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Pexip intends to apply for a listing on the Oslo Stock Exchange

Oslo, 27 April 2020: Pexip Holding ASA ("Pexip" or the "Company") today announces its intention to launch an offering of shares in the Company and to apply for a listing on the Oslo Stock Exchange (the "Offering").

Pexip is a global technology company delivering a video-first meeting platform with 15% of the Global Fortune 500 companies as customers. The Company's product offering is a highly scalable, cloud-native meeting platform that is deployable either as a service or a self-hosted solution in any public or private cloud environment. All offerings build on Pexip's unique Infinity technology, and are delivered via a recurring subscription-based business model. The Company has more than 300 channel partners located in about 75 countries worldwide.

The Company is the result of a merger between Pexip, specialising in video software infrastructure, and Videxio, a cloud-based video service provider, effective from October 2018. The respective companies were founded by a group of visionary industry veterans in 2011 and 2012 with an ambition to break down communication barriers and provide a video-first meeting experience. The founders of the two companies had identified a need among users and IT administrators to remove the obstacles that were causing enterprise video conferencing to be expensive, difficult to use, manage and scale. The merger presented a unique opportunity to resolve these issues with a consistent user experience across all deployment options.

The Company's vision is to make virtual meetings even better than in-person, by empowering people to see and engage with each other in a better way.

Pexip's board of directors is of the opinion that the Offering and listing of the Company's shares on the Oslo Stock Exchange represents an important step in the development of the Company as it will (i) enable the Company to pursue growth opportunities through expanding its sales operations, moving into new customer segments and future develop and enhance its products, (ii) strengthen the Company's overall market awareness for both end-customers and industry partners, (iii) further improve the Company's ability to attract, retain and motivate talented personnel, (iv) diversify the Company's shareholder base and enable other investors to take part in the Company's future growth and value creation, and (v) allow for a more liquid market for the Company's shares.

Company highlights

- Operating in the global and fast-growing video communications market, supported by strong global mega-trends in technology transition, globalisation, workforce mobility, sustainability, and business continuity
- Uniquely positioned in the enterprise segment with a product offering catering the needs of both end-users and IT administrators
 - Flexible deployment alternatives to help enterprises transition to cloud
 - Unique ability to connect previously incompatible technologies by providing best-in-class interoperability features
 - Stellar security track record from focusing on data security, privacy and compliance since inception
 - Intuitive and easy-to-use meeting platform integrating well with existing systems and workflows
 - Uniquely engineered for global scale, unrivalled video quality and cloud compute
- Differentiated technology recognised by industry experts and customers alike
 - A «Visionary» in the 2019 Gartner Magic Quadrant for Meeting Solutions¹
 - Ranked #1 overall in 2019 by leading industry researchers at Wainhouse Research²

¹ Gartner Magic Quadrant for Meeting Solutions, Mike Fascianai, Tom Eagle, Adam Preset, 5 September 2019

² Wainhouse Research; Brand Perception Ratings Overview – Video Meeting Solutions, 1 February 2019. NPS, collected from 2,002 end-users in Q4 2018

- Winner of Frost and Sullivan's 2020 "Entrepreneurial Company of the Year Award" for the Global Business Video Conferencing Industry³
- History of industry defining innovation from a highly professional and agile organization comprising more than 200 employees from 17 different countries led by an experienced management team with long industry tenure
- Trusted by high demanding blue-chip customers and government agencies worldwide, including more than 70 Global Fortune 500 customers and diversified across industries
- Proven and massively scalable business model supporting an attractive growth profile
 - Leveraging more than 300 trusted channel partners in 75 countries for scalability
 - Attractive subscription-based revenue model offering a high share of recurring revenues and great cash flow visibility from strong net retention and low churn
 - Attractive returns from investing in sales - new customers cover their acquisition cost 5.8 times (LTV/CAC)⁴
 - Self-funded on cash flow since 2015, while growing with a CAGR of 41% from 2015 to 2019. The company has in total raised USD 25m in new equity since inception which have turned into an ARR of USD 56.7m, resulting in an efficiency ratio of 2.27x
- Tangible growth path to reach ARR of USD 300m by 2025, with multiple exciting future growth prospects
 - Continue to fuel current growth momentum by supercharging existing sales model in existing geographies
 - Expand in selected high-impact segments such as B2C vertical markets (healthcare and finance) and hybrid cloud market
 - Continue to improve and expand existing product offering

Michel Sagen, Executive Chairman and co-founder of Pexip, commented:

"An Oslo Stock Exchange listing represents an important milestone in the continued development of Pexip whose exciting journey started many years ago when my co-founders and I together established the companies which today are Pexip. Pexip has an excellent foundation 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."

