

]pexip[

# Q1 2024

Quarterly Report

# Highlights

- Q1 2024 revenue of 292 million, up 12% y-o-y. Pexip's subscription base measured in ARR was USD 104.8 million in Q1 2024, up 6.6% y-o-y. EBITDA excluding other gains and losses amounted to NOK 64.4 million, up NOK 29.7 million from Q1 2023. EBITDA including other gains and losses amounted to NOK 57.7 million, up NOK 22.6 million.
- Cash flow of NOK 105 million in the quarter, with a cash position of NOK 628 million and no material interest-bearing debt exiting Q1 2024.
- Good development in Secure & Custom, with Secure Spaces growing 22% year-on-year. Combined Secure and Custom year-on-year growth of 13%, somewhat below ambition of 20% annual growth.
- Continued good Connected Spaces momentum with 7% growth year-on-year, resulting from strategic partnerships, product innovation as well as improved competitive situation with BlueJeans by Verizon exiting the market. Announced partnership with Cisco, and initial product launch with Zoom.

**“We are starting the year in a good way with several large customer wins in Secure & Custom, validating our strategy and execution plan. I am also pleased to deliver improved profitability and improved cash flow compared to last year. Our focus remains on generating profitable growth through our market leading position in our two target market”**



**Trond K. Johannessen**  
Chief Executive Officer

## Key Figures

		Q1 2024	Q1 2023	YTD 2024	YTD 2023
Revenue	NOK million	292.0	260.6	292.0	260.6
Cost of Sale	NOK million	27.1	21.3	27.1	21.3
Salary and Personnell expenses	NOK million	161.4	159.6	161.4	159.6
Other operating expenses	NOK million	39.1	45.0	39.1	45.0
Adjusted EBITDA	NOK million	64.4	34.8	64.4	34.8
Other gains/losses	NOK million	(6.7)	0.3	(6.7)	0.3
EBITDA	NOK million	57.7	35.1	57.7	35.1
EBITDA-margin	%	20%	13%	20%	13%
Free cash flow	NOK million	100.5	40.7	100.6	40.0
Reported profit for the period	NOK million	45.4	22.2	45.4	22.2
Earnings per share	NOK per share	0.45	0.22	0.45	0.22
ARR USD million	USD million	104.8	98.3		
Number of employees end of period	#	293	325		

# Operational Review

## Q1 Summary

Pexip's subscription base measured in Annual Recurring Revenue (ARR) amounted to USD 104.8 million in Q1 2024, representing a year-on-year increase of 6.6% from USD 98.3 million in Q1 2023. Pexip grew its overall ARR base with USD 2.0 million from Q4 2023.

Connected spaces ARR amounted to USD 64.2 million at the end of Q1 2024, up 7% from Q1 2023. The net revenue retention rate, reflecting the percentage of retained revenue from existing customers, was 98% in Q1 2024 excluding legacy areas. Secure and Custom ARR amounted to USD 37.7 million at the end of Q1 2024, up 15% from Q1 2023. The net revenue retention rate was 102% in

Q1 2024. ARR from Pexip as-a-Service was at USD 50.2 million in Q1 2024, up 10% year-on-year, while ARR from Pexip's Self-hosted Software ended at USD 54.6 million, up 3% year-on-year.

Our secure solutions are increasingly relevant and awareness around sovereignty and privacy for Government data is increasing, with more countries issuing specific recommendations and regulations. Within interoperability and infrastructure solutions, we continue to capture new accounts. The development in the strategic partnerships with both Microsoft and Poly continues to show that Pexip's focused approach to our key markets makes us an attractive partner in our industry.

## Key Wins

### United States of America Social Security Administration

The SSA administers retirement, disability, survivor, and family benefits in the United States of America, and oversees a budget of USD 1.3 trillion. The SSA chose Pexip together with HP|Poly to modernize their secure meetings platform, in addition to provide interoperability to Microsoft Teams.

### A major global airline company

Pexip won a large contract with one of the main global airlines to deliver its Pexip Connect offering. The company chose Pexip for Teams interoperability.

