

A man with long brown hair and a beard, wearing a dark blue t-shirt and brown corduroy pants, is sitting on a white plastic chair on a balcony. He is looking towards a woman on the right. The woman has long brown hair and is wearing a black turtleneck and a beige skirt. She is sitting on a similar white plastic chair and is looking down at a black laptop on her lap. The laptop has a small blue sticker on the lid that says "Annotated Penneo". The balcony has a glass railing and a wooden deck. In the background, there are buildings and trees. The lighting is bright, suggesting it is daytime.

PENNEO®

# Interim Report H1-2023

Copenhagen, 17 August 2023  
Interim report for the period  
1 January 2023 - 30 June 2023  
Company announcement no. 27-2023

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# ARR performance highlights

## Q2-2023 development

- ARR increased by 5.0M DKK compared to 5.0M DKK in Q2-2022
- ARR increase from Newbiz amounted to 2.3M DKK compared to 2.9M DKK in Q2-2022
- ARR increase from uplift amounted to 3.4M DKK compared to 2.4M DKK in Q2-2022
- ARR lost to churn amounted to 0.6M DKK compared to 0.3M DKK in Q2-2022
- ARR from foreign markets increased by 1.5M DKK compared to 1.3M DKK in Q2-2022

## H1-2023 development

- ARR increased by 8.3M DKK compared to 8.0M DKK in H1-2022 despite a negative currency exchange related impact of 0.9M DKK
- ARR increase from Newbiz amounted to 4.3M DKK compared to 4.8M DKK in H1-2022
- ARR increase from uplift amounted to 5.3M DKK compared to 4.0M DKK in H1-2022
- ARR lost to churn amounted to 1.2M DKK compared to 0.7M DKK in H1-2022
- ARR from foreign markets increased by 2.4M DKK compared to 3.3M DKK in H1-2022

## End of H1-2023

- ARR amounted to 79.2M DKK at the end of H1-2023 compared to 63.5M DKK at the end of H1-2022 (25% 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 22M DKK at the end of H1-2023 compared to 18M DKK at the end of H1-2022 (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

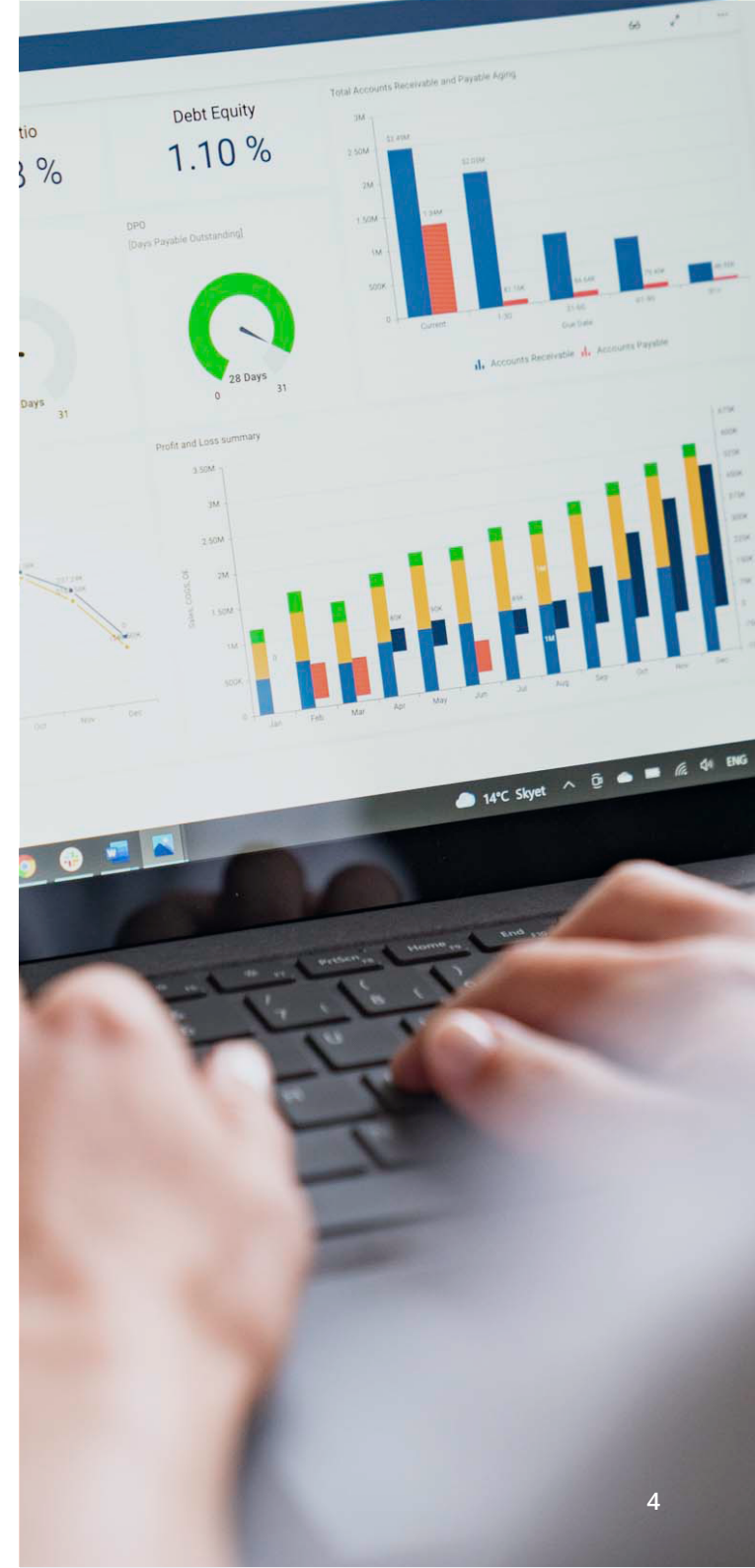
## EBITDA development

M DKK	H1-2023	H1-2022	H1-2021	H1-2020
Revenue	40.0	31.9	26.7	15.9
Cost of sales	(6.0)	(6.1)	(4.9)	(3.4)
<b>Gross profit</b>	<b>34.0</b>	<b>25.8</b>	<b>21.8</b>	<b>12.5</b>
Other external expenses	(10.2)	(8.6)	(7.4)	(3.1)
Staff costs	(34.1)	(26.9)	(19.8)	(13.2)
<b>EBITDA*</b>	<b>(10.3)</b>	<b>(9.7)</b>	<b>(5.4)</b>	<b>(3.8)</b>

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

## Cash development

M DKK	H1-2023	H1-2022	H1-2021	H1-2020
Cash flow from operating activities	(3.3)	(8.8)	(7.9)	(4.2)
Cash flow from investing activities	(11.0)	(9.2)	(7.1)	(4.1)
<b>Free Cash Flow</b>	<b>(14.3)</b>	<b>(18.0)</b>	<b>(15.0)</b>	<b>(8.4)</b>
Cash flow from financing activities	2.1	58.1	(1.1)	46.8
<b>Net cash flow</b>	<b>(12.2)</b>	<b>40.1</b>	<b>(16.1)</b>	<b>(38.5)</b>
M DKK	H1-2023	H1-2022	H1-2021	H1-2020
<b>Cash and cash equivalents end of period</b>	<b>41.0</b>	<b>65.5</b>	<b>15.7</b>	<b>46.7</b>





# Letter from the CEO



In the first half of 2023, Penneo made good progress achieving a year-on-year ARR growth of 25%. ARR increased by 8.3M DKK compared to 8.0M DKK in H1-2022, reaching a year-to-date total of 79.2M DKK.

