

] pexip [

Q1 2023

Quarterly Report

Highlights

- Q1 2023 revenue of 260.6 million, up 17% y-o-y. Pexip's subscription base measured in ARR was USD 98.3 million in Q1 2023. EBITDA was NOK 35.1 million, up 87 million since Q1 2022.
- Cash flow of NOK 46.6 million, with a cash position of NOK 465.9 million.
- Continued solid momentum within secure, customized solutions with Secure Spaces ARR growing USD 0.6 million in Q1, including securing a number of large renewals.
- Pexip has entered into a strategic partnership with Poly to provide Poly's new video infrastructure solutions.
- Announced major innovation in Microsoft Teams interoperability, SIP Guest Join, allowing Pexip-powered SIP endpoints to join any Teams meeting with a Teams-like experience.
- The Pexip Government Cloud has achieved FedRAMP® Authorization. The FedRAMP approval strengthens Pexip's existing security accreditation and authorization posture.

“We entered Q1 2023 with a leaner, more focused organization. Pexip’s top priority has been on focusing on our target markets and increasing our technology differentiators in those. This makes us a relevant partner to several large technology players in our space, and our new strategic partnership with Poly is a testament to that.”



Trond K. Johannessen
Chief Executive Officer

Key Figures

		Q1 2023	Q1 2022
Revenue	NOK million	260.6	222.5
Cost of Sale	NOK million	21.3	25.8
Salary and personnel expenses	NOK million	159.6	188.1
Other operating expenses	NOK million	45.0	60.4
Other gains/losses	NOK million	(0.3)	-
EBITDA	NOK million	35.1	(51.8)
EBITDA margin	%	13%	-23%
Reported profit for the period	NOK million	22.2	(63.8)
Earnings per share	NOK per share	0.22	(0.62)
ARR	USD million	98.3	105.6
Number of employees end of period	#	325	551

Operational Review

Q1 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 98.3 million in Q1 2023, representing a year-on-year decline of 7% from USD 105.6 million in Q1 2022. The development in year-on-year ARR continue to be affected by the large US Government customer not renewing the contract as the program lost its funding, as well as decline in legacy areas.

Net revenue retention rate, reflecting the percent of retained revenue from existing customers, was 83% year-on-year, including churn of 14.2 percentage points (p.p.) year-on-year. Net downsell was at 2.9 p.p., a reduction of 3.5 p.p. compared to Q4 2022. Decline in legacy areas are driving both churn and the net downsell, which is in line with expectation. ARR from Pexip as-a-Service was at USD 45.5 million in Q1 2023, down 1% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 52.8 million, down 11% year-on-year.

Pexip has entered into a new strategic partnership with Poly, an HP company, powering Poly's new video infrastructure solutions. The strategic collaboration supports private unified business communications for government, public and private sector customers.

“We're thrilled to work with Pexip, a leading player in the market. This collaboration enables us to deliver secure private video communications via on-premise and cloud-based solutions, catering especially to security-conscious organizations.”

Chris Moss
Product and Portfolio Management,
HP Hybrid Systems



Pexip has achieved FedRAMP Authorization for the Pexip Government Cloud (PGC). FedRAMP is the gold standard for secure, cloud-based products for U.S. government agencies. PGC enables government organizations to connect hybrid workers to a Microsoft Teams meeting in a secure, compliant way. “Our FedRAMP Authorized platform offers a pathway for Pexip customers and federal government agencies to future-proof their video investments and securely unite their hybrid workforce. Already trusted by agencies including the VA, NASA, EPA, and the US Air Force, FedRAMP Authorization now enables even more agencies to access Pexip’s solution,” said Peter McCarthy, VP, Public Sector, Pexip.

Q1 development continues to provide momentum to reach the financial targets set for 2023. Within Secure Spaces there was a USD 0.6 million growth in Q1 and significant renewals in the quarter have gone well. The FedRAMP authorization further strengthens Pexip's existing security accreditation and authorization posture, and provides confidence in the targeted growth within secure, customized solutions. Within interoperability and infrastructure solutions, the strategic partnerships with both Microsoft and Poly show that Pexip's focused approach on our key markets make us an attractive partner in our industry. The new organization and improved cost base provide further support in our 2023 targets of cash flow positive operations and an EBITDA of NOK 100-150 million for the whole year.

