

] pexip[

# Quarterly Presentation Q3 2024

November 7, 2024

# Important notice and disclaimer

These materials have been produced by Pexip Holding ASA (the "Company", and with subsidiaries the "Group"). The materials have been prepared for the exclusive use of persons attending an oral briefing and meeting to which these materials relate given by a representative of the Company and/or persons to whom these materials have been provided directly by an authorized representative of the Company (the "Recipients"). For purposes of this notice, "materials" means this presentation, its contents and appendices and any part thereof, any oral presentation and any question or answer session during or after or in relation to any of the foregoing.

The materials are for information purposes only, and do not constitute or form part of any offer, invitation or recommendation to purchase, sell or subscribe for any securities in any jurisdiction and neither the issue of the information nor anything contained herein shall form the basis of or be relied upon in connection with, or act as an inducement to enter into, any investment activity. The materials comprise a general summary of certain matters in connection with the Group, and do not purport to contain all of the information that any recipient may require to make an investment decision. Each recipient should seek its own independent advice in relation to any financial, legal, tax, accounting or other specialist advice.

No representation or warranty (expressed or implied) is made as to any information contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements. Accordingly, the Company or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of the materials.

The materials may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Any such forward-looking statements are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. No liability for such statements, or any obligation to update any such statements or to conform such statements to actual results, is assumed.

These materials are not intended for distribution to, or use by, any person in any jurisdiction where such distribution or use would be contrary to local laws or regulations, and by accepting these materials, each recipient confirms that it is able to receive them without contravention of an unfulfilled registration requirements or other legal or regulatory restrictions in the jurisdiction in which such recipients resides or conducts business.

This presentation and related materials speaks only as of the date set out on the cover, and the views expressed are subject to change based on a number of factors. The Company does not undertake any obligation to amend, correct or update the materials or to provide any additional information about any matters described herein.

# Pexip at-a-glance

**2011**

founded

**286**

employees across 25 countries

## Specialist video conferencing player

Mission-critical, enterprise-grade, secure video conferencing 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

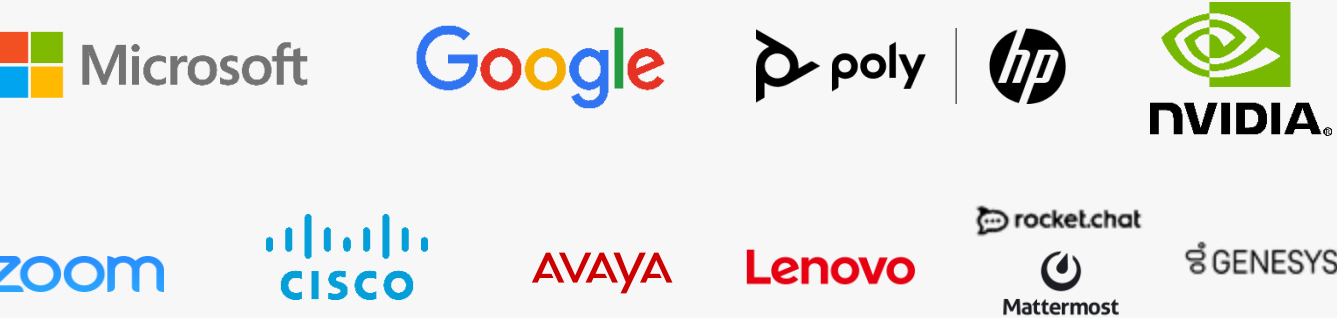
**\$110 million**

in Annual Recurring Revenue (ARR)

### Selected Customers



### Selected Technology partners



# Q3 2024 highlights



- Continued improved ARR growth
- Double-digit growth from both business areas
- Improved EBITDA<sup>1</sup> despite one-off items of negative NOK 15 million
- Strong free cash flow, up NOK 18 million y-o-y



- Strong start for the Connect for Zoom Rooms
- Launched partnership with RingCentral



**+2.4m**  
MUSD 109.5 EoQ3

*ARR*  
Q-o-Q



**18.1m**  
MNOK 178 LTM

*Adj. EBITDA<sup>1</sup>*  
Q3 2024



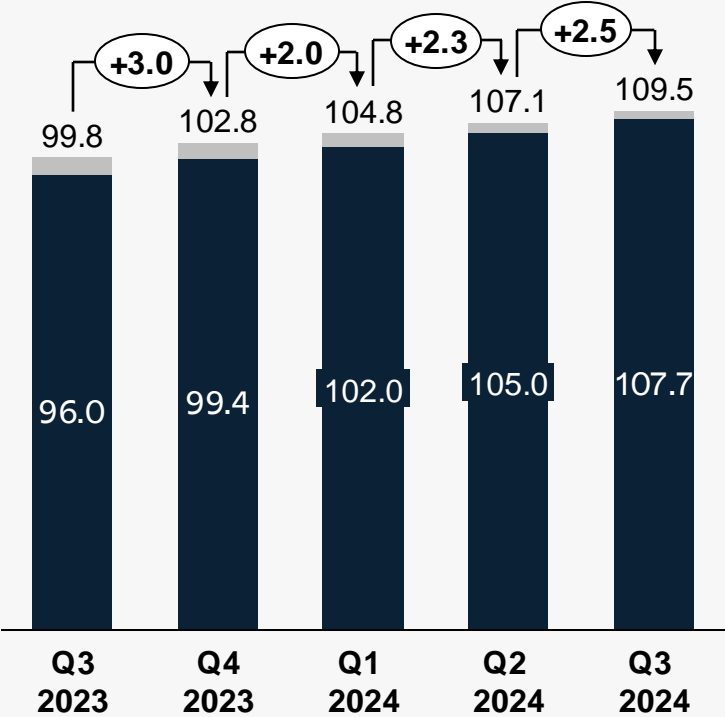
**7.8m**  
MNOK 209 LTM

*Free cash flow*  
Q3 2024

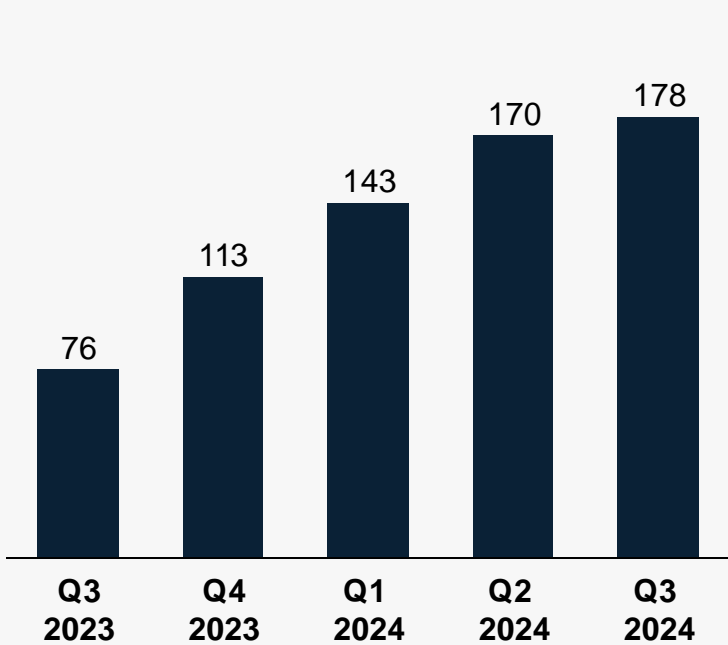
1) Excluding Other gains and losses, e.g., restructuring costs