Odd Sverre Østlie, Chief Executive Officer of Pexip, commented:

"Becoming a stock exchange listed company is another step towards our ambition to become a global leader in the collaboration market. 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. We will continue to balance growth and equity efficiency, and use the proceeds from the Offering to propel us towards our goal of reaching at least USD 300 million in Annual Recurring Revenue within 2025."

Financial highlights

The Company experienced strong growth in contracted Annual Recurring Revenues ("ARR") and revenues during 2019 due to increased sales across all geographies and products. The ARR as per 31 December 2019 was USD 47m, up 32% from USD 36m as per 31 December 2018. The Company reported revenues in 2019 of NOK 370m (NOK 215m in 2018) with an EBITDA of NOK 76m (NOK 32m), resulting in an EBITDA-margin of 21% for the year (15%).

³ Frost & Sullivan Entrepreneurial Company of the Year Award 2020, the Global Video Conferencing Industry, Author: Robert Arnold, Principal Analyst and Program Manager

⁴ CAC calculated full-year salary expenses including marketing/events expenses and travel costs (i.e. excluding HQ and R&D), LTV calculated as full-year net new sales x Estimated Customer Lifetime (years, 1/churn rate)

The recent Covid-19-outbreak is affecting how people and organizations globally communicate with each other and has rapidly made people more familiar with the benefits of videoconferencing as an effective communications tool. For Pexip, this has resulted in further tailwind to an already strong momentum from last year. Q1 2020 resulted in a significant increase in ARR, with Delta Annual Recurring Revenue ("DARR") reaching USD 9.5m for the quarter, resulting in an ARR of USD 56.7m as of 31 March 2020. This implies a 50% YoY growth (over Q1 2019) compared to 32% in Q4 2019 (over Q4 2018).

	<i>Pexip</i> <i>(audited NGAAP)</i>	<i>Pexip and</i> <i>Pexip Holding</i> <i>(audited IFRS)⁵</i>	<i>Pexip Holding</i> <i>(audited IFRS)</i>
NOKm, unless stated	2017	2018	2019
ARR year-end, USDm ⁶	20	36	47
Revenues	143	215	370
EBITDA	35	32	76
Operating profit	16	18	32

The Offering in brief

The Offering is expected to comprise an offering of new shares in the Company of the NOK equivalent of approximately USD 100 million. In addition, the Offering is expected to include a sale of shares by existing shareholders in the Company. The net proceeds from the Offering will be used 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.

Four cornerstone investors have, subject to certain conditions and for price per share of up to NOK 63.00, equivalent to a pre-money equity value of approximately NOK 5.2 billion based on the current shares outstanding and in-the-money vested options, undertaken to acquire shares for a total amount of NOK 1,000 million in the IPO. 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).

Subject to receiving the relevant approvals from Oslo Børs (the Oslo Stock Exchange) and the Norwegian Financial Supervisory Authority, as well as prevailing equity capital market conditions, the Company is expected to have a first day of trading on the Oslo Stock Exchange in Q2 2020. Further announcements relating to the Offering will be made in due course.

Advisers

ABG Sundal Collier ASA, Carnegie AS and Pareto Securities AS are acting as Joint Global Coordinators and Joint Bookrunners in the Offering (together the "Joint Global Coordinators"). Advokatfirmaet Schjødt AS is acting as legal advisor to the Company. Advokatfirmaet Thommessen AS is acting as legal advisor to the Joint Global Coordinators. GAMBITH & K AS is acting as communication advisor.

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⁵ Consolidated statement of profit or loss (IFRS) for 2018. Covers the business operations in Pexip prior to the merger and the business operations of the combined company post merger (Pexip Holding)

⁶ Unaudited sales KPI. ARR end of year 2017 including Videxio amounted to USD 29m

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The Offering may be influenced by a range of circumstances, such as market conditions, and there is no guarantee that the Offering will proceed and that the listing will occur.

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