Q1 Key Wins



Social Security Administration (SSA)

Pexip secured a new contract with the Social Security Administration (SSA), a US federal government agency, for Pexip's Self-hosted software. The SSA uses videoconferencing to allow people to apply for a replacement Social Security card or virtually attend a hearing with an administrative law judge, and Pexip's interoperability solutions contribute to a seamless experience, supporting SSA's 60,000 employees.



Telesynergy Health Systems

Telesynergy Health Systems is a new service provider within TeleHealth. Telesynergy® has partnered with PEXIP to manage the tele and video conferencing capability in the system, which provides next generation collaborative communication and work application for medical professionals and clinicians bringing "Same Room Paradigm" and unmatched interfacing capabilities with medical and non-medical devices and databases.

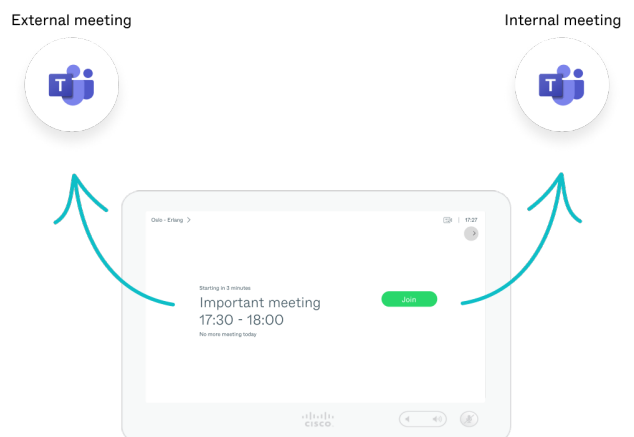
Major US based Aerospace and Defense Systems Integration Company

A major US based Aerospace and Defense Systems Integration Company recently chose Pexip to provide for Microsoft Teams interop with their hundreds of already deployed standard based VTC systems. They chose Pexip as they had to deploy their interop in a US DOD Impact Level (IL) 4 approved datacenter. Pexip is the only Microsoft certified CVI vendor that supports this integration/deployment with on-premises IL4 based systems.

Key product launches

Launch of SIP Guest Join

Pexip have launched SIP Guest Join, which enables anyone in an organization with CVI capabilities to join meetings from anyone inside or outside their organization. You are no longer limited to joining meetings that have the so-called CVI coordinates in them (additional join details), a standard Teams invite is all it takes. The technology you have will figure out and enable your video conferencing system to join that meeting with one single press of a button.



Pexip partners with RealWear to enable secure video for frontline workers

In Q1, Pexip launched its integrated video conferencing application available for RealWear devices. Pexip provides an easily customizable solution that can meet the needs of any workflow, whether providing critical medical care inside an ambulance, inspecting dangerous machinery on a factory floor, or performing repairs halfway up a wind turbine tower. In many of the situations in which RealWear headsets are used, time is of the essence due to the cost of equipment downtime, and the video quality is important in order to solve those problems.

Pexip now available on Genesys AppFoundry

Pexip Video Connect is now available as a premium app on the Genesys AppFoundry™, a marketplace of solutions offering a curated selection of applications and integrations that elevate customer and employee experiences. It supports worker safety and efficiency with reliable video, even in low-bandwidth environments.

Pexip's enterprise-grade integration makes it easy for Genesys customers to offer omnichannel support throughout the customer journey. With video embedded straight into the Genesys interface using native call controls, agents can easily manage interactions while accessing recording, analytics, sentiment analysis, and reporting. Customers can launch video sessions from chat or audio in one click -- from any browser -- without additional downloads. Since the entire experience is customizable, organizations can extend their brand in ways like playing videos in virtual waiting rooms and custom workflow configurations.



GENESYS™ | AppFoundry

New version of Pexip Infinity with improved features and enhancements

In Q1, Pexip also launched a new version of its core Pexip Infinity software. Features include:

- **End-to-end encryption:** Administrators can choose to enable end-to-end encryption for 1:1 calls. For example, in a virtual health scenario where most calls are between a patient and doctor using computers, enabling end-to-end encryption ensure privacy and security.
- **In-conference security classification indicators:** It's possible to choose content classification indicators for meetings. All participants will see a visible indicator of the classification level of each meeting. These indicators help participants to remain aware of any security restrictions of the meeting and the confidentiality of what is being discussed.
- **Personalized apps and branding:** Our Pexip Connect for Web app now supports multiple branding profiles. This means that you can provide a unique branding experience for different audiences. Pexip Connect branding and customizations use unique URL paths so you can choose which branding profile to use for each path. Multiple brand profiles can be created for the same company without needing to use a reverse proxy.
- **Microsoft Teams Cloud Video Interop (CVI):** Pexip keeps providing the best CVI experiences. Similar to native Microsoft Teams, CVI now shows which users are muted. If an off-screen participant starts speaking, they are promoted to the stage so it's easy to identify them.
- **Google Meet interop:** Pexip for Google Meet now benefits from AI and Adaptive Composition. AI-powered framing provides optimal screen space to participants - helping you more easily pick up on participant body language. The authentication of third-party systems has been updated to the JWT (JSON Web Token) standard.

