

]pexip[

Company presentation

**Morgan Stanley European Technology,
Media & Telecom Conference 2024**
November 20, 2024

Pexip at-a-glance

Strong financial performance

110m ARR
USD EoQ3

10% ARR growth
Y-o-y

90% Gross margin
LTM margin

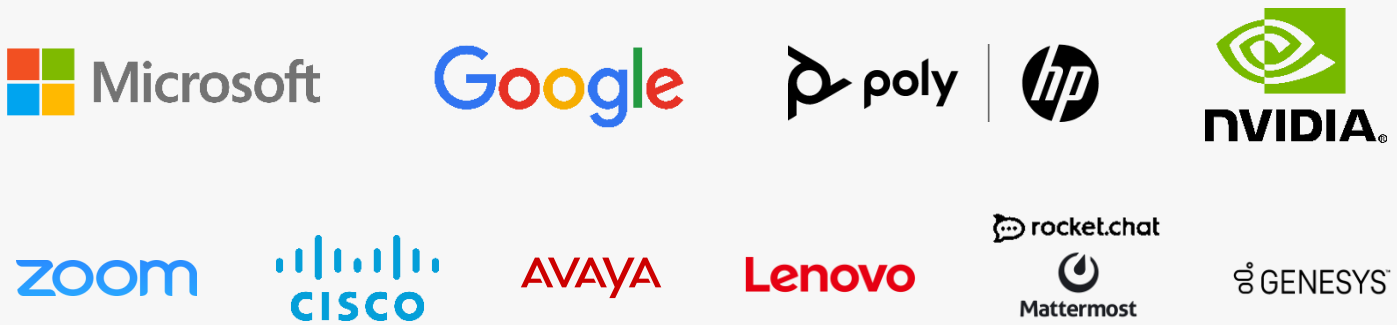
+9p.p EBITDA expansion
LTM margin improvement

20% Free cash flow²
LTM margin

From serving large enterprises and public sector organizations



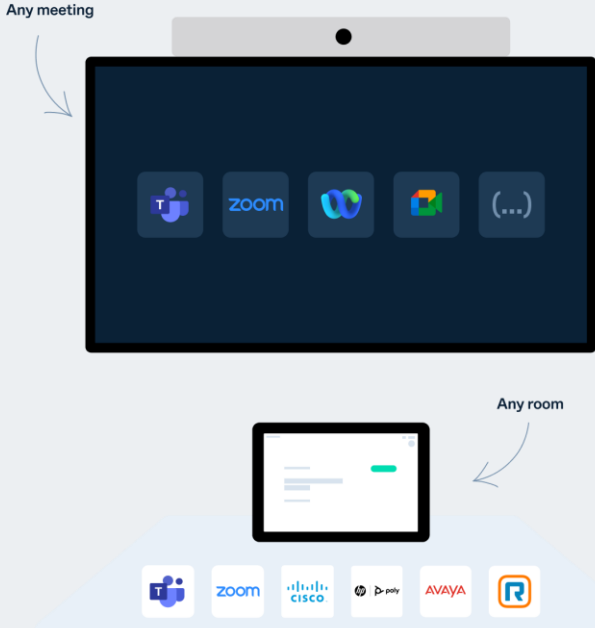
In partnership with the technology leaders in our industry



1 Excluding other gains and losses
2 Cash flow excluding financing items

Pexip develops and delivers software in two business areas

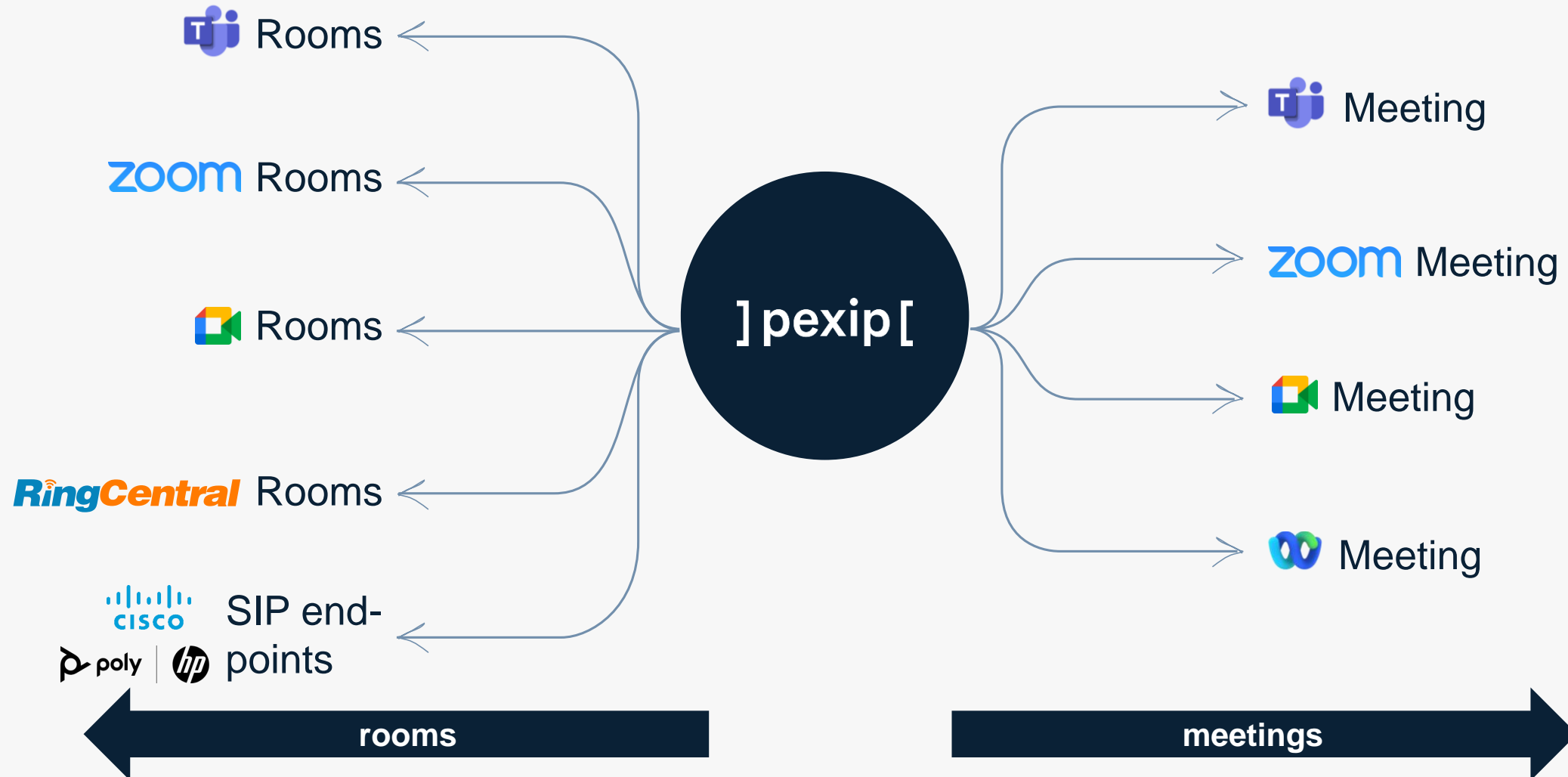
Pexip Connected Spaces Video meeting room interoperability