### A major healthcare company

Pexip has won a large contract with a large US healthcare company to modernize its secure meetings infrastructure.

# Financial Review

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

## Income statement

### Q1 2024 and Year to Date

Pexip operates in 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 292.0 million in Q1 2024 (NOK 260.6 million in Q1 2023), representing a 12% increase from Q1 2023. The increase is a result of the ARR increase over the last year as well as some positive currency impact. Americas was the largest sales area with NOK 137.1 million in revenue (NOK 118.5 million, +16%), followed by Europe, Middle East, and Africa (EMEA), accounting for NOK 132.4 million (NOK 123.1 million, +8%), and Asia-Pacific (APAC), accounting for NOK 22.4 million (NOK 19.1 million, +18%).

Self-hosted software revenue accounted for NOK 166.6 million in Q1 2024 (NOK 147.6 million, +13%). Revenue from Pexip as-a-Service was NOK 125.3 million in Q1 2024 (NOK 113.1, +11%). Software revenue is mainly recognized at the time of delivery, which leads to variations in revenue recognition across periods and drives seasonal variations of software revenue.

**Cost of sale** consists mainly of network, data center and hosting for the Pexip as-a-Service, as well as some 3rd party commissions and software licenses. Cost of sale amounted to NOK 27.1 million in Q1 2024 (NOK 21.3 million), reflecting a gross margin of 91% (92%).

**Operating expenses** consist mainly of salary and personnel expenses and other operating expenses. Salary and personnel expenses amounted to NOK 161.4 million in Q1 2024 (NOK 159.6 million), which is 55% of the quarterly revenue (61%). Pexip had 293 employees employed at the end of Q1 2024 (325 at the end of Q1 2023).

Other operating expenses amounted to NOK 39.0 million (NOK 45.0 million), which reflects a level of 13% of the quarterly revenue (17%). The reduction is due to the cost-cutting initiatives and the effects were realized across multiple cost categories, in particular on external consultants.

**Other gains and losses** amounted to a loss of NOK 6.7 million (NOK 0.3 million gain). The costs in Q 2024 are mainly related to the termination of employees in order to secure long-term cost reductions.

**Earnings before interest, tax, depreciation, and amortization (EBITDA)** amounted to NOK 57.7 million in Q1 2024 (NOK 35.1 million), reflecting a 20% EBITDA margin (13%). EBITDA adjusted for Other gains and losses was NOK 64.4 million (NOK 34.8 million), reflecting a 22% margin (13%).

**Depreciation and amortization** costs were NOK 20.6 million in Q1 2024 (NOK 29.1million). The reduction is a result of lower depreciation of intangible assets, lower right of use depreciation related to leasing as well as a reversal of an impairment loss from an insurance coverage.

**Net financial income** was NOK 22.5 million (NOK 25.9 million). Pexip had financial income of NOK 6.6 million related to interest on cash holdings (NOK 3.0 million), while the net impact of foreign exchange differences gave a gain of NOK 16.8 million (gain of 23.5 million).

**Profit before tax** was NOK 60.4 million (NOK 31.9 million). Profit after tax was NOK 45.4 million (NOK 22.2 million).

## Financial position

Pexip continues to have a very robust financial position as the company has a solid cash buffer, no material interest bearing debt as of Q1 2024 and a positive cash flow. **Total assets** amounted to NOK 2,140 million (NOK 2,021 million at the end of Q4 2023), and **total equity** amounted to NOK 1,617 million (NOK 1,555 million at the end of Q4 2023).

**Current assets** amounted to NOK 887 million (NOK 769 million at the end of Q4 2023), mostly related to an increase in cash. **Cash and cash equivalents** increased to NOK 628 million (NOK 523 million at the end of Q4 2023). **Trade and other receivables** increased to NOK 213 million (NOK 184 million at the end of Q4 2023).

**Non-current assets** amounted to NOK 1,253 million (NOK 1,252 million at the end of Q4 2023). **Contract costs** increased to NOK 307 million (NOK 299 million at the end of Q4 2023), mostly related to foreign exchange differences in the subsidiary companies.

