

]pexip[

# Quarterly Presentation Q1 2025

May 7<sup>th</sup>, 2025

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# Software only specialist video conferencing player

Serving large enterprises and public sector organizations



Strong financial performance

**115.5m** ARR  
USD EoQ1

**10%** ARR growth  
Y-o-y

**91%** Gross margin  
LTM margin

**+8p.p** EBITDA expansion<sup>1</sup>  
LTM margin improvement

**27%** Free cash flow<sup>2</sup>  
LTM margin

Unique partnerships with the technology leaders in our industry



<sup>1</sup> Excluding other gains and losses  
<sup>2</sup> Cash flow excluding financing items

# Q1 2025 highlights



- Continued improved ARR, revenue and EBITDA growth
- Announcing share buy back program in light of strong cash position and commitments
- Strong growth in Secure & Custom



- Increased public awareness around need for secure and sovereign IT solutions
- Announced Pexip Connect for Google Meet hardware with Google

**+2.4m**  
MUSD 115.5 EoQ1

*ARR*  
Q-o-Q

**112.5**  
MNOK 255 LTM

*Adj. EBITDA<sup>1</sup>*  
Q1 2025

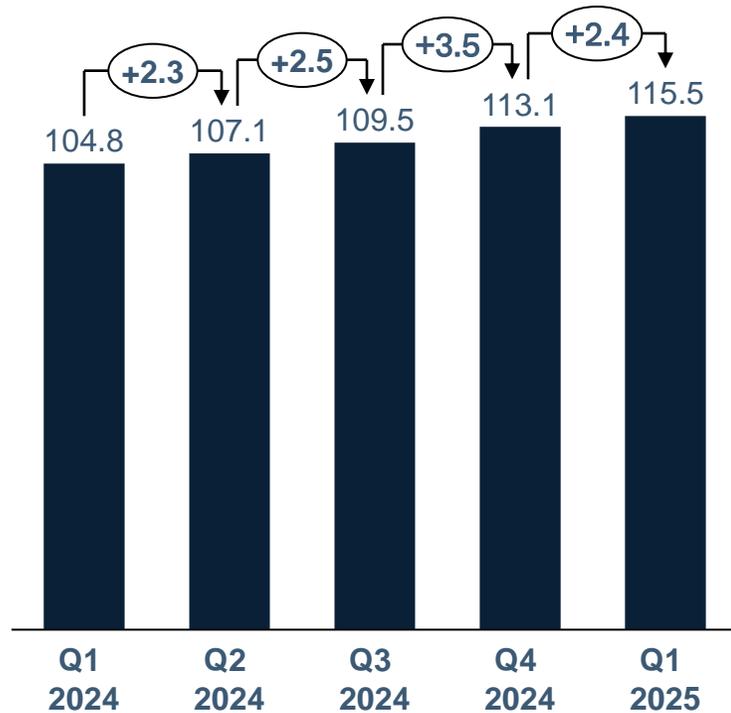
**221m**  
MNOK 315 LTM

*Free cash flow*  
Q1 2025

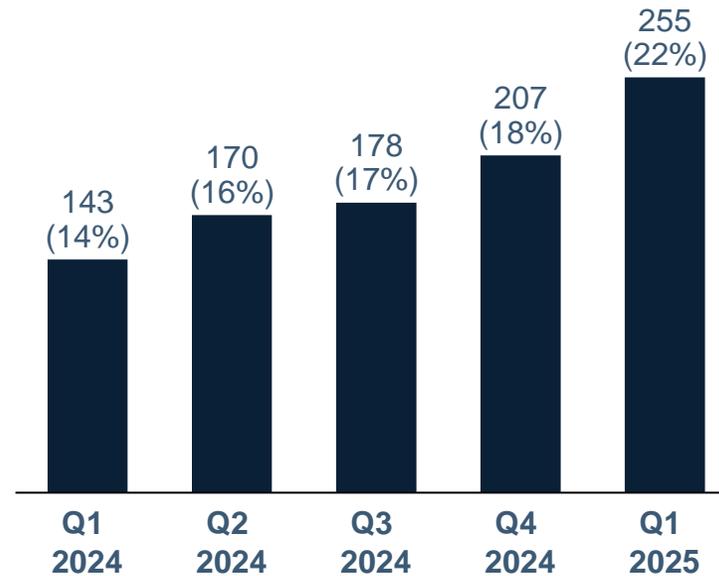
1) Excluding Other gains and losses, e.g., restructuring costs

