

]pexip[

Quarterly Presentation Q2 2024

August 15, 2024

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Pexip at-a-glance

2011

founded

295

employees across 25 countries

Niche video conferencing player

Market leading interoperability and secure video meetings provider

Software only

Develop and deliver software and SaaS

Unique tech partnerships

Partner with the global industry leaders to complement their solutions

Serving large organizations

Across enterprise and public sector

\$107 million

in Annual Recurring Revenue (ARR)

Selected Customers

VA



U.S. Department of Veterans Affairs



Ministry of Justice



U.S. AIR FORCE



Selected Technology partners



Q2 highlights

Increasing ARR growth

- ARR at USD 107.1 million end of Q2, up USD 2.3 million q-o-q and 8.5% y-o-y
- Q2 revenue of NOK 266 million (+14% y-o-y)

Increasing profits and cash flow

- Adjusted EBITDA¹ of NOK 36 million (+NOK 27 million/+10 p.p. y-o-y), free cash flow of NOK 68 million
- Dividend of NOK 112 million for 2023 paid (NOK 1.1 per share)
- Cash position of NOK 587 million

Growth in both business areas

- Strong contribution from both Connected Spaces (+1.1) and Secure&Custom (+2.0).
- Major wins include large car manufacturer, a semiconductor giant, a major defence organization and an intelligence agency

Expanding Microsoft partnership

- Microsoft announced SIP-based guest join support for Microsoft Teams Rooms using CVI in June
 - Pexip is the launch partner
- Enables Pexip to sell products relevant to the 1+ million Teams Rooms installed

Launched Zoom Rooms product

- Launched Pexip Connect for Zoom Rooms which enables Zoom Rooms to join Microsoft Teams meetings with a great user experience
- First customers already signed

Financial targets and 2024 outlook

- Medium term we target to consistently deliver above 10% ARR growth and minimum 20% EBITDA
- For 2024 we lift our outlook to:
 - 8-10% ARR growth
 - 16-20% EBITDA¹

1) Excluding Other gains and losses, e.g., restructuring costs

OUR MISSION

To make seamless video communication available to all organizations regardless of technology platforms and security requirements

Pexip Connected Spaces

Video meeting room interoperability



When several video technologies need to work seamlessly together



Pexip Secure & Custom Spaces

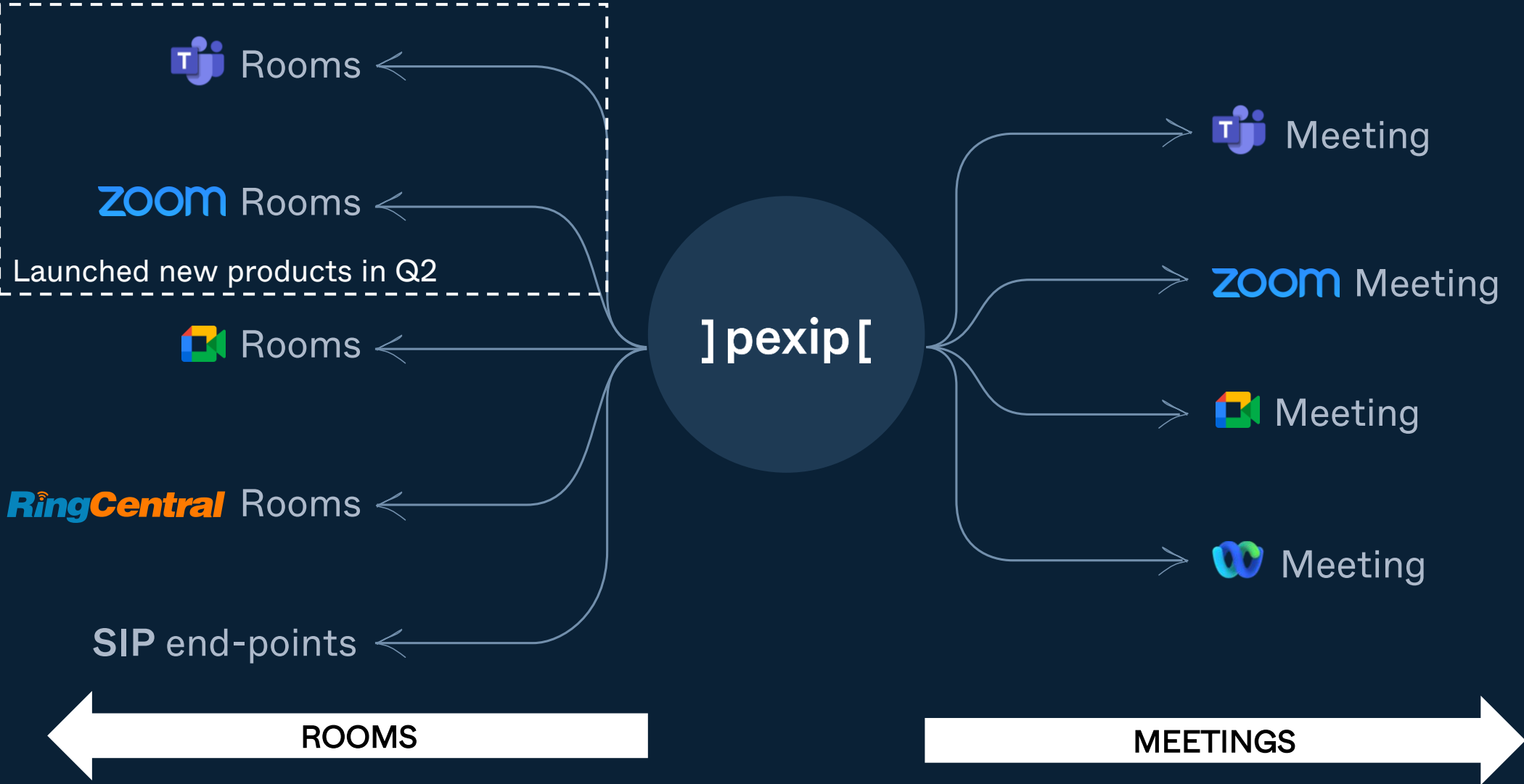
Video meetings that are self-hosted on-premises or in a private cloud