**Total liabilities** were at NOK 523 million (NOK 466 million at the end of Q4 2023), with the increase being related to contract liabilities from pre-paid software and SaaS contracts. NOK 2 million are borrowings (NOK 2 million at the end of Q4 2023).

**Current liabilities** increased to NOK 448 million (NOK 405 million at the end of Q4 2023).

**Non-current liabilities** amounted to NOK 75 million (NOK 61 million at the end of Q4 2023).

## Cash flow

### Q1 2024 and YTD

**Net cash flow from operating activities** was NOK 112.3 million in Q1 2024 (NOK 73.4 million in Q1 2023) compared to an EBITDA of NOK 57.7 million.

**Cash flow from investing activities** was negative NOK 8.7 million for Q1 2024 (negative NOK 26.1 million). The main driver is investments in own software development, while the higher level of investing activities in Q1 2023 is related to the acquisition of a service provider customer portfolio.

**Cash flow from financing activities** was negative NOK 4.3 million for Q1 2024 (negative NOK 7.6 million). The decrease is mostly related to a reduction in leasing payments.

In total, Pexip had a net cash flow of NOK 99.3 million for Q1 2024 (NOK 39.5 million). In addition, there was an exchange gain of NOK 6.1 million (NOK 7.0 million), resulting in a net change in cash of NOK 105.4 million (NOK 46.6 million)

## Subsequent events

There were no subsequent events after March 31, 2024.

## 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 information security, where Pexip holds ISO 27001

and 27701 certifications as 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 2023 Annual Report contains detailed descriptions and mitigating actions.

Pexip has not identified any further significant risk exposures beyond the ones described in the 2023 Annual Report.

## Outlook

Pexip believes that the market for enterprise-grade video communication will continue to increase due to the increased adoption and usage of video communication, and increased awareness of sustainability. Pexip has unique video technology with capabilities within security, interoperability, and flexible deployments. This makes the company well-positioned as enterprises and public sector organizations continue to adopt hybrid working models. Furthermore, Pexip believes in the 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, pursuing market-leading positions in Secure and Custom Video and Connected Spaces.

Pexip's medium term financial targets are to consistently deliver above 10% growth in annual recurring revenues and have an EBITDA margin above 20% with a high cash conversion. The company aims to do this by focusing on niches where Pexip has a unique competitive advantage and a path to become the clear market leader. For 2024, the outlook is to deliver 5-10% ARR growth and 13-18% EBITDA margin.

*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.*

SIGNATURE PAGE

# Board of Directors

Oslo, May 6, 2024

Board of Directors and CEO of Pexip Holding ASA



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**Kjell Skappel**  
Chair of the Board



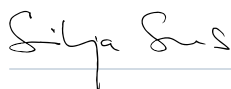
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**Irene Kristiansen**  
Board Member



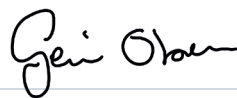
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**Phillip Austern**  
Board Member



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**Silvja Seres**  
Board Member



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**Geir Langfeldt Olsen**  
Board Member



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**Trond K. Johannessen**  
CEO

## Consolidated Statement of Profit or Loss

	Notes	First Quarter	
(NOK 1.000)		Q1 2024	Q1 2023
Revenue	3	291 978	260 637
Cost of sale		27 055	21 313
Salary and personnel expenses		161 423	159 587
Other operating expenses		39 060	44 952
Other gains and losses		6 747	-337
<b>EBITDA</b>		<b>57 693</b>	<b>35 123</b>
Depreciation and amortization		19 802	29 141
<b>Operating profit or loss</b>		<b>37 891</b>	<b>5 982</b>
Financial income		6 573	3 019
Financial expenses		-883	-656
Net gain and loss on foreign exchange differences		16 838	23 505
<b>Financial income/(expenses) - net</b>		<b>22 527</b>	<b>25 869</b>
<b>Profit or loss before income tax</b>		<b>60 418</b>	<b>31 850</b>
Income tax expense		15 010	9 699
<b>Profit or loss for the year</b>		<b>45 408</b>	<b>22 151</b>
<b>Profit or loss is attributable to:</b>			
Owners of Pexip Holding ASA		45 408	22 151
<b>Earnings per share</b>			
Basic earnings per share		0.45	0.22
Diluted earnings per share		0.44	0.22