This result was achieved even though we continued facing unfavorable currency exchange rates, particularly with the low levels of the Norwegian krone and Swedish krone when compared against the Danish krone. This negatively impacted our ARR result with 0.9M in H1-2023. To provide context, Penneo follows a consistent practice of reporting its ARR using the currency exchange rates at the end of each quarter.

In a hypothetical scenario where exchange rates remained constant, Penneo would have observed an increase of 9.1 million DKK in ARR during H1-2023 which corresponds to year-on-year growth of 26%. In other words, the adverse currency impact is to some extent concealing a more positive development in Penneo's business. Despite this unforeseen development, we still remain confident that we can deliver on the guidance we provided in our 2022 annual report.

During the first half of 2023, our sales teams continued navigating in a market environment characterized by a cautious buying behavior that has persisted from the second half of 2022. This applies especially to our new customers and has resulted in lower deal sizes due

to smaller initial sales commitments and longer sales cycles. Nevertheless, Penneo has improved its sales and customer acquisition capabilities, successfully bringing onboard a total of 253 new customers in H1-2023. This surpasses the number of new customers acquired in the same period last year, which stood at 201. Specifically, 142 of these new customers joined us during Q2-2023, also indicating an upward trend compared to the 103 new customers onboarded in Q2 of the previous year.

During the first half of 2023, however, the average deal size for new customers decreased from 23.9T DKK to 16.8T DKK resulting in a somewhat lower-than-expected increase of 4.3M DKK new business ARR compared to 4.8M DKK in the same period of 2022. Generally speaking, this was due to the before mentioned increased buying cautiousness, but it is also linked to the binary nature of how and when Penneo closes larger New Biz deals. In H1-2023, for example, we did not close any larger New Biz deals, which was not the case in H1-2022.

On a more positive note, in H1-2023 we maintained a low year-on-year churn rate of 4% demonstrating the overall strong customer stickiness of Penneo's business and value proposition. Additionally, we experienced solid uplift and growth from our existing customer base, primarily through increased engagement and

repeat business with Penneo Sign and secondly, revenue generated from the cross-selling of Penneo KYC although this still makes up a relatively small share of our uplift.

Another key achievement in H1-2023, was the continued ARR growth in new business from foreign markets. 48% of our new business ARR in H1-2023 originated from foreign markets, primarily attributed to our continued success in the Belgian market. For instance, during Q2-2023 alone, we successfully acquired 28 new customers in Belgium, resulting in a 299% increase in ARR compared to the end of H1-2022. Since expanding into new markets, while simultaneously nurturing existing ones, is a key part of our growth strategy, this is a development we are particularly pleased with.

Speaking of foreign markets, we are currently in the process of preparing for our next market entry which most likely will be Germany. For obvious reasons, Germany holds great potential due to its large size and commercial opportunities. However, there are still barriers to overcome, such as the relatively low level of digitalization and eID adoption. Nonetheless,

we believe that the timing is favourable for Penneo to gain a presence and grow as the market matures. This is due to the recent strong political drive in Germany to digitize and modernize administration, along with concrete regulatory developments and improved conditions for utilizing eID solutions.

To support new market entries in Europe and drive growth, Penneo has made investments in bolstering its product development organization during H1-2023. This effort has focused on expanding the team, reinforcing key leadership positions, and aligning product development objectives with international expansion plans.

Consequently, in total Product Development employed 34 people by the end of H1-2023, an increase of 55% compared to 22 employees at the end of H1 last year. This highlights our commitment to invest in product development and we expect the addition of skilled individuals, including project managers and developers in software development and product management, will enhance efficiency and drive innovation.

In general, Penneo's product development effort is currently focused on supporting the growth of Penneo KYC as well as facilitating the expansion of Penneo Sign into the Belgian market and preparing it for other markets. Moreover, the team is placing focus and energy on enhancing the features and functionality of Penneos' solutions since continuous improvement of existing products is important to meet customer expectations and maintain a competitive edge. This includes for example support for MitID Erhverv, investigation of face- or passport-based identification methods and other areas. Moreover, developing integrations that seamlessly integrate with other software systems is also essential, as they serve as a valuable sales enabler for us.

On a final note, during H1-2023 we announced the appointment of Kirstine Møller Pedersen as new Chief Marketing Officer in Penneo who stepped into her new role on 1 August 2023. Kirstine is a valuable addition to our team who will play a key role in Penneo as we continue our effort to build a leading market position and we look forward to our future collaboration.

# ARR growth from H1 year-on-year financial cohorts

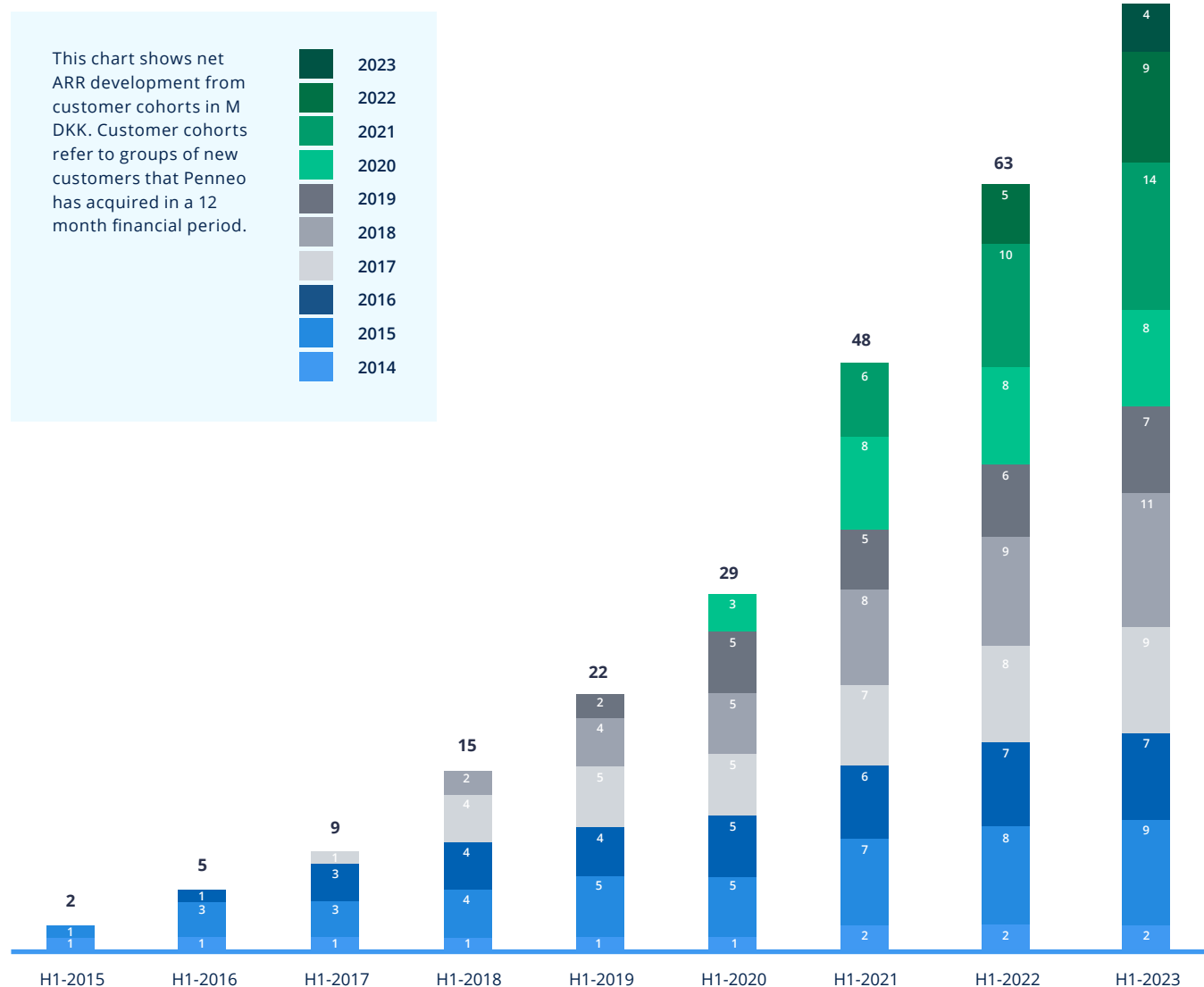
New customers that Penneo acquires in one specific financial period (customer cohorts) evolve and gradually contribute with additional ARR in subsequent years. This is important since the cost of acquiring a new customer on average initially outweighs the upfront income generated by this customer.