# Continued growth and further improved profitability

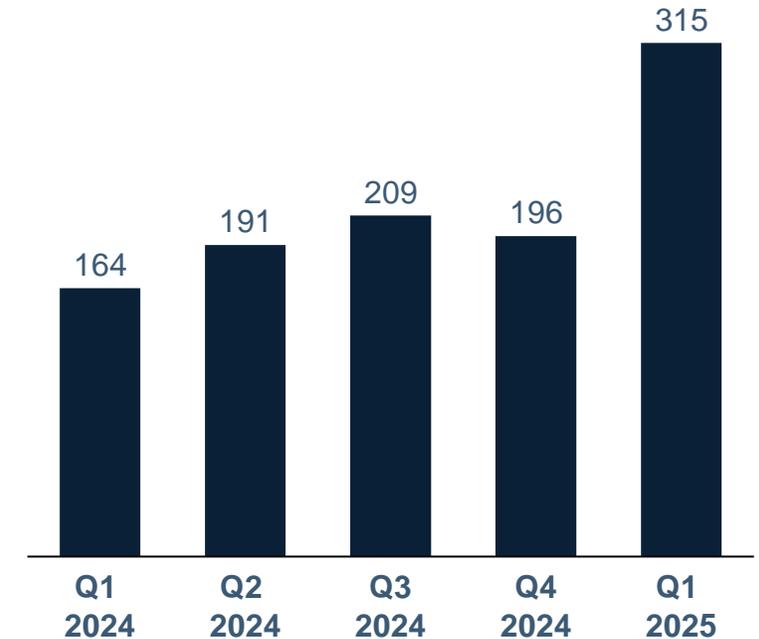
**Total ARR**  
USDm



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



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



<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 Secure & Custom Spaces

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

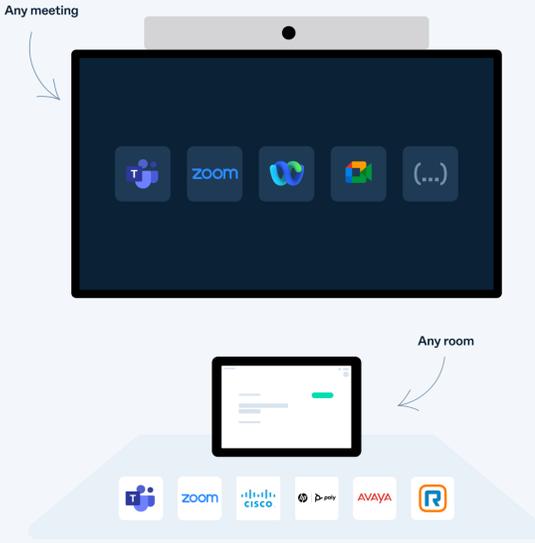


When complete privacy and control over data is required



## Pexip Connected Spaces

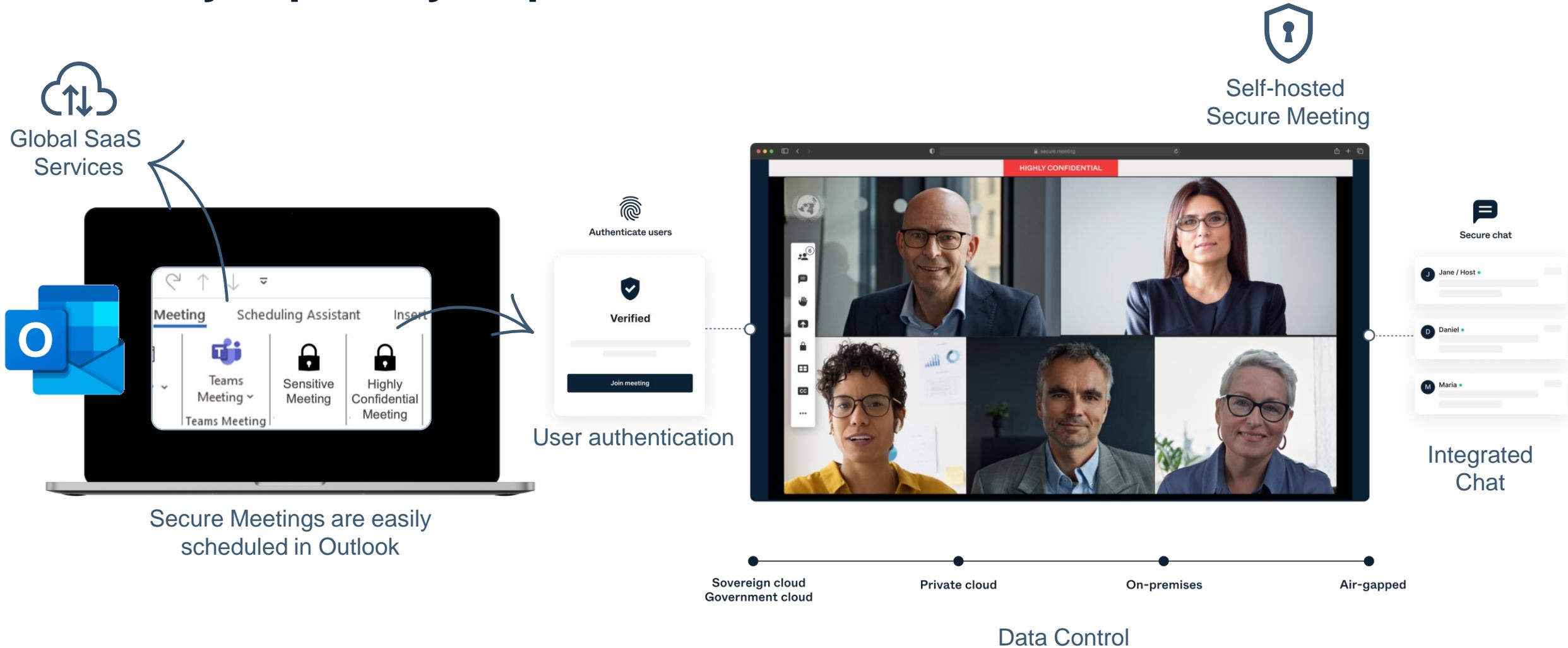
Video meeting room interoperability



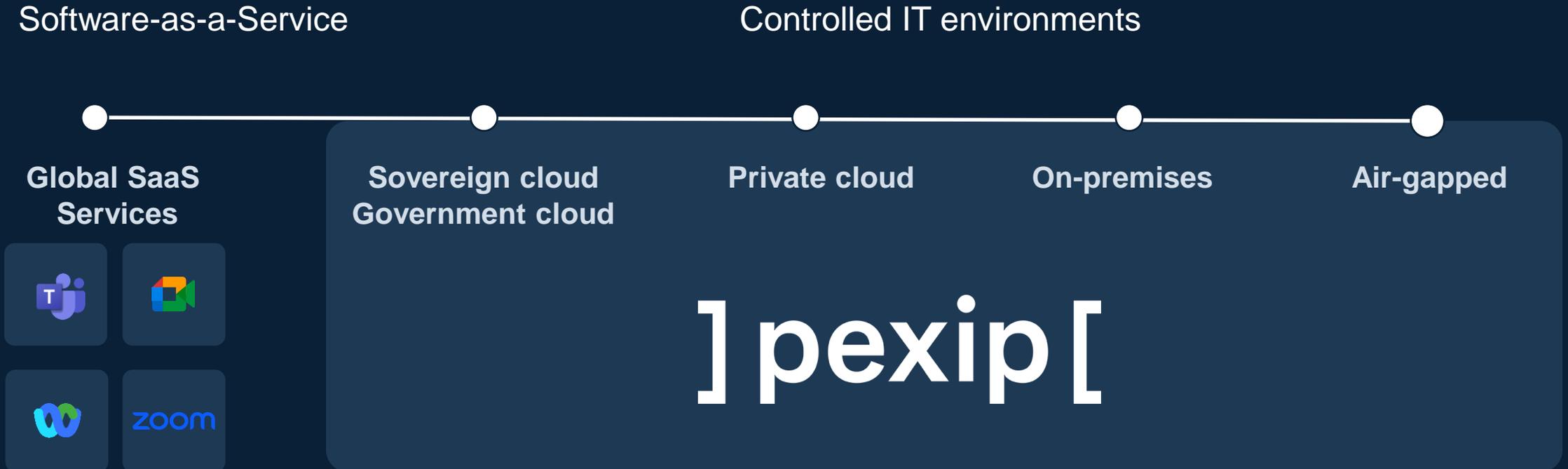
When several video technologies need to work seamlessly together