When complete privacy and control over data is required



On a journey to connect any meeting room to any meeting



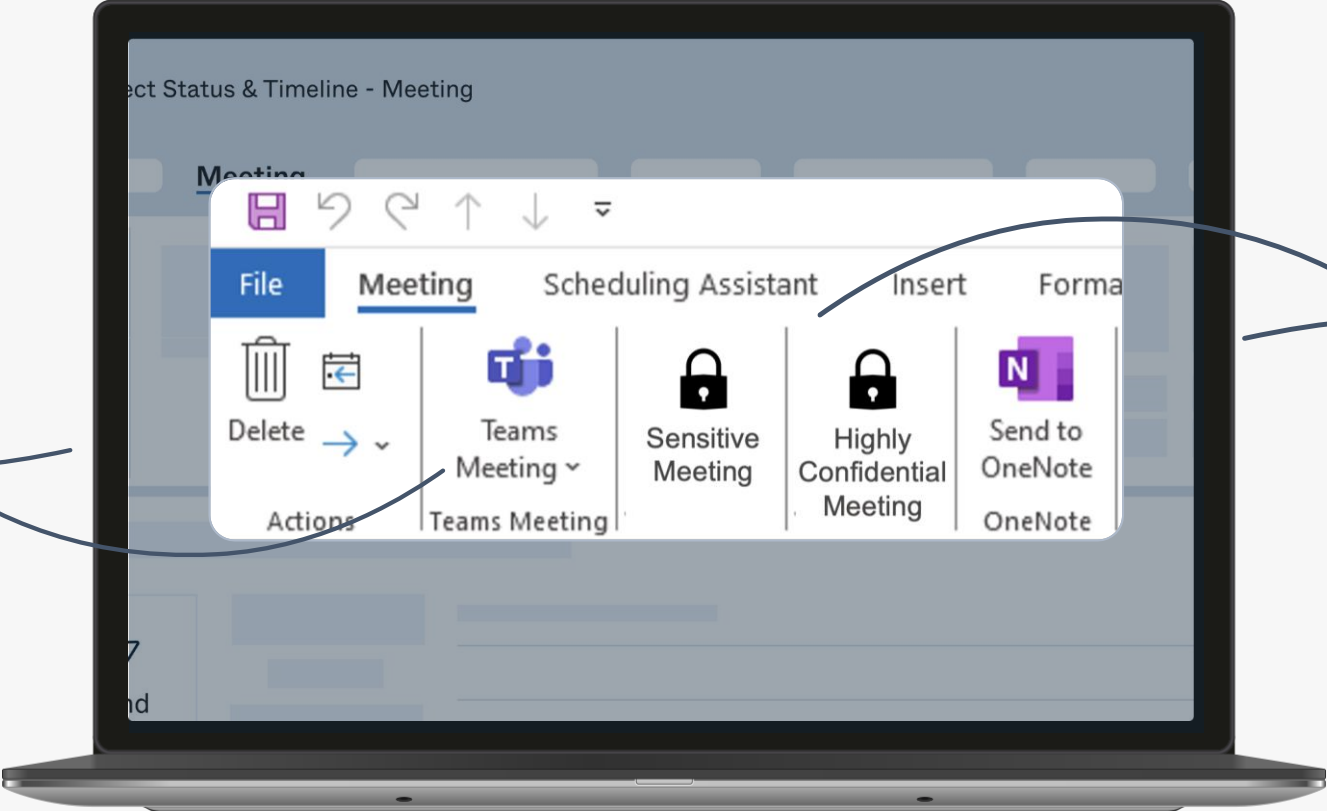
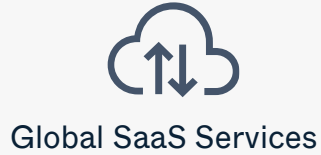
Microsoft announced support for guest join via SIP in June - This opens a new market opportunity for Pexip



- Main use-case for Connected spaces has been bringing SIP systems into Microsoft Teams
- Pexip has supported Microsoft in developing the capability for Microsoft Teams Room systems to join other platforms using SIP
 - Supports Webex, Zoom, Google Meet, Chime ++
- This opens a huge opportunity for Pexip to offer this product to the 1+ million and growing Microsoft Teams Rooms in the market
 - First orders are already booked

Complementary video services are used to cater to an organization's differing security & privacy requirements

SECURE & CUSTOM SPACES



- Private Cloud
- Government Cloud
- Sovereign Cloud
- On-premises
- Air-gapped

Sovereign-meetings-as-a-Service

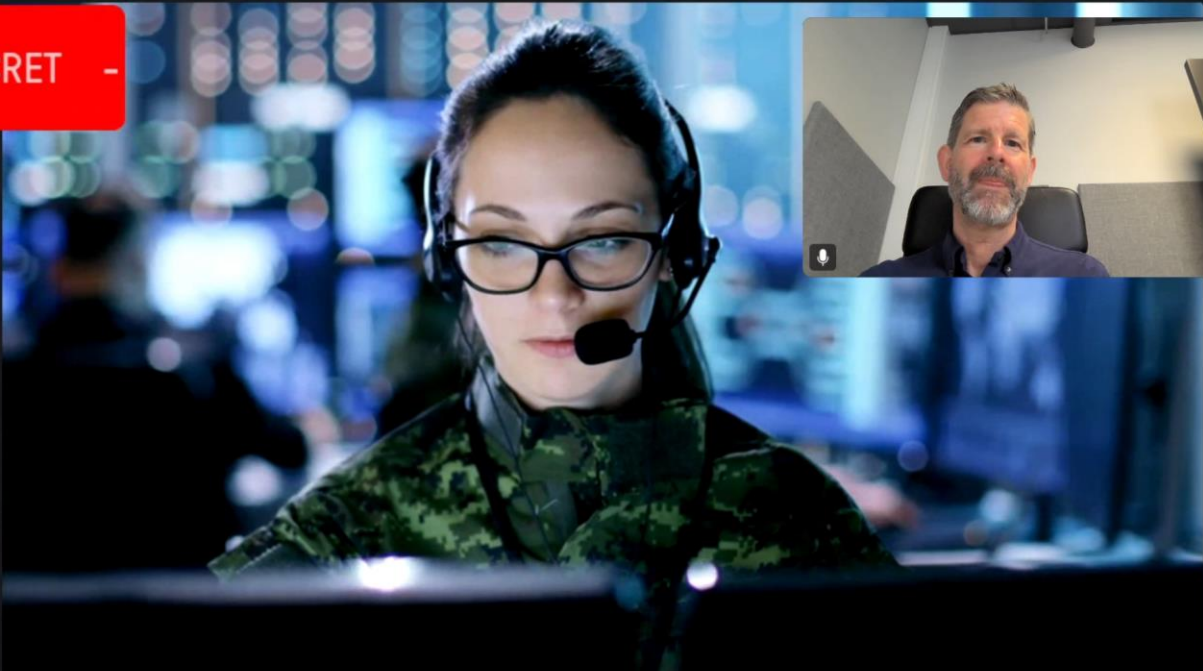
] pexip[+  Business +  Kinly

- Pexip partners with Orange Business and Kinly to provide Sovereign Meetings as a Service
- Customers can run video meetings on a trusted and compliant Nordic service
- Available across the Nordics with target launch this fall