A cohort analysis based on all financial years since the establishment of Penneo, shows a yearly growth of 18% in net ARR from a given cohort (including both churn of customers and ARPA development of retained customers).

Moreover, 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. By the end of H1-2023, 82% of the revenue was subscription based compared to 77% at the end of H1-2022.

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

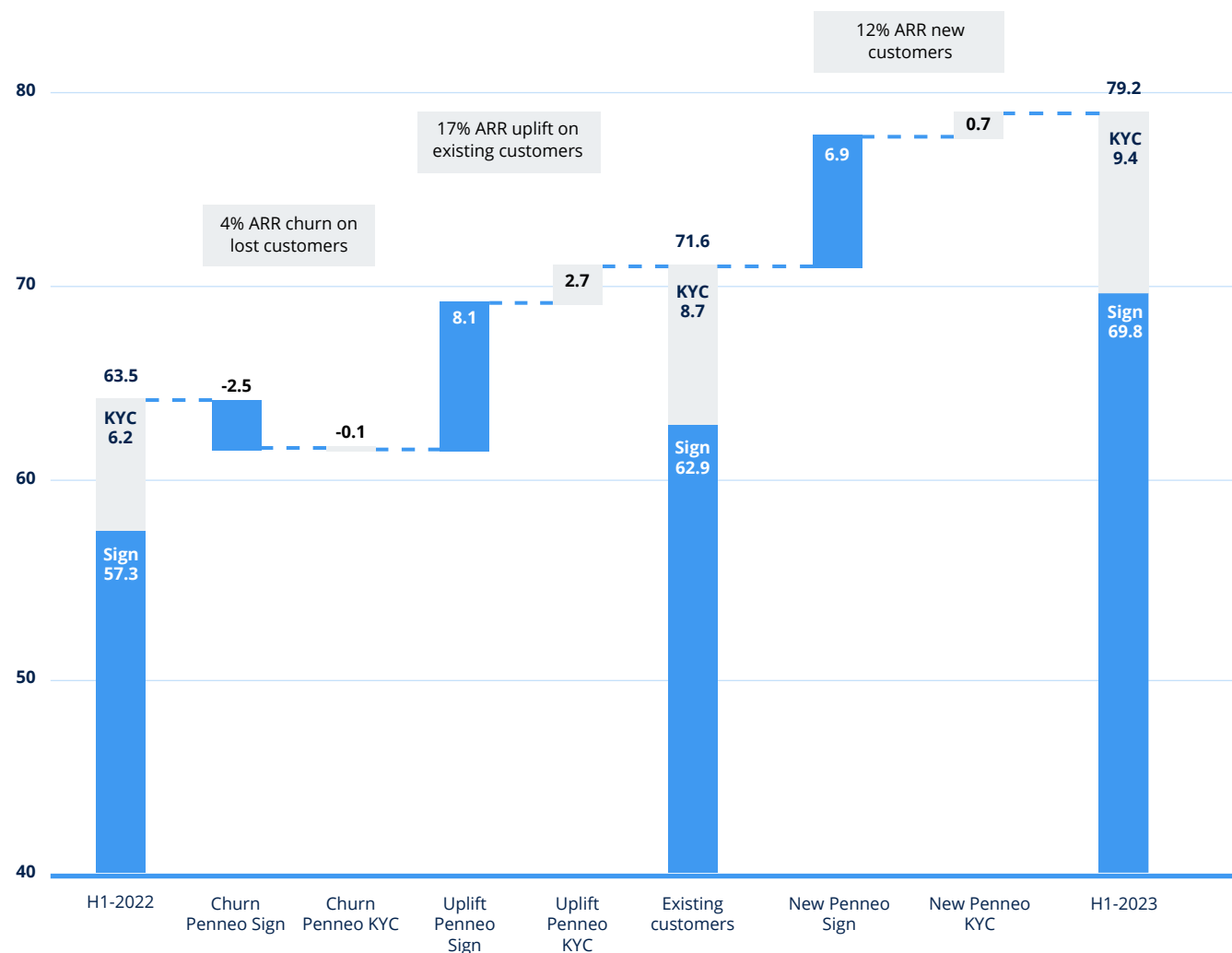
In H1-2023, Penneo increased its ARR with 8.3M DKK compared to 8.0M DKK in the same period last year. Year-on-year, this increased our total ARR by 25% to 79.2M DKK at the end of the quarter. During H1-2023, performance was driven by a total ARR uplift of 5.3M DKK from existing Sign and KYC customers (after adjusting for -1.2M DKK in ARR lost due to churn), whereas ARR from new business contributed 4.3M DKK.

Considering current macroeconomic conditions, we believe it is a satisfactory result. Particularly since the H1-2023 ARR result was negatively influenced by a significant currency exchange loss of 0.9M DKK.

This was primarily linked to the fact that Norway is currently Penneo's largest foreign market and the recent fall of the Norwegian krone which is at the end of H1-2023 was at its lowest level for nearly three years against other currencies including e.g. the Euro and DKK. In a constant currency base scenario (based on exchange rates per end of 2022), Penneo would have achieved a 9.1M DKK ARR increase in H1-2023.

During H1-2023, Penneo secured 253 new customers compared to 201 new customers in H1-2022. In Belgium alone, 57 new customers were welcomed.

ARR development during the last 12 months (M DKK)



*The annual development represents the development from Q2-2022 to Q2-2023 and is measured on the last day of both periods.*



# ARR development in Q2-2023

## Decrease in ARR due to churn

In Q2-2023, Penneo maintained a low year-on-year decrease in ARR with a churn rate of 4%, slightly higher than the 3% year-on-year churn rate achieved in Q2-2022. Customer churn in Q2-2023, however, is still below the 5% level that we consider as satisfactory.