# Continued growth and further improved profitability

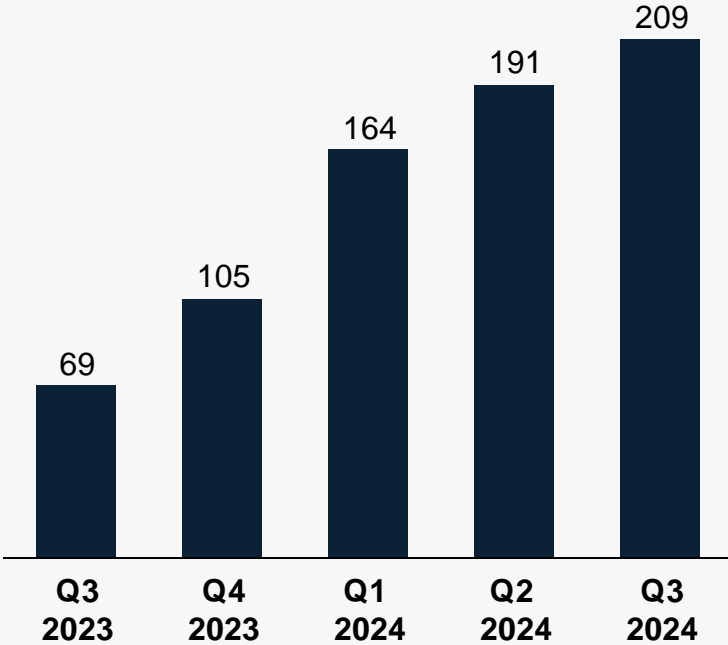
**Total ARR**  
USDm



**Adjusted EBITDA<sup>1</sup>**  
NOKm, Last twelve months



**Free Cash flow<sup>2</sup>**  
NOKm, Last twelve months



Legacy  
Underlying ARR

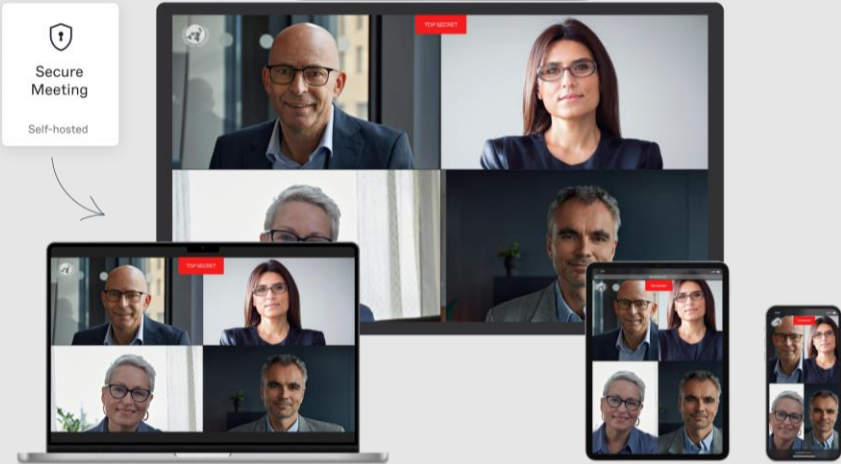
<sup>1</sup> EBITDA less Other gains and losses  
<sup>2</sup> Operating cash flow, investment cash flow and leases

# Pexip's two business areas

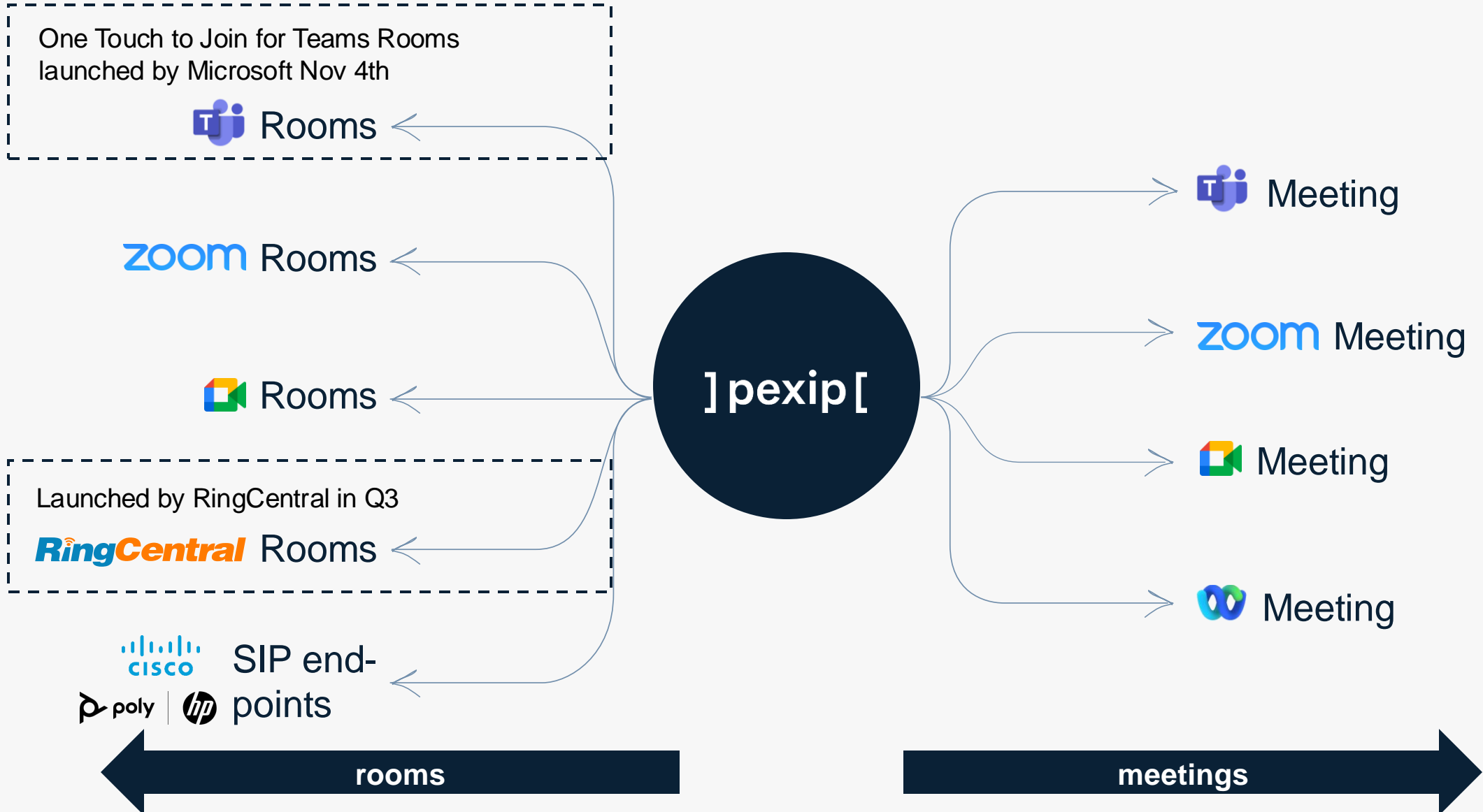
## Pexip Connected Spaces Video meeting room interoperability



