

#TECHKITCHEN



HCA CONTENT FROM SaaS SEMINAR - PENNEO

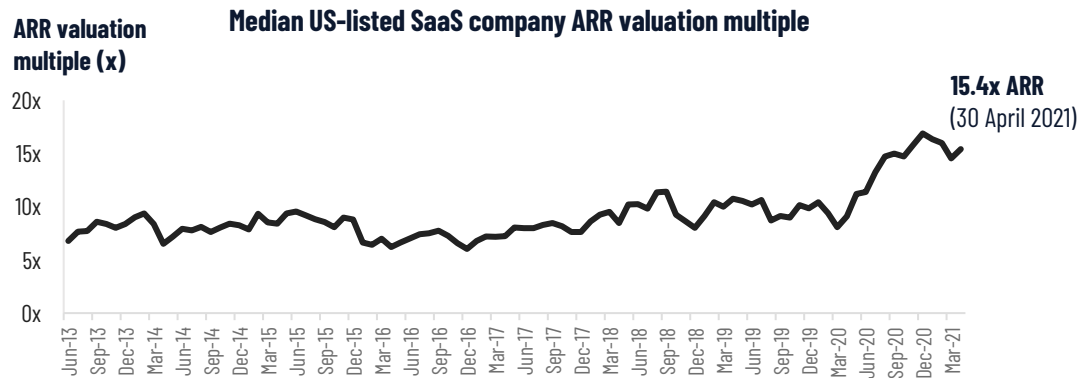


PENNEO SaaS AND VALUATION METRICS

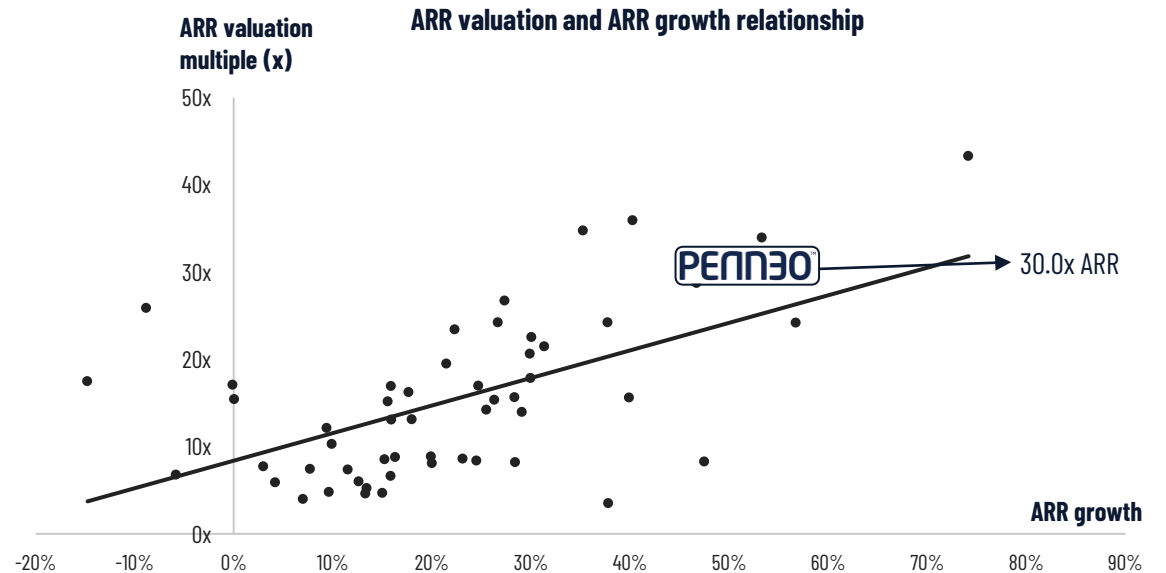
<p>Total ARR (end Q1 2021)</p> <p>40.9m</p> <p>Penneo's total ARR (end Q1 2021) measured in DKK</p>	<p>ARR growth (Q1 2021)</p> <p>52%</p> <p>Penneo's ARR growth in Q1 2021</p>	<p>Expected ARR (end 2021E)</p> <p>46-59%</p> <p>Penneo's expected ARR growth 2021E</p>	<p>Churn rate (Q1 2021)</p> <p>3%</p> <p>Penneo's ARR churn rate (yearly) in Q1 2021</p>	<p>Uplift (Q1 2021)</p> <p>23%</p> <p>Penneo's ARR uplift from existing customers in Q1 2021</p>
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	<u>Q1 2021</u>	<u>H1 2021E</u>	<u>End 2021E</u>
Penneo's ARR valuation multiple*	30.0x	26.6x	21.7x