Furthermore, Average Revenue Per Account (ARPA) for our churned customers in Q2-2023 remained in the lower end signaling that churned customers on average were made up of smaller customers.

## ARR uplift

In Q2-2023, Penneo achieved an uplift from existing customers adding 3.4M DKK to our ARR compared to 2.4M DKK in Q2-2022.

In a year-on-year perspective, the ARR uplift remained at 17% in Q2-2023, which is the same growth rate as in Q2-2022. Penneo Sign continues to be the largest contributor.

## ARR new business

In Q2-2023, Penneo achieved a new business ARR growth of 2.3M DKK compared to 2.9M DKK in Q2-2022. During Q2-2023, Penneo did not close larger deals similar to the large Norwegian auditing firm that was onboarded as a new KYC customer in Q2-2022. Excluding the value from this specific deal in Q2-2022, new business ARR growth would have been 1.7M DKK in Q2-2022 (compared to 2.3M DKK in Q2-2023).

## 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	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021
ARR newbiz	2.3	2.0	2.3	1.1	2.9	1.9	2.7	1.4	3.2	2.5
ARR uplift	3.4	2.0	4.4	1.0	2.4	1.6	2.7	1.8	3.6	1.4
ARR churn	(0.6)	(0.6)	(0.8)	(0.7)	(0.3)	(0.4)	(0.2)	(0.6)	(0.1)	0.0
<b>Total ARR growth</b>	<b>5.0</b>	<b>3.3</b>	<b>6.0</b>	<b>1.5</b>	<b>5.0</b>	<b>3.1</b>	<b>5.2</b>	<b>2.6</b>	<b>6.7</b>	<b>3.9</b>
<b>ARR EoQ</b>	<b>79.2</b>	<b>74.2</b>	<b>71.0</b>	<b>65.0</b>	<b>63.5</b>	<b>58.5</b>	<b>55.5</b>	<b>50.2</b>	<b>47.6</b>	<b>40.9</b>

# SaaS metrics

In the 12 month period from end of Q2-2022 to end of Q2-2023, average ARR for new customers was 16.9T DKK compared to 21.7T DKK in the same period the previous year corresponding to a decrease of 22%.

In Q2-2023, average ARR for new customers was 16.0T DKK, down from 28.1T DKK in Q2-2022. This decrease reflects both that new customers in Q2-2023 in general have taken a more cautious approach to their initial sales commitments with Penneo, which is a continuation of the development we observed the last 12 months and the fact that Penneo didn't close larger deals in Q2-2023 like in Q2-2022, when Penneo onboarded a major Norwegian auditing firm as a KYC customer.

Excluding the major customer's average ARR for new customers would have been 17.1T DKK in Q2-2022.

Looking more closely at Penneo's key geographies, there are significant differences in the achieved average ARR for new customers in Q2-2023. In Belgium, for example, Penneo secured 28 new customers with an average ARR of 28.0T DKK. These customers were in our tier 1 Audit and Accounting customer target segment that generally has a higher ARPA.

In Q2-2023, ARPA was 29.9T DKK compared to 25.3T DKK in Q2-2022. 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 32.3T DKK in the period from end of Q2-2022 to end of Q2-2023. Consequently, it takes approximately 23 months to recover the CAC.

In Q2-2023, 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.

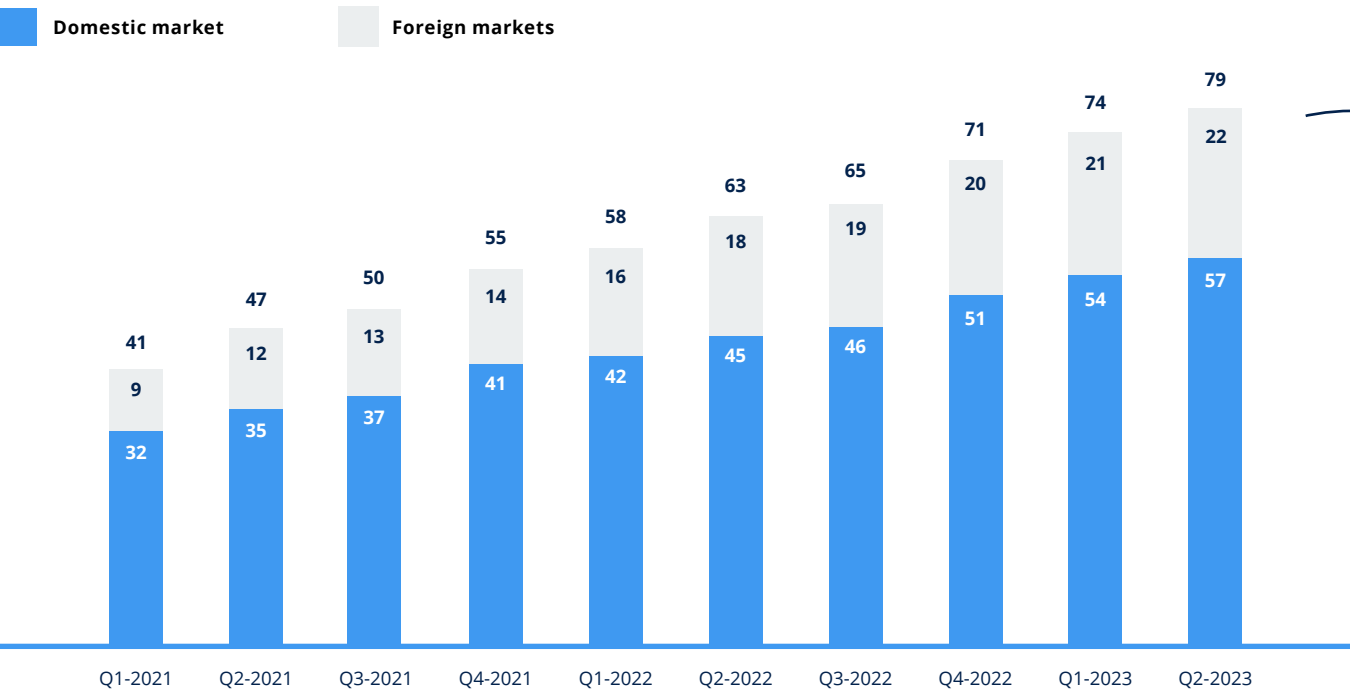
*\* The net ARR retention rate is calculated using these figures:  $(71.6/63.5 \times 100 = 113)$*

	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021
New customers	142	111	125	78	103	98	123	87	171	149
Average ARR in the first year for new customers	16,016	17,839	18,619	14,686	28,131	19,432	21,939	16,366	18,845	17,027
Customer Acquisition Costs (CAC)	(26,639)	(36,574)	(32,633)	(35,833)	(31,952)	(29,871)	(32,229)	(35,640)	(21,523)	(22,511)
Net ARR retention (NRR)	113%	113%	113%	112%	114%	120%	124%	124%	130%	123%
Average Revenue per account (ARPA)	29,914	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 simultaneously 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.