## Consolidated Statement of Comprehensive Income

	First Quarter	
(NOK 1.000)	Q1 2024	Q1 2023
<b>Profit or loss for the year</b>	<b>45 408</b>	<b>22 151</b>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference on translation of foreign operations	<b>10 024</b>	9 133
<b>Total comprehensive income for the year</b>	<b>55 432</b>	<b>31 284</b>
<b>Total comprehensive income is attributable to:</b>		
Owners of Pexip Holding ASA	<b>55 432</b>	31 284



## Consolidated Statement of Financial Position

(NOK 1.000)	Notes	03/31/2024	12/31/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10 954	11 580
Right-of-use assets		49 696	42 730
Goodwill		598 998	598 998
Other intangible assets		117 803	125 516
Deferred tax asset		164 808	170 629
Contract costs	4	307 381	299 000
Receivables		1 179	1 163
Other assets		2 249	2 109
<b>Total non-current assets</b>		<b>1 253 068</b>	<b>1 251 725</b>
<b>Current assets</b>			
Trade and other receivables		213 166	183 716
Contract assets		27 468	39 210
Other current assets		18 231	23 716
Cash and cash equivalents		628 074	522 692
<b>Total current assets</b>		<b>886 940</b>	<b>769 335</b>
<b>TOTAL ASSETS</b>		<b>2 140 008</b>	<b>2 021 059</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Total equity</b>		<b>1 616 659</b>	<b>1 554 823</b>
<b>Non-current liabilities</b>			
Borrowings		1 916	2 190
Lease liabilities		35 779	31 427
Deferred tax liabilities		37 124	27 193
Other payables		80	69
<b>Total non-current liabilities</b>		<b>74 899</b>	<b>60 879</b>
<b>Current liabilities</b>			
Trade and other payables		124 520	130 374
Contract liabilities		301 826	255 258
Current tax liabilities		2 869	3 525
Borrowings		40	132
Lease liabilities		19 195	16 069
<b>Total current liabilities</b>		<b>448 450</b>	<b>405 357</b>
<b>Total liabilities</b>		<b>523 348</b>	<b>466 238</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 140 008</b>	<b>2 021 059</b>

## 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, 2023	1 521	2 115 938	25 265	7 863	-554 018	1 596 571
Profit or loss for the year					-79 786	-79 786
Other comprehensive income for the year				7 113		7 113
<b>Total comprehensive income for the year</b>				7 113	-79 786	-72 672
Capital increase/share issue						
Buy/sell treasury share	3		106			109
Share-based payments			30 815			30 815
Balance at December 31, 2023	1 523	2 115 938	56 186	14 977	-633 803	1 554 823
Balance at January 1, 2024	1 523	2 115 938	56 186	14 977	-633 803	1 554 823
Profit or loss for the period					45 408	45 408
Other comprehensive income for the year				10 024		10 024
<b>Total comprehensive income for the year</b>				10 024	45 408	55 432
Share-based payments			6 405			6 405
Balance at March 31, 2024	1 523	2 115 938	62 591	25 001	-588 395	1 616 659