# Pexip Secure Meetings caters to customers with specific security & privacy requirements

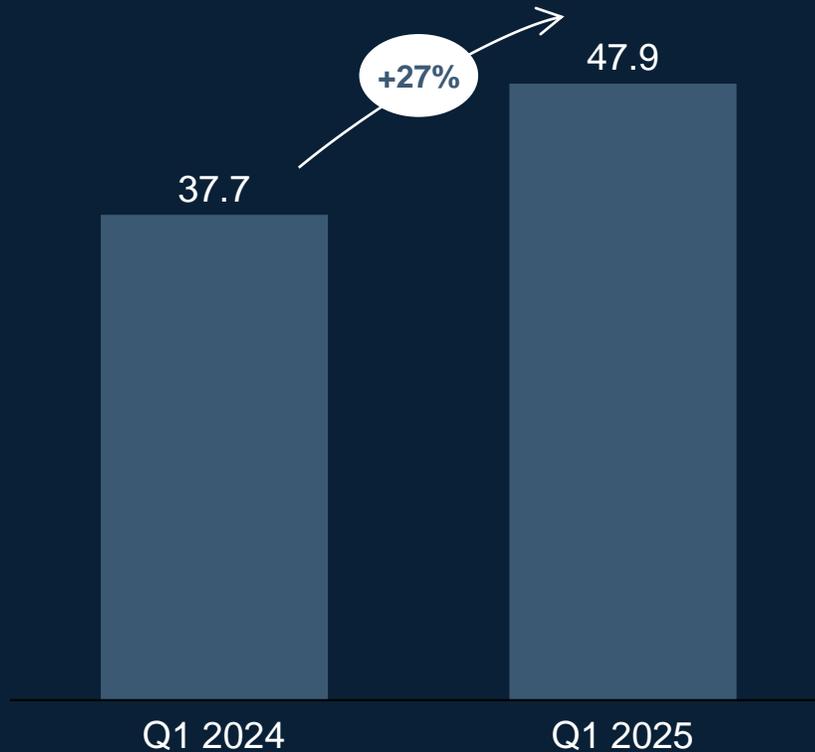


# Pexip offers unique deployment flexibility



# Strong momentum for Secure & Custom reinforced by current market trends

Secure & Custom ARR  
USDm



*Airbus leads call for Europe to create sovereign infrastructure fund, buy European*

- Reuters, March 2025

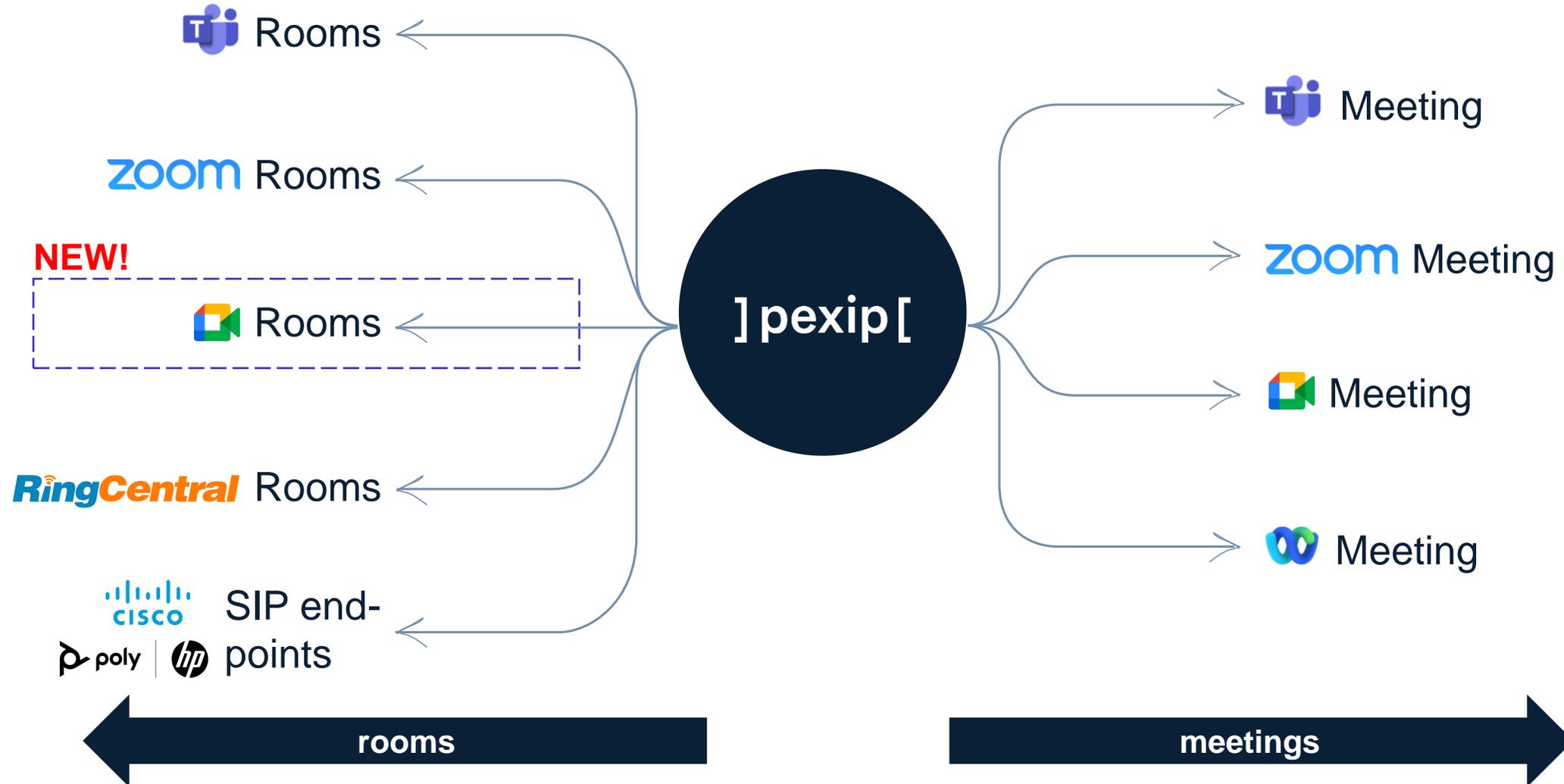
*Skygard announced that it has received NOK 2.4 billion in funding*

- NTB, March 2024

*Microsoft announces new European digital commitments*

- Microsoft, April 2025

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



# Announced Google Meet hardware interoperability

- Pexip will enhance the interop experience for Google Meet hardware users
- The offering will enable Google Meet hardware to join Teams meetings with excellent quality
- Will be available through the Google Marketplace and through resellers
- Already actively marketed by Google



# Sales update

# Secure and Custom Spaces

 **+3.0m** *ARR change  
Q-o-Q USD*

 **47.9m** *ARR USD  
End of Q1 2025*

 **27%** *Y-o-Y growth  
Q1 2025*



Secure Meetings continue to be the main growth driver



Significant increase in public awareness on need for sovereign IT in Europe



Continued good momentum in defense, added USD 1.0 million in ARR in Q1 across multiple organizations

# Defense use-case: Bundeswehr

Army, Navy, Air Force, Cyber, Information Space Command.