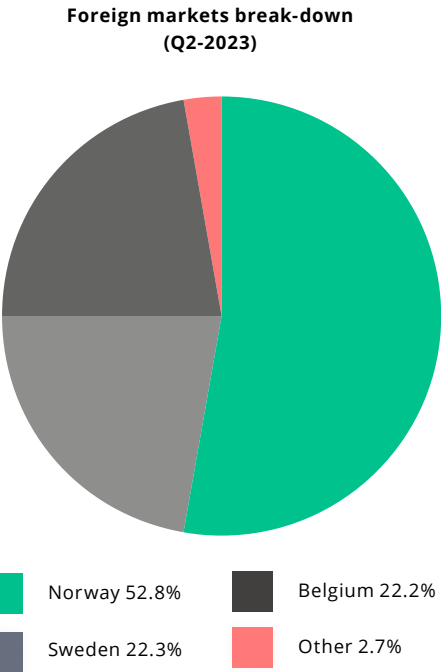


In Q2-2023, ARR from the Danish market grew by 27% year-on-year driven by a continued effort to strengthen the company’s market position further.

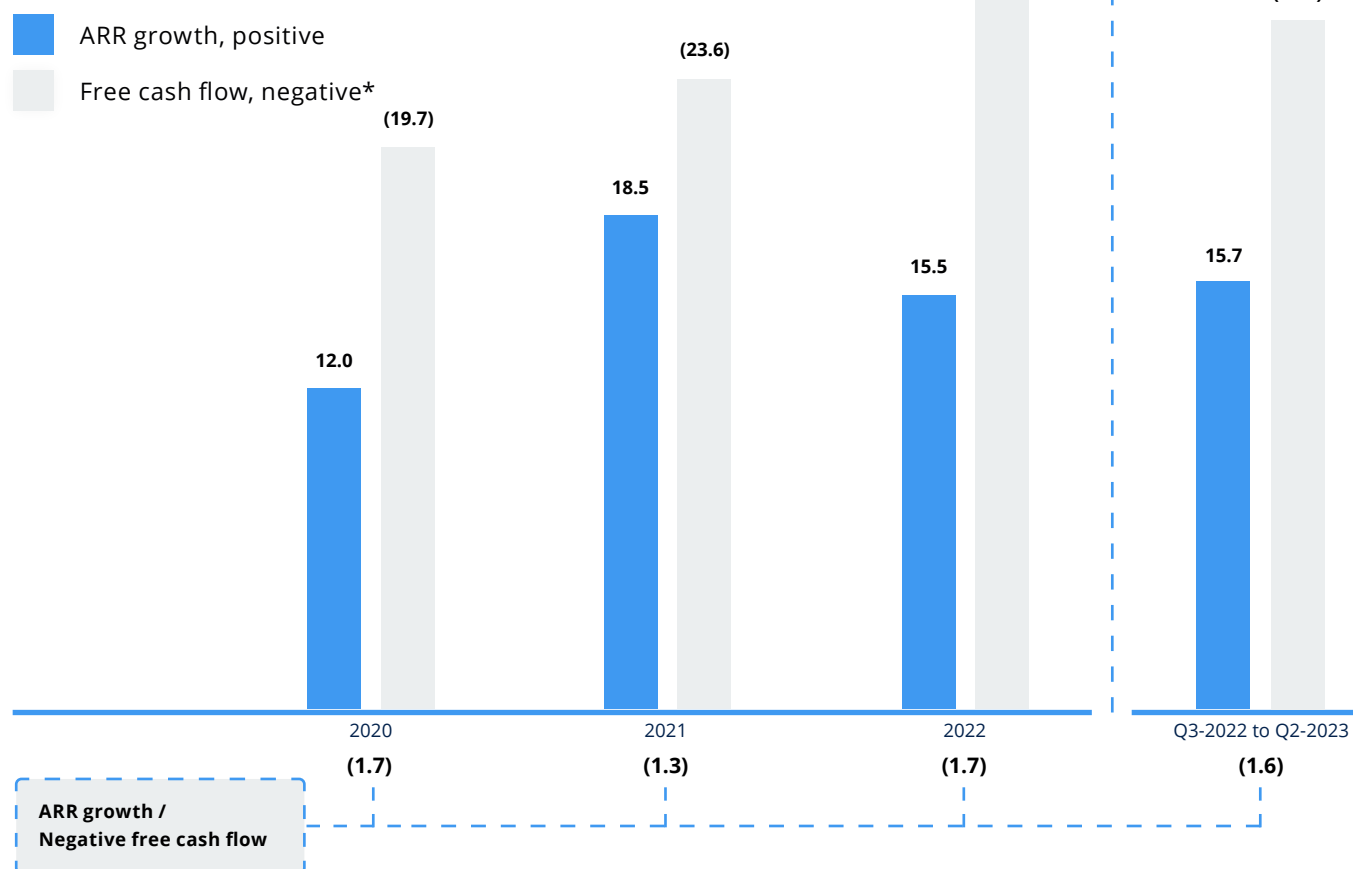
Meanwhile, ARR from foreign markets increased by 24% year-on-year or 1.5M DKK compared to 1.2M DKK in Q2-2022, due to Penneo’s expansion strategy including in particular our success in the Belgian market.

For background, in a constant currency base scenario, ARR growth from foreign markets would have increased by 29% year-on-year in Q2-2023.

Looking into ARR from foreign markets in Q2-2023, Norway was the largest market (52.8%) followed by Sweden (22.3%) and Belgium (22.2%). Belgium is an increase from 9% in Q2-2022.



# ARR growth compared to negative free 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 Q2-2022)

In the 12 month period from end of Q2-2022 to end of Q2-2023, Penneo realized an ARR growth of 15.7M DKK and a free cash flow of negative 25.8M DKK. This is equivalent to a cash to acquired ARR ratio of 1.6 which we at the current moment consider satisfactory.

Over the last 12 months, our level of cash to ARR growth ratio has been in line with the result end-of year 2022 (1.7) and it is in line with our expectations for the period.

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.

By continuously monitoring key performance indicators and market dynamics, and by adjusting our investments accordingly, we have the ability to reach a position by the end of H2-2024, where we anticipate our ARR surpasses our overall cost base.



