

A photograph of two young men sitting on a rooftop terrace, working on their laptops. The man on the left is wearing a dark blue zip-up sweater over a light blue shirt and is looking at his laptop. The man on the right is wearing a black t-shirt and is looking at his laptop with his hand on his chin, appearing thoughtful. They are both using silver Apple laptops. The background shows a brick wall and a metal railing, suggesting an urban rooftop setting.

PENNEO®

Quarterly Financial Report Q1-2023

Copenhagen, 16 May 2023
Quarterly report for the period
1 January 2023 - 31 March 2023
Company announcement 22-2023

Penneo A/S
Enghavevej 40, 4. sal,
1674 Copenhagen V, Denmark
Business reg. no. 35633766

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ARR performance highlights

Q1-2023 development	End of Q1-2023
<ul style="list-style-type: none">ARR increased by 3.3M DKK compared to 3.1M DKK in Q1-2022 despite a negative currency exchange related impact of 0.9M DKKARR increase from Newbiz amounted to 2.0M DKK compared to 1.9M DKK in Q1-2022ARR increase from uplift amounted to 2.0M DKK compared to 1.6M DKK in Q1-2022ARR lost to churn amounted to 0.6M DKK compared to 0.4M DKK in Q1-2022ARR from foreign markets increased by 0.9M DKK compared to 2.1M DKK in Q1-2022.	<ul style="list-style-type: none">ARR amounted to 74.2M DKK at the end of Q1-2023 compared to 58.5M DKK at the end of Q1-2022 (27% year-on-year growth)YoY ARR net retention rate amounted to 113%YoY ARR uplift amounted to 17%YoY ARR churn rate amounted to 4%ARR from foreign markets amounted to 21M DKK at the end of Q1-2023 compared to 16M DKK at the end of Q1-2022 (24% YoY growth)

2023 ARR guidance

Penneo continues to assume an ARR level of 87-95M DKK at the end of 2023 corresponding to an ARR growth rate of 23-34%. Furthermore, the expected EBITDA level for 2023 continues to be in the range from negative 10M DKK to negative 15M DKK.

The outlook is based on currency exchange rates per end of 2022.

Financial performance highlights

EBITDA development

M DKK	Q1-2023	Q1-2022	Q1-2021	Q1-2020
Revenue	18.0	14.4	10.9	6.7
Cost of sales	(2.9)	(2.9)	(2.3)	(1.4)
Gross profit	15.1	11.4	8.6	5.4
Other external expenses	(4.6)	(4.0)	(4.1)	(1.6)
Staff costs	(17.2)	(13.4)	(9.1)	(5.1)
EBITDA*	(6.6)	(6.0)	(4.7)	(1.4)

*EBITDA does not include "Other income" and "Other operation expenses" on page 22.

Cash development

M DKK	Q1-2023	Q1-2022	Q1-2021	Q1-2020
Cash flow from operating activities	0.9	(5.2)	(10.6)	(4.5)
Cash flow from investing activities	(5.4)	(4.7)	(3.6)	(1.9)
Free Cash Flow	(4.4)	(9.9)	(14.2)	(6.4)
Cash flow from financing activities	2.3	57.9	(0.5)	0.8
Net cash flow	(2.1)	48.0	(14.8)	(5.6)
M DKK	Q1-2023	Q1-2022	Q1-2021	Q1-2020
Cash and cash equivalents end of quarter	51.0	73.4	17.1	2.6



Letter from the CEO



In Q1-2023, Penneo made solid progress achieving a year-on-year ARR growth of 27%. ARR increased by 3.3M DKK compared to 3.1M DKK in the same quarter last year, reaching a year-to-date total of 74.2M DKK.

This result was achieved in spite of a significant negative currency exchange related ARR impact of 0.9M DKK which is due to the recent downtrend of the SEK, and the NOK which is currently at a historically low level viewed against the DKK.

Penneo reports ARR based on actual currency exchange rates end-of-quarter and despite the negative currency exchange related impact, we are maintaining the guidance that was announced in our 2023 annual report. For background, in a constant currency base scenario, Penneo would have achieved a 4.2M DKK ARR increase in Q1-2023 as opposed to the reported 3.3M DKK.

During Q1-2023, Penneo demonstrated an improved ability to acquire new customers onboarding 111 new customers compared to 98 new customers in Q1-2022. Meanwhile, we maintained a low year-on-year level customer churn rate of 4% and observed a continued healthy uplift from existing customers based on increased engagement with Penneo Sign and revenue from cross-selling of Penneo KYC.

Another noteworthy development in Q1-2023 was the growth we achieved in ARR from new business in foreign markets. In Q1-2023, 57% of ARR from new customers came from foreign markets. This was in large part driven by our successful market entry in Belgium. In Q1 alone, for example, we secured 29 new customers in Belgium and achieved an ARR growth of 33% compared to end-of-year 2022. Since gaining a foothold on new markets while simultaneously growing existing markets is a key part of our growth strategy, this is a development that we are particularly pleased with.

In Q1, our sales team continued observing the cautious buying behavior that we also encountered in H2-2022. This applied both to existing and new customers and led to lower deal sizes (compared to historical performance) due to smaller initial sales commitments and longer sales cycles for some larger deals.

However, over the last year, we have improved the way we acquire leads and convert them to customers using digital inbound marketing, and also strengthened our outbound sales and prospecting efforts. In Q1, we saw the impact from these initiatives in the shape of more new customers acquired. To some extent this outweighed the negative impact on ARR growth from lower average deal sizes, and this is a trend we expect will continue in the remaining quarters of 2023.

Across our markets, we still do not see any indications that short-term economic prospects are about to improve even though commodity prices are lower and inflation is gradually declining. For this reason, we are maintaining the outlook and guidance we have previously released for 2023.

Looking further ahead, however, we remain optimistic. Penneo's subscription based business has proven itself resilient and remains characterized by growing ARR from existing and new customers, low churn and a relatively high contribution margin. Furthermore, we do not believe current economic conditions have changed the strong underlying growth drivers that are pushing Penneo's business forward.

Across Europe, we expect that increased focus on digitalization and stricter regulatory demands, especially in industries that are regulated by anti money laundering (AML) regulation, will continue to drive strong demand for our solutions.

Consequently, we remain confident in our growth strategy and will continue to invest and scale up our organization.

These investments span across sales and marketing, product development and other key areas that play a critical role in supporting the continued geographic expansion of Penneo Sign and roll out of Penneo KYC.

In 2023, our intention is to enter one new market in Europe. Based on our current market research and dialogue with customers, we expect it to be the German market.

In Q1, Jakob Neua Nørgaard was elected as a new member of Penneo's Board of Directors at the company's Annual General Meeting. We look forward to start working with Jakob who co-founded Penneo in 2014, and is highly knowledgeable about the company's technology platform, product offering and how regulation is currently driving the market.



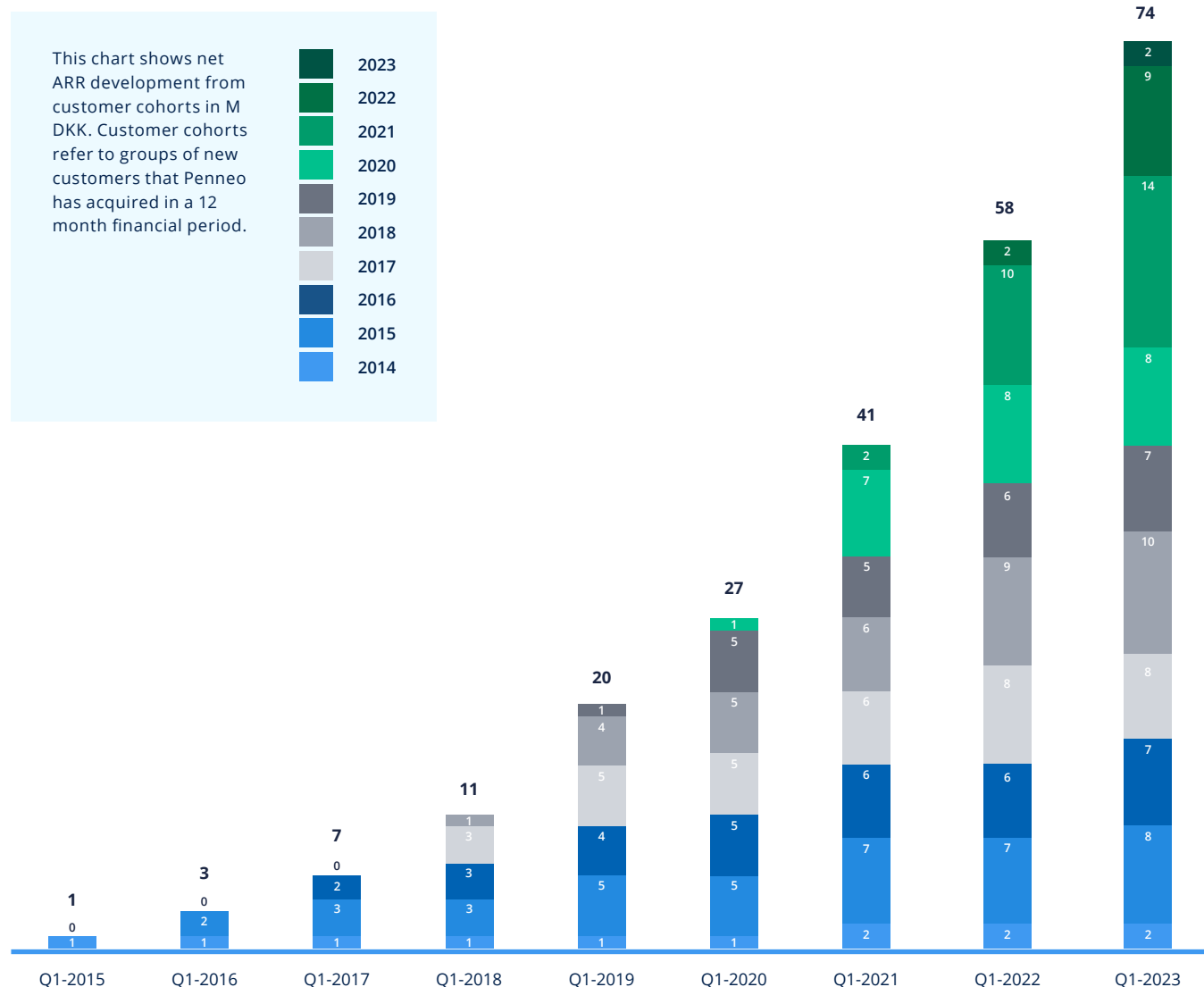
ARR growth from year-on-year financial cohorts

New customers that Penneo acquire in one specific financial period (customer cohorts) evolve and gradually contribute with additional ARR in subsequent years. This is important since the cost of acquiring a new customer on average initially outweighs the upfront income generated by this customer.

When viewed individually, cohorts are developing with a positive year-on-year growth. From 2019 and onwards, new customers have been onboarded to a fully subscription-based model. Up until 2018, our pricing was a combination of a small subscription, and a number of prepaid signature transactions to be used in the platform.

By the end of Q1-2023, 81% of the revenue was subscription based compared to 76% at the end of Q1-2022. Subscription-based ARR had the highest growth rate, but transaction-based ARR also grew since Penneo's older customer cohorts continue to develop positively.

Annual Recurring Revenue development year-on-year financial cohorts (M DKK)



Overview of ARR development

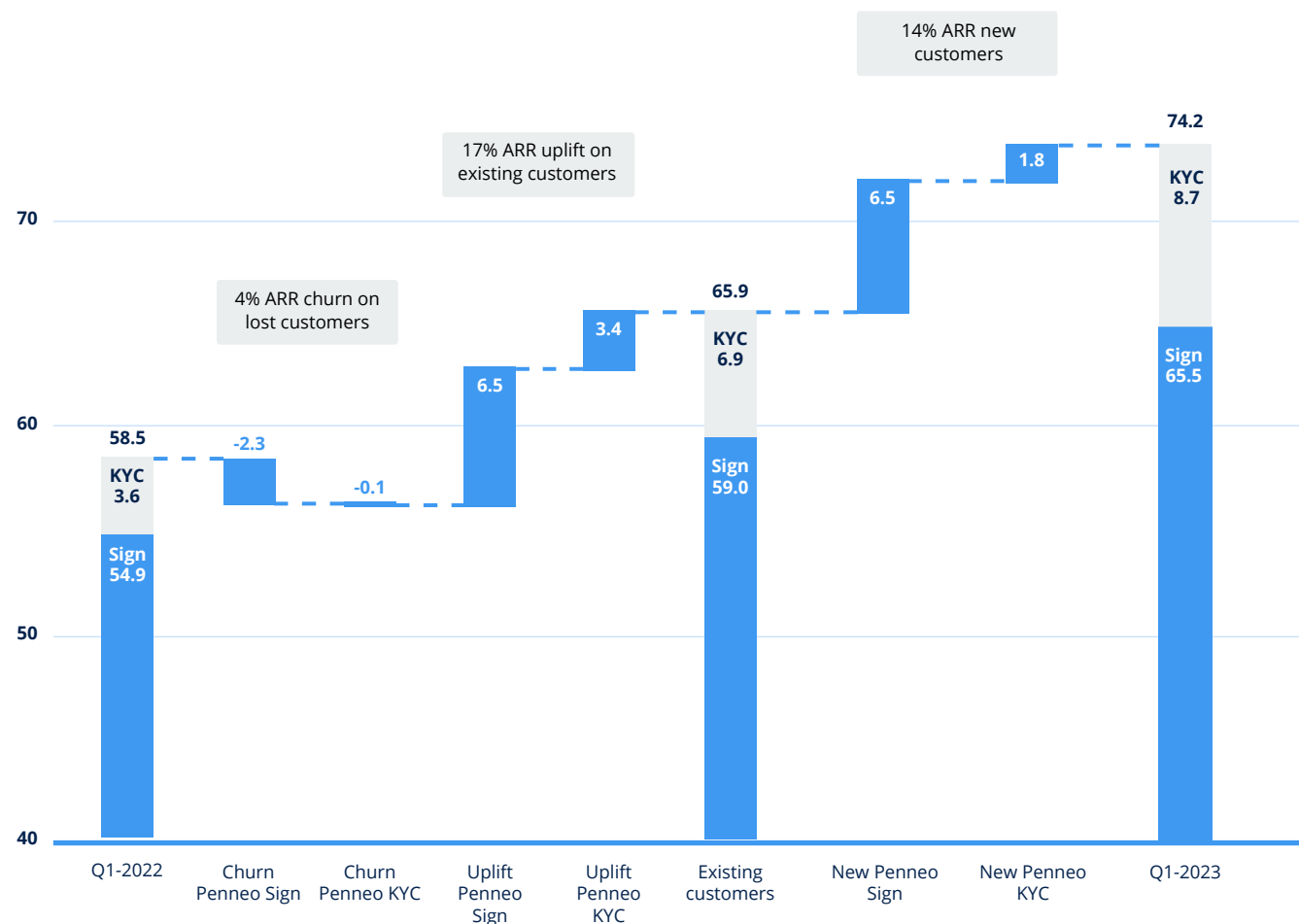
In Q1-2023, Penneo increased its ARR by 3.3M DKK compared to 3.1M DKK in Q1-2022. Year-on-year, this increased our total ARR by 27% to 74.2M DKK at the end of the quarter. Performance was driven by a total ARR uplift of 1.4M DKK from existing Sign and KYC customers after adjusting for -0.6M DKK in ARR lost due to churn, whereas ARR from new business contributed 2.0M DKK.

This performance is in the lower end when compared to our historical track record. However, considering current macroeconomic conditions, we believe it is satisfactory. Particularly since the Q1-2023 ARR result was negatively influenced by a significant currency exchange related impact of 0.9M DKK.

This was primarily linked to the fact that Norway is Penneo's largest foreign market and the fall of the NOK which is currently at a historically low level when viewed against the DKK. In a constant currency base scenario (based on exchange rates end of 2022), Penneo would have achieved a 4.2M DKK ARR increase in Q1-2023, which corresponds to a YoY growth of 28%.

During Q1-2023, Penneo secured 111 new customers compared to 98 new customers in Q1-2022. In Belgium alone, 29 new customers were welcomed. In Q1-2023, the share of ARR from new customers from foreign markets was 57%.

ARR development during the last 12 months (M DKK)



The annual development represents the development from Q1-2022 to Q1-2023 and is measured on the last day of both periods.

ARR churn

In Q1-2023, Penneo maintained a low year-on-year churn of 4%, slightly higher than the 3% year-on-year churn rate achieved end of Q1-2022. Churn at the end of Q1-2023, however, is still below the 5% level that we consider as satisfactory. Furthermore, average ARR for our churned customers in Q1-2023 remained in the lower end signaling that churned customers on average were made up of smaller customers.

ARR uplift

In Q1-2023, Penneo achieved an uplift from existing customers adding 2.0M DKK to our ARR compared to 1.6M DKK in Q1-2022. In a year-on-year perspective, however, Penneo achieved a lower ARR uplift growth rate of 17% at the end of Q1-2023 down from 23% at the end of Q1-2022.

This development is primarily linked to the more cautious buying behavior that we have experienced over the last quarters. Penneo Sign remains the largest contributor, but Penneo KYC is gradually increasing its contribution.

ARR newbiz

In Q1-2023, Penneo realized an ARR new business growth of 2.0M DKK compared to 1.9M DKK in Q1-2022.

This increase was the result of an increase in the number of new customers from 98 in Q1-2022 to 111 in Q1-2023. Nevertheless, the average ARR per customer was marginally lower in Q1-2023, at 17.8T DKK compared to 19.4T DKK in Q1-2022, leading to a comparatively moderate growth in new business ARR.

How Penneo defines ARR

ARR is used to measure the annual recurring revenue from customers. It can be measured in two ways: Live ARR and Contracted ARR. Live ARR is the recurring revenue currently being received, whereas contracted ARR also includes the recurring revenue that a company has contracted to receive from its customers, but not necessarily started receiving yet.

We calculate ARR as Live ARR since we believe it presents the most accurate status of our business. We also report ARR based on actual currency exchange rates end-of-quarter.

Reported numbers	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021
ARR newbiz	2.0	2.3	1.1	2.9	1.9	2.7	1.4	3.2	2.5
ARR uplift	2.0	4.4	1.0	2.4	1.6	2.7	1.8	3.6	1.4
ARR churn	(0.6)	(0.8)	(0.7)	(0.3)	(0.4)	(0.2)	(0.6)	(0.1)	0.0
Total ARR growth	3.3	6.0	1.5	5.0	3.1	5.2	2.6	6.7	3.9
ARR EoQ	74.2	71.0	65.0	63.5	58.5	55.5	50.2	47.6	40.9

SaaS metrics

In the 12 month period from end of Q1-2022 to end of Q1-2023, average ARR for new customers was 20.0T DKK compared to 19.3T DKK in the same period the previous year corresponding to an increase of 4%.

In Q1-2023, average ARR for new customers was 17.8T DKK, slightly down from 19.4T DKK in Q1-2022. This decrease reflects that new customers in Q1-2023 in general have taken a more cautious approach to their initial buying commitments with Penneo, which is a continuation of the development observed in H2-2022.

Looking more closely at Penneo's key geographies, there are significant differences in the achieved average ARR for new customers in Q1-2023. In Belgium,

for example, Penneo secured 29 new customers with an average ARR of 28.1T DKK.

These customers were primarily in our tier 1 Audit and Accounting customer target segment that generally have a higher average ARR. For comparison In Denmark, the most developed market for Penneo, 59 new customers were secured in Q1-2023 with an average ARR of 15.3T DKK.

In Q1-2023, ARPA was 28.3T DKK compared to 23.8T DKK in Q1-2022. This increase is a positive development demonstrating Penneo's continued strong ability to create uplift from existing customers.

On average, Customer Acquisition Cost (CAC) was 34T DKK in the period from end of Q1-2022 to end of Q1-2023. Consequently, it takes approximately 20 months to recover the CAC.

In Q1-2023, the net ARR retention rate amounted to 113% as a result of an ARR uplift of 17% and ARR churn of 4%, which indicates steady growth, as also supported by the continued increase in ARPA.

	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021
New customers	111	125	78	103	98	123	87	171	149
Average ARR in the first year for new customers	17,839	18,619	14,686	28,131	19,432	21,939	16,366	18,845	17,027
Customer Acquisition Costs (CAC)	(36,574)	(32,633)	(35,833)	(31,952)	(29,871)	(32,229)	(35,640)	(21,523)	(22,511)
Net ARR retention (NRR)	113%	113%	112%	114%	120%	124%	124%	130%	123%
Average Revenue per account (ARPA)	28,315	26,608	25,288	25,092	23,751	23,137	21,960	21,444	19,988

Domestic and foreign ARR base split

Penneo's growth strategy is based on entering new markets while increasing its market share in existing markets. This chart shows the growth of Penneo's ARR base split into the domestic market (Denmark) and foreign markets including Norway, Sweden, Belgium and others.

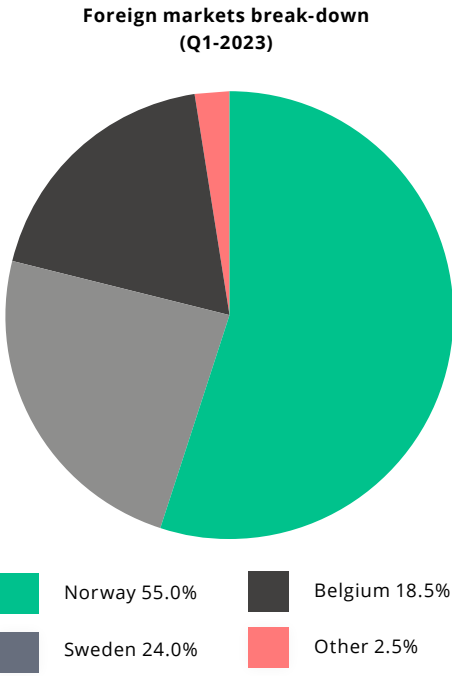
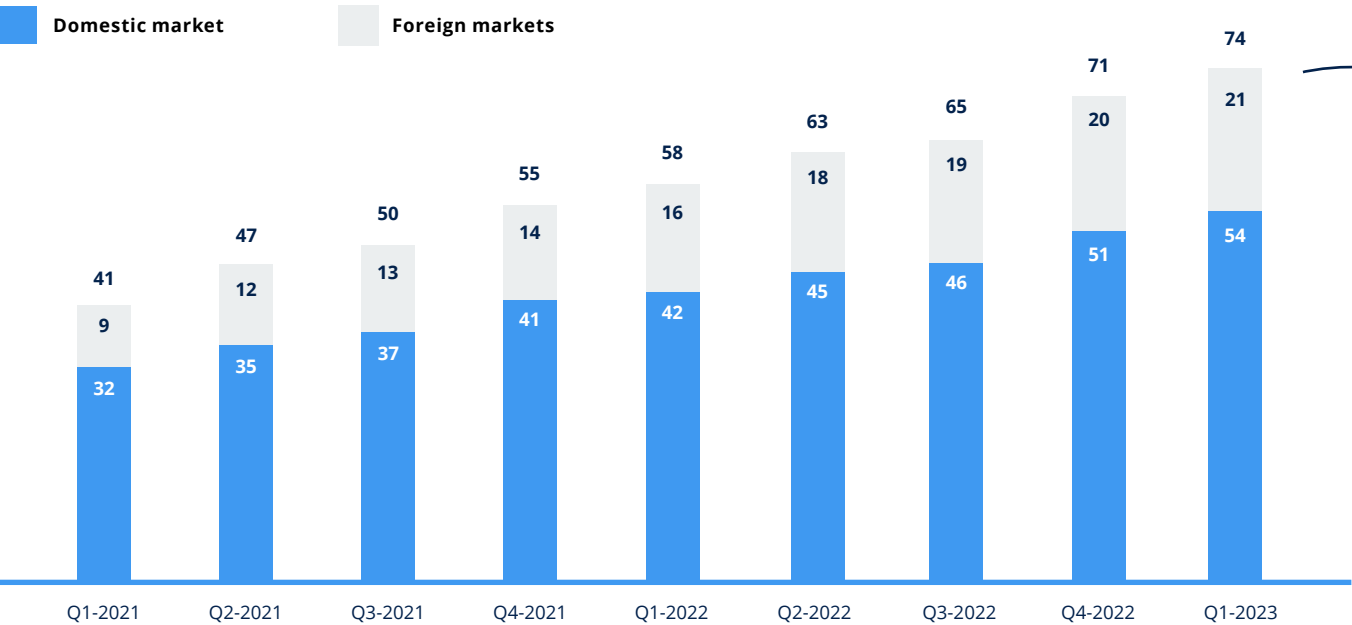
In Q1-2023, ARR from the Danish market grew by 29% year-on-year driven by a continued effort to strengthen

the market position further as well as growing demand for Penneo KYC. Meanwhile, ARR from foreign markets increased by 31% year-on-year, due to Penneo's expansion strategy including our success in Belgium.

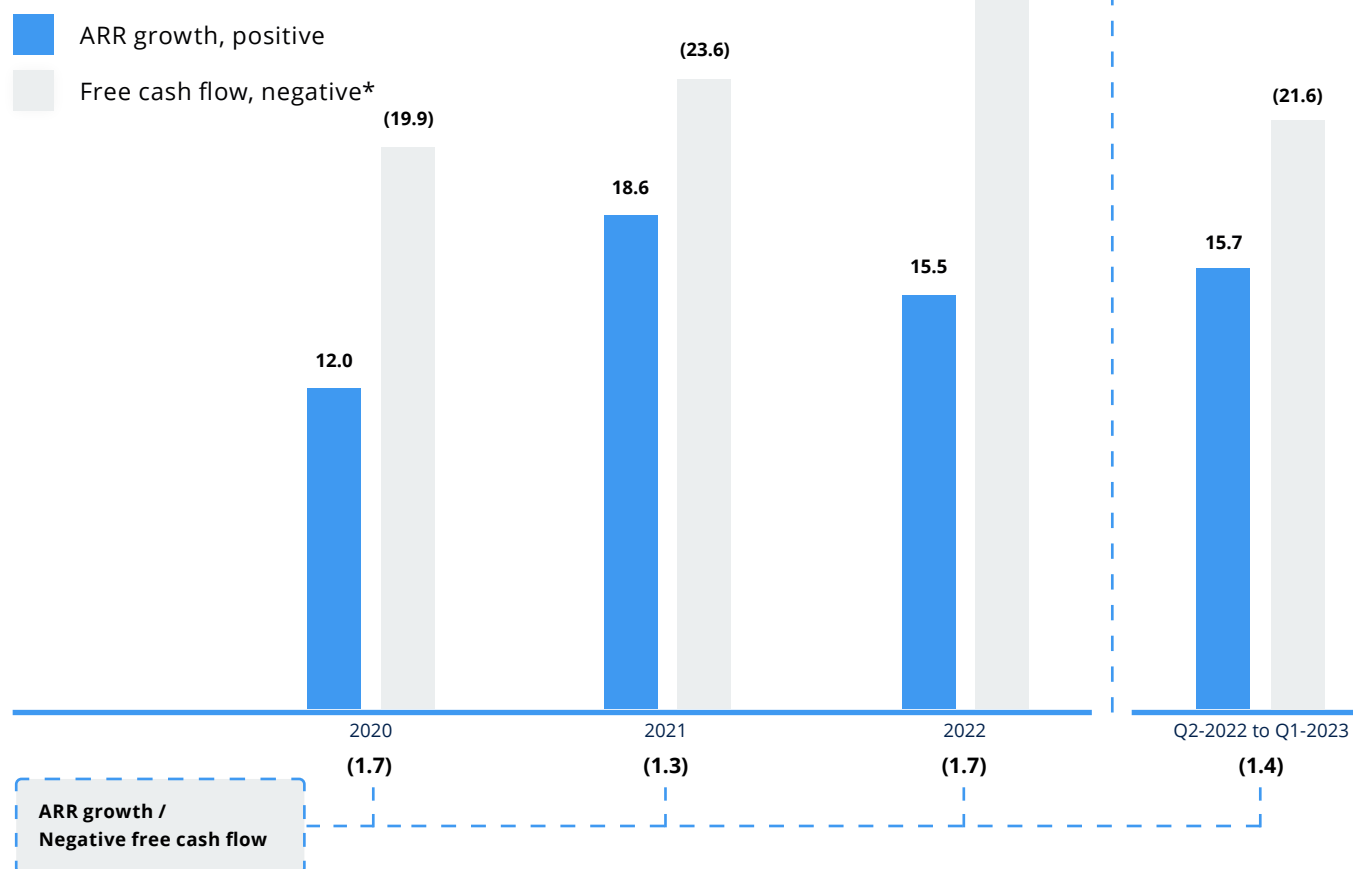
ARR from foreign markets increased by 0.9M DKK compared to 2.1M DKK in Q1-2022. This lowered increase was primarily linked to differences in currency exchange rates.

In Q1-2022, for example, ARR growth from foreign markets was impacted positively with 0.3M DKK, whereas this year's result for Q1 was negatively impacted with 0.9M DKK.

In a constant currency scenario, this means ARR growth from foreign markets was 1.8M DKK in Q1-2023, which is the same as in Q1-2022.



ARR growth compared to free negative cash flow



*Adjusted for cost associated with the listing on the First North Growth Market and the Copenhagen Main Market (2.3M DKK in 2020 and 2.4M DKK in 2022)

In the 12 month period from end of Q1-2022 to end of Q1-2023, Penneo realized an ARR growth of 15.7M DKK and a free cash flow of negative 21.6M DKK adjusted for the cost that is associated with being listed on the Copenhagen Main Market (2.4M DKK in Q2-2022).

This is equivalent to a cash-to-acquired ARR ratio of negative 1.4, which is in line with our investment plan. This is based on the fact that, on average, each acquired DKK of ARR results in a revenue of more than seven DKK in the first five years, as demonstrated by our cohort analysis that contains all historical customer cohorts.

While our current level of cash to ARR growth ratio is an improvement compared to the result end-of year 2022 (negative 1.7), it also reflects our strong sales performance in December 2022, which led to an improvement in our negative free cash flow in Q1-2023.

As previously communicated, we will continue to execute on our investment plan and recruit additional employees. These investments will always be made with caution to ensure a good balance between negative free cash flow and the growth rate.

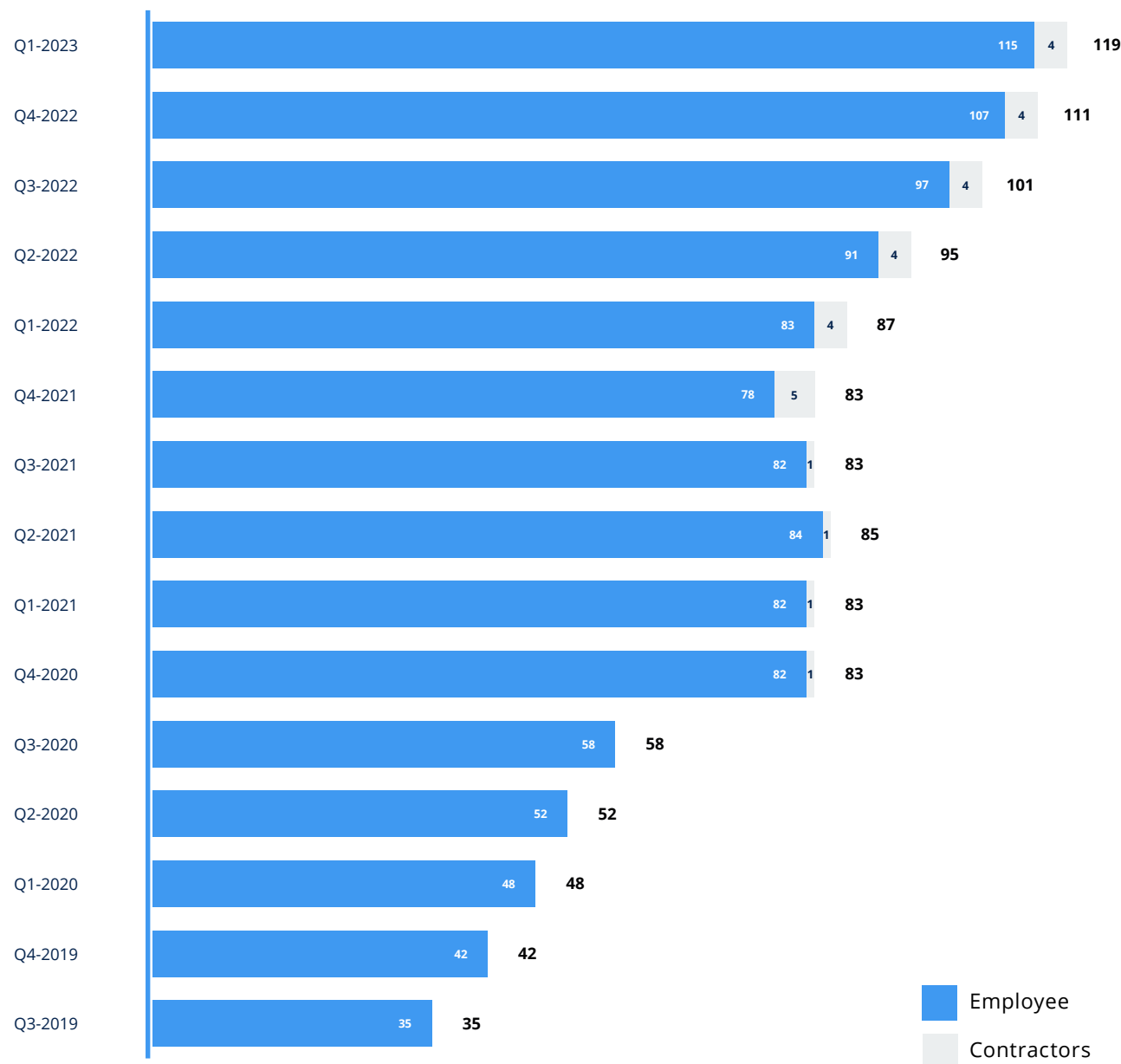
Employee development

Penneo is continuously investing to have the necessary foundation in place to support continued growth. Most of these investments are being made in the recruitment of new employees, however, always taking a cautious approach to make sure that new hires translate into added value for the business.

In 2022, the number of employees and contractors in Penneo grew by 34% from 83 end-of-year 2021 to 111 end-of-year 2022. By the end of Q1-2023, Penneo grew by eight employees reaching a total headcount of 119 which is equivalent to a 37% year-on-year increase. Most of the new hires in Q1 were made in product development who welcomed five new employees.

These employees will primarily focus on accelerating the ongoing effort to roll out of Penneo's KYC solution in new markets including for example integration with local data providers such as national company registries and eIDs as well as localization of the solution in terms of language and regulation. The remaining three new employees were hired in sales and support functions.

Penneo's workforce is diverse with +20 nationalities and a gender representation of 33% women and 67% men.



Outlook 2023

ARR guidance

Penneo continues to assume an ARR level of 87-95M DKK at the end of 2023 corresponding to an ARR growth rate of 23-34%.

EBITDA guidance

The assumed EBITDA level for 2023 continues to be in the range of negative 10M DKK to negative 15M DKK.

The outlook is based on currency exchange rates per end of 2022.

Penneo's guidance for 2023 is based on a number of key assumptions that are outlined below.

Continued conservative buying patterns

For the remainder of 2023, we expect a continuation of the unfavorable macroeconomic market conditions that we observed during 2022, particularly in H2-2022.

Consequently, we also expect a continuation of the more conservative buying patterns that we have experienced among our existing and new customers. Compared to historical performance, this includes for example lower average deal sizes due to smaller initial sales

commitments and longer sales cycles for some types of larger deals (Penneo KYC in particular).

Unchanged strategic priorities

Despite continued uncertain market conditions, we remain confident in our current growth strategy. We will continue to invest in maturing and scaling up our organization, although we may choose to adjust investments if market conditions deteriorate. These investments span across sales and marketing, product development and other areas that play a critical role in supporting the geographic expansion of Penneo Sign and roll out of Penneo KYC.

In 2023, our intention is also to enter a new market in Europe in addition to our existing markets in Scandinavia and Belgium, and we expect this to be Germany. However, since it requires time to gain traction and adapt our solutions to local rules and legislation, we have assumed only a relatively small share of new revenue from new markets in our 2023 guidance.

Increased demand generation capabilities

In 2022 and also in Q1-2023, we have carried out organizational changes aimed at increasing our demand generation capabilities and sales reach. Our primary way of creating demand, acquiring leads and converting them to customers remains digital inbound marketing and sales. However, we have recently strengthened our

outbound sales with reps who are solely focused on sales prospecting. Therefore, we expect a larger share of new customers from this sales channel and also a larger number of new customers in 2023 compared to 2022. This is expected to contribute positively to ARR growth despite lower average deal size per new customer due to the current market conditions.

Low churn and continued uplift

As we move further into 2023, we expect a slightly higher customer churn rate, yet still below the 5% benchmark that we have set as our general company goal as a result of the historical performance. We also expect a continued uplift from existing customers based on increased engagement with Penneo Sign and revenue from the cross-selling of Penneo KYC.

Moreover, we expect a net positive effect on ARR uplift from an annual adjustment of our pricing reflecting the general increase in inflation rate. This was introduced in 2022 and took effect on 1 January 2023.

Forward-looking statements

Statements about the future expressed in the annual report reflect Penneo's current expectations for future events and financial results. The nature of these statements are affected by risk and uncertainties. Therefore, the company's actual results may differ from the expectations expressed in the management report.

Analyst coverage

Penneo A/S is followed by the analysts listed below. Please note that any opinions, estimates or forecasts regarding Penneo's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Penneo A/S or its management. Penneo A/S does not by its reference below or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.

Penneo IR contacts

Christian Stendevad
Chief Executive Officer
cst@penneo.com
+45 27 29 50 02

Casper Christiansen
Chief Financial Officer
cc@penneo.com
+45 26 47 63 73

Mads Gyldenkærne
Investor Relations
mcg@penneo.com
+45 52 27 10 27

Independent coverage



Frederikke Due Olsen
frederikke.due.olsen@carnegie.dk
+45 32 88 03 26

Sponsored coverage



Mikkel Kousgaard Rasmussen
mikkel.rasmussen@abgsc.no
+47 22 01 61 65



Kasper Lihn
kasper@hcandersencapital.dk
+45 28 73 93 22



Financial statements



CFO statement



Customer Acquisition Cost (CAC) payback period

By the end of Q1 2023, we acquired 417 new customers in the last 12 months, which is slightly higher than the 404 new customers we acquired in the financial year 2022, which is our latest comparable 12 months running period. On average, ARR in the first year for the 417 new customers (acquired during the 12 month running period) was 20T DKK, which is approximately the same level as in the financial year 2022. However, the cost

of acquiring these new customers has increased, with total costs amounting to 14.2M DKK in the last 12 months compared to 13.2M DKK in the financial year 2022. This increase is due to an increased investment in sales. The average cost per new customer was 34T DKK in the last 12 months, compared to 32T DKK in the financial year 2022.

In general, the customer is invoiced for 12 months upfront, which explains why the customer is still expected to be cash positive after one year of subscription. As a result, we have maintained a short pay-back time and a long and growing “tail” of positive cash-flow, with a net ARR retention rate of 113%.

Our key focus has been on upselling to existing customers as well as sales to new customers. We have allocated 19% of our fixed costs to acquiring new customers, which is consistent with the financial year 2022. In summary, while our acquisition costs have increased over the last running 12 months period, our customer acquisition process remains profitable, and we continue to focus on both upselling to existing customers and acquiring new customers.

ARR growth compared to negative free cash flow

Over the last 12 months, we had a negative free cash flow of 21.6M DKK (adjusted for costs related to our listing on the Copenhagen Main Market in 2022) and

an ARR growth of 15.7M DKK. Consequently, the ratio between negative free cash flow and ARR growth has improved from negative 1.7 in the financial year 2022 to negative 1.4 in the last 12 months. This is the approximate level that we are aiming to achieve for the entire financial year 2023 although we do expect the ratio will increase somewhat in Q2 and Q3 before it decreases again in Q4.

Gross profit margin

In Q1-2023, our gross profit margin improved to 84%, up from 83% in the financial year 2022 and 80% in Q1-2022. This increase is due to the mandatory transition from Nem-ID to Mit-ID since Nem-ID is being phased out. Mit-ID comes with a different payment structure, resulting in lower transaction costs. However, it doesn't allow for exempting end-users, which was a part of the payment structure with Nem-ID.

This new payment model has positively impacted our contribution margin for Q1-2023, although we expect that the effect will be neutralized during 2023. Additionally, we are working on improving our server structure, which is expected to contribute to a minor improvement in our contribution margin when comparing 2023 to 2022. By focusing on efficiency and optimization, we aim to reduce operational costs without affecting the customer experience, ultimately contributing to the sustainable growth of the company.

Key figures

DKK	Q1-2023	Q1-2022
Revenue	18,043,494	14,354,746
Cost of sales	(2,897,461)	(2,936,584)
Gross profit	15,146,033	11,418,162
	84%	80%
Other external expenses	(4,612,033)	(4,025,980)
Staff costs	(17,169,609)	(13,399,421)
EBITDA*	(6,635,609)	(6,007,239)

DKK	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021
Revenue	18,043,494	25,388,533	14,748,751	17,565,608	14,354,746	18,458,693	9,128,555	10,860,201
Cost of sales	(2,897,461)	(3,563,534)	(2,834,338)	(3,187,849)	(2,936,584)	(2,690,089)	(2,071,042)	(2,294,986)
Gross profit	15,146,033	21,824,999	11,914,413	14,377,759	11,418,162	15,768,604	7,057,514	8,565,215
	84%	86%	81%	82%	80%	85%	77%	79%
Other external expenses	(4,612,033)	(4,419,983)	(4,820,340)	(4,556,908)	(4,025,980)	(3,626,638)	(3,405,949)	(4,114,219)
Staff costs	(17,169,609)	(14,185,712)	(11,764,446)	(13,489,501)	(13,399,421)	(12,729,816)	(11,741,094)	(9,140,370)
EBITDA*	(6,635,609)	3,219,304	(4,670,373)	(3,668,650)	(6,007,239)	(587,850)	(8,089,529)	(4,689,374)

*EBITDA does not include income and costs categorised as "Other income" and "Other operating expenses" on page 22.

Key figures

DKK	Q1-2023	Q1-2022
Cash flow from operating activities	948,112	(5,241,924)
Cash flow from investing activities	(5,369,828)	(4,685,991)
Free Cash Flow (FCF)	(4,421,716)	(9,927,915)
Cash and cash equivalents beginning of quarter	53,161,291	25,415,797
Free Cash Flow (FCF)	(4,421,716)	(9,927,915)
Cash Flow from financing activities	2,294,473	57,891,012
Cash position end of quarter	51,034,048	73,378,894

DKK	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021
Cash flow from operating activities	948,112	795,552	(2,054,739)	(3,542,478)	(5,241,924)	(617,208)	482,436	2,655,548
Cash flow from investing activities	(5,369,828)	(5,037,090)	(5,198,482)	(4,481,480)	(4,685,991)	(4,755,818)	(3,661,802)	(3,436,842)
Free Cash Flow (FCF)	(4,421,716)	(4,241,537)	(7,253,221)	(8,023,958)	(9,927,915)	(5,373,026)	(3,179,366)	(781,294)
Cash and cash equivalents beginning of quarter	53,161,291	58,336,779	65,524,735	73,378,894	25,415,797	21,565,401	15,712,849	17,085,481
Free Cash Flow (FCF)	(4,421,716)	(4,241,537)	(7,253,221)	(8,023,958)	(9,927,915)	(5,373,026)	(3,179,366)	(781,294)
Cash Flow from financing activities	2,294,473	(933,951)	65,265	169,799	57,891,012	9,223,422	9,031,918	(591,338)
Cash position end of quarter	51,034,048	53,161,291	58,336,779	65,524,735	73,378,894	25,415,797	21,565,401	15,712,849

Financial commentary

Recognized revenue

Penneo's recognized revenue increased from 14.4M DKK in Q1-2022 to 18.0M DKK in Q1-2023 which corresponds to a growth rate of 26%. This growth is the result of Penneo's international expansion including in particular our recent success in Belgium, as well as our continued investments in sales and marketing, product development and other areas.

Gross profit margin

The gross profit margin has increased from 80% in Q1-2022 to 84% in Q1-2023. This improvement is primarily linked to the migration from Nem-ID to Mit-ID. Furthermore, the company's revenue has increased, which has also contributed to an improved gross profit margin.

Other external expenses

Other external expenses increased from 4.0M DKK in Q1-2022 to 4.6M DKK in Q1-2023, representing an increase of 15%. The main reason for this increase is the use of consultants, including contractors, as well as the acquisition of more software.

Staff costs

Staff costs in Penneo increased from 13.4M DKK in Q1-2022 to 17.2M DKK in Q1-2023, representing an increase of 28%. This increase is due to the rising number of sales and product development related employees.

By the end of Q1-2023, Penneo had 115 employees (excluding contractors) compared to 87 at the end of Q1-2022.

Trade receivables

Trade receivables for Penneo decreased from 20.0M DKK at the end of 2022 to 8.6M DKK in Q1-2023, representing a decrease of 57%. In addition, trade receivables decreased by 0.1M DKK at the end of Q1-2023 compared to Q1-2022 in spite of invoiced revenue being 1.4M DKK higher in March 2023 compared to March 2022. The decrease can be attributed to improved debtor management and credit control in Penneo.

Income tax receivables

Income tax receivables consists of tax credit related to Penneo's development projects.

Trade payables

Trade payables decreased from 2.7M DKK at the end of 2022 to 1.1M DKK at the end of Q1-2023. This decrease was caused by the timing of payments to the third-party vendors and suppliers that Penneo uses to deliver its products and services.

Other payables (current)

Other payables decreased from 8.6M DKK at the end of 2022 to 5.9M DKK at the end of Q1-2023. This decrease

is primarily due to a change in the period Penneo pays VAT which is now monthly instead of quarterly. In addition, a change in the deferred holiday allowance has also contributed to the decrease.

Cash flow from operating activities

Net cash flow from operating activities resulted in an inflow of 0.9M DKK in Q1-2023 compared to an outflow of 5.2M DKK in Q1-2022. The change in net cash flow from operating activities has primarily been caused by the positive change in working capital which can be attributed to improved debtor management in Penneo.

Cash flow from investing activities

Net cash flow from investing activities resulted in an outflow of 5.4M DKK in Q1-2023 compared to an outflow of 4.7M DKK in Q1-2022. This rise is caused by an increased focus and investment in the continued development and enhancement of Penneo's products.

Cash flow from financing activities

Net cash flow from financing activities resulted in an inflow of 2.3M DKK in Q1-2023 compared to 57.9M DKK in Q1-2022. This change is linked to the capital raise of net 59M DKK in March 2022. In Q1-2023 warrants were exercised for a total amount of 3.9M DKK compared to 0.1M DKK in Q1-2022.

Statement by management

The Board of Directors and Executive Board have today considered and approved the quarterly report for the period 01.01.2023 – 31.03.2023 for Penneo A/S.

The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of Penneo's assets, liabilities and financial position as at 31.03.2023 and of the results of Penneo's activities and cash flows for the accounting period of 01.01.2023 – 31.03.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein. The quarterly report has not been audited nor reviewed by the Company's auditor.

Copenhagen, 16 May 2023

Executive Board

CEO, Christian Stendevad

Board of Directors

Christian Sagild (Chair)

Jakob Neua Nørgaard

Morten Kenneth Elk

Rikke Stampe Skov

Steffen Heegaard



Statement of profit or loss and other comprehensive income

	Q1-2023 DKK	Q1-2022 DKK
Revenue	18,043,494	14,354,746
Cost of sales	(2,897,461)	(2,936,584)
Gross profit	15,146,033	11,418,162
Other external expenses	(4,612,033)	(4,025,980)
Staff costs	(17,169,609)	(13,399,421)
Other income	11,196	11,196
Other operation expenses	0	0
Depreciation, amortisation, impairment	(3,648,675)	(2,478,355)
Operating profit/(loss)	(10,273,088)	(8,474,398)
Financial income	9,291	(5,516)
Financial expenses	(517,620)	(399,923)
Profit/(loss) before tax	(10,781,417)	(8,879,836)
Tax for the year	1,651,151	1,430,570
Profit/(loss) for the year	(9,130,266)	(7,449,266)
Earnings per share, basic (EPS)	(0.28)	(0.26)
Earnings per share, diluted (DEPS)	(0.28)	(0.26)

Statement of financial position

	31-03-2023	31-12-2022	30-09-2022	31-03-2022
Intangible assets	59,394,194	57,012,359	53,790,835	47,888,029
Property, plant and equipment	1,024,248	1,094,886	1,148,836	1,191,369
Right-of-use assets	10,879,546	11,602,470	11,310,106	12,384,326
Deposits	1,572,052	1,439,174	1,439,174	1,322,007
Total non-current assets	72,870,040	71,148,888	67,688,951	62,785,732
Trade receivables	8,648,313	19,980,670	9,231,783	8,785,753
Income tax receivables	7,151,151	5,500,000	9,106,208	6,186,654
Other receivables	7,650	1,585	210,464	25,142
Prepayments	2,694,792	2,198,270	1,546,190	2,494,245
Cash	51,034,048	53,161,291	58,336,779	73,378,894
Total current assets	69,535,955	80,841,817	78,431,424	90,870,687
Total assets	142,405,995	151,990,705	146,120,375	153,656,419

Statement of financial position

	31-03-2023	31-12-2022	30-09-2022	31-03-2022
Share capital	660,140	642,933	642,333	632,792
Reserves for development	45,771,808	43,224,973	39,838,449	33,605,643
Retained earnings	37,948,232	44,232,570	46,432,178	64,760,096
Treasury shares	3,422	4,477	4,477	4,589
Other capital reserves	17,775,220	17,396,193	16,075,841	12,194,304
Total equity	102,158,821	105,501,146	102,993,277	111,197,425
Interest bearing liabilities	13,173,222	10,699,587	11,642,987	13,481,227
Provisions	457,227	454,302	451,396	445,640
Lease liabilities	8,922,734	9,626,100	9,251,342	10,730,515
Other payables	2,455,412	2,442,713	2,430,079	2,396,178
Contract liabilities	347,085	358,281	369,477	391,870
Total non-current liabilities	25,355,680	23,580,983	24,145,282	27,445,431
Contract liabilities	4,651,917	5,104,931	4,391,182	4,093,486
Lease liabilities	2,837,432	2,835,660	2,886,663	2,400,478
Trade payables	1,101,317	2,691,826	2,779,502	2,720,661
Other payables	5,927,118	8,606,762	6,113,561	4,661,396
Interest bearing liabilities	373,711	3,669,397	2,810,907	1,137,542
Total current liabilities	14,891,495	22,908,576	18,981,814	15,013,563
Total liabilities	40,247,175	46,489,559	43,127,097	42,458,994
Total equity and liabilities	142,405,995	151,990,705	146,120,375	153,656,419

Statement of changes in equity

Q1-2023	Share Capital DKK	Reserves for development expenditure DKK	Retained earnings DKK	Treasury shares DKK	Other capital reserves DKK	Total DKK
Equity beginning of 2023	642,933	43,224,973	44,232,570	4,477	17,396,193	105,501,146
Net profit/(loss) for the period			(9,130,266)			(9,130,266)
Excercise of warrants	17,207		4,062,984		(186,704)	3,893,487
Transfer to reserves		2,546,835	(2,546,835)			0
Transfer of shares as a part of Employee Share Scheme			1,329,778	(1,055)	(1,328,722)	0
Shared-based payments					1,894,453	1,894,453
Equity end of Q1-2023	660,140	45,771,808	37,948,232	3,422	17,775,220	102,158,821

Q1-2022	Share Capital DKK	Reserves for development expenditure DKK	Retained earnings DKK	Treasury shares DKK	Other capital reserves DKK	Total DKK
Equity beginning of 2022	542,579	30,600,906	12,050,329	7,177	13,842,673	57,043,663
Net profit/(loss) for the period			(7,449,266)			(7,449,266)
Excercise of warrants	629		505,451		(363,021)	143,060
Capital increase	89,584		61,499,471			61,589,055
Transaction costs			(3,091,445)			(3,091,445)
Transfer to reserves		3,004,737	(3,004,737)			0
Treasury shares transferred as consideration in a business combination			3,001,826	(1,826)	(3,000,000)	0
Transfer of shares as part of Employee Share Scheme			1,248,468	(761)	(1,247,706)	0
Shared-based payments					2,962,358	2,962,358
Equity end of Q1-2022	632,792	33,605,643	64,760,096	4,589	12,194,304	111,197,425

Cash flow statement

	Q1-2023 DKK	Q1-2022 DKK
Cash flows from operating activities	948,112	(5,241,924)
Operating profit/loss	(10,273,088)	(8,474,398)
Depreciation, amortisation and impairment	3,648,675	2,478,355
Share-based payment expenses	1,894,453	2,962,358
Other income	(11,196)	(11,196)
Changes in working capital	6,119,301	(1,874,336)
Financial income received	9,291	(5,516)
Financial expenses paid	(439,325)	(317,191)
Cash flow from investing activities	(5,369,828)	(4,685,991)
Investments in intangible assets	(5,224,805)	(4,636,077)
Investments in property plant and equipment	(12,145)	(16,849)
Deposits	(132,878)	(33,065)
Cash flow from financing activities	2,294,472	57,891,011
Repayment of borrowings	(822,051)	(78,883)
Payment of principal portion of lease liabilities	(776,964)	(670,776)
Transactions costs from capital increase	0	(3,091,445)
Cash increase from capital increase	3,893,487	61,732,115
Cash and cash equivalents beginning of period	53,161,291	25,415,797
Net cash flow	(2,127,243)	47,963,097
Cash and cash equivalents end of period	51,034,048	73,378,894



Governance

Governance

Company information

Penneo A/S
Enghavevej 40
DK-1674 Copenhagen V

Business Registration No.: 35 63 37 66
Registered office: Copenhagen

Date of incorporation: 09.01.2014
Accounting period: 01.01.2023 - 31.03.2023

Board of Directors

Christian Sagild (Chair)
Jakob Neua Nørgaard
Morten Kenneth Elk
Rikke Stampe Skov
Steffen Heegaard

Executive Board

CEO Christian Stendevad

Auditor

Deloitte Statsautoriseret
Revisionspartnerselskab

Primary activities

Penneo is a provider of Software-as-a-Service (SaaS), and was initially established for the purpose of assisting businesses with digital document signing and digitizing workflows. Today, the company has developed into an eco-system of digital solutions which automate work routines within for example anti-money laundering (AML) - a RegTech software that offers businesses an efficient and cost-saving way to comply with legislation.

The original and widespread product “Penneo Sign”, which helps customers secure easy online signing of documents, is continuously being developed by the company. At the same time, new products have appeared, such as Penneo KYC (Know Your Customer) - a product that digitises business workflows and helps companies meet legal compliance requirements in connection with the onboarding and identification of new customers.

Penneo holds a strong position across the geographical markets it operates in. In total, 1.8 million individuals signed documents electronically with Penneo in 2022 across all of the markets we operate in. In April 2022, Penneo was listed on Nasdaq Copenhagen following a listing on Nasdaq First North in June 2020. This transition contributes to strengthening the company’s focus on European expansion.

For information about Penneo, please visit:
<https://penneo.com/investors>

Financial calendar



A horizontal timeline diagram with three white rectangular boxes connected by dashed blue arrows. The first box contains 'H1 REPORT' and 'August 17, 2023'. The second box contains 'Q3 REPORT' and 'November 21, 2023'. The third box contains 'ANNUAL REPORT' and 'March 6, 2024'. A dashed blue arrow starts from the left and ends with an arrowhead pointing to the right.

H1 REPORT
August 17, 2023

Q3 REPORT
November 21, 2023

ANNUAL REPORT
March 6, 2024

PENNEO®

Learn more on www.penneo.com