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



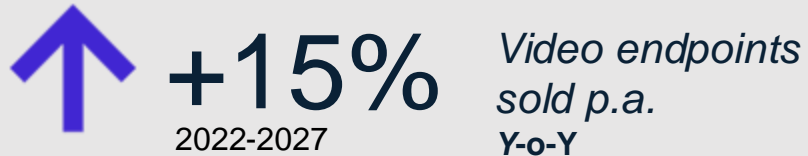
# Our vision is to connect any meeting room to any meeting



# Strong market position in a growing market

## Video device growth expected to drive TAM growth

---



- 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

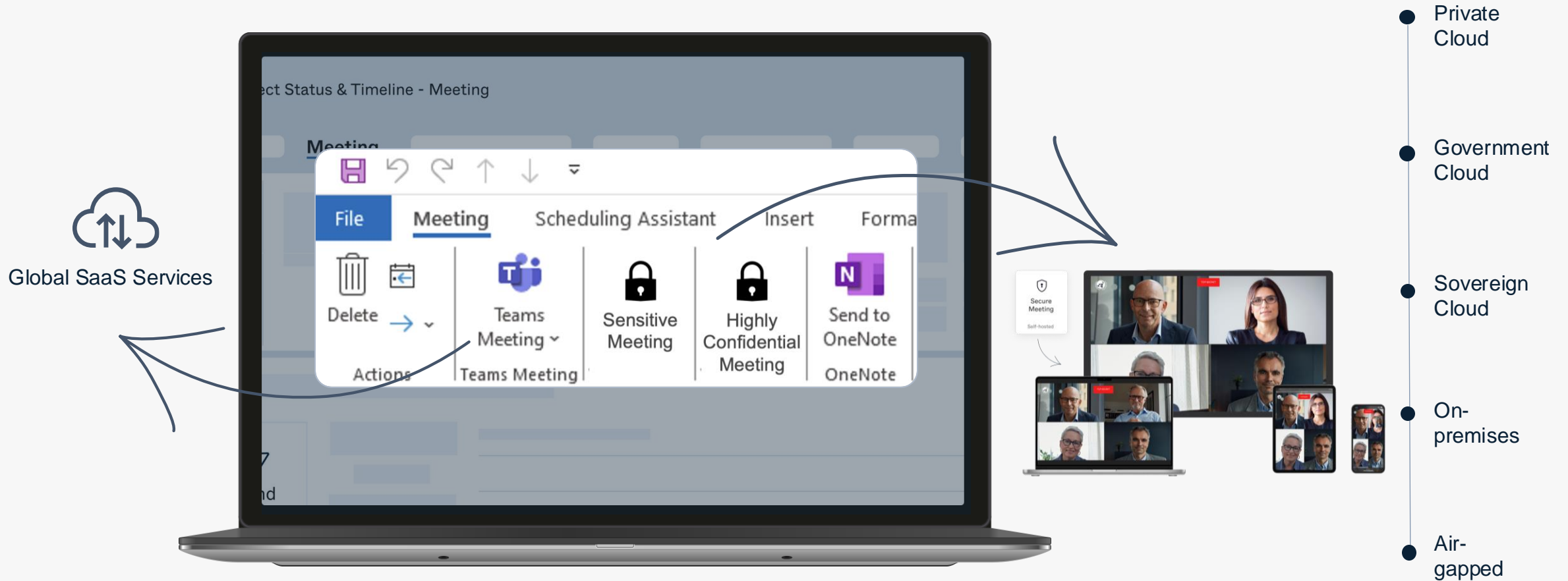


# Pexip is Microsoft ISV Partner of the Year 2024

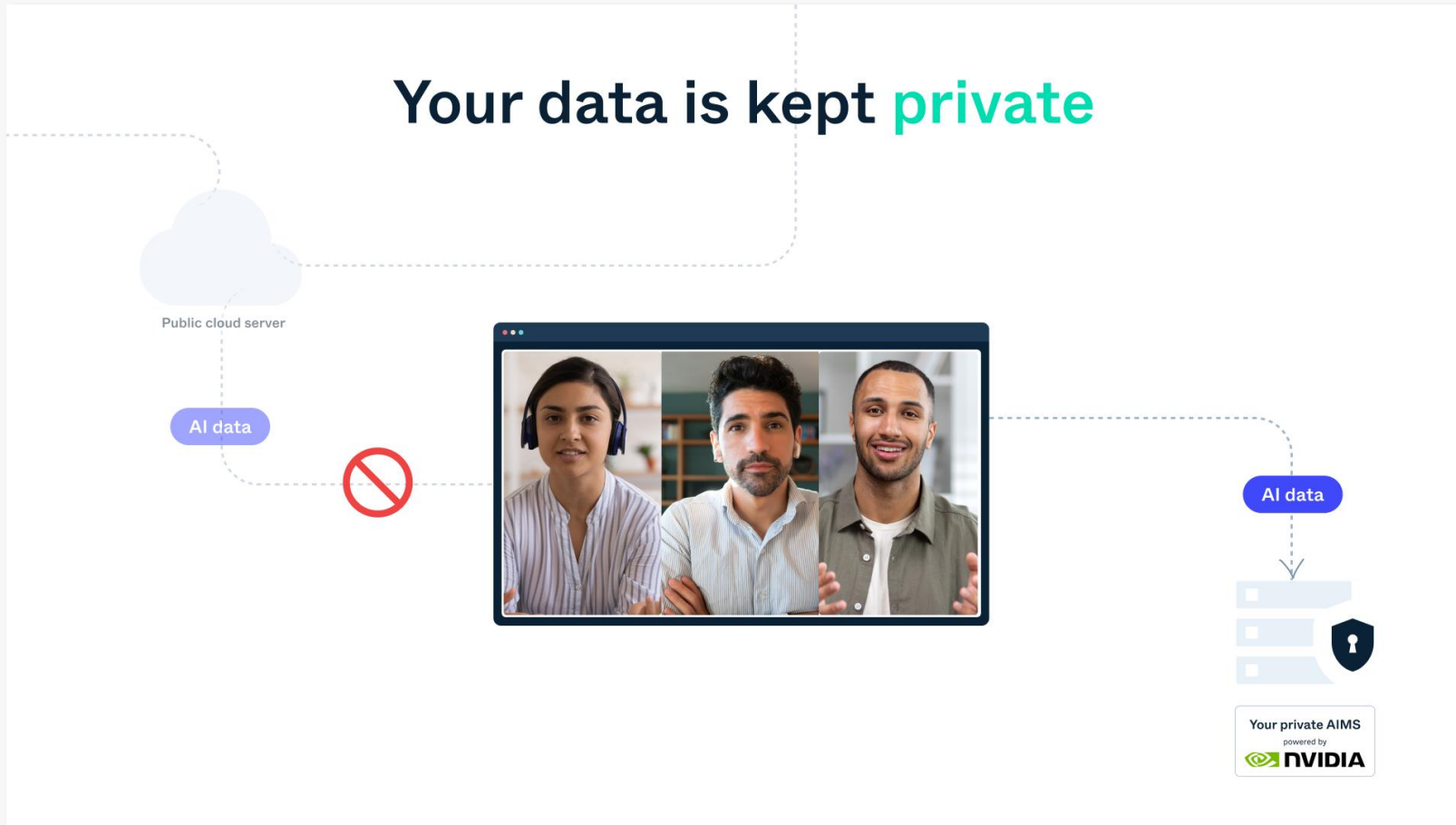
- Continue to be recognized by Microsoft for our exceptional results with a new standard for success.
- Azure Marketplace Global Partner Finalist
- Independent software vendor Partner of the year 2024