Pexip Secure & Custom Spaces Video meetings that are self-hosted on-premises or in a private cloud



Our vision is to connect any meeting room to any meeting



Strong market position in a growing market

Video device growth expected to drive TAM growth

 **+15%**
2022-2027

Video endpoints
sold p.a.
Y-o-Y

- Only one in ten office meeting rooms globally have a video endpoint installed
- USD 3 billion TAM in software solutions for video room systems

Pexip with leading Technology Solutions

- Unmatched user experience
- Work with all major vendors and cover all relevant use cases
- Full hosting flexibility

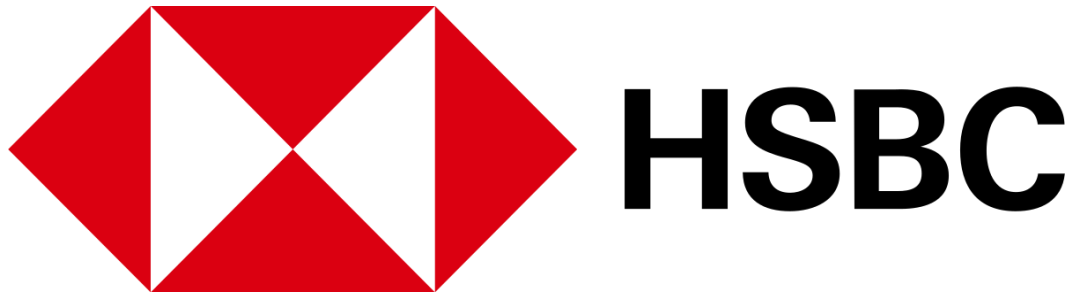
Partnerships underline market position



1 Frost & Sullivan, 2022-2027, McKinsey

2 Assuming USD 50 per month average revenue per room system and 5 million room systems
Company estimates

Customer use-case: HSBC



PRODUCT

CONNECT FOR ZOOM ROOMS

Use case

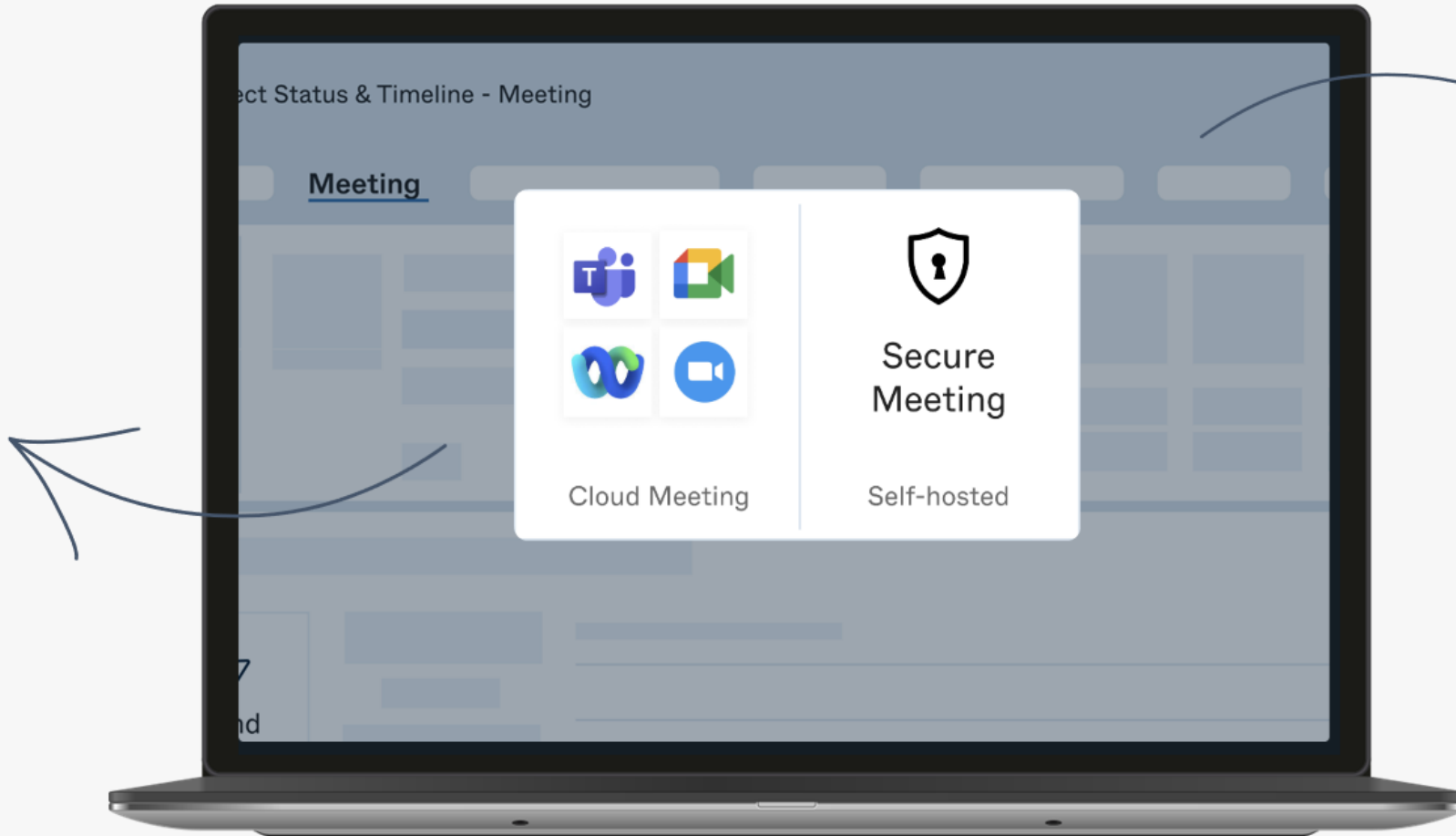
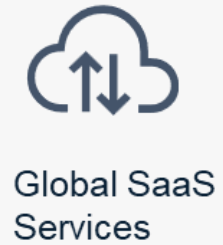
Pexip was selected by HSBC to enable their ~4,000 Zoom Rooms to join Teams meetings with a high-quality experience. HSBC are extensively using Zoom and Teams internally and when meeting external suppliers and customers.

