NOTICE (FOR ELECTRONIC DELIVERY)

THE ATTACHED PROSPECTUS IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A; OR (2) OUTSIDE THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the attached Prospectus relating to Pexip Holding ASA (the "Company"). You are advised to read this carefully before reading, accessing or making any other use of the Prospectus. Recipients of this electronic transmission who intend to subscribe for or purchase the Offer Shares are reminded that any subscription or purchase may only be made on the basis of the information contained in this Prospectus to be published. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Prospectus is intended for you only and you agree you will not forward this electronic transmission or the attached Prospectus to any other person.

THE OFFER SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, OR UNDER THE APPLICABLE SECURITIES LAWS OF AUSTRALIA, CANADA, THE HONG KONG SPECIAL ADMINISTATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG") OR JAPAN. SUBJECT TO CERTAIN EXCEPTIONS, THE OFFER SHARES MAY NOT BE OFFERED OR SOLD WITHIN AUSTRALIA, CANADA, JAPAN OR THE UNITED STATES.

ABG SUNDAL COLLIER ASA, CARNEGIE AS AND PARETO SECURITIES AS (TOGETHER, THE "JOINT GLOBAL COORDINATORS" OR THE "MANAGERS") MAY ARRANGE FOR THE SALE OF OFFER SHARES (I) IN THE UNITED STATES TO PERSONS WHO ARE "QUALIFIED INSTITUTIONAL BUYERS" ("QIBS") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT IN RELIANCE ON RULE 144A OR ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT, AND (II) OUTSIDE THE UNITED STATES PURSUANT TO, AND IN COMPLIANCE WITH, REGULATION S UNDER THE U.S. SECURITIES ACT AND APPLICABLE SECURITIES REGULATIONS IN EACH JURISDICTION IN WHICH THE OFFER SHARES ARE OFFERED.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE OFFER SHARES DESCRIBED THEREIN.

Save for transmission in Norway and Sweden, this electronic transmission and the attached document are only addressed to, and directed at, persons in member states of the European Economic Area (the "EEA") who are qualified investors within the meaning of Regulation (EU) 2017/1129 of the European Parliament ("Qualified Investors"). In addition, in the United Kingdom, this electronic transmission and the attached document are only addressed to, and directed at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) are persons who are high net worth entities falling within article 49(2)(a) to (d) of the Order or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This electronic transmission and the attached document must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons or (ii) in any member state of the EEA, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the attached document relate is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA and will be engaged in only with such persons.

Confirmation of your Representation: This electronic transmission and the attached document are delivered to you on the basis that you are deemed to have represented to the Company and the Managers that : (i) you have understood and agree to the terms set out herein; (ii) you consent to delivery of such Prospectus by electronic transmission; and (iii) you are any of the following (a) a person in Sweden or Norway, (b) a QIB who would be acquiring Offer Shares for your own account or for the account of another QIB, (c) a person in a member state of the EEA, other than Sweden or Norway who is a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or Relevant Persons, (d) a person in the United Kingdom who is a Relevant Person and/or a Relevant Person acting on behalf of Relevant Persons or Qualified Investors, or (e) you are an institutional investor that is otherwise eligible to receive this electronic transmission and the attached document in accordance with the laws of the jurisdiction in which you are located.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Prospectus to any other person. Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Company, the Managers nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Manager or such affiliate on behalf of the Company and the Selling Shareholders in such jurisdiction.

Restriction: Nothing in this electronic transmission constitutes, and this electronic transmission may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Managers, or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of the Prospectus or for any statement made or purported to be made by the Company, or on its behalf, in connection with the Company or the offer. The Managers and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy or completeness of the information set out in this document.

The Managers are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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PEXIP HOLDING ASA

(A public limited liability company incorporated under the laws of Norway)
Initial public offering of up to 38,000,000 shares at an offer price of NOK 63.00 per share
Admission to listing and trading of the Company's Shares on Oslo Børs

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This prospectus (the "**Prospectus**") has been prepared in connection with the initial public offering (the "**Offering**") of shares in Pexip Holding ASA (the "**Company**"), a public limited liability company incorporated under the laws of Norway (together with its consolidated subsidiaries, "**Pexip**" or the "**Group**"), and the related listing (the "**Listing**") of the Company's shares, each with a nominal value of NOK 0.015 (the "**Shares**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA ("**Oslo Børs"** or the **"Oslo Stock Exchange**"). The Offering comprises a primary offering of up to 17,000,000 new Shares to be issued by the Company (the "**New Shares**") to raise gross proceeds of up to NOK 1,071 million and a secondary offering of up to 17,000,000 existing Shares (the "**Sale Shares**") offered by the Selling Shareholders (as defined herein). The New Shares, together with the Sale Shares and, unless the context indicates otherwise, the Additional Shares (as defined herein), are referred to herein as the "**Offer Shares**". The price (the "**Offer Price**") at which the Offer Shares will be sold is NOK 63.00 per Offer Share.

The Offering consists of: (i) a private placement to (a) investors in Norway and Sweden, (b) institutional investors outside Norway, Sweden and the United States of America (the "**U.S.**" or the "**United States**"), subject to applicable exemptions from applicable prospectus requirements, and (c) "qualified institutional buyers" ("**QIBs**") in the United States as defined in, and in reliance on, Rule 144A ("**Rule 144A**") or another available exemption under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") (the "**Institutional Offering**") and (ii) a retail offering to the public in Norway and Sweden (the "**Retail Offering**"). All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**").

ABG Sundal Collier ASA, Carnegie AS and Pareto Securities AS are acting as joint global coordinators and joint bookrunners in the Offering (collectively, the "**Joint Global Coordinators**" or the "**Managers**").

ABGSC, acting as stabilisation manager in the Offering on behalf of the Managers (the "**Stabilisation Manager**"), may elect to over-allot up to 4,000,000 of additional Shares (the "**Additional Shares**"), equal to up to approximately 11.8% of the number of New Shares and Sale Shares offered in the Offering (and in any case limited to 15% of the total number of Shares allocated in the Offering). In order to facilitate such over-allotment, the Greenshoe Selling Shareholders (as defined herein) have granted the Stabilisation Manager, on behalf of the Joint Global Coordinators, an option to borrow a number of Shares equal to the number of Additional Shares. The Company and the Greenshoe Selling Shareholders have further granted the Stabilisation Manager, on behalf of the Managers, on a 50/50 basis, an option to subscribe or purchase a number of Shares equal to the number of Additional Shares to cover short positions resulting from any over-allotments made in connection with the Offering.

The offer period for the Institutional Offering (the "**Bookbuilding Period**") will commence at 09:00 hours (Oslo time, the European Central Summer Time) on 5 May 2020 and close at 14:00 hours (Oslo time) on 12 May 2020. The application period for the Retail Offering (the "**Application Period**") will commence at 09:00 hours (Oslo time) on 5 May 2020 and close at 12:00 hours (Oslo time) on 12 May 2020. The Company may, in consultation with Joint Global Coordinators, decide to extend the Bookbuilding Period and the Application Period as set out herein. See Section 17 "The terms of the Offering" for further information.

The Sale Shares and the Additional Shares are, and the New Shares will be, registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank in parity with one another and carry one vote. Except where the context otherwise requires, references in this Prospectus to the Shares will be deemed to include the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 "Risk Factors" when considering an investment in the Company.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to persons who are QIBs in reliance on Rule 144A or another available exemption from registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S. Prospective investors are notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Accordingly, neither this Prospectus nor any advertisement or any other Offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required by the Company and the Managers to inform themselves about and to observe any such restrictions. Failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdictions. See Section 18 "Selling and Transfer Restrictions".

Prior to the Offering, the Shares have not been publicly traded. On or about 4 May 2020, the Company expects to apply for the Shares to be admitted for trading and Listing on Oslo Børs, and completion of the Offering is subject to the approval of the listing application by Oslo Børs, the satisfaction of the conditions for admission to listing set by Oslo Børs and certain other conditions as set out in Section 17.16 "Conditions for completion of the Offering – Listing and trading of the Offer Shares". The Shares will be eligible for clearing through the facilities of Oslo Børs.

The due date for the payment of the Offer Shares in the Retail Offering is expected to be on or about 14 May 2020 and in the Institutional Offering be on or about 15 May 2020. Delivery of the Offer Shares in the Retail Offering and the Institutional Offering is expected to take place on or about 15 May 2020 through the facilities of the VPS. Trading in the Shares on Oslo Børs is expected to commence on or about 14 May 2020, under the ticker code "PEXIP". If the conditions for closing of the Offering are not fulfilled, the Offering may be withdrawn, resulting in all applications for Offer Shares being disregarded, any allocations made cancelled and any payments made being returned without any interest or other compensation. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned.

Joint Global Coordinators and Joint Bookrunners

ABG Sundal Collier ASA **Carnegie AS** **Pareto Securities AS**

The date of this Prospectus is 4 May 2020

IMPORTANT INFORMATION

This Prospectus has been prepared by Pexip in connection with the Offering of the Offer Shares and the Listing of the Shares on Oslo Børs.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*) (the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

For definitions of certain other terms used throughout this Prospectus, see Section 21 "Definitions and Glossary".

ABG Sundal Collier ASA ("**ABGSC**"), Carnegie AS ("**Carnegie**") and Pareto Securities AS ("**Pareto Securities**") are acting as joint global coordinators and joint bookrunners (collectively, the Joint Global Coordinators or the Managers).

The information contained herein is current as at the date hereof and is subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Shares on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Offering or the sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Managers or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 18 "Selling and Transfer Restrictions".

This Prospectus and the terms and conditions of the Offering as set out in this Prospectus and any sale and purchase of Offer Shares shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, analysis of, and enquiry into, the Group and the terms of the Offering, including the merits and risks involved. None of the Company or the Managers, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information".

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

Accordingly, the Offer Shares are being offered and sold: (i) in the United States only to QIBs in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions in compliance with Regulation S. For certain restrictions on the sale and transfer of the Offer Shares, see Section 18 "Selling and Transfer Restrictions".

Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares, and are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. See Section 18 "Selling and Transfer Restrictions".

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described in this Prospectus. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "**UK**") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as the "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "**EEA**"), other than Norway or Sweden (each, a "**Relevant Member State**"), this communication is only addressed to and is only directed at persons who are "qualified investors" within the meaning of Article 2(e) of the EU Prospectus Regulation. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway or Sweden will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer of Offer Shares which is the subject of the Offering contemplated in this Prospectus within any Relevant Member State should only do so in circumstances in which no obligation arises for the Company or any of the Managers to publish a prospectus or a supplement to a prospectus under the EU Prospectus Regulation for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway or Sweden, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

a) it is a "qualified investor" within the meaning of Article 2(e) of the EU Prospectus Regulation; and

b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in the EU Prospectus Regulation, (i) such Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

See Section 18 "Selling and Transfer Restrictions" for certain other notices to investors.

NOTICE TO INVESTORS IN CANADA

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**" and, together with the Positive Target Market, the "**Target Market Assessment**").

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

STABILISATION

In connection with the Offering and in accordance with all applicable laws and rules, ABGSC, in its capacity as stabilisation manager for the Offering on behalf of the Managers, may (but will be under no obligation to) effect stabilisation transactions with a view to supporting the market price of the Shares during the stabilisation period at a level higher than that which might otherwise prevail. However, stabilisation action may not necessarily occur and may cease at any time. Any stabilisation action may begin on or after the date of commencement of trading of the Shares on Oslo Børs and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Any stabilisation action must be conducted by the Stabilisation Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilisation Manager and on Oslo Børs. Stabilisation may result in an exchange or market price of the Shares that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

Any stabilisation activities will be conducted based on the same principles as set out in Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

ENFORCEMENT OF CIVIL LIABILITIES

Pexip Holding ASA is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the senior management of the Company (the "**Management**") are not residents of the United States. Virtually all of the Company's assets and the assets of the Board Members and members of Management are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company, the Board Members and members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, whether predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or the Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act. The Company will also make available to each such holder or beneficial owner, all notices of shareholders' meetings and other reports and communications that are made generally available to the Company's shareholders.

DATA PROTECTION

As data controllers, each of the Managers processes personal data to deliver the products and services that are agreed between the parties and for other purposes, such as to comply with laws and other regulations, including the General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") and the Norwegian Data Protection Act of 15 June 2018 No. 38. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it. For detailed information on each Manager's processing of personal data, please review such Manager's privacy policy, which is available on its website or by contacting the relevant Manager. The privacy policy contains information about the rights in connection with the processing of personal data, such as the access to information, rectification, data portability, etc. If the applicant is a corporate customer, such customer shall forward the relevant Manager's privacy policy to the individuals whose personal data it discloses to the Managers.

TABLE OF CONTENTS

1. SUMMARY ... 1

2. RISK FACTORS ... 8

2.1. Risks related to the operational activities ... 8

2.2. Risk relating to customer relationships and third parties ... 10

2.3. Risks related to laws, regulations and compliance ... 11

2.4. Risks related to financial matters and market risk ... 13

2.5. Risks related to the Offering, the Listing and the Shares ... 14

3. RESPONSIBILITY FOR THE PROSPECTUS ... 16

4. GENERAL INFORMATION ... 17

4.1. Other important investor information ... 17

4.2. Presentation of financial and other information ... 17

4.3. Cautionary note regarding forward-looking statements ... 20

5. REASONS FOR THE OFFERING AND THE LISTING ... 23

6. DIVIDENDS AND DIVIDEND POLICY ... 24

6.1. Dividend policy ... 24

6.2. Legal constraints on the distribution of dividends ... 24

6.3. Manner of dividend payments ... 25

7. INDUSTRY AND MARKET OVERVIEW ... 26

7.1. Market overview ... 26

7.2. Market segments ... 26

7.3. Key drivers and trends ... 29

7.4. Regulatory environment ... 37

8. BUSINESS OF THE GROUP ... 40

8.1. Introduction to Pexip Holding ASA ... 40

8.2. Competitive strengths ... 40

8.3. Strategy and objectives ... 42

8.4. History and important events ... 44

8.5. Business operations ... 45

8.6. Products ... 46

8.7. Property, plant and equipment and right of use assets ... 49

8.8. Infrastructure and IT systems ... 49

8.9. Legal proceedings ... 49

8.10. Insurance ... 49

8.11. Material contracts ... 49

8.12. Dependency on contracts, patents, licences etc. ... 50

9. CAPITALISATION AND INDEBTEDNESS ... 52

9.1. Introduction ... 52

9.2. Capitalisation ... 52

9.3. Net financial indebtedness ... 53

9.4. Working capital statement ... 53

9.5. Contingent and indirect indebtedness ... 53

10. SELECTED FINANCIAL AND OTHER INFORMATION ... 54

10.1. Introduction and basis for preparation ... 54

10.2. Summary of accounting policies and principles ... 54

10.3. Statement of profit and loss and other comprehensive income ... 55

10.4. Statement of financial position ... 57

10.5. Statement of cash flows ... 60

10.6. Statement of changes in equity ... 61

11. OPERATING AND FINANCIAL REVIEW ... 62

11.1. Results by operating segment and geographic area ... 62

11.2. Sales revenue by service line ... 69

11.3. Liquidity and capital resources 69
11.4. Investments 71
11.5. Contractual cash obligations and other commitments 72
11.6. Related party transactions 73
11.7. Deferred tax assets 73
11.8. Critical accounting policies and estimates 73
11.9. Trend information 73
11.10. Long-term objectives 74
11.11. Significant changes 74
12. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE 75
12.1. Introduction 75
12.2. The Board of Directors 75
12.3. Management 77
12.4. Remuneration and benefits 80
12.5. Share incentive program 80
12.6. Benefits upon termination 81
12.7. Pension and retirement benefits 81
12.8. Employees 82
12.9. Nomination committee 82
12.10. Audit committee 82
12.11. Remuneration committee 83
12.12. Corporate governance 83
12.13. Conflict of interests etc. 83
13. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL 84
13.1. Company corporate information 84
13.2. Legal structure 84
13.3. Share capital and share capital history 85
13.4. Admission to trading 86
13.5. Ownership structure 86
13.6. Authorisations to increase the share capital and to issue Shares 87
13.7. Authorisation to acquire treasury Shares 87
13.8. Other financial instruments 87
13.9. Shareholder rights 88
13.10. The articles of Association and certain aspects of Norwegian law 88
13.11. Shareholder agreements 91
14. SELLING SHAREHOLDERS 92
14.1. Overview 92
14.2. Shares offered by the Selling Shareholders 92
15. SECURITIES TRADING IN NORWAY 94
15.1. Introduction 94
15.2. Market value of shares on Oslo Børs 94
15.3. Trading and settlement 94
15.4. Information, control and surveillance 95
15.5. The VPS and transfer of shares 95
15.6. Shareholder register – Norwegian law 96
15.7. Foreign investment in shares listed in Norway 96
15.8. Disclosure obligations 96
15.9. Insider trading 96
15.10. Mandatory offer requirement 96
15.11. Compulsory acquisition 97
15.12. Foreign exchange controls 98
16. TAXATION 99
16.1. Norwegian taxation 99

16.2. Swedish taxation 102
17. THE TERMS OF THE OFFERING 104
17.1. Overview of the Offering 104
17.2. Timetable 106
17.3. Resolution relating to the Offering and the issue of New Shares 106
17.4. The Institutional Offering 107
17.5. The Retail Offering 108
17.6. Mechanism of allocation 110
17.7. Trading in Allocated Offer Shares 110
17.8. VPS account 111
17.9. Product governance 111
17.10. National Client Identifier and Legal Entity Identifier 112
17.11. Mandatory anti-money laundering procedures 112
17.12. Over-allotment and stabilisation activities 112
17.13. Publication of information in respect of the Offering 113
17.14. The rights conferred by the Offer Shares 113
17.15. VPS registration 113
17.16. Conditions for completion of the Offering – Listing and trading of the Offer Shares 114
17.17. Dilution 114
17.18. Expenses of the Offering and the Listing 114
17.19. Lock-up 115
17.20. Interest of natural and legal persons involved in the Offering 116
17.21. Participation of major existing shareholders and members of the Management, supervisory and administrative bodies in the Offering 116
17.22. Governing law and jurisdiction 116
18. SELLING AND TRANSFER RESTRICTIONS 117
18.1. General 117
18.2. Selling restrictions 117
18.3. Transfer restrictions 119
19. ADDITIONAL INFORMATION 121
19.1. Independent auditor 121
19.2. Advisors 121
19.3. Documents on display 121
19.4. Incorporation by reference 121
20. SWEDISH SUMMARY (SAMMANFATTNING) 122
21. DEFINITIONS AND GLOSSARY 129

APPENDICES

APPENDIX A ARTICLES OF ASSOCIATION OF THE COMPANY
APPENDIX B THE COMPANY'S AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 (IFRS)
APPENDIX C THE COMPANY'S AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018 (NGAAP)
APPENDIX D AUDITED FINANCIAL STATEMENTS FOR PEXIP 1.0 FOR THE YEAR ENDED 31 DECEMBER 2017 (NGAAP)
APPENDIX E AUDITED FINANCIAL STATEMENT FOR VIDEXIO FOR THE YEAR ENDED 31 DECEMBER 2017 (NGAAP)
APPENDIX F APPLICATION FORM FOR THE RETAIL OFFERING

1. SUMMARY

INTRODUCTION

Warning……………………………	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Shares involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
Securities…………………………	The Company has one class of shares in issue. The Shares are registered in book-entry form with the VPS and have ISIN NO0010840507.
Issuer………………………………	The Company's registration number in the Norwegian Register of Business Enterprises is 919 850 175 and its Legal Entity Identifier (LEI) is 549300S79JFZK79XBI07. The Company's registered office is located at Lilleakerveien 2A, 0283 Oslo, Norway and its e-mail is info@pexip.com. The Company's website can be found at www.pexip.com.
Competent authority…………	The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and telephone number +47 22 93 98 00 has reviewed and, on 4 May 2020, approved this Prospectus.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Corporate information………	The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company was incorporated in Norway on 20 October 2017, its registration number in the Norwegian Register of Business Enterprises is 919 850 175 and its Legal Entity Identifier (LEI) is 549300S79JFZK79XBI07.
Principal activities…………….	Pexip is a Norwegian technology group that delivers an end-to-end video conferencing platform and digital infrastructure. Pexip's vision is to make virtual meetings even better than meeting in-person, by empowering people to see and engage with each other in a better way. The Group provides a video-first meeting platform that is flexible to deploy, easy to use and to manage where teams and technology meet, simplifying video conferencing experiences and workflows. Pexip helps break down the barriers to improve video communication across teams and platforms. The Group offers both a self-hosted software application and as-a-service deployment options for enterprise video conferencing, built on the core Infinity technology. Both offerings are delivered as a recurring subscription-based model, Software–as–a–Service (SaaS). The key applications provided are: A) Group video meetings, including dedicated applications on web, desktop, tablets and smartphones, and scheduling applications. B) Video conferencing infrastructure, including third-party video conferencing endpoint registration & management with call control and handling. C) Video conferencing interoperability solutions that enable professional video conferencing systems to join Microsoft and Google native meetings. Approximately 97% of the Group's revenues are generated from recurring subscription fees for which the Group experiences high net retention rate and a strong customer loyalty. Additional revenues are one-off

revenue related to set-up and professional services. The Group currently serves more than 3,400 customers with headquarters in 73 countries and users in 190+ countries. The main focus is on large enterprise customers and Pexip has 20% of the Global Fortune 50, and 15% of the Global 500 companies as customers. It sells its product through a global network of 300 channel partners in over 70 countries. The Group operates from its headquarters in Oslo, as well as from its offices in London, New York, Washington DC, Stockholm and Paris. As of 31 December 2019, the Group had 182 full-time employees. The Group is a result of the merger in 2018 between Pexip 1.0 (as defined below) (founded in 2012), specializing in software-based video conferencing infrastructure, and Videxio (as defined below) (founded in 2011), a cloud-based video conferencing service provider. Both companies were founded by industry veterans from the Norwegian video conferencing company, Tandberg.

Major shareholders…………… Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. The following table sets forth shareholders owning 5% or more of the shares in the Company as of 28 April 2020.

#	Shareholders	Number of Shares	Percent
1	Stavanger Venture AS	7,969,716	9.98%
2	Bjøberg Eiendom AS	5,058,989	6.33%
3	Tamorer Ltd ATF Wylie Family Trust	5,015,100	6.28%
4	T.D. Veen AS	4,323,637	5.41%

Key managing directors…… The Company's executive Management consists of five individuals. The names of the members of the Management and their respective positions are presented in the below table.

Name	Current position within the Group
Odd Sverre Østlie	Chief Executive Officer (CEO)
Giles Chamberlin	Chief Technology Officer (CTO)
Tom Erik Lia	Chief Commercial Officer (CCO)
Nico Cormier	Chief Operating Officer (COO)
Øystein Hem	Chief Financial Officer (CFO)

Statutory auditor……………… The Company's auditor is Deloitte AS, with company registration number 980 211 282 and registered business address at Dronning Eufemias gate 14, N-0191 Oslo, Norway.

What is the key financial information regarding the issuer?

Since the Company was incorporated on 20 October 2017 and has two years of financial history, the Company's audited financial statements for 2019 and 2018 are included in this Prospectus. As the Group is a result of a Merger in 2018, Pexip 1.0's and Videxio's financial statements for 2017 and management accounts for 2018 are also included in this Prospectus.

The table below sets out key financial information gathered from the Company's audited consolidated income statement for the years ended 31 December 2019 (prepared in accordance with IFRS) with comparable figures for 2018.

Key Financials – Income statement	**Year ended 31 December**	
	2019	**2018**
	IFRS	IFRS
Total revenue *(NOK thousands)*	369,954	215,037
Operating profit or loss *(NOK thousands)*	31,860	17,852
Net profit or loss *(NOK thousands)*	12,237	38,719
Operating profit margin *(%)*	8.61%	8.30%
Basic earnings per share *(NOK/share)*	0.15	0.60
Diluted earnings per share *(NOK/share)*	0.15	0.59

The table below sets out key financial information gathered from the Company's audited consolidated statement of financial position as of 31 December 2019 (prepared in accordance with IFRS), with comparable figures for 2018.

Key Financials – Financial position	**As at 31 December**	
	2019	**2018**
	IFRS	IFRS
Total assets *(NOK thousands)*	1,070,085	947,481
Total equity *(NOK thousands)*	824,077	798,975
Net financial debt *(interest-bearing debt less cash, NOK thousands)*	(64,515)	(46,921)

The table below sets out key financial information gathered from the Company's audited consolidated cash flow statement for the year ended 31 December 2019 (prepared in accordance with IFRS) with comparable figures for 2018.

Key Financials – Cash flow	**As at 31 December**	
	2019	**2018**
(NOK thousands)	IFRS	IFRS
Net cash flows from operating activities	57,480	20,713
Net cash flows from investment activities	(35,480)	16,975
Net cash flows from financing activities	(6,612)	(8,248)

What are the key risks that are specific to the issuer?

Material risk factors…………

- The Group may be unable to retain or replace its founders, Management and/or certain IT-, sales- and marketing- professionals, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.
- The Group may not be able to respond to rapid technological changes, extend its platform or develop new services in a highly competitive market. Any delays or competitors' introduction of competitive or substitute products, services and/or technologies could make the Group's platform obsolete or adversely affect its business financial condition, results of operations, cash flows and/or prospects.
- Pexip is exposed to risk related to high upfront sales and marketing costs, lengthy sales cycles and unexpected deployment challenges due to its sales and marketing to large businesses and organisations. If the Group is unable to sell and/or deploy its products or services following lengthy sales and marketing efforts, this could have a material adverse effect.
- The Group depends highly on existing customers renewing their subscriptions. Any inability to retain and develop the Group's customer base may result in a material adverse effect.
- The experience of the Group's users depends upon the interoperability of the Group's platform across devices, operating systems and third-party applications that it does not control, and if it is not able to maintain and expand relationships with third parties to integrate its platform with their solutions, its business may be materially harmed.
- Any failure in a customer's infrastructure or applications as a result, or alleged result, of the Group's services could result in a claim for substantial damages against the Group or result in significant reputational harm, and the Group's liability insurance coverage may not cover all potential losses.
- The Group is subject to laws and regulations in several jurisdictions, including governmental export and import controls, and any failure to properly comply with such laws and regulations may adversely affect its operations.
- Collection, storage and use of consumer information means that the Group is subject to data protection and data privacy regulations, licenses, etc. within all

jurisdictions in which the Group operates, and any misapprehension of regulatory duties and obligations may harm the Group.

- The Group's profitability, operating results and working capital may fluctuate significantly, mainly due to the Group's long-term growth strategy and significant cash inflows from annual recurring revenue (ARR) in contracts are denominated in foreign currency.
- The Group operates in competitive markets, and the Group might not be able to compete efficiently.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Type, class and ISIN.........	All of the Shares are ordinary shares in the Company and have been created under the Norwegian Public Limited Companies Act. The Shares are registered in book-entry form with the VPS and have ISIN NO0010840507.
Currency, par value and number of securities...........	The Shares will be traded in NOK on Oslo Børs. As of the date of this Prospectus, the Company's share capital is NOK 1,198,670.805 divided into 79,911,387 Shares, each with a nominal value of NOK 0.015.
Rights attached to the securities.............................	The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all shares in that class provide equal rights in the Company, including the rights to dividends. Each of the Shares carries one vote.
Transfer restrictions...........	The Shares are freely transferable. The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Board of Directors.
Dividend and dividend policy......................................	The Company is focusing on pursuing growth through expanding its sales operations, moving into new customer segments, and further developing and enhancing its product offering, and does not anticipate paying any dividends for the next three to five years.

Where will the securities be traded?

The Company expects to apply for listing of its Shares on Oslo Børs on or about 4 May 2020. The Company currently expects commencement of trading in the Shares on Oslo Børs on or about 14 May 2020. The Company has not applied for admission to trading of the Shares on any other stock exchange, regulated market or multilateral trading facility (MTF). The Company's Shares currently trade over-the-counter (OTC) through Pareto Securities under the ticker code "PEX".

What are the key risks that are specific to the securities?

Material risk factors...........

- There may not be an active and liquid market for the Shares and the price of the Shares may fluctuate significantly. If the price at which the Shares will be traded on the Oslo Børs does not correspond with the Offer Price, investors will lose on their investments.
- The Group has a limited operating history, which makes it difficult for prospective investors to evaluate and forecast the Group's future results of operations.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

Terms and conditions of the Offering……………………

The Offering consists of (i) a primary offering of up to 17,000,000 New Shares to raise gross proceeds of NOK 1,071 million and (ii) a secondary offering of up to 17,000,000 Sale Shares. The Offer Price at which the Offer Shares will be sold is NOK 63.00 per Offer Share. The Offering comprises:

(i) The Institutional Offering, in which Offer Shares are being offered to (a) investors in Norway and Sweden, (b) investors outside Norway, Sweden and the United States, subject to applicable exemptions from any prospectus and registration requirements, and (c) investors in the United States who are QIBs as defined in, and in reliance on, Rule 144A under the U.S Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,500,000.

(ii) The Retail Offering, in which Offer Shares are being offered to the public in Norway and Sweden, subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 2,499,999 for each investor. Investors who intend to place an order in excess of NOK 2,499,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.

The Stabilisation Manager may elect to over-allot up to 4,000,000 Additional Shares, equal to up to approximately 11.8% of the number of New Shares and Sale Shares offered in the Offering. The Company and the Greenshoe Selling Shareholders, respectively, have further granted the Stabilisation Manager, on behalf of the Managers, option to (i) subscribe for and be allotted, at a price of NOK 63 per Share, up to 2,000,000 Shares, equal to up to 50% of the number of Borrowed Shares from the Company and (ii) purchase up to a total of 2,000,000 Shares, at a price of NOK 63 per Share from the Greenshoe Selling Shareholders.

Timetable in the Offering…

The key dates in the Offering are set out below.

Timetable	Key dates
Bookbuilding (Institutional Offering) Period commences	5 May 2020 at 09:00 hours
Bookbuilding (Institutional Offering) Period expires	12 May 2020 at 14:00 hours
Application Period (Retail Offering) commences	5 May 2020 at 09:00 hours
Application Period (Retail Offering) ends	12 May 2020 at 12:00 hours
Allocation of the Offer Shares	12 May 2020
Publication of the results of the Offering	On or about 13 May 2020
Distribution of allocation notes/contract notes	On or about 13 May 2020
Registration of new share capital and issuance of New Shares	On or about 13 May 2020
Accounts from which payment will be debited in the Retail Offering to be sufficiently funded	On or about 13 May 2020
First day of Listing of the Shares	On or about 14 May 2020
Payment date in the Retail Offering	On or about 14 May 2020
Payment date and delivery of Offer Shares in the Institutional Offering	On or about 15 May 2020
Delivery of the Offer Shares in the Retail Offering	On or about 15 May 2020

Note that the Company, in consultation with the Managers, reserves the right to extend the Bookbuilding Period and/or the Application Period at any time at its sole discretion, but will in no event be extended beyond 14:00 hours on 19 May 2020. In the event of an extension of the bookbuilding period and the application period, the allocation date, the payment due date and the date of the listing on Oslo Børs may be changed accordingly.

Admission to trading…………	The Company expects to apply for admission to trading of its Shares on Oslo Børs on or about 4 May 2020. It is expected that the board of directors of Oslo Børs will approve the listing application of the Company on or about 7 May 2020, conditional upon (i) the Company obtaining a minimum of 500 shareholders, each holding Shares with a value of more than NOK 10,000, (ii) Oslo Børs approving the application for Listing of the Shares no later than 12 May 2020, and (iii) completion of the Offering on the terms set forth in this Prospectus. Assuming that the conditions are satisfied, the Company expects commencement of trading of the Shares on Oslo Børs on or around 14 May 2020. The Shares are expected to trade under the ticker code "PEXIP".
Distribution plan………………	In the Institutional Offering, the Company, together with the Managers, will determine the allocation of Offer Shares based on certain allocation principles. In the Retail Offering, allocation will be made on a pro rata basis using the VPS automated simulation procedures. The Company, the Selling Shareholders and the Managers reserve the right to limit the total number of applicants to whom Offer Shares are allocated in order to keep the number of shareholders at an appropriate level, in which case the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS automated simulation procedures and/or other random allocation mechanism.
Dilution……………………………	The issuance of New Shares and Additional Shares in the Offering may result in a maximum number of Shares in the Company of 98,911,387, which will correspond to a dilution for the existing shareholders of approximately 19.2%. The existing shareholders' pre-emption rights to subscribe for the New Shares has been deviated from. The net asset value per existing Share as at 31 December 2019 was approximately NOK 10.31795.
Total expenses of the issue/offer………………………	The Company's total costs and expenses of, and incidental to, the Listing and the Offering are estimated to amount to approximately NOK 85.7 million (or approximately NOK 97 million when including the Additional Shares). These costs and expenses consists of commissions and expenses to the Joint Global Coordinators, fees and expenses of legal and other advisors, and other transaction costs. No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

Who is the offeror and/or the person asking for admission to trading?

The Company is the offeror of New Shares in the primary Offering. The Offerors of Sale Sharees in the secondary Offering are the Selling Shareholders.

Why is this prospectus being produced?

Reasons for the offer/ admission to trading…………	The Company believes that the Offering and the Listing will (i) enable the Group to pursue growth opportunities through expanding its sales operations, moving into new customer segments and further developing and enhancing its products, (ii) strengthen the Group’s overall market awareness for both end-customers and industry partners, (iii) further improve the Group's ability to attract, retain and motivate talented personnel, including by increasing the Group’s awareness in the local talent pool, especially in Norway, (iv) diversify the shareholder base and enable other investors to take part in the Group's future growth and value creation, (v) allow for a liquid market for the Shares and (vi) allow Selling Shareholders to balance their exposure.
Use of proceeds…………………	The Company estimates gross proceeds from the issue of New Shares of up to NOK 1,071 million (or NOK 1,197 million when including the Additional Shares) and net proceeds from

	the issue of New Shares of approximately NOK 985.3 million (or NOK 1,100 million provided allocation of the Additional Shares in full). The net proceeds from the issue of New Shares is primarily intended to strengthen the Company's revenue growth capabilities through investments in sales and marketing as well as R&D and product development, in line with the Company's strategy. The use and allocation of the net proceeds from the issue of the New Shares will be considered by the Company on a continuing basis.
Conflicts of interest..............	The Managers or their affiliates have provided from time to time, and may provide in the future, financial advisory, investment and commercial banking services, as well as financing, to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a fee in connection with the Offering and, as such, have an interest in the Offering. In addition, the Company may, at its sole and absolute discretion, pay to the Managers an additional discretionary fee in connection with the Offering. The Selling Shareholders will receive the net proceeds from the sale of the Sale Shares. To the extent that there are any profits earned from stabilisation transactions, any profit therefrom (after deduction of any dealing costs and stamp duty or transfer tax costs arising in relation to any stabilisation transactions) shall fall to the Greenshoe Selling Shareholders.

2. RISK FACTORS

An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 "Risk factors" are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Offer Shares.

2.1. Risks related to the operational activities

2.1.1. The Group may be unable to retain or replace its founders, Management and/or certian IT-, sales- and marketing professionals.

The Group's operations depends highly on its ability to retain or replace its founders, Management, certain highly qualified information technology ("**IT**") professionals and its presidents of sales. The Group believes that there are shortage of, and intense competition for, relevant management personnel and highly qualified IT professionals with experience and relevant skill sets within the videoconferencing and collaboration industry. This shortage of, and competition for, personnel has increased in recent years due to the acquisitions of Norwegian businesses within the sector by large international businesses, as well as Norwegian businesses flagging out. Retaining the founders and Management is vital due to their extensive experience and skill sets within the videoconferencing and collaboration industry, which is required to support and develop Pexip's projects. It is also vital for the Group's operations to retain or replace certain IT professionals with expertise within information security and privacy, as well as certain IT professionals within the research and development ("**R&D**") department with skills required to sustain and develop Pexip's competitive differentiation. The Group also belives that there are shortage of, and intense competition for, sales and marketing professionals with ability and expertise to sell product and services to large worldwide businesses and organizations with lengthy procurement cycles and severe evaluation and negotiation processes. If the Group is unable to retain or replace its founders, Management, certain highly qualified IT professionals and/or presidents of sales, it will be difficult for Pexip to achieve desired profitable growth, to keep pace with continuing changes in IT, evolving industry standards and changing customer preferences and/or to maintain and renew existing customer relationships, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

2.1.2. The Group may not be able to respond to rapid technological changes, extend its platform or develop new services in a highly competitive market.

The communications and collaboration technologies market is highly competitive and characterized by rapid technological change and frequent new product and service introductions. The Group's future profitability depends heavily on its ability to enhance and improve the platform, introduce new features and products and interoperate across an increasing range of devices, operating systems and third-party applications. There can be no assurance that any attempts on enhancements to the platform or new product experiences, features or capabilities will be compelling to users or gain market acceptance in a timely and cost-effective manner. Any delays or competitors' introduction of competitive or substitute products, services and/or technologies could make the Group's platform obsolete or adversely affect its business financial condition, results of operations, cash flows and/or prospects.

2.1.3. Pexip is exposed to risk related to high upfront sales and marketing costs, lengthy sales cycles and unexpected deployment challenges due to its sales and marketing to large businesses and organisations.

The Group invests significant resources into sales and marketing efforts to large businesses and organizations, which exposes Pexip to lengthy sales cycle risk and unexpected deployment challenges. As of 31 December 2019, total sales and marketing costs amounted to approximately NOK 28.6 million (33.8% of other operating expenses) in addition to salary and personnel expenses to the sales and marketing team. As the Group's main focus is on large enterprise customers (the Group has 20% of the Global Fortune 50 and 15% of the Global 500 companies as customers), a large proportion of the sales and marketing costs are related to such customers. These customers and potential customers have lengthy procurement cycles and severe evaluation and negotiation processes due to their leverage, size, organizational structure and approval requirements, and often demand additional features, support services and pricing concessions or require additional security management or control features. The Group spends substantial time, effort and money on sales and marketing efforts to potential customers without any assurance that this will produce any sales or that these customers will deploy our platform widely enough across their organization to justify any substantial upfront investment. If the Group is unable to sell and/or deploy its products or services following lengthy sales and marketing efforts, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.1.4. The Group is exposed to risk related to cyber-threats.

As a technology group that delivers an end-to-end video conferencing platform and digital infrastructure, the Group and its customers are subject to cyber-attacks from cybercriminals. Rapid changes in attack vectors makes it difficult to stop attacks and adapt to new threats and the increased social hacking creates a cyber-threat risk for the Group. The Group must comply with severe contractual security obligations, including maintaining network and system security, providing security patching, antivirus and malware detection and prevention services and intrusion detection and prevention as well as ensuring the credentials of those employees who work with the Group's customers. IT security breaches could lead to shutdowns or disruptions of the Group's systems and potential unauthorized disclosure of confidential information or data, including personal data. The Group may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. The theft or unauthorized use or publication of confidential information or other proprietary business information, or privacy-related obligations or third parties, or any compromise of security that results in an unauthorized release, transfer of use of personally identifiable information or other customer data as a result of an IT security incident, could adversely affect the Group's competitive position and reputation, and reduce marketplace acceptance of the Group's services and solutions. If the Group is unable to protect its platform and digital structure from cyber-threats, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.1.5. The Group is exposed to risk relating to system failures, defects or errors.

Certain applications offered to customers are hosted on the Group's own servers, running in co-located data centers. The Group must maintain continuous data center operations (including network, storage and server operations) to ensure adequate delivery of services. The Group's data center operations may experience disruptions or outages as a result of human error, equipment error, cyberattacks, software failure or natural disasters. The group's platform and services are based on inherently complex software technology, which may have real or perceived defects, errors, failures, vulnerabilities, or bugs in the platform and the Group's products could result in negative publicity or lead to data security, access, retention or other performance issues. Any significant disruption, system failure, errors or defects could compromise the Group's ability to deliver contractual services and/or increased costs and result in the loss of customers, curtailed operations and the Group's reputation, any of which could have materially adverse effect on the Group's business, result of operations, financial conditions, cash flow, and/or prospects.

2.1.6. The Group's is exposed to risk related to intellectual property rights.

As a technology group that delivers an end-to-end video conferencing platform and digital infrastructure, Pexip depends highly on its copyright, trademark, industrial design, trade secret and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce its proprietary technology and intellectual property rights. In particular, Pexip's international operations exposes the Group highly to differences in foreign trademark, trade dress, copy right and other laws concerning proprietary rights and degree of protection. Moreover, there can be no assurance that the Group will successfully prevent or restrict infringing activities by third parties. Cost incurred in bringing or defending infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Group may result in royalties or damages payable and/or the Group being required to cease the use of infringing intellectual property or embodiments of such intellectual property. There is also a risk that the Group has entered into and/or will enter into unfavorable agreements where intellectual property rights, for example deliverables (e.g. software) provided by the Group, may be transferred to the contracting party or its customers or that such parties may use Pexip's intellectual property rights independently of Pexip. The Group's inability to process, obtain, maintain or enforce adequate protection on its intellectual property rights or if the Group will be able to develop or obtain alternative non-infringing intellectual property, it may adversely affect the Group's operations, competitiveness, financial performance, reputation and/or future prospects.

2.1.7. The Group may unsuccessfully acquire other businesses, products and/or technologies.

The merger between a video infrastructure specialist and a former cloud video service provider and experienced solid growth over the past years, have made a solid platform for future growth. The Group has a strategy for growth and considers it well positioned to capture even more of the growth opportunities it see in the market. With a dual focus on growth and profitability, the Group reinvests its growth in revenues to seize these opportunities and does not have a policy to distribute an annual dividend in the medium-term. Organic growth may not, however, be sufficient to achieve the desired growth objectives. The Group has several attractive investment opportunities available to it and the board of directors is continuously evaluating if further investments are needed to enable the Group to grow at a faster pace and capture more of the available growth opportunities. In order to further develop, grow and become a global leader in the collaboration market, the Group may acquire (or merge with) other businesses, products and/or technologies. There can be no assurances that the Group is able to acquire suitable acquisitions on favorable terms, or be able to integrate such acquisitions successfully with respect to used time, resources, attention from Management and/or disrupt the ordinary business functions, and any failure may adversely affect the Group's operations, financial performance, reputation and/or future prospects.

2.2. Risk relating to customer relationships and third parties

2.2.1. The Group depends highly on existing customers renewing their subscriptions.

The Group offers (i) a self-hosted enterprise software application (the Pexip Infinity software) and (ii) managed as-a-service subscription (the Pexip Service) in a highly competitive communications and collaboration market, with fluctuating user satisfaction, demand for products and/or services, financial position of customers and acceptance and use of communications and collaboration technologies in general. The Group's business operations depend highly on renewed subscription by its existing customer base. The demand for communications and collaboration technologies is affected by a number of factors, including awareness of technologies, availability of competing or substitute products and/or services, ease of adoption and use, features, experience, and reliability of the platform. Any inability to retain and develop the Group's customer base may result in a material adverse effect on the Group's business, results of operations, financial position, cash flows and/or prospects.

2.2.2. The Group is exposed to risk related to the interoperability of the Group's platform across devices, operating systems and third-party applications.

One important feature of the Group's platform is its broad interoperability with a range of diverse devices, operating systems and third-party applications. Compared to its competitors' solutions, the Group's platform is accessible irrespective of technology and device, and has integrations with traditional video equipment, via browser, collaboration tools, enterprise & internet streaming and telephony. The Group is highly dependent on the accessibility of its platform across these and other third-party operating systems and applications that it does not control. Third-party services and products are constantly evolving, and the Group may not be able to modify its platform to assure compatibility with that of other third parties following development changes. In addition, some competitors may be able to disrupt the operations or compatibility of the Group's platform with their products or services, or exert strong business influence on the Group's ability to, and the terms on which it can operate and distribute its platform. As the Group's respective products evolve, this level of competition may increase. Should any of its competitors modify their products or standards in a manner that degrades the functionality of the Group's platform or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of the Group's platform with these products could decrease and may harm its business. In this respect, the Group is reliant on agreements entered into with Microsoft and Google to provide interoperability solutions for Microsoft (e.g. Microsoft Teams and Skype for Business) and Google (i.e. Google Hangouts Meet), respectively. As further described in Section 2.2.5 below, both Microsoft and Google may terminate their cooperation with the Group on short notice.

2.2.3. The Group is exposed to the risk of failure in customers' infrastructure or applications.

Many of the Group's engagements involve projects and services that are critical to the operations of the Group's customers' businesses and provide benefits that are difficult to quantify. Any failure in an infrastructure component or application that the Group designed, built, operates or supports, or operated or supported in the past, could result in a claim for substantial damages against the Group and significant reputational harm, regardless of the Group's responsibility for the failure. The Group attempts to limit by contract its liability for damages arising from negligent acts, errors, mistakes or omissions in rendering its services and solutions, but there can be no assurance that any such damages are subject to a contractual limitation on liability or that any such contractual limitations on liability will be enforceable or will otherwise protect the Group from liability for damages. Certain categories of damages are typically not limited in amount (for example, breach of confidentiality, gross negligence, willful misconduct or infringement of third-party intellectual property rights). Any failure in a network or computer system that the Group designed, built, operates or supports, or operated or supported in the past, could result in a claim for substantial damages against the Group and significant reputational harm, regardless of the Group's responsibility for the failure. Although the Group has product liability insurance coverage and IT consulting insurance coverage, there can be no assurance that any such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Group that exceed any available insurance coverage or changes in the Group's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects and may result in significant reputational harm.

2.2.4. The Group is exposed to risk relating to non-performing strategic partners, vendors, service providers, subcontractors or other third parties.

The Group's business often require (i) that the Group's services incorporate or coordinate with the software, systems or infrastructure platforms of its strategic partners and other vendors and service providers that the Group considers crucial to its development efforts and an important part of its business strategy, or (ii) that the Group utilizes subcontractors. The Group's ability to serve its customers and deliver and implement the Group's services and solutions in a timely manner depends on the ability of the Group's strategic partners, software vendors, service providers and subcontractors to perform their obligations and deliver their products and services in a timely manner and in accordance with contractual and project requirements. The Group continuously relies to a substantial extent on third parties and subcontractors, in particular to provide infrastructure outsourcing services, public cloud services, data center services and large transition and transformation projects, as well as to provide additional capacity when customer demand or contract sequencing requires it. Changes in pricing, incentives or other terms or non-performance of strategic partners, software vendors, service providers or subcontractors, could materially adversely affect the Group's ability to perform and subject the Group to additional liabilities, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. In addition, any failure by third parties for support services vital to the Group's business, could also have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.2.5. The Group is exposed to risk related to contractual change of control clauses

The Group has significant R&D and go-to-market relationships with Microsoft and Google (cf. inter alia Section 2.2.2 above), both supported by contracts regulating the relationships which can be revoked by the other party at short notice should they decide to do so. Furthermore, Pexip has an obligation to inform both partners in case of change of control, and both partners have been informed about Pexip's intent to list the company on the Oslo Stock Exchange. However, no assurance can be given that the change of control clauses will not be invoked by Microsoft and/or Google due to the Listing. If the Group's relationship with Microsoft and/or Google is revoked or terminated it could have an adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.2.6. The Group is exposed to risk relating to use of open source licensed software.

The company is exposed to general risk of relying on open source licensed software such as GPL. While the Group mainly use Open Source Software subjected to "permissive licences", it may use Open Source Software subjected to "copyleft licences". While it currently ensures that such code is separated from proprietary code, should it fail to do so it may expose itself to situations violating those licensing conditions, and potentially infringing copyrights, which could have an adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.3. Risks related to laws, regulations and compliance

2.3.1. The Group is subject to laws and regulations in several jurisdictions, including governmental export and import controls.

The Group is subject to laws and regulations in multiple jurisdictions as it serves customers in 73 countries with over 12 million users in 190+ countries and it sells its products through a global network of 300 channel partners in over 70 countries.

Pexip's platform and products are subject to governmental export and import controls that could impair the Group's ability to compete in international and/or national markets due to specific licensing requirements. Export control laws include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities, and also requires authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements and have enacted or could enact laws that could limit the Group's ability to distribute the Pexip platform or could limit Pexip's hosts' ability to implement the platform in those countries. Any change in export or import laws and regulations could result in decreased use of the Pexip platform or decreased ability to export or sell subscriptions to the platform to existing and/or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely harm the Group's business. Any failure to comply with applicable national and/or international laws and regulations could lead to costly litigations, penalties and other sanctions, and thus adversely affect the overall performance of the Group.

2.3.2. The Group is exposed to risk relating to data protection and data privacy regulations, licenses, etc.

The Group receives, stores and processes personal information and other user data through its business and operations in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and provides high possible penalties for noncompliance, in particular relating to storing, sharing, use, processing, disclosure and protection of personal information and other user data on its platforms. The main regulations are the GDPR, the Norwegian Data Protection Act of 15 June 2018 No. 38 and US privacy acts such as the California Consumer Privacy Act of 2018 and Shield Frameworks with regard to transfer of certain personal data from the European Union (the "**EU**") and Switzerland to the United States. Moreover, the Group has not established records of its processing activities, intra-group processing agreements, or a legal basis for transferring personal data to countries outside the EU/EEA, all of which are required under the GDPR. However, the Group is in the process of closing these "compliance gaps". Although the UK enacted the Data Protection Act in May 2018 that is designed to be consistent with GDPR, it remains an uncertainty regarding how data transfer to and from the UK will be regulated post withdrawal of the UK from the EU (BREXIT). It is possible that these laws are interpreted or applied in a manner that is adverse to the Group or otherwise inconsistent with the Group's practices, which could result in litigation, potential legal liability or oblige the Group to change its practices in a manner adverse to its business. As a result, the Group's reputation may be harmed, substantial costs may incur and consumers, customers and/or revenues may be lost.

Furthermore, any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against the Group. Any such failure could cause customers and vendors to lose their trust in the Group. If third parties violate applicable laws or its policies, such violations may also put users of the Group's products at risk and could in turn have an adverse effect on the Group's business. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such content is obtained, could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process user data or develop new services and features.

2.3.3. The Group is exposed to risks of claims and legal proceedings, including intellectual property right disputes.

The Group may be party to various legal proceedings that arise in the ordinary course of its business, including intellectual property rights disputes. The value of intellectual property rights is of high importance for the Group, as it operates in a highly competitive commercial environment were the strength of the intellectual property rights may be an important feature that distinguish the Group from its competitors. It is therefore important for the Group to ensure the value and commercial use of its intellectual property rights. There can be no assurance that third parties have not or may not infringed intellectual property rights owned by the Group, who may have to challenge such parties' rights to continue to use or sell certain products and/or may seek damages from such parties'. Moreover, there can be no assurance that the Group may not infringe or be alleged to have infringed intellectual property rights owned by third parties who may challenge the Group's right to continue to use or sell certain products and/or may seek damages from the Group. Any infringement or other intellectual property claims made by or against the Group could be time-consuming, result in costly litigation, cause product delays, divert its Management from their regular responsibilities or require the Group to enter into royalty or licensing agreements. These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorizations or loss of reputation, all of which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

2.4. Risks related to financial matters and market risk

2.4.1. The Group's profitability, operating results and working capital may fluctuate significantly.

With a strong focus on long-term growth and large investments in strengthening its growth capacity, Management expects the Group's profitability, results of operation and working capital to fluctuate significantly on a quarterly basis and on an annual basis. The main levers to invest in will be increased sales capacity and marketing spend as well as increased R&D capacity, both of which will increase operating costs. Long-term ambition is to have an operating profitability, in EBITDA-margin, of more than 25%. The Group's subscription-based revenues are relatively stable in the short-term (disregarded foreign currency exchange fluctuations), but may vary in the long-term because of the novelty and dynamics of the industry and markets in which the Group operates. The subscription-based revenues may also fluctuate significantly, both in the short-term and long-term, as the Group has a significant cash inflow (91% year-to-date 2020) due to a majority of its annual recurring revenue (ARR) in contracts which are denominated in USD (cf. inter alia Section 2.4.4 below). Due to the large investments into sales and marketing efforts to large businesses' and organizations with uncertain outcome, the Group's results of operations and working capital may fluctuate significantly on a quarterly and on an annual basis, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects. This may be causes by factors beyond the Group's control, including variations in the timing of orders and deliveries of both the products and services offered by the Group and its strategic partners, new product introductions by the Group and its competitors, the timing of new services and products by the Group, variations in capital spending budgets of customers, shifts in market and industry emphasis and end-user demands, and general economic conditions and economic conditions.

2.4.2. The Group operates in competitive markets, and the Group might not be able to compete efficiently.

The market for communication and collaboration technologies platforms is competitive and rapidly changing. Certain features of the Group's current platform compete in the communication and collaboration technologies market. Other large established companies have in the past and may in the future also make investments in video communications tools. In addition, as the Group introduce new products and services, and with the introduction of new technologies and market entrants, it expects competition to intensify in the future. Further, many actual and potential competitors benefit from competitive advantages, such as greater name recognition, longer operating histories, more varied products and services, larger marketing budgets, more established marketing relationships, third-party integration, greater accessibility across devices or applications, access to larger user bases, major distribution agreements with hardware manufacturers and resellers, and greater financial, technical and other resources. Some competitors may make acquisitions or enter into strategic relationships to offer a broader range of products and services than that of the Group. These combinations may make it more difficult for the Group to compete effectively. The Group expect these trends to continue as competitors attempt to strengthen or maintain their market positions.

Demand for the Group's platform is also price sensitive. Many factors, including the Group's marketing, user acquisition and technology costs, and current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. Certain competitors offer, or may in the future offer, lower-priced or free products or services that compete with our platform or may bundle and offer a broader range of products and services. Similarly, certain competitors may use marketing strategies that enable them to acquire customers at a lower cost than that of the Group. Furthermore, third parties could build products similar that of the Group which rely on any of the Group's software. Even if such products do not include all the features and functionality that Group's platform provides, the Group could face pricing pressure from these third parties to the extent that users find such alternative products to be sufficient to meet their video communications needs. There can be no assurance that the Group will not be forced to engage in price-cutting initiatives or other discounts or to increase its marketing and other expenses to attract and retain customers in response to competitive pressures, either of which would harm its business.

2.4.3. The Group is exposed to risks relating to volatile, negative or uncertain economic or political conditions.

Global macroeconomic conditions affect the Group's customers' businesses, which may have a consequential effect on their IT spending and demand for the Group's solutions and services. Economic volatility and uncertainty is particularly challenging because many of the projects the Group undertakes for customers require major investment by them, which customers are less willing to make in uncertain economic conditions. Volatile, negative or uncertain economic conditions in the Group's customers' markets, have undermined, and could in the future undermine, business confidence and cause the Group's customers to reduce or defer their spending on new initiatives and technologies, or may result in customers reducing, delaying or eliminating spending under existing contracts with the Group or putting pressure on the Group's pricing. In addition, international, national or local political volatility, have negatively impacted, and could in the future negatively impact, the Group and its employees. Volatile, negative or uncertain economic or political conditions may adversely impact the Group's customers or the Group's employees and could therefore negatively affect the Group's business, results of operations, financial condition, cash flow and/or prospects.

2.4.4. The Group is exposed to foreign currency exchange risk.

Because a significant part of the Group's business is conducted in currencies other than its functional reporting currency (NOK, as defined below) and the Group has its majority of annual recurring revenue (ARR) in contracts denominated in USD, the Group will be exposed to volatility associated with foreign currency exchange rates. Exchange rate fluctuations may affect the Group's financial results through translation of the profit and loss accounts and balance sheets of foreign subsidiaries into NOK. Currency risks may also arise when Group companies enter into transactions that are denominated in currencies other than their functional currency. The Group itself is also invoiced in other currencies than its functional currency, thus resulting in currency exposure from both a customer and supplier position. Currency exposure is the result of purchases of goods and services in other currencies than the Group's functional currency (transaction exposure) and of the conversion of the balance sheets and income statements in foreign currencies into NOK (translation exposure). Such translation exposure does not give rise to an immediate cash effect. Additionally, changes in exchange rates can affect the Group's customers and suppliers, and for instance result in a reduction of customers' willingness to pay or increase suppliers' costs, and as such indirectly affect the Group's profitability.

The Group has year-to-date 2020, approximately 76% of its cash inflows in USD, 9% in NOK, 7% in GBP and 8% in other currencies. The Group has correspondingly 31% of cash outflows in USD, 31% in NOK, 23% in GBP and 15% in other currencies. At the end of 2019, the Group held 67% of its cash in USD, 14% in NOK, 13% in GBP and 6% in other currencies.

The Group does not use financial instruments to hedge its exposure to foreign exchange rate risks, and there is no guarantee that the Group's financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by the Group to engage in currency hedging activities will be effective. Currency exchange rate fluctuations, thus, could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

2.4.5. The Group is exposed to risk relating to impairment of intangible assets, including goodwill.

The Company's audited consolidated financial statement for the year ended 31 December 2019 was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. As of 31 December 2019, the Group's non-current assets amounted to approximately NOK 864 million which constituted 80.7% of the Group's total assets, including NOK 599 million in goodwill. Goodwill acquired in a business combination is not amortized pursuant to IFRS, but is tested for impairment annually, or more often, if an event or circumstance indicates that an impairment loss may have been incurred. The key assumption affecting the present value of cash flows are the development of the net sales (expected growth rate), profitability, the discount rate and the growth rate. In impairment testing, the discounted present value of the recoverable cash flows of the cash-generating unit is compared to the unit's underlying value. If the present value of a cash-generating units cash flows is lower than its carrying value, the difference is recorded as an expense in the income statement for the current financial year. Even though the estimates and assumptions used, which are based on the view of management in each subsidiary, are sufficiently accurate to determine the recoverable amount of goodwill, the estimated recoverable amount may differ significantly from the actual future amounts. Changes in the development of the net sales (expected growth rate), profitability, the discount rate and the cash flow growth rate, forecasts or a combination of these factors, could lead to impairment losses on goodwill, which could weaken the Group's financial conditions, results of operations, equity and/or its ability to pay dividends or distributions. If the value of intangible assets, including goodwill, is impaired, it could have an adverse effect on the Group's financial condition, results of operations, equity and/or its ability to pay dividends or distributions.

2.5. Risks related to the Offering, the Listing and the Shares

2.5.1. There may not be an active and liquid market for the Shares and the price of the Shares may fluctuate significantly.

An investment in the Shares is associated with a high degree of risk and the price of the Shares may not develop favorably. Prior to the Offering, there has been no public market for the Shares, although the shares are being traded over-the-counter (OTC) through Pareto Securities. Following the Listing, an active or liquid trading market for the Shares may not develop or be sustained, and the Shares may not be resold at or above the Offer Price. If such market fails to develop or be sustained, it could have a negative impact on the price of the Shares. Investors may not be in a position to sell their shares quickly, at the market price or at all if there is no active trading in the Shares.

The share prices of publicly-traded companies can be highly volatile and, after the Offering, the price of the Shares could fluctuate substantially due to various factors, some of which could be specific to the Group and its operations, and some of which could be related to the industry in which the Group operates or equity markets generally. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Group's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in consumer preferences, an increase in market interest rates, changes in shareholders and other factors. As a result of these and other factors, the Shares may trade at prices significantly below the Offer Price. Market volatility and volume fluctuations have affected and continue to affect the market prices of securities issued by many companies, including companies in the technology market and companies which operates within the financial industry, and may occur without regard to the operating performance of such companies. The market price of the Shares may decline, and the Shares may trade at prices significantly below the Offer Price, regardless of the Group's actual operating performance, and there can be no assurances as to the liquidity of any market for the Shares, investors' ability to sell their Shares or the prices at which investors would be able to sell their Shares.

One of the factors that could also influence the price of the Shares is its annual dividend yield, as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

2.5.2. The Group has a limited operating history, which makes it difficult for prospective investors to evaluate and forecast the Group's future results of operations.

Prospective investors should be aware of the Group's limited operating history, which makes it difficult to evaluate the Group's prospects and future results of operations. The Company and its subsidiary Pexip AS (post-merger entity) were incorporated in 2017 and had no operational business operations before the completion of two triangular mergers completed 2018 between Pexip AS (pre-merger entity) and Videxio AS (as the transferring companies), where the Company (as parent of the acquiring company) and its subsidiary Pexip AS (as the acquiring company) were the surviving entities.

In order to present three years of operating history, financial statements for Pexip AS (pre-merger entity) and Videxio AS for 2017 have been included in this Prospectus. Prospective investors should note that these 2017 financial statements for Pexip AS (pre-merger entity) and Videxio AS, together with the original 2018 financial statement for the Company were prepared in accordance with Norwegian Generally Accepted Accounting Principles, while the Company's 2019 financial statement (with comparable figures for 2018), have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU. Thus, historical revenue growth of the Group should not be considered indicative of future performance.

Accordingly, if prospective investors use the financial information included in this Prospectus, they should note the Group's limited operating history and different accounting standards between the Company and its predecessors.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Offering and the Listing of the Shares on Oslo Børs described herein.

The Board of Directors of Pexip Holding ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 4 May 2020

The Board of Directors of Pexip Holding ASA

Michel Sagen
Chair

Kjell Skappel
Board member

Per Haug Kogstad
Board member

Irene Kristiansen
Board member

Marianne Wergeland Jenssen
Board member

4. GENERAL INFORMATION

4.1. Other important investor information

This Prospectus has been approved by the Norwegian FSA, as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future. The Managers disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Prospectus or any such statement.

The Managers are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Shares on Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the sale of any Offer Shares, shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Group or in connection with the Offering or the sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or the Managers or by any of the affiliates, representatives, advisers or selling agents of any of the foregoing.

Neither the Company or the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation, express or implied, to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "Risk factors".

In connection with the Offering, each of the Managers and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Managers or any of their respective affiliates acting in such capacity. In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Managers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

4.2. Presentation of financial and other information

4.2.1. Financial information

The Company has prepared the audited annual financial statement as of and for the year ended 31 December 2019, with comparable figures for 2018, in accordance with the International Financial Reporting Standards, as adopted by the European

Union ("**IFRS**") as well as the Norwegian disclosure requirements pursuant to the Norwegian Accounting Act, and are included in Appendix B to this Prospectus. The financial statement for 2019 was audited by Deloitte AS ("**Deloitte**"), as set forth in their auditor's reports included herein.

The Company converted its financial statement to IFRS to cover the financial statement as of and for the year ended 31 December 2019. The Company's audited annual financial statement for the period from incorporation on 20 October 2017 until the year ended 31 December 2018 was originally prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles for small companies ("**NGAAP**"), and are included in Appendix C to this Prospectus. The financial statement for 2018 was audited by Deloitte.

The Company was incorporated on 20 October 2017 and has therefore a limited operating history. The Company and its subsidiary Pexip AS are the surviving entities of two triangular mergers with accounting effect from 22 October 2018 (the "**Merger**") between the former video infrastructure specialist Pexip AS, with previous company registration number 898 209 962 ("**Pexip 1.0**") founded in 2012, and the former cloud video service provider Videxio AS, with previous company registration number 996 814 334 ("**Videxio**"), founded in 2011. See below for more information about the Merger transactions for accounting purposes.

In order to cover three years of financial history, financial statements for Pexip 1.0 and Videxio have been included in this Prospectus. For Pexip 1.0, the audited annual financial statement for the year ended 31 December 2017 (prepared in accordance with NGAAP and audited by Deloitte), included in Appendix D to this Prospectus, and the unaudited management accounts for the period from 1 January 2018 until 21 October 2018, are presented in Section 10 "Selected Financial Information and Other Information". For Videxio, the audited annual financial statement for the year ended 31 December 2017 (prepared in accordance with NGAAP and audited by HCA Revisjon & Rådgivning AS), included in Appendix E to this Prospectus, and the unaudited management accounts for the period from 1 January 2018 until 21 October 2018, are presented in Section 10 "Selected Financial Information and Other Information".

Other than set out above, neither Deloitte nor HCA Revisjon & Rådgivning AS have audited, reviewed or produced any report or any other information provided in this Prospectus.

The Company's, Pexip 1.0's and Videxio's financial statements are presented in NOK (presentation currency).

Merger transactions for accounting purposes

According to the merger plan, all assets, rights and obligations in Pexip and Videxio (as the transferring companies were transferred into the Company's subsidiary Pexip AS (as the acquiring company), with compensation to redeeming shareholders in Pexip 1.0 and Videxio issued by the Company (as the parent company of the acquiring company, Pexip AS). The respective parties approved the merger plan and the Merger was completed on 20 December 2018.

The Merger was carried out as two separate triangular mergers, combined in one joint merger plan, both performed in accordance with the Norwegian Private Limited Liability Companies Act Section 13-2 second paragraph et seq. Thus Pexip 1.0 and Videxio were at the same time but in succession merged into Pexip AS and the consideration to the shareholders in Pexip 1.0 and Videxio were issued by the Company through two capital increases. Pexip 1.0 and Videxio ceased to exist upon the effective date of the Merger.

In the Company's audited financial statement for 2018 (prepared in accordance with NGAAP), the first part of the transaction, where Pexip 1.0 was merged into Pexip AS, was completed with accounting continuity, implying that the book value of assets, rights and obligations from Pexip 1.0 was continued unchanged in Pexip AS for accounting purposes. The second part of the transaction, where Videxio was merged into Pexip AS, was completed in accordance with the transaction principle for accounting purposes, meaning that transferred assets, rights and liabilities were recorded at fair market value in Pexip AS.

The Merger was completed with tax continuity pursuant to Chapter 11 of the Norwegian Taxation Act, implying that tax value of all transferred assets, rights and obligations was continued unchanged in Pexip AS.

The transactions in Pexip 1.0 and Videxio in relation to the items transferred to Pexip AS by the Merger was for accounting purposes regarded as carried out at the cost of Pexip AS as of 22 October 2018. Assets etc. was transferred with accounting effect from 22 October 2018, and hence, Pexip AS has attributed income and costs as of this date.

In the Company's financial statement for 2019 (prepared in accordance with IFRS), with comparable figures for 2018, the Merger was treated as a reverse acquisition in accordance with IFRS 3, where Pexip 1.0 was identified as the acquiring company which acquires Videxio and Pexip AS and the combined company therefore shows financial figures for Pexip 1.0 for 2018 and Videxio from 22 October 2018. For accounting purposes, the transactions were otherwise treated as under NGAAP as described above.

4.2.2. Industry and market data

In this Prospectus, the Group has used industry and market data from independent industry publications and market research as set out in footnotes to Section 7 "Industry and Market Overview" and Section 8 "Business of the Group" and other publicly available information. While the Group has compiled, extracted and reproduced industry and market data from external sources, the Group has not independently verified the correctness of such data. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organizations, consultants and analysts and information otherwise obtained from other third party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Group may do in the future. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position in the future is based on the Group's own assessment and knowledge of the potential market in which it operates.

The Group confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Group is aware and is able to ascertain from information published by these third party providers, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Group does not intend, and does not assume any obligations to update industry or market data set forth in the Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Group has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Group cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Group's competitive position are based on the Company's own assessment and knowledge of the market in which it operates.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

4.2.3. Other information

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**EUR**" are to euro; the single currency of member states of the EU participating in the European Monetary Union having adopted the euro as its lawful currency, all references to "**GBP**" are to the lawful currency of the UK, and all references to "**USD**" are to the lawful currency of the United States.

4.2.4. Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.2.5. Alternative performance measures (APMs)

In order to enhance investors' understanding of the Group's performance, the Group presents certain measures and ratios in this Prospectus that might be considered as alternative performance measures ("**APM**") as defined by the European Securities and Markets Authority ("**ESMA**") in the ESMA Guidelines on Alternative Performance Measures 2015/1057.

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in FRS. The Group uses APMs to measure operating performance and is of the view that the APMs provide investors relevant and specific operating figures which may enhance their understanding of the Group's performance.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider such measures to be alternatives to: (a) revenue or profit/loss for the period, as a measure of the Group's operating performance, or (b) any other measures of performance under generally accepted accounting principles. The APMs presented herein may not be indicative of the Group's historical operating results, nor are measures meant to be predictive of the Group's future results. Pexip believes that the APMs presented herein are commonly reported by companies in the markets in which it operates and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortization and impairment, which can vary significantly depending upon measures, business practice or external and non-operating factors. Accordingly, the Group discloses the APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods. Since companies may present APMs differently, the Group's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

The following terms are used by the Group in the definition of APMs in this Prospectus:

- **EBITDA:** Profit/(loss) for the period before net financial items, income tax expense, depreciation and amortization.
- **EBITDA-margin:** EBITDA in percentage of revenue.
- **Share of recurring revenues:** Recurring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring in nature. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licences, perpetual software-licences and project-based professional services, such as a customer-specific proof-of-concept project or installation projects, are considered non-recurring.
- **Contracted Annual Recurring Revenue (ARR):** Annualized sales from all active subscriptions/contracts and ordered subscriptions with a future start date where the subscription is time-limited and recurring in nature. This is corresponding to Pexip's order backlog.

4.3. Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and anticipated financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" and, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear, among other areas, in the following sections in this Prospectus; Section 7 "Industry and Market Overview", Section 8 "Business of the Group", Section 10 "Selected financial and other information", and Section 11 "Operating and Financial Review", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- failure to attract, retain, train and motivate qualified personnel or increases in labor cost;
- failure to protect the Group's intellectual property rights or to manage cyber threats;
- system failures harming the Group's ability to provide its services;
- lengthening of the Group's sales cycles;
- forecasting future results of operations due to limited operating history;
- failure to respond to rapid technological changes, extend its platform services or develop new services;
- acquiring of other businesses or receiving offers to be acquired;
- breaching international sanctions and anti-bribery/anti-corruption laws;
- generating revenues relating to its ability to retain, develop and expand its customer base and procure additional work with existing customers;
- claim for substantial damages against the Group or result in significant reputational harm, and the Group's liability insurance coverage may not cover all potential losses;
- ability to maintain and expand relationships with third parties to integrate its platform with their solutions;
- liabilities if its strategic partners, software vendors, service providers or subcontractors do not perform their obligations or deliver project contributions at all;
- failure to properly comply with in several jurisdictions may adversely affect its operations;
- misapprehension of regulatory duties and obligations relating to data protection and data privacy regulations, licenses, etc.;
- legal and regulatory claims;
- transfer pricing documentation and policies;
- limited upstream capacity limiting the Group's ability to make distributions and/or meet continuing obligations;
- limited ability to grow due to antitrust and competition regulations or authorities;
- fluctuating revenues, operating results and working capital;
- currency fluctuations;
- impairment loss relating to intangible assets;
- access to funding;
- failure to compete efficiently in competitive markets;
- earnings, cash flow, dividends and other expected financial results and conditions;
- changes in general economic and industry conditions, including changes to tax rates and regimes;
- political, governmental, social, legal and regulatory changes and/or surveillance of digital technology; and
- operating costs and other expenses.

The risks that could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk Factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Group.

These forward-looking statements speak only as at the date on which they are made. The Group undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5. REASONS FOR THE OFFERING AND THE LISTING

The Company will apply for Listing of its Shares on Oslo Børs. The Company believes that the Offering and the Listing will:

- Enable the Group to pursue growth opportunities through expanding its sales operations, moving into new customer segments and further developing and enhancing its products.
- Strengthen the Group's overall market awareness for both end-customers and industry partners.
- Further improve the Group's ability to attract, retain and motivate talented personnel, including by increasing the Group's awareness in the local talent pool, especially in Norway.
- Diversify the shareholder base and enable other investors to take part in the Group's future growth and value creation.
- Allow for a liquid market for the Shares.
- Allow Selling Shareholders to balance their exposure.

The Company estimates gross proceeds from the issue of New Shares of up to NOK 1,071 million (or NOK 1,197 million when including the Additional Shares). The net proceeds from the issue of New Shares is expected to amount to approximately NOK 985.3 million (or approximately NOK 1,100 million when including the Additional Shares), based on the estimated total transaction costs of approximately NOK 85.7 million related to the offering of New Shares (or approximately NOK 97 million provided allocation of the Additional Shares in full) and all other directly attributable costs in connection with the Listing and the Offering to be paid by the Company.

The net proceeds from the issue of New Shares is primarily intended to strengthen the Company's revenue growth capabilities through investments in sales and marketing as well as R&D and product development, in line with the Company's strategy described in Section 8.3 "Strategy and objectives". The use and allocation of the net proceeds from the issue of the New Shares will be considered by the Company on a continuing basis.

The Company will not receive any proceeds from the Sale Shares by the Selling Shareholders.

See Section 17 "The Terms of the Offering" for more information on the Offering.

6. DIVIDENDS AND DIVIDEND POLICY

6.1. Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will comply with the legal restrictions set out in the Norwegian Public Limited Liabilities Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Liability Companies Act**") (see Section 6.2 "Legal constraints on the distribution of dividends") and take into account the Company's capital requirements, including capital expenditure requirements, the Company's financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Liability Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The proposal to pay a dividend in any year is, in addition to the legal restrictions set out in Section 6.2 "Legal constraints on the distribution of dividends", further subject to any restrictions in the Company's borrowing arrangements or other contractual arrangements in place at the time.

Further, the tax legislation of an investor's Member State and of the Company's country of incorporation (Norway) may have an impact on the income received from the Shares, see Section 16 "Taxation".

The Company is focusing on pursuing growth through expanding its sales operations, moving into new customer segments and further developing and enhancing its product offering (see Section 8.3 "Strategy and objectives"), and does not anticipate paying any dividends for the next three to five years.

The Company has not paid any dividends on its Shares during the financial years ended 31 December 2019, 2018 and 2017.

6.2. Legal constraints on the distribution of dividends

Dividends may be paid in cash, or in some instances as dividends in kind. The Norwegian Public Limited Liability Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that the Company may distribute dividends to the extent that the Company's net assets following the distribution are sufficient to cover (i) the Company's share capital, (ii) the Company's reserve for valuation variances and (iii) the Company's reserve for unrealised gains. Any receivables of the Company which are secured through a pledge over the Company's Shares and the aggregate amount of credit and security which, pursuant to Sections 8-7 through to 8-10 of the Norwegian Public Limited Liability Companies Act fall within the limits of distributable equity are to be deducted from the distributable amount;

- the calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the previous financial year, provided, however, that the registered share capital as at the date of the resolution to distribute dividends shall be applied. Following approval of the annual accounts for the last financial year, the General Meeting may also authorise the Board of Directors to declare dividends on the basis of the Company's annual accounts.

- dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date no older than six months before the date of the General Meeting's resolution; and

- dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound in light of the risk and scope of the Company's business.

Pursuant to the Norwegian Public Limited Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the general meeting of shareholders when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian public limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Public Limited Liability Companies Act does not provide any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 16 "Taxation".

6.3. Manner of dividend payments

Any future payments of dividends on the shares will be made in the currency of the bank account of the relevant shareholder registered with the VPS and will be paid to the shareholders through the VPS. Shareholders registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with DNB Bank ASA (address: DNB Bank ASA, DNB Markets Registrars department, Dronning Eufemias gate 30, 0021 Oslo, Norway) as the Company's VPS registrar ("**VPS Registrar**"), and transfer fees may apply for payments made in such manner. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the exchange rate of the relevant bank on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar.

7. INDUSTRY AND MARKET OVERVIEW

Pexip is a video communication platform provider with a global footprint in the Communications[1] market. Pexip is headquartered in Oslo with offices in Stockholm, London, Paris, New York, Washington DC and Sydney. The following section focuses on the Communications market and the sub segments.

The Communications market has been supported by increasing information globalisation[2] and digital transformation. Recently, environmental focus has further increased demand for solutions that reduce the need for travel related to business and customer meetings. As a result, companies are increasingly adopting collaboration and communication solutions to address a global workforce and market. Multiple solutions with various standards and capabilities has increased complexity and difficulty of enabling communication in the global and modern workplace. Companies, employees and customers expect technological solutions that are intuitive and easy to use, and that offer the flexibility for simple communication from board rooms, conference rooms, huddle rooms, at home, on the road or at the desk. Video communication solutions that integrate with existing workflows support companies in arranging better business-to-business ("**B2B**") meetings and develop stronger business-to-consumer ("**B2C**") relations. So far in 2020, the coronavirus outbreak and the various restrictions on travel and movement has further accelerated the demand for digital communication tools and exposed companies and employees to such tools to a greater extent than in the past.

This global and complex collaboration and communication market requires interoperable solutions (enabling communication across technological standards) that integrate with both old and new technology infrastructure and hardware. Solutions must comply with multiple data security and privacy regulations and internal compliance procedures, requiring flexibility in deployment options.

In a report by Gartner, it is estimated that by 2024, remote work and changing workforce demographics will impact enterprise meetings so that only 25% will take place in person, down from 60% today.[3]

7.1. Market overview

Video conferencing has shown to improve knowledge sharing and thus improve business outcomes compared to audio-only telephony[4]. Video allows nonverbal cues like facial expressions and gestures to be part of the discussion, which can lead to faster and more effective collaboration[5]. The opportunity for screen sharing (one meeting participant sharing their screen with the other participants) offers further advantage over traditional audio-only telephony. The need for virtual face-to-face meetings (as compared to physical face-to-face meetings) relates to an increase in off-site work and need for better collaboration[6].

7.2. Market segments

The Communications market can be divided by deployment type; On-premises and Cloud. Cloud deployment refer to deployment in data centres provided by third parties, in contrast to On-premises deployment where the software is hosted on local servers owned by the respective company[7]. There are four Cloud deployment models; public clouds, private clouds, community clouds, and hybrid clouds[8]. In addition, there are three service models; Software-as-a-Service ("**SaaS**"), Platform-as-a-Service ("**PaaS**") and Infrastructure-as-a-Service ("**IaaS**")[9]. Each of the models and service levels satisfies different organisational needs[10]. Pexip has the flexibility to offer various deployment and service models.

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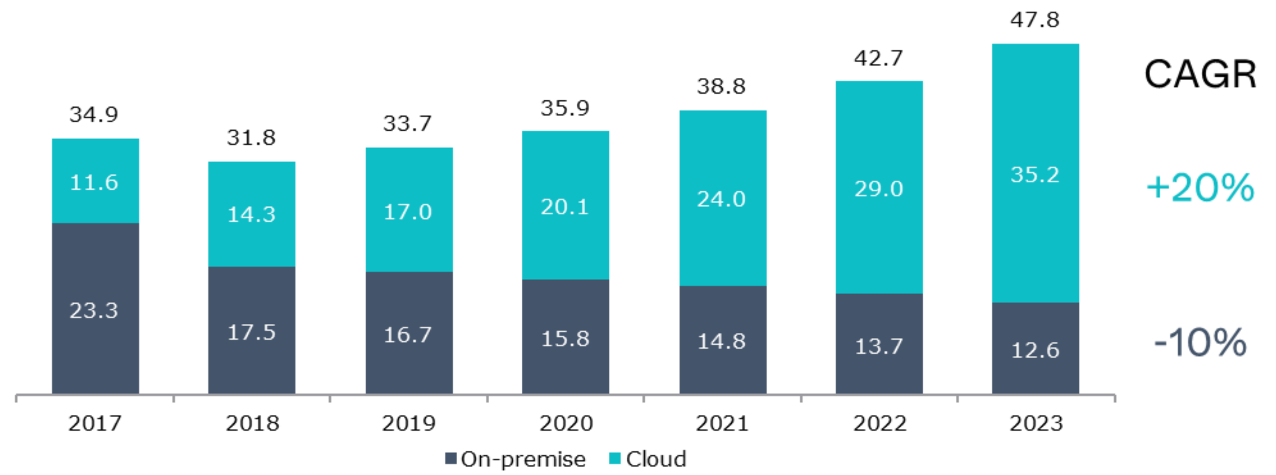
[1] Wainhouse Research define the overall market as Unified Communications, this market comprises three sub-segments; Unified Communications, Enterprise Calling and Enterprise Calling-enabled UC. For clarity, the Company has defined the overall market as the Communications market in this prospectus to avoid confusion with the Unified Communications sub-segment.
[2] DHL Global Connectedness Index 2018: The state of globalization in a fragile world.
[3] Gartner Magic Quadrant for Meeting Solutions.
[4] Brief: "Start Your Videoconferences On Time" Forrester Research, Inc., October 24, 2016.
[5] Jing Jiang, Bohan Dai, Danling Peng, Chaozhe Zhu, Li Liu, and Chunming Lu, "Neural Synchronization during Face-to-Face Communication" Journal of Neuroscience, November 7, 2012.
[6] Special analysis of U.S. Census data conducted for Flexjobs by Global Workplace Analytics. Survey group: Members from 3.5 million households. Data only includes full-time employees and does not include self-employed or employees that split time between the office and home.
[7] Wainhouse Research: Market Sizing and Forecast: UC On-Premises Solutions – Worldwide 2019, 12/08/2019.
[8] Tom Laszewski, Prakash Nauduri, in Migrating to the Cloud, 2012.
[9] Derrick Rountree, Ileana Castrillo, in The Basics of Cloud Computing, 2014.
[10] Derrick Rountree, Ileana Castrillo, in The Basics of Cloud Computing, 2014.