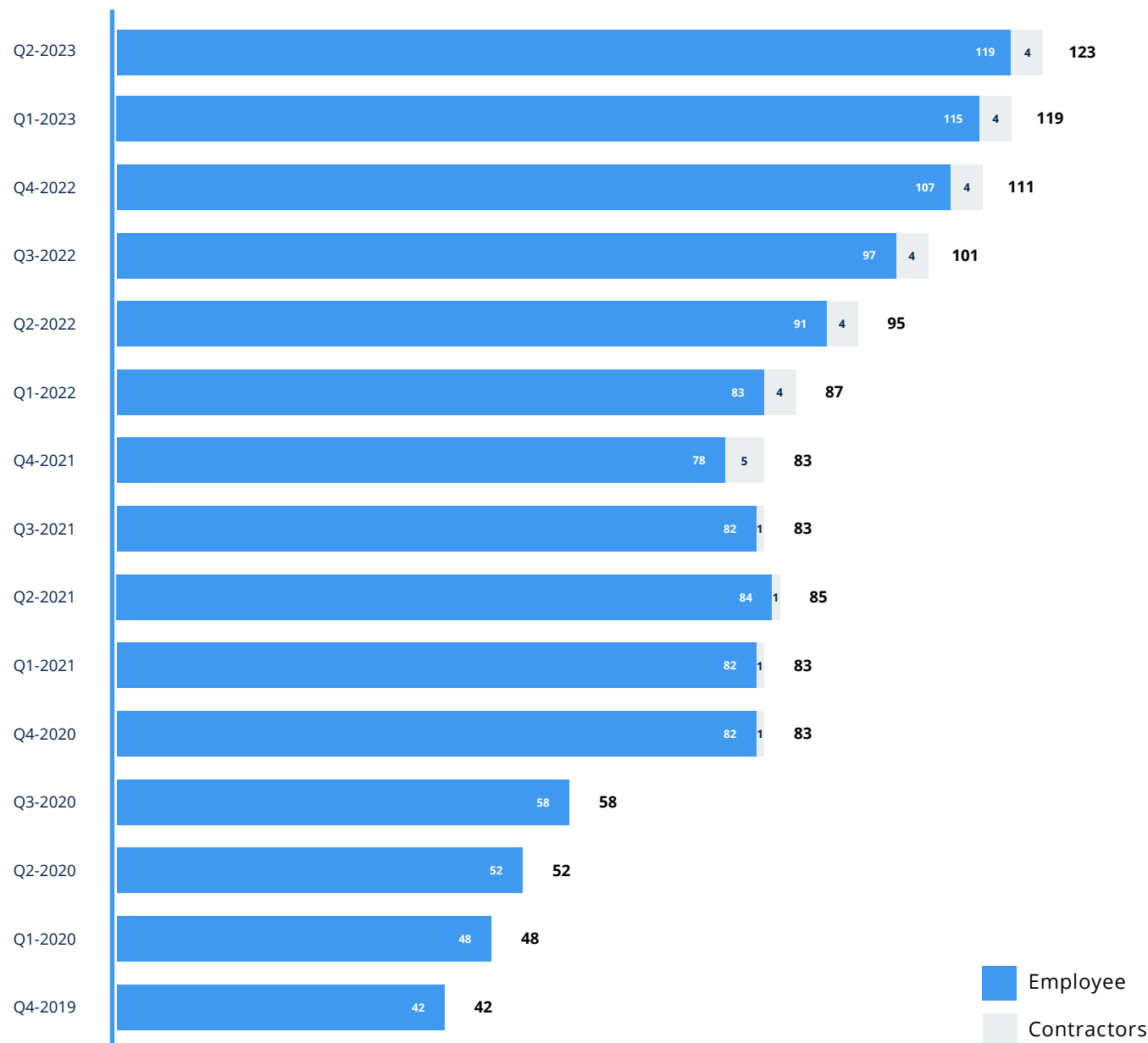
# Employee development

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 in Penneo grew by 28% from 87 to 111. In H1-2023 Penneo increased no of employees by 12 reaching a total headcount of 123. Half of the net new employees are hired within our product development team.

These employees will primarily focus on preparing 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 6 net 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.

Penneos 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. 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. Our approach is to invest the cash that is available to us as we move forward, and to continuously ensure that we have a clear path to profitability given the cash available. The investments that we are making, 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 at least one new market in Europe in addition to our existing markets in Scandinavia and Belgium. We expect this market will be Germany. However, since it requires time to gain traction and adapt our solutions to local rules and legislation, we have assumed only an insignificant share of revenue from new markets in our 2023 guidance.

## Increased demand generation capabilities

In 2022 and also in H1-2023, we have made 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 focused on sales prospecting. Therefore, we expect a larger share of new customers from this channel and also a larger number of new customers in 2023 compared to 2022. This will 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 into H2-2023, we expect a slightly higher customer churn rate, yet still below the 5% benchmark that we have set as our 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 as of 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.

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# Financial statements



# CFO statement



## Customer Acquisition Cost (CAC)

Over the last 12 months, we have invested 14.7M DKK to acquire new customers resulting in 456 new customers gained at an average cost of 32T DKK per new customer which is the same as the 12 month period that ended H1-2022. The total investment in acquiring new customers was 11% higher during the most recent 12 month period, but the outcome measured in the number of new customers was 11% higher as well.

## New ARR per new customer

While we achieved a higher number of new customers during the 12 month period ending on 30 June 2023,

we also experienced a lower initial average deal size. Consequently, total ARR from new customers amounted to 7.7M DKK or 17T DKK on average per new customer compared to 8.9M DKK or 22T DKK in the 12 month period ending on 30 June 2022. This deviation, however, was also linked to the fact that we secured a large deal with a Norwegian auditor in Q2-2022.

Excluding this deal from our data, shows that total ARR from new customers is approximately on the same level this year as it was in the 12 month period ending on 30 June 2022, because we acquired more new customers and this outweighed the lower average deal size.

## ARR growth compared to negative free cash flow

As stated in our Q1-2023 report, the ratio between ARR growth and negative free cash flow was 1.4 in the period Q2-2022 to Q1-2023 compared to 1.6 in the period Q3-2022 to Q2-2023. We still believe the ratio will develop in a slightly negative direction in Q3 before improving again in Q4.

Our approach is to invest the cash that is available to us as we move forward and to continuously ensure that we have a clear path to profitability given the cash available. During the coming year, we are confident that our efforts will yield positive results, leading to a stronger balance between ARR growth and free cash flow.

According to our current investment plan, we have the ability to reach a position by the end of H2-2024, where we anticipate our ARR surpasses our overall cost base.

## Gross profit margin

In H1-2023, our gross profit margin improved to 85% up from 83% in the financial year 2022 and 81% in H1-2022. This increase is due to the transition from NemID to MitID since NemID is being phased out. MitID has a different payment structure, resulting in lower initial transaction costs. This has improved the contribution margin for H1-2023, 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.

## EBITDA

In the first half of 2023, we realized a negative EBITDA of 10.3M DKK. Looking ahead, we anticipate a negative EBITDA between 10M DKK and 15M DKK for the full fiscal year 2023. While we expect to end Q3-2023 with a negative EBITDA below the guidance range, we are confident that we can meet the guidance for the entire year. Fluctuations in our billing cycles are the primary reason that EBITDA varies between quarters.

# Key figures

DKK	H1-2023	H1-2022
Revenue	39,977,744	31,920,354
Cost of sales	(6,013,599)	(6,124,433)
<b>Gross profit</b>	<b>33,964,145</b>	<b>25,795,921</b>
	85%	81%
Other external expenses	(10,183,402)	(8,582,888)
Staff costs	(34,052,144)	(26,888,922)
<b>EBITDA*</b>	<b>(10,271,401)</b>	<b>(9,675,889)</b>

DKK	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021
Revenue	21,934,250	18,043,494	25,388,533	14,748,751	17,565,608	14,354,746	18,458,693	9,128,555
Cost of sales	(3,116,138)	(2,897,461)	(3,536,534)	(2,834,338)	(3,187,849)	(2,936,584)	(2,690,089)	(2,071,042)
<b>Gross profit</b>	<b>18,818,112</b>	<b>15,146,033</b>	<b>21,824,999</b>	<b>11,914,413</b>	<b>14,377,759</b>	<b>11,418,162</b>	<b>15,768,604</b>	<b>7,057,514</b>
	86%	84%	86%	81%	82%	80%	85%	77%
Other external expenses	(5,571,369)	(4,612,033)	(4,419,983)	(4,820,340)	(4,556,908)	(4,025,980)	(3,626,638)	(3,405,949)
Staff costs	(16,882,535)	(17,169,609)	(14,185,712)	(11,764,446)	(13,489,501)	(13,399,421)	(12,729,816)	(11,741,094)
<b>EBITDA*</b>	<b>(3,635,792)</b>	<b>(6,635,609)</b>	<b>3,219,304</b>	<b>(4,670,373)</b>	<b>(3,668,650)</b>	<b>(6,007,239)</b>	<b>(587,850)</b>	<b>(8,089,529)</b>