PRODUCT

## PEXIP SECURE MEETINGS

**Use case:** enable defense and governments to securely collaborate with NATO and allies

### Why Pexip:

#### 1. Sovereign

- European vendor
- Deployment flexibility incl. mobile networks

#### 2. Resilient

- Secure and higher, including NATO SECRET
- Reliability via Pexip's hardened software

#### 3. Interoperable

- FMN Spiral 4 ready (NATO approved standard)
- Support of various mission partner solutions (e.g., Skype for Business, Cisco, Poly)

# Connected Spaces

-0.5m

ARR change  
Q-o-Q USD

67.6m

ARR USD  
End of Q1 2025

1%

Y-o-Y growth  
Q1 2025



Lost 0.6 in ARR across two Service Providers who provided Interop as a Service based on Pexip Software



Continued strong momentum with new Connect for Zoom Rooms product with another major win with Walmart



Continue to build pipeline on new Connect products

# Customer use-case: Walmart

8000+ stores. 2M employees



## PRODUCTS

**CONNECT for MICROSOFT TEAMS**  
**CONNECT for ZOOM ROOMS**

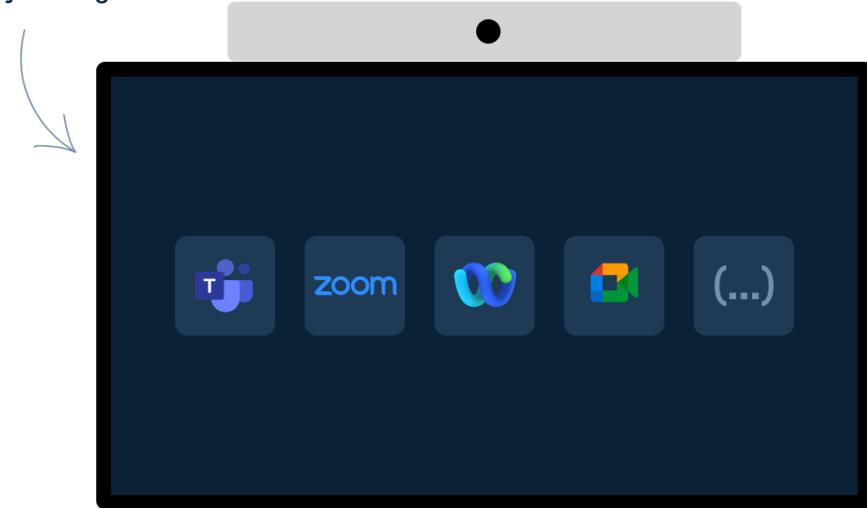
### Use case

- Connect 4000+ Zoom rooms and 1000+ Cisco rooms to Teams meetings
- A typical Pexip use case

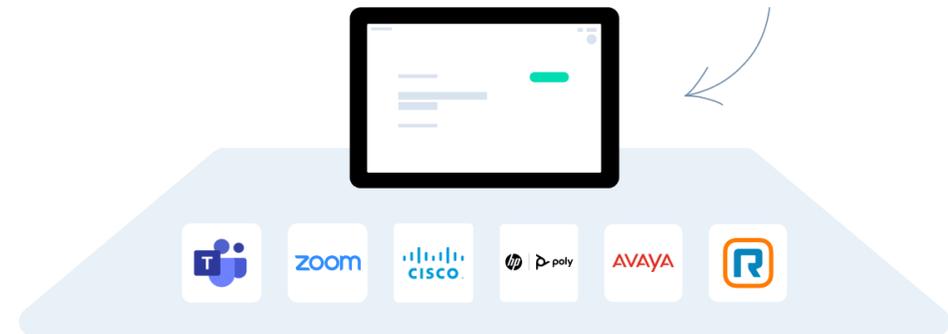
### Key winning USPs for Pexip

- Seamless UX for both Microsoft and Zoom
- Trusted and proven solution
- Premium, hands-on support
- Customer-focused development