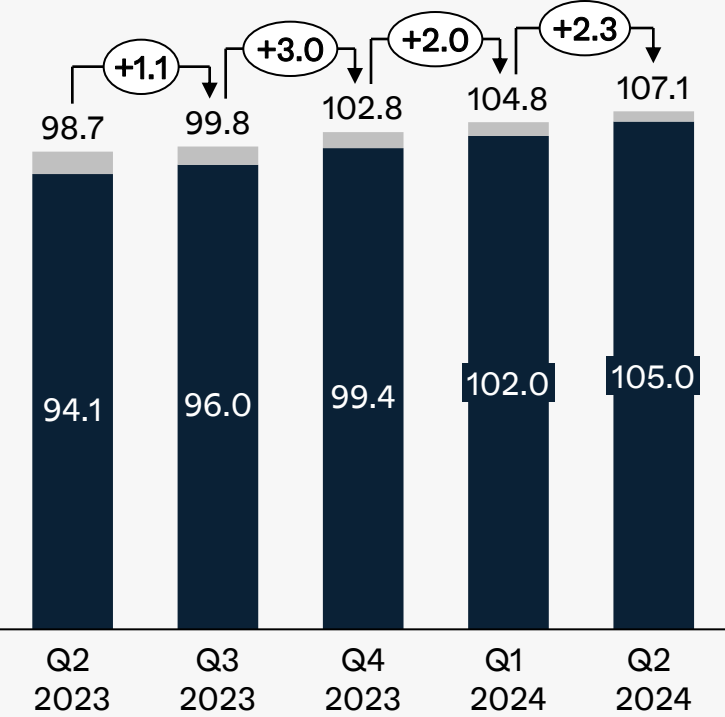
- SECRET -



Authorization attributes are checked continuously in the backend

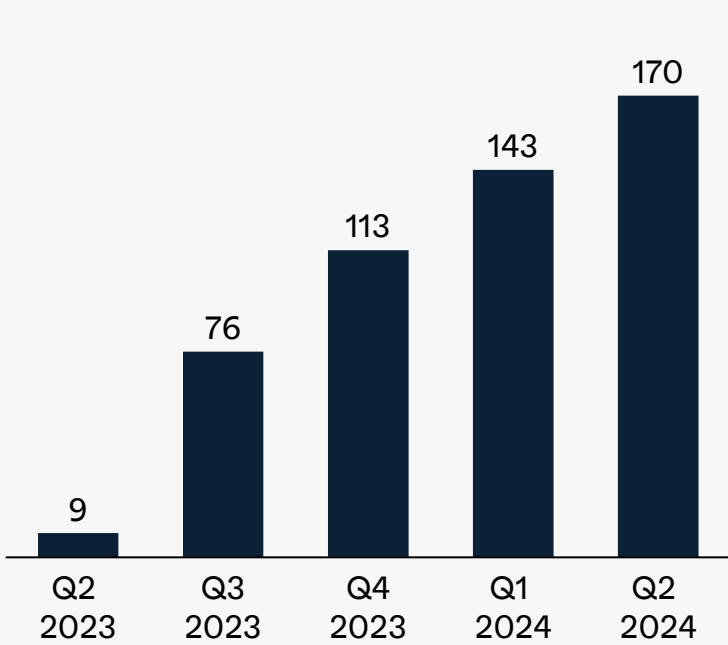
Continued growth and further improved profitability

Total ARR
USDm

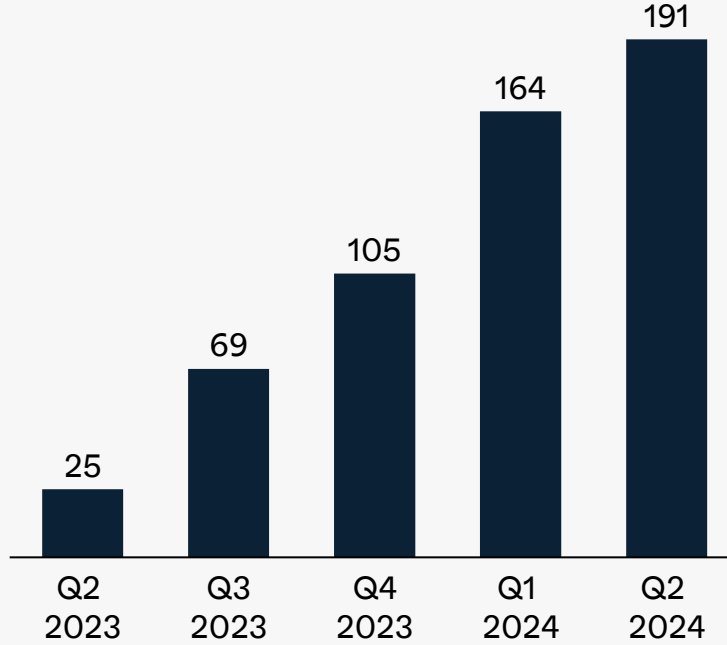


Legacy Underlying ARR

Adjusted EBITDA¹
NOKm, Last twelve months



Free Cash flow²
NOKm, Last twelve months



¹ EBITDA less Other gains and losses
² Operating cash flow, investment cash flow and leases