Figure 1: Communications market by on-premises and cloud

2017-2023, USDbn



Source: Wainhouse Research, Market Sizing & Forecast: UC On-Premises Solutions – Worldwide 2019, 12/08/2019< UC Cloud Services – Worldwide 2019, 30/09/2019; 2018 UC Forecast: On Premises Solutions, Aug 2018; 2018 Worldwide Unified Communications Forecast, Sep 2018.

Cloud deployment represents a growing market with an estimated Compound Annual Growth Rate ("**CAGR**") of 20% from 2018 to 2023. This deployment option is becoming increasingly preferred as it allows companies to manage and operate a limited amount of IT infrastructure and hardware. Further, with the introduction of private clouds and similar options, companies can still maintain their strict security policies and comply with data privacy regulation, that previously could only be addressed through on-premise deployment. Wainhouse's definition of cloud vs. on premise entails that the on-premise category also contains hardware, while the cloud contains software and SaaS.

On-premises and Cloud deployment can be divided into three sub-segments, namely Unified Communications ("**UC**"), Enterprise Calling ("**EC**") and Enterprise Calling-enabled UC ("**EC+UC**").

Unified Communications: UC provides the user with a software client that unifies a specific set of features, including a presence-enabled directory, instant messaging ("**IM**"), Voice over Internet Protocol ("**VoIP**"), Internet Protocol ("**IP**") video, the ability to share screens and the ability for multiple participants. Pexip, Microsoft Skype for Business, Zoom and Cisco are examples of software clients in this category.

Enterprise Calling: EC is focused on the telephony experience, including Private Branch Exchange ("**PBX**") features, access to the Public Switched Telephone Network ("**PSTN**") as well as VoIP calling. The user commonly applies a voice-only software client and a desk phone. Cisco Unified Communications Manager with connection through a desk phone is an example in this category.

Enterprise Calling-enabled UC: EC+UC solutions are simply the combined feature set of EC and UC. A user with an EC-enabled UC client will have access to IM, VoIP and video, in addition the user can send and receive calls to and from the PSTN. Cisco Unified Communications Manager with connection through jabber and Microsoft Teams are examples in this category.

7.2.1. Cloud deployment

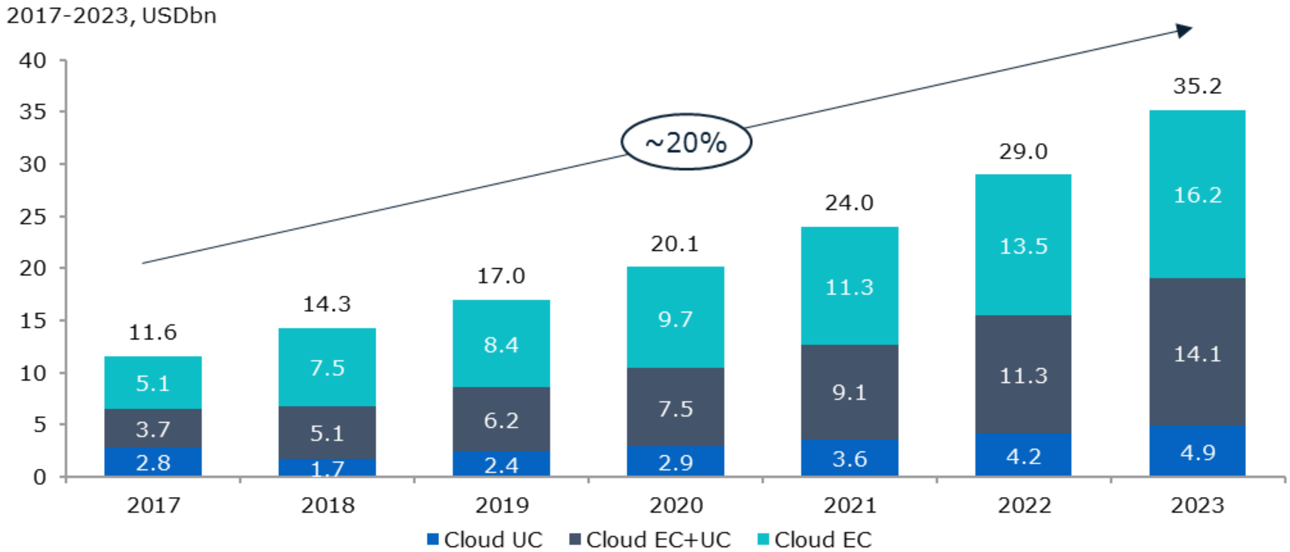
In 2018, the Communications market with Cloud deployment generated revenue of approximately USD 14 billion and is forecast to grow to USD 35 billion in 2023, representing a CAGR of 20%[11]. There were 175 million Cloud licenses in 2018, forecasted to grow to 447 million in 2023, representing a CAGR of 21%[12]. Of the Cloud licenses in 2018, 128 million licenses

[11] Wainhouse Research: Market Sizing and Forecast: UC Cloud Services – Worldwide 2019, 30/09/2019.
[12] Wainhouse Research: Market Sizing and Forecast: UC Cloud Services – Worldwide 2019, 30/09/2019.

(approximately 73%) related to the UC sub-segment. Of the remaining 46 million licenses, 17% related to EC and 9% related to EC+UC[13].

While the UC sub-segment accounts for the majority of all Cloud licenses, its growth is primarily fuelled by successful bundling strategies from Microsoft and Google within their Office 365 and G Suite, respectively[14]. By comparison, growth in the EC+UC sub-segment is driven by increasing demand from larger enterprises and global expansion from the cloud providers.

Figure 2: Communications market with Cloud deployment divided by sub-segment



Source: Wainhouse Research, Market Sizing & Forecast: UC Cloud Services – Worldwide 2019, 30/09/2019; 2018 Worldwide Unified Communications Forecast, Sep 2018.

7.2.2. On-premises deployment

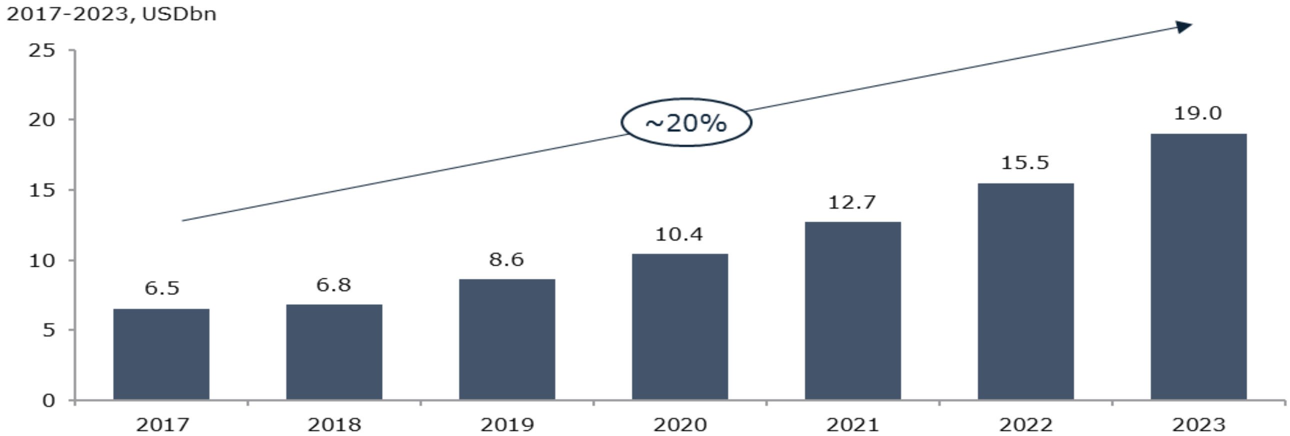
In 2018, the Communications market with On-premises deployment generated revenue of approximately USD 18 billion. The market is forecasted to decline to approximately USD 13 billion in 2023, representing a CAGR of negative 6%. The decline is driven by migration from On-premises to Cloud deployment[15]. However, the decline from migration is forecasted to be partly offset by an increasing price per license. The number of On-premises licenses is forecasted to decline from 285 million in 2018 to 183 million in 2023, representing CAGR of negative 8%[16].

7.2.3. Pexip's core market

Pexip defines its core market, according to the definitions of Wainhouse Research and given the current customer focus and product offering, to be worldwide revenue from the two cloud-deployed sub-segments; UC (client-only solutions with no PBX calling features and no PSTN access) and EC+UC (Telephony-enabled UC solutions). However, new customer segments and expanded product offering could increase the addressable market. In 2019, the core market was estimated at USD 8.6 billion, Pexip had a contracted annual recurring revenue (ARR) of USD 47 million as of December 2019.

[13] Wainhouse Research: Market Sizing and Forecast: UC Cloud Services – Worldwide 2019, 30/09/2019.
[14] Wainhouse Research: Market Sizing and Forecast: UC Cloud Services – Worldwide 2019, 30/09/2019.
[15] Wainhouse Research: Market Sizing and Forecast: UC On-Premises Solutions – Worldwide 2019, 12/08/2019.
[16] Wainhouse Research: Market Sizing and Forecast: UC On-Premises Solutions – Worldwide 2019, 12/08/2019.

Figure 3: Pexip's core market – Cloud UC and Cloud EC+UC



Source: Wainhouse Research, Market Sizing & Forecast: UC Cloud Services – Worldwide 2019, 30/09/2019; 2018 Worldwide Unified Communications Forecast, Sep 2018.

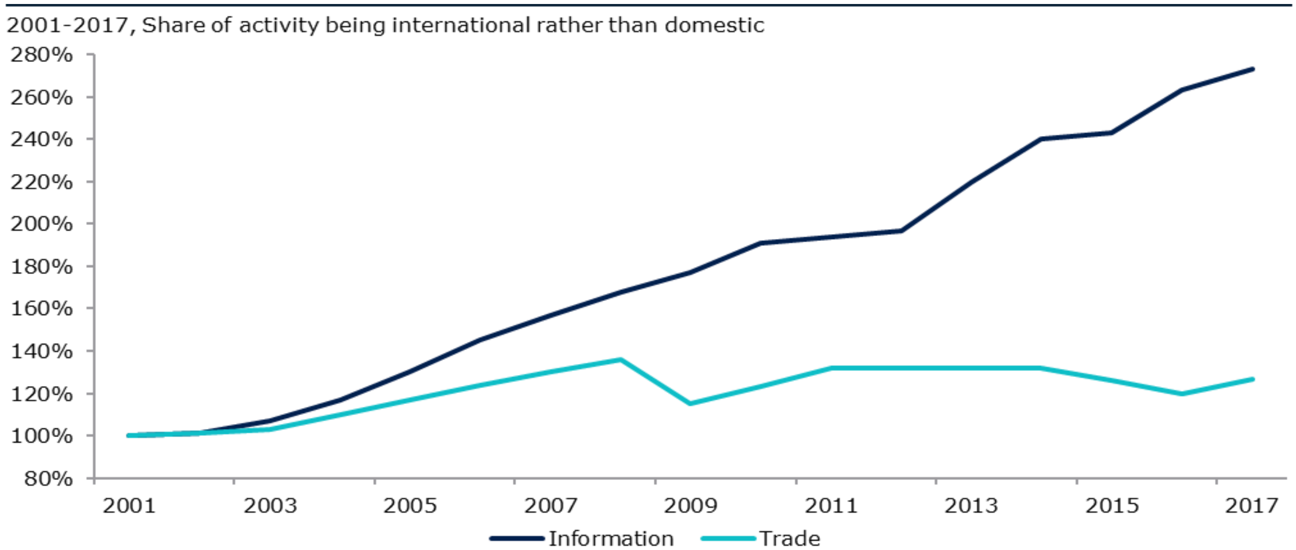
7.3. Key drivers and trends

7.3.1. Globalisation and demand for flexible collaboration drive need for video conferencing

The workforce has become more global and the user of cross-border teams and collaboration is increasingly more common. Coupled with an increasing demand for work-life balance and flexible workplaces, this has resulted in an increased rate of remote work. Remote work (often termed telework, telecommuting, distributed work, mobile work, smart working or other) is the practice of applying technology as a substitute for travel. This has led to the need for better communication and collaboration technology, including video conferencing.

Figure 4 shows the share of activity being international rather than domestic within information and trade. The share of international information flow[17] compared to domestic has grown by ~2.8x since 2001. Showing that information has been the most prominent area of globalisation since 2001.

Figure 4: Increasing globalisation

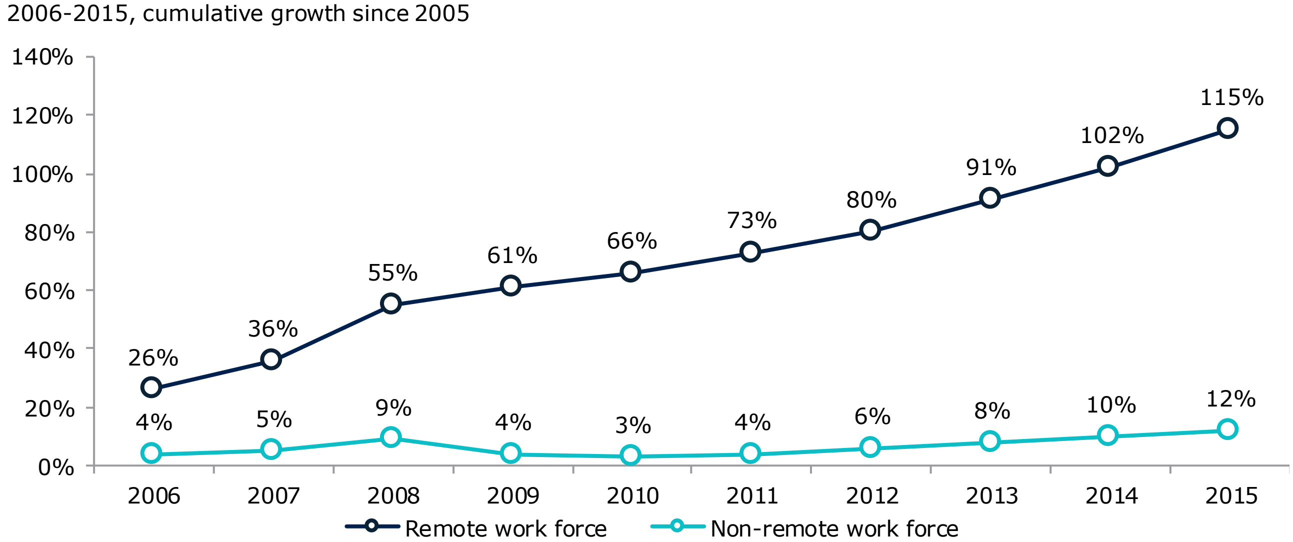


Source: DHL Global Connectedness Index 2018: The state of globalization in a fragile world

[17] Information flows consists of the international share of internet traffic, the international share of total telephone call minutes and trade in printed publications per capita.

By 2024, remote work and changing workforce demographics is expected to reduce the share of physical face-to-face meetings from 60% to 25%[18]. In the US in 2015, nearly four million employees engaged in remote work for at least half of their working hours, this represents a cumulative increase of 115% since 2005. During the same period, the number of US employees that did not engage in remote work grew by 12%[19], see figure 5.

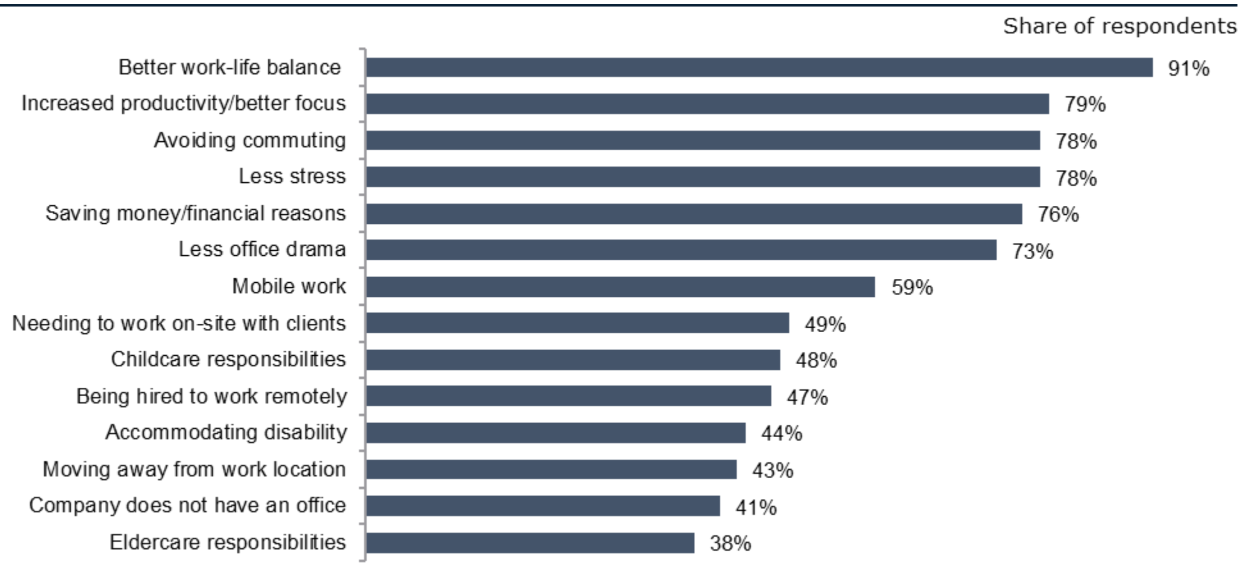
Figure 5: US-based remote work force growing faster than non-remote work force



Survey group: Members from 3.5 million households. Data only includes full-time employees and does not include self-employed or employees that split time between the office and home
Source: Special analysis of U.S. Census data conducted for Flexjobs by Global Workplace Analytics

Remote work is increasingly requested and valued by employees, as it offers several benefits including work-life balance, increased productivity and less commuting, see figure 6.

Figure 6: Top reasons why employees value remote work

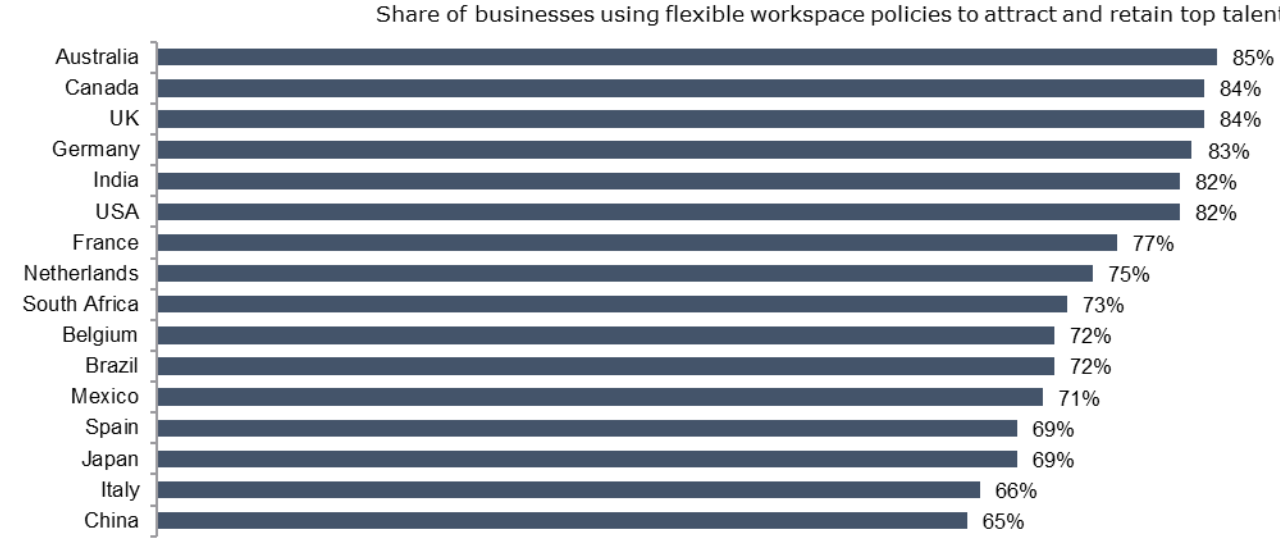


Survey group: 1,202 full-time workers in the United States between the ages of 22 and 65
Source: State of Remote Work 2019

[18] Gartner Magic Quadrant for Meeting Solutions, 05/09/2019.
[19] 2017 State of Telecommuting in the U.S. Employee Workforce.

Employers are accommodating the demand for remote work flexibility among employees, and often use this as a key differentiator to attract and retain top talent, see figure 7.

Figure 7: Share of businesses using flexible workspace policies to attract and retain top talent

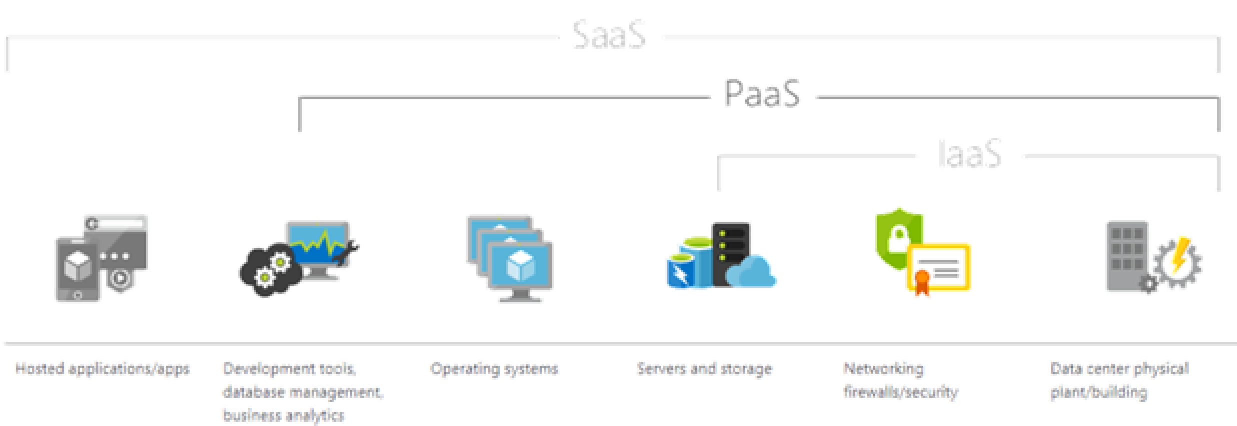


Survey group: More than 15,000 professionals from a range of different industries in 80 countries
Source: The IWG global workspace survey, March 2019

7.3.2. Enterprises gradually shifting from On-premises to Cloud deployment

Video communication software can be deployed On-premises or in the Cloud. Enterprises are gradually making the move from On-premises to Cloud deployment, often through hybrid solutions where certain services stay On-premises and other services are transferred to the Cloud. Figure 8 offers an illustrative overview of hybrid solutions with SaaS representing the full shift to Cloud deployment. The opportunity for IaaS and PaaS service models enables enterprises to host critical services on their own servers, ensuring full control and security.

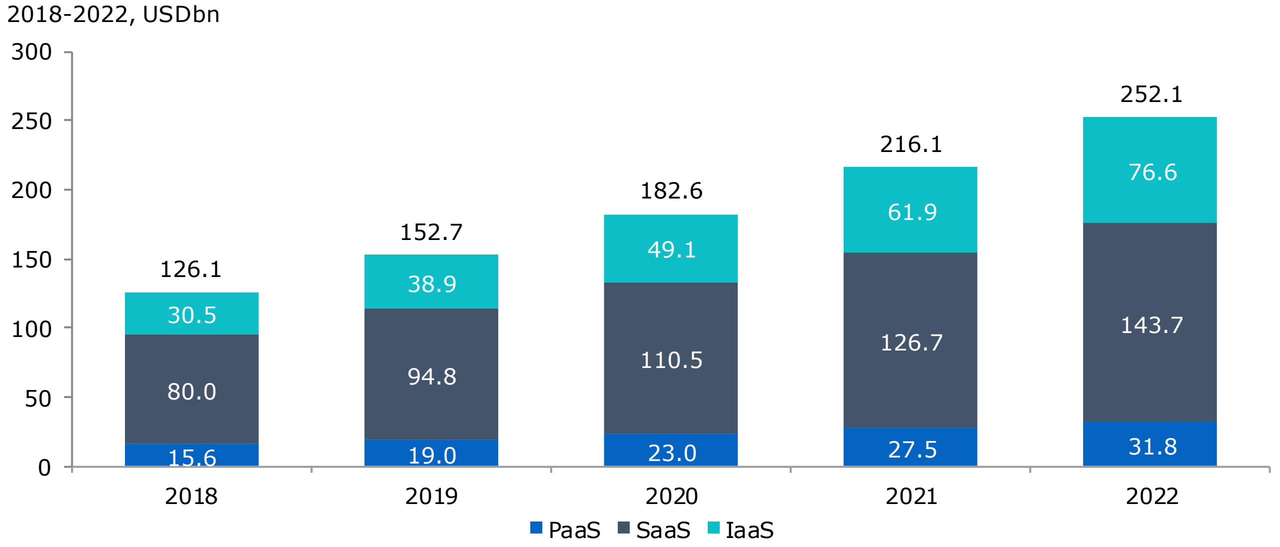
Figure 8: Illustrative overview of Cloud service models



Source: Microsoft Azure, "What is PaaS?", 11 December 2019

As illustrated in figure 9, IaaS is expected to see the highest growth rate between 2018 and 2022 with a CAGR of 26%, PaaS is forecasted with a CAGR of 19% and SaaS with a CAGR of 16%. The trend of high growth in hybrid deployments (IaaS and PaaS) is favourable to companies that have the flexibility to target all three service models.

Figure 9: Worldwide public cloud service (IaaS, PaaS, SaaS) revenue forecast

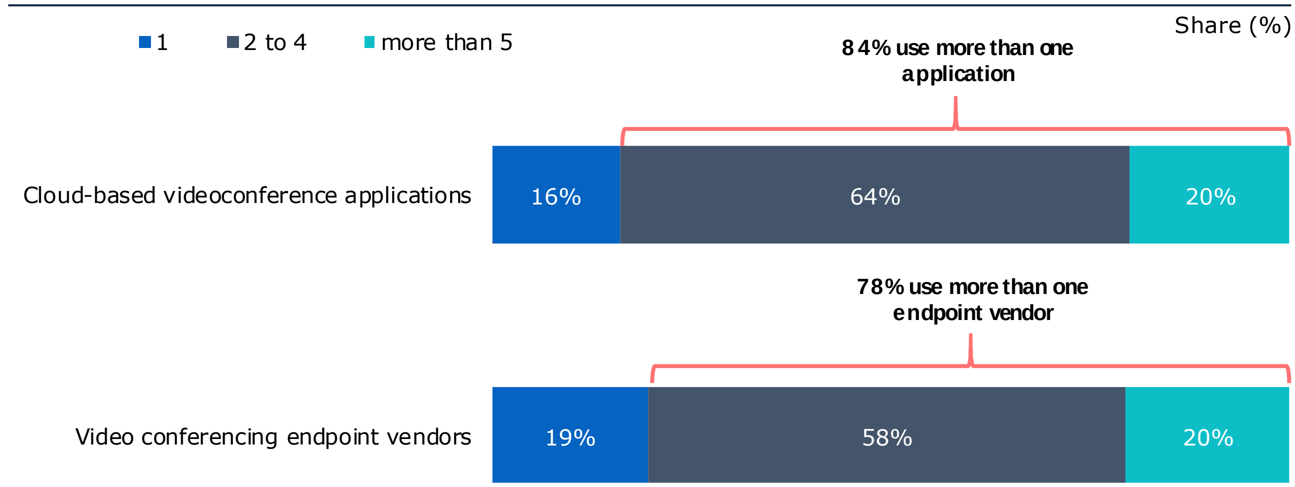


Source: Gartner Forecasts Worldwide Public Cloud Revenue to Grow 17.5 Percent in 2019, 11 December 2019

7.3.3. Increasing video conferencing complexity

Companies increasingly rely on videoconferencing to enhance communication efficiency internally and towards customers. Thus, firms have adopted a range of Cloud-based videoconferencing applications and endpoints to suit individual user needs and preferences. This has resulted in a crowded mix of vendors within firms, both reducing the user experience and driving costly delays in productivity[20].

Figure 10: Firms use multiple vendors for video communication applications and endpoints

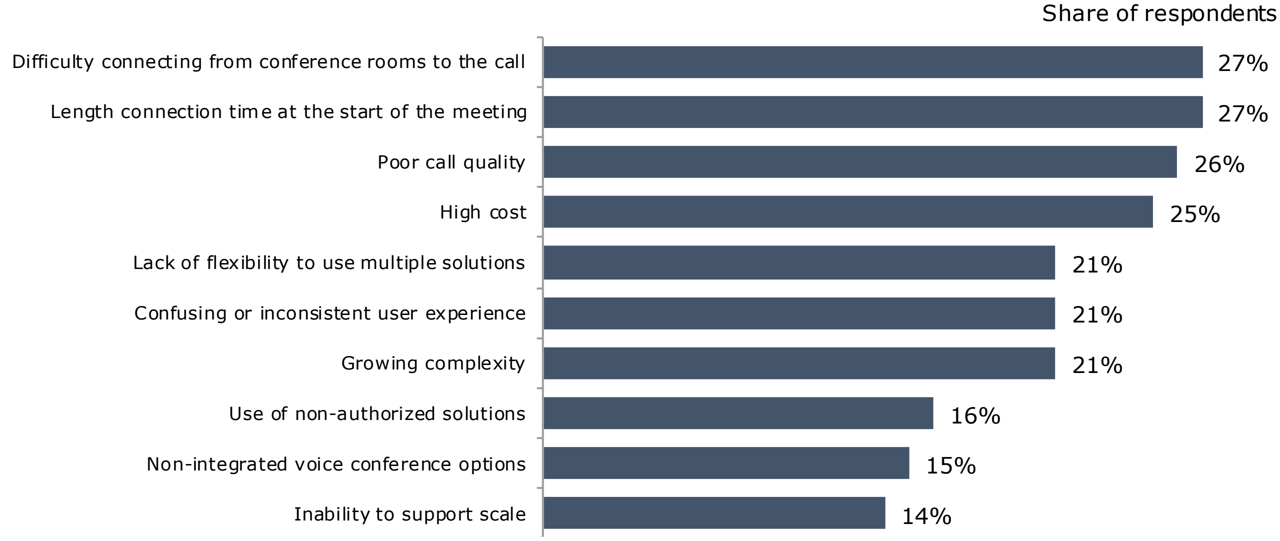


Base: 159 enterprise and SMB video conferencing decision makers in North America, Germany and Australia
Note: Percentages may not total 100 because of rounding
Source: Forrester Opportunity Snapshot: A Custom Study Commissioned By Polycom | November 2018

Video communication applications and endpoints are provided by multiple vendors, further increasing complexity and driving costly delays. The complexity also frustrates users, as the user experience is impeded by difficulty in connecting to calls and poor call quality. Figure 11 provides an overview of most frequent challenges faced by users.

[20] Forrester Opportunity Snapshot: A Custom Study Commissioned By Polycom | November 2018.

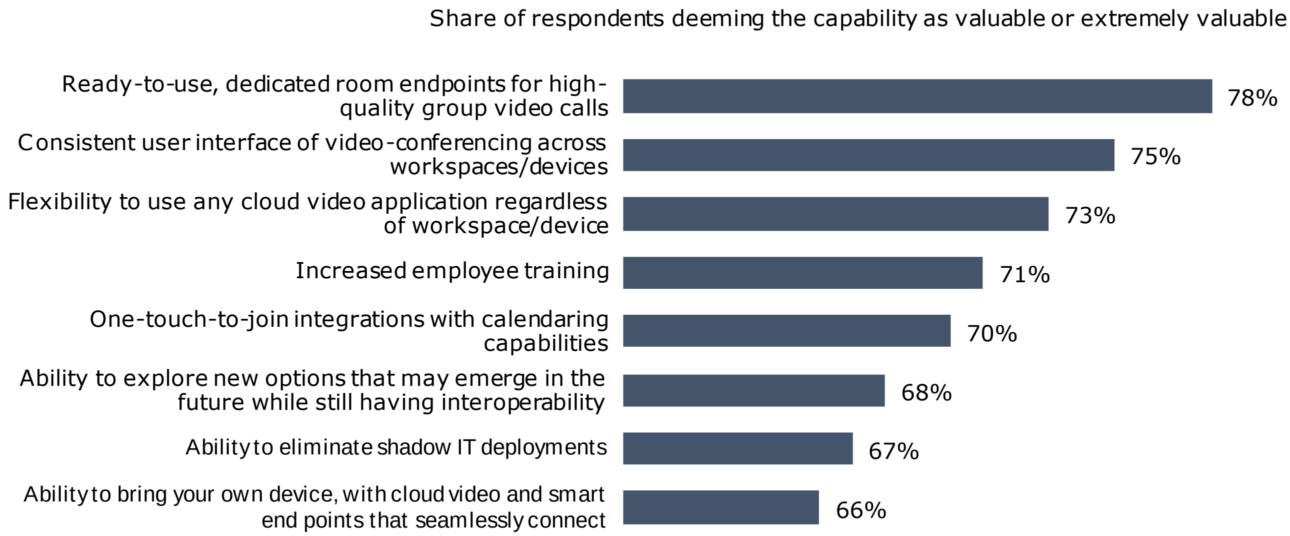
Figure 11: Most frequent challenges in managing / using Cloud-based video communication solutions



Base: 159 enterprise and SMB video conferencing decision makers in North America, Germany and Australia
Question asked: «What challenges do you experience when managing/using cloud-based solutions (the combination of end points and applications)»
Source: A commissioned study conducted by Forrester Consulting on behalf of Polycom, October 2018

The common denominator of the challenges in the industry is that no provider is able to provide all conferencing capabilities in one package to all customers. Due to varying organizational needs, it is unlikely that one provider will be able to provide a one-size-fits-all solution[21]. Figure 12 illustrates how users value various capabilities offered by video communication solutions.

Figure 12: Value of different video conferencing capabilities



Base: 159 enterprise and SMB video conferencing decision makers in North America, Germany and Australia
Question asked: «How valuable would each of the following capabilities relieving or solving you video conferencing challenges»
Source: A commissioned study conducted by Forrester Consulting on behalf of Polycom, October 2018

[21] Gartner Magic Quadrant for Meeting Solutions, 05/09/2019.

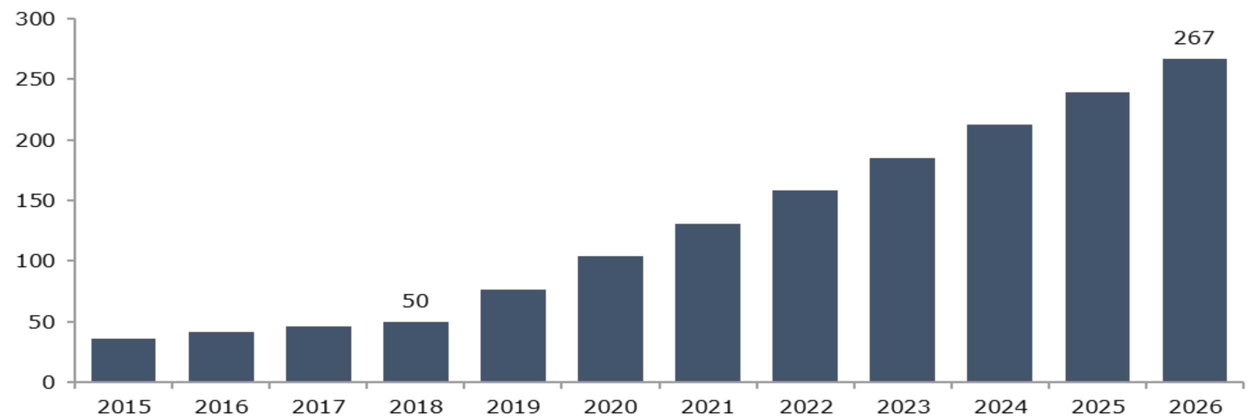
7.3.4. Increasing usage of video conferencing in B2C applications

In education, finance or healthcare, video-based services will be a key solution to broaden the scale of the individual services to maintain or to build trust with their clients. Companies are already starting to use video conferencing to handle more complex customer situations where the needs of the customers are not clear cut, and there is only so much you can do over the phone or through chats[22]. A prominent example of a company currently testing VC as part of their customer support is IKEA. They chose to try VC for the following reasons; address geographical issues, streamline customer support, and fix language barriers. Other examples of large companies implementing VC to communicate effectively with their customers are Poopsie's, Cadillac and Chicology.

Another example of increasing B2C usage of videoconferencing is within telehealth. Pexip already has a position as VC provider in this market to the U.S. Department of Veterans Affairs, St. Antonius Hospital and Ontario Telemedicine Network.[23] As illustrated in figure 13 this market is expected to have a CAGR of 23% in the period from 2018 to 2026.[24]

Figure 13: The global telehealth market

2015 – 2026, global telehealth market size, 2015 to 2026 (USDbn)



Source: Fortune Business Insights: https://www.fortunebusinessinsights.com/industry-reports/telehealth-market-101065, published: July 2019, extracted 22/01/2020

7.3.5. Pexip is a Visionary in the 2019 Gartner Magic Quadrant for Meeting Solutions

Pexip is recognised as a Visionary by Gartner in their Magic Quadrant for Meeting Solutions issued in September 2019, see figure 14. Meeting Solutions are defined as collaboration tools that support interactions between participants for daily teamwork, presentations, training and webinars.

Enterprise offerings in this market perform equally well for users in meeting spaces, at their desks or when mobile, with integrated voice, video, messaging and content sharing. Organizations with complex needs typically use separate meeting solutions for informal collaboration (among users within the same team or project) and for more formal meeting scenarios (external presentations, learning/training scenarios and large-scale webinars). This often causes an organization to deploy solutions from more than one vendor.

The goal is to become a global leader in the collaboration market, i.e. move up and right in the Magic Quadrant by capitalizing on the current profitable business model and to accelerate the growth by increasing the number of customers through supercharging the existing sales model, expanding in high impact segments as well as improving and expanding the current product offering.

[22] https://ecommerceguide.com/guides/customer-service-video/, published 30/05/2019, extracted 23/01/2020
[23] How Video is Shaping the Future of Telemedicine.
[24] Fortune Business Insights: https://www.fortunebusinessinsights.com/industry-reports/telehealth-market-101065, published: July 2019, extracted 22/01/2020.

Figure 14: Gartner Magic Quadrant for Meeting Solutions

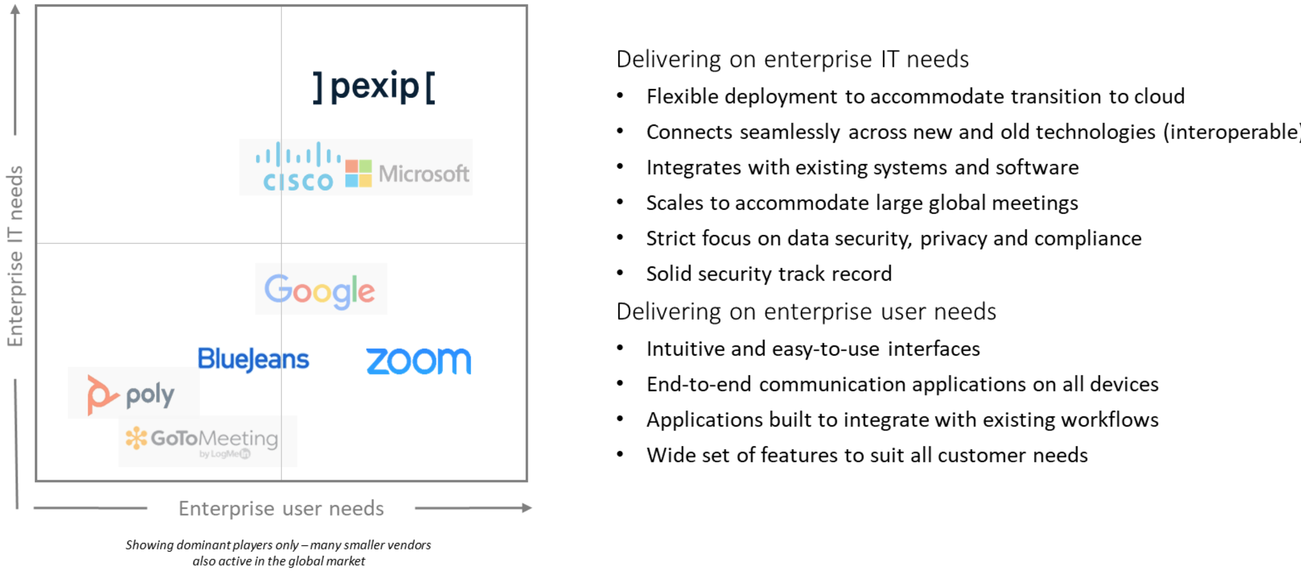
Source: Gartner (September 2019)

7.3.6. Differentiated position through focus on the enterprise

The Pexip video communication platform is developed to suit the IT and user needs of enterprise customers. IT needs includes security, integration and interoperability, and deployment flexibility. User needs focus on ease-of-use, work-flow integration and simplicity of connecting. To be a preferred supplier for enterprises, Pexip places significant focus on delivering on these criteria.

Figure 15 displays an illustrative competitor mapping based on Pexip evaluation.

Figure 15: Illustrative competitor mapping based on enterprise needs (Pexip evaluation)



7.3.7. Descriptive overview of selected competitors and industry players

Cisco

Cisco delivers a wide range of meeting solutions with different products for On-premises, Cloud, or hybrid deployments. The product suite also covers everything from huddle rooms to large video communication environments. Cisco also offers software designed to address specific industry needs and regulatory requirements. On the other hand, customers tend to highlight that Cisco's product offering is overlapping and that it has a complex and continuously evolving licence model.

Zoom

Zoom offers a reliable and easy-to-use video communication software, in addition to hardware endpoints through selected partners. Zoom supports Cloud, On-premises and hybrid deployments. On the other hand, the software has been noted to be lacking in integration capabilities. Zoom is generally considered to be a low-cost video communication option; however, it has been criticised for increasing prices upon subscription renewal.

BlueJeans

BlueJeans offers the reliable and easy-to-use video communication software BlueJeans Meetings and Events through Cloud deployment, in addition to supporting hardware endpoints. BlueJeans has an interoperability partnership with Microsoft Teams. BlueJeans was recently acquired by Verizon, which might impact their strategy going forward.

Microsoft

Microsoft offers a wide range of video conference solutions and collaboration tools with extensive deployment flexibility. In addition, Microsoft offers hardware endpoints both through partnerships and their own Surface Hub. The wide product range has increased complexity of facilitating larger meetings, and interoperability with other meetings solutions is limited. However, full interoperability is ensured through their partnership with Pexip and other vendors.

Google

Google offers video conference software, Hangouts Meet and Hangouts Chat, with simple Cloud deployment. Google also offers hardware endpoints through partners. The video conference software integrates with the large Google software ecosystem, ensuring strong workflow integration and improving the user experience. The software offers limited interoperability with other meeting solutions. Google and Pexip are interoperability partners. However, full interoperability is ensured through their partnership with Pexip.

7.4. Regulatory environment

Below is a description of the regulatory environment that the Group operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Group's operations.

7.4.1. Governmental export and import controls

The Group operates in a highly regulated environment and is subject to laws and regulations in multiple jurisdictions. Pexip's platform and products are subject to governmental export and import controls, including restrictions or prohibitions on sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities, and also requires authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements.

7.4.2. Data protection and data privacy regulations, licenses, etc.

The Group receives, stores and processes personal information and other user data through its business and operations in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all impose stringent data protection requirements and provides high possible penalties for noncompliance, in particular relating to storing, sharing, use, processing, disclosure and protection of personal information and other user data on its platforms. The main regulations are the GDPR, the Norwegian Data Protection Act of 15 June 2018 No. 38 and US privacy acts such as the California Consumer Privacy Act of 2018 and Shield Frameworks with regard to transfer of certain personal data from the EU and Switzerland to the United States. Moreover, the Group has not established records of its processing activities, intra-group processing agreements, or a legal basis for transferring personal data to countries outside the EU/EEA, all of which are required under the GDPR. However, the Group is in the process of closing these "compliance gaps". Although the UK enacted the Data Protection Act in May 2018 that is designed to be consistent with GDPR, it remains an uncertainty regarding how data transfer to and from the UK will be regulated post withdrawal of the UK from the EU (BREXIT).

Increasing attention is given to regulations relating to privacy, data protection and information security. As part of day-to-day business, Pexip is exposed to personal information and other user content, meaning that it must adhere to a strict regulatory framework. The regulatory framework has recently undergone a significant upgrade with the introduction of the General Data Protection Regulation GDPR in May 2018 in the EU. GDPR imposes stringent data protection requirements in relation to the processing and movement of data and provides great penalties for noncompliance, including potential penalties of up to EUR 20 million or 4% of annual global revenues.

7.4.3. Transfer pricing documentation and policies

The Group is exposed to regulations regarding documentation of intercompany transactions which is implemented and intensified globally and have led to stringent regulations for companies, including companies conducting operations in Norway, the UK, the US and Malaysia. As the Group has business operations internationally in jurisdictions other than Norway, including entities in Norway, the UK and the USA which serves customers in 73 countries and users in 190+ countries, the Group has established a transfer pricing framework. Still, there is a risk that relevant tax authorities may challenge the Group's transfer pricing documentation and policies regarding intercompany transactions between companies within the Group. It remains uncertain regarding how transfer pricing into and from the UK will be regulated post withdrawal of the UK from the EU (BREXIT), due to possible freedom from the relevant EU directives, and movement of financial and other assets either into or out of the UK.

7.4.4. Antitrust and competition regulations

The Group operates internationally within the communication market, serving more than 3,400 customers in 73 countries with users in 190+ countries and it sells its product through a global network of 300 channel partners in over 70 countries, serving more than 12 million users. In the Group's view, the communication market may be divided by deployment type (on-premise and cloud), which in turn may be divided into deployment models and service models. Depending on how a relevant market is defined by the relevant authorities in which the Group operates, the Group may be found to have a leading competitive position, which could restrict the ability of the Group to make additional expansion efforts, including through acquisitions. If the Group were deemed to have a "dominant position" in any given market, certain of its business practices may need to be altered or modified in order to comply with applicable regulations, and there can be no assurances that the relevant antitrust or competition authority will not take action against the Group or that the Group will successfully implement or carry out any required alterations or modifications to its business practices.

7.4.5. Upstream capacity

The Group has currently subsidiaries in Norway, the UK, the USA, and Malaysia. As the Group currently serves more than 3,400 customers in 73 countries with users in 190+ countries, a very large part of the Group's business and operations are conducted outside of Norway, which may entail the possibility and necessity of cross-border intra-group financial transactions. Applicable law, as well as other financing arrangements, may limit the amounts that some of the members of the Group will be permitted to pay as dividends or distributions on their equity interests, and limitations on the ability to transfer cash among entities within the Group may mean that even though the entities in aggregate may have sufficient resources to meet their obligations, the Company may not be permitted to make the necessary transfers within the Group. For example, the UK Companies Act of 2006 may restrict financial assistance and upstream security, including upstream guarantees which also may be considered as financial assistance.

7.4.6. International sanctions, anti-bribery/anti-corruption/anti-money-laundering laws and regulations

The Group's highly international operations, with more than 3,400 customers in 73 countries and users in 190+ countries, makes the Group exposed towards international sanctions laws and regulations, in particular sanctions on trade and import/export, anti-bribery/anti-corruption laws through its operations in and trade across multiple jurisdictions. Furthermore, sanctions imposed on certain countries, companies or individuals by international and regional bodies (e.g. the World Trade Organization, United States, the European Union (the "**EU**") and Great Britain) could materially adversely affect the Group's ability to establish its operations in or trade with these sanctioned countries or companies and/or individuals linked with such countries. There are currently several sanctions within the worldwide communications market, in which a breach may, inter alia, lead to severe penalties and fines. For example, it follows from UK case law that a telecommunications provider was imposition of monetary penalty of approximately GBP 146,000 for breaching UK sanctions rules by indirectly facilitating international telephone calls to a designated entity subject to economic sanctions.[25] The international operations also exposes the Group towards anti-money laundering laws and regulations within multiple jurisdictions.

7.4.7. Tax laws

Furthermore, the Group is subject to prevailing tax laws in each jurisdiction the Group operates. The Group has established and conducts operations through companies in different countries, and will be subject to changes in tax laws, tax treaties or regulations or the interpretation or enforcement thereof in the various jurisdictions, possibly with retrospective effect. The Group's overall tax charge is dependent on where profits are generated and taxed, whereas different countries have different tax systems and tax rates. Different jurisdictions have different legal systems with different laws for tax residency, tax credits and tax exemption rules. The Group's tax expense will be based upon the Group's interpretation of the tax laws in effect in the various countries at the time the profit is generated.

7.4.8. National or international policies, including Covid-19

As of the date of this Prospectus, the Group is not aware of any national or international policies or factors that have materially affected the Group's operations. However, the global outbreak of the COVID-19 virus has lead governments and authorities around the world to implement a number of temporary measures to deal with the current crisis, such as economic stimulus packages, travel restrictions, closing of certain businesses, employee safety policies and several other measures. Such policies and factors impacting various businesses' operations are introduced, modified or expanded on almost a day-to-day basis, and it is difficult for the Group to accurately estimate what future measures which may be implemented and potentially have a material effect on its operations. Although the Group does not expect that future policies or measures will have a material impact at this point in time, it cannot be ruled out that changes in governmental, fiscal, monetary or political policies could materially affect, directly or indirectly, the Group's operations.

7.4.9. International operations may include regions with political tensions and/or surveillance of digitial technology.

The Group currently has presence in multiple countries and it cannot be excluded that the Group will further expand its geographical presence in the future. An inevitable consequence of operating internationally is the exposure to political unrest and other risks specific to each national jurisdiction the Group may operate in. To be allowed to operate in certain jurisdictions the Group may experience that local authorities inflict specific requirements or restraints upon the Group's operations in that

[25] Report of penalty for breach of financial sanctions regulation (section 149(2) PACA 2017 report: Imposition of Monetary Penalty – Telia Carrier UK Limited (source: https://assets.publishing.service.gov.uk/government/uploads /system/uploads/attachment_data/file/842548/Telia_monetary_penalty.pdf).

geographical area. Any such jurisdiction specific requirements may be difficult to anticipate and address before launching the Group's operations in that jurisdictions, and the Group may experience delays or interruptions when adapting its technology and business to political circumstances and/or requirements in foreign jurisdictions.

8. BUSINESS OF THE GROUP

8.1. Introduction to Pexip Holding ASA

Pexip is a Norwegian technology group that delivers an end-to-end video conferencing platform and digital infrastructure.

Pexip's vision is to make virtual meetings even better than meeting in-person, by empowering people to see and engage with each other in a better way. The Group provides a video-first meeting platform that is flexible to deploy, easy to use and to manage, where teams and technology meet, simplifying video conferencing experiences and workflows. Pexip helps break down the barriers to improve video communication across teams and platforms.

The Group offers both a self-hosted software application and as-a-service deployment options for enterprise video conferencing, built on the core Infinity technology. Both offerings are delivered as a recurring subscription-based model, Software–as–a–Service (SaaS).

The key applications provided are: A) Group video meetings, including dedicated applications on web, desktop, tablets and smartphones, and scheduling applications. B) Video conferencing infrastructure, including third-party video conferencing endpoint registration & management with call control and handling. C) Video conferencing interoperability solutions that enable professional video conferencing systems to join Microsoft and Google native meetings.

Approximately 97% of the Group's revenues are generated from recurring subscription fees for which the Group experiences a high net retention rate and a strong customer loyalty.[26] Additional revenues are one-off revenue related to set-up and professional services.

The Group currently serves more than 3,400 customers with headquarters in 73 countries and users in 190+ countries (see Section 11 "Operating and Financial Review" for more information). The main focus is on large enterprise customers and Pexip has 20% of the Global Fortune 50, and 15% of the Global 500 companies as customers.[27] It sells its product through a global network of 300 channel partners in over 70 countries. The Group operates from its headquarters in Oslo, as well as from its offices in London, New York, Washington DC, Sydney, Stockholm and Paris. As of 31 December 2019, the Group had 182 full-time employees.

The Group is a result of the Merger in 2018 between Pexip 1.0 (founded in 2012), specializing in software-based video conferencing infrastructure, and Videxio (founded in 2011), a cloud-based video conferencing service provider. Both companies were founded by industry veterans from the Norwegian video conferencing company, Tandberg.

8.2. Competitive strengths

Digital transformation is creating a need for simple, user-friendly collaboration tools: As companies embrace digital transformation and more modern workplaces, they expect a simple, easy-to-use meeting platform that works where their employees do.[28] Pexip believes that they need tools that are flexible, cloud-friendly, and intuitive. The way people work is changing, and meetings are no longer confined to the boardroom or conference room. Employees need to be able to meet wherever they are, whether that is a huddle room, their desk, at home, or on the road, and they need an easy way to join meetings - both those they host and those they are invited to. As a result, Pexip ensures that its products offer business quality meeting experiences that are seamless for users, regardless of their location or device of choice. In Pexip meetings, users can join from the web with a plug-in free browser experience, a smartphone or tablet with high quality audio and video, a PC or Mac with a dedicated application or from any standards-based video conferencing room. Users can even join meetings from other providers. Pexip provides a high-quality, video first meeting experience that adapts to any type of environment from large conference rooms to small mobile devices, and the meeting can scale from a direct one-to-one call, to hundreds of active participants on audio and video. This is enabled through artificial intelligence and machine learning in combination with unique transcoding capabilities supporting the largest range of audio and video communications protocols such as H264, RTVideo, VP8, VP9, G722, AACLD, SILK, Opus, SIP, H323 and WebRTC.

The growth of workstream collaboration tools has made interoperability more important than ever: As workstream collaboration tools gain traction in the market, interoperability between video solutions has become more

[26] The Group had 99% net retention on a dollar basis in 2019. For further details see Pexip's 2019 annual report note 3.
[27] Reference is made to page 25 of the Company's financial statement for 2019, appended as Appendix B to this Prospectus.
[28] 2017 State of Telecommuting in the U.S. Employee Workforce.

important than ever.[29] Pexip believes that users do not want to have to learn a new technology or workflow; users simply want to join a meeting. Pexip is well-positioned to help large organizations migrate to new collaboration tools, while using the video conferencing systems they already have. Pexip breaks down the collaboration silos by allowing seamless integration between third-party incompatible technologies where Pexip differentiates through its gateway interoperability services which allow Pexip, Google Hangouts and Microsoft Teams and Skype for Business users as well as devices from other vendors such as Cisco to all join the same meetings, thus broadening the collaboration capabilities of Pexip customers. Pexip provides third-party video system device registration, meetings and calling are all available directly from Pexip or from its partners, as well as in a self-hosted capital expenditure deployment model for customers who prefer or require it.

Aging infrastructure is creating a new opportunity for cloud-based solutions: Pexip believes that many companies have aging video infrastructure and are looking for a replacement as their video infrastructure faces end-of-life. Furthermore, Pexip believes that customers want to future-proof their video conferencing infrastructure with a high level of control and management capabilities. With Pexip's solutions, they can choose their deployment model (on-prem, cloud, hybrid, SaaS), configure and monitor the entire implementation using a single interface, and maintain full control over data and workflows. Pexip is well-positioned to replace aging infrastructure while providing investment protection for the existing (and future) deployment of video systems. Pexip's platform is also Joint Interoperability Test Command ("**JITC**")-certified and US Federal Information Processing Standard ("**FIPS**") 140-2 compliant, and can be deployed on-premises, self-hosted (including government clouds), or as-a-service. Today Pexip work with U.S. agencies like the U.S. Department of Veterans Affairs, US Defense Information Systems Agency ("**DISA**") and US Air Force Institute of Technology (AFIT) within the government sector.

Customers want to use video to build trust with their clients - B2C use cases: In education, finance or healthcare, the Company believes that video-based services will be a key solution to broaden the scale of the individual services. The telehealth market alone is estimated to be more than USD 266 billion by 2026[30]. As an example, video-powered telehealth visits are connecting patients and providers to enable better outcomes while reducing costs. Patients can easily join video consults via a browser (WebRTC with no downloads required), while providers can join from any device (including telehealth carts) and integrate with their electronic health record systems ("**EHR**") systems using the Pexip application programming interface ("**API**"). Pexip's platform can be customized for telehealth applications and IaaS. The Group's open APIs integrate with electronic medical record systems ("**EMRs**")/EHRs and scheduling systems, and the platform supports US Health Instance Portability and Accountability Act of 1996 ("**HIPAA**") compliance, is FIPS 140 and JITC-certified, and compliant with Section 508 of the US Rehabilitation Act of 1973, as amended (29 U.S.C. 794d) ("**508 compliant**"). Customers include Ontario Telehealth Network and American Well. In the banking space, one of the largest financial group in the Nordics introduced the option for video visits instead of branch visits and was overwhelmed by its success, having to hire 60 new financial advisors to keep up with the demand.[31] Many colleges and universities rely on Pexip to deliver distance learning and live stream/record lectures. For instance, Indiana University conducted a two-year study with Pexip and found absenteeism decline 50% with a remote video attendance option. The Pexip platform can be customized for vertical applications such as finance, telehealth applications and IaaS.

Cloud is becoming the preferred way to run enterprise applications: As much as 80% of organizations are predicted to migrate toward the cloud by 2025[32] and 84% of enterprise run on a multi-cloud strategy[33]. Many organizations have existing investments to leverage and evolving deployment preferences and are in the process of evolving from dedicated on premises solutions to the cloud (IaaS/PaaS) or to a service (SaaS).[34] The Pexip platform is a virtualized and distributed software architecture that is built to scale in the enterprise. Pexip utilizes smart scaling and data routing for efficient data processing and allows for bursting with virtual servers. Pexip's solution is elastic and can create and remove additional virtual servers in response to demand in your cloud of choice in response to demand. The distributed deployment model is also bandwidth efficient. These aspects provide more effective usage of network, CPU and power over alternative solutions. This equates to cost savings for organizations as well as a reduction in the resources and Co2 footprint of their IT solution needed to power enabling efficient and responsible scaling of cost and energy consumption. In short, the unique Pexip Infinity software-based infrastructure supports transition from on-premise to the cloud, either as a full SaaS offering or as a hybrid

[29] Gartner Magic Quadrant for Meeting Solutions, 05/09/2019.
[30] Fortune Business Insight, Healthcare/Telehealth Market, July 2019.
[31] Pexip customer case example: https://www.pexip.com/blog/nordea-hires-60-new-advisors-after-strong-growth-for-video-meetings
[32] Forrester, Predictions 2019: Cloud Computing Comes Of Age As The Foundation For Enterprise Digital Transformation, published on 8 November 2018 and extracted on 29 January 2020, and available: https://go.forrester.com/blogs/predictions-2019-cloud-computing/
[33] Flexera, Cloud Computing Trends: 2019 State of the Cloud Survey, published on 27 February 2019, extracted on 29 January 2020 and available at: https://www.flexera.com/blog/cloud/2019/02/cloud-computing-trends-2019-state-of-the-cloud-survey/.
[34] Frost & Sullivan: Global Cloud Infrastructure as a Service Market Outlook, Forecast to 2023, March 2019.

deployment by being deployed using cloud compute such as Microsoft Azure or Google Compute Cloud. These flexible deployment models will accommodate and comply with any type of security and compliance regulation and policies.

Pexip is recognized by leading research and analysts in the Unified Communications market: The Group was rated no. 1 by video conferencing users worldwide came in a 2019 survey from Wainhouse Research, where the Group earned the highest Net Promoter Score (NPS) for overall brand perception and customer experience out of 17 of enterprise video conferencing providers.[35]

The Group was also included in the Gartner Magic Quadrant for Meeting Solutions 2019. Gartner's Magic Quadrant is widely recognized as the world's most influential market analysis for IT buyers, and the Group was named a Visionary.[36] According to Gartner, companies named a Visionary typically have important, unique and/or well-developed collaboration capabilities in their meeting solutions. They provide key innovations that point to the future of this market, and have the features needed to satisfy a variety of meeting solution use cases.

According to Frost & Sullivan,[37] the Company regularly demonstrates deep understanding of both current and emerging competition to create and communicate strong and competitive differentiators in the market. The key competitive strength of the Group includes the ability to satisfy both the needs of the enterprise end-users as well as the enterprise IT needs.

8.3. Strategy and objectives

The Group has developed a strong and sustainable business by investing in R&D that has built a leading-end-to-end video-first communications platform (as described in Section 8.2 "Competitive strengths") and sales and marketing that have enabled a rapidly growing and highly scalable business model with presence in Europe, North America and selected countries in the Asia-Pacific region.[38]

Pexip has established and trained a capable global community of authorized[39] channel partners and service providers, and currently has approximately 300 authorized channel partners globally. This go-to-market sales model has been augmented by Pexip’s high-touch sales organization, lending expertise and focus to promoting and selling Pexip solutions. These referenced partners provide Pexip access to Pexip solutions to their existing customers and possess the technical knowledge and relationships to manage those customers throughout the sales process, from trials to on-boarding to support. This strategy also provides the most scalable in-country sales and support capability (i.e. local language, time zone coverage, etc.), creating an attractive return from the investment in sales and marketing of 5.8x for 2019 measured in expected customer lifetime revenues to customer acquisition cost (see Section 10 "Selected Financial and Other Information" for more financial information).

The goal for 2020 – 2025 is to capitalize on the current profitable business model and to accelerate the growth by increasing the number of customers through supercharging the existing sales model, expanding in high impact segments as well as improving and expanding the current product offering.

[35] Brand Perception Ratings Overview – Video Meeting Solutions, Wainhouse Research, 1 February.
[36] Gartner (Magic Quadrant for Meeting Solutions), Mike Fasciani, Tom Eagle, Adam Preset, 5 September 2019
[37] Entrepreneurial Company of the Year Award, Business Video Conferencing Industry, Frost & Sullivan 2020.
[38] For further details see the Company's financial statement for 2019, note 3.
[39] Channel partners with a signed agreement to resell Pexip Infinity Software Licenses and/or Pexip Subscription Services.

Figure 16: Overview of strategy and objectives

8.3.1. Supercharge the existing sales model

Supercharging the existing sales model means: A) That there is potential to increase sales and marketing in existing geographies and the company believe that current sales coverage in Europe, North America and Australia can be substantially increased. For example, major countries like Germany and France, or states like California, have 2-3 Pexip employees, and can easily support 5 times this number of people. B) Pexip has strong brand recognition within the video industry but can benefit significantly from more recognition and lead generation from digital marketing. Current spend on sales driven activities from marketing has been limited and can be significantly scaled. C) An opportunity to create more business together with Pexip's alliance partners such as Microsoft and Google, through more people focused on co-selling and marketing activities. D) Convert service provider portfolios. There are several large and small players offering video conferencing services – either built on top of Pexip software or other solutions - that Pexip believe will struggle to keep up with the development requirements in a space demanding more and more features and integrations. In Pexip's view, it has successfully helped a number of players already on transitioning their "home-made" offering to the Pexip SaaS platform, and this focus will be continued and strengthened. E) Increase investment in customer success. Installation and support are critical components of customer success: Pexip intends to build more dedicated professional service practices, to further help partners in building their own professional services, as well as doing proof-of-concepts in a larger scale. In addition, Pexip intends to refine and invest in product capabilities from end-user "training-on-demand" to deeper analytics to better understand and support customers and partners. Furthermore, Pexip intends to expand its follow-up of larger customers with consultative usage and adoption support and identification of up- and cross-sell opportunities.

8.3.2. Expand in high impact segments

Pexip intends to expand in the following high impact segments: A) Selected B2C vertical markets, e.g. health care and finance. Pexip expects that enterprises/organizations increasingly want to include video into their B2C workflows – with some level of tailoring, branding, and other integrations to make it part of their overall customer experience. Pexip has already been embraced by several leading health care providers such as U.S. Department of Veterans Affairs, where Pexip's video meeting platform is underpinning digitalization of their doctor-patient workflows. Similarly, several financial companies have leveraged Pexip in their customer work flows. B) Pexip will invest in a more focused business development and selected vertical feature development to ease adaptation into B2C workflows. C) Use the Pexip Private Service to capture more of the hybrid cloud market. Pexip expects that there is an opportunity to help current self-hosted customers to move parts or whole of their Pexip deployment to the cloud – but retain their control of the solution. The Pexip's Private Service – "Pexip Compute as-a-Service" is a service designed to integrate with Pexip self-hosted deployments and is engineered to be fully automated and optimize use of public cloud compute providers (Microsoft Azure, Google Compute Platform, Amazon Web Services). The hypothesis is the customers can save on their overall compute and people cost, while Pexip can increase the revenue share for the same deployment. Commercial testing of this solution started in Q1 2020. D) Develop digital sales channel to address shadow IT. Pexip is currently offering customers trials on both its SaaS products and software; this requires an online enquiry to sales or partners to qualify the opportunity. This supports the Group's enterprise hi-touch sales model well. To further drive referral-based awareness and trials, Pexip will develop a fully automated trial offering, potentially including a freemium product. Furthermore, this will be underpinned with an e-commerce offering (the ability to pay with credit cards by users).

This will be combined with investments in digital marketing (to drive leads), inside sales (to drive conversion and lead generation to sales and partners) and customer success capabilities to ensure successful onboarding. The overall goal for Pexip is to gain another entry point into the enterprises – as well as to open up more of the advanced small and medium sized enterprises (SME) customer base.

8.3.3. Improve and expand the product offering

Pexip aims to have to the leading end-user experience before, during and after the meeting, across apps and rooms. Expanded use of artificial intelligence for video (e.g. Adaptive Composition), audio (e.g. noise suppression, translation, transcription), and facility management (e.g. heatmaps on room usage patterns). Investments would include areas such as additional R&D engineers to develop such capabilities further, as well as strengthening design capabilities.

The Pexip meeting experience:
Pexip will continue to introduce innovative features to all end users regardless of device/software and user workflow. Pexip will continue to deliver an outstanding user experience before, during, and after the meeting. With video at the core, Pexip will help all teams adapt to new ways of working with smart, context sensitive and AI-powered meetings and bring more of the Pexip experience into the conference rooms. One such initiative is to develop Pexip meeting room software solutions as customers want to roll out a Pexip solution also in their meeting rooms. In the market today there are several vendors delivering PC-based meeting room platforms which can run software from multiple software vendors. Pexip will create a version of its app that can run on these devices. The benefit to the end-users is a more integrated consistent across meeting rooms and other devices, the IT-admins will be able to control their entire Pexip deployment – end-users to meeting rooms – in the same admin interface.

Smart interoperability and investment protection:
Pexip helps organizations get more from the collaboration technologies they already use, whether those be traditional video conferencing room systems or desktop productivity tools from Microsoft and Google. Pexip will invest further to continue creating seamless workflows between technologies, eliminating the need to "rip and replace," so customers can enjoy consistent, high-video quality and a modern user experience.

Enterprise-ready:
Large, global organizations need full control over areas such as deployment model, data privacy, user workflow customization, end-user implementation plans, integrations with legacy IT assets, and compute migration. Pexip will continue to develop its smart scaled and truly elastic infrastructure that is cloud agnostic and provide the most scalable, cost-effective option in the market. Pexip will also continue to invest in its open API and highly customizable strategy to broaden its market penetration in the enterprise, with service providers, and in key verticals like healthcare, finance and government.

8.4. History and important events

The table below provides an overview of key events in the history of the Company:

Year	Event
2011	Videxio was incorporated under the laws of Norway on 1 April 2011.
2012	Pexip 1.0 was incorporated under the laws of Norway on 15 March 2012.
2012	Launch of the Videxio video communication service.
2013	Launch of Pexip Infinity.
2012 / 2013	Business established in the United States through Pexip Inc. (September 2012) and Videxio Inc (May 2013).
2016	Business established in the UK (England And Wales) through Pexip Limited (June 2016).
2017	The Company and Pexip AS (post-merger entity) were incorporated under the laws of Norway on 20 October 2017 by the Company's legal advisor (see Section 19.2 "Advisors") as shelf-companies without any operations and with the sole purpose of being sold.
2017/2018	Pexip certified by Microsoft as a video interoperability solution for Microsoft Teams and Skype for Business Server. Launches video interoperability for Google Hangouts Meet.
2018	The Company changed its name to Bourgogne Holding AS on 24 August 2018 and to Pexip Holding AS on 12 December 2018.
2018	Mergers between Pexip AS (post-merger entity), Pexip 1.0 and Videxio completed on 20 December 2018, with Pexip AS (post-merger entity) as the surviving entity.
2019	Merger of the US subsidiaries Pexip Inc and Videxio Inc completed in October 2019.

8.5. Business operations

Pexip’s business operations is focused around two main activities: software development and operations, and sales of Pexip’s own products.

R&D is a critical element to sustain and develop Pexip’s competitive differentiation. The Group invests significant resources in R&D to improve existing products and develop new ones. Software development is mainly done in Oslo, Norway and Reading, UK by its own employees. Pexip has very limited use of external consultants. Pexip R&D also operates its Software-as-a-Service (SaaS) offering through a global network of data centers and dedicated, high-quality backbone network. Support is an integrated part of the R&D team, ensuring a tight link between customer feedback and product development.

Since the establishment of Pexip 1.0 and Videxio, Pexip has invested significant R&D efforts into its automated testing framework to automate software testing. This allows Pexip to have a high confidence in the quality of the shipped product, and significantly reduces the time spent on repetitive software testing. Pexip belivies that this approach leads to significant productivity improvements, radically reducing the time to discover bugs, in addition to allowing its highly skilled software engineers to spend their time on development. Future R&D activities aims to create a leading end-user experience before, during and after the meeting, across apps and conference rooms. It would also include expanding the use of artificial intelligence to enhance the audio and video experience as well as improving reporting and management. More details about future R&D activities are described in 8.3.3 "Improve and expand the product offering".

Pexip focuses exclusively on business-to-business sales, and in particular the large enterprise segment. Pexip’s go-to-market model is built around channel partners supported by Pexip high-touch sales, solution architects and channel support. Pexip’s sales team often work hand-in-hand with the channel partner facing the end-customer, and are involved in all stages of the deal process from lead generation to closing. The channel partners include AV/video integrators and generalist IT system integrators, such as Kinly, Dimension Data, Converge One and AVI-SPL. Partners receive specialist technical training in Pexip’s product portfolio, and combined with expertise in a range of other Enterprise IT software they are responsible for integrating, operating and supporting Pexip’s products. Pexip offers deep technical training and certifies a number of partner and customer technical experts every year. Pexip’s channel-only strategy minimize potential conflicts with channel partners and is a differentiator versus vendors with a dual channel/direct sales mode. Pexip has local sales teams in the major markets in Europe, USA, Canada, Australia, Japan and Singapore. The target markets are mainly Western Europe, North America, Australia and Japan, and the Company expects to focus its future growth of the sales organisation in these regions.

Pexip’s products are promoted through its own website from both organic traffic and traffic generated from digital advertising. Participation in industry tradeshows is also an important part of Pexip’s own marketing activities, and Pexip participates in most major industry events in Europe, the Middle East and Africa (the "**EMEA**") and the Americas, and selected events in the Asia-Pacific region. Reviews of Pexip’s offering by industry analysts is increasing, and in 2019 Pexip was named a Visionary in Gartner’s Magic Quadrant for Meeting Services as well as being ranked number one in its category on brand perception by Wainhouse Research.[40] Pexip’s partnerships with Microsoft, Google and channel partners is also a very important source of leads to the Group, both through in-field engagement, participation in partner events and organizing joint marketing events.

Pexip’s products can help customers contribute to their sustainability agenda, and Pexip believes that sustainability will be a more important criteria for customers going forward when selecting productivity tools. The main sustainability contribution from Pexip is that its video solutions can help reduce travel and thus carbon emissions. It can also have other positive impacts on sustainability, such as enabling parents, and to a large extent women, to have more work/life flexibility and thus returning to the workforce earlier. Further details can be found in the Group's 2019 financial statement, appended hereto as Appendix B.

At the core of Pexip’s business operations is a set of distinctive, highly competent professionals with a strong, shared culture built on four pillars referred to in Pexip as the Pexip Way. Pexip expresses its culture through the following statements:

- **No bullshit:** *We say it as it is, with no hidden agenda but always speaking our mind in a considered and constructive manner. We do what needs to be done to help our colleagues, partners and customers. We stand for honesty and integrity.*

[40]) Wainhouse Research; Brand Perception Ratings Overview – Video Meeting Solutions, 1 February 2019.

- **Freedom and responsibility:** *We encourage initiative and innovation; we are all leaders; we act like owners, making decisions that are best for Pexip. In other words, we hire great people and empower them with the trust and autonomy to do what they do best.*

- **One team:** *We make each other better by respecting, supporting and caring for each other. We appreciate diversity and with over 200 employees in 17 countries, diversity is in our DNA.*

- **Professional and fun:** *We are committed to our partners and customers; we are passionate and fun to work with; we strive for excellence. We believe in what we do, and we let that shine through in our interactions with colleagues, partners, and customers.*

Pexip strongly believes that recruiting individuals that are both highly competent and have a good cultural fit is critical to sustaining and developing the Pexip Way. Pexip invests significant efforts in recruiting, and has developed a structured recruiting methodology to match its high recruiting standards.

8.6. Products

Pexip simplifies complex video conferencing to empower teams to meet, regardless of location or technology.

Pexip works to make the entire meeting process as simple and user-friendly as possible. Before the meeting, users can authenticate using their enterprise Active Directory (AD) or Single Sign On (SSO) credentials so they don't have to remember another password. With plugins for both Outlook and Google Calendar, users can schedule a Pexip video meeting without leaving their calendar.

To join a meeting, guests can connect using whichever technology or device they prefer, including traditional video room systems, desktop client, mobile app, download-free via web browser, or Skype for Business. Customers can integrate directly into third-party workflows by providing the ability to use native applications such as Microsoft Teams and Google Hangouts Meet with technologies and devices already deployed in the enterprise such as Poly, Cisco and Lifesize video conferencing room systems, and Skype for Business. Users can join using video or voice-only, with content sharing supported with both methods. During the meeting, participants can chat and share documents and applications.

Customers can live stream and record their meetings over the internet or enterprise streaming solutions already in place such as Qumu, Kaltura, IBM Cloud Video, Facebook Live, and YouTube. They can also integrate Pexip with interactive whiteboards to convert the whiteboard into a fully functional communication device.

After the meeting, hosts can access their recorded meetings and easily share links to the recordings with others. For those with native Microsoft Teams interoperability enabled, they can access recordings directly inside their Microsoft Teams client.

Pexip's scalable, cloud-native platform enables high-quality video meetings, interoperability with Microsoft and Google solutions, video system device registration, and integrations/API's for third-party developers of B2C video applications. Customers can deploy Pexip on their own privately-hosted servers, in their own cloud subscription of choice (Microsoft Azure, Google Compute Platform or Amazon Web Services), as a hybrid, or as a service. With a diverse set of APIs, Pexip can be customized to fit customers' unique needs. The solution is sold through 300 channel partners in 75 countries and used in more than 190 countries.

8.6.1. Pexip-as-a-Service (SaaS)

The Pexip Service provides four main subscriptions; a video-first meeting solution, video conferencing endpoint registration and call control as well as gateaway subscriptions for Microsoft Teams and Google Hangouts Meet.

The Pexip Service is built on the same core video technology as our dedicated enterprise software application, Pexip Infinity with additional microservices providing a global, secure and redundant cloud service. Pexip has established points of presence in more than 15 data centers and cloud platforms located around the world to provide the backbone for the Pexip service.

These are being run in highly-secure environments that are SOC2,[41] SSAE16[42] and ISO27001[43] compliant datacenters and have been strategically chosen to ensure that media is terminated as close to the users as possible to provide the highest quality and lowest latency possible.

With a 24/7 operations center the solution is ideal for companies and IT teams looking for user-friendly, business-grade video conferencing solutions that provide a feature-rich video collaboration on any device out-of-the-box with little to no technical implementation and no extra hardware investment. The Pexip Service has easy to manage day-to-day administration and reporting capabilities requiring minimal dedicated IT resources to monitor and because of the secure, global backbone with quality of service network it is optimized for live video from any location.

The service is currently being used in more than 190 countries, by enterprises ranging from large Fortune 500 companies to non-profit organisations. Actual customer fees vary depending on contract negotiations with the customers. The list price for a small to medium-sized company is between USD 29-39 per meeting room host per month for the video meeting subscriptions.

8.6.2. Pexip Self-hosted, private deployments (PaaS)

The Pexip Self-hosted software application, Pexip Infinity, allow customers to run the entire meeting platform on-premises in a secure data center and inside their network, or on any private cloud such as Amazon Web Services (AWS), Google Cloud Platform (GCP) or Microsoft Azure, or as a combination of both on-premise and cloud. This allows the customer to benefit from all the security measures they already have in place and allows them to scale in the regions of their choice, while providing the highest privacy, security and compliance standards. In addition, a self-hosted solution allows for tight integration with existing IT infrastructure to harmonize the workflow, as well as a fully customized experience to ensure a high degree of customization. The entire deployment and all its data is completely under the ownership and control of the enterprise, even when deployed in the cloud.

These deployment methods are often selected by large enterprises or governments with high requirements of flexibility, scale, security and/or strong compliance regulations. These enterprises include a variety of industries such as the American multinational conglomerate General Electric, the service provider for the US defence DISA, and the privately held telemedicine company American Well.

The subscription model is based around the number of concurrent users, as well as optional feature add-ons such as virtual video meetings, One-Touch Join or Microsoft Teams or Google Hangouts Meet interoperability. List prices for the software subscription is USD 1,250 for the base platform per month, and USD 49 per concurrent call capacity.

8.6.3. Pexip Vertical integrations and Business-to-Consumer (B2C)

Pexip Infinity comes with comprehensive RESTful[44] APIs allowing deep and advanced integrations with numerous services and tools such as PowerBI,[45] plus authentication, authorization, and provisioning capabilities against an AD/LDAP[46] database. This allow customers to integrate their deployment with any other existing and future systems in operation within the network. These integrations can range from full platform control and monitoring to custom built web, desktop, and mobile clients that stand alone and can be embedded into other applications and user interfaces. APIs include everything from simple streaming and recording solutions to complete workflow customization and digital health record integration. The platform supports HIPAA compliance, is FIPS 140 and JITC-certified, and 508 compliant. One of the most visible examples of a customer leveraging Pexip to deliver a tailored workflow and user experience is the U.S. Department of Veterans Affairs (VA). The U.S. Department of Veterans Affairs has used the Pexip APIs to develop the VA Video Connect app -- a telehealth app that connects veterans and providers for virtual video visits. The U.S. Department of Veterans Affairs created a

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[41] System and Organization Controls (SOC) 2 - Report on controls at a service organization relevant to security, availability, processing integrity, confidentiality or privacy.
[42] Statement on Standards for Attestation Engagements no. 16.
[43] Information security standard ISO 27001 (Information technology - Security Techniques - Information security management systems — Requirements), part of the ISO/IEC 27000-series published jointly by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).
[44] Web services that conform to the representational state transfer (REST) architectural style, which provide interoperability between computer systems.
[45] Power BI is a business analytics service by Microsoft.
[46] Active Directory / Lightweight Directory Access Protocol.

completely customized web interface and mobile application based on their branding and workflows, so the user experience was seamless for both providers and patients.

