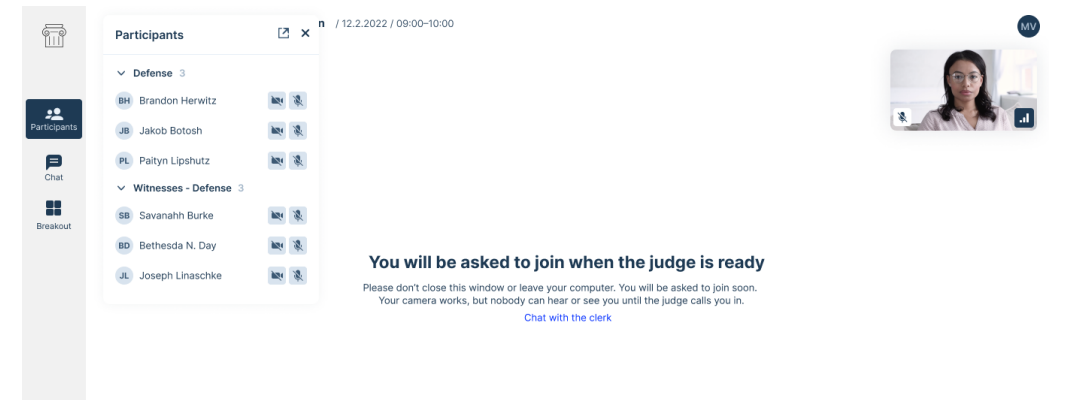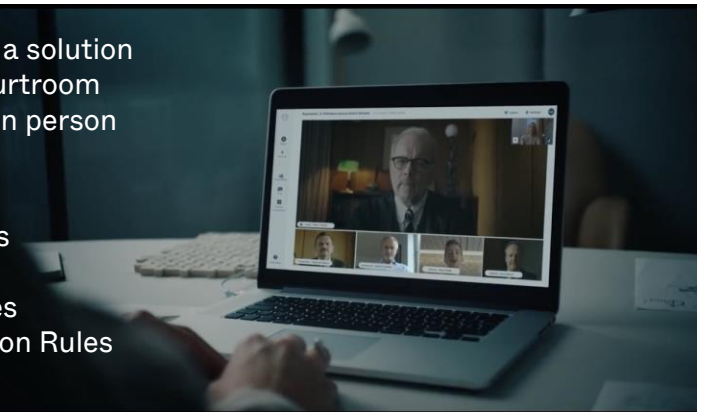
Pexip is creating an eco system driving video innovation

Pexip Marketplace
Launched last week!

What? A singular entry point for all internal & external stakeholders to see what integrations have been done around Infinity.

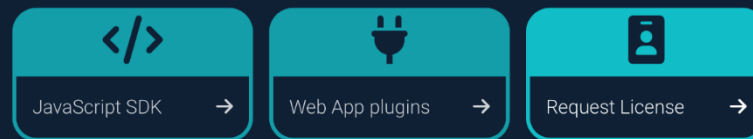**Who?** Existing & prospective customers, SPs, partners of all shapes and sizes

Why? Showcase the development Pexip & the partner community have done to further vertical value

Developer Portal
developer.pexip.com

Where would you like to go?

What? A developer-focused repository to include internal & external development; a forum to allow devs to talk to devs
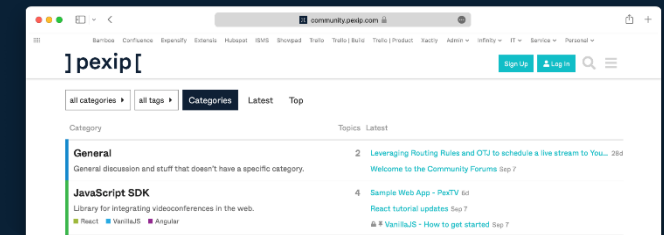
Who? Developers, customers, partners who want to extend the Infinity platform

Why? Our APIs & SDKs provide unique value for devs to create something great; this portal gives them a home

Developer Community
community.pexip.com

What? A developer-focused discussion forum for Q&A, to share ideas, think creatively, etc.
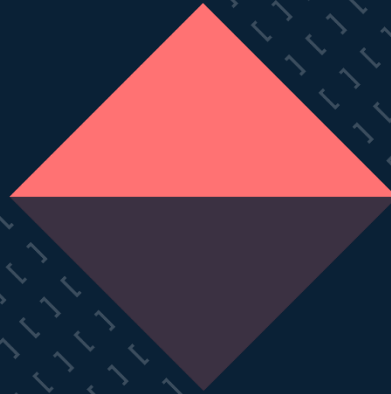
Who? Those who are actively developing around Pexip's APIs & SDKs