*Based on market capitalization of DKK 1225.1 million (28 May 2021) and midrange in ARR guidance.



Current valuation of US-listed SaaS companies, 30 April 2021. Source: SaaS Capital Index



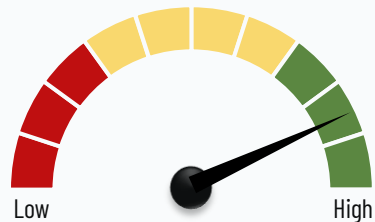
Plot of relationship between historical ARR growth rate and ARR valuation (SaaS Capital Index, 30 April 2021). SaaS companies with ARR growth rates of more than 100% and companies without ARR growth data are excluded. Source: SaaS Capital Index.

SaaS ASSESSMENT OF PENNEO

The SaaS business model and market potential vary across companies and industries besides growth rates. Therefore, it is helpful to score the company on some of the most important general criteria for the SaaS industry to determine whether a company should trade with a discount/premium to other SaaS companies. We have pointed out four criteria to assess Penneo or any other SaaS company as shown in the speedometers below. A medium/neutral rating points to pricing on par with the SaaS sector.

The assessment criteria are 1) Key SaaS metrics, i.e. Penneo's ARR growth, churn rate, upselling etc., 2) Global scalability, i.e. how scalable the business model is across borders and onboarding time, 3) Technology level, i.e. how advanced the software is and whether it is inimitable, and 4) Total addressable market (TAM) and future market growth, i.e. how big is the market and future growth rates.

Key SaaS metrics



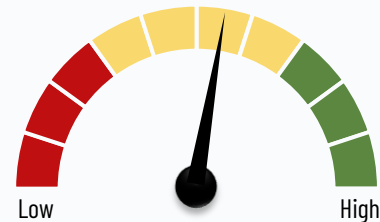
- Penneo has increased total ARR with 40%, 48% and 52% in 2019, 2020 and Q1 2021, respectively, reaching DKK 40.9m by the end of Q1 2021. The strongest SaaS metrics are consistent churn rates of 3-4% and a ~25% uplift from existing customers, i.e., a net revenue retention rate of ~120% which is significant above the SaaS sector.
- In 2021, Penneo expects to increase its total ARR with 47% (midrange in guidance) after upgrading the guidance recently.

Global scalability



- Penneo is already established in Denmark, Norway, Sweden, Finland, Belgium and Germany. However, when entering new markets, Penneo is less scalable relative to other SaaS companies because Penneo tailors its software to the market before entering.
- However, after being established in new markets, network effects and scalability of Penneo's platform is high with large upselling potential.

Technology level



- Penneo's technology level is already relatively high, and the goal is that all tasks can be fulfilled without human interaction from start to finish.
- Penneo is not yet fully utilizing AI and machine learning. However, Penneo has started product development with focus on utilizing AI and machine learning to achieve the goal of becoming a true end-to-end Business Process Automation service provider.

TAM & future market growth



- Penneo taps into different markets within Digital Identity, Digital Transaction Management and Business Process Automation with markets valued to between DKK ~10bn and DKK ~100bn.
- The markets are growing between ~13-37% towards 2023, and Penneo's current markets are Denmark, Sweden, Norway, Finland, Belgium and Germany which are large and still relatively immature markets in relation to digitalization of workflows.