8.6.4. Product offering

Independently of how the customer chose to consume the Pexip products, Pexip provides the solution as a monthly or yearly software subscription with additional options to add support and professional services. The key products that are being offered are:

Pexip Meetings

The cornerstone of the Pexip solution is the meeting platform which is a feature-rich and easy-to-use group video meeting and calling solution for any team or organization. It provides business quality video in full HD (1080p), high fidelity voice, chat and content sharing. With the unique and intelligent transcoding and adaptive composition it provides an easy to use experience for any user across conference room systems, desktop, tablets and smartphones. It provides end-to-end applications ideal for internal and external meetings as all meetings support dedicated applications from Pexip, web browsers with no plug-ins or install necessary, phone dial-in as well as support for third-party SIP[47]/H.323[48] devices.

Users can make a 1:1 video call or be invited to a group meeting with hundreds of active participants with access to high quality audio and video. They can additionally choose to create events and broadcast to tens of thousands of viewers through the streaming and recoding integration.

Pexip Meetings can be fully customized to follow the user workflow and be integrated with IT and business tools, such as single-sign-on and Active Directory for authentication, Outlook and Google calendars for scheduling, enterprise Content Delivery Networks and streaming solutions such as Microsoft Live, Qumu and public streaming services such as YouTube, Facebook and Periscope.

Pexip Video Conferencing Infrastructure

High quality standards-based video conferencing devices (SIP / H.323 devices) are a critical part of a video conferencing ecosystem. The Pexip Video Infrastructure allows customers to replace legacy call control and video infrastructure and to register and manage these devices from a single platform.

The Pexip Endpoint Subscription allows users to place and receive calls securely to any standards-based video address inside, or outside the organisation and to join Pexip meetings as well as other third-party meeting services. The Endpoint Subscription supports video devices from a variety of vendors such as Cisco, Poly and Yealink, and provide no-touch provisioning and centralized management, advanced call control and firewall traversal for making internal and external calls as well as interoperability with other third-party meeting services such as Cisco WebEx, Microsoft Skype for Business / Teams and Google Hangouts Meet.

With an intuitive IT management dashboards & tools it makes it easy to manage the complete network infrastructure, meeting platform & video conferencing endpoints in one place.

Pexip for Microsoft Teams

Enterprises often have video meeting room solutions from more than one vendor,[49] and they are in the need to connect into more than a single meeting provider. The Pexip Cloud Video Interoperability (CVI) solution enables users to schedule native Microsoft Teams meetings and have internal or external standards-based video conferencing devices from vendors such as Cisco, Poly and Lifesize be able to join as if they were a native Microsoft Teams participant.

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[47] Session Initiation Protocol (SIP), a signaling protocol used for initiating, maintaining, and terminating real-time sessions that include voice, video and messaging applications. SIP has been standardized primarily by the Internet Engineering Task Force (IETF).

[48] H.323 is a recommendation from the ITU Telecommunication Standardization Sector that defines the protocols to provide audio-visual communication sessions on any packet network. The H.323 standard addresses call signaling and control, multimedia transport and control, and bandwidth control for point-to-point and multi-point conferences.

[49] Gartner (Magic Quadrant for Meeting Solutions), Mike Fasciani, Tom Eagle, Adam Preset, 5 September 2019.

Pexip is one out of three certified vendors to offer a Microsoft Teams Cloud Video Interoperability (CVI) solution.

Pexip for Google Hangouts Meet

Enterprises often have video meeting room solutions from more than one vendor,[50] and they are in the need to connect into more than a single meeting provider. The Pexip Video Interoperability solution for Google Hangouts Meet, enables users to schedule native Google Hangouts meetings and have internal or external standards-based video conferencing devices from vendors such as Cisco, Poly and Lifesize be able to join as if they were a native Google Hangout Meet participant.

Pexip is currently the only vendor to offer a Google Hangouts Meet video interoperability solution.

8.7. Property, plant and equipment and right of use assets

The Group has no material tangible fixed assets. The headquarter offices located in Lilleakerveien 2A in Oslo, Norway are leased with a lease agreement that expires on 31 January 2029. The current offices provide ample space for the Company's employees currently and in Managements opinion provides headroom for an increased number of employees. Other offices are located in Twyford, UK; Stockholm, Sweden; Paris, France; Herndon, VA, USA; New York, NY, USA and Sydney, Australia, and are all leased. The Group leases the majority of IT hardware required to operate its software-as-a-service offering and owns some internal IT hardware as well as IT equipment/productivity tools. The Group had total cash outflows for leases of NOK 7.8 million in 2019 (NOK 3.5 million in 2018).

8.8. Infrastructure and IT systems

The majority of the IT infrastructure needed to operate the customer facing Pexip software services such as data centers and network connectivity is leased from recognized global vendors. The Group uses compute and storage both from Infrastructure as service offerings such as Microsoft Azure and Google Cloud Platform as well as dedicated servers running in colocation data centers and managed by Pexip.

For IT systems required to service customers, the Group utilise mostly state-of-the-art third-party cloud services, with Pexip-specific workflow integrations as supported by these vendors. In particular the Group uses Salesforce.com for customer relationship management (CRM), Zuora for billing, Zendesk for support and Flexera for software licensing. In addition, the Group has developed its own ordering and service analytics portal to support channel partners.

For IT systems required for software development Pexip use a variety of industry standard tools. As Pexip is committed to software quality, the Group has invested in developing specialised software testing frameworks in order to automate the testing of our products at large scale and in various deployments.

8.9. Legal proceedings

Neither the Company nor any member of the Group, is or has been, during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

8.10. Insurance

The Group currently maintains insurance coverage of the type and in amounts that it believes to be customary in the industry, including liability insurance reflecting Pexip's liability in customer contracts and damage insurance for key assets, all subject to certain limitations, deductibles and caps. The Chief Executive Officer (the "**CEO**") and Board of Directors are also covered by directors and officers liability insurance. However, no assurance can be given that the Group will not incur any damages that are not covered by its insurance policies or that exceed the coverage limits of such insurance policies.

8.11. Material contracts

The Group has a channel-based go-to-market model where the vast majority of revenue comes from channel partners. The Group has a balanced portfolio of partners across geographies. The Group has one material channel partner with between

[50] Gartner (Magic Quadrant for Meeting Solutions), Mike Fasciani, Tom Eagle, Adam Preset, 5 September 2019.

5% and 10% of total revenues, which is the AV and systems integrator Kinly AS. The contract underpinning the Group's strategic partnership with Kinly AS was renewed in October 2019 and is a five-year contract. The relationship is supported by a number of joint customer relationships and the contract can only be terminated for cause.

The Group has from time to time entered into direct customer contracts regulating specific delivery obligations towards a given customer, none of which are material as defined by having an annual revenue of more than 5% of total revenue.

The Group has significant R&D and go-to-market relationships with Microsoft and Google, both supported by contracts regulating the relationships which can be revoked by the other party at short notice should they decide to do so. Pexip has an obligation to inform both partners in case of change of control, and both partners have been informed about Pexip's intent to list the company on the Oslo Stock Exchange.

The Group has no material supplier contracts (defined as more than 5% of costs).

8.12. Dependency on contracts, patents, licences etc.

The value of intellectual property rights is of high importance for technology companies, particularly those operating in a competitive commercial environment, such as Pexip. In many cases the strength of the intellectual property rights can be an important feature that distinguishes a company from its competitors. Although no assurance can be given, it is in the Company's opinion that its good internal intellectual property rights management ensure that the value of the Company's intellectual property rights is secured for commercial use.

8.12.1. Patents & Trademarks

Active intellectual property rights management also supports the reputation of the Company as a technology innovator which helps attract customers, partners and may assist in attracting and retaining the best employees. A rich and developing intellectual property rights portfolio indicates an innovative company culture. Per 22 April 2020, the Group has a total of 36 patent cases where 24 are granted patents and 12 are in filing. In addition, the Group has 21 trademark cases, where 17 are registered trademarks and 4 are pending.

First grant date	Patent numbers	Title	Protected jurisdictions(1)
09.03.2020	NO344692	Automatic deployment of distributed video conference system	Norway, Europe, U.S.
04.05.2020	NO34479	Early decision of intra blocks	Norway, Europe, U.S.
13.08.2019	US10382337	Improvements in multimedia conferencing	US, Europe
08.10.2018	NO343032	Visual control of a video conference	Norway, U.S.
09.10.2017	NO341316, EP3005690	Associating external devices to a video conference session	Norway, Europe, China
15.06.2015	NO336217, GB2528172, US8976225, CN105191295	Method, computer program and device for managing for managing media stream in video conferencing	Norway, U.S., UK, China
25.08.2015	NO341315, US9118808, EP2987273, CN105340215	Dynamic allocation of encoders	Norway, U.S., Europe, China
15.06.2015	NO336215, US9407933	Simultaneous and loop less vector calculation of all run-level pairs in video compression	Norway, U.S.
15.06.2015	NO336216	Method, computer program and device for capturing duo video content in a video conference	Norway
26.05.2015	NO336150, US9374232, EP2936803, CN105122791	Method and a device for optimizing large scaled video conferences	Norway, U.S., Europe, China
03.03.2015	NO336218, US8971407	Detection of skip mode	Norway, U.S.
11.11.2013	NO334007	Method, computer program and system for provisioning IP terminals in a local network	Norway, U.S., Europe

(1) Granted in at least one of the jurisdictions noted.

The most important trademarks registered are:

Registration date	Key word	Granted/pending jurisdictions[51]
09.05.2019	"square brackets + pexip	Norway, Europe, U.S.
09.05.2019	"square brackets + p"	Norway, Europe, U.S.
28.11.2017	IT'S BETTER TO BE SEEN	U.S.
13.06.2017	Pexip Infinity	Norway, Europe
28.02.2017	Your world connected	U.S.
27.08.2015	VIDEXIO logo	China
04.06.2013	Pexip logo	Norway, China
04.06.2013	Pexip wordmark	Norway, China
10.11.2011	VIDEXIO	Norway, Europe, U.S.

8.12.2. Licenses

The Pexip core technology, service and applications are developed in-house by developers based in UK and Norway with strong expertise in signal processing, distributed systems, infrastructure as a service and service operations. The software and tools technology are using industry standard licenses. All licenses and requirements are tracked and complied with. Licences include Fraunhofer Inst for H.264, MPEGLA AVC / VC1, Ericsson G719, Microsoft RTV Google VP8 & VP9 and more general open source licences such as MIT, BSD, GPL (reference is made to Section 2.2.6 for more information on the use of open source licenses). A complete list of third party licenses used can be downloaded at Pexip's website using the following link: https://docs.pexip.com/admin/download_pdf.htm.

In addition to the above-mentioned industry standard licenses, Pexip has entered into a framework and license agreement with Microsoft to enable integrations and interoperability with Microsoft Skype for Business and Microsoft Teams, as well as a development and license with Google to jointly develop and provide integrations and interoperability with Google Hangouts Meet.

[51] Trademark granted in at least one of the jurisdictions.

9. CAPITALISATION AND INDEBTEDNESS

9.1. Introduction

This Section 9 "Capitalisation and indebtedness" provides information about the Group's audited consolidated capitalisation and net financial indebtedness on an actual basis as at 31 December 2019 and, in the "Adjustment amount (Impact of the Offering)" column, the estimated impact to the Group's consolidated capitalisation and net financial indebtedness following the listing and completion of the Offering. The "Adjustment amount (Impact of the Offering)" column does not present a certain outcome, it is included for illustrational purposes only, with the actual result of the Offering being unknown and with other non-significant changes also having occurred since 31 December 2019. The "As adjusted" column reflects the Group's audited consolidated financial capitalization and net financial indebtedness as of 31 December 2019 combined with the assumed gross proceeds from the issue of New Shares received by the Company in the amount of NOK 1,071 million (or NOK 1,197 million when including the Additional Shares), resulting in net proceeds of approximately NOK 985.3 million (or NOK 1,100 million provided allocation of the Additional Shares in full) (after deducting estimated expenses related to the Offering of NOK 85.7 million (or approximately NOK 97 million when including the Additional Shares)).

Other than as set forth above, there has been no material change to the Group's combined capitalisation and net financial indebtedness since 31 December 2019.

9.2. Capitalisation

The following table sets forth information about the Group's combined capitalisation as at 31 December 2019:

	As at 31 December 2019	**Adjustment amount** (Impact of the Offering)	**As adjusted**
(In NOK thousands)			
Total current debt:			
Guaranteed	-	-	-
Secured (1) (2)	2,500	-	2,500
Unguaranteed and unsecured (2) (3)	189,544	-	189,544
Total current debt:	**192,044**	**-**	**192,044**
Total non-current debt:			
Guaranteed	-	-	-
Secured (4)	8,500	-	8,500
Unguaranteed and unsecured (5)	45,464	-	45,464
Total non-current debt:	**53,964**	**-**	**53,964**
Total indebtedness	**246,008**	**-**	**246,008**
Shareholders' equity			
Share capital (6)	1,198	-	1,198
Additional paid-in capital (7)	860,073	985,300	1,845,373
Retained earnings	(36,116)	-	(36,116)
Translation differences	(1,078)	-	(1,078)
Total shareholders' equity	**824,077**	**985,300**	**1,809,377**
Total capitalisation	**1,070,085**	**985,300**	**2,055,385**

(1) Current portion of Innovation Norway loan. Assets pledged as collateral are property plant and equipment and trade receivables.

(2) The Group also has a securitization facility agreement with SpareBank 1 Factoring AS, covering the Software sales in Pexip AS. Assets pledged as collateral are eligible trade receivables. The financing covers NOK 8.8 million (31 December 2019) which is recognised as a reduction in the carrying amount of receivables.

(3) Current portion of lease liability (NOK 10 million), derivative financial liability (NOK 77 million), trade and other payables (NOK 51 million), contract liabilities (NOK 48 million) and current tax liabilities (NOK 4 million).

(4) Non-current portion of Innovation Norway loan. Assets pledged as collateral are property plant and equipment and trade receivables.

(5) Non-current portion of lease liability (NOK 45 million)

(6) Share capital is comprised of share capital balance at 31 December 2019 (of NOK 799 thousand) and Share capital not registered as at 31 December 2019 (of NOK 399 thousand) related to the increase in par value of shares.

(7) Net proceeds of approximately NOK 985.3 million after deducting estimated expenses related to the Offering of NOK 85.7 million (excluding proceeds related to the Greenshoe Option).

9.3. Net financial indebtedness

The following table set forth information about the Group's combined net financial indebtedness as at 31 December 2019, and the impact to the Group's combined net financial indebtedness following the listing and completion of the Offering:

(In NOK thousands)		As at 31 December 2019	Adjustment amount (Impact of the Offering)	As adjusted
(A)	Cash	75,515	985,300[4]	1,060,815
(B)	Cash equivalents	-	-	-
(C)	Trading securities	-	-	-
(D)	**Liquidity (A)+(B)+(C)**	**75,515**	**985,300**	**1,060,815**
(E)	**Current financial receivables**	**-**	**-**	**-**
(F)	Current bank debt	-	-	-
(G)	Current portion of non-current debt [1]	86,808	-	86,808
(H)	Other current financial debt [2]	2,500	-	2,500
(I)	**Current financial debt (F)+(G)+(H)**	**89,308**	**-**	**89,308**
(J)	**Net current financial indebtedness (I)-(E)-(D)**	**13,793**	**(985,300)**	**(971,507)**
(K)	Non-current bank loans	-	-	-
(L)	Bonds issued	-	-	-
(M)	Other non-current loans [3]	53,964	-	53,964
(N)	**Non-current financial indebtedness (K)+(L)+(M)**	**53,964**	**-**	**53,964**
(O)	**Net financial indebtedness (J)+(N)**	**67,757**	**(985,300)**	**(917,542)**

(1) Current portion of lease liability (NOK 10 million) and derivative financial liability (NOK 77 million).
(2) Current liability of the Innovation Norway loan (NOK 2.5 million). Assets pledged as collateral are property plant and equipment and trade receivables.
(3) Non-current lease liability (NOK45 million) and Non-current borrowings (NOK 8.5 million of Innovation Norway loan).
(4) Net proceeds of approximately NOK 985.3 million after deducting estimated expenses related to the offering of NOK 85.7 million (excluding proceeds related to the Greenshoe Option).

As at 28 April 2020, the Company held NOK 135 million in cash and cash equivalents.

9.4. Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

9.5. Contingent and indirect indebtedness

As of 31 December 2019 and as of the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

10. SELECTED FINANCIAL AND OTHER INFORMATION

10.1. Introduction and basis for preparation

The following selected consolidated financial information has been extracted from the following financial statements:

- **For the Group:** Audited annual financial statements for the year ended 31 December 2019 with comparable figures for 2018 (prepared in accordance with IFRS), attached hereto as Appendix B, and audited financial statement for the period from 22 October 2018 until 31 December 2018 (prepared in accordance with NGAAP), attached hereto as Appendix C. These financial statements have been audited by Deloitte, as set forth in their auditor's reports included herein.

- **For Pexip 1.0:** Unaudited management accounts for the period from 1 January 2018 until 21 October 2018 (prepared in accordance with NGAAP), and the audited financial statement for the year ended 31 December 2017 (prepared in accordance with NGAAP), attached hereto as Appendix D. The financial statement for 2017 was audited by Deloitte.

- **For Videxio:** Unaudited management accounts for the period from 1 January 2018 until 21 October 2018 (prepared in accordance with NGAAP) and audited financial statement for the year ended 31 December 2017 (prepared in accordance with NGAAP), attached hereto as Appendix E. The financial statement for 2017 was audited by HCA Revisjon & Rådgivning AS.

The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the financial statements included in Appendix B to F, and should be read together with Section 11 "Operating and Financial Review".

Other than the mentioned auditor's reports, neither Deloitte nor HCA Revisjon & Rådgivning AS have audited, reviewed or produced any report or any other information provided in this Prospectus.

The Company's, Pexip 1.0's and Videxio's financial statements are all presented in NOK (presentation currency).

10.2. Summary of accounting policies and principles

The financial statement for the year ended 31 December 2019, is the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2018, the Group prepared its financial statements in accordance with NGAAP. Accordingly, the Group has prepared financial statements that comply with IFRS, applicable as of 31 December 2019, together with the comparative period data for the year ended December 2018. In preparing the financial statements, the Group's opening statement of financial position was prepared as of 1 January 2018, the Group's date of transition to IFRS.

Adjustments from transition to IFRS impacts, but is not limited to, leasing, capitalised development, goodwill amortisation, contract costs, prepaid commissions, revenue recognition, deferred tax assets, reclassifications of contract costs and contract assets, business combinations and derivative financial liability. In combination with impacts described herein, other adjustments and non-material impacts are described in the Group's audited financial statements for the year ended 31 December 2019. Please refer to note 31 of the Group's audited financial statements for the year ended 31 December 2019, appended hereto as Appendix B, for information on how the Group adopted IFRS.

For further information regarding accounting policies and the use of estimates and judgements, please refer to note 1 and 2 of the Group's audited financial statements for the year ended 31 December 2019 (prepared in accordance with IFRS), included in this Prospectus as Appendix B. For Pexip 1.0 and Videxio, please refer to note 1 of the respective audited financial statements for the period ended 31 December 2017 (prepared in accordance with NGAAP), attached hereto as Appendices E and G.

10.3. Statement of profit and loss and other comprehensive income

This Section sets out the following selected statement of profit and loss and other comprehensive income:

- **For the Group:** Audited consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2019 (prepared in accordance with IFRS), with comparable figures for 2018, and for the year ended 31 December 2018 (prepared in accordance with NGAAP).

- **For Pexip 1.0:** Unaudited statement of profit and loss for the period from 1 January 2018 until 21 October 2018 (management accounts prepared in accordance with NGAAP) and audited consolidated statement of profit and loss for the year ended 31 December 2017 (prepared in accordance with NGAAP).

- **For Videxio:** Unaudited consolidated statement of profit and loss for the period from 1 January 2018 until 21 October 2018 (management accounts prepared in accordance with NGAAP) and audited consolidated statement of profit and loss for the year ended 31 December 2017 (prepared in accordance with NGAAP).

The Merger between Pexip 1.0 and Videxio (completed on 22 October 2018 for accounting purposes) is treated as a reverse acquisition by Pexip 1.0 under IFRS. Hence, the 2018 IFRS accounts cover the business operations in Pexip 1.0 prior to the Merger and the business operations of the combined company post-Merger. Under NGAAP, the annual accounts for the combined entity only cover the business operations of the combined company post Merger. Hence, to get a comparable view with the 2018 IFRS accounts a combined view of Pexip 1.0 prior to the Merger and the combined company post the Merger is presented in this Prospectus. The business operations in Videxio prior to the Merger is neither part of the 2018 accounts under IFRS or NGAAP, and is therefore presented in a separate table below.

The Group experienced strong growth in revenues during 2019, of which 40% is attributable to the Merger and 32% is attributable to organic growth due to increased sales in all geographies across all products. In 2019, EMEA accounted for 51% of revenue, Americas for 34% and APAC for 15%. The growth in Infinity software revenues is attributable to organic growth, and was 34%. The growth in cloud services in 2019 is to a large extent influenced by the Merger and was 564% overall. The growth in 2019 is in line with the Group's long-term ambition to reach USD 300 million in contracted annual recurring revenue (ARR) by 2025. Reviewing the development between 2018 and 2017 under NGAAP needs to take into account that the consolidated accounts for the post-merger entity Pexip under NGAAP cover only the period following the Merger, i.e., the period from 22 October 2018 to 31 December 2018. Pexip had NGAAP revenues of NOK 51.6 million in 2018 in the period after the Merger, while Pexip 1.0 had NGAAP revenues of NOK 138.8 million in 2018 prior to the Merger. This yields a combined pre- and post-merger revenue under NGAAP of NOK 191.4 million. Pexip 1.0 had revenue under NGAAP of NOK 143 million in 2017. This corresponds to an estimated growth of 33% in 2018 under NGAAP, which is mainly related to organic growth as well as partly related to the merger in Q4 2018.

The Group also expanded its operations and cost base as a consequence of the Merger and organic growth, with salary and personnel expenses growing by 59%, other operating expenses by 52% and cost of sale by 145%. Overall, EBITDA margin increased from 15% of revenue in 2018 to 21% in 2019. The Group does not have a short-term target on EBITDA and in 2019 the Group targeted increasing revenue while having a neutral/positive cash flow. Following the IPO, the Group expects to deploy significant amounts of the raised capital into growth initiatives, mainly requiring operating expenditures (OPEX). This will have an adverse impact on EBITDA short-term. The long-term target is to have an EBITDA margin of 25% or more.

Financial costs and expenses are to a large extent related to currency gains and losses, as the Group has the majority of revenues in USD and substantial costs in USD, GBP and other foreign currencies. In 2018 and 2019, the Group also recognized a fair-value adjustment to an outstanding option as the Group's stock price increased. This option is expected to be triggered as part of the Listing.

Income tax expense in 2018 was negative as the deferred tax asset in the US subsidiary was recognized due to a higher likelihood of utilizing the deferred tax in the future.

Reviewing the development between 2018 and 2017 under NGAAP needs to take into account that the consolidated accounts for the post-merger entity Pexip under NGAAP cover only the period following the Merger, i.e., the period from 22 October 2018 to 31 December 2018. Pexip had NGAAP revenues of NOK 51.6 million in 2018 in the period after the Merger, while Pexip 1.0 had NGAAP revenues of NOK 138.8 million in 2018 prior to the Merger. This yields a combined pre- and post-merger revenue under NGAAP of NOK 191.4 million. Pexip 1.0 had revenue under NGAAP of NOK 143 million in 2017. This corresponds to an estimated growth of 33% in 2018 under NGAAP, which is mainly related to organic growth as well as partly related to the merger in Q4 2018.

The table below sets out the following selected data consolidated statement of profit and loss and other comprehensive income:

- *Pexip (2019):* The Group's audited consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2019 (prepared in accordance with IFRS).
- *Pexip and Pexip 1.0 (2018):* Comparable figures for 2018 (prepared in accordance with IFRS) from the Group's audited consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2019.
- *Pexip (2018):* The Group's audited consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2018 (prepared in accordance with NGAAP).
- *Pexip 1.0 (2018):* Pexip 1.0's unaudited consolidated statement of profit and loss for the period from 1 January 2018 until 21 October 2018 (management accounts prepared in accordance with NGAAP).
- *Pexip 1.0 (2017):* Pexip 1.0's audited consolidated statement of profit and loss for the year ended 31 December 2017 (prepared in accordance with NGAAP).

Pexip and Pexip 1.0: Statement of profit and loss and other comprehensive income	**Pexip**(1)	**Pexip and Pexip 1.0**(2)	**Pexip**(3)	**Pexip 1.0**(4)	**Pexip 1.0**(5)
	2019	**2018**	**2018**	**2018**	**2017**
	1/1-31/12	1/1-31/12	22/10-31/12	1/1-21/10	1/1-31/12
	IFRS	IFRS	NGAAP	NGAAP	NGAAP
(In NOK thousands)	Audited	Audited	Audited	Unaudited	Audited
Revenue	369,954	215,037	51,597	139,811	143,400
Cost of sale	18,779	7,661	4,741	4,269	16,457
Salary and personnel expenses	190,234	119,315	28,309	70,289	56,525
Other operating expenses	84,611	55,716	17,292	41,082	34,951
EBITDA	**76,330**	**32,346**	**1,256**(6)	**24,171**(6)	**35,468**(6)
Depreciation and amortization	44,470	14,494	32,877	19,871	18,970
Operation profit or loss	**31,860**	**17,852**	**(31,621)**	**4,299**	**16,498**
Financial income (7)	14,897	9,038	8,060	2,129	3,242
Financial expenses (8)	(30,093)	(12,172)	(617)	(5,945)	(8,219)
Financial income/(expenses) – net	**(15,196)**	**(3,134)**	**7,443**	**(3,815)**	**(4,977)**
Profit or loss before income tax	**16,664**	**14,718**	**(24,178)**	**484**	**11,521**
Income tax expense	4,427	(24,002)	(22,917)	(15,455)	(20,363)
Profit or loss for the period	**12,237**	**38,719**	**(1,261)**	**15,939**	**31,884**
Profit or loss is attributed to:					
Owners of the Company	12,237	38,719	(1,261)	15,939	31,884
Earnings per share					
Basic earnings per share	0.15	0.60			
Dilutive earnings per share	0.15	0.59			
Consolidated statement of comprehensive income					
Profit or loss for the year	**12,237**	**38,719**			
Items that may be reclassified to profit or loss					
Exchange difference on translation of foreign operations	35	(1,114)			
Total comprehensive income for the year	**12,272**	**37,606**			
The comprehensive income is attributable to:					
Owners of the Company	12,272	37,606			

(1) Consolidated statement of profit or loss (IFRS) for the Group as it is today for 2019.
(2) Consolidated statement of profit or loss (IFRS) for 2018. Covers the business operations in Pexip 1.0 prior to the merger and the business operations of the combined company post merger.
(3) Consolidated statement of profit or loss (NGAAP) for the merged company (Pexip 1.0 and Videxio) 22/10/2018 – 31/12-2018. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).
(4) Unaudited management accounts of consolidated statement of profit or loss (NGAAP) for Pexip 1.0 01/01/2018 – 21/10/2018. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).
(5) Consolidated statement of profit or loss (NGAAP) for Pexip 1.0 01/01/2017 – 31/12/2017. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).
(6) EBITDA calculated as revenue less cost of sales, salary and personnel expenses and other operating expenses.
(7) Financial income is the sum of other interest income and other financial income for historical reported NGAAP figures.
(8) Financial expenses is the sum of other interest expenses and other financial expenses for historical reported NGAAP figures.

The table below sets out selected data from Videxio's unaudited consolidated statement of profit and loss for the period from 1 January 2018 until 21 October 2018 (management accounts prepared in accordance with NGAAP) and audited consolidated statement of profit and loss for the year ended 31 December 2017 (prepared in accordance with NGAAP). Videxio was an important customer of Pexip 1.0, and hence there was an elimination post merger for Pexip. Management estimate the historical Videxio cost of sale to approximately NOK 3.6 million for 2017 and NOK 4.7 million for the period 1 January 2018 to 21 October 2018. Consequently, Pexip 1.0 revenue is estimated to reflect equivalent figures in the corresponding periods.

Videxio: Statement of profit and loss	**Videxio**[(1)]	**Videxio**
	2018	**2017**
	1/1-21/10	1/1-31/12
	NGAAP	NGAAP
(In NOK thousands)	Unaudited	Audited
Revenue	69,074	80,092
Other operating income	-	1,144
Total operating income	69,074	81,236
Cost of materials	-	59
Personnel expenses	39,565	38,081
Other operating expenses[(2)]	27,521	26,846
EBITDA	**1,987**	**16,249**
Depreciation of fixed and intangible assets	9,945	7,559
Operation profit or loss	**(7,957)**	**8,690**
Financial income [(3)]	227	843
Financial expenses [(4)]	(957)	(204)
Net financial items	**(730)**	**638**
Profit or loss before tax	**(8,687)**	**9,328**
Tax on ordinary results	-	2,637
Profit or loss for the year	**(8,687)**	**6,691**
Profit or loss is attributable to:		
Transfers to/from other equity	(8,687)	6,691
Total transfers	**(8,687)**	**6,691**

(1) Unaudited management accounts of consolidated statement of profit or loss (NGAAP).
(2) Cost of sale included in other operating expenses.
(3) Financial income is the sum of other interest income and other financial income for historical reported NGAAP figures.
(4) Financial expenses is the sum of other interest expenses and other financial expenses for historical reported NGAAP figures.

10.4. Statement of financial position

The table below sets out selected data from the Group's consolidated statement of financial position as at 31 December 2019, 31 December 2018 and 1 January 2018 (prepared in accordance with IFRS), and 31 December 2018 (prepared in accordance with NGAAP), as well as Pexip 1.0's consolidated statement of financial position as at 21 October 2018 (prepared in accordance with NGAAP) and as at 31 December 2017 (prepared in accordance with NGAAP). The development in the balance sheet is commented further in Section 11 "Operating and financial review".

(table with selected financial information follows overleaf)

Pexip and Pexip 1.0: Statement of financial position	Pexip[(1)]	Pexip and Pexip 1.0[(2)]	Pexip and Pexip 1.0[(3)]	Pexip[(4)]	Pexip 1.0[(5)]	Pexip 1.0[(6)]
	2019	**2018**	**2018**	**2018**	**2018**	**2017**
	31/12	31/12	01/01	31/12	21/10	31/12
	IFRS	IFRS	IFRS	NGAAP	NGAAP	NGAAP
(In NOK thousands)	Audited	Audited	Audited	Audited	Unaudited	Audited
Non-current assets						
Property, plant and equipment	7,201	3,317	2,016	3,317	2,510	2,016
Right-of-use assets	52,419	10,070	10,902	-	-	-
Goodwill	598,998	598,998	-	571,044	-	-
Other intangible assets	101,783	110,356	9,789	166,838[(7)]	62,299	55,464[(8)]
Deferred tax asset	27,553	27,348	18,225	45,232	35,501	20,322
Contract costs	74,235	41,433	22,341	-	-	-
Receivables	1,715	1,628	2,575	1,628	1,437	1,724
Other assets	-	206	-	206	-	-
Total non-current assets	**863,905**	**793,356**	**65,848**	**788,264**	**101,747**	**79,526**
Current assets						
Trade and other receivables	105,552	77,448	52,244	82,667	38,613	55,816
Contract assets	14,015	8,164	7,664	-	-	-
Other current assets	11,098	9,093	7,070	22,984	17,360	20,765
Cash and cash equivalents	75,515	59,421	29,489	59,421	36,831	29,489
Total current assets	**206,179**	**154,125**	**96,467**	**165,072**	**92,805**	**106,070**
TOTAL ASSETS	**1,070,085**	**947,481**	**162,315**	**953,336**	**194,552**	**185,596**
Equity						
Share capital	799	795	611	795	612	611
Share capital increase not registered	399	-	-	-	-	-
Share premium	860,073	856,568	90,302	856,568	96,551	90,302
Other equity	(37,194)	(58,389)	(39,083)	(93,214)	(22,998)	(37,906)
Total equity	**824,077**	**798,975**	**51,830**	**764,149**	**74,165**	**53,006**
Non-current liabilities						
Borrowings	8,500	6,000	7,500	6,500	7,625	8,000
Lease liabilities	45,464	7,084	7,642	-	-	-
Derivative financial liability		60,784	54,348	-	-	-
Total non-current liabilities	**53,964**	**73,869**	**69,526**	**6,500**	**7,625**	**8,000**
Current liabilities						
Trade and other payables	51,075	36,285	22,856	176,407[(9)]	112,762[(10)]	26,285[(11)]
Contract liabilities	47,880	28,133	14,302	-	-	98,264[(12)]
Current tax liabilities	3,781	279	41	279	-	41
Borrowings	2,500	6,500	500	6,000	-	-
Derivative financial liability	76,784	-	-	-	-	-
Lease liabilities	10,024	3,441	3,260	-	-	-
Total current liabilities	**192,044**	**74,638**	**40,959**	**182,686**	**112,762**	**124,590**
Total liabilities	**246,008**	**148,507**	**110,485**	**189,186**	**120,387**	**132,590**
TOTAL EQUITY AND LIABILITIES	**1,070,085**	**947,481**	**162,315**	**953,336**	**194,552**	**185,596**

(1) Consolidated statement of financial position (IFRS) for the Group as it is today for as of 31/12-2019.
(2) Consolidated statement of financial position (IFRS) for the Group as it is today for as of 31/12-2018.
(3) Consolidated statement of financial position (IFRS) for the Group as it is today for as of 01/01-2018 (both opening balance for Pexip 1.0 based on IFRS and for Pexip).
(4) Consolidated statement of financial position (NGAAP) for the Group as it is today as of 31/12-2018. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).
(5) Unaudited management accounts of consolidated statement of financial position (NGAAP) for Pexip 1.0 as of 21/10/2018. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).
(6) Consolidated statement of financial position (NGAAP) for Pexip 1.0 as of 31/12/2017. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).
(7) Sum of Software (NOK 137,710) and Other intangible assets (NOK 29,128).
(8) Reported as Research and development.
(9) Sum of Accounts payable (NOK 8,470), Other taxes withholdings (NOK 8,995) and Other current liabilities (including deferred revenue) (NOK 158,942).
(10) Sum of Accounts payable (NOK 5,740), Other taxes withholdings (NOK) 5,637 and Other current liabilities (including deferred revenue) (NOK 101,385).
(11) Sum of Accounts payable (NOK 9,902), Government fees & taxes (NOK 4,814) and Other short-term debt (NOK11,569).
(12) Reported as deferred revenue.

The table below sets out selected data from Videxio's statement of financial position as at 21 October 2018 (prepared in accordance with NGAAP) and 31 December 2017 (prepared in accordance with NGAAP).

Videxio: Statement of financial position	**Videxio[(1)]**	**Videxio**
	2018	**2017**
	21/10	31/12
	NGAAP	NGAAP
(In NOK thousands)	Unaudited	Audited
Fixed assets		
Intangible fixed assets		
Research and development	37,107	34,356
Patents, licenses, trademarks	238	266
Deferred tax assets	1884	1884
Total intangible fixed assets	**39,229**	**36,506**
Tangible fixed assets		
Fixtures and fittings, tools, office, machinery etc.	749	957
Total tangible fixed assets	**749**	**957**
Financial fixed assets		
Investment in associates	206	206
Other receivables	381	318
Total financial fixed assets	**588**	**524**
Total fixed assets	**40,334**	**37,987**
Current assets		
Receivables		
Account receivables	8,615	9,483
Other short term receivables	3,091	7,859
Total receivables	**11,707**	**17,342**
Cash and bank deposits	23,968	21,983
Total cash and bank deposits	**23,968**	**21,983**
Total current assets	**35,675**	**39,325**
TOTAL ASSETS	**76,240**	**77,312**
Equity		
Share capital	349	349
Share premium reserve	55,039	54,603
Total equity	**55,388**	**54,951**
Retained earnings		
Other equity (+)/uncovered losses (-)	(7,240)	713
Foreign currency translation reserve		1,150
Total retained earnings	**(7,240)**	**1,863**
Total shareholders equity	**48,148**	**56,814**
Liabilities	-	-
Long term liabilities	10,000	-
Total long term liabilities	**10,000**	**-**
Current liabilities		
Short term group liabilities	-	-
Accounts payable	1,231	2,523
Tax payable	-	3,238
Public duties payable	3,114	2,513
Other short-term liabilites/deferred revenue	13,746	12,224
Total current liabilities	**18,092**	**20,498**
Total liabilities	**28,092**	**20,498**
TOTAL EQUITY AND LIABILITIES	**76,240**	**77,312**

(1) Unaudited management accounts of consolidated statement of financial position (NGAAP) for Videxio as of 21/10/2018.

10.5. Statement of cash flows

The table below sets out selected data from the Group's consolidated statement of cash flows for the years ended 31 December 2019 and 2018 (prepared in accordance with IFRS), and 31 December 2018 (prepared in accordance with NGAAP), as well as Pexip 1.0's statement of cash flow for the period from 1 January 2018 until 21 October 2018 (prepared in accordance with NGAAP) and year ended 31 December 2017 (prepared in accordance with NGAAP). The development in cash flow is described further in Section 11.3 "Liquidity and capital resources".

Pexip and Pexip 1.0: Statement of cash flows	**Pexip[(1)]**	**Pexip and Pexip 1.0[(2)]**	**Pexip[(3)]**	**Pexip 1.0[(4)]**	**Pexip 1.0[(5)]**
	2019	**2018**	**2018**	**2018**	**2017**
	1/1-31/12	1/1-31/12	22/10-31/12	1/1-21/10	1/1-31/12
	IFRS	IFRS	NGAAP	NGAAP	NGAAP
(In NOK thousands)	Audited	Audited	Audited	Unaudited	Audited
Cash flow from operating activities					
Profit or loss before income tax	16,664	14,718	(24,178)	484	11,521
Adjustments for:					
Depreciation, amortization and net impairment losses	44,470	14,494	32,877	19,871	18,970
Non-cash - share based payments	9,321	5,222	-	3,471	-
Fair value adjustment to derivatives	16,000	6,400	-	-	-
Interest income/expenses - net	2,821	1,267	-	-	-
Net exchange differences	(1,510)	(1,769)	-	198	-
Change in operating assets and liabilities:					
Change in trade, other receivables and other assets	(65,010)	(35,279)	(6,476)[(6)]	20,894	(5,774)[(7)]
Change in trade, other payables and contract liabilities	34,537	15,305	1,499	(11,787)	7,295
Interest received	466	396	-	-	-
Income taxes paid	(279)	(41)	-	(41)	-
Net cash inflow/outflow from operating activities	**57,480**	**20,713**	**3,721**	**32,694**	**32,012**
Cash flow from investing activities					
Payment for acquisition of subsidiary, net of cash acquired	-	23,968	-	-	-
Payment for property, plant and equipment	(6,369)	(1,661)	-	(785)	(1,724)
Payment of software development cost	(28,729)	(5,332)	-	(25,867)	(25,765)
Net cash inflow/outflow from investing activities	**(35,098)**	**16,975**	**-**	**(26,652)**	**(27,489)**
Cash flow from financing activities					
Proceeds from issuance of ordinary shares	3,508	1,676	-	1,676	115
Proceeds from borrowings	5,000	-	-	-	-
Repayment of borrowings	(6,500)	(5,500)	(5,125)	(375)	(500)
Principal element of lease payments	(5,334)	(2,760)	-	-	-
Interest paid	(3,286)	(1,664)	-	-	-
Net cash inflow/outflow from financing activities	**(6,612)**	**(8,248)**	**(5,125)**	**1,301**	**(385)**
Net increase/(decrease) in cash and cash equivalents	15,770	29,441	(1,404)	7,342	4,138
Cash and cash equivalents - Beginning of Period	59,421	29,489	60,825	29,489	25,351
Effects of exchange rate changes on cash and cash equivalents	324	491	-	(1)	-
Cash and cash equivalents - End of period	**75,515**	**59,421**	**59,421**	**36,831**	**29,489**

(1) Consolidated statement of cash flows (IFRS) for the Group as it is today for 2019.

(2) Consolidated statement of cash flows (IFRS) for 2018. Cover the business operations in Pexip 1.0 prior to the merger and the business operations of the combined company after the Merger.

(3) Consolidated statement of cash flows (NGAAP) for the merged company (Pexip 1.0 and Videxio) 22/10/2018 – 31/12-2018. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).

(4) Unaudited management accounts of consolidated statement of cash flows (NGAAP) for Pexip 1.0 01/01/2018 – 21/10/2018. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).

(5) Consolidated statement of cash flows (NGAAP) for Pexip 1.0 01/01/2017 – 31/12/2017. Numbers are presented in the above format in order to align with 2019 accounts (no changes in the numbers).

(6) Sum of change in trade payables (NOK 19,604) and changes in other current assets and other liabilities (NOK -26,080).

(7) Sum of change in trade payables (NOK 19,693) and changes in other current assets and other liabilities (NOK 13,919).

The table below sets out selected data from Videxio's consolidated statement of cash flows for the period from 1 January 2018 until 21 October 2018 (management accounts prepared in accordance with NGAAP) and for the year ended 31 December 2017 (prepared in accordance with NGAAP).

Videxio: Statement of cash flows	**Videxio[1]**	**Videxio**
(In NOK thousands)	**2018** 1/1-21/10 NGAAP Unaudited	**2017** 1/1-31/12 NGAAP Audited
Cash flow from operations		
Profit before tax	(8,687)	9,328
Taxes paid	-	(1,648)
Depreciations	9,945	7,559
Non-cash – share based payments	204	-
Change in accounts receivables	5,327	(2,030)
Change in accounts payable	832	1,219
Foreign currency translation effect	(620)	(434)
Changes in other accounts	-	4,592
Changes in other income taxes paid	(3,238)	-
Net cash flow from operations	**3,763**	**18,587**
Cash flow from investment activities		
Investment in fixed or intangible assets	(12,215)	(16,795)
Net cash flow from investment activities	**(12,215)**	**(16,795)**
Cash flow from financial activities		
Payment of equity	437	59
Proceeds from borrowings	15,000	-
Repayment of borrowings	(5,000)	-
Net cash flow from financing activites	**10,437**	**59**
Net change in cash and cash equivalents	1,986	1,851
Cash and cash equivalents at the start of the period	21,983	20,132
Cash and cash equivalents at the end of the period	**23,968**	**21,983**

[1] Unaudited management accounts of consolidated statement of cash flows (NGAAP) for Videxio 01/01/2018 – 21/10/2018.

10.6. Statement of changes in equity

The table below sets out selected data from the Pexip's statement of changes in equity for the years ended 31 December 2019 and 2018 (prepared in accordance with IFRS), and the period ended 31 December 2017 (prepared in accordance with NGAAP). The contribution of equity in 2019 is related to an employee share issue tied to the company's long-term incentive program. The increase in the par value of shares in 2019 was decided in an extraordinary General Meeting on 19 December 2019 to meet the requirements of a listed company in Norway. The public registration of the share capital increase had not been completed before the end of 2019.

(In NOK thousands)	**Share capital**	**Share capital not registered**	**Share premium**	**Translation differences**	**Retained earnings**	**Total equity**
Balance at 31 December 2017	**611**	-	**90302**	-	**(39,083)**	**51,830**
Profit or loss for the year	-	-	-	-	38,719	38,719
Currency translation differences	-	-	-	(1,114)	-	(1,114)
Merger	184	-	766,267	-	(62,133)	704,317
Share-based payments	-	-	-	-	5,222	5,222
Balance at 31 December 2018	**795**	-	**856,568**	**(1,114)**	**(57,275)**	**798,975**
Profit or loss for the year	-	-	-	-	12,237	12,237
Currency translation differences	-	-	-	35	-	35
Contribution of equity net of transaction costs	4	-	3,504	-	-	3,508
Increase in par value of shares	-	399	-	-	(399)	-
Share-based payments	-	-	-	-	9,321	9,321
Balance at 31 December 2019	**799**	**399**	**860,073**	**(1,078)**	**(36,116)**	**824,077**

11. OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Section 4 "General Information", Section 8 "Business of the Group", Section 10 "Selected Financial and Other Information" and the financial statements, including related notes, included in Appendix B to F of this Prospectus. This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.3 "Cautionary note regarding forward-looking statements" of this Prospectus, as well as other sections of this Prospectus.

11.1. Results by operating segment and geographic area

11.1.1. Introduction

The Group has one segment, sale of collaboration services. The market for Pexip's software and services is global. Principles of revenue recognition are stated in accounting principles to consolidated financial statements, please refer to note 3 and Section 2.3.5 of the Group's audited financial statement for the year ended 31 December 2019 (prepared in accordance with IFRS), as appended as Appendix B to this Prospectus.

Pexip has three main geographic focus areas for Sales:

- Europe, Middle East and Africa (EMEA), which a focus on the Nordics; United Kingdom and Ireland; Germany, Benelux, Austria and Switzerland as well as France, Italy and Spain.
- Americas, with a focus on United States of America and Canada.
- Asia Pacific ("**APAC**"), with a focus on Australia and New Zealand, as well as Japan and other parts of South East Asia.

In 2019 EMEA had NOK 189 million in revenue, or 51% of the Group revenue. Americas had NOK 123 million in revenue, or 34% of the Group revenue. APAC had NOK 54 million in revenue, or 15% of the Group revenue.

11.1.2. Segment information for the Group for the years ended 2019, 2018 and 2017

In the following table, revenue is disaggregated by primary service line, geography and timing of revenue recognition. In presenting the geographic information, revenue has been based on the geographic location of customers.

Segment information	**Geographic location of customers**			
(In NOK thousands)	**EMEA**	**Americas**	**APAC**	**Total**
Year ended 31 December 2019				
Cloud services	68,010	27,628	6,086	101,724
Infinity	121,333	96,484	50,413	268,230
Total revenue in 2019	**189,343**	**124,112**	**56,499**	**369,954**
Year ended 31 December 2018				
Cloud services	10,202	4,280	834	15,316
Infinity	94,970	73,379	31,372	199,721
Total revenue in 2018	**105,172**	**77,659**	**32,206**	**215,037**
Year ended 31 December 2017 (1)				
Infinity (NGAAP, Pexip 1.0)	65,964	45,888	31,548	143,400
Total revenue in 2017	**65,964**	**45,888**	**31,548**	**143,400**

(1) Audited 2017 financial statement (NGAAP) for Pexip 1.0.

The growth in revenue in 2019 on Cloud Services is to a large extent influenced by the 2018 merger between Pexip and Videxio in October 2018, as well as an increase in number of customers during late 2018 and 2019. Had the merger of Pexip and Videxio occurred on 1 January 2018, management estimates that consolidated full-year revenue for the combined company in 2018 would have been NOK 281 million. That would imply an organic growth of NOK 89 million, or 32%, for 2019. The Company's long-term ambition is to have contracted annual recurring revenue (ARR) of USD 300 million in 2025, equivalent to a growth of 36% per year.

The growth in Infinity revenues is mainly attributable to growth in new and existing customers. The company has also seen a positive impact on the NOK/USD currency rate, as the vast majority of Infinity revenues are in USD. The average NOK/USD exchange rate moved from 8.13 in 2018 to 8.80 in 2019 giving an increase of 8%.[52]

The Company has a single reporting segment with regards to EBITDA and operates the company as an integrated business across the different geographies. A description of EBITDA-development in given in Section 10.3 "Statement of profit and loss and other comprehensive income".

11.1.3. Key factors affecting the Group's results of operations and financial performance

Pexip's results of operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control, including:

- Growth in subscription revenues, both from new customers and existing customers. The Group has seen significant growth in its contract base measured in Contracted Annual Recurring Revenues (ARR), mainly from new customers. The Group tracks the Net Retention Rate of Contracted for existing customers

- Growth in number of employees, as the Group is dependent on increasing the number of qualified employees in order to deliver on its growth strategy. Salary and personnel expenses are also the Group's largest cost item.

These and others are further described in Section 2 "Risk Factors". The Group also uses non-financial KPIs to understand its business, the most important of which are presented here.

Contracted annual recurring revenue (ARR)

Pexip develops scalable, distributed videoconferencing software for collaboration, delivered both as Software-as-a-Service (SaaS) and as a software application. The products are sold to corporates and organizations in large parts of the world through partners. The portfolio of software customers is growing through annual renewal and upsell of existing customers, and by acquiring new customers. The Group's as-a-service offering is built on top of the Pexip Infinity platform, and is highly scalable, both in terms of number of users and cost. The business model of the Group is based on selling subscriptions, providing a recurring yearly revenue stream. The annual value of the contracted subscription portfolio (ARR) is therefore an important metric for the Group.

Pexip operates its business based on a recurring revenue model, and in 2019 97% of its P&L revenues were related to recurring software subscriptions or software-as-a-service subscriptions. As such, Pexip continually tracks its overall contract base with customers measured in contracted annual recurring revenues. This KPI is equivalent to the annualized sales from active recurring contracts with customers. As such, it should not be confused with P&L revenue. As Pexip has its majority of annual recurring revenue (ARR) in contracts denominated in USD, the Group tracks annual recurring revenue (ARR) in USD. For 31 December 2017, annual recurring revenue (ARR) is presented for Pexip 1.0.

(In USD million)	***31 December 2019***	***31 December 2018***	***31 December 2017***
Annual recurring revenue (ARR)	47.2	35.8	20.1

The growth from 2018 to 2019 is driven by an increase in subscription revenues from new customers. The growth from 2017 to 2018 is driven in part by an increase in subscription revenues from new customers, as well as an increase related to the merger with Videxio in 2018.

[52] Norges Bank official exchange rate for 2018 and 2019

Net retention rate (NRR)

As a recurring revenue business, Pexip is dependent on customer satisfaction and continued purchase of its subscriptions. To track customers' repurchases, Pexip uses the KPI Net Retention Rate, which is the ratio of the annual recurring revenue (ARR) of existing customers going out of the period to the annual recurring revenue (ARR) of the same customers going into the period. For 31 December 2017, *Net retention rate (NRR)* is presented for Pexip 1.0.

(In percent)	***31 December 2019***	***31 December 2018***	***31 December 2017***
Net retention rate (NRR)	99%	97%	106%

Net retention rate (NRR) is positively impacted by upsell to existing customers, and negatively affected by shrink within existing customers and churn. The increase from 2018 to 2019 was due to a positive development in churn rates. The decrease from 2017 to 2018 was in part due to the merger between Pexip and Videxio, as well as stronger net upsell in 2017.

Human capital

Pexip's ability to deliver on its growth strategy is dependent on its ability to attract and retain exceptional people. The Pexip culture, as described internally as the Pexip Way, is a key enabler for the company's success. It allows the company to operate in an agile way, by allowing employees the freedom to decide where they should focus their talents, combined with the responsibility of using that freedom for the best of the company, their colleagues and themselves. Growing the number of employees without compromising on quality is an important enabler to accelerate growth. At the end of Q1 2020, Pexip had 214 full-time employees.

(In units)	***31 December 2019***	***31 December 2018***	***31 December 2017***
Full time employees (FTEs)	182	161	66

Pexip has in management's opinion a high level of employee satisfaction. This is tracked regularly through employee NPS surveys, and a sick leave rate of 1.5% per year in 2019.

Liquidity and credit risk

The group is exposed to liquidity risk and credit risk. The liquidity risk is mitigated via a diversified customer portfolio where no end-customer exceeds over 5% of recurring revenues. The Group's exposure to credit risk is in the short run limited as purchase orders from partners are placed based on orders received from end customers, and payment is contractually independent from end-customer payments.

Foreign currency effects

The Group operates globally and is therefore subject to the effects of foreign currency fluctuations, both with regards to trade receivables and trade payables as well as cash and cash equivalent holdings. The Group's main invoicing currency is USD, while its cost base is mainly in NOK, USD and GBP. As such it is exposed to foreign exchange risk which can impact profit margin.

The Group's primary exposure to currency fluctuations arise from translation effects arising from the results of, and the financial position of, the Group's subsidiaries being reported in the relevant local currencies, and then translated into NOK at the applicable exchange rates for inclusion in the Group's consolidated financial statements. The Group's revenues are denominated in a variety of currencies other than its reporting currency NOK, including USD for its operations in the US, EUR for its operations in Europe and GBP for its operations in the UK.

The Group does not use any financial instruments to hedge currency exchange risk. However, the Group's net margin exposure to currency fluctuations benefits from natural hedging, whereby a large part of the costs incurred by the Group at a local level abroad. Other operating costs at the Group level, including personnel costs for management and Group functions and rent for the office headquarters, are primarily incurred in NOK. As a result, the Group's results of operations and financial position are impacted by the value of NOK relative to such other currencies, mainly USD, EUR and GBP.

11.1.4. Operating costs

Cost of sale

The company had cost of sale of NOK 18.8 million in 2019, or 5% of revenue. This was up from NOK 7.7 million in 2018 (4% of revenue) and NOK 16.5 million in 2017 (NGAAP, 11% of revenue). The increase in 2019 is to a large extent related to the merger with Videxio, which had a software-as-a-service offering. Cost of sale related to this offering is e.g., cost of network and hosting. Pexip also has some costs related to software licences that has increased as sales have increased. In 2017, Pexip had a higher level of cost of sales related to external sales agents and converting several of these to employees reduced cost of sales in 2018.

Salary and personnel expenses

Salary and personnel expenses is the largest cost element in Pexip, and was NOK 190.2 million in 2019, or 51% of revenue. It increased from NOK 119.3 million in 2018 (55% of revenue) and NOK 56.5 million (39% of revenue) in 2017 (NGAAP). The increase is due to growth in number of employees, both organic and through the merger in 2018, as part of the historic growth strategy of adding capacity/costs in line with revenue growth. The relative increase from 2017 to 2018 is to a large extent influenced by IFRS conversion, and a reduction in capitalized development due to a stricter capitalization principle. The impact of IFRS conversion was NOK 20.9 million in 2018 (10% of revenue).

Other operating expenses

Other operating expenses were NOK 84.6 million in 2019, or 23% of revenue. This increased from NOK 55.7 million (26% of revenue) in 2018 and NOK 35.0 (24% of revenue) in 2017 (NGAAP). The largest elements in other operating expenses for 2019 were sales and marketing (NOK 28.6 million), computers and software (NOK 18.7 million), fees for external services (NOK 17.8 million) and travel expenses (NOK 16.9 million). The increase is due to organic growth of activity, as well as the merger in 2018.

Depreciation and amortization

Depreciation and amortization amounted to NOK 44.5 million in 2019, up from NOK 14.5 million in 2018 and NOK 19.0 million in 2017 (NGAAP). In 2019, depreciation and amortization of intangible assets was NOK 33.7 million, depreciation and amortization of leases of office space amounted to NOK 8.0 million, depreciation and amortization of leases of IT equipment amounted to NOK 0.3 million, and depreciation and amortization of property, plant and equipment amounted to NOK 2.5 million. The increase between 2018 and 2019 was due to depreciation and amortization of intangible assets acquired in the merger with Videxio as well as an increase in depreciation and amortization of leases of office space, as Pexip moved into a new long-term lease of the HQ office in Oslo. The decrease between 2017 and 2018 is to a large extent attributable to the transition to IFRS. At transition, the Group applied the recognition criteria of IAS 38 retrospectively. This has led to a reduction in the carrying value at the date of transition to IFRS and less capitalised development expenses and amortisations during 2018. The detailed impact is described in note 31 of the 2019 financial statement, appended as Appendix B to this Prospectus. The Group did not do any other material write-downs of goodwill or other intangible assets in the period.

11.1.5. Financial income and expenses

Financial income

Financial income was NOK 14.9 million in 2019, up from NOK 9.0 million in 2018 and NOK 3.2 million in 2017 (NGAAP). The largest elements in financial income was foreign exchange gains of NOK 14.4 million and interest income from the Group's cash position of NOK 0.5 million. The increase was mainly related to increased activity levels and correspondingly an increase in foreign exchange gains.

Financial expenses

Financial expenses were NOK 30.1 million in 2019, up from NOK 12.2 million in 2018 and NOK 8.2 million in 2017 (NGAAP). The largest elements in financial expenses was the fair value adjustment on derivative financial liabilities of NOK 16 million related to an outstanding option on the Group's own stock (see 13.8 Other Financial Instruments for a description of the derivative financial liabilities), as well as foreign exchange losses of NOK 9.6 million, interest expenses on lease liabilities of NOK 2.0 million, interest expenses of NOK 1.3 million and other financial expenses of NOK 1.2 million. The increase from 2018 was mainly related to an increase in the fair value of the outstanding option related to an increase in the Group's share price, as well as increased foreign exchange losses due to higher activity levels and higher interest expenses on lease liabilities from the increase in lease liabilities. The increase from 2017 was mainly related to the conversion to IFRS as the outstanding option was treated as an equity instrument under NGAAP, as well as higher activity levels.

11.1.6. Non-current assets

Non-current assets were NOK 864 million 31 December 2019, compared to NOK 793 million in 31 December 2018 and NOK 66 million 1 January 2018.

Goodwill

The Group had NOK 599 million in goodwill 31 December 2019 and 31 December 2018, up from NOK 0 million 1 January 2018. The goodwill is derived from the merger between Pexip and Videxio in 2018, which was accounted for as an acquisition of Videxio at fair value. There was not found impairment of the goodwill, and the most recent test was performed in December 2019.

Other intangible assets

The Group had NOK 102 million in other intangible assets on 31 December 2019, down from NOK 110 million 31 December 2018, and up from NOK 10 million 1 January 2018. Other intangible assets are mainly related to the merger between Pexip and Videxio in 2018, where the acquisition of intangible assets amounted to NOK 106 million. The reduction during 2019 is related to amortization of intangible assets which is mainly done using a 5 year straight-line principle and a reduction in acquisition cost related to government grants of NOK 4 million. The reduction during 2019 was in part compensated by the capitalization of software development of NOK 29 million.

Contract costs

The Group had NOK 74 million in Contract costs on 31 December 2019, up from NOK 41 million 31 December 2018 and from NOK 22 million 1 January 2018. Contract costs are related to commissions paid for the acquisition of customer contracts, mainly to internal sales staff, which is capitalized over the lifetime of the contract. The increase is related to an increase in activity.

Right-of-use assets

The Group had NOK 52 million in deferred tax assets on 31 December 2019, up from NOK 10 million 31 December 2018 and from NOK 11 million 1 January 2018. The increase during 2019 is related to the Group entering a long-term lease agreement for its headquarter office in Oslo, Norway, as well as a new lease for its office in Herndon, Virginia.

Deferred tax asset

The Group had NOK 28 million in deferred tax assets on 31 December 2019, up from NOK 27 million 31 December 2018 and from NOK 18 million 1 January 2018. The increase during 2018 is related to the Group recognizing the tax assets for the U.S. and UK subsidiaries as management assessed that sufficient taxable profits would be available in the future.

Property, plant and equipment (PPE)

The Group had NOK 7 million in PPE on 31 December 2019, up from NOK 3 million on 31 December 2018 and from NOK 2 million on 1 January 2018. The increase during 2019 is related acquisitions of IT equipment used in the Group's IT environment, as well as fittings related to the new offices in Oslo, Norway and Herndon, US.

Receivables and other assets

The Group had NOK 2 million in Receivables and other assets 31 December 2019, NOK 3 million on 31 December 2018 and NOK 2 million on 1 January 2018. During 2019 the Group reduced other assets by NOK 0.2 related to a write-down of an associated company.

11.1.7. Current assets

Current assets were NOK 206 million 31 December 2019, compared to NOK 154 million on 31 December 2018 and NOK 96 million on 1 January 2018.

Trade and other receivables

Trade and other receivables were NOK 106 million on 31 December 2019, compared to NOK 77 million on 31 December 2018 and NOK 52 million on 1 January 2018. The increase during 2019 is related to an increase in activity and higher organic sales, while the increase during 2018 is in part related to higher organic sales and in part related to the merger between Pexip and Videxio.

Cash and cash equivalents

Cash and cash equivalents were NOK 76 million on 31 December 2019, compared to NOK 59 million on 31 December 2018 and NOK 29 million on 1 January 2018. The development in cash and cash equivalents is described in section 11.3 Liquidity and capital resources.

Contract assets

The Group had contract assets of NOK 14 million on 31 December 2019, compared to NOK 8 million in on December 2018 and NOK 8 million on 1 January 2018. This is related to delivered products and services which has not yet been invoiced, and the increase is related to increased activity during the period.

Other current assets

Other current assets were NOK 11 million on 31 December 2019, compared to NOK 9 million on 31 December 2018 and NOK 8 million on 1 January 2018, mainly related to pre-payments of services and goods. The increased is related to an increase in activity level.

11.1.8. Non-current liabilities

Lease liabilities

The Group had non-current lease liabilities of NOK 45 million on 31 December 2019, compared to NOK 7 million on 31 December 2018 and NOK 8 million on 1 January 2018. This is mainly related to leases of the Group's office space. The increase during 2019 is related to the Group entering a long-term lease agreement for the headquarter office in Oslo, Norway, as well as a new lease for the office in Herndon, Virginia.

Borrowings

Non-current borrowings were NOK 8.5 million on 31 December 2019, compared to NOK 6.0 million on 31 December 2018 and NOK 7.5 million on 1 January 2018. The Group increased its loans from Innovation Norway in 2019 and in 2018, while it repaid a bond loan during 2019. The increase during 2019 is related to the increase in loans from Innovation Norway, while the decrease in 2018 is related to a re-classification of the bond loan as short-term debt, in part balanced by an increase in loans from Innovation Norway.

Derivative financial liability

The Group had non-current derivative financial liabilities of NOK 0 million on 31 December 2019, compared to NOK 61 million on 31 December 2018 and NOK 54 million on 1 January 2018. This is related to the outstanding option on the Group's own shares described in chapter 13.8 Other Financial Instruments. The decrease during 2019 is due to a reclassification to current liabilities, as management expect the option to be triggered and exercised as part of the listing, as this is one of the relevant vesting conditions. The increase during 2018 is related to an increase in the fair value assessment of the option related to an observed increase in the Group's share price.

11.1.9. Current liabilities

Derivative financial liabilities

The Group had current derivative financial liabilities of NOK 77 million on 31 December 2019, compared to NOK 0 million on 31 December 2018 and NOK 0 million on 1 January 2018. The liability was classified as a non-current liability on 31 Dec 2018 and on 1 Jan 2018 as mentioned above. In 2019, this was reclassified to current liabilities, as described in Section 11.1.8 "Non-current liabilities". The increase in the liability in 2019 is related to an increase in the fair value assessment of the option related to an observed increase in the Group's share price.

Trade and other payables

Trade and other payables were NOK 51 million on 31 December 2019, compared to NOK 36 million on 31 December 2018 and NOK 23 million on 1 January 2018. The increase in trade and other payables is related to the increase in organic activity, as well as from the merger between Pexip and Videxio in 2018.

Contract liabilities

The Group had current contract liabilities of NOK 48 million on 31 December 2019, compared to NOK 28 million on 31 December 2018 and NOK 14 million on 1 January 2018. This is related to deferred revenue from invoiced products and services which are not delivered. The increase in 2019 and 2018 is related to the increase in organic activity, as well as from the merger between Pexip and Videxio in 2018.

Lease liabilities

Current lease liabilities were NOK 10 million on 31 December 2019, compared to NOK 3 million on 31 December 2018 and NOK 3 million on 1 January 2018. The increase in current lease liabilities is related to the increase of lease liabilities, described in 11.1.8 Non-current liabilities.

Current tax liabilities

The Group had current tax liabilities of NOK 4 million on 31 December 2019, compared to NOK 0.3 million on 31 December 2018 and NOK 0 million on 1 January 2018. The increase in 2019 and 2018 is related to the increase in organic activity, as well as from the merger between Pexip and Videxio in 2018.

Borrowings

Current borrowings were NOK 2.5 million on 31 December 2019, compared to NOK 6.5 million on 31 December 2018 and NOK 0.5 million on 1 January 2018. The decrease in current borrowings during 2019 is due to repayment of a bond-loan of NOK 6 million, as well as reclassification of the current portion of the loans to Innovation Norway. The increase in 2018 is due to a reclassification of the bond loan, as it was due in 2019.

11.1.10. Equity

The Group had total equity of NOK 824 million on 31 December 2019, compared to NOK 799 million on 31 December 2018 and NOK 52 million on 1 January 2018. The changes in equity is detailed in Section 10.6 "Statement of changes in equity".

11.2. Sales revenue by service line

Pexip has two main service lines, distinguished by how the customer chooses to buy the right to use Pexip's video technology. The customer can either buy it as a software platform and deploy it on a IaaS cloud compute platform of choice or on-premise in their own data center (described in Section 8.6.2 "Pexip Self-hosted, private deployments (PaaS)"), or the customer can buy it as a cloud service (described in Section 8.6.1 "Pexip-as-a-Service (SaaS)"). In 2019 73% of the Group's revenues came from the software platform service line, and 27% came from the cloud service. Of the contract base measured in Contracted Annual Recurring Revenue, 67% comes from the software platform line and 33% comes from the cloud service. The difference in the ratios is mainly due to difference in revenue recognition between software licences and software services, with the first being recognized at the time of delivery and the latter being recognized over the time of the contract.

11.3. Liquidity and capital resources

11.3.1. Sources of liquidity

The main source of liquidity for the Group has been the cash flows from operation. In 2019, the cash flow from operating activities was NOK 57.5 million. Cash flow from investing activities, which is made up of investments in software development and purchases of tangible assets was NOK -35.1 million. In total, the Group had a net cash flow of NOK 15.8 million in 2019. As of 31 December 2019 the Group had total equity of NOK 824 million, corresponding to an equity ratio of 77%, cash and cash equivalents of NOK 75.5 million, and interest-bearing debt of NOK 19.7 million.

As of 31 December 2019, the Group had net borrowings of NOK 11 million, of which NOK 2.5 million is due in 2020. During 2019 the Group repaid a bond loan of NOK 6 million and secured an additional loan from Innovation Norway of net NOK 4.5 million. The loan from Innovation Norway is secured in operating assets as well as trade receivables. The loan has been given in several tranches and has an interest rate of 5.2%-5.45%. The loan agreement can be required to be fulfilled early by either party with 14 days' notice. A justifiable basis is required from Innovation Norway in case of early termination.

The Group also has a factoring facility with SpareBank 1 Factoring AS for trade receivables. As of 31 December 2019 the Group had NOK 8.7 million outstanding in pre-paid trade receivables of a limit of NOK 25 million. The factoring agreement is secured against eligible trade receivables. The facility has an interest rate of 2.95% + three-month inter-bank interest rate of the relevant currency. The agreement can be cancelled by either party with three months' notice. The Group does not have any overdraft facility.

As part of the Offering the Group expect to raise a significant amount of cash which will be a material source of liquidity in the coming period. This is described in Section 5 "Reasons for the offering and the listing".

The Group's ability to generate cash from operations depends on future operating performance, which is dependent, to some extent, on general economic, financial, competitive, market regulatory and other factors, many of which are beyond the Group's control, as well as other factors described in Section 2 "Risk factors" of this prospectus.

The Group does not use hedging or other methods to minimize the impact of foreign exchange risk. The Group has YTD 2020 76% of cash inflows in USD, 9% in NOK, 7% in GBP and 8% in other currencies. The Group has correspondingly 31% of cash outflows in USD, 31% in NOK, 23% in GBP and 15% in other currencies. At the end of 2019 the Group held 67% of cash holdings in USD, 14% in NOK, 13% in GBP and 6% in other currencies.

The Group has currently no stated policy for the capital structure. Cash holdings, proceeds from the Offering and access to credit facilities as described above should provide the Group with the needed liquidity to maintain a sound cash balance. The Group believes that these sources of liquidity will be sufficient to meet requirements and commitments in the foreseeable future. The Group's actual financing requirements depend on a number of factors, many of which are beyond the control of the company.

11.3.2. Restrictions on use of capital

The Group does not have any restrictions on use of capital that can have a material impact on the Group's operations, other than restrictions related to normal business operations such as the Group's capabilities to execute on ambitions and ability to attract talent.

11.3.3. Summarized cash flow information

The following table presents the Group's historical cash flows for the years ended 31 December 2019 and 2018, as well as Pexip 1.0's for the period from 1 January 2018 until 21 October 2018 and year ended 31 December 2019.

Pexip and Pexip 1.0: Statement of cash flows	**Pexip**	**Pexip and Pexip 1.0**	**Pexip**	**Pexip 1.0**	**Pexip 1.0**
	2019	**2018**	**2018**	**2018**	**2017**
	1/1-31/12	1/1-31/12	22/10-31/12	1/1-21/10	1/1-31/12
	IFRS	IFRS	NGAAP	NGAAP	NGAAP
(In NOK thousands)	Audited	Audited	Audited	Unaudited	Audited
Cash flow from operating activities	57,480	20,713	3,721	32,694	32,012
Cash flow from investing activities	(35,098)	16,975	-	-26,652	-27,489
Cash flow from financing activities	(6,612)	(8,248)	(5,125)	1,301	-385
Net cash inflow/outflow from financing activities	15,770	29,441	-(1,404)	7,342	4,138
Cash and cash equivalents End of Period	**75,515**	**59,421**	**59,421**	**36,831**	**29,489**

The following table presents Videxio's historical cash flows for the period from 1 January 2018 until 21 October 2018 and for the year ended 31 December 2017.

Videxio: Statement of cash flows	**Videxio**	**Videxio**
	2018	**2017**
	1/1-21/10	1/1-31/12
	NGAAP	NGAAP
(In NOK thousands)	Unaudited	Audited
Cash flow from operating activities	3,763	18,587
Cash flow from investing activities	(12,215)	(16,795)
Cash flow from financing activities	10,437	59
Net cash inflow/outflow from financing activities	1,986	1,851
Cash and cash equivalents End of Period	**23,968**	**21,983**

11.3.4. Cash flow from operating activities

Cash flow from operating activities originate from the sales of the Group's own software products less cash used in operations. In 2019, 97% of revenues were from recurring subscriptions and contracts. Cash flow from operating activities also account for non-capitalized changes in the balance sheet such as trade receivables and contract assets. The increase in cash flow from operating activities between 2018 and 2019, is mainly due to increased revenue and higher non-cash costs (Depreciation, amortization and fair value adjustments to financial liabilities). The increase in revenue and depreciation and amortization is described in Section 11.1 "Results by operating segment and geographic area". The fair value adjustment is related to an observed increased in the Pexip share price, and the corresponding increase in the fair value of the liability of the outstanding options. The outstanding options are further described in Section 13.8 "Other financial instruments". An increase in working capital had a negative impact on operating cash flow and attributable to the overall higher activity level at the end of 2019. A more detailed break-down of this and the other cash flow elements can be found in the 2019 annual report, appended as Appendix B to this Prospectus.

Pexip 1.0 also had positive operating cash flow in 2017. The decrease in operating cash flow in 2018 is mainly related to higher working capital, in part due to the merger between Pexip and Videxio and in part due to organic.

11.3.5. Cash flow from investing activities

Cash flow from investing activities mainly cover investments in own software development as well as purchases of property, plant and machinery. The decrease in cash flow from investing activities is mainly due to higher capitalization of software development costs in 2019 compared to 2018, as well as the non-recurring positive cash flow in 2018 from the acquisition of the cash and cash equivalents in Videxio as part of the Merger. The increase in capitalized software development costs are in part due to the merger with Videxio, as well as additional projects considered for capitalization. Pexip 1.0 had negative cash flow from investing activities in 2017, mainly related to capitalization of own software development (NGAAP).

11.3.6. Cash flow from financing activities

Cash flow from financing activities stem from capital raises, borrowings, lease payments and related interest. The Group issued shares to employees as part of the Group's long-term incentive program in 2019 and raised NOK 3.5 million as part of that share issue. During 2019 the Group repaid borrowings of NOK 6.0 million related to a bond loan NOK 0.5 million related to a Pexip 1.0 loan from Innovation Norway, and increased the Group's loan from Innovation Norway by NOK 5 million. The Group had principal lease payments of NOK 5.3 million in 2019, and interest payments of NOK 3.3 million. The increase in cash flow from financing activities compared to 2018 is mainly due to the increase in the Group's loan from Innovation Norway which is to some extent offset by an increase in lease payments. Pexip 1.0 had a slightly negative cash flow from financing activities in 2017, mainly related to downpayment of borrowings.

11.3.7. Financing arrangements

The Group has an outstanding debt to Innovation Norway of NOK 11 million in two tranches with interest rates of 5.20% and 5.45%, maturing in 2021 and 2024. The loans have annual repayment schedules, and NOK 2.5 million is due to be repaid in 2020.

Debt repayment schedule[1] *(In NOK thousands)*	**2020**	**2021**	**2022**	**2023**	**2024-**
5.45% Loan from Innovation Norway	500	500	–	-	-
5.20 % Loan from Innovation Norway	2,000	2,000	2,000	2,000	2,000
Total	**2,500**	**2,500**	**2,000**	**2,000**	**2,000**

[1] Not included items related to IFRS 16 or the securitization facility with SpareBank 1 Factoring AS. Per 31 December 2019.

Interest payment forecast[1] *(In NOK thousands)*	**2020**	**2021**	**2022**	**2023**	**2024-**
5.45% Loan from Innovation Norway	44	17			
5.20 % Loan from Innovation Norway	481	377	273	169	65
Total	**525**	**394**	**273**	**169**	**65**

[1] Not included items related to IFRS 16 or the securitization facility with SpareBank 1 Factoring AS. Per 31 December 2019.

The Group also has a securitization facility agreement with SpareBank 1 Factoring AS, covering the Software sales in Pexip AS. The amount of receivables covered by the guarantee is NOK 18 million at 31 December 2019 (31 December 2018: NOK 14.2 million, 1 January 2018: NOK 13.6 million). SpareBank 1 Factoring AS covers 90% of the credit risk for the guaranteed receivables, which amounts to NOK 16.2 million at 31 December 2019 (31 December 2018: NOK 12.8 million, 1 January 2018: NOK 12.3 million). The Group retains the credit risk for the remaining 10%. SpareBank 1 Factoring AS finances up to 80% of the accounts receivables which have been accepted as guaranteed. The financing covers NOK 8.8 million (31 December 2018: NOK 5.7 million; 1 January 2018: NOK 5 million) which is recognised as a reduction in the carrying amount of receivables. The Securitization facility has an interest rate based on the 3 months interest rate in the individual currency with the additional margin of 2.95%. In addition, Pexip pays a provision on the limit of 0.060% of the granted credit limit per month. The credit limit is NOK 25 million.

Both the loans from Innovation Norway and the outstanding amount to SpareBank 1 Factoring AS are secured with assets, and do not have any covenants or other terms that are restrictive on the Group's ability to conduct its operations.

11.4. Investments

The Group's investments are mainly in the form of capitalized R&D as well as some investments in tangible fixed assets such as computer equipment and office equipment. The funding of these investments is sourced from the same liquidity sources as funding of the Group's other operating expenses and can be categorised as internal. The majority of fixed assets, such as data centers and offices, are leased and as such generate limited investment needs from the Group.

11.4.1. Investments in progress or for which firm commitments have already been made

There are no material investments in progress or firm commitments made outside of the ongoing development of the Group's software products and the continuous scaling of the Group's IT infrastructure.

11.4.2. Investments in 2019

In 2019 the Group made investments of NOK 35.1 million. Investments in software development constituted NOK 28.7 million, of which the majority was related to capitalization of own work. The Group also have software development costs that is recognized as salary and other operating expenses. The total cost related to software development was NOK 53.2 million in 2019. The Group had a slight reduction of other intangible assets to NOK 104 million, down NOK -9.8 million from 2018. Investments in property, plant and equipment constituted NOK 6.4 million, of which the majority was related to office equipment and the purchase of IT equipment. During 2019, the Group relocated the headquarter to a new and larger location in Oslo, as well as relocating to a larger office in Herndon, Virginia, and this resulted in additional purchases of office equipment. The Group's assets in property, plant and equipment grew consequently to NOK 7.2 million, up NOK 3.9 million from 2018. The Group had no business combinations during 2019 which impacted investments.

11.4.3. Investments in 2018

The business combination between Pexip AS and Videxio AS in 2018 was a significant event for the Group. The Merger was structured as a reverse acquisition with Pexip AS being the acquiring party. The fair value recognized of identifiable net assets was NOK 104 million and the goodwill arising on acquisition was NOK 599 million. The purchase value, paid in shares and replacements of share-based payment awards, was NOK 703 million. The Group received a net cash amount of NOK 24.0 million as part of the Merger.

Investments in Software development was NOK 5.3 in 2018, of which the majority was related to capitalization of own work. The total cost related to software development was NOK 38.1 million in 2018. Investments in property, plant and equipment amounted to NOK 1.6 million, of which the majority was related to IT equipment and office furniture.

11.4.4. Investments in 2017

Investments under NGAAP for the consolidated Pexip AS was NOK 28.8 million, of which NOK 27.1 million was related to investments in software development and NOK 1.7 million was related to purchases of fixed assets.

Investments under NGAAP for the consolidated Videxio was NOK 16.8 million of which NOK 16.1 million was related to investments in software development, and NOK 0.7 million was related to fixed assets.

11.4.5. Environmental issues affecting the Group's utilisation of the tangible fixed assets

The Group has no material tangible fixed assets and does not have any environmental issues that may affect its utilization of any tangible fixed assets. The Group does not use resources or input that have significant environmental impact. The Group's impact on the environment is limited to the materials and energy necessary for the Group to conduct its business. There are continuous effects to shift towards electronic communication internally and externally which will help to reduce paper consumption, as well as efforts to ensure sustainable recycling of waste. The Group's business causes limited environmental pollution.

11.5. Contractual cash obligations and other commitments

The Group rents all of its office locations, as well as some IT equipment. The lease agreements are of varying lengths. During 2019, the Group entered into a 10 year lease of the Oslo headquarter, which contributed to the increase in right-of-use assets and lease liabilities.

Amounts in the table are annual minimum payments under:

Maturity analysis of lease liabilities, total face value *(In NOK thousands)*	**31 December 2019**
Less than 6 months	5,091
6-12 months	5,134
1-2 years	9,964
2-5 years	21,607
Over 5 years	21,193
Total face value	**62,990**

11.6. Related party transactions

The Group's related parties include the Company and its subsidiaries, as well as members of the Board of Directors, members of Management and their related parties. Related parties also include companies in which the individuals mentioned in this paragraph have significant influence.

The Group did not enter into any agreements, deals, or other transactions in 2019 in which the Company's Board of Directors or Management had a financial interest, except for transactions following from the employment relationship. Remuneration to key personnel is disclosed in Chapter 12.

Balances and transactions between the Parent Company and subsidiaries have been eliminated on consolidation, and are eliminated in the consolidated accounts presented in this Prospectus.

The Group has a minority stake in Videxio Technologies Hong Kong, a limited company registered in Hong Kong. The company has had an exclusive right to resell the Pexip Service in China, as well as operate on the Group's behalf two data centers in mainland China from 2014. The Group has decided to wind down its operations in China, and cancelled the contract with Videxio Technologies Hong Kong at the end of 2019. The contract was concluded on arm's length principles.

11.7. Deferred tax assets

The Group has deferred tax assets in both Pexip AS, Pexip Inc and Pexip Limited. The Group has assessed the viability of the deferred tax assets and likelihood of realizing the value and concluded that they are maintained.

11.8. Critical accounting policies and estimates

The preparation of the financial statements according to IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and judgments are evaluated on a continually basis and are based on historical experiences and other factors that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual outcome.

11.9. Trend information

During 2019 the market for the Company's products have been growing in line with the market overview description in Section 7 "Industry and market overview". The Company started the year by consolidating the efforts of the previous Videxio and Pexip 1.0 teams as one common team, and experienced increased momentum as a result of this, as demonstrated in the development in contracted annual recurring revenue (ARR).[53] During 2019, the Company increased its contracted annual recurring revenue (ARR) by USD 2 million in both Q1 and Q2, by USD 3 million in Q3 and by USD 4 million in Q4.