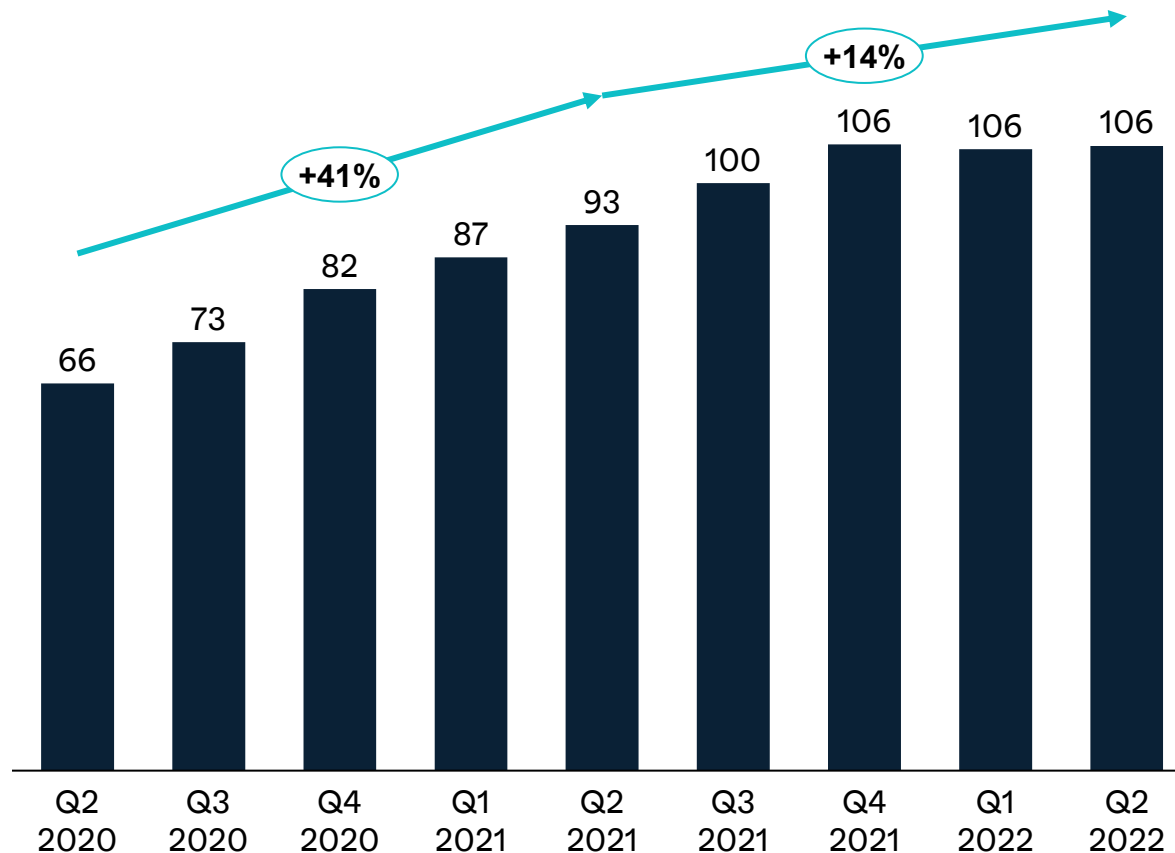**Why?** Create a community where developers can talk to like-minded individuals

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Sales & Financials

Flat development in Annual Recurring Revenue so far in 2022

USD million

- **ARR of USD 106.1 million at the end of Q2 2022**
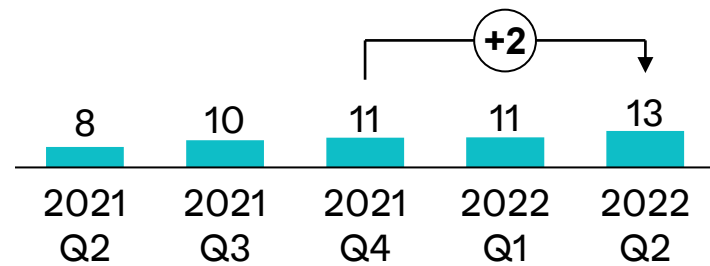 - USD 0.5 million above Q1 2022