Key winning USPs

- Significantly improved experience on two-screen systems
- Support for in-room sharing
- Easier user experience

Secure & Custom

We are the #1 provider of self-hosted video meetings



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

Secure & Custom

Secure Meetings is for organizations that cannot compromise on security

Control your data and who has **access** to meetings

Increase security and brand recognition through branding

Tailor the meeting experience for your **high-impact** meetings

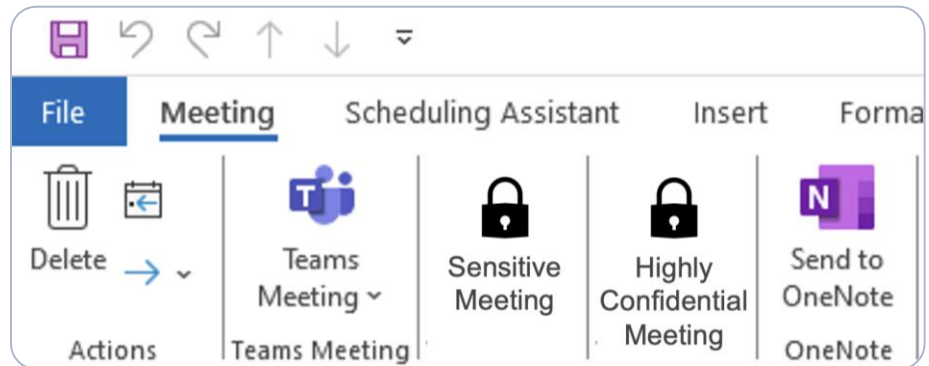


Growth outlook for Secure Meetings powered by cyber security mega-trend

- 50% of European CXOs see data sovereignty as a top issue
- 44% of European enterprises plan to move to sovereign cloud in the next 2 yrs.
- 30% growth in private clouds
- 137+ countries have enacted some form of data protection and sovereignty laws



Customer use-case: European government



PRODUCT

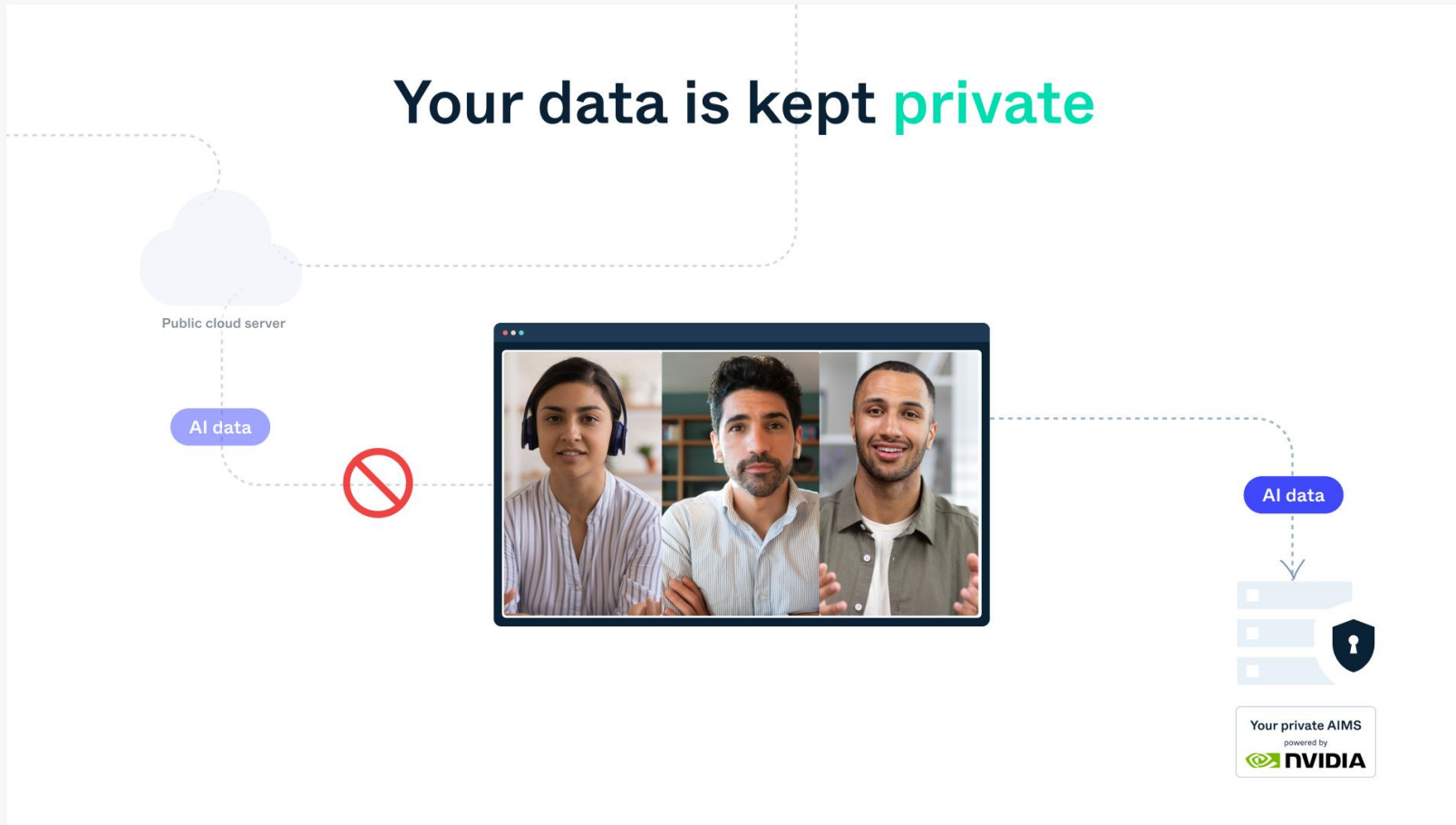
Secure Meetings as a parallel solution

Use case

Pexip was selected by the IT provider of a European Government to provide a secure video platform to operate side-by-side with Teams for specific use-cases and individuals, operating with two different security levels.

Meeting and Gateway services designed to ensure **sovereignty, resilience, access control** and the highest **interoperability**

Private AI for Secure Meetings launched in Q4 through NVIDIA partnership



- Private deployment with complete data control
- Customer-specific language libraries
- Built on NVIDIA AI models

New growth opportunity from Video Platform as a Service launch in 2024

What is it?

A **software as a service** platform accessed via APIs and SDKs for customers to **embed video** into business workflows launched in 2024

Who is it for?

Organizations serving customers on video in **highly regulated** industries that have strict needs with regards to compliance and data privacy.