At the start of 2020 there has been a strong focus on the Corona virus (COVID-19) situation, which has created an increased demand for video communication as a replacement for physical travel. For Q1 2020 this has led to an increase in contracted

[53] Contracted Annual Recurring Revenue (ARR) is defined as the annualized sales of all active contracted customer contracts where the purchase is recurring in nature and the sold product is time-limited. Such contracts can have monthly, yearly or multi-year durations.

Annual Recurring Revenue[54] of USD 9.5 million to USD 56.7 million at the end of Q1, significantly above the growth of USD 4.3 million in Q4 2019. This is equivalent to a year-over-year growth of 50% compared to Q1 2019. It has also had a material impact on service usage, with usage towards the end of March 2020 being around 6x higher than in December 2019. Pexip believes the situation has a material impact on the overall usage of video communication solutions in the short-term, and this can support an acceleration of usage and adoption of such tools in general, including Pexip. However, impact on long-term demand is still unclear, as is the long-term economic impact from the Corona virus (COVID-19) which may have an adverse impact on enterprise spending overall, including on IT and video conferencing solutions. In total Pexip believes that the net impact of the Corona virus (COVID-19) is likely to be positive for the company and increase the growth momentum from 2019 further. Pexip continue to experience strong demand for our services and selling prices have been stable.

The Company has entered into a new, significant go-to-market cooperation with one of our existing partners. This cooperation has the potential to increase the Group's overall annual recurring revenue growth, particularly towards the end of 2020.

Sales and selling prices are strongly impacted by customer demand and actions of competitors that both to a large extent are beyond the Group's control and have high uncertainty.

11.10. Long-term objectives

Based on the recent development and market traction, Management believes that there is a significant opportunity to scale Pexip's existing business model as well as capture some attractive adjacent opportunities. As such it has stated a long-term ambition to grow its contracted annual recurring revenue (ARR) from USD 47.2 million in 2019 to USD 300 million in 2025. This is equivalent to 36% growth per year. The growth in annual recurring revenue (ARR) in 2019 was 32%, and for the last 12 months out of Q1 2020 it was 50%. As such, Management believe this ambition is within reach.

With a strong focus on growth, Management expects profitability and EBITDA to be lower in the near-term, as Pexip will invest in strengthening its growth capacity. The main levers to invest in will be increased sales capacity and marketing spend as well as increased R&D capacity, both of which will increase operating costs. Long-term the company's ambition is to have an operating profitability in EBITDA-margin of more than 25%. In 2019, Pexip had an EBITDA-margin of 21% combined with growth in revenues of 32%.

11.11. Significant changes

There has been no significant change in the Group's financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements has been published to the date of this Prospectus.

[54] Contracted Annual Recurring Revenue (ARR) is defined as the annualize revenue value of all active contracted time limited contracts where the purchase is recurring in nature. Such contracts can have monthly, yearly or multi-year durations.

12. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

12.1. Introduction

The General Meeting is the highest authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Group is vested in the Board of Directors and the Group's Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Group's business, ensuring proper organization, preparing plans and budgets for its activities, ensuring that the Group's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has three sub-committes; a nomination committee (see Section 12.9 "Nomination committee"), an audit committee (see Section 12.10 "Audit committee") and a remuneration committee (see Section 12.11 "Remuneration committee".

Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions prepared by the Board of Directors. Among other responsibilities, the CEO is responsible for keeping the Group's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Group's assets in a responsible manner. In addition, the CEO must, pursuant to Norwegian law, brief the Board of Directors about the Group's activities, financial position and operating results at least once per month.

12.2. The Board of Directors

12.2.1. Overview of the Board of Directors

The Articles of Association provide that the Board of Directors shall consist of a minimum of three and a maximum of seven Board Members elected by the Company's shareholders. The names, positions, current term of office and business addresses of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position	Served since	Term expires
Michel Sagen	Chair	2020 (1)	2022
Kjell Skappel	Board Member	2019 (2)	2022
Per Haug Kogstad	Board Member	2018 (3)	2022
Irene Kristiansen	Board Member	2020	2022
Marianne Wergeland Jenssen	Board Member	2020	2022

(1) Mr. Sagen has served as chair of the Board of Directors since January 2020. He previously served as board member from the founding of Videxio in April 2011 until the Merger in October 2018 and as board member in the Company from the Merger in October 2018 until December 2019. In addition to the chairman role, he currently functions as executive chairman (arbeidende styreforman) under a full-time service contract with the Company, pursuant to which he will provide certain non-managerial services for the Company going forward.

(2) Mr. Skappel served as the Company's Chair of the Board of Directors from October 2018 until December 2019. He was on the board of directors of Pexip 1.0 from 2012 until the Merger in 2018 and its Chair from 2015. He was also on the board of directors of Videxio from 2011 until the Merger in 2018 and its Chair from 2013.

(3) Mr. Kogstad served as board member in Pexip 1.0 from April 2012 until the Merger in 2018.

The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code (as defined below), meaning that (i) the majority of the shareholder-elected members of the Board of Directors are independent of the Company's (and the Group's) executive Management and material business contacts, (ii) at least two of the shareholder-elected Board Members are independent of the Company's (and the Group's) main shareholders (shareholders holding more than 10% of the Shares of the Company), and (iii) no member of the Company's Management serves on the Board of Directors.

The Company's registered business address, Lilleakerveien 2A, 0283 Oslo, Norway serves as c/o address for the Board Members in relation to their directorship of the Company.

The Shares and options to acquire Shares that are held by the Board Members as at the date of this Prospectus are set out in Section 12.4.3 "Shareholdings of Board Members and Management in the Company".

12.2.2. Brief biographies of the Board Members

Set out below are brief biographies of the Board Members. The biographies include each Board Member's relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative management or supervisory bodies or partner in the previous five years.

Michel Sagen, Chair

Michel Sagen is one of the co-founders of Videxio. Mr. Sagen has extensive experience from his 25 years with senior executive and board positions within the industry, including 14 years experience in the video communication industry and 10 years in the telco industry. He is well versed in both business and technology, and with a strong international profile. He previously served as board member and COO of Videxio from April 2011 to October 2018 and in the Company from October 2018 to December 2019. Previously, he worked as Director of Products at Tandberg/Cisco from 2006 to 2011. Furthermore, Mr. Sagen has served in various positions with various Telenor companies in Norway, Singapore and Malaysia from 1996 to 2006, including as head of product management in mobile consumer products, business manager for mobile internet in Asia, project manager for mobile email, and intranet access and project manager in development of Telenor's automatic frequency planning tool. Mr Sagen holds a Master's degree (French: Ingénieur diplomé) in Applied Physics from Institut national des Sciences appliquées de Toulouse (INSA Toulouse) (1995). He has also completed the Executive education in strategic leadership programme (2003) and the Executive board programme (2018), both at INSEAD in France.

Directorships and senior management positions	
Current directorships and senior management positions	Pexip Holding ASA (chair), Pexip AS (Chair), Sagen Telecom AS (chair & CEO), NovoTech AS (chair) and Okumura Invest AS (chair).
Previous directorships and senior management positions last five years	Videxio (board member & COO) and Pexip AS (board member & COO).

Kjell Skappel, Board Member

Kjell Skappel currently serves as CEO at T.D. Veen AS, CEO and board member at Stavanger Venture AS, CEO and board member at FilmStory AS and CEO and Chair at Radka Invest AS. Mr. Skappel has extensive experience from his executive and board positions within the industry, including as board member and chair at Videxio, Pexip 1.0 and the Company. Previously he served as Regional Director Europe North at Cisco Systems from 2005 until 2010 and in several management positions at unified communications leader Tandberg, which was acquired by Cisco Systems. In 2010, he founded the Company's largest shareholder, Stavanger Venture AS, which invest in technology companies. He also has extensive investment experience through his current role as CEO and investment director at T.D. Veen, managing a NOK 2 billion portfolio, including as the largest owner of a listed company on Oslo Børs, and formerly as CEO at Nansen Capital Partners ASA.

Directorships and senior management positions	
Current directorships and senior management positions	Pexip Holding ASA (board member), Pexip AS (board member), Vision IO (chair), P53 Invest AS (chair), Voca AS (chair), Radka Invest AS (chair & CEO), Salamander Invest AS (board member), Disruptive Technologies Research AS (board member), Deontikk Investering AS (board member), Eikund AS (board member), Dynamik Management AS (board member), Filmstory AS (board member & CEO), Stavanger Venture AS (board member & CEO), Ascenium Holding AS (board member), T.D. Veen AS (CEO).
Previous directorships and senior management positions last five years	Videxio (chair), Mirmorax (board member), Peanuts AS (now Solve AS) (chair) and Nansen Capital Partners ASA (CEO).

Per Haug Kogstad, Board Member

Per Haug Kogstad has extensive management and board experience within the industry, including 20 years as Executive Vice President at Tandberg and board member of Pexip 1.0 from April 2012 and the Company since the Merger in October 2018. He has previously worked 2 years as General Manager Transmission Systems at Ericsson and 3 years as Business Unit Manager Modems at Elektrisk Bureau. Mr. Kogstad holds a Master's degree in Economics and Business Administration (Nw: *Siviløkonom*) from BI Norwegian Business School (1982) and a Master's degree in Business Administration (MBA) from University of Wisconsin (1983).

Directorships and senior management positions	
Current directorships and senior management positions	Huddly AS (board member), Bjøberg Eiendom AS (chair) and Pepper Eiendom AS (board member).
Previous directorships and senior management positions last five years	None.

Irene Kristiansen, Board Member

Irene Kristiansen is currently deputy CEO of Boligbyggelaget Usbl. She has extensive management and board experience and competence from her finance and accounting positions, and within the industry as she served as the CFO of Pexip 1.0 from 2014 to 2017. Previously she was Corporate Funding and Head of Treasury at Norske Skog ASA from 2006 to 2014, Relationship Manager in Fokus Bank/Danske Bank from 2004 to 2006, and Manager at JP Morgan (London) from 1999 to 2004. Ms Kristiansen holds a Bachelor's (Hons) degree in Business Administration from the University of Bath (1998).

Directorships and senior management positions	
Current directorships and senior management positions	Boligbyggelaget Usbl (Deputy CEO), Neptune Properties AS (board member), Usbl Utbygging AS (board member) and Spira Finans AS (chair).
Previous directorships and senior management positions last five years	Boligbyggelaget Usbl (CFO), Pexip 1.0 (CFO), Usbl Boservice AS (board member), Usbl Eiendom AS (board member), and Usbl Utbygging AS (deputy chair).

Marianne Wergeland Jenssen, Board Member

Marianne Wergeland Jenssen currently serves as Director Markets at Nord Pool AS. Ms. Jenssen is a commercial professional with a passion for innovative and sustainable business development, and has vast experience serving as a board member. She has extensive management experience from her 22 years in various management positions, including managing director of Smarthphones Telecom AS (2005) and MWJ Consulting AS (2004-2005), general manager of Sempra Energy Europe AS (1999-2003), and director of commodities of American International Group (AIG) Trading Ltd (1993-1996). She has spent the last 20 years in strategic managerial positions in the energy industry; oil, gas and power. Her core competencies are within market strategy and positioning in addition to leadership of tech companies and competence sales organissations, and she has extensive international experience worldwide. Ms. Jenssen holds a Master's degree in General Business, Finance and Marketing (Nw: *Siviløkonom*) from BI Norwegian Business School (1988) and has completed INSEAD's Executive board programme (2015) and an executive coaching programme.

Directorships and senior management positions	
Current directorships and senior management positions	Bright Products AS (chair), Nord Pool ASA (Market director).
Previous directorships and senior management positions last five years	Nodes AS (board member) and Nodes Tech AS (board member).

12.3. Management

12.3.1. Overview

The Company's executive Management team consists of five individuals and was composed following the Merger in October 2018.[55] It comprises the CEO, Chief Technology Officer (the "**CTO**"), Chief Commercial Officer (the "**CCO**"), Chief Operating Officer (the "**COO**") and the Chief Financial Officer (the "**CFO**").

The Shares and options to acquire Shares that are held by members of the Management as at the date of this Prospectus are set out in Section 12.4.3 "Shareholdings of Board Members and Management in the Company".

[55] Members of the Company's Management team are formally employed by other entities within the Group.

The names of the members of the Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within the Group	Employed with the Group since
Odd Sverre Østlie	Chief Executive Officer (CEO)	March 2018
Giles Russell Chamberlin	Chief Technology Officer (CTO)	April 2012
Tom Erik Lia	Chief Commercial Officer (CCO)	September 2011
Nicolas Jean Michel Cormier	Chief Operating Officer (COO)	July 2012
Øystein Dahl Hem	Chief Financial Officer (CFO)	September 2018

The Company's registered business address, Lilleakerveien 2A, 0283 Oslo, Norway, serves as c/o address for the members of the Management in relation to their employment with the Group.

12.3.2. Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management. The biographies include the members' relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Odd Sverre Østlie, Chief Executive Officer (CEO)

Odd Sverre Østlie is the Company's CEO, a position he has held since March 2018. Mr Østlie has extensive management experience from his 12 years in management positions within the industry. Prior to Pexip, he worked five years with video and audio/video system integration, of which he served as CEO of Kinly AS from September 2017 to March 2018 and as president and CEO of Viju Group from Januar 2014 to September 2017. He also worked four years as GM/Sr Director for Cisco Systems in various commercial and technical leadership roles, two years as VP in Tandberg in leading commercial and technical go-to-market for immersive telepresence, UC and service providers, two years as a consumer lead in commercial go-to-market for Microsoft's consumer offering in Norway and three years as engagement manager at McKinsey working with high-tech and telecom clients across Europe.

Mr Østlie holds a Master of Science degree from the Norwegian University of Science and Technology (NTNU) (2003).

Directorships and senior management positions	
Current directorships and senior management positions	Muzungu Invest AS (chair).
Previous directorships and senior management positions last five years	Viju AS (chair), Kinly AS (chairman and CEO), Viju Group (president and CEO).

Giles Russell Chamberlin, Chief Technology Officer (CTO)

Giles Russell Chamberlin is the Company's CTO, a position he has held since October 2018. Mr Chamberlin has extensive industry experience after having worked with software development since 1984 (36 years) and video conferencing software development since 1994 (26 years).

Mr Chamberlin holds a Bachelor of Science degree in Applied Physics from University of Bath (1984) and a Master of Science degree in Software Engineering from University of Oxford (2012).

Directorships and senior management positions	
Current directorships and senior management positions	Pexip Ltd (chair).
Previous directorships and senior management positions last five years	None.

Tom Erik Lia, Chief Commercial Officer (CCO)

Tom Erik Lia is the Company's CCO, a position he has held since October 2018. Mr Lia has 26 years industry experience in total. As CCO, Mr Lia leads the Company's go-to-market strategy. As co-founder and CEO of Videxio from 2011 to 2018, Mr Lia built a successful cloud-based video conferencing service that merged with Pexip 1.0 in December of 2018. Prior to Videxio, Mr Lia was Vice President of Research & Development at Tandberg (now Cisco) from 1994 to 2011, where he was managing, creating and building video collaboration product portfolios, including working on product and technology strategy and acquisitions, product management and software development. During the period 1998-2010, Mr Lia also filed and got published several international patents within the industry.

Mr Lia holds a Bachelor of Engineering degree (Nw.: *Ingeniør*) in Computer and Electronic Engineering from Østfold Ingeniørhøgskole (1991), a Bachelor with Honors degree in Computer Systems Engineering from Bristol University (1993) and a Master of Engineering (Nw.: *Sivilingeniør*) degree from the Norwegian University of Science and Technology (NTNU) (1993).

Directorships and senior management positions	
Current directorships and senior management positions	Novotech AS (board member), Askim Bærpresseri AS (board member) and Lia Investments Limited (chairman).
Previous directorships and senior management positions last five years	Pexip AS (board member), Videxio (board member and CEO) and Camo Analytics AS (board member).

Nicolas Jean Michel Cormier, Chief Operating Officer (COO)

Nicolas Jean Michel Cormier is the Company's COO, a position he has held since January 2020. Mr Cormier has extensive industry experience and expertise after working eight years with Pexip and its predecessor company Pexip 1.0.

Mr Cormier holds a Master of Information Technology degree from Macquarie University (2009), a Master of Computer Science degree from European Institute of Technology (2008) and a Bachelor of Computer Science degree from European Institute of Technology (2006).

Directorships and senior management positions	
Current directorships and senior management positions	None.
Previous directorships and senior management positions last five years	None.

Øystein Dahl Hem, Chief Financial Officer (CFO)

Øystein Dahl Hem is the Company's CFO, a position he as held since the middle of 2019. Mr Hem has extensive management and industry experience after working with business-to-business sales and marketing in Telenor Norway for four years, two of which included the video collaboration industry, working with strategy in Telenor Norway for two years and working with McKinsey for two years.

Mr Hem holds a Master of Science and Technology degree in Industrial Enginering from the Norwegian University of Science and Technology (NTNU) (2010).

Directorships and senior management positions	
Current directorships and senior management positions	None.
Previous directorships and senior management positions last five years	Lumenia AS (board member), Dipper AS (board member) and Telenor (Director of Product and Marketing).

12.4. Remuneration and benefits

12.4.1. Remuneration of the Board of Directors

None of the Company's Board Members received remuneration for their role as Board Members for the financial year ended 31 December 2019. Michel Sagen, the current Chair of the Board of Directors received a total remuneration of NOK 1,818,122 for his role as the Company's COO during 2019.

12.4.2. Remuneration of the Management

The below table sets forth the amount of remuneration paid by the Company to its executive Management for the financial year ended 31 December 2019.

Name and position	**Salary**	**Benefits in kind**	**Share-based payments** (1)	**Pensions costs**	**Total remuneration**
	(In NOK thousands)	*(In NOK thousands)*	*(In NOK thousands)*	*(In NOK thousands)*	*(In NOK thousands)*
Odd Sverre Østlie (CEO)	1,843	539	914	55	3,351
Giles Chamberlin (CTO)	1,634	221	160	175	2,223
Tom Erik Lia (CCO)	1,305	440	193	55	1,994
Nicolas Cormier (COO) (2)	1,030	7	-	48	1,085
Øystein Hem (CFO)	1,123	390	321	55	1,889

(1) Share-based payment refers to the expense recognised in the financial statement.
(2) Nicolas Jean Michel Cormier has served as the Company's COO since January 2020.

12.4.3. Shareholdings of Board Members and Management in the Company

The below table sets forth the number of Shares and options to acquire Shares held directly or indirectly by the members of Management and Board Members as of the date of this Prospectus.

Name and position	**No. of Shares**	**No. of options**	**No. of dependent options**
Michel Sagen (chair), through privately held company Sagen Telecom AS	2,138,315	-	-
Kjell Skappel (board member), held through Stavanger Venture AS, as well as through of T.D. Veen AS were he serves as CEO(2)	12,293,353	-	-
Per Haug Kogstad (board member), including 5,058,989 Shares through privately held company Bjøberg Eiendom AS	5,092,989	533,334(3)	-
Irene Kristiansen, through 50% held company, Spira Finans AS	200,000	-	-
Marianne Wergeland Jenssen (board member)	-	-	-
Odd Sverre Østlie (CEO), through 50% held company, Muzungu Invest AS	150,000	150,000	< 740,000 (1)
Øystein Hem (CFO)	-	30,000	< 240,000 (1)
Giles Chamberlin (CTO)	1,986,580	-	< 240,000 (1)
Tom Erik Lia (CCO), personally and through privately held company, Lia Investments Limited	2,183,053	-	< 240,000 (1)
Nicolas Cormier (COO)	277,833	-	< 240,000 (1)

(1) Options dependent on a liquidity event, number of options granted is based on the share price of an event such as an IPO.
(2) Kjell Skappel owns 100% of the shares in Radka Invest AS, which owns 36% of the shares in Stavanger Ventue AS, the Company's largest shareholder with 7,969,716 Shares. In addition, Kjell Skappel is CEO of T.D. Veen which owns 4,323,637 Shares.
(3) These options are part of the options for 1,600,002 shares described in Section 13.8 "Other financial instruments".

12.5. Share incentive programs

The Company's board of directors is authorised to increase the share capital by a maximum amount of NOK 127,500 in one or more share capital increases through issuance of new shares, however as the total maximum share capital increase under this authorization and the autorization to issue shares in connection with the Listing and the general authorisation to issue shares may not exceed NOK 584,335. The authorization to issue shares under the share incentive program is valid until the annual general meeting in 2021, however no longer than until 30 June 2021. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be deviated from, cf the Public Companies Act Sections 10-4 and 10-5. Existing incentive agreements with employees includes options (options related to the share price) and dependent options (options dependent on a liquidity event, number of options granted is based on the share price of an event such as an IPO).

The total number of outstanding options and dependent options involving members of the Company's management and board of directors are further described in the above table in Section 12.4.3 "Shareholdings of Board Members and Management in the Company".

There are several active option programmes in Pexip. Some programs are directed towards employees, however there are also programs that are only directed towards members of the Company's Management.

The Company has established three option programs for its employees:

- For one of the programs directed towards employees the options vest over three years from the day of grant and expires in 2020. The employees' right to exercise the vested options is conditional on the relevant employee being employed at the time of exercise.

- A second option program for employees vest over four years from the date of grant and expires between 2020 and 2023, depending on the grant date. The employees are allowed to exercise already vested options in the first exercise window after the potential termination of employment.

- The last program for employees vests over four years from the date of grant and expires between 2024 and 2025, depending on the grant date. The exercise of the share options is conditional on the relevant employee being employed at the time of exercise.

Programs directed towards Management have a material ownership change as a vesting condition, of which an IPO is included. For some of the management programs Pexip has an option to settle in either cash or equity. These options are however treated as equity settled since Pexip has the intention and a past history of only settling in equity. Exercise of rights under the option programs for management is dependent upon the relevant member of management being employed with the Group at the time of vesting. As of 31 December 2019, 6,740,432 options were outstanding at an weighted average exercise price of NOK 27.49. Out of the total outstanding options per 31 December 2019, 447,261 and 6,293,171 were vested and non-vested, respectively. Of the vested options, 43,125 has been exercised in Q1 2020. Reference is made to note 24 of the Company's financial statement for the year ended 2019, appended hereto as Appendix B. With the given price band, per May 2020, this will result in a dilution of 3.3% and 10.4%, respectively, should all outstanding vested and non-vested options be exercised (including dilutive effect from the options mentioned in Section 13.8 "Other financial instruments").

12.6. Benefits upon termination

The CEO is entitled to 6 months' severance pay as compensation for waiving his rights to employment protection ensuing from Chapter 15 of the Working Environment Act. In addition, the President of Sales Americas is entitled to 6 months' severance pay for waiving his rights employment protection. There are no similar arrangements for any of the other members of the Management with respect to termination of their employment.

None of the other Board Members or the members of the nomination committee have service contracts with the Company or its subsidiary and none will be entitled to any benefits upon termination of office.

12.7. Pension and retirement benefits

For the year ended 31 December 2019, the pension cost for members of the Management employed in the Group was approximately NOK 449,000.

The Group's pension schemes vary depending on the operative country and requirements under local law. All of the Group's employees are included in the Group's defined contribution pension schemes in accordance with mandatory law in the relevant operative country. For more information regarding the Group's pension and retirement benefits for its employees, see note 23 to the financial statement for the year ended 31 December 2019, included in this Prospectus as Appendix B to this Prospectus.

The Group has no pension or retirement benefits for its Board Members.

12.8. Employees

The Company is not an operative entity and has no employees. The Group's operations are thereby carried out through the Company's operating subsidiaries. As of 31 December 2019, the Group had a total of 182 full time employees ("**FTEs**"). The table below shows the development in the number of FTEs for the years ended 31 December 2019, 2018 and 2017. Reference is made to page 48 of the Company's financial statement for 2019 for more information on the Group's employees.

	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017[56]
Total	182	161	117

The below table below shows the number of FTEs of the Group by main category of activity.

Category of activity	As of 31 December 2019
Sales & Marketing	92
Engineering	70
Other	20

The below table below shows the number of FTEs of the Group by geographic location.

Geographic location	As of 31 December 2019
Europe, the Middle East and Africa (EMEA)	133
Americas	40
Asia-Pacific	9

12.9. Nomination committee

The Company's Articles of Association provide for a nomination committee elected by the general meeting. The nomination committee shall at the outset consists of two or three members, elected for a term of two years. The composition of the Company's nomination committee will subject to and with effect from Listing comprise of Dag S. Kaada (committee chair), Oddvar Fosse (committee member) and Aril Resen (committee member). The members of the nomination committee are appointed until the annual general meeting of the Company in 2021.

The nomination committee shall present proposals to the general meeting regarding election of the chair of the Board, board members and any deputy members of the Board and election of members of the nomination committee.

The nomination committee shall also present proposals to the general meeting for remuneration of the Board and the nomination committee.

12.10. Audit committee

The Board of Directors has, subject to and with effect from Listing, established an audit committee. The appointed members of the audit committee are Irene Kristiansen (committee chair), Michel Sagen (committee member) and Kjell Skappel (committee member), and the composition of the audit committee fulfils the required qualifications and competence in accounting and auditing under the Norwegian Public Limited Liability Companies Act.

The function of the audit committee is to prepare matters to be considered by the Board of Directors and to support the Board of Directors in the exercise of its management and supervisory responsibilities relating to financial reporting, statutory audit and internal control.

The audit committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implement such recommendations.

[56] Combined numbers extracted from the 2017 annual reports of Videxio and Pexip 1.0.

12.11. Remuneration committee

The Board of Directors has subject to and with effect from Listing, established a remuneration committee. The remuneration committee shall be composed of the whole Board of Directors, with Michel Sagen as the committee chair.

The purpose of the remuneration committee shall be to evaluate and propose the compensation of the Company’s CEO and other members of the executive management team and issue an annual report on the compensation of the executive management team, which shall be included in the Company’s annual accounts pursuant to applicable rules and regulations, including accounting standards, promulgated from time to time.

As the remuneration committee is composed of the whole Board of Directors, the Board of Directors retains responsibility for implementing any recommendations.

12.12. Corporate governance

The Company has adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 17 October 2018 (the "**Corporate Governance Code**").

Neither the Board of Directors nor the Company's general meeting of shareholders have adopted any resolutions which are deemed to have a material impact on the Group's corporate governance regime.

12.13. Conflict of interests etc.

During the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management has, or had, as applicable:

- any convictions in relation to fraudulent offences;
- been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of affairs of any issuer.

To the Company's knowledge, there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons.

13. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association, included in Appendix A of this Prospectus, and applicable laws.

13.1. Company corporate information

The Company's registered name is Pexip Holding ASA, while its commercial name is Pexip. The Company is a public limited liability company organised and registered under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company's registered office is in the municipality of Oslo, Norway. The Company was incorporated in Norway on 20 October 2017 as a private limited liability company and transformed to a public limited liability company following the extraordinary general meeting held on 20 March 2020. The Company's registration number in the Norwegian Register of Business Enterprises is 919 850 175 and its Legal Entity Identifier ("**LEI**") code is 549300S79JFZK79XBI07.

The Shares, including the Offer Shares, have been created under the Norwegian Public Limited Liability Companies Act. The Offer Shares are registered in book-entry form with the VPS under ISIN NO0010840507. The Company's register of shareholders in the VPS is administrated by the VPS Registrar.

The Company's registered office is located at Lilleakerveien 2A, 0283 Oslo, Norway and its e-mail is info@pexip.com. The Company's website can be found at www.pexip.com. The content of www.pexip.com is not incorporated by reference into, nor otherwise forms part of, this Prospectus.

13.2. Legal structure

The Company functions as the ultimate parent company of the Group. The Company is not an operative entity, and the Group's operations are thereby carried out through the Company's operating subsidiaries. The following table sets out information about the Company and its directly or indirectly owned subsidiaries:

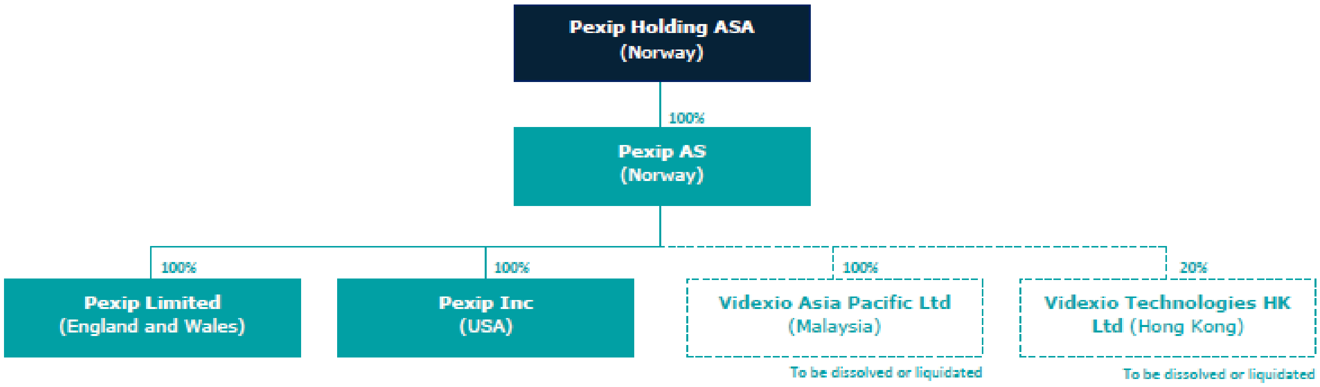
Company	Tiered subsidiary	Country of incorporation	Reg. No	Holding
Pexip Holding ASA	Holding	Norway	919850175	-
Pexip AS	First-tier	Norway	819850232	100%
Pexip Limited	Second-tier	England and Wales	10227803	100%
Pexip Inc	Second-tier	United States	46-1260436	100%
Videxio Asia Pacific Ltd.(1)	Second-tier	Malaysia	LL13387	100%
Videxio Technologies HK Ltd.(2)	Second-tier	Hong Kong	2151748	20%

(1) Resolved to be sold or dissolved and liquidated. Most likely to occour following the publication of this Prospectus.
(2) Resolved to be sold or dissolved and liquidated. Most likely to occour following the publication of this Prospectus.

As at the date of this Prospectus, the Company is of the opinion that its holdings in the entities specified above are likely to have a significant effect on the on the assessment of its own assets and liabilities, financial position or profits and losses.

Figure 17 below illustrates the Group's structure (including subsidiaries and affiliated entities) as at the date of this Prospectus.

Figure 17: Group structure (including subsidiaries and affiliated entities)



Below is a brief overview of the Company and the significant subsidiaries in the Group and affiliated entities:

- **Pexip Holding ASA** - Pexip Holding ASA is a Public Limited Liability Company incorporated in Norway. Its primary function in the Group is to be the parent company of the Group. The Company currently holds 100% of the shares in Pexip AS. There are no full-time employees in Pexip Holding ASA at the time of Listing, and the limited operations required is managed by Pexip AS.

- **Pexip AS** – Pexip AS is a private limited liability company incorporated in Norway. Its primary business functions are sales to customers in EMEA and in other regions of the world where the Groups does not have a subsidiary, support services to customers, development of the Pexip software and operation of the Pexip software services, and functions such as Finance, Business Operations, People and Development and Management for the Group. It holds all of the intellectual property rights in the Group. The majority of employees are located in Norway working out of the Group Headquarters in Oslo, with some employees being residents in other countries, mostly in Europe, Australia and Japan. Pexip AS is the sole shareholder of two material subsidiaries, Pexip Inc and Pexip Limited. It also has a branch entity in Sweden.

- **Pexip Limited** – Pexip Limited is a private limited company incorporated in England and Wales. Its primary business function is development of the Pexip software and operation of the Pexip software services on behalf of Pexip AS, sales to customers in the United Kingdom as well as delivering support services to customers of the Group. Its main office is in Twyford, UK.

- **Pexip Inc** – Pexip Inc is a limited company incorporated in Delaware, United States of America. Its primary business function are sales to customers in North America and South America, with a primary focus on USA and delivering support services to such customers. Its main offices are in Herndon, VA and New York, NY, United States.

- **Videxio Asia Pacific Ltd** – Videxio Asia Pacific Ltd is a Malaysian company that is resolved to be sold or dissolved and liquidated. The entity's primary function has been to serve as employer for an employee in Malaysia, but the Group has found other alternatives.

- **Videxio Technologies HK Ltd** – Videxio Technologies HK Ltd is a Hong Kong based company that is resolved to be sold or dissolved and liquidated.

13.3. Share capital and share capital history

As at the date of this Prospectus, the Company's share capital is NOK 1,198,670.805 divided on 79,911,387 Shares, each with a nominal value of NOK 0.015. All Shares are validly issued, fully paid and non-assessable.

The Company has one class of Shares. Accordingly, there are no differences in the voting rights among the Shares.

As at the date of this Prospectus, the Group owns 15,000 of the Shares as treasury shares, representing 0.02% of the Company's issued share capital.

Reference is made to Section 13.6 "Authorisations to increase the share capital and to issue Shares" and Section 17.3 "Resolution relating to the Offering and the issue of New Shares" for the authorisations granted to the Board of Directors to increase the share capital of the Company.

The table below shows the development in the Company's share capital for the period covered by the historical financial information, i.e. from 2017 and up to the date of this Prospectus:

Date of registration	Type of change	Change in share capital (NOK)	Subscription price (NOK)	Nominal value (NOK)	New number of Shares	New share capital (NOK)
3 November 2017	*Incorporation*	*-*	*-*	*1.00*	*30,000*	*30,000*
20 December 2018	Share capital increase	794,932.28 [(1)]	0.01	0.01	79,493,228	794,932.28
9 October 2019	Share capital increase	3,930.34	0.01	0.01	79,868,262	798,682.62
21 January 2020	Bonus issue	399,431.31	-	0.015	79,868,262	1,198,023.93
16 March 2020	Share capital increase	644.875	0.015	0.015	79,911,387	1,198,670.805

[(1)] Contribution in kind of NOK 612,189 related to Pexip 1.0 and of NOK 182,743 related to Videxio.

Other than as set out above, there have been no changes to the Company's share capital or the number of Shares of the Company from the start of the period covered by the historical financial information up to the date of this Prospectus.

13.4. Admission to trading

The Company expects to apply for admission to trading of its Shares on Oslo Børs on or about 4 May 2020. It is expected that the board of directors of Oslo Børs will approve the listing application of the Company on or about 7 May 2020, subject to certain conditions being met. See Section 17.16 "Conditions for completion of the Offering – Listing and trading of the Offer Shares".

The Company currently expects commencement of trading in the Shares on Oslo Børs on or around 14 May 2020. The Company has not applied for admission to trading of the Shares on any other stock exchange, regulated market or multilateral trading facility (MTF). The Company's Shares currently trade over-the-counter (OTC) through Pareto Securities.

13.5. Ownership structure

As of 28 April 2020, the Company had 502 shareholders. An overview of shareholders holding 5% or more of the Shares of the Company as of 28 April 2020 is set out below:

#	Shareholders	Number of Shares	Percent
1	Stavanger Venture AS	7,969,716	9.98%
2	Bjøberg Eiendom AS	5,058,989	6.33%
3	Tamorer Ltd ATF Wylie Family Trust	5,015,100	6.28%
4	T.D. Veen AS	4,323,637	5.41%

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.8 "Disclosure obligations" for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act. As at the date of this Prospectus, no shareholder other than Stavanger Venture AS (9.98%), Bjøberg Eiendom AS (6.33%), Tamorer Ltd ATF Wylie Family Trust (6.28%) and T.D. Veen AS (5.41%) holds 5% or more of the Shares of the Company.

Following the completion of the Offering, the Company is not aware of any persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected from abuse by relevant regulations in inter alia the Norwegian Public Limited Liability Companies Act and the

Norwegian Securities Act. See Section 13.10.2 "Certain aspects of Norwegian corporate law" and 15.11 "Compulsory acquisition" for further information.

The Shares have not been subject to any public takeover bids.

13.6. Authorisations to increase the share capital and to issue Shares

On 20 March 2020, an extraordinary general meeting of the Company authorized the Board of Directors to issue Shares in order to increase the Company's share capital by up to 570,000 in connection with the Listing (provided that this authorization, the general authorization to issue shares and the authorization to issue Shares in connection with options and incentive programs do not exceed NOK 584,335), see Section 17.3 "Resolution relating to the Offering and the issue of the New Shares".

In addition, the extraordinary general meeting held on 20 March 2020 granted the Board of Directors with authorization to increase the share capital by a maximum amount of NOK 119,867 in one or more share capital increases through issuance of new shares (see Section 13.8 "Other financial instruments"), provided that the maximum issue under this authorization, the authorization to increase the share capital in connection with the Listing and the general authorization to increase the share capital do not exceed NOK 584,335. The subscription price per Share shall be fixed by the Board in connection with each issuance. The authorisation is valid until the annual general meeting in 2021, however no longer than until 30 June 2021. Existing shareholders' pre-emptive rights to subscribe for and to be allocated Shares may be derogated from, cf. the Public Companies Act sections 10-4 and 10-5. The authorisation may only be used in connection with (i) capital raisings for the financing of the company's business; and (ii) in connection with acquisitions and mergers. The authorisation can be used in situations as described in the Norwegian Securities Trading Act section 6-17.

At the extraordinary general meeting held on 20 March 2020, the Board of Directors was also granted authorisation to increase the share capital by a maximum amount of NOK 127,500 in one or more share capital increases through issuance of new shares, however as such that the maximum issuance under this authorization, the authorization to issue shares in connection with the Listing and the general authorization to issue shares do not exceed NOK 584,335. The authorisation is valid until the annual general meeting in 2021, however no longer than until 30 June 2021. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be deviated from, cf. the Public Companies Act sections 10-4 and 10-5. The authorisation may only be used in connection with issuance of shares to the group's employees or board members or other representatives in relation with option agreements and incentive programs, both individual and general, as well as to honour other option arrangements. The authorisation can be used in situations as described in the Norwegian Securities Trading Act section 6-17.

13.7. Authorisation to acquire treasury Shares

At the extraordinary general meeting held on 20 March 2020, the Board of Directors was granted an authorisation to, on one or several occasions, to repurchase the Company's own shares within a total nominal value of up to NOK 119,867. If the Company disposes of or cancels treasury shares, this amount shall be increased with an amount corresponding to the nominal value of the disposed and cancelled shares. When acquiring treasury shares the consideration per share may not be less than NOK 1 and may not exceed NOK 200. The Board determines the methods by which own shares can be acquired or disposed of. The authorisation can be used in situations as described in the Norwegian Securities Trading Act section 6-17. The authorization is valid until the annual general meeting in 2021, however no longer than until 30 June 2021.

13.8. Other financial instruments

In addition to the employee options described elsewhere in this Prospectus, the Company has also commitments for other outstanding options for a total number of 1,600,002 new shares with a strike price of NOK 0.015 per new share subscribed for under the option program. These options will be released by an exit event, such as a trade sale or an IPO, and will be released and settled in connection with or immediately following completion of the Offering through the issuance of new shares by the Company to the option holders. As the Company has the flexibility to settle the options in own stock or in cash, these options are classified as financial derivatives on the Company's balance sheet. The Company nevertheless intends to settle these options by issuing new shares and not by utilising treasury shares or cash. The fair value of financial derivative liabilities is estimated based on share price at the reporting date, which was NOK 48 at 31 December 2019.

13.9. Shareholder rights

The Company has one class of Shares on issue, and in accordance with the Norwegian Public Limited Liability Companies Act, all Shares in that class provide equal rights in the Company, including the rights to dividends. Each of the Company's Shares carries one vote. The rights attaching to the Shares are described in Section 13.10 "The articles of Association and certain aspects of Norwegian law".

13.10. The articles of Association and certain aspects of Norwegian law

13.10.1. The Articles of Association

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of certain of the provisions of the Articles of Association.

Company name

Pursuant to Section 1 of the Articles of Association, the Company's name is Pexip Holding ASA. The company is a public limited liability company.

Registered office

Pursuant to Section 2 of the Articles of Association, the Company's business address is in Oslo municipality.

Objective of the Company

Pursuant to Section 3 of the Articles of Association, the Company's objective is to operate, own and/or invest in businesses or development related to telecommunication services and telecommunication solutions, investment in other companies or development of other businesses, and anything related to the foregoing.

Share capital and nominal value

Pursuant to Section 4 of the Articles of Association, the Company's share capital is NOK 1,198,023.93 divided into 79,868,262 shares, each with a nominal value of NOK 0.015. The Shares shall be registered in the Norwegian Central Securities Depository.

Board of Directors

Pursuant to Section 5 of the Articles of Association, the Company's Board of Directors shall consist of a minimum of 3 and a maximum of 7 members, as decided by the Company's General Meeting.

Restrictions on transfer of Shares

Pursuant to Section 6 of the Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company's shareholders. Share transfers are not subject to approval by the Board of Directors.

Change of control

There are no provisions in the Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

General meetings

Pursuant to Section 7 of the Articles of Association, the General Meeting shall resolve:

- The approval of the annual accounts and the annual report.
- The utilization of annual profits or cover of deficit in accordance with the resolved balance sheet, as well as distribution of dividends.
- The appointment of the board of directors.
- Other matters that the general meeting is required by law to resolve.

Nomination committee

Pursuant to Section 8 of the Articles of Association, the Company shall have a nomination committee, elected by the General Meeting.

13.10.2. Certain aspects of Norwegian corporate law

General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held on or prior to 30 June of each year. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of a Norwegian public limited liability company listed on a stock exchange or a regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited liability company may with a majority of at least two-thirds of the aggregate number of votes cast, as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a 14 days' notice period until the next annual general meeting, provided that the Company has procedures in place allowing shareholders to vote electronically. This has currently not been resolved by the Company's general meeting of shareholders.

Voting rights – amendments to the Articles of Association

Each of the Company's shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account ("**NOM-account**"). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorize the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the

Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company cannot be granted for a period exceeding 24 months.

Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

Liability of board members

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for its Board Members against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

13.11. Shareholder agreements

The Company is not aware of any shareholders' agreements related to the Shares which will be in force upon Listing.

14. SELLING SHAREHOLDERS

14.1. Overview

The Offering, as further described in Section 17, comprises, in addition to the New Shares, up to a total of 17,000,000 Sale Shares offered by the selling shareholders (the "**Selling Shareholders**"), with the split between the Selling Shareholders set out in Section 14.2 "Shares offered by the Selling Shareholders".

In addition, certain Selling Shareholders listed in Section 14.2 "Shares offered by the Selling Shareholders" (the "**Greenshoe Selling Shareholders**") have agreed to lend a number of Shares equal to the number of Additional Shares to the Stabilisation Manager (on behalf of the Managers) and have granted the Stabilisation Manager (on behalf of the Managers) an option to purchase up to 2,000,000 Shares from the Greenshoe Selling Shareholders at a price per Share equal to the Offer Price. See Section 17 "The terms of the Offering" and Section 17.12 "Over-Allotment and stabilisation activities" for more information on share lending, price stabilisation and the Greenshoe Option.

The Company will, in consultation with the Joint Global Coordinators, determine the number of Offer Shares and the number of Sale Shares to be sold in the Offering on the basis of the bookbuilding process in the Institutional Offering. See Section 17 "The terms of the Offering" for more information. The Company, the Selling Shareholders and the Joint Global Coordinators have agreed that if the Offering is completed below the maximum level, the New Shares to be issued by the Company shall have priority before any Sale Shares are allocated in the Offering.

The Selling Shareholders have entered into lock-up undertakings in connection with the Offering. See Section 17.19.2 "Selling Shareholders lock-up undertakings" for more information.

The Sale Shares are ordinary Shares in the Company. The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all shares in that class provide equal rights in the Company. Each of the Shares carries one vote.

14.2. Shares offered by the Selling Shareholders

The table below shows information about the major Selling Shareholders (owning more than 5% of the Shares prior to the Offering), including their names, registration numbers, registered addresses, nature of any positions office or other material relationships within the past three years, number number of and percentage of Shares held prior to the Offering, number of Sale Shares offered (i.e. 7,217,154 without Greenshoe Option and 8,117,267 including Greenshoe Option) and percentage of and total number of issued Shares retained following completion of the Offering (assuming that the maximum number of Sale Shares (including Greenshoe Option) are sold in the Offering).

Major Selling Shareholders				**Shares held prior to the Offering**		**Sale Shares offered in the Offering**		**Shares held after the Offering (assuming maximum number of Sale Shares are sold)**		
Name	**Registration number**	**Address**	**Positions / Relation-ships**	**No. of Shares**	**% of Shares**	**Sale Shares** (base)	**Incl. Share-holder Greenshoe Option**	**No. of Shares**	**% of Shares**	**Green-shoe Selling Share-holder**
Stavanger Venture AS	995 636 263	Eiganesveien 95C, 4009 Stavanger Norway	Investor/ Board	7,969,716	9.6%	2,679,405	3,013,576	4,956,140	6.0%	Yes
Bjøberg Eiendom AS	997 082 567	Vesthellinga 8, 1397 Nesøya	Founder/ Board	5,592,323 (1)	6.8%	1,398,081	1,572,448	4,019,875	4.9%	Yes
Tamorer Ltd ATF Wylie Family Trust	200 968 379	c/o CWC Family Office PTY ltd, PO BOX Q1406 QVB, NSW Sydney, Australia	Investor	5,015,100	6.1%	1,686,068	1,896 352	3,118,748	3.8%	Yes
T.D. Veen AS	937 940 416	Eiganesveien 95C, 4009 Stavanger Norway	Investor/ Board	4,323,637	5.2%	1,453,600	1,634,891	2,688,746	3.3%	Yes
Total				**22,900,776**	**27.7%**	**7,217,154**	**8,117,267**	**14,783,509**	**17,9%**	

(1) Number of Shares held prior to the Offering includes 533,334 options held by board member Per Haug Kogstad. See 12.4.3 "Shareholdings of Board Members and Management of the Company" for more informaiton.

The table below shows information about the other Selling Shareholders (owning less than 5% of the Shares prior to the Offering), including their names, registration numbers, business addresses, nature of any positions office or other material relationships within the past three years and the maximum number of Sale Shares (i.e. 9,782,846 without Greenshoe Option and 10,882,733 including Greenshoe Option).

Other Selling Shareholders				**Sale Shares offered in the Offering**		
Name	**Reg. no**	**Address**	**Positions / relationships**	**Sale Shares (Base)**	**Incl. Greenshoe Option**	**Greenshoe Selling Shareholder**
Hamachi AS	898 204 642	c/o Håkon Dahle, Marcus Thranes Gate 4F, 0473 Oslo, Norway	Founder	647,750	727,601	Yes
Lia Investments Limited	991 769 897	Gamle Kirkevei 19, 1831 Askim, Norway	Founder/CCO	545,763	613,830	Yes
Sagen Telecom AS	996 760 251	Wilhelm Wilhelmsens Vei 6D, 1362 Hosle, Norway	Founder/Chair	534,579	601,251	Yes
Giles Russell Chamberlin	N/A	9 Henfield View, Warborough OX10 7DB, United Kingdom	Founder/CTO	496,645	558,586	Yes
Visi Invest AS	998 388 228	Engebråtan 18, 1350 Lommedalen, Norway	Founder	310,444	349,162	Yes
Aksira AS	996 842 916	Gjerdesmutten 34, 0554 Oslo, Norway	Founder	173,042	194,624	Yes
Plataa Venture AS	913 270 851	Møllegata 71, 4008 Stavanger, Norway	Investor	974,975	1,096,573	Yes
Veen Eiendom AS	953 052 865	Eiganesveien 95C, 4009 Stavanger Norway	Investor	849,981	955,990	Yes
Xfile AS	982 156 335	Kongeveien 24, 0787 Oslo, Norway	Investor	803,514	903,727	Yes
Synesi AS	983 810 411	Ragnhild gate 47A, 4044 Hafrsfjord, Norway	Investor	742,646	835,268	Yes
Pebriga AS	958 024 290	c/o Per Gausland, Sandnesv. 40, 4330 Ålgård, Norway	Investor	614,678	691,340	Yes
Sirius AS	940 600 278	Postboks 160, 4001 Stavanger, Norway	Investor	588,641	662,056	Yes
Sandnes Investering AS	974 346 125	Postboks 160 Sentrum, 4001 Stavanger, Norway	Investor	519,426	584,208	Yes
Kristians And AS	989 124 722	Postboks 160, 4001 Stavanger, Norway	Investor	348,107	391,522	Yes
Riisalleen Invest AS	978 687 415	Riisalleen 36, 2007 Kjeller, Norway	Investor	339,449	381,785	Yes
Likida Invest AS	997 696 506	Holsteajet 26, 3022 Drammen, Norway	Investor	336,786	378,790	Yes
Spira Finans AS	915 825 478	Lillehagveien 110, 1365, Blommenholm, Norway	Board	50,000	50,000	No
Metrix Invest AS	917 424 918	Woldbakken 17, 1481, Hagan, Norway	Employee	261,903	261,903	No
John Harald Grønningen	N/A	Carrer De Frexia 37, 4-2, 8021, Barcelona, Spain	Employee	100,000	100,000	No
Nicolas Jean Michel Cormier	N/A	Framnesveien 8A, 270, Oslo, Norway	Employee(COO)	69,458	69,458	No
Colin James Bradbury	N/A	118 Addington Road, RG1 5PX, Reading, United Kingdom	Employee	62,500	62,500	No
Estragon AS	996 459 926	Gustav Vigelands vei 3C, 274, Oslo, Norway	Employee	50,000	50,000	No
Ben Hockley	N/A	29 Hurst Park Road, RG10 OEZ, Twyford, Berkshire, UK	Employee	50,000	50,000	No
Viggo Fredriksen (1)	N/A	Uelands gate 57 G, 457, Oslo, Norway	Employee	46,299	46,299	No
John-Mark Bell	N/A	Flat 2, 168 Whitestile Road, TW8 9NW, Brentford, UK	Employee	46,020	46,020	No
Muzungu Invest AS	921 090 935	Kvernveien 13B, 383, Oslo, Norway	Employee	37,500	37,500	No
Gregory Adams	N/A	23 Charlton Close, RG40 4YQ, Wokingham, UK	Employee	34,654	34,654	No
Eoin Mcleod	N/A	12 Pevensey Avenue, RG4 6PT, Caversham, Reading, UK	Employee	33,935	33,935	No
Iorna Mcleod	N/A	12 Pevensey Avenue, RG4 6PT, Caversham, Reading, UK	Employee	31,250	31,250	No
Denise Adams	N/A	23 Charlton Close, RG40 4YQ, Wokingham, UK	Employee	30,375	30,375	No
Jordan Owens	N/A	13193 Ladybank Lane, VA 20171, Herndon, United States	Employee	12,300	12,300	No
Christopher Swinney	N/A	56 Dan Y Graig Road, SA1 8LZ, Port Tennant, Swansea, UK	Employee	8,750	8,750	No
Gillian Kennedy Dalslaaen	N/A	Trollveien 11, 1358, JAR, Norway	Employee	7,700	7,700	No
Ian Mortimer	N/A	22 Rue du Petit Choisy, 44400, Rezé, France	Employee	6,074	6,074	No
Andreas Wintervold	N/A	Fuglåsveien 31, 1488, Hakadal, Norway	Employee	6,000	6,000	No
Mikhail Fludkov	N/A	Ullevålsveien 109B, 359, Oslo, Norway	Employee	5,000	5,000	No
Richard Harrison	N/A	14 Summerfield Close, RG41 1PH, Wokingham, UK	Employee	4,000	4,000	No
Akos Pap	N/A	Vækerøåsen 5C, 282, Oslo, Norway	Employee	1,569	1,569	No
Lars Bergendahl	N/A	Sandlyckevägen 37, 42 166, Hönö, Sweden	Employee	1,133	1,133	No
Total				**9,782,846**	**10,882,733**	

(1) Viggo Fredriksen owns 165,913 Shares through Katatonic Invest AS in addition to the Shares privately held.

15. SECURITIES TRADING IN NORWAY

Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify aspects of securities trading in Norway should consult with and rely upon their own advisors.

15.1. Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway through five different marketplaces; Oslo Børs, Oslo Axess, Merkur Market, Nordic ABM and Oslo Connect. Oslo Børs ASA is 100% owned by Oslo Børs VPS Holding ASA, which was in 2019 acquired by Euronext N.V., a European stock exchange with registered office in Amsterdam and corporate headquarters at La Défense in Greater Paris which operates markets in Amsterdam, Brussels, London, Lisbon, Dublin, Oslo and Paris. Oslo Børs ASA owns 97% of the shares in Fish Pool ASA. Oslo Børs ASA complies with the European code of conduct commitments on service unbundling and accounting separation. Oslo Børs VPS Holding ASA also wholly-owns the Norwegian Central Securities Depository (VPS).

As at 31 December 2019, the total capitalisation of companies listed on Oslo Børs amounted to approximately NOK 2,813 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation amounted to approximately 39.2%. As at 24 April 2020, the total capitalisation of companies listed on Oslo Børs amounted to approximately NOK 2,155 billion.

15.2. Market value of shares on Oslo Børs

The market value of all shares on Oslo Børs, including the Shares following the Listing, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value of listed shares could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on Oslo Børs will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

The first quarter of 2020 was the weakest ever start to a year for the Norway's stock market. The Oslo Børs Benchmark Index decreased 24.1%, including due to the effects of the corona virus (COVID-19) and the decrease in oil prices. There have only been five quarters with higher decreases in the index since 1914: Two in 2018 (financial crisis), as well as one each in 1987 (Black Tuesday), 1998 (oil and financial crisis in Asia) and 2002 (dotcom crash, fallout from the 11 September 2001 attacks and accounting scandals at companies such as Enron and Arthur Andersen). However, since the bottom on 16 March 2020, the Benchmark Index climbed rapidly with 16.8% until the end of March 2020.

15.3. Trading and settlement

As of the date of this Prospectus, trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. The system is developed by MilllenniumIT, a subsidiary of London Exchange Group, and it currently also operates the markets of London Stock Exchange, Borsa Italiana and Johannesburg Stock Exchange. The real time system for market data is an integrated part of Millennium Exchange.

Official regular trading for equities on Oslo Børs takes place between 09:00 hours (Oslo time) and 16:20 hours (Oslo time) each trading day, with pre-trade period between 08:15 hours (Oslo time) and 09:00 hours (Oslo time), closing auction from

16:20 hours (Oslo time) to 16:25 hours (Oslo time) and a post-trade period from 16:25 hours (Oslo time) to 17:30 hours (Oslo time). Reporting of after exchange trades can be done until 17:30 hours (Oslo time).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

15.4. Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

15.5. The VPS and transfer of shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway'), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the Company's Articles of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.6. Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Beneficial owners of shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to any general meeting of shareholders. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that beneficial owners of Shares will receive notices of any General Meetings in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. For more information on nominee accounts, see Section 13.10.2 "Certain aspects of Norwegian corporate law" under the subheading "Voting rights – amendments to the articles of association".

15.7. Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign. Foreign investors are, however, to note that the rights of holders of listed shares of companies incorporated in Norway are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a listed company in respect of wrongful acts committed against such company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against such company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. For more information, see Section 13.10.2 "Certain aspects of Norwegian corporate law".

15.8. Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

15.9. Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

15.10. Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (or provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorised to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (provided that the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

15.11. Compulsory acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

15.12. Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

16. TAXATION

16.1. Norwegian taxation

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who are beneficial owners of the Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdiction in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

16.1.1. Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals residing in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 31.68% (for 2020) to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 31.68%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other shares). Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 22% for 2020).

Non-Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals not residing in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders residing within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see "Taxation of dividends – Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Personal Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders domiciled within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file an applicationto the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

All Non-Norwegian Corporate Shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. Such documentation must be provided to either the nominee or the account operator (VPS).

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Corporate Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

16.1.2. Taxation of capital gains on realisation of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is currently 31.68 % (for 2020); i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22% (2020), increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 31.68%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.1.1 "Taxation of dividends" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set of against gains form realisation of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

Norwegian Personal Shareholders may hold shares through a Norwegian share saving account (Nw.: aksjesparekonto). Gains derived upon the realization of shares held through a share saving account will be exempt from Norwegian taxation and losses will not be tax deductible. Withdrawal of funds from the share saving account exceeding the Norwegian Personal Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 31.68% (for 2020). Norwegian Personal Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income (please see "Taxation of dividends – Norwegian Personal Shareholders" above). The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realization of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

16.1.3. Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to 75% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly.

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

16.1.4. VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

16.1.5. Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

16.2. Swedish taxation

The following is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company for private individuals and limited liability companies that are residents of Sweden for tax purposes and/or domiciled in Sweden (including permanent establishments), unless otherwise stated. The summary is based on current Swedish legislation and is intended to provide general information only regarding the shares in the Company as from the admission for trading.

The tax consequences for each individual shareholder depend to some extent on the shareholder's particular circumstances. Special tax rules apply to certain categories of companies. The summary does not cover situations where shares are held as current assets in business operation; situations where shares are held by limited partnerships or partnerships, investment companies, insurance companies or investment funds; or situations where shares are held in a Swedish investment savings account (Sw.: investeringssparkonto) or a Swedish endowment insurance (Sw.: kapitalförsäkring). Further, the summary does not cover the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes); the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares; the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw.: investeraravdrag); foreign companies conducting business through a permanent establishment in Sweden; or foreign companies that have been Swedish companies.

Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the Company, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.

16.2.1. Taxation of dividends

Swedish Personal Shareholders

Private individuals tax resident in Sweden and estates of deceased individuals tax resident in Sweden ("**Swedish Personal Shareholders**"), will be taxed at a rate of 30% on dividends.

Dividends distributed by the Company may be subject to Norwegian withholding tax. According to the Nordic tax treaty the withholding tax is limited to 15%. According to the Nordic tax treaty, any tax withheld in Norway could be subject to a Swedish tax credit, thus possibly reducing the effective Swedish tax. The availability of a Swedish tax credit depends on the circumstances for each Swedish Personal Shareholder.

Swedish Corporate Shareholders

Dividends distributed by the Company to shareholders who are limited liability companies (and certain other entities) domiciled in Sweden for tax purposes ("**Swedish Corporate Shareholders**"), are as a general rule subject to tax on all income at a rate of 21.4% (20.6% from 2021). Dividends distributed by the Company may be subject to Norwegian withholding tax. Tax withheld in Norway in accordance with the Nordic tax treaty could be subject to a Swedish tax credit for the recipient thus possibly reducing the effective Swedish tax. The availability of a Swedish tax credit depends on the circumstances for each Swedish Corporate Shareholder.

16.2.2. Taxation of capital gains on realization of shares

Swedish Personal Shareholders

Swedish Personal Shareholders will be taxed at a rate of 30% on any capital and foreign exchange gains arising in case the shares in the Company are sold or redeemed. Capital gains will be taxed upon the sale or redemption. Repayment of the principal amount will not be taxed.

The capital gain or loss is calculated as the difference between the sales price (or redemption remuneration) after deduction for sales expenses and the cost basis. The cost basis is determined according to the "average method" (*Sw. genomsnittsmetoden*), i.e., somewhat simplified, the acquisition value for the shares in the Company of the same class and type added together taking into account any changes in the holding.

Capital losses are deductible against capital gains. Capital losses incurred from the sale or redemption of listed securities (e.g. listed shares) can be fully offset against taxable capital gains occurring in the same year due to the sale of listed shares and listed securities (with the exception of shares in investment funds holding only Swedish receivables, known as Swedish fixed income funds). In case of excess of a loss, 70% of the loss is deductible against other capital income. In case of a net capital loss, such a loss may be used for tax reduction on earned income tax as well as central government and municipal property taxes. A tax reduction is granted with 30% of the net capital loss up to SEK 100,000 and 21% of any loss exceeding SEK 100,000. Capital losses cannot be carried forward to future income years.

Swedish Corporate Shareholders

Swedish Corporate Shareholders are subject to tax on all income due to a sale or redemption of shares (including capital as well as foreign exchange gains) as business income at a rate of 21.4%. This rate will be reduced to 20.6% from 2021. Business income is in general taxed on an accrual basis.

Capital losses arising in case the shares in the Company are sold or redeemed are normally only deductible against taxable capital gains on securities. A capital loss that is not deductible may, under some conditions, be utilized against taxable capital gains on securities in another company within the same group if certain criteria are met.

Capital losses on shares that cannot be utilized during a certain year are carried forward to the following year, subject to the same limitations as described above.

Provided that a non-Swedish legal entity does not have a permanent establishment in Sweden through which the shares in the Company are connected, the non-Swedish legal entity is not subject to tax in Sweden on interest or capital gains resulting from the holding of shares in the Company.

16.2.3. Net wealth tax

There is no Swedish net wealth tax.

16.2.4. VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Sweden on the transfer or issuance of shares.

16.2.5. Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Sweden.

17. THE TERMS OF THE OFFERING

17.1. Overview of the Offering

The Offering consists of (i) a primary offering of up to 17,000,000 New Shares to raise gross proceeds of up to NOK 1,071 million and (ii) a secondary offering of up to 17,000,000 Sale Shares all of which are existing, validly issued and fully paid-up registered Shares offered by the Selling Shareholders. The Offer Price at which the Offer Shares will be sold is NOK 63.00 per Offer Share.

In addition, the Joint Global Coordinators may elect to over-allot up to 4,000,000 Additional Shares, equal to up to approximately 11.8% of the number of New Shares and Sale Shares offered in the Offering (and in any case limited to 15% of the total number of Shares allocated in the Offering). The Greenshoe Selling Shareholders have granted the Stabilisation Manager, on behalf of the Managers, an option to borrow a number of Shares equal to the number of Additional Shares in order to facilitate the delivery of the Additional Shares to applicants in the Offering (the "**Share Lending**").

As the date of this prospectus, assuming that all the New Shares and the Sale Shares are sold in the Offering and that the Greenshoe Option (as defined below) is exercised in full, the Offering will amount to up to 19,000,000 Offer Shares, representing up to 18.7% of the Shares in issue following the Offering (including all outstanding vested options).

The Offering comprises:

(i) The Institutional Offering, in which Offer Shares are being offered to (a) investors in Norway and Sweden, (b) investors outside Norway and the United States, subject to applicable exemptions from any prospectus and registration requirements, and (c) investors in the United States who are QIBs as defined in, and in reliance on, Rule 144A under the U.S Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,500,000.

(ii) The Retail Offering, in which Offer Shares are being offered to the public in Norway and Sweden, subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 2,499,999 for each investor. Investors who intend to place an order in excess of NOK 2,499,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.

All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in compliance with Regulation S.

This Prospectus does not constitute an offer of, or an invitation to purchase, Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important Information" and Section 18 "Selling and Transfer Restrictions".

The Bookbuilding Period in the Institutional Offering will take place from 5 May 2020 at 09:00 hours (Oslo time) until 12 May 2020 at 14:00 hours (Oslo time). The Application Period in the Retail Offering will take place from 5 May 2020 at 09:00 hours (Oslo time) to 12 May 2020 at 12:00 hours (Oslo time). The Company, in consultation with the Joint Global Coordinators, reserves the right to extend the Bookbuilding Period and Application Period at any time and in their sole discretion, but will in no event be extended beyond 14:00 hours (Oslo time) on 19 May 2020. Any extension of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs's information system on or before 09:00 hours (Oslo time) on the first business day following the then prevailing expiration date of the Bookbuilding Period. In the event of an extension of the bookbuilding period and the application period, the allocation date, the payment due date and the date of the listing on Oslo Børs may be changed accordingly. Delivery of the Offer Shares to investors being allocated Offer Shares in the Offering is expected to take place on or about 15 May 2020 in the Retail Offering, subject to due payment for the allocated Offer Shares having been received from investors, and 15 May 2020 in the Institutional Offering (on a delivery versus payment basis).

Assuming that all Offer Shares are sold in the Offering (including Shares related to the Greenshoe Option), the gross proceeds from the Offering will be approximately NOK 2,394 million. Four cornerstone investors have, subject to certain conditions, undertaken to acquire, and will be allocated, Offer Shares for a total amount of NOK 1,000 million in the Offering. These four cornerstone investors are (i) funds advised by Capital Research and Management Company (NOK 350 million committed), (ii) Wasatch Global Investors (NOK 300 million committed), (iii) DNB Asset Management (NOK 275 million committed) and (iv) TIN Fonder (NOK 75 million committed). The Company, the Selling Shareholders and the Joint Global Coordinators have agreed that if the Offering is completed below the maximum number of Offer Shares, the New Shares to be issued by the Company shall have priority before any Sale Shares are allocated in the Offering.

On the terms and subject to the conditions set forth in a placing agreement entered into between the Company and the Joint Global Coordinators (the "**Placing Agreement**"), the Joint Global Coordinators will on or about 13 May 2020, in order to provide for prompt registration of the New Shares with the Norwegian Register of Business Enterprises, pre-fund payment for the New Shares allocated in the Offering at a total subscription price equal to the Offer Price multiplied by the number of such New Shares. Further, in order to facilitate the delivery of the Additional Shares to applicants in the Offering, if any, the Greenshoe Selling Shareholders have, pursuant to a secondary sale and greenshoe agreement (the "**Secondary Sale and Greenshoe Agreement**"), agreed to lend a number of Shares equal to the number of Additional Shares (the "**Borrowed Shares**") to the Stabilisation Manager, on behalf of the Managers. The Company and the Greenshoe Selling Shareholders, respectively, have further granted the Stabilisation Manager, on behalf of the Managers, option (the "**Greenshoe Option**") to (i) subscribe for and be allotted, at a price of NOK 63 per Share, up to 2,000,000 new Shares, equal to up to 50% of the number of Borrowed Shares from the Company and (ii) purchase up to a total of 2,000,000 Shares, at a price of NOK 63 per Share from the Greenshoe Selling Shareholders (split as set out in Section 14.2 "Shares offered by the Selling Shareholders"). The Greenshoe Option is exercisable, in whole or in part, within a 30-day period commencing at the time at which trading in the Shares commences on Oslo Børs, expected to be on or about 14 May 2020, on the terms and subject to the conditions described in this Prospectus. See Section 17.12 "Over-allotment and Stabilisation activities".

The Company and the Selling Shareholders have made certain representations and warranties in favour of, and have agreed to certain undertakings with the Managers in the Placing Agreement and the Secondary Sale and Greenshoe Agreement, respectively, and ancillary agreements and documents entered into in connection with the Offering and the Listing. Further, and as part of the Offering, the Company has agreed with the Managers to be subject to a 12 month lock-up period, and the Selling Shareholders have agreed with the Managers to be subject to a six month lock-up period, after the first day of trading and Listing of the Offer Shares, subject to certain exceptions. In addition, each of the members of the Board of Directors and members of Management as well as certain other founding shareholders have agreed with the Joint Global Coordinators to be subject to lock-up periods after the first day of trading and official listing of the Offer Shares, in each case subject to certain exceptions. For more information on these restrictions, see Section 17.19 "Lock-up".

The Offer Shares allocated in the Offering are expected to be traded on Oslo Børs from and including 14 May 2020.

Completion of the Offering is conditional upon, among other conditions, the Company satisfying the listing conditions and being listed on Oslo Børs, see Section 17.16 "Conditions for completion of the Offering – Listing and trading of the Offer Shares".

See Section 17.18 "Expenses of the Offering and the Listing" for information regarding fees expected to be paid to the Managers and costs expected to be paid by the Company in connection with the Offering. The Company has undertaken, subject to certain conditions and statutory limitations, to indemnify the Joint Global Coordinators against certain losses and liabilities arising out of or in connection with the Offering.

17.2. Timetable

The timetable set out below provides certain indicative key dates for the Offering (subject to extensions):

Timetable	**Key dates**
Bookbuilding Period (Institutional Offering) commences	5 May 2020 at 09:00 hours
Bookbuilding Period (Institutional Offering) expires	12 May 2020 at 14:00 hours
Application Period (Retail Offering) commences	5 May 2020 at 09:00 hours
Application Period (Retail Offering) ends	12 May 2020 at 12:00 hours
Allocation of the Offer Shares	On or about 12 May 2020
Publication of the results of the Offering	On or about 13 May 2020
Distribution of allocation notes/contract notes	On or about 13 May 2020
Registration of new share capital and issuance of New Shares	On or about 13 May 2020
Accounts from which payment will be debited in the Retail Offering to be sufficiently funded	On or about 13 May 2020
First day of Listing of the Shares	On or about 14 May 2020
Payment date in the Retail Offering	On or about 14 May 2020
Payment date and delivery of Offer Shares in the Institutional Offering	On or about 15 May 2020
Delivery of the Offer Shares in the Retail Offering	On or about 15 May 2020

Note that the Company, in consultation with the Joint Global Coordinators, reserves the right to extend the Bookbuilding Period and/or the Application Period at any time at its sole discretion, but will in no event be extended beyond 14:00 hours on 19 May 2020. In the event of an extension of the bookbuilding period and the application period, the allocation date, the payment due date and the date of the listing on Oslo Børs may be changed accordingly.

17.3. Resolution relating to the Offering and the issue of New Shares

On 20 March 2020, the general meeting of the Company resolved to authorise the Board to issue shares in connection with the Offering and Listing:

(i) *The Board is granted the authorisation to increase the share capital by a maximum amount of NOK 570,000 in one or more share capital increases through issuance of new shares, provided that the combined maximum amount of increase pursuant to this authorisation and those granted under items 10 and 11 shall not exceed NOK 584,335.*

(ii) *The authorisation may only be used in connection with an offer to subscribe for the Company's shares (including any potential over-allotment) in advance of or in connection with a potential listing of the Company's shares on an exchange or other regulated market.*

(iii) *The subscription price per share shall be fixed by the Board in connection with each issuance.*

(iv) *The authorisation is valid until 31 December 2020.*

(v) *Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be derogated from, cf the Public Companies Act sections 10-4 and 10-5.*

(vi) *The authorization applies to share capital increases against cash contribution and contribution in kind.*

(vii) *The Board shall resolve the necessary amendments to the articles in accordance with capital increases resolved pursuant to this authorisation.*

Following expiry of the Bookbuilding Period and the Application Period on or around 12 May 2020, the Board of Directors will consider and, if thought fit, approve the completion of the Offering and, in consultation with the Managers, determine the final number and allocation of the Offer Shares. If the Board of Directors determine that the Offering shall be completed, the Board of Directors will proceed to increase the share capital of the Company by issuance of the New Shares. The New Shares are expected to be issued on or around 13 May 2020.

The existing shareholders' pre-emptive rights to subscribe for and be allocated Shares will be deviated from in order to be able to issue the New Shares to investors in the Offering.

17.4. The Institutional Offering

17.4.1. Bookbuilding Period

The Bookbuilding Period in the Institutional Offering will be from 5 May 2020 at 09:00 hours (Oslo time) to 12 May 2020 at 14:00 hours (Oslo time), unless extended as set out in Section 17.1 "Overview of the Offering" above.

17.4.2. Minimum application

The Institutional Offering is subject to a minimum application of NOK 2,500,000 per application. Investors in Norway or Sweden who intend to place an application for less than NOK 2,500,000 must do so in the Retail Offering.

17.4.3. Application procedure

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Managers shown below of the number of Offer Shares that the investor wishes to order, and the price that the investor is offering to pay per Offer Share.

ABG Sundal Collier ASA
Munkedamsveien 45E
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Tel: +47 22 01 60 00
E-mail: subscription@abgsc.no
www.abgsc.no

Carnegie AS
Fjordalléen 16, 5th floor, Aker Brygge
P.O. Box 684 Sentrum
N-0106 Oslo
Norway
Tel: +47 22 00 93 60
E-mail: subscriptions@carnegie.no
www.carnegie.no

Pareto Securities AS
Dronning Mauds gate 3
P.O. Box 1411 Vika
N-0115 Oslo
Norway
Tel: +47 22 87 87 00
E-mail: subscription@paretosec.com
www.paretosec.com

All applications in the Institutional Offering will be treated in the same manner regardless of which Manager the applicant chooses to place the application with. Any orally placed application in the Institutional Offering will be binding upon the investor and subject to the same terms and conditions as a written application. The Managers may, at any time and in their sole discretion, require the investor to confirm any orally placed application in writing. Applications made may be withdrawn or amended by the investor at any time up to the expiry of the Bookbuilding Period. At the close of the Bookbuilding Period, all applications in the Institutional Offering that have not been withdrawn or amended are irrevocable and binding upon the investor.

17.4.4. Allocation, payment for and delivery of Offer Shares

The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 13 May 2020, by issuing contract notes to the applicants by mail or otherwise.

Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 15 May 2020 (the "**Institutional Closing Date**") through the facilities of VPS.

For late payment, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (the "**Norwegian Act on Overdue Payment**"), which, at the date of this Prospectus, is 9.50% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicants, and the Managers reserve the right, at the risk and cost of the applicant, to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit there from). The original applicant remains liable for payment for the Offer Shares allocated to the applicant, together with any interest, cost, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the Offer Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the Offer Shares allocated in the Offering at a total subscription amount equal to the Offer Price multiplied by the number of Offer Shares; and by placing an application, the applicant irrevocably authorises and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any such subscription and payment for Offer Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. The subscription and pre-funding by the Managers of the Offer Shares as described above constitute an integrated sales process where the investors subscribe for Offer Shares from the Company based on this Prospectus, which has been prepared by the Company. The investors will not have any rights or claims against any of the Managers.

17.5. The Retail Offering

17.5.1. Application Period

The Application Period during which applications for Offer Shares in the Retail Offering will be accepted will last from 5 May 2020 at 09:00 hours (Oslo time) to 12 May 2020 at 12:00 (Oslo time), unless extended as set out in Section 17.1 "Overview of the Offering" above.

17.5.2. Minimum and maximum application

The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 2,499,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 2,499,999 will be adjusted downwards to an application amount of NOK 2,499,999. If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the online application system or applications made both on a physical application form and through the online application system, all applications will be counted. Investors who intend to place an order in excess of NOK 2,499,999 must do so in the Institutional Offering.

17.5.3. Application procedures and application offices

To participate in the Retail Offering, applicants must have a VPS account or a nominee account (the latter is only applicable for Swedish applicants in the Retail offering who are residents of Sweden). For the establishment of VPS accounts and nominee accounts, please see Section 17.8 "VPS Account" for more information. Applicants in Sweden shall apply for Offer Shares electronically through Nordnet Bank AB which is acting as a placing agent for the Retail Offering in Sweden on behalf of the Managers.

Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.abgsc.no, www.carnegie.no and www.paretosec.com. The content of the aforementioned websites is not incorporated by reference into this Prospectus, nor does it form part of this Prospectus.

Applicants in the Retail Offering not having access to the VPS online application system must apply for Offer Shares using the retail application form attached to this Prospectus as Appendix F (the "**Retail Application Form**"). Retail Application Forms, together with this Prospectus, may be obtained from the Company, the Company's website www.pexip.com, the Managers' websites or the application offices listed below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application offices for physical applications in the Retail Offering are:

ABG Sundal Collier ASA	**Carnegie AS**	**Pareto Securities AS**
Munkedamsveien 45E	Fjordalléen 16, 5th floor, Aker Brygge	Dronning Mauds gate 3
P.O. Box 1444 Vika	P.O. Box 684 Sentrum	P.O. Box 1411 Vika
N-0115 Oslo	N-0106 Oslo	N-0115 Oslo
Norway	Norway	Norway
Tel: +47 22 01 60 00	Tel: +47 22 00 93 60	Tel: +47 22 87 87 00
E-mail: subscription@abgsc.no	E-mail: subscriptions@carnegie.no	E-mail: subscription@paretosec.com
www.abgsc.no	www.carnegie.no	www.paretosec.com

All applications in the Retail Offering will be treated in the same manner regardless of which of the above Managers the applications are placed with. Further, all applications in the Retail Offering will be treated in the same manner regardless of whether they are submitted by delivery of a Retail Application Form or through the VPS online application system.

Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. Properly completed Retail Application Forms must be received by the application office listed above or registered electronically through the VPS application system by 12:00 hours (Oslo time) on 12 May 2020, unless the Application Period is extended. Neither the Company nor the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office.

All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

17.5.4. Allocation, payment and delivery of Offer Shares

ABGSC, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 13 May 2020, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it, may contact the application office listed above on or about 13 May 2020 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 13 May 2020.

In registering an application through the VPS online application system or completing a Retail Application Form, each applicant in the Retail Offering will authorise ABGSC (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 14 May 2020 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 13 May 2020. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (14 May 2020).

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 13 May 2020, or can be obtained by contacting ABGSC at +47 22 01 60 00.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 9.50% per annum. ABGSC (on behalf of the Managers) reserves the right (but has no obligation) to make up to three debit attempts through 20 May 2020 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and that the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the Offer Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the Offer Shares allocated in the Offering at a total subscription amount equal to the Offer Price multiplied by the number of Offer Shares; and by placing an application, the applicant irrevocably authorises and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any such subscription and payment for Offer Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the

Manager may enforce payment of any such amount outstanding. The subscription and pre-funding by the Managers of the Offer Shares as described above constitute an integrated sales process where the investors subscribe for Offer Shares from the Company based on this Prospectus, which has been prepared by the Company. The investors will not have any rights or claims against any of the Managers.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 15 May 2020 through the facilities of the VPS.

17.6. Mechanism of allocation

It has been provisionally assumed that approximately 95% of the Offering will be allocated in the Institutional Offering and that approximatelly 5% of the Offering will be allocated in the Retail Offering. The final determination of the number of Offer Shares allocated in the Institutional Offering and the Retail Offering will, however, only be decided by the Company, in consultation with the Joint Global Coordinators, following completion of the bookbuilding process for the Institutional Offering, based on, among other things, the level of orders or applications received from each of the categories of investors. The Company and the Joint Global Coordinators reserve the right to deviate from the provisionally assumed allocation between tranches, without further notice and at their sole discretion. No Offer Shares have been reserved for any specific national market.

In the Institutional Offering, the Company, together with the Joint Global Coordinators, will determine the allocation of Offer Shares. An important aspect of the allocation principals is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principals will, in accordance with normal practice for institutional placements, include factors such as premarketing and management road-show participation and feedback, timeliness of the order, price level, relative order size, sector knowledge, investment history, perceived investor quality and investment horizon. The Company and the Global Coordinators further reserve the right, at their sole discretion, to take into account the creditworthiness of any applicant. The Company and the Joint Global Coordinators may also set a maximum allocation, or decide to make no allocation to any applicant. In addition, four cornerstone investors have, subject to certain conditions, undertaken to acquire, and will be allocated, Shares for a total amount of NOK 1,000 million in the Offering. These four cornerstone investors are (i) funds advised by Capital Research and Management Company (NOK 350 million committed), (ii) Wasatch Global Investors (NOK 300 million committed), (iii) DNB Asset Management (NOK 275 million committed) and (iv) TIN Fonder (NOK 75 million committed).

In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant provided, however, that all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will hence be adjusted accordingly.

One or multiple orders from the same applicant in the Retail Offering with a total application amount in excess of NOK 2,499,999 will be adjusted downwards to an application amount of NOK 2,499,999. In the Retail Offering, allocation will be made solely on a pro rata basis using the VPS' automated simulation procedures.

The Company and the Joint Global Coordinators reserve the right to limit the total number of applicants to whom Offer Shares are allocated if the Company and the Joint Global Coordinators deem this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing with regards to the number of shareholders will not be satisfied. If the Company and the Joint Global Coordinators should decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS' automated simulation procedures and/or other random allocation mechanisms. The Company and the Joint Global Coordinators reserve the right to set a maximum allocation per applicant in the Retail Offering.

17.7. Trading in Allocated Offer Shares

In order to ensure the prompt registration of the capital increase in the Company in the Norwegian Register of Business Enterprises in connection with the Offering, the Managers will make a pre-payment for the New Shares on or about 13 May 2020.