# Complementary video services cater to specific customers' security & privacy requirements



# AI for Secure Meetings general available in Q4 through NVIDIA partnership



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

# Sales update

# Connected Spaces



+1.5m

*ARR change*  
Q-o-Q USD



66.8m

*ARR USD*  
End of Q3 2024



11%

*Y-o-Y growth*  
Q3 2024



Strong first full quarter with the new Connect for Zoom Rooms product

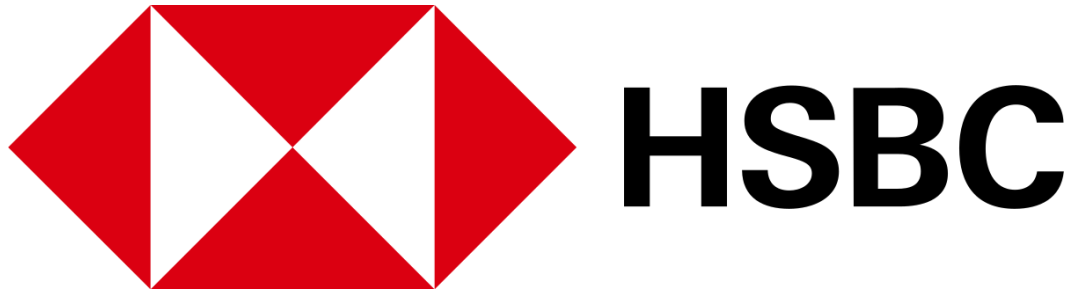


Closed several Fortune 500 accounts with strong momentum in particular in US Enterprise



Strong uptake of our FedRAMP authorized cloud service

# 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 and Custom Spaces



+1.3m

*ARR change  
Q-o-Q USD*



41.0m

*ARR USD  
End of Q3 2024*



15%

*Y-o-Y growth  
Q3 2024*



Secure Meetings continue to be the main growth driver



Closed first Virtual Courts sale outside of Europe



Increased upsales across several key accounts in Q3 2024

# Customer use-case: Large European Naval Defence Force



## PRODUCT

### SECURE MEETINGS

#### Use case: Multi-Nation Defence Collaboration

- Operate across multiple domains with the highest level of security
- Enabling quick collaboration and fast decision-making

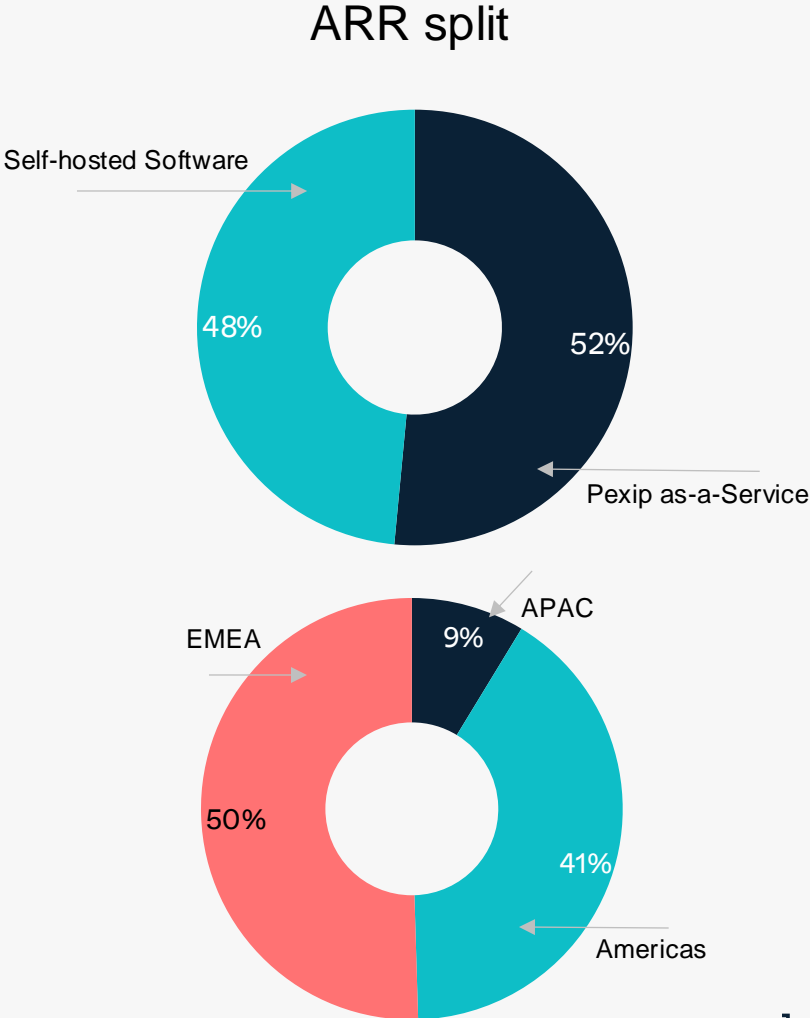
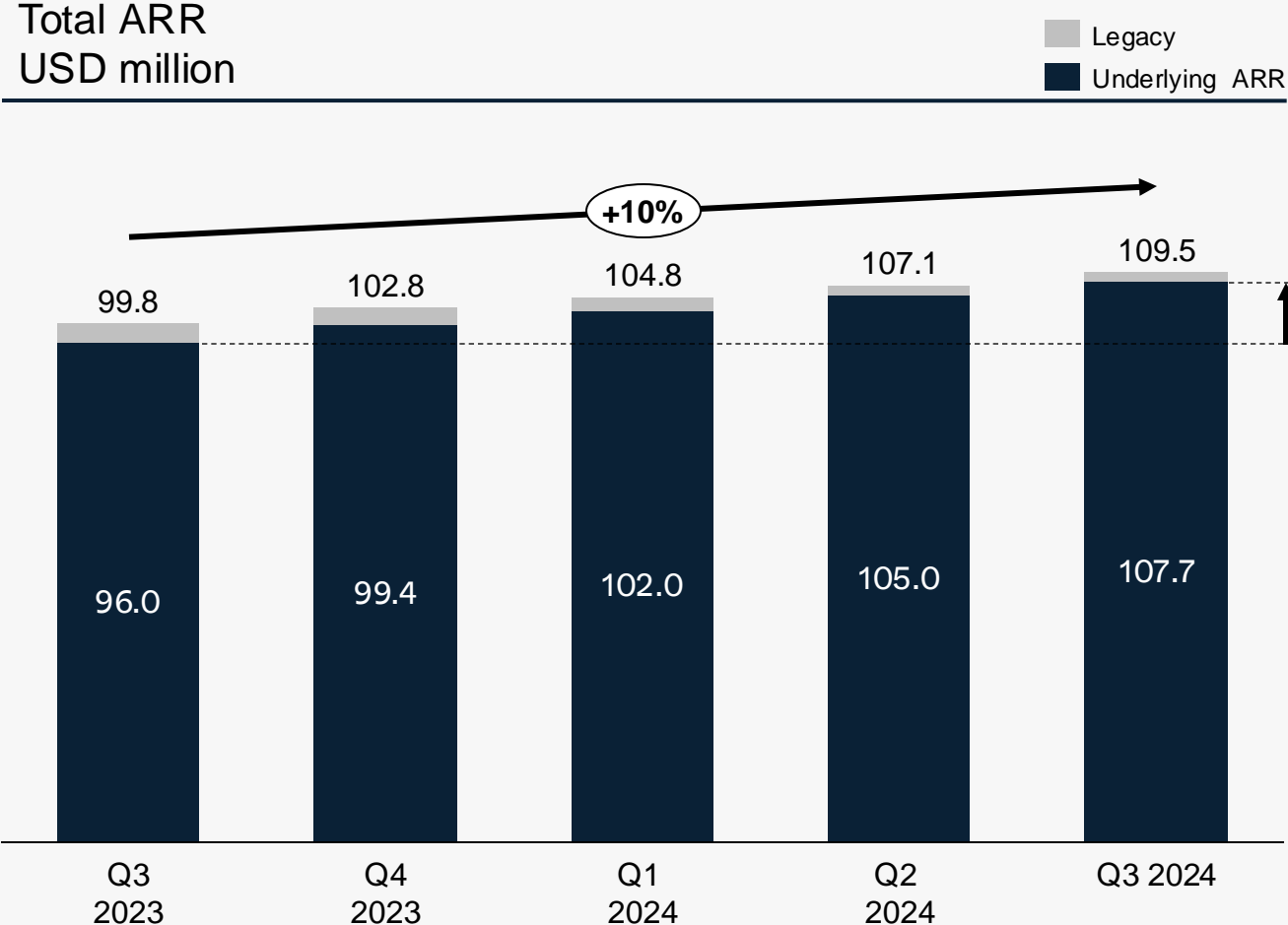
#### Key winning USPs