Financial review

(Figures in brackets = same period prior year or relevant balance sheet date).

Income statement

Q1 2023

Pexip operates with two main product areas. Pexip self-hosted software, which mainly consists of sales from software licenses and related maintenance contracts, and Pexip as-a-Service, which consists of sales from Pexip's public cloud service.

Consolidated revenue amounted to NOK 260.6 million in Q1 2023 (NOK 222.5 million), representing a 17.2% increase from Q1 2022. The increase was largely driven by currency effects and Software-as-a-Service growth. Software revenue is mainly recognized at time of delivery, which leads to variations in revenue recognition across periods and drives seasonal variation of software revenue. Europe, Middle East and Africa (EMEA) was the largest sales theatre, accounting for NOK 123.1 million (NOK 105.5 million) representing 47% of group revenue in Q1 (47%), followed by Americas, accounting for NOK 118.5 million (NOK 93.2 million) representing 45% (42%), and Asia-Pacific (APAC), accounting for NOK 19.1 million (NOK 23.7 million) representing 7% (11%).

Self-hosted software was the largest revenue area in Q1 2023 with NOK 147.6 million (NOK 129.0 million). Revenue from Pexip as-a-Service was NOK 113.1 million in Q1 2023 (NOK 93.5 million).

Cost of sale consists mainly of data center and hosting for the Pexip as-a-Service, network services, commissions and software licenses, and hardware and equipment. Cost of sale amounted to NOK 21.3 million in Q1 2023 (NOK 25.8 million), reflecting a gross margin of 92% (88%).

Operating expenses consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 159.6 million in Q1 2023 (NOK 188.1 million), which is 61% of the quarterly revenue (85%). In Q1 2023 the cost related to employee options and related employer tax costs was NOK 9.8 million compared

to NOK 6.6 million in Q1 2022. Pexip had 325 employees in permanent positions at the end of Q1 2023 (551 at the end of Q1 2022).

Other operating expenses amounted to NOK 45.0 million (NOK 60.4 million), which reflects a level at 17% of the quarterly revenue (27%). The reduction is due to the cost cutting initiatives and the effects were realized across multiple cost categories, including reduction in spend on IT systems and equipment, sales and marketing, and other professional fees such as R&D, licensing and HR.

Other gains and losses amounted to gains of NOK 0.3 million (NOK 0 million).

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to NOK 35.1 million in Q1 2023 (negative NOK 51.8 million), reflecting a 13% EBITDA margin (-23%).

Depreciation and amortization costs were NOK 29.1 million in Q1 2023 (NOK 23.3 million). The increase is due to increased activation of intangible assets and leasing contracts.

Net financial expenses were NOK 25.9 million (negative NOK 7.5 million), mainly related to currency.

Profit before tax was NOK 31.9 million (negative NOK 82.6 million). Profit after tax was NOK 22.2 million (negative NOK 63.8 million).

Financial position

Pexip continues to be well capitalized as the company has executed and initiated a set of activities to improve cash flow. **Total assets** amounted to NOK 2,088 million (NOK 2,087 million at the end of Q4 2022), and **total equity** amounted to NOK 1,637 million (NOK 1,597 million at the end of Q4 2022).

Current assets amounted to NOK 690 million (NOK 679 million at the end of Q4 2022). **Trade and other receivables** decreased to NOK 183 million (NOK 199 million at the end of Q4 2022). **Cash and cash equivalents** increased to NOK 466 million (NOK 419 million at the end of Q4 2022).

Non-current assets increased to NOK 1,399 million (NOK 1,408 million at the end of Q4 2022). **Contract costs** increased to NOK 298 million (NOK 286 million at the end of Q4 2022).

Total liabilities were at NOK 452 million (NOK 490 million at the end of Q4 2022). Of this, NOK 4 million are borrowings (NOK 4 million at the end of Q4 2022).