The share capital increase pertaining to the Offering is expected to be registered in the Norwegian Register of Business Enterprises on or about 13 May 2020, and it is accordingly expected that it will be possible to trade allotted Offer Shares through Oslo Børs from and including 14 May 2020. This applies both to Offer Shares in the Institutional Offering and in the Retail Offering. However, delivery of Offer Shares is conditional upon settlement being received in accordance with the payment instructions set out in Sections 17.4.4 and Section 17.5.4 "Allocation, payment for and delivery of Offer Shares" in the Institutional Offering and the Retail Offering, respectively. Anyone who wishes to dispose of Offer Shares before delivery has taken place, runs the risk that payment does not take place in accordance with the procedures set out above, so that the Offer Shares sold may not be delivered in time. Accordingly, an applicant who wishes to sell its Offer Shares before actual delivery must ensure that payment is made in order for such Offer Shares to be delivered in time to the purchaser.

17.8. VPS account

To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Retail Application Form for the Retail Offering. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of VPS accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation (see Section 17.11 "Mandatory anti-money laundering procedures").

17.9. Product governance

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (the MiFID II Product Governance Requirements), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the Positive Target Market); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the Appropriate Channels for Distribution).

Notwithstanding the Target Market Assessment, Distributors should note that: the price of Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

Investors should, however, note that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, it is the assessment of the manufacturers that an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the Negative Target Market, and, together with the Positive Target Market, the Target Market Assessment).

17.10. National Client Identifier and Legal Entity Identifier

In order to participate in the Offering, applicants will need a global identification code. Physical persons will need a so called National Client Identifier ("**NCI**") and legal entities will need a so called Legal Entity Identifier (LEI). Investors who do not already have an NCI or LEI, as applicable, must obtain such codes in time for the application in order to participate in the Offering.

17.10.1. NCI code for physical persons

Physical persons will need an NCI code to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NCI code is the 11 digit personal ID (Nw.: Fødselsnummer). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Investors are encouraged to contact their bank for further information.

17.10.2. LEI code for legal entities

Legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorised LEI issuer, which can take some time. Investors should obtain a LEI code in time for the application. For more information visit www.gleif.org.

17.11. Mandatory anti-money laundering procedures

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Managers must verify their identity to the Manager in which the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.

17.12. Over-allotment and stabilisation activities

17.12.1. Over-Allotment of Additional Shares

In connection with the Offering, the Joint Global Coordinators may elect to over-allot up to 4,000,000 Additional Shares, equal to up to approximately 11.8% of the number of New Shares and Sale Shares offered in the Offering (and in any case limited to 15% of the total number of Shares allocated in the Offering). In order to facilitate the delivery of the Additional Shares to applicants in the Offering, if any, the Greenshoe Selling Shareholders have, pursuant to the Secondary Sale and Greenshoe Agreement, agreed to lend a number of Shares equal to the number of Additional Shares (the Borrowed Shares) to the Stabilisation Manager on behalf of the Managers.

The Company and the Greenshoe Selling Shareholders, respectively, have further granted the Stabilisation Manager, on behalf of the Managers, an option (the Greenshoe Option) to (i) subscribe for and be allotted, at a price per Share equal to the Offer Price, up to 2,000,000 new Shares, equal to up to 50% of the number of Borrowed Shares from the Company and (ii) purchase up to a total of 2,000,000 Shares, at a price per Share equal to the Offer Price, from the Greenshoe Selling Shareholders (split as set out in Section 14.2 "Shares offered by the Selling Shareholders").

The Greenshoe Option may be exercised by the Stabilisation Manager, in whole or in part, no later than the 30th day following commencement of trading in the Shares on Oslo Børs, as may be necessary to cover over-allotments and short positions, if any, made or created in connection with the Offering. To the extent that the Stabilisation Manager has over-allotted Shares in the Offering, the Stabilisation Manager has created a short position in the Shares. The Stabilisation Manager may close out this short position by buying Shares in the open market through stabilisation activities and/or by exercising the Greenshoe Option.

A stock exchange notice will be made on the first day of trading (expected to take place on 14 May 2020) announcing whether the Stabilisation Manager has over-allotted Shares in connection with the Offering. Any exercise of the Greenshoe Option will be promptly announced by the Stabilisation Manager through Oslo Børs' information system.

17.12.2. Price stabilisation

The Stabilisation Manager may, upon having over-allotted Additional Shares in the Offering, from the first day of the Listing effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the commencement of trading in the Shares on Oslo Børs.

Any stabilisation activities will be conducted in accordance with Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

To the extent that there are any net profits earned from stabilisation transactions, such net profit (after deduction of any dealing costs and stamp duty or transfer tax costs arising in relation to any stabilisation transactions) shall be for the benefit of, and transferred to the Greenshoe Selling Shareholders (pro rata based on their respective parts of the Borrowed Shares). Within one week after the expiry of the 30 calendar-day period of price stabilisation, the Stabilisation Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (i) the total amount of Shares sold and purchased; (ii) the dates on which the stabilisation period began and ended; (iii) the price range between which stabilisation was carried out, as well as the highest, lowest and average price paid during the stabilisation period; and (iv) the date at which stabilisation activities last occurred.

It should be noted that stabilisation activities might result in market prices that are higher than what would otherwise prevail. Stabilisation may be undertaken, but there is no assurance that it will be undertaken and it may be stopped at any time.

17.13. Publication of information in respect of the Offering

In addition to press releases which will be posted on the Company's website, the Company will use Oslo Børs' information system to publish information relating to the Offering, such as amendments to the Bookbuilding Period and Application Period (if any), the number of Shares allocated and the total amount of the Offering, allotment percentages, and first day of trading at Oslo Børs.

General information about the result of the Offering, the number of Offer Shares allocated and the total amount of the Offering, is expected to be published on or about 13 May 2020 in the form of a release through Oslo Børs' electronic information system under the Company's ticker "PEXIP".

17.14. The rights conferred by the Offer Shares

The Sale Shares and any Additional Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other existing Shares in the Company, including the right to any dividends. The New Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other Shares in the Company, including the right to any dividends, from the date of registration of the share capital increase pertaining to the Offering in the Norwegian Register of Business Enterprises (see Section 17.2 "Timetable").

For a description of rights attached to the Shares in the Company, see Section 13 "Corporate Information and Description of the Share Capital".

17.15. VPS registration

The Sale Shares and any Additional Shares have been, and the New Shares will be, created under the Norwegian Public Limited Companies Act. The Sale Shares and any Additional Shares are, and the New Shares will be, registered in book-entry form with the VPS and have ISIN NO0010840507. The Shares will be traded in NOK on Oslo Børs. The Company's register of shareholders with the VPS is administrated by DNB Bank ASA, DNB Markets Registrars department, Dronning Eufemias gate 30, 0021 Oslo, Norway.

17.16. Conditions for completion of the Offering – Listing and trading of the Offer Shares

The Company expects to apply for Listing of its Shares on Oslo Børs on or about 4 May 2020. It is expected that Oslo Børs will approve the Listing application of the Company on or about 7 May 2020, conditional upon the Company obtaining a minimum of 500 shareholders, each holding Shares with a value of more than NOK 10,000. The Company expects that these conditions will be fulfilled through the Offering.

Completion of the Offering on the terms set forth in this Prospectus is expressly conditioned upon Oslo Børs approving the application for Listing of the Shares no later than 12 May 2020, on conditions acceptable to the Company and that any such conditions are satisfied by the Company. Completion of the Offering on the terms set forth in this Prospectus is otherwise conditional on (i) the Company, in consultation with the Joint Global Coordinators, having approved the allocation of the Offer Shares to eligible investors following the bookbuilding process and (ii) the Board of Directors resolving to proceed with the Offering and resolving to issue the New Shares. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended, resulting in all applications for Offer Shares being disregarded, any allocations made cancelled and any payments made being returned without any interest or other any compensation to the Applicants. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned.

Assuming that the conditions are satisfied, the first day of trading of the Shares, including the Offer Shares, on Oslo Børs is expected to be on or about 14 May 2020. The Shares are expected to trade under the ticker code "PEXIP".

Prior to the Listing and the Offering, the Shares are not listed on any stock exchange or authorised marketplace, and no application has been filed for listing on any stock exchanges or regulated marketplaces other than Oslo Børs. Neither the Company nor the Managers can assure that a liquid trading market for the Shares may be created or sustained. The prices at which the Shares will trade after the Offering may be lower than the Offer Price. The Offer Price may bear no relationship to the market price of the Shares subsequent to the Offering.

17.17. Dilution

The issuance of New Shares and Additional Shares in the Offering may result in a maximum number of Shares in the Company of 98,911,387, which will correspond to a dilution for the existing shareholders of approximately 19.2%. This is based on the assumption that the Company issues the maximum number of New Shares and Additional Shares, and that none of the existing Shareholders subscribes for any New Shares or Additional Shares in the Offering. If, including outstanding vested options, the issuance of New Shares and Additional Shares in the Offering may result in a maximum number of Shares in the Company of 101,667,679, which will correspond to a dilution for the existing shareholders and holders of vested options of approximately 18.7%. The existing shareholders' pre-emption rights to subscribe for the New Shares has been deviated from, see Section 17.3 "Resolution relating to the Offering and the issue of Offer Shares".

The net asset value per existing Share as at 31 December 2019 was approximately NOK 10.31795.

17.18. Expenses of the Offering and the Listing

Assuming that the Company raises gross proceeds of NOK 1,071 million from the issuance of the New Shares (or NOK 1,197 million when including the Additional Shares), the Company estimates that expenses in connection with the Offering and the Listing, which will be paid by the Company, will amount to approximately NOK 85.7 million (or approximately NOK 97 million when including the Additional Shares). Accordingly, the net proceeds will be up to approximately NOK 985.3 million (or approximately NOK 1,100 million provided allocation of the Additional Shares in full). The Selling Shareholders will pay brokerage fees to the Managers for the sale of Sale Shares and incur certain other costs in connection with the Listing and Offering. In consideration of the Managers' fee under the Placing Agreement, the Company will pay the Managers a fixed base fee calculated of all gross offering proceeds, i.e. the aggregate number of Shares allocated in the Offering (including any Additional Shares) multiplied by the Offer Price. The estimated expenses above includes a variable discretionary fee, determined at the Company's sole discretion, which the Managers may receive in connection with the Offering calculated on the basis of the gross proceeds from the Offering.

No expenses or taxes will be charged by the Company, the Selling Shareholders or the Managers to the applicants in the Offering.

17.19. Lock-up

17.19.1. The Company's lock-up undertaking

Pursuant to the Placing Agreement, the Company undertakes that it will not, without the prior written consent of the Managers, during the period ending 12 months from the first day of trading of the Shares on Oslo Børs, (1) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other equity interest in the capital of the Company or any securities convertible into or exercisable for such Shares or other equity interests, or (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, whether any such transaction described in (1) or (2) above is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (3) publicly announce or indicate an intention to effect any transaction specified in (1) or (2) above. The foregoing shall not apply to: (A) the issue of the New Shares in the Offering (including for the avoidance of doubt pursuant to the Greenshoe Option), (B) the granting of options or other rights to Shares, or the honoring of options or such other rights to Shares, by the Company pursuant to any management or employee share incentive schemes or agreements, (C) honoring of options or such other rights to Shares by the Company pursuant to the Company's existing options agreements as described or referenced in the Prospectus, or (D) issuance of Shares or other securities as consideration in mergers or acquisitions, provided that the aggregate of Shares issued in connection with all such acquisitions does not exceed 10% of the outstanding share capital of the Company prior to the issue of the New Shares in the Offering.

17.19.2. Selling Shareholders lock-up undertakings

Each Selling Shareholder who has not entered into a more extensive lock-up undertaking with the Managers has agreed with the Managers that it will not, directly or indirectly, without the prior written consent of the Managers, during the period ending six months from the first day of trading of the Shares on Oslo Børs, (1) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (3) publicly announce an intention to effect any transaction specified in clause (1) or (2), provided, however, that the foregoing shall not apply to: (A) the sale or other transfer of Shares as part of the Offering, (B) the pre-acceptance or acceptance of a takeover offer for all Shares in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger, or (C) any transfer of Shares to a company wholly owned or directly or indirectly controlled by the Selling Shareholder provided that such company (i) assume the obligations set forth in this clause and (ii) remain wholly owned or under the direct or indirect control by the Selling Shareholder for the remaining part of the period set out above. The undertaking applies to all Shares and rights to Shares held or which during the lock-up period are acquired by the respective Selling Shareholder and entities directly or indirectly controlled by it. The undertaking is subject to the Selling Shareholder actually selling Sale Shares in the Offering, but shall in such case apply regardless of the number of Sale Shares sold. See Section 14 "Shares offered by the Selling Shareholders" for an overview of the Selling Shareholders".

17.19.3. Management and Board of Directors' lock-up undertakings

Each member of Management and members of the Board of Directors have agreed with the Managsers, that it will not without the prior written consent of the Joint Global Coordinators, during the period ending 12 months (six months for Kjell Skappel) from the first day of trading on Oslo Børs, (1) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (3) publicly announce an intention to effect any transaction specified in clause (1) or (2), provided, however, that the foregoing shall not apply to: (A) the sale or other transfer of Shares as part of the Offering, (B) the pre-acceptance or acceptance and of a takeover offer for all Shares in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger, or (C) any transfer of Shares to a company wholly owned or directly or indirectly controlled by the Selling Shareholder provided that such company (i) assume the obligations set forth in this clause and (ii) remain wholly owned or under the direct or indirect control by the Selling Shareholder for the remaining part of the period set out above. The undertaking applies to all Shares and rights to Shares held or which during the lock-up period are acquired by the respective Selling Shareholder and entities directly or indirectly controlled by it.

17.20. Interest of natural and legal persons involved in the Offering

The Managers or their affiliates have provided from time to time, and may provide in the future, financial advisory, investment and commercial banking services, as well as financing, to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a management fee in connection with the Offering which will be based on the amount of gross proceeds received from investors, and, as such, have an interest in the Offering. In addition, the Company may, at its sole and absolute discretion, pay to the Managers an additional discretionary fee in connection with the Offering. See Section 17.18 "Expenses of the Offering and the Listing" for information on fees to the Managers in connection with the Offering.

The Selling Shareholders will receive the net proceeds from the sale of the Sale Shares, and the Greenshoe Selling Shareholders will receive the net proceeds from the sale of any Shares under the Greenshoe Option. To the extent that there are any profits earned from stabilisation transactions, any profit therefrom (after deduction of any dealing costs and stamp duty or transfer tax costs arising in relation to any stabilisation transactions) shall fall to the Greenshoe Selling Shareholders.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

17.21. Participation of major existing shareholders and members of the Management, supervisory and administrative bodies in the Offering

None of the members of the Board of Directors and Management have indicated an intention to apply for Offer Shares and are expected to consider any possible applications during the application period.

The Company is not aware of whether any major shareholders of the Company or members of the Management, supervisory or administrative bodies intend to apply for Offer Shares in the Offering, or whether any person intends to apply for more than 5% of the Offer Shares.

17.22. Governing law and jurisdiction

This Prospectus, the Retail Application Form and the terms and conditions of the Offering shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the Retail Application Form or the Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo City Court as legal venue.

18. SELLING AND TRANSFER RESTRICTIONS

18.1. General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway and Sweden, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

18.2. Selling restrictions

18.2.1. United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 18.3.1 "United States".

Any offer or sale in the United States will be made solely by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws.

18.2.2. United Kingdom

Each Manager has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

18.2.3. European Economic Area

In relation to each Relevant Member State, no Offer Shares have been offered or will be offered to the public in that Relevant Member State, pursuant to the Offering, except that Offer Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- to persons who are "qualified investors" within the meaning of Article 2(e)in the EU Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Managers for any such offer; or
- in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Offer Shares shall result in a requirement for the Company or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

18.2.4. Additional jurisdictions

Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

<u>Other jurisdictions</u>

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

18.3. Transfer restrictions

18.3.1. United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that these representations are required in connection with the securities laws of the United States and that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A or another available exemption under the Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it may be made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares, as the case may be.
- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.
- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

18.3.2. European Economic Area

Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

19. ADDITIONAL INFORMATION

19.1. Independent auditor

The Company's independent auditor is Deloitte AS ("**Deloitte**"), with business registration number 980 211 282, and registered business address Dronning Eufemias gate 14, N-0191 Oslo, Norway. Deloitte is member of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforening*). Deloitte was elected as the Company's auditor in September 2018 and has thus been the Company's auditor throughout the period covered by the Company's financial information included in this Prospectus.

Deloitte was also the auditor of Pexip 1.0 prior to the Merger in 2018 and audited the 2017 financial statement of Pexip 1.0, included as Appendix D to this Prospectus.

HCA Revisjon & Rådgivning AS, with business registration number 983 535 712 and registered business address 5 floor, Henrik Ibsens gate 60C, 0255 Oslo, Norway, audited Videxio's annual financial statement for the year ended 31 December 2017. HCA Revisjon & Rådgivning AS is member of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforening*) and Clarkson Hyde Global.

Other than set out above, neither Deloitte nor HCA Revisjon & Rådgivning AS have audited, reviewed or produced any report on any other information provided in this Prospectus.

19.2. Advisors

ABG Sundal Collier (address: Munkedamsveien 45, N-0250 Oslo, Norway), Carnegie (address: Fjordalléen 16, Aker Brygge, N-0250 Oslo, Norway) and Pareto Securities (address: Dronning Mauds gate 3, N-0250 Oslo, Norway) are acting as Joint Global Coordinators in the Offering.

Advokatfirmaet Schjødt AS (address: Ruseløkkveien 14-16, N-0251 Oslo, Norway) is acting as Norwegian and Swedish legal counsel to the Company. Advokatfirmaet Thommessen AS (address: Haakon VIIs gate 10, 0-0116 Oslo, Norway) is acting as Norwegian legal counsel to the Managers.

19.3. Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Lilleakerveien 2A, 0283 Oslo, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of incorporation and Articles of Association;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus; and
- this Prospectus.

The documents are also available at the Company's website www.pexip.com. The content of www.pexip.com is not incorporated by reference into, or otherwise form part of, this Prospectus.

19.4. Incorporation by reference

The information incorporated by reference in this Prospectus should be read in connection with the cross-reference table set out below. Except from this Section 19.4 "Incorporation by reference", no other information is incorporated by reference in this Prospectus.

Section in the Prospectus	Disclosure requirement	Reference document and link	Page (P) in reference document
Section 8.12.2	Annex 1, Section 5, Item 5.5	**Third party licenses:** https://docs.pexip.com/admin/download_pdf.htm	N/A

20. SWEDISH SUMMARY (SAMMANFATTNING)

INTRODUKTION

Varning………………………………	Denna sammanfattning bör betraktas som en introduktion till Prospektet. Varje beslut om att investera i värdepapperen bör baseras på en bedömning av Prospektet i sin helhet av investeraren. En investering i Aktierna är förknippad med risk och investeraren kan förlora hela eller delar av sitt investerade kapital. Om ett yrkande avseende uppgifterna i detta Prospekt anförs vid domstol, kan den investerare som är kärande i enlighet med nationell lagstiftning bli tvungen att svara för kostnaderna för att översätta Prospektet innan de rättsliga förfarandena inleds. Civilrättsligt ansvar kan endast åläggas de personer som lagt fram sammanfattningen, inklusive översättningen därav, men endast om sammanfattningen är vilseledande, felaktig eller oförenlig med de andra delarna av Prospektet eller om den inte, tillsammans med andra delar av Prospektet, ger nyckelinformation för att hjälpa investerare i övervägandet att investera i de värdepapper som erbjuds.
Värdepapper……………………	Bolaget har ett aktieslag. Aktierna är registrerade i elektronisk form och kontoförs av VPS och har ISIN NO0010840507.
Emittent……………………………	Bolagets organisationsnummer i det norska företagsregistret är 919 850 175 och Bolagets LEI-nummer är 549300S79JFZK79XBI07. Bolagets huvudkontor är beläget på adressen Lilleakerveien 2A, 0283 Oslo, Norge och dess e-postadress är info@pexip.com. Bolagets hemsida är www.pexip.com.
Ansvarig myndighet…………	Norges finansinspektion (No.: *Finanstilsynet*), med organisationsnummer 840 747 972 och adressen Revierstredet 3, 0151 Oslo, Norge, och telefonnummer +47 22 93 98 00 har granskat och, den 4 maj 2020, godkänt detta Prospekt.

NYCKELINFORMATION OM EMITTENTEN

Vem är emittenten av värdepapperen?

Bolagsinformation………	Bolaget är ett aktiebolag organiserat och existerande under lagarna i Norge enligt lagen om norska publika aktiebolag. Bolaget grundades i Norge den 20 oktober 2017, organisationsnumret i det norska företagsregistret är 919 850 175 och dess LEI-nummer är 549300S79JFZK79XBI07.
Huvudsaklig verksamhet…	Pexip är en norsk teknikkoncern som levererar en end-to-end videokonferensplattform och digital infrastruktur. Pexips vision är att göra virtuella möten bättre än fysiska möten genom att ge människor möjligheten att se och möta varandra på ett bättre sätt. Koncernen tillhandahåller en video-first mötesplattform som är flexibel och enkel att använda samt hantera där team och teknik möts, vilket förenklar videokonferensupplevelser och arbetsflöden. Pexip hjälper till att bryta ner hinder för att förbättra videokommunikation mellan olika team och plattformar. Koncernen erbjuder både en egenvärdbaserad mjukvaruapplikation och ett behovsstyrt distribueringsalternativ som tjänst för företagsvideokonferenser, byggda på den grundläggande Infinity-tekniken. Båda erbjudandena levereras som en periodisk prenumerationsbaserad modell, kallad behovsstyrd programvara (Eng.: *Software-as-a-Service*, SaaS). De grundläggande applikationerna som tillhandahålls är: A) Gruppvideomöten, inklusive dedikerade applikationer till internet, stationära datorer, surfplattor och smartphones samt schemaläggningsapplikationer. B) Videokonferensinfrastruktur, inklusive tredjeparts videokonferens slutpunktsregistrering och styrning med samtalskontroll och hantering. C) Driftskompatibilitetslösningar för videokonferenser som möjliggör att professionella videokonferenssystem kan ansluta sig till Microsofts och Googles möten. Cirka 97 % av Koncernens intäkter skapas av periodiska abonnemangsavgifter för vilka Koncernen

upplever en hög kundretention och en stark kundlojalitet. Andra intäkter är engångsintäkter relaterade till installation och professionella tjänster. Koncernen betjänar för närvarande mer än 3 400 kunder med huvudkontor i 73 länder och har användare i över 190 länder. Huvudfokuset är på stora företagskunder och Pexip har 20 % av Global Fortune 50 och 15 % av Global 500-företagen som kunder. Bolaget säljer sin produkt genom ett globalt nätverk av 300 kanalpartners i över 70 länder. Koncernen driver verksamheten från sitt huvudkontor i Oslo samt från sina kontor i London, New York, Washington DC, Stockholm och Paris. Per den 31 december 2019 hade Koncernen 182 heltidsanställda. Koncernen är ett resultat av en fusion som skedde 2018 mellan Pexip 1.0 (som definieras nedan) (grundat 2012), specialiserat på programvarubaserad videokonferensinfrastruktur, och Videxio (som definieras nedan) (grundat 2011), en leverantör av molnbaserade videokonferenstjänster. Båda företagen grundades av branschveteraner från det norska videokonferensföretaget Tandberg.

Största aktieägare..............

Aktieägare som äger 5 % eller mer av Aktierna i Bolaget har ett intresse i Bolagets aktiekapital som är anmälningspliktigt enligt den norska lagen om värdepappershandel. Följande tabell visar aktieägare som äger 5 % eller mer av Aktierna i Bolaget per den 28 april 2020.

#	Aktieägare	Antal Aktier	Procent
1	Stavanger Venture AS	7 969 716	9,98 %
2	Bjøberg Eiendom AS	5 058 989	6,33 %
3	Tamorer Ltd ATF Wylie Family Trust	5 015 100	6,28 %
4	T.D. Veen AS	4 323 637	5,41 %

Ledande befattningshavare.................

Bolagsledning utgörs av fem personer. Ledningspersonernas namn och deras respektive positioner presenteras i tabellen nedan.

Namn	Befintlig position inom Koncernen
Odd Sverre Østlie	Verkställande direktör (VD/CEO)
Giles Chamberlin	IT-chef (CTO)
Tom Erik Lia	Försäljningschef (CCO)
Nico Cormier	Operativ chef (COO)
Øystein Hem	Ekonomichef (CFO)

Bolagets revisor.................

Bolagets revisor är Deloitte AS, med organisationsnummer 980 211 282 och adress Dronning Eufemias gate 14, N-0191 Oslo, Norge.

Vilken är den viktigaste finansiella informationen gällande emittenten?

Eftersom Bolaget bildades den 20 oktober 2017 och har två års finansiell historik har Bolagets reviderade årsredovisningar för 2019 och 2028 inkluderats i detta Prospekt. Eftersom Koncernen bildades genom en Fusion 2018 har även Pexip 1.0:s och Videxios årsredovisningar för 2017 och interna räkenskaper för 2018 inkluderats i detta Prospekt

I tabellen nedan redovisas viktig finansiell information som har samlats in från Bolagets reviderade konsoliderade resultaträkning för året som slutade den 31 december 2019 (upprättad i enlighet med IFRS) med jämförbara siffror från 2018.

	År som avslutades den 31 december	
Viktig finansiell information – Resultaträkning	**2019**	**2018**
	IFRS	IFRS
Nettoomsättning *(tusentals NOK)*	369 954	215 037
Rörelseresultat *(tusentals NOK)*	31 860	17 852
Årets resultat *(tusentals NOK)*	12 237	38 719
Rörelsevinstmarginal *(%)*	8,61 %	8,30 %
Grundvinst per aktie *(NOK/aktie)*	0,15	0,60
Utspädd vinst per aktie *(NOK/aktie)*	0,15	0,59

I tabellen nedan redovisas viktig finansiell information som har samlats in från Bolagets reviderade konsoliderade finansiella ställning per den 31 december 2019 (upprättad i enlighet med IFRS) med jämförbara siffror från 2018.

Viktig finansiell information – Finansiell ställning	**Per den 31 december**	
	2019	**2018**
	IFRS	IFRS
Totala tillgångar *(tusentals NOK)*	1 070 085	947 481
Totalt eget kapital *(tusentals NOK)*	824 077	798 975
Finansiell nettoskuld *(räntebärande skulder minus likvida medel, tusentals NOK)*	(64 515)	(46 921)

I tabellen nedan redovisas viktig finansiell information som har samlats in från Bolagets reviderade konsoliderade kassaflödesanalys för året som slutade den 31 december 2019 (upprättad i enlighet med IFRS) med jämförbara siffror från 2018.

Viktig finansiell information – Kassaflödesanalys	**Per den 31 december**	
	2019	**2018**
(tusentals NOK)	IFRS	IFRS
Kassaflödet från den löpande verksamheten	57 480	20 713
Kassaflödet från investeringsverksamheten	(35 480)	16 975
Kassaflödet från finansieringsverksamheten	(6 612)	(8 248)

Vilka är de huvudsakliga riskerna som är specifika för emittenten?

Väsentliga riskfaktorer………

- Koncernen kan vara oförmögen att behålla eller ersätta sina grundare, sin ledning och / eller viss IT-, försäljnings- och marknadsföringspersonal, vilket kan få en negativ inverkan på Koncernens verksamhet, finansiella ställning, resultat, kassaflöden och / eller framtidsutsikter.
- Koncernen kan vara oförmögen att reagera på snabba tekniska förändringar, utöka sin plattform eller utveckla nya tjänster på en mycket konkurrensutsatt marknad. Eventuella förseningar eller konkurrenters införande av konkurrenskraftiga eller ersättande produkter, tjänster och / eller teknik kan göra att Koncernens plattform är föråldrad eller negativt inverka på Koncernens verksamhet, finansiella ställning, resultat, kassaflöden och / eller framtidsutsikter.
- Pexip är utsatt för risker relaterade till höga försäljnings- och marknadsföringskostnader, långa försäljningscykler och oväntade implementeringsutmaningar på grund av dess försäljning och marknadsföring till stora företag och organisationer. Om Koncernen inte kan sälja och / eller distribuera sina produkter eller tjänster efter långtgående försäljnings- och marknadsföringsinsatser kan detta ha en väsentlig negativ påverkan.
- Koncernen är mycket beroende av att befintliga kunder förnyar sina abonnemang. Eventuell oförmåga att behålla och utveckla Koncernens kundbas kan leda till en väsentlig negativ påverkan.
- Upplevelsen för Koncernens användare beror på interoperabiliteten för Koncernens plattform på olika enheter, operativsystem och tredjepartsapplikationer som Koncernen inte kontrollerar, och om Koncernen inte kan upprätthålla och utöka sina relationer med tredje parter för att integrera sin plattform med deras lösningar, kan verksamhet kan skadas väsentligt.
- Eventuellt fel i kundens infrastruktur eller applikationer som ett resultat, eller påstått resultat, av Koncernens tjänster kan leda till ett betydande skadeståndsanspråk mot Koncernen eller leda till att dess rykte skadas på ett betydande sätt, och det är möjligt att Koncernens ansvarsförsäkring inte täcker alla potentiella förluster.
- Koncernen omfattas av lagar och förordningar i flera jurisdiktioner, inklusive statliga export- och importkontroller, och eventuella brister gällande att följa sådana lagar och förordningar kan påverka verksamheten negativt.

- Insamling, lagring och användning av konsumentinformation innebär att Koncernen omfattas av dataskyddsbestämmelser, licenser osv. Inom alla jurisdiktioner där Koncernen har verksamhet, kan eventuella missuppfattningar av regleringsskyldigheter och krav skada Koncernen.
- Koncernens lönsamhet, rörelseresultat och rörelsekapital kan variera på ett betydande sätt, främst på grund av Koncernens långsiktiga tillväxtstrategi och att betydande kassainflöden från årliga återkommande intäkter (ARR) i många kontrakt är nominerade i utländsk valuta.
- Koncernen bedriver verksamhet på konkurrensutsatta marknader och Koncernen kan vara oförmögen att konkurrera på ett effektivt sätt.

NYCKELINFORMATION OM VÄRDEPAPPEREN

Vilka är de huvudsakliga kännetecken för värdepapperna?

Typ, klass och ISIN…………	Samtliga Aktier är stamaktier i Bolaget och har skapats enligt lagen om norska publika aktiebolag. Aktierna är registrerade i elektronisk form och kontoförs av VPS och har ISIN NO0010840507.
Valuta, nominellt värde och antal Aktier………………………	Aktierna är denominerade i NOK och kommer bli upptagna till handel på Oslo Børs. Per dagen för detta Prospekt är Bolagets aktiekapital 1 198 670,805 NOK fördelat på 79 911 387 Aktier. Varje Aktie har ett kvotvärde om 0,015 NOK.
Rättigheter avseende Aktierna……………………………	Bolaget har ett aktieslag och i enlighet med lagen om norska publika aktiebolag ger varje Aktie lika rättigheter i Bolaget, inklusive rätt till utdelning. Varje Aktie berättigar till en röst.
Aktiernas överlåtbarhet……	Aktierna är fritt överlåtbara. Bolagsordningen föreskriver inte några begräsningar i Aktiernas överlåtbarhet eller någon förköpsrätt gällande Aktierna. Aktieöverlåtelser är inte föremål för godkännande av styrelsen.
Utdelning och utdelningspolicy………………	Bolaget fokuserar på att uppnå tillväxt genom att utöka sin försäljningsverksamhet, gå in i nya kundsegment samt vidareutveckla och förbättra sitt produkterbjudande och förväntar sig därmed inte att betala utdelning under de kommande tre till fem åren.

Var kommer värdepapperen att handlas?

Bolaget förväntar sig att ansöka om notering av sina Aktier på Oslo Børs på eller omkring den 4 maj 2020. Bolaget förväntar sig för närvarande att handeln med Aktierna börjar på Oslo Børs på eller omkring den 14 maj 2020. Bolaget har inte ansökt om upptagande till handel av Aktierna på någon annan börs, reglerad marknad eller multilateral handelsplattform (MTF). Bolagets Aktier handlas för närvarande över disk (Eng.: *over-the-counter, OTC*) genom Pareto Securities under kortnamnet "PEX".

Vilka är de huvudsakliga riskerna som är specifika för värdepapperen?

Väsentliga riskfaktorer………

- Det kanske inte kommer att finnas en aktiv och likvid marknad för Aktierna och priset på Aktierna kan variera betydligt. Om priset som Aktierna kommer att handlas till på Oslo Børs inte motsvarar Erbjudandepriset kommer investerare att göra förluster på sina investeringar.
- Koncernen har en begränsad verksamhetshistoria, vilket gör det svårt för potentiella investerare att utvärdera och förutse Koncernens framtida verksamhetsresultat.

NYCKELINFORMATION OM ERBJUDANDET AV VÄRDEPAPPER TILL ALLMÄNHETEN OCH UPPTAGANDE TILL HANDEL PÅ EN REGLERAD MARKNAD

Under vilka villkor och vilken tidsperiod kan jag investera i värdepapperen?

Villkor för Erbjudandet……… Erbjudandet består av (i) ett primärt erbjudande av upp till 17 000 000 Nya Aktier för att anskaffa en bruttolikvid om 1 071 miljoner NOK och (ii) ett sekundärt erbjudande på upp till 17,000,000 Försäljningsaktier. Erbjudandepriset till vilket Erbjudandeaktierna kommer att säljas är 63,00 NOK per Erbjudandeaktie. Erbjudandet omfattar:

(i) Det Institutionella Erbjudandet, i vilket Erbjudandeaktier erbjuds till (a) investerare i Norge och Sverige, (b) investerare utanför Norge, Svergie och USA, med förbehåll för tillämpliga undantag från eventuella prospekt- och registreringskrav, och (c) investerare i USA som är QIB enligt definitionen i och baserat på regel 144A enligt U.S. Securities Act. Det Institutionella Erbjudandet är föremål för en lägsta gräns per anmälan om 2 500 000 NOK.

(ii) Erbjudandet till Allmänheten, i vilket Erbjudandeaktier erbjuds till allmänheten i Norge och Sverige, med förbehåll för en lägsta gräns per anmälan om 10 500 NOK och en övre gräns per anmälan om 2 499 999 NOK för varje investerare. Investerare som har för avsikt att lägga en order som överstiger 2 499 999 NOK måste göra det i det Institutionella Erbjudandet. Flera anmälningar av en sökande i Erbjudandet till Allmänheten behandlas som en anmälan med avseende på den maximala anmälningsgränsen.

Stabiliseringsmanagern kan välja att övertilldela upp till 4 000 000 Ytterligare Aktier, lika upp till cirka 11,8% av antalet Nya Aktier och Försäljningsaktier som erbjuds i Erbjudandet. Bolaget och de Greenshoe-Säljande Aktieägarna, respektive, har vidare beviljat Stabiliseringsmanagern, för Managers räkning, möjligheten att (i) teckna och tilldela, till ett pris av 63 NOK per Aktie, upp till 2 000 000 Aktier, motsvarande upp till 50 % av antalet Lånade Aktier från Bolaget och (ii) köpa upp till totalt 2 000 000 Aktier, till ett pris av 63 NOK per Aktie från de Greenshoe-Säljande Aktieägarna.

Tidsplan för Erbjudandet… De viktigaste datumen i Erbjudandet anges nedan.

Tidsplan	Viktiga datum
Book building-processen (Institutionella Erbjudandet) inleds	5 maj 2020 klockan 09:00
Book building-processen (Institutionella Erbjudandet) avslutas	12 maj 2020 klockan 14:00
Anmälningsperiod (Erbjudandet till Allmänheten) inleds	5 maj 2020 klockan 09:00
Anmälningsperiod (Erbjudandet till Allmänheten) avslutas	12 maj 2020 klockan 12:00
Tilldelning av Erbjudandeaktier	12 maj 2020
Offentliggörande av utfallet i Erbjudandet	På eller omkring den 13 maj 2020
Distribuering av avräkningsnotor	På eller omkring den 13 maj 2020
Registrering av nytt aktiekapital och emission av Nya Aktier	På eller omkring den 13 maj 2020
Konton från vilka betalning kommer att debiteras i Erbjudandet till Allmänheten ska vara tillräckligt finansierade	På eller omkring den 13 maj 2020
Första dagen för Notering av Aktierna	På eller omkring den 14 maj 2020
Betalningsdatum för Erbjudandet till Allmänheten	På eller omkring den 14 maj 2020
Betalningsdatum och leverans av Erbjudandeaktier i det Institutionella Erbjudandet	På eller omkring den 15 maj 2020
Leverans av Erbjudandeaktierna i Erbjudandet till Allmänheten	På eller omkring den 15 maj 2020

Observera att Bolaget, i samråd med Managers, förbehåller sig rätten att förlänga book building-perioden och/eller anmälningsperioden när som helst efter eget beslut, men att den under inga omständigheter kommer att förlängas till efter klockan 14:00 den 19 maj 2020. I händelse av en förlängning av book building-perioden och anmälningsperioden kan tilldelningsdatum, betalningsdatum och datum för noteringen på Oslo Børs att ändras i enlighet med detta.

Upptagande till handel………	Bolaget förväntar sig att ansöka om upptagande till handel av sina Aktier på Oslo Børs på eller omkring den 4 maj 2020. Det förväntas att styrelsen för Oslo Børs kommer att godkänna Bolagets noteringsansökan på eller omkring den 7 maj 2020, villkorat av att (i) Bolaget får minst 500 aktieägare, som var och en innehar Aktier till ett värde av mer än 10 000 NOK, (ii) Oslo Børs godkänner ansökan om notering av Aktierna senast den 12 maj 2020, och (iii) fullbordande av Erbjudandet enligt villkoren som framkommer i detta Prospekt. Under förutsättning att villkoren är uppfyllda, förväntar sig Bolaget för närvarande att handeln av Aktierna på Oslo Børs inleds på eller omkring den 14 maj 2020. Aktierna förväntas handlas under kortnamnet ”PEXIP”.
Tilldelningsplan…………………	I det Institutionella Erbjudandet kommer Bolaget tillsammans med Managers att bestämma tilldelningen av Erbjudandeaktierna baserat på vissa tilldelningsprinciper. I Erbjudandet till Allmänheten kommer tilldelningen att ske pro rata med hjälp av VPS-automatiserade simuleringsprocesser. Bolaget, de Säljande Aktieägarna och Managers förbehåller sig rätten att begränsa det totala antalet sökande som Erbjudandeaktierna tilldelas för att hålla antalet aktieägare på en lämplig nivå, i vilket fall de sökande till vilka Erbjudandeaktier tilldelas kommer att bestämmas slumpmässigt med hjälp av VPS-automatiserade simuleringsprocesser och / eller annan slumpmässig allokeringsmekanism.
Utspädning………………………	Emissionen av Nya Aktier och Ytterligare Aktier i Erbjudandet, kan som högst resultera i att antalet Aktier i Bolaget uppgår till 98 911 387 Aktier, vilket motsvarar en utspädning för de befintliga aktieägarna på cirka 19,2%. De befintliga aktieägarnas företrädesrätt att teckna de Nya Aktierna har avvikits från. Nettotillgångsvärdet per befintlig Aktie uppgick till cirka 10,31795 NOK den 31 december 2019.
Totala kostanden för emissionen/erbjudandet…	Bolagets totala kostnader och utgifter för och som är förknippade med Noteringen och Erbjudandet, beräknas uppgå till cirka 85,7 miljoner NOK (eller cirka 97 miljoner NOK när inkluderat Ytterligare Aktier). Dessa kostnader och utgifter består av provisioner och utgifter till Joint Global Coordinators, avgifter och utgifter för juridiska och andra rådgivare och andra transaktionskostnader. Inga utgifter eller skatter debiteras av Bolaget eller Managers gällande de sökande i Erbjudandet.

Vem är erbjudaren och/eller personen som ansöker om upptagande till handel?

Bolaget är erbjudaren av Nya Aktier i det primära Erbjudandet. Erbjudarna av Försäljningsaktier i det sekundära Erbjudandet är de Säljande Aktieägarna.

Varför upprättas detta Prospekt?

Bakgrund och motiv till erbjudandet / upptagandet till handel…………………………	Bolaget tror att Erbjudandet och Noteringen kommer att (i) göra det möjligt för Koncernen att uppnå tillväxtmöjligheter genom att utöka sin försäljningsverksamhet, gå in i nya kundsegment och vidareutveckla och förbättra sina produkter, (ii) stärka Koncernens övergripande marknadsmedvetenhet för båda slutkunder och industripartners, (iii) ytterligare förbättra Koncernens förmåga att locka, behålla och motivera kvalificerad personal, bland annat genom att öka kännedomen om Koncernen i den lokala talangpoolen, särskilt i Norge, (iv) diversifiera aktieägarbasen och möjliggöra att andra investerare kan delta i Koncernens framtida tillväxt och värdeskapande, (v) skapa en likvid marknad för Aktierna och (vi) tillåta Säljande Aktieägare att balansera sin exponering.
Användning av emissionslikvid…………………	Bolaget uppskattar bruttolikviden från emissionen av Nya Aktier till upp till 1 071 miljoner NOK (eller 1 197 miljoner NOK när inkluderat Ytterligare Aktier) och nettolikviden från emissionen av Nya Aktier till cirka 985.3 miljoner NOK (eller 1 100 miljoner NOK förutsatt full tilldelning av Ytterligare Aktier). Nettolikviden från emissionen av Nya Aktier är främst

	avsedd att stärka Bolagets kapacitet att skapa intäktstillväxt genom investeringar i försäljning och marknadsföring samt FoU och produktutveckling, i linje med Bolagets strategi. Användningen och fördelningen av nettolikviden från emissionen av de Nya Aktierna kommer att övervägas av Bolaget fortlöpande basis.
Intressekonflikter…………..	Managers eller deras dotterbolag har tidvis tillhandahållit och kan i framtiden tillhandahålla finansiell rådgivning, investeringar och kommersiella banktjänster, samt finansiering, till Bolaget och dess dotterbolag i den ordinarie affärsverksamheten, för vilken de kan ha erhållit och kan fortsätta att erhålla sedvanliga avgifter och provisioner. Managers har inte för avsikt att offentliggöra omfattningen av sådana investeringar eller transaktioner på annat sätt än i enlighet med juridiska eller regulatoriska skyldigheter att göra det. Managers kommer att erhålla en avgift i samband med Erbjudandet och har därmed ett intresse i Erbjudandet. Dessutom kan Bolaget, efter eget beslut, betala ytterligare en diskretionär avgift till Managers i samband med Erbjudandet. De Säljande Aktieägarna kommer att erhålla nettointäkter från försäljningen av Försäljningsaktierna. I den utsträckning det skapas vinster från stabiliseringstransaktioner, ska eventuell vinst därifrån (efter avdrag för eventuella handelskostnader och stämpelskatt eller överföringsskatt som uppkommer i förhållande till några stabiliseringstransaktioner) tillfalla de Greenshoe-Säljande Aktieägarna.

21. DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

Defined terms	Meanings
508 compliant	Compliant with Section 508 of the US Rehabilitation Act of 1973, as amended (29 U.S.C. 794d).
ABGSC	ABG Sundal Collier ASA, with company registration number 883 603 362 and registered business address at Munkedamsveien 45E, N-0250 Oslo, Norway.
AD	Active Directory.
Additional Shares	A number of additional Shares sold pursant to the over-allotment by the Stabilization Manager, equal to up to approximately 11.8% of the number of New Shares and Sale Shares offered in the Offering.
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324, collectively.
Annual General Meeting	The Company's annual general meeting.
APAC	Asia Pacific.
API	Application programming interface.
Application Period	The application period for the Retail Offering which will take place from 09:00 hours (Oslo time) on 5 May 2020 to 12:00 hours (Oslo time) on 12 May 2020, unless extended.
APM	Alternative performance measures.
Appropriate Channels for Distribution	Shares eligible for distribution through all distribution channels as are permitted by MiFID II.
Articles of Association	The Company's articles of association.
B2B	Business-to-business.
B2C	Business-to-consumer.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
Bookbuilding Period	The bookbuilding period for the Institutional Offering which will take place from 09:00 hours (Oslo time) on 5 May 2020 to 14:00 hours (Oslo time) on 12 May 2020, unless extended.
Borrowed Shares	In order to permit the delivery in respect of over-allotments made, the Stabilisation Manager may, pursuant to the Share Lending, require the Greenshoe Selling Shareholders to lend to the Stabilisation Manager up to a number of Shares equal to the number of Additional Shares.
CAGR	Compound Annual Growth Rate.
Carnegie	Carnegie AS with company registration number 936 310 974 and registered business address at Fjordalléen 16, Aker Brygge, N-0250 Oslo, Norway.
CCO	Chief Commercial Officer.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
COO	Chief Operating Officer.
CTO	Chief Technology Officer.
Company	Pexip Holding ASA (company registration number 919 850 175).
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, dated 17 October 2018.
Deloitte	Deloitte AS, with company registration number 980 211 282, and registered business address at Dronning Eufemias gate 14, N-0191 Oslo, Norway.
DISA	US Defense Information Systems Agency.
EBITDA	Profit/(loss) for the period before net financial items, income tax expense, depreciation and amortization.
EBITDA-margin	EBITDA in percentage of revenue.
EC	Enterprise Calling.
EC+UC	Enterprise Calling-enabled UC.
EEA	The European Economic Area.
EHRs	Electronic health record systems.
EMEA	Europe, the Middle East and Africa.
EMRs	Electronic medical record systems.
ESMA	European Securities and Markets Authority.
EU	The European Union.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

EUR	The lawful currency of the participating member states in the European Union who have adopted Euro as their sole national currency.
FIPS	US Federal Information Processing Standard.
FSMA	UK Financial Services and Markets Act 2000.
GBP	Pound sterling, the lawful currency of the UK.
GDPR	General Data Protection Regulation (EU) 2016/679.
General Meeting	The Company's general meeting of shareholders.
Greenshoe Option	The Company and the Greenshoe Selling Shareholders, respectively, have further granted the Stabilisation Manager, on behalf of the Managers, option to (i) subscribe for and be allotted, at a price of NOK 63 per Share, up to 2,000,000 new Shares, equal to up to 50% of the number of Borrowed Shares from the Company and (ii) purchase up to a total of 2,000,000 Shares, at a price of NOK 63 per Share from the Greenshoe Selling Shareholders.
Greenshoe Selling Shareholders	Shall have the meaning set forth in Section 14 "Selling Shareholders".
Group	The Company together with its consolidated subsidiaries.
HIPAA	US Health Instance Portability and Accountability Act of 1996.
Hong Kong	The Hong Kong special administrative region of the People's republic of China.
IaaS	Infrastructure-as-a-Service.
IAS 34	International Accounting Standard 34 "Interim Financial Reporting".
IFRS	International Financial Reporting Standards, as adopted by the EU.
IM	Instant messaging.
Institutional Closing Date	Delivery and payment for Offer Shares is expected to take place on or about 15 May 2020
Institutional Offering	An institutional offering, in which Offer Shares are being offered to (a) investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from any applicable prospectus requirements, and (c) investors in the United States who are QIBs in transactions exempt from registration requirements under the U.S. Securities Act, subject to a lower limit per application of NOK 2,500,000.
IP	Internet Protocol.
IT	Information technology.
Joint Global Coordinators	ABGSC, Carnegie and Pareto Securities, collectively, acting as joint global coordinators and joint bookrunners in the Offering.
JITC	Joint Interoperability Test Command.
LEI	Legal entity identifier.
Listing	The listing of the Shares on Oslo Børs.
Management	Members of the senior management of the Company.
Managers	ABGSC, Carnegie and Pareto Securities collectively.
Merger	The two triangular mergers between the Company (as parent of the acquiring company), Pexip AS (as the acquiring company), and Pexip 1.0 and Videxio (as the transferring companies) completed on 20 December 2018 and with accounting effect from 22 October 2018.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and together with local implementing measures.
N/A	Not applicable
NCI	National Client Identifier.
Negative Target Market	Investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.
New Shares	Shares to be issued by the Company in the Offering to raise gross proceeds of up to NOK 1,071 million.
NGAAP	Norwegian Generally Accepted Accounting Principles for small companies.
NOK	Norwegian kroner, the lawful currency of Norway.
NOM-account	Nominee account.
Non-Norwegian Corporate Shareholder	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Act on Overdue Payment	The Norwegian Act on Overdue Payment of 17 December 1976 no. 100.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian FSA	The Norwegian Financial Supervisory Authority (*Nw.: Finanstilsynet*).
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (*Nw.: allmennaksjeloven*).

Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (*Nw.: verdipapirhandelloven*).
Offering	The initial public offering including the Institutional Offering and the Retail Offering taken together.
Offer Price	The offering price at NOK 63.00 for the Offer Shares in the Offering.
Offer Shares	The Sale Shares, together with the New Shares and, unless the context indicates otherwise, the Additional Shares.
Order	The UK Financial Services and Markets Act 200 (Financial Promotion) Order 2005.
Oslo Stock Exchange	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
Oslo time	Central European Summer Time, the time zone in Oslo, Norway.
PaaS	Platform-as-a-Service.
Pareto Securities	Pareto Securities AS, with company registration number 956 632 374 and registered business address at Dronning Mauds gate 3, N-0250 Oslo, Norway.
Payment Date	The payment date for the Offer Shares under the Retail Offering, expected to be on 14 May 2020.
PBX	Private Branch Exchange.
Pexip 1.0	The former video infrastructure specialist Pexip AS, with previous company registration number 898 209 962, founded in 2012 and mergered with the Company's subsidiary Pexip AS through the Merger.
Placing Agreement	Placing agreement between Company and the Joint Global Coordinators.
Positive Target Market	End target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II.
PSTN	Public Switched Telephone Network.
Prospectus	This Prospectus, dated 4 May 2020.
QIBs	Qualified institutional buyers as defined in Rule 144A.
R&D	Research and developments.
Regulation S	Regulation S under the U.S. Securities Act.
Relevant Persons	Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Relevant Member State	Each member state of the EEA, other than Norway or Sweden.
Retail Application Form	Application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix F.
Retail Offering	A retail offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 2,499,999 for each investor.
Rule 144A	Rule 144A under the U.S. Securities Act.
SaaS	Software-as–a-Service.
Sale Shares	Up to 17,000,000 existing Shares offered by the Selling Shareholders.
Secondary Sale and Greenshoe Agreement	Greenshoe Selling Shareholders have, pursuant to a secondary sale and greenshoe agreement, agreed to lend the Borrowed Shares to the Stabilisation Manager, on behalf of the Managers.
Selling Shareholders	The Selling Shareholders as set out in Section 14 "Selling Shareholders".
Share of recurring revenues	Recurrring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring in nature. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licences, perpetual software-licences and project-based professional services, such as a customer-specific proof-of-concept project or installation project, are considered non-recurring.
Share Lending	An option to borrow Borrowed Shares in order to facilitate over-allotment provided by the Greenshoe Selling Shareholders to the Stabilisation Manager, on behalf of the Managers.
Shares	Shares of the Company, each with a nominal value of NOK 0.015.
Stabilisation Manager	ABGSC in its capacity as stabilisation manager for the Offering acting on behalf of the Managers.
Stabilisation Period	The period commencing on the first day of trading of the Shares on Oslo Børs and ending at the close of trading on the 30th calendar day following such day.
Swedish Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Sweden for tax purposes.
Swedish Personal Shareholders	Private individuals tax resident in Sweden and estates of deceased individuals tax resident in Sweden.
Target Market Assessment	The Negative Target Market and the Positive Target Market.
Unified Communications	Unified Communications.
UK	The United Kingdom.
USD	The lawful currency of the United States.
U.S. or United States	The United States of America.

U.S. Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
U.S. Holder	A beneficial owner of Offer Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
Videxio	Former cloud video service provider Videxio AS, with previous company registration number 996 814 334, founded in 2011 and mergered with the Company's subsidiary Pexip AS through the Merger.
VoIP	Voice over Internet Protocol.
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS account	An account with the VPS for the registration of holdings of securities.
VPS Registrar	DNB Bank ASA, DNB Markets Registrars department, Dronning Eufemias gate 30, 0021 Oslo, Norway.

APPENDIX A:

ARTICLES OF ASSOCIATION OF PEXIP HOLDING ASA

	(OFFICE TRANSLATION)
VEDTEKTER FOR	**ARTICLES OF ASSOCIATION FOR**
PEXIP HOLDING ASA	**PEXIP HOLDING ASA**
Organisasjonsnummer 919 850 175	*Company registration number 919 850 175*
(per 20. mars 2020)	(as of 20 March 2020)
§ 1 Navn	**§ 1 Name**
Selskapets navn er Pexip Holding ASA. Selskapet er et allmennaksjeselskap.	The company's name is Pexip Holding ASA. The company is a public limited liability company.
§ 2 Forretningskontor	**§ 2 Registered office**
Selskapets forretningskontor er i Oslo kommune.	The company's business address is in Oslo municipality.
§ 3 Formål	**§3 Objective**
Selskapets formål er å drive, eie og/eller investere i virksomhet eller utvikling relatert til telekommunikasjonstjenester og telekommunikasjons-løsninger, investering i andre selskaper eller utvikling av annen virksomhet, og alt som står i forbindelse med de forannevnte virksomheter.	The Company's objective is to operate, own and/or invest in businesses or development related to telecommunication services and telecommunication solutions, investment in other companies or development of other businesses, and anything related to the foregoing.
§ 4 Aksjekapital	**§ 4 Share capital**
Selskapets aksjekapital er NOK 1 198 670,805, fordelt på 79 911 387 aksjer à NOK 0,015.	The company's share capital is NOK 1,198,670.805, divided into 79,911,387 shares, each with a nominal value of NOK 0.015.
Aksjene skal være registrert i verdipapirregisteret.	The shares shall be registered in the Norwegian Central Securities Depository.
§ 5 Styre	**§ 5 Board of directors**
Selskapet skal ha et styre bestående av mellom 3 og 7 styremedlemmer etter generalforsamlingens nærmere beslutning.	The board of directors shall consist of between 3 and 7 board members, as decided by the general meeting.
§ 6 Overdragelse av aksjer	**§ 6 Transfer of shares**
Aksjeeierne har ikke forkjøpsrett til aksjer som overdras eller for øvrig skifter eier. Erverv av aksjer er ikke betinget av samtykke fra styret.	Shareholders do not have pre-emption rights to shares that are transferred or otherwise change owners. The acquisition of shares is not subject to board approval.
§ 7 Generalforsamlingen	**§ 7 The general meeting**
Den ordinære generalforsamling skal behandle:	The annual general meeting shall resolve:
1. Godkjennelse av årsregnskap og årsberetning.	1. The approval of the annual accounts and annual report.

2. Anvendelse av overskuddet eller dekning av underskudd i henhold til den fastsatte balanse, samt utdeling av utbytte.
3. Valg av styre.
4. Andre saker som i henhold til lov hører under generalforsamlingen.

Retten til å delta og stemme på generalforsamlinger i selskapet kan bare utøves for aksjer som er ervervet og innført i aksjeeierregisteret den femte virkedagen før generalforsamlingen.

Aksjeeiere som vil delta i en generalforsamling i selskapet, skal melde dette til selskapet innen en frist som angis i innkallingen til generalforsamling, og som ikke kan utløpe tidligere enn fem dager før generalforsamlingen. Aksjeeier som ikke har meldt fra innen fristens utløp, kan nektes adgang.

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen, er gjort tilgjengelige for aksjeeierne på selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt slike dokumenter

§ 8 Nominasjonskomite

Selskapet skal ha en nominasjonskomité, som velges av generalforsamlingen.

Nominasjonskomitéen fremmer forslag til generalforsamlingen om (i) valg av styrets leder, styremedlemmer og eventuelle varamedlemmer, og (ii) valg av medlemmer til valgkomitéen. Nominasjonskomitéen fremmer videre forslag til generalforsamlingen om honorar til styret og nominasjonskomitéen, som fastsettes av general-forsamlingen.

Generalforsamlingen skal fastsette instruks for nominasjonskomiteen.

2. The utilization of annual profits or cover of deficit in accordance with the resolved balance sheet, as well as distribution of dividends.
3. The appointment of the board of directors.
4. Other matters that the general meeting is required by law to resolve.

The right to participate and vote at general meetings of the company can only be exercised for shares which have been acquired and registered in the shareholders register in the shareholders on the fifth business day prior to the general meeting.

Shareholders who intend to attend a general meeting of the company shall give the company written notice of their intention within a time limit given in the notice of the general meeting, which cannot expire earlier than five days before the general meeting. Shareholders, who have failed to give such notice within the time limit, can be denied admission.

When documents pertaining to matters which shall be handled at a general meeting have been made available for the shareholders on the company's website, the statutory requirement that the documents shall be distributed to the shareholders, does not apply. This is also applicable to documents which according to statutory law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless demand to be sent such documents

§ 8 Nomination committee

The company shall have a nomination committee, elected by the general meeting.

The nomination committee shall present proposals to the general meeting regarding (i) election of the chair of the Board, board members and any deputy members, and (ii) election of members of the nomination committee. The nomination committee shall also present proposals to the general meeting for remuneration of the Board and the nomination committee, which is to be determined by the general meeting.

The general meeting shall adopt instructions for the nomination committee

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APPENDIX B:

THE COMPANY'S AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 (IFRS)

Annual Report

2019

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Index

About Pexip	04
Key Numbers	22
Letter from the CEO	24
The Management Team	30
Customer Testimonials	32
Letter from the Chairman	40
Statement from the Board of Directors	44
Financial Statements	50
Auditor’s Report	116

About Pexip

Our Mission

Empower people to be seen and to engage with each other in a better way

Our Vision

To make virtual meetings better than meeting in-person

Our Promise

Meet the World with video communications as it should be

]pexip[

A Global Technology Company

Pexip is a global technology company that delivers a video-first meeting platform.

Our vision is to make virtual meetings even better than meeting in-person, by empowering people to see and engage with each other in a better way.

We offer flexible deployment models; that means a cloud-native platform provided as a service or deployed as a self-hosted solution either on-premises or in any cloud environment, all built on Pexip's proprietary Infinity technology.

Both offerings are delivered as a recurring subscription-based model. 97% of revenues are generated from recurring subscription fees, demonstrating a high net retention rate and strong customer loyalty. Additional revenues are one-off fees related to set-up and professional services.

We sell through a global network of 300 reseller partners located in 75 countries. Pexip currently serves more than 3400 customers with headquarters in 73 countries and users in 190 countries.

Our Story

Pexip is the result of a merger between Pexip (founded in 2012), specializing in video software infrastructure and Videxio (founded in 2011), a cloud video service provider. The respective companies were started by a group of visionary industry veterans and were built on an ambition to break down communication barriers and provide a video-first meeting experience. Based on their extensive experience from video conferencing, the founders of the two companies had identified a need among users and IT administrators to remove the obstacles which were making enterprise video conferencing expensive, and difficult to use, manage and scale.

The merger between the two companies was approved at the end of 2018 and came into force in January 2019. It presented a unique opportunity to address the enterprise segment with a consistent user experience across all deployment options, both self-hosted and as-a-service.

Technology and workplace habits have come a long way in the years since the original companies were founded but the challenge of connecting devices and platforms remains.

Pexip solves this by providing best-in-class interoperability, including Microsoft Teams, Skype for Business and Google Hangouts Gateway interop, video system device registration, integrations/API's for 3rd party developers of B2C video applications and a world-class meeting and calling service.

Our aim is to help break down the communication barriers across teams and applications by providing a solution that is easy to use and manage. The key applications are:

- Group video meetings including dedicated applications on web, desktop, tablets and smartphones
- Video conferencing infrastructure including 3rd party video conferencing endpoint registration and management with call control
- Video conferencing interoperability solutions that enable professional video conferencing systems to join Microsoft and Google native meetings

"The merger of Pexip with Videxio at the end of 2018 has created a scalable VC solution that provides a unified experience across mobile, desktop and conference room endpoints"

Magic Quadrant for
Meeting Solutions 2019

Gartner

2011

Videxio AS
(pre-merger entity)
founded

2012

Pexip AS
(pre-merger entity)
founded

Launch of the Videxio video
communication service

Business established in the United States through
Pexip Inc. (2012) and Videxio Inc (2013)

2013

Launch of the
Pexip Infinity
software
platform

2017

Video interoperability
solution for Microsoft Teams
and Skype for Business Server
launched, as well as
interoperability for
Google Hangouts Meet

2018

Merger between Pexip AS
and Videxio AS approved

2019

New
company HQ
in Oslo opened

What makes us unique

On our mission to empower people to be seen and to engage with each other in a better way, Pexip is unique in the choice we provide to customers, whether they be those using Pexip on a daily basis or IT administrators deploying and managing the platform.

With Pexip, customers enjoy:

- A feature-rich and easy-to-use group video meeting and calling solution with business quality HD video, voice, chat and content sharing providing the best video first experience for any user across conference rooms, desktop, tablets and smartphones.
- Flexible deployment options enabling customers to consume Pexip as a service (SaaS) or deploy it as a self-hosted solution either on-premises or in any cloud environment such as Microsoft Azure, Google Cloud or Amazon Web Services.
- A highly secure collaboration platform with security certifications such as JITC, FIPS 140-2 and 508 compliance used by US military, as well as compliance within HIPAA for healthcare and General Data Protection Regulation (GDPR) for data protection and privacy.
- The possibility to replace legacy call control and video infrastructure and to register and manage video conferencing devices from a single platform. Intuitive IT management dashboards & tools makes it easy to manage the complete network infrastructure, meetings and video conferencing devices from one place.
- The ability to mix solutions from more than one vendor, where Pexip enables users to schedule native Microsoft Teams or Google Hangouts meetings and have internal or external participants join from video conferencing rooms from vendors such as Cisco and Poly.
- Access to bleeding edge technology within video communication, such as Pexip's AI-driven Adaptive Composition. This is the latest in a long line of industry firsts including the first virtualized and distributed video communication platform and the first plug-in free web browser interoperability.

"Pexip has a clear vision of customers' desired outcomes and executes with its innovative solutions. Not only does the company allow customers to prolong the use of their video conferencing solutions, but it also allows them to implement services that are tailored to their specific needs ... With its deployment and consumption flexibility, Pexip is virtually un-matched in the enterprise video conferencing market"

Entrepreneurial Company of the Year Award 2020

FROST & SULLIVAN

"The video conferencing company Pexip has shown consistent high growth, and increased their annual recurring revenue in four years from 37 MNOK to more than 300 MNOK at the end of 2018"

Entrepeneurial Company of the Year Award 2019

DN Årets gründere

Vinner i klassen vekstselskaper rettet mot bedrifter

#WeArePexip

The Pexip team is distributed across many countries. Our development teams are located in Norway and the UK. Our sales, sales engineers, support and administration teams are spread throughout Europe, APAC and North America. Our headquarters are in Oslo, and we have offices in London, New York, Washington DC, Sydney, Stockholm and Paris.

The Pexip Way

Professional and Fun

We are committed to our partners and customers.
We are passionate and fun to work with.
We strive for excellence.

No Bullshit

We say it as it is.
We do what needs to be done.
We stand for honesty and integrity.

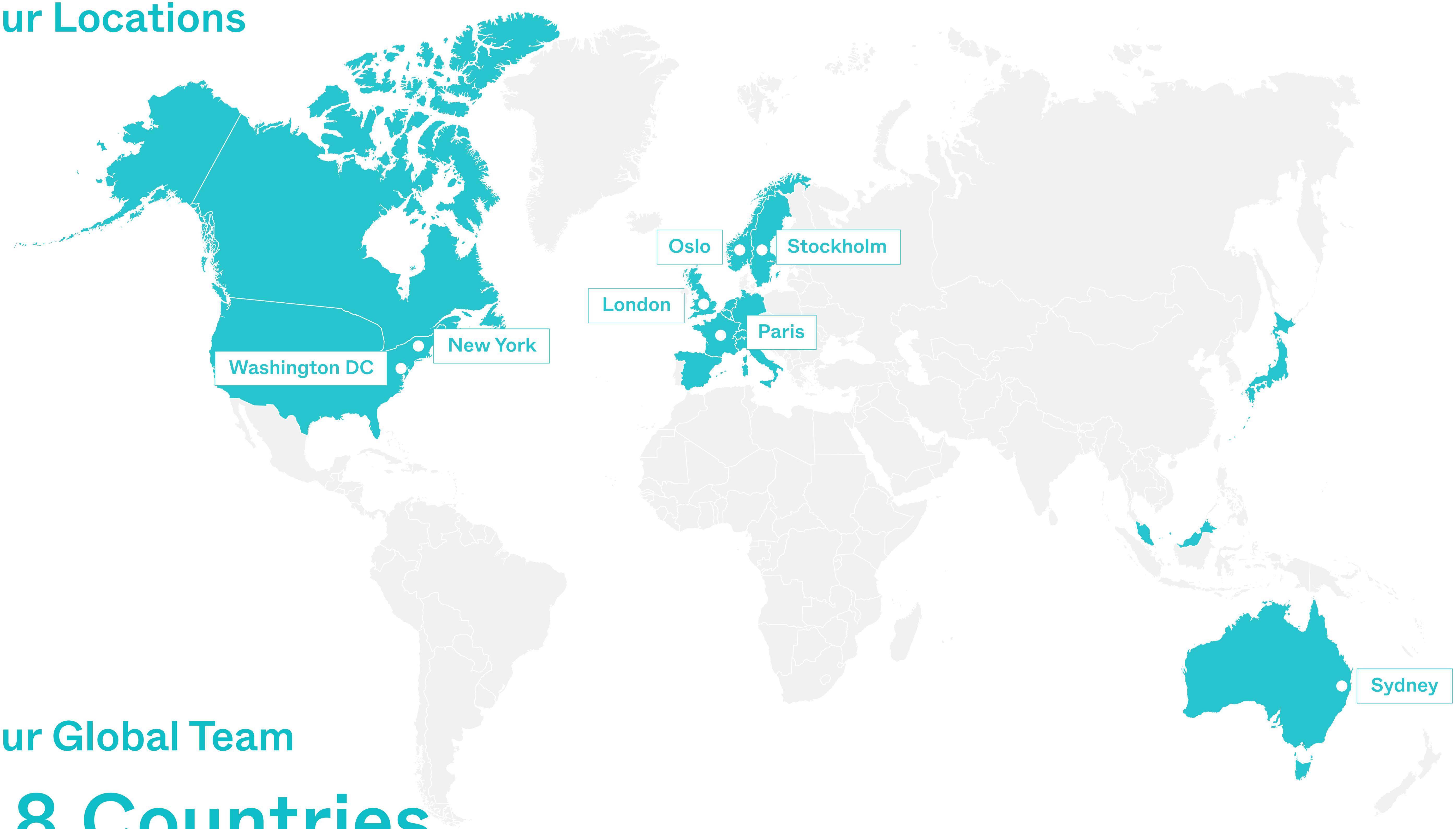
Freedom and Responsibility

We encourage initiative and innovation.
We are all leaders.
We act like owners.

One Team

We make each other better.
We respect, support and care for each other.
We appreciate diversity.

Our Locations



Our Global Team

18 Countries
27 Nationalities

The Pexip Booth at ISE in Amsterdam, The Netherlands

Solving The Escape Games at the Pexip Kick-off

The Pexip engineering team in Malaga, Spain

"Each day that goes by there is a sense that we are working towards a grand, achievable vision and I proudly see us making concrete strides towards that"

Christopher Smith, Solutions Architect

With Adaptive Composition, Pexip is the first to bring AI-powered auto-framing and intelligent layout to any meeting participant

Pexip Infinity Connect Application

"I really appreciate the freedom and flexibility of working at Pexip - it makes juggling life as a working mum that much easier!"

Juliet Durdle, Technical Writer

Promoting the brand at InfoComm 2019

Evaluating the latest beta update to the Pexip service

Key numbers

Contracted Annual Recurring Revenue (ARR, MUSD)

36 (2018) ↗ **47** (2019)

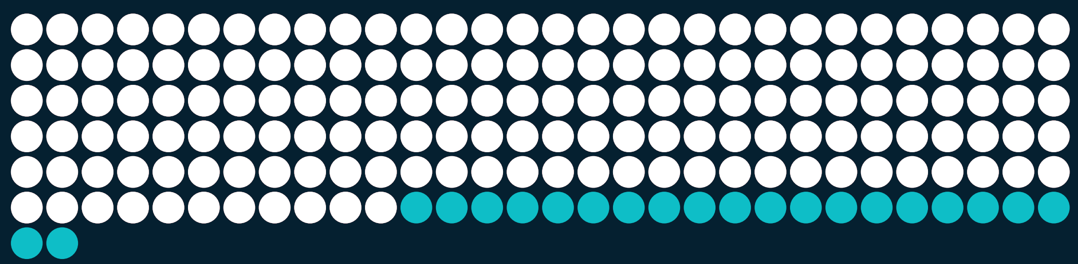
ARR from Net New Customers (MUSD)

7.4 (2018) ↗ **11.7** (2019)

Customer Net Retention Rate (% of ARR)

97% (2018) ↗ **99%** (2019)

Employees



21 new employees (182 total)

Revenue (MNOK)

370

EBITDA Margin

21%

Gross Margin

95%

Geographical Distribution ARR 2019

Letter from the CEO

As we round off 2019, we have built a solid platform for growth based on the foundation from both companies. We are now truly one team.

One Team

What a year 2019 was for Pexip. It started with the merger of Pexip and Videxio and we implemented various projects and initiatives throughout the year to make sure the merger was a success. As we round off 2019, we have built a solid platform for growth based on the foundation from both companies. We are now truly one team.

One Team is in fact one of our four company values, the other three being Freedom & Responsibility, Professional & Fun, and No Bullshit. One of the key initiatives of 2019 has been the emphasis on creating a shared culture, The Pexip Way, which defines how we interact with each other, customers and partners on a daily basis. The aim is to have our values guide our business, our product development, and our brand. As Pexip continues to evolve and grow, we use the values actively to remind us of who we are, where we came from and where we are going. Defining the Pexip Way has been employee-led and has generated enthusiasm and engagement across the Company.

A Combined Product Portfolio Fueled Sales Success

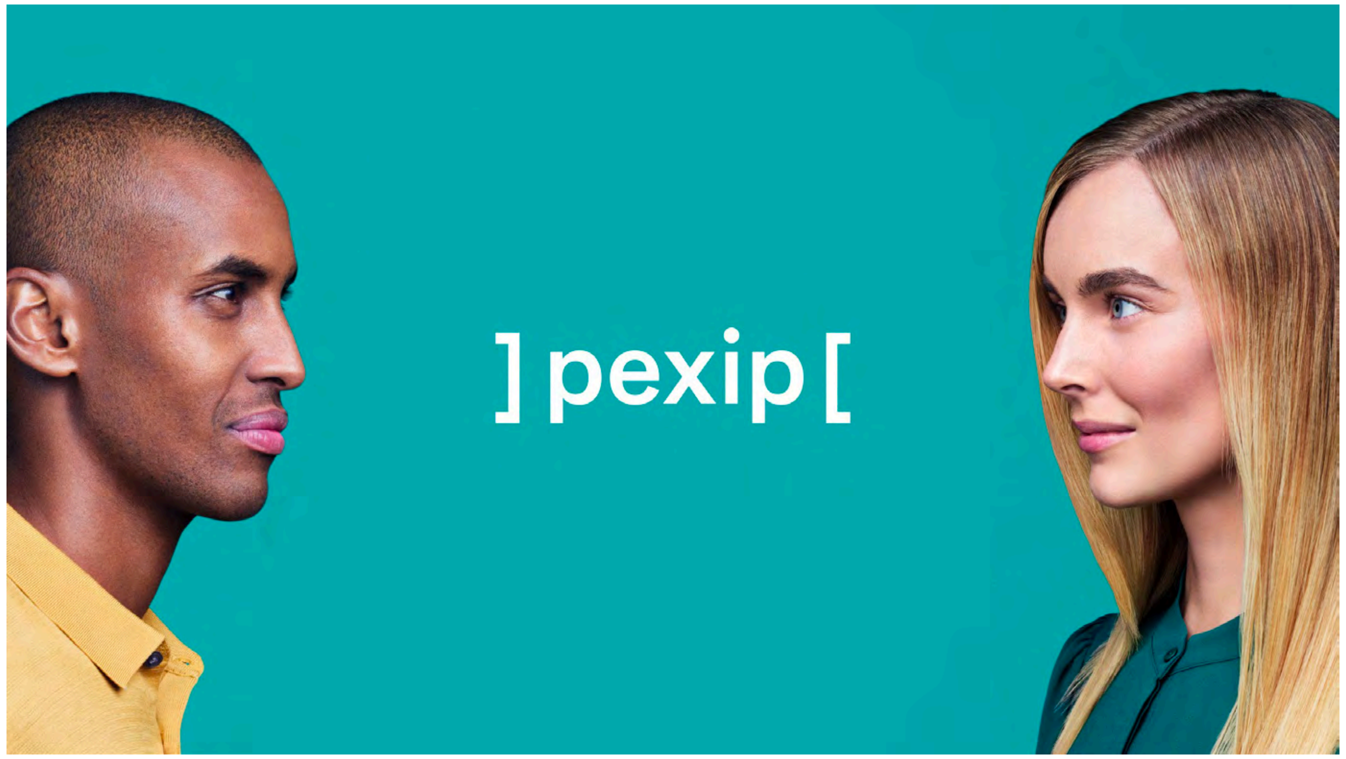
From a sales perspective, the merger has put us in a unique position to offer a product portfolio that meets the needs of a broader range of customers. Our main focus is on large enterprise customers and we are delighted to have 20% of the Global Fortune 50, and 15% of the Global 500 companies as our customers, including the likes of GE and Accenture. In addition, we have a range of public sector customers such as the US Veterans Affairs. Pexip is unique in being able to offer a total solution that allows customers to deploy our solution as they choose, whether that be a cloud-native platform provided as a service or deployed as a self-hosted solution on-premises or in any cloud environment. Being able to deliver on this important requirement for many large organizations is a testament to Pexip's technology leadership within video communication.

In June, we launched a new brand identity and a new website, which symbolised the creation of the new company. The new brand has been well received and has helped position Pexip for the future with a clear visual and communications identity. The awards and recognition we have received from industry analyst firms throughout the year also speak to the unique position Pexip holds in the market in terms of our product portfolio and the combined efforts of the Pexip team and our channel partners.

In February 2019, we ranked number one in an independent Net Promoter Score (NPS) survey run by Wainhouse Research. The survey is based on respondents' answers to the question of how likely they are to recommend a company/product/service to a friend or colleague. The answer to this one question reveals how happy customers are with our product, whether their expectations are met, what they think about the Company's future growth potential, how loyal they are, how they feel about our brand, and more – all wrapped up into one tidy number. In this case, the survey showed overall sentiment towards 17 enterprise video companies with Pexip leading the way, a true testament to our technology and the tireless work of our employees and partners.

In September, we were delighted to be named in Gartner's Magic Quadrant for Meeting Solutions. Gartner's Magic Quadrant is widely recognized as the world's most influential market analysis for IT buyers. Pexip came into the Quadrant in a strong position as a Visionary. Gartner evaluates companies on their ability to execute and completeness of vision. We believe our inclusion in the Magic Quadrant is a testament to Pexip's unique product offering, broad customer base, and established growth record.

Finally, Frost & Sullivan named Pexip Entrepreneurial Company of the Year for the global business video conferencing industry (2020).



The new Pexip brand identity was launched in 2019

Strategic partnerships with Microsoft and Google provide real value to our customers

Channel and Strategic Partnerships Enabled Growth and Scale

We continue to sell exclusively through channel partners and we work closely with our 300 channel partners to scale our sales and marketing efforts and promote brand recognition globally. We focused heavily on channel enablement in 2019, including holding a large number of training and certification courses at Pexip Academy. In 2019 more than 750 participants went through Pexip training courses, up more than 70% from 2018.

We have also found success co-marketing and selling with ecosystem partners like Microsoft and Google, and we are focused on building the Pexip brand and driving demand for our offerings together. As one of three certified vendors to offer a Microsoft Teams video interoperability solution, we have brought the capability to market and worked in close partnership with Microsoft to break down the barriers in organizations where they were challenged by the migration from Skype for Business to Teams, or when the customer had a deployment of traditional video conferencing devices that they wanted to provide access to the Teams experience. Pexip works closely with Microsoft to engage with Microsoft customers through sales calls, joint webinars, local roadshows, and trade shows such as Microsoft Ignite and Microsoft Inspire.

Similarly, we have worked closely with Google to commercialize a Google Hangouts Meet gateway solution. Pexip was the first to offer this and is currently the only vendor with a solution for this use case. Pexip is being invited to meet with Google customers in sales calls and through joint webinars, local roadshows and trade shows such as Google Cloud Next. Google links to the Pexip website on their G Suite website and drives significant demand for our interoperability solution.

In September, we were delighted to be named in Gartner's Magic Quadrant for Meeting Solutions

Providing Customer Value through Technology Leadership

It was also an exciting an exciting year for our engineering team with the merging of two teams bringing together experts in signal processing, micro services, highly scalable systems, AI, networking and UI.

Combining the Pexip and Videxio product portfolios has created a unique offering for our customers and prospects. In addition, and perhaps even more importantly from an engineering perspective, the merger presented the team with an opportunity to take a step back and define the full potential of the combined product portfolio. In November, close to a hundred of our engineers met for a summit in Malaga, Spain. A week of brainstorming and hacking resulted in a clear product and also corporate vision to make virtual meetings even better than meeting in-person.

With this strong foundation now in place, I couldn't be more excited about the year to come and the technology leadership position we are taking - a more complete end-to-end Pexip offering, a brand new UX and a redefined video first experience is on the menu.

Strong Financial Performance

All of the topics I have touched on here have contributed to the strong financial performance we achieved in 2019.

We finished the year with a significant increase in annual recurring revenue (ARR), increasing our contracted ARR with 32% during the year. We enter 2020 with an ARR of 47.2 MUSD.

Pexip continues to have a good geographical spread. At the end of 2019, 55% of the ARR originated from EMEA, 33% from Americas and 12% from APAC, reflecting a similar distribution in 2018.

A key metric for Pexip as our ARR base grows is our net retention rate, i.e. how much of the recurring revenue from our existing customers is renewed. For 2019 our net retention rate landed above target at 99% per annum, significantly above our 2018 performance of 96%. We are proud and honoured to have some of the largest global enterprises as long-term customers of our technology.

Geographical Distribution
Annual Recurring Revenue 2019

Pexip has a dual focus on growth and profitability. For the financial year 2019 that lead to revenues of NOK 370 million, and EBITDA of NOK 76 million and a positive cash flow of NOK 16 million. Our platform of strong growth and solid financials makes us well positioned to capture even more of the growth opportunities we see in the market.

In Summary

As we round off 2019 and look ahead, I am excited about what lays in store both for us as a company and for the users of our technology. Starting the year with roughly 150 people, we are at the time of writing over 200 Pexipers, and I am extremely proud of the knowledge and dedication demonstrated by the Pexip team, our partner-led business model and our technology, which furthers communication in a user-focused and sustainable manner.

Driven by our core values, we look forward to continuing to work hard to meet the needs of our customers across the globe. We will focus on our mission to empower people to be seen and engage with each other in a better way, guided by our vision to make virtual meetings better than being there in person. By continuing balancing growth and equity efficiency, we aim for increased shareholder value - for employees and our broader investor base.

We are ready to continue rocking the collaboration industry in 2020!

Odd Sverre Østlie
CEO

The Management Team

Karl Hantho
President Americas

Giles Chamberlin
CTO & Co-founder

John Harald Grønningen
President EMEA

Ingrid Woodhouse
VP People & Development

Nico Cormier
COO

Øystein Hem
CFO

Odd Sverre Østlie
CEO

Tom Erik Lia
CCO & Co-founder

Åsmund Fodstad
EVP Sales & BD

Customer Testimonials

The Pexip video communication platform has been developed to meet both the requirements of IT administrators and the expectations and needs of everyday users within large enterprises.