- Pexip is leading in video collaboration within a Data-Centric Security systems architecture
- Attribute-based access controls (ABAC)
- Unique integration capabilities



# Financial update

# Total ARR base at USD 110 million in Q3 2024

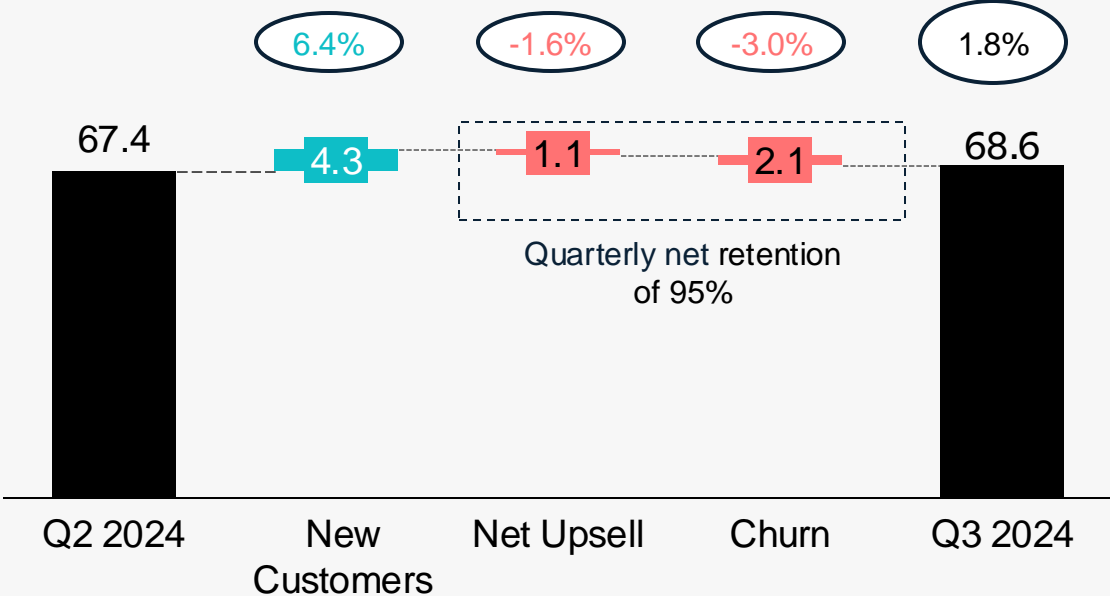


Booked Annual Recurring Revenue (ARR) development. Note: Will incorporate legacy in Connected Spaces from 2025