## Consolidated Statement of Cash Flows

(NOK 1.000)	First Quarter	
	Q1 2024	Q1 2023
<b>Cash flow from operating activities</b>		
Profit or loss before income tax	60 418	31 850
<i>Adjustments for</i>		
Depreciation, amortization and net impairment losses	19 802	29 141
Non-cash - share based payments	9 434	9 482
Interest income/expenses - net	-5 600	-2 374
Net exchange differences	3 162	-537
Other adjustments	-12	-829
<i>Change in operating assets and liabilities</i>		
Change in trade, other receivables and other assets	-20 745	24 748
Change in trade, other payables and contract liabilities	40 726	-21 100
Interest received	6 479	3 019
Income taxes paid/refunded	-1 347	
<b>Net cash inflow/outflow from operating activities</b>	<b>112 317</b>	<b>73 400</b>
<b>Cash flow from investing activities</b>		
Payment for property, plant and equipment	-1 246	-13 632
Payment of software development cost	-7 500	-12 531
<b>Net cash inflow/outflow from investing activities</b>	<b>-8 746</b>	<b>-26 163</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	-367	-500
Principal element of lease payments	-3 044	-6 547
Interest paid	-879	-646
<b>Net cash inflow/outflow from financing activities</b>	<b>-4 290</b>	<b>-7 692</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>99 282</b>	<b>39 545</b>
Cash and cash equivalents start of the period	522 692	419 306
Effects of exchange rate changes on cash and cash equivalents	6 100	7 035
<b>Cash and cash equivalents end of the period</b>	<b>628 074</b>	<b>465 885</b>

## 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, 2024, authorised for issue by the board of directors on May 5, 2024  
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, 2024, 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 2023. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2023. 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 2024

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	Total
Pexip as-a-Service	60 856	56 618	7 868	125 341
Self-hosted Software	71 584	80 475	14 578	166 637
Total revenue	132 440	137 093	22 445	291 978

#### First quarter 2023

	EMEA <sup>1)</sup>	Americas	APAC <sup>2)</sup>	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

**Year to date**

	<b>EMEA<sup>1)</sup></b>	<b>Americas</b>	<b>APAC<sup>2)</sup></b>	<b>Total</b>
Pexip as-a-Service	60 856	56 618	7 868	125 341
Self-hosted Software	71 584	80 475	14 578	166 637
Total revenue	132 440	137 093	22 445	291 978

**Year to date 2023**

	<b>EMEA<sup>1)</sup></b>	<b>Americas</b>	<b>APAC<sup>2)</sup></b>	<b>Total</b>
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

Timing of revenue recognition	First quarter <b>2024</b>	First quarter <b>2023</b>
Products and services transferred at a point in time	135 888	111 459
Products and services transferred over time	156 090	149 178
Total revenue	291 978	260 637

Timing of revenue recognition	Year to date <b>2024</b>	Year to date <b>2023</b>
Products and services transferred at a point in time	135 888	111 459
Products and services transferred over time	156 090	149 178
Total revenue	291 978	260 637

<sup>1)</sup> Europe, Middle East and Africa

<sup>2)</sup> 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 2024, the five largest represent approximately 31% (33% in Q1 2023) of total revenue in Q1 2024, and the ten largest represent about 46% (46% in Q1 2023) of total revenue.

**Non-current assets**

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

	<b>3/31/2024</b>	<b>3/31/2023</b>
Norway	217 980	296 969
Europe (other than Norway)	112 408	107 357
Americas	134 961	121 706
APAC	29 793	32 274
Total non-current operating assets	495 143	558 306

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

## Note 4 - Contract costs

(NOK 1,000)

Movement on the balance sheet item Contract cost mainly relates to changes in foreign currencies in foreign operations. Total commission costs activated in the first quarter in 2024 was 20.1 million NOK (19 million NOK in 2023). Depreciated cost in the quarter was 23.1 compared to 19.9 in Q1 2023, which is mostly reflected in salary and personell expenses. The major currency change is related to USD.

<b>Contract costs</b>	<b>2024</b>	<b>2023</b>
Balance at January 1	299 000	285 779
Additions	20 118	19 083
Depreciated during the year	-23 147	-19 956
Translation differences	11 410	12 762
<b>Balance at March 31</b>	<b>307 381</b>	<b>297 668</b>

## 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.

**Free cash flow:** The sum of operating cash flow, investing cash flow and principal lease payments. This represents the free cash flow from the business, excluding potential equity or debt financing cash flows as well as potential cash flows related to company acquisitions/divestitures.

**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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