Any meeting



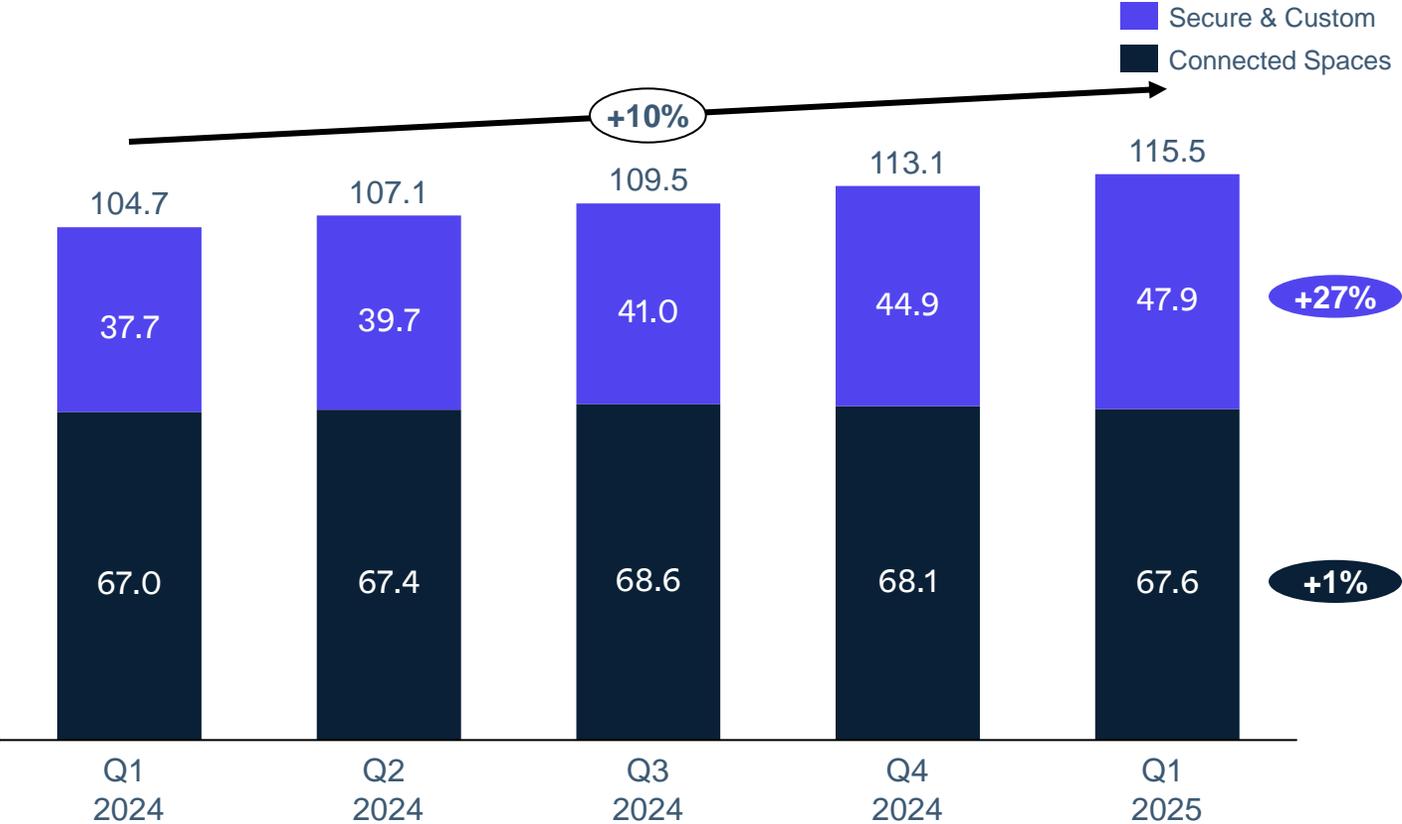
Any room



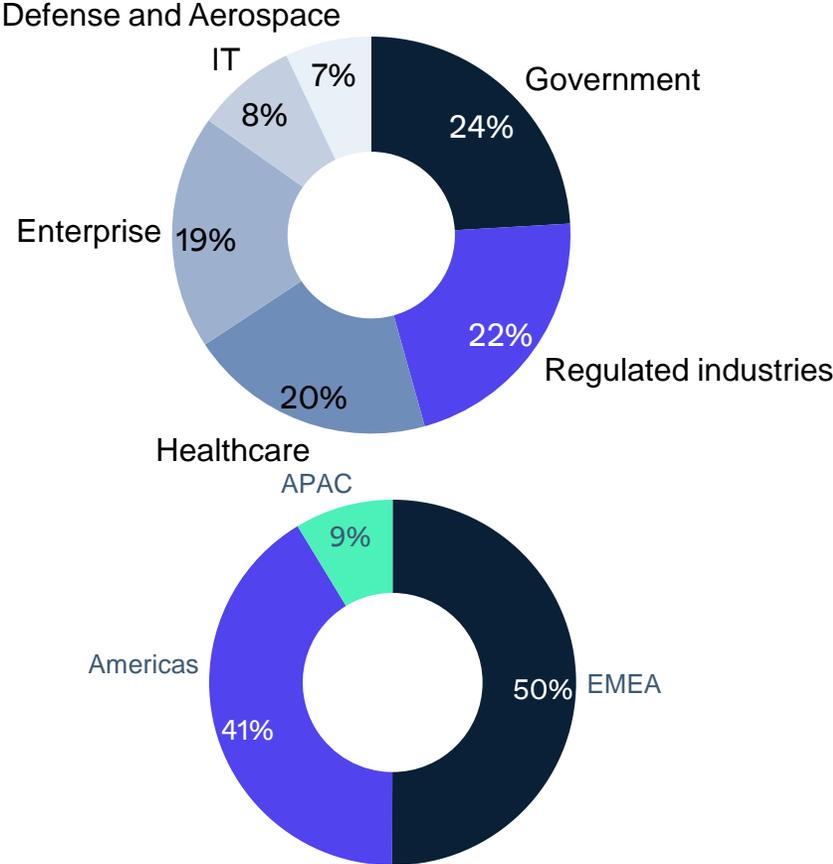
# Financial update

# Subscription-based revenue model with total ARR base at USD 115.5m in Q1 2025

## Total ARR USDm



## ARR split USDm

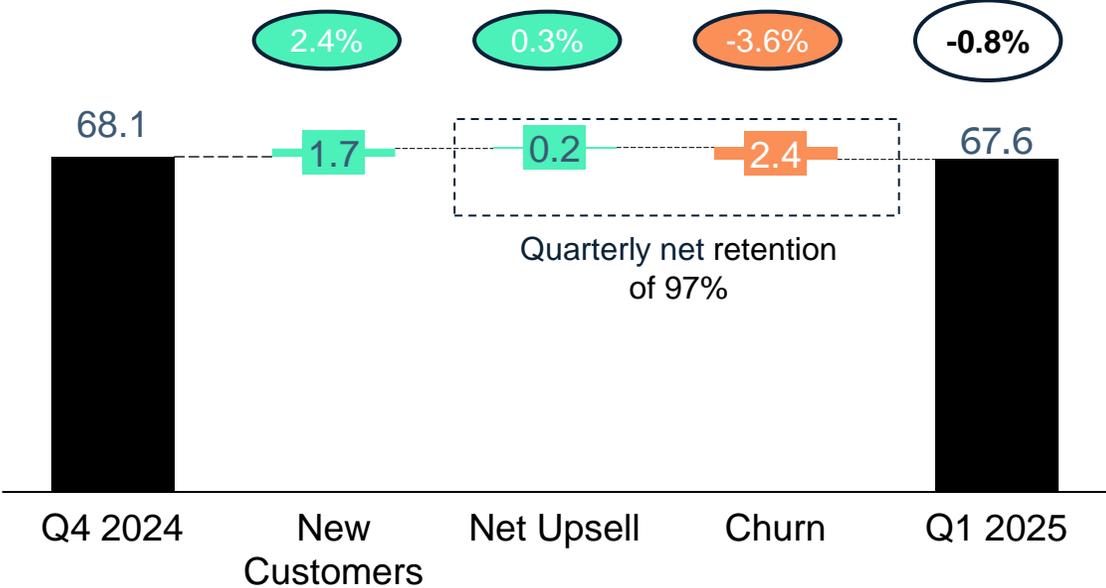


Booked Annual Recurring Revenue (ARR) development. Legacy is incorporated into Connected Spaces from Q1 2025, and in historic comparisons