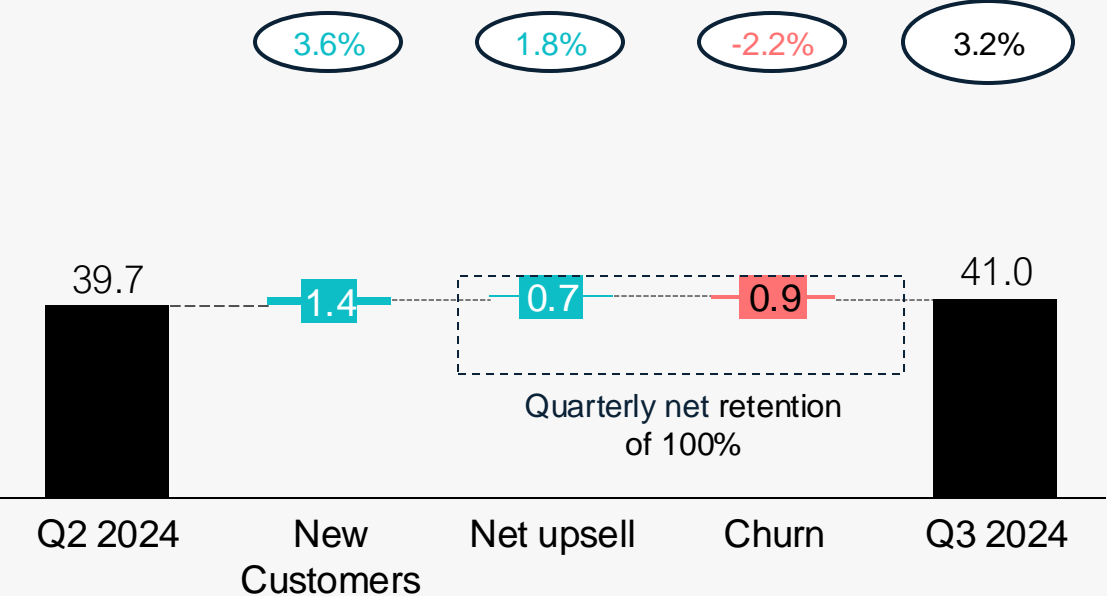
# Growth in both business areas

USD million, quarter-over-quarter

## Connected spaces and legacy



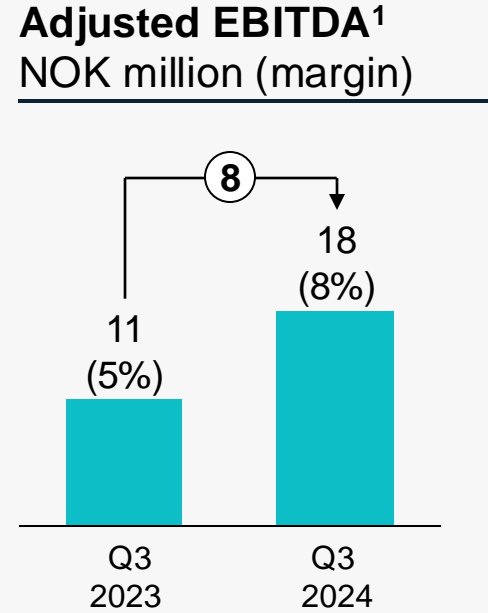
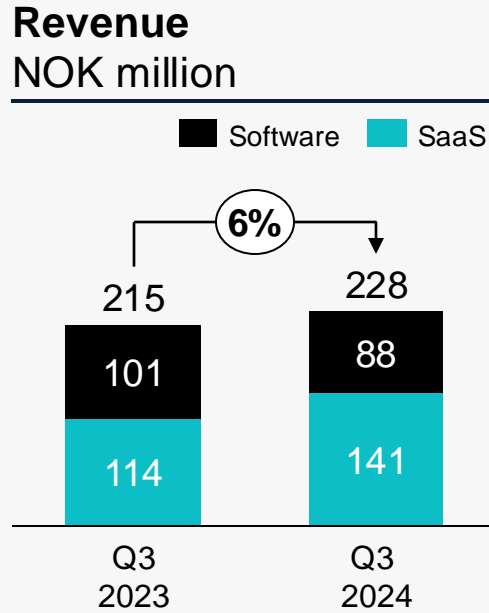
## Secure and Custom



- Strong new sales with quarter-on-quarter increase in New customers across both areas, with new sales of USD 5.7 million compared to USD 2.1 in Q3 2023

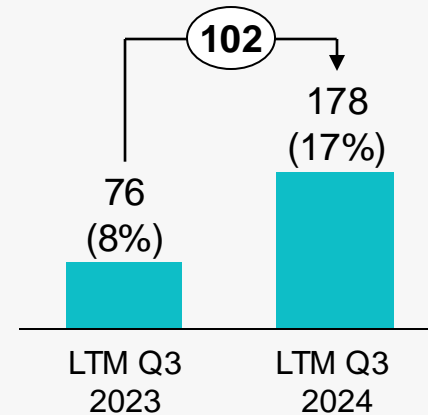
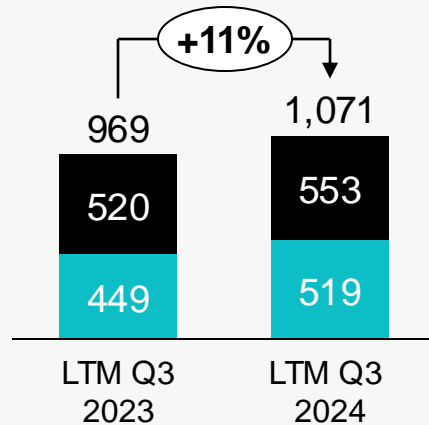
# Continued revenue growth driven by SaaS

Quarterly



- Quarterly revenue increase of 6% y-o-y
  - Strong growth of 22% on Software as a Service, reduction of 13% on Software
  - Mix shift towards SaaS in the quarter
- Gross margin increased with NOK 15 million, and EBITDA<sup>1</sup> increased with NOK 8 million

Last 12 months



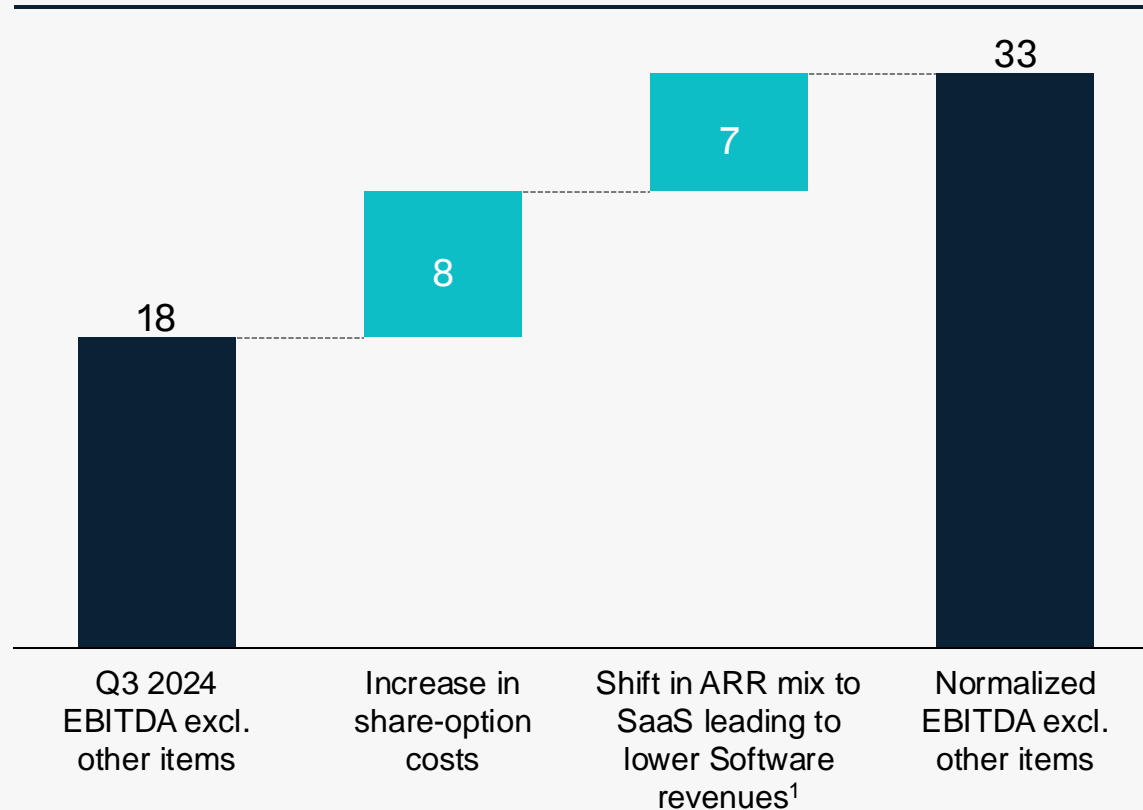
- 11% revenue growth on LTM, in line with ARR growth
- NOK 102 million growth in EBITDA<sup>1</sup> on LTM basis, 17% adjusted EBITDA<sup>1</sup> margin