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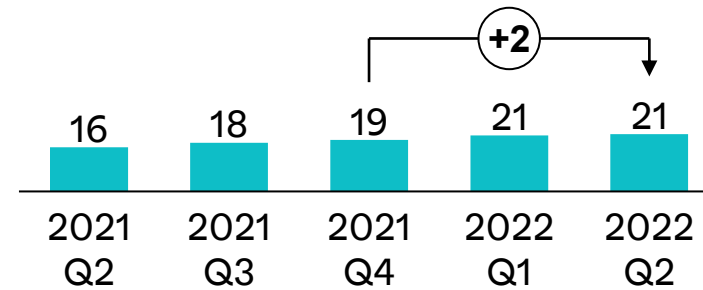 - Lower net upsell due to strong growth in capacity last two years

Booked Annual Recurring Revenue (ARR) development

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

USD million

Secure Spaces

8 — 2021 Q2
10 — 2021 Q3
11 — 2021 Q4
11 — 2022 Q1
13 — 2022 Q2
(+2)

Video Innovation (CPaaS)

16 — 2021 Q2
18 — 2021 Q3
19 — 2021 Q4
21 — 2022 Q1
21 — 2022 Q2
(+2)

Connected Spaces

54 — 2021 Q2
58 — 2021 Q3
63 — 2021 Q4
62 — 2022 Q1
62 — 2022 Q2
(-1)

Legacy areas

15 — 2021 Q2
14 — 2021 Q3
13 — 2021 Q4
12 — 2022 Q1
10 — 2022 Q2
(-3)
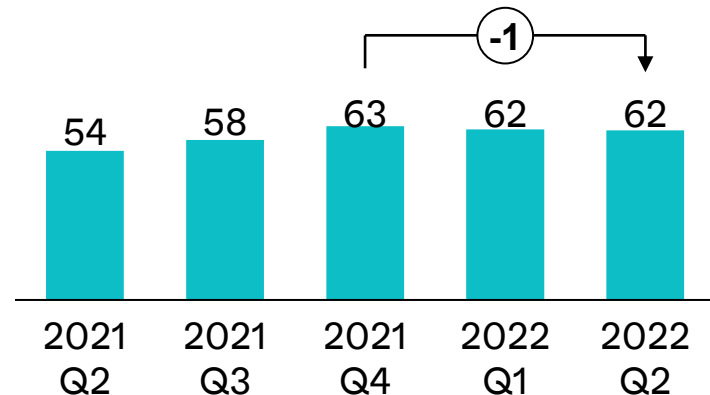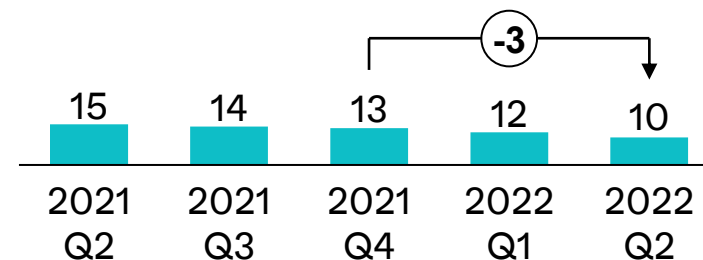
- Continue strong growth in Secure Spaces and Video Innovation
  - USD 2.8 million of ARR growth in total across the two areas in Q2