Business benefits

- Private (no PII is obtained or stored on the service)
- Compliant (Geo-fenced service)
- Easy to integrate and a fully operated software-as-a-service require minimal IT follow-up
- Modern collaboration features (multiple content streams)



Sharp focus and leading technology enables Pexip to partner with global leading technology companies



Microsoft partnership summary

- Extensive R&D and commercial **partnership since 2015**
- **One of two global partners** providing interoperability into **Teams meetings**
- **Only partner on US Gov Clouds** and on-premise Skype for Business
- **Only partner for Microsoft Teams Rooms** cross-platform join
- Main use-case for **USD 65m Connected Spaces** business area



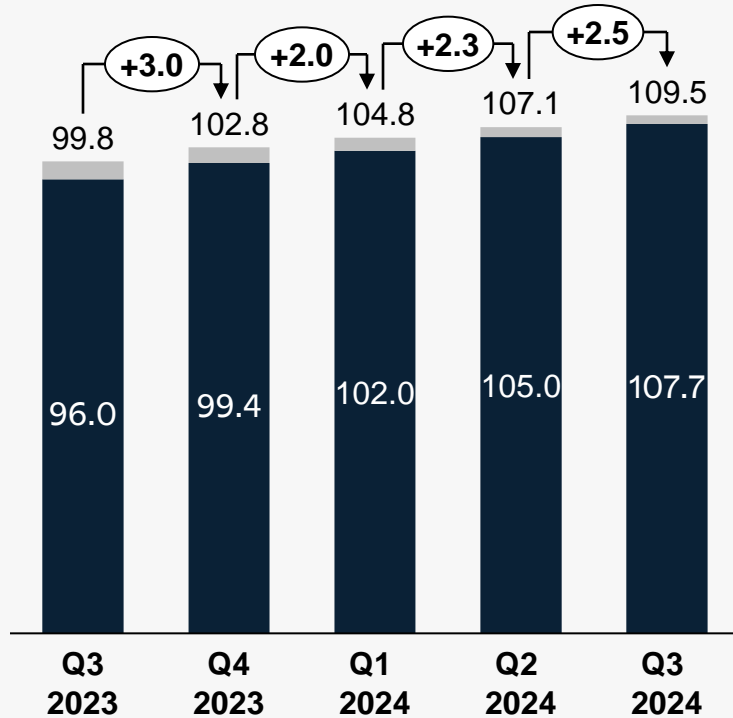
HP partnership summary

- Partnership was **announced in May 2023**
- Pexip is providing **co-branded solutions** to HP, and HP is reselling these to its customers
 - Co-branding Pexip's core offerings in Connected Spaces and Secure & Custom
- HP is **migrating the existing customer base** on its legacy RealConnect and Clarity solutions to Pexip, which goes out of support in 2026
- Targeting this to be a **USD 20+ million ARR opportunity** in two-three years