1) EBITDA adjusted for Other gains and losses

# Q3 EBITDA impacted by a few notable elements

## Q3 2024 EBITDA bridge

NOK million



### Increase in share-option costs

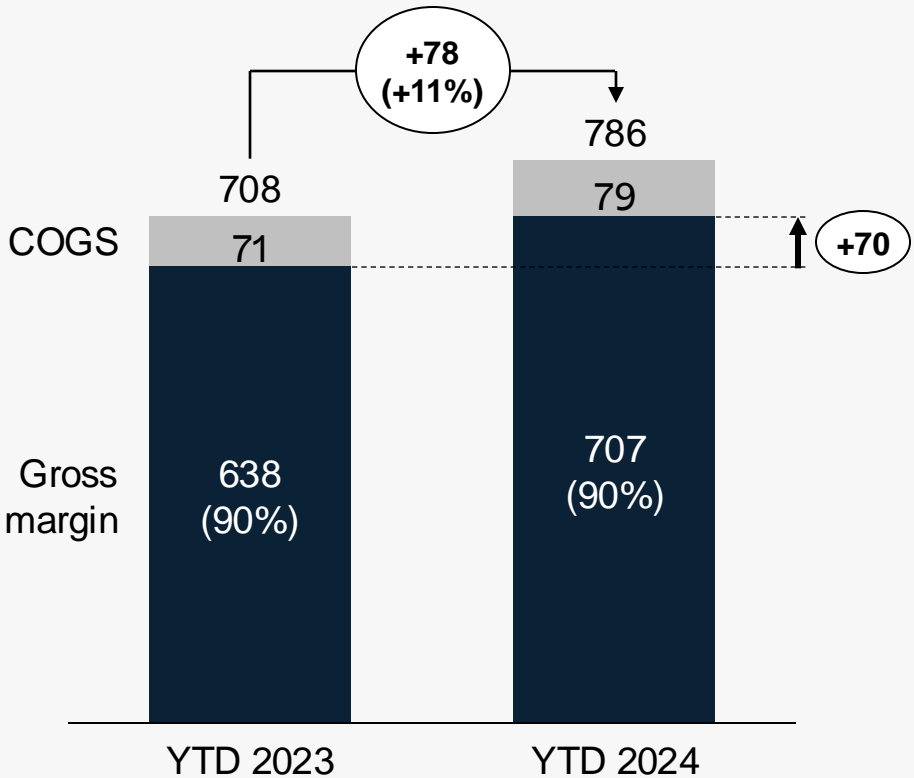
- Share price growth during Q3 2024 of NOK 9.8 per share
- This impacts cost accruals for employer tax on share options, driving a NOK 8 million y-o-y increase in share option costs for Q3 2024

### Shift in ARR mix

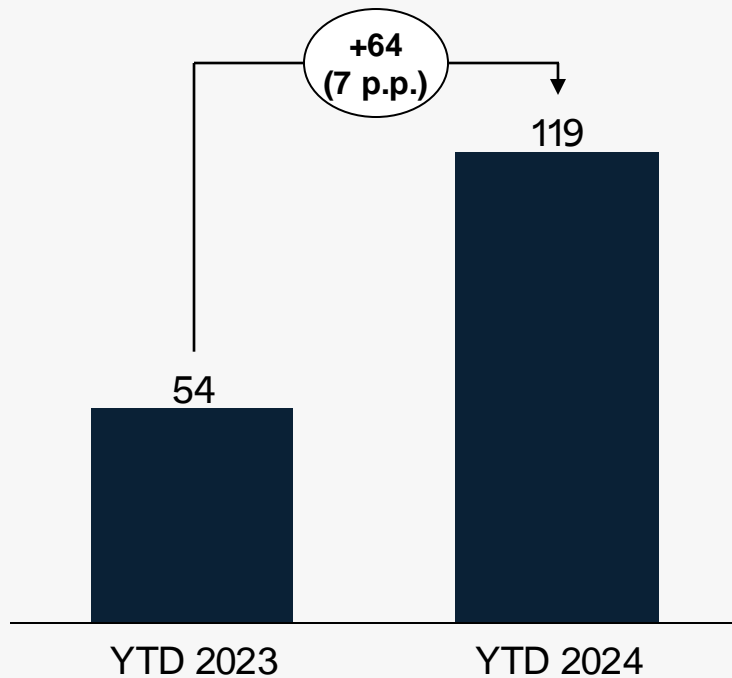
- Decrease of USD 0.8 million in software ARR due to shift towards software-as-a-service
  - Strong uptake of FedRAMP service in Q3 2024
- SaaS and software contracts have the same cash flow profile, however, the shift delays revenue recognition and positively impacts working capital

# High conversion of revenue growth to EBITDA in 2024

Revenue and gross margin  
NOK million



EBITDA excl. other gains and losses  
NOK million



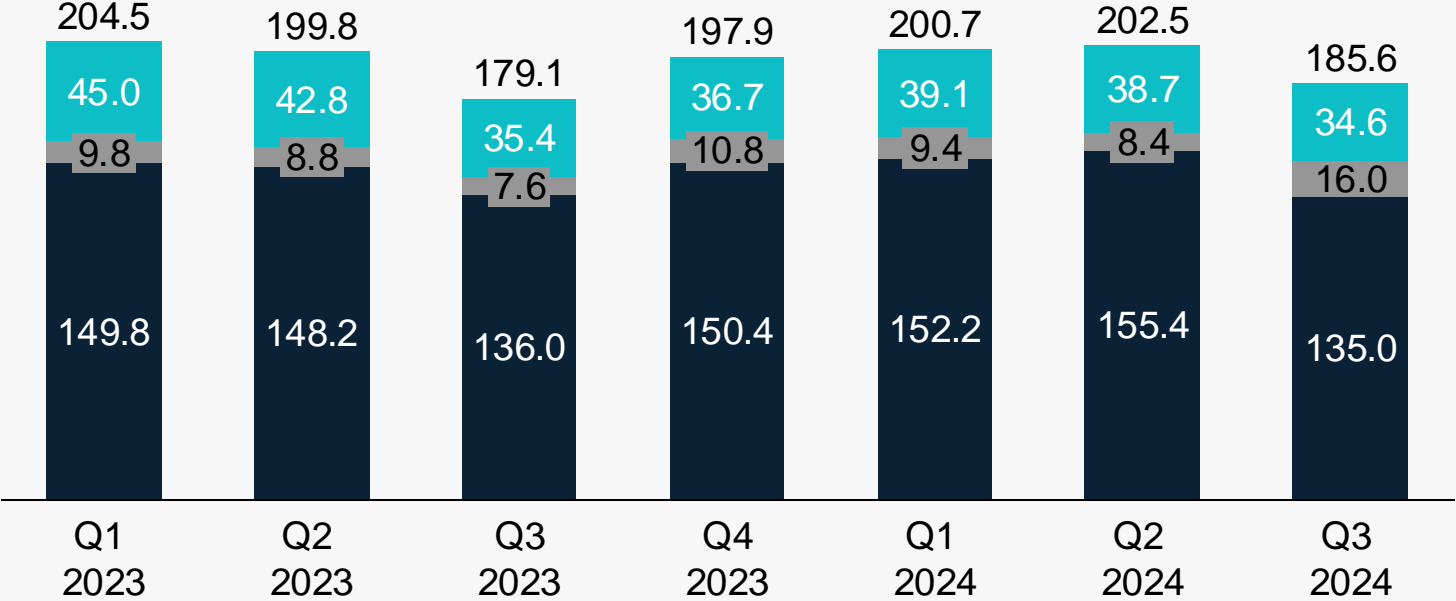
Converted 83%<sup>1</sup> of revenue growth to EBITDA growth