Enterprise IT needs include

- Data ownership and security, privacy and compliance
- Integrations with existing workplace tools and IT workloads
- Interoperability between a range of video meeting solutions and devices
- Scalability based on usage
- Deployment flexibility, ranging from self-hosted to as a service
- The ability to determine when internal upgrades are made

Enterprise users' requirements include

- Intuitive, easy to use solution
- Workflow integration with existing tools
- Rich functionality including content sharing and outstanding audio and video

"Pexip is disturbingly reliable. I have been working with video conferencing for more than 15 years and I have never experienced infrastructure that is so stable."

vodafone

A leader in technology communications through mobile, fixed, broadband and TV

"With Pexip we were able to easily connect the Cisco video conferencing systems we use at Kayak to the Google Hangouts Meet platform used by our sister company, Open Table. This had made us feel more like one company, rather than two separate companies"

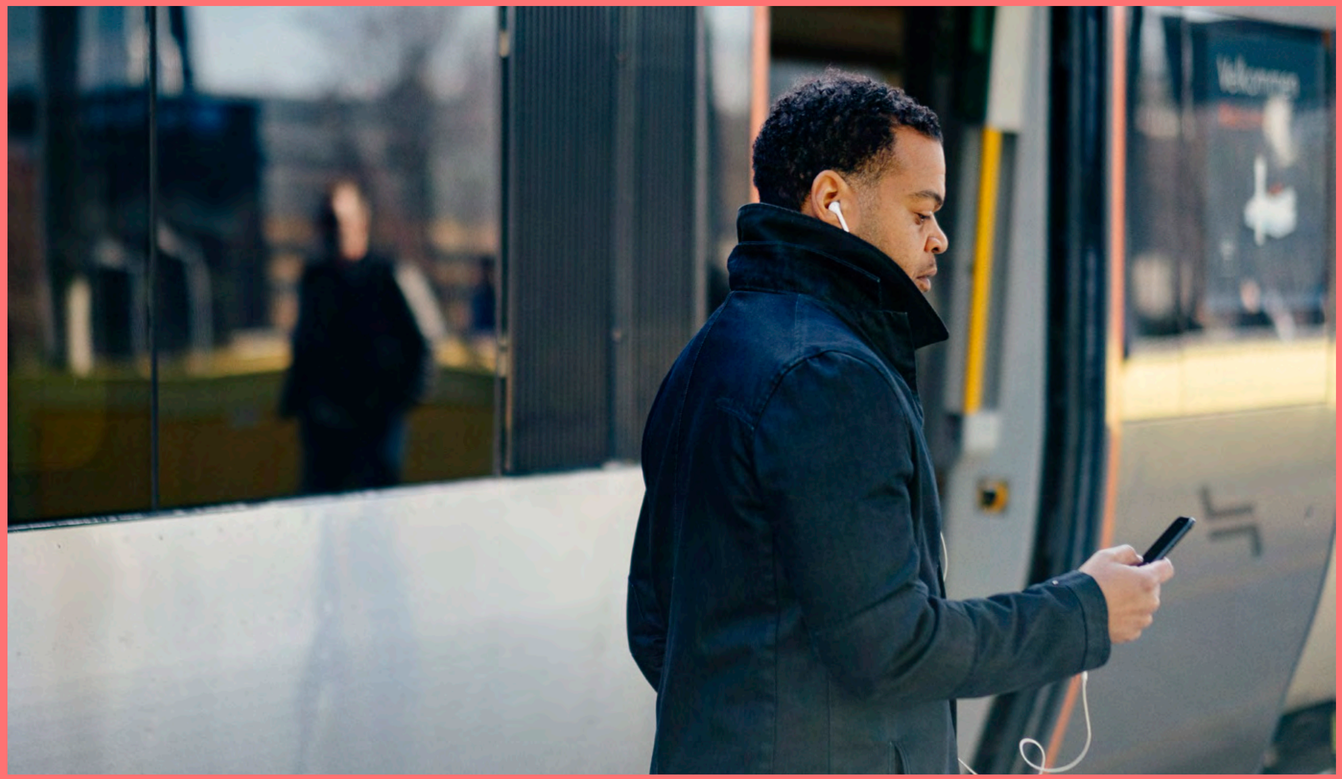
KAYAK

A world leader in travel information search with more than 2 billion searches through its sites every year

"Amnesty International relies on Pexip to connect our staff located around the world, from the United Kingdom to Lima to Kenya. With Pexip, it's easy for our employees to join meetings from anywhere, regardless of whether they are using video conferencing systems, telephones, web browsers, or laptops. We are very pleased to see Pexip named a Visionary in the Gartner Magic Quadrant for Meeting Solutions and believe it speaks to the powerful video platform it has developed today, and the potential it has for tomorrow. With Pexip, we can improve our communications in our mission to fight for human rights for all."

AMNESTY INTERNATIONAL

A non-governmental organization focused on human rights



"We have a huge on-premise deployment of Skype for Business and Cisco video conferencing systems. We chose Pexip because we wanted a product that could scale and move with us as we start our transition from on-premise to hybrid and then ultimately to having our entire deployment in the cloud."

accenture

A multinational professional services company that provides services in strategy, consulting, digital, technology and operations

“Pexip Infinity was the only platform that offered virtualized bridging and a licensing model that supported providing video conferencing to every attorney that wanted it.”

BRYAN CAVE LEIGHTON PAISNER

An international law firm with 25 offices worldwide

“We needed a secure solution where participants could join meetings without the need to download a plug-in and it was essential that we maintained total control over sensitive patient information and confidential communications. The solution was Pexip.”

HUS Helsinki University Hospital

The largest university hospital in Finland, and one of the largest hospitals in Europe

Letter from the Chairman

2019 has been a defining year for Pexip. The foundation has been created for future growth with a strong team, a unique product portfolio that breaks down the silos to workplace communication, and an extensive and knowledgeable channel and strategic partner network.

First of all, I would like to thank Kjell Skappel who has been Chairman of both Videxio and Pexip since 2013 and 2015 respectively and until December 2019. Kjell has been instrumental for the two companies through their formative years and has guided us through the merger of Videxio and Pexip in 2018. I am happy to report that Kjell will continue to be on the Pexip board, and will be as active as before. I see the continued involvement of original board members and company founders as being extremely valuable, not least from a corporate governance perspective.

I am honoured to take on the full-time role as newly elected Chairman and look forward to taking a directional role in the next phase of Pexip's development.

Capitalizing on Industry and Macro Trends

Based on what we have seen in 2019, I believe that Pexip is in a strong position to capitalize on many of the trends that are prevalent both in our own industry and in the world as a whole. These include the opportunities and challenges faced by many organizations deriving from a globally distributed workforce and increased workplace flexibility, as well as an increased focus on social and environmental sustainability.

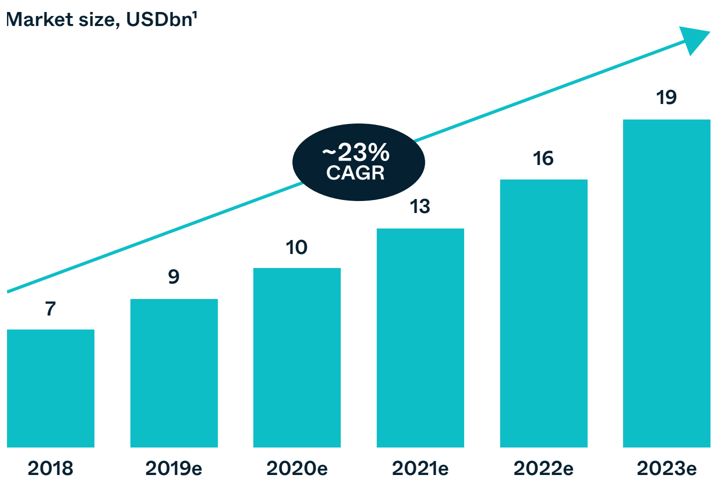
Breaking Down the Barriers in Workstream Collaboration

From an industry perspective, we see that digital transformation means that organizations expect a simple, easy to use meeting platform that works where their employees do. The growth of workstream collaboration tools has made interoperability more important than ever. Users do not want to have to learn a new technology or workflow; they simply want to join a meeting. We see a clear trend towards users not only bringing their own device to meetings, but also their own application.

As industry analyst firm, Wainhouse Research reported, "62% of organisations use more than three video communication solutions." (The State of Group VC 2018, Wainhouse Research). This creates interoperability issues, something Pexip is in a unique position to solve by connecting hardware and software technology from a variety of vendors.

Investment Protection

Aging infrastructure is also creating a new opportunity for cloud-based solutions. Many companies today have aging video infrastructure and are looking for a replacement that will help them future-proof their video conferencing infrastructure with a high level of control and management capabilities. With Pexip, customers can choose their deployment model, configure and monitor the entire implementation using a single interface, and maintain full control over data and workflows.



1) Wainhouse Research: Market Sizing & Forecast: UC Cloud Services - Worldwide 2019.

Key market drivers

- Affordable technology
- Internet accessibility
- Ease of use
- Global workforce
- Workplace flexibility
- Video customer meetings
- Social responsibility
- Environmental sustainability
- Business continuity

Growth in Business to Consumer Usage

We are also seeing new applications of video conferencing for business-to-consumer use cases. In education, finance and healthcare, and customer service in general, video based services are starting to play a key role in enabling organizations to broaden the scale of their individual services to maintain or to build trust with their clients, whether they be students, consumers or patients. We have seen several examples of this trend among our customers.

Organizations such as Ontario Telehealth Network and American Well are using Pexip to facilitate video-powered telehealth visits that are more convenient for patients, while reducing costs and improving efficiency. Patients can easily join video consults with a web browser, while providers can join from any device (including telehealth carts) and integrate with their EHR systems using Pexip APIs.

In the banking space, the largest financial group in the Nordics introduced the option for video visits instead of branch visits and was overwhelmed by its success, having to hire 60 new financial advisors to keep up with the demand.

Many colleges and universities rely on Pexip to deliver distance learning and live stream/record lectures. This helps education organizations to increase attendance.

I believe that this is just the start and we will see many more examples of such applications in the years to come.

Social and Environmental Responsibility

Video makes our customers greener. With increased globalisation and distributed workforces, combined with growing concerns for the environment, the Pexip video communication platform offers an ideal solution to bring teams together without the need for travel. It also has the added benefit of allowing companies to employ the best employees, regardless of location. We also see a fairly new trend developing where some companies are going fully remote with no offices at all.

Pexip makes a clear contribution to several of the UN's sustainable development goals particularly in the areas highlighted here:

Goal 4: Quality Education
Video increases the reach of educational institutes, enabling students in remote locations to gain access to higher education.

Goal 5: Gender Equality
Video meetings allow for the ability to work at home for increased job flexibility, encouraging mothers to return to the workplace earlier.

Goal 9: Industry Innovation and Infrastructure
High-quality video conferencing solutions allow for less travel as meetings can take place virtually.

Goal 11: Sustainable Cities and Communities
Video conferencing enables high-quality meetings without the need for physical presence, reducing traffic (by road and air) related to business and customer meetings.

Goal 12: Responsible Consumption and Production
Pexip's unique architecture enables efficient and responsible energy consumption and the flexibility to choose host servers powered by renewable energy. Corporations can increase the lifespan of aging technologies by enabling integration with new ones to reduce e-waste.

Pexip's unique architecture enables efficient and responsible energy consumption and the flexibility to choose hosting servers powered by renewable energy. Corporations can increase the lifespan of aging technologies by enabling integration with new ones to reduce e-waste.

In addition to providing environmentally-friendly communication at scale, Pexip is also internally committed to making environmentally responsible business decisions and makes the following sustainability efforts:

- Video is our preferred way to meet, and regular meetings with customers and remote colleagues are held over video; this has a positive impact on the environment, as well as reducing wear and tear on our employees
- The possibility to work-from-home using video provides flexibility and has a positive effect on unnecessary transportation
- Electric car charging stations and a bike garage encourage green commutes
- Recycling facilities are widely available in each office to make recycling easy and top of mind

Strong Financial Performance

The merger of Pexip and Videxio put us in a position to really capitalize on the potential brought about by a broader product portfolio. This has been a strong growth year for Pexip, with a significant increase in annual recurring revenue of 32%. With revenues of NOK 370 million and an EBITDA margin of 21%, we are in a position of strength to make the investments in continued growth that we plan for 2020.

Foundation for the Future

2019 has been a defining year for Pexip. The foundation has been created for future growth with a strong team, a unique product portfolio that breaks down the silos to workplace communication, and an extensive and knowledgeable channel and strategic partner network. Combined with many macro- and industry trends that are favourable to us, I am excited about the years to come and the potential to introduce video communication as it should be to even more enterprises around the world.

Michel Sagen
Chairman of the Board

Statement from the Board of Directors

2019 was an important year for Pexip. The group has successfully executed on the merger plan from 2018 to generate stronger growth and more innovation.

The Contracted Annual Recurring Revenue (ARR) at the end of 2019 was USD 47.2 million, up 32% from the end of 2018. The group continues to have a balanced focus on both growth and profitability and delivered a positive cash flow in the year.

In 2020 we aim to further accelerate our growth and market position within the rapidly growing video communications market, strengthen our cooperation with our strategic partners as well as our channel partners, and continue to scale the organization.

Pexip Holding AS simplifies video communication across borders, businesses and platforms, enabling everyone to be seen, heard and included. The group develops scalable, distributed videoconferencing software for collaboration, delivered both as Software-as-a-Service and as a software application. The products are sold to corporates and organizations in large parts of the world through partners. The portfolio of software customers is growing through annual renewal and upsell of existing customers, and by acquiring new customers. Our as-a-service offering is built on top of the Pexip Infinity platform, and is highly scalable, both in terms of number of users and cost. The business model of the group is based on selling subscriptions, providing a recurring yearly revenue stream. The annual value of the contracted subscription portfolio — Annual Recurring Revenue — is an important metric for the group.

The board is satisfied with the momentum of the group. The product development and releases are going according to plan. The group has seen a solid increase in its customer base and in revenue throughout the quarters in 2019, and is increasingly getting recognition among customers and industry analysts. In 2019 Pexip made its first appearance in the Gartner Magic Quadrant for Meeting Solutions as a Visionary. Pexip was also ranked number one in the Wainhouse Research brand perception study for Video Meeting Solutions. During 2020 new products and features will be launched, which will further strengthen the group's market position. The group has experienced solid organic growth over the past years. Churn throughout 2019 has been stable and low, which indicates that our products are becoming an integrated part of customers' daily workflows.

The consolidated accounts include business activities in Pexip AS, Pexip Inc., Pexip Ltd., Videxio Inc. and Videxio Asia Pacific Ltd. The legal entities Pexip Inc. and Videxio Inc. were merged in October 2019, and are continued as Pexip Inc.

The group's headquarters are situated in Oslo, Norway and it has activities across EMEA, North America and APAC.

Key Financials and Review of the Annual Accounts

During 2019, the group has converted the consolidated annual accounts to the International Financial Reporting Standards (IFRS), and as such the 2018 financials have been re-stated to give corresponding figures. Consolidated operating revenue for 2019 is NOK 370 million, up from NOK 215 million in 2018. Pexip merged with Videxio AS and its subsidiaries on 22 October 2018, and the 2018 P&L statement does not contain Videxio before the merger. For 2019, EMEA was the largest region with NOK 189 million in revenue, followed by Americas with 124 million, and APAC with 57 million. Revenue from sales of the Infinity software application was NOK 268 million, and revenue from the cloud services was NOK 102 million. 97% of the revenue for 2019 is recurring revenue from own products and services.

The group has limited variable costs, and gross margin for 2019 was 95% of revenue. EBITDA for 2019 was NOK 76 million (21% of revenue), up from NOK 32 million in 2018 (15% of revenue). Operating profit for 2019 was NOK 32 million (9% of revenue). The group has one global reporting segment. Net income for the year was NOK 12 million. The group has an overall equity ratio of 77%. The equity ratio in the parent company is 85%. The liquidity is satisfactory, and the group had a cash flow of NOK 15.8 million during 2019. The net cash flow arose from a cash flow from operating activities of NOK 57.5 million, cash flow from investing activities of NOK -35.1 million and cash flow from financing activities of NOK -6.6 million.

During the year, various measures were taken to strengthen the operational performance. Following the launch of two major interoperability capabilities with Microsoft Teams and Google Hangouts Meet late 2018, the group has had significant market traction with this offering in 2019. The group has also continued to focus on increased sales, particularly in North America. Development in sales, gross margin and equity ratio is according to plan.

The board confirms that the report of the board of directors and financial statements give a true and fair view of the group's assets, liabilities and financial position.

Parent Company

The annual accounts for the parent company have been prepared according to Norwegian GAAP. The parent company had NOK 0 million in revenue for 2019, with NOK 0.2 million in operating costs. The parent company's equity is NOK 861 million as of 31 December 2019. During 2019 the parent company converted a loan to Pexip AS related to the merger of Pexip AS and Videxio AS in 2018 of NOK 1,023 million to equity in Pexip AS.

Risk and Risk Management

Risk management in the Pexip Group is based on the principle that risk evaluation is an integral part of all business activities. Pexip's ability to implement the group's strategic and operational plans is influenced by various commercial, technological and operational risk factors summarized here.

Market Risk

The group is exposed to market risk, including, but not limited to, the following: access and ability to keep qualified employees; access to technology used in product development; ability to remain innovative; ability to execute on development schedules and secure customer contracts; protection of own patents and potential conflicts with third party patents; liquidity and access to funding; attractiveness of product platforms offered; ability to engage with and enter into contracts with partners; market perception of product platform; the relative competitiveness in the market etc. The importance of each risk factor will likely change over time and depend on the market environment and relative competitiveness of the group.

Metric		
Revenue (MNOK)	370	
EBITDA Margin	21%	
Contracted ARR (MUSD)	36 (2018)	47 (2019)
Gross Margin	95%	

Financial Risk

The group is exposed to liquidity risk and credit risk. The liquidity risk is mitigated via a diversified customer portfolio where no end-customer exceeds over 5% of recurring revenues. Net Retention Ratio (NRR) shows net development in the customer portfolio and measures upsell versus churn at subscription renewal over a period. NRR for the group is 99% for 2019, which is a 2 p.p. improvement compared with 2018. The Board believes that cash flow from new sales and renewals will be sufficient to cover the liquidity requirement in 2020.

The group's exposure to credit risk is limited as purchase orders from partners are placed based on orders received from end-customers, and payment is contractually independent from end-customer payments. Variable costs beyond sales commission to employees and cost of service is minimal. As the group holds limited interest-bearing debt, the exposure to interest rate fluctuations and credit availability is limited.

Foreign Currency Risk

The Group's main invoicing currency is USD, while its cost base is mainly in NOK, USD and GBP. As such it is exposed to foreign exchange risk which can impact profit margin. The group does not use financial instruments to hedge this risk.

Research and Development (R&D)

Pexip's core activity is R&D related to distributed software platforms for videoconferencing and collaboration. At the end of 2019 the Engineering team consisted of 70 employees. The continued momentum and the results achieved in this area have been excellent. The product development strategy was assessed throughout the year. The technology is developed with the aim to make the group a supplier of comprehensive collaboration software with increased focus on sales to large international corporations and a strong video-first focus. Of the total R&D in 2019, Pexip capitalized NOK 29 million and the remaining cost has been classified as operating expenses.

Going Concern

The board confirms that the group qualifies as a going concern and the financial statements have been prepared on this basis.

Work Environment and Equal Opportunities

The group had 182 full-time employees at the end of 2019, of which 21 were female, equaling 12%. The policies of the group are deemed to be gender neutral in all respects. Pexip appreciates diversity, as underlined in the Pexip Way, and believes in equal opportunity regardless of gender, language, ethnicity, sexual orientation, religion or faith. Any form of discrimination is unacceptable in Pexip. The group has regularly conducted employee NPS surveys during 2019 to monitor employee satisfaction and guide actions from management, providing employees with an anonymous feedback channel. The overall results have been presented to the board.

Sick leave was in total 582 days in 2019, which equals 1.5% of work hours. The board considers this to be satisfactory and no special measures are taken. The working environment in Pexip is good, and during 2019 there have been no accidents or injuries related to the operations.

At the end of the year, the parent company had no employees.

Environment

Reducing both Pexip's and our customers' impact on the environment is an important focus for Pexip and the Board, and it will become even more important in the future. The board considers Pexip's operations to have an overall positive effect on the global environment. Contributing to the global sustainability agenda is important to Pexip. The group delivers videoconferencing services, which can be used as a substitute for business travel and commuting, thereby reducing carbon emission and improving the environment. The group's software also allows enterprises to increase the lifetime of their technical equipment through interoperability, giving the opportunity to reduce e-waste. The group only produces software and software-as-a-service and does not use products or materials which are harmful to the natural environment in the production of its services. Pexip uses waste sorting and recycling schemes for supplies and materials.

Allocation of Net Profit in the Parent Company

Pexip has a strategy for growth and has several attractive investment opportunities available to it. The group reinvests its growth in revenues to seize these opportunities and does not have a policy to distribute an annual dividend in the medium-term.

The loss for the year of Pexip Holding AS of NOK -185 336 has been allocated in its entirety to other equity.

Outlook and Events after end of 2019

No events have occurred after year-end which have a material impact on the 2019 accounts. Activity into 2020 has been good, and cash flow from operations has been as expected. The group is well positioned to generate increasing revenue and operating profits for the year.

The board is continuously evaluating if further investments are needed to enable the group to grow at a faster pace and capture more of the available growth opportunities. As part of this evaluation the board decided at the end of 2019 to take steps towards listing the parent company on a public stock exchange. This will benefit the group by adding additional capital for investments and increase the overall market awareness for the group, in addition to giving investors access to a more liquid market.

Oslo, 11 March 2020

Michel Sagen
Chairman of the Board

Odd Sverre Østlie
CEO

Per Haug Kogstad
Board Member

John Wylie
Board Member

Håkon Dahle
Board Member

Tom Erik Lia
Board Member

Kjell Skappel
Board Member

Aril Resen
Board Member

Financial Statements

Consolidated statement of profit or loss

(NOK 1.000)	Note	Year ended 31 December 2019	2018
Revenue	3	**369 954**	215 037
Cost of sale		**18 779**	7 661
Salary and personnel expenses	4,23,24	**190 234**	119 315
Other operating expenses	5	**84 611**	55 716
EBITDA		**76 330**	32 346
Depreciation and amortization	9,10,12	**44 470**	14 494
Operating profit or loss		**31 860**	17 852
Financial income	6	**14 897**	9 038
Financial expenses	6	**-30 093**	-12 172
Financial income/(expenses) - net		**-15 196**	-3 134
Profit or loss before income tax		**16 664**	14 718
Income tax expense	7	**4 427**	-24 002
Profit or loss for the year		**12 237**	38 719
Profit or loss is attributable to:			
Owners of Pexip Holding AS		**12 237**	38 719
Earnings per share			
Basic earnings per share	8	**0,15**	0,60
Diluted earnings per share	8	**0,15**	0,59

Consolidated statement of other comprehensive income

(NOK 1.000)	Note	Year ended 31 December 2019	2018
Profit or loss for the year		**12 237**	38 719
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**35**	-1 114
Total comprehensive income for the year		**12 272**	37 606
Total comprehensive income is attributable to:			
Owners of Pexip Holding AS		**12 272**	37 606

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

ASSETS

(NOK 1.000)	Note	31.12.2019	31.12.2018	01.01.2018
Non-current assets				
Property, plant and equipment	3,9	**7 201**	3 317	2 016
Right-of-use assets	3,10	**52 419**	10 070	10 902
Goodwill	11	**598 998**	598 998	-
Other intangible assets	3,12	**101 783**	110 356	9 789
Deferred tax asset	7	**27 553**	27 348	18 225
Contract costs	3,18	**74 235**	41 433	22 341
Receivables	4,13,19	**1 715**	1 628	2 575
Other assets		**-**	206	-
Total non-current assets		**863 905**	793 356	65 848
Current assets				
Trade and other receivables	4,13,19	**105 552**	77 448	52 244
Contract assets	18	**14 015**	8 164	7 664
Other current assets	14	**11 098**	9 093	7 070
Cash and cash equivalents	15,19	**75 515**	59 421	29 489
Total current assets		**206 179**	154 125	96 467
TOTAL ASSETS		**1 070 085**	947 481	162 315

EQUITY AND LIABILITIES

(NOK 1.000)	Note	31.12.2019	31.12.2018	01.01.2018
Equity				
Share capital	16	**799**	795	611
Share capital increase not registered	16	**399**	-	-
Share premium		**860 073**	856 568	90 302
Other equity		**-37 194**	-58 389	-39 083
Total equity		**824 077**	798 975	51 830
Non-current liabilities				
Borrowings	17,19	**8 500**	6 000	7 500
Lease liabilities	10,19	**45 464**	7 084	7 642
Derivative financial liability	19, 21, 30	**-**	60 784	54 384
Total non-current liabilities		**53 964**	73 869	69 526
Current liabilities				
Trade and other payables	19	**51 075**	36 285	22 856
Contract liabilities	18	**47 880**	28 133	14 302
Current tax liabilities	7	**3 781**	279	41
Borrowings	17,19	**2 500**	6 500	500
Derivative financial liability	19, 21, 30	**76 784**	-	-
Lease liabilities	10,19	**10 024**	3 441	3 260
Total current liabilities		**192 044**	74 638	40 959
Total liabilities		**246 008**	148 507	110 485
TOTAL EQUITY AND LIABILITIES		**1 070 085**	947 481	162 315

The notes are an integral part of these consolidated financial statements.
The financial statements were authorized for issue by the Board of Directors on 11 March 2020.

Michel Sagen
Chairman of the Board

Odd Sverre Østlie
CEO

Per Haug Kogstad
Board Member

Håkon Dahle
Board Member

Kjell Skappel
Board Member

Aril Resen
Board Member

Tom Erik Lia
Board Member

John Malcolm Rodney Wylie
Board Member

Consolidated statement of changes in equity

(NOK 1.000)	Note	Share capital	Share capital not registered	Share premium	Translation differences	Retained earnings	Total equity
Balance at 1 January 2018		611		90 302	-	-39 083	51 830
Profit or loss for the year						38 719	38 719
Currency translation differences					-1 114		-1 114
Merger	16	184		766 267		-62 133	704 317
Share-based payments	24					5 222	5 222
Balance at 31 December 2018		**795**	**-**	**856 568**	**-1 114**	**-57 275**	**798 975**
Profit or loss for the year						12 237	12 237
Currency translation differences					35		35
Contribution of equity net of transaction costs		4		3 504			3 508
Increase in par value of shares			399			-399	-
Share-based payments	24					9 321	9 321
Balance at 31 December 2019		**799**	**399**	**860 073**	**-1 078**	**-36 116**	**824 077**

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(NOK 1.000)	Note	Year ended 31 December 2019	2018
Cash flow from operating activities			
Profit or loss before income tax		**16 664**	14 718
Adjustments for			
Depreciation, amortization and net impairment losses	9,10,12	**44 470**	14 494
Non-cash - share based payments	24	**9 321**	5 222
Fair value adjustment to derivatives		**16 000**	6 400
Interest income/expenses - net		**2 821**	1 267
Net exchange differences		**-1 510**	-1 769
Change in operating assets and liabilities			
Change in trade, other receivables and other assets		**-65 010**	-35 279
Change in trade, other payables and contract liabilities		**34 537**	15 305
Interest received	6	**466**	396
Income taxes paid		**-279**	-41
Net cash inflow/outflow from operating activities		**57 480**	20 713
Cash flow from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		**-**	23 968
Payment for property, plant and equipment	9	**-6 369**	-1 661
Payment of software development cost	12	**-28 729**	-5 332
Net cash inflow/outflow from investing activities		**-35 098**	16 975
Cash flow from financing activities			
Proceeds from issuance of ordinary shares		**3 508**	1 676
Proceeds from borrowings	17,20	**5 000**	-
Repayment of borrowings	17,20	**-6 500**	-5 500
Principal element of lease payments	10,20	**-5 334**	-2 760
Interest paid	6	**-3 286**	-1 664
Net cash inflow/outflow from financing activities		**-6 612**	-8 248
Net increase/(decrease) in cash and cash equivalents		**15 770**	29 441
Cash and cash equivalents 1 January		**59 421**	29 489
Effects of exchange rate changes on cash and cash equivalents		**324**	491
Cash and cash equivalents 31 December	15	**75 515**	59 421

The notes are an integral part of these consolidated financial statements.

Note 1. General

Pexip Holding AS is the parent company in the Pexip Group. The Group includes the parent company Pexip Holding and its wholly owned subsidiary Pexip AS, which have the wholly owned subsidiaries Pexip Inc, Pexip Ltd and Videxio Asia Pacific Ltd. The Group`s head office is located at Lilleakerveien 2a, 0283 OSLO, Norway.

Pexip is a global technology company that delivers a leading, end-to-end video conferencing platform and digital infrastructure. Pexip offers both self-hosted software application and as-a-service deployment options for enterprise video conferencing, built on Pexip's proprietary Infinity technology. Both offerings are delivered as a recurring subscription-based model.

The consolidated financial statements of Pexip Holding AS and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 11 March 2020.

1.1 Adoption of new and revised accounting standards

IFRS 16 Leases shall be applied for annual reporting periods beginning on or after 1 January 2019. As this is the group's first financial statements in accordance with IFRS, IFRS 16 is adopted with effect for the opening balance as of 1 January 2018. Refer to note 31 for more information about the impact of the transition to IFRS.

1.1.2 New and revised IFRS standards in issue but not yet effective

The Group has not applied the following revised standards, which have been issued by the IASB and not yet been endorsed by the EU:

Amendments to IFRS 3 Business combinations	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The Group does not expect that the adoption of these Standards will have a material impact on the financial statements in future periods.

1.1.3 Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

1.1.4 Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

1.1.5 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Note 2. Accounting principles

2.1 Basis for preparation

The financial accounts for Pexip Holding AS “the Parent company” together with its subsidiary Pexip AS, and its wholly-owned and controlled subsidiaries, together called “the Group” have been prepared in accordance with International Financial Reporting Standards as adopted by the EU(IFRS), relevant interpretations, and the Norwegian Accounting Act.

For all periods up to and including the year ended 31 December 2018, the Group prepared its financial statements in accordance with Norwegian generally accepted accounting principles (Norwegian GAAP). These financial statements for the year ended 31 December 2019 are the first the Group has prepared in accordance with IFRS. Refer to Note 31 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except where IFRS explicitly requires use of other values.

As the Parent company has NOK as its functional currency, the financial accounts are presented in NOK, rounded off to the nearest thousand, if nothing else is noted. As a result of the rounding differences, it is possible that amounts and percentages do not add up to the total.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of 31 December 2019.

Control is established when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation is done using the acquisition method and begins when control over the subsidiary is obtained. The consolidation stops when the control ceases.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of significant accounting policies

2.3.1 Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

On the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except for:

- Deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 - Income taxes.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with IFRS 2 at the acquisition date.
- the value of a reacquired right is recognised as an intangible asset based in the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value.

Acquisition-related costs are recognised in profit or loss as incurred.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as financial liabilities are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising in a business combination is not amortised. Initially, goodwill is recognised at cost. Subsequently, goodwill is measured at cost less accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The carrying amount of goodwill is tested for impairment at least annually. Impairment losses are recognised directly in profit for the year and are not subsequently reversed.

2.3.2 Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are generally recognised in profit or loss.
Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.)

Group companies

The Group’s presentation currency is NOK. The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

2.3.3 Significant accounting judgements, estimates and assumptions

Judgements
In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has one lease contract for the US office that includes an extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option.

The Group has not included the renewal period as part of the lease term for the lease of the office as the options is not reasonably certain to be exercised. Refer to note 10 for information on potential future rental payments relating to periods following the exercise date of the extension option that is not included in the lease term.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Share-based payments
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black-Scholes-Merton option pricing model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 24.

Deferred tax assets from tax losses
The Group has recognised deferred tax assets from tax losses in the US (NOK 16.6 million) and in the UK (NOK 15.2 million). The amount of deferred tax assets is based on management estimation about future recoverability of these tax losses. Refer to note 7 for further disclosures.

Fair value of financial derivative liability
The fair value of the Group's financial derivative liabilities cannot be measured based on quoted prices in active markets, and a degree of judgement is required in establishing fair values. Refer to note 21 for information about input used and a sensitivity analysis for the estimate.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Business combinations – fair value of assets acquired, liabilities assumed and allocation of excess value
Refer to note 27 for information about the business combination.

2.3.4 Current versus non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.5 Revenue from contracts with customers

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue from sale of software licenses
Infinity software licenses are classified as software licences where the customer is provided with a right to use the software as it exists when made available to the customer. Revenue from distinct software licenses is recognised at the point in time when the software is made available to the customer and the right to use the software has commenced. The majority of the Infinity license agreements with customers are annual contracts. Invoices are generated when the license key is made available to the customers (at a point in time) and most invoices are payable within 30 days.

Revenue from sale of cloud services
Cloud service licenses, "software as a service", entitle the customers to use the Pexip software together with the Group's IP and production network over the contract period. Revenues from sale of Cloud Services are recognised over time on a straight-line basis over the license period. Approximately 60% of the Cloud service license agreements with customers are monthly ongoing contracts, the rest are mainly yearly contracts. Invoices are generated on a monthly or yearly basis and most invoices are payable within 30 days.

Partner fees

The Group has a partner program that provides the partner with the right to sell The Group's services. The partner receives support, training and access to the service, and the performance obligations related to partner fees are satisfied on an ongoing basis. Revenue related to partner fees are thus recognised on a linear basis over time.

The majority of the partner fees are invoices as are annual agreements. Invoices are generated at contract inception and payable within 30 days.

Revenue from the sale of support and maintenance

The Group offers support and maintenance services to its customers. For services related to the Infinity Licences, the performance obligations related to support and maintenance are satisfied on an ongoing basis, and revenue related to the sales of services are thus recognised on a linear basis over time.

The majority of maintenance and support agreements are related to the license period. Proof of concept (POC) is a professional service offered with a duration up to 6 months. The Group also has customers with service contracts of 1-3 months. Revenues related to the sale of services are recognised on a linear basis over time.

Transaction price

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract balances

Contract balances consist of client-related assets and liabilities. Contract assets relate to consideration for work complete, but not yet invoiced at the reporting date. The contract assets are transferred to trade receivables when the right to payment has become unconditional, which usually occurs when invoices are issued to the customers.

When a client pays consideration in advance, or an amount of consideration is due contrac-tually before transferring of the license or ser¬vice, then the amount received in advance presented as a liability. Contract liabilities rep¬resent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses and services.

Contract assets are within the scope of impairment requirements in IFRS 9. For con¬tract assets the simplified approach is applied, and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

Costs of obtaining or fulfilling contracts with customers

The Group pays sales commission to its employees based on actual sales. Commissions that are incremental costs of obtaining a contract with a customer are recognised as an asset if the costs are expected to be recovered. Subsequently, the asset is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. This is usually the expected total contract period and includes expected renewals. The expected contract period is approximately 8 years for Infinity licenses and approximately 7 years for Cloud services.

2.3.6 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

2.3.7 Share-based payment transactions

The Group provides incentives to employees in the form of equity-settled share-based instruments. The Company has two kinds of incentive programs which are share-based programs for employees and for management and key employees.

Equity-settled share options are measured at fair value at grant date and recognised in the income statement under salary and personnel expenses over the period in which the final right of the options vest. The balancing item is recognised directly in equity.

On initial recognition of share options, the number of options expected to vest at expiry is estimated. Subsequently the estimated number of vested options is revised for changes, so that the total recognition is based on the actual number of vested options.
The fair value of the options granted is estimated using the Black-Scholes model with the parameters stated in Note 24.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 8).

Share-based payment transactions of the acquiree in a business combination

In the 2018 business combination, the Group mandatorily issued replacement awards to employees of the acquiree. When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

2.3.8 Other intangible assets

Intangible assets other than goodwill acquired separately are measured on initial recognition at cost. Other intangible assets include software, trademarks and client contracts. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation expense is recognised in the statement of profit or loss. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes on estimates being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The estimated useful lives of intangible assets are as follows:

- Software: 5 years
- Client contracts: 5 years
- Trademarks: 5 years

Research and development costs

Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, management has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated and the cost can be measured reliably. The assets are amortised over their expected useful life once the assets are available for use. During the period of development, the asset is tested for impairment annually. Development costs that do not meet the criteria for capitalisation are expensed as incurred.

2.3.9 Property, plant and equipment

Tangible assets are recorded at historical cost less accumulated depreciation and possible impairment. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset, which are as follows:

- Land and buildings: 5 years
- Plant and machinery: 3 to 5 years
- Fittings and fixtures: 3 to 5 years

Gains or losses on disposal of tangible assets are included in the statement of profit or loss. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.10 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. For arrangements entered into prior to 1 January 2018, the date of inception is deemed to be 1 January 2018 in accordance with IFRS 1 First-time Adoption of International Reporting Standards.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The Group presents interest expense on lease liabilities under finance expenses and the depreciation charge on the right-of-use asset under depreciation and amortisation in the statement of profit and loss.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings: 2-10 years
- Equipment: 3-5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *2.3.11 Impairment of intangible assets and property, plant and equipment.*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

At the commencement date, the Group assesses whether they are reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. This assessment is reflected in the initial measurement of the lease contract.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The lease liability and right-of-use asset are presented as separate lines in the consolidated statement of financial position.

2.3.11 Impairment of intangible assets and property, plant and equipment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that have historically been impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Disclosures relating to impairment testing are found in *Note 11.*

2.3.12 Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences, and for unused tax losses.

Current income tax

The current income tax charge is calculated based on the tax laws enacted, or substantively enacted, at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period, and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise the temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity.

2.3.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs.

For purpose of subsequent measurement, the Group has classified its financial instruments as either measured at amortised cost or at fair value through profit or loss. The classification depends on the Group's business model for managing them and the contractual cash-flow characteristics of the instrument.

Financial liabilities subsequently measured at fair value through profit or loss include the line item Derivative financial liability in the statement of financial position. Derivative financial liabilities are measured at fair value at the end of each reporting period and the gains or losses arising from the change in fair value are recognised in the statement of profit or loss.

Financial assets at amortised cost are financial assets held to collect the contractual cash-flow and where the cash-flows are solely payment of principal and interest on the outstanding principal. The category is included in the consolidated statement of financial position financial line items Trade and other receivables (current and non-current), Other assets, Other current assets and Cash and cash equivalents. Non-current assets are measured at amortised cost using the effective interest method, reduced by any impairment loss. The carrying amounts of line items classified as current are assumed to be the same as their fair values, due to their short-term nature. Short-term loans and receivables are for practical reasons not amortised, unless the effect is material.

The category financial liabilities at amortised cost is included in the consolidated statement of financial position line items Borrowings (current and non-current), and Trade and other payables. Non-current financial liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in the income statement as financial expenses. Current items in the category are for practical reasons not amortised, unless the effect is material.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. Any rights and obligations created or retained in such a transfer are recognised separately as assets or liabilities.

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments is based on quoted prices as at the balance sheet date in an active market, if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value.

Financial instruments measured at fair value are classified according to the valuation method:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Valuation based on inputs for the asset or liability that are unobservable market data.
If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Changes in fair value are presented in profit or loss in the line item Financial expenses.

2.3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

2.3.15 Cash flow statement

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest paid is classified as cash flows from financing activities and interest received as cash flows from operating activities.

2.3.16 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 3 - Revenue and segment information (NOK 1.000)

The Group has one segment, sale of collaboration services. The market for Pexip's software and services is global. The chief decision maker will therefore follow up revenue and profitability on a global basis. This is consistent with the internal reporting submitted to the chief operating decision maker, defined as the Management Group. The Management Group is responsible for allocating resources and assessing performance as well as making strategic decisions.

Principles of revenue recognition are stated in accounting principles to consolidated financial statements, section 2.3.5 Revenue from contracts with customers.

Disaggregation of revenue
In the following table, revenue is disaggregated by primary service line, geography and timing of revenue recognition. In presenting the geographic information, revenue has been based on the geographic location of customers.

Year ended 31 December 2019

	EMEA	Americas	APAC	Total
Cloud services	68 010	27 628	6 086	101 724
Infinity	121 333	96 484	50 413	268 230
Total revenue	189 343	124 112	56 499	369 954

Year ended 31 December 2018

	EMEA	Americas	APAC	Total
Cloud services	10 202	4 280	834	15 316
Infinity	94 970	73 379	31 372	199 721
Total revenue	105 172	77 659	32 206	215 037

	2019	2018
Timing of revenue recognition	225 756	15 316
Products and services transferred at a point in time	144 198	199 721
Products and services transferred over time	369 954	215 037

Information about major customers

The Group conducts its sales through channel partners. No channel partner represent more than 10% of the Group's revenue. Of the Group's total channel partner base as at 31 December 2019, the five largest represent approximately 27% (25% in 2018) of total revenue in 2019, and the ten largest represent approximately 41% (40% in 2018) of total revenue.

Information about share of recurring revenue from own products

Recurrring revenue from own products is defined as revenue from time-limited contracts where the purchase is recurring in nature. Revenue from time-limited software subscriptions and related mandatory maintenance contracts are considered recurring. Revenue from third-party software licences, perpetual software-licences and project-based professional services, such as a customer-specific proof-of-concept project or installation project, are considered non-recurring. For 2019, 97% of revenue was recurring revenue from own products vs 98% in 2018.

Non-current assets

The following geographic information of non-current assets is based on the geographic location of the assets.

	31.12.2019	31.12.2018	01.01.2018
Norway	183 760	133 245	22 721
Europe (other than Norway)	12 182	9 609	8 123
Americas	39 589	21 999	13 664
APAC	108	324	539
Total non-current operating assets	**235 638**	**165 176**	**45 047**

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, other intangible assets and contract costs.

Note 4 - Salary and personnel expense and management remuneration NOK (1.000)

	2019	2018
Wages and salaries	152 899	91 396
Social security tax	20 027	8 441
Commission employees	8 606	5 140
Share-based payment expense (note 24)	9 321	5 222
Pension costs (note 23)	4 703	2 842
Other personnel cost	14 725	11 089
Salary cost capitalised	-20 047	-4 815
Total	**190 234**	**119 315**
Average number of employees during the year	176	146

Loan to employees
The Group provided unsecured loans to employees of NOK 268 thousand at 31 December 2019 (2018: NOK 522 thousand). The repayment schedule is 2 years and the interest rate is 2%.

Management remuneration
The Group Management consists of members of the Board, CEO and the rest of C-level management.

Year ended 31 December 2019

	Salary	Bonus and other remuneration	Pension cost	Share-based payments[1]	Total remuneration
Odd Sverre Østlie (CEO)	1 843	539	55	914	3 351
Linda Christin Hoff (CFO)[2]	1 435	103	55	160	1 753
Michel Sagen (COO and member of the Board)[4]	1 396	310	55	-	1 761
Tom Erik Lia (CCO and member of the Board)	1 305	440	55	193	1 994
Giles Chamberlin (CTO)	1 634	221	175	193	2 223
Øystein Hem (CFO)[3]	1 123	390	55	321	1 889
Total remuneration	8 736	2 004	449	1 781	12 970

Year ended 31 December 2018

	Salary	Bonus and other remuneration	Pension cost	Share-based payments[1]	Total remuneration
Odd Sverre Østlie (CEO)	1 362	444	52	931	2 790
Linda Christin Hoff (CFO)	1 315	107	53	290	1 765
Michel Sagen (COO and member of the Board)	1 215	4	22	-	1 241
Tom Erik Lia (CCO and member of the Board)	1 215	4	22	-	1 241
Håkon Dahle (CTO and member of the Board)[5]	1 244	199	51	-	1 494
Giles Chamberlin (CTO)	1 578	326	93	-	1 997
Total remuneration	**7 929**	**1 085**	**293**	**1 221**	**10 528**

1) Share-based payment refers to the expense recognised in the financial statement.
2) Linda Christin Hoff changed role from CFO to financial advisor during June 2019.
3) Øystein Hem changed role from VP Strategy to CFO during June 2019.
4) Michel Sagen assumed the role of Chairman of the Board from 1 January 2020.
5) Håkon Dahle was employed until October 2018.

Bonus agreements and severance pay

There is a a bonus scheme for Group Management based on development in annual recurring revenue (ARR) and cash flow. The bonuses to management are based on Group performance. Group Management are comprised by the ordinary pension schemes of the group (refer to note 23) and no additional pension scheme for management is in place. There has been no severance payments in 2019.

Remuneration to board of directors in the parent company

The annual board remuneration amounted to NOK 0 (NOK 0 in 2018).

Share option plan

The Group has share-based payment programs to employees. The share option plan is further presented in note 24. Below is an overview of management share options:

	2019 Weighted average exercise price	2019 Number	2018 Weighted average exercise price	2018 Number
Outstanding 1 January	21,46	855 000	14,50	125 000
Granted	38,00	960 000	22,66	730 000
Forfeited	14,50	-62 500	-	-
Exercised	14,50	-65 000	-	-
Oustanding 31 December	**31,40**	**1 687 500**	**21,46**	**855 000**

Of the management options outstanding 31 December 2019, 197.500 expire in 2023, the rest have no expiry date.

Note 5 - Other operating expenses (NOK 1.000)

	2019	2018
Sales and marketing	28 591	14 580
Computers and software	18 691	11 455
Fees for external services	17 845	11 220
Travel expenses	16 919	10 196
Other operating expenses	2 566	8 265
Total	**84 611**	**55 716**

Auditor's fees

The remuneration breakdown (excl. VAT) paid to the group's auditor is as follows:

	2019	2018
Statutory audit	1 022	576
Other certification services	72	325
Tax advisory services	98	57
Other services	417	75
Total	**1 608**	**1 033**

Note 6 - Financial Income and expenses (NOK 1.000)

	2019	2018
Interest income	466	396
Exchange gains	14 431	8 547
Other financial income	-	95
Financial income	**14 897**	**9 038**
Interest expense	-1 323	-1 185
Interest expense on lease liabilities (note 10)	-1 963	-479
Exchange losses	-9 642	-3 579
Other financial expenses	-1 165	-530
Fair value adjustments on derivative financial liabilities (note 19)	-16 000	-6 400
Financial expenses	**-30 093**	**-12 172**
Net financial income(expense)	-15 196	-3 134

Note 7 - Income tax expense (NOK 1.000)

Specification of income tax expense:	2019	2018
Current tax on profits for the year	3 827	208
Changes in deferred tax	2 775	-18 936
Adjustments for current tax of prior periods	222	71
Effect of changes in tax rules and rates	-2 396	-5 345
Tax on profit/(loss)	**4 427**	**-24 002**

Reconciliation from nominal to effective income tax rate:	2019	2018
Profit/(loss) before tax	16 664	14 718
Estimated income tax according to nominal tax rate of 22 % (2018: 23 %)	3 666	3 385
Effect from different tax rate in other countries	-148	-456
Effect of changes in tax rules and rates	-2 396	-5 345
The tax effect of the following items:		
Net income before the merger date	-	-2 374
Non-deductible expenses	4 737	2 490
Non-taxable income	-934	-824
Share-based payment expenses	2 051	1 201
Change in unrecognised deferred tax assets	-	-22 147
Adjustments for prior period tax	-1 750	-
Other items	-798	69
Income tax expense	**4 427**	**-24 002**
Effective income tax rate	27%	-163%

Changes in tax rate
In accordance with the tax agreement in the Norwegian Parliament the tax rate was reduced from 23% in 2018 to 22% in 2019. The net deferred tax asset was revalued at 31 December 2018 and NOK 5.4 million was recognised as a negative tax expense in 2018.

The tax rate for the US business changed in 2019 due to a merger between two subsidiaries and changes in state tax in the US. The tax rate for US business is 26.35% in 2019 (2018: 23.30% and 25.74%). The net deferred tax asset was revalued at 1 January 2019 and NOK 2.4 million was recognised as a negative tax expense in 2019.

The UK Government has announced that the Corporation Tax main rate will be reduced from 19% in 2019 to 17% effective for the year starting 1 April 2020. It had previously announced in the 2015 Finance Act that the rate would be set to 18% for the year starting 1 April 2020. A new budget is expected in March 2020 and the reduction to 17% is anticipated to be reversed and will either revert to 19% or be set at 18% as announced in the 2015 Finance Act. Due to the uncertainty at the reporting date, the Management Group has used the tax rate of 18% at the end of the reporting period for calculation of deferred tax.

Deferred tax balances:	31.12.2019	31.12.2018	01.01.2018
Deferred tax assets:			
Tax losses	31 815	31 197	32 815
Tangible and intangible assets	8 314	26	12 761
Receivables	613	9 115	614
Contract liabilities	29 654	3 449	14 122
Current liabilities	11 587	14 102	6 756
Other	366	101	-
Set-off tax	-54 796	-30 641	-26 156
Net deferred tax assets after set-off	27 553	27 348	40 912
Unrecognised deferred tax assets	-	-	-22 687
Net deferred tax assets	**27 553**	**27 348**	**18 225**
Deferred tax liabilities:			
Tangible and intangible assets	4 121	8 547	872
Current assets	16 284	7 532	3 167
Contract liabilties	34 391	10 292	20 110
Other differences	-	4 271	2 007
Set-off tax	-54 796	-30 641	-26 156
Net deferred tax liabilities	-	-	-

Utilisation of taxable temporary differences are assessed by taxation authority and by taxable entity if the temporary differences can't be utilised across different entities within the same taxation authority. As of 31 December 2019 and 2018 a deferred tax asset is recognised for all the individual taxation authorities where the Group conduct business.

The deferred tax asset is included in the balance sheet based on an assessment of the probability that sufficient taxable profit will be available in the future to allow the deferred tax asset to be utilised.

Deferred tax assets on tax losses arising in the US and UK in total NOK 31.8 million as at 31 December 2019 (Norway, US and UK in 2018: NOK 31.2 million) have been recognised base on the same assessment of the probability for sufficient taxable profit in the future.

At the beginning of 2018 only deferred tax asset originating from the Norwegian business was fully recognised. Later in 2018, but before the merger (business combination) management assessed that sufficient taxable profits in future periods would be available to utilize the potential deferred tax asset in UK and it was fully recognised. After the merger in 2018 the same assessment was made for the US operation, now including the acquired business in US as well as the pre-merger operated US business. As a consequence of this a tax asset of NOK 5.3 million originating from losses carried forward in the US part of the acquired business was recognised.

Tax losses carried forward	31.12.2019	31.12.2018	01.01.2018
Expire (2033 and forward)	60 741	60 111	43 644
Never expires	86 752	86 981	113 621
Total tax losses carried forward	147 493	147 092	157 266
Tax losses for which deferred tax asset is recognised	147 493	147 092	26 442
Tax losses for which no deferred tax asset is recognised	-	-	130 823
Potential tax benefit	-	-	25 729

Tax losses incurred in the US after 1 January 2018 do not expire, but are limited to 80% usage in one year. Tax losses carried forward from the US business with no expiration date amount to NOK 2.3 million at 31 December 2019. The expiring tax losses have priority over the never-expiring losses and are used earliest-first.

Note 8 - Earnings per share (NOK 1.000)

Earnings	2019	2018
Earnings for the purpose of basic earnings per share being net profit attributable to the owners of the company	12 237	38 719
Effect of dilutive potential ordinary shares	0	0
Earnings for the purpose of diluted earnings per share	**12 237**	**38 719**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	79 614 472	64 670 217
Effect of dilutive potential ordinary shares:		
Share options	1 124 520	946 491
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**80 738 992**	**65 616 708**
Earnings per share		
Basic earnings per share	0,15	0,60
Diluted earnings per share	0,15	0,59

Overview of outstanding share options	31.12.2019	31.12.2018
Share-based payments awards (refer to note 24)	6 740 432	3 471 384
Option over own equity instruments (refer to note 21)	1 600 002	1 600 002
Total options outstanding	8 340 434	5 071 386

Dilutive potential ordinary shares of 1.124.520 for 2019 (2018: 946.491) differs from total outstanding options at 31 December 2019 (and 31 December 2018). The main reasons for this is that potential ordinary shares used to calulated diluted earnings per share are a weighted average for the year, the use of the treasury method when calculating dilutive potential ordinary shares and that the options over own equity instruments are anti-dilutive.

Note 9 - Property, plant & equipment (NOK 1.000)

	Plant and machinery	Fittings and fixtures	Total
Acquisition cost 1 January 2018	-	5 857	5 857
Additions	263	1 398	1 661
Disposals	-	-2 575	-2 575
Acquisition through business combination (note 27)	749	-	749
Transfers and reclassifications	680	-680	-
Exchange differences	42	28	70
Acquisition cost 31 December 2018	**1 734**	**4 028**	**5 762**
Additions	2 167	4 202	6 369
Disposals	-	-73	-73
Exchange differences	14	111	124
Acquisition cost 31 December 2019	**3 915**	**8 267**	**12 182**
Accumulated depreciation and impairment losses 1 January 2018		3 841	3 841
Disposals	-	-2 583	-2 583
Transfers and reclassifications	113	-113	
Depreciation for the period	312	846	1 158
Exchange differences	16	14	30
Accumulated depreciation and impairment losses 31 December 2018	**441**	**2 004**	**2 445**
Disposals	-	-73	-73
Depreciation for the period	842	1 698	2 540
Exchange differences	9	60	69
Accumulated depreciation and impairment losses 31 December 2019	**1 292**	**3 689**	**4 981**
Carrying value at 1 January 2018	-	2 016	2 016
Carrying value at 31 December 2018	1 293	2 023	3 317
Carrying value at 31 December 2019	2 623	4 578	7 201

Estimated useful life and depreciation plan is as follows:		
Useful life	3 - 5 years	3 - 5 years
Depreciation plan	Linear	Linear

The right-of-use asset is presented separately in note 10 - Leases.
Property, plant and equipment is pledged as security for liabilities, refer to note 17 - Borrowings.

Note 10 - Leases (NOK 1.000)

Set out below are the carrying amount of right-of-use assets recognised and the movements during the period:

	Land and Buildings	Plant and machinery	Total
As at 1 January 2018	10 902	-	10 902
Acquisition through business combination (note 27)	-	2 383	2 383
Depreciation expense	-3 302	-136	-3 438
Exchange differences	223	-	223
As at 31 December 2018	7 822	2 248	10 070
Additions	50 196	101	50 297
Depreciation expense	-7 962	-302	-8 263
Exchange differences	315	-	315
As at 31 December 2019	**50 372**	2 047	52 419
Lower of remaining lease term or useful life	2-10 years	3-5 years	
Depreciation method	Linear	Linear	

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019	2018
As at 1 January	10 525	10 902
Additions	50 297	-
Acquisition through business combination (note 27)	-	2 383
Principal element of lease payments	-5 334	-2 760
Exchange differences	-	-
As at 31 December	55 488	10 525

Maturity analysis of lease liabilities	31.12.2019	31.12.2018	01.01.2018
Less than 6 months	5 091	1 832	1 598
6-12 months	5 134	1 695	1 748
1-2 years	9 964	3 180	2 724
2-5 years	21 607	4 725	5 955
Over 5 years	21 193	-	-
Total face value	**62 990**	**11 432**	**12 026**
Carrying amount	**55 488**	**10 525**	**10 902**
Current	10 024	3 441	3 260
Non-current	45 464	7 084	7 642

The following are the amounts recognised in profit or loss:

	2019	2018
Depreciation expense for the right-of-use asset	8 263	3 438
Interest expense on lease liabilities	1 963	479
Exchange difference (included in OCI)	-142	-223
Exchange difference (included in financial income)	-173	-
Expense related to short-term leases (included in other operating expenses)	381	268
Total amount recognised in profit or loss	10 291	3 962

The Group had total cash outflows for leases of NOK 7.8 million in 2019 (NOK 3.5 million in 2018).

Extension and purchase options

The Group's lease of lands and buildings have lease terms that vary from 2 years to 10 years, and some agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement date whether it is reasonably certain to exercise the renewal right. The Group's potential future lease payments not included in the lease liabilities related to extension options is NOK 1 million (gross) at 31 December 2019.

The Group leases plant and machinery with lease terms of 3 to 5 years. Some of these contracts includes a right to purchase the assets at the end of the contract term. The Group assesses at the commencement date whether it is reasonably certain to exercise the purchase option. The Group has assessed that all the purchase options will be exerise and there are no potential future lease payments not included in the lease liabilities related to purchase options at 31 December 2019.

Note 11 - Goodwill (NOK 1.000)

	Goodwill
Acquisition cost 1 January 2018	-
Acquisition through business combination (note 27)	598 998
Acquisition cost 31 December 2018	598 998
Acquisition cost 31 December 2019	598 998

Recognised goodwill in the Group amounts to NOK 599 million as of 31 December 2019. Goodwill is derived from the acquisition of Videxio AS which was completed in 2018 (see note 27 - Business Combinations). Goodwill is tested for impairment based on cash flow from the highest level which is the group. Goodwill is tested on the highest level since the synergies stemming from the business combination willl materialize on the group level.

Goodwill is tested for impairment annually, or more frequently if there are indications that goodwill might be impaired. Testing was most recently conducted in December 2019. The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax, using a discount rate reflecting the timing of the cash flows and the expected risk.

Revenue development and operating profits is estimated based on past performance, as well as managements expectations for the years 2021 to 2024. The expectations for the overall economic conditions and market outlook are in line with industry analysts, expecting continued strong growth within the collaboration market. Capital investments and depreciation are estimated to be in line with historic values relative to revenues.

Cash flows were discounted to a weighted average cost of capital (WACC) corresponding to 9.89% before taxes. The asset beta is based on average of peer companies in the segment with a small company premium. Risk-free interest rate appplied is the average monthly interest rate for 10-year Norwegian government bonds from 2009 to 2019. The long-term optimal weight of equity of 95% is applied in the calculation of WACC.

Cash flows beyond the five-year forecast period have been extrapolated using a steady 5% per annum growth rate. The collaboration industry are expected to grow significantly faster than the terminal growth rate used in impairment testing. The industry is expected to grow by 15% anually over the forecast period.

Sensitivity analysis

The Group has prepared a sensitivity analysis of the impairment tests to changes in the key assumptions which are terminal growth rate and discount rate. Any reasonably possible changes in the key assumptions would not cause the aggregate carrying amount exceeding the recoverable amount. A sensitivity analysis indicates that goodwill values would be justifiable even if the discount rate were to be raised by three percentage points or if the terminal growth rate were to fall to two percent. Impairment testing has indicated no existing impairment requirements for goodwill.

Note 12 - Intangible assets (NOK 1.000)

	Software	Customer contracts	Patents	Re-aquired rights	Total
Acquisition cost 1 January 2018	35 084	-	-	-	35 084
of which internally generated	*35 084*	-	-	-	*35 084*
Additions *(internally generated)*	5 332	-	-	-	5 332
Acquisition through business combination (note 27)	70 626	30 115	238	5 354	- 106 334
Government grants	-1 200	-	-	-	-1 200
Acquisition cost 31 December 2018	**109 841**	**30 115**	**238**	**5 354**	**145 549**
of which internally generated	*39 215*	-	-		*39 215*
Additions *(internally generated)*	28 729	-	-	-	28 729
Government grants	-3 635	-	-	-	-3 635
Acquisition cost 31 December 2019	**134 935**	**30 115**	**238**	**5 354**	**170 643**
of which internally generated	*64 309*	-	-		*64 309*
Accumulated amortisation and impairment losses 1 January 2018	25 295	-	-	-	25 295
of which internally generated	*25 295*	-	-	-	*25 295*
Amortisation of internally generated assets	5 232	-	-	-	5 232
Amortisation of other assets	2 332	1 150	76	1 108	4 666
Accumulated amortisation and impairment losses 31 December 2018	**32 860**	**1 150**	**76**	**1 108**	**35 194**
of which internally generated	*30 527*	-	-	-	*30 527*
Amortisation of internally generated assets	5 638	-	-	-	5 638
Amortisation of other assets	17 650	6 023	109	4 246	28 028
Accumulated amortisation and impairment losses 31 December 2019	**56 148**	**7 173**	**185**	**5 354**	**68 860**
of which internally generated	*36 165*	-	-	-	*36 165*
Carrying value as at 1 January 2018	**9 789**	**-**	**-**	**-**	**9 789**
of which internally generated	*9 789*	-	-	-	*9 789*
Carrying value as at 31 December 2018	**76 981**	**28 966**	**162**	**4 246**	**110 356**
of which internally generated	*8 688*	-	-	-	*8 688*
Carrying value as at 31 December 2019	**78 787**	**22 942**	**53**	**0**	**101 783**
of which internally generated	*28 144*	-	-	-	*28 144*
Estimated useful life and amortisation plan is as follows:					
Useful life amortisation plan	5 years straight-line	5 years straight-line	5 years straight-line	1 year straight-line	

The development expenditures that do not meet the criteria for capitalisation are recognised as salary and personnel expenses and other operating expenses in profit and loss. The aggregate amount for 2019 is NOK 53.2 million (2018: NOK 38.1 million).

The Group has received government grants related to development of software of NOK 1.2 million in 2018 and NOK 3.6 million in 2019. The grants have been subtracted from the carrying amount of internally generated software.

Note 13 - Trade and other receivables (NOK 1.000)

	31.12.2019	31.12.2018	01.01.2018
Trade receivables	104 669	77 276	51 562
Provisions for bad debt	-3 112	-2 609	-190
Public taxes and funds	3 724	2 679	872
Other current receivables	271	101	-
Total current trade and other receivables	**105 552**	**77 448**	**52 244**
Deposits	1 715	1 628	1 242
Public taxes and funds	-	-	1 334
Total non-current trade and other receivables	**1 715**	**1 628**	**2 575**

Aging of trade receivables	**31.12.2019**	**31.12.2018**	**01.01.2018**
Current and guaranteed 1)	66 303	49 390	38 595
1-30 days past due	9 008	7 242	1 544
31-60 days past due	5 048	3 628	3 732
61-90 days past due	10 224	1 583	1 964
More than 90 days past due	14 086	15 433	5 727
Less provision for bad debt	-3 112	-2 609	-190
Total	**101 557**	**74 667**	**51 372**

1) The Group has a Securitization Facility agreement with Sparebank 1 Factoring. This is a legacy agreement related to the accounts receivables in old Pexip AS. This agreement has been continued for the accounts receivables related to sale of the Infinity products. The amount of receivables covered by the guarantee is NOK 18 milllion at 31 December 2019 (31 Dec 2018: NOK 14.2 million, 1 Jan 2018: NOK 13.6 million). Sparebank 1 Factoring covers 90% of the credit loss for the guaranteed receivables, which amounts to NOK 16.2 million at 31 December 2019 (31 Dec 2018: NOK 12.8 million, 1 Jan 2018: NOK 12.3 million). The Group retains the credit risk for the remaining 10%. Sparebank 1 Factoring finances up to 80% of the accounts receivables which have been accepted as guaranteed. The financing covers NOK 8.8 million (31 Dec 2018: NOK 5.7 million; 1 Jan 2018: NOK 5 million) which is recognised as a reduction in the carrying amount of receivables. The amount of non-financed receivables where Sparebank 1 Factoring retains the credit risk (31 Dec 2019: NOK 7.5 million, 31 Dec 2018: NOK 7.2 million, 1 Jan 2018: NOK 7.3 million) is presented as a current receivable in the table above. The 10% of guaranteed receivables where Pexip retains the credit risk are included in the aging table above together with the non-guaranteed receivables. The Securitization facility has an interest rate based on the 3 months interest rate in the individual currency with the additional margin of 2.95%. In addition Pexip pays a provision on the limit of 0.060% of the granted credit limit per month. The credit limit is NOK 25 million.

Movements in the provision for impairment of trade receivables	**31/12/2019**	**31/12/2018**
Opening balance provision for bad debt as at 1 January	2 609	190
Change in provision for the year	2 213	2 910
Receivables written off during the year	-1 735	-451
Translation differences	26	-41
Closing balance provision for bad debt as at 31 December	**3 112**	**2 609**

Note 14 - Other current assets (NOK 1.000)

	31.12.2019	31.12.2018	01.01.2018
Other prepayments	11 098	8 051	6 124
Other current assets	-	1 042	946
Total	**11 098**	**9 093**	**7 070**

Note 15 - Cash and cash equivalents (NOK 1.000)

	31.12.2019	31.12.2018	01.01.2018
Bank deposits	75 515	59 421	29 489
Cash equivalents	-	-	-
Total cash and cash equivalents	**75 515**	**59 421**	**29 489**

Restricted cash

These deposits are subject to regulatory restrictions and are therefore not available for general use.

	31.12.2019	31.12.2018	01.01.2018
Taxes withheld	3 159	3 038	1 273
Other restricted cash	-	-	-
Total restricted cash	**3 159**	**3 038**	**1 273**

Note 16 - Share capital, shareholder information and dividend (NOK 1.000)

The Parent Company's registered share capital as at 31 December 2019 was NOK 798 683 divided into 79 868 262 ordinary shares with a par value of NOK 0.01. All issued shares have equal voting rights.

The par value of shares was increased to NOK 0.015 at 12 December 2019 as decided by the general meeting. The increase in share capital of NOK 0.4 million was not registrered as at 31 December 2019 and is reclassified from other equity to share capital increase not registered in the statement of financial position.

Development in the number of issued and outstanding shares

	Number of shares (1.000)	Share capital
Outstanding at 1 January 2018	61 068	611
Issued during the year	18 425	184
Outstanding at 31 December 2018	79 493	795
Issued during the year	375	4
Outstanding at 31 December 2019	79 868	799

For capital issued during 2018 related to the business combination, refer to note 27 for more information.

The development in share capital and other paid-in equity is set out in the consolidated statement of changes in equity.

Ownership structure

The 20 largest shareholders as of 31 December 2019:

	Shares	Ownership
STAVANGER VENTURE AS	7 969 716	9,98%
BJØBERG EIENDOM AS	5 058 989	6,33%
TAMORER LTD. ATF WYLIE FAMILY TRUST	5 015 100	6,28%
T.D. VEEN AS	4 323 637	5,41%
PLATAA VENTURE AS	2 905 000	3,64%
VEEN EIENDOM A/S	2 528 213	3,17%
XFILE AS	2 390 000	2,99%
SYNESI AS	2 208 952	2,77%
LIA INVESTMENTS LIMITED	2 183 053	2,73%
SAGEN TELECOM AS	2 138 315	2,68%
HAMACHI AS	2 027 666	2,54%
GILES CHAMBERLIN	1 986 580	2,49%
PEBRIGA AS	1 828 320	2,29%
SIRIUS AS	1 750 873	2,19%
SANDNES INVESTERING AS	1 525 000	1,91%
CITYBANK, N.A.	1 269 004	1,59%
LIKIDA INVEST AS	1 101 747	1,38%
KRISTIANS AND AS	1 035 422	1,30%
RIISALLEEN INVEST AS	1 009 670	1,26%
HANI BANANI AS	804 000	1,01%
Total top 20 shareholders	51 059 257	64%
Others	28 809 005	36%
Total	79 868 262	100%

Number of shares owned directly or indirectly by the Management Group and Board of Directors at 31 December 2019:

	Shares	Ownership
Kjell Skappel (Board Member)	12 293 353	15,39%
Per Haug Kogstad (Board Member)	5 092 989	6,38%
John M.R. Wylie (Board Member)	5 015 100	6,28%
Aril Resen (Board Member)	2 390 000	2,99%
Tom Erik Lia (CCO and Board Member)	2 183 053	2,73%
Michel Sagen (Chairman)	2 138 315	2,68%
Håkon Dahle (Board Member)	2 027 666	2,54%
Giles Chamberlin (CTO)	1 986 580	2,49%
Odd Sverre Østlie (CEO)	150 000	0,19%
Øystein Hem (CFO)	0	0,00%
Total	33 277 056	41,7%

Dividend paid and proposed

Proposed for approval at AGM for financial year 2019 is that no dividend will be paid. No dividend was paid for financial year 2018.

Treasury shares

The Group does not hold any treasury shares.

Note 17 - Borrowings (NOK 1.000)

The Group's interest-bearing liabilities consists of:

			Carrying amount		
	Interest rate	Year of maturity	31.12.2019	31.12.2018	01.01.2018
Loan from Innovasjon Norge	5.45%	2021	500	1 000	1 500
Loan from Innovasjon Norge	5.20%	2024	8 000	5 000	-
Bond loan	See below*	2019	-	-	6 000
Total long-term debt			**8 500**	**6 000**	**7 500**
Loan from Innovasjon Norge	5.45%	2020	500	500	500
Loan from Innovasjon Norge	5.20%	2020	2 000	-	-
Bond loan	See below*	2019	-	6 000	-
Total short-term debt			**2 500**	**6 500**	**500**

*) 3-month NIBOR + 8%

The leasing liabilities are presented separately in note 10 - Leases.

The fair value of external borrowings does not materially differ from the carrying amount since interest payable is close to current market rates.

Pledged as security

The Group's loans to Innovasjon Norge are secured borrowings. The carrying amount of assets pledged as collateral are as follows:

	31.12.2019	31.12.2018	01.01.2018
Property, plant and equipment	7 201	3 317	2 016
Trade receivables	101 557	74 667	51 372
Total	**108 758**	**77 984**	**53 388**

Factoring agreement

The Group has a Securitization Facility agreement with Sparebank 1 Factoring where Sparebank 1 finances parts of the Group's trade receiveables. Refer to note 13 for more information about the agreement.

Note 18 - Contract costs, contract assets and contract liabilities (NOK 1.000)

Contract assets	**2019**	**2018**
Balance at 1 January	8 164	7 664
Additions	11 238	4 450
Reclassifications to accounts recievables	-5 385	-3 950
Balance at 31 December	14 015	8 164

Contract assets are presented as other current assets. Refer to note 14.

Contract liabilities	**2019**	**2018**
Balance at 1 January	28 133	14 302
New contract liabilities	44 193	25 675
Revenue recognised from liability opening balance	-24 446	-11 844
Balance at 31 December	47 880	28 133

For impairment of contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses. The provision matrix is disclosed in Note 21 - Financial risk. In accordance with the provision matrix no loss allowance or impairment is recognised for contract assets in 2019 or 2018.

Significant changes in contract assets and liabilities

Of the contract liabilities as of 31 December 2018 NOK 24.4 (2017: NOK 11.8) has been recognised as revenue in 2019 and 2018 respectively corresponding to 87% (2018: 83%) of the contract liability the preceding year end. The increase of the contract liability in 2018 is mainly due to the merger with Videxio, and the increase in 2019 is due to increase in sales.

Of the contract assets as of 31 December 2018 NOK 5.4 million is reclassified to accounts receivables in 2019 (2018: NOK 3.9 million). Of the remaining NOK 2.8 million of the original NOK 8.1 million, NOK 1.5 million is expected to be reclassified to accounts receivables in 2020 and NOK 1.3 million in 2021.

The definition of contract assets and contract liabilities, together with a description of the relevant accounting principles can be found under the headline Contract balances in the description of the group's accounting principles (section 2.3.5).

Contract costs

The definition of contract costs, together with a description of the relevant accounting principles can be found under the headline Costs of obtaining or fulfilling contracts with customers in the description of the group's accounting principles (section 2.3.5).

In 2019, amortization of contract costs amounting to NOK 7.2 was recognised as part of salary and personnel expenses and NOK 0.9 as cost of sale. For 2018 the amounts were NOK 3.6 and NOK 0.6 respectively.

Note 19 - Categories of financial assets and financial liabilities (NOK 1.000)

Financial assets	31.12.2019	31.12.2018	01.01.2018
Financial assets at amortised cost:			
Cash & cash equivalents (note 15)	75 515	59 421	29 489
Trade and other receivables (note 13)	103 272	76 295	52 614
	178 787	**135 716**	**82 102**

Financial liabilities	31.12.2019	31.12.2018	01.01.2018
Liabilities at amortised cost:			
Borrowings (note 17)	11 000	12 500	8 000
Trade and other payables	34 824	24 183	16 905
Lease liabilities (note 10)	55 488	10 525	10 902
Derivative financial liabilities (note 30)	76 784	60 784	54 384
	178 096	**107 992**	**90 191**

Non-financial assets and liabilities are excluded from the table.

Note 20 - Reconciliation for liabilities arising from financing activities (NOK 1.000)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

For the year ended 31 December 2019	01.01.2019	Net cash flows	New liabilities	31.12.2019
Borrowings (note 17)	12 500	-1 500	-	11 000
Lease liabilities (note 10)	10 525	-5 334	50 297	55 488
Total liabilities from financing activities	**23 025**	**-6 834**	**50 297**	**66 488**

Proceeds from issuance of ordinary shares of NOK 3.5 million is recognised in equity.

For the year ended 31 December 2018	01.01.2018	Net cash flows	Aquired liabilities	31.12.2018
Borrowings (note 17)	8 000	-5 500	10 000	12 500
Lease liabilities (note 10)	10 902	-2 760	2 383	10 525
Total liabilities from financing activities	**18 902**	**-8 260**	**12 383**	**23 025**

1) Relates to aquisitions through business combination, refer to Note 27.

Proceeds from issuance of ordinary shares of NOK 1.7 million is recognised in equity.

Note 21 - Financial risk

The most significant financial risks which affect the group are credit risk, liquidity risk and market risk related to foreign exchange rate risk, described further below. Management performs continuous evaluations of these risks and related processes established to manage them within the group.

Credit risk

The group is exposed to credit risk from its operating activities, primarily trade receivables. The group does not have a specific procedure for assessing credit risks for its customers before transactions are entered. The group does not have significant credit risk associated by a single counterparty.

The group has a Securitization Facility agreement with Sparebank 1 Factoring where Sparebank 1 covers 90% of the credit loss for guaranteed receivables. Refer to note 13 for more information about this agreement.

The majority of customer contracts are with channel partners with which Pexip has multiple engagements. Such contracts are mostly invoiced yearly in advance or monthly in advance with standard payment terms of 30 days. The group has a collection policy in place to ensure overdue invoices are taken action on.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, and the historical loss rate has been adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and contract assets as at 31 December 2019 and 2018:

Trade receivables and contract assets	Current	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Loss rate	0,00%	0,00%	0,02%	1,51%	7,68%

In addition to using the simplified approach, the Group has made an individual assessment of trade receivables above a certain value and adjusted the provision with specific allowances for doubtful accounts. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Cash and cash equivalents: The counterparts for the groups cash deposits are large banks which are considered to be solid. The group assesses that there is no material credit risks associated with these deposits.

Liquidity risk

The group monitors liquidity centrally across the group. It is the group's strategy to have sufficient cash and cash equivalents to at any time fund operations and investments according to the company's strategic plans. During 2019 the Group has largely been funded through its own revenue and related cash flow. The group monitors its liquidity risk through a short-term and a long-term liquidity forecast to manage the target of a minimum position of cash imposed by the Board of Directors.

The groups financial liabilities are mainly trade payables and derivative financial liabilities that are considered short-term. In addition, the group has a long-term loan to Innovation Norway, as well as multi-year leases on offices.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. The derivative financial liabilities are not in scope of maturity analysis because issue of own shares does not give rise to liquidity risk. The maturity profile of the Group's leasing liabilities can be found in note 10.

For the year ended 31 December 2019

	Current		Non-current		
(NOK 1.000)	1-6 months	6-12 months	1-2 years	2-5 years	Later than 5 years
Borrowings	1 529	1 497	2 895	6 508	-
Trade and other payables	34 824	-	-	-	-
Total liabilities	36 353	1 497	2 895	6 508	-

For the year ended 31 December 2018

	Current		Non-current		
(NOK 1.000)	1-6 months	6-12 months	1-2 years	2-5 years	Later than 5 years
Borrowings	419	6 899	1 786	3 928	1 033
Trade and other payables	24 183	-	-	-	-
Total liabilities	24 603	6 899	1 786	3 928	1 033

As at 1 January 2018

	Current		Non-current		
(NOK 1.000)	1-6 months	6-12 months	1-2 years	2-5 years	Later than 5 years
Borrowings	570	559	7 059	1 062	-
Trade and other payables	16 905				
Total liabilities	17 475	559	7 059	1 062	-

Market risk

Foreign exchange rates

The group operates globally and is exposed to foreign exchange risk, both with regards to trade receivables and trade payables as well as cash and cash equivalent holdings. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the group, which is NOK.

The carrying NOK amounts of the Group's financial assets and liabilities at the reporting date are as follows (in 1.000 NOK):

Financial assets	2019	% of total	2018	% of total
NOK	25 218	14,1 %	20 803	16 %
USD	119 120	66,5 %	99 334	77 %
GBP	23 757	13,3 %	8 628	7 %
Other currencies	10 963	6,1 %	7 054	5 %
Total	179 058	100%	135 819	100%

Financial liabilities	2019	% of total	2018	% of total
NOK	152 416	85,6 %	90 884	84 %
USD	17 178	9,6 %	11 421	11 %
GBP	5 522	3,1 %	5 056	5 %
Other currencies	2 981	1,7 %	631	1 %
Total	178 097	100 %	107 993	100 %

Sensitivity analysis

Based on the net exposure of the Group, the hypothetical impact of exchange rate fluctuations on the profit before tax for the year is as follows if all other variables are held constant:

Foreign currency	Change in rate	2019	2018
		Effect on profit before tax (in 1.000 NOK)	Effect on profit before tax (in 1.000 NOK)
USD	+/- 7%	7 136	6 154
GBP	+/- 7%	1 276	250

Financial derivative liabilities

Pexip Holding AS has an outstanding option on own shares of a total of 1,600,002 shares with a strike price of 0.01 NOK, which is released by an exit event such as a trade sale or an IPO. As Pexip Holding AS has the flexibility to settle the option in own stock or in cash it is classified as a financial derivative. The fair value of financial derivative liabilities is estimated based on share price at the reporting date, which is 48 NOK at 31 December 2019 (2018: NOK 38). As the share is not widely traded the valuation method is classified in Level 3 of the valuation hierarchy. The fair value of the liabilities is sensitive to changes in the input and the table below illustrates the effect of a reasonably possible changes in share price on the Group's profit or loss and equity (all other variables held constant).

		2019	2019	2018	2018
Share price estimate (NOK)	Change in price	Effect on equity (in 1.000 NOK)	Effect on profit before tax (in 1.000 NOK)	Effect on equity (in 1.000 NOK)	Effect on profit before tax (in 1.000 NOK)
38	+/- 29.35%			17 845	17 845
48	+/- 30.18%	23 178	23 178		

The expected volatility is the same as used in the Black-Scholes option pricing model for options granted during the year, refer to Note 24.

Note 22 - Capital management

The Group's objectives for capital management is to ensure that it maintains sufficient free liquidity with regards to cash and cash equivalents in order to support its business and obligations as well as having sufficient flexibility to invest in attractive investment opportunities. The group manages its capital structure in light of changes in economic and actual conditions, and the development in the groups underlying business.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

Note 23 - Pensions and other long-term employee benefits (NOK 1.000)

The employees of the group are covered by different pension schemes that vary from country to country and between the different companies in accordance with local law. All the plans are assessed to be defined contribution plans. The period's contributions are recognised in the income statement as salary and personnel costs.

The Norwegian company in the group is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension arrangements fulfil the requirements of the law.

The pension plans in the group require that the company pays premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. There are no further obligations once the annual premiums are paid. The premiums are accounted for as salary and personnel expenses as soon as they are incurred. Prepaid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

	2019	2018
Pension cost	4 703	2 842

Long-term employee benefits comprise loans to employees (refer to Note 4) and share-based payments (refer to Note 24).

Note 24 - Share-based payments

There are several valid option programmes in Pexip. Some programs are directed towards employees while others are directed towards management. For one of the programs directed towards employees the options vested over three years and expires in 2020. The exercise of the options is conditioned of beeing employed at the time of exercise. A second option program for employees vested over 4 years from grant date and expires between 2020 and 2023. The employees are allowed to exercise vested options in the first exercise window after the potential termination of employment. The last program for employees vest over 4 years from grant date and expires between 2024 and 2025. The exercise of the share options is conditioned of beeing employed at the time of exercise. Programs directed towards management have an exit event as a vesting condition. For some of the management programs Pexip has an option to settle in either cash or equity. These options are however treated as equity settled since Pexip has the intention and a past history of only settling in equity. Option programs for management are dependent upon beeing employed at the time of vesting.