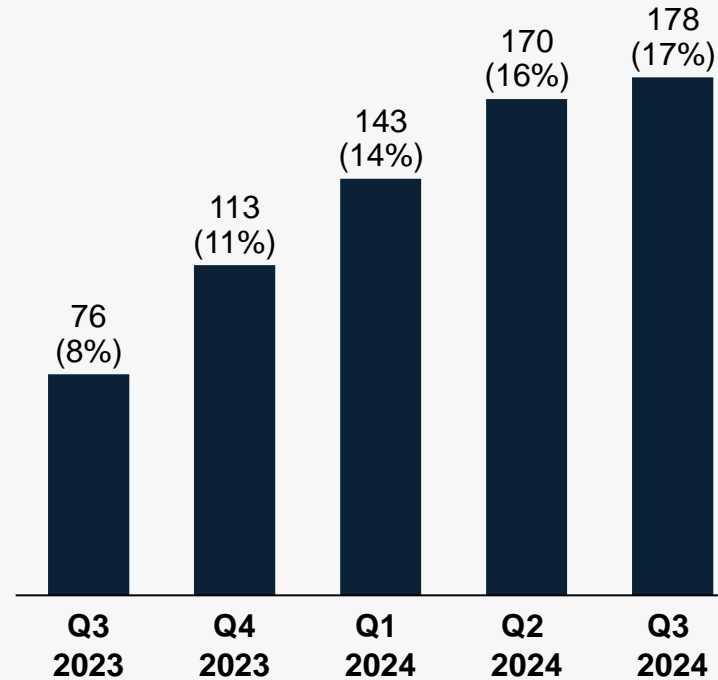


Growth driving improved financial performance

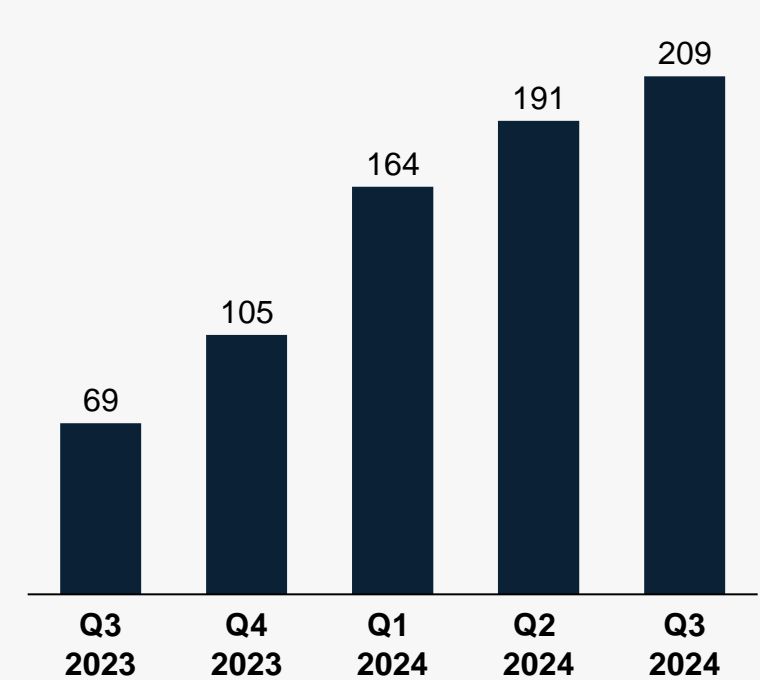
Total ARR
USDm



Adjusted EBITDA¹
NOKm, Last twelve months



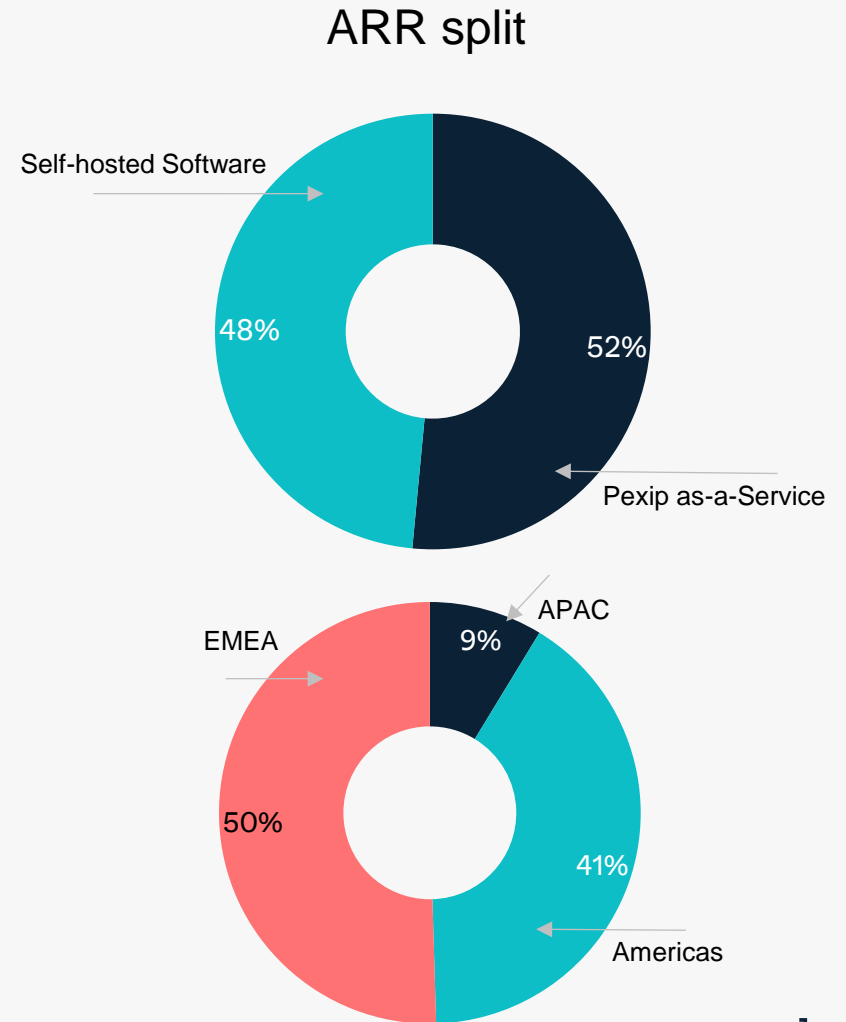
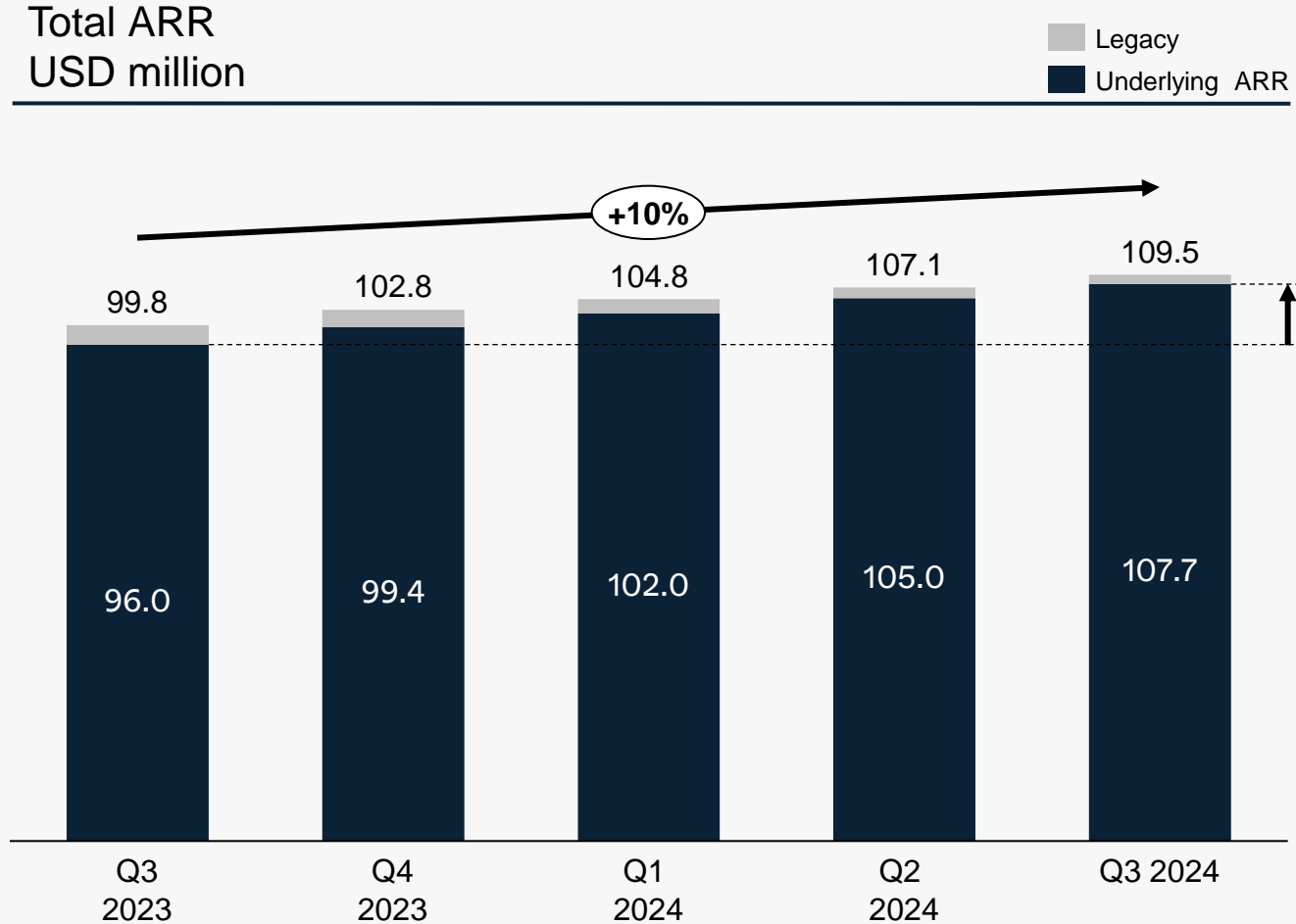
Free Cash flow²
NOKm, Last twelve months