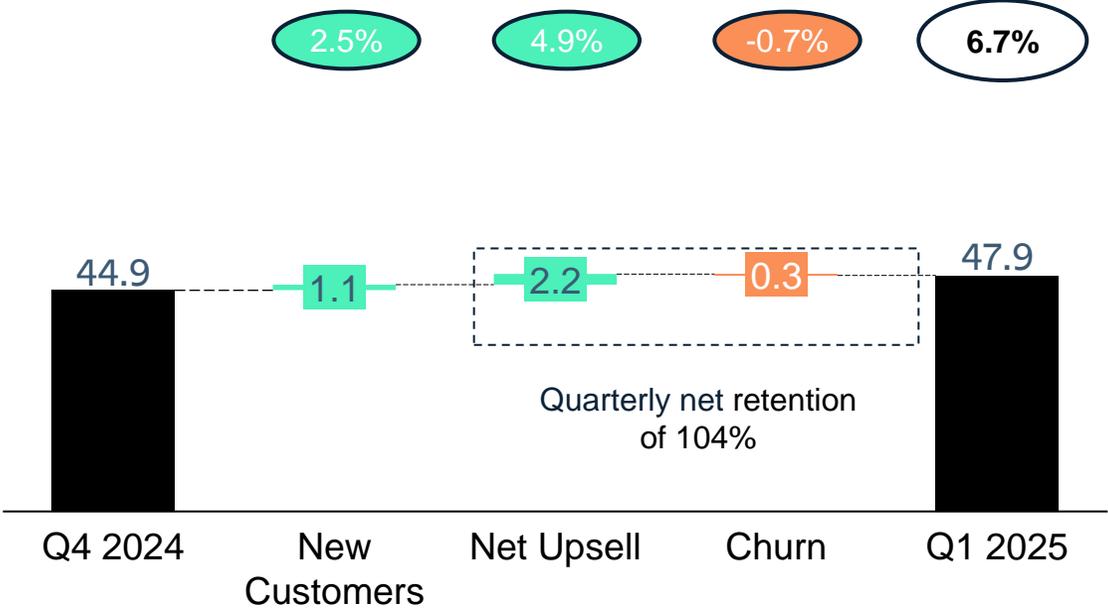
# Strong growth in Secure & Custom

USD million, quarter-over-quarter

## Connected spaces



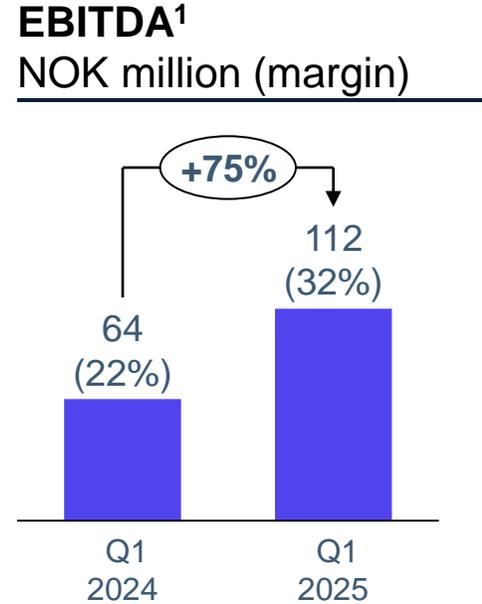
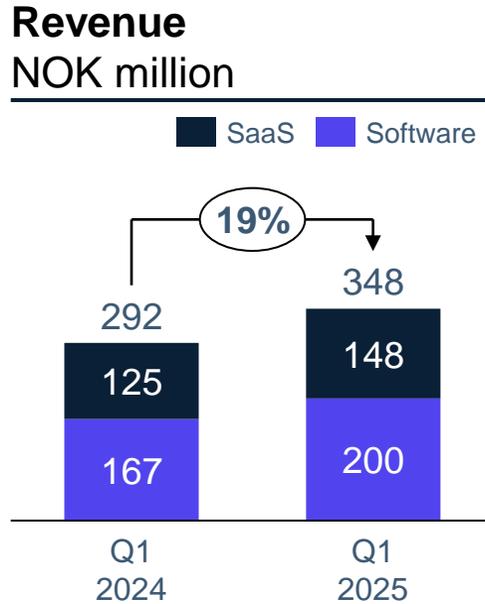
## Secure and Custom



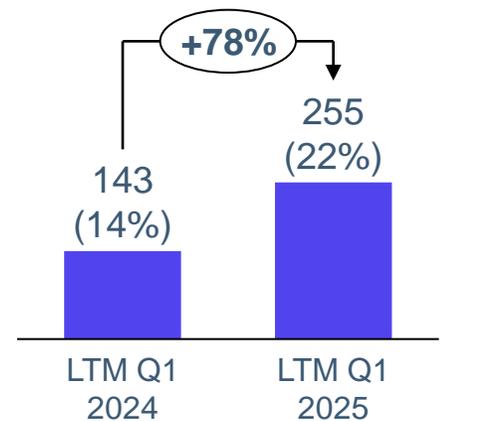
- USD 2.4 million in net growth in Q1 2025 compared to USD 2.0 million in Q1 2024, from stronger net upsell across Connected Spaces and Secure & Custom

# 19% revenue growth and 75% EBITDA growth in Q1

Quarterly



LTM

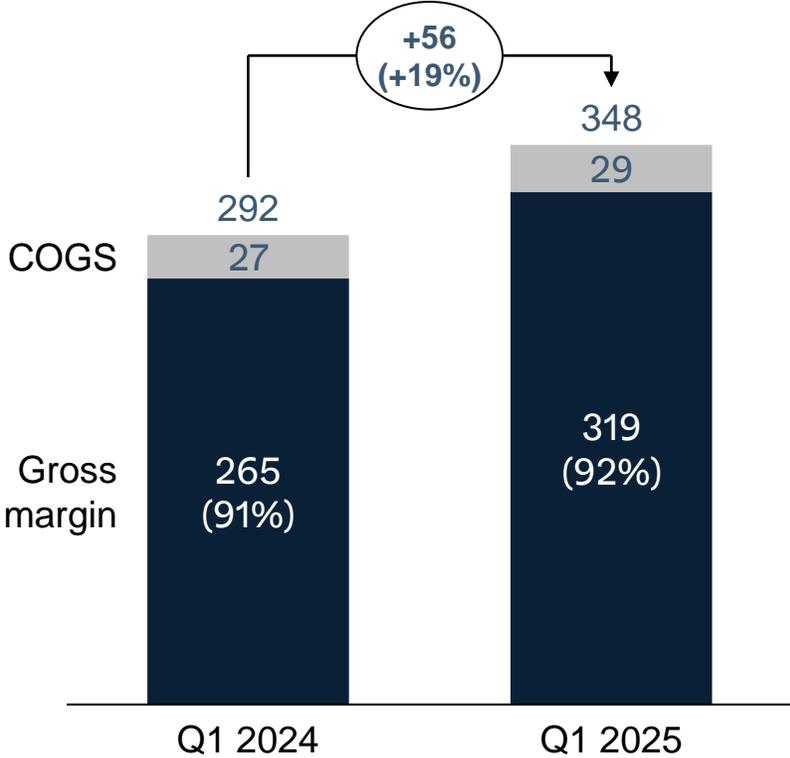


- Quarterly revenue increase of 19% y-o-y
  - 18% growth on Software as a Service, 20% growth on Software
  - Estimated growth in constant currency of 13% y-o-y
- EBITDA<sup>1</sup> increased with 75%
  - Estimated NOK 7 million currency benefit in Q1 2025 vs Q1 2024
- 15% revenue growth on an LTM basis, 5 p.p. above underlying ARR growth
- 78% growth in EBITDA<sup>1</sup>, 22% EBITDA<sup>1</sup> margin