Sales update

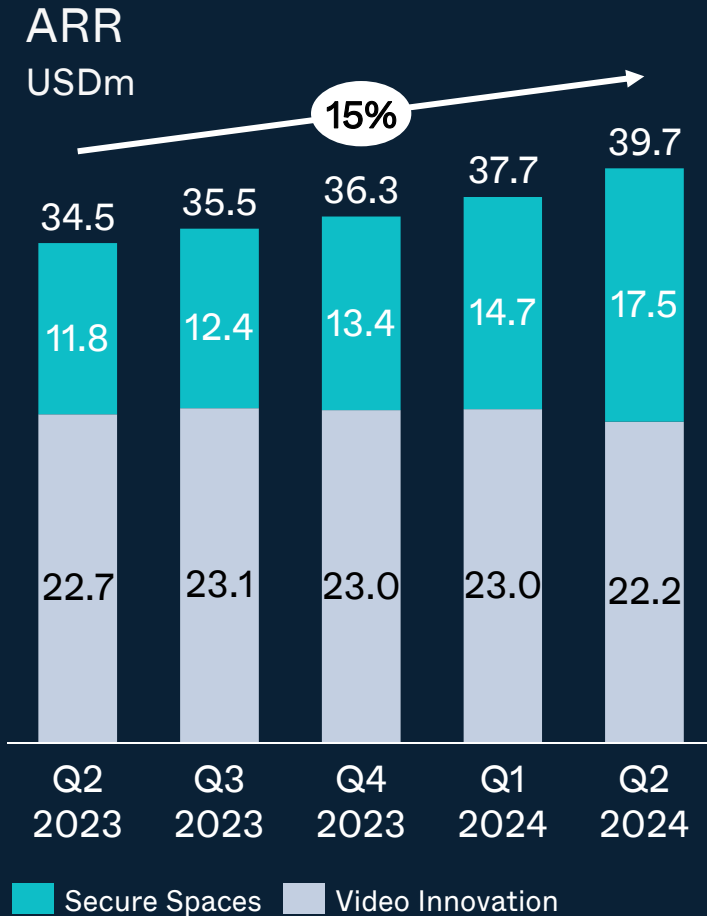
Connected Spaces

ARR
USDm



- 10% ARR growth year-on-year in Connected Spaces benefiting from improved product differentiation, increasing momentum in Poly|HP partnership and BlueJeans sunsetting their CVI solution
- Seeing increased customer activity on Pexip Connect for MTRs and Zoom
- Several large F500 wins in Q2, notably:
 - A major new contract with a car manufacturer to provide interoperability across SIP room and Microsoft Teams Rooms systems
 - A large new contract to a medical device manufacturer through the HP partnership
 - A major upsell with a semiconductor giant

Secure and custom solutions

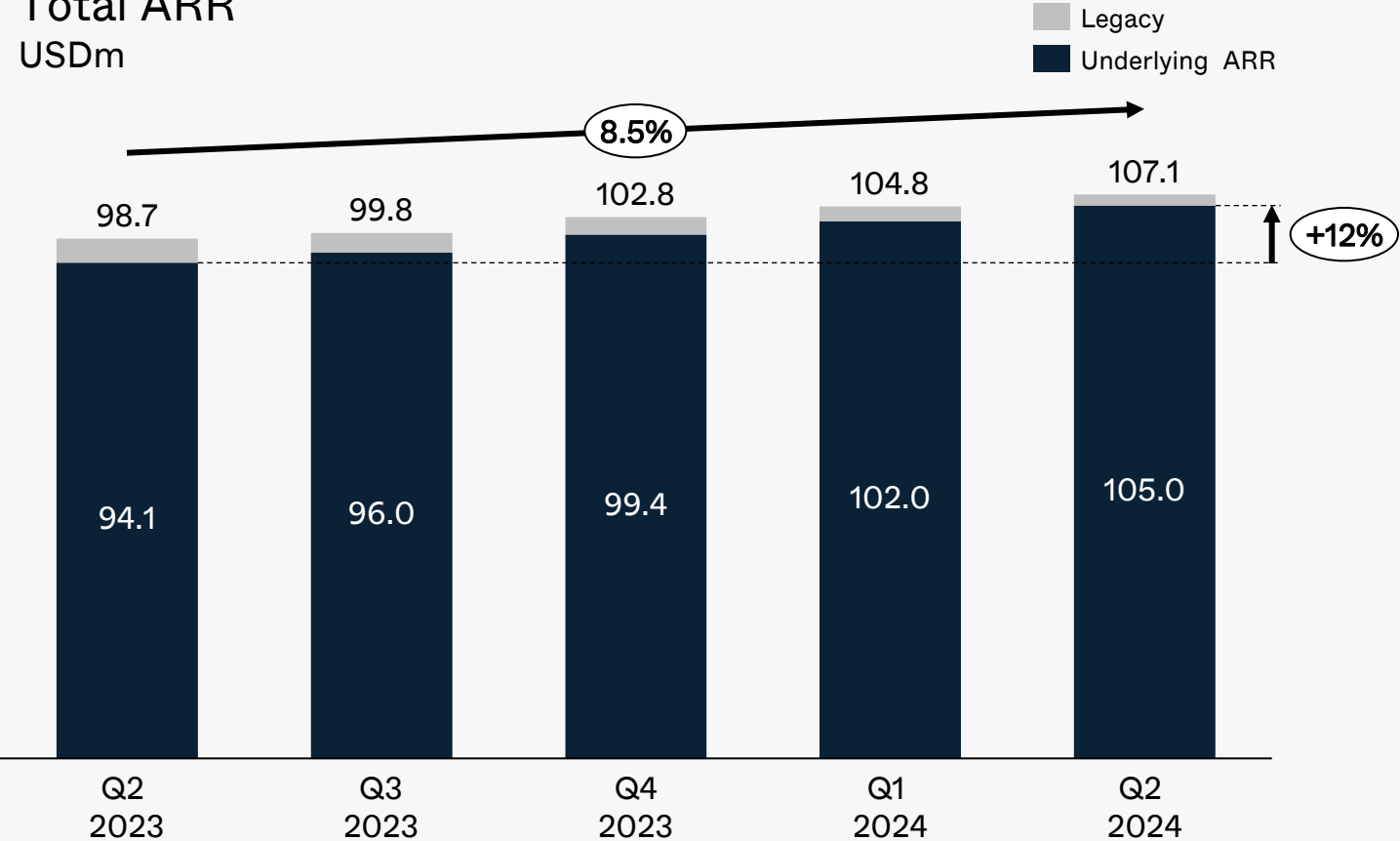


- Secure and custom solutions growing 15% y-o-y, driven largely by strong new sales and upsell across several accounts in Secure Meetings
- Continued strong momentum in Secure Meetings, which saw its best quarterly growth in Q2 driven by several large new accounts with a good mix of defence, intelligence services, healthcare and government agencies
- Reduced ARR in video innovation due to a large downsell from one large customer, and no major new accounts in the quarter