Legacy
Underlying ARR

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

Total ARR base at USD 110 million in Q3 2024

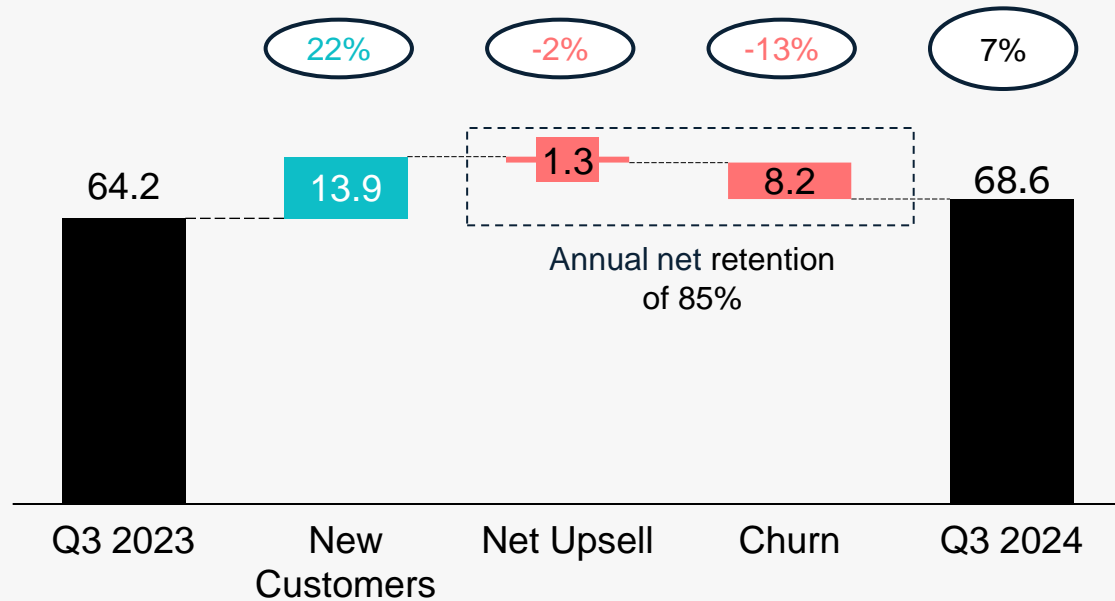


Booked Annual Recurring Revenue (ARR) development. Note: Will incorporate legacy in Connected Spaces from 2025