	2019 Weighted average exercise price	2019 Number	2018 Weighted average exercise price	2018 Number
Outstanding at 1 January	15,32	3 471 384	11,31	2 092 381
Granted during the year	35,26	3 980 000	21,10	1 432 500
Forfeited during the year	14,55	-313 418	13,34	-53 496
Exercised during the year	9,70	-375 034	-	-
Expired during the year	0,01	-22 500	0,01	-1
Outstanding at 31 December	**27,49**	**6 740 432**	**15,32**	**3 471 384**

The exercise price of options outstanding at 31 December 2019 ranged beetween NOK 0.01 and NOK 38 (2018: NOK 0.01 and NOK 25) and their weighted average contractual life was 3.6 years (2018: 3.2 years).

Of the total number of options outstanding at 31 December 2019, 451.447 (2018: 378.670) had vested and were excercisable.

The weighted average fair value of each option granted during the year was NOK 7.92 (2018: NOK 12.15).

The total expense recognised for the period airising from equity-settled share-based payment transactions was NOK 9.3 million (2018: NOK 5.2 million).

The following information is relevant in the determination of the fair value of options granted during the year.

	2019		2018
Option pricing model used		Black-Scholes	
Weighted average share price at grant date (in NOK)	32		25
Excercise price (in NOK)	35		25
Weighted average contractual life (in days)	1 827		1 827
Expected volatility	30,18%		29,35%
Risk-free interest rate	1,57%		1,71%

The expected volatility is based on the volatility for a selection of comparable listed companies.

As there are no expected dividend payments, the dividend parameter is not included in the calculations.

Note 25 - Government grants (NOK 1.000)

The Group is eligible for government grants of NOK 3.6 million in 2019 (2018: NOK 1.2 million) which has been deducted from the carrying amount of other intangible assets (software).

In 2019 government grants have been received for two SkatteFUNN projects. In one of the projects the Group has developed a service platform in which the videoconferencing services were better protected against external attacks and with a dynamic scaling of the micro-services. The other project was focused on making the Pexip Infinity platform easier to deploy and manage in cloud services such as Mirosoft Azure, Google Compute Platform and Amazon Web Services.

All conditions and contingencies attached to the grants have been fulfilled.

Note 26 - List of subsidiaries

The consolidated financial statements for 2019 include the following subsidiaries:

Company	Registered office	Voting share	Ownership share
Pexip AS	Oslo, Norway	100%	100%
Pexip Ltd.	Twyford, England	100%	100%
Pexip Inc. (1)	New York, USA	100%	100%
Videxio Asia Pacific Ltd.	Kuala Lumpur, Malaysia	100%	100%

1) Videxio Inc was merged into Pexip Inc as from 1 November 2019.

The consolidated financial statements for 2018 include the following subsidiaries:

Company	Registered office	Voting share	Ownership share
Pexip AS	Oslo, Norway	100%	100%
Pexip Ltd.	Twyford, England	100%	100%
Pexip Inc.	New York, USA	100%	100%
Videxio Inc. (1)	Virginia, USA	100%	100%
Videxio Asia Pacific Ltd. (1)	Kuala Lumpur, Malaysia	100%	100%

1) Consolidated as from 22 October 2018.

Note 27 - Business combinations (NOK 1.000)

On 22 October 2018, 100% of the voting shares of Videxio AS were acquired. Videxio is a cloud video service provider and was acquired to have a broader product portfolio and to offer videoconferencing as a cloud service.

Assets aquired and liabilities assumed
The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Assets	**Fair value**
Property, plant and equipment (note 9)	749
Right-of-use assets (note 10)	2 383
Other intangible assets (note 12)	106 334
Deferred tax asset	1 884
Other assets	206
Trade and other receivables	9392
Cash and cash equivalents	23 968
Total assets	**144 916**
Borrowings	10 000
Deferred tax liability	16 934
Trade and other payables	11 955
Lease liabilities (note 10)	2 383
Total liabilities	**41 273**
Total identifiable net assets at fair value	103 644
Non-controlling interest measured at fair value	-
Goodwill arising on aquisition (note 11)	598 998
Purchase consideration transferred	**702 641**
Shares issued, at fair value	694 423
Cash	-
Replacement share-based payment awards	8 218
Total consideration	**702 641**
Paid in cash	-
Cash received	-23 968
Net decrease/(increase) in cash	**-23 968**

The acquired unit has from the date of acquisition until 31 December 2018 contributed to the group's revenues and profit before taxes by NOK 16.6 milion and negative NOK 4.8 million, respectively.

Had the acquisition occurred on 1 January 2018, management estimates that consolidated revenue for 2018 would have been NOK 281 million and consolidated profit before taxes would have been negative NOK 15 million including amortization of acquired intangible assets. Fair values of acquired net assets are assumed to have been the same on 1 January 2018 as at acquisition on 22 October 2018 when determining these amounts.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities. The terms of the leases are assessed, in all material aspects, to be equal to the market conditions at the acquisition date.

Acquisition-related costs of NOK 1.6 million that were not directly attributable to the issue of shares are included in other operating expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

The fair value of acquired trade receivables is NOK 4.2 million. The gross contractual amount for trade receivables due is NOK 4.3 million, with a loss allowance of NOK 0.13 million recognised on acquisition. The goodwill is attributable to a highly skilled workforce as well as syngergies available for combining operations in providing collaboration services. None of the goodwill recognised is deductible for income tax purposes.

As no active market exits for the assets and liabilities acquired, especially in regard to intangible assets, management has estimated the fair value. The methods applied are based on present value of future cash flows calculated based on client contracts and other expected cash flows related to the assets.

Fair values of acquired identifiable intangible assets at the date of acquisition:

- Software: NOK 70.8 million
- Customer contracts and -relationships NOK 30.1 million

The identifiable intangible assets are amortised over five years.

Replacement share-based payment awards
In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Videxio AS (the acquiree's awards) for equity-settled share-based payment awards of Pexip Holding AS (the replacement awards). The details of the acquiree's awards and replacement awards were as follows:

Terms and conditions	Aquiree's awards	Replacement awards
Options to management and key employees		
Grant date	8 January 2016	22 October 2018
Vesting date	8 January 2021	Same as original
Condition	Service and exit event	Service and exit event
Fair value at date of aquisition	NOK 7.1 million	NOK 7.1 million
Options to employees		
Grant date	From 19 December 2017 to 1 July 2018	22 October 2018
Vesting date	From 22 January 2018 to 22 January 2020	Same as original
Condition	Service	Service
Fair value at date of aquisition	NOK 7.9 million	NOK 7.9 million

The value of the replacement awards is NOK 14.9 million. The consideration for the business combination includes NOK 8.2 million transferred to employees of Videxio AS when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of NOK 6.7 million is recognised as post-acquisition compensation.

Note 28 - Transactions with related parties

The Group's related parties include Parent Company and subsidiaries, as well as members of the Board, Management Group and their related parties. Related parties also include companies in which the individuals mentioned above have significant influence.

The Group is not part in any agreements, deals, or other transactions in which the Parent company's Board of Directors or Management Group had a financial interest, except for transactions following from the employment relationship. Remuneration to key personnel is disclosed in note 4.

Transactions and balances and between the parent company and its subsidiaries, and between the subsidiaries, have been eliminated on consolidation, and are not disclosed in this note. The Group does not have other transactions with related parties, except for remuneration to key personnel.

Pexip AS own 20% of the shares in Videxio Technology Hong Kong, who operated the data centre in China. This agreement was terminated in 2019. The carrying value of the shares in the company is NOK 0.

Note 29 - Events after the balance sheet date

No events that have significantly affected or may significantly affect the operations of the Group have occurred after 31 December 2019.

Note 30 - Fair value of financial instruments

Financial instruments measured at fair value comprise derivative financial liabilities. The liabilities are derivatives over own equity categorised within level 3 of the fair value hierarchy. Fair value is determined as the difference between the excercise price of the derivative (NOK 0.01) and the estimated share price at each reporting date (At 31 December 2019: NOK 48, at 31 December 2018: NOK 38, at 1 January 2018: NOK 34). As the shares are not widely traded, Management's best estimate for the fair value of is based on the observed share price for trades in the period leading up to each reporting date. Unrealised losses from change in fair value of the liability of NOK 16 million (2018: NOK 6.4 million) are recognised in financial expense. A sensitivity analysis for the estimate is disclosed in Note 21 - Financial risk.

Note 31 - First-time adoption of IFRS (NOK 1.000)

The financial statement for the year ended 31 December 2019, are the first the group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2018, the group prepared its financial statements in accordance with generally accepted accounting principles in Norway (N-GAAP).

Accordingly, the group has prepared financial statements that comply with IFRS, applicable as of 31 December 2019, together with the comparative period data for the year ended 31 December 2018. In preparing the financial statements, the group's opening statement of financial position was prepared as of 1 January 2018, the group's date of transition to IFRS. This note explains the principal adjustments made by the group in restating its N-GAAP financial statement, including the statement of financial position as of 1 January 2018 and the income statement for the year ended 31 December 2018.

Pexip AS was merged into the Pexip Holding group in 2018. At the time of the merger the Pexip Holding group did not constitute a business and the transaction was a capital reorganisation with the effect that Pexip AS continued and that values in Pexip Holding was remeasured.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the restrospective application of certain requirements under IFRS. The group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2018. Use of this exemption means that the N-GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position.

- The Group has assessed whether a contract existing at the date of transition to IFRSs contains a lease by applying paragraphs 9–11 of IFRS 16 to those contracts on the basis of facts and circumstances existing at that date. The Group has applied the following exemptions at the date of transition to IFRS:

1) The Group has elected not to recognise a lease liability and right-of-use asset for leases for which the lease term ends within 12 months of the date of transition to IFRSs. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

2) The Group has elected to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

3) The Group has excluded initial direct costs from the measurement of the right-of-use asset.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2018.

Estimates

The estimates at 1 January 2018 and at 31 December 2018 are consistent with those made for the same dates in accordance with N-GAAP, with the exception of the estimate for lease liabilities where the Group has elected to use hindsight in determining the lease term for contracts that contain options to extend or terminate the lease.

Reconciliation of equity as of 1 January 2018 (date of transition to IFRS)

(NOK 1.000)	Notes	N-GAAP	Adjustments	IFRS
ASSETS				
Non-current assets				
Property, plant and equipment		2 016		2 016
Right-of-use assets	B		10 902	10 902
Goodwill				-
Other intangible assets	C	55 464	-45 675	9 789
Deferred tax asset	H	20 322	-2 097	18 225
Contract costs	E, I		22 341	22 341
Receivables	I	1 724	851	2 575
Other assets		-		-
Total non-current assets		**79 527**	**-13 679**	**65 848**
Current assets				
Trade and other receivables	I	55 816	-3 572	52 244
Contract assets	F,I		7 664	7 664
Other current assets	I	20 765	-13 695	7 070
Cash and cash equivalents		29 489		29 489
Total current assets		**106 070**	**-9 603**	**96 467**
TOTAL ASSETS		**185 596**	**-23 281**	**162 315**

(NOK 1.000)	Notes	N-GAAP	Adjustments	IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		611		611
Share premium		90 302		90 302
Other equity		-37 906	-1 177	-39 083
Total equity		**53 006**	**-1 177**	**51 830**
Non-current liabilities				
Borrowings	I	8 000	-500	7 500
Lease liabilities	B	-	7 642	7 642
Derivative financial liability	K	-	54 384	54 384
Total current liabilities		**8 000**	**61 526**	**69 526**

Current liabilities				
Trade and other payables	G,I	26 285	-3 429	22 856
Contract liabilities	F	98 264	-83 962	14 302
Current tax liabilities		41		41
Borrowings	I	-	500	500
Lease liabilities	B	-	3 260	3 260
Total current liabilities		**124 590**	**-83 631**	**40 959**
Total liabilities		**132 590**	**-22 105**	**110 485**
TOTAL EQUITY AND LIABILITIES		**185 596**	**-23 281**	**162 315**

Reconciliation of equity as of 31 December 2018

(NOK 1.000)	Notes	N-GAAP	Adjustments	IFRS
ASSETS				
Non-current assets				
Property, plant and equipment		3 317		3 317
Right-of-use assets	B	-	10 070	10 070
Goodwill	D,J	571 044	27 954	598 998
Other intangible assets	C,J	166 838	-56 481	110 356
Deferred tax asset	H	45 232	-17 883	27 348
Contract costs	E, I		41 433	41 433
Receivables		1 628		1 628
Other assets		206		206
Total non-current assets		**788 264**	**5 093**	**793 356**
Current assets				
Trade and other receivables	I, J	105 651	-28 203	77 448
Contract assets	F, I		8 164	8 164
Other current assets	I	-	9 093	9 093
Cash and cash equivalents		59 421		59 421
Total current assets		165 072	-10 947	154 125
TOTAL ASSETS		**953 336**	**-5 854**	**947 481**

(NOK 1.000)	Notes	N-GAAP	Adjustments	IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		795		795
Share premium		856 568		856 568
Other equity		-93 214	34 825	-58 389
Total equity		**764 149**	**34 825**	**798 975**

Non-current liabilities				
Borrowings		6 000		6 000
Lease liabilities	B	-	7 084	7 084
Derivative financial liability	K	-	60 784	60 784
Total current liabilities		**6 000**	**67 869**	**73 869**
Current liabilities				
Trade and other payables	G,I	39 269	-2 984	36 285
Contract liabilities	F	137 138	-109 005	28 133
Current tax liabilities		279		279
Borrowings		6 500		6 500
Lease liabilities	B	-	3 441	3 441
Total current liabilities		**183 186**	**-108 548**	**74 638**
Total liabilities		**189 186**	**-40 680**	**148 507**
TOTAL EQUITY AND LIABILITIES		**953 336**	**-5 854**	**947 481**

Reconciliation of total comprehensive income for the year ended 31 December 2018

(NOK 1.000)	N-GAAP	Note A	Sum N-GAAP	Adjustments	IFRS
Revenue	51 597	140 122	191 719	23 319	215 037
Cost of sale	4 741	4 265	9 006	-1 345	7 661
Salary and personnel expenses	28 309	70 096	98 405	20 910	119 315
Other operating expenses	17 292	42 063	59 354	-3 639	55 716
EBITDA	1 256	23 698	24 954	7 392	32 346
Depreciation and amortisation	32 877	19 871	52 747	-38 254	14 494
Operating profit or loss	**-31 621**	**3 828**	**-27 793**	**45 645**	**17 852**
Financial income	8 060	953	9 013	25	9 038
Financial expenses	-617	-4 676	-5 293	-6 879	-12 172
Financial income/(expenses) - net	**7 443**	**-3 723**	**3 719**	**-6 854**	**-3 134**
Profit/loss before income tax	**-24 178**	**104**	**-24 074**	**38 792**	**14 718**
Income tax expense	-22 917	-15 295	-38 212	14 210	-24 002
Profit/loss for the year	**-1 261**	**15 399**	**14 138**	**24 581**	**38 719**
Other comprehensive income (net of tax):					
Exchange differences on translation of foreign operations					**-1 114**
Total comprehensive income for the year				**24 581**	**37 606**

Notes to the reconciliation of equity as of 1 January 2018 and 31 December 2018 and total comprehensive income for the year ended 31 December 2018

A: Income statement for the period 1 January 2018 to 22 October 2018
The 2018 consolidated N-GAAP financial statement for Pexip Holding had an opening balance 22 October 2018 and comprised the period from this date to 31 December 2018 without any comparative numbers. The date of transition to IFRS is 1 January 2018. The purpose of this note is to explain how the transition from previous GAAP to IFRSs affected the reported financial position, financial performance and cash flows. In order to meet this requirement we have adjusted the reported income statement for the Pexip Holding group for 2018 with the income statement for the pre-merger Pexip group from 1 January 2018 to 22 October 2018 and then showed how the full year N-GAAP income statement have been effected by the transition to IFRS.

B: Leasing
Under N-GAAP leases were classified as either financial leases or operating leases. With effect for the 2018 N-GAAP financial statement all the leases of the group were classified as operating leases and the lease payments were recognised as cost of sales and operating expenses. In 2018 the group recognised lease payments of 156 as cost of sales and 3.306 as operating expense in the N-GAAP financial statement. This amount is adjusted in the IFRS financial statement.

IFRS 16 is adopted with effect for the opening balance as of 1 January 2018. Except for leases with a remaining lease term of 12 months or less at the date of transition to IFRS the group have recognised a right-of-use asset and a corresponding lease liability. The lease liability is measured at the date of transition at the present value of the future lease payments. The total lease liability and right-of use-asset at the date of transition to IFRS were 10.902. The right-of-use assets are depreciated over the lease term or the useful life of the asset. In the 2018 IFRS financial statements such depreciations are recognised with an amount or 3.438. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. In the 2018 IFRS financial statements interest on the lease liability is recognised with 479. As at 31 December 2018 the right-of-use asset has a carrying value of 10.070 and the lease liability has a carrying value of 7.084 (non-current) and 3.441 (current). In addition a foreign exchange gain on a lease denominated in a currency different from the functional currency of the lessee of 25 is recognised as financial income.

C: Capitalised development
Under N-GAAP expenses relating to development of intangible assets, including research and development expenses, are capitalised when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the asset can be reliably measured. According to IFRS an intangible asset is recognised when the asset is identifiable, the entity controls it, it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured. At transition the group has applied the recognition criteria of IAS 38 retrospectively. This has led to a reduction in the carrying value at the date of transition to IFRS and less capitalised development expenses and amortisations during 2018. The reduction in the carrying value of capitalised development at 1 January 2018 is 45.675. The increase in salary and personnel expenses due to less capitalised development is 35.188. The decrease in amortisation in 2018 is 20.216 and the reduction in the carrying value of capitalised development at 31 December 2018 is 61.312.

D: Goodwill amortisation
There was not recognised any goodwill in the N-GAAP financial statement for 2017 and therefore not in the opening balance according to IFRS 1 January 2018. The goodwill comes from a 2018 acquisition and is amortised over 5 years under N-GAAP. According to IFRS goodwill is not amortised but is reviewed for impairment at least annually. The depreciation and amortisation expense are reduced and the carrying value of goodwill 31 December 2018 is increased by 22.663.

E: Contract costs, prepaid commissions
Commissions are paid to sellers and agents based on actual sales. Under N-GAAP prepaid commissions were recognised as assets and amortised over the contract period, without taking renewals into consideration, typically 12 months. Under IFRS commissions that are incremental costs of obtaining a contract with a customer will be recognised as an asset if the costs are expected to be recovered. The asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. This is usually the expected total contract period and includes expected renewals. The increase in prepaid commissions on the statement of financial position 1 January 2018 is 11.007, the reduction in salary and personnel expenses in 2018 is 16.211, the reduction in cost of sales in 2081 is 1.189, and the increase in prepaid commission on the statement of financial position 31 December 2018 is 29.194.

F: Revenue recognition
Under N-GAAP Infinity software licence revenue was recognised over time if the licence was for a period. For perpetual licences revenue was recognised at a point in time – when the software was made available for the customer. In accordance with IFRS all Infinity software licence revenue is recognised at a point in time. This has led to a reduction of deferred revenue, under IFRS labelled contract liabilities, of 83.962 1 January 2018. Contract assets are increased by 7.533 at 1 January 2018. The revenue for 2018 has increased with 23.319 and deferred revenue/contract liabilities at 31 December 2018 is reduced by 109.005. Contract assets have increased with 8.162 at 31 December 2018.

G: Share-options
Share-options was accounted for under N-GAAP and the regulation is in all material respects the same as IFRS. In the groups first IFRS financial statement the treatment of share-options differs from the previous treatment on three points.

i) Share-options that previously was not classified as share-based payment transaction but are classified as such under IFRS.

ii) Under IFRS the 2018 business combination the share-based payment replacement award is measured at the acquisition date in accordance with IFRS 2. Therefore, the post-merger expenses for these share-options are higher than under N-GAAP.

iii) Under N-GAAP social security tax on the share-options was recognised as an expense, but in the same way as the option expense, equity was increased. Under IFRS the estimated social security tax is expensed and recognised as a liability.

H: Deferred tax asset
“The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 2, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.”

I: Reclassifications
“Under IFRS contract costs and contract assets are presented as separate lines. In addition to differences between N-GAAP and IFRS amounts recognised in accordance with N-GAAP is reclassified from existing reporting lines to contract costs and contract assets.

Assets: In the opening balance 1 January 2018 an amount of 11.464 are reclassified to contract costs and contract assets, in addition to some smaller reclassification of assets. A total of 4.952 is offset against trade payables at 1 January 2018. At 31 December 2018 21.322 are reclassified to contract costs and contract assets. The offset against trade payables at 31 December 2018 is 5.649.

Liabilities: In the opening balance 1 January 2018 4.952 is offset against trade receivables and 500 of non-current borrowing is presented as current. At 31 December 2018 5.649 is offset against trade receivables.”

J: Business combinations
Reaquired rights
In accordance with IFRS the acquirer shall measure the value of a reacquired right recognised as an asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value. The fair value of licences granted to the aquiree of 5.354 were recognised as an intangible asset at the aquisition date, reducing the carrying amount of goodwill aquired through business combinations by 2.927 and reducing other current assets (prepayment of license) by 1.553. The reaquired right is amortised over the contract period from 22 October 2018 to 30 September 2019.

Share-based payment replacement award
Under IFRS the 2018 business combination the share-based payment replacement award is measured at the acquisition date in accordance with IFRS 2. The market value of pre-combination services is allocated to the consideration transferred for the business. The increase in consideration of 8.218 is recognised in equity and carrying amount of goodwill.

K: Derivative financial liability
The Group has an outstanding option on own shares, which is released by an exit event. In accordance with IAS 32 a derivative on own equity is classified as a financial asset or financial liability unless it meets the fixed-for-fixed condition or meets an exception for particular foreign currency derivatives. The fixed-for-fixed condition is not met as the contract gives the group a choice of how to settle the option, and the derivative is classified as a financial liability measured at fair value through profit or loss. The fair value of the liability at the date of transition to IFRS was 54.384. At 31 December 2018 the liability was remeasured to fair value of 60.784. In the 2018 IFRS financial statements the fair value adjustment of 6.400 is recognised as financial expense.

Cash flow
Except for small reclassification changes, the transition to IFRS has not had any material impact on the statement of cash flows.

Financial Statements Pexip Holding AS 2019

Profit and loss statement

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	01.01.19-31.12.19	20.10.17-31.12.18
	Revenue	-	-
	Total operating revenue	**-**	**-**
2, 9	Other operating expenses	237 734	-
	Total operating expenses	**237 734**	**-**
	Operating loss	**-237 734**	**-**
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
	Other financial income	124	3
	Other financial expenses	-	-
	Financial items, net	**124**	**3**
	Loss before taxation	**-237 610**	**3**
8	Income tax	-52 274	-7 188 573
	LOSS FOR THE FINANCIAL YEAR	**-185 336**	**7 188 576**
	ALLOCATION OF NET LOSS AND EQUITY TRANSFERS		
6	Transferred to / from other equity	-185 336	7 188 576
	Total allocations and equity transfers	-185 336	7 188 576

Balance sheet at 31 December

NOTE	ASSETS	31.12.2019	31.12.2018
	Non-current assets		
	Financial non-current assets		
3, 7	Investments in group companies	1 032 051 722	30 000
	Total financial non-current assets	1 032 051 722	30 000
	Total non-current assets	**1 032 051 722**	**30 000**
	Current assets		
	Receivables		
	Trade and other receivables	3 098	-
	Other receivables	-	1 022 700 541
	Total receivables	3 098	1 022 700 541
	Cash and cash equivalents	3 503 400	13 003
	Total current assets	**3 506 498**	**1 022 713 544**
	TOTAL ASSETS	**1 035 558 220**	**1 022 743 544**

NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	31.12.2019	31.12.2018
	Shareholders equity		
	Paid-in equity		
5,6	Share capital	798 683	794 932
5,6	Share capital, increase not registered	399 341	-
6	Share premium	860 072 826	856 568 404
	Total paid-in equity	861 270 850	857 363 336
	Retained earnings		
6	Other equity	15 909 967	7 173 463
	Total retained earnings	15 909 967	7 173 463
	Total shareholders equity	**877 180 817**	**864 536 799**
	Liabilities		
	Provisions for liabilities and charges		
	Deferred tax	-	158 148 631
	Total non-current liabilities	-	158 148 631
	Current liabilities		
5	Debt to group Company	154 618 027	-
8	Current tax liabilities	3 759 376	-
	Other current liabilities	-	58 114
	Total current liabilities	158 377 403	58 114
	Total liabilities	**158 377 403**	**158 206 745**
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	**1 035 558 220**	**1 022 743 544**

Oslo, 11 March 2020
The Board of Pexip AS

Michel Sagen
Chairman

Per Haug Kogstad
Board Member

Håkon Dahle
Board Member

Kjell Skappel
Board Member

Aril Resen
Board Member

Tom Erik Lia
Board Member

John Wylie
Board Member

Odd Sverre Østlie
CEO

Cash flow statement

	2019	2018
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	-237 610	3
Change in other current liabilities	-58 114	0
Change in trade receivables	-3 098	
Net cash flow from operations	**-298 822**	**3**
CASH FLOW FROM INVESTMENT ACTIVITIES:	-	
Net cash flow from investment activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow from share exercise	3 508 173	
Inflow due to loan from Pexip AS	281 047	
Net cash flow from financing activities	**3 789 220**	-
Net change in bank deposits, cash and equivalents	**3 490 397**	**3**
Bank deposits, cash and equivalents at 1 January 2019	13 003	13 000
Bank deposits, cash and equivalents at 31 December	3 503 400	13 003

Notes to the accounts, year ended 31 December 2019

Note 1 - Accounting Policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Valuation and classification of assets and liabilities
Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency
All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Intangible fixed assets
Expenses relating to the development of intangible assets, including research and development expenses, are capitalized when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the assets can be reliably measured.

Intangible assets that are acquired separately, are recognised at historical cost. Intangible assets acquired in a business combination, are recognised at historical cost when the criteria for balance sheet recognition have been met.

Intangible assets with a limited economic life are amortised on a systematic basis. Intangible assets are written down to the recoverable amount if the expected economic benefits are not covering the carrying amount and any remaining development costs.

Shares in subsidiaries and associates
Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted acccounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

Revenue
Revenue is recognised when it is earned, i.e. when the claim to remuneration arises. This occurs when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction. The company developes and sells software licences and amortises the revenue over the contract period.

Receivables
Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Income taxes
Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Merger in 2018
“The company was founded on 20 October 2017 with the company name INCEPTUM 1042 AS. On 24 August 2018 the company changed name to Bourgogne Holding AS. On 21 September 2018 the board of directors of the company, Pexip AS (reg.no 898 209 962), Videxio AS (reg. no. 996 814 343) and Pexip Holding AS (reg.no 919 850 175) signed a merger plan. According to the merger plan all assets, rights and obligations in Pexip AS and Videxio AS (the “”Transferring Companies””) should be transferred to Nye Bourgogne I AS (the “”Acquiring Company””), with compensation to redeeming shareholders in the Transferring Companies issued by the parent company of the Acquiring Company, Pexip Holding AS (the “Share Issuer”) . On 22 October 2018 the general meeting in the Transferring Companies, the Acquiring Company and the Share Issuer approved the merger plan.

Upon completion of the merger 20 December 2018, Bourgogne Holding AS changed name to Pexip Holding AS.

The merger transaction was carried out as two separate triangular mergers, combined in one joint merger plan, both performed in accordance with the Norwegian Private Limited Liability Companies Act Section 13-2 second paragraph et seq. Thus Pexip AS and Videxio AS was at the same time but in succession merged into the Acquiring Company, and the consideration to the shareholders in the Transferring Companies was issued by the Share Issuer through two capital increases. The Transferring Companies ceased to exist upon the effective date of the mergers.

The first part of the transaction, where Pexip AS was merged into the Acquiring Company, was completed with accounting continuity, implying that the book value of assets, rights and obligations from Pexip AS was continued unchanged in the Acquiring Company for accounting purposes. The second part of the transaction, where Videxio AS was merged into the Acquiring Company, was completed in accordance with the transaction principle for accounting purposes, meaning that transferred assets, rights and liabilities were recorded at fair market value in the Acquiring Company. The mergers was completed with tax continuity pursuant to Chapter 11 of the Norwegian Taxation Act, implying that tax value of all transferred asset, rights and obligations was continued unchanged in the Acquiring Company.

Transactions in the Transferring Companies in relation to the items transferred to the Acquiring Company by the mergers was for accounting purposes regarded as carried out at the cost of the Acquiring Company as of 22 October 2018. Assets etc. was transferred with accounting effect from 22 October 2018, and hence, the Acquiring Company has attributed income and costs as of this date.

In accordance with the Norwegian Accounting Act, Section 1-7 second paragraph, the companies accounting year is from 20 October 2017 to 31 December 2018. The Group Accounting Year for 2018 was from 22 October 2018 to 31 December 2018 corresponding to when the group was founded.

Note 2 - Payroll costs, number of employees, benefits, loans to employees etc.

Average number of employees during the year	-

Directors' remuneration	Salaries, fees	Pensions	Other benefits
Chief Executive Officer	-	-	-

Chief Executive Officer is compensated from Pexip AS.

Auditor

Remuneration to Deloitte AS and their associates is as follows:

	2 019	2018
Statutory audit	47 850	-
	47 850	-

Amounts are excl. of VAT

Note 3 - Investments in subsidiaries and associated companies

Company	Date of acquisition	Registered office	Voting share	Ownership share
Pexip AS	22/10/2018	Lysaker, Norway	100%	100%

Company	Equity latest financial statements	Profit/loss latest financial statements
Pexip AS	831 955 882	-157 082 863

Note 4 - Liabilities to group companies

	2019	2018
Inter-company loans	154 618 027	-

Note 5 - Share capital and shareholder information

The share capital in the company at 31 December 2019 consists of the following classes:

	Number	Nominal amount	Carrying value
Ordinary shares	79 868 262	0,015	1 198 024
Total	**79 868 262**		**1 198 024**

Ownership structure

Largest shareholders as of 31 December 2019:

	Total	Ownership share	Voting share
STAVANGER VENTURE AS	7 969 716	9,98%	9,98%
BJØBERG EIENDOM AS	5 058 989	6,33%	6,33%
TAMORER LTD ATF WYLIE FAMILY TRUST	5 015 100	6,28%	6,28%
T.D. VEEN AS	4 323 637	5,41%	5,41%
PLATAA VENTURE AS	2 905 000	3,64%	3,64%
VEEN EIENDOM AS	2 528 213	3,17%	3,17%
XFILE AS	2 390 000	2,99%	2,99%
SYNESI AS	2 208 952	2,77%	2,77%
LIA INVESTMENTS LIMITED	2 183 053	2,73%	2,73%
SAGEN TELECOM AS	2 138 315	2,68%	2,68%
HAMACHI AS	2 027 666	2,54%	2,54%
Other shareholders	41 119 621	51,48%	51,48%
Total number of shares	**79 868 262**	**100%**	**100%**

-

Shares and options held by members of the board and the managing director/CEO:

Name	Title	Shares	Ownership share
Kjell Skappel	Board member	12 293 353	15,39%
Håkon Dahle	Board member	2 027 666	2,54%
Per Haug Kogstad	Board member	5 092 989	6,38%
Aril Resen	Board member	2 390 000	2,99%
Tom Erik Lia	Board member	2 183 053	2,73%
Michel Sagen	Chairman	2 138 315	2,68%
Odd Sverre Østlie	CEO	150 000	0,19%

Own shares:

Pexip Holding AS holds 15.000 own shares

Note 6 - Equity

Paid-in equity	Share capital	Share capital not registered	Share premium	Retained earnings	Total Equity
Equity at 01.01.2019	794 932		856 568 404	7 173 463	**864 536 799**
Capital increase	3 750		3 504 423		3 508 173
Profit/(loss) of the year				-185 336	-185 336
This year's change in equity:					-
Increase in par value of shares		399 341		-399 341	-
Share based payments				9 321 181	9 321 181
Equity at 31 December 2019	**798 682**	**399 341**	**860 072 827**	**15 909 967**	**877 180 817**

Note 7 - Related party transactions and balances

Related party transactions, profit and loss

Related party balance items

Counterpart	Relationship to the counterpart	Intercompany borrowings 2019	Intercompany borrowings 2018
Pexip AS	Subsidiary	154 618 027	-
Total		**154 618 027**	**-**

Note 8 - Income tax expense

Specification of income tax expense:	2019	2018
Current income tax payable	3 759 376	1
Changes in deferred tax	-158 148 631	-
Tax on given group contribution	154 336 980	
Effect of changes in tax rules	-	-7 188 574
Tax on profit/(loss)	**-52 274**	**-7 188 573**

Allocation of income tax expense between Norway	2019	2018
Tax on profit/(loss)	**-52 274**	**-**

Specification of current income tax payable:	2 019	2 018
This year's payable income tax expense	3 759 376	-
Income tax on given group contribution	-	-
Too little/much income tax allocation pervious years	-	-
Current income tax payable in the balance sheet	**3 759 376**	**-**

Reconciliation from nominal to real income tax rate:

	2019	2018
Profit/(loss) before taxation	**-237 610**	**3**
Estimated income tax according to nominal tax rate (22%23%)	-52 274	1
The tax effect of the following items:	-	-
Other non-deductible expenses	-	-
Other non-taxable income	-	-
Change in the disparagement of the deferred tax benefit	-	-
Effect of changes in tax rules and rates	-	-7 188 574
Other items		-
Income tax expense	-52 274	-7 188 573
Effective income tax rate	**22%**	**-**

The size of the current income tax payable and deferred tax related to items recorded directly against equity:

Specification for the tax effect of temporary differences and losses carried forward

	2019 Liability	2018 Liability
Receivables	-	158 148 631
Total	**-**	**158 148 631**

The deferred tax benefit for 2018 was included in the balance sheet on the basis of future income.

Note 9 - Operating expenses

Other operating expences	2019	2018
Other operating costs	237 734	-
Total	**237 734**	**-**

Note 10 - Share-based payments

There are several valid option programmes in Pexip. There are programmes from the pre-merger entities, as well as new programs from the merged company Pexip. Some programs are directed towards employees while others are directed towards management. The program for earlier Videxio employees is vested over three years and expires in 2020. The exercise of the options is conditioned of beeing employed at the time of exercise. The programs for Pexip pre-merger employees vested over 4 years from grant date and expires between 2020 and 2023. The employees are allowed to exercise vested options in the first exercise window after the potential termination of employment. The post-merger program for employees vest over 4 years from grant date and expires between 2024 and 2025.
The exercise of the options is conditioned of beeing employed at the time of exercise. Programs directed towards management have an exit event as a vesting condition. These programs are dependent upon the employees beeing employed at the time of vesting.

	2019 Weighted average exercise price	2019 Number	2018 Weighted average exercise price	2018 Number
Outstanding at 1 January	15,32	3 471 384	11,31	2 092 381
Granted during the year	35,26	3 980 000	21,10	1 432 500
Forfeited during the year	14,55	-313 418	13,34	-53 496
Exercised during the year	9,70	-375 034	-	-
Expired during the year	0,01	-22 500	0,01	-1
Outstanding at 31 December	**27,49**	**6 740 432**	**15,32**	**3 471 384**

The exercise price of options outstanding at 31 December 2019 ranged beetween NOK 0.01 and NOK 38 (2018: NOK 0.01 and NOK 25) and their weighted average contractual life was 3.6 years (2018: 3.2 years).

Of the total number of options outstanding at 31 December 2019, 451.447 (2018: 378.670) had vested and were excercisable.

The weighted average fair value of each option granted during the year was NOK 7.92 (2018: NOK 12.15).

The total expense recognised for the period airising from equity-settled share-based payment transactions was NOK 9.3 million (2018: NOK 5.2 million).

The following information is relevant in the determination of the fair value of options granted during the year.

	2019		2018
Option pricing model used		Black-Scholes	
Weighted average share price at grant date (in NOK)	32		25
Excercise price (in NOK)	35		25
Weighted average contractual life (in days)	1 827		1 827
Expected volatility	30,18%		29,35%
Risk-free interest rate	1,57%		1,71%

The expected volatility is based on the volatility for a selection of comparable listed companies.

As there are no expected dividend payments, the dividend parameter is not included in the calculations.

Auditor's Report

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Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

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Fax: +47 23 27 90 01
www.deloitte.no

To the General Meeting of Pexip Holding AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pexip Holding AS, which comprise:

- The financial statements of the parent company Pexip Holding AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Pexip Holding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 March 2020
Deloitte AS

Eivind Ungersness

Eivind Ungersness
State Authorised Public Accountant (Norway)

APPENDIX C:

THE COMPANY'S AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018 (NGAAP)

Consolidated financial statements

Pexip Holding AS

2018

Consolidated financial statements
Pexip Holding AS
Profit and loss statement

PARENT COMPANY 20.10.2017-31.12.2018	NOTE	OPERATING REVENUE AND OPERATING EXPENSES	GROUP 22.10.2018-31.12.2018
0	2	Revenue	51 596 871
0		**Total operating revenue**	**51 596 871**
0		Costs of goods sold	4 740 844
0	3	Payroll and related costs	28 308 821
0	4, 5	Depreciation and amortisation of fixed and intangible assets	32 876 540
0	16	Other operating expenses	17 291 556
0		**Total operating expenses**	**83 217 761**
0		**Operating profit/(loss)**	**-31 620 890**
		FINANCIAL INCOME AND FINANCIAL EXPENSES	
0		Other interest income	154 134
3		Other financial income	7 905 847
0		Other interest expenses	-287 558
0		Other financial expenses	-329 528
3		**Financial items, net**	**7 442 895**
3		**Profit/(loss)before taxation**	**-24 177 994**
-7 188 573	12	Income tax	-22 917 254
7 188 576		**PROFIT/(LOSS) FOR THE FINANCIAL YEAR**	**-1 260 741**
		Majority's share of profit/(loss)	**-1 260 741**
		ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS	
7 188 576		Transferred to other equity	
7 188 576		**Total allocations and equity transfers**	

Consolidated financial statements
Pexip Holding AS
Balance sheet at 31 December

PARENT COMPANY			GROUP
2018	**NOTE**	**ASSETS**	**2018**
		Non-current assets	
		Intangible assets	
0	4	Software	137 709 699
0	4	Other intangible assets	29 127 934
0	12	Deferred tax assets	45 231 736
0	4	Goodwill	571 044 009
0		**Total intangible assets**	783 113 378
		Tangible fixed assets	
0	5	Fixtures and fittings	3 316 522
0		**Total tangible fixed assets**	3 316 522
		Financial non-current assets	
30 000	6	Investments in subsidiary companies	0
0		Investments in associated companies	206 123
0		Other receivables	1 627 548
30 000		**Total financial non-current assets**	1 833 670
30 000		**Total non-current assets**	**788 263 570**
		Current assets	
		Receivables	
0		Accounts receivables	82 667 265
1 022 700 541	1,11	Other receivables	22 983 708
1 022 700 541		**Total receivables**	105 650 973
13 003	15	**Cash and cash equivalents**	59 420 978
1 022 713 544		**Total current assets**	**165 071 951**
1 022 743 544		**TOTAL ASSETS**	**953 335 522**

Consolidated financial statements
Pexip Holding AS
Balance sheet at 31 December

PARENT COMPANY			GROUP
2018	**NOTE**	**SHAREHOLDERS EQUITY AND LIABILITIES**	**2018**
		Shareholders equity	
		Paid-in equity	
794 932	10	Share capital	794 932
856 568 404	10	Share premium	856 568 404
857 363 336		**Total paid-in equity**	857 363 336
		Retained earnings	
7 173 463	10	Other equity	-93 213 985
7 173 463		**Total retained earnings**	-93 213 985
864 536 799		**Total shareholders equity**	**764 149 351**
		Liabilities	
		Provisions for liabilities and charges	
158 148 631	12	Deferred tax	0
158 148 631		**Total provisions for liabilities and charges**	0
		Other non-current liabilities	
0	7	Debt to financial institutions	6 500 000
0		**Total non-current liabilities**	6 500 000
		Current liabilities	
0		Accounts payable	8 469 916
0		Current income taxes payable	279 086
0	7	Bond loan	6 000 000
0		Other taxes and withholdings	8 995 351
58 114	13	Other current liabilities	158 941 818
58 114		**Total current liabilities**	182 686 171
158 206 745		**Total liabilities**	**189 186 171**
1 022 743 544		**TOTAL SHAREHOLDERS EQUITY AND LIABILITIES**	**953 335 522**

Oslo, 8. May 2019

For the Board of Pexip Holding AS:

Kjell Skappel Board Member	Per Kåre Haug Kogstad Board Member	Håkon Dahle Board Member
Michel Asbjørn Sagen Board Member	Aril Resen Board Member	Tom Erik Lia Board Member
John Malcolm Rodney Wylie Board Member		

Consolidated financial statements
Pexip Holding AS

Notes to the accounts, year ended 31 December 2018

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Consolidation principles
The consolidated financial statements consist of Pexip Holding AS and its subsidiaries, where Pexip Holding AS has a controlling interest through legal or actual control. The consolidated financial statements are prepared in accordance with uniform accounting policies for uniform transactions in all companies included in the consolidated financial statements. All material transactions and group inter-company balances are eliminated. Investments in companies where the group has significant influence (associate companies) are treated in accordance with the equity method in the consolidated financial statements. Significant influence normally exists when the group owns between 20 and 50 percent of the voting capital.

Shares in subsidiaries are eliminated in accordance with the acquisition method. This involves the acquired company's assets and liabilities being assessed at fair value on the date of acquisition, and any value added is classified as goodwill.

Valuation and classification of assets and liabilities
Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency
All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Intangible fixed assets
Expenses relating to the development of intangible assets, including research and development expenses, are capitalized when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the assets can be reliably measured.

Intangible assets that are acquired separately, are recognised at historical cost. Intangible assets acquired in a business combination, are recognised at historical cost when the criteria for balance sheet recognition have been met.

Intangible assets with a limited economic life are amortised on a systematic basis. Intangible assets are written down to the recoverable amount if the expected economic benefits are not covering the carrying amount and any remaining development costs.

Shares in subsidiaries and associates
Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted acccounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

Other shares classified as non-current assets
Other non-current investments in shares and ingeneral and limited partnerships, in which the company does not have significant influence, are carried at cost. The investments are written down to fair value if a decline in the value is expected to be permanent. Dividends received from these companies are recognised as financial income.

Bonds classified as non-current assets
Bonds are carried at cost, corrected for premiums/discounts recognised in the profit and loss accounts. Premium/discount at acquisition is amortised over the remaining time to maturity, or alternatively until the first interest rate adjustment. Bonds are written down to fair value if a decline in the value is expected to be permanent.

Revenue
Revenue is recognised when it is earned, i.e. when the claim to remuneration arises. This occurs when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction. The company develops and sells software licences and amortises the revenue over tuhe contract period.

Receivables
Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.
Defined contribution plans are accounted for according to the matching principle. Contributions to the pension plan are recorded as expenses.

Cost of sales and other expenses
In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes
Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Government grants
Investment grants are recognised in the balance sheet based on gross amounts, and allocated to operating income over the economic life of the investment. Operating grants received are matched with their corresponding costs.

Merger
The company was founded on 20 October 2017 with the company name INCEPTUM 1042 AS. On 24 August 2018 the company changed name to Bourgogne Holding AS. On 21 September 2018 the board of directors of the company, Pexip AS (reg.no 898 209 962), Videxio AS (reg. no. 996 814 343) and Pexip Holding AS (reg.no 919 850 175) signed a merger plan. According to the merger plan all assets, rights and obligations in Pexip AS and Videxio AS (the "Transferring Companies") should be transferred to Nye Bourgogne I AS (the "Acquiring Company"), with compensation to redeeming shareholders in the Transferring Companies issued by the parent company of the Acquiring Company, Pexip Holding AS (the “Share Issuer”) . On 22 October 2018 the general meeting in the Transferring Companies, the Acquiring Company and the Share Issuer approved the merger plan.

Upon completion of the merger 20 December 2018, Bourgogne Holding AS changed name to Pexip Holding AS.

The merger transaction was carried out as two separate triangular mergers, combined in one joint merger plan, both performed in accordance with the Norwegian Private Limited Liability Companies Act Section 13-2 second paragraph et seq. Thus Pexip AS and Videxio AS was at the same time but in succession merged into the Acquiring Company, and the consideration to the shareholders in the Transferring Companies was issued by the Share Issuer through two capital increases. The Transferring Companies ceased to exist upon the effective date of the mergers.

The first part of the transaction, where Pexip AS was merged into the Acquiring Company, was completed with accounting continuity, implying that the book value of assets, rights and obligations from Pexip AS was continued unchanged in the Acquiring Company for accounting purposes. The second part of the transaction, where Videxio AS was merged into the Acquiring Company, was completed in accordance with the transaction principle for accounting purposes, meaning that transferred assets, rights and liabilities were recorded at fair market value in the Acquiring Company. The mergers was completed with tax continuity pursuant to Chapter 11 of the Norwegian Taxation Act, implying that tax value of all transferred asset, rights and obligations was continued unchanged in the Acquiring Company.

Transactions in the Transferring Companies in relation to the items transferred to the Acquiring Company by the mergers was for accounting purposes regarded as carried out at the cost of the Acquiring Company as of 22 October 2018. Assets etc. was transferred with accounting effect from 22 October 2018, and hence, the Acquiring Company has attributed income and costs as of this date.

In accordance with the Norwegian Accounting Act, Section 1-7 second paragraph, the companies accounting year is from 20 October 2017 to 31. December 2018.

The Group accounting year is from 22. October 2018 to 31. December 2018, corresponding to when the group was funded.

Note 2 Sales revenue

Parent company 2018	Per area of operation:	Group 2018
-	Sale of licenses	51 596 871
-	**Total**	**51 596 871**

Parent company 2018	Per geographic market:	Group 2018
-	EMEA	27 796 685
-	Other countries	7 189 636
-	Americas	16 610 550
-	**Total**	**51 596 871**

Note 3 Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs

Parent company 2018		Group 2018
-	Wages and salaries	18 787 666
-	Social security tax	2 942 690
-	Pension costs	666 845
-	Salary options	957 484
-	Commission	4 954 136
-	**Total**	**28 308 821**
-	Average number of employees during the year	153

Pension cost, assets and liabilities
The group is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meet the requirements of this legislation.

Pexip Holding AS has no Chief Executive Officer.

Group

Directors' remuneration	Name	Salary/bonus incl. holiday pay	Pension costs	Other remuneration
CEO	Odd Sverre Østlie	1 800 000	52 286	7 268

Loans and guarantees to Chief Executive, Directors, Shareholders etc.

	Loan/ Guarantees	Amount	Interest rate	Scheduled payment(s)
Åsmund Fodstad	Loan	522 043	-	1 Year

Auditor
Remuneration to Deloitte AS and their associates is as follows:

Parent company 2018		Group 2018
-	Statutory audit	180 000

Note 4 Intangible assets

Group	Software	Customer contracts	Goodwill	Total
Cost at 22 Oct 2018	-	-	-	-
Additions	146 447 873	30 277 485	593 707 019	770 432 377
Disposals	-	-	-	-
Cost at 31 Desember 2018	146 447 873	30 277 485	593 707 019	770 432 377
Acc. amortisation at 22 Oct. 2018	-	-	-	-
Net accumulated and reversed impairment at 31 December 2018	8 738 174	1 149 551	22 663 010	32 550 735
Accumulated and reversed amortisation and impairment at 31 Dec. 2018	8 738 174	1 149 551	22 663 010	32 550 735
Balance at 31 December 2018	**137 709 699**	**29 127 934**	**571 044 009**	**737 881 642**
Current year amortisation charge	8 738 174	1 149 551	22 663 010	32 550 735
Economic life	5 years	5 years	5 years	
Amortisation method	straight-line	straight-line	straight-line	

Note 5 Property, plant and equipment

Group	Land and Buildings	Plant and machinery	Fittings and fixtures	Total
Cost at 22 Oct 2018	-			-
Additions	698 872	1 428 199	1 515 256	3 642 327
Disposals	-	-	-	-
Cost at 31 Desember 2018	698 872	1 428 199	1 515 256	3 642 327
Including capitalised interest cost on manufactured additions	-	-	-	-
Acc. depreciation at 22 Oct. 2018	-	-	-	-
Net accumulated and reserved impairment at 31 December 2018	32 012	135 107	158 686	325 805
Accumulated depreciation and impairment at 31 Dec. 2018	32 012	135 107	158 686	325 805
Balance at 31 December 2018	**666 860**	**1 293 092**	**1 356 570**	**3 316 522**
Current year amortisation charge	32 012	135 107	158 686	325 805
Economic life	5 years	3 years	3 years	
Depreciation method	straight-line	straight-line	straight-line	

Note 6 Investments in subsidiaries and associated companies

Company	Date of acquisition	Consolidated (yes/no)	Registered office	Voting share	Ownership share
Pexip AS	*22.10.2018*	*Yes*	*Oslo*	100 %	100 %

Company	Equity latest financial statements	Profit/loss latest financial statements
Pexip AS	-42 976 976	-41 028 526

Note 7 Liabilities

Group

Liabilities

		Carrying amount
Bond debt		6 000 000
Debt to Credit instituition	-	1 500 000
Debt to Credit instituition	-	5 000 000

The bond matures in 2019

Note 8 Receivables; amounts due after more then one year

Parent company 2018		Group 2018
-	Accounts receivable	-
-	Other receivables	-
-	Inter-company loans	-

Note 9 Share capital and shareholder information

The share capital in the company at 31 December 2018 consists of the following classes:

	Number	Nominal amount	Carrying value
Ordinary shares	79 493 228	0,01	794 932
Total	**79 493 228**		**794 932**

Ownership structure
Shareholders above 2,5 % ownership per 31 December 2018:

Owner	Shares	Ownership
STAVANGER VENTURE AS	7 969 716	10,0 %
BJØBERG EIENDOM AS	5 058 989	6,4 %
TAMORER LTD ATF WYLIE FAMILY TRUST	5 015 100	6,3 %
T.D. VEEN AS	4 323 637	5,4 %
PLATAA VENTURE AS	2 906 007	3,7 %
XFILE AS	2 599 085	3,3 %
VEEN EIENDOM A/S	2 428 213	3,1 %
LIA INVESTMENTS LIMITED	2 193 053	2,8 %
SYNESI AS	2 168 952	2,7 %
SAGEN TELECOM AS	2 158 315	2,7 %
HAMACHI AS	2 052 666	2,6 %
GILES CHAMBERLIN	1 986 580	2,5 %
Other Shareholders	38 632 915	48,6 %
SUM	79 493 228	100 %

Shares and options held by members of the board and the managing director/CEO:

Name	Title	Shares	Total number of shares
Kjell Skappel	Chairman	14 721 566	18,5 %
Håkon Dahle	Board Member	2 052 666	2,6 %
Per Haug Kogstad	Board Member	5 058 989	6,4 %
Aril Resen	Board Member	2 599 085	3,3 %
Tom Erik Lia	Board Member	2 193 053	2,8 %
Michel Asbjørn Sagen	Board Member	2 158 315	2,7 %
Odd Sverre Østlie	CEO	100 000	0,1 %

Own shares:
Pexip Holding AS holds 15.000 own shares.

Note 10 Equity

Parent company

Paid-in equity	Share capital	Share premium	Retained earnings	Total equity
Equity at 20 October 2017	30 000	-	-	**30 000**
This year's change in equity:				
Company registration expenses			-17 000	**-17 000**
Capital decrease	-30 000			**-30 000**
Capital increase (Contribution in kind Pexip)	612 189	162 327 543		**162 939 732**
Capital increase (Contribution in kind Videxio)	182 743	694 240 861		**694 423 604**
Other changes			1 887	**1 887**
Profit/(loss) of the year	-		7 188 576	**7 188 576**
Equity at 31 December 2018	**794 932**	**856 568 404**	**7 173 463**	**864 536 799**

Group

Equity at 22 October 2018	**768 697 005**
This year's change in equity:	
Share based payments	958 663
Profit/(loss) of the year	-1 260 741
Translation differences	-4 245 576
Equity at 31 December 2018	**764 149 351**

Note 11 Related party transactions and balance items

Related party balance items

Counterpart	Relationship to the counterpart	Accounts receivables 2018	Other receivables 2018
Pexip AS	Subsidiary companies	1 022 700 541	-
Total		**-** **1 022 700 541**	**-**

Note 12 Income tax expense

Parent company 2018	Specification of income tax expense:	Group 2018
1	Current income tax payable	203 079
-	Changes in deferred tax	-18 015 381
-7 188 574	Effect of changes in tax rules	-5 104 952
-7 188 573	**Tax on profit/(loss)**	-22 917 254

Parent company

Norway 2018	Allocation of income tax expense between Norway and other countries:	Other countries 2018
-	Tax on profit/(loss)	-

Group

Norway 2018	Allocation of income tax expense between Norway and other countries:	Other countries 2018
-2 128 894	Tax on profit/(loss)	-20 788 360

Parent company 2018	Specification of current income tax payable:	Group 2018
-	This year's payable income tax expense	203 079
-	**Current income tax payable in the balance sheet**	203 079

Parent company 2018	Reconciliation from nominal to real income tax rate:	Group 2018
3	Profit/(loss) before taxation	-24 177 994
1	Estimated income tax according to nominal tax rate (23%)	-5 560 939
-	Effect of nominal tax rates different from 23 % in other countries	-410 697
-	Effect of changes in tax rules and rates	-5 104 952
	The tax effect of the following items:	
-	Net income before the merger date	-2 010 939
-	Other non-deductible expenses	1 018 169
-	Other non-taxable income	-824 392
-	Share based payments expenses	1 064 357
-	Change in the disparagement of the deferred tax benefit	-11 088 024
-7 188 574	Effect of changes in tax rules and rates	-
-	Other items	163
-7 188 573	Income tax expense	-22 917 254
-239619114 %	**Effective income tax rate**	94,8 %

Parent company

Specification of the tax effect of temporary differences and losses carried forward:

	2018 Benefit	2018 Liability
Receivables	-	158 148 631
Total	**-**	**158 148 631**
Off-balance sheet deferred tax benefits	-	
Net deferred benefit/liability in the balance sheet		**158 148 631**

The deferred tax benefit is included in the balance sheet on the basis of future income.

Group

Specification of the tax effect of temporary differences and losses carried forward:

	2018 Benefit	2018 Liability
Fixed assets	-	-
Intangible assets	-	8 257 356
Financial non-current assets	-	-
Inventories	-	-
Receivables	667 218	2 040 207
Current liabilities	9 113 965	
Non-current liabilities	19 248 960	-
Other differences		4 697 487
Losses carried forward	31 196 643	-
Total	**60 226 786**	**14 995 050**
Off-balance sheet deferred tax benefits	-	
Net deferred benefit/liability in the balance sheet	**45 231 736**	

The deferred tax benefit is included in the balance sheet on the basis of future income.

Note 13 Other provisions for liabilities and charges

Parent company 2018	Provisions	Group 2018
	Accrued income	133 200 000
-	*Provision for loss of contracts*	1 412 155
-	**Total**	134 612 155

Accrued income
Signed contracts are amortised over the term of the contract. Accrued income stated on the Pexip AS balance sheet amounted to NOK 82,9 Millions while the total applicable to the group is NOK 133,2 Millions. This applies to income from contracts that for acocunting purposes are to be treated as income in the subsequent periods.

Note 14 Secured borrowings and guarantees

Factoring pledge of the Accounts Receivables is granted to SpareBank1 Factoring.

Parent company 2018	Secured borrowings etc:	Group 2018
-	Accounts Receivable	22 390 598
-	Guarantees	160 000
-	**Total**	22 550 598

Note 15 Bank deposits

Bank deposits, cash etc. include restricted tax deduction funds with NOK 3 037 932

Note 16 Operating costs

Specification of other operating costs

Parent company 2018	**Other operating costs**	**Group 2018**
-	*Rent, offices etc.*	1 762 245
-	*Admin Cost*	7 778 204
-	*Other operating costs*	7 751 107
-	**Total**	**17 291 556**

Note 17 Contingent outcome and events after the balance sheet date

Pexip Holding AS has converted its receivables on Pexip AS of NOK 1.022.700.541 to stocks as of 29.March 2019

Consolidated financial statements
Pexip Holding AS

Cash flow statement

PARENT COMPANY		GROUP
2018		**2018**
	CASH FLOW FROM OPERATIONS:	
3	Profit/(loss) before taxation	-24 177 994
0	Depreciation and amortisation	32 876 540
0	Change in trade receivables	19 603 581
0	Change in trade payables	1 498 947
0	Changes in other current assets and other liabilities	-26 079 675
3	**Net cash flow from operations**	**3 721 398**
	CASH FLOW FROM INVESTMENT ACTIVITIES:	
0	Outflows due to downpayment of non-current liabilities	-5 125 000
0	**Net cash flow from investment activities**	**-5 125 000**
3	Net change in bank deposits, cash and equivalents	-1 403 602
	Bank deposits, cash and equivalents at 22 Oktober 2018	60 824 580
13 000	Bank deposits, cash and equivalents at 20 Oktober 2017	0
13 003	**Bank deposits, cash and equivalents at 31 December**	**59 420 978**

REPORT FROM THE BOARD OF DIRECTORS

On 22 October 2018, Pexip AS and Videxio AS formally merged, and in that process formed a holding company named Pexip Holding AS. This report shows the accounts for Pexip Holding AS on a standalone basis and on a consolidated basis for the whole Pexip Group. The Group consists of Pexip Holding AS, Pexip AS, Pexip Inc., Pexip Ltd., Videxio Inc. and Videxio Asia Pacific Ltd. The company renamed Pexip Holding AS was initially formed on 20 October 2017. The period for the numbers detailed herein will be from that date, however no business transactions has taken place in that company prior to 22 October 2018.

The Pexip Group develops scalable, distributed videoconferencing software for collaboration platforms and videoconferencing as-a-service. The products are sold to corporates and institutions in large parts of the world through partners for resale to end customers. For the videoconferencing software the entire subscription period is invoiced when the order is booked. The portfolio of software customers is increased through annual renewal and upsell to existing customers. As-a-service is based on selling monthly subscriptions, providing a recurring monthly revenue stream.

The combined company has experienced a solid organic growth over the past years. Churn throughout 2018 has been stable and low, which indicates that the both products are becoming an integrated part of the customers' daily workflows.

The company's headquarter is situated in Oslo, Norway.

Key financials

Pexip Holding AS

Operating revenue for the Company for 2018 is NOK 0 million, as no business operations takes place in Pexip Holding AS. Net income for the period was NOK 7.2 million. The company equity ratio was 84.5%, and cash flow for the period was NOK 0 million.

Pexip Group

Consolidated operating revenue for the group for 2018 is NOK 51.6 million. The annual recurring revenue at year-end 2018 was USD 37.1 million, up with 23.3% from USD 30.1 million at the beginning of the year for the merged companies.

Net loss for the Group for the year was NOK -1.3 million, including an amortisation of goodwill and software of NOK 31.4 million. Deferred revenue for the Group on sales made with revenue recognition in 2019 and later was NOK 133.2 million at the end of the year. The Group has limited variable costs and gross margin for 2018 was approx. 91%.

The consolidated Group has an overall equity ratio of 80.2%, with a net cash flow for the period of NOK -1.4 million. The closing cash balance for the Group was NOK 59.4 million, and the liquidity is considered to be very satisfactory.

During the year, various measures were taken to strengthen the operational performance in the Pexip Group, and it has continued to focus on increased sale particularly in North America. Several measures were taken in 2018 to further strengthen the region. Development in sales, gross margin and equity ratio is according to plan.

The board is satisfied with the momentum in the Group. The product development and version releases are going according to plan. Many versions have been released of Infinity and As-a-Service since the start, and the Group has seen a solid increase in customer base and revenue throughout the quarters in 2018. During 2019 new versions will be launched, which will further strengthen the Group's position. Continued growth in sales will likely give increased operating profit in 2019, assuming stable/moderately increasing costs. The board will evaluate on a continuing basis if further investments are needed to enable the company to grow at a faster pace.

The board confirms that the report of the board of directors and financial statements give a true and fair view of the consolidated Group and Company's assets, liabilities and financial position.

Risk and risk management

Risk management in the Pexip Group is based on the principle that risk evaluation is an integral part of all business activities. The ability to implement the strategic and operational plans is influenced by various commercial, technological and operational risk factors, including, but not limited to, the following: Access and ability to keep qualified employees, access to technology used in product development, ability to remain innovative, ability to execute on development schedules and secure customer contracts, protection of own patents and potential conflicts with third party patents, liquidity and access to funding, management of currency risk, attractiveness of product platforms offered, ability to engage with and enter into contracts with partners, market perception of product platform, the relative competitiveness in the market etc. The importance of each risk factor will likely change over time and depend on the market environment and relative competitiveness of the Group.

Financial risk

The Group is exposed to market risk and liquidity risk. The market risk is mitigated via a diversified customer portfolio where no end customer revenue exceeding 5% of total recurring revenues. Net Retention Ratio (NRR) shows net development in the customer portfolio and measures upsell versus churn at subscription renewal over a period. NRR for the group is 95% for 2018, which is well above industry standard. Cash flow from new sales and renewals should be more than sufficient to cover the liquidity requirement in 2019.

The exposure to credit risk is limited as purchase orders from partners are placed based on orders received from end customers, and payment is contractually independent from end customer payments. Variable cost beyond sales commission to employees is minimal.

Research and Development (R&D)

The Group's core activity is R&D related to distributed software platforms for videoconferencing and collaboration. At the end of 2018 the Engineering team in the group consisted of 65 employees. The continued momentum and the results achieved in this area have been excellent. The product development strategy was assessed throughout the year. The technology is developed with the aim to make the company a fully-fledged supplier of collaboration software with increased focus on sales to medium sized to large international corporations and Service Providers.

Going concern

In the opinion of the board the consolidated Group and the Holding Company qualifies as a going concern and the financial statements have been prepared on this basis. As a result of the merger the equity has increased significantly for both Pexip Holding AS and the consolidated Group in 2018. However, due to the depreciation of goodwill for the next five years, the equity will most likely decrease in 2019. Pexip Group has budgeted with a positive EBITDA in 2019, but the Group will probably have an operational loss due to the depreciation on goodwill and other intangible assets. When it comes to cash flow the board believes it should invest as much as possible back in the company in terms of R&D people and additional sales force, and the Group should therefore be slightly cash generating or cash neutral for 2019.

Health and safety

Leave of absence due to illness is generally low, and the working environment in Pexip is good. No employees have been subject to injuries or accidents in conjunction with job-related tasks in 2018. The board considers this to be satisfactory and no special measures are taken.

Gender equality

Pexip Group had 161 employees at the end of 2018, of which 27 were female equaling 17%. The Group's policy is to pay equal wages for equal work. Pexip Holding AS has no employees.

Environment

The board considers the operations to have no negative effects on the environment. The Group delivers videoconferencing services, which can be used as a substitute for business travels, thereby reducing carbon emission and improving the environment. The Group does not use products or materials which are harmful to the natural environment in the production of its services. The Group uses waste sorting and recycling schemes for supplies and materials.

Profit allocation

In the opinion of the board, the annual accounts and balance sheet including disclosures reflect the financial position of the Company and the consolidated Group for 2018 and at the end of the year.

Activity into 2019 has been good, and cash flow from operations in the first quarter has been as expected. The Group is well positioned to generate increasing revenue and operating profits for the year. The intercompany receivable between Pexip Holding AS and Pexip AS was converted as of 29 March 2019 to shares in Pexip AS.

The profit for the year for Pexip Holding AS of NOK 7.2 million has been allocated in its entirety to other equity.

Oslo, 8 May 2019

DocuSigned by:
Kjell Skappel
F43EEDE4E1EA470...
Kjell Skappel
Chairman

DocuSigned by:
Per Kåre Haug Kogstad
61E96BC4EA2A42C...
Per Haug Kogstad
Board Member

DocuSigned by:
John Malcom Rodney Wylie
9ADC64BB839C43C...
John Malcolm Rodney Wylie
Board Member

Håkon Dahle
Board Member

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Tom Erik Lia
Board Member

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Til generalforsamlingen i Pexip Holding AS

UAVHENGIG REVISORS BERETNING

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Pexip Holding AS' årsregnskap som viser et overskudd i selskapsregnskapet på kr 7 188 576 og et underskudd i konsernregnskapet på kr 1 260 741. Årsregnskapet består av:

- selskapsregnskapet, som består av balanse per 31. desember 2018, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2018, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening:

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir det medfølgende selskapsregnskapet et rettvisende bilde av den finansielle stillingen til Pexip Holding AS per 31. desember 2018 og av selskapets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir det medfølgende konsernregnskapet et rettvisende bilde av den finansielle stillingen til konsernet Pexip Holding AS per 31. desember 2018 og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet og konsernet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet er ledelsen ansvarlig for å ta standpunkt til selskapets og konsernets evne til fortsatt drift, og på tilbørlig måte å opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.
- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Vi kommuniserer med dem som har overordnet ansvar for styring og kontroll blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 8. mai 2019
Deloitte AS

Eivind Ungersness
statsautorisert revisor

Eivind Ungersness
Statsautorisert revisor
Serienummer: 9578-5994-4-1479369
IP: 217.173.xxx.xxx
2019-05-08 06:17:27Z

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APPENDIX D:

AUDITED FINANCIAL STATEMENTS FOR PEXIP 1.0 FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated financial statements

Pexip AS

2017

REPORT OF THE BOARD OF DIRECTORS

Pexip AS develops scalable, distributed videoconferencing software for collaboration platforms which is sold to corporates and institutions. The software has unique abilities to scale. Subscription licenses are sold to partners for resale to end customers and the entire subscription period is invoiced when the order is booked. The portfolio of paying customers is increased through renewal and upsell of existing customers and by acquiring new customers. The annual value of the subscription portfolio "Annual Recurring Revenue" is an important metric for Pexip.

The parent company Pexip AS is registered in Norway and has two subsidiaries; Pexip Inc. and Pexip Ltd. Pexip Inc. is incorporated in the US and sells to the North American market. Pexip Ltd. was established in the UK in August 2016 (previously a branch of Pexip AS), and employs developers and sales people covering the British market.

The company's headquarter is situated in Lysaker, Norway.

Key financials

Consolidated operating revenue for 2017 increased to NOK million 143.4 Million, up from NOK 130.1 million in 2016. This is an increase of 10.2%. However, in 2016 NOK 33.4 million of the revenue was connected to the PDVSA contract. Excluding this contract give an increase in revenue of 44% from 2016 to 2017. The annual recurring revenue at year-end 2017 was USD 20.1 million, up with 48% from USD 13.6 million at the beginning of the year.

Net income for the year was NOK 31.9 million compared with a loss of NOK 32.1 million in 2016. Deferred revenue for the group on sales made with revenue recognition in 2017 and later was NOK 98.3 million at the end of the year. The company has very limited variable costs and gross margin for 2017 was approx. 98%.

The company has an overall equity ratio of 28.6%. The equity ratio in the parent company is 61.2%. The liquidity is satisfactory. During the year, various measures were taken to strengthen the operational performance. Changes in cost structure had a positive impact in the second half of the year. Resources in low growth regions were moved to strategically important growth regions in North West Europe and North America. Development in sales, gross margin and equity ratio is according to plan.

The board is satisfied with the momentum in the company. The product development and version releases are going according to plan. 17 versions have been released of Pexip Infinity since the start, and the company has seen a solid increase in customer base and revenue throughout the quarters in 2017. During 2018 new versions will be launched, which will further strengthen the company's position. Continued growth in sales will likely give increased operating profit 2018, assuming stable/moderately increasing costs. The board expects liquidity to strengthen throughout the year and sees no need for loans or other capital injections.

The board confirms that the report of the board of directors and financial statements give a true and fair view of the company's assets, liabilities and financial position.

Risk factors

Pexip's ability to implement the company's strategic and operational plans is influenced by various commercial, technological and operational risk factors, including: Access and ability to keep qualified employees, access to technology used in product development, ability to remain innovative, ability to execute on development schedules and secure customer contracts, protection of own patents and potential conflicts with third party patents, liquidity and access to funding, management of currency risk, attractiveness of product platform offered, ability to engage with and enter into contracts with partners, market perception of product platform, the relative competitiveness in the market etc. The importance of each risk factor will likely change over time and depend on the market environment and relative competitiveness of the company.

Financial risk

The company is exposed to market risk and liquidity risk. The market risk is mitigated via a diversified customer portfolio where no end customer exceeds over 10% of recurring revenues. The liquidity risk is decreasing compared to previous years, as the annual recurring revenue portfolio is now above annual fixed costs. Net Retention Ratio (NRR) shows net development in the customer portfolio and measures upsell versus churn at subscription renewal over a period. NRR is over 106% for 2017, which means that contract value is 6% higher on an overall level after renewal compared to contract value prior to renewal. Cash flow from renewals and new sales should be more than sufficient to cover the liquidity requirement in 2018, and the company has no additional need for funding in the current budgeted growth plan.

The company's exposure to credit risk is limited as purchase orders from partners are placed based on orders received from end customers, and payment is contractually independent from end customer payments. Variable cost beyond sales commission to employees is minimal. As such, the company has great flexibility on pricing and the product is never sold at a loss.

Research and Development (R&D)

Pexip's core activity is R&D related to distributed software platforms for videoconferencing and collaboration. At the end of 2017 the R&D team consisted of 29 employees. During 2017 three new versions of Pexip Infinity were released and version 17 was available by the end of the year. The continued momentum and the results achieved in this area have been excellent. The product development strategy was assessed throughout the year. The technology is developed with the aim to make the company a fully-fledged supplier of collaboration software with increased focus on sales to large international corporations and Service Providers.

Going concern

In the opinion of the board the company qualifies as a going concern and the financial statements have been prepared on this basis. The equity has increased for both Pexip AS and Pexip Group in 2017 and the board expect this to continue in 2017. Pexip Group has budgeted with a profit in 2018, which will further strengthen the equity. The company will also be cash generating according to forecast for 2018, which will improve the liquidity of the company as well.

Health and safety

Sick leave was in total about 200 days in 2017, which equals 2% of work hours. The board considers this to be satisfactory and no special measures are taken.

The working environment in Pexip is good, and during 2017 there have been no accidents or injuries related to the operations.

Gender equality

Pexip Group had 66 employees at the end of 2017, of which 8 were female equaling 12.1%. This is an increase from 7.4% in 2016. The company policy is to pay equal wages for equal work.

Environment

The board considers Pexip's operations to have no negative effects on the environment.

Profit allocation

In the opinion of the board, the annual accounts and balance sheet including disclosures reflect the financial position of the company for 2017 and at the end of the year.

No events have occurred after year-end which have an impact on the accounts. Activity into 2018 has been good, and cash flow from operations in the first quarter has been as expected. The company is well positioned to generate positive cash flow for the year and achieve operating profit.

The profit for the year of NOK 31.9 million has been allocated in its entirety to other equity.

Events after year end

As of 8 March 2018, Odd Sverre Østlie replaced Åsmund Olav Fodstad as the CEO of the company.

Lysaker, 20 March 2018

Kjell Skappel
Board of Directors

Odd Sverre Østlie
CEO

Per Haug Kogstad
Board Member

John Malcolm Rodney Wylie
Board Member

Håkon Dahle
Board Member

Consolidated Financial Statements
Pexip AS
Profit and Loss Account

Parent Company 2016	2017	NOTES	OPERATING REVENUE AND OPERATING EXPENSES	Group 2017	2016
110 347 329	104 625 139	1,2,11	Revenues	143 400 467	130 075 060
110 347 329	**104 625 139**		**Total Operating Income**	**143 400 467**	**130 075 060**
17 140 848	5 259 171		Cost of goods sold	16 457 144	22 464 995
69 513 532	30 938 965	4	Payroll expenses	56 524 862	97 132 862
13 044 704	18 418 564	6	Depreciation of tangible and intangible assets	18 970 171	13 150 687
19 620 051	21 803 387	4,11	Other operating expenses	34 950 707	28 919 626
119 319 135	**76 420 088**		**Total Operating Expenses**	**126 902 884**	**161 668 170**
-8 971 806	**28 205 051**		**Operating Profit (- Loss)**	**16 497 583**	**-31 593 110**
			FINANCIAL INCOME AND FINANCIAL COSTS		
1 316 362	1 299 305	11	Interest income from group companies	0	0
68 486	133 684		Other interest income	133 684	68 486
10 086 953	1 124 441		Other financial income	3 108 496	8 257 724
-406 829	-519 879		Other interest expenses	-519 879	-406 829
-9 362 075	-7 499 918		Other financial expenses	-7 698 821	-8 419 060
1 682 897	**-5 462 367**		**Net Financial Result**	**-4 976 520**	**-499 679**
-7 288 909	**22 742 684**		**Profit (- Loss) before Tax**	**11 521 064**	**-32 092 789**
0	-20 321 981	12	Income tax Expenses	-20 363 306	0
-7 288 909	**43 064 665**		**ANNUAL PROFIT (-LOSS)**	**31 884 370**	**-32 092 789**
			Majority Share of Net Income	31 884 370	-32 092 789

TRANSFERS

-7 288 909	43 064 665	9	Transferred to / from Other Equity
-7 288 909	43 064 665		**Total Transfers**

Consolidated Financial Statements
Pexip AS
Balance Sheet at 31 December

Parent Company 2016	Parent Company 2017	NOTES	ASSETS	Group 2017	Group 2016
			Fixed Assets		
			Intangible Assets		
47 733 703	56 129 492	6	Research and development	55 463 908	47 733 703
83 104	138	6	Concessions, patents, licenses, trademarks, and similar	138	83 104
0	20 321 981	12	Deferred tax assets	20 321 981	0
47 816 807	76 451 611		**Total Intangible Assets**	75 786 027	47 816 807
			Tangible Assets		
411 466	395 831	6	Fixtures and fittings, tools, office machines, and similar	2 016 081	941 193
411 466	395 831		**Total Tangible Assets**	2 016 081	941 193
			Current Financial Assets		
19 896 070	18 001 068	7	Investments in subsidiaries	0	0
25 980 589	26 704 561	11	Loans to group companies	0	0
390 694	1 724 335		Other long-term receivables	1 724 335	865 317
46 267 353	46 429 965		**Total Financial Assets**	1 724 335	865 317
94 495 626	123 277 406		**Total Assets**	79 526 443	49 623 317
			Current Assets		
			Receivables		
27 592 870	38 226 872		Accounts receivable	55 816 352	36 123 423
24 048 403	37 170 878	11	Accounts receivable from group companies	0	0
6 347 421	11 950 711	14	Other receivables	20 764 543	12 478 330
57 988 695	87 348 461		**Total Receivables**	76 580 895	48 601 753
17 103 784	22 537 903	8	**Bank Deposits, Cash, and Similar**	29 488 789	25 350 604
75 092 479	109 886 364		**Total Current Assets**	106 069 684	73 952 357
169 588 103	233 163 769		**TOTAL ASSETS**	185 596 127	123 575 674

Consolidated Financial Statements
Pexip AS
Balance Sheet at 31 December

Parent Company 2016	2017	NOTES	EQUITY AND LIABILITIES	Group 2017	2016
			Equity		
			Paid-in Capital		
603 964	610 679	3,9	Share capital (61 067 923 shares at NOK 0,01)	610 679	603 965
90 193 121	90 301 795	9	Premiums	90 301 795	90 193 121
90 797 085	90 912 474		**Total Paid-in Capital**	90 912 474	90 797 086
			Retained Earnings		
6 181 423	51 734 562	9	Other equity	-37 906 381	-72 798 033
6 181 423	51 734 562		**Total Retained Earnings**	-37 906 381	-72 798 033
96 978 508	142 647 036		**Total Equity**	53 006 093	17 999 053
			Liabilities		
			Other Long-term Debt		
6 000 000	6 000 000	10	Bonds	6 000 000	6 000 000
2 500 000	2 000 000	10	Debt to credit institutions	2 000 000	2 500 000
8 500 000	8 000 000		**Total Other Long-term Debt**	8 000 000	8 500 000
			Current Liabilities		
5 168 527	7 789 690	11	Accounts payable	9 901 913	2 607 152
0	0	12	Current income taxes payable	41 325	0
3 638 541	3 856 360		Government fees & taxes	4 813 727	4 694 307
46 851 417	61 399 950	5	Unearned income	98 264 070	77 543 910
8 431 110	9 470 533	13	Other short-term debt	11 569 000	12 231 250
64 109 595	82 516 734		**Total Current Liabilities**	124 590 035	97 076 619
72 609 595	90 516 734		**Total Liabilities**	132 590 035	105 576 619
169 588 103	233 163 769		**TOTAL EQUITY AND LIABILITIES**	185 596 127	123 575 674

Lysaker, 20.03.2018

For the Board of Pexip AS

Kjell Skappel
Chairman

Odd Sverre Østlie
CEO

Håkon Dahle
Board Member

Per Haug Kogstad
Board Member

John Malcolm Rodney Wylie
Board Member

Consolidated financial statements
Pexip AS

Cash flow statement

PARENT COMPANY 2016	PARENT COMPANY 2017		Group 2017	Group 2016
		CASH FLOW FROM OPERATIONS:		
-7 288 909	22 742 684	Profit/(loss) before taxation	11 521 064	-32 092 789
13 044 704	18 418 564	Depreciation and amortisation	18 970 171	13 150 687
-14 701 319	-10 634 002	Change in trade receivables	-19 692 929	-18 627 931
1 788 919	2 601 363	Change in trade payables	7 294 761	-944 503
-11 798 979	-13 846 447	Changes in inter-company balances	0	0
31 642 600	13 251 667	Changes in other current assets and other liabilities	13 918 741	49 285 888
12 687 016	**32 533 830**	**Net cash flow from operations**	**32 011 807**	**12 771 352**
		CASH FLOW FROM INVESTMENT ACTIVITIES:		
-62 065	-203 880	Outflows due to purchases of fixed assets	-1 724 237	-763 534
-22 761 456	-26 511 221	Outflows due to purchases of intangibles	-25 764 775	-22 761 456
-1 061		Outflows due to purchases of financial non-current assets	0	0
-22 824 582	**-26 715 101**	**Net cash flow from investment activities**	**-27 489 012**	**-23 524 990**
		CASH FLOW FROM FINANCING ACTIVITIES:		
1 256 250		Inflow due to new non-current liabilities	0	1 256 250
-1 100 000	-500 000	Outflow due to downpayment of non-current liabilities	-500 000	-1 100 000
3 641 731		Inflow due to new current liabilities	0	3 641 731
1 390 463	115 390	Equity repayment	115 390	1 390 463
5 188 444	**-384 610**	**Net cash flow from financing activities**	**-384 610**	**5 188 444**
-4 949 122	5 404 119	Net change in bank deposits, cash and equivalents	4 138 185	-5 565 194
22 052 906	17 103 784	Bank deposits, cash and equivalents at 1 January	25 350 604	30 915 798
17 103 784	**22 537 903**	**Bank deposits, cash and equivalents at 31 December**	**29 488 789**	**25 350 604**

Consolidated Financial Statements
Pexip AS
Notes to the accounts, year ended 31 December 2017

Note 1 Accouting Policies

The annual financial statements have been prepared in accordance with the Norwegian Annual Accounts Act of 1998 and good accounting practice in Norway.

Consolidation principles
The consolidated financial statements consist of Pexip AS and its subsidiaries, where Pexip AS has a controlling interest through legal or actual control. The consolidated financial statements are prepared in accordance with uniform accounting policies for uniform transactions in all companies included in the consolidated financial statements. All material transactions and group inter-company balances are eliminated. Investments in companies where the group has significant influence (associate companies) are treated in accordance with the equity method in the consolidated financial statements. Significant influence normally exists when the group owns between 20 and 50 percent of the voting capital.

Shares in subsidiaries are eliminated in accordance with the acquisition method. This involves the acquired company's assets and liabilities being assessed at fair value on the date of acquisition, and any value added is classified as goodwill

Valuation and classification of assets and liabilities
Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Foreign currency
All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Intangible assets
Expenses relating to the development of intangible assets, including research and development expenses, are capitalized when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the assets can be reliably measured.