Current liabilities decreased to NOK 379 million (NOK 415 million at the end of Q4 2022). Of this, NOK 238 million are contract liabilities (NOK 231 million at the end of Q4 2022).

Non-current liabilities amounted to NOK 72 million (NOK 75 million at the end of Q4 2022).

Cash flow

Q1 2023

Cash flow from operating activities was NOK 73.4 million for Q1 2023 (negative NOK 30.6 million for Q1 2022). The positive cash flow reflects the positive operating result.

Cash flow from investing activities was negative NOK 26.2 million for Q1 2023 (negative NOK 79.9 million for Q1 2022). This is driven by investments in software developing, as well as an earn-out paid in relation to a portfolio acquisition.

Cash flow from financing activities was negative NOK 7.7 million for Q1 2023 (negative NOK 97.0 million for Q1 2022).

In total, Pexip had a net cash flow of NOK 39.5 million for Q1 2023 (negative NOK 207.5 million for Q1 2022). In addition, there was an exchange gain of NOK 7.0 million, resulting in a positive cash flow of NOK 46.6 million (negative NOK 213.5 million for Q4 2022)

Subsequent events

There were no subsequent events after March 31,

2023.

Risk and uncertainty

Risk management in Pexip is based on the principle that risk evaluation is an integral part of all business activities and is a part of the annual strategy review. Pexip has developed its approach to risk assessment and risk mitigation within financial reporting, and within information security, where Pexip holds ISO 27001 and 27701 certifications as an external recognition of its approach.

Pexip is exposed to several risk factors related to operational and market activities, customer relationships and third parties, laws, regulations and compliance, financial and market, among others. The Risk and Risk Management section in the 2022 Annual Report contains detailed description and mitigating actions.

The global economic situation has faced increasing challenges into 2023, with slowing growth and higher inflation in Pexip's key markets. This impacts Pexip's customers, and several large enterprise companies have announced cost reduction programs. This has also had a negative impact on the financial markets with an increasing cost of capital. Pexip has taken action through its cost reduction program to reduce its cost base, which has contributed to mitigate cost increases on key cost categories such as employee benefit expenses and cost of cloud computing. Pexip targets a positive free cash flow in 2023 and has very limited interest-bearing debt and a strong balance sheet. As such, the company is less exposed to the increasing cost of capital.

Pexip has not identified any further significant risk exposures beyond the ones described in the 2022 Annual Report.

Outlook

In the long-term, Pexip believes that the market for enterprise-grade video communication will continue to increase due to the explosive adoption and usage of video communication following Covid-19, and increased awareness of sustainability. Pexip has unique video technology with capabilities within security, interoperability and for flexible deployments. This makes the company well-positioned as enterprises and public sector organizations adopt hybrid working models. Furthermore, Pexip believes in increased use of

video in organizations' workflows with their clients/customers, creating additional new and significant market opportunities. In particular, the use of video for mission critical, high security meetings has increased. This is the foundation of the focused strategy Pexip is executing on, pursuing market leading positions in Connected Spaces, Secure Spaces and Video Innovation.

Pexip's solutions can be categorized into both mature markets and growth stage markets, two markets with different structural demands and required strategies. Pexip focus its business areas into two main areas: Interoperability and infrastructure solutions - comprising of Connected Spaces including legacy areas, and secure, custom solutions - comprising of Video Innovation and Secure Meetings. Pexip targets growth of 20%

in Secure Spaces and Video Innovation, while estimating a stable development in Connected Spaces.

Pexip is targeting an EBITDA of NOK 100 – 150 million and positive cash flow for 2023. Going forward beyond this, Pexip will balance growth and profitability.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this section. Readers are cautioned not to put undue reliance on forward-looking statements.