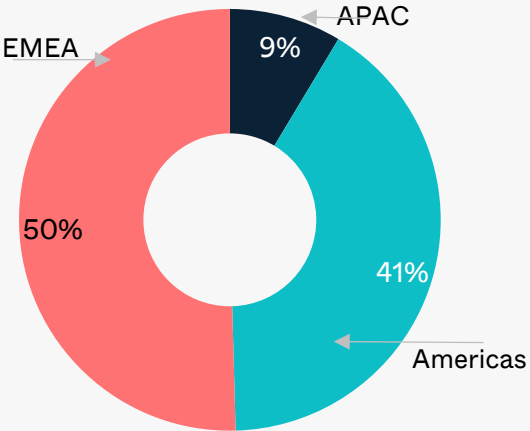
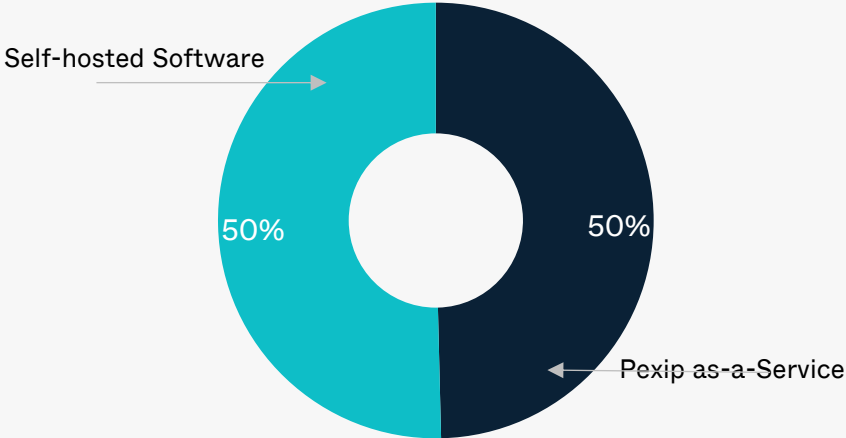
Financial update

Total ARR base at USD 107m in Q2 2024

Total ARR
USDm



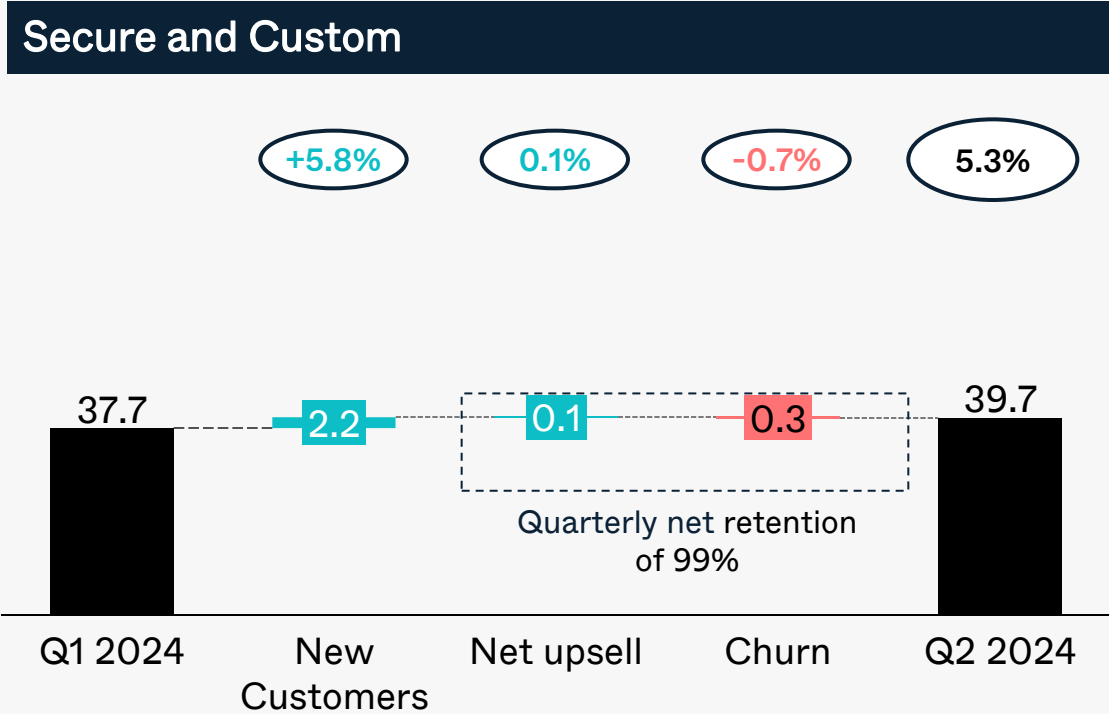
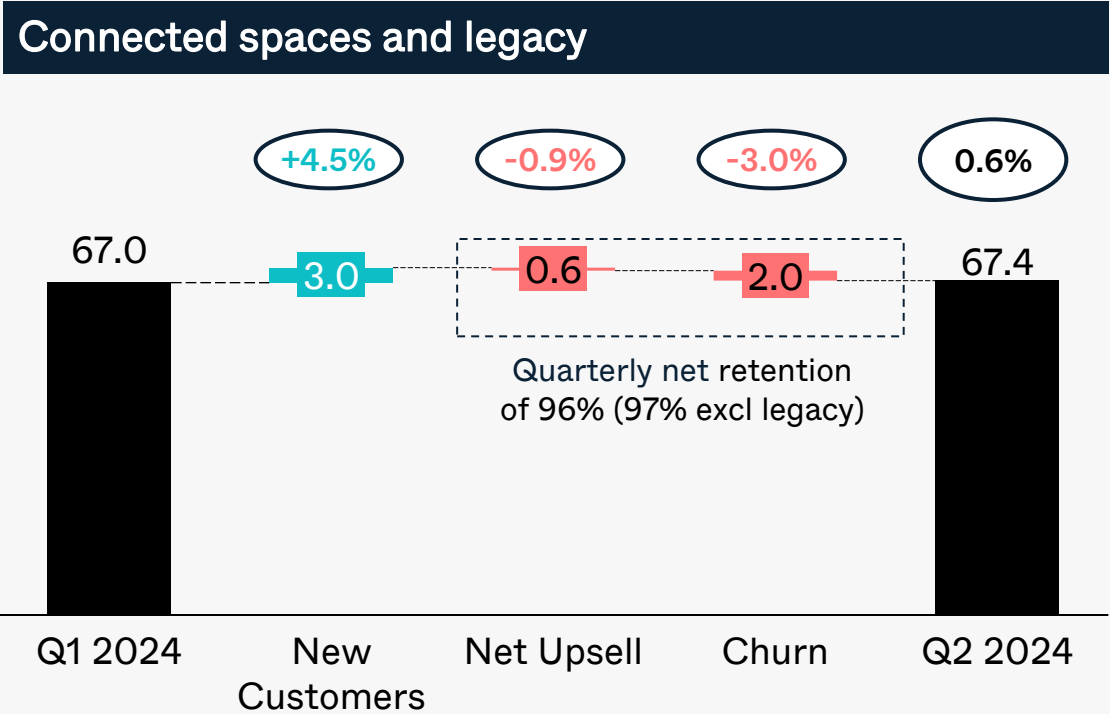
ARR split