Note: Q1-Q3  
1 94% excluding Q3 2024 share option cost increase

# Stable operating expenses outside share option related costs

## Quarterly OPEX development

NOK million



■ 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 Q3 and an increase in variable salary of NOK 4 million
- Increase of NOK 8 million on share option related costs

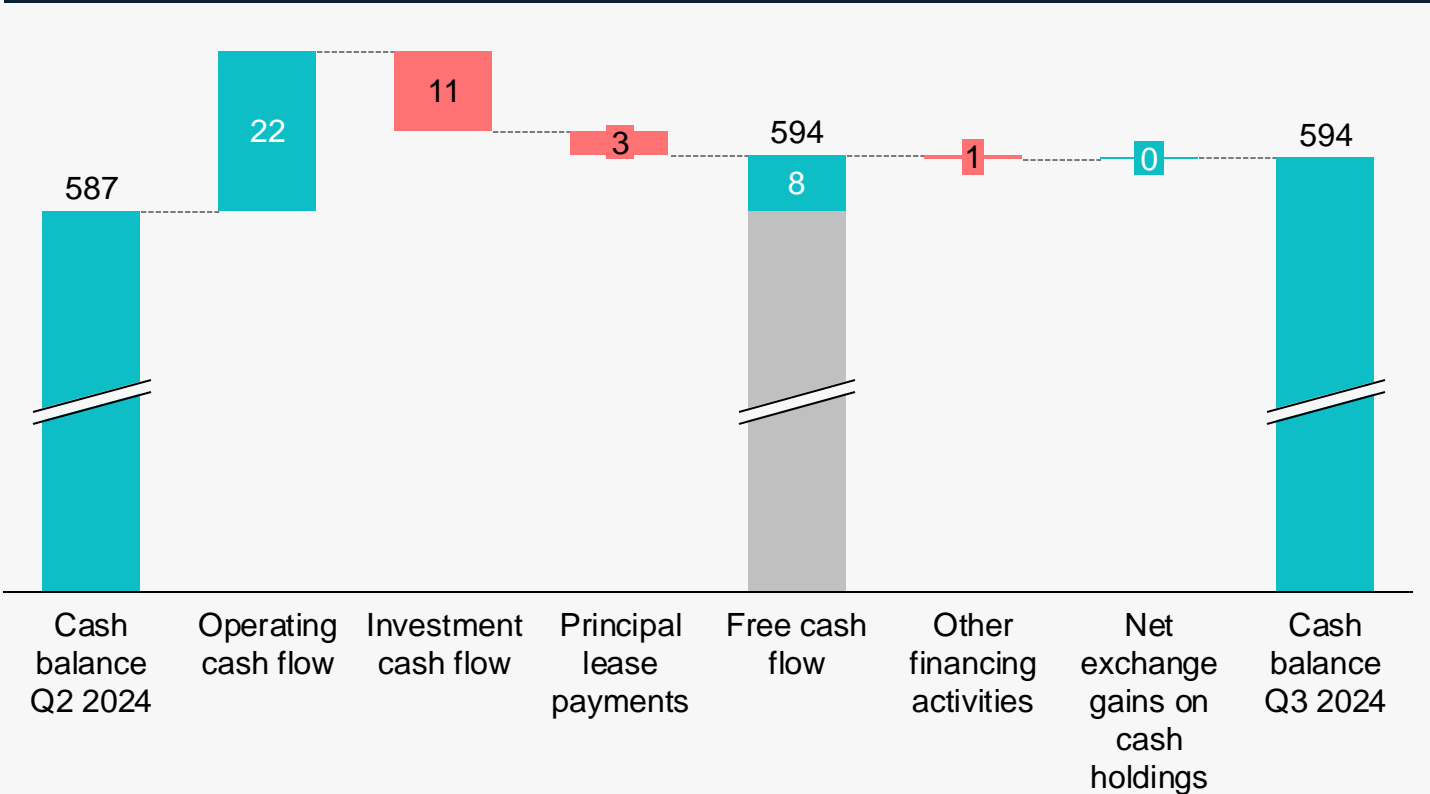
### Other Operating expenses

- Seasonally somewhat lower than previous quarters, and NOK 1 million lower than Q3 2023.
- Reduction related to lower consultancy costs

# NOK 8 million in free cash flow in Q3 – NOK 18 million better than Q3 2023

## Cash flow bridge Q3 2024

NOK million



- Positive EBITDA main driver of Q3 operating cash flow
- NOK 11 million investment cash flow (+8 million y-o-y), due to delayed reception of outstanding R&D tax credits (NOK 5 million in Q3 2023)

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



# Q3 2024 Financial results

## Profit and loss

NOK million

	Q3 2024	Q3 2023	Y-o-Y
<b>Revenue</b>	<b>228</b>	<b>215</b>	<b>14</b>
Cost of goods sold	25	25	0
<b>Gross Profit</b>	<b>204</b>	<b>190</b>	<b>14</b>
Salary and personnel exp.	151	144	7
Other operating exp.	35	35	-1
<b>Adjusted EBITDA</b>	<b>18</b>	<b>11</b>	<b>8</b>
Other gains and losses	3	6	-2
<b>EBITDA</b>	<b>15</b>	<b>5</b>	<b>10</b>
D&A	19	27	-8
<b>EBIT</b>	<b>-4</b>	<b>-22</b>	<b>18</b>
Net financials	13	-3	16
<b>Profit/loss before income tax</b>	<b>9</b>	<b>-25</b>	<b>34</b>

- 6% increase in year-on-year revenue, negatively impacted by higher SaaS mix (timing effect)
- COGS is mainly relating to sale of Pexip-as-a-Service and is stable despite revenue growth, in part due to cloud service rebates received in Q3 2024
- EBITDA excluding other gains and losses of NOK 18 million, NOK 8 million higher than in Q3 2023.
- NOK 3 million in other gains and losses from restructuring
- Reduction in D&A in Q3 2024 due to lower depreciation of fixed assets and reduced leasing costs
- Improvement in net financials from foreign exchange difference gains

# 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
- End Q4 2024 ARR expected 111-114 USD millions

## 2024 outlook

- ARR of USD 111-114m
  - 8-11% y-o-y
- **17-20% EBITDA<sup>1</sup>**

## 2025+ targets

Consistently deliver:

- Above 10% ARR growth
- Above 20% EBITDA<sup>1</sup>

1) Excluding other gains and losses

# Upcoming dates

## Q4 2024 Quarterly Presentation

🕒 February 13<sup>th</sup> , 2025

**Q&A**

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

] pexip[

# BACKUP

Supporting materials



] pexip[

# Summary of key figures

KPI	Unit	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Y-o-y	Q-o-Q
<b>ARR</b>								
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
<b>P&amp;L</b>								
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
<b>Cash and cash flow</b>								
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)