- 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

Q2 2022 Financial results

Profit and Loss

NOK million

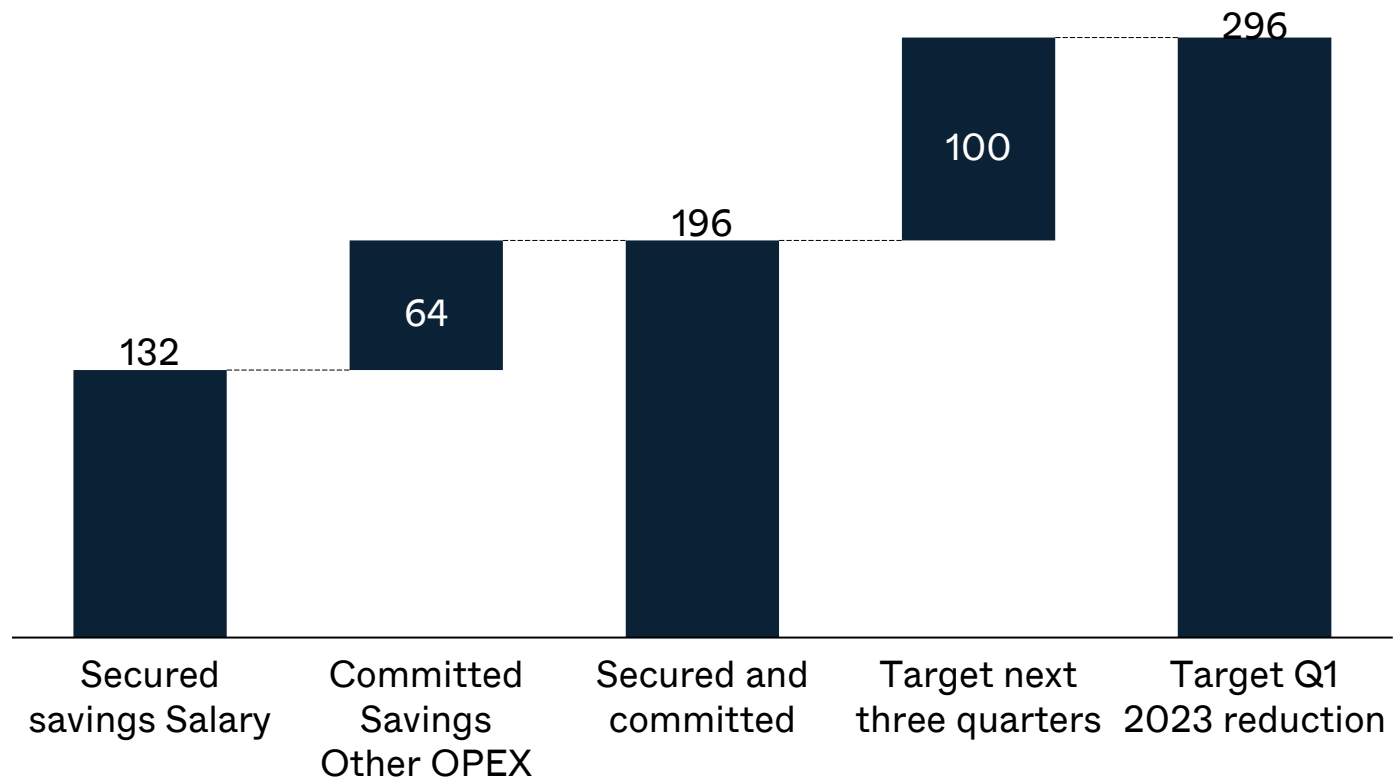| P&L item	LTM'22	LTM'21	Change Percent
Revenue	**866.1**	**722.1**	**20%**
Cost of sale	95.9	63.5	51%
Salary and personnel expenses	702.4	572.2	23%
Other operating expenses	247.9	154.7	60%
Restructuring costs	26.8	0	n.a.
EBITDA	**-206.8**	**-68.3**	**-14 p.p.[1]**
EBITDA excluding restructuring costs	**-180.1**	**-68.3**	**-11 p.p.[1]**

Comments

- 20% increase in Q2 LTM 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 in Q2 LTM 2022, also impacted by restructuring costs of NOK 27 million, of a total of NOK -206.8 million

1) Percent point change in margin

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

Cost reduction program

Q2 estimated cost savings, NOK million, annualized

- Secured savings Salary: 132
- Committed Savings Other OPEX: 64
- Secured and committed: 196
- Target next three quarters: 100
- Target Q1 2023 reduction: 296

Comments

- **Communicated after Q2:**
  - Phase 1 of the cost reduction program is completed, and the plans for the subsequent phase 2 is set

  - Substantial realized impact seen already, with additional savings to be realized gradually over the next few quarters as long-term contracts reach termination

  - Plans in place for additional NOK 100+ million in savings to support run-rate cash flow positive operations out of Q1 2023

Update on cost initiatives and financial targets to be given in Q3 presentation November 10th

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Summary & Outlook

Return to profitability

- Rapid return to profitability and profitable growth is #1 priority

- 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

- Current cash reserves considered sufficient to drive growth and return to profitability/positive cash-flow

ARR development

- Continued good underlying momentum for Secure Spaces and Video Innovation

    - Pexip distinctive technology and unique selling point provide strong basis for strengthened growth in these areas

Partnerships / customer relations

- Strategic partnerships within Connected Spaces develop positively, but supply chain issues and overcapacity continue to impact sales performance in the short term

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Q&A