Booked Annual Recurring Revenue (ARR) development. Note: Will incorporate legacy in Connected Spaces from 2025

Growth in both business areas

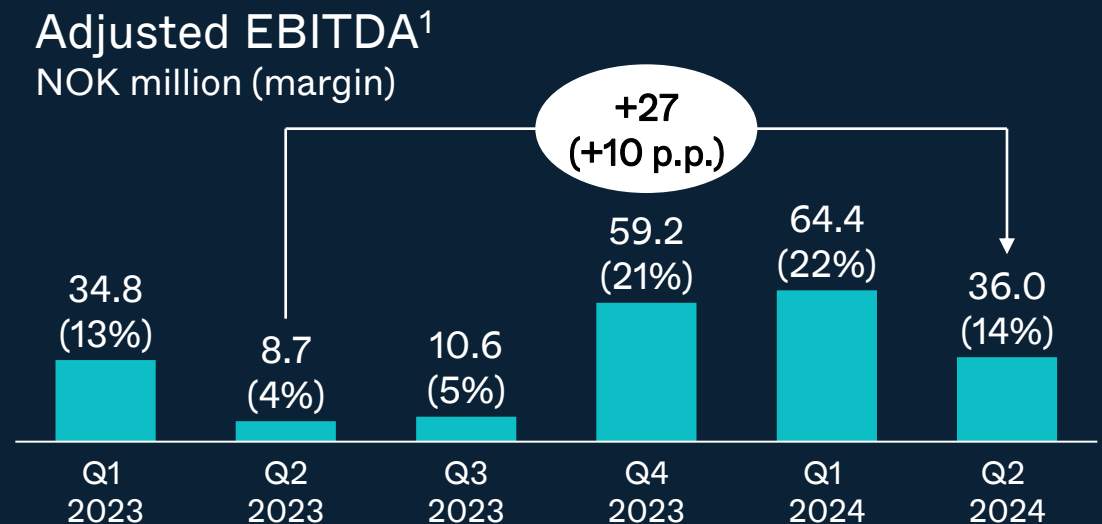
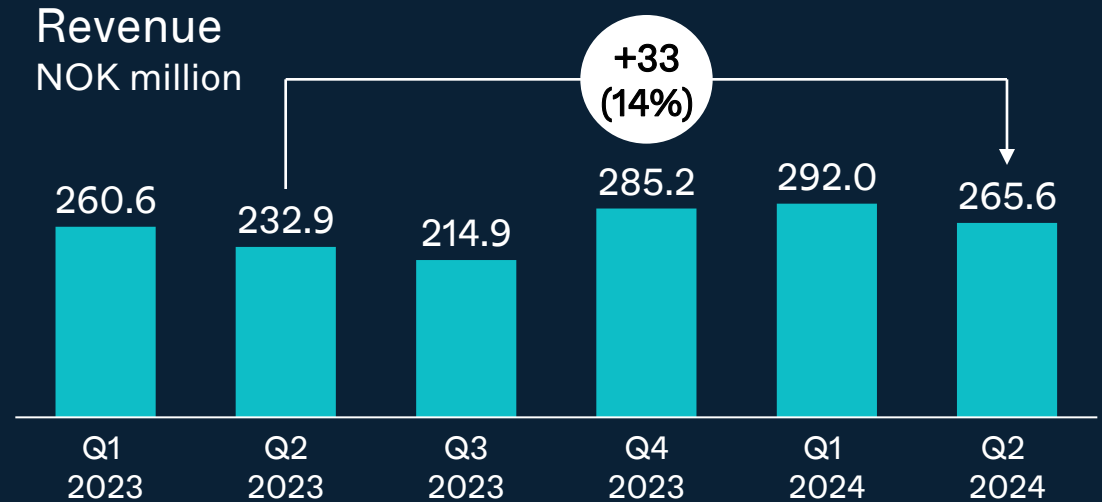
USD million, quarter-over-quarter



- Strong new sales with quarter-on-quarter increase in New customers across both areas, with Secure and Custom adding 2.2 MUSD in new ARR compared to 0.4 MUSD in Q2 2023
- Lower net upsell in Secure & Custom from one large downsell on a large video innovation account balancing out other upsell