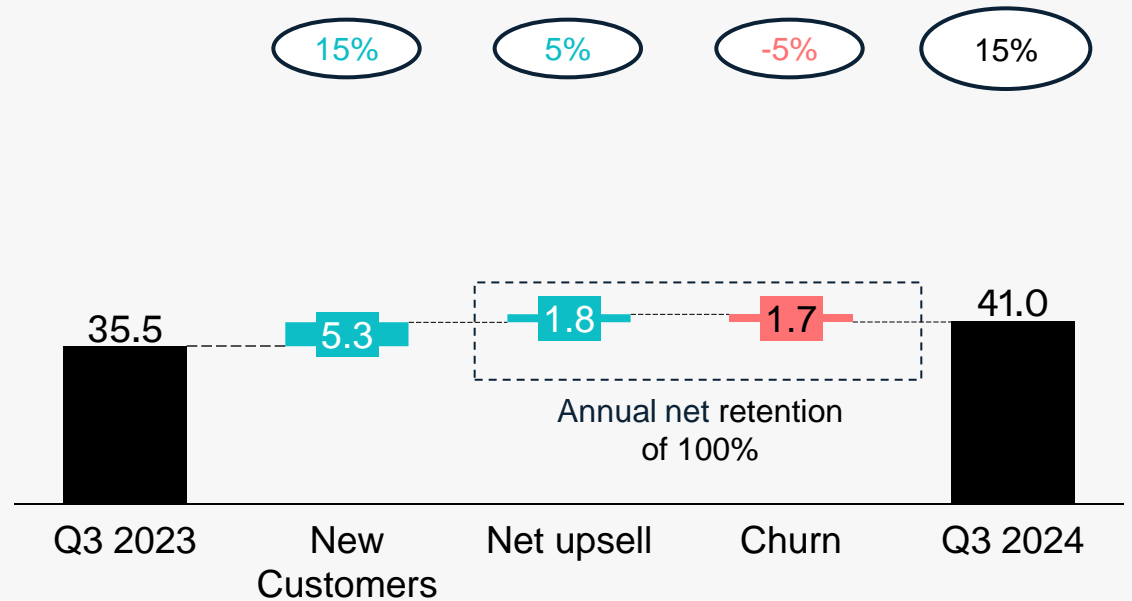
Growth in both business areas

USD million, year-on-year

Connected spaces and legacy



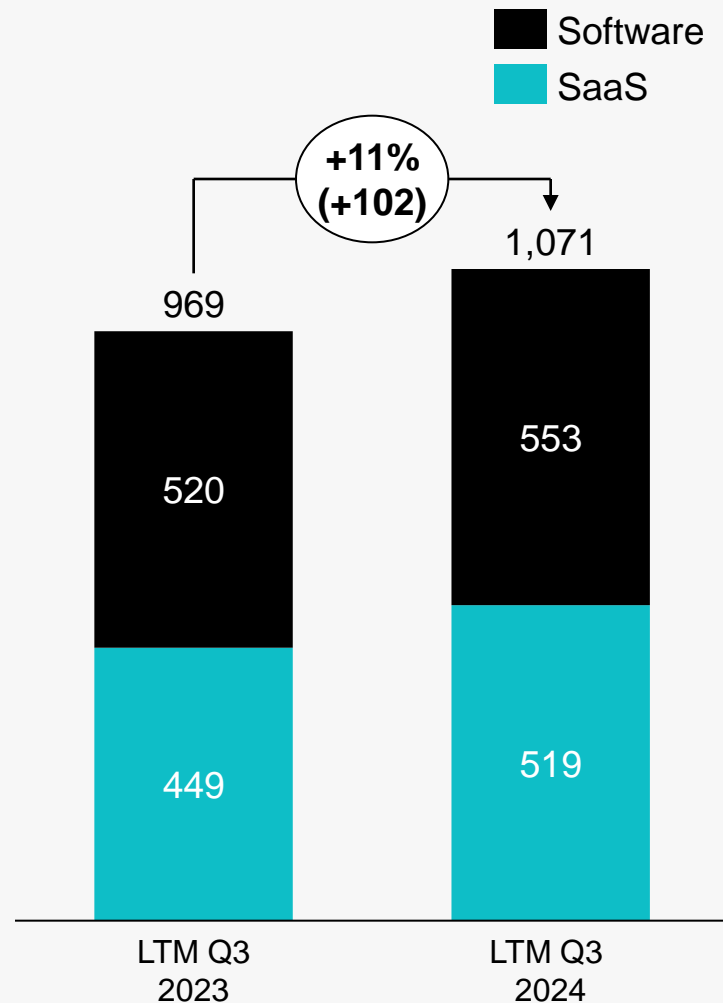
Secure and Custom



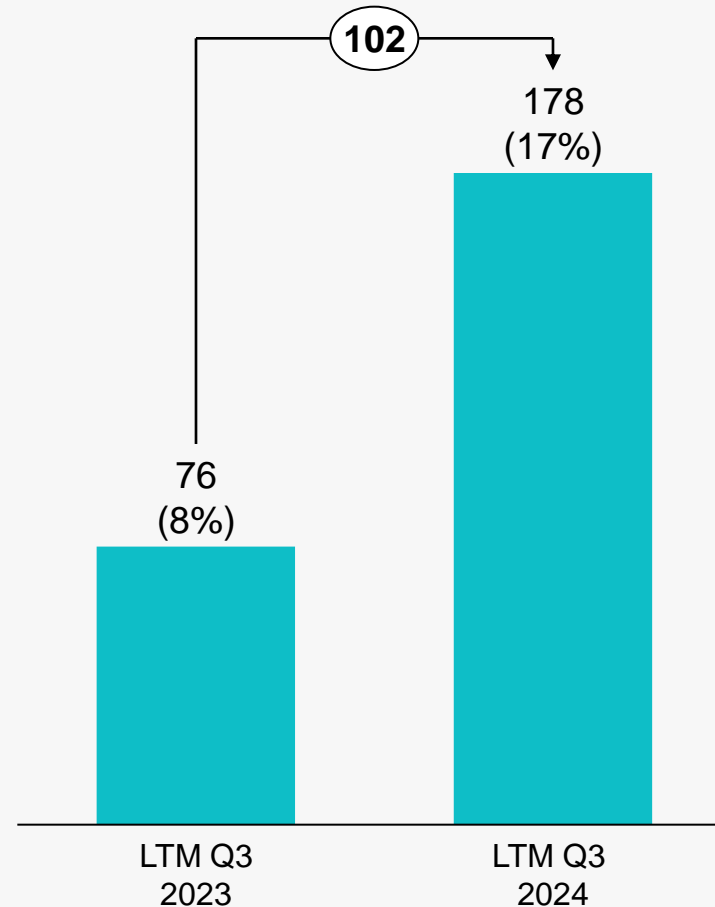
- Stronger new sales and lower net retention in Connected Spaces driven by change of room systems
- Target stronger growth and higher net retention in Secure & Custom in order to improve overall net retention

Continued revenue growth driven by SaaS

Revenue
NOK million



Adjusted EBITDA¹
NOK million (margin)



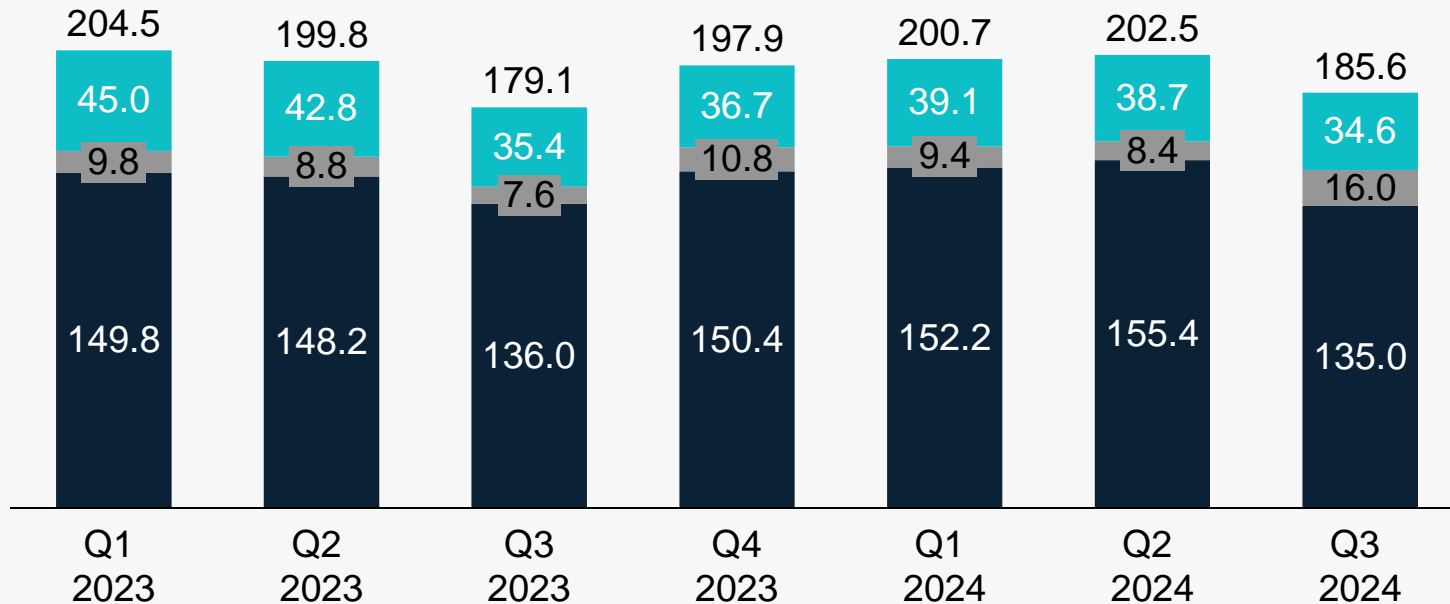
- 11% revenue growth on LTM, in line with ARR growth
- Stable cost base and 90% gross margins converting revenue growth to EBITDA improvement
- NOK 102 million growth in EBITDA¹ on LTM basis, 17% adjusted EBITDA¹ margin