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

# Key figures

DKK	H1-2023	H1-2022
Cash flow from operating activities	(3,288,735)	(8,784,402)
Cash flow from investing activities	(11,010,035)	(9,167,471)
<b>Free Cash Flow (FCF)</b>	<b>(14,298,770)</b>	<b>(17,951,873)</b>
<b>Cash and cash equivalents beginning of period</b>	<b>53,161,291</b>	<b>25,415,797</b>
Free Cash Flow (FCF)	(14,298,779)	(17,951,873)
Cash Flow from financing activities	2,132,564	58,060,811
<b>Cash position end of period</b>	<b>40,995,085</b>	<b>65,524,735</b>

DKK	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021
Cash flow from operating activities	(4,236,847)	948,112	795,552	(2,054,739)	(3,542,478)	(5,241,924)	(617,208)	482,436
Cash flow from investing activities	(5,640,207)	(5,369,828)	(5,037,090)	(5,198,482)	(4,481,480)	(4,685,991)	(4,755,818)	(3,661,802)
<b>Free Cash Flow (FCF)</b>	<b>(9,877,054)</b>	<b>(4,421,716)</b>	<b>(4,241,537)</b>	<b>(7,253,221)</b>	<b>(8,023,958)</b>	<b>(9,927,915)</b>	<b>(5,373,026)</b>	<b>(3,179,366)</b>
<b>Cash and cash equivalents beginning of quarter</b>	<b>51,034,048</b>	<b>53,161,291</b>	<b>58,336,779</b>	<b>65,524,735</b>	<b>73,378,894</b>	<b>25,415,797</b>	<b>21,565,401</b>	<b>15,712,849</b>
Free Cash Flow (FCF)	(9,877,054)	(4,421,716)	(4,241,537)	(7,253,221)	(8,023,958)	(9,927,915)	(5,373,026)	(3,179,366)
Cash Flow from financing activities	(161,909)	2,294,473	(933,951)	65,265	169,799	57,891,012	9,223,422	9,031,918
<b>Cash position end of quarter</b>	<b>40,995,085</b>	<b>51,034,048</b>	<b>53,161,291</b>	<b>58,336,779</b>	<b>65,524,735</b>	<b>73,378,894</b>	<b>25,415,797</b>	<b>21,565,401</b>

# Financial commentary

## Recognized Revenue

Recognized revenue has increased from 31.9M DKK in H1-2022 to 40.0M DKK in H1-2023 which represents an annual growth rate of 25%. 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 81% in H1-2022 to 85% in H1-2023. This improvement is primarily linked to the migration from NemID to MitID. Furthermore, the company's revenue has increased, which has also contributed to an improved gross profit margin.

## Other external expenses

Other external expenses have increased from 8.6M DKK in H1-2022 to 10.2M DKK in H1-2023, representing a 19% annual growth rate. The main reason for this increase is the utilization of consultants, including contractors, as well as higher costs for software. These expenses reflect the company's investment in external expertise and technology to support its operations and growth.

## Staff costs

Staff costs have increased from 26.9M DKK in H1-2022 to 34.1M DKK in H1-2023, corresponding to a 27% annual growth rate. The main reason for this increase is the rise in the number of employees. By the end of H1-2023, Penneo employed 119 individuals (excluding contractors), compared to 91 employees (excluding contractors) at the end of H1-2022.

## Trade receivables

Trade receivables for Penneo decreased from 20.0M DKK at the end of 2022 to 11.8M DKK at the end of H1-2023, representing a decrease of 41%. At the end of H1-2022 the trade receivables similarly decreased by 43% compared to the end of 2021. The decrease in both periods are primarily attributed to seasonality.

## Income tax receivable

Income tax receivables consist of tax credit related to Penneo's development projects from the income year of 2022. Penneo does not expect to utilize tax credit in the income year of 2023.

## Cash flow from operating activities

Net cash flow from operating activities resulted in an outflow of 3.3M DKK in H1-2023 compared to an outflow of 8.8M DKK in H1-2022. 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 seasonality in trade receivables.

## Cash flow from investing activities

Net cash flow from investing activities resulted in an outflow of 11.0M DKK in H1-2023 compared to an outflow of 9.2M DKK in H1-2022. 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 2.1M DKK in H1-2023 compared to 58.1M DKK in H1-2022. This change is linked to the capital raise of net 59M DKK in March 2022. In H1-2023 warrants were exercised for a total amount of 4.6M DKK compared to 1.4M DKK in H1-2022.



# Statement by management



The Board of Directors and Executive Board have today considered and approved the interim report for the period 01.01.2023 – 30.06.2023 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 30.06.2023 and of the results of Penneo's activities and cash flows for the accounting period of 01.01.2023 – 30.06.2023.

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

Copenhagen, 17 August 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

DKK	Q2-2023	H1-2023	Q2-2022	H1-2022
Revenue	21,934,250	39,977,744	17,565,608	31,920,354
Cost of sales	(3,116,138)	(6,013,599)	(3,187,849)	(6,124,433)
<b>Gross profit</b>	<b>18,818,112</b>	<b>33,964,145</b>	<b>14,377,759</b>	<b>25,795,921</b>
Other external expenses	(5,571,369)	(10,183,402)	(4,556,907)	(8,582,888)
Staff costs	(16,882,535)	(34,052,144)	(13,489,502)	(26,888,922)
Other income	11,197	22,393	11,196	22,393
Other operation expenses	0	0	(2,365,758)	(2,365,758)
Depreciation, amortisation, impairment	(3,649,108)	(7,297,783)	(2,480,067)	(4,958,422)
<b>Operating profit/(loss)</b>	<b>(7,273,703)</b>	<b>(17,546,791)</b>	<b>(8,503,278)</b>	<b>(16,977,676)</b>
Financial income	17,059	26,350	40,637	35,121
Financial expenses	(516,581)	(1,034,201)	(861,874)	(1,261,797)
<b>Profit/(loss) before tax</b>	<b>(7,773,225)</b>	<b>(18,554,642)</b>	<b>(9,324,515)</b>	<b>(18,204,351)</b>
Tax for the year	(1,651,151)	0	1,386,582	2,817,152
<b>Profit/(loss) for the year</b>	<b>(9,424,376)</b>	<b>(18,554,642)</b>	<b>(7,937,933)</b>	<b>(15,387,199)</b>
Earnings per share, basic (EPS)	(0.29)	(0.57)	(0.25)	(0.51)
Earnings per share, diluted (DEPS)	(0.29)	(0.57)	(0.25)	(0.51)