Continued improvement in revenue and EBITDA

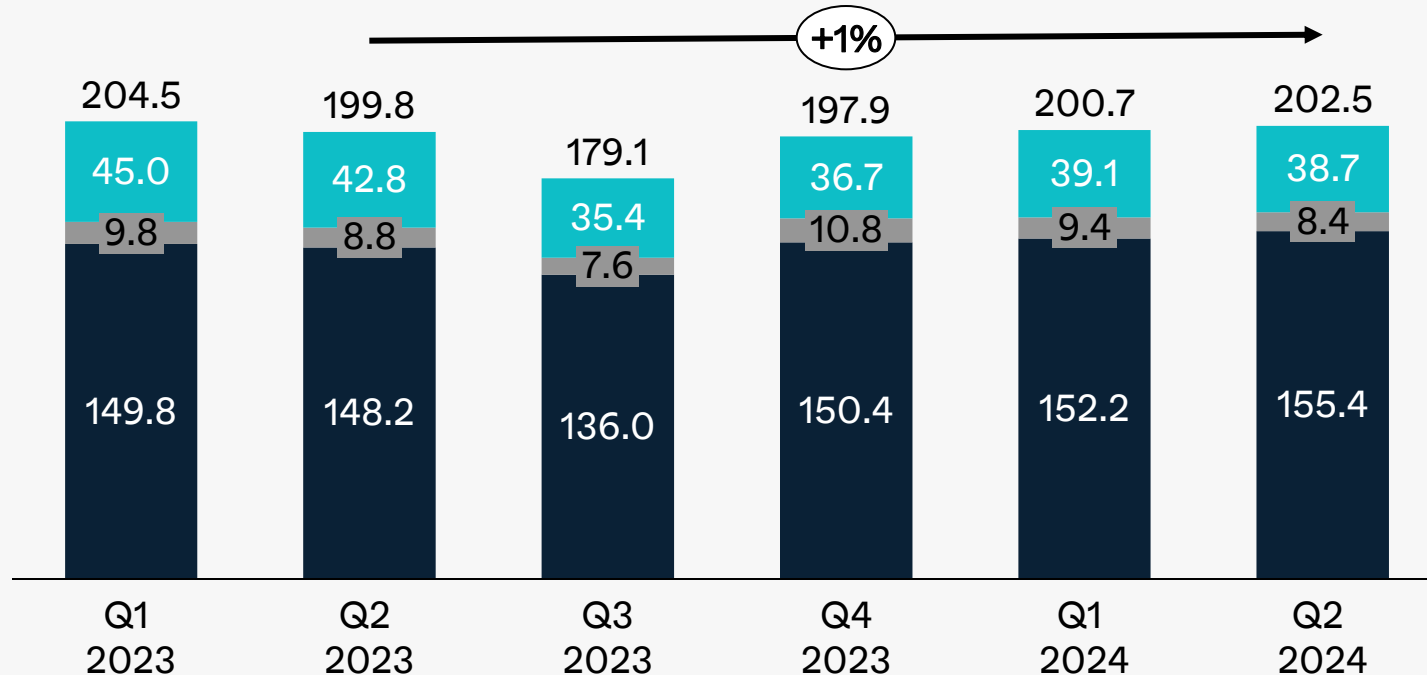
- Revenue increase of 14% compared to Q2'23
 - Combination of self-hosted software and as-a-Service driving growth
- Adjusted EBITDA increase of NOK 27 million compared to revenue increase of NOK 33 million
 - NOK 3 million in COGS increase from increased SaaS revenue/usage, as well as 1% OPEX increase year-on-year



1) EBITDA adjusted for Other gains and losses

Stable operating expenses

Quarterly OPEX development
NOKm



■ Other operating expenses
 ■ Salary and personnel expenses
■ Share option related costs

Salary and personnel expenses

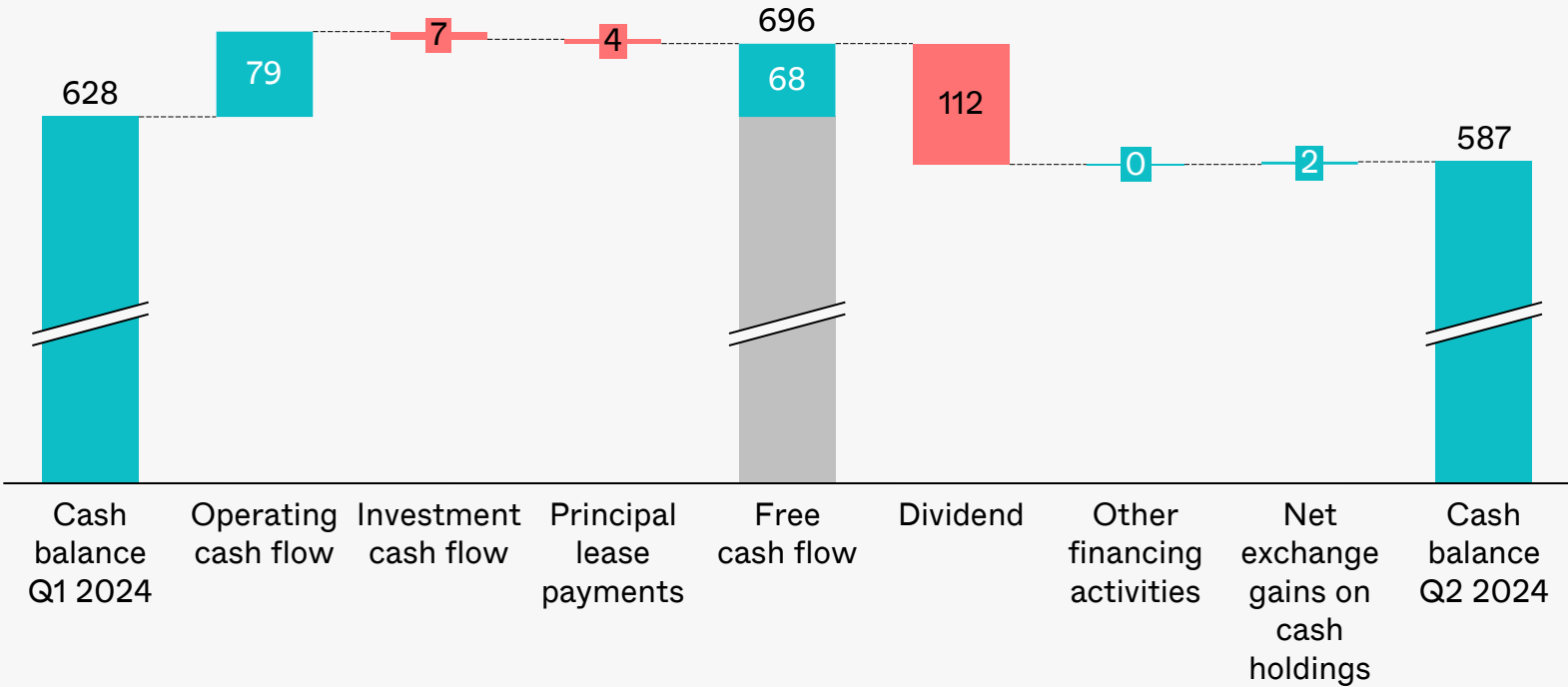
- NOK 5 million reduction y-o-y in fixed salary in Q2, however, a net increase in variable salary of NOK 8 million y-o-y
 – Increase due to better performance and higher variable achievement