Oslo, May 3, 2023

Board of Directors and CEO of Pexip Holding ASA



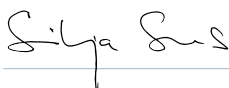
Kjell Skappel
Chair of the Board



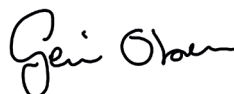
Irene Kristiansen
Board Member



Phillip Austern
Board Member



Silvija Seres
Board Member



Geir Langfeldt Olsen
Board Member



Trond K. Johannessen
CEO

Consolidated Statement of Profit or Loss

	Notes	First Quarter	
(NOK 1.000)		Q1 2023	Q1 2022
Revenue	3	260 637	222 451
Cost of sale		21 313	25 781
Salary and personnel expenses		159 587	188 085
Other operating expenses		44 952	60 410
Other gains and losses		-337	-2
EBITDA		35 123	-51 823
Depreciation and amortization		29 141	23 268
Operating profit or loss		5 982	-75 091
Financial income		3 019	459
Financial expenses		-656	-534
Net gain and loss on foreign exchange differences		23 505	-7 419
Financial income/(expenses) - net		25 869	-7 494
Profit or loss before income tax		31 850	-82 585
Income tax expense		9 699	-18 769
Profit or loss for the year		22 151	-63 816
Profit or loss is attributable to:			
Owners of Pexip Holding ASA		22 151	-63 816
Earnings per share			
Basic earnings per share		0.22	-0.62
Diluted earnings per share		0.22	-0.62

Consolidated Statement of Comprehensive Income

(NOK 1.000)	First Quarter	
	Q1 2023	Q1 2022
Profit or loss for the year	22 151	-63 816
Items that may be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	9 133	-2 715
Total comprehensive income for the year	31 284	-66 531
Total comprehensive income is attributable to:		
Owners of Pexip Holding ASA	31 284	-66 531

Consolidated Statement of Financial Position

(NOK 1.000)	03/31/2023	12/31/2022
ASSETS		
Non-current assets		
Property, plant and equipment	26 943	29 039
Right-of-use assets	60 943	77 154
Goodwill	662 645	662 645
Other intangible assets	172 752	178 606
Deferred tax asset	173 524	169 279
Contract costs	297 668	285 779
Receivables	1 282	1 602
Other assets	2 999	4 041
Total non-current assets	1 398 756	1 408 145
Current assets		
Trade and other receivables	182 902	198 727
Contract assets	15 183	37 233
Other current assets	25 606	23 326
Cash and cash equivalents	465 885	419 306
Total current assets	689 576	678 592
TOTAL ASSETS	2 088 332	2 086 736
EQUITY AND LIABILITIES		
Equity		
Total equity	1 636 737	1 596 571
Non-current liabilities		
Borrowings	1 552	16
Lease liabilities	42 237	57 560
Deferred tax liabilities	28 414	15 388
Other payables	44	2 526
Total non-current liabilities	72 247	75 490
Current liabilities		
Trade and other payables	109 854	148 153
Contract liabilities	237 683	231 004
Current tax liabilities	4 809	5 002
Borrowings	2 913	4 077
Lease liabilities	24 089	26 439
Total current liabilities	379 348	414 675
Total liabilities	451 595	490 166
TOTAL EQUITY AND LIABILITIES	2 088 332	2 086 736

Consolidated Statement of Changes in Equity

(NOK 1.000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total equity
Balance at January 1, 2022	1 556	2 115 938	86 018	-3 553	-291 770	1 908 191
Profit or loss for the year					-262 248	-262 248
Other comprehensive income for the year				11 416		11 416
Total comprehensive income for the year	-	-	-	11 416	-262 248	-250 831
Capital increase/share issue	-	-	-270			-270
By/sell treasury share	-35		-87 404			-87 439
Share-based payments			26 920			26 920
Balance at December 31, 2022	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Balance at January 1, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the period					22 151	22 151
Other comprehensive income for the year				9 133		9 133
Total comprehensive income for the year				9 133	22 151	31 284
Capital increase/share issue	-	-				-
By/sell treasury share						-
Share-based payments			8 882			8 882
Balance at March 31, 2023	1 521	2 115 938	34 147	16 996	-531 866	1 636 737

Consolidated Statement of Cash Flows

	First Quarter	
(NOK 1.000)	Q1 2023	Q1 2022
Cash flow from operating activities		
Profit or loss before income tax	31 850	-82 585
<i>Adjustments for</i>		
Depreciation, amortization and net impairment losses	29 141	23 268
Non-cash - share based payments	9 482	8 459
Interest income/expenses - net	-2 374	600
Net exchange differences	-537	-201
Other adjustments	-829	
<i>Change in operating assets and liabilities</i>		
Change in trade, other receivables and other assets	24 748	17 395
Change in trade, other payables and contract liabilities	-21 100	2 469
Interest received	3 019	27
Income taxes paid/refunded	-	
Net cash inflow/outflow from operating activities	73 400	-30 567
Cash flow from investing activities		
Payment for property, plant and equipment	-13 632	-62 602
Payment of software development cost	-12 531	-17 306
Payment for acquisition of subsidiary, net of cash acquired	-	
Net cash inflow/outflow from investing activities	-26 163	-79 908
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	-	
Repayment of borrowings	-500	-731
Principal element of lease payments	-6 547	-7 946
Interest paid	-646	-628
Sale/(purchase) of treasury shares	-	-87 674
Net cash inflow/outflow from financing activities	-7 692	-96 978
Net increase/(decrease) in cash and cash equivalents	39 545	-207 452
Cash and cash equivalents start of the period	419 306	803 852
Effects of exchange rate changes on cash and cash equivalents	7 035	-6 081
Cash and cash equivalents end of the period	465 885	590 319