Intangible assets with a limited economic life are amortised on a systematic basis. Intangible assets are written down to the recoverable amount if the expected economic benefits are not covering the carrying amount and any remaining development costs.

Shares in subsidiaries and associates
Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted acccounting principles.

Revenues
Revenue is recognised when it is earned, i.e. when a claim for compensation arises. This occurs when services are provided, along with the work performed. Revenues are recognised at the value of remuneration at the time of transaction. The company develops and sells software licences and amortises the revenue over the contract period.

Note 1 continued

Receivables
Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Pensions
Defined contribution plans are accounted for according to the matching principle. Contributions to the pension plan are recorded as expenses.

Cost of sales and other expenses
In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. From 2016, commission expenses for sales will has been accrued in line with revenues.

Income taxes
Tax expenses are matched with operating income before tax. Tax related to equity transactions e g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Government grants
Investment grants are recognised in the balance sheet based on gross amounts, and allocated to operating income over the economic life of the investment.

Other information
The former English branch of Pexip AS was converted into Pexip Ltd on 10 August, 2016, and reported thenceforth as a subsidiary.

Note 2 Revenues

Parent Company 2016	2017	Per area of operation:	2017	Group 2016
110 347 329	104 625 139	*Sale of licences*	143 400 467	130 075 060
110 347 329	104 625 139	**Total**	143 400 467	130 075 060

Parent Company 2016	2017	Per geographic market:	2017	Group 2016
-		*Americas*	45 888 149	33 917 450
47 231 286	45 298 454	*EMEA*	65 964 215	45 231 286
13 425 921	28 172 793	*Intercompany*		-
49 690 122	31 153 892	*Other*	31 548 103	50 926 324
110 347 329	104 625 139	**Total**	143 400 467	130 075 060

In 2016 Pexip AS had a significant, one-off deal in LATAM. Total value of the deal was NOK 33.4 Mill
Total sales in 2016 would have been NOK 71,2 Mill. For Pexip AS and NOK 110 Mill for the group without this deal.
Pexip had a margin of NOK 12.5 Mill on this deal.

Note 3 Share capital and shareholder information

Share Capital	Quantity	Par Value	Share Capital
Ordinary shares	61 067 923	0,01	610 679

The Company has 335 shareholders. Below are the 10 largest shareholders. All shares carry the same voting rights.

Shareholder	Shares	Ownership
Stavanger Venture AS	6 395 000	10,47 %
Tamorer Ltd ATF Wylie Family Trust	5 015 100	8,21 %
Bjøberg Eiendom AS	4 305 166	7,05 %
T.D Veen AS	2 789 041	4,57 %
Xfile AS	2 345 000	3,84 %
Hamachi AS	2 122 666	3,48 %
Giles Chamberlin	2 006 580	3,29 %
Plataa Venture	2 000 000	3,28 %
Veen Eiendom AS	1 882 000	3,08 %
Visi Invest AS	1 510 141	2,47 %
Other Shareholders	30 697 229	50,27 %
Total number of shares	**61 067 923**	**100,00 %**

Shares and options owned by members of the Board and CEO

Navn	Verv	Aksjer	Eierandel
Håkon Dahle	Board Member	2 122 666	3,48 %
Åsmund Fodstad	CEO	752 973	1,23 %
Kjell Skappel	Chairman	6 395 000	10,47 %
Per Haug Kogstad	Board Member	4 339 166	7,11 %
John Wylie	Board Member	5 015 100	8,21 %
Total number of shares		**18 624 905**	**30,5 %**

Senior executives are included in employee stock options.
Total outstanding, non-exercised options in the company's stock option programme, amounted to 1.0 million as at 31 December 2017.

671,516 options were exercised in 2017, all at a strike price of NOK 0.01. 722,500 new options were granted during the year. The original option programme expired in August 2016 and was replaced by a new programme with a strike closer to the market price and vesting over 4 years. No dividends were made under the new options programme in 2016. At the end of the year, approximately 1.0 million options remained outstanding. Options that have gone to vesting may be exercised in a predetermined window as determined by the Board. Options granted under the old programme may be redeemed within four years; the period has been extended to five years for the new programme

Note 4 Payroll costs, number of employees, benefits, loans to employees etc.

Payroll Expenses

Parent Company 2016	2017		Group 2017	2016
26 297 586	16 416 513	Wages and salaries	31 181 651	42 860 011
5 042 698	4 034 912	Social security tax	7 572 227	5 042 698
12 085 837	2 525 078	Salary options	3 163 584	12 085 837
3 060 300	900 823	Pension costs	1 914 932	3 448 366
23 027 111	7 061 639	Commissions	12 692 467	33 695 950
69 513 532	30 938 965	Total	56 524 862	97 132 862
38	29	Average number of employees during the year	66	58

Note 4 continued

Salary cost options are estimated using the Black Scholes option pricing model and show a total accounting cost for 2017 related to options issued. The figure of NOK 1,487 million relates to provisions for future employer contributions, the remaining amount has no effect on cash flow. Other payroll-related expenses consist primarily of those related to expat agreements and personnel costs.

Pension costs, assets and liabilities

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meet the requirements of this legislation.

Directors' remuneration	Name	Salary/bonus incl. holiday pay	Pension costs	Other remuneration
CEO	Åsmund Fodstad	2 370 479	51 499	8 800

Loans and guarantees to Chief Executive, Directors, Shareholders etc.

Title	Name	Amount	Interest rate	Scheduled payment(s)
CEO	Åsmund Fodstad	750 000	2,2 %	1

There are no other loans or guarantees to employees, exectutives, shareholders etc.

As of 8. March 2018 Åsmund Fodstad has been replaced as CEO by Odd Sverre Østlie.

Auditor

Remuneration to Deloitte AS and their associates is as follows:

Parent Company 2016	2017		Group 2017	2016
183 250	507 545	Statutory audit	507 545	183 250
116 750	136 290	Other assurance services	136 290	116 750
186 221	89 050	Tax counselling	89 050	186 221

Amounts are excl. of VAT

Note 5 Unearned income

Signed contracts are amortised over the term of the contract. Unearned income stated on the Pexip AS balance sheet amounted to NOK.61,399,950 while the total applicable to the group is NOK 98,264,069. This applies to income from contracts that for accounting purposes are to be treated as income in subsequent periods.

Note 6 Intangible assets and property, plant and equipment

Parent Company

	R&D	Web site	Fittings and fixtures		Total
Cost at 1 January 2017	69 522 308	250 513	2 990 776		72 763 597
Additions	27 844 862	-	203 880		28 048 742
Disposals	-	-	-	-	-
Goverment Grant (Skattefunn)	-1 333 641	-	-	-	-1 333 641
Cost at 31 Desember 2017	96 033 529	250 513	3 194 656	-	99 478 698
Acc amortisation at 31. December 2017	39 904 037	250 374	2 798 825		42 953 236
Balance at 31 December 2017	56 129 492	139	395 831	-	56 525 462
Current year amortisation charge	18 115 432	82 965	220 167		18 418 564
Economic life	5 years	2 years	3 years		
Amortisation method	straight-line	straight-line	straight-line		

Group

	R&D	Web site	Fittings and fixtures	Land & buildings	Total
Cost at 1 January 2017	69 522 308	250 513	4 060 798	-	73 833 619
Additions	27 098 416	-	788 395	935 841	28 822 653
Disposals					
Goverment Grant (Skattefunn)	-1 333 641	-	-	-	-1 333 641
Cost at 31 Desember 2017	95 287 083	250 513	4 849 193	935 841	101 322 631
Acc. amortisation at 31. December 2017	39 823 175	250 374	3 684 983	155 972	43 914 504
Balance at 31 December 2017	55 463 908	139	1 164 210	779 869	57 408 127
Current year amortisation charge	18 034 570	82 965	696 664	155 972	18 970 171
Economic life	5 years	2 years	3 years	5 years	
Amortisation method	straight-line	straight-line	straight-line	straight-line	

Note 7 Investments in subsidiaries and associated companies

Company	Acquisition Date	Consolidated (yes/no)	Registered office	Voting share	Ownership share
Pexip Inc.	*19.09.2012*	Yes	*New York, USA*	100 %	100 %
Pexip Limited	*13.06.2016*	Yes	*Twyford, England*	100 %	100 %

Company	Equity latest financial statements	Profit/loss latest financial statements
Pexip Inc (numbers in USD)	-8 680 618	-418 939
Pexip Limited (numbers in GBP)	-46 783	-855 168

Note 8 Bank Deposits

Bank deposits, cash and cash equivalents include tax deduction funds with NOK 1.272.993

The group has established a group accounting hierarchy. Pexip AS is the top company in the accounting hierarchy.

Note 9 Equity

Parent Company

Paid in equity	Share Capital	Premiums	Other Equity	Total
Equity 01.01.17	603 964	90 193 120	6 181 423	96 978 508
Changes in equity during the year:				
Share issue	6 715	108 675	-	115 390
Options	-	-	2 488 474	2 488 474
Profit (- loss) for the year	-	-	43 064 665	43 064 665
Equity 31.12.17	610 679	90 301 795	51 734 562	142 647 037

Group

Equity as at 1/1/2017	17 999 053
Changes in equity during the year:	
Share issue	115 390
Options	2 488 474
Profit (- loss) for the year	31 884 370
Translation differences	518 806
Equity 31.12.17	53 006 093

Note 10 Other Long-term Liabilities

Parent Company 2016	Parent Company 2017	Debt	Maturity Date (year)	Group 2017	Group 2016
6 000 000	6 000 000	Bond issue	2019	6 000 000	6 000 000
2 500 000	2 000 000	Debt to credit institutions	2020	2 000 000	2 500 000
8 500 000	8 000 000	Total Other Long-term Liabilities		8 000 000	8 500 000

The bond matures in 2019. Innovasjon Norge is a serial loan with instalments over five years – final maturity is in 2020

Note 11 Transactions and Intercopany Accounts within the Group

Related party transactions, profit and loss:

Transaction/Transaction Group	Party	Relationship with other party	2017	2016
Management fees	*Pexip Inc*	Subsidiary	2 265 446	3 008 943
Transfer price	*Pexip Inc*	Subsidiary	18 104 835	12 535 859
Management fees	*Pexip Limited*	Subsidiary	2 304 672	1 199 156
Transfer price	*Pexip Limited*	Subsidiary	2 304 672	681 963
Interest income from loans	*Pexip Inc*	Subsidiary	950 652	1 316 362
Interest income from loans	*Pexip Limited*	Subsidiary	348 653	
Costs	*Pexip Inc*	Subsidiary	1 413 728	828 817
Research and Development	*Pexip Limited*	Subsidiary	16 052 629	7 693 209

	Account Receivables 2017	Account Receivables 2016	Other long-term Receivables 2017	Other long-term Receivables 2016
Pexip Inc	29 368 365	22 542 154	21 064 785	22 451 892
Pexip Limited	7 802 513	1 881 119	5 639 776	3 528 696
Total	37 170 878	24 423 273	26 704 561	25 980 588

	Account Payable 2017	Account Payable 2016
Pexip Inc	596 219	
Pexip Limited	1 367 206	2 789 145
Total	1 963 425	2 789 145

Development work invoices to Pexip Ltd from Pexip AS is capitalised and recognised as an intangible asset in Pexip AS balance sheet.

Note 12 Income Tax Expenses

Parent Company 2016	Parent Company 2017	This tax expenses for the year are calculated as follov	Group 2017	Group 2016
-	-	Current income tax payable	-41 325	-
-1 143 898	-21 205 545	Changes in deferred taxes	-21 205 545	-1 143 897
1 143 898	883 564	Effect of changes in tax rules	883 564	1 143 897
-	-20 321 981	Tax on profit/(loss)	-20 363 306	-

Parent Company 2016	Parent Company 2017	Reconciliation from nominal to real income tax rate	Group 2017	Group 2016
-7 288 909	22 742 684	Profit before tax	11 521 084	-32 092 789
-1 822 227	5 458 244	"Estimated income tax according to nominal tax rate"	2 765 055	-8 023 197
		The tax effect of the following items:		
2 804 338	1 202 700	Other non-deductable expenses	1 202 700	2 804 338
	-320 074	Other non-taxable income	-320 074	-
-2 126 008	-27 546 415	Change in the disparagement of the deferred tax benefit	-24 894 551	4 074 962
1 143 897	883 564	Effect of changes to tax rules and rates	883 564	1 143 897
-0	-20 321 981	Income tax expense	-20 363 306	-
0 %	-89 %	Effective income tax rate	63 %	0 %

Parent Company

Specification of the tax effect of temporary differences and losses carried forward:

	2016	2017
Fixed assets (tangible and intangible)	-1 868 885	-2 083 892
Receivables	115 380	-43 700
Deferd income	-11 244 340	-14 121 988
Other differences	568 300	2 009 364
Losses carried forward	-15 116 869	-6 081 765
Total	-27 546 414	-20 321 981
Off-balance sheet deferred tax benefits	27 546 414	-
Net deferred benefit/liability in the balance sheet	-	-20 321 981

Group

Specification of the tax effect of temporary differences and losses carried forward:

	2016	2017
Fixed assets (tangible and intangible)	-1 868 885	-2 083 892
Receivables	115 380	-43 700
Unearned income for accounting purposes	-19 385 978	-23 580 977
Losses carried forward	-31 128 170	-52 292 614
Total	-52 267 653	-78 001 183
Unrecognised deferred tax assets	52 267 653	57 679 202
Net deferred tax assets/liabilities	-	-20 321 981

Note 13 Pledges and Guarantees

Factoring pledge of the Accounts Receivables is granted to Sparebank1 Factoring

Parent Company 2016	2017	Book value of assets pledged as security for reported debt	2017	Group 2016
27 218 001	38 226 872	Accounts Receivable	38 226 872	27 218 001
27 218 001	38 226 872	Total	38 226 872	27 218 001

Note 14 Other Receivables

Other receivbales inlcudes deferred commission.

Deloitte.

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Til generalforsamlingen i Pexip AS

UAVHENGIG REVISORS BERETNING

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Pexip AS' årsregnskap som viser et overskudd i selskapsregnskapet på kr 43 064 665 og et overskudd i konsernregnskapet på kr 31 884 370. Årsregnskapet består av:

- selskapsregnskapet, som består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening:

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir det medfølgende selskapsregnskapet et rettvisende bilde av den finansielle stillingen til Pexip AS per 31. desember 2017 og av selskapets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir det medfølgende konsernregnskapet et rettvisende bilde av den finansielle stillingen til konsernet Pexip AS per 31. desember 2017 og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet og konsernet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet er ledelsen ansvarlig for å ta standpunkt til selskapets og konsernets evne til fortsatt drift, og på tilbørlig måte å opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Deloitte.

Vi kommuniserer med dem som har overordnet ansvar for styring og kontroll blant annet om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets og konsernets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 20. mars 2018
Deloitte AS

Eivind Ungersness

Eivind Ungersness
statsautorisert revisor

pexip

PEXIP GROUP 2017

Dear Shareholder,

2017 was a milestone year for Pexip. In May we celebrated 5 years as a company, with all employees gathering for a big celebration in sunny Oslo. In July we had our Pexip Infinity product certified by Microsoft as an interoperability gateway for Skype for Business Server – this marked the beginning of what seems to be becoming a very good commercial relationship with Microsoft. In September, Microsoft publicly announced that Pexip would be a future provider of interoperability for their new Microsoft Teams collaboration solution, further bringing credibility to the Pexip brand. And finally, 2017 was the year Pexip became profitable on an ARR basis – a major accomplishment.

Commercial

In 2017 we executed on the plan laid out in 2016 – allocate resources to pursue opportunities in our clearly defined focus regions: Western Europe, North America and Australia. The business was shaped around these regions, concentrating sales resources and leadership accordingly. Of special importance was bringing in new leadership and increased staff in the US. We believe this will drive growth in years to come.

We prioritized selective trade events within the industry, and decided to focus on Microsoft-specific events. At these events, demonstrations of the latest versions of Pexip Infinity and its Skype for Business interoperability features were extremely well received. We started seeing the results of these events later in 2017, with several wins relating specifically to this Microsoft-specific functionality.

In addition to successfully formalizing the partnership with Microsoft, we also entered into an agreement with Google, where Pexip will provide interoperability with Google's "Hangouts Meet" conferencing service. Early demos of this were shown late in 2017, with product availability planned for 2018.

Product

It was a very busy and interesting year for the product development team. The team delivered three major releases with some significant features, benefiting our customers greatly.

In April we delivered Version 15, which had several major improvements. We introduced our Microsoft Exchange integration, allowing customers to schedule meetings using their Microsoft Outlook calendar feature – a workflow business users are already familiar with. This feature also automatically sends out an email with dialing instructions to the participants, making it very easy to dial into the scheduled Pexip meeting. Version 15 also included improved resilience for Skype for Business clients, greatly enhancing the user experience when connecting over poor networks. And finally, we completed our support for Microsoft Azure, allowing customers to deploy Pexip Infinity in the Azure cloud, with full resource "elasticity" – the Pexip Infinity deployment will start and stop virtual machines in the Azure cloud on demand, ensuring costs are kept low, as customers are charged by the minute. We already had the same support for the Amazon AWS cloud, and work had started on the Google GCP cloud as well.

In July we reached a major milestone: Microsoft certified Pexip Infinity as a Skype for Business gateway. Together with Microsoft we had completed product testing with joint customers in May and June, ensuring that Pexip Infinity fulfilled all requirements.

In September we released Version 16 which introduced a major architectural improvement: the Pexip Infinity proxying Edge nodes. This feature is a huge improvement for large and complex networks. We also added support for the Google GCP cloud, allowing customers to deploy Pexip Infinity in all the three largest cloud environments. There were some security improvements as well, with improved break-in resistance against PIN brute force attacks and more.

We ended the year with the release of Version 17, which included lots of improvements for the IT manager, very high resolution content sharing, faster upgrades, video quality improvements, and additional security improvements.

Alongside these features, we also started work on two important projects. The first was Microsoft Teams interoperability, where Microsoft announced that Pexip would be providing interoperability for their new Teams offering. The second was Google "Hangouts Meet" interoperability, where Pexip would provide interoperability for Google's new "Hangouts Meet" business offering. Both of these projects are to be completed in 2018.

Finance

Another milestone reached in 2017 was consolidated accounts for Pexip showing a positive net result. Based on this Pexip were able to utilize part of the tax losses carried forward in Pexip AS.

The Annual Recurring Revenue (ARR) increased from USD 13.6 million to just over USD 20 million. ARR in USD million:

	2014	2015	2016	2017
ARR	2.9	7.5	13.6	20.1

ARR measures the annual value of current contracts at any time. The net of renewals, churn and upsell, plus new contracts won, determine the development in ARR over a period of time. As shown above, ARR has seen strong growth in the last year. Overall in 2017, contracts were renewed at over 106% of value prior to renewal including deduction for churn.

In 2016, Pexip had a one-off perpetual contract in LATAM. Below is the consolidated revenue for the last three years:

	2015	2016	2017
Revenue	50,596	96,675	143,400
One-off Perpetual Contract		33,400	
Total Operating Revenue	50,596	130,075	143,300

Finally, we would like to thank you for your ongoing support! We are extremely happy with how 2017 turned out, and 2018 is indeed looking like a very promising year for Pexip. The cooperation with Microsoft and Google is going according to plan, and we formally launched our partnership with Google where we are providing interoperability with "Hangouts Meet" on 4 June 2018. And best of all – our business outlook is clearly improving due to these relationships.

Best regards,
OS, Linda and Håkon
Management of Pexip

APPENDIX E:

AUDITED FINANCIAL STATEMENTS FOR VIDEXIO FOR THE YEAR ENDED 31 DECEMBER 2017

videxio

VIDEXIO ANNUAL REPORT 2017

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videxio

ANNUAL REPORT 2017

videxio

We believe there is
a better way to work and live,
a way that makes people and
organizations grow and thrive,
so they can do more, do better
and fulfill their purpose

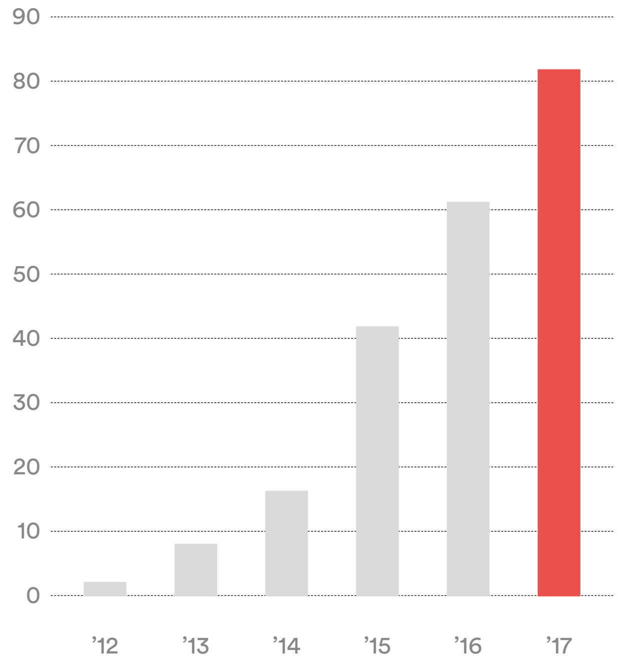
videxio

CONTENT

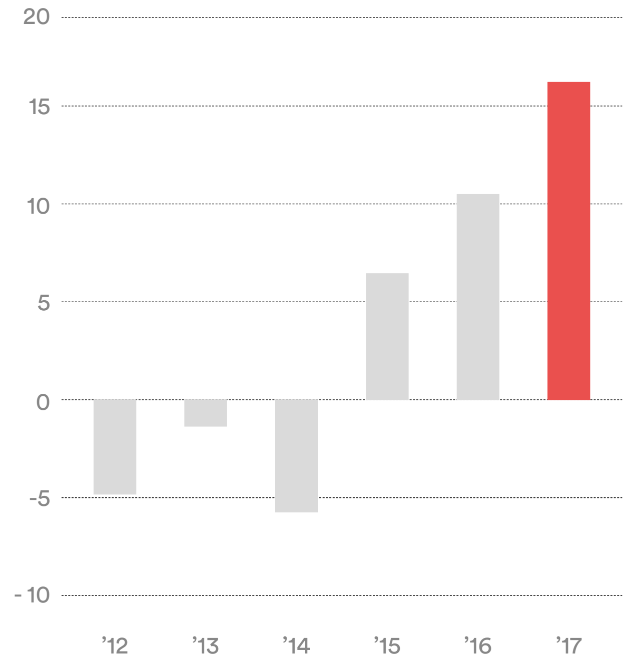
01	KEY NUMBERS	PAGE 04
02	LETTER FROM THE CEO	PAGE 06
03	PRODUCT DEVELOPMENT	PAGE 10
04	CUSTOMER CASE RMS AUTOMOTIVE	PAGE 16
05	LETTER FROM THE BOARD OF DIRECTORS	PAGE 20
06	FINANCIAL STATEMENTS	PAGE 24

01
Key numbers

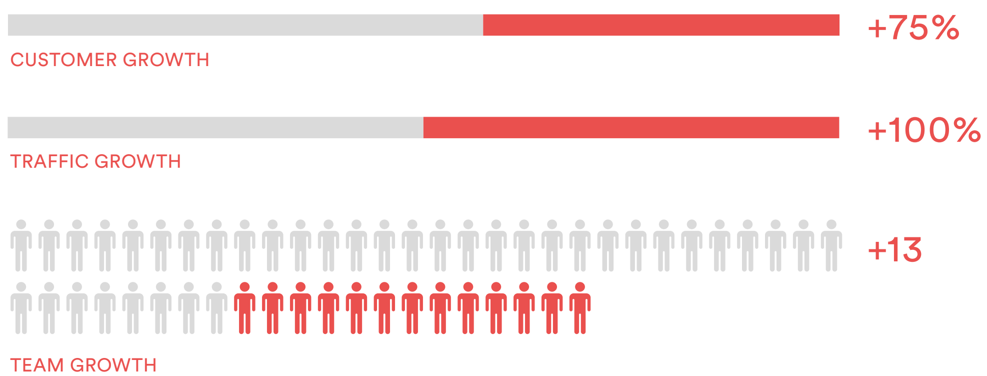
REVENUE (MNOK)



EBITDA (MNOK)



REVENUE (MNOK)	PROFIT BEFORE TAX (MNOK)	EBITDA MARGIN	PRODUCT MARGIN
81.2	9.3	20%	81%



The numbers presented are from Videxio Group.

videxio

02
The year in summary
Letter from the CEO

”We are cashflow positive, have a proven business model and we have organically grown our top line revenue steadily at 30%-40% yearly.”

Tom-Erik Lia, CEO and Co-Founder

Dear shareholders, I'm thrilled to report on another exciting and profitable year for Videxio. We developed a steadily growing monthly recurring revenue during 2017, which enabled us to keep investing in people and technology while remaining cashflow positive. We made significant strides in product development, and for the second year in a row we were named as a “Gazelle” company by Dagens Næringsliv, Norway's largest financial newspaper, for our profitable growth. We were also identified as a market disruptor by industry analysts Frost & Sullivan in their recent report about the future of conference rooms.

Usage continues to grow from new and existing customers. During 2017 the traffic grew by 100% to one million minutes per day. This is more traffic than the previous five years combined.

We onboarded more than 1000 new customers during 2017, representing 75% growth from 2016. These include well-known companies in a wide range of industries. The list is long, but some of the highlights for 2017 were global companies like the telecom operator, Telenor, the largest furniture retailer on the planet, IKEA, and the chemical company, Jotun. We also onboarded non-profit organizations like the Norwegian Teachers' Union, Utdanningsforbundet, and human rights organization, Amnesty International. Finally, we brought on infrastructure companies like the US railroad service corporation, Amtrak, and financial institutions like the Dutch investment bank, ABN Amro. The variety of onboarded customers is strong proof that our solution fits small and large organizations within a wide range of industries.

We expanded the Videxio channel partner network in Europe, APAC and the US to include a total number of 297 partners. In addition, we have worked with several global partners such as Ricoh. Ricoh have launched the Videxio service in more than 24 countries and have enabled the Videxio client on their conference room system, P3500M. We also continued to strengthen our Microsoft ecosystem by launching several new services for Scheduling for Exchange, AD-authentication of users, and new gateway services in Microsoft Azure.

We created a brand-new website with marketing automation technology incorporated, allowing us to track traffic and measure leads in an effective manner. In addition, we launched a Freemium version of our service, allowing users to sign up on videxio.com. We believe this is a crucial step in making the Videxio brand more visible, generating more leads, and making sure potential customers can evaluate our service without our direct involvement.

The Videxio team now spans Asia Pacific, Europe and North America and grew from 38 to 51 people during the year, strengthening our sales, marketing and development teams.

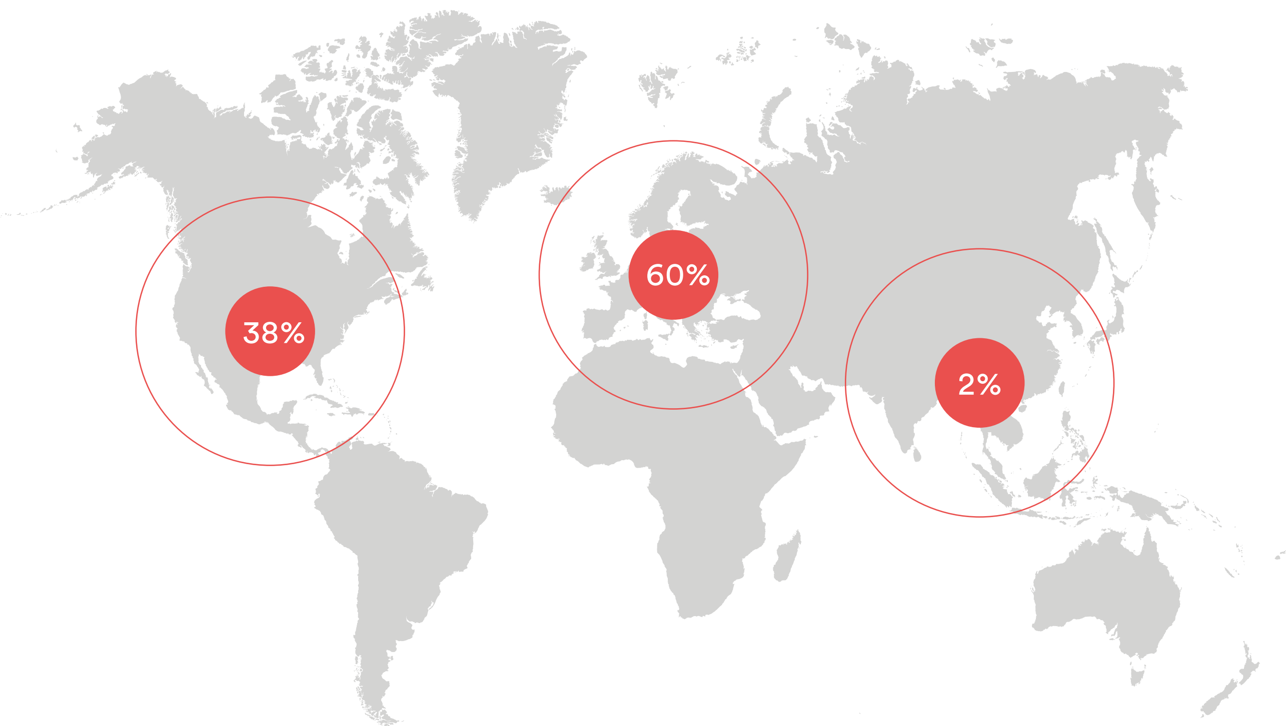
Financial performance

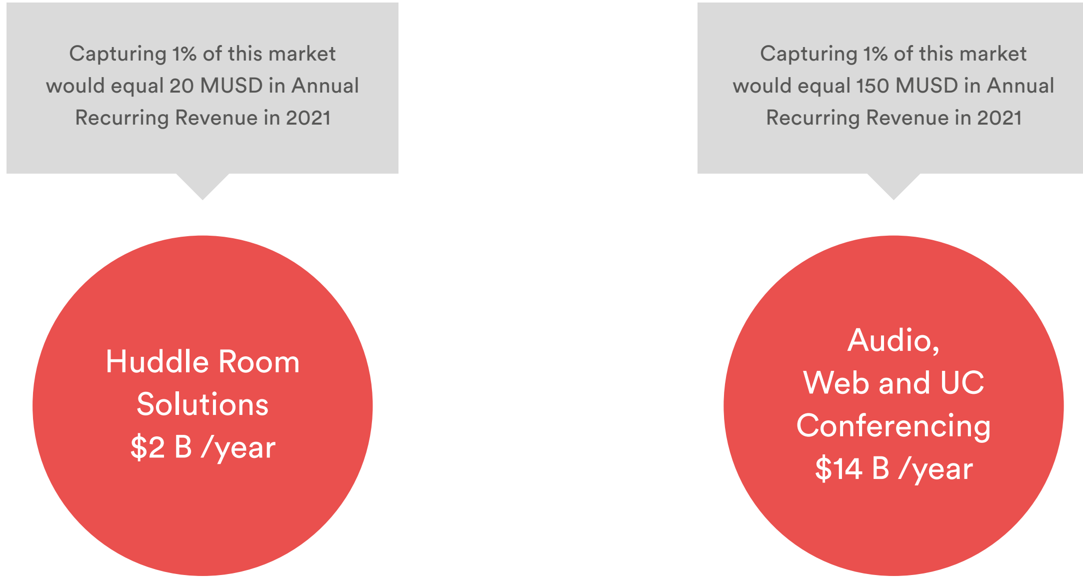
Videxio Group revenue grew 33% from 60.9 MNOK in 2016 to 81.2 MNOK in 2017. At the same time, we ended up with a profit of 9.3 MNOK compared with a profit of 3.2 MNOK in 2016 and EBITDA of 16.2 MNOK in 2017 compared with 10.2 MNOK in 2016.

In 2017, 60% of the sales revenue came from the EMEA sales region, 38% from the Americas sales region, and 2% from APAC.

We developed a steadily growing monthly recurring revenue (MRR) during 2017 which allowed for additional investments in the technology platform, as well as people, while letting us remain cashflow positive.

Sales revenue distribution 2017





We made several large investments in our platform as well as carrying out some price adjustments in order to be even more competitive in the market. At the same time, we managed to maintain a product margin of 81% in 2017.

Looking ahead

We are cashflow positive, have a proven business model and we have organically grown our top line revenue steadily at 30%-40% yearly. Looking ahead, we have identified three additional growth areas for the next 3-5 years, all of which can contribute considerably to Videxio's revenue stream.

First of all, we want to expand into the audio and web conferencing market by addressing users who are still making use of regular phone dial-in conferencing solutions. The providers of these solutions are in many cases poorly positioned to offer richer services. We will keep adding features that these conferencing users expect and adapt our meeting tools to the processes that these users are familiar with.

Secondly, we will create an e-commerce channel to meet the trend amongst SMBs and pockets of medium and large enterprise users that are evaluating and buying services directly from the web.

Thirdly, we see that work spaces will increasingly rely on software-based all-in-one conference room solutions that are paired with a cloud service, commonly called "huddle room" solutions. We are in a unique position to address this market as a) we already have the best support for hardware-based video conferencing rooms from vendors such as Cisco, Polycom, Huawei and Ricoh and b) we have software clients today that can easily be modified to support a conference room set-up.

We will use 2018 to start investing in these initiatives in order to capture a larger part of the audio, web and UC conferencing market, estimated to be worth $14B per year in 2021.

In addition, we started work in 2017 to become fully compliant with the European Union's General Data Protection Regulation (GDPR). GDPR will be effective from May 25th 2018. Any organization, irrespective of location, which is processing EU/EEA residents' personal data, has an obligation to comply with GDPR. At Videxio, we have always taken individuals' right to data privacy and protection very seriously. We have no need to process individuals' personal information beyond what is required for the functioning of our service. Videxio is compliant with the EU Directive on Privacy (Directive 95/46/EC), the Norwegian Personal Data Act of 14 April 2000 and the Norwegian Personal Data Regulation of 15 December 2000, and will be compliant with GDPR prior to the regulation's introduction.

03 Product development

”I am proud of what the team has achieved, feedback from the market is positive and the outstanding growth in the use of the service is a testament to the fact that we are doing the right things.”

Michel Sagen, COO and Co-Founder

At Videxio, we believe there is a better way to work and live, a way that makes people and organizations grow and thrive, so they can do more, do better, and fulfil their purpose. This is our reason for being, and at the core of it lies video communications through the Videxio service.

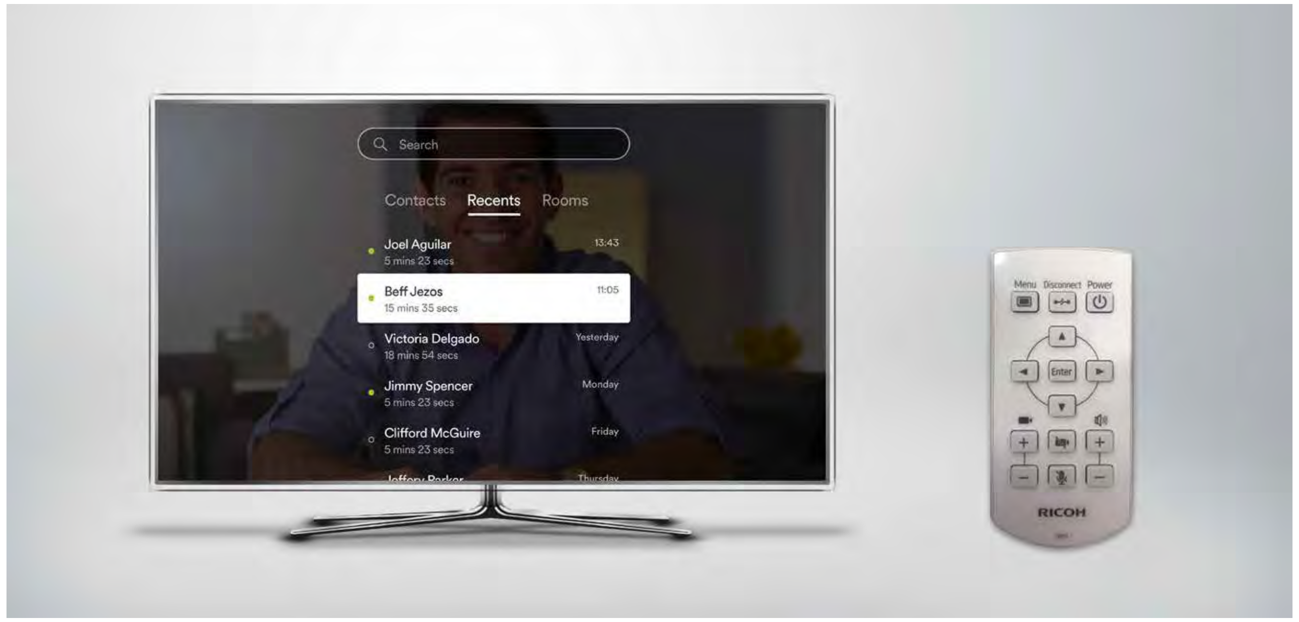
From a product perspective, this means delivering a service that is secure and reliable, that allows for intercompany communication through interoperability, and that is easy to set up and use. These core elements are at the heart of everything we do in product development and operations and the releases and updates in 2017 reflected this focus. Many of the developments supported our push to attract large enterprise customers with features that are particularly important to them. That said, we also launched a free version of the Videxio service to let users try a limited version of the service without having to fully commit upfront. This is a go-to-market strategy which many potential users have come to expect from SaaS companies and which we see as having a positive branding and awareness effect.

I am proud of what the team has achieved, feedback from the market is positive and the outstanding growth in the use of the service is a testament to the fact that we are doing the right things.

We look forward to building on the ground-breaking changes to the service that we launched in 2017 and continuing to meet customers' needs and build shareholder value.

High quality videoconferencing that works wherever you are

We see that to drive usage, the ability to easily connect and invite to meetings is of the utmost importance for customers. In addition, high quality videoconferencing needs to be available wherever and whenever, not just in the conference room. In the spirit of accessibility, we launched a new version of the My Meeting Video for Mobile App in March. The App enables videoconferencing from a smartphone or tablet, and with this release we



Ricoh's P3500m videoconferencing system comes with an "out of the box" Videxio experience

upgraded the user experience. With the App, users are not only able to connect with others inside their own company network, they are able to dial and receive calls to and from any standards-based traditional videoconferencing address (SIP/H323). The App also allows users to join scheduled meetings in a meeting room or call colleagues or clients on video, on the run. By syncing their calendar to the App, users can set up new meetings in their own meeting rooms, so the room's complete dial-in information is automatically shared in the calendar invite they create and send.

More than just video calling and meetings

Based on customer demand, April saw the launch of Videxio Live, our Streaming and Recording feature, which is fully integrated into the service. With Videxio Live, our customers can use the Videxio service for more than just great quality videoconferencing; now they are able to stream and record their sessions. Whether it's for a company all-hands meeting, discussion panels, training courses, or simply to bring someone up to date who couldn't attend the meeting, users can stream and record their video events. Videxio Live is compatible with more than 10 different third-party streaming/recording platforms, including industry leaders such as YouTube and Facebook Live, meaning that there is no need for our customers to invest in extra resources or complicated infrastructure.

Supporting strategic relationships

We have several strategic relationships which are important to us. One of these is Ricoh, a global IT manufacturer and service provider with an impressive 18.2 billion USD in revenue, 40% of that coming from Japan where they have more than one million customers. Ricoh offers the Videxio service under the name, Ricoh Unified Communication System (UCS) Advanced. Having had significant success in Europe, the Company wanted to start promoting its Videxio-powered service in its home market of Japan. The Japanese market is one of the most mature video markets in Asia with an installed base of close to 100,000 video systems and we see it as offering outstanding potential for Videxio and Ricoh.

Videxio Live Streaming and Recording functionality extends the reach of videoconferencing

To support the roll-out of UCS Advanced in Japan in 2017, we worked closely with the Ricoh development team and established a new Point of Presence (PoP), located in Tokyo, to ensure outstanding network reliability and video quality to Videxio users located in Japan, as well as international users calling in and out of the country. We provided Ricoh with a Japanese language interface for UCS Advanced. In addition, we built a brand new user interface for the Ricoh P3500m videoconferencing system and enabled the unit to be set up and run directly on the service – without any need for configuration.

Effective intercompany communication through interoperability

MyVidexio is the portal where users can simply and effectively manage their personal video experience. In May we launched a range of upgrades to the web experience to make calling and intercompany communication simpler.

We extended our global network by opening PoPs in Japan and South Africa to support local partners and meet the demand for our service in these regions.

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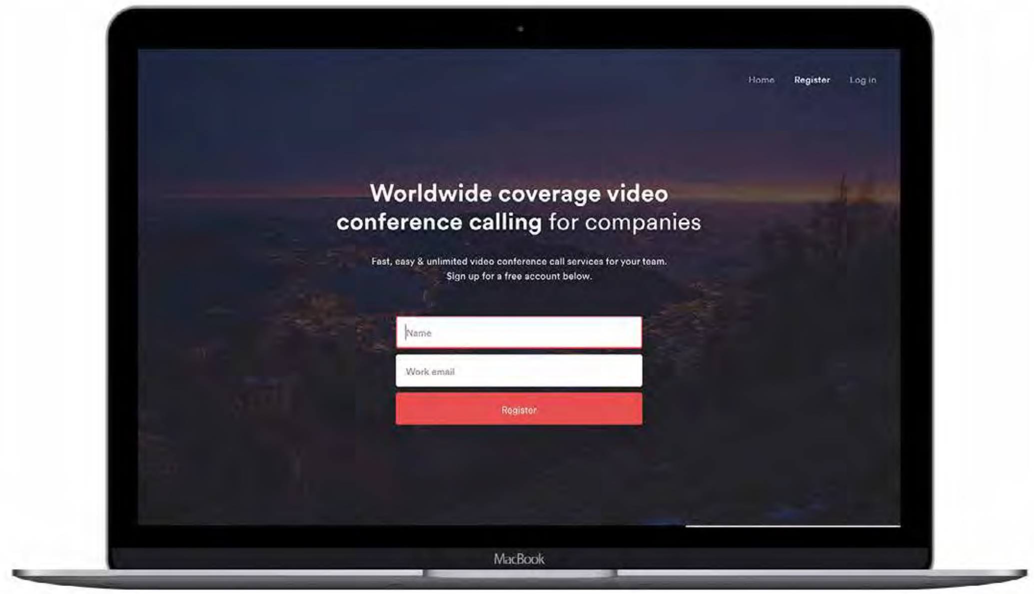

Videxio Free lets users try the service before buying

Specifically, we made it even easier for Skype for Business users to utilize the service. The significance of this lies in the fact that as thousands of companies roll out Skype for Business as their primary collaboration platform, many face the challenge of interoperability with users on other systems or services. As a result, we have seen the volume of Skype for Business users connecting with 3rd party video systems, browsers and voice participants on the Videxio service increasing by a factor of 10 over the last two years.

Making it easier and more secure to roll out the service in large enterprises

In June, we launched the Single Sign On (SSO) integration with our service, enabling users to use their standard enterprise credentials to log in. With SSO, company administrators also got a simple, yet important, security and control feature, namely that access to the service requires that users are employees of the organization.

What's next?

As we highlighted earlier, we believe that there is a better way to work and live, a way that makes people and organizations grow and thrive. That is the reason we founded Videxio and that is the reason we come to work every day. Ultimately it all comes down to the technology we develop and how easy it is for companies to deploy and use that technology. In product development, there is always a fine balance between looking to the next big thing and maintaining and developing existing services and features. As a true technology company, we are continuously striving to achieve that balance, all the time with the ultimate goal in mind.

Product timeline 2017

Q1

- Launched My Meeting Video 2.0 for Android and iOS

Q2

- Launched Videxio Live streaming and recording feature
- Launched web interface update to make it even easier to set up calls
- Launched Single Sign On feature, especially targeting large enterprises
- Established new Point of Presence in Japan to provide high quality video in the region

Q3

- Launched Videxio Free as a free of charge basic version of the service
- Established new Point of Presence in South Africa to provide high quality video in the region

Q4

- Allowed for live meeting management straight from the mobile app
- Launched an "out of the box" Videxio experience for Ricoh's P3500m videoconferencing system
- Launched support for plugin-less video calling from Safari and Edge browsers using WebRTC

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04
Customer Case

"The Videxio service is an essential tool for everything that we do here."

Scott Liniaido, AVP Technology, RMS Automotive

RMS AUTOMOTIVE

RMS Automotive has offices in the US, the UK, and India and brings together all aspects of automobiles: from auctions to wholesale and financial services, media and software. There's a constant need for videoconferencing to enable close collaboration between teams in the various offices and people who are on the road.

Due to the geographically dispersed nature of its business, the Company relies on videoconferencing every single day to enable better collaboration between the different teams and offices. Video has become such an integrated part of their company culture that team members often spend an average of 4 - 6 hours on video per day.

RMS Automative sees videoconferencing as being key to effective communication and spurring engagement amongst teams. According to Scott Liniaido of RMS, the videoconferencing service from Videxio has allowed their business to grow through a tangible reduction in travel costs, as well as allowing them to avoid the loss in productivity that travel often entails. The team love the simplicity of the Videxio service and depend on it every day, using it for both executive and team level meetings.


U S ARMARMY CHECKPOINT

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05
Letter from the board of directors

"In 2017 we saw an increasing trend towards the convergence of webconferencing, collaboration and video, a market which is estimated to have a value of 14 billion USD in 2021."

Kjell Skappel, Chairman of the Board

This trend is being driven by the increasing proliferation of collaboration tools and the challenges associated with IT fragmentation related to vendor management, support issues and user fatigue. As a result, the ability to provide a single platform and interface for audio, video and content sharing is increasingly important. Videxio's product strategy in 2017 and going into 2018 has been focused around the need to provide simplification of the user experience, intuitive interface layouts and menus and dynamic calling, whether scheduled or ad hoc. Capturing an increased proportion of this market is a stated goal for Videxio.

Another significant trend in the market is that an increasing number of large enterprises are now demonstrating a propensity to move to the cloud. According to the Economist's Ascending Cloud report from 2016, over 90% of global enterprises report using cloud as part of their business. This is supported by research which projects that that 78% of the world's mobile data traffic will be video by 2021 (Forrester Research) and that 70% of large enterprises say that the majority of their apps will be SaaS by 2020 (BetterCloud). Videxio is directing increased focus at this large enterprise customer segment. In addition to launching a range of security features aimed specifically at this group of potential customers, Videxio is in a unique position to offer the interoperability and intercompany communications that these types of organization require, especially through the Company's Skype for Business ecosystem.

The competitive landscape became increasingly challenging in 2017 but with a strong background from the video industry, an established network of channel partners and the uniqueness of its global network and interoperability offering, Videxio is in a strong position to meet these challenges. In addition, the increase in competition is also creating hype around the industry and leading to increased market pull, something which we hope will have a positive effect on sales in time to come.

The Board is positive to the changes in the market and believes that Videxio is well positioned to take advantage of these developments in 2018.

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Background and company overview

Videxio AS was founded in Norway in April 2011. In 2013, the wholly owned subsidiary Videxio Inc. was established in Delaware, USA, and in 2014, the Company bought 20 per cent of the shares in a joint venture in Hong Kong named Videxio Technology Hong Kong Ltd. In January 2017 the Company established a subsidiary in Malaysia, Videxio Asia Pacific Ltd, with a 100 percent ownership. This subsidiary was set up with the aim to establish a stronger presence in the Asian Pacific markets. The Company`s operations are conducted from headquarters in Lysaker, Norway and from Videxio Inc in Reston, USA.

Videxio delivers videoconferencing as-a-service. The services are sold through channel partners to the corporate market in large parts of the world. Videxio`s service is built on a partially self-developed platform, which is scalable, both in terms of number of users and cost. The business model is based on selling subscriptions, providing a recurring monthly revenue stream. The Company has experienced a solid organic growth over the past years. Churn throughout 2017 has been stable and low, which indicates that the Videxio service is becoming an integrated part of customers' daily workflows.

Financial results

The 2017 financial statements for Videxio have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for Small Companies.

The consolidated statement for Videxio Group includes business activities for both Videxio AS, Videxio Inc and Videxio Asia Pacific Ltd.

Videxio has increased its monthly income stream throughout 2017 and continued to strengthen its position as a leading provider of videoconferencing as a service. Videxio`s revenues grew from 60.9 MNOK in 2016 to 81.2 MNOK in 2017, a growth rate of 33 per cent with an Annual Recurring Revenue (ARR) of 84.9 MNOK in December 2017.

EBITDA in 2017 ended at 16.2 MNOK against an EBITDA of 10.2 MNOK for 2016, which is an increase of 59 per cent. Net finance amounted to 0.6 MNOK compared to -1.3 MNOK for last year. The increase in net finance is due to a positive translation gain on foreign currency.

Profit before tax in 2017 amounted to 9.3 MNOK, compared to a profit of 3.2 MNOK in 2016. Increase in revenues and efficiency in operations contributed to improved financial results compared to last year.

Videxio Group had a positive cash flow of 1.7 MNOK in 2017, compared to a positive cash flow of 1.1 MNOK in 2016. Cash flow from operations was equivalently 18.4 MNOK in 2017, compared to a positive cash flow of 11.0 MNOK for last year. The Board believes that the financial statements give a fair representation of the Company`s assets and debt, financial position and net profit.

Employees and organization

At the end of 2017, the Videxio Group had 51 employees. At the same time last year, the Company employed 38 people. The new employees are mainly in R&D and sales.

The Board believes that both the physical and psychosocial work environment in the Company is good. Efforts for improvement are made on an ongoing basis. Leave of absence due to illness is generally low. No employees have been subject to injuries or accidents in conjunction with job-related tasks in 2017.

Equal opportunities

Videxio aims to be a workplace with equal opportunities. At the end of 2017, the Company had 42 males and nine female employees. The management team consists of four men and one woman. The Board consists of six men. Based on an evaluation of the company size, number of employees and job categories, the Board has not found it necessary to take special measures with respect to gender equality.

Discrimination

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. Videxio is working actively, determinedly and systematically to ensure compliance with the Act. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment. Videxio also aims to be a workplace that does not discriminate on the basis of physical disabilities.

Risks and risk management

Risk management in Videxio is based on the principle that risk evaluation is an integral part of all business activities. Videxio is a technology company with global operations and is exposed to various risk factors of a financial and operational nature. These factors can affect the Group's business activities and financial position. The Board of Videxio prioritizes managing risk and has established routines and policies to limit overall risk exposure.

Market risk

The Group is exposed to exchange rate fluctuations, but the risk is low, as a substantial part of the Group's revenue is in USD and Euro. The Group balances exposure by having operational costs in these currencies. Videxio has no interest-bearing debt and therefore limited exposure to fluctuations in interest rates.

Credit risk

The risk for losses on receivables is considered to be low but can be expected to increase as a result of a potential negative development in the general market conditions. Gross credit risk exposure per 31.12.2017 is 9.5 MNOK for the Group and 5.5 MNOK for the parent company. This is an increase from 2016 when the exposure was 7.5 MNOK for the Group and 4.6 MNOK for the parent company. The above figures do not include inter-company receivables.

Liquidity risk

The Group's liquidity is good but it continues to focus on overdue receivables and to incentivize customers to pay early or up front.

Corporate governance

Videxio is committed to a high standard of corporate governance and has adequate monitoring and control systems in place to ensure insight and control over the activities. The Company complies with the legislation, regulations and recommendations to which a limited company is subject to.

Environmental report

Videxio delivers videoconferencing services which can be used as a substitute for business travels, thereby reducing carbon emission and improving the environment. The Company does not use products or materials which are harmful to the natural environment in the production of its services. Videxio uses waste sorting and recycling schemes for supplies and materials.

Research and development activities

The R&D department in Videxio is responsible for the development of video communications solutions aimed at national and international markets. In 2017, Videxio launched several new products and subscription solutions. The Company used approximately 36,000 working hours for the development of these solutions.

Going concern assumption

The Board confirms that the financial statements of the company have been prepared in accordance with the going concern assumption. The Board is confident that the Company is well positioned to continue operations, based on the current balance sheet, revenue forecast and projected expenses.

The Board considers the prospects for 2018 to be positive and the budget for 2018 is targeted at a significant increase in revenue compared to 2017.

Thanks

The Board would like to take this opportunity to thank all partners, business associates and employees for their efforts in 2017.

Lysaker, 12 April 2017

Tom Erik Lia CEO / Board Member	Kjell Skappel Chairman of the Board	Espen Christensen Board Member
Henning Herdal Board Member	Michel Sagen Board Member	Aril Resen Board Member

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06 Financial Statements

Profit and Loss Statement

Parent 2017	Parent 2016	NOK	NOTE	Group 2017	Group 2016
67 407 876	50 370 656	Revenue		80 091 636	60 879 795
1 144 339	-	Other operating income		1 144 339	-
68 552 215	**50 370 656**	**Total operating income**		**81 235 975**	**60 879 795**
-59 062	-42 596	Cost of materials		-59 062	-42 596
-23 835 866	-18 800 554	Personnel expenses	10,11,12	-38 081 319	-31 396 739
-7 532 139	-5 719 973	Depreciation of fixed and intangible assets	8,9	-7 559 439	-5 730 900
-26 334 855	-18 089 087	Other operating expenses	15	-26 846 406	-19 235 482
-57 761 922	**-42 652 210**	**Total operating expenses**		**-72 546 226**	**-56 405 717**
10 790 293	**7 718 446**	**Operating profit**		**8 689 749**	**4 474 078**
518 684	251 456	Interest income from group companies		-	-
52 289	49 055	Other interest income		52 289	49 055
809 053	299 870	Other financial income		790 294	299 870
1 380 026	**600 381**	**Total financial income**		**842 583**	**348 925**
-3 165	-248	Other interest expenses		-2 231	-248
-1 322 165	-1 631 464	Other financial expenses		-202 091	-1 631 464
-1 325 330	**-1 631 712**	**Total financial expenses**		**-204 322**	**-1 631 712**
54 696	**-1 031 331**	**Net financial items**		**638 261**	**-1 282 787**
10 844 989	**6 687 115**	**Profit before tax**		**9 328 010**	**3 191 291**
-2 598 287	-1 231 305	Tax on ordinary result	6	-2 636 687	-1 231 305
8 246 702	**5 455 810**	**Net income**		**6 691 323**	**1 959 986**
8 246 702	**5 455 810**	**Net income**		**6 691 323**	**1 959 986**
		Transfers			
8 246 702	5 455 810	Transfer to/from other equity		6 691 323	1 959 986
8 246 702	**5 455 810**	**Total transfers**		**6 691 323**	**1 959 986**

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Balance sheet, 31 December 2017
Assets

Parent 2017	Parent 2016	NOK	NOTE	Group 2017	Group 2016
		Fixed assets			
		Intangible fixed assets			
34 355 844	25 361 474	Research and development	9	34 355 844	25 361 474
266 298	370 111	Patents, licences, trademarks	9	266 298	370 111
1 884 248	1 285 101	Deferred tax assets	6,7	1 884 248	1 285 101
36 506 390	**27 016 686**	**Total intangible fixed assets**		**36 506 390**	**27 016 686**
		Tangible fixed assets			
750 290	553 989	Fixtures and fittings, tools, office machinery etc.	8	957 100	610 450
750 290	**553 989**	**Total tangible fixed assets**		**957 100**	**610 450**
		Financial fixed assets			
2 289 030	1 597 350	Investment in subsidiaries		-	-
26 159 756	22 466 528	Loan to group companies	16	-	-
206 123	206 123	Investments in associates	17	206 123	206 123
289 300	381 800	Other receivables		317 830	381 800
28 944 209	**24 651 801**	**Total financial fixed assets**		**523 953**	**587 923**
66 200 889	**52 222 476**	**Total fixed assets**		**37 987 443**	**28 215 059**
		Current assets			
		Receivables			
5 529 578	4 645 563	Accounts receivables	14	9 482 972	7 453 166
7 846 606	7 250 289	Other short term receivables		7 858 576	7 520 121
13 376 184	**11 895 852**	**Total receivables**		**17 341 548**	**14 973 287**
16 805 095	15 021 885	Cash and bank deposits	13	21 982 973	20 131 778
16 805 095	**15 021 885**	**Total cash and bank deposits**		**21 982 973**	**20 131 778**
30 181 279	**26 917 737**	**Total current assets**		**39 324 521**	**35 105 065**
96 382 168	**79 140 213**	**Total assets**		**77 311 964**	**63 320 124**

Balance sheet, 31 December 2017
Equity and Liabilities

Parent 2017	Parent 2016	NOK	NOTE	Group 2017	Group 2016
		Paid-in equity			
348 600	343 704	Share capital	2,3,4,5	348 600	343 704
54 602 636	54 548 041	Share premium reserve	2,3,4,5	54 602 635	54 548 041
54 951 236	**54 891 745**	**Total paid-in equity**		**54 951 235**	**54 891 745**
		Retained earnings			
23 136 239	14 889 537	Other equity (+)/uncovered losses (-)	5	713 232	-4 682 955
-	-	Foreign currency translation reserve	5	1 149 664	287 188
23 136 239	**14 889 537**	**Total retained earnings**		**1 862 896**	**-4 395 767**
78 087 475	**69 781 282**	**Total shareholders equity**		**56 814 131**	**50 495 978**
		Current liabilities			
736 184	-	Short-term group liabilities			
2 393 466	1 029 757	Accounts payable		2 522 593	1 303 571
3 197 434	1 648 162	Tax payable	6	3 238 034	1 648 162
2 675 713	1 663 615	Public duties payable		2 513 063	1 663 615
9 291 896	5 017 397	Other short-term liabilities/deferred revenue		12 224 144	8 208 798
18 294 693	**9 358 931**	**Total current liabilities**		**20 497 834**	**12 824 146**
18 294 693	**9 358 931**	**Total liabilities**		**20 497 834**	**12 824 146**
96 382 168	**79 140 213**	**Total equity and liabilities**		**77 311 964**	**63 320 124**

Lysaker, 12 April 2018

Tom Erik Lia CEO / Board Member	Kjell Skappel Chairman of the Board	Espen Christensen Board Member
Henning Herdal Board Member	Michel Sagen Board Member	Aril Resen Board Member

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Cash flow analysis

Parent			Group	
2017	2016	NOK	2017	2016
		Cash flow from operations		
10 844 989	6 687 115	Profit before tax	9 328 010	3 191 291
-1 648 162	-966 851	Taxes paid	-1 648 162	-966 851
7 532 139	5 719 973	Depreciations	7 559 439	5 730 900
-884 015	-1 136 950	Change in Accounts Receivables	-2 029 806	656 973
1 363 709	-607 735	Change in Accounts Payables	1 219 022	-362 460
-	-	Foreign currency translation effect	-434 115	800 670
-2 957 044	664 139	Change in intercompany receivables	-	-
4 791 217	-894 578	Change in other accruals	4 592 212	1 949 268
19 042 833	**9 465 113**	**Net cash flow from operations**	**18 586 600**	**10 999 791**
		Cash flow from investment activities		
-16 627 434	-9 928 334	Investment in fixed or intangible assets	-16 794 896	-9 994 981
-691 680	-	Investment in subsidiaries	-	-
-17 319 114	**-9 928 334**	**Net cash flow from investment activities**	**-16 794 896**	**-9 994 981**
		Cash flow from financial activities		
59 491	52 322	Payment of equity	59 491	52 322
59 491	52 322	Net cash flow from financial activities	59 491	52 322
1 783 210	**-410 899**	**Net change in cash and cash equivalents**	**1 851 195**	**1 057 132**
15 021 885	15 432 784	Cash and cash equivalents at the start of the period	20 131 778	19 074 646
16 805 095	**15 021 885**	**Cash and cash equivalents at the end of the period**	**21 982 973**	**20 131 778**

Notes to the financial statement

Note 1 - Accounting Principles

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for Small Companies.

Principles of consolidation and equity accounting

The consolidated financial statement includes the following companies of which Videxio AS has controlling interest :
100% owned – Videxio Inc
100% owned – Videxio Asia Pacific Ltd

The acquisition method of accounting is used to account for business combinations by the group. The investment is validated at cost unless a write down has been necessary. Intercompany transactions and balances are eliminated.

The use of estimates

The management has used estimates and assumptions which have influenced the profit and loss statement and valuation of assets and debts, according to generally accepted accounting principles.

Currency

Balance sheet items in foreign currency are consolidated using the currey rate as of 31 December, while profit and loss items are consolidated using the average currency rate for the year.

The following currency rates are used in 2017.

USA: Videxio Inc is consolidated in the financial statement to a currency rate of USD/NOK 8.26 in the profit and loss statement and USD/NOK 8.21 in the balance sheet.

Malaysia: Videxio Asia Pacific Ltd is consolidated in the financial statement to a currency rate of MYR/NOK 1.92 in the profit and loss statement, and MYR/NOK 2.03 in the balance sheet.

Monetary items are translated using the exchange rates at the balance sheet date.

Sales revenue

Sales revenues are recognized upon delivery. Revenue from services are recognized upon performance.

Balance sheet classification

Fixed assets are comprised of assets intended for long term ownership and use and are valued at cost. These assets are recorded in the balance sheet and depreciated over the estimated useful economic life. When a decrease in value is expected to be permanent, fixed assets are written down to the recoverable amount.

Current assets and liabilities are comprised of items receivable/due within one year and items related to the inventory cycle. Current assets are valued at the lower of cost and market.

Tangible fixed assets

Fixtures and fittings, office machinery and other fixed assets are stated at historical cost less accumulated depreciation. Depreciations are calculated on a straight-line basis over the assets expected useful life. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Research and development

Costs relating to research and development are capitalized if a future financial gain can be related to the intangible asset and the costs can be measured in a reliable manner. If not, these costs are expensed successively. Intangible assets from development are depreciated linearly over the financial lifetime of the asset. Costs relating to research are expensed successively.

Receivables

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined on the basis of an assessment of individual receivables.

Taxes

The income tax expense is comprised of both tax payable for the period, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income. Net defered tax assets are recorded om the balance sheet if it is probable that it can be used.

Note 2 – Share capital

The company has 34 860 007 shares of NOK 0.01, which gives a total share capital of NOK 348 600,07.

Note 3 - Shareholders

Shareholders as of 31 December 2017

NAME	NUMBER OF SHARES	OWNERSHIP
Lia Investments Limited	4 191 922	12,0 %
Sagen Telecom AS	4 125 522	11,8 %
Stavanger Venture AS	3 010 000	8,6 %
Veen AS	2 933 311	8,4 %
Plataa Venture AS	2 160 000	6,2 %
Aksira AS	1 501 861	4,3 %
Bjøberg Eiendom AS	1 440 899	4,1 %
Synesi AS	1 250 000	3,6 %
Sirius AS	1 225 000	3,5 %
Pebriga AS	1 144 550	3,3 %
Other shareholders	11 876 942	34,1 %
Total shares	**34 860 007**	**100,0 %**

Note 4 - Shareholding directors

TITLE	NAME	NUMBER OF SHARES
CEO/Member of the board	Tom Erik Lia	4 191 922 shares through Lia Investments Ltd.
Chairman of the board	Kjell Skappel	3 010 000 shares through Stavanger Venture AS. Kjell Skappel owns 36% of Stavanger Venture
Member of the board	Michel Sagen	4 125 522 shares through Sagen Telecom AS
Member of the board	Espen Christensen	800 000 shares through Estragon AS
Member of the board	Aril Resen	430 240 shares through Xfile AS
Member of the board	Henning Herdal	335 500 shares

Note 5 - Equity

Group

NOK	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL
Equity as of 1 January 2017	343 704	54 548 041	-4 682 955	287 188	50 495 978
Share issue	4 897	54 594			59 491
Foreign currency translation reserve			-1 295 136	862 476	-432 660
Net profit			6 691 323		6 691 323
Equity as of 31 December 2017	**348 601**	**54 602 635**	**713 232**	**1 149 664**	**56 814 131**

Equity transactions in 2017:

NOK	SHARE CAPITAL INCREASE	SHARE RESERVE INCREASE
Share capital increase – employees	4 896,50	54 594,29
Total	**4 896,50**	**54 594,29**

Parent

NOK	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	TOTAL
Equity as of 1 January 2017	343 704	54 548 041	14 889 537	69 781 282
Share issue	4 897	54 594		59 491
Net profit			8 246 701	8 246 701
Equity as of 31 December 2017	**348 601**	**54 602 635**	**23 136 238**	**78 087 474**

Equity transactions in 2017:

NOK	SHARE CAPITAL INCREASE	SHARE RESERVE INCREASE
Share capital increase – employees	4 896,50	54 594,29
Total	**4 896,50**	**54 594,29**

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Note 6 - Taxes

Group

NOK		2017	2016
Total ordinary profit before tax		9 328 010	3 191 291
+ / -	Permanent differences	-360 140	-1 976 072
+ / -	Change in temporary differences	2 837 794	1 881 606
-	Profit not taxable	-1 686 144	-3 495 824
Basis for tax payable		**13 491 808**	**6 592 649**
Tax payable (24%)		3 238 034	1 648 162
Total tax payable		3 238 034	1 648 162
+/-	Foreign currency translation effect	-2 200	-
+/-	Change in deferred tax	-599 147	-416 857
Calculated tax expense		**2 636 687**	**1 231 305**

Total loss carried forward for Videxio Inc was approx. 23.4 million NOK as of December 2017.
There has not been capitalized any deferred tax assets related to this loss.

Parent

NOK		2017	2016
Total ordinary profit before tax		10 844 988	6 687 115
+ / -	Permanent differences	-360 140	-1 976 072
+ / -	Change in temporary differences	2 837 794	1 881 606
Basis for tax payable		**13 322 642**	**6 592 649**
Tax payable (24%)		3 197 434	1 648 162
Total tax payable		3 197 434	1 648 162
+/-	Change in deferred tax	-599 147	-416 857
Calculated tax expense		**2 598 287**	**1 231 305**

Note 7 - Temporary differences

Temporary differences are related to:	1 January 2017	31 December 2017	CHANGE
Fixed assets	(5 226 202)	(8 083 584)	2 857 382
Current assets	(128 385)	(108 797)	(19 588)
Total temporary differences	(5 354 587)	(8 192 381)	2 837 794
Deferred tax asset as of 31 December 2017 (23%)	**(1 285 101)**	**(1 884 248)**	**599 147**

As of 1 January 2018 the tax rate in Norway was reduced to 23%. .
Deferred tax liability and deferred tax asset as of 31 December 2017 has been calculated with tax rate of 23%.

Note 8 – Fixed assets

Group

NOK	MACHINERY AND EQUIPMENT
Acquisition cost at 1 January 2017	1 361 092
Additions	699 318
Acquisition cost as at 31 December 2017	**2 060 410**
Accumulated depreciation 31 December 2017	-1 103 310
Net value 31 December 2017	**957 100**
Depreciation for the year	362 854
Depreciation time	3 years
Depreciation method	**Straight line**

Parent

NOK	MACHINERY AND EQUIPMENT
Acquisition cost at 1 January 2017	1 294 445
Additions	531 856
Acquisition cost as at 31 December 2017	**1 826 301**
Accumulated depreciation 31 December 2017	-1 076 011
Net value 31 December 2017	**750 290**
Depreciation for the year	335 555
Depreciation time	3 years
Depreciation method	**Straight line**

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Note 9 – Intangible assets

NOK	SYSTEM DEVELOPMENT	PATENTS	TOTAL
Accumulated cost 1 January 2017	35 506 043	737 352	36 243 395
Additions	16 095 578	-	16 095 578
Accumulated cost 31 December 2017	**51 601 621**	**737 352**	**52 338 973**
Accumulated depreciations 31 December 2017	-17 245 777	-471 054	-17 716 831
Carrying value 31 December 2017	**34 355 844**	**266 298**	**34 622 142**
Depreciations for the year	7 092 772	103 813	7 196 585
Depreciation time	5 years	5 years	
Depreciation method	**20% of balance 1 Jan**	**Straight line**	

Note 10 – Management compensation

NOK	CEO
Wages	1 214 769
Pension contribution	24 295
Other compensation	4 759

The board members have not received remuneration in 2017.

Note 11 – Personnel expenses

Group

NOK	2017	2016
Wages	39 822 647	31 345 376
Social security tax	3 383 693	2 404 897
Pension costs	405 230	265 597
Refunds/other personal related costs	-5 530 251	-2 619 130
Total	**38 081 319**	**31 396 739**

At the end of the year 2017 the group had 51 employees.
Wage costs related to skatteFUNN of total NOK 11 318 604 have been capitalized in 2017.
For further explanations see note 18.

Parent

NOK	2017	2016
Wages	28 917 025	20 347 765
Social security tax	3 383 693	2 404 897
Pension costs	405 230	265 597
Refunds/other personal related costs	-8 870 082	-4 217 705
Total	**23 835 866**	**18 800 554**

At the end of the year 2017 the company had 40 employees.
Wage costs related to skatteFUNN of total NOK 11 318 604 have been capitalized in 2017.
For further explanations see note 18.

Note 12 – Pension liabilities

The company is required to have an occupational pension scheme in accordance with Norwegian law ("Lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of this law.

Note 13 – Bank deposits

Restricted funds related to employee tax are NOK 1 125 489. Outstandig employee tax is NOK 1 119 799 as of 31 December 2017.

Note 14 – Accounts receivables

Group

NOK	2017	2016
Accounts receivables	9 612 972	7 583 166
Provisions for doubtful accounts	-130 000	-130 000
Total accounts receivables	**9 482 972**	**7 453 166**

Accounts receivable is valued at nominal value. There has been recorded NOK 110 733 in loss on receivables in 2017.

Parent

NOK	2017	2016
Accounts receivables	5 659 578	4 775 563
Provisions for doubtful accounts	-130 000	-130 000
Total accounts receivables	**5 529 578**	**4 645 563**

Accounts receivable is valued at nominal value. There has been recorded NOK 86 011 in loss on receivables in 2017.

Note 15 – Auditor fees

In 2017 the company expensed NOK 81 550 for statutory audit and NOK 51 000 regarding other services by the auditor.

Note 16 – Intercompany transactions

NOK	2017	2016
Loan from Videxio AS to Videxio Inc.	26 183 690	22 466 528
Intercompany revenue and interest from Videxio Inc	17 117 235	17 335 112
Videxio AS debt to Videxio APAC Ltd	-736 184	0
Videxio AS purchases from Videxio APAC Ltd	1 930 414	0

Note 17 – Investments in associates

COMPANY	LOCATION	VOTING SHARES
Videxio Technology Hong Kong Limited	Hong Kong	20 %

Note 18 – Research and development

Videxio AS has a new R&D project (276842) via SkatteFUNN that started 1 January 2017 and which expires 31 December 2019.

The main objective of the project is to develop a service platform. The platform will protect Videxios' services agianst external attacks and offer a dynamic scaling of the service.

The R&D project is carried at NOK 16 095 578 in the balance sheet.
The company has recorded a receivable of NOK 4 023 895 relating to the project.

To the Shareholders' Meeting of Videxio AS

Independent auditor`s report

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Videxio AS (the Company), showing a profit of NOK 8 246 702 in the financial statements of the parent company and a profit of NOK 6 691 323 in the financial statements of the group, in our opinion:

- The financial statements are prepared in accordance with laws and regulations
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at December 31, 2017, and (of) its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at December 31, 2017, and (of) its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at December 31, 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at December 31, 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion
We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report and the board of directors report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our

audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Groups's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27.04.2018
HCA Revisjon & Rådgivning AS

Michael Langlie-Thomassen

Michael Langlie-Thomassen
State Authorized Public Accountant

Putting Video at the Heart of Every Conversation

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APPENDIX F:

RETAIL APPLICATION FORM FOR THE RETAIL OFFERING

APPLICATION FORM FOR THE RETAIL OFFERING

General information: The terms and conditions for the Retail Offering are set out in the prospectus dated 4 May 2020 (the "**Prospectus**"), which has been issued by Pexip Holding ASA (the "**Company**") in connection with the initial public offering (the "**Offering**") of new shares to be issued by the Company (the "**New Shares**") and existing shares in the Company (the "**Sale Shares**") offered by the Selling Shareholders, and the listing of the Company's Shares on Oslo Børs. The New Shares, the Sale Shares and, unless the context indicates otherwise, the Additional Shares are referred to herein as the "**Offer Shares**". All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus.

Application procedure: To participate in the Retail Offering, applicants must have a VPS account or a nominee account (the latter is only applicable for Swedish applicants in the Retail offering who are residents of Sweden). Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.abgsc.no, www.carnegie.no and www.paretosec.com. Applicants in Sweden shall apply for Offer Shares electronically through Nordnet Bank AB, which is acting as a placing agent for the Retail Offering in Sweden on behalf of the Managers. Applications in the Retail Offering can also be made by using this Retail Application Form. Retail Application Forms must be correctly completed and submitted by the expiry of the Application Period to one of the following application offices:

ABG Sundal Collier ASA	**Carnegie AS**	**Pareto Securities AS**
Munkedamsveien 45E P.O. Box 1444 Vika N-0115 Oslo Norway Tel: +47 22 01 60 00 E-mail: subscription@abgsc.no	Fjordalléen 16, 5th floor, Aker Brygge P.O. Box 684 Sentrum N-0106 Oslo Norway Tel: +47 22 00 93 60 E-mail: subscriptions@carnegie.no	Dronning Mauds gate 3 P.O. Box 1411 Vika N-0115 Oslo Norway Tel: +47 22 87 87 00 E-mail: subscription@paretosec.com

The applicant is responsible for the correctness of the information filled in on this Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, whether electronically or physically, or that are received by the above application offices after the expiry of the Application Period, as well as any application that may be unlawful, may be disregarded without further notice to the applicant. **Subject to any extension of the Application Period, applications made through the VPS online application system must be duly registered, and applications made on Retail Application Forms must be received, by one of the application offices by 12:00 hours (Oslo time) on 12 May 2020, while applications made on Retail Application Forms must be received by one of the application offices by the same time**. None of the Company, the Selling Shareholders or any of the Managers may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any of the application offices. All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

Price of Offer Shares: NOK 63.00 per Offer Share.

Allocation, payment and delivery of Offer Shares: ABG Sundal Collier ASA (ABGSC), acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 13 May 2020, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact one of the application offices listed above from on or about 13 May 2020 during regular business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 13 May 2020. In registering an application through the VPS online application system or by completing a Retail Application Form, each applicant in the Retail Offering will grant ABGSC (on behalf of the Managers) an irrevocable authorisation to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 14 May 2020 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 13 May 2020. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 13 May 2020, or can be obtained by contacting one of the Managers. ABGSC (on behalf of the Managers) reserves the right (but has no obligation) to make up to three debit attempts from 14 May 2020 through 20 May 2020 if there are insufficient funds on the account on the Payment Date. Should any applicant have insufficient funds on its account, or should payment be delayed for any reason, or if it is not possible to debit the account, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payment" below. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 15 May 2020 through the facilities of the VPS (or such later date upon the successful debit of the relevant account).

Guidelines for the applicant: Please refer to the second page of this Retail Application Form for further application guidelines.

Applicant's VPS account (12 digits):	**I/we apply for Offer Shares for a total of NOK (minimum NOK 10,500 and maximum NOK 2,4999,999:**	**Applicant's bank account to be debited (11 digits):**

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Retail Application Form and in the Prospectus, (ii) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Retail Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, (iii) authorise ABGSC to debit my/our bank account as set out in this Retail Application Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth therein.

Date and place*:	**Binding signature****:

* Must be dated during the Application Period.
** The applicant must be of legal age. If the Retail Application Form is signed by proxy, documentary evidence of authority to sign must be attached in the form of a power of attorney or company registration certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
Telephone number (daytime)	E-mail address
Legal Entity Identifier / National Client Identifier:	

Please note: if the Retail Application Form is sent to the Managers by e-mail, the e-mail will be unsecured unless the applicant itself takes measures to secure it. The Retail Application Form may contain sensitive information, including national identification numbers, and the Managers recommend the applicant to send the Retail Application Form to the Managers in a secured e-mail. **Please refer to the second page of this Retail Application Form for further information on the Managers' processing of personal data.**

GUIDELINES FOR THE APPLICANT

THIS RETAIL APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES (INCLUDING ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OF AMERICA AND THE DISTRICT OF COLUMBIA), AUSTRALIA, CANADA, THE HONG KONG SPECIAL ADMINISTATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG"), JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.

Regulatory issues: Legislation passed throughout the European Economic Area (the "**EEA**") pursuant to the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**MiFID II**") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect, the Managers must categorise all new clients in one of three categories: Eligible counterparties, professional clients and non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorised as non-professional clients. The applicant can by written request to the Managers request to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act and ancillary regulations. For further information about the categorisation, the applicant may contact one of the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

Execution only: As the Managers are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Financial Undertakings Act and foreign legislation applicable to the Managers, there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Retail Offering.

Information barriers: The Managers are securities firms offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

VPS account and anti-money laundering procedures: The Retail Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulation of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Retail Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Retail Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance.

Selling restrictions: The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 17 "Selling and Transfer Restrictions" in the Prospectus. The Company does not assume any responsibility in the event there is a violation by any person of such restrictions. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. In the Retail Offering, the Offer Shares are being offered and sold to certain persons outside the United States in offshore transactions within the meaning of and in compliance with Rule 903 of Regulation S under the U.S. Securities Act.

The Company has not authorised any offer to the public of its securities in any Member State of the EEA other than Norway and Sweden. With respect to each Relevant Member State of the EEA other than Norway or Sweden which has implemented the EU Prospectus Regulation (each, a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Relevant Member State. Any offers outside Norway or Sweden will only be made in circumstances where there is no obligation to publish a prospectus.

Stabilisation: In connection with the Offering, ABGSC (as the "**Stabilisation Manager**"), or its agents, on behalf of the Managers, may, during the period commencing on the first day of trading of the Shares on Oslo Børs and ending at the close of trading on the 30th calendar day following such day (the "**Stabilisation Period**"), engage in transactions that stabilise, maintain or otherwise affect the price of the Shares. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the secondary market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager and its agents to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilisation activities, if commenced, may be discontinued at any time, and will be brought to an end at the end of the Stabilisation Period.

Personal data: The applicant confirms that it has been provided with information regarding the Managers' processing of personal data, and that it has been informed that the Managers will process the applicant's personal data in order to manage and carry out the Offering and the application from the applicant, and to comply with statutory requirements. The data controllers who are responsible for the processing of personal data are the Managers. The processing of personal data is necessary in order to fulfil the application and to meet legal obligations. The Norwegian Securities Trading Act and the Norwegian Money Laundering Act require that the Managers process and store information about clients and trades, and control and document activities. The applicant's data will be processed confidentially, but if it is necessary in relation to the aforementioned purposes or obligations, the personal data may be shared between the Managers, with the company(ies) participating in the Offering, with companies within the Managers' groups, VPS, stock exchanges and/or public authorities. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it. If the Managers transfer personal data to countries outside the EEA, that have not been approved by the EU Commission, the Managers will make sure the transfer takes place in accordance with the legal mechanisms protecting the personal data. As a data subject, the applicants have several legal rights. This includes i.e. the right to access its personal data, and a right to request that incorrect information is corrected. In certain instances, the applicants will have the right to impose restrictions on the processing or demand that the information is deleted. The applicants may also complain to a supervisory authority if they find that the Managers' processing is in breach of the applicable laws. Supplementary information on processing of personal data and the applicants' rights can be found on the Managers' websites.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and conditions for payment by direct debiting - securities trading: Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply.

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
2. Costs related to the use of "Payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Financial Contracts Act, the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Financial Contracts Act.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of the Prospectus is 9.50% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or, from the third day after the Payment Date, otherwise dispose of or assume ownership to the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding.

In order to provide for prompt registration of the Offer Shares with the Norwegian Register of Business Enterprises, the Managers are expected to, on behalf of the applicants, pre-fund payment for Offer Shares allocated in the Offering at a total subscription price equal to the Offer Price multiplied by the aggregate number of allocated Offer Shares.

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