Other Operating expenses

- Overall in line with previous quarters, and 10% lower than Q2 2023.
- Reduction mostly from lower consultancy costs

NOK 68 million in free cash flow in Q2 – cash position reduced from dividend

Cash flow bridge Q2 2024
NOKm



- Positive EBITDA, and a seasonally improved working capital main positive contributors to Q2 cash flow
- Reduced investment and lease cash flow compared to Q2 2023
- Dividend of NOK 112 million impacting cash position
 - Year-on-year growth in cash position of NOK 79 million including impact of dividend

Note: Free cash flow defined as the sum of operating cash flow, investment cash flow and lease payments

Q2 2024 Financial results

Profit and loss

NOK millions

	Q2 2024	Q2 2023	Y-o-Y
Revenue	266	233	33
Cost of goods sold	27	24	3
Gross Profit	239	209	30
Salary and personnel exp.	164	157	7
Other operating exp.	39	43	(4)
Adjusted EBITDA	36	9	27
Other gains and losses	3	1	2
EBITDA	33	8	25
D&A	20	43	(23)
EBIT	13	(35)	49
Net financials	(1)	10	(11)
Profit/loss before income tax	12	-25	37

- 14% increase in year-on-year revenue, driven by stronger Software and Software-as-a-Service revenues
- COGS is mainly relating to sale of Pexip-as-a-Service and is stable as a percent of revenue
- EBITDA excluding other gains and losses of NOK 36 million, NOK 27 million higher than in Q2 2023.
- NOK 3 million in other gains and losses from restructuring and a regional office move
- Reduction in D&A in Q2 2024 due to one-off increase in Q2 2023, as well as reduction in depreciation of fixed assets and reduced leasing costs
- Reduction in net financials from loss on foreign exchange differences

Outlook and targets

Outlook

- **Continued positive market outlook across the business areas**
- **Strong market position and industry partnerships are expected to continue to drive growth**
- **Q3 2024 ARR expected 108-110 USD millions**

Improved 2024 outlook

- **8-10% ARR growth**
 - Previous 5-10%
- **16-20% EBITDA¹**
 - Previous 13-18%

Mid-term targets

Consistently deliver:

- **Above 10% ARR growth**
- **Above 20% EBITDA¹**

¹) Excluding other gains and losses

Upcoming dates

Q3 2024 Quarterly Presentation

🕒 November 7th, 2024

Q&A

[Investor.pexip.com](https://investor.pexip.com)

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BACKUP

Supporting materials



] pexip[

Summary of key figures

KPI	Unit	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Y-o-y	Q-o-Q
ARR								
Connected Spaces	MUSD	59.6	60.5	63.1	64.2	65.3	5.7	1.1
Secure & Custom	MUSD	34.5	35.5	36.3	37.7	39.7	5.2	2.0
Legacy	MUSD	4.6	3.8	3.3	2.8	2.1	-2.5	-0.7
Total	MUSD	98.7	99.7	102.8	104.8	107.1	8.4	2.3
P&L								
Revenue	MNOK	232.9	214.9	285.2	292.0	265.6	32.7	-26.4
Cost of Goods Sold	MNOK	-24.4	-25.2	-28.1	-27.1	-27.1	-2.7	0.0
Gross profit	MNOK	208.5	189.7	257.0	264.9	238.5	30.0	-26.4
Salary and personnel expenses	MNOK	-157.0	-143.6	-161.2	-161.4	-163.8	-6.8	-2.4
Other OPEX	MNOK	-42.8	-35.4	-36.7	-39.1	-38.7	4.2	0.4
Adj. EBITDA	MNOK	8.7	10.6	59.2	64.4	36.0	27.3	-28.4
Other gains and losses	MNOK	-1.0	-5.7	-4.5	-6.7	-3.0	-2.0	3.7
EBITDA	MNOK	7.7	4.9	54.6	57.7	33.0	25.3	-24.7
D&A	MNOK	-42.8	-27.1	-100.0	-19.8	-19.6	23.2	0.2
EBIT	MNOK	-35.1	-22.3	-45.4	37.9	13.4	48.5	-24.5
Net Financials	MNOK	10.1	-3.2	0.4	22.5	-1.0	-11.1	-23.5
Tax	MNOK	5.8	1.2	-13.6	-15.0	-5.4	-11.2	9.6
Net profits	MNOK	-19.2	-24.2	-58.6	45.4	7.0	26.2	-38.4
Cash and cash flow								
Operating cash flow	MNOK	55.5	(1.7)	50.4	112.3	78.9	23.3	-33.5
Investing cash flow	MNOK	(9.2)	(3.4)	(12.5)	(8.7)	(7.2)	2.0	1.5
Principal lease payments	MNOK	(5.3)	(5.2)	(4.8)	(3.0)	(4.0)	1.3	-0.9
Free cash flow	MNOK	41.1	(10.3)	33.1	100.5	67.7	26.6	-32.8
Cash position	MNOK	507.7	494.3	522.7	628.1	586.5	78.8	-41.6

Comments Q2 2024

ARR

- Delta ARR Q2 of 2.3 MUSD
- Annual ARR growth of 8.5% p.a. (11.5% excl legacy)

Revenues

- Growth in quarterly revenues of 33 MNOK (+14%)
- Seasonal variation in software revenues in line with 2023

COGS

- Growth of 11% versus 14% growth in revenues leading to 0.5 p.p. improved gross margin

Opex

- Almost flat y-o-y and q-o-q, with inflation and currency effects from weak NOK balanced out by realized FTE efficiencies
- Growth in salary driven by increased variable compensation driven by higher sales growth compared to Q2 2023, partly balanced by reduction in fixed salary

Cash

- Strong operating cash flow from improved EBITDA and seasonal working capital improvements
- Cash position reduced by dividend in Q2 (-112 million)