Note 1 - General

Pexip Holding ASA is the parent company of the Pexip Group. The Group includes the parent company Pexip Holding ASA and its wholly owned subsidiary Pexip AS, which have the wholly owned subsidiaries Pexip Inc, Pexip Ltd, Pexip Australia Pty Ltd, Pexip Japan GK, Pexip Singapore Pte Ltd, Pexip Germany GmbH, Pexip France SAS, Pexip Netherlands B.V, Pexip Belgium NV, Pexip Italy S.R.L, Pexip Spain SL and Videxio Asia Pacific Ltd. The Group`s head office is located at Lilleakerveien 2a, 0283 OSLO, Norway. Pexip Holding ASA is listed on the Oslo Stock Exchange (Norway) under the ticker PEXIP.

The consolidated condensed interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as of March 31, 2023, authorised for issue by the board of directors on May 3, 2023.

The condensed interim financial statements are unaudited.

Note 2 - Basis of preparation

The condensed interim financial statements for the three months ending on March 31, 2023, have been prepared according to IAS 34 Interim Financial reporting. This quarterly report does not include the complete set of accounting principles and disclosures and should be read in conjunction with the Annual Financial Statement for 2022. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2022. The Group has not early adopted any new standards, interpretations or amendments issued but not yet effective.

Rounding differences may occur.

Note 3 - Segment reporting

(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.

First quarter 2023

	EMEA ¹	Americas	APAC ²⁾	Total
Pexip as-a-Service	61 727	45 092	6 265	113 083
Self-hosted Software	61 348	73 376	12 831	147 554
Total revenue	123 075	118 467	19 095	260 637

First quarter 2022

	EMEA ¹⁾	Americas	APAC ²⁾	Total
Pexip as-a-Service	56 983	30 045	6 434	93 462
Self-hosted Software	48 561	63 172	17 256	128 988
Total revenue	105 544	93 217	23 690	222 450

Timing of revenue recognition	First quarter	
	2023	2022
Products and services transferred at a point in time	111 459	99 138
Products and services transferred over time	149 178	123 312
Total revenue	260 637	222 450

¹⁾ Europe, Middle East and Africa

²⁾ Asia Pacific (East and South Asia, Southeast Asia and Oceania)

Information about major customers

The Group conducts its sales through channel partners. No channel partner represents more than 10% of the Group's revenue. Of the Group's total channel partner base as of 31 March 2023, the five largest represent approximately 33% (32% in Q1 2022) of total revenue in Q1 2023, and the ten largest represent about 46% (45% in Q1 2022) of total revenue.

Non-current assets

The following geographic information of non-current assets is based on the geographic location of the assets.

	3/31/2023	3/31/2022
Norway	296 969	315 691
Europe (other than Norway)	107 357	92 619
Americas	121 706	109 656
APAC	32 274	25 425
Total non-current operating assets	558 306	543 391

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, other intangible assets and contract costs.

Appendix — Alternative Performance Measures (APMs)

The Group uses the following terms in the definition of APMs in this Report:

EBITDA: Profit/(loss) for the period before net financial items, income tax expense, depreciation, and amortization.

Adjusted EBITDA: EBITDA adjusted for cost that are not related to the ordinary business and that are non-recurring costs.

EBITDA-margin: EBITDA in the 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. 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 customer-specific proof-of-concept projects 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 corresponds to Pexip's order backlog.

Gross Margin: Revenue after the cost of goods sold in the percentage of revenue.

Delta Annual Recurring Revenue (DARR): The difference in ARR from one quarter to another.

Net Revenue Retention (NRR) Rate is the percentage of annual recurring revenue retained from customers' existing in the prior year, including upsell, downsell and total churn.

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