1) EBITDA adjusted for Other gains and losses

Stable operating expenses

Quarterly OPEX development

NOK million



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

Salary and personnel expenses

- Have reduced headcount during 2023 and 2024 in order to offset inflation

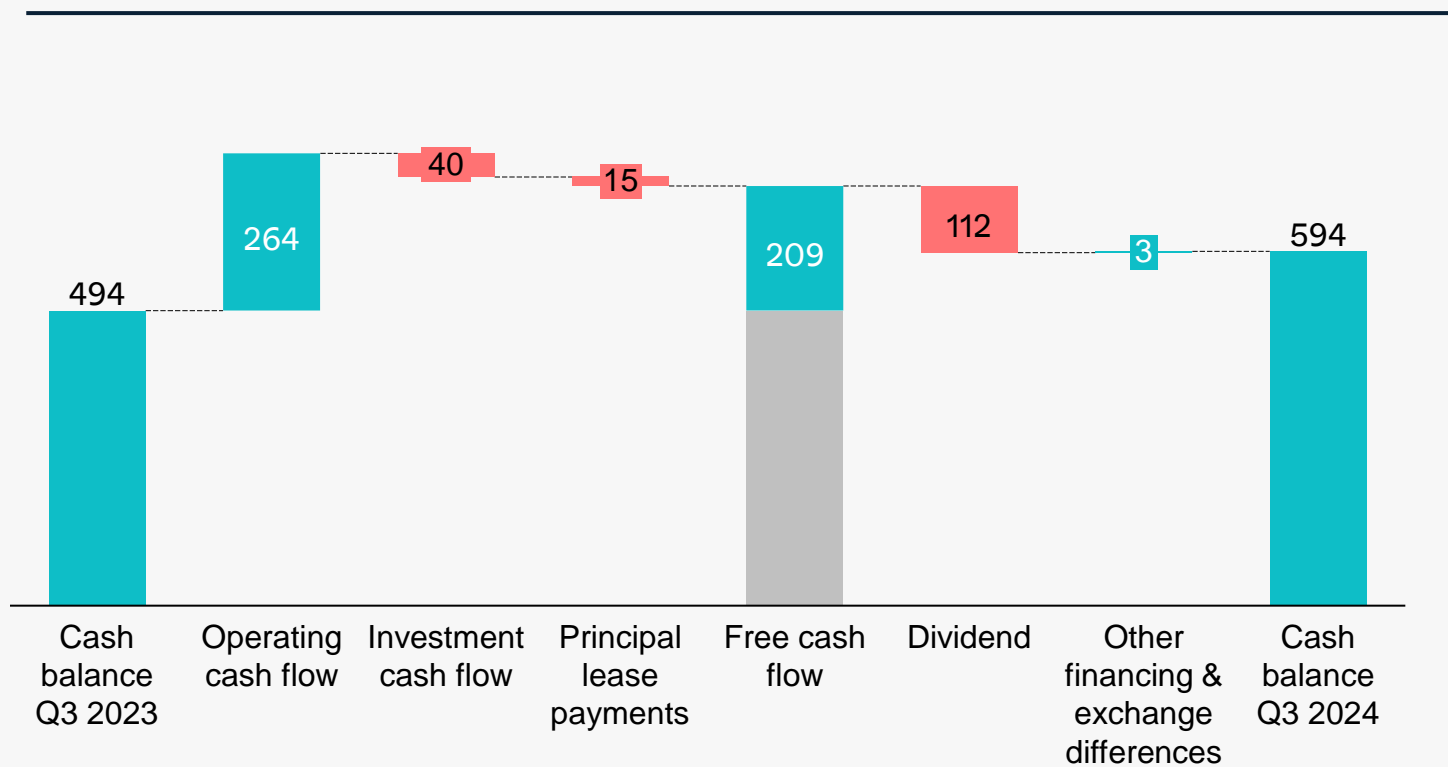
Other Operating expenses

- Majority of cost tied to marketing, external services and IT costs

NOK 209 million in free cash flow last twelve months, up NOK 140 million from previous period

Cash flow bridge LTM Q3 2024

NOK million



- Above 100% conversion from EBITDA to free cash flow
- Disciplined approach to capital expenditure – main driver is internal software development
- Paid first-time dividend in 2024, 107% of 2023 free cash flow
 - Have a cash distribution policy of distributing 50-100% of free cash flow through dividends or stock buybacks

Outlook

- Continued positive market outlook across the business areas
- Strong market position and industry partnerships are expected to continue to drive growth
- Q4 2024 ARR expected 111-114 USD millions

2024 outlook

- 8-11% ARR growth
 - Previous 8-10%
- **16-20% EBITDA¹**

2025+ targets

Consistently deliver:

- Above 10% ARR growth
- Above 20% EBITDA¹

1) Excluding other gains and losses

Thank you

Investor.pexip.com

IR@Pexip.com

Backup: Summary of key figures

KPI	Unit	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Y-o-y	Q-o-Q
ARR								
Connected Spaces	MUSD	60.5	63.1	64.2	65.3	66.8	6.3	1.5
Secure & Custom	MUSD	35.5	36.3	37.7	39.7	41.0	5.5	1.3
Legacy	MUSD	3.8	3.3	2.8	2.1	1.8	-1.9	-0.3
Total	MUSD	99.7	102.8	104.8	107.1	109.5	9.8	2.4
P&L								
Revenue	MNOK	214.9	285.2	292.0	265.6	228.5	13.6	-37.1
Cost of Goods Sold	MNOK	-25.2	-28.1	-27.1	-27.1	-24.8	0.4	2.3
Gross profit	MNOK	189.7	257.0	264.9	238.5	203.7	14.0	-34.8
Salary and personnel expenses	MNOK	-143.6	-161.2	-161.4	-163.8	-151.0	-7.4	12.8
Other OPEX	MNOK	-35.4	-36.7	-39.1	-38.7	-34.6	0.8	4.1
Adj. EBITDA	MNOK	10.6	59.2	64.4	36.0	18.1	7.5	-17.9
Other gains and losses	MNOK	-5.7	-4.5	-6.7	-3.0	-3.4	2.3	-0.4
EBITDA	MNOK	4.9	54.6	57.7	33.0	14.6	9.8	-18.3
D&A	MNOK	-27.1	-100.0	-19.8	-19.6	-18.6	8.5	1.0
EBIT	MNOK	-22.3	-45.4	37.9	13.4	-4.0	18.3	-17.4
Net Financials	MNOK	-3.2	0.4	22.5	-1.0	13.0	16.2	14.0
Tax	MNOK	1.2	-13.6	-15.0	-5.4	-3.2	-4.5	2.2
Net profits	MNOK	-24.2	-58.6	45.4	7.0	5.8	30.0	-1.2
Cash and cash flow								
Operating cash flow	MNOK	(1.7)	50.4	112.3	78.9	22.2	23.9	-56.7
Investing cash flow	MNOK	(3.4)	(12.5)	(8.7)	(7.2)	(11.1)	-7.7	-3.9
Principal lease payments	MNOK	(5.2)	(4.8)	(3.0)	(4.0)	(3.3)	1.9	0.7
Free cash flow	MNOK	(10.3)	33.1	100.5	67.7	7.8	18.0	-59.9
Cash position	MNOK	494.3	522.7	628.1	586.5	593.2	98.9	6.7

Comments Q3 2024

ARR

- Delta ARR Q3 of 2.4 MUSD, with good contributions across Connected Spaces and Secure&Custom
- Annual ARR growth of 10% p.a. (12% excl legacy)

Revenues

- Growth in quarterly revenues of 14 MNOK (+6%)
- Seasonal variation in software revenues main driver for q-o-q reduction

COGS

- Stable COGS despite Software-as-a-Service revenue growth, in part due to one-off rebates

Opex

- Main driver of y-o-y increase is 8 MNOK in increased share option costs due to share price growth
- Stable Other OPEX y-o-y despite inflation

Cash

- Improved operating cash flow y-o-y from improved profitability
- Increased investment cash flow in part due to later payment of R&D tax credits (5 MNOK)