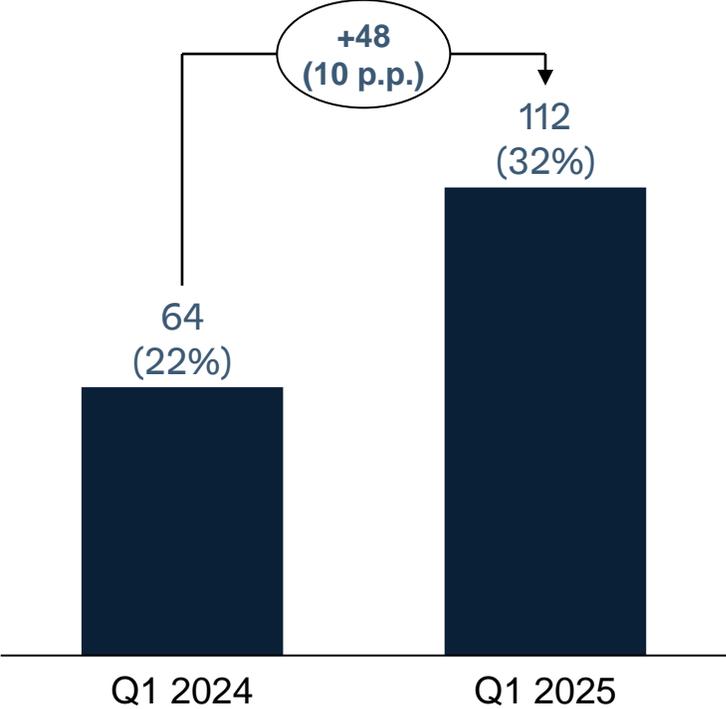
1) EBITDA adjusted for Other gains and losses

# 86% of revenue growth converted to EBITDA

Revenue and gross margin  
NOK million



EBITDA excl. other gains and losses  
NOK million



Continue to maintain high EBITDA conversion

# Stable year-on-year expenses

## Quarterly OPEX development

NOK million



### Salary and personnel expenses

- NOK 7 million increase y-o-y
  - Net NOK 6 million higher share option related costs from partial cash settlement of share options as well as social security accrual reduction from negative share price development
  - Fixed and variable salary flat y-o-y from inflation increase balanced by headcount reduction

### Other Operating expenses

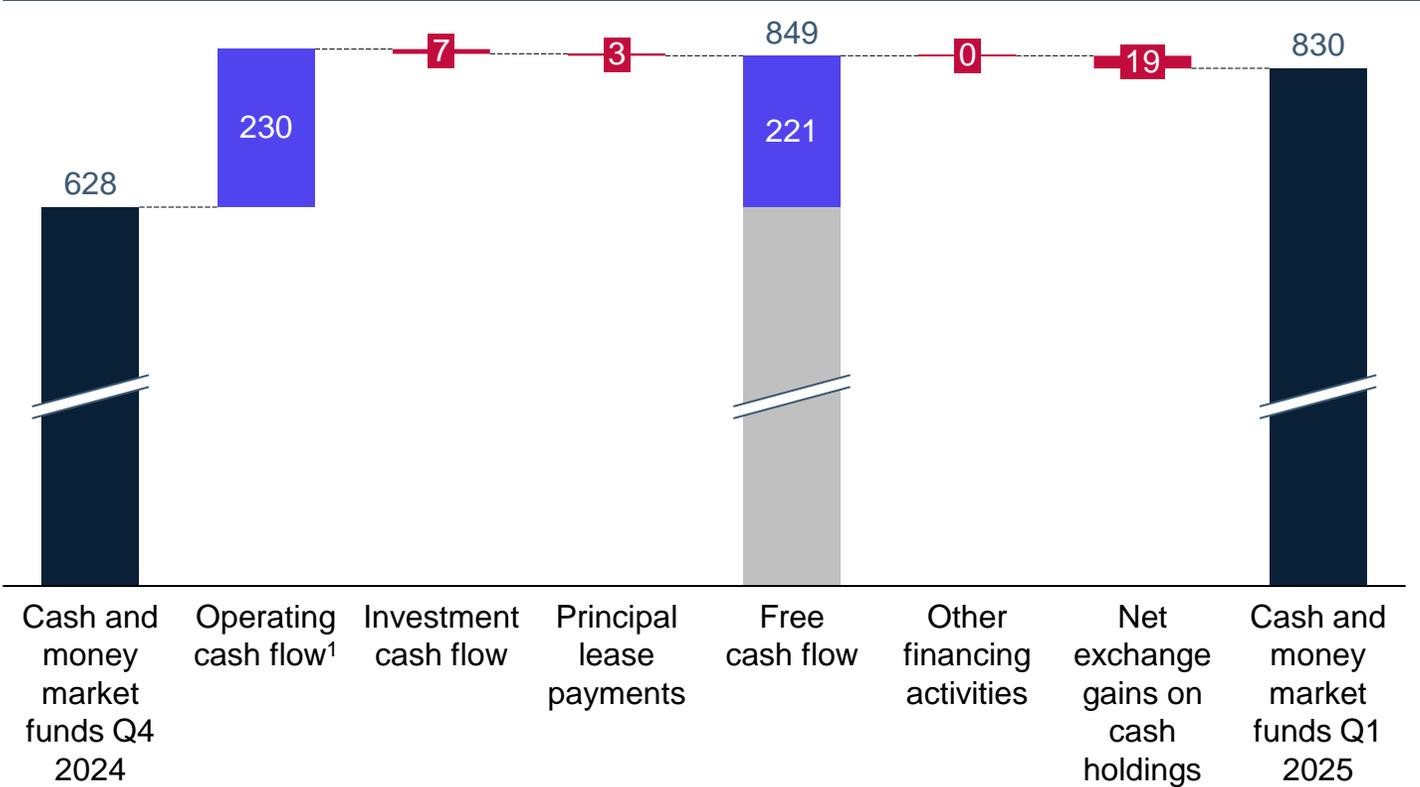
- NOK 1 million lower costs overall, no major changes in the main sub-categories

Note: Share option related costs in Q1 2025 include realized social security costs from employee share option and RSU exercise window

# NOK 221 million in free cash flow in Q1 2025, NOK 118 million above Q1 2024

## Cash flow bridge Q1 2025

NOK million



- Very strong operating cash flow from operating results as well as seasonal working capital improvement
  - NOK 118 million in working capital improvement
- NOK 7 million investment cash flow (-2 million y-o-y), mainly from capitalization of own software development
- NOK 19 million in net exchange losses on foreign currency due to NOK/USD appreciation

<sup>1</sup> Includes fair value adjustments on money market funds  
 Note: Free cash flow defined as the sum of operating cash flow, investment cash flow and lease payments

# Q1 2025 Financial results

## Profit and loss

NOK million

	Q1 2025	Q1 2024	Y-o-Y
Revenue	348	292	56
Cost of goods sold	29	27	2
<b>Gross Profit</b>	<b>319</b>	<b>265</b>	<b>54</b>
Salary and personnel exp.	169	161	7
Other operating exp.	38	39	-1
<b>Adjusted EBITDA</b>	<b>112</b>	<b>64</b>	<b>48</b>
Other gains and losses	3	-7	-9
<b>EBITDA</b>	<b>115</b>	<b>58</b>	<b>57</b>
D&A	14	20	-6
<b>EBIT</b>	<b>101</b>	<b>38</b>	<b>63</b>
Net financials	-14	23	-36
<b>Profit/loss before income tax</b>	<b>87</b>	<b>60</b>	<b>27</b>

- 19% increase in year-on-year revenue due to ARR increase and currency gains
- COGS increase driven by resale of a large multiyear secure chat solution
- EBITDA excluding other gains and losses of NOK 112 million, NOK 48 million higher than in Q1 2024
- NOK 3 million in gain from received insurance gain
- Reduction in D&A due to completed depreciation of past software and customer contract acquisitions
- Negative net financials resulting from foreign exchange difference due to NOK/USD appreciation

# Outlook and targets

# Initiating an up to NOK 100 million share buyback program

## Rationale

- Pexip has outstanding commitments to deliver shares as part of employee share incentive programs
- Pexip saw a strong cash flow in Q1, and has a very robust balance sheet



## Program details

- Pexip to acquire up to a volume of 2 million shares or shares for a value of NOK 100 million (whichever happens first)
- Pexip Q1 cash position of NOK 830 million adjusted for the maximum share buy back and dividend paid in Q2 is NOK 470 million
- To be initiated May 7<sup>th</sup>

# Outlook

- Continued positive market outlook across the business areas driven by market trends
  - Need for private video meeting platforms
  - Custom video work-flows are growing
  - Interoperability is highly relevant
- Our unique technology, strong market position and industry partnerships put Pexip in a good position to capitalize on these market trends
- End Q2 2025 ARR expected 117-120 USD millions

## **Near-term targets**

Consistently deliver:

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

## **Long-term ambition**

Deliver Rule of 40 performance across ARR growth and EBITDA margin

1) Excluding other gains and losses

# Upcoming dates

## **Q2 2025 Quarterly Presentation**

🕒 August 14<sup>th</sup>, 2025



**Q&A**

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

**BACKUP**

# Summary of key figures

KPI	Unit	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Y-o-y	Q-o-Q
<b>ARR</b>								
Connected Spaces	MUSD	67.0	67.4	68.6	68.1	67.6	0.6	-0.5
Secure & Custom	MUSD	37.7	39.7	41.0	44.9	47.9	10.3	3.0
Total	MUSD	104.8	107.1	109.5	113.1	115.5	10.7	2.4
<b>P&amp;L</b>								
SaaS revenue	MNOK	125.3	134.6	140.8	144.5	147.6	22.2	3.1
Software revenue	MNOK	166.6	130.9	87.7	188.0	200.4	33.7	12.3
Revenue	MNOK	292.0	265.6	228.5	332.5	347.9	56.0	15.4
Cost of Goods Sold	MNOK	-27.1	-27.1	-24.8	-26.2	-28.8	-1.8	-2.6
Gross profit	MNOK	264.9	238.5	203.7	306.3	319.1	54.2	12.8
Salary and personnel expenses	MNOK	-161.4	-163.8	-151.0	-177.7	-168.6	-7.2	9.0
Other OPEX	MNOK	-39.1	-38.7	-34.6	-40.5	-38.0	1.0	2.4
Adj. EBITDA	MNOK	64.4	36.0	18.1	88.2	112.5	48.0	24.3
Other gains and losses	MNOK	-6.7	-3.0	-3.4	-2.7	2.6	9.4	5.3
EBITDA	MNOK	57.7	33.0	14.6	85.4	115.1	57.4	29.6
D&A and impairment	MNOK	-19.8	-19.6	-18.6	-23.3	-14.1	5.7	9.2
EBIT	MNOK	37.9	13.4	-4.0	62.2	101.0	63.1	38.8
Net Financials	MNOK	22.5	-1.0	13.0	20.1	-13.9	-36.5	-34.0
Tax	MNOK	-15.0	-5.4	-3.2	-22.6	-20.7	-5.7	1.9
Net profits	MNOK	45.4	7.0	5.8	59.7	66.4	21.0	6.7
<b>Cash and cash flow</b>								
Operating cash flow	MNOK	112.3	78.9	22.2	38.0	230.5	118.2	192.5
Investing cash flow	MNOK	(8.7)	(7.2)	(11.1)	(13.8)	(6.7)	2.0	7.0
Principal lease payments	MNOK	(3.0)	(4.0)	(3.3)	(3.1)	(2.9)	0.1	0.2
Free cash flow	MNOK	100.5	67.7	7.8	21.1	220.9	120.3	199.7
Cash position	MNOK	628.1	586.5	593.2	628.2	830.5	202.4	202.3

## Comments Q1 2025

### ARR

- Delta ARR of 2.4 MUSD, driven by good growth in Secure & Custom across new and existing customers (+27% y-o-y)
- Annual ARR growth of 10% p.a.

### Revenues

- Growth in quarterly revenues of MNOK 56 (+19%), driven by both software and software-as-a-service
- Seasonally strong software revenues in Q1

### COGS

- COGS increase below revenue growth driving improved gross margin. Part of COGS increase driven by large resale of 3<sup>rd</sup> party licenses to a joint software customer, underlying SaaS COGS were stable

### Opex

- Main driver of y-o-y increase is employee share option exercise in Q1 2025
- Other OPEX somewhat down, stable development across underlying drivers

### Cash and money market funds

- Cash balance closing MNOK 105.5 above 2023
- Slight reduction in operating cash flow y-o-y due to seasonal working capital build-up

Note: Operating cash flow includes fair value adjustments of money market funds to be consistent with other interest income. Cash position includes money market funds.