# Statement of financial position

DKK	30-06-2023	31-03-2023	31-12-2022	30-06-2022
Other intangible assets	62,184,456	59,394,194	57,012,359	50,527,591
Property, plant and equipment	948,008	1,024,248	1,094,886	1,182,766
Right-of-use assets	10,156,623	10,879,546	11,602,470	11,754,782
Deposits	1,572,052	1,572,052	1,439,174	1,322,007
<b>Total non-current assets</b>	<b>74,861,140</b>	<b>72,870,040</b>	<b>71,148,888</b>	<b>64,787,146</b>
Trade receivables	11,806,993	8,648,313	19,980,670	9,232,572
Income tax receivables	5,500,000	7,151,151	5,500,000	7,573,236
Other receivables	4,436	7,650	1,585	612
Prepayments	2,508,450	2,694,792	2,198,270	1,627,683
Cash	40,995,085	51,034,048	53,161,291	65,524,735
<b>Total current assets</b>	<b>60,814,964</b>	<b>69,535,955</b>	<b>80,841,817</b>	<b>83,958,838</b>
<b>Total assets</b>	<b>135,676,104</b>	<b>142,405,995</b>	<b>151,990,705</b>	<b>148,745,984</b>

# Statement of financial position

DKK	30-06-2023	31-03-2023	31-12-2022	30-06-2022
Share capital	663,354	660,140	642,933	638,401
Reserves for development	48,727,070	45,771,808	43,224,973	36,410,205
Retained earnings	26,297,561	37,948,232	44,232,570	55,164,352
Treasury shares	3,422	3,422	4,477	4,477
Other capital reserves	19,101,978	17,775,220	17,396,193	14,221,156
<b>Total equity</b>	<b>94,793,385</b>	<b>102,158,821</b>	<b>105,501,146</b>	<b>106,438,591</b>
Interest bearing liabilities	13,078,010	13,173,222	10,699,587	12,569,867
Provisions	460,170	457,227	454,302	448,509
Lease liabilities	8,214,841	8,922,734	9,626,100	10,108,032
Other payables	2,504,973	2,455,412	2,442,713	2,417,510
Contract liabilities	335,888	347,085	358,281	380,673
<b>Total non-current liabilities</b>	<b>24,593,883</b>	<b>25,355,680</b>	<b>23,580,983</b>	<b>25,924,592</b>
Contract liabilities	4,441,184	4,651,917	5,104,931	4,105,390
Lease liabilities	2,839,193	2,837,432	2,835,660	2,432,777
Trade payables	2,112,033	1,101,317	2,691,826	2,543,884
Other payables	6,513,515	5,927,118	8,606,762	5,333,464
Interest bearing liabilities	382,912	373,711	3,669,397	1,967,286
<b>Total current liabilities</b>	<b>16,288,836</b>	<b>14,891,495</b>	<b>22,908,576</b>	<b>16,382,801</b>
<b>Total liabilities</b>	<b>40,882,719</b>	<b>40,247,175</b>	<b>46,489,559</b>	<b>42,307,393</b>
<b>Total equity and liabilities</b>	<b>135,676,104</b>	<b>142,405,995</b>	<b>151,990,705</b>	<b>148,745,984</b>

# Statement of changes in equity

	Share Capital DKK	Reserves for development expenditure DKK	Retained earnings DKK	Treasury shares DKK	Other capital reserves DKK	Total DKK
<b>H1-2023</b>						
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			(18,554,642)			(18,554,642)
Excercise of warrants	20,421		4,803,152		(217,820)	4,605,753
Transaction costs			(11,200)			(11,200)
Transfer to reserves		5,502,097	(5,502,097)			0
Transfer of shares as a part of Employee Share Scheme			1,329,778	(1,055)	(1,328,722)	0
Shared-based payments					3,252,327	3,252,327
<b>Equity end of H1-2023</b>	<b>663,354</b>	<b>48,727,070</b>	<b>26,297,561</b>	<b>3,422</b>	<b>19,101,978</b>	<b>94,793,385</b>
	Share Capital DKK	Reserves for development expenditure DKK	Retained earnings DKK	Treasury shares DKK	Other capital reserves DKK	Total DKK
<b>H1-2022</b>						
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			(15,387,199)			(15,387,199)
Excercise of warrants	6,238		1,759,664		(408,922)	1,356,980
Capital increase	89,584		61,499,471			61,589,055
Transaction costs			(3,383,473)			(3,383,473)
Transfer to reserves		5,809,299	(5,809,299)			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			1,433,033	(874)	(1,432,159)	0
Shared-based payments					5,219,564	5,219,564
<b>Equity end of H1-2022</b>	<b>638,401</b>	<b>36,410,205</b>	<b>55,164,352</b>	<b>4,477</b>	<b>14,221,156</b>	<b>106,438,591</b>

# Cash flow statement

DKK	H1-2023	H1-2022
<b>Cash flows from operating activities</b>	<b>(3,288,735)</b>	<b>(8,784,402)</b>
Operating profit/loss	(17,546,791)	(16,977,676)
Depreciation, amortisation and impairment losses	7,297,783	4,958,422
Share-based payment expenses	3,252,327	5,219,564
Other income	(22,393)	(22,393)
Changes in working capital	4,586,118	(901,537)
Financial income received	26,350	35,121
Financial expenses paid	(882,130)	(1,095,903)
<b>Cash flow from investing activities</b>	<b>(11,010,035)</b>	<b>(9,167,471)</b>
Investments in intangible assets	(10,858,037)	(9,071,978)
Investments in property plant and equipment	(19,120)	(62,428)
Deposits	(132,878)	(33,065)
<b>Cash flow from financing activities</b>	<b>2,132,564</b>	<b>58,060,811</b>
Repayment of borrowings	(908,061)	(160,498)
Payment of principal portion of lease liabilities	(1,553,928)	(1,341,254)
Transactions costs from capital increase	(11,200)	(3,383,473)
Cash increase from capital increase	4,605,753	62,946,035
Cash and cash equivalents beginning of period	53,161,291	25,415,797
Net cash flow	(12,166,206)	40,108,938
<b>Cash and cash equivalents end of period</b>	<b>40,995,085</b>	<b>65,524,735</b>



# Governance



## AMBITION

In Penneo we have ambition, because we have the courage to set goals that are tough to achieve. We strive to proactively challenge ourselves, always aiming to improve along with our shared goals.

See us live the value when we succeed in big projects, become part of EUTL or get listed on NASDAQ main market.

See us live this value, when we continuously improve our product and create more value for customers.

See us live this value when we grow our business into new and unknown markets.

# Governance

## Company information

Penneo A/S  
Enghavevej 40, 4. sal,  
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 - 30.06.2023

## 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.

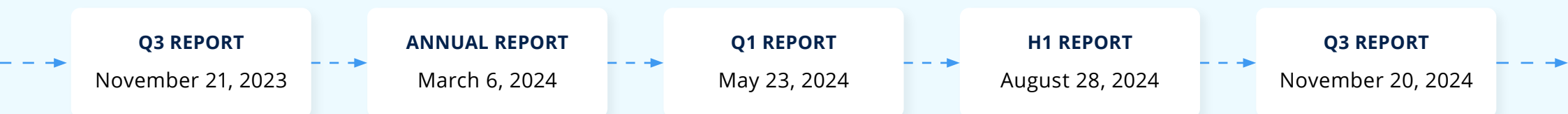
The original and widespread product “Penneo Sign”, which helps customers secure easy online signing of documents, is continuously being developed by the company. Additionally, we have launched Penneo KYC (Know Your Customer) - a product that digitises business workflows and helps companies meet legal 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



# PENNEO®

Learn more on [www.penneo.com